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PROCEEDINGS AND DEBATES OF THE 93^{d} CONGRESS, SECOND SESSION

SENATE—*Thursday, August 8, 1974*

The Senate met at 10 a.m. and was called to order by Hon. PETE V. DOMENICI, a Senator from the State of New Mexico.

PRAYER

The Reverend Ralph E. Haugh, pastor, the Pender United Methodist Church, Fairfax, Va., offered the following prayer:

Almighty God, we stand in Your presence in this hour prepared to offer you our grateful praise for life and its blessings; for the opportunity to serve You and our Nation in these days; for the abundance of Your blessings to us as individuals and as a people. When we gather here, it is with a keen sense of responsibility for the task that is before us. Grant us wisdom, courage, and honor that which we do today may add to Your glory before all men and to our own good standing before the nations of the world. Where we fail, forgive us. Where we succeed, accept it as the gift of loving children to a loving Father. Grant us the gift of humility in service as we pray in the name of the most humble of all—Jesus Christ our Lord. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. EASTLAND).

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., August 8, 1974.

To the Senate:

Being temporarily absent from the Senate on official duties, I appoint Hon. PETE V. DOMENICI, a Senator from the State of New Mexico, to perform the duties of the Chair during my absence.

JAMES O. EASTLAND,
President pro tempore.

Mr. DOMENICI thereupon took the chair as Acting President pro tempore.

THE JOURNAL

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Wednesday, August 7, 1974, be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Berry, one of its reading clerks, announced that the House had passed the following bill in which it requests the concurrence of the Senate:

H.R. 14718. An act to discontinue or modify certain reporting requirements of law.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

The message also announced that the Speaker has affixed his signature to the following enrolled bills and joint resolution:

H.R. 5667. An act for the relief of Linda Julie Dickson (nee Waters);

H.R. 7682. An act to confer U.S. citizenship posthumously upon Lance Cpl. Federico Silva; and

S.J. Res. 229. A joint resolution to amend the Export-Import Bank Act of 1945.

The enrolled bills and joint resolution were subsequently signed by the Acting President pro tempore (Mr. DOMENICI).

HOUSE BILL REFERRED

The bill (H.R. 14718) to discontinue or modify certain reporting requirements of law, was read twice by its title and referred to the Committee on Government Operations.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Heiting, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Acting President pro tempore (Mr. DOMENICI) laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that all committees may be authorized to meet during the session of the Senate today.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER FOR PERIOD FOR TRANSACTION OF ROUTINE MORNING BUSINESS TODAY

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that following the recognition of the two leaders or their designees under the standing order there be a period for the transaction of routine morning business not to exceed 30 minutes, with statements limited therein to 5 minutes each.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. ROBERT C. BYRD subsequently said: Mr. President, I would hope that there would be no request to extend the 5 minutes of any Senator, and I say this in accordance with what has been our practice for some years now: that another Senator will simply get recognition and yield to that Senator if the 5 minutes has not been sufficient. I may not be in the Chamber to object myself, but I know that my friend will see that that is done.

POSITION OF SENATOR ROBERT C. BYRD ON PROSPECTIVE SUBMISSION OF A RESOLUTION

Mr. ROBERT C. BYRD. Mr. President, in that regard it is my understanding that a Senator may submit a resolution this morning. I do not believe it is his intent or the intent of any Senators who may support that resolution to press for its immediate consideration. I would want to object to the immediate consideration of such a resolution in the event such a request is so made. I will not object to its submission.

If I am not on the floor, I would hope that a Senator would protect my rights in that regard.

Mr. GRIFFIN. Mr. President, will the Senator from West Virginia yield?

Mr. ROBERT C. BYRD. I yield.

Mr. GRIFFIN. I would probably support the resolution. On the other hand, I assure the Senator it will not be immediately considered this morning.

Mr. ROBERT C. BYRD. I thank my distinguished friend, the Republican whip, for that consideration.

RECOGNITION OF THE LEADERSHIP UNDER THE STANDING ORDER

Mr. ROBERT C. BYRD. Mr. President, I have nothing else on behalf of the majority leader.

Mr. GRIFFIN. Mr. President, I yield the time allotted to the minority leader to the Senator from Virginia (Mr. William L. Scott).

The ACTING PRESIDENT pro tempore. The Senator from Virginia is recognized.

SENATE OPENING PRAYER DELIVERED BY REV. RALPH E. HAUGH OF THE PENDER UNITED METHODIST CHURCH

Mr. WILLIAM L. SCOTT. Mr. President, I thank the leadership and the Chaplain of the Senate, Dr. Elson, for permitting the pastor of Pender United Methodist Church, which I attend, to open the Senate today with prayer.

Rev. Ralph E. Haugh has only been at Pender for a short period of time, coming to us from the Highland Park United Methodist Church in Richmond. He was born in Maryland, grew up in Pennsylvania but came to Virginia in 1939 to attend Randolph Macon Men's College at Ashland, Va., and has remained in our State since that time. After graduating from Randolph Macon, he took his theological training at Emory University in Atlanta, Ga.,and has been a minister since 1946, a period of 28 years.

We at Pender Church hope that Rev. Dr. Haugh will continue to have a successful ministry with us and again I want to thank my colleagues for affording him the opportunity to offer the opening prayer.

TRANSACTION OF ROUTINE MORNING BUSINESS

The ACTING PRESIDENT pro tempore. There will now be a period for the transaction of routine morning business for not to exceed 30 minutes, with statements limited to 5 minutes each.

QUORUM CALL

Mr. GRIFFIN. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. PASTORE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

REVISION OF THE ATOMIC ENERGY ACT OF 1954—PRIVILEGE OF THE FLOOR

Mr. PASTORE. Mr. President, I ask unanimous consent that in addition to the staff members for whom I already have been given permission to be on the floor during the consideration of H.R. 15323 we may add the name of Martin Donovan.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

QUORUM CALL

Mr. PASTORE. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. BROOKE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

SENATE CONCURRENT RESOLUTION 107—SUBMISSION OF A CONCURRENT RESOLUTION RELATING TO PROCEEDINGS AGAINST PRESIDENT RICHARD M. NIXON

Mr. BROOKE. Mr. President, I submit a resolution and ask that it be stated.

The ACTING PRESIDENT pro tempore. The clerk will state it.

The legislative clerk read as follows:

S. Con. Res. 107

Resolved by the Senate (the House of Representatives concurring), That it is the sense of the Congress that if President Richard M. Nixon should resign no officer or employee of the United States including the Attorney General and the Special Prosecutor and no officer or employee of any State, territory or local government should bring, conduct or continue criminal or civil proceedings against him.

The ACTING PRESIDENT pro tempore. The resolution will be appropriately referred.

(Subsequently, the concurrent resolution was referred to the Committee on the Judiciary.)

The Senator from Massachusetts is recognized.

Mr. BROOKE. Mr. President, the country has arrived at a most critical time in its history. The executive branch of our Government is in a state of paralysis. Unfortunately, at a time when the country needs strong leadership to resolve the great problems that face us at home and abroad, there is a leadership vacuum. We cannot continue this way.

Mr. President, I believe that it would be in the best interests of the country and of President Nixon if he stepped down from the highest elective office in the Nation. Resignation at this time would spare the country the possible prolonged agony of an impeachment trial. The President's counsel has told us that such a trial might take up to 6 months to conduct.

Some persons cannot conceive that, but as a former attorney general and prosecutor, I know from experience that a trial of this magnitude could take 6 months, and this means that the legislative branch of the Government could be tied up for 6 months. In addition the Chief Justice of the U.S. Supreme Court who would sit as the presiding officer at such a trial, could be tied up for 6 months. In times when we are having 5-to-4 decisions made by the Supreme Court, this would be an unfortunate and regrettable state of affairs.

The country must have a President who can begin anew our quest for a better America. Unencumbered by a total preoccupation with Watergate, a new President can, with the help of the Congress and a rejuvenated nation, start resolving the problems that now beset this Nation. I believe that Vice President Gerald Ford is such a man.

But what is the best way to achieve such a goal? I think that the country must experience a national reconciliation. And I believe this concurrent resolution will help us achieve such a reconciliation.

The concurrent resolution would make it the sense of Congress that if President Richard M. Nixon should resign, no officer or employee of the United States including the Attorney General and the Special Prosecutor and no officer or employee of any State, territory or local government should bring, conduct or continue criminal or civil proceedings against him.

This concurrent resolution would have no legal or binding effect. It would be an advisory opinion issued by the Congress of the United States. It would be an expression of Congress on how we, as a nation, should proceed in the event of a Presidential resignation.

Some will argue that such a congressional action is unjustified. I respectfully disagree. The resignation of President Nixon would spare the country a long and harmful impeachment trial. Avoidance of such a trial and avoidance of a total and consuming preoccupation with Watergate is in the best interests of the country. His resignation would be an act of statesmanship.

We must remember that the functioning of the U.S. Government is more important than the punishment of any given individual, including the President of the United States.

But resignation itself is a severe punishment. Relinquishing the Nation's highest elective office and the most powerful position in the world would be a painful decision for any man. I do not think any justifiable purpose would be served by punishment more severe than this. The impeachment process itself could have the same result, if carried to its ultimate conclusion.

But the overriding consideration is that we must turn our country around. We must be willing to strive for a national reconciliation. We must be willing to put Watergate behind us, and refocus our energies and attention on the pressing problems of our time. I believe that if we follow the course I have suggested we shall be well on our way to achieving such a goal. I pray fervently that we will have the will and the power of forgiveness to do what is best for our country.

If President Nixon does resign, it must be made clear that there will be some recognition of his responsibility for Watergate. The public is entitled to know all the facts, and entitled to know all of his personal involvement in Watergate and in related incidents.

Mr. President, I believe that the concurrent resolution which I have sent to the desk, and which I have asked to be printed in the Record, should be considered seriously by the Members of the Senate, by the House of Representatives, and by the American people in their judgment of this case.

The ACTING PRESIDENT pro tempore. The Senator's 5 minutes have expired.

Mr. GRIFFIN. Mr. President, may I be recognized?

The ACTING PRESIDENT pro tempore. The Senator from Michigan is recognized.

Mr. GRIFFIN. I yield to the distinguished Senator from Massachusetts.

Mr. BROOKE. Mr. President, I have finished. I yield the floor.

Mr. GRIFFIN. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. PASTORE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. HUGHES). Without objection, it is so ordered.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. CANNON, from the Committee on Rules and Administration, with amendments:

S. Res. 371. A resolution to permit television and radio coverage of any impeachment trial that may occur with respect to President Richard M. Nixon.

By Mr. INOUYE, from the Committee on the District of Columbia, with amendments:

H.R. 342. An act to authorize the District of Columbia to enter into the Interstate Agreement on Qualification of Educational Personnel (Rept. No. 93-1080).

By Mr. MAGNUSON, from the Committee on Commerce, with an amendment:

S. 1988. A bill to extend on an interim basis the jurisdiction of the United States over certain ocean areas and fish in order to protect the domestic fishing industry, and for other purposes (Rept. No. 93-1079) (Referred to the Committee on Foreign Relations for not to exceed 21 days).

Mr. MAGNUSON. Mr. President, I ask unanimous consent that the Committee on Commerce have until midnight tonight, August 8, to file its report on S. 1988, the Emergency Marine Fisheries Protection Act of 1974 and the bill as reported. This is the 200-mile limit bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MAGNUSON. I also ask unanimous consent that the bill, S. 1988, be referred to the Committee on Foreign Relations for a period of time not to exceed 21 days, exclusive of days in which the Senate is in recess, and that at the expiration of such time, the bill is placed upon the calendar, if not sooner reported.

The PRESIDING OFFICER. Without objection, it is so ordered.

By Mr. WILLIAMS, from the Committee on Labor and Public Welfare, with amendments:

H.R. 13871. An Act to amend chapter 81 of subpart G of title 5, United States Code, relating to compensation for work injuries, and for other purposes (Rept. No. 93-1081).

EXECUTIVE REPORTS OF COMMITTEE

As in executive session, the following favorable reports of nominations were submitted:

By Mr. JACKSON, from the Committee on Interior and Insular Affairs:

Robert Everard Montgomery, Jr., of Virginia, to be General Counsel of the Federal Energy Administration.

Jack W. Carlson, of Maryland, to be an Assistant Secretary of the Interior.

(The above nominations were reported with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

By Mr. SPARKMAN, from the Committee on Banking, Housing and Urban Affairs:

Philip A. Loomis, Jr., of California, to be a member of the Securities and Exchange Commission.

(The above nomination was reported with the recommendation that the nomination be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate).

By Mr. HARTKE, from the Committee on Commerce:

James E. Dow, of Virginia, to be Deputy Administrator of the Federal Aviation Administration.

(The above nomination was reported with the recommendation that the nomination be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

By Mr. EASTLAND, from the Committee on the Judiciary:

James C. Hill, of Georgia, to be U.S. District Judge for the Northern District of Georgia.

PROCEDURE AND GUIDELINES FOR IMPEACHMENT TRIALS IN THE U.S. SENATE

Mr. ROBERT C. BYRD. Mr. President, I send to the desk a committee print document entitled "Procedure and Guidelines for Impeachment Trials in the United States Senate."

I ask unanimous consent that it be printed as a Senate document.

The PRESIDING OFFICER. Without objection, it is so ordered.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By Mr. INOUYE:

S. 3892. A bill to prevent reductions in pay for any officer or employee who would be adversely affected as a result of implementing Executive Order 11777. Referred to the Committee on Post Office and Civil Service.

By Mr. STEVENS:

S. 3893. A bill to transfer jurisdiction to the District Court for the District of Alaska for claims for attorney and consultant fees and out-of-pocket expenses pursuant to section 20 (b), (c) and (d) of the Alaska Native Claims Settlement Act, Public Law 92-203. Referred to the Committee on Interior and Insular Affairs.

By Mr. BROOKE:

S.J. Res. 233. A joint resolution to authorize and request the President to designate the period from November 10, 1974, through November 16, 1974, as "National Career Guidance Week." Referred to the Committee on the Judiciary.

By Mr. STEVENS:

S.J. Res. 234. A joint resolution transferring to the State of Alaska certain archives and records in the custody of the National Archives of the United States. Referred to the Committee on Government Operations.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. INOUYE:

S. 3892. A bill to prevent reductions in pay for any officer or employee who would be adversely affected as a result of implementing Executive Order 11777. Referred to the Committee on Post Office and Civil Service.

Mr. INOUYE. Mr. President, it is a very real irony when an action intended to raise salary levels actually results in salary reduction to certain employees.

Congress took a big step forward when we passed legislation to authorize annual salary adjustments to Federal employees each October based on Bureau of Labor Statistics comparability studies of industry/Federal Government salary rates. On December 5, 1972, the President signed Executive Order 11691 which delayed for 3 months this adjustment.

Mr. President, the courts recently overturned this decision. As a result, Executive Order 11691 was signed to provide that the pay raises originally ordered were to be made retroactive from October 1, 1972, rather than the pay period starting on January 1, 1973. Although this was good news to most Federal employees, I am sorry to say that a number of workers at the Pearl Harbor Naval Shipyard and at other facilities throughout the country are facing possible salary reductions instead of pay raises.

It does not appear right to me, Mr. President, that employees who were converted from one pay system to another during the retroactive period should suffer losses because of this inflexibility of an employee conversion program.

I firmly believe this is a flaw in the system which ought to be corrected. The bill I am proposing does not attack the heart of this problem but will relieve those employees who would be adversely affected by it.

By Mr. STEVENS:

S. 3893. A bill to transfer jurisdiction to the District Court for the District of Alaska for claims for attorney and consultant fees and out-of-pocket expenses pursuant to section 20 (b), (c), and (d) of the Alaska Native Claims Settlement Act, Public Law 92-203. Referred to the Committee on Interior and Insular Affairs.

Mr. STEVENS. Mr. President, today I am introducing a bill to transfer jurisdiction to determine and settle claims and out-of-pocket expenses currently filed with the Clerk of the Court of Claims pursuant to section 20 (b), (c), and (d) of the Alaska Native Claims Settlement Act to the U.S. District Court for the District of Alaska.

The reason that this change of jurisdiction is necessary is because many small law firms in Alaska and in the continental United States have large claims for attorneys' fees as well as substantial claims for expenses for services rendered to Native groups in connection with services provided in preparation of the Land Claims Act and services rendered on claims extinguished by the Lands Claims Act. Some of these small firms began working on the settlement of the claims as early as 1966 but with the bureaucratic time delays connected with settling claims with the Court of Claims expect no payment until 1976 or 1977. This delay is intolerable especially with inflation rapidly diminishing the value of the claims.

Mr. President, this proposed bill relates only to section 20 (b), (c), (d) and (e), which relates to the claims of attorneys and consultants for fees and costs. The bill, if enacted, would not change the substantive content of the existing statute; it would only change the tribunal which will process and settle the claims. It transfers to the U.S. district court jurisdiction to hear and decide the claims, all of which have already been filed.

This measure provides the same flexibility as presently exists so as to permit the court to hold hearings if it chooses in three major localities which are Alaska, Seattle, and Washington, D.C.

The Federal court system has traditionally handled a wide variety of cases in which the determination of attorneys' fees far exceeding those involved in this legislation has been expeditiously handled in a relatively summary way. These cases range all the way from major corporate bankruptcy reorganizations to antitrust suits, multiple and complex litigation, class actions, derivative suits, SEC cases, and many others. The rules and criteria pertaining to these are well established in the Federal court system, and the respective Federal judges have had extensive experience in disposing of such cases.

It is believed that the cost to the Federal Government in having these claims processed by the Federal court will be substantially less than the cost to be incurred by the Court of Claims. The purpose of this bill is to provide for expeditious settlement of these matters in recognition of the need to avoid any further delay in compensating these attorneys and consultants for expenses incurred and services rendered on the Alaska Native Claims Settlement Act. Mr. President, I ask unanimous consent that this bill be printed in the RECORD following my remarks.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 3893

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SEC. 101. Exclusive jurisdiction is hereby transferred to and vested in the United States District Court for the District of Alaska, to receive, determine, and settle claims for attorney and consultant fees, and out-of-pocket expenses heretofore filed with the Clerk of the Court of Claims pursuant to section 20 (b), (c), and (d) of the Alaska Native Claims Settlement Act (Public Law 92–203, 85 Stat. 688). The Clerk of the Court of Claims shall forthwith transmit to the Clerk of the United States District Court for the District of Alaska in Anchorage all records of proceedings on file pursuant to said section 20 (b), (c), and (d).

SEC. 102. The chief judge of the United States Court of Appeals for the Ninth Judicial Circuit is authorized to designate a judge of the United States district court who shall determine and settle such claims in accordance with the provisions of said section 20 (b), (c), and (d) (1), (2), (3), and (4) of Public Law 92–203, and the pertinent rules applicable to similar proceedings in the United States district courts. Hearings may be conducted at the discretion of said court within or without the judicial district at the convenience of the court and the claimants demand.

SEC. 103. The court's decision shall be final and none of its rulings, findings, conclusions, or decisions shall be subject to judicial review. The court shall certify its decision to the Secretary of the Treasury, and report to Congress as required by section 20(e), Public Law 92–203.

By Mr. BROOKE:

S.J. Res. 233. A joint resolution to authorize and request the President to designate the period from November 10, 1974, through November 16, 1974, as "National Career Guidance Week." Referred to the Committee on the Judiciary.

Mr. BROOKE. Mr. President, the National Vocational Guidance Asociation will observe the ninth annual National Career Guidance Week from November 10 through November 16 of this year. I ask that my colleagues join me in passing a joint resolution proclaiming this period as such, and in calling upon the people of the United States and interested groups and organizations to observe that week with appropriate ceremonies and activities.

The National Vocational Guidance Association is a professional association founded in 1913 concerned with educational and vocational guidance and with vocational development. With more than 10,000 members, the association includes vocational guidance and occupational counselors in public and private schools, colleges, government agencies, voluntary agencies, government, industry, and private counseling centers, and those engaged in student personnel work.

Each year the observance of National Career Guidance Week has commanded greater attention and wider participation from members of the professional groups, as well as those individuals from business and industry. The choice of an appropriate career is not a one-time decision, but involves a whole series of important decisions. The present educational structure, at local, as well as national levels, has been slow to respond to the changing occupational employment patterns.

Young people entering the labor force from high school general courses are not prepared to handle semiskilled jobs, nor to assume adult responsibilities for their production efforts, or for legal or financial commitments. Because career patterns are expected to change frequently, and are more difficult to predict, it is essential that students be helped to develop a flexibility which will permit career changes several times in a working life. This calls for a radically new approach to the basic curriculum teaching methods, and counselor expertise. It means reeducation of the public to the types of occupations open, based on the needs of society. This demands a complete assessment of an individual and his or her potentials and the availabilities of a career job.

Educators have traditionally talked about preparing youth for the future with emphasis upon assisting students to gain admission to college, but have neglected the high school graduate who does not wish to enroll in a 4-year college.

The availability of quality vocational education is a concern of mine which is shared, I am sure, by my colleagues. With the help of trained occupational guidance counselors, career guidance should be provided to all persons of all ages in all settings throughout our land. By stressing National Career Guidance Week as an annual focal point, the National focal point, the National Vocational Guidance Association hopes to come closer to achieving this admirable goal.

I ask unanimous consent that the Senate joint resolution authorizing the President to designate November 10, 1974, through November 16, 1974, as National Career Guidance Week be inserted in the RECORD at this time. By doing so, I hope that we and the people of our great nation will be alerted to our need for vocational guidance, and to the fine efforts of the National Vocational Guidance Association.

There being no objection, the joint resolution was ordered to be printed in the RECORD, as follows:

S.J. RES. 233

Resolved by the Senate, and House of Representatives of the United States of America in Congress assembled, That the President is authorized and requested to issue a proclamation designating the period from November 10, 1974, through November 16, 1974, as "National Career Guidance Week", and calling upon the people of the United States and interested groups and organizations to observe that week with appropriate ceremonies and activities.

By Mr. STEVENS:

S.J. Res. 234. A joint resolution transferring to the State of Alaska certain archives and records in the custody of the National Archives of the United States. Referred to the Committee on Government Operations.

Mr. STEVENS. Mr. President, I am today introducing legislation which will transfer records of the territorial Governors of Alaska, 1884–1958, to the State of Alaska. These records are legally federally owned since the territorial Governors were responsible to the Office of Territories, Department of the Interior; however, they are records which are essentially local in character and are of interest primarily to residents of my State. Such territorial records have generally been transferred to the State or Commonwealth when they ceased to be a territory. We need look only to the action of the 85th Congress in transferring similar records to the Commonwealth of Puerto Rico, Public Law 85–158.

The territorial records of Alaska were transferred to the Federal Archives and

Records Center in Seattle in 1958. The U.S. Archivist, Wayne C. Grover, indicated to the Governor of Alaska that the return of the records to State control would be welcomed at such time as the State could provide suitable archival facilities. I am pleased to announce that plans for a new State archives building have been completed and it is expected to be completed by the first of December.

I understand that even now the National Archives and Records Service—NARS—is microfilming their records for permanent retention.

As my colleagues are aware, one of the American Revolution Bicentennial programs is to have a new history text written for each of our 50 States. One of the problems faced by any Alaskan historian is the fact that so much of Alaska's written history is housed outside the State. By returning these records to my State, this inequity and inconvenience will be alleviated somewhat. Alaska is the logical place for records dealing with Alaskan history. It seems only right to locate records of local interest where they will be used. It is very difficult and expensive for Alaskans to fly all over the Nation to look up records, verify facts, and carry on research relating purely to Alaska and her people.

I am informed that the cost to the Federal Government of this legislation would be less than $500, certainly a small price to pay for the convenience of the Alaskan taxpayer as well as the insured continued use of these records.

Mr. President, I ask that with unanimous consent this joint resolution be inserted in the RECORD immediately following my remarks.

There being no objection, the joint resolution was ordered to be printed in the RECORD, as follows:

S.J. RES. 234

Whereas the archives and records of the Office of the Territorial Governors of Alaska, 1884–1958, were transferred to the Federal Archives and Records Center, Seattle, Washington, in 1958 as part of a records management improvement program and because of a lack of proper archival facilities in Alaska; and

Whereas it was agreed by officials of the General Services Administration and the State of Alaska at that time that legislation would be requested to return these archives and records to the custody of the State of Alaska at such time as a State archival agency should be prepared to receive them; and

Whereas the State of Alaska will complete construction of a State archival facility in the near future; and

Whereas Federal records created by territorial governments pertaining to territorial activities have traditionally been transferred to the successor State government when a State enters the Union: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the official archives and records of the Territorial Governors of Alaska, 1884–1958, now deposited with the National Archives of the United States at the Federal Archives and Records Center, Seattle, Washington, shall be transferred to the State of Alaska at the expense of the United States: *Provided,* That the State of Alaska makes provisions for the safekeeping, repair, and preservation of such archives and records in fireproof, air-conditioned storage space under professional archival direction: *Provided further,* That the Administrator of General Services shall determine that the condition imposed above has been met prior to his release of such archives and records for transfer to the State of Alaska.

ADDITIONAL COSPONSORS OF BILLS AND JOINT RESOLUTIONS

S. 1694

At the request of Mr. Moss, the Senator from Indiana (Mr. BAYH) was added as a cosponsor of S. 1694, a bill to amend the Federal Trade Commission Act to regulate commerce and to assure adequate and stable supplies of petroleum products at the lowest cost to the consumer, and for other purposes.

S. 2350

At the request of Mr. Moss, the Senator from Arizona (Mr. GOLDWATER) was added as a cosponsor of S. 2350, a bill to amend the National Aeronautics and Space Act of 1958 to provide for the coordinated application of technology to civilian needs in the area of earth resources survey systems, to estabilsh within the National Aeronautics and Space Administration an Office of Earth Resources Survey Systems, and for other purposes.

S. 3305

At the request of Mr. CLARK, the Senator from Arizona (Mr. GOLDWATER), the Senator from Alaska (Mr. GRAVEL), and the Senator from Alabama (Mr. SPARKMAN) were added as cosponsors of S. 3305, the National Huntington's Disease Control Act.

S. 3571

At the request of Mr. PERCY, the Senator from New Mexico (Mr. DOMENICI) was added as a cosponor of S. 3571, a bill to amend the Internal Revenue Code of 1954 to allow a deferment of income taxes to individuals for certain higher education expenses.

S. 3794

At the request of Mr. STEVENSON, the Senator from Utah (Mr. Moss), the Senator from Idaho (Mr. CHURCH), the Senator from Tennessee (Mr. BAKER), the Senator from New Mexico (Mr. DOMENICI), and the Senator from Missouri (Mr. EAGLETON) were added as cosponsors of S. 3794, a bill to amend the Emergency Daylight Saving Time Energy Conservation Act of 1973 in order to provide that daylight saving time shall terminate on the last Sunday of October 1974, and that in calendar year 1975 daylight saving time shall begin on the last Sunday in February.

SENATE CONCURRENT RESOLUTION 107—SUBMISSION OF A RESOLUTION RELATING TO PROCEEDINGS AGAINST PRESIDENT RICHARD M. NIXON

Mr. BROOKE submitted the above concurrent resolution which was referred to the Committee on the Judiciary. Remarks in connection with the concurrent resolution are printed earlier in the RECORD.

ANNOUNCEMENT OF BUDGET COMMITTEE HEARINGS

Mr. MUSKIE. Mr. President, I am pleased to announce to my colleagues today that the newly created Senate Budget Committee is ready to begin hearings on an issue of paramount concern to all of us—the Federal budget and inflation.

The Labor Department announced just this morning that the Wholesale Price Index rose 3.7 percent from the end of June to the end of July. Computed on an annual basis, this represents a whopping increase of 44.4 percent.

Other economic indicators tell us the same thing: that inflation is continuing unabated, with little hope for relief in the near future.

Clearly, this is a condition we cannot sustain for much longer.

As we attempt to juggle the economic equation, one particular issue which has received a great deal of attention but too little hard analysis of late is that of the impact of Federal spending on the rate of inflation. Here in the Senate, over the last few weeks, we have heatedly debated the question of whether cutting the Federal budget will ease inflationary pressures. Opinions are sharply divided.

As its first official act, the Senate Budget Committee will take a hard look at this issue and all its ramifications.

The most important question we must ask is whether or not present double digit inflation has in fact been caused by Federal spending levels.

We must also ask how the Congress can best control Federal spending—whether we reduce it, increase it, or simply try to stabilize it—within a broad framework of national priorities.

If budget cuts are required, we must ask where they can best be taken, to avoid the pitfalls of false economy.

And we must ask the price of the various options before us on factors other than inflation, such as unemployment and industrial production.

Of course, the Budget Committee can make no formal legislative recommendations to the Congress this year, under the provisions of the Budget Reform Act.

But hopefully, through careful analysis of these and other questions, the Budget Committee will be able to shed much-needed light on this critical debate. Certainly, we have our work cut out for us.

The hearings of the Budget Committee will begin next Wednesday, August 14, when the committee will hear from Kenneth Rush, economic adviser to the President, followed by Gardner Ackley, former chief economic adviser to President Johnson.

The following day, August 15, the committee will hear testimony from Roy Ash, Director of OMB, and Secretary of the Treasury William Simon.

The hearings will be continued the following week, with a complete schedule and list of witnesses to be released shortly.

At this time, I also want to announce the scheduling of an organizational meeting of the Budget Committee next Tuesday, August 13, at 10 o'clock, in room S–146 in the Capitol.

ADDITIONAL STATEMENTS

COMMUNITY SERVICES ACT OF 1974

Mr. HELMS. Mr. President, today I testified before the Senate Subcommittee on Employment, Poverty, and Migratory Labor regarding the Community Services Act of 1974, H.R. 14449. Since there has been little public debate about the extension and expansion of community services, I will repeat my remarks here for the benefit of those interested in the poverty action programs. Indeed, I hope that those who have not taken an interest so far will do so, since H.R. 14449 is not the only such bill introduced in the Senate. But even a cursory examination will reveal that these other bills are even more comprehensive than H.R. 14449, would cost even more money, and, therefore, be even less effective.

My contention here today is that the most responsible thing which the Federal Government can do to help the poor, to assist them in leading more productive lives, and to make them self-sufficient, not only financially, but also in terms of self-respect and accomplishment, is for the Federal Government to get out of the poverty action field, period.

I realize that this runs against the grain of the legislation under discussion. Indeed, the premise of the legislation is that the Federal Government can devise a program which will bring the poor into the economic mainstream of our Nation's life; a suppressed premise is that the poor can be brought into the economic mainstream chiefly through political action for social changes. Funding of the programs will be increased to well over a billion dollars a year, resulting in a substantial distortion of our political structures. And I predict that the only result will be the firm establishment of an expanded special interest group, consisting mainly of the employees of the funded organizations, which will continually lobby for increased authorizations, powers, and finances.

We have already had a taste of this kind of activity. It was the intention of the administration to allow the community services program to die when its authority expired this year. Yet H.R. 14449 was passed by the House at the culmination of one of the most intensive lobbying campaigns to be seen on the Hill in years.

The former Director of the Office of Economic Opportunity, Mr. Alvin Arnett, was fired as a result of his political activities in connection with the passage of H.R. 14449. He spent thousands of dollars of the taxpayers' money flying around the country telling Governors and mayors how important it was to keep the Federal dollars flowing back into their States and communities. He mobilized the employees of Community Action agencies, who had a direct financial interest in the continuation of their paychecks, to pressure Members of Congress. He attacked Congressmen who voted "the wrong way."

He worked closely with a hired lobbyist, a former Member of Congress, employed by the Action Committee for Community Services. According to press accounts, the lobbyist, William C. Cramer, was paid $25,000 a month, financed indirectly through checkoff dues from employees of the Community Action agencies.

Also involved in the lobbying activities have been such pressure groups as the Community Action Campaign, the National Association for Community Development, the Leadership Conference on Civil Rights, the Coalition for Human Needs and the Budget Priorities, and others.

Now I have no doubt that many of the people involved in these organizations are sincerely convinced that their programs are the most important Federal activities since the ratification of the Constitution. But my point is that such programs constitute their own built-in special interest group that is able to lobby effectively for the continuation of their own jobs.

Thus we have the anomaly of a so-called "Community Services" Act which is not a product of the community, but a product of the Federal Government. The funds are provided by the Federal Government, the programs are provided by the Federal Government, and the direction is provided by the Federal Government. If the communities really needed these services, the communities would make sure that local and State officials raised the necessary funds in the local tax structure and exercise appropriate control. But in the present case, the organized protests of mayors and Governors seems to reflect the fear that Federal grants now coming into their localities might be suspended.

The basic philosophy of community action seems to be that the poor are poor because of their whole educational, economic, and cultural milieu, and the only way to break them out of the cycle of poverty is to provide them with free services that the less fortunate taxpayers in middle America have to pay for. These services, imposed upon the poor community, will somehow enable these poor people to lift themselves out of their problems. In reality, the poverty action programs function in two ways: First, the services are payments in kind, like a sack of potatoes or a hunk of cheese; second, the programs provide a patronage system for political action—using political in a sense that is often nonpartisan, in which the poverty professionals acquire their own constituency, organized around the political philosophy of the organizers. At least 78 percent to 80 percent of the funds for these programs go for administrative costs, that is to say, principally for salaries. Doubtless many of the recipients of these salaries would hate to return to the ranks of the poor from which they emerged through Federal largesse. H.R. 14449 would amount to a continuation of the OEO under another name.

But the provision of services in kind will do little to bring people into the mainstream; in fact, it segregates them, and locks them into a passive attitude where they expect such free services as a matter of course, and as a matter of right.

The Nation's experience with federalized welfare programs should teach us a lot about the value of community action programs. At first, the welfare programs were intended as temporary help for individuals in an emergency situation, or where overwhelming catastrophe had destroyed their ability to support themselves or lead productive lives. But as the Federal Government took over State and local welfare programs, benefits were increased, guidelines and regulations were relaxed, so that welfare payments became considered as a matter of right. And there was no incentive to get out of a program that provided a free living as a matter of right. At a time when the number of those under the poverty line declined from 40 million in 1960 to about 25 million in 1970, the number of Americans on welfare doubled, from 7 million in 1960 to 14 million in 1970.

Conservatives have often pointed out the disincentives in a system which provides high benefits as a matter of right, but I need only point out the report of the Subcommittee on Fiscal Policy of the Joint Committee on Economic Policy, under the chairmanship of Representative MARTHA W. GRIFFITHS of Michigan. The survey of 100 counties, scientifically chosen from around the Nation, showed conclusively that a woman could get greater benefits by not working, by having more children at the taxpayers' expense, and by breaking up family relationships. Congresswoman GRIFFITHS said that when all benefits were combined, national average cash, food, and housing benefits potentially available to a nonworking welfare mother with three children exceeded a median woman's wages by about 10 percent.

She said further, and I quote:

> The data leave little doubt that welfare does establish large incentives for low-income families to break up, or not marry in the first place, and there is a sizable benefit for a woman who has her first child, but this declines for additional children.

The failure of our welfare systems is not a question to go into today, except insofar as it provides an analogy to community action. The community services programs provide services in kind, and it will be difficult to avoid the same pitfalls that have developed in the regular welfare programs. Both types of programs seek to give the poor person something that he or she has not earned, and in the process succeed only in organizing and supporting the life styles of the individuals involved. The individual becomes dependent upon the assistance, and never learns the self-sufficiency which is the key ingredient of personal dignity.

Needless to say, these programs are managed by poverty professionals who historically have seen poverty in terms of class struggle, instead of individual struggle. The philosophy of the managers has ranged from radical to benign, but the end result too often has been a kind of politicalization of the participants, organizing them to win benefits through governmental redistribution instead of through personal productivity.

The programs have also tended to place large sums of money in the hands of people who lack managerial experience or personal integrity. I need only refer to the GAO report of April 4, 1973, which found that in 63 percent of the programs there were significant deficiencies in the financial operations. These deficiencies included inadequate controls over cash, payroll, travel expense, procurement, consultant services, and property. In 8 percent of the cases, misappropriations of funds had occurred which were directly traceable to improper management controls.

Doubtless, tighter controls can be instituted, and more careful auditing procedures, but such problems are inherent in a system that puts vast sums of money in the hands of people who are unaccustomed to the responsibility of handling large sums of money. Thus the more money which is appropriated, the greater the chances of fraud. There should be a thorough review of present programs.

There is no need for me to go into the fraudulent use of Federal funds for political purposes and political organizing. Of course, I do not mean such blatant excesses as helping political candidates directly, but there is a lot of political activity that passes under the name of "education," "group organization," "lobbying," and so forth.

We went into these problems many times on the Senate floor in the discussion of the Legal Services Corporation bill. The problem is trying to draw the fine line between personal activity of people who are supported directly or indirectly by Federal funds, and official activity. The scandal of the open lobbying for H.R. 14449 is a good example of what I mean.

Mr. President, with these general remarks, I would like now to go into some of the specific proposals of H.R. 14449.

Even a casual perusal of the contents of H.R. 14449 points up many deficiencies in the bill. If the committee sees fit to report out this or any similar legislation without the necessary thorough review of OEO and poverty-related programs that I urge the committee to make, those Senators who are concerned about the matters which I have raised at this hearing will have no recourse but to bring to light and to challenge each and every section of it on the floor of the Senate when it comes up for consideration. At this hearing today, however, I shall address myself to only a few of what I consider to be the most objectionable features of this piece of legislation.

EXPANSION OF PRESENT OEO PROGRAMS

First. Basic to H.R. 14449 and similar legislation is the continuation and expansion of OEO programs in the Federal Government. Under H.R. 14449, this is to be accomplished through a Community Action Administration, whose head is appointed by the President, confirmed by the Senate and is answerable solely to the Secretary of Health, Education, and Welfare. Located in HEW, the Community Action Administration is given overall responsibility for administering the Federal Government's myriad of poverty programs. As I stated earlier in this testimony, I cannot support what amounts to nothing more than the continuation of the Office of Economic Opportunity under another name.

PRESENT PERSONNEL LOCKED IN

Second. Not only are former OEO and other poverty programs extended and expanded under H.R. 14449, but the very same poverty professionals who maladministered those programs are guaranteed the opportunity to continue to do so under the new Community Action Administration envisioned by this bill. Here I speak of the provisions of sections 1142 and 1406. These sections give the assurance that the present OEO administrators keep their jobs, and that the grants will continue to give the same assurance to the more than 180,000 poverty professionals who staff nearly 1,000 local Community Action Agencies and other poverty programs across the country. They will simply transfer to the new Community Action Administration. It is almost as though their jobs never changed, Mr. President. This alone belies the claim of H.R. 14449 advocating that the bill abolishes OEO. All it does is abolish OEO in name. In truth, under H.R. 14449, OEO lives on—both in concept, application, and use of personnel.

OVERRIDES LOCAL GOVERNMENT

Third. Title I of the bill sets up urban and rural Community Action programs. Under this title, in section 111, there is a provision which, frankly, betrays the way in which these programs are forced upon the States and localities without regard to local desires, needs, or consideration. Under section 111, where a State or local government does not want a Community Action program in its area, the Director of the Community Action Administration can designate that such a program be set up anyway. And further, in determining the geographical area to be served by a local Community Action agency, local geographical and political subdivisions are ignored. Instead, the Director may supplant them with whatever type of "area" that he sees fit to recognize as the geographical basis for a local CAA. In doing so, he essentially is allowed to break up locally determined political subdivisions, thereby rendering less effective the required local political representation on each board and breaking down community cohesiveness.

VESTED INTERESTS ON LOCAL BOARDS

Fourth. In structuring the local Community Action agency boards, the bill promotes the inclusion of poverty-interest organizations such as labor organizations, welfare rights groups, and other social activist organizations and gives them a prominent place in each board's composition. This is in addition to the required minimum one-third board membership which must come from the poor in the community. In other words, Mr. President, those with a vested interest in giving themselves more money or promoting their poverty constituency are placed in a convenient position to do so.

NEIGHBORHOOD CENTERS

Fifth. The bill encourages the development of neighborhood centers. Designed to promote child development, legal services, consumer protection, education, housing, and other social services now provided by other Federal and local agencies, these neighborhood centers, in essence, supplant elective local government—section 124.

CATERING TO "ORGANIZED POOR"

Sixth. Operating from the premise that the only poor worth listening to are the organized poor, the act actually promotes such organizing by requiring that there be set up procedures to allow those "representative groups of the poor who feel themselves inadequately represented" to petition for "adequate" representation on local boards, in local decision-making processes, and so forth. Section 112.

DELEGATION OF ACTIVITY

Seventh. Each CAA, already one step removed from the Federal bureaucracy and the congressional restrictions, placed on Federal employees, may delegate duties to other agencies and nonprofit groups—even further removed from governmental scrutiny. Under the act, each local CAA is not subject to the same restrictions on activities—including political activism—that apply to Federal employees—because CAA's are defined as private, nonprofit State and local groups; and CAA delegate agencies and nonprofit corporations are even further removed from such rules and scrutiny under this act. They are, thereby, even less accountable to the public. Section 113.

FUNDS FOR LEGAL PICKETING

Eighth. Legal prohibition on CAA-sponsored advocacy on the part of the poor apply only to picketing, protest and other forms of direct action which are "in violation of the law." Otherwise, such activities, funded by the CAA, are permissible and tacitly approved. Since laws against such forms of "advocacy" are virtually nonexistent, this is an ineffective provision and, in essence, condone such action—which amounts to little more than direct political action funded with Federal dollars. Section 114.

NONPROFIT HOUSING

Ninth. Each local CAA is called upon to "encourage the establishment of housing development and services organizations" to promote nonprofit, cooperative and public housing groups in their efforts to secure more Federal funds for housing—all in competition with private housing industry efforts.

LEVERAGE ON PERSONAL LIVES

Tenth. Each CAA is given authority—and the leverage to exercise that authority by use of Federal funds—over a wide and diverse number of aspects of the personal lives of the poor, including: family planning, housing, making better use of their income, providing a suitable living environment, education, obtaining loans for personal needs, making more frequent and effective use of other Federal poverty programs—even to a mandate to "remove obstacles and solve personal and family problems." Section 121.

EXPANSION OF FEDERAL LOAN PROGRAMS

Eleventh. Under section 122 entitled "Special Programs and Assistance," a

Rural Housing Development and Rehabilitation program is set up. Under the provisions of this section, all funds are provided to a nonprofit rural housing development cooperative or corporation, which, in turn, dispenses funds to local low-income rural families to aid in home repairs, construction, and so forth. Loans given under this section can be used to supplement existing Federal loan programs. Section 122.

CONSUMER ADVOCACY

Twelfth. The Director shall make grants, and so forth, to aid in consumer advocacy; promote consumer action activities and cooperative programs; and aid in developing means of enforcing consumer rights, developing consumer grievance procedures and presenting consumer grievances. Section 128.

A number of already existing Federal agencies and programs deal with these areas. The setting up of additional bureaucracies to handle consumer problems, as this provision envisions, is unnecessary.

CARTE BLANCHE CATCHALL

Thirteenth. In section 133, the act gives the Director a virtual free hand, a carte blanche, to fund anything he wants. His power is to provide assistance to any public or private nonprofit agency designed to serve groups of "low-income individuals who are not being effectively served by other programs under this title." Section 133.

I have already discussed the numerous charges and proven instances of mismanagement of funds and outright fraud that existed in past poverty programs. This nebulous and vague grant of authority is an open invitation for more of the same.

OVERRIDES GOVERNOR'S VETO

Fourteenth. In carrying out the provisions of the act, the Director of the CAA is required to submit to the Governor of each State for his approval all CAA programs affecting his State or any locality therein. If, however, the Governor rejects the plan, the Director of CAA still can implement it upon finding on reconsideration by him that the program "is fully consistent with the provisions and in furtherance with the purposes" of the act. What sort of "federalism" feature is this? Section 142.

FINANCIAL INCENTIVES

Fifteenth. The term "financial assistance" is defined to include funds to provide a "reasonable allowance" for attendance at local CAA board meetings, and so forth. This provision was needed, it seems, because attendance at such meetings is constantly low—and a source of anti-CAA criticism. Section 144.

ABORTION

Sixteenth. Under the same section, while family planning is supported as a positive goal, no money is to be used for "medical assistance and supplies" in cases of abortion, though nothing is said about the use of CAA funds for abortion referral services. Section 144.

A strong mandate against the use of CAA funds for all activities incidental to the performance of an abortion is needed if the bill is to be true to the obvious intent of this section.

EXCESSIVE ADMINISTRATIVE COSTS

Seventeenth. Also in section 144 is a provision that, at first glance, seems to be a welcome one indeed. Here, the act provides that no more than 15 percent of the funds expended can be used for administrative costs—though the Director can waive this provision also. What is not laid out here is the provision, found later on in the act, that in determining administrative costs, salaries of employees shall not be included. Since one of the crucial arguments against extension of the EOA of 1964 is that nearly 80 percent of the money expended by OEO goes for salaries, this legislative sleight-of-hand was necessary to assuage critics who were too superficial in their analysis of the bill to understand the subterfuge perpetrated on them.

POSSIBLE ABUSE OF DIRECT LOANS

Eighteenth. In the area of "Special Programs to Combat Rural Poverty," the Director is authorized to make loans having a maximum maturity of 15 years in an amount not to exceed $3,500 per family—but only if the family cannot receive Federal assistance anywhere else. The potential for political use and bureaucratic abuse in a program of this nature, is, to say the least, evident. And the risk involved of loaning any amount of money to a family whose income is so low that it cannot qualify for other Federal loan program is great. Section 212.

PROMOTING COOPERATIVES

Nineteenth. Further, in section 213, the Director of CAA is authorized to make loans to rural cooperative associations, thereby promoting this form of processing, purchasing and marketing of goods and services to the exclusion of other forms.

SMALL BUSINESS ADMINISTRATION

Twentieth. Not only does the act deal with HEW and Labor Department approaches to the "war on poverty," but also in sections 302, 304, and 307, it extends the "war" to the Small Business Administration, where the Administrator is authorized to give 15-year $50,000 loans to, among others, small businesses whose sole criterion for obtaining such a loan is the fact that it is owned by low-income individuals; or is in an area with a high proportion of unemployed or low-income individuals. Furthermore, the Administrator of SBA is empowered and directed to help insure that small businesses so funded are given preferential help in obtaining lucrative Government contracts.

DEMONSTRATION PROJECTS

Twenty-first. The Director is empowered to set up as many demonstration projects as he feels are necessary, to hire as many advisory committees—at $138 per person per day—as he feels he needs, and to use R. & D. projects of OEO as he sees fit. Recently fired OEO Director Alvin Arnett said in testimony before the House Subcommittee on Equal Opportunities that he envisioned the poverty program as a prod to assure poverty focus in other Federal programs; and further, that he saw R. & D. work of CAA as essential to the "advocacy" role of the Federal poverty program. It is this advocacy role that I have objected to already in this testimony.

In conclusion, Mr. President, I see little which can improve this legislation, because its basic concept is awry, and is prejudicial to the best interests of the poor. If any of the individual community service projects are doing an outstanding job, and are thoroughly integrated into the local political structure and local decisionmaking, then those programs should continue. But if they are doing such a good job for the community, then the community should support those programs.

What I recommend therefore, is an orderly transfer to support by local resources. The only bill which should be reported out of this subcommittee, or the full committee, is one authorizing a modest program of transition grants, lasting no more than 6 to 8 months. This will allow time for communities to select the local programs which are good programs, and integrate them into local finances. The marginal programs should be dropped. With the economy in its present condition, and the continuing fiscal crisis of the Federal budget, this is no time to go into a program which will cost $2 or $3 billion a year. We ought to be cutting down, not increasing spending. And the best judges of the local projects are those who are in closer proximity. Transition grants will allow for the orderly transfer of the best programs.

EARTH RESOURCES TECHNOLOGY SATELLITES (ERTS)

Mr. MOSS. Mr. President, Tuesday the Aeronautical and Space Sciences Committee began a series of hearings on two bills designed to help accelerate the pace of the highly successful Earth resources technology satellite—ERTS—program.

As promising as this program has been, the administration has been positively lethargic—almost hostile—in trying to speed this program up so that the many potential users may begin to reap the vast benefits that are available.

Mr. President, I ask unanimous consent to print in the RECORD at the conclusion of my remarks the opening statement that I made this morning at these ERTS hearings.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. MOSS. Mr. President, in an effort to ascertain the usefulness of the ERTS data to the various States, I recently wrote letters to a number of Governors soliciting their evaluations. I have received an overwhelmingly favorable response to my inquiry and it is my intention to bring these replies to the attention of the Senate in the next few weeks. For example, here is what the Honorable Malcolm Wilson, Governor of the State of New York, stated:

> I agree with your assessment of the value of this satellite system. Several New York State agencies are currently utilizing satellite mapping data for planning, water resources assessment, pollution abatement and other uses. I consider ERTS one of the prac-

tical and beneficial products of the space program.

Mr. President, I ask unanimous consent that Governor Wilson's letter be placed in the Record at the conclusion of my remarks.

There being no objection, the letter was ordered to be printed in the Record, as follows:

State of New York,
Executive Chamber,
Albany, N.Y., July 30, 1974.

Hon. Frank E. Moss,
Chairman, Committee on Aeronautical and Space Sciences, U.S. Senate, Washington, D.C.

Dear Senator Moss: Thank you for your letter of June 24th and the enclosed bills proposing to change the status of the Earth Resources Technology Satellite System to operational.

I agree with your assessment of the value of this satellite system. Several New York State agencies are currently utilizing satellite mapping data for planning, water resources assessment, pollution abatement and other uses. I consider ERTS one of the practical and beneficial products of the space program.

I appreciate the opportunity to comment on the merits of these bills.

Sincerely,

Malcolm Wilson.

Exhibit 1

Statement of Senator Frank E. Moss

Today the Committee on Aeronautical and Space Sciences opens hearings on S. 2350, introduced in August of 1973 by me and co-sponsored by Senator Hatfield, and S. 3484, introduced this past May by Senators Abourezk, McGovern and Young. Hearings on these two bills will continue here this Thursday and in Sioux Falls, South Dakota this Friday.

Remote sensing satellites can hardly be addressed by Members of this Committee without a sense of frustration. For nearly a decade, now, Members of this Committee and many other Members of the Senate and the House have pressed successive Administrations to accelerate the pace of remote sensing Earth Resources Satellite development. Without reciting the whole history, I will say that the first experimental satellite, ERTS–1, was finally launched just over two years ago.

Partially crippled shortly after it entered orbit, ERTS–1 has limped along, gradually failing, through an astoundingly successful first two years.

The areas of human knowledge to which it has added great bounties of information have been recited so often that they begin to sound like a litany.

More than just a mapping satellite, and designed for other purposes, ERTS–1 has nevertheless added much to our knowledge of geographic features and their locations.

Although we had only dim perceptions of how this new form of data could be used, scientists working with the multispecial sensor output have learned in a few short months how to aid many diverse interests, including forestry and fishing industries, land use planners and geologists, hydrologists and oceanographers, pollution monitoring and highway planning, coastal zone monitoring and demography, and many more.

Nearly every state and scores of foreign nations are beginning to use the data. Brazil and Canada have ERTS ground stations, Iran and Italy will soon, and others will follow shortly. Intense interest, and some concern, have been expressed in the United Nations. Here at home, at least eight Federal agencies are actively involved.

Particularly in respect to agriculture and hydrology, threatened crises looming on the horizon have sparked great interest in the use of ERTS-type technology to help us cope with the problems heightened by growing populations and deteriorating world climate.

Not even weather or communications satellites met with such instant and widespread acclaim.

And where has this success led us? Here the story takes a somber turn. For as the comic strip character "Pogo" once observed, "we are faced with an insurmountable opportunity."

In January of 1973, the Administration proposed a two year delay in the second ERTS satellite. The Congress insisted on accelerating the schedule, and ERTS–B is now set for launch in a few months.

This year, despite urging by the Interagency Coordination Committee on the Earth Resources Survey Program, the President's budget makes no provision for a follow-on satellite or for transition into an operational system. A gap in data after ERTS–B is thus virtually assured.

In May, this Committee recommended authorization for a third satellite, with enhanced capability. The full Senate agreed, and the House enthusiastically followed suit.

Last week, on motion by Senator Goldwater for himself and me, the Senate Appropriations Committee recommended $7.5 million for starting ERTS–C, despite the severe fiscal constraints we face. We were also successful in reinstating the SEASAT–A satellite and preserving the Heat Capacity Measuring Satellite, two closely related and important remote sensing programs.

Now, what are the arguments we hear against moving ahead with this experimental program and preparing for an operational system? Let me briefly recite a few. I am sure that some of our witnesses will elaborate on these, and perhaps invent new ones.

1. EARTH RESOURCES SATELLITES HAVE NOT BEEN PROVEN TO BE COST-EFFECTIVE

One argument made in this connection is that while we are investing many millions of dollars each year in ERTS, the annual sales of so-called "photographs" made from ERTS data total only $½ million or so. Surely a more short-sighted definition of value could not be devised.

2. IF ERTS IS COST-EFFECTIVE, PRIVATE INDUSTRY SHOULD CARRY IT FORWARD

This, the second half of a "damned if we do, damned if we don't" attitude, particularly troubles me. Certainly I have no objection to a privately-owned system if the proper caveats are observed, but I reject categorically the implicit underlying assumption that the Government simply must not undertake any more operational systems to benefit the public.

3. ERTS RAISES TOO MANY PROBLEMS OF FOREIGN RELATIONS

True enough, many foreign governments are raising serious questions regarding remote sensing satellites. These cannot be lightly brushed aside. But I am convinced that if we will adopt an enlightened policy of leadership in the discussions now underway, we can reconcile these differences. In diplomatic affairs, we seem to be reacting, rather than leading, in one area after another of advanced satellite technology issues. I hope that ERTS will not join the list with aeronautical communications satellites, direct broadcast satellites, and maritime satellites, where our policies seem, at best, halting and uncertain.

4. MOVING TOWARD AN OPERATIONAL SYSTEM NOW WILL FREEZE THE TECHNOLOGY AT THE ERTS–1 LEVEL

In my view, the clear intent of both S. 2350 and S. 3484 is to continue to develop Earth Resources Satellite systems technology. Both bills refer frequently to research and development, and neither mention operational systems or otherwise imply an end to improvement and experimentation.

In closing, let me say that those of us in political life who support research and development often do so on an implicit faith.

Faith that advancing science and technology will provide, in the future, the jobs, the improved ways of life, and the solutions to problems we need for a better tomorrow.

Faith that even though we can seldom perceive the benefits of these investments in the future, they are there.

And most importantly, faith that as the promised benefits become reality, they will be nurtured and applied in a timely manner.

Few, if any, of us would urge that we devote all or even most of our aeronautics and space efforts to reaping the harvest of today. We must continue to support the work on advanced technology for the future. But surely we must not simply by-pass the benefits of earlier investments when they arise. That is the purpose of our nagging, persistent efforts to continue the series of ERTS-type satellites. That is the purpose of the bills before us. And that is the purpose of these hearings.

RESOLUTIONS OF AMERICAN LEGION OF ALASKA SUPPORTING COAST GUARD ACTIVITIES

Mr. STEVENS. Mr. President, recently the American Legion of Alaska held its 55th Annual Convention at Kodiak, Alaska. The delegates of that convention, realizing the Coast Guard's significant role in Alaska, passed two resolutions supporting the Coast Guard's many activities.

Mr. President, Alaska has 6,640 miles of coastline, more coastline than all of the other States combined. The Coast Guard has the responsibility for surveillance of this entire area. Among its many responsibilities, it must guard against intrusion of foreign fishing fleets, carry on search and rescue operations, and safeguard our coastline from environmental pollution.

Mr. President, in order for the Coast Guard to continue to carry out these many assignments and responsibilities, it is going to need our continued support. I for one commend the Coast Guard for doing such an essential and admiral job.

I ask unanimous consent that the two resolutions passed by the American Legion of Alaska be printed in the Record.

There being no objection, the resolutions were ordered to be printed in the Record as follows:

Resolution No. 74–12

Whereas, the Coast Guard Auxiliary provides outstanding public service in promotion of safe boating practices within the State of Alaska; and

Whereas, outlying areas, such as Nome, are in need of such training by experienced persons comprising the membership of the Coast Guard Auxiliary; and

Whereas, the U.S. Coast Guard has funds to assist the Coast Guard Auxiliary in promotion of training; now, therefore, be it

Resolved, by the American Legion, Department of Alaska, assembled in convention, June 19–22, 1974, in Kodiak, Alaska, that it hereby endorses the purposes and activities of the U.S. Coast Guard Auxiliary; and be it further

Resolved, that we recommend extension of training programs and U.S. Coast Guard support of such training programs with transportation and funds; and be it finally

Resolved, that a copy of this resolution be forwarded to the Commander of the 17th Coast Guard District, the Governor of Alaska, and the Alaska Congressional Delegation.

RESOLUTION NO. 74-15

Whereas, the coastline of Alaska is the longest of any of the states in the United States; and

Whereas, the U.S. Coast Guard has the responsibility for guarding the Marine Resources of the United States, including our very important food fish; and

Whereas, additional responsibilities, such as environmental protection, have been assigned to the Coast Guard in Alaska; and

Whereas, fishing pressures from foreign nations have been increasing drastically in Alaskan waters and jeopardizing the employment of thousands of Alaskans as well as the resources of food fish and shell fish; and

Whereas, the activities of commercial vessels hauling supplies for construction of the Alaska Pipeline is increasing daily and will continue to accelerate for many years, now, therefore, be it

Resolved, by The American Legion, Department of Alaska assembled in convention, June 19-22, 1974, in Kodiak, Alaska, that we pledge our complete support to Governor William A. Egan, our State Legislature and our Congressional Delegation and commend them in their efforts to obtain adequate funding and staffing of the U.S. Coast Guard to carry out their many essential assignments and responsibilities in Alaska; and be it further

Resolved, that copies of this resolution be forwarded to the Honorable William A. Egan, members of the State Legislature, the Alaska Congressional Delegation and to the Commander of the 17th District, U.S.C.G.

THE WASHINGTON POST COMMENTS ON REPRESENTATIVE WALTER FLOWERS' STATEMENT IN HOUSE JUDICIARY COMMITTEE

Mr. ALLEN. Mr. President, today's hectic and shattering events will be dealt with objectively only through the perspective of time, and those of us involved in the awesome decisions which must be made relative to the Presidency of the United States, and the words which are spoken by us relative to these decisions, will be grist for the mills of the historians of the future.

However, some of the statements which are being made today, and which have been made during the recent past, are already being recognized as important contributions toward understanding the doubts, the frustrations, the despair, the hopes, and the general mood of our time.

In today's issue of the Washington Post, Thursday, August 8, 1974, the editors have pointed to remarks made by Representative WALTER FLOWERS, of Alabama's Seventh Congressional District, and others during the recent impeachment hearings of the House Judiciary Committee as being the most cogent statements presented in defining both the case against the President and the responsibilities which rest in the highest elective office of our political and constitutional system.

Mr. President, I ask unanimous consent that these articles be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

RESPONSIBILITY IN THE OVAL OFFICE: "THE PRESIDENCY IS A PUBLIC TRUST"

Out of the thousands of words spoken during the televised impeachment hearings of the House Judiciary Committee, two brief fragments strike us as having come very close to defining both the nature of the case against President Nixon and the responsibilities of the man in the Oval Office. One of these statements on the exercise of presidential power and responsibility came from Rep. Walter Flowers (D-Ala.) in his opening remarks July 25. The second came in a colloquy between Rep. Hamilton Fish (R-N.Y.) and Albert Jenner, minority counsel of the Judiciary Committee, July 29.

Mr. Flowers: Some of the things that bother me most are troubling to all people who fear that big government can encroach on the freedom of the people.

The institutions of this country have been set up by the people to serve them to carry out those functions that are necessary to a peaceful and a free society. They are not created to serve the interests of one man or one group of men or the political gain of anyone.

Such institutions as the FBI, the Department of Justice, the CIA, and the Internal Revenue Service are given great power because the people, through Congress, have needed those institutions to guard and protect them and their liberty.

Yet there has been evidence before us that the White House had an organized effort to get the IRS to audit and harass enemies of the administration. The government, in its role of tax collector, must be above any political use, it cannot be an instrument of power, of punishment and of political advantage. The power of the IRS reaches into every life, and it is a chilling thought that it might be a political instrument to get the enemies of the government. My friend, Mr. Railsback, spoke of this last night, that to him, as a Republican, the use of the IRS to get your enemies is a frightening prospect. In my state, in 1970, we have evidence of the White House leaking tax information contrary to law in an apparent attempt to affect the governor's campaign that year.

There has been evidence that the FBI—the nation's police—was used to spy on those who disagreed with the administration; that the CIA was used to supply equipment and assistance to a sort of private police group to break into a doctor's office, and possibly to carry out other activities for the political gain of the administration.

And, even more troubling, there is evidence that when the Justice Department and the FBI sought to investigate the Watergate burglarly and the Fielding burgarly, the President and his associates systematically misled those agencies, withheld the truth from them and furnished false proof. And most troubling to me, in the spring of 1973, Assistant Attorney General Petersen, who was really the Acting Attorney General since Mr. Kleindienst had recused himself, met repeatedly with the President and told the President what the investigation had shown as to the involvement of Haldeman, Ehrlichman, Dean, and others. He urged the President to help in dealing with the investigation, and the President assured him that the informaiton would be kept confidential.

Yet not only did the President relay this information to Haldeman and Ehrlichman who were the ones under investigation, but helped them use it to structure a plan to defend themselves. And the President did not give Petersen the information that he himself already had. In fact, by Petersen's testimony, when he asked the President if he had information about the Fielding break-in, he was told no, even though the President had been told the facts by Dean and Ehrlichman.

The power of the presidency is a public trust, and the people must be able to believe and rely on their President. Yet there is evidence before us that shows that the President has given solemn public assurances to the people, involving the trust and faith of his office, when those assurances were not true, but were designed to deceive the people and to mislead the agencies of the government who were investigating the charges against Mr. Nixon's men. If the trust of the people in the word of the man to whom they have given their highest honor is betrayed, if the people cannot know that their President is candid and truthful with them, then the very basis of government is undermined.

Finally, Mr. Chairman, there is the problem of the basic relationship between the President and the Congress. This committee has struggled to act fairly, to reach the truth; yet when we have just requested, then subpoenaed the evidence we needed, it has been refused or given to us in a form that we perhaps cannot rely on fully.

However, in our rush to recognize and identify all of these problems—which I insist we must do—let us not forget that they exist for the most part because of what human beings did or failed to do—in contradiction of their duties and responsibilities under our system . . .

The Preamble to our Constitution starts off: "We the People of the United States," and surely there is no more inspiring phrase than this "We, the People of the United States," not we the public officials of the United States, not we the certified experts, we the educators, or we the grown-ups over 21 or 25, not we the privileged classes, but just simply, "We, the People . . ." We acting in our communities across the nation can pull our fragmented society together. At the grassroots of this complex and industrialized nation we can renew the moral fiber of America. We, young and old alike, can create an America in which men and women and young people speak to one another in trust and mutual respect.

We, sharing common objectives, working toward common goals, can bring our nation to a path of confidence and well-being. We can provide a soul and character so vitally needed in our native land.

We are the people of the United States and we can do these things. And we here in this room are the representatives of the people of the United States and more, particularly the representatives of the representatives of the people and we have an awesome task that no one else can do for us.

Let me close by paraphrasing something Harry Truman was supposed to have said once—"I try never to forget who I am and where I come from and where I'm going back to"—and I cannot forget that I must get up every morning for the rest of my life and live with my decision on these terrible alternatives.

AN OBLIGATION TO THE LAW

Mr. FISH. Now, obviously to take care that the laws are faithfully executed as a mandate to the President doesn't mean that he personally executes all the laws. Well, what does it mean? I can't help but believe that this constitutional requirement is plain and understandable.

Now, I would like to pose some suggestions, some questions to you, Mr. Jenner, to see if we can't work out in everyday language just what this constitutional responsibility upon which this article rests means.

Would you say that included in this responsibility is the duty on the President not to misled his subordinates, not put in motion a course of action by perhaps some loose language such as to order something be done indicating you don't care how it is to be done?

Mr. Jenner. Yes, sir, Mr. Congressman.

Mr. Fish. Would you say that in addition there is a duty incumbent on the President to police his lieutenants, to see that they are operating within proper bounds?

Mr. Jenner. I think that is inherent in the clause.

Mr. Fish. Would you further say that the President would have a duty to be alert to what is going on, such a duty as President Nixon manifests in his daily careful reading of summary of the news that was brought to him?

Mr. Jenner. I think that is a clear thrust of the clause.

Mr. Fish. And finally, and maybe not finally, if you care to add more, but there is a fourth thought I will put forward, that the President would have a duty to find out what is going on in those agencies of government set up by the Congress and the people such as the Department of Justice, the FBI, and the CIA, and furthermore, a duty to disclose to them any information that he has knowing of their interest in that information?

Mr. Jenner. . . . The last, Mr. Fish, is quite clear and inherent in the duty to take care. The first that you mentioned is likewise included in the President's obligation to learn what is happening with—at least in the executive agencies and the executive institutions. You will recall that there was a good deal of testimony with respect to the President's carefully screening the news summaries he received at his desk at 8:10 every morning when he was in Washington and they were delivered to him when he was in San Clemente and in Key Biscayne according to the testimony. And that he read those and he wrote notes on them, and those news reports necessarily, because they covered TV, the print media, magazines, were necessarily distilled by experts that he had there, would bring to him what was occurring day to day throughout the country and alert him to—alert him to things about which he should inquire with respect to executive agencies and his staff as well.

Mr. Fish. Can you think of anything else in addition to these four that would constitute the responsibility to take care that the laws are faithfully executed?

Mr. Jenner. The main one I think is an obligation on the part of the President and an expectation of the people with respect to the President, is that he would police his immediate subordinates, not only with respect to direct directions that he had given to them but his chief of staff and others as to whether those directions had been carried out.

Mr. Fish. I thank you.

THE CYPRUS CRISIS

Mr. BROOKE. Mr. President, the unfortunate events of the past few weeks in Cyprus have evoked a great many comments concerning the appropriate role of the United States in the situation. There have been numerous calls for a far more active American role in the dispute, ranging from demands for direct American intervention to requests that we cut off aid to either or both Greece and Turkey. These extreme positions make little sense in terms of our national interests. Moreover, they would prove of little benefit in alleviating the problem.

Greece and Turkey form the cornerstone of the crucial Eastern flank of the NATO alliance. For that reason, the main objective of our policy must be to preclude open warfare from breaking out between the two countries.

It is most important that in our attempts to help bring about a resolution of the conflict we avoid alienating the parties involved. In this period of high tension, it would indeed be unwise for the American Government, or any of our public officials, to make condemnatory statements which would long be resented by the party to whom they are directed.

Furthermore, the United States would actually undermine its ability to help bring about a settlement if it "tilted" to one side at this time. We can best bring about an end to the conflict by continuing to lend our "good offices" to involved parties and to serve as a constructive mediator. By striving to maintain the trust and confidence of all parties, we can best hope to exert a moderating influence in the situation.

Any settlement requires the cooperation of both Greece and Turkey as well as the indigenous Cypriots. It is only through the maintenance of open contacts with all parties that we can hope to foster the cooperation necessary for the implementation of the cease-fire. It is my hope that all parties will immediately abide strictly by its requirements, especially those relating to a freezing of territory now occupied by the respective forces.

Since the signing of the 1959 Constitution, there has been great Cypriot dissatisfaction among both nationalities. The Turkish minority of about 15 percent has long felt that it has not received an adequate share of political power. At the same time, many Greek Cypriots have desired closer ties with Greece. Some, notably members of the EOKA faction, have expressed a desire for "enosis" or reunion with Greece, while certain Turkish Cypriots want "taksim"—union with Turkey.

However, a formal partition of the island and such "double enosis" is not a viable solution. It would simply bring the two mainland adversaries into direct confrontation on a small island, making further provocative incidents inevitable. Under those circumstances the likelihood of open warfare between Greece and Turkey would be great. At the same time it is unrealistic to expect peace if the island is forced to endure under the same conditions which had prevailed previous to the conflict. Nor is it tenable to believe that an occupying force, even if it were the United Nations, would be able to enforce a settlement which does not reflect a reasonable compromise of the opposing wishes of the Cypriots themselves.

Any lasting peace must be based upon several principles which are applicable to most conflicts. There must be direct negotiations between the parties involved, leading to a peace which reflects the military and political realities of the island, as well as those of mainland Europe. Most importantly, a settlement must reflect the desires of the Cypriot peoples themselves. Perhaps the most viable solution would be a federal system with a strong measure of local autonomy.

In a sense, the conflict, as deplorable as it certainly is, may have afforded Cyprus a greater opportunity to realize a durable peace. The significant migrations forced by the clash and the subsequent cease-fire, have perhaps helped to galvanize the island into far more homogeneous zones as well as allowing the ethnic boundaries to reach a more natural equilibrium based on the military-political realities of the region. These processes may help render a federal system more feasible, as relative homogeneity is certainly a prerequisite to such a solution. However, once again, the particulars of such a solution must be left up to the parties most affected by the conflict—the Cypriots themselves.

It is our opportunity to help bring these parties together and to grant them our services as friendly, neutral observers. To take a stronger position would be to undermine confidence and trust in America, thereby endangering our NATO alliance, and undermining our ability to help the Cypriot people together to bring about a just and lasting settlement.

THE GENOCIDE CONVENTION: DESTRUCTION OF GROUPS IN PART

Mr. PROXMIRE. Mr. President, article II of the Genocide Convention of 1943 has been a perennial source of confusion. This section defines the crime of genocide as the "intent to destroy, in whole or in part, a national, ethnical, racial or religious group." The point of debate has focused around the phrase "in part."

Critics of the treaty have argued that the concept of partial destruction of a particular group is too ambiguous to be included under the treaty. As one opponent of the treaty has asked, did the treaty wording include "driving five Chinamen out of town"? Would the murder of one or two members of a particular group lead to an incorrect charge of genocide?

This apparent ambiguity, however, is in fact nonexistent. In order for a group of murders to constitute the crime of genocide the numerical significance of the intended destruction must be such that it would cause the destruction of the group as a viable entity. As the ABA Section of Individual Rights and Responsibilities has noted:

> In the context of this Convention, there can be no doubt about the distinction between intent to destroy a national, ethnical or racial or religous group and intent to destroy some individuals belonging to that group. Nothing in the history of the United States since the early Indian wars quite adds up to genocide within the meaning of this convention. If any race riot, lynching, or comparable event ever grew to the scale approaching genocide as defined in the Convention, the international obligation would surely add nothing to the determination of our own state and federal authorities to bring the perpetrators to full justice.

The reason, in short, that the words "in part" were added to the Convention was to preclude the possibility that the destruction of, say, one-half to three quarters of the Jews in Poland would be deemed to fall outside of the purview of the Convention. In short, there is no ambiguity in the meaning of the phrase "in whole or in part" as used by the Convention and I again urge the Senate to ratify the Convention forthwith.

SUPPORT FOR PUBLIC BROADCASTING

Mr. **STEVENS**. Mr. President, last week, several members of the Commerce Committee introduced, at the request of the President, long-term funding legislation for the Corporation for Public Broadcasting. Recently, hearings were held and testimony was favorable and enthusiastic.

I am particularly pleased at this legislation, not only for the favorable change in administration view of public broadcasting, but for the proposed formula for distribution of funds to the local stations. At the administration-proposed funding levels, the formula would require that from 40 to 50 percent of the total Federal moneys go directly to the local public broadcasters.

Since the greatest benefits from, and additional sources of support for, public broadcasting are directly within the local communities served by stations, I believe this placing of the responsibility directly on the communities is a wise step. Coming from a State that is just getting started in public broadcasting, and whose needs are different from those of other States outside, I am very much in favor of getting the money directly to the stations.

Overall, I feel the bill is a good one. It provides an opportunity for the local stations to undertake long-range planning, and insulates the public broadcasting system from the yearly hassle of trying to secure administration approval of programing and funding.

People across the country have already begun to express their feelings on the legislation, among them columnists from several major newspapers. If there are no objections, I ask unanimous consent to have four representative articles printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the New York Times, July 22, 1974]

SUPPORTING PUBLIC TV

Television viewers seeking quality non-commercial programing have every reason to cheer President Nixon's decision to propose long-term Federal financing for the public television system. Reversing an earlier thumbsdown judgment, the President is asking Congress to appropriate between $70 million and $100 million for public television grants, pegged to private contributions, in each of the coming five years.

This trailblazing proposal has several attractive elements. For the first time, the public non-commercial stations will have enough security of funding to permit ambitious long-range planning, rather than have to scrounge around on a stultifying year-to-year, or even month-to-month, basis. By guaranteeing a five-year commitment, the Federal Government would effectively remove the temptation and opportunity for tampering with program content, an ever present danger in Government-supported cultural projects.

The financing plan, which already has wide support in Congress, is designed so that it cannot become the dominant source of public television income. For each dollar received from the Federal Treasury, the stations and producers must raise $2.50 from private sources; this serves as another insulation against Government control and maintains the rightful responsibility of viewers to contribute as they can for the benefits they receive.

The public television system has acceded to the Administration's insistence on decentralization, giving each local station a wide measure of autonomy in selecting programs to be produced and aired. With community autonomy comes the heavy burden of responsibility for maintaining the high quality standards set when public television functioned more like a national network, with all its economies of scale and production facilities and independence from regional pressures.

Overcoming his initial doubts and suspicions, President Nixon has apparently at last recognized that public television is an important national asset to be preserved and strengthened.

[From the Christian Science Monitor, July 19, 1974]

WHITE HOUSE BACKS PUBLIC TV

The reversal of the Nixon administration's stance on public funds for public TV should help the industry find a surer footing through the rest of the decade.

Not that the dollar amounts and matching-aid formula, which a reluctant White House agreed to after a long-drawn-out hassle, are all that generous. Backers of public-TV aid asked for an eventual $200 million a year in federal funds; the White House compromised at $100 million. The public-TV people asked for an aid formula based on raising two non-federal dollars for every federal aid dollar; they have been offered a 2.5-to-1 formula instead.

And, in keeping with its goals of preventing federal dollars from playing a decisive role in establishing a "fourth national TV network," the administration has insisted that no more than half of the full federal funding be spent on central programming and at least half be given to local stations.

But the plus side of getting White House approval on public-TV aid is enormous. For the next five years public TV stations will know how much they will have to spend. It will permit long-range planning. The end of year-to-year funding will cushion public TV from political interference.

Tight budgets may keep public TV lean. Commercial networks paid out as much for sports programming rights alone as public TV got from Washington this year. But at least the history of feuding in Washington over public broadcasting may be over and the public networks can get on with the quality programming for which it was designed.

[From the Boston Herald American, July 18, 1974]

PUBLIC TV'S DAY

The nation's 250 public television stations may now look forward, with relative assurance, to long-range financial stability free from political pressures or government censorship of program or policy.

Legislation sent to Congress Tuesday by the White House practically ensures five years of sound funding for the non-commercial operation. Surely that should be enough lead time to develop the kind of quality educational and cultural production which has been its proclaimed ambition since its creation back in 1967.

Virtually no obstacle remains to swift approval by Congress of the compromise measure which will provide $70 million in an initial annual appropriation next year, graduating to $100 million in fiscal 1980. Consistent with the administration's demand for grass-roots programming and local autonomy, the public broadcasting stations will be required to raise from private sources $2.50 for each $1 they receive from the federal government.

The fact that a compromise policy has been hammered out, after two years of quarreling, is assurance that the public broadcasters have put their house in order and abandoned the notion of developing a fourth centralized network deviating from the original intent of the law and duplicating the three commercial networks.

If so, that bodes well for the future of both public television and American viewers. Public television has the potential to introduce much that is new and different into their daily lives. Even when federal subsidization reaches its maximum level five years from now, it will cost the taxpayer a per-capita contribution of only 50 cents a year. That is little enough for the promised return.

[From the Raleigh, N.C., News and Observer, July 21, 1974]

PUBLIC TV GETS A SURPRISE BOOST

The President's decision to support a long-term financing plan for public broadcasting is a pleasant surprise. It should earn him a round of applause from the industry and TV watchers everywhere.

Not long ago, public television was catching flak instead of funds from the White House. Some of the fare beamed out by the Public Broadcasting System—especially its current events programs—was deemed too controversial (i.e., critical of administration policies) by Nixon people. Steps were taken to tame the PBS menu. For example, William F. Buckley and Bill Moyers were stricken from the entree list. And it seemed only a matter of time until the network would either become a purveyor of visual pablum, or wither from lack of government support.

There is still reason to worry about PBS quality, but funding headaches should be over if, as expected, Congress approves the administration bill. It recommends significantly higher public broadcasting appropriations over a five-year period, ranging from a maximum $70 million in fiscal 1976 to $100 million in 1980. The proposed requirement that each $1 in public funds depends on $2.50 in outside matching money should present no problem. Traditionally, many of PBS' brightest moments (to name a couple, the art film series of a few years back and, more recently, the superb serialization of "War and Peace") are made possible by grants from foundations and corporations.

Congress will need to do a little looking in the mouth of this gift horse, to make sure that it would not further restrict PBS independence. Barring that, the principle of long-term financial security for public broadcasting ought to be enthusiastically embraced. PBS is a voice crying in an aesthetic wilderness. Its ability to keep making itself heard, as a vigorous, high-quality alternative to standard commercial TV, would be greatly enhanced by passage of President Nixon's bill.

[From the Economist, Aug. 3, 1974]

TV BREAK

Public television and radio have been leading the insecure life of impoverished do-gooders since Congress passed the Public Broadcasting Act in 1967. The 254 public stations have scraped by on yearly doles from Congress, spotty funding from businesses and philanthropic foundations and small change from viewers who may enjoy an opera or educational programme. Two weeks ago Mr. Nixon sent a bill to Congress which would change this, providing between $70m and $100m in annual grants over a period of five years—a considerable jump from the present two year authorisation which provides about $47m a year. The amount of federal money actually distributed would be tied to the amount public broadcasters raised from private sources; to each $2.50 of private money the government would add a dollar. This financial security, together with the diverse sources of income, would give public television, for the first time, substantial insulation from both government and business pressures and an opportunity for planning.

The President's support for the proposal surprised friends of public television, for two months ago Mr. Nixon had seemed on the verge of scrapping the bill. In general, the President was known to feel that the service, especially in its political broadcasting, was becoming too much a "fourth network," revolving around the liberal Washington-New York political axis. In particular, he was thought to resent the peak viewing time given to the Senate Watergate hearings last summer. As a result of Mr. Nixon's displeasure, Mr. Clay Whitehead, the director of the White House's Office of Telecommunications Policy worked out a quid pro quo with public television: if public broadcasting would decentralise its programming by giving local stations greater power, the White House would provide a measure of financial stability. Public television kept its end of the bargain. Local stations now select their programmes instead of having their schedules set for them, a change which reduces control from public television's central bureaucracy in Washington. And some of its more outspoken political commentators, including Mr. Sander Vanocur, have left. Now it appears that the White House has also kept its end of the bargain, apparently after strong appeals to the President from Mr. Whitehead and two presidential advisers, General Alexander Haig and Mr. Dean Burch. Should Congress pass the bill, which is likely, up to 50 per cent of the money will go directly to local stations.

This so far successful struggle to hammer together an acceptable format for public television goes part, but only part, of the way towards resolving what has become the central dilemma in American television generally: how can and how should the government fairly regulate the various ideas and interests competing for television time? What subjects and what political ideas should be aired? The average American household has the television set on for six hours a day, so it is not surprising that any group which has something to say is clamouring for access. Until the advent of public television, advertisers dominated virtually all television programming, agreeing to buy time on only those programmes which captured a large audience. For the most part they still do and the standard of the resulting fare is not high. Moreover, the smaller voices of American society—minority group, artists, those with special interests were, by and large, frozen out.

Public television, in spite of its limited programme time and restricted availability, provides some room for enlightenment as well as entertainment. But its freedom to pursue new subjects has not relieved commercial television from pressures to change its own programming habits. For example, the Federal Trade Commission, an agency which regulates advertising, has asked advertisers to cease offering free gifts on children's television shows. The gifts are meant to entice children (or "mice" as the network people call them) to urge parents to buy a certain product, a practice that offends consumer groups.

The most explosive question is, of course, politics and the battle over the television treatment of politics is being fought on many fronts. Public broadcasting may have added some variety to television's subject matter, but the system has probably also had much of its potential for vigorous reporting sapped by decentralisation and criticism from the Administration. The networks are in a much stronger, independent position but also feel vulnerable to repeated public attacks and are, in any case, vulnerable to Administration influence—an incumbent President can virtually command free time whenever he wishes. At the moment, a controversy is bubbling over the 25-year-old Fairness Doctrine, which requires broadcasters to air conflicting views and offers persons who have been criticised a chance to reply. Broadcasters chafe under the doctrine, arguing that it discourages good reporting and violates First Amendment guarantees of freedom of the press. Consumer groups have argued on the other hand that the public's right to speak freely is at issue.

Consumers have also challenged many stations seeking to renew their licenses. Two petitions were filed in 1967; 150 were filed last year. But they have had little success in actually getting stations which the petitioners dislike off the air. Indeed, the House of Representatives has voted to extend licenses from three to five years, a boon for the local stations in a year when all members of the House are up for election—and want favourable coverage. There are also moves afoot to prevent joint ownership of newspaper and television stations, an idea that attracts both advocates of the consumer in the Justice Department's Anti-trust Division and conservatives annoyed with concentration of the press. But again Congress seems in no mood to offend. It is considering a bill which would in effect forbid the Federal Communications Commission, which regulates television, to consider joint ownership at all in cases involving license renewal.

The political struggle over television is unlikely to die away, not least because a television franchise is so valuable. Mrs. Katharine Graham, the chairman of the Washington Post Company, showed how far it could go when she said last month that the licenses of the two Post-Newsweek stations were challenged as part of a White House campaign of retaliation for the Watergate revelations—an indication that when it comes to shaping the politics of television, a license challenge can be an indiscriminate weapon, useful to more than one political camp.

THE REVEREND DR. JOSEPH F. THORNING

Mr. HARTKE. Mr. President, today I should like to salute a great American, Rev. Dr. Joseph F. Thorning, Ph. D., D.D., who is known as the Padre of the Americas. Father Thorning is a brilliant and very versatile scholar and administrator. He has served as dean of the graduate school at Georgetown University, and as the European correspondent of America. Currently, he is honorary chaplain of the Inter-American Defense University and is a member of its board.

On June 14, 1974, Father Thorning was accorded a diploma of honorary membership in the Inter-American Defense College. This great honor was bestowed upon him "in recognition of, and in gratitude for, his outstanding support of the principles and objectives of the college."

Mr. President, I ask unanimous consent that an article appearing in the Religious News Service, written by John A. Novotney, be printed in the Record following my remarks.

Mr. President, Father Thorning completed a book review of Gavan Daws, "Holy Man: Father Damien of Molokai" which appeared in the National Review of October 12, 1973. I would like to share his analysis with my colleagues and, therefore, ask unanimous consent that this excellent review also be printed in the Record.

There being no objection, the article and review were ordered to be printed in the Record, as follows:

Priest-Scholar Recipient of Two Honors

Washington, D.C.—Father Joseph F. Thorning, a priest-scholar, a product of education in the Company of Jesus and one who is widely known in the diplomatic community here and abroad as well as among members of the Congress, has been honored by the Inter-American Defense College here and by an award from the United States Marine Corps.

The Defense College, a cooperative venture for specialized training of all the armed forces of the countries south of the Mexican border except Cuba, has conferred upon the priest a "Diploma of Honorary Membership" in recognition of, and in gratitude for, his outstanding support of the "principles and objectives of the college."

Dr. Thorning, who is 78 and whose biography and list of achievements fill almost a column in "Who's Who in America," has been Honorary Chaplain of the "Colegio Inter-Americano de Defensa" since it was established. He has acted in the same capacity for the Inter-American Defense Board which was organized in Rio de Janeiro, Brazil, in 1944.

In this connection, Senator Joseph M. Montoya (Democrat of New Mexico) noted in a discourse printed in the Congressional Record that the "Diploma of Honorary Membership," presented in the Hall of the Americas of the Pan American Union here, is "unique in the history of the inter-American world."

Earlier, the United States Marine Corps gave the priest-scholar, before an impressive evening parade at the Marine Corps Barracks here the highest award the corps is authorized to grant to a civilian lover of peace for his "highly valuable contributions over the years." The burnished brass replica of the Western Hemisphere nations is mounted on cedar wood and surmounted by the Marine Corps motto, "Semper Fidelis."

Since 1944, the educator, author and lecturer has offered the opening prayer in the United States House of Representatives on Pan American Day, and is known in the Congress as "The Padre of the Americas" ("El Padre de las Américas", in the defense university. His legal residence is in Maryland, but he is a member of the editorial board of "World Affairs" here.

[From the National Review, Oct. 12, 1973]

Book Review

"Holy Man: Father Damien of Molokai," by Gavan Daws (Harper, 304 pp., $8.95).

This is the first adequate account by an independent scholar about Joseph de Veuster, whose beatification is being considered by the Holy See. As a farm boy in Belgium, he would forgo sleep in order to nurse a sick cow for a widow neighbor. Enrolled in the Congregation of the Sacred Heart, he studied at Louvain and Paris. Prior to ordination, he was posted to Hawaii. Touched by the "awful spiritual and physical misery" of lepers, he volunteered a ministry to "the most abandoned of mankind." He tried to be a medico as well as a priest.

Certainly, he labored with competence as a carpenter, mason, kitchen gardener, livestock raiser, gravedigger, and tireless provider for orphans, incurables, and the poor, regardless of religious affiliation. Such an apostolate indicated the aptness of his name in religion, inspired as he was by Damien, an early Christian physician-martyr. Damien's martyrdom was leprosy. World renown ensued when a Reverend Dr. Charles McEwen Hyde claimed that the missionary's disease was the result of sexual intercourse. Whereupon Robert Louis Stevenson wrote a rebuttal whose echoes resound in the twentieth century.

But Gavan Daws succeeds in a role that was impossible for Stevenson. The author not only examines the clinical evidence in the case, but also shows that the accusation was based upon a nolle-prossed charge against an entirely different priest whose name was Fabien, not Damien. Daws adds, however, that Damien impressed neither his colleagues nor his superiors as a saint. Undeniably, he was "stubborn, coarse, unmindful of hygiene" and, on occasion, forgetful of canon law.

Nevertheless, wherever he worked, he attracted attention; excited sympathy; stirred up the press. Among his most generous benefactors were clergymen and communicants of the Church of England. In their eyes and those of Brother Joseph Dutton, his most devoted co-worker, the faults, failures, and shortcomings were all "consumed like straws in the fire of Damien's charity."—J. F. THORNING.

HUMANITARIAN PROBLEMS ON CYPRUS

Mr. KENNEDY. Mr. President, events on Cyprus have been a source of deep concern for many Americans and people around the world. But after days of intense violence and political turmoil, reports now suggest some hopeful signs that at least the violence is subsiding—and that additional efforts will now be made by all parties concerned to effect a meaningful separation of forces under United Nations auspices. Hopefully, as well, new efforts to resume negotiations on a political settlement of the conflict will be diligently pursued—and will not only restore the security of civilians and constitutional rule to all of Cyprus, but also the island's territorial integrity and full independence.

In pursuing these objectives, however, the parties concerned—and all men of good will—should not lose sight of the human tragedies which have hit the people of Cyprus. Regrettably, their situation has taken second place to the military and political issues at stake—and to the special interests of those who have much to lose, or to gain, by the outcome of the conflict. But the civilians of Cyprus—both Greeks and Turks—also have interests. And for many thousands, apparently—especially among the Greek population in the Turkish salients—recent weeks have been a nightmare of death and horror and grief.

Reports from the area—including official reports to our own Government and elsewhere—fully confirm the human tragedy of Cyprus. Tens of thousands of women and children have been forcibly expelled from their villages—especially in Turkish occupied areas—or have fled their homes as refugees. Thousands of able-bodied men have disappeared—and some apparently have been deported to camps or prisons in southern Turkey. Refugees tell of "much suffering" and "systematic" arson, looting, murder, and rape. And civilian casualties—both wounded and dead—number in the hundreds, if not the thousands.

Mr. President, I do not rise to offer any magic solution for meeting the immediate political and humanitarian problems of Cyprus. But I do rise to express a deep personal concern over the plight of Cypriot civilians—and especially over the continuing violations of human rights and the rules of common human decency which are evidenced in Turkish occupied areas. A spokesman for our own Government suggests that "some very rough stuff" continues. This is a deplorable situation, and I appeal to the Turkish Government and all parties involved to make every effort in behalf of bringing peace and relief to Cyprus.

Apart from securing a meaningful separation of forces and a political settlement at the conference table in Geneva, there are three items of immediate concern to me as chairman of the Subcommittee on Refugees:

First, the emergency relief needs of refugees and others in distress—including food, water, shelter, medicine, and protection;

Second, the condition, treatment, and release of civilian detainees—including those who may have been deported to Turkey or other areas; and

Third, the free movement of international relief convoys and humanitarian personnel from the United Nations or the International Committee for the Red Cross—ICRC—including the free access of Red Cross personnel to detention centers on both sides.

The United Nations and the ICRC are the primary international agencies charged with the care and protection of Cypriot civilians. Reports from the U.N. and elsewhere suggest, however, that difficulties continue in all three areas of my immediate concern—especially in the Turkish salients of the country.

The humanitarian services of the U.N. and the ICRC have been indispensable in helping to bring peace and relief in many areas of the world. And today in Cyprus the services of these organizations deserve the full support of the parties to the conflict, our own Government, and others as well.

In conclusion, let me express some concern over the course of U.S. policy toward Cyprus. We have heard a great deal about the travels of our diplomats to the area, but we have heard very little about the substance and objectives of American policy toward developments on Cyprus and related issues.

I fully appreciate the immense difficulties in the Cyprus issue. It is a complex matter for diplomats and humanitarians alike. But should not our Government give more evidence of concern? What are American policy objectives? What is the substance of our activities? What have we done to help restrain Turkish forces? And how are we responding to help meet humanitarian needs among the Cypriot civilians who are refugees or detainees on either side?

The American people and their representatives in Congress deserve some answers, and should not be in the dark over United States policy toward Cyprus. I am extremely hopeful, Mr. President, that the administration will finally give some additional evidence of a very active concern over the needed efforts to bring peace and relief to the people of Cyprus.

PROTECTION OF SALMON FISHERY

Mr. STEVENS. Mr. President, recent news accounts of the reaction of Pacific Northwest fishermen to Ambassador Stevenson's July 11 policy speech at the Law of the Sea Conference indicate there is some misunderstanding of the U.S. position on protection of our salmon fishery.

An Associated Press article of July 13 noted that several fishermen's group officials were fearful that a 200-mile offshore economic zone, while it would protect coastal fisheries, would do little to protect anadromous species such as salmon, which originate in coastal rivers but range beyond the 200-mile limit before returning to the stream of their birth to spawn and die.

This is essentially true. A simple 200-mile limit—not backed up by other conditions—would not in itself adequately protect our salmon stocks from depletion by foreign fleets.

However, Ambassador Stevenson pointed out in his speech that the conference must, along with the economic zone issue, deal with the issue of anadromous fish.

The Ambassador made a special reference to the U.S. position regarding salmon, pointing out that this country recognizes that salmon depend for survival on favorable environment in the coastal streams and can be effectively managed only when harvested when returning to their home streams, in the internal waters, territorial sea, or economic zone of the host country. And he correctly emphasized that the very survival of this species may depend on collective action taken at the Law of the Sea Conference.

Mr. President, I believe that the U.S. delegation in Caracas is aware of the problem regarding salmon, and I am hopeful the conference will result in an international agreement establishing the 200-mile economic zone limit and setting regulations to protect anadromous fish, such as salmon, on the high seas.

I would also point out that the 200-mile jurisdiction zone does hold the potential for protecting our salmon through bilateral fishing rights agreements. Once the 200-mile zone is established, we could allow the Japanese limited access within the zone to groundfish, a species we are not currently harvesting, in exchange for a prohibition against Bering Sea and North Pacific high seas salmon fishing beyond the U.S. zone. This kind of regulatory agreement is, I believe, inherent to the concept of the 200-mile zone.

Of course, all of us concerned with the fisheries problem hope that the Law of the Sea Conference will produce an international agreement which will protect our salmon on the high seas without this kind of secondary negotiation. However, we should keep in mind that if it does not, the potential still exists for effective control beyond 200 miles through regulation within the zone.

Finally, Mr. President, I wish to address the subject of the 200-mile limit bill reported by the Commerce Committee. It is imperative that Congress not hold off action on that vital legislation simply because things are apparently taking a turn for the better on the international level. We must continue to press for enactment of that legislation as an interim measure.

We are all hopeful that Caracas will bring an acceptable fisheries agreement. But we must not be overconfident; we must not leave ourselves unprotected in case an international agreement is slow in coming.

Mr. President, I ask unanimous consent that the following Associated Press article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

NORTHWEST FISHERMEN CAUTIOUS ON U.S. STAND ON 200-MILES

Northwest fishermen in Washington, Oregon and Alaska cautiously applauded Friday a U.S. decision to recognize the right of coastal nations to control fishing for 200 miles off their coasts.

But the fishermen said they fear the enlarged zone will do little to protect the tuna and salmon that range onto the high seas.

"The hazard involved in a blanket 100-mile limit is that anadromous fish (such as salmon) migrate beyond that zone," said Philip Daniel, executive director of the United Fishermen of Alaska. "A lot of people feel the bottom fishery (including cod and sole) is going to be the next big thing in Alaska.

"We could control that (bottom fishing) with a 200-mile zone, but without species control we would be giving up our salmon," he said.

Daniel said the UFA hopes for adoption of a bill presently before the U.S. Senate which would set up a 200-mile territorial control limit for anadromous fish.

He said an international agreement presently prevents foreign fishing fleets from taking salmon east of a longitudinal abstention line that lies 1,600 miles west of southeastern Alaska. "A 200-mile economic zone would bring foreign fleets a lot closer," Daniel said.

John R. Stevenson, chief of the U.S. delegation to the United National Conference on the Law of the Sea, at Caracas, Venezuela, announced the American position Thursday.

The United States said it was willing to extend territorial waters from the current three miles to 12 miles and favored an additional 188-mile economic zone in which coastal nations could control fishing, undersea oil drilling and other economic exploitation.

Countries control navigation as well as economic exploitation in their territorial waters.

"The Eastern European nations and developing countries have taken such a strong stand for extended jurisdiction that the United States virtually had to take this action," said Dr. Lee Alverson, director of the Northwest Fisheries Center of the National Marine Fisheries Service.

Alverson, soon to leave Seattle for the Law of the Sea conference, said the definition of the zone is vital.

"Will the extended fishing zone indicate exclusive ownership of the resources or will it mean the adjoining coastal nation must assume a management responsibility for the fish in their waters, "Alverson asked.

Thomas E. Kruse, Oregon fisheries director, said a 200-mile limit that gives any additional protection is going to help Oregon fishermen. He said the extent of that help will depend on the provision for enforcing the zone.

Sen. Mark Hatfield, R-Ore., termed the news "an 11th hour reprieve for Oregon commercial fishermen.

"If adopted, this zone will offer hope to Pacific Coast Fishermen who are witnessing foreign fishing fleets pillaging the fish resource off our coast," Hatfield said.

Walt Yonker, Seattle, executive vice president of the Association of Pacific Fisheries Processors, said the zone could hurt distant water fisheries like tuna by forcing American fishermen to take out potentially expensive licenses in order to pursue the fish into other economic zones.

"We're trying to keep the Japanese from destroying our salmon resource," said Peter Mosness, western region vice president of the National Federation of Fishermen. "We favor the 200-mile jurisdiction extension but we also need a ban on high sea net fishing for salmon."

Harold Lokken, manager of the Fishing Vessel Owners Association, a group dealing mainly with halibut fishing on the West Coast, summed up the fishermen's reaction.

"Before we start dancing in the streets about this, we need to know what concessions the United States made to get other countries to agree to the 200-mile limit and we need to know how it will be enforced," he said.

OUTLOOK FOR SPACE

Mr. MOSS. Mr. President, the Committee on Aeronautical and Space Sciences examines NASA's authorization request in great detail every year. But we are interested not only in today's space programs, but also in tomorrow's and the day after tomorrow's.

Last year, at my request, Dr. James C. Fletcher, Administrator of NASA gave the committee a review of the accomplishments in aeronautics and space in the first 15 years of NASA—and they were indeed impressive—and an educated glimpse at what we might expect in the next 15 years.

In addition, last October, the committee held hearings on Space Shuttle payloads in which NASA outlined a possible plan for 725 Shuttle flights over the period from 1979 to 1991. A study of this plan reveals a rich and varied program with great emphasis on continued scientific exploration of the solar system and on practical applications of Earth satellites.

But it is not too early to start thinking about what we might be doing on to the end of this century, and I am happy to announce that NASA is beginning a project to do just that.

This new project entitled "Outlook for Space" will explore the role of space exploration and peaceful space exploitation in the 1980 to 2000 time period. NASA has assembled a study group, consisting of some of their most creative people, to help identify some of the possible future programs. The emphasis will be on imaginative new ideas.

It is my understanding that NASA is actively soliciting inputs for this study from schools, universities, industry, other Government agencies, or any individual who may have something to offer. All such suggestions should be sent directly to NASA headquarters here in Washington.

Mr. President, I ask unanimous consent that a letter I received from NASA and a description of "Outlook for Space" be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. MOSS. Mr. President, it is my belief that this study will help us to focus on exciting new possibilities that lie ahead of us in space exploration. I can assure you that the Aeronautical and Space Sciences Committee will watch the evolution of this study very closely and will report its results to the Senate at the appropriate time next year.

NATIONAL AERONAUTICS
AND SPACE ADMINISTRATION,
Washington, D.C., July 22, 1974.

Hon. FRANK E. MOSS,
Chairman, Committee on Aeronautical and Space Sciences, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: NASA has embarked on a comprehensive planning study, "Outlook for Space," which will explore the role of space exploration and peaceful space exploitation in the 1980 to 2000 time period. It is the intent of the Administrator, Dr. Fletcher, that this effort be far reaching and imaginative. All possible space endeavors which are deemed desirable and practical will be examined, including potential operational and commercial uses of space.

A Study Group composed of some of NASA's most creative individuals will work in concert with representatives from industry, universities, and government to define possible directions of civilian space activities during the remainder of the 20th century. Together they will attempt to identify all space activities having scientific or applications potential, as well as possible economic and sociological benefits from the use of space in the future. Donald Hearth, Deputy Director, Goddard Space Flight Center, is Study Director.

A partial listing of possible future space activities to be considered in the study includes: Search for Intelligent Extraterrestrial Life; Interstellar Probes; Planetary Exploration after Viking; Future of Astronomy, Astrophysics, and other Space Sciences; Manned Bases/Laboratories in Earth Orbit, on the Moon and Planets, and Space Colonization; Terrestrial Communications and Information Transfer; Monitoring and Management of Terrestrial Resources; Monitoring and Management of Terrestrial Weather and Environment; Space Processing and Manufacturing; and, Use of Space for Terrestrial Energy Supply.

The final product of the Study Group is expected to become available around the middle of 1975.

Sincerely,

GERALD D. GRIFFIN,
Assistant Administrator for Legislative Affairs.

OUTLOOK FOR SPACE

OBJECTIVES

1. To develop an unconstrained inventory of desirable and practical U.S. civilian space activities for the period 1980 to the year 2000, and beyond.

2. To identify a grouping of activities that are consistent with specific sets of goals, objectives and themes.

3. To identify potential social and economic benefits accruing from these activities.

4. To define Research and Development Tasks required to meet potential commercial and operational uses of space in the future.

APPROACH

The NASA Study Group will be the focus of the effort. They will work closely with NASA management and a group of consultants. The consultants will be individuals respected for their imagination and farsightedness who will provide ideas and suggestions on future uses of space.

The Study Group will:

Catalogue a list of attractive U.S. civilian space activities for the period between 1980 and 2000 based upon inputs from the Consultants, the Directors of the NASA Field Centers, and the Program Associate Administrators.

Single out those technologically feasible missions and programs that have high scientific, applications, operational and/or commercial value.

Identify blocks of missions by time periods consistent with specific sets of objectives and themes.

Assess the current state-of-the-art and identify technology advances required.

Consider overall resource requirements in the latter phases of the study; alternatives will be considered in relationship to each other.

ORGANIZATIONAL CONSIDERATIONS

1. Members of the Study Group will spend between 25–50% of their time over an eleven-month period. On occasion, the study will require their full time participation for periods of up to 2–3 weeks at a time. Part-time involvement has permitted the selection of highly qualified personnel who will continue their current assignments within NASA. The Study Group will be supported by a small, full time administrative staff.

2. The Study Group Director will report to the NASA Associate Administrator; the Administrator and Deputy Administrator will also interface closely with the Study Group. Management will review study progress at least monthly and will formally review the study output at three major milestones.

3. A group of individuals respected for their creativity and farsightedness will serve as consultants to the Study Group. They will provide ideas and suggestions for future activities in space. The consultants will be from universities, industry, and government as well as writers and other individuals.

4. The Study Group will also be supported by:

The Directors of the NASA Field Centers and Headquarters Program Associate Administrators who will provide planning suggestions and ideas as well as periodically review the study.

Working groups will be assigned specific tasks to perform in-depth studies of systems and programs that evolve during the planning study.

5. The Study Group Director has the authority to draw upon all NASA resources required for the study.

OVERALL SCHEDULE

The study is divided into three major phases; the first will be the gathering of ideas and suggestions, the second will be the detail examination of the more attractive possibilities and the grouping of activities around central themes, and the third a recycle/re-examination/trade-off phase. Formal reviews by NASA Management will be held at the conclusion of each phase. The overall schedule is:

FIRST PHASE

Initiation of Study, late June 1974.

Inputs on Future Ideas, August/September.

First Output of Study Group, early October.

Listing of possible future space objectives, directions, etc.

Possible central themes for grouping of future space activities.

Management Review, early to mid-October.

SECOND PHASE

Completion of Detail Studies, early February 1975.

Second Output of Study Group, mid-February.

Identify most attractive, beneficial, and practical options with back-up information.

Management Review, mid to late February.

THIRD PHASE

Recycle, Trade-offs, Consideration of New Inputs, March and April.

Final Management Review, May.

Final Product of Study, June 1, 1975.

ORGANIZATION FOR THE FIRST PHASE

The Study Group has been divided into Working Groups for the first phase. Two groups are responsible for gathering and focusing inputs on, basically, the following question: What are the most interesting and worthwhile things the United States can do in space during the 1980–2000 time period with today's and tomorrow's tools? Dr. R. Jastrow is chairing the group which deals with Terrestrial activities. Dr. S. I. Rasool is chairing the group which deals with Extraterrestrial activities. A group, under P. Gulbertson, is responsible for a mock-up/breadboard/framework of the study's output. Another group, under W. Stroud, is arranging for inputs to the Study Group on possible future environments (social, economic, etc., considerations) for space activities. In addition, the Jet Propulsion Laboratory has been assigned a task to provide support to the Study Group on technology status and possible future technological innovations. Mr. L. Richards and Col. A. Worden of the Study Group will work with the Jet Propulsion Laboratory on this task.

STUDY GROUP MEMBERSHIP

The following are members of the Study Group:

D. Hearth, Study Director, Goddard Space Flight Center; R. Jastrow, Deputy Study Director, Goddard Institute for Space Studies; J. Allen, Johnson Space Center; T. Bannister, Marshall Space Flight Center; J. Billingham, Ames Research Center; A. Chambers, Ames Research Center; P. Culbertson, Headquarters—Office of Manned Space Flight; W. Erickson, Langley Research Center; J. Kerwin, Johnson Space Center; W. Phinney, Johnson Space Center; R. Piland, Johnson Space Center; E. B. Pritchard, Langley Research Center, I. Rasool, Headquarters—Office of Space Sciences; L. Richards, Marshall Space Flight Center; J. Rosenberg, Headquarters—Office of Applications; J. Sivo, Lewis Research Center; W. Stroud, Goddard Space Flight Center; P. Thaddeus, Goddard Institute for Space Studies; A. Worden, Ames Research Center; J. Rosenzweig, United States Air Force—SAMSO; P. Villone, Administrative Officer, Goddard Space Flight Center.

COMMENCEMENT ADDRESS AT ST. JOHN'S COLLEGE, SANTA FE, NEW MEXICO, BY DAVID GINSBURG

Mr. PERCY. Mr. President, it is quite appropriate that one of the very finest commencement addresses to be given in the 1974 graduation season should be given at St. John's College in Santa Fe, N. Mex., a college devoted to the humanistic studies and the education of the whole man, and that it should be given by David Ginsburg, a man who throughout his life has fulfilled the objectives of man outlined by Justice Oliver Wendell Holmes when he said:

> Man is born a persistent idealist, for he is born to act. To act is to affirm the worth of an end, and to persist in affirming the worth of an end is to make an ideal.

I ask unanimous consent that Mr. Ginsburg's address be printed in the RECORD so that it might be shared with my colleagues.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

IDEALS AND ACTION

(By David Ginsburg)

(The following speech was given at the Commencement Exercises for the graduates of St. John's College in Santa Fe, New Mexico on May 19, 1974.)

President Weigle, members of the Board and faculty, graduates and parents, students and friends:

Historians often record the early thirties in America as a time of anxiety and suffering, everywhere characterized by joblessness, hunger, and fear. However, for me, Washington in those days was a place of joy and high intellectual excitement. Roosevelt had drawn to the city dedicated men with untrammeled minds. Younger acolytes, like myself, were proud to work with them. We hesitantly criticized their programs and endlessly wrote and re-wrote our own; we debated among ourselves and listened to others; talked with any newspaper man or Congressman who'd listen; discussed, far into the night, what could and should be done; when midnight came there was an unwritten rule that we'd go—or someone would go—for sandwiches and coffee; and thereafter we'd work a little more, sometimes until three or four in the morning.

I recall only one serious lapse from this state of grace. We had worked late, gone out for food and talk, and were returning to the office when someone noticed that at the old Belfasco Theatre, then located across from the White House on Lafayette Square, Hedy Lamar was playing in a film called "Ecstacy". Hedy in her ecstacy was more powerful than patriotism. Courageously, we sacrificed work for art and in that midnight show I saw—and relished—my first streaker.

During those days, too, I first learned of St. John's College. Curiously, I am indebted for the introduction to the Federal Government's Department of Agriculture. The extension service of the Department ran a Graduate School for government employees and in its catalogue, one day, I read an announcement that a weekly two-hour evening class would be given by a Tutor from St. John's College in Annapolis. Over two semesters we read together Harvey's Motion of the Heart and Blood; Machiavelli's Prince and Discoursess; Hobbe's Leviathan, the Federalist Papers and other greats far more familiar to you, unhappily, than to me.

A generation later I came to know Robert Goldwin and President Weigle, attended two series of Washington seminars on the Republic and on Goldwin's favorite—Locke's Second Treatise of Government, met Eva Brann, Jacob Klein and a few other of your tutors in Annapolis and Santa Fe; joined your Board of Visitors and Governors and so came here today.

A few weeks ago a sensitive Washington columnist, Tom Braden, published a piece that began with these words:

"There was something wrong with the education of those who surrounded President Nixon during the Watergate crimes, and I wonder whether our college and university presidents are giving any thought to the question of what it is.

"It would be sad to think that ten or twenty years from now a future President would again surround himself with such bright young men, so well dressed, so well graduated and so ill-prepared to face questions of right and wrong."

Since religious faith has become a lessened force in the lives of most of us, we are left with reason as the central guide for public morality. How important then, Braden says, is the educational system and "the great books which posed the great moral problems".

For all of us the Bible is one of the Great

Books—for me, the greatest—and the Great Books, collectively, the new Bible. Yet I suppose there isn't a man or woman in this graduating class who hasn't often asked, sometimes near despair. Does this rigid curriculum make sense? How does this endless discussion and analysis of ancient themes serve in the world in which I must live? Aren't we all captives of an intriguing idea—captives in an ivory tower?

How many of your classmates who came here with you four years ago, are not here today because of difficulty and disillusionment with the curriculum and, at times, with what must have seemed an impossible volume of work?

About 300,000 words of recently published Presidential conversations help to lay these doubts to rest. In the public domain there is now an edited record of dialogue among the men who held the highest power and the highest offices of trust in the Republic. All had been educated and trained by some of the great colleges and universities of the nation. Call the roll—Yale, Columbia, Brown, University of Southern California, and UCLA, Williams, Duke and others—in the East, in the West, and in the South. None endowed these men with a capacity for moral questioning, with a commitment to intellectual integrity, with a sense of what's important in the history of our own country, with an understanding that even great ends cannot justify violent and disreputable means.

Less than two weeks ago the Omaha World-Herald commented:

"Involved here is not question of Democrat or Republican, liberal or conservative, or of a company of his enemies out to 'get' the President. This is a matter of right or wrong, telling the truth or not telling the truth."

A day later the Chicago Tribune commented more specifically:

"It is a lack of concern for morality, a lack of concern for high principle, a lack of commitment to the high ideals of public office that make the transcripts a sickening exposure of the man and his advisers."

There was not one noble man in the White House. None, not one, had the courage or the wisdom to say these steps must not be taken because they are evil and violate our history and tradition.

I may be naive but I think it would have made a difference if at least a few of these men had had what this College, uniquely, provides as a liberal education—an understanding of the source books and the seminal ideas that illuminate the recurring and intractable questions of government and personal life that confront free men. These books and ideas, as the catalogue now states with headline force, "have great relevance to the contemporary problems with which we have to deal".

Three decent men left the Administration, after confrontation, by dismissal or resignation; all the others, including the Vice-President, were forced from office by disclosure or indictment; meanwhile the investigation of the President continues and the threat of impeachment hangs over the land like a thick black cloud. Nothing that Sophocles wrote will ever touch your generation more deeply than the tragedy unfolding in Washington.

I don't know what went wrong. In its most fundamental sense I believe what happened was a failure of education. For years many colleges and universities acted as if the idea of a liberal education was obsolete, refusing to provide a curriculum or a teaching discipline that in an orderly way sought to transmit to each generation what was important in the accumulated thought of our civilization. Lacking standards we lost our way and our capacity for outrage.

There were other factors. What was moral erosion we described as moral change and healthy moral growth. We accepted activism at the expense of understanding and scholarship. We insisted on immediate and practical relevancy and thereby undercut the study of the arts and humanities—losing our grasp of the great ideas of justice, truth and freedom. Some educational institutions grew too large; many helplessly subordinated education to politics. And almost all undergraduate colleges were enlisted in support of the professional schools. Specialization thus came much too soon for most undergraduates. We didn't give them time enough to learn what was fundamental, before teaching them what was practical.

I think my own profession—the law—has suffered most. As the Wall Street Journal said last week, "a dozen lawyers have been caught up in the Watergate scandals, and the legal profession has now been jolted by the White House tape transcripts, which suggest the country's best known lawyer—President Nixon—and two of his lawyer-assistants cynically considered exploiting the law enforcement system for political purposes".

At a recent meeting at the Harvard Law School we were told that many members of the faculty were now making a conscious effort to underscore ethical problems in their teaching. One would have thought by the time a student entered law school he would have had ample preparation in moral questions.

Schools of business administration and government are also beginning to leaven their teaching with the yeast of ethics.

The truth seems to be that moral failure in Washington has begun to sensitize much of the rest of the country to the moral problems that have concerned you so deeply for the past four years.

If now you choose business as your life's work, I believe you'll find that there is a new and growing respect in that community for decency, and for those who inquire, challenge and propose improvements. Thoughtful businessmen recognize that they are facing problems today for which the precedents have no ready answers.

If, instead, you choose further training in a profession—in law, business, medicine, research and teaching, engineering, the ministry—you'll find that the structure of professional learning will fit comfortably on the foundations you have obtained here. The skills you have acquired—to read searchingly, to write clearly, to speak precisely, to think logically and to ask the hard questions—are the best possible preparation for professional training. Moreover, a changing society is imposing new problems and unprecedented strains on the professions as well as on business. They, too, need rational minds that can cope with ultimate questions as well as the special learning.

Some of you, I hope, will seek employment in public service and to you I give special encouragement. For four years, under the guidance or dedicated tutors, you have been engaged in a continuing and intense conversation with the wisest men our civilization has produced. At the same time a unique, two hundred year experiment in the government of the most powerful, free and democratic society in the world, is being subjected to new and terrible strains.

As I see it, our basic institutions have demonstrated great flexibility and strength and have performed admirably; our need is for men and women who understand and respect the sources of these institutions.

Never before in my lifetime have we had so many young and able men and women in the House and Senate; it is the Executive Branch now that needs fresh blood and wise support. I urge you not to let the scandals of a single administration dissuade you from government service if you are otherwise drawn to it.

I drove over a bridge the other day that crosses the Charles River, leading to Harvard Square in Cambridge. A quotation from Solomon on the dedication stone somehow brought to mind this graduation: "The multitude of the wise", it said, "is the welfare of the world". We have had something less than a multitude of the wise in Washington lately; our government needs help especially—in my prejudiced view—from those who have been educated as you have been educated.

This conclusion—and recommendation—is grounded on the judgment that a classical liberal education for those who can absorb it is the best predicate for the role of citizen. Not everyone agrees. Some feel that you may, indeed, have been deluded and possibly even disabled by your concentration on the great issues addressed here—justice, freedom, truth. Do those issues really have practical and continuing meaning in government and otherwise in our own lives?

My answer is that they do—but only if we are willing to accept a continued tension between life and learning. What finally appalled the country about the published transcripts is the total absence of any such tension in the remarks of the President and his advisors.

But neither are generalized declarations of high principle enough. Living problems cannot be solved with formulas. I do not believe there is any absolute truth or even any absolute ideals of conduct. Nor do I believe that virtue is its own reward; the only satisfying reward for effort is achievement which generally is a product of compromise. Certainly in government accommodation is essential; all we can ask is to achieve what is attainable, and clearly understand what we have failed to achieve.

I agree with the Jesuit priest who lives at the Watergate and works for Mr. Nixon, who said the other day that we don't want a saint in the White House. I think it's also a fact that we never had one there.

The Federal electoral process is not a New England town meeting, and the truth is that a New England town meeting never met the Athenian ideal. What is essential is to understand the tap roots of our society and to create social and governmental institutions that can be nurtured by these roots. No nation ever lived according to Plato's *Republic;* every nation can, however, profit from some of its teachings. The wise profit more.

Whoever sits in the Oval Office in the White House must wrestle with real problems that can't be answered by Platonic absolutes or Aristotelian rationality: how deal with a Mayor Daley? a Governor Wallace? a Jimmy Hoffa? a Major Calley? How cope with a Nasser? a Brezhnev? How should the Administration act after the Bay of Pigs? after the U-2 incident?

There are things in the Watergate papers which accord with the tactical processes in which all politicians must and do engage. The question is how do we prevent the classical ideal from sinking into life itself and being engulfed by it.

Abraham Lincoln, surely one of our greatest and most beloved Presidents, was also one of our most tactical politicians. How could so moral a man tolerate slavery? Yet Lincoln refused to end slavery, not because he believed in it but because of what he regarded as his larger responsibility—the preservation of the Union. The Emanicipation Proclamation was tactically timed to weaken the South after the War began, not to serve justice or freedom.

Woodrow Wilson rejected the Lodge Reservations out of high principle and failed to secure Senate approval of the Versailles Treaty. What did he achieve?

John F. Kennedy made some horrendous judicial appointments in the South in order to secure the enactment of the Civil Rights Acts by the Congress. Was he wrong?

Robert Hutchins is a man of the highest

moral standards—so high that he could not relate those standards to necessary behavior. Many once saw Hutchins as a potential philosopher-king; unhappily, philosophy may have disabled him from being a king. One wonders whether Adlai Stevenson, too, would have been comfortable and effective making the often unpleasant, half-satisfying decisions that the wise exercise of political power requires.

There must, I believe, be a tension in the resolution of issues between learned principles and life requirements. A liberal education points the direction for action; only a larger wisdom enables effective action to be taken.

In 1951 Judge Learned Hand, a man whose integrity was respected by the entire nation, was invited to testify before the Senate Committee on Labor and Public Welfare. The subject, then as now, was the low state of public morals and what Congress could do about it. At one point Senator Fulbright, a member of the subcommittee, pressed Judge Hand to explain why the profession of politics had suffered so precipitous a decline in the esteem of the people. He first asked whether this had been true in the early days of the Republic. Here is Judge Hand's reply:

"I just do not know. I do not know enough about history. We believe, and I think properly, that when the men who met in 1787 to make a Constitution made the best political document ever made, they did it very largely because they were great compromisers. Do not forget that. They did put in the Bill of Rights afterwards; but the thing that made it stick was that they were great compromisers as to the immediate issues which were before them."

What Judge Hand was saying, I think, is that greatness in politics (I think this is true in diplomacy as well) requires men not to draw too sharp a line; not to press for confrontation; to find ways, instead, to accommodate differences.

My central concern today has been to suggest that wise action must be shaped by ideals. The recent record of action devoid of ideals, by men to whom we have entrusted the power of the State, has traumatized the country. But neither can a modern, democratic, industrial society—unlike perhaps the society of the Middle Ages in Europe—survive indifference, withdrawal or inaction allegedly to preserve the purity of ideals. The reality is that the worse things are, the more we have to do; we can affirm ourselves and test our ideals only in action.

A phrase from a speech by Justice Oliver Wendell Holmes lingers in my mind: "Man", he said, "is born a persistent idealist, for he is born to act. To act is to affirm the worth of an end, and to persist in affirming the worth of an end is to make an ideal."

THE PRESIDENT AND AMNESTY

Mr. HART. Mr. President, during the past several days many statements urging resignation by President Nixon or a rapid impeachment and trial of the President by Congress have been made by people from every political quarter. With this discussion has come speculation that removal of the President from office would be accompanied by a form of pardon or immunity from prosecution by Congress, the succeeding President, the Special Prosecutor, or by Mr. Nixon himself.

It is ironic to see such an immunity discussed for Mr. Nixon when we have yet to act in the more obvious case of those men who, compelled by their conscience, chose not to fight in the war in Southeast Asia. An amnesty for these men would be consistent with an American tradition of forgetting the deeds of the past when they were acts of conscience. Such a claim of conscience has not and cannot be made by Mr. Nixon in light of recent events.

I urge my colleagues to consider whether we are to place the one person with more power than any other in our land in a position above the law for alleged acts of political expediency and abuse of power, while at the same time continue to punish and exile other Americans who acted out of conscience in refusing to participate in that tragic war. I think that we should not.

COPYRIGHT REVISION

Mr. HUGH SCOTT. Mr. President, the Senate will soon be considering the copyright revision bill, S. 1361. This bill has been studied by both the Judiciary and Commerce Committees.

There is one part of the bill, section 114, which establishes a performance royalty in sound recordings for its creative contributors. In the Judiciary Committee one Senator raised a question of the possible constitutionality of this approach. After the Judiciary Committee meeting, I wrote to the Register of Copyrights, Ms. Barbara Ringer, for her opinion. I was delighted to receive her reply recently. As she stated at the conclusion of her letter—

> In direct response to your question, there is no doubt in my mind as to the constitutionality of the performance royalty in S. 1361.

Ms. Ringer's letter contains a careful historical and legal analysis outlining the strong reasons in support of the constitutionality of the performance royalty. I would commend the letter and its conclusions to each Senator's attention.

I ask unanimous consent to print the Register of Copyright's letter in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

COPYRIGHT OFFICE,
LIBRARY OF CONGRESS,
Washington, D.C., July 31, 1974.

HON. HUGH SCOTT,
U.S. Senate,
Washington, D.C.

DEAR SENATOR SCOTT: You have requested in your letter of July 12, 1974 a brief note outlining my thoughts on the constitutionality of the performance royalty in S. 1361.

In my opinion sound recordings as a class are constitutionally capable of copyright protection. This position has been adopted by Congress in enacting separate sound recording legislation in the form of Public Law 92–140, 85 Stat. 391 (1971). The report on that legislation, Senate Report No. 72, 92nd Congress, First Session (1971), contains the following statement, with which I fully agree:

"The committee believes that, as a class of subject matter, sound recordings are clearly within the scope of the 'writings of an author' capable of protection under the Constitution and that the extension of limited statutory protection to them is overdue." *Id.* at 4.

The constitutionality of Public Law 92–140 has been upheld in the courts. In *Shaab v. Kleindienst,* 345 F. Supp. 589 (D.D.C. 1972) the court made the following remarks regarding sound recordings and the Copyright Clause:

"Technical advances, unknown and unanticipated in the time of our founding fathers, are the basis for the sound recording industry. The copyright clause of the Constitution must be interpreted broadly to provide protection for this method of fixing creative works in tangible form." *Id.* at 590.

As early as the 1930's the courts, in discoursing on the common law, recognized that recorded performances may embody originality and creativity of the kind protected under the Copyright Clause of the Constitution. Judge Stern, in *Waring v. WDAS Broadcasting Station, Inc.,* 35 U.S.P.Q. 272 (Pa. Sup. Ct. 1937), remarked:

"The law has never considered it necessary for the establishment of property rights in intellectual or artistic productions that the entire ultimate product should be the work of a single creator; such rights may be acquired by one who perfects the original work or substantially adds to it in some manner. . . . [The judge then cited examples such as a piano arrangement of an opera score, a journalist's account of a public address, the translation or dramatization of a novel, and a new dramatic version of public domain materials.] A musical composition in itself is an incomplete work; the written page evidences only one of the creative acts which are necessary for its enjoyment; it is the performer who must consummate the work by transforming it into sound." *Id.* at 275.

A few years later, Judge Leibell in the case of *RCA Manufacturing Company, Inc. v. Whitman,* 43 U.S.P.Q. 114, (S.D.N.Y. 1939), *reversed on other grounds,* 114 F. 2d 86 (2d Cir. 1940), *cert denied,* 61 S. Ct. 393, expressed these views:

"Prior to the advent of the phonograph, a musical selection once rendered by an artist was lost forever, as far as that particular rendition was concerned.

It could not be captured and played back again by any mechanical contrivance then known. Thus, the property right of the artist, pertaining as it did to an intangible musical interpretation, was in no danger of being violated. During all this time the right was always present, yet because of the impossibility of violating it, it was not necessary to assert it." *Id.* at 116.

Perhaps the most perceptive judicial comments on the nature of original authorship in an artist's rendition of a musical composition were made by Judge Learned Hand, dissenting on other grounds, in *Capitol Records, Inc.* v. *Mercury Records Corp.,* 221 F.2d 657 (2d Cir. 1955). He addressed his remarks to the question of protectibility of recorded performances under the Copyright Clause:

"Musical notes are composed of a fundamental note with harmonics and overtones which do not appear on the score. There may indeed be instruments . . . which do not allow any latitude, though I doubt even that; but in the vast number of renditions, the performer has a wide choice, depending upon his gifts, and this makes his rendition pro tanto quite as original a composition as an arrangement or adaptation of the score itself, which [Section] 1(b) makes copyrightable. Now that it has become possible to capture these contributions of the individual performer upon a physical object that can be made to reproduce them, there should be no doubt that this is within the Copyright Clause of the Constitution." *Id.* at 664.

This forceful judicial view of the constitutionality of recorded performances was expressed in 1955. Sound recordings have been included explicitly as a class of copyrightable works in all of the bills introduced during the current program for general revision of the copyright law, from the earliest of these in 1964. In 1967 the House of Representatives passed a general revision bill recognizing sound recordings as copyrightable works; it granted them limited copyright protection against unauthorized duplication, but expressly stated that the exclusive rights in sound recordings "do not include any right of performance." In 1971, as a result of the emergency presented by widespread tape piracy, Congress acted to bring recordings under the Federal Copyright Code and to protect them against unauthorized duplication in advance of enactment of the general revision bill. Recognition of even this limited copyright in sound recordings means that Congress has already accepted the well-established judicial view that sound recordings as a class are copyrightable under the Constitution.

Performing artists contribute original, creative authorship to sound recordings in the same way that the translator of a book creates an independently copyrightable work of authorship. Record producers similarly create an independently copyrightable work of authorship in the same way that a motion picture producer creates a cinematographic version of a play or novel. In my opinion, the contributions of both performers and record producers are clearly the "writings of an author" in the constitutional sense, and are as fully worthy of protection as any of the many different kinds of "derivative works" accorded protection under the Federal copyright statute.

In direct response to your question, there is no doubt in my mind as to the constitutionality of the performance royalty in S. 1361.

If I can be of any further assistance, please do not hesitate to call on me.

Yours sincerely,

BARBARA RINGER,
Register of Copyrights.

END OF THE FREE RIDE

Mr. KENNEDY. Mr. President, the August edition of The New Physician, the publication of the Student American Medical Association, contains an excellent article by their national correspondent, Mr. Peter Frishauf, entitled "End of the Free Ride." This article summarizes the developments in the Congress concerning health manpower. I commend this article to my colleagues because it describes the major proposals and forces at work with respect to revamping the Federal role in support of health professions education.

I am pleased to report that yesterday the Senate Labor Committee favorably reported to the Senate S. 3585, the Health Professions Educational Assistance Act of 1974, which I introduced 2 months ago.

I ask unanimous consent that Mr. Frishauf's article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

END OF THE FREE RIDE

For medical schools and students, it could be the end of the free ride. For future foreign medical graduates (FMGs), it could be the end of the ride. All brought to you by the U.S. Congress.

Several legislators feel that specialty maldistribution (too many subspecialists and not enough primary care physicians) is a serious enough problem to warrant legislative correction. The solutions they're discussing would require a panel of medical educators to approve the number and type of postgraduate slots that a hospital could offer by 1977.

What this would mean for freshmen medical students is a very restricted choice of internships and residencies by the time they are seniors. What it would mean for medical schools is the end of their insulation from the major problems of health care delivery. For the first time, Congress would be telling medical educators what kind of doctor they must produce—a doctor who is more primary-cave oriented, more willing to practice in underserved areas and more "American."

FMGs would face a legislative policy referred to as "containment" by some and as "the ax" by others. Several congressmeen want to limit the number of available internships and residencies to 110 percent of the total number of medical and osteopathic degrees granted in a given year. The intent is to restrict the total number of positions for FMGs to no more than 10 percent of the number of U.S. graduates.

Why is all this happening? Since 1910, when the Flexner Report forced medical educators to embrace the academic-scientific model, medical schools have fiercely guarded their independence. This independence, they said, was necessary for them to pursue their primary duty—the education of physicians.

That argument may have been valid in the immediate post-Flexner period, when hundreds of marginal medical schools were forced out of existence and rigid academic standards were established and enforced for all that remained. However, as the insulation continued in the post-Flexner period, it began to be apparent that the independence so cherished by the medical schools was actually contributing to the problems of health-care delivery.

Left to their own devices, physicians-in-training prepared for careers that suited their personal needs and inclinations, rather than those of the public or the health-care system. The result has been geographic maldistribution (too many doctors in a few places and too few in too many places) and specialty maldistribution (too many subspecialists and too few primary care physicians). Meanwhile the proliferation of approved postgraduate training programs has resulted in far too many residency slots to accommodate the number of annual medical school graduates. Those training programs that do not fill with American graduates have found an abundant supply of foreign medical graduates (FMGs) to fill their available slots. The influx of FMGs in recent years, has been so great that foreign graduates now make up about 35 percent of doctors in approved training programs. This does not include the thousands of American-licensed FMGs who have completed their training and are in practice here and the thousands of unlicensed FMGs who are forced to accept whatever jobs they can find.

As these problems were developing, medical educators acknowledged them, but insisted that they should have no direct role in their solution. Instead, they asked for and received billions of dollars of federal aid designed to give them the capacity to substantially increase the number of doctors being trained, contending this would solve the problems. Now Congress is considering legislation that would end the medical schools' traditional independence.

A number of proposals are before Congress. All are in the form of bills designed to replace the expired health manpower legislation that has provided the bulk of federal funds for medical education in recent years. The question is not whether a health manpower bill will be enacted but how many of the proposed changes will be incorporated in the bill that emerges from the joint House-Senate conference committee. Many of the proposed changes are expected to be modified or dropped entirely during the House-Senate negotiations, but most Congress-watchers believe that the proposals signal the wave of the future. The most far-reaching changes proposed would directly attack the problems of geographic maldistribution, specialty maldistribution and the FMGs. Specifically:

To alleviate geographic maldistribution, two bills would require a young physician to complete a two-year stint in a doctor-poor area on completion of undergraduate medical education or specialty training in a primary care field. Similar requirements would be imposed on optometrists, dentists, nurses, veterinarians and other health professions graduates.

For specialty maldistribution there are proposals to create a quasi-governmental body that would approve the number and type of postgraduate slots a hospital could offer.

FMGs would be affected by proposals to limit the total numbers of internship and residency slots to 110 percent of the total number of medical and osteopathic degrees granted in a given year. The intention is to restrict the total number of positions for FMGs to no more than 10 percent of the number of U.S. graduates.

For medical schools and postgraduate programs, the implications of the proposals are revolutionary. For the first time, Congress would in effect be telling the medical educators what kind of doctor they must produce—a doctor who is more primary care oriented, more willing to practice in underserved areas and more "American."

Legislators who are pushing for these changes contend that since the federal government is paying, it has a right to decide what it wants. Coupled with this is increasing disenchantment with what it has purchased up to now. Although the Department of Health, Education and Welfare estimates that federal aid to schools in the health professions rose from $65 million in 1963 to $1.3 billion in 1973 (medical schools accounted for more than 60 percent of the expenditure), the number of physicians entering primary care actually declined. Furthermore, HEW predicts that despite an increasing supply of physicians, geographic distribution will continue to deteriorate. By 1990 HEW projects that New York, which now has 234 doctors per 100,000 population will have 400 per 100,000, while Mississippi, which now has 82 per 100,000 will only increase to about 100 per 100,000.

On the other major issue, FMGs, congressional critics seem to agree that they want the number of immigrant physicians drastically reduced. In 1972, 46 percent of all newly licensed physicians were FMGs. Says Senator Jacob Javits, a supporter of the "110 percent" formula, "I find it degrading for our nation to take desperately needed medical manpower from developing nations with desperate health and economic problems to meet our nation's physician shortage." (Javits' view is not shared by the administration. Recently HEW Secretary Caspar Weinberger said, ". . . as a matter of policy the federal government should (not) deny access to an individual because he happens to be a physician. . . . the medical sector has benefitted from many fine practitioners and researchers that immigrated during the last two decades.")

After all the debate, what seems likely to emerge at this writing is a temporary continuation of the *status quo*—basic institution with few strings attached—with a shifting emphasis toward service requirements and FMG restrictions, probably as early as 1977.

Before arriving at such a conclusion, Congress must sift through the various alternatives and let the political process run its course. Philosophically, Congress has been offered three basic approaches to financing medical education and reorganizing its relationship to health care. The major advocates for mandatory service and FMB restrictions are Sen. Edward M. Kennedy (D-Mass), chairman of the powerful Senate Committee on Labor and Public Welfare, and Rep. William Roy (D-Kan), a physician-lawyer and member of the House Subcommittee on Public Health and Environment. The chief advocate for the bill that would do the least to upset the *status quo* is Rep. Paul Rogers (D-Fla), chairman of the House Public Health Subcommittee. The third alternative comes from the Nixon administration, which advocates cutting the federal commitments to medical schools without mandating any major changes.

Politically, the three proposals weigh in like this: Rogers has been the most powerful influence in Congress on health legislation. Long considered the legislative advocate for organized medicine, the American Hospital Association and the medical school lobby, the Association of American Medical Colleges (AAMC), Rogers is used to getting his way with health legislation. This is why the major changes being proposed by Kennedy and Roy are having a difficult time. The proposal by Roy has evoked heated debate and significant support, but Roy lacks political clout in the House. Not only does he suffer from being the member with the least seniority on the Rogers subcommittee, which like all congressional committees is dominated by its chairman, but he is a lame-duck representative as well, having announced that he will challenge Republican incumbent Robert Dole for his Senate seat in November.

Roy's efforts to overhaul medical education by legislative fiat have not gone unnoticed. His articulate arguments that medical educators must help solve the problems of geographic and specialty maldistribution strongly influenced members of Sen. Kennedy's subcommittee staff. It was no accident, then, that Kennedy included many of Roy's concepts in his bill, and since Kennedy is a committee chairman as well as a national and international political figure many of the provisions that have medical schools and hospitals so worried are likely to appear in the final Senate version.

The administration proposal, which reflects the tight-fisted monetary policies of the Office of Management and Budget (OMB), has the fewest supporters in Congress. It is consistent with the Roy-Kennedy approach only to the extent that it reflects dissatisfaction with the blank-check policies of the past.

Despite Rogers' unflagging support of current policies, it seems clear that whatever bill emerges from the conference committee will call for significant cuts in direct financial support for medical schools. Even if the major proposals for attacking physician maldistribution and limiting FMG immigration are temporarily shelved, severe reductions in direct federal aid will cause havoc in medical school fiscal offices. Ironically, the dilemma the schools face in this regard is of their own making—a direct result of the dependency relationship they have courted with the federal government. The relationship was cemented with the 1971 federal manpower legislation, which has just expired. The 1971 legislation created four generously funded categories of institutional support, including for the first time the concept of "capitation"—an institutional grant of $2,500 for every enrolled student, plus $4,000 for each graduate completing school in four years and $6,000 for each student graduating in three years. This created an incentive to switch to three-year programs, a step many of the converts have come to regard as a disaster, since many three-year schools are planning a return to four-year programs. The other three categories of support under the 1971 law included special projects (such as increasing the enrollment of minorities and women), construction and assistance for schools in financial distress.

The 1971 legislation—which the AAMC justifiably touted as a landmark victory for its argument that medical education, as a "national resource," deserved such support—carried a price tag of $3.5 billion over three years, making it the number two federal health expenditure, surpassed only by Medicare and Medicaid.

Congress viewed the 1971 legislation as a solution to the nation's growing crisis in health care. It presumed that the crisis was due to a lack of manpower. If geographic and specialty maldistribution and FMG-dependence were problems—as some critics of the 1971 legislation pointed out—they were not considered important enough to warrant legislative correction at the time.

Lawmakers who prepared the legislation were strongly influenced by a report issued by the Carnegie Foundation for the Advancement of Teaching, released in October, 1970. Entitled, "Higher Education and the Nation's Health: Policies for Medical and Dental Education," the report recommended major increases in federal support for medical and dental education and research. It also encouraged compressing undergraduate medical education into three years. The recommendations were embraced by all important factions involved in the legislative process at the time: the administration, Sen. Kennedy (who used Carnegie figures down to specific dollar amounts), Rep. Rogers and the AAMC, which viewed the legislation as a dream-come-true. Enactment came just two years after the organization's move from its original headquarters in Evanston, Ill., to a posh suite of offices in Washington. Since one of the reasons for the move was to put the organization in a better position to influence legislation, it could take great satisfaction in the knowledge that the Kennedy bill had been written by LeRoy G. Goldman, who had worked for three months as an AAMC lobbyist before joining the senator's staff' The AAMC could also take pride that the new money—which represented a threefold increase in federal expenditures for medical education—would be funneled almost entirely through the deans' offices, bringing the deans the power that they had sought in vain during the years of strong departmental baronies that brought the schools the bulk of their outside money through investigator-originated research grants. Direct federal institutional support changed the seats of power from the department chairmen to the deans' offices.

Now, however, both the administration and the Congressional critics are threatening the deans' newfound power by tying strings to future federal aid. For the medical school lobby perhaps the biggest blow came when Goldman—their former lobbyist—told them he was in favor of requiring geoghaphic redistribution through mandatory service and specialty redistribution in the new manpower bill. The split between Goldman and AAMC broke into the open May 17, according to one report, during a luncheon meeting at the plush Monocle on Capitol Hill restaurant. Present were AAMC President John A. D. Cooper, M.D., Goldman and Jessica D. Silver, another member of the Kennedy staff. According to the definitive government information magazine, *The National Journal*, the luncheon deteriorated into a shouting match when Silver, a lawyer, told Cooper that the government had not financed her legal education and there was no reason why it should pay for medical student training without some kind of service payment in return.

Administration disillusionment with the 1971 manpower legislation apparently developed in 1973 when top HEW officials and analysts at OMB decided that increased enrollment bankrolled by continued federal support at current levels would result in a doctor surplus by 1985. The policy was outlined by HEW assistant secretary Charles Edwards, M.D., before the AAMC annual convention last December. Edwards told a rather disturbed collection of deans and medical school administrators: "The last decade has witnessed a number of changes in the way medical schools and other health teaching institutions operate. But I have some serious questions about the extent to which these institutions have made an enlightened response to the problems that affect the whole system of heath care."

And then he made his most explosive revelation: "We are now questioning very seriously whether it is appropriate for the federal government to bear so substantial a share of the cost of preparing individuals for careers that offer about the highest earning power in our society. We simply have to question whether taxpayers should continue to subsidize tuition costs for medical students, but not for students in other fields whose income expectations fall far below that of physicians."

Edwards' speech opened a Pandora's box, and put the medical schools on notice that the flow of federal funds was likely to be reduced substantially—if not cut off entirely—when the 1971 manpower legislation expired. His speech also gave heart to the growing number of congressional critics who were disenchanted with the schools' performance in solving the problems of health care. Out of this disillusionment came the proposals to change the government's approach to funding medical education. The ensuing manpower debate has forced Congress to confront several issues that it has been unwilling to face the past. Basically, these are the issues, how various political and institutional forces are lining up behind them and how they may be resolved:

MALDISTRIBUTION AND CAPITATION

All the bills before Congress contain sections addressed at maldistribution, although differences in the proposed solutions are dramatic. The mildest suggested reforms come from the administration, which seeks to "encourage" a redistribution of health manpower by strengthening the National Health Service Corps (NHSC). The administration bill would bolster the Corps' budget from its current authorization of $3 million to $22.5 million for 1975. The proposal would phase out other federal scholarship programs, presumably forcing needy students to enter the NHSC with its provision for loan forgiveness in exchange for a two-year stint in an underserved area. Critics of the plan say it would fall far short of providing the necessary personnel for shortage areas. Medical schools don't like the administration proposal because the money for NHSC scholarships would come at the expense of capitation, which the administration would phase down to $1,000 per medical student by 1977.

The Rogers bill, like the administration's boosts the NHSC, and would provide $420 million for special project grants to increase the number of primary care physicians and to launch projects to train students for service in medically underserved areas. Rogers and his aide, Stephen Lawton, patterned the proposal after a pilot program undertaken by the University of Washington to train students from three nearby states with no medical schools—Alaska, Montana and Idaho—through a novel type of outreach program.

To both Mr. Kennedy and Roy, the administration and Rogers bills offer solutions that are much too tame. "Essentially," says Roy aide Brian Biles, M.D., "they don't ask the medical schools to do a damn thing. The *quid pro quo* they are asking for is ridiculous." Roy's approach, on the surface, sounds simple: he would eliminate the institutional "capitation" support for the medical schools, forcing them to raise tuition to a level not exceeding $7,500. At the same time, he would make available NHSC scholarships to cover the tuition plus $5,000 annually for living expenses with the entire debt forgiven after two years of NHSC service. Roy estimates his program would eventually provide 20,000 physicians for the Corps, compared to its current manpower level of about 500.

The AAMC testified strongly against the

Roy measure, saying that it amounted to an unfair "economic draft" of medical students. Later in an interview, Dr. Cooper, the AAMC president, revealed that he was "philosophically" opposed to the Roy bill because "its socialism." Joining the AAMC in opposing the measure was the AMA, through its Committee on Federal Legislation, which denounced the proposal as "coercive servitude."

Meanwhile, SAMA, the independent organization of medical students—who stand to be most affected by the Roy legislation—testified before Congress in favor of the provision. Student leaders described the Roy proposal as consistent with the goals expressed in SAMA's recently published critique of medical education, *Handbook for Change*, which advocates "a program of uniform national service for all Americans." SAMA president, J. Ted. Norris, Ph.D., told the committee he felt most students would be willing to accept the concept of compulsory service in underserved areas. He pointed out that one bellweather of medical student opinion, SAMA's House of Delegates, had approved the service goal expressed in the Handbook for Change at this year's SAMA annual meeting in Dallas. Norris also indicated that medical student leaders were in favor of reducing capitation payments to medical schools in favor of alternate forms of financing. This would force the schools to "raise tuition to reflect actual costs," he said, contending this would make the schools more accountable to students and the public.

The attack on capitation sent shock waves through the AAMC, which had not anticipated so much opposition to its hard-won success on the issue. Prior to the attack the organization had hoped that capitation grants would be increased under the new legislation, recommending in its testimony before the Rogers committee that the base subsidy be increased from the existing base of $2,500 per student to $3,900 a student, with three "bonus" amounts (to reward schools for increased enrollment, starting more primary care training programs and preparing students for service in shortage areas) that would raise the amount to $6,240. But with sentiment against the schools rising, Rogers—despite his strong position on the committee—had to agree to "maintain current capitation levels with a provision for inflation."

Following the battering the AAMC took before the Rogers subcommittee it had to prepare to answer Kennedy. It had already testified before Rogers that it didn't like the philosophy behind compulsory service, and it didn't like the elimination of capitation because it would "threaten the stability of medical schools." Kennedy, surprisingly, agreed to seek continuation of capitation grants, but tied this support to the other "unacceptable" provision—compulsory service. Kennedy proposed that if a medical school were to be eligible for capitation it must first secure contracts from all students accepted for admission, stipulating that they agree to serve two years in the NHSC on graduation. If the school failed to obtain such a contract for even a single student—no capitation funds.

With capitation being assaulted on so many fronts, the AAMC is not expected to get far with its bid for no-strings funds. The best it can hope for, apparently, is that the size of the grants won't be trimmed drastically. What appears certain is that the days of the free ride are over. However, there is some comfort for the medical schools—the administration's proposal for wholesale cost-cutting probably won't go far. Its philosophical support is weak—even Sen. Javits, who introduced the Senate version at the request of the administration later denounced it as "not consistent with Congressional priorities," and went on to cosponsor the Kennedy measure.

FOREIGN MEDICAL GRADUATES

Although much of the proposed new legislation would require new commitments from entering health professionals, one group—the FMGs—faces severe restrictions under two of the proposals. Both Kennedy and Roy would accomplish this by the 110 percent formula described above. The two lawmakers' thinking on the FMG issue is identical. Roy has stated publicly that FMGs are "generally inferior" to American graduates, citing their poor first-time pass rate on the ECFMG examination. Roy contends, ". . . the quality of care provided by large numbers of individuals who do not speak the English language well, let alone understand the subtle nuances of the American culture, must be questioned." Kennedy, in defending the 110 percent formula in the Congressional Record quotes from a recent AAMC task force report on FMGs:

"In reality," the report states, "there is no examination available for measuring professional competence. Hence we are faced with a dual standard for admission and are condoning the evolution of a dual system of graduate medical education. Currently, a little over one-half of the physicians entering the American system are products of accredited United States medical schools, while the balance, for the most part, represents products of unaccredited education systems. This double standard results in wide disparity in the quality of physicians admitted to deliver care in the United States. It undermines the process of quality medical education in this country, and ultimately poses a threat to the quality of care delivered to the people." Whatever is passed in the way of legislation, aides for both Kennedy and Roy say that if the 110 percent formula is adopted, its implementation might be spread over several years to spare the system severe "shock."

SPECIALTY MALDISTRIBUTION

The most stringent Congressional calls for specialty redistribution also come—not surprisingly—from Kennedy and Roy. Both would give the Coordinating Council on Medical Education—the new interorganizational megabody charged with overseeing all medical education—a chance to work things out by 1977. But if the CCME can't or won't act the plan is to have the government do it. Again, Roy and Kennedy would use identical mechanisms: a National Council on Postgraduate Physician Training would be established, with several regional councils. The HEW Secretary would then tell the national council how many postgraduate slots would be available for the following year—and the certified positions would be divided among the regions, according to Kennedy, "insuring a limited and appropriate balance of postgraduate training positions in the various medical specialty and subspecialty areas, nationwide and regionally."

DO WE HAVE ENOUGH HEALTH PROFESSIONALS?

One of the frustrating issues in the current manpower debate is the lack of agreement on how many health professionals the country needs and how many we will need in the future. The medical schools rightly complain that in the early '60s there was never a question about manpower shortages.

Everyone—save the AMA—agreed that there weren't enough physicians, and even the AMA by 1968 had come around. The schools embarked on a program of expansion and between 1966 and 1976 will have more than doubled the availability of first-year slots to 15,000. Their success in expanding, their willingness to take the capitation bait and try three-year curriculums should be evidence enough, they say, that they have been responsive to social needs. As to present deficits in primary care and the geographic maldistribution problem, AAMC President Cooper says Congress should exercise some patience before turning to solutions as drastic as Kennedy's and Roy's. "Keep in mind," he says, "that the big increase in class size only came in 1968, and it's a minimum of seven years before the guy from that class goes into practice. So we have not even yet really seen the effect of the class-size increase, and probably won't start feeling the impact until 1976—then there will be a continuing increase through the 1980s. Many of the people now in training have indicated an interest in primary care—family medicine or whatever—so there are some signs that the situation is improving. But the fact is that when we talk about adequate manpower we're really just guessing anyway, because we haven't any experience to say this will provide enough physicians."

Legislative thinking on adequate physician numbers breaks across the boundaries of agreement and disagreement on the other issues. Here Kennedy agrees with Rogers that medical schools should continue to increase enrollment; and Roy finds himself in agreement with the administration that the schools should hold the line.

Says the administration (from Caspar Weinberger): "The rate of those entering (the health profession) is much greater than the rate of those leaving due to death and retirement. We can expect, by 1985, 50 percent more MDs, 40 percent more dentists and 60 percent more nurses than in 1970. . . . our position (about a supply adequacy) is not necessarily dependent upon a continued reliance upon FMGs."

Says Kennedy, in disagreement: "I reject the notion that the nation magically has enough health professionals, though it may have enough of certain kinds of health professionals. . . . I can not accept the notion that the time has come for the federal government to phase out its support for these (health training) institutions and their students. Such a policy, especially on the eve of the enactment of national health insurance, is irresponsible."

The flap over numbers—and the way Congress resolves it—will be a significant part of the 1974 legislation. The issue picked up heat in late June when Kennedy and Javits jointly released a confidential HEW document that challenges Weinberger's public statements on manpower adequacy. The document, signed by Kenneth M. Endicott, administrator of HEW's Health Resources Administration, warns the administration that its policies represent a "high risk" strategy that could lead to shortages of doctors and other health professionals in 10 years.

The final political jockeying over this year's manpower legislation was expected to come this month, with its fate decided in a joint House-Senate conference. Although Rogers has traditionally dominated these sessions, his chances for a clean victory this time are far less certain because of the heavy opposition that can be expected from Kennedy. But whatever the outcome, it is a debate that the medical schools will not forget quickly. Even if the legislation only moves them towards mandatory service and specialty and geographic redistribution, it will signal the end of their insulation from the major problems of health care. For them, it will be the end of virginity.

INFLATION: WHERE DO WE GO FROM HERE?

Mr. PERCY. Mr. President, I wish to call special attention to an editorial aired on July 9 by KMOX–TV of St. Louis, Mo., on the grave problem of inflation. As with many KMOX–TV editorials, it speaks with good, solid sense, and I commend KMOX. Its clear and simple message is that higher wage demands, while understandable, can only be seen as inflationary. Speaking to its listeners, the station said:

You may get a higher paycheck, but your boss is going to charge you more for his product. We are creating a vicious circle.

The remedy KMOX correctly suggests is restraint. Restraint by everybody: by Government in the form of a budget in near or actual balance. Restraint by business in holding down prices, and restraint by labor in holding down wages. I ask unanimous consent that the KMOX-TV editorial of July 9 be printed in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

Inflation I: Where Do We Go From Here?

Inflation is by far our worst domestic problem.

When you hear someone talk of inflation they're really referring to a lot of complicated items like rising prices, higher interest rates, and the supply of money. It all boils down to this: Because of inflation you and I must think twice about buying our favorite steak; or buying that new car; or getting out of our old house or apartment.

We try to fight inflation by demanding higher wages. Recent area wide strikes by construction workers, municipal employees, and others are the results of frustration at trying to fight inflation.

Higher wages aren't the answer though. You may get a higher paycheck, but your boss is going to charge you more for his product. We are creating a vicious circle. Where does it all end?

There's talk of trying to end this cycle by bringing back wage and price controls, or even raising taxes. We don't think either will help.

Government controls are of little value, especially to those who must live on fixed incomes. These are the folks who are hurt the most by inflation.

There's only one way to break the back of inflation—restraint. This means ending the ceaseless cry for higher wages and holding prices at their current levels or even reducing some price tags.

This may seem like a terribly simple answer to such a complex question. However, simplicity may go a lot farther than all the various controls Washington economists can think up.

THE FOREST AND RANGELAND RENEWABLE RESOURCES PLANNING ACT

Mr. JACKSON. Mr. President, last Friday the Senate approved the conference report on S. 2296, a far-reaching measure entitled the Forest and Rangeland Renewable Resources Planning Act of 1974. As an original cosponsor of S. 2296, I want to commend the chairman of the Senate Agriculture Committee, Mr. Talmadge, and particularly, Mr. Humphrey, who devoted so much time and energy to passage of this far-reaching legislation.

The idea of developing a national assessment of the renewable resources on America's forest and rangeland, followed by implementation of a national program, has long been needed. Over this past decade several efforts have been made to improve the means by which we plan and budget our renewable resources. Unfortunately, most of these efforts have been directed toward solving only part of the complex resources management problem.

This legislation has uniquely secured the support of all types of user groups—those concerned with commercial as well as noncommercial utilization.

This legislation, employing tried and effective methods of developing the needed facts, provides a way for the executive and congressional branches of Government to cooperate in setting policy. It also assures that there will be regular opportunities for each branch of Government to revise policies, thereby establishing an orderly way to move toward agreed upon goals. Further, it reforms the procedures by which we will achieve our conservation goals in the future. Of special importance is the fact that in several places this bill ties in directly with the new Congressional Budget and Impoundment Control Act of 1974, recently signed into law.

I am especially pleased to note that as Senator Humphrey worked on this legislation, he was able to draw upon reforms which have been implemented in the State of Washington in forest resource management. He has consulted on several occasions with Bert Cole, Washington State Commissioner of Public Land, from whom I understand he has received valuable advice and assistance.

As one of the 27 cosponsors of this landmark bill, I want to express my deep appreciation to the members of the Committee on Agriculture and Forestry for the diligence with which they worked and the care and attention they gave to producing a constructive legislative solution to a series of resources problems that have vexed the public, the Congress, and the Executive for several years.

HENRY KISSINGER—HIS NAME IS CLEAR

Mr. HUGH SCOTT. Mr. President, an editorial in today's Philadelphia Inquirer sums up what all of us are feeling about the recent unanimous vote in the Senate Foreign Relations Committee on Secretary of State Henry Kissinger. As a member of that committee, I am especially pleased with the thoroughness with which these hearings were conducted. I ask unanimous consent that this editorial be printed in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

We welcome the Senate Foreign Relations Committee's unanimous vote to clear Secretary of State Henry Kissinger. This clears the air, which needed it.

For the charges were not of the kind that could be left in a cloud. They involved not only Dr. Kissinger's role in the wiretapping of 13 government officials, including some of his top aides, and four newsmen, between 1969 and 1971, but whether Dr. Kissinger had told the truth about his role when he appeared before the committee in its confirmation hearings last fall.

As Dr. Kissinger had declared in Salzburg, Austria, June 11, when he issued his threat to resign unless the charges were cleared up: "I do not believe it is possible to conduct the foreign policy of the United States under these circumstances when the character and credibility of the secretary of state is at issue." We may state the analogy—without enlarging upon it—to the President of the United States.

So the committee, at Dr. Kissinger's request—indeed, his insistence—reopened its inquiry and reached two conclusions.

One was that the evidence, while in some instances containing discrepancies, contained no "significant inconsistencies" and did not justify the charge that Dr. Kissinger had misrepresented his role when he had told the committee, "I did not initiate the program, I did not recommend the program, and I had nothing to do with its establishment."

The other was that the committee had no reason not to reach the same conclusion it had reached last September—that Dr. Kissinger's role in the wiretapping did not constitute grounds for barring his confirmation.

No man, however powerful, is above the law, as we have stated often enough before, and no man, however important is indispensable. Yet Dr. Kissinger is,, as Sen. Hubert Humphrey put it, "a tremendous national asset," especially now. World problems will not wait around while the U.S. works out its national problem of the President. It is good to know that, whatever the President's preoccupation with other matters, his secretary of state can go on functioning.

PETROLEUM INDUSTRY DIVESTITURES

Mr. MOSS. Mr. President, the Subcommittee on Antitrust and Monopoly has begun hearings on reorganization of the petroleum industry. The subcommittee and its chairman, Senator Hart, are to be commended for undertaking this action. Having closely scrutinized the petroleum industry for many years, I have concluded that the public interest will best be served with an industry which is vastly more competitive than is currently the case. The vertical integration structure of the industry has served to erode competition and force higher prices upon the consuming public.

Last year, I introduced S. 2266, the Petroleum Industry Divestiture Act. I believe that the evidence which the subcommittee adduces will support the premise upon which that legislation is drafted, that no company should be engaged in more than 2 of the 4 functions in the petroleum industry; production, refining, transportation, and marketing. There are two similar bills in the Commerce Committee on this subject, and we too will pursue this legislation at a later date.

Mr. President, I ask unanimous consent that an article on the Antitrust Subcommittee hearings be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Oil Production, Refining Split Recommended

(By Morton Mintz)

The nation's largest independent petroleum refiner and a leading critic of the oil industry have agreed in Senate testimony that companies that produce crude oil should not also be allowed to refine it.

Breaking with other leading oil companies, Ashland Oil testified that production should be divorced from refining—"on a case-by-case basis"—to assure that profits from production are not used to subsidize "impairment of competition at the refining and marketing levels."

Ashland expects sales in fiscal 1974 of $3 billion, has approximately 2,500 branded stations, and ranks in refining with Phillips, Continental, Standard of Ohio and Marathon.

Major oil companies that control production and refining acquire a "market power"—"greatly enhanced" by the tax allowance for oil depletion—which positions them to apply "undue competitive pressure upon independent refiners and marketers," Ashland President Robert E. Yancey testified.

Recent increases in crude oil prices have raised production profits to "unheard of heights," with the benefits of the tax shelter rising commensurately, he told the Senate Antitrust Subcommittee.

The result has been that the ability of independent refiners and marketers "to remain competitive through superior efficiency has been overwhelmed," Yancey said.

"The balance of market power has shifted drastically in favor of the integrated major oil companies," he continued. "Sound remedies must be found if the competitive vigor of the oil industry is to be maintained."

Yancey, who testified Tuesday, was followed yesterday by an economist who said that the "documented anti-competitive behavior" of the oil industry and its "wasteful and unresponsive performance" are a "direct consequence" of the "malignant" combination of production and refining in major companies.

Prof. James Patterson of Indiana University said most crude oil is transferred within integrated firms to "captive" refineries, rather than being sold on the open market.

"Destroy or isolate the power of crude, and the whole house of cards will fall," he said. "Independent refiners would enter in droves if they could procure dependable crude supplies on equal terms with their other competitors.

"And if refined products from independent refiners were available, independent marketers would enter and challenge the market position of the majors," Patterson testified. "Even integration between refining and marketing by the present majors would pose no serious problem for competition."

On that point, Yancey warned against "extremism in divorcement policy." As an example, he cited "the state of Maryland's attempt to separate marketing from refining," saying that this "would injure independents far more than major companies."

Patterson, co-author of the soon-to-be-published "Highway Robbery: An Analysis of the Gasoline Crisis," said that Congress must legislate the separation between production and refining. "It is a political rather than a judicial matter," he said. "It would require a generation to re-structure the industry through litigation."

The Federal Trade Commission's staff, having the same aim as Patterson, filed a complaint against the eight largest refiners a year ago. The case is expected to be litigated for many years.

ANIMAL AIR TRANSIT LEGISLATION

Mr. WEICKER. Mr. President, the August issue of Air Line Pilot magazine contains an important article on the welfare of animals shipped by air.

As the sponsor of S. 399, the Animal Air Transit Act, which would authorize the Federal regulation of animal shipment by common carriers, both in transit and in air terminals, I have long sought to alert my colleagues to the need for improved standards for animal air transportation.

I urge my colleagues to read the following article by A. W. Scott, concerning a Washington area pilot's concern for humane transportation of animals.

Mr. President, I ask unanimous consent that the article from Air Line Pilot magazine be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

PET'S PILOT

(By A. W. Scott)

Remember the old saying, "A man's best friend is his dog"? Well, there's a similar adage making its rounds amongst the canine jet-set: "A dog's best friend is Duane Best."

Best, a Washington-based 727 pilot for United Air Lines, lives with his wife and four children in suburban Alexandria, Va. Cohabiting on the same premises are the family's three dogs, two cats and two turtles. A daughter's horse is boarded at a nearby stable. It goes without saying, then, that Duane Best is an avid animal-lover. This interest hasn't gone unnoticed either: Last year he was appointed ALPA's special representative on animal transportation. In the interim, he has waged a one-man campaign for improved animal care during air shipment, and the repercussions have been felt from the halls of Capitol Hill to the four corners of the nation.

"It's been quite an education for me," Best said. "Once you get into something like this, and you begin to see some of the problems, it's awfully hard to turn your back on these animals."

Best first became interested in animal care two years ago. His wife, Carolin, was a case worker for the Fairfax County Animal Welfare League, and they frequently went out together on cruelty cases. Both Duane and Carolin have since received accreditation as humane officers in Virginia .

"The American Humane Association sponsors an organization called the National Council on Animal Transportation," Duane said. "Its members, which include the Air Transport Association, represent organizations interested in the transportation of animals. They asked ALPA if the Association wanted to be represented on the Council. Carl Eck, ALPA Engineering and Air Safety staff engineer, asked Bud Ruddy, a United captain and safety committee chairman, if he knew anyone interested in animal problems who would be willing to serve, and he said 'yeah!' And that's the way I really got involved."

Last year, the United Master Executive Council appointed Best to serve as chairman of the United pilot's Animal Transportation Committee, which in turn led to his appointment as ALPA's special representative. He maintains a steady stream of correspondence between the U.S. Department of Agriculture, the American Kennel Club, humane organizations, state livestock commissions and various shippers to stimulate an interest in improving animal shipping standards.

Recently, Best wrote FAA to comment on a proposed rulemaking "Stowage of Containers for Transport of Animals Aboard Aircraft." He said: "Live animal shipments presently constitute a greater percentage of air cargo shipments than any air carrier is willing to acknowledge. The airlines keep track only of those animals that are shipped as either checked baggage or air freight. However, about 80% to 90% of all animal shipments are carried through REA Express and no records of these shipments are maintained by the airlines. Consequently, there simply is no way to obtain accurate estimates of animals that may be injured or killed during transit due to the shifting or tumbling of cargo during turbulence or through acceleration or deceleration on rough runways during takeoffs and landings.

"Animals shipped through air freight, or as checked baggage, are required to be in substantial containers by most airlines and this is as it should be. However, the REA Express standards are considerably more lax and less enforced with respect to container standards. A recent attempt to strengthen these standards was denied by the Civil Aeronautics Board. Consequently, thousands of animals—a large percentage of them puppies bound for pet stores—are being shipped in flimsy containers that do not have the strength to withstand impact loads from falling or shifting cargo. When impacted by other cargo, these flimsy containers break inward, shattering and splintering in a manner that can easily produce injury to the animals inside."

Best points an accusing finger at CAB as a prime cause for poor animal treatment. "There are a lot of concerned people," he says, "but shipping animals (by the airlines) is not a profitable business. CAB will not let it be a profitable business. I think the airlines could do a lot more, and probably would do a lot more, if CAB would allow them to make money. During a recent CAB hearing, the airlines were limited to charging no more than the general commodity rate for cold-blooded animals, and no more than 110% of the general commodity rate for warm-blooded animals, where they had been charging 130%, 160% and 230%. CAB said that the airlines had not proven their case—which is true. They hadn't. But I think CAB takes a negative view, in that its position is 'show us that you are spending more than 110% towards caring for these animals, and we'll let you increase your rates.' But the airlines aren't interested in spending more because it is a money-losing proposition. The bottleneck is that CAB has the power to change things, but it hasn't shown much inclination to do so."

Duane cites other examples of CAB's reluctance to improve animal shipping standards. Earlier this year, REA filed a new tariff with CAB, saying that it would no longer accept for shipment animals enclosed in orange or lettuce crates. United Air Lines filed a supporting document, in which it concurred. But the Pet Industry Joint Advisory Council (PIJAC) successfully lobbied against the tariff, claiming that REA was denying the industry the right to ship animals in these containers. CAB, being consumer-oriented, agreed.

"Ever since the article entitled "Live Cargo: Cruelty Aloft?", which appeared in the January 1973 issue of *Air Line Pilot*, zeroed in on these problems, we've seen a growing awareness in the industry. A few pet-shop owners are now telling their dealers that if they'll use the new, better-constructed plastic containers to ship their animals, the owners will save them and return them to the dealers for re-use. They only cost about $4 to $4.50 per crate."

Animal shipping containers isn't the only thing that bothers Best. There have been cases where the high-pitched whine of a jet engine's tubrines have caused animals, particularly dogs, to go berserk. "Not much study has been done in this area of cruelty," he notes.

"I've seen instances where animals have been left overnight on a loading dock in subfreezing temperatures. No one ever bothers to feed or water them, or to exercise them. I've also seen cases where an animal would arrive by air and remain in the plane's cargo hold for several hours before continuing on. Ventilation is not very good there under the best of circumstances and temperatures can climb to well over 120 degrees. Needless to say, animals can't survive that kind of treatment."

But there is hope. ALPA has learned that CAB will conduct another formal hearing into animal shipping practices in the very near future. Areas to be examined will include:

acceptance, packaging, ground environment, flight environment, health certification and priorities.

In the meantime, Best has carried his fight to Capitol Hill in support of proposed changes in federal animal welfare legislation. Senator Lowell P. Weicker Jr. (R-Conn.) and Representative G. William Whitehurst (R-Va.) have introduced legislation (S. 399, H. 1264) that would bring freight forwarders and common carriers within the scope of the Animal Welfare Act of 1970. It will force them to provide better care for animals in transit. Hopefully, it will improve the standards for crating; the feeding and watering of animals enroute, and it will probably require specific holding areas for animals, possibly within temperature-controlled environments."

What does Best do during his off-duty hours? You will probably find him and his wife investigating animal cruelty cases in Fairfax County, Va., checking the condition of animals at Washington National Airport, speaking before interested groups to further humane education goals and writing lots of letters.

"When I am on a trip, I usually drop in and observe other shipping facilities. The problems are similar and widespread," Best explained.

He bent down and picked up a mutt from a crushed, filthy box in the REA Express warehouse at Washington National. He examined its whitish gums, then patted it on the head. The dog was thin, tired, sad-looking. It couldn't have been more than six weeks old.

"Look at this creature," Best exclaimed. "There's no food or water. No one knows how long it's been without. They've packed this little fella in a lettuce crate along with another dog that's three times its size. The other dog could easily smother it. It's happened before."

Best examined the shipping manifest, then took out a pencil and paper and started scribbling some notes. "No health certificate, no identification, tags or tattoos, nothing," he muttered. "They're on their way from a puppy mill in Iowa to a pet store in Maryland. They'll be lucky if they make it." (Several days later, Best learned that the larger of the two pups, a black male chow, was stolen from this same flimsy crate before it reached its destination.)

Best shook his head and sighed. "I write critical letters to the shippers, and send copies to the consignee, Department of Agriculture and other authorities. Unfortunately, the wheels of progress turn very slowly."

So from a meager start in helping his wife with animal cruelty investigations, Duane Best has emerged as a sort of champion of the animal world, a messiah long-overdue. He's soft-spoken, yet forceful; subtle, yet demanding. He's a pilot—a pet's pilot, if you will. From typing letters at ALPA's Field Office in Alexandria to presenting testimony to the House Subcommittee on Government Operations, Duane Best has come to be known as "a dog's best friend."

(ALPA members interested in monitoring the treatment of animals in air transit in behalf of ALPA are invited to contact First Officer Duane Best at 4512 Kerrybroke Drive, Alexandria, Va. 22310. Phone: (703) 791–4891.)

THE NEW CIVILIAN GOVERNMENT OF GREECE

Mr. PELL. Mr. President, all of us who cherish the democratic form of government have been encouraged by the actions taken in the past week by the new civilian government of Greece under Constantine Karamanlis.

The decrees restoring freedom of speech and the press, the general amnesty for political prisoners held by the former Greek junta, the restoration of the 1952 Constitution, and the promise to move promptly toward democratic elections all are highly encouraging.

These developments obviously are a cause of great joy among the people of Greece who suffered for 7 years under the oppressive, undemocratic, and at times barbaric rule of the military juntas.

For the friends of Greece in the Western democratic nations, these steps also are highly welcome, for they are necessary steps toward restoring Greece as a responsible and valued member of the community of Western democracies and as a strong and contributing member of the North Atlantic Treaty Organization.

The process of restoration and rebuilding the economy and the democratic institutions of Greece will take time, however, and particularly in these early days, the new civilian government needs all possible assistance and encouragement.

The greatest current threat to continued progress in Greece lies in the continuing crisis in Cyprus. The cease-fire agreement between Greece and Turkey was most welcome, but there are almost daily reports of continued military actions by Turkish forces on Cyprus.

It would be tragic, not only for the people of Cyprus, but for the people of Greece and the cause of democracy, if the Cyprus conflict were to escalate. The result would be further suffering for both Turkish and Greek Cypriots and a damaging blow to the prospects for responsible, democratic government in Greece.

The U.S. Government, by all accounts, has played a positive role in attempting to persuade our allies in NATO, the Turkish and Greek Governments, to act with restraint in the Cyprus conflict.

I would hope very much that the Government of Turkey, regardless of the provocations it may have suffered from the previous military government of Greece, will recognize that a policy of restraint and conciliation with the new civilian government of Greece is in the best interests of all those concerned. And I hope that our Government will continue to use its persuasive offices toward that end.

Mr. President, the recent events in Cyprus have been of deep concern to many of my constituents of Greek origins.

I have received many communications from them, commending U.S. efforts to restore peace in Cyprus and urging that the United States continue to bolster the cease-fire and negotiations toward a lasting settlement.

Among these communications is a resolution adopted by the Maud Howe Elliot Chapter of AHEPA, the American Hellenic Educational Progressive Association, in Newport, R.I. I ask unanimous consent that this resolution, which eloquently expresses the concern of many American Hellenes, be printed in the Record at the conclusion of my remarks, along with an editorial from the New York Times of August 5, 1974, entitled, "Good Start in Greece."

There being no objection, the material was ordered to be printed in the Record, as follows:

Resolution

Whereas The Republic of Greece and the independent State of Cyprus have undergone rebellion and revolution over the past decade, and the foundations of representative government there have been threatened and shaken; and

Whereas the United States of America and other NATO Countries have shown their concern, cooperation, and commitment in assisting Greece and Cyprus toward the re-establishment of the rule of law where Democracy was invented; and

Whereas the Order of Ahepa (American Hellenic Educational Progressive Association), a great fraternity organized by Americans of Hellenic descent, has fought to further democratic ideals among its members for more than one-half a century,

Now, therefore, be it resolved that the Maud Howe Elliot Chapter Number 245, Newport, Rhode Island joins with our Supreme Lodge in Washington, D.C. in expressing its deep appreciation and keen gratitude to the President and Congress of the United States for their recent and current endeavors and negotiations in rendering valuable and timely assistance to Greece and Cyprus, during a period of dire emergency in the International Community.

Good Start in Greece

In less than two weeks, Constantine Caramanlis and the wide spectrum of democratic forces supporting his Government of National Unity have transformed the political climate in Greece. Mr. Caramanlis is no miracle worker, but—given the political realities in Greece after seven years of military dictatorship, plus the Cyprus crisis—it is difficult to see how the 67-year-old Premier could have progressed any more rapidly toward the restoration of national consensus, freedom and political democracy.

Mr. Caramanlis immediately restored freedom of speech and of the press. He decreed a sweeping political amnesty, releasing thousands who had been jailed and often tortured by the military police. And he restored the citizenship of eminent Greeks who had been stripped of rights for speaking or acting against the corrupt and repressive military regime.

Returning to Greece after eleven years in exile, he was able in a remarkably short time to construct a Cabinet of experienced, qualified ministers representing most democratic tendencies from moderate left to moderate right and including fresh talent that had been imprisoned or exiled by the military rulers. By way of emphasizing the exodus of the armed forces from power, he named as Defense Minister a veteran civilian politician and foe of the fallen junta, former Foreign Minister Evanghelos Averoff.

Mr. Caramanlis has also reinstated Greece's 1952 Constitution, scrapping the junta's 1968 document which attempted to entrench the armed forces in a permanent position of decisive political power, beyond the control of any civilian government. He has reassigned some of the most dubious personnel from the former junta to remote posts far from Athens headquarters.

What Mr. Caramanlis has thus far refused to do is to take drastic punitive action against the officers who overthrew the legitimate Government in 1967 or even against those responsible for the persecutions and torture over the seven years of the dictatorship. The necessity for maintaining as much armed forces unity as possible in light of the Cyprus crisis is probably a factor in the Premier's hesitation on this matter.

Even many Greeks imprisoned or exiled by the junta believe however, that the armed forces will clean their own house, thoroughly and quite promptly, if they are not subjected to wholesale humiliation for the junta's excesses. The decisive pressure for the withdrawal of Brigadier Ioannides and his henchmen and for the invitation to Mr. Caramanlis to restore civilian rule came, after all, from within the Army.

Senior officers, acutely embarrassed by the repression, might have overthrown the junta at various times during the last seven years had they not been persuaded that its continuation in power was favored by the United States. The report that Washington has now instructed its agencies, including the C.I.A., to keep hands off Greek politics is as welcome as it is overdue.

So far, Mr. Caramanlis's performance—even including his refusal to deal peremptorily with junta leaders and his postponement of any decision on the future of King Constantine and the monarchy—has enjoyed broad support. The only major dissenting voice has been that of Andreas Papandreou, son of the late Prime Minister, who has moved steadily leftward in his years of exile.

Mr. Papandreou will run great risk if he launches all-out political war on the Government of National Unity. There is no reason to doubt that Mr. Caramanlis will make good his pledge to hold free elections, probably within six months, and restore parliamentary democracy at the earliest feasible moment.

Only a return to the bitter political warfare that helped bring on the 1967 coup, or the continuation of Turkey's reckless expansion on Cyprus, would be likely to disrupt the Caramanlis timetable and risk new political intervention by Greece's armed forces. Her allies must make every effort to persuade Turkey to be reasonable. Only Mr. Papandreou can decide if he also will be reasonable.

STATEMENT OF DR. ARTHUR BURNS

Mr. PERCY. Mr. President, I would like to call to the attention of my Senate colleagues a statement by Dr. Arthur F. Burns, Chairman of the Federal Reserve System, before the House Committee on Banking and Currency on July 30, 1974. In his statement, devoted in large part to monetary policy, Dr. Burns made some important comments about the need to control Federal spending. He said that if the present inflationary problem is to be solved and interest rates brought down to reasonable levels, the Federal budget must be brought into better balance. Dr. Burns said that:

> This is the most important single step that could be taken to restore the confidence of people in their own and our nation's economic future.

Mr. President, I have proposed a program of significant reductions in the Federal budget for fiscal year 1975 that would accomplish the objective Dr. Burns so strongly recommends. I ask unanimous consent that Dr. Burns' remarks be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY ARTHUR F. BURNS

I am pleased to appear before this Committee today to discuss the six questions posed by Chairman Patman's letter of June 19, 1974. The several areas addressed by these questions are of great interest, particularly to professional economists. My comments on them convey the basic thinking of the Board of Governors, and will—I believe—be responsive to the Committee's needs.

I must, however, go beyond a narrow or technical interpretation of these questions. Rapidly rising prices, rapidly rising wages, rapidly rising interest rates—these are the burning economic issues of our time. My testimony today will seek to identify the sources of this menacing inflationary problem and to outline the course that public policy must take to restore price stability.

The first question raised by Chairman Patman concerns the reliability of the trade-off between inflation and unemployment—the so-called Phillips curve—as a guide for monetary policy. The discovery some years ago of a statistical correlation between the rate of inflation and the rate of unemployment seemed to offer a straightforward choice to policy makers. These early studies—using data first for the British economy, later for the United States and other economies—suggested that unemployment could be reduced if a nation were willing to put up with more inflation, and that advances in the general price level could be slowed down if a higher rate of unemployment were tolerated.

Further research and subsequent developments have indicated, however, that simple statistical correlations of this kind are misleading. The forces affecting economic activity and prices in a modern economy are far too complex to be described by a simple mathematical equation.

We found in 1970 and early 1971, for example, that increases in wage rates and prices may continue—and even accelerate—in the face of rising unemployment and declining real output. The experience of the United States in this regard was not unique; similar developments occurred at about the same time in Canada and the United Kingdom.

We have also come to recognize that public policies that create excess aggregate demand. and thereby drive up wage rates and prices, will not result in any lasting reduction in unemployment. On the contrary, such policies—if long continued—lead ultimately to galloping inflation, to loss of confidence in the future, and to economic stagnation.

The central objective of monetary and fiscal policies should be to foster lasting prosperity—a prosperity in which men and women looking for work are able to find work; a prosperity in which incomes and savings are protected against inflation; a prosperity that can be enjoyed by all. Of late, such a prosperity has eluded us, because we have not yet found a way to bring an end to inflation.

Let me turn to your second question, concerning the benefits and risks involved in the Federal Reserve accommodating increases of the general price level that originate in supply shortfalls and other special events.

Prices in the United States have been affected heavily in the past several years by a variety of special factors. Disappointing harvests in 1972—both here and abroad—caused a sharp run-up of food prices in 1973. Beginning in the fall of last year, the manipulation of petroleum shipments and prices by oil-exporting countries led to huge increases in the price of gasoline, heating oil, and related products.

Furthermore, a world-wide boom in economic activity during 1972 and 1973 led to a bidding up of prices everywhere. In the United States, larger foreign orders for industrial materials, component parts, and capital equipment added to growing domestic demands. Pressures became particularly intense in the major materials industries—such as steel, aluminum, cement, paper—in which expansion of capacity had been limited in earlier years by low profits and environmental controls.

The impact of world-wide inflation was especially severe in the United States because of the decline in the exchange value of the dollar relative to other currencies. Besides stimulating our export trade, and thereby reinforcing the pressures of domestic demand on available resources, devaluation raised the dollar prices of imported products, and these effects spread through our markets.

More recently, the removal of controls over wages and prices has led to sharp upward adjustments in both our labor and commodity markets.

It has at times been suggested that monetary policy could have prevented these special factors from affecting significantly the average level of wholesale and consumer prices. That may well be true, but the cost of such a policy should not be underestimated. Last year, about 60 per cent of the rise in consumer prices was accounted for by food and fuel; for wholesale prices, the proportion was even higher. To achieve stability in the average price level, it would therefore have been necessary to bring down very sharply the prices of other goods and services.

Prices of many commodities—particularly farm products and industrial raw materials—are established in highly competitive markets and are therefore capable of declining as well as rising. The prices of many other commodities and services that make up the gross national product, however, are nowadays rather inflexible in a downward direction, in large part because of the persistent upward push of labor costs and imperfect business competition. For these commodities, significant price declines could be achieved only by drastically restrictive policies—policies that would lead to widespread bankruptcies and mass unemployment. A monetary policy that sought to offset completely the effects on the average price level of the rising cost of food, petroleum products, and other commodities whose prices were so heavily influenced during the past two years by special factors, would clearly have been undesirable.

Nevertheless, monetary policy must not permit sufficient growth in money and credit supplies to accommodate all of the price increases that are directly or indirectly attributable to special factors. The rise in the price of petroleum, for example, has increased the costs of energy, plastics, petroleum-based chemicals, and other materials. Business firms will endeavor to pass these higher costs through to consumers. Workers, too, will bargain for larger wage increases, in order to compensate for declines in their real incomes. To the extent that wage increases outrun gains in productivity, business costs—and ultimately consumer prices—are driven up. Thus, in addition to their direct effects on prices, special factors may have large and widespread secondary effects on the price level.

A monetary policy that accommodated all of these price increases could result in an endless cost-price spiral and a serious worsening of an already grave inflationary problem. The appropriate course for monetary policy is the middle ground. The price rigidities characteristic of modern industrialized economies must be recognized, but a full pass-through of all the price effects stemming from special factors must not be permitted.

The middle course of policy we have adopted has resulted in a growth rate of the narrowly-defined money supply—currency and demand deposits—of about 6 per cent during the past 12 months. This rate of growth is still too high for stability of average prices over the longer term. But moderation in the growth rate of money and credit supplies must be achieved gradually to avoid upsetting effects on the real economy. This is particularly true now, when price-cost relations are seriously distorted.

I turn now to Chairman Patman's third question, which relates to the positive elements and the risks involved in monetizing deficit spending. The simple fact is that financing Federal deficits by printing money involves risks, and the risks are grave.

Fortunately, since 1951, monetary policy in this country has not been conducted with an eye to providing a ready market for Treasury securities, or for financing Federal deficits. Considerations of this kind were an objective of Federal Reserve policy during World War II, when Treasury borrowing proceeded on an unprecedented scale in relation to the size of our economy. I doubt if such a policy was warranted even under war-time circumstances, and its continuation in the years immediately after the war was a very serious mistake. It led to excessive increases in borrowing by private firms, consumers, and State and local governments, and thus fueled the subsequent inflation.

The dangers inherent in this situation became acutely evident during the Korean War, when Federal deficits once again threatened. With the aid of prodding by the Congress, particularly by Senator Douglas, the Federal Reserve and the Treasury resolved their disagreements, and monetary policy returned to its traditional role of regulating the supply of money and credit in the interest of economic stability. Since then, the Treasury has financed its deficits at prevailing market interest rates in competition with other borrowers.

During periods of large Treasury financings, the Federal Reserve follows the practice of maintaining "even-keel" in the money market—that is, we refrain from taking overt actions that market participants might interpret as a change in monetary policy. On some occasions, therefore, the maintenance of "even-keel" has delayed the timing of changes in monetary policy. Treasury financing operations thus pose problems for monetary policy, particularly when they are large and frequent.

Federal deficit financing becomes a major source of economic and financial instability when it occurs during periods of high economic activity, as it has in recent years. The huge Federal deficits of the past decade have added enormously to aggregate demand for goods and services, and have thus been directly responsible for upward pressures on the price level. Heavy borrowing by the Federal sector has also been an important contributing factor to the persistent rise in interest rates, and to the strains that have at times developed in money and capital markets. Worse still, continuation of budget deficits has tended to undermine the confidence of the public in the capacity of our government to deal with inflation.

If the present inflationary problem is to be solved, and interest rates brought down to reasonable levels, the Federal budget must be brought into better balance. This is the most important single step that could be taken to restore the confidence of people in their own and our nation's economic future.

Let me turn, next, to the Committee's fourth question, dealing with the benefits and risks of the Federal Reserve's fighting money-market fires.

As this Committee well knows, the cardinal aim of monetary policy is maintenance of a financial environment in which our national objectives of full employment and price stability can be realized. For the most part, this responsibility is best achieved by striving for appropriate growth rates of the monetary aggregates, and letting financial markets take care of themselves.

The appropriate monetary growth rates will vary with economic conditions. They are apt to be higher during periods of economic weakness, when aggregate spending is in need of stimulus, than when the economy is booming and inflationary tendencies threaten economic stability. Special circumstances may, however, call for monetary growth rates that deviate from this general rule. For example, as noted in my response to the second question, the special factors giving rise to extraordinary price pressures during the past year or two have required toleration of a monetary growth rate that has been relatively high by historical standards.

There are times when responsibility for maintaining financial and economic stability requires the Federal Reserve to focus attention primarily on factors other than growth in the money supply or bank credit. The oldest and most traditional function of a central bank is to act as a lender of last resort—that is, to provide liquidity when dislocation of financial markets threatens serious damage to the economy. Acting in this capacity, the Federal Reserve in the summer of 1970 warded off a developing liquidity crisis in the commercial paper market. This year, difficulties encountered by a large commercial bank led to rumors of widespread illiquidity of the commercial banking system. These concerns were reduced by timely Federal Reserve action at the discount window.

It so happens that in neither of these instances did the Federal Reserve's intervention result in a significant deviation of the monetary aggregates from desired growth rates. But let there be no mistake about our determination to deal with financial troubles In the future, as in the past, we will surely not stand aloof and permit a crisis to develop out of devotion to this or that preconceived growth rate of the money supply.

The responsibility of the Federal Reserve for conditions in the money and capital markets goes beyond its historic function to act as lender of last resort. Monetary policies need to be implemented, I believe, in ways that avoid large and erratic fluctuations in interest rates and money market conditions.

From one month to the next, the public's demand for money is subject to variations that are usually of a short-run nature. For example, a large tax refund, a retroactive increase in social security benefit payments, or a sizable disbursement by the Treasury of revenue-sharing funds may produce a temporary bulge in the demand for cash balances. If the Federal Reserve tried to maintain a rigid monetary growth rate in the face of such developments, interest rates could fluctuate widely, and to no good end. The costs of financial intermediation would be increased, and the course of monetary policy might be misinterpreted. To avoid these harmful effects, the Federal Reserve seeks to achieve desired growth rates of money and credit over relatively long periods. Experience over the past two decades suggests that even an abnormally large or abnormally small rate of growth of the money stock over a period of 6 months or so has a negligible effect on the course of the economy—provided it is subsequently offset.

We recognize, of course, that too much attention to preventing short-run fluctuations in interest rates could inadvertently cause the growth rate of money or credit to drift away from what is appropriate for the longer run. To guard against this possibility, the Federal Reserve in early 1972 introduced a new set of procedures for implementing monetary policy. These procedures focus more attention on provision of bank reserves through open market operations at a pace consistent with desired growth rates of monetary and banking aggregates.

The new procedures have been helpful, but numerous problems of monetary control still remain. For example, a substantial part of the money supply is in the form of deposits at nonmember banks. As a consequence of this and other factors, there is considerable slippage between the supply of bank reserves controlled by the Federal Reserve and the nation's money supply. Monetary control is therefore less precise than it could or should be. I would once again urge the Congress to correct this defect by extending the Federal Reserve's power over reserve requirements to all commercial banks.

Let me turn next to Chairman Patman's fifth question, which deals with the relationship that interest rates, the money supply, and the rate of inflation bear to one another.

Most interest rates in the United States are now at the highest levels in our history. There are some who believe that restrictive monetary and credit policies are responsible for this state of affairs. This view is erroneous. The basic reason why interest rates have risen to their present level is the accelerating pace of price advances over the past decade, so that we now find ourselves in the midst of a two-digit inflation.

Historical evidence—from other countries as well as our own—indicates beyond any doubt that inflation and high interest rates go together. The reasons are not hard to understand. In most countries throughout the Western world, inflationary expectations have become deeply imbedded in the calculations of lenders and borrowers. Lenders now reckon that loans will probably be repaid in dollars of lesser value, and they therefore hold out for nominal rates of interest high enough to assure them a reasonable real rate of return. Borrowers, on their part, are less resistant to rising costs of credit when they anticipate repayment in cheaper dollars.

Interest rates at anything like present levels are deplorable. They cause hardships to individuals and pose a threat to the viability of some of our industries and financial institutions. But we cannot realistically expect any lasting decline in the level of interest rates until inflation is brought under control.

History also indicates that high rates of inflation are typically accompanied by high growth rates in supplies of money and credit. But inflationary tendencies and monetary expansion are not as closely related as is sometimes imagined.

For example, the econometric model of the St. Louis Federal Reserve Bank, which assigns a major role to growth of the money stock in movements of the general price level, has seriously underestimated the rate of inflation since the beginning of 1973. Simulations of the model, using the actual growth rates of the money supply since the first quarter of 1972, suggest that the rate of inflation during the past two quarters should have been a mere 3½ per cent. Apparently, special factors—such as I mentioned previously—have been at work.

Inflationary processes are characterized by rising turnover rates of the existing stock of money as well as by relatively high rates of monetary expansion. Recent experience in the United States illustrates this fact. Over the past ten years, the average annual increase in the money stock has been about 6 per cent—a higher rate than in the previous decade. Since 1964, however, the income velocity of money—that is, the ratio of gross national product to the money stock—has risen at an average annual rate of about 2-½ per cent, thus contributing importantly to the inflationary problem.

The role of more rapid monetary turnover rates in inflationary processes warns against assuming any simple causal relation between monetary expansion and the rate of inflation either during long or short periods. Excessive increases in money and credit can be an initiating source of excess demand and a soaring price level. But the initiating force may primarily lie elsewhere, as has been the case in the inflation from which this country is now suffering.

The current inflationary problem emerged in the middle 1960's when our government was pursuing a dangerously expansive fiscal policy. Massive tax reductions occurred in 1964 and the first half of 1965, and they were immediately followed by an explosion of Federal spending. The propensity of Federal expenditures to outrun the growth of revenues has continued into the 1970's. In the last five fiscal years, total Federal debt—including the obligations of the Federal credit agencies—has risen by more than $100 billion, a larger increase than in the previous 24 fiscal years.

Our underlying inflationary problem, I believe, stems in very large part from loose fiscal policies, but it has been greatly aggravated during the past year or two by the special factors mentioned earlier. From a purely theoretical point of view, it would have been possible for monetary policy to offset the influence that lax fiscal policies and the special factors have exerted on the general level of prices. One may therefore argue that relatively high rates of monetary expansion have been a permissive factor in the accelerated pace of inflation. I have no quarrel with this view. But an effort to use harsh policies of monetary restraint to offset the exceptionally powerful inflationary forces of recent years would have caused serious financial disorder and economic dislocation. That would not have been a sensible course for monetary policy.

The last question put to me deals with how monetary policy should be used to check inflation and bring interest rates down to reasonable levels.

The principal objective of monetary policy since late 1972 has been to combat the inflationary forces threatening our economy. To this end, supplies of money and credit have been restricted at a time when credit demands were booming. Inevitably, therefore, interest rates have risen. This unhappy consequence has led some observers to conclude that restrictive monetary policies are counterproductive—because rising interest rates are an added cost to businesses and thus may result in still higher prices.

There is a grain of truth in this argument, but no more than that. For most businesses, interest costs are only a small fraction of total operating expenses. The direct effects of a restrictive monetary policy on costs and prices are therefore small. The indirect effects of a restrictive monetary policy on prices are far more important. When growth in supplies of money and credit is restrained, some business firms and consumers are discouraged by the high cost of credit from carrying though their plans to spend; others find it more difficult to obtain credit and therefore trim their spending; still others, reckoning that monetary restraint will cool off aggregate demand, curtail their outlays for goods and services even though they do not depend on the credit markets for spendable funds. In all these ways, a restrictive monetary policy helps to moderate aggregate spending and thus to reduce inflationary pressures.

In order to bring interest rates down to reasonable levels, we shall need to stay with a moderately restrictive monetary policy long enough to let the fires of inflation burn themselves out.

Progress can still be made this year in slowing the rate of price increase, and it is urgent that we do so. Inflation has been having debilitating effects on the purchasing power of consumers, on the efficiency of business enterprises, and on the condition of financial markets. The patience of the American people is wearing thin. Our social and political institutions cannot indefinitely withstand a continuation of the current inflationary spiral.

We must face squarely the magnitude of the task that lies ahead. A return to price stability will require a national commitment to fight inflation this year and in the years to come. Monetary policy must play a key role in this endeavor, and we in the Federal Reserve recognize that fact. We are determined to reduce over time the rate of monetary and credit expansion to a pace consistent with a stable price level.

Monetary policy, however, should not be relied upon exclusively in the fight against inflation. Fiscal restraint is also urgently needed. Strenuous efforts should be made to pare Federal budget expenditures, thus eliminating the deficit that seems likely in fiscal 1975. The Congress should resist any temptation to stimulate economic activity by a general tax cut or a new public works program. There may be justification for assistance to particular industries—such as housing—that are especially hard hit by a policy of monetary restraint. An expanded public-service employment program may also be needed if unemployment rises further. But government should not try to compensate fully for all the inconvenience or actual hardship that may ensue from its struggle against inflation. Public policy must not negate with one hand what it is doing with the other.

There are other actions that may be of some help in speeding the return to general price stability. For example, limited intervention in wage and price developments in pace-setting industries may result in considerable improvement of wage and price performance. I would urge the Congress to reestablish the Cost of Living Council and to empower it, as the need arises, to appoint *ad hoc* review boards that could delay wage and price increases in key industries, hold hearings, make recommendations, monitor results, issue reports, and thus bring the force of public opinion to bear on wage and price changes that appear to involve an abuse of economic power. Encouragement to capital investment by revising the structure of tax revenues may also be helpful, as would other efforts to enlarge our supply potential. For example, minimum wage laws could be modified to increase job opportunities for teenagers, and reforms are still needed to eliminate restrictive policies in the private sector—such as featherbedding and outdated building codes.

A national effort to end inflation requires explicit recognition of general price stability as a primary objective of public policy. This might best be done promptly through a concurrent resolution by the Congress, to be followed later by an appropriate amendment to the Employment Act of 1946. Such actions would heighten the resolve of the Congress and the Executive to weigh carefully the inflationary implications of all new programs and policies, including those that add to private costs as well as those that raise Federal expenditures. And they would signal to our people, and to nations around the world, that the United States firmly intends to restore the conditions essential to a stable and lasting prosperity.

FLOOD RELIEF IN BANGLADESH

Mr. KENNEDY. Mr. President, over the past several days journalists and others have been dispatching to the world stories on the awesome flooding of Bangladesh. Latest reports on this natural disaster suggest that nearly all parts of Bangladesh have been affected by heavy rains. The only possible exceptions are Dinajpur district in the northwestern part of the country and the Chittagong Hill Tracts in the southeast.

The reports suggest that at least 50 percent of the country is already under water, and that the floodwaters are still rising and inundating even more villages and towns and cropland. Hundreds have died. Flood refugees—crowded into relief camps or waiting help in isolated areas—number some 20,000,000 men, women, and children. At least 2,000,000 people are trapped because of transport shortages, including boats and helicopters. And cholera, dysentery, and other diseases threaten the lives of thousands—despite the best efforts of the Bangladesh Government to prevent the loss of life.

Admittedly, some contradictory information is coming out of the area on the seriousness of the disaster, on the scope of immediate relief needs, and on the flood's impact on agriculture production and the economy generally. In short, the facts are not all in, and surveys of the flooded areas are continuing by the Dacca government, United Nations personnel in Bangladesh, and others.

But I think the record is clear enough on at least several items.

First of all, Mr. President, the disaster is very serious and far worse than the normal flooding in Bangladesh at this time of the year. This is fully confirmed in field reports to the Department of State. And given the fact that the floodwaters are still rising and spreading, some observers are suggesting that the flooding will be the worst natural disaster to hit the area in nearly 20 years. There is little doubt that the disaster is seriously compounding the existing programs in Bangladesh, which were brought about by the dislocation of the 1971 war for independence, the energy crisis, and related developments.

Second, the human toll of this disaster is very high. Literally millions of people are in need of emergency relief—let alone rehabilitation support in the weeks ahead. Emergency relief needs include food, milk powder, tents, tin roofing, medical supplies, water purifiers, and boats and other means to transport relief supplies into areas of need.

In and August 6 letter to me, the Bangladesh Ambassador in Washington, H. Hossain Ali, states:

> We are in desperate need of massive assistance from our friends all over the world. The monthly requirement of food grains to feed the affected people is estimated at 250,000 tons. There is great need for construction materials to provide immediate shelter to the people. The need for medicine, vaccines, vitamines, etc. is critical to avoid any large-scale epidemic of cholera and other diseases which have already broken out.

Third, the Dacca Government has not only stated its general need for emergency relief assistance, but has urgently appealed for help to the United Nations and individual governments—including our own. Earlier this week, a general appeal for international help was made to U.N. Secretary General Kurt Waldheim in New York and to the U.N. Disaster Relief Organization—UNDRO—in Geneva. Requests to our Government—relayed through our Ambassador in Dacca—include some 500,000 tons of food grains, some 20,000 tons of edible oil, and unspecified quantities of roofing materials, powdered milk, and medical supplies.

Mr. President, as chairman of the Subcommittee on Refugees, I want to express my deep personal concern over the latest tragedy to hit the Bengali people. And I appeal to Secretary General Waldheim and his colleagues in Geneva for a speedy international response to the emergency relief needs in Bangladesh.

In light of the urgent requests already made to our Government, I also want to urge the administration to act without delay. Hopefully, our Government will fully encourage and support international relief initiatives through the United Nations, and will make every effort to meet as quickly as possible the pending requests of the Dacca government. And if additional funds are needed, I am hopeful the administration will request them of Congress.

According to information available to the subcommittee, in addition to the massive need for relief supplies, severe shortages also exist in transport facilities. I understand that motorized boats and launchs are especially needed and that helicopters could be used to airdrop relief supplies in some areas. Perhaps our Government could pursue these transport needs, and make boats and aircraft available from stocks in Southeast Asia.

Mr. President, I ask unanimous consent to print in the RECORD a brief summary of relief needs issued by the Bangladesh Embassy here in Washington.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

SUMMARY

Bangladesh is in the grip of an unprecedented flood—the worst in memory. Over 20 million people and about 30 thousand square miles have been affected so far. As on August 3, according to preliminary survey, it has been estimated that the loss due to the floods will be about $600 million. It is apprehended that this figure may go up much higher when the final survey will be made. Total area wiped away by erosion has risen to more than 65 square miles. All the rivers are in spate and flood waters are now flowing in several places about 7 feet over danger mark. Half of the country is under water and the flood waters are now sweeping over 17 of the 19 districts of Bangladesh, claiming according to unofficial estimates over 400 lives excluding deaths due to cholera, dysentery etc. Flood waters are still rising and new areas are going under water.

20 million people have been rendered homeless and a large number of refugee camps have been opened by the government. Over 4 million housing units have been affected, one-fourth of which have been completely destroyed. About 2 million people are marooned and trapped in pockets which can not be reached because of shortage of boats.

Transportation system has been completely disrupted. The movement of traffic on 12 important roads and highways covering 3,500 miles has been suspended and rail links have also been snapped in several places.

There has been large scale destruction of crops, grains and cattle. So far 10 million acres of paddy land representing half of the total agricultural land has gone under water. About half of the Summer Aus crop which was ready for harvest has also been washed away.

There is acute shortage of drinking water resulting in outbreak of epidemics. It is reported that people have started dying of cholera in several districts. In many places it has become necessary to airlift food and medicine.

The Ministry of Relief and Rehabilitation, Government of Bangladesh, is coordinating both management of the refugee shelters and provision of essential supplies to affected people. Emergency relief grant has been made by the government. In addition, food is being rushed to affected areas. Prime Minister's Relief Fund is also offering assistance both in cash and kind. On top of the serious economic crisis through which the country is passing, the burden of meeting this flood crisis is placing heavy strains on the meagre resources of the government. Government has, therefore, appealed for assistance from the world community, international relief agencies and individual charity.

The urgent matters of attention now are the following:

(a) Provision of temporary shelters to the refugees;

(b) Provision of food for the affected people. The monthly requirement alone will be in the range of 200 thousand tons;

(c) Provision of drugs and medicine, particularly water-purifying tablets, vitamin tablets;

(d) Provision of baby food specially milk powder;

(e) Provision of house building materials such as corrugated iron sheets and bamboos so that when water level goes down the refugees can go back and rebuild shelters; and

(f) Provision of paddy seeds and credit so that with recession of water paddy land can be recultivated.

HOW U.S. AIRLINES ARE TAKEN

Mr. WEICKER. Mr. President, on July 2, I introduced legislation, S. 3790, to provide equity for international landing fees. This proposal would charge fees to foreign aircraft landing in the United States in order to compensate for the excessive and discriminatory landing fees levied by foreign countries on U.S. air carriers.

Our U.S. airlines must have equal footing with national air carriers in foreign countries Without such equity, our airlines will be unable to effectively compete for international air travel. A recent article in the Air Line Pilots magazine, entitled "How U.S. Airlines Are Taken," outlines the problem of excessive and unfairly levied user charges placed on U.S. airlines by foreign countries.

Mr. President, I ask unanimous consent that the full text of the article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

HOW U.S. AIRLINES ARE TAKEN

The Australian government charges Pan American World Airways $4,200 to land a Boeing 747 at Sydney Airport. At San Francisco, Australia's Qantas Airways pays $271 for a 747 landing.

In Rome, Trans World Airlines is billed about $600 for each 747 landing (plus a 50% surcharge if the landing is at night). The Italian national carrier, Alitalia, pays nothing.

When U.S. airlines want to add airplanes to their fleets, they borrow money from commercial banks at interest rates currently in the 11%–12% neighborhood. When a foreign airline wants to buy a U.S.-built airplane, it finances the purchase at 7% through the Export-Import Bank. As a result, the U.S. airline pays about $7 million more for a widebody jet than does the foreign airline that competes with it on its routes.

If an Italian industrialist needs to come to the U.S. on business, the Italian government requires him to fly on Alitalia. When an American businessman goes to Italy, the U.S. government places no restraints on his mode of travel. (If his destination is somewhere other than Rome, however, he may find that connecting space on Alitalia is "not available" if he crosses the Atlantic on a U.S. carrier. But the space will magically become available if he changes his transatlantic reservations to Alitalia.)

These startling facts are just a sampling of the discriminations with which U.S. flag airlines must contend as they compete for business in the world transportation marketplace. When the burdens of discrimination are coupled with traditional enormous wage disparities and the recent extraordinary escalation in fuel costs around the world, it is little wonder that the future viability of U.S. flag carriers is currently in serious question.

The gist of the problem facing the U.S. international airlines, says the Air Transport Association, is that they must vie as free enterprises against competitors that are controlled and financed by governments, and must do so in a market in which both prices and the costs of doing business are also a matter of government edict. What's more, foreign airlines have virtually unrestricted access to the U.S. passenger market, while U.S. carriers are hampered at every turn in their efforts to do business abroad.

That this nation's airlines aren't faring very well in the competitive arena is evidenced by the statistics.

In 1973, U.S. airlines exported an estimated $1 billion in air transport services to foreign countries, but the U.S. imported $1.7 billion worth of services from foreign carriers. The U.S. provided 68% of the passengers that crossed the North Atlantic, but 58% of the total passengers flew on foreign airlines. There are 57 foreign carriers providing service to and from the U.S.; only four U.S. carriers (Pan Am, TWA, Braniff and Northwest) are engaged in scheduled international service in a major way.

LANDING CHARGES[1] AT SELECTED UNITED STATES AND FOREIGN AIRPORTS, BOEING 747B (200 PASSENGERS)

	Landing fee	Per A/C charge	Per Pax charge	Total Pax charge	Total charges
United States:					
New York (J.F.K.)[2]	$291	$48.86	$5.82	$1,164	$1,503.86
Chicago (O'Hare)	328		.40	80	480.00
Miami	118				118.00
Los Angeles	178				178.00
San Francisco	237		.17	34	271.00
Seattle	902				902.00
Honolulu	494				494.00
Foreign:					
Amsterdam	$1,036		$3.27	$654	$1,690.00
Frankfurt[3]	1,395	$177.25	1.96	392	1,964.25
London[4]	840	296.10	1.90	380	1,516.10
Paris[5]	1,180	94.94	3.54	708	1,982.94
Sydney[3]	4,200				4,200.00
Tokyo	1,215				1,215.00

[1] Landing charge defined as any charge related to movement of aircraft, passengers or cargo into or out of an airport paid by an airline.

[2] Charges estimated for processing passengers through the International Arrivals Buildings.

[3] To be increased.

[4] Plus $150 peak-movement charge.

[5] Night surcharge: $12.50.

It is against this background that the U.S. flag carriers are currently seeking redress in Congress against the unfair and unequal competitive treatment visited upon them from two sources: foreign governments and their own government. "We have now reached the point where America's international airlines can no longer accept such unequal treatment and continue to be viable competitors carrying the United States flag around the world," says ATA.

The discriminations that disturb the carriers the most are those practiced by the U.S. government. For example:

(1) Foreign airlines spend less for the airplanes they fly than do American carriers because they are able to finance the purchase of U.S. built aircraft through the Export-Import Bank at interest levels far below the U.S. prime rate. Over the past 17 years, Eximbank has loaned $4.2 billion to nearly 100 airlines for the purchase of 1,009 commercial jets, giving these airlines a significance cost advantage over their American competitors.

Congress is now considering legislation that would extend the Eximbank charter for another four years and increase its lending authorization to $30 billion. The U.S. airline industry is seeking to attach to this legislation an amendment that would give U.S. carriers access to Eximbank financing for the purchase of U.S.-manufactured airplanes used primarily in international service. ATA cites as precedent for its request the maritime industry policy of providing a construction cost differential for ships built in the U.S.

"More favorable financing of foreign carrier aircraft purchases has become too much of a burden for the privately owned and financed U.S. carriers to bear," ATA told the Senate Banking Committee. "We believe that this major cost of doing business must be equalized for the U.S. flag airlines operating in competition with foreign carriers."

(2) The U.S. Postal Service pays much higher rates to foreign carriers than to U.S. airlines for the transportation of international air mail. The present rate paid to U.S. carriers is 31 cents per ton-mile, but the U.S. government, as a member of the Universal Postal Union, pays as much as $1.73 per ton-mile to foreign airlines to transport U.S. mail.

In an effort to rectify this and similar inequalities, the airline industry has rallied behind H.R. 14266, a bill "to deal with discriminatory and unfair competitive practices in international air transportation." One section of the bill would require the payment to U.S. airlines of mail rates no lower than those the Postal Service pays to foreign airlines for the transportation of the same mail.

(3) There is no legislative mandate requiring that U.S.-financed travel be accomplished on U.S. flag carriers. Most other nations, by contrast, require that their national carriers be used not only for official government travel, but for transportation required by businesses and organizations financed in whole or in part by the government. In many countries, most corporations have some measure of government control; thus, such policies mean that U.S. airlines are denied access to a large proportion of the world's business travel market.

H.R. 14266, if passed, would help this situation by requiring that U.S. government-financed movements of both people and cargo be accomplished on U.S. airlines wherever possible.

(4) Foreign governments spend a considerable amount of money to entice U.S. citizens to fly on foreign airlines, but U.S. airlines do not receive equal promotional assistance from the U.S. Travel Service. To remedy this problem, H.R. 14266 would require USTS to "encourage to the maximum extent feasible travel to and from the U.S. on U.S. carriers."

The second source of the discriminations suffered by U.S. flag carriers are the actions through which foreign governments extend preferential treatment to their national airlines.

The problems faced by U.S. carriers in this area are well recognized by the U.S. government. They were documented in country-by-country detail by CAB in a two-volume study published by 1973, and they are currently under study by an inter-agency task force that is engaged in a major effort to improve the financial situation of U.S. international airlines.

As ATA put it in testimony prepared for congressional hearings on H.R. 14266 and its Senate equivalent, S. 3481: "(We) emphasize most strongly the shocking difference between the competitive conditions U.S. airlines find in many foreign countries and the complete freedom and equality of opportunity found by foreign airlines in their operations here in the United States."

CAB was even more blunt: "(Foreign) government aviation policy is designed to protect the government interest and the carrier at all cost, or without regard for cost, as the case may be."

U.S. ROUTE CARRIERS ENGAGED IN FOREIGN OPERATIONS AND FOREIGN POINTS SERVED, AS OF JUNE 30, 1973

Area	Countries	Points
Europe	21	39
Africa	14	14
Asia	17	22
Oceania	5	6
Western Hemisphere	32	58
Total	89	136

As described by CAB and ATA, here are some of the practices with which U.S. carriers must cope abroad:

(1) Because the government-owned national carrier frequently controls both domestic and international services, it is able to deny connecting domestic space to passengers who do not enter the country via the national airline. On occasion a rebate of the domestic portion of the transportation is also granted in return for booking the international portion on the national carrier.

(2) Discrimination taxes and fees are often imposed on U.S. airlines. For example, a country may tax the gross sales of a U.S. carrier but collect taxes only on the net income of the national airline. Or it may exempt its own carrier from customs charges. Or it may charge duty on support equipment imported by U.S. carriers but not on equipment brought in by its own airline. In some instances, countries have reduced the duties charged on imported goods if the goods are transported by the national airline.

(3) Contrary to the policy that prevails in the U.S., may countries allow their airlines to own or control such travel subsidiaries as travel agencies, tour operators and freight forwarders. Since more than half of the total business of international airlines is produced by travel agencies and similar organizations, control of the retail marketing system in a foreign country by the national carrier severely curtails the marketing opportunities of U.S. carriers. By contrast, the vast U.S. travel retailing system is available on an equal basis to U.S. and foreign airlines.

(4) Currency restrictions create financial problems for U.S. carriers in many countries. Often a U.S. airline is not allowed to accept local currency in payment for air transportation. Some countries require elaborate authorization procedures of citizens who wish to use local currency to pay U.S. airlines, but impose no such restrictions on payments to the national airline. U.S. airlines experience long bureaucratic delays in seeking to convert and remit funds they hold in the national currency.

(5) The national carrier often is given preference in air traffic control handling, assignment of terminal and gate space, baggage handling, schedule slotting and similar matters. In some countries, the national airline is provided with free services by other elements of the government.

CAB characterizes the practices indulged in by other countries as "questionable or unethical" at best and "obviously discriminatory" at worst. Where the restrictions severely curtail the competitive freedom of U.S. carriers, says CAB, efforts to counteract them should receive "high priority" in bilateral negotiations. The prime objective of the United States, adds CAB, should be "equality of opportunity for U.S. carriers to compete for the national traffic on an equal footing with the national carriers."

Although governmental policies aimed at giving national carriers an edge in the market are looked upon with disfavor by U.S. airlines and the government, they are not nearly as objectionable as are the blatantly discriminatory user charges that are found in many countries.

The airlines emphasize that they are not in any way opposed to paying a fair price for services they receive in the form of communications and navigation networks, air traffic control, and airports at which to land. What they object to is footing the bill for things they don't use, or paying excessive charges that are not related to the cost of the services rendered.

The "for instances" occupy a full volume of the CAB study of restrictive practices.

In some countries, like Italy and Greece, U.S. carriers pay healthy landing fees while the national carriers pay none. For example, U.S. airlines spent some $2 million for landing fees at Rome in 1973; Alitalia spent nothing.

To the argument that the payment of fees by a government-owned airline to a government-owned airport authority amounts merely to a transfer of funds from one pocket to another, the airlines reply that payment of such fee is carried as an expense in an airline's books and thus forms a part of the cost base for ratemaking purposes. Moreover, says ATA, "it must be assumed that the landing fee charged to the U.S. carrier is sufficient to compensate for the exemption to the national carrier." In other words, all of the airport's costs are being paid by outside users.

In other countries, like England and Australia, a different practice prevails. Here the airport authority has two mandates from the government: to operate a network of airports and to return a profit. It fulfills its obligation by establishing for its principal airport a landing fee structure high enough to balance the losses incurred at secondary landing fields.

It is for this reason that U.S. airlines pay $4,200 to land a 747 at Sydney Airport, and $1,965 for a 707 landing. Qantas, the government-owned carrier, pays the same charges to the government airport authority. Through these fees, the carriers are paying not only for the facilities and services they receive at Sydney, but for maintaining airports they do not use in places like Perth and Brisbane.

The situation is similar in Great Britain. There, the fees paid by airlines using London's Heathrow Airport are used not only to subsidize four other airports, but to provide a 14% return on investment for the British Airport Authority. This rate of return, incidentally, is somewhat above the 12% rate established by CAB as desirable for U.S. airlines, and seldom if ever achieved by them.

The startling disparity in landing fees that results from such policies becomes evident in a comparison between Heathrow and New York's JFK International. At JFK, where it has its own terminal, British Airways pays $291 to land a 747, plus about $100 in aircraft-related charges such as ramp $150 surcharge if the airplane arrives during peak hours. The total bill comes to $1,675.

Says CAB: "The United States basically has no quarrel with levels of landing charges set to recover costs. But it is another question when the rates are designed to subsidize other airports—not used by U.S. carriers—or to meet unrealistic rates of return on assets. It is equally a problem to us when foreign air carriers are exempt . . . from the payment of landing fees which U.S. air carriers must pay."

CAB is also alarmed at the sharply rising levels of airways and enroute charges being levied around the world in a growing move to recover the costs of these services from the people who use them. "There is nothing inherently wrong with this objective if the increases are introduced in an orderly manner and the cost recovery objective remains centered," says CAB. "The real crux of the problem is whether the entire cost of recovery can be passed on to the carriers and users without doing harm in a wide economic context."

In an effort to combat the problem of excessive and unfairly levied user charges, the airline-backed unfair competitive practices bill proposes to give the U.S. government the authority to impose offsetting charges on foreign carriers. The amounts collected would accrue into a special account from which payments would be made to U.S. carriers "to compensate (them) for excessive or discriminatory charges paid by them to the foreign countries involved."

The airlines regard the offset charge authority primarily as an "ultimate weapon" to strengthen the U.S. position in bilateral negotiations, rather than as a revenue-producing venture. Pointing out that efforts to moderate excessive fees have not met with notable success to date, ATA contends that the authority to retaliate will give the government the clout it needs to force a more reasonable approach to user charges.

The airlines are hopeful that their efforts to improve their competitive position in the world will bear fruit this year, and that Congress will act on the unfair practices bill before it becomes embroiled in the impeachment proceedings this fall.

ATA summarizes the position of the U.S. flag carriers succinctly:

"We firmly believe it is time for the American government to be aware of these problems and to understand the necessity for equalizing the competitive balance that for years has rested in favor of the foreign competition. Our international airlines ask no more than an equal opportunity to compete."

THE NEW GOVERNMENT IN GREECE

Mr. CRANSTON. Mr. President, I warmly welcome the return to civilian, constitutional rule in Greece. And I deeply hope that the change of government portends a bright future for Greece, that democracy will develop and flourish, and that the people of Greece will again enjoy the political and civil liberties they have so long been denied.

The period of military rule since 1967 has been a sordid chapter in the long and often glorious history of Greece. The military rulers of Greece imposed martial law, subjected the press to strict censorship, and ruthlessly crushed all political opposition.

Reports of brutal torture and of whole islands, such as Yeros, being given over to the imprisonment of the regime's political opponents, shocked the world. Investigations by the International Red Cross and Amnesty International confirmed the rumors of state terrorism.

The activities of the junta soon earned Greece the opprobrium of Europe and the world. Greece was expelled by the Council of Europe and denied associate status by the European Community.

Yet despite the clear-cut repressive nature of the Greek junta, American aid to Greece continued unabated, and Mr. Agnew, as Vice President, was welcomed with open arms by the Greek dictators. The years of military rule in Greece was a sad chapter not only for that country but for the United States as well.

This example of continued aid to a vicious dictatorship raises very serious questions about the wisdom of American policy. And the people of the United States have a right to demand some straightforward answers.

Why did the United States continue to pump aid dollars into the support of a government so clearly reprehensible, so clearly repugnant to standards of decent political behavior?

The argument advanced in defense of such a policy is that the geographical position of Greece necessitated our continued support for strategic reasons. Our own well-being and that of the NATO alliance were said to be at stake.

But I would contend, Mr. President, that such a view is shortsighted in the extreme. Strategic and military considerations must, of course, play a role in foreign policy formulation. But must it be an overriding role? Must we throw other considerations to the wind? Must we continue to support a government which relies on torture, imprisonment, or exile of political opponents to stay in power? I contend that such a government—and the Greek junta was a prime example—is an extremely poor foundation on which to base the security of our NATO alliance.

Moreover, with the junta gone, there is ample evidence that among the Greek population at large the net effect of our strong support for the junta is a considerable degree of anti-American sentiment. And why not? The junta leaders—first, Papadopoulos, and then Ioannidis—were closely and visibly identified with Washington. And these same men directed an ongoing policy of severe repression. How can we, therefore, expect the people of Greece to arrive at any other conclusion?

I believe very strongly that active support for dictators such as those who ruled Greece from 1967 to 1974 is not in the long-term interest of the United States. Surely our interest is best served by supporting those governments which can build a broad and viable base of domestic political support.

We can neither arrange the internal affairs of other countries to suit ourselves nor should we cease all relations with governments whose domestic policies we find distasteful.

But a realistic and hard-nosed "appraisal of the limits of American power," and I quote, Mr. President, from an editorial in the Los Angeles Times of July 24, 1974, "does not mean, nor does it require, that there must be passive inaction in the face of repeated violations of basic human rights." As the editorial points out so well, we have no "obligation to continue supporting and strengthening regimes built on repression," nor "to refrain from forthright criticism."

And I would further contend, Mr. President, that a realistic assessment of valid policy considerations does not mean that the American taxpayer should be called upon to help pay—either directly or indirectly—for a policy of repression.

I deeply hope that in our future relations with Greece—and with other countries—the United States will stand up for democracy and human rights.

CLIMATE AND FOOD PRODUCTION: THE PRECARIOUS BALANCE

Mr. KENNEDY. Mr. President, increasingly erratic changes in global weather patterns are creating significant problems for normally food-producing regions. World meteorological trends point to difficult times ahead for nations which rely not only on domestic grain production in order to provide sufficient sources of food for their populations, but also upon food-exporting nations such as the United States to supplement food requirements.

Today, the tragic consequences of such climatic changes are evident in drought-stricken regions of Africa and the United States.

Millions of people face hunger and famine conditions in the Sahelian region of Africa and in Ethiopia due to severe drought conditions which has effectively destroyed a way of life for millions. The shift of rainfall from the northernmost reaches of the African Savannah to other areas of the continent has wreaked havoc upon the agriculture of normally food-sufficient nations. Today, massive international food shipments to these drought-stricken regions spell the difference between hunger and starvation, and it will be many years before the damage from this African drought can be corrected and a semblance of normalcy return to the Sahel and East Africa. In the meantime, the stricken nations of Africa are turning to the United States and other nations in order to meet their minimum food requirements.

Unfortunately, we in the United States are not immune to such adverse weather conditions. Millions of acres of food-yielding areas of the United States are scorching under the most severe drought experienced in this Nation since the 1930's. The massive destruction wrought upon corn and other midwestern grain crops by a prolonged lack of rainfall will not only serve to raise prices here at home and create shortages, but also severely hamper the prospects for greater American humanitarian food exports to other nations.

Mr. President, today's New York Times contains two articles which demonstrate the precarious relationship between climate and food production, and I ask unanimous consent that they be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

CLIMATE CHANGES ENDANGER WORLD'S FOOD OUTPUT

(By Harold M. Schmeck, Jr.)

Bad weather this summer and the threat of more of it to come hang ominously over every estimate of the world food situation.

It is a threat the world may have to face more often in the years ahead. Many weather scientists expect greater variability in the earth's weather and consequently, greater risk of local disasters in places where conditions of recent years have become accepted as the norm.

Some experts believe that mankind is on the threshold of a new pattern of adverse global climate for which it is ill-prepared.

A recent meeting of climate experts in Bonn, West Germany, produced the unanimous conclusion that the change in global weather patterns poses a severe threat to agriculture that could lead to major crop failures and mass starvation.

Others disagree, but are still concerned over the impact of weather on man's ability to feed the ever-increasing number of human beings.

Whether or not this year's events are harbingers of a major global trend, some of those events are, of themselves, causing concern.

The monsoon rains have been late and scant over agriculturally important regions of India, while Bangladesh has been having floods.

Parts of Europe and the Soviet Union have had problems at both ends of the weather spectrum this year—too hot and dry at some times and places, too wet and cold at others.

There have been similar problems in North America. An American weather expert recently received reports that ice was lingering abnormally on the coasts of Newfoundland and that new evidence showed that the Gulf Stream was fluctuating toward a more southerly course.

In the United States, the world's most important food producer, a severe drought that began last fall in the Southwest has spread northward and eastward, and may have potentially serious effects in the Corn Belt. There have also been reports that spring wheat in the United States has been badly hurt by hot, dry weather.

Earlier this year, there had been hopes of bumper crops in North America and elsewhere. But the weather's adverse impact has trimmed back some of these hopes.

The situation is not all bad, by any means. Canada's prospects are said to be reasonably good, depending on what happens during the next few weeks. Aside from some floods, Australia has had no serious problems, according to experts in the United States. The Soviet Union has predicted a high grain yield, largely on the basis of a good winter wheat crop. But spring wheat, accounting for about 35 percent of that nation's total wheat crop, may be suffering from persistent high temperatures and strong winds.

It appears that what is happening now and what will happen in the next few weeks in many areas of the world may be crucial for food production this year.

The Department of Agriculture's mid-July world grain outlook called the situation somewhat less favorable than it was a month earlier.

"The June 14 production estimate was 1,000.5 million metric tons," said the department's estimate, "but as of mid-July, the total output is estimated at only 983.8 million metric tons."

SOVIET ESTIMATE RISES

"The most important changes in crop prospects over the past month have been in the U.S.A. and the U.S.S.R.," said the report on wheat and feed grains. "The latest U.S. crop estimate is approximately 22 million tons below mid-June, whereas the U.S.S.R. estimate has been revised upward by about 11 million tons."

All of the signs, both good and bad, are being watched closely by specialists in weather and its effects on agriculture.

In the whole complex equation of food, resources and population, the element that is least controllable and probably least predictable is weather. Yet, weather can spell the difference between abundance and disaster almost anywhere.

This year, experts in weather, climate and agriculture have given much thought to the prospects for the coming years and decades.

The Rockefeller Foundation sponsored a conference on essentially this subject. A unit of the National Academy of Sciences in preparing a major report on climate change. The Environmental Data Service of the National Oceanic and Atmospheric Administration is organizing a special group of experts to keep close watch on global weather as it relates to food production. And a workshop sponsored by the International Federation of Institutes for Advanced Study prepared a detailed report on the impact of climate change on the quality and character of human life.

The summary statement of that report is one of the grimmest forecasts to be made in recent years. Dr. Walter Orr Roberts, one of the nation's foremost experts on climate, believes there is a growing consensus in his field that agrees with the workshop's assessment.

NEW PATTERN EMERGING

"The studies of many scholars of climatic change attest that a new climatic pattern is now emerging," the workshop's summary said. "There is a growing consensus that the change will persist for several decades and that the current food-production systems of man cannot easily adjust. It is also expected that the climate will become more variable than in recent decades."

"We believe that this climatic change poses a threat to the people of the world," the summary continued. "The direction of climate change indicates major crop failures almost certainly within the decade. This, coinciding with a period of almost nonexistent grain reserves, can be ignored only at the risk of great suffering and mass starvation."

Dr. Roberts, who is program chairman of the federation, said that scientists of several nations participated in the workshop. Its conclusions were unanimous.

Although all scientists do not put the matter in such stark terms and many doubt that a clear change in climate is demonstrable, there is widespread agreement on one point: The weather patterns that have prevailed in recent decades are anything but normal when viewed against the history of the past several centuries.

The mean temperature of the northern hemisphere increased steadily from the early nineteen-hundreds through the early nineteen-forties. Since then, it has been on its way downward toward the colder circumstances of the last century. The drop since the nineteen-forties has only been about half a degree, but some scientists believe this is enough to trigger changes that could have important effects on the world's weather and agriculture.

In recent publications, Dr. Reid Bryson of the University of Wisconsin, one of the chief proponents of the view that climate change is overtaking mankind, has cited India as an example of the possible hazards.

Early in this century severe droughts seemed to hit northern and northwestern India roughly once every three or four years. In more recent decades, the monsoon rains moved northward and the frequency of droughts declined to about once or twice in 20 years. Dr. Bryson and other scientists now believe that the trend is back toward the less favorable conditions of the early nineteen-hundreds.

Meanwhile, the Indian population has greatly increased and demands on the nation's agriculture have risen accordingly.

Apart from that kind of long-range consideration, the situation in India this year is being watched with particular attention because, in the view of several experts, it is potentially serious.

The heavy monsoon rains vital to India's agriculture seem to be at least a month late, according to the latest world summary of the weekly weather and crop bulletin, published by the Department of Commerce and Agriculture.

SEVENTH YEAR OF DROUGHT

Dr. Richard Felch, one of the weather experts involved in producing the bulletin, said the latest data available to them showed that three-fourths of the total grain-producing area of India was below normal in rainfall this year. Rainfall was normal at this time last year throughout most of the subcontinent.

The sub-Saharan region of Africa, another area of the world ultimately dependent on monsoon rains, is now in its seventh year of drought.

The region is currently experiencing a brief reprieve as the result of a somewhat wetter rainy season than has been the pattern in recent years. Some observers say the rains may even allow modest crops of sorghum and millet to be harvested.

Even so, most experts view the current rains as only a temporary fluctuation. Dr. Bryson and others believe that the sub-Sahara will continue to suffer the effects of a change in weather patterns that is likely to persist. This, like most other aspects of current climate, is subject to considerable debate among specialists.

One important reason that all of the world's weather signs are being watched closely this year is that the world does not have the margin of safety in food grains that it had a few decades ago.

One specialist said that the world's total grain reserves were equal to the approximate difference between a good crop year and a bad one. Thus, it would take only one bad crop year to draw the safety margin in world food down close to the vanishing point.

That is why experts are keeping a close watch on such diverse phenomena as the monsoon rains over India, hot weather in the Soviet Union east of the Urals, and the moisture in the soil of sun-baked Iowa. Now, perhaps more than ever before in man's history, they all tie together.

Indeed, some scientists believe efforts to build up world food reserves ought to be a major international concern.

Although there is no prospect of a food shortage in North America, specialists are keeping a watchful eye on the Southwest, the Plains States and the Corn Belt because the United States is so important to the world's total food supply.

Lyle M. Denny, who helps Dr. Felch to produce the weekly weather and crop bulletin, said a drought began last fall in West Texas and adjoining areas of the Southwest and has since spread northward and eastward. He said ranchers have had to haul water to their cattle in New Mexico, Arizona and Utah.

PROBLEMS IN IOWA

Dr. Louis M. Thompson, associate dean of agriculture at Iowa State University in Ames, said hot, dry weather had reduced Iowa's potential corn and soybean crops by at least 10 per cent. A sophisticated statistical study of temperature, soil moisture and their effects on crops has led Dr. Thompson to a rough rule of thumb relating temperature to crop yield.

According to this rule of thumb, he said in a recent interview, the corn crop will be reduced one bushel an acre for every cumulative 10 degrees that the temperature rises above 90. For example, if the temperature rises to 95 on a given day, he would record that as a five. If it rises to 100 the next day, he would add 10.

By the end of the third week in July, Dr. Thompson said, the cumulative total reached 114 degrees above 90. For both corn and soybeans, this would mean a reduction in yield of about 10 per cent, according to his calculations. But Dr. Thompson sees more potential significance to the number than the effect on this year's crop.

The record of 114 has not been approached since the drought year of 1954, when the total through July 21 was 96. The record has not been surpassed since the "dust bowl" drought year of 1936, when the cumulative degrees above 90 in Iowa totaled 236 through the first 21 days of July.

Dr. Thompson said records to 1800 show that the agriculturally important region in which he lives has been hit by a severe drought in a cycle that occurs roughly every two decades. The most recent cycles came in the mid-nineteen-thirties and the mid-fifties, according to his figures. And he notes with little complacency that the next drought would be "due" in the mid-seventies.

Dr. Thompson and those scientists who agree with him think the timing of the current harsh weather in the West may be more than coincidence.

But there is sharp disagreement among experts on this point. Some see no evidence of any cyclical 20-year pattern, and no logical or scientific basis for it.

Specialists in the Department of Agriculture, for example, are among those who disagree with Dr. Thompson. They believe that weather is a random variable, obeying no regular cyclic pattern over the years except, of course, the seasons.

Richard C. McArdle, an economist and climatologist in the Department of Agriculture, doubts the reality of a 20-year cycle and does not thitnk that there will be a global run of bad weather this year or in the near future. The more likely pattern for any year, he believes, is one in which some areas of the world have good weather for crops while other areas do not. This year's pattern is like that, he says.

BENEFITS OF TECHNOLOGY

He and others in the department also argue that modern agricultural technology and irrigation are capable of mitigating the effects of drought in the United States. This, too, is an area of disagreement among experts. Some doubt that American agriculture, proficient as it is, can be "drought resistant" in any major sense.

Regardless of their views on the existence of a 20-year cycle and the drought resistance of modern agriculture, many scientists are agreed on one important point: The United States has had a run of remarkably good weather during the last 15 years. And many think it foolhardy to expect that good fortune to continue indefinitely.

Dr. J. Murray Mitchell of the National Oceanic and Atmospheric Administration's Environmental Data Service is among the experts who believe that the world should be alert to the probability of change in weather patterns.

Dr. Mitchell, who is one of the nation's leading experts on climate change, says scientists have learned a great deal in the last five years about the fluctuations that have disturbed the earth's climate in the past. He also says there is no doubt that the earth is now at the peak of a very warm period. Change is to be expected.

The point made by many experts is this: World population has soared in the last few decades. World agriculture, adapting to the present norm, has only barely managed to stay ahead. The pressures of population and food need are so great now that the system has lost much of its flexibility. In such a situation, any change from the present "normal" weather could bring serious trouble.

"The normal period is normal only by definition," Dr. Bryson said in a recent article. "There appears to be nothing like it in the past 1,000 years."

[From the New York Times, Aug. 8, 1974]

IOWA FARMERS FACING POTENTIAL DISASTER IN DROUGHT

(By James P. Sterba)

CLARINDA IOWA, Aug. 7.—It's one of the gloomier Page County fairs in memory. The children, with their 4-H Club project ribbons, are excited and happy, as usual. But the old men sitting around in their bib overalls don't smile very much. "Hey, play bingo, win a prize," shouts an amateur barker. "Hurry up and play one game of bingo before it starts raining."

That's a joke, but nobody laughs. It hasn't rained more than a sprinkle here since June 8, and that means serious trouble, even potential economic disaster, for the 1,648 corn and soybean farmers in Page County, and perhaps for thousands of other farmers throughout the Midwest. For Page County's trouble is typical of the situation in much of that vast region.

Donald Lyle county director of the United States Department of Agriculture's stabilization and conservation Service, mailed Page County's latest crop condition report to Des Moines yesterday. Corn: 77.5 per cent ruined. Soybeans: 50 per cent damaged.

"They always say that it rains 10 minutes before it's too late in Iowa, but this year it didn't quite make it," said Meredith Lovitt, who put in 150 acres of corn this spring. "My corn's just not going to make it. There's a little corn around here that's still pretty good, but not mine. It's not even good, let alone pretty."

FAIR STRICTLY LOCAL

Corn and soybeans are the economic backbone of this southwest Iowa county where hard farm work and the importance of family and church are not to be discounted by the fact that the local theater is currently showing "The Devil in Miss Jones," a pornographic movie.

The 4-H Club was started in Page County by Jessie Field Shambaugh in 1901, and the county fair is strictly local, with no carnival rides and with games of chance run by local clubs. It is usually more festive at the fair. One indication of the mood here this year is a straw poll being conducted by the First Assembly of God, a local church. It asks two questions: "Should Nixon be impeached?" and "Are we headed for a depression?"

Hogs, cattle, implement dealers banks and town businesses are all dependent on bountiful September and October yields of corn and soybeans. County farmers planted 160,000 acres of grain crops this year, and 85 per cent of them were corn and soybeans.

Last year, they planted 90,000 acres of corn and its average yield was 106 bushels per acre last fall. This year, they planted 115,000 acres of corn, roughly 20 per cent more, and the farmers are now predicting a dismal yield—a countywide average of 24 bushels per acre.

Abundant rainfall would not do much good even if it started falling this afternoon. The corn stalks are already stunted, and many have no ears. And the ears that were formed earlier have few kernels. It was too hot, too dry and too windy for too long the farmers say.

The soybeans still have a chance, but each rainless day in this crucial "podding" month lessens their chance.

"Soybeans should have 80 pods on a stem by now, and they don't have," said Lawson Miller, who farms and also sells gasoline and oil. "I've seen some beans with only one pod."

Darwin Buch, a farm implement dealer, said that the drought had not hurt his sales. But he said that there were rumors of impending doom, canceled tractor orders and a general cut in spending by farmers.

"Sales are going to go down, no question about it," he said.

"I know a John Deere dealer who had 12 people signed up for new tractors when there was an 18-month wait," said Dave Williams, who farms 590 acres. "Now he's got tractors, but only two people have come through and bought them."

Mr. Williams said that it was six straight weeks in June and July of nearly 100-degree temperatures, low humidity and wind that sucked his 155 acres of corn dry. Last week, things changed. Skies became partly overcast, and humidity was higher. There were a few scattered sprinkles of rain.

"That stopped the deterioration, but the corn is already gone," Mr. Williams said. "It might do some good yet for the beans."

Last year's record grain prices made many farmers rich. But partly to avoid huge income tax bills, they reinvested their profits in more land and machinery, keeping debts to local banks and other creditors about the same, local bankers say. Indebtedness may range anywhere from $20,000 for young farmers to several times that amount for older, established farmers.

"Our only hope now is that our creditors will stay with us," said Franklin Mellencamp, 58, who with his four sons farms 2,300 acres. "In the meantime, we're going to have to tighten our belts."

The drought has come in 20-year cycles, he said.

"In '54, we were hurt as much as any of them," he said. "But things are different now—we didn't have the expenses we have today."

"We've had quite a few guys already coming in and worrying about what to do," said Gary Beggs, farm representatives at the Citizens State Bank in Clarinda. "We're pretty sure that the corn crop is gone, but farmers might be able to make some of it up with soybeans if we get some rain in the next few weeks."

Meanwhile, spending is already beginning to drop off around Clarinda, the county seat, which has a population of 5,700 people. "The farmers are zipping up their pocket books," said one merchant.

They are also grumbling more than usual. Some admit they planted corn and soybeans on poor land, or on pasture land that they now need to feed cattle because their remaining pasture is dry or eaten off. But, they contend, the Department of Agriculture—admittedly along with high prices—encouraged them to plant all available acreage to produce as much grain as possible to feed the world.

Earl L. Butz, the Secretary of Agriculture, who has played down the severity of the drought, is not well liked in Page County.

"If he doesn't think we got trouble, why doesn't he come down here and take a look at our corn?" Mr. Miller asked.

CONCLUSION OF MORNING BUSINESS

Mr. PASTORE. Mr. President, if there is no further morning business, I ask that we proceed to the consideration of the pending legislation.

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

REVISING AND AMENDING THE PRICE-ANDERSON INDEMNITY PROVISIONS OF THE ATOMIC ENERGY ACT OF 1954, AS AMENDED

The PRESIDING OFFICER (Mr. Hughes). Under the previous order, the Senate will now proceed to the consideration of H.R. 15323, which the clerk will state.

The assistant legislative clerk read as follows:

> A bill (H.R. 15323) to amend the Atomic Energy Act of 1954, as amended, to revise the method of providing for public remuneration in the event of a nuclear incident, and for other purposes.

The PRESIDING OFFICER. The time for debate on this bill is limited to 2 hours, to be equally divided between and controlled by the Senator from Rhode Island (Mr. Pastore) and the Senator from Vermont (Mr. Aiken), with 1 hour on any amendment in the first degree and 30 minutes on any amendment in the second degree, debatable motion, or appeal.

Who yields time?

Mr. PASTORE. Mr. President, I yield myself whatever time I may require.

Mr. President, I am pleased to support H.R. 15323, and urge prompt enactment of this bill to extend the period of applicability of the Price-Anderson insurance-indemnity concept and to effect several significant revisions to the Price-Anderson act. One of the changes will enable the phase-out of the Government's indemnity in the 1980's.

At the outset, I want to stress two points:

First, it is a fact that not one cent of government money has been paid out in damages for a nuclear accident during the 17 years of the existence of the Price-Anderson act. And while it is extremely unlikely that a nuclear incident will happen in the future, we must, in a responsible manner, provide an umbrella of protection for the public while the nuclear power industry continues to mature.

Second, I want to express my concern that any delay in enactment of this legislation will serve to delay some of the nuclear power plants now being planned to supply our energy needs. This is a very serious matter since nuclear energy is the only practical alternative we now have to supplement our diminishing fossil domestic energy fuel sources. Let there be no misunderstanding; a vote against the Price-Anderson extension is a vote to scuttle the nuclear power industry without regard to the disastrous consequences for our energy supply in the 1980's. I would hope that the opposition to the enactment of this legislation is not motivated by any attempt to stop the application of this energy source.

Mr. President, in the 24 years I have served in the Senate—including 21 years on the Joint Committee on Atomic Energy—I have been privileged to watch our vital nuclear power industry develop and move from the AEC laboratories in the 1950's into the industrial sector in the 1960's. The AEC and industry, with the full authorization and encouagement of the Congress, have expended several billion dollars in bringing nuclear power to its present stage where it is making a substantial contribution to our energy supply. Closely coordinated with the developmental program has been a massive reactor safety program which currently amounts to $100 million per year.

This investment is beginning to pay off in terms of helping to alleviate our current energy crisis.

I would like to call the attention of my distinguished colleague from Connecticut (Mr. Ribicoff), he may be interested in this—in the New England area nuclear power accounts for about 25 percent of total electric supply, and by 1985 will very rapidly increase to well over 50 percent of the total for the region.

Mr. RIBICOFF. Mr. President, would my colleague yield?

Mr. PASTORE. I yield.

Mr. RIBICOFF. I recognize this, and I also recognize the role that atomic power plays in the generation of electricity in our area, the State of Connecticut and throughout New England. But I am sure the Senator from Rhode Island joins me and the people in our respective States who want to make certain that every precaution is taken to protect lives and property in the entire Nation, as well as in New England.

Mr. PASTORE. That is a very eloquent statement with which I am in accord 100 percent, no question about it.

We have reached a point where if there is an undue risk in cultivating this industry to the disadvantage of the life, limb and property of the people, it ought to be abandoned completely. But in the meantime, I do not think we ought to be carried away by emotional upsets, by the allegation that it is not going to work, that it is not so safe, that it cannot be made safe when we are up against an energy crisis in this country today. There is no question about it, that by the turn of the century, much of our natural gas will have disappeared; by the turn of the century much of our oil reserves will have gone. Our dependency upon the importation of energy will increase, and we will be at the mercy of foreign governments as to what we can do or not do in order to get the oil to keep our industrial machinery going.

Here we are, the most industrialized Nation in the world, we are the most productive Nation in the world; we have only 6 percent of the population; we use about 50 percent of the natural resources of the world; we have about 40 percent of the wealth of the world; our population is growing day by day; we need more hands to put to work, and the big question is if we do not have the energy, where do we go, Mr. President, where do we go?

I am not saying that because we have this energy crisis we ought to take a chance with safety. I am not saying that at all. But we are spending more than $100 million a year on research and regulation in order to make sure that these plants are safe. The point that I have already made is the fact that in the 17 years—I emphasize this, in the 17 years—that we have had the Price-Anderson act, we have not paid out of the U.S. Treasury 1 single penny. I do not know what better proof we can have that we have been successful protecting ourselves as to our safety.

I am a little disturbed from time to time when people say, "Yes, but how about the generations unborn, how about the future generations to come?"

Well, I do not know how many children anybody else has or how many grandchildren they have, but I have three children and six grandchildren, and they are my pride and joy. They are more important to me than life itself. They are more important to me than my life and, if anybody thinks for one moment that Pastore is going to take a chance with their safety, they ought to go see a doctor because I will do nothing to endanger their lives or to contaminate them in the future. I want that clearly understood.

In the Chicago metropolitan area, nuclear power produced by Commonwealth Edison supplies more than 30 percent of its total electric supply and this proportion will also increase. These energy sources are completely independent of foreign fuel or technology sources.

AEC has very recently released figures on the status of nuclear plants in the United States as of June 30, 1974. The information shows that in the first half of this year, plans to construct 21 nuclear plants were announced by utilities with a total capacity of 25,260,000 kilowatts. This represents over half of the total steam electric plants announced for the same period. Thus more than 50 percent of new powerplants which will go into operation in the 1980's will be nuclear plants.

In terms of capital investment, about $20 billion have already been invested in nuclear powerplants. By 1985, when 30 percent of our electrical capacity will be nuclear, the capital investment in nuclear power will be over $100 billion. And by the year 2000 when 60 percent of our capacity will be nuclear, the capital investment will amount to $500 billion.

This is indeed a large investment not only in dollars but in terms of jobs and production of energy supplies.

I want to call the Senate's attention to an article that appeared in my local newspaper in Rhode Island with reference to our relationships in the export area with respect to our nuclear program. It showed very clearly that much of our balance of payments is being achieved because of American know-how which is being exported and sold abroad, and that we are in very keen competition with the French, we are in very keen competition with the British, we are in very keen competition with the Russians and, I suppose, ultimately we will be in competition not only with Red China but also with India as well.

I ask unanimous consent that that article be inserted in the Record at this point in my remarks.

There being no objection, the article was ordered to be printed in the Record, as follows:

[From the Providence Sunday Journal, Aug. 4, 1974]

A-Plants Closing Economic Gap?

Vienna—Experts of the International Atomic Energy Agency estimate that the increase in world oil prices has opened a $4.9-billion equipment market for small and medium nuclear power reactors in developing countries.

If long-term oil prices remain higher than $6 to $7 a barrel, their study concludes, the all-nuclear plants of 100 megawatts or larger would be competitive with oil-fired power plants. At present the smallest nuclear plants considered economical for commercial use are 600 megawatts—the size of the reactor promised to Egypt by the United States on President Nixon's recent Middle East visit.

The study estimates that in the period from 1980 to 1989 Egypt would be in the market for six reactors of 400 megawatts each and one of 300 megawatts.

The report of the nuclear power market was written by James A. Lane, an American official of the agency who has worked for the U.S. Atomic Energy Commission. It is a computer expansion for 50 countries of results obtained after more detailed study of 14 developing countries.

Unless there is a dramatic and unexpected drop in oil prices, the Lane study contends that the previously neglected small and medium nuclear reactors will become highly competitive.

The study says that a 100-megawatt reactor becomes competitive with an oil-fired plant if oil costs $6.12 per barrel or more. Nuclear electricity from a 400-megawatt reactor would be competitive with oil at $3.12 or more per barrel.

Using those assumptions the agency experts forecast a potential nuclear plant order totaling 205 units, of which almost one-third would be 100-megawatt plants that the report says could be sold in 27 developing countries.

Mr. PASTORE. It will also represent a large saving to the consumer since nuclear fuel is, and apparently will continue to be, substantially cheaper than fossil fuels. At present prices, nuclear power is cheaper by at least half a cent a kilowatt-hour than electric power produced by fossil fuels. This means that American consumers save several hundred million dollars a year in electric bills already. By 1985, nuclear power will save taxpayers over $10 billion a year. And it is obvious that by that time the price of oil will be much higher than it is now, so the actual savings will be even greater than that.

The projected large scale use of nuclear power also means, of course, that the United States would be much less dependent on foreign sources for oil as I have pointed out.

To put this matter in perspective, the projected 280 million kilowatts of nuclear powerplants for 1985 would, over their lifetime, produce an equivalent of about 100 billion barrels worth of petroleum fueled generating capacity. This is about 10 times the Alaskan North Slope reserves. Even at the present price of $10 per barrel, the cost of such an oil replacement would be $35 billion per year.

I would also emphasize that nuclear power is being counted upon to provide a very large share of the energy requirements overseas. Approximately an equal amount of nuclear capacity to that of the United States is to be installed in foreign nations. Many industrialized nations are stepping up their nuclear programs because of concern with the dependability and rising prices of imported oil supplies.

I might say at this juncture that France only recently sold four nuclear reactors to the Government of Iran.

I have often wondered why Iran might be interested in nuclear power. Here is one of the biggest oil-producing countries in the world, they have natural gas, and when I asked the question, it was answered, yes, they are looking to the future.

They, too, with all of their entire reserves, do not want to depend exclusively on oil and natural gas.

Mr. RIBICOFF. Would the distinguished Senator yield?

Mr. PASTORE. I yield to the Senator.

Mr. RIBICOFF. I have done a little research in this field and have come to the conclusion that even the Iranians, with all their oil and gas, looking ahead, feel it is an economic waste to use oil to generate electricity. They look ahead to get the most money by using their oil for the petrochemicals, which give the highest economic return.

Mr. PASTORE. And gasoline.

Mr. RIBICOFF. And gasoline.

Consequently, they seek to shift their use of petroleum products for the high yield, looking ahead to the year 2000 or 2050, and they go for cheaper generation of electric power.

Mr. PASTORE. That is true, and that is a very cogent statement.

But it all comes back to the premise that they, too, understand, even with the tremendous reserves they have, that it is not inexhaustible.

Mr. RIBICOFF. In addition, I am pleased that I have the chairman and the ranking minority member of the Joint Committee on Atomic Energy here because next week we hope to bring the ERDA bill on the floor, of which both Senators are cosponsors.

I think what we must be aiming for is to make sure we understand in this country that there are alternative sources of energy beyond nuclear.

Mr. PASTORE. That is true.

Mr. RIBICOFF. We must make sure that this country explores and develops solar energy, wind, tides, geothermal—the so-called advanced energy systems—as well as gasification and liquifaction of coal.

There are so many possible alternatives, and this Nation cannot afford to put all its electric and power needs in one basket.

Mr. PASTORE. That is true.

Mr. RIBICOFF. I would hope next week when this bill comes on the floor, that this country will have a better understanding that Congress and the executive branch seek to develop every possible source of energy, and not just nuclear energy. And it should be noted that we have built the backbone of this ERDA out of one of the Nation's greatest stores of technical knowledge—that is, the research installations of the AEC—with organizational safeguards to insure that energy research will not be overbalanced to nuclear, to the neglect of other sources of energy.

I do not believe that the distinguished Senator from Rhode Island or the distinguished Senator from Vermont in any far stretch of the imagination feel that nuclear is the sole and only source of future energy supplies.

Mr. PASTORE. It is not, and my statement will indicate that, but I do not have to read the statement to tell you that because I have been living with this for some time. Our joint committee has been very much interested in this.

As a matter of fact, it was at my suggestion in 1962 after John Kennedy became the President of the United States. I asked Mr. Kennedy at that time if he, as the President of the United States, would not initiate a study to indicate exactly where we were with reference to our energy resources.

On March 17, 1962—the reason why I remember that date is because March 17 is Saint Patrick's day, it happens to be my birthday, so I cannot forget that—President Kennedy wrote the letter to the AEC asking them to conduct this study and they did conduct a very thorough study and the report came back in November of that year.

We had hearings up there in our room, the Joint Committee on Atomic Energy, and the astounding thing is this, that they predicted and they prophesied and they prognosticated that by the turn of the century we would be in bad shape insofar as oil and natural gas, that the only fossil fuel we could possibly rely upon would be on our coal supply that would last for about 500 years.

I say very frankly that 500 years in the life of this Nation is not eternity. It is not eternity and I want this Nation to endure for all eternity.

So when we come right down to it, these supplies were put by nature in the ground and man has been taking them out of the ground and it took billions and billions and billions of years to put them in the ground. We have been taking them out so fast it is not even funny. Now we have reached the point that we have a scarcity.

Now on this question of the pitch being to nuclear, I am not buying that at all, it should not be our only drive.

We are developing thermonuclear power, but we have had many hearings and our best scientists tell us that we cannot hope for any real results in thermonuclear power before 30 years. When it comes to geothermal power, that may be off 40 or 50 years. Solar energy we have been investigating for many years, and in order to make that practicable it may be off 25, 30, 40 years.

So that the big question is, What do you do in the meantime?

What do you do between now and the year 2000?

The only thing we have, outside of fossil fuels, is nuclear power.

The Senator's State proved that. Massachusetts proved that. New England has proved that.

We have 47 operating nuclear reactors today, and if we did not have them, we would be in bad shape. That is only 6 percent of the entire electric energy of the country.

The fact still remains that it is an important 6 percent, and, as I pointed out, nuclear power accounts for a substantial portion of the electric energy in certain regions of the United States.

The answer to the question of the Senator from Connecticut is that he is absolutely right. Let us not put all the eggs in one basket, but, in the meantime, let us not die between now and the year 2000.

Mr. RIBICOFF. It is very important to hear the words of the distinguished Senator who probably knows more about nuclear energy than any other man in this Congress. The Senator's point of view has been very important as we developed ERDA, which has a great potential, in my opinion, by the year 1984 to start us on the road to self-sufficiency. It is going to take great wisdom in the executive branch, in the Congress, and in our private resources, to work together on an overall attack, an overall list of alternatives, if we are going to solve the energy crisis in this country for the future welfare of our Nation.

Mr. PASTORE. I agree with this distinguished Senator from Connecticut.

The European Community in the last months has set an objective of using nuclear energy to produce 50 percent of its electricity by 1985. Japan is proceeding rapidly with the introduction of nuclear power and is expecting to have an installed capacity in the order of 60 to 70 million kilowatts by 1985—about one-fourth the projected U.S. nuclear by that time. Needless to state, the international market is an area where U.S. leadership can result in billions of dollars in our favor in balance of payments.

But there could be a hitch in our options respecting nuclear power, which brings me back to the bill we are considering on the extension of the Price-Anderson insurance-indemnity act. The current inflation and high interest rates are hitting our utilities particularly hard, and some of them have been deferring plants already planned or ordered, both fossil and nuclear. These deferrals could have an extremely detrimental impact on our energy supply for the 1980's.

There are those today who would propose to defer consideration of the Price-Anderson extension in order to await consideration of the AEC's Resmussen study on reactor safety and probabilities. I say—and we have received numerous communications from industry and labor on this—that a deferral of extension of Price-Anderson on what most knowledgeable people in utility and financial circles believe is a phony issue is bound to have a further deleterious effect in terms of deferrals of plans and commitments on nuclear plants. The public will inevitably suffer for this when the shortages of electric power hit us in the 1980's, if not sooner.

I would hope that the critics of Price-Anderson would be interested in constructively improving the protection of the public as the nuclear industry continues to grow. I cannot believe that the critics would not support continuation of the no-fault coverage and accelerated payment provisions of Price-Anderson. Nor if they understood the bill would they oppose the provision requiring the liability coverage of $560 million to continue upward to $1 billion and more as the nuclear power industry grow. How is the public served by ending the requirements in the act that utilities must carry all the liability insurance that can be purchased on the market. Not to extend the Price-Anderson Act would leave the public with no guaranteed protection at all.

And what alternatives are there for the substantial block of nuclear power projected for the 1980's and 1990's? Solar energy has become a fashionable alternative for many. Now I favor accelerated research and development on solar and other advanced energy resources which show some potential. Relative to solar energy, we on the joint committees took the lead on giving consideration to the development of this potential energy source. In 1960 we held comprehensive hearings on this matter. This was before solar energy received any consideration by the public. Year after year we have added funds for the development of solar energy.

But we would be kidding ourselves and the public if we thought that solar or other advanced concepts could make a practical contribution as a substitute for nuclear power in the next 10 or 20 years. Responsible experts before the Joint Committee and other committees have stressed that our increased energy supplies for the next two or three decades must come from coal and nuclear fission.

That brings me back, in conclusion, to the bill we have before us. This bill has a number of improvements which clearly are desirable:

First. This bill takes an important step that has long been anticipated, in that it will phase out the governmental indemnity by the early 1980's. It does this by replacing it with a mandatory system of utility retrospective insurance premiums that will be administered by insurance companies. In other words, it provides for a transfer of the full responsibility to the industry.

Second. The bill would provide for an increase in total coverage from $560 million to $1 billion and more in later years. This increase will result from growth in the total amount of retrospective premiums as the number of licensed reactors increases.

Third. Although the Government indemnity will be phased out, the provisions for no-fault coverage and prompt payment of third part liability claims will continue.

Fourth. The bill will bring within coverage of the act floating nuclear powerplants and transportation between U.S. licensees via routes which pass outside the U.S. territorial limits. Since there was some misunderstanding on this point during the House action on this bill, I would like to point out that nothing in the existing law or in this bill permits any indemnification for a reactor or anything else exported by a U.S. manufacturer to another nation.

Fifth. The bill also requires the Atomic Energy Commission to undertake a study of the Price-Anderson Act and report to Congress in 1983.

Any delay in enactment of this legislation will have an adverse impact on our future energy supply. Every delay will contribute to the gravity of our fuel supply situation and increase our dependence on foreign oil supplies. In addition, it can also have an effect on U.S. leadership in the international field.

I conclude by saying that I now request unanimous consent that the committee amendments be agreed to en bloc and be considered as original text for purpose of further amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PASTORE. Mr. President, I yield the floor at this moment.

The PRESIDING OFFICER. The Senator from Vermont.

Mr. AIKEN. Mr. President, the Price-Anderson legislation has served the Nation well over the past 18 years.

The Senator from Rhode Island pointed out that there has not been a penny spent on the insurance which this act has provided.

Its two stated aims, protection of the public and encouragement of the development of the atomic energy industry, have been, and continue to be, well met.

The public debate on Price-Anderson has tended to focus on the Government indemnity provisions.

This is unfortunate, since the fundamental basis of the Price-Anderson Act is the mandatory liability protection it requires of nuclear licensees.

This is analogous to State laws requiring drivers of automobiles to carry liability insurance, but it goes far beyond such laws in that each nuclear powerplant is required to carry the maximum amount of insurance available on the market.

At the time of the enactment of the Price-Anderson Act, that amount was $60 million.

Today it has grown to $110 million.

It will soon be increased to $125 million, and by the late 1980's it is expected to be almost $300 million.

That this coverage is extremely conservative is evidenced by the fact that in 18 years not a single penny has had to be paid out for an injury to the public.

I should like to stress that the amendments approved by the Joint Committee on Atomic Energy and before this body today represent a significant change in emphasis, shifting a greater share of the burden of liability onto the industry itself, and pointing the way to a reasonably paced phaseout of the Government's liability.

The bill will accomplish this by means of growth in a secondary layer of insurance, made up of deferred premiums, as the number of operating reactors increases.

At this point, I might add that there are now in existence or being planned throughout the world over 500 nuclear reactors. About 200 of them are here in the United States.

The Atomic Energy Commission is authorized to set the amount of this premium between a minimum of $2 million and a maximum of $5 million per facility.

Even if the retrospective premium is set at the minimum of $2 million provided for in this bill, the Government indemnity would be eliminated by 1984, based upon the best estimates of the future growth of commercial nuclear power.

If the premium is set at a higher level, this could occur as early as 1979.

I should like to point out further that this bill provides for an increase in the total amount of public protection above the present statutory limit of $560 million, by allowing the limit to float upward as the number of operating facilities increases.

Extending the $2 million example, for instance, it is estimated that the total limit of liability would reach almost a billion dollars by 1990.

The committee concluded that the $560 million limit continues to provide adequate protection for the present for any nuclear incident that can be credibly postulated.

Nevertheless, the committee determined that it is in the public interest to allow the limit on liability to increase as the industry base grows.

This bill represents the best efforts of almost a year's review of the subject of nuclear liability protection by this committee, the Atomic Energy Commission, and an impressive array of advisers from the Government, industry, the legal profession, and public citizen groups.

The committee held hearings over a period of 6 months.

During that time, we were advised by a planning committee representing all interested sectors.

H.R. 15323, in my opinion, is one of the most thoroughly researched and carefully developed pieces of legislation you will see this year.

The House of Representatives passed this bill on July 10 by a vote of 360 to 42.

As reported to this body on July 23, the bill retains the provision that calls for the Joint Committee's evaluation of Reactor Safety Study WASH-1400, the so-called Rasmussen Study, before this bill becomes effective.

I join the Senator from Rhode Island in urging favorable Senate action on H.R. 15323.

Mr. President, I ask unanimous consent to have printed in the RECORD a list of the countries that now have plants in operation and others that are on order or under construction. Of course, France and Western Europe have the largest number because they have a deficiency of oil. I think the list will be very informative for Senators.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

U.S. TYPE NUCLEAR POWERPLANTS ABROAD[1] OPERATING, IN CONSTRUCTION OR ON ORDER, AS OF JUNE 1, 1974

Country and plant	In operation (megawatts electrical)	In construction or on order (megawatts electrical)	Reactor supplier
Austria:			
Tulln		700	KWU.
Belgium:			
Tihange		870	ACLF group.
Doel-1		390	ACECO.
Doel-2		390	ACECO.
France:			
Sena	266		ACEO/FRA/W.
Fessenheim-1		890	Framatome.[2]
Fessenheim-2		890	Framatome.
Bugey-2		925	Framatome.
Bugey-3		925	Framatome.
Bugey-4		925	Framatome.
Bugey-5		925	Framatome.
Gravelines B1		925	Framatome.
Gravelines B2		925	Framatome.
Gravelines B3		925	Framatome.
Gravelines B4		925	Framatome.
Tricastin-1		925	Framatome.
Tricastin-2		925	Framatome.
Tricastin-3		925	Framatome.
Tricastin-4		925	Framatome.
St. Laurent-3		971	ALST/SOGERCA.[3]
St. Laurent-4		971	ALST/SOGERCA.[3]
Caux-1		750	Framatome.
Caux-2		750	Framatome.
Caux-3		750	Framatome.
Caux-4		750	Framatome.
Germany:			
KRB	237		GE.
KWL Lingen	256		AEG.
KWO Obrigheim	328		Siemens.
KKS Stade	630		Siemens.
KKW Wuergassen	612		KWU.
Biblis-1		1, 150	KWU.
Biblis-2		1, 240	KWU.
Brunsbuettel		770	KWU.
KKP Philipsburg-1		864	KWU.
KKP Philipsburg-2		864	KWU.
Unterweser		1, 230	KWU.
Nordenham		1, 300	KWU.
Neckarwestheim		762	KWU.
KKI Isar		870	KWU.
Muelheim-Kaerlich		1, 215	BBC-BBR.
Kruemmel		1, 260	KWU.
WYHL-SUD KWS-1		1, 250	KWU.
WYHL-SUD KWS-2		1, 250	KWU.
Italy:			
SENN	150		GE.
SELNI	247		W.
ENEL-4		783	AMN-GETSCO.
ENEL-5		952	ENI.
ENEL-6		982	AMN.
Netherlands:			
Borselle	450		KWU.
Spain:			
Zorita-1	153		W.
Nuclenor	460		GE.
Lemoniz-1		902	W.
Lemoniz-2		902	W.
Almaraz-1		902	W.
Almaraz-2		902	W.
ASCO-1		902	W.
ASCO-2		902	W.
Cofrente		902	W.
Switzerland:			
Beznau-1	350		W/BB.
Beznau-2	350		W/BBC.
Muhleberg	306		GETSCO/BB.
Kaiseraugst		850	GE/Sogerca.
Leibstadt		850	GETSCO/BB.
Gosgen		700	KWU.
Total, Western Europe	(14)4, 795	(50)45, 628	
Brazil:			
Angra-1		626	W.
Mexico:			
Laguna Verde-1		600	GE.
Laguna Verde-2		600	GE.
Total, Latin America		(3)1, 826	
Sweden:			
Oskarshamn-1	440		ASEA.
Oskarshamn-2		580	ASEA.
Ringhals-1		760	ASEA.
Ringhals-2		900	W Monitor.
Ringhals-3		900	W.
Ringhals-4		900	W.
Barseback-1		580	ASEA.
Barseback-2		580	ASEA.
Forsmark-1		900	ASEA.
Forsmark-2		900	ASEA.
Finland:			
Loviisa-1		420	V/O TPE.
Loviisa-2		420	V/O TPE.
Olkiluoto		660	ASEA ATOM.
Total, Scandinavia	(1)440	(12) 8, 500	
Japan:			
Tsuruga	340		GE.
Mihama-1	320		W.
Mihama-2	470		MAPI.
Mihama-3		781	MHI.
Fukushima-1	460		GE.
Fukushima-2		784	GE/Toshiba.
Fukushima-3		784	Toshiba.
Fukushima-4		784	Hitachi.
Fukushima-5		784	Toshiba.
Fukushima-6		1, 100	GE/Toshiba.
Fukushima-II-1		1, 100	Toshiba.
Takahama-1		780	W/MAPI.
Takahama-2		780	MHI.
Shimane-1		460	Hitachi.
Genkai-1		559	MHI.
Oi-1		1, 122	W/MHI.
Oi-2		1, 122	W/MHI.
Hamaoka-1		500	Toshiba.
Hamaoka-2		750	Toshiba.
Onagawa-1		500	Toshiba.
Tokai Mura-2		1, 100	GE/HITACHI.
Ikata-1		559	MHI.
Total, Japan	(4)1, 590	(18)14, 349	
India:			
Tarapur-1	200		GE.
Tarapur-2	200		GE.
Korea:			
Ko-Ri-1		564	W.
Ko-Ri-2		564	W.
Taiwan:			
Chinshan-1		604	GE.
Chinshan-2		604	GE.
Kuosheng-1		800	GE.
Kuosheng-2		800	GE.
Total, other Asia	(2)400	(6)3, 936	
Yugoslavia:			
KRSKO		600	W.

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[1] Abroad refers to non-Soviet bloc foreign countries.

[2] Framatome, of which Westinghouse is important shareholder, employs PWR technology.

[3] Industrial group, associated with CGE, which holds GE license for use of BWR technology.

SUMMARY OF U.S. TYPE FOREIGN NUCLEAR POWERPLANTS WHICH ARE OPERATING, IN CONSTRUCTION OR ON ORDER, AS OF JUNE 1, 1974

	In operation		On order or under construction		Total	
Country	Plants	Megawatts electrical	Plants	Megawatts electrical	Plants	Megawatts electrical
West Europe	14	4, 795	50	45, 628	64	50, 423
Scandinavia	1	440	12	8, 500	13	8, 940
Japan	4	1, 590	18	14, 349	22	15, 939
Other Asia	2	400	6	3, 936	8	4, 336
Latin America	0	0	3	1, 826	3	1, 826
Yugoslavia	0	0	1	600	1	600
Total	21	7, 225	90	74, 839	111	82, 064

Mr. AIKEN. Concerning the colloquy taking place between the Senator from Connecticut and the Senator from Rhode Island, I would like to point out that, of course, we should continue to search for other sources of energy. But I also want to point out that the price of coal—and I believe that much of the agitation against nuclear energy is carried on by the coal companies—has gone up 250 percent in my area within the last 18 months, from $12 a ton to $30 a ton, where it is used for the development of energy.

I might also add, although there are possibilities in solar energy—we know there are, because we are surrounded by it—that the experts carrying on the research work in that field have indicated it will be about the year 2020 before it becomes available or could be made available in quantities adequate to serve centers of population.

Mr. President, I believe we ought to enact this legislation now.

Mr. BAKER. Mr. President, in recent weeks and months, considerable confusion has developed regarding the actual health, safety, and environmental hazards associated with the construction and operation of nuclear powerplants and facilities in this country and in the world. The volume of correspondence which I have been receiving, not only from my own constituents, but also from others, has been rising in direct proportion to the number of speeches and articles expressing what various individuals perceive to be the existing or potential dangers of nuclear power. Not surprisingly, one of the results has been mass confusion.

The basis for that confusion is twofold, in my view, and consist of the very technical nature of the subject matter, and the tendency on the part of the opponents and proponents of nuclear power to state the "worst possible" and "best possible" cases, respectively. While this debate has served the purpose of emphasizing the deep concern, or assumed lack thereof, on either side of the issue, it has also caused undue alarm on the one hand, inordinate complacency on the other, and widespread misunderstanding in the middle.

It has been suggested that we impose a temporary moratorium on all further construction and operation of nuclear powerplants until all aspects of the safety issue have been addressed. But, I do not agree. Indeed, such a move would merely contribute to the present climate of extremism in certain quarters and make determination of the truth even more difficult.

The measure presently pending before the Senate is intended to modify and extend the Price-Anderson Act passed in 1957. Since that act provides for indemnification in the case of a nuclear powerplant accident, it could not be more directly related to the issue of safety. Moreover, it is particularly timely that we begin the debate in the Congress on this issue as opposed to some point in the future when reason is overcome by rampant confusion.

As we debate this measure, we should focus on two basic and related issues: First, whether the modifications recommended in the present law are necessary to provide an adequate method of protection for the public and the nuclear industry in the event of an accident; and second, whether the Price-Anderson Act as amended should be extended from its present expiration date of 1977 for 10 years to 1987.

Looking at the first issue, there is no doubt in my mind that the changes proposed in the existing law will go a long way toward improving the present method for indemnification. Moreover, I shall support those changes when called upon to vote.

However, I shall not support certain other changes that have been urged and may be considered today on the floor. Among those is a proposal to permit parties affected by nuclear incidents to sue for damages in excess of the $560 million ceiling provided for in the law. Such a proposal defeats the no-fault intent of the bill and requires the determination of guilt or innocence in a court of law.

Obviously, I want to know who or what is responsible for an accident in which property or life is damaged or lost, particularly in excess of $560 million; but we can do that without encouraging affected parties to fight over the issue in court after they have been indemnified to the tune of $560 million.

A second change which has been suggested is one to increase the liability per plant from $2 million to $10 million. The ramifications of such a move are enormous and require a determination on our part that nuclear power is so dangerous that the Government must provide $10 billion of indemnity for every 1,000 powerplants. I do not believe that there are any responsible individuals who have made that determination after having reviewed the facts. However, it is indicative of the growing body of confusion and brings us back to the broader question of safety.

Last December, the Senate passed a $10 billion energy research and development bill designed to help this country achieve energy self-sufficiency at the earliest possible date. Much of that money will go toward the development of the so-called nuclear option, and as we embark upon this ambitious task, we cannot afford to allow doubts about nuclear safety to linger and spread. If they were limited to only one aspect of the nuclear cycle or another, it might be easily addressed. But, that is not the case. Indeed, legitimate concerns exist regarding not only the operation of nuclear power plants, but also the storage, transfer, and reprocessing of radioactive wastes.

It is my considered judgment that the technology is at hand to satisfactorily resolve virtually all of the major safety questions. However, I would not desire nor expect those who have legitimate doubts to simply accept my word on this critical matter. Rather, I would urge that a comprehensive examination of all aspects of the problem be undertaken in the near future by the Congress in an effort to publicly air the issues, ascertain the facts, and hopefully, resolve some, if not all, of the outstanding questions. I realize bits and pieces of this question have been surfacing in various congressional hearings for quite some time, but never has an objective and thorough examination of the problem in its totality been conducted; and I believe that it is long overdue.

During the Joint Committee on Atomic Energy's consideration of the measure presently pending, it was suggested that we postpone mark-up of the bill until the so-called Rasmussen Study had been completed and evaluated by the committee staff. I was not persuaded by that argument, however, because the study dealt almost entirely with the probability of a major nuclear accident and Dr. Rasmussen had already informed the committee of the primary conclusions reached in their undertaking. Nevertheless, this study might serve as a major background document in the broader study of safety which I am urging; and I look forward to reviewing the comments and views elicited by the Rasmussen Study from the various departments and agencies of the Federal Government.

Should we postpone enactment of the pending legislation until the Rasmussen Study has been reviewed? I do not believe we should. Indeed, in the interest of continuity, I believe we should extend Price-Anderson with the option of always amending or repealing it should the conclusions of our broader study of safety warrant such a course of action.

However, that still does not address the second major issue in our consideration of this measure, the period of extension. It has been suggested that Price-Anderson be extended 2 years beyond its present expiration date until 1979, rather than the 10-year extension approved by the Joint Committee on Atomic Energy.

Although I am not wedded to either 2 or 10 years, I believe that some compromise between those two would be the best way of accommodating the desires of the Joint Committee and the concerns of those who express serious doubts about the safety of nuclear power.

Thus, Mr. President, while believing it to be in the short- and long-term best interest of this country for the Congress to examine the issue of safety in its totality in the very near future, I shall support amendment of Price-Anderson as recommended by the Joint Committee and a reasonable extension of it beyond 1977.

Mr. President, this is an important piece of legislation. I agree with the distinguished Senator from Vermont that it should be passed now. I think we should be careful that we do not attempt to compare apples and oranges here. By that I mean our several concern for safety on the one hand, as opposed to our more specific concern for the indemnification from nuclear operations for people who live near nuclear powerplants. They are two different things. They do not have to go hand in hand. They are not inseparable.

I am a member of the Joint Committee on Atomic Energy. I come from Tennessee and I am familiar with the evolution of the nuclear industry in this relatively early stage of its development.

I believe I am correct when I say that the Tennessee Valley Authority last week put the first full-scale commercial nuclear unit on the line at about 1,100 megawatts, as distinguished from a demonstration plant or an experimental reactor.

Nuclear power is here and available. I believe we should go forward with it. I think, Mr. President, that we ought to pass this bill essentially as reported by the joint committee.

I am not wedded to any particular term of years for the extension, although it ought to be adequate. It ought not to be just a gesture or token. I am fully dedicated to a full exploration of the safety aspects of future operations of fission powerplants.

I have read all the available documents that I can find on nuclear safety. We have had testimony from Dr. Rasmussen, including his statement of his conclusions. However, I get a little weary of always discussing the worst possible accident or the best possible accident. I would rather talk about the more realistic concerns which as I view them, be somewhere in between.

In a word, Mr. President, nuclear power is here and I think that mankind can profit from it and endure it without creating unacceptable hazards. I think it can serve an enormous benefit for civilization in displacing a fossile fuel economy.

Thus, I think we ought to pass the bill in an acceptable form.

The **PRESIDING OFFICER.** Who yields time?

Mr. **PASTORE.** The Senator from Indiana tells me that he has an appropriation item that he can dispose of in 5 minutes.

Mr. **RIBICOFF.** I will yield without losing my right to the floor.

The **PRESIDING OFFICER.** Who yields time to the Senator from Connecticut?

Mr. **PASTORE.** I am going to yield time. He has an amendment and will have time on his own right.

The **PRESIDING OFFICER.** Does the Senator wish to present an amendment?

Mr. **RIBICOFF.** Mr. President, I send to the desk an amendment and ask that it be stated.

The **PRESIDING OFFICER.** The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. **RIBICOFF.** Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

The amendment is as follows:

On page 1, line 4, after "amending" insert "subsection j. as follows and".

On page 1, line 6, before the "q." insert the following:

Subsection j is amended in the first sentence after the phrase "of source, special nuclear, or byproduct material from its intended place of confinement" by adding a comma and inserting "or of such material that is illegally diverted from its intended place of confinement,".

On page 2, line 3, substitute a comma for the colon and insert the phrase "including such material that is illegally diverted from its intended place of confinement:".

Mr. **RIBICOFF.** Mr. President, this amendment expands the definitions of "nuclear incident" and "extraordinary nuclear occurrence," as used in the Price-Anderson indemnity provisions, to include nuclear material "that is illegally diverted from its intended place of confinement."

My amendment insures that the public is as well protected by these indemnity provisions from the consequences of nuclear theft as it is from the consequences of a nuclear accident.

These provisions of the Atomic Energy Act now offer no compensation to victims of an explosion or a dispersal of nuclear material resulting from theft. They provide compensation only for victims of a nuclear industry accident.

This amendment corrects a clearly inequitable and dangerous situation.

Present safeguards are "entirely inadequate" to prevent theft and the subsequent manufacture of terrorists' bombs according to an internal AEC study which was uncovered in my own inquiry into nuclear safeguards.

This 9-month inquiry, in connection with subcommittee consideration of the soon-pending Energy Reorganization (ERDA-NSLC) Act, resulted in a provision to establish a high-level safeguards unit under the new nuclear regulatory agency. But that is only half a solution.

The other half is to amend the indemnity bill before us today to extend nuclear indemnity coverage to the consequences of thefts as well as accidents. In this way, the public will be fully protected. Also, the nuclear industry will have to upgrade safeguards, at least to the level of reactor safety, or risk heavy financial loss.

After all, insurance companies will be reluctant to cover nuclear thefts if safeguards are inadequate. The insurance industry cannot be expected to risk the assets of millions of policyholders on a leaky nuclear security system.

By indemnifying against nuclear thefts as well as accidents, it is not my intent to make the writing of nuclear insurance policies by private insurance companies an all-or-nothing proposition. The AEC should not read this amendment to require the insurance industry to write policies covering both risks, or no policies at all.

Price-Anderson, in fact, wisely permits insurance companies to use their own judgment as to what nuclear risks are insurable. I, for one, will be watching closely to see whether present safeguards against theft will satisfy the high standards of the insurance industry. If not, the nuclear industry should be held financially accountable for its safeguards system.

Mr. President, this is a very simple but important amendment. It closes a loophole in the Price-Anderson indemnity provisions which has left the American people unprotected from a potentially catastrophic nuclear incident: an explosion or dispersal of nuclear material following a theft of such material from the nuclear industry.

As the Price-Anderson provisions of the Atomic Energy Act now read, and as they read in the proposed extension of those provisions, there is a no-fault insurance pool immediately available to compensate victims of a nuclear industrial accident. These funds, however, are not available to compensate victims of an explosion or a dispersal of deadly nuclear material which is stolen or otherwise illegally diverted from the nuclear industry.

Sections 170c and 170d of the Atomic Energy Act authorize the Atomic Energy Commission to enter into indemnification agreements with commercial licensees, such as nuclear powerplants, and with Government contractors, such as weapons production facilities, respectively. These agreements indemnify the industry in the event of a "nuclear incident" of a "substantial nuclear incident."

But the definition of "nuclear incident," found in section 11q. of the Atomic Energy Act, clearly covers only accident—not theft—situations:

> q. The term "nuclear incident" means any occurrence, including an extraordinary nuclear occurrence, within the United States causing, within or outside the United States, bodily injury, sickness, disease, or death or loss of or damage to property, or loss of use of property, arising out of or resutling from the radioactive, toxic, explosive, or other hazardous properties of source, special nuclear, or byproduct material. . . .

Likewise, "extraordinary nuclear occurrence," as used in section 11q., is defined in section 11j. to cover accidents involving confined nuclear material—not catastrophes involving nuclear material stolen from its place of confinement.

> j. The term "extraordinary nuclear occurrence" means any event causing a discharge or dispersal of source, special nuclear, or byproduct material from its intended place

> of confinement in amounts offsite, or causing radiation levels offsite, which the Commission determines to be substantial, and which the Commission determines has resulted or will probably result in substantial damages to persons offsite or property offsite. . . .

My amendment corrects this serious deficiency by adding to each definition the phrase "such material that is illegally diverted from its intended place of confinement".

I have consulted with experts on both the Atomic Energy Commission and on the Joint Committee on Atomic Energy, and they agree that the nuclear incidents covered by the indemnity provisions of the act were not intended to include nuclear explosions and other catastrophies involving materials stolen from the industry.

This apparent oversight in the law is inequitable and dangerous.

It is inequitable because the public deserves to be fairly and swiftly compensated in the event of any civilian nuclear disaster, whether accidental or criminally provoked. And the industry should be equally alert to, and should be held equally accountable for, either contingency.

It is dangerous because the record indicates that there is now a greater risk to the public of a nuclear theft than a nuclear accident, and that the consequences of a nuclear theft—in terms of lives lost and property destroyed—is likely to be greater than the consequences of a nuclear accident.

To my mind, then, it is unthinkable to continue the present system of indemnifying against the consequences of nuclear accidents, but not against nuclear thefts.

Mr. President, a great deal of the Senate's attention is focused today on the Rasmussen report—the AEC study, soon to be released, on the probability of nuclear accidents and their consequences. I was among 20 Senators who signed a letter requesting that the Joint Committee delay reporting this nuclear indemnity bill until the results of the Rasmussen nuclear safety study have been released and analyzed. But the Joint Committee, anticipating that the study will find the chances of a catastrophic accident to be extremely remote—1 million to 1 per reactor site—has decided that it is in the public interest to proceed with this bill now, rather than cause uncertainty and delay in the development of civilian nuclear power.

I urge the Senate to consider another AEC study—the Rosenbaum report—relating to the safeguarding of commercial nuclear materials against theft. The results of this study are already in, and they are extremely disturbing. In fact, I believe that the clear danger detailed in this report, makes it one of the most important documents to come out of the AEC.

The report found:

> The factors involved in preventing the illegal acquisition of special nuclear material and the subsequent manufacture of nuclear weapons have received a great deal less attention than those associated with power plant accidents. The relevant regulations are far less stringent and we feel they are entirely inadequate to meet the threat.

The study also found:

> Even though safeguard regulations have just been revised and strengthened, we feel that the new regulations are inadequate and that immediate steps should be taken to greatly strengthen the protection of special nuclear materials.

This internal report, prepared by a team of four outside consultants and one AEC official, also declared that "acquisition of special nuclear material remains the only substantial problem facing groups which desire to have such weapons." It further stated that "the potential harm to the public from the explosion of an illicitly made nuclear weapon is greater than that from any plausible powerplant accident," including a meltdown of the core and a breach of the containment vessel of a nuclear plant.

Mr. President, I learned of the existence of this report in the course of an investigation of nuclear safeguards undertaken by my Subcommittee on Reorganization, Research, and International Organizations in connection with consideration of the Energy Reorganization Act of 1974. I inserted that report in the RECORD of April 30, 1974, page 12353, after obtaining a copy from the AEC. I ask unanimous consent that a summary of the major findings, recommendations, and problems cited in the Rosenbaum report be placed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. RIBICOFF. Mr. President, as serious as the safeguards problem is today, the report makes clear that it will magnify manifold unless we come to grips with it now. It takes only 20 pounds of plutonium to make a crude bomb. The AEC estimates that by 1980, there will be more plutonium in the commercial sector than the Government sector, including the Government weapons program. The present generation of light-water nuclear reactors will produce 66,000 pounds of plutonium a year by 1980. The next generation of reactors—the so-called fast breeder, which produces more plutonium than it consumes—will generate 660,000 pounds of plutonium annually by the year 2000. The basic message of the report is that we must design effective nuclear safeguards before it is too late.

In response to the danger of nuclear theft, the Energy Reorganization Act, as reported by the Government Operations Committee, and soon to reach the Senate floor, contains my amendment to establish a Bureau of Nuclear Materials Security in a new Nuclear Safety and Licensing Commission—NSLC. This should lead to setting up a security force within the Bureau for protecting commercial nuclear materials in transit and in storage, as the Rosenbaum study recommends.

In the meantime, we must act to insure that if the worst does happen—and there is a theft of weapons-grade nuclear material—that the public is protected against potentially catastrophic consequences by the indemnity provisions of the Price-Anderson Act. That is the purpose of this amendment.

It is also my hope that by equating the consequences of nuclear theft with those of nuclear accidents for indemnity purposes, we will provide an important financial incentive for both the nuclear industry and the AEC to upgrade nuclear safeguards at least to the level of nuclear safety.

Such an upgrading of safeguards was a basic recommendation of the Rosenbaum report. Bringing the risk from nuclear theft down to the level of risk of nuclear accidents will insure the availability of private insurance coverage relating to thefts as well as accidents.

As the nuclear power industry continues its rapid expansion, we in Congress have no choice but to do everything in our power to make the handling and transportation of nuclear materials airtight and foolproof. Otherwise we will be held hostage by the very technology that is supposed to give us self-sufficiency and prosperity.

EXHIBIT 1

ROSENBAUM REPORT

MAJOR FINDINGS

The potential harm to the public from the explosion of an illicitly made nuclear weapon is greater than that from any plausible power plant accident, including one which involves a core meltdown and subsequent breach of containment.

Acquisition of special nuclear material remains the only substantial problem facing groups which desire to have such weapons.

The budget allowed for safeguard reviews and the number and qualifications of the people concerned with safeguards will have to be substantially increased.

It seems to us that the present system of protecting facilities and transportation which handle special nuclear materials is inadequate.

The uncertainties in the accumulated material balances of the atomic energy operation of the country already make it impossible to say that an explosive mass has not been diverted, and if reliance is placed solely on material balance methods that statement will have to be expanded many, many fold in the near future. The current use of these techniques is probably not worth their cost.

One can do something about safeguards by the use of accounting and measurement, but this will require a new approach to the subject. It will be necessary to direct the accountability effort not toward computing an overall balance as it now is, but toward detection of diversion.

The time delay in the inventory system is long enough to allow a skilled diverter to have constructed an explosive device before the system can reach a conclusion that diversion has taken place. On the basis of timeliness as well as one the basis of sensitivity the calculation of inventories as exemplified in the MUF (Materials Unaccounted For) and LEMUF (Limit of Error/Materials Unaccounted For) concepts fail to provide safeguards.

It is our hope that this study will contribute to a new understanding of the level of danger represented by the potential acquisition of quantities of special nuclear material by malevolent people. We feel that the danger is large and growing due to the widespread and increasing dissemination of precise and accurate instructions on how to make simple nuclear weapons, and due to the increasing professional skills, intelligence networks, finances, and level of armaments of terrorist groups throughout the world.

The factors involved in preventing the illegal acquisition of special nuclear material and the subsequent manufacture of nuclear weapons have received a great deal less attention than those associated with power plant accidents. The relevant regulations are far less stringent and we feel they are entirely inadequate to meet the threat.

It will be necessary to direct the accountability effort not toward computing an overall balance as it now is, but toward the detection of diversion.

Even though safeguard regulations have just been revised and strengthened, we feel that the new regulations are inadequate and that immediate steps should be taken to greatly strengthen the protection of special nuclear materials.

MAJOR RECOMMENDATIONS

It is necessary to adopt the same framework for safeguards protection as is normally used in examining the safety of power plants and to apply it with the same rigor and depth.

The seriousness of the problem demands a clear commitment by the AEC to bring the risk to the public from safeguards problems down to the level of public risk associated with the operation of nuclear power plants.

We recommend the establishment of a federal nuclear protection and transportation service. We further recommend that all protection functions which could require the use of force be direct federal responsibilities . . . an upgraded system ought to be adopted *immediately* as a temporary measure.

The AEC should establish a continual and strong liaison with the CIA, FBI, and other appropriate agencies, and should exert every effort to see that these agencies expend a level of resources on safeguards problems commensurate with the importance of the issue.

In addition to conventional compliance inspections to determine adherence to regulations, a dynamic testing system should be devised to provide a realistic examination of the overall safeguards afforded SNM by each licensee.

Every attempt should be made to employ measurement techniques that yield material balance consistency checks within a period of one day.

The effort against diversion should be based on a continuing "diversion path analysis" so that the means of detection are continually tuned to the problems posed by diversion . . . We recommend the establishment of a continuing effort on "diversion path analysis" by the AEC with the objective of insuring an increasingly effective application of advanced measurement techniques to the solution of safeguards problems. We further recommend that the licensees be required to perform such analyses in their facilities, and to formulate measurement schemes to protect against every potential diversion path discovered.

MAJOR PROBLEMS

Even though safeguard regulations have just been revised, two factors have appeared in recent months which make necessary a new and fundamental look at the problem. The first of these is the widespread and increasing dissemination of precise and accurate instructions on how to make a nuclear weapon in your basement . . . larger and larger numbers of people with experience in processing special nuclear materials and with varying psychological attitudes are dispersed in the overall industrial community. . . . The second new factor is the recent start of political kidnappings within the United States. It is our opinion that the kidnapping of Patricia Hearst does not represent an isolated and passing incident, but is rather the precursor of a wave of such incidents. If not firmly and completely met, these kidnappings may lead to a rise of urban terrorist groups in this country of a sort without precedent in our history.

We believe these new factors necessitate an immediate and far reaching change in the way we conduct our safeguards programs.

It is our strong feeling that the point of view adopted, the amount of effort expended, and the level of safety achieved in keeping special nuclear material out of the hands of unauthorized people is entirely out of proportion to the danger to the public involved . . .

Our estimate of the maximum credible threat to any facility or element of transportation handling special nuclear materials is fifteen highly trained men, no more than three of which work within the facility or transportation company from which the material is to be taken.

Protection of the common defense and security against significant armed attack is not a responsibility which is reasonable or equitable to assign to private industry. . . . There is also a substantial question as to when private guards can legally use their weapons.

Perhaps the greatest problem with the present inventory and material balance control system is the lack of timeliness of the data.

Mr. PASTORE. Mr. President, I have discussed this amendment with the distinguished Senator from Connecticut. I have explained to him there are certain complexities to this matter and it is hard to prognosticate at the moment what the consequences might be.

I am perfectly willing to take the amendment to conference and to give it serious consideration. If we need further consultation before we take action on the amendment in conference, I shall confer with the distinguished Senator from Connecticut again. I think he is on the right track.

As a matter of fact, our committee, conscious of this matter, is making a study by a high level panel on this problem of illegal conversion and that is being conducted at this time. But inasmuch as we are on Price-Anderson, this is the time to bring up the matter in connection with its coverage.

I assure the Senator that this matter will be considered and nothing will be done unless we get in touch with him.

Mr. RIBICOFF. Mr. President, I appreciate very much the statement of the Senator from Rhode Island. I have talked to the nuclear insurers, and they assure me they will write me their analysis and position on the amendment. I shall forward that memorandum to the Senator and his colleagues on the Joint Committee in time for the conference on Price-Anderson because this is a very serious situation which needs immediate attention.

Mr. PASTORE. It certainly could be, and we are conscious of it, although the current risk is low because very little plutonium and highly enriched uranium has been commercially processed. In the future as commercial quantities increase the risk will be greater and more safeguards will be needed. That is what our panel is studying.

Mr. RIBICOFF. I appreciate and respect the awareness and sensitivity of the Senator from Rhode Island and the Senator from Vermont with respect to the importance of what we are trying to accomplish. The nuclear safeguards problem is here, and it is growing fast. I thank the Senator and his colleagues for their understanding of the problem.

Mr. PASTORE. Mr. President, I yield back my time on the amendment.

Mr. RIBICOFF. I yield back my time.

The PRESIDING OFFICER. All time is yielded back. The question is on agreeing to the amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

The Senator from Wisconsin is recognized.

AMENDMENT NO. 1762

Mr. NELSON. Mr. President, I call up my amendment (No. 1762).

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. NELSON. Mr. President, I ask unanimous consent that further reading of the amendment may be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendment will be printed in the RECORD.

The amendment, ordered to be printed in the RECORD, is as follows:

On page 7, line 12, strike "August 1, 1987" and insert in lieu thereof "August 1, 1979".

On page 7, line 15, strike "August 1, 1987" and insert in lieu thereof "August 1, 1979".

On page 10, line 11, strike everything beginning with "SEC. 11." through and including "study." on page 11, line 4.

Mr. NELSON. Mr. President, H.R. 15323 would extend the Price Anderson Act for 10 years until 1987. The Senator from Minnesota (Mr. MONDALE) and I are offering an amendment that would extend the act only 2 years, until August 1, 1979.

For many years, we have taken for granted the natural resources and environment on which our Nation's technological process is so dependent. More and more, however, we are being confronted with the fact that there are very real limits not only to actual supplies of natural resources, but also the ability of our environment to withstand the ever-increasing demands of our society and technology.

The energy crisis has provided a very graphic illustration of this dilemma presented by our society's reliance on and need for both technology and a clean and healthful environment. It has forced us to consider and assess realistically what are our social needs and priorities. The Nation is at a major energy crossroads. The Congress and the people will have to decide what route is the best, fossil fuel or atomic, or a combination and in what ratio. This must be a deliberate decision a decision that has been openly and fairly debated. We must be careful that we do not wake up one day not knowing where we are or how we got there, let alone if we even want to be there.

A 10-year extension of the Price-Anderson Act would represent a choice of a nuclear route. It tends to reflect a policy that nuclear technology is the answer to our energy needs and therefore, its development and use is of vital importance to the public interest. Yet, real and hard questions have been raised concerning the safety and viability of nuclear power.

In testimony before the Joint Committee on Atomic Energy, David R. Inglis, an atomic and nuclear physicist who was at Los Alamos in the 1940's and later at Oak Ridge and the Argonne National Laboratory, stated that although he had originally been very enthusiastic about the future of nuclear generation of electricity, he no longer can give his support to the continued construction of commercial power reactors given the present stage of technology and development. He urges a complete moratorium until a more careful examination can be made of both the dangers of accidents and of sabotage.

The Oil, Chemical and Atomic Workers International Union made up of those people who actually work in nuclear powerplants, have also strongly urged that the Price-Anderson Act not be renewed until issues of reactor safety and the adequacy of its provisions to protect the public in the event of a nuclear accident are resolved. Such criticism by those most closely connected with the workings of nuclear power reactors cannot be treated lightly or ignored. There are 47 nuclear powerplants in operation today. According to the AEC, by 1990, there will be nearly 600 in operation and by the year 2000 only 25 years from now, 60 percent of our electricity will be generated by nuclear reactors. Currently, only 4 percent of our energy is supplied by atomic reactors.

If we continue to consume energy at past rates, by the end of this century the United States will be using twice as much energy as at present if we can produce it. Half of this projected energy growth or nearly five times the present amount will be electrical.

According to the AEC nuclear generating capacity is anticipated to grow to 1,200,000,000 kilowatts by the end of the century—over 80 times the present level of production of 14,700,000 kilowatts from nuclear sources. For comparison, the total electrical generating capacity in the United States for all types was 402,000,000 kilowatts by the end of 1972.

A study by the AEC predicts that there will be 132,000,000 kilowatts of nuclear power by 1980; 280,000,000 kilowatts by 1985; and 1,200,000,000 kilowatts of nuclear power by the end of the century.

Now is the time to decide what the risks of nuclear power reactors are, and whether they are justified by the need for energy. We must deliberately decide, weigh the alternatives before we commit ourselves irreversibly to any particular course of action.

The AEC and the Joint Committee—JCAE—have discounted the validity of any criticism of nuclear reactor safety. The AEC estimates the chances of a serious nuclear accident at one in a million. Critics of nuclear reactors on the other hand disagree with these figures and cite among other data 850 "abnormal occurrences" at nuclear power plants, reported by the AEC in a 15-month period. The AEC and the JCAE on its part, cites preliminary conclusions by Dr. Rasmussen of MIT from a study he was commissioned to do by the AEC.

This study is supposedly the most up-to-date assessment of nuclear reactor safety. Dr. Rasmussen has testified that his study is a very thorough and complete discussion of all issues involved in nuclear safety and that it supports the AEC's position that the threat of a nuclear accident is very low. As yet, however, we have only heard his conclusions and have not seen his data. Before we commit ourselves for another 10 years and probably irreversibly to nuclear power we ought to have all of the facts and the opportunity to evaluate them.

Based on what information has been released, the independent scientific community has already raised questions concerning Dr. Rasmussen's methodology and conclusions.

William Bryan of the National Institute of Applied Research has testified before the Subcommittee on State Energy Policy of the California State Assembly that fault-free analysis, the type of methodology used in the Rasmussen study is useful for comparison purposes only:

> Chairman WARREN. So if someone has said to me, "The likelihood of a particular event occurring is one in one thousand million," that then is totally meaningless. . . .
>
> Mr. BRYAN. Exactly . . . Safety is . . . still as unknown as before you started.

It it as yet a moot point as to what other questions and criticisms will be made when the complete study is released. The report was supposed to have been out early this summer but it is now scheduled to be released in November. If Dr. Rasmussen is able to cite conclusions from his study he should be able to present the basic data. If not we should wait until the data is available.

It is essential on this controversial matter that Congress and the public be fully informed and have the benefit of this as well as other scientific expertise.

In a report on energy commissioned by two California State agencies, the Rand Corp. which is often informally described as a prestigious think tank, or as it more formally and informatively describes itself, it is a "nonprofit public service corporation engaged in research and analysis on problems of the national security and welfare" advised that because of unresolved problems of reactor safety and nuclear waste disposal, State policy should be "go slow." Further, there is no technological solution in sight that could solve the energy crisis within the next 25 to 50 years at current growth rates. The only realistic policy is reduction in the growth rate of energy demand. Not only must this be done, it can be done.

The Rand report specifically points out the problems of the emergency core cooling system which is one of the key accident control systems. This system was designed by computer. It therefore lacks any empirical verification of its safety or effectiveness other than the theoretical, abstract calculations of the computer. When subscale tests of the system were conducted in 1972, the models failed to function properly. Although the necessary experiments on the systems still have not been performed, reactor construction and plans for new construction continue. And, while the safety record to date is good, the type of risk involved in nuclear power technology is of a nature of such catastrophic potential that no long-term decision should be made until the questions of safety and alternative sources have been much more carefully evaluated.

Combining such information concerning the problems of nuclear reactors with increasing reports of poor quality control and documented carelessness in manufacture, operation, and maintenance of the nuclear power systems and potentially catastrophic consequences in the event of any accidents, I am just not convinced at this time that all questions have been adequately resolved and I do not see how Congress can, with any real basis or confidence, favorably pass on this measure as it now stands.

Ultimately, the question becomes whether there is any level of potenital catastrophe that may result from the use of a technology which our society will regard as unacceptably high despite the fact that the technology will yield substantial benefit.

The AEC itself in a task force report on reactor licensing states:

> The ultimate determination of the acceptable level of public risk is actually a matter which should be debated and established in the public arena. It is a political question which cannot be solely resolved by a regulatory or technical decision. It is recognized that technical issues are difficult for the layman to understand. Especially as related to the occurrence of low probability events. In the case of nuclear reactors, the level of risk is presently difficult for even the engineer to quantify, and in fact, it has not yet been firmly established.

To repeat, now is the time for the citizens of this Nation and Congress to fully assess our situation and all possible consequences.

One of the reasons given by the Joint Committee as an explanation for its pressing a renewal of the Price-Anderson Act 3 years before the act is due to expire is that without the law, utility and construction companies will otherwise be reluctant to enter into new contracts for nuclear powerplants scheduled for operation in the mid- and late 1980's. It is feared that it will not be possible to fulfill the energy needs of this country if these plants are not built.

Mr. President, we are discussing the wrong issues today. We should not be discussing giving an emphasis to atomic energy in the hope that the atom will provide an energy panacea for the future. The fact of the matter is, regardless of what we do we cannot meet exponential energy growth. Instead of discussing in a tangential manner energy production for the future we should be discussing the future energy policy of this Nation, and we should be trying to develop a national commitment to long-term energy conservation.

Anthony Lovins, an energy expert of national repute and colleague of Dr. Rasmussen at MIT, made some startling predictions on our lack of an energy policy before the Arabs cut off the flow of crude oil. At a 5 percent yearly increase in energy demand, he noted, we will multiply total demands at least four times by the year 2000.

It is virtually impossible for us to go on increasing the world energy supply at present rates until the year 2000. We cannot multiply energy production by four. Doubling it would be hard enough. The other side of the equation—demand—is going to have to give.

While money at a substantially increased rate should be invested in alternative sources of energy we cannot solve either our immediate or long-range energy problems by hoping production can match or keep pace with demand at the current rate of accelerating consumption.

Dr. Ralph Lapp, a noted nuclear expert and proponent of atomic power argues persuasively that we cannot continue our energy intensive and energy wasteful habits. We cannot hope to meet continued demand.

The Ford Foundation's energy policy project supports this view. The March 31 report concludes, "the most fundamental choice—facing the Federal Government—is a sense of direction about growth of energy consumption."

The Administrator of the Environmental Protection Agency has repeatedly called for the reduction of our national energy consumption by half. The Ford Foundation report states that—

> This country could reduce its demand for energy in half over the next years and not reduce the growth in our standard of living or significantly change lifestyles. To do this would require a determined national effort to install and require energy efficient technology.

This alternative would also reduce the pressure on our finite natural resources and allow more time for the Congress to develop an approach to the energy needs of this country.

These are the issues that must be debated before we decide on the nuclear option. Without this debate we will either be forced to live on a fixed energy budget or the Federal Government will end up rationing energy. We cannot have it both ways. And the lack of public debate on these questions that are currently unresolved could have tragic consequences.

We have the time to decide these questions without jeopardizing energy supply for the next decades.

In order for a nuclear powerplant to come on line and begin to produce commercial power, by the mid-1980's construction will have to start within the next 2 years. We cannot avoid the harsh realities of continued exponential energy growth.

Before we sanction the development of a technology that is relatively new on such a grand scale we should have the most up-to-date information and a clear understanding of our national energy goals.

There are a number of other provisions in the committee's bill that ought not be extended until 1987. Some are more controversial and complex than others, but all demand additional legislative hearings and deliberate action by the Senate.

First, the limit on utility and Government liability seems extraordinarily low. A June 13, 1972 study by the Library of Congress estimates that if $500 million was an appropriate limit for liability in 1957, the combined effects of inflation, of larger reactors and their location closer to population centers would make a minimum indemnity of $2.6 to $3 billion necessary in 1972.

There is considerable controversy over the AEC's 1957 Brookhaven "WASH–740" report. The Senators will recall this report caculated the maximum death and damage from a total release of radioactive material from a 200 megawatt reactor. The report concluded that such an accident could result in the death of 3,400 people, 43,000 injuries, and $7 billion in long term property contamination. A 1965 reactor study to update the 1957 report was never completed. According to then Secretary of the AEC, James Schlesinger, the report was never finished because the researchers determined that 1,000 megawatt reactors were 5 times as large and 5 times as dangerous as the smaller ones.

The conclusion of the AEC Steering Committee for the WASH–740 1964–65 revision states:

> The results of the study suggest that the Price-Anderson liability level should not be reduced. Rather, an increase by a factor of 40 is suggested by the calculations. . . . (USAEC, Working Paper, WASH–740 Revision, December 16, 1964, Document page 87–5).

That would be $22.4 billion, plus an inflation factor. The proposed indefinite liability ceiling is woefully inadequate to compensate the public in the event of a class 9 reactor accident.

The AEC and the Joint Committee have the benefit of the conclusions of a $1 million study that is being directed by Dr. Rasmussen of MIT. The Senate and the independent scientific community have the benefit of his conclusions but not his data to analyze and evaluate. This study is the update of the 1957 Brookhaven and the ill-fated 64–65 report. The study was promised last month, now it will not be available until November. Should we not have the most up-to-date information, not conclusions but facts and figures.

Regardless of what analysis or whose conclusions we use the damage and personal injury that would occur in the event of a reactor accident would far exceed $560 million in 1974 dollars.

Second, one of the gravest failings of the bill is that the act does not provide for payment of damages to all victims of an "extraordinary nuclear occurrence." The bill's statute of limitations is 10 years. Latent cancer resulting from the exposure and irradiation of nuclear material often takes more than 10 years to appear. This short limit would preclude the payment of damages to injured parties. The Senate should know that we are still paying claims resultant from World War II atomic activity on Nagasaki and Hiroshima.

Third, the committee bill determines a direct casual relationship between an accident and a resulting claim for damages. Under the committee bill the claimant would have to produce a preponderance of the evidence to a court in order to establish standing in order to obtain payment for injuries and damage. This is a very different approach from what the country has adopted to settle payments caused by the Nagasaki and Hiroshima bombings. The Atomic Bomb Casualty Commission determines whether a particular person is a bona fide victim by establishing his or her distance from the hypocenter of the radiation source at the time of detonation. That is considered sufficient proof of cause. Proof of damage is determined by medical examinations that detect disease. This is done on a continuing basis and is not subject to a statute of limitations.

Fourth, only the AEC—pursuant to subsection (j)—is required to determine whether or not an "extraordinary nuclear occurrence" has in fact occurred. Such findings are not subject to review by any office or court. The determination as to whether or not an accident has occurred is based upon a finding by the AEC that radiation levels found offsite are "substantial." I would suggest that either the Secretary of Health, Education, and Welfare and the Administrator of the Environmental Protection Agency be added to this decisionmaking group of the determination be made subject to review by the Federal courts.

Fifth, subsection (i) of the bill requires the AEC to report on the causes and extent of damages to the Joint Committee and unless forbidden by Executive order on natural defense grounds. I certainly can understand the rationale for this paragraph in 1954, but I believe the public should have all the information except perhaps in the event of a nuclear war. In that case, it really won't matter.

And finally, there is a good deal of controversy over the deferred payment plan for the assessment levied by the AEC against the utility. Should the utilities pay all of the assessment into an escrow fund to prevent financial default in the event of an accident? Should there be a partial payment? Is the assessment large enough to cover possible liabilities?

The Congress should have the opportunity to reflect and decide each of these important issues.

In summation, there are three major reasons not to extend the Price-Anderson Act until 1987. First, despite assurances from the Joint Committee and the AEC as to the relative safety of the light water reactors the major study, commissioned to reevaluate the Brookhaven Wash 740 and the 1965 update is not available to the Congress. The Congress must have the benefit of the expertise and analyses of the independent scientific community on this major report before the Congress redirects the energy production capacity of this Nation.

Second, this country is quickly approaching a major energy crossroads, a watershed in energy policymaking is perhaps 2 years away. Will the country rely on fossil fuels for its electricity for the rest of this century? We have enough for about 300 to 500 years or will that power come from atomic powerplants?

Is the Congress going to discard conservation of energy as a viable long term energy policy? Are we going to conserve just because we are physically short of energy and then go back to an ever increasing energy intensive economy despite the costs and despite estimates by experts that we cannot meet demands? How does an emphasized nuclear policy relate to the congressional policy of quickly developing alternative energy resources for the same period of service the mid-1980's and early 1990's? Is it not proper and necessary to have these questions debated and considered in a deliberate and thoughtful manner?

A 10-year extension of a bill that has these and other problems will prevent the Congress from even considering these questions. According to the AEC, if the Price-Anderson Act is extended until 1987, by 1990 over 600 atomic powerplants will be in operation. These powerplants will be producing almost 60 percent of all the electricity this country will be consuming. In 1987 when the extension we are considering today comes up for renewal, it will be too late to change directions, too late to weigh the alternatives, too late to plan different approaches.

The AEC is now issuing operating licenses at a rate of about one a month. If we extend the act until 1979 we will allow another 60 powerplants to receive the 40-year federally guaranteed indemnification. During this short extension the country and the Congress will have the opportunity to answer these questions. Prudent decisionmaking on such an issue of public interest and importance demands that the Congress give itself and the Nation the needed time to evaluate the latest data, not the latest conclusions, to weigh the alternatives such as solar power, geothermal gasification, and liquification of coal, to investigate the availability of uranium and the practicability of the breeder; to study conservation, and to decide in a deliberate manner the future energy supply and energy policy of this country.

Mr. President, I ask unanimous consent that the minority views of Representative RONCALIO be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

SEPARATE VIEW OF REPRESENTATIVE TENO RONCALIO

I did not vote to report H.R. 15323 because I think that more time is needed to consider such an important piece of energy legislation. Specifically, time is needed—and is available—to assimilate the findings of a soon-to-be-released Atomic Energy Commission report on the probabilities and counsequences of large accidents at nuclear power plants.

During the course of Joint Committee hearings on the question of insurance to protect the public in the event of a nuclear catastrophe, several witnesses mentioned this report, the Reactor Safety Study, conducted under the supervision of Dr. Norman Rasmussen of the Massachusetts Institute of Technology. The report, we have been told, will "provide a more precise quantification of the probabilities and implications of nuclear accidents . . ." [1]

Dr. Rasmussen testified before the Joint Committee on May 16, 1974. He reported that the Reactor Safety Study is nearing completion and that he is now in the process of reviewing and checking his calculations. He said: "Until that process is finished and we are completely satisfied that, to the best of our knowledge, the results are accurate, I do not think it would be appropriate to discuss the specific results in detail." [2]

Dr. Rasmussen did discuss some general conclusions of his study as they pertain to renewal or modification of the Price-Anderson Act, but the testimony contained little specific data. He said: "At this time, I see no reason for changing the current 560 million dollar limit . . . Of course, completion of the Reactor Safety Study *may shed more light on this matter.*" [3]

I oppose the reporting of these bills out of committee until the completion of this study which, its director says, "may shed more light on this matter." I believe that it is an abdication of its responsibility for this committee to report these bills without the benefit of having all the information currently available on which to base a decision on a policy question of such magnitude. The Reactor Safety Study will be completed and published within one or two months, and the committee intends to hold hearings on the Study's findings shortly thereafter. I think that it best serves the public interest to examine the results of this study, to hear the public comment on these results, and *then*, on the basis of all the information, to construct nuclear insurance legislation. It would be unfortunate for the Committee not to avail itself of this new information, developed over the last eighteen months at a cost to the taxpayers of over two million dollars. Currently, we do not have enough specific data on which to make informed decisions regarding a comprehensive insurance scheme that will adequately protect the public. Therefore, I urge that we not report this legislation until the completion of the Rasmussen Report and until we study its conclusions and recommendations in detail.

RATIONALE FOR QUICKLY REPORTING THIS BILL

This committee has been urged by some to consider the matter of possible modification or extension of the Price-Anderson Act during the present session of Congress, "Because of the long lead times involved in planning new commitments to nuclear power in order to prevent an unwarranted disruption in the planning process for nuclear power plants, such as might result from uncertainty over the future of the Price-Anderson Act." [4]

Let us examine this rationale. The argument states that the Price-Anderson Act must be enacted immediately so that there will be no disruption in the planning process for new nuclear reactors. It is argued that because of the long lead times necessary for the planning and construction of nuclear plants, we cannot wait until even early next year to pass this legislation without causing substantial harm to the industry.

I submit that this is a specious argument. The lead times required for obtaining construction permits (after which a plant is covered) are often less than two years. Even if this argument were true, with over three years still to run until expiration of the current Act, there is ample time to consider the Act. But the fact that the nuclear industry has been planning for nuclear reactors well into the mid-1980's clearly shows that this "uncertainty" is not affecting their actions.[5]

Furthermore, if it is argued that knowledge of the specific insurance method is necessary before utilities can plan for the future, this argument is incompatible with the current legislation. This bill gives the Atomic Energy Commission until August 1, 1976, to determine what the exact retrospective premium plan will be. The bill sets broad limits of $2–5 million per reactor. The Commission is ordered to establish, through a rule-making proceeding, the retrospective premium that would lie somewhere in between. It is likely that this decision will not be forthcoming until shortly before its deadline, August 1, 1976.

This aspect of the legislation further buttresses my contention that haste in enacting this legislation is not as important as we have been led to believe. The nuclear industry is willing to wait until one year before the expiration of the Price-Anderson Act to learn what premiums will be required. And, as I have stated, the utilities are planning to go nuclear in time frames where construction permits would be granted long after August 1, 1977, the expiration date. Therefore, I conclude that no good reason exists to warrant reporting this legislation before the release and review of the Reactor Safety Study. I am joined in this sentiment by many of my colleagues in both Houses, and I am including letters from them expressing this support in an appendix to my views.

PROTECTION OF THE PUBLIC

My major concern with this legislation is that the public will not be adequately compensated in the event of a major nuclear power plant accident. I believe there are two major defects in this legisaltion. The first problem is the retention of an artificial limit on the amount of money which will be available to compensate the public in the event of an accident. This problem as it existed over the last twenty years was highlighted in a discussion of the current Price-Anderson Act by the Columbia University Study; *Issues of Financial Protection in Nuclear Activities.*

"The Act thus did not fully achieve the legislative goal of assuring compensation to the public . . . the decision to limit liability—represents a determination that a major share of the costs of an accident should be borne by its victims" . . .[6]

Further, in the new legislation, we continue to limit liability at a relatively low level. For the near term, in fact, the liability will still be placed at $560 million. It will gradually float upward to $1–2 billion. From AEC estimates of the possible damages resulting from a nuclear power plant disaster, these amounts are woefully inadequate. In several places the committee hints that, in the case of an accident which surpasses in damages the limit of financial protection afforded nuclear reactors, the Congress would pass a supplementary appropriation to compensate the victims. This appears to negate the purpose for which the Price-Anderson Act was originally enacted: that is to provide quick, adequate compensation for the public, to spare them the anxiety and grief which would attend a delay in obtaining relief, and to minimize and expedite the administrative and legal complications that are always involved in trying to mitigate the effects of a disaster. I believe that in order to fulfill these goals, full compensation should be guaranteed to the public by this law. Reliance on quick Congressional response to a catastrophe is inappropriate and is not supported by history. Because of this, I believe that we should more fully explore other possible insurance programs which would provide full liability coverage or we should explore the possibilities more fully of allowing the Price-Anderson to lapse. After all, Chairman Dixy Lee Ray was asked in an interview in the *National Journal* of March, 1973 if she thought the Price-Anderson Act should be allowed to lapse. She answered

"I think it's absolutely the thing to do. The Price-Anderson Act came into effect at a time when there was no nuclear industry at all, at a time when we didn't really know whether is was commercially feasible to develop nuclear power plants, but now it's been proved that it is. It's been proved they can operate; the insurance companies are willing to insure them.

"She said there were no difficulties with

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nuclear industry assuming full liability; "No, in fact the plan is that they will do the same thing they do in a great many industries, have pool insurance. The only thing that has prevented it is the Price-Anderson Act. Why should the industry do it if the Government has been?"[7]

The second defect in this legislation concerns what I feel must be the cornerstone of this coverage: the *quick* and orderly compensation of victims of a nuclear accident. In order to compensate the public quickly, there must be available liquid assets from which to draw. Unfortunately this bill proposes the establishment of a "retrospective" or "deferred" premium in which premiums would only be assessed by the Commission in the event of a nuclear power plant disaster. The licensees would not be required to hold these premiums as cash. Thus, in order to pay its premium on demand by the Commission each utility would either have to use whatever assets are currently available, or more likely would have to immediately raise a substantial amount of funds. Not only would this process take a great deal of time, but it could wreak havoc within our financial system. Consider the scenario of several hundred utilities borrowing substantial sums of money or floating new bond issues at the same time. For these reasons I feel that the retrospective premium system as outlined in this legislation is inadequate. It is eminently more reasonable to require the Atomic Energy Commission to assess these premiums on the utility at the time of licensing or on a yearly basis, and hold the funds in escrow.

There is a further flaw in the committee's system of retrospective premiums. The possibility exists for a gap in coverage. This gap would occur if any utility defaulted on its obligation to pay its premium and if the full amount, or more than the full amount of financial protection was needed. This legislation addresses this problem in a vague manner:

"The Commission shall establish such requirements as are necessary to assure availability of funds to meet any assessment of deferred premiums within a reasonable time when called for, and may provide reinsurance or guarantee the payment of such premiums in the event it is not feasible to assure their payment through the resources of private industry and insurance."

Thus this section allows the Government to guarantee any defaulted premiums. The ultimate insurer, then, is still the Federal Government, contrary to the expressed wish of this Joint Committee.

If this is allowed to continue in this legislation, at least the Commission should be explicitly given the power to order whatever sanctions are necessary, including fines and revocation of licenses of those plants who default on their premium payments after a major catastrophe.

My final comment concerns the desire of this committee to break with precedent and tradition and extend the coverage provided by this Act for twenty years, until August 1, 1977. I firmy believe that such a step would be wrong and dangerous. The past few years have amply demonstrated that the rate of change in the field of nuclear energy is accelerating. Who can be sure what lies ahead? What new developments may render this Act, or the coverage it provides, obsolete or inadequate? The requirement of this proposed legislation that the agency review the insurance system in the years is not satisfactory. The members of the Joint Committee have the ultimate responsibility to the people of this Nation for protection in the event of a nuclear catastrophe. Extending this Act until 1977 does not acknowledge that the potential changes over the next twenty years—the introduction of a breeder economy, commercial fuel enrichment plants, possible use of fusion—may be so great as to warrant, long before 1977, radical changes in this legislation. Without the assurance—provided by an earlier expiration date, that the Congress, the elected representatives directly responsible to the people, and not the agency, will review this legislation, we are abdicating our public trust.

On June 12, this committee called Chairman Ray back before it to give her an opportunity to refute her remarks of March 1973 which I have quoted herein. This strategy was used after the Joint Committee examined my separate views in an attempt to negate them. I find this procedure extraordinary to recall Dr. Ray to testify after hearings have ended; one day after mark up was originally scheduled, and the day prior to an open mark-up of this legislation.

Dr. Ray noted that she has had time to reassess her views on the need for the Price-Anderson Act since her remarks of last year. The previous Chairman of the Atomic Energy Commission, James R. Schlseinger, made the following remarks as he was leaving the AEC in a statement before this committee on January 23, 1973:

"Let me say this, in passing, since I am on my way out of this job, that I would recommend, I would personally feel that when the Price-Anderson Act comes up for reexamination that we substantially amend or phase out that act, because this industry has built up to the point that it can underwrite the cost itself of these very improbable accidents."

This committee could do greater service to the best interests of the American public if this bill were delayed. After weighing all of the defects in this legislation and after listening to the scientific and consumer testimony which spoke against this legislation, I feel that I must oppose the enactment of this renewal of the Price-Anderson Act at this time.

TENO RONCALIO.

[Exhibits supplied by Representative RONCALIO follow:]

FOOTNOTES

[1] AEC News Release, June 27, 1973.

[2] Testimony of Norman Rasmussen before the Joint Committee on Atomic Energy, May 16, 1974, page 9.

[3] Op. cit.

[4] Committee Report, page 2.

[5] Many plants which will come on line years after the expiration of the current Price-Anderson Act have already been ordered. 1980: 26 plants, 1982: 20 plants, 1983: 14 plants, 1984: 6 plants, 1985: 1 plant, and 1986: 2 plants.

[6] Columbia University Study, *Issues of Financial Protection in Nuclear Activities*, pp. 2–4.

[7] Statement of Dixy Lee Ray, *National Journal*, March 1973.

Mr. NELSON. Mr. President, I ask unanimous consent to have printed in the RECORD an article entitled "Nuclear Power: Risk, Liability, and Indemnity," by Prof. Harold P. Green, published in the Michigan Law Review in January 1973.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From Michigan Law Review, January 1973]

NUCLEAR POWER: RISK, LIABILITY AND INDEMNITY

(By Harold P. Green*)

In 1946, the Congress of the United States enacted the original Atomic Energy Act[1] as the framework for development, control, and use of atomic energy. This Act provided for the transfer to the new Atomic Energy Commission (AEC), a civilian agency, of the entire atomic energy program which to that point had been conducted by the Manhattan Engineer District, a creature of the United States Army. The Act contemplated that the heart of the nuclear technology—the production of special nuclear material[2] and the use of special nuclear material in both military and civil applications—would be a government monopoly. All special nuclear material in existence and to come into existence was to be owned by the government, and private persons were prohibited from owning or possessing special nuclear material and facilities for producing or utilizing special nuclear material.

Although the AEC, acting under the 1946 Act, was primarily concerned with the development of nuclear technology for military purposes, it also undertook research and development in connection with peaceful uses of the technology, including nuclear power. Almost all of such research and development took place at the AEC's government-owned installations at geographically isolated sites.

The Atomic Energy Act of 1954[3] revised and superseded the 1946 Act. The basic premises of the 1946 Act and the statutory prohibitions against private production, possession, and use of special nuclear material were abandoned. It was now possible for private persons to construct, own, and operate nuclear reactors for production of industrial heat and electric power and for other peaceful purposes; such activities, however, were subject to a stringent federal licensing scheme, administered by the AEC and designed primarily to protect the health and safety of the public against the radiation of the new technology.[4]

This 180 degree turn in the basic national policy with respect to atomic energy was prompted by a number of factors. By 1954, it had become clear that the "secrets" of atomic energy were readily available to other nations. Britain and the Soviet Union had developed nuclear weapons, and both had the capability for developing peaceful uses of atomic energy. Within the United States, AEC research and development had expanded nuclear reactor technology to the point at which civilian nuclear power seemed to be an imminent reality. Privately owned utilities and industrial concerns were clamoring for the opportunity to invest their own funds in the development and exploitation of nuclear technology. Economic policy questions were raised as to whether atomic energy, which was almost certainly a basic industry of the immediate future, should remain an "island of socialism" in our free enterprise, competitive national economy. Finally, faced with a race with other nations for development of the peaceful uses of atomic energy, it was believed that the goal of atomic power at competitive prices would be reached more quickly if "cost-cutting and other incentives of free and competitive enterprise"[5] were substituted for development solely under government auspices.

With enactment of the 1954 Act there was a rush of private industrial and business interest and activity into atomic energy technology. This was, however, only an ephemeral phenomenon. Faced with the hard economic facts, many firms that had expressed an interest and taken the plunge soon concluded that merely breaking even, let alone making a profit, lay in the relatively remote and uncertain future. The absence of short-term potential, coupled with the necessity for reliance on the AEC for special nuclear material for use as fuel and essential materials and services, quickly chilled the enthusiasm of private enterprise. To create a more favorable financial environment, the AEC offered various forms of economic incentives and inducements to spur private investment.[6] Notwithstanding these subsidy-type programs, a major roadblock remained, pri-

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marily in the nuclear power segment of the industry. This obstacle was the problem of potential public liability: the remote possibility of an accident that could result in damages giving rise to public liability claims of astronomic proportions. The roadblock was removed in 1957 through enactment of the Price-Anderson Act,[7] a much discussed but little understood (in its policy bases and implications) and unique approach to technological advance in the public interest.

I. EVOLUTION OF THE PRICE-ANDERSON ACT OF 1957

The problem of potential liability can be described simply. The major hazard in the operation of nuclear power plants is in the accumulation of radioactive wastes known as "fission products" in the reactor as it is operated. The fuel elements in which the accumulation occurs are periodically removed for reprocessing and replaced. So long as the fission products are contained in the reactor, there is no possibility of catastrophic accident. If, however, an accident were to occur resulting in release of the fission products into the environment, the damage caused could be enormous because of their long-lived toxicity; fission products are more toxic per unit weight than any other industrially known material by a factor of a million to a billion.[8] The extent of the damages caused would turn upon three factors: the quantity of fission products released, the prevailing meteorological conditions that control the dispersal of the released products, and the demographical and geographical characteristics of the area into which the products are dispersed.

Clearly, the industry recognizes the hazards of nuclear technology. Great care is taken in designing, constructing, and operating nuclear power plants, and the AEC licensing and regulatory program that involves multiple levels of independent safety review is extremely stringent. Nevertheless, in 1956 and 1957 the nuclear power industry was not prepared to proceed on the assumption that such an accident—involving a new technology with many unknowns not yet proved in the crucible of experience and subject to the vagaries of human fallibility—would not occur.[9]

Although the risk of a serious accident was generally regarded as extremely remote—infinitesimally small, some said—there was great concern about the enormous, indeed astronomical, damage that might result in the event such an accident in fact occurred. Despite this concern, there was a considerable reluctance on the part of industry spokesmen, AEC officials, and members of the Joint Committee on Atomic Energy to quantify the potential damages in dollar terms Industry spokesmen preferred to relate the magnitude of such damages to the assets or net worth of their companies. The reluctance to estimate specifically the potential damages is illustrated in the following colloquy between Joint Committee Chairman Anderson and Charles J. Haugh, who appeared on behalf of the Association of Casualty and Surety Companies. Mr. Haugh had referred to a statement by AEC Commissioner Libby referring to "the very remote event that we had a horrible catastrophe and a hundred percent of the fission products were released . . ."[10]

Chairman ANDERSON. But that damage was only about $200 million.

Mr. HAUGH. [T]here are various opinions and various estimates that have been made . . . as to the possible, not probable, sir, but possible, costs, under the most favorable conditions. I hesitate on all of this, because apparently the only thing that appeals to the press is big figures, and it gets out and sounds as if we thought these things were going to blow up by the dozen.

Chairman ANDERSON. . . . You say estimates have been proposed.

Mr. HAUGH. That is right.

Chairman ANDERSON. I do know some other estimates have been proposed, and one of them was shown to me, but shown to me in such a fashion that I must not reveal it, or talk about it.

Mr. HAUGH. That must have been the same one I saw, sir.

Chairman ANDERSON. Yes. Do you not think it would be nice if we got that thing in the record someplace?

Mr. HAUGH. I am under the same wraps that you are . . . .

Chairman ANDERSON. This has nothing to do with "Q" clearance. This one I saw was by an organization that just said, "We do not want to sponsor this, but we think the damage can run to $5 billion. . . ." It was a composite of a hundred guesses. And it would be interesting if we could put that in the record, but nobody wants to put in the record the basis.[11]

Specific figures finally emerged with the release in 1957 of a study prepared for the AEC by its Brookhaven National Laboratory.[12] The *Brookhaven Report* concluded that in the event of a serious accident (in a nuclear power plant of the general type then contemplated at a typical location) resulting in release of all accumulated fission products as many as 3,400 people might be killed; as many as 43,000 people might be injured; and as much as 7 billion dollars in property damage might result, largely from long-term land contamination.[13] It must be understood, however, that these figures were based on extreme assumptions involving combinations of circumstances that are regarded as incredible by knowledgeable experts. *But it is clear from testimony on the Price-Anderson Act that even industry spokesmen visualized the possibility of liability substantially in excess of 500 million dollars.*[14]

Ordinarily, business enterprises whose activities may result in public liability seek protection in the form of liability insurance. Unfortunately, however, the problem was beyond the capacity of the insurance industry for two principal reasons. First, the insurance companies had no experience with the risks of nuclear reactors. Second, the amount of the potential liability was many orders of magnitude beyond the capacity of the insurance industry.[15] Nevertheless, insurance companies were not prepared to accept the prospect of a system of government insurance devised so as to freeze them out of a potentially lucrative type of business. Accordingly, it was made known during legislative consideration of the Price-Anderson Act that the private insurance industry would be able to offer liability coverage in an amount ranging from 50 million dollars to 65 million dollars.[16] Insurance spokesmen stated that this would be four times greater than any public liability policy previously available to any single American industrial plant.[17] Indeed, it was pointed out that requests for coverage in excess of 10 million dollars were very rare.[18] Even this unprecedented amount of coverage was, however, regarded as inadequate by the atomic energy industry.

During the legislative consideration of the Price-Anderson Act, it also became clear that the nuclear industry regarded the insurance problem as a "roadblock" to private development of nuclear power technology. Utilities and equipment suppliers that had taken the lead in nuclear power projects were publicly expressing their inability or reluctance to risk their solvency, all the assets of their stockholders, and the very existence of their companies on the remote possibility of a major nuclear catastrophe that was insurable to only a limited extent.[19] The AEC itself had previously characterized the insurance issue as "serious" and expressed doubt "that this problem can remain unresolved for a period of two or three years without impeding the construction and operation of privately operated nuclear power reactors."[20]

Even the staging of the public hearings involved some difficult problems for the Joint Committee on Atomic Energy and the AEC.[21] A major difficulty was that the insurance problem cut across the basic political issue regarding the respective roles of private investment and government investment in nuclear power technology.[22] Republican members of the Joint Committee, consistent with the Administration's position, urged that the job be left primarily in the hands of private enterprise. Democratic members were pressing to accelerate the nuclear power program through enactment of the Gore-Holifield bill,[23] which called for investment of public funds in several demonstration plants to be owned and operated by the AEC. The asserted necessity for a commitment of federal resources to underwrite potential liability of private industry made it possible for the Democrats to argue that if industry required a subsidy or government assumption of risk, perhaps the government should enjoy all of the benefits of ownership.

A second and more serious difficulty lay in convincing Congress that the government "backstop" was necessary. Stated simply, the dilemma was that the legislation sought could be justified only upon a showing that nuclear power involved extraordinary risk. Yet, to demonstrate this extraordinary risk would tend to frighten the public and the Congress—and perhaps lead to delays in the development and use of nuclear technology.

The final dilemma in presentation of the issue at the Joint Committee hearings involved the relative importance of the two objectives of the legislation: (1) to eliminate the liability roadblock to private development of nuclear power, and (2) to provide assurance that the public would be compensated for losses resulting from a serious accident. The initial indemnity bill submitted by the AEC[24] stressed the former objective. As an AEC official testified: "[W]e have not approached this from the standpoint of disaster insurance to protect the public . . . we are trying to remove a roadblock that has been said to interfere with people getting into this program. . . ."[25] The general view of the AEC was that its safety review procedures were adequate to protect the public and that the proposed legislation was for protection of industry.[26] Thus, the AEC bill did not provide for indemnity protection in any minimum amount but rather left each nuclear power plant owner free to buy from the AEC as much indemnity protection as he wanted. Moreover, under the original AEC bill the AEC financial obligation did not arise if the loss occurred by reason of bad faith, willful misconduct, or gross negligence on the part of the person indemnified.[27] However, as a result of highly critical questions and comments by members of the Joint Committee,[28] it soon became clear that protection of the public against uncollectible damage claims was of concern to Congress. Nevertheless, removal of the roadblock to private development and use of nuclear power remained the primary objective, since, obviously, if nuclear power plants were not built, the public would not require assurance of compensation against injury resulting from nuclear power plant accidents.

In June 1956, the Joint Committee reported out the Price-Anderson bill,[29] but the bill was not considered on the floor of either house since its fate had been tied to consideration of the Gore-Holifield bill, which was reported out by the Joint Committee at about the same time.[30] The Gore-Holifield bill reflected a lack of confidence by the Democratic members of the Joint Committee in the ability of private enterprise to develop nuclear

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power technology on an appropriate time scale. The bill sought to accelerate the development of nuclear power by authorizing and directing the AEC to proceed with the immediate development construction, and operation at isolated AEC facilities of several commercial-size nuclear power plants to demonstrate their economic feasibility. Whereas the Eisenhower Administration strongly supported the Price-Anderson bill, it strongly opposed the Gore-Holified bill.[31] The latter bill was passed by the Senate but rejected in the House, thereby dooming prospects for enactment of the Price-Anderson bill in 1956.

Pressure for enactment of the Price-Anderson bill continued into 1957, and the Joint Committee scheduled new hearings on the bill.[32] The ultimate pressure was applied when the General Electric Company, one of the two primary suppliers of nuclear power plants, informed the Joint Committee categorically that it would withdraw from the nuclear power business if legislation such as the Price-Anderson bill were not adopted.[33] Once again the Price-Anderson bill was reported out by the Joint Committee.[34] This time it was passed by the House by voice vote after debate and by the Senate without debate.

II. THE BASIC PROVISIONS OF THE 1957 PRICE-ANDERSON ACT

The provisions of the Price-Anderson Act[35] are complex, but their basic elements can be easily broken down. First of all, they require, as a condition of each construction permit and operating license issued by the AEC, that the licensee have and maintain financial protection to cover public liability claims.[36] Although the AEC has discretion to determine the amount of such financial protection, the statute requires that licensees of facilities designed for the production of substantial amounts of electricity with a rated capacity of 100,000 electrical kilowatts or more carry "the maximum amount [of financial protection] available from private sources."[37] Since the insurance industry was offering 60 million dollars of coverage in 1957, this meant that each licensee of a nuclear power plant was required to carry this amount of financial protection. The financial protection, however, was not required to be in the form of such insurance, but could consist of private contractual indemnities, self-insurance, other proof of financial responsibility, or a combination of these.[38] Second, whenever financial protection was required, it was mandated that the licensee enter into a 500 million dollar indemnity agreement with the AEC.[39] Although the indemnity agreement is between the AEC and the licensee of a nuclear power plant (the utility running the plant), it operates to indemnify and hold harmless not only the utility, but also any other person who might be liable[40] as a result of a "nuclear incident," defined to include

> any occurrence . . . within the United States causing, within or outside the United States, bodily injury, sickness, disease, or death, or loss of or damage to property, or loss of use of property, arising out of or resulting from the radioactive, toxic, explosive, or other hazardous properties of source, special nuclear, or by-product material. . . .[41]

Since in drafting its insurance policies the insurance industry followed the pattern of the indemnity provisions of the Act, the effect of the Price-Anderson Act is to extend both the insurance and indemnity coverage to any person who may be liable on account of a nuclear accident.[42] Thus, as the Joint Committees' report on the bill makes clear, the indemnification "extends to such persons as the subcontractors of the licensee, including those responsible for the design and construction of the reactor and the supplying of parts."[43] Coverage is not limited, however, to persons in contractual privity with the licensee, but also applies to strangers. As the Joint Committee pointed out, if negligence in maintaining an airplane motor should cause an airplane to crash into a reactor causing a nuclear incident damaging the public, the airplane company's liability would be covered.[44] Thus, the insurance and indemnity coverage would apply in the case of every nuclear incident and would protect each and every person who might have liability regardless of that person's relationship with the licensee.

The purpose of this broad coverage was obviously to ensure a mechanism for compensating injured members of the public in the event of any nuclear incident regardless of the identity of the causal agent. On the other hand, it should be noted that the original Price-Anderson Act did not provide absolute financial protection to the public, since neither indemnification nor insurance coverage applied unless persons were found liable under the applicable state law. Thus, if a court in applying applicable state law, did not find fault or negligence to be a cause of a nuclear incident or did not apply principles of res ipsa loquitur or absolute liability, then the public would go uncompensated for damages sustained.[45]

Another important provision of the Act placed a ceiling on aggregate liability at an amount equal to the 500 million dollar indemnity plus the amount of private financial protection required.[46] Accordingly, since the private protection required at the time Price-Anderson was enacted was 60 million dollars,[47] the Act cut off all liability in excess of 560 million dollars, including costs of investigating, settling, and defending claims. Upon a showing that public liability would probably exceed this amount, a United States District Court with bankruptcy venue over the location of the nuclear incident was required, on application of the AEC or any indemnified person, to issue orders designed to apportion the available 560 million dollar fund among claimants.[48] the thrust of this provision is obvious. The Price-Anderson Act does not fully protect the public against loss resulting from a nuclear incident, even when liability has been established, if aggregate liability exceeds 560 million dollars. Moreover, the Act insulates the nuclear industry from any possible liability that is not covered by the insurance and indemnity arrangements.[49]

In considering the legislative history of the Price-Anderson Act, as enacted in 1957, two remarkable facts should be noted. First, the transfer of the financial risk of liability from the industry to the government represented a complete repudiation of one of the basic premises of the Atomic Energy Act of 1954. Although that Act permitted private possession and use of special nuclear material, ownership of special nuclear material was exclusively in the government until 1964. This material, however, was made available by lease to licensed utilities for use as fuel in nuclear power plants. One of the statutory conditions of such leases was that the licensee indemnity and hold the United States harmless against liability claims that might arise out of the use of the leased special nuclear material.[50] The Price-Anderson Act in effect repealed this provision and, thus, made the United States liable to the extent that liability claims exceed the limited private insurance protection.[51]

Second, the story of the liability roadblock reflects consummate "gamesmanship" that does not cast industry, the AEC, or the Joint Committee in a favorable light. The fact that potential liability would be a substantial deterrent, even if not a "roadblock," to the fledging nuclear power industry was well recognized by all parties when the 1954 legislation was being considered. Nevertheless, in the entire published[52] legislative history of the 1954 Act there is only one reference to the problem.[53] The writer was an attorney in the Office of the General Counsel of the Atomic Energy Commission in 1953 and 1954 and was intimately involved in the drafting of the legislation. There was an understanding, tacit at least, that the liability problem would not be injected into the consideration of the legislation, lest enactment be jeopardized by public apprehension. There was time enough to raise the problem, it was felt, after the bill had become law.

Indeed, it did not take long for the issue to surface. Almost immediately upon enactment of the statute, spokesmen for the industry began to discuss "the insurance problem."[54] On February 1, 1955, less than seven months after the President had signed the bill, the General Counsel of the AEC told the Joint Committee: "Damages from a major accident, if one should occur, might well be beyond the capacity of most companies and communities to handle and cannot now be fully covered by insurance."[55] And spokesmen for industry told the Committee:

"It now seems unlikely that private industry will ever be able to underwrite the whole risk of atomic accidents, but it should be able to carry a substantial amount of the load. Meanwhile, private persons may be unwilling to risk all their possessions and utility commissions may be unwilling to allow utilities to risk their assets essential for the regular public service in an endeavor to tame a new force which conceivably might destroy them in the process."[56]

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"The potential damage might be much greater in dollar magnitude than the net worth of the station operator or the manufacturers of the generating equipment and auxiliaries, and hence self-insurance is not possible. Insurance companies have thus far not been willing or able to write insurance for this extraordinary risk."[57]

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"The aggregate amount of such claims could easily exceed the resources of any private insurance underwriter, or even groups of underwriters. These possibilities suggest that, for some time to come, Government must provide the enforcement and inspection agencies and insurance underwriters with a legal umbrella relieving them, in part, of the incalculable risks until experience results in reduction of the risks to reasonable commercial dimensions."[58]

As noted above, by 1956 the problem was openly characterized as a "roadblock," and the AEC was speaking of it as a "serious" impediment to the development of nuclear power.[59]

III. EXPERIENCE UNDER THE PRICE-ANDERSON ACT: 1957–1972

As originally enacted in 1957, Price-Anderson was regarded as temporary legislation. Although the requirement for financial protection as a condition of securing a nuclear power license was in the nature of permanent legislation, the indemnity provisions of the Act were applicable only to licenses issued between August 30, 1954, and August 1, 1967.[60] When a license was issued within this period and an indemnity agreement was entered into between the AEC and the licensee, the indemnity remains in effect for the forty-year period of the license.[61] Moreover, since the cut-off of aggregate liability at 560 million dollars was applicable to the aggregate liability of all "persons indemnified,"[62] the limitation on liability would remain in effect beyond August 1, 1967, for the full term of such licenses. The AEC was, however, precluded from entering into indemnity agreements whenever a license was issued after August 1, 1967, and, therefore, the cut-off of liability would not be applicable to nuclear incidents in such subsequently licensed facilities. The termination of authority to

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enter into indemnity agreements was based on the hope that by that time "there will be enough experience gained so that the problems of reactor safety will be solved and the insurance people will have had experience on which to base a sound program of their own." [63]

Experience during the first eight years of the Price-Anderson Act was eminently satisfactory. The deterrent to private investment in nuclear power had been removed, as evidenced by the existence of over one million electrical kilowatts of nuclear power generating capacity by 1965. Moreover, there had been no nuclear power plant accidents causing injury to the public.[64]

In 1965, the AEC and the Joint Committee undertook consideration of a possible extension of the Act, and hearings were held by the Committee in June of that year. In contemplation of these hearings, it was announced that the AEC had commissioned the Brookhaven National Laboratory to conduct a new study to update its 1957 *Report* on the theoretical possibilities and consequences of a major nuclear power plant accident. The results of this study have never been made public, presumably to avoid unduly alarming the public.[65] The Chairman of the AEC did, however, inform the Joint Committee by letter dated June 18, 1965:

"Reactors today are much larger than those in prospect in 1957, their fuel cycles are longer and their fission product inventories are larger. Therefore, assuming the same kind of hypothetical accidents as those in the 1957 study, the theoretically calculated damages would not be less and under some circumstances would be substantially more than the consequences reported in the earlier study."[66]

On August 20, the Joint Committee reported a bill [67] to extend the authority of the AEC to enter into indemnity agreements for an additional ten-year period to August 1, 1977. It was the Committee's view that the "experience in this field is not yet sufficiently great nor the technology sufficiently developed, that it is possible to deny the theoretical possibility" of a catastrophic accident.[68] Moreover, based on the testimony of every witness representing the nuclear industry, the Committee concluded that the then potential threat of uninsurable liability was probably as great a deterrent to "necessary industrial participation" in nuclear power as it had been in 1957.[69]

The bill as reported by the Joint Committee, and ultimately enacted,[70] also reflected the willingness of the insurance industry to increase the amount of liability insurance available. At the urging of the Joint Committee, the insurance industry agreed that it would, effective January 1, 1966, provide liability coverage in the amount of 74 million dollars, approximately a twenty-five per cent increase.[71] The Joint Committee concluded that aggregate coverage under the insurance and indemnity arrangements should remain at 560 million dollars. Accordingly, the Act was amended to limit the amount of the government indemnity to 500 million dollars less the amount by which privately available financial protection exceeds 60 million dollars.[72] The effect of this was to reduce the government's indemnity exposure from 500 million dollars to 486 million dollars and to retain the liability cutoff at 560 million dollars.

During the course of its consideration of the 1965 legislation, the Joint Committee became concerned about the possible need to improve the Price-Anderson Act to enhance the financial protection of the public against the possibility of a serious nuclear power plant accident. By the terms of the Act, the indemnity was available only when the claimant established that legal liability existed, and the Act left undisturbed the basic principle of American law that liability is to be determined under applicable state law. Unless, under the circumstances of a particular nuclear incident, applicable state law provided for imposition of liability without fault under some variant of the principle of *Rylands v. Fletcher*,[73] a claimant could recover under the indemnity only if negligence could be established. Since only a minority of American states have accepted the principle of strict liability, it appeared likely that in many cases financial protection of the public would be available only if fault could be established. Moreover, the requirement that fault be proved might present an insurmountable obstacle to recovery, since much of the relevant evidence would likely to be destroyed or rendered unavailable for many years in the event of a serious nuclear accident.[74]

Even if fault could be established or applicable state law provided for liability without fault, other problems existed that might impair financial protection of the public. These problems arise from the effect of radiation on human beings. When an individual is exposed to a large amount of radiation, somatic injury may be immediate and apparent. At lower levels of exposure, however, the radiation may produce a latent injury that does not become manifest until sometime in the future, perhaps years later.[75] Thus, recovery may be precluded by operation of the applicable state statute of limitations. And, quite apart from the problem of limitations, since radiation injuries are nonspecific, a plaintiff faces immense difficulties in his effort to establish a causal connection between his exposure to radiation resulting from the nuclear incident and an illness that becomes apparent at a later date.[76] Finally, exposure to radiation produces undesirable genetic mutations that become manifest only in later generations,[77] and may also result in a general life-shortening effect.[78] Neither genetic injury nor life-shortening is presently adequately cognizable in American courts as giving rise to liability.[79]

Thus, although the original Price-Anderson Act provided more financial protection for the public than would have otherwise existed (assuming, of course, that private investment would have gone forward even without the 1957 legislation), it clearly did not provide a mechanism that would assure that all persons injured in a nuclear incident would receive monetary compensation. This situation led to recommendations that Congress enact legislation to establish a federal law of strict liability with respect to nuclear incidents so as to assure, regardless of applicable state law, that the benefits of the Price-Anderson Act would be available to all persons equally without the need to establish fault.[80]

Thus, when it reported out the 1965 bill extending the indemnity provisions of the Act until 1977, the Joint Committee identified three areas warranting further review: first, the adequacy of state tort law and whether the Price-Anderson Act should be amended to establish a federal basis of liability for nuclear incidents and to provide a means for consolidation of suits resulting therefrom; second, the adequacy of state statutes of limitations, considering the fact that radiation injuries are frequently latent for many years; and third, the difficulty of establishing causal relationships in radiation injury cases.[81] The Committee was troubled by the possibility that persons injured as a result of a nuclear incident would be "subjected to a series of substantive and procedural hurdles which would prevent the speedy satisfaction of a legitimate claim" [82] and expressed determination that "the promise to the public, contained in the Price-Anderson Act, will not prove to be an illusory one." [83] Accordingly, it was stated that hearings on this subject would be held at an early date.[84]

The promised hearings were held in July 1966, and a bill was reported [85] on September 14, 1966, and enacted in due course, to establish, in effect, absolute liability for nuclear power catastrophes.[86] It accomplishes this, however, in a rather indirect manner. The possibility of federal legislation directly and explicitly establishing a rule of absolute liability in the event of a serious nuclear power plant accident was considered and rejected by the Joint Committee for four reasons. First, a federal rule of absolute liability could inhibit the development and use of nuclear power by singling out the nuclear industry as one for which extraordinary rules of liability are necessary, thereby "stimulating public apprehension of the potential dangers of atomic activities" and subjecting the industry to a series of harassing and unfounded claims.[87] Second, such a measure would not be consistent with the principle of the Price-Anderson Act that there be interference with state law only to the minimum extent necessary.[88] Third, it would be difficult to obtain a consensus on any such bill since "the principles of strict liability are not entirely well defined, and many aspects of this problem are subject to dispute among courts and legal scholars.[89] Moreover, creation of a federal tort would require consideration of such matters as proof of damages, causation, and the possible continued validity of portions of state law.[90] Finally and "most important of all, perhaps," said the Committee, was the fact that the nuclear industry strongly preferred the Joint Committee's alternative approach.[91] Therefore, the legislation included a "unique system of waivers," thereby avoiding the "differences of opinion" surrounding an absolute liability statute and providing a "strong indication of continuing and strengthening the partnership between Government and private industry . . . ." [92]

The net effect of the ingenious provision for waiver of certain defenses is absolute liability. The AEC is authorized to require inclusion of provisions in both existing and future indemnity agreements with licensees and in insurance policies furnished as proof of financial responsibility whereby persons indemnified and their insurers waive certain rights. First, they waive "any issue or defense as to the conduct" [93] of the claimant. This is intended to eliminate any question or defense as to contributory negligence or assumption of risk.[94] Second, persons indemnified and their insurers waive "any issue or defense" as to the "fault of the persons indemnified. . . ." [95] This, of course, establishes absolute liability. Third, the enactment provides for a waiver of "any issue or defense based on any statute of limitations if suit is instituted within three years from the date on which the claimant first knew, or reasonably could have known, of his injury and the cause thereof, but in no event more than ten years after the date of the nuclear incident." [96] The statute further provides that such waivers are to be judicially enforceable by the claimant.[97]

The waivers do not, however, apply in all cases of nuclear incidents, but only to a nuclear incident that is an "extraordinary nuclear occurrence." [98] This term is defined to mean an event causing the dispersal of nuclear material that the AEC determines has resulted or will probably result in substantial damages to persons or property off-site.[99] Although the AEC is required to establish written criteria denoting the basis upon which such a determination will be made,[100] that statute provides that such a determination "shall be final and conclusive, and no other official or any court shall have power or jurisdiction" to review it.[101] It is the AEC's determination, after the event, that there has been an extraordinary nuclear occurrence that triggers the applicability of the waiver of defenses. Thus, in the case of a "nonextraordinary" nuclear incident, defendants would have all defenses

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available to them, and liability would be determined under traditional tort law.

The 1966 amendments also included other additions to the Act. Provision was made for "emergency assistance payments" to injured persons, without requirement of a release or compromise of claims, pending final resolution.[102] In addition, in the case of suits arising out of an extraordinary nuclear occurrence, original jurisdiction is vested in the United States District Court in the district in which the occurrence takes place, and any action brought in any other federal or state court may be transferred to such district court on "motion of the defendant or the Commission." [103] Finally, when the court determines that public liability may exceed the limit of aggregate permissible liability with respect to any nuclear incident, procedures are spelled out for the apportionment and payment of claims with due regard to possible latent injury claims that may not be discovered until a later time.[104]

Although the 1966 amendments clearly enhance the financial protection of the public against reactor catastrophe, they are not panaceas. The difficult problem of proving a causal link between a nuclear incident and delayed radiation injury remains, as does the problem of financial compensation for genetic injury and lifeshortening.[105]

Finally, to round out the history of the Price-Anderson Act since 1957, it should be noted that the insurance industry increased the amount of liability insurance available to 82 million dollars in 1968 and to 95 million dollars in 1972.[106] Meanwhile, the nuclear power industry's excellent record of safety has continued. Although there have been malfunctions and accidents in nuclear power plants, there have been no accidents that have resulted in damage to persons or property offsite.

IV. THE POLICY IMPLICATIONS

As noted above, there has been, since the earliest days of consideration of the nuclear energy liability question, a dual justification for the Price-Anderson Act: first, establishment of a mechanism for compensating members of the public who may sustain losses in the event of a serious nuclear accident; and, second, avoiding the possibility that a serious accident might result in bankrupting liability to utilities and industrial concerns because of the potentiality of enormous, uninsurable liability.

With respect to the first of these justifications, it is difficult to argue against a public policy that provides assurance that members of the public who are injured because of a major disaster should receive financial assistance from the federal government. Indeed, it is well known that the federal government has usually responded with financial assistance after catastrophic floods, earthquakes, and hurricanes. Even when the catastrophe results from human activity rather than natural causes, as in the case of the Texas City disaster of 1947, it is likely that Congress will respond with financial assistance for victims who otherwise would be without sources of private relief.[107] Such governmental measures have, however, generally provided for less than total compensation for damage sustained, and the relief has usually been available only after considerable delay.[108] A government commitment to a scheme of "social insurance" that will provide prompt, certain, and adequate financial compensation for losses sustained as a result of catastrophic events does, therefore, make considerable sense.

It should be noted, however, that Congress has clearly shown a preference to deal with such problems on an ad hoc, after-the-fact basis, rather than to enact a formal, automatic statutory scheme for compensation of disaster victims. In recent years, numerous proposals for general programs to compensate victims of natural and man-caused catastrophes have been before the Congress and have not been enacted or even seriously considered. If it is public policy to ensure compensation of the public for losses sustained as a result of catastrophic occurrences, it is obviously illogical to apply this policy only in the case of nuclear technology and to ignore both natural catastrophes capable of producing injury of equally astronomical dimensions and man-caused disasters such as those that may result from, for example, various extra-hazardous military and space activities. The fact that atomic energy has been singled out for this unique form of government beneficence must, therefore, be attributable to something more than a general policy of compensating the public for losses sustained in catastrophes for which adequate insurance protection is not available.

This suggests that it is the second justification—namely protection of the nuclear industry against bankrupting public liability—that is the primary consideration underlying the Price-Anderson Act. This leaves unanswered, however, the question why only the nuclear industry has been given such protection. In part, this is attributable to the fact that insurance coverage is available in most other extra-hazardous technological areas since the insurance companies have both the experience and financial capacity to provide coverage deemed adequate by industry, or to the fact that the industry itself has the financial resources to provide self-insurance. This is not universally true, however, since numerous industrial concerns are subject to enormous uninsurable liability, such as government contractors engaged in such extra-hazardous activities as space vehicle launchings, transportation of rocket fuels, weather control, and production of missiles and nuclear bombs and warheads. A 1963 study by the Columbia University Legislative Drafting Research Fund concluded that "[t]he role of the contractors in most of these programs is so intimately associated with and subordinate to that of the government that the losses ought to be regarded as part of the cost of the government program. It would be particularly damaging to the government itself to allow the destruction of any substantial segment of the industrial capacity upon which our defense and other basic national programs depend." [109]

Although present law authorizes indemnification of some such contractors engaged in ultrahazardous activities, the study regards such statutes as inadequate and therefore contractors "are now exposed to the danger of devastating liabilities with no sure means of guarding against them . . . ." [110] Broader indemnification legislation applicable to such activities has been submitted to Congress on numerous occasions but has not been enacted.

Curiously, however, as the Columbia study points out, industrial companies have been willing to engage in ultrahazardous government contract work without government indemnity protection, perhaps because they cannot maintain their competitive positions, or in some cases even survive, without government business.[111] Indeed, many of the very industrial concerns that insisted upon enactment of Price-Anderson as a precondition to remaining in the atomic energy business have exhibited little reluctance to accept ultrahazardous government work without comparable protection. As a matter of fact, there is little doubt that nuclear equipment manufacturers, who expressed reluctance to supply the equipment for private nuclear power projects without the Price-Anderson Act protection, would have been eager to supply the same equipment to the AEC under a contract with that agency. This reflects the fact that AEC projects would have been located at more remote sites with less potential for injury to the public. It may also reflect greater confidence in safe operation by the AEC than by private utility companies.

Why, then, was privately sponsored nuclear power technology singled out for unique statutory treatment in this respect? The reasons are not difficult to identify. First and foremost, there was a national policy commitment to bring about the rapid development, introduction, and use of nuclear power technology and to rely upon private enterprise to accomplish this objective. This commitment gave the nuclear power industry considerable bargaining leverage, much more leverage than exists with respect to government contracting. The industry was in a position to insist upon government financial protection against massive uninsurable liability. Second, the demand for such financial protection was addressed to the Joint Committee on Atomic Energy, a uniquely aggressive and expansion-minded congressional committee eager to spur the development of nuclear technology. The Joint Committee was, moreover, capable of pushing the Price-Anderson legislation through Congress without friction, since the Congress has almost always rubber-stamped legislation proposed by the Joint Committee.[112] It is quite likely that the atomic energy indemnity legislation would never have seen the light of day if it had been submitted to any other congressional committee, such as Armed Services, Judiciary, or Banking and Currency.

The Price-Anderson Act must, therefore, be viewed as a measure adopted for the primary purpose of freeing the nuclear industry from the spectre of massive potential liability, thereby eliminating an impediment to the industry's development and introduction of nuclear power. Viewed in another way, it was legislation intended to encourage the development and use of nuclear power by private industry. It was in a very real sense the extension of a government subsidy to the nuclear industry.[113] The characterization of the Price-Anderson protection as a subsidy has been vigorously contested by the AEC and the Joint Committee. It has been argued that no subsidy is involved because no payments under the Act have ever been made by the government and because industry pays fees for the Price-Anderson indemnity protection.[114] It is apparent, however, that there is a subsidy in reality, although it may be regarded as an inverse subsidy in the sense that the Act relieves industry of some of the costs of providing for contingent liability rather than providing direct revenues as is the case with the typical subsidy program.

A business enterprise will invest money in a project only if it estimates that the investment will yield a profit, that revenues will exceed costs. In estimating costs, consideration must be given to the costs of potential liability in the event of an occurrence giving rise to public liability. The magnitude of these potential costs will be determined by considering the aggregate liability that might result, discounted by the probability of the occurrence. The availability of liability insurance enables the enterprise to shift the risk of liability to insurance companies and to translate the uncertain costs of potential liability into ascertainable sums paid periodically as insurance premiums. The premiums charged for insurance coverage represent the judgment of the insurance companies, our society's professionals in risk assessment, as to the magnitude of potential liability and the probability of the occurrence. If the costs of insurance are too high relative to the anticipated revenues, thereby presenting a discouraging picture of potential profit, investment will be deterred. If adequate insurance coverage is not available, investment will likewise be deterred when the enterprise's

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estimate of uninsurable costs of liability is too high relative to anticipated revenues. Thus, the liability mechanism operates as a self-regulatory device to discourage extrahazardous business activity.[115]

In the case of nuclear power, industry professed confidence that the probability of a serious accident that might give rise to massive liability was extremely low. Nevertheless, the potential uninsurable liability if such an accident occurred was so high that the industry was unwilling to accept the costs even after discounting such potential liability by the extremely low probability of the occurrence. The effect of the Price-Anderson Act was, therefore, to overcome the deterrent effect of the liability mechanism and to permit and encourage the industry to invest in this ultrahazardous technology. Costs of potential liability are not, however, totally eliminated from the industry's calculation. A utility operating a nuclear power plant is required to carry the maximum amount of insurance available, at the present time 95 million dollars, and to pay premiums for this coverage. Although the insurance companies still do not have sufficient experience with nuclear technology from which premiums can be accurately related to actual risks, it may be assumed that the premiums are based on their assessment of the risk.[116] In addition, the utility is required to pay a fee to the AEC for its indemnity protection.[117] This fee bears no relationship to assessment of risk.

Thus, a utility contemplating construction and operation of a nuclear power plant may make its profit projections by taking into account as costs of potential public liability the ascertainable insurance premiums and indemnity fee. Moreover, because of Price-Anderson's cut-off of liability at 560 million dollars, it is free of concern about possible liability in excess of the amount covered by insurance and indemnity—even though the possibility exists of liability substantially in excess of 560 million dollars. It should also be noted that Price-Anderson also drastically reduces the deterrent effect of liability as it affects decisions regarding the siting of plants (particularly as they relate to locating plants closer to population centers), cost-cutting measures, and investment in plants with progressively larger power capacity (as capacity increases, more fission products are stored, and the amount of damage that may result from an accident also increases).

The net effect of Price-Anderson is to encourage the industry to make decisions on technological and economic bases without reckoning with the full social costs that may result in the event of an accident. In other words, in an era in which environmental concern is leading to increased emphasis on internalization of social costs, the effect of Price-Anderson is to externalize these costs.[118] It is not suggested that Price-Anderson provides industry with a license for reckless business decisions in disregard of the public safety. There remain other important economic and noneconomic factors that provide powerful incentives for industry to make nuclear power plants as safe as possible. Moreover, to the extent that reduction of the deterrent effect of liability may represent a compromise of safety, this is counter-balanced by the unusually stringent regulatory program established under the Atomic Energy Act. Yet, AEC regulation is neither a panacea nor a completely effective prophylactic. Human error, miscalculation, and inaccurate predictions as to how systems will function can be just as prevalent among regulators as among those who are regulated.[119] In addition, the very existence of nuclear power plants (AEC regulation is premised on the assumption that nuclear power plants should exist) creates the risk of a catastrophic occurrence through totally unforeseeable circumstances such as the crash of an airplane into the power plant, a combination of human and technological failures, or an act of God.

Perhaps the most substantial public policy issue raised by Price-Anderson relates to the degree of risk that society will be compelled to accept in the name of technological progress. As discussed above, at the time the Price-Anderson Act was adopted, maximum private liability insurance coverage on the order of magnitude of 15 million dollars appeared to be adequate for most American industries.[120] With enactment of Price-Anderson, the maximum coverage available was increased four-fold, and the nuclear industry was still unwilling to proceed with nuclear power without an indemnity commitment and liability cut-off at a figure at least thirty to forty times the amount of the maximum liability insurance previously available. It is fair to infer from this that, with the advent of nuclear power, our society is bearing the risk that a single occurrence in a nuclear power plant could result in destruction thirty to forty times, and perhaps even more, than the maximum previously deemed significant before the advent of nuclear power. If, moreover, one takes into account the possible level of damages estimated in the *Brookhaven Report*,[121] the relevant factor increases another ten-fold. This raises the question whether there is *any* level of potential catastrophe that may result from use of a technology which our society will regard as unacceptably high despite the fact that the technology will yield substantial benefits.

One virtue of the traditional liability and insurance mechanisms is that they promote a relatively slow, step-by-step advance in hazardous technologies and discourage rapid technological advance involving a quantum jump in risk: The prudent businessman will not introduce a technological advance involving substantial potential public liability unless adequate insurance can be obtained at acceptable premium rates; and such insurance becomes available only on a step-by-step basis as the insurance companies' experience and confidence at each level enable them to offer insurance for the next step.[122] Dr. James R. Schlesinger, Chairman of the AEC, has likened the evolution of nuclear power technology since 1954 to compressing the entire history of commercial aviation from Kitty Hawk to the Boeing 747 into less than twenty years.[123] Such an evolution of the aircraft industry could not have come about in so short a time without substantial risk to the public safety, primarily because such rapid growth can come about only through leapfrogging experience.

While such a leapfrogging process in the nuclear power industry has occurred under conditions of stringest AEC regulation, it should be noted that the quality and adequacy of regulation itself are largely a function of experience. It is suggested, therefore, that there may be considerable merit in the normal situation in which the availability of insurance controls, in the first instance, the rate of advance of hazardous technologies. Thus, the initial decision to proceed with the technology is made by private interests as a result of their assessment of prospective revenues and cost (including costs or liability and/or insurance against liability). Unless this assessment process flashes a green light for the technology to be developed and used, there will be so much technological activities to be regulated by the government. In this normal mode government regulation is a supplement to, and not a substitute for, the forces of the marketplace in regulating—usually by controlling and restricting—the technology; and government regulation does not "attach" until after the technology passes the test of the market. In short, therefore, the availability of insurance coverage and the willingness of insurance companies to provide it at feasible rates are probably the best objective index to that level of risk which our society regards as acceptable.

On the other hand, it must be recognized that in many areas the government cannot rely, and has not relied, on the market to provide technological advance. For example, in areas where technological advance is vital for purposes of national defense (such as military technology) or national prestige (such as space technology), the government cannot rely on market forces to produce an adequate rate of technological advance and introduction, but must directly support and procure the development and introduction of these technologies. In recent years, and especially since World War II, government support of technological development has broadened to include many technologies of an essentially commercial character (for example, nuclear power, medicine, saline water conversion, and the supersonic transport). The government's benevolent policy toward nuclear power, as reflected in the Price-Anderson Act, is therefore based on the legislative judgment that this technology is of such vital importance to the public interest that its development and use must be forced at a more rapid rate than the market will permit. Price-Anderson's elimination or reduction of the deterrent effect of liability contributes directly to this objective. Stating this another way, Price-Anderson encourages and permits industry to employ an extremely hazard technology, fraught with the potential for catastrophe. Because the technology is deemed vital to the public interest, the public is forced to accept the hazard in the same manner as it is forced to pay taxes to further this public interest. Significantly, however, the public is compelled to bear this risk, However remote, which industry itself is not prepared to bear, and is offered only the solace that, if a catastrophic accident in fact occurs, a fund exists to compensate—at least to a substantially extent—the pecuniary losses sustained.

There was, and perhaps still is, an alternative means to meet the public interest requirement for nuclear power that would more clearly distinguish between the public interest and the element of Price-Anderson support for industry's development and use of nuclear power technology for private profit. The original Atomic Energy Act of 1946 contemplated that nuclear power would be developed by the AEC, under a government monopoly, until the time when the technology had been brought to the point of "practical value," at which time the door would be opened to private enterprise. The concept of "practical value" connotes acceptability in the marketplace taking into account all anticipated revenues and costs. Perhaps it would have made sense to have continued this policy until the AEC itself had developed the technology to the point at which the risk of public liability became one that private enterprise—utilities, equipment manufacturers, investors, and insurance carriers—would find acceptable. Had this policy been continued, the AEC would presumably have constructed and operated demonstration nuclear power plants only at its relatively isolated sites such as Oak Ridge, Hanford, and Los Alamos. A major accident at such an isolated site might have caused great damage to personnel and property of the AEC and its contractors, but the general public would have been exposed to little risk. When safety had been demonstrated through adequate experience, private enterprise would, it is hoped, have been willing to adopt the proven technology for use in sites closer to population centers.

Such an alternative approach was in fact advocated in the 1950's by Congressman Holifield, a senior member of the Joint Committee on Atomic Energy, who strenuously op-

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posed enactment of the 1954 Act on the theory that private enterprise was not prepared to invest in nuclear power without substantial government subsidies.[124] He similarly opposed enactment of the Price-Anderson Act as a subsidy that would place upon the federal government "an enormous potential liability that could reach several hundred billion dollars." [125] He argued:

"In my view this legislation is unnecessary and unwise. If the risks are negligible, as the proponents of the bill contend, there is no reason why the Government should assume potential liabilities of the magnitude indicated above. If the risks are real and substantial, then reactor development programs should continue to be developed under direct Government supervision and control at isolated locations, with the continued promise of safety exhibited in the record of Government performance.

"Until we can prove by a history of experience in the operation of the new and unproven power reactors (which are now planned) that they are safe mechanisms, we should insist they be located safe distances from populated centers. Congress cannot evade its responsibility for protecting human lives by authorizing huge dollar payments." [126]

The logic of this argument is even more compelling in 1972 with the recognition that there are now twenty-eight operable nuclear power plants in operation in the United States, with an additional 112 under construction or on order and scheduled for completion by 1980,[127] each one of which has the potential for a catastrophic accident.

It is too late today to turn back the clock and eliminate the existing nuclear power plants or to declare a blanket moratorium on the construction of new plants. Perhaps, however, a moratorium could be imposed on the construction and operation of additional plants involving concepts not fully tested, except by the AEC at isolated locations. Such a course of action would provide additional nuclear power with minimum risk.

The authority of the AEC to indemnify licensees of new nuclear power plants will expire in 1977, and it is likely that consideration of another extension will commence in 1974. There is no reason to believe that industry will not press for another ten-year extension of the indemnity authority in its present form. Any such extension will be vigorously contested by the environmental groups that have in recent years mounted an ever-increasing attack on nuclear power. These groups have seized upon the existence of the Price-Anderson Act as a major element in their attack, and, as a matter of elementary logic, Price-Anderson may be regarded as nuclear power's Achilles heel. It is difficult to argue that the affected public should not be deeply concerned about the existence in its backyard of a facility that has such immense potential for destruction that it requires the extraordinary protective umbrella of Price-Anderson. Outright repeal of Price-Anderson would connote that the risks of nuclear power have become manageable, that they are of ordinary proportions, and that they can properly be compared with other types of risks that the public has become accustomed to accepting.

Short of repeal of Price-Anderson, lesser changes could be made with salutary effects. There is little justification for the present provisions that totally immunize industry from any exposure to liability not covered by insurance or indemnity. At the present time, industry is protected by 95 million dollars in private insurance, 465 million dollars in AEC indemnity, and the absolute cut-off of liability at 560 million dollars. This structure might be altered in one of two ways. Preferably, an industry-liability corridor of perhaps 25 million dollars might be established between the private insurance coverage and the applicability of the indemnity. Thus, for example, if there were public liability in the total amount of 150 million dollars, the first 95 million dollars would be covered by insurance, industry would be responsible for the next 25 million dollars, and the indemnity would cover the remaining 30 million dollars. Alternatively, the 25 million dollar corridor might exist after exhaustion of the 560 million dollar insurance and indemnity but before liability is cut off. Thus, if an accident resulted in 600 million dollars liability, industry would be at risk for 25 million dollars, and the remaining 15 million dollars would be cut off by operation of the Price-Anderson Act. Under either proposal, the amount of the corridor could be increased from time to time to reflect increasing experience and confidence.

These are modest proposals, but would represent a substantial improvement. They would reinstate to some degree the deterrent effect of potential liability. They would, moreover, compel industry to share to some extent the risk presently borne by the public. At the same time, the exposure of industry would be finite and ascertainable, and is a risk that industry should be readily willing to bear after twenty years of pronouncements that the possibility of an accident causing such liability is vanishingly small.

In the past, congessional consideration of the Price-Anderson Act and its amendments has proceeded on the tacit assumption that Price-Anderson is a technical measure necessary for adequate protection of the public interest with respect to a technology that exists and will inevitably grow substantially. The fact that the technology exists and grows only *because of* Price-Anderson has been artfully concealed from public view so that consideration of the indemnity legislation would not trigger public debate as to whether *nuclear power* was needed and whether its risks were acceptable. Moreover, when the 1965 and 1966 amendments to the Price-Anderson Act were enacted, great pains were taken to characterize the risks of nuclear power as minimal. It seems strange and quite disingenuous that in 1966 the Joint Committee should reject explicit statutory strict liability for nuclear power plants because this "would single out the nuclear industry as one for which extraordinary rules of liability must be devised." [128] After all, the Price-Anderson Act and the 1966 amendments themselves singled out the nuclear industry and created special rules of liability.

Nuclear power, and its associated governmental policies, have always been regarded as unique and as requiring extraordinary public measures. The Price-Anderson Act is perhaps the most extraordinary of these measures. It is remarkable that the atomic energy establishment has been so successful in procuring public acceptance of nuclear power in view of the extraordinary risks of the technology that are so thoroughly and incontrovertibly documented by the mere existence of that Act. It is necessary, however, as nuclear power capacity grows, as nuclear power becomes more commonplace, as concern with environmental values increases, that steps be taken to normalize all aspects of nuclear power. The opportunity exists for some first steps in this direction when Congress considers what should be done when Price-Anderson expires in 1977.

FOOTNOTES

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[1] Act of Aug. 1, 1946, ch. 724, 60 Stat. 755.

[2] "Special nuclear material" is the term of art used in the Atomic Energy Act of 1954 to describe material capable of releasing substantial quantities of energy in the course of nuclear fission or nuclear transformation. 42 U.S.C. §§ 2014(c), 2014(aa), 2071 (1970). In more practical terms, special nuclear material encompasses the fuel used in nuclear reactors and the material that through the process of fission results in the detonation of atomic weapons. Such material was described in the 1946 Act as "fissionable material." Use of the term "special nuclear material" in the 1954 Act was intended to broaden the scope of protected materials to include fusionable as well as fissionable materials.

[3] Act of Aug. 30, 1954, ch. 1073, 68 Stat. 919, *as amended,* 42 U.S.C. §§ 2011–2281 (1970).

[4] 42 U.S.C. §§ 2073–78, 2131–40 (1970).

[5] H.R. Rep. No. 2181, 83d Cong., 2d Sess. 3 (1954). These factors are discussed in President Eisenhower's message to Congress (H.R. Doc. No. 328, 83d Cong., 2d Sess. (1954)) recommending enactment of the legislation and in the report of the Joint Committee on Atomic Energy on the legislation. H.R. Rep. No. 2181, *supra.*

[6] *See* Green, *The Strange Case of Nuclear Power,* 17 Fed. B.J. 100 (1957); Morrisson, *Federal Support of Domestic Atomic Power Development—The Policy Issues,* 12 Vand. L. Rev. 195 (1958).

[7] Act of Sept. 2, 1957, Pub. L. No. 85–256, 71 Stat. 576 (codified at 42 U.S.C. § 2210 (1970)). The legislation was cosponsored by Congressman Melvin Price (D., Ill.) and Senator Clinton Anderson (D., N.M.), both of whom were senior members (Senator Anderson was then Chairman) of the Joint Committee on Atomic Energy.

[8] *Hearings Before the Joint Comm. on Atomic Energy on Government Indemnity for Private Licensees and AEC Contractors Against Reactor Hazards,* 84th Cong., 2d Sess. 47 (1956) (testimony of C. Rogers McCullough) [hereinafter *1956 Indemnity Hearings*].

[9] As one utility executive stated:

> We have hoped that we could be assured that the risk was too remote to be considered. But we have not found a single expert who is willing to say that, within a period of years of actual experience, the hazard, although extremely remote, can be ignored.

Id, at 240 (testimony of Willis Gale, Chairman, Commonwealth Edison Co.).

[10] *Id.* at 158.

[11] *Id.* at 158-59.

[12] AEC, The Theoretical Possibilities and Consequences of Major Accidents in Large Nuclear Power Plants (1957) (published under the designation WASH-740) [hereinafter *Brookhaven Report*]. A letter from Harold S. Vance, Acting AEC Chairman, that summarized the conclusions of the study was included in the Joint Committee's report on the Price-Anderson bill. H.R. Rep. No. 435, 85th Cong., 1st Sess. 31-34 (1957) [hereinafter Vance letter]. *See* note 65 *infra* and accompanying text for a discussion of this report and a 1965 updating exercise.

[13] Vance letter, *supra* note 12, at 32-33.

[14] *See 1956 Indemnity Hearings, supra* note 8, at 122-24 (testimony of Charles H. Weaver, Vice President, Westinghouse Electric Co.).

[15] *See id.*

[16] *Id.* at 5, 146.

[17] *Id.* at 5.

[18] *Id.* at 146.

[19] Willis Gale, Chairman, Commonwealth Edison Co.: "At this time we do not see any sound basis on which we can risk our solvency on the possibility, remote as it may be, of a major nuclear catastrophe." *Id.* at 240. Charles H. Weaevr, Vice President, Westinghouse Electric Co.: "Obviously, we cannot risk the financial stability of our company for a relatively small project. . . . [W]e cannot exclude the possibility that a great enough fool aided by a great enough conspiracy of circumstances, could bring about an accident exceeding available insurance." *Id.* at 110, 114–15.

[20] Atomic Industrial Forum, Inc., Forum Memo, March 1956, at 11.

[21] Two months prior to commencement of the public hearings in May 1956, the Joint Committee had called a "seminar" of some forty persons representing AEC, equipment suppliers, utilities and insurance companies

to discuss the problem. The seminar "increased the desire" of the Committee to find some solution. H.R. Rep. No. 435, 85th Cong., 1st Sess. 1, 3 (1957).

[22] For the political history of the Gore-Holifield and Price-Anderson bills, see H. Green & A. Rosenthal, Government of the Atom: The Integration of Powers 151–52, 153–56, 256–58 (1963).

[23] S. 4146, 84th Cong., 2d Sess. (1956).

[24] *See 1956 Indemnity Hearings, supra* note 8, at 44–46, for the text of the bill.

[25] *Id.* at 36 (testimony of Harold L. Price, Director, AEC, Division of Civilian Applications).

[26] *Id.* at 56.

[27] *Id.* at 44.

[28] *Id.* at 55–60.

[29] S. Rep. No. 2298, 84th Cong., 2d Sess. (1956).

[30] S. Rep. No. 2390, 84th Cong., 2d Sess. (1956).

[31] *See* H. Green & A. Rosenthal, *supra* note 22, at 78, 151–52.

[32] *Hearings Before the Joint Committee on Atomic Energy on Governmental Indemnity and Reactor Safety* 85th Cong., 1st Sess. (1957) [hereinafter *1957 Indemnity Hearings*].

[33] *1957 Indemnity Hearings, supra* note 32, at 148, 156–61 (testimony of Francis K. McCune, Vice President, General Electric Co.).

[34] H.R. Rep. No. 435, 85th Cong., 1st Sess. (1957).

[35] Act of Sept. 2, 1957, Pub. L. No. 85–256, 71 Stat. 576 (codified at 42 U.S.C. § 2210 (1970)). The Price-Anderson Act was in the form of amendments to the Atomic Energy Act of 1954. References to provisions of Price-Anderson will, for convenience, be cited to the 1954 Act as amended by Price-Anderson.

[36] 42 U.S.C. § 2210(a) (1970).

[37] 42 U.S.C. § 2210(b) (1970).

[38] 42 U.S.C. § 2210(b) (1970).

[39] 42 U.S.C. § 2210(c) (1970).

[40] The indemnity covers "the licensee and other persons indemnified." 42 U.S.C. § 2210 (c) (1970). "Person indemnified" is defined to mean "the person with whom an indemnity agreement is executed and any other person who may be liable for public liability." 42 U.S.C. § 2014(t) (1970).

[41] 42 U.S.C. § 2014(q) (1970).

[42] *See* Staff of Subcomm. on Legislation, Joint Comm. on Atomic Energy, 89th Cong., 1st Sess., Selected Materials on Atomic Energy Indemnity Legislation 199–243 (Joint Comm. Print 1965) [hereinafter Selected Materials].

[43] H.R. Rep. No. 435, 85th Cong., 1st Sess. 17 (1957).

[44] *Id.* The possibility of such a catastrophe is not merely hypothetical. *See* N.Y. Times, Nov. 12, 1972, § 1, at 1, col. 1: "The heavily armed gunmen who had taken over the plane almost 20 hours earlier . . . had threatened to crash the twin-jet craft into the Oak Ridge atomic plant in Tennessee if their demands were not met." The AEC shut down the plant in response to the threats. *Id.*

[45] A number of legal scholars have given considerable attention to the question whether there would be absolute liability in the event of a nuclear power plant catastrophe. *See* E. Stason, S. Estep & W. Pierce, Atoms and the Law 635–780 (1959); Seavey, *Torts and Atoms,* 46 Calif. L. Rev. 3 (1958); *Hearings Before the Subcomm. on Legislation of the Joint Comm. on Atomic Energy on Proposed Extension of AEC Indemnity Legislation,* 89th Cong., 1st Sess. 211–23 (1965) (testimony of Professor David F. Cavers) [hereinafter *1965 Indemnity Hearings*]. *See also* W. Prosser, Torts § 78, at 516 (4th ed. 1971).

[46] 42 U.S.C. § 2210(e) (1970). There is a 100 million dollar limit on nuclear incidents outside of the United States.

[47] *See* text accompanying note 16 *supra.*

[48] This provision was originally part of 42 U.S.C. § 2210(e), but was deleted and replaced by other provisions to the same effect by a 1966 amendment. Act of Oct. 13, 1966, Pub. L. No. 89–645, § 3, 80 Stat. 891. *See* text accompanying note 104 *infra.* The original text of section 2210(e) may be found in Selected Materials, *supra* note 42, at 93.

[49] This produces a situation comparable to that which would exist if every automobile owner were required to carry a prescribed amount of public liability insurance and could not be held liable for any amount in excess thereof.

[50] Act of Aug. 30, 1954, ch. 1073, § 53(e) (8), 68 Stat. 939.

[51] 42 U.S.C. § 2073(e) (8), until amended in 1957 by the Price-Anderson Act, made it a condition of each license issued for possession and use of special nuclear material that "the licensee will hold the United States and the Commission harmless from any damages resulting from the use or possession of special nuclear material by the licensee." As this provision presently stands following the 1957 amendment, the above language is preceded by the phrase "except to the extent that the indemnification and limitation of liability provisions of section 2210 [the Price-Anderson Act] apply. . . ."

[52] The Joint Committee held many hearings in executive session while the 1954 legislation was under consideration. These hearings, although recorded in voluminous transcripts, have never been made public. *Cf.* H. Green & A. Rosenthal, *supra* note 22, at 125–32.

[53] The problem was briefly mentioned by a representative of General Electric Co., *Hearings Before the Joint Comm. on Atomic Energy on S. 3233 and H.R. 8862 To Amend the Atomic Energy Act of 1946,* 83d Cong., 2d Sess., pt. 1, at 334 (1954).

[54] A meeting of industry executives to discuss the problem took place in September 1954, within weeks after the 1954 Act was signed by the President. Atomic Industrial Forum, Inc., Forum Memo, Jan. 1955, at 8.

[55] *Hearings Before the Joint Comm. on Atomic Energy on Development, Growth, and State of the Atomic Energy Industry,* 84th Cong., 1st Sess., pt. 1, at 59 (1955) (testimony of William Mitchell).

[56] *Id.* pt. 2, at 258 (testimony of Paul W. McQuillen, Chairman, Legal Comm., Atomic Power Developments Associates).

[57] *Id.* pt. 1, at 388 (testimony of Dr. C. G. Suits, Chairman, Subcomm. on Atomic Energy, Comm. on Research, NAM).

[58] *Id.* pt. 3, at 493 (testimony of Earle W. Mills, President, Foster Wheeler Corp.).

[59] *See* note 20 *supra* and accompanying text.

[60] Act of Sept. 2, 1957, Pub. L. No. 85–256, § 4, 71 Stat. 525, *as amended,* 42 U.S.C. § 2210(c) (1970).

[61] Although the statute is not explicit on this point, the Joint Committee's report stated: "The provisions of this bill provide governmental indemnifications to those licensees who obtain their licenses within the next 10 years. The indemnification agreement is to run for the life of the license." H.R. Rep. No. 435, 85th Cong., 1st Sess. 9 (1957).

[62] 42 U.S.C. § 2210(e) (1970).

[63] H.R. Rep. No. 435, 85th Cong., 1st Sess. 9 (1957).

[64] H.R. Rep. No. 883, 89th Cong., 1st Sess. 5 (1965).

[65] That such a study was launched is indisputable. On December 3, 1964, AEC Commissioner Palfrey, speaking at the annual meeting of the Atomic Industrial Forum, stated:

> My assignment today was to review with you the updating of the Brookhaven report on the theoretical consequences of major nuclear accidents. . . . Well, the Brookhaven study is not ready yet. . . .
>
> I think I should beg off on the Brookhaven study because my guesses on what it will say or should say could be irresponsible chatter on a ticklish subject that needs accurate reporting. All I will say is what you probably know, that seven years after the first study, one is considering theoretically conceivable accidents in a reactor which is considerably larger than in 1957, located somewhat closer to population centers, with the confidence of increased operating experience and constantly improving designs and engineered safeguards. (AEC Press Release No. S–30–64, Dec. 3, 1964.)

[66] *1965 Indemnity Hearings, supra* note 45, at 347–48. The letters reported that the "probability of catastrophe is exceedingly low, even lower than our estimate of the remote probability of such an event in 1957. . . . We cannot say, however, that the likelihood is non-existent." *Id.* at 348.

[67] H.R. Rep. No. 883, 89th Cong., 1st Sess. (1965). The authors of the report took pains to make it clear that the primary purpose of the Price-Anderson Act was "providing assurance that funds will be made available to satisfy public liability claims arising from a catastrophic nuclear incident." *Id.* at 5.

[68] *Id.* at 6. Mirroring the hope reflected in its 1957 report on the original indemnity legislation that by 1967 experience would have obviated the necessity for such a statute (*see* text accompanying note 63 *supra*), the 1965 report suggested that by 1977 "a significant amount of data will have been accumulated, which should enable the industry and Congress to assess much more accurately the likelihood of a major nuclear incident and the insurance requirements of the nuclear industry." *Id.* at 10.

[69] *Id.* at 9.

[70] Act of Sept. 29, 1965, Pub. L. No. 89–210, 79 Stat. 855 (codified at 42 U.S.C. §§ 210(c)-(e),(k)-(*l*) (1970)).

[71] H.R. Rep. No. 883, 89th Cong., 1st Sess. 11 (1965).

[72] 42 U.S.C. § 2210(c) (1970) provides, following this amendment, that the basic 500 million dollar indemnity "shall be reduced by the amount that the financial protection required shall exceed $60,000,000."

[73] L.R. 3 H.L. 330 (1868).

[74] H.R. Rep. No. 2043, 89th Cong., 2d Sess. 7 (1966).

[75] *Id.* at 20–21.

[76] E. Stason, S. Estep & W. Pierce, *supra* note 45, at 79.

[77] *Id.* at 28–30. The genetic effects of radiation have generally been ignored by the AEC and the Joint Committee in their pronouncements on nuclear power plant hazards.

[78] *Id.* at 35.

[79] *Id.* at 221–27.

[80] *See, e.g., 1965 Indemnity Hearings, supra* note 45, at 211–23 (testimony of Professor David F. Cavers).

[81] H.R. Rep. No. 883, 89th Cong., 1st Sess. 13 (1965).

[82] *Id.*

[83] *Id.*

[84] *Id.*

[85] H.R. Rep. No. 2043, 89th Cong., 2d Sess. (1966).

[86] 42 U.S.C. § 2210(n) (1970).

[87] H.R. Rep. No. 2043, 89th Cong., 2d Sess. 8 (1966).

[88] *Id.* at 9.

[89] *Id.* at 9–10.

[90] *Id.*

[91] *Id.*

[92] *Id.*

[93] 42 U.S.C. § 2210(n)(1) (1970).

[94] H.R. Rep. No. 2043, 89th Cong., 2d Sess. 26 (1966).

[95] 42 U.S.C. § 2210(n)(1) (1970).

[96] 42 U.S.C. §2210(n)(1) (1970).

[97] 42 U.S.C. § 2210(n)(1) (1970).

[98] 42 U.S.C. § 2210(n)(1) (1970).

[99] 42 U.S.C. § 2014(j) (1970).

[100] 42 U.S.C. § 2014(j) (1970). The Com-

mission's criteria are set forth at 10 C.F.R. §§ 140.81–.85 (1972).

[101] 42 U.S.C. § 2014(j) (1970).

[102] 42 U.S.C. § 2210(m) (1970).

[103] 42 U.S.C. § 2210(n)(2) (1970).

[104] 42 U.S.C. § 2210(o) (1970).

[105] *See* Estep. *Radiation Injuries and Statistics: The Need for a New Approach to Injury Litigation,* 59 Mich. L. Rev. 259 (1960).

[106] 10 C.F.R. § 140.11(a)(4) (1972), *as amended,* 37 Fed. Reg. 3423 (1972).

[107] For a brief description of the Texas City disaster and its aftermath, see A. Rosenthal, H. Korn & S. Lubman, Catastrophic Accidents in Government Programs 3–4 (1963) (a study by the Columbia University Drafting Research Fund). *See also* Kunreuther, *The Case for Comprehensive Disaster Insurance,* 11 J. Law & Econ. 133 (1968).

[108] *See* A. Rosenthal, H. Korn & S. Lubman, *supra* note 107, at 2–4.

[109] *Id.* at 12.

[110] *Id.* at 11–12.

[111] *Id.* at 74.

[112] *See* H. Green & A. Rosenthal, *supra* note 22, at 146–49.

[113] This point was cogently made by Congressman Holifield in a statement appended to the Joint Committee report on the Price-Anderson bill. H.R. Rep. No. 435, 85th Cong., 1st Sess. 35–47 (1957).

[114] The Joint Committee's report on the 1965 extension bill, which was presented to the House of Representatives by Congressman Holifield, states: "It is true that the Government's indemnity is valuable and is provided at a charge which is presumably much lower than the charge which would be assessed for 'commercial' insurance if such insurance were available. However, the fundamental reason why the indemnity is necessary is that there is not yet enough experience on which to base a firm judgment on the likelihood of the indemnity ever being utilized. Expert opinion holds this indemnity almost certainly will never be utilized. If this opinion eventually is proven correct, then there surely is no Government subsidy involved here, and in fact power reactor operators have been paying for protection above that which is necessary." H.R. Rep. No. 883, 89th Cong., 1st Sess. 8 (1965).

[115] The relationship between the liability mechanism and insurance protection, on the one hand, and the rate of technological advance, on the other, has apparently not been the subject of serious study by economists. *See* G. Fields, The Influence of Insurance on Technological Developments (1969) (George Washington University Program of Policy Studies in Science and Technology, Staff Discussion Paper 405). The lack of interest in this subject probably reflects the apparent uniqueness of nuclear power technology (within the private enterprise sector), which has produced an overnight quantum jump in potential liability in an area in which relatively little risk experience is available.

[116] In a recent nuclear power licensing proceeding before the AEC, the parties entered into a stipulation which shows that Maine Yankee Atomic Power Company will pay an annual premium of 250,000 dollars for its 95 million dollar public liability insurance and an annual fee of 73,500 dollars for its 465 million dollar AEC indemnity contract. It pays nothing, of course, for the added protection afforded by the cut-off of aggregate liability at 560 million dollars. Maine Yankee Atomic Power Co., AEC Dkt. No. 50–309, Jt. Ex. 1.

[117] 42 U.S.C. § 2210(f) (1970).

[118] *Cf.* Katz, *The Function of Tort Liability in Technology Assessment,* 38 U. Cin. L. Rev. 587 (1969). Professor Katz regards the trend toward enterprise liability and liability for distinctive risk as desirable in promoting "therapeutic deterrence" which will stimulate enterprise to consider positive and constructive alternatives to hazardous technologies. *Id.* at 607. He regards the Price-Anderson Act as a commendable exemplar that internalizes social costs to the extent that the Act requires licenses to carry insurance protection. Although he seems to recognize that "at least a fraction of the vast social costs of a nuclear incident" is internalized by Price-Anderson, he does not discern that this fraction is so small that the element of therapeutic deterrence is almost wholly eliminated, a fact that is obvious since the net effect of Price-Anderson is to encourage (if not subsidize) nuclear power rather than to deter it. *See id.* at 653–54.

[119] "With all the inherent safeguards that can be put into a reactor, there is still no foolproof system. Any system can be defeated by a great enough fool." International Conference on Peaceful Uses of Atomic Energy, Safety Aspects of Nuclear Reactors 136 (C. McCullough ed. 1957). Dr. McCullough was for many years Chairman of the AEC's Advisory Committee on Reactor Safeguards and was a leading authority on nuclear safety. The substance of the sentences quoted above is attributed by Dr. McCullough to Dr. Edward Teller. *Id.* at 166 n.1.

[120] *See* text accompanying notes 15–18 *supra.*

[121] *See* text accompanying note 13 *supra.*

[122] Again, it is noted that there is little authority for this analysis other than what the author believes to be sound economic logic. *See* note 115 *supra.*

[123] Address of James R. Schlesinger, Oct. 20, 1971, AEC Press Release, S–21–71.

[124] *See* H.R. Rep. No. 2181, 83d Cong., 2d Sess. 105–38 (1954).

[125] H.R. Rep. No. 435, 85th Cong., 1st Sess. 35–40 (1957).

[126] *Id.* at 39–40.

[127] AEC Press Release No. P–333, Oct. 17, 1972.

[128] *See* text accompanying note 87 *supra.*

Mr. NELSON. Mr. President, I ask unanimous consent that Senator Mondale's statement on my amendment be printed in the Record.

The PRESIDING OFFICER. Without objection, it is so ordered.

Statement by Senator Mondale

I am pleased to co-sponsor the amendment offered by the distinguished Senator from Wisconsin (Mr. Nelson), and to urge its adoption.

This issue facing us today—nuclear power plant safety—is of enormous importance to the future welfare of tens of millions of Americans, and to the future of our national energy policy. The nuclear power generating capacity of this country is on the verge of explosive growth, much of which will occur in the late 1970's and early 1980's. Although today nuclear reactors provide only about 6% of the nation's electricity, the Atomic Energy Commission projects that, if current plans and projections are met, this figure will rise to about 20% by 1980 and about 60% by the year 2000.

Put in a different perspective, there are now about 42 nuclear reactors operating in the United States, currently producing electricity for the nation. By the mid-1980's, if current projections are met, it is likely that the AEC will be processing each year about as many applications as the entire current nuclear generating capacity in the United States at the present time.

In this context, the Price-Anderson Act is of central importance. Originally enacted in 1957, the Act would be modified and extended, under the committee-reported bill, for ten additional years, until August 1, 1987. The committee bill would leave in place the present $560 million limit on liability set by the original Price-Anderson Act, subject to a gradual increase in that limit, and a gradual phasing out of formal governmental indemnity as the number of nuclear reactors in operation increases.

I believe that while, as a general approach, the committee bill is preferable to the present Price-Anderson Act, there is now no pressing need to extend the act for as long a period as the committee has recommended. Indeed, I believe that there are compelling considerations for a shorter extension, which will be of no harm to the planning of the nuclear power industry while at the same time allowing the Congress to evaluate both our long-term national energy policy and a long-awaited study on nuclear reactor safety.

The two-year extension and modification of Price-Anderson as proposed in the amendment by the distinguished Senator from Wisconsin (Mr. Nelson), will protect the legitimate interests of the nuclear power industry and will not cause disruptions in the planning of nuclear facilities. Proof of this is available from the statements of the proponents of the ten-year extension.

For example, Congressman Melvin Price, Chairman of the Joint Committee on Atomic Energy, in the Congressional Record of June 13, stated that:

"There is a common misconception that since the Price-Anderson Act will not expire until 1977, there is no need for immediate action. This is not the case. Since the leadtimes for construction permits for nuclear powerplants range from 2 to 4 years, depending on a number of factors, uncertainty on extension of the Price-Anderson Act until mid-1975 could create a significant disruption in utility planning."

And the Joint Committee, in its report on this legislation stated that:

> The Price-Anderson Act applies only to licenses issued prior to August, 1977. Nuclear power plants now in the planning and design phases would not receive construction permits until about 1977–1978. Thus there is uncertainty as to whether these plants would receive protection in the form of Government indemnity. Reactor manufacturers and architect-engineers are already requiring escape clauses in their contracts to permit cancellation in the event some form of protection from unlimited potential liability is not provided. Action is required soon to prevent disruption in utility plans for nuclear power.

In other words, proponents of this measure argue that there is a *maximum* four-year lead time before the granting of a construction permit for a nuclear power plant facility, at which time the protection of the Price-Anderson Act becomes operative. They further argue that we in the Congress must provide this four year lead-time in order not to impair the orderly growth of the nuclear power industry.

The amendment of the Senator from Wisconsin (Mr. Nelson) would do precisely that. By extending the Act until August 1, 1979, the amendment would allow us to further examine the implications of the Price-Anderson Act next year, both in the light of our developing national energy policy, and the conclusions of the so-called Reactor Safety Study, which will shortly be issued in draft form and which should shed new light on the safety of nuclear power plant facilities. The Congress could then make a considered judgment by mid-1975 on the form and length of any long-term extension of the Act as might be required. In the interim, the nuclear power industry would be able to continue its planning unhampered, safe in the knowledge that the Act will continue until mid-1979, or more than the four year lead time which the proponents of this measure claim is necessary.

In other words, by extending the Act until late summer of 1979, we in the Congress give ourselves until at least the late summer of 1975 to pass a long-term extension and modification of the Act without any conceivable disruption of planning for nuclear power facilities. I am confident that next year, under the chairmanship of the distinguished Senator from Rhode Island (Mr. Pastore), the Joint Committee can examine the important questions involved in this legislation, in light of national energy policy and the Rasmussen report, and then shape any long-term extension and/or modification of the Act as might be needed.

This course of action will protect the public safety and the public interest by giving us all the information we need to rationally decide the best future course for this vital legislation. And in choosing this course of action, we will have gained time to make some fundamental decisions and examine some vital new evidence.

The fundamental decision which the Congress has not yet fully debated, and which a short-term extension of the Price-Anderson Act will facilitate, is how much we do wish to rely on nuclear power for generation of our electricity in the future. It may well be that in the context of an overall national energy policy, that reliance will be heavy. But we in the Congress should carefully consider these questions, and the relationship of legislation such as the Price-Anderson Act to the longer-term problem, before enacting legislation which will be in force until late 1987.

There are a host of safety and public policy-related issues which are now surfacing as we contemplate the rapid growth of nuclear power plant generating facilities which appear to be on the horizon. I believe that we in the Congress owe it to the American people to examine these questions in the context of our overall national energy policy before taking steps such as a ten-year extension of the Price-Anderson Act.

Secondly, we will have specific new evidence to examine shortly on the question of nuclear power plant safety. The legislation reported by the committee would set national policy on indemnification from possible nuclear power plant disaster through 1987. By 1987, the Atomic Energy Commission estimates that there will be 312 operating reactors, almost eight times the number currently in operation.

And yet we are being asked to approve legislation which would govern Federal law in case of nuclear power plant disaster in spite of the fact that within a matter of weeks we will have available in draft form a $2 million, 18-month study of nuclear power plant safety which will help increase our knowledge of the likelihood and consequences of a nuclear power plant disaster.

When the Atomic Energy Commission announced the commissioning of this study—the so-called Reactor Safety study—on June 27, 1973, it said the following:

"About a year ago, the AEC initiated a new study, under the direction of Dr. Norman Rasmussen of the Massachusetts Institute of Technology, directed at a realistic assessment of accident. This study—costing about $2 million—will provide a more precise quantification of the probabilities and implications of nuclear accidents, using methods recently developed for predicting the reliability of the performance of individual components. The AEC believes that meaningful information will be obtained from the Rasmussen study."

Since that time, there has been considerable speculation on what the final conclusions of this report will be. Dr. Norman Rasmussen, director of the study, has testified before the Joint Committee on the preliminary conclusions of his report, and in May stated that "at this time, I see no reason for changing the current 560 million dollar limit. . . . Of course, completion of the Reactor Safety study may shed more lights on this matter."

When this measure was recently considered by the House, members of the Joint Committee stated emphatically that there was no reason to wait for the conclusions of the Reactor Safety study, since the Joint Committee and its staff were privy to its principal conclusions and had used conclusions in framing the committee-reported bill.

To this I could simply reply that in a matter of this importance, affecting as it will the safety and protection from financial harm of tens of millions of Americans, I do not believe that I or any other member of this body should rely on what others may have seen. Congress as a whole should be able to examine the report and hear the considered judgments of other experts in the field of nuclear power safety on the report's conclusions.

I certainly do not believe that the Rasmussen report will forever answer all of our questions on nuclear power plant safety. We will be engaged in a continuing quest for more information to improve safety and increase public protection. But it does represent the most recent and most massive attempt to bring our knowledge up to date, and to answer many questions on this vital question.

Mr. President, we have many unanswered questions in the area of nuclear power. We will need more nuclear power generating capacity in the future, just as we will need more energy from every possible source. But we owe the American people a full and fair debate on the risks involved, the conditions which should be set and the choices which the Congress must make. This amendment gives Congress the time we need to make a reasoned and considered judgment on a question which will be of direct impact on the lives of tens of millions of Americans over the next decade. To do any less than this would be an abdication of our responsibility to protect these citizens from possible harm. I urge adoption of the amendment.

Mr. NELSON. The reason for my amendment to limit the extension to 2 years is to provide Congress an opportunity between now and 1979 to fully consider the long-term energy policy of the United States.

This amendment will afford the Congress, the public, and the scientific community an opportunity after the Rasmussen report on safety has been released and published to evaluate the reactor safety question. After the Congress has had an opportunity to consider the development of a long-term energy policy, and after the Congress has had an opportunity to evaluate the safety question examined in the Rasmussen report, there is ample time for Congress to proceed for a further extension of the Price-Anderson Act if the safety question is resolved.

Therefore, I think it would be the better part of wisdom not to extend the act for 10 years right now, but rather for 2 years until August 1, 1979.

Mr. PASTORE. Will the Senator yield?

Mr. NELSON. I yield.

Mr. PASTORE. Mr. President, what I am going to do comes as no surprise to my colleague. I have discussed this matter with him.

It is true that the extension here is 10 years beyond August 1, 1977, when this Price-Anderson Act expires. But this legislation has a two-pronged effect.

First, it requires a reasonable extension so as not to discourage the progress of this industry, but, second, its purpose is also to insure that the public is properly protected in case of a very serious accident, which is very unlikely, but, like everything else, nobody can stand up and say anything is impossible.

The purpose of this act is to provide that by August 1, 1976, the Atomic Energy Commission will develop rules and regulations with reference to new plants that go on the line, and also the old plants that are now operating, to determine how far we shall go in relieving the Government of this indemnity responsibility. The reason we had the indemnity responsibility 17 years ago was that, first, it was presumed that this would be an encouragement to the maturing of this industry, and it has worked. As I have pointed out, in 17 years, we have never paid $1 out of the U.S. Treasury for any indemnity in such an accident.

Third, the industry is so mature as of this time that we feel now that they ought to begin to assume all of the responsibility insofar as insurance is concerned. So this is the way it works.

Beginning upon the expiration of this act on August 1, 1977, the Commission will then decide, no lower than $2 million per reactor and no higher than $5 million, and somewhere in between, depending upon what is determined to be feasible, that there will be a retrospective financial liability insurance whereby each utility in case of such an accident will be called upon to pay that sum of money. As that total sum of money becomes larger and larger, the indemnification area of the Government becomes that much smaller and smaller. It is projected that even if the minimum figure of $2 million is adopted, by 1984, we shall have reached the $560 million for which the Government is now responsible. If a higher level is set, we will reach the $560 million earlier, of course.

That $560 million would be taken up by $125 million of direct insurance already being bought by the public utility companies. Our direct indemnification responsibility is $450 million, which is $560 million minus the $110 million at the present time, which will be $125 million by August 1, 1977.

If we go the 10 years, the reserve will go up to a billion dollars. That is the reason why we put it to 10 years, in order to assure the public that they could fall back on a billion dollars instead of $560 million as well as continuing the "no fault" and accelerated payment features. We were thinking about the public when we did it.

Now the argument is being made, why should we stretch it out 10 years? I have talked that over with my colleague, and I said to him that I would discuss it with the Senate members of my committee, and I have with a few of the members. If my colleague is willing to go the 5 years, I am willing to accept that amendment and insist upon the 5 years.

Insofar as the Rasmussen study is concerned, that is to come out in August.

The House put in an amendment which is known as the Conte amendment, which stipulates that that study—before this act takes effect, or the extension takes effect, that study has to be completed and the Joint Committee has to hear the study, review and evaluate the study, and report back to the Congress.

The Senator raised this question: Yes, but then we are in limbo. And I understand he is going to follow that up with another amendment that will cure that. In the meantime, I send to the desk a substitute which reduces it to 5 years, and I think we can agree upon it.

Is that correct?

Mr. NELSON. That is correct, Mr. President.

Mr. CHILES. The substitute would not be in order until all time on the amendment pending is used up and yielded back.

Mr. NELSON. Mr. President, I would have preferred 2 years, but I think this is a reasonable compromise. I thank the chairman for being willing to compromise on this issue, and I am prepared to accept his modification of my amendment. I yield back whatever time I have left.

Mr. PASTORE. I yield back the remainder of my time.

The PRESIDING OFFICER. All time is yielded back.

Mr. PASTORE. Now I send to the desk this amendment, which makes it 5 years.

The PRESIDING OFFICER. The Chair states that the amendment which is now at the desk is not properly drafted as a substitute.

Mr. PASTORE. Will the Senator accept it as a modification of his amendment?

Mr. NELSON. I will accept it as a modification of my amendment.

I ask that my amendment be so modified.

The PRESIDING OFFICER. The yeas and nays have not been ordered.

The Senator will have the right to modify his amendment, and it is so modified.

Mr. NELSON. I modify my amendment.

The PRESIDING OFFICER. The clerk will state it.

The legislative clerk read as follows:

1. Delete the figure "1987" wherever it appears and substitute therefor the figure "1982".

2. In Section 11, delete the figure "1983", and substitute therefor the figure "1979".

Mr. PASTORE. I yield back my time.

The PRESIDING OFFICER. All time is yielded back. The question is on agreeing to the amendment as modified.

The amendment was agreed to.

Mr. NELSON. Mr. President, I send to the desk an amendment.

The PRESIDING OFFICER. The clerk will state the amendment.

Mr. NELSON. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered, and the amendment will be printed in the RECORD.

The amendment is as follows:

H.R. 15323, an Act to amend the Atomic Energy Act as amended, to revise the method of providing for public remuneration in the event of a nuclear incident, and for other purposes. On page 10, line 22, strike everything after "Sec. 12." through page 11, line 4 and insert in lieu thereof the following: "The provisions of this bill shall become effective thirty (30) days after the date on which the Joint Committee on Atomic Energy submits to the Congress an evaluation of the Reactor Study, entitled "An Assessment of Accident Risks in the US Commercial Nuclear Power Plants," AEC Report Number WASH-1400, except that it shall not become effective if within the thirty (30) day period after the Joint Committee submits its evaluation, the Congress adopts a concurrent resolution dissapproving such report."

Mr. NELSON. Mr. President, this amendment provides that on line 22, we strike everything after "Section 12," through page 11, line 4, and insert in lieu thereof the following:

On page 10, line 22, strike everything after "Sec. 12." through page 11, line 4 and insert in lieu thereof the following: "The provisions of this bill shall become effective thirty (30) days after the date on which the Joint Committee on Atomic Energy submits to the Congress an evaluation of the Reactor Study, entitled "An Assessment of Accident Risks in the US Commercial Nuclear Power Plants," AEC Report Number WASH-1400, except that it shall not become effective if within the thirty (30) day period after the Joint Committee submits its evaluation the Congress adopts a concurrent resolution dissaproving such report.

Mr. PASTORE. As I understand the amendment, if the Senator will yield, that rejection has to be an affirmative action.

Mr. NELSON. The rejection has to be an affirmative action by each House of the Congress.

Mr. PASTORE. I am willing to accept this amendment, Mr. President, I think it is a good one.

Mr. NELSON. Mr. President, will the Senator yield for just a question?

Mr. PASTORE. I yield.

Mr. NELSON. Would I be correct in understanding that once the committee has received the Rasmussen Report, it would be the intention of the committee to conduct hearings and to take testimony from the scientific community respecting the report?

Mr. PASTORE. That is correct. Then we will report it back to Congress with a recommendation, and at that point any Member of Congress can take whatever action he deems appropriate.

Mr. NELSON. I thank the Senator.

Mr. PASTORE. And if they do not do so in 30 days, it is final.

Mr. NELSON. It becomes law.

Mr. PASTORE. I am perfectly willing to accept the amendment.

Mr. COTTON. Mr. President, will either of the Senators yield for a question?

Mr. PASTORE. Mr. President, I yield to the Senator from New Hampshire.

Mr. COTTON. Nothing in this amendment is going to delay the construction of nuclear powerplants more than at present?

Mr. PASTORE. No, because until August 1977 the old law prevails. Beyond that, of course, it is dependent upon this report, but we expect to consummate this by the end of the year. So there is no question.

Mr. COTTON. I would like to take 1 minute to commend the distinguished Senator from Rhode Island (Mr. PASTORE) and the distinguished Senator from Vermont (Mr. AIKEN) for their work on this whole subject. As the Senators may remember, I served for a brief time on the committee, and I know something about the problems. Both Senators are from New England, and know the desperate need for power in New England, which was the reason for my question. I am reassured by the explanation of the distinguished Senator from Rhode Island that there is nothing in this amendment that would hold up or further impede the construction of nuclear powerplants.

Mr. PASTORE. That is correct. Mr. President, I am prepared to yield back the remainder of my time.

Mr. NELSON. I wonder if the Senator would withhold yielding back momentarily. I would like to call attention to the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. PASTORE. Mr. President, I ask unanimous consent, so that we can get this on the RECORD, that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PASTORE. Mr. President, if the Senator from Wisconsin is troubled by this with regard to the wording "extension of the Price-Anderson Act," we can correct it in conference.

Mr. NELSON. All right.

Mr. PASTORE. The amendment would serve its purpose unless the report is unfavorable, and we reject it. In other words, I, too, want the improvement made, because the report might be unfavorable and we might reject an unfavorable report, and I would not want thereby to destroy Price-Anderson.

The Sentor can change the words to fit his purpose. In other words, instead of "such report" he can use the words "extension of Price-Anderson."

The PRESIDING OFFICER. Does the Senator from Wisconsin wish to modify the amendment?

Mr. NELSON. Mr. President, I modify the amendment by striking the words "such report" and substituting in lieu thereof the words "the extension of the Price-Anderson Act."

The PRESIDING OFFICER. If the Senator will send his modification to the desk, the amendment will be so modified.

Mr. NELSON's amendment, as modified, is as follows:

(a) On page 10, line 22, strike everything after "Sec. 12." through page 11, line 4, and insert in lieu thereof the following: "The provisions of this bill shall become effective thirty (30) days after the date on which the Joint Committee on Atomic Energy submits to the Congress an evaluation of the Reactor Study, entitled "An Assessment of Accident Risks in the U.S. Commercial Nuclear Power Plants," AEC Report Number WASH-1400, except that it shall not become effective if within the thirty (30) day period after the Joint Committee submits its evaluation, the Congress adopts a concurrent resolution disapproving the extension of the Price-Anderson Act.

The PRESIDING OFFICER. Do the Senators yield back the remainder of their time?

Mr. PASTORE. I yield back the remainder of my time.

Mr. NELSON. I yield back the remainder of my time.

The PRESIDING OFFICER (Mr. CHILES). All remaining time having been yielded back, the question is on agreeing to the amendment, as modified, of the Senator from Wisconsin (Mr. NELSON).

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. SCHWEIKER. Mr. President, I call up my amendment No. 1760 and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

> On page 7, line 7, after the period, add the following: "This section shall not be interpreted to preempt the field of strict liability or to preclude any State from imposing additional requirements.".

Mr. SCHWEIKER. Mr. President, the Senator from Wisconsin (Mr. PROXMIRE) and the Senator from Kansas (Mr. DOLE) join me in cosponsoring this amendment. I ask unanimous consent that their names be added as cosponsors.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SCHWEIKER. Mr. President, the language of this amendment would amend section 3 of the bill, which provides the authority for the Atomic Energy Commission to regulate the terms and conditions of nuclear liability insurance. My amendment would permit the State—any State—to impose requirements for insurance coverage on nuclear power facilities in addition to those established in section 3 of H.R. 15323.

The bill as it now stands would require each nuclear facility to be liable for deferred insurance premiums of between $2 million and $5 million in case of a nuclear disaster. The exact amount would be left to the discretion of the Atomic Energy Commission, as the bill is now written.

The States should have the right to impose additional requirements for insurance coverage for nuclear facilities to protect their people, in those instances where State authorities feel that there are sound grounds for expanded or additional public protection.

The existing Price-Anderson Act sets a limit of $560 million for total nuclear accident liability indemnity for both Federal and private insurance policies.

Several people have estimated the potential damage of a serious nuclear accident could cost billions of dollars. In fact, as I recall, one atomic energy study itself, assuming the worst of all possibilities, said some years back that a nuclear accident, if it was total and disastrous, could run as high as $17 billion.

Now, that is the extreme, but that is the outside limit of the kind of insurance coverage we might be talking about if the worst happens.

Yet if such an accident were to take place, the maximum reimbursement to the public would only be $560 million. Under H.R. 15323 it appears that only when there are more reactors operated and responsible for the deferred insurance premium at the rate to be set by the AEC would there be any possibility for the total insurance fund to increase above $560 million.

This is not adequate coverage even by the AEC's own definition of what the limits of liability could be and, at the same time, it encourages the proliferation of nuclear reactors for the wrong reasons in the wrong places. Nuclear powerplants could have different degrees of risk based on factors such as the number, size, and type of reactors at different locations.

In addition, States such as Pennsylvania and Illinois with reactors in high population areas ought to be able to require higher insurance protection for their citizens than the Federal current limits allow.

In addition, there are many geographical sectors of our country where locating a plant somewhere near a geological fault, a fault in the structure of the earth, could well make a difference in terms of an earthquake or tremor. The liabilities ought to be higher for that particular location than $560 million if they are really going to build an atomic powerplant over a fault that possibly could cause trouble later on because of its geological properties.

My amendment would only give the States the flexibility to deal with the insurance liability matter as each thought to be most appropriate to protect its people.

The amendment says very simply:

> This section shall not be interpreted to preempt the field of strict liability or to preclude any State from imposing additional requirements.

That is all it says. The language of my amendment is identical to a provision contained in the legislation authorizing the trans-Alaskan pipeline liability fund now contained in Public Law 93-153. In other words, we did it for the Alaskan pipeline, we set the precedent, we have established this practice. We gave the Alaskans the right to protect themselves over and above what funds might be available. So I am asking for the right to protect the people of various States.

Mr. PASTORE. Mr. President, will the Senator yield on that very point?

Mr. SCHWEIKER. I will be glad to yield on that point.

Mr. PASTORE. Well, on the Alaskan pipeline there is no public money, absolutely no public money. Here we have got $450 million of the money of the taxpayers of the United States of America, and we want to preserve that at no fault, and the Senator wants to go beyond that with a tort procedure, which means the Senator wants it both ways. He wants the Federal Government to come in and pay off without any proof at all which, of course, is the present law, and then beyond that, the Senator wants to impose another liability.

What the Senator is going to do is bankrupt every public utility in this country and, what is more, in the 17 years we have not had to pay 1 penny out of the Price-Anderson governmental responsibility nor has a single member of the public been injured or killed by a nuclear incident. I mean, that is where we are.

The Senator cannot make a comparison between this and the Alaskan pipeline. The Alaskan pipeline was a situation where we imposed 5 cents on every barrel of oil to build up the fund. The consumer is paying for that. Here the Government, the taxpayer, is paying for it.

Mr. SCHWEIKER. I thank the distinguished Senator.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. SCHWEIKER. Yes.

Mr. AIKEN. I wonder does the Senator have the records showing what insurance money the coal mines and the oil companies have had to pay over the last 18 years compared with zero payments for the nuclear power industry? Does the Senator mind if I put that in the RECORD if it is available?

Mr. SCHWEIKER. No, I would be glad to have it.

Mr. AIKEN. The amount of damages created by both the coal mines and the oil companies over the same period of time.

Mr. SCHWEIKER. I would appreciate it.

I think the distinguished Senator from Rhode Island, very articulate and very able, who I respect very highly, misses the point I am making. I put the Alaskan pipeline analogy in to show that we have established the precedent, that we have done it before.

I think the one key difference, which makes my argument more compelling, is we are using public money. Why are we using public money? Because every private insurer is scared to put up the risk. That is why we are using public money. And if they are scared to put up the risk, then there must be some risk, and if there is some risk, why do we not give the States the right to protect their own people. Yes, we are using public money because everybody else is scared. They cannot handle it.

Now, if there is a risk, and if private money is scared of the risk, then should we not give the people the right to protect themselves from that acknowledged risk?

Mr. PASTORE. Mr. President, will the Senator yield on that point? I mean, I do not want to deter him from his presentation.

Mr. SCHWEIKER. I was hoping to get through with my statement.

Mr. PASTORE. The only trouble is this: of course, we are only a few on the floor, and if we were more I just would not interrupt the Senator. But inasmuch as it is just a couple of us on the floor, I think we ought to correct as we go along, if he does not mind. But if he does mind, I am willing to ask a question later.

Mr. SCHWEIKER. I do not mind.

Mr. PASTORE. I am not here to protect the public utilities; I am not here to hurt the public in any way. As a matter of fact, that is the reason why in 1966 or 1967 we made it a law to make it no fault, absolutely no fault.

Now, on the Alaskan pipeline, the available insurance is only $14 million. Here the utilities are compelled to buy $110 million of insurance. Then beyond that, every other public utility company that has a nuclear plant anyplace in the United States of America is going to be assessed in the case of a catastrophe, and how is one State going to dictate what a public utility company in another State is going to do? That is the reason we had to preempt this.

I must say this, the Senator's amendment, as well meaning as it might be—and I know what he has in mind—will actually gut Price-Anderson with no protection to the public, because every State will come under the tort law, will not come under no fault, and then where are we?

The Senator knows in the Texas case when that ship blew up with the fertilizer they brought action against the Government, and the Government turned that claim aside. But we, in the Congress of the United States, felt there was a moral obligation, and we did it, and this Congress will do it in case we have extensive damages beyond the current $560 million or $1 billion under Price-Anderson in the 1980's.

Mr. SCHWEIKER. I thank the distinguished Senator. I would like to respond because I still do not agree with the point he is making. Actually my amendment would give the States the right, individually or together, to work together. In Pennsylvania and New Jersey—I might say there are some reactors that are located right along the river where both States are affected—they will have the right, their insurance departments or their Governors, to say this was a tremendous risk for the 4 million people in the Delaware Valley here on both sides of the river and they could get together as to their liability as could the State commissions, and have the potential to do something.

One point I would like to make is here in this law we give sole authority to one regulatory agency exclusively. Nobody else has a right to say or do anything, no one. Nowhere else in Government is that normally done. We have an executive branch, a legislative branch. This is a different procedure, and all I am saying is should we not have a little bit of check and balance in here? Should not the States have the right to say, "Wait a miunte, we are the guinea pigs. The risks are too high: $560 million will not cover it. Nobody else wants to cover it, and we have the right to set some liability limits on them."

Mr. PASTORE. Mr. President, will the Senator yield on that point? Does he know that you cannot build an atomic plant unless you get permission of the State?

Mr. SCHWEIKER. You cannot what?

Mr. PASTORE. You cannot build the plant unless the State gives its consent; you just cannot do it. That is right. You have got to get the State to approve the site from a zoning standpoint, and you cannot do it unless the State agrees to do it, and if it does not meet the State's zoning and environmental requirements they should not agree to do it.

Mr. SCHWEIKER. The Senator knows very well we argued this amendment of mine 2 years ago in one other form, that the State has absolutely no right to preempt a safety standard, and while they may give a zoning permit, they have no idea what is coming after that. They give a building permit or a zoning permit. In fact, the distinguished Senator argued down my amendment which was beaten by five votes 2 years ago, and he would not give the State that right to say that the risk is too great in terms of the safety factors. We would not give this right. So the State does not have the right.

We fought the issue out. I lost 2 years ago. All I am saying is that if we do not give the State the right to set a higher radiation standard than the AEC sets, and they do not have that right in spite of what the Senator implies, then at least give them the right to have liability insurance to cover their people. What is so wrong with that?

I would like to continue.

Mr. PASTORE. All right, all right.

Mr. AIKEN. Mr. President, will the Senator yield for a question?

Mr. SCHWEIKER. All right, I yield.

Mr. AIKEN. I would like a little clarification of his proposed amendment.

There is a nuclear powerplant in Vermont which is less than a quarter of a mile from the New Hampshire border. Would the State of New Hampshire then have the right to fix liability and make any other forms of regulation for a plant in an adjoining State? That would also apply to the whole State of Rhode Island, which, I think, has the Boston Edison nuclear plant nearby, and under the Senator's amendment, unless the State had the right to fix the liability rates and the radiation rates in an adjoining State, I do not see how it could work.

The Vermont plant will cover the area in both States. New Hampshire wants a plant of its own farther up the river which would cover much of Vermont. Could either State regulate the operations in adjoining States?

Mr. SCHWEIKER. My amendment does not give them the right to fix radiation standards, that was an amendment debated 2 years ago, but it does give a State a right to set insurance standards for reactors within that State, and there is nothing to stop several States working together.

Mr. AIKEN. Yes, but 45 percent of the production from the Vermont plant is used in the States of New Hampshire and Massachusetts, most of it, anyway. There may be some going to Rhode Island and Maine and New Hampshire and Massachusetts towns are almost adjoining the nuclear plant site.

Could those States fix rates and conditions under which the plant in an adjoining State operates?

Mr. SCHWEIKER. To answer the Senator's question, they could if they worked together on the problem, and I think there is every indication from the association——

Mr. AIKEN. In the meantime, I said a while ago, in Vermont the price of coal had increased 250 percent in 18 months. I just communicated with the municipal plant manager in Burlington, Vt., and the price of coal now has gone up to $35 a ton, plus $8.68 freight, making the total cost $43.68, and a year and a half ago last fall the coal from the hard coal States was costing $12 a ton.

Mr. SCHWEIKER. Clearly the States are in the best position to know their own requirements in a matter which can have an overwhelming bearing on them, such as the pipeline and the nuclear liability issue. The Federal Government, by setting the minimum standards, should not take away from the right to set stronger requirements if the State authorities feel their situation merits it.

Over 3 years ago I introduced legislation (S. 2050) to amend the Atomic Energy Act of 1954 to permit individual States to set their own standards for the regulation of radioactive discharges into the environment from nuclear powerplants, as long as the State's standards were stricter than the Federal standards. The Federal standards would have set the minimum. The legislation was considered by the Senate as an amendment on May 17, 1972, and came within five votes of passing. Since that time the public and the Members of the Congress have become more aware of the potential hazards of the proliferation of nuclear powerplants. I feel it is entirely appropriate for each State to have the right to impose stronger requirements affecting the insurance imposed on the nuclear power facilities operating within its own borders. The Congress established several precedents for this kind of legislation, such as the Clean Air Act by permitting the States to set standards tougher than the Federal standards. With the proliferation of nuclear powerplants, many near major population areas, and the potential for harm to thousands of people and billions of dollars of property which can result from just one serious nuclear accident, I think it is increasingly important that the States be given a major role in setting the insurance standards to protect their citizens.

I urge my colleagues to support this important amendment. Unless it is adopted no State could set higher nuclear insurance standards than those set by Federal Government in this bill.

Mr. PROXMIRE. Mr. President, I am delighted to join the Senator from Pennsylvania (Mr. SCHWEIKER) in offering this amendment. Although there is little that I can add to his presentation, I would like to just comment briefly on my reasons for supporting this amendment.

Its purpose is simple: It allows the States to set additional requirements for the utilities to meet in the area of liability insurance. The States may not go below the Federal minimum established under Price-Anderson but they may require additional standards if they feel their situation requires it.

This is hardly a novel concept. We passed identical language in the Alaskan pipeline bill and the same concept was embodied in the Clean Air Act. It is a solid proposition—both legislatively and constitutionally.

Why should the States have this authority? There are a number of reasons.

First, we are recognizing the very obvious fact that different regions are more susceptible to natural catastrophes—such as earthquakes, if they are located along fault lines, or, tidal waves, as is the case in certain parts of our western coastline.

Second, an important consideration in determining liability is the proximity of a nuclear facility to urban areas. No two facilities pose the same potential threat in the case of an accident or natural catastrophe. National levels established under Price-Anderson make no allowance for this.

Third, it is clear that the safety records at various nuclear facilities vary. Recently, the Atomic Energy Commission has moved to tighten its security precautions and safeguard standards and and this is to be commended.

But mistakes do occur. In this morning's Washington Post, for example, on page A26, there is a short story that the Virginia Electric & Power Co. reported a spill of 3,600 gallons of radioactive water at its Surry nuclear power station. Although this spill did not result in any public hazard, it is clear that such errors do nothing to increase public trust in our safety measures.

And as the number of nuclear facilities rises geometrically in the years ahead, the potential problems grow as well.

Therefore, it is important that the States be given a role in the protection of their citizens.

This amendment would give them that role.

Mr. President, it has been suggested that the States lack the competence to deal with the complex questions of nuclear liability.

I disagree vigorously with that notion.

Questions of insurance regulation have traditionally rested with the States and I believe that they have an existing capability to deal with this field. Through their insurance departments and utility commissions, they can develop the necessary expertise.

Certainly, we must remember that not every State would desire to act. Some do not currently have nuclear facilities and others would find the Federal standards more than sufficient.

But we must still concern ourselves with those few States which need additional protection and it is for these States that I join in offering this amendment.

It is high time that we refute the notion that all wisdom resides in Washington and acknowledge the dynamic role that the States can and do play in our federal system.

Mr. CRANSTON. Mr. President, I rise in support of the amendment offered by Senators SCHWEIKER and PROXMIRE to H.R. 15323, the Price-Anderson Nuclear Insurance Act. This amendment is identical to a provision in the Alaska pipeline law, Public Law 93–153.

It states simply, "this section shall not be interpreted to preempt the field of strict liability or to preclude any State from imposing additional requirements."

The amendment would, in short, leave open the option for a State to establish additional liability requirements and safety standards should the people of that State so desire. This is fully consistent with the wishes of the people of California as expressed in assembly bill No. 1575, the Warren-Alquist State Energy Resources Conservation and Development Act, signed into law by the Governor on May 21, 1974.

This landmark energy planning bill, steered to enactment by two very able members of the California Legislature, Assemblyman Charles Warren and Senator Alfred E. Alquist, becomes effective on January 1, 1975. It will establish the State energy resources conservation and development commission, made up of five members from specified occupations and backgrounds that can bring a balanced and knowledgeable perspective to the critical energy decisions that must be made in the years ahead.

In defining the responsibilities of this commission, section 25216.3(a) of AB 1575 requires the commission to "adopt standards, except for air and water quality, to be met in designing or operating facilities to safeguard public health and safety, which may be different from or more stringent than those adopted by local, regional, or other State agencies, or by any Federal agency if permitted by Federal law; and monitor compliance and insure that all facilities are operated in accordance with this division."

Mr. President, the State of California has enacted a farsighted plan to bring order to energy resources development and powerplant siting and to conduct essential research and development on new energy sources. The commission established by this new law will be uniquely able to assess the need to impose any additional requirements on a nuclear powerplant scheduled to be constructed in the State. I believe the Federal Government has a responsibility to allow the people of California to impose whatever additional requirements they believe are needed to protect public health and safety.

The people of California have a right to decide whether they need more stringent protection because they face a greater risk of a catastrophic nuclear accident due to the threat of severe earthquakes and tsunamis. I urge adoption of the amendment.

The PRESIDING OFFICER. Who yields time?

Mr. PASTORE. The Senator from Tennessee desires time.

Mr. BAKER. Mr. President, would the Senator yield briefly?

Mr. PASTORE. I yield to the Senator.

Mr. BAKER. Mr. President, I believe that the Senate should reject the amendment. We have considered it previously in different form. We have now essentially the same set of circumstances we had before.

If we are going to have an AEC and are going to provide for a uniform system of development of nuclear power in the United States, we have got to do it in a coherent fashion. I think we ought not deviate from it.

I have nothing but the highest regard for the Senator from Pennsylvania and I know of his profound interest in safety and in the fuel policy of the United States. That fuel policy, obviously, has to be one of a mix of fossil fuels, coal, oil, natural gas, or more esoteric forms, exotic forms, of fuel systems. We have got to develop them all, but the cold fact is that we have got to have reactors if we have any hope at all of advancing the cause of civilization in the years just ahead.

There is no other realistic possibility immediately meeting the requirements of this Nation or the world's energy requirements. We have to have the power, we have to make it a practical situation.

The licensing procedures we now go through, coupled with the Price-Anderson Act as it will emerge, I am sure, from consideration of this body, present a unified program that attempts to adequately protect the country, and not retard the development of this necessary energy supply. Therefore, I believe we should adopt this bill as presently amended without the further amendment suggested by the Senator from Pennsylvania.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. PASTORE. For all intents and purposes, at first blush that amendment sounds rather functional and has some attraction. I mean, it merely says the State ought to exert its rights. No one denies that.

Here we are dealing in something that has had a very national concern from the very beginning. That is the reason why the Congress of the United States in the first place, 17 years ago, adopted the Price-Anderson Act. They adopted the Price-Anderson Act because we realized at that time there was a national responsibility.

What did we do? We set up an indemnity provision of $560 million. At that time, we required the utilities to provide on their own $60 million, which was all the private insurance available at the time. Up to this time, it has increased to $110 million and they have paid premiums of $48 million to date. All the insurance companies had to get together in order to constitute that national pool.

Now on the new provisions of this act, what we are doing is calling upon every new utility company, public and private, that installs or constructs a reactor to have retrospective protective insurance coverage, which means that in the case of a disaster each company, no matter where it happens to be, can be called upon to pay its share. The reason why I am saying that is to show what a panoramic responsibility this is.

Now, because the Federal Government realized what we were up against, we instituted the no-fault procedure which means that, God forbid, if anyone is injured, and up to this time we have not had one case, not one single case in 17 years, but, God forbid, if any third person should be injured, he does not have to prove that the utility was at fault. All he has to do is show his injuries, and he can begin to recover his damages immediately. He does not have to wait until he goes to court, and he does not have to wait 2, 4, 5, 6, 10 years before he gets his money. He gets his money immediately.

The Government realized that. That is the reason why we got ourselves into this.

Now, what is this going to do?

This amendment from the Senator from Pennsylvania is just going to gut the act. We are just going to gut the Price-Anderson Act because, I will tell you frankly, if this amendment passes, I think we should remove the Government indemnity, we should remove no-fault and let every State run it the way they want to and they will end up with brownouts, blackouts, which is what we are trying to avoid.

Mr. COOK. Will the Senator yield?

Mr. PASTORE. I am happy to yield to the Senator.

Mr. COOK. Is it not true that if we do not have a uniform procedure and if we adopt the amendment of the Senator from Pennsylvania that what we have is a patchwork program all over the United States?

Every Governor and every State legislature is looking at the National Government for an energy policy. They are looking for a uniform energy policy so that we will not have the problems we are afraid we could conceivably have, possibly will have, and under this amendment, in effect, they are saying that if the State decides it does not want any of these facilities, that legislature can make the rules so restrictive they will complain about the problem on a national basis, but they will eliminate the utilization of this particular program in their own State by reason of their own restrictive legislation.

Mr. PASTORE. I ask the Senator from Kentucky would he, as a U.S. Senator, not only representing his State but at the same time representing the interest of the United States of America, think he should obligate himself up to $560 million on a no-fault basis if somebody else is going to come in and impose a superstructure over that?

Mr. COOK. None whatsoever.

Mr. PASTORE What he is going to do is he will withdraw his indemnity. He will say, "OK, if you want it your way, have it your way from the very beginning." Those premiums will be so sky high that there will not be an insurance company that can undertake that policy. What will happen is this will gut the whole program.

Mr. COOK. May I say to the Senator from Rhode Island he is a hard man to help.

The thing that bothers me is I am afraid what we are looking at is a massive Federal program to protect the injuries, to protect the liability of those facilities. We will then say to States, if we adopt the Schweiker amendment, "You can impose over that structure anything you want to." Then what really frightens me if they have some indemnity program they will come to the Federal Government and say, "You are the one that licensed the thing in the first place, so why do you not put up the money to cover our whole indemnity program over yours?"

I do not know of a program in the whole United States that was established where sooner or later they did not ask us to foot part of the cost.

I would say if we want to resolve this energy problem, do not try to impede it or do not try to prohibit its normal functions by having 50 different regulations at State levels to impede the ability of a national program to get energy to the people of this country.

Mr. PASTORE. May I ask the Senator a question? If, God forbid, we had this unlikely accident we are talking about, and the damages were $1 billion instead of $500 million, would he not consider it a moral obligation for us to come along and pay these damages?

Mr. COOK. May I say to the Senator from Rhode Island that the Senator from Pennsylvania would be in here with a resolution calling for additional costs, and the Congress would give it to him.

Mr. PASTORE. And the committee report says so.

Mr. SCHWEIKER. Will the Senator yield?

Mr. PASTORE. I yield.

Mr. SCHWEIKER. I am interested in hearing that. Being a Pennsylvania Senator and having just gone through a sum of $2 billion in flood damages with Hurricane Agnes, with the Government only picking up a very, very small percentage of the bill—and I am sure there is a lot more act of God situation involved in that than a nuclear accident—it would seem to me that that is a little bit hard to understand. We could not even get the U.S. Government to put more than a small percentage of the Hurricane Agnes victims back on the track. I think in view of that I really wonder about the intent here.

Mr. PASTORE. Did Congress not require that flood insurance be available, and nobody bought it?

Mr. COOK. We have that same problem in our State now.

Mr. PASTORE. What did Senator PASTORE do? How did he vote? I voted for all this money. The Senator cannot pin that on me.

The PRESIDING OFFICER. Who yields time?

Mr. PASTORE. I am ready to yield back the remainder of my time if the Senator is ready to yield back the remainder of his time.

The PRESIDING OFFICER. Who yields time?

Mr. SCHWEIKER. Mr. President, I would like to sum up the arguments that we are making here. I think one of the problems that I see is that our present insurance system is an incentive for utilities to not weigh very heavily the accidental risk factor in terms of population and in terms of fault. They know that no matter where they locate the plant, the risks will be the same to them.

They know that the Federal Government will pick up the tab up to a certain point for them. They know their premiums will not be affected by what their decision is. So unlike the normal business situation they do not have to take into account the risk factor. That is my point.

We have built here a system that makes them not care where their location is because it does not relate to the dollars and cents issue.

We say, "You are all in the same boat whether you build one over a fault in California or near 4 million people in the Delaware Valley. You are covered. You do not have to pay an extra liability." And a private utility of some other nature would have some responsibilities in terms of their liabilities. Because we are protecting uniformly, we are actually discriminating in reverse and saying, "Do not worry about the risk factor because the Federal Government takes care of it. It is going to be equally applied."

In terms of the danger, I think we should point out one thing: Up to this point in time the private insurers are only willing to go for $110 million. Nobody is willing up to now to go beyond that point because they are afraid they will lose their shirt if something happens. They will go bankrupt.

Up to this point in time the Federal Government has only been willing to go to $560 million. So they are concerned about the limits of liability, too. Here we have two great testimonials to the risk: that private insurers will not go above $110 million and the Federal insurer does not want to go beyond $560 million.

Then it wants to do something very unusual. That is retroactively assessing premiums after it happens, a post facto situation, which is a very unusual procedure. It pretty well attests to the fact that there is a tremendous risk that we do not know here so we will not assess it; we will say that we do not care where they locate the plant.

If something happens, we will retroactively assess the plant after it happens, which is not a conducive way to direct the public utility people to look at the risk factor first and consider that in relation to their premiums. That relates to their cost.

I see nothing wrong with giving States the right, as we did with the Alaskan pipeline, as we did with the Clean Air Act, to say, "We have a special case and we have some special requirements." These States want power, too. Power is needed by them. They are going to weigh the power needs and the people needs.

But my point is where else do we have a situation where nobody can appeal, where nobody can have any say about the AEC? They are the sole arbiter of it.

If a Governor or an insurance commissioner, or the people themselves, want to do something about it, we have blocked by monopoly power in the law any right to do anything about it.

What is so wrong? If they are concerned, they have a good case. If the system is going to work so well, what is so wrong with giving the State the opportunity to look at it. After all, the State may decide they do not want to get involved, that they do think it is adequate protection. Maybe they do want to decide they want to go in with a few neighboring States and adopt some uniform standards to protect their area.

I do not think that is really too much

of an imposition to make in the law, that we simply say the States have some rights in the matter.

I wish to refer to an article published in the Washington Post, dated Thursday August 8, 1974. This article reads as follows:

RADIOACTIVE SPILL

Virginia Electric & Power Co. reported Tuesday a spill of about 3,600 gallons of radioactive water at its Surry nuclear power station last week.

The water was of a low radioactivity level and only about 150 gallons escaped from the plant into the James River, a company spokesman said.

The water had been used to cool some components that go into the nuclear reactor. The spill happened Friday when a hose ruptured while the water was being transferred between internal plant systems.

According to a Vepco spokesman, neither U.S. regulations nor plant license limits for radioactivity were exceeded. Vepco said the spill poses no threat to marine life, station employees or the public.

I am delighted that nothing was harmed by that spill, but how do we know what the next spill will be. Nuclear accidents have happened, and they will happen. Yes, the chairman is quite right, we have been fortunate so far, and I am delighted that we have been fortunate. I am pleased that we have been. But if we are so sure the system is a good system, if we are so sure we have the best insurance possible, under the circumstances what is wrong with giving the States the right to have a voice, an input into the situation?

Mr. President, I ask for the yeas and nays on this amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is not a sufficient second.

Mr. SCHWEIKER. Mr. President, I suggest the absence of a quorum, unless the Senator from Rhode Island wants to speak further.

The PRESIDING OFFICER. The Senator from Pennsylvania does not have enough time left on his time under the precedents to suggest the absence of a quorum. He can yield back his time and then suggest the absence of a quorum.

Mr. PASTORE. We do not want to get ourselves enmeshed in a parliamentary straitjacket. I will give him all the time he needs, either under the bill or on my own, to have a quorum call.

I think we should say in the meantime that what we are overlooking on this matter of insurance is if this amendment is adopted, it is going to put every publicly owned reactor out of business.

Mr. President, it is going to put every municipality that has one out of business. We have spread this risk around; this is a community obligation. We have spread this among the community of nuclear reactors; no less than $2 million and no more than $5 million for each reactor.

In addition to that, there is the basic $110 million, which will become $125 million by the time rules and regulations are promulgated by AEC. Each public utility company spends between $250,000 and $400,000 a year in insurance premiums. They pay those every year. They also pay a fee to the U.S. Government for the indemnity. We have made $5,000,000 on Price-Anderson; we have not paid a nickel.

Beyond that there is the obligation of perhaps $3 million per reactor, which would bring it up to $560 million by 1983 and if we were to take the 10-year extension, it would be $1 billion. So the Senator cannot say it would not impose a responsibility on the public utilities. Our bill, unlike the Senator's amendment, would not make the procedure prohibitive; it would not put the whole business of nuclear reactors out of business.

God help us if we go ahead and tip this thing over, with the energy crisis we have, on the grounds of insurance here, whether the State has the right, the Federal Government has the right—I am telling Senators it will come back to haunt us. I think we should avoid that.

I do not in any way deprecate the motivation for the amendment or its sincerity. I know the Senator's point.

However, we have many small municipalities and other publicly owned organizations that want to participate in owning and operating nuclear powerplants. We have that situation in Nebraska, Arizona, and other places. The reason we must be careful is that the giants like Con Ed can afford it, but take the little city or cooperative that owns or has an interest in a nuclear plant, and it is going to put them right out of business because they have to buy that kind of insurance and they could not even afford to pay the premium. They would become victims of the insurance company.

Under our bill, reasonable premiums have to be determined by the Commission, and the Commission is subject to the Joint Committee on Atomic Energy.

Now, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. PASTORE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. HATHAWAY). Without objection, it is so ordered.

Mr. COOK. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. Is all time yielded back on the amendment?

Mr. SCHWEIKER. I yield back my time.

Mr. PASTORE. I yield back my time.

The PRESIDING OFFICER. All time is yielded back. The question is on agreeing to the amendment of the Senator from Pennsylvania (Mr. SCHWEIKER). The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. WEICKER (after having voted in the affirmative). Mr. President, on this vote, I have a pair with the distinguished Senator from Arizona (Mr. GOLDWATER). If he were present and voting, he would vote "nay." If I were permitted to vote, I would vote "yea." Therefore, I withdraw my vote.

Mr. ROBERT C. BYRD. I announce that the Senator from Alaska (Mr. GRAVEL), the Senator from Minnesota (Mr. HUMPHREY), the Senator from Louisiana (Mr. JOHNSTON), the Senator from Louisiana (Mr. LONG), the Senator from Montana (Mr. METCALF), the Senator from Minnesota (Mr. MONDALE), and the Senator from New Mexico (Mr. MONTOYA), are necessarily absent.

I further announce that, if present and voting, the Senator from Alaska (Mr. GRAVEL) would vote "yea."

I further announce that, if present and voting, the Senator from Minnesota (Mr. HUMPHREY) would vote "nay."

Mr. GRIFFIN. I announce that the Senator from Arizona (Mr. GOLDWATER), the Senator from Maryland (Mr. MATHIAS), and the Senator from Oregon (Mr. PACKWOOD) are necessarily absent.

I also announce that the Senator from New Jersey (Mr. CASE) is absent on official business.

I further announce that, if present and voting, the Senator from New Jersey (Mr. CASE) would vote "yea."

The result was announced—yeas 28, nays 60, as follows:

[No. 357 Leg.]

YEAS—28

Abourezk
Bayh
Biden
Brooke
Buckley
Church
Clark
Cranston
Dole
Hart
Hartke
Haskell
Hatfield
Huddleston
Hughes
Javits
Kennedy
McIntyre
Metzenbaum
Pearson
Percy
Proxmire
Ribicoff
Roth
Schweiker
Scott, Hugh
Taft
Williams

NAYS—60

Aiken
Allen
Baker
Bartlett
Beall
Bellmon
Bennett
Bentsen
Bible
Brock
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Chiles
Cook
Cotton
Curtis
Domenici
Dominick
Eagleton
Eastland
Ervin
Fannin
Fong
Fulbright
Griffin
Gurney
Hansen
Hathaway
Helms
Hollings
Hruska
Inouye
Jackson
Magnuson
Mansfield
McClellan
McClure
McGee
McGovern
Moss
Muskie
Nelson
Nunn
Pastore
Pell
Randolph
Scott, William L.
Sparkman
Stafford
Stennis
Stevens
Stevenson
Symington
Talmadge
Thurmond
Tower
Tunney
Young

PRESENT AND ANNOUNCING A LIVE PAIR, AS PREVIOUSLY RECORDED—1

Weicker, for

NOT VOTING—11

Case
Goldwater
Gravel
Humphrey
Johnston
Long
Mathias
Metcalf
Mondale
Montoya
Packwood

So the amendment was rejected.

Mr. TOWER. Mr. President, the imposition of liability on utilities for nuclear accidents will discourage capital attraction. When added to restrictions on burning coal and oil, the oil shortage, and the limits of the present technology for electric generation, the result will be a serious contribution to the energy crisis. Interestingly, the same groups pushing the amendments and opposing the bill are opposed to the available alternatives to nuclear power and favor repeal of the depletion allowance, which will demonstrably worsen the oil and gas shortage.

I ask unanimous consent to insert an article from the Oil Daily, Friday, July 26, 1974, which illustrates that utilities are already in serious trouble with respect to capital attraction.

There being no objection, the article was ordered to be printed in the Record, as follows:

[From the Oil Daily, July 26, 1974]

Utilities Begin Pulling in Their Horns as They Postpone Many Major Projects

(By John A. Moore)

New York.—At least a half dozen electric utility companies this week began "pulling-in their horns" regarding major construction programs. If it turns out to mark a trend, another chapter in the story of the U.S. Energy Crisis may be in the making.

The implications of such a trend would be—despite the great search for added energy sources and the government's Project Independence—many Americans could see "the lights go out" within a decade.

So far, here are utility firms announcing major cutbacks in construction programs:

Consolidated Edison, New York: Suspension of its multi-million-dollar Cornwall pumped storage hydroelectric project.

Jersey Central P&L, Morristown, N.J.: Postponement of 1,100 megawatt nuclear installation (Forked River Station) in Lacey Twp., N.J., from 1979 in-service date to 1980. JCP&L earlier this year estimated this to cost about $540 million.

Public Service Co. of Colorado, Denver: Cutting its 1974 construction budget to $145 million from $210 million pledged last fall.

Pennsylvania Electric Co., Johnstown, Pa.: Banking to 1979 from 1978 a planned 800,000 kw mine-mouth coal-fired unit at Seward, Pa., near Johnstown—and a similar plant called Coho No. 1, from 1979 to 1981.

Metropolitan Edison Co., Reading, Pa.: A 1,100 mw nuclear plant, Portland No. 5, near Delaware Water Gap, Pa., pushed off to 1985 from 1984. This would be jointly owned with Jersey Central P&L.

Virginia Electric & Power Co., Richmond: Pushing-off more than $100 million of its 1974 construction program.

General Public Utilities, of which the two Pennsylvania and one New Jersey utilities are subsidiaries, also has declared that an 800,000 kw nuclear unit planned for Three Mile Island, near Harrisburg, Pa., is being deferred until "the late 1980s." This cutback was announced by William G. Kuhns, GPU president, as part of a systems-wide $400 million slash, or about 25%, in GPU's previously pledged $1.6 billion construction budget. Of the total reduction, Kuhns said about $135 million would be trimmed from 1974, $65 million from 1975, and $200 million from 1976.

Other than Con Ed, which gave extensive litigation as a reason for suspending its Cornwall pumped storage hydro setup, most of the utilities cited the reason given by GPU's Kuhns: He said the objective was to "bring construction expenditures down to a level consistent with their earnings and financing capabilities."

Richard D. Speer, vice president, Public Service Co. of Colorado, blamed limited availability of natural gas, a slowdown in residential construction, and "short term deferrals of planned projects." However, a week ago, the Colorado company reported 1974 second quarter earnings of 37 cents a share, down from 54 cents for the like period last year. And Speer told Wall Street analysts this week that he sees "little or no earnings improvement until such time as additional rate relief becomes available."

Virginia E&P chairman John McGurn was quoted this week as stating that "inadequate rate relief and declining earnings triggered a downgrading of the company's securities . . ." Vepco's 12 months earnings for the period ending June 30 were $1.81 a share vs. $2.13 a year ago. PSC's showed likewise: $1.68 vs. $2.26.

Among items deferred by Vepco are $83 million in generating units and atomic fuel, $13 million in transmission, $3 million in distribution, and $4 million elsewhere, Vepco pushed off its Bath County, Va., pumped storage hydro project three years—from 1979 to 1982.

Both in New Jersey and Pennsylvania legislators and regulatory people reacted to the cutbacks as coming close to "blackmail" to get rate hikes pushed through.

GPU's Kuhns appeared to make no bones about it:

"We have stated to the commissions that our companies do not want to build—indeed cannot build—facilities for which the commillions conclude that revenues cannot or should not be provided. By the same token, if the commissions and the customer representatives conclude that they want facilities built because they agree that such facilities will best meet customers interests, they should be willing to provide the current revenues necessary to finance such facilities."

Mr. TOWER. Mr. President, the argument is made that without having to bear liability-exposure risks, nuclear utilities will not adopt appropriate safety measures for protection of the public. The position is ludicrous. No one invests one-half billion dollars in a plant and permits safety-design flaws which could destroy the investment. Furthermore, I think it absurd to characterize our nuclear utilities as having such a cavalier disregard for human life.

Finally, insurance is a cost of doing business. It can be borne by the Government with no cost, unless or until there is an accident. But it costs the utility a premium, a very expensive premium, if carried by a private firm. As with all other utility costs of operation, the premium will have to be recovered from the consumer. Because of the magnitude of potential loss, not the magnitude of risk, that cost to the consumer would be enormous. Opponents of H.R. 15323 have made no demonstration that the electric consumers of this Nation wish to pick up such a tab.

Mr. PASTORE. Mr. President, unless there are further amendments, we are ready to proceed to third reading.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendments to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. Is time on the bill yielded back?

Mr. PASTORE. I yield back my time on the bill.

Mr. AIKEN. I yield back my time.

The PRESIDING OFFICER. All time having been yielded back, the question is, Shall the bill pass? (Putting the question.)

The bill (H.R. 15323) was passed.

Mr. PASTORE. I move to reconsider the vote by which the bill was passed.

Mr. AIKEN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. PASTORE. Mr. President, I move that the Senate insist on its amendments and request a conference with the House of Representatives thereon, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. Pastore, Mr. Jackson, Mr. Symington, Mr. Bible, Mr. Montoya, Mr. Aiken, Mr. Bennett, Mr. Dominick, and Mr. Baker conferees on the part of the Senate.

Mr. MANSFIELD. Mr. President, I ask that the Secretary of the Senate be authorized to make clerical and technical changes in the engrossment of H.R. 15323.

The PRESIDING OFFICER. Without objection, it is so ordered.

DISTRICT OF COLUMBIA APPROPRIATIONS, 1975

The PRESIDING OFFICER. Under the previous order, the Senate will now proceed to the consideration of H.R. 15581, which the clerk will state.

A bill (H.R. 15581) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1975, and for other purposes.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Appropriations with amendments.

ASSISTANCE IN FORMULATION OF THE COMMITTEE RECOMMENDATIONS

Mr. BAYH. Mr. President, this is my second experience in bring to the floor the annual District of Columbia Appropriation Act. This process continues to be an educational experience for me. The formulation of the bill involves a significant amount of effort, but the effort and the burdens of bringing this bill to the floor have been made easier by the cooperation and the contributions made by the distinguished ranking minority member of the subcommittee, my good friend from Maryland, Senator Mathias. He, second only to the chairman of the subcommittee, has spent more hours on this matter than any other member of the subcommittee in addition to dealing with the other awesome responsibilities he has. He has spent a significant amount of time and has been a good right arm, not only because he sat there and listened and made contributions, but because he is sensitive and concerned about the problems of the people of the District of Columbia. Those problems are not so different from the problems faced by the people in Maryland, New York, California, and elsewhere.

Mr. President, I think this is a good bill. I hope the Members will share this feeling and support passage of the bill after they have had a chance to study it and listen to the summary which I intend to now make.

UNIQUENESS OF D.C. APPROPRIATIONS BILL

Unlike other appropriation bills, this bill includes both Federal funds and District of Columbia funds. Also unlike other appropriation bills, the District bill must provide for a balance of income and expenditures—a balanced budget.

The amount of Federal funds in the bill is very important to the Members, because this is the amount that is reflected in the annual President's budget; this is the amount that is included in the $304 billion Federal budget that we have pledged to cut; and this is the figure that is comparable to the other appropriations bills that have come to the floor.

BUDGET CUTTING MOOD OF CONGRESS

Mr. President, I know that some of my colleagues are in a budget cutting mood. I share their concern about excessive Federal expenditures. As a matter of fact, I have just proposed to Chairman MAGNUSON that the Federal welfare program be cut back by $1.1 billion. I think we can make such a cut in the Labor-HEW bill without reducing benefits to the poor. The Senate and the Congress adopted my proposal to cut $1.2 billion out of last year's welfare budget and I think we can do it again this year. So when it comes to cutting budgets, I want the Members to know that I am as concerned as the next Senator about cutting the fat out of the Federal budget. Mr. President, that is exactly what we did this year in the District of Columbia appropriation bill. We cut out the fat and we have left the bone and muscle.

FEDERAL FUNDS RECOMMENDATIONS

The committee is recommending $379.4 million in Federal funds, which is a reduction of $26.6 million, or almost 7 percent below the budget estimate. The bill before you is $38.3 million below the 1974 level—a reduction of almost 10 percent. Moreover, the bill is $10 million below the level recommended by the House. Within the total of Federal funds, the amount recommended for the Federal payment is $226.8 million, the same amount that is recommended by the House; $8.8 million below the budget request and $35.5 million more than appropriated last year. Here I would like to emphasize to the Members that tax base deficiencies resulting from the Federal presence are estimated to cost the city $315 million annually and that the $226 million Federal payment is intended to help to partially compensate the city for those tax losses due to that Federal presence.

The Federal funds also include loans for capital outlay. Here the committee is recommending $152.6 million, which is $17.8 million below the budget request; $10 million below the House bill and $73.5 million below last years appropriation. I would like to emphasize, Mr. President, that the committee—in view of the inflation in the economy—made a special effort to reduce the level of Federal funds below the House level. In this effort, the committee concluded that the wise course of action would be to reduce Federal loans which may have the effect of forcing deferral of construction of some city projects—but that the Federal payment, which finances essential health, education, and public safety services for the city, should be kept at the level provided in the House bill—which was still $8.5 million below the budget request.

My purpose in emphasizing the efforts of the committee to reduce the Federal funds in the 1975 District of Columbia appropriation bill is to convince my colleagues that the committee has already done its job in reducing the District's budget. No further cuts should—or can be made without having a serious detrimental effect on the provision of needed health care, education, public safety and other vital city programs, including an initiative to clean-up the city and make it presentable for the Bicentennial observances.

DISTRICT OF COLUMBIA FUNDS

In terms of District of Columbia funds, the bill includes $1,077,111,900, which is $37 million below the budget estimate, $3 million over the House and $104 million over last years appropriation. The principle reason for the increase over last year is the committee's recommendation that the Senate concur in the House allowance of $50.3 million for phase II of the permanent campus for Washington Technical Institute as well as the $41.1 million for the new court facility for the District of Columbia.

The operating budget for the District of Columbia is $821 million, a decrease of $16 million from the budget request; $1 million more than the House recommendation and $19 million more than last year. In summary, the increase over last year in the District of Columbia budget is largely accounted for by the need to construct two large projects—the operating budget itself is increased only by about 2 percent.

Within the framework of the funds recommended in the bill, the committee is again able to bring a balanced budget for the District of Columbia to the floor for consideration by the Senate.

The House action on the District of Columbia Appropriation Bill resulted in the deletion of virtually all new and improved programs. The Senate's bill restores a number of those new and improved programs—and still maintains the same Federal payment level as approved by the House. By directing certain economies and adjustments, the Senate bill was able to include a number of increases over the House allowance within the framework of a balanced budget. I would like to highlight some of these increases and matters of difference of opinion between us and the House for edification of our colleagues.

HIGHLIGHTS OF THE BILL

The bill includes 13 additional positions and $112 thousand to provide for the strengthening of staff support for the new elected city council, which will take office on January 2, 1975. This amount is still $525 thousand below the budget request. The committee felt that the additional staff is necessary to allow the city council to handle the increased legislative authority granted to the council under the provisions of the 1973 District of Columbia Self-Government and Governmental Reorganization Act.

The bill also includes increased funding for the planning, management and personnel functions of the District of Columbia, so that the city can better utilize the resources provided in the bill. It seemed to the members of the committee that this was a good investment that would more than pay for itself by stimulating better management and better use of city personnel.

The committee has also included additional funds for the Office of Human Rights in order to carry out the comprehensive human rights law enacted in the District in the fall of 1973.

The bill includes an increase in the Office of Consumer Affairs to provide for the implementation of the recently enacted Consumer Goods Repair Regulations.

The committee has also included a modest increase in the Department of Finance and Revenue in order to allow the city to move toward a more equitable 1-year cycle for the assessment of real property in the District of Columbia.

Also included is funding for a business and economic development unit designed to promote economic growth as a way to expand the city's revenue base and increase its general economic vitality. The need for such an office has been recommended by the Nelson Commission Report on the District of Columbia and many other special reports.

The committee has also included for the Public Library System to replace expiring Federal-grant funded programs in such areas as providing library services to the blind and physically handicapped and maintaining the Sursum Corda storefront library.

The recommendation also includes the full budget request of $85 thousand for the recently enacted District of Columbia Rent Control Program.

The committee is also recommending the inclusion of $26 thousand for the District of Columbia contribution to the Washington EAR, a metropolitan-wide closed circuit radio service for the blind and handicapped.

EDUCATION

One of the largest increases over the House is for the public school system. The amount provided in the bill together with approximately $5.5 million in unanticipated balances of unexpended Elementary and Secondary Education Act grant funds will provide the schools with sufficient funds to carry out the entire program proposed in the city's budget request, including all of the contemplated improvements in the special education program, as well as funds to continue the adult education demonstration center.

Mr. President, I think most of us here would agree that the education of our boys and girls—the young men and women of our communities and our country is a most important priority.

One could make a case for, and certainly, and if possible, I would wish to find more funds to support this important area in the District. In any case, we have been able to provide a significant increase over the amount allowed by the House. The funding level recommended by the committee does meet the dual requirement of a full budget request level for the public school system in the District, as well as the overall balanced budget for the entire city.

HUMAN RESOURCES

For the Department of Human Resources, the committee has included funds to allow the District to implement that provision of its welfare reform effort, which will provide a cost-of-living increase in public assistance payments. This increase will be partially funded as a result of new moneys included in the Senate bill, and partially by requiring the District to do a better job of scrutinizing its budget and supervising those who are administering it—including paying closer attention to assure that only those who are eligible for public assistance receive such payments.

The committee is also recommending a small increase in the payment rates for the care of children in foster homes. In view of the rapid inflation in food costs, the committee concluded that this was a minimum necessary adjustment.

The committee is also providing additional funds to improve the programs for mentally retarded persons in the community and at Forrest Haven. This is the first step in a 8-year program for improving the care and treatment of mentally retarded persons in the District of Columbia, an area that has been too long neglected.

In the area of environmental services, the committee has provided the necessary additional funds for preventative maintenance for the water distribution system.

SPECIAL INITIATIVE TO CLEAN UP THE CITY

The committee has also included an increase of $1.2 million for a special initiative to clean up the Nation's Capital for the Bicentennial celebration. Mr. President, the unsanitary and dirty condition in areas of the city cannot continue to be ignored—especially because of the negative effects on the health of city residents and on neighborhood stability. The committee has included $1.2 million over the budget request as evidence of its concern and commitment to make a really significant effort to clean up the city before the Bicentennial celebration, when over 50 million of our fellow citizens will be visiting the Nation's Capital. This increase will be used to implement a well thought out cleanup plan which was submitted to the committee in response to its request last March.

In the Department of Motor Vehicles, the committee has included report language indicating no objection to a reprograming of funds to enlarge the District's traffic safety education program to accommodate handicapped adults. I am hopeful that when the Director of the Department of Motor Vehicles reads the record of today's proceedings, he will be advised that the committee strongly suggests that the necessary reprograming proposal be submitted at an early date.

CAPITAL OUTLAY

In the capital outlay area of the budget, the committee has included all those projects recommended by the House. In addition, the committee has provided an additional $2 million for the purchase of the Shapiro tract to provide recreational space for the densely populated Adams-Morgan community. Mr. President, I would like to make a few comments regarding the committee's decision to include funds for the purchase of the Shapiro tract. The Mayor's office has indicated the community support of acquisition of the Shapiro tract has been one of the most intense citizen efforts for approval of a capital project in recent years. This impression is confirmed by the magnitude of the mail that has reached my office in support of this project—including mail all the way from Indiana. The community is so highly supportive of this project that they have invested their own time and money to set up and operate informal recreational programs on the land. No less than a dozen District citizens have visited me in support of this project.

Mr. President, the Shapiro tract is located in the Adams-Morgan area, an area which is considered by the District of Columbia government to be one of the city's most deficient in open space. The Adams-Morgan area has more than 32,000 citizens, 34 percent of whom are under the age of 21. Yet this area has available only 10 acres of open space recreational land. Both the National Capital Planning Commission and the Department of Recreation agree that the standard recreational space for this population should be at least 53 acres. Consequently, the 4 acres provided by the Shapiro tract will only partially relieve the substantial deficiencies in open space recreational land in the area.

Now let me say something about the proposed cost of $2 million for a 4-acre tract of land. Mainly because the Adams-Morgan area is a vibrant and dynamic section of the city, it is a desirable location for both residences and businesses. The result is high land value for the few remaining pieces of open land, the largest of which is the Shapiro tract. There is no question that the stability and desirability of the area will depend upon a balanced land use. Although the Shapiro tract is an expensive piece of land, the only other alternative of providing this needed outdoor recreational space would be by means of relocation and demolition which would be at least as costly in terms of dollars and community disruption.

I have also looked into the acquisition procedures followed by the District of Columbia government and find that these procedures are designed to protect both the taxpayer and the landowner. So far the tract has been appraised by the District at approximately $1.8 million. This is a rough estimate for budget formulation purposes. However, once the funds become available through the appropriations process, two independent appraisers would reappraise the land and the offering price by the District would be determined by the two independent appraisals. It is only at this point that the city may discuss prices with the owner and then only to the extent of making an offer. In other words, the city is required to purchase land at the fair market values as determined by independent appraisals. Consequently, rumors of various asking prices or private offers for the land are irrelevant.

Moreover, the cost of the nearby Morgan Playground of approximately 1 acre of land was $790,000—somewhat more expensive on a per-acre basis than the proposed acquisition of the Shapiro tract. I should also like to emphasize that the $2 million figure included in the appropriations bill is a ceiling, not a floor and the actual purchase price will be determined by the well stated District of Columbia procedure for the acquisition of land—not the figure included in the bill. If the actual cost is below the appropriation figure, then the balance reverts to savings—as is the case with other capital outlay projects.

SUMMARY

In summary, Mr. President, the committee's recommendation for Federal funds for the District of Columbia is as follows:

$379.4 million in Federal funds.

$26.6 million below the budget estimate.

$10 million below the House allowance.

$26.6 million below the Subcommittee's target submitted to Chairman McClellan earlier this year.

$38.3 below the 1974 appropriation.

$226.8 million is recommended for the Federal payment, which is the same amount allowed by the House and $8.8 million below the budget estimate.

CONCLUSION

Mr. President, the committee believes wholeheartedly in these recommendations. They are sound recommendations, and they are reasonable. We can defend them in conference.

Mr. President, all of the programs funded in this bill are important to the citizens of the District of Columbia and the many tourists who visit our Nation's Capital every year. These programs are important to the well-being of the District's citizens. They assist those who are often unable to assist themselves, especially the young and the aged. They will help build much-needed schools and other public facilities. They will help reduce unemployment. Funds included in this bill together with Federal matching grants can enable the citizens of the District of Columbia and the National Capital area to take a strong stride toward a more healthy and wholesome life.

Mr. President, this concludes my formal statement on the bill.

Mr. President, I hope that the Senate will concur in the judgment of the committee.

Mr. President, I ask unanimous consent that the committee amendments be considered and agreed to en bloc, and that the bill, as thus amended, be regarded, for purposes of amendment, as original text; provided, that no point of order shall be considered to have been waived by reason of agreement to this order.

The PRESIDING OFFICER (Mr. CHILES). Without objection, it is so ordered.

The amendments agreed to en bloc are as follows:

On page 2, in line 14, strike out "$162,600,000" and insert "$152,600,000".

On page 2, in line 18, strike out "$153,600,000" and insert "$143,600,000".

On page 3, in line 2, strike out "$76,878,000" and insert "$78,078,400".

On page 3, in line 3, strike out "$7,355,600" and insert "$7,670,900".

On page 4, in line 15, strike out "$211,529,000" and insert "$207,527,000".

On page 4, in line 24, strike out "$5,732,500" and insert "$1,159,800".

On page 5, in line 8, strike out "$206,939,000" and insert "$208,139,000".

On page 5, in line 9, strike out "$6,666,300" and insert "$6,351,000".

On page 5, in line 10, strike out "$165,100" and insert "$201,200".

On page 5, in line 20, strike out "$14,852,000" and insert "$14,902,000".

On page 5, in line 25, strike out "$224,482,000" and insert "$224,808,500".

On page 6, in line 23, strike out "twenty-six" and insert "fifty-seven".

On page 6, in line 23, after the comma, insert "of which thirty-one shall be for replacement only,".

On page 6, in line 24, strike out "$24,180,000" and insert "$24,304,000".

On page 7, in line 6, strike out "$48,258,000" and insert "$50,347,000".

On page 7, in line 8, strike out "$12,819,900" and insert "$13,090,200".

On page 7, in line 9, strike out "$15,024,900" and insert "$15,596,600".

On page 7, in line 10, strike out "$16,300" and insert "$63,300".

On page 9, in line 15, strike out "$204,918,000" and insert "$206,918,000".

On page 9, in line 16, after "which", insert $3,100,000 may be used for (1) the construction of a fully enclosed swimming pool at the south end of the existing structures comprising the Woodrow Wilson High School, including appropriate landscaping of the structure enclosing such pool, (2) the construction of a single entrance to such pool from Fort Drive, and (3) the closing of the existing access road between Nebraska Avenue and Fort Drive at the south end of such high school, including appropriate landscaping at the present access road entrance to be closed; the use of such pool during periods other than regular school hours on regular school days and on days when school is not in regular session to be in accordance with the terms of a joint agreement between the District of Columbia Board of Education and the District of Columbia Department of Recreation, and on no day may the use of such pool extend beyond 9 p.m. and

Mr. NUNN. Mr. President, I am pleased to be able to express my support for this appropriation for the District of Columbia.

These past weeks, a number of my colleagues and I have been heard more in dissent than in support of the appropriations bills that have come before us. We have initiated or supported efforts on nearly every appropriation to reduce spending equitably and uniformly to levels which will bring balance back to the Federal budget and put the brakes on inflation.

I regret that so far the results of this campaign have been mixed. We have seen our number gradually, but steadily, grow. We have seen one appropriation bill cut on the floor, and another sent back, but others have passed which can only be described as inflationary.

I believe we have seen a real momentum develop in favor of fiscal restraint. The clearest sign of this change has been the fact that this year the floor debate has been almost entirely on where and how much to cut. The usual practice is to have a series of amendments from the floor to increase these bills to cover special projects not included. The relative absence of these special requests this year illustrates the widening support for responsible restraint that has developed.

It is in this general context that I say I am happy to express my support for the present bill. Unlike some other measures we have debated in past weeks, the District of Columbia appropriation reflects the high priority that must be given to restricting spending.

The total recommended in the bill for appropriation is $1.077 billion, an amount which is 10 percent higher than the appropriation made last year. But this increase is less than the 11-percent inflation rate we had during fiscal year 1974. This is the magnitude of increase that must be expected and tolerated in order to keep ongoing programs at current levels in the fact of increased costs.

Furthermore, the committee total reduces the President's budget request by $36.9 million or 3 percent.

If the Senate had cut each appropriation bill that has already been passed, by this same 3 percent below the budget estimate, we would have already achieved a net budget cut of $1 billion. As it is, we have not made any headway in reducing the President's inflationary $11 billion budget deficit although we have already considered and passed over 15 percent of the total amount to be appropriated this year.

So I am pleased to commend the Senator from Indiana and his colleagues for their hard work and fine results on the District of Columbia bill. I hope we will see the same dedication to fiscal responsibility and economic stability reflected in the remaining appropriation measures that are still to come.

CRIMINAL JUSTICE ACT FUNDING OF THE D.C. APPROPRIATIONS BILL

Mr. HRUSKA. Mr. President, I would like to take this opportunity to make some brief remarks and observations regarding the funding of the Criminal Justice Act program for the local courts in the District of Columbia. This year for the first time the program is funded by the District of Columbia appropriations bill, H.R. 15581.

Over the past several years there has been healthy debate as to whether this program should be included in the District of Columbia appropriations or be continued to be funded in the State, Justice, Commerce, Judiciary appropriation.

It has long been my belief that it is essential that the Congress insure that adequate legal services are provided in local District of Columbia courts through one method or another. In my view, the question of which pocket is to be tapped for the continued funding of this program does not reach the fundamentals of the program itself.

Because, however, of the long debate as to which appropriations bill would be the best vehicle for the funding of this program, I think that it is pertinent at this time to briefly relate its history in order to clarify the issues involved.

In 1970, the Senate adopted an amendment I offered to the Criminal Justice Act which was intended to make the Criminal Justice Act fully applicable to the local courts. The purpose of this amendment was to insure that the act was fully applicable to the courts of local jurisdiction.

In the same year, the Congress passed the District of Columbia Court Reform Act which established the District of Columbia Superior Court and the District of Columbia Court of Appeals. The Administrative Office apparently took the position in recent years that the organization and jurisdiction of the reorganized courts should require the District of Columbia government to accept responsibility for the operation and funding of the Criminal Justice Act program that has traditionally paid for legal services in the local District of Columbia courts.

Representatives of the District of Columbia government and other responsible spokesmen, have contended that Congress has intended the Criminal Justice Act as amended to apply fully to the local courts. Therefore, in their view, funding should remain the responsibility of the Administrative Office which seeks its budget through the Federal Judiciary Account of the State, Justice, Commerce appropriations bill.

In a May 1972 opinion, requested by the Administrative Office, the Comptroller General reaffirmed that the Criminal Justice Act applied fully to the District of Columbia local courts despite the court reorganization and that the Administrative Office should remain in its traditional capacity with respect to the District of Columbia program.

The House Appropriations Committee, however, reduced the fiscal year 1973 budget request—in the Federal judiciary account for the Criminal Justice Act programs—and directed that no funds be made available to operate it in the local courts, that is the District of Columbia Superior Court and the District of Columbia Court of Appeals. The Senate, however, restored $1 million for use in the local courts in the conference report. A supplemental request for $471,000 was granted through the Federal judiciary account.

Soon thereafter, the Judicial Conference noted the House view and decided that future requests for the CJA operations in the local courts should be deleted. Thus, no request was made by the Appropriations Office in the fiscal year 1974 budget estimate for the State, Justice, Commerce appropriations bill. No appropriation was made on the House side. The House Appropriations Committee expressed its agreement with the Judicial Conference and indicated that requests for funds in this program should be presented to the District of Columbia Appropriations Subcommittee instead.

However, at the insistence of the distinguished senior Senator from North Carolina (Mr. Ervin), the Senate restored an appropriation of $2 million for fiscal year 1974.

In conference this amount was reduced to $1 million and the conference report indicated that future funding should emanate from the District of Columbia budget. Subsequently, $2 million was funded in the supplemental fiscal year 1974 State, Justice, Commerce appropriations bill to cover expenses already incurred and those to be incurred through June 30, 1974. This was on the understanding that starting in fiscal year 1975, funding would be in the District of Columbia budget.

Mr. President, I am pleased that a satisfactory resolution of this funding difficulty has apparently been achieved. It is my hope that the means of funding, and the amount funded will insure the continued success of this vital program.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no amendment to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

So the bill (H.R. 15581) was passed.

Mr. BAYH. Mr. President, I move that the Senate insist on its amendments, and request a conference with the House of Representatives thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. Bayh, Mr. Inouye, Mr. Chiles, Mr. McClellan, Mr. Eagleton, Mr. Mathias, and Mr. Bellmon conferees on the part of the Senate.

Mr. BAYH. Mr. President, I ask unanimous consent that the Secretary of the Senate in the engrossment of the Senate amendments be authorized to make any technical and clerical corrections.

The PRESIDING OFFICER. Without objection, it is so ordered.

SENATOR MANSFIELD'S STATEMENT BEFORE DEMOCRATIC CONFERENCE

Mr. MANSFIELD. Mr. President, I ask unanimous consent to insert in the Record a statement which I made before the Senate Democratic conference this morning, together with the text of Resolutions 370 and 371.

There being no objection, the statement and two resolutions were ordered to be printed in the Record, as follows:

STATEMENT OF SENATOR MIKE MANSFIELD

In this period of uncertainty, there is a responsibility to keep you informed of developments insofar as I am aware of them. By meeting with you from time to time, it would be my hope that a cohesive and orderly response will be possible to whatever eventualities may confront us in the days ahead. I will now proceed to lay before you such information as I am able to convey to you at this time.

First, let me say that I have been meeting frequently with the Republican Leader. Our perceptions of the President's situation and what may be required from the Senate in response thereto are substantially the same. The two of us have met with the party Whips, Senator Byrd and Senator Griffin for exchanges of views. Together, the four of us introduced a resolution which was referred to the Rules Committee dealing with the adequacy of the existing rules and practices regarding impeachment trials. For purposes of discussion, I also forwarded to the Committee a collation of views on possible changes in these rules. I am advised that consideration of the Leadership's resolution is proceeding deliberately in Senator Cannon's Committee. That resolution, incidentally, provides for the Committee to report its recommendations to the Senate by September 1 and sooner if circumstances require.

Senator Byrd and I also introduced a resolution which calls for suspension of the rule against broadcasting proceedings from the Senate Chamber. It has the support of the Republican Leader. That resolution, too, is under active consideration in Senator Cannon's Committee.

On Tuesday, the Majority Policy Committee met to consider the responsibilities of the Senate in the light of the situation in the House. As you know, there was, first, the action of the Judiciary Committee on impeachment. Then, came the decrease in the hours of floor debate which have been allotted to the question, from 55 to 25. The discussion which was prompted in your Policy Committee by the occurrences was sober in the extreme, with many ideas set forth, many questions raised, more answered definitely.

This morning, just before the opening of this Conference, the Leadership met with the Speaker and his House associates. Again, the discussion centered on impeachment. Events are now moving very rapidly in that direction in the House.

What is transpiring is beyond the personal experience of any of us. These are wrenching and difficult times for all involved. But the responsibility for us in the Senate is clear. We must be prepared to carry out our duties. The duties to which I refer are those prescribed by the Constitution, framed by Article I, Section 3 of the Constitution.

The Senate shall have the sole Power to try all Impeachments. When sitting for that Purpose, they shall be on Oath or Affirmation. When the President of the United States is tried, the Chief Justice shall preside: And no person shall be convicted without the concurrence of two-thirds of the Members present.

Judgment in Cases of Impeachment shall not extend further than to removal from Office, and disqualification to hold and enjoy any Office of honor, Trust or Profit under the United States: but the Party convicted shall nevertheless be liable and subject to Indictment, Trial, Judgment, and Punishment, according to Law.

Many Senators have already begun to define their roles in this context. There are differences—honest differences—as to what is at stake. By some it is said that guilt must be established beyond a reasonable doubt, that evidence must be shielded by self-incrimination privileges and so on. It is valid to raise these notions—all borrowed from the criminal law—for purposes of discussion. I expect, however, that each of us, in the end, will decide for ourself his criteria of judgment, even as the Senate as a whole will decide the questions of procedure. Speaking for myself, it seems to me that what must be kept in mind is the fact that the Senate does not determine criminal liability. At issue rather, is the question of the handling of the Presidential trust. If the House so charges, then the Senate must decide whether that trust has been abridged, abused, breached or violated under the Constitution and laws of the United States.

Can we avoid facing this responsibility? Would not a Presidential resignation spare us the necessity? As I have said many times, the question of a Presidential resignation is solely one for the President. It he does reach that decision, then we will face a new situation. But in my view, it would be an abuse for the Senate itself to stimulate resignation so as to avoid a judgment under the regular Constitutional procedures. I am not sure whose purposes would be served thereby.

Impeachment and trial is the only Constitutional method this Nation provides to protect the Presidency. It is that ultimate safeguard—the protection of the Presidency, as important to our Constitutional structure as the Congress—which I would hope determines the manner by which the Senate proceeds in this matter.

If there is a standard on which to base an impeachment trial, most assuredly it must be that of fairness and fairness alone. But above all, the kind of fairness that is called for is fairness to the people of the Nation—to the people of today and of many tomorrows.

To provide guidance to the Senate on how to proceed to meet this standard, the Committee on Rules, as I have already noted, is investigating the rules of impeachment, seeking to weigh their adequacy and to determine if revisions are in order. It is up to the Rules Committee to provide the Senate with recommendations. Where necessary, I would hope that existing rules could be updated, if only to reflect fundamental changes of fairness and efficiency in advocacy proceedings. To do otherwise is to unnecessarily encumber ourselves with the practices and precepts of another era.

As to the matter of television, I view its employment as essential if there is a trial. This caucus and the Senate concurring, I would expect ground rules for telecasting to be designed by the Joint Leadership in consultation with the Rules Committee. Our objective must be to safeguard fully the integrity and solemnity of the proceedings even as access to them is made available to the entire nation. We have had some dealings with the networks during the past few years and I am confident that we shall be able to work out an appropriate arrangement. In that regard, I commend the networks' handling of the proceedings thus far in the House.

Senator Scott and I, together with Senator Griffin and Senator Byrd, have commenced preliminary discussions to assure that should the Senate approve telecasting, it will be employed with the greatest propriety. Other discussions underway within the Leadership and with the Senate's officers and pertinent staff include security precautions and the management of the galleries, provision of accommodations on the floor and the many other details which must be worked out meticulously in advance. Beyond this, it is anticipated that at an appropriate time, the Chief Justice will be brought into preliminary discussions on fundamental matters which will arise in connection with the trial. All of these preliminaries, may I say, are essential to safeguard the ultimate fairness and propriety and the decorum of the proceedings. For similar reasons, I would hope that all of our decisions are arrived at with a minimum of dissension. So far, in that regard, the Senate and all Senators have acted in exemplary fashion and I wish to commend, in particular, the other Members of the Joint Leadership, Senator Byrd, Senator Scott and Senator Griffin and also Senator Cannon and the Rules Committee for their contributions to the common effort which is being made to cope with this most difficult situation. I am proud of the way the Senate—the whole Senate because it has acted with responsibility and restraint.

With the concurrence of the Caucus, I am confident that the Joint Leadership and the Rules Committee will be able to dispose of the necessary preliminaries promptly and efficiently. As matters progress, it is my intention to report periodically to the Conference, to the end that all may be fully apprised of developments.

S. RES. 370

Directing the Senate Committee on Rules and Administration to study the Senate rules and precedents applicable to impeachment trials.

Resolved, That the Committee on Rules and Administration is directed to review any and all existing rules and precedents that apply to impeachment trials with a view to recommending any revisions, if necessary, which may be required if the Senate is called upon to conduct such a trial.

Resolved further, That the Committee on Rules and Administration is instructed to report back no later than September 1, 1974, or on such earlier date as the majority and minority leaders may designate.

Resolved further, That such review by that committee shall be held entirely in executive sessions.

S. RES. 271

To permit television and radio coverage of any impeachment trial that may occur with respect to President Richard M. Nixon.

Resolved, That, in the event that the House of Representatives should impeach President Richard M. Nixon, the proceedings of the Senate with respect to the trial of impeachment of the President may be broadcast.

REPORT OF THE NATIONAL ADVISORY COUNCIL ON ADULT EDUCATION—MESSAGE FROM THE PRESIDENT

The ACTING PRESIDENT pro tempore (Mr. DOMENICI) laid before the Senate a message from the President of the United States transmitting a report of Federal activities during the fiscal year 1974 for the National Advisory Council on Adult Education, which, with the accompanying report, was referred to the Committee on Labor and Public Welfare. The message is as follows:

To the Congress of the United States:

As required by Section 310(d) of the Adult Education Act of 1966, as amended (20 U.S.C. 1209(d)), I transmit herewith a report of Federal activities during fiscal year 1974 for the National Advisory Council on Adult Education.

RICHARD NIXON.

THE WHITE HOUSE, *August 8, 1974.*

REPORT ON THE TRADE AGREEMENTS PROGRAM—MESSAGE FROM THE PRESIDENT

The ACTING PRESIDENT pro tempore (Mr. DOMENICI) laid before the Senate a message from the President of the United States transmitting his annual report on the trade agreements program for the year ending December 31, 1973, which, with the accompanying report, was referred to the Committee on Finance. The message is as follows:

To the Congress of the United States:

In accordance with section 402(a) of the Trade Expansion Act of 1962 (TEA), I transmit herewith the Eighteenth Annual Report of the President on the Trade Agreements Program. This report covers developments in the year ending December 31, 1973.

Last year was a particularly important one for United States and world trade, as this report demonstrates in detail. Unquestionably the highlight occurred last September in Tokyo, when the ministers of 105 sovereign nations joined to declare their support for a new round of multilateral trade negotiations, the seventh since the General Agreement on Tariffs and Trade (GATT) was signed in 1947. This round represents a major initiative of the United States, along with initiatives in the international monetary field, begun in the fall of 1971. The charter for these negotiations, as embodied in the Declaration of Tokyo, is the most ambitious yet.

The purpose of these talks is no less than to modernize a world trading system which, though it has well served the world's peoples and brought about the many benefits of a four-fold expansion of trade, is no longer capable of responding to the needs and realities of a rapidly changing and increasingly interdependent world economy.

First, these talks are aimed not only at the continuing need to facilitate trade by lowering tariffs, but at reducing today's most pervasive and restrictive export inhibitors, so-called non-tariff trade barriers (NTBs). Unless these can be effectively dealt with, no major exporting nation—especially the United States—can hope to remain competitive in today's and tomorrow's world markets. And loss of competitiveness abroad can threaten the viability of firms and lead to loss of markets at home.

Second, the inflationary pressure of increased costs has become a major international problem which must be dealt with multilaterally if we are to adequately deal with inflation domestically.

Third, the need to maintain access to vital raw materials, energy, and food requires negotiated assurances for such access to supplies as well as to markets.

Fourth, economic issues should be managed and negotiated in parallel with political and security issues, in order to make progress on all three fronts.

Finally, we must encourage sovereign governments to work within an acceptable international framework to deal with such problems as import safeguards and export subsidies. At the same time we must have the authority to defend our legitimate national interests and manage domestic concerns in the context of an up-to-date, responsive and responsible international system.

None of these objectives can be accomplished without the appropriate legislative authorization. This authority—carefully balanced with provisions for the most effective Congressional and public participation in our trade policy-making and negotiating since GATT was formed—is represented in the Trade Reform Act, which I submitted to the Congress in April of 1973. This legislation, which passed the House by a margin of nearly two-to-one last December and is now pending in the Senate, is still urgently needed.

Time is now of the essence with regard to the trade bill. Our trading partners have demonstrated their willingness to use and improve multilateral channels for trade negotiation. Just this spring, the European Community negotiated a fair and equitable accord compensating us for tariff changes resulting from the enlargement of the European Common Market. Through the Organization for Economic Cooperation and Development (OECD), ministers of member countries have joined with the U.S. in renouncing trade restrictive measures as balance-of-payments correctives, at least until the basic problems caused by oil price increases can be addressed through improvements in the monetary system. Developing countries, particularly our partners in Latin America, have indicated their willingness to work with us toward trade expansion and reform. As I have noted before, our new approaches to the socialist countries, especially to the USSR and the Peoples' Republic of China, hinge in large measure upon our ability to open up peaceful avenues of trade with them. Again, I have expressed my willingness to work with the Congress to find an acceptable formulation for this authority. In Geneva, the GATT Trade Negotiations Committee has announced a program of work for the fall to further prepare for the actual bargaining.

In short, the rest of the world is waiting for us at the trade negotiating table. The alternative is an indefinite period in which nations, including ours, will be forced to deal with increasingly complex and interdependent trade problems on an *ad hoc* basis. Experience has shown that this could lead to a proliferation of those problems and disputes over the best ways to resolve them. The adverse fallout from the resulting uncertainties and temptations of shortsighted unilateral actions could also seriously jeopardize gains we have made in the diplomatic and security fields.

For all these reasons, I take this occasion once again to urge prompt and final action on the Trade Reform Act. It is essential that we move ahead to revitalize the global trading system through multilateral negotiations.

RICHARD NIXON.

THE WHITE HOUSE, *August 8, 1974.*

WHITE HOUSE PERSONNEL AND OFFICE EXPENSE

Mr. McGEE. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on H.R. 14715.

The PRESIDING OFFICER (Mr. HATHAWAY) laid before the Senate a message from the House of Representatives on H.R. 14715 to clarify existing authority for employment of White House Office and Executive Residence personnel, and for other purposes.

Mr. McGEE. Mr. President, I move that the Senate further insist upon its amendments and request a further conference with the House of Representatives on the disagreeing votes of the two Houses thereon; and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. MCGEE, Mr. RANDOLPH, and Mr. FONG conferees on the part of the Senate.

AMENDMENT OF THE RAIL PASSENGER SERVICE ACT

The PRESIDING OFFICER (Mr. HATHAWAY). Under the previous order, the Senate will now proceed to the consideration of S. 3569, which the clerk will state.

The legislative clerk read as follows:

A bill (S. 3569) to amend the Rail Passenger Service Act of 1970, and for other purposes.

The PRESIDING OFFICER. Without objection, the Senate will proceed to its consideration.

The Senate proceeded to consider the bill, which has been reported from the Committee on Commerce with an amendment to strike out all after the enacting clause and insert the following new language:

SEC. 2. Section 304(b) of the Rail Passenger Service Act of 1970 (45 U.S.C. 544(b)) is amended by striking out the word "owned" and by inserting in lieu thereof the word "voted" and by adding at the end thereof the following new sentence: "If any railroad or any person controlling one or more railroads, as defined in section 1(3)(b) of title 49, United States Code, owns, directly or indirectly through subsidiaries or affiliated companies, nominees, or any person subject to its direction or control, a number of shares in excess of 33⅓ per centum of the total number of common shares issued and outstanding, such excess number shall, for voting and quorum purposes, be deemed to be not issued and outstanding.".

SEC. 3. Section 305 of the Rail Passenger Service Act of 1970 (45 U.S.C. 545) is amended by adding at the end thereof the following three new subsections:

"(f) The Corporation shall, to the maximum extent practicable, directly perform all maintenance, rehabilitation, repair, and refurbishment of rail passenger equipment. Until the Corporation obtains, by purchase, lease, construction, or any other method of acquisition, Corporation-owned or controlled facilities which are adequate for the proper maintenance, repair, rehabilitation, and refurbishment of the rolling stock and other equipment and facilities of the Corporation, the railroads performing such services shall do so as expeditiously as possible and shall accord a higher priority to such work than to the maintenance and repair of equipment utilized for the transportation of freight.

"(g) The Corporation shall advise, consult and cooperate with, and, upon request, assist in any other manner the Secretary, the United States Railway Association, the Corps of Engineers, and the Consolidated Rail Corporation in order to facilitate completion and implementation of the Northeast Corridor project, as defined in section 206(d)(3) of the Regional Rail Reorganization Act of 1973, by the earliest practicable date. The Secretary shall assign the highest priority to its completion.

"(h) The Corporation is authorized to issue orders, rules, regulations, and charges for the movement of privately owned railroad cars on the Corporation's trains, consistent with the needs of the Corporation: *Provided*, That no such rule, regulation, order, or charge shall be designed in a manner which would require the exterior color or markings of any privately owned railroad car of historical significance to be altered.".

SEC. 4. Section 305(e)(7) of the Rail Passenger Service Act of 1970 (45 U.S.C. 545(e)(7)) is amended by inserting immediately prior to the semicolon a period and the following new sentence: "The Secretary of the Treasury shall establish and maintain, in cooperation with the Corporation, customs inspection procedures aboard trains operated in international intercity rail passenger service that will be convenient for passengers and will result in the most rapid possible transit between embarkation and debarkation points on such service.".

SEC. 5. Section 403 of the Rail Passenger Service Act of 1970 (45 U.S.C. 563) is amended by striking subsection (b) and (c) and inserting in lieu thereof the following new subsection:

"(b) Any State, regional, or local agency may request of the Corporation rail passenger service beyond that included within the basic system. The Corporation shall institute such service if the State, regional, or local agency agrees to reimburse the Corporation for 66⅔ per centum of the solely related costs and associated capital costs of such service, including interest on passenger equipment, less revenue attributable to such service.".

SEC. 6. Section 405(f) of the Rail Passenger Service Act of 1970 (45 U.S.C. 565(f)) is amended by adding the following sentence immediately after the sixth sentence of the subsection, following the words "and its decision shall be binding on both parties.": "Any decision under this subsection shall accord just and reasonable compensation to the Corporation."

SEC. 7. Section 601 of the Rail Passenger Service Act of 1970 (45 U.S.C. 601) is amended by striking out "$334,300,000", and inserting in lieu thereof "$534,300,000".

SEC. 8. Section 602 of the Rail Passenger Service Act of 1970 (45 U.S.C. 602) is amended (1) by striking out, in subsection (d) thereof, "$500,000,000" and by inserting in lieu thereof, "$900,000,000"; and (2) by adding at the end thereof the following new subsection:

"(h) Any request made by the Corporation for the guarantee of a loan pursuant to this section, which has been approved by the Board of Directors of the Corporation, shall be approved by the Secretary without substantive review of the capital and budgetary plans of the Corporation. Such review by the Secretary shall be effected by the Secretary in his capacity as a member of the Board of Directors of the Corporation and through issuance of general guidelines pursuant to section 601 of this Act.".

SEC. 9. Section 801(b) of the Rail Passenger Service Act of 1970 (45 U.S.C. 641(b)) is amended to read as follows:

"(b) A civil action may be brought by the Commission, by its own attorneys, or by the Attorney General at the request of the Commission, to enforce any provision of subsection (a) of this section. Such an action may be maintained in the district court of the United States for any district in which a defendant is found, resides, transacts business, or maintains an agent for service of process. All process in any such suit may be served in any judicial district in which the person to be served is an inhabitant or in which he may be found.".

"SEC. 1642. (a) The Secretary shall make 1970, as amended, is further amended by deleting "Rail Passenger Service Act of 1970" wherever the same shall appear and by inserting in lieu thereof "Rail Passenger Service Act".

SEC. 11. The High Speed Ground Transportation Act (49 U.S.C. 1631 et seq.) is amended by adding the following new section at the end thereof:

"SEC. 6142. (a) The Secretary shall make an investigation and study, for the purpose of determining the social advisability, technical feasibility, and economic practicability, of a high-speed ground transportation system between the cities of Tijuana in the State of Baja California, Mexico, and Vancouver in the Province of British Columbia, Canada, by way of the cities of Seattle in the State of Washington, Portland in the State of Oregon, and Sacramento, San Francisco, Fresno, Los Angeles, and San Diego in the State of California. In carrying out such investigation and study the Secretary shall consider.

"(1) the various means of providing such transportation, including both existing modes and those under development, such as the tracked levitation vehicle;

"(2) the cost of establishing and operating such a system, including any acquisition of necessary rights-of-way;

"(3) the environmental impact of such a system, including the future environmental impact from air and other transportation modes if such a system is not established;

"(4) the factors which would determine the future adequacy and commercial success of any such system, including the speed at which it would operate, the quality of service which could be offered, its cost to potential users, its convenience to potential users, and its ability to expand to meet projected increases in demand;

"(5) the efficiency of energy utilization and impact on energy resources of such a system, including the future impact of existing transportation systems on energy resources if such a system is not established;

"(6) the ability of such a system to be integrated with other local and intrastate transportation systems, both existing and planned, in order to create balanced and comprehensive transit systems;

"(7) coordination with other studies undertaken on the State and local level; and

"(8) such other matters as he deems appropriate.

"(b) In carrying out any investigation and study pursuant to this section, the Secretary shall consult with, and give consideration to the views of, the Civil Aeronautics Board, the Interstate Commerce Commission, the National Railroad Passenger Corporation, the Corps of Engineers, and regional, State, and local transportation planning agencies. The Secretary may, for the purpose of carrying out such investigation and study, enter into contracts and other agreements with public or private agencies, institutions, organizations, corporations or individuals, without regard to sections 3648 and 3709 of the Revised Statutes (31 U.S.C. 529; 41 U.S.C. 5).

"(c) The Secretary shall report the results of the study and investigation made pursuant to this section, together with his recommendations, to the Congress and the President no later than January 30, 1977. The Secretary shall submit an interim report to the Congress on January 30, 1976.

"(d) There is authorized to be appropriated not to exceed $8,000,000 to carry out the provisions of this section.".

SEC. 12. Section 202(b)(2) of the Interstate Commerce Act (49 U.S.C. 302(b)(2)), is amended by striking the period at the end of the second sentence thereof and by inserting in lieu thereof the following: ": *Provided*, That (1) any amendments of such standards, which are determined by the national organization of the State commissions and promulgated by the Commission prior to the initial effective date of such standards shall become effective on such initial effective date; and (2) after such standards become effective initially, any amendments of such standards, which are subsequently determined by the national organization of the State commissions, shall become effective at the time of promulgation or at such other time, subsequent to promulgation by the Commission, as may be determined by such organization.".

SEC. 13. Section 4 of the Department of Transportation Act (49 U.S.C. 1653) is amended by inserting the following new subsection at the end thereof:

"(h) (1) The Secretary is authorized, in consultation with the Secretary of the Interior, to design, plan, and construct a modal intermodal transportation terminal at Union Station in the District of Columbia. Such terminal may combine the new railroad passenger station described in paragraph (4) of section 102(a) of the National Visitor Center Facilities Act of 1968 (82 Stat. 43), as amended, and accommodations for such other modes of transportation as the Secretary deems appropriate. To the extent practicable, the Secretary shall incorporate into the design and plans for such intermodal transportation terminal features which will make such facility a model facility and which will attract private investors willing to undertake the development and construction of the terminal.

"(2) Notwithstanding any provision of Public Law 90-264, as amended, in order to facilitate construction of such model intermodal transportation terminal, the Secretary of the Interior shall lease or transfer such space, including air space, as the Secretary of the Interior holds or may acquire north of the Union Station Building to such party or parties and upon such terms and conditions as the Secretary deems appropriate, notwithstanding section 321 of the Act of June 30, 1932 (40 U.S.C. 303(b)). The Secretary and the Secretary of the Interior may, to the extent required to complete a visitor center, agree to joint use of the concourse.

"(3) The design and plans for the intermodal terminal shall be completed within 2 years following enactment of this subsection. The construction of the intermodal terminal shall be completed within 5 years following enactment of this subsection.

"(4) There is authorized to be appropriated to the Secretary, for the purposes of carrying out this subsection, such sums as are necessary, not to exceed $7,000,000.".

SEC. 14. The National Capital Transportation Act of 1969, approved December 9, 1969 (83 Stat. 320), is hereby amended by adding at the end thereof the following three new sections:

"SEC. 9. (a) The Secretary of Transportation shall make payments to the Transit Authority in such amounts as may be requisitioned from time to time by the Transit Authority sufficient, in the aggregate, to finance the cost of designing and other necessary planning for a rail rapid transit line in the median of the Dulles Airport Road from the vicinity of Virginia Highway Route 7 on the K Route of the Adopted Regional System to the Dulles International Airport.

"(b) The transit line authorized to be planned in subsection (a) of this section shall include appropriate station facilities at the Dulles International Airport and at the point of intersection with the Adopted Regional System.

"(c) Upon completion of the transit line authorized to be planned in this section, all transit facilities and the underlying real estate interests appurtenant thereto shall become the property of the Transit Authority and shall be operated by such Authority.

"(d) It is the intent of the Congress in enacting this section that the transit line authorized to be planned in this section be designed and constructed as soon as practicable following the date of enactment of this section.

"SEC. 10. (a) The Secretary of Transportation is authorized and directed to contract with the Transit Authority for a comprehensive study of the feasibility, including preliminary engineering, of extending a rail rapid transit line in the median of the Baltimore-Washington Expressway from the proposed Greenbelt Road Metro Station area near the Baltimore-Washington Expressway to the Baltimore-Washington International Airport.

"(b) The study to be undertaken pursuant to subsection (a) of this section shall be completed within 6 months after execution of the contract authorized therein.

"SEC. 11. There is authorized to be appropriated to the Secretary of Transportation, without fiscal year limitation, not to exceed $10,000,000 to carry out the purposes of sections 9 and 10 of this Act. The appropriations authorized in this section shall be in addition to the appropriations authorized by section 3(c) of this Act.".

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. JAVITS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JAVITS. Mr. President, I ask unanimous consent that Gary Klein may be permitted the privilege of the floor during the Amtrak debate.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARTKE. Mr. President, 3 years ago the Congress created the National Railroad Passenger Corporation to take over responsibility for the operation of most of our Nation's intercity passenger trains. I doubt that 3 years ago anyone would have predicted the degree of success which our efforts to revive and maintain passenger service have had in the past several years. While there are many deficiencies in today's operation, there can be no question that, at least in terms of ridership, Amtrak is a very big success. People are waiting to get on the trains today, and the desire to see rail passenger service expanded upon and improved can be seen throughout the United States. One major legislative breakthrough was made by the Congress last year when we required that the long overdue implementation of the Northeast corridor project be completed within 5 years. This will be of great assistance in the movement of people between the major urban areas of the Northeast, but it will not help do much to restore rail service, unless we can get it done, then it will restore rail service throughout the rest of the United States. There will be a substantial amount of railroad rebuilding throughout the Northeast and Midwest pursuant to the Regional Rail Reorganization Act—and the recent closure of the Penn Central main line between Chicago and Louisville, which disrupted rail service in my home State of Indiana—testifies to the urgent need to do something about the sad state of affairs in this region. But it seems to me that within the very near future we are going to have to face the fact that the United States has simply not paid sufficient attention to its rail system, and that we can no longer afford to persist in this neglect. Both the movement of freight and passengers by rail cannot happen with any degree of efficiency and safety unless some basic fundamental changes are made in the policies dealing with the maintenance—and possibly even the ownership—of track and roadbeds. So while the bill we are considering today attempts to correct a number of shortcomings in the current way rail passenger service is provided, I hope that my colleagues here in the Senate are fully cognizant of the need to do some hard thinking about what needs to be done in the United States to give us the kind of rail system that we need. My subcommittee will be closely scrutinizing several different approaches to improvements in this area and will report some major pieces of legislation during the coming year.

The Amtrak Improvement Act of 1974 is concerned with a number of more immediate needs of rail passenger service and some related matters.

This bill provides for an authorization for fiscal year 1975 and for an increase in the ceiling on the amount of federally guaranteed obligations of the National Railroad Passenger Corporation—Amtrak—that may be outstanding at any one time. The bill also contains other amendments to the Rail Passenger Service Act of 1970 which are designed to upgrade the quality of rail passenger service in the United States. Additionally, the bill contains amendments to the Department of Transportation Act, the Interstate Commerce Act, and the National Capital Transportation Act of 1969.

The bill would remove a presently existing technical violation of section 304 of the Rail Passenger Service Act by two railroads. The Corporation is directed to directly perform maintenance, repair, and rehabilitation of its equipment, and is required to cooperate fully in order to facilitate implementation of the Northeast corridor project as soon as possible. Amtrak's authority to carry private railroad cars is clarified, and a limited exemption from current regulations requiring the painting of such cars is provided for. The bill mandates improved customs inspections procedures on Amtrak's international intercity passenger trains, and the provisions of the Rail Passenger Service Act setting forth the relative financial contributions of the Corporation and States, regional, or local agencies for additional service beyond the basic system would be amended.

The bill would amend the criteria for decisions of the Interstate Commerce Commission relating to the compensation to be paid Amtrak for carriage of passholders, and would restructure the way in which the Department of Transportation contributes to capital planning decisions of the Corporation. The Civil enforcement jurisdiction of the Interstate Commerce Commission over the quality of service aboard intercity passenger trains, conferred upon the Commission by the Amtrak Improvement Act of 1973, is proposed to be clarified, and the name of the organic Rail Passenger Service Act of 1970 would be modified.

The bill would amend the High Speed Ground Transportation Act by incorporating the West Coast Corridor Feasibility Study Act of 1973, which has passed the Senate previously. A technical amendment would be made to the Interstate Commerce Act, and the Department of Transportation to plan and construct a new intermodal terminal at Union Station in the District of Columbia to replace the present facility, which is being converted into a visitor center. Finally, the bill would amend the National Capital Transportation Act of 1969 in order to authorize the Secretary of Transportation to finance the initial work on an extension of the Washington area Metro system to Dulles Airport, and a feasibility study of an extension to Baltimore-Washington International Airport. This measure has passed the Senate twice previously.

Mr. President, we have a number of amendments to be offered today. Some of these amendments will probably be acceptable to the Managers, and I would propose that we dispose of these first.

Now, Mr. President, I ask unanimous consent that the Committee on Commerce be discharged from further consideration of H.R. 15427 to amend the Rail Passenger Service Act of 1970 and that the bill be placed on the calendar.

The Senate committee previously reported S. 3569, and H.R. 15427 should be on the calendar in order to enable the Senate to complete action on the Amtrack authorization for the fiscal year 1975.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. AIKEN. Mr. President, I was going to ask for a little explanation of what the bill does, a statement.

Will the Senator yield?

Mr. HARTKE. I will be glad to yield the floor, if the Senator wants it.

Mr. AIKEN. I wanted to ask the Senator from Indiana a question. This morning when I turned on the radio at 6 o'clock I heard a voice encouraging everybody to travel from Washington to Boston by Amtrak, that there would be 9 trains a day. What impressed me was the statement, which in effect was this, "You do not have to make any reservations. Just go to the train and get on and go to Boston or New York, up the Northeast corridor."

That is in sharp contrast to the rules governing the train which goes from Washington to Montreal, the so-called long route. On that route you cannot get on the train unless you have made a reservation, and sometimes the reservation should be made 2 months in advance.

The other night in one of our stations in Vermont, 35 passangers were waiting and they only permitted 14 to get on the train.

That is common practice, I understand, when you get north of this sacred line running from Washington to Boston. There is not any consideration given to other parts of the country.

It is my understanding that even the Amtrak Director's own estimates would place the increase in ridership on these long routes greater than the total ridership, if that is the right word, of the Northeast corridor trains if adequate equipment and services were provided. Yet the Northeast corridor gets practically all the money, it gets all the equipment, advertising, "Do not make any reservations. We will take you any way, so long as you are just going to Washington, New York or Boston."

I think that is a rotten way to run a railroad.

Mr. HARTKE. I share the concern of the Senator from Vermont. What he is talking about is this long-haul route being an all-reservation train.

Mr. AIKEN. You cannot get standing room.

Mr. HARTKE. I understand that, and I understand the concerns the Senator is expressing. We have expressed the same concern to the operators of the railroad.

Mr. AIKEN. Did you have any luck?

Mr. HARTKE. I think we are going to have some luck.

Mr. AIKEN. I am not going to vote for any more of these bills unless they give consideration to the people who do not live between Washington and Boston.

Mr. HARTKE. I would say we will have an amendment by the Senator from Idaho which directs itself to this issue. Let me say to the Senator from Vermont that the problem we have at this moment is the newness of the board. We required the board to be changed last October. Unfortunately, there was a delay in constituting the new board. The delay was not the fault of the Department of Transportation. They submitted names to the White House in a timely fashion, but those names were not cleared expeditiously. It was in June of this year before the new Amtrak board really got aboard.

We feel that the new board members are dedicated to doing exactly what the Senator from Vermont is talking about. That is, making sure that not all the effort is directed toward the Northeast Corridor.

At the same time, we do not feel that we want to have any delay in the Northeast Corridor because this does, at this time, present the highest utilization of trains and a great potential for profitable service.

Mr. AIKEN. I would not delay it, but I would say Indianapolis, Evansville, or Montpelier, Vt., are just as important to the Senator from Indiana and myself as are Boston, New York, and, I guess, Baltimore. They do stop there.

The problem lies in the fact that Penn Central hogs the money and hogs the equipment. They seem to think there is not any other worthwhile railroad in the country until you get to the Pacific coast, maybe.

Mr. HARTKE. The point is we are in this bill attempting to give more direct control over the whole passenger operation system to Amtrak, itself, whereas previously it has been in the hands of the railroads.

Mr. AIKEN. In going from Montreal to Washington many seats or berths will remain empty because they do not sell them to would-be passengers. You have to have a reservation in advance or else you do not ride. In the past, they have tried all kinds of tricks on that train, like giving all of the credit between here and Springfield, Mass., to Penn Central and not to the place where it belongs.

Does the Senator from Indiana think there is any real hope that other parts of the country will be considered besides just one route advertising nine trains a day, all the equipment they can buy in Europe or anywhere else, with no reservations needed to be made because they will take you any time? That is no way to run a railroad. It is an unfair way to run a railroad.

Mr. HARTKE. I quite agree with the Senator. I think there is not only the hope, but also the high expectation that we are going to make some major changes. I might point out that Mr. McDonald, from Vermont, is a new board member.

Mr. AIKEN. And he knows railroads.

Mr. HARTKE. Yes. I feel the new board will direct itself to that matter. I feel if the Senator from Vermont has any confidence in Mr. McDonald's personality on the board——

Mr. AIKEN. I have.

Mr. HARTKE. I think we can have not only hope but the expectation that the Montreal route will receive high consideration, as will other routes in Indiana, the Midwest, and the West.

Mr. AIKEN. That is the most encouragement I have heard for a long time. I am very much discouraged by the thought that too many people running railroads today believe that success in running a railroad depends on how much money they can get Congress to appropriate to them and how big salaries they can get. On the Penn Central, the board of directors is composed entirely of lawyers, except one member, I believe. Of course, I will not comment on lawyers at this point. I think each board member should be required to ride in a coach car—I think they have coach cars yet—at least once a year.

Mr. HARTKE. Let me say to my distinguished colleague from Vermont, I can assure him that we are making a constant review. We are holding oversight hearings on the legislation. We hold oversight hearings on the service. To a great extent, we have had a peculiar sort of paradoxical success. We have had success in having more people want to ride the trains. We have had failure in really accommodating the increased demand which is there. I think we will take some more steps forward with this legislation.

Mr. AIKEN. The Montreal-Washington train has been losing revenue for the simple reason that they will not take passengers unless they have a reservation. Who knows when they want to go 2 months from now?

Mr. HARTKE. I think the Senator from Vermont has made his point, and I am sure Mr. McDonald will get the message and so will the board.

Mr. AIKEN. I thank the Senator.

Mr. BEALL. Mr. President, as the floor

manager of the measure on the minority side, I urge the enactment of S. 3569, the Amtrak Improvement Act of 1974.

S. 3569 would—

First. Increase by $200 million Amtrak authorization for fiscal year 1975 and raise their authorized guarantee loan authority from $500 to $900 million.

Second. Direct Amtrak, to the extent practicable, to perform its own maintenance, repair, and rehabilitation of its equipment. Further, where Amtrak is unable, the railroads are directed to accord a higher priority to passenger equipment over freight.

Third. Reaffirm the strong congressional commitment for the earliest completion of the high-speed Northeast corridor project, and direct Amtrak to cooperate in every possible way to facilitate the completion of the Northeast corridor pursuant to the Regional Rail Reorganization Act of 1973.

Fourth. Promote improved custom inspection procedures on Amtrak's international runs.

Fifth. Change the present 402 provision, which authorizes Federal funds to State, regional, or local transportation for additional transportation service beyond the basic system, provided such local entity contributed at least two-thirds of the cost, by assuring that such entities would not be required to put up more than two-thirds. It does this by fixing such local share at 66⅔ percent.

Sixth. Authorizes the planning of a transit line in the median line of Dulles Airport Road and a feasibility study of rapid transit to Baltimore-Washington International—formerly Friendship—Airport.

Seventh. Provides for the planning, design, and establishment of a model intramodal transportation terminal at Union Station.

In addition, the legislation contains provisions dealing with the Department of Transportation's role in Amtrak's capital purchasing decisions, railroad passes, and a west coast feasibility study.

In 1970, the Congress enacted the Rail Passenger Services Act designed to promote and develop the public resource of rail passenger service. In this act we created a for profit corporation and charged them with the responsibility of reversing the steady decline of railroad passengers which had been occurring the past 25 years.

Although I am not satisfied with the progress and problems that remain—inadequate performance, particularly with respect to being on time, largely attributable to the deplorable condition of the track and equipment. The failure of management to demand performance, and serious gaps in Amtrak route structure, such as the failure to extend the Cumberland run to Pittsburgh—passenger trains are running and people are riding them. Granted, a big boost was given to Amtrak by the energy crisis, but even before the gasoline crisis, Amtrak ridership was improving and the trend was upward. The energy crisis confirmed the wisdom of Congress not to allow the demise of passenger trains. The positive development, as well as the negative side, were summarized in the DOT 1974 report. I ask unanimous consent that this summary be included in the RECORD.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

SUMMARY

Amtrak's fiscal year 1974 operations were highlighted by these developments:

Ridership increased approximately 30 percent, from 3.2 billion passenger miles in fiscal year 1973 to an estimated 4.2 billion in 1974.

Revenue increased by 35 percent, from $177 million for fiscal year 1973 to an estimated $240 million for 1974.

A major new capital improvement program totalling $344 million was approved for acquiring and refurbishing equipment and upgrading facilities, bringing Amtrak's total approved capital program to $491 million since start-up in 1971.

Over 8,000 employees are now directly on the Amtrak payroll, the majority of whom either were former railroad employees or are performing services that were previously provided by contracting railroads. The functions of reservations, ticketing, station and on-board services, commissary operations and revenue accounting have been assumed entirely by Amtrak.

Overall, the quality of Amtrak service has improved over prior years.

Auxiliary services, such as express package delivery and mail, though a small portion of total revenue, are growing and gaining customer acceptance.

On the negative side, these developments stand out:

The estimated deficit in fiscal year 1974 is up about $56 million or 40 percent over fiscal year 1973, totalling approximately $198 million. The fiscal year 1975 deficit may approach this same level.

Relating this loss to Amtrak's total passenger miles in fiscal year 1974 shows that the general taxpayer is supporting Amtrak operations in the amount of nearly five cents per passenger mile.

Overall on-time performance of Amtrak trains declined. While this situation is partly due to track and other conditions beyond Amtrak's control, some of the causes are within Amtrak's control and in need of correction.

In the legislative area, two significant pieces of legislation dealing with the railroads were enacted during fiscal year 1974: the Amtrak Improvement Act of 1973 signed by the President on November 3, 1973, and the Regional Rail Reorganization Act of 1973 signed by the President on January 2, 1974. In addition to this major legislation, the Interstate Commerce Commission on December 27, 1973, issued its report and regulations on the "Adequacy of Intercity Rail Passenger Service", Ex Parte 277 (Sub. No. 1).

Because of the fundamental nature of many of the changes in rail transportation being brought about by these laws—especially the Regional Rail Reorganization Act—their full impact on rail passenger service will not be apparent for some time. Therefore, this report is limited to a review of certain activities under the Rail Passenger Service Act of 1970, including the Department's initial steps to implement the 1973 amendments, and an examination of certain financial and operational aspects of Amtrak's current situation.

Mr. BEALL. Mr. President, this bill will enable the continuation and improvement of Amtrak progress.

I also want to elaborate somewhat on two other provisions of the pending proposal.

First, as I indicated, section 14 of the bill authorizes the designing and planning of a rapid transit line to Dulles Airport. This section is nearly identical to S. 2952 in 1972, and S. 2047 passed by the Senate in July 1973. I amended this legislation in the last Congress to authorize a feasibility study of a rapid transit line in the median of the Baltimore-Washington Parkway to Baltimore-Washington International Airport.

I believe that it is imperative that we view air transportation on a regional basis. Some of our present difficulties in the transportation area stem from our piecemeal approach to the problem.

My State of Maryland has made a major commitment toward upgrading and improving Baltimore-Washington International Airport. From the name change, to the substantial sums of money expended and committed, the State is determined that its airport is ready, willing, and able to meet the requirements of the traveling public today and the expected growth tomorrow. The expected growth would seem to indicate all of the region's airports, National, Dulles, and the Baltimore-Washington International, will be busy. Of course, we know that National is already congested and utilized to capacity, So, I strongly support these provisions of S. 3569.

Second, I strongly endorse the section 13 provisions providing for the design, planning, and construction of a model intermodal transportation terminal at Union Station. As my colleagues will recall, Union Station is being converted to a much-needed visitors center. Paragraph 4 of section 102(c) of the Visitors Center Facilities Act requires the construction of a replacement railroad station facility. The year 1968 was prior to the Amtrak legislation and many at that time felt the demise of passenger service was inevitable. The contemplated rail station was no bigger than that vision. Since then, Amtrak legislation has been enacted, the Metroliner is a hugh success, and Maryland and Virginia have entered the rail commuter picture.

Last year, the Regional Rail Reorganization Act called for the implementation of the Northeast corridor improved high-speed program service. What this all adds up to is a dramatic increase in railroad passenger service and a need for an adequate station for such passengers. The Metro subway system will have a stop at the station. Thus, we have a unique opportunity to replace the existing Union Station passenger terminal with a model intermodal system, that hopefully would include rail, subway, bus, and airline ticketing service. If you will, a one-stop transportation facility that will serve the many visitors to, and residents of, the Nation's Capital.

This bill would provide the authority, now lacking, for the Department of Transportation to plan and construct this model intermodal terminal of tomorrow for today's traveling public and to coordinate the monetary responsibilities of the various users.

This provision grew out of a hearing held earlier this year by Senator HARTKE and me. It is a very innovative and exciting idea and concept. I congratulate the chairman for his leadership in this matter and for his diligent and able work in guiding this bill unanimously through the Commerce Committee to the Senate today. I urge similar support by the full Senate.

Mr. BEALL. Will the Senator yield?

Mr. RANDOLPH. Yes.

Mr. BEALL. Mr. President, I ask unanimous consent that Joe Carter, David Rusk, and Philip Grill be permitted the privilege of the floor during consideration and votes on this legislation.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CHURCH. Mr. President, I send an amendment to the desk——

Mr. HARTKE. Mr. President, I have agreed to consider the amendment of the Senator from West Virginia.

Mr. RANDOLPH. Mr. President, I send to the desk an amendment and ask the clerk that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

On page 19, after line 23, add the following new section:

"SEC. 12. The Secretary of Transportation shall conduct a study and report to the Congress within six months after the enactment of this section on the potential for integrating rail services provided by the National Railroad Passenger Corporation with other modes of transportation, including buses, with particular attention to the transportation needs of rural areas. Such study and report shall include an evaluation of the feasibility and desirability of utilizing funds available to the National Railroad Passenger Corporation to assist increased service by other modes of transportation, including buses, connected to rail service provided by the National Railroad Passenger Corporation where such assistance will provide the opportunity for increased utilization of such rail service, especially by persons residing in rural areas."

Mr. RANDOLPH. Mr. President, the amendment which has been read would be a step forward in an attempt to understand the integration possibilities of other modes of surface transportation which could fit into the Amtrak system.

The proposal I have offered would require the Secretary of Transportation to conduct a 6-month study and then report to the Congress on the current status of Amtrak proposals to integrate other systems of transportation with the operation of Amtrak. I do this because I feel an important goal and a very real purpose are the improvement of service of Amtrak, not only the passenger service that now exists but also additional service in other parts of our country. I say to the able and distinguished Senator from Indiana (Mr. HARTKE), the manager of this bill, I have a real interest, as I am sure other Senators have, in the rural sections of this country.

I am not trying to polarize the cities and towns, but I hope this study would evaluate the feasibility and need for Amtrak to utilize its existing funds for assistance to other modes of surface transportation where such increased service would provide opportunity for greater utilization of Amtrak by helping people to "get the rest of the way home" either by rail, bus, or other means of surface transportation.

A uniting of surface transportation facilities and their coordination would provide our citizenry in rural areas with the opportunity for travel to and from population centers for shopping, entertainment and medical and governmental services.

I have been deeply concerned, and I am sure the Members of the Senate have been generally concerned, over the lack of transportation within and between rural and small urbanized areas. Because of my concern I sponsored the rural highway public transportation demonstration program in the Federal Aid Highway Act of 1973 under which the States could purchase buses, particularly using the Highway Trust Fund, for rural transportation projects.

The highway legislation recently reported by the Committee on Public Works makes a number of significant improvements to this program, including the utilization of private operators in the expanding service.

Mr. President, I ask unanimous consent that a brief summarization explaining the rural highway transportation demonstration program be inserted at this time in the RECORD.

There being no objection, the summarization was ordered to be printed in the RECORD at this point:

RURAL HIGHWAY TRANSPORTATION DEMONSTRATION PROGRAM

The Committee last year formally recognized the decline in public transportation facilities available for use by people living in rural and lightly populated areas. Substantial attention has been paid in recent years to the public transportation needs of urban residents, but the mobility of people in rural areas was relatively ignored.

Seeking to correct this imbalance, the Committee developed and the Congress enacted the Rural Highway Public Transportation Demonstration Program, authorizing $30 million for its support in fiscal years 1975 and 1976. This program is intended to examine the extent of the need for public transportation in rural areas and to test and evaluate systems for meeting this need. The 1973 Act authorized the purchase of equipment other than fixed rail and the construction of traffic control devices, parking areas and passenger loading facilities.

Considerable interest has developed in the program since its approval. The Department of Transportation received a number of inquiries about possible participation in the program even before it became operative on July 1, 1974.

As part of its proposals for transportation legislation early this year, the Department recommended that funding be increased for the Rural Highway Public Transportation Demonstration program. The bill as reported authorizes an additional $45 million for the program, raising the total to $75 million for fiscal years 1975 and 1976. Of this amount one-third is to be provided by general fund appropriations and two-thirds from the Highway Trust Fund.

The flexibility of the program is enhanced by other provisions which will permit a wider choice of options in seeking to identify the types of public transportation system best suited to a variety of needs. The payment of operating expenses is authorized from the general fund appropriations for the demonstration program. It is generally recognized that assistance in meeting operating expenses is required to maintain viable operations by urban transit systems. This need is equally great for a demonstration program in regions where low population densities and long distances mitigate against self-supporting operations.

A major transportation need for people in rural areas is the ability to move to and from population centers to avail themselves of shopping, medical, educational, religious, entertainment and governmental service opportunities. In this area, the bill provides that when intercity bus service is provided as part of the demonstration program, preference be given to private operators who are or have provided service in the area of a project. Such preference could prevent the costly purchase of duplicate equipment and the establishment or expansion of routes in areas where an established company is located.

To encourage the widest possible participation in the demonstration program, the bill also provides for public notice to be given in areas where projects are under consideration.

Mr. RANDOLPH. It is my understanding that as of September 15 Amtrak will sell tickets for no other additional transportation except eight Greyhound lines which connect with the Amtrak rail passenger network. There are other Greyhound bus lines, but these bus lines were selected, understandably so, by volume. Later Amtrak will select smaller bus routes for hookups with Amtrak and reservations and incorporate them into this arrangement.

The Greyhound ticket agents will be able to ticket connecting Amtrak service.

Also, I understand eight other bus routes are mentioned in the Amtrak schedule as part of its program called "Finish Your Trip by Bus."

It is my belief that such study will aid in determining the preferred role of other modes of transportation in the Amtrak system to serve the largest possible number of citizens, in rural and small towns and cities, as they move from rail routes and other types of surface transportation into the Amtrak system.

I feel this effort can best be undertaken by the Secretary of Transportation, and it should be authorized as a part of this important Amtrak legislation.

I know the chairman has given thought to the amendment as we discussed it, and I am hopeful that it will be successful.

Mr. HARTKE. Mr. President, I wish to say to my friend from West Virginia, who has been so active in the field of legislation and a pioneer especially in many areas to give us an integrated transportation system, that one of the problems the Nation faces at the moment in the total field of transportation is that we do not have a national transportation policy.

The Department of Transportation has been delinquent since the establishment of that Department in providing for that policy. Recently I held nomination hearings on an individual who is to be the head of policy and planning in DOT. Everyone tells me what a fine, competent man he is. I am sure he is, but he needs to develop an understanding that transportation cannot alone be based on the volume of service or solely on economic viability.

Rural sections are neglected far too often, as the Senator has indicated. This is a good amendment. I congratulate the Senator for offering it. This is the type amendment which strengthens the bill and gives attention to a much-needed aspect of our total transportation problems and social problems.

The idea that we are going to have everyone in large condominiums on Manhattan Island is a concept which some day will have to be changed. I think the best way is to provide transportation for the people in the rural areas of this Nation.

Again I congratulate the Senator for offering the amendment. We are prepared to accept the amendment.

Mr. RANDOLPH. Mr. President, I appreciate this opportunity for a colloquy with the knowledgeable and capable Senator from Indiana (Mr. HARTKE) who is handling this legislation.

I reemphasize what he stated so well. This is a country with people from large and small cities and towns, and it is a country with rural people. We need to have this integrated program so that Amtrak or any transportation system, can best serve the people of the country. We are a people with a need to eliminate barriers. We need to come together and to understand each other. Easier accessibility for our citizens is a necessity—for the elderly, the rural farmer, the handicapped, the nondriver, and many others.

This amendment is valid and sound and I am very appreciative of the Senator's statement.

Mr. HARTKE. I might also comment on the idea of through ticketing. It is a new concept.

Mr. RANDOLPH. I thank the Senator. That is correct. Amtrak recently completed this agreement with Greyhound. This arrangement, however, is a minimal one. Amtrak officials have advised me that the National Railroad Passenger Corporation has the restricted authority to purchase buses. It is my understanding it also can purchase buses and lease them to a bus company. These buses, however, must be used for train passengers only. Amtrak presently charters bus service in several areas for use by their passengers, not the general public. Through my amendment, Mr. President, I envision a study of more substantial assistance for the public generally by aiding other modes of surface transportation which would feed into the Amtrak system, but not be limited to rail passengers only.

I believe it is important to determine the feasibility and desirability of providing Amtrak with the authority to assist other transportation systems where such systems will not only strengthen Amtrak but will also provide the opportunity for the public generally to use the Amtrak assisted transportation. There may very well be many areas where a combination of the Amtrak passengers and persons needing local transportation services will justify increased surface transportation, including buses, assisted by Amtrak. The ability to combine travelers should certainly provide for more effective integration of systems to move people.

Mr. HARTKE. It should have been developed by the individual carriers themselves, but as usual the Senator from West Virginia provided leadership in this field.

Mr. BEALL. Mr. President, will the Senator yield?

Mr. RANDOLPH. I yield.

Mr. BEALL. Mr. President, I, too, echo the words of the Senator from Indiana, who is the chairman of our subcommittee. I compliment the Senator from West Virginia for offering the amendment. I wish to indicate on behalf of the minority that we are willing to accept the amendment. We will serve the full national need for transportation only when we consider all sections of the country.

With respect to those who live across the river, I know that in many cases rail transportation is not accessible and we must look to the bus lines to supplement our transportation needs. It is important that we use various modes of transportation rather than to rely on one form to move people from one place to another.

Mr. President, I support the amendment.

Mr. RANDOLPH. I thank the diligent Senator from Maryland (Mr. BEALL), the able minority manager of the bill, who understands the transportation problems. He has worked through the years to serve the people in an effective manner.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. RANDOLPH. I yield.

Mr. MAGNUSON. Mr. President, I wish to join in complimenting the Senator from West Virginia. I wish to bring out one point.

I can remember when the Senator from West Virginia and I used to tell the people of this country that we needed more feeder airlines; that the feeder airlines would make the big airlines whole.

This is a similar situation. These other modes of transportation would be feeder lines into Amtrak or feeder lines, and it is important to insure their fiscal responsibility.

Mr. RANDOLPH. I appreciate the comments of the distinguished chairman of the Commerce Committee. The Senator from Washington (Mr. MAGNUSON) who has been an effective advocate for improved transportation is correct about feeder airlines. We attempted to have local service operators feed into trunk lines and that meant more people would be flying and more areas would be served. That was the purpose not only with the airline service, but now with rail and bus service and other means of surface transportation. I recall the Senator's knowledgable comments and efforts as we worked together for the airline feeder service.

I thank the Senator very much. I appreciate the opportunity to discuss the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. BEALL. Mr. President, I ask unanimous consent that William Lind of the staff of the Senator from Ohio (Mr. TAFT) be granted the privilege of the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1783

Mr. MAGNUSON. Mr. President, I send to the desk an amendment on behalf of myself and Senators JACKSON, HARTKE, and BEALL.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. MAGNUSON. Mr. President, I ask unanimous consent that further reading of the amendment may be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendment will be printed in the RECORD.

The amendment, ordered to be printed in the RECORD, is as follows:

On page 16, line 22, delete "new subsection" and insert in lieu thereof "two new subsections".

On page 18, line 6, delete "." at the end thereof.

On page 18, between lines 6 and 7 insert the following:

"(i)(1) The Secretary shall provide financial, technical, and advisory assistance in accordance with this subsection for the purpose of (A) promoting on a feasibility demonstration basis the conversion of not less than three railroad passenger terminals into intermodal transportation terminals; (B) preserving railroad passenger terminals that have a reasonable likelihood of being converted or otherwise maintained pending the formulation of plans for reuse; and (C) stimulating State and local governments, local and regional transportation authorities, common carriers, philanthropic organizations, and other responsible persons to develop plans for the conversion of railroad passenger terminals into intermodal transportation terminals and civic and cultural activity centers.

"(2) Financial assistance for the purpose set forth in paragraph (1)(A) of this subsection shall be granted in accordance with the following criteria: (A) the railroad terminal can be converted to accommodate such other modes of transportation as the Secretary deems appropriate, including motorbus transportation, mass transit (rail or rubber tire), and airline ticket offices and passenger terminal providing direct transportation to area airports; (B) the railroad passenger terminal is listed on the National Register of Historic Places maintained by the Secretary of the Interior; (C) the architectural integrity of the railroad passenger terminal will be preserved and such judgment is concurred in by consultants recommended by the Chairman of the National Endowment of the Arts and the Advisory Council on Historic Preservation and retained for this purpose by the Secretary; (D) to the extent practicable, the use of station facilities for transportation purposes may be combined with use for other civic and cultural activities, especially when such use is recommended by the Advisory Council on Historic Preservation or the Chairman of the National Endowment for the Arts, or the consultants retained by the Secretary upon their recommendation; and (E) the railroad passenger terminal and the conversion project meet such other criteria as the Secretary shall develop and promulgate in consultation with the Chairman of the National Endowment of the Arts and the Advisory Council on Historic Preservation. The Secretary shall make grants not later than July 1, 1976. The amount of the Federal share of any grant under this paragraph shall not exceed 80 per centum of the total cost of conversion of a railroad passenger terminal into an intermodal transportation terminal.

"(3) Financial assistance for the purpose set forth in paragraph (1) (B) of this subsection may be granted in accordance with regulations, to any responsible person (including a governmental entity) who is empowered by applicable law, qualified, prepared, and committed, on an interim basis pending the formulation of plans for reuse, to maintain (and prevent the demolition, dismantling, or further deterioration of) a railroad passenger terminal: *Provided*, That (A) such terminal has, in the opinion of the Secretary, a reasonable likelihood of being converted to or conditioned for reuse as an intermodal transportation terminal, a civic or cultural activities center, or both; and (B) planning activity aimed at conversion or reuse has commenced and is proceeding in a competent manner. Funds appropriated for the purpose of this paragraph and paragraph (1) (B) of this subsection shall be expended in the manner most likely to maximize the preservation of railroad passenger terminals capable reasonably of conversion to intermodal transportation terminals or which are listed in the National Register of Historic Places maintained by the Secretary of the Interior or which are recommended (on the basis of architectural integrity and quality) by the Chairman of the National Endowment for the Arts or the Advisory Council on Historic Preservation. The amount of the Federal share of any grant under this paragraph shall not exceed 90 per centum of the total cost of such interim maintenance for a period not to exceed five years.

"(4) Financial assistance for the purpose set forth in paragraph (1) (C) of this subsection may be granted, in accordance with regulations, to a qualified person (including a governmental entity) who is prepared to develop practicable plans meeting the zoning, land use, and other requirements of the applicable State and local jurisdictions in which the railroad passenger terminal is located as well as requirements under this subsection; who shall incorporate into the designs and plans proposed for the conversion of such terminal into an intermodal transportation terminal, a civic or cultural center, or both, features which reasonably appear likely to attract private investors willing to undertake the implementation of such planned conversion and its subsequent maintenance and operation; and who shall complete the designs and plans for such conversion within two years following the approval of the application for Federal financial assistance under this subsection. In making grants under this paragraph, the Secretary shall give preferential consideration to applicants whose completed designs and plans will be implemented and effectuated within three years after the date of completion. Funds appropriated for the purpose of this paragraph and paragraph (1) (C) of this subsection shall be expended in the manner most likely to maximize the conversion and continued public use of railroad passenger terminals which are listed in the National Register of Historic Places maintained by the Secretary of the Interior or which are recommended (on the basis of architectural integrity and quality) by the Advisory Council on Historic Preservation or the Chairman of the National Endowment for the Arts. The amount of the Federal share of any grant under this paragraph shall not exceed 90 per centum of the total cost of the project or undertaking for which the financial assistance is provided.

"(5) Within ninety days after the date of enactment of this subsection, the Secretary shall issue, and may from time to time amend, regulations with respect to financial assistance under this subsection and procedures for the award of such assistance. Each application for assistance under this subsection shall be made in writing in such form and with such content and other submissions as the Secretary shall require.

"(6) The National Railroad Passenger Corporation shall give preference to using station facilities that would preserve buildings of historical and architectural significance.

"(7) Each recipient of financial assistance under this subsection shall keep such records as the Secretary shall prescribe, including records which fully disclose the amount and disposition by such recipient of the proceeds of such assistance, the total cost of the project or undertaking in connection with which such assistance was given or used, the amount of that portion of the cost of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit. Until the expiration of three years after completion of such project or undertaking, the Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, and records of such receipts which, in the opinion of the Secretary or the Comptroller General, may be related or pertinent to such financial assistance.

"(8) There is authorized to be appropriated to the Secretary for the purpose set forth in paragraph (1) (A) of this subsection sums not to exceed $80,000,000; (B) for the purpose set forth in paragraph (1) (B) of this subsection sums not to exceed $10,000,000; and, (C) for the purpose set forth in paragraph (1) (C) of this subsection sums not to exceed $10,000,000. Such sums as are appropriated shall remain available until expended.

"(9) As used in this subsection, 'civic and cultural activities' include, but are not limited to, libraries, musical and dramatic presentations, art exhibitions, adult education programs, public meeting place for community groups, convention visitors and others, and facilities for carrying on activities supported in whole or in part under Federal law.

"(10) Nothing in this subsection shall be construed to invalidate the eligibility of any station for funds designed to assist in its preservation or reuse under any other Federal program or statute.".

Mr. MAGNUSON. Mr. President, I believe I can explain the amendment in 2 minutes.

Mr. President, the amendment, as it so aptly states on page 1, beginning at line 5, would provide "financial, technical, and advisory assistance in accordance with," the subsection, "to promote on a feasibility demonstration basis the conversion of not less than three railroad passenger terminals into intermodal transportation terminals."

The amendment also provides for aid for terminals that "would have a reasonable likelihood of being converted or otherwise maintained pending the formulation of plans for reuse."

That is the full purpose of the amendment.

The Senator from Indiana and the Senator from Maryland are familiar with the amendment. I merely want to say that a great number of towns in the United States have railroad stations which are part of the community, and we are talking about not only preserving them, but also doing something else with them.

Forty thousand railroad stations have been built in the United States since the first station in the United States was erected in 1830 at a place, I call to the attention of the Senator from Maryland, named Mount Clare, in Baltimore. That was the first one.

Mr. BEALL. Mr. President, will the Senator yield?

Mr. MAGNUSON. Yes.

Mr. BEALL. The Senator is correct. Mount Clare station, built in 1830, was the first railroad passenger station built in the United States. I point out that the Mount Clare station was just taken out of use and is being preserved as part of the B & O. Railroad's transportation museum. I am happy to say that we still have the same station, and I hope we can continue to have it for many years to come, because it is a famous landmark.

Mr. MAGNUSON. This follows what the Senator from West Virginia was talking about. Let us take Seattle, where we have a big station which we call Union Station. We want to continue to use it. It is in a location that is most favorable for all kinds of uses. But one of the things we shall have to do is get all the bus lines and the other surface transportation people in and out of there to connect up with Amtrak, and vice versa.

Indianapolis has a beautiful old railway station. How old is it?

Mr. HARTKE. It was built in 1888.

Mr. MAGNUSON. It is a big, old station.

Mr. HARTKE. There was a meeting held down there just recently, and I should like to place in the RECORD at the conclusion of the Senator's remarks a report on that meeting, which was held by the National Endowment for the Arts, which points out that a meeting was held in Indianapolis at the Union Station there. It is a beautiful building, but it could be cleaned up, I will say that.

Mr. MAGNUSON. Oh, surely.

Mr. HARTKE. It needs all the restoration it can have. It needs preservation, restoration, and reutilization.

Mr. MAGNUSON. We should provide leadership and some money for the people in the areas that want to reuse their facilities—places like Seattle, Indianapolis, Baltimore.

The National Endowment for the Arts has estimated that approximately 20,000 of them still stand, many of which are sturdy, handsome structures of considerable architectural merit. Unfortunately, time is running out for many of these worthwhile structures. Most of the stations still standing are owned by various railroad companies, who frequently have little need for them. Typically, they are given minimal maintenance at best, and in many cases they have been effectively abandoned altogether. A recent report on "Reusing Railroad Stations," funded by the National Endowment for the Arts, observed that:

> As each day passes, water seeps deeper beneath roof piles, cracks increase between stones, and a little more plasterwork decomposes. It is essential to act quickly if railroad stations are not to pass into memory along with those who built them.

This report concludes that:

> The scope of required action, especially for saving the larger stations, is so great that the federal government must provide leadership.

Mr. President, the amendment I am introducing today along with my distinquished colleagues would provide the badly needed Federal leadership to meet the needs that have been identified by the National Endowment for the Arts and others.

If the reuse of rail stations is to be successful, however, it will require not just the commitment of the Federal Government. The actions and commitments of individuals, communities, private industry, foundations, and government at all levels is needed to assure that this valuable resource is not lost. This amendment is structured to assure the maximum input from all those sources. Additionally, the Rail Passenger Service Act would be amended to insure that Amtrak takes into account the historical and architectural integrity of the available buildings when considering what type of station should be used for present day rail passenger service.

Mr. President, time is running out for a valuable American resource. I urge my colleagues to vote for this amendment.

Mr. JACKSON. Mr. President, I am pleased to join with the distinguished chairman of the Senate Commerce Committee (Mr. Magnuson) in sponsoring this important amendment.

This amendment to S. 3569 has a twofold purpose. It is designed to preserve the many magnificent old railroad stations which still grace the American scene. But, it also provides for an important link to the future.

I have rarely seen legislation such as this which carries out the advice carved on our National Archives Building: "What is Past is Prologue."

This legislation gives these fine old railroad stations new life as intermodal transportation centers. New hubs for far-reaching national transportation network that will increase our mobility, reduce environmental pollution and conserve energy.

In the committee report on this amendment, the intermodal transportation center concept is outlined in the statement that "several urban areas have been identified that would benefit from combining more than one mode of transportation into the same terminal facility."

Let me put that statement and the purposes of this amendment into national policy perspective.

Secretary Brinegar, appearing before the House Appropriations Committee last March, defined the goals of a national transportation policy. Mr. Brinegar testified:

> A major cause of inefficiency in both passenger and freight transportation is the lack of close coordination among the various modes. This problem is compounded by the historical development of separate systems of terminals by each of the modes. A priority program is needed to lift unneeded restraints to intermodal cooperation and to encourage joint use of terminal and other facilities by all transportation modes.

This is that priority program the Secretary called for. A brief explanation of the intermodal transportation center concept is in order.

This bill anticipates use of historic railroad stations—but is not limited to them—as starting points for putting all of the long distance transportation modes of rail, bus and air, under one roof, and then tying that intermodal transportation center into the community it serves by mass urban transit and ample parking.

It is simple and logical and it serves the changed pattern of travel that has overtaken America with its emphasis on energy conservation and reduction of pollution. It also will serve to make all modes of travel more attractive and safer by combining them in one facility, and will, in many cases, revitalize some rundown urban areas by making them once more the center of important regional activity. As Mr. James Kerrigan, president of Greyhound Lines put it in a recent speech:

> Every major city should have a transportation center where passengers can "one stop shop" all of the public carrier transportation services.

Which brings me to a second observation on Secretary Brinegar's policy remarks on terminals—the lack of cooperation among the modes.

An important byproduct of the intermodal idea has been the cooperative reaction of the transportation companies. I am advised that Amtrak and the bus companies have identified some 30 cities stretching from coast-to-coast which lend themselves tentatively to the intermodal transportation center concept. And, these range from some of our largest cities to some very small towns strategically placed to act as hubs for bus links to some of the remotest areas of the country.

As this transportation center network is set in place, it not only holds promise of linking our high density urban areas with rural regions, but will facilitate the establishment of through ticketing and baggage handling among the carriers. It also should result in significant reductions in operating costs to the carriers by joint use of common facilities.

I would like to take special note of what this intermodal transportation center concept will mean to our older citizens and to the handicapped. These centers—the transfer points between modes—will be designed and constructed so that persons with a handicap can be easily accommodated. No one need be a prisoner of a city or a farm because of the inability to handle the architectural barriers of transportation of another age. Low cost mass transportation will be readily available to all who require it.

A national network of these intermodal transportation centers, as envisioned in this amendment, will make a significant improvement to the quality of American life in the cities, the suburbs, and rural areas alike.

Mr. President, I am pleased to associate myself with this amendment, and urge its adoption by the full Senate.

Mr. HARTKE. Mr. President, we have discussed this matter.

I am especially pleased to accept this amendment. As chairman of the Surface Transportation Subcommittee of the Senate Commerce Committee, I have had firsthand knowledge of the many outstanding examples of American architecture that we have in many of the railroad stations still in existence throughout the United States. There is no question that they are very much worth preserving for their own sake; but this amendment goes further than that. This amendment contemplates that these valuable examples of 19th and 20th century architecture will be returned to productive uses, thereby benefiting the communities in which they are located. Not only will they be used for multimodal transportation terminals, but for other cultural and civic affairs as well.

Mr. President, the National Endowment for the Arts, in conjunction with the Educational Facilities Laboratories of New York, recently held a national meeting on saving old railroad stations in Indianapolis. There was a much larger turnout than expected, and I have been advised that not only were there representatives of a number of mayors and other government representatives present, but that the private sector is showing an unprecedented amount of interest in the productive reuse of old railroad stations. I am also pleased that the meeting was held in Indianapolis, because the now ongoing renovation of Union Station there is a showcase of the preservation and sensitive adaptation of a beautiful but aging building to today's uses. Significantly, the National Endowment for the Arts has concluded that there is indeed a great need for Federal leadership in this area, and I feel that this amendment will provide that needed leadership.

I ask unanimous consent that the statement by the National Endowment for the Arts be printed in the Record.

There being no objection, the statement was ordered to be printed in the Record, as follows:

National Meeting Set on Saving Old Railroad Stations

Methods of adapting old railroad stations to contemporary needs in communities with diminished or defunct rail service will be explored in a "call-to-action" workshop at Indianapolis, Indiana, July 22–23. The meeting on the re-use of railroad stations is being organized by the National Endowment for the Arts, Washington, D.C., in conjunction with Educational Facilities Laboratories, New York.

Mayors, city officials, city planners, officials of urban renewal agencies, legislators, bankers, developers, railroad companies, and representatives of nonprofit organizations have been invited to attend.

The conference is being held in Indianapolis because that city's Union Station, now undergoing rehabilitation, forms a major case study in the preservation and informed adaptation of a railroad station, one of some 20,000 stations of an original 40,000 estimated to remain in existence across the nation. These stations form a significant part of America's architectural heritage.

National and local agencies cooperating in the workshop include the National Trust for Historic Preservation, Advisory Council on Historic Preservation, U.S. Department of Transportation, National Park Service, Indianapolis Museum of Art, and Historic Landmarks Foundation of Indiana.

The conference will explore some of the available methods and networks of alliances for rehabilitating stations. It will focus on four sources of potential support: the Federal Government and national non-govern-

> mental organizations; local governments; the private sector; and nonprofit groups. An expert in each field will deliver a research paper which will then be discussed by a panel.

Mr. HARTKE. Speakers will include Nancy Hanks, Chairman of the National Endowment for the Arts; David Meeker, Assistant Secretary for Community Planning and Development of the U.S. Department of Housing and Urban Development; Representative FRANK THOMPSON, JR., Democrat of New Jersey; and John Hirten, Deputy Administrator of the Urban Mass Transportation Administration, U.S. Department of Transportation. Representative THOMPSON is leading the congressional effort to preserve old railroad stations.

A 27-minute, color film, "Stations," by Roger Hagan, will be premiered at the conference. "Reusing Railroad Stations," a 78-page book by Norman Pfeiffer for Educational Facilities Laboratories, has also been prepared for the workshop. Both were funded by the Arts Endowment. The introduction to the book notes:

> Railroad stations are a great legacy offering a link with history, a textbook of American architecture, a prodigious capital investment, and the possibility of economically viable space . . . the first purpose of this report is a call to action—action by individuals, by communities, by private industry, by foundations, by government at all levels . . . Most of the stations still standing are owned by railroad companies, who have little need for them. They are given only token maintenance . . . as each day passes water seeps deeper beneath roof plies, cracks increase between stones, and a little more plasterwork decomposes. It is essential to act quickly if railroad stations are not to pass into memory.

Delivering research papers will be Jonathan Barnett, professor or architecture and director of the graduate program in urban design at the City College of New York, on the topic "Incentives and Roles for Local Governments"; Gary Stonebraker, of the Advanced Planning Research Group, "Incentives and Roles for the Private Sector;" Allen Sapp, American Council for the Arts in Education, "Opportunities and Incentives for Nonprofit Organizations;" and Ann Webster Smith, Advisory Council on Historic Preservation, "Opportunities for Support—Federal Government and National Non-Government Organizations."

In a fifth presentation, "The Indianapolis Union Station Story" will be told by Robert Beckmann, Jr., of Union Station Associates and the F. C. Tucker Co.; J. Fred Risk, chairman of the Indiana National Bank; Michael Carroll, deputy mayor of Indianapolis; and John Sandefur, of the Indianapolis Union Railway Co.

Eugenie Cowen of Educational Facilities Laboratories is conference cordinator, aided by Robert McNulty and Susan Wagner of the Arts Endowment.

The National Endowment for the Arts is an independent agency of the Federal Government created in 1965 to encourage and assist the Nation's cultural resources. The endowment is advised by the 26 Presidentially appointed members of the National Council on the Arts.

Educational Facilities Laboratories is a nonprofit corporation established in 1958 by the Ford Foundation to encourage and guide constructive changes in educational and related facilities.

As the Senator from Washington so ably stated, we are prepared to accept the amendment. We think it is not only worthwhile, but it has been sponsored by the chairman of the committee and myself, and the distinguished Senator from Maryland is a cosponsor.

Mr. BEALL. The Senator is correct. As a cosponsor of this amendment, I congratulate the Senator from Washington. I think it is a significant addition to this bill. Not only is the first railroad passenger station, Mt. Clare, in Baltimore being preserved, but we had an incident where we lost a very distinguished railway station. The B. & O. station in Cumberland, Md., was destroyed a couple of years ago simply because there was no provision by which this sort of thing could be retained. The local money was not there, the national impetus was not there, and it just had to go.

I think it is very important to preserve this part of our antiquity and use these buildings, if possible, but at least preserve them.

Therefore, Mr. President, I strongly support the amendment of the distinguished chairman of the Commerce Committee that would authorize Amtrak to encourage the conversion of rail passenger terminals for use in other purposes. As my colleagues know I have taken an active interest in the area of historic preservation. When I introduced in the Historic Structures Tax Act in August of 1973, I stated that historic preservation was a cause whose time had come. This belief was reinforced in recent publications entitled "Reusing Railroad Stations" which was published by the Educational Facilities Laboratories in conjunction with the National Endowment for the Arts. In the foreword it was stated that there has recently been a growing public interest in restoring and reusing buildings of historic or architectural merit. Railroad stations are a unique American resource that should continue to serve public and private interest even though their original purpose may have passed.

Mr. President, I ask unanimous consent that the appropriate portions of this publication and several additional articles be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. BEALL. Mr. President, my State plays a unique role in the history of the American railroads. As previously stated the first railroad station, Mount Clare, was built in Baltimore in 1830. This historic station has just recently been taken out of active use and is presently undergoing restoration to serve as part of the B. & O. Transportation Museum. The neo-renaissance Mount Royal Station in Baltimore is one of the true success stories of railroad station preservation. In 1964 the Maryland Institute, College of Art purchased the B. & O.'s Mount Royal Station. Now fully restored, this splendid structure serves as a social, artistic, and cultural center for people throughout the Baltimore Metropolitan Area. Mr. President, I ask unanimous consent that the publication entitled "A Life All Its Own" which is the story of the restoration of the Mount Royal Station in Baltimore be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 2.)

Mr. BEALL. Mr. President, the President Street Station in Baltimore which was built in 1850 has now been converted into commercial offices. This particular station gained fame when the Sixth Massachusetts Regiment arrived on April 19, 1861, en route to Washington, D.C. The Union troops engaged a hostile crowd which led to a serious riot which left 15 dead.

In Montgomery County, the Point of Rocks Station continues to serve commuter passengers. Edward Hungerford in a book entitled "The Story of the Baltimore and Ohio Railroad" which was published in 1927—the company's centennial year—noted that:

> Point of Rocks, on the Potomac, was reached on the first day of April 1832. Steamboat connection with the important town of Harpers Ferry at the confluence of the Shenandoah and Potomac rivers, twelve mile distant, was established soon afterwards. The completion of the Chesapeake and Ohio Canal to this point rendered it now possible for a person, if he so desired, to travel by packet boat from Washington City to Point of Rocks and thence by train to Baltimore. It was this same canal that now portended much trouble for the Baltimore and Ohio Railroad. For the narrow impasse just beyond Point of Rocks, both railroad and canal were to contend, bitterly and at great length, before either should finally go forward . . . At Point of Rocks the iron horse might rub his nose most fretfully against the granite base of old Catoctin Mountain. Not easily was he to be permited to go beyond that point.

The station presently standing at Point of Rocks is made of brick and was constructed in 1875. The B. & O. Magazine of June 1957 updated this story when it noted that:

> The station was struck by lightning in June, 1931, when the roof and entire second story were destroyed. Charles W. Galloway, then vice president-operations ordered restoration of the station to its former outward appearance, thus preserving its unique architecture. The station has been in constant use since its erection.

I would certainly be remiss, Mr. President, if I failed to mention the Union Station which is located just a few blocks from this Chamber. This truly imposing structure is now being converted into a National Visitors Center which we hope will be completed in time for the celebration of our National Bicentennial. It is ironic to note that in our efforts to redirect the use of this structure we may have rendered it unable to adequately serve the passengers who are once again using rail service in an effort to conserve energy, reduce pollution, and relieve traffic congestion. Mr. President, I ask unanimous consent that the portion of "Reusing Railroad Stations" which relates to Union Station be printed in the Record at this point in my remarks.

The PRESIDING OFFICER. Without objection it is so ordered.

(See exhibit 3.)

Mr. BEALL. The movement to preserve historically and architecturally important railroad stations is continuing to gain momentum. It is interesting to note that the Rockville Railroad Station which was originally scheduled for demolition to make way for the construction of the Metro subway system has now been preserved. It is possible that this station will have to be moved 20 or 30 feet to accommodate the subway construction but I believe that this decision is indicative of the progress which has been made in recent years to preserve those sites which are of importance to our Nation.

Mr. President, I would note that a number of significant stations have been destroyed in recent years. The area just southwest of Baltimore City served, in many respects, as the cradle of the rail industry. It was in this area that the famous race between the Tom Thumb and the horse-drawn coach was staged. In this region developed the town of Relay which was settled, grew, and prospered around the railroad and its station. So completely was the early life of this town dominated by the railroads that I ask unanimous consent that an article entitled "Historic Relay" which appeared in the Baltimore & Ohio Magazine in November of 1921 be printed in the Record at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 4.)

Mr. BEALL. Like so many railroad stations, the one in Relay fell into disuse, was vandalized, physically deteriorated, and was ultimately torn down in the early 1950's.

And as I mentioned earlier, the Queen City Hotel in Cumberland, Md., my home area of the State, was demolished in 1972 after considerable controversy. I ask unanimous consent that an article which appeared in the October 1957 Baltimore & Ohio Magazine relative to this hotel be printed at this point in my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 5.)

Mr. BEALL. In closing, Mr. President, I would strongly urge my colleagues to support this amendment. I believe that preserving historically and architecturally significant structures will increase the appreciation of our citizens for the history of this great Nation and thus strengthen the social fabric which holds our society together. I believe that the era of the "no-return" society has fortunately come to an end. Our resources are finite and our Government must provide leadership in recycling buildings as well as other resources.

Exhibit 1

Reusing Railroad Stations

INTRODUCTION

Work on this report began with the simple notion that America's railroad stations are fine examples of architecture which might be preserved by reuse. But closer study revealed that stations, now tragically underused, are involved with a complex series of interlocking problems which touch many aspects of our history and of modern society. Completion of this report brought even stronger belief in the importance of reuse.

There is an appealing, persistent image of pioneers subduing the wilderness of early America by horseback, covered wagon, and ship. But it was the railroads that truly conquered the continent, both causing and following the transformation of the United States from an agricultural to an industrial nation. Historically the railroads represent our ingenuity at its most daring. For over a century they provided mass transportation of raw materials, finished goods, and people at an unprecedented scale. Without their mobility, comfort, and relative economy, the United States could not have fed its industrial revolution or attained today's technological sophistication.

The first railroad station was built at Mt. Clare, Baltimore, in 1830. It is believed that over 40,000 passenger stations were built in the next 120 years. An estimated 20,000 of them still stand, but, unless an enormous rush of enthusiasm and dollars for rail transport occurs, few will ever again enjoy their intended use. Some stations still serve commuters, others host a "train-a-day," but their use as passenger stations is limited and decreasing. Only big city stations can look for survival—and those only if they become centers of mass transit developments.

The operators of the passenger lines still running prefer building small new stations to maintaining old ones at ever rising costs. Yet old buildings are a great legacy offering a link with history, a textbook of American architecture, a prodigious capital investment, and the possibility of economically viable space. Only multiple use can offer the economic muscle which justifies preservation. Besides, even if the present realities of funding permitted their adaptation to museums, buildings are better used to house activities than artifacts.

This is not to imply that no other past architecture should be considered worthy of preservation through reuse. Without question other buildings could well benefit from this approach. Railroad stations have been singled out because their disappearance is so imminent, because their vigor and ingenuity are so typically American, and because they are a man-made resource of great potential benefit. Nonetheless, this report should perhaps be read as a metaphor for reuse in general.

But the first purpose of this report is a call to action—action by individuals, by communities, by private industry, by foundations, by government at all levels. The scope of required action, especially for saving the larger stations, is so great that the federal government must provide leadership. A bill (H.R. 2446), proposed by Representative Frank Thompson, Jr., Democrat of New Jersey, could be a welcome beginning because it recognizes that, with some federal help, private enterprise might make these structures viable for present-day use. However, further federal legislation and implementation will be necessary if the economic forces which control the private sector are to become less partial to demolition and new construction.

This call to action is made against a background of time. Most of the stations still standing are owned by the railroad companies, who have little need for them. They are given only token maintenance while the basic building fabric is eaten away; or they are used on a limited basis with no attempt at maintenance; or they are abandoned altogether. As each day passes water seeps deeper beneath roof plies, cracks increase between stones, and a little more plasterwork decomposes. It is essential to act quickly if railroad stations are not to pass into memory along with those who built them.

STATIONS: A MAN-MADE RESOURCE

Few would deny the importance of preserving our natural landscape. Such unique natural resources as the Grand Canyon, Yosemite, and Cape Cod have been kept from abuse and destruction by being removed from the marketplace and put under government protection. Nonetheless, these preserves are constantly threatened by the encroachment of industry. Strong pressures for the "use" of open park land as a resource for manufacturing and consumerism, rather than the use for which it was set aside, are always at hand.

Most of the existing and proposed legislation aimed at preserving old structures echoes the work of nature conservationists. Indeed, historic buildings are a man-made resource as important to our identity, well-being, and pleasure as any natural resource. We need a sense of the man-made past as much as we need to understand our relationship to nature.

Buildings embody a language of intent. They faithfully record the concerns and values of those who built them. Buildings exist in time, in physical space, in social context. They inalterably change what is around them by their presence. They irrevocably transform their surroundings by their absence.

The foolishness of fouling our own life support systems with waste born of greed is becoming recognized (at least in highly industrialized nations), but the arrogance of denying our past, our own personal and public knowledge of who we are, is becoming understood only very slowly.

Railroad stations as a national heritage

If the railroads built America while America built the railroads, then stations form a man-made resource which is a priceless heritage, typically American and as necessary to preserve as our most generally accepted national symbols. Americans have an uncommon prejudice against thinking that mechanical systems and utilitarian structures are worthy cultural expressions. But mechanical innovation is an American cultural trait. Sigfried Giedion points out that by the mid-1860s:

"Invention was in the normal course of things. Everyone invented, whoever owned an enterprise sought ways and means by which to make his goods more speedily, more perfectly, and often of improved beauty. Never did the number of inventions per capita of the population exceed its proportion in America of the sixties."

Nowhere was this swelling spirit of innovation more manifest than in the construction of railroad stations. These buildings are among the most self-assured and fully realized examples of nineteenth and twentieth century American architecture. Even so, only 56 stations are now listed on the National Register of Historic Places (out of more than 6500 entries), a situation that may have as much to do with the railroad companies' reluctance to have their properties encumbered, as with public or professional disinterest.

The architectural form of railroad stations

Many railroad buildings are architectural and technological triumphs because competition between rival companies forced railroads into a pose of public service. This was a large factor in the construction of many opulent stations. Business communities also encouraged station building. Even in towns served by a single line, an impressive terminal was felt to be a requisite sign of civic well-being and better things to come. (The inscription over one entrance to Grand Central typifies the lofty sentiments these structures were supposed to embody: "To all those who with head, heart, and hand toiled in the construction of this monument to public service this is inscribed.")

Nonetheless the railroad did stimulate the development of an important new architectural form—the railroad station. We may now take it for granted but it was once without architectural precedent.

Carroll Meeks traces the origin of some smaller, early stations to toll houses used for horse-drawn vehicles; other early structures were obviously patterned on barns, with a porch added for passenger protection. But as the railroads grew, the increasing volume of passenger service required larger and larger stations. These could not merely be bigger; they also had to be more complex because they had to house a multiplicity of activities by hundreds (sometimes thousands) of people. Most notably, they had to be designed to channel the sudden arrival and departure of crowds moving in different directions.

This necessitated architectural inventiveness, for there were no available prototypes for such structures. The only public buildings designed for mass circulation before the nineteenth century had been churches and theaters (or, reaching back to ancient Rome, gymnasiums and baths). These could not be directly adapted to railroad use, although some external embellishments were appropriated. Famous architects of the day were commissioned to design some stations; many others were designed by railroad personnel who adapted what became standard plans to suit local conditions—all in a rich architectural vocabulary of hand craftsmanship.

Even the smallest early sheds served the many interlocking functions of a passenger station in a rudimentary way, all mixed together. As passenger and freight volume increased, architects developed highly complex plans in which each activity was separated from the others in different rooms. Comparison of Union Terminal in Cincinnati and the Greater Pittsburgh Airport shows how the concourse schemes of the last great railroad stations influenced airport terminal design, with discrete separation and interrelationships among passengers and baggage, waiting, ticketing, refreshment, and ground transportation. And without question, the multiple layers of Grand Central anticipated the most sophisticated examples of present-day mixed-use planning.

An endearing feature of stations is their lack of uniform style, although certain elements reappear in differrent combinations the tower, the triple arch, the overhanging porch, the train shed). It is this diversity and directness which make them architecturally noteworthy, especially for communities fast disappearing beneath the impersonality of a machine-made landscape. Their architectural distinction could, in many cases, become the welcome catalyst for superior new urban development.

The railroads' financial situation

When the railroads were built, the owners incurred enormous debts on which hundreds of millions of dollars interest must still be paid annually. That investment allowed lines to be built quickly but maintenance of the debt and of the physical plants themselves has become impossibly expensive.

And there are complaints of the depletion of capital. By 1969 America' wealthiest railroad company (in terms of investment in transportation property) was the Penn Central system with $4.35 billion. However, in 1969 there was no income return from that investment for the Penn Central. In fact, there was a loss of $68 million—also the largest for any railroad. This paucity of working capital has made railroads wary of investing in capital equipment, so that today they are unable to transport the stepped-up yields of current manufacturing and food production, thus adding to inflationary pressures and challenging further their pose of "public service." Recent serious accidents have caused opposition to transporting substances such as poison gas by rail and offer public confirmation of the general deterioration of roadbeds and equipment.

In considering the present financial situation of railroads, it must be acknowledged that *all* commercial trackage in the United States is held in private ownership. The railroads are taxed the same amount on these rights-of-way whether one train or one hundred use the tracks each day. At the same time, railroads are required to operate unprofitable passenger runs, and the tax payments on those rights-of-way have become disproportionate to their value. Although the federal government is now considering subsidizing purchase of all or part of such rights-of-way, no action has been announced. (A very different situation exists for highway, air, and water transport. In these sectors federal government expenditures and subsidies for domestic transportation increased nearly 15 fold between 1947 and 1973.)

The decline of passenger service

Today the glory of the passenger station is over. Some of the largest and greatest stations are being forsaken with no plans for continued use and no budget for maintenance. Many of the smaller stations face a similar future. In recent months Amtrak has received over 50 calls from companies declaring their intent to abandon stations.

Why are so many railroad stations being abandoned? The answer, of course, is that the decline of passenger traffic by rail has been precipitous. In 1929, over 780 million persons were carried. Forty years later the number had shriveled to 296 million.

Many factors have contributed to this rapid disappearance of passenger service; the two most obvious are the airplane and the car—one offering speed, the other accessibility. The railroads taught Americans that such things were important for everyone. They handily replaced the horse-drawn carriage and the canal barge, but have now lost the businessman to the airplane and the family to the station wagon. There are still those who prefer rail travel (Amtrak can offer some proof of a turnaround in passenger volume), but the great transcontinental journeys are gone. Railroad passenger service now accounts for only one percent of all intercity travel and generates only four percent of railroad operating revenues.

The oddity is that *freight* revenue is *up* three times from the 1929 heyday ($4.8 billion in 1929 to $12.6 billion in 1972), despite all the competition from trucks, ships, airplanes, and pipelines. Thus the irony that, while Congressional voices in support of mass transit have grown more insistent each day, the railroad companies are moving away from any involvement with passenger service.

Amtrak

In 1971 Congress established Amtrak, the National Railroad Passenger Corporation, in order to insure that passenger service did not disappear altogether. Unfortunately, the responsibility for upkeep of railroad stations still falls on the railroad company owners, who must bear the tax and maintenance burden. Amtrak does not own rights-of-way, stations, fixed equipment, or air rights. It operates over the roadbeds of 12 different companies and pays them for the operation of its trains. And, although federally subsidized, Amtrak is a private corporation and is little motivated to perserve expressions of past grandeur built by others.

Until recently, it appeared that Amtrak would shortly vacate all larger stations in favor of new, smaller facilities built at other locations. It turned to small, plastic pre-fabs for new passenger stations rather than tackling the rising maintenance costs of old structures. In some cases fine existing buildings were ignored because of shifts in population. Cincinnati's Union Terminal cost $40 million to build in 1933; it has now been replaced by a new $270,000 building only one mile away. The original terminal, offering over 457,110 sq. ft. of usable space, stands empty.

However, recent Amtrak policy changes indicate its intention in the future to use parts of existing stations for passenger service and to share the remaining space with others.

But no policy change by Amtrak can possibly rescue our man-made resource of railroad stations. The task demands action by the federal government, by state and local governments, and by the private sector. It also demands ingenuity, resourcefulness, and concern from legislators, architects, planners, developers, and communities.

THE IDEA OF REUSE

The designers of railroad stations had to invent ways to house many interlocking activities, including

Boarding and debarking from trains.

Intercommunication between trains.

Change from rail to other forms of transportation.

Purchase of tickets.

Purchase of goods for the journey.

Waiting and refreshment.

Communications (telegraph, mail, and among people).

Baggage and freight handling.

Administration.

Access to adjacent buildings.

This complexity of function generated the interior diversity of form that evolved. It also suggests the great potential of stations for multiple-activity reuse.

The small stations may be fairly easy to save by conversion to a single new activity. But as size increases, the economic difficulties of reuse increase significantly. The very form of the larger buildings, however, encourages their reuse for a multiplicity of activities.

And there is no question that potential users are available. Every city already has activities which are ill-housed and searching for space in which to operate more effectively. There are also desirable programs which have not been initiated because of a lack of space. At the same time, most institutions are diversifying their services and reaching out into complementary activities. Museums are increasingly involved with schools, schools with commercial interests, performing arts groups with corporations, etc.

In education there is great interest in placing learning experience outside the traditional classroom, either in loosely defined alternative schools or directly in the doing and making of things. The same desire for participation in process is found in the arts, where distinctions between arts activities, as well as differences between art and craft, are being blurred. (The mix of commercial, artistic, and educational activities now often enclosed in covered shopping malls points the way to the potential reuse of railroad stations.) Government functions, especially those requiring public access, could also well be housed in these buildings. And, finally, mass transit, which is becoming more and more necessary, could form an obvious component of reuse.

Railroad stations as an environmental resource

In recent years there has been an increasing awareness of our natural environment and a keen interest in preserving its ecological systems. We have finally realized that the resources aboard "Spaceship Earth" are finite, and that we must conserve nonrenewable elements. With depletion of energy sources threatening our well-being, we must husband and recycle what we have or find new sources.

Buildings can be regarded as a finite resource, too, especially if they were well built originally. The cost in manpower, materials, and energy required to reproduce existing railroad buildings would be enormous. Indeed, for the most part, they could not be duplicated because most of the necessary craftsmen and surface materials are no longer available. Most startling in a time of shortage is the investment of energy in these structures, which were built with manpower, horsepower, and steampower. Their present-day counterparts would have to be built with machines powered by our constantly dwindling sources of energy.

Railroad stations as an economic resource

Aside from the historical heritage they represent, the approximately 20,000 remaining railroad structures enclose countless acres of valuable space which even a rich nation would be foolish to destroy. However, because of their location in the urban centers which they generated, many railroad stations are often on what is today very valuable land, land which could, in most cases, be put to more profitable use. To avoid bulldozing, the buildings can be redeveloped either within their existing walls or through the manipulation of their air rights. They could thus be saved by the very economic forces which now portend their undoing.

[From the Baltimore Sun, July 22, 1974]

Dowager Railroad Stations Are an "Endangered Species"

(By James D. Dilts)

Railroad stations, those symbols of permanence in a country that prizes the new and ephemeral, are an "endangered species," according to a new booklet just issued by the Ford Foundation.

Claiming that the old stations are "a man-made resource as important as any natural resource," the authors of "Reusing Railroad Stations" make a plea for local and federal help in saving as many of them as possible. The booklet, handsomely illustrated with photographs of the old stations, was prepared by a New York architectural firm for the foundation's Educational Facilities Laboratory under a grant from the National Endowment for the Arts.

One of its prime examples of the salvage process is Baltimore's Mount Royal Station, now used by the Maryland Institute College of Art, and described as "one of the most successful renovations to date."

But numerous other stations, smaller but no less attractive and useful, have been torn down here over the past several years, and others like the B & O's Camden Station, are suffering from neglect. The future for the remaining 20,000 railroad stations across the country is bleak, say the authors, unless there is immediate action.

The reason for their decline is the growing preference of the traveling public for cars, buses and planes to the railroad in the period since 1930. Most of the stations were built between 1890 and 1930.

The recent resurgence of interest in the train, due to the energy crisis and the belated recognition that it can be a civilized way to travel, has come too late to aid the stations—yet, at any rate.

The old buildings—each unique to its locality in its form of architecture—are little used. The railroads which own them usually have to pay high taxes on them, do not care to maintain them and are indifferent to saving them, largely because the land they sit on is so valuable, according to the report.

So these magnificent structures—built to impress other communities and the world, with their city's importance and in many cases are models of complex planning designed to handle large crowds and combine mixed uses—slowly distintegrate.

"A general scene of gloom prevails" in New York's Grand Central Station, the report says. "Studies are being conducted by various state and city agencies, but their outcome is uncertain, the owners are in bankruptcy and the operating authority (the Metropolitan Transit Authority) is mute."

Cincinnati's art deco Union Terminal has become a white elephant; St. Louis's castle-like Union Station has been in limbo for years, and stations from Portland, Maine, to Chicago have been demolished.

New York's inspiring Penn station a few years ago was dumped in the Jersey meadows; travelers now scurry mole-like under the new Madison Square Garden, which replaced it.

In Cumberland the Queen City station and hotel was torn down for a development project. In Newtonville, Mass., an attractive station has been replaced by a freeway, a sign of the times.

Other cities have renovated their stations. In Lincoln, Neb. the old Rock Island Depot has become a branch bank furnished with roll-top desks, a pot-bellied stove and lounge car chairs.

In Duluth, Minn., the station will become a cultural center. In Tennessee, the Chattanooga Choo Choo Company has transformed that city's terminal station into restaurants and shops. Washington's imposing Union Station designed in 1970 by D. H. Burnham, is being turned into a National Visitors Center for the bicentennial celebration. However, many of the visitors will arrive by car since the railroad companies are building a large parking lot over the tracks at Union Station.

It is evidently considered rather avant-garde to propose using the stations for what they were built for, that is, for people to get on and off trains. Harford is one of the few cities where new tenants, an experimental school and an architectural firm, share the faciltiies with the railroad, which sold the station, thus escaping the high taxes, and leased back the portion it needed to serve the passengers.

Baltimore boasts the nation's first railroad station, Mount Clare, built in 1830. It is now being restored as part of the Chessie System's $1 million renovation of the B & O Transportation Museum.

There are preliminary plans here to improve the Penn-Central's Pennsylvania Station, while the fate of the B & O's Camden Station awaits a decision on the sports complex proposed for the site.

Baltimore's famous President Street Station—from which the Sixth Massachusetts Regiment marched April 19, 1861, on their way to Camden Station and Washington and engaged a riotous mob, leaving 15 dead—still stands. Built in 1850, it is now a contractor's office.

Meanwhile, some of the smaller local stations that remain are being put to new uses.

"Railroad stations were built to last forever," said M. Clarke Reed, Jr. "They thought that railroads were here to stay." Mr. Reed, a formica products manufacturer, bought the old Glyndon station two years ago from the Western Maryland Railroad for $27,000. "It was a fine brick building with a slate roof and immense beams."

Mr. Reed later changed his mind about opening an antique store in the station and sold the building four months ago for $37,000 to Richard E. Lee, a Glyndon contractor, who plans to renovate it for new tenants.

Edward F. McGarity, a 30-year railroad man who is still a freight agent for the Penn Central, bought the old Riderwood station at Joppa road and Bellona avenue on the Northern Central line 12 years ago. He lives there now with his wife and 7 of their 10 children.

Mr. McGarity used to work at the station, which was built with living accommodations on the second floor for the agents. He has converted the downstairs into living quarters as well. The waiting room, with its high ceiling has become a family room.

"We used to play basketball in there," he said. "I put in a fireplace and thought of partitioning it off, but it would be a crime—It's a beautiful room."

Mr. McGarity watches one freight a day roll by from his house by the side of the tracks. The Maryland Department of Transportation is studying the line, which extends up to Hunt Valley, to determine if passenger service would be feasible.

"They could run passenger trains now if they had any sense," Mr. McGarity said "They could rejuvenate all these lines for less than it would cost to build the subway."

The National Endowment for the Arts and the Educational Facilities Laboratory will hold a conference July 22 and 23 in Indianapolis on the re-use of old railroad stations. The booklet "Reusing Railroad Stations" is available from the Educational Facilities Laboratory for $4.

[From the New York Times magazine, July 21, 1974]

Going the Way of the Dinosaur?

(By Ada Louise Huxtable)

Three important new kinds of architecture were invented by modern man: the factory, the skyscraper and the railroad station. The factory and the skyscraper remain icons of our time, but with the advent of the air and automobile age, the railroad station has seemed slated for extinction.

This is a matter of concern to more than railroad buffs. It is deeply disturbing to serious connoisseurs of art, engineering and urbanism, who see the railroad station as something unique in structural and cultural history. For these buildings, ranging from Victorian whistle stops of singular charm to the grand city "entrances" of colonnaded Roman halls, offer more than nostalgia. They represent the real opening of the American West and the change of the country's shape and style, and some of the most progressive and distinguished technology and design of the 19th and 20th centuries.

But the deep-seated, complex economic problems of the railroads have multiplied, and when the travertine rubble of New York's Penn Station was carted out to the Secaucus dump in 1966, the great railroad age came to a crashing, symbolic end.

Fortunately, that is not the end of the story. While the railroads themselves are balancing precariously between slow death and even slower revival, many of the buildings, from quaint to great, are embarking on new careers.

There is now an extremely impressive list of recycled railroad stations—from simple one-room, suburban-line boutiques and ice cream parlors to complex cultural, educational and commercial centers.

The small ones are comparatively easy conversions; the really large ones represent tangles of ownership and real estate, and the need for large amounts of complicated financing and involved commitment to a variety of purposes.

The revival is only an impressive trickle, however, and the crisis of preservation still exists. Of the 40,000 stations built between 1830 and 1950, it is estimated that about half still stand. Major cities are suffering major losses—Chicago's colonnaded, classical terminal has been bulldozed and Cleveland's incomparable Art Deco example is being dismantled piecemeal. As many buildings are being destroyed by neglect as by the wrecking ball.

With debts and deficits, capital maintenance is the last thing on the troubled corporate railroad mind. One needs only to look at New York's Grand Central Concourse's magnificent vaulted ceiling and columns to see the telltale stains of water damage that require extravagant repair, and promise even more spectacular deterioration of one of the country's most superlative indoor spaces. Problems of maintenance are as monumental as the buildings.

These matters are explained in "Re-using Railroad Stations," a report prepared by the New York architectural firm of Hardy, Holzman, Pfeiffer Associates under a grant from the National Endowment for the Arts and published by the Educational Facilities Laboratories. They are also the subject of a workshop taking place in Indianapolis (where the railroad station is being saved and re-used) on July 22 and 23, under the auspices of the National Endowment, the National Trust for Historic Preservation and Amtrak.

But the best lessons are provided by those examples of buildings that have been, or are in the process of being, revived. And the preservationists' favorite examples are those that are able to keep transportation functions with their new uses.

Among small stations, the 1893 Rock Island Depot in Lincoln, Nebraska, was purchased by a bank and restored for a branch office. The adaptation cost about $75,000.

In a larger category, the Union Depot in Duluth, Minn., a French Norman confection of 1892 by Peabody, Stearns and Furber, has been purchased by a nonprofit corporation through Federal, state, foundation and private funding. It will house cultural groups and costs will be $2.5 million.

Baltimore, Md., has one of the most interesting and successful rescue jobs in the Mt. Royal Station, which was purchased through private funds for educational purposes. The solid stone and steel "neo-Renaissance" structure of 1896 by Baldwin and Pennington is now a handsomely functioning part of the Maryland Institute College of Art.

New London citizens recently won a drag-out fight with local renewal officials to save their H. H. Richardson station from demolition.

In the category of really large stations, the 1906 Beaux Arts Terminal Station of Chattanooga, Tenn. represents an outstanding conversion. It was bought by a group of private businessmen, who called themselves the Chattanooga Choo Choo Company, and the building was restored and remodeled into a restaurant and shop of turn-of-the-century elegance, for more than $4 million in private funds.

Daniel H. Burnham's great barrel-vaulted, 1907 Beaux Arts Union Station in Washington, D.C., is in the process of being turned into a National Visitors' Center.

But some of the very finest monuments, such as New York's Grand Central Terminal, have an undecided and greatly endangered future. A Landmark's Preservation Commission decision to refuse permission to allow the railroad to build on the terminal's air rights has been contested in court. The case, the building, and even New York's landmarks law, are awaiting judgment.

Union Station in St. Louis, Mo., built from 1891 to 1894 in the popular Romanesque style by Theodore C. Link, is a fairy tale extravaganza of superbly crafted exterior and interior details. It is the object of on-again, off-again commercial deals, adversely affected by the uncertainty of St. Louis downtown. At night, deserted and dimly lit, the station seems to be waiting for some grand, princely ball.

And so it goes. Successes, failures and cliff-hangers. But at last, the American railroad station is recognized for its true worth: a high point in architectural history of irreplaceable crafts and construction and an unparalleled environment resource. And if the move to mass-transit set off by fuel and energy shortages really ever materializes, who knows—some might even be railroad stations again.

EXHIBIT 2

A LIFE ALL ITS OWN: THE MOUNT ROYAL STATION OF THE MARYLAND INSTITUTE, COLLEGE OF ART

Some buildings have a life all their own, a life which transcends original purposes and abandoned dreams and makes new life possible, even mandatory. The Mount Royal Station is such a building. In 1899, three years after the Station's completion, *The Book of The Royal Blue* proclaimed "Mount Royal Station enjoys the distinction of being the most magnificent railway station in the United States, built and used exclusively by one railway." In 1965—66 years later and even before the railroad station to art school transformation was complete—distinguished anthropologist Margaret Mead looked over the facility and remarked, "This is perhaps the most magnificent example in the Western World of something being made into something else."

Of course there are and always have been skeptics. In the 19th century, before Mount Royal was even on the drawing boards, John Ruskin commented:

"Another of the strange and evil tendencies of the present day is to the decoration of the Railroad Station. Now, if there be any place in the world in which people are deprived of that portion of temper and discretion which is necessary to the contemplation of beauty, it is there. It is the very temple of discomfort, and the only charity that the builders can extend to us is to show us, plainly as may be, how soonest to escape from it."[1]

One is tempted to speculate that Ruskin spent few hours perched on a rigid wooden bench awaiting an overdue train. Surely, had he done so, he would have marveled at Mount Royal's leisurely rocking chairs, its fine paneling, imposing columns, mosaic floors, and stamped metal ceilings. No doubt Mount Royal would have made a convert of Ruskin.

But, even if Ruskin could not have appreciated Mount Royal as a train station, he would, most assuredly, have found its transformation to an art school appealing, an inspiration in fact. For, if railroad stations are not conductive to contemplation of beauty, art schools are, by their very nature, premised on the need for such contemplation.

This booklet is a tale of transformation, a tale for those who marvel as Margaret Mead did, as well as for those with the skepticism of a John Ruskin.

The history of American railroading has firm roots in Baltimore, the home of the Baltimore and Ohio Railroad (B & O), the first railroad chartered in the United States. The year was 1827, just one year after the Maryland Institute had received its own charter. On August 25, 1830, the railroad's "Tom Thumb," Peter Cooper's locomotive, made the historic round trip from Baltimore to Ellicotts Mills and back, ushering in a mode of transport which was to revolutionize American industry and mobility.

By the 1880's rail business had become very competitive and the B & O was forced to apply its initiative—and money—to a new set of problems generated by the cut throat competition of the day. In 1884, the Pennsylvania Railroad, having recently purchased the old Philadelphia, Wilmington and Baltimore line, served notice on the B & O that use of its tracks into Philadelphia would no longer be permitted. Fortunately, during the preceding year, the railroad had already set out to build its own line to Philadelphia, with connections then available to Jersey City and New York. As a result the Baltimore and Ohio's competitive position was enhanced but one problem remained.

". . . the new road that Mr. Garrett had builded into Philadelphia . . . had no direct track connection with the older part of the system. Across the busy fairway of the inner harbor, there plied ferries which carried the trains, both passenger and freight, between the new Philadelphia line and the old line from Camden Station to Washington and the West. This arrangement was, to a degree, clumsy and time-taking. Yet, there seemed no easy way of bridging the gap. Baltimore long since had become a closely builded city of metropolitan pretensions, and to thrust a new main line railroad across it was obviously no sinecure."[2]

An alternate route had been employed as early as 1864 when Abraham Lincoln passed through Baltimore on the way to a battlefield dedication in Gettysburg, Pennsylvania, the ceremony at which he delivered the now famous Gettysburg address. Lincoln left Washington at noon, pulled into Camden Station, the locomotive was unhitched and each car was hitched to horses and drawn up Baltimore's Howard Street to the Northern Central Railroad's terminal approximately two miles north of Camden Station.

The transition was smooth and orderly for the President of the United States but, for the average citizen, missed connections were the rule and rivalry among competing railroads only made things worse.

By autumn of 1889 rumors of a tunnel to be built beneath Howard Street were flying. Other possibilities were discussed but, in the end, the tunnel proved the most attractive idea. The citizenry, however, required some convincing—other tunnels had been built, but these were dirty, smoke-filled, poorly ventilated structures. To avoid a public outcry, the B & O's officials determined to find a better method.

As a first step, railroad officials decided to build a Baltimore Belt Line, skirting the City's major metropolitan areas and connecting with Camden Station via a tunnel beneath Howard Street. Smoke and dirt problems were to be solved through the use of that wondrous new energy source called electricity. Such a plan proved revolutionary for its time since electricity had not been used to any extent at all on other railroad lines.

Bored through the gravel bed on which much of Baltimore rests, the tunnel, when completed, was a 7341-foot long brick masonry arch, 21 feet 3 inches high and 27 feet wide. The tunnel was 50 to 65 feet below the street's surface and, as a result, businesses and shops along its path reported virtually no disturbance of their daily business while the tunnel was being built.

Although trains had passed through the tunnel since May of 1895, the first electric locomotive, No. 1, went into service on June 27, 1895, the first practical electric locomotive on the line of any railroad in the United States.

It was a great occasion and, as the engine lay on the siding at Bolton lot (the site of the future Mt. Royal Station), crowds gathered to marvel at the new wonder of modern technology.

Meanwhile, considerable discussion had been devoted to a location for the B & O's "uptown" terminal. After much debate, officials settled upon the Bolton lot location, perpetuating an historic rail terminal in a new form. Since 1832, trains operated by the old Baltimore and Susquehanna railroad had been coming into and out of Baltimore from that very site.

Once suggested as the site of a permanent exposition on Baltimore industry, the Bolton lot was large enough to embrace a massive passenger terminal and a large parking lot, all surrounded by park land and stately trees.

Work on the Mount Royal Station commenced in 1894, under the direction of architects Baldwin and Pennington. By 1896, the magnificent Renaissance style building was completed at a total expenditure of $300,000. Set in a grassy bowl surrounded by park land maintained then, as now, by the Baltimore City Park Board, crowned by a 150-foot train shed, the structure exceeded even optimistic expectations. Beneath the shed were three main tracks and a switch track on which sleeping cars were placed at night. The building itself was built of Port Deposit granite, trimmed in Indiana limestone, and roofed with red glazed tiling. Attention to exterior detail included carefully wrought Baltimore iron-work for fences, gates and shed supports "in keeping with the grand architectural effect" of the Station plus the use of vitrified brick for driveways, a feature which railway publicists touted as "insuring absolute cleanliness."

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[1] Herbert, Robert L., ed., *The Art Criticism of John Ruskin* Doubleday & Company, Garden City, N.Y., 1964.

[2] Hungerford, Edward, *History of the Baltimore and Ohio Railroad* New York, 1928.

Interior magnificence did complete justice to exterior grandeur. Extraordinarily high (37 foot) ceilings created a cavernous yet imposing interior space ringed by a running gallery about the edges. Marble mosaic floors, figured oak wainscotting, and ceilings paneled in stamped metal were all part of the proud interior, as were the comfortable furnishings, quartered oak throughout.

Given such luxurious appointments, little wonder that the Station played host to a parade of dignitaries during its halcyon days. The list is a long one including the likes of Queen Marie of Romania, U.S. Presidents Woodrow Wilson, Herbert Hoover, Calvin Coolidge, Franklin Roosevelt, and Dwight Eisenhower, as well as Al Smith, Bernard Baruch, even Buffalo Bill Cody. The proximity of the Lyric Theater across the street brought many great musicians to or through the Station—Arturo Toscanini dined in a private car parked at Mount Royal before appearing at the Lyric and John Charles Thomas' private car, complete with piano, enabled Mr. Thomas to hold a last-minute rehearsal on a siding at Mount Royal. All through trains to and from the West and all of the famed *Royal Blue Line Trains*, linking Washington, Baltimore, Philadelphia and New York, passed through the Mount Royal Station. For Baltimoreans the Station soon became a landmark intimately tied to memories of wedding trips, soldiers going off to war, first childhood train excursions, joyous reunions with relatives or friends.

A particularly unique feature was the rocking chairs placed in the Station in the 1920's purely for passenger comfort. In the interest of modernization the railroad once attempted to remove the chairs only to be greeted with a public outcry which instantly squelched the railroad's interest in removing these much loved reminders of home and hearth. They remained until the Station was closed.

With the rising popularity of air travel and increasing ownership of private automobiles, railroading began to fall on hard times in the fifties. In 1958 the B&O discontinued its Washington to New York passenger service, a move which sounded the death knoll for the Royal Blue, one of the most famous passenger trains in the East. In July of 1961, economic considerations forced the B&O to close the Mount Royal Station, moving all passenger business back to Camden Station.

Meanwhile, just up the street, the Maryland Institute, College of Art was experiencing initial growing pains as the venerable art school gained new leadership in the person of an energetic man named Eugene W. Leake. Leake was quick to realize that the rapid growth and expansion which he envisioned for the school's future were impossible in the cramped confines of the school's 1907 "Main Building." During Mr. Leake's first summer, enrollment expanded from 345 to 450 students. Chairman of the Board Carlysle MacLea, Institute officials, and consultants began to gaze longingly at the massive train station down the street as vandals rapidly put the building on the road to seemingly inevitable destruction. Public disappointment over the Station's closing became obvious, and, while the B&O searched for a suitable purchaser, the Maryland Institute, with the blessing of B&O officials, moved overflow classes into the structure in the fall of 1961. Rent was set at one dollar a year.

Sculpture and painting classes were soon underway in the cavernous building, a location which students found appealing by virtue of its roominess, sturdy floors, good light, and air of informality. And the place's spirit proved contagious—old ticket stubs were molded into colleges by innovative young artists and instructors sometimes called classes to order by shouting "Board" with an exhuberant rising inflection. That year 135 students, enrolled in painting and sculpture classes, made use of the structure. At the end of that year, the 1961–62 school year, students attired in Gay Nineties garb held a costume ball in the station, titling the gala affair the Loose Caboose Ball.

After the year-long experiment the Institute began to think seriously about acquiring the Station on a permanent basis. But the multi-million dollar price tag was prohibitive for a poverty stricken art school with an endowment far smaller than the railroad's presumed asking price.

In June of 1964 the Institute's own evaluation was confirmed by a report issued by a Philadelphia based planning firm. The college's Board of Trustees had already made a policy decision to continue the Maryland Institute as an urban college. Consultant David Wallace confirmed the wisdom of this commitment and added, "The public role the Institute plays, combined with its program providing for permanent retention of the Mount Royal Station as a useful historic and architecturally significant landmark, would appear to make a good case for the Baltimore and Ohio Railroad deeding the property for Institute use."

Since 1962 the Institute had been marshalling forces to purchase the structure. Fortunately alternative proposals were neither numerous nor appealing—one commercial developer wanted to convert the Station into a bus transportation center, another proposed an apartment on the site, and a local educational institution submitted a proposal to use the park land surrounding the Station, but not the Station itself.

Charles Garland, a local investment banker, and Dr. Milton Eisenhower, president of The Johns Hopkins University, both members of the B & O's Board of Directors, provided influential support for the Maryland Institute's case, as did Jervis Langdon then President of the B & O. Although negotiations appeared promising during the summer of '64, Mr. Leake struck a tone of desperation by announcing in late July that "The Maryland Institute will 'seriously consider' moving out of the city if it fails to acquire the Mount Royal Station."

Then, on September 22, 1964, Eugene Leake announced that the purchase was official—$250,000 for the building and the 3¾ acre site on which it stands, including the air rights over the tracks. And, Mr. Leake added, "Because the value of the land alone far exceeds the purchase price, the Baltimore and Ohio Railroad has made a substantial and generous donation to the Maryland Institute."

The excitement began almost immediately but, in truth, the project was a gamble—and a gamble with high enough stakes to make even the most self-respecting oddsmaker tremble. Without a nickel in the bank, relying on as-yet-unsolicited pledges and payments on pledges from loyal Baltimoreans, the Maryland Institute's Board of Trustees backed Eugene Leake's decision to forge ahead. Borrowing $600,000 against pledges in a fund drive which eventually amassed a million dollars, the Institute retained architect Richard Donkervoet from the Baltimore firm of Cochran, Stephenson, and Donkervoet.

And so construction began. Picture President Leake attired in open shirt and khaki pants conferring in the parking lot with Board chairman Jesse Slingluff, architect Richard Donkervoet, the Rinehart School of Sculpture's sculptor-in-residence Norman Carlberg, and Bob Berger from the Cogswell Construction Company. The time was 8:30 almost every morning, the topic: Institute needs, construction problems, time, and money—designing the day's work on the spot. Donkervoet was charged with maximum retention of exterior design and with saving of all possible interior character.

Fortunately the architect had a natural compassion for the college's objectives so the charge was hardly necessary. Alexander S. Cochran, another partner in the same firm, revealed a deep appreciation for the existing structure when he wrote:

"Its style was somewhat Richardsonian, but more important was its graceful, composed scale and elegance, in a word, its grandeur. Its tower dominated its part of the city. Its sunken park related the building gracefully to all approaching users. Above all its high interior concourse gave dignity and importance to all who entered."

In this spirit plans progressed steadily. Additional space was gained by enclosing open areas like baggage and waiting platforms. The baggage platform became the 7000-square foot glass-walled Rinehart School of Sculpture, a home for the Institutes' endowed graduate school for sculpture which, interestingly enough, was founded the same year the station was built. With room for heavy equipment like a burn-out kiln and a 2-ton overhead crane, each of the school's 12 carefully selected graduate students was provided with a small private studio and all had access to the 70 x 80 foot general work area, placing Rinehart among the nation's foremost sculpture facilities.

Waiting platforms stretching the length of the building supplied part of the space now used for a cafeteria and undergraduate sculpture studios plus a photography gallery, rest rooms, storage areas, and offices. Otherwise the exterior was virtually unchanged except for the removal of the neon B & O sign.

Entering the building by the new door cut through beneath the imposing porte cochere, the visitor passes into an imposing two story space, the one remaining vestige of the soaring ceilings of earlier days. Marble columns bound the entrance court and a central square of marble mosaic tile further serves to define the court. Above, massive arches linked by smaller columns and arches identify the structure's second floor, a concession to practicality which created another dramatic form of architectural space. Originally two stories throughout, the building now has flooring installed at the level of the galleries to create four rooms from an area which once embraced a single open space. On the north side of the lobby is a spacious gallery equipped with movable panels and lights, permitting alteration of space to suit each particular exhibition. A smaller division within the gallery was created from a former ladies' lounge. On the court's south side is a 250 seat lecture hall with seats on risers, large projection screens, and, at the rear, a projectionist's booth. In both rooms, oak wainscotting and marble mosaic flooring have been retained.

Hinged panels separate both rooms from the lobby area, permitting creation of a single massive space encompassing gallery, lecture hall and lobby—a real convenience for special events requiring large spaces.

Above the gallery and lecture hall, on either side of the entrance court, is the college's library reached by a floating staircase which ascends along the Station's former back wall and passes through what was originally a rear window. The two halves of the library are linked by balconies and visually connected by soaring glass windows on either side of the open court. In the library the stamped metal paneling on the ceiling becomes prominent, as do the decorative features and unusual windows.

First floor spaces bordering the original waiting room—once offices, baggage and storage areas—provide additional space for the cafeteria on one end, and parts of the undergraduate sculpture area on the other. Third floor lofts, once used only by pigeons, and second floor offices have been transformed into airy well lighted studios.

Alterations were completed at a cost of $600,000, a remarkably reasonable sum considering the astonishing fact that usable space was, in the renovation process, increased from 22,500 square feet to 47,000 square feet. Cost per square foot averaged out to $18.00, an economical figure since new construction estimates at the time exceeded $25.00 per square foot.

Trumpets blared on November 4, 1967 to herald the opening of Dedication Day ceremonies at the Mount Royal Station. As streamers billowing from the clock tower tangled in the biting wind a crowd of 300 listened to speeches from trustees and officials of city and state, all lauding the Institute's achievement. Afterwards the crowd swelled as visitors marveled at the new facility and enjoyed an open house program of exhibitions, lectures, films, and demonstrations.

Images of the Station's day to day face were, by then, already becoming familiar—students seated on the Station's banks drawing, painting or enjoying a leisurely lunch, guests wandering through the gallery, figures bent over books in the new library, sculptors pounding, hammering, welding, creating, and students scurrying to classes clutching books or portfolios or enjoying a coffee break in the cafeteria.

All daily images, but Dedication Day signaled a different kind of activity, a different set of images, as the Station took on a new—but in many ways old—public function. At times one even catches a glimpse of continuity as people of all ages come to the Station for a variety of purposes. Put a suitcase in the empty hands and the throngs become not unlike those of earlier years.

The public has been drawn to the Station for many reasons and with many purposes. Exhibitions and lectures are among the most common occurrences. And the lecturers have much of the same distinction which marked earlier travellers. A sampling of the lecturers reveals diversity—Margaret Mead, David Smith, Alan Ginsberg, John Cage, Louis Kahn, Alistair Cooke, Brendan Gill, Fairfield Porter, Clyfford Still, Minor White—the list goes on and on. And the types of events, too, are often unique—a dinner in the Rinehart School of Sculpture or the gallery, a reception in the library or court, a fashion show or auction with walls opened to span the lecture hall, gallery and court, a concert with performers playing from balconies on either side of the lobby, student dances, or a lecture, film festival, or poetry reading in the lecture hall. There have been concerts and drama productions outside with guests seated on the banks. Among the best of the events is annual commencement exercises traditionally held in front of the Station in a scene complete with bunting and brass quintet and more than a little reminiscent of bygone days when other celebrities paused to speak to crowds assembled before the old and dignified railroad station.

The Mount Royal Station has endured and it endured at a time when many abandoned railroad stations fell prey to the wrecker's ball. But—and perhaps this is most important of all—the Mount Royal Station has been and still is an example and a widely used one at that. It has been filmed by many and reported on in publications as varied as *Fortune* and *Historic Preservation*, the *Architectural Forum*, the *Architectural Review*, and the *Wall Street Journal*, the *New York Times*, the *St. Louis Post-Dispatch*, and, of course, all Baltimore newspapers. The Station has been repeatedly depicted in Educational Facilities Laboratories publications and, in 1973, was an award winner in a national competition titled Modernization Showcase. Letters and requests for information have come from all across the country and, from the volume of information sent out, there seems little doubt that the Institute's successful renovation has affected many other institutions across the country, perhaps even around the world.

By far the most dramatic example of the Station's influence is contained in a bill introduced to Congress on July 17, 1971 by Congressman Frank Thompson, Jr. (D-NJ). According to the Bill's sponsor, legislation would amend section 14 of the National Foundation on the Arts and Humanities Act of 1965 to enable the Chairman of the National Endowment for the Arts to acquire and remodel unused railroad depots. Such depots would then be leased free or at a nominal charge to municipalities for libraries, theaters for musical or dramatic events, exhibition or adult education centers, or community meeting facilities. When the time for hearings on the bill came around, Congressman John Brademas (D-Ind.), chairman of the Select Subcommittee on Education for the U.S. House of Representatives, chose the Mount Royal Station as the site for the hearings because, as Congressman Brademas put it, Mount Royal is "an excellent example of the creative use of an old railroad station."

So it was that on August 4, 1972, Mount Royal Station, spic and span for the occasion, played host to an assemblage which included Congressmen, railroad executives, architects, and officials of the National Endowment for the Arts. As expected, the group was duly impressed by the Institute's achievements and from all quarters the testimony was favorable. Again and again the hope was expressed that stations across the nation could achieve new life as the Mount Royal Station has.

One would, however, be quite naive to assume that use and maintenance of a recycled building is or can ever be trouble free. Occasionally, old Mt. Royal shows her age. For example, back in 1967, a storm damaged the Station's tower, throwing the temperamental old clock completely out of kilter and taking shingles off the tower roof. An article in the Institute's newsletter, *Contact*, generated an immediate whirl of response: a local journalist wrote a sympathetic newspaper feature, a TV station provided lively coverage, an engineer wrote the Institute a poem, and individuals and representatives of various firms offered to make new hands or repair various internal parts. Ultimately the best offer came from Institute alumnus Jacob Blaustein who offered to finance the complete project. So the clock and roof were repaired and Baltimoreans from throughout the area now have four smoothly working clock faces—one on each side of the tower—to help keep themselves on schedule.

And yet the joys of owning Mount Royal always outweigh the problems. During the summer of 1973, the Maryland Institute received official notification that the 77-year-old Station had been named to the National Register of Historic Places, a protective inventory of irreplaceable historic resources throughout the United States.

So it is that a building which once held a unique place in the history of American railroading has assumed a unique place in the history of American art. The rumble of passing trains—freight, not passenger—remains as the primary link between past and present while, within the strucutre, elegant details left intact supply visual continuity. Art students delight in the building's varied spatial qualities and each visitor who discovers the Station is appropriately and predictably awed by the spectacle of conversion. Today, as yesterday, the Mount Royal Station hums with the life and activity of a building built for posterity and destined to endure.

NOTES ON THE MARYLAND INSTITUTE, COLLEGE OF ART

A private professional college of art offering graduate and undergraduate instruction in the visual arts. Coeducational. The Maryland Institute is governed by a Board of Trustees in accordance with the legal provisions of a charter granted by the Maryland General Assembly in 1826.

Accreditation. Fully accredited by the State of Maryland, the Middle States Association of Colleges and Secondary Schools, and the National Association of Schools of Art. Founding member of the Union of Independent Colleges of Art.

MAJORS AND DEGREES

The Bachelor of Fine Arts degree is offered in painting, sculpture, printmaking, graphic design and illustration, art teacher education, photography and film, interior design, fashion design, and designer-craftsman. The four-year degree program requires 40 credits in fine arts studio courses, 40 credits in advanced or applied courses prescribed by a departmental major, and 40 credits in the liberal arts. A diploma program is also available.

The Master of Fine Arts degree is offered in painting (Hoffberger School of Painting), sculpture (Rinehart School of Sculpture), and art education and limited graduate programs are also available in other departments, most notably photography, printmaking, design, and ceramics.

Continuing Education. Evening, Saturday and Summer programs enroll over 1400 area residents in studio and liberal arts courses. Students served in all programs range from elementary school students to senior citizens. In addition to regular classes, the Institute's Saturday program includes a branch campus in Towson plus a special program for visually talented students from Baltimore City high schools.

Students. About half of the 1000 fulltime students come from Maryland; the remainder come from about 40 states and a dozen foreign countries. Half male, half female.

Faculty. 47 fulltime day school faculty and 64 part-time; fulltime equivalent is 71. Student-faculty ratio is 15:1.

Buildings. In addition to the Mount Royal Station, the Maryland Institute owns eight buildings, the total encompassing approximately 138,000 square feet. Eight of the nine buildings were originally built for other purposes, most notably the Mt. Royal Station. The large classical Main Building was built in 1907 to replace an earlier building destroyed in the Great Baltimore Fire of 1904.

EXHIBIT 3

REUSING RAILROAD STATIONS

UNION STATION

WASHINGTON, D.C.—Most urban stations are constricted by other structures, but the capital's imposing Union Station is made even more impressive by its parklike setting, which allows a viewer to truly appreciate its architecture and classical detail. Designed by D. H. Burnham and Company in 1907, it is an early example of the Beaux Arts wave of architecture which followed the picturesque eclecticism of the late nineteenth century.

Arches, columns, and statuary grace the entrance and the extensive wings flanking it, but the conspicuous vaulted mass rising behind the entrance and dominating the exterior is an indication of the powerful spaces within. It delineates the vast, barrel-vaulted passenger and concourse waiting room. Deeper into the building is the train concourse, 130 ft. wide and 760 ft. long, stretching under a graceful arched vault; portals at either end allow access without the need to pass through the head building. The deployment of space within the station is so sophisticated that large numbers of people and equipment can be moved with great efficiency.

This majestic building is now being renovated under the direction of the National Park Service and will become the National Visitor Center. New construction includes a parking facility over the tracks at the rear of the building. Ownership of the station is retained by the Chessie System and the Penn Central, who are responsible for the $16-million conversion cost. The federal government has appropriated an additional $8.68 million for the refurbishing and exhibition work.

When the center is completed in December 1975—just before the bicentennial—the federal government will begin a 25-year lease of the building. Rent is now estimated at $3,338,000 annually; the money will be used to pay off the first and second mortgages. Financiers foresee the station and accompanying property free of all encumbrance by the end of the lease period; at that time the federal government will have an option to purchase for a token $1.00.

Although the Chessie, the Penn Central, and their federal assistants are to be congratulated for reclaiming Union Terminal, it is disturbing that they have done so by removing all railroad passenger activity. Instead of maintaining needed passenger facilities within the renovated station, they are moving them to a new station adjacent to the Terminal. There is no provision for shared use.

This is all the more disappointing because this is a prime location in the nation's capital. What more obvious place to demonstrate how both multiple funding and multiple use could encourage reuse?

EXHIBIT 4

[From the Baltimore & Ohio magazine, Nov. 1921]

HISTORIC RELAY

(By J. A. Byne)

Comparatively few of the many railroad men and passengers who daily pass the station at Relay know the interesting history of the town and station, or how the place came to be called by that name. Yet there is no place on our line more intimately connected with the development of our great railroad system than this pretty Maryland town. Relay was the first terminal of the Baltimore and Ohio and on the line between Baltimore and Ellicott's City (then called Ellicott's Mills) where was run the historic race between the horse and the locomotive.

When the Baltimore and Ohio Railroad commenced operation in 1828 the cars were drawn by horses. The first station was in Baltimore, on Pratt Street near Charles. From there the tracks ran out Pratt to Poppleton Street, where the second station was built. This building, the oldest railroad station in the United States standing, is still being used and on it is a bronze tablet giving its interesting history.

From this station the line ran to a point just west of the present St. Denis station, following about the same route as do the present freight tracks from Mount Clare. From this point it ran straight ahead until the county road was crossed. There the first terminal station was built, upon the site now occupied by the stables connected with the coal and lumber yards, which can be seen in passing.

THE FAST TERMINAL

This station remained the terminal of the road for some time. Then the line was extended to Ellicott's Mills. Fresh horses, called a "relay," were required to cover this additional distance, and, as the change of horses was made at the terminal, the name "Relay" was gradually applied to the station and its vicinity.

CHANGES IN THE LINE

When the line was extended to Ellicott's Mills the tracks ran along the bluff at the southern edge of what is now the park at Relay station, passing close to where the monument at the end of the stone bridge now stands, and following the windings of the Patapsco to Ellicott's Mills. The rails used on the entire line were flat bars of iron, fastened to long blocks of granite. The ends of these bars occasionally became loose and sprang up, with disastrous results to the floors of the passing cars. Some of these granite ties, with the rust marks from the rails still showing plainly, were found near the Relay station not long ago.

Later, when the Washington Branch was built, the tracks were diverged from the old road-bed just west of the present St. Denis station and the line constructed over the same ground as the present one. A new station was built about where the freight house on the eastern end of the Relay platform now stands. From there the tracks swerved a little toward the north, hugging the base of the hill, and crossed the other tracks at grade. There were a number of bad accidents at this crossing and it was done away with (about 1852) by opening a cut where the Main Line now runs.

FAMOUS VIADUCT AT RELAY

While the stone bridge at Relay was being built it was called "Latrobe's Folly." In the years of 1834 and 1835, while under construction, this eight arch stone bridge, 725 feet long and 65 feet high, was considered a great engineering feat. H. B. Latrobe, the engineer who designed the structure, met with much opposition, many other engineers thinking that it was impossible to build a railroad bridge according to his plans. He persisted, however, and time has fully justified his faith in himself and in his bridge, for the bridge is still in service—one of the oldest stone-arch railroad viaducts in the world. Notwithstanding the enormous increase in the weight of trains it has proved itself capable of bearing any required weight.

The mound of rock that was left when the Main Line cut was being made was later removed and the stone used in ballasting the road-bed of the cut-off between Carroll's Switch and West Baltimore.

FIRST "MEALING STATIONS"

A few years later the Baltimore and Ohio decided to build a hotel or "mealing station" on this site. While there were rooms where an ill or very tired passenger might rest for a day or so, there were no accommodations for permanent guests and the railroad's sole desire was to increase the comfort of its passengers. Up to that time passengers on both steam and stage line were inclined to look upon mealing stations as rather gruesome jokes. The food was usually so hot, or else delayed so long, that the time allowed for the stop had almost expired before the hungry travelers could commence eating.

In order to remedy these conditions, the Baltimore and Ohio determined to establish its own mealing stations, and to see that its patrons got plenty of good food and had a comfortable period of time in which to eat. To keep the passengers from being made uneasy by the fear that their train would leave without them, the conductor was served at a table in full view of all the others in the room, and did not rise from his place until it was almost time for the train to leave.

For the convenience of those who only desired light refreshment, a lunch counter was established in the large waiting room. The hotel was surrounded by beautiful grounds, where those who so wished could wander among the flowers and shrubbery. This building is said to have been the first in the United States to be erected by a railroad for the comfort and convenience of its patrons. The Viaduct Hotel was famous, and I have often heard people say that they would not think of passing Relay without entering the hotel to drink a cup of coffee. Mr. Sharp, at that time the head of the hotel service, would often say that he was not at all dissatisfied if the hotel did not make a profit—that the good will and advertisement secured by our road was a sufficient return on the investment. The officials of the Baltimore and Ohio Railroad thought then, as they do now, that the public appreciates good service, and that if everything possible is done for the comfort and convenience of travelers, they will use our road again, and induce their friends to use it.

The small station on the site of the present freight house was used until about 1860, when a much larger one was built on the opposite side of the track, just west of where the switch tower recently stood. This station was used during the Civil War and until October 1873, when the Viaduct Hotel was opened.

THE PATRON "SAINT DENIS"

Although Relay and St. Denis are practically the same town, St. Denis, until quite recently, was the post office. In the early days of the railroad a politician of some note, one Denis A. Smith (I think he was State Treasurer) bought property at the junction of what is now Sutton Avenue and the Washington Road and built the stone house which still stands there, Mr. Smith was a highroller and entertained extensively. On account of the wild doings at his house some of his associates sarcastically nicknamed him "St. Denis." When the postoffice, when he was largely instrumental in having established, was built, it was named after his nickname, and continued to be so called until quite recently.

There are several interesting old houses in Relay. Among them is one on the Company's farm, built of bricks brought from England. The interior woodwork also came from over the sea.

HOW ROLLING ROAD GOT ITS NAME—OTHER HISTORIC ROADS

A hundred years ago, when Maryland was a great tobacco growing State, there were no railroads to ship by, and few, if any, of the wagons and carts of the period were strong enough to carry a hogshead of tobacco. So other means of getting the tobacco to market had to be devised.

The method most in use was to put a stout pole through the center of the hogshead, allowing it to project about three feet at each end. Three or four men were required to handle each hogshead, two of them being provided with stout handspikes. They rolled the hogsheads along the road, and, if one end got too far ahead, one of them would put his hand spike in front of the pole and hold that end back. It was hard work getting these hogshead up hill, and pretty nearly as hard work getting them down. Going down hill a man would stand at each end and put his hand spike in front of, and under, the pole, to act as a brake to check the speed. The other men kept in front and backed down hill, pushing against the hogshead to keep it from getting away from them. This method of transportation accounts for many of our crooked roads—they were built to avoid hills and soft spots.

Rolling Road, which crosses our tracks near the station, got its name from this method of taking tobacco to market. The low field along the river bank, opposite the end of road, was once a part of the river bed and there was a wharf there. Tobacco planters from Howard and Baltimore Counties, as well as those from Carroll and Frederick, rolled their hogsheads of tobacco to this wharf, for shipment in coasting schooners. Nearby was a shipyard, in which some of the best boats that traded along the coast were built. A man who died in Elkridge a few years ago remembered loading boats at the Elkridge wharf, in existence after the Relay wharf had disappeared.

In revolutionary days troops and supplies had to be moved over dirt roads. The upper part of the road which runs along the Patapsco, on the Baltimore County side, was built under the direction of General Washington. This road, known as the Gun Road, started from the Frederick road above Ilchester and ran down along the river to Avalon, where the troops either forded the river, or crossed in boats, and continued on to the Washington Road. This road was in use until the big freshet of 1868, when a good part of it at and below Ilchester was washed away.

On Rockburn Branch, about a mile west of Relay, on the Howard County side of the river, were two iron furnaces, in which was smelted the ore dug out of the hills above Upper Elkridge. On the Baltimore County side of the river was the Avalon Iron Works—a bustling plant that manufactured iron plates, bars and nails. These works were destroyed by the freshet of 1868.

STEAMBOAT AT RELAY

It is not generally known that a small steamer plied the Patapsco as late as 1868. The owners of the iron works and Ross Winans (who did much toward the perfection of the freight locomotive, and who was owner of 700 acres of land in Relay), spent a great deal of money in straightening and deepening a channel as far up the river as the stone bridge. They then purchased a small tug and a number of scows. One wharf was built just below the stone bridge, on the Baltimore County side, and several on the shore of the Winan's farm. Pig and scrap iron was loaded on the scows at Baltimore and transported to the wharf at the bridge. It was then wagoned up to Avalon, and the manufactured iron hauled back and loaded on the scows, to be taken to the city.

The steamboat made several trips a week until the freshet of '68 completely destroyed both the channel and the wharves. On the morning of the freshet the boat was moored to a large willow tree at one of Winans' wharves. When the river began to rise four men climbed into the tree to make the rope fast higher up on the trunk. So rapid was the rise of the water that the fields were flooded while the men were working, and the tree washed away. One of the men remained on the tree until rescued near the Light Street bridge, but the others were drowned. This freshet carried away many houses in Ellcott's Mills, and many people lost their lives.

Before the opening of Druid Hill Park in Baltimore, Relay was a popular excursion ground and breathing spot for Baltimoreans. Near the station there was a grove of trees, in the center of which was a dancing pavilion and a band stand. During the summer scarcely a week passed without one or more excursions. Special trains brought the people from Baltimore early in the morning and in the evening, by loud whistle blasts, notified them that it was time to return home.

There was another excursion place at Relay, where there were various kinds of amusements, swings, flying horses, etc. The flying-horses were very different from those of the present time. A large pole was set up and guyed. It had four booms running out from it, securely guyed from the ends to the top of the pole. From the end of each of these four booms was suspended a frame in which there was a seat for two persons. When all these seats were filled two men stationed near the center would push the booms around. A bowling alley was another popular place of amusement.

In my boyhood the gudgeon fishing was very good and was enjoyed by crowds of anglers from Baltimore. I have often seen both banks of the river so crowded with anglers that it was difficult to find a place from which to cast a line. This sport, and the places of amusement, were broken up by the Civil War.

CIVIL WAR TIMES

Although only one Confederate soldier ever appeared in Relay in uniform (he came to visit an aunt early in the war, before the Federal soldiers occupied the town, and was allowed to depart without molestation, the place was fortified, and soldiers were present in varying numbers all during the four year struggle. On account of its position, Relay was used as a concentration camp for troops who were held in readiness to be moved either south or west, as the needs of the military situation might require.

At the outbreak of war the military authorities realized that Relay was a point of great strategic value, and decided to occupy and fortify it. At that time it was the junction point of the Main Line and the Washington Branch, and the place where all passengers between the west and south had to change cars. All the traffic between north and south also passed this station, as the cars of the Pennsylvania were hauled from Baltimore to Washington over our tracks. There was then no Metropolitan Branch connecting Washington with the Main Line, so the capture of Relay or the destruction of the stone bridge by the Confederate troops would have been a great advantage to the cause of the South.

A few days after Fort Sumter was fired upon the writer's father, Andrew Byrne, who was baggageman at Relay, noticed two men, who had driven out from Baltimore in a carriage, engaged in examining the bridge. The men finally seemed to agree upon a spot suitable for their purpose, and drove away. My father, who had become suspicious, at once went to Baltimore and informed Mr. England, one of our railroad officials, that he suspected a plot to destroy the bridge. Mr. England gave orders that trackmen were to guard the bridge day and night. This was done for a few days, until, one Sunday morning, a train discharged a detachment of soldiers at the Lawyers' Hill crossing. These soldiers took possession of the roads and the stone bridge, making all who wished to cross the river go around by the Washington Road bridge. After some delay they marched to a nearby hill and encamped. They soon built a small fort on this hill, mounting two guns and commanding the stone bridge. Later they built another small fort, just west of the present Relay station, also mounting two guns and commanding the bridge.

This detachment was soon followed by other regiments, who encamped in the neighborhood. Barracks and a hospital were built on the Walze property.

When the engineers who had charge of building the Federal Hill fortifications in Baltimore finished that work they came to Relay and laid out earthworks, mounting seven twelve-pound guns, a thirty-four pounder and a heavy howitzer. There were also two twelve-pounders mounted outside the gate of the fort. This fort, which stood on the bluff above the Viaduct Hotel and commanded the stone bridge and the river valley, was called Fort Dix, after General John A. Dix. These works have long since been leveled and my house stands on the spot where the thirty-four pounder was mounted.

Soldiers occupied Relay until the end of the war. The drill ground was where the village of St. Denis now stands, then open fields. Almost every day the regiments, a band or drum and fife corps at the head of each, would march from their encampments to the drill ground, there to go through their drills for hours at a time.

The soldiers were usually dissatisfied with their food and would often forage around the surrounding country, searching for something better, robbing chicken coops, meat houses and dairies—no place that contained anything eatable was safe from them. When caught in these depredations they were punished, often in a way amusing to bystanders but decidedly uncomfortable for the offender. The usual way of punishing a chicken thief was to knock the head and bottom out of a barrel, fix it over the body so that the head and legs protruded and place cards, bearing the words "Chicken Thief" in large letters, at the front and back of the barrel. Thus attired the guilty one was forced to march up and down the Relay station platform all day—the guard on duty there keeping him moving. For other offenses the culprit was forced to march up and down the platform with his knapsack filled with stones.

When the soldiers needed wood or straw they usually took it without troubling the owner by asking his permission. One day a party of soldiers, under the command of a non-commissioned officer, struck a snag while engaged in a search for straw.

They went to a farm and started to take the straw from a stack. The farmer, not wishing to get in trouble, made but slight objection. Not so his wife.

"Have you a quartermaster's order for that straw?" she demanded.

"Don't need one," replied the noncom.

"Go on—load it up," he added to the soldiers.

The farmer's wife drew a pistol from under her apron.

"I'll shoot the first man who puts a fork in that straw without an order," she declared, a dangerous glitter in her eye.

The non-commissioned officer got the order and the woman allowed them to take the straw, knowing that, on the strength of the order, the government would pay her its value.

Toward the end of the war, and even after its close, passengers from the south and west would often ask where the great battle of Relay had been fought. They were incredulous when told that there had been no fighting anywhere near Relay, insisting that they had read accounts of the battle in their home papers.

A few Confederate soldiers got as far as Woodstock on the Main Line, and Beltsville on the Washington Branch, but no further. Relay was never seriously threatened.

In the territory that has been called Relay ever since the coming of the railroad there are now two thriving towns, one called by the original name of Relay and the other St. Denis.

At the time of the Civil War, when this section of the country was under martial law, there was little or no chance for real estate development. On Rolling Road there had been built but eight houses, five on the north side of the Railroad and three on the south side. Shortly after the war, a man bought a piece of property south of the present St. Denis station, and had it laid out in building lots. He then chartered trains to bring excursionists out from Baltimore to attend auctions of these lots, offering as an inducement to buy, $100 to the first purchaser, $75 to the second and $50 to the third. The first house was built by Michael Ready. This proposed village he named St. Denis.

Later on a Mr. Colbert bought some property on Rolling Road, just north of the present public school and built three or four houses on it. Then a Mr. J. P. Richardson bought the ground south of this to the railroad, on which he built two houses, and a Mr. McDonald, three, A Mr. Wallzle afterward bought the property between the St. Denis estate and the Washington Road and sold it off in building lots. These men may be styled the "boomers" of Relay, for from their individual efforts has grown a suburban village which is a credit to the county.

EXHIBIT 5

[From the Baltimore & Ohio Magazine, Oct. 1957]

B&O STATIONS: CUMBERLAND

"Railroad Station Hotel"—That's the name for the structure located on B&O's right-of-way at Cumberland, Md. One of the few buildings now serving this dual purpose, the Queen City Hotel was built at the suggestion of John W. Garrett, B&O president, back in 1871.

The B&O Annual Report of 1871 stated: "The hotel in Cumberland, which was commenced on the 1st day of July, 1871, is now rapidly approaching completion, and will be opened for the entertainment of travelers in the early part of November." And so it was. Total construction cost of the picturesque station-hotel was $348,015.

The Queen City Hotel was symbolic of good living when its doors were first opened back in the 1870's. Such phrases as "a magnificent view is had of the city and surrounding mountains," "grounds tastefully laid out, and ornamented with a fountain, evergreens, trees and shrubbery," and "dining room and offices handsomely frescoed," were used to describe the new building. At the time of the Queen City's construction, President Garrett was interested in the expansion of the B&O and, at his instigation, many hotels were built along the line for the convenience of passengers. Through the years, it served its purpose well.

In 1953, after many of the combination station-hotels were just a memory, the Queen City Hotel was given a "face-lifting." It was completely cleaned, painted and repaired. Although still standing proudly alongside the B&O tracks, in recent years the hotel's function has changed somewhat. Now, all rooms are reserved exclusively for the use of B&O train and engine employees and other railroad personnel. Railroad offices are still housed within its walls. The large restaurant and hotel rooms are under the management of the John H. Murphy Company.

In its 85-year existence, the Queen City Hotel has witnessed great advances in the railroad industry from its vantage point beside the tracks, high in the Alleghenies.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The Senator from Idaho is recognized.

Mr. CHURCH. Mr. President, on my own behalf and on behalf of Senators HATHAWAY, ABOUREZK, MUSKIE, and MCGOVERN, who have asked to be added to the list of cosponsors, I send an amendment to the desk and ask that it be reported.

The PRESIDING OFFICER. The clerk will state the amendment.

The legislative clerk proceeded to read the amendment.

Mr. CHURCH. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with, inasmuch as I intend to explain its purpose.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the bill, add the following new sections:

"SEC. . Extensions of Basic System After Initial Designation.

"The Secretary shall, within one hundred eighty days after the effective date of this section, designate an extension of the basic system to provide adequate inter-city rail passenger service to the major population area of each of the contiguous forty-eight states which did not have any large population area provided with inter-city passenger service by the basic system designated pursuant to section 201. Extensions pursuant to this section shall be part of the basic system for all purposes of this Act and the designation of such extensions shall not be reviewable in any court."

"SEC. . (a) For the purpose of carrying out the provisions of the previous section to the extent that it would provide for inter-city rail passenger service to the major population area of the State of Idaho, the Secretary of Transportation is authorized to expend not to exceed $14,700,000. (b) For the purpose of carrying out the provisions of the previous section to the extent that it would provide for service to other qualifying major population areas, the Secretary of Transportation is authorized to expend not to exceed $23,200,000."

On page 18, between lines 6 and 7 insert a new paragraph:

"(5) Nothing in this subsection (h) shall be construed as relieving the Washington Terminal Company, its successors or assigns, from the obligation to finance and construct a new railroad passenger station in compliance with the terms of paragraph (4) of Section 102(a) of the National Visitor Center Facilities Act of 1968 (82 Stat. 43).".

Mr. CHURCH. The objective of this amendment, Mr. President, can be simply stated: it will accomplish the purpose of the Rail Passenger Service Act as we viewed it 4 years ago—that being, to establish a nationwide system of passenger train service.

To carry out this goal, my amendment directs the Secretary of Transportation to designate an extension of the basic Amtrak system to provide adequate intercity rail passenger service to the major population area of each of the contiguous 48 States. More specifically, this will direct the inclusion of the major population areas of Boise, Idaho; Sioux Falls, S. Dak.; Manchester, N. H.; Portland, Maine; and Des Moines, Iowa.

On January 21 of this year I introduced S. 2867, to provide an extension of Amtrak's service, accomplishing what I feel to be Amtrak's original congressional mandate. I was joined in my efforts by Senators ABOUREZK, HATFIELD, HATHAWAY, MANSFIELD, MCCLURE, MCGOVERN, MCINTYRE, METCALF, MUSKIE, and PACKWOOD. The amendment I am offering today is similar to the legislative proposal I introduced last January.

With the enactment of Public Law 91–518, Congress broke with tradition by establishing a quasigovernmental national transportation network. The step seemed to be warranted by outstanding national need. With Amtrak, we would be able to provide the Nation with a well-maintained national railroad passenger system.

Accordingly, Congress asked the Secretary of Transportation to examine previous passenger service in the United States to furnish an overview of existing service, and to suggest a "basic system" which could be retained to insure a national rail passenger service. In its preliminary report, the Department of Transportation recommended a national system which included the major population areas of every region of the continental United States; as would be expected of the congressionally mandated "basic system." Then, to the complete surprise of a number of us, the DOT's final report for a different basic system was announced. The source of our surprise stemmed from the fact that—in a change from the preliminary report—six States, including Idaho, with populations totaling nearly 3½ million people, were left with virtually no rail passenger service.

I felt at that time, and I still feel, that such a decision was a serious disservice to the people of Idaho, and the other areas left without service. The fact that the decision was made by executive "fiat" made it even more unacceptable.

Now, 4 years later, we still do not have, in my opinion, even the basic part of what we set out to create—a truly national system of railroad passenger service. Under the present structure of Amtrak, four of the 48 contiguous States, including Idaho, are still left with virtually no service. Yet, we had set out to create a national system, supported by the public.

For 4 years Idaho taxpayers, as well as those in other underserved areas, have been subsidizing a rail system from which they cannot benefit; how much longer are these Americans to be asked to support "taxation without transportation." To continue as we are now, would be analogous to requiring Idahoans to support the postal system through their taxes, but to forgo any mail service; to subsidize the airlines, but to do without air service.

The Amtrak Improvement Act of 1974 which is before us today proposes to authorize an additional $200 million in grants to the Corporation. It proposes authorizing $8 million to study the feasibility of a high-speed west coast corridor route from Tijuana to Vancouver, $7 million to design and construct a model intermodal transportation terminal at Union Station in Washington, D.C., and $10 million to study a rapid rail system linking the airports in the Washington metropolitan area.

Where are our priorities? How much longer do we plan to ask American taxpayers to subsidize a rail system that does not even link the major population areas of the 48 contiguous States? How can we justify subsidizing feasibility studies of service above and beyond our original commitment, when that basic commitment has not yet been met?

Amtrak is well equipped with objections to suggestions it should extend its service nationally. Those objections include lack of historical ridership on certain routes to justify their inclusion in the "basic system," insufficient funds to accomplish such extensions, and a shortage of necessary equipment. These objections should not, however, deter us from setting our sights on a complete network of rail transportation. Those objections, I think, can be answered.

With regard to ridership, using my own State of Idaho as an example, before the inception of Amtrak, the Union Pacific Railroad operated service three times weekly through southern Idaho. The "Portland Rose" and the "City of Portland"—trains No. 35 and No. 36—provided service through Idaho from Salt Lake City to Portland, Oreg. When the Department of Transportation submitted its preliminary report for a basic passenger network, as required by Public Law 91–518, it was implied that the southern Idaho routes would be serviced. Needless to say, I was shocked when the Department of Transportation issued its final report, in which those routes had been dropped. No real justification for their exclusion was included in the final report.

The ICC, in its comments on the new system, recommended the inclusion of the routes. Amtrak ignored that recommendation. After numerous entreaties, the Secretary of Transportation finally provided my colleagues and me an explanation for the failure to include these routes. In it, he based the decision on "lack of ridership" for the route, and on the fact that the terminal points of Salt Lake City and Portland were not metropolitan areas with populations over 1 million.

I was at a loss to understand the Secretary's reasoning. It was lack of ridership that caused Congress to create a quasigovernmental corporation to provide rail passenger service for the Nation. Nowhere in the Rail Passenger Service Act had Congress specified a terminal point population of at least 1 million. We had asked for a national system of rail passenger service.

On those specific routes, it was generally known that service had been deliberately deteriorated to discourage ridership. I had testified to that phenomenon before the Interstate Commerce Commission as early as 1968. For Amtrak to base its decision on what was probably a successful effort to discourage ridership resulted in a "Catch–22": we created Amtrak to increase rail ridership, but routes with poor ridership were not included in the system.

The problem of lack of equipment is a more serious matter. However, Amtrak's record for long-term planning in dealing with such shortages shows great weakness. My purpose, though, is not to place blame, but to encourage a future commitment to the extension of Amtrak to serve the Nation as a whole. While I feel this was our original purpose, it has not been so interpreted, and we should clarify our commitment. There will never be enough equipment until Amtrak's mid- and long-term projections include and require its procurement.

Amtrak's claim of insufficient funding to implement extension of the system is tied to my final point. When Congress made the commitment to put public support behind rail passenger service, it was done with the knowledge that we had to provide the kind of capital outlay needed to refurbish a giant rail system many years in disrepair. That system is still largely in a state of disrepair, although important advances have been made. However, we must not do only a part of the job. And we must commit ourselves to the entire accomplishment, not only a part of it. Moreover, it may well be, that if we make that commitment, the day will come when Amtrak will near self-sufficiency.

The committee report on the bill before us indicates that "over one-third of Amtrak's fleet is unavailable for service because it is either broken or being refurbished," and I am pleased to see that S. 3569 seeks to address this problem by directing the Corporation to give highest priority to the maintenance and repair of equipment.

The reasons for realizing our commitment to national passenger service now are even greater than at the time we originally addressed the issue. The energy crisis has caused us as a nation to look more carefully at all of our energy uses. Rail passenger service, as one of the most fuel efficient of all forms of transportation, is becoming more and more attractive, and indications are that ridership figures will greatly increase. To be fully effective, however, it must be available to those who will use it.

Current statutory provisions for the extension of Amtrak service provide little hope for the achievement of a total passenger system in the United States. Although the Amtrak Improvement Act of 1973 requires the Secretary of Transportation to implement an experimental route each year, this year's designation, announced just recently, failed to include any of the major underserved areas.

Another statutory provision governing Amtrak states that Amtrak will provide service to any area which agrees to pay two-thirds of the avoidable losses of the route. For many areas this is an unworkable plan, hampered by the myriad political jurisdictions which are involved. In addition, Amtrak is reluctant to provide assistance, or even assurance of its compliance to areas which investigate the feasibility of such an action.

It is time now to require the extension of Amtrak to those States whose populations were denied service in the original "basic system." Congress, which created Amtrak out of need, can and should provide the basis for long-term planning within the system. To fail to make the commitment for a complete system at this time will only further set back our purpose.

I realize that my amendment is not of dire importance to many of my colleagues here in the Chamber today, for their respective States already receive Amtrak service. But I ask them to join with me in continuing with the goals we set in 1970 when we adopted the National Railroad Passenger Service Act. Let us remember once again the preamble set forth in that piece of legislation:

> The Congress finds that modern, efficient, intercity railroad passenger service is a necessary part of a balanced transportation system; that public convenience and necessity require the continuance and improvement of such service.

Mr. President, I am strongly committed to establishing a system of passenger train service which will serve the entire Nation. If my colleagues were to look at the map showing Amtrak routes, they would be appalled at the overt absence of service to some areas. In my judgment, the Department of Transportation has simply failed to carry out the intent of the law. I think Congress should have spelled out the definition of "basic system" in the beginning. Unfortunately, it did not. My amendment would correct the inequitable situation that we have now, and would provide for the restoration of substantial service to at least four States, with vital links to others. Please, let us not continue a policy of asking some 3.5 million people to subsidize a national railway system which is not accessible to them. It is time for Congress to complete what it began in 1970, and I urge my colleagues to join with me in correcting this unfortunate situation.

Mr. President, I recognize that what I am asking the Congress to do requires additional monetary commitment on our part. To demonstrate the sincerity and strength of my commitment to this purpose, I stand prepared to back it up with an authorization figure. With respect to restoring service to my State of Idaho, the most talked-about route would be a former Union Pacific line connecting Portland, Oreg., with Salt Lake City, Utah, via Boise, Idaho. The inclusion of this route has been endorsed, I am pleased to add, by Governors Andrus Evans, and McCall. I understand that the existing tracks are in good shape, and that the estimated cost of this 890-mile route would be approximately $6.3 million with $1.6 million anticipated in revenue; thus a net loss figure of $4.7 million. Also, a one-time capital investment outlay of $10 million will be necessary. Therefore, I propose authorizing the Secretary of Transportation to expend not to exceed $14.7 million for the purpose of establishing intercity rail passenger service to the major population area of the State of Idaho. The $14.7 million will be a one-time authorization; thereafter, the operating costs of this line should amount to approximately $4.7 million until it is fully established.

With respect to the restoration of service to other major population centers included under my amendment, I have received an estimate of approximately $23.2 million, which includes a one-time capital investment outlay of about $15 million. Therefore, I am prepared to authorize the Secretary of Transportation to expend not to exceed $23.2 million for the purpose of implementing these routes. In subsequent years, until these routes are fully established, the cost of operation will amount to approximately $8.2 million.

I ask the distinguished chairman of the subcommittee, who is in charge of the bill on the Senate floor today, to accept this authorization figure as a demonstration of the full commitment of Congress to a complete national railway system.

In addition, Mr. President, my amendment includes a perfecting change which is necessary in order to clarify the authority of the Washington Terminal Co., to construct a new railroad passenger station in compliance with the National Visitor Center Facilities Act of 1968. I understand that the chairman has no objection to this portion of the amendment and is prepared to accept it.

Mr. President, the distinguished Senator from Washington (Mr. MAGNUSON), has asked me to indicate his strong support for this amendment, which I am happy to do.

Mr. HARTKE. Mr. President, I would like to ask the Senator from Idaho a clarifying question. The total amount of money requested is how much?

Mr. CHURCH. Let me review that figure. For the restoration of the route from Salt Lake City through Boise to Portland, the figure is $14.7 million. However $10 million of that is a one-time authorization for the purpose of restoring the service. It is estimated that when that route has been fully established, the operating cost would be approximately $4.7 million.

With respect to the restoration of service to the other population centers included in the amendment, the authorization would amount to $23.2 million. That is broken down as follows: $15 million as a one-time authorization for the restoration of the service, and the remainder, about $8.2 million, for the operating costs until service is fully established.

Mr. HARTKE. I thank the Senator from Idaho. Let me say that I have discussed this matter with the Senator from Idaho, and I can understand fully the anxiety and the complexities involved in trying to provide this type of service. But I think we do have to recognize, when we are dealing with passenger service, that different areas are different as to the method by which we can handle the cost and the means by which we can provide for an integrated service.

Both Senator MAGNUSON and I have been aware for some time of the need for rail passenger service to the Boise, Idaho area. The Union Pacific Railroad used to operate rail passenger service through this area, and since the inception of Amtrak, there has not been any service through Boise and Portland, Oreg., has no direct connection to the East. There are other gaps in the service currently provided by Amtrak; for instance, there is no service north from Boston, and one would expect a substantial number of persons who would want to travel to Maine by train, especially during the summer vacation period. Senator Abourezk has also pointed out that South Dakota is without any rail passenger service whatsoever, and this amendment would require such service. I am advised that the amendment comes with its own authorization.

So we are prepared to accept the amendment to provide for this type of service.

I am also pleased to accept the technical perfecting amendment offered by the Senator from Idaho (Mr. CHURCH) to section 13 of the bill. Section 13 provides for a replacement railroad station in the District of Columbia, which is necessitated by the construction of a visitor center in the present Union Station. When the Senate Commerce Committee approved this provision, there was no intent to disturb the existing relationships between the various parties. The National Visitor Center Facilities Act of 1968, which required the conversion of Union Station into a visitor center, provided that the Washington Terminal Co., is to construct a replacement station but the exact monetary size of this requirement is at this point still unsettled. In fact, I am advised that the matter is currently being litigated, and the Senate Commerce Committee certainly has no intent to disturb this matter in any way. Since this legislation was reported, it has been brought to our attention that a strained reading of section 13 could possibly lead to the conclusion that the existing obligations were being altered. That was not the intent of the committee, and therefore I am happy to accept this clarifying amendment.

Mr. CHURCH. Mr. President, let me express to the distinguished Senator from Indiana the great appreciation that I have for the help that he has extended to me, and for the position that the committee has taken. I think it is eminently fair, since we Idahoans are currently paying our part of the public appropriation to maintain a railway system, the services of which are not accessible to us. It is pretty much like paying our part of the deficit for the Post Office Department and then getting no mail. I believe the adoption of this amendment will correct that inequity.

Mr. BEALL. Mr. President, will the Senator yield?

Mr. CHURCH. I am happy to yield to the Senator from Maryland.

Mr. BEALL. Mr. President, while I can understand the Senator's desire for rail service to his State, and I do not oppose his amendment, I do have one or two questions.

First of all, as I understand the Senator's amendment, he is making these rail lines a part of the basic system, so that even if they do not prove economically satisfactory, or as a matter of fact if they prove economically unsatisfactory, Amtrak will still run them, is that correct, as a part of the basic system? In other words, they are not experimental, as were some of the lines when we initiated the system.

Mr. CHURCH. The effect of the amendment would be that of requiring the basic system to include rail passenger service to major population areas in States now excluded. To that extent, we redefine the national system, to make certain that all States of the contiguous 48 are serviced.

Mr. BEALL. As the Senator probably knows, Amtrak is currently having difficulty purchasing equipment for its existing lines. I presume that the Senator has looked into the difficulties that might be encountered in this respect. Is it the Senator's intent that the new routes and equipment necessary would come from the authorization he has proposed?

Mr. CHURCH. It is my understanding that this authorization would be sufficient for the purpose of making these additions.

It may be that, as this matter is taken up and considered in conference, the conferees may want to give Amtrak a longer period of time than the amendment contemplates in order to fully implement its objectives.

The amendment reads:

> The Secretary shall, within 180 days after the effective date of this section, designate an extension of the basic system.

It is understood, of course, that the actual provision of new equipment for purposes of servicing these additions will have to be worked out within the context of the whole Amtrak program, and I make no special case for giving Idaho preference for treatment in this regard. I simply want Idaho included in the national system.

Mr. BEALL. I understand.

Mr. CHURCH. So that passenger service may be restored.

Mr. BEALL. The final question, if the Senator will continue to yield, I am not sure I understand the intent with respect to language in his amendment that says, "The designation of such extension shall not be reviewable in any court."

Mr. CHURCH. With reference to that, our purpose was to insure that the determination to redefine the national system in such a way as to include all of the 48 contiguous States would be a determination of Congress, and that language is merely to protect the prerogative of Congress to define the system as we see it.

May I say to the Senator that with respect to his earlier question I understand that equipment acquisition can occur through the loan guarantee authority existing in the act for purposes of providing passenger service on these additional routes.

Mr. BEALL. I thank the Senator for yielding.

Mr. CHURCH. I thank the Senator.

Mr. BEALL. Mr. President, I am willing to take the matter to conference.

Mr. HATHAWAY. Mr. President, until last week, when you looked at a map of the United States which showed the routes of subsidized "supplemental" air carriers, you saw a great grid of lines crossing and converging in cities and towns all across the Nation. All across the Nation, that is, except for one area in the upper right hand corner of the map. Anyone looking at this map would have assumed that that large blank space—because it had no service points—was probably one of the Great Lakes or perhaps a part of the nation of Canada. But it was, in fact, the State of Maine which contains 1 million taxpaying citizens.

The Civil Aeronautics Board has now corrected its mistake and has ordered some service to my State. But unfortunately, the fellow who draws these route maps has apparently moved over to a new job—this time at Amtrak. And once again I must point out that the blank area in the corner of the Amtrak map is not a Great Lake and that the citizens of Maine should not be deprived of the kind of rail service now enjoyed in virtually every other State in the Union.

In 1970, when Congress passed the Rail Passenger Service Act, it was my impression that our intention was to establish a nationwide passenger rail network. This act was an important step in attempting to revitalize our decaying passenger rail system. The Nation needed a dependable and efficient mode of surface transportation which would link all of the regions of our country. Unfortunately, this goal of nationwide service has not been reached. While Amtrak's rail system extends across the country, certain areas with both a definite transportation need and a sizeable population have been excluded. And I believe the people in these areas deserve adequate rail transportation. Eight years ago, the last scheduled passenger train departed from a Maine station. Since that time, our interstate transportation needs have expanded, while our capacity for coping with this growth has declined. For this reason, I support the amendment introduced by my distinguished colleague from Idaho (Mr. Church).

We in the Northeast have had to suffer under this burden of inadequate rail transportation for some time now. The lack of a passenger rail system is assuredly one of the causes of our region's chronic economic problems. In Maine, like its neighboring Northeast States, tourism is a leading year-round industry. Over 10 percent of our State's job force is dependent upon a steady tourist flow. Each summer, upwards of 3.5 million automobiles enter our State, more than half of which are nonresidents coming to enjoy their vacations. The threat of further energy problems which would restrict automobile usage, combined with the lack of passenger rail service, can only spell trouble for the Maine economy.

Tourism, however, is not the only reason for extending the Amtrak system to Maine. The nearly 1 million residents of Maine, along with the 2.5 million residents of the other areas not served by Amtrak, have a right to participate in a national system. Why should these people be excluded from a service which through their taxes they help subsidize? Lack of population and ridership is Amtrak's stated reason for exclusion. There are, however, no set quotas which must be met for rail service to be provided to any area.

In the preliminary Amtrak study, a Boston-Portland, Maine, Bangor rail passenger route, along with other since terminated rail routes across the country were suggested. These routes, even though they had been active in the past, were not initiated, however, under the Amtrak program. Now there is even more of a need for these rail routes to be developed. Rail passenger demand is increasing with the lessened availability and increased price of gasoline. Even without the acceleration of mass transportation planning brought on by the energy crisis, the problem of increased automobile usage with its resulting problems of highway congestion, pollution, and increased traffic fatalities, has slowly been moving us toward an era of mass transportation.

Let us plan for this oncoming era of mass transportation, an era in which passenger rail service will be a preferred means of travel. Let us expand the Amtrak system to include all of the 48 contiguous States. By providing all of our citizens in all of these major areas with adequate rail passenger transportation we can increase the economic strength of these areas while meeting the essential transportation needs of their citizens.

I should note that I am not unsympathetic with the situation that Amtrak has been placed in over the last 12 months. The energy crisis has brought unpredecented demands for service at the same time that vital equipment, particularly rolling stock, is in extremely short supply. But a great deal of new and refurbished equipment is now "in the pipeline." This fact, coupled with the new grant and loan authorizations contained in this bill, should facilitate meeting the requirements of this amendment.

I feel that this amendment will finally accomplish the purpose which was first envisioned by the Congress when it passed the Rail Passenger Service Act in 1970. I hope my colleagues will join with me in supporting this amendment to S. 3569 so as to provide passenger rail service to all of the 48 contiguous United States, thus making Amtrak a truly national passenger rail system.

Mr. President, I support the amendment of the Senator from Idaho (Mr. Church) and commend him in this regard and also extend my thanks to the Senator from Indiana (Mr. Hartke) and the Senator from Maryland (Mr. Beall) in accepting my amendment.

Mr. CHURCH. I appreciate the cosponsorship.

Mr. HATFIELD. I support Senator Church's amendment to expand Amtrak service. The effect of his amendment would be to provide Amtrak service east from Portland to Boise on eastward. I know I speak for residents of my State, especially those from Pendleton, LaGrande, Baker, and Ontario, in urging its approval.

Mr. HARTKE. May I clarify one point on the amendment with respect to the question asked by the Senator from Maryland about provisions not being reviewable by the court. I think the reason why that is in the amendment is that under the present law, under section 522, it provides that the basic system, as designated by the Secretary, shall become effective for the purposes of this chapter upon the date that the final report of the Secretary is submitted to Congress and shall not be reviewable in any court.

In other words, the provision there is simply conforming the amendment to the basic law itself. I just want to make that for a point of clarification.

I am prepared to have a vote.

The PRESIDING OFFICER (Mr. Biden). The question is on agreeing to the amendment. (Putting the question.)

The amendment was agreed to.

Mr. CHURCH. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HATHAWAY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senator from New York.

Mr. JAVITS. Mr. President, on behalf of the Senator from Maine (Mr. Hathaway), the Senator from Ohio (Mr. Taft), and myself I send an amendment to the desk and ask that it be reported.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk proceeded to read the amendment.

Mr. JAVITS. Mr. President, I ask unanimous consent that further reading of the amendment may be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendment will be printed in the Record.

The amendment is as follows:

On page 11, line 25, delete "66⅔" and insert in lieu thereof "33⅓".

On page 12, between lines 3 and 4, insert the following:

Section 403(c) of the Rail Passenger Service Act of 1970 is amended to read as follows:

"(c) There are authorized to be appropriated to the Secretary for the benefit of the Corporation for purposes of carrying out the provisions of subsection (b), $10,000,000 in fiscal year 1975."

On page 12, after line 3, insert the following:

Section 403 of the Rail Passenger Service Act of 1970 is amended by adding at the end thereof the following new subsection:

"(e) The Secretary shall study the need for and potential use of rail passenger service between major centers of population and heavily used recreation areas one hundred to three hundred miles from such population centers. By July 1, 1976, and annually thereafter, the Secretary shall designate not less than one such route as an experimental recreation route on the basis of demonstrated need and probable use of such service, costs of establishing such service and such other factors as he may prescribe. Such service may be limited to certain days of the week, months of the year, or otherwise as the Corporation deems appropriate. Service shall be initiated on such routes by the Corporation as soon as practicable after designation, and shall be continued for not less than two years. After such two year period, the Corporation shall terminate any such route if it finds it has attracted insufficient patronage to serve the public convenience and necessity as it may designate such route as part of the basic system."

On page 16, between lines 4 and 5, insert the following:

Section 6 of the Urban Mass Transportation Act of 1964 (49 U.S.C. § 1605) is amended by inserting immediately following subsection (b) the following and by redesignating subsection (c) and (d) as subsections (d) and (e):

"(c) The Secretary shall study the need for and potential use of high speed rail passenger routes between urbanized population centers and airports serving those population centers. He shall identify the routes where such service would most significantly serve the public convenience and necessity and estimate the initial costs of each such route and the probable profitability of each such route. He shall report to the Congress on the results of this study along with his recommendations as to whether the National Railroad Passenger Corporation should provide any or all such service, as well as whether any such service should be provided, not later than July 1, 1975.".

Mr. JAVITS. Mr. President, it will be my intention after explaining the different parts of the amendment to ask unanimous consent that the amendments may be considered en bloc. I hope that will be found acceptable to the managers of the bill.

Mr. President, this amendment achieves the following purposes:

First. It changes the percentage of contribution by a State which wishes to enjoy shared service with Amtrak pursuant to section 403(6) of the Rail Passenger Service Act. It changes that share from two-thirds by the State to one-third, leaving two-thirds in the Federal Government instead of the present one-third.

Second. In order to guarantee that lending become available for this purpose, and so that existing service will not be impaired, as well as to put a limitation on the aggregate amount which may be authorized for that purpose, so that there is no fear that it will get out of hand, a limitation of $10 million is imposed for fiscal 1975 on that proposition. Of course, Amtrak could, if it chooses, use its generally appropriated funds for as little or as much of that as it pleases, but it is not obliged if separate moneys are not appropriated to use more than the special authorization level of $10 million for this particular purpose.

Third. The amendment seeks to call upon Amtrak to establish by July 1, 1976, and annually thereafter, at least one route in the United States as an experimental recreation route on the basis of demonstrated need and probable use of such service, to wit, a route which is not less than 100 miles long and not more than 300 miles long—which is the appropriate length of maximum rail use—and which leads to a recreation area as, for example, in the State of Maine or in the State of Idaho or in the State of Oregon or in my own State of New York, where there are many ski areas and other wilderness and tourist areas, which it would be very useful and important to have connected by rail to major centers of population.

What the amendment would do is to mandate at least one such route on an experimental basis annually, limiting the experiment to 2 years. If it stands up thereafter on its own, fine. If it does not, then it may be discontinued.

But the important point would be that Amtrak would not install it in the first place unless it saw that there was a real need and a real likelihood of patronage. So it has a double safeguard. The Secretary, as he chooses an experimental route in the year and, at the other end, if he operated it for 2 years and found it was unsuccessful, then it can be dropped.

The last aspect of my amendment seeks to get the Secretary to study the need for and potential use of high-speed passenger rail routes between urbanized population centers and airports which serve those population centers. Examples of that, of course, are Washington to Dulles, New York to Kennedy, Chicago to O'Hare, and so on around the country. That is simply a study requirement, and it requires that a report be made by the middle of next year with, again, the understanding that in all of these matters the conferees will determine these parameters and limitations and whether they are desirable or not.

Mr. President, if there is no objection, I would ask unanimous consent that these amendments may be considered en bloc.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. JAVITS. Mr. President, amendments will help to speed the long overdue process of restoring our Nation's rail passenger system to the place it deserves in our overall national transportation program. Although the initial commitment to a federally supported National Railroad Passenger Corporation was made 4 years ago, and substantial progress has been made both in terms of better service and improved planning, it is imperative that this commitment be increased and amplified if we are to meet the goals of a truly balanced transportation system and obtain the benefits of a rail system that serves the Nation's needs.

For most Americans, travel by rail is not an available or feasible alternative to the airplane and the private automobile. Yet, by the standards of energy efficiency, environmental improvement, and land use, rail service provides not only a better alternative, but also a crucial component of the solution to our environmental and energy dilemmas.

Moreover, our citizens have shown us that where convenient rail passenger service exists, the demand for its use has skyrocketed. Even before the onslaught of the energy crisis, which highlights the immediacy of the need for an expanded rail passenger system, the public finally began to return to the railroads as a means of transportation.

Amtrak's president, Roger Lewis, states in his report to the Congress of 1973, that, "travel demand that had been anticipated by 1977 as a result of normal growth is with us now." But even with this unprecedented increase in demand, Amtrak has neither the legislative commitment or direction which it so vitally needs to make rail service available to a greater number of people.

Currently only 1 percent of all intercity travel is via railroad. This compares to 87 percent by private automobile, 10 percent by air, and 2 percent by bus. If we are to seriously attack the inefficiencies in energy utilization in the country—of which the transportation sector is the most blatant example—dramatic shifts in these percentages are essential and must be begun without further delay. Yet existing law requires only one new train to be instituted each year. This rate of expansion must be increased and better directed by the Congress.

The Rail Passenger Service Act amendments that I introduce today primarily address two related aspects of Amtrak service. They could pave the way for an efficient and realistic transportation alternative for millions that presently have no rail passenger service at all and for millions more who, because of the inadequacy of the rail passenger system, cannot use Amtrak service for their major transportation event each year—their vacation travel.

It is startling that our national rail passenger system, as it is presently constituted, does not serve such cities as Tulsa, Okla., and Jersey City, N.J., with populations greater than one-half million, or the States of Maine and South Dakota. These and the many other omissions in the system must be corrected.

My first amendment would pave the way for these services to be instituted, with the conditions appropriate to insuring that only truly necessary service will be commenced, and with the added benefit of saving the Federal taxpayer money when these services are primarily for the benefit of a single State.

It contains a major change in the Federal commitment to rail passenger service where States or local transportation agencies want and need such service but cannot afford to institute it without substantial Federal assistance.

Present law requires the State or locality to pay at least two-thirds of the avoidable and capital costs. Amtrak even has the right to deny service unless the State pays for all costs. In no other mode of interstate transportation is the Federal share so low. For all major road construction under the highway trust fund the Federal share varies from 70 to 90 percent. Federal airport development assistance varies from 50 to 80 percent of the costs involved. The House and Senate passed versions of mass transit assistance would provide an 80-percent Federal share. My amendment would change the Federal share of shared rail passenger service assistance to 66⅔ percent. If this sharing provision is to have any utility whatsoever, and provide the impetus to expanding our national rail passenger system, the Federal share must be on this level.

The amendment would also authorize specific funds for this assistance. Currently, any Federal assistance under this section would have to come out of Amtrak's general appropriation, thereby potentially impairing service on other routes. This is obviously self-defeating. And it is for this reason that Amtrak has been so reluctant to institute any shared service. If a State or locality commits one-third of the needed funding, the Federal Government should stand ready to provide the balance for so necessary a service.

I reaffirm the language on page 5 of the committee report, relating to Amtrak's obligations to provide shared service. These statements apply equally to my amendment. The new Federal-State relationship would apply only to service instituted after the enactment of this legislation, and to service pursuant to contracts renegotiated after enactment.

Moreover, the proposed $10 million authorization which, by Amtrak's estimates, would cover the two-thirds Federal share for all planned and probable service, is not meant to deny the use of general appropriation for section 403 service if Amtrak deems that appropriate, or if the authorized amount is not fully appropriated.

But Amtrak would not be required, although it would be authorized, to pay for section 403 service above and beyond the $10 million level for fiscal year 1975. This is the amount that Amtrak presently considers necessary to fund renewed contracts and institution of probable new service. The $10 million fiscal year 1975 limitation is necessary to prevent substantial division of Amtrak's general appropriation if many States and localities request new service. If, in fact this occurs, I would expect that the 1976 Amtrak authorization would carefully consider the need to expand the specific funding level for section 403 service.

I would add that I fully expect, if this amendment is enacted, many States and localities to rethink their role in the rail passenger service field, and to propose significant and worthy routes that would provide rail service to many areas that presently have none.

At this point I ask unanimous consent to include, at this point in the RECORD, a table prepared by Amtrak of the costs of service under section 403 and the additional funding that would be required by the amendment.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

State and route	Fiscal year 1975—		Cost to Amtrak		
	Operating loss	Capital cost	Existing law	Senate committee amendment	Overall relation to 1973 costs
Existing service:					
Illinois:					
Chicago-Quincy	315,000		115,000	115,000	230,000
Chicago-Springfield	277,000		92,300	92,300	184,600
Chicago-Dubuque	450,000	50,000	167,000	167,000	334,000
Chicago-Champaign	288,000		96,000	96,000	192,000
Massachusetts: Boston-Springfield	200,000		67,000	67,000	134,000
Pennsylvania: Philadelphia-Harrisburg	90,000		30,000	30,000	60,000
Definitely planned:					
New York:					
New York City-Montreal	1,900,000	4,500,000	633,000	2,133,000	4,266,000
Buffalo-Detroit	800,000	2,000,000	267,000	933,000	1,866,000
Illinois: Chicago-Decatur	450,000	500,000	150,000	317,000	634,000
Michigan: Chicago-Port Huron	1,162,000	1,200,000	387,000	787,000	1,574,000
Probable: Minnesota: Minneapolis-Duluth	512,000	675,000	171,000	396,000	792,000
Total			2,175,300	5,133,300	10,266,600

Mr. JAVITS. The second section of this amendment is directed to a more specific problem: The critical need to provide rail service to vacationers. This section would begin to put vacation travellers back on the railroads, which is a service as much needed by the travellers themselves as by our tourist and recreation industry.

Last winter saw the severe effects of the gasoline shortage on the tourist industry. Hearings were held in the Senate on the energy related problems of that industry. However, we also witnessed the tremendous savings in precious gasoline that can be effected by cutting back vacation travel by automobile.

If these savings are to continue on any scale—savings that are critical to our energy independence—vacationers must be provided with a reasonable alternative mode of transportation to recreation areas, such as national parks and shore and mountain resort regions. That alternative is clearly the passenger train.

I propose a modest start toward that goal. First, the Secretary of Transportation shall study the need for such service, and identify the routes where potential for use is greatest.

The amendment is limited to medium distance recreation service, although I know there is also a need for long distance service. But, it is generally held that rail passenger service demand is greatest for points 100 to 300 miles apart. People travelling shorter distances more often opt for the automobile, while longer distances bring out the time advantages of air travel.

A few examples of service that could be provided pursuant to this section are New York City to the Catskill mountains resort area; Los Angeles to Las Vegas; and Boston to the New Hampshire and Vermont resort regions. The list could be endless. Rights-of-way and trackage—now lying idle with respect to passenger service—exist on many such routes so the costs would be limited to facility improvement and equipment acquisition.

The amendment requires only one recreation route to be instituted annually, and would not require this to begin until 1976. While I would prefer to see Amtrak move faster, I recognize the reality of the passenger equipment shortage and the leadtime necessary to obtain new equipment, and I do not wish to see cars diverted from the basic system, where they are critically needed.

This proposal is modest but provides a needed start toward the institution of substantial rail passenger service for vacation travelers.

The final section calls for a study, by the Department of Transportation, on the need for rail passenger service from center cities to metropolitan airports. Such service may or may not be properly performed by Amtrak. But a close look should be taken at the need for and costs of this type of service, and the role, if any, that the Federal Government should play.

This study can adequately be undertaken by existing Urban Mass Transit Administration personnel, in coordination with the Federal Aviation Administration and the Department of Transportation staff.

Mr. President, it is time we began to alter the transportation priorities that have led to our over dependence on the private automobile. Last year, of the $28.2 billion in public fundings for transportation, only one-fourth of 1 percent went to rail transportation. This compares with 86 percent for highways and 10 percent for air transportation. This past year has shown us that the rail passenger system is not dead, it is merely dormant. It is time we gave it some vitality. Legislative initiative is required if rail passenger service is to become a realistic alternative mode of transportation to the private automobile for the majority of Americans.

Mr. HARTKE. On behalf of the manager of the bill, I am prepared to accept the amendment of the Senator from New York (Mr. JAVITS). The most significant change that his amendment would make would be the reversal of the present allocation of costs between a State requesting service beyond the basic system and Amtrak. Section 403 of the Rail Passenger Service Act currently provides that the State is to pay two-thirds of the losses and associated capital costs attributable to such service; this amendment of the Senator from New York would reverse those figures, so that the State would pay one-third and Amtrak would pay two-thirds. This is obviously more compatible with current Federal programs providing assistance to other modes of transportation. For example, in the highway trust fund in many cases it is 90 to 10 and, even in the aviation field, in some cases the Federal Government assumes the total cost of operation of air traffic controllers, Weather Bureau service, and other such facilities.

So in today's context, it does not seem unreasonable. In fact, it seems highly desirable to encourage the States to expand rail passenger service.

It is for that reason the managers of the bill feel it is a worthwhile amendment and should be adopted.

Additionally, this amendment would require the Secretary of Transportation to study the need for rail passenger service between urban centers and recreation areas and to designate annually an experimental recreation train. This amendment provides a good balance between having this subject considered by the Department without unnecessarily tying their hands, since they could designate an existing train as a recreation train if it met the requisite criteria; furthermore, any designation of a recreation train could be limited to certain months of the year or certain days of the week in order to maximize usage in the most efficient way possible.

I might point out that in regard to this, many people may be unaware of the tremendous benefit that this Nation has from recreation tourism. The absolute contribution to the national economy is astounding. I understand it may be the second highest producer of revenue in the United States.

Finally, this amendment would require the Secretary to study the need for potential use of high speed rail service from urban areas to airport facilities.

This sort of thing should be going on in the Department of Transportation already. I would hope they would be studying it, but my experience with them would indicate it probably has not been done.

Therefore, I think it is a good idea, as I said before.

For that reason, I am prepared not only to endorse the idea, but I am prepared to accept the amendment.

Mr. JAVITS. I am very happy.

The PRESIDING OFFICER. Is there objection to accepting the amendments en bloc?

Without objection, the amendments are agreed to en bloc.

Mr. HATHAWAY. Mr. President, I simply want to talk half a minute to commend the Senator from New York for his efforts in this regard.

I am a cosponsor of the amendment and I am proud to be on the amendment.

I want to thank the Senator from Indiana and the Senator from Maryland for their cooperation in accepting this amendment and hopefully making it part of the law as passed.

Mr. President, the Amtrak Passenger Rail System was inaugurated over 4 years ago to provide a national system of rail transportation. Since that time substantial progress has been made in expanding the Amtrak system to provide adequate, dependable and efficient passenger service connecting many of America's heavily populated areas. Consumers, finding that rail service is now becoming a more than satisfactory alternative to the airplane or the automobile are now turning back to the trains. But there is room for much expansion. Many areas desiring Amtrak service, and having a definite need for it, cannot afford the high costs of bringing this system into their region. Other areas, where Amtrak would be the most efficient mode of transportation, areas with a growing tourist industry, combined with inadequate air service and highways are also trying to obtain Amtrak passenger service, but too often are unsuccessful. In supporting the amendment of my colleague from New York (Mr. JAVITS), I feel that these areas deserve passenger rail service, and it is our duty to meet them more than halfway.

The first section of this amendment, that calling for an increase in the Federal commitment to cover avoidable losses from 33⅓ percent to 66⅔ percent, is necessary in order to at least make Amtrak service possible in the States and localities mentioned. Many of these States have ample passenger demand for service, but do not have the necessary capital to provide for it. Thus they end up plowing what transportation funds they have into highway or airport construction. The Federal Government provides up to 90 percent funding of road improvement and up to 80 percent of airport development costs. The States are practically coerced into opting for these highly subsidized ventures, instead of railroad expansion projects, when seeking to improve their transportation systems. This amendment would increase the Federal share of rail improvement and expansion costs to a level more on a par with other transportation assistance.

Federal aid is designed for the purpose of encouraging growth and development in our transportation system. With a Federal commitment to underwrite 66 percent of avoidable losses, more States with a real need would be encouraged to bring Amtrak service to its citizens. One-third is not a token amount; local governments willing to make this kind of commitment should have their efforts rewarded.

The second provision of this amendment, that providing for the 1976 initiation of service as well as loan assistance for one experimental route each year to connect a major recreational area to a population center, is, in my mind, very important. The State of Maine is very dependent upon the tourist industry. Over 10 percent of our State's work force relies upon tourism. The recent energy crisis curtailing automobile transportation combined with our limited air facilities, has posed grave doubts about the future of our tourist business. An Amtrak experimental route could be of significant assistance in the solution to this problem.

Maine's proximity to the Boston metropolitan area, an area already served by Amtrak, combined with its your-round tourist draw is rapidly making it the East's "vacationland." Over 2 million out-of-State cars entered Maine last year, most of these families coming to enjoy our mountains, lakes, coastline, or ski resorts. This is more than an adequate demand for an Amtrak experimental route, a route which would help lessen air pollution and traffic congestion, while preserving Maine's scenic beauty.

Along with my State, I realize that there are many other vacation areas that would benefit from such an Amtrak experimental route. All of these regions suffer from an overabundance of automobiles, a lack of adequate transportation facilities and a small population, which without accounting for the tourist flow would place them low on the list for federally assisted rail service.

In order to preserve these areas as vacation resorts, without having to criss-cross the land with superhighways, we are going to have to provide them with passenger rail service. This service will conserve energy, is environmentally more compatible, and will be less expensive in the long run.

For these reasons, I support this amendment and urge my colleagues to join with me in doing so. Amtrak was conceived to be a nationwide rail system. It now needs the legislative commitment and direction provided by this amendment to become such a system.

I compliment the Senator from New York for this creative and positive addition to this bill.

Mr. BEALL. Will the Senator yield?

Mr. JAVITS. I yield to the Senator from Maryland.

Mr. BEALL. Speaking for the minority side, Mr. President, we, too, are willing to accept the amendment. I think it is perfectly proper that we should consider changing the Federal contribution, if we have sufficient funds to do it, to 66 percent because, as the manager points out, this is in conformity with the present national transportation policy. We should be moving in that direction.

We are not overburdening the Federal Government in this respect. I think it is good for the recreational sections.

I know there are instances, we have one in the State of Maryland, where the present Amtrak line could be extended and become a park recreation line. If Amtrak would extend their Washington-Cumberland run, for instance, on into Pittsburg or Cincinnati, as they should do to provide direct service from Washington into Ohio, at the same time they would be serving the great mountainous recreation area, and we would have service from the standpoint of solving a dual problem.

So I am happy to join in recommending the adoption.

Mr. JAVITS. I thank my colleague.

I yield to the Senator.

Mr. TAFT. I thank the Senator for yielding.

I strongly endorse this amendment. I believe changing this percentage can make feasible the rail service for millions of Americans at a great saving to the economy.

I have been particularly concerned with it for more than a year now. I have been advocating the State of Ohio provide a line between the main metropolitan areas of Cincinnati, Dayton, Columbus, and Cleveland. Studies of trackage have already been going on and this measure would greatly facilitate, I think, the chances of bringing it to fruition.

I think it would be to the benefit of the public generally and of the economy generally.

Mr. JAVITS. I thank my colleagues very much for their kindness.

Mr. President, has the amendment been adopted?

The PRESIDING OFFICER. Yes, it has been adopted.

Mr. JAVITS. Mr. President, I move to reconsider the vote by which the amendment was passed.

Mr. HARTKE. Mr. President, I move to table the motion to reconsider.

The PRESIDING OFFICER. The question is on the motion to table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. STEVENSON. I yield to the Senator from Montana.

NATIONAL HEALTH SERVICE CORPS SCHOLARSHIPS

Mr. MANSFIELD. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on S. 3782.

The PRESIDING OFFICER (Mr. Biden) laid before the Senate the amendments of the House of Representatives to the bill (S. 3782) to amend the Public Health Service Act to extend for 1 year the authorization of appropriations for Federal capital contributions into the student loan funds of health professions education schools, which were to strike out all after the enacting clause, and insert:

That section 225(i) of the Public Health Service Act is amended by inserting before the period ", and $40,000,000 for the fiscal year ending June 30, 1975".

Sec. 2. (a) Section 742(a) of the Public Health Service Act is amended by striking out "and" after "1973," and by inserting after "1974" the following: ", and $60,000,000 for the fiscal year ending June 30, 1975".

(b) Section 740(b)(4) of such Act is amended by striking out "1974" and inserting in lieu thereof "1975".

Sec. 3. (a) Section 824 of the Public Health Service Act is amended—

(1) by striking out "and" after "1973,"; and

(2) by inserting after "1974" the first time it appears the following: "and $35,000,000 for the fiscal year ending June 30, 1975,".

(b) Section 822(b)(4) of such Act is amended by striking out "1974" and inserting in lieu thereof "1975".

And to amend the title so as to read: "An Act to amend the Public Health Service Act to extend through fiscal year 1975 the scholarship program for the National Health Service Corps and the loan program for health professions students."

Mr. MANSFIELD. Mr. President, I move that the Senate concur in the amendments of the House.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Montana.

The motion was agreed to.

Mr. MANSFIELD. I thank the Senator from Illinois.

Mr. JAVITS. Mr. President, I thank the leadership for consummating this matter, it is a matter so helpful to the medical services in our country which we agreed on with the House, and I thank the leaders.

Mr. MANSFIELD. It is a pleasure.

AMENDMENT OF THE RAIL PASSENGER SERVICE ACT

The Senate continued with the consideration of the bill (S. 3569) to amend the Rail Passenger Service Act of 1970, and for other purposes.

AMENDMENT NO. 1781

Mr. STEVENSON. Mr. President, I call up amendment No. 1781, and ask that it be reported.

The PRESIDING OFFICER. The clerk will report it.

The legislative clerk proceeded to read the amendment.

Mr. STEVENSON. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendment will be printed in the Record.

The amendment is as follows:

On page 9, between lines 10 and 11, add the following section:

"Sec. 2. Section 303(d) of the Rail Passenger Service Act of 1970, as amended (45 U.S.C. 543(d)), is amended by inserting immediately after the third sentence the following: "This limitation upon compensation shall not apply, however, in the event the Board determines with respect to a particular position or positions that a higher level of compensation is necessary and is consistent with the general level of compensation paid officers of railroads in positions of comparable responsibilities.' "

Mr. STEVENSON. Mr. President, I offer this amendment on behalf of myself and also the Senator from Ohio (Mr. Taft).

I will modify the amendment to delete the words "consistent with" on line 9 and substituting the words "not higher than."

The PRESIDING OFFICER. The amendment will be so modified.

The modified amendment is as follows:

On page 9, between lines 10 and 11, add the following section:

"Sec. 2. Section 303(d) of the Rail Passenger Service Act of 1970, as amended (45 U.S.C. 543(d)), is amended by inserting immediately after the third sentence the following: 'This limitation upon compensation shall not apply, however, in the event the Board determines with respect to a particular position or positions that a higher level of compensation is necessary and is not higher than the general level of compensation paid officers of railroads in positions of comparable responsibilities.'."

Redesignate the following sections of the bill accordingly.

Mr. ROBERT C. BYRD. Mr. President, will the distinguished Senator from Illinois yield only for a unanimous-consent request?

Mr. STEVENSON. Certainly, Mr. President, I yield.

Mr. ROBERT C. BYRD. I thank the Senator.

ORDER FOR ADJOURNMENT UNTIL TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until the hour of 12 o'clock noon tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECOGNITION OF SENATORS TOMORROW AND FOR TRANSACTION OF ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on tomorrow, after the two leaders or their designees have been recognized under the standing order, the Senator from Florida (Mr. Chiles) be recognized for not to exceed 15 minutes, the junior Senator from West Virginia (Mr. Robert C. Byrd) be recognized for not to exceed 15 minutes, and the distinguished majority leader be recognized for not to exceed 15 minutes; after which there be a period for the transaction of routine morning business of not to exceed 30 statements, with statements limited therein to 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished Senator for his courtesy in yielding.

AMENDMENT OF THE RAIL PASSENGER SERVICE ACT

The Senate continued with the consideration of the bill (S. 3569) to amend the Rail Passenger Service Act of 1970, and for other purposes.

Mr. STEVENSON. Mr. President, Senator Taft and I have jointly introduced this amendment, which would effectively end the present rigid limitation on salaries paid to Amtrak's top executives.

When the National Railroad Passenger Act was originally passed in 1970, Congress did not provide for a ceiling on executive salaries. But in 1972 amendments to the act Congress did set a limitation for all officers—at "level I of the executive schedule under section 5312 of title 5." Level I is Cabinet level, and is presently set at $60,000. It is my recollection that Congress enacted this limit mainly out of irritation at the poor way the Board seemed to be running Amtrak, and given the poor service from Amtrak there was some indignation over the expensive Government subsidies being given Amtrak while certain executives made salaries far beyond the highest Government salary.

But we submit that the 1972 amendment went too far, and that the salary limitation is now artificially handicapping the Amtrak Board.

Just a few weeks ago the Senate confirmed Amtrak's new Board of Directors, and on July 23 the new Board met for the first time. It is my understanding that the Board has agreed to establish a committee to search for a new chief executive officer for Amtrak and to study the role of the chief executive officer within Amtrak in general. In addition, Amtrak's No. 2 executive recently announced his resignation from Amtrak.

It is to be hoped that the Board will seek the best talent available for these positions, and in doing so they may be competing for this "best talent" against other railroads and private businesses in general.

I am convinced that the slightly higher salaries necessary to attract top business talent to Amtrak will pay off in the long run for the American taxpayer and consumer. Sound business management is essential, and the cost/effectiveness benefits of improved Amtrak management will easily outweigh the additional salary cost of top quality talent.

Mr. President, Amtrak is not a government department or agency, but a corporation. Its executives plan a permanent career with Amtrak, not a political tour with any particular administration. They cannot be expected to accept over a lifetime salaries substantially lower than those available from railroads or other businesses.

In similar congressionally established quasigovernment corporations there are no such similar salary limitations. In Comsat, for example, the Board chooses the executive officers and there is no salary limitation. Similarly, in the Regional Rail Reorganization Act which Congress passed last December, pursuant to which there is to be established a "Consolidated Rail Corporation"—a private corporation to operate in the Midwest and Northeast—there is no limitation on the salaries of "Conrail" executives.

In an earlier version of the Regional Rail Reorganization Act which we considered in the Commerce Committee there was a salary limitation, the same one that applies to Amtrak officers. Alan Boyd, the former Secretary of Transportation and now president of the Illinois Gulf Central Railroad—and therefore a man who knows both Government service and service in private industry—testified against any salary limitation. He stated:

> This approach is simply counterproductive to a private enterprise solution; particularly the limit on executive compensation which at current levels would be $60,000.
>
> I need not point out that compensation of not only chief executives, but even senior officers at the vice-presidential level, in all fields of economic activity is far above the figure.
>
> It is folly to expect that a top limit of $60,000 will attract the highly qualified and motivated individuals required to run the new railroad system. They will be moving into very high risk positions.

Mr. President, I submit that Mr. Boyd's reasoning as to Conrail executives applies equally well to Amtrak executives.

This amendment does not completely end the salary limitation on Amtrak executives. It would allow the Amtrak Board to waive the limitation, so to speak, when it believed that a higher salary was necessary to attract top executive talent. The amendment also states that the salary proffered to an executive must be "no higher than the general level of compensation paid officers of railroads in positions of comparable responsibilities." For example, in a sampling of 21 railroads, the salary level for the chief executive officer in 1973 ranged from $45,000 to $295,000. In only one of the 21 companies was the salary level below $60,000—the $45,000 salary mentioned. Of course it is the firm expectation of those introducing this amendment that the Amtrak Board would not rush off and offer anyone $295,000, but since the general salary range is above $60,000, the Amtrak Board could go above that figure if it believed it necessary to do so. The final figure would be up to the Amtrak Board and the individual being offered a particular job.

Mr. President, it is my understanding that both Secretary of Transportation Brinegar and Anthony Haswell, head of the National Association of Railroad Passengers, have written letters to Senator HARTKE in general support of the concept of ending the salary limitation.

I urge all of my colleagues to support this amendment, so that Amtrak can attract the best possible executive talent.

Mr. TAFT. Will the Senator yield?

Mr. STEVENSON. I yield to the Senator from Ohio.

Mr. TAFT. I thank the Senator for yielding.

Mr. President, I rise on behalf of the amendment introduced by my distinguished colleague from Illinois (Mr. STEVENSON) and myself, to provide a possibility for exemptions to the $60,000 limitation on salaries paid to Amtrak executives.

Mr. President, when the National Railroad Passenger Corporation was set up by Congress, we did not mandate a maximum limit on executive salaries. We followed the precedent which we had set with the first quasi-governmental corporation, Comsat, and let salaries be set by market conditions. We recognized that there is competition in all fields for first-rate executive talent and that any corporation, whether or not it is affiliated with the Government, must have the wherewithal to compete or be left unable to attract top-quality executives.

In 1972, however, Congress set a $60,000 limit on Amtrak executive salaries. This was not done as a measure of fiscal responsibility, but rather to demonstrate Congress displeasure with what many perceived to be deficiencies in the way Amtrak was being managed.

Mr. President, I have by no means been satisfied with the quality of service Amtrak has provided to my State. One of the three trains which serves Ohio—the National Limited—has among the worst on-time records of all the trains in this country.

But I cannot bring myself to believe that the quality of Amtrak's operations will be improved by a salary limitation which prevents the acquisition of high-quality executive talent. It is precisely such talent that we need to improve Amtrak's operations. We cannot equate Amtrak with a government department or agency, and say that a man should accept a salary lower than that available in private industry, because of the honor of the position, or the duty we all have to render national service. That is true of many government positions, because the time of service is usually limited to a few years. Amtrak, however, is a Corporation; its officers do not expect to leave office when the political balance shifts. They are planning a lifetime career with Amtrak, and they cannot be expected to accept, over a lifetime, subtanstially less compensation than any other major corporation would pay. Certainly, the very best qualified people in the field will not accept such a sacrifice, and it is precisely those people Amtrak needs, if its operations are to be substantially improved.

This measure, by promoting greater cost-effectiveness in Amtrak, will save taxpayers money in the long run. It is fully supported by the Office of Management and Budget.

Finally, I would note that this amendment should not, except in very special cases, lead to salary increases to current Amtrak executives. Its purpose is to permit Amtrak to attract new talent, and, it specifies that exceptions to the $60,000 limit are only to be granted when necessary.

I hope my colleagues will agree with me that we cannot afford to forgo the improved Amtrak service which top-quality management will bring, and will support the amendment.

Mr. HARTKE. Mr. President, this amendment will be acceptable to the committee. It is my understanding that it does not remove altogether the current limitation on executive compensation that is contained in section 303(d) of the Rail Passenger Service Act. Instead, it provides for a special determination to be made by the Board of Directors that a higher level of compensation is necessary to attract the needed management talent and that the higher level of compensation is consistent with compensation paid to officers of railroads in positions of comparable responsibility.

This change in the Rail Passenger Service Act would be consistent with what the Congress has already done regarding executive compensation of the officers of the Consolidated Rail Corporation in the Regional Rail Reorganization Act. It is also consistent with my efforts to see to it that Amtrak has a strong and independent Board of Directors; my subcommittee recently approved the confirmation of the new Amtrak Board, and I am satisfied that the public interest would be better served by leaving this matter up to the Board. If a slightly higher salary is necessary to attract the best railroad management available to head up Amtrak, it will be money well spent, and should result in overall savings through increased efficiencies and a tighter operation.

Mr. BEALL. Mr. President, I, too, would like to join in accepting this amendment on behalf of the minority, with the clear understanding that it does not apply retroactively; it is prospective in application.

Mr. STEVENSON. That is correct. that clearly is the intent of the amendment.

Mr. BEALL. I think the Senator is to be commended. I believe it is the desire of all of us that the Amtrak system be successful. We should not throw up any roadblocks in the way of making this a success. It is extremely important to the American people that they have good rail passenger transportation available to them. The key to a good railroad, like any organization is people, and most particularly, the quality of its management.

Certainly, as in any other endeavor, they cannot get good management unless they are willing to pay the price to get it, this price has to be somewhat competitive with the compensation paid for similar jobs to run a system of this sort.

Therefore, it is very good judgment that we move any limitation that may apply to the salaries that are now available to the top management of the Amtrak system.

I thank the Senator for offering the amendment.

Mr. WILLIAM L. SCOTT. Will the Senator yield?

Mr. STEVENSON. I yield.

Mr. WILLIAM L. SCOTT. I want to be sure I understand the amendment of the distinguished Senator.

As I recall, there was a ceiling placed on the salaries of the officials of Amtrak corresponding with the ceilings of the Members of Congress. Would this remove that ceiling?

Mr. STEVENSON. The legislation as it now stands imposes a ceiling that would confine the salaries of chief executives of Amtrak to the level at which Cabinet salaries are paid, not Members of Congress.

Mr. WILLIAM L. SCOTT. $60,000 a year?

Mr. STEVENSON. The Senator is correct.

Mr. WILLIAM L. SCOTT. Mr. President, I think we ought to have a rollcall vote on this proposal. I am opposed to the amendment in our present fiscal situation. I do not believe we should be opening the door to higher salaries when Amtrak is subsidized by the Federal Government.

Mr. President, I do ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is not a sufficient second.

Mr. WILLIAM L. SCOTT. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. WILLIAM L. SCOTT. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WILLIAM L. SCOTT. I ask for the yeas and nays on the pending amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second. The yeas and nays are ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Arkansas (Mr. FULBRIGHT), the Senator from Alaska (Mr. GRAVEL), the Senator from Minnesota (Mr. HUMPHREY), the Senator from Louisiana (Mr. JOHNSTON), the Senator from Louisiana (Mr. LONG), the Senator from Minnesota (Mr. MONDALE), and the Senator from New Mexico (Mr. MONTOYA) are necessarily absent.

I further announce that, if present and voting, the Senator from Minnesota (Mr. HUMPHREY) would vote "yea."

Mr. GRIFFIN. I announce that the Senator from Utah (Mr. BENNETT), the Senator from Maryland (Mr. MATHIAS), and the Senator from Oregon (Mr. PACKWOOD) are necessarily absent.

I also announce that the Senator from New Jersey (Mr. CASE) is absent on official business.

I further announce that, if present and voting, the Senator from New Jersey (Mr. CASE) would vote "nay."

The result was announced—yeas 59, nays 30, as follows:

[No. 358 Leg.]

YEAS—59

Abourezk
Baker
Bartlett
Beall
Bellmon
Bentsen
Biden
Brooke
Buckley
Cannon
Chiles
Church
Clark
Cook
Curtis
Dominick
Eagleton
Ervin
Fong
Griffin
Gurney
Hansen
Hart
Hartke
Haskell
Hatfield
Hathaway
Hollings
Hruska
Huddleston
Hughes
Inouye
Jackson
Javits
Kennedy
Magnuson
McGee
McGovern
McIntyre
Metcalf
Muskie
Nelson
Pastore
Pearson
Pell
Percy
Proxmire
Randolph
Roth
Scott, Hugh
Stevens
Stevenson
Symington
Taft
Thurmond
Tower
Tunney
Weicker
Williams

NAYS—30

Aiken
Allen
Bayh
Bible
Brock
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cotton
Cranston
Dole
Domenici
Eastland
Fannin
Goldwater
Helms
Mansfield
McClellan
McClure
Metzenbaum
Moss
Nunn
Ribicoff
Schweiker
Scott, William L.
Sparkman
Stafford
Stennis
Talmadge
Young

NOT VOTING—11

Bennett
Case
Fulbright
Gravel
Humphrey
Johnston
Long
Mathias
Mondale
Montoya
Packwood

So Mr. STEVENSON'S amendment (No. 1781), as modified, was agreed to.

Mr. STEVENSON. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. MANSFIELD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Proxmire amendment is called up, there be a time limitation of not to exceed 1 hour, to be equally divided between the sponsors of the amendment and the manager of the bill.

Mr. McCLURE. Mr. President, I call up an amendment I have at the desk.

The PRESIDING OFFICER. The clerk will state the amendment.

The assistant legislative clerk read as follows:

On page 17, line 11, insert at the end thereof the following:

"Prior to the commencement of any construction of such terminal, each potential participant must agree in writing to pay its fair share of the capital costs of the terminal or a fair-share rental for space in the terminal. A fair share shall be based on the value of the space allocated to such user, plus that portion of jointly used space attributable to such user."

On page 17, line 15, delete the word "shall" and insert in lieu thereof the word "may".

One page 17, line 20, after the period insert the following:

"Such payments may, at the discretion of the Secretary, be in the form of installments over a period of 20 years, including interest of a rate equivalent to the rate prevailing for bank loans to prime corporate customers. Such payments shall include the capital value of the structure, but shall not include the value of the land or the air space."

On page 18, line 6, strike the figure "$7,000,000" and insert in lieu thereof, "$4,000,000".

Mr. McCLURE. Mr. President, I am not certain at all that the managers of the bill will accept the amendment I have offered, but I offer the amendment in good faith because I think the Senate and the public as a whole are entitled to know some of the implications of one of the sections of this legislation.

I wish to express my opposition to section 13 of S. 3569. This is the section authorizing $7 million for planning a railroad bus terminal at Union Station in Washington, D.C.

As Senators know, the Department of the Interior is presently authorized to convert the building that houses the railroad station into the National Visitors Center.

The present owner of the station is the Washington Terminal Co. As part of the arrangement developed as a result of the National Visitors Center Facilities Act of 1968, as amended, the Terminal Co., agreed to provide an alternate rail terminal.

As part of that plan, the Interior Department and other participants spent over $100,000 for design work on a replacement terminal for Amtrak and intercity buses.

This facility, at least in theory, is similar to the one we are asked to design for $7,000,000. This Interior-designed terminal, I am told, would have cost in the $10 to $20 million range.

But some of the participants did not like that design. So it was scrapped.

The Department of Transportation, arguing that it was the agency with the expertise, came to the Congress with its scheme for an intermodal terminal earlier this year. Transportation Undersecretary John Barnum testified on April 1 of this year that "we do have a recent $29.6 million estimate on the cost of the informally endorsed design."

Now that cost has apparently ballooned to $70,000,000, since planning can be anticipated to represent 10 percent of a project's final cost.

To further confuse the situation, Amtrak filed suit on June 28 against the terminal company and others seeking judgment requiring construction of "an adequate rail passenger terminal" at Union Station.

I certainly do not wish to prejudge the merits of the Amtrak suit. But, I would note that what the Terminal Co. has offered so far—costing some $2.4 million—would provide terminal facilities with 50,000 square feet of space, according to testimony, twice the space Amtrak now uses at the terminal.

If Amtrak wins its lawsuit, section 13 of this legislation appears wasteful. If Amtrak loses, that might be the time at which to consider construction of a publicly financed terminal. I emphasize the phrase "publicly financed."

Amtrak is running an operating deficit of around $150,000,000 a year. So any "private investment," by Amtrak will merely be a taxpayers contribution from another source. And the bus companies, in testimony earlier this year, made the statement that an intermodal terminal "is beyond the financial capacity" of the carriers, and that the building requires Federal construction and "assistance in financial operating requirements." Greyhound and Trailways, he said, "would be willing to pay reasonable user charges for use of the facilities." The bus companies have testified repeatedly that they are willing to contribute just $3,000,000. This is their limit, despite the fact that they can probably sell their present downtown Washington properties for considerably more than that sum.

This bill, therefore, would have the possible effect of relieving the Terminal Co. of that obligation, and providing the bus companies with a grandiose terminal at nominal cost to them.

If this legislation becomes law, the American taxpayers may end up having spent some $180 million for work at the Union Terminal complex:

First. An estimated $70 million for the so-called intermodal terminal authorized in this bill;

Second. $81,900,000 for conversion of the Visitors Center and construction of 1,200 parking spaces—25 annual payments of $3,276,000 to pay back the $16,000,000 railroad loan and to acquire title of the Union Station complex;

Third. $8,680,000 indirect congressional authorizations toward the Visitors Center—1973 legislation;

Fourth. $16,000,000 to $22,000,000 to construct a ramp from I–95 to the rear of the Visitors Center parking garage attributable to the interstate highway program;

Fifth. $3,000,000 for a probably UMTA grant.

Is such a costly facility really necessary? And what about the direction to the Secretary to "lease or transfer" terminal space to such party or parties and upon such "terms and conditions as the Secretary deems appropriate." What control does that give the Government? Is this language a giveaway of Federal property? If it is important to have a demonstration terminal, should we build it with Federal money and not set up some vague mechanism promising private financing?

Frankly, Mr. President, I believe we should reject section 13 of this bill and leave that responsibility where it belongs, with the Interior Department and the Washington Terminal Co. under existing law.

Mr. President, I believe this legislation is unnecessary at this time. While I have suggested that the rejection of section 13 is preferable, I am offering an amendment which falls somewhat short of complete elimination. It simply requires that both the sponsors of this legislation and those who would benefit from it be honest.

I would suggest that the manager of the bill might look at my amendment with that in mind. The amendment provides simply:

> On page 17, line 11, insert at the end thereof the following:
>
> "Prior to the commencement of any construction of such terminal, each potential participant must agree in writing to pay its fair share of the capital cost of the terminal or a fair-share rental for space in the terminal. A fair share shall be based on the value of the space allocated to such user, plus that portion of jointly used space attributable to such user."

A change on page 17, line 15, would delete the word "shall" and insert in lieu thereof the word "may," to make it discretionary.

Then, to continue quoting the amendment:

> On page 17, line 20, after the period insert the following:
>
> "Such payments may, at the discretion of the Secretary, be in the form of installments over a period of 20 years, including interest of a rate equivalent to the rate prevailing for bank loans to prime corporate customers. Such payments shall include the capital value of the structure, but shall not include the value of the land or the air space."
>
> On page 18, line 6, strike the figure "$7,000,000" and insert in lieu thereof, "$4,000,000."

Mr. President, the reason I have offered this amendment is very simply that of justice and honesty to the American taxpayer, who is thus far so very grievously abused by what has already happened. If Senators will recall the evolution of the visitors center construction costs, they will recognize the recitation of the sad history of ballooning costs and shrinking benefits to the public from the construction of that visitors center. While the price has more than doubled already, the number of parking spaces has shrunk by more than half. So we are getting half as much for more than twice as much money. And we are now being asked to go farther and to accept as a part of the public's obligation the construction of the intermodal transportation facility behind Union Station.

There have been a number of instances in the history of this country where private interests of one kind or another have been able to approach this Government in such a way that they have been able to get massive subsidies without admitting that that is true. I submit that that is exactly what has happened in this instance.

I believe that the transfer of what was essentially a private obligation to a public obligation is a raid on the public treasury unmatched in other recent legislation.

I ask the Senator from Indiana, the manager of the bill, to respond to a few questions concerning this legislation. Can the Senator explain, in terms of the bill, what kind of "features" will make construction and development attractive to private investors and will minimize the necessity for Federal money to be used for construction?

Mr. HARTKE. Mr. President, what we have here is a situation which has evolved since 1968, when there was a low-point in rail passenger traffic, and people felt that the service was on the way out. As a result of the subsequent increase in traffic and the implementation of the Northeast Corridor project, we held two long hearings in an effort to come up with some kind of solution, because there has been a stalemate for the past 5 years.

At this moment to try to obtain any type of agreement in writing to pay for the cost of construction certainly would be unreasonable, because it would effectively continue what the Commerce Committee has attempted to avoid, and that was a continued stalemate in the operation.

What has happened here is that the legislation originally put on the books, the Visitor Center Act, did not pay much attention to the need for adequate transportation facilities. If the Senator would go down to Union Station at this moment he would see it is in a state of confusion.

Mr. McCLURE. Did I understand the Senator to indicate it was not likely to attract private capital?

Mr. HARTKE. I am not sure whether it is or is not; I do not know. I think we will have to wait. I think it is a fair assumption that it will.

Mr. McCLURE. The reason I ask the question is on lines 9 to 11 on page 17 of the bill, it states:

> Such facility a model facility and which will attract private investors willing to undertake the development and construction of the terminal.

Mr. HARTKE. Yes, but this is for——

Mr. McCLURE. The Senator says it is not likely to happen.

Mr. HARTKE. No. I think the Senator misinterpreted what I said. I said it is absolutely impossible at this time to get people to go ahead and set things in concrete with the 5-year lead time it is probably going to take to construct this facility. We are not even talking about construction funds here. We are talking about design which will make it attractive to commercial interests to want to go ahead and invest.

But to come at this time and ask people to make a commitment when a design is not in existence or an understanding of what is available to them is absolutely unreasonable in the extreme.

Mr. WILLIAM L. SCOTT. Mr. President, would the Senator yield?

Mr. McCLURE. I am happy to yield to the Senator from Virginia.

Mr. WILLIAM L. SCOTT. This came up before the Committee on Public Works and before our Subcommittee on Buildings and Grounds, of which I am the ranking member.

As I recall, we had a number of questions with regard to this, and I would ask the distinguished Senator how it got over to the Committee on Commerce. We have been considering this over a period of the last couple of years, and we did not look too kindly on this matter, and I just wondered, perhaps, whether there is someone in the executive branch who might think they would fare better by shopping around for committees.

Mr. McCLURE. I would say to the Senator from Virginia that is exactly what happened. The interests concerned with the construction of this terminal found out, so far as the Department of the Interior was concerned, that the Department's interest in the Visitors Center involved a limited commitment for replacement, limited by the original understanding of the agreement. And then they found out further that the private interests that were involved in this were not going to get the subsidy from the Interior Department they wanted. And they came to the Committee on Public Works, and they found that the Committee on Public Works, which was most familiar with the evolution of this terminal, was not sympathetic to their grab of the taxpayers' money. So they then found a new route through a new committee and a different agency of Government to get the money.

Mr. WILLIAM L. SCOTT. Mr. President, if the Senator will yield further, I wonder if the members of the Committee on Commerce want the executive branch to shop from committee to committee so that if one committee will not do what they want done, they will go to another committee to attempt to get the work done.

And, as I understand, there are three projects over there. There is the relocation of the present Union Station; and then there is the Visitors Center that would be where the present station is, and to put the new station out behind the present station; and now this bus terminal or intermodal terminal that they would have the buses coming up to, but they would have the visitors coming there to park also, and if somebody comes into Washington as a visitor, do they want to come up here to this Visitors Center?

We raised a number of questions. They might to go visit relatives, they might go to a hotel or a motel. To have them all check in up here, we raised just a great variety of questions. It seems to me to be bad legislative practice to have part of it considered by one committee, the Commerce Committee, and other portions considered by the Public Works Committee.

These three things tend to go together.

Mr. BEALL. Mr. President, will the Senator yield? I would like to say, for the minority side of the Committee on Commerce, it was not a question of——

Mr. McCLURE. Mr. President, I will yield to the Senator from Maryland.

Mr. BEALL. It was not a question or a proposal of shopping from one committee to the other. It was a question of the Commerce Committee could not stand idly by and see a problem become a more serious problem. There was no action. Last year, we enacted legislation calling for the development of Northeast Corridor and, hopefully, from that we are going to have a substantial influx of people into the District of Columbia using rail. We are looking forward to the Bicentennial and I fear that transportation-wise, we may be unprepared. People are going to be coming to the Nation's Capital and we are going to wish we had moved sooner. We should be leading the country, providing some kind of example for the rest of the country to follow, so we need an intermodal transportation center. Of course, even after the Bicentennial, the region will, as now, remain a prime tourist attraction, not only for our people, but for all the people of the world.

I might point out to the Senator he mentioned the Visitors Center, about people not wanting to go to a Visitors Center. In the city of Williamsburg, Va., there is a visitors center which is the focal of the whole wonderful historical area. People come in there and disperse throughout the community from the visitors center. So I think this is a case of progressive thinking. This is an opportunity for us to demonstrate an intermodal transportation facility. Ideally this total look at the transportation picture will save the taxpayers money in the long run.

Mr. WILLIAM L. SCOTT. Mr. President, will the Senator yield at that point?

Mr. McCLURE. Mr. President, I would like to speak to the Senator from Maryland because I think he inadvertently walked into a trap of his own making.

Mr. BEALL. I appreciate that kind of warning.

Mr. McCLURE. He is my friend, and I did not want to do this to him, but he did it to himself. He says we are doing this because we are going to have a Bicentennial, we are going to have millions of visitors, and we have to take care of these visitors.

My friend has not read his own bill because the bill states on page 17:

> The design and plans for the intermodal terminal shall be completed within two years following enactment of this subsection. The construction of the intermodal terminal shall be completed within 5 years following enactment of this subsection.

By the terms of their own bill it will be 5 years before this is built.

Mr. BEALL. I used the Northeast corridor as the prime reason for the necessity of this particular piece of legislation. But I pointed out to my distinguished colleague from Virginia that we have a concern about the Bicentennial because we share common problems with the rest of the country, because when they come in here we want them to see that we are thinking ahead on problems and getting things done in advance of the problems which arise.

Of course, this will not be finished in time for the Bicentennial. The committee recognized this; but at least the people of America will have the satisfaction of knowing there are people planning and thinking of tomorrow's problems.

Mr. McCLURE. I yield to the Senator from Virginia without yielding the floor.

Mr. WILLIAM L. SCOTT. Mr. President, I was interested, of course, in what my friend from Maryland had to say in his comparison of the Visitors' Center with the type of establishment they have down in Williamsburg. I am rather pleased that, by accident of birth, I was born down in Williamsburg, and I am familiar with the center and familiar with the money that the Rockefellers have put into and others have put into this center, and I would say that is not taxpayers' money down at Williamsburg where they have the visitors' center.

He talked about the need for a number of these things. The Senator knows we have the type of government where ordinarily free enterprise—

Mr. BEALL. Will the Senator yield?

Mr. WILLIAM L. SCOTT. In just a moment—free enterprise usually finances such things as this. We are talking about bus stations, and I think we might as well call it a bus station. I would rather the bus companies pay for bus stations than to have the taxpayers pay for it. Somehow we have got to learn to say no, and that is the only way we can balance the budget.

I commend the distinguished Senator from Idaho in offering this amendment. It is the Senator's time, but I will be glad to yield.

Mr. McCLURE. The Senator from Indiana was seeking recognition.

Mr. HARTKE. I want to say something.

The PRESIDING OFFICER. Will the Senator yield?

Mr. McCLURE. I yield to the Senator from Maryland.

Mr. BEALL. I thank the Senator from Idaho. I would just like to observe that when the Senator from Virginia mentions Williamsburg and tax money, it is tax-free money because it is coming from a foundation, although I appreciate that it is not the taxpayers' money. I would not call this taxpayers' money because there is a great advantage from a tax standpoint for the investor of the money in the development of Williamsburg.

Mr. McCLURE. The Senator from Indiana indicated, in response to my question, that they did not have any idea as to whether or not there would be any private money coming into this terminal. And now the Senator from Maryland says we should be glad because private money is coming in here. I do not know which is the voice of the committee.

I would say further that although the bill provides that the construction shall be planned in 2 years and completed in 5, that it is going to be completed in 5 even though we do not know, and, according to the Senator from Indiana, have no way of knowing, where the money is coming from.

Now, I yield to the Senator from Indiana without losing my right to the floor.

Mr. HARTKE. Let us try to get things back in perspective.

In the first place, the Visitors Center Act is not interfered with by this legislation whatsoever. If the Senator from Virginia—who is on the Public Works Committee—is upset about the Visitors Center Act, is another matter; it is not involved in this legislation whatsoever. That matter has been decided. They are going to build the Visitors Center, and it has nothing to do with the Department of Transportation.

Mr. WILLIAM L. SCOTT. If the Senator will yield, this was to be part of the visitors center.

Mr. HARTKE. I would correct the Senator on that. The situation was that there was supposed to be a transportation facility provided, but nothing has happened under the Visitors' Center Act whatsoever.

If I had my way, I am not too sure I would have wanted to tear up Union Station either, but that is not in this bill, and it is not in the amendment the Senator from Idaho is talking about.

What we are talking about here is going ahead and providing a railroad terminal facility. There is no concrete indication as to who is going to make exactly what contribution of specific amounts.

If we are going to ask people to go ahead and make their contribution at this time, then all we are going to do is delay an aggravated situation already.

There are going to be people who are going to contribute, either because they use the facilities—such as air ticketing purposes or the bus terminal, and there are others who must pay, too—the Washington Terminal Company will make a contribution, and the consumer interests will pay as they go, but at this moment for anyone to say what the special amounts are going to be is impossible—some of these obligations are in litigation right now.

All we have had since 1968 is the same type of discussion which is going on on the floor now. I am trying to bring some rationality, some organized approach, toward dealing with a multimodal transportation terminal, and the Department of Transportation is the organization which has the ability to coordinate this effort.

What we are saying is that we will give the DOT the authority to go ahead and proceed and get the job done.

Now, I would suggest that those individuals who really feel upset about the Visitor Center and the confusion it imposes, even for Amtrak passengers today, that they should adopt the procedure we have outlined in this bill. Incidentally, I think the Committee on Public Works does not find any fault with our approach. Contrary to the impression left on the floor, they have not taken any position against this legislation.

I think the Committee on Public Works itself, if given a chance to express itself—would like to see some solution to this matter.

Mr. McCLURE. Before yielding, may I make another comment?

I do not wish to prolong this discussion, and I do not wish to get into the question of the Visitors Center and the evolution of that item. I do not even wish to get back into the question of the way Congress authorized a transfer of the Washington, D.C., transit system to a certain gentleman, who never performed on his obligation, and then we bought him out again, at a cost which was to the benefit of a man who happens to be a leading Democrat. It would be far from me to indicate there was any partisanship involved there. I do not know that there is here. Apparently, from the argument on the floor, it is a bipartisan effort to get into the taxpayers' pockets to do something which the railroads agreed to do.

The only relationship this really has to the Visitors Center is the fact that this relieves them of doing something, which they had agreed they would do, and it cost many times in excess of what they said it would.

Mr. HARTKE. Let me straighten that out.

Unfortunately, I think that may have been a misunderstanding in the bill before it was amended by the Church amendment, which clarified section 13.

There is no change in obligation of the Terminal Company here. We are trying to provide here for the requisite authority in the Department of Transportation to deal with the stalemate, to end the confusion, and provide a railroad facility for the passengers which they need.

Mr. McCLURE. The Terminal Company has indicated it is willing to put up something on the order of $3 million.

The bus companies indicated they are willing to put up nothing in excess of $3 million.

The figures in the bill indicates that the complex is about to cost $70 million.

Now, my poor mathematics indicate there is a difference between those of $64 million.

Mr. HARTKE. Well, what the ultimate cost is going to be is not affected as a result of this legislation.

Let me refer to the amendment which we have adopted, which may be part of the confusion here, but which was adopted on recommendation upon motion of Senator CHURCH, which says that nothing in this subsection shall be construed as relieving the Washington Terminal Co., its successors or assigns, from the obligation to finance or construct a new railroad passenger station in compliance with the terms of paragraph 4, section 102(a), of the National Visitor Facilities Act of 1968. In other words, the existing obligations are absolutely preserved.

Mr. McCLURE. The Washington Terminal Co. is going to put up the $70 million, is that what the Senator is trying to say?

Mr. HARTKE. What we are saying here is that we are not changing any of the existing obligations negatively or positively.

Mr. McCLURE. What about $7 million for planning then?

Mr. HARTKE. What is in litigation now, we will not in any way determine or change. What we are asking for here is the necessary money, and the authority for the Department of Transportation to use the necessary money, to provide for planning of this facility so that Amtrak is not stranded out there and we have a terminal facility which will be of benefit to the Nation's Capital.

Mr. McCLURE. Whose obligation is it to construct the terminal?

Mr. HARTKE. The obligation to construct a terminal is now in litigation.

Now, let me say to the Senator, to the extent that this matter is in litigation, it is now perfectly clear under the amendment of the senior Senator from Idaho, that there will be no change in that obligation whatsoever.

Whatever obligation there is to pay now will be continued.

Mr. McCLURE. I would just say, the reference to the Senator from Idaho was the senior Senator from Idaho.

Mr. HARTKE. That is right.

Mr. McCLURE. I do not want it to become confused at this point.

Mr. HARTKE. Whatever amount is in litigation, and we are not attempting to interfere with the litigation. We are making it as clear as we can on the floor of the Senate that this was the intent of the committee originally. In order to further clarify it, we accepted the amendment from the senior Senator from Idaho, which now clarifies it. I do not know how much clearer we can make it.

Mr. McCLURE. Let me suggest this, that the original legislation on the Visitors Center contemplated an agreement that the Washington Terminal Co. would provide capital for the construction of a terminal facility to replace what was being taken over for the Visitors Center, that the taxpayers of the United States would make annual payments for a period of 25 years, and that at the end of 25 years, the public would own it all.

Now, what the Senator is saying here, there certainly is a lawsuit between Amtrak and the Washington Terminal Co. Just since 1968, Penn Central has gone bankrupt, the identity of the people involved in the Washington Terminal Co. are different than they were in 1968. But the obligation was the same and is the same, until the passage of this legislation. Suddenly, instead of it being their obligation under the terms of an agreement then made, it states here in section 13, and the amendment of the senior Senator from Idaho did not change this, it says that the Secretary is authorized in consultation with the Secretary of the Interior to design, plan, and construct a terminal.

It does not say whose obligation. It says that he is authorized to do it.

We put up the first $7 million to plan something which ultimately will be $70 million, and it will be the taxpayers who will pay the bill. I do not think you can slice it any other way with rhetoric about the intention of some disclaimer in an amendment offered on the floor.

But aside from the question of whether or not this should be here at all, the amendment I am offering simply directs that we shall find out who is going to pay for it before it is built.

Does the Senator have any objection to that?

Mr. HARTKE. It is sort of like asking who is going to make bids on the building when one does not know who will be there 5 years from now. I do not have any idea. I do not think the Senator from Idaho can tell me what businesses will be in the terminal.

Let me say to the Senator from Idaho that the adoption of his amendment creates confusion. It is not workable. As far as the future of the terminal is concerned, it would eliminate any possibility of moving rapidly——

Mr. McCLURE. Then the Senator from Indiana should not try to confuse this body or the taxpayers by saying that it is not the intention of this legislation to saddle the taxpayers with the cost. He has just said there is no way to tell that the taxpayers will not be.

I would ask him if his experience indicates that anybody else picks up the bill under those circumstances?

Mr. BEALL. Will the Senator yield?

Mr. McCLURE. I yield.

Mr. BEALL. I would quote from the reports to give the Senator some idea of the feeling of this committee in this regard. Of course, we cannot tell the taxpayers it is not going to cost them anything at this present time because, in all honesty, we do not know the cost.

But I think it is perfectly honest to

the taxpayers to tell them that we expect the users to be paying for this. The report states:

> It is anticipated that this authorization will be sufficient to cover all the costs of designing and planning the new terminal, including architectural work. No funds are authorized for construction even though the Secretary is required to build the new facility because it is hoped that the funds received from the various users of the new facility, in conjunction with the attraction of private capital, will be sufficient to pay for the costs of construction.

So that is the intent of the committee.

Mr. McCLURE. Would the Senator from Maryland agree that under that language it is the intention that the full cost be recovered from the users, with interest?

Mr. BEALL. No; we do, however, contemplate that the users, to the extent possible, will bear the cost.

Mr. McCLURE. But it is the intention of the Senator from Maryland that the taxpayers pay part of the bill?

Mr. BEALL. To be honest with the taxpayers, we have to admit that we cannot tell what the costs are going to be. Obviously, nothing will happen if we require the users to commit themselves to some space at a particular price prior to the time we have even come up with a plan. We do not even know who all the users will be. So I am saying to the Senator that if his amendment is adopted, nothing is going to happen, and I think we want something to happen. Something must happen because we have a problem and we are trying to act in advance of this problem becoming something that is going to cost a great deal more further down the road.

Mr. McCLURE. Again, Mr. President, it is not my purpose to prolong the discussion, but it seems to me you cannot escape the facts: If we really mean what we say, there is only one way to make it happen. That is to adopt the amendment that I have offered, which does only two things. It requires that we know where the money comes from before it is spent; and it requires that it be paid back with interest over a term of 20 years.

If that is what the Senator's intention is, adopt my amendment. If it is not his intention to do it that way, tell the taxpayers he expects them to pay for it. Tell them we are gambling with their money. Tell them we do not expect it to be paid back; we cannot assure them it will be.

If the Senate turns down my amendment, that is what they are doing.

Mr. HARTKE. Let me say we are dealing here with passenger service, with Amtrak and commuter service. I have never come to the floor of the Senate and tried to tell the taxpayers that Amtrak's service is not going to cost the taxpayers money. If the Senator wants to destroy Amtrak and the passenger service business, that is his decision.

Mr. McCLURE. The Senator is turning away from the major issue. The issue is not Amtrak. This issue is a terminal in Washington, D.C.

Mr. HARTKE. It is part of the Amtrak system.

Mr. McCLURE. Right now, the plan that the terminal company came up with for 50,000 square feet is double the space Amtrak is now using down there. The Senator is saying that is not enough. The Senator is saying it will destroy Amtrak. I say baloney.

Mr. HARTKE. Let me say to the distinguished Senator from Idaho, today we adopted a measure which would extend passenger service to his home State and cost the Government about $10 million. Maybe the Senator from Idaho would say in his judgment those are the best estimates, and that is taxpayers' money.

I have not come to the floor of the Senate and told the taxpayers they do not have to pay the bill for passenger service to the State of Idaho. I am saying they will have to pay the bill. The new line serving Idaho is probably going to operate at a loss. Nevertheless, I am in favor of Idaho having service.

I think it is only fair that if the whole passenger system is going to cost the taxpayers some money, the State of Idaho and its taxpayers ought to get some service. With the Union Station provisions as they are in the bill, there is a chance to recoup part of the loss for the Idaho run by having decent facilities in the Nation's Capital, in which I hope the Senator from Idaho has as much interest as the Senator from Maryland and the Senator from Indiana. This is our Nation's Capital.

Mr. McCLURE. We are going to subsidize Idaho's traffic by losing money here? We are going to get money for the passenger service in Idaho by losing money on a terminal in Washington, D.C.? How far away can we get?

Mr. HARTKE. This will pay part of the losses of the services to the State of Idaho. I am not complaining about that. But I do think we ought to give consideration to this; we ought to think twice before we go ahead and kill the goose that lays the golden egg.

Mr. McCLURE. This is not just a question of Amtrak. Bus companies are also involved.

Mr. HARTKE. There is no question about that.

Mr. McCLURE. How much will they pay?

Mr. HARTKE. I do not know that anymore than I know how much deficit there will be in Idaho.

Mr. McCLURE. I am not talking about the deficit in Idaho. I am asking how much the bus companies will pay for the use of this terminal in Washington, D.C.

Mr. HARTKE. They will pay their fair share.

Mr. McCLURE. What is their fair share? My amendment says they will pay their fair share.

Mr. HARTKE. I think the discussion has gone far enough. The fact is that I agree with the Senator from Maryland. If Senators want to really kill any chance of getting any facility there for the Metroliner and for Amtrak, adopt the amendment of the Senator from Idaho.

If Senators want to make some progress, if Senators want to solve the problem, then they will vote against the amendment.

Mr. McCLURE. I yield to the Senator from Virginia.

Mr. WILLIAM L. SCOTT. I thank the Senator for yielding.

Of course, I do support his amendment. I would prefer, as the Senator has indicated, that the entire section 13 be stricken from the bill. When we had the Visitors Center under consideration in the Public Works Committee, one portion of it was to provide parking facilities for the private automobile. I am speaking here today without bringing notes on the floor. I just happened to be here at the time the amendment by the distinguished Senator from Idaho came up.

One point was to provide parking facilities. This seemed like a reasonable thing to do. Then we heard from the Interior Department that the parking facilities were going to be quite limited; yet the cost was going to go up.

We also heard that they contemplated putting in a bus terminal. We considered this in a number of sessions of our committee. We had some reservations about it. We never rejected the whole idea. We just sort of had it in abeyance.

The suggestion has been made that we probably would not have done anything about it. I am not sure that is true. I am concerned about having proper facilities, but I wonder if the committee is now embarking on a program whereby the Federal Government would provide terminal facilities to all these cities all over the country. Why not?

I would like to have one in Richmond, one in Norfolk, and all the major cities in Virginia, if we are going to have it here in the District of Columbia.

In the type of government we have, private enterprise does this. I do not see why this bus companies cannot do this, rather than to take the taxpayers' money.

Mr. HARTKE. Will the Senator yield on that point?

Mr. WILLIAM L. SCOTT. The distinguished Senator indicates that this was not part of the Visitors Center. I would say to him that it was part of the Visitors Center. It was brought in by the Interior Department, as I recall. They wanted this to be incorporated, and to be made a part of it.

We asked some questions about it and it was not settled.

I was surprised that they shopped around and found they could get a friendlier reception in the Commerce Committee than they could in the Public Works Committee.

Frankly, Mr. President, if we are going to balance the Federal budget, we are going to have to start saying no. This is one good place to start.

Mr. HARTKE. Will the Senator yield?

Mr. WILLIAM L. SCOTT. I want to support this amendment.

I am glad to yield.

Mr. HARTKE. Will the Senator from Idaho yield?

Mr. McCLURE. I yield.

Mr. HARTKE. Does the Senator from Virginia really contend that he wants to say "No" to all the additional benefits of this bill? Does he really contend that he wants to say "No" to the $10 million planning money for the transit system to Dulles? Does he want to say "No" to the money Amtrak is using in building the terminal facility in Richmond, Va.? If he wants to say "No," he ought to go ahead and offer an amendment on the floor of the Senate to have Amtrak cease and desist building in Richmond, Va., its present terminal facility. Let him go ahead and support the Senator from Wisconsin (Mr. Proxmire) in his amendment, which will be called up in a few moments, in which there is $10 million for planning. Senator Proxmire is going to say that ultimately it will cost $200 million to build the facility to Dulles.

Mr. WILLIAM L. SCOTT. I assure the Senator that I am going to vote "no" on the passage of this bill, because I do believe in the free enterprise system.

Mr. HARTKE. Is the Senator going to vote "no" on the Proxmire amendment, which provides for a facility to Dulles?

Mr. McCLURE. Mr. President, rather than become involved in that particular colloquy, which is not necessarily related directly to my amendment, let me ask the Senator from Indiana if, in the spirit in which this amendment is offered—not of stopping Amtrak, not of requiring that this terminal facility be abandoned, but that the taxpayers be told right now, honestly, how much it is going to cost and who is going to pay the bill—he will accept the amendment?

Mr. HARTKE. No, we will not accept the amendment. I object to the amendment. I intend to vote against it, and I urge the Senate to reject it.

Mr. McCLURE. I gathered that was the clear conclusion.

Mr. HARTKE. No question about it.

Mr. McCLURE. On that, Mr. President, I ask for the yeas and nays.

The yeas and nays were not ordered.

Mr. McCLURE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. McCLURE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. McCLURE. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. McCLURE. Mr. President, I yield back the remainder of my time.

Mr. WILLIAM L. SCOTT. Mr. President, I wish to comment very briefly on this matter.

The Senator from Indiana raised the question as to whether I was willing to forgo projects in Virginia. I think every Member of the Senate is sensitive so far as projects in his own State are concerned, but, as I indicated, I am going to vote against the passage of the entire bill.

I note that on page 18 of the report, it is estimated that this bill will cost the taxpayers $325 million. I have no hesitancy in voting against a measure that subsidizes the railroads to the extent of $325 million.

I believe that the amendment by the Senator from Idaho is a good compromise measure. I would prefer that it go further. But I urge the Senate to vote in favor of the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Idaho. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Arkansas (Mr. Fulbright), the Senator from Alaska (Mr. Gravel), the Senator from Minnesota (Mr. Humphrey), the Senator from Louisiana (Mr. Long), the Senator from Louisiana (Mr. Johnston), the Senator from Minnesota (Mr. Mondale), the Senator from New Mexico (Mr. Montoya), and the Senator from Mississippi (Mr. Stennis) are necessarily absent.

I further announce that, if present and voting, the Senator from Minnesota (Mr. Humphrey) would vote "nay."

Mr. GRIFFIN. I announce that the Senator from Maryland (Mr. Mathias) and the Senator from Oregon (Mr. Packwood) are necessarily absent.

I also announce that the Senator from New Jersey (Mr. Case) is absent on official business.

I further announce that, if present and voting, the Senator from New Jersey (Mr. Case) would vote "nay."

The result was announced—yeas 38, nays 51, as follows:

[No. 359 Leg.]

YEAS—38

Aiken
Allen
Baker
Bartlett
Bayh
Bellmon
Bennett
Bentsen
Brock
Buckley
Byrd, Harry F., Jr.
Chiles
Clark
Cook
Cotton
Curtis
Domenici
Dominick
Ervin
Fannin
Goldwater
Gurney
Hansen
Helms
Hruska
McClellan
McClure
Nunn
Proxmire
Roth
Schweiker
Scott, William L.
Sparkman
Stafford
Talmadge
Thurmond
Tower
Young

NAYS—51

Abourezk
Beall
Bible
Biden
Brooke
Burdick
Byrd, Robert C.
Cannon
Church
Cranston
Dole
Eagleton
Eastland
Fong
Griffin
Hart
Hartke
Haskell
Hatfield
Hathaway
Hollings
Huddleston
Hughes
Inouye
Jackson
Javits
Kennedy
Magnuson
Mansfield
McGee
McGovern
McIntyre
Metcalf
Metzenbaum
Moss
Muskie
Nelson
Pastore
Pearson
Pell
Percy
Randolph
Ribicoff
Scott, Hugh
Stevens
Stevenson
Symington
Taft
Tunney
Weicker
Williams

NOT VOTING—11

Case
Fulbright
Gravel
Humphrey
Johnston
Long
Mathias
Mondale
Montoya
Packwood
Stennis

So Mr. McClure's amendment was rejected.

Mr. HARTKE. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. TAFT. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate go into Executive Session to consider nominations reported earlier today.

The PRESIDING OFFICER. Without objection, it is so ordered.

DEPARTMENT OF JUSTICE

The assistant legislative clerk read the nomination of James C. Hill, of Georgia, to be U.S. District Judge for the Northern District of Georgia, favorably reported earlier in the day by the Committee on the Judiciary.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

DEPARTMENT OF THE INTERIOR

The assistant legislative clerk read the nomination of Jack W. Carlson, of Maryland, to be an Assistant Secretary of the Interior, reported earlier in the day by the Committee on Interior and Insular Affairs.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

FEDERAL ENERGY ADMINISTRATION

The assistant legislative clerk read the nomination of Robert Everard Montgomery, Jr., of Virginia, to be General Counsel of the Federal Energy Administration, reported earlier in the day by the Committee on Interior and Insular Affairs.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

SECURITIES AND EXCHANGE COMMISSION

The assistant legislative clerk read the nomination of Philip A. Loomis, Jr., of California, to be a member of the Securities and Exchange Commission for the term expiring June 5, 1979, reported earlier in the day by the Committee on Banking, Housing, and Urban Affairs.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of these nominations.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. MANSFIELD. I ask unanimous consent that the Senate resume the consideration of legislative business.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT OF THE RAIL PASSENGER SERVICE ACT

The Senate continued with the consideration of the bill (S. 3569) to amend the Rail Passenger Service Act of 1970, and for other purposes.

The PRESIDING OFFICER. The Senator from Ohio (Mr. Taft) is recognized. Before the Senator proceeds, the Senate will be in order. Senators will take their seats.

The Senator may proceed.

Mr. TAFT. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. TAFT. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TAFT's amendment is as follows:

On page 19, after line 23, add the following: Sec. 15.

Title IV of the Rail Passenger Service Act of 1970 is amended by inserting at the end thereof the following:

"RAIL TRANSPORTATION FOR RECREATIONAL VEHICLES

"SEC. 406. (a) The Corporation shall establish and carry out a demonstration project providing regular scheduled rail transportation between the major metropolitan areas and the major recreation areas of the Nation for highway recreational vehicles with passengers being transported in such vehicles. Such rail transportation shall include provision of electricity, water, sewer, and other services, if such are necessary for such transportation of passengers. For the purpose of this section, the term 'highway recreational vehicle' means a self-propelled or trailer type vehicle for use on the highways to provide recreational transportation and lodging, and includes the vehicle used to tow such a trailer.

"(b) The Corporation shall make a report to the President and the Congress with respect to such project, including its recommendations, not later than one year after such project is placed in operation.

"(c) There is authorized to be appropriated not to exceed $ to carry out the provisions of this section.".

Mr. TAFT. Mr. President, the purpose of this amendment is to direct Amtrak to undertake a demonstration project of a train to transport recreation vehicles from major urban centers to major recreational areas.

The last 10 years have seen the growth of great public interest in recreation vehicles—or campers, as they are usually called. In the form either of a trailer or a self-propelled vehicle, the camper has become an important part of the recreation of many citizens. It enables families to travel inexpensively yet in comfort, to see the glories of nature while retaining indoor plumbing.

In Ohio alone, over 140,000 campers are owned. Ohio has 33 manufacturers of recreation vehicles, with a yearly production of 12,000. I am sure my colleagues will find the citizens of their own States equally involved with recreation vehicles.

The recreation vehicle has been hardhit by the sharp rise in the price of gasoline. Because of the fuel problem, the sales and value of recreation vehicles have dropped, and many people are wondering if they will be able to make use of their investment in a camper.

I am proposing an exploration of the concept of a train that would transport recreation vehicles with their owners from metropolitan population centers to wilderness areas. Such a train would consist of flat cars with electricity, water and sewage facilities. You would drive on board, in say, Cleveland, hook up your utilities, and ride, in your recreation vehicle, to Colorado or Wyoming. There you would have just a short drive to your campsite: And at the end of your vacation, you would drive back to the station, meet the train, and go back to Cleveland by rail.

I think this is a practical proposal. The success of auto-train has shown that people will use trains on which they can transport their vehicles. The train would not only save gasoline and reduce the problem of expensive fuel for recreation vehicle owners, it would also save vacation time: On the train, a family on vacation would move day and night to or from their camping area. Also, because people would ride in their recreation vehicles on flat cars, no scarce railroad passenger cars would be required.

There is no question about the technical feasibility of the project. The Mexican National Railways have been running such trains for years, largely for the use of Americans touring Mexico in recreation vehicles. The Americans who have taken the Mexican recreation vehicle trains have made positive reports about them. There have been no safety problems.

Such a train, experimentally on, for example, a Boston-New York-Cleveland-Chicago-Colorado loop route through the summer, could provide a very useful service to a large number of Americans. A bill I introduced on this matter, with the same content as this amendment, has been cosponsored by my distinguished colleagues, Senators EASTLAND, METCALF, GRIFFIN, HATHAWAY, HANSEN, HUMPHREY, HART, PELL, HUGHES and MOSS. I hope my other colleagues will join with me in authorizing such an experimental demonstration project.

Mr. President, I am glad to yield to the distinguished chairman of the subcommittee.

Mr. HARTKE. We are prepared to accept the amendment. I am advised the carriage of recreational vehicles on flatcars has been successfully accomplished in Mexico. I am not aware of any reasons which should prohibit a similar experiment in the United States. As I understand it, the service does not require the use of any passenger equipment and, therefore, would not affect the current shortage of passenger cars. Furthermore, I assume that if safety considerations prohibit or restrict this service, they would prevail over the amendment.

Mr. TAFT. The Senator is correct. One thing I should mention, which completes my presentation, there is an authorization of $3 million which is carried in the amendment, as recommended by the Amtrak authorities. The hope is that this effort would soon become self-supporting or better than self-supporting and make for Amtrak much more than they originally put into it.

Mr. HARTKE. I will say to the Senator from Ohio I think it is a worthwhile measure, containing much initiative and thought. It makes it possible to improve the efficacy and efficiency of our transportation system.

Mr. BEALL. On behalf of the minority, we will accept the amendment.

Would this be called the "rec" train? [Laughter.]

Mr. TAFT. Recreational train.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Ohio.

The amendment was agreed to.

Mr. TAFT. Mr. President, I send an amendment to the desk and ask it be reported.

The PRESIDING OFFICER. The clerk will state it.

The assistant legislative clerk proceeded to read the amendment.

Mr. TAFT. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendment will be printed in the RECORD.

The amendment is as follows:

On page 14, after line 23, add the following:

SEC. 15. Section 402(a) of the Rail Passenger Service Act of 1970 is amended (1) by inserting "(including rail passenger equipment)" after "facilities" in the first sentence, and (2) by inserting after "purposes of this Act" in the second sentence the following: "or in the case of rail passenger equipment it requested by the Corporation after determining there is an urgent need therefor".

Mr. TAFT. Mr. President, the purpose of this amendment is to ease Amtrak's shortage of passenger cars by making available those cars still owned by railroads participating in Amtrak.

The energy crisis simultaneously demonstrated the importance of adequate passenger rail service and put a severe strain on Amtrak's limited resources. As the price of gasoline soared and its availability became increasing problematical, many people all over the Nation turned from their automobiles to passenger trains for intercity travel. Amtrak's revenue for November 1973 was over 50 percent higher than that for November 1972, and the trend continues.

This turn away from the automobile as a means of intercity travel is of advantage to everyone. For the traveler, the greater comfort and safety of the train permit a more pleasant journey. For the Nation, the enormous superiority of the train over the car, in terms of efficient use of fuel and reduction of pollutants, is of great benefit.

But, however desirable this change is, it has in fact created for Amtrak a serious shortage of passenger cars. In 1924, the United States had over 24,000 passenger trains each day: today Amtrak has in its total inventory just about 2,000 railway passenger cars. And of these, so many are in poor condition that 500 are consistently out of service for rebuilding or repair.

This shortage is having a serious impact on the service Amtrak provides. In March of this year, Mr. Roger Lewis, the president of Amtrak, announced that two planned additional trains—one New York to Chicago, the other Chicago to

Los Angeles—had been canceled because of lack of passenger equipment. Ohioans were looking forward to the additional service which the New York-Chicago train would have provided for them; I am certain the States represented by many of my colleagues were equally disappointed.

Amtrak is striving to purchase additional equipment. However, in my investigation of this problem, I found one source of passenger cars which, under current legislation, Amtrak cannot touch: passenger cars which were retained for their own use by the railroads which jointed Amtrak. Under current law, there is no way Amtrak can obtain use of these cars, even under the current emergency conditions.

Accordingly, I have introduced an amendment which will amend section 402 of the Rail Passenger Service Act of 1970, so that under circumstances of urgent need the participating railroads must sell or lease to Amtrak any equipment they possess which Amtrak finds usable.

The current inventories of four such railroads—the Union Pacific, Burlington-Northern, Santa Fe, and Delaware and Hudson—contain 40 modern, lightweight cars: 17 coaches, 9 sleeping cars, 8 diners, and 6 lounge cars. All of these cars are in excellent condition, and suitable for immediate use without being shopped. These 40 cars alone would be of significant help to Amtrak during the current shortage—they would permit the institution of both of the trains Mr. Lewis canceled. Let me also note that none of this equipment is currently used in regular passenger service; and that other railroads, in addition to the four I surveyed, should also have some equipment available.

Mr. President, I believe this would go a long way toward solving this problem.

This amendment is not intended to strip any railroad of equipment it wants to keep. I am aware that several railroads—the Union Pacific and Santa Fe in particular—desire to continue to own passenger equipment as symbols of their pride in their railroads. This is well and good; and they would only be required to lease this equipment to Amtrak as an emergency measure, until Amtrak begins receiving new equipment within the next 2 or 3 years.

This amendment will, I believe, be of significant assistance not only to Amtrak but to all the people of this Nation, as they seek alternatives to the automobile. A bill I introduced, with identical content, S. 3259, has been cosponsored by my distinguished colleagues, Senators HUMPHREY, KENNEDY, RIBICOFF, SCHWEIKER, GURNEY, MCGOVERN, METCALF, DOLE, and STAFFORD.

Mr. President, I ask for passage of this amendment.

I yield to the Senator from Indiana.

Mr. HARTKE. Mr. President, I am prepared to accept the amendment of the Senator from Ohio (Mr. TAFT). While I feel that for the most part the current shortage of cars could be substantially eliminated through better maintenance practices by the Corporation, I agree that those cars not being used by the operating railroads ought to be leased by Amtrak in the interim to help alleviate the current shortage. I would hope, however, that it would not be necessary to go to the Interstate Commerce Commission to obtain this result.

Certainly, the amendment itself is worthwhile and we are prepared to accept it.

Mr. TAFT. I yield to the distinguished Senator from Maryland.

Mr. BEALL. I, too, on behalf of the minority, am willing to accept the amendment.

I agree that it is desirable for the railroad to better provide transportation service.

I thank the Senator.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Ohio (Mr. TAFT).

The amendment was agreed to.

Mr. TAFT. Mr. President, I send an amendment to the desk and ask the clerk to read it.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk proceeded to read the amendment.

Mr. TAFT. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendment will be printed in the RECORD.

The amendment is as follows:

On page 11, line 20, strike out "subsection" and insert in lieu thereof "subsections".

On page 12, line 3, strike out the quotation marks and the period following, and between such line and line 4, insert the following:

"(c) In considering the provision of any new service (including any request pursuant to subsection (b)), the Corporation shall not deny such service solely on the basis of the lack of necessary equipment if the Corporation has the financial ability to acquire such equipment, but shall order such equipment, and make a commitment for the provision of such service, within 90 days of determining that the equipment necessary to provide such service is lacking.

Mr. TAFT. Mr. President, many of those of us present in this Chamber are anxious to see the people we represent receive better passenger rail service. We have, in our States, routes which promise adequate patronage for passenger trains. Yet when we approach Amtrak about beginning service on these routes, the reason we too often hear why we cannot have a train is "no equipment."

It is true that there is a genuine equipment shortage, though as the committee has pointed out in its excellent report on this bill, the shortage can be attributed partially to poor utilization. It is also true that Amtrak has new equipment on order.

The purpose of my amendment is not to provide an overall solution to the passenger rail shortage. Rather, it is to insure that any future discussions with Amtrak about new passenger trains will be solely on the merits, on the real questions of marketing and technical feasibility. I do not believe that Amtrak should be able to say "no equipment," as a way to avoid confronting the real questions involved in running a new train.

Nor should a real shortage of a specific type of equipment, or of equipment in general, be allowed to stand in the way of a service that is justifiable in marketing terms. My own State suffered from this situation earlier this year, when a planned second New York-Chicago train on the route of the "Broadway Limited" was canceled because, according to Mr. Roger Lewis, no equipment was available. Amtrak agreed that this train was desirable, as the current Broadway is running at capacity, and people have to be turned away. It would have been of real service to the people of Ohio, as it was projected to go through Ohio, westbound, in the daylight hours instead of the middle of the night. But, there was no equipment.

Had this amendment been in the law then, Amtrak would have been required, within the limits of existing financial resources, to order the equipment for the train within 90 days. I recognize that it takes time to build equipment, but we would now have a solid commitment that that train would be running in the foreseeable future.

Mr. President, I feel that the people we represent deserve to have their rail transportation needs considered on the merits, not dismissed with a wave of the hand and, "no equipment." If a service is otherwise justifiable, shortage of equipment should not be allowed to prevent Amtrak from making a firm commitment to provide that service. By requiring Amtrak to order such equipment as is needed, wherever service is denied because of a lack of equipment, we would insure that our constituents' interest in adequate rail passenger service received the consideration and protection it deserves.

Mr. President, I am happy to yield to the distinguished Senator from Indiana.

Mr. HARTKE. Mr. President, I wish to ask a question of the Senator from Ohio.

I am prepared to accept this amendment on the understanding that its intent is primarily to see to it that when a request for new service is made to Amtrak, that Amtrak make an economic analysis of the route in question; that is, the route should be seriously looked at, rather than summarily dismissed using the excuse of insufficient equipment. Typically, the ordering of new equipment is a matter that I would expect the Board to pass on. Is this your intent?

Mr. TAFT. The Senator is absolutely correct, it does not go beyond that.

Mr. HARTKE. All right, on such a basis we are prepared to accept the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Ohio (Mr. TAFT).

The amendment was agreed to.

Mr. TAFT. Mr. President, I send an amendment to the desk and ask the clerk to read it.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. TAFT. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendment will be printed in the RECORD.

The amendment is as follows:

On page 15, line 8, strike out "and" after the semicolon, and between lines 8 and 9, insert the following:

(8) the impact of the design and location of transportation lines in creating desirable patterns of population distribution and growth; and

On page 15, line 9, strike out "(8)" and insert in lieu thereof "(9)".

Mr. TAFT. Mr. President, before discussing this amendment, I wish to express my appreciation to the distinguished chairman of the committee and the ranking minority member and the other members of the committee and the staff for the tremendous cooperation we have had in trying to work out these amendments.

We have had a great concern with safe rail service, and certainly a sympathetic ear and understanding and obvious commitment of the committee members to the improvement of rail service in this country, it should be noted, is particularly appreciated.

Mr. HARTKE. Will the Senator yield?

Mr. TAFT. I am glad to yield.

Mr. HARTKE. The distinguished Senator from Ohio made a substantial contribution to the field of transportation. We appreciate his concern and help and advice. The amendments as proposed, I believe, do substantially improve the bill.

Mr. TAFT. I thank the Senator.

Mr. President, in the committee report on this bill, it is noted in the discussion of section 11, paragraph 3, that one of the prime environmental factors to be considered in the projected study of a west coast high-speed corridor is population growth. The purpose of my amendment is to go a step further, and direct that the study consider the impact of transportation corridor location in chanelling population growth and distribution in desirable directions.

The unplanned urban-suburban sprawl which is a feature of so many of our metropolitan areas is a serious problem. It is diseconomic for the Nation and inconvenient for the residents of our cities. For that matter, it is generally downright ugly.

Planners generally agree that linear development is preferable to the current overall spread. Linear population concentrations are not only better in terms of transportation, both of goods and people, but in many other respects as well: availability of land for recreational areas, intergration of residence and manufacturing, and environmental control.

History clearly shows that transportation is a key element in influencing population distribution. Most of our current population patterns show a strong influence from transportation availabilities, and we have all observed how the construction of a super-highway quickly brings a new population corridor with it. In Europe, planners have long been designing rail transportation in such a way as to encourage desirable population distribution patterns.

The encouragement of rational population distribution by careful planning of transportation corridors should be a general practice. The study projected in this bill of such a corridor for the west coast is an excellent opportunty to begin considering this factor and I hope my colleagues will concur with me that we should take advantage of this opportunity.

Mr. HARTKE. Mr. President, I am pleased to accept this amendment of Senator TAFT. I am aware that many governments in Western Europe routinely plan the distribution of desirable population growth in connection with the design and location distribution and growth should be undertaken by the Secretary in connection with this study, and I am pleased to accept the amendment.

I might say to the Senator from Ohio that in line with this type of legislation, I have developed and have presently before the Senate some language and some approaches which would deal not only in this field of transportation, but deal with this total problem. However, I think this specific treatment in the amendment is excellent.

Mr. TAFT. I thank the chairman very much and certainly commend him on the legislation generally.

I am happy to yield to the Senator from Maryland.

Mr. BEALL. Speaking for the minority, I am glad to accept the amendment also and congratulate the Senator from Ohio. I think it adds to the bill.

Mr. TAFT. I thank the Senator.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Ohio (Mr. TAFT).

The amendment was agreed to.

Mr. PROXMIRE. Mr. President?

The PRESIDING OFFICER. The Senator from Wisconsin.

Mr. BEALL. Will the Senator yield——

Mr. PROXMIRE. I yield.

Mr. BEALL. I send to the desk an amendment and ask the clerk that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. BEALL. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the bill, add the following new section:

"Sec. (a) Section 3(b) of the Department of Transportation Act (49 U.S.C. 1652(b)) is amended by deleting therefrom wherever they appear the words "Under Secretary" and inserting in their place the words "Deputy Secretary".

(b) Section 9(p)(1) of the Department of Transportation (49 U.S.C. 1657(p)(1)) is amended by deleting "Under Secretary" and inserting in its place the words "Deputy Secretary".

(c) Section 5313 of title 5, United States Code, is amended by deleting "(7) Under Secretary of Transportation" and inserting in its place "(7) Deputy Secretary of Transportation" and inserting in its place "(7) Deputy Secretary of Transportation".

Mr. BEALL. Mr. President, the position of Under Secretary of Transportation was established by section 3(b) of the Department of Transportation Act—enacted October 15, 1966. The first amendment attached thereto revises that section to change the title of the position to Deputy Secretary of Transportation. The second amendment is a conforming amendment to section 5313 of title 5, United States Code, where the title of Under Secretary of Transportation appears among the positions at level II of the Executive Schedule.

The purpose of the amendment changing the title to Deputy Secretary is to conform it to the titles of other second-ranking officers of the Executive Departments to whom level II of the Executive Schedule applies. These include the Deputy Secretaries of State, Treasury and Defense—which is actually authorized two level II Deputy Secretaries—and the Deputy Attorney General. Except in the case of the Under Secretary of Transportation, the title of Under Secretary, as it pertains to a second-ranking officer of one of the executive departments, is carried by officers to whom level III of the Treasury, in addition to their level II Deputy Secretaries, also have level III Secretaries—three in the case of State and two in the case of Treasury.

The further purpose of the amendment is to avoid the unnecessary confusion when the Under Secretary is acting for or as the Secretary. The Department of Transportation is a collection of diverse agencies—highway, aviation, railroads, and so forth—A common question is "Under Secretary for what? Aviation?" This arises in part because four of the Under Secretaries in State and Treasury have missions that are not coextensive with the Department. It also arises because many foreign transportation departments with whom DOT deals use the title "Under Secretary" for specific subsections of the Department. In the case of the United Kingdom, there are seven under sceretaries in the corresponding ministry, responsible for such areas as railways, ports, road safety, and so forth.

This amendment is being introduced at the request of the administration.

Mr. HARTKE. Mr. President, the committee is prepared to accept the amendment. It is my understanding that this change will enable the person presently occupying the post of Undersecretary to be more accurately perceived by those unfamiliar with the internal organization of the U.S. Department of Transportation. Names and titles seem to be of increasing importance these days—Is Shakespeare dead? What is in a name? A rose by any other name does not smell as sweet, I suppose.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Maryland.

The amendment was agreed to.

Mr. BEALL. Mr. President, I send to the desk an amendment and ask the clerk that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. BEALL. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 19, line 9, strike the words, "for a comprehensive study" and insert in lieu thereof, "and the State of Maryland for a joint comprehensive study".

On page 19, line 10, after the word "line", strike all through the end of the sentence on line 14, and insert in lieu thereof: "from the Nation's capital region to the Baltimore-Washington International Airport".

Mr. BEALL. Mr. President, the purpose of this amendment is to make certain that Maryland will have a role in the study of the rapid transit line to the Baltimore-Washington International Airport and also to provide greater flexibility to those who will do the study in determining the rapid transit line route.

While it is expected that the route presently specified, that is, from Greenbelt to the airport by way of the median on the Baltimore-Washington Parkway, will be studied, this amendment will permit the examination of what some regard as a more promising line, namely the utilization of the existing Penn Central rail lines which run by the airport.

The intent then of this amendment is not to prejudice the selection of any line, but merely to provide those who will do the comprehensive study the opportunity to explore the various alternatives and select the one that makes the most sense.

The Dulles and Baltimore-Washington International Rapid Rail Lines would contemplate the study of light rail lines. When we use the term "rapid transit line," this encompasses light rail lines. I want the legislative history to be quite clear in this regard.

It needs to be pointed out that light rail is about four or five times less expensive than conventional rail.

While light rail has been employed extensively in Europe, it is only beginning to be utilized in our country. In Dayton, Ohio, there is a light rail project involving some 13 miles. The cost for entire line, track, and stations, is approximately $30 million.

What we contemplate is an examination of all the alternatives.

Mr. PROXMIRE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. PROXMIRE. This amendment, I believe, modifies the same language I would amend in amendment 1584, which is at the desk. My inquiry is if the Beall amendment is accepted, would that have any effect in disqualifying my amendment?

I will read my amendment if the clerk does not have it. It is on page 18, beginning at line 7, strike out all through line 23 on page 19.

Mr. HARTKE. Will the Senator yield?

My judgment is that the Senator from Wisconsin would have his amendment properly in order. I think it would make it possible for us to discuss the entire amendment of the Senator from Wisconsin more thoroughly and expeditiously.

Mr. PROXMIRE. I think it would, too. I have no objection to that. I want to be sure that I am not ruled out of order. I think the Senator is probably correct.

The PRESIDING OFFICER. The Chair will say that the Senator's amendment would still be in order.

Mr. PROXMIRE. I thank the Chair.

Mr. HARTKE. Mr. President, this does amend section 14 of the bill and will provide more flexibility. I think it will make it possible for us to dispose of Senator PROXMIRE's amendment one way or the other more expeditiously.

I am in favor of adoption of the amendment.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Maryland.

The amendment was agreed to.

Mr. PROXMIRE. I am hoping to get the yeas and nays on my amendment, Mr. President, but I will yield first to the Senator from Montana.

CONSIDERATION OF CERTAIN ITEMS ON THE CALENDAR

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the pending business be laid aside temporarily, and the Senate turn to the consideration of Calendar Nos. 1031 through 1035.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXTENSION OF THE DISTRICT OF COLUMBIA MEDICAL AND DENTAL MANPOWER ACT OF 1970

The bill (H.R. 11108) to extend for 3 years the District of Columbia Medical and Dental Manpower Act of 1970, was considered, ordered to a third reading, read the third time, and passed.

REGULATION OF INSURANCE COMPANIES IN THE DISTRICT OF COLUMBIA

The bill (H.R. 7218) to improve the laws relating to the regulation of insurance companies in the District of Columbia, was considered, ordered to a third reading, read the third time, and passed.

LAW REVISION COMMISSION FOR THE DISTRICT OF COLUMBIA

The bill (H.R. 12832) to create a Law Revision Commission for the District of Columbia, and to establish a municipal code for the District of Columbia, was considered, ordered to a third reading, read the third time, and passed.

SALARY INCREASE FOR CERTAIN DISTRICT OF COLUMBIA EMPLOYEES

The Senate proceeded to consider the bill (H.R. 15842) to increase compensation for District of Columbia policemen, firemen, and teachers; to increase annuities payable to retired teachers in the District of Columbia; to establish an equitable tax on real property in the District of Columbia; to provide for additional revenue for the District of Columbia; and for other purposes, which had been reported from the Committee on the District of Columbia with an amendment to strike out all after the enacting clause and insert:

TITLE I—POLICE AND FIREMEN'S COMPENSATION

PART 1—SALARY ACT AMENDMENTS

SEC. 101. (a) The District of Columbia Police and Firemen's Salary Act of 1958 (D.C. Code, secs. 4-823—4-837) is amended as follows:

(1) The Salary schedule in section 101(a) of that Act (D.C. Code, sec. 4-823(a)) is amended to read as follows:

"SALARY SCHEDULE

"Salary/class and title	Service step—								
	1	2	3	4	5	6	7	8	9
Class 1: Fire private, police private	$11,600	$11,950	$12,530	$13,110	$14,035	$14,965	$15,545	$16,125	$16,705
Class 2: Fire inspector	13,225	14,035	14,850	15,600	16,470	17,285	18,095		
Class 3: Detective, assistant pilot, assistant marine engineer	14,500	15,225	15,950	16,675	17,400	18,125	18,850		
Class 4: Fire sergeant, police sergeant, detective sergeant	15,755	16,540	17,330	18,120	18,910	19,694			
Class 5: Fire lieutenant, police lieutenant	18,210	19,125	20,035	20,945	21,855				
Class 6: Marine engineer, pilot	19,895	20,885	21,880	22,870					
Class 7: Fire captain, police captain	21,575	22,655	23,735	24,810					
Class 8: Battalion fire chief, police inspector	25,010	26,260	27,515	28,770					
Class 9: Deputy fire chief, deputy chief of police	29,350	31,335	33,325	35,315					
Class 10: Assistant chief of police, assistant fire chief, commanding officer of the Executive Protective Service, commanding officer of the U.S. Park Police	34,800	37,120	39,440						
Class 11: Fire chief, chief of police	40,250	42,690							

(2) The second sentence of section 202 of that Act (D.C. Code, sec. 4-825) is amended to read as follows: "The additional compensation authorized by this section shall be paid to an officer or member in the same manner as he is paid basic compensation to which he is entitled, except that when such an officer or member ceases to be in such an assignment, the loss of such additional compensation shall not constitute an adverse action for the purposes of section 7511 of title 5 of the United States Code.".

(3) Section 202 of that Act (D.C. Code, sec. 4–825) is further amended by striking out "$2100" and inserting in lieu thereof "$2270".

(4) Section 301 of that Act, (D.C. Code, sec. 4–827) is amended by (A) striking out "All" and inserting in lieu thereof "(a) Except as provided in subsection (b), all", and (B) by adding at the end thereof the following:

"(b) Any officer or member of the Metropolitan Police force, the Fire Department of the District of Columbia, the Executive Protective Service, or the United States Park Police force who separates from that force, department, or service, and who is subsequently reappointed to such force, department, or service within three years after the date of such separation shall receive a scheduled rate of basic compensation provided in salary class 1 of the salary schedule in section 101(a) which does not exceed the scheduled rate of basic compensation being paid at the time of such reappointment for the class and service step he had attained at the time of his separation. For purposes of this subsection, no additional compensation authorized by this Act shall be used in determining service step placement.".

(5) Section 302 of that Act (D.C. Code, sec. 4–828) is amended to read as follows: "An officer or member described in paragraph (1)(B) shall receive such compensation until the position of dog handler is determined under section (a) not to be included in salary class 4 as a technician's position or until he no longer performs the duty of dog handler, whichever first occurs.".

(6) Section 302 of that Act (D.C. Code, sec. 4–828) is further amended by adding at the end thereof the following:

"(e) Whenever any officer or member receiving additional compensation authorized by subsection (b) or (c) is no longer entitled to receive such additional compensation, without a change in salary class, he shall receive, irrespective of any subsequent salary scheduled or service step adjustment authorized by this Act, basic compensation equal to the sum of his existing scheduled rate of basic compensation and the amount of such additional compensation until his scheduled rate of basic compensation equals or exceeds such sum.

"(f) The loss of the additional compensation authorized by subsection (b) or (c) shall not constitute an adverse action for the purposes of section 7511 of title 5 of the United States Code.".

(7) Section 302 of that Act (D.C. Code, sec. 4–828) is further amended (1) by striking out "$680" in subsection (a) thereof and inserting in lieu thereof "$735"; and (2) by striking out "$500" each time it appears in subsection (c), thereof and inserting in lieu thereof "$540".

(8) Section 401(a)(2) of that Act (D.C. Code, sec. 4–832(a)(2)) is amended to read as follows:

"(2) For purpose of paragraph (1), continuous service as an officer or member includes only those periods of his service determined to have been satisfactory service and any period of his service in the Armed Forces of the United States other than any period of such service (A) determined not to have been satisfactory service, (B) rendered before appointment as an officer or member, or (C) rendered after resignation as an officer or member.".

(9) The second sentence of section 401(c) of that Act (D.C. Code, sec. 4–832(c)) is amended to read as follows: "For purposes of this subsection, in computing a deputy chief's continuous service on the police force or fire department, there shall be included only those periods of his service determined to have been satisfactory service and any period of his service in the Armed Forces of the United States other than any period of such service—

"(1) determined not to have been satisfactory service,

"(2) rendered before appointment as an officer or member, or

"(3) rendered after resignation as an officer or member.".

(b) Each officer or member who immediately prior to the effective date of the amendment made by paragraph (1) of subsection (a) was assigned to service step 1, service step 2, or service step 3 of salary class 2 shall be placed in and receive basic compensation in service step 4 of salary class 2.

Sec. 102. The second section of the Act approved October 24, 1951 (D.C. Code, sec. 4–808), is amended by striking out "the 22d day of February", "the 30th day of May", and "the 11th day of November", and inserting in lieu thereof "the third Monday in February", "the last Monday in May", "the second Monday in October", and "the fourth Monday in October".

Sec. 103. (a) Except as provided in subsections (b) and (c), the amendments made by this title and subsection (b) of the first section shall take effect on the first day of the first pay period beginning on or after July 1, 1974.

(b) The amendment made by paragraph (6) of section 101 shall take effect on the first day of the first pay period beginning on or after January 1, 1974.

(c) The amendments made by paragraphs (8) and (9) of section 101 shall take effect on and after the first day of the first pay period beginning on or after May 1, 1972.

Sec. 104. (a) Retroactive compensation or salary shall be paid by reason of the amendments made by this title only in the case of an individual in the service of the District of Columbia government or of the United States (including service in the Armed Forces of the United States) on the date of enactment of this Act, except that such retroactive compensation or salary shall be paid (1) to an officer or member of the Metropolitan Police force, the Fire Department of the District of Columbia, the United States Park Police force, or the Executive Protective Service who retired during the period beginning on the first day of the first pay period which begins on or after July 1, 1974, and ending on the date of enactment of this Act for services rendered during such period, and (2) in accordance with the provisions of subchapter 8 of chapter 55 of title 5, United States Code (relating to settlement of accounts of deceased employees), for services rendered during the period beginning on the first day of the first pay period which begins on or after July 1, 1974, and ending on the date of enactment of this Act, by an officer or member who dies during such period.

(b) For the purposes of this section, service in the Armed Forces of the United States, in the case of an individual relieved from training and service in the Armed Forces of the United States or discharged from hospitalization following such training and service, shall include the period provided by law for the mandatory restoration of such individual to a position in or under the Federal Government or the municipal government of the District of Columbia.

(c) For the purpose of determining the amount of insurance for which an officer or member is eligible under the provisions of chapter 87 of title 5, United States Code (relating to government employees group life insurance), all changes in rates of compensation or salary which result from the enactment of this title shall be held and considered to be effective as of the date of enactment of this Act.

Part 2—Study of Police and Firemen's Salaries and Recommendations

Sec. 111. (a) The Commissioner of the District of Columbia, and after January 2, 1975, the Mayor of the District of Columbia, shall annually conduct a thorough study of the compensation being paid officers and members of the police and fire departments of other jurisdictions in the Washington metropolitan area and other cities of comparable size. The annual study may include other conditions of employment of police and firemen, such as hours of work, health benefits, retirement benefits, sick pay, and vacation time. The annual study shall also include the current percentage change in the Consumer Price Index for the Washington metropolitan area published by the Bureau of Labor Statistics, Department of Labor, and rates of compensation for Federal and District of Columbia employees having comparable duties and responsibilities.

(b) On or before July 15 of each year, the results of the annual study shall be made available to the recognized representatives of the officers and members of the Metropolitan Police force and the Fire Department of the District of Columbia under the District of Columbia labor relations program. In the event such representatives dispute any results that affect the officers and members they represent, they shall, within twenty calendar days, indicate their objections simultaneously to the Mayor and to the Director of the Federal Mediation and Conciliation Service. The Director shall assist in the resolution of such dispute by selecting an impartial person experienced in public sector disputes to serve as a factfinder. The factfinder so appointed shall determine the facts with respect to the issues in dispute and report his findings to the parties. Such findings shall be incorporated in the results of the study, which shall be made public.

(c) The results of the annual study shall be available during the process of collective bargaining between the District of Columbia and the recognized representatives of the officers and members of the Metropolitan Police force and the Fire Department of the District of Columbia. Such results shall also form the basis for consideration of adjustments in pay levels for officers of the Metropolitan Police force and the Fire Department of the District of Columbia whose compensation is adjusted in a manner which is outside the scope of such collective bargaining.

Sec. 112. (a) If after January 2, 1975, as a result of collective bargaining the parties have reached a negotiated solution with respect to changes in compensation for officers and members of the Police and Fire Departments, the Mayor shall recommend to the Council of the District of Columbia that said changes should be authorized and that the Congress shall be requested to appropriate sufficient funds for that purpose.

(b) If the parties have reached an impasse in negotiations on or before the expiration date of their existing collective bargaining agreements, they shall promptly notify the Director of the Federal Mediation and Conciliation Service in writing. He shall assist in the resolution of that impasse by selecting an impartial person experienced in public sector disputes to serve as a mediator. If mediation does not resolve the impasse within ten days, or any shorter period designated by the mediator, the Director shall then appoint an impartial Board of Arbitration to investigate the issues involved in the dispute, conduct whatever hearing it deems necessary, and to issue a written award to the parties with the object of achieving a prompt, peaceful, and fair settlement of the dispute. The award shall be issued within twenty days after the Board has been established. The award shall contain findings of fact and a statement of reasons. The award shall be final and binding upon the parties to the dispute.

(c) If the procedures set forth in subsection (b) above are implemented, no change in the status quo in effect prior to contract expiration date in the case of negotiations for a contract renewal, or in effect prior to the time of impasse in the case of an initial bargaining negotiation, shall be made pending the completion of mediation and/or arbitration.

(d) The factfinder, mediator, and any members of the Board of Arbitration appointed by the Director of the Federal Mediation and Conciliation Service shall be entitled to compensation at the maximum daily rate allowable by law for each day they are actually engaged in performing services under this Act.

PART 3—POLICEMEN AND FIREMEN'S RETIREMENT AND DISABILITY ACT

SEC. 121(a)(1) Subsection (a) of the Policemen and Firemen's Retirement and Disability Act (D.C. Code, sec. 4–521(3)) is amended to read as follows:

"(3) The term 'widow' means the surviving wife of a member or former member if—

"(A) she was married to such member or former member (i) while he was a member, or (ii) for at least one year immediately preceding his death, or

"(B) she is the mother of issue by such marriage."

(b) The amendment made by this Act shall apply with respect to any surviving wife of a "member" (as that term is defined in subsection (a)(1) of the Policemen and Firemen's Retirement and Disability Act) or former member irrespective of whether such wife became a "widow" (as that term is defined in such amendment) prior to, on, or after the date of the enactment of this Act, except that no annuity shall be paid by reason of the amendment made by this Act for any period prior to the first day of the first pay period beginning on or after July 1, 1974.

(2) Subsection (a) of the Policemen and Firemen's Retirement and Disability Act (D.C. Code, sec. 4–521) is amended by adding after paragraph (16) the following new paragraph:

"(17) The term 'average pay' means the highest annual rate resulting from averaging the member's rates of basic salary in effect over any twelve consecutive months of police or fire service, with each rate weighed by the time it was in effect, except that if the member retires under subsection (g) and if on the date of his retirement under the subsection he has not completed twelve consecutive months of police or fire service, such term means his basic salary at the time of his retirement."

(b)(1) Subsections (f), (g), and (h) of that Act (D.C. Code, secs. 4–526—4–528) are each amended by striking out "his basic salary at the time of retirement" each place it occurs and inserting in lieu thereof "his average pay".

(2) Subsections (g)(2) and (h)(1) of that Act are each amended by striking out "his basic salary at the time of his retirement" and inserting in lieu thereof "his average pay".

(3) Subsection (h)(3) of that Act is amended by striking out "the basic salary of such member at the time of retirement" and inserting in lieu thereof "the average pay of such member".

(4) Subsection (k)(2) of that Act (D.C. Code, sec. 4–531) is amended by (1) striking out "basic salary" and inserting in lieu thereof "average pay", and (2) striking out ", subclass (a)," and inserting in lieu thereof "of salary".

(5) Subsection (k)(3) of that Act (D.C. Code, sec. 4–531) is amended by striking out "basic salary" each place it occurs and inserting in lieu thereof "average pay".

(c) Subsection (g) of that Act (D.C. Code, sec. 4–527) is amended by adding at the end thereof the following new paragraph:

"(3) A member shall be retired under this subsection only upon the recommendation of the Board of Police and Fire Surgeons and the concurrence therein by the Commissioner, except that in any case in which a member seeks his own retirement under this subsection, he shall, in the absence of such recommendation, provide the necessary evidence to form the basis for the approval of such retirement by the Commissioner.".

SEC. 122. (a) In order to carry out his responsibilities under the Policemen and Firemen's Retirement and Disability Act (D.C. Code, secs. 4–521 et seq.) with respect to retirement and disability determinations, and related functions, the Commissioner of the District of Columbia shall establish a Police and Firemen's Retirement and Relief Board (hereinafter in this section referred to as the "Board"). The Board shall be composed of—

(1) members and alternates appointed from among persons who are employees of the District of Columbia, one member and alternate each from the District of Columbia Personnel Office, Corporation Counsel, Department of Human Resources, Metropolitan Police Force, and the Fire Department of the District of Columbia; and

(2) two members, one of whom shall be a physician, appointed from among persons who are not officers or employees of the District of Columbia.

The member, and alternate, appointed to the Board from among employees of the Department of Human Resources shall both be medical officers. All appointments shall be made by the Commissioner.

(b) The members appointed under subsection (a)(2) shall be appointed for two years, and shall be entitled to receive compensation for each day they are actually engaged in carrying out duties vested in the Board in the same manner as persons employed intermittently under section 3109 of title 5 of the United States Code. Such members shall be appointed within ninety days after the date of enactment of this Act.

(c) The Commissioner shall establish rules for the Board to assure that the Board functions fairly and equitably. The Commissioner shall provide the staff necessary for the Board.

SEC. 123. Subsection (m)(2) of the Policemen and Firemen's Retirement and Disability Act (D.C. Code, sec. 4–533(2)) is amended by inserting at the end thereof "The Commissioner shall not require employment questionnaires or medical examination of such member after he reaches the age of 50.".

SEC. 124. (a) The amendments made by subsections (a), (b), and (d) of section 121 shall apply with respect to any annuity which begins on or after July 1, 1975.

(b) The amendment made by subsection (c) of section 121 shall take effect on the first day of the first month beginning more than thirty days after the date of enactment of this title.

(c) Section 122 shall take effect on the date of enactment of this title.

TITLE II—TEACHERS' COMPENSATION

SEC. 201. This title may be cited as the "Teachers' Salary Act Amendments of 1974".

SEC. 202. The District of Columbia Teachers' Salary Act of 1955 (D.C. Code, sec. 31–1501 et seq.) is amended as follows:

(1) Effective on the first day of the first pay period beginning on or after September 1, 1974, the salary schedule contained in section 1 of that Act (D.C. Code, sec. 31–1501) is amended to read as follows: *Provided, however,* That salary paid to class 1A shall not exceed the amount payable to level III of the Executive Schedule and that the salary paid to class 1B shall not exceed the amount payable to level V of the Executive Schedule:

TEACHERS AND SCHOOL OFFICERS SALARY SCHEDULE

"Salary class and group	Service step—													
	1	2	3	4	5	6	7	8	9	10	11	12	13	Longevity step Y
Class 1A	45, 500													
Class 1B	40, 000													
Class 2A	38, 000													
Class 2B	36, 000													
Class 3	27, 390	28, 040	28, 690	29, 340	29, 900	30, 640	31, 290	31, 940	31, 250					
Class 4	24. 050	24, 620	25, 190	25, 760	26, 330	26, 900	27, 470	28, 040	28, 020					
Class 5:														
Group B, master's degree	22, 750	23, 290	23, 830	24, 370	24, 910	25, 450	25, 990	26, 530	27, 070					
Group C, master's degree+30	23, 235	23, 775	24, 315	24, 885	25. 395	25, 935	26, 475	27, 015	27, 555					
Group D, doctor's	23, 715	24, 255	24, 795	25, 335	25, 875	26, 415	26, 955	27, 495	28, 035					
Class 6:														
Group B, master's degree	21, 740	22, 255	22, 770	23, 285	23, 800	24, 315	24, 830	25, 345	25, 860					
Level IV principal	21, 740	22, 255	22, 770	23, 285	23, 800	24, 315	24, 830	25, 345	25, 860					
Level III principal	21, 100	21, 615	22, 130	22, 645	23, 160	23, 675	24, 190	24, 705	25, 220					
Level II principal	20, 465	20, 980	21, 495	22, 010	22, 525	23, 040	23, 555	24, 070	24, 585					
Level I principal	19, 830	20, 345	20, 860	21, 375	21, 890	22, 405	22, 920	23, 435	23, 950					
Group C master's degree+30	22, 160	22, 675	23, 190	23, 705	24, 220	24, 735	25, 250	25, 765	26, 280					
Level IV principal	22, 160	22, 675	23, 190	23, 705	24, 220	24, 735	25, 250	25, 765	26, 280					
Level III principal	21, 520	22, 035	22, 550	23, 065	23, 580	24, 095	24, 610	25, 125	25, 640					
Level II principal	20, 885	21, 400	21, 915	22, 430	22, 945	23, 460	23, 975	24, 490	25, 005					
Level I principal	20, 250	20, 765	21, 280	21, 795	22, 310	22, 825	23, 340	23, 855	24, 370					
Group D, doctor's degree	22. 575	23, 090	23, 605	24, 120	24, 635	25, 150	25, 665	26, 180	26, 695					
Level IV principal	22, 575	23, 090	23, 605	24, 120	24, 635	25, 150	25, 665	26, 180	26, 695					
Level III principal	21, 935	22, 450	22, 965	23, 480	23, 995	24, 510	25, 025	25, 540	26, 055					
Level II principal	21, 300	21, 815	22, 330	22, 845	23, 360	23, 875	24, 390	24, 905	25, 420					
Level I principal	20, 665	21, 180	21, 695	22, 210	22, 725	23, 240	23, 755	24, 270	24, 785					

TEACHERS AND SCHOOL OFFICERS SALARY SCHEDULE—Continued

“Salary class and group	Service step— 1	2	3	4	5	6	7	8	9	10	11	12	13	Longevity step Y
Class 7:														
Group B, master's degree	20,000	20,475	20,950	21,425	21,900	22,375	22,850	23,325	23,800					
Group C, master's degree +30	20,485	20,960	21,435	21,910	22,385	22,860	23,335	23,810	24,285					
Group D, doctor's	20,965	21,440	21,915	22,390	22,865	23,340	23,815	24,290	24,765					
Class 8:														
Group B—MA	18,395	18,885	19,315	19,775	20,235	20,695	21,155	21,615	22,075					
Group C—MA+30	18,880	19,340	19,800	20,720	21,180	21,640	22,100	22,560	23,020					
Group D—Doctor's	19,360	19,820	20,280	20,740	21,200	21,660	22,120	22,580	23,040					
Class 9:														
Group B, master's degree	17,960	18,410	18,860	19,310	19,760	20,210	20,660	21,110	21,560					
Group C, master's degree+30	18,445	18,895	19,345	19,795	20,245	20,695	21,145	21,595	22,045					
Group D, doctor's	18,925	19,375	19,825	20,275	20,725	21,175	21,625	22,075	22,525					
Class 10:														
Group B, master's degree	17,385	17,820	18,255	18,690	19,125	19,560	19,995	20,430	20,865					
Group C, master's degree+30	17,870	18,305	18,740	19,175	19,610	20,045	20,480	20,915	21,350					
Group D, doctor's	18,350	18,785	19,220	19,655	20,090	20,525	20,960	21,395	21,830					
Class 11:														
Group B, master's degree	16,815	17,235	17,655	18,075	18,495	18,915	19,335	19,755	20,175					
Group C, master's degree+30	17,300	17,720	18,140	18,560	18,980	19,400	19,820	20,240	20,660					
Group D, doctor's	17,780	18,200	18,620	19,040	19,460	19,880	20,300	20,720	21,140					
Class 12:														
Group B, master's degree	16,240	16,645	17,050	17,455	17,860	18,265	18,670	19,075	19,480					
Group C, master's degree+30	16,720	17,125	17,530	17,935	18,340	18,745	19,150	19,555	19,960					
Group D, doctor's	17,205	17,610	18,015	18,420	18,825	19,230	19,635	20,040	20,445					
Class 13:														
Group B, master's degree	14,920	15,405	15,890	16,375	16,860	17,345	17,830	18,315	18,800					
Group C, master's degree+30	15,405	15,890	16,375	16,860	17,345	17,830	18,315	18,800	19,285					
Group D, doctor's	15,885	16,370	16,855	17,340	17,825	18,310	18,795	19,280	19,765					
Class 14:														
Group A, bachelor's degree	11,415	11,920	12,425	12,930	13,435	13,940	14,445	14,950	15,455	15,960	16,465	16,970	17,475	
Group B, master's degree	12,375	12,880	13,385	13,890	14,395	14,900	15,405	15,910	16,415	16,920	17,425	17,930	18,435	
Group C, master's degree+30	12,865	13,370	13,875	14,380	14,885	15,390	15,895	16,400	16,905	17,410	17,915	18,420	18,925	
Group D, doctor's	13,345	13,850	14,355	14,860	15,365	15,870	16,375	16,880	17,385	17,890	18,395	18,900	19,405	
Class 15:														
Group A, bachelor's degree	9.650	10,035	10,420	10,810	11,195	11,580	12,065	12,550	13,035	13,520	14,005	14,490	14,975	16,130
Group A-1, bachelor's degree+15	10,130	10,515	10,900	11,290	11,675	12,060	12,550	13,035	13,520	14,005	14,490	14,975	15,460	17,095
Group B, master's degree	10,615	11,100	11,585	12,070	12,555	13,040	13,640	14,240	14,845	15,445	16,045	16,645	17,245	18,825
Group C, master's degree+30	11,100	11,585	12,070	12,555	13,040	13,525	14,125	14,730	15,330	15,930	16,530	17,130	17,730	19,320
Group D, master's degree+60 or doctor's	11,585	12,070	12,555	13,040	13,525	14,010	14,615	15,215	15,815	16,415	17,015	17,615	18,215	19,950

(2) Effective on the first day of the first pay period beginning on or after January 1, 1975, that salary schedule is amended to read as follows:

TEACHERS AND SCHOOL OFFICERS SALARY SCHEDULE

Salary class and group	Service step 1	2	3	4	5	6	7	8	9
Class 1A	$46,865								
Class 1B	41,200								
Class 2A	39,140								
Class 2B	37,080								
Class 3	28,210	$28,880	$29,550	$30,220	$30,890	$31,560	$32,230	$32,900	$33,570
Class 4	24,775	25,355	25,940	26,525	27,110	27,695	28,280	28,865	29,450
Class 5:									
Group B—MA	23,435	23,990	24,545	25,100	25,655	26,210	26,765	27,320	27,875
Group C—MA+30	23,935	24,490	25,045	25,600	26,155	26,710	27,265	27,820	28,375
Group D—Doctors	24,420	24,975	25,530	26,085	26,660	27,195	27,750	28,305	28,860
Class 6:									
Group B—MA	22,390	22,920	23,450	23,980	24,510	25,040	25,570	26,100	26,630
Level IV—Principal	22,390	22,920	23,450	23,980	24,510	25,040	25,570	26,100	26,630
Level III—Principal	21,730	22,260	22,790	23,320	23,850	24,380	24,910	25,440	25,970
Level II--Principal	21,075	21,605	22,135	22,665	23,195	23,725	24,255	24,785	25,315
Level I—Principal	20,420	20,950	21,480	22,010	22,540	22,070	23,600	24,130	24,660
Group C— MA+30	22,890	23,420	23,950	24,480	25,010	25,540	26,070	26,600	27,130
Level IV—Principal	22,890	23,420	23,950	24,480	25,010	25,540	26,070	26,600	27,130
Level III—Principal	22,230	22,760	23,290	23,820	24,350	24,880	25,410	25,940	26,470
Level II—Principal	21,575	22,105	22,635	23,165	23,695	24,225	24,755	25,285	25,815
Level I—Principal	20,720	21,250	21,780	22,310	22,840	23,370	23,900	24,430	24,960
Group D—Doctors	23,375	23,905	24,435	24,965	25,495	26,025	26,555	27,085	27,615
Level IV—Principal	23,375	23,905	24,435	24,965	25,495	26,025	26,555	27,085	27,516
Level III—Princiapl	22,715	23,245	23,775	24,305	24,835	25,365	25,895	26,425	26,955
Level II—Principal	22,060	22,590	23,120	23,650	24,180	24,710	25,240	25,770	26,300
Level I—Principal	21,405	21,935	22,465	22,995	23,525	24,055	24,585	25,115	25,645
Class 7:									
Group B—MA	20,600	21,090	21,580	22,070	22,560	23,050	23,540	24,030	24,520
Group C—MA+30	21,100	21,590	22,080	22,570	23,060	23,550	24,040	24,530	25,020
Group D—Doctors	21,585	22,075	22,565	23,055	23,545	24,035	24,525	25,015	25,505
Class 8:									
Group B—MA	19,130	19,605	20,080	20,555	21,030	21,505	21,980	22,455	22,930
Group C—MA+30	19,630	20,105	20,580	21,055	21,530	22,005	22,480	22,995	23,430
Group D—Doctors	20,115	20,590	21,065	21,540	22,015	22,490	22,965	23,440	23,915
Class 9:									
Group B—MA	18,500	18,985	19,470	19,955	20,440	20,925	21,410	21,895	22,380
Group C— MA+30	19,000	19,465	19,930	20,395	20,860	21,325	21,790	22,255	22,720
Group D—Doctors	19,485	19,950	20,415	20,880	21,345	21,810	22,275	22,740	23,205
Class 10:									
Group B—MA	17,905	18,355	18,805	19,255	19,705	20,155	20,605	21,055	21,505
Group C—MA+30	18,405	18,855	19,305	19,755	20,205	20,655	21,105	21,555	22,005
Group D—Doctors	18,890	19,340	19,790	20,240	20,690	21,140	21,590	22,040	22,490
Class 11:									
Group B—MA	17,320	17,755	18,190	18,625	19,060	19,495	19,930	20,365	20,800
Group C—MA+30	17,820	18,255	18,690	19,125	19,560	19,995	20,430	20,865	21,300
Group D—Doctors	18,305	18,740	19,175	19,610	20,045	20,480	20,915	21,350	21,785
Class 12:									
Group B—MA	16,725	17,140	17,555	17,970	18,385	18,800	19,215	19,630	20,045
Group C—MA+30	17,225	17,640	18,055	18,470	18,885	19,300	19,715	20,130	20,545
Group D—Doctors	17,710	18,125	18,540	18,955	19,370	19,785	20,200	20,615	21,030
Class 13:									
Group B—MA	15,370	15,870	16,370	16,870	17,370	17,870	18,370	18,870	19,370
Group C—MA+30	15,870	16,370	16,870	17,370	17,870	18,370	18,870	19,370	19,870
Group D—Doctors	16,355	16,855	17,355	17,855	18,355	18,855	19,355	19,855	20,355

TEACHERS AND SCHOOL OFFICERS SALARY SCHEDULE—Continued

Salary class and group	Service step—													
	1	2	3	4	5	6	7	8	9	10	11	12	13	Longevity step Y
Class 14:														
Group A—B.A	$11.750	$12,270	$12.790	$13.310	$13,830	$14,350	$14,870	$15,390	$15,910	$16,430	$16,950	$17,470	$17,990	----------
Group B-M.A	12,745	13,265	13,785	14,305	14,825	15,345	15,865	16,385	16,905	17,425	17,945	18,465	18,985	----------
Group C—M.A. plus 30	13,245	13,765	14,285	14,805	15,325	15,845	16,365	16,885	17,405	17,925	18,445	18,965	19,485	----------
Group D—Doctors	13,730	14,250	14,770	15,290	15,810	16,330	16,850	17,370	17,890	18,410	18,930	19,450	19,970	----------
Class 15:														
Group A—B.A	9,940	10,335	10,730	11,125	11,520	11,915	12,415	12,915	13,415	13,915	14,415	14,915	15,415	$16,615
Group A-1—B.A. plus 15	10,435	10,830	11,225	11,620	12,015	10,410	12,910	13,410	13,910	14,410	14,910	15,410	15,910	17,610
Group B—M.A	10,935	11,435	11,935	12,435	12,935	13,435	14,005	14,675	15,295	15,915	16,535	17,155	17,775	19,390
Group C—M.A. plus 30	11,435	11,935	12,435	12,935	13,435	13,935	14,555	15,175	15,795	16,415	17,035	17,655	18,275	19,900
Group D—Doctors	11,935	12,435	12,935	13,435	13,935	14,435	15,055	15,675	16,295	12,915	17,535	18,155	18,775	20,559

(3) Effective on the first day of the first pay period beginning on or after September 1, 1974, the schedule of pay rates in section 13(a) of that Act (D.C. Code, sec. 31–1542 (a)) is amended to read as follows:

"Classification	Per period		
	Step 1	Step 2	Step 3
Summer school (regular):			
Teachers, elementary and secondary schools; counselor, elementary and secondary schools; librarian, elementary and secondary schools; school social worker; speech correctionist, school psychologist	$8.53	$9.67	$10.90
Psychiatric social worker	9.81	11.12	12.54
Veterans' summer school centers:			
Teacher	8.53	9.67	10.90
Adult education schools:			
Teacher	9.38	10.64	11.99
Assistant principal	13.13	14.90	16.79
Principal	14.54	16.49	18.59"

(4) Effective on the first day of the first pay period beginning on or after January 1, 1975, that schedule of pay rates is amended to read as follows:

SUMMER SCHOOL TEACHERS AND ADULT EDUCATION SCHOOLS SALARY SCHEDULE

Classification	Per period		
	Step 1	Step 2	Step 3
Summer school (regular):			
Teachers, elementary and secondary schools; counselor, elementary and secondary schools; librarian, elementary and secondary schools; school social worker; speech correctionist; school psychologist	$8.79	$9.97	$11.23
Psychiatric social worker	10.11	11.47	13.11
Veterans' summer school centers:			
Teachers	8.79	9.97	11.23
Adult education schools:			
Teacher	9.67	10.97	12.35
Assistant principal	13.54	15.36	17.29
Principal	14.99	17.00	19.14

SEC. 203. Beginning with the calendar year 1975, the District of Columbia Board of Education shall, by March 1 of each year, submit to the Mayor of the District of Columbia the—

(a) percentage rate of the cost-of-living change since the effective date of the last increase of the compensation schedule for educational personnel in the District of Columbia; and

(b) results of a study comparing compensation of teachers in the District of Columbia with (1) teachers in cities of comparable size, and (2) teachers within other jurisdictions of the Washington metropolitan area. The Mayor shall submit the information submitted to him by the Board under this section to the Counsel of the District of Columbia along with his recommendations with respect to compensation (and other related matters) of educational personnel of the Board.

SEC. 204. (a) Each person receiving basic compensation under class 15 of the salary schedule in section 1(a) of the District of Columbia Teachers' Salary Act of 1955 (D.C. Code, sec. 31–1501) shall be issued a five-year teaching certificate. Renewals shall be dependent upon application and six or more hours of appropriate credit earned during the preceding five-year period. The District of Columbia Board of Education shall establish appropriate rules, regulations, and requirements to carry out the purposes of this section.

(b) For the purposes of this section, class 15, group B, shall include persons possessing a master's degree or thirty appropriate semester hours beyond the bachelor's degree.

(c) For purposes of implementing this section the Board shall determine the appropriateness of the course work obtained in lieu of the degree.

SEC. 205. (a) Section 2(a) of the District of Columbia Teachers' Salary Act of 1955 (D.C. Code, sec. 31–1511(a)) is amended by striking out "(D) attendance officer, or (E) child labor inspector," and inserting "or" after "tactics," in paragraph (B).

(b) The employees in the category repealed by the amendment made by subsection (a) shall meet the general requirements of such section 2(a).

(c) The amendment made by subsection (a) shall be effective on and after the date of enactment of this Act.

TITLE III—TEACHER'S RETIREMENT ANNUITIES

SEC. 301. Section 5 of the Act entitled "An Act for the retirement of public school teachers in the District of Columbia", approved August 7, 1946 (D.C. Code, sec. 31–725) is amended by adding at the end thereof the following:

"(e)(1) Notwithstanding any other provision of this Act, other than this subsection, the monthly rate of annuity payable under this section shall not be less than the smallest primary insurance amount, including any cost-of-living increase added to that amount, authorized to be paid from time to time under title II of the Social Security Act.

"(2) Notwithstanding any other provision of this Act, other than this subsection, the monthly rate of annuity payable under this section to a surviving child shall not be less than the smallest primary insurance amount, including any cost-of-living increase added to that amount, authorized to be paid from time to time under title II of the Social Security Act, or three times such primary insurance amount divided by the number of surviving children entitled to an annuity, whichever is the lesser.

"(3) The provisions of this subsection shall not apply to an annuitant or to a survivor who is or becomes entitled to receive from the United States, or the District of Columbia, an annuity or retired pay under any other civilian or military retirement system, benefits under title II of the Social Security Act, a pension, veterans' compensation, or any other periodic payment of a similar nature, when the monthly rate thereof is equal to or greater than the smallest primary insurance amount, including any cost-of-living increase added to that amount, authorized to be paid from time to time under title II of the Social Security Act.

"(4) An annuity Payable from the teacher's retirement and annuity fund to a former teacher, which is based on a separation occurring prior to October 20, 1969, is increased by $240.

"(5) In lieu of any increase based on an increase under paragraph (4) of this subsection, an annuity payable from the teacher's retirement and annuity fund to the surviving spouse of a teacher or annuitant, which is based on a separation occurring prior to October 20, 1969, shall be increased by $132.

"(6) The monthly rate of an annuity resulting from an increase under paragraph (4) or (5) shall be considered as the monthly rate of annuity payable under subsection (a) for purposes of computing the minimum annuity under subsection (e).".

SEC. 302. This title shall become effective on the date of enactment. Annuity increases under this title shall apply to annuities which commence before, on, or after the date of enactment of this title, but no increase in annuity shall be paid for any period prior to the first day of the first month which begins on or after the ninetieth day after the date of enactment of this title, or the date on which the annuity commences, whichever is later.

TITLE IV—FEDERAL PAYMENT AUTHORIZATION

SEC. 401. In addition to the amount authorized to be appropriated under section 502 of the District of Columbia Self-Government and Governmental Reorganization Act for the fiscal year ending June 30, 1975, there is authorized to be appropriated to the District of Columbia not to exceed $14,000,000 for such fiscal year which may only be used to pay officers and employees of the District of Columbia increased compensation which is required by adjustments made on or after July 1, 1974, in the rates of pay for police, firemen, and teachers which are authorized by this Act.

TITLE V—AMENDMENT TO DISTRICT SALES TAX ACT

SEC. 501. Section 114(a)(8) of the District of Columbia Sales Tax Act (D.C. Code, sec. 47–2601(a)(8)) is amended to read as follows:

"(8) The sale of or charges for admission to public events, except live performances of ballet, dance, or choral performances, concerts (instrumental and vocal), plays (with and without music), operas and readings and exhibitions of paintings, sculpture, photography, graphic and craft arts, but including movies, circuses, burlesque shows, sporting events, and performances or exhibitions of any other type or nature: *Provided*, That any casual or isolated sale of or charge for admission made by a semipublic institution not regularly engaged in asking such sales or charges shall not be considered a retail sale or sale at retail."

TITLE VI—POWERS OF THE COUNCIL

SEC. 601. Notwithstanding any other provision of law, or any rule of law, nothing in this Act shall be construed as limiting the authority of the District of Columbia Council to enact any act, resolution, or regulation, after January 2, 1975, pursuant to the District of Columbia Self-Government and Governmental Reorganization Act with respect to any matter covered by this Act.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

AMENDMENT OF THE DISTRICT OF COLUMBIA SELF-GOVERNMENT AND GOVERNMENTAL REORGANIZATION ACT

The Senate proceeded to consider the bill (H.R. 15791) to amend section 204 (g) of the District of Columbia Self-Government and Governmental Reorganization Act, and for other purposes, which had been reported from the Committee on the District of Columbia with amendments on page 5, beginning with line 3, strike out:

(9) Part D of title VII of that Act is amended by adding at the end thereof the following:

"HORIZONTAL PROPERTY

"SEC. 744. In addition to other authority delegated to it, and in accordance with section 406 of Reorganization Plan Numbered 3 of 1967, the District of Columbia Council may promulgate any regulation modifying any provision of the Horizontal Property Act of the District of Columbia (D.C. Code, sec. 5-901 et seq.).".

(10) The table of contents for Part D of title VII of that Act is amended by inserting at the end thereof "Sec. 744. Horizontal property.".

and insert:

"SEC. 2. In addition to other authority delegated to it, and in accordance with section 406 of Reorganization Plan Numbered 2 of 1967, the District of Columbia Council is authorized, by regulation, to prohibit the establishment, after the effective date of such regulation, of any horizontal property regime, real estate condominiums project, or other conversion of units in a multiunit structure into a condominium pursuant to the Horizontal Property Act of the District of Columbia (D.C. Code, sec. 5–901 et seq.).

On page 5, in line 24, strike out "2" and insert "3."

On page 6, at the end of line 5, insert "including establishing the filing date for nomination petitions for any elections to be held during November 1974."

The amendments were agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Hackney, one of its reading clerks, announced that the House disagrees to the amendments of the Senate to the bill (H.R. 16027) making appropriations for the Department of the Interior and related agencies for the fiscal year ending June 30, 1975, and for other purposes; agrees to the conference requested by the Senate on the disagreeing votes of the two Houses thereon; and that Mrs. HANSEN of Washington, Mr. YATES, Mr. MCKAY, Mr. LONG of Maryland, Mr. EVANS of Colorado, Mr. MAHON, Mr. MCDADE, Mr. WYATT, Mr. VEYSEY, and Mr. CEDERBERG were appointed managers of the conference on the part of the House.

The message also announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2957) relating to the activities of the Overseas Private Investment Corporation.

EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate go into executive session to consider a nomination on the Executive calendar, which was reported earlier today.

There being no objection, the Senate proceeded to the consideration of executive business.

FEDERAL AVIATION ADMINISTRATION

The legislative clerk read the nomination of James E. Dow, of Virginia, to be Deputy Administrator of the Federal Aviation Administration.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

Mr. MANSFIELD. I ask that the President be notified of the confirmation of this nomination.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate resume the consideration of legislative business.

There being no objection, the Senate resumed the consideration of legislative business.

AMENDMENT OF THE RAIL PASSENGER SERVICE ACT

The Senate continued with the consideration of the bill (S. 3569) to amend the Rail Passenger Service Act of 1970, and for other purposes.

Mr. PROXMIRE. Mr. President, I ask for the yeas and nays on my amendment.

The yeas and nays were ordered.

AMENDMENT NO. 1584

Mr. PROXMIRE. Mr. President, I send to the desk an amendment and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

On page 18, beginning with line 7, strike out all through line 23 on page 19.

Mr. PROXMIRE. Mr. President, as I understand it, 1 hour has been allowed on this amendment, a half-hour on each side, is that correct?

The PRESIDING OFFICER. That is correct.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that Mrs. Barbara Kernan, who assisted me on this amendment, be allowed the privilege of the floor during the debate and vote.

The PRESIDING OFFICER. Without objection, it is so ordered. Who yields time?

Mr. PROXMIRE. Mr. President, I yield myself such time as I may require.

This amendment is an economy amendment, an important economy amendment, because it would save $10 million now and $400 million in the longer run.

Furthermore, it is a proposal which is implicitly supported by the Office of Management and Budget and the Department of Transportation inasmuch as they opposed the section that I would delete in my amendment.

This amendment simply deletes section 14 of the bill which authorizes the Secretary of Transportation to finance the cost of designing and planning a rail rapid transit line to Dulles Airport. Is section 14 a wise—or appropriate—or timely use of taxpayer's money—that is the $10 million question? My answer is an emphatic "No." And the $10 million cost of this planning is only the beginning. In considering this provision of the bill, we cannot afford to be railroaded into a potentially staggering expenditure. The ultimate cost of such a rapid transit line would be nearly $200 million. I do not know about my colleagues, but I would have a very difficult time explaining to my constituents in Wisconsin why their hard-earned dollars are being spent for such a purpose. Like the proverbial Missourian, they would have every justification for asking me to "show them" the need for such an expenditure. For the following 10 reasons—1 for every million dollars of this unnecessary expenditure—I do not think that I could "show them."

First, I have already made reference to the high cost of such an undertaking. Section 14 of this bill authorizes $10 million for planning a rail rapid transit line to Dulles and for a feasibility study of extending such a line to the Baltimore-Washington International Airport. That is the additional $200 million or so.

Let me stress that this large amount would be spent on planning alone. Then the real cost of building the actual system would begin. Estimates of that cost for the Dulles line are around $190 million. Then add to that the potential cost for planning and construction of a similar line to Baltimore-Washington International—at least another $10 million in planning and probably more than $200 million for construction, and we are talking about an expenditure in the neighborhood of $420 million as a logical consequence of section 14.

Second, I question the appropriateness of the Federal Government bearing the entire cost of this enterprise.

How about local governments? Should they not share in the cost of such systems? Let us remember who will benefit from such a system. After all, the line would have local stops. Communities in northern Virginia will be beneficiaries of this investment to a great degree. No wonder representatives of Fairfax, Reston, Herndon, Loudon County, and Falls Church have been in favor of supporting this project solely with Federal funds.

There is good reason why they should be in favor of it. It would not cost their communities a cent. Think of what their opponents in the coming election would say if they lost the opportunity to gain a rapid transit system at no cost to their local governments. But let us face it—should Congress really exhibit this magnitude of generosity to some of the richest counties in America? Fairfax County is the second richest in the Nation. I just can not justify to a heavily taxed Milwaukee citizen, for example, why he should be paying for Fairfax County residents to make use of this giveaway. This bill takes from the lower and middle income taxpayers to provide for the rich. This is Robin Hood in reverse.

A third aspect of the cost of the system is the consideration of whether local governments could even afford their share if the construction were to proceed on a cost-sharing basis. Virginia is currently $50 million short of its commitment to the present Metro system. Even if Virginia were asked to pay only for the two local stations along the Dulles route, they would need an additional $30 million—quite a heavy load in light of their current deficits.

This leads me to a fourth point—that of the timeliness of such an undertaking. The burden of the cost of such a project is just one reason that the time is not ripe. The other major argument against the timing of this construction is reflected in section 14 of the bill itself. The bill refers to a "rail rapid transit line in the median of the Dulles Airport Road from the vicinity of Virginia Highway Route 7 on the K Route of the Adopted Regional System." It is incredible to me that not only do we have an accurate up-to-date idea of the ultimate costs involved, but we do not even know where the Dulles line will connect because the whole future of the K route is in doubt. Construction of that route in the median strip of I–66 was interrupted by a court order, and it is possible that the location and design of I–66 will be modified. I do not see how Congress could be irresponsible enough to pass legislation for a rapid transit system without really knowing how much it will cost or where it will go. This would be a real example of putting the caboose before the engine!

Fifth, have we been informed of the alternatives? Obviously not, or we would have been apprised of a provision of Public Law 93–87, the "Federal Highway Act of 1973" which authorized $10 million for a demonstration program for high-speed bus service from Washington to Dulles. With the development and implementation of such a service, how can we begin to justify the planning of a rapid rail system for which there may be little or no need? I would like to read section 146 of Public Law 93–87:

> HIGH-SPEED TRANSPORTATION DEMONSTRATION
>
> SEC. 146. The Secretary is authorized to undertake a study and demonstration program for high-speed bus service from collection points in the Washington, District of Columbia area to Dulles International Airport, Virginia. Such study and demonstration shall utilize exclusive bus transportation lanes as well as terminal and parking facilities. Such study and demonstration shall also include the purchase of high-speed buses. As necessary to implement this section, the Secretary shall undertake research into the development of buses designed to maintain high-speed, safe transportation. Not to exceed $10,000,000 of the amount authorized to be apportioned under section 104(b) (6) of title 23, United States Code, for the fiscal year ending June 30, 1975, shall be available to the Secretary to carry out this section and such sum shall be set aside for such purpose prior to the apportionment of such amount for such fiscal year.

How could we, as responsible legislators, permit such duplication to occur? It seems obvious to me that with an express bus system to be demonstrated, we should certainly wait until it is in place in order that we may assess passenger use and make a determination at that time as to the future need for a high-speed rail system. Heaven knows we do not need both—and both financed by the Federal Government. We may well find that the high-speed bus demonstration fulfills all immediate and near-future needs.

My sixth reason for being unable to justify the rail system planning expenditure is the incomplete nature of the feasibility study which the pending legislation is based upon. The Commerce Committee considered a study undertaken by the Office of High-Speed Ground Transportation of the Federal Railroad Administration, entitled "Dulles Airport Rapid Transit Service Feasibility Study." Yet, that study looked only at a rail system and neither considered nor explored the various options for other modes of transportation. The study also considered only the technical feasibility of the rail system, but not the economic feasibility—a most lamentable and crucial oversight.

Seventh, in spite of potential expenditures of well over $400 million, the committee did not hold one hearing or hear one witness testify this year on section 14. It would seem to me that so great an undertaking would warrant hearings. As the Metro system is evolving, I am certain that new problems, developments, and needs are identified every day, and yet no witnesses have been heard this year to vouch for the need or feasibility need or feasibility of a Dulles system.

Eighth, this section has been kept in the bill in spite of grave concern expressed by the administration, concerns which I happen to subscribe to. Both the Office of Management and Budget and the Department of Transportation have been unable to support this section. Nearly 2 years ago, Undersecretary Beggs expressed his opposition to this enterprise, for many of the reasons I have expressed. The administration continues to believe, and rightly so, that there are too many unresolved issues to proceed with planning such a system at this time.

Ninth, we must also remember that by 1976, one of our regional airports will have a rail system installed. With access to our busiest airport made more convenient and with high speed buses to Dulles, the needs of air passengers in the Washington area will be met significantly.

Tenth, how about other major cities in the country—or in the world, for that matter? How many of them have rapid transit systems to their large airports? They do not have it in Milwaukee. They do not have it in Chicago. Does New York have rapid transit to Kennedy? No. How about Paris to Orly? No. London to Heathrow? No. If these major cities, some with transit systems in existence for many years, have not even completed lines to their airports, why should Washington, with its transit system not even yet in operation, make such a commitment? We do not even know how effectively the main lines of our system will function and what needs it will meet. We do not yet know how economically it will run. It would be folly to plan a spur line before the basic system is even in place.

Mr. President, the reason which is most persuasive with this Senator is that right now we are in the midst of the worst inflation in the history of our country. Furthermore, it is the only inflation this country has ever suffered which did not have a probable or at least a very likely terminal time. Our previous inflations have all been associated with wars—previous inflations, not this one. We are now in an inflation which is at a rate of 12 percent.

We should not engage in any expenditure which is not fully justified. Here is an expenditure which is opposed by the Budget Bureau and by the Department of Transportation, an expenditure for which the options have not been explored, an expenditure that is going to tie us into a $400 million cost, an expenditure which is clearly self-serving because it serves Washington and helps Senators get to Dulles or their staffs to get to Dulles. It does not help other people in the country.

Any one of the above reasons would give me cause to stop and pause before I could justify this proposal to a reasonable man. The ten reasons taken together would stop me from even contemplating such a proposal. I hope my colleagues will stop and think of what they will say to their constituents in defense of such an expenditure for so premature and unnecessary a project.

I urge my colleagues to join me in striking section 14 of S. 3569, the 1974 Amendments to the Rail Passenger Service Act of 1970.

I reserve the remainder of my time.

Mr. HARTKE. I yield 10 minutes to the Senator from New Hampshire.

Mr. COTTON. Mr. President, I rise in opposition to the amendment of the distinguished Senator from Wisconsin, although there are elements in his statement which he has made with which I agree. It so happens, Mr. President, that I have been involved for many years in this problem of rapid transit out to Dulles Airport to relieve the pressure which must continue to grow on National Airport.

In the 89th Congress, I introduced the first bill to provide for a comprehensive study of the possibilities of high-speed ground transportation to Dulles Airport.

Now we have out there, in the middle of a beautiful landscape, a very modern, safe airport. Yet nobody wants to use it because it is too far and it takes too long to get there. So we continue to have congestion at National Airport.

That bill passed in the 89th Congress. But, of course, we got into the inevitable conflict—back in the days of the father of the present Senator **Beall** and also of the elder Senator Byrd—between the States of Maryland and Virginia as regards Friendship, now Baltimore-Washington, and Dulles Airports.

The argument at that time was that as long as we had the right-of-way out to Dulles, some kind of rapid transit system might be possible. It was simply a study.

The bill passed, but it was not acted on in the House. The proposal was included in subsequent bills, and each time we have run into the same difficulty.

Mr. President, I agree with much that the distinguished Senator from Wisconsin has said. In the first place, perhaps we should not commit ourselves to any particular mode of transportation. And, I think that $5 million rather than $10 million would give the Department of Transportation enough to get started.

It would take in, of course, consideration of Baltimore-Washington Airport as well as Dulles.

I do not like to see the section deleted from this bill, because, mark you, Mr. President, the time is coming when we are going to have a tragedy. I do not want to scare the public, but we will have a real tragedy, with loss of life, at National Airport because of the congestion there. If the Senator would amend his amendment so that it would reduce the cost of the section from $10 million to $5 million, and further provide that they should study all possible modes that seem feasible, and report to the Congress, I could accept it.

This bill calls for Metro service. However, we do not know how long it is going to take to build that, how feasible it is going to be, or how safe it is going to be for the public to ride on when it gets started.

I appeal to the Senate and I appeal to the Senator from Wisconsin that we retain a modified version which will require a study, at a cost not to exceed $5 million, without providing for any particular mode of transportation. Considering the money we spent on studies, I just hate to see this go out of the bill.

I should like to ask the Senator from Wisconsin if he would consider any such compromise.

Mr. PROXMIRE. If the Senator will yield, I think there is great merit in what the Senator has said. I should like very much to compromise.

My problem is this: I understand there has already been a technical feasibility study for $150,000, but there has been no economic feasibility study. Of course, that would take more. The feasibility study should apply, as the Senator has suggested, not only to Washington-Dulles, but also to Washington-Friendship, and apply to other means of transportation.

I wonder if $5 million is necessary for a feasibility study, in view of the fact that $10 million is for a substantial planning amount, in view of the fact that a technical feasibility study is——

Mr. COTTON. I will take $2.5 million. But, let us not limit the study, and let us specify that it shall be for economic as well as technical feasibility and get it started.

Mr. PROXMIRE. Does the Senator from New Hampshire have any idea whether or not the administration would feel that that would be an appropriate amount, that that would be satisfactory from their standpoint?

As the Senator knows, the Department of Transportation and the Office of Management and Budget oppose section 14 in its present form, and they might very well go along with this kind of logical and sensible compromise. But it would be very helpful to this Senator to know how to proceed if the experts who are involved here could give us some notion of that attitude.

Mr. COTTON. As must be apparent to everybody, this is not the day that I would attempt to talk about the policy of the administration, because that is something I certainly cannot attend to right now.

Mr. PROXMIRE. Well, all right.

Mr. COTTON. I think it is not a question of what the administration wants or what they would do; it is a question of what is right. I am merely trying to keep in this bill at least a feasiblility study of the economic features and the technical features, including both airports.

I have been a member of the Appropriations Subcommittee that handles the money for DOT. Even if DOT only has $2.5 million, they can come back to Congress with a preliminary report that means something.

Mr. President, has my time expired?

The PRESIDING OFFICER. The Senator's 10 minutes have expired.

Mr. PROXMIRE. Mr. President, I yield myself such time as I may require. Does the Senator know whether this bill has passed the House of Representatives in another form? I was wondering whether there may be a conference on this matter, at which we could work something out.

Mr. COTTON. I do not think this bill has ever passed the House.

Mr. PROXMIRE. I see.

Mr. COTTON. I realize that presents a problem, but I think there has been growing sentiment in the House that we should look the situation over carefully. It is a matter of public safety in the future, and I think that should come first.

Mr. PROXMIRE. All right. Then may I say to the Senator from New Hampshire, if it is the understanding of the managers of the bill that this would be acceptable to them, the Cotton compromise proposal in which the amendment would be reduced to $2.5 million, changing the terms from the present terms of a planning provision to a feasibility study of all modes of transportation, including the Baltimore as well as the Dulles route, I would be willing to consider that.

Mr. BEALL. Mr. President, if someone will yield to me——

Mr. HARTKE. I yield the Senator from Maryland whatever time he may want.

Mr. BEALL. We have been in close contact with the Department of Transportation of the State of Maryland on this matter. As the Senator from Wisconsin knows, we have amended the bill so that the State of Maryland has joint responsibility for the study. We have expanded the bill to include more than the median strip of the highway, but the State has told us that we should study the feasibility of doing this on the Penn Central tracks. They pointed out that any feasibility study would cost about $900,000 for the Baltimore-Washington International Airport section.

I bring that up because if it is going to cost Maryland $900,000, I would assume it would cost for Dulles at least a million dollars.

Mr. PROXMIRE. Then the $2.5 million would be an inadequate amount?

Mr. BEALL. I just wanted to point out that the Maryland portion would cost at approximately $900,000.

Mr. PROXMIRE. The Cotton compromise sounds reasonably close to reality. The Senator from Maryland, who has responsibility in connection with this matter, will that be acceptable to him?

Mr. BEALL. How about $3 million? That would give us flexibility in conference.

Mr. PROXMIRE. We do not know; the House may put in the whole amount.

Mr. BEALL. But they may not put anything in. As of now, the House has nothing in, and so, if they have nothing in, the conferees cannot exceed our amount, and the chances are they will ask for an accommodation somewhere between our amount and their lesser amount.

Mr. PROXMIRE. All right. That is acceptable.

Mr. BEALL. I would point out also that the existing study the Senator mentioned did not include light rail. Light rail reduces the cost of all these things.

Mr. PROXMIRE. May I suggest, unless the Senator from New Hampshire has definite language here, that we get a quorum call or something, so that we can work out the language? Because this would require a substantial amendment to the simple striking language I have.

Mr. DOMINICK. Mr. President, will the Senator from Indiana yield me about 4 minutes?

Mr. HARTKE. Mr. President, who has the floor? If I have the floor, I yield 4 minutes to the Senator from Colorado.

Mr. DOMINICK. I thank the Senator from Indiana.

I am glad that I was here during the colloquy between the Senator from New Hampshire and the Senator from Wisconsin. I shall take no position on the amount of money, because I do not know whether the $2.5 million is enough or not; but there is one thing I am absolutely positive of, and that is that we need a fast rail transportation system to Dulles. I am not talking about Friendship.

I happen to be one of the few pilots in the U.S. Senate, and as far as I know, of all the airports I have flown into and out of in 40 years, Dulles is the best airport in the entire country. It is run the best, and it is the safest. And one of the worst is National, particularly with the advent of jet planes.

Just to give an example, I was coming back from eastern Maryland, where I had spent the weekend with Secretary Rogers Morton, and I landed on runway 33, which is northwest. I was coming in to that runway, having been told to do so by the tower. The tower at the same time was saying to a jet, "Land on runway 1," which intersects 33, and at the same time it was telling a single-engine airplane to land on runway 3, which also intersects.

He told me, "You land long," and he told the other light plane to land short, and he told the jet to land as short as he could.

We landed, I would think, within about 15 seconds of each other. If anyone had caught a wing tip, or blown a tire, all three airplanes would have been tied up in a knot, with bones and blood all over the airport. It is going to happen one of these days, as the Senator from New Hampshire says, because it is an impossible jet airport. It should be used only for private aircraft, if it is to be used at all, or for twins.

When I made this statement some years ago, following that I got word from Members in the other body that they did not like my proposal of closing up National and moving everything to Dulles, because of the fact that it would inconvenience them.

I really do not give much of a hoot whether it inconveniences them or not, if it is going to save their lives. But following that colloquy, a man who was an engineer came up to me and talked with me at length. He pointed out that there are railroad tunnels underneath the river at this point, and that there are railroad lines which could be used along the route from, we will say, 14th Street Bridge out to Dulles, which would substantially cut down on the cost. All we would have to do would be to acquire those rights, which no one is using at the present moment.

So, in the interests of safety, in the interests of aviation, and in the interests of the people of this city and this great Capital of ours being able to use an airport with maximum feasibility to get where they want to go, I think this provision of the bill is extraordinarily good. As I say, I am making no statement on the cost, because maybe $10 million is too much, or maybe $2.5 million is too little, I do not know; but that provision ought to stay in.

The PRESIDING OFFICER. The Senator's 4 minutes have expired.

Mr. DOMINICK. I thank the Senator from Indiana.

The PRESIDING OFFICER. Who yields time?

Mr. WILLIAM L. SCOTT. Mr. President, will the Senator from Indiana yield me 5 minutes?

Mr. HARTKE. Mr. President, I yield the Senator from Virginia 5 minutes.

Mr. WILLIAM L. SCOTT. Mr. President, I rise in opposition to the amendment by the Senator from Wisconsin. I know that my colleague from Maryland will speak on behalf of the Friendship Airport, so my remarks primarily relate to the Dulles International Airport.

This is an airport constructed by the Federal Government, one of the few Federal airports in the country. I believe it and National are the only two that we have. It cost the taxpayers something over $108 million to construct that airport. The proposed rapid rail transit facility would be an extension of the Metro system, so that one could go on—I notice here it says Virginia Route 7; that should be U.S. Route 7; I shall ask later to correct that so that we will be referring to the right highway.

But in effect, this would mean that we would start down in Washington, we would run the Metro system up the median strip of Interstate 66, and then eventually—this proposal would be to do the necessary feasibility study, the engineering—so that we can have faster service, to Dulles Airport.

I think this is one factor that held up the development of this project. I have listened to the Senator from New Hampshire, my friend, Mr. COTTON, talk about reducing the amount from $10 million to some lesser amount. I do not know what amount it will be.

Mr. COTTON. $2.5 million.

Mr. WILLIAM L. SCOTT. $2.5 million, $3 million, as Senator BEALL said, is perfectly all right with me. But I would not want any compromise to prevent—to change the wording so that it would be a mere feasibility study and would not include—preliminary engineering studies. I hope there would not be an agreement to eliminate that portion. The amount of money is not a major concern, but making the engineering studies, whatever studies are necessary, so that we can get on with this.

Mr. President, I would ask unanimous consent to include an editorial from the July 13, 1973, Washington Star-News with regard to this.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

A Fast Trip to Dulles

During each of the past seven years Congress has toyed around, to no avail, with the idea of a high-speed rail-transit line to Dulles Airport. After a hard-fought debate last Monday, however, the Senate cleared a $10 million planning authorization to get this sound project finally under way, and there are at least three good reasons to hope that the action will prevail this time in the House.

The first of the reasons has to do with timing. By late 1977, the Metro subway authority is supposed to have its rail system built in Northern Virginia to a point near Falls Church, where it could connect with a Dulles spur. So it is certainly high time to begin work now on the spur itself.

A second reason is purely political: In past years, the Dulles project has encountered troubles with Maryland congressmen whose first allegiance is to that state's Friendship Airport. The present Senate bill, however, also would allot $150,000 to investigate the future transit possibilities to Friendship, with the support, quite understandably, of Maryland's legislators.

Finally, of course, it is becoming more apparent all the time that a high-speed surface route is vital to realize the full potential of the substantial investment the federal government already has put into Dulles. When connecting Virginia freeways are completed, the existing Dulles access road ultimately will serve automotive needs. But the logical, necessary complement of that system is a rail facility—built within the median strip of the federally-owned access road—that will provide fast transit service from Dulles both to downtown Washington and to National Airport.

In the Senate debate, the Dulles expenditure was opposed, in these days of tight federal money, as a project primarily to benefit Congress itself. But that's about as sensible as saying that the streets of Washington, or the U.S. Capitol elevators, shouldn't be kept in good shape since they, too, are used by congressmen. Dulles was built not for the convenience of Congress, but to provide an essential gateway to the Nation's Capital, and to remove, incidentally, the pressures on National Airport which in several respects are becoming intolerable.

Mr. WILLIAM L. SCOTT. Now, this editorial does say in one sentence:

> So it is certainly high time to begin work now on the spur itself.

I believe if we do not include these engineering studies we are delaying the project.

I would ask that the Senator from New Hampshire not agree to eliminate the engineering feature; use the same language that is in the bill and just reduce the amount.

Mr. HARTKE. Mr. President, I yield a minute to the Senator from New Hampshire (Mr. COTTON).

Mr. COTTON. I will say to the Senator from Virginia that I would agree with him most certainly. But I will say to the Senator from Virginia that year after year we have marched up the hill and down and always what happens is that the Maryland Senators, to be perfectly frank, get hold of the Maryland delegation in the House, and the Virginia Senators get hold of the Virginia delegation in the House, and they all start a fight, and the House just shrugs its shoulders and says, "To the devil with it." That is why we have never gotten anywhere on that side, as a practical matter.

I think that the Senator from Virginia should be thankful if we can keep our toe in the door and keep this open this year. I join him most certainly in making an engineering study.

The PRESIDING OFFICER. Who yields time?

Mr. HARTKE. Mr. President——

The PRESIDING OFFICER. The Senator from Virginia has 1 minute remaining.

Mr. HARTKE. Mr. President, does the Senator want additional time?

Mr. WILLIAM L. SCOTT. Yes, I do.

Mr. HARTKE. Parliamentary inquiry, Mr. President. How much time is remaining?

The PRESIDING OFFICER. Nine minutes remaining to the Senator from Indiana.

Mr. HARTKE. How much time does the Senator want?

Mr. WILLIAM L. SCOTT. If he will just yield briefly.

Mr. HARTKE. I yield 2 minutes to the Senator from Virginia.

Mr. WILLIAM L. SCOTT. As indicated to the Senator from New Hampshire, I am not concerned about the amendment but I would not agree to the vacation of the yeas and nays unless we include this language so that there can be engineering as well as feasibility studies.

Mr. PROXMIRE. May I say to the Senator, I think we have worked out a compromise which goes as far as I possibly can go, and I hope it will be acceptable to the Senator from Virginia. I realize his position, and it makes sense.

I would like to suggest instead of stopping with a feasibility study that we say, "and preliminary planning." That is, after all, what we would do with $3 million anyway, and it would start him along the line of making a feasibility study, but without so much of a commitment that he would feel that he would have to go ahead with what would be a $400 million project.

Mr. BEALL. Mr. President, will the Senator yield? Maybe the words "preliminary engineering" would satisfy the Senator from Virginia rather than planning.

Mr. WILLIAM L. SCOTT. That is agreeable.

Mr. PROXMIRE. Preliminary engineering.

Mr. BEALL. Not with $3 million.

Mr. WILLIAM L. SCOTT. I will say, with all candor, I do not know the difference between engineering and planning at this time, but I would be better satisfied with the word "engineering."

Mr. PROXMIRE. May I say the bill itself, with the $10 million and everything else, did not say anything about engineering. It says designing and necessary planning.

Mr. WILLIAM L. SCOTT. On line 10, page 19, "For a comprehensive study of the feasibility, including preliminary engineering, of extending a rail rapid transit line in the median," and so forth. That is on the Baltimore-Washington Expressway, but I thought I saw that also over——

Mr. PROXMIRE. That is feasibility engineering, and that is on the Washington-Baltimore Parkway, as the Senator points out. I have no objection to that whatsoever.

Mr. BEALL. How about the word "construction?"

Mr. PROXMIRE. Of course, the word "feasibility" is fine, but when you use engineering——

Mr. WILLIAM L. SCOTT. Well, turn back over to the Dulles matter, starting at line 14 "designing and other necessary planning." All right, I am agreeable.

Mr. PROXMIRE. Yes.

The PRESIDING OFFICER. Who yields time?

Mr. HARTKE. Mr. President, I ask unanimous consent that the yeas and nays on the Proxmire amendment be vacated.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Who yields time?

Mr. PROXMIRE. Mr. President, on my time, unless somebody else would like to speak, I would like to suggest the absence of a quorum so that we can work out the technical language. We are very, very close to it now, and then I can send it to the desk and we will have something definite to act on.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. HARTKE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARTKE. Mr. President, I ask for the yeas and nays on final passage.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. HARTKE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. On whose time? The Chair would inquire on whose time the quorum call would be taken?

Mr. HARTKE. I will be glad to have the time assessed against the Senator from Indiana.

The PRESIDING OFFICER. The Chair would say to the Senator from Indiana that on the precedents the Senator does not have enough time remaining on the amendment.

Mr. HARTKE. I ask unanimous consent that the time be charged to neither side.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. BEALL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARTKE. Mr. President, are we on the bill?

The PRESIDING OFFICER. We are on the amendment.

Mr. HARTKE. The bill is open to amendment.

Mr. PROXMIRE. I think we have worked out the language. I will read the language slowly. The changes are simple and clear now, I think.

On page 18 of the bill, line 14, the last word on line 14, "designing and other" would be deleted. In place of that the language would be inserted after that, "cost of a feasibility study and preliminary plan to consider necessary planning for a rapid transit line to Dulles International Airport road from the vicinity of Virginia highway Route 7 on the K Route of the adopted regional system, including rail or alternative modes of transportation, whichever are most technically and economically feasible."

Then on page 19, lines 3 through 6 would be deleted, in the section 9(d), and on page 19, line 10, the word "rail" is deleted, and the last word on that line, "in", is deleted; line 11 is deleted entirely. On page 19, line 20, "10,000,000" is deleted and "3,000,000" is substituted.

Mr. BEALL. Would the Senator yield?

Mr. PROXMIRE. Yes, I am happy to yield.

Mr. BEALL. Those sections have already been amended, we should not touch that, it has already been handled by the previous amendments.

Mr. PROXMIRE. Section 10?

Mr. BEALL. Yes.

Mr. PROXMIRE. That is fine.

Then, Mr. President, what I have read would stand exactly as I have read it, except that on page 19, lines 10 and 11, would not be touched.

Mr. WILLIAM L. SCOTT. Would the Senator yield?

Mr. PROXMIRE. Yes.

Mr. WILLIAM L. SCOTT. Is the Senator deleting the word "rail" with regard to Dulles?

Mr. PROXMIRE. Yes, because we want to consider the alternative, that is all.

Rail would not be eliminated, it would be studied, too, but the point, I think Senator COTTON agreed, we not only should study the rail, but the rapid bus line, we are spending $10 million on it.

Mr. WILLIAM F. SCOTT. I would say to the Senator, we already have the roadway for the bus, if the bus is going to be placed there, the only feasibility is for rapid rail.

Mr. PROXMIRE. Well, the feasibility is the option. In making an economic feasibility study, they may find from the cost benefit we are better served by bus than by a rail line, at that high expense, by leaving rail out, then they would consider both alternatives. They can come to the conclusion perhaps rail is better. This leaves it open.

Mr. WILLIAM L. SCOTT. Mr. President, I am not going to push this. I think it should remain in there, but it does seem that the leadership on both sides for the committee has tentatively agreed.

I would ask that the word "Virginia" be stricken and the words "United States" be put in. That is a technical matter, but it is a Federal highway.

Mr. PROXMIRE. That is page 18, line 17, the first word, "Virginia".

I have no objection to that.

Mr. HARTKE. Will the Senator yield? Has the Senator submitted the amendment?

Mr. PROXMIRE. I have read it.

Mr. HARTKE. Would the Senator call it up?

The PRESIDING OFFICER. The Chair wishes to inquire of the Senator from Wisconsin, does he withdraw his earlier amendment?

Mr. PROXMIRE. Yes.

The PRESIDING OFFICER. The amendment of the Senator from Wisconsin is withdrawn.

Mr. PROXMIRE. Mr. President, I call up my amendment which is at the desk.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

The amendment is as follows:

"SEC. 9. (a) The Secretary of Transportation shall make payments to the Transit Authority in such amounts as may be requisitioned from time to time by the Transit Authority sufficient, in the aggregate, to finance the cost of a feasibility study to consider necessary planning for a rapid transit line to Dulles International Airport from the vicinity of U.S. Highway Route 7 on the K Route of the Adopted Regional System or alternative modes of transportation, whichever are most technically and economically feasible.

"(b) The transit line authorized to be planned in subsection (a) of this section shall include appropriate station facilities at the Dulles International Airport and at the point of intersection with the Adopted Regional System.

"(c) Upon completion of the transit line authorized to be planned in this section, all transit facilities and the underlying real estate interests appurtenant thereto shall become the property of the Transit Authority and shall be operated by such Authority.

"SEC. 10. (a) The Secretary of Transportation is authorized and directed to contract with the Transit Authority and the State of Maryland for a joint comprehensive study of the feasibility, including preliminary engineering, of extending a rapid transit line from the Nation's Capital region to the Baltimore-Washington International Airport.

"(b) The study to be undertaken pursuant to subsection (a) of this section shall be completed within 6 months after execution of the contract authorized therein.

"SEC. 11. There is authorized to be appropriated to the Secretary of Transportation, without fiscal year limitation, not to exceed $3,000,000 to carry out the purposes of sections 9 and 10 of this Act. The appropriations authorized in this section shall be in addition to the appropriations authorized by section 3(c) of this Act.".

Mr. HARTKE. Mr. President, on the basis of the information and what has been worked out, we are prepared to accept the amendment.

Mr. PROXMIRE. I thank the Senator.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Wisconsin.

The amendment was agreed to.

Mr. PROXMIRE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. BEALL. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BEALL. Mr. President, we have had the administration, through the Department of Transportation, the Office of Management and Budget, express some views of this legislation.

I ask unanimous consent that letters from the Department of Transportation and from the Director of the Office of Management and Budget be included at this point in the RECORD.

There being no objection, the letters from the Department of Transportation and Office of Management and Budget were ordered to be printed in the RECORD, as follows:

THE SECRETARY OF TRANSPORTATION,
Washington, D.C., July 12, 1974.

Hon. VANCE HARTKE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HARTKE: During Under Secretary Barnum's recent testimony on the Rail Passenger Service Act of 1970 before the Subcommittee on Surface Transportation, you discussed the possible incorporation of an amendment to section 602 which is included in the bill you introduced on June 3, 1974. That amendment provides that:

[A]ny request made by the Corporation for the guarantee of a loan pursuant to [section 602], which has been approved by the Board of Directors of the Corporation, shall be approved by the Secretary without substantive review of the objects of such underlying loan. . . .

In testimony before your Committee and again before the House Committee on Interstate and Foreign Commerce, the Department opposed any reduction in the authority of the Secretary to pass upon Federal guarantees of Amtrak loans under section 602. We continue to oppose the amendment and believe the current arrangement with regard to section 602 between the Department and Amtrak should continue.

At a time when Amtrak has an uncontrollable deficit, a growing part of which is debt service on loans for capital expenditures financed under section 602 authority, we do not believe the role of the Executive Branch should be limited to the Secretary's position as a member of the Board. We also believe that large capital expenditures at this time need to be coordinated with other programs to revitalize the American railroad industry. This is especially true in the Northeast Corridor, where Amtrak can be expected to be investing large amounts of capital in the next few years.

We also believe that our review can stimulate Amtrak's management to plan their capital expenditure more rigorously. Our independent expertise can benefit the Corporation, the travelling public we both seek to serve, and the taxpayer. This expertise can be particularly important and helpful during a year when Amtrak has a new Board of Directors.

For these reasons, we respectfully urge you to withdraw your proposed amendment to section 602. A bill including such an amendment to section 602, or otherwise limiting the authority of the Executive Branch to monitor Amtrak capital expenditures, would be unacceptable to the Administration.

Sincerely,

CLAUDE S. BRINEGAR.

Hon. WARREN G. MAGNUSON,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MAGNUSON: We would like to take this opportunity to express a serious problem which we have with S. 3569, the AMTRAK Improvement Act of 1974, as reported by the Senate Commerce Committee.

The Administration has stated in testimony before the subcommittee on Surface Transportation of the Commerce Committee and before the House Committee on Interstate and Foreign Commerce that any reduction in the authority of the Secretary of Transportation to pass upon Federal guarantees of AMTRAK loans was unacceptable to the Administration. That provision has been included in the reported version of S. 3569.

The large capital program implemented in FY 1974 and the program which would be authorized under S. 3569 require coordination with other programs—such as the Northeast Corridor program—to revitalize the American railroad industry.

Last year the Congress significantly reduced the Executive responsibility over the operating deficit grant program administered by the Secretary of Transportation.

We strongly oppose further reduction in the Executive Branch authority to review AMTRAK spending authority. The Department of Transportation can—and should—provide considerable independent expertise and assistance to the AMTRAK Board of Directors.

We urge you and the Commerce Committee to accept a floor amendment to delete the new subsection "h" in section 602 (section 8 of S. 3569) to permit DOT to play a constructive role with regard to AMTRAK's long term capital commitments. The Department also can contribute a broad national transportation system view point to AMTRAK capital expenditure decisions which we believe is an especially necessary consideration when such substantial amounts of Federal funds are being committed.

The Department of Transportation and OMB will recommend to the President that S. 3569 be vetoed unless provision in section 8 (subsection "h" in section 602) is eliminated so that the Executive Branch retains necessary authority over AMTRAK capital expenditures.

Sincerely,

ROY L. ASH, *Director.*

Mr. CHILES. Mr. President, I have long been a supporter of improved and expanded rail passenger service in this Nation. I welcomed the creation of the National Railroad Passenger Corporation and had high hopes for the revitalization of train service as a first class means of travel. My State is served by several major Amtrak routes and I have worked for the addition of a Florida to Louisiana route. I remain firmly convinced that rail passenger service should and can be an integral part of this country's transportation system.

However, I have been increasingly disturbed by the failure of performance on Amtrak's part in its several years of operation. Reports of poor service, poor equipment, and poor organization continue unabated and I am concerned over the future of passenger service if the present pattern continues.

We now have a bill before us, the Amtrak Improvement Act, which increases the amount of Federal grants authorized for the Corporation by $200,000,000 and raises the ceiling on the maximum amount of Federal guaranteed loans for Amtrak by $400,000,000. I feel, Mr. President, that passage of this bill will merely represent throwing good money after bad. I quite frankly do not think we should be providing Amtrak with additional funding until we have some concrete evidence that it will be wisely spent. We have been told in the past that if funding were increased, improved service would result. Congress did provide the funds but I would maintain that we have seen little in the way of improved service.

If the Corporation is to accomplish the goals that Congress has established, I fully realize that it will need continued Federal support. However, I would recommend that we display a more cautious approach in our funding of Amtrak until we have a clear demonstration that effective and innovative management will get a dollar's worth of improved rail passenger service for every dollar the Congress provides. At present I have no confidence this will be the case and for that reason I cannot support this legislation.

Mr. TUNNEY. Mr. President, I would like to bring to the attention of my colleagues section 11 of the Rail Passenger Service Act of 1970. This section is identical to S. 1328 the West Coast Corridor Feasibility Study Act of 1973 which passed the Senate by voice vote on June 11, 1973. In order to expedite final passage by the Congress of this crucial measure Senator MAGNUSON, Senator HARTKE, and I have decided to reintroduce S. 1328 as part of the Rail Service's Passenger Act.

Section 11 directs the Secretary of Transportation to undertake the study of the technical and economic practicality of a high speed ground transportation system between the cities of Tijuana in the State of Baja California, Mexico, and Vancouver in the Province of British Columbia, Canada, by way of the cities of Seattle in the State of Washington, Portland in the State of Oregon, and Sacramento, San Francisco, Fresno, Los Angeles, and San Diego in the State of California.

In carrying out such investigation the Secretary shall consider the following criteria:

> (1) the various means of providing such transportation, including both existing modes and those under development, such as the tracked levitation vehicle;
>
> (2) the cost of establishing and operating such a system, including any acquisition of necessary rights-of-way;
>
> (3) the environmental impact of such a system, including the future environmental impact from air and other transportation modes if such a system is not established;
>
> (4) the factors which would determine the future adequacy and commercial success of any such system, including the speed at which it would operate, the quality of service which could be offered, its cost to potential users, its convenience to potential users, and its ability to expand to meet projected increases in demand;
>
> (5) the efficiency of energy utilization and impact on energy resources of such a system, including the future impact of existing transportation systems on energy resources if such a system is not established;
>
> (6) the ability of such a system to be integrated with other local and intrastate transportation systems, both existing and planned, in order to create balanced and comprehensive transit systems;
>
> (7) coordination with other studies undertaken on the State and local level; and
>
> (8) such other matters as he deems appropriate.

This study is essential if the energy, transportation, and environmental problems on the west coast are to be resolved systematically.

The West Coast Corridor, and California in particular, has experienced an explosive growth in transportation traffic during the last decade. Furthermore there is every reason to believe that this fantastic growth will continue. In California alone conservative projections indicate that we can expect as many as 125 million travelers by 1990 and 200 million by the year 2000. This would mean the rough equivalent of the entire present population of the United States traveling between the major California cities by the end of this century. Let me also point out that the air corridor between San Francisco and Los Angeles has already become the most heavily traveled in the world, with an astronomical 400 percent further increase predicted in this corridor during the years between 1970 and 1985.

Extensive personal investigation and a detailed hearing revealed that the predicted steep increases in travel demand will soon overwhelm present and planned transit systems on the west coast which will create a transportation crisis in the area unless systematic planning for alternative systems is begun immediately. A comprehensive transportation study has already been carried out in the Northeast and I hope my colleagues will insure that such a study will soon be undertaken on the west coast as well.

Since the House has already passed the Rail Passenger Service Act, passage of section 11 by the Senate will send this urgently needed provision to conference for hopefully quick approval.

The PRESIDING OFFICER. The bill is open to further amendment.

If there be no further amendment to be proposed, the question is on agreeing to the committee amendment in the nature of a substitute, as amended.

The committee amendment in the nature of a substitute, as amended, was agreed to.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill (S. 3569) was ordered to be engrossed for a third reading and was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

Mr. HARTKE. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of H.R. 15427 to amend the Rail Passenger Service Act of 1970 to provide financial assistance to the National Railroad Passenger Corporation, and for other purposes; that all after the enacting clause be stricken; and that the text of S. 3569, as amended, be substituted therefor.

The PRESIDING OFFICER. Is there objection to the requests of the Senator from Indiana? The chair hears none and it is so ordered.

Mr. HARTKE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HARTKE. Have the yeas and nays on final passage been ordered?

The PRESIDING OFFICER. That is correct.

Mr. HARTKE. Do they now apply or do we have to have a reaffirmation of the yeas and nays?

The PRESIDING OFFICER. They were ordered on the Senate bill, but not on the House bill.

Mr. HARTKE. Mr. President, I ask unanimous consent to amend the order to have the order apply to the House bill rather than to the Senate bill.

The PRESIDING OFFICER. Without objection, it is so ordered. The yeas and nays will be transferred to the passage of the House bill.

Mr. HARTKE. Mr. President, third reading.

The PRESIDING OFFICER. The question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill (H.R. 15427) was read the third time.

Mr. HARTKE. Mr. President, I would like to pay special tribute to my distinguished colleagues, Senator BEALL from Maryland for the excellent help he has given in the discussions on the bill, and the entire support we have had of all of the entire subcommittee and the full committee. I also want to pay tribute to the following staff members: Tom Allison, Lynn Sutcliffe, Robert Joost, Chris O'Malley, Moira Kehoe, Mal Sterrett and Joe Carter, and to Howard Cohen of DOT and to Joe Matthews and Tim Brosnehan of Amtrak, who have been of such valuable assistance.

Mr. BEALL. Will the Senator yield?

Mr. HARTKE. Yes.

Mr. BEALL. While the Senator is passing out bouquets, I think we should pass them out to the chairman of the subcommittee, who has always been diligent in shepherding the legislation from its initiation through to passage today.

He sometimes is the only one showing concern for our many transportation problems in this country, and we are all grateful to him, because through his leadership we are able to have the degree of rail passenger transportation we have today.

Of course, we are all grateful to the work of the distinguished senior Senator from New Hampshire, the ranking Republican member of the subcommittee, and to the total committee and the ranking Republican member of the Transportation Committee, the Senator from Kansas, for their leadership.

The PRESIDING OFFICER. The question is on final passage of the bill. The yeas and nays have been ordered and the clerk will call the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Alaska (Mr. GRAVEL), the Senator from Minnesota (Mr. HUMPHREY), the Senator from Louisiana (Mr. JOHNSTON), the Senator from Louisiana (Mr. LONG), the Senator from New Mexico (Mr. MONTOYA), the Senator from Indiana (Mr. BAYH), the Senator from Texas (Mr. BENTSEN), and the Senator from Rhode Island (Mr. PASTORE) are necessarily absent.

I further announce that, if present and voting, the Senator from Rhode Island (Mr. PASTORE) and the Senator from Minnesota (Mr. HUMPHREY) would each vote "yea."

Mr. GRIFFIN. I announce that the Senator from Utah (Mr. BENNETT), the Senator from Maryland (Mr. MATHIAS), and the Senator from Oregon (Mr. PACKWOOD) are necessarily absent.

I also announce that the Senator from New Jersey (Mr. CASE) is absent on official business.

I further announce that, if present and voting, the Senator from New Jersey (Mr. CASE) and the Senator from Maryland (Mr. MATHIAS) would vote "yea."

The result was announced—yeas 75, nays 13, as follows:

[No. 360 Leg.]

YEAS—75

Abourezk
Aiken
Baker
Bartlett
Beall
Bellmon
Bible
Biden
Brooke
Buckley
Burdick
Byrd, Robert C.
Cannon
Church
Clark
Cook
Cotton
Cranston
Curtis
Dole
Dominick
Eagleton
Eastland
Fong
Fulbright
Griffin
Gurney
Hansen
Hart
Hartke
Haskell
Hatfield
Hathaway
Hollings
Hruska
Hughes
Inouye
Jackson
Javits
Kennedy
Magnuson
Mansfield
McClellan
McGee
McGovern
McIntyre
Metcalf
Metzenbaum
Mondale
Moss
Muskie
Nelson
Pearson
Pell
Percy
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Scott, Hugh
Sparkman
Stafford
Stennis
Stevens
Stevenson
Symington
Taft
Talmadge
Thurmond
Tower
Tunney
Weicker
Williams
Young

NAYS—13

Allen
Brock
Byrd, Harry F., Jr.
Chiles
Domenici
Ervin
Fannin
Goldwater
Helms
Huddleston
McClure
Nunn
Scott, William L.

NOT VOTING—12

Bayh
Bennett
Bentsen
Case
Gravel
Humphrey
Johnston
Long
Mathias
Montoya
Packwood
Pastore

So the bill (H.R. 15427) was passed.

Mr. HARTKE. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HARTKE. Mr. President, I move that consideration of S. 3569 be indefinitely postponed.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Indiana.

The motion was agreed to.

Mr. HARTKE. Mr. President, I ask unanimous consent that the bill, H.R. 15427, be printed in the RECORD as passed, and that copies be printed for the use of the Senate.

The PRESIDING OFFICER (Mr. NUNN). Is there objection? The Chair hears none, and it is so ordered.

H.R. 15427

SECTION 1. Section 303(d) of the Rail Passenger Service Act of 1970, as amended (45 U.S.C. 543(d)), is amended by inserting immediately after the third sentence the following: "This limitation upon compensation shall not apply, however, in the event the Board determines with respect to a particular position or positions that a higher level of compensation is necessary and is not higher than the general level of compensation paid officers of railroads in positions of comparable responsibilities.".

SEC. 2. Section 304(b) of the Rail Passenger Service Act of 1970 (45 U.S.C. 544(b)) is amended by striking out the word "owned" and by inserting in lieu thereof the word "voted" and by adding at the end thereof the following new sentence: "If any railroad or any person controlling one or more railroads, as defined in section 1(3)(b) of title 49, United States Code, owns, directly or indirectly through subsidiaries or affiliated companies, nominees, or any person subject to its direction or control, a number of shares in excess of 33⅓ per centum of the total number of common shares issued and outstanding, such excess number shall, for voting and quorum purposes, be deemed to be not issued and outstanding.".

SEC. 3. Section 305 of the Rail Passenger Service Act of 1970 (45 U.S.C. 545) is amended by adding at the end thereof the following three new subsections:

"(f) The Corporation shall, to the maximum extent practicable, directly perform all maintenance, rehabilitation, repair, and refurbishment of rail passenger equipment. Until the Corporation obtains, by purchase, lease, construction, or any other method of acquisition, Corporation-owned or controlled facilities which are adequate for the proper maintenance, repair, rehabilitation, and refurbishment of the rolling stock and other equipment and facilities of the Corporation, the railroads performing such services shall do so as expeditiously as possible and shall accord a higher priority to such work than to the maintenance and repair of equipment utilized for the transportation of freight.

"(g) The Corporation shall advise, consult and cooperate with, and, upon request, assist in any other manner the Secretary, the United States Railway Association, the Corps of Engineers, and the Consolidated Rail Corporation in order to facilitate completion and implementation of the Northeast Corridor project, as defined in section 206(d)(3) of the Regional Rail Reorganization Act of 1973, by the earliest practicable date. The Secretary shall assign the highest priority to its completion.

(h) The Corporation is authorized to issue orders, rules, regulations, and charges for the movement of privately owned railroad cars on the Corporation's trains, consistent with the needs of the Corporation: *Provided*, That no such rule, regulation, order, or charge shall be designed in a manner which would require the exterior color or markings of any privately owned railroad car of historical significance to be altered.

SEC. 4. Section 305(e)(7) of the Rail Passenger Service Act of 1970 (45 U.S.C. 545(e)(7)) is amended by inserting immediately prior to the semicolon a period and the following new sentence: "The Secretary of the Treasury shall establish and maintain, in cooperation with the Corporation, customs inspection procedures aboard trains operated in international intercity rail passenger service that will be convenient for passengers and will result in the most rapid possible transit between embarkation and debarkation points on such service.".

SEC. 5. Section 403 of the Rail Passenger Service Act of 1970 (45 U.S.C. 563) is amended by striking subsection (b) and (c) and inserting in lieu thereof the following new subsections:

"(b) Any State, regional, or local agency may request of the Corporation rail passenger service beyond that included within the basic system. The Corporation shall institute such service if the State, regional, or local agency agrees to reimburse the Corporation for 33⅓ per centum of the solely related costs and associated capital costs of such service, including interest on passenger equipment, less revenues attributable to such service.

"(c) In considering the provision of any new service (including any request pursuant to subsection (b)), the Corporation shall not deny such service solely on the basis of the lack of necessary equipment if the Corporation has the financial ability to acquire such equipment, but shall order such equipment, and make a commitment for the provision of such service, within ninety days of determining that the equipment necessary to provide such service is lacking.

SEC. 6. Sections 403(c) of the Rail Passenger Service Act of 1970 is amended to read as follows:

"(c) There are authorized to be appropriated to the Secretary for the benefit of the Corporation for purposes of carrying out the provisions of subsection (b), $10,000,000 in fiscal year 1975."

SEC. 7. Section 403 of the Rail Passenger Service Act of 1970 is amended by adding at the end thereof the following new subsection:

"(e) The Secretary shall study the need for and potential use of rail passenger service between major centers of population and heavily used recreation areas one hundred to three hundred miles from such population centers. By July 1, 1976, and annually thereafter, the Secretary shall designate not less than one such route as an experimental recreation route on the basis of demonstrated need and probable use of such service, costs of establishing such service and such other factors as he may prescribe. Such service may be limited to certain days of the week, months of the year, or otherwise as the Corporation deems appropriate. Service shall be initiated on such routes by the Corporation as soon as practicable after designation, and shall be continued for not less than two years. After such two year period, the Corporation shall terminate any such route if it finds it has attracted insufficient patronage to serve the public convenience and necessity as it may designate such route as part of the basic system."

SEC. 8. Section 405(f) of the Rail Passenger Service Act of 1970 (45 U.S.C. 565(f)) is amended by adding the following sentence immediately after the sixth sentence of the subsection, following the words "and its decision shall be binding on both parties.": "Any decision under this subsection shall accord just and reasonable compensation to the Corporation.".

SEC. 9. Section 601 of the Rail Passenger Service Act of 1970 (45 U.S.C. 601) is amended by striking out "$334,300,000", and inserting in lieu thereof "$534,300,000".

SEC. 10. Section 602 of the Rail Passenger Service Act of 1970 (45 U.S.C. 602) is amended (1) by striking out, in subsection (d) thereof, "$500,000,000" and by inserting in lieu thereof, "$900,000,000"; and (2) by adding at the end thereof the following new subsection:

"(h) Any request made by the Corporation for the guarantee of a loan pursuant to this section, which has been approved by the Board of Directors of the Corporation, shall be approved by the Secretary without substantive review of the capital and budgetary plans of the Corporation. Such review by the Secretary shall be effected by the Secretary in his capacity as a member of the Board of Directors of the Corporation and through issuance of general guidelines pursuant to section 601 of this Act.".

SEC. 11. Section 801(b) of the Rail Passenger Service Act of 1970 (45 U.S.C. 641(b)) is amended to read as follows:

"(b) A civil action may be brought by the Commission, by its own attorneys, or by the Attorney General at the request of the Commission, to enforce any provision of subsection (a) of this section. Such an action may be maintained in the district court of the United States for any district in which a defendant is found, resides, transacts business, or maintains an agent for service of process. All process in any such suit may be served in any judicial district in which the person to be served is an inhabitant or in which he may be found.".

SEC. 12. The Rail Passenger Service Act of 1970, as amended, is further amended by deleting "Rail Passenger Service Act of 1970" wherever the same shall appear and by inserting in lieu thereof "Rail Passenger Service Act".

SEC. 13. The High Speed Ground Transportation Act (49 U.S.C. 1631 et seq.) is amended by adding the following new section at the end thereof:

"SEC. 1642. (a) The Secretary shall make an investigation and study, for the purpose of determining the social advisability, technical feasibility, and economic practicability, of a high-speed ground transportation system between the cities of Tijuana in the State of Baja California, Mexico, and Vancouver in the Province of British Columbia, Canada, by way of the cities of Seattle in the State of Washington, Portland in the State of Oregon, and Sacramento, San Francisco, Fresno, Los Angeles, and San Diego in the State of California. In carrying out such investigation and study the Secretary shall consider—

"(1) the various means of providing such transportation, including both existing modes and those under development, such as the tracked levitation vehicle;

"(2) the cost of establishing and operating such a system, including any acquisition of necessary rights-of-way;

"(3) the environmental impact of such a system, including the future environmental impact from air and other transportation modes if such a system is not established;

"(4) the factors which would determine the future adequacy and commercial success of any such system, including the speed at which it would operate, the quality of service which could be offered, its cost to potential users, its convenience to potential users, and its ability to expand to meet projected increases in demand;

"(5) the efficiency of energy utilization and impact on energy resources of such a system, including the future impact of existing transportation systems on energy resources if such a system is not established;

"(6) the ability of such a system to be integrated with other local and intrastate transportation systems, both existing and planned, in order to create balanced and comprehensive transit systems;

"(7) coordination with other studies undertaken on the State and local level;

"(8) the impact of the design and location of transportation lines in creating desirable patterns of population distribution and growth; and

"(9) such other matters as he deems appropriate.

"(b) In carrying out any investigation and study pursuant to this section, the Secretary shall consult with, and give consideration to the views of, the Civil Aeronautics Board, the Interstate Commerce Commission, the National Railroad Passenger Corporation, the Corps of Engineers, and regional, State, and local transportation planning agencies. The Secretary may, for the purpose of carrying out such investigation and study, enter into contracts and other agreements with public or private agencies, institutions, organizations, corporations or individuals, without regard to sections 3648 and 3709 of the Revised Statutes (31 U.S.C. 529; 41 U.S.C. 5).

"(c) The Secretary shall report the results of the study and investigation made pursuant to this section, together with his recommendations, to the Congress and the President no later than January 30, 1977. The Secretary shall submit an interim report to the Congress on January 30, 1976.

"(d) There is authorized to be appropriated not to exceed $8,000,000 to carry out the provisions of this section.".

SEC. 14. Section 6 of the Urban Mass Transportation Act of 1964 (49 U.S.C. 1605) is amended by inserting immediately following subsection (b) the following and by redesignating subsection (c) and (d) as subsections (d) and (e):

"(c) The Secretary shall study the need for and potential use of high speed rail passenger routes between urbanized population centers and airports serving those population centers. He shall identify the routes where such service would most significantly serve the public convenience and necessity and estimate the initial costs of each such route and the probable profitability of each such route. He shall report to the Congress on the results of this study along with his recommendations as to whether the National Railroad Passenger Corporation should provide any or all such service, as well as whether any such service should be provided, not later than July 1, 1975.".

SEC. 15. Section 202(b)(2) of the Interstate Commerce Act (49 U.S.C. 302(b)(2)), is amended by striking the period at the end of the second sentence thereof and by inserting in lieu thereof the following: ": *Provided,* That (1) any amendments of such standards, which are determined by the national organization of the State commissions and promulgated by the Commission prior to the initial effective date of such standards shall become effective on such initial effective date; and (2) after such standards become effective initially, any amendments of such standards, which are subsequently determined by the national organization of the State commissions, shall become effective at the time of promulgation or at such other time, subsequent to promulgation by the Commission, as may be determined by such organization.".

SEC. 16. Section 4 of the Department of Transportation Act (49 U.S.C. 1653) is amended by inserting the following two new subsections at the end thereof:

"(h)(1) The Secretary is authorized, in consultation with the Secretary of the Interior, to design, plan, and construct a model intermodal transportation terminal at Union Station in the District of Columbia. Such terminal may combine the new railroad passenger station described in paragraph (4) of section 102(a) of the National Visitor Center Facilities Act of 1968 (82 Stat. 43), as amended, and accommodations for such other modes of transportation as the Secretary deems appropriate. To the extent practicable, the Secretary shall incorporate into the design and plans for such intermodal transportation terminal features which will make such facility a model facility and which will attract private investors willing to undertake the development and construction of the terminal.

"(2) Notwithstanding any provisions of Public Law 90–264, as amended, in order to facilitate construction of such model intermodal transportation terminal, the Secretary of the Interior shall lease or transfer such space, including air space, as the Secretary of the Interior holds or may acquire north of the Union Station Building to such party or parties and upon such terms and conditions as the Secretary deems appropriate, notwithstanding section 321 of the Act of June 30, 1932 (40 U.S.C. 303(b)). The Secretary and the Secretary of the Interior may, to the extent required to complete a visitor center, agree to joint use of the concourse.

"(3) The design and plans for the intermodal terminal shall be completed within 2 years following enactment of this subsection. The construction of the intermodal terminal shall be completed within 5 years following enactment of this subsection.

"(4) There is authorized to be appropriated to the Secretary, for the purposes of carrying out this subsection, such sums as are necessary, not to exceed $7,000,000.

"(5) Nothing in this subsection (h) shall be construed as relieving the Washington Terminal Company, its successors or assigns, from the obligation to finance and construct a new railroad passenger station in compliance with the terms of paragraph (4) of section 102 (a) of the National Visitor Center Facilities Act of 1968 (82 Stat. 43).

"(i)(1) The Secretary shall provide financial, technical, and advisory assistance in accordance with this subsection for the purpose of (A) promoting on a feasibility demonstration basis the conversion of not less than three railroad passenger terminals into intermodal transportation terminals; (B) preserving railroad passenger terminals that have a reasonable likelihood of being converted or otherwise maintained pending the formulation of plans for reuse; and (C) stimulating State and local governments, local and regional transportation authorities, common carriers, philanthropic organizations, and other responsible persons to develop plans for the conversion of railroad passenger terminals into intermodal transportation terminals and civic and cultural activity centers.

"(2) Financial assistance for the purpose set forth in paragraph (1)(A) of this subsection shall be granted in accordance with the following criteria: (A) the railroad terminal can be converted to accommodate such other modes of transportation as the Secretary deems appropriate, including motorbus transportation, mass transit (rail or rubber tire), and airline ticket offices and passenger terminal providing direct transportation to area airports; (B) the railroad passenger terminal is listed on the National Register of Historic Places maintained by the Secretary of the Interior; (C) the architectural integrity of the railroad passenger terminal will be preserved and such judgment is concurred in by consultants recommended by the Chairman of the National Endowment of the Arts and the Advisory Council on Historic Preservation and retained for this purpose by the Secretary; (D) to the extent practicable, the use of station facilities for transportation purposes may be combined with use for other civic and cultural activities, especially when such use is recommended by the Advisory Council on Historic Preservation or the Chairman of the National Endowment for the Arts, or the consultants retained by the Secretary upon their recommendation; and (E) the railroad passenger terminal and the conversion project meet such other criteria as the Secretary shall develop and promulgate in consultation with the Chairman of the National Endowment of the Arts and the Advisory Council on Historic Preservation. The Secretary shall make grants not later than July 1, 1976. The amount of the Federal share of any grant under this paragraph shall not exceed 80 per centum of the total cost of conversion of a railroad passenger terminal into an intermodal transportation terminal.

"(3) Financial assistance for the purpose set forth in paragraph (1)(B) of this subsection may be granted in accordance with regulations, to any responsible person (including a governmental entity) who is empowered by applicable law, qualified, prepared, and committed, on an interim basis pending the formulation of plans for reuse, to maintain (and prevent the demolition, dismantling, or further deterioration of) a railroad passenger terminal: *Provided,* That (A) such terminal has, in the opinion of the Secretary, a reasonable likelihood of being converted to or conditioned for reuse as an intermodal transportation terminal, a civic or cultural activities center, or both; and (B) planning activity aimed at conversion or use has commenced and is proceeding in a competent manner. Funds appropriated for the purpose of this paragraph and paragraph (1)(B) of this subsection shall be expended in the manner most likely to maximize the preservation of railroad passenger terminals capable reasonably of conversion to intermodal transportation terminals or which are listed in the National Register of Historic Places maintained by the Secretary of the Interior or which are recommended (on the basis of architectural integrity and quality) by the Chairman of the National Endowment for the Arts or the Advisory Council on Historic Preservation. The amount of the Federal share of any grant under this paragraph shall not exceed 90 per centum of the total cost of such interim maintenance for a period not to exceed five years.

"(4) Financial assistance for the purpose set forth in paragraph (1)(C) of this subsection may be granted, in accordance with regulations, to a qualified person (including a governmental entity) who is prepared to develop practicable plans meeting the zoning, land use, and other requirements of the applicable State and local jurisdictions in which the railroad passenger terminal is located as well as requirements under this subsection; who shall incorporate into the designs and plans proposed for the conversion of such terminal into an intermodal transportation terminal, a civic or cultural center, or both, features which reasonably appear likely to attract private investors willing to undertake the implementation of such planned conversion and its subsequent maintenance and operation; and who shall complete the designs and plans for such conversion within two years following the approval of the application for Federal financial assistance under this subsection. In making grants under this paragraph, the Secretary shall give preferential consideration to applicants whose completed designs and plans will be implemented and effectuated within three years after the date of completion. Funds appropriated for the purpose of this paragraph and paragraph (1)(C) of this subsection shall be expended in the manner most likely to maximize the conversion and continued public use of railroad passenger terminals which are listed in the National Register of Historic Places maintained by the Secretary of the Interior or which are recommended (on the basis of architectural integrity and quality) by the Advisory Council on Historic Preservation or the Chairman of the National Endowment for the Arts. The amount of the Federal share of any grant under this paragraph shall not exceed 90 per centum of the total cost of the project or undertaking for which the financial assistance is provided.

"(5) Within ninety days after the date of enactment of this subsection, the Secretary shall issue, and may from time to time amend, regulations with respect to financial assistance under this subsection and procedures for the award of such assistance. Each application for assistance under this subsection shall be made in writing in such form and with such content and other submissions as the Secretary shall require.

"(6) The National Railroad Passenger Corporation shall give preference to using station facilities that would preserve buildings of historical and architectural significance.

"(7) Each recipient of financial assistance under this subsection shall keep such records as the Secretary shall prescribe, including records which fully disclose the amount and disposition by such recipient of the proceeds of such assistance, the total cost of the project or undertaking in connection with which such assistance was given or used, the amount of that portion of the cost of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit. Until the expiration of three years after completion of such project or undertaking, the Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, and records of such receipts which, in the opinion of the Secretary or the Comptroller General, may be related or pertinent to such financial assistance.

"(8) There is authorized to be appropriated to the Secretary for the purpose set forth in paragraph (1)(A) of this subsection sums not to exceed $80,000,000; (B) for the purpose set forth in paragraph (1)(B) of this subsection sums not to exced $10,000,000; and, (C) for the purpose set forth in paragraph (1)(C) of this subsection sums not to exceed $10,000,000. Such sums as are appropriated shall remain available until expended.

"(9) As used in this subsection, 'civic and cultural activities' include, but are not limited to, libraries, musical and dramatic presentations, art exhibitions, adult education programs, public meeting place for community groups, convention visitors and others, and facilities for carrying on activities supported in whole or in part under Federal law.

"(10) Nothing in this subsection shall be construed to invalidate the eligibilty of any station for funds designed to assist in its preservation or reuse under any other Federal program or statute.".

Sec. 17. The National Capital Transportation Act of 1969, approved December 9, 1969 (83 Stat. 320), is hereby amended by adding at the end thereof the following three new sections:

"Sec. 9. (a) The Secretary of Transportation shall make payments to the Transit Authority in such amounts as may be requisitioned from time to time by the Transit Authority sufficient, in the aggregate, to finance the cost of a feasibility study to consider necessary planning and preliminary planning for a rapid transit line to Dulles International Airport from the vicinity of U.S. Highway Route 7 on the K Route of the Adopted Regional System, including rail or alternative modes of transportation, whichever are most technically and economically feasible.

"(b) The transit line authorized to be planned in subsection (a) of this section shall include appropriate station facilities at the Dulles International Airport and at the point of intersection with the Adopted Regional System.

"(c) Upon completion of the transit line authorized to be planned in this section, all transit facilities and the underlying real estate interests appurtenant thereto shall become the property of the Transit Authority and shall be operated by such Authority.

"Sec. 10. (a) The Secretary of Transportation is authorized and directed to contract with the Transit Authority and the State of Maryland for a joint comprehensive study of the feasibility, including preliminary engineering, of extending a rail rapid transit line from the Nation's capital region to the Baltimore-Washington International Airport.

"(b) The study to be undertaken pursuant to subsection (a) of this section shall be completed within 6 months after execution of the contract authorized therein.

"Sec. 11. There is authorized to be appropriated to the Secretary of Transportation, without fiscal year limitation, not to exceed $3,000,000 to carry out the purposes of sections 9 and 10 of this Act. The appropriations authorized in this section shall be in addition to the appropriations authorized by section 3(c) of this Act.".

Sec. 18. Title IV of the Rail Passenger Service Act of 1970 is amended by inserting at the end thereof the following:

"RAIL TRANSPORTATION FOR RECREATIONAL VEHICLES

"Sec. 406. (a) The Corporation shall establish and carry out a demonstration project providing regular scheduled rail transportation between the major metropolitan areas and the major recreation areas of the Nation for highway recreational vehicles with passengers being transported in such vehicles. Such rail transportation shall include provision of electricity, water, sewer, and other services, if such are necessary for such transportation of passengers. For the purpose of this section, the term 'highway recreational vehicle' means a self-propelled or trailer type vehicle for use on the highways to provide recreational transportation and lodging, and includes the vehicle used to tow such a trailer.

"(b) The Corporation shall make a report to the President and the Congress with respect to such project, including its recommendations, not later than one year after such project is placed in operation.

"(c) There is authorized to be appropriated not to exceed $ to carry out the provisions of this section.".

Sec. 19. Section 402(a) of the Rail Passenger Service Act of 1970 is amended (1) by inserting "(including rail passenger equipment)" after "facilities" in the first sentence, and (2) by inserting after "purposes of this Act" in the second sentence the following: "or in the case of rail passenger equipment if requested by the Corporation after determining there is an urgent need therefor".

EXTENSIONS OF BASIC SYSTEM AFTER INITIAL DESIGNATION

Sec. 20. The Secretary shall, within one hundred eighty days after the effective date of this section, designate an extension of the basic system to provide adequate intercity rail passenger service to the major population area of each of the contiguous forty-eight States which did not have any large population area provided with intercity passenger service by the basic system designated pursuant to section 201. Extensions pursuant to this section shall be part of the basic system for all purposes of this Act and the designation of such extensions shall not be reviewable in any court.

Sec. 21. (a) For the purpose of carrying out the provisions of the previous section to the extent that is would provide for intercity rail passenger service to the major population area of the State of Idaho, the Secretary of Transportation is authorized to expend not to exceed $14,700,000. (b) For the purpose of carrying out the provisions of the previous section to the extent that it would provide for service to other qualifying major population areas, the Secretary of Transportation is authorized to expend not to exceed $23,200,000.

Sec. 22. (a) Section 3(b) of the Department of Transportation Act (49 U.S.C. 1652 (b)) is amended by deleting therefrom wherever they appear the words "Under Secretary" and inserting in their place the words "Deputy Secretary".

(b) Section 9(p)(1) of the Department of Transportation (49 U.S.C. 1657(p)(1)) is amended by deleting "Under Secretary" and inserting in its place the words "Deputy Secretary".

(c) Section 5313 of title 5, United States Code, is amended by deleting "(7) Under Secretary of Transportation" and inserting in its place "(7) Deputy Secretary of Transportation".

Sec. 23. The Secretary of Transportation shall conduct a study and report to the Congress within six months after the enactment of this section on the potential for integrating rail service provided by the National Railroad Passenger Corporation with other modes of transportation, including buses, with particular attention to the transportation needs of rural areas. Such study and report shall include an evaluation of the feasibility and desirability of utilizing funds available to the National Railroad Passenger Corporation to assist increased service by other modes of transportation, including buses, connected to rail service provided by the National Railroad Passenger Corporation where such assistance will provide the opportunity for increased utilization of such rail service, especially by persons residing in rural areas.

TRIBUTE TO SENATOR HARTKE AND OTHER SENATORS ON PASSAGE OF AMTRAK

Mr. MANSFIELD. Mr. President, I rise to pay tribute to the distinguished Senator from Indiana (Mr. HARTKE). In keeping with his exemplary record of public service, he has added this outstanding accomplishment by guiding the Rail Passenger Service Act amendments through to overwhelming success today. As always, he performed the task with magnificent skill. The Senate is especially in his debt for his expert handling of the measure, and for the diligent preparation which preceded its consideration on the floor. To Senator HARTKE and to the Senate's highest commendation for their efforts to provide an effective rail passenger service for the Nation—a most difficult undertaking, to say the least.

Joining the Senator from Indiana in clarifying and expediting the Amtrak bill was the Senator from Maryland (Senator BEALL) whose thoughtful views are always welcome and helpful. We are in his debt as well for his many contributions and support. They were indispensable to this great success.

At this time I should express also the Senate's appreciation to the Senator from Wisconsin (Senator PROXMIRE) for his contribution and for the contributions as well of Senator MCCLURE and Senator TAFT and the other Members who vastly enhanced our understanding of this extremely important area of national concern.

The Senate can indeed be proud of its work today. Once again, we are indebted to all of the hardworking members of the Commerce Committee and particularly to Senator VANCE HARTKE for his leadership.

ORDER OF BUSINESS

Mr. ROBERT C. BYRD. Mr. President, for the information of the Senate, there will be no more rollcall votes today.

DUTY APPLICABLE TO CRUDE FEATHERS AND DOWNS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 1018.

The PRESIDING OFFICER (Mr. TUNNEY). The bill will be stated by title.

The assistant legislative clerk read as follows:

A bill (H.R. 11452) to correct an anomaly in the rate of duty applicable to crude feathers and downs, and for other purposes.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Finance with amendments:

On page 2, in the table, strike out "12/31/79" in the two places where it occurs and insert in lieu thereof "12/31/77."

On page 2, in line 1, strike out "(a)."

On page 2, beginning with line 5, strike out—

(b) For purposes of any authority that may be delegated to the President to proclaim such continuance of existing duty free treatment as he determines to be required or appropriate to carry out a trade agreement with foreign countries or instrumentalities thereof, the duty-free treatment provided by items 903.70 and 903.80 of the Appendix to the Tariff Schedules of the United States shall be considered as existing duty-free treatment.

On page 2, beginning with line 13, insert—

SEC. 3. (a) Section 542(b) of the Internal Revenue Code of 1954 (relating to corporations filing consolidated returns) is amended by adding at the end thereof the following new paragraph:

"(5) CERTAIN DIVIDEND INCOME RECEIVD FROM A NONINCLUDIBLE LIFE INSURANCE COMPANY.—In the case of an affiliated group of corporations filing or required to file a consolidated return under section 1501 for any taxable year, there shall be excluded from consolidated personal holding company income and consolidated adjusted ordinary gross income for purposes of this part dividends received by a member of the affiliated group from a life insurance company taxable under section 802 that is not a member of the affiliated group solely by reason of the application of paragraph (2) of subsection (b) of section 1504.".

(b) The amendment made by this section shall apply to taxable years beginning after December 31, 1973.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the committee amendments be adopted en bloc.

The PRESIDING OFFICER. Without objection, the committee amendments are agreed to en bloc.

Mr. HARTKE. Mr. President, I call up my amendment which is at the desk.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. HARTKE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and without objection, the amendment will be printed in the RECORD.

The amendment is as follows:

On page 1, after line 2, insert the following:

TITLE I—DUTY SUSPENSION ON CERTAIN CRUDE FEATHERS AND DOWNS

TITLE II—ROMANIAN TRADE ACT OF 1974

SEC. 1. Statement of Purposes. The purposes of this Act are—

(a) to maintain United States objectives in building a peaceful democratic world;

(b) to promote constructive relations with Romania and to provide a framework helpful to private United States firms conducting business relations in Romania by instituting regular government-to-government negotiations concerning commercial and other matters of mutual interest; and

(c) to increase peaceful trade and related contacts between the United States and Romania, and, as assistance in meeting United States balance-of-payments problems, to expand markets for products of the United States in Romania by creating similar opportunities for the products of Romania to compete in United States markets on a nondiscriminatory basis.

SEC. 2. Extension of Nondiscriminatory Treatment.

(a) The President may by proclamation extend nondiscriminatory treatment to the products of Romania, provided it has entered into a bilateral commercial agreement referred to in section 3 of this title. No such proclamation may take effect before the close of the applicable 90-day period referred to in section 5(c) of this title.

(b) The application of nondiscriminatory treatment shall be limited to the period of effectiveness of the obligations of the United States to Romania under such bilateral commercial agreement.

(c) The President may at any time suspend or withdraw any extension of nondiscriminatory treatment to Romania pursuant to subsection (a), and thereby cause all products of such country to be dutiable at the Column 2 rate.

SEC. 3. Authority to Enter Into Commercial Agreements.

(a) Subject to the provisions of subsections (b) and (d) of this section, the President may authorize the entry into force of a bilateral commercial agreement providing nondiscriminatory treatment to the products of Romania whenever he determines that such agreement with such country will promote the purposes of this Act and are in the national interest.

(b) Such bilateral agreement shall—

(1) be limited to an initial period specified in the agreement which shall be no more than 3 years from the date the agreement enters into force; except that it may be renewable for additional periods, each not to exceed 3 years; if—

(A) a satisfactory balance of trade concessions has been maintained during the life of the agreement, and

(B) the President determines that actual or foreseeable reductions in United States tariffs and nontariff barriers to trade resulting from multilateral negotiations are satisfactorily reciprocated by the other party to the bilateral agreement;

(2) provide that it is subject to suspension or termination at any time for national security reasons, or that the other provisions of such agreement shall not limit the rights of any party to take any action for the protection of its security interests;

(3) provide safeguard arrangements necessary to prevent disruption of domestic markets;

(4) if the other party to the bilateral agreement is not a party to the Paris Convention for the Protection of Industrial Property, provide rights for United States nationals with respect to patents in such country not less than the rights specified in such convention;

(5) provide arrangements for the settlement of commercial differences and disputes; and

(6) provide for consultations for the purpose of reviewing the operation of the agreement and relevant aspects of relations between the United States and Romania.

(c) The bilateral commercial agreement referred to in subsection (a) may, in addition, include provisions concerning—

(1) arrangements for the protection of industrial rights and processes, trademarks, and copyrights;

(2) arrangements for the promotion of trade, including those for the establishment or expansion of trade and tourist promotion offices, for facilitation of activities of governmental commercial officers, participation in trade fairs and exhibits and the sending of trade missions, and for facilitation of entry, establishment, and travel of commercial representatives; and

(3) such other arrangements of a com-

mercial nature as will promote the purposes stated in section 1.

(d) The agreement referred to in subsection (a), and the proclamation referred to in section 2(a), shall take effect only if, during the 90-day period referred to in section 5(c), a disapproval resolution referred to in section 7 is not adopted.

SEC. 4. Market Disruption.

(a) A petition may be filed, or a Tariff Commission investigation otherwise initiated, under section 301 of the Trade Expansion Act of 1962 in respect to imports an of an article manufactured or produced in Romania, the products of which are receiving nondiscriminatory treatment pursuant to this title, in which case the Tariff Commission shall determine (in lieu of the determination described in Section 301(b) of the Trade Expansion Act of 1962) whether imports of such article produced in Romania are causing or are likely to cause market disruption and material injury to a domestic industry like or directly competitive articles.

(b) For purposes of title III of the Trade Expansion Act of 1962, an affirmative determination of the Tariff Commission pursuant to subsection (a) of this section shall be treated as an affirmative determination of the Tariff Commission pursuant to section 301(b) of the Trade Expansion Act of 1962; except that the President, in taking action pursuant to chapter 4 of title III of the Trade Expansion Act of 1962, may adjust imports of the article from Romania without taking action in respect of imports from other countries.

(c) For purposes of this section, market disruption exists whenever imports of a like or directly competitive article are substantial, are increasing rapidly both absolutely and as a proportion of total domestic consumption, and are offered at prices substantially below those of comparable domestic articles.

SEC. 5. Procedure for congressional disapproval of extension or continuance of nondiscriminatory treatment.

(a) Whenever the President issues a proclamation under section 2 extending nondiscriminatory treatment to the products of Romania, he shall promptly transmit to the House of Representatives and to the Senate a document setting forth the proclamation and the agreement the proclamation proposes to implement, together with his reasons therefor.

(b) On or before December 31 of each year, the President shall transmit to the Congress, with respect to Romania, products of which are receiving nondiscriminatory treatment under this title, a document containing a report concerning the operation of the trade agreement with Romania, including information specified in subparagraphs (A) and (B) of section 3(b)(1).

(c) If, before the close of the 90-day period beginning on the day on which the copy of the document referred to in subsection (a) or (b) is delivered to the House of Representatives and to the Senate, either the House of Representatives or the Senate adopts, by an affirmative vote of a majority of those present and voting in that House, a resolution of disapproval (under the procedures set forth in section 7 of this Act) of the extension of nondiscriminatory treatment to the products of Romania or for the continuing in effect of nondiscriminatory treatment with respect to such products as the case may be, then, beginning with the day after the date of the adoption of such resolution of disapproval, nondiscriminatory treatment shall not be in force with respect to the products of Romania, and the products of such country shall be dutiable at the column 2 rate.

SEC. 6. Effects on other laws.

The President shall from time to time reflect in general headnote 3(e) of the Tariff Schedules of the United States the provisions of this title and proclamations issued thereunder, as appropriate.

SEC. 7. Resolutions of Disapproval.

(a) RULES OF HOUSE OF REPRESENTATIVES AND SENATE ON SUCH RESOLUTIONS. Sections 7 and 8 are enacted by the Congress—

(1) as an exercise of the rulemaking power of the House of Representatives and the Senate, respectively, and as such they are deemed a part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in that House in the case of resolutions described in subsection (b); and they supersede other rules only to the extent that they are inconsistent therewith; and

(2) with full recognition of the constitutional right of either House to change the rules (so far as relating to the procedure of that House) at any time, in the same manner and to the same extent as in the case of any other rule of that House.

(b) TERMS OF RESOLUTION.—

(1) For purposes of this section, the term "resolution" means only a resolution of either House of Congress, the matter after the resolving clause of which is as follows: "That the ——— does not favor ——— transmitted to Congress by the President on ———", the first blank space therein being filled with the name of the resolving House, the third blank space therein being appropriately filled with the day and year, and the second blank space therein being filled in accordance with paragraph (2).

(2) The second blank space referred to in paragraph (1) shall be filled with the phrase "the entering * * * force or the continuing in effect of nondiscriminatory treatment with respect to the products of Romania."

(c) REFERENCE OF RESOLUTION TO COMMITTEE.—A resolution referred to in section 5(c) shall be referred to the Committee on Ways and Means of the House of Representatives or to the Committee on Finance of the Senate, as the case may be.

(d) DISCHARGE OF COMMITTEE CONSIDERING RESOLUTION.—

(1) If the committee to which a resolution has been referred has not reported it at the end of 20 days after its introduction, it is in order to move either to discharge the committee from further consideration of the resolution.

(2) A motion to discharge may be made only by an individual favoring the resolution, is highly privileged (except that it may not be made after the committee has reported a resolution with respect to the same matter), and debate thereon shall be limited to not more than 1 hour, to be divided equally between those favoring and those opposing the resolution. An amendment to the motion is not in order, and it is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(3) If the motion to discharge is agreed to or disagreed to, the motion may not be renewed, nor may another motion to discharge the committee be made with respect to any other resolution with respect to the same matter.

(e) PROCEDURE AFTER REPORT OR DISCHARGE OF COMMITTEE; DEBATE.—

(1) When the committee has reported, or has been discharged from further consideration of, a resolution, it is at any time thereafter in order (even though a previous motion to the same effect has been disagreed to) to move to proceed to the consideration of the resolution. The motion is highly privileged and is not debatable. An amendment to the motion is not in order, and it is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(2) Debate on the resolution shall be limited to not more than 10 hours, which shall be divided equally between those favoring and those opposing the resolution. A motion further to limit debate is not debatable. An amendment to, or motion to recommit, the resolution is not in order, and it is not in order to move to reconsider the vote by which the resolution is agreed to or disagreed to.

(f) DECISIONS WITHOUT DEBATE ON MOTION TO POSTPONE OR PROCEED.—

(1) Motions to postpone, made with respect to the discharge from committee or the consideration of a resolution and motions to proceed to the consideration of other business, shall be decided without debate.

(2) Appeals from the decisions of the Chair relating to the application of the rules of the House of Representatives or the Senate, as the case may be, to the procedure relating to any resolution shall be decided without debate.

SEC. 8. Special rules relating to congressional disapproval procedures.

(a) Whenever, pursuant to section 5 (a) and (b), a document is required to be transmitted to the Congress, copies of such document shall be delivered to both Houses of Congress on the same day and shall be delivered to the Clerk of the House of Representatives if the House is not in session and to the Secretary of the Senate if the Senate is not in session.

(b) For purposes of sections 5(c) and 7(d), the 90-day and 20-day periods referred to in such sections shall be computed by excluding—

(1) the days on which either House is not in session because of an adjournment of more than 3 days to a day certain or an adjournment of the Congress sine die, and

(2) any Saturday and Sunday, not excluded under paragraph (1), when either House is not in session.

Mr. HARTKE. Mr. President, I am submitting an amendment to H.R. 11452 which would grant a 3-year period for nondiscriminatory treatment in trade to the Romanian Government.

Since 1951, imports into the United States from Romania have been subject to the Smoot-Hawley tariff rate of duty, which are reflected in column two of the tariff schedules of the United States. The Smooth-Hawley tariff is, on the average, double the duty rate on the same goods imported into the United States from a country which already receives nondiscriminatory treatment in trade from the United States. Such discriminatory rates which we presently impose upon the products of Romania, render political damage to the foreign policy of the United States and severely limit the amount of trade which can be mutually advantageous to our two countries.

In 1969, when President Nixon visited Romania, he was given a friendly reception by hundred of thousands of Romanians who lined the streets to greet him. In the summer of 1969, just after the President's successful visit, he and President Ceausescu issued a joint statement reading in part:

> The two heads of state devoted particular attention also to the economic relations between their countries. While noting the upward trend which these relations have displayed in recent years they also agreed on the need in the interests of both countries to develop and diversify the economic ties between the United States and Romania. In this connection it was agreed to look for new

ways of realizing the potentialities which this important field offers.

I believe that we would be keeping our word "to develop and diversify the economic ties between the United States and Romania" by extending most-favored-nation treatment to the Romanians. The foreign policy as well as the economic interests of the United States can only be promoted by the granting of most-favored-nation status.

We should also keep in mind that Romania was the only Eastern European country to follow and maintain a foreign policy throughout the recent Middle East war which recognized the rights of Israel, in direct contradiction to the expressed anti-Israeli foreign policy statements of other Eastern European Governments. This kind of courage buttresses our own foreign policy and should be supported, encouraged and reinforced by policies in the United States.

In the President's 1971 foreign policy message, he declared:

> There are difficulties, which we recognize, attending close political relations between Eastern European nations and the United States. But within these limits there are opportunities for economic, scientific and technological contact which we are prepared to broaden on the basis of mutual benefits.
>
> Our trade with Romania doubled in 1970. We extended credits for the purchase of agricultural commodities and liberalized certain export controls for her benefit. We expanded educational and cultural exchanges and responded with immediate relief in medical supplies, foodstuffs, and other emergency needs when Romania suffered a disastrous flood in 1970.
>
> Romania and Yugoslavia have indicated by their policies a desire for cordial relations with the United States on the basis of reciprocity. Our relations have continued to improve because the pace and scope is determined in the first instance by them. We are responsive, and other countries in Eastern Europe who desire better relations with us will find us responsive as well. Reconciliation in Europe is in the interest of peace.

Mr. President, surely the foreign policy as well as the economic interests of the United States can be furthered by granting most-favored-nation status to Romania.

Our relations with Romania have always been cordial. Romania is a respected member of the international community; a member of GATT; the International Monetary Fund and the World Bank. Romania has negotiated and received credits from the Export-Import Bank of the United States Facilities of the Overseas Private Investment Corporation—OPIC—were made available for investments in Romania.

Historically, the United States has enjoyed a favorable trade with Romania, which is true even though Romania has not received most-favored-nation treatment. In fact, since 1920, the United States has had a favorable trade balance with Romania in every year but 5, and 4 of those were from 1952 to 1955.

Mr. President, I ask unanimous consent that a table giving figures on the U.S. trade with Romania from 1966 to 1973, be printed in the Record at this point.

There being no objection, the table was ordered to be printed in the Record as follows:

U.S. TRADE WITH ROMANIA,[1] 1966–73

[In thousands of dollars]

Year	Exports	Imports
1966	27, 057	4, 655
1967	16, 796	6, 176
1968	16, 680	5, 553
1969	22, 394	7, 966
1970	66, 399	13, 425
1971	52, 532	13, 774
1972	69, 051	31, 411
1973	116, 700	55, 700

[1] Based upon U.S. Department of Commerce statistics.

Mr. HARTKE. Mr. President, in 1972, as can be seen from the above chart, we exported $69 million in goods to Romania and imported $31.4 million. This is a trade surplus of almost 2 to 1, and there is an indication of an even greater growth potential in trade with Romania.

In 1973, U.S. exports to Romania amounted to $116.7 million. This is seven times our exports to that country in 1967. In spite of this growth in trade, Romania has precious few dollar holdings and almost no way of earning them. No country can buy if it cannot sell.

I want to point out that my amendment provides for a very thoughtful and cautious approach in granting most-favored-nation treatment to Romania. For example, most-favored-nation treatment is not a concession to be given without compensation. My amendment does not require the President to grant most-favored-nation treatment. Rather, it authorizes him to negotiate a commercial agreement—one part of which would be U.S. extension of most-favored-nation status, the other to be Romania's granting of equivalent commercial benefits to the United States.

My amendment also provides for congressional review each year of most-favored-nation status with a veto provision. So, anytime in the future we deem it proper that most-favored-nation status be revoked, that process would be facilitated.

My amendment also calls for the President to submit to Congress an annual report on the MFN status of Romania. It contains a market disruption provision which would allow the Congress and the President to halt the importation of goods from Romania which we deem a threat to our own trading position. Finally, the amendment also provides for the protection of national security on certain articles as well as providing for industrial property rights.

Mr. President, I think the enactment of this amendment would be sound economics and sound foreign policy, furthering not only the commercial returns from expanded trade, but the political returns from closer ties to this key nation of East Europe.

Mr. President, this matter has been cleared with the majority and minority members of the Committee on Finance. It was held up prior to this time by the Senator from New York. He has cleared the amendment and cleared the bill for passage.

Mr. ROBERT C. BYRD. Mr. President, may I inquire of the Senator—I may not have heard him—is this amendment agreeable to the chairman of the Committee on Foreign Relations?

Mr. HARTKE. This is not a matter that would go to the Committee on Foreign Relations. This is a matter strictly within the purview of the Trade Act, under the jurisdiction of the Finance Committee. It has been cleared by the chairman of the Finance Committee. I have been authorized to say, on behalf of the Finance Committee, that it has been cleared by the entire Finance Committee, the majority and the minority. It is not a matter to be referred to the Foreign Relations Committee.

Mr. ROBERT C. BYRD. I understand that.

Mr. HARTKE. I might say that I have even discussed this matter with the chairman of the Ways and Means Committee. This is a proposition which the State Department has indicated they are in favor of; and, generally speaking, it has been promised a number of times. It has been held up due to the fact that there has always been an opportunity to connect it with the question of the trade bill and the situation with the U.S.S.R. That situation is not involved with Romania, and they have been caught in a situation in which everyone said they were willing to grant MFN status, but until now they have not. The President promised it to them in 1969. Congress indicated that it was favorably inclined. I know of no adverse reaction to the granting of nondiscriminatory treatment to the Romanians.

Mr. ROBERT C. BYRD. The Senator would not feel that there would be any reason why the Foreign Relations Committee or the Chairman thereof would have any objection?

Mr. HARTKE. On the contrary, I think he would most certainly be in favor of it 100 percent.

Mr. GRIFFIN. Mr. President, I will only state that the information given to the Senate by the Senator from Indiana, concerning the fact that it has been cleared by the ranking minority members of the committee, is as I understand it. I do not object.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Indiana.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

Mr. HARTKE. Mr. President, I ask unanimous consent to reconsider the vote by which the bill was passed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to have printed in the Record an excerpt from the report (No. 93–1061), explaining the purposes of the measure.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

I. SUMMARY

House bill.—The House bill would provide for a temporary suspension of duty on certain feathers and downs.

Committee bill.—One committee amendment would limit the period of suspension until January 1977 (instead of the January 1980 date in the House bill). The second committee amendment would delete the provision of the House bill which would have permitted the President, in the exercise of his trade agreements authority, to grant a concession on the duty-free status for feathers provided for in the bill if such concession were granted during statutory suspension of the duty.

The third committee amendment does not relate to the subject matter of the House bill. This committee provision deals with the treatment of dividends received by a member of an affiliated group from a subsidiary that is excluded from the group because it is a life insurance company. Under present law life insurance companies are excluded from filing a consolidated return with their affiliates even though the requisite stock ownership exists, because the unique method of taxing such companies would make it difficult from an accounting standpoint to consolidate their income with their affiliates which are not life insurance companies. Life insurance companies, as well as other corporations (such as banks) are expressly exempted from personal holding company status even though they receive the requisite amount of passive income because of the nature of their business activities. Certain problems exist in the case of life insurance companies where dividends which are received by members of an affiliated group from a life insurance subsidiary are treated as personal holding company income but would not be so treated if the life insurance company were permitted to file a consolidated return with the group. The committee believes it is appropriate to treat the dividends received by members of an affiliated group from a life insurance subsidiary in the same manner as they would be treated if the life insurance company were permitted to file a consolidated return. Accordingly, the committee's amendment provides that the dividends received by members of an affiliated group from a life insurance subsidiary will not be treated as personal holding company income. This is consistent with the treatment provided for banks under present law.

II. GENERAL STATEMENT

A. Duty suspension on certain feathers and downs

H.R. 11452 would suspend for the temporary period stated above the duty on certain water fowl feathers and downs, principally those from ducks and geese, imports of which are presently classified under item 186.15 of the Tariff Schedules of the United States (TSUS). These feathers and downs are used primarily in the manufacture of pillows, comforters, sleeping bags, and outerwear garments such as parkas and ski jackets.

Imports of feathers and downs under item 186.15 amounted to 9 million pounds valued at $15.7 million in 1973. Major sources of imports Taiwan, France, Mainland China, and West Germany. Imports under item 186.15 are dutiable at a rate column numbered 1 duty (applicable to countries accorded most-favored-nation treatment) of 15 percent ad valorem; and a rate column numbered 2 duty (applicable to Communist countries, except Poland and Yugoslavia) of 20 percent ad valorem.

In contrast with the duty of 15 percent on feathers and downs under item 186.15, there is a 7 percent ad valorem duty imposed on certain finished articles under item 748.40 of the TSUS in which feathers and downs are used as the raw material components. The Customs Service has ruled that such finished articles as sleeping bags and outerwear garments are dutiable at the 7 percent rate under item 748.40.

Domestic manufacturers of sleeping bags and outer-wear garments, therefore, are placed in the position of competing against foreign suppliers of such finished products who pay less than one-half the duty rate imposed on feathers and downs.

The committee believes that this present advantage for foreign manufacturers and the correlative disadvantage to domestic manufacturers of finished articles of feathers and downs must be eliminated from the Tariff Schedules. The committee is convinced that enactment of H.R. 11452 is necessary to accomplish this objective.

The House bill would add to Subpart B of Part 1 of the Appendix to the Tariff Schedules two new items, 903.70 and 903.80. The first of these new items would provide duty-free entry for a temporary period (from the 180th day *after the date of enactment* of this bill until the close of December 31, 1979) for feathers and downs presently dutiable under rate column numbered 1 of item 186.15, provided that such feathers and downs meet both test methods 4 and 10.1 of Federal Standard 148(a) promulgated by the General Services Administration. There would be no change in the rate column numbered 2 duty applicable under new item 903.70.

Upon the recommendation of the domestic industry, it is the intention of your Committee that "meeting both test methods 4 and 10.1 of Federal Standard 148a" means the following. Feathers and downs meet method 4—Determination of Oxygen Number (Titration Method)—when their oxygen number does not exceed 20 grams of oxygen per 100,000 grams of sample when tested by method 4. Feathers and downs meet method 10.1—Determination of Turbidity (Turbidimeter Method)—when they have a turbidity of not less than 75 centimeters when tested by method 10.1. It is our understanding that these test methods and specifications are acceptable to the U.S. Customs Service.

The other new item that would be added to the TSUS by the House bill, item 903.80, would provide duty-free treatment for a like temporary period of time for all other feathers and downs presently dutiable under item 186.15. The duty-free treatment would apply under new item 903.80 to both column 1 and column 2 rates.

The committee amended the House bill by limiting the period of duty suspension until the close of December 31, 1976, as opposed to December 31, 1979, under the House bill. In addition, the committee deleted the section in the House bill which would have authorized the President, in the exercise of his trade agreements authority, to grant a concession on the duty-free status for feathers provided for in the bill if such concession were granted during the statutory suspension of the duty. This authority in the House bill was deleted, given the unlikelihood of the conclusion of a successful multilateral tariff negotiation by December 31, 1976.

B. Treatment of life insurance company dividends for personal holding company consolidated return purposes

Present law provides in general for a 70-percent tax on the undistributed income of a personal holding company (secs. 541–547). A personal holding company is defined as a corporation 60 percent of whose adjusted ordinary gross income is personal holding company income (generally passive investment income), and 50 percent of whose stock is owned by 5 or fewer shareholders. Certain types of companies (including banks and life insurance companies), whose active businesses involve the investment of funds and the earning of interest and dividends, are excluded from the personal holding company provisions (sec. 542(c)). However, dividends received from such a company are generally included in personal holding company income to the shareholder receiving the dividend.

In addition to the exceptions from the personal holding company provisions for certain types of companies (such as banks and life insurance companies), an exception is provided for a group of affiliated companies filing a consolidated return.[1]

In such cases the personal holding company provisions are applied on a consolidated basis; only earnings of affiliated members from investments outside the consolidated group are considered to be personal holding company income. Thus, intercorporate dividends paid among members of the consolidated group are not personal holding company income or adjusted ordinary gross income attributable to the consolidated group (sec. 542(b)).

Life insurance companies generally are not eligible to participate as a member of a consolidated group which includes other noninsurance companies even though the requisite common ownership exists between such companies (sec. 1504(b)(2)), because the unique accounting methods by which life insurance companies are taxed make it difficult to consolidate their returns with other non-insurance companies. Consequently, under present law dividends from a life insurance company paid to another company constitute personal holding company income to that company even though sufficient common ownership exists to meet the requirements for filing consolidated returns.

Until recently, similar treatment was applied in the case of banks with respect to their personal holding company income. Although banks are permitted to file consolidated returns with other corporations (unlike life insurance companies), the personal holding company provisions (sec. 542(b)(3)) require that the personal holding company income of other members of the consolidated group in which a bank is a member be separately calculated rather than calculated on a consolidated basis because banks (like life insurance companies) are excluded from the personal holding company provisions. As a result, dividends from banks to other members of a consolidated group were treated as personal holding company income to the recipient of the dividend. However, the Internal Revenue Service in Revenue Ruling 71–531 reversed this treatment because of what it believed was Congress' expressed intent in excluding intercorporate dividends of members of a consolidated group generally. Thus, the Revenue Ruling held that dividends from banks to other members of a consolidated group are to be excluded from personal holding company income and adjusted ordinary gross income of the company receiving the dividend. However, in the case of life insurance companies, dividends received by a member of an affiliated group from a subsidiary which is a life insurance company (and thus excluded from filing a consolidated return with the group) are still treated as personal holding company income.

The committee believes that the present

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[1] Section 1501 of the Code provides that an "affiliated group of corporations" (connected by 80 percent stock ownership) may elect to file a consolidated return in lieu of separate returns. The basic principle of the consolidated return is that the affiliated group is taxed upon its consolidated taxable income, representing principally the result of its dealings with the outside world after the elimination of intercompany profit and loss.

treatment of a life insurance company, which would be a member of a consolidated group but for the requirement prohibiting their inclusion, discriminates against such companies in contrast to banks and other companies generally. Furthermore, the present treatment is inconsistent with the expressed general policy of Congress to exclude intercorporate dividends of members of a consolidated group from the personal holding company provisions. For these reasons, the committee's provision specifies that dividends to any member of a consolidated group of corporations from a life insurance company are not to be included either as consolidated personal holding company income or as consolidated adjusted ordinary gross income if the life insurance company is not a member of the affiliated group because of the provision prohibiting insurance companies from participating in a consolidated group. Thus, the committee provision permits the parent or other corporations related to a life insurance company to exclude any dividends received from a life insurance company from any determination of whether 60 percent of the recipient corporation's income is personal holding company income.

This amendment is to apply to taxable years beginning after December 31, 1973.

It is estimated that there will be a revenue loss from this committee provision for a one-year period but that it will be negligible.

III. COSTS OF CARRYING OUT THE BILL AND EFFECT ON THE REVENUES OF THE BILL

In compliance with section 252(a) of the Legislative Reorganization Act of 1970, the following statement is made relative to the costs to be incurred in carrying out this bill and the effect on the revenues of the bill. The committee estimates that the temporary suspension of duties on crude feathers and downs, provided by the bill will result in a revenue loss, based on imports during calendar year 1973, of $2.5 million in the first full year for which it is effective. The change approved regarding the tax treatment of life insurance company dividends under certain circumstances will result in a revenue loss for a one year period. The committee estimates this revenue loss will be negligible.

IV. VOTE OF COMMITTEE ON REPORTING THE BILL

In compliance with section 133 of the Legislative Reorganization Act, as amended, the following statement is made relative to the vote of the committee on reporting the bill. This bill was ordered favorably reported by the committee without a roll call vote and without objection.

ORDER FOR ADJOURNMENT UNTIL 11 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until 11 a.m. tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, the Senate will meet at the hour of 11 a.m. tomorrow. After the two leaders or their designees have been recognized under the standing order, the following Senators will be recognized, each for not to exceed 15 minutes and in the order stated: Mr. CHILES, Mr. ROBERT C. BYRD, and Mr. MANSFIELD; after which there will be a period for the transaction of routine morning business of not to exceed 30 minutes with statements therein limited to 5 minutes each.

Mr. COOK. Will the Senator yield to me some time following the remarks of the Senator from Montana (Mr. MANSFIELD)?

Mr. ROBERT C. BYRD. Mr. President, would the Senator be agreeable to having his remarks follow the remarks of Mr. CHILES?

Mr. COOK. Oh, certainly.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that following the remarks of Mr. CHILES, Mr. COOK be recognized for not to exceed 15 minutes.

The PRESIDING OFFICER (Mr. TUNNEY). Without objection, it is so ordered.

Mr. ROBERT C. BYRD. After the two leaders or their designees have been recognized under the standing order, the following Senators will be recognized, each for not to exceed 15 minutes and in the order stated: Mr. CHILES, Mr. COOK, Mr. ROBERT C. BYRD, Mr. MANSFIELD, after which there will be a period for the transaction of routine morning business of not to exceed 30 minutes, with statements therein limited to 5 minutes each.

Mr. President, there will be no rollcall votes on tomorrow. There may be some business transacted, but it will be of a nature that will not require a rollcall vote.

ADJOURNMENT TO 11 A.M.

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in adjournment until the hour of 11 a.m.

The motion was agreed to; and at 5:14 p.m., the Senate adjourned until tomorrow, Friday, August 9, 1974, at 11 a.m.

NOMINATIONS

Executive nominations received by the Senate August 8, 1974:

THE JUDICIARY

Thomas J. Meskill, of Connecticut, to be U.S. circuit judge for the second circuit vice J. Joseph Smith, retired.

Donald D. Alsop, of Minnesota, to be U.S. district judge for the district of Minnesota vice Philip Neville, deceased.

Robert W. Warren, of Wisconsin, to be U.S. district judge for the eastern district of Wisconsin vice Robert E. Tehan, retired.

IN THE NAVY

Vice Adm. Eugene P. Wilkinson, U.S. Navy, for appointment to the grade of vice admiral on the retired list pursuant to the provisions of title 10, United States Code, section 5233.

Rear Adm. Denis-James Downey, U.S. Navy, having been designated for commands and other duties determined by the President to be within the contemplation of title 10, United States Code, section 5231, for appointment to the grade of vice admiral while so serving.

IN THE AIR FORCE

The following officers for appointment in the Regular Air Force, in the grade indicated, under the provisions of section 8284, title 10, United States Code, with dates of rank to be determined by the Secretary of the Air Force:

To be major

Agnello, Anthony M., [redacted].
Arnau, Robert R., [redacted].
Brandau, Robert E. [redacted].
Brog, David [redacted].
Byrne, Thomas E., [redacted].
Canney, Paul J., [redacted].
Dickson, Foster N., [redacted].
Dunn, Earl J., Jr., [redacted].
Johnson, Thurmond L., [redacted].
Kinard, Theodore D., [redacted].
Livingstone, John R., [redacted].
Mathews, Richard J., [redacted].
McNeil, James R., [redacted].
Morgan, Richard H., [redacted].
Muratore, Frank J., [redacted].
Nicholson, Robert L., Jr., [redacted].
Sissell, Clarence D., [redacted].
Stocker, Henry, [redacted].
Wilkes, James F., [redacted].
Wilkinson, Hollis D., [redacted].

To be captain

Adams, Harold C., II, [redacted].
Alexandrakos, Peter, [redacted].
Anderson, Brian P., [redacted].
Baars, Thomas E., [redacted].
Barber, Tommie R., [redacted].
Bellem, Tommie R., [redacted].
Blewett, Raymond G., [redacted].
Blish, Edward H., [redacted].
Blocker, Larry J [redacted].
Bond, Robert M., [redacted].
Bonjorni, Jesse C. [redacted].
Boone, William L., [redacted].
Boyce, Alan M., [redacted].
Brackelsberg, Harley O., [redacted].
Bradley, Stuart C., [redacted].
Brady, Robert J., [redacted].
Bravakos, George, [redacted].
Briscoe, John R., [redacted].
Browning, Charles W., Jr., [redacted].
Capaldi, Larry S., [redacted].
Cartmill, James P., [redacted].
Caplinger, Harold B., [redacted].
Case, Richard B., [redacted].
Casey, Lawrence J., [redacted].
Cavanaugh, James M. Jr., [redacted].
Clark, John W., [redacted].
Coldiron, Larry L., [redacted].
Coleman, Joseph A., [redacted].
Corbett, Eugene L., Jr., [redacted].
Cox, James R., [redacted].
Cross, James V., [redacted].
Culver, John D., [redacted].
Date, Hiroche J. [redacted].
Day, Donald A., [redacted].
Deadmon, Charles M., [redacted].
Deal, Douglas E., [redacted].
Deaver, William H., III, [redacted].
Deblonk, Donald M., [redacted].
Donovan, James G. [redacted].
Douglas, Richard W., [redacted].
Drakulich, George M., [redacted].
Drennan, Richard M., [redacted].
Ekstrum, Kenneth J., [redacted].
Exley, Loren E., [redacted].
Fedor, William D., [redacted].
Ferrera, John E., [redacted].
Fincher, Edward G., [redacted].
Fisher, John W., [redacted].
Fletcher, Ronald W. [redacted].
Franklin, William O., [redacted].
Freeman, Willie J., Jr., [redacted].
Gambill, Judd M. [redacted].
Gernhardt, William T. [redacted].
Gilleland, Donald L., [redacted].
Giordano, Ralph K., [redacted].
Grace, Mary J., [redacted].
Hagerhjelm, Charles R., [redacted].
Hansen, Leroy W., Jr., [redacted].
Harms, Robert W., [redacted].
Hellauer, William A., [redacted].
Hershfield, Peter H., [redacted].
Hirsch, Fred H., [redacted].
Holbert, William E., [redacted].
Hollinga, Kenneth L., [redacted].
Holstein, Norman R., [redacted].
Hopkins, Jerry L. [redacted].

Hotsko, Anthony M., [redacted].
House, Daniel H., [redacted].
Howe, Eugene W., [redacted].
Huffman, Jeryl R., [redacted].
Jacks, Roger L., [redacted].
Jacobs, William R., [redacted].
Johnson, Deverl H., [redacted].
Johnson, Vaughan A., [redacted].
Johnson, Ward A., [redacted].
Jordan, Francis D., Jr., [redacted].
Junger, Peter G., [redacted].
Karlin, Vernon M., [redacted].
Kaysing, Charles J., [redacted].
Kennedy, James E., [redacted].
Kerns, Paula V., [redacted].
Kiggans, Robert G., [redacted].
Kinnison, Timothy E., [redacted].
Kirkpatrick, Craig M., Jr., [redacted].
Kitajo, Ted M., [redacted].
Kjosa, Royce M., [redacted].
Knode, Charles S., [redacted].
Laforce, James R., [redacted].
Lagana, Vincent E., [redacted].
Lany, Peter R., [redacted].
Lawson, Walter W., [redacted].
Ledford, David E., [redacted].
Leonard, Percy D., Jr. [redacted].
Linker, Martin N., [redacted].
Lockwood, Lyle W., [redacted].
Lohnas, John D., Jr., [redacted].
Lott, Donald B., [redacted].
Lussier, Emile A., [redacted].
Malone, Thomas G., [redacted].
Mantor, Robert T., [redacted].
Martin, Richard L., [redacted].
McBride, Glenn W., [redacted].
McDonald, Thomas S., [redacted].
McLarty, Robert D., [redacted].
McMillen, Philip H., [redacted].
McMullen, Norman C., [redacted].
Mellor, Fred W., [redacted].
Mickley, Jon E., [redacted].
Miller, Rita A., [redacted].
Moffett, Ferris K., [redacted].
Monson, Richard M., [redacted].
Moomaw, William E., [redacted].
Moore, Louis W., [redacted].
Morgenstern, Frederic L., III, [redacted].
Morse, Joel S., [redacted].
Muller, Hugh W., [redacted].
Mullins, Don E., [redacted].
Naylor, William E., [redacted].
Nix, Douglas M., [redacted].
Noches, Ramon C., [redacted].
Nofziger, Richard W., [redacted].
O'Connor, Daniel J., [redacted].
Oliver, George H., [redacted].
O'Neal, James C., [redacted].
Owen, Cary F., [redacted].
Owen, Robert A., Jr., [redacted].
Paladino, Nicholas D., [redacted].
Patterson, Larry, [redacted].
Patterson, Marshall B., [redacted].
Pelletier, Robert C. M., [redacted].
Perry, William R., Jr., [redacted].
Pfaff, Karl J., Jr., [redacted].
Phillips, Robert L., [redacted].
Pierson, Wayne V., [redacted].
Pirkle, James M., [redacted].
Planer, Charles W., [redacted].
Pratchett, Terry A. [redacted].
Proctor, Claude O., Jr., [redacted].
Prudhomme, Clarence J., [redacted].
Raino, Paul D., [redacted].
Rimicci, Jeffrey T., [redacted].
Robertson, John M., [redacted].
Robertson, Kenneth K., Jr., [redacted].
Rosenquist, Parker W., [redacted].
Roundtree, William J., [redacted].
Sansone, Joseph S., [redacted].
Sayre, Robert A., [redacted].
Schroen, Daniel J., [redacted].
Seiler, Peter F., [redacted].
Sessum, Joseph L., [redacted].
Sewell, James T., [redacted].
Shaner, Thomas R., [redacted].
Skabo, Paul S., [redacted].
Skokan, James R., [redacted].
Sloop, Gary M., [redacted].
Smith, Barry L., [redacted].
Smith, Larry P., [redacted].
Snider, John J. [redacted].
Sparks, Robert C., [redacted].
Stephens, Freya L., [redacted].
Stone, Alan L. [redacted].
Strahl, Douglas F., [redacted].
Sturgeon, Joseph S., Jr. [redacted].
Swaney, Robert W., [redacted].
Taravella, Philip R., [redacted].
Taylor, Donald S., [redacted].
Taysom, Michael S., [redacted].
Thompson, Clyde G., [redacted].
Thompson, Curtis G., [redacted].
Thompson, Earl F., [redacted].
Townsend, Kenneth W., [redacted].
Trubshaw, Sonya S., [redacted].
Tubbesing, Frank H., Jr. [redacted].
Vadney, Herbert R., [redacted].
Vergis, Johnny M., [redacted].
Veverka, Joanne S., [redacted].
Vrooman, Roger M., [redacted].
Walker, Benjamin H., [redacted].
Walker, Wilfred J., Jr., [redacted].
Wallace, Richard C., [redacted].
Wallick, Robert L., Jr., [redacted].
Weaver, Kenneth A., [redacted].
Wertz, John M., [redacted].
White, James P., [redacted].
Whited, James G., [redacted].
Wideman, William P., [redacted].
Wieland, Frederic G., III, [redacted].
Wilson, Peter C., [redacted].
Withers, Donald M., [redacted].
Wood, Arthur B., [redacted].
Wright, George F., [redacted].
Young, James D., [redacted].
Zellmer, Kenneth E., [redacted].
Zerbe, Michael S., [redacted].
Zuniga, Jerome B., [redacted].

To be first lieutenant

Adams, Steven F. [redacted].
Albers, Ted L., [redacted].
Anderson, Brian D., [redacted].
Arciero, Anthony P., [redacted].
Augustin, Calvin J., [redacted].
Auld, Glenn A., [redacted].
Bailey, George R., [redacted].
Baltazar, Bill R., [redacted].
Barnes, Bruce S., [redacted].
Barron, William H., [redacted].
Barry, James E. [redacted].
Bates, John W., [redacted].
Bayers, James A., [redacted].
Beattie, John S., [redacted].
Becker, David W., [redacted].
Bellion, Henry E., [redacted].
Benedict, Richard A., [redacted].
Benner, John R., [redacted].
Bennett, James W., [redacted].
Berger, Peter A., [redacted].
Bernhardt, Wayne A., [redacted].
Berry, Bruce M. [redacted].
Betz, William J., [redacted].
Bice, Earl D., [redacted].
Biedrzycki, Paul F., [redacted].
Bielicki, Dennis E., [redacted].
Black, Robert E., [redacted].
Bledsoe, Richard J., Jr., [redacted].
Bowcock, Stephen W., [redacted].
Bowles, James L., [redacted].
Bowman, Charles W., [redacted].
Brahmer, Richard L., [redacted].
Brakey, Robert J., III [redacted].
Brennan, Peter E., [redacted].
Brewster, Brian A., [redacted].
Bridges, Paul F., Jr., [redacted].
Britt, Clyde S., [redacted].
Broussard, Martial R., [redacted].
Brown, Francis T., Jr., [redacted].
Brown, Ronald J., [redacted].
Brownell, Michael E., [redacted].
Brumbaugh, James L., [redacted].
Bryant, O. K., III, [redacted].
Buckwalter, James R., Jr. [redacted].
Buffington, David R., [redacted].
Bullock, Darryl J., [redacted].
Bunch, Philip R., [redacted].
Bundle, Harold W., III, [redacted].
Burnaman, Joseph M., [redacted].
Burns, George F., III, [redacted].
Burns, Randall K., [redacted].
Burroughs, Richard O., [redacted].
Bush, John G., [redacted].
Butler, Frank S., [redacted].
Caddell, Ray L. [redacted].
Caldwell, Floyd W., [redacted].
Camblin, Gregory K., [redacted].
Cardaronella, Raymond I., [redacted].
Carley, Lynn M., [redacted].
Carlton, Kirby M., [redacted].
Cartagena, George L., [redacted].
Christiansen, Dean L., [redacted].
Christman, Mark L., [redacted].
Clark, John R., [redacted].
Cobb, Alan R., [redacted].
Coco, Terrell T. T., [redacted].
Coleman, William A., [redacted].
Collins, Larry F., [redacted].
Colpitts, Donald R., [redacted].
Condratovich, Michael J., [redacted].
Conerly, James M., [redacted].
Conway, Patrick M., [redacted].
Corey, Garth P., [redacted].
Crielly, William J., Jr., [redacted].
Crumley, General F., II, [redacted].
Curnow, Rodger P., [redacted].
Curtis, Adrian S., [redacted].
Daigger, Dennis P., [redacted].
Dallman, Dennis M., [redacted].
Dalton, Steven E., [redacted].
Damer, Stephen R., [redacted].
Davies, Raymond W., [redacted].
Davis, Billy, Jr., [redacted].
Davis, Frank J., [redacted].
Davis, Harry E., Jr., [redacted].
Davis, Robert P., [redacted].
Davy, Eric H., Jr., [redacted].
Dawson, Robert E., [redacted].
Day, Kenneth R., [redacted].
Day, Richard E., [redacted].
Degaetano, Joseph W., [redacted].
Delong, Darrel J., [redacted].
Denardo, Adrian L., [redacted].
Denfeld, Kenneth J., [redacted].
Devinger, Garry M., [redacted].
Dewey, Alfred J., [redacted].
Diamon, Charles M., [redacted].
Dicksion, William D., [redacted].
Diedrichs, Ronald W., [redacted].
Dilbeck, Robert G., [redacted].
Dowd, William F., Jr., [redacted].
Drake, Leslie R., [redacted].
Dreier, David A. [redacted].
Drinkhahn, Marc L., [redacted].
Drum, Darrell C., [redacted].
Ducker, George T., [redacted].
Dudek, Benjamin E., [redacted].
Duhon, Allan D., [redacted].
Dunigan, Robert G., Jr., [redacted].
Dunlap, Shanon P. [redacted].
Duquette, Joseph A., [redacted].
Durniak, James D., [redacted].
Duval, Philip R., [redacted].
Dwyer, Francis J., [redacted].
Dyches, Thomas A. [redacted].
Eberly, David W., [redacted].
Edmondson, Jeffrey K. H., [redacted].
Ekdahl, Gary I., [redacted].
Fabbre, Richard B., [redacted].
Fackler, Robert F., Jr., [redacted].
Federman, Rudolph R., [redacted].
Feezel, Tommy L., [redacted].
Fernald, Laurance N., [redacted].
Ferrara, Michael T., [redacted].
Ferrell, James H., [redacted].
Fey, Ronald J., [redacted].
Finch, Gerald L., [redacted].
Finke, Phillip T., [redacted].
Finn, Richard M. [redacted].
Fishback, Alan C., [redacted].
Fisher, Walter D., Jr., [redacted].
Fitzgerald, Robert F., [redacted].
Fletcher, R. J., [redacted].
Fontes, Joe R., [redacted].
Ford, Lawrence E., [redacted].
Forker, David J., [redacted].
Franceschi, Milan J., [redacted].
Franks, James D., [redacted].
Gahagan, James B., [redacted].
Gates, Randall J., [redacted].
George, David B., Jr., [redacted].

Gerrish, David C., Jr., [redacted].
Gill, Peter M., [redacted].
Gingras, Terry J., [redacted].
Gladding, Augustus L., III, [redacted].
Goddard, Daniel W., [redacted].
Goodfellow, Ronald E., [redacted].
Gore, Larry R., [redacted].
Goree, Robert S. [redacted].
Gossner, Jerry A., [redacted].
Grace, James J., [redacted].
Granger, Gary S., [redacted].
Green, John R., [redacted].
Greene, John F., [redacted].
Greenlee, David W., [redacted].
Griffith, Jerry L., [redacted].
Griffith, Michael W., [redacted].
Grimm, Barry L., [redacted].
Groves, Clifton E., [redacted].
Guidry, Earl J., Jr., [redacted].
Gurrieri, Richard E., [redacted].
Gustafson, Philip M., [redacted].
Hall, Donald B., [redacted].
Hall, William R., [redacted].
Ham, Steven W., [redacted].
Hamm, Kenneth Y., [redacted].
Hancock, Theodora S., [redacted].
Handley, Ronald R., [redacted].
Harkreader, Wayne L., [redacted].
Harper, Jack L., [redacted].
Harrell, Joseph E., [redacted].
Harris, Harold J., [redacted].
Harrison, Robert P., [redacted].
Hathcoat, James G., [redacted].
Hayes, Daniel E. E., [redacted].
Haygood, Hillis E., [redacted].
Headrick, John L., [redacted].
Healy, Dennis B., [redacted].
Heaston, Stanley G., [redacted].
Heaton, Kencil J., [redacted].
Helfenstein, William L., [redacted].
Heller, James L., [redacted].
Henderson, Gary M., [redacted].
Henges, Charles M., [redacted].
Hering, John W., [redacted].
Hermecz, Glen C., [redacted].
Hess, Kenneth W., [redacted].
Hewitt, Gary R., [redacted].
Higgins, Kevin S., [redacted].
Higham, George D., [redacted].
Hill, Richard L., [redacted].
Hoffpauir, Girard, III, [redacted].
Hood, Herman, [redacted].
Hoskins, Thomas R., [redacted].
Houghland, Richard D., [redacted].
Houk, Keith D., [redacted].
Hudnall, Ralph M., [redacted].
Hudson, William J., [redacted].
Huffman, Ward S., [redacted].
Hughes, Robert C., [redacted].
Hyatt, Kenneth A., [redacted].
Imamura, Morton T., [redacted].
Irwin, John R., [redacted].
Isachsen, Gordon A., [redacted].
Jackson, Robert F., [redacted].
James, Alan R., [redacted].
Jasperson, Robert H., [redacted].
Jenkins, Richard W., [redacted].
Jensen, Edward J., [redacted].
Jensen, Larry C., [redacted].
Jessup, Theodore R., [redacted].
Jester, Russell Q., Jr., [redacted].
Joachim, David [redacted].
Johannsen, Richard R., [redacted].
Johnson, Freeman L., [redacted].
Johnson, Glenn R., [redacted].
Johnston, Roland W., [redacted].
Jones, Robert T., [redacted].
Jordan, Larry M., [redacted].
Kaiser, Herbert E., [redacted].
Kamrath, Roger A., [redacted].
Kandler, Raymond A., [redacted].
Kaufmann, James W., [redacted].
Kekich, Kenneth J., [redacted].
Kellner, Edward O., Jr., [redacted].
Klube, John A., [redacted].
Klungseth, Terry J., [redacted].
Kolquist, Robert C. [redacted].
Konerza, David E., [redacted].
Kosewick, John T., [redacted].
Krall, Michael W., [redacted].
Kyle, Ronald H., [redacted].
Lachotta, Richard P., [redacted].
Lake, Lewis V., [redacted].
Lambertz, Rodney H., [redacted].
Lammers, Ross L., [redacted].
Lane, Kenneth R., [redacted].
Lang, Alvin R., [redacted].
Langham, Derald R., [redacted].
Lapray, Larry M., [redacted].
Laub, James L., [redacted].
Lay, David L., [redacted].
Leatherwood, Daniel W., [redacted].
Leblanc, Nazaire G., [redacted].
Lee, Warren M., [redacted].
Lehman, Philip C., [redacted].
Leistico, Dwayne L., [redacted].
Lendzion, Dennis G., [redacted].
Leonard, Johnnie W., [redacted].
Leslie, Richard C., [redacted].
Lester, Gary R., [redacted].
Lias, Dayre C., [redacted].
Lind, James M., [redacted].
Lindauer, Frank W., Jr., [redacted].
Linde, Martin G., [redacted].
Locklar, Henry C., III, [redacted].
Lockridge, Charles W., Jr., [redacted].
Logan, Richard J., [redacted].
Longley, James C., [redacted].
Lucas, Luke L., [redacted].
Luttenberger, Douglas J., [redacted].
Lynch, Charles A., [redacted].
Machos, James A., [redacted].
Madding, Gene A., [redacted].
Maddox, William C., [redacted].
Mading, Craig L., [redacted].
Madsen, James K., [redacted].
Malling, Vik C., [redacted].
Mandros, Harry R., [redacted].
Marchesseault, Marc R., [redacted].
Margerum, William H., Jr., [redacted].
Markisello, Dennis F., [redacted].
Marshall, Walter J., Jr., [redacted].
Marty, John P., [redacted].
Martz, Warren B., [redacted].
Matson, Arthur R., [redacted].
McBride, Marc A., [redacted].
McClellan, Wallace G., [redacted].
McCombs, William R., [redacted].
McCubbins, Richard E., [redacted].
McDonald, Richard C., [redacted].
McDonald, Robert F., [redacted].
McKeone, James J., [redacted].
McKinney, Michael L., [redacted].
McLain, John H., Jr., [redacted].
McNelly, William R., [redacted].
McNierney, David F., [redacted].
McTernan, Myles J., [redacted].
Medvedev, Agu, [redacted].
Meeboer, Richard M., [redacted].
Meier, Douglas C., [redacted].
Meyers, Jay D., [redacted].
Meyler, William P., [redacted].
Michalke, Arnold D., [redacted].
Michaud, Michael A., [redacted].
Miles, Richard G., [redacted].
Miller, Charles W., [redacted].
Miller, Edward C., [redacted].
Miller, Gregory A., [redacted].
Miller, Michael J., [redacted].
Miller, Paul H., [redacted].
Miller, Ralph L., [redacted].
Mills, Jimmie G., [redacted].
Minnehan, Patrick M., [redacted].
Minnerly, William D., [redacted].
Mixon, Ray B., Jr., [redacted].
Moat, James R., [redacted].
Moll, Ronald R., [redacted].
Moody, Richard N., [redacted].
Moore, Benny E., [redacted].
Moore, Michael F., [redacted].
Moore, Thomas M., [redacted].
Morey, John B., [redacted].
Morgan, Bayeux B., III, [redacted].
Morris, Dewitt L., Jr., [redacted].
Morris, Max A., [redacted].
Mueller, David P., [redacted].
Murphy, James M., [redacted].
Murray, Timothy J., [redacted].
Myers, Mark A., [redacted].
Myers, Philip G., [redacted].
Myrick, Aubrey W., [redacted].
Narmore, James C., [redacted].
Neel, Tommy E., [redacted].
Nelson, Lynn R., [redacted].
Nettleship, Robert S., Jr., [redacted].
Newell, Ernest C., [redacted].
Newkirk, Frank L., [redacted].
Nieboer, Kourtney C., [redacted].
Nipper, Ronald M., [redacted].
Nitsche, John C. B., [redacted].
Noffsinger, Joseph B., II, [redacted].
Novak, Paul G., [redacted].
Oelke, Marion E., [redacted].
Ohs, Harold M., II, [redacted].
Olson, Marvin A., [redacted].
Orler, John J., [redacted].
Ormsby, Robert D., Jr., [redacted].
Orr, Glenn T., [redacted].
Osborne, Ronald C., [redacted].
Palmer, Larry R., [redacted].
Parker, Charles H., [redacted].
Parker, Geoffrey S., [redacted].
Parker, Steven C., [redacted].
Parkhurst, Vance C., [redacted].
Parsons, Frederick A., [redacted].
Paul, John S., [redacted].
Payne, Michael W., [redacted].
Peach, Richard H., [redacted].
Peacock, Wayne R., [redacted].
Pechauer, David J., [redacted].
Pecsok, William H., [redacted].
Pedersen, Jan N., Jr., [redacted].
Pederson, Thomas C., [redacted].
Peeples, James H., [redacted].
Penney, Forrest E., Jr., [redacted].
Perez, Albert W., II, [redacted].
Pierce, John C., [redacted].
Pitts, Charles W., [redacted].
Ponder, Joseph T., [redacted].
Pregill, Jeremiah T., [redacted].
Price, Lyndie W., [redacted].
Prucha, Dennis R., [redacted].
Purtle, Homer, Jr., [redacted].
Quinn, Andrew M., Jr., [redacted].
Ranalli, Daniel J., [redacted].
Randall, Clarence C., [redacted].
Rardin, George M., [redacted].
Ratliff, Phillip M., [redacted].
Rawlings, Denver R., Jr., [redacted].
Reagan, James M., [redacted].
Reid, Clark G., [redacted].
Relyea, Richard W., [redacted].
Revett, William R., [redacted].
Reynolds, Craig E., [redacted].
Rhoades, James R., [redacted].
Rice, John W., Jr., [redacted].
Richardson, Charles L., [redacted].
Richardson, William K., [redacted].
Rickenbacher, Edward M., [redacted].
Riesenman, John F., Jr., [redacted].
Rike, James H., Jr., [redacted].
Roane, John O., [redacted].
Roberts, David C., [redacted].
Roberts, Ronald J., [redacted].
Robertson, John M., [redacted].
Robertson, William D., Jr., [redacted].
Robinson, Lynn K., [redacted].
Rodgers, Archie E., Jr., [redacted].
Rogers, William G., [redacted].
Rose, William C., [redacted].
Roten, Michael H., [redacted].
Rothschild, William J., [redacted].
Rountree, Michael E., [redacted].
Rouse, William H., [redacted].
Ruotanen, Norman H., [redacted].
Ruotsala, Michael G., [redacted].
Russell, Steven S., [redacted].
Sadowski, Charles, Jr., [redacted].
Samsil, Dorris M., Jr., [redacted].
Sasine, Kenneth P., [redacted].
Saxton, Harold E., [redacted].
Scarbrough, Gail L., [redacted].
Scheimer, Joseph M., [redacted].
Schlottog, Garry E., [redacted].
Schoene, Richard W., [redacted].
Schubert, Jeffrey A., [redacted].
Schwebach, Gerhard H., [redacted].
Schwenker, Duncan H., [redacted].
Scott, Charles R., [redacted].
Scott, Gary R., [redacted].

Seitz, William J., [redacted]
Semon, David J., [redacted]
Seuell, Gordon J., [redacted]
Shale, Richard B., [redacted]
Shamer, George P., II, [redacted]
Sharp, Thomas W., [redacted]
Sheehan, Jeremiah F., [redacted]
Shem, Raymond W., [redacted]
Shendow, Jan W., [redacted]
Shields, Gary L., [redacted]
Shields, Richard M., [redacted]
Shores, James H., Jr., [redacted]
Shumate, William F., [redacted]
Simmons, James R., Jr., [redacted]
Simmons, Susan D., [redacted]
Sinosky, John T., Jr., [redacted]
Sipos, John L., [redacted]
Skolasky, Robert A., [redacted]
Skripps, Thomas W., [redacted]
Slayton, Tison E., Jr. [redacted]
Sledge, George M., [redacted]
Smith, Alexander R., [redacted]
Smith, Donald W., [redacted]
Smith, Emmerson R., Jr., [redacted]
Smith, Johnnie N., [redacted]
Smith, Joseph D., Jr., [redacted]
Smith, Michael R., [redacted]
Smith, Philip N., [redacted]
Smith, Robert S., [redacted]
Smith, Ronny C., [redacted]
Snapp, Michael R., [redacted]
Snyder, John M., Jr., [redacted]
Sonnier, Kenneth J., [redacted]
Sovich, John M., [redacted]
Speakes, Roy W., II, [redacted]
Sperry, Paul D. [redacted]
Spivy, Frank A., [redacted]
Springle, Carl, Jr., [redacted]
Sprinkle, Clark J., [redacted]
Squires, James N. [redacted]
Stober, Jeffrey L., [redacted]
Stogsdill, Thomas M., [redacted]
Swats, Donald L., [redacted]
Sweetnam, George H., Jr., [redacted]
Swett, Ozro S., Jr., [redacted]
Sykes, Clifton L., Jr., [redacted]
Szul, Robert F., [redacted]
Talley, David H., [redacted]
Tedesco, Richard P., [redacted]
Terry, Patrick R., [redacted]
Thacker, William K., III, [redacted]
Thatcher, John R., [redacted]
Thomas, John R., [redacted]
Thomas, Randall F., [redacted]
Thompson, Edward C., IV, [redacted]
Thompson, Terry L., [redacted]
Thornton, Jack T., [redacted]
Thurston, Thomas E., [redacted]
Tieman, Larry W., [redacted]
Tilghman, Glen A., [redacted]
Tobin, Michael B., [redacted]
Toothman, Robert J., [redacted]
Torsiello, Richard J., [redacted]
Tramontana, Frank J., [redacted]
Trenary, Frank W. [redacted]
Tromp, William J., [redacted]
Troutman, Acel B., [redacted]
Tucker, Alan E. M., [redacted]
Tushek, Gordon M., [redacted]
Uber, Clyde W., [redacted]
Upp, Jefferey L., [redacted]
Vannier, James G., [redacted]
Vargo, David A., [redacted]
Vining, James D., [redacted]
Voltz, Samuel A., III, [redacted]
Wallace, Cleveland H., [redacted]
Wallace, Lawrence B., [redacted]
Walschlager, Thomas A., [redacted]
Walsh, Frank J., Jr., [redacted]
Walters, George J., Jr., [redacted]
Warren, Philip H., [redacted]
Watson, Robert F., [redacted]
Weaver, Richard L., [redacted]
Weeditz, Anthony J., Jr., [redacted]
Weld, William H., [redacted]
Welken, Lloyd C., [redacted]
Weller, Richard K., [redacted]
Wellner, Eric F., Jr., [redacted]
Wells, Floyd B., [redacted]
Wert, John C., III, [redacted]
West, Bradford E., II, [redacted]
Weyer, Lawrence A., Jr., [redacted]
Wheaton, Ronald C., [redacted]
Wheeler, Raymond E., [redacted]
Whelan, Bruce E., [redacted]
Whisman, Edward K., [redacted]
Whitley, John Y., [redacted]
Whitney, Robert H., [redacted]
Whitney, Roger M., Jr., [redacted]
Wilk, Richard P., [redacted]
Wilfong, Timothy L., [redacted]
Williams, Daniel S., [redacted]
Williams, Harold R., [redacted]
Williams, Joseph B., Jr., [redacted]
Williams, Mark H., [redacted]
Williams, Warren E., [redacted]
Williamson, Gary L., [redacted]
Williford, Wade H., IV, [redacted]
Williford, William H., Jr., [redacted]
Wilson, James A., [redacted]
Wilson, William M. [redacted]
Winfrey, David C., [redacted]
Wise, Kenneth L., Jr., [redacted]
Wood, Gary H. [redacted]
Worley, Chandler P., Jr., [redacted]
Worley Walter L., III, [redacted]
Wucher, Stanley F., Jr., [redacted]
Yake, David J., Jr., [redacted]
Yanik, Albert S., [redacted]
Yarger, Gerald L. [redacted]
Yewdall, Edward C., [redacted]
Young, Gregory B., [redacted]
Younger, Wilmer H., Jr., [redacted]
Zachary, Keeton D. [redacted]
Zilin, Barry M., [redacted]
Zink, Vernon R., Jr., [redacted]

CONFIRMATION

Executive nominations confirmed by the Senate August 8, 1974:

DEPARTMENT OF THE INTERIOR

Jack W. Carlson, of Maryland, to be an Assistant Secretary of the Interior.

FEDERAL ENERGY ADMINISTRATION

Robert Everard Montgomery, Jr., of Virginia, to be General Counsel of the Federal Energy Administration.

SECURITIES AND EXCHANGE COMMISSION

Philip A. Loomis, Jr., of California, to be a member of the Securities and Exchange Commission for the term expiring June 5, 1979.

FEDERAL AVIATION ADMINISTRATION

James E. Dow, of Virginia, to be Deputy Administrator of the Federal Aviation Administration.

(The above nominations were approved subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

THE JUDICIARY

James C. Hill, of Georgia to be U.S. district judge for the northern district of Georgia.

WITHDRAWAL

Executive nomination withdrawn from the Senate August 8, 1974:

U.S. COURT OF MILITARY APPEALS

I withdraw the nomination of William H. Erickson, of Colorado, to be a judge of the U.S. Court of Military Appeals for the remainder of the term expiring May 1, 1986, vice Robert M. Duncan, which was sent to the Senate on June 21, 1974.

HOUSE OF REPRESENTATIVES—*Thursday, August 8, 1974*

The House met at 12 o'clock noon.

Rev. Robert J. Robinson, First Associate Reformed Presbyterian Church, Rock Hill, S.C., offered the following prayer:

Eternal God, who is the source of all excellence and who sustains us through our daily adventures in Your world, inspire in us today a new spiritual initiative. In the uncertainties of these days do not let us continue to rely on our powers, for we need a greater and more stable strength. Remove all limits from our search for Your wisdom and provident direction. Prevent us from following expedient but erroneous courses of action. Let Your Spirit grant us discretion to discover truth, for Your word is the truth that is the substance of our common life.

Where we are estranged in spirit and divided in purpose we call upon You to make us whole again and to restore us to honor. Use these men and women of courage to reshape our national trust against every evil. Help them today to grasp and carry the torch of justice and righteousness for our Nation, through Jesus Christ our Lord. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the House by Mr. Marks, one of his secretaries.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Arrington, one of its clerks, announced that the Senate had passed without amendment joint and concurrent resolutions of the House of the following titles:

H.J. Res. 1104. Joint resolution to extend by 62 days the expiration date of the Export Administration Act of 1969; and

H. Con. Res. 583. Concurrent resolution authorizing the Clerk of the House to make corrections in the enrollment of H.R. 69.

The message also announced that the Senate agrees to the amendments of the House to a bill and joint and concurrent resolutions of the Senate of the following titles:

S. 3331. An act to clarify the authority of the Small Business Administration, to increase the authority of the Small Business Administration, and for other purposes;

S.J. Res. 229. Joint resolution to amend the Export-Import Bank Act of 1945; and

S. Con. Res. 93. Concurrent resolution relating to an inflation policy study.

The message also announced that the Senate had passed with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 16027. An act making appropriations for the Department of the Interior and relate agencies for the fiscal year ending June 30, 1975, and for other purposes.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 16027) entitled "An act making appropriations for the Department of the Interior and related agencies for the fiscal year ending June 30, 1975, and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. BIBLE, Mr. McCLELLAN, Mr. ROBERT C. BYRD, Mr. McGEE, Mr. MONTOYA, Mr. CHILES, Mr. MANSFIELD, Mr. STEVENS, Mr. YOUNG, Mr. HATFIELD, and Mr. BELLMON to be the conferees on the part of the Senate.

The message also announced that the Senate disagrees to the amendments of the House to the bill (S. 3698) entitled "An act to amend the Atomic Energy Act of 1954, as amended, to enable Congress to concur in or disapprove international agreements for cooperation in regard to certain nuclear technology," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. PASTORE, Mr. SYMINGTON, Mr. MONTOYA, Mr. AIKEN, and Mr. BAKER, to be the conferees on the part of the Senate.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 1694. An act to regulate commerce and to protect petroleum product retailers from unfair practices and for other purposes; and

S. 3548. An act to establish the Harry S. Truman memorial scholarships, and for other purposes.

The message also announced that the President pro tempore, pursuant to Senate Concurrent Resolution 85, appointed Mr. PASTORE, Mr. NUNN, Mr. HUGH SCOTT, and Mr. SCHWEIKER as Members, on the part of the Senate, to attend the Day of National Observance for the 200th Anniversary of the First Continental Congress to be held in Philadelphia, Pa., October 14, 1974.

REV. ROBERT J. ROBINSON

(Mr. GETTYS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GETTYS. Mr. Speaker, I am pleased and honored to have the pastor of the church to which I have belonged all my life as Chaplain today, and I thank Speaker ALBERT and Dr. Latch for the opportunity.

Rev. Robert J. Robinson is minister of the First Associate Reformed Presbyterian Church of Rock Hill, S.C. He is not only my minister, he is my friend. I am glad he is in Washington with his fine family—his wife, Mary, and his children, Lisa, Joe, and Pat.

Mr. Robinson is the fourth pastor to serve my church which was organized in July 1895. The beloved Dr. Arthur S. Rogers served the church for 54 years—from 1895 until 1952. He was followed by able men in Rev. W. P. Grier, Jr., and Rev. Henry Lewis Smith and now Reverend Robinson.

Again, Mr. Speaker, I am grateful to the House for permitting me to have this young man of God here today.

MARIANNA YOUTH CHOIR SINGS AT CAPITOL

(Mr. FUQUA asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. FUQUA. Mr. Speaker, it was my very great pleasure to welcome to the Capitol the youth choir of the First Baptist Church of Marianna, Fla. The outstanding young people making up the youth choir entertained our colleagues, congressional staff people, and visitors to Washington, as they sang a medley of religious and inspirational songs. During this time of political turmoil and uncertainty, the message delivered by these dedicated young people was especially rewarding.

Accompanied by Mr. and Mrs. Harold Gregg and under the direction of Mr. Eugene Hattaway, minister of music, the youth choir joined me on the House floor and later watched as the House of Representatives was in session. To those of you who joined us in listening to this exceptional group, I do not need to tell you of their accomplished sound. I know that my colleagues join with me in thanking the youth choir for sharing with us their love of life.

FULL DISCLOSURE MUST BE MADE

(Mr. RIEGLE asked and was given permission to address the House for 1 minute, and to revise and extend his remarks.)

Mr. RIEGLE. Mr. Speaker, I have taken the well today because I think under the current circumstances most everyone in the country recognizes that we need a new President at this time, and that this will in all likelihood abort the impeachment proceedings in favor of some kind of negotiated resignation, which will possibly provide immunity from future prosecution for the President, and I am in favor of that.

I think that is the best alternative under the circumstances, although it is far from a perfect answer.

But I think there has to be one basic condition that goes with it, and that is that the coverup has to finally come off, and that means all of the coverup, and all of the facts and all of the documentary evidence that exists with relation to the three articles reported by the Committee on the Judiciary, must be made available in its entirety.

I do not want Presidential files disappearing, being lost in the transition, or anything like that. I think one thing that this country is entitled to know is the full truth. I, for one, am prepared to support the grant of immunity from prosecution, for I have no desire to see this President hounded in any way once he leaves office. But I want to see the whole truth laid on the table, and that is an absolutely unconditional requirement, I think, in terms of what justice means in this country. The price for immunity is the full truth—and it is something we must insist upon.

PERMISSION TO FILE CONFERENCE REPORT ON H.R. 15155, PUBLIC WORKS, ATOMIC ENERGY COMMISSION, AND RELATED AGENCIES AND COMMISSIONS APPROPRIATIONS, 1975

Mr. EVINS of Tennessee. Mr. Speaker, I ask unanimous consent that the managers have until midnight tonight to file the conference report on the bill (H.R. 15155) making appropriations for public works for water and power development, including the Corps of Engineers—Civil, the Bureau of Reclamation, the Bonneville Power Administration and other power agencies of the Department of the Interior, the Appalachian regional development programs, the Federal Power Commission, the Tennessee Valley Authority, the Atomic Energy Commission, and related agencies and commissions for the fiscal year ending June 30, 1975, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

CONFERENCE REPORT

(H. Rept. No. 93-1274)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 15155) "making appropriations for public works for water and power development, including the Corps of Engineers—Civil, the Bureau of Reclamation, the Bonneville Power Administration and other power agencies of the Department of the Interior, the Appalachian regional development programs, the Federal Power Commission, the Tennessee Valley Authority, the Atomic Energy Commission, and related independent agencies and commissions for the fiscal year ending June 30, 1975, and for other purposes," having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 11, 23, 24 and 25.

That the House recede from its disagreement to the amendments of the Senate numbered 4, 6, 10, 14, 20, and 21, and agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$330,705,000"; and the Senate agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$65,284,000"; and the Senate agree to the same.

Amendment numbered 7: That the House recede from its disagreement to the amendment of the Senate numbered 7, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$161,948,000"; and the Senate agree to the same.

Amendment numbered 8: That the House recede from its disagreement to the amendment of the Senate numbered 8, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$446,577,000"; and the Senate agree to the same.

Amendment numbered 9: That the House recede from its disagreement to the amendment of the Senate numbered 9, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$700,000"; and the Senate agree to the same.

Amendment numbered 12: That the House recede from its disagreement to the amendment of the Senate numbered 12, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$19,427,000"; and the Senate agree to the same.

Amendment numbered 13: That the House recede from its disagreement to the amendment of the Senate numbered 13, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$400,000"; and the Senate agree to the same.

Amendment numbered 15: That the House recede from its disagreement to the amendment of the Senate numbered 15, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$244,123,000"; and the Senate agree to the same.

Amendment numbered 16: That the House recede from its disagreement to the amendment of the Senate numbered 16, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$24,621,000"; and the Senate agree to the same.

Amendment numbered 17: That the House recede from its disagreement to the amendment of the Senate numbered 17, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$22,967,000"; and the Senate agree to the same.

Amendment numbered 18: That the House recede from its disagreement to the amendment of the Senate numbered 18, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$55,800,000"; and the Senate agree to the same.

Amendment numbered 22: That the House recede from is disagreement to the amendment of the Senate numbered 22, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$128,000,000"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 1, 5 and 19.

JOE L. EVINS,
EDWARD P. BOLAND,
JAMIE L. WHITTEN,
JOHN M. SLACK,
OTTO E. PASSMAN,
GEORGE MAHON,
GLENN R. DAVIS,
(except amendment No. 7 and report language re amendment No. 11),
HOWARD W. ROBISON,
JOHN T. MYERS,
ELFORD A. CEDERBERG,
Managers on the Part of the House.

JOHN C. STENNIS,
JOHN L. MCCLELLAN,
WARREN G. MAGNUSON,
ALAN BIBLE,
ROBERT C. BYRD,
JOHN O. PASTORE,
MARK O. HATFIELD,
MILTON R. YOUNG,
ROMAN L. HRUSKA,
CLIFFORD P. CASE,
JENNINGS RANDOLPH,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 15155) making appropriations for Public Works for water and power development, including the Corps of Engineers—Civil, the Bureau of Reclamation, the Bonneville Power Administration and other power agencies of the Department of the Interior, the Appalachian regional development programs, the Federal Power Commission, the Tennessee Valley Authority, the Atomic Energy Commission, and related independent agencies and commissions for the fiscal year ending June 30, 1975, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

TITLE I—ATOMIC ENERGY COMMISSION

Operating expenses

Amendment No. 1: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment appropriating $1,411,960,000 instead of $1,428,760,000 as proposed by the House and $1,433,960,000 as proposed by the Senate. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate. The change from the House Allowance includes an increase of $1,200,000 for the Physical Research Program leaving a reduction of $2,700,000 from the budget request applied as a general reduction in the overall physical research program; an increase of $300,000 for Program Support; a decrease of $8,000,000 in the Nuclear Materials Program; and a decrease of $600,000 in the Biomedical and Environmental Research Program; the change in selected resources is adjusted accordingly by an increase in the amount of $300,000; and an additional $10,000,000 reduction in the total appropriation is applied as a result of unobligated balances.

The Committee of Conference is agreed that travel shall not exceed the amount as proposed in the budget request.

Plant and capital equipment

Amendment No. 2: Appropriates $330,705,000 instead of $317,655,000 as proposed by the House and $337,705,000 as proposed by the Senate. The increase over the House includes $2,000,000 for weapons production; development, and test installations; $4,250,000 for the National Security and Resources Center, Los Alamos Scientific Laboratory, New Mexico; $3,800,000 for a computer system at Sandia Laboratories, to be accomplished in the manner proposed by the Senate; restoration of $5,000,000 general reduction based on anticipated slippage; offset by a decrease of $2,000,000 for the TRIDENT production facilities.

TITLE II DEPARTMENT OF DEFENSE—CIVIL

Department of the Army

Corps of Engineers—Civil

General

The Committee of Conference is agreed that the Corps of Engineers should participate in the bicentennial activities as proposed in the Senate report.

General investigations

Amendment No. 3: Appropriates $65,284,000 instead of $61,542,000 as proposed by the House and $67,847,000 as proposed by the Senate. The changes from the House bill are allocated to the following studies:

Alaska:	
(FC) Rivers and Harbors in Alaska (Alaska Hydroelectric)	+$60,000
(FC) Metropolitan Anchorage	+75,000
(FC) Southcentral-Railbelt area	[1] +75,000
Arizona:	
(FC) Gila River and tributaries (Gila Drain) Arizona and New Mexico	[1] +140,000
Arkansas:	
(FC) White River Basin Reservoirs	+25,000
Maryland:	
(FC) Potomac River, North Branch, Maryland & Virginia	[1] +75,000
Mississippi:	
(N) Pearl River	+30,000
(FC) Pascagoula Basin	+25,000
Nevada:	
(FC) Truckee Meadows	+30,000
New Hampshire:	
(FC) Connecticut River stream bank erosion (Wilder Lake, N.H. and Vt. to Turners Falls Dam, Mass.)	+60,000
North Dakota:	
(FC) Pembina River	+50,000
Oregon:	
(FC) Portland Metropolitan Area	+20,000
(N) Siuslaw River and Bar	[1] +62,000
Pennsylvania:	
(FC) Raystown Dam hydro study (modification for power)	+75,000
South Dakota:	
(FC) Missouri River, S. Dakota, Nebraska, N. Dakota, and Montana, additional hydro	[1] +130,000
Washington:	
(FC) Columbia River and tributaries, Washington, Oregon, Idaho, Montana, Wyoming	[1] +340,000
(Comp) Puget Sound and adjacent waters (Anacortes-March Point area navigation)	[1] +40,000
(FC) Yakima Valley regional water management study	+100,000
Special studies:	
Cross Florida Barge Canal (Court-ordered study)	+1,000,000
Cooperation with States (sec. 22, Public Law 93-251)	+500,000
Review of authorized projects:	
Deauthorization review (sec. 12, Public Law 93-251)	+800,000
Restudies of deferred projects—Beatrice, Nebr. (FC)	+30,000

[1] Increase in House bill figure.

Amendment No. 4: Changes "Bureau of Sport Fisheries and Wildlife" to "U.S. Fish and Wildlife Service."

Construction, General

Amendment No. 5: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment appropriating $973,681,000 instead of $988,533,000 as proposed by the House and $985,838,000 as proposed by the Senate. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The funds appropriated under this heading are to be allocated as shown in the following tabulation:

	Construction, general, State and project (1)	Budget estimate for fiscal year 1975		Conference allowance	
		Construction (2)	Planning (3)	Construction (4)	Planning (5)
	Alabama:				
(R)	John Hollis Bankhead lock and dam	$9,200,000		$9,200,000	
(MP)	Jones Bluff lock and dam	8,500,000		8,500,000	
(N)	Mobile Harbor, Theodore Channel		$125,000		$125,000
(FC)	Montgomery		50,000		50,000
(N)	Tennessee-Tombigbee Waterway, Ala. and Miss	30,000,000		37,900,000	
	West Point Point Lake Ala. and Ga. (See Georgia.)				
	Alaska:				
(MP)	Bradley Lake (feasibility study)				62,000
(FC)	Chena River Lakes, Fairbanks	17,200,000		17,200,000	
(N)	Hoonah Harbor		100,000		100,000
(N)	Humboldt Harbor	200,000		200,000	
(N)	Metlakatla Harbor		80,000		80,000
(MP)	Snettisham	1,400,000		2,100,000	
	Arizona:				
(FC)	Indian Bend Wash		194,000	1,100,000	
(FC)	Phoenix and vicinity, including New River (stage 1)	500,000		500,000	
(FC)	Phoenix and vicinity, including New River (stage 2)		200,000		200,000
	Arkansas:				
(FC)	Bell Foley Lake		424,000		424,000
(MP)	De Gray Lake	1,400,000		1,400,000	
(FC)	De Queen Lake	1,920,000		1,920,000	
(FC)	Dierks Lake	530,000		530,000	
(FC)	Gillham Lake	850,000		850,000	
(N)	McClellan-Kerr Arkansas River Navigation System, Arkansas and Oklahoma:				
	(a) Bank stabilization and channel rectification	610,000		610,000	
	(b) Navigation locks and dams	4,000,000		4,100,000	
	Conway, Ark., water supply			(100,000)	
(MP)	Norfork Lake-Highway Bridge				50,000
(N)	Ouachita and Black Rivers, Ark. and La	7,000,000		7,000,000	
(MP)	Ozark lock and dam	2,630,000		2,630,000	
(FC)	Red River levees and bank stabilization below Denison Dam Ark., La., and Tex	1,900,000		1,900,000	
(FC)	Village Creek, Jackson and Lawrence Counties		135,000		135,000
	California:				
(FC)	Alameda Creek, Del Valle Reservoir	720,000		720,000	
(N)	Bodega Bay		80,000		80,000
(FC)	Buchanan Dam-H. V. Eastman Lake	3,700,000		4,100,000	
(FC)	Chester, North Fork of Feather River			900,000	
(FC)	Cucamonga Creek			600,000	
(FC)	Dry Creek (Warm Springs) Lake and Channel	13,500,000		3,000,000	
(FC)	Fairfield vicinity streams		302,000		302,000
(FC)	Hidden Lake	2,400,000		2,700,000	
(N)	Humboldt Harbor and Bay		48,000		48,000
(FC)	Lytle and Warm Creeks	3,600,000		3,600,000	
(MP)	Marysville Lake		350,000		950,000
(FC)	Merced County streams		300,000		300,000
(FC)	Napa River	500,000		500,000	
(MP)	New Melones Lake	15,500,000		15,500,000	
(N)	Oakland Harbor	1,500,009		1,500,000	
(FC)	Pine Flat Lake	200,000		200,000	
(FC)	Sacramento River bank protection	1,000,000		1,000,000	
(FC)	Sacramento River Chico Landing to Red Bluff	255,000		500,000	
(N)	San Diego Harbor	500,000		1,100,000	
(FC)	San Diego River, Mission Valley		300,000		300,000
(N)	San Francisco Bay to Stockton (John F. Baldwin and Stockton ship channels)	725,000		725,000	
(FC)	Santa Paula Creek channel	2,600,000		1,600,000	
(FC)	Sweetwater River	100,000		100,000	
(FC)	University Wash and Spring Brook		270,000		270,000
(FC)	Walnut Creek	545,000		545,000	
	Colorado:				
(FC)	Bear Creek Lake	9,050,000		9,050,000	
(FC)	Chatfield Lake	3,065,000		3,065,000	
(FC)	Las Animas	1,800,000		1,800,000	
(FC)	Trinidad Lake	6,200,000		6,200,000	
	Connecticut:				
(FC)	Danbury	2,500,000		2,500,000	
(FC)	Park River		500,000		500,000
	Delaware:				
(N)	Delaware Bay to Chesapeake Bay Waterway, Del., Md., and Va		75,000		75,000
(N)	Inland waterway, Delaware River to Chesapeake Bay (Chesapeake and Delaware Canal), pt. II, Del., and Md	3,715,000		3,715,000	
	District of Columbia:				
(S)	Potomac estuary pilot water treatment plant, D.C., Md. and Va				350,000

	Construction, general, State and project	Budget estimate for fiscal year 1975		Conference allowance	
	(1)	Construction (2)	Planning (3)	Construction (4)	Planning (5)
	Florida:				
(BE)	Brevard County	$400, 000			
(FC)	Central and Southern Florida	4, 400, 000		$4, 400, 000	
(FC)	Dade County		$200, 000		$200, 000
(BE)	Duval County		130, 000		130, 000
(FC)	Four River Basins	400, 000		3, 000, 000	
(N)	Jacksonville Harbor (1965 act)	7, 000, 000		7, 000, 000	
(N)	Miami Harbor (1968 act)	4, 760, 000		4, 760, 000	
(BE)	Palm Beach County (reimbursement)	1, 165, 000		1, 165, 000	
(N)	Panama City Harbor			430, 000	
(BE)	Pinellas County	100, 000		100, 000	
(N)	Tampa Harbor (main channel)	900, 000		900, 000	
	Georgia:				
(MP)	Carters Lake	8, 500, 000		8, 500, 000	
(MP)	Richard B. Russell (Trotters Shoals) Dam and Lake, Ga., and S.C	(L) 500, 000		2, 125, 000	
(N)	Savannah Harbor (40 feet widening and deepening)	1, 103, 000		1, 103, 000	
(N)	Savannah Harbor (sediment basin)	2, 300, 000		2, 300, 000	
(BE)	Tybee Island	900, 000		900, 000	
(MP)	West Point Lake, Ala. and Ga	6, 300, 000		8, 800, 000	
	Hawaii:				
(N)	Kahu lui Harbor mitigation of shore damages attributable to navigation projects, sec. 111			(500, 000)	
(FC)	Kaneohe-Kailua area	300, 000		480, 000	
(N)	Lahaina small boat harbor			300, 000	
(N)	Waianae small boat harbor		125, 000		125, 000
	Idaho:				
(MP)	Dworshak Dam and Reservoir	10, 000, 000		10, 000, 000	
(FC)	Ririe Lake	7, 400, 000		7, 400, 000	
	Illinois:				
(N)	Calumet River and Harbor (1962 act), Illinois and Indiana	170, 000		170, 000	
(FC)	Carlyle Lake	400, 000		400, 000	
(FC)	Columbia drainage and levee district #3			100, 000	
(FC)	East Moline		150, 000		150, 000
(FC)	East St. Louis and vicinity—Cahokia Creek Low Dam	900, 000		900, 000	
(FC)	East St. Louis and vicinity (interior flood control)	1, 200, 000		1, 200, 000	
(FC)	Harrisonville and Ivy Landing—Drainage and levee district No. 2	300, 000		300, 000	
(FC)	Helm Lake		175, 000		
(N)	Illinois Waterway, Calumet-Sag modification, pt. I, Illinois and Indiana	1, 500, 000		1, 500, 000	
(N)	Illinois Waterway Duplicate Locks Ill. and Ind		210, 000		210, 000
(FC)	Kaskaskia Island drainage and levee district				75, 000
(N)	Kaskaskia River navigation	4, 700, 000		4, 700, 000	
(FC)	Levee District 23 (Dively), Kaskaskia River	645, 000		645, 000	
(FC)	Little Calumet River				40, 000
(N)	Lock and dam 26, Mississippi River, Alton, Ill., and Mo	27, 900, 000		22, 000, 000	
(N)	Lock and dam 53 (temporary lock), Illinois and Kentucky	7, 000, 000		7, 000, 000	
(FC)	Louisville Lake		200, 000		200, 000
(FC)	Louisville Lake (U.S. Route 45)	700, 000		700, 000	
(N)	Mississippi River between Ohio and Missouri Rivers, Ill. and Mo.:				
	(a) Chain of Rocks	4, 540, 000		4, 540, 000	
	(b) Regulating works	3, 200, 000		4, 500, 000	
(FC)	Milan		80, 000		80, 000
(FC)	Moline		100, 000		100, 000
(FC)	Rend Lake	3, 186, 000		3, 186, 000	
(FC)	Rock Island	120, 000		120, 000	
(N)	Smithland locks and dam Illinois and Kentucky	22, 300, 000		22, 300, 000	
(FC)	William L. Springer Lake (formerly Oakley Lake) (land acquisition)	600, 000		300, 000	
	Indiana:				
(FC)	Big Blue Lake				100, 000
(FC)	Big Pine Lake			500, 000	
(FC)	Big Walnut Lake		225, 000		300, 000
(FC)	Brookville Lake	1, 985, 000		1, 985, 000	
	Calumet River and Harbor. (See Illinois.)				
(N)	Cannelton locks and dam, Indiana and Kentucky	2, 650, 000		2, 650, 000	
(FC)	Evansville	1, 600, 000		1, 600, 000	
(FC)	Greenfield Bayou levee	200, 000			
	Illinois Waterway, Calumet-Sag modification, pts. I and II, Illinois and Indiana. (See Illinois.)				
(FC)	Island levee	200, 000		200, 000	
(FC)	Marion		75, 000		75, 000
(FC)	Mason J. Niblack levee (pumping facilities)	1, 044, 000		1, 044, 000	
(N)	Newburgh locks and dam, Indiana and Kentucky	6, 000, 000		6, 000, 000	
(FC)	Patoka Lake	3, 600, 000		4, 600, 000	
(N)	Uniontown locks and dam, Indiana and Kentucky	7, 850, 000		9, 850, 000	

	Construction, general, State and project	Budget estimate for fiscal year 1975		Conference allowance	
	(1)	Construction (2)	Planning (3)	Construction (4)	Planning (5)
	Iowa:				
(FC)	Bettendorf	$200,000		$200,000	
(FC)	Clinton	3,000,000		3,000,000	
(FC)	Davenport		$200,000		$200,000
(FC)	Marshalltown	1,800,000		1,800,000	
(FC)	Missouri River levee system, Iowa, Kansas, Missouri, and Nebraska	300,000		300,000	
(N)	Missouri River, Sioux City to mouth, Iowa, Kansas Missouri, and Nebraska	4,700,000		4,700,000	
(FC)	Ottumwa		20,000		20,000
(FC)	Rathbun Lake (fish hatchery)			700,000	
(FC)	Saylorville Lake	8,300,000		8,300,000	
(FC)	Waterloo	3,000,000		3,000,000	
	Kansas:				
	Arkansas—Red River Basins chloride control, Texas, Oklahoma, and Kansas. (See Oklahoma.)				
(FC)	Big Hill Lake	500,000		500,000	
(FC)	Cedar Point Lake		160,000		160,000
(FC)	Clinton Lake	8,750,000		8,750,000	
(FC)	Dodge City	1 450,000		1,450,000	
(FC)	El Dorado		50,000		50,000
(FC)	El Dorado Lake	4,000,000		4,000,000	
(FC)	Great Bend		180,000		180,000
(FC)	Hillsdale Lake	1,500,000		2,000,000	
(FC)	Indian Lake				50,000
(FC)	Kansas City, Kansas River, (1962 mod)	5,000,000		5,000,000	
(FC)	Marion		78,000	100,000	78,000
	Missouri River Levee System. (See Iowa.)				
	Missouri River, Sioux City to mouth, Iowa, Kansas, Missouri, and Nebraska. (See Iowa.)				
(FC)	Onaga Lake		106,000		106,000
(FC)	Perry Lake area (road improvements)			400,000	
(FC)	Tomahawk Lake				150,000
(FC)	Tuttle Creek Lake (road improvements)				20,000
(FC)	Winfield		50,000		50,000
(FC)	Wolf-Coffee Lake		400,000		400,000
	Kentucky:				
(FC)	Big South Fork National River and recreation area, Ky. and Tenn				250,000
(FC)	Camp Ground Lake (phase 1)				130,000
	Cannelton locks and dam, Indiana and Kentucky. (See Indiana.)				
(FC)	Carr Fork Lake	3,800,000		3,800,000	
(FC)	Cave Run Lake	3,000,000		3,000,000	
(FC)	Dam No. 3, Big Sandy River, Ky. and W. Va				25,000
(FC)	Falmouth Lake		200,000		
(MP)	Laurel River Lake	6,200,000		6,200,000	
	Lock and Dam 53 (temporary lock). (See Illinois.)				
(FC)	Martins Fork Lake	3,000,000		3,000,000	
	Newburgh locks and dam, Indiana and Kentucky. (See Indiana.)				
(FC)	Paintsville Lake	1,000,000		1,500,000	
(FC)	Red River Lake	200,000		500,000	
	Smithland lock and dam, Illinois and Kentucky. (See Illinois.)				
(FC)	Southwestern Jefferson County	3,000,000		3,000,000	
(FC)	Taylorsville Lake	900,000		1,400,000	
(FC)	Tug Fork Valley, Ky., Va., and W. Va. (phase 1)				150,000
	Uniontown locks and dam, Indiana and Kentucky. (See Indiana.)				
(R)	Wolf Creek Dam—Lake Cumberland (Rehab.)	6,000,000		6,000,000	
(FC)	Yatesville Lake	900,000		1,500,000	
	Louisiana:				
(N)	Atchafalaya River, Bayous Chene, Boeuf and Black	500,000		1,300,000	
(FC)	Bayou Bodcau and tributaries	300,000		300,000	
(N)	Bayou Lafourche and Lafourche Jump Waterway	1,400,000		1,400,000	
(N)	Calcasieu River at Devil's Elbow	200,000		200,000	
(FC)	Larose to Golden Meadow	1,200,000		1,200,000	
(FC)	Lake Pontchartrain, and vicinity	3,300,000		3,300,000	
(N)	Mermentau River (channel improvement)	1,534,000		1,534,000	
(N)	Michoud Canal	2,160,000		2,160,000	
(N)	Mississippi River, gulf outlet	1,300,000		1,300,000	
(N)	Mississippi River outlets, Venice	510,000		510,000	
(FC)	Morgan City and vicinity	100,000		100,000	
(FC)	New Orleans to Venice hurricane protection	9,000,000		9,000,000	
	Ouachita and Black Rivers, Ark. and La. (See Arkansas.)				
(FC)	Ouachita River levees	405,000		405,000	
(N)	Overton-Red River Waterway (lower 31 miles only)	1,100,000		1,600,000	

	Construction, general, State and project	Budget estimate for fiscal year 1975		Conference allowance	
		Construction	Planning	Construction	Planning
	(1)	(2)	(3)	(4)	(5)
	Louisiana—Continued				
(N)	Red River emergency bank protection	$3,900,000		$3,900,000	
(N)	Red River Waterway, Mississippi River to Shreveport, La.	12,000,000		13,000,000	
	Red River levees and bank stabilization below Denison Dam, Ark., La., and Tex. (See Arkansas.)				
(N)	Vermilion lock (replacement)		$100,000		$100,000
	Maine:				
(MP)	Dickey-Lincoln School Lakes (resumption)				800,000
(N)	Frenchboro Harbor	200,000		200,000	
	Maryland:				
(FC)	Bloomington Lake, Md. and W. Va.	7,200,000		7,200,000	
	Delaware Bay to Chesapeake Bay Waterway. (See Delaware.)				
	Inland waterway, Delaware River to Chesapeake Bay, Del. and Md. (C. & D. Canal), pt. II. (See Delaware.)				
	Potomac Estuary pilot water treatment plant, District of Columbia, Maryland, and Virginia. (See District of Columbia.)				
	Massachusetts:				
(FC)	Charles River Dam	5,000,000		5,000,000	
(FC)	Charles River Natural Valley Storage Area				100,000
(N)	Edgartown Harbor		40,000		50,000
(BE)	Revere Beach		150,000		150,000
(FC)	Saxonville		108,000		108,000
(N)	Weymouth Fore and Town Rivers	1,800,000		1,800,000	
	Michigan:				
(N)	Great Lakes connecting channels	1,200,000		200,000	
(N)	Lexington Harbor	400,000		400,000	
(N)	Ludington Harbor		80,000		80,000
(N)	Ottawa River Harbor, Mich. and Ohio				10,000
(FC)	Red Run Drain and Lower Clinton River				50,000
(FC)	River Rouge	1,800,000		1,800,000	
(FC)	Saginaw River	850,000		850,000	
(N)	Tawas Bay Harbor		130,000		130,000
	Minnesota:				
(N)	Beaver Bay Harbor (incl. Silver Bay)		40,000		40,000
(FC)	Big Stone Lake-Whetstone River, Minn. and S. Dak.	560,000		560,000	
(N)	Lutsen Harbor		60,000		60,000
(FC)	Mankato and North Mankato	1,900,000		1,900,000	
(FC)	Rochester (phase 1)				40,000
(FC)	Roseau River	100,000		100,000	
(FC)	Twin Valley Lake		100,000		100,000
(FC)	Wild Rice River-South Branch and Felton Ditch		96,000		96,000
(FC)	Winona		230,000		230,000
	Mississippi:				
(FC)	Edinburg Lake (phase 1)				100,000
(FC)	Tallahala Creek Lake	1,000,000		1,000,000	
	Tennessee-Tombigbee Waterway, Ala. and Miss. (See Ala.)				
(N)	Yazoo River, Belzoni Bridge (Adv. Part)			500,000	
	Missouri:				
(FC)	Blue River Channel, Kansas City, Mo.		400,000		400,000
(MP)	Clarence Cannon Dam and Reservoir	21,700,000		22,700,000	
(MP)	Harry S. Truman Dam and Reservoir	30,500,000		43,000,000	
(FC)	Little Blue River Channel	500,000		500,000	
(FC)	Little Blue River Lakes (land acquisition)	2,500,000		2,500,000	
	Lock and Dam 26, Alton, Ill. and Mo. (See Illinois.)				
(FC)	Long Branch Lake	2,000,000		2,000,000	
(FC)	Meramec Park Lake	3,600,000		4,600,000	
(FC)	Mississippi River Agricultural Area No. 8 (Elsberry drainage district)		100,000		200,000
	Mississippi River between Ohio and Missouri Rivers, Ill. and Mo. (See Illinois.)				
	Missouri River Levee System. (See Iowa.)				
	Missouri River, Sioux City to mouth, Iowa, Kansas, Missouri, and Nebraska. (See Iowa.)				
(FC)	Perry County drainage and levee districts 1, 2, and 3		180,000		180,000
(FC)	Smithville Lake	8,600,000		8,600,000	
	Montana:				
(FC)	Frazer-Wolf Point bank stabilization			375,000	
(MP)	Libby Dam-Lake Koocanusa	21,500,000		22,000,000	
(MP)	Libby Dam (additional units and reregulating dam)		890,000		890,000
(MP)	Libby Reregulating Dam, power units (phase 1)				75,000
	Nebraska:				
(MP)	Gavins Point Dam Lewis and Clark Lake (relocation of Niobrara, Nebr.), Nebr. and S. Dak.	3,500,000		3,500,000	
	Missouri River Levee System. (See Iowa.)				
	Missouri River, Sioux City to mouth, Iowa, Kansas, Missouri, and Nebraska. (See Iowa.)				
(FC)	Papillion Creek and tributaries	6,000,000		8,000,000	

	Construction, general, State and project	Budget estimate for fiscal year 1975		Conference allowance	
	(1)	Construction (2)	Planning (3)	Construction (4)	Planning (5)
	Nevada:				
(FC)	Gleason Creek Dam		$120, 000		$120, 000
(FC)	Humboldt River and tributaries		250, 000		250, 000
	New Jersey:				
(N)	Corsons Inlet and Ludlam Beach		100, 000		100, 000
(FC)	Elizabeth	$2, 700, 000		$2, 700, 000	
(N)	Great Egg Harbor Inlet and Peck Beach		75, 000		75, 000
(N)	Newark Bay, Hackensack, and Passaic Rivers	525, 000		525, 000	
	Tocks Island Lake, Pa., N.J., and N.Y. (See Pennsylvania.)				
	New Mexico:				
(FC)	Cochiti Lake	7, 400, 000		8, 150, 000	
(FC)	Las Cruces	817, 000		817, 000	
(FC)	Los Esteros Lake	2, 500, 000		2, 500, 000	
	New York:				
(FC)	Allegany		57, 000		57, 000
(N)	Cattaraugus Harbor		120, 000		120, 000
(N)	Dunkirk Harbor				45, 000
(N)	East River Spur Channel	1 500, 000		2, 850, 000	
(BE)	East Rockaway Inlet to Rockaway Inlet and Jamaica Bay (part I)			4, 000, 000	
(FC)	Ellicott Creek				135, 000
(BE)	Fire Island Inlet to Jones Inlet	1, 500, 000		1, 500, 000	
(FC)	Fire Island Inlet to Montauk Point			2, 800, 000	
(BE)	Hamlin Beach State Park (reimbursement)	1, 180, 000		1, 180, 000	
(N)	New York Harbor (anchorages)	4, 000, 000		5, 000, 000	
(N)	New York Harbor collection and removal of drift			330, 000	
(FC)	Scajaquada Creek		100, 000		100, 000
	Tocks Island Lake, Pa., N.J., and N.Y. (See Pennsylvania.)				
(FC)	Yonkers	815, 000		815, 000	
	North Carolina:				
(N)	Atlantic Intracoastal Waterway, bridges	100, 000		100, 000	
(FC)	B. Everett Jordan Dam and Lake	1, 850, 000		3, 500, 000	
(FC)	Brunswick County Beaches	1, 000, 000			
(FC)	Falls Lake	3, 000, 000		4, 250, 000	
(FC)	Howards Mill Lake		100, 000		100, 000
	Little River Inlet, S.C. and N.C. (See South Carolina.)				
(N)	Manteo (Shallowbag Bay)		65, 000		65, 000
(N)	Morehead City Harbor	200, 000		200, 000	
(FC)	Randleman Lake		100, 000		100, 000
(FC)	Reddies River Lake		140, 000		160, 000
(FC)	Roaring River Lake (phase 1)				100, 000
	North Dakota:				
(FC)	Burlington Dam		250, 000		400, 000
(MP)	Eagle Bay and Fort Yates Highway Bridges		122, 000		122, 000
(MP)	Garrison Dam-Lake Sakakawea	200, 000		200, 000	
(FC)	Minot	3, 000, 000		3, 000, 000	
(FC)	Missouri River, Garrison Dam to Lake Oahe	300, 000		600, 000	
	Oahe Dam-Lake Oahe, S. Dak. and N. Dak. (See South Dakota.)				
(FC)	Pipestem	417, 000		417, 000	
	Ohio:				
(FC)	Alum Creek Lake	3, 500, 000		3, 500, 000	
(FC)	Caesar Creek Lake	4, 500, 000		4, 500, 000	
(FC)	Chillicothe			300, 000	
(FC)	Clarence J. Brown Dam and Reservoir	1, 624, 000		1, 624, 000	
(FC)	East Fork Lake	4, 500, 000		4, 500, 000	
(N)	Gallipolis locks and dam, Ohio and West Virginia				200, 000
(N)	Hannibal locks and dam, Ohio and West Virginia	10, 110, 000		10, 110, 000	
(N)	Huron Harbor		100, 000		100, 000
(FC)	Mill Creek		400, 000	500, 000	
	Ottawa River Harbor, Mich. and Ohio (See Michigan.)				
(FC)	Paint Creek Lake	762, 000		762, 000	
(FC)	Point Place		54, 000		54, 000
(N)	Willow Island locks and dam, Ohio and West Virginia	10, 100, 000		10, 100, 000	
	Oklahoma:				
(FC)	Arcadia Lake		260, 000		260, 000
(FC)	Arkansas-Red Basins chloride control, Texas, Oklahoma, and Kansas		1, 300, 000		1, 300, 000
(FC)	Birch Lake	3, 450, 000		3, 450, 000	
(FC)	Clayton Lake	660, 000		660, 000	
(FC)	Copan Lake	1, 800, 000		4, 000, 000	
(FC)	Hugo Lake	700, 000		700, 000	
(FC).	Kaw Lake	11, 100, 000		11, 100, 000	
	McClellan-Kerr Arkansas River navigation system, Arkansas and Oklahoma. (See Arkansas.)				
(FC)	Optima Lake	9, 150, 000		9, 150, 000	
(FC)	Skiatook Lake	3, 000, 000		4, 250, 000	
(FC)	Waurika Lake	9, 400, 000		9, 400, 000	
(MP)	Webbers Falls lock and dam	1, 246, 000		1, 246, 000	

	Construction, general, State and project	Budget estimate for fiscal year 1975		Conference allowance	
	(1)	Construction (2)	Planning (3)	Construction (4)	Planning (5)
	Oregon:				
(FC)	Applegate Lake (land acquisition)			$1,000,000	
(FC)	Beaver Drainage District			300,000	
(MP)	Bonneville lock and dam (2d powerhouse) Oregon and Washington	$11,100,000		11,500,000	
(MP)	Bonneville lock and dam (mod. for peaking), Oregon and Washington	6,600,000		6,600,000	
(FC)	Catherine Creek Lake	1,500,000		1,500,000	
(N)	Columbia and lower Willamette Rivers, (40-foot project), Oregon and Washington	600,000		600,000	
(N)	Coos Bay		$139,000		$139,000
(MP)	Cougar Lake	750,000		750,000	
(FC)	Days Creek Lake (phase I)				300,000
(FC)	Elk Creek Lake	1,500,000		1,500,000	
(MP)	John Day lock and dam, Oregon and Washington	5,200,000		5,200,000	
(MP)	Lost Creek Lake	29,000,000		29,000,000	
(FC)	Lower Columbia River bank protection, Oregon and Washington	500,000		500,000	
(MP)	McNary lock and dam, Oregon and Washington	500,000		500,000	
(FC)	Scappoose Drainage District	100,000		280,000	
	The Dalles lock and dam, Washington and Oregon (additional units). (See Washington.)				
(N)	Tillamook Bay and Bar	1,510,000		1,510,000	
(FC)	Willamette River Basin bank protection	300,000		300,000	
	Pennsylvania:				
(FC)	Blue Marsh Lake	7,275,000		7,275,000	
(FC)	Chartiers Creek	1,500,000		1,500,000	
(FC)	Cowanesque Lake	5,000,000		5,000,000	
(FC)	DuBois	500,000		500,000	
(N)	Grays Landing lock and dam		100,000		100,000
(N)	Point Marion lock				75,000
(BE)	Presque Isle Peninsula			750,000	
(FC)	Raystown Lake	2,200,000		2,500,000	
(FC)	Tioga-Hammond Lakes	18,000,000		20,400,000	
(MP)	Tocks Island Lake, Pa., N.J., and N.Y (Comprehensive review and analysis)	6,040,000		1,500,000	
(FC)	Tyrone	1,800,000		1,800,000	
(FC)	Union City Lake	800,000		800,000	
	Puerto Rico:				
(FC)	Portugues and Bucana Rivers			1,500,000	
	South Carolina:				
(N)	Cooper River-Charleston Harbor			1,000,000	
(N)	Little River Inlet, S.C., and N.C		250,000		250,000
(N)	Murrells Inlet		250,000		250,000
(FC)	Reedy River		130,000		
	Richard B. Russell Dam and Lake, Ga. and S.C. (See Georgia.)				
	South Dakota:				
(MP)	Big Bend Dam-Lake Sharpe	1,124,000		1,124,000	
	Big Stone Lake-Whetstone River, Minn. and S. Dak. (See Minnesota.)				
	Gavins Point Dam-Lewis and Clark Lake (relocation of Niobrara Nebraska) Neb. and S. Dak. (See Nebraska.)				
(FC)	Sacred Heart Hospital, Yankton, Missouri River, emergency bank stabilization			125,000	
(MP)	Oahe Dam-Lake Oahe, S. Dak. and N. Dak	1,589,000		577,000	
	Tennessee:				
	Big South Fork National River and Recreation Area. (See Kentucky.)				
(MP)	Cordell Hull Dam and Reservoir	1,161,000		1,161,000	
	Texas:				
(FC)	Aquilla Lake		400,000		596,000
	Arkansas Red Basin chloride control, Texas, Oklahoma, and Kansas. (See Oklahoma.)				
(FC)	Aubrey Lake			3,000,000	
(FC)	Big Pine Lake		230,000		230,000
(FC)	Buffalo Bayou and tributaries	1,100,000		1,100,000	
(FC)	Carl L. Estes Dam and Lake (Mineola)		360,000		360,000
(FC)	Clear Creek		100,000		100,000
(FC)	Cooper Lake and channels	2,000,000		2,200,000	
(N)	Corpus Christi ship channel	3,500,000		4,500,000	
(FC)	El Paso	1,800,000		1,800,000	
(FC)	Freeport and vicinity, hurricane flood protection	2,200,000		2,200,000	
(N)	Freeport Harbor (1970 act)		150,000		150,000
(N)	Galveston Channel (1971 act)	1,570,000		1,570,000	
(FC)	Guadalupe River (remove logjams)	285,000		285,000	
(FC)	Highland Bayou	1,000,000		1,000,000	
(FC)	Lake Brownwood modification		250,000		250,000
(FC)	Lakeview Lake	1,000,000		2,500,000	

Construction, general, State and project	Budget estimate for fiscal year 1975		Conference allowance	
	Construction	Planning	Construction	Planning
(1)	(2)	(3)	(4)	(5)
Texas—Continued				
(FC) Lavon Lake modification and east fork channel improvement	$5,400,000		$5,400,000	
(FC) Lower Rio Grande Basin (phase 1)				$150,000
(FC) Millican Lake		$370,000		500,000
(N) Mouth of Colorado River		150,000		150,000
(FC) Pecos and vicinity		120,000		120,000
(FC) Peyton Creek		170,000		170,000
(FC) Port Arthur and vicinity hurricane flood protection	5,900,000		5,900,000	
Red River Emergency Bank Protection (See Louisiana.)				
Red River levees and bank stabilization, below Denison Dam, Ark., La., and Tex. (See Arkansas.)				
(FC) San Antonio Channel improvement	2,175,000		2,175,000	
(FC) San Gabriel River	9,000,000		10,000,000	
(FC) Taylors Bayou	500,000		500,000	
(FC) Texas City and vicinity hurricane flood protection	1,737,000		1,737,000	
(N) Texas City channel (industrial canal)		90,000		90,000
(FC) Three Rivers		60,000		60,000
(FC) Trinity River project		650,000		650,000
Utah:				
(FC) Little Dell Lake		420,000		420,000
Virginia:				
(FC) Buena Vista (phase I)				250,000
Delaware Bay to Chesapeake Bay Waterway. (See Delaware.)				
(FC) Fourmile Run, City of Alexandria, and Arlington County			2,000,000	
(FC) Gathright Lake	6,000,000		6,000,000	
Potomac Estuary pilot water treatment plant, District of Columbia, Maryland, and Virginia. (See District of Columbia.)				
Tug Fork Valley, Ky., Va., and W. Va. (See Kentucky.)				
(FC) Verona Lake (phase I)				200,000
(BE) Virginia Beach (reimbursement)	230,000		230,000	
Washington:				
Bonneville lock and dam, Oregon and Washington. (See Oregon.)				
(MP) Chief Joseph Dam, Rufus Woods Lake (additional units)	27,000,000		27,000,000	
Columbia and lower Willamette Rivers, (40-ft. project) Oregon and Washington. (See Oregon.)				
(BE) Ediz Hook				250,000
(MP) Ice Harbor lock and dam, Lake Sacajawea (additional units)	5,400,000		5,400,000	
John Day lock and dam, Oregon and Washington. (See Oregon.)				
(MP) Little Goose lock and dam—Lake Bryan (additional units)	4,600,000		4,600,000	
Lower Columbia River bank protection, Oregon and Washington. (See Oregon.)				
(MP) Lower Granite lock and dam	35,600,000		35,600,000	
(MP) Lower Granite lock and dam (additional units)	4,600,000		4,600,000	
(MP) Lower Monumental lock and dam	1,650,000		1,650,000	
(MP) Lower Monumental lock and dam (additional units)		200,000	450,000	
McNary lock and dam, Oregon and Washington. (See Oregon.)				
(MP) The Dalles lock and dam, Washington and Oregon (additional units)	1,100,000		1,100,000	
(FC) Wahkaikum County Consolidated Diking District No. 1	380,000		380,000	
(FC) Wenatchee, Canyons 1 and 2		270,000		270,000
(FC) Wynoochee Lake (fish hatchery)			696,000	
West Virginia:				
(FC) Beech Fork Lake	5,500,000		5,500,000	
Bloomington Lake, Md. and W. Va. (See Maryland.)				
(FC) Burnsville Lake	9,100,000		9,600,000	
(FC) Coal River Basin		147,000	197,000	
Dam No. 3, Big Sandy River. (See Kentucky.)				
(FC) East Lynn Lake	3,200,000		3,200,000	
Galipolis Locks and Dam, Ohio and W. Va. (See Ohio.)				
Hannibal locks and dam, Ohio and West Virginia. (See Ohio.)				
(FC) R. D. Bailey Lake	17,600,000		18,600,000	
Lower Guyandot River			(500,000)	
(FC) Stonewall Jackson Lake	1,000,000		1,000,000	
Tug Fork Valley, Ky., Va. and W. Va. (See Kentucky.)				
(FC) West Fork Lake		50,000		50,000
Willow Island lock and dam, Ohio and West Virginia. (See Ohio.)				
Wisconsin:				
(FC) La Farge Lake and channel improvement	3,000,000		4,000,000	
(N) Northport Harbor		40,000		40,000
(FC) Prairie du Chien				30,000
(FC) State Road and Ebner Coulees		100,000		100,000

Construction, general, State and project	Budget estimate for fiscal year 1975		Conference allowance	
	Construction	Planning	Construction	Planning
(1)	(2)	(3)	(4)	(5)
Miscellaneous:				
(N) Small navigation projects not requiring specific legislation costing up to $1,000,000 (sec. 107)	$2, 830, 000		$2, 830, 000	
(N) Mitigation of shore damages attributable to navigation projects (sec. 111)			500, 000	
(FC) Emergency stream bank and shoreline protection	1, 000, 000		1, 000, 000	
Recreation facilities, at completed projects	25, 000, 000		26, 000, 000	
Fish and wildlife studies (U.S. Fish and Wildlife Service)	1, 800, 000		1, 800, 000	
Aquatic plant control (1965 act)	1, 500, 000		1, 500, 000	
Employees compensation	1, 870, 000		1, 870, 000	
Reduction for anticipated savings and slippages	−58, 894, 000		−58, 894, 000	
General reduction based on anticipated delays and carryover balances and other reductions			−20, 997, 000	
Grand total, Construction, General	909, 240, 000	$18, 260, 000	951, 224, 000	$22, 457, 000
	(927, 500, 000)		(973, 681, 000)	

Amendment No. 6 Changes "Bureau of Sport Fisheries and Wildlife" to "U.S. Fish and Wildlife Service."

Lock and Dam No. 26, Mississippi River, Alton, Illinois and Mo.—The Committee of Conference is agreed that the new replacement locks are being designed for maximum efficient operation within the presently authorized 9-foot navigation project on the Upper Mississippi River. This design does not and cannot commit the Congress in any manner to a 12-foot navigation project on the Upper Mississippi River.

Burlington Dam, North Dakota—The Conferees concur that the Corps of Engineers shall re-examine and consider the matter of obtaining flowage easements in connection with this project.

Tocks Island Lake, Pa., N.J., and N.Y.—The Conferees are in agreement that the funds allocated to the Tocks Island project shall be made available for an impartial, comprehensive analysis, including alternatives, and review of the project under the direction of the Corps of Engineers and in cooperation with the Delaware River Basin Commission. The Conferees direct that this investigation be completed, and a final and definitive recommendation be submitted to the Committees within the next 12 months.

Lakeview Lake, Lorain, Ohio—Within available funds the Corps may utilize $30,000 to proceed with the advance engineering and design of the Lakeview Lake, Lorain, Ohio project.

Flood control, Mississippi River and tributaries

Amendment No. 7: Appropriates $161,948,000 instead of $150,000,000 as proposed by the House and $166,618,000 as proposed by the Senate. The changes provided from the House bill are allocated as follows:

General investigations:	
Wolf and Loosahatchie Rivers, Tennessee and Miss	+50, 000
Laconia Circle Area, Desha County, Ark	+20, 000
Yazoo River Basin	+100, 000
Subtotal, General Investigations	+170, 000
Construction and planning:	
Mississippi River Levees	+650, 000
Channel improvement	+2, 000, 000
St. Francis Basin	+2, 900, 000
Tensas Basin:	
Boeuf and Tensas Rivers	+1, 000, 000
Red River backwater	+500, 000
Yazoo Basin:	
Tributaries	+1, 550, 000
Yazoo Backwater	+1, 275, 000
Atchafalaya Basin	+1, 000, 000
Teche Vermilion Basin	[1] +153, 000
Eastern Rapides and South Central Avoyelles Parishes, Louisiana	[1] +200, 000
Mississippi River, East Bank, Natchez area, Mississippi (phase I)	[1] +50, 000
Subtotal, Construction and Planning	+11, 278, 000
Operation and Maintenance	+500, 000
Total Increase	+11, 948, 000

[1] Planning

Operation and Maintenance, General

Amendment No. 8: Appropriates $446,577,000 instead of $440,877,000 as proposed by the House and $455,877,000 as proposed by the Senate. The increase over the House bill provides $5,000,000 for the Southwest Pass Navigation channel leading from the Gulf of Mexico to New Orleans, La.; and $700,000 for the Illinois-Mississippi (Hennepin) Canal. The managers agree that $375,000 is included for the Mississippi River between Missouri River and Minneapolis.

Special Recreation Use Fees

Amendment No. 9: Appropriates $700,000 instead of $300,000 as proposed by the House and $1,000,000 as proposed by the Senate.

Amendment No. 10: Corrects citation.

Administrative Provisions

Amendment No. 11: Provides limitation on Capital of the revolving fund of $228,000,000 as proposed by the House instead of $229,000,000 as proposed by the Senate.

The Committee on Conference is in agreement that the Corps should proceed with the necessary modifications to the hopper dredge Pacific which will permit the Corps to use this dredge to operate in inside harbor and estuary areas, in addition to bar and entrance channel areas as required for the most economical and safe use of the Pacific. Further, as replacement of the auxiliary electrical power system of the hopper dredge Comber is urgently needed to maintain this vessel's reliability and performance, the Corps should proceed immediately with the work they have recommended for the Comber.

In addition, following the completion of the dredge study the Committee of Conference authorizes the Corps of Engineers to proceed with such modification and modernization of existing Corps' hopper dredges in a scheduled and orderly manner as the Corps deems appropriate in the public interest.

It is the further recommendation of the Conferees that the Corps endeavor to utilize the services of private contractors and permit or authorize bidding on pipeline dredging work by private industry when feasible, practical and economical as deemed necessary and desirable in the public interest.

The Conferees direct the Corps of Engineers to continue to report on the hopper dredge modifications and work performed by private industry to the Committees on Appropriations of the House and Senate annually.

TITLE III—DEPARTMENT OF THE INTERIOR

Bureau of Reclamation

General Investigations

Amendment No. 12: Appropriates $19,427,000 instead of $18,536,000 as proposed by the House and $19,651,000 as proposed by the Senate. The increase provided over the House bill amount includes the following:

Gallup, N. Mex	$225, 000
New Mexico State water plan	50, 000
Yakima Indian Reservation, Wash	40, 000
Colorado River water quality improvement program	426, 000
Fish and Wildlife Coordination Act studies	150, 000

The Committee of Conference directs the Bureau to undertake, together with other appropriate agencies and the Colvilles, a study to determine the requirements for a bridge or ferry on the Columbia River to meet the needs of the Colville Indians. In the interim, the Bureau is to take action, through other agencies if necessary, to identify and secure means for providing emergency health service to reservation residents.

Amendment No. 13: Approves limitation of $400,000 to be transferred to U.S. Fish and Wildlife Service instead of $250,000 as proposed by the House and $450,000 as proposed by the Senate.

Amendment No. 14. Changes "Bureau of Sport Fisheries and Wildlife" to "U.S. Fish and Wildlife Service."

Construction and Rehabilitation

Amendment No. 15: Appropriates $244,123,000 instead of $261,160,000 as proposed by the House and $247,490,000 as proposed by the Senate. The changes from the House bill includes a decrease of $21,450,000 for work on the Coachella Canal in California associated with the Colorado River Salinity Control program which is now considered under a new appropriation title, "Colorado River Basin Salinity Control Projects", and other changes in the House bill amount as follows:

Westlands distribution system, Central Valley project, California	+1, 663, 000
San Luis Drain, San Luis Unit, Central Valley project, California	+800, 000

San Luis Valley, Closed Basin Division, Colorado	−100,000
Upper Snake River project, Salmon Falls Division, Idaho	+50,000
Southern Nevada Water Project, (phase II) Nevada	+500,000
Garrison Diversion Unit, North Dakota	+1,500,000

The Committee of Conference directs that the funds previously appropriated for the Bacon Siphon and Tunnel No. 2, $1,055,000, be utilized for the purposes the funds were originally provided and the Conferees specifically prohibit the proposed transfer of these funds for any other purpose. Additional funds required for other aspects of the Columbia Basin, Washington project should be requested of the Congress if needed.

Upper Colorado River Storage Project

Amendment No. 16: Appropriates $24,621,000 instead of $24,251,000 as proposed by the House and $24,771,000 as proposed by the Senate. The increase over the House bill provides $220,000 for the Central Utah project, Upalco Unit, and $150,000 for the Lyman, Wyoming project.

Amendment No. 17: Approves limitation of $22,967,000 instead of $22,597,000 as proposed by the House and $23,117,000 as proposed by the Senate for the Upper Colorado River Basin Fund.

Colorado River Basin Project

Amendment No. 18: Appropriates $55,800,000 instead of $60,800,000 as proposed by the House and $55,400,000 as proposed by the Senate. The managers are agreed that not to exceed $400,000 is provided for the acquisition of Indian lands.

Colorado River Basin Salinity Control Projects

Amendment No. 19: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate appropriating $27,650,000 for the Colorado River Basin Salinity Control Projects authorized by Public Law 93-320, enacted June 24, 1974.

Operation and Maintenance

Amendment No. 20: Provides a limitation as proposed by the Senate providing that no part of the funds appropriated under operation and maintenance shall be used directly or indirectly for the operation of the Newlands Reclamation project in the State of Nevada. This action is recommended pending the final determination of a court case.

Alaska Power Administration

General Investigations

Amendment No. 21: Changes "Bureau of Sport Fisheries and Wildlife" to "U.S. Fish and Wildlife Service."

Bonneville Power Administration

Construction

Amendment No. 22: Appropriates $128,000,000 instead of $108,000,000 as proposed by the House and $129,000,000 as proposed by the Senate. The Committee of Conference is agreed that not to exceed $1,000,000 may be used for the Hot Springs-Bell transmission line within the funds provided.

Operation and Maintenance

The conferees agree that, under emergency conditions, the Administrator of the Bonneville Power Administration may utilize funds appropriated to "operation and maintenance" for the purchase of power for delivery to BPA to the extent funds are available.

TITLE IV—INDEPENDENT OFFICES

Water Resources Council

Water Resources Planning

Amendment No. 23: Appropriates $9,775,000 as proposed by the House instead of $10,175,000 as proposed by the Senate.

Amendment No. 24: Provides limitation of $2,183,000 as proposed by the House instead of $2,583,000 as proposed by the Senate for preparation of assessments and management plans.

TITLE V—GENERAL PROVISIONS

Amendment No. 25: Deletes limitation proposed by Senate.

CONFERENCE TOTAL—WITH COMPARISONS

The total new budget (obligational) authority for fiscal year 1975 recommended by the Committee of Conference with comparison to fiscal year 1974 amount, to the 1975 budget estimate and to the House and Senate bills for 1975 follows:

New budget (obligational) authority, fiscal year 1974	$3,942,898,000
Budget estimate of new budget (obligational) authority, fiscal year 1975	4,526,826,000
House bill, fiscal year 1975	4,475,410,000
Senate bill, fiscal year 1975	4,568,203,000
Conference agreement, fiscal year 1975	4,505,472,000
Conference agreement compared with: New budget (obligational) authority, fiscal year, 1974	+562,574,000
Budget estimate of new budget (obligational) authority, fiscal year 1975	−21,354,000
House bill, fiscal year 1975	+30,062,000
Senate bill, fiscal year 1975	−62,731,000

JOE L. EVINS,
EDWARD P. BOLAND,
JAMIE L. WHITTEN,
JOHN M. SLACK,
OTTO E. PASSMAN,
GEORGE MAHON,
GLENN R. DAVIS,
(except amendment No. 7 and report language re amendment No. 11),
HOWARD W. ROBISON,
JOHN T. MYERS,
ELFORD A. CEDERBERG,
Managers on the Part of the House.

JOHN C. STENNIS,
JOHN L. MCCLELLAN,
WARREN G. MAGNUSON,
ALAN BIBLE,
ROBERT C. BYRD,
JOHN O. PASTORE,
MARK O. HATFIELD,
MILTON R. YOUNG,
ROMAN L. HRUSKA,
CLIFFORD P. CASE,
JENNINGS RANDOLPH,
Managers on the Part of the Senate.

EXPRESSING THE SENSE OF CONGRESS THAT RICHARD M. NIXON BE GRANTED IMMUNITY FROM PROSECUTION

(Mr. BUCHANAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BUCHANAN. Mr. Speaker, I have today introduced a concurrent resolution expressing the sense of the Congress that Richard M. Nixon be granted immunity by the person who succeeds him in the Office of President from prosecution for any alleged offense against the United States by Richard M. Nixon while in office as President of the United States.

There seems to be some constitutional question as to the power of Congress to pass binding legislation in this area. We can, however, express the sense of the Congress, and the President who succeeds can clearly grant amnesty. It would seem to me that any other course of action would be a form of double jeopardy, whatever the outcome of the present situation. Whether the President should leave by resignation, by conviction, or be acquitted and serve out his term, it would seem to me we would want to see such amnesty granted.

I hope this or some similar resolution will, therefore, pass to undergird and help assure this action.

CONFERENCE REPORT ON S. 2957, OVERSEAS PRIVATE INVESTMENT CORPORATION

Mr. CULVER. Mr. Speaker, I call up the conference report on the Senate bill (S. 2957) relating to the activities of the Overseas Private Investment Corporation, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the Senate bill.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of July 30, 1974.)

Mr. CULVER (during the reading). Mr. Speaker, I ask unanimous consent that the further reading of the statement be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

The SPEAKER. The Chair recognizes the gentleman from Iowa (Mr. CULVER).

Mr. CULVER. Mr. Speaker, the purpose of the conference bill, like the purpose of the original House bill, is to extend the statutory life of the Overseas Private Investment Corporation with certain alterations, and to phase out OPIC's responsibilities as a primary insurer of overseas investment risks in favor of private insurance companies—the so-called "privatization" of OPIC's insurance role, whereby the agency will assume the function of a reinsurer.

The conferees for the House and Senate met on July 24, 1974, to resolve differences between the bills passed by the two Chambers. The principal points at issue were the length of the authorization, the mandatory or nonmandatory termination of OPIC's writing of insurance, and the extent of liability to be borne by private insurance companies.

The conferees agreed to extend OPIC's operating authority for 3 years, through December 31, 1977. This was in accord with the House bill, and overrode the 2-year extension provided for in the Senate bill.

Both chambers had specified that OPIC's role as a primary insurer should be terminated on December 31, 1979, for expropriation and convertibility risks and on December 31, 1980, for war risks. The House conferees agreed to make these dates mandatory, with the understanding that Congress would have an opportunity to review this matter before the new authorization expires in 1977. By then, we will have almost 3 years of experience with the new direction being charted for OPIC and can determine whether to reaffirm or alter our judgment.

The reinsurance formula adopted by the conferees is from the House bill. It provides that private insurance companies shall accept specific portions of liability "to the maximum extent possible." The Senate formula was more rigid, in that it would have required private insurers to accept annual losses equal to 50 percent of the largest amount of insurance they had outstanding in the country with the largest exposure, before OPIC could pay any reinsurance. The fact is that OPIC is now negotiating arrangements that would reduce its own involvement below the level sought by the Senate, but which technically would not comply with the Senate formula. The conferees agreed that the flexibility in the House language was preferable.

On other significant issues, the House conferees receded from the House provision specifically directing OPIC to serve as an active broker between the development plans of eligible countries and the investment interests of U.S. investors. This is a function which OPIC has performed and which the conferees believe should be continued. They receded only on the understanding that a specific directive was redundant with the authority already contained in section 234 (d) of the Foreign Assistance Act.

Both bills provided that OPIC could seek appropriations from Congress only when its insurance reserve falls below $25 million. At present, OPIC has reserves substantially in excess of that figure, so the House conferees receded from delaying this limitation until after the appropriations for fiscal 1975.

The House bill provided for the expansion of the agricultural credit and self-help community development program. The Senate conferees objected to giving OPIC enlarged responsibilities at a time when its role will otherwise be contracting. The House conferees agreed, and it is now contemplated that the program will be shifted to AID where there will be room for the desired expansion.

The conferees accepted the House provision barring OPIC from granting coverage to "runaway" plant—those whose establishment would significantly diminish the number of U.S. jobs provided by the investor.

The conferees also resolved conflicting guidance contained in committee reports of the two bodies with respect to future OPIC operations in Indochina. It is the declared intent of the conferees that OPIC consult with the House Foreign Affairs Committee and the Senate Foreign Relations Committee when Indochina investment plans are formulated and as those plans evolve. Further, it is our expressed view that OPIC should not insure any large U.S. private investments in Indochina unless significant private insurance participation is obtained or until specific instructions are received from both Houses of Congress. These constraints are designed to permit carefully planned operations in Indochina that will not produce added political engagement by the U.S. Government in that troubled part of the world.

Mr. Speaker, I urge adoption of the conference report.

Mr. FRELINGHUYSEN. Mr. Speaker, will the gentleman yield?

Mr. CULVER. I yield to the gentleman from New Jersey.

Mr. FRELINGHUYSEN. I thank the gentleman for yielding.

Mr. Speaker, this conference report represents agreement on an extension of the statutory authority for the Overseas Private Investment Corporation.

I am pleased to express my strong support for this report which, in my opinion, represents a good compromise with the Senate position. I would like to emphasize that the House conferees sustained the House position on the major issues in conference.

On the single most important issue—the reinsurance formula—the Senate accepted the House position, which requires private insurance companies to accept specified portions of liability "to the maximum extent possible," rather than the Senate's more rigid formula.

The conference also accepted the House position on extension of authority, agreeing to the 3-year extension granted in the House bill rather than the 2-year period provided in the Senate bill.

This legislation will enable OPIC to move ahead with plans to phase out its responsibilities as a primary insurer of overseas investment risks, with this function being taken over by private insurance companies while OPIC serves as a reinsurer. The conferees agreed that OPIC's role as a primary insurer should end on December 31, 1979, for expropriation and convertibility risks. Its role as a primary insurer for war risks would end a year later. However, I would point out that since this legislation provides a 3-year authorization, the Congress will have an opportunity in 1977 to evaluate its decision regarding OPIC's future role.

Mr. Speaker, I am pleased that OPIC's directions for the next 3 years have been successfully resolved by the conference, and I urge approval of the conference report.

Mr. GILMAN. Mr. Speaker, I rise in support of the conference report on H.R. 13973, the Overseas Private Investment Corporation Act.

As a cosponsor of this legislation I am pleased that the conferees have come forward with an acceptable compromise which will insure OPIC continuing its good work in furthering our Nation's objectives in the developing world.

Over a year ago, I had the opportunity of evaluating firsthand OPIC's work among several countries in South America. In visiting Brazil and Argentina and meeting with OPIC officials there as well as representatives of those businesses insured under the OPIC program, I was able to observe the operations of OPIC at work. While the program is far from perfect, my discussions with associated individuals convinced me that our private investment program is constantly improving, is responsive to the needs of the developing countries and is furthering our Nation's own best interests in international economic affairs.

The interdependent world in which we live demands cooperation among all nations. OPIC, through an unsubsidized program, reflecting the capitalistic system on which our Nation is based, has developed a program which fosters the best interests of our own Nation as well as providing assistance to the developing world.

Mr. CULVER. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. CULVER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the conference report just agreed to.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

APPOINTMENT OF CONFEREES ON H.R. 16027, INTERIOR DEPARTMENT AND RELATED AGENCIES APPROPRIATIONS, 1975

Mr. MAHON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill, H.R. 16027, making appropriations for the Department of the Interior and related agencies for the fiscal year ending June 30, 1975, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Texas? The Chair hears none, and appoints the following conferees: Mrs. HANSEN of Washington and Messrs. YATES, MCKAY, LONG of Maryland, EVANS of Colorado, MAHON, MCDADE, WYATT, VEYSEY, and CEDERBERG.

EIGHTEENTH ANNUAL REPORT OF PRESIDENT ON TRADE AGREEMENTS PROGRAM—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 93-334)

The SPEAKER laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, referred to the Committee on Ways and means and ordered to be printed:

To the Congress of the United States:

In accordance with section 402(a) of the Trade Expansion Act of 1962 (TEA), I transmit herewith the Eighteenth Annual Report of the President on the Trade Agreements Program. This report covers developments in the year ending December 31, 1973.

Last year was a particularly important one for United States and world trade, as this report demonstrates in detail. Unquestionably the highlight occurred last September in Tokyo, when the ministers of 105 sovereign nations joined to declare their support for a new round of multilateral trade negotiations, the seventh since the General Agreement on Tariffs and Trade (GATT) was signed in 1947. This round represents a major initiative of the United States, along with initiatives in the international monetary field, begun in the fall of 1971. The charter for these negotiations, as embodied in the Declaration of Tokyo, is the most ambitious yet.

The purpose of these talks is no less than to modernize a world trading system which, though it has well served the world's peoples and brought about the many benefits of a four-fold expansion of trade, is no longer capable of responding to the needs and realities of a rapidly changing and increasingly interdependent world economy.

First, these talks are aimed not only at the continuing need to facilitate trade by lowering tariffs, but at reducing today's most pervasive and restrictive export inhibitors, so-called non-tariff trade barriers (NTBs). Unless these can be effectively dealt with, no major exporting nation—especially the United States—can hope to remain competitive in today's and tomorrow's world markets. And loss of competitiveness abroad can threaten the viability of firms and lead to loss of markets at home.

Second, the inflationary pressure of increased costs has become a major international problem which must be dealt with multilaterally if we are to adequately deal with inflation domestically.

Third, the need to maintain access to vital raw materials, energy, and food requires negotiated assurances for such access to supplies as well as to markets.

Fourth, economic issues should be managed and negotiated in parallel with political and security issues, in order to make progress on all three fronts.

Finally, we must encourage sovereign governments to work within an acceptable international framework to deal with such problems as import safeguards and export subsidies. At the same time we must have the authority to defend our legitimate national interests and manage domestic concerns in the context of an up-to-date, responsive and responsible international system.

None of these objectives can be accomplished without the appropriate legislative authorization. This authority—carefully balanced with provisions for the most effective Congressional and public participation in our trade policymaking and negotiating since GATT was formed—is represented in the Trade Reform Act, which I submitted to the Congress in April of 1973. This legislation, which passed the House by a margin of nearly two-to-one last December and is now pending in the Senate, is still urgently needed.

Time is now of the essence with regard to the trade bill. Our trading partners have demonstrated their willingness to use and improve multilateral channels for trade negotiation. Just this spring, the European Community negotiated a fair and equitable accord compensating us for tariff changes resulting from the enlargement of the European Common Market. Through the Organization for Economic Cooperation and Development (OECD), ministers of member countries have joined with the U.S. in renouncing trade restrictive measures as balance-of-payments correctives, at least until the basic problems caused by oil price increases can be addressed through improvements in the monetary system. Developing countries, particularly our partners in Latin America, have indicated their willingness to work with us toward trade expansion and reform. As I have noted before, our new approaches to the socialist countries, especially to the USSR and the Peoples' Republic of China, hinge in large measure upon our ability to open up peaceful avenues of trade with them. Again, I have expressed my willingness to work with the Congress to find an acceptable formulation for this authority. In Geneva, the GATT Trade Negotiations Committee has announced a program of work for the fall to further prepare for the actual bargaining.

In short, the rest of the world is waiting for us at the trade negotiating table. The alternative is an indefinite period in which nations, including ours, will be forced to deal with increasingly complex and interdependent trade problems on an *ad hoc* basis. Experience has shown that this could lead to a proliferation of those problems and disputes over the best ways to resolve them. The adverse fallout from the resulting uncertainties and temptations of shortsighted unilateral actions could also seriously jeopardize gains we have made in the diplomatic and security fields.

For all these reasons, I take this occasion once again to urge prompt and final action on the Trade Reform Act. It is essential that we move ahead to revitalize the global trading system through multilateral negotiations.

RICHARD NIXON.

THE WHITE HOUSE, *August 8, 1974.*

CALL OF THE HOUSE

Mr. WYDLER. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. O'NEILL. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 461]

Andrews, N.C.
Ashley
Aspin
Blatnik
Brasco
Burke, Calif.
Carey, N.Y.
Chisholm
Clark
Clay
Conyers
Corman
Davis, Ga.
Dellums
Dennis
Diggs
Gray
Gubser
Gude
Guyer
Hansen, Idaho
Hansen, Wash.
Hébert
Hogan
Holifield
Jones, Okla.
Kuykendall
Lehman
Long, Md.
McSpadden
Macdonald
Michel
Mitchell, Md.
Murphy, N.Y.
Patten
Rangel
Rarick
Reid
Rodino
Rooney, N.Y.
Ruppe
Teague
Vander Jagt
Wiggins
Williams

The SPEAKER. On this rollcall 389 Members have recorded their presence by electronic device, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

REPORT OF FEDERAL ACTIVITIES DURING 1974 FOR NATIONAL ADVISORY COUNCIL ON ADULT EDUCATION—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 93–333)

The SPEAKER laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, referred to the Committee on Education and Labor and ordered to be printed with illustrations:

To the Congress of the United States:

As required by Section 310(d) of the Adult Education Act of 1966, as amended (20 U.S.C. 1209(d)), I transmit herewith a report of Federal activities during fiscal year 1974 for the National Advisory Council on Adult Education.

RICHARD NIXON.

THE WHITE HOUSE, *August 8, 1974.*

RESOLUTION PROVIDING FOR CONTINUITY OF U.S. FOREIGN POLICY

(Mr. FASCELL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. FASCELL. Mr. Speaker, in view of the exceptional circumstances facing the U.S. Government at the present time, I am today introducing a House resolution expressing the determination of the House that despite domestic difficulties we are united in support of a foreign policy designed to build a structure of peace in the world.

At a time when the Presidency may appear weakened and some may be tempted to take advantage of the United States, I believe it is urgent that we make totally clear to those abroad that our governmental difficulties stop at the water's edge. On the important issues of peace, war, and the fulfillment of our international obligations there should be no doubt that the Congress and the executive branch are prepared to continue to work together.

We are indeed fortunate to have such an able Secretary of State at the present time. He enjoys virtually unparalleled support in the Congress and I believe that swift passage of a resolution of this kind will strengthen his hand just at the time when some abroad may mistake the crisis of a President for the crisis of a nation.

FEDERAL ELECTION CAMPAIGN ACT AMENDMENTS OF 1974

Mr. HAYS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 16090) to impose overall limitations on campaign expenditures and political contributions; to provide that each candidate for Federal office shall designate a principal campaign committee; to provide for a single reporting responsibility with respect to receipts and expenditures by certain political committees; to change the times for the filing of reports regarding campaign expenditures and political contributions; to provide for public financing of Presidential nominating conventions and Presidential primary elections; and for other purposes.

The SPEAKER. The question is on the motion offered by the gentleman from Ohio (Mr. Hays).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 16090), with Mr. Bolling in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on yesterday, it was considering eligible amendments to title I of the bill, under the provisions of the rule adopted on yesterday and under the Chairman's statement of yesterday.

AMENDMENT OFFERED BY MR. BUTLER

Mr. BUTLER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Butler: Page 13, after line 5 insert the following:

(b) Section 591 (e)(1) of Title 18, United States Code, relating to the definition of a contribution, is amended by inserting after the word "business" the following ", which shall be considered a loan by each endorser, in that proportion of the unpaid balance thereof that each endorser bears to the total number of endorsers)".

And renumber the following sections accordingly.

Mr. BUTLER. Mr. Chairman, under the proposed legislation limitations are placed on the amount of contributions to political campaigns. The word, "contribution," is defined under existing law.

Under that definition a loan is considered a contribution. An exception is made for loans by banks.

The proposed amendment would make loans by banks loans by the endorsers thereof as a contribution. The amount of the endorsement is charged as a contribution, a loan or a contribution, and it would be in the proportion of the total number of the endorsers on the loan. The amount of the contribution and loan would be the unpaid balance thereof.

Mr. Chairman, I am led to believe that this has the blessing of the gentleman from Ohio (Mr. Hays), and I will yield to him if he wishes me to.

Mr. HAYS. Mr. Chairman, if the gentleman will yield, as I understand the amendment offered by the gentleman from Virginia (Mr. Butler), this would be a loan for a political campaign purpose?

Mr. BUTLER. That is correct.

Mr. HAYS. And not a loan for a private business purpose, or anything like that?

Mr. BUTLER. That is correct.

Mr. HAYS. Under these circumstances, and with that understanding, the Chairman on behalf of this side is prepared to accept the amendment.

Mr. YOUNG of Illinois. Mr. Chairman, will the gentleman yield?

Mr. BUTLER. I yield to the gentleman from Illinois.

Mr. YOUNG of Illinois. Mr. Chairman, the question occurs to me, supposing a candidate takes a loan for his campaign, supposing the candidate is temporarily out of funds, and he borrows $10,000. He goes to the bank, and he signs a note and gets $10,000 and puts it into his campaign account. Then, thereafter, as the campaign progresses and more money comes into the candidate from contributions, that loan is repaid to him, and he repays the bank. Is that going to put any limitation on the fact that he cannot ask for or contribute additional moneys? In other words, I would say to the gentleman from Virginia (Mr. Butler) will the $10,000 bank loan that was repaid prevent the candidate from contribuing an additional $25,000? Would the loan and the repayment of the loan be counted against the $25,000? I do not believe that it should so long as he does not make over $25,000 in contributions. A loan like that, an in-and-out loan certainly should not be counted against any such limitation.

Mr. BUTLER. The gentleman from Illinois is exactly right. The unpaid balance would indicate the contribution so that at any time the contributions could not exceed the limitation.

Mr. FRENZEL. Mr. Chairman, will the gentleman yield?

Mr. BUTLER. I yield to the gentleman from Minnesota.

Mr. FRENZEL. Mr. Chairman, I would state to the gentleman from Virginia (Mr. Butler) that this side has no objection to the amendment the gentleman has offered. I would comment that the $25,000 limitation applies to the candidate and his family and, in my judgment, the $1,000 contribution limitation might more properly apply to the candidate himself.

Mr. PARRIS. Mr. Chairman, if the gentleman will yield, pursuing the line of questioning for the purpose of the Record, that the gentleman from Illinois (Mr. Young) pursued, am I correct in my understanding that in the case of a hypothetical $10,000 loan that there would have to be 10 or more endorsers in order to limit the individual contribution apportioned to each endorser to a sum less than the $1,000 statutory individual limitation.

Mr. BUTLER. That would be correct.

Mr. PARRIS. I thank the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia (Mr. Butler).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. HANRAHAN

Mr. HANRAHAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Hanrahan: Page 11, line 10, strike out "which, in the aggre-" and all that follows down through line 13, and insert in lieu thereof "for Federal office.".

The CHAIRMAN. The Chair will have to inform the gentleman from Illinois (Mr. Hanrahan) that the gentleman's amendment is offered to page 11, which is not open for amendment under the provisions of the rules which govern the consideration of this bill.

Mr. DENT. Mr. Chairman, I have an amendment at the desk, and I request that the Chair look into the amendment to see whether or not it is in order.

The CHAIRMAN. The Chair will examine the amendment.

Mr. DENT. I believe it is, but I will await the decision of the Chair.

The CHAIRMAN. The Chair will state to the gentleman from Pennsylvania that there are two amendments to title I offered by the gentleman from Pennsylvania.

Mr. DENT. That is correct.

The CHAIRMAN. Both of them are not in order under the rule.

Mr. DENT. Mr. Chairman, I move to strike the last word.

Mr. DENT. Mr. Chairman, I accept, of course, the decision of the Chair, although I was informed by our legal rights that it was in order.

However, it is not that important. What is important is that the record be made on this particular amendment. It is not so much whether the figures are right; it is not so much whether it is the thing that we can do today; but it is something we should be thinking about. So I offered the amendment more to get before the House the proposition that ought to be considered very seriously in the very near future.

I have taken a very long, hard look at the problems surrounding campaign financing for many, many years, locally, countywise, Statewise, and nationally. I have said here on the floor that the time has come when we must consider that we have to provide some means of providing the sufficient capital to fund a campaign, one, an amount that will not be prohibitive, that will not set aside thousands of Americans who want to run for Congress and have every right to run for Congress, but under no conditions could they raise anywhere near the amount of money that we have established as a ceiling in this particular bill and in others.

I propose that some day this Congress will have the courage, and those who monitor Congress will have the wisdom, to increase the salary of Members of Congress to a point and to a sum which will allow a reasonable, reachable limit of spending of, say, 1 year's salary, $42,500 a year, in an election year to be spent. That could be added to the Member's salary in a 2-year period, which would give an increase of $21,250, and a Member would be allowed to deduct from his taxes, like any other business cost or promotional cost, that amount up to $21,250 that he spends for his campaign.

A challenger who has his own funds would be permitted to do the same by subtracting from his income tax an equal amount if he spends it. A challenger who has not the funds but has the capability and the desire and the right to run for office would be permitted to go out and solicit public funds. Those who contribute to that particular candidate would be able and allowed to deduct from their personal income taxes amounts up to $1,000 contributed to the limit allowed by law.

Right at this moment I know there is no climate for this. First of all, we have a group in this Congress that believes that the only essential required in a campaign in money. Character and all of the other attributes we have long held to be part of public office are no longer of consequence to many Members of this Congress.

I noted yesterday, and I will not put it in the RECORD, that the 26 top spenders in the Congress made a difference between setting a figure of $42,500 and a figure of $93,750.

I say to the Members that those who opting for high expenditures and high limits and saying that is the way to allow a challenger in are frauds because the only way to allow a challenger in is to make it possible for him to reach somewhere near the amount of money that a Congressman can reach with his ability to go out and shake the apple tree.

I am saying to the Members that until this or some future Congress recognizes the proposition in these terms and others, I am not wedded to figures; but I am wedded to the philosophy that we must make this particular job clean, aboveboard, or we are going to lose it—not as individuals; we are going to lose it as an institution. We are not going to be able to take many more of the situations that have occurred of recent date and still not yet ended.

I say to the Members of this Congress I will not be here when it is done, but I warn the Members that either they make it so that Members of Congress will have clean hands in an election because the job will pay enough to make it possible to campaign reasonably without going out with a cup in his hand for whatever kind of favors he has to pay for to be elected.

PARLIAMENTARY INQUIRY

Mr. HANRAHAN. Mr. Chairman, may I have an explanation as to why my amendment was out of order, because it pertains to eliminating cash contributions and that is under section 101(a).

The CHAIRMAN. If the committee will permit, the Chair will reread his statement on title I:

> In title I: Germane amendments to subsection 101(a) proposing solely to change the money amounts contained in said subsection, providing they have been printed in the CONGRESSIONAL RECORD at least 1 calendar day before being offered;

That follows the general statement which says:

> Under the rule, the bill is considered as having been read for amendment. No amendments, including any amendment in the nature of a substitute for the bill, are in order to the bill except the following:

The language that I read previously follows that language. Section 101(a) of the bill ends after line 10 on page 7, and the gentleman's amendment is to a later provision on page 11 which is not covered by the exception.

Mr. HANRAHAN. Mr. Chairman, but would the Chair agree that this is still under section 101(a) per se under title I?

The CHAIRMAN. No, it is to a different section, to 101(f).

Mr. HANRAHAN. I thank the Chair.

AMENDMENT OFFERED BY MR. OBEY

Mr. OBEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. OBEY: Page 5, line 2, strike out "; or" and insert in lieu thereof "Except that in any state in which there is an overall spending limit (enacted after the close of December 31, 1970) lower than the $75,000 limit in this section, the spending limit imposed by state law shall apply, notwithstanding any other provision of the law; or".

Mr. ARMSTRONG. Mr. Chairman, I reserve a point of order against the amendment. I will withhold my point of order pending an explanation of the amendment by the gentleman.

The CHAIRMAN. The gentleman from Colorado reserves a point of order against the amendment.

The Chair recognizes the gentleman from Wisconsin (Mr. OBEY).

Mr. OBEY. Mr. Chairman, I hope that when the gentleman has a chance to further review this amendment he will withdraw his reservation, for this reason. First of all, let me explain what the amendment is really trying to do. All this amendment says is that the $75,000 limitation imposed upon the House races in this bill will hold except in the case of those States which after December 30, 1970, have adopted spending limitations which are lower than the $75,000 per election placed in this bill.

The reason I think this ought to be ruled germane is this. The rule provides that only amendments which solely change the dollar amounts should be allowed, but let me point out that the only effect of this amendment, the sole effect of this amendment is merely to change the dollar amounts in this case in four States as of today—which are provided for under this bill.

Why do I think we ought to allow the States to set lower limits? Let me tell the Members about my State of Wisconsin.

Incidentally I am joined in this amendment by the gentleman from South Carolina (Mr. MANN), the gentleman from Kansas (Mr. SEBELIUS), the gentleman from Oregon (Mr. DELLENBACK), the gentleman from Oregon (Mr. WYATT), the gentleman fom Wisconsin (Mr. DAVIS), the gentleman from Minnesota (Mr. QUIE), the gentlewoman from Colorado (Mrs. SCHROEDER), the gentleman from Connecticut (Mr. McKINNEY), the gentleman from Hawaii (Mr. MATSUNAGA), and the gentleman from California (Mr. ANDERSON).

The reason we have offered this amendment is simply this: The amount in the bill $187,000 may seem a reasonable amount to spend to get elected to Congress in some States, and I do not object to it for some States, but in the State of Wisconsin no candidate for the House of Representatives has ever spent over $80,000 in the history of the State. To us the idea that we can allow candidates to spend $75,000 in a primary and another $75,000 in the general elections plus the fund-raising exemption built into this bill is just outrageous. Our legislature has just adopted a bill which limits campaign spending to $35,000 in a primary and $50,000 in the general election.

I would like to support this bill, those of us who are from Wisconsin would, but it is very difficult for us to go home and tell our people that we support a reform bill which allows people to spend twice as much as our new State law allows.

I have indicated, I want to live by the total spending limit of State law but I want every candidate in my State to live within those same limitations. I suggest that in a State like Wisconsin, which is mostly a rural State, except for the city of Milwaukee, our whole political environment is much different from metropolitan areas of the country.

I recognize that Common Cause wants spending limits of $187,000. But most of their leaders are from urban areas and do not understand the political mores of rural America. People in my area simply do not understand why candidates should spend that much to get elected and neither do I.

Mr. CLEVELAND. Mr. Chairman, will the gentleman yield?

Mr. OBEY. I yield to the gentleman from New Hampshire.

Mr. CLEVELAND. I had a similar amendment that I offered in the committee. I hope no one will object to this one on the grounds it is against the rule. It is a good amendment.

I am curious about one thing. Why do you confine this to States that enact new campaign expenditure limitations since January 1, 1971; for example in my State in 1970 they enacted a limitation that is reasonable and below what we have in the bill.

Mr. OBEY. It was tough to determine the correct date. This one was selected because it is the date the last Federal campaign law passed which preempted some items. It was necessary because some States have 50-year-old laws.

Mr. CLEVELAND. But in my case, for example, New Hampshire, they would have to reenact their law to come within the provision of your amendment.

Mr. OBEY. As I understand it, this applies at present to Iowa, Oregon, Hawaii, and Wisconsin. In the future it would apply to those States which choose to set lower limitations.

Mr. DENT. Mr. Chairman, will the gentleman yield?

Mr. OBEY. I yield to the gentleman from Pennsylvania.

Mr. DENT. As I understand, it would preempt all the States except that those that now have a dollar limit lower than $75,000. Is there anything in the amendment that would allow States to pass legislation under the preemption as of now?

Mr. OBEY. Yes.

Mr. WYATT. Mr. Chairman, will the gentleman yield?

Mr. OBEY. I yield to the gentleman from Oregon.

Mr. WYATT. I rise in support of this amendment and I commend the gentleman for offering it, because I think we at the local level should have some right to control our own destiny and where our standards are cleaner and better, I believe, than they are in this bill, I think our standards should prevail.

POINT OF ORDER

The CHAIRMAN. Does the gentleman from Colorado insist on his point of order?

Mr. ARMSTRONG. Yes, I do, Mr. Chairman. I would like to be heard briefly on the point of order.

The CHAIRMAN. The gentleman from Colorado is recognized.

Mr. ARMSTRONG. Mr. Chairman, as I am sure the Members will recall, I opposed the rule under which we are operating. I do press the point of order for two reasons. First of all, because I disagree with the substance of the amendment on its merits.

Second, I know of no better inequitable application of a rule. I know of no better way to preclude this kind of gag rule in the future than to meticuously refer to the language.

Mr. OBEY. Mr. Chairman, if the gentleman will yield, is the gentleman aware I voted with him on the rule yesterday?

Mr. ARMSTRONG. I appreciate the gentleman's explanation, but I must make a point of order against it. I think it clearly is out of order.

The CHAIRMAN. Will the gentleman specify the point of order?

Mr. ARMSTRONG. Yes, Mr. Chairman, under the language which appears on page 2 of the rule:

> No amendment, including any amendment in the nature of a substitute for the bill, shall be in order to the bill except the following:

Then there are listed a number of exceptions, none of which in my judgment applies to the amendment which is proposed.

The CHAIRMAN. Does the gentleman from Wisconsin desire to be heard on the point of order?

Mr. OBEY. Yes, Mr. Chairman. I suggest the amendment is in order, because while the language of the rule specifies that amendments are in order only if they change the dollar amounts, this amendment solely changes the dollar amounts. It is just that. It contains no formula, as the committee was worried about, it contains no special formula, it contains no special arrangement. The net effect is merely to change the dollar amounts allowed to be spent under the bill.

Mr. ARMSTRONG. Mr. Chairman, it is obvious that the rule does preclude this amendment, because it offers a new regulatory scheme and gives to the States certain discretion not contemplated by the original bill. The drafters of the bill went to considerable trouble to preempt the States, and this does not simply change the dollar amount.

The CHAIRMAN. The Chair is prepared to rule.

The Chair is familiar with the rule, and has also examined the amendment. He finds that the effect of the amendment is, in fact, only to limit the amounts. There is no additional discretionary authority affirmatively conferred on the States by the terms of the amendment.

Therefore, it is not subject to the point of order last discussed by the gentleman from Colorado.

Therefore, the Chair overrules the point of order.

Mr. HAYS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I have discussed the amendment at some length with the gentleman from Wisconsin, and I am reluctant to oppose it, but I think if we are going to preempt State laws—and if there was any one thing that nearly every Member of this body asked us to do, that was to preempt State laws so that all candidates would know where they stood, and live under one set of reguulations and have one set of laws to go by.

I can understand the gentleman's desire to get away from preemption on this particular thing, but I am sure that if a Member offered an amendment saying that if a certain State had a higher limit than $75,000, then we would have a number of people who would be against that because that would be saying that we could buy elections, and they would be right.

So, on the subject of preemption, it seems to me that it is a little bit like pregnancy—you either are or you are not; you cannot be part way. I just think that if we are going to preempt State laws—and I think it is vital that we do, so that we have some orderly kind of procedure—that we have one set of standards for all the States all the way through for Federal elections.

What is to prevent some State legislature hereafter which wants to be mischievous about it, coming in and saying that one cannot spend more than $10,000 or $5,000 or $2,000 in a congressional election? I think we have got to have one set of standards for all 50 States.

On that basis, I am constrained to oppose the amendment of the gentleman from Wisconsin. There is always the possibility that if a State has lower limits, that the candidates themselves can agree to abide by them. Certainly, if I were in a State that had lower limits, I would endeavor to get my opponent to abide by them. That can be a voluntary thing.

However, my feeling is that when we start to trifle with preemption, we open the door wider than what we have now, 51 different laws—on Federal and 50 different State laws. Therefore, that is why I oppose the amendment.

Mr. CLEVELAND. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I am delighted with the Chairmans ruling; in fact, I am not only delighted with his ruling, I am pleasantly surprised by his ruling. I had a similar amendment which was printed in the RECORD. My amendment took a slightly different approach from the amendment offered by the gentleman from Wisconsin, but it was drafted to accomplish precisely the same result.

After reading the complicated rule, I took a copy of my amendment and gave it to the counsel for the minority, and who also gave it to the counsel for the majority, and I was advised that it would probably not be germane under the complicated rule.

They checked with the Parliamentarian, and my amendment did not meet his approval. So I am delighted that the amendment offered by the gentleman from Wisconsin has been ruled in order by the distinguished gentleman from Missouri (Mr. BOLLING). I commend him for his ruling and for his fairness.

Mr. Chairman, why do I rise in support of this amendment? Mr. Chairman, for those of us who sat through many of the almost endless hearings of the subcommittee and again the open markup sessions conducted by the gentleman from Ohio (Mr. HAYS) of the full Committee on House Administration, there is absolutely no question that it is the sheerest folly for the U.S. Congress to attempt to set a national standard for the amount that can be spent in a congressional district.

My own State, for example, New Hampshire, has a limit of $32,500 for the primary and again the same amount for the general election, a total of $65,000. This has never been exceeded, and there has never been any need to exceed it. I have had strong opposition and well-financed opposition.

I think it is unfair to place a Congressman from a State such as New Hampshire in a position of legislating at a level of $42,500 or $60,000 or $90,000 or more as a limit.

There is an answer to this problem, and the answer to this problem is to let lower limits be set by those States that want to have the lower limits.

The chairman of the committee (Mr. HAYS) has echoed the old refrain that someone in the State capital will get mischievous and pass a much lower limit, a ridiculous one. This could happen, but there is no evidence that it will happen.

I find it very strange that reform organizations such as Common Cause and the League of Women Voters turn their backs on this type of approach. They will not even listen to us when we make this kind of proposal. They applaud campaign reform efforts by California but they come to Washington and by insisting on total Federal preemption for congressional elections, prove themselves hypocrites. How many more mistakes must we make, before the lesson is learned, that the return of some power and decisionmaking to the States is an imperative; if we are to survive as a Nation.

I find it specially strange because they keep preaching to me the importance of home rule, which is near and dear to their heart, for the District and to save a community from something like a refinery.

Why cannot the people of New Hampshire set, if they want, a limit of $32,500? Why cannot the people of Wisconsin set a lower limit than that which we could create here in Washington?

The whole question about whether it is $90,000, $60,000, or $40,000 or what some people say should be no national limit, that whole area of strife and argument reflects the impossibility of our legislating here in Washington one intelligent standard for all of the several States.

We have 50 separate States, and these 50 separate States have different requirements and different geographies. There are different types of elections which are permitted.

I submit that if we set different standards for expenditure, we may run into this problem of having amounts set such as $75,000, which is in the bill now, which some people tell me is not enough for the city, but I tell the Members that it is appalling for its size for a State like New Hampshire.

Therefore, Mr. Chairman, I rise in support of the gentleman's amendment. I thank the Chair for his ruling.

I urge that this gentleman's amendment pass.

Mr. FRENZEL. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, after the surprising ruling which made this amendment, despite its language, in order, I have to support the chairman of the committee in stating that the amendment does not fit the spirit of the bill. It comes to us in the guise of a States' rights amendment, but it is a one-way street for the States.

A State, for instance, cannot raise the amount that a person can spend, that a candidate can spend.

When the committee sat down and worked out the preemption of State law, it was considering the most important single matter that the greatest number of Members of Congress brought to our attention.

They said: "For heaven's sake, get us out of this mess of 51 laws. Get us out of all these reports that sometimes conflict with one another. Please preempt State laws."

We did that. We responded to the requests of Members of Congress in this respect. We put in a preemption section and now comes an amendment which says, "We want to have our cake and eat it too."

In effect the amendment is saying this:

"We want you to preempt all the laws a certain way, but change it only one way to satisfy my State or my condition. Do not let my State put any extra reporting requirements on me, and do not let my State allow me to spend any more money, but let my State lower my spending allowance."

Mr. Chairman, we have not decided whether we want preemption, whether the Federal Government is in charge of Federal elections or whether the States are. If we want preemption of reports, we certainly ought to have the preemption of the whole election process.

There is nothing in this bill, I can assure the maker of this amendment, that forces him to spend one dime for election. He can spend as little as he wants or, under the terms of the bill, unless it is amended, up to $75,000.

The amendment, Mr. Chairman, should be defeated.

Mr. THOMPSON of New Jersey. Mr. Chairman, will the gentleman yield?

Mr. FRENZEL. I yield to the gentleman from New Jersey.

Mr. THOMPSON of New Jersey. Mr. Chairman, I would like to associate myself with these remarks. I do so with some regret.

The fact is that implicit in this amendment is potential disaster. For instance, we may have a legislature controlled by one party, with a majority of its delegation in the House of Representatives belonging to the other party. There may be all sorts of possibilities.

The preemption provision, as the gentleman says, is probably the most desired section of this bill, as far as our colleague is concerned.

Mr. FRENZEL. Mr. Chairman, I thank the gentleman for his contribution. I hope the amendment will be defeated.

Mr. BADILLO. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, I rise in support of the amendment, and I ask my colleagues from New York and from the urban centers not only to support this amendment but to work to see to it that the limitations are lowered in every State throughout the Union if the amendment is approved.

I know that many of my colleagues voted against lowering the amounts to be spent for House races because of the support of such a position by Common Cause and the League of Women Voters and other campaign reform groups. But the fact is that we must keep in mind that the way in which people begin to run for office generally is as political unknowns and even in the urban centers those who are unknown are not able to get the kind of money that is necessary to put up a decent campaign.

I remember in my own case 13 years ago when I began in politics, I was running against then Congressman Santangelo and I could not raise $2,000 to run. I can raise money now, but that is because I have become known since that time. I remember campaigning with my colleague who spoke yesterday, the gentleman from New York (Mr. KOCH), years ago in Chelsea, when he was running for the city council, and he could not in those days raise the funds which he can raise now.

Mr. Chairman, perhaps the most dramatic example of what I mean involves what is happening today and what happened in 1972 in the 14th Congressional District of Brooklyn, the seat that is now held by the gentleman from New York (Mr. ROONEY). When the gentleman from New York, Mr. Lowenstein, ran against the gentleman from New York (Mr. ROONEY) 2 years ago, he was able to raise $306,000, which was more than any other Congressman or congressional candidate in the country was able to raise. Maybe the people from Common Cause and the League of Women Voters have the example of Mr. Lowenstein in mind.

But the example I have in mind is what is happening today in that same district, where Cesar Perales is running and he cannot raise $4,000 to run for that office, and that is a district where the district court has said that a Puerto Rican should be running for office.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. BADILLO. I would be glad to yield to the gentleman from Ohio.

Mr. HAYS. Mr. Chairman, I am listening to the gentleman's every word with great interest, because I just wish the gentleman had been around making this speech when Common Cause was assailing me and beating me over the head and when the editors of the New York Times, the Washington Post, and the Cleveland Plain Dealer were assailing me because I wanted lower limits. They said all I wanted to do was to freeze out everybody from running and protect the incumbent.

I was making the same argument then that the gentleman is making now, but it was a damned lonely post I was on, because nobody was saying anything to the contrary then.

I oppose it now on the preemption item alone, but I would say the gentleman had the chance yesterday. I had to defend the bill which came out of the committee. The gentleman had a chance to lower the amount.

All I am saying to the gentleman is if you are going to lower it, it should be done nationally and not piecemeal.

Mr. BADILLO. I will say to the gentleman from Ohio that I was around before, and I will be around any time that the gentleman wants me to testify before Common Cause or any other group, because we have to speak about the realities of what goes on, and on how people begin to get into political office. And this is especially true in the urban centers, which are now beginning to be centers of poverty. Those who are in a position to represent the people should get a chance to represent them, and they can only do so if the spending limits are lowered so that they can compete against incumbents and against strong political organizations.

Mr. ANNUNZIO. Mr. Chairman, will the gentleman yield?

Mr. BADILLO. I yield to the gentleman from Illinois.

Mr. ANNUNZIO. Mr. Chairman, I appreciate the gentleman yielding.

I would ask the gentleman if the gentleman is aware that the Senate bill has a $90,000 limitation in it, and the House bill lowered the limitation from $90,000 to $75,000?

There was a time in the committee when we were discussing and considering a $60,000 limitation, and many members of the committee were unhappy, as I pointed out yesterday, it was our feeling that we reached a reasonable figure, and the committee feels that the $75,000 limitation is a reasonable figure.

Mr. BADILLO. I am aware and grateful that the figure has been lowered in the House bill to $75,000. I would just like to see it lowered further. I think if we can get some States to lower it, it should be done in order that people who want to get a chance to begin as unknowns in politics may be able to do so.

Mr. CONYERS. Mr. Chairman, will the gentleman yield?

Mr. BADILLO. I yield to the gentleman from Michigan.

Mr. CONYERS. Mr. Chairman, I think the position taken by the gentleman from New York (Mr. BADILLO) is a logical one, and I think it is in the interest of bringing more people into the body politic. I believe that the argument the gentleman has presented makes eminently good sense, and I will support the amendment.

Mr. DELLENBACK. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, I listened with great interest to all of the arguments which have been made on both sides of this question, and most particularly the point made by the chairman of the subcommittee, the gentleman from Ohio (Mr. HAYS) and my distinguished colleague and good friend, the gentleman from Minnesota (Mr. FRENZEL) who talked in terms of preemption.

I think by and large there should be preemption in this Federal legislation, and the bulk of what it is that is involved in this particular area of campaign spending. I think there is nothing, however, inconsistent between saying to the Members that the bulk of the features of the bill should be standard throughout the United States, and we should preempt on those features, we set an overall limit for spending, and at the same time saying that if a given State, knowing its situation to be unique and different from other parts of the United States, feels that an additional restriction and total spending limitation should be placed on this kind of spending, that that individual State should be free to do this. That is essentially what this amendment does

A very low limitation could treat unfairly a State in the east where the dollars that would be necessary to get a fair presentation of an issue or of a candidate would be higher than it would be in a State like mine, in Oregon.

I do not seek to move against a total spending limitation, but I think we have got to be realistic.

When we talk in terms of $75,000 as a limitation in this bill, in effect it is a $150,000 limitation on an election contest, particularly where the time between the primary and the general election is very short.

In a State like Oregon, our State legislature has said they think that is too high a figure to be permissible for this kind of spending.

All we are asking for is a declaration by the Congress today, that in a State like Oregon or Hawaii, or Iowa or Wisconsin, or Maine, and perhaps other States in the future, where there is a feeling by the local decisionmakers and State legislators, that the figure should be lower, that that should be a permissible action within that particular State.

We are not seeking to lower the figure for any other State which feels that a higher figure is necessary, but in the interest of local decisionmaking we urge that this amendment be adopted, and that States which feel there should be a lower limitation have the right to set that lower limitation.

Mr. SEBELIUS. Mr. Chairman, will the gentleman yield?

Mr. DELLENBACK. I yield to the gentleman from Kansas.

Mr. SEBELIUS. I thank the gentleman for yielding.

Mr. Chairman, I should like to associate myself with the gentleman's remarks. I know that every State is different. We have different attitudes toward money and spending. In the State of Kansas for one contested primary and three general elections I still have not spent the limit such as in the bill. I think the State of Kansas, like the State of Oregon, should be entitled to preempt the amount of money because our rural situation is far different than that of the larger cities.

Mr. DELLENBACK. I thank the gentleman.

Mr. BIAGGI. Mr. Chairman, will the gentleman yield?

Mr. DELLENBACK. I yield to the gentleman from New York.

Mr. BIAGGI. I thank the gentleman for yielding.

I rise in support of the amendment and congratulate the gentleman on his comments, and also my colleague, the gentleman from New York, but especially the lonely voice that articulated these very sentiments by the chairman of the committee today.

I voted for the reduction in the amendment yesterday except for the preemption aspect of it. The amendment is an excellent one. I do not think the Federal Government, nor the Congress, relinquishes any prerogatives by passing this amendment.

The sum total of the bill as it now exists is to preclude those from the less affluent areas in our economy, and it makes elective office once again the plaything of the wealthy.

Mr. Chairman, this amendment would permit a State to set a spending figure at a more realistic level, one which could increase the opportunities for all Americans regardless of economic situation to seek public office.

While it is true that only five States have imposed lower spending limits since 1971, this amendment would encourage more States to join these five thus again restricting the ability of a candidate to buy his way into public office.

One of the major issues to face us in deliberations over this bill is the question of public financing. The matter has been raised because of the high costs of campaigns. I strongly oppose using tax dollars for financing of campaigns. No American should be forced to see his tax dollars go to support candidates he does not favor. A voluntary system of contributions may be acceptable, but the best method of giving every American the opportunity to run for office is to limit the amounts spent to get elected to that office—not to provide tax funds to permit him to spend, spend, spend.

There is a great need for reform in our present system of financing political campaigns. In recent years we have seen candidates for public office spend unprecedented amounts of money, through legal and illegal methods, amassing huge war chests with which to destroy the hopes of their poorer opponents.

As an individual who was born and raised in poverty, I have always considered it one of my greatest personal honors to have had the opportunity to run and be elected to the House of Representatives. Yet under today's discriminatory campaign financing practices, it would be virtually impossible for a person from poor or limited means to run for public office without incurring irrevocable financial disaster. This was not the way that our democracy was established.

Every person regardless of race, color, or economic condition has the right to the pursuit of happiness. For many, running and serving the public as an elected official represents this epitome of happiness. Let us take this opportunity to reaffirm this fundamental principle, let us again show to the American people that events such as Watergate cannot and will not happen in the future. It is in this hope that I offer my support to this amendment.

Mr. DELLENBACK. Mr. Chairman, I yield back the balance of my time.

Mr. THOMPSON of New Jersey. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I shall be brief. I want to reemphasize what I consider to be of the utmost importance, the retention of preemption in its entirety. The possibilities are virtually infinite were this amendment to be adopted in that States' laws would vary tremendously. There would be a continual, uncomfortable and unnecessary duplication of reports to State Governments and to the Federal Government, which are already confusing enough under existing law. Our efforts have been designed to set a reasonable figure. We have agreed upon that reasonable figure, which to some is too high and others too low. It is, nevertheless, reasonable and should be uniform throughout the States.

I simply fail to understand, with all due respect to them, the logic of my friends who urge that those from urban areas support this legislation. It is as difficult in a rural area involving many, many counties for a person to become known as it is in a highly urban area.

I happen to live in the most urban State in the Union. I suspect that with the size of my district it is easier to identify than it is for a Member from the Southwest, for instance, with 56 or 60 counties in which to be known.

Mr. BINGHAM. Mr. Chairman, will the gentleman yield?

Mr. THOMPSON of New Jersey. I yield to the gentleman from New York.

Mr. BINGHAM. I thank the gentleman for yielding.

I would like to support the committee in its position, and I do so with reluctance because I have the highest regard for the sponsors of this amendment.

I do not think it is possible to reconcile any kind of reasonable limitation on compaign spending with the capability for spending of poor candidates. We are simply not talking in terms of opportunities here; we are talking in terms of ceilings. As I said yesterday, I think the ceiling has to be a national one, taking into account the variations in districts. Moreover, it seems to me simply inappropriate for States to legislate with regard to an election to a Federal office such as the Congress.

I thank the gentleman.

Mr. THOMPSON of New Jersey. I thank the gentleman.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. THOMPSON of New Jersey. I yield to the gentleman from Ohio.

Mr. HAYS. I thank the gentleman for yielding.

Mr. Chairman, I would like to see whether we can get some reasonable unanimous-consent agreement about debate on this amendment. Many Members have spoken to me about having reservations and needing to leave at a reasonable hour this afternoon. While I do not want to preclude anybody from speaking or conducting a lot of debate, I was wondering if 10 minutes from now would be a reasonable time to conclude debate on this.

If nobody feels strongly, I would ask unanimous consent that all debate on this amendment cease at 1:30.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The Chair recognizes the gentleman from California (Mr. ANDERSON).

Mr. ANDERSON of California. Mr. Chairman, I rise in support of this amendment which would permit a State to impose lower spending limits than those proposed in the bill.

Under the bill, no candidate for Congress can spend more than $60,000 toward that election, and no candidate for the Senate can spend more than 5 cents per person or $75,000 which ever is greater.

Of course, in some States this limitation is adequate. But, in others, that limitation is too high, and the State legislators have acted to impose lower spending ceilings.

For example, five States—Hawaii, Iowa, Oregon, Wisconsin, and Maine—have campaign expenditure limitations which are lower than those proposed in this bill, and I do not believe that the Federal law should preempt the State law which is more restrictive, and better suited to the situation in that particular State.

I think it is particularly unfair to require Members of Congress from those five States to vote either against their State law or against this bill.

I support this amendment, and urge my colleagues to join me in allowing a State to establish more restrictive standards than those proposed by the Federal Government.

The CHAIRMAN. The Chair recognizes the gentleman from California (Mr. BROWN).

Mr. BROWN of California. Mr. Chairman, I merely wanted to say a word about the concept of preemption. I think Federal preemption of State law have some merit in certain kinds of legislation, but not in this particular situation. We are dealing with the establishment of minimum standards of campaign practices in the conduct of Federal elections, and from that standpoint I think it is perfectly proper to allow the States, if they desire to do so, to go further than the Federal law in achieving the most desireable campaign practices. I can give positive examples of this. In my State candidates in some circumstances, are permitted to enclose biographical and related information with the sample ballot mailed at public expense to every registered voter. We would not want Federal legislation to proclude this, even though its practical effect is to provide the equivalent of several thousand dollars in free postage to the candidates. Nor would we wish to proclude State laws requiring that public agencies which own and operate television or radio stations offer free time to candidates. If State law provides methods for achieving an informed electorate without the need for massive private campaign expenditures, it should be encouraged, not prohibited. If the States wish to finance from public funds, all, or part, of campaign costs, it should be permitted, not prohibited. Our purpose should not be the preemption of State laws that improve campaign practices, but instead to provide a solid foundation on which the States can build. For this reason I support the Obey amendment, and urge its adoption.

(By unanimous consent, Messrs. STUDDS and BOLAND yielded their time to Mr. GIAIMO).

The CHAIRMAN. The Chair recognizes the gentleman from Connecticut (Mr. GIAIMO).

Mr. GIAIMO. Mr. Chairman, I rise neither in support nor in opposition to the amendment, but I am terribly concerned about it and I would like to ask some questions of the gentleman from Wisconsin, one of the principle authors.

I have no objection to having a State reduce the amount, but I come from a State, Connecticut, where we have had a difficult time because our State laws for years have disagreed with the Federal laws. One of the key things I like about this bill is that it preempts State law. Yet here I begin to see the first incursion or violation of that concept in the doctrine of preemption and it bothers me because unless we can all be treated alike and fairly under a uniform Federal code I can see where we are going to be right back where we have been for years, where one State was totally different from another, leading to chaos.

Mr. OBEY. Mr. Chairman, will the gentleman yield?

Mr. GIAIMO. I yield to the gentleman from Wisconsin.

Mr. OBEY. Mr. Chairman, let me assure the gentleman if this bill is passed the States will be preempted on absolutely everything except overall spending limits.

Mr. GIAIMO. But it is the exception.

Mr. OBEY. Let me point out to the gentleman right now there is very little preemption. This bill if it is passed with my amendment will greatly broaden the preemption which exists right now. I am in the same situation the gentleman is in with regard to my several unrealistic requirements of State law. One section of my State law contains filing requirements so complicated the gentleman would not believe them.

It makes the bill we passed here 2 years ago look simple by comparison. Let me assure the gentleman that the only item for which an exception is made to preemption is the item of total overall spending limits. In that respect States are limited only to actions which they may take to lower the total spending amounts. That is the only exception.

Mr. GIAIMO. This an exception to the reduction in amount. I would like to make it clear and hope it is the intention here that we are not going to encourage the States to make other exceptions.

Mr. OBEY. I could not agree more with the gentleman.

The CHAIRMAN. The Chairman recognizes the gentleman from Washington (Mr. McCORMACK).

Mr. McCORMACK. Mr. Chairman, I rise to oppose the amendment. I think one of the most important facets of this bill is the preemption section. I do not think we should be tampering with it, and taking a chance with future court decisions which may go against us if we amend it as is proposed. While preempting State law, we are now asked to resubject ourselves to the possibility of unnecessary State reporting regulations, which is one of the things we are trying to correct. I think the goal of this amendment can be achieved voluntarily by any candidate.

I think this is an invitation to malicious mischief that may occur in some State legislatures. We have seen this happen before, and I don't think we want to take a chance on having such things happen again.

I suggest that we defeat the amendment.

The CHAIRMAN. The Chair recognizes the gentleman from New York (Mr. KOCH).

Mr. KOCH. Mr. Chairman, I, too, am opposed to the amendment on the ground that preemption is essential. We are all national legislators. We get the same salary. We have the same number of people on our staff. We have the same duties and obligations and the legislation we are passing today should apply equally to everyone. To do otherwise will put this legislation and the fight for reform back into the hands of 50 different State legislatures. I urge defeat of the amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Wisconsin (Mr. KASTENMEIER).

Mr. KASTENMEIER. Mr. Chairman, this measure becomes an anti-reform bill for those who are affected, such as those of us from Wisconsin. What it does, in effect, is to raise the spending limitations set at $85,000 in Wisconsin to $187,500, including fundraising. This, therefore, becomes antireform.

If we talk to the man in the street and we ask him, "Do you think in Wisconsin or elsewhere in this country, do you think that candidates for Congress ought to be spending more in elections for that office?" The answer will be a resounding

"No!" I ask a yes vote on this amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Wisconsin (Mr. OBEY).

Mr. OBEY. Mr. Chairman, let me make one point in closing. The only item this amendment touches is the dollar limit. The gentleman from Washington said this would open us up to different reporting requirements in different States. That is absolutely not true.

The only thing which this deals with is total spending amounts. All it does is allow States to lower the total spending amount. That is all it does.

I agree with the gentleman from Wisconsin. I will debate Common Cause in any city in my district about whether the public wants more spending or less spending in congressional campaigns. This will help us spend less in those States that chose to spend less. I urge its adoption.

The CHAIRMAN. The Chair recognizes the gentleman from Indiana (Mr. BRADEMAS).

Mr. BRADEMAS. Mr. Chairman, I rise in opposition to the amendment. It seems to me that it is an invitation to a crazy quilt of State laws. One can see very quickly how under this amendment, spending limits could change from one year to another year in 50 different States, depending upon the changes of political composition of the State legislatures. If one were to be fair, one would have to say, why not allow a State to assign a higher limit than the spending limit in Federal law?

But the gentleman's amendment does not do this. It runs in only one direction.

This is the opening wedge against preemption, and I hope the amendment is rejected.

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota (Mr. FRENZEL).

Mr. FRENZEL. Mr. Chairman, I think we should be aware that the Senate bill does not have a preemption section. If we are to go with this opening wedge in preemption, where then can we compromise with the Senate? Do we then compromise by giving the States the right to control reporting again?

That is why we put in preemption. Do not push us out of that position. Vote down this amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois (Mr. ANNUNZIO).

Mr. ANNUNZIO. Mr. Chairman, I rise in opposition to the amendment. I do not believe that at this time we should open the door.

I also want to try to correct an erroneous impression. I hear $187,000; I hear $250,000. All this bill provides is $75,000 limitation in a primary. If the candidate does not spend the $75,000 and he carries it over to the general election, all he can spend in the general election is $75,000.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio (Mr. HAYS) to close debate on this amendment.

Mr. HAYS. Mr. Chairman, all I want to say is that this debate has been very revealing. If Common Cause has anybody in the gallery, I think they ought to know how far their argument got that I was trying to break off by a low limit of $60,000, which is what I started with, any opposition to anyone who is already an incumbent.

Someone, someplace, has not been listening to Common Cause.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin (Mr. OBEY).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. OBEY. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 169, noes 250, not voting 15, as follows:

[Roll No. 462]

AYES—169

Abdnor
Abzug
Anderson, Calif.
Andrews, N.C.
Andrews, N. Dak.
Ashbrook
Ashley
Aspin
Badillo
Bafalis
Baker
Bauman
Bennett
Biaggi
Biester
Bowen
Bray
Breaux
Breckinridge
Brown, Calif.
Brown, Mich.
Buchanan
Burgener
Burke, Fla.
Burleson, Tex.
Burlison, Mo.
Byron
Carter
Clancy
Clark
Cleveland
Cochran
Cohen
Conyers
Crane
Daniel, Dan
Davis, S.C.
Davis, Wis.
Dellenback
Dent
Derwinski
Devine
Downing
Duncan
Edwards, Calif.
Esch
Eshleman
Fish
Fisher
Flowers
Flynt
Foley
Fountain
Fraser
Gaydos
Ginn
Goodling
Grasso
Green, Oreg.
Griffiths
Gross
Haley
Hamilton
Hanley
Hanna
Hanrahan
Harsha
Hébert
Hechler, W. Va.
Henderson
Hogan
Holt
Hosmer
Huber
Hungate
Ichord
Jones, N.C.
Jones, Okla.
Kastenmeier
Lagomarsino
Landgrebe
Leggett
Lott
Lujan
Luken
McKay
McKinney
Mallary
Mann
Martin, Nebr.
Mathis, Ga.
Matsunaga
Mazzoli
Meeds
Melcher
Miller
Mink
Mitchell, Md.
Mollohan
Montgomery
Moorhead, Calif.
Moorhead, Pa.
Morgan
Murtha
Natcher
Obey
O'Brien
O'Hara
Patman
Poage
Powell, Ohio
Preyer
Randall
Rangel
Reuss
Roberts
Rogers
Roncalio, Wyo.
Rose
Roush
Rousselot
Runnels
Ruth
Sarasin
Sarbanes
Satterfield
Scherle
Schneebeli
Schroeder
Sebelius
Shoup
Shuster
Skubitz
Smith, N.Y.
Snyder
Spence
Stark
Steed
Steele
Steiger, Wis.
Stubblefield
Stuckey
Symington
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Thomson, Wis.
Thone
Towell, Nev.
Traxler
Treen
Ullman
Van Deerlin
Vigorito
Waggonner
Waldie
Ware
Whitten
Wilson, Bob
Wilson, Charles, Tex.
Wright
Wyatt
Wydler
Yatron
Young, Fla.
Young, Ga.
Zablocki
Zion

NOES—250

Adams
Addabbo
Alexander
Anderson, Ill.
Annunzio
Archer
Arends
Armstrong
Barrett
Beard
Bell
Bergland
Bevill
Bingham
Blackburn
Boggs
Boland
Bolling
Brademas
Brinkley
Brooks
Broomfield
Brotzman
Brown, Ohio
Broyhill, N.C.
Broyhill, Va.
Burke, Calif.
Burke, Mass.
Burton, John
Burton, Phillip
Butler
Camp
Carney, Ohio
Casey, Tex.
Cederberg
Chamberlain
Chappell
Clausen, Don H.
Clawson, Del
Clay
Collier
Collins, Ill.
Collins, Tex.
Conable
Conlan
Conte
Corman
Cotter
Coughlin
Cronin
Culver
Daniel, Robert W., Jr.
Daniels, Dominick V.
Danielson
de la Garza
Delaney
Dellums
Denholm
Dennis
Dickinson
Diggs
Dingell
Donohue
Dorn
Drinan
Dulski
du Pont
Eckhardt
Edwards, Ala.
Eilberg
Erlenborn
Evans, Colo.
Evins, Tenn.
Fascell
Findley
Flood
Ford
Forsythe
Frelinghuysen
Frenzel
Frey
Froehlich
Fulton
Fuqua
Gettys
Giaimo
Gibbons
Gilman
Goldwater
Gonzalez
Green, Pa.
Grover
Gubser
Gude
Gunter
Guyer
Hammerschmidt
Harrington
Hastings
Hawkins
Hays
Heckler, Mass.
Heinz
Helstoski
Hicks
Hillis
Hinshaw
Holtzman
Horton
Howard
Hudnut
Hunt
Hutchinson
Jarman
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, Tenn.
Jordan
Karth
Kazen
Kemp
Ketchum
King
Kluczynski
Koch
Kuykendall
Kyros
Latta
Lehman
Lent
Litton
Long, La.
Long, Md.
McClory
McCloskey
McCollister
McCormack
McDade
McEwen
McFall
Macdonald
Madden
Madigan
Mahon
Maraziti
Martin, N.C.
Mathias, Calif.
Mayne
Metcalfe
Mezvinsky
Michel
Milford
Mills
Minish
Minshall, Ohio
Mitchell, N.Y.
Mizell
Moakley
Mosher
Moss
Murphy, Ill.
Murphy, N.Y.
Myers
Nedzi
Nelsen
Nichols
Nix
O'Neill
Owens
Parris
Passman
Patten
Pepper
Perkins
Pettis
Peyser
Pickle
Pike
Podell
Price, Ill.
Price, Tex.
Pritchard
Quie
Quillen
Railsback
Rees
Regula
Reid
Rhodes
Riegle
Rinaldo
Robinson, Va.
Robison, N.Y.
Rodino
Roe
Roncallo, N.Y.
Rooney, Pa.
Rosenthal
Rostenkowski
Roy
Roybal
Ruppe
Ryan
St Germain
Sandman
Seiberling
Shipley
Shriver
Sikes
Sisk
Slack
Smith, Iowa
Staggers
Stanton, J. William
Stanton, James V.
Steelman
Steiger, Ariz.
Stephens
Stokes
Stratton
Studds
Sullivan
Thompson, N.J.
Thornton
Tiernan
Udall
Vander Jagt
Vander Veen
Vanik
Veysey
Walsh
Wampler
Whalen
White
Whitehurst
Widnall
Wiggins
Wilson, Charles H., Calif.
Winn
Wolff
Wylie
Wyman
Yates
Young, Alaska
Young, Ill.
Young, S.C.
Young, Tex.
Zwach

NOT VOTING—15

Blatnik
Brasco
Carey, N.Y.
Chisholm
Davis, Ga.
Gray
Hansen, Idaho
Hansen, Wash.
Holifield
Landrum
McSpadden
Rarick
Rooney, N.Y.
Teague
Williams

So the amendment was rejected.

The result of the vote was announced as above recorded.

The CHAIRMAN. Are there further eligible amendments to title I?

Mr. BROYHILL of Virginia. Mr. Chairman, I move to strike the last word, and I rise in support of the legislation.

Mr. Chairman, because of my deep concern over the obvious neel for corrective legislation with regard to our Federal election laws, I introduced what I consider to be a strong bill to amend the Federal Election Campaign Act of 1971. I am pleased that the House Administration Committee, during their deliberations and drafting of the bill before us today, H.R. 16090, included some of the same provisions contained in the legislation I introduced on this subject. I intend, Mr. Chairman, to support this committee bill.

However, in reviewing H.R. 16090, I notice several omissions which I believe are absolutely essential to strong reform in this area. First, I find no mention that organizations with tax exempt status, such as Common Cause and many others, be denied this status if political candidates are endorsed or opposed, publicly or with open or covert campaign contributions. Second, I find no provision which will make mandatory the audit of income tax returns each year for all federally elected officials. I have held strong views on these two points, and thus I have offered these specific proposals as amendments to the tax reform package before the Ways and Means Committee and they have been accepted.

Further, I am unalterably opposed to the provisions in H.R. 16090 for financing political campaigns with public money. It is the old story of trying to cure everything with public funds when the track record is long and obvious that we cure nothing by rushing to the public till at every crisis. The cure for "Fat-cat" contributions, as they are called, is not by discouraging more contributors to political campaigns, but inviting more in, by giving them an incentive to participate.

The legislation I offered does so, and in doing so, eliminates the vacuum in the process that is always willingly filled by business, labor, or organizations which have no mandate from their members to pick and choose political candidates endorsed by their leadership. To that end the legislation I proposed would limit individual campaign contributions in Federal elections to $1,000 to any individual candidate for Federal public office. However, a political action committee would be allowed to make a contribution to a specified candidate not in excess of $6,000. I sought to encourage individuals to contribute to specified candidates by allowing for an increase in deductions for political contributions from gross income from $50 to $100 on individual Federal income tax returns and from $100 to $200 on joint returns. I also foresaw the need for a firm formula of realistic expenditures, based on the voting population in a State or political district. The formula would cover both primary and general elections and if it proves inadequate after a thorough test, it can be altered.

I was encouraged to note that the provisions in my bill which retain the establishment of a seven-member Federal Election Commission to receive reports, oversee and fully investigate violations of Federal elections was also contained in H.R. 16090. I was pleased to note the committee agreed with my proposal that the Commission was not set up as a separate prosecutor to try offenders but instead the Commission is directed to present its case to the Justice Department for trial and in doing so, should the Justice Department fail to try the case, the reason for not trying violators must be reported and can be made public by the Commission.

While limiting big contributions, H.R. 16090 does not curb big labor contributions. This is accomplished in my bill by curbing the practice of contributions in kind. Mass mailings and phone banks set up by political action committees must be reported as are any other contributions and cannot exceed $1,000 to any individual candidate for Federal public office. This in no way prohibits the individual member of a labor group from making his or her individual effort or contribution to a specific candidate of his or her choice.

There are those, Mr. Chairman, who have accused us of walking away from Federal Election Campaign Reform. I submit that these allegations are the usual campaign rousting directed at seated Members, heightened by recent disclosures of abuses. Far from walking away from the issue, Mr. Chairman, I introduced an extensive campaign reform measure several months ago and I have followed the legislation introduced in the Senate and House. While I quarrel with some aspects of both measures, and do not agree with the modified closed rule limiting amendments which could strengthen this bill, I fully support what I believe is a giant step in restoring the confidence of our people in the campaign process.

I am proud that I have been at the forefront of the effort and I shall continue, Mr. Chairman, to pay particular attention to the workability of any legislation in this area which becomes law, and shall continue from time to time to make suggestions to improve the controls required, if the need arises.

Mr. ARMSTRONG. Mr. Chairman, I move to strike the last word.

Mr. Chairman, this bill has been brought to us under the theory that "if we keep them panting long enough, for reform, they will take anything that is called reform." But this is not a reform bill.

In the very first instance, it comes to us under a gag rule, under a rule that is a throwback to the worst traditions of the House, a rule that does not permit consideration of needed amendments, a rule which does not permit the Members of this body to really legislate but only to decide within a very narrow range among choices of predigested amendments, a rule which I feel deeply is violative of the basic rights of the Members of this House and of our constituents.

But, more important than the rule, is the substance of the bill itself. And this bill does not fulfill the longing of the American people for reform. Under the guise of reform this bill reintroduces into law antifree-speech provisions, provisions which give candidates for public office veto power over other persons' rights of free speech and publication, a matter which was discussed at some length in yesterday's RECORD at pages 27213 and 27229.

Moreover, the provisions of this bill, particularly those on page 6, are vague and are going to be subject to endless litigation.

Further, this bill introduces new loopholes. It is not enough that it fails to come to grips with existing loopholes in the law; this bill creates new loopholes.

This bill ignores serious abuses which have been discovered during the Watergate investigation. It does not do anything about the Watergate type of abuses, espionage and so-called dirty tricks.

Mr. Chairman, this bill purports to cut back on contributions, but it only limits and calls for the reporting of one kind of contribution, dollar contribution. The often more important, usually decisive, contributions in kind—the donation of storefronts, of goods and services, of personnel coming in from out of State, are not curtailed in this bill.

This legislation introduces public financing of nominating conventions, a procedure which is no reform but is nothing more nor less than a raid on the public treasury.

Finally, we all know—and I think most of us know in our hearts—this is a sweetheart incumbent bill. This is a bill which is going to make it harder than ever to defeat an incumbent of either party. It sets the kind of limits that makes it almost impossible for an unknown to become known and thereby heightens existing advantages which incumbents enjoy.

In view of the overall poor record of the Congress of the United States, it seems to me the last thing we need to do is to give further advantages to the incumbent Members of Congress. Let us defeat this bill and get on to some true reform which is so badly needed.

Mr. TREEN. Mr. Chairman, will the gentleman yield?

Mr. ARMSTRONG. I shall be pleased to yield to the gentleman from Louisiana.

Mr. TREEN. I thank the gentleman for yielding.

Mr. Chairman, I want to commend the gentleman in the well and associate myself with his remarks, particularly his position that this bill, with the $75,000 spending limit, is an incumbent-protection bill. There has been a lot of talk on the floor today, and there was yesterday, about a Member's record and that one can win or lose on his record; but I know that in districts in Louisiana and elsewhere in this country, if one is going to defeat an incumbent, he has got to expose the incumbent's record.

That means we have got to go to massive newspaper, radio, and television coverage to talk about that record. He cannot do that on the spending limits we have in this bill. So I join with the gentleman. I am going to vote against this bill, not because I do not think we need reform—we certainly do—but this bill with its $75,000 limit is definitely a bill that is going to protect the incumbents, and I think that is wrong.

Mr. ARMSTRONG. I thank the gentleman for his contribution.

Mr. HAYS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, there are two things we can do about a speech like we just heard, which is about 90 percent baloney. We can ignore it or we can set the RECORD straight. I do not want to take too much of the time of the committee but I think it might be well to set the RECORD straight, and if the gentleman wants to vote against this and go home and try to tell his constituents that he voted against it because it is not reform and he can sell that bill of goods, that is all right, but I do not think he can. From the reports I get from his district, I think he is going to be lucky if he can sell them anything. However, that is neither here nor there.

The gentlemen on the other side are a little bit sensitive over there. I do not know if it is the events of the last 3 or 4 days which make those Members that way or what is wrong, but I can tell the Members this.

The gentleman made a big harangue—and the Members on the other side are asking for it so I am going to give it to them. The gentleman made a big harangue about this bill did not do anything about dirty tricks. I do not want to read the rollcall to the Members, nor do they want me to, of all the people who are either in jail or who have pleaded guilty or who have been sentenced to jail or who are on the way to jail or who have served their time and are on their way out for the dirty tricks and associated events.

Mr. ARMSTRONG. Mr. Chairman, will the gentleman yield?

Mr. HAYS. Not right now. The gentleman had his time and I did not ask him to yield, but just sit down and get a little castor oil, it will be good for the gentleman.

I just want to tell the gentleman this is already in the law. These fellows did not go to jail—Segretti, for example—because somebody did not like the color of their hair. Segretti went to jail because he violated a law and he pleaded guilty to it.

It would be a little redundant it seems to me to put in a bill a great deal of language which is already in the law. These things are against the law. These things were perpetrated on the American people and the perpetrators have either paid or are in the process of paying or will pay the penalty.

I just want to tell the Members who get so up tight about this, that this has been no easy task for this committee to write this bill. I do not claim this bill is perfect. I am the last one to do that. I just say it is better than what we have now. The Members have had chances to raise the limit, to lower the limit, and we have had rollcalls and votes on it. We are going to have a chance to have the gentleman from Illinois (Mr. ANDERSON) or the gentleman from Arizona (Mr. UDALL) present their plan for public financing for Members of the House and the Senate, and we are going to have a rollcall on that, and they are going to get defeated on it.

We do have in here a test run for public financing for the Presidents. If the Members do not like that, they can offer an amendment to take it out. That is perfectly in order.

But the gentleman can stand up and talk about a gag rule until he is blue in the face and the only person who ultimately is going to gag is the gentleman because this is not a gag rule.

Mr. FREY. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, certainly when the gentleman from Ohio speaks about baloney, I know of no one in the House who is more qualified to address himself to that.

I compliment the gentleman from Colorado (Mr. ARMSTRONG) on his remarks and his sincere desire to address himself to a problem that we all are worried about. He is an outstanding Member of Congress and has been a prime mover in election reform.

I do not think, frankly, we are going to get anywhere by charges and countercharges. I think the previous remarks are a cheap shot. I do not think it is going to help this House or this country at this time to indulge in this type of debate—It is a time to heal, not divide.

This is a tough issue and there are two sides to it. Like most issues, there are honest differences of opinion. I just hope we can carry out the rest of the debate without this kind of nonsense.

The CHAIRMAN. The Chair recognizes the gentleman from New Hampshire (Mr. CLEVELAND).

AMENDMENT OFFERED BY MR. CLEVELAND

Mr. CLEVELAND. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CLEVELAND: Page 4, line 23, strike out "$75,000" and insert in lieu thereof "$60,000".

PARLIAMENTARY INQUIRY

Mr. FRENZEL. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. FRENZEL. Mr. Chairman, has the amendment which was read been published in the RECORD, as required by our rule?

The CHAIRMAN. The Chair will state that it has, yes.

Mr. FRENZEL. Has it been published in the form in which it is presented, Mr. Chairman?

The CHAIRMAN. Yes. My understanding is that it is so presented.

Mr. CLEVELAND. Mr. Chairman, this amendment did appear in the CONGRESSIONAL RECORD 2 days ago in the form it has been presented. It is a very simple amendment. I am not sure it even requires 5 minutes of discussion.

My amendment reduces the expenditure level from $75,000 to $60,000. Yesterday, as we all know, we had a vote on cutting down the limit from $75,000 to $42,500. The vote was reasonably close. There was a long debate.

I think most of the arguments that were offered in support of the amendment to reduce the expenditure level to $42,500 would be relative to this amendment, which would put the amount to $60,000.

I might say that in the committee the original draft of this bill with which we are confronted arrived at $60,000 as a fair consensus. Later on there was an amendment that raised it to $75,000. I personally think $60,000 is the best mean figure, for all the States.

I strongly supported the amendment of the gentleman from Wisconsin (Mr. OBEY) which would have given States the right to establish a lower limit and this would have removed the urgency for cutting down the expenditure to the $60,000 figure.

I keep saying $60,000, but it is $60,000 for a primary and $60,000 for a general election. That is $120,000.

Then under the other provisions of this bill there is a percentage, 25 percent I believe, that we are allowed for money-raising functions. So we are not speaking about just the $60,000. We are speaking about what in reality would be a good deal closer to $150,000.

Mrs. GREEN of Oregon. Mr. Chairman, will the gentleman yield?

Mr. CLEVELAND. I yield to the gentlewoman from Oregon.

Mrs. GREEN of Oregon. Mr. Chairman, like the gentleman in the well, I supported the amendment of the gentleman from Georgia (Mr. MATHIS) and the amendment of the gentleman from Wisconsin (Mr. OBEY).

I would like to ask a clarifying question. I hear about the $75,000 limit in this bill. It is my understanding it would be possible under this legislation, if there were a runoff election, for a person to legally spend up to $250,000 or $275,000 in 1 election year: $75,000 for the primary, $75,000 for the general election and if there is a runoff another $75,000; that would raise it to $225,000 in an election year.

Then there is another provision, as I understand it, which allows one to spend one-fourth of the total to raise the funds of each of three possible elections; so we are talking about $225,000, plus 25 percent of a possible $225,000 so that in 1 year's time either an incumbent or a challenger, could spend up to $275,000 legally under this legislation. Is that the understanding of the gentleman?

Mr. CLEVELAND. I am not sure if the gentlewoman has her figures exactly correct. There is a possibility besides the primary and general and for the runoff, there is also a figure—I forget what that is.

Mr. HAYS. Mr. Chairman, if the gentleman will yield, it is 25 percent of the limit.

Mr. CLEVELAND. Twenty-five percent of the limit for raising money.

Mrs. GREEN of Oregon. It could be 25 percent of the $225,000?

Mr. HAYS. Mr. Chairman, will the gentleman yield to me?

Mr. CLEVELAND. I yield to the gentleman from Ohio.

Mr. HAYS. The figure, I would say to the gentlewoman, would apply to each election, 25 percent of $75,000, or, if the gentleman's amendment prevailed, 25 percent of $60,000.

Mrs. GREEN of Oregon. Or 25 percent of $225,000.

Mr. HAYS. Well, the chances of a runoff are extremely remote. It might happen in one of 400 elections, but the possibility is there in those States that have a runoff.

Mrs. GREEN of Oregon. Mr. Chairman, I thank the gentleman for yielding to me. A ceiling of $275,000 in an election year for one candidate does not seem to me much of a campaign reform. Let us, at a minimum, approve the amendment offered by the gentleman from New Hampshire and impose a ceiling on each primary—each general—each run-off election to $60,000. That still allows $225,000 in a single election year.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. CLEVELAND. I yield to the gentleman from California.

Mr. ROUSSELOT. I thank the gentleman for yielding and rise in support of the amendment. Mr. Chairman, if I understand the gentleman's amendment correctly, it is $60,000 per election; that is, $60,000 for the primary election and $60,000 for the general election. The gentleman is also pointing out that there would be additional amounts available to be raised as it relates to section 591 on page 16 of the bill before us, which allows for certain costs of fund raising. The total amount would be $150,000 or even possibly more of the total. Is that correct?

Mr. CLEVELAND. Under my amendment, $60,000; $60,000 plus $60,000, would be $120,000.

Mr. ROUSSELOT. But with a 25-percent clause on page 16, additional amounts of funding would be available to be added to the ceiling. Is that not correct?

Mr. CLEVELAND. Right. That would have to be expended to raise the money.

Mr. HAYS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the statement of the gentleman from New Hampshire, a member of the committee, was eminently fair and correct. He stated the position of the committee as accurately as possible, as I remember.

The question before us is very simple, and I hope not to take more than a minute or two. I am standing behind the committee bill because, as chairman of the committee, I have that obligation. We did, as I said yesterday, go up and down the road on the amounts, and we can have a lot more amendments. Some Member can offer an amendment for $30,000 or $40,000 or $41,200; any figure he picks, so long as it has not been offered before.

I thought we settled this yesterday on the basis that the committee had rejected one for consideration of $90,000, rejected another for $100,000, rejected what I started out with, $60,000, and had settled on $75,000.

We can go here all day today and all day tomorrow if we want to about what the proper figure is, and I do not know that we will ever have a meeting of the minds. So, I would just ask for an up or down vote on this.

I do support the compromise, which is $75,000.

Mr. BRADEMAS. Mr. Chairman, will the gentleman yield?

Mr. HAYS. I yield to the gentleman from Indiana.

Mr. BRADEMAS. Mr. Chairman, I thank the chairman for yielding to me. I simply want to associate myself with his position on this matter and reiterate that there are 435 congressional districts in the United States. It is enormously difficult to develop a figure that is fair clear across the board.

The committee labored long on this matter, and the figure of $75,000, to which can be added 25 percent in order to provide for the cost of raising funds, was arrived at.

With a dinner—for example, the food—it seems to me to be the fairest position we can develop, and I hope the gentleman's amendment is rejected.

Mr. HAYS. Mr. Chairman, let me just say about that 25 percent which seems to get everybody excited, that it never occurred to anyone, I think, that if I gave a dinner for which I sold tickets at $10, which some people do—in my district it is common—and I paid the PTA $5 and wound up with a $3,000 profit, that I had to list the $300 I paid for the dinner as a campaign expenditure because I did not get any money to spend and it did not go for anything except the food which the people ate that night. So the Board ruled that was an expenditure.

So, it did not occur to us that it was an expenditure, and this is simply an attempt to bring a little bit of sense into it. Whatever the limitation is, it ought to be a limit for campaign expenditures.

Mr. SMITH of Iowa. Mr. Chairman, will the gentleman yield?

Mr. HAYS. I yield to the gentleman from Iowa.

Mr. SMITH of Iowa. Mr. Chairman, as a matter of fact, on the forms we have been using the money would appear both as an increase in campaign contribution and as a campaign expenditure, and therefore it has been very misleading. It is just like the way loans have been handled. It misleads the voters into thinking that a person got more money than he did and spent more.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. HAYS. I yield to the gentleman from California.

Mr. ROUSSELOT. The point is that under present law we still have to list that as part of the contribution. I am glad to see the 25 percent amendment in there regardless of how we finally come out on the ceiling.

We should understand that when we talk about absolute ceiling under the Cleveland amendment, it is higher than $120,000.

Mr. HAYS. That is correct.

Mr. MATHIS of Georgia. Mr. Chairman, I rise in support of the amendment.

I shall not take 5 minutes, but I would like, in addition to the statement made by my distinguished chairman, to point out to the Members of the House that not only can this 25 percent be applied to meat and potatoes, as we have referred to it, but it can also be applied to such campaign efforts as direct mail. Furthermore, there is nothing in this bill that prohibits erecting a billboard and at the bottom of that billboard asking for campaign contributions, even if it is one line which says at the bottom of the billboard, "Send a buck to MATHIAS," or whatever it might say.

The amendment that the gentleman from New Hampshire (Mr. CLEVELAND) has offered would, in fact, make $75,000 a real figure. For that reason, I support it. I do not think there is any need for us to carry debate out as far as we did yesterday.

I think most people's minds are set, but I do urge support of the amendment.

Mr. OBEY. Mr. Chairman will the gentleman yield?

Mr. MATHIS of Georgia. I yield to the gentleman from Wisconsin.

Mr. OBEY. Mr. Chairman, I would like to express agreement with the gentleman from Georgia. I do not know about other people, but I would prefer we keep things in this country so that we run for office, not buy the office.

The gentleman from Indiana indicated that there are 435 districts across this country, and they are all different.

I wish the gentleman had recognized that on the vote on the amendment I just offered.

There are 435 districts in the country, but in only 26 of them last year did candidates spend over $150,000. We should not make the abnormal the rule.

I think this amendment is eminently sensible. I think we ought to support it.

Some people have told me, "I could not have gotten here if I could not have spent more than what is allowed in the bill."

I am sorry. I have great respect for every Member of this House, but I do not think any man or woman here is worth $180,000 in campaign spending.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Hampshire (Mr. CLEVELAND).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. CLEVELAND. Mr. Chairman, on that I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 240, noes 175, not voting 19, as follows:

[Roll No. 463]

AYES—240

Abzug
Anderson, Calif.
Andrews, N. Dak.
Ashbrook
Ashley
Badillo
Baker
Bauman
Beard
Bennett
Bevill
Biaggi
Bingham
Bowen
Bray
Breaux
Brinkley
Broomfield
Brown, Calif.
Burgener
Burke, Fla.
Burleson, Tex.
Burlison, Mo.
Butler
Byron
Camp
Carney, Ohio
Carter
Cederberg
Chamberlain
Chappell
Clancy
Clark
Clausen, Don H.
Clay
Cleveland
Collier
Conlan
Conyers
Coughlin
Daniel, Robert W., Jr.
Daniels, Dominick V.
Danielson
Davis, S.C.
Davis, Wis.
de la Garza
Denholm
Dent
Devine
Dickinson
Dingell
Dorn
Downing
Dulski
Duncan
Eckhardt
Edwards, Ala.
Esch
Eshleman
Evans, Colo.
Evins, Tenn.
Fish
Fisher
Flowers
Flynt
Ford
Fountain
Frey
Fulton
Gaydos
Gettys
Gilman
Ginn
Goldwater
Goodling
Grasso
Green, Oreg.
Griffiths
Gross
Grover
Guyer
Haley
Hamilton
Hammerschmidt
Hanley
Hanrahan
Harsha
Hechler, W. Va.
Helstoski
Henderson
Hicks
Hinshaw
Holt
Hosmer
Hungate
Hunt
Hutchinson
Ichord
Jarman
Johnson, Colo.
Johnson, Pa.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Kastenmeier
Kazen
Kemp
Ketchum
Landgrebe
Landrum
Latta
Leggett
Lent
Long, Md.
Lott
Lujan
Luken
McClory
McCloskey
McCollister
McCormack
McEwen
McKay
Madigan
Mahon
Maraziti
Martin, Nebr.
Mathias, Calif.
Mathis, Ga.
Matsunaga
Mayne
Melcher
Milford
Miller
Mills
Minish
Mink
Minshall, Ohio

Mollohan
Montgomery
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Moss
Murphy, Ill.
Murtha
Myers
Natcher
Nichols
Obey
O'Hara
Passman
Pettis
Peyser
Pike
Podell
Powell, Ohio
Price, Tex.
Quie
Quillen
Railsback
Randall
Rangel
Regula
Reuss
Robinson, Va.
Roe
Rogers
Roncalio, Wyo.
Roncallo, N.Y.
Rooney, Pa.
Rosenthal
Rostenkowski
Roush
Rousselot
Roy
Runnels
Ruth
Ryan
Sandman
Scherle
Schneebeli
Schroeder
Sebelius
Shipley
Shoup
Shriver
Shuster
Skubitz
Smith, Iowa
Snyder
Spence
Stanton, J. William
Stanton, James V.
Steele
Steiger, Ariz.
Stephens
Stokes
Stratton
Stubblefield
Stuckey
Sullivan
Symington
Talcott
Taylor, Mo.
Taylor, N.C.
Thomson, Wis.
Thornton
Towell, Nev.
Traxler
Ullman
Van Deerlin
Vander Veen
Vanik
Veysey
Vigorito
Waggonner
Waldie
Walsh
Wampler
Ware
White
Whitehurst
Whitten
Widnall
Wilson, Bob
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Winn
Wright
Wyatt
Wydler
Wyman
Yates
Yatron
Young, Fla.
Young, S.C.
Zablocki
Zion

NOES—175

Adams
Addabbo
Alexander
Anderson, Ill.
Andrews, N.C.
Annunzio
Archer
Arends
Armstrong
Aspin
Bafalis
Barrett
Bell
Bergland
Biester
Blackburn
Boggs
Boland
Bolling
Brademas
Breckinridge
Brooks
Brotzman
Brown, Mich.
Brown, Ohio
Broyhill, N.C.
Broyhill, Va.
Buchanan
Burke, Calif.
Burke, Mass.
Burton, John
Burton, Phillip
Casey, Tex.
Clawson, Del
Cochran
Cohen
Collins, Ill.
Collins, Tex.
Conable
Conte
Corman
Cotter
Crane
Cronin
Culver
Daniel, Dan
Delaney
Dellenback
Dellums
Dennis
Derwinski
Donohue
Drinan
du Pont
Edwards, Calif.
Eilberg
Erlenborn
Fascell
Findley
Flood
Foley
Forsythe
Fraser
Frelinghuysen
Frenzel
Froehlich
Fuqua
Giaimo
Gibbons
Gonzalez
Green, Pa.
Gubser
Gude
Gunter
Harrington
Hastings
Hays
Hébert
Heckler, Mass.
Heinz
Hillis
Hogan
Holtzman
Horton
Howard
Huber
Hudnut
Johnson, Calif.
Jones, Ala.
Jordan
Karth
King
Kluczynski
Koch
Kuykendall
Kyros
Lehman
Litton
Long, La.
McDade
McFall
McKinney
Macdonald
Madden
Mallary
Mann
Martin, N.C.
Mazzoli
Meeds
Metcalfe
Mezvinsky
Michel
Mitchell, Md.
Mitchell, N.Y.
Mizell
Moakley
Murphy, N.Y.
Nedzi
Nelsen
Nix
O'Brien
O'Neill
Owens
Parris
Patman
Patten
Pepper
Perkins
Pickle
Poage
Preyer
Price, Ill.
Pritchard
Rees
Reid
Rhodes
Riegle
Rinaldo
Roberts
Robison, N.Y.
Rodino
Rose
Roybal
Ruppe
St Germain
Sarasin
Sarbanes
Satterfield
Seiberling
Sikes
Sisk
Slack
Smith, N.Y.
Staggers
Stark
Steed
Steelman
Steiger, Wis.
Studds
Symms
Thompson, N.J.
Thone
Tiernan
Treen
Udall
Vander Jagt
Whalen
Wiggins
Wolff
Wylie
Young, Alaska
Young, Ga.
Young, Ill.
Young, Tex.
Zwach

NOT VOTING—19

Abdnor
Blatnik
Brasco
Carey, N.Y.
Chisholm
Davis, Ga.
Diggs
Gray
Hanna
Hansen, Idaho
Hansen, Wash.
Hawkins
Holifield
Lagomarsino
McSpadden
Rarick
Rooney, N.Y.
Teague
Williams

So the amendment was agreed to.

The result of the vote was announced as above recorded.

The CHAIRMAN. Are there additional amendments to title I?

AMENDMENT OFFERED BY MS. HOLTZMAN

Ms. HOLTZMAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. HOLTZMAN: Page 2, line 12, strike out "$1,000" and insert in lieu thereof "$2,500."

Mr. FRENZEL. Mr. Chairman, I ask unanimous consent to have the amendment reread.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

The Clerk reread the amendment, as follows:

> Amendment offered by Ms. HOLTZMAN: Page 2, line 12, strike out "$1,000" and insert in lieu thereof "$2,500".

Ms. HOLTZMAN. Mr. Chairman, the purpose of this campaign reform bill, as I understand it, is to prevent candidates from being beholden to special interests and to allow the election of persons to the Congress and to the Presidency who will be able to represent the voters and not the special interests. I think this bill does a great deal toward cleaning up the election process and I will support it, but I am very concerned about the effect it is going to have on permitting new people—and especially ones who are not wedded to special interests—to hold Federal office.

This bill permits special interest groups to make substantial contributions of $5,000 to a candidate and allows the wealthy candidate to use $25,000 from his personal funds to finance his campaign. But what about the person who does not have $25,000 and who is either too new or too independent—or too honest—to get $5,000 from special interest groups? And what about the nonincumbent who has the foregoing disabilities and, in addition, is not sufficiently well known to pick up a significant number of small contributions.

I believe that the clear effect of these provisions in the bill is to give an unfair advantage to candidates who have an "in" with the special interest groups or the political machines, who are wealthy, or who are incumbents. In other words, I am concerned that this bill may preclude the independent newcomer from competing successfully for political office.

For that reason I suggest that increasing the individual contribution limits will go a long way toward enabling newcomers who cannot get $5,000 from political committees and who cannot make the $25,000 personal contribution to get a foothold in the electoral process.

What my amendment would do is to raise from $1,000 to $2,500 the amount an individual can contribute to a candidate. The amendment does not increase the overall limit a candidate can spend, but it does allow, it seems to me, an independent newcomer to get the "seed" money that is necessary to communicate with an electorate to whom he is unknown and to wage a serious campaign for Federal office.

I had planned to introduce an amendment that would have limited increased contributions to nonincumbents because I think they are the ones we ought to be concerned about in this respect. Since the chairman of the committee, however, advised me he was going to raise a point of order against the amendment, I did not introduce it. Instead, I would seriously urge my colleagues to consider my amendment favorably if they want to allow nonwealthy independent newcomers, to enter the political process.

It is one thing to try to clean up politics. It is another thing to freeze out people who can breathe fresh life into this Government.

I urge adoption of this amendment.

Mr. HAYS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I think the gentlewoman's amendment would do just the opposite of what she thinks it would do. The argument has been made, and I have been editorialized against for a year and a half, that we are trying to keep new people from coming in by putting on low limits that incumbents can raise and nonincumbents cannot. One of the things we tried to do in the bill was to lower the amount that people could give so that the nonincumbent would have an opportunity to get to people who give smaller amounts, whereas the incumbent might have, because of his incumbency, made friends with people who could give larger sums of money.

What this boils down to is: Do the Members want the limit that people can contribute to a campaign to be $1,000 or $2,500? That is all there is to it. There is nothing earth shaking about it. It is a decision for the House.

Let my say this. The committee started on the previous amendment with $60,000. As I said several times before, we walked up and down the road.

I just want to tell the Members that when we go to conference with the Senate that I do not intend to try to compromise the $60,000 figure. I voted for the $75,000. I am on record, that the House spoke rather decisively about what they wanted in the way of limitations and I intend to support the position of the House, because I am a great believer in majority rule. I do not think the other body ought to be pushing us around on a matter that was settled by a democratic vote and by a majority of 65 votes.

I did not feel any personal pain about that amendment passing. I did defend the bill. I did think the other figure was perhaps a better figure, but the House has spoken.

I will be willing to submit this amendment to the judgment of the House. The only thing I want us all to know is that there has been an awful lot of criticism in the country about rich people pouring their money into favored candidates. I do not have a single contributor in my district who has ever given me $1,000; so whether it is $1,000 or $2,500 is not going to affect me that much; but I think we ought to stick with the limit in the bill. I think it is a reasonable limit. Since the amount has been lowered to $60,000 for everybody, if that in unfair to nonincumbents, I cannot help that; but certainly if the argument is that a nonincumbent needs more money, he ought to be able to raise $60,000 easier than he would some other figure.

Mr. STEELE. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in strong opposition to the amendment offered by the gentlewoman from New York, which would increase the amount an individual could contribute to a candidate for Federal office.

I oppose the amendment because I believe that the key to driving big money and special interests out of politics is to limit the amount of money an individual or organization can contribute to a candidate to the lowest practical amount.

This is precisely what I am trying to do in my own campaign for Governor in Connecticut, and I believe I am demonstrating that a political candidate can run an effective campaign and raise adequate campaign funds even on a statewide level without accepting big contributions.

Specifically, I am not accepting any contribution from any person or organization in excess of $100; I am publicly reporting and filing with the secretary of the State the names of all my contributors and the amounts of their contributions every 30 days; and I am channeling all campaign contributions through a single campaign committee.

My small-contributor fundraising drive has already topped the $80,000 mark and attracted almost 3,000 individual contributors, a large number of whom have never contributed to a political campaign before.

In essence, we are showing in Connecticut that it is possible to eliminate big money from politics and still wage an effective campaign; that large numbers of people will respond to an honest effort to drive big money and special interests out of the political system; and that it is possible to attract new workers and contributors to participate in a political campaign despite the great cynicism toward politics which exists in this Watergate year.

With the $100 limit working so well in Connecticut, there is simply no way I can accept the gentlewoman's argument that the $1,000 contribution limit contained in the committee bill is too low. If anything, it is much too high and should be reduced. Since it is clear, however, that this body is not prepared to lower the limit at this time, let us at least not weaken the bill further by increasing the limit to $2,500. Such an increase would simply allow big contributors and special interests to play that much larger a role in financing campaigns across the country. Indeed, under the amendment, a mere 24 large contributors could finance an entire Congressional campaign. Our goal should be to increase the number of small contributors to a political campaign, not to reduce the number, as the amendment would serve to do.

In sum, the amendment would significantly weaken the basic reform we are trying to accomplish here today, and I urge the House to reject it.

Mr. FRENZEL. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, the gentlewoman has raised a very good question. What she seeks to obtain is equity between individuals and special interest groups, and that effort is, indeed, laudable.

The problem is that, with the limitation we have now set, the gentlewoman's amendment would permit 24 people to finance a total election for any one candidate. That is just too few to be allowed to get into our law.

What drives her into that problem is that individuals are allowed to contribute much less than special interest groups. A better attack on the problem would be to reduce what the special interest groups can give. But, because the committee errored in combining political parties with special interest groups, we felt compelled to hold the level at $5,000.

The whole thing tells us we would have been better off with an open rule to give the Members better flexibility on this serious problem.

The CHAIRMAN. The question is on the amendment offered by the gentlewoman from New York (Ms. HOLTZMAN).

The amendment was rejected.

The CHAIRMAN. Are there additional amendments to title I? The Chair hears none.

Are there eligible amendments to title II?

COMMITTEE AMENDMENTS OFFERED BY MR. THOMPSON OF NEW JERSEY

Mr. THOMPSON of New Jersey. Mr. Chairman, I offer three committee amendments.

The Clerk read as follows:

Committee amendments offered by Mr. THOMPSON of New Jersey: Page 29, beginning in line 7, strike out "(B)" and all that follows down to but not including "(C)" in line 12, and insert in lieu thereof the following:

"(B) the use of real or personal property and the cost of invitations, food and beverages, voluntarily provided by an individual to a candidate in rendering voluntary personal services on the individual's residential premises for candidate-related activities.".

Page 31, beginning in line 7, strike out "(D)" and all that follows down to but not including "(E)" in line 12, and insert in lieu thereof the following:

"(D) the use of real or personal property and the cost of invitations, food and beverages, voluntarily provided by an individual to a candidate in rendering voluntary personal services on the individual's residential premises for candidate-related activities,".

Page 30, line 8, insert ", (C)," immediately after "(B)".

Mr. THOMPSON of New Jersey (during the reading). Mr. Chairman, these committee amendments are simply technical and conforming in nature. I ask unanimous consent that they be considered en bloc and be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. THOMPSON of New Jersey. Mr. Chairman, I refer the Members to page H7844 of the RECORD of yesterday, where the committee adopted the technical committee amendments. These amendments are simply to have in title II the identical changes as appear and were accepted in title I.

Mr. FRENZEL. Mr. Chairman, will the gentleman yield?

Mr. THOMPSON of New Jersey. I yield to the gentleman from Minnesota.

Mr. FRENZEL. Mr. Chairman, these are the committee amendments which yesterday we approved for the expenditure and contribution limitations. They are identical today, and we are applying them to the disclosure section of the law.

They were adopted unanimously in the committee. They tighten loopholes which previously existed, and I hope they are agreed to.

The CHAIRMAN. The question is on the committee amendments offered by the gentleman from New Jersey (Mr. THOMPSON).

The committee amendments were agree to.

COMMITTEE AMENDMENT OFFERED BY MR. BRADEMAS

Mr. BRADEMAS. Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. BRADEMAS: Page 25, strike out line 14 and all that follows down through page 27, line 24, and insert in lieu thereof the following:

(b)(1) Section 308(a)(10) of the Federal Election Campaign Act of 1971 (as so redesignated by subsection (a) of this section), relating to the prescription of rules and regulations, is amended by inserting before the period at the end thereof the following: ", in accordance with the provisions of subsection (b) and (c)"

(2) Section 308 of such Act, relating to duties of the supervisory officer, is amended—

(A) by striking out subsection (b) and (c); and

(B) by inserting immediately after subsection (a) the following new subsection (b) and (c)

"(b)(1) The supervisory officer, before prescribing any rule or regulation under this section, shall transmit a statement with respect to such rule or regulation to the Senate or the House of Representatives, as the case may be, in accordance with the provisions of this subsection. Such statement shall set forth the proposed rule or regulation and shall contain a detailed explanation and justification of such rule or regulation.

"(2) If the appropriate body of the Congress which receives a statement from the supervisory officer under this subsection does not, through appropriate action, disapprove the proposed rule or regulation set forth in such statement no later than 30 legislative days after receipt of such statement, then the supervisory officer may prescribe such rule or regulation. In the case of any rule or regulation proposed to deal with reports or statements required to be filed under this title by a candidate for the office of President, and by political committees supporting such a candidate both the Senate and the House of Representatives shall have the power to disapprove such proposed rule or regulation. The supervisory officer may not prescribe any rule or regulation which is disapproved under this paragraph.

"(3) If the supervisory officer proposes to prescribe any rule or regulation dealing with reports or statements required to be filed under this title by a candidate for the office of Senator and by political committees supporting such candidate he shall transmit such statement to the Senate. If the supervisory officer proposes to prescribe any rule or regulation dealing with reports or statements required to be filed under this title by a candidate for the office of Representative or by political committees supporting such candidate, he shall transmit such statement to the House of Representatives. If the supervisory officer proposes to prescribe any rule or regulation dealing with reports or statements required to be filed under this title by a candidate for the office of President and by political committees supporting such candidate he shall transmit such statement to the House of Representatives and the Senate.

"(4) For the purposes of this subsection, the term 'legislative days' does not include, with respect to statements transmitted to the Senate, any calendar day on which the Senate is not in session, and with respect to statements transmitted to the House of Representatives, any calendar day on which the House of Representatives is not in session and with respect to statements transmitted to both such bodies any calendar day on which both Houses of the Congress are not in session.".

(c)(1) The supervisory officer shall prescribe suitable rules and regulations to carry out the provisions of this title, including such rules and regulations as may be necessary to require that—

"(A) reports and statements required to be filed under this title by a candidate for the office of Representative in, or Delegate or Resident Commissioner to, the Congress of the United States, and by political committees supporting such candidate, shall be received by the Clerk of the House of Representatives as custodian for the Board;

"(B) reports and statements required to be filed under this title by a candidate for the Office of Senator, and by political committees supporting such candidate, shall be received by the Secretary of the Senate as custodian for the Board; and

"(C) the Clerk of the House of Representatives and the Secretary of the Senate, as custodians for the Board, each shall make the reports and statements received by him available for public inspection and copying in accordance with paragraph (4) of Subsection a, and preserve such reports and statements in accordance with paragraph (5) of Subsection a .".

(2) It shall be the duty of the Clerk of the House of Representatives and the Secretary of the Senate to cooperate with the Board of Supervisory Officers in carrying out its duties under the Federal Election Campaign Act of 1971 and to furnish such services and facilities as may be required in accordance with this section.

Page 32, strike out lines 13 through 21, and insert in lieu thereof the following:

"(g) 'supervisory officer' means the Board of Supervisory Officers established by section 308(a) (1).".

Page 33, strike out lines 20 through 23 and insert in lieu thereof the following:

The clerk of the House and the Secretary of the Senate who shall serve without the right to vote and 4 members as follows:

Page 33, line 24, strike out "(D)" and insert in lieu thereof "(A)".

Page 34, line 3, strike out "(E)" and insert in lieu thereof "(B)".

Page 34, line 8, strike out "(D) and (E)" and insert in lieu thereof "(A) and (B)".

Page 34 line 15, strike out "(D) and (E)" and insert in lieu thereof "(A) and (B)".

Page 34, line 24, strike out "(D" and insert in lieu thereof "(A)".

Page 35, line 2, strike out "(E)" and insert in lieu thereof "(B)".

Page 35, beginning in line 6, strike out", prorated on a daily basis" and all that follows down through line 11 and insert in lieu thereof a period.

Page 37, beginning in line 9, strike out "and to review actions of the supervisory officers".

Page 38, strike out line 25 and all that follows down through page 39, line 6.

Page 39, line 7, strike out "(2)" and insert in lieu thereof "(b)(1)", and renumber the following paragraphs accordingly.

Page 39, line 15, strike out "Any supervisory officer" and insert in lieu thereof the following:

The Clerk of the House of Representatives, the Secretary of the Senate, or any other person receiving reports and statements as custodian for the Board.

Page 43, beginning in line 16, strike out "each of the" and all that follows down through line 19, and insert in lieu thereof the following: the Board such sums as may be necessary to enable it to carry out its duties under this Act.".

Mr. BRADEMAS (during the reading). Mr. Chairman, I ask unanimous consent that further reading of the committee amendment be dispensed with and that it be printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. BRADEMAS. Mr. Chairman, the amendment I am here offering is a committee amendment. It was unanimously accepted in the committee. It is an amendment concerning the Board of Supervisory Officers, and I shall explain the amendment very briefly.

The amendment would provide for a six member Board composed of four public members who will be appointed, two by the Speaker of the House and two by the President of the Senate—that is to say, the Vice President—on a bipartisan basis. There will also be sitting on the Board, but on a nonvoting basis, the Clerk of the House and the Secretary of the Senate.

The amendment also modifies the "review of regulations" section in the committee bill to provide that all rules and regulations be submitted, not to the House Administration Committee and not to the Senate Rules and Administration Committee, but rather to the Senate and the House for review. Regulations regarding House elections would be submitted to the House, and regulations regarding Senate elections to the Senate, and regulations regarding presidential elections to both the Senate and the House. The appropriate body of Congress would have 30 days within which to disapprove the proposed rule or regulation. If the regulations are submitted to both Houses, as in the case of the presidential election, either would have the power to disapprove.

In addition, the amendment would vest all supervisory responsibilities of the Comptroller General in the Board of Supervisory Officers. Most of the supervisory responsibilities of the Clerk of the House and Secretary of the Senate would be vested in the Board except that the Secretary and Clerk would act as custodians for the Board with respect to reports filed by candidates to the House and Senate, and the Board would be required to make such reports and statements available for public inspection and copying.

Mr. Chairman, I would make these observations in conclusion: We have tried in this committee amendment to respond to criticism of the language in the committee bill wherein Congressional employees were seated on the Board. Moreover, the committee earlier removed a provision whereby Members of the House and Senate were sitting on the Board.

Second, under this committee amendment, the chief responsibility for supervision and enforcement of the campaign laws is placed in a Board that is clearly independent.

Finally, as I have already indicated, the amendment removes the veto power from congressional committees.

To reiterate, the amendment was agreed to unanimously.

Mr. FRENZEL. Mr. Chairman, would the gentleman yield?

Mr. BRADEMAS. I yield to the gentleman from Minnesota.

Mr. FRENZEL. Mr. Chairman, I thank the gentleman for yielding to me.

Mr. Chairman, this is the amendment that, at one point, the gentleman from Florida and I served notice to the House that we would put in the RECORD.

This is a variation of the original Fascell-Frenzel amendment which the committee has accepted and which now appears before us in the form of this committee amendment.

It does represent a significant compromise. It makes the Clerk and the Secretary nonvoting members of the Supervisory Board and gives the Board, in my opinion, sufficient independence and authority so that we can expect uniform fair enforcement of our election law.

We do not touch the duties or the powers of the Board of Supervisory Officers at all. Instead of a veto of regulations by the committees of the House and Senate, that veto is reserved for the whole bodies of either House.

Mr. Chairman, in my judgment, this is a fine compromise. I congratulate the Chairman for having engineered that compromise, and the gentleman from Indiana as well. Most of all I applaud the gentleman from Florida (Mr. FASCELL).

I think the bill is in a good form to provide reasonable independent supervision, and yet to keep control of the regulations so that no supervisory agent can run roughshod over the Congress.

I do intend to ask for a vote on this amendment because I think some Members of the House may be concerned that we would concede some extra powers to the Senate, and I would not want anyone to feel that way about it.

Mr. HAYS. Mr. Chairman, will the gentleman yield,

Mr. BRADEMAS. I will be glad to yield to the chairman, the gentleman from Ohio.

Mr. HAYS. Mr. Chairman, does the gentleman say that he is going to ask for a recorded vote because he thinks we are conceding some powers to the Senate?

Mr. FRENZEL. I say that because the Senate bill has more authority for its independent commission, I felt it wise that this body go on record indicating that these are the total powers we would like the Board to have.

Mr. BRADEMAS. Mr. Chairman, I would like to express my appreciation to the gentleman from Minnesota (Mr. FRENZEL) and to the gentleman from Florida (Mr. FASCELL) for their cooperation in working this out.

Mr. FASCELL. Mr. Chairman, will the gentleman yield?

Mr. BRADEMAS. I yield to the gentleman from Florida.

Mr. FASCELL. Mr. Chairman, I thank the gentleman for yielding.

I intend to take a little bit of time in order to express my feelings on this subject.

I thank the gentleman from Indiana for his help and effort, and I would like to express particular thanks to the chairman of the full committee, the gentleman from Ohio, Mr. Hays.

The CHAIRMAN. The time of the gentleman from Indiana has expired.

Mr. FASCELL. Mr. Chairman, I move to strike the requisite number of words.

When the gentleman from Minnesota and I started working on this amendment, there was a very wide gap between our views and the committee bill as it first came out of the committee. However, with his leadership on the minority side—and I pay tribute to the gentleman from Minnesota (Mr. FRENZEL) for his perseverance and dedication on this matter—it became necessary for us to discuss the matter with the chairman of the full committee and with other Members.

I must say that in the best spirit of reaching a compromise which seems to meet all or most of the objections, I found the gentleman from Ohio, the chairman of the full committee (Mr. HAYS) to be, as he is known to be, tough and articulate, but not unresponsive. He has cooperated to the extent that now the gentleman from Minnesota and I and the committee have reached a position that the committee has accepted this as a committee amendment. I am grateful for that. I think that is the spirit and the way legislation should be arrived at here in this House.

All I want to say is that despite our feelings on the subject, the gentleman from Ohio (Mr. HAYS) has been responsive to a large group of people in this House, some 60 or more, who felt that this issue was a very vital issue. He was willing to work with us in order to achieve the compromise which is before us here today as a committee amendment.

Let me also say that it has been a pleasure to work with the gentleman from Minnesota (Mr. FRENZEL) on this matter on behalf of the some 60 or so cosponsors who believed the amendment of the committee was absolutely essential. This amendment gives the primary responsibility for supervision and enforcement of our campaign reform laws to this independent enforcement commission.

Furthermore, Mr. Chairman, under section 315 and other sections of this bill, the elections commission besides having the primary supervisory and enforcement authority, is given full independent authority to seek enforcement through civil action in court by way of injunction or other appropriate relief, without the necessity of submitting the matter to the Attorney General first. This independent enforcement capability is the heart and crux of campaign reform.

So, Mr. Chairman, I rise in support of the Federal Election Campaign Act Amendments of 1974 and certain amendments. This is one of the most important pieces of legislation to be considered by the House of Representatives during this Congress. The credibility of the Congress is at stake, and it is essential that we in the House of Representatives go on record in resounding support of the strongest measure possible.

The escalating cost of Federal election campaigns in recent years, and the growing reliance by candidates on large contributions from a few sources, have made it imperative that reasonable restrictions be enacted on total expenditures by candidates and on individual contributions.

Under the present law, there is no limitation on individual contributions to candidates for Federal office. As a result, as costs for Federal election campaigns have risen unchecked from an estimated $90 million in 1952 to an estimated $400 million in 1972, the need and the inclination to solicit and accept increasingly large contributions from individual contributors has grown proportionately.

Understandably, speculation and charges of undue influence and of "buying" candidates have gone hand in hand with the growing size of individual contributions. It is indeed difficult to make a convincing case that the contributor who gave $50,000 or $100,000 or even $1 million has not or cannot wield undue influence at some point with an elected official.

And the Watergate related scandals—the milk fund contributions, sizable corporate cash contributions, the laundering of cash contributions—have substantiated the charges and convinced the American people that their suspicions were warranted.

To restore public confidence in our elected officials and in the Federal election process, and to make absolutely sure that the massive campaign financing abuses we have recently witnessed do not recur, we must enact realistic limits on total campaign expenditures, on individual contributions, on cash contributions, and on committee contributions; and we must insure that these restrictions are vigorously enforced by an independent body.

Unless we make adequate provision for the independent and vigorous enforcement of the limitations we enact, we will remain open to charges of conflict of interest and public distrust will continue. I have intended, therefore, to offer an amendment with our colleague, Congressman BILL FRENZEL, and a strong bipartisan group of more than 60 Members of the House to make changes in the composition of the Board of Supervisory Officers and to eliminate congressional committee veto of the Board's regulations so that its independence is assured. Those joining in sponsoring the amendment include:

Bella Abzug, Brock Adams, John A. Anderson, LaMar Baker, Lindy Boggs, Clarence Brown, George Brown, Jr., Jim Broyhill, Clair Burgener, M. Caldwell Butler, Thad Cochran.

Barber Conable, Silvio Conte, John Conyers, Lawrence Coughlin, John Culver, John Dellenback, Robert Drinan, Thaddeus Dulski, John Erlenborn, Marvin Esch, Frank Evans, Thomas Foley, Donald Fraser, Lou Frey, Harold Froehlich.

Gilbert Gude, Tennyson Guyer, Lee Hamilton, Jim Hastings, John Heinz, Frank Horton, Jack Kemp, William Lehman, Gillis Long, Trent Lott, Richard Mallary, Wiley Mayne.

Edward Mezvinsky, Bob Michel, Donald Mitchell, Wayne Owens, Claude Pepper, Jerry Pettis, Richardson Preyer, Albert Quie, John Rhodes, Matthew Rinaldo, J. Kenneth Robinson, Howard Robison, Angelo D. Roncallo, Charles Rose, William R. Roy.

William Sarasin, Patricia Schroeder, Dick Shoup, Pete Stark, Gerry Studds, Roy Taylor, Morris Udall, William Walsh, Lester Wolff, Antonio Won Pat, Sidney Yates, Andrew Young.

I was pleased to note that in its editorial on Monday, August 5, the Washington Post commented on our amendment stating:

> If any single amendment deserves to be adopted by the House, it is this one, for there could be no more constructive change in Federal campaign practices than to have the regulatory laws—whatever they may be—aggressively and consistently policed by an agency with enough authority to do the job.

I urge our colleagues to give their support to this amendment as it is now offered as a committee amendment.

Mr. Chairman, the American public is looking to the Congress for positive action to restore confidence in our system of government which has been so badly shaken in recent months. Passage of meaningful reforms in campaign financing laws would serve notice that we are cleaning house, and we will assure accountability and eliminate any possibility of financial influence peddling.

Mr. MATHIS of Georgia. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I do not take this time to ask for a vote, as the gentleman from Minnesota (Mr. FRENZEL) has indicated he is going to, on this amendment.

The committee did agree to this as a compromise. I think I have somewhat of an obligation to the Members of the House to ask the hypothetical question—it may well be the real question—and that is this: Where does this amendment come from? And why do we need it?

I think the obvious truth is that it came from Common Cause.

Mr. Chairman, I have not had one constituent in my district, except a few members of Common Cause, contact me about an independent election commission. In the time I have been in Congress I have not had one constituent write me and complain about the method by which the Clerk of the House and the Secretary of the Senate have conducted themselves in enforcing this law.

The record, I think, speaks more eloquently than I can to this point. There have been over 5,000 violations of the 1971 act referred to the Department of Justice for prosecution, and I am informed that there have been three which have been followed through on.

So where is the demand for this amendment coming from? Why are we doing this to ourselves?

In accepting this amendment, we are taking away whatever power we might have vested in the Clerk of the House and in the Secretary of the Senate to insure that they would regulate and they would police and they would monitor the activities of this House.

I think what we are going to do when we adopt this amendment—and I think it will be adopted—to create an independent election commission is this: We going to set up a bunch of headhunters down here who are going to spend their full time trying to make a name for themselves persecuting and prosecuting Members of Congress.

I will say to the Members of the House that I think if we adopt this amendment—and I think we are going to do that—each and every one of us is going to rue the day we did.

Mr. BURLISON of Missouri. Mr. Chairman, will the gentleman yield?

Mr. MATHIS of Georgia. I yield to gentleman from Missouri.

Mr. BURLISON of Missouri. Mr. Chairman, is the gentleman from Georgia saying that with this amendment we are setting the stage for making it impossible for an incumbent to get a fair shake before this group.

Mr. MATHIS of Georgia. Mr. Chairman, I think my friend, the gentleman from Missouri, may very well be eminently correct. I think there will be a tendency in that direction.

Of course, we do not know who is going to be on this commission; we have no idea. It might have been 2 years ago the members might have been Ehrlichman, Mitchell, Haldeman, and Dean.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. MATHIS of Georgia. I yield to the gentleman from Ohio.

Mr. HAYS. Mr. Chairman, as the gentleman knows, I have had sympathy for his position. I opposed as vigorously as I knew how the idea of the Presidential commission.

Somebody came in with the proposal during hearings that we have a five-member commission consisting of the President and four persons appointed by him, and I resisted that. The gentleman is eminently right. It might have been those persons the gentleman named, given the situation 2 years ago or 3 years ago.

Mr. Chairman, this commission will be appointed by the Speaker and the Vice President, two by each. Of the two they appoint, one has to be of a different political party.

I think it is unlikely that the Speaker of the House and the present Vice President, who, incidentally, will obviously not be doing the appointing—some new Vice President will—are going to appoint people of the caliber the gentleman mentioned. There is this danger, I would say to the gentleman, that these people will find themselves unoccupied or not occupied enough and will try to become headhunters.

However, in Ohio, for example, we have the entire power vested in the Secretary of State, and he is of one political party. He does not have much else to do, and I am happy to say that our present Secretary of State has found other fields of recreation. He spends most of his time drinking, so, therefore, he does not bother to hunt anybody's head.

So, therefore, this town being what it is, we may find that the commission will wind up in some other recreation, like out at Burning Tree or something like that. But the House and the Senate will have oversight on this, and as long as I am chairman, I will exercise some authority.

Mr. MATHIS of Georgia. Mr. Chairman, I appreciate the remarks made by my distinguished chairman. I know how hard he really worked to arrive at some compromise with which we can live in this body.

But my chairman knows that there is no vote reserved for any employee or Member of the House if it were taken away from the Clerk of the House.

Mr. THOMPSON of New Jersey. Mr. Chairman, will the gentleman yield?

Mr. MATHIS of Georgia. I yield to the gentleman from New Jersey.

Mr. THOMPSON of New Jersey. Mr. Chairman, I am in support of the amendment, and certainly agree with the gentleman that the Clerk of the House of Representatives and the representative of the Senate should have a vote if they are to be on the Commission, otherwise I see no useful purpose in it.

The CHAIRMAN. The time of the gentleman has expired.

(On the request of Mr. THOMPSON of New Jersey, and by unanimous consent, Mr. MATHIS of Georgia was allowed to proceed for 2 additional minutes.)

Mr. MATHIS of Georgia. Mr. Chairman, I agree with the gentleman.

Mr. THOMPSON of New Jersey. I simply wanted to say that this is infinitely better than the Senate version, which has them appointed by the President.

Mr. MATHIS of Georgia. I agree fully with my friend, the gentleman from New Jersey, that it is in fact a better provision than exists in the Senate bill. I would certainly hold out no hope we could defeat this amendment, and I have no intention to do so. I have simply taken this time to point out to the Members of the House the dangers I see to us as sitting Members of this body, and would say that the Members had better watch their heads once the Commission is established.

Mr. HAYS. Mr. Chairman, if the gentleman will yield, I would just say to the Members of the House that the gentleman from Florida (Mr. FASCELL) has been very kind in praising me for the ability to compromise, and I think I do have that ability. But when we go to conference this will be the board or there "ain't" going to be any bill, and I will not give in to the Senate version on this one, and I know the other conferees will not, either.

Mr. MATHIS of Georgia. I appreciate the statement and the assurances of my chairman.

The CHAIRMAN. The question is on the committee amendment offered by the gentleman from Indiana (Mr. BRADEMAS).

The question was taken; and the Chairman announced that the ayes appeared to have it.

RECORDED VOTE

Mr. FRENZEL. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 391, noes 25, not voting 18, as follows:

[Roll No. 464]

AYES—391

Abdnor
Abzug
Adams
Addabbo
Alexander
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Arends
Armstrong
Ashbrook
Ashley
Aspin
Badillo
Bafalis
Baker
Barrett
Bauman
Beard
Bell
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Blackburn
Blatnik
Boggs
Boland
Bolling
Bowen
Brademas
Bray
Breaux
Breckinridge
Brinkley
Brooks
Broomfield
Brotzman
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill, N.C.
Broyhill, Va.
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burton, John
Burton, Phillip
Butler
Byron
Camp
Carney, Ohio
Carter
Casey, Tex.
Cederberg
Chamberlain
Clancy
Clark
Clausen, Don H.
Clawson, Del
Clay
Cleveland
Cochran
Cohen
Collier
Collins, Ill.
Collins, Tex.
Conable
Conlan
Conte
Conyers
Corman
Cotter
Coughlin
Crane
Cronin
Culver
Daniel, Dan
Daniel, Robert W., Jr.
Daniels, Dominick V.
Davis, Wis.
de la Garza
Delaney
Dellenback
Dellums
Denholm
Dennis
Derwinski
Devine
Dickinson
Dingell
Donohue
Dorn
Downing
Drinan
Dulski
Duncan
du Pont
Eckhardt
Edwards, Ala.
Edwards, Calif.
Eilberg
Erlenborn
Esch
Eshleman
Evans, Colo.
Fascell
Findley
Fish
Flood
Flowers
Foley
Ford
Forsythe
Fountain
Fraser
Frelinghuysen
Frenzel
Frey
Froehlich
Fulton
Fuqua
Gaydos
Giaimo
Gibbons
Gilman
Ginn
Goldwater
Gonzalez
Goodling
Grasso
Green, Oreg.
Green, Pa.
Griffiths
Grover
Gubser
Gude
Gunter
Guyer
Haley
Hamilton
Hammerschmidt
Hanley
Hanna
Hanrahan
Harrington
Harsha
Hastings
Hawkins
Hays
Hechler, W. Va.
Heckler, Mass.
Heinz
Helstoski
Henderson
Hicks
Hillis
Hinshaw
Hogan
Holt
Holtzman
Horton
Hosmer
Howard
Huber
Hudnut
Hungate
Hunt
Hutchinson
Ichord
Jarman
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, N.C.
Jones, Okla.
Jordan
Karth
Kastenmeier
Kazen
Kemp
Ketchum
King
Kluczynski
Koch
Kuykendall
Kyros
Lagomarsino
Latta
Lehman
Lent
Litton
Long, La.
Lott
Lujan
Luken
McClory
McCloskey
McCollister
McCormack
McDade
McEwen
McFall
McKay
McKinney
Macdonald
Madden
Madigan
Mahon
Mallary
Mann
Maraziti
Martin, Nebr.
Martin, N.C.
Mathias, Calif.
Matsunaga
Mazzoli
Meeds
Melcher
Metcalfe
Mezvinsky
Michel
Milford
Miller
Minish
Mink
Minshall, Ohio
Mitchell, Md.
Mitchell, N.Y.
Mizell
Moakley
Mollohan
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers
Natcher
Nedzi
Nelsen
Nichols
Nix
Obey
O'Brien
O'Hara
O'Neill
Owens
Parris
Passman
Patman
Patten
Pepper
Perkins
Pettis
Peyser
Pickle
Pike
Poage
Podell
Preyer
Price, Ill.
Price, Tex.
Pritchard
Quie
Quillen
Railsback
Randall
Rangel
Rees
Regula
Reid
Reuss
Rhodes
Riegle
Rinaldo
Roberts
Robinson, Va.
Robison, N.Y.
Rodino
Roe
Rogers
Roncalio, Wyo.
Roncallo, N.Y.
Rooney, Pa.
Rose
Rosenthal
Rostenkowski
Roush
Roy
Roybal
Runnels
Ruppe

Ruth
Ryan
St Germain
Sandman
Sarasin
Sarbanes
Satterfield
Scherle
Schneebeli
Schroeder
Sebelius
Seiberling
Shipley
Shoup
Shriver
Shuster
Sisk
Skubitz
Slack
Smith, Iowa
Smith, N.Y.
Snyder
Spence
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Steele
Steelman
Steiger, Ariz.
Steiger, Wis.
Stephens
Stokes
Stratton
Stubblefield
Stuckey
Studds
Sullivan
Symington
Talcott
Taylor, Mo.
Taylor, N.C.
Thompson, N.J.
Thomson, Wis.
Thone
Thornton
Tiernan
Towell, Nev.
Traxler
Treen
Udall
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Veysey
Vigorito
Waldie
Walsh
Wampler
Ware
Whalen
White
Whitehurst
Widnall
Wiggins
Wilson, Bob
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Winn
Wolff
Wright
Wyatt
Wydler
Wylie
Wyman
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Ga.
Young, Ill.
Young, S.C.
Young, Tex.
Zablocki
Zion
Zwach

NOES—25

Burleson, Tex.
Burlison, Mo.
Chappell
Danielson
Davis, S.C.
Dent
Evins, Tenn.
Fisher
Flynt
Gettys
Gross
Jones, Tenn.
Landgrebe
Landrum
Leggett
Long, Md.
Mathis, Ga.
Mills
Montgomery
Moss
Rousselot
Sikes
Symms
Waggonner
Whitten

NOT VOTING—18

Brasco
Carey, N.Y.
Chisholm
Davis, Ga.
Diggs
Gray
Hansen, Idaho
Hansen, Wash.
Hébert
Holifield
Jones, Ala.
McSpadden
Mayne
Powell, Ohio
Rarick
Rooney, N.Y.
Teague
Williams

So the committee amendment was agreed to.

The result of the vote was announced as above recorded.

Mr. BINGHAM. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, first I would like to compliment the chairmen and the committee on the fine job they have done on this difficult legislation.

I take this time to ask the chairman of the committee to clarify a matter that has to do with possible conflict between two sections of the bill. On page 7 of the bill there is a provision that limits a candidate and members of his immediate family to an expenditure of $25,000, and immediate family is defined in the law to include spouse, brother, sister, child, parent, and so forth; however, in the section we have been talking about earlier, on page 2 of the bill we have a limit on contributions to $1,000.

Is it the chairman's intention that the limit on the candidate's family expenditure of $25,000 is the controlling section as far as members of a candidate's immediate family are concerned?

Mr. HAYS. That is the intent. That is the controlling section, and if the members of the immediate family pool their resources to give $25,000, that is it. But, it does not say that any one of them can give, if there were five in a family, one can give $21,000 and the others are limited to $1,000 apiece. It is a pooling affair.

Mr. BINGHAM. I thank the chairman.

The CHAIRMAN. Are there additional eligible amendments to title II? Are there committee amendments to title III?

Are there eligible amendments to title IV?

COMMITTEE AMENDMENT OFFERED BY MR. HAYS

Mr. HAYS Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. HAYS: Page 79, line 14, insert "(1)" immediately after "(b)".

Page 79, line 15, strike out "407,".

Page 79, immediately after line 16, insert the following:

(2) The amendment made by section 407 shall apply with respect to taxable years beginning after December 31, 1971.

Mr. HAYS. Mr. Chairman, this is a clarifying amendment to an amendment we had in the bill on the tax return, where there is no income. All this does is make it apply to any taxable year after the calendar year 1971, which is this taxable year.

Therefore, it is just to wipe out the slate totally which we intended to wipe out.

The CHAIRMAN. The question is on the committee amendment offered by the gentleman from Ohio (Mr. HAYS).

The committee amendment was agreed to.

AMENDMENT OFFERED BY MR. FRENZEL

Mr. FRENZEL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FRENZEL: Page 53, strike line 17 and all that follows down through page 61, line 4.

Page 61, line 6, strike out "407" and insert in lieu thereof "406".

Page 61, line 15, strike out "408" and insert in lieu thereof "407".

Page 78, line 5, strike out "409" and insert in lieu thereof "408".

Page 79, line 11, strike out "410" and insert in lieu thereof "409".

Page 79, line 15, strike out "408, and 409" and insert in lieu thereof "and 408".

Mr. FRENZEL (during the reading). Mr. Chairman, I ask unanimous consent that further reading of the amendment be dispensed with and that it be printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. FRENZEL. Mr. Chairman, this amendment is very simple in intent. It strikes from the bill the provision that provides for Federal financing of national party nominating conventions. The bill, as it is before us, provides that the party conventions will be financed out of the public Treasury in the amount of $2 million for each of the major parties. In addition, it provides that either party may spend in excess of the $2 million which they receive from the taxpayers' funds.

Mr. Chairman, it is my strongly held belief that the Federal Government has no business controlling national party nominating conventions; that it should neither tell the parties of this country how much they can spend, nor should it give them any amount of money to spend. Financing can only lead to control, and we do not need Government control of either of our two fine parties.

Mr. Chairman, this is a fundamental philosophical point. The parties belong to the people. The parties have been free of the Government. Here, unless we adopt my amendment, we are now attaching them to the bureaucracy. We would be making them a part of the official Government establishment.

We would be, in fact, nationalizing the political parties of this great country. Therefore, I believe that it is absolutely essential that this portion be stricken from the bill.

I hope the Committee will support my amendment, Mr. Chairman.

Mr. BRADEMAS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, we all now know that Presidential nominating conventions, even as our Presidential primary elections, are an essential part of the process of electing an American President, as important in their own way as is the general election in the fall.

I would point out, in urging rejection of this amendment, that we already have public financing of national Presidential nominating conventions in this country because most of the money that finances these conventions comes from tax deductions for advertising, deductions that are taken by various business and labor groups for advertisements published in the convention programs that are distributed at the convention. So the present system is one whereby all of the taxpayers in the country involuntarily pay, through the tax deduction route, for the holding of conventions.

However, under the language in the committee bill, only those taxpayers who voluntarily participate in the dollar check-off participate in supporting the public financing of our two national nominating conventions.

A second point I would like to make, Mr. Chairman, is that the provision in the committee bill for the public financing of Presidential nominating conventions is the recommendation of the Bipartisan Commission on Convention Financing. This is not a partisan matter.

The third point I would like to make, Mr. Chairman, is that utilization of public financing is voluntary on the part of the political parties. A political party is not mandated to receive public funds from the dollar check-off system, and if it does not wish to do so, it can use up to $2 million in private funds to finance its convention.

Mr. Chairman, it seems to me that if we retain the language in the committee bill, both with respect to Presidential nominating conventions and Presidential primaries, we shall be filling out the initiative that Congress undertook in 1972 in providing that, beginning in 1976, we shall have public financing of Presidential general elections.

Surely, the events which are plaguing and afflicting all of the people of the United States now, Democrats and Republicans and Independents, in respect of the events associated with the 1972 election ought not to return to plague and afflict us once more.

Let us vote down this amendment.

Mr. ANNUNZIO. Mr. Chairman, will the gentleman yield?

Mr. BRADEMAS. I yield to the gentleman from Illinois.

Mr. ANNUNZIO. Mr. Chairman, I want to associate myself with the remarks of the gentleman from Indiana and to compliment him for the work and time and effort that he was devoted in committee on this particular public financing section of the bill.

Public financing—and we all are acquainted with the term—is an idea whose time has come. We must recognize it.

We are not spending money out of the public treasuries. As I pointed out yesterday, over $60 millions will be checked off by the American taxpayers. They are saying to the Members of the Congress, "We are checking this money off because we want you to spend this money so that we can have the type of election and the type of conventions in America that will reduce the pressure of the big-money interests in this country."

Mr. Chairman, I therefore urge the defeat of the amendment of the gentleman from Minnesota, because the American people have said to us, in giving us this responsibility: "Give us public financing and give us the type of public financing that will insure elections in a free and in a democratic system."

Mr. BRADEMAS. Mr. Chairman, I thank the gentleman from Illinois for his contribution.

I will conclude by saying that, as we all know, Mr. Chairman, we are in the midst of a week which is probably historic for the future of our country in respect of the Presidency of the United States. Let us take advantage of that historic situation and make a change for the better in the financing of our Presidential elections.

Mr. Chairman, I hope the amendment is rejected.

Mr. ROUSSELOT. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment offered by the gentleman from Minnesota (Mr. FRENZEL).

I wish to make this brief statement: The reason I feel this amendment is most appropriate is because national political conventions have been in the past clearly outside the realm of government and should be. To believe for one moment that by this kind of public financing out of the U.S. Treasury that we are being fair to the small political party or the so-called potential poor-boy Presidential candidate, I think, is a joke. My belief is that because this is a highly discriminatory portion of the present bill H.R. 16090 in favor of the major parties of this country, this approach is wholly unfair to small minority parties. To use public funds to give total advantage to the two major parties to have convention extravaganzas is, I think, a major disgrace to the concept of civil rights.

Mr. FRENZEL. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I yield to my colleague, the gentleman from Minnesota.

Mr. FRENZEL. Mr. Chairman, I thank the gentleman for yielding.

I wish to point out, in response to a previous speaker who indicated that this money was somehow blessed because it was checked off on an income tax form, that there is no money that anyone has given because of the checkoff.

The checkoff simply means that that particular person thinks that we should spend money on public financing. That person does not give $1 extra of his own money, and that person is out numbered by those people who did not check off.

There is no fund. There is simply a paper amount of money. We have not reserved anything; we have drawn funds directly from the Federal Treasury.

In effect, what someone who is participating in the checkoff is saying is: "I want to use somebody else's money to finance political conventions."

Mr. Chairman, I think the gentleman for yielding.

Mr. ROUSSELOT. Mr. Chairman, I thank the gentleman for his comments, and I hope my colleagues will be persuaded that this is a highly discriminatory provision in the bill. It should be stricken, as the gentleman from Minnesota is trying to do, I think, very persuasively. I urge a vote for the Frenzel amendment.

Mr. HUDNUT. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I would be glad to yield to my colleague, the gentleman from Indiana.

Mr. HUDNUT. Mr. Chairman, I wish to associate myself with the comments of the gentleman from California.

Mr. Chairman, In connection with this debate on the wisdom of deleting section 9008 of H.R. 16090—page 53—regarding payments for Presidential nominating conventions, I am pleased to rise in support of the amendment offered by my distinguished colleague from Minnesota, and would like, in this connection, to share with my colleagues the remarks of Indiana's Republican National Committeeman, the Honorable L. Keith Bulen, made before the Republican National Committee on April 26, 1974. They are as follows:

REMARKS BY L. KEITH BULEN

If there ever was a critical time in the history of our party when the responsibilities of our party stewardship should weigh heavily upon our conscience and our deliberations, it should be here and now April 26, 1974.

For the highest elected national leadership of a party that advocates decentralization of the Federal Government, the free enterprise system, self reliance, and individual citizen responsibility; to consider turning their party conventions over to the Federal Government to finance and direct seems to me incredible.

The seriousness of the present circumstances has compelled me to say that which I should have said long ago and that which I know to be right.

In spite of the affection and high regard in which I hold each and every one of you, particularly our national chairman, George Bush, and his three predecessors under whom I have been privileged to serve. The past six years of my personal participation on the R.N.C. and the executive committee has been, in many ways, the most frustrating and depressing years of my adult life.

When I say I feel compelled to speak, I mean it in the literal sense. My self respect and individual sense of worth have been sorely tested all too long, and I need and solicit your indulgence for my own self therapy if for no mutual benefit.

I came to this committee in 1968 full of enthusiasm and energies for the task of assisting in building a strong Republican National party organization the only way I knew, precinct by precinct, ward by ward, township by township, county by county, district by district, and State by State. I felt a strong commitment to serve meaningfully in accomplishing what I prayfully hoped was our Nation's destiny which required, in my heart and mind, a strong, effective, and ongoing Republican National party in fact, rather than one of paper or fiction.

One, encompassing and embracing hundreds of thousands of selfless, well motivated Americans from all walks of life sharing the toil and unheralded self satisfaction that comes from providing good responsive Government for all citizens and to know that you have done your part in achieving such a lofty pursuit. My zeal was almost evangelic, as I had always felt that politics was the highest of callings and the vehicle by which I might be of the most service to my fellow man.

Unfortunately, my service on the committee has not fulfilled my desire to serve, and has in fact caused me considerable remorse by reason of what, in my opinion, has been a lack of effectiveness that almost approaches failure and in contravention of the trust and confidence that I felt had been reposed in me by my constituents in Indiana who deserve better treatment.

Not only have I failed by inaction and silence to be a force to strengthen my party nationally, but I despair that I have unwittingly, by such nonfeasance, been responsible for not meeting the challenge that was ours. In candor, I am uncertain but that our party is now worse off than it was, and that I will not have left it better for my endeavors, which is a self-imposed requirement necessary to justify my very existence.

At this particular juncture, which in many ways seems almost as a dream that is fastly becoming a nightmare, I now find myself participating in deliberations which can certainly be the death knell for the two party system in this country. Such an aberration is abhorrent to me.

To turn my party and its primary function over to a Democrat Congress or to any Congress for that matter is unthinkable. I know of no single issue in my political recollection about which I feel so strongly. Federal campaign financing is indeed repugnant to my sense of a free and independent elective process, but for the R.N.C. to now seriously consider Federal financing of our primary party obligation, knowing the inevitability of restrictions and directives that invariably flow therefrom, is, in my judgment, a complete repudiation of our elected responsibilities to preserve and strengthen the national party.

Certainly my State of Indiana has no stomach for such abdication of party responsibility and has unanimously, as a State central committee, adopted a resolution in complete opposition to such a fatal course of action. Indiana, as an alternative, suggests a more austere convention format that we can afford, and/or we urge a further exploration of the possibility of private foundation grants, and/or individual or business tax credit or deduction consideration for convention contributors, and/or media related facilities or expenses be borne by the media, and/or sale of reserved seating, boxes, and in any event, Indiana offers to bear its share of any convention assessment, but respectfully demands the integrity of the nomination processes of our party convention be preserved and strengthened, not diluted or obviated.

We wish no part of selling our birthright or party heritage. Our Hoosier Republican workers often virtually risk their very lives in an effort to have honest elections in some areas of our State. We members of the R.N.C. from Indiana could not return to face those brave ladies and gentlemen after having participated in demeaning their commitment to persevere in face of adversity.

This is not the time, regardless of our difficulties or embarrassment, when we should collectively seek only the more comfortable or convenient option. The ultimate stakes are too important. As a matter of fact, this is indeed precisely the time to take off our coats, roll up our sleeves, lift up our eyes, keep our cool, and proceed realistically to do the nitty gritty job of permanent party building that has too long been delayed by the R.N.C.'s preoccupation with congressional, senatorial, and presidential campaigns, which at the most, have provided only incidental side benefits to actual party building and, on occasion, have done grave party harm.

It is no philosophical bent that causes me to make my remarks but from the experiences accumulated over some thirty-five years of running campaigns and from an immeasurable investment in and commitment to a free and unfettered strong two party system as the only workable underpinning for our form of Government.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Minnesota (Mr. Frenzel).

The question was taken; and the chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. ROUSSELOT. Mr. Chairman, on that I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 223, noes 193, not voting 18, as follows:

[Roll No. 465]

AYES—223

Abdnor
Anderson, Ill.
Andrews, N. Dak.
Archer
Arends
Armstrong
Ashbrook
Bafalis
Baker
Bauman
Beard
Bennett
Blackburn
Bray
Breckinridge
Brinkley
Broomfield
Brotzman
Brown, Mich.
Brown, Ohio
Broyhill, N.C.
Broyhill, Va.
Buchanan
Burgener
Burke, Fla.
Burleson, Tex.
Butler
Byron
Camp
Carter
Cederberg
Chamberlain
Chappell
Clancy
Clausen, Don H.
Clawson, Del
Cleveland
Cochran
Cohen
Collier
Collins, Tex.
Conable
Conlan
Conte
Crane
Cronin
Daniel, Dan
Daniel, Robert W., Jr.
Davis, Wis.
de la Garza
Delaney
Dellenback
Dennis
Derwinski
Devine
Dickinson
Dorn
Downing
Dulski
Duncan
du Pont
Edwards, Ala.
Erlenborn
Esch
Eshleman
Findley
Fish
Fisher
Flynt
Forsythe
Fountain
Frelinghuysen
Frenzel
Frey
Froehlich
Gilman
Ginn
Goldwater
Goodling
Green, Oreg.
Gross
Grover
Gubser
Guyer
Haley
Hammerschmidt
Hanrahan
Harsha
Hastings
Hébert
Hechler, W. Va.
Heinz
Hillis
Hinshaw
Hogan
Holt
Horton
Hosmer
Huber
Hudnut
Hunt
Hutchinson
Jarman
Johnson, Colo.
Johnson, Pa.
Jones, N.C.
Jones, Okla.
Kemp
Ketchum
King
Kuykendall
Lagomarsino
Landgrebe
Landrum
Latta
Lent
Lott
McClory
McCloskey
McCollister
McDade
McEwen
McKinney
Madigan
Mahon
Mallary
Mann
Maraziti
Martin, Nebr.
Martin, N.C.
Mathias, Calif.
Mayne
Michel
Milford
Miller
Minshall, Ohio
Mitchell, N.Y.
Mizell
Moorhead, Calif.
Mosher
Myers
Natcher
Nelsen
Nichols
O'Brien
Parris
Passman
Pepper
Perkins
Pettis
Poage
Powell, Ohio
Price, Tex.
Pritchard
Quie
Quillen
Railsback
Randall
Rees
Regula
Rhodes
Rinaldo
Roberts
Robinson, Va.
Robison, N.Y.
Rogers
Roncallo, N.Y.
Rousselot
Runnels
Ruppe
Ruth
Sandman
Sarasin
Satterfield
Scherle
Schneebeli
Sebelius
Shoup
Shriver
Shuster
Sikes
Skubitz
Smith, N.Y.
Snyder
Spence
Stanton, J. William
Steed
Steele
Steelman
Steiger, Ariz.
Steiger, Wis.
Stephens
Stuckey
Symington
Symms
Talcott
Taylor, Mo.
Thomson, Wis.
Thone
Towell, Nev.
Treen
Vander Jagt
Veysey
Waggonner
Walsh
Wampler
Ware
Whitehurst
Whitten
Widnall
Wiggins
Wilson, Bob
Winn
Wyatt
Wydler
Wylie
Wyman
Young, Alaska
Young, Fla.
Young, Ill.
Young, S.C.
Zion
Zwach

NOES—193

Abzug
Adams
Addabbo
Alexander
Anderson, Calif.
Andrews, N.C.
Annunzio
Ashley
Aspin
Badillo
Barrett
Bell
Bergland
Bevill
Biaggi
Biester
Bingham
Boggs
Boland
Bolling
Bowen
Brademas
Breaux
Brooks
Brown, Calif.
Burke, Calif.
Burke, Mass.
Burlison, Mo.
Burton, John
Burton, Phillip
Carney, Ohio
Casey, Tex.
Clark
Clay
Collins, Ill.
Conyers
Corman
Cotter
Daniels, Dominick V.
Danielson
Davis, S.C.
Dellums
Denholm
Dent
Dingell
Donohue
Drinan
Eckhardt
Edwards, Calif.
Eilberg
Evans, Colo.
Evins, Tenn.
Fascell
Flood
Flowers
Foley
Ford
Fraser
Fulton
Fuqua
Gaydos
Gettys
Giaimo
Gibbons
Gonzalez
Grasso
Green, Pa.
Griffiths
Gude
Gunter
Hamilton
Hanley
Hanna
Harrington
Hawkins
Hays
Heckler, Mass.
Helstoski
Henderson
Hicks
Holtzman
Howard
Hungate
Ichord
Johnson, Calif.
Jones, Ala.
Jones, Tenn.
Jordan
Karth
Kastenmeier
Kazen
Kluczynski
Koch
Kyros
Leggett
Lehman
Litton
Long, La.
Long, Md.
Lujan
Luken
McCormack
McFall
McKay
Macdonald
Madden
Mathis, Ga.
Matsunaga
Mazzoli
Meeds
Melcher
Metcalfe
Mezvinsky
Mills
Minish
Mink
Mitchell, Md.
Moakley
Mollohan
Montgomery
Moorhead, Pa.
Morgan
Moss
Murphy, Ill.
Murphy, N.Y.
Murtha
Nedzi
Nix
Obey
O'Hara
O'Neill
Owens
Patman
Patten
Peyser
Pickle
Pike
Podell
Preyer
Price, Ill.
Rangel
Reid
Reuss
Riegle
Rodino
Roe
Roncalio, Wyo.
Rooney, Pa.
Rose
Rosenthal
Rostenkowski
Roush
Roy
Roybal
Ryan
St Germain
Sarbanes
Schroeder
Seiberling
Shipley
Sisk
Slack
Smith, Iowa
Staggers
Stark
Stokes
Stratton
Stubblefield
Studds
Sullivan
Taylor, N.C.
Thompson, N.J.
Thornton
Tiernan
Traxler
Udall
Ullman
Van Deerlin
Vander Veen
Vanik
Vigorito
Waldie
Whalen
White
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Wolff
Wright
Yates
Yatron
Young, Ga.
Young, Tex.
Zablocki

NOT VOTING—18

Blatnik
Brasco
Carey, N.Y.
Chisholm
Coughlin
Culver
Davis, Ga.
Diggs
Gray
Hansen, Idaho
Hansen, Wash.
Holifield
McSpadden
Rarick
Rooney, N.Y.
Stanton, James V.
Teague
Williams

So the amendment was agreed to.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. FRENZEL

Mr. FRENZEL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Frenzel: Page 61, strike line 14 and all that follows down through page 78, line 3.

Page 78, line 5, strike "409" and insert in lieu thereof "408".

Page 79, line 11, strike "410" and insert in lieu thereof "409".

Page 79, line 15, strike out "408, and 409" and insert in lieu thereof "and 408".

Mr. FRENZEL. Mr. Chairman, by the adoption of the last amendment this House has saved the taxpayers $4 million.

This amendment which I am now proposing will enable us to save many times that sum. This amendment strikes from the bill the provisions that provide for matching public funds for Presidential primaries. That is all it does.

I think all of us know the arguments for and against public financing. I am prepared to make them more so perhaps than the rest of the Members, but I would rather concentrate on one particular aspect of this amendment.

The primaries, I believe, should be open to any candidate who wishes to become the President of the United States; but they have become, because of the concentration of media attention, the exclusive province of Members of the other body of this Congress. So every 4 years we witness the quadrennial ritual of Senators absenting themselves from their duties to campaign for 6 months for the Presidency while the Congress is in session. If we supply public funds to encourage this kind of activity, we are simply giving the Senators a paid vacation, instead of one which they have to pay for themselves.

Now, in addition to doing this for the other body, if we agree to the Presidential public financing, we are contributing to the destruction of the political parties, for with public money, who needs party money, who needs party discipline and who needs public alliance?

We will have more candidates for more dollar spending for elections, and the party system will deteriorate. At the same time, we will discourage third parties because there is a very high entry threshold. Candidates must raise a great deal of money before they can qualify for the matching fund. Therefore, a new party, or third party, is beat before it starts, and we are again left with the usual line up of candidates and who are they? Members of the other body, of course.

More than this, however, as I pointed out when the House wisely adopted the last amendment, by adopting this amendment we can bring back to the people some control over their election processes.

Every ounce of Federal financing means another step forward toward giving control of elections to the bureaucracy. Every bit of Federal financing takes the elections a little farther from the people and a little more tightly under the control of the bureaucracy.

Mr. Chairman, I do not want to belabor this point. I only want to thank the Members for their enlightened vote on the last amendment and urge a vote for this amendment, which will eliminate the matching Presidential primary raid on the public purse to support the candidacy of people seeking our Presidency in future years.

Mr. BRADEMAS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, let us consider where we are this afternoon.

We are on the floor of the House of Representatives, waiting to go to our television sets a little later tonight for an event that is rumored to be one that will have great significance for the people of this country and indeed, all of the people of the world.

We are all anticipating the probable resignation of the President of the United States. And why? Because we have witnessed over the last several months, month after month, revelations of the most spectacular lawlessness and corruption in the 200 years of the history of this country.

And what have we just witnessed in respect of the second stage of an effort begun by Congress in 1972 with the adoption of legislation providing for the public financing of Presidential general elections?

What have we just witnessed in respect of an opportunity that this Congress now has to clean up the kind of Presidential election revelations about which have brought the downfall of a man who was elected overwhelmingly 2 years ago?

Mr. Chairman, I will tell you. We have just witnessed the spectacle of his party voting by 177 to 7 to keep the same old system by which we have been financing Presidential elections in this country.

Mr. Chairman, it seems to me that upon that party—and its Representatives in Congress—there should now be some sense of public responsibility to join with those on this side, even as some of you on that side have already joined, to help clean up Federal elections in this country.

So, Mr. Chairman, I hope that we will reject this effort to strike from the bill the provision for public financing of Presidential primary elections.

This provision does not raid the Treasury of the United States. The moneys come from the funds freely, voluntarily designated by the taxpayer to go into the dollar checkoff fund.

So, Mr. Chairman, I would suggest, in the most direct way possible, to my friends on the minority side of the aisle that if they vote on this amendment as they did on the last amendment, the American people will reject them at the polls in November even as the American people are rejecting the present President of the United States.

The time has come to reduce the influence of big money in our Presidential elections—and this means primaries and national conventions as well as the general elections.

I urge the defeat of the amendment of the gentleman from Minnesota.

Mr. THOMPSON of New Jersey. Mr. Chairman, will the gentleman yield?

Mr. BRADEMAS. I yield to the gentleman from New Jersey.

Mr. THOMPSON of New Jersey. Mr. Chairman, I rather thoroughly agree with the gentleman's remarks. I might remind those who think that the taxpayer is being saved money by the passage of the last amendment are wrong. The conventions in the future, as in the past, will be financed by advertisements which are deductible, which are the people's money, in order to finance them.

I really am bitterly disappointed, and certainly hope that the current amendment will be defeated.

Mr. BRADEMAS. Mr. Chairman, I thank my colleague from New Jersey for his contribution. I hope my friends on the minority side will seize upon this amendment as an opportunity to redeem themselves from their vote on the previous amendment.

Mr. ANDERSON of Illinois. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I yield first to the gentleman from New York (Mr. FISH).

Mr. FISH. Mr. Chairman, I thank the gentleman for yielding.

I do resent the remarks of the previous speaker in the well with reference to ITT, and I think I have the standing in this House to do so.

Both our national parties will be holding conventions in 1976 and I do not expect the the Democratic Party, the gentleman's party, will be involved in any ITT business in that next general election.

I think another answer might be that we all might well consider the frivolousness, in many cases, and the large expenditures that go into national party conventions. Perhaps there is a better way of choosing our national candidates in the future.

Mr. ANDERSON of Illinois. Mr. Chairman, and members of the committee, I, too, join my friend, the gentleman from New York, in deeply regretting the kind of admonitory remarks the gentleman from Indiana, the distinguished deputy majority whip, has seen fit moments ago to deliver from the well of this House.

This is a sad day in the history of our country, assuming, as we all do, the events that will take place later this evening.

There is not anyone in this House, on either side of the aisle, who does not deeply deplore and regret the events that took place in the last Presidential campaign that in some respects are responsible for what we contemplate today.

However, I am not going to stand before this House and before the American people and apologize for the vote that I just made in defeating the effort to finance conventions through the checkoff, without any matching requirement.

I think that the gentleman from Indiana and many on this side of the aisle know that I have labored ceaselessly for many months now to inject a certain measure of public financing into the political process. I sought to do that along with the gentleman from Arizona (Mr. UDALL), the gentleman from Washington (Mr. FOLEY), the gentleman from New York (Mr. CONABLE) and many others, 40 in all, who have cosponsored an amendment that we hope yet to offer this afternoon that would provide, with respect to small contributions of $50 or less, that there could be a matching payment out of the Federal Treasury, out of the checkoff fund, not directly out of general funds, but out of the checkoff funds that have previously been established.

To suggest, however, that there is some shame that should be associated with our vote in saying that we did not want to inject total public financing into the financing of national conventions is to confuse the issue entirely.

I talked to the distinguished national chairman of my party, a former colleague of ours, a man of whom we are all proud, Mr. George Bush. His objection to total public financing of these national conventions was simply on the ground that he felt that it might lead to Federal regulations; if they were totally financed from Federal funds, it might lead to regulation that would extend even to the matter of delegate apportionment.

We now, of course, have a very important case that is pending in the Federal courts where we seek to adjudicate that issue. Therefore, I want to make it clear that there are some of us on my side of the aisle who in a very few minutes are going to support a matching amendment. We are all for encouraging small contributions of under $50 to eliminate big money and special-interest money from the financing of Congressional and Senatorial campaigns.

I hope the gentleman from Indiana will join me in supporting that amendment. I hope a majority of those on his side of the aisle will join us in supporting that amendment. But please do not leave the record in the shape in which it stands now, that somehow by voting against the amendment or voting for the amendment of the gentleman from Minnesota (Mr. FRENZEL), we have subscribed to the abuses that did mar the 1972 campaign.

Mr. BRADEMAS. Mr. Chairman, will the gentleman yield?

Mr. ANDERSON of Illinois. Since I have mentioned the gentleman's name, I will yield to him.

Mr. BRADEMAS. Mr. Chairman, I thank the gentleman. The gentleman knows the high respect I have for him.

Earlier in the debate I referred to his outstanding contributions to shaping the climate for a worthwhile campaign reform bill.

Mr. ANDERSON of Illinois. Mr. Chairman, I thank the gentleman.

Mr. BRADEMAS. But I want to say to my friend, the gentleman from Illinois, that I have here a letter which I did not mention in the debate on the last amendment. I do now think it appropriate, however, to mention the letter, in view of the citation by the gentleman from Illinois of the views of the distinguished Republican National Chairman, a former colleague of ours in this body, who said, in a letter of January 29, 1974:

> Bob Strauss and I appointed a bipartisan committee to look into new ways of financing the national conventions.
>
> One of the thoughts that came out of the first meeting was that the checkoff for political contributions should be amended so that the first $2 million go to the financing of the conventions.

Mr. Bush goes on:

> Frankly, it has an awful lot of merit to me. Much of the cost of the conventions has been financed through selling convention ads to corporations . . .

The CHAIRMAN. The time of the gentleman from Illinois (Mr. ANDERSON) has expired.

Mr. ANDERSON of Illinois. Mr. Chairman, I ask unanimous consent that I be allowed to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

Mr. HAYS. Mr. Chairman, reserving the right to object—and I do not intend to object—there are a lot of Members who have made commitments for this evening, and I am going to object to any further extension of time after this in the interest of trying to get this finished.

Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. BRADEMAS. Mr. Chairman, will the gentleman yield?

Mr. ANDERSON of Illinois. Mr. Chairman, before I yield, I would appreciate it if the gentleman would then leave me 1 minute, because I have something in addition to cover.

Mr. BRADEMAS. Of course.

Mr. ANDERSON of Illinois. I yield to the gentleman from Indiana.

Mr. BRADEMAS. Mr. Chairman, I simply want to say this—and I will spell this out further in the revision of my remarks—Chairman Bush endorsed this idea earlier. I was advised of that endorsement when I supported the amendment in good faith. I must say that for him to be turning around on a dime now and in effect leave us divided in such a partisan fashion on this campaign reform bill is not fair.

Mr. ANDERSON of Illinois. Mr. Chairman, let me reply to the gentleman's statement.

I do not challenge his good faith in offering the amendment, but let me make it clear that in the conversation I had with the distinguished national chairman of my party as recently as a week ago he explained to me at the time this proposition was originally offered he did not take into consideration the impact that the adoption of such an amendment might have on the court case that is now pending with respect to the apportionment of delegates during the 1976 conventions. He does not want to jeopardize the decision in that case and inject a possible Federal control of our national conventions.

That ought to be of as much concern on this side of the aisle as it is on my side of the aisle. That is the reason why we took the position we did on the Frenzel amendment, not because we were subscribing to anything in the way of illicit or unsavory practices with respect to the financing of national conventions or campaigns.

Mr. DENNIS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, we always play politics kind of rough in the State of Indiana, and I suppose it is about par for the course that my colleague, the gentleman from Indiana (Mr. BRADEMAS), succeeded in bringing this debate down from the high levels of alleged statesmanship in which it has been wandering to the ordinary partisan level which one might normally expect from the other side of the aisle.

But since he has done so, and hoping to retreat to a slightly more statesmanlike stance, let me point out a couple of things which, in my sincere opinion, are the real problems here, problems which we have not bothered to face and which, I may say to the gentlemen on the other side of the aisle, they have not had the guts to face and have not had any intention to face.

We are taking into consideration a reform bill here, as I had occasion to note yesterday, as did some other Members, under a lousy gag rule where one cannot even put in an amendment to the bill.

What amendments can we not put in? Well, we cannot put in an amendment which will reach the fact, for instance, that about half the Members over there are here thanks to involuntary union dues collected from people who have to pay them in order to work; and then they channel them into political action committees and use them to elect Members of Congress.

Where do we get around to the point in this bill of offering an amendment on that subject, I would like to ask the Members?

Mr. BRADEMAS. Mr. Chairman, will my friend, the gentleman from Indiana, yield?

Mr. DENNIS. No, Mr. Chairman, I will not yield right now. I have something else I want to say.

The trouble with this country and the reason we have special interest money running it, both from business—and we do—and from milk funds, as well as from labor and from everybody else, is that we have made the Government too big and too powerful, and every single person in this country who has two nickels, or a business, or a farm, has to come down here and beg for permission to live. And naturally they try to pay the bureaucrats and the politicians off.

Who did that? The party on the other side of the aisle, for the last 30 years, did that.

Now, the President of our party who, unfortunately, perhaps—learned your lessons too well, is about to pay for your sins. And you get up here and make fun and gloat about it in this sad hour of the Union. I am sorry to see it done.

I yield back the balance of my time.

Mr. HAYS. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I am delighted that the gentleman from Indiana (Mr. DENNIS) is able to get this debate on such a high plane, and I want to stay right on that high plane with the gentleman.

I noticed he used the word "retreat," and I would say that he has had some good experience in retreating lately. I am only sorry that he did not get to retreat on TV, like he made his defense on TV.

But, Mr. Chairman, somehow or other I have been getting the impression all day—and maybe we got a preview of it here from the gentleman from Indiana—I have been getting the impression that we are going to hear a speech at 9 o'clock tonight which is somehow or other going to be blamed on the Democrats for the predicament the President is in. And that is what the gentleman from Indiana said.

I have personally felt very sorry for Mr. Nixon, and I still do. I would not be any party to any hounding him after he retires or resigns from office. But I just hope that those folks over there do not think for one minute that we are going to let you get away with blaming us somehow for all of the people that are in the penitentiary and who are going to the penitentiary, and who will go to the penitentiary.

I have counseled with candidates for Congress on our side not to talk about Watergate because there are plenty of other issues. But if the gentleman from Indiana wants to make that the issue, well, I suppose we can rise to that high plane the gentleman is talking about and debate it with him. I would just as soon that we did not. I do not really think it has any place here.

We are going to decide whether or not we have public financing for primaries. We are going to decide whether we have public financing for the Presidential race. And the gentleman from Illinois (Mr. ANDERSON) who is against it on the one hand, is for it on the other, and we will have an amendment from him and the gentleman from Arizona (Mr. UDALL) to extend it to Members of the House and Senate. And I am going to fight them as hard as I know how.

I have abided by the will of the House, and I will stand by the will of the House in the conference.

The House decided it wanted a $60,000 limitation, and I am going to stand by that. The House decided it did not want the conventions financed, which I think was a mistake. My God, if you took a look at either one of them in November you might wish the Federal Government did regulate them. I guess the reason most people on our side voted against it was they were afraid that the same kind of people who took over the Miami convention would do it again, and they did not want to have any of their money in it. I guess that was the general motivating factor. But let us decide it, and vote our conscience, and abide by it.

I do not really mind a little rough debate now and then. And as I go back and read the debates in the time of Andrew Jackson and in the time of Thomas Jefferson, and in the time of the Adamses and then look at the statement now, I can see the difference.

If you say something if you think someone in this House is an idiot, you cannot say you think that because that is not gentlemanly conduct. They used to say a lot worse things than that about people in the old days, and the Republic has survived. I am not saying I think there is anyone who is that in the House, but there would be a way to get around it if one wanted to.

But what I am saying and what I finally want to say is, let us leave the partisanship out of it, and let us vote on the merits.

As chairman of the committee and as one of the conferees, I am going to try to uphold whatever the majority of this House wants. I hope that this experiment—and it is an experiment—in public financing and a voluntary checkoff, which is a referendum on the primary and on the Presidential election, will stand. I am not willing to go any further than that until we see how it works out in that instance.

Mr. CONLAN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I do not often speak on the floor here, but I have been listening to the comments on both sides these last few minutes and am moved to speak. I cannot help but think as a newcomer to this body that maybe the happenings of the last weeks and the last days might bring some sober reappraisal to all of us. Some of you who have been here for years know the tremendous accumulation of power that has been created in the Central Government here in Washington.

The gentleman from Indiana spoke of the special interests and the favoritism that seeks to come into campaign financing; but the other gentleman from Indiana put it very aptly when he said, "Why does that money come in?" It comes in because this Congress has created within its will and its authority, a bureaucracy that has the power to give special favors and the power to remove bureaucratic heavyhandedness, so that private individuals can have fair treatment from that bureaucracy.

I have listened to some of the older Members who have been here for years and some of you middle-aged Members, who say, "10 years ago we had time for reflection on major issues. We had time to think through issues. We could sit down, and we could read a book, and we could think about world affairs. We could have real input into decisionmaking. We could think about the foreign policy and the domestic directions of this country." But now they say in private conversations, "We have become ombudsmen; we have become paper shufflers; we are on a treadmill." You spend so much time answering your mail and seeking Federal handouts for your constituents because of the tremendous increase in power that the Federal Government has obtained over so many people's lives. People can hardly go to the toilet today without getting a Federal permit.

And so the public comes to you to interface and intercede between the bureaucracy and them. Does one wonder why the unethical money is coming in? Does one wonder why people try to buy in? Does one wonder why Congressmen are tempted and have to say no? Sometimes the temptations take hold, history has shown.

I think it is time for this body to begin thinking that maybe it has created over the years, as the gentleman from Indiana (Mr. DENNIS), has said, a situation which invites the corruption that we have seen too much of. And maybe the time is here to redress and correct that problem by redirecting power down to the States and the communities where the people can interface with a local bureaucracy, with their own resources, rather than having so much of it drained off here in Washington where the money is being dissipated through a tremendous overhead, and where the citizens get only 60 cents on the dollar back. Then to get out from under control of Federal controls and then to get a fair break, they have to try to buy in somewhere to get a fair shuffle.

That type of situation, Mr. Chairman, makes us need to rethink. I believe if the happenings of the last 18 months have brought us a better awareness of what has caused corruption and dishonesty, then we can rise above the pedestrian problems we are getting into, and be a Congress that can think through the critical areas of national concern, and leave some of the regulation and financing of government at the local level.

Then the public will have more respect for their institutions; they will have more respect for the Congress; the temptations here will be less for you, and the level of nobility and morality of this country might rise once again to the high level the public expects of it, and where it should be.

Mr. WRIGHT. Mr. Chairman, I rise in opposition to the amendment. I am as sorry as the gentleman from Indiana (Mr. BRADEMAS) that we adopted the most recent amendment offered by the gentleman from Minnesota. The committee had attempted in good faith to reduce the rather shameful reliance that both parties—both parties—have had upon a little handful of big contributors to the national campaigns, to the national conventions and to the maintenance of the national parties.

In 1967 I wrote an article for Harpers magazine, in the research for which I did a study of the financing of the national conventions of both parties in the preceding election, in the year 1964. A substantial part of the money raised for those national conventions in that year came from the publication of fancy brochures with ads selling for $10,000 to $15,000 a page. The Democrats entitled their book "Toward an Age of Greatness" and the Republicans called theirs "Congress, the Heart Beat of Government."

But now let us look at who bought those ads. Were these average citizens, were they plain-vanilla people trying to establish their rights of citizenship and have some voice in the selection of the two candidates who would be presented to the voters? No. They really were not.

Eleven of the top twenty-five contractors in the Nation purchased those ads in the books and, and they are some of the same people who were called upon as recently as 1972 to contribute money to the enormously costly job of trying to run a Presidential campaign. Many of them were corporations legally prohibited from contributing to campaigns, but they were able to buy ads in these books whose proceeds went to the same general purpose, and they deducted the payments as business expense.

Six airlines bought ads. Some were the same as have recently been found guilty of contributing illegally in the 1972 campaign. Three railroads bought ads. The Tennessee Gas Transmission Co. bought ads. Many other corporations and businesses regulated by the Government put up the money for the two parties, both of them, to conduct our national conventions through which we made our national choice of the two candidates between whom the American public would have a choice.

Now it is easy enough for the average American to say politics is corrupt and filthy and that he does not want to be partisan or be a party to it. He may even pride himself that he chooses not the party but the man. But let us look at the situation. That citizen is confronted with the choice already made for him. He just chooses between two preselected men.

And how does a candidate quality to be seriously considered by the convention? By raising enough money—much of it from huge individual contributors—to finance a series of terribly costly primary campaigns. It has become a rich man's game.

This provision in the bill is designed to encourage widespread public activity in supporting the candidates of one's own choice in the primaries. In order to qualify for this matching money from the funds created by the $1 individual checkoffs, a candidate in a Presidential primary first would have had to raise $100,000, $20,000 in each of five States, and the bill encourages relatively smaller contributions because it matches moneys contributed in individual donations of $250 and less. It is a good experiment.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. WRIGHT. Of course I yield to the distinguished chairman.

Mr. HAYS. It is $5,000 in 20 States.

Mr. WRIGHT. Mr. Chairman, I am sorry I misstated it and I stand corrected. The elucidation made by the gentleman from Ohio improves the point I was trying to make.

All I am trying to say is that, gee, if we are serious about reducing the reliance upon these big contributors who more and more hold the keys to the gates of political opportunity, if we are serious in saying that a candidate for President should not have to be wealthy or a willing ward of the wealthy, then I think we ought to give a fair trial to this provision which the committee has devised.

Mr. PICKLE. Mr. Chairman, will the gentleman yield?

Mr. WRIGHT. I yield to the gentleman from Texas.

Mr. PICKLE. Mr. Chairman, I join the gentleman in opposing the amendment of the gentleman from Minnesota (Mr. FRENZEL). I think the time has come for us to see if we can finance Presidential elections by the public finance method.

I think we ought to give it a try and see how it works.

Now, in supporting this provision, that is, Presidential election financing, I do not oppose the amendment, but I think it is important we ought to give this a try.

I rise in opposition to the motion to strike the portions of title IV mandating a program of public financing for Presidential elections.

I realize that this is one of the more controversial sections of this long and intricate bill. I realize that public financing of elections is still a novel idea, even though it was first proposed back in 1907 by a Republican President, Theodore Roosevelt. I realize that we will be plowing new ground here, that we will be testing a new concept.

I do not favor extending public financing to congressional elections at this time. I think we need to float the boat and test the waters a bit before we involve the many hundreds of congressional races in such a new process.

Yet I think we should not be afraid now to make the first step. And I think that the Presidential election process is the place to make it. It is in the Presidenial election that millions and millions of dollars are required. It is in the Presidential election that the role of the little man is struggling the hardest, and has come under the most uncertainty.

We need to restore the role of the common man in our Presidential election process by removing the need of the candidates for this great high office to rely on huge contributions from wealthy interests of every sort. Through its reliance on the dollar-check-off and through its matching formula in the crucial primary elections, the provision for public financing for Presidential elections in this bill does right the balance again. This section clearly restores the individual to his proper role in helping to elect the person to fill the highest office in our land. At least let us try public financing for Presidential elections. Let us see how it can work.

I urge again, therefore, that the motion to strike be defeated.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. WRIGHT. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Chairman, if the gentlemen from Texas are serious about trying to experiment, that is a good idea; but under the rule we are forfeited. We do not have the opportunity to limit it to say 5 years or 10 years and just try it out, because the closed rule has prevented us from doing that.

Mr. WRIGHT. Mr. Chairman, I would say to the gentleman that Congress could repeal this law if it did not work out as we intend, at any time in the future.

Mr. ROUSSELOT. I have heard that before and the bad laws go on and on. If the gentlemen from Texas are serious about having an experiment, we should have a limitation that it automatically expires at the end of 8 years or something like that.

Mr. WRIGHT. The gentleman would be free to offer such an amendment. But first we certainly should vote down the pending amendment and give this plan a chance.

Mr. ANNUNZIO. Mr. Chairman, I move to strike the requisite number of words. I rise in opposition to the amendment of the gentleman from Minnesota.

I want to join the gentlemen from Texas. When we talk about limitations, we all know the answer is fundamental, we do have an election for the President every 4 years. We are not talking about money from the general revenue fund. We are talking about voluntary contributions, the checkoff system.

The gentleman from Illinois (Mr. ANDERSON) made a statement that he favors matching funds. What we are talking about in this particular section of the bill is matching funds for Presidential primary elections.

It has been amply stated that the minimum requirements are $250 contributions, $5,000, 20 States, $100,000, in order to be eligible to participate in this fund on a matching basis.

To my good friend, the gentleman from California, who serves on Banking and Currency Committee, I have the highest regard for him. I want to point out to him that in this particular section of the bill, that if the money is in the fund it can be used; but if there is no money in the fund, then we are not able to spend any money. The chairman is correct, we are placing public financing on a trial basis.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. ANNUNZIO. Yes. I am happy to yield to the gentleman from Ohio.

Mr. HAYS. I am for the trial run and against the amendment. Maybe I should not say any more. I do not want to influence any votes against it; but I think we ought to know if the amendment stays in the bill and my dear friend, the gentleman from Arizona (Mr. UDALL) is a candidate for President, and I understand he has announced that, that I also will be a candidate, because I think the Democrats deserve a choice between the Postal System we have now and the one I would go back to, which was the old-fashioned Pony Express. It got the mail there faster.

Further than that, I think I can raise my money in 20 States quicker than the gentleman from Arizona (Mr. UDALL) can and I will contest him on that.

So I want all of us to know if they support this amendment and the gentleman from Arizona (Mr. UDALL) is a candidate, the country is getting me, too.

Mr. ANNUNZIO. Mr. Chairman, I urge my colleagues in the House to reject the amendment of the gentleman from Minnesota and to support the committee position. It is an idea again, I emphasize, whose time has come.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Minnesota (Mr. FRENZEL).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. ROUSSELOT. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 163, noes 253, not voting 18, as follows:

[Roll No. 466]

AYES—163

Abdnor
Archer
Arends
Armstrong
Ashbrook
Bafalis
Baker
Bauman
Beard
Bevill
Biaggi
Bray
Brinkley
Brown, Mich.
Brown, Ohio
Broyhill, N.C.
Broyhill, Va.
Burgener
Burke, Fla.
Burleson, Tex.
Butler
Byron
Camp
Carter
Cederberg
Chamberlain
Chappell
Clancy
Clausen, Don H.
Clawson, Del
Cochran
Collins, Tex.
Conlan
Crane
Daniel, Dan
Daniel, Robert W., Jr.
Davis, Wis.
de la Garza
Delaney
Denholm
Dennis
Derwinski
Devine
Dickinson
Dorn
Downing
Duncan
Edwards, Ala.
Erlenborn
Eshleman
Findley
Fisher
Flynt
Forsythe
Fountain
Frelinghuysen
Frenzel
Frey
Froehlich
Gettys
Goldwater
Goodling
Gross
Grover
Gubser
Guyer
Haley
Hammerschmidt
Hébert
Hinshaw
Holt
Hosmer
Huber
Hudnut
Hunt
Hutchinson
Ichord
Jarman
Johnson, Pa.
Jones, N.C.
Kemp
Ketchum
King
Kuykendall
Lagomarsino
Landgrebe
Landrum
Latta
Lent
Lott
Lujan
McClory
McCollister
McEwen
Madigan
Mann
Martin, Nebr.
Martin, N.C.
Michel
Miller
Minshall, Ohio
Mizell
Montgomery
Moorhead, Calif.
Mosher
Myers
Nelsen
Passman
Poage
Powell, Ohio
Price, Tex.
Quie
Quillen
Randall
Regula
Rhodes
Robinson, Va.
Robison, N.Y.
Rousselot
Roy
Runnels
Ruppe
Ruth
Sandman
Satterfield
Scherle
Schneebeli
Sebelius
Shoup
Shuster
Skubitz
Smith, N.Y.
Snyder
Spence
Steed
Steiger, Ariz.
Steiger, Wis.
Stephens
Stuckey
Symms
Talcott
Taylor, Mo.
Thomson, Wis.
Thone
Towell, Nev.
Treen
Vander Jagt
Veysey
Waggonner
Wampler
White
Whitehurst
Whitten
Wiggins
Wilson, Bob
Wyatt
Wylie
Wyman
Young, Alaska
Young, Fla.
Young, S.C.
Zion
Zwach

NOES—253

Abzug
Adams
Addabbo
Alexander
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Ashley
Aspin
Badillo
Barrett
Bell
Bennett
Bergland
Biester
Bingham
Boggs
Boland
Bolling
Bowen
Brademas
Breaux
Breckinridge
Brooks
Broomfield
Brotzman
Brown, Calif.
Buchanan
Burke, Calif.
Burke, Mass.
Burlison, Mo.
Burton, John
Burton, Phillip
Carney, Ohio
Casey, Tex.
Clark
Clay
Cleveland
Cohen
Collier
Collins, Ill.
Conable
Conte
Conyers
Corman
Cotter
Coughlin
Cronin
Culver
Daniels, Dominick V.
Danielson
Davis, S.C.
Dellenback
Dellums
Dent
Dingell
Donohue
Drinan

Dulski
du Pont
Eckhardt
Edwards, Calif.
Eilberg
Esch
Evans, Colo.
Evins, Tenn.
Fascell
Fish
Flood
Flowers
Foley
Ford
Fraser
Fulton
Fuqua
Gaydos
Giaimo
Gibbons
Gilman
Ginn
Gonzalez
Grasso
Green, Oreg.
Green, Pa.
Griffiths
Gude
Gunter
Hamilton
Hanley
Hanna
Hanrahan
Harrington
Harsha
Hastings
Hawkins
Hays
Hechler, W. Va.
Heckler, Mass.
Heinz
Helstoski
Henderson
Hicks
Hillis
Hogan
Holtzman
Horton
Howard
Hungate
Johnson, Calif.
Johnson, Colo.
Jones, Ala.
Jones, Okla.
Jones, Tenn.
Jordan
Karth
Kastenmeier
Kazen
Kluczynski
Koch
Kyros
Leggett
Lehman
Litton
Long, La.
Long, Md.
Luken
McCloskey
McCormack
McDade
McFall
McKay
McKinney
Macdonald
Madden
Mahon
Mallary
Maraziti
Mathias, Calif.
Mathis, Ga.
Matsunaga
Mayne
Mazzoli
Meeds
Melcher
Metcalfe
Mezvinsky
Mills
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moakley
Mollohan
Moorhead, Pa.
Morgan
Moss
Murphy, Ill.
Murphy, N.Y.
Murtha
Natcher
Nedzi
Nichols
Nix
Obey
O'Brien
O'Hara
O'Neill
Owens
Patman
Patten
Pepper
Perkins
Pettis
Peyser
Pickle
Pike
Podell
Preyer
Price, Ill.
Pritchard
Railsback
Rangel
Rees
Reid
Reuss
Riegle
Rinaldo
Roberts
Rodino
Roe
Rogers
Roncalio, Wyo.
Roncallo, N.Y.
Rooney, Pa.
Rose
Rosenthal
Rostenkowski
Roush
Roybal
Ryan
St Germain
Sarasin
Sarbanes
Schroeder
Seiberling
Shipley
Shriver
Sikes
Sisk
Slack
Smith, Iowa
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steele
Steelman
Stokes
Stratton
Stubblefield
Studds
Sullivan
Symington
Taylor, N.C.
Thompson, N.J.
Thornton
Tiernan
Traxler
Udall
Ullman
Van Deerlin
Vander Veen
Vanik
Vigorito
Waldie
Walsh
Ware
Whalen
Widnall
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Winn
Wolff
Wright
Wydler
Yates
Yatron
Young, Ga.
Young, Ill.
Young, Tex.
Zablocki

NOT VOTING—18

Blackburn
Blatnik
Brasco
Carey, N.Y.
Chisholm
Davis, Ga.
Diggs
Gray
Hansen, Idaho
Hansen, Wash.
Holifield
McSpadden
Milford
Parris
Rarick
Rooney, N.Y.
Teague
Williams

So the amendment was rejected.

The result of the votes was announced as above recorded.

AMENDMENT OFFERED BY MR. CONYERS

Mr. CONYERS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CONYERS: Page 51, immediately after line 7, insert the following:

(2) Section 9002(7) (relating to the definition of "minority party") is amended by striking out "5 percent or more but".

And redesignate the following paragraphs accordingly.

Page 51, immediately after line 26, insert the following:

(6) Section 9004(a)(3) (relating to eligibility of candidates of a minor party or a new party) is amended by striking out "5 percent or more of the total" and inserting in lieu thereof "any".

And renumber the following paragraphs accordingly.

Page 54, strike out lines 18 and 19 and insert in lieu thereof the following:

"(2) Minor parties and new parties.—Subject to the provisions of this section the national committee of a minor party and the national committee of a new party

Page 55, line 3, immediately after "election" insert the following:

, or as the number of popular votes received by the candidate for President of the new party received in the current Presidential election.

Page 55, line 10, strike out "or minor party" and insert in lieu thereof ", minor party, or new party".

Page 55, line 16, strike out "or minor party" and insert in lieu thereof ", minor party, or new party".

Page 56, strike out lines 16 and 17 and insert in lieu thereof the following:

"(2) Minor parties and new parties.—Except as provided by paragraph (3), the national committee of a minor party or a new party

Page 56, line 24, strike out "or minor party" and insert in lieu thereof ", minor party, or new party".

Page 57, line 21, strike out "or minor party" and insert in lieu thereof ", minor party, or new party".

Page 58, line 15, strike out "or minor party" and insert in lieu thereof ", minor party, or new party".

Page 59, line 2, strike out "or minor party" and insert in lieu thereof ", minor party, or new party".

Page 59, line 15, strike out "or minor party" and insert in lieu thereof ", minor party, or new party".

Page 60, line 2, strike out "or minor party" and insert in lieu thereof ", minor party, or new party".

Page 60, beginning in line 9, strike out "or minor party" and insert in lieu thereof ", minor party, or new party".

Page 60, line 18, strike out "or minor party" and insert in lieu thereof ", minor party, or new party".

Mr. CONYERS (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. CONYERS. Mr. Chairman and my colleagues, this is a conforming amendment which would eliminate the provision whereby minor or new political parties must receive at least 5 percent of the national or popular vote to be eligible for public funds.

What this amendment does is to go through all of the places in 15 parts of this bill, which I support, and eliminates the 5 percent requirement.

I would like to explain why I think it is eminently logical and desirable that this body go on record in correcting what perhaps might have been a poor mistake, or an issue not clearly considered by the committee.

First of all, I think we must realize that although we now have a two-party system, we should not presume that all the parties there are ever going to be here for all time.

There is a very important and I think dramatic political history of this Nation in which parties have emerged and, like people, have lived, matured and passed on.

I think that at a time when politics enjoys such little public confidence we must not be put in a position of discouraging the growth and the healthy competition that would accrue from this conforming amendment.

May I point out, under the provisions of my amendment, that all the six new or minor political parties in the 1972 election totaled only four-tenths of 1 percent of the total votes cast for the Presidency of the United States and there would have been only $70,000 expended between some six parties because minor or new parties only receive that portion of $20 million equal to their proportion of the total Presidential vote.

So it seems to me eminently sound, quite fair and democratic, that we here allow the widest and total expression of all our citizens in this country in connection with the political parties of their choice which are so important a part of the electoral process.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. CONYERS. I yield to the gentleman from Ohio.

Mr. HAYS. Mr. Chairman, I appreciate the gentleman submitting his amendment, but I would like to call the attention of the gentleman to the fact that in the confusion of the debate here I find that all of the sections to which the gentleman's amendment applies, except that part on page 51, have already been stricken out of the bill.

This is a situation that is new to me. It seems to me that the gentleman's amendment is germane down through the part that says:

(6) Section 9004(a)(3) (relating to eligibility of candidates of a minor party or a new party) is amended by striking out "5 percent or more of the total" and inserting in lieu thereof "any."

Because the rest of it has been stricken by the Frenzel amendment.

I hope that the chairman will recognize that this amendment is in no way contrary to the thrust of the bill before the membership here today. It merely insures that those who may not be in the majority position, and thus not a part of either of the two parties who now totally control this decision by our membership in both the House and the Senate, that we should not solely out of our generosity but out of our recognition that the fairest way to encourage all citizens to participate is to allow these same provisions to apply to those who may support any party as long as it conforms to the legal and statutory requirements in the jurisdiction in which it was created.

Also, it may as well be a question of constitutionality for us to have assigned so arbitrary a figure, 5 percent, in defining a political grouping eligible for Federal funds and governed by Federal regulations.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. CONYERS. I yield to the gentleman from California.

Mr. ROUSSELOT. I thank the gentleman for yielding.

Is the gentleman also saying that if we are going to, under this bill, actually open up the Federal Treasury to certain groups, we ought to make it fair for all, regardless of their size? Is that true?

Mr. CONYERS. Precisely.

Mr. ROUSSELOT. I think that is a

wholly reasonable and correct position and I appreciate the gentleman's explanation

Mr. CONYERS. I urge the support from the membership in behalf of this amendment.

The CHAIRMAN. The time of the gentleman has expired.

Mr. BRADEMAS. Mr. Chairman, I move to strike the requisite number of words and I rise in opposition to the amendment.

Mr. Chairman, I appreciate the positive thrust behind the amendment offered by the gentleman from Michigan, but as I read his amendment, in effect it would say that if a handful of people decided to call themselves a political party and were to seek to make use of funds from the dollar checkoff fund in Presidential general elections, assuming that they met the other qualifications, they would be able to obtain money under the gentleman's amendment. I think that the language incorporated in the committee bill, which is language from the 1972 dollar checkoff law with respect to Presidential general elections, is sensible in that it provides that minor parties would be defined as any political party whose campaign for President or Vice President in the preceding election received at least 5 percent but less than 25 percent of the total number of popular votes cast for all candidates in such elections.

I do not want to misrepresent the gentleman's amendment. If I have, I am sure he will explain it to me. I will be glad to yield to him.

Mr. CONYERS. I appreciate the gentleman's yielding.

I should like to point out that the handful of people who may want to form a political party is the same kind of a handful of people who might form and have formed some of the great parties in the past, and specifically the two great parties that exist in this country today. There was a handful of people that formed the Whig Party that elected two Presidents. There was a handful of people that formed the party that the gentleman and I are members of, back in 1800. At the same time I think that we should not deprecate those citizens who may reserve judgment.

Mr. BRADEMAS. I appreciate the point the gentleman is making. The point I am making, however, is that were we to agree to his amendment, the effect would surely be to give encouragement to the proliferation of minor parties in the United States. We seem to be surviving, in spite of our difficulties, with two major parties, and I would hope the gentleman's amendment would be rejected.

Mr. FRENZEL. Mr. Chairman, I move to strike the last word.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. FRENZEL. I yield to the gentleman from Ohio.

Mr. HAYS. Mr. Chairman, I ask unanimous consent that all debate on this amendment cease in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. FRENZEL. Mr. Chairman, will the gentleman from Michigan answer a question? It looks as though the bill as amended would only admit to the first two sections of this amendment which would allow a new party or a minor party with any number of members or adherence of any number full participation in the fund. Is this correct?

Mr. CONYERS. That is correct. What we seek to do is to strike what might now be considered an arbitrary number to require the parties to reach a 5-percent growth to succeed and reach the checkoff benefit. After all, that may have been 2 percent or something else, but altogether it would have cost $70,000 among six different parties. I think the logic of fairness to all parties in arriving at this new profound law is extremely important and should be embodied in this first important piece of legislation.

Mr. FRENZEL. I thank the gentleman for his explanation. I think the gentleman is right, that we have never been able to establish a matching formula that would do justice to new parties and third parties or independent parties. This troubles me particularly and is one reason why I do not like matching or public financing of any kind.

I do however think that striking out any kind of qualification is a mistake, and, as the gentleman from Indiana (Mr. BRADEMAS) has pointed out, actually even a group of two could be a new party under the gentleman's amendment, and for that reason I am going to oppose it.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. FRENZEL. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Chairman, I appreciate the gentleman yielding.

Mr. Chairman, is not the 5-percent figure, very arbitrary, and totally unnecessary to the process of getting a party started? As far as two people in a closet, starting a party, everybody realizes it takes more than that to start a viable political party. How did the committee arrive at a 5-percent figure?

Mr. FRENZEL. The committee did not arrive at a 5-percent figure.

Mr. ROUSSELOT. Where did it come from?

Mr. FRENZEL. That was in the Internal Revenue Code. That was voted long ago.

Mr. ROUSSELOT. Did the IRS determine that 5-percent formula?

Mr. FRENZEL. No. Only the Congress can write the laws. It is part of our checkoff law.

Mr. ROUSSELOT. This is going to be managed by the Treasury Department? Where did that wonderful magic term of 5 percent come from?

Mr. FRENZEL. The Congress determined that when it passed the original checkoff fund.

Mr. ROUSSELOT. I really do not know who can explain this arbitrary 5-percent formula.

Mr. BRADEMAS. Mr. Chairman, will the gentleman yield?

Mr. FRENZEL. I yield to the gentleman from Indiana.

Mr. BRADEMAS. Mr. Chairman, this is from the 1972 act which establishes the dollar checkoff fund with respect to Presidential general elections.

Mr. ROUSSELOT. How did the Congress establish 5 percent?

Mr. BRADEMAS. It is in the act.

Mr. ROUSSELOT. That is certainly an arbitrary test.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. FRENZEL. I yield to the gentleman from Ohio.

Mr. HAYS. Of course it is an arbitrary decision, just like the $60,000 figure is arbitrary.

Mr. ROUSSELOT. This bill has many arbitrary decisions in my opinion.

Then nobody can answer that question about the 5 percent and how it was arrived at? I am therefore constrained to vote for the amendment.

Mr. FRENZEL. I suggest we vote against the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan (Mr. CONYERS).

The amendment was rejected.

AMENDMENT OFFERED BY MR. UDALL

Mr. UDALL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. UDALL:

On page 78, line 4, add the following new Section 409, and renumber the existing Sections 409 and 410 to become Sections 410 and 411.

CONGRESSIONAL MATCHING PAYMENT ACCOUNT

SEC. 409. (a) The analysis of subtitles at the beginning of the Internal Revenue Code of 1954 is amended by substituting the following new Subtitle H:

"Subtitle H. Financing of Federal Election Campaigns."

(b) The analysis of chapters at the beginning of subtitle H of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following:

"Chapter 98. Congressional Matching Payment Account."

(c) Subtitle H of the Internal Revenue Code of 1954 is amended by adding at the and thereof the following new chapter:

"Chapter 98—CONGRESSIONAL MATCHING PAYMENT ACCOUNT

"SEC. 9051. SHORT TITLE

"This chapter may be cited as the Congressional Matching Payment Account Act.

"SEC. 9052. DEFINITIONS

"For purposes of this chapter—

"(1) 'authorized committee' means the principal campaign committee of a candidate for federal office as designated under Section 302(f) of the Federal Election Campaign Act of 1971;

"(2) 'contribution' means a gift of money made by a written instrument which identifies the person making the contribution by full name and mailing address, but does not include a subscription, loan, advance or deposit of money, or a contribution of products or services;

"(3) 'eligible candidate' means a candidate for election to federal office who is eligible under section 9053, for payments under this title;

"(4) 'Federal office' means the federal office of Senator, or Representative;

"(5) 'general election' means any regularly scheduled or special election held for the purpose of electing a candidate to Federal office;

"(6) 'matching account' means the Congressional Matching Payment Account established under section 9057;

"(7) 'official political party committee' means a political committee organized by the House or Senate members of any political party having more than 15 percent of the membership of either the House of Representatives or Senate of the United States and designated as an official political party committee by the appropriate House or Senate caucus of the political party;

"(8) 'qualified campaign expenses' means only those campaign expenses incurred in behalf of a candidate for the use of:

"(i) broadcasting stations to the extent that they represent direct charges for airtime;

"(ii) newspapers, magazines and outdoor advertising facilities to the extent that they represent direct charges for advertising space;

"(iii) direct mailings to the extent that they represent charges for postage; and

"(iv) telephones to the extent that they represent lease and use charges for equipment.

Provided, That qualified campaign expenses shall not include any payment which constitutes a violation of any law of the United States or of the state in which the expense is paid or incurred.

"(9) 'Representative' means a Member of the House of Representatives, and the Delegates from the District of Columbia, Guam, and the Virgin Islands.

"SEC. 9053. ELIGIBILITY FOR PAYMENTS

"(a) To be eligible to receive any payments under section 9057 for use in connection with his general election campaign, a candidate shall certify to the supervisory officer that the candidate is the nominee of a political party for election to the federal office of Representative or Senator or is otherwise qualified on the ballot as a candidate in the general election for such office, and he and his authorized committees have received contributions for that campaign in the amount of 10 percent of the maximum amount he may spend in the general election under section 608(c); *Provided,* That no candidate in the general election for the office of Senator need raise more than $50,000.

"(b) To be eligible to receive any payments under section 9057 for use as campaign contributions an official political party committee shall have its chairman certify to the supervisory officer its status as an official political party committee.

"(c) In determining the amount of contributions received for purposes of subsection (a) and of Section 9054(a)—

"(1) no contribution received as a subscription, loan, advance, or deposit, or as a contribution of products or services, shall be taken into account;

"(2) no contribution from any person shall be taken into account (a) in the case of a candidate to the extent that it exceeds $50 when added to the amount of all other contributions made by that person to or for the benefit of that candidate in connection with his election campaign; and (b) in the case of an official political party committee to the extent that it exceeds $50 in a given calendar year when added to the amount of all other contributions made by that person to the official political party committee of a given political party during the calendar year.

"(3) no contribution from any person shall be taken into account unless the recipient submits to the supervisory officer at such times and in such form as the supervisory officer may require, a matching payments voucher. Such voucher shall include the full name of any person making a contribution together with the date, the exact amount of the contribution, the complete address of the contributor and such other information as the supervisory officer may require.

"(4) no contribution from any person shall be taken into account in the case of a candidate to the extent that it was received prior to June 1 of the calendar year in which the general election is held, or in the case of a special general election, to the extent that it was received prior to three months before the special general election is held.

"(5) no contribution from any person shall be taken into account in the case of a candidate to the extent that it was received by a candidate or his authorized committee in pursuit of an unsuccessful attempt to obtain his party's nomination for the federal office being sought.

"(d) Certification under this section shall be filed with the supervisory officer at the time required by the supervisory officer.

"SEC. 9054. ENTITLEMENT TO PAYMENTS

"(a) Every eligible candidate and official political party committee is entitled to payments in an amount which is equal to the amount of contributions received by that candidate or official political party committee, subject to the provisions set forth in Section 9053.

"(b) Notwithstanding the provisions of subsection (a), no candidate is entitled to the payment of any amount under this section which, when added to the total amount of any other payments made to him under this section exceeds the amount of thirty-three percent of the expenditure limitation applicable to him for his general election campaign under section 608(c).

"(c) Notwithstanding the provisions of subsection (a), no candidate shall be entitled to receive any payments under this section prior to the date on which the nominating process is complete in the candidate's state for the federal office being sought in the general election, provided that in no event shall any funds be paid to any candidate prior to June 1 of the calendar year in which the general election is held, or in the case of a special general election, prior to three months before the special general election is held.

"(d) Notwithstanding the provisions of subsection (a), no official political party committee is entitled to receive in a given calendar year an amount in excess of $1 million when added to the amounts received by all other official political party committees of that political party during the calendar year.

"(e) No campaign contributions made by an official political party committee to a Congressional candidate shall be eligible to be matched by the candidate with funds otherwise available under this chapter to the candidate.

"SEC. 9055. LIMITATIONS

"(a) No candidate and his authorized committee who receive payments under this chapter shall use these funds except for qualified campaign expenses incurred for the period set forth in Section 9054(c).

"(b) No official political party committee which receives funds under this chapter shall use those funds except for purposes of making general election campaign contributions to Congressional candidates.

"(c) All payments received by a candidate or official political party committee under this chapter shall be deposited in a separate checking account at a national or state bank designated by the candidate or official political party committee and shall be administered by the candidate or the candidate's principal campaign committee or by the official political party committee. No expenditures of any payments received under this chapter shall be made except by checks drawn on this separate checking account at a national or state bank. The supervisory office may require such reports on the expenditures of these funds as it deems appropriate.

"(d) Notwithstanding any other provision of this chapter, no more than 100 percent of the allowable spending limit for a given candidate in a general election under Section 608(c), shall be paid under this chapter to all eligible candidates in that race; provided that the Secretary of the Treasury, in seeking an equitable distribution of such funds shall make such distribution in the same sequence in which such certifications are received pursuant to Section 9056.

"SEC. 9056. CERTIFICATIONS BY SUPERVISORY OFFICER

"(a) After a candidate or official political party committee establishes its eligibility under section 9053 and subject to the provisions of Section 9054, the supervisory officer shall expeditiously certify from time to time to the Secretary of the Treasury for payment to each candidate or official political party committee the amount to which that candidate or official political party committee is entitled.

"(b) Initial certifications by the supervisory officer under subsection (a), and all determinations made by it under this chapter, shall be final and conclusive, except to the extent that they are subject to examination and audit by the supervisory officer under section 9058 and judicial review under section 9060.

"SEC. 9057. PAYMENTS TO ELIGIBLE CANDIDATES

"(a) The Secretary of the Treasury shall establish and maintain an account known as the Congressional Matching Payment Account. The funds in this Matching Account shall be available for payment to any candidate or official political party committee eligible to receive payments under section 9053. The Secretary shall deposit in a Presidential election year into the Matching Account the excess amounts available under Section 6096, after the Secretary determines and allocates the amounts required in that Presidential election year in accordance with sections 9006, 9008 and 9037.

"In each of the two years following a Presidential election, the Secretary shall deposit into the Matching Account that portion of the annual amounts designated by taxpayers under section 6096 that equals the excess above twenty-five percent of the total amount made available in the last Presidential election in allocating funds under sections 9006, 9008 and 9037. The monies in the Matching Account shall remain available without fiscal year limitation.

"(b) Upon receipt of a certification from the supervisory officer under section 9056, and subject to the provisions of sections 9053, 9054, and 9055, the Secretary of the Treasury shall promptly pay the amount certified by the supervisory officer from the Matching Account to the candidate or official political party committee to whom the certification relates.

"(c) If on June 1 of any election year the Secretary determines that the funds deposited in the Matching Account pursuant to paragraph (a) amount to less than 100 percentum of the maximum aggregate entitlement for such election, he shall, notwithstanding any other provision of this Chapter, limit payments to each candidate to an amount which bears the same ratio to the maximum entitlement of such candidate as the amount of funds in the Matching Account bears to the maximum aggregate entitlement.

"(d) For the purpose of this section—

"(1) 'maximum entitlement' means the total amount of payments which may be received by a candidate subject to the limitations of section 9054(b); and

"(2) 'maximum aggregate entitlement' means an amount which is the product of two and the sum of the maximum entitlements for each Federal office for which an election is to be held.

"(e) No payment shall be made under this chapter to any candidate for any campaign in connection with any election occurring before October 31, 1976 or to any official political party committee before June 1, 1976.

"SEC. 9058. EXAMINATION AND AUDITS; REPAYMENTS

"(a) After each general election, the supervisory officer shall conduct a thorough examination and audit of all candidates for Federal office and official political party committees with respect to the funds received and spent under this chapter.

"(b)(1) If the supervisory officer determines that any portion of the payments made to an eligible candidate or official political party committee under section 9057 was in excess of the aggregate amount of the payments to which the recipient was entitled, it shall so notify that recipient and the recipient shall pay to the Secretary of the Treasury an amount equal to the excess amount.

"(2) If the supervisory officer determines that any portion of the payments made to a candidate under section 9057 for use in his general election campaign was used for any purpose other than for qualified campaign expenses in connection with that campaign, the supervisory officer shall so notify the candidate and the candidate shall pay an amount equal to that amount to the Secretary.

"(3) If the supervisory officer determines that any portion of the payments made to an official political party committee under section 9057 were used for any purpose other than to make general election campaign contributions to Congressional candidates, the supervisory officer shall so notify the official political party committee and the official political party committee shall pay an amount equal to that amount to the Secretary.

"(4) Amounts received by a candidate under this chapter may be retained for thirty days after the general election for the purpose of liquidating all obligations to pay qualified campaign expenses which were incurred for the period set forth in section 9054(c). After the thirty-day period following the election, all remaining federal funds not yet expended on qualified campaign expenses shall be promptly repaid by the candidate to the Matching Account.

"(5)If the supervisory officer determines that any candidate who has received funds under this chapter, is convicted of violating any provision of this chapter, the supervisory officer shall notify the candidate and the candidate shall pay to the Secretary of the Treasury the full amount received under this chapter.

"(6) No payment shall be required from a candidate or official political party committee under this section in excess of the total amount of all payments received by the candidate or official political party committee under section 9057.

"(c) No notification shall be made by the supervisory officer under subsection (b) with respect to a campaign more than three years after the day of the election to which the campaign related.

"(c) All payments received by the Secretary under subsection (b) shall be deposited by him in the Matching Account.

"Sec. 9059. Reports to Congress

"(a) The supervisory officer shall, as soon as practicable after the close of each calendar year, submit a full report to the Senate and House of Representatives setting forth—

"(1) the qualified campaign expenses (shown in the detail the supervisory officer deems necessary) incurred by a candidate and his authorized committees, and by each official political party committee; and
ceived any payment under section 9057.

"(2) the amounts certified by it under section 9056 for payment to each candidate and his authorized committees and each official political party committee; and

"(3) the amount of payments, if any, required from that candidate or official political party committee under section 9058, and the reasons for each payment required. Each report submitted pursuant to this section shall be printed as a House or Senate document.

"Sec. 9096. Judicial Review

"(a) Any agency action by the supervisory officer made under the provisions of this chapter shall be subject to review by the United States Court of Appeals for the District of Columbia Circuit upon petition filed in such court within 30 days after the agency action by the supervisory officer for which review is sought.

"(b) Review Procedures—The provisions of Chapter 7 of Title 5, United States Code apply to judicial review of any agency action, as defined in Section 551 (13) of Title 5, United States Code.

"Sec. 9061. Unlawful Use of Payments

"It shall be unlawful for any person who receives payment under this chapter or to whom any portion of such payment is transferred, knowingly and willfully to use, or authorize the use of, such payment or such portion for any purpose other than for the specific purposes authorized by this chapter.

"Sec. 9062. False Statements

"It shall be unlawful for any person knowingly and willfully to furnish any false, fictitious or fraudulent evidence, books or information to the supervisory officer under this chapter or to include in any evidence, books, or information so furnished any misrepresentation of a material fact, or to falsify or conceal any evidence, books or information relevant to a certification by the supervisory officer.

"Sec. 9063. Kickbacks and Illegal Payments

"It shall be unlawful for any person knowingly and willfully to give or accept any kickback or any illegal payment in connection with any payments received under this Chapter or in connection with any expenditures of payments received under this chapter.

"Sec. 9064. Penalty for Violations

"(a) Any knowing and willful violation of any provision of this chapter is punishable by a fine of not more than $25,000, or imprisonment for not more than one year, or both."

Mr. UDALL (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from Arizona?

There was no objection.

Mr. UDALL. Mr. Chairman, we have a very good bill before us. The gentleman from Ohio has been kind enough to say good things about me and I want to compliment him and the committee for bringing to the floor a very sound and very responsible bill.

I think it really needs only one more thing to be an exceptionally outstanding bill, and that is to adopt the Anderson-Udall, Foley-Conable matching fund proposal for congressional elections.

Studies have shown that about 95 percent of the financing of congressional elections comes from the top 2 or 3 percent of the wealthiest people in this country. The little guys are left out, whether they are Democrats or Republicans.

We have been trying new concepts, new patterns lately in this country. Two years ago we established a $25 tax credit for man and wife, and $100 tax deduction. This partial public financing has worked.

Now what we are trying to do is bring into the congressional election a mass of small private donations, with a limited amount of public money.

This proposal of ours has gone through some evolutions. It has been changed a number of times. As I moved around the floor today. I found a lot of confusion about it. I hope no one will vote against past versions of this proposal. It does not apply to 1974. It applies only to 1976. It will be a trial run in 1976, along with the Presidential general election primaries we have just approved. It does not apply to congressional primaries. There was fear there would be twelve or fourteen people running in a congressional district all financed by public funds. We do not hand anybody $90,000 or any large sum simply for getting a party nomination. The most public money they can get is $20,000, and to get it they have to match it with $50 or smaller donations. Not a dime of general revenue funds will go into this. It will be financed totally by the checkoff. It will be financed by people who voluntarily want to give a dollar on their income tax for a new system of clean honest elections.

There were fears we would be financing frivolous candidates. We have a threshold. They have to raise $6,000 in $50 chunks or smaller to qualify. That is a very high threshold. Anybody that is a serious opponent against any incumbent is going to be able to raise $7,500.

There is no compulsion. No candidate has to use this system. If they like the old way, if they have some conscientious objection to using dollar checkoff funds they may reject it.

One of the other objections was made to the Senate bill and some of the other proposals, which gave public money for merely getting a major party nomination, even in a district where the race would be hopeless. A candidate could be in a one-party district, but if he gets a major party nomination under some of these proposals, he gets $90,000 or some large sum of money. In our proposal he has to match dollar for dollar. He has to get it in small contributions and, as I say, it is limited to a $20,000 total.

We have another important limitation. Fears were expressed that, "You are going to take all this Federal money. You are going to hire your brother-in-law as a consultant, or spend all this taxpayer money on similarly senseless matters.

The $20,000 that is raised has to be segregated in a separate bank account. That money has to be used, or it has to be given back. It must be used for five highly visible things: radio, televison, newspapers, billboards, telephone banks, and postage for direct mailing.

We have a fine system that ought to be tried out on a limited basis. I think it will work.

There was some talk in the cloakroom today and I want to put it to rest, regarding an earlier proposal under which there would be a flat grant of $1,000,000 to each of the national campaign committees. That is not in the bill. There is included here only voluntary amounts from the voluntary checkoff system with all the careful limitations that I have indicated.

I think the time has come when we should give this thing a trial. Surely today the American people are ready to put up a dollar or two a year to have a clean, decent, brand new system of House and Senate elections in this country. Under this carefully drawn system with these careful safeguards, we can give this a trial without running any of the risks people have feared about public financing.

This has widespread support outside the Congress. I think we make a serious mistake today if we reject this fine system. Added to the bill we have, the fine provisions in the bill we have, we will have something that in this historic day we can be very proud of.

I urge my colleagues to support this amendment.

Mr. KAZEN. Mr. Chairman, will the gentleman yield?

Mr. UDALL. I yield to the gentleman from Texas.

Mr. KAZEN. I do not know how the checkoff system in your amendment works. I can understand on the national level in a Presidential race that the money is coming from a checkoff from throughout the country. Suppose there are no checkoffs in a particular area.

Mr. UDALL. If there is no money in the checkoff fund there will be no payments.

Mr. KAZEN. Suppose there are no checkoffs from two or three congressional areas. Is there going to be any money from the general fund coming from outside into those districts to finance those candidates?

Mr. UDALL. Yes; this is a national fund designed to help finance campaigns all over the country.

Mr. HAYS. Mr. Chairman, it is getting late and a lot of Members have commitments, as I said earlier, and I was wondering if 30 minutes would be sufficient time to conclude debate on this amendment.

Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close at 5:30 p.m.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The CHAIRMAN. The Chair will recognize Members standing at the time the unanimous-consent request was made for 50 seconds each.

Mr. HAYS. Mr. Chairman, I would like to amend my unanimous-consent request and ask unanimous consent that all Members whose names have been read be recognized for 1 minute each.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

Mr. GROSS. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

(By unanimous consent, Messrs. Nedzi, Brademas, Carney of Ohio, Dent, Mathis of Georgia, and Gaydos yielded their time to Mr. Hays.)

(By unanimous consent, Messrs. Brown of Ohio and Nelsen yielded their time to Mr. Frenzel.)

(By unanimous consent, Messrs. Cohen, Dellenback, Whalen, and Conte yielded their time to Mr. Anderson of Illinois.)

(By unanimous consent, Mr. Young of Florida and Mr. Bauman yielded their time to Mr. Rousselot.)

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania (Mr. Gaydos).

Mr. GAYDOS. Mr. Chairman, what is the purpose for allowing these funds for congressional races?

Obviously, based on current estimates, there is a question whether or not there will be sufficient funds available to take care of all the costs of the 1976 Presidential election and the presidential primary races.

But assuming that there are available certain funds from the dollar checkoff for use in congressional races, it would be so small that when allocated among the candidates, it would be a mere token contribution to the candidates' campaigns.

The rationale behind the push for public financing is two-pronged:

First, to eliminate the evil of private funding as reflected in the Watergate matter.

Second, the need to provide funds to challengers in order to make political campaigns more competitive.

The mere fact that the proponents of public financing accept the concept of matching funds, such as in the Presidential primary, indicates that they do not consider private funds per se evil.

However, the bill before the House does answer the allegation of the existence of evil private funds in the Presidential general election by authorizing full Federal funding for Presidential general.

But by accepting the concept of matching funds for the Presidential primary, the proponents for public financing then switch their argument from the need to eliminate private funds to the need to provide front money for candidates who do not have sufficient private funds available to launch a campaign for the Presidential nomination. If private funds were so evil then why should they be matched by Federal funds. The answer to this question probably will be that the matching will only apply to small contributions.

However, if the committee bill passes then the strict limitations on contributions will in effect eliminate the large contributions which are alleged to be evil. So the only rationale for public funds in the Presidential primary is to assist candidates in launching campaign for the Presidential nomination.

However, if we should authorize Federal funds for congressional general elections, we certainly are not encouraging more individuals to seek the nomination for these seats. If that is the purpose then Federal funds should be made available to individuals to assist their campaign for nomination. Once a candidate has received the nomination, his party will then assist his campaign. Why is it necessary for Federal funds at this point, particularly when the available funds will be so small?

If the purpose of providing funds to congressional candidates is to encourage more individuals to seek public office, then the only way to accomplish this is to direct Federal funds to those individuals who are unable to raise sufficient funds to enable them to obtain the nomination of the party. Providing Federal funds to the party candidate once nominated certainly does not encourage more individuals to seek public office. It merely assists the nominees of the respective parties. In fact, if the funds available from the dollar checkoff should become substantial, then the result of Federal funding could well mean a substitute for party funding from private sources.

PROVISIONS OF ANNUNZIO AMENDMENT

I. ELIGIBILITY

First, must certify that he is the nominee of a political party or is qualified on the ballot as a candidate for the Federal office.

Second, that he has raised at least 10 percent of the expenditure ceiling—$7,500 for a House seat—but a senatorial candidate does not have to raise more than $50,000.

Third, contributions in the form of subscriptions, loans, deposits or advances are not considered as eligible contributions in meeting the 10 percent requirement.

Fourth, only contributions of less than $50 from each person shall be considered.

Fifth, only contributions received after June 1 in the election year.

Sixth, Federal funds could not exceed 33 percent of the expenditure limitation.

Seventh, Federal funds must be kept in a separate bank account.

Eighth, can only be used for broadcasting stations, newspapers, magazines, outdoor advertising, postage for direct mailings, and telephones.

II. THE AMENDMENT ALSO PROVIDES FOR PAYMENTS OF FEDERAL FUNDS TO CONGRESSIONAL CAMPAIGN COMMITTEES OF TO $1 MILLION PER YEAR

These committees could then give any of their candidates up to $10,000 of these funds or any mixture of private and Federal funds. This would amend the provision limiting the contributions to $5,000 in the bill as far as the general election is concerned. The $5,000 limitation would still apply to the primary.

The thrust of this amendment is certainly not to encourage more individuals to seek public office. It is just the opposite in that it only supports party nominees. Furthermore, the fact that the congressional campaign committees of the major national parties could receive up to $1 million would indicate that the intent is to further strengthen the major national parties and allow them to decide which of their nominees they wish to support. Does this result in those candidates in greatest need of support receiving funds from the national committee or those candidates which the national committee looks on most favorably?

(By unanimous consent, Messrs. Obey, Badillo, Boland, and Roncalio of Wyoming yielded their time to Mr. Udall.)

The CHAIRMAN. The Chair recognizes the gentleman from California (Mr. Rousselot).

Mr. ROUSSELOT. Mr. Chairman, I take this time to ask my good colleague, the gentleman from Arizona, who voted against the amendment to eliminate public financing of Presidential campaigns, why he now comes before us and eliminates financing for congressional campaigns in a primary contest. I find that highly inconsistent and discriminatory to Members of Congress and the Senate.

Mr. UDALL. If the gentleman will yield, one does the best he can.

Mr. ROUSSELOT. I will be glad to yield to the gentleman from Arizona.

Mr. UDALL. I have long forward the

original Anderson-Udall bill, which covered both primaries and general elections.

Mr. ROUSSELOT. Why did the gentleman eliminate that concept from this amendment?

Mr. UDALL. Because it could not pass with primaries contained in the bill.

Mr. ROUSSELOT. What we are now hearing from my good friend, the gentleman from Arizona, is that he has become very political on this issue of public funding for congressional primaries. I think that is an unfortunate discrepancy and obvious deficiency in the gentleman's amendment. The gentleman sincerely believes it should be in Presidential campaigns for both the primary and the general elections, but to garner votes here on the floor, he has come before the House and played a kind of Mickey Mouse game with his own principles. That is very similar to coming out for Federal education, for buildings, but not for teachers. I think one is either for Federal aid education or he is not.

My belief is that my good colleague, the gentleman from Arizona, once again, as he did in the case of the land use bill, when he had some 20 amendments, has come before the House today and substantially compromised his own position, in which he does not wholly believe. On that basis alone the amendment should be defeated though there are many reasons for its defeat.

Mr. UDALL. Mr. Chairman, if the gentleman will yield, one gets what he can and does what he can. I voted for medicare, for older citizens when I really favor national health insurance for everyone.

Mr. ROUSSELOT. I understand that a lot of people try to get what they can get out of Government and especially from the Public Treasury. What I am saying is that I think this is an impossible kind of amendment when it is in direct conflict with the rest of the bill which tolerates Federal financing of primaries.

The CHAIRMAN. The Chair recognizes the gentleman from Washington (Mr. Meeds).

Mr. MEEDS. Mr. Chairman, I rise in support of this amendment. I think it is perhaps the most important amendment that we will be considering to provide us absolutely free and uninhibited funding down the line.

Mr. Chairman, if there ever was an appropriate time for the Congress to pass campaign reform legislation, that time is now.

The Watergate scandals have galvanized public attitudes toward our political system. They have compounded years of public cynicism about elected officials. Concurrently, they have caused the public to demand reform of campaign abuses.

Despite a recent upward flicker in congressional popularity, Members of Congress still rank in public esteem just ahead of skunks. And unless we enact meaningful campaign reforms, the skunks will be catching up.

As a Democrat, I have taken no partisan pleasure whatsoever in seeing my Republican colleagues shiver under a rain of Watergate indictments. All incidents of corruption, whether Republican or Democratic, reinforce the public suspicion that every politician is on the take.

Well, you and I know that most politicians are not on the take. But it is not for lack of opportunities inherent in our special interest campaign financing system. Congress in 1971 passed a disclosure law to shed some light into the dark corners of political money raising.

It was only a start. But it was a revolution ahead of the 1925 Corrupt Practices Act. Now there is at least limited disclosure in Federal political campaigns. It is weak, however, compared to the reporting law in Washington State, which was passed by the people in 1972 after a number of us signed petitions to put it on a statewide ballot.

H.R. 16090 improves some portions of the 1971 law but leaves at least two areas without effective reform: putting teeth in disclosure and working toward public financing.

Asking elected officials to regulate themselves while seeking reelection produces an inherent conflict of interest. And naming employees of these elected officials as watchdogs of disclosure strains credulity. The public is not so gullible to continue to accept this sort of cozy reporting system.

That is why I supported the amendment offered by the gentleman from Florida (Mr. Fascell) and the gentleman from Minnesota (Mr. Frenzel) to create an independent Federal Elections Commission. The Board of Supervisors set up by the committee bill would leave us in the awkward and ineffective position of judging ourselves—or not judging ourselves, as the situation is more likely to be.

H.R. 16090 also sets limits on contributions. But disclosure and limits on contributions still beg the question of the whole system of special interest financing. Campaigning for public office is expensive. The expense is usually greater than the salary that goes with the job. So, unless you are rich, you must outstretch your palm and ask for money.

Few Americans contribute to political campaigns. Fewer still contribute just for the sake of financing good government. Behind nearly every sizable contribution is a contributor holding an ax for grinding. If you are strong, you draw a line. But the temptation is always there. Campaign financing by special interests is the most corruptive influence in the American political system.

The obvious solution is public campaign financing. It is an idea whose time is fast approaching as disgust with the existing system continues to spread. As one of the sponsors of the earlier Udall-Anderson bill, I believe we must make a start on trying the idea.

Thanks to the checkoff of income tax forms, public campaign financing may be possible in the 1976 Presidential campaign. But we could be experimenting with public financing in other campaigns as well—if we put the provisions in this bill.

I will support the amendment by the gentleman from Arizona (Mr. Udall) and others to try a matching system of public campaign funds. There are unanswered questions about using taxpayers' money for political campaigns. Some citizens view it simply as another way for politicians to get their hands in the till. But it all comes back to one basic question: Who do you want paying your elected officials' campaign costs? Do you want continued payments attached to strings from big corporations, labor unions, trade associations, or other organized pursuers of private interest? Or do you want campaign financing by the public, which seeks only responsive government in the public interest?

It may not be possible to remedy all these problems in H.R. 16090. But the Federal Election Act amendments do improve upon the 1971 law. I will vote for the legislation on final passage.

Mr. FOLEY. Mr. Chairman, will the gentleman yield?

Mr. MEEDS. I yield to the gentleman from Washington.

Mr. FOLEY. Mr. Chairman, I thank the gentleman from Washington for yielding.

I hope Members on both sides of the aisle will support this essential amendment. It is sponsored, as I think the Members know, by the gentleman from Arizona (Mr. Udall), the gentleman from Illinois (Mr. Anderson), the gentleman from New York (Mr. Conable), and myself, and others who have joined in that sponsorship. This amendment will not apply funds to congressional races except those voluntarily contributed through the tax checkoff. It applies to general elections only and is limited to the matching of small contributions not to exceed $20,000.

The amendment can if adopted be a historic step in opening the political system to afford broadest, most objective, and most responsive decision in all Federal elections.

The CHAIRMAN. The Chair recognizes the gentleman from North Carolina (Mr. Mizell).

Mr. MIZELL. Mr. Chairman, I rise merely to voice my opposition to this amendment.

As I opposed the tax checkoff for Presidential elections, so I oppose this tax checkoff for congressional elections.

When my constituents were polled on this issue, 77.2 percent of those responding were opposed to taking tax dollars and financing Federal elections. So I say to my colleagues that you may not be reading the sentiment of the people on this particular issue, and especially when the people begin to see their dollars going to support candidates with whom they completely and totally disagree, and oppose politically.

So, Mr. Chairman, I hope the amendment is rejected.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois (Mr. O'Brien).

Mr. CULVER. Mr. Chairman, will the gentleman yield?

Mr. O'BRIEN. I yield to the gentleman from Iowa.

Mr. CULVER. Mr. Chairman, I wish to voice my strong support for the Anderson-Udall amendment to H.R. 16090, the Federal Election Act Amendments of 1974. This amendment would provide for a matching form of private and public financing of congressional general elections, and would be financed out of the dollar checkoff fund already provided in H.R. 16090 for Presidential elections.

This amendment will, I believe, lead to an end of the abuses we have seen during the past 2 years by fostering a broader base of citizen participation in the financing of Federal elections.

We must break with the precedent of large donations, and provide incentives to encourage a resurgence of citizen participation in campaigns, while at the same time permitting candidates without great wealth, or the advantage of incumbancy, a realistic chance in seeking public office.

I, therefore, fully support efforts to amend H.R. 16090 to include a system of matching payments for small contributions to congressional campaigns. The thrust of such a system is not eliminate private money from campaigns, but to shift the source of funding from the special interests and large contributors to a broad base of citizen participation. With entitlement to a $50 Federal matching payment for each equivalent contribution raised privately, candidates would have a far stronger incentive to turn to the people to finance their campaigns.

There is a desperate need to equalize the political influence of all citizens in the United States. We must act now to insure that the inequality in the amount of money one has or can command does not disproportionately affect the extent of their political influence.

Mr. O'BRIEN. Mr. Chairman, I rise in support of the amendment offered by the gentlemen from Illinois and Arizona. While I am looking forward to the passage of this vital legislation, I feel especially adamant about the necessity for this particular amendment.

In my conversations with colleagues and constituents regarding Federal matching payments, I have encountered the same objection time after time: "This proposal will force me, through my tax dollars, to support campaigns, issues, and ideologies which I find distasteful and repugnant."

I am then usually reminded that Thomas Jefferson explicitly warned that no American should ever be coerced into supporting ideas or beliefs contrary to his own. I agree 100 percent. The validity of Jefferson's proposition is unquestionable. If I thought for 1 second that this amendment would intentionally or inadvertently violate this fundamental right of every American, I would denounce it.

Gentlemen, this amendment has been carefully engineered so as to protect this right. Not 1 dime, not 1 Lincoln penny will be exacted from any taxpayer who chooses not to provide these matching payments. The whole fund will come from an optional campaign checkoff on each citizen's Federal income tax return. Each voter can decide for himself if he wants to contribute to this fund, and he can do so in the privacy of his own home.

Judging by our 2-year experience with the Presidential campaign checkoff, I feel that the public has readily accepted this concept.

Still, many would-be supporters balk at another point. They ask, What will happen if the fund is insufficient to match all the small contributions amassed by all the candidates. Again, I must emphasize that funds would not be drawn from the Treasury to make up a deficit. Instead, each candidate's maximum Federal matching payment would be reduced from its $25,000 ceiling to a percentage of that amount. The reduction would be based on the percent of shortfall of the checkoff fund. For instance, if the checkoff fund contained only 80 percent of the maximum required amount, the ceiling for each candidate would be 80 percent of $25,000 or $20,000.

Let me add that the amount each candidate will be eligible to receive will be determined far in advance of each election so that no candidate will be caught short.

Gentlemen, as I look around this country today, I see dark clouds of doubt, cynicism, and distrust hanging over our body politic. However, I firmly believe that the adoption of this amendment—and the passage of this bill—will help sweep these storm clouds from our land. Just as fresh air invigorates the body, this fresh source of campaign money will revitalize our election process.

The CHAIRMAN. The Chair recognizes the gentleman from New York (Mr. PEYSER).

Mr. PEYSER. Mr. Chairman, I rise in strong support of this amendment. I think it is one that is deperately needed if we are ever going to break the bonds that have been leaving the rich in complete power in so many cases.

I can speak with some authority in this area. In my campaign, which was one of the most heavily financed campaigns in this country, where more money was put in than probably, in any other campaign in this Congress, I recognize the power of what money can do in a campaign.

Mr. Chairman, I think we ought to get away from that. I am for the limitation of amounts that can be spent in a campaign and I am for public financing as outlined in this amendment.

Mr. PHILLIP BURTON. Mr. Chairman, will the gentleman yield?

Mr. PEYSER. I yield to the gentleman from California.

Mr. PHILLIP BURTON. Mr. Chairman, I thank the gentleman for yielding.

I most strongly urge my colleagues to support this amendment. This particular amendment has been very carefully drawn. It does no more than it purports to. There are not any hooks in it. It is a clean proposal, one that is meant to take some of the burdens out of compaigns.

Hopefully, this will protect us against potentially corruptive influences.

It is a very good amendment, and it should be voted for on its merits.

The CHAIRMAN. The Chair recognizes the gentleman from New Hampshire (Mr. CLEVELAND).

Mr. CLEVELAND. Mr. Chairman, I rise in support of the Anderson-Udall amendment. I regret the parliamentary situation only permits me 50 seconds.

I would remind some of the people who are supporting the Anderson-Udall amendment and some of the organizations who are supporting it, that this amendment has now been kicking around for more than a year. It has been changed on at least 3 or 4 times in major respects, and I believe for the better.

Some of the organizations and some of the people who are sponsoring this amendment have been highly critical of the Committee on House Administration for our delays—and there have been delays, some of them unexplained—should recognize in fairness that this period of delay has given the sponsors of the Anderson-Udall amendment a chance to make of it a better amendment. I somewhat reluctantly supported it initially. Now having been changed 3 or 4 times, for the better I can enthusiastically support it.

Mr. ANDERSON of California. Mr. Chairman, I rise in support of H.R. 16090, a bill designed to reform the Federal elections systems by establishing spending and contribution limits for all Federal offices, by providing for partial public financing and by creating a nonpartisan Board to enforce this act.

Under our representative system of government, the people elect fellow citizens to speak for, vote on behalf of, and represent their interests in the legislative bodies—the House and the Senate—and they elect a President to administer the laws, conduct foreign affairs, and established priorities. And, I believe this to be the best system of government devised by man.

If some people, however, are given preferential treatment because of their ability and willingness to contribute large sums toward the election of an individual, then the system breaks down. If some are "more equal" than others, then our representative system fails and the interests of all the people are aborted.

And this is a very serious threat to our democracy. It is a very serious threat if the interests of the rich and powerful are placed above the interests of the weak and the poor.

Our country was founded on the principle of equality—all are equal in the eyes of the law. But, if the rich and the powerful have a greater influence on writing and administering the laws, is not equality a sham, a farce?

And, obviously, we see that in our laws today. Who benefits from the tax loopholes? Who gains from subsidies?

It has become apparent that our Federal election laws need to be strengthened by restricting the influence of big money in political campaigns.

In 1972, over $66 million were spent on the House and Senate elections and only $1 of every $3 raised that year was collected in denominations under $100. Overall, the 1972 elections cost $100 million more than the 1968 elections.

In order to meet these rising campaign costs, candidates have become increasingly dependent on big givers. For example, the Citizens Research Foundation has found that 90 percent of candidate contributions for all elective officers come from 1 percent of the people.

CONTRIBUTION LIMITS

Under this bill, strict limits on contributions to candidates for Federal office are established by banning contributions by an individual which exceed $1,000 per election.

While present law has no limit on individual contributions, this measure states that no individual could contribute more than a total of $25,000 per year to all Federal candidates and political committees supporting Federal candidates.

SPENDING LIMITATIONS

In addition, this bill, H.R. 16090, establishes a ceiling for all campaign activities in any election for Federal office. With respect to a Presidential election, candidates would be able to spend up to $20 million, instead of amounts totaling $54 million, as in the 1972 Nixon campaign, and $28 million by the McGovern organization.

Senatorial candidates would be limited to spending 5 cents per person in the State, or $75,000, whichever is greater.

Candidates for election to the House of Representatives would be limited to spending $60,000.

PUBLIC FINANCING

And, finally, to end the reliance on the wealthy to finance Presidential campaigns, the bill permits the use of up to $20 million per major candidate from those funds designated by taxpayers on their annual tax return to be paid to the Presidential Election Campaign Fund.

As with existing law, public financing would be strictly voluntary and would come from this Fund only.

An amendment will be offered, however, by Congressman Anderson of Illinois, the chairman of the Republican Conference, and Congressman Udall of Arizona, to extend public financing to congressional campaigns based on a mix of private financing and Federal matching payments for small contributors of up to $50.

As the author of a similar proposal, I support this amendment which, again, would only use those funds which were voluntarily checked-off by taxpayers on their tax returns.

Before a candidate would be eligible for any of these funds, that candidate would have to demonstrate popular support by raising 10 percent of the spending limit—$6,000—in contributions of $50 or less. And, then, the maximum a candidate could receive would be $20,000.

If adopted, this amendment, I believe, will encourage interested citizens, who may lack personal funds, to seek public office. It would permit a person who has taken a great interest in community affairs to run for office, with the knowledge that he or she would not be indebted to the special interests.

I sincerely believe that this amendment would result in better government, practiced by better people, who only have a strong desire to serve their fellow man.

CONCLUSION

Mr. Chairman, the need for reform is obvious. The words "politics" and "politicians" have become synonymous with wheeling and dealing, undercover operations, and corruption.

And yes, some politicians are "wheelers and dealers"; some operate in the shadows, and some are corrupt. Those are the ones that all of us would like to see put out of business, and they will be when the public finds out about their activities.

But, certainly, most are honest; most are here in Congress or in the Presidency trying to do their best to represent all of the people. And, most will continue to raise their funds from small contributors; will continue to spend less than the maximum amount; and will continue to run fair, decent campaigns designed to inform, not deceive.

Unfortunately, legislation such as this is needed to assure that the big monied interests are not represented in proportion to their pocketbooks.

I support this proposal and urge my colleagues to join with me in passing a meaningful campaign reform bill which would put the poor and weak on an equal footing with the rich and powerful.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois (Mr. Anderson).

Mr. BIESTER. Mr. Chairman, will the gentleman yield?

Mr. ANDERSON of Illinois. I yield to the gentleman from Pennsylvania.

Mr. BIESTER. Mr. Chairman, I rise in support of the amendment introduced by Mr. Anderson and Mr. Udall providing matching Federal funds in congressional campaigns.

The potential problems in raising large amounts of private money in campaigns is not limited to Presidential elections alone, and the fact that congressional public financing is not included in any form in H.R. 16090 is a glaring omission which must be corrected. For Members of Congress to exclude themselves from the same arrangement they would impose on candidates for the Presidency would create a double standard. The American public has clearly expressed its approval in nationwide polls of the public financing concept for all Federal elections. While I am personally committed to the concept of full public financing at the congressional level as well as at the Presidential and introduced legislation to that end last year, I would hope the House would at a minimum adopt the matching Federal funding plan as proposed by Mr. Anderson and Mr. Udall.

The stimulus for campaign reform has emerged from the role money—big money—plays in the political process. While on paper and in principle we have gone far toward realizing our democratic tradition of one-man-one-vote as espoused in the Baker and Sims cases, we need to go a step further in removing the distorting influence of big money in elections to bring reality closer to principle. Money gives those individuals who have it to spend a special position before candidates and it holds the potential for carrying an influence that can make some individuals far more equal than others.

We know from experience that campaign contributions can lead to special preferences. Certainly, this is not always the case, but the suggestion and implication are there, nevertheless. The public, cynical about politics and its ethics, sees a relationship between money and interests and public policy whether it exists or not. It is time to sweep away any grounds for these suspicions.

The Anderson-Udall amendment can help. Under its provisions, matching Federal funds for private contributions of $50 or less for congressional candidates in general elections would be made available. Funds could not exceed one-third of the spending limit imposed in the bill and candidates would have to raise an initial amount to qualify for the matching Federal payments.

Mr. Chairman, I strongly urge my colleagues to support this critical amendment.

Mr. du PONT. Mr. Chairman, will the gentleman yield?

Mr. ANDERSON of Illinois. I yield to the gentleman from Delaware.

Mr. du PONT. Mr. Chairman, I rise in strong support of the Anderson-Udall public financing amendment. I am an original cosponsor of the amendment and strongly believe that we must get big money out of politics and small money in.

The concept of matching funds makes great sense for two reasons.

First, matching funds will help equalize the opportunity for individuals to run for congressional office.

Second, matching funds will remove the need for large contributions—both special interest group and individuals—which has in the past led to problems with elections. The corrupting influence of large contributions has amply been demonstrated in the past—and this amendment will help fight those kind of problems.

These are the two most important reasons I can think of in terms of reforming our political process—two very sound reasons for adopting this amendment.

Mr. PARRIS. Mr. Chairman, will the gentleman yield?

Mr. ANDERSON of Illinois. I yield to the gentleman from Virginia.

Mr. PARRIS. Mr. Chairman, I have asked for this time in order to propound a question to the gentleman from Illinois, and that is whether or not this is the "nose of the camel under the tent theory" on the use of general revenue funds for political campaign financing purposes.

Mr. Chairman, I ask unanimous consent that I may be permitted to yield the balance of my time to the gentleman from Illinois for the purpose of answering my question.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. ANDERSON of Illinois. Mr. Chairman, the amendment I have at the desk is at once both a bold departure in our approach to financing campaigns, and at the same time is firmly grounded in our deep tradition of grassroots citizen participation in the electoral process.

On the first score let me say unhesitatingly that this is a public finance amendment. It does provide for the use of taxpayer funds in congressional campaigns. And it does symbolize an intent to break sharply with our present woefully inadequate, special-interest dominated, campaign-funding system.

But let me make a second equally important point. We do not seek to enact public financing as an end in itself. We do not expect the mere input of public funds to magically cleanse or purify the election process. Nor do we seek to displace private money and private contributors entirely, as does the Senate bill.

Indeed, I adamantly object to that approach, and should our amendment be enacted, I would strenuously oppose any future effort to use it as a stepping stone to full public finance in the conventional sense.

What we propose instead is a creative blend. We have attempted to harness the mechanism of public financing to the objective or goal of revitalized citizen participation and small contributor funding of congressional election campaigns.

For that reason we do not simply set tax dollars on the stump to be siphoned off by anyone who can qualify for the ballot. Rather this amendment utilizes the matching concept so that the amount of public funds any candidate receives is a direct function of the number of small contributors he can mobilize in behalf of his candidacy.

To receive just $10,000 in public funds would require 200 separate $50 contributions or 500 separate $20 contributions. A House candidate wishing to receive the maximum entitlement under this amendment—$25,000—would need to raise 1,000 contributions averaging $25 apiece in order to do so.

Thus, Mr. Chairman, in this amendment we are contemplating considerably more than merely using public money to finance the necessary expenses of campaigns. Far more importantly, we are attempting to use public funds as a lever, as an incentive, to drastically increase the participation level of the electorate.

And I will say to those of my colleagues who may be skeptical, you are not going to achieve that critical objective by mere exhortation, or stirring rhetorical calls to get the people back in the election process.

The reason is simply that it is enormously expensive to raise small money. In many instances, the net return after fund-raising costs is so low that candidates and their political committees find such efforts are just not productive—especially if large contributions from interest groups or more affluent supporters are available.

However, by doubling the rate of return on efforts to mobilize small contributors, this amendment will alter the fund-raising equation significantly. It will provide the motor force that can help transform our rhetoric about citizen participation into concrete reality.

Mr. Chairman, this amendment will serve a second equally important objective, and that is insuring that campaigns are adequately funded. I need not remind you that by enacting stringent contribution limitations, we are going to substantially reduce the amount of funding available to conduct political campaigns. You need only look at the disclosure reports from the 1972 election to see that in most Senate races and in many hotly contested House races the contribution ceilings we adopted would have the effect of reducing funding by 20, 30, and, in some cases, 50 percent.

Yet we should not be deluded into thinking that if in driving the money-changers out of politics we also drive out the money, we will have accomplished anything very constructive or healthy.

It takes money—large amounts of it—to communicate effectively with the electorate, to adequately inform voters about the issues and to conduct vigorous, competitive campaigns. By providing for a significant input of public funds and by increasing the volume of small private contributions this amendment will go a long way toward compensating for the adverse funding impact of the very necessary contribution limitations contained in the measure before us today.

Finally, Mr. Chairman, this amendment will not only provide adequate funding, but it will also insure the right kind of funding. At an hour when the capital of this Nation fairly trembles under the weight of the crisis upon us, and when confidence in our governmental institutions has plummeted to an all-time low, there is nothing more urgent than a dramatic demonstration that our system is worthy of the electorate's trust and support.

We simply must convince a skeptical public that elections are not bought, manipulated or corrupted by the few to the detriment of the many. In my opinion, the way to achieve that crucial objective is to convince the electorate that campaigns are financed with clean money. There can be little doubt that the mixed financing system of tax dollars and small contributions envisioned by our amendment would vividly provide that kind of assurance.

Mr. Chairman, I recognize, of course, that many of my colleagues have had serious reservations and questions about any measure which involves the use of tax dollars for campaign purposes. Let me say that I share many of those concerns, and for that reason we have attempted to very carefully craft this program so as to alleviate them. Indeed, I think it can be said quite categorically that this amendment avoids every major objection that has been raised to the more conventional proposals for public financing.

First, it puts to rest completely the basic philosophical objection to forcing a taxpayer to support a candidate with whom he strongly disagrees. The congressional matching program will be funded entirely out of the check-off fund and will therefore be supported entirely by voluntary taxpayer contributions.

If some of my supporters strongly oppose the views of my cosponsor (Mr. UDALL) on the question of land use control, they will not have to contribute a cent to his campaign. And if his supporters are unalterably opposed to my views on curbing labor violence in the construction industry, not a cent of their tax money need go to my campaign. In short, our amendment fully protects that fundamental right of every American citizen, articulated by Thomas Jefferson almost two centuries ago, not to be coerced into involuntarily supporting ideas, opinions and beliefs with which he is unsympathetic.

Secondly, this amendment is not going to lead to bedsheet ballots and the proliferation of frivolous candidacies. The main problem in that regard is primaries, and we have explicitly excluded them from this proposal. In most States, independent candidates have substantial barriers to overcome in order to get on the ballot, and even if they do, they will be required to raise $7,500 before they are eligible for a penny of government funding.

Another worry that has been legitimately expressed is that candidates will use Government funds for certain frivolous purposes which will be strongly resented by the taxpayers. These might include various kinds of campaign paraphernalia, gimmicks or even exotic publicity stunts, padding the payroll with relatives and friends or the hiring of expensive consultants for slick media and advertising campaigns.

To avoid that possibility we require that matching payments be deposited in a separate bank account and that funds may be drawn from that account only for five specified purposes: first radio and TV air-time; second newspaper and magazine advertising space; third, outdoor billboard facilities; fourth, postage costs for direct mail campaigns; and fifth, telephone lease costs.

These are all high visibility expenditures and are generally accepted as necessary means for candidate communication with the electorate. At the same time, the five categories cover a broad enough range of advertising and communications techniques so that most candidates would not find them unduly restrictive.

Let me just briefly address two final objections that I have heard from some of my colleagues. I think there can be very legitimate concern that public finance will further erode the political parties at a time when we should be attempting to strengthen them, and would readily agree that this is an appropriate criticism of the kind of total public finance approach contained in the Senate bill. But our amendment contains two features which obviate that agrument entirely.

First, public funding is limited to one-third of a candidate's spending ceiling. Since the 1972 disclosure reports show that most House candidates received only about 20 percent of their funding from national, State and local party committees, it is clear that there will be more than sufficient opportunity for parties to continue and even expand their traditional funding role under our proposal.

Second, this amendment makes the campaign committees of each party eligible for matching payments to the tune of $1 million per year. So instead of undermining their role in the campaign funding process, our amendment will actually strengthen it by increasing the amount of funds they will have available for candidate support.

Finally, to those of you who are concerned about the cost and the budget impact of this amendment, let me assure you that the cost will be minimal.

Due to the one-third payment limitation, the threshold requirement and the fact that only the first $50 of a contribution will be matched, the total cost of the matching system will be quite modest. Were each House and Senate candidate to be eligible for the maximum entitlement under the amendment, the total cost would be $31 million per election. On an annualized basis that amounts to $15.5 million or 11 cents per eligible voter.

In actual practice, however, the costs are likely to be considerably less because many candidates will not meet the threshold requirement and most will not raise enough small contributions to be eligible for the full $25,000. Had the amendment been in effect for the 1972 congressional elections, the actual cost would have been only $14.4 million. I do not think that is too much to spend on clean elections.

In conclusion, Mr. Chairman, this is a balanced, workable amendment. It uses public funding to further the goal of renewed citizen participation and confidence in the electoral process. It contains built-in safeguards to meet all of the major difficulties of conventional public financing measures. I therefore urge you support the amendment.

The CHAIRMAN. The Chair will have to state there is a time certain fixed. There are a number of Members who stood at one time or another on our record but did not yield time to the principal involved. If those Members who stood desire time, I wish they would rise for recognition. If those Members do not, the Chair, with the permission of the committee, is going to arbitrarily divide the remaining time, 3 minutes to the gentleman from Arizona (Mr. UDALL) 4 minutes to the gentleman from Minnesota (Mr. FRENZEL) and 4 minutes to the gentleman from Ohio (Mr. HAYS). That is all the time there is.

The Chair recognizes the gentleman from Arizona (Mr. UDALL).

Mr. UDALL. Mr. Chairman, I yield to the gentleman from California.

Mr. PHILLIP BURTON. Is it not correct this amendment as it has been changed and refined now accepts the premise of the House Administration Bill constructed by the gentleman from Ohio (Mr. HAYS) and the others, including the gentleman from Illinois (Mr. ANNUNZIO) that no General Fund money except voluntary checkoff money can be used, and that no moneys can be used until after all of the other priorities in the bill have been fulfilled? Am I not correct in that respect?

Mr. UDALL. The gentleman is exactly correct. If there is no checkoff money, there is no matching in congressional elections. This is entirely a voluntary program; it is voluntary for the giver and the receiver. No one has to give a dollar on the tax checkoff unless he wants to. He knows what he is financing. No candidate has to use it. If one is affronted by the use of checkoff funds from little people's dollars, he need not apply. It is entirely voluntary.

I would add that public financing of elections is now used in some 20 countries. In Puerto Rico, the Commonwealth which is affiliated with us, they have had a fine experience with it. The elections down there are financed publicly. The Members ought to ask the Resident Commissioner from Puerto Rico how it works in that area.

Let me emphasize again, because there is misunderstanding, it does not apply this year, but only in 1976. It does not apply to primaries. There is a limitation on what one can get out of the fund, which is now $20,000 instead of $25,000, because we have reduced the overall spending limitation. It is totally financed by the checkoff. There is a threshold of $7,500, now $6,000, which must be raised before anyone can qualify, and anyone who is a serious opponent is going to raise $6,000 in any event, so this is not encouraging people to come into the races.

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota (Mr. FRENZEL).

Mr. FRENZEL. Mr. Chairman, I oppose the Udall-Anderson amendment.

I have previously listed for the members of this committee some of the ill effects of public financing, but a rerun might be helpful now. Here is what we get with public financing:

First, we get weakened political parties; second, we get more candidates in every race and duller elections, and duller elections means reelection of incumbents. We get additional protection of incumbents. We get discouragement of challenges. We get discouragement of personal participation in political campaigns. We get starvation of funds for State and local candidates. We get restriction of freedom of speech. We get a compelled use of your money and my money for candidates that we may personally object to. Worse, we get an increase in the bureaucracy.

Finally, we get more spending than we have now, although the people who put up this amendment are telling us they want to cut back. The worst effect of all is the promise of clean elections cannot be fulfilled by using public money.

Public money is the same color as private money. It is green. Translated in another way, a lawbreaker can break the law with public money as well as with private money. There is no essential cleanliness in public money.

I believe the bill we are working on today provides independent, effective regulation and enforcement, and that is the best insurance for clean elections. We can achieve clean, open, honest elections, without wasting the people's money.

If public financing is an idea whose time has come, why has public support for using the taxpayers' money in elections fallen off more than 10 percent in the last 6 months? I will tell the Members why—because the public has figured out whose money it is and what kind of campaigns it is going to be used on.

Our all-pervasive Government has left very little to us the American people. Do not let the bureaucrats take over the congressional elections too. At least save the people's House for the people.

Mr. YOUNG of Florida. Mr. Chairman, will the gentleman yield?

Mr. FRENZEL. I yield to the gentleman from Florida.

Mr. YOUNG of Florida. Mr. Chairman, if there is any money left over after the campaign, does the candidate give it back to the Government or does he keep the money despite the fact that it is Government money?

Mr. UDALL. If the gentleman will yield, it goes back to the Government and it goes into the fund to pay for the overall television and billboard and other campaign expenses.

Mr. FRENZEL. I thank the gentleman.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio (Mr. HAYS).

Mr. HAYS. Mr. Chairman, I would like to say at the start when the gentleman was asked if this would be the nose of the camel under the tent, the gentleman from Illinois (Mr. ANDERSON) replied "No." And I agree with him, it would not be the nose of the camel, it would be the whole head and half his body. And the gentleman from Illinois (Mr. ANDERSON) and company would be back here in 2 years wanting complete public financing. They are the ones who wanted public financing which I turned down cold turkey.

Mr. ANDERSON of Illinois. Mr. Chairman, will the gentleman yield?

Mr. HAYS. No. The gentleman got his time and he got 26 minutes of it the way it was, or the proponents of this did, and I am not going to yield at any time to anybody who is for this iniquitous amendment.

What the gentleman is really trying to do is to get his hands into the Treasury on the first go round. Sure, they wanted $90,000 first, and then they will want the whole turkey.

If we did that in Ohio we would have 1,000 candidates. All one has to do in Ohio is to give a dinner for $25 a ticket and bring in all the Hollywood stars one would want and spend that money and then you report you spent that amount and then you go to the Treasury and pick up your check.

But that is what it amounts to. I am totally opposed to it. I am asking the Members to accept a limited trial run on the Presidential campaign, where all the people have gone to jail. There have not been any charges of illicit contributions in the congressional campaigns.

They talk about reducing the big money. We have already reduced the big money by putting a ceiling on all one can spend, by putting a ceiling on what one can raise, and by putting a ceiling on what may be contributed.

Mr. Chairman, I hope the amendment is defeated.

Mr. JAMES V. STANTON. Mr. Chairman, will the gentleman yield?

Mr. HAYS. I yield to the gentleman from Ohio.

Mr. JAMES V. STANTON. Mr. Chairman, I rise in opposition to the amendment. I believe public financing in the guise that it is being presented here today is the same type of poison that was initially presented. I believe the process of developing strong political parties in this country ought to be on the basis of the parties and the philosophies themselves, and we should not enable by a method of public financing the development of new philosophies. In my judgment this is just the beginning of proliferating those philosophies and parties in this country.

Mr. HAYS. I agree with the gentleman totally. I think it is a scheme to break down the two-party system. I think it could have that effect. I think it is significant that the people who believe in the two-party system are totally opposed to this concept.

Mr. JAMES V. STANTON. Mr. Chairman, the Watergate crisis is generating a great deal of energy for reform of the electioneering process. Obviously, this is a good thing, but we would be making a serious mistake, Mr. Speaker, if we were to assume that any reform—just so long as it produces change—is better than no reform at all. If our responsibility as politicians, as holders of public office and as lawmakers were limited only to offering proof to the public that we care—from which it would follow that we deserve to be reelected next November—then we would be committing no crime if we were to succumb to the "do something, do anything" impulse. In fact, we could saddle some "idea whose time has come" and ride this wave of the future to still another term in public office. But, of course, our responsibility goes beyond that.

It is our duty to think, as well as to act. It is our duty to be sensible; to write into the law only those reforms that we know are going to be meaningful and that will not lead to further disillusionment; to take care that we do not casually transform and thereby undermine that larger framework of democratic government that served us well for nearly 200 years, and which, having been the target of the Watergate criminals, should not, knowingly or unknowingly, become our target as well. It is our duty, Mr. Speaker, to remember that we are politicians as well as reformers, experienced in the ways of government and elections, and possessed of that inside knowledge that comes only from being a part of these processes. It is our duty to use that knowledge to harness and correctly channel the energy for political reform.

Recent developments in the Senate suggest that we might soon be confronted in this body with one of those "ideas whose time has come." This is the proposal for public financing of campaigns for Federal office—that is, Presidential and congressional electioneering. Besides being a proposal, it has taken on the dimensions of a moral crusade. Mr. Speaker, while I do not question the sincerity of those who advocate public financing, I do challenge their wisdom. I submit respectfully that their proposal—I am addressing myself, of course, to the basic concept rather than to any particular legislative formulation of it—is at best a placebo and at worst—I am using this word with forethought—a poison. It's a placebo because it will not succeed in assuring us of "unbought" politicians.

It is a poison because it might very well destroy the innards of the American system of government. One organ it would attack is the first amendment, which assures to every citizen and group of citizens not only a voice to influence their political leaders but also the absolute right to chart their own lawful strategy for maximizing that voice. Another organ that would be threatened is our traditional infrastructure of major and minor political parties. The parties might be brought to a state of atrophy by public financing, or—this is another possibility—they might become afflicted with elephantiasis. Even worse, perhaps, is the possibility that they might achieve immortality. A host of new parties might be born, never to die. In what follows, I will elaborate a great deal and become more specific about these substantive objections to public financing.

I. INEFFECTIVENESS OF PUBLIC FINANCING

A. FAILURE OF THE CORRUPT PRACTICES ACT

At this time, however, Mr. Chairman, I would like to pursue for a moment the argument that public financing would prove ineffectual. This intended reform is based on the premise that good money in politics would drive out the bad. Good money would be that money contributed generously and indiscriminately by all the taxpayers to parties and candidates who hold all sorts of views. Bad money would be that contributed selectively to certain parties or candidates by self-seeking special interests. Never mind for the moment that not all the bad money, so defined, is really bad—that much of it in fact is undoubtedly good, if we broadly construe the term "special interest," and if we believe, as we say we do, in a pluralistic body politic where every political entity has a right not only to exist but to compete—where the public is served by the clash of these so-called special interests and the synthesizing, as often occurs, of their separate points of view. Never mind, either, for the moment the consideration that evil cannot inhere in money itself. It grows only out of the spirit in which it might be given, or from the understanding with which it is received, if the spirit and the understanding are corrupt.

The point for us to consider, if we accept the premise that the presumptively bad money is bad per se, is whether it will indeed be purged from the political process by the good money that is poured in. Our historical experience, not to mention our political savvy, gives us the answer. In 1925 we gave the country the Corrupt Practices Act, and in subsequent years we enacted a number of amendments. This law said, in effect, that campaign contributions from business corporations—or, it was added later, labor unions—are bad, period. Therefore, such contributions were outlawed. But to what effect? Corporations and labor unions are still in the very center of the political arena. In the end, despite the 1925 enactment and its amendments, we got Watergate. And during the intervening years through the present time, we got this—as Marc Yacker, of the Library of Congress, wrote in a paper prepared for me:

> Many corporations find ways to circumvent the law. Two of the most common methods are the placement of salaried workers, still on the company payroll, on the campaign staff of a candidate, and the "lumping technique," that is, a corporation arranging to pay a regularly used attorney, public relations firm, etc. for debts incurred by the candidate. Other firms contribute, also in violation of the law, by awarding bonuses to their executives with the understanding that the money will be contributed to a candidate or party. Still others allow their corporate officials to be reimbursed for obviously inflated business expenses, supposedly paid for out of pocket. In reality this provides the executive with excess money, again to be contributed to a poltical campaign.

As we know, Mr. Chairman, public cynicism is highly injurious in a democracy; it causes people to lose interest in governing themselves, and to lose confidence in their ability to do it. Two of the prime causes of such cynicism are laws that promise more than they can achieve and laws that are supposedly tough but really are not enforced evenly, if at all. The Corrupt Practices Act was such a law; a statute providing public funds for electioneering, but introducing no further reforms, would be another such law.

Some of the public financing proposals would give us a hybrid system in which candidates could legally receive contributions both from the U.S. Treasury and from private sources. Since this kind of law would permit presumptively bad money to maintain access to the political system and to keep circulating within it, it's difficult to discern what the statute would accomplish, assuming again, as such a law would, in effect, say, that the bad money is truly bad.

Perhaps its principal achievement would be to induce some people into thinking, until they awoke later in disillusionment, that another blow had been struck for reform. Another version of the public financing plan, more forthright and obviously more consistent with its own premises, would outlaw private contributions altogether. This was the strategy of the Corrupt Practices Act, whose weak and hypocritical prohibitions against campaign contributions by corporations and labor unions survive today in our latest piece of reform legislation, the Federal Election Campaign Act of 1971, Public Law 92-225. In other words, preemptive public financing unaccompanied by additional reforms would come to public attention as a dramatic change trumpeting reform but leaving us, in terms of enforcement, exactly where we are today. When the people discover that, they will be that much poorer because their tax moneys will have been used to no effect.

B. ENFORCEMENT: THE MOST NEEDED REFORM

This brings us then, Mr. Chairman, to a third and, in my opinion, the crucial reason for opposing public financing today. In addition to being a placebo and a poison—I shall presently, as I have said, say a great deal more about the poison—public financing would be a diversion. The crusade for it diverts us from giving attention to the reform we really need. What we in Congress, and earnest citizens outside of Congress, should be concentrating on is not the financing problem but the enforcement problem. We should be directing our energies toward establishing in the Government an effective institutional mechanism for enforcement of all the laws we now have, and for whatever additional laws we might yet enact, to regulate the financing of political campaigns. For even if we adopt legislation based on the premise that I challenge, namely, that campaign contributions from anyone except Uncle Sam are inherently bad, what good would such a law do if it were not enforced—if it could not keep the so-called bad money from entering campaigns in some secretive way?

Since the Corrupt Practices Act would be the spiritual progenitor of a public financing law, we ought to examine the reasons why the 1925 legislation failed. Of course, its rationale may have been faulty to begin with, in the sense that perhaps it is unrealistic to suppose that we can really prevent corporations, labor unions, and other special interest groups from somehow finding a way to use their financial muscle when their vital interests are at stake. If this is true, we are not likely to have much more success with a preemptive public financing law. However, if indeed it is an attainable goal to drive the presumptively bad money out of the political arena, then obviously a strong, continuing enforcement effort would be required. The Corrupt Practices Act did not lay the foundation for such an effort—and, in fact, the law appears to have been contrived to render such an effort unlikely, if not impossible. Enforcement was strengthened somewhat, but not very much, in the 1971 law. This is where we are today, and it is on this weak reed that the advocates of public financing ask us to superimpose an elaborate new system of restraints against special interest groups.

The first policing inadequacy of the Corrupt Practices Act was that it dispersed responsibility for enforcement rather than concentrating it. It enthroned the Clerk of the House and the Secretary of the Senate as satraps who were to receive from the candidates public reports disclosing their campaign contributions and expenditures. The Clerk and the Secretary in turn were supposed to advise the Attorney General of failures to file, and it was to be his job to take it from there.

The second inadequacy of the act should already be apparent; the designated enforcement officers had authority which they could not safely exercise. The Clerk and the Secretary owed their tenure to the incumbents they were policing. And the Attorney General, of course, was an appointee of the President, whose day-to-day work enmeshed him in all sorts of entangling alliances with Members of the House and Senate. Predictably, in the decades that followed there were no prosecutions under the Corrupt Practices Act. In the 1971 updating of the law, it was broadened in scope and new enforcement obligations were spelled out. In addition, a third satrapy was created. The Comptroller General, more independent than the Clerk and the Secretary but still an agent of Congress, was given supervisory authority over the reports filed by Presidential candidates. But the two basic defects of the 1925 legislation were not corrected. We are still stuck today with a policeman on every corner, as it were, operating under no centralized command structure and each of them answerable in subtle ways to the persons they are policing.

What we obviously need, Mr. Chairman, is more self-starting, self-propelled, free-wheeling enforcement machinery operating under a grant of authority that bridges the executive and legislative branches. The machinery ought to be centralized in a new agency of Government that would need no one's permission to exercise its police powers with respect to electioneering by candidates for all the Federal elective offices. The agency would have built-in authority to compel reporting by the candidates, to require timely reporting to verify the completeness and accuracy of the reports to subpena persons and documents, to hold hearings, to publicize its findings and, when necessary, to initiate and prosecute its own cases in court. Such an agency is proposed in a number of bills pending before us, among them S. 372, which passed the Senate last year, and my own H.R. 10218. But the crusade for public financing apears to be monopolizing public attention, diverting us from the more meaningful and effective legislation that would result from a careful examination of the plans for assuring enforcement.

Mr. Chairman, I think most of us would agree that, of all the officials charged with enforcement of the present law, the Comptroller General is the most impartial. As I have indicated, he is one of three so-called supervisory officers, the two others being the Clerk of the House and the Secretary of the Senate. For some time now, he and his agents have this Congress to suggest improvements in the law. The thrust of his thinking is highlighted by these excerpts from his testimony last April 12 before the Senate Subcommittee on Privileges and Elections:

> One year's experience with the Federal Election Campaign Act of 1971 has convinced us of the need for more effective enforcement procedures . . . The Supervisory Officer or his equivalent should be given the power: (1) to require written reports and answers to questions; (2) to administer oaths; (3) to compel testimony and documents by subpena; and (4) to initiate court actions in his own name through his own attorneys . . . In addition, the Supervisory Officer or his equivalent should be authorized to impose civil fines on candidates and political committees or others who violate the Act in ways not appropriate for criminal prosecution, such as late filing of reports, failure to include relevant information, errors in reports, etc. In his discretion, the administrator should be able to impose a fine within statutory limits on the violator and to enforce it through distraint or through a court proceeding.

This is the real business before us, Mr. Chairman. We should get on with it. We would be misleading the people if we were to allow ourselves to become distracted by sideshows produced by outside groups that lack our firsthand knowledge of all that is involved in campaign financing. Because in this instance we are making laws to govern ourselves, no one knows better than we do which restraints on us would really prove effective.

C. DISCLOSURE AS AN ALTERNATIVE REFORM

If we conclude, Mr. Chairman, that even the strictest enforcement would fail to completely insulate campaigns from presumptively bad money, then we ought to consider also proposals to improve the disclosure mechanism in the current law our rationale being that the power of bad money diminishes as it attains visibility. Disclosure, as well as certain outright prohibitions, was a strategy adopted in the 1925 Corrupt Practices Act. Although there was more obfuscation than disclosure in the years that followed, some important strides forward were made in this area in the 1971 legislation. With some of my colleagues, I believe we ought to proceed still further on this road. For instance, H.R. 10218 contains a proposal for a Federal Elections Campaign Bank. The justice Department endorsed this concept in testimony last September 21 before the Senate Subcommittee on Privileges and Elections. I explained my bill in detail in a presentation to the House last September 25. It was published in the CONGRESSIONAL RECORD that day, starting on page 31383.

I for one am convinced that a combination of full disclosure and energetic, impartial enforcement is the prescription we need for effective reform of campaign financing. The Watergate investigations have served as, among other things, an engine for disclosure. No one will deny that these disclosures have had impact and that they are bringing results. I submit that we ought to live for a time in this atmosphere of disclosure and enforcement, and that we see what it can produce, before we veer off on the tangent of public financing—a possibly irrelevant reform that threatens, as I have said, to destroy certain vital functions of our democratic system.

II. POSITIVE ASPECTS OF PRIVATE FINANCING

Mr. Chairman, I would like to pause once more before turning to my substantive objectives against public financing. The reason I leave these objections to the last is that I prefer to address you and our colleagues in positive terms, emphasizing what we ought to be doing rather than what we ought to be avoiding. This is not a polemic in favor of the status quo. But neither is this analysis one that sees no redeeming value at all in certain aspects of the status quo. A conspicuous factor in things as they are is, of course, the system of campaign contributions from nonpublic sources. As I have said, I do not accept the argument that this money is inherently bad. As a matter of fact, I assert the opposite—that such contributions play a constructive and essential role in the unfolding of the democratic process.

I think we can see this more clearly if we describe these contributions not as private, not as nonpublic, but rather as quasi-public in nature. They are quasi-public in the sense that they are publicly disclosed and are contributed for the purpose of achieving results that affect the public—for better or for worse—by bringing influence to bear on officials who are elected by the public. This may be said even of the small sums that many citizens contribute directly on their own initiative, without consulting anyone else, to candidates and parties and politically active groups. It is true even more of the much larger sums that the pressure groups themselves contribute to campaigns. I doubt that anyone would dispute the proposition that these groups are quasi-public in nature, a fact that is implicit, for instance, in laws that in effect grant licenses to their lobbyists. Therefore, it is not valid to assume, as many advocates of public financing do, that some unholy dichotomy exists between public money and what they call private money.

In his study "Campaign Financing and Political Freedom," Ralph K. Winter, Jr. writes:

> Contributing to a candidate permits individuals to pool their resources and voice their message far more effectively than if each spoke singly. This is critically important because it permits citizens to join a potent organization and propagate their views beyond their voting districts. Persons who feel strongly about appointments to the Supreme Court, for example, can demonstrate their convictions by contributing to the campaigns of sympathetic congressmen. Those who give money to Mr. John Gardner's Common Cause and conceive of that act as a form of free association and expression should not automatically deny the same status to those who give to political campaigns. . . . That a senator receives large union contributions might be perceived as the reason he often supports union causes. Is not the reverse far more commonly the case: the candidate receives contributions because he holds these convictions? . . . Common Cause, we are told, is presently engaged in an empirical study designed to show "a real correlation" between contributions and legislative decisions. . . . Some such correlation can probably be easily established, since contributions are rarely given either at random or to one's political enemies.

Winter cites more reasons why the presumptively bad money really is good:

> The need for campaign money weeds out candidates who lack substantial public support. An attractive candidate with an attractive issue will draw money as well as votes.

And:

> The right to give or not to give to a candidate is an aspect of political freedom. Campaign money . . . serves as a barometer of intensity of feeling over potent political issues . . .

By following this train of thought we can see that the private contribution fosters political action. It promotes a clash of ideas. When one pressure group builds a war chest and starts using it, this action makes it virtually certain that opposing interests, too, will solicit their constituencies for financial support. All this, then, helps to finance public discussion and to draw public attention to the controversies that are the sine qua non of democratic government.

OBJECTIONS TO PUBLIC FINANCING

I realize, Mr. Chairman, that nothing I have said so far necessarily rules out public financing on its own merits as at least an addition to the arsenal of reform. It could be argued, in fact, that a program for reform ought to start with the priorities I have outlined here, culminating finally in a system of public financing. This would complete the process, it might be said, of delivering to the public a package that would preclude any future Watergates. But I hope we stop short of putting together that package. Public financing, in my opinion, is not an antidote to Watergate. Instead, being carried forward mindlessly on the emotions engendered by Watergate, it could cause permanent damage to our elective processes. I submit that public financing ought to be assessed, first, in terms of its impact on our traditional political party structure; second, its impact on candidates and incumbent elective officials; and, third, its impact on public participation in elections. Then I will conclude with certain other considerations that we ought to keep in mind.

A. IMPACT ON POLITICAL PARTY STRUCTURE

The specific ways in which public financing could alter or ensconce the traditional political party structure would depend, of course, on the particular plan that is adopted. Some plans would strengthen the parties in undesirable ways; others would have the opposite—but an equally undesirable—effect. Since we do not know which plan might emerge in a viable legislative form, to be debated on the floors of the House and Senate, our safest course at this point is to consider all the contingencies, even though some of them will be seen as mutually exclusive. In other words, if we do not come to one bad result, it will be another.

1. THE MAJOR PARTIES

We ought to start with the two major parties, examining the consequences in terms of their institutional roles. As we know, Mr. Chairman, the Democratic and Republican parties do not represent a bequest made to us by the Constitution. There is no mention of parties in that document, or in any of its amendments.

Although they lack constitutional status it is true that the parties have evolved as part of our political system, and at the present time they appear to be permanent fixtures within it. Even if we assume that continuing evolution will not some day dictate a phasing out of the parties—that is, that the parties are here to stay, and should stay—where is it written that we must have the Democratic and Republican parties that we know today? Other major parties have come and gone for sound historical reasons. But if we agree to underwrite the existence of today's parties with public funds, we will never be rid of them. They will survive as institutions long after they outlive their vitality, long after their constituents abandon them. But is it right for them to live on? Is it constitutional to grant them immortality? As Justice Black has written:

> There is, of course, no reason why two parties should retain a permanent monopoly on the right to have people vote for or against them. Competition in ideas and governmental policies is at the core of our electoral process and of the first amendment freedoms.

Obviously, when we give public money to the parties, we are subsidizing the ideologies that they espouse. If we subscribe to the wisdom of Jefferson, who called for separation between church and State, we ought to carry this policy to its logical conclusion and prohibit also any conjoining of ideology and the State. I submit that we should be especially sensitive to this danger in today's world, when ideologies are proclaimed and promoted with religious fervor. To the extent that we subsidize majoritarian ideology, I question whether this is wise or constitutional. Does not this perforce discriminate against individuals and groups that hold minority viewpoints? Does not this make it more difficult for new ideologies, better attuned to a rapidly changing world, to gain a foothold? We ought to beware, Mr. Chairman, of so entrenching the party that we belong to, as well as the opposite party to which our colleagues across the aisle adhere. We should keep in mind that it is under fascism and communism that the state and ideology are entwined.

Further, when we grant to a party a continuing subsidy, we strengthen not only the party but also the leaders in control of the party at the time the subsidies start. We can imagine circumstances under which the leadership, having control of the money, could arrange things so that it would be difficult to oust them from power even after they had lost an important election, or in the face of a movement by younger leaders or reform elements to take over. In 1972, in line with this analysis, the Democratic Party could have remained under the thumb of GEORGE McGOVERN and Jean Westwood, who had less than universal appeal among Democrats, and the Republican Party in 1964 could have become the possession of BARRY GOLDWATER and Dean Burch and the small party faction that they represented.

In the big cities, to cite another example, the machines could live on long after they had lost true popular support. So not only would public financing bring us permanently entrenched major parties but also leadership superbly equipped to assure the succession to loyalists of their own choosing—in short, a sort of monarchial system of party governance.

There is still a third way in which public funding could lock the parties into positions of power. Giving money to them would strengthen them vis-a-vis candidates carrying the party's banner. If there were a public financing scheme that forced candidates to look to the parties exclusively for financial sustenance, this would diminish the independence of those running for office, and possibly cause them to cut or ignore their ties with other interest groups. Bossism would ride again.

If, the other hand, we were to give the public subsidy to the candidates, rather than to the parties, then we would weaken the party's traditional role as a principal fundraiser, thereby depriving it of an instrument of discipline. Following inevitably, as well, would be a proliferation, if not an explosion, in the number of candidates. With aspirants for office being guaranteed funding by the Government, they would enter the primaries in herds. In large fields such as these, no candidate could hope to achieve more than a modest plurality. The winner then would enter the general election not really as the candidate of a party but merely of a small faction. The overwhelming majority of voters in the primary will have lost. This is true today, of course, in many elections, but public financing of campaigns channeled to the candidates themselves would increase the incidence of such freakish elections, and perhaps make them commonplace.

If we were to give the public money both to the parties and the candidates, as a means of achieving some balance between the alternatives I have just cited, then we could end up being saddled with undesirable aspects of both systems, with neither being able to cure the other.

2. THE MINOR PARTIES

Public financing of elections would also affect profoundly the traditional role of the minor parties in our system of government. Like the major parties, they are not rooted in the Constitution and thus there is no obligation on the part of the citizenry or the Government to perpetuate them. Nonetheless, all of us are familiar with the positive contribution that some of these parties have made throughout our history. Some of the best of them have died, but only after important parts of their platform had been absorbed by the major parties. Others have produced nothing and passed from the scene with good riddance, because their programs were offensive to citizens in a democratic country or because their proposals were foolish or inappropriate to the times. The comings and goings of the minor parties has had the net effect of providing a two-party system, which in turn accounts for the politics of consensus that has kept our country stable and united. Against this background, any tampering with the two-party system and with the means of absorption of the minor parties, or conversely an upset in the political dynamics of our Nation so as to discourage the birth of third parties, is bound to have deleterious results. Jack H. Haskell of the Library of Congress staff, in a paper last August, summed up all that would be at stake for minor parties under varying schemes of public financing. He wrote:

> It is contended by some that since third parties must garner a certain percentage of the vote before being eligible for public funding, the requirement may unfairly discourage the operation and formulation of third or new parties and so may dry up an important source of new ideas and original solutions which are often eventually adopted by the major parties.
>
> On the other hand it has been suggested that the expectation of public funding if a certain number of votes can be polled may encourage the proliferation of minor and new parties. This is seen by some to be a serious threat to the stability of our two-party system of government since varying factions, instead of being encouraged to work for change within the structure of one of the two major parties, would now be encouraged by the expectation of free funding to form a new "splinter" party. Further objections are raised that public funding may perpetuate minor political parties which would otherwise have only short-run or temporary popularity since funding of third parties may partly be based upon performance of the party in the previous election four years before. Others question the wisdom of the government or the desire of the general public to support or perpetuate radical "fringe" parties or racist-oriented third parties which may have established a modicum of public support.

As to the litters of minor parties that might result from a system of public financing, perhaps the ultimate danger would be the formation of a religious party. Would the constitutional prohibition separating church from state then become operative, depriving such a party of the public funds that other parties are getting? If not, would not most Americans find it obnoxious—if not dangerous—to in effect be subsidizing a religious doctrine? On the other hand, if religious parties are to be barred from receiving the public funds that other parties receive, how is a religious party to be defined? It appears to me, Mr. Speaker, that nothing could save the state under these circumstances from becoming entangled with one or more of the religions.

B. IMPACT ON OFFICEHOLDERS

Apart from its impact on the parties, public financing would have a separate effect on candidates and persons already holding public office. It would come as another boon to the incumbents. Frankly, Mr. Chairman, I should think that we ought to be embarrassed about asking the taxpayers for any more favors, in view of the perquisites of office that we already hold and the fact that they have proved so useful in keeping us here. For example, the franking privilege used in certain ways gives us a leg up on our challengers, and we can see the evidence of this in the election results.

So we already have our subsidies, the one in this example being an enormous—and unlimited—allowance to pay for the mailing of letters, illustrated newsletters and all sorts of other materials to our constituents. On top of all this, we would get another handout from the Government through public financing of our campaigns. In a public funding plan that gives an equal amount to each candidate, we still would maintain the perquisite gap. In a plan that doles out money based on performance in previous elections, we would automatically get more money than the challengers. In a plan of public financing that is less than preemptive, some incumbents might twist the situation to their advantage by using the taxpayer's funds, in effect, as seed money to attract still more private contributions. Allow me to explain, Mr. Chairman. Suppose we have an incumbent who is fairly well entrenched. He is able to build only a small war chest, election after election, because his opposition is light and financial angels among his supporters see no serious threat to him. But then some public money is thrown into the campaign. As a result, attracted by the certain prospect of financial assistance, a strong challenger enters the race—or a number of challengers do. The survival of the incumbent, under these conditions, is not to be taken for granted. So he goes to his supporters and persuades them to open their wallets. This, of course, stimulates parallel activity by the opposition. But in any such fundraising contest, as studies have shown, the incumbent has important advantages that virtually assure him of outsoliciting his challengers. Surplus funds he might raise could then be put in the bank to give him a headstart 2 years later, or 4 years later, in a race for higher office. In the meantime, the challenger has found the public financing kitty to be of only passing advantage. He himself might be no worse off financially than when he started, but the taxpayer is behind and the incumbent might be ahead, because he has picked up some cash that otherwise would have been withheld from him.

Yet it is not only money that taxpayers might lose. They might also be deprived, under a scheme of public financing, of the opportunity to hear a spirited, truly informative discussion of the issues. Winter has written:

> We are told that subsidies will "reduce the pressure on Congressional candidates for dependence on large campaign contributions from private sources . . ." If, however, one reduces the pressure on candidates to look to the views of contributors, to whom will the candidates look instead? The need to raise money compels candidates to address those matters about which large groups feel strongly. Candidates might well, upon receiving campaign money from the government, mute their views and become even more prepackaged. Eliminate the need for money and you eliminate much of the motive to face up to the issues. Candidates might then look more to attention-getting gimmicks than to attention-getting policy statements. A subsidy combined with spending limits might insulate incumbents both from challengers and the strongly held desires of constituents.

We should not overlook, either, Mr. Chairman, the fact that appropriations for a campaign-financing program would be controlled by persons already holding those offices that would be at stake in the next election. The implications of this are worth reflecting on, in view of what we in Congress describe as the power of the purse. At the very least, it seems to me, we would be plunging the Federal Government, which heretofore has largely been held at arm's length, into the election process. At worst, this would result in incumbent officeholders, or perhaps their agents, meddling in disputes over what did, or did not, constitute a justified use of public-supplied campaign funds. I wonder: Would we end up, for instance, with censorship of political advertising messages?

C. IMPACT ON PARTICIPATORY POLITICS

Mr. Chairman, public financing also would have an adverse impact on public participation in the election process. I question how we would enhance liberties if we clamp restraints on the citizens of any class denying them the right to contribute to a candidate who has already shown by his record that he is a champion of that group, or who has persuaded the group that he definitely will take up their cause. As Haskell has put it:

> It is questioned whether it is wise to diminish the influence of groups which represent the opinion of a large segment of the electorate, such as the political arms of labor organizations or commercial groups. The objective of collective action, such as collective bargaining for instance, is to centralize, and so to increase the bargaining power of individuals to meet the legitimate demands of these persons who may not have the influence to receive consideration as individuals. It is feared that through public financing the needs of certain individuals, for example laborers, may not be met since the means through which they may exert their collective influence, through organizations such as COPE, will be substantially limited. Those who disagree with this premise contend that private interest groups may represent their members by exerting their influence through channels others than direct financial support of candidates. This contention, however, at the same time may weaken the original argument that public financing would free a candidate from the influence of special interest groups.

I would venture to say, Mr. Chairman, that the ordinary workingman has a rather keen sense of the power he is able to command through his union, and an equally accurate estimate of his helplessness if he is forced to stand alone. If he were barred by a new law, for reasons obscure to him, from giving his few dollars to the only candidate who seems interested in him, his sense of there being something foul afoot would harpen his cynicism, and he probably would turn off politically retreating to apathy. At the same time, affluent persons with more free time than the workingman would remain on the political stage, and might end up hogging a good part of it for themselves. Also remaining front and center would be the activist, highly educated persons who are able to bring to bear in a campaign more than just money—such as a knowledge of the details of many issues; an ability to articulate their points of view; and all the self-confidence that comes from these attributes. It is these same persons who frequently influence, and in some places also control, the news media. While their role in elections is just as constructive as that of the workingman, we ought not to take action that in effect gives them a greater voice than is justified by their numbers in the population. Of course, this is what we do when we brush aside the workingman.

D. OTHER CONSIDERATIONS

There are a number of other considerations, Mr. Chairman, that militate against public financing. I would like to cite just a few:

If a voter disagrees strongly with a candidate, should he be forced to help pay for his message? Winter has stated the problem this way:

> What would happen if a racist ran for office and delivered radical and quasi-violent speeches? One result might be cries for even more regulation—in particular, for regulation of the content of political speech.

To the extent that the largest sums of money are contributed by those who can best afford it, and whose personal financial stake in our system is greater, is this not after all, as it should be? Does this not unofficially parallel, in a sense, the principle of progressive taxation? Somebody has to pay for political campaigns. If we take the money out of the public till, the cost of it will fall disproportionately on the low-middle and lower income groups. This is so because our Federal income tax system is not as progressive as it is supposed to be, or as we like to pretend that it is.

The cost of public financing might become burdensome, and this could take money away from vital public programs. We can assume a steady escalation of costs because, to cite one reason, for the incumbents to increase the amounts of the grants to themselves enhances their sense of power and their actual power. To political animals like us, having more money to dispense would be akin to having more patronage at our command. I doubt that we would spurn larger and larger grants even if the price for this would be to have to share the extra money with our challengers. Is there a politician among us who would deny that some of us are adept at making deals with the opposition? And who would be the beneficiaries of all this largess? Again, I would like to cite but one example, Mr. Chairman. Arlen Large wrote in the Wall Street Journal last year:

> In recent years a whole industry of campaign advertising specialists has mushroomed to advise candidates on how to spend their privately collected money. With an assured supply of financing from public tax funds, the campaign consultant would become just one more parasitic operator who, like a commercial income tax preparer, thrives merely because the government exists

IV. CONCLUSION

I would like to conclude, Mr. Chairman, with an observation by Alexander Heard, an authority on campaign costs, who noted in his work "Costs of Democracy:"

> It has been repeatedly demonstrated that he who pays the piper does not always call the tune, at least not in politics. Politicians prize votes more than dollars.

Let us not get carried away, then, Mr. Chairman, by getting hung up on the financial aspects of politics. Let us examine carefully the case against public funding of elections, as it has been outlined here and elsewhere. Or better yet, why not lay the question aside for the time being and get on with the reforms we truly need at this time? Thank you, Mr. Chairman.

Mr. BOLAND. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, the amendment before us has a great deal to recommend it. It is thoroughly bipartisan. Therefore, it is particularly appropriate, in light of the amendment's broad based political support, that it offer, as it does, the chance for matching public funding of congressional races, only where there is broad based public support for candidates. The amendment provides for matching funds, only after a candidate has raised, at least 10 percent of his maximum spending limit, through private contributions of $50 or less. Accordingly, so-called frivolous candidates will find it extremely difficult to benefit under this amendment.

The other significant proposition of this measure is, that what matching funds are provided, come only from the dollar checkoff fund. If there are no funds available in the fund, then no matching funds will be paid out. Thus, only the support of the taxpaying citizens of this country will serve to finance matching funds from the checkoff fund. These people will know that their taxes will not increase or decrease because of the fund. What they will know, and what they will be able to judge for themselves, is whether we should take the move, of providing a mix of public, as well as private funding, for Federal election campaigns.

This decision, Mr. Chairman, puts the average citizen of this Nation in the driver's seat as far as public funding of elections goes. It makes such concepts as populism and grassroots supports—which, as expressions of the English language, have been overused and therefore have lost much meaning—it makes them more real and more viable in political parlance. If a mixture of public and private financing for Presidential elections can help to make the little people of this Nation more of a factor in Presidential races, there is little reason to deny this privilege to congressional races. I suggest, that it will do as much as anything since universal suffrage to put individual choices and community feeling in the forefront of Federal elections. It is going to put the average citizen right up front in national decisionmaking, a position that he or she long ago lost to the big money contributors. And finally, and most importantly, such a shift in real voting power is going to bring citizens a lot closer to their government. This will mean the defeat of national cynicism about our political system that has grown so rapidly since Watergate. It is also going to produce a feeling of involvement that I am confident will lead to a reestablishment of confidence in government. After all, it stands to reason that the more involved you are in an activity, the more committed you feel to its goals, the more stout is your defense of those goals and the more cohesive and unfragmented that activity can become.

Those symptoms can be true for this country as well. I feel that real participation in congressional elections can be an essential part of that revolutionary change. I therefore urge adoption of this well balanced and broad based amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Arizona (Mr. UDALL).

The question was taken; and the Chair announced that the noes appeared to have it.

RECORDED VOTE

Mr. ANDERSON of Illinois. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 187, noes 228, not voting 19, as follows:

[Roll No. 467]

AYES—187

Abzug
Adams
Addabbo
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Aspin
Badillo
Bergland
Biester
Bingham
Boggs
Boland
Bolling
Bowen
Brademas
Breckinridge
Broomfield
Brotzman
Brown, Calif.
Buchanan
Burke, Calif.
Burlison, Mo.
Burton, John
Burton, Phillip
Clay
Cleveland
Cochran
Cohen
Collier
Collins, Ill.
Conable
Conlan
Conte
Conyers
Cotter
Coughlin
Cronin
Culver
Dellenback
Dellums
Diggs
Donohue
Drinan
du Pont
Eckhardt
Edwards, Calif.
Eilberg
Esch
Eshleman
Evans, Colo.
Fascell
Fish
Foley
Forsythe
Fraser
Frelinghuysen
Frey
Giaimo
Gilman
Grasso
Green, Pa.
Grover
Gude
Gunter
Hamilton
Hanley
Hanrahan
Harrington
Harsha
Hastings
Hawkins
Heckler, Mass.
Heinz
Henderson
Hicks
Hillis
Holtzman
Horton
Hungate
Johnson, Calif.
Johnson, Pa.
Jones, Okla.
Jordan
Karth
Kastenmeier
Kemp
Koch
Kyros
Leggett
Lehman
Lent
Litton
Long, La.
Luken
McCloskey
McCormack
McDade
McEwen
McKay
McKinney
Madigan
Mallary
Maraziti
Matsunaga
Mayne
Mazzoli
Meeds
Melcher
Metcalfe
Mezvinsky
Miller
Mills
Minish
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moorhead, Pa.
Mosher
Obey
O'Brien
Owens
Parris
Patten
Peyser
Pike
Podell
Preyer
Pritchard
Quie
Railsback
Rangel
Rees
Regula
Reid
Reuss
Riegle
Rinaldo
Robison, N.Y.
Rodino
Roncalio, Wyo.
Roncallo, N.Y.
Rooney, Pa.
Rosenthal
Roush
Roy
Roybal
St Germain
Sarasin
Sarbanes
Schroeder
Seiberling
Shriver
Smith, Iowa
Smith, N.Y.
Stanton, J. William
Stark
Steele
Steiger, Wis.
Stokes
Stratton
Studds
Symington
Taylor, N.C.
Thone
Tiernan
Traxler
Udall
Van Deerlin
Vander Veen
Vanik
Waldie
Walsh
Ware
Whalen
Whitehurst

Wilson, Charles, Tex.
Winn
Wolff
Wyatt
Wydler
Yates
Young, Ga.
Young, Ill.
Zablocki
Zwach

NOES—228

Abdnor
Alexander
Annunzio
Archer
Arends
Armstrong
Ashbrook
Ashley
Bafalis
Baker
Barrett
Bauman
Beard
Bell
Bennett
Bevill
Biaggi
Bray
Breaux
Brinkley
Brooks
Brown, Mich.
Brown, Ohio
Broyhill, N.C.
Broyhill, Va.
Burgener
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Butler
Byron
Camp
Carney, Ohio
Carter
Casey, Tex.
Cederberg
Chamberlain
Chappell
Clancy
Clark
Clausen, Don H.
Clawson, Del
Collins, Tex.
Corman
Crane
Daniel, Dan
Daniel, Robert W., Jr.
Daniels, Dominick V.
Danielson
Davis, S.C.
Davis, Wis.
de la Garza
Delaney
Denholm
Dennis
Dent
Derwinski
Devine
Dickinson
Dingell
Dorn
Downing
Dulski
Duncan
Edwards, Ala.
Erlenborn
Evins, Tenn.
Findley
Fisher
Flood
Flowers
Flynt
Ford
Fountain
Frenzel
Froehlich
Fulton
Fuqua
Gaydos
Gettys
Gibbons
Ginn
Goldwater
Gonzalez
Goodling
Green, Oreg.
Griffiths
Gross
Gubser
Guyer
Haley
Hammerschmidt
Hanna
Hays
Hébert
Hechler, W. Va.
Helstoski
Hinshaw
Hogan
Holt
Hosmer
Howard
Huber
Hudnut
Hunt
Hutchinson
Ichord
Jarman
Johnson, Colo.
Jones, Ala.
Jones, N.C.
Jones, Tenn.
Kazen
Ketchum
King
Kluczynski
Kuykendall
Lagomarsino
Landgrebe
Landrum
Latta
Long, Md.
Lott
Lujan
McClory
McCollister
McFall
Macdonald
Madden
Mahon
Mann
Martin, Nebr.
Martin, N.C.
Mathias, Calif.
Mathis, Ga.
Michel
Mink
Minshall, Ohio
Mizell
Montgomery
Moorhead, Calif.
Morgan
Moss
Murphy, Ill.
Murtha
Myers
Natcher
Nedzi
Nelsen
Nichols
Nix
O'Hara
O'Neill
Passman
Patman
Pepper
Perkins
Pettis
Pickle
Poage
Powell, Ohio
Price, Ill.
Price, Tex.
Quillen
Randall
Rhodes
Roberts
Robinson, Va.
Roe
Rogers
Rose
Rostenkowski
Rousselot
Runnels
Ruppe
Ruth
Ryan
Sandman
Satterfield
Scherle
Schneebeli
Sebelius
Shipley
Shoup
Sikes
Sisk
Skubitz
Slack
Snyder
Spence
Staggers
Stanton, James V.
Steed
Steelman
Steiger, Ariz.
Stephens
Stubblefield
Stuckey
Sullivan
Symms
Talcott
Taylor, Mo.
Thompson, N.J.
Thomson, Wis.
Thornton
Towell, Nev.
Treen
Ullman
Vander Jagt
Veysey
Vigorito
Waggonner
Wampler
White
Whitten
Widnall
Wiggins
Wilson, Bob
Wilson, Charles H., Calif.
Wright
Wylie
Wyman
Yatron
Young, Alaska
Young, Fla.
Young, S.C.
Young, Tex.
Zion

NOT VOTING—19

Blackburn
Blatnik
Brasco
Carey, N.Y.
Chisholm
Davis, Ga.
Gray
Hansen, Idaho
Hansen, Wash.
Holifield
McSpadden
Milford
Mollohan
Murphy, N.Y.
Rarick
Rooney, N.Y.
Shuster
Teague
Williams

So the amendment was rejected.

The result of the vote was announced as above recorded.

Mr. STRATTON. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I take this time simply to advise the House that I have an amendment which, except for the rule that was adopted and which I opposed, would be in order at this point and which I would have offered at this point. My amendment would add a new title to the bill, a title that would provide for free political broadcasting.

I believe that if we could get free political broadcasting over the airways that are owned by the people and are regulated by the Government, we could eliminate one of the most expensive aspects of campaigning.

In case any Members are interested in my proposal it appears on page 27044 in the Record for August 6, 1974, and it also is contained in H.R. 14520.

Under the rule, as I say, which I opposed, my amendment is not in order to this bill. That is most unfortunate. Because if we are going to do a thorough job of controlling excessive campaign spending we ought to consider this matter very seriously. I hope at some future time this amendment of mine will be in order for serious and careful consideration by this House.

Mr. HAYS. Mr. Chairman, I wish to propose a unanimous-consent request, and that request is as follows:

Mr. Chairman, I ask unanimous consent that all debate on this bill and all amendments thereto cease at 6:15 p.m.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The CHAIRMAN. Members standing at the time the unanimous-consent request was agreed to will be recognized for approximately 1 minute and 20 seconds each.

The Chair recognizes the gentleman from New York (Mr. Koch).

AMENDMENTS OFFERED BY MR. KOCH

Mr. KOCH. Mr. Chairman, I offer two amendments.

The Clerk read as follows:

Amendments offered by Mr. Koch: Page 79, immediately after line 9, insert the following new section:

CAMPAIGN MAIL

Sec. 410. (a) Chapter 95 of the Internal Revenue Code of 1954 (relating to Presidential Election Campaign Fund) is amended by adding at the end thereof the following new section:

"Sec. 9014. Campaign Mail.

"(a) Definitions.—For purposes of this section—

"(1) the term 'campaign mail' means any piece of mail which does not exceed the maximum weight per piece of mail allowable if mailed at the lowest rate per piece established by the Board of Governors of the Postal Service for bulk rate mailings of circulars by qualified nonprofit organizations, and which is mailed by any candidate for the purpose of influencing the election of such candidate;

"(2) the term 'candidate' has the meaning given it by section 301(b) of the Federal Election Campaign Act of 1971, except that such term does not include a candidate for the office of President or Vice President of the United States;

"(3) the term 'eligible candidate' means any candidate who is eligible under subsection (c) to receive campaign mail payments;

"(4) the term 'supervisory officer' means the Secretary of the Senate with respect to candidates for the office of Senator, and the Clerk of the House of Representatives with respect to candidates for the office of Representative, Delegate, or Resident Commissioner; and

"(5) the term 'State' has the meaning given it by section 301(i) of the Federal Election Campaign Act of 1971.

"(b) Campaign Mail Entitlement.—Any candidate who establishes his eligibility under subsection (c) shall be entitled to receive payments for campaign mail under subsection (d).

"(c) Eligibility.—

"(1) In any general election, any candidate who—

"(A) has met the qualifications prescribed by the applicable laws to hold the Federal office for which he is a candidate, and is the candidate of a political party whose candidate in the most recent general election for the office involved received at least 15 percent of the popular votes received by all candidates in such general election; or

"(B) transmits to the Secretary of State for the State in which the election is held (or, if there is no office of Secretary of State, to the equivalent State officer), no later than 45 days before the date of the general election, a petition containing the signatures of at least 5,000 individuals registered to vote in the geographical area in which such general election is held,

shall be entitled to receive campaign mail payments under subsection (d).

"(2) The Secretary of State for the State in which the election is held (or, if there is no office of Secretary of State, the equivalent State officer) shall take appropriate steps to certify signatures contained in petitions transmitted by any candidate under paragraph (1)(B). Upon completion of certification, the Secretary of State shall transmit such petitions to the appropriate supervisory officer. The supervisory officer shall not declare any candidate to be eligible to receive allotments until the supervisory officer receives such petitions from the Secretary of State. Each such certification shall be completed no later than 30 days before the date of the election involved.

"(d) Payments.—

"(1) Every eligible candidate shall be entitled to receive payments from the Secretary under paragraph (2) for the mailing of a number of pieces of campaign mail equal to the number of individuals registered to vote in the geographical area in which the general election is held.

"(2) The Secretary shall make payments to an eligible candidate for mailings under paragraph (1) upon the receipt of certification from such candidate that such payments shall be used exclusively for the mailing of campaign mail. The Secretary shall make such payments out of the Presidential Election Campaign Fund established by section 9006(a). Such payments shall be made, however, only after the Secretary determines that amounts for payments under sections 9006(c), 9007(b)(3), and 9037(b) are available in the fund for such payments.

"(3) Whenever a payment is made by the Secretary under this section with respect to campaign mail of any eligible candidate, an amount equal to the amount of such payment shall be attributed toward the expenditure limitation of such candidate under section 608(c) of title 18, United States Code."

(b) Section 9012(c) of the Internal Revenue Code of 1954 (relating to unlawful use of payments) is amended by inserting "or under section 9014(d)" immediately after "9006".

(c) The table of sections for chapter 95 of the Internal Revenue Code of 1954 (relating to the Presidential Election Campaign Fund) is amended by adding at the end thereof the following new item:

"Sec. 9014. Campaign mail.".

And redesignate the following section accordingly.

Page 79, line 15, strike out "and 409" and insert in lieu therof "409, and 410".

Mr. KOCH. Mr. Chairman, one of the amendments is a perfecting amendment, the other is related to public financing, but is a different version and limited solely to a single mailing for which the checkoff system would be used to provide the funds.

The CHAIRMAN. The Chair will have to say that there may be a question of a point of order on these amendments.

POINT OF ORDER

Mr. HAYS. Mr. Chairman, I make a point of order on the amendments. The gentleman from New York was kind enough to offer one of the amendments to me, the one referring to page 79, after line 9, on campaign mail. I will reserve a point of order if the gentleman from New York wishes to use the balance of his time to explain the amendment.

The CHAIRMAN. The gentleman from Ohio reserves a point of order.

Mr. KOCH. Mr. Chairman, I would hope that the Chair would find the amendment in order because I believe it is a different version of public financing which is in order under the bill. Of course, the amendment was published in the Congressional Record.

What it does is to provide funds out of the checkoff funds to the candidates in the general election for one mailing, so as to give to candidates an equal opportunity to present themselves to the constituency.

The CHAIRMAN. The time of the gentleman has expired.

Does the gentleman from Ohio press his point of order?

Mr. HAYS. I am not sure I know what the second amendment is.

Mr. KOCH. It is just a perfecting amendment to locate the numbers within the bill itself. It does not change the amendment.

Mr. HAYS. Mr. Chairman, I do press my point of order against the amendments. I object to the first amendment, which is obviously subject to a point of order in that it appropriates money and orders the Secretary to make payments.

The second amendment is an amendment to that amendment, or a correcting amendment, so that if the first amendment is out of order then the second one is also.

The CHAIRMAN (Mr. Bolling). The Chair is ready to rule.

The point of order raised by the gentleman from Ohio (Mr. Hays) is well taken. The first amendment offered by the gentleman from New York (Mr. Koch) constitutes an appropriation on a legislative bill in violation of clause 4, rule XX, and is not protected by the rule. The second amendment is not in order under House Resolution 1292. Therefore the point of order is sustained.

The Chair recognizes the gentleman from Florida (Mr. Haley).

(By unanimous consent, Mr. Haley yielded his time to Mr. Hays.)

The CHAIRMAN. The Chair recognizes the gentleman from Illinois (Mr. Young).

Mr. YOUNG of Illinois. Mr. Chairman, there are many provisions in the Federal Election Campaign Act Amendments of 1974 which improve the conduct of Federal elections. Because of these positive features, I urge my colleagues to also vote for final passage of this bill, even though I have grave reservations about some of its provisions and about the failure of this bill to add other necessary provisions.

The forward-looking provisions of the bill provide for an independent administration-enforcement board for the Federal Campaign Act. There will be four citizen-members, with two Republicans and two Democrats, with civil enforcement powers, subpena powers, and the authority to regulate campaign financing laws.

There will be a limitation on contributions. The amount is $1,000, which I think is too small, but I do believe that there should be a limitation on contributions. There is also a $5,000 limitation on contributions by committees. This provision is not to my liking since it will continue to provide "special interest" financing that will dilute public confidence in public officeholders. I would have preferred eliminating all committee contributions other than contributions from the recognized Republican and Democratic Party committees.

The $100 limitation on "cash" campaign contributions is excellent. The limitation on honorariums of $1,000 per appearance and $10,000 per calendar year is another step that will create greater confidence in public officials.

I strongly support the prohibition against "laundering" campaign funds and the bad practice of earmarking contributions through committees.

I think there should be a limitation on expenditures, but I believe that the $60,000 limitation is an unrealistic one. Any such limitation should have been at least $100,000 to afford challengers a better opportunity in their contest.

The designation of a principal campaign committee with all expenditures to be made and accounted for through such campaign committee is a great step forward. The reduction of reporting requirements and the publication of lists of those who fail to file are good steps that will eliminate unnecessary paperwork and make delinquencies known.

The bill repeals media limitations since they are not necessary with the limitations on total spending. The bill permits State and local officials to participate in political campaigns, and it preempts State law where there is a conflict.

I think there are some other deficiencies that should be noted. The recognized political parties are limited to contributions of not more than $5,000. I think that this limitation should be at least $15,000. There are inadequate prohibitions and regulations pertaining to special interest groups. "Pooling" is still permitted, and "in kind" contributions may be made.

There is not a sufficient prohibition against the "dirty trick" type of campaign activity.

Unfortunately, in the determination of whether or not to vote for this bill, we must weigh the good against the bad. In this case, the good outweighs the bad, although by a slighter margin than is desirable. At any rate, we can hope that the House-Senate conference will improve the bill in the areas where it is weak.

(By unanimous consent, Mr. Carney of Ohio yielded his time to Mr. Hays.)

The CHAIRMAN. The Chair recognizes the gentleman from Indiana (Mr. Zion).

Mr. ASHBROOK. Mr. Chairman, will the gentleman yield?

Mr. ZION. I yield to the gentleman from Ohio.

Mr. ASHBROOK. Mr. Chairman, the revelations of the last few months have convinced me of the need for a meaningful election reform bill. Our Nation cannot afford a continuation of the massive campaign abuses that have marred our electoral process in the past.

The so-called campaign reform bill now before the House, however, is not the type of reform that we need.

First, the bill leaves open one of the largest loopholes in our current law: in-kind contributions by labor unions. Tens of millions of dollars—taken from workers as union dues—are used in behalf of selected candidates to cover the costs of printing, materials, office space, telephones, and many other campaign items. Why should these labor union contributions be treated any differently than other contributions? Unlimited in-kind contributions by any special interest group must be stopped if we are to have truly meaningful campaign reform.

Second, the bill fails to establish an independent Federal Elections Commission to enforce the law. As the Senate Watergate Committee has pointed out, enforcement is the key factor in regulating the way campaign funds are raised and spent. The so-called election reform bill turns this function over to congressional employees and appointees, who will be responsible for policing the Congress and drawing up rules and regulations on campaign practices. Two congressional committees will have the power to veto these rules and regulations. Such a conflict of interest must be eliminated and an independent commission established if we are to have an effective campaign reform measure.

Third, the bill provides for matching taxpayer financing in Presidential primaries. A candidate could receive up to $5 million in public funds. Such financing would encourage frivolous candidates without significant support to file for office in order to receive public money. There is also a serious question whether a taxpayer's money should be used to finance the campaign of a candidate with whom he completely disagrees. In addition, public financing would weaken the two-party system and party structure, as candidates would be funded directly by Government tax money. Public financing is not the magic cure-all to our Nation's electoral problems. In fact, in many ways it would make matters worse.

Fourth, the bill allows special interest groups to pool their members' contributions and then pour large amounts into selected campaigns. Pooling of funds by special interest groups should be prohibited. Contributors should be required to designate the recipient of their donations and be identified for purposes of full disclosure.

Therefore, Mr. Chairman, I cannot support this legislation unless the House makes substantial changes in its provision. I urge my colleagues to pass a truly meaningful campaign reform bill.

Mr. ZION. Mr. Chairman, we desperately need a good campaign reform bill. It is long past time that special interest groups be prevented from buying an election. Unfortunately, this act does not acomplish this purpose. This bill was authored by the chairman of the Democratic Campaign Committee, who is also chairman of the House Administration Committee having jurisdiction over the legislation. It came out of the Democratic dominated Rules Committee in a fashion that prevented Republican Members from introducing perfecting amendments.

It does nothing, for example, to prevent big unions from spending $50 million in cash and contributions in kind. It does nothing to stop the use of involuntary dues to pay union officials for campaigning purposes, or to pay printing, postage, and telephone costs for union-endorsed candidates. A recent AFL-CIO publication, mailed by a tax-supported subsidy, called for a veto-proof Congress. It does not permit a union member to determine what candidate his money is used to support, either by dues or voluntary contributions.

The Board of Supervisors is hardly impartial in that it is appointed by sitting Members of the Congress. This bill is clearly an attempt to protect sitting Democratic Members of Congress. It is one of the most serious abuses of political power I have ever seen.

Since the need for campaign reform is so obvious, and since this bill does little to provide this reform, I reaffirm my own policy and pledge in this regard:

I will accept not one dime personally in the forthcoming campaign. All contributions must be sent to my regular campaign organization.

I have instructed my campaign committee not to accept any contributions from any person over $200, nor will I accept any contribution over $1,000 from any organization, lobby, or interest group whatsoever except my own political party.

This limitation on receipts applies across the board to any group which might have a legislative ax to grind—the AMA, chamber of commerce, National Association of Manufacturers, pharmaceutical manufacturers, organized labor—any group at all who might feel entitled to special legislative considerations because of a large donation to my reelection campaign.

The CHAIRMAN. The Chair recognizes the gentleman from Louisiana (Mr. Treen).

Mr. TREEN. Mr. Chairman, I rise in opposition to the bill, not because I do not think we need some election reform, because we certainly do, but I think the worst abuse is taken care of when we set a limit on the amount that any contributor can give.

That limit may still be too high. I voted against the amendment to increase. But I see no sense in setting an aggregate limit, which limit is now $60,000 after the amendment reducing it from $75,000. If a candidate can go out and raise funds exceeding that aggregate from any number of persons, in order to raise a campaign fund that is necessary to make a challenge, he should be permitted to do this. And he can't make a challenge against an incumbent for $60,000.

We incumbents have the right to send out newsletters ad infinitum, and the postage alone is worth $16,000 or $18,000 each time. When we send out a mailing, we can bring into every household our message. We can do this any number of times. But the challenger, who can only hope to win by exposing a poor voting record, is limited to $60,000 for all his campaign expenses.

This bill is unfair to challengers; it is an incumbent protection bill, and it ought to be defeated.

The CHAIRMAN. The Chair recognizes the gentleman from Virginia (Mr. Butler).

Mr. BUTLER. Mr. Chairman, in the interest of saving time, I will not introduce an amendment which appears on page 27047, having discussed the matter with the chairman.

I will take this time, if I may, to ask the chairman: The matter that concerns me is, if this legislation is held unconstitutional, or portions of it, what will be the status of the various spending limitations? I will ask the Chairman if an agreement in writing between the candidates for nomination or election to any specific Federal office, agreeing to abide by these limitations, would be valid and binding even though the legislation is held unconstitutional?

Mr. HAYS. If the gentleman will yield, in my judgment, there is no question but what such agreement would be binding and valid, and if broken, it would be subject to civil penalties and civil liabilities.

Mr. BUTLER. I thank the gentleman. Relying on that assurance, I see no necessity for this amendment. I thank the gentleman.

The CHAIRMAN. The Chair recognizes the gentleman from New York (Mr. McEwen).

Mr. McEWEN. Mr. Chairman, I regret that the amendment that would make an agreement between candidates to establish limitations on contributions and expenditures less than those provided in this legislation was not considered. The text of this amendment appears on page 27047 of the Congressional Record, of August 6, 1974.

The American people are concerned about the ever-increasing cost of elections, yet in many contests the amounts now expended are substantially less than the limits imposed by this legislation. Why then should the candidates themselves not be permitted to enter into binding agreements to limit campaign expenditures to an amount less than what this bill would permit? I think they should. More importantly, I think that the people think they should.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois (Mr. Collier).

(By unanimous consent, Mr. Collier yielded his time to Messrs. Shuster and Nelsen.)

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania (Mr. Shuster).

(By unanimous consent, Mr. Shuster was allowed to speak out of order.)

PERSONAL EXPLANATION

Mr. SHUSTER. I was unavoidably detained in the Rayburn Office Building on a matter concerning my district and arrived in the Chamber 1 minute after the vote occurred on the Udall-Anderson amendment. Had I been here, I would have voted "nay."

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota (Mr. Nelsen).

AMENDMENT OFFERED BY MR. NELSEN

Mr. NELSEN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Nelsen: Page 79, immediately after line 9, insert the following new section:

"POLITICAL ACTIVITIES BY CERTAIN OFFICERS AND EMPLOYEES

"Sec. 410. Notwithstanding any other provision of law, any State or local officer or employee employed by a State or local agency whose principal employment is in connection with an activity which is financed in whole or in part by loans or grants made by the United States or a Federal agency, other than any activity which is financed in whole or in part through Federal revenue-sharing programs, shall be subject to the provisions of chapter 15 of title 5, United States Code, as such provisions existed on the day before **the effective date of this Act."**

And redesignate the following section accordingly.

Mr. BRADEMAS. Mr. Chairman, I reserve all points of order on the amendment.

Mr. NELSEN. Mr. Chairman, under the terms of this bill, and it has already been called to my attention this afternoon, the Hatch Act is amended in this bill, and the explanation that was given to me is that the terms under the Hatch Act, where Federal revenue-sharing funds were distributed to the States, automatically then the feeling was that the State employees who had anything to do with funds that came from the Federal Government would automatically be under the Hatch Act and restricted at State level. But under the terms of the bill, this goes beyond that. For OEO and every other Federal program that is out there, we open the door where one can get his feet in the trough and dip in.

In the District of Columbia we have 53 employees in the Executive Office, 423 in Manpower, 700 in the Mayor's Office, 1,200 in the Apprenticeship Council, 1,652 in the Department of Human Resources, for a total of 17,535 employees. These employees would be partially "unhatched" under this bill.

And again we get the spoils system on the way back.

This amendment of mine would not interfere with any State dealing with revenue-sharing funds at all. Everything would remain as it is, but in these other basically federally funded programs administered by State employees it would bar them from getting into the activity of partisan politics as would certainly happen if the restriction is lifted where the Hatch Act now applies.

I served on the Hatch Act Commission and we carefully went into this and my feeling is it would be a mistake to go that far.

Mr. Chairman, I wish to amend this bill so that the provisions of section 401, which I am not amending, but merely clarifying, so as to insure that their applicability extend only to those State and local employees financed with Federal revenue-sharing funds. The Hatch Act presently prohibits activities of State and local employees where their "principal employment is in connection with an activity that is financed in whole or in part by loans or grants made by the United States or a Federal agency."

I wish to state that I served on the Commission on Political Activity on Government Personnel, which published its report in 1967. That Commission was chaired by Arthur S. Fleming, former Secretary of Health, Education, and Welfare under President Eisenhower, and the Vice Chairman was former Senator Daniel B. Brewster, from the State of Maryland. One of the principal studies of that Commission had to do with the application of the Hatch Act on Federal, State and local employees. I took the position on that Commission that the Hatch Act should not be tampered with in any way, lest we revert to the spoils system, which certainly applied to Federal employees at an early date, and which I found to be true in the Executive Department of the State of Minnesota when I first entered politics and served in the Minnesota State Senate in the mid 1930's.

There have been persistent attempts to amend the Hatch Act in one way or another. The most recent attempt was one which was made in "home rule" legislation considered by the House District Committee, and which was passed by the House and Senate in 1973. There was also language proposed in a conference on a relatively minor piece of legislation—an insurance bill—earlier this year that would have amended the Home Rule Act which would have provided the very same kind of exemption provided for in this bill. I strongly opposed the attempt in conference to grant an exemption to District employees who were in an equivalent status of State and local employees, as provided in section 401 of this bill.

I want to point out several things to the Members of the House as it relates to Hatch Act exemptions for State and local employees employed with Federal grants and funds:

First. There were no public hearings on these Hatch Act provisions that I know of.

Second. Hatch Act exemptions are totally inappropriate in a bill of this type. The fact that it is in here can only lead one to the conclusion that we are going back to the spoils system. This is a campaign finance bill, and the only conclusion I can draw is that those who favor this provision want to reach into the pockets of the State and local employees and get their contributions of money. They want to obtain the contribution of time and energy and their total commitments in the way of political activity from these State and local employees. That to me is a return to the spoils system.

Third. The Civil Service Commission, which is most knowledgeable about this matter, was never asked to give their views to the committee on this measure. Yet based on their prior statements and positions taken by the Commissioners, the following statement would apply as to the position of the Civil Service Commission.

> The U.S. Civil Service Commission expresses its very strong objection to the inclusion of Section 401 in HR 16090. This provision, which has just come to their attention, would amend the Hatch Act by exempting state and local employees who work in connection with Federally funded programs from the prohibitions against partisan political management and campaigning. While such employees would still be unable to seek partisan office themselves, they would be free actively to participate in partisan politics on behalf of others.
>
> In 1940 Congress amended the Hatch Act, which had been enacted the year before, principally in order to bring such employees within the partisan political activity ban. It was recognized then, and is now recognized as well, that the prohibition against political activity serves as a substantial employee safeguard since, among other things, it immunizes covered employees from pressures, overt or otherwise, to engage in politics against their will, and it prevents the diversion of Federal funds for political purposes at the state and local level.
>
> At all events, what is being proposed in Section 401 is a drastic change in our laws in this area.
>
> Plainly, a measure having such drastic consequences should not be acted upon without the same kind of extended and thoughtful deliberation that Congress brought to bear upon the matter when it first dealt with the subject in 1940. And, after more than 30 years of enforcing the Hatch Act as it applies to state and local employees who work in connection with Federally funded programs, the Civil Service Commission would certainly hope and expect that Congress would call upon them for an orderly presentation of their views before undertaking such a significant revision of the law. Finally, it is worth noting that Congress, in its deliberations surrounding the recently enacted D.C. Home Rule bill, expressly declined to allow Federal and D.C. employees to participate in campaigns on behalf of partisan candidates for local office.

Fourth. There is no reason why we should treat local employees, whose employment is funded basically with Federal funds, any differently than we treat our regular Federal employees. Otherwise, in our States we will have State and local employees performing virtually the same functions and activities and perhaps working at the desk next to a Federal employee. One will be Hatched and the other will not be Hatched; and, of course, my view is that both should be Hatched. The extent of Federal grant funding in the States covering Federal and local employees is perhaps best illustrated by the number of Federal grant employees that we have here in the District of Columbia. The number of Federal grant positions as carried in the 1975 budget of Mayor Washington was 17,535.

In conclusion, Mr. Chairman, if we want to go back to the "spoils system," then let us do so in an enlightened manner. Let us have open hearings; let us have testimony from those in the Civil Service Commission who are most familiar with the problem; let the municipal employee unions, who are probably behind this move, come forward and identify themselves and state their case in open hearings. I am confident that if we take this route, the Hatch Act will remain intact. Meanwhile, I strongly urge each and everyone of you to support this amendment.

POINT OF ORDER

Mr. BRADEMAS. Mr. Chairman, I made the point of order on the gentleman's amendment on the ground that it was not made in order by the rule nor was it printed in the Record.

Mr. NELSEN. Mr. Chairman, speaking to the point of order, it is my understanding the gentleman from Ohio (Mr. Hays) indicated he would not personally make a point of order against amendments if they were not in the Record if anybody could stand up and say he was unaware that was one of the provisions, and that is true in this case.

The Civil Service Commission was not consulted and there were no hearings. The Civil Service came down and asked me to oppose this amendment.

The CHAIRMAN (Mr. Bolling). The Chair will hear the gentleman on the point of order only.

The Chair must sustain the point of order on the ground that it was not printed in the Record. The point of order is therefore sustained.

The Chair recognizes the gentleman from Ohio (Mr. Brown).

Mr. BROWN of Ohio. Mr. Chairman, I rise at this time to advise the Members that the motion to recommit the Federal Election Campaign Act Amendments of 1974 will be offered with instructions to recommit the bill to the Committee on House Administration with instructions to amend article 101(a) after line 8 on page 4 to insert the contributors' right amendments I introduced which were printed in the Congressional Record on August 5, 1974, on page 26875.

The motion to recommit will be introduced by the gentleman from Alabama (Mr. Dickinson), the ranking minority member of the committee. A copy of the amendment was sent to all Members this morning for their information.

The amendment is aimed at making all political action committees responsible to their contributors by requiring that no candidates can knowingly accept funds from such committee unless the committee: First, is acting as an agent of the individual contributor and second, the individual contributor designates the candidate's committee which is to receive the donor's contribution and third, the identity of each individual contributor is furnished by the political action committee to the candidate or his committee. These provisions will assure that contributors will have the right to indicate who will be spending their contributions.

I can see nothing arguable about that objective.

PARLIAMENTARY INQUIRY

Mr. HAYS. Mr. Chairman, I rise on a point of parliamentary inquiry.

This amendment if offered on the floor would have been subject to a point of order under the rule. Does that stand?

The CHAIRMAN. No amendment has been offered.

Mr. HAYS. But the gentleman says he is going to offer a motion to recommit containing an amendment printed in the Record which would have been subject to a point of order.

The CHAIRMAN. That is not a matter for the Chairman of the Committee of the Whole to decide. It is a matter for the Speaker in the House.

Mr. HAYS. I thank the Chairman.

PARLIAMENTARY INQUIRY

Mr. BROWN of Ohio. Mr. Chairman, a parliamentary inquiry.

Is the motion to recommit required to fall within the rule on this legislation?

Mr. FRENZEL. Not unless the rule so says.

The CHAIRMAN. The Chairman of the Committee of the Whole cannot interpret a motion to recommit. It is not within his jurisdiction.

Mr. BROWN of Ohio. I thank the Chairman. I will certainly rely on the fairness of the Speaker to properly interpret the method by which a motion to recommit can be made.

The CHAIRMAN. The Chair recognizes the gentleman from Georgia (Mr. MATHIS).

Mr. MATHIS of Georgia. Mr. Chairman, in the brief time remaining I would like again to commend the chairman of the Committee on House Administration as well as all the Members on both sides of the aisle for the work they have done in bringing this bill to the floor.

I would like to point out for the benefit of all the Members that there was not ever at any point in our committee deliberations the kind of partisan bickering we have seen on the floor this afternoon.

There are certain things in this bill I would not agree with obviously. I think we are making a horrible mistake in adopting this so-called Independent Election Commission.

I said earlier in the debate on the amendment that we would rue the day. I rise reluctantly in support of the bill. I say there is too much common cause in it and not enough commonsense.

(By unanimous consent, Mr. BRADEMAS yielded his time to Mr. HAYS.)

(By unanimous consent, Mr. MICHEL yielded his time to Mr. FRENZEL.)

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota (Mr. FRENZEL).

Mr. FRENZEL. Mr. Chairman, there has been plenty of talk in the last 2 days about in-kind contributions. I want this record to show that that section 205 of the 1972 act, amending chapter 610 of title 18, clearly provides in its definition of contribution that "any services, or anything of value" is a contribution and must be reported as such.

Obviously, such contributions are subject to all the requirements that any contribution is subject to.

The problem with in-kind contributions is that they have not been properly reported by either donor or recipient. With the creation of the new Board of Supervisory Officers, I believe that supervision adequate to cause reporting, disclosure, and limitations of in-kind contributions.

Mr. Chairman, the rule prevented me from making an amendment which would make dirty tricks and political espionage criminal offenses under this law. I moved the amendment in committee and it failed.

The idea for this amendment was given to me by the gentleman from California (Mr. DON H. CLAUSEN) whose work on this matter was diligent and effective.

He, in turn, was inspired by the careful and dedicated work of his administrative assistant, Mr. Bill Stodart. Mr. Stodart, recently deceased, labored long and hard for this concept, and I wish we could have done a better job of progressing the amendment for him.

Even though we could not bring this up today, Congressman CLAUSEN and I expect to continue the work of Bill Stodart, and to press for adoption of this worthwhile and needed legislation in whatever way we can.

Mr. Chairman, section 315 of H.R. 16090 authorizes the Board of Supervisory Officers to institute actions for declaratory or injunctive relief to implement or construe the campaign finance laws.

In past years the lack of enforcement of campaign finance laws has been a major problem.

As the author of this section of the bill, I want to make clear that this language grants to the Board of Supervisory Officers the power to institute civil actions in their own name against violators to enforce the campaign finance laws without having to go through the Department of Justice.

This power of civil enforcement is in addition to the Board's other powers set forth in other sections.

Mr. Chairman, we are getting down to the end of 2 long days. We have had a good deal of spirited debate in which we have all engaged with enthusiasm and some good luck, I think.

I would like to direct my remarks mainly to the Republican side of the aisle, because I think there may be many Members on that side who are tempted to vote against the bill. I will admit that there is far too much public financing in the bill to suit my taste. Nevertheless, it seems to me there are a number of very strong and positive features in this bill that will warrant close consideration and, I hope, an affirmation vote.

We do get an independent administration and enforcement mechanism, limitation on contributions, $100 limitation on cash contributions, limitation on honorariums, prohibition on laundering and secretive earmarking, limitation on expenditures, prohibition on contributions by foreign nationals, increase in the penalty features, which have not been discussed; prohibition on contributions in the name of another, the single campaign committee, the reporting requirements, the publishing of a list of those who do not file, repeal of the media limitations, the opening up of the Hatch Act, the preemption of State laws and other desirable features.

I submit that these do overcome the problems that we face in terms of our party discrimination in this bill. To be sure, there is too much public financing. There is no prohibition of dirty tricks. There is an unconstitutional disqualification of people who do not file and wish to run for office.

Our parties are discriminated against in being made the equal of special interest groups; but on balance, it is not a bad bill, and the committee does deserve praise for its diligent work, not only the standing committee, but the Committee of the Whole, which worked to improve the bill.

It is time for us to vote for the bill. It is a useful bill, despite its deficiencies. I hope it will be even more improved in conference. I hope there will be a significant number of votes for the bill on our side of the aisle.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio (Mr. HAYS) to close the debate.

Mr. HAYS. Mr. Chairman, as I said earlier, this is not a perfect bill. I do not think anybody will claim it is.

I want to spend a little time discussing the motion to recommit which the gentleman from Ohio (Mr. BROWN) is going to make. What Mr. BROWN wants to do, and there is no secret about it, he wants to prohibit any laboring man from making any contribution to any candidate and let the fat cats——

Mr. BROWN of Ohio. Mr. Chairman, will the gentleman yield?

Mr. HAYS. I am not going to yield—who contribute to his campaign to do it without very much trouble.

The amendment was out of order under the rule and the gentleman from Ohio knows it. I know exactly how his campaign has been financed in the past. I want to say—you can boo-hoo all you like—he comes from my State. His father was a friend of mine, a great friend of mine.

I want to say that what he proposes to do is to see that if any labor organization through voluntary contributions collects a half million dollars in $1 contributions, that in order for it to make a contribution, it has to have half a million pieces of paper saying that they want the dollar to go to a specific candidate.

Mr. BROWN's $60,000 he would be allowed to spend, if this limit stands, could come from 60 wealthy contributors, so he only has to have 60 pieces of paper.

It is just that simple; that is all there is to it, and I think every Member of the House who gets his money from small contributors or from voluntary associations, whether it be Ampac, Compac, or whatever it is, that is the effect of his amendment. The more small contributions they have, the sooner they are put out of business. The more big contributions they have, the more they are in the business.

Mr. STOKES. Mr. Chairman, H.R. 16090, the Federal Election Act Amendments of 1974, is a measure whose time has truly come. Almost 2 years after the most corrupt national political campaign in our history, we are provided the opportunity of making substantial repairs on our battered and abused electoral process. The hour is late—but we must act now to restore a measure of integrity to American politics.

A scant 3 years following the enactment of the Federal Elections Campaign Act of 1971, which provided the first reform of election law since 1925, we in this country have witnessed a debacle in election funding and misuse of campaign funds that has revealed to us all too clearly the pressing need for a far more thorough overhaul of our election laws.

I do not think it is necessary for me to elaborate more on the provisions of this bill, or to explain my reasons for supporting particular provisions, except in a general sense. Others have done an excellent job of explaining the reasons for and the meaning of these proposals. The committee bill reforms present campaign law by limiting contributions that an individual or a group may make to a candidate for Federal office. It also limits the amount of money that may be spent by congressional or Presidential candidates. And, it places limits on the amount that a candidate may spend from his own pocket. The bill provides public financing from the dollar checkoff fund for Presidential general elections and primaries and for national party conventions. There are also provisions for improving reporting requirements.

I am in substantial agreement with provisions of this bill. However, I feel that in certain instances it does not go far enough in reforming campaign procedures: There are several amendments before us which will correct inadequacies in the bill and strengthen it. And, I urge my colleagues to consider these amendments and this bill with great care. The basic confidence of our citizens in our system of Government is at stake and we must not fail in this effort to restore greater integrity to our elections and our Government.

Mr. KASTENMEIER. Mr. Chairman, I shall reluctantly cast my vote in favor of the campaign finance reform bill. Although several good features of this bill persuaded me that it should be supported, I have serious reservations about the spending limitations established in the bill for candidates to the House of Representatives.

Notable among the strong features of the bill are provisions establishing stronger enforcement mechanisms than provided in current law, and the creation of a system of partial public financing of Presidential campaigns. While some may object to public financing of political campaigns, I support this move since it seems to me that it is time to try financing such campaigns through something other than special interest money.

However, the spending limit for House races of $150,000, including the costs of fund-raising—$75,000 in the primary and $75,000 in the general election—is in my view exorbitant. Such an excessive ceiling defeats one of the primary purposes of this bill which is to limit the ability of any candidate to literally buy an election. I would have much preferred the application of the Wisconsin campaign finance law to House races which limits spending to $35,000 for primary and $50,000 for general elections, and greatly regret that the amendment which would have permitted such stronger State laws to prevail over these Federal limitations was defeated. The limitation of $150,000 represents only a minor improvement over the $187,500 proposed in the original committee bill and still invites large contributions and the type of corrupting influences which have become so familiar in this day of Watergate.

The possibility of such influences might have been lessened had tighter restrictions been placed on contributions in this bill. But, here too, by permitting up to $10,000 in contributions to each Federal candidate by political committees and separate corporate and union committees established for political purposes, the bill fell short of the type of limitation I would have preferred.

I announced earlier this year that I would accept no contributions in excess of $500 from an organization and $250 from an individual. I believe that this limitation is more in keeping with the intent of campaign finance reform. There is no need for any candidate for the House in the State of Wisconsin to spend anything approaching $150,000. I would further argue that there is no need for any candidate from any State to spend such an exorbitant amount of money in his or her attempt to gain election to the House or Senate. This bill, unfortunately, not only permits such excessive spending, it effectively invites such spending.

Despite these reservations, I feel that, on balance, the bill is a very limited move in the right direction. A halt must be placed on the concept of "the sky's the limit" when it comes to campaign spending and contributions and this bill represents only a beginning.

Mrs. MINK. Mr. Chairman, election reform has been a major concern of the Congress long before Watergate.

Congress enacted the Federal Election Campaign Act in 1971, imposing limits on campaign communications spending and requiring disclosure of campaign receipts and expenditures in excess of $100. Prior to that, we enacted the "tax checkoff" law to enable Federal funding of Presidential election campaigns.

Not all of the crimes and misconduct captioned under the phrase "Watergate" are connected with political campaigning, but those that were, were mostly committed before the Election Reform Act took effect or were in violation of it. I believe it is important to keep this fact in mind.

I feel we should guard against undue reaction to what is called Watergate. In large measure, that disaster is due not to a failure of laws but the fallibility of humans. It is because the intent if not the letter of campaign finance laws was violated that the transgressions took place. For the most part, changes in the law cannot absolutely guard against a repeat of these kinds of violations.

Having said this, I do not mean to imply that campaign laws cannot be an effective stimulus to clean and honest politics. We need stern and effective statutes against unfair and corrupt practices.

Many of the misdeeds of "Watergate" were not connected with campaigning at all.

It is only because CREEP-hired burglars were arrested breaking into the Democratic headquarters, a dramatic act which galvanized the Nation, that there is any connection between the abuses of power and corruption in the administration and political campaigning. In truth, the fact that an elite band seized the instruments of power and perverted governmental agencies into abusers of that power, raises far larger implications for the future good of our country. To the extent we are diverted into thinking that campaign reform is the only needed response to "Watergate," we continue to permit ourselves to be deceived by the perpetrators of that sad historical episode.

It should be obvious that a break-in on Democratic headquarters was not needed to win the Presidential election. The polls showed President Nixon far ahead. The Watergate was raided because that was standard operating procedure, the same as applying the Internal Revenue Service against "enemies" or stealing the private files of a psychiatrist, or releasing false stories maligning the opposition candidates, or making mass illegal arrests of political demonstrators. The Democrats and all dissenters were simply thorns in the side that had to be destroyed by whatever governmental or other weapons were available. The Watergate incident, then, should be viewed not solely in campaign terms but in the context of an "above the law" mentality that had become a way of life in the administration. We should be seeking to deal with this problem instead of only applying patches to the cracks in the political process.

I am not willing to be swept up into the reform bandwagon cry without regard to the possible deleterious changes in the political structure that could occur just because somebody says it will "cure" Watergate. I hope we have not reached the stage where only this most radical step, the complete Treasury financing of all Federal campaigns, becomes the litmus test of sincerity in the quest for campaign reform.

Surely much more can and should be done to strengthen or expand our campaign laws. However, I feel we should move with caution and not take precipitous steps which could adversely change our two-party system. Let us bear in mind that hasty enactment of the Postal Reform Act gave us poorer mail service and far higher costs, and the revenue-sharing program has given the States less money than they had before. Legislation labeled as "reform" must be scrutinized in detail rather than enacted simply on a slogan basis.

I am particularly concerned with proposals for "public" Treasury financing of congressional campaigns. Those pressing for this "reform" are merely exploiting the overwhelming public desire for a cleanup of Watergate-type politics. They portray Treasury financing as the antidote for Watergate. Just remove the taint of money from politics by taking it from the Treasury, they say, and all will be purified.

While I have nothing but the highest respect for those who seek to cleanse our Nation's political process, I do differ on whether Treasury financing is a good approach to reform.

The first thing we need is diligent enforcement of existing statutes. It is terribly important that we prosecute all those who violated Federal laws in all elections. The specter of punishment and public humiliation should dissuade many from engaging in similar tactics in the future. This year's elections will be the first whose financing is totally subject to the disclosure requirements of the reform act.

The disclosure approach to campaign reform rests on the thesis that an informed public can act in its own self-interest. The disclosure act signed into law in early 1972 is designed to tell the identity of all contributors of over $100 to candidates for Federal offices of President, Congressman, and Senator. It presumes that once the voters know who financed a candidate, they can judge the candidate's leanings accordingly, or that public disclosure will deter large donors.

The Treasury financing approach to campaign reform on the other hand assumes that no amount of disclosure will provide sufficient protection to the public. It holds that voters are unable to evaluate a candidate even if they know where the funds came from. Thus, they argue only by removing all individual campaign contributions can the integrity of elections be guaranteed.

In choosing between the two approaches, tax dollar financing has a certain surface appeal because of the serious campaign abuses in the 1972 Presidential election. I do not feel we should throw out the existing campaign system and switch to a dependency on tax dollars without careful study of the consequences of such a change.

The difficulties encountered in 1972 might equally be attributed to: First, a failure to communicate to voters the financing disclosed by candidates, and second, a lack of public follow-through on the reports filed by candidates.

I believe the Nation's news media failed to adequately publish the facts on 1972 financing disclosed in official reports. Moreover, no citizens' organizations were sufficiently effective in compiling and publicizing the results of the campaign finance filings, including lack of compliance by the candidates.

These inadequacies were not exclusively the fault of the media and public interest groups. A new law was involved, and all concerned lacked experience in working with it. In addition, nobody seemed to believe the grave misdeeds which were being revealed in the activities of the Committee to Re-Elect the President.

This year, however, there should be greater understanding by all of the importance of working diligently to implement the disclosure act. By taking time to inspect and report on the official campaign reports filed by candidates, the press can make a major contribution to greater knowledge of candidates' financing. Public interest groups can devote the time and effort required to analyze these reports and make factual criticisms of candidates who fail to disclose the identity of contributors as required by the act. Campaign reports should be subjected to an independent audit and all deficiencies published. It is important to know how these funds are being spent as well as who gave them. CREEP's irresponsible spending led to much of the michief and political saboteur tactics.

I recognize that asking the press, public, and private groups to participate fully in our elective process through this demanding means of disclosure and follow-up, is asking quite a lot. It requires serious concentration and long effort. But I believe this is far preferable to enacting treasury financing as a quick panacea.

Complete treasury financing is wrong both on the merits and as a wasteful use of Federal tax dollars. I am inherently suspicious of severing the link between citizen and public official, just as I am in the case of revenue-sharing systems which cut the tie of responsibility between taxpayer and tax spender. Both may tend in the long run to reduce the amount of control the individual has over the actions of those who hold public office.

Our political parties do not exist in a vacuum. If no party is directly dependent for its finances on those who support its policies, then no party will have much reason to stand for any particular policy, other than the issues currently popular in any given election. In a sense there would be no real political parties at all, only two alternatives on the ballot, "A" and "B."

Under Public Treasury financing, both political parties and candidates could thumb their noses at the voter. The parties would not need active voter support for contributions, since these would be levied against the taxpayers regardless of their wishes. Despite a 25-percent current support rating, the President's party could get over 60 percent of the public funds for the current election solely because of the votes garnered in the last election. How is this more conducive to clean government? Isn't it better to link contributions to current performance?

According to press reports, Republican fund-raising efforts declined this year because of Watergate discontent in the ranks. I am not saying whether this is good or bad, but it does show that citizens can influence policy under the existing system. Under public financing, you receive the dollars to your campaign based upon your popularity 4 years ago for President, 6 years ago for U.S. Senator, or 2 years ago for Representative. No matter how bad a current service record you have, you could depend on tax money to refinance your campaign for reelection.

Surely our two major political parties stand for something. I believe the general ranks of Republicans feel they have a direct interest in the programs and goals of their party, and the Democrats do, too. The perceived policies may change according to the needs of the times, but the basic interest-identification remains. Our citizens can assure the continuation of their interest only through contributions to the party of their choice. If this connection is rendered impossible, the responsibility and the responsiveness of political parties to large groups of voters will be reduced.

The very role of the political party would decline under total Treasury financing, and the cult of personality would increase. I see a danger that our political system might disintegrate. Instead of a two-party system offering the voters a relatively simple and understandable choice, they would see a multitudinous array of candidates. The availability of free public funds would encourage the massive formation of minority parties unable to command broad support but capable of rallying a small band of supporters on narrow single issues such as school busing, abortion, prayer in schools, et cetera. The national unity which comes from a two-party system would be destroyed. Ours would become a politics of chaos, confusion, and discord. Less than majority candidates would win; or costly runoffs would become the standard routine.

There is also a structural problem inherent in public funding of campaigns. It does not provide the "feedback" a candidate obtains from soliciting and receiving numerous small private contributions. Over a campaign of several months, the inflow of contributions timed to the development of issues and various events can show a candidate how the public is responding to the campaign. It helps to shape the candidate's stand on new issues and improves responsiveness to the electorate. All this would be lacking under Treasury financing. There would be a void of interplay between voter and candidate until after the election when the ballots are counted. Only then would the candidate discover how the public reacted to campaign pledges. To counteract this loss of interplay, more reliance would have to be placed on public opinion polls. Treasury funds allotted to candidates would have to be spent on costly polling.

The public funding provision for congressional campaigns supported by one major public interest group—Common Cause—called for handing out $90,000 in tax funds for each House candidate in the general election. I have never spent even half that much in any of my five general elections. I am sure that this is true for others like me. With tax funds of $90,000 available, the more personal type of campaigning now used in many congressional districts will be replaced by advertising agency productions. The ready pool of tax dollars will be easy picking for these agencies to conduct "slick" advertising campaigns for a high fee. They would get most of the money with mass mailing making up the rest.

Candidates would be "sold" like soap "squeezable Charmin", or all day deodorant. Voters would be subjected to unrelenting assaults of 30-second radio and TV commercials urging them to vote on the basis of slogans and jingles. Is this the way to better inform the public? Congressional candidates ought to spend only what they can receive from small contributors, not what they can appropriate for themselves from the Treasury. I have financed my past campaigns with 3,000 supporters giving an average of $25 each. Many contribute $5 or less. Contacting this many contributors and asking for their support based on my voting record is part of the process of informing the voters on the issues. This is an arduous and unwelcome task, but without it there would be far less real communication. Under public financing, it would all but disappear.

If a voter is asked to voluntarily contribute his or her own money to a candidate, the voter has an inducement to examine closely the candidate's record and performance. By giving to the campaign, the voter feels involved in the political process, and is involved as a vital component. Public financing, on the other hand, would increase the feeling of alienation. The voter would feel powerless to add to or detract from the candidate's chances of winning except through the vote. I suspect the turnout at the polls would then decline drastically even from its current low state. Candidates, being on the Federal Government's payroll so to speak, would be further and further incubated in isolation to the ultimate detriment of the democratic process.

These are some of the basic reservations I have about public financing of U.S. House and Senate elections. An important but secondary consideration is the cost of such a program, which might well be a quarter of a billion dollars every election year. If we pay $90,000 for each candidate in 435 congressional districts and 33 Senate races, and there are 5 or 10 candidates in each election, the cost rapidly escalates. At a time when we are denying the use of scarce tax funds for meeting critical human needs in such areas as health, nutrition, education, and job-training, I do not believe this is a justifiable allocation of funds.

Who will monitor how public campaign funds are spent? Would we not need further new laws and new programs to check up on the activities of the monitors? Where will it all end. In the final sense, only participation by the people can assure integrity in the election process. If Watergate demonstrated anything, it should be that more rather than less citizen involvement is needed. Shelving off the responsibility on a Treasury financing scheme will hardly guarantee responsible government.

Personal campaigning is still possible and desirable in House and Senate elections, but admittedly it is impossible for a Presidential candidate to have close personal contact with any significant portion of the national electorate. In recognition of this, Congress has already provided for tax financing of Presidential campaigns. The tax checkoff law was enacted long before Watergate. Under this $1 can be voluntarily designated each year by each taxpayer to finance the Presidential campaign. Hopefully, this will become the exclusive means of financing Presidential elections in the near future.

While I oppose extending Treasury financing to congressional elections, I am not among those who wish to do nothing at all about the campaign finance abuses disclosed by Watergate. My own bill, H.R. 11931, the Comprehensive Campaign Financing Control Act, is as far as I know the most sweeping major campaign reform bill ever introduced in Congress. It applies rigid controls on contributions and spending, along with strict disclosure, in all major elections in the United States, including those in States and large cities. The limit on any person's total contributions to any one candidate would be $500, and it could not be in cash. There could be no splitting of contributions among various dummy committees or other subterfuges to evade the limitations. An overall limit of $50,000 should be placed on expenditures in a U.S. House race by any candidate. I believe reform along these lines offers a more meaningful prospect of achieving honest elections and the election of officials committed only to the public interest.

We should be striving not to concentrate campaign financing in one source, this time the Government, but to disperse it more widely so that as many citizens as possible participate in this vital aspect of our democratic process.

Under a system of full disclosure, combined with strict limits on individual contributions and accountability in candidate spending, I believe we could effectively curb excessive campaign costs, limit the influence of big money, encourage wider citizen participation, and prevent corruption. I believe, based on my experience to date of 20 years in elective politics, that my proposed reform will better protect our two-party system from proliferation and guarantee greater citizen participation in our democracy.

Mrs. SCHROEDER. Mr. Chairman, I am thrilled to finally have the opportunity to join in debate on the pressing issue of election campaign financing. I am one of many Americans who have anxiously awaited, and insisted upon, speedy full House consideration of this legislation. We have before us H.R. 16090; a good core of legislation, despite various shortcomings. I am confident that we can now close the loopholes in this bill through the amending process and pass a sweeping and effective reform package.

The need to improve our system of financing election campaigns for Federal office has been repeatedly recognized by our Nation's leadership since the turn of the century, and particularly in the years since World War II. Recently, two developments have significantly changed the entire context in which elections are financed; the geometric multiplication of campaign costs and the increased number of business activities which have become vitally affected by Government decisions.

The Presidential Election Campaign Act of 1971 was an effort to halt the spiraling cost of campaigning and to restore public confidence in the election process. This act placed a media use spending limitation on candidates for Federal elective office and also required reporting and disclosure of campaign contributions and expenditures.

It is obvious from examining the abuse of campaign financing in the 1972 elections that the need for electoral reform has not been satisfied by the 1971 act. We are now faced with three major problems magnified by the 1972 elections and the Watergate affair: An unceasing rise in campaign costs, the misuse of expenditures, and the expanded role of influence money in election campaigns. Recognition of the potency of big money, along with the discovery that some political committees resorted to unusual methods to avoid compliance with the disclosure provisions of the 1971 Campaign Act, has led many to conclude that the act is unenforceable and necessitates immediate and substantial revision. The public remains suspicious about the integrity of the elective offices being sought and, consequently, the democratic process suffers because of voter cynicism.

All of the evidence adds up to a crucial need for new legislation to insure equal access to elective office, increased citizen participation, lower overall campaign costs—in general, a new relationship between money and politics. The present system of financing election campaigns too often leaves the electorate running a poor second behind big money and special interests. As we watch Watergate fuel pressures for legislation, the Senate three times approve broad measures, and many State governments created their own tough elections laws, the House cannot shy away from comprehensive and airtight electoral reform.

The Committee on House Administration should be commended for its thoughtful consideration of campaign finance reform. However, if passed as introduced, H.R. 16090 will not satisfy the aforementioned needs. After conducting my own extensive examination of the legislation, I have concluded that while the bill contains many sound provisions, the loopholes drastically reduce its merit. Although there are many areas which could use improvement—for example, the definition of an expenditure, the disclosure and reporting procedure, the precise placement of contributions and expenditures ceiling, the role of special interests and political parties and the problem of incumbency under our present system—two of the bill's loopholes have commanded my attention; public financing and enforcement.

Controls must be extended over the amount of money that is contributed to election campaigns. I believe that contributing to a political campaign is a means of expression, but this does not mean freedom to abuse the privilege. To protect the integrity of the elective process, it is surely justifiable to exercise reasonable control over the amount of money which is poured into an election campaign. In legislating such controls, we must make certain that competitiveness is not impeded, and equal access is insured. To combat this potential impediment, the only realistic alternative before us is public financing of election campaigns.

Support for public subsidies has been mounting steadily over the years, and was intensified by the insidious campaign practices of the past election. The impact of the private dollar on our legislative process in currently unavoidable yet, as I have implied, I believe that it is impossible to completely deny an individual the right to make a monetary political contribution. We must strike a balance between the excessive influence of "fat cats" and the need to encourage public participation.

I am, therefore, in support of the amendment offered by my distinguished colleagues, Mr. ANDERSON and Mr. UDALL, which proposes a system of matching Federal grants which would be available to all candidates, and national and congressional campaign committees, after a "threshold" amount is raised. The threshold and subsequent small contributions would be matched until a matching grant ceiling is reached. This concept has many advantages: It requires a candidate to establish a base of support before being eligible for public funds; it protects traditional political freedoms by allowing and encouraging small contributions; and it provides a means a public financing without overly strict expenditure ceilings.

The Anderson-Udall amendment provides for the extension of public financing to include campaigns for congressional offices. I believe this is essential. High campaign costs, expenditure misuse, influence money, and lack of public confidence are not problems which apply solely to Presidential campaigns; our system of financing the campaigns of House and Senate aspirants needs substantial reform as well.

The most critical fault of the committee bill is its failure to provide for the establishment of an independent, bipartisan, full-time commission which is in many ways the most important feature of any campaign reform package. Everyone must realize that any reform bill will only be as effective as the enforcement provisions it provides.

Under the 1971 act, three separate offices were responsible for receiving disclosure reports, making them available to the public, reviewing them for violations, and referring them to the Department of Justice for action. The Justice Department has rarely initiated action in this politically sensitive area for the past 50 years, and there are approximately 5,000 unenforced violations presently pending. The Committee on House Administration decided to combat this problem by recommending the institution of a board of supervisory officers, including the Secretary of the Senate and the Clerk of the House, to give advisory opinions and have civil prosecutorial powers. To keep this board in check, the committee authorized themselves and the Senate Finance Committee to review and veto or approve the regulations issued by the board.

In opening this wide loophole in the legislation, the committee has allowed for congressional domination of election supervision. How can imparitiality possibly be expected? And given the lone history of nonenforcement of election law and the impropriety of having congressional employees sit in judgment on their employers, how can we hope for a restoration of public confidence in the electoral system? Only an independent, full-time commission will provide for effective policing of reform provisions. I contend, with no hesitation, that this entire legislative package is worthless without appropriate enforcement provisions. Thus, I have enthusiastically cosponsored the fine amendment drafted by Mr. FRENZEL and Mr. FASCELL, and I urge all my colleagues to support this essential amendment.

Mr. Chairman, we cannot delay in enacting this much-needed legislation. The American political system is dependent upon active political participation and public confidence in the Government. The enactment of electoral reforms will help restore credibility in our governmental institutions and our elected officials: in these turbulent times, there can be no higher priority. We have before us a good vehicle for reform in H.R. 16090 and, with the critical changes I have already mentioned, its immediate passage will be our response to America's call for fair, open and honest campaigns for Federal office.

Mr. ESCH. Mr. Chairman, I rise today in strong support of the campaign reform bill, H.R. 16090, and the amendments to be offered by Congressmen ANDERSON, UDALL, FRENZEL, and FASCELL.

At a time when credibility in Government has reached a low, this measure represents a very real opportunity to control future campaign finance abuses. If we are to maintain a system of government that is representative of the people then the election process—that vital function that selects those who will represent—must be inherently credible.

For this reason, I introduced in November 1973, my own campaign reform proposal, many of the provisions of which have been included in the bill before us today.

During the past few months I have become increasingly concerned over the failure of the House to move on this bill, and particularly lamented the failure of the House Administration Committee to report a bill.

The original committee bill, I believe contained serious flaws and I am pleased that some of these have been rectified. However, it is essential that the House move to adopt the Frenzel amendment to strengthen the enforcement procedures, by establishing a truly independent Federal Elections Commission empowered to take candidates and officials suspected of wrong-doing directly to court without going through the Justice Department.

It is likewise critical that the House move to adopt the Anderson-Udall amendment to extend limitation to congressional elections and to provide matching funds for congressional races.

The unfortunate scandal surrounding Watergate was caused in some measure by our current system of campaign financing—with its heavy reliance on large contributions from powerful political interest groups. This nonsystem affects all levels, and undermines the independence of our political process. I believe the Frenzel and Anderson-Udall amendments can make the committee bill a fully effective mechanism to insure fair and honest campaigns.

Mr. BAUMAN. Mr. Chairman, the clamor for campaign reform has reached a deafening roar in recent years, and we all know that there is good reason. The misuse of campaign funds, shady methods of obtaining such funds, and downright illegal expenditure of such funds became epidemic in 1972. Naturally I am angered that these misdeeds were performed in behalf of the Presidential candidate of my party.

Today, we are considering legislation which, it is said, will solve the problem and prevent future abuses. I am afraid that in many respects this bill represents instead a "solution" which is more illusion than reality.

As my good friend, the gentleman from Illinois (Mr. CRANE) noted in his separate views in the committee report, nothing short of a congressional resolution repealing original sin will end corruption in politics. Obviously, that is not within our power. What, then, does this legislation propose to do?

First, and most significantly, the bill places severe restrictions on the amount of money which any individual or special interest committee can contribute to a candidate's campaign. This restriction may be needed but it could be faulty for two reasons: By prohibiting an individual from giving more than $1,000 to a candidate in an election campaign, it places the limit so low that it may constitute an unconstitutional restraint on his or her freedom to communicate their views or to support a candidate who represents those views. In addition, in the wild rush to limit the influence of special interest groups, this bill threatens to effect the demise of our two-party system. The limitation of $5,000 in contributions from any one committee does not exempt or make special provision for political party organizations, which often contribute substantially more money to their own candidates. This would have a disastrous effect on the role which the parties play in insuring stability and continuity in our political system, as has been stated by my distinguished colleague, the gentleman from Illinois (Mr. MICHEL).

The bill also takes yet another step in the direction of full public campaign financing. It extends the "dollar checkoff" system of financing, where a taxpayer may designate a dollar of his Federal income taxes for a public campaign fund, to Presidential primaries and party nominating conventions. Until now, this money has been reserved only for Presidential contests in the general election. By holding out the offer of lots of Federal money to primary candidates we are setting the stage for a proliferation of Presidential hopefuls which will give the entire process a circus atmosphere, and attract as many publicity seekers as serious candidates.

Financing such a wasteful exercise could quickly diminish whatever public enthusiasm now exists for earmarking that dollar on the tax form. Fortunately, the committee wisely rejected public financing of any campaigns other than Presidential races. But I fear that by taking this additional step toward expanding public financing, we are merely setting the stage for an expansion of the idea, an expansion I emphatically oppose.

Finally, the most glaring weakness in this legislation involves the section regarding "in kind" contributions. We cannot ignore the fact that special interest groups, principally labor unions, contribute the equivalent of upwards of $100,000,000 a year in "inkind" gifts to candidates: mailings, get-out-the-vote drives, printing, mailing lists, equipment, transportation, storefronts, and numerous other campaign benefits which are more valuable than cash. Not only does this bill fail to deal effectively with this type of contribution, it encourages them, and fails to either limit or require disclosure of such activity. This represents a glaring loophole big enough to drive every Teamster-operated truck in the Nation through. It makes a farce of any effort to bring about campaign "reform," and instead promises to expand campaign contributions of a very substantive nature which never need be reported or kept track of. This section makes the title "campaign reform" the biggest violation of "truth in packaging" since 19th century hawkers roamed the prairie selling snake oil as a cure for cancer.

Mr. Chairman, there is unquestionably a need for further reform of laws regulating campaign activity, and in particular provisions which would require full and complete disclosure of the source of all contributions and a full accounting of all expenditures. While this measure takes a step in that direction, it is inadequate. Because it is inadequate there, and because it contains so many other features which generate the precise opposite of true, meaningful reform of the campaign laws, I must oppose it as it is written. I shall instead offer my own legislation which will constitute what I consider to be meaningful reforms.

Mr. PODELL. Mr. Chairman, Watergate and its implications have kept the country in a state of shock, outrage, and disgust for the past 2 years. We have experienced a trauma which has touched every aspect of American life. One of the most scalding aspects is the attitude of mistrust and despair of the American people toward their political institutions. Their faith in the institutions and the people who represent them has been severely curtailed. Politics, once one of man's noblest professions, is believed to be a camp of sordid details, lies, deceit, and a total lack of respect for the American people. The administration and its reluctance to be open and honest, has hurt and confused Americans from New York to Alaska.

It has become imperative that we, in the Congress, take action now to restore the confidence of the American people toward the political system.

The Federal Election Campaign Amendments of 1974 provides us an avenue to begin to free the country from the pollution that has been eroding our ability to see and breathe freely. This legislation provides means for making campaigns a place for debating the issues and nothing more. One of the highlights of this bill is the area that deals with campaign contributions and campaign spending. It enforces a limit on the amount a Federal candidate can spend on a campaign. The amount varies with the different officers, the Presidential candidates being limited to $10 million in a primary election and $20 million for a general election. This is essential, for it maintains an area that all candidates must follow, no matter what amount of money they have, and enables a campaign to direct itself to issues in comparable fashion.

Congressional campaigns have a ceiling of $75,000. It is my belief that this figure is exorbitant; there is absolutely no need for a campaign dealing with the problems and concerns of the people to spend that amount. I attempted to pass an amendment that would lower this figure, but it was the sense of the committee to maintain the $75,000 amount as a reasonable sum.

There is also one other area that I am very concerned about and that is the public financing of Federal campaigns. There is a provision for Presidential campaign financing. However, there is none for congressional races. While this condition remains, so will the evil that has been shrouding our campaigns for so long. I urge my colleagues to reconsider their position on this matter as I feel that public financing of campaigns is the essence of a corruption-free system.

There are also areas of this legislation that certainly are helpful and are directed in a useful manner. One of these is the limitations put on the amount contributors are allowed to give to a Federal campaign. This aspect of the bill is reasonable. A group is allowed $5,000 per election and an individual $1,000. This policy is excellent in that it will keep the campaign focused in the proper areas, not in the direction of special interest groups. These groups will no longer have the leverage to effectively impose their wills as they have seemingly done in the past. This puts a campaign into the perspective that is best for both the candidates and the voting public. It enables a campaign to be a forum for the candidates to exchange views on issues that concern the Nation and enables the people of this country to decide on their candidate by reviewing these issues without questioning the integrity of the political system or those who represent it. This is not and should not be a gift: It is the essence of what our country was founded upon, and a manner of behavior that the American people are entitled to expect. Any other mode of behavior by the political system or those who uphold it is unacceptable, both to the system itself and the American people.

I serve on the Committee on House Administration and support the bill that we have presented to the floor of the House. I urge my colleagues to join me in a swift passage of this legislation.

Mr. TIERNAN. Mr. Chairman, the electoral process has been suffering a most serious illness. One need not be a medical doctor to diagnose the problem. Every citizen is sadly aware of the fact that campaigns in the United States have been riddled with unethical and illegal contributions and expenditures. The treatment for this cancerlike disease is simple, yet this honorable body of Congress has done little to cure the electoral process and revitalize the voice of our democracy.

We can wait no longer. We must begin treatment immediately—not merely providing a good bedside manner with useless lip service—but a thorough and effective treatment. To insure the full recovery of our electoral process, we must enact a strong campaign reform bill.

I urge my colleagues to enact a campaign reform bill which provides for the establishment of an Independent Election Commission and a mixed public/private matching system for congressional campaign financing. We cannot substitute an aspirin for an operation. If we fail to adopt these amendments to H.R. 16090, we will be condoning the election scandals which have been strangling our Nation for the past 2 years. Moreover, we will fail to preserve the sanctity of the American Constitution, which guarantees our rights to freedom and liberty.

If we were to pass the committee bill as it now stands, not only would we fail to provide the necessary incentive to solicit small contributions from a vast base of citizen participants, but we would be boosting the power of special interest groups which now threaten to destroy the fundamental voice of the American electorate. We would also fail to establish an effective Commission to insure that the election laws were being properly enforced. We all know that without sufficient oversight, laws are useless words.

I ask the Members of Congress, can we remain idle while the future of our great Nation stands in jeopardy. To remove only a fraction of a malignant tumor is futile. We must thoroughly remove all traces of the cancer. We must stitch the loopholes in order to make campaign reform a meaningful and successful operation.

Mr. SYMMS. Mr. Chairman, Congress once again is attempting to legislate individual responsibility and ethics. This time we're looking down the barrel of a new bureaucracy charged with authority to keep political candidates clean and the voters honest. Just as gun registration failed to get at the roots of crime, campaign reform misses its point.

Mr. Chairman, Watergate did not occur solely because dishonest Government officials had dishonest friends. Failing to recognize that the problem goes much deeper than dishonesty, Congress has written legislation which applies a shiny coat of paint over a malignant illness in our political system.

Mr. Chairman, the real lesson of Watergate is that Government has become too powerful. The benefits of illegal activities have become greater than the risks. The businessman who lives day by day on the threat of Government permits, contracts and regulations is too often forced to compromise his integrity and the integrity of his friends in the bureaucracy. Excessive Government power and favor have finally authenticated that phrase, "Good guys finish last." If Government officials did not have so much to offer the private sector in the way of favorable rulings, contract awards, et cetera, then business would not have to engage in this kind of economic survival.

To ask for more laws to prevent another Watergate overlooks the fact that there were already laws prohibiting these kinds of political activities. These laws have already convicted a fistful of public officials of wrongdoing and Congress is considering impeachment of the President because of the possible violation of these laws. This is the appropriate means of handling dishonesty—not passage of more laws against dishonesty but enforcement of an already adequate criminal code and adherence to the constitutional process.

Rather than addressing the issue in its proper perspective, Congress proposed extensive campaign reform, including public financing of campaign expenditures and limitations on the rights of voters to contribute to campaign activities. Traditional concepts of political involvement and responsibilities are cast aside in this legislation. The real issues are swept under the rug. In seeking to make all candidates equal and honest, Congress is actually proposing to handicap principles of republican government established by our Constitution.

Underlying the whole issue is a burning question: "Should money play any role in politics?" If we value the freedom of expression guaranteed in the first amendment, the answer to this question has to be "yes." No one person—candidate or campaign supporter—need apologize for the role of money in the political campaign.

Mr. Chairman, all political activities

make economic claims on the community. Speeches, advertisements, broadcasts, building facilities, transportation, grassroots organizations—all require money. As long as the financing of these activities is left to private contributions, the individual is free to choose his own style and his own extent of political involvement, free to defend his personal philosophy, and free to further the campaign of his preferred candidate with either his dollars or his time. In depriving the individual of his right to contribute either time or money, we impair his freedom of expression.

And so who benefits—supposedly—from public financing of campaigns?

Certainly not the candidate who seeks change. His financial needs against an incumbent, tax-supported Congressman are great.

Certainly not the citizen who holds opinions but lacks the time to work actively in a campaign. Public financing prohibits or severely limits the amount and extent of his financial support. Lacking time for various reasons and lacking the right to contribute dollars by virtue of Government decree, his political role becomes one of inaction.

Certainly the general public has little to gain through public financing. Campaign contributions are a vehicle of expression for donors who wish to persuade others on public issues. This is a vital arena of political activity often overlooked in the more obvious rhetoric of candidates. The charge that these donors represent those ominous "special interests" is exactly correct. Anyone with the slightest flicker of political interest is representing those economic and social activities which he feels to be most important. With obvious exceptions, it is a disservice to both the donor and the officeholder to impune their motives. It is not the fact, necessarily, that a Congressman receives large union contributions that leads him to support union causes. It is the reverse that is most often true—that his convictions attract large union contributions.

The taxpayer, as usual, will be footing the bill for this new legislation. His contribution checkoff takes money out of one pocket at tax time while the huge bureaucracy required to implement and sustain the program bleeds the other pocket.

Mr. Chairman, politics in general has little to gain through public financing. Campaign money is a barometer of intensity of voter feeling. It keeps issues and opponents in perspective. It weeds public support.

The winners in a publicly financed campaign are fairly predictable. A party in control of the White House is likely to stay in control because its bureaucracy pulls the strings on candidate financing. What public financing fails to provide them can be sopped up through manipulation of Government-sponsored programs and public relations services.

By equalizing the roles of the candidates through public financing you do not really reduce the influence of the wealthy. They will always have direct access to resources easily converted to political purposes. Further, you greatly increase the influence of three distinct groups. First, the so-called pressure groups, like Common Cause and the American Medical Association which sell issues rather than candidates, second, political activities with free time, and three, the media.

There is a danger, too, that an independent candidate will be prevented from running because he fails in some way to qualify for Federal financing. It is possible that sanctions against "extremist" candidates could be incorporated into Federal financing laws. This, of course, raises the question: Who defines "extremists?" With time, these definitions and sanctions could easily be widened to prevent expression of legitimate political philosophies.

Campaign reform legislation as proposed does not bring Government closer to the people. It brings candidates closer to the Government and pushes people into the background—except at tax collecting time.

I have watched the House Administration Committee put together the jigsaw of campaign reform legislation piece by piece. They are missing the heart of the puzzle—the high sense of morality and ethics which guides most Americans in their choices of political representation.

Mr. Chairman, with the provisions of the Federal Election Campaign Act of 1971 on the books, we have access to records of campaign contributions. We are able to determine to a certain extent the interests of any candidate's supporters. With vigorous enforcement of the criminal code, we are able to handle officials who betray the public trust. By reducing the power and control of the Federal Government, we would remove the temptations and rewards of influence peddling.

And that is enough. Passage of the Federal Election Campaign Act Amendments of 1974 will deny the right of expression guaranteed all Americans under the first amendment. It is in the right of free speech that the essence of Americanism is contained. Without this right to free expression, all other constitutional amendments and our basic Constitution itself falter. This is a high price to pay. To deny the right of expression to the majority because of the misdeeds of a few is a big step down the road toward totalitarian government. I urge the defeat of H.R. 16080.

Mr. DENT. Mr. Chairman, the Federal Hatch Act's extension to State and local employees contains three parts. The first prevents State and local employees from voluntarily working for candidates of their choice on their own time for any partisan public office. The second prohibits management and others from using their influence to force those who work under them to contribute to or work for a candidate out of fear for their jobs, concern for future promotions, et cetera. The third prohibits State and local public employees from using the authority of their positions to influence the outcome of an election campaign.

This section of the bill repeals only that part of the Federal Hatch Act which prohibits State and local public employees from voluntarily, on their own time, participating in partisan political activities.

It retains those parts of the Federal Hatch Act which protect State and local public employees from political coercion by their employers and those parts which prohibit State and local public employees from using their own official status to influence elections.

For too long State and local employees—just because they are State and local government employees—have been prevented from voluntarily working for candidates they may choose to support. Workers in the private sector—often with similar jobs and sometimes even supported by the Federal tax dollar—are able to participate fully as citizens in the political process. This discrimination against the voluntary political activity of millions of State and local employees is no longer justified.

When the committee unanimously adopted this section, it did so with the hope that it would encourage greater voluntary citizen participation in the political process while at the same time continuing to prevent coercion and undue influence.

However, State and local public employees would still be prevented from personally running for partisan political office unless they resign their positions.

This proposed amendment does not affect Federal employees.

Mr. ICHORD. Mr. Chairman, I rise in support of the Federal Election Campaign Act Amendments of 1974 and urge that this legislation be passed by the House of Representatives. It would be very misleading for me or any other Member of Congress to pretend that this bill will solve all the ills present in our election laws but it is a step in the right direction.

In the first place I am doubtful that any legislation can get rid of all loopholes in campaigns for public office. As long as human beings are sinful there will be some individuals tempted to exempt themselves from certain general standards or to find ways to circumvent election laws. The most we can do in this respect is to make every effort to remind elected officials and those aspiring to elective office that any position of public trust requires a moral commitment to their Government and their people.

In the second place I do see this bill closing certain loopholes that have been open all too long. The expenditure ceiling now $60,000 for primary elections, primary runoff elections, and general elections while still too high in my opinion is much better than no limit at all. As the Members of this body of Congress know, I supported the Mathis amendment yesterday which would have set the spending limit at $42,500 which parallels the salary paid by the job. I am sorry that this amendment failed because I do not feel that a candidate should be allowed to spend more than the salary of the office. I have personally never spent anywhere close to $42,500 for any election including my first race for Congress when I defeated an incumbent Member of the House. However, a $60,000 limitation is a great improvement over the fantastic sums of $200,000 and $300,000 spent by candidates in the past in primaries or general elections.

Over 3 years ago in testimony before the House Administration Committee I expressed my strong fear that we were rapidly reaching the point that only the very wealthy or those who sold out to special interest groups could be elected to public office if we did not take steps to control campaign spending. The American claim that only in this country could an individual rise from such humble beginnings as an Abraham Lincoln to become President of the United States has been brought into question as campaign cost for Federal office soared into six, seven, and eight figures. Therefore, I feel that the $60,000 limit is a reasonable step in the right direction.

I am also pleased that an individual limit of $1,000 or a political committee limit of $5,000 has been placed in this legislation. This will do two very constructive things: First, it will make virtually impossible attempts by individuals or groups to buy influence with public officials; and second, it will force politicians to make every effort to get more of our citizens involved in the election process through the pocketbook which is the best way to get elected officials who are responsive and responsible to the people who elected them. The individual honorarium limitation of $1,000 or a total of $10,000 in 1 year will stop Federal elected officeholders from seeking to profit financially from the job they were elected to carry out for their constituents.

Once again I would point out that this is not perfect legislation nor a definitive answer to the problems we are seeking to solve but it seriously approaches these problems and will give us a foundation on which to build for future election law reform as it is needed.

Mr. BROYHILL of North Carolina. Mr. Chairman, I support the committee amendment to H.R. 16090, which would revise the composition of the Board of Supervisory Officers.

I have opposed the provision in the present campaign spending law which provides for reporting to and enforcement of the act by the Clerk of the House and the Secretary of the Senate. I have felt that these officers might be less than forceful in requiring Members of Congress, to whom they owe their jobs, to abide by these reporting requirements.

I prefer, instead, a more independent body. For that reason, I cosponsored an amendment, originally intended to be offered by Congressmen FRENZEL and FASCELL, to establish an independent Federal Elections Commission to monitor the necessary campaign reporting laws.

However, I am pleased with this committee amendment, a compromise worked out by Mr. HAYS and Mr. FRENZEL. It differs from the original bill reported from the House Administration Committee, in that the Comptroller General would not be a member of the Board. The Clerk of the House and the Secretary of the Senate would be nonvoting Board members. The four public citizens, none of whom could be employed by the executive, legislative, or judicial branches of the Government, would be the only voting members. And, finally, the full Senate and the full House of Representatives would have veto power over the Board's recommendations, rather than leaving this power with the House Administration Committee and the Senate Committee on Rules and Administration.

I firmly believe that an independent commission will eliminate the possibility of conflict of interest, reverse the long history of nonenforcement, and increase coordination between the administrators and enforcers of the law. But more importantly, the creation of an independent body would help foster public confidence in the effectiveness and fairness of election laws and in public officials themselves.

Therefore, I urge my colleagues to adopt the committee amendment.

Mr. STEELE. Mr. Chairman, I rise in support of the amendment offered by my distinguished colleagues JOHN ANDERSON and MORRIS UDALL. This amendment would encourage small contributions to congressional candidates by providing for limited Federal matching funds in the general election.

Specifically, this amendment would establish a Federal matching fund by which private contributions of $50 or less would be matched by public funds. This matching payment could not exceed one-third of the spending limit established for that office. In order to qualify for such matching payments, congressional candidates must first demonstrate their popular support by raising 10 percent of their spending limit in contributions of $50 or less.

As a cosponsor of the Anderson-Udall Clean Elections Act from which this provision is drawn, I believe that this amendment is an important step in the effort to reform the way in which we finance our elections. In my view, the way to cleanse our political process of the unhealthy influence of big money and special interests is thorough setting stringent limits on campaign contributions and through the encouragement of small contributors. This is what I have been doing in my own campaign for Governor of Connecticut and I believe that the success I have had is a telling sign that campaign reform truly works.

It is essential that we restore public confidence in our electoral system. And the way to begin is to return politics to the people. This amendment will be a major stride in encouraging the average citizen to get involved in electoral politics and in driving the corrupting influence of big money and special interests out of our campaign financing system.

I urge my colleagues to support this amendment.

Mrs. HECKLER of Massachusetts. Mr. Chairman, today the House is about to take a major step toward restoring honesty to our electoral process. The passage of the Federal Election Campaign Act Amendments will represent our response to Watergate and the cancerous corruption of the election process which this scandal has revealed to us during the last 2 years.

By now everyone understands the harm that can arise from uncontrolled campaign fundraising. The Watergate scandals have made it clear to the American public that money has become the most important campaign resource for candidates running for Federal office and that candidates are responsive to the people who supply it.

Our current system gives special interest groups and the wealthy a disproportionate role in determining outcomes of elections and in the subsequent process of governmental policymaking.

As a member of the Republican Task Force on Election Reform and as the sponsor of campaign reform legislation, I have been an outspoken advocate of public financing of elections as the only viable way to minimize the opportunities for influence peddling and buying in politics.

The bill presently under consideration, H.R. 16090, provides for public financing of Presidential elections from tax dollars paid to a Presidential Election Campaign Fund through the voluntary dollar checkoff on all tax returns.

From this campaign fund Presidential candidates would receive up to $20 million in checkoff funds for the general election and matching payments for contributions of $250 or less for primary elections.

The maximum probable cost of public financing would amount to less than $2 per taxpayer per year. I consider this a small price to pay for the assurance of clean elections and for the revival of citizen participation and interest in congressional and Presidential elections.

Equally important for the reformation of campaign procedures are the provisions of H.R. 16090 which limit campaign contributions and candidate expenditures.

In 1972 the two major Presidential candidates spent more than $45 million in each of their campaigns. These exorbitant figures demonstrate that in the past the emphasis has been on the cost of the campaign while little attention has been given to the issues.

The Federal Election Campaign Act Amendments before us for a vote would prohibit future Presidential candidates from spending more than $20 million in the general election and $10 million in the primary. Candidates for the Senate and the House would be limited to roughly $150,000 for total expenditures in their primary and general election campaigns.

On the other side of the campaign coin, this legislation restricts contributors from investing in candidates by prohibiting individuals from giving more than $1,000 in the primary and in the general election, while a group or organization cannot give more than $5,000 in either election to any candidate for Federal office .

I urge my colleagues to support the Federal Election Campaign Act amendments, legislation which would restore integrity to all Federal elections in 1976 and rebuild the public's confidence in the elected officials of our Government. Enactment of this legislation would signify the return to the principle of "one man, one vote" in our political system.

Mr. MURPHY of New York. Mr. Chairman, as an original sponsor of the Federal Election Campaign Amendments of 1974, I go on record in support of this legislation. The Federal Election Campaign Act of 1971 was a good law and a step in the right direction. Since its enactment, most campaign expenditures and contributions have been publicly disclosed. However, some large problems still exist and the purpose of these amendments is to correct these problems.

The purpose of the Federal Election Campaign Amendments of 1974 is:

First. To place limitations on campaign contributions and expenditures;

Second. To facilitate the reporting and disclosure of the sources and disposition of campaign funds by centralizing campaign committees;

Third. To establish a Board of Supervisory Officers to oversee enforcement of and compliance with Federal campaign laws; and

Fourth. To strengthen the law for public financing of Presidential general elections, and to authorize the use of the dollar checkoff fund for financing Presidential nominating conventions and campaigns for nomination to the office of President.

The bill places strict limitations on contributions to candidates for Federal office. Contributions by individuals to candidates are limited in the aggregate to $1,000 per election. Further, an individual is limited to an aggregate of $25,000 in contributions within any calendar year. A major innovation of the bill will prohibit any contributions in cash in excess of $100.

In an effort to reduce the spiraling cost of campaigns, Presidential candidates will be limited to $20,000,000 for election and $10,000,000 for nomination to the office.

In the case of campaigns for nomination for election, or for election to the office of Senator, the limitation is 5 cents times the population of the State, or $75,000, whichever is greater. The expenditure limitation on campaigns for the offices of Representative, Delegate from the District of Columbia, or Resident Commissioner is $75,000. These limitations apply separately to each campaign for nomination for election, or election, to those offices.

In an effort to simplify and improve the disclosure provisions of the campaign law, this legislation would require that each candidate designate a principal campaign committee to make expenditures on behalf of the candidate and to file with the appropriate supervisory officer consolidated reports and statements which include the activities of all the committees which support the candidate.

To enforce all of the laws on elections the bill establishes a seven-member Board of Supervisory Officers composed of the Secretary of the Senate, the Clerk of the House, the Comptroller General and four public members—two appointed by the President of the Senate and two appointed by the Speaker of the House.

The bill under consideration today contains provisions for the public financing of Presidential elections. The present dollar checkoff law, now limited to the financing of Presidential general elections, would be strengthened and expanded. Dollar checkoffs would be self-appropriating. Up to $2 million of such funds could be used for nominating conventions of major parties and lesser amounts for smaller parties. All parties would be limited to $2 million from all sources for convention expenditures. Dollar checkoff funds could be used in Presidential primaries to match private contributions of $250 or less; to be eligible a Persidential primary candidate must have raised $5,000 in private contributions of $250 or less in each of 20 States; no candidate could receive more than $5 million in Federal funds and he could spend no more than $10 million from all sources; funds for Presidential primaries could become available only after obligations for Presidential general elections and nominating conventions have been met.

It is unfortunate that I will not be here to vote on this measure tonight. I have made a major political commitment to my district and it is one of long standing which cannot be broken. However, I wish to be on record in support of the strong provisions provided for in this legislation. And I wish also to state that I am on record in support of this bill as I voted for the rule and against the motion to recommit.

I have long supported congressional election reform and have testified as such in hearings. As I said before the Senate Committee on Communications:

> The Federal Election Law of 1971 was designed to obviate the reprehensible act of anyone seeking to buy a federal election.

The legislation we have brought to the floor today goes a long way toward improving our Federal elections system. And I am gratified to have been a part of that movement.

Mr. DRINAN. Mr. Chairman, as the scandal-ridden Nixon Presidency reaches its anguished conclusion, the job of this Congress to restore the integrity of our political system has only just begun. The disclosure of the serious abuses engaged in by the President and his associates during the 1972 campaign has demonstrated with frightening clarity the need to enact vigorous campaign reform legislation.

Several provisions are essential to any comprehensive campaign reform package.

First, strict limitations must be placed on contributions by individuals or organizations to candidates for Federal office. The pervasive influence of private wealth upon our political system will continue unless such restrictions are adopted.

Second, overall spending ceilings for candidates must be set at responsible levels. These ceilings should be sufficiently high to enable challengers to gain widespread voter recognition, but low enough to prevent any candidate from "buying his way into office" through the expenditure of vast sums of money for mass mailings and media advertising.

Third, we should move as quickly as possible toward a system of public financing for all Federal elections. The special influence of campaign contributors has no proper place in the American political system. Total public financing will insure that Federal officeholders will be equally accountable to all their constituents, not beholden to those who contribute money to help get them elected. The success to date of the voluntary $1 income tax checkoff to finance Presidential contests demonstrates that public financing has widespread support among American taxpayers. Certainly, public financing is far cheaper in the long run than those policies implemented to reward big campaign contributors. The high prices of milk, bread, and gasoline constitute part of the cost borne by consumers today for private financing of the 1972 Presidential election campaign. Partial public financing of Federal election campaigns, while not a fully satisfactory solution, would represent a significant step in the right direction.

Fourth, rigorous requirements for public reporting of all campaign contributions and expenditures must be implemented. Full public accountability during an election campaign can act as an effective deterrent to abuses in the area of campaign financing. All candidates for Federal office should be required to designate a single committee to compile and disclose campaign finances. In order to insure that all campaign funds can be recorded and traced, if necessary, to their source, cash contributions should be prohibited.

All of the vital campaign reform measures summarized above can become meaningful only if they are accompanied by a vigorous enforcement mechanism. Candidates for Federal office cannot be relied upon to police themselves. An independent supervisory body must be established to oversee campaign practices and enforce the law.

During the past few years, Congress has begun to respond to the crying need for campaign reform. The Federal Elections Campaign Act of 1971 established, for the first time, limitations on media expenditures and strict disclosure requirements of campaign contributions and expenditures by all candidates for Federal office. The 1971 legislation provided a solid foundation for future campaign reform initiatives, but it was only a beginning.

Last year, I joined more than 140 Congressmen in sponsoring "The Clean Elections Act of 1973," the so-called "Anderson-Udall bill." This comprehensive legislation meets many of the campaign reform priorities I have enumerated. It sets strict limitations on campaign contributions and expenditures. It requires candidates to designate a central committee to report all campaign finances. It establishes a system of partial public financing for all Federal primary and general elections. Most importantly, perhaps, it creates an independent Federal Elections Commission with substantial enforcement power to oversee campaign practices and administer the law.

I was extremely gratified that the provisions of the "Clean Elections Act" became the basis of the campaign reform bill, S. 3044, passed by the Senate on April 11, 1974. S. 3044 conformed to the Anderson-Udall bill in limiting contributions and expenditures, closing disclosure loopholes, and establishing an independent regulatory commission to enforce the law. The Senate bill went beyond the provisions of the "Clean Elections Act" in providing full public financing of general election campaigns for the House, the Senate, and the Presidency; in conjunction with partial public financing of primary campaigns for these same offices.

The campaign reform bill we will consider today, H.R. 16090, contains many worthwhile provisions. Like the Senate-passed bill, it sets strict ceilings on campaign expenditures and contributions for all Federal elections. It requires candidates to establish a central campaign committee for reporting purposes. It provides for full public financing of presidential elections through voluntary tax checkoffs, including primaries, national party conventions, and general election campaigns.

I support all of these aspects of the bill. Certainly, the enactment of H.R. 16090 would substantially improve the conduct of Federal election campaigns. Yet the bill approved by the House Administration Committee is deficient in several important respects. The supervisory body it creates to administer Federal elections law is not truly independent of those it is designed to oversee. Three of the seven members of this part-time Board of Supervisors would be employees of Congress. Moreover, congressional committees would have power to veto regulations promulgated by the Board. I do not believe that such a close connection between Congress and this supervisory body will serve the public interest in assuring vigilant enforcement of Federal elections law.

A second serious shortcoming of H.R. 16090 is its failure to extend public financing to congressional races. The committee's approval of full public financing for presidential elections was based upon the recognized need to safeguard the political process from improper influence exercised by private wealth. Why, then, did they fail to apply the same standard to candidates for Congress? If the President might be influenced by contributors to his campaign, then why are Congressmen immune to similar pressures?

There is no justification for treating Presidential and congressional candidates any differently in this regard. All of our elected officials must be free from special influence if we are to restore integrity to American politics. I believe that we will raise justifiable public suspicions concerning our motives if we enact legislation which forbids private contributions to Presidential candidates while permitting candidates for Congress to receive such funds.

I will support amendments to rectify these deficiencies in H.R. 16090. It is vital that the House enact a strong bill which can be readily reconciled to the provisions of S. 3044 in conference. The public is fed up with corrupt politics and corrupt politicians. The investigations conducted by the Senate Select Committee on Presidential Campaign Activities and the House Judiciary Committee have brought the serious abuses of Watergate and its aftermath out into the open. Now, we, in Congress, must act to prevent future political scandals by enacting vigorous campaign reform legislation. We owe it to the American people to apply the grim lessons of Watergate to this constructive purpose.

Mr. DICKINSON. Mr. Chairman, the political process in our country has undergone a severe strain due to the Watergate crisis and related incidents, and the cry for Federal election campaign reform has been great. Honest elections are essential to the survival of our form of government and there is a constant and ongoing need for legislation in this field. However, this legislation to be effective must be fair and workable, and with that thought in mind, I must vote against H.R. 16090, the Federal Election Campaign Act Amendments of 1974.

There are a number of very strong and positive features in the bill which I do support including an independent administration and enforcement mechanism, limitation on contributions, $100 limitation on cash contributions, limitation on honorariums, prohibition on contributions by foreign nationals, increase in the penalty features, prohibition on contributions in the name of another, the single campaign committee, the reporting requirements, the publishing of a list of those who do not file, repeal of the media limitations, the opening up of the Hatch Act, and the preemption of State laws. Nevertheless, I believe there are other important areas which should have been better handled, and as ranking Republican on the House Administration Committee, it is my duty to offer a motion to recommit the bill to the committee for changes. Under the Rules of the House of Representatives, I must oppose the bill in order to offer the motion to recommit.

The most glaring deficiency in the measure is the absence of sufficient restrictions on the influence of special interest groups. I will offer the motion to recommit with instructions that the bill be reported back to the House of Representatives with an amendment providing that organizations representing business, agriculture, health, labor, and other special interest groups be allowed to act only as agents of individual contributors, but the individual must designate to whom the contribution will be given and the agent must identify the original donor. The amendment is aimed at any special interest group that goes out and skims off the top of the workingman's salary or the businessman's income and says "We will decide for you where your money goes—what candidate will get it—and it does not have to be accounted for." The contributor should say where the money is going to go and to whom it is going to go. This amendment will serve to tighten the special interest group's accountability to its members and the politician's accountability to the individuals who are the ultimate support of his election.

I also find other aspects of the bill particularly unrealistic and will comment on them.

1. FINANCING OF PRESIDENTIAL PRIMARIES

The provisions for public financing of Presidential primaries will inject the Federal Treasury into what many times amounts to a popularity contest under a formula that will probably work unfairly to the candidates involved. The prospect of a Federal subsidy to run for office may very well result in numerous candidates, many of whom may only run because of the desire for publicity.

2. FINANCING OF CONVENTIONS

The financing of political conventions should not be supported by the overburdened Public Treasury. The vitality of the party is enhanced by the participation of its members, while public financing of conventions will undercut individual initiative and participation.

3. POLITICAL PARTIES

Instead of strengthening the role of political parties in the political process, the committee bill, by treating political parties the same as all other political committees, would significantly weaken and contribute to the demise of the two party system. The National and State committees have been traditionally the policymaking bodies of the major parties and are cornerstones of our political system. Therefore, they should be excluded from the definition of political committee for the purpose of contribution limitations.

4. CITIZENS PARTICIPATION

The sheer length and complexity of this bill will discourage citizen participation and involvement perhaps even driving many people right out of politics. There will be ample potential for unintentional violations of the law and many people may worry about going to jail or being fined for an inadvertent violation. It would be ironic indeed if, in the name of reforming our present system of campaign financing, we fail to drive out the special interests and only succeed in driving honest, concerned citizens from participation in the political process.

I regret that I am unable to support the Federal Election Campaign Act Amendments of 1974 in its present form, but I will certainly work for true reform in this field.

Mr. ZWACH. Mr. Chairman, I rise to speak in support of H.R. 16090, the bill to amend the 1971 Federal Elections Campaign Act.

As we near the end of the Watergate scandal, it is imperative that this Congress pass campaign reform legislation to prevent such an atmosphere from recurring in the future. Our Federal elections need stricter regulations and supervision. Campaign contributions and expenditures must be limited and made public if we are to ever reinstill public confidence in the Congress of the United States.

If this Watergate mess has proven anything, it is that the American Constitution is still a strong, living, viable instrument of the people, working for The past year and a half have seen the the people, and being used by the people. three branches of our government working side-by-side to obtain justice and fairness for all concerned with and involved in Watergate.

While the Constitution remains strong, our election laws do not. If we are going to avoid Watergates in the future, whether they be at the Presidential level, in a Senate race, or in the Sixth Congressional District of Minnesota we must make amends of the campaign laws that we have on the books now. H.R. 16090 offers many of the needed changes. However, it does not go far enough, and therefore I will support amendments that I feel will strengthen this bill.

I will support the Anderson-Udall amendment that will provide a matching system of public and private campaign funds for congressional races. The voluntary checkoff funds would be used to match privately raised moneys in congressional general elections in 1976. I feel this amendment would be a major step, a necessary step to restoring public confidence in the U.S. Congress.

While H.R. 16090 is basically a good bill, it does contain some deficiencies, as the minority view of the committee members points out.

I am especially concerned about the lack of attention in-kind contributions have received in the final version of this bill. Incalculable amounts of goods, services, and manpower are poured into campaigns at all levels of government. Cars, planes, men, storefronts, food, and so forth, are completely ignored in this bill. While I do not believe we should outlaw these in-kind efforts, we surely should control them, list them, and if need be, limit them. But to completely ignore them creates the biggest campaign loophole of all.

In the past, campaign finance legislation has failed us poorly because of the lack of good, effective enforcement. We need to establish a more independent administration and enforcement agency than is established in this bill. Enforcement is the key, and Mr. Frenzel's amendment would provide a stronger, independent agency to administer the provisions of this bill.

Mr. Chairman, to err is human, but to blame it on someone else is politics. If we are going to continue to have campaign abuses and future Watergates, we have no one to blame but ourselves.

Reform is already too late for 1974. Millions of dollars worth of cash and in-kind contributions are and will be spent to influence the fall congressional and senatorial elections.

Reform for 1976 is not too late. But the time to act is now. H.R. 16090 is timely indeed.

Ms. ABZUG. Mr. Chairman, we will never have a Congress that truly reflects the diversity of the American electorate as long as money dominates political campaigns. Congress will remain—as it is—a predominantly segregated club of white-skinned, upper-middle-class males as long as qualified candidates are precluded from seeking elective office solely because they lack personal wealth or access to the wealth of others. We will never have an electorate that trusts in the political system as long as some politicians feel that they must cater to the whims of special interest groups in order to raise campaign funds or as long as we have laws that allow them to do so.

Our present system of financing elections is unfair, undemocratic, and unacceptable. The Nation has had a tragic experience as a result of the lawbreaking activities of CREEP in 1972 in which President Nixon's reelection committee hauled in, and in some cases extorted, millions of dollars in cash and laundered checks from corporations and private interest groups in order to manipulate a national election and finance illegal activities. Clearly, we need more effective laws and more effective enforcement.

The only way to eliminate reliance on large private contributions and open the elective process to all qualified candidates—irrespective of their financial resources—is through a comprehensive scheme of public financing of all Federal elections. We must be prepared to pay for the public business of elections with public funds. Although the Federal election campaign bill proposed by the Committee on House Administration is a step in the right direction it stops far short of the needed reform. While it provides for the public financing of presidential primaries, conventions, and elections it fails to provide for the public financing of congressional elections. The amendment to be offered by Messrs. Udall, Foley, Anderson, and Conable seeks to remedy this omission by appropriating some Federal money to congressional candidates.

However, this proposed amendment should not be confused with a "true system" of public financing of congressional elections. First, it only provides public funds to candidates in general elections. Consequently, candidates, in districts that are so dominated by one-party that victory in the primary is tantamount to being elected, will be denied Federal assistance in the only race of importance—the primary. Second, the amendment only provides matching funds up to one-third of the maximum that the candidate can spend—in the case of a House election that amounts to $25,000. In spite of these unsatisfactory aspects, the amendment does contain a number of far-sighted provisions.

First, only contribtuions of $50 or less would be matched by public funding, thereby encouraging a candidate to seek out small contributions. Second, the amendment does not distinguish between major and minor parties. Any candidate from any party who has raised 10 percent of the maximum spending limit in contribtuions of $50 or less is entitled to matching public funds. Since the positive aspects outweigh the deficiencies I will vote in favor of this amendment, and urge each Member of this Chamber to do the same.

While the proposed bill limits the amount a congressional candidate may spend in either a primary or general election it sets these limits so high as to be meaningless. Specifically, under the proposed bill candidates for House seats can spend up to $75,000 on the primary, another $75,000 on the general election plus an additional 25 percent of these maximum amounts to raise campaign funds—a grand total of $187,500. However, less than 5 percent of all candidates for House seats in 1972 spent more than $150,000. In effect then, this "reform law" would make the exceptional spender the rule.

I find these limits far too high, because they only serve to increase the emphasis on money in political campaigns, at a time when just the opposite is needed. These limits would enable the wealthy and those with access to large campaign contributions—especially incumbents—to continue to dominate the elective process. If the spending limits are lowered to correspond more closely to the amount of money that nonaffluent candidates can raise, then the leverage of the rich will be drastically reduced and the elective process will be opened to a greater number of qualified candidates.

Consequently, I will support the amendment to be offered by Mr. Cleveland which would reduce the maximum spending limits in congressional elections to $60,000 per candidate. Finally, while the proposed bill simplifies and expands campaign finance reporting procedures, and establishes a commission to scrutinize these reports and enforce the election laws, the composition of the commission is suspect. Three of the seven members of the commission—the Clerk of the House, the Secretary of the Senate, and the Comptroller General of the United States—owe their jobs to the very people whose elections they are supposed to oversee. Certainly, the electorate would have every reason to be skeptical of the vigor with which such a commission would enforce the election laws. Therefore, I intend to support the amendment to be offered by Messrs. Frenzel and Fascell which would remove these three officials from the commission.

We desperately need legislation that would enable candidates to compete not for dollars but for votes. The proposed bill is but a beginning. It is in need of amendment along the lines that I have outlined above; and I will support such amendments as they are introduced.

The CHAIRMAN. If there are no further amendments, under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. Bolling, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 16090) to impose overall limitations on campaign expenditures and political contributions; to provide that each candidate for Federal office shall designate a principal campaign committee; to provide for a single reporting responsibility with respect to receipts and expenditures by certain political committees; to change the times for the filing of reports regarding campaign expenditures and political contributions; to provide for public financing of Presidential nominating conventions and Presidential primary elections; and for other purposes, pursuant to House Resolution 1292, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment?

Mr. BRADEMAS. Mr. Speaker, I demand a separate vote on the so-called Frenzel amendment relating to public financing of presidential nominating conventions.

The SPEAKER. Is a separate vote demanded on any other amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER. The Clerk will report the amendment on which a separate vote has been demanded.

The Clerk read as follows:

Amendment: Page 53, strike line 17, and all that follows down through page 61, line 4.

Page 61, line 6, strike out "407" and insert in lieu thereof "406".

Page 61, line 15, strike out "408" and insert in lieu thereof "407".

Page 78, line 5, strike out "409" and insert in lieu thereof "408".

Page 79, line 11, strike out "410" and insert in lieu thereof "409".

Page 79, line 15, strike out "408, and 409" and insert in lieu thereof "and 408".

Mr. BRADEMAS (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the amendment be dispensed with and that it be printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

Mr. FRENZEL. Mr. Speaker, reserving the right to object, is this the Frenzel amendment which deletes the use of taxpayers' money for national political Presidential nominating conventions, which the committee defeated by a substantial margin?

Mr. BRADEMAS. The gentleman's colloquy is inaccurate.

Mr. FRENZEL. If it is, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

The SPEAKER. The question is on the amendment.

The question was taken; and the Speaker announced that the noes appeared to have it.

RECORDED VOTE

Mr. FRENZEL. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 205, noes 206, not voting 24, as follows:

[Roll No 468]

AYES—205

Abdnor
Anderson, Ill.
Andrews, N. Dak.
Archer
Arends
Armstrong
Ashbrook
Bafalis
Baker
Bauman
Beard
Bennett
Bray
Breaux
Brinkley
Broomfield
Brotzman
Brown, Mich.
Brown, Ohio
Broyhill, N.C.
Broyhill, Va.
Buchanan
Burgener
Burke, Fla.
Burleson, Tex.
Butler
Byron
Camp
Carter
Cederberg
Chamberlain
Chappell
Clancy
Clausen, Don H.
Clawson, Del
Cleveland
Cochran
Cohen
Collier
Collins, Tex.
Conable
Conlan
Conte
Crane
Cronin
Daniel, Dan
Daniel, Robert W., Jr.
Davis, Wis.
Delaney
Dellenback
Dennis
Derwinski
Devine
Dickinson
Dorn
Downing
Duncan
du Pont
Edwards, Ala.
Erlenborn
Esch
Eshleman
Findley
Fish
Fisher
Flynt
Forsythe
Fountain
Frenzel
Frey
Froehlich
Gilman
Goldwater
Goodling
Green, Oreg.
Gross
Grover
Gubser
Guyer
Haley
Hammer-schmidt
Hanrahan
Harsha
Hastings
Hechler, W. Va.
Heinz
Hillis
Hinshaw
Hogan
Holt
Horton
Hosmer
Huber
Hudnut
Hunt
Hutchinson
Jarman
Johnson, Colo.
Johnson, Pa.
Kemp
Ketchum
King
Kuykendall
Lagomarsino
Landgrebe
Landrum
Latta
Lent
Lott
Lujan
McClory
McCloskey
McCollister
McDade
McEwen
McKinney
Madigan
Mahon
Mallary
Mann
Maraziti
Martin, Nebr.
Martin, N.C.
Mathias, Calif.
Mayne
Michel
Miller
Minshall, Ohio
Mitchell, N.Y.
Mizell
Montgomery
Moorhead, Calif.
Mosher
Myers
Nelsen
Nichols
O'Brien
Parris
Pettis
Poage
Powell, Ohio
Price, Tex.
Pritchard
Quie
Quillen
Railsback
Regula
Rhodes
Rinaldo
Roberts
Robinson, Va.
Robison, N.Y.
Roncallo, N.Y.
Rousselot
Ruppe
Ruth
Sandman
Sarasin
Satterfield
Scherle
Sebelius
Shoup
Shriver
Shuster
Sikes
Skubitz
Smith, N.Y.
Snyder
Spence
Stanton, J. William
Steed
Steelman
Steiger, Ariz.
Steiger, Wis.
Stephens
Stubblefield
Stuckey
Symms
Talcott
Taylor, Mo.
Thomson, Wis.
Thone
Towell, Nev.
Treen
Vander Jagt
Veysey
Waggonner
Walsh
Wampler
Ware
Whitehurst
Widnall
Wiggins
Wilson, Bob
Winn
Wyatt
Wydler
Wylie
Wyman
Young, Alaska
Young, Fla.
Young, Ill.
Young, S.C.
Zion
Zwach

NOES—206

Abzug
Adams
Addabbo
Albert
Alexander
Anderson, Calif.
Andrews, N.C.
Annunzio
Ashley
Aspin
Badillo
Barrett
Bell
Bergland
Bevill
Biaggi
Biester
Bingham
Boggs
Boland
Bolling
Bowen
Brademas
Breckinridge
Brooks
Brown, Calif.
Burke, Calif.
Burke, Mass.
Burlison, Mo.
Burton, John
Burton, Phillip
Carney, Ohio
Casey, Tex.
Clark
Clay
Collins, Ill.
Conyers
Corman
Cotter
Coughlin
Culver
Daniels, Dominick V.
Danielson
Davis, S.C.
de la Garza
Dellums
Denholm
Dent
Diggs
Dingell
Donohue
Drinan
Eckhardt
Edwards, Calif.
Eilberg
Evans, Colo.
Evins, Tenn.
Fascell
Flood
Flowers
Foley
Ford
Fraser
Fulton
Fuqua
Gaydos
Gettys
Giaimo
Gibbons
Ginn
Gonzalez
Grasso
Green, Pa.
Griffiths
Gude
Gunter
Hamilton
Hanley
Hanna
Harrington
Hawkins
Hays
Helstoski
Henderson
Hicks
Holtzman
Howard
Hungate
Ichord
Johnson, Calif.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Karth
Kastenmeier
Kazen
Kluczynski
Koch
Kyros
Leggett
Lehman
Litton
Long, La.
Long, Md.
Luken
McCormack
McFall
McKay
Macdonald
Madden
Mathis, Ga.
Matsunaga
Mazzoli
Meeds
Melcher
Metcalfe
Mezvinsky
Mills
Minish
Mink
Mitchell, Md.
Moakley
Moorhead, Pa.
Morgan
Moss
Murphy, Ill.
Murtha
Natcher
Nedzi
Nix
Obey
O'Hara
O'Neill
Owens
Patman
Patten
Pepper
Perkins
Peyser
Pickle
Pike
Podell
Preyer
Price, Ill.
Randall
Rangel
Rees
Reid
Reuss
Riegle
Rodino
Roe
Rogers
Roncalio, Wyo.
Rooney, Pa.
Rose
Rosenthal
Rostenkowski
Roush
Roy
Roybal
Runnels
Ryan
St Germain
Sarbanes
Schroeder
Seiberling
Shipley
Sisk
Slack
Smith, Iowa
Staggers
Stanton, James V.
Stark
Steele
Stokes
Stratton
Studds
Sullivan
Symington
Taylor, N.C.
Thompson, N.J.
Thornton
Tiernan
Traxler
Udall
Ullman
Van Deerlin
Vander Veen
Vanik
Vigorito
Waldie
Whalen
White
Whitten
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Wolff
Wright
Yates
Yatron
Young, Ga.
Young, Tex.
Zablocki

NOT VOTING—24

Blackburn
Blatnik
Brasco
Carey, N.Y.
Chisholm
Davis, Ga.
Dulski
Frelinghuysen
Gray
Hansen, Idaho
Hansen, Wash.
Hébert
Heckler, Mass.
Holifield
McSpadden
Milford
Mollohan
Murphy, N.Y.
Passman
Rarick
Rooney, N.Y.
Schneebeli
Teague
Williams

The SPEAKER. On this vote the ayes are 205, the noes are 205. The Chair votes "no."

So the amendment was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Hébert for, with Mr. Murphy of New York against.

Mr. Rarick for, with Mrs. Chisholm against.

Mr. Passman for, with Mrs. Heckler of Massachusetts against.

Mr. Blackburn for, with Mr. Carey of New York against.

Mr. Frelinghuysen for, with Mr. Mollohan against.

Mr. Schneebeli for, with Mr. Dulski against.

Until further notice:

Mr. Teague with Mr. Holifield.

Mr. McSpadden with Mr. Blatnik.

Mr. Davis of Georgia with Mrs. Hansen of Washington.

Mr. Gray with Mr. Rooney of New York.

Mr. Milford with Mr. Williams.

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT OFFERED BY MR. DICKINSON

Mr. DICKINSON. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. DICKINSON. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. DICKINSON moves to recommit the bill, H.R. 16090, to the Committee on House Administration with instructions to report the same back to the House forthwith with the following amendment: Page 4, immediately after line 8, insert the following:

"(7) No candidate or any political committee acting on behalf of such candidate may knowingly accept any contribution from any political committee, other than from an individual or from a local, State, or national political party organization registered under section 303 of the Federal Election Campaign Act of 1971, unless (A) such political committee making such contribution is acting as the agent of an individual contributor, (B) the individual contributor designates such candidate or any political committee acting on behalf of such candidate as the recipient of such contribution, and (C) the identity of the individual contributor is furnished by the political committee making such contribution to such candidate or the political committee acting on his behalf which receives such contribution. No undesignated contribution which a political committee receives from an individual contributor may be made by such political committee to a candidate or any political committee acting on behalf of such candidate.".

Mr. DICKINSON. Mr. Speaker, if I might say to my colleagues, they received through the mail a copy of the proposed amendment which was not in order, but I will explain it in layman's terms.

I offer this motion to recommit with instructions because although I believe there are a number of places I believe the bill could be improved, the most glaring of the deficiencies in the measure is the absence of sufficient restrictions on the influence of special interest groups.

I was very surprised to hear the chairman of my committee, for whom I have the highest regard, try to make this into a labor amendment or an antilabor amendment. I have here in my hand the front page of today's paper, the Washington Post. It shows a picture under the caption of "Pleads Guilty." It shows Jake Jacobsen and it says:

> Jake Jacobsen, former lawyer for the largest U.S. milk cooperative, leaves court after pleading guilty to making a $10,000 payoff to former Treasury Secretary John Connally.

Then it says the further story is inside.

And I also note from the UPI News Service the following:

> Washington.—Sen. Henry Jackson, D-Wash., received $225,000 in secret donations to his 1972 presidential campaign from oil millionaire Leon Hess, according to Senate Watergate Committee records.
>
> The Washington Star-News said the records showed that Hess disguised the donations under the names of other persons. The contributions were made before the April 1972, change in the election law that required contributions be made public.
>
> The records showed another $166,000 in secret cash contributions to Jackson, with more than half of the money coming from other oilmen, the newspaper said. The largest cash gift—$50,000—came from Walter Davis, an oil operator in Midland, Tex.
>
> The committee's files showed that Jackson raised a total of just over $1.1 million for the 1972 race—and nearly half the money came from large donors, including Hess, who were at the same time supporting President Nixon's campaign.
>
> Hess is Board Chairman of Amerada Hess Corp.

Mr. Speaker, if we are to have a campaign reform bill that is meaningful, if we are going to do something here today to get at the evils we are all lamenting and we are aware of, let us all get at them now.

This is not aimed at labor. This is aimed at any special interest group that goes out and skims off the top of the workingman's salary or the businessman's income and says: "We will decide for you where your money should best go and it does not have to be accounted for." They do not have to account for it. They say: "You do not have to designate where it goes. We will decide for you."

Out of all the scandals that have surfaced recently, can any Member think of anything that needs more regulation, that is more deserving of being looked at and gotten to in this legislation, in this so-called campaign reform, than this one area? I refer the Members specifically to such organizations as the AMPI, the American Milk Producers, Inc., and we can go to the labor unions too. The labor unions can take what they want through checkoff. The rank and file does not know what that money is going for, but this is not aimed just at them.

The biggest scandals have come from the areas I have described, and there it is on the front page of today's paper where big business can go in and tap this guy and this guy and this little milk producer, or whatever industry is involved, and say, "All right, you just keep the money coming in and we will sluice it where it is going to do the most good." This amendment would prohibit that. It says if one is going to contribute individually to someone acting as an agent to sluice it for one, to guide it where it is going to do the most good, you designate where it is going to do the most good because if you do not we will put it there for you. This is the evil that needs correcting. Anybody can give if he wants to.

The chairman makes a big thing that if one is going to give $1,000, is one going to have to have 1,000 pieces of paper? Well, what is wrong with that? We see 1,000 pieces of paper in our office every day. The contributor should say where the money is going to go and to whom it is going to go. What is wrong with that? Can somebody tell me what is wrong with telling where he wants his money to go? There is nothing illegal and there is nothing immoral with that. It is just commonsense in getting at the evils we are trying to get at.

This is just obfuscation and pulling the wool over the eyes in saying that this is antilabor and this is going to get at the little workingman. Little workingman, my foot. Ask about John Connally and about Jacobsen or ask about those who already have gotten the slammer closed on them. Talk about the little workingman.

So if the Members want to do something to get at the evils of directing money and collecting money and telling where it is to go, if they want to make campaigns cleaner, this is the way to do it. Vote for the motion to recommit with instructions that gets at what we are going to do when we start taking up money.

Mr. HAYS. Mr. Speaker, I rise in opposition to the motion.

Mr. Speaker, I have sat beside my genial friend, the gentleman from Alabama, on the House Administration Committee for a good many years. I never knew him to get so worked up about anything and I never knew before that he was such a master of obfuscation and circumlocution.

The truth of the matter is, that the piece of paper he very dramatically waved, does not have anything to do with this bill or anything in this bill. The money that Mr. Jacobsen allegedly gave to Mr. Connally was not a campaign contribution, or at least the allegation is not, because Mr. Connally was not a candidate for anything. I am not finding Mr. Connally guilty of anything, but—just sit down, Mr. Brown. I am not going to yield to you in any way, so do not bother me anymore, just sit down. Do not be trying to disrupt my time.

Mr. Jacobsen pleaded guilty in court, as I understand it, to attempting to bribe, or bribing an official of the Government to get a favorable ruling.

Now, when the gentleman says that his amendment is not aimed at labor, he is not kidding me or anybody else. Sure, all members of a laboring union—in the first place, a labor union cannot spend checkoff funds or union dues, and if they do, they are subject to criminal penalties. The only thing they can do is collect a voluntary fund and if the workingman says, "I want to contribute $1" and there are 100,000 members and 50,000 want to contribute a dollar, they have to get 50,000 pieces of paper; but if the American Medical Association, and their average national income is around $60,000 a year these days—and they contribute $1,000 and to raise $50,000, they do not have to get 50,000 pieces of paper, just 50. That is what the amendment is all about.

I do not yield to the gentleman (Mr. Brown). If I had a piece of tape, I would like to put it over his face. I do not see how in the world I am going to hush him up while I am talking.

Mr. Speaker, I can understand the Republican boo hoos. If I were in the situation they are and looking forward to 9 o'clock, I would be doing worse than boo hoo-hooing. I would be standing on my head.

Let us face it. This is about as partisan a motion to recommit as was ever made.

I like the gentleman from Alabama and the fact that they shifted the motion from the gentleman from Ohio (Mr. Brown) to the gentleman from Alabama improves it only in the author of the amendment. It does not improve the amendment.

So therefore, I ask that the motion to recommit be defeated.

The SPEAKER. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER. The question is on the motion to recommit.

The question was taken; and the Speaker announced that the noes appeared to have it.

RECORDED VOTE

Mr. DICKINSON. Mr. Speaker, on that I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 164, noes 243, not voting 27, as follows:

[Roll No. 469]

AYES—164

Abdnor
Anderson, Ill.
Andrews, N. Dak.
Archer
Arends
Armstrong
Ashbrook
Bafalis
Baker
Bauman
Beard
Bell
Bray
Broomfield
Brotzman
Brown, Mich.
Brown, Ohio
Broyhill, N.C.
Broyhill, Va.
Buchanan
Burgener
Burke, Fla.
Burleson, Tex.
Butler
Camp
Carter
Cederberg
Chamberlain
Clancy
Clausen, Don H.
Clawson, Del
Cleveland
Cochran
Collier
Collins, Tex.
Conable
Conlan
Crane
Daniel, Dan
Daniel, Robert W., Jr.
Davis, Wis.
Dennis
Derwinski
Devine
Dickinson
Duncan
du Pont
Edwards, Ala.
Erlenborn
Esch
Eshleman
Findley
Fish
Fisher
Forsythe
Frelinghuysen
Frenzel
Frey
Froehlich
Goldwater
Goodling
Gross
Grover
Gubser
Hammerschmidt
Hanrahan
Harsha
Hastings
Hinshaw
Holt
Hosmer
Huber
Hudnut
Hunt
Hutchinson
Jarman
Johnson, Colo.
Johnson, Pa.
Kemp
Ketchum
King
Kuykendall
Lagomarsino
Landgrebe
Latta
Lott
Lujan
McClory
McCollister
McDade
McEwen
Madigan

Mallary
Martin, Nebr.
Martin, N.C.
Mathias, Calif.
Mathis, Ga.
Mayne
Michel
Miller
Minshall, Ohio
Mizell
Montgomery
Moorhead, Calif.
Mosher
Myers
Nelsen
O'Brien
Parris
Pettis
Powell, Ohio
Price, Tex.
Quie
Quillen
Railsback
Rhodes
Robinson, Va.
Robison, N.Y.
Rousselot
Runnels
Ruppe
Ruth
Sandman
Satterfield
Scherle
Sebelius
Shoup
Shriver
Shuster
Skubitz
Smith, N.Y.
Snyder
Spence
Stanton, J. William
Steelman
Steiger, Ariz.
Steiger, Wis.
Stubblefield
Symms
Talcott
Taylor, Mo.
Thomson, Wis.
Thone
Towell, Nev.
Treen
Vander Jagt
Veysey
Wampler
Ware
Whitehurst
Whitten
Widnall
Wiggins
Wilson, Bob
Winn
Wyatt
Wydler
Wylie
Wyman
Young, Fla.
Young, Ill.
Young, S.C.
Zion
Zwach

NOES—243

Abzug
Adams
Addabbo
Alexander
Anderson, Calif.
Andrews, N.C.
Annunzio
Ashley
Aspin
Badillo
Barrett
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Boggs
Boland
Bolling
Bowen
Brademas
Breaux
Breckinridge
Brinkley
Brooks
Brown, Calif.
Burke, Calif.
Burke, Mass.
Burlison, Mo.
Burton, John
Burton, Phillip
Byron
Carney, Ohio
Casey, Tex.
Chappell
Clark
Clay
Cohen
Collins, Ill.
Conte
Conyers
Corman
Cotter
Coughlin
Cronin
Culver
Daniels, Dominick V.
Danielson
Davis, S.C.
de la Garza
Delaney
Dellenback
Dellums
Denholm
Dent
Dingell
Donohue
Dorn
Downing
Drinan
Dulski
Eckhardt
Edwards, Calif.
Eilberg
Evans, Colo.
Evins, Tenn.
Fascell
Flood
Flowers
Foley
Ford
Fountain
Fraser
Fulton
Fuqua
Gaydos
Gettys
Giaimo
Gibbons
Gilman
Ginn
Gonzalez
Grasso
Green, Oreg.
Green, Pa.
Griffiths
Gude
Gunter
Guyer
Haley
Hamilton
Hanley
Hanna
Harrington
Hawkins
Hays
Hechler, W. Va.
Heinz
Helstoski
Henderson
Hicks
Hillis
Hogan
Holtzman
Horton
Howard
Hungate
Ichord
Johnson, Calif.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Karth
Kastenmeier
Kazen
Kluczynski
Koch
Kyros
Leggett
Lehman
Lent
Litton
Long, La.
Long, Md.
Luken
McCloskey
McCormack
McFall
McKinney
Macdonald
Madden
Mahon
Mann
Maraziti
Matsunaga
Mazzoli
Meeds
Melcher
Metcalfe
Mezvinsky
Mills
Minish
Mink
Mitchell, N.Y.
Moakley
Moorhead, Pa.
Morgan
Moss
Murphy, Ill.
Murtha
Natcher
Nedzi
Nichols
Nix
Obey
O'Hara
O'Neill
Owens
Patman
Patten
Pepper
Perkins
Peyser
Pickle
Pike
Poage
Podell
Preyer
Price, Ill.
Pritchard
Randall
Rangel
Rees
Regula
Reid
Reuss
Riegle
Rinaldo
Roberts
Rodino
Roe
Rogers
Roncalio, Wyo.
Roncallo, N.Y.
Rooney, Pa.
Rose
Rosenthal
Rostenkowski
Roush
Roy
Roybal
Ryan
St Germain
Sarasin
Sarbanes
Schroeder
Seiberling
Shipley
Sikes
Sisk
Slack
Smith, Iowa
Staggers
Stanton, James V.
Stark
Steed
Steele
Stephens
Stokes
Stratton
Stuckey
Studds
Sullivan
Symington
Taylor, N.C.
Thompson, N.J.
Thornton
Tiernan
Traxler
Udall
Ullman
Van Deerlin
Vander Veen
Vanik
Vigorito
Waggonner
Waldie
Walsh
Whalen
White
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Wolff
Wright
Yates
Yatron
Young, Alaska
Young, Ga.
Young, Tex.
Zablocki

NOT VOTING—27

Blackburn
Blatnik
Brasco
Carey, N.Y.
Chisholm
Davis, Ga.
Diggs
Flynt
Gray
Hansen, Idaho
Hansen, Wash.
Hébert
Heckler, Mass.
Holifield
Landrum
McKay
McSpadden
Milford
Mitchell, Md.
Mollohan
Murphy, N.Y.
Passman
Rarick
Rooney, N.Y.
Schneebeli
Teague
Williams

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Hébert for, with Mr. Murphy of New York against.

Mr. Passman for, with Mr. Carey of New York against.

Mr. Rarick for, with Mrs. Chisholm against.

Mr. Flynt for, with Mr. Diggs against.

Mr. Landrum for, with Mrs. Heckler of Massachusetts against.

Until further notice:

Mr. Mitchell of Maryland with Mr. Blatnik.

Mr. Mollohan with Mrs. Hansen of Washington.

Mr. Rooney of New York with Mr. Holifield.

Mr. Davis of Georgia with Mr. McKay.

Mr. Gray with Mr. McSpadden.

Mr. Milford with Mr. Schneebeli.

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. SCHERLE. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 355, nays 48, not voting 31, as follows:

[Roll No. 470]

YEAS—355

Abdnor
Abzug
Adams
Addabbo
Alexander
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Ashley
Aspin
Badillo
Bafalis
Barrett
Beard
Bell
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Boggs
Boland
Bolling
Bowen
Brademas
Bray
Breaux
Breckinridge
Brinkley
Brooks
Broomfield
Brotzman
Brown, Calif.
Brown, Mich.
Broyhill, N.C.
Broyhill, Va.
Buchanan
Burgener
Burke, Calif.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Byron
Carney, Ohio
Carter
Casey, Tex.
Cederberg
Chamberlain
Chappell
Clark
Clausen, Don H.
Clay
Cleveland
Cochran
Cohen
Collier
Collins, Ill.
Conable
Conlan
Conte
Conyers
Corman
Cotter
Coughlin
Cronin
Culver
Daniel, Dan
Daniel, Robert W., Jr.
Daniels, Dominick V.
Danielson
Davis, S.C.
de la Garza
Delaney
Dellenback
Dellums
Denholm
Dennis
Dent
Derwinski
Dingell
Donohue
Dorn
Downing
Drinan
Dulski
du Pont
Eckhardt
Edwards, Calif.
Eilberg
Esch
Eshleman
Evans, Colo.
Evins, Tenn.
Fascell
Findley
Fish
Flood
Flowers
Foley
Ford
Forsythe
Fountain
Fraser
Frelinghuysen
Frenzel
Frey
Froehlich
Fulton
Fuqua
Gaydos
Gettys
Giaimo
Gibbons
Gilman
Ginn
Goldwater
Gonzalez
Grasso
Green, Oreg.
Green, Pa.
Grover
Gude
Gunter
Guyer
Haley
Hamilton
Hammerschmidt
Hanley
Hanna
Hanrahan
Harrington
Harsha
Hastings
Hawkins
Hays
Hechler, W. Va.
Heinz
Helstoski
Henderson
Hicks
Hillis
Hogan
Holtzman
Horton
Howard
Huber
Hudnut
Hungate
Hunt
Hutchinson
Ichord
Jarman
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Karth
Kastenmeier
Kazen
Kemp
King
Kluczynski
Koch
Kuykendall
Kyros
Lagomarsino
Latta
Leggett
Lehman
Lent
Litton
Long, La.
Lott
Lujan
Luken
McClory
McCloskey
McCormack
McDade
McEwen
McFall
McKinney
Macdonald
Madden
Madigan
Mahon
Mallary
Mann
Maraziti
Martin, N.C.
Mathias, Calif.
Mathis, Ga.
Matsunaga
Mayne
Mazzoli
Meeds
Melcher
Metcalfe
Mezvinsky
Miller
Mills
Minish
Mink
Minshall, Ohio
Mitchell, N.Y.
Mizell
Moakley
Montgomery
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Moss
Murphy, Ill.
Murtha
Myers
Natcher
Nedzi
Nelsen
Nichols
Nix
Obey
O'Brien
O'Hara
O'Neill
Owens
Parris
Patman
Patten
Pepper
Perkins
Pettis
Peyser
Pickle
Pike
Poage
Podell
Preyer
Price, Ill.
Pritchard
Quie
Quillen
Railsback
Randall
Rangel
Rees
Regula
Reid
Reuss
Riegle
Rinaldo
Roberts
Robinson, Va.
Robison, N.Y.
Rodino
Roe
Rogers
Roncalio, Wyo.
Roncallo, N.Y.
Rooney, Pa.
Rose
Rosenthal
Rostenkowski
Roush
Roy
Roybal
Runnels
Ruppe
Ruth
Ryan
St Germain
Sandman
Sarasin
Sarbanes
Satterfield
Scherle
Schroeder
Sebelius
Seiberling
Shipley
Shoup
Shriver
Sikes
Sisk
Slack
Smith, Iowa
Smith, N.Y.
Snyder
Spence
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steele
Stephens
Stokes
Stratton
Stubblefield
Stuckey
Studds
Sullivan
Symington
Talcott
Taylor, Mo.
Taylor, N.C.
Thompson, N.J.
Thomson, Wis.
Thone
Thornton
Tiernan
Towell, Nev.
Traxler
Udall
Ullman
Van Deerlin
Vander Veen
Vanik
Veysey
Vigorito
Walsh
Wampler
Ware
Whalen
White
Whitehurst
Whitten
Widnall
Wilson, Bob
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Winn
Wolff
Wright
Wyatt
Wydler
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Ga.
Young, Ill.
Young, Tex.
Zablocki
Zion
Zwach

NAYS—48

Archer
Arends
Armstrong
Ashbrook
Baker
Bauman
Brown, Ohio
Burke, Fla.
Camp
Clancy
Clawson, Del
Collins, Tex.
Crane
Davis, Wis.
Devine
Dickinson
Duncan
Edwards, Ala.
Erlenborn
Fisher
Goodling
Gross
Gubser
Holt
Hosmer
Ketchum
Landgrebe
McCollister
Martin, Nebr.
Michel
Powell, Ohio
Price, Tex.
Rhodes
Rousselot
Shuster
Skubitz
Steed
Steelman
Steiger, Ariz.
Steiger, Wis.
Symms
Treen
Vander Jagt
Waggonner
Wiggins
Wylie
Wyman
Young, S.C.

NOT VOTING—31

Blackburn
Blatnik
Brasco
Carey, N.Y.
Chisholm
Davis, Ga.
Diggs
Flynt
Gray
Griffiths
Hansen, Idaho
Hansen, Wash.
Hébert
Heckler, Mass.
Hinshaw
Holifield
Landrum
Long, Md.
McKay
McSpadden
Milford
Mitchell, Md.
Mollohan
Murphy, N.Y.
Passman
Rarick
Rooney, N.Y.
Schneebeli
Teague
Waldie
Williams

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Landrum for, with Mr. Hébert against.

Mr. Flynt for, with Mr. Passman against.

Mr. Mitchell of Maryland for, with Mr. Rarick against.

Until further notice:

Mr. Murphy of New York with Mr. Blatnik.

Mr. Rooney of New York with Mrs. Griffiths.

Mr. Teague with Mrs. Hansen of Washington.

Mr. Carey of New York wtih Mr. McKay.

Mrs. Chisholm with Mr. McSpadden.

Mr. Davis of Georgia with Mr. Hinshaw.

Mr. Diggs with Mr. Gray.

Mr. Mollohan with Mr. Long of Maryland.

Mr. Milford with Mr. Holifield.

Mr. Waldie with Mr. Williams.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. HAYS. Mr. Speaker, I ask unanimous consent that the Committee on House Administration be discharged from the further consideration of the Senate bill (S. 3044) to amend the Federal Election Campaign Act of 1971 to provide for public financing of primary and general election campaigns for Federal elective office, and to amend certain other provisions of law relating to the financing and conduct of such campaigns, and ask for its immediate consideration.

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore (Mr. McFall). Is there objection to the request of the gentleman from Ohio (Mr. Hays)?

There was no objection.

The Clerk read the Senate bill, as follows:

S. 3044

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Federal Election Campaign Act Amendments of 1974".

TITLE I—FINANCING OF FEDERAL CAMPAIGNS

PUBLIC FINANCING PROVISIONS

Sec. 101. The Federal Election Campaign Act of 1971 is amended by adding at the end thereof the following new title:

"TITLE V—PUBLIC FINANCING OF FEDERAL ELECTION CAMPAIGNS

"DEFINITIONS

"Sec. 501. For purposes of this title, the term—

"(1) 'candidate', 'Commission', 'contribution', 'expenditure', 'national committee', 'political committee', 'political party', or 'State' has the meaning given it in section 301 of this Act;

"(2) 'authorized committee' means the central campaign committee of a candidate (under section 310 of this Act) or any political committee authorized in writing by that candidate to make or receive contributions or to make expenditures on his behalf;

"(3) 'Federal office' means the office of President, Senator, or Representative;

"(4) 'Representative' means a Member of the House of Representatives, the Resident Commissioner from the Commonwealth of Puerto Rico, and the Delegates from the District of Columbia, Guam, and the Virgin Islands;

"(5) 'general election' means any regularly scheduled or special election held for the purpose of electing a candidate to Federal office or for the purpose of electing presidential and vice presidential electors;

"(6) 'primary election' means (A) an election, including a runoff election, held for the nomination by a political party of a candidate for election to Federal office, (B) a convention or caucus of a political party held for the nomination of such candidate, (C) a convention, caucus, or election held for the selection of delegates to a national nominating convention of a political party, and (D) an election held for the expression of a preference for the nomination by a political party of persons for election to the office of President;

"(7) 'eligible candidate' means a candidate who is eligible, under section 502, for payments under this title;

"(8) 'major party' means, with respect to an election for any Federal office—

"(A) a political party whose candidate for election to that office in the preceding general election for that office received, as the candidate of that party, 25 percent or more of the total number of votes cast in that election for all candidates for that office, or

"(B) if only one political party qualifies as a major party under the provisions of subparagraph (A), the political party whose candidate for election to that office in that election received, as the candidate of that party, the second greatest number of votes cast in that election for all candidates for that office (if such number is equal to 15 percent or more of the total number of votes cast in that election for all candidates for that office, and if, in a State which registers voters by party, that party's registration in such State or district is equal to 15 per centum or more of the total voter registration in said State or district);

"(9) 'minor party' mean, with respect to an election for a Federal office, a political party whose candidate for election to that office in the preceding general election for that office received, as the candidate of that party, at least 5 percent but less than 25 percent of the total number of votes cast in that election for all candidates for that office; and

"(10) 'fund' means the Federal Election Campaign Fund established under section 506(a).

"ELIGIBILITY FOR PAYMENTS

"Sec. 502 (a) To be eligible to receive payments under this title, a candidate shall agree—

"(1) to obtain and to furnish to the Commission any evidence it may request about his campaign expenditures and contributions;

"(2) to keep and to furnish to the Commission any records, books, and other information it may request;

"(3) to an audit and examination by the Commission under section 507 and to pay any amounts required under section 507; and

"(4) to furnish statements of expenditures and proposed expenditures required under section 508.

"(b) Every such candidate shall certify to the Commission that—

"(1) the candidate and his authorized committees will not make expenditures greater than the limitations in section 504; and

"(2) no contributions will be accepted by the candidate or his authorized committees in violation of section 615(b) of title 18, United States Code.

"(c) (1) To be eligible to receive any payments under section 506 for use in connection with his primary election campaign, a candidate shall certify to the Commission that—

"(A) he is seeking nomination by a political party for election as a Representative and he and his authorized committees have received contributions for that campaign of more than $10,000;

"(B) he is seeking nomination by a political party for election to the Senate and he and his authorized committees have received contributions for that campaign equal in amount to the lesser of—

"(i) 20 percent of the maximum amount he may spend in connection with his primary election campaign under section 504 (a) (1); or

"(ii) $125,000; or

"(C) he is seeking nomination by a political party for election to the office of President and he and his authorized committees have received contributions for his campaign throughout the United States in a total amount of more than $250,000, with not less than $5,000 in matchable contributions having been received from legal residents of each of at least twenty States.

"(2) To be eligible to receive any payments under section 506 for use in connection with a primary runoff election campaign, a candidate shall certify to the Commission that he is seeking nomination by a political party for election as a Representative or as a Senator, and that he is a candidate for such nomination in a runoff primary election. Such a candidate is not required to receive any minimum amount of contributions before receiving payments under this title.

"(d) To be eligible to receive any payments under section 506 in connection with his general election campaign, a candidate must certify to the Commission that—

"(1) he is the nominee of a major or minor party for election to Federal office; or

"(2) in the case of any other candidate, he is seeking election to Federal office and he and his authorized committees have received contributions for that campaign in a total amount of not less than the campaign fund required under subsection (c) of a candidate for nomination for election to that office, determined in accordance with the provisions of subsection (e) (disregarding the words 'for nomination' in paragraph (2) of such subsection and substituting the words 'general election' for 'primary election' in paragraphs (2) and (3) of such subsection).

"(e) In determining the amount of contributions received by a candidate and his authorized committees for purposes of subsection (c) and for purposes of subsection (d) (2)—

"(1) no contribution received by the candidate or any of his authorized committees as a subscription, loan, advance, or deposit, or as a contribution of products or services, shall be taken into account;

"(2) in the case of a candidate for nomination for election to the office of President, no contribution from any person shall be taken into account to the extent that it exceeds $250 when added to the amount of all other contributions made by that person to or for the benefit of that candidate in connection with his primary election campaign; and

"(3) in the case of any other candidate, no contribution from any person shall be taken into account to the extent that it exceeds $100 when added to the amount of all other contributions made by that person to or for the benefit of that candidate in connection with his primary election campaign.

"(f) Agreements and certifications under this section shall be filed with the Commission at the time required by the Commission.

"ENTITLEMENT TO PAYMENTS

"SEC. 503. (a)(1) Every eligible candidate is entitled to payments in connection with his primary election campaign in an amount which is equal to the amount of contributions received by that candidate or his authorized committees, except that no contribution received as a subscription, loan, advance, or deposit, or as a contribution of products or services, shall be taken into account.

"(2) For purposes of paragraph (1)—

"(A) in the case of a candidate for nomination for election to the office of President, no contribution from any person shall be taken into account to the extent that it exceeds $250 when added to the amount of all other contributions made by that person to or for the benefit of that candidate for his primary election campaign; and

"(B) in the case of any other candidate for nomination for election to Federal office, no contribution from any person shall be taken into account to the extent that it exceeds $100 when added to the amount of all other contributions made by that person to or for the benefit of that candidate for his primary election campaign.

"(b)(1) Every eligible candidate who is nominated by a major party is entitled to payments for use in his general election campaign in an amount which is equal to the amount of expenditures the candidate may make in connection with that campaign under section 504.

"(2) Every eligible candidate who is nominated by a minor party is entitled to payments for use in his general election campaign in an amount equal to the greater of—

"(A) an amount which bears the same ratio to the amount of payments to which a candidate of a major party for the same office is entitled under this subsection as the total number of popular votes received by the candidate of that minor party for that office in the preceding general election bears to the average number of popular votes received by the candidates of major parties for that office in the preceding general election; or

"(B) an amount which bears the same ratio to the amount of payments to which a candidate of a major party for the same office is entitled under this subsection as the total number of popular votes received by that eligible candidate as a candidate for that office (other than votes he received as the candidate of a major party for that office) in the preceding general election bears to the average number of popular votes received by the candidates of major parties for that office in the preceding general election.

"(3)(A) A candidate who is eligible under section 502(d)(2) to receive payments under section 506 is entitled to payments for use in his general election campaign in an amount equal to the amount determined under subparagraph (B).

"(B) If a candidate whose entitlement is determined under this subparagraph received, in the preceding general election held for the office to which he seeks election, 5 percent or more of the total number of votes cast for all candidates for that office, he is entitled to receive payments for use in his general election campaign in an amount (not in excess of the applicable limitation under section 504) equal to an amount which bears the same ratio to the amount of the payment under section 506 to which the nominee of a major party is entitled for use in his general election campaign for that office as the number of votes received by that candidate in the preceding general election for that office bears to the average number of votes cast in the preceding general election for all major party candidates for that office. The entitlement of a candidate for election to any Federal office who, in the preceding general election held for that office, was the candidate of a major or minor party shall not be determined under this paragraph.

"(4) An eligible candidate who is the nominee of a minor party or whose entitlement is determined under section 502(d)(2) and who receives 5 percent or more of the total number of votes cast in the current election, is entitled to payments under section 506 after the election for expenditures made or incurred in connection with his general election campaign in an amount (not in excess of the applicable limitation under section 504) equal to—

"(A) an amount which bears the same ratio to the amount of the payments under section 506 to which the nominee of a major party was or would have been entitled for use in his campaign for election to that office as the number of votes received by the candidate in that election bears to the average number of votes cast for all major party candidates for that office in that election, reduced by

"(B) any amount paid to the candidate under section 506 before the election.

"(5) In applying the provisions of this section to a candidate for election to the office of President—

"(A) votes cast for electors affiliated with a political party shall be considered to be cast for the Presidential candidate of that party, and

"(B) votes cast for electors publicly pledged to cast their electoral votes for a candidate shall be considered to be cast for that candidate.

"(c) Notwithstanding the provisions of subsections (a) and (b), no candidate is entitled to the payment of any amount under this section which, when added to the total amount of contributions received by him and his authorized committees and any other payments made to him under this title for his primary or general election campaign, exceeds the amount of the expenditure limitation applicable to him for that campaign under section 504.

"EXPENDITURE LIMITATIONS

"SEC. 504. (a)(1) Except to the extent that such amounts are changed under subsection (f)(2), no candidate (other than a candidate for nomination for election to the office of President) who receives payments under this title for use in his primary election campaign may make expenditures in connection with that campaign in excess of the greater of—

"(A) 8 cents multiplied by the voting age population (as certified under subsection (g)) of the geographical area in which the election for such nomination is held, or

"(B)(i) $125,000, if the Federal office sought is that of Senator, or Representative from a State which is entitled to only one Representative, or

"(ii) $90,000, if the Federal office sought is that of Representative from a State which is entitled to more than one Representative.

"(2)(A) No candidate for nomination for election to the office of President may make expenditures in any State in which he is a candidate in a primary election in excess of two times the amount which a candidate for nomination for election to the office of Senator from that State (or for nomination for election to the office of Delegate in the case of the District of Columbia, the Virgin Islands, or Guam, or to the office of Resident Commissioner in the case of Puerto Rico) may expend in that State in connection with his primary election campaign.

"(B) Notwithstanding the provisions of subparagraph (A), no such candidate may make expenditures throughout the United States in connection with his campaign for that nomination in excess of an amount equal to 10 cents multiplied by the voting age population of the United States. For purposes of this subparagraph, the term 'United States' means the several States of the United States, the District of Columbia, and the Commonwealth of Puerto Rico, Guam, and the Virgin Islands and any area from which a delegate to the national nominating convention of a political party is selected.

"(b) Except to the extent that such amounts are changed under subsection (f)(2), no candidate who receives payments under this title for use in his general election campaign may make expenditures in connection with that campaign in excess of the greater of—

"(1) 12 cents multiplied by the voting age population (as certified under subsection (g)) of the geographical area in which the election is held, or

"(2)(A) $175,000, if the Federal office sought is that of Senator, or Representative from a State which is entitled to only one Representative, or

"(B) $90,000, if the Federal office sought is that of Representative from a State which is entitled to more than one Representative.

"(c) No candidate who is unopposed in a general election may make expenditures in connection with his general election campaign in excess of 10 percent of the limitation in subsection (b).

"(d) The Commission shall prescribe regulations under which any expenditure by a candidate for nomination for election to the office of President for use in two or more States shall be attributed to such candidate's expenditure limitation in each such State under subsection (a)(2)(A) of this section, based on the voting age population in such State which can reasonably be expected to be influenced by such expenditure.

"(e)(1) Expenditures made on behalf of any candidate are, for the purposes of this section, considered to be made by such candidate.

"(2) Expenditures made by or on behalf of any candidate for the office of Vice President of the United States are, for the purposes of this section, considered to be made by the candidate for the office of President of the United States with whom he is running.

"(3) For purposes of this subsection, an expenditure is made on behalf of a candidate, including a Vice Presidential candidate, if it it made by—

"(A) an authorized committee or any other agent of the candidate for the purposes of making any expenditure;

"(B) any person authorized or requested by the candidate, an authorized committee of the candidate, or an agent of the candidate to make the expenditure; or

"(C) a national or State committee of a political party in connection with a primary or general election campaign of that candidate, if such expenditure is in excess of the limitations of section 614(b) of title 18, United States Code.

"(4) For purposes of this section an expenditure made by the national committee of a political party, or by the State committee of a political party, in connection with the general election campaign of a candidate affiliated with that party which is not in excess of the limitations contained in section 614(b) of title 18, United States Code, is not considered to be an expenditure made on behalf of that candidate.

"(f)(1) For purposes of paragraph (2)—

"(A) 'price index' means the average over a calendar year of the Consumer Price Index (all items—United States city average) published monthly by the Bureau of Labor Statistics, and

"(B) 'base period' means the calendar year 1973.

"(2) At the beginning of each calendar year (commencing in 1975), as necessary data become available from the Bureau of Labor Statistics of the Department of Labor, the Secretary of Labor shall certify to the Commission and publish in the Federal Register the percentage difference between the price index for the twelve months preceding the beginning of such calendar year and the price index for the base period. Each amount determined under subsections (a) and (b) shall be changed by such percentage difference. Each amount so changed shall be the amount in effect for such calendar year.

"(g) During the first week of January, 1975, and every subsequent year, the Secretary of Commerce shall certify to the Commission and publish in the Federal Register an estimate of the voting age population of the United States, of each State, and of each congressional district as of the first day of July next preceding the date of certification. The term 'voting age population' means resident population, eighteen years of age or older.

"(h) Upon receiving the certification of the Secretary of Commerce and of the Secretary of Labor, the Commission shall publish in the Federal Register the applicable expenditure limitations in effect for the calendar year for the United States, and for each State and congressional district under this section.

"(i) In the case of a candidate who is campaigning for election to the House of Representatives from a district which has been established, or the boundaries of which have been altered, since the preceding general election for such office, the determination of the amount and the determination of whether the candidate is a major party candidate or a minor party candidate or is otherwise entitled to payments under this title shall be made by the Commission based upon the number of votes cast in the preceding general election for such office by voters residing within the area encompassed in the new or altered district.

"CERTIFICATIONS BY COMMISSION

"SEC. 505. (a) On the basis of the evidence, books, records, and information furnished by each candidate eligible to receive payments under section 506, and prior to examination and audit under section 507, the Commission shall certify from time to time to the Secretary of the Treasury for payment to each candidate the amount to which that candidate is entitled.

"(b) Initial certifications by the Commission under subsection (a), and all determinations made by it under this title, shall be final and conclusive, except to the extent that they are subject to examination and audit by the Commission under section 507 and judicial review under section 313.

"PAYMENTS TO ELIGIBLE CANDIDATES

"SEC. 506. (a) There is established within the Treasury a fund to be known as the Federal Election Campaign Fund. There are authorized to be appropriated to the fund amounts equal to the sum of the amounts designated by taxpayers under section 6096 of the Internal Revenue Code of 1954 not previously taken into account for purposes of this subsection, and such additional amounts as may be necessary to carry out the provisions of this title without any reduction under subsection (c). The moneys in the fund shall remain available without fiscal year limitation. The Secretary of the Treasury may accept and credit to the fund money received in the form of a donation, gift, legacy, or bequest, or otherwise contributed to the fund.

"(b) Upon receipt of a certification from the Commission under section 505, the Secretary of the Treasury shall pay the amount certified by the Commission to the candidate to whom the certification relates.

"(c) (1) If the Secretary of the Treasury determines that the moneys in the fund are not, or may not be, sufficient to pay the full amount of entitlement to all candidates eligible to receive payments, he shall reduce the amount to which each candidate is entitled under section 503 by a percentage equal to the percentage obtained by dividing (A) the amount of money remaining in the fund at the time of such determination by (B) the total amount which all candidates eligible to receive payments are entitled to receive under section 503. If additional candidates become eligible under section 502 after the Secretary determines there are insufficient moneys in the fund, he shall make any further reductions in the amounts payable to all eligible candidates necessary to carryout the purposes of this subsection. The Secretary shall notify the Commission and each eligible candidate by registered mail of the reduction in the amount to which that candidate is entitled under section 503.

"(2) If, as a result of a reduction under this subsection in the amount to which an eligible candidate is entitled under section 503, payments have been made under this section in excess of the amount to which such candidate is entitled, that candidate is liable for repayment to the fund of the excess under procedures the Commission shall prescribe by regulation.

"(d) No payment shall be made under this title to any candidate for any campaign in connection with any election occurring before January 1, 1976.

"EXAMINATION AND AUDITS; REPAYMENTS

"SEC. 507. (a) After each Federal election, the Commission shall conduct a thorough examination and audit of the campaign expenditures of all candidates for Federal office who received payments under this title for use in campaigns relating to that election.

"(b) (1) If the Commission determines that any portion of the payments made to an eligible candidate under section 506 was in excess of the aggregate amount of the payments to which the candidate was entitled, it shall so notify that candidate, and he shall pay to the Secretary of the Treasury an amount equal to the excess amount. If the Commission determines that any portion of the payments made to a candidate under section 506 for use in his primary election campaign or his general election campaign was not used to make expenditures in connection with that campaign, the Commission shall so notify the candidate and he shall pay an amount equal to the amount of the unexpended portion to the Secretary. In making its determination under the preceding sentence, the Commission shall consider all amounts received as contributions to have been expended before any amounts received under this title are expended.

"(2) If the Commission determines that any amount of any payment made to a candidate under section 506 was used for any purpose other than—

"(A) to defray campaign expenditures, or

"(B) to repay loans the proceeds of which were used, or otherwise to restore funds (other than contributions to defray campaign expenditures which were received and expended) which were used, to defray campaign expenditures,

it shall notify the candidate of the amount so used, and the candidate shall pay to the Secretary of the Treasury an amount equal to such amount.

"(3) No payment shall be required from a candidate under this subsection in excess of the total amount of all payments received by the candidate under section 506 in connection with the campaign with respect to which the event occurred which caused the candidate to have to make a payment under this subsection.

"(c) No notification shall be made by the Commission under subsection (b) with respect to a campaign more than eighteen months after the day of the election to which the campaign related.

"(d) All payments received by the Secretary under subsection (b) shall be deposited by him in the fund.

"INFORMATION ON EXPENDITURES AND PROPOSED EXPENDITURES

"SEC. 508. (a) Every candidate shall, from time to time as the Commission requires, furnish to the Commission a detailed statement, in the form the Commission prescribes, of—

"(1) the campaign expenditures incurred by him and his authorized committees prior to the date of the statement (whether or not evidence of campaign expenditures has been furnished for purposes of section 505), and

"(2) the campaign expenditures which he and his authorized committees propose to incur on or after the date of the statement.

"(b) The Commission shall, as soon as possible after it receives a statement under subsection (a), prepare and make available for public inspection and copying a summary of the statement, together with any other data or information which it deems advisable.

"REPORTS TO CONGRESS

"SEC. 509. (a) The Commission shall, as soon as practicable after the close of each calendar year, submit a full report to the Senate and House of Representatives setting forth—

"(1) the expenditures incurred by each candidate, and his authorized committees, who received any payment under section 506 in connection with an election;

"(2) the amounts certified by it under section 505 for payment to that candidate; and

"(3) the amount of payments, if any, required from that candidate under section 507, and the reasons for each payment required.

Each report submitted pursuant to this section shall be printed as a Senate document.

"(b) The Commission is authorized to conduct examinations and audits (in addition to the examinations and audits under sections 505 and 507), to conduct investigations, and to require the keeping and submission of any books, records, or other information necessary to carry out the functions and duties imposed on it by this title.

"PARTICIPATION BY COMMISSION IN JUDICIAL PROCEDURES

"SEC. 510. The Commission may initiate civil proceedings in any district court of the United States to seek recovery of any amounts determined to be payable to the Secretary of the Treasury by a candidate under this title.

"PENALTY FOR VIOLATIONS

"SEC. 511. Violation of any provision of this title is punishable by a fine of not more than $50,000, or imprisonment for not more than five years, or both.

"RELATIONSHIP TO OTHER FEDERAL ELECTION LAWS

"SEC. 512. The Commission shall consult from time to time with the Secretary of the Senate, the Clerk of the House of Representatives, the Federal Communications Commission, and with other Federal officers charged with the administration of laws relating to Federal elections, in order to develop as much consistency and coordination with the administration of those other laws as the provisions of this title permit. The Commission shall use the same or comparable data as that used in the administration of such other election laws whenever possible.".

TITLE II—CHANGES IN CAMPAIGN COMMUNICATIONS LAW AND IN REPORTING AND DISCLOSURE PROVISIONS OF FEDERAL ELECTION CAMPAIGN ACT OF 1971

CAMPAIGN COMMUNICATIONS

SEC. 201. (a) Section 315(a) of the Communications Act of 1934 (47 U.S.C. 315(a)) is amended—

(1) by inserting "(1)" immediately after "(a)";

(2) by redesignating paragraphs (1), (2), (3), and (4) as subparagraphs (A), (B), (C), and (D), respectively; and

(3) by adding at the end thereof the following new paragraphs:

"(2) The obligation imposed by the first sentence of paragraph (1) upon a licensee with respect to a legally qualified candidate for any elective office (other than the offices of President and Vice President) shall be met by such licensee with respect to such candidate if—

"(A) the licensee makes available to such candidate not less than five minutes of broadcast time without charge;

"(B) the licensee notifies such candidate by certified mail at least fifteen days prior to the election of the availability of such time; and

"(C) such broadcast will cover, in whole or in part, the geographical area in which such election is held.

"(3) No candidate shall be entitled to the use of broadcast facilities pursuant to an offer by a licensee under paragraph (2) unless such candidate notifies the licensee in writing of his acceptance of the offer within forty-eight hours after receipt of the offer.".

(b) Section 315(b) of such Act (47 U.S.C. 315(b)) is amended by striking out "by any person" and inserting "by or on behalf of any person".

(c)(1) Section 315(c) of such Act (47 U.S.C. 315 (c)) is amended to read as follows:

"(c) No station licensee may make any charge for the use of any such station by or on behalf of any legally qualified candidate for nomination for election, or for election, to Federal elective office unless such candidate (or a person specifically authorized by such candidate in writing to do so) certifies to such licensee in writing that the payment of such charge will not exceed the limit on expenditures applicable to that candidate under section 504 of the Federal Election Campaign Act of 1971, or under section 614 of title 18, United States Code.".

(2) Section 315(d) of such Act (47 U.S.C. 315(d)) is amended to read as follows:

"(d) If a State by law imposes a limitation upon the amount which a legally qualified candidate for nomination for election, or for election, to public office (other than Federal elective office) within that State may spend in connection with his campaign for such nomination or his campaign for election, then no station licensee may make any charge for the use of such station by or on behalf of such candidate unless such candidate (or a person specifically authorized in writing by him to do so) certifies to such licensee in writing that the payment of such charge will not violate that limitation.".

(d) Section 317 of such Act (47 U.S.C. 317) is amended by—

(1) striking out paragraph (1) of subsection (a) "person: *Provided*, That" and inserting in lieu thereof the following: "person. If such matter is a political advertisement soliciting funds for a candidate or a political committee, there shall be announced at the time of such broadcast a statement that a copy of reports filed by that person with the Federal Election Commission is available from the Federal Election Commission, Washington, D.C., and the licensee shall not make any charge for any part of the costs of making the announcement. The term"; and

(2) redesignating subsection (e) as (f), and by inserting after subsection (d) the following new subsection:

"(e) Each station licensee shall maintain a record of any political advertisement broadcast, together with the identification of the person who caused it to be broadcast, for a period of two years. The record shall be available for public inspection at reasonable hours.".

(e) The Campaign Communications Reform Act is repealed.

CHANGES IN DEFINITIONS FOR REPORTING AND DISCLOSURE

Sec. 202. (a) Section 301 of the Federal Election Campaign Act of 1971 (relating to definitions) is amended by—

(1) striking out ", and (5) the election of delegates to a constitutional convention for proposing amendments to the Constitution of the United States" in paragraph (a), and by inserting "and" before "(4)" in such paragraph;

(2) striking out paragraph (d) and inserting in lieu thereof the following:

"(d) 'political committee' means—

"(1) any committee, club, association, or other group of persons which receives contributions or makes expenditures during a calendar year in an aggregate amount exceeding $1,000;

"(2) any national committee, association, or organization of a political party, any State affiliate or subsidiary of a national political party, and any State central committee of a political party; and

"(3) any committee, association, or organization engaged in the administration of a separate segregated fund described in section 610 of title 18, United States Code;";

(3) inserting in paragraph (e)(1) after "subscription" the following: "(including any assessment, fee, or membership dues)";

(4) striking out in paragraph (e)(1) "or for the purpose of influencing the election of delegates to a constitutional convention for proposing amendments to the Constitution of the United States" and inserting in lieu thereof the following: "or for the purpose of financing any operations of a political committee (other than a payment made or an obligation incurred by a corporation or labor organization which, under the provisions of the last paragraph of section 610 of title 18, United States Code, does not constitute a contribution by that corporation or labor organization), or for the purpose of paying, at any time, any debt or obligation incurred by a candidate or a political committee in connection with any campaign for nomination for election, or for election, to Federal office";

(5) striking out subparagraph (2) of paragraph (e), and amending subparagraph (3) of such paragraph to read as follows:

"(2) funds received by a political committee which are transferred to that committee from another political committee;";

(6) redesignating subparagraphs (4) and (5) of paragraph (e) as paragraphs (3) and (4), respectively;

(7) striking out paragraph (f) and inserting in lieu thereof the following:

"(f) 'expenditure'—

"(1) means a purchase, payment, distribution, loan, advance, deposit, or gift of money or anything of value, made for the purpose of—

"(A) influencing the nomination for election, or the election, of any person to Federal office, or to the office of presidential and vice-presidential elector;

"(B) influencing the result of a primary election held for the selection of delegates to a national nominating convention of a political party or for the expression of a preference for the nomination of persons for election to the office of President;

"(C) financing any operations of a political committee; or

"(D) paying, at any time, any debt or obligation incurred by a candidate or a political committee in connection with any campaign for nomination for election, or for election, to Federal office; and

"(2) means the transfer of funds by a political committee to another political committee; but

"(3) does not include—

"(A) the value of services rendered by individuals who volunteer to work without compensation on behalf of a candidate; or

"(B) any payment made or obligation incurred by a corporation or a labor organization which, under the provisions of the last paragraph of section 610 of title 18, United States Code, would not constitute an expenditure by that corporation or labor organization;";

(8) striking "and" at the end of paragraph (h);

(9) striking the period at the end of paragraph (i) and inserting in lieu thereof a semicolon; and

(10) adding at the end thereof the following new paragraphs:

"(j) 'identification' means—

"(1) in the case of an individual, his full name and the full address of his principal place of residence; and

"(2) in the case of any other person, the full name and address of that person;

"(k) 'national committee' means the organization which, by virtue of the bylaws of a political party, is responsible for the day-to-day operation of that political party at the national level, as determined by the Commission; and

"(l) 'political party' means an association, committee, or organization which nominates a candidate for election to any Federal office, whose name appears on election ballot as the candidate of that association, committee or organization.".

(b)(1) Section 302(b) of such Act (relating to reports of contributions in excess of $10) is amended by striking ", the name and address (occupation and principal place of business, if any)" and inserting "of the contribution and identification".

(2) Section 302(c) of such Act (relating to detailed accounts) is amended by striking "full name and mailing address (occupation and the principal place of business, if any)" in paragraphs (2) and (4) and inserting in each such paragraph "identification."

(3) Section 302(c) of such Act is further amended by striking the semicolon at the end of paragraph (2) and inserting "and, if a person's contributions aggregate more than $100, the account shall include occupation, and the principal place of business (if any);".

REGISTRATION OF CANDIDATES AND POLITICAL COMMITTEES

Sec. 203. (a) Section 303 of the Federal Election Campaign Act of 1971 (relating to registration of political committees; statements) is amended by redesignating subsections (a) through (d) as (b) through (e), respectively, and by inserting after "Sec. 303." the following new subsection (a):

"(a) Each candidate shall, within ten days after the date on which he has qualified under State law as a candidate, or on which he, or any person authorized by him to do so, has received a contribution or made an expenditure in connection with his campaign or for the purpose of preparing to undertake his campaign, file with the Commission a registration statement in such form as the Commission may prescribe. The statement shall include—

"(1) the identification of the candidate, and any individual, political committee, or other person he has authorized to receive contributions or make expenditures on his behalf in connection with his campaign;

"(2) the identification of his campaign depositories, together with the title and number of each account at each such depository which is to be used in connection with his campaign, any safety deposit box to be used in connection therewith, and the identification of each individual authorized by him to make any expenditure or withdrawal from such account or box; and

"(3) such additional relevant information as the Commission may require.".

(b) The first sentence of subsection (b) of such section (as redesignated by subsection

(a) of this section) is amended to read as follows: "The treasurer of each political committee shall file with the Commission a statement of organization within ten days after the date on which the committee is organized.".

(c) The second sentence of such subsection (b) is amended by striking out "this Act" and inserting in lieu thereof the following: "the Federal Election Campaign Act Amendments of 1974".

(d) Subsection (c) of such section (as redesignated by subsection (a) of this section) is amended by—

(1) inserting "be in such form as the Commission shall prescribe, and shall" after "The statement of organization shall";

(2) striking out paragraph (3) and inserting in lieu thereof the following:

"(3) the geographic area or political jurisdiction within which the committee will operate, and a general description of the committee's authority and activities;"; and

(3) striking out paragraph (9) and inserting in lieu thereof the following:

"(9) the name and address of the campaign depositories used by that committee, together with the title and number of each account and safety deposit box used by that committee at each depository, and the identification of each individual authorized to make withdrawals or payments out of such account or box;".

(e) The caption of such section 303 is amended by inserting "CANDIDATES AND" after "REGISTRATION OF".

CHANGES IN REPORTING REQUIREMENTS

SEC. 204. (a) Section 304 of the Federal Election Campaign Act of 1971 (relating to reports by political committees and candidates) is amended by—

(1) inserting "(1)" after "(a)" in subsection (a);

(2) striking out "for election" each place it appears in the first sentence of subsection (a) and inserting in lieu thereof in each such place "for nomination for election, or for election,";

(3) striking out the second sentence of subsection (a) and inserting in lieu thereof the following: "Such reports shall be filed on the tenth day of April, July, and October of each year, on the tenth day preceding an election, on the tenth day of December in the year of an election, and on the last day of January of each year. Notwithstanding the preceding sentence, the reports required by that sentence to be filed during April, July, and October by or relating to a candidate during a year in which no Federal election is held in which he is a candidate, may be filed on the twentieth day of each month.";

(4) striking out everything after "filing" in the third sentence of subsection (a) and inserting in lieu thereof a period and the following: "If the person making any anonymous contribution is subsequently identified, the identification of the contributor shall be reported to the Commission within the reporting period within which he is identified."; and

(5) adding at the end of subsection (a) the following new paragraph:

"(2) Upon a request made by a presidential candidate or a political committee which operates in more than one State, or upon its own motion, the Commission may waive the reporting dates (other than January 31) set forth in paragraph (1), and require instead that such candidates or political committees file reports not less frequently than monthly. The Commission may not require a presidential candidate or a political committee operating in more than one State to file more than eleven reports (not counting any report to be filed on January 31) during any calendar year. If the Commission acts on its own motion under this paragraph with respect to a candidate or a political committee, that candidate or committee may obtain judicial review in accordance with the provisions of chapter 7 of title 5, United States Code.".

(b)(1) Section 304(b) of such Act (relating to reports by political committees and candidates) is amended by striking "full name and mailing address (occupation and the principal place of business, if any)" in paragraphs (9) and (10) and inserting in lieu thereof in each such paragraph "identification".

(2) Subsection (b)(5) of such section 304 is amended by striking out "lender and endorsers" and inserting in lieu thereof "lender, endorsers, and guarantors".

(c) Subsection (b)(12) of such section is amended by inserting immediately before the semicolon a comma and the following: "together with a statement as to the circumstances and conditions under which any such debt or obligation is extinguished and the consideration therefor".

(d) Subsection (b) of such section is amended by—

(1) striking the "and" at the end of paragraph (12); and

(2) redesignating paragraph (13) as (14), and by inserting after paragraph (12) the following new paragraph:

"(13) such information as the Commission may require for the disclosure of the nature, amount, source, and designated recipient of any earmarked, encumbered, or restricted contribution or other special fund; and".

(e) The first sentence of subsection (c) of such section is amended to read as follows: "The reports required to be filed by subsection (a) shall be cumulative during the calendar year to which they relate, and during such additional periods of time as the Commission may require.".

(f) Such section 304 is amended by adding at the end thereof the following new subsections:

"(d) This section does not require a Member of Congress to report, as contributions received or as expenditures made, the value of photographic, matting, or recording services furnished to him before the first day of January of the year preceding the year in which his term of office expires if those services were furnished to him by the Senate Recording Studio, the House Recording Studio, or by any individual whose pay is disbursed by the Secretary of the Senate or the Clerk of the House of Representatives and who furnishes such services as his primary duty as an employee of the Senate or House of Representatives, or if such services were paid for by the Republican or Democratic Senatorial Campaign Committee, the Democratic National Congressional Committee, or the National Republican Congressional Committee.

"(e) Every person (other than a political committee or candidate) who makes contributions or expenditures, other than by contribution to a political committee or candidate, in an aggregate amount in excess of $100 within a calendar year shall file with the Commission a statement containing the information required by this section. Statements required by this subsection shall be filed on the dates on which reports by political committees are filed but need not be cumulative.".

(g) The caption of such section 304 is amended to read as follows:

"REPORTS".

CAMPAIGN ADVERTISEMENTS

SEC. 205. Section 305 of the Federal Election Campaign Act of 1971 (relating to reports by others than political committees) is amended to read as follows:

"REQUIREMENTS RELATING TO CAMPAIGN ADVERTISING

"SEC. 305. (a) No person shall cause any political advertisement to be published unless he furnishes to the publisher of the advertisement his identification in writing, together with the identification of any person authorizing him to cause such publication.

"(b) Each published political advertisement shall contain a statement, in such form as the Commission may prescribe, of the identification of the person authorizing the publication of that advertisement.

"(c) A publisher who publishes any political advertisement shall maintain such records as the Commission may prescribe for a period of two years after the date of publication setting forth such advertisement and any material relating to identification furnished to him in connection therewith, and shall permit the public to inspect and copy those records at reasonable hours.

"(d) No person who sells space in a newspaper or magazine to a candidate, or to the agent of a candidate, for use in connection with that candidate's campaign, may charge any amount for such space which exceeds the amount charged for comparable use of such space for other purposes.

"(e) Each political committee shall include on the face or front page of all literature and advertisements soliciting contributions the following notice:

"'A copy of our report is filed with the Federal Election Commission and is available for purchase from the Federal Election Commission, Washington, D.C.'

"(f) As used in this section, the term—

"(1) 'political advertisement' means any matter advocating the election or defeat of any candidate but does not include any bona fide news story (including interviews, commentaries, or other words prepared for and published by any newspaper, magazine, or other periodical publication the publication of which work is not paid for by any candidate, political committee, or agent thereof); and

"(2) 'published' means publication in a newspaper, magazine, or other periodical publication, distribution of printed leaflets, pamphlets, or other documents, or display through the use of any outdoor advertising facility, and such other use of printed media as the Commission shall prescribe.".

WAIVER OF REPORTING REQUIREMENTS

SEC. 206. Section 306(c) of the Federal Election Campaign Act of 1971 (relating to formal requirements respecting reports and statements) is amended to read as follows:

"(c) The Commission may, by a rule of general applicability which is published in the Federal Register not less than thirty days before its effective date, relieve—

"(1) any category of candidates of the obligation to comply personally with the requirements of subsections (a) through (e) of section 304, if it determines that such action is consistent with the purposes of this Act, and

"(2) any category of political committees of the obligation to comply with such section if such committees—

"(A) primarily support persons seeking State or local office, and

"(B) do not operate in more than one State or do not operate on a statewide basis.".

ESTABLISHMENT OF FEDERAL ELECTION COMMISSION; CENTRAL CAMPAIGN COMMITTEES; CAMPAIGN DEPOSITORIES

SEC. 207. (a) Title III of the Federal Election Campaign Act of 1971 (relating to disclosure of Federal campaign funds) is amended by redesignating section 308 as section 312, and by inserting after section 307 the following new sections:

"FEDERAL ELECTION COMMISSION

"SEC. 308. (a)(1) There is established, as an independent establishment of the executive branch of the Government of the United States, a commission to be known as the Federal Election Commission.

"(2) The Commission shall be composed of the Comptroller General, who shall serve without the right to vote and seven members who shall be appointed by the President by and with the advice and consent of the Senate. Of the seven members—

"(A) two shall be chosen from among individuals recommended by the President pro tempore of the Senate, upon the recommendations of the majority leader of the Senate and the minority leader of the Senate; and

"(B) two shall be chosen from among individuals recommended by the Speaker of the House of Representatives, upon the recommendations of the majority leader of the House and the minority leader of the House. The two members appointed under subparagraph (A) shall not be affiliated with the same political party; nor shall the two members appointed under subparagraph (B). Of the members not appointed under such subparagraphs, not more than two shall be affiliated with the same political party.

"(3) Members of the Commission, other than the Comptroller General, shall serve for terms of seven years, except that, of the members first appointed—

"(A) one of the members not appointed under subparagraph (A) or (B) of paragraph (2) shall be appointed for a term ending on the April thirtieth first occurring more than six months after the date on which he is appointed;

"(B) one of the members appointed under paragraphs (2)(A) shall be appointed for a term ending one year after April thirtieth on which the term of the member referred to in subparagraph (A) of this paragraph ends;

"(C) one of the members appointed under paragraph (2)(B) shall be appointed for a term ending two years thereafter;

"(D) one of the members not appointed under subparagraph (A) or (B) of paragraph (2) shall be appointed for a term ending three years thereafter;

"(E) one of the members appointed under paragraph (2)(A) shall be appointed for a term ending four years thereafter;

"(F) one of the members appointed under paragraph (2)(B) shall be appointed for a term ending five years thereafter; and

"(G) one of the members not appointed under subparagraph (A) or (B) of paragraph (2) shall be appointed for a term ending six years thereafter.

"(4) Members shall be chosen on the basis of their maturity, experience, integrity, impartiality, and good judgment. A member may be reappointed to the Commission only once.

"(5) An individual appointed to fill a vacancy occurring other than by the expiration of a term of office shall be appointed only for the unexpired term of the member he succeeds. Any vacancy occurring in the office of member of the Commission shall be filled in the manner in which that office was originally filled.

"(6) The Commission shall elect a Chairman and a Vice Chairman from among its members for a term of two years. The Chairman and the Vice Chairman shall not be affiliated with the same political party. The Vice Chairman shall act as Chairman in the absence or disability of the Chairman, or in the event of a vacancy in that office.

"(b) A vacancy in the Commission shall not impair the right of the remaining members to exercise all the powers of the Commission. Four members of the Commission shall constitute a quorum.

"(c) The Commission shall have an official seal which shall be judicially noticed.

"(d) The Commission shall at the close of each fiscal year report to the Congress and to the President concerning the action it has taken; the names, salaries, and duties of all individuals in its employ and the money it has disbursed; and shall make such further reports on the matters within its jurisdiction and such recommendations for further legislation as may appear desirable.

"(e) The principal office of the Commission shall be in or near the District of Columbia, but it may meet or exercise any or all its powers in any State.

"(f) The Commission shall appoint a General Counsel and an Executive Director to serve at the pleasure of the Commission. The General Counsel shall be the chief legal officer of the Commission. The Executive Director shall be responsible for the administrative operations of the Commission and shall perform such other duties as may be delegated or assigned to him from time to time by rules or orders of the Commission. However, the Commission shall not delegate the making of rules regarding elections to the Executive Director.

"(g) The Chairman of the Commission shall appoint and fix the compensation of such personnel as are necessary to fulfill the duties of the Commission in accordance with the provisions of title 5, United States Code.

"(h) The Commission may obtain the services of experts and consultants in accordance with section 3109 of title 5, United States Code.

"(i) In carrying out its responsibilities under this title, the Commission shall, to the fullest extent practicable, avail itself of the assistance, including personnel and facilities, of the General Accounting Office and the Department of Justice. The Comptroller General and the Attorney General may make available to the Commission such personnel, facilities, and other assistance, with or without reimbursement, as the Commission may request.

"(j) The provisions of section 7324 of title 5, United States Code, shall apply to members of the Commission notwithstanding the provisions of subsection (d)(3) of such section.

"(k)(1) Whenever the Commission submits any budget estimate or request to the President or the Office of Management and Budget, it shall concurrently transmit a copy of that estimate or request to the Congress.

"(2) Whenever the Commission submits any legislative recommendations, or testimony, or comments on legislation requested by the Congress or by any Member of Congress to the President or the Office of Management and Budget, it shall concurrently transmit a copy thereof to the Congress or to the Member requesting the same. No officer or agency of the United States shall have any authority to require the Commission to submit its legislative recommendations, testimony, or comments on legislation, to any office or agency of the United States for approval, comments, or review, prior to the submission of such recommendations, testimony, or comments to the Congress.

"POWERS OF COMMISSION

"SEC. 309. (a) The Commission has the power—

"(1) to require, by special or general orders, any person to submit in writing such reports and answers to questions as the Commission may prescribe; and such submission shall be made within such a reasonable period of time and under oath or otherwise as the Commission may determine;

"(2) to administer oaths;

"(3) to require by subpena, signed by the Chairman or the Vice Chairman, the attendance and testimony of witnesses and the production of all documentary evidence relating to the execution of its duties;

"(4) in any proceeding or investigation to order testimony to be taken by deposition before any person who is designated by the Commission and has the power to administer oaths and, in such instances, to compel testimony and the production of evidence in the same manner as authorized under paragraph (3) of this subsection;

"(5) to pay witnesses the same fees and mileage as are paid in like circumstances in the courts of the United States;

"(6) to initiate (through civil proceedings for injunctive relief and through presentations to Federal grand juries), prosecute, defend, or appeal any civil or criminal action in the name of the Commission for the purpose of enforcing the provisions of this Act and of sections 602, 608, 610, 611, 612, 613, 614, 615, 616, 617, and 618 of title 18, United States Code, through its General Counsel;

"(7) to delegate any of its functions or powers, other than the power to issue subpenas under paragraph (3), to any officer or employee of the Commission; and

"(8) to make, amend, and repeal such rules, pursuant to the provisions of chapter 5 of title 5, United States Code, as are necessary to carry out the provisions of this Act.

"(b) Any United States district court within the jurisdiction of which any inquiry is carried on, may, upon petition by the Commission, in case of refusal to obey a subpena or order of the Commission issued under subsection (a) of this section, issue an order requiring compliance therewith. Any failure to obey the order of the court may be punished by the court as a contempt thereof.

"(c) No person shall be subject to civil liability to any person (other than the Commission or the United States) for disclosing information at the request of the Commission.

"(d) Notwithstanding any other provision of law, the Commission shall be the primary civil and criminal enforcement agency for violations of the provisions of this Act, and of sections 602, 608, 610, 611, 612, 613, 614, 615, 616, 617, and 618 of title 18, United States Code. Any violation of any such provision shall be prosecuted by the Attorney General or Department of Justice personnel only after consultation with, and with the consent of, the Commission.

"(e)(1) Any person who violates any provision of this Act or of section 602, 608, 610, 611, 612, 613, 614, 615, 616, 617, or 618 of title 18, United States Code, may be assessed a civil penalty by the Commission under paragraph (2) of this subsection of not more than $10,000 for each such violation. Each occurrence of a violation of this Act and each day of noncompliance with a disclosure requirement of this title or an order of the Commission issued under this section shall constitute a separate offense. In determining the amount of the penalty the Commission shall consider the person's history of previous violations, the appropriateness of such penalty to the financial resources of the person charged, the gravity of the violation, and the demonstrated good faith of the person charged in attempting to achieve rapid compliance after notification of a violation.

"(2) A civil penalty shall be assessed by the Commission by order only after the person charged with a violation has been given an opportunity for a hearing and the Commission has determined, by decision incorporating its findings of fact therein, that a violation did occur, and the amount of the penalty. Any hearing under this section shall be of record and shall be held in accordance with chapter 5 of title 5, United States Code.

"(3) If the person against whom a civil penalty is assessed fails to pay the penalty, the Commission shall file a petition for enforcement of its order assessing the penalty in any appropriate district court of the United States. The petition shall designate the person against whom the order is sought to be enforced as the respondent. A copy of the petition shall be sent by registered or certified mail to the respondent and his attorney of record, and thereupon the Commission shall certify and file in such court the record upon which such order sought to be enforced was issued. The court shall have jurisdiction to enter a judgment enforcing, modifying, and enforcing as so modified, or setting aside in whole or in part the order and decision of the Commission or it may remand the proceedings to the Commission for such further action as it may direct. The court may determine de novo all issues of law but the Commission's findings of fact, if supported by substantial evidence, shall be conclusive.

"(f) Upon application made by any individual holding Federal office, any candidate, or any political committee, the Commission, through its General Counsel, shall provide within a reasonable period of time an advisory opinion, as to whether a specific transaction or activity may constitute a violation of any provision of this Act or of any provision of title 18, United States Code, over which the Commission has primary jurisdiction under subsection (d).

"CENTRAL CAMPAIGN COMMITTEES

"SEC. 310. (a) Each candidate shall designate one political committee as his central campaign committee. A candidate for nomination for election, or for election, to the office of President, may also designate one political committee in each State in which he is a candidate as his State campaign committee for that State. The designation shall be made in writing, and a copy of the designation, together with such information as the Commission may require, shall be furnished to the Commission upon the designation of any such committee.

"(b) No political committee may be designated as the central campaign committee of more than one candidate, except that a political committee described in section 301 (d)(2) may be designated as the central campaign committee of more than one candidate for purposes of the general election campaign and if so designated, it shall comply with all reporting and other requirements of law as to each candidate for whom it is so designated as if it were the central campaign committee for that candidate alone. The central campaign committee, and each State campaign committee, designated by a candidate nominated by a political party for election to the office of President shall be the central campaign committee and the State campaign committee of the candidate nominated by that party for election to the office of Vice President.

"(c)(1) Any political committee authorized by a candidate to accept contributions or make expenditures in connection with his campaign for nomination for election, or for election, which is not a central campaign committee or a State campaign committee, shall furnish each report required of it under section 304 (other than reports required under section 311(b)) to that candidate's central campaign committee at the time it would, but for this subsection, be required to furnish that report to the Commission. Any report properly furnished to a central campaign committee under this subsection shall be, for purposes of this title, considered to have been furnished to the Commission at the time at which it was furnished to such central campaign committee.

"(2) The Commission may, by rule, require any political committee receiving contributions or making expenditures in a State on behalf of a candidate who, under subsection (a), has designated a State campaign committee for that State to furnish its reports to that State campaign committee instead of furnishing such reports to the central campaign committee of that candidate.

"(3) The Commission may require any political committee to furnish any report directly to the Commission.

"(d) Each political committee which is a central campaign committee or a State campaign committee shall receive, consolidate, and furnish all reports filed with or furnished to it by other political committees to the Commission, together with its own reports and statements, in accordance with the provisions of this title and regulations prescribed by the Commission.

"CAMPAIGN DEPOSITORIES

"SEC. 311. (a)(1) Each candidate shall designate one or more National or State banks as his campaign depositories. The central campaign committee of that candidate, and any other political committee authorized by him to receive contributions or to make expenditures on his behalf, shall maintain a checking account at a depository designated by the candidate and shall deposit any contributions received by that committee into that account. A candidate shall deposit any payment received by him under section 506 of this Act in the account maintained by his central campaign committee. No expenditure may be made by any such committee on behalf of a candidate or to influence his election except by check drawn on that account, other than petty cash expenditures as provided in subsection (b).

"(2) The treasurer of each political committee (other than a political committee authorized by a candidate to receive contributions or to make expenditures on his behalf) shall designate one or more National or State banks as campaign depositories of that committee, and shall maintain a checking account for the committee at each such depository. All contributions received by that committee shall be deposited in such an account. No expenditure may be made by that committee except by check drawn on that account, other than petty cash expenditures as provided in subsection (b).

"(b) A political committee may maintain a petty cash fund out of which it may make expenditures not in excess of $100 to any person in connection with a single purchase or transaction. A record of petty cash disbursements shall be kept in accordance with requirements established by the Commission, and such statements and reports thereof shall be furnished to the Commission as it may require.

"(c) A candidate for nomination for election, or for election, to the office of President may establish one such depository in each State, which shall be considered by his State campaign committee for that State and any other political committee authorized by him to receive contributions or to make expenditures on his behalf in that State, under regulations prescribed by the Commission, as his campaign depository. The campaign depository of the candidate of a political party for election to the office of Vice President shall be the campaign depository designated by the candidate of that party for election to the office of President.".

(b)(1) Section 5314 of title 5, United States Code, is amended by adding at the end thereof the following new paragraph:

"(60) Members (other than the Comptroller General), Federal Election Commission (7)."

(2) Section 5315 of such title is amended by adding at the end thereof the following new paragraphs:

"(98) General Counsel, Federal Election Commission.

"(99) Executive Director, Federal Election Commission."

(c) Until the appointment and qualification of all the members of the Federal Election Commission and its General Counsel and until the transfer provided for in this subsection, the Comptroller General, the Secretary of the Senate, and the Clerk of the House of Representatives shall continue to carry out their responsibilities under title I and title III of the Federal Election Campaign Act of 1971 as such titles existed on the day before the date of enactment of this Act. Upon the appointment of all the members of the Commission and its General Counsel, the Comptroller General, the Secretary of the Senate, and the Clerk of the House of Representatives shall meet with the Commission and arrange for the transfer, within thirty days after the date on which all such members and the General Counsel are appointed, of all records, documents, memorandums, and other papers associated with carrying out their responsibilities under title I and title III of the Federal Election Campaign Act of 1971.

(d) Title III of the Federal Election Campaign Act of 1971 is amended by—

(1) amending section 301(g) (relating to definitions) to read as follows:

"(g) 'Commission' means the Federal Election Commission;";

(2) striking out "supervisory officer" in section 302(d) and inserting in lieu thereof "Commission";

(3) striking out section 302(f) (relating to organization of political committees);

(4) amending section 303 (relating to registration of political committees; statements) by—

(A) striking out "supervisory officer" each time it appears therein and inserting in lieu thereof "Commission"; and

(B) striking out "he" in the second sentence of subsection (b) of such section (as redesignated by section 203(a) of this Act) and inserting in lieu thereof "it";

(5) amending section 304 (relating to reports by political committees and candidates) by—

(A) striking out "appropriate supervisory officer" and "him" in the first sentence thereof and inserting in lieu thereof "Commission" and "it", respectively; and

(B) striking out "supervisory officer" where it appears in the third sentence of subsection (a)(1) (as redesignated by section 204(a)(1) of this Act) and in paragraphs (12) and (14) (as redesignated by section 204(d)(2) of this Act) of subsection (b) and inserting in lieu thereof "Commission";

(6) striking out "supervisory officer" each place it appears in section 306 (relating to formal requirements respecting reports and statements) and inserting in lieu thereof "Commission";

(7) striking out "Comptroller General of the United States" and "he" in section 307 (relating to reports on convention financing) and inserting in lieu thereof "Federal Election Commission" and "it", respectively;

(8) striking out "SUPERVISORY OFFICER" in the caption of section 312 (as redesignated by subsection (a) of this section) (relating to duties of the supervisory officer) and inserting in lieu thereof "COMMISSION";

(9) striking out "supervisory officer" in section 312(a) (as redesignated by subsection (a) of this section) the first time it appears and inserting in lieu thereof "Commission";

(10) amending section 312(a) (as redesignated by subsection (a) of this section) by—

(A) striking out "him" in paragraph (1) and inserting in lieu thereof "it";

(B) striking out "him" in paragraph (4) and inserting in lieu thereof "it"; and

(C) striking out "he" each place it appears in paragraphs (7) and (9) and inserting in lieu thereof "it";

(11) striking out "supervisory officer" in section 312(b) (as redesignated by subsection (a) of this subsection) and inserting in lieu thereof "Commission";

(12) amending subsection (c) of section 312 (as redesignated by subsection (a) of this section) by—

(A) striking out "Comptroller General" each place it appears therein and inserting in lieu thereof "Commission" and striking out "his" in the second sentence of such subsection and inserting in lieu thereof "its"; and

(B) striking out the last sentence thereof; and

(13) amending subsection (d)(1) of section 312 (as redesignated by subsection (a) of this section) by—

(A) striking out "supervisory officer" each place it appears therein and inserting in lieu thereof "Commission";

(B) striking out "he" the first place it appears in the second sentence of such section and inserting in lieu thereof "it"; and

(C) striking out "the Attorney General on behalf of the United States" and inserting in lieu thereof "the Commission".

INDEXING AND PUBLICATION OF REPORTS

SEC. 208. Section 312(a)(6) (as redesignated by this Act) of the Federal Election Campaign Act of 1971 (relating to duties of the supervisory officer) is amended to read as follows:

"(6) to compile and maintain a cumulative index listing all statements and reports filed with the Commission during each calendar year by political committees and candidates which the Commission shall cause to be published in the Federal Register no less frequently than monthly during even-numbered years and quarterly in odd-numbered years and which shall be in such form and shall include such information as may be prescribed by the Commission to permit easy identification of each statement, report, candidate, and committee listed, at least as to their names, the dates of the statements and reports, and the number of pages in each, and the Commission shall make copies of statements and reports listed in the index available for sale, direct or by mail, at a price determined by the Commission to be reasonable to the purchaser;".

JUDICIAL REVIEW

SEC. 209. Title III of the Federal Election Campaign Act of 1971 is amended by inserting after section 312 (as redesignated by this Act) the following new section:

"JUDICIAL REVIEW

"SEC. 313. (a) An agency action by the Commission made under the provisions of this Act shall be subject to review by the United States Court of Appeals for the District of Columbia Circuit upon petition filed in such court by an interested person. A petition filed pursuant to this section shall be filed within thirty days after the agency action by the Commission for which review is sought.

"(b) The Commission, the national committee of any political party, and individuals eligible to vote in an election for Federal office, are authorized to institute such actions, including actions for declaratory judgment or injunctive relief, as may be appropriate to implement any provision of this Act.

"(c) The provisions of chapter 7 of title 5, United States Code, apply to judicial review of any agency action, as defined in section 551 of title 5, United States Code, by the Commission.

FINANCIAL ASSISTANCE TO STATES TO PROMOTE COMPLIANCE

SEC. 210. Section 309 of the Federal Election Campaign Act of 1971 (relating to statements filed with State officers) is redesignated as section 314 of such Act and amended by—

(1) striking out "a supervisory officer" in subsection (a) and inserting in lieu thereof "the Commission";

(2) striking out "in which an expenditure is made by him or on his behalf" in subsection (a)(1) and inserting in lieu thereof the following: "in which he is a candidate or in which substantial expenditures are made by him or on his behalf"; and

(3) adding the following new subsection:

"(c) There is authorized to be appropriated to the Commission in each fiscal year the sum of $500,000, to be made available in such amounts as the Commission deems appropriate to the States for the purpose of assisting them in complying with their duties as set forth in this section.".

CONTRIBUTIONS IN THE NAME OF ANOTHER PERSON

SEC. 211. Section 310 of the Federal Election Campaign Act of 1971 (relating to prohibition of contributions in name of another) is redesignated as section 315 of such Act and amended by inserting after "another person", the first time it appears, the following: "or knowingly permit his name to be used to effect such a contribution".

ROLE OF POLITICAL PARTY ORGANIZATION IN PRESIDENTIAL CAMPAIGNS; USE OF EXCESS CAMPAIGN FUNDS; USE OF FRANKED MAIL; AUTHORIZATION OF APPROPRIATIONS; PENALTIES

SEC. 212. Title III of the Federal Election Campaign Act of 1971 is amended by striking out section 311 and by adding at the end of such title the following new sections:

"APPROVAL OF PRESIDENTIAL CAMPAIGN EXPENDITURES BY NATIONAL COMMITTEE

"SEC. 316. (a) No expenditure in excess of $1,000 shall be made by or on behalf of a candidate who has received the nomination of his political party for President or Vice President unless such expenditure has been specifically approved by the chairman or treasurer of that political party's national committee or the designated representative of that national committee in the State where the funds are to be expended.

"(b) Each national committee approving expenditures under subsection (a) shall register under section 303 as a political committee and report each expenditure it approves as if it had made that expenditure, together with the identification of the person seeking approval and making the expenditure.

"(c) No political party shall have more than one national committee.

"USE OF CONTRIBUTED AMOUNTS FOR CERTAIN PURPOSES

"SEC. 317. Amounts received by a candidate as contributions that are in excess of any amount necessary to defray his expenditures (after the application of section 507(b)(1) of this Act), and any other amounts contributed to an individual for the purpose of supporting his activities as a holder of Federal office, may be used by that candidate or individual, as the case may be, to defray any ordinary and necessary expenses incurred by him in connection with his duties as a holder of Federal office, or may be contributed by him to any organization described in section 170(c) of the Internal Revenue Code of 1954. To the extent any such contribution, amount contributed, or expenditure thereof is one otherwise required to be disclosed under the provisions of this title, such contribution, amount contributed, or expenditures shall be fully disclosed in accordance with rules promulgated by the Commission. The Commission is authorized to promulgate such rules as may be necessary to carry out the provisions of this section.

"SUSPENSION OF FRANK FOR MASS MAILINGS IMMEDIATELY BEFORE ELECTIONS

"SEC. 318. Notwithstanding any other provision of law, no Senator, Representative, Resident Commissioner, or Delegate shall make any mass mailing of a newsletter or mailing with a simplified form of address under the frank under section 3210 of title 39, United States Code, during the sixty days immediately preceding the date on which any election is held in which he is a candidate.

"PROHIBITION OF FRANKED SOLICITATIONS

"SEC. 319. No Senator, Representative, Resident Commissioner, or Delegate shall make any solicitation of funds by a mailing under the frank under section 3210 of title 39, United States Code.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 320. There are authorized to be appropriated to the Commission for the purpose of carrying out its functions under this title, title V, and under chapter 29 of title 18, United States Code, not to exceed $5,000,000 for the fiscal year ending June 30, 1974, and not to exceed $5,000,000 for each fiscal year thereafter.

"PENALTY FOR VIOLATIONS

"SEC. 321. (a) Violation of any provision of this title is a misdemeanor punishable by a fine of not more than $10,000, imprisonment for not more than one year, or both.

"(b) Violation of any provision of this title with knowledge or reason to know that the action committed or omitted is a violation of this title is punishable by a fine of not more than $100,000, imprisonment for not more than five years, or both.".

APPLICABLE STATE LAWS

SEC. 213. Section 403 of the Federal Election Campaign Act of 1971 is amended to read as follows:

"EFFECT ON STATE LAW

"SEC. 403. The provisions of this Act, and of rules promulgated under this Act, preempt any provision of State law with respect to campaigns for nomination for election, or for election, to Federal office (as such term is defined in section 301(c)).".

EXPEDITIOUS REVIEW OF CONSTITUTIONAL QUESTIONS

SEC. 214. Title IV of the Federal Election Campaign Act of 1971 is amended by adding at the end thereof the following new section:

"JUDICIAL REVIEW

"SEC. 407. (a) The Federal Election Commission, the national committee of any political party, and individuals eligible to vote for President are authorized to institute such actions, including actions for declaratory judgment or injunctive relief, as may be appropriate to implement or construe any provision of this Act or of chapter 29 of title 18, United States Code. The district court shall immediately certify all questions of constitutionality of this Act or of such chapter to the United States court of appeals for that circuit, which shall hear the matter sitting en banc.

"(b) Notwithstanding any other provision of law or rule, any decision on a matter certified under subsection (a) shall be reviewable by appeal directly to the Supreme Court of the United States. Such appeal must be brought within twenty days of the decision of the court of appeals.

"(c) It shall be the duty of the court of appeals and of the Supreme Court of the United States to advance on the docket and to expedite to the greatest possible extent the disposition of any question certified under subsection (a)."

TITLE III—CRIMES RELATING TO ELECTIONS AND POLITICAL ACTIVITIES

CHANGES IN DEFINITIONS

SEC. 301. (a) Paragraph (a) of section 591 of title 18, United States Code, is amended by—

(1) inserting "or" before "(4)"; and

(2) striking out ", and (5) the election of delegates to a constitutional convention for proposing amendments to the Constitution of the United States".

(b) Such section 591 is amended by striking out paragraph (d) and inserting in lieu thereof the following:

"(d) 'political committee' means—

"(1) any committee, club, association, or other group of persons which receives contributions or makes expenditures during a calendar year in an aggregate amount exceeding $1,000;

"(2) any national committee, association, or organization of a political party, any State affiliate or subsidiary of a national political party, and any State committee of a political party; and

"(3) any committee, association, or organization engaged in the administration of a separate segregated fund described in section 610;".

(c) Such section 591 is amended by—

(1) inserting in paragraph (e)(1) after "subscription" the following: "(including any assessment, fee, or membership dues)";

(2) striking out in such paragraph "or for the purpose of influencing the election of delegates to a constitutional convention for proposing amendments to the Constitution of the United States" and inserting in lieu thereof the following: "or for the purpose of financing any operations of a political committee, or for the purpose of paying, at any time, any debt or obligation incurred by a candidate or a political committee in connection with any campaign for nomination for election, or for election, to Federal office";

(3) striking out subparagraph (2) of paragraph (e), and amending subparagraph (3) of such paragraph to read as follows:

"(2) funds received by a political committee which are transferred to that committee from another political committee;"; and

(4) redesignating subparagraphs (4) and (5) of paragraph (e) as paragraphs (3) and (4), respectively.

(d) Such section 591 is amended by striking out paragraph (f) and inserting in lieu thereof the following:

"(f) 'expenditure' means—

"(1) a purchase, payment, distribution, loan (except a loan of money by a National or State bank made in accordance with the applicable banking laws and regulations, and in the ordinary course of business), advance, deposit, or gift of money or anything of value, made for the purpose of—

"(A) influencing the nomination for election, or the election, of any person to Federal office, or to the office of presidential and vice-presidential elector;

"(B) influencing the result of a primary election held for the selection of delegates to a national nominating convention of a political party or for the expression of a preference for the nomination of persons for election to the office of President;

"(C) financing any operations of a political committee; or

"(D) paying, at any time, any debt or obligation incurred by a candidate or a political committee in connection with any campaign for nomination for election, or for election, to Federal office; and

"(2) the transfer of funds by a political committee to another political committee; but

"(3) does not include the value of service rendered by individuals who volunteer to work without compensation on behalf of a candidate;".

(e) Such section 591 is amended by striking out "and" at the end of paragraph (g), striking out "States." in paragraph (h) and inserting in lieu thereof "States;", and by adding at the end thereof the following new paragraphs:

"(i) 'political party' means any association, committee, or organization which nominates a candidate for election to any Federal office whose name appears on the election ballot as the candidate of that association, committee, or organization;

"(j) 'State committee' means the organization which, by virtue of the bylaws of a political party, is responsible for the day-to-day operation of that political party at the State level, as determined by the Federal Election Commission; and

"(k) 'national committee' means the organization which, by virtue of the bylaws of the political party, is responsible for the day-to-day operation of the political party at the national level as determined by the Federal Election Commission under section 301(k) of the Federal Election Campaign Act of 1971.".

EXPENDITURE OF PERSONAL AND FAMILY FUNDS FOR FEDERAL CAMPAIGNS

SEC. 302. (a)(1) Subsection (a)(1) of section 608 of title 18, United States Code, is amended to read as follows:

"(a)(1) No candidate may make expenditures from his personal funds, or the personal funds of his immediate family, in connection with his campaigns for nomination for election, and for election, to Federal office in excess in the aggregate during any calendar year, of—

"(A) $50,000, in the case of a candidate for the office of President or Vice President;

"(B) $35,000, in the case of a candidate for the office of Senator; or

"(C) $25,000, in the case of a candidate for the office of Representative, or Delegate or Resident Commissioner to the Congress.".

(2) Subsection (a) of such section is amended by adding at the end thereof the following new paragraphs:

"(3) No candidate or his immediate family may make loans or advances from their personal funds in connection with his campaign for nomination for election, or election, to Federal office unless such loan or advance is evidenced by a written instrument fully disclosing the terms and conditions of such loan or advance.

"(4) For purposes of this subsection, any such loan or advance shall be included in computing the total amount of such expenditures only to the extent of the balance of such loan or advance outstanding and unpaid.".

(b) Subsection (c) of such section is amended by striking out "$1,000" and inserting in lieu thereof "$25,000", and by striking out "one year" and inserting in lieu thereof "five years".

(c)(1) The caption of such section 608 is amended by adding at the end thereof the following: "out of candidates' personal and family funds".

(2) The table of sections for chapter 29 of title 18, United States Code, is amended by striking out the item relating to section 608 and inserting in lieu thereof the following:

"608. Limitations on contributions and expenditures out of candidates' personal and family funds.".

(d) Notwithstanding the provisions of section 608 of title 18, United States Code, it shall not be unlawful for any individual who, as of the date of enactment of this Act, has outstanding any debt or obligation incurred on his behalf by any political committee in connection with his campaigns prior to January 1, 1973, for nomination for election, and for election, to Federal office, to satisfy or discharge any such debt or obligation out of his own personal funds or the personal funds of his immediate family (as such term is defined in such section 608).

SEPARATE SEGREGATED FUND MAINTENANCE BY GOVERNMENT CONTRACTORS

SEC. 303. Section 611 of title 18, United States Code, is amended by adding at the end thereof the following new paragraph:

"It is not a violation of the provisions of this section for a corporation or a labor organization to establish, administer, or solicit contributions to a separate segregated fund to be utilized for political purposes by that corporation or labor organization if the establishment and administration of, and solicitation of contributions to, such fund are not a violation of section 610.".

LIMITATIONS ON POLITICAL CONTRIBUTIONS AND EXPENDITURES; EMBEZZLEMENT OR CONVERSION OF CAMPAIGN FUNDS; EARLY DISCLOSURE OF PRESIDENTIAL ELECTION RESULTS; FRAUDULENT MISREPRESENTATION OF CAMPAIGN AUTHORITY

SEC. 304. (a) Chapter 29 of title 18, United States Code, is amended by adding at the end thereof the following new sections:

"§ 614. Limitation on expenditures generally

"(a)(1) No candidate may make expenditures in connection with his campaign for nomination for election, or for election, to Federal office in excess of the amount to which he would be limited under section 504 of the Federal Election Campaign Act of 1971 if he were receiving payments under title V of that Act.

"(2) Expenditures made on behalf of any candidate are, for the purposes of this section, considered to be made by such candidate.

"(3) Expenditures made by or on behalf of any candidate for the office of Vice President of the United States are, for the purposes of this section, considered to be made by the candidate for the office of President of the United States with whom he is running.

"(4) For purposes of this subsection, an expenditure is made on behalf of a candidate, including a Vice Presidential candidate, if it is made by—

"(A) an authorized committee or any other agent of the candidate for the purposes of making any expenditure, or

"(B) any person authorized or requested by the candidate, an authorized committee of the candidate, or an agent of the candidate to make the expenditure.

"(5) The Federal Election Commission shall prescribe regulations under which any expenditure by a candidate for Presidential nomination for use in two or more States shall be attributed to such candidate's expenditure limitation in each such State, based on the voting age population in such State which can reasonably be expected to be influenced by such expenditure.

"(b)(1) Notwithstanding any other provisions of law with respect to limitations on expenditures or limitations on contributions, the national committee of a political party and a State committee of a political party, including any subordinate committees of a State committee, may make expenditures in connection with the general election campaign of candidates for Federal office, subject to the limitations contained in paragraphs (2) and (3) hereof.

"(2) The national committee of a political party may not make any expenditure in connection with the general election campaign of any candidate for President who is affiliated with that party which exceeds an amount equal to 2 cents multiplied by the voting age population of the United States.

"(3) The national committee of a political party, or a State committee of a political party, including any subordinate committees of a State committee, may not make any expenditure in connection with the general election campaign of a candidate for Federal office in a State who is affiliated with that party which exceeds—

"(A) in the case of a candidate for election to the office of Senator, or of Representative from a State where a Representative is required to run statewide, the greater of—

"(i) 2 cents multiplied by the voting age population of that State, or

"(ii) $20,000; and

"(B) in the case of a candidate for election to the office of Representative in any other State, $10,000.

"(4) For purposes of this subsection—

"(A) the term 'voting age population' means voting age population certified for the year under section 504(g) of the Federal Election Campaign Act of 1971; and

"(B) the approval by the national committee of a political party of an expenditure by or on behalf of the presidential candidate of that party as required by section 316 of that Act is not considered an expenditure by that national committee,

"(c) (1) No person may make any expenditure (other than an expenditure made on behalf of a candidate under the provisions of subsection (a) (4)) advocating the election or defeat of a clearly identified candidate during a calendar year which, when added to all other expenditures made by that person during the year advocating the election or defeat of that candidate, exceeds $1,000.

"(2) For purposes of paragraph (1)—

"(A) 'clearly identified' means—

"(i) the candidate's name appears;

"(ii) a photograph or drawing of the candidate appears; or

"(iii) the identity of the candidate is apparent by unambiguous reference;

"(B) 'person' does not include the national or State committee of a political party; and

"(C) 'expenditure' does not include any payment made or incurred by a corporation or a labor organization which, under the provisions of the last paragraph of section 610 would not constitute an expenditure by that corporation or labor organization.

"(3) This subsection does not apply to the Democratic or Republican Senatorial Campaign Committee, the Democratic National Congressional Committee, or the National Republican Congressional Committee.

"(d) Any person who knowingly or willfully violates the provisions of this section, other than subsection (a) (5), shall be punishable by a fine of $25,000, imprisonment for a period of not more than five years, or both. If any candidate is convicted of violating the provisions of this section because of any expenditure made on his behalf (as determined under subsection (a) (4)) by a political committee, the treasurer of that committee, or any other person authorizing such expenditure, shall be punishable by a fine of not to exceed $25,000, imprisonment for not to exceed five years, or both, if such person knew, or had reason to know, that such expenditure was in excess of the limitation applicable to such candidate under this section.

"§ 615. Limitations on contributions

"(a) (1) No individual may make a contribution to, or for the benefit of, a candidate for that candidate's campaign for election, which, when added to the sum of all other contributions made by that individual for that campaign, exceeds $3,000.

"(2) No person (other than an individual) may make a contribution to, or for the benefit of, a candidate for nomination for election, or election, which, when added to the sum of all other contributions made by that person for that campaign, exceeds $6,000.

"(b) (1) No candidate may knowingly accept a contribution for his campaign from any individual which, when added to the sum of all other contributions received from that individual for that campaign, exceeds $3,000, or from any person (other than an individual) which when added, to the sum of all other contributions received from that person for that campaign, exceeds $6,000.

"(2) (A) No candidate may knowingly solicit or accept a contribution for his campaign—

"(i) from a foreign national, or

"(ii) which is made in violation of section 613 of this title.

"(B) For purposes of this paragraph, the term 'foreign national' means—

"(i) a 'foreign principal' as that term is defined in section 611(b) of the Foreign Agents Registration Act of 1938, as amended, other than a person who is a citizen of the United States; or

"(ii) an individual who is not a citizen of the United States and who is not lawfully admitted for permanent residence, as defined in section 101(a) (20) of the Immigration and Nationality Act.

"(3) No officer or employee of a political committee or of a political party may knowingly accept any contribution made for the benefit or use of a candidate which that candidate could not accept under paragraph (1) or (2).

"(c) (1) For purposes of the limitations contained in this section all contributions made by any person directly or indirectly to or for the benefit of a particular candidate, including contributions which are in any way earmarked, encumbered, or otherwise directed through an intermediary or conduit to that candidate, shall be treated as contributions from that person to that candidate.

"(2) Contributions made to, or for the benefit of, a candidate nominated by a political party for election to the office of Vice President shall be considered, for purposes of this section, to be made to, or for the benefit of, the candidate nominated by that party for election to the office of President.

"(3) For purposes of this section, the term 'campaign' includes all primary, primary runoff, and general election campaigns related to a specific general election, and all primary, primary runoff, and special election campaigns related to a specific special election.

"(d) (1) No individual may make a contribution during any calendar year which, when added to the sum of all other contributions made by that individual during that year, exceeds $25,000.

"(2) Any contribution made for a campaign in a year, other than the calendar year in which the election is held to which that campaign relates, is, for purposes of paragraph (1), considered to be made during the calendar year in which that election is held.

"(e) This section does not apply to contributions made by the Democratic or Republican Senatorial Campaign Committee, the Democratic National Congressional Committee, or the National Republican Congressional Committee.

"(f) Violation of the provisions of this section is punishable by a fine of not to exceed $25,000, imprisonment for not to exceed five years, or both.

"§ 616. Form of contributions

"No person may make a contribution to, or for the benefit of, any candidate or political committee in excess, in the aggregate during any calendar year, of $100 unless such contribution is made by a written instrument identifying the person making the contribution. Violation of the provisions of this section is punishable by a fine of not to exceed $1,000, imprisonment for not to exceed one year, or both.

"§617. Embezzlement or conversion of political contributions

"(a) No candidate, officer, employee, or agent of a political committee, or person acting on behalf of any candidate or political committee, shall embezzle, knowingly convert to his own use or the use of another, or deposit in any place or in any manner except as authorized by law, any contributions or campaign funds entrusted to him or under his possession, custody, or control, or use any campaign funds to pay or defray the costs of attorney fees for the defense of any person or persons charged with the commission of a crime; or receive, conceal, or retain the same with intent to convert it to his personal use or gain, knowing it to have been embezzled or converted.

"(b) Violation of the provisions of this section is punishable by a fine of not more than $25,000, imprisonment for not more than ten years, or both; but if the value of such property does not exceed the sum of $100, the fine shall not exceed $1,000 and the imprisonment shall not exceed one year. Notwithstanding the provisions of this section, any surplus or unexpended campaign funds may be contributed to a national or State political party for political purposes, or to educational or charitable organizations, or may be preserved for use in future campaigns for elective office, or for any other lawful purpose.

"§ 618. Voting fraud

"(a) No person shall in a Federal election—

"(1) cast, or attempt to cast, a ballot in the name of another person,

"(2) cast, or attempt to cast, a ballot if he is not qualified to vote,

"(3) forge or alter a ballot,

"(4) miscount votes,

"(5) tamper with a voting machine, or

"(6) commit any act (or fail to do anything required of him by law),

with the intent of causing an inaccurate count of lawfully cast votes in any election.

"(b) A violation of the provisions of subsection (a) is punishable by a fine of not to exceed $100,000, imprisonment for not more than ten years, or both.

"§ 619. Early disclosure of election results in presidential election years

"Whoever makes public any information with respect to the number of votes cast for any candidate for election to the office of presidential and vice-presidential elector in the general election held for the appointment of presidential electors, prior to midnight, eastern standard time, on the day on which such election is held shall be fined not more than $5,000, imprisoned for not more than one year, or both.

"§ 620. Fraudulent misrepresentation of campaign authority

"Whoever, being a candidate for Federal office or an employee or agent of such a candidate—

"(1) fraudulently misrepresents himself or any committee or organization under his control as speaking or writing or otherwise acting for or on behalf of any other candidate or political party or employee or agent thereof on a matter which is damaging to such other candidate or political party or employee or agent thereof; or

"(2) willfully and knowingly participates in or conspires to participate in any plan, scheme, or design to violate paragraph (1), shall, for each such offense, be fined not more than $50,000 or imprisoned not more than five years or both.".

(b) Section 591 of title 18, United States Code, is amended by striking out "and 611" and inserting in lieu thereof "611, 614, 615, 616, 617, 618, 619, and 620".

(c) The table of sections for chapter 29 of title 18, United States Code, is amended by adding at the end thereof the following new items:

"614. Limitation on expenditures generally.
"615. Limitation on contributions.
"616. Form of contributions.
"617. Embezzlement or conversion of political contributions.
"618. Voting fraud.
"619. Early disclosure of election results in presidential election years.
"620. Fraudulent misrepresentation of campaign authority.".

REPEAL OF CERTAIN EXCEPTIONS TO CONTRIBUTION AND EXPENDITURE LIMITATIONS

SEC. 305. Section 614(c) (3) of title 18, United States Code (as added by section 304 of this Act), and section 615(e) of such title (as added by section 304 of this Act) (relating to the application of such sections to certain campaign committees) are repealed. Section 615 of title 18, United States Code (as added by section 304 of this Act), is amended by striking out "(f)" and inserting in lieu thereof "(e)".

TITLE IV—DISCLOSURE OF FINANCIAL INTERESTS BY CERTAIN FEDERAL OFFICERS AND EMPLOYEES

FEDERAL EMPLOYEE FINANCIAL DISCLOSURE REQUIREMENTS

SEC. 401. (a) Any candidate for nomination for or election to Federal office who, at the time he becomes a candidate, does not occupy any such office, shall file within one month after he becomes a candidate for such office, and each Member of Congress, each officer and employee of the United States (including any member of a uniformed service) who is compensated at a rate in excess of $25,000 per annum, any individual occupying the position of an officer or employee of the United States who performs duties of the type generally performed by an individual occupying grade GS–16 of the General Schedule or any higher grade or position (as determined by the Federal Election Commission regardless of the rate of compensation of such individual), the President, and the Vice President shall file annually, with the Commission a report containing a full and complete statement of—

(1) the amount of each tax paid by the individual, or by the individual and the individual's spouse filing jointly, for the preceding calendar year, and for purposes of this paragraph "tax" means any Federal, State, or local income tax and any Federal, State, or local property tax;

(2) the amount and source of each item of income, each item of reimbursement for any expenditure, and each gift or aggregate of gifts from one source (other than gifts received from his spouse or any member of his immediate family) received by him or by him and his spouse jointly during the preceding calendar year which exceeds $100 in amount or value, including any fee or other honorarium received by him for or in connection with the preparation or delivery of any speech or address, attendance at any convention or other assembly of individuals, or the preparation of any article or other composition for publication, and the monetary value of subsistence, entertainment, travel, and other facilities received by him in kind;

(3) the identity of each asset held by him, or by him and his spouse jointly which has a value in excess of $1,000, and the amount of each liability owed by him or by him and his spouse jointly, which is in excess of $1,000 as of the close of the preceding calendar year;

(4) any transactions in securities of any business entity by him or by him and his spouse jointly, or by any person acting on his behalf or pursuant to his direction during the preceding calendar year if the aggregate amount involved in transactions in the securities of such business entity exceeds $1,000 during such year;

(5) all transactions in commodities by him, or by him and his spouse jointly, or by any person acting on his behalf or pursuant to his direction during the preceding calendar year if the aggregate amount involved in such transactions exceeds $1,000; and

(6) any purchase or sale, other than the purchase or sale of his personal residence, of real property or any interest therein by him, or by him and his spouse jointly, or by any person acting on his behalf or pursuant to his direction, during the preceding calendar year if the value of property involved in such purchase or sale exceeds $1,000.

(b) Reports required by this section (other than reports so required by candidates for nomination for or election to Federal office) shall be filed not later than May 15 of each year. A person who ceases, prior to such date in any year, to occupy the office or position the occupancy of which imposes upon him the reporting requirements contained in subsection (a) shall file such report on the last day he occupies such office or position, or on such later date, not more than three months after such last day, as the Commission may prescribe.

(c) Reports required by this section shall be in such form and detail as the Commission may prescribe. The Commission may provide for the grouping of items of income, sources of income, assets, liabilities, dealings in securities or commodities, and purchases and sales of real property, when separate itemization is not feasible or is not necessary for an accurate disclosure of the income, net worth, dealing in securities and commodities, or purchases and sales of real property of an individual.

(d) Any person who willfully fails to file a report required by this section or who knowingly and willfully files a false report under this section, shall be fined not more than $2,000, or imprisoned for not more than five years, or both.

(e) All reports filed under this section shall be maintained by the Commission as public records, which, under such reasonable rules as it shall prescribe, shall be available for inspection by members of the public.

(f) For the purposes of any report required by this section, an individual is considered to be President, Vice President, a Member of Congress, an officer or employee of the United States, or a member of a uniformed service, during any calendar year if he serves in any such position for more than six months during such calendar year.

(g) As used in this section—

(1) The term "income" means gross income as defined in section 61 of the Internal Revenue Code of 1954.

(2) The term "security" means security as defined in section 2 of the Securities Act of 1933 (15 U.S.C. 77b).

(3) The term "commodity" means commodity as defined in section 2 of the Commodity Exchange Act (7 U.S.C. 2).

(4) The term "transactions in securities or commodities" means any acquisition, holding, withholding, use, transfer, or other disposition involving any security or commodity.

(5) The term "Member of Congress" means a Senator, a Representative, a Resident Commissioner, or a Delegate.

(6) The term "officer" has the same meaning as in section 2104 of title 5, United States Code.

(7) The term "employee" has the same meaning as in section 2105 of such title.

(8) The term "uniformed service" means any of the Armed Forces, the commissioned corps of the Public Health Service, or the commissioned corps of the National Oceanic and Atmospheric Administration.

(9) The term "immediate family" means the child, parent, grandparent, brother, or sister of an individual, and the spouses of such persons.

(h) Section 554 of title 5, United States Code, is amended by adding at the end thereof the following new subsection:

"(f) All written communications and memorandums stating the circumstances, source, and substance of all oral communications made to the agency, or any officer or employee thereof, with respect to any adjudication which is subject to the provisions of this section by any person who is not an officer or employee of the agency shall be made a part of the public record of such case. This subsection shall not apply to communications to any officer, employee, or agent of the agency engaged in the performance of investigative or prosecuting functions for the agency with respect to such case."

(i) The first report required under this section shall be due thirty days after the date of enactment and shall be filed with the Comptroller General of the United States, who shall, for purposes of this subsection, have the powers and duties conferred upon the Commission by this section.

TITLE V—MISCELLANEOUS

SIMULTANEOUS POLL CLOSING TIME

SEC. 501. On every national election day, commencing on the date of the national elections in 1976, the closing time of the polling places in the several States for the election of electors for President and Vice President of the United States and the election of United States Senators and Representatives shall be as follows: 11 postmeridian standard time in the eastern time zone; 10 postmeridian standard time in the central time zone; 9 postmeridian standard time in the mountain time zone; 8 postmeridian standard time in the Pacific time zone; 7 postmeridian standard time in the Yukon time zone; 6 postmeridian standard time in the Alaska-Hawaii time zone; and 5 postmeridian standard time in the Bering time zone: *Provided*, That the polling places in each of the States shall be open for at least twelve hours.

FEDERAL ELECTION DAY

SEC. 502. Section 6103(a) of title 5, United States Code is amended by inserting between—

"Veterans Day, the fourth Monday in October." and

"Thanksgiving Day, the fourth Thursday in November." the following new item:

"Election Day, the first Wednesday next after the first Monday in November in 1976, and every second year thereafter.".

REVIEW OF INCOME TAX RETURNS

SEC. 503. (a) On or before July 1 of each and every year hereafter, the Comptroller General of the United States shall obtain from the Internal Revenue Service all returns of income filed by each Member of Congress, each employee or official of the executive, judicial, and legislative branch whose gross income for the most recent year exceeds $20,000, for the five previous years. Upon receipt of such returns, the Comptroller General of the United States shall submit such income returns to an intensive inspection and audit for the purpose of determining the correctness with respect to the Member's tax liability.

(b) Upon completion of such inspection and audit, the Comptroller General of the United States shall prepare and file a report of the results of this inspection and audit with the appropriate officer of the Internal Revenue Service for such further action with respect to such return as the Internal Revenue Service shall deem proper. The Comptroller General of the United States shall deliver a copy of such report and results of such audit and inspection to the Member or candidate concerned.

(c) The Internal Revenue Service shall assist the Comptroller General of the United States as necessary in administering the provisions of this section.

MOTION OFFERED BY MR. HAYS

Mr. HAYS. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. HAYS moves to strike out all after the enacting clause of the bill S. 3044 and to insert in lieu thereof the provisions of the bill H.R. 16090, as passed, as follows:

That this Act may be cited as the "Federal Election Campaign Act Amendments of 1974".

TITLE I—CRIMINAL CODE AMENDMENTS

LIMITATIONS ON CONTRIBUTIONS AND EXPENDITURES

SEC. 101. (a) Section 608 of title 18, United States Code, relating to limitations on contributions and expenditures, is amended by resdesignating subsections (b) and (c) as subsections (f) and (g), respectively, and by inserting immediately after subsection (a) the following new subsections:

"(b)(1) Except as otherwise provided by paragraphs (2) and (3), no person shall make contributions to any candidate with respect to any election for Federal office which, in the aggregate, exceed $1,000.

"(2) No political committee (other than a principal campaign committee) shall make contributions to any candidate with respect to any election for Federal office which, in the aggregate, exceed $5,000. Contributions by the national committee of a political party serving as the principal campaign committee of a candidate for the office of President of the United States shall not exceed the limitation imposed by the preceding sentence with respect to any other candidate for Federal office. For purposes of this paragraph, the term 'political committee' means an organization registered as a political committee under section 303 of the Federal Election Campaign Act of 1971 for a period of not less than 6 months which has received contributions from more than 50 persons and, except for any State political party organization, has made contributions to 5 or more candidates for Federal office.

"(3) No individual shall make contributions aggregating more than $25,000 in any calendar year.

"(4) For purposes of this subsection—

"(A) contributions to a named candidate made to any political committee authorized by such candidate, in writing, to accept contributions on his behalf shall be considered to be contributions made to such candidate; and

"(B) contributions made to or for the benefit of any candidate nominated by a political party for election to the office of Vice President of the United States shall be considered to be contributions made to or for the benefit of the candidate of such party for election to the office of President of the United States.

"(5) The limitations imposed by paragraphs (1) and (2) of this subsection shall apply separately with respect to each election, except that all elections held in any calendar year for the office of President of the United States (except a general election for such office) shall be considered to be one election.

"(6) For purposes of the limitations imposed by this section, all contributions made by a person, either directly or indirectly, on behalf of a particular candidate, including contributions which are in any way earmarked or otherwise directed through an intermediary or conduit to such candidate, shall be treated as contributions from such person to such candidate. The intermediary or conduit shall report the original source and the intended recipient of such contribution to the appropriate supervisory officer and to the intended recipient.

"(c)(1) No candidate shall make expenditures in excess of—

"(A) $10,000,000, in the case of a candidate for nomination for election to the office of President of the United States;

"(B) $20,000,000, in the case of a candidate for election to the office of President of the United States;

"(C) in the case of any campaign for nomination for election, or for election, by a candidate for the office of Senator, the greater of—

"(i) 5 cents multiplied by the population of the geographical area with respect to which the election is held; or

"(ii) $75,000;

"(D) $60,000, in the case of any campaign for nomination for election, or for election, by a candidate for the office of Representative, Delegate from the District of Columbia, or Resident Commissioner; or

"(E) $15,000, in the case of any campaign for nomination for election, or for election, by a candidate for the office of Delegate from Guam or the Virgin Islands.

"(2) For purposes of this subsection—

"(A) expenditures made by or on behalf of any candidate nominated by a political party for election to the office of Vice President of the United States shall be considered to be expenditures made by or on behalf of the candidate of such party for election to the office of President of the United States;

"(B) expenditures made on behalf of any candidate by a principal campaign committee designated by such candidate under section 302(f)(1) of the Federal Election Campaign Act of 1971 shall be deemed to have been made by such candidate; and

"(C) the population of any geographical area shall be the population according to the most recent decennial census of the United States taken under section 141 of title 13, United States Code.

"(3) The limitations imposed by subparagraphs (C), (D), and (E) of paragraph (1) of this subsection shall apply separately with respect to each election.

"(d)(1) At the beginning of each calendar year (commencing in 1975), as there becomes available necessary data from the Bureau of Labor Statistics of the Department of Labor, the Secretary of Labor shall certify to the Comptroller General and publish in the Federal Register the per centum difference between the price index for the 12 months preceding the beginning of such calendar year and the price index for the base period. Each limitation established by subsection (c) shall be increased by such per centum difference. Each amount so increased shall be the amount in effect for such calendar year.

"(2) For purposes of paragraph (1)—

"(A) the term 'price index' means the average over a calendar year of the Consumer Price Index (all items—United States city average) published monthly by the Bureau of Labor Statistics; and

"(B) the term 'base period' means the calendar year 1973.

"(e)(1) No person may make any expenditure (other than an expenditure made by or on behalf of a candidate under the provisions of subsection (c)) relative to a clearly identified candidate during a calendar year which, when added to all other expenditures made by such person during the year advocating the election or defeat of such candidate, exceeds $1,000.

"(2) For purposes of paragraph (1), the term 'clearly identified' means—

"(A) the candidate's name appears;

"(B) a photograph or drawing of the candidate appears; or

"(C) the identity of the candidate is apparent by unambiguous reference.".

(b) Section 608(a)(1) of title 18, United States Code, relating to limitations on contributions and expenditures, is amended to read as follows:

"(a)(1) No candidate may make expenditures from his personal funds, or the personal funds of his immediate family, in connection with his campaign for nomination for election, or election, to Federal office in excess of $25,000.".

(c)(1) Notwithstanding section 608(a)(1) of title 18, United States Code, relating to limitations on expenditures from personal funds, any individual may satisfy or discharge, out of his personal funds or the personal funds of his immediate family, any debt or obligation which is outstanding on the date of the enactment of this Act and which was incurred by him or on his behalf by any political committee in connection with any campaign ending before the close of December 31, 1972, for election to Federal office.

(2) For purposes of this subsection—

(A) the terms "election", "Federal office", and "political committee" have the meanings given them by section 591 of title 18, United States Code; and

(B) the term "immediate family" has the meaning given it by section 608(a)(2) of title 18, United States Code.

(d)(1) The first paragraph of section 613 of title 18, United States Code, relating to contributions by certain foreign agents, is amended—

(A) by striking out "an agent of a foreign principal" and inserting in lieu thereof "a foreign national"; and

(B) by striking out ", either for or on behalf of such foreign principal or otherwise in his capacity as agent of such foreign principal,".

(2) The second paragraph of such section 613 is amended by striking out "agent of a foreign principal or from such foreign principal" and inserting in lieu thereof "foreign national".

(3) The fourth paragraph of such section 613 is amended to read as follows:

"As used in this section, the term 'foreign national' means—

"(1) a foreign principal, as such term is defined by section 1(b) of the Foreign Agents Registration Act of 1938 (22 U.S.C. 611(b)), except that the term 'foreign national' shall not include any individual who is a citizen of the United States; or

"(2) an individual who is not a citizen of the United States and who is not lawfully admitted for permanent residence, as defined by section 101(a)(20) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(20))."

(4)(A) The heading of such section 613 is amended by striking out "agents of foreign principals" and inserting in lieu thereof "foreign nationals".

(B) The table of sections for chapter 29 of title 18, United States Code, is amended by striking out the item relating to section 613 and inserting in lieu thereof the following:

"613. Contributions by foreign nationals.".

(e)(1) Section 608(g) of title 18, United States Code (as to redesignated by subsection (a) of this section), relating to penalty for violating limitations on contributions and expenditures, is amended by striking out "$1,000" and inserting in lieu thereof "$25,000".

(2) The second paragraph of section 610 of title 18, United States Code, relating to penalties for violating prohibitions against contributions or expenditures by national banks, corporations, or labor organizations, is amended—

(A) by striking out "$5,000" and inserting in lieu thereof "$25,000"; and

(B) by striking out "$10,000" and inserting in lieu thereof "$50,000".

(3) Section 611 of title 18, United States Code (as amended by section 103 of this Act), relating to contributions by firms or individuals contracting with the United States, is amended in the first paragraph thereof by striking out "$5,000" and inserting in lieu thereof "$25,000".

(4) The third paragraph of section 613 of title 18, United States Code (as amended by subsection (d) of this section), relating to contributions by foreign nationals, is amended by striking out "$5,000" and inserting in lieu thereof "$25,000".

(f)(1) Chapter 29 of title 18, United States Code, relating to elections and political activities, is amended by adding at the end thereof the following new section:

"§ 614. Prohibition of contributions in name of another

"(a) No person shall make a contribution in the name of another person, and no person shall knowingly accept a contribution made by one person in the name of another person.

"(b) Any person who violates this section shall be fined not more than $25,000 or imprisoned not more than one year, or both.

"§ 615. Limitation on contributions of currency

"(a) No person shall make contributions of currency of the United States or currency of any foreign country to or for the benefit of any candidate which, in the aggregate, exceed $100, with respect to any campaign of such candidate for nomination for election, or election, to Federal office.

"(b) Any person who violates this section shall be fined not more than $25,000 or imprisoned not more than one year, or both.

"§ 616. Acceptance of excessive honorariums

"Whoever, while an elected or appointed officer or employee of any branch of the Federal Government—

"(1) accepts any honorarium of more than $1,000 (excluding amounts accepted for actual travel and subsistence expenses) for any appearance, speech, or article; or

"(2) accepts honorariums (not prohibited by paragraph (1) of this subsection) aggregating more than $10,000 in any calendar year;

shall be fined not less than $1,000 nor more than $5,000.".

(2) Section 591 of title 18, United States Code, relating to definitions, is amended by striking out the matter preceding paragraph (a) and inserting in lieu thereof the following:

"Except as otherwise specifically provided, when used in this section and in sections 597, 599, 600, 602, 608, 610, 611, 614, and 615 of this title—"

(3) The table of sections for chapter 29 of title 18, United States Code, is amended by adding at the end thereof the following new items:

"614. Prohibition of contributions in name of another.
"615. Limitation on contributions of currency.
"616. Acceptance of excessive honorariums.".

(4) Title III of the Federal Election Campaign Act of 1971 is amended by striking out section 310, relating to prohibition of contributions in the name of another.

DEFINITIONS OF POLITICAL COMMITTEE CONTRIBUTION, EXPENDITURE, AND PRINCIPAL CAMPAIGN COMMITTEE

SEC. 102. (a) Section 591(d) of title 18, United States Code, relating to the definition of political committee, is amended by inserting immediately after "$1,000" the following: ", or which commits any act for the purpose of influencing, directly or indirectly, the nomination for election, or election, of any person to Federal office, except that any communication referred to in paragraph (f)(4) of this section which is not included within the definition of the term 'expenditure' shall not be considered such an act".

(b) Section 591(e)(1) of Title 18, United States Code, relating to the definition of a contribution, is amended by inserting after the word "business" the following ", which shall be considered a loan by each endorser, in that proportion of the unpaid balance thereof that each endorser bears to the total number of endorsers)".

(c) Section 591(e)(5) of title 18, United States Code, relating to an exception to the definition of contribution, is amended by inserting "(A)" immediately after "include" and by inserting immediately before the semicolon at the end thereof the following: ", (B) the use of real or personal property and the cost of invitations, food and beverages, voluntarily provided by an individual to a candidate in rendering voluntary personal services on the individual's residential premises for candidate-related activities, (C) the sale of any food or beverage by a vendor for use in a candidate's campaign at a charge less than the normal comparable charge, if such charge for use in a candidate's campaign is at least equal to the cost of such food or beverage to the vendor, (D) any unreimbursed payment for travel expenses made by an individual who on his own behalf volunteers his personal services to a candidate, or (E) the payment by a State or local committee of a political party of the costs of preparation, display, or mailing or other distribution incurred by such committee with respect to a printed slate card or sample ballot, or other printed listing, of 3 or more candidates for any public office for which an election is held in the State in which such committee is organized, except that this clause shall not apply in the case of costs incurred by such committee with respect to a display of any such listing made on broadcasting stations, or in magazines or other similar types of general public political advertsing (other than newspapers): *Provided*, That the cumulative value of activities by any person on behalf of any candidate under each of clauses (B), (C), or (D) shall not exceed $500 with respect to any election".

(d) Section 591(f) of title 18, United States Code, relating to the definition of expenditure, is amended—

(1) in subparagraph (2) thereof, by striking out "and";

(2) in subparagraph (3) thereof, by inserting "and" immediately after the semicolon; and

(3) by adding at the end thereof the following new subparagraph:

"(4) notwithstanding the foregoing meanings of 'expenditure', such term does not include (A) any news story, commentary, or editorial distributed through the facilities of any broadcasting station, newspaper, magazine, or other periodical publication, unless such facilities are owned or controlled by any political party, political committee, or candidate, (B) nonpartisan activity designed to encourage individuals to register to vote or to vote, (C) any communication by any membership organization or corporation to its members or stockholders, if such membership organization or corporation is not organized primarily for the purpose of influencing the nomination for election, or election, of any person to Federal office, (D) the use of real or personal property and the cost of invitations, food and beverages, voluntarily provided by an individual to a candidate in rendering voluntary personal services on the individual's residential premises for candidate-related activities, (E) any unreimbursed payment for travel expenses made by an individual who on his own behalf volunteers his personal services to a candidate, (F) any communication by any person which is not made for the purpose of influencing the nomination for election, or election, of any person to Federal office, (G) the payment by a State or local committee of a political party of the costs of preparation, display, or mailing or other distribution incurred by such committee with respect to a printed slate card or sample ballot, or other printed listing, of 3 or more candidates for any public office for which an election is held in the State in which such committee is organized, except that this clause shall not apply in the case of costs incurred by such committee with respect to a display of any such listing made on broadcasting stations, or in magazines or other similar types of general public political advertising (other than newspapers), (H) any costs incurred by a candidate (including his principal campaign committee) in connection with the solicitation of contributions by such candidate, except that this clause shall not apply with respect to costs incurred by a candidate (including his principal campaign committee) in excess of an amount equal to 25 per centum of the expenditure limitation applicable to such candidate under section 608(c) of this title, or (I) any costs incurred by a political committee (as such term is defined by section 608(b)(2) of this title) with respect to the solicitation of contributions to such political committee or to any general political fund controlled by such political committee, except that this clause shall not apply to exempt costs incurred with respect to the solicitation of contributions to any such political committee made through broadcasting stations, newspapers, magazines, outdoor advertising facilities, and other similar types of general public political advertising: *Provided*, That the cumulative value of activities by any person on behalf of any candidate under each of clauses (D) or (E) shall not exceed $500 with respect to any election;".

(e) Section 591 of title 18, United States Code, relating to definitions, is amended—

(1) by striking out "and" at the end of paragraph (g);

(2) by striking out the period at the end of paragraph (h) and inserting in lieu thereof "; and "; and

(3) by adding at the end thereof the following new paragraph:

"(i) 'principal campaign committee' means the principal campaign committee designated by a candidate under section 302(f)(1) of the Federal Election Campaign Act of 1971.".

POLITICAL FUNDS OF CORPORATIONS OR LABOR ORGANIZATIONS

SEC. 103. Section 611 of title 18, United States Code, relating to contributions by firms or individuals contracting with the United States, is amended by adding at the end thereof the following new paragraphs:

"This section shall not prohibit or make unlawful the establishment or administration of, or the solicitation of contributions to, any separate segregated fund by any corporation or labor organization for the purpose of influencing the nomination for election, or election, of any person to Federal office, unless the provisions of section 610 of this title prohibit or make unlawful the establishment or administration of, or the solicitation of contributions to, such fund.

"For purposes of this section, the term 'labor organization' has the meaning given it by section 610 of this title.".

EFFECT ON STATE LAW

SEC. 104. (a) The provisions of chapter 29 of title 18, United States Code, relating to elections and political activities, supersede and preempt any provision of State law with respect to election to Federal office.

(b) For purposes of this section, the terms "election", "Federal office", and "State" have the meanings given them by section 591 of title 18, United States Code.

TITLE II—DISCLOSURE OF FEDERAL CAMPAIGN FUNDS

PRINCIPAL CAMPAIGN COMMITTEE

SEC. 201. Section 302 of the Federal Election Campaign Act of 1971, relating to organization of political committees, is amended by striking out subsection (f) and inserting in lieu thereof the following:

"(f)(1) Each individual who is a candidate for Federal office (other than the office of Vice President of the United States) shall designate a political committee to serve as his principal campaign committee. No political committee may be designated as the principal campaign committee of more than one candidate, except that the candidate for the office of President of the United States nominated by a political party may designate the national committee of such political party as his principal campaign committee.

"(2) Except as otherwise provided in section 608(e) of title 18, United States Code, no political committee other than a principal campaign committee designated by a candidate under paragraph (1) may make expenditures on behalf of such candidate.

"(3) Notwithstanding any other provision of this title, each report or statement of contributions received by a political committee (other than a principal campaign committee) which is required to be filed with a supervisory officer under this title shall be filed instead with the principal campaign committee for the candidate on whose behalf such contributions are accepted.

"(4) It shall be the duty of each principal campaign committee to receive all reports and statements required to be filed with it under paragraph (3) of this subsection and to compile and file such reports and statements, together with its own reports and statements, with the appropriate supervisory officer in accordance with the provisions of this title.

"(5) For purposes of paragraphs (1) and (3) of this subsection, the term 'political committee' does not include any political committee which supports more than one candidate, except for the national committee of a political party designated by a candidate for the office of President of the United States under paragraph (1) of this subsection.".

REGISTRATION OF POLITICAL COMMITTEES; STATEMENTS

SEC. 202. Section 303 of the Federal Election Campaign Act of 1971, relating to registration of political committees and statements, is amended by adding at the end thereof the following new subsection:

"(e) In the case of a political committee which is not a principal campaign committee and which does not support more than one candidate, reports and notifications required under this section to be filed with the supervisory officer shall be filed instead with the appropriate principal campaign committee.".

REPORTS BY POLITICAL COMMITTEES AND CANDIDATES

SEC. 203. (a) Section 304(a) of the Federal Election Campaign Act of 1971, relating to reports by political committees and candidates, is amended—

(1) by striking out the second and third sentence and inserting in lieu thereof the following:

"The reports referred to in the preceding sentence shall be filed as follows:

"(A) (i) In any calendar year in which an individual is a candidate for Federal office and an election for such Federal office is held in such year, such reports shall be filed not later than the tenth day before the date on which such election is held and shall be complete as of the fifteenth day before the date of such election; except that any such report filed by registered or certified mail must be postmarked not later than the close of the twelfth day before the date of such election.

"(ii) Such reports shall be filed not later than the thirtieth day after the date of such election and shall be complete as of the twentieth day after the date of such election.

"(B) In any other calendar year in which an individual is a candidate for Federal office, such reports shall be filed after December 31 of such calendar year, but not later than January 31 of the following calendar year and shall be complete as of the close of the calendar year with respect to which the report is filed.

"(C) Such reports shall be filed not later than the tenth day following the close of any calendar quarter in which the candidate or political committee concerned received contributions in excess of $1,000, or made expenditures in excess of $1,000, and shall be complete as of the close of such calendar quarter; except that any such report required to be filed after December 31 of any calendar year with respect to which a report is required to be filed under subparagraph (B) shall be filed as provided in such subparagraph.

"(D) When the last day for filing any quarterly report required by subparagraph (C) occurs within 10 days of an election, the filing of such quarterly report shall be waived and superseded by the report required by subparagraph (A) (i).

Any contribution of $1,000 or more received after the fifteenth day, but more than 48 hours, before any election shall be reported within 48 hours after its receipt."; and

(2) by striking out "Each" at the beginning of the first sentence of such section 304 (a) and inserting in lieu thereof "(1) Except as provided by paragraph (2), each", and by adding at the end thereof the following new paragraph:

"(2) Each treasurer of a political committee which is not a principal campaign committee and which does not support more than one candidate shall file the reports required under this section with the appropriate principal campaign committee.".

(b) (1) Section 304(b) (8) of the Federal Election Campaign Act of 1971, relating to reports by political committees and candidates, is amended by inserting immediately before the semicolon at the end thereof the following: ", together with total receipts less transfers between political committees which support the same candidate and which do not support more than one candidate".

(2) Section 304(b) (11) of the Federal Election Campaign Act of 1971, relating to reports by political committees and candidates, is amended by inserting immediately before the semicolon at the end thereof the following: ", together with total expenditures less transfers between political committees which support the same candidate and which do not support more than one candidate".

FORMAL REQUIREMENTS FOR REPORTS AND STATEMENTS

SEC. 204. Section 306 of the Federal Election Campaign Act of 1971, relating to formal requirements respecting reports and statements, is amended by adding at the end thereof the following new subsection:

"(e) If a report or statement required by section 303, 304(a) (1) (A) (ii), 304(a) (1) (B), or 304(a) (1) (C) of this title to be filed by a treasurer of a political committee or by a candidate, or if a report required by section 305 of this title to be filed by any other person, is delivered by registered or certified mail, to the appropriate supervisory officer or principal campaign committee with whom it is required to be filed, the United States postmark stamped on the cover of the envelope or other container in which such report or statement is so mailed shall be deemed to be the date of filing.".

DUTIES OF THE SUPERVISORY OFFICER

SEC. 205. (a) (1) Section 308(a) of the Federal Election Campaign Act of 1971, relating to duties of the supervisory officer, is amended by striking out paragraphs (6), (7), (8), (9), and (10), and by redesignating paragraphs (11), (12), and (13) as paragraphs (8), (9), and (10), respectively, and by inserting immediately after paragraph (5) the following new paragraphs:

"(6) to compile and maintain a cumulative index of reports and statements filed with him, which shall be published in the Federal Register at regular intervals and which shall be available for purchase directly or by mail for a reasonable price;

"(7) to prepare and publish from time to time special reports listing those candidates for whom reports were filed as required by this title and those candidates for whom such reports were not filed as so required;".

(2) Notwithstanding section 308(a) (7) of the Federal Election Campaign Act of 1971 (relating to an annual report by the supervisory officer), as in effect on the day before the effective date of the amendments made by paragraph (1) of this subsection, no such annual report shall be required with respect to any calendar year beginning after December 31, 1972.

(b) (1) Section 308(a) (10) of the Federal Election Campaign Act of 1971 (as so redesignated by subsection (a) of this section), relating to the prescription of rules and regulations, is amended by inserting before the period at the end thereof the following: ", in accordance with the provisions of subsection (b) and (c)"

(2) Section 308 of such Act, relating to duties of the supervisory officer, is amended—

(A) by striking out subsection (b) and (c); and

(B) by inserting immediately after subsection (a) the following new subsection (b) and (c)

"(b) (1) The supervisory officer, before prescribing any rule or regulation under this section, shall transmit a statement with respect to such rule or regulation to the Senate or the House of Representatives, as the case may be, in accordance with the provisions of this subsection. Such statement shall set forth the proposed rule or regulation and shall contain a detailed explanation and justification of such rule or regulation.

"(2) If the appropriate body of the Congress which receives a statement from the supervisory officer under this subsection does not, through appropriate action, disapprove the proposed rule or regulation set forth in such statement no later than 30 legislative days after receipt of such statement, then the supervisory officer may prescribe such rule or regulation. In the case of any rule or regulation proposed to deal with reports or statements required to be filed under this title by a candidate for the office of President, and by political committees supporting such a candidate both the Senate and the House of Representatives shall have the power to disapprove such proposed rule or regulation. The supervisory officer may not prescribe any rule or regulation which is disapproved under this paragraph.

"(3) If the supervisory officer proposes to prescribe any rule or regulation dealing with reports or statements required to be filed under this title by a candidate for the office of Senator and by political committees supporting such candidate he shall transmit such statement to the Senate. If the supervisory officer proposes to prescribe any rule or regulation dealing with reports or statements required to be filed under this title by a candidate for the office of Representative or by political committees supporting such candidate, he shall transmit such statement to the House of Representatives. If the supervisory officer proposes to prescribe any rule or regulation dealing with reports or statements required to be filed under this title by a candidate for the office of President and by political committees supporting such candidate he shall transmit such statement to the House of Representatives and the Senate.

"(4) For the purposes of this subsection, the term 'legislative days' does not include, with respect to statements transmitted to the Senate, any calendar day on which the Senate is not in session, and with respect to statements transmitted to the House of Representatives, any calendar day on which the House of Representatives is not in session and with respect to statements transmitted to both such bodies any calendar day on which both Houses of the Congress are not in session.".

(c)(1) The supervisory officer shall prescribe suitable rules and regulations to carry out the provisions of this title, including such rules and regulations as may be necessary to require that—

"(A) reports and statements required to be filed under this title by a candidate for the office of Representative in, or Delegate or Resident Commissioner to, the Congress of the United States, and by political committees supporting such candidate, shall be received by the Clerk of the House of Representatives as custodian for the Board:

"(B) reports and statements required to be filed under this title by a candidate for the Office of Senator, and by political committees supporting such candidate, shall be received by the Secretary of the Senate as csutodian for the Board; and

"(C) the Clerk of the House of Representatives, and the Secretary of the Senate, as custodians for the Board, each shall make the reports and statements received by him available for public inspection and copying in accordance with paragraph (4) of subsection a, and preserve such reports and statements in accordance with paragraph (5) of subsection (a).".

(2) It shall be the duty of the Clerk of the House of Representatives and the Secretary of the Senate to cooperate with the Board of Supervisory Officers in carrying out its duties under the Federal Election Campaign Act of 1971 and to furnish such services and facilities as may be required in accordance with this section.

DEFINITIONS OF POLITICAL COMMITTEE, CONTRIBUTION, EXPENDITURE, AND SUPERVISORY OFFICER

SEC. 206. (a)(1) Section 301 of the Federal Election Campaign Act of 1971, relating to definitions, is amended by striking out the matter preceding paragraph (a) and inserting in lieu thereof the following:

"SEC. 301. When used in this title and in title IV of this Act—".

(2) Section 401 of the Federal Election Campaign Act of 1971, relating to extension of credit by regulated industries, is amended by striking out "(as such term is defined in section 301(c) of the Federal Election Campaign Act of 1971)".

(3) Section 402 of the Federal Election Campaign Act of 1971, relating to prohibition against use of certain Federal funds for election activities, is amended by striking out the last sentence.

(b) Section 301(d) of the Federal Election Campaign Act of 1971, relating to the definition of political committee, is amended by inserting immediately after "$1,000" the following: ", or which commits any act for the purpose of influencing, directly or indirectly, the nomination for election, or election of any person to Federal office, except that any communication referred to in section 301(f)(4) of this Act which is not included within the definition of the term 'expenditure' shall not be considered such an act".

(c) Section 301(e)(5) of the Federal Election Campaign Act of 1971, relating to an exception to the definition of contribution, is amended by inserting "(A)" immediately after "include" and by inserting immediately before the semicolon at the end thereof the following: ", (B) the use of real or personal property and the cost invitations, food and beverages, voluntarily provided by an individual to a candidate in rendering voluntary personal services on the individual's residential premises for candidate-related activities, (C) the sale of any food or beverage by a vendor for use in a candidate's campaign at a charge less than the normal comparable charge, if such charge for use n a candidate's campaign is at least equal to he cost of such food or beverage to the vendor, (D) any unremibursed purchase or other payment by an individual for travel expenses with respect to the rendering of voluntary personal services by such individual to any candidate or political committee, or (E) the payment by a State or local committee of a political party of the costs of preparation, display, or mailing or other distribution incurred by such committee with respect to a printed slate card or sample ballot, or other printed listing, of 3 or more candidates for any public office for which an election is held in the State in which such committee is organized, except that this clause shall not apply in the case of costs incurred by such committee with respect to a display of any such listing made on broadcasting stations, or in magazines or other similar types of general public political advertising (other than newspapers): *Provided*, That the cumulative value of activities by any person on behalf of any candidate under each of clauses (B), (C), or (D) shall not exceed $500 with respect to any election".

(d) Section 301(f) of the Federal Election Campaign Act of 1971, relating to the definition of expenditure, is amended—

(1) in subparagraph (2) thereof, by striking out "and";

(2) in subparagraph (3) thereof, by inserting "and" immediately after the semicolon; and

(3) by adding at the end thereof the following new subparagraph:

"(4) notwithstanding the foregoing meanings of 'expenditure', such term does not include (A) any news story, commentary, or editorial distributed through the facilities of any broadcasting station, newspaper, magazine, or other periodical publication, unless such facilities are owned or controlled by any political party, political committee, or candidate, (B) nonpartisan activity designed to encourage individuals to register to vote or to vote, (C) any communication by any membership organization or corporation to its members or stockholders, if such membership organization or corporation is not organized primarily for the purpose of influencing the nomination for election, or election, of any person to Federal office, (D) the use of real or personal property and the cost of invitations, food and beverages, voluntarily provided by an individual to a candidate in rendering voluntary personal services on the individual's residential premises for candidate-related activities, (E) any unreimbursed purchase or other payment by any individual for travel expenses with respect to the rendering of voluntary services by such individual to any candidate or political committee, (F) any communication by any person which is not made for the purpose of influencing the nomination for election, or election, of any person to Federal office, or (G) the payment by a State or local committee of a political party of the costs of preparation, display, or mailing or other distribution incurred by such committee with respect to a printed slate card or sample ballot, or other printed listing, of three or more candidates for any public office for which an election is held in the State in which such committee is organized, except that this clause shall not apply in the case of costs incurred by such committee with respect to a display of any such listing made on broadcasting stations, or in magazines or other similar types of general public political advertising (other than newspapers): *Provided,* That the cumulative value of activities by any person on behalf of any candidate under each of clauses (D) or (E) shall not exceed $500 with respect to any election;".

(e) Section 301(g) of the Federal Election Campaign Act of 1971, relating to the definition of supervisory officer, is amended to read as follows:

"(g) 'supervisory officer' means the Board of Supervisory Officers established by section 308(a)(1).".

(f) Section 301 of the Federal Election Campaign Act of 1971, relating to definitions, is amended—

(1) by striking out "and" at the end of paragraph (h);

(2) by striking out the period at the end of paragraph (i) and inserting in lieu thereof a semicolon; and

(3) by adding at the end thereof the following new paragraphs:

"(j) 'principal campaign committee' means the principal campaign committee designated by a candidate under section 302(f)(1); and

"(k) 'Board means the Board of Supervisory Officers established by section 308(a)(1).".

BOARD OF SUPERVISORY OFFICERS

SEC. 207. (a) Title III of the Federal Election Campaign Act of 1971, relating to disclosure of Federal campaign funds, is amended by redesignating section 311 as section 314; by redesignating sections 308 and 309 as sections 311 and 312, respectively; and by inserting immediately after section 307 the following new sections:

"BOARD OF SUPERVISORY OFFICERS

"SEC. 308. (a)(1) There is hereby established the Board of Supervisory Officers, which shall be composed of the Clerk of the House and the Secretary of the Senate who shall serve without the right to vote and 4 members as follows:

"(A) two individuals appointed by the President of the Senate, upon the recommendations of the majority leader of the Senate and the minority leader of the Senate; and

"(B) two individuals appointed by the Speaker of the House of Representatives, upon the recommendations of the majority leader of the House and the minority leader of the House.

Of each class of two members appointed under subparagraphs (A) and (B), not more than one shall be appointed from the same political party. An individual appointed to fill a vacancy occurring other than by the expiration of a term of office shall be appointed only for the unexpired term for the member he succeeds. Any vacancy occurring in the membership of the Board shall be filled in the same manner as in the case of the original appointment. Members of the Board appointed under subparagraphs (A) and (B)—

'(i) shall be chosen from among individuals who are not officers or employees in the executive, legislative, or judicial branch of the Government of the United States (including elected and appointed officials);

"(ii) shall be chosen on the basis of their maturity, experience, integrity, impartiality, and good judgment;

"(iii) shall serve for terms of 4 years, except that, of the members first appointed under subparagraph (A), one shall be appointed for a term of 1 year and one shall be appointed for a term of 3 years and, of the members first appointed under subparagraph (B), one shall be appointed for a term of 2 years; and

"(iv) shall receive compensation equivalent to the compensation paid at level IV of the Federal Executive Salary Schedule (5 U.S.C. 5315).

"(2) Notwithstanding any other provision of law, it shall be the duty of the Board to supervise the administration of, seek to obtain compliance with, and formulate overall policy with respect to, this title, title I of this Act, and sections 608, 610, 611, 613, 614, 615, and 616 of title 18, United States Code.

"(b) Members of the Board shall alternate in serving as Chairman of the Board. The term of each Chairman shall be one year.

"(c) All decisions of the Board with respect to the exercise of its duties and powers under the provisions of this title shall be made by majority vote of the members of the Board. A member of the Board may not delegate to any person his vote or any decisionmaking authority or duty vested in the Board by the provisions of this title.

"(d) The Board shall meet at the call of any member of the Board, except that it shall meet at least once each month.

"(e) The Board shall prepare written rules for the conduct of its activities.

"(f) (1) The Board shall have a Staff Director and a General Counsel who shall be appointed by the Board. The Staff Director shall be paid at a rate not to exceed the rate of basic pay in effect for level IV of the Executive Schedule (5 U.S.C. 5315). The General Counsel shall be paid at a rate not to exceed the rate of basic pay in effect for level V of the Executive Schedule (5 U.S.C. 5316). With the approval of the Board, the Staff Director may appoint and fix the pay of such additional personnel as he considers desirable. Not less than 30 per centum of the additional personnel appointed by the Staff Director shall be selected as follows:

"(A) one-half from among individuals recommended by the minority leader of the Senate; and

"(B) one-half from among individuals recommended by the minority leader of the House of Representatives.

"(2) With the approval of the Board, the Staff Director may procure temporary and intermittent services to the same extent as is authorized by section 3109(b) of title 5, United States Code, but at rates for individuals not to exceed the daily equivalent of the annual rate of basic pay in effect for grade GS-15 of the General Schedule (5 U.S.C. 5332).

"POWERS OF THE BOARD

"SEC. 409. (a) The Board shall have the power—

"(1) to formulate general policy with respect to the administration of this title, title I of this Act, and sections 608, 610, 611, 613, 614, 615, and 616 of title 18, United States Code;

"(2) to oversee the development of prescribed forms under section 311(a) (1);

"(3) to review rules and regulations prescribed under section 104 of this Act or under this title to assure their consistency with the law and to assure that such rules and regulations are uniform, to the extent practicable;

"(4) to render advisory opinions under section 313;

"(5) to expeditiously conduct investigations and hearings, to encourage voluntary compliance, and to report apparent violations to the appropriate law enforcement authorities;

"(6) to administer oaths or affirmations;

"(7) to require by subpena, signed by the Chairman, the attendance and testimony of witnesses and the production of documentary evidence relevant ot any investigation or hearing conducted by the Board under section 311(c); and

"(8) to pay witnesses the same fees and mileage as are paid in like circumstances in the courts of the United States.

"(b) Any district court of the United States, within the jurisdiction of which any inquiry is carried on, may, upon petition by the Board, in case of refusal to obey a subpena of the Board issued under subsection (a) (7), issue an order requiring compliance with such subpena. Any failure to obey the order of such district court may be punished by such district court as a contempt thereof.

"REPORTS

"SEC. 310. The Board shall transmit reports to the President of the United States and to each House of the Congress no later than March 31 of each year. Each such report shall contain a detailed statement with respect to the activities of the Board in carrying out its duties under this title, together with recommendations for such legislative or other action as the Board considers appropriate.".

(b) (1) Section 311(c) (1) of such Act (as so redesignated by subsection (a) (1) of this section and by section 205(b) (2) of this Act), relating to duties of the supervisory officer, is amended to read as follows:

"(c) (1) (A) Any person who believes a violation of this title, title I of this Act, or section 608, 610, 611, 613, 614, 615, or 616 of title 18, United States Code, has occurred may file a complaint with the Board.

"(B) The Clerk of the House of Representatives, the Secretary of the Senate, or any other person receiving reports and statements as custodian for the Board who has reason to believe a violation of this title, title I of this Act, or section 608, 610, 611, 613, 614, 615, or 616 of title 18, United States Code, has occurred shall refer such apparent violation to the Board.

"(C) The Board, upon receiving any complaint under subparagraph (A) or referral under subparagraph (B), or if it has reason to believe that any person has committed a violation of any such provision, shall notify the person involved of such apparent violation and shall—

"(i) report such apparent violation to the Attorney General; or

"(ii) make an investigation of such apparent violation.

"(D) Any investigation under subparagraph (C) (ii) shall be conducted expeditiously and shall include an investigation of reports and statements filed by any complainant with respect to the apparent violation involved, if such complainant is a candidate. Any notification or investigation made under subparagraph (C) shall not be made public by the Board or by any other person without the written consent of the person receiving such notification or the person with respect to whom such investigation is made.

"(E) The Board shall, at the request of any person who receives notice of an apparent violation under subparagraph (C), conduct a hearing with respect to such apparent violation.

"(F) If the Board shall determine, after any investigation under subparagraph (C) (ii), that there is reason to believe that there has been an apparent violation of this title, title I of this Act, or section 608, 610, 611, 613, 614, 615, or 616 of title 18, United States Code, the Board shall endeavor to correct any such apparent violation by informal methods of conference, conciliation, and persuasion.

"(G) The Board shall refer apparent violations to the appropriate law enforcement authorities if the Board is unable to correct such apparent violations, or if the Board determines that any such referral is appropriate.

"(H) Whenever in the judgment of the Board, after affording due notice and an opportunity for a hearing, any person has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of any provision of this title, title I of this Act, or section 608, 610, 611, 613, 614, 615, or 616 of title 18, United States Code, the Attorney General on behalf of the United States shall institute a civil action for relief, including a permanent or temporary injunction, restraining order, or any other appropriate order in the district court of the United States for the district in which the person is found, resides, or transacts business. Upon a proper showing that such person has engaged or is about to engage in such acts or practices, a permanent or temporary injunction, restraining order, or other order shall be granted without bond by such court.".

(2) Section 311 of such Act (as so redesignated by subsection (a) (1) of this section), relating to the duties of the supervisory officer, is amended by adding at the end thereof the following new subsection:

"(d) In any case in which the Board refers an apparent violation to the Attorney General, the Attorney General shall respond by report to the Board with respect to any action taken by the Attorney General regarding such apparent violation. Each such report shall be transmitted no later than 60 days after the date the Board refers any apparent violation, and at the close of every 30-day period thereafter until there is final disposition of such apparent violation. The Board may from time to time prepare and publish reports on the status of such referrals.".

(3) The heading of section 311 of such Act (as so redesignated by subsection (a) (1) of this section) is amended to read as follows:

"DUTIES OF THE SUPERVISORY OFFICER; INVESTIGATIONS BY THE BOARD".

(c) Title III of the Federal Election Campaign Act of 1971, relating to disclosure of Federal campaign funds, is amended by adding at the end thereof the following new sections:

"JUDICIAL REVIEW

"SEC. 315. (a) The Board, the supervisory officers, the national committee of any political party, and any individual eligible to vote in any election for the office of President of the United States are authorized to institute such actions in the appropriate district court of the United States, including actions for declaratory judgment or injunctive relief, as may be appropriate to implement or construe any provision of this title, title I of this Act, or section 608, 610, 611, 613, 614, 615, or 616 of title 18, United States Code. The district court immediately shall certify all questions of constitutionality of this title, title I of this Act, or section 608, 610, 611, 613, 614, 615, or 616 of title 18, United States Code, to the United States court of appeals for the circuit involved, which shall hear the matter sitting en banc.

"(b) Notwithstanding any other provision of law, any decision on a matter certified under subsection (a) shall be reviewable by appeal directly to the Supreme Court of the United States. Such appeal shall be brought no later than 20 days after the decision of the court of appeals.

"(c) It shall be the duty of the court of appeals and of the Supreme Court of the United States to advance on the docket and to expedite to the greatest possible extent the disposition of any matter certified under subsection (a).

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 316. Notwithstanding any other provision of law, there are authorized to be appropriated to the Board such sums as may be necessary to enable it to carry out its duties under this Act.".

ADVISORY OPINIONS

SEC. 208. Title III of the Federal Election Campaign Act of 1971, relating to disclosure of Federal campaign funds, is amended by inserting immediately after section 312 (as so redesignated by section 207(a) (1) of this Act), the following new section:

"ADVISORY OPINIONS

"SEC. 313. (a) Upon written request to the Board by any individual holding Federal office, any candidate for Federal office, or any political committee, the Board shall render an advisory opinion, in writing, within a reasonable time with respect to whether any specific transaction or activity by such individual, candidate, or political committee would constitute a violation of this title, title I of this Act, or section 608, 610, 611, 613, 614, 615, or 616 of title 18, United States Code.

"(b) Notwithstanding any other provision of law, any person with respect to whom an advisory opinion is rendered under subsection (a) who acts in good faith in accordance with the provisions and findings of such advisory opinion shall be presumed to be in compliance with the provision of this title, title I of this Act, or section 608, 610, 611, 613, 614, 615, or 616 of title 18, United States Code, with respect to which such advisory opinion is rendered.

"(c) Any request made under subsection (a) shall be made public by the Board. The Board shall, before rendering an advisory opinion with respect to such request, provide any interested party with an opportunity to transmit written comments to the Board with rspect to such request.".

TITLE III—GENERAL PROVISIONS

EFFECT ON STATE LAW

Sec. 301. Section 403 of the Federal Election Campaign Act of 1971, relating to effect on State law, is amended to read as follows:

"EFFECT ON STATE LAW

"Sec. 403. The provisions of this Act, and of rules prescribed under this Act, supersede and preempt any provision of State law with respect to election to Federal office.".

PERIOD OF LIMITATIONS; ENFORCEMENT

Sec. 302. Title IV of the Federal Election Campaign Act of 1971, relating to general provisions, is amended by redesignating section 406 as section 408 and by inserting immediately after section 405 the following new sections:

"PERIOD OF LIMITATIONS

"Sec. 406. (a) No person shall be prosecuted, tried, or punished for any violation of title I of this Act, title III of this Act, or section 608, 610, 611, 613, 614, 615, or 616 of title 18, United States Code, unless the indictment is found or the information is instituted within 3 years after the date of the violation.

"(b) Notwithstanding any other provision of law—

"(1) the period of limitation referred to in subsection (a) shall apply with respect to violations referred to in such subsection committed before, on, or after the effective date of this section; and

"(2) no person shall be prosecuted, tried, or punished for any act or omission which was a violation of any provision of title I of this Act, title III of this Act, or section 608, 610, 611, or 613 of title 18, United States Code, as in effect on the day before the effective date of the Federal Election Campaign Act Amendments of 1974, if such act or omission does not constitute a violation of any such provision, as amended by the Federal Election Campaign Act Amendments of 1974. Nothing in this subsection shall affect any proceeding pending in any court of the United States on the effective date of this section.

"ENFORCEMENT

"Sec. 407. (a) In any case in which the Board of Supervisory Officers, after notice and opportunity for a hearing on the record in accordance with section 554 of title 5, United States Code, makes a finding that a person who, while a candidate for Federal office, failed to file a report required by title III of this Act, and such finding is made before the expiration of the time within which the failure to file such report may be prosecuted as a violation of such title III, such person shall be disqualified from becoming a candidate in any future election for Federal office for a period of time beginning on the date of such finding and ending one year after the expiration of the term of the Federal office for which such person was a candidate.

"(b) Any finding by the Board under subsection (a) shall be subject to judicial review in accordance with the provisions of chapter 7 of title 5, United States Code.".

TITLE IV—AMENDMENTS TO OTHER LAWS; EFFECTIVE DATES

POLITICAL ACTIVITIES BY STATE AND LOCAL OFFICERS AND EMPLOYEES

Sec. 401. (a) Section 1502(a)(3) of title 5, United States Code (relating to influencing elections, taking part in political campaigns, prohibitions, exceptions), is amended to read as follows:

"(3) be a candidate for elective office.".

(b)(1) Section 1503 of title 5, United States Code, relating to nonpartisan political activity, is amended to read as follows:

"§ 1503. Nonpartisan candidacies permitted

"Section 1502(a)(3) of this title does not prohibit any State or local officer or employee from being a candidate in any election if none of the candidates is to be nominated or elected at such election as representing a party any of whose candidates for Presidential elector received votes in the last preceding election at which Presidential electors were selected.".

(2) The table of sections for chapter 15 of title 5, United States Code, is amended by striking out the item relating to section 1503 and inserting in lieu thereof the following new item:

"1503. Nonpartisan candidacies permitted.".

(c) Section 1501 of title 5, United States Code, relating to definitions, is amended—

(1) by striking out paragraph (5);

(2) in paragraph (3) thereof, by inserting "and" immediately after "Federal Reserve System;" and

(3) in paragraph (4) thereof, by striking out "; and" and inserting in lieu thereof a period.

REPEAL OF COMMUNICATIONS MEDIA EXPENDITURE LIMITATIONS

Sec. 402. (a)(1) Title I of the Federal Election Campaign Act of 1971, relating to campaign communications, is amended by striking out section 104 and by redesignating sections 105 and 106 as sections 104 and 105, respectively.

(2) Section 104 of such Act (as so redesignated by paragraph (1) of this subsection), relating to regulations, is amended by striking out ", 103(b), 104(a), and 104(b)" and inserting in lieu thereof "and 103(b)".

(b) Section 102 of the Federal Election Campaign Act of 1971, relating to definitions, is amended by striking out paragraphs (1), (2), (5), and (6), and by redesignating paragraphs (3) and (4) as paragraphs (1) and (2), respectively.

(c)(1) Section 315 of the Communications Act of 1934 (relating to candidates for public office, facilities, rules) is amended by striking out subsections (c), (d), and (e), and by redesignating subsections (f) and (g) as subsections (c) and (d), respectively.

(2) Section 315(c) of such Act (as so redesignated by paragraph (1) of this subsection), relating to definitions, is amended to read as follows:

"(c) For purposes of this section—

"(1) the term 'broadcasting station' includes a community antenna television system; and

"(2) the terms 'licensee' and 'station licensee' when used with respect to a community antenna television system, mean the operator of such system.".

APPROPRIATIONS TO CAMPAIGN FUND

Sec. 403. Section 9006(a) of the Internal Revenue Code of 1954 (relating to establishment of campaign fund) is amended—

(1) by striking out "as provided by appropriation Acts" and inserting in lieu thereof "from time to time"; and

(2) by adding at the end thereof the following new sentence: "There is appropriated to the fund for each fiscal year, out of amounts in the general fund of the Treasury not otherwise appropriated, an amount equal to the amounts so designated during each fiscal year, which shall remain available to the fund without fiscal year limitation.".

ENTITLEMENTS OF ELIGIBLE CANDIDATES TO PAYMENTS FROM PRESIDENTIAL ELECTION CAMPAIGN FUND

Sec. 404. (a) Subsection (a)(1) of section 9004 of the Internal Revenue Code of 1954 (relating to entitlement of eligible candidates to payments) is amended to read as follows:

"(1) The eligible candidates of each major party in a presidential election shall be entitled to equal payments under section 9006 in an amount which, in the aggregate, shall not exceed $20,000,000."

(b)(1) Subsection (a)(2)(A) of section 9004 of such Code (relating to entitlement of eligible candidates to payments) is amended by striking out "computed" and inserting in lieu thereof "allowed".

(2) The first sentence of subsection (a)(3) of section 9004 of such Code (relating to entitlement of eligible candidates to payments) is amended by striking out "computed" and inserting in lieu thereof "allowed".

(c)(1) Section 9002(1) of the Internal Revenue Code of 1954 (relating to the definition of "authorized committee") is amended to read as follows:

"(1) The term 'authorized committee' means, with respect to the candidates of a political party for President and Vice President of the United States, the political committee designated under section 302(f)(1) of the Federal Election Campaign Act of 1971 by the candidate of a political party for President of the United States as his principal campaign committee.".

(2) Section 9002(11) of such Code (relating to the definition of "qualified campaign expense") is amended—

(A) in subparagraph (A)(iii) thereof, by striking out "an" and inserting in lieu thereof "the";

(B) in the second sentence thereof, by striking out "an" and inserting in lieu thereof "his"; and

(C) in the third sentence thereof, by striking out "an" and inserting in lieu thereof "the".

(3) Section 9003(b) of such Code (relating to major parties) is amended—

(A) by striking out "committees" each place it appears therein and inserting in lieu thereof at each such place "committee"; and

(B) by striking out "any of" each place it appears therein.

(4) Section 9003(c) of such Code (relating to minor and new parties) is amended by striking out "committees" each place it appears therein and inserting in lieu thereof at each such place "committee".

(5) Section 9004(b) of such Code (relating to limitations) is amended by striking out "committees" each place it appears therein and inserting in lieu thereof at each such place "committee".

(6) Section 9004(c) of such Code (relating to restrictions) is amended by striking out "committees" each place it appears therein and inserting in lieu thereof at each such place "committee".

(7) Section 9007(b)(2) of such Code (relating to repayments) is amended by striking out "committees" and inserting in lieu thereof "committee".

(8) Section 9007(b)(3) of such Code (relating to repayments) is amended by striking out "any" and inserting in lieu thereof "the".

(9) Subsections (a) and (b) of section 9012 of such Code (relating to excess expenses and contributions, respectively), as amended by sections 406(b)(2) and (3) of this Act, are each amended by striking out "any of his authorized committees" each place it appears and inserting in lieu thereof

at each such place "his authorized committee".

CERTIFICATION FOR PAYMENT BY COMPTROLLER GENERAL

SEC. 405. (a) Section 9005(a) of the Internal Revenue Code of 1954 (relating to initial certifications for eligibility for payments) is amended to read as follows:

"(a) INITIAL CERTIFICATION.—Not later than 10 days after the candidates of a political party for President and Vice President of the United States have met all applicable conditions for eligibility to receive payments under this chapter set forth in section 9003, the Comptroller General shall certify to the Secretary for payment to such eligible candidates under section 9006 payment in full of amounts to which such candidates are entitled under section 9004.".

(b) Section 9003(a) of such Code (relating to general conditions for eligibility for payments) is amended—

(1) by striking out "with respect to which payment is sought" in paragraph (1) and inserting in lieu thereof "of such candidates";

(2) by inserting "and" at the end of paragraph (2);

(3) by striking out ", and" at the end of paragraph (3) and inserting in lieu thereof a period; and

(4) by striking out paragraph (4).

FINANCING OF PRESIDENTIAL NOMINATING CONVENTIONS

SEC. 406. (a) Chapter 95 of subtitle H of the Internal Revenue Code of 1954 (relating to the presidential election campaign fund) is amended by striking out section 9008 (relating to information on proposed expenses) and inserting in lieu thereof the following new section:

"Sec. 9008. Payments for Presidential nominating conventions.

"(a) ESTABLISHMENT OF ACCOUNTS.—The Secretary shall maintain in the fund, in addition to any account which he maintains under section 9006(a), a separate account for the national committee of each major party and minor party. The Secretary shall deposit in each such account an amount equal to the amount which each such committee may receive under subsection (b). Such deposits shall be drawn from amounts designated by individuals under section 6096 and shall be made before any transfer is made to any account for any eligible candidate under section 9006(a).

"(b) ENTITLEMENT TO PAYMENTS FROM THE FUND.—

"(1) MAJOR PARTIES.—Subject to the provisions of this section, the national committee of a major party shall be entitled to payments under paragraph (3), with respect to any presidential nominating convention, in amounts which, in the aggregate, shall not exceed $2,000,000.

"(2) MINOR PARTIES.—Subject to the provisions of this section, the national committee of a minor party shall be entitled to payments under paragraph (3), with respect to any presidential nominating convention, in amounts which, in the aggregate, shall not exceed an amount which bears the same ratio to the amount the national committee of a major party is entitled to receive under paragraph (1) as the number of popular votes received by the candidate for President of the minor party, as such candidate, in the preceding presidential election bears to the average number of popular votes received by the candidates for President of the major parties in the preceding presidential election.

"(3) PAYMENTS.—Upon receipt of certification from the Comptroller General under subsection (g), the Secretary shall make payments from the appropriate account maintained under subsection (a) to the national committee of a major party or minor party which elects to receive its entitlement under this subsection. Such payments shall be available for use by such committee in accordance with the provisions of subsection (c).

"(4) LIMITATION.—Payments to the national committee of a major party or minor party under this subsection from the account designated for such committee shall be limited to the amounts in such account at the time of payment.

"(c) USE OF FUNDS.—No part of any payment made under subsection (b) shall be used to defray the expenses of any candidate or delegate who is participating in any presidential nominating convention. Such payments shall be used only—

"(1) to defray expenses incurred with respect to a presidential nominating convention (including the payment of deposits) by or on behalf of the national committee receiving such payments; or

"(2) to repay loans the proceeds of which were used to defray such expenses, or otherwise to restore funds (other than contributions to defray such expenses received by such committee) used to defray such expenses.

"(d) LIMITATION OF EXPENDITURES.—

"(1) MAJOR PARTIES.—Except as provided by paragraph (3), the national committee of a major party may not make expenditures with respect to a presidential nominating convention which, in the aggregate, exceed the amount of payments to which such committee is entitled under subsection (b)(1).

"(2) MINOR PARTIES.—Except as provided by paragraph (3), the national committee of a minor party may not make expenditures with respect to a presidential nominating convention which, in the aggregate, exceed the amount of the entitlement of the national committee of a major party under subsection (b)(1).

"(3) EXCEPTION.—The Presidential Election Campaign Fund Advisory Board may authorize the national committee of a major party or minor party to make expenditures which, in the aggregate, exceed the limitation established by paragraph (1) or paragraph (2) of this subsection. Such authorization shall be based upon a determination by such Board that, due to extraordinary and unforseen circumstances, such expenditures are necessary to assure the effective operation of the presidential nominating convention by such committee.

"(e) AVAILABILITY OF PAYMENTS.—The national committee of a major party or minor party may receive payments under subsection (b)(3) beginning on July 1 of the calendar year immediately preceding the calendar year in which a presidential nominating convention of the political party involved is held.

"(f) TRANSFER TO THE FUND.—If, after the close of a presidential nominating convention and after the national committee of the political party involved has been paid the amount which it is entitled to receive under this section, there are moneys remaining in the account of such national committee, the Secretary shall transfer the moneys so remaining to the fund.

"(g) CERTIFICATION BY COMPTROLLER GENERAL.—Any major party or minor party may file a statement with the Comptroller General in such form and manner and at such times as he may require, designating the national committee of such party. Such statement shall include the information required by section 303(b) of the Federal Election Campaign Act of 1971, together with such additional information as the Comptroller General may require. Upon receipt of a statement filed under the preceding sentences, the Comptroller General promptly shall verify such statement according to such procedures and criteria as he may establish and shall certify to the Secretary for payment in full to any such committee of amounts to which such committee may be entitled under subsection (b). Such certifications shall be subject to an examination and audit which the Comptroller General shall conduct no later than December 31 of the calendar year in which the presidential nominating convention involved is held.

"(h) REPAYMENTS.—The Comptroller General shall have the same authority to require repayments from the national committee of a major party or minor party as he has with respect to repayments from any eligible candidate under section 9007(b). The provisions of section 9007(c) and section 9007(d) shall apply with respect to any repayment required by the Comptroller General under this subsection.".

(b)(1) Section 9009(a) of such Code (relating to reports) is amended by striking out "and" in paragraph (2) thereof; by striking out the period at the end of paragraph (3) thereof and inserting in lieu thereof "; and"; and by adding at the end thereof the following new paragraphs:

"(4) the expenses incurred by the national committee of a major party or minor party with respect to a presidential nominating convention;

"(5) the amounts certified by him under section 9008(g) for payment to each such committee; and

"(6) the amount of payments, if any, required from such committees under section 9008(h), and the reasons for each such payment.".

(2) The heading for section 9012(a) of such Code (relating to excess expenses) is amended by striking out "CAMPAIGN".

(3) Section 9012(a)(1) of such Code (relating to excess expenses) is amended by adding at the end thereof the following new sentence: "It shall be unlawful for the national committee of a major party or minor party knowingly and willfully to incur expenses with respect to a presidential nominating convention in excess of the expenditure limitation applicable with respect to such committee under section 9008(d), unless the incurring of such expenses is authorized by the Presidential Election Campaign Fund Board under section 9008(d)(3).".

(4) Section 9012(c) of such Code (relating to unlawful use of payments) is amended by redesignating paragraph (2) as paragraph (3) and by inserting immediately after paragraph (1) the following new paragraph:

"(2) It shall be unlawful for the national committee of a major party or minor party which receives any payment under section 9008(b)(3) to use, or authorize the use of, such payment for any purpose other than a purpose authorized by section 9008(c).".

(5) Section 9012(e)(1) of such Code (relating to kickback and illegal payments) is amended by adding at the end thereof the following new sentence: "It shall be unlawful for the national committee of a major party or minor party knowingly and willfully to give or accept any kickback or any illegal payment in connection with any expense incurred by such committee with respect to a presidential nominating convention.".

(6) Section 912(e)(3) of such Code (relating to kickbacks and illegal payments) is amended by inserting immediately after "their authorized committees" the following: ", or in connection with any expense incurred by the national committee of a major party or minor party with respect to a presidential nominating convention.".

(c) The table of sections for chapter 95 of subtitle H of such Code (relating to the presidential election campaign fund) is amended by striking out the item relating to section 9008 and inserting in lieu thereof the following new item:

"Sec. 9008. Payments for presidential nominating conventions.".

(d) Section 276 of such Code (relating to certain indirect contributions to political parties) is amended by striking out subsection (c) and by redesignating subsection (d) as subsection (c).

TAX RETURNS BY POLITICAL COMMITTEES

SEC. 407. Section 6012(a) of the Internal Revenue Code fo 1954 (relating to persons required to make returns of income) is amended by adding at the end thereof the following new sentence: "The Secretary or his delegate shall, by regulation, exempt from the requirement of making returns under this section any political committee (as defined in section 301(d) of the Federal Election Campaign Act of 1971) having no gross income for the taxable year.".

PRESIDENTIAL PRIMARY MATCHING PAYMENT ACCOUNT

SEC. 408. (a) The analysis of subtitles at the beginning of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following:

"SUBTITLE H. Financing of presidential election campaigns.".

(b) The analysis of chapters at the beginning of subtitle H of such Code is amended by adding at the end thereof the following:

"CHAPTER 97. Presidential Primary Matching Payment Account."

(c) Subtitle H of such Code is amended by adding at the end thereof the following new chapter:

"CHAPTER 97—PRESIDENTIAL PRIMARY MATCHING PAYMENT ACCOUNT

"Sec. 9031. Short title.
"Sec. 9032. Definitions.
"Sec. 9033. Eligibility for payment.
"Sec. 9034. Entitlement of eligible candidates to payments.
"Sec. 9035. Qualified campaign expense limiitation.
"Sec. 9036. Certification by Comptroller General.
"Sec. 9037. Payments to eligible candidates.
"Sec. 9038. Examinations and audits; repayments.
"Sec. 9039. Reports to Congress; regulations.
"Sec. 9040. Participation of Comptroller General in judicial proceedings.
"Sec. 9041. Judicial review.
"Sec. 9042. Criminal penalties.

"SEC. 9031. SHORT TITLE.

"This chapter may be cited as the 'Presidential Primary Matching Payment Account Act'.

"SEC. 9032. DEFINITIONS.

"For purposes of this chapter—

"(1) The term 'authorized committee' means, with respect to the candidates of a political party for President and Vice President of the United States, the political committee designated under section 302(f)(1) of the Federal Election Campaign Act of 1971 by the candidate of a political party for President of the United States as his principal campaign committee.

"(2) The term 'candidate' means an individual who seeks nomination for election to be President of the United States. For purposes of this paragraph, an individual shall be considered to seek nomination for election if he (A) takes the action necessary under the law of a State to qualify himself for nomination for election, (B) receives contributions or incurs qualified campaign expenses, or (C) gives his consent for any other person to receive contributions or to incur qualified campaign expenses on his behalf.

"(3) The term 'Comptroller General' means the Comptroller General of the United States.

"(4) Except as provided by section 9034(a), the term 'contribution'—

"(A) means a gift, subscription, loan, advance, or deposit of money, or anything of value, the payment of which was made on or after the beginning of the calendar year immediately preceding the calendar year of the presidential election with respect to which such gift, subscription, loan, advance, or deposit of money, or anything of value, is made, for the purpose of influencing the result of a primary election,

"(B) means a contract, promise, or agreement, whether or not legally enforceable, to make a contribution for any such purpose,

"(C) means a transfer of funds between political committees, and

"(D) means the payment by any person other than a candidate, or his authorized committee, of compensation for the personal services of another person which are rendered to the candidate or committee without charge, but

"(E) does not include—

"(i) except as provided in subparagraph (D), the value of personal services rendered to or for the benefit of a candidate by an individual who receives no compensation for rendering such service to or for the benefit of the candidate, or

"(ii) payments under section 9037.

"(5) The term 'matching payment account' means the Presidential Primary Matching Payment Account established under section 9037(a).

"(6) The term 'matching payment period' means the period beginning with the beginning of the calendar year in which a general election for the office of President of the United States will be held and ending on the date on which the national convention of the party whose nomination a candidate seeks nominates its candidate for the office of President of the United States.

"(7) The term 'primary election' means an election, including a runoff election or a nominating convention or caucus held by a political party, for the selection of delegates to a national nominating convention of a political party, or for the expression of a preference for the nomination of persons for election to the office of President of the United States.

"(8) The term 'political committee' means any individual, committee, association, or organization (whether or not incorporated) which accepts contributions or incurs qualified campaign expenses for the purpose of influencing, or attempting to influence, the nomination of any person for election to the office of President of the United States.

"(9) The term 'qualified campaign expense' means a purchase, payment, distribution, loan, advance, deposit, or gift of money or of anything of value—

"(A) incurred by a candidate, or by his authorized committee, in connection with his campaign for nomination for election, and

"(B) neither the incurring nor payment of which constitutes a violation of any law of the United States or of the State in which the expense is incurred or paid.

For purposes of this paragraph, an expense is incurred by a candidate or by an authorized committee if it is incurred by a person specifically authorized in writing by the candidate or committee, as the case may be, to incur such expense on behalf of the candidate or the committee.

"(10) The term 'State' means each State of the United States and the District of Columbia.

"SEC. 9033. ELIGIBILITY FOR PAYMENTS.

"(a) CONDITIONS.—To be eligible to receive payments under section 9037, a candidate shall, in writing—

"(1) agree to obtain and furnish to the Comptroller General any evidence he may request of qualified campaign expenses,

"(2) agree to keep and furnish to the Comptroller General any records, books, and other information he may request, and

"(3) agree to an audit and examination by the Comptroller General under section 9038 and to pay any amounts required to be paid under such section.

"(b) EXPENSE LIMITATION; DECLARATION OF INTENT; MINIMUM CONTRIBUTIONS.—To be eligible to receive payments under section 9037, a candidate shall certify to the Comptroller General that—

"(1) the candidate and his authorized committee will not incur qualified campaign expenses in excess of the limitation on such expenses under section 9035,

"(2) the candidate is seeking nomination by a political party for election to the office of President of the United States,

"(3) the candidate has received contributions which, in the aggregate, exceed $5,000 in contributions from residents of each of at least 20 States, and

"(4) the aggregate of contributions received from any person under paragraph (3) does not exceed $250.

"SEC. 9034. ENTITLEMENT OF ELIGIBLE CANDIDATES TO PAYMENTS.

"(a) IN GENERAL.—Every candidate who is eligible to receive payments under section 9033 is entitled to payments under section 9037 in an amount equal to the amount of each contribution received by such candidate on or after the beginning of the calendar year immediately preceding the calendar year of the presidential election with respect to which such candidate is seeking nomination, or by his authorized committee, disregarding any amount of contributions from any person to the extent that the total of the amounts contributed by such person on or after the beginning of such preceding calendar year exceeds $250. For purposes of this subsection and section 9033(b), the term 'contribution' means a gift of money made by a written instrument which identifies the person making the contribution by full name and mailing address, but does not include a subscription, loan, advance, or deposit of money, or anything described in subparagraph (B), (C), or (D) of section 9032(4).

"(b) LIMITATIONS.—The total amount of payments to which a candidate is entitled under subsection (a) shall not exceed 50 percent of the expenditure limitation established by section 608(c)(1)(A) of title 18, United States Code.

"SEC. 9035. QUALIFIED CAMPAIGN EXPENSE LIMITATION.

"No candidate shall knowingly incur qualified campaign expenses in excess of the expenditure limitation established by section 608(c)(1)(A) of title 18, United States Code.

"SEC. 9036. CERTIFICATION BY COMPTROLLER GENERAL.

"(a) INITIAL CERTIFICATIONS.—Not later than 10 days after a candidate establishes his eligibility under section 9033 to receive payments under section 9037, the Comptroller General shall certify to the Secretary for payment to such candidate under section 9037 payment in full of amounts to which such candidate is entitled under section 9034.

"(b) FINALITY OF DETERMINATIONS.—Initial certifications by the Comptroller General under subsection (a), and all determinations made by him under this chapter, are final and conclusive, except to the extent that they are subject to examination and audit by the Comptroller General under section 9038 and judicial review under section 9041.

"SEC. 9037. PAYMENTS TO ELIGIBLE CANDIDATES.

"(a) ESTABLISHMENT OF ACCOUNT.—The Secretary shall maintain in the Presidential Election Campaign Fund established by section 9006(a), in addition to any account which he maintains under such section, a separate account to be known as the Presidential Primary Matching Payment Account. The Secretary shall deposit into the matching payment account, for use by the candidate of any political party who is eligible to receive payments under section 9033, the amount available after the Secretary determines that amounts for payments under section 9006(c) and for payments under section 9007(b)(3) are available for such payments.

"(b) PAYMENTS FROM THE MATCHING PAYMENT ACCOUNT.—Upon receipt of a certification from the Comptroller General under section 9036, but not before the beginning of the matching payment period, the Secretary or his delegate shall promptly transfer the amount certified by the Comptroller General from the matching payment account to the candidate. In making such transfers to candidates of the same political party, the Secretary or his delegate shall seek to achieve an equitable distribution of funds available under subsection (a), and the Secretary or his delegate shall take into account, in seeking to achieve an equitable distribution, the sequence in which such certifications are received. Transfers to candidates of the same political party may not exceed an amount which is equal to 45 percent of the total amount available in the matching payment account, and transfers to any candidate may not exceed an amount which is equal to 25 percent of the total amount available in the matching payment account.

"SEC. 9038. EXAMINATIONS AND AUDITS; REPAYMENTS.

"(a) EXAMINATIONS AND AUDITS.—After each matching payment period, the Comptroller General shall conduct a thorough examination and audit of the qualified campaign expenses of every candidate and his authorized committee who received payments under section 9037.

"(b) REPAYMENTS.—

"(1) If the Comptroller General determines that any portion of the payments made to a candidate from the matching payment account was in excess of the aggregate amount of payments to which such candidate was entitled under section 9034, he shall notify the candidate, and the candidate shall pay to the Secretary or his delegate an amount equal to the amount of excess payments.

"(2) If the Comptroller General determines that any amount of any payment made to a candidate from the matching payment account was used for any purpose other than—

"(A) to defray the qualified campaign expenses with respect to which such payment was made, or

"(B) to repay loans the proceeds of which were used, or otherwise to restore funds (other than contributions to defray qualified campaign expenses which were received and expended) which were used, to defray qualified campaign expenses, he shall notify such candidate of the amount so used, and the candidate shall pay to the Secretary or his delegate an amount equal to such amount.

"(3) Amounts received by a candidate from the matching payment account may be retained for the liquidation of all obligations to pay qualified campaign expenses incurred for a period not exceeding 6 months after the end of the matching payment period. After all obligations have been liquidated, that portion of any unexpended balance remaining in the candidate's accounts which bears the same ratio to the total unexpended balance as the total amount received from the matching payment account bears to the total of all deposits made into the candidate's accounts shall be promptly repaid to the matching payment account.

"(c) NOTIFICATION.—No notification shall be made by the Comptroller General under subsection (b) with respect to a matching payment period more than 3 years after the end of such period.

"(d) DEPOSIT OF REPAYMENTS.—All payments received by the Secretary or his delegate under subsection (b) shall be deposited by him in the matching payment account.

"SEC. 9039. REPORTS TO CONGRESS; REGULATIONS.

"(a) REPORTS.—The Comptroller General shall, as soon as practicable after each matching payment period, submit a full report to the Senate and House of Representatives setting forth—

"(1) the qualified campaign expenses (shown in such detail as the Comptroller General determines necessary) incurred by the candidates of each political party and their authorized committees,

"(2) the amounts certified by him under section 9036 for payment to each eligible candidate, and

"(3) the amount of payments, if any, required from candidates under section 9038, and the reasons for each payment required.

Each report submitted pursuant to this section shall be printed as a Senate document.

"(b) REGULATIONS, ETC.—The Comptroller General is authorized to prescribe rules and regulations in accordance with the provisions of subsection (c), to conduct examinations and audits (in addition to the examinations and audits required by section 9038 (a)), to conduct investigations, and to require the keeping and submission of any books, records, and information, which he determines to be necessary to carry out his responsibilities under this chapter.

"(c) REVIEW OF REGULATIONS.—

"(1) The Comptroller General, before prescribing any rule or regulation under subsection (b), shall transmit a statement with respect to such rule or regulation to the Committee on Rules and Administration of the Senate and to the Committee on House Administration of the House of Representatives, in accordance with the provisions of this subsection. Such statement shall set forth the proposed rule or regulation and shall contain a detailed explanation and justification of such rule or regulation.

"(2) If either such committee does not, through appropriate action, disapprove the proposed rule or regulation set forth in such statement no later than 30 legislative days after receipt of such statement, then the Comptroller General may prescribe such rule or regulation. The Comptroller General may not prescribe any rule or regulation which is disapproved by either such committee under this paragraph.

"(3) For purposes of this subsection, the term 'legislative days' does not include any calendar day on which both Houses of the Congress are not in session.

"SEC. 9040. PARTICIPATION BY COMPTROLLER GENERAL IN JUDICIAL PROCEEDINGS.

"(a) APPEARANCE BY COUNSEL.—The Comptroller General is authorized to appear in and defend against any action instituted under this section, either by attorneys employed in his office or by counsel whom he may appoint without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and whose compensation he may fix without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title.

"(b) RECOVERY OF CERTAIN PAYMENTS.—The Comptroller General is authorized, through attorneys and counsel described in subsection (a), to institute actions in the district courts of the United States to seek recovery of any amounts determined to be payable to the Secretary or his delegate as a result of an examination and audit made pursuant to section 9038.

"(c) INJUNCTIVE RELIEF.—The Comptroller General is authorized, through attorneys and counsel described in subsection (a), to petition the courts of the United States for injunctive relief as is appropriate to implement any provision of this chapter.

"(d) APPEAL.—The Comptroller General is authorized on behalf of the United States to appeal from, and to petition the Supreme Court for certiorari to review, judgments, or decrees entered with respect to actions in which he appears pursuant to the authority provided in this section.

"SEC. 9041. JUDICIAL REVIEW.

"(a) REVIEW OF AGENCY ACTION BY THE COMPTROLLER GENERAL.—Any agency action by the Comptroller General made under the provisions of this chapter shall be subject to review by the United States Court of Appeals for the District of Columbia Circuit upon petition filed in such court within 30 days after the agency action by the Comptroller General for which review is sought.

"(b) REVIEW PROCEDURES.—The provisions of chapter 7 of title 5, United States Code, apply to judicial review of any agency action, as defined in section 551(13) of title 5, United States Code, by the Comptroller General.

"SEC. 9042. CRIMINAL PENALTIES,

"(a) EXCESS CAMPAIGN EXPENSES.—Any person who violates the provisions of section 9035 shall be fined not more than $25,000, or imprisoned not more than 5 years, or both. Any officer or member of any political committee who knowingly consent to any expenditure in violation of the provisions of section 9035 shall be fined not more than $25,000, or imprisoned not more than 5 years, or both.

"(b) UNLAWFUL USE OF PAYMENTS.—

"(1) It is unlawful for any person who receives any payment under section 9037, or to whom any portion of any such payment is transferred, knowingly and willfully to use, or authorize the use of, such payment or such portion for any purpose other than—

"(A) to defray qualified campaign expenses, or

"(B) to repay loans the proceeds of which were used, or otherwise to restore funds (other than contributions to defray qualified campaign expenses which were received and expended) which were used, to defray qualified campaign expenses.

"(2) Any person who violates the provisions of paragraph (1) shall be fined not more than $10,000, or imprisoned not more than 5 years, or both.

"(c) FALSE STATEMENTS, ETC.—

"(1) It is unlawful for any person knowingly and willfully—

"(A) to furnish any false, fictitious, or fraudulent evidence, books, or information to the Comptroller General under this chapter, or to include in any evidence, books, or information so furnished any misrepresentation of a material fact, or to falsify or conceal any evidence, books, or information relevant to a certification by the Comptroller General or an examination and audit by the Comptroller General under this chapter, or

"(B) to fail to furnish to the Comptroller General any records, books, or information requested by him for purposes of this chapter.

"(2) Any person who violates the provisions of paragraph (1) shall be fined not more than $10,000, or imprisoned not more than 5 years, or both.

"(d) KICKBACKS AND ILLEGAL PAYMENTS.—

"(1) It is unlawful for any person knowingly and willfully to give or accept any kickback or any illegal payment in connection with any qualified campaign expense of a candidate, or his authorized committee, who receives payments under section 9037.

"(2) Any person who violates the provisions of paragraph (1) shall be fined not more than $10,000, or imprisoned not more than 5 years, or both.

"(3) In addition to the penalty provided by paragraph (2), any person who accepts any kickback or illegal payment in connection with any qualified campaign expense of a candidate or his authorized committee shall pay to the Secretary for deposit in the matching payment account, an amount equal to 125 percent of the kickback or payment received.".

REVIEW OF REGULATIONS

SEC. 409. (a) Section 9009 of the Internal Revenue Code of 1954 (relating to reports to Congress; regulations) is amended by adding at the end thereof the following new subsection:

"(c) REVIEW OF REGULATIONS.—

"(1) The Comptroller General, before prescribing any rule or regulation under subsection (b), shall transmit a statement with respect to such rule or regulation to the Committee on Rules and Administration of the Senate and to the Committee on House Administration of the House of Representatives, in accordance with the provisions of this subsection. Such statement shall set forth the proposed rule or regulation and shall contain a detailed explanation and justification of such rule or regulation.

"(2) If either such committee does not, through appropriate action, disapprove the proposed rule or regulation set forth in such statement no later than 30 legislative days after receipt of such statement; then the Comptroller General may prescribe such rule or regulation. The Comptroller General may not prescribe any rule or regulation which is disapproved by either such committee under this paragraph.

"(3) For purposes of this subsection, the term 'legislative days' does not include any calendar day on which both Houses of the Congress are not in session.".

(b) Section 9009(b) of such Code (relating to regulations, etc.) is amended by inserting "in accordance with the provisions of subsection (c)" immediately after "regulations".

EFFECTIVE DATES

SEC. 410. (a) Except as provided by subsection (b), the foregoing provisions of this Act shall become effective 30 days after the date of the enactment of this Act.

(b)(1) The amendments made by sections 403, 404, 405, 406, 408, and 409 shall apply with respect to taxable years beginning after December 31, 1973.

(2) The amendment made by section 407 shall apply with respect to taxable years beginning after December 31, 1971.

The motion was agreed to.

The Senate bill was ordered to be read a third time, was read the third time, and passed.

The title was amended so as to read: "To impose overall limitations on campaign expenditures and political contributions; to provide that each candidate for Federal office shall designate a principal campaign committee; to provide for a single reporting responsibility with respect to receipts and expenditures by certain political committees; to change the times for the filing of reports regarding campaign expenditures and political contributions; to provide for public financing of Presidential nominating conventions and Presidential primary elections; and for other purposes."

A motion to reconsider was laid on the table.

A similar House bill (H.R. 16090) was laid on the table.

GENERAL LEAVE

Mr. HAYS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Mark, one of his secretaries, who also informed the House that on August 7, 1974, the President approved and signed a bill of the House of the following title:

H.R. 8217. An act to exempt from duty certain equipment and repairs for vessels operated by or for any agency of the United States where the entries were made in connection with vessels arriving before January 5, 1971, and for other purposes.

PRESS ABSENT DURING DEBATE ON ELECTION REFORM

(Mr. HAYS asked and was given permission to address the House for 1 minute.)

Mr. HAYS. Mr. Speaker, I just think it is worthy to note in the RECORD that when this bill was passed, there were more than 400 Members on the floor of the House and nobody was in the press gallery, after all the nasty things that the press has been saying about me in particular, the committee in general, and the Members of the House for not having passed campaign reform before this.

APPOINTMENT OF CONFEREES ON S. 3698, TO AMEND THE ATOMIC ENERGY ACT OF 1954

Mr. PRICE of Illinois. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 3698) to enable Congress to concur in or disapprove certain international agreements for peaceful cooperation, and agree to the conference asked by the Senate.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois? The Chair hears none and appoints the following conferees: Messrs. PRICE of Illinois, HOLIFIELD, McCORMACK, HOSMER, and HANSEN of Idaho.

ADJOURNMENT TO 11 A.M. FRIDAY, AUGUST 9, 1974

Mr. O'NEILL. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 a.m., on tomorrow.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

DEPARTMENT OF AGRICULTURE, ENVIRONMENTAL PROTECTION AGENCY AND CERTAIN RELATED AGENCIES APPROPRIATIONS, 1975—VETO MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 93-331)

The SPEAKER laid before the House the following veto message from the President of the United States:

To the House of Representatives:

The pressing need to control inflation compels me today to return to the Congress without my approval H.R. 15472, an appropriations bill for the Department of Agriculture, the Environmental Protection Agency and certain related agencies and programs.

Two weeks ago, I vowed to the American people that any appropriations bill substantially above my budget for fiscal year 1975 would be vetoed because it would otherwise contribute to inflationary forces in the economy. This legislation exceeds my budgetary recommendations by such a large amount—some $540 million—that it presents a clear and distinct threat to our fight against inflation and cannot be accepted.

Under this legislation, outlays for fiscal year 1975 would exceed our recommendations by $150 million in fiscal year 1975, $300 million in fiscal year 1976, and by additional amounts in fiscal year 1977. Water and sewer grants for the Department of Agriculture would be authorized at a level of about $345 million, a level more than eight times higher than any level in the past. Funding for agricultural conservation programs would be more than doubled, completely reversing recent efforts of this Administration to reform these programs. Furthermore, this bill would increase certain loan programs operated by the Department of Agriculture by $400 million more than we recommended, an increase which would further strain already over-stressed credit markets and would add to inflationary pressures.

I also oppose a provision in this bill transferring from the Department of Housing and Urban Development to EPA a $175 million program to clean up the Great Lakes. The feasibility of this cleanup program has not yet been proven. Further study is essential if we are to avoid ineffective Federal spending for these purposes.

My original budget recommendations to the Congress laid out program priorities as we see them in the executive branch. While differences have frequently existed between the Congress and the executive branch on priorities for particular programs, I firmly believe that our current fiscal situation demands national unanimity on the issues of a larger concern: namely, that we agree to enact appropriation bills which do not fuel the fires of inflation through excessive spending.

I would welcome Congressional reconsideration of this bill and the program priorities contained therein so that a more acceptable bill can be enacted. In keeping Federal spending under control, we do not intend, of course, to single out only farm or environmental programs. Indeed, I would hope that in considering all future appropriation measures, the Congress will assiduously avoid enacting measures which pose inflationary problems similar to the bill I am returning today.

RICHARD NIXON.

THE WHITE HOUSE, *August 8, 1974.*

The SPEAKER. The objections of the President will be spread at large upon the Journal and the message and bill will be printed as a House document.

POSTPONING CONSIDERATION OF VETO MESSAGE UNTIL THURSDAY, AUGUST 22, 1974

Mr. O'NEILL. Mr. Speaker, I ask unanimous consent that further proceedings on the President's message be put over until Thursday, August 22, 1974.

The SPEAKER pro tempore (Mr. McFall). Is there objection to the request of the gentleman from Massachusetts?

Mr. GROSS. Mr. Speaker, reserving the right to object—and I shall not object—did the gentleman say that there were two bills tomorrow, or are there three bills?

Mr. O'NEILL. No, there will be two bills tomorrow.

Mr. GROSS. There will be only two bills tomorrow?

Mr. O'NEILL. Only two bills on the program, yes. They are the two bills I mentioned. The third bill that would have been on the calendar is put over until next Wednesday.

Mr. GROSS. I thank the gentleman.

Mr. O'NEILL. Mr. Speaker, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Massachusetts.

Mr. O'NEILL. Mr. Speaker, with regard to the request I have made, may I say that I am making this unanimous-consent request at the request of the chairman of the Subcommittee on Appropriations for Agriculture. This has been agreed to by his counterpart on the committee, the minority leadership on the other side of the aisle.

Mr. GROSS. Mr. Speaker, does the gentleman have any idea when this veto message will come up?

Mr. O'NEILL. They have asked, and I am doing this, as I say, at the request of the leadership on the gentleman's side of the aisle. The chairman of the Subcommittee on Appropriations on Agriculture and his counterpart want to have an opportunity to study the whole matter. They asked for the date of Thursday, August 22. Whether it will come up at that time, or be further postponed, or whether it will be recommitted to the committee I have no knowledge at this time.

Mr. GROSS. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

CONFERENCE REPORT ON H.R. 15405, DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS, 1975

Mr. O'NEILL (on behalf of Mr. McFall) filed the following conference report and statement on the bill (H.R. 15405) making appropriations for the Department of Transportation and related agencies for the fiscal year ending June 30, 1975, and for other purposes:

Conference Report (H. Rept. No. 93-1270)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 15405) "making appropriations for the Department of Transportation and Related Agencies for the fiscal year ending June 30, 1975, and for other purposes," having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 2, 5, 10, 11, 12, and 34.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 4, 19, 21, 22, 31, 33, and 35, and agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$618,144,448"; and the Senate agree to the same.

Amendment numbered 6: That the House recede from its disagreement to the amendment of the Senate numbered 6, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$1,375,500,000"; and the Senate agree to the same.

Amendment numbered 7: That the House recede from its disagreement to the amendment of the Senate numbered 7, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$12,250,000"; and the Senate agree to the same.

Amendment numbered 9: That the House recede from its disagreement to the amendment of the Senate numbered 9, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$60,000,000"; and the Senate agree to the same.

Amendment numbered 13: That the House recede from its disagreement to the amendment of the Senate numbered 13, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$5,700,000"; and the Senate agree to the same.

Amendment numbered 14: That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$129,200,000"; and the Senate agree to the same.

Amendment numbered 15: That the House recede from its disagreement to the amendment of the Senate numbered 15, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$30,600,000"; and the Senate agree to the same.

Amendment numbered 17: That the House recede from its disagreement to the amendment of the Senate numbered 17, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$11,000,000"; and the Senate agree to the same.

Amendment numbered 20: That the House recede from its disagreement to the amendment of the Senate numbered 20, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$4,575,840,000"; and the Senate agree to the same.

Amendment numbered 23: That the House recede from its disagreement to the amendment of the Senate numbered 23, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$73,445,000"; and the Senate agree to the same.

Amendment numbered 24: That the House recede from its disagreement to the amendment of the Senate numbered 24, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$29,130,000"; and the Senate agree to the same.

Amendment numbered 25: That the House recede from its disagreement to the amendment of the Senate numbered 25, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$34,800,000"; and the Senate agree to the same.

Amendment numbered 27: That the House recede from its disagreement to the amendment of the Senate numbered 27, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$6,250,000"; and the Senate agree to the same.

Amendment numbered 32: That the House recede from its disagreement to the amendment of the Senate numbered 32, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$45,000,000"; and the Senate agree to the same.

Amendment numbered 36: That the House recede from its disagreement to the amendment of the Senate numbered 36, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$1,445,250,000"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 8, 16, 18, 26, 28, 29, and 30.

John J. McFall,
Sidney Yates,
Tom Steed,
Julia Butler Hansen,
Edward P. Boland,
George Mahon,
Silvio O. Conte,
(except I do not agree with positions of conferees on amendments 29 and 30).
William Minshall,
Jack Edwards,
(except I do not agree with positions of conferees on amendments 36, 30 and 29).
E. A. Cederberg,
Managers on the Part of the House.

Robert C. Byrd,
John McClellan,
Warren Magnuson,
John O. Pastore,
Alan Bible,
Mike Mansfield,
Thomas F. Eagleton,
Clifford P. Case,
Milton R. Young,
Norris Cotton,
Ted Stevens,
Charles McC. Mathias, Jr.,
Richard Schweiker,
Managers on the Part of the Senate.

Joint Explanatory Statement of the Committee of Conference

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 15405) making appropriations for the Department of Transportation and related agencies for the fiscal year ending June 30, 1975, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

TITLE I—DEPARTMENT OF TRANSPORTATION

Office of the Secretary

Amendment No. 1: Appropriates $31,000,000 for salaries and expenses as proposed by the Senate instead of $31,300,000 as proposed by the House.

Under the conference agreement, 42 new positions are provided.

The conferees direct the Department to seek specific separate legislation before the end of this fiscal year to clarify the functions, powers, and duties of the Transportation Systems Acquisition Review Council.

Amendment No. 2: Appropriates $28,000,000 for transportation planning, research, and development as proposed by the House instead of $32,500,000 as proposed by the Senate.

Coast Guard

Amendment No. 3: Appropriates $618,144,448 for operating expenses instead of $617,579,448 as proposed by the House and $620,444,448 as proposed by the Senate.

The conference agreement includes funds for the New York and New Orleans vessel traffic systems and full-scale air patrols for oil pollution detection as proposed by the Senate.

Amendment No. 4: Appropriates $112,307,000 for acquisition, construction, and improvements as proposed by the Senate instead of $111,307,000 as proposed by the House.

Amendment No. 5: Deletes the $10,000,000 appropriation proposed by the Senate for pollution fund. The conferees expect the Coast Guard to spend what is needed for pollution clean-up and to seek additional funding when it becomes necessary.

Federal Aviation Administration

Amendment No. 6: Appropriates $1,375,500,000 for operations instead of $1,363,000,000 as proposed by the House and $1,379,500,000 as proposed by the Senate.

The conference agreement provides for a total staffing level of 729 positions for the administration of airports program as proposed by the Senate.

Amendment No. 7: Appropriates $12,250,000 for facilities, engineering, and development instead of $12,000,000 as proposed by the House and $12,500,000 as proposed by the Senate.

Amendment No. 8: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment to appropriate $235,521,000 for facilities and equipment instead of $241,100,000 as proposed by the House and $242,221,000 as proposed by the Senate. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The conferees feel that there are sufficient unobligated funds under this appropriation to procure the equipment required to properly train air traffic controllers, if the Federal Aviation Administration determines that this is a high priority requirement.

The conferees reiterate the position expressed in previous years that the installation of an instrument landing system at Morristown, New Jersey, Airport is not intended and shall not be used as an argument for the expansion of that airport against the wishes of the communities concerned.

Amendment No. 9: Appropriates $60,000,000 for research, engineering, and development instead of $55,000,000 as proposed by the House and $70,000,000 as proposed by the Senate. The Conference agreement includes the full amounts requested for the microwave landing system, advanced radar beacon system, and wake vortex research.

Amendment No. 10: Deletes language proposed by the Senate for grants-in-aid for airport planning.

Amendment No. 11: Appropriates $280,000,000 for grants-in-aid for airports as proposed by the House instead of $284,500,000 as proposed by the Senate.

Amendment No. 12: Deletes language proposed by the Senate earmarking $4,500,000 of the appropriation for grants-in-aid for airports for airport planning grants.

Amendment No. 13: Appropriates $5,700,000 for construction, National Capital Airports instead of $4,200,000 as proposed by the House and $7,200,000 as proposed by the Senate. The conferees have approved the project to enlarge the jet ramp at Dulles International Airport and expect the Federal Aviation Administration to utilize existing unobligated funds, if necessary, to complete the project.

Federal Highway Administration

Amendment No. 14: Limits general operating expenses to $129,200,000 instead of $127,200,000 as proposed by the House and $131,200,000 as proposed by the Senate.

Amendment No. 15: Provides that $30,600,000 of the limitation on general operating expenses is to remain available until expended instead of $28,600,000 as proposed by the House and $32,600,000 as proposed by the Senate.

Amendment No. 16: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment to appropriate $3,000,000 for rail crossings-demonstration projects instead of $6,000,000 as proposed by the Senate. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

In view of the seriousness of the rail-highway crossing problem, the conferees urge the Department of Transportation to seek a modification of the original legislative authorization to expedite the implementation of this program.

Amendment No. 17: Provides $11,000,000 for railroad-highway crossings demonstration projects instead of $8,000,000 as proposed by the House and $15,500,000 as proposed by the Senate.

Amendment No. 18: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate to insert the words "by transfer".

Amendment No. 19: Appropriates $5,000,000 for Alaska Highway as proposed by the Senate.

Amendment No. 20: Appropriates $4,575,840,000 for Federal-aid highways (liquidation of contract authorization) instead of $4,573,840,000 as proposed by the House and $4,577,840,000 as proposed by the Senate.

Amendments Nos. 21 and 22: Appropriate $1,600,000 for the Baltimore-Washington Parkway as proposed by the Senate instead of $4,000,000 as proposed by the House.

National Highway Traffic Safety Administration

Amendment No. 23: Appropriates $73,445,000 for traffic and highway safety instead of $71,350,000 as proposed by the House and $80,040,000 as proposed by the Senate.

The conference agreement contains no funds for the crash recorder program. The Committee intends to request an evaluation of this program by the Office of Technology Assessment.

Amendment No. 24: Provides that $29,130,000 of the appropriation for traffic and highway safety shall be derived from the Highway Trust Fund instead of $27,380,000 as proposed by the House and $32,870,000 as proposed by the Senate.

Amendment No. 25: Provides that $34,800,000 of the appropriation for traffic and highway safety shall remain available until expended instead of $33,705,000 as proposed by the House and $36,605,000 as proposed by the Senate.

Federal Railroad Administration

Amendment No. 26: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment to appropriate $135,000,000 for grants to the National Railroad Passenger Corporation instead of $143,00,000 as proposed by the Senate. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Amendment No. 27: Appropriates $6,250,000 for payment to the Alaska Railroad Revolving Fund instead of $4,000,000 as proposed by the House and $6,500,000 as proposed by the Senate.

Urban Mass Transportation Administration

Amendment No. 28: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment to appropriate $6,000,000 for administrative expenses and to exempt the appropriations for Coast Guard, operating expenses; Coast Guard, retired pay; Federal Aviation Administration, operations; National Transportation Safety Board, salaries and expenses; Civil Aeronautics Board, salaries and expenses; Civil Aeronautics Board, payments to air carriers; and Interstate Commerce Commission, salaries and expenses; and all limitations in the bill from the 3½ percent across the board reduction proposed by the Senate. The amendment will also provide for an additional reduction of $6,000,000 in the appropriation for Darien Gap Highway. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Amendment No. 29: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment to appropriate $45,130,000 for research, development, and demonstrations and university research and training instead of $51,130,000 as proposed by the House and $58,750,000 as proposed by the Senate. The conference agreement includes $500,000 for the Haddonfield project. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Amendment No. 30: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment to earmark $41,880,000 of the appropriation for research, development, and demonstrations and university research and training for research, development, and demonstrations instead of $47,880,000 as proposed by the House and $55,500,000 as proposed by the Senate. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

TITLE II

Related Agencies

Civil Aeronautics Board

Amendment No. 31: Appropriates $67,728,000 for payments to air carriers as proposed by the Senate instead of $69,828,000 as proposed by the House.

TITLE III

General Provisions

Amendment No. 32: Limits obligations for highway beautification to $45,000,000 instead of $40,000,000 as proposed by the House and $50,000,000 as proposed by the Senate.

Amendment No. 33: Deletes language proposed by the House which would have prohibited the use of funds for incentive grants for mandatory seat belt legislation.

Amendment No. 34: Limits obligations for state and community highway safety and highway-related safety grants to $100,000,000 as proposed by the House instead of $121,000,000 as proposed by the Senate.

Amendment No. 35: Substitutes the language "the Urban Mass Transportation Act of 1964, as amended," as proposed by the Senate for the language "Urban Mass Transportation Fund" as proposed by the House.

Amendment No. 36: Limits commitments for the Urban Mass Transportation Act of 1964, as amended, to $1,445,250,000 instead of $1,321,750,000 as proposed by the House and $1,708,870,000 as proposed by the Senate. The breakdown of the conference agreement is as follows:

Capital facilities grants	$1,350,000,000
Technical studies	36,620,000
Research	49,630,000
Administrative expenses	9,000,000

Conference Totals—With Comparisons

The total new budget (obligational) authority for the fiscal year 1975 recommended by the committee of conference, with comparisons to the fiscal year 1974 amount, the 1975 budget estimate, and the House and Senate bills follow:

New budget (obligational) authority, fiscal year 1974	[1] $3,196,760,006
Budget estimates of new (obligational) authority, fiscal year 1975	[2] 3,545,003,552
House bill, fiscal year 1975	[3] 3,182,239,000
Senate bill, fiscal year 1975	[4] 3,288,946,775
Conference agreement	[4] 3,288,504,000
Conference agreement compared with:	
New budget (obligational) authority, fiscal year 1974	+91,743,994
Budget estimates of new (obligational) authority, fiscal year 1975	−256,499,552
House bill, fiscal year 1975	+106,265,000
Senate bill, fiscal year 1975	−442,775

FOOTNOTES

[1] Includes $90,360,000 advance fiscal year 1975 appropriation for Washington Metropolitan Area Transit Authority.

[2] Includes $68,024,000 advance fiscal year 1976 appropriation for Washington Metropolitan Area Transit Authority.

[3] Includes $52,724,000 advance fiscal year 1976 appropriation for Washington Metropolitan Area Transit Authority.

[4] Includes $50,879,000 advance fiscal year 1976 appropriation for Washington Metropolitan Area Transit Authority.

JOHN J. MCFALL,
SIDNEY YATES,
TOM STEED,
JULIA BUTLER HANSEN,
EDWARD P. BOLAND,
GEORGE MAHON,
SILVIO O. CONTE,
(except I do not agree with positions of conferees on amendments 29 and 30),
WILLIAM MINSHALL,
JACK EDWARDS,
(except I do not agree with positions of conferees on amendments 36, 30 and 29).
E. A. CEDERBERG,
Managers on the Part of the House.

ROBERT C. BYRD,
JOHN MCCLELLAN,
WARREN MAGNUSON,
JOHN O. PASTORE,
ALAN BIBLE,
MIKE MANSFIELD,
THOMAS F. EAGLETON,
CLIFFORD P. CASE,
MILTON R. YOUNG,
NORRIS COTTON,
TED STEVENS,
CHARLES MCC. MATHIAS, Jr.,
RICHARD SCHWEIKER,
Managers on the Part of the Senate.

EXPLANATION OF INTENTIONS CONCERNING ARTICLES OF IMPEACHMENT RESOLUTION

(Mr. PARRIS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PARRIS. Mr. Speaker, I feel very uncomfortable today. Not uncomfortable because I am required to make a decision between what is right and what is wrong, but uncomfortable because I cannot really believe it has come to this. I feel a very real urge to tell you it cannot be true.

Surely, the Richard Nixon who led this Nation to some of its greatest foreign policy achievements in history and had a long and distinguished career of public service cannot be the same Richard Nixon whose voice I have been listening to for the past few days talking about blackmail and coverup.

Surely, the President who pledged 3 years ago to fight organized crime and whose policies have substantially reduced hijackings and drug use in this Nation cannot be the same President of the United States who has now admitted his willful participation in and actual direction of an obstruction of justice.

It is an incredible transformation. One which staggers reality. But one which I—like most of my colleagues—have come to accept as true.

For some weeks now I have been studiously examining the documents which were referred to Members of the House by the Judiciary Committee. For the past several days I have been listening to the taped conversations of the President and his aides. I have also read the reports of the transcripts of June 23.

During this time my office has received an almost continuous number of telephone calls, letters, and other communications—equally divided on the President's guilt or innocence—but unanimous in the opinion that I should make an immediate judgment in this matter.

I have resisted that course and deliberately chosen not to rush to judgment on an emotional basis. I have tried to calmly and coolly study the evidence before me—an obligation which I believe is given me by the Constitution, and I have determined to be as fair and as objective as possible.

However, after considering all available evidence and my constitutional obligation in this matter, and as a lawyer, it is my opinion that there is now clear and convincing evidence that Richard Nixon has "prevented, obstructed, and impeded the administration of justice." I will therefore vote in favor of article 1 of the Impeachment Resolution if it comes before the full House of Representatives.

I am also inclined to vote in favor of article 2 which charges the President with abuse of powers—but I would like to reserve final judgment on that article—until I fully examine the new evidence relating to the President's suggestion that the Central Intelligence Agency be used to impede the FBI investigation of the Watergate matter. I intend to vote against article 3 in light of the confused status and application of the equally valid principles of Executive privilege and congressional subpena powers which has not been finally determined by the courts.

One of the things which weighed heavily in my decision was my concern over the damage to the system of government which we have so long cherished in this country. There are those who will tell you that no matter what a President has done, nothing justifies his involuntary removal from office because the Office of the Presidency itself would be irreparably damaged by such an action.

I do not happen to share that view. I believe the damage to the system will be far greater if the people of this Nation—and the Congress—allow themselves to be persuaded to condone immoral and illegal activities carried out by any President or his immediate subordinates.

These kinds of activities must be stopped now once and for all. Any other course would commit the people of this Nation to a future mistrust of their public officials and fear that their individual rights and freedoms will be violated by their own Government in the name of national security.

I cannot condone what I have heard—I cannot excuse it—and I cannot and will not accept it.

I do not, however, agree with one of my colleagues who suggested that "Watergate is the shame of the Republican Party" anymore than I would agree with the suggestion that it should be the shame of the church because those involved were members of a particular faith.

To the contrary, I believe that when the roll is called in the House of Representatives most of the Republican Members will cast their votes based not on political considerations, but on the constitutional issues involved—a position which I believe reflects great credit on the party they represent.

I think my feelings at this moment are probably shared by most of the 47 million Americans who voted for Richard Nixon 2 years ago and by the vast majority of the members of my party. I feel sadness, sorrow, shock, dismay, and a sense of profound betrayal and disappointment.

But these feelings are outweighed by my determination to see the system, which sustains our freedom survive, and by my confidence that justice will be done. This Nation is a nation of laws and it will only remain proud, strong, and free as long as it continues to be a nation of laws applied equally to all citizens—including the President of the United States.

UNITED STATES MUST SUSPEND ECONOMIC AND MILITARY ASSISTANCE TO TURKEY

(Mr. BIAGGI asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BIAGGI. Mr. Speaker, for weeks, I have been following the activities of Turkey in Cyprus. Upon seeing no basic changes in her policies, and seeing nothing but a continuation of blatant acts of aggression against the people of Cyprus, I am led to conclude that steps must immediately be taken by the United States to suspend all forms of economic and military assistance to Turkey.

I call for this drastic step only as a result of Turkey's wanton disregard for the rights of humanity and the concept of world peace. Her ruthless and unprovoked invasion of Cyprus, as well as her subsequent occupation of portions of the island, continues to pose a serious threat not only to the security of Cyprus, but to the entire Mediterranean region as well.

The direct result of Turkey's invasion and occupation of Cyprus have been devastating and alarming to all the members of the world community. These actions have contributed to the collapse of the Cyprus Government and caused serious interruptions in the internal affairs of both Cyprus and Greece. Further, her ruthless and barbaric actions thought the occupation posed continual threats to the safety and security of all the citizens of Cyprus as well as the large numbers of foreigners on the island, many of whom are Americans.

Turkey has conducted these acts of aggression without even the most basic of legal principles. If anything, Turkey has attempted to make a mockery of a number of international agreements which deal with Cyprus. Most clearly, they are in violation of the 1960 agreement between Greece and Turkey over their rights in Cyprus. This agreement provides that each country can maintain a small number of units to help supervise their sectors of the island. Yet, Turkey, in this recent crisis, has virtually ignored this important agreement, as well as four United Nations resolutions dealing with Cyprus—and instead, has mobilized a force of some 25,000 men to arbitrarily rule Cyprus.

Therefore, Turkey has both a legal and moral obligation to withdraw their forces from Cyprus. Their failure to do so up to now has only intensified the fears of many in the world who see the potential for a major world crisis evolving from this dispute. Turkey, while historically one of our most unreliable allies, has and continues to be largely dependent on U.S. aid to maintain their military forces. Suspension of this aid represents the only real vehicle we have to convince the Turks to abandon their present policies in Cyprus—and instead begin to respect the fundamental principles of law and morality in all of their international dealings.

ABRIDGEMENT OF RIGHT OF FREE SPEECH AT UNIVERSITY OF COLORADO

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. GONZALEZ) is recognized for 20 minutes.

Mr. GONZALEZ. Mr. Speaker, it is not my intention to utilize the full 20 minutes, but I rise because I am impelled by two very fundamental reasons, at least fundamental to me.

First, it was exactly a year ago today, August 8, 1973, that on the occasion of visiting the campus of the University of Colorado in Boulder, Colo., upon the invitation of the faculty there, to deliver the annual summer lecture, I found myself in quite a unique situation of being prevented from speaking by a riotous, unruly, and violent group of some 50 persons, 49 of whom had come over on a borrowed bus from Denver, upon the instructions of several individuals based in Denver, who for several years have been agitating in the Denver area for a variety of reasons and alleged causes.

Before the hour of the lecture, which was scheduled for 8 p.m., I had a short meeting with a few of those who said they were coming to attend the lecture. As a result of that meeting, I warned the sponsoring faculty member that some type of violence could be expected that evening. But I had accepted the invitation at least 10 months before and was not going to be dissuaded from staying upon the threats of violence which had been made to me by these individuals in this short meeting we had had in the afternoon.

So in the evening, as I attempted to walk into the auditorium, accompanied by the sponsoring faculty member and his wife, this group first attempted to prevent our entrance into the auditorium. They prevented other individuals from entering the auditorium. Failing to prevent our entrance, they then conducted themselves in such a way that made it necessary for the head of the university to declare the lecture canceled.

Although I was present and was sitting in the midst of all the shouting and the violent actions and threats, there were at least four individuals involved, only one of which was a student, who happened to be temporarily enrolled at the University of Colorado for the summer. The rest were not college students; they were individuals who had been transported, as I said before, from Denver.

At least four of these individuals were armed. At least half, possibly more, were drinking what appeared to be whisky or some kind of alcoholic beverage. Others appeared to be hopped up on something besides alcohol.

Mr. Speaker, it was not clear to anybody present exactly what it was that they were attempting to demonstrate, to the point of preventing a peaceful assembly from being conducted on the campus of the university.

As a result of that, it was obvious to me that the university would be faced with future problems. The record shows that in the intervening period of 1 year there have been violent deaths, and among those killed were at least three individuals known to have been present that night in Boulder where they were instructed to not permit me to walk out alive from that meeting. The deaths have resulted from a series of bombings, and, believe it or not, some of the individuals involved, including the three who were killed, were attempting to make some kind of a civil rights cause out of that situation.

Mr. Speaker, that is one reason why I speak. Today commemorates exactly a year ago that that happened. I warned the university and the Denver officials that information given to me by persons living in Colorado who apparently knew some of the individuals indicated a future course of conduct that would lead to violence and bodily harm, injury and property damage, all of which has happened.

There has been a total of six violent deaths resulting from explosions caused apparently by some dynamite that was negligently and carelessly handled by these individuals.

Now, what connection is there between that and the second reason why I speak? The second reason is that just recently the Nation's attention was riveted on a violent course of conduct by a known and an established criminal in the penitentiary in Huntsville, Tex., my home State, carried out by one known as Fred Gomez Carrasco.

Imagine my surprise when a reporter called me just about 24 hours before the termination and the culminating point of that scene. I heard from this reporter that he had interviewed Fred Gomez Carrasco, and obviously he was one of those reporters involved—and let me say these were not newspaper reporters but microphone reporters, that is, radio and television broadcasters, who had flown in like flies to honey to the scene of what was going to be this violent, dramatic expression.

One of them, this gentleman who had called me, had managed to interview Carrasco.

He said:

> Did you hear my comment about what Carrasco said about you?

I said:

> I do not know what he said.

He said:

> Let me read among other things what he did say.

I quote what the newspaper reporter wrote who asked him how he had gotten into a career of crime, and I quote from that reporter's statement:

> I did not take a straight career because I saw the injustice of the system. I could have chosen to be a doctor or a lawyer, but I would have been part of the system. The truth is that I didn't have the heart that Henry B. Gonzalez has, I didn't have the heart to live with the system as this Congressman from San Antonio has.

Now, this surprises me. The only way I have known of this man was through the newspaper accounts of his nefarious exploits.

There was no question that he was one of those lamentable, sorry and tragic products of my native city. We have had them all through the history of our city. But I have never seen them glorified or glamorized or romanticized as I have seen it happen this time.

Just as in the case of the Colorado group, Carrasco was using the same expression, he was saying, "The system." As far as I could tell those unruly members at the Boulder campus were using the same expression, "The system." And of course they were demonstrating and using me as a guinea pig because they did not know me from Adam, and were using me, I presume, as a symbol of the system because I happen to have been elected to the Congress of the United States.

Carrasco, the criminal, the murderer, the drug peddler, was saying, "The system." He chose to be a criminal. He did not have to be. And he admitted that he did not, because we are a system that they curse. He could have been a lawyer. He could have been a doctor but, no, he did not want to choose that course of conduct. He chose premeditatively, calmly, and intentionally a career in crime.

It so happens that 3 years ago, almost, I had terminated a campaign directed at the Justice Department's then Assistant Attorney General for Criminal Matters, a former attorney general of Texas. I have been given credit as a result of the speeches I made on this floor of compelling and forcing his resignation. It is to the ever shame of our Government, especially the Justice Department, that that man was merely permitted to resign. He should have been indicted. He should have been convicted. He should have served a term in jail because he was just as crooked as every one of his superiors then who today have been indicted and convicted. But we could not win that one.

And, in fact, outside of my own area, that was pretty much ignored.

But, following that, the FBI first, and then my local police department, reported that they had information that my life was threatened; that there was a contract out on me. It so happened that in both the case of the information given by the FBI and the information supplied by the Justice Department, the source of that threat centered on criminal fellow travelers of one Fred Gomez Carrasco.

So I cannot think of a higher recommendation, I cannot think of higher praise that I have ever received in my public career than the fact that Fred Gomez Carrasco, clear out of the blue sky, with no connection whatsoever, should take time out while he was holding hostage these fearful humans, including a Catholic priest, while he was virtually paralyzing the whole law enforcement structure of the Texas prison system, a law enforcement agency that I should think symbolized what he detested above all, what he did not like. That to me is a compliment.

But, believe it or not, to some of our news media it was not a compliment. The likes of Carrasco are glamorized. Why? I do not know. They treat with respect a criminal, a murderer who has pitilessly murdered, it is estimated by the police, more than 50 individuals, a man who operated both south of the border and north of the border with impunity for years. A man who managed to get such treatment even after he was sent to the penitentiary—for, where was this murderer at the time he was able to get a gun, which the law enforcement agencies are still trying to find out about? He was working in the library as if he were a good little boy who had never committed a crime.

Why should this have happened? Why should the Assistant Attorney General of the United States for Criminal Matters have been in such an equivocal position as having been able to grant immunity to one of the biggest white-collar criminals in the State of Texas, and not disclosing until I exposed him that he had been the beneficiary of that man and was merely trying to protect him now that he had this awesome power as Assistant Attorney General of the United States.

In all of these connections there is one common thread; in all of these incidents there is one common thread and that common thread is a threat of corruption that is borne out of the greed for money. Carrasco had been able to buy everything from lawyers to law-enforcement officials, and even to court officials and jail trustees. Even after he was sent to the penitentiary, he boasted that he had paid $25,000 to an unnamed prison official in order to have been able to have smuggled the guns that enabled him to do what he did to these poor and these hapless victims.

There is not one word of compunction and regret and sorrow about the innocent victims of these criminals.

How was it that a man like Carrasco could pay hand-over-fist, even while comfortably ensconced in the bare county jail in Texas, big fat fees for lawyers? Why is it that our criminal system of justice allows lawyers not merely to defend—which is our tradition and our right in Anglo-American jurisprudence—but to become copartners with the criminal, not defenders of the criminal, but copartners? This shows the cancer that is eating our society today. Yes, and it may be that Mr. Carrasco was informed even as he was attempting to villify me, I have been engrossed in following through further criminal connections between the highest levels of international, not just national but international, organized crime and some of the unhappy events developing in my own district.

Mr. Speaker, I use this forum as a means of advising the heirs, the unwholesome and criminal heirs and partners of Carrasco that I will continue to endeavor and will do everything one single isolated Congressman can do to root out this evil, if not from the State, if not from the country, certainly from the 20th District of the State of Texas.

EMERGENCY LOANS DESERVED BY FARMERS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. RAILSBACK) is recognized for 5 minutes.

Mr. RAILSBACK. Mr. Speaker, Illinois farmers know all too well the repercussions of natural disasters—floods, droughts, and tornados. The loss of crops and livestock mean loss to income, and damaged machinery and buildings can often mean financial ruin.

Fortunately, the Government has tried to help those adversely affected by such disasters. In response to the 1973 spring rains and floods, the President signed into law Public Law 93-237, legislation providing until April 2, 1974, to apply for emergency loans at 1 percent interest and with $5,000 forgiveness under the Consolidated Farm and Rural Development Act.

Most unfortunately, this did not assist all those who were hard hit by the 1973 disasters. Several people wrote me that the new act was poorly advertised, and, in one case, a local office simply did not follow up in a farmer's inquiry. Even those who were aware of the program were upset. Several recalled earlier problems resulted in a great deal of redtape and limited benefits. Therefore, they didn't even bother to sign up for this program, realizing only too late what assistance it really provided. Still others complained they didn't know there was a forgiveness feature in the bill. Even my Washington office was informed that only loans were available to flood victims.

After hearing from several dozen farmers, who, I felt, had legitimate complaints, I wrote Charles Shuman, the Illinois State Director for the Farmers Home Administration, asking what could be done. In his reply, Mr. Shuman pointed out:

> We are not authorized to accept applications delivered after April 2, 1974, and we are without authority to extend the April 2, cutoff date for receiving applications.

Because of this lack of authorization, I am today introducing legislation on behalf of the 1973 rain and flood victims. My bill will extend for an additional 60 days the application deadline for loans under the Consolidated Farm and Rural Development Act. I urge the House Agriculture Committee to act favorably on this legislation at once. Farmers who have been hard hit by a natural disaster deserve all the help they can get without the penalty of a deadline they either don't understand or of which they were not even aware. Thank you.

THE NEED FOR ELECTED—NOT APPOINTED—PRESIDENTS AND VICE PRESIDENTS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. PATMAN) is recognized for 5 minutes.

Mr. PATMAN. Mr. Speaker, under present circumstances, it appears that very soon the two highest offices in the land will be filled by appointed officials without the people passing on either candidate.

With all of the difficulties that this Nation has gone through in recent months and with our proud history as a democratic country, I find this prospect to be very disappointing. It is essential that the American people have confidence in these offices and in my opinion this can be maintained only if the people have a voice in selecting the occupants.

Mr. Speaker, the Constitution should be carefully explored to determine whether there is any way to call national elections under existing powers. In my opinion we face an emergency situation—a severe crisis of confidence in our Federal Government—and extraordinary means should be taken to bring the people into some of the most important decisions this Nation has ever faced. Without question, the 25th amendment complicates the procedure but I am not convinced that the provisions of this amendment wipe out the powers spelled out in article 2, section 1 of the Constitution. It is my opinion that this section of article 2 does leave the possibility that the Congress can call such an election.

Article 2 provides:

> In Case of the Removal of the President from Office, or of his Death, Resignation, or Inability to discharge the Powers and Duties of the said Office, the Same shall devolve on the Vice President, and the Congress may by Law provide for the Case of Removal, Death, Resignation or Inability, both of the President and Vice President, declaring what Officer shall then act as President, and such Officer shall act accordingly, until the Disability be removed, or a President shall be elected.

Mr. Speaker, I am not unmindful of the extreme difficulties in calling such an election but I am convinced that this is something that can be done if the Congress and the public really want to do it.

In light of all that the Nation has gone through in this so-called Watergate mess, it is so essential that the President and the Vice President operate with the fullest confidence of the people and on the highest moral and legal basis.

Judging from the statements that have been coming forth from Republican leaders, it appears likely that Gerald Ford will soon be elevated to the top office in this Nation. Mr. Ford, of course, was appointed to his present job as Vice President by the President who, we are told, will either resign or be removed from office.

Thus the outgoing President—if indeed he is outgoing as the Republicans tell us—will have selected his successor. In turn, his successor will appoint—appoint—a Vice President who then will be in line of succession for the Presidency.

Mr. Speaker, I do not think that this succession of appointed officials is a healthy thing for a democracy and I hope that strong consideration will be given to exploring possible means of calling national elections at the earliest possible moment. The election machinery, of course, is already in place in every State for the November balloting and this could certainly be utilized.

IMPACT OF PORTUGUESE COUP IN AFRICA

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Michigan (Mr. Diggs) is recognized for 5 minutes.

Mr. DIGGS. Mr. Speaker, I would like to insert, for the thoughtful attention of my colleagues, the following article which appeared in the August 12, 1974, issue of Newsweek, entitled "Portugal: End of an Empire" underscores the impact of the April 25 Portuguese coup in southern Africa, with particular attention to recent events. Of special note is the pressure placed on Southern Rhodesia by the imminence of independence in neighboring Mozambique, which, until recently, provided Rhodesia's only access to the sea through the port of Beira.

The article follows:

[From Newsweek, Aug. 12, 1974]

Portugal: End of an Empire

For months, the government of President António de Spinola had been torn by bitter infighting on the sensitive subject of decolonization. The President himself believed that the African territories should be granted a large measure of autonomy but remain under the Portuguese flag. But the young officers who installed him in office after the overthrow of the dictatorship in April favored full independence as rapidly as possible. Last week, after a dramatic television address by the monocled Spinola, it became clear that he had lost the argument. "We are ready from this moment," the President declared, "to initiate the transfer of power to the peoples of the overseas territories considered suitable for this development, namely Guinea, Angola and Mozambique."

It was an announcement of historic importance. For one thing, it meant Portugal was about to wind up a colonial rule in Africa dating back more than 500 years to Prince Henry the Navigator. Perhaps even more important, by dismantling the last colonial empire on the African continent, the Lisbon government was radically changing the whole political picture in southern Africa. Once the Portuguese territories become free, Rhodesia and South Africa will remain as the only major bastions of white rule, and Africa's blacks are certain to intensify the pressure on them.

The first of the Portuguese territories to win freedom will be Guinea-Bissau, the poor and swampy land on the bulge of West Africa. Power will be turned over to the African Party for the Independence of Guinea and Cape Verde (PAIGC), the left-leaning liberation movement that already controls a large part of the country. The only sticking point between Lisbon and the PAIGC leaders concerns the Cape Verde Islands, an archipelago located 400 miles out in the Atlantic Ocean. PAIGC wants the islands to become part of Guinea-Bissau; the Portuguese want the islanders to vote on whether to join Guinea-Bissau or remain with Portugal.

In Mozambique, it is not clear whether sovereignty will be handed over to the Front for the Liberation of Mozambique (Frelimo), the robust liberation movement headed by Samora Machel, or to a coalition government in which Frelimo would have the dominant role. But in any case, Portuguese authorities feel certain that Mozambique will be fully independent by next April. Whites in Mozambique will be invited to remain and participate in the government, and Frelimo has guaranteed that their rights and property will not be jeopardized.

VOLATILE

The path to independence for Angola may be longer—two to four years. Whether Portugal can hold on that long, however, remains open to question. Angolan politics are highly volatile, and in recent weeks race riots have broken out in the capital of Luanda. Moreover, the liberation movement is badly splintered and has no common policy toward independence. The Portuguese promise to move ahead as swiftly as possible, if only to remain on friendly terms with whoever ends up ruling a country that has the resources to become one of the richest nations in Africa.

Rhodesia is already feeling the pressure created by the decision in Lisbon. Frelimo guerrillas, who have been making gains against the buckling Portuguese Army, have now completely severed the vital rail link between Rhodesia and the port of Beira in Mozambique. After Prime Minister Ian Smith and his white-supermacist government were voted back into power by a landslide in Rhodesia last week, one official gloated that "this ensures the future of the white man." But it seemed unlikely that the electoral victory would ensure any such thing. White Rhodesians are a small minority in the country, and they are already fighting a grueling war against terrorists striking along their borders. Once Mozambique becomes independent and black-ruled, it seems certain that it will become a vast base for stepped-up guerrilla operations.

An obviously concerned Ian Smith will soon meet with South African Prime Minister John Vorster to discuss future strategy for the diminished fortress of white southern Africa. But if Rhodesia and South Africa can expect considerable trouble in the years ahead, Portugal expects nothing but good to flow from its decision to decolonize. Lisbon anticipates better relations with the Common Market nations, the U.S. and the Soviet Union—and also some badly needed economic aid. The Portuguese are also confident that they can retain close ties with Guinea-Bissau. Mozambique and Angola. "We have nothing against the Portuguese," said one Frelimo leader last week, confirming these hopes. "We were only against their colonial policy."

AMENDMENTS TO THE URBAN MASS TRANSIT BILL, H.R. 12859

(Mr. MILFORD asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. MILFORD. Mr. Speaker, I insert herewith the following amendments to the urban mass transit bill, H.R. 12859, for my colleagues perusal:

Amendments to H.R. 12859, as Reported, Offered by Mr. Milford

Page 46, after line 7, insert the following:

"(4) No urbanized area shall receive a grant or grants under this subsection in any fiscal year which exceed in the aggregate an amount equal to 10 per centum of the total of all grants to be made in such year under this subsection.

Page 46, line 8, after "(b)" insert "(1)".

Page 47, after line 14, insert the following:

"(2) No urbanized area shall receive a grant or grants under this subsection in any fiscal year which exceed in the aggregate an amount equal to 10 per centum of the total of all grants to be made in such year under this subsection.

Amendments to H.R. 12859, as Reported, Offered by Mr. Milford

Page 43, line 16, strike out "or operation".

Amendments to H.R. 12859, as Reported, Offered by Mr. Milford

Page 43, line 23, strike out "and operation."

Page 46, line 4, strike out "and operation,".

Page 46, line 10, strike out "and operation".

Page 47, line 24, strike out "and operation".

Amendments to H.R. 12859, as Reported, Offered by Mr. Milford

Page 57, strike out lines 3 through 6, inclusive, and reletter the succeeding subsection accordingly.

Page 57, line 10, strike out "or operation".

Amendments to H.R. 12859, as Reported, Offered by Mr. Milford

Page 58, line 4, strike out "(a)".

Page 58, strike out line 8 and all that follows down through page 59, line 2.

Amendments to H.R. 12859, as Reported, Offered by Mr. Milford

Page 64, lines 22 and 23, strike out "or operating assistance for bus operations".

Page 65, lines 24 and 25, strike out "facilities, equipment, and operations" and insert in lieu thereof "facilities and equipment".

Amendment to H.R. 12859, as Reported, Offered by Mr. Milford

Page 67, line 5, strike out "or operation".

Amendments to H.R. 12859, as Reported, Offered by Mr. Milford

Page 43, line 16, strike out "or operation".

Page 43, line 23, strike out "and operation".

Page 46, line 4, strike out "and operation,".

Page 46, line 10, strike out "and operation".

Page 47, line 24, strike out "and operation".

Page 57, strike out lines 3 through 6, inclusive, and reletter the succeeding subsection accordingly.

Page 57, line 10, strike out "or operation".

Page 58, line 4, strike out "(a)".

Page 58, strike out line 8 and all that follows down through page 59, line 2.

Page 64, lines 22 and 23, strike out "or operating assistance for bus operations".

Page 65, lines 24 and 25, strike out "facilities, equipment, and operations" and insert in lieu thereof "facilities and equipment".

Page 67, line 5, strike out "or operation".

WHY MUST WE DISGRACE A MAN TO REMOVE HIM FROM OFFICE?

(Mr. RONCALIO of Wyoming asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. RONCALIO of Wyoming. Mr. Speaker, every now and then one sees a suggestion that cannot be denied. I feel the following letter from the Reverend David S. Duncombe, of Saint Michael's Episcopal Mission at Ethete, Wyo., provides such a suggestion. It proposes changes in our system of government so that the parliamentary processes similar to those in Canada and England and numerous other nations might be put to use in America. We can no longer afford, for the reasons so clearly brought forth in Reverend Duncombe's letter, to proceed along the lines that our recent crisis has demonstrated is not in the best interest of effective self-government. It is, in fact, destructive, wasteful, and too inefficient for a modern nation to tolerate.

The letter follows:

SAINT MICHAEL'S,
Ethete, Wyo., August 1, 1974.

Hon. TENO RONCALIO,
House of Representatives,
Washington, D.C.

DEAR TENO: As time has permitted, I've continued to follow the Impeachment inquiry and decisions of the House Committee and have been deeply impressed with its debate, and judgments. We still have a long way to go before anything becomes final but in advance of any ultimate decisions I wish to share with you some further thoughts.

One cannot watch the progress, hear the debating and assess the voting of the House Judiciary Committee (and I imagine this to be but a capsulated preview of what must now take place in the Full House or perhaps, in the Senate) without being aware that our constitutional process while majestic and strong, is nevertheless too slow in this regard. And I end up more convinced than ever that a change in our Constitution leaning toward a Parliamentary form of government would make us a healthier and stronger Nation. I am aware that certain groups have developed plans and recommendations along these lines, and I would not presume to know just how this idea should be developed into law. But in practice I can see many advantages to a means by which we could change our President and the Party in power without going through the damaging, lengthy and expensive process of impeachment. It is impressive to me that Canada, Israel, England and several other Nations that use the parliamentary system have in fact changed their governments even in time of serious crisis of late during the time our process of impeachment has dragged along.

Way back in 1971, when the Watergate Break-in occurred, the "Government" should have been called into question and perhaps required to stand aside for a General Election. If returned to power, there would have been no need for a Cover-up; if defeated another "Government" would have taken the reins of power until a further challenge or General Election. The same can be said of the Cambodian Invasion, the ITT and Milk Scandal, the Income Tax, and the "Western and Florida White House" matters. In every case and others, under a Parliamentary form of government the President would have to appear before the whole Congress to defend his policy and his leadership in these matters, and they in response would either support what had been done or censure the action, if necessary by terminating that government.

We are seeing in the present debate and voting by Democrats and Republicans a "Loyal Opposition" operating from the position of strength and a "Party in Power" operating in weakness. We are seeing a "division of the house", and a call for the President to "Resign". But nothing is definitive. It is part of a continuing process that will grind on step by step or perhaps grind to a halt.

As we approach the 200th year of the founding of this Nation's Constitution it is time for a critical re-examination of this important method; of its workings and to look to ways that make it possible to change the Country's leadership without the lengthy and fighting process we are now going through.

One other point. I hear many reponsible and intelligent persons say we can't afford to lose President Nixon's leadership. In a parliamentary system (unless convicted of grand crime) we would not lose it even if he and his party were defeated. He would merely become the leader of the opposition. Why do we have to disgrace and destroy a public servant to get him out of office? The same is true of most General Elections where the defeated candidate becomes a "nobody".

I urge you therefore to take the time to study in depth the various avenues of constitutional change along the lines that would develop a parliamentary form of government, and further request such a measure be put before the House and the people of the United States.

God bless you in the time of difficult decision that is coming upon you.

Rev. DAVID S. DUNCOMBE.

PROFESSIONAL CRUSADERS OPPOSE PRODUCTIVE PROJECTS

(Mr. POAGE asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. POAGE. Mr. Speaker, well-meaning but misinformed and misguided individuals often oppose projects and proposals designed to increase our production of commodities and services, doing so on the alleged grounds of environmental and ecological conservation.

In many instances these citizens are led along in their paths of obstructionism by militant, professional crusaders whose salaries with various organizations depend on how much agitation they can stir up. In order to do this, they may make noisy protests which give a distorted picture of the true public sentiment on a controversial issue.

An example of nonlocal sort of pressuring is set forth in a column in the Glen Rose Reporter, published in my congressional district, and written by Jack McCarty. I insert it in the RECORD at this point:

[From the Glen Rose (Tex.) Reporter, Aug. 1, 1974]

Tracks in the Sands of Somervell

(By Jack McCarty)

The AEC environmental impact hearing, now underway here is probably the first federal hearing of any type conducted in Glen Rose and certainly it is the first of this kind held here or anywhere else in the Lone Star State, as this is the first nuclear-powered plant proposed in Texas.

The proposal by Texas Utilities, Inc., to build a nuclear-powered steam electric generating plant in Somervell County has brought our community reams of publicity during the past two years—some good and some bad, but virtually all of the opposition to construction of the facility has come from other sectors. We are safe in saying that less than one percent of the local population has voiced fear or oposition to it.

Yet that small group augmented by a few paternalistic do-gooders about the state have succeeded in securing a large amount of publicity from the metropolitan press and other news media, in which repeated attempts have been made to picture our community as torn asunder over widespread differences of opinion concerning the location of the plant here.

As the hearing got underway Wednesday the most vocal opposition was expected from one of these groups from Dallas known as "CASE" (Citizens Association for Sound Energy) headed by Robert Pomeroy, a Dallas pilot who has had a lot to say recently about the AEC and the proposed power plant. If his type had been in control of things in the days of the Wright Brothers, he wouldn't have a lucrative job piloting an airplane, because we would still have the invention under study trying to prove to every nit-picking organization in the country that the flying contraption was safe for mankind to use. They would still be pointing to the boat and train as being sufficient modes of travel.

Personally, this writer wants sufficient electric energy to run our great state and nation—not sound energy as this group proposes. We have had too much sound already.

We trust that these knowledgeable men sitting in judgment of this proposal will see fit to grant the permits sought to make this proposal a reality, and we hope they enjoy their brief stay in our fine community.

All of which goes to prove that it is absolutely impossible to keep a squirrel on the ground in brushy country.

STATEMENT ON "THE NUCLEAR DEBATE: A CALL TO REASON"

(Mr. PRICE of Illinois asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. PRICE of Illinois. Mr. Speaker, recently, on June 19, 1974, a group of six nuclear scientists and engineers who formerly were associated with certain "public interest" causes, issued a position paper entitled, "The Nuclear Debate: A Call to Reason." This thoughtful, balanced paper by very knowledgeable individuals deserves careful review by all of us who must take responsible positions in the national interest. Its reasoned approach is a refreshing, welcome interval in the crescendo of diatribe and irrationality that surrounds us these days. The authors express genuine concerns of most experts in the energy field.

For this reason, I wish to place this report in the RECORD:

THE NUCLEAR DEBATE: A CALL TO REASON

(By Ian A. Forbes, Marc W. Goldsmith, Dr. Joseph P. Kearney, Dr. Andrew C. Kadak, Dr. Joe C. Turnage, and Dr. Gilbert J. Brown)

(Figures referred to not reproduced in the RECORD.)

PREFACE

Ralph Nader says that nuclear power is "unsafe, unreliable and unnecessary". Some members of the nuclear industry claim that nuclear power is clean, safe and virtually accident free. Who is right? We feel that neither is correct, nor do they provide the public with the objective and unemotional facts that the public rightly deserve.

Ralph Nader, and several members of the Union of Concerned Scientists (UCS) have contributed a great deal to the polarization of the issue of safe electrical energy and made reasoned debate almost impossible. Mr. Nader's presentations of the nuclear power plant safety question are spiced with scare tactics, many factual errors and are, all in all, an attempt to force the public to make a decision on nuclear power without the benefit of the best information available on the subject. The Union of Concerned Scientists' recent move away from examination of specific technical issues such as the Emergency Core Cooling System (or ECCS) and radioactivity release limits for nuclear power plants, to a general call for a national "moratorium" on the construction of nuclear power plants is particularly disappointing. The recent intervention by UCS member Daniel Ford against Boston Edison's Pilgrim nuclear power plant in Plymouth is over so minor an issue that it can serve no end other than to delay operation of the plant and cost Edison's customers a needless $9 million a month.

At fault, too, are members of the nuclear industry who feel that the public deserves no better than childish arguments and an elitist "we-know-better" attitude. Some politicians should be equally criticized for jumping onto either side of the nuclear bandwagon without first considering all the facts.

As a group of scientists and engineers, we have spent considerable time investigating, arguing and evaluating both sides of these issues. We feel that the public must be informed of the possible ways in which electric power can be supplied in the future, and of the costs and risks of those possibilities.

Can the "environmentally clean" alternatives—fusion, solar power, tidal power, geothermal power—solve our problems? For fusion and solar power the answer is "maybe," but not for the next 25 years. For the next quarter of a century our only feasible methods for generating electricity are coal, oil and nuclear power. In this paper we examine the safety, reliability, economic costs and environmental effects of these three alternatives.

Rigorous examination of the present risks, costs and impact of all electric power sources leads us to conclude that nuclear power is more than acceptable; it is preferable. A call for a nuclear moratorium is without merit, particularly at a time when the country is striving for energy self-sufficiency.

The resolution of the energy supply question, and the nuclear power plant safety question in particular, will require the participation, in good faith, of industry, government and consumer advocates. The public deserves no less.

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This paper expresses solely the personal views of the authors and not the positions of any organizations with which they are or were associated.

II. OVERALL ASSESSMENT

As a group of scientists and engineers who have investigated, argued and evaluated both sides of the energy controversy, we have become increasingly concerned about the quality and accuracy of the information about nuclear power that has been presented to the public by consumer advocates and industry spokesmen. Emotionalism does not provide the public with the information it needs to judge nuclear safety. In fact, it does just the opposite. It polarizes the debate and makes reasoned decisions more difficult. This paper attempts to compare the safety, environmental impact, availability and economics of our major sources of electrical energy—coal, oil and nuclear power—in a balanced manner, in the hope that it will contribute to greater public understanding of the issues.

The recent debate over how the United States should produce clean, safe and economical energy is dismaying. One would expect leaders in science, engineering and government to be leading national discussions, educating the public on available, viable energy technologies. Instead our technological leadership has floundered. The Federal Government has failed to take substantive action to alleviate the immediate shortages, and appears to be incapable of implementing long-term solutions. As a result, the burden has fallen on the public to form its own opinion and to direct its elected representatives, at all levels, toward the solutions they feel are appropriate. In light of this need, it is disheartening to see the issues involved in the energy question being oversimplified,[1] to see blatant attempts to polarize the public around non-issues,[2] and to see participants, who are highly valued as protectors of the public making unsupportable statements on key issues.[3]

Unfortunately, the energy dilemma is not a problem with simple solutions. Oversimpli-

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fication of a complex issue sound very alluring, as they permit decisions to be made with little difficulty. However, they generally lead to shortsighted or incorrect decisions. An example of such a simplification is lumping the nuclear safety issue into the question of President Nixon's credibility. A recent radio commercial from the Massachusetts Public Interest Research Group, Inc. (MASS PIRG) states:

"Whether Richard Nixon or Ralph Nader is telling the truth about atomic safety is a life or death matter for Massachusetts . . . Many scientists and people who live nearby [nuclear plants] think that the risk of an accident is too high. They believe Mr. Nader more than Mr. Nixon."

It would be very simple if testing Richard Nixon's credibility would solve the nuclear safety problem; but it won't. This type of reasoning presented to the public is similar to the now ancient claim that "What is good for General Motors is good for the U.S." When a public interest spokesman, however, stoops to using this tactic of polarizing opinion around a non-issue he degrades the entire concept of public advocacy. At a time in history when this nation so desperately needs public advocates, the use of this tactic severely damages their credibility and hence their future impact.

Public interest groups should serve the very necessary functions of introducing new values and of refocusing on existing values. Public interest activities must continue and must be consistently and vigorously supported to maintain a healthy, growing society. However, vital issues must be kept in focus and personal interest must balance not overshadow, the facts. One issue currently being publicly debated is the question of nuclear power plant safety and its relationship to the broader issue of clean, economic and safe energy supplies for the future. These issues will be addressed in the remainder of this report.

The next 15 to 25 years of decisions and technological change require careful, concise analysis to insure that optimum solutions are achieved within economic, technical and social constraints. The following areas have received much attention in recent debate:

a. Safety

b. Plant Availability. (Availability is the fraction of time during the year that a power plant can produce power. This term is commonly used interchangeably with reliability, c.f., Section V.)

c. Cost of Power and Supplies of Fuel

d. Environmental Impact

Although the issues involved in discussing safe energy supplies are not simple, it is our belief that their pertinent technical aspects are not incomprehensible to the public. Dr. Ralph Lapp did an admirable job of demonstrating this in a recent *New York Times* Magazine Section article.[4]

Many important questions have already been raised by public advocacy movements about nuclear and fossil-fueled power, such as: the adequacy of emergency core cooling, environmental impact statements, and low-level radioactive releases, all pertaining to nuclear-powered plants; ash and sulfur dioxide releases, oil spills and coal strip mining (two of the authors of this paper aided the Natural Resources Defense Council (NRDC) in one of the first suits to force TVA to reclaim adequately land strip-mined for its coal) for fossil-fueled plants. These issues have been tackled, changes implemented and resolutions sought by public interest attorneys and technologists over the past few years.[5] Many gains have been made toward assuring greater guarantees of nuclear plant safety. More gains can be made in such areas as the long-term storage of nuclear wastes. However, they will not be made if the energy/safety issues are considered as addenda to crusades over non-related, over-simplified issues, such as Richard Nixon's credibility or the role of big business in contemporary society. The issue of safe energy must be addressed on its own. It must be addressed in the same fashion as its historical antecedents, with well conceived positions and forceful arguments.

Short range energy alternatives

The main focus of this discussion is on how society is going to supply its energy needs over the next 15 to 25 years. This is not to imply that society can ignore what must be done now to assure ourselves adequate energy supplies beyond those 25 years. New energy technologies must be researched and developed.

Solar energy, coal gasification and thermonuclear fusion appear to be the most likely resolutions to our long-term needs. Their commercial operation is not expected within the next few decades. Wind, tidal and geothermal energy sources are not large enough to be of significant impact. The emphasis of this work is on the short-term, alternative energy sources: coal, oil, natural gas and nuclear power. All of these short-term alternatives will benefit from energy conservation programs and present energy supply replacement programs, such as solar space heating. Nevertheless, the major concern of the following discussion is the supply of electric energy that will play a larger and larger role through the next two decades. This being the case, the alternatives that must be discussed are coal, oil and nuclear power. (The supplies of natural gas and alternatively, Liquified Natural Gas (LNG), are so limited they will be used as residential fuel rather than for electricity production in central stations and will not be discussed further in this paper.)

Conclusions

Our assessment of energy supply during this time frame compares feasible alternatives on the basis of their risks to the public health and safety, their overall impact on the environment and their costs. We conclude that:

1. During normal operation, nuclear plants pose less risk to public health than coal- or oil-fired electric plants.

2. The risk to the public, for the worst hypothetical accidents for both nuclear and fossil plants, is less than most of the risks society has historically accepted.

3. The overall impact of nuclear plants on land, air and water is far less than that of coal-fired plants and comparable to that of oil-fired plants.

4. Nuclear plants are slightly less reliable than contemporary large fossil plants; despite this, they are much more economical. The nuclear industry is, effectively, only 10 years old. As it matures, its reliability should increase, broadening nuclear power's economic advantage.

5. For nuclear power to be a viable energy source, the nuclear industry and the Atomic Energy Commission must set a high priority for intensive and well-funded programs to resolve such problems as: the long-term storage of nuclear wastes; quality control in the construction of nuclear power plants; decreasing the likelihood of human error in the operation of nuclear plants; and safeguarding against loss or theft of special nuclear materials.

In the next four sections of this paper we will discuss each of these issues further.

III. POWER GENERATION SAFETY

Major accidents

Public discussions of nuclear reactor safety tend to focus on the "Maximum Credible Accident" (MCA), the accident with the worst postulated consequences. They neglect consideration of accidents whose consequences are less serious than the MCA. We choose to do the same, not because the smaller accidents do not merit examination, but because public concern focuses on the likelihood of the most controversial accident. Assessment of the consequences of this accident for nuclear plants have ranged from "It'll never happen" to "guesstimates" of up to 100,000 deaths and the destruction of an area the size of Pennsylvania.[1]

Neither extreme is correct. We shall attempt to put this accident and its consequences in a more reasoned perspective. The concept of a maximum credible accident should also be applied to nonnuclear methods of power production, i.e., coal and oil, although this is not current practice. For example, when the maximum credible accident for an oil-fired plant (one can postulate a fire that consumes all the oil reserves stored at the plant) is examined in detail, it is evident that the likelihood is higher than, and the health risks (mortality and morbidity) similar to those for a major nuclear accident. An important point to remember in discussing accidents is that, while the risks may be real, the accident scenarios are still hypothetical. There has never been such a major nuclear or fossil power plant accident.

The major nuclear accident (*or the China syndrome revisited*)

A nuclear accident that may result in the release of significant amounts of radioactive materials can be postulated to occur in several ways. To date, the two primary scenarios that have been considered are a "guillotine" break of a main reactor cooling water pipe that provides the cooling for the nuclear fuel "core"; and a "catastrophic" rupture of the steel pressure vessel that contains the nuclear fuel "core".

For a major accident to occur by the first method, a main reactor cooling water pipe (these steel pipes are extremely large, about 36 inches in diameter, with a 3½-inch wall thickness) must not just crack or split open, the way that a pipe would generally be expected to fail. It must actually break cleanly all the way around (a so-called "guillotine break") with complete separation of the broken ends. Because nuclear piping is designed to high seismic (earthquake-resistant) and stringent quality standards it is highly unlikely that a crack or split would occur, and even less likely that a guillotine break would occur.

If such a break should happen. the result would be what is known as a Loss of Coolant Accident (LOCA). The reactor vessel would lose pressure as water poured out of the break. The cooling water in the vessel would turn to steam, leaving the nuclear fuel without an adequate cooling medium. This situation could lead to melting of the radioactive fuel unless some alternative means of cooling is provided.

The much-discussed Emergency Core Cooling System (ECCS) is intended to provide several backup supplies of cooling water to keep the fuel from melting. The ECCS has been the object of much heated controversy (one of the authors of this paper was an author of the first Union of Concerned Scientists' paper[6] critical of the ECCS) and a lengthy Atomic Energy Commission hearing.[5] This controversy centers

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on the fact that there have been virtually no actual tests of this system under realistically simulated accident conditions. The LOFT (Loss of Fluids Test) reactor in Idaho Falls will be used to conduct the first true integrated experimental test of the ECCS, but will not be ready for operation until mid-1975.

As a result of the recent hearings, the Atomic Energy Commission's design regulations for the Emergency Core Cooling Systems have been made more stringent and the computer codes used for design have become much more sophisticated. In addition, nuclear reactors are now using fuel "rods" that are smaller than those previously used. These smaller rods are more easily cooled. It is our opinion that the ECCS can reasonably be expected to operate effectively and prevent the nuclear fuel from melting. However, without experimental verification, which the LOFT reactor tests should provide, it is likely that the public will remain skeptical of the ability of the ECCS to prevent the nuclear fuel from melting.

So let us suppose that the ECCS does not work, and follow the subsequent course of the postulated accident. If the radioactive fuel is left uncooled, it will melt and slump to the bottom of the steel pressure vessel, melt through the vessel and fall into the concrete foundations below. It is at this point that a number of people have postulated (not calculated) a situation where the molten nuclear fuel, in one single lump, sinks into the earth below the power plant and then releases all its gaseous and volatile radioactivity back up through the earth and into the atmosphere. Then, assuming the winds carry all this radioactivity off to the nearest city, deaths in excess of 100,000 have been "predicted".

This frightening scenario neglects several important facts (other than the fact that the likelihood of a guillotine pipe break followed by failure of the ECCS is extremely small). The first is that the molten nuclear fuel is more likely to disperse in the concrete and rock under the reactor than to sink down as a single mass.[7] [12] This means that the fuel would melt only a short distance into the concrete foundation of the plant or the earth beneath. Secondly, the radioactivity, in the form of a gas, is more likely to return to the containment building, in which the reactor and its pressure vessel are housed, along the holes created by the melting fuel, than to create new paths out into the atmosphere. Thirdly, the earth has an excellent capacity for absorbing all but a few of the gaseous and volatile radioactive materials that would be released (noble gases are virtually the only exceptions).

A large percentage of the dangerous fission products that return to the containment attach themselves to the surfaces in the containment, never to reach the public. Those that are trapped in the earth under the plant would take decades to migrate away from the plant site—ample time to assure the protection of the public from the small amount of radioactivity still remaining.

All of this implies that in the highly unlikely event of a meltdown of the nuclear fuel, only a small fraction of the radioactivity in the fuel could be expected to escape into the atmosphere.

One other means by which the nuclear fuel could lose its cooling water and melt is the so-called "catastrophic failure" of the steel pressure vessel that contains the fuel. Again, this is an extremely unlikely event. No failure of a power plant pressure vessel has ever occurred, whether the plant be coal-, oil- or nuclear-fueled. In addition to this, nuclear pressure vessels are subjected to many stringent examinations for flaws before they are placed in service and must also undergo regular inspection once they are in use. However in the highly unlikely event that the pressure vessel does rupture, the cooling-water will be lost and the fuel will melt. Again, for the reasons discussed above, only a small fraction of the radio-activity contained in the fuel could ever be expected to reach the atmosphere.

Current designs do not include any means of mitigating the consequences of a pressure vessel rupture. The position of knowledgeable pressure vessel experts[8] is that the accident is so remote that this is not necessary. It is worth pointing out, however, that there are several ways in which this accident could be prevented altogether.

In summary, then, a major nuclear accident requires either:

1. An extremely unlikely type of break of one of the main cooling lines, following by failure of the Emergency Core Cooling System (we feel that the ECCS would work); or

2. A severe rupture of the pressure vessel, which is considered to be so remote an event as to be virtually negligible, but which could be mitigated completely.

Even if the nuclear fuel were to melt down, dispersion of the fuel into and absorption of gases and volatile materials by the earth and the containment, would result in only a small release of radioactivity to the atmosphere. Hence, rather than the figure of 100,000 deaths due to a nuclear accident, which some people have "predicted", it would seem to be difficult to determine any sequence of events, however improbable, that could lead to (more than) 1000–5000 deaths (both immediate and long-term).

While those numbers may still seem high to some (however remote the risk), we will see in the next section that they may be no worse than the consequences of a major accident in an oil-fired plant, and comparable to, or less than, many other natural or technological risks to human life.

The major fossil-fueled plant accidents

A study of the events and consequences leading to a maximum credible accident (MCA) in fossil-fueled plants has never been performed in detail comparable to studies of a nuclear plant accident. The AEC, which regulates the nuclear power industry, has postulated or hypothesized the maximum credible accident after some rigorous investigation and a careful examination of what could be postulated as the worst accident situation. The fossil-fueled power industry does not have a guardian of public health and safety similar to the AEC. Therefore, the sequence of events and failures is left to the imagination.

The major oil-fired plant accident

To postulate a sequence of events similar to the nuclear power MCA, it is necessary to first look at the fuel handling operations that occur in oil-fueled power generation. This power generation requires many diverse fuel processing operations prior to the actual production of electricity: first, the drilling for oil; second, the refining of the oil to usable fuel; third, the transportation of the oil to power generating stations; fourth, the storage of the oil until use; and fifth, the burning of the oil to produce power. At any point during or after refining and prior to the actual controlled burning of the oil in a boiler, premature ignition of large quantities of fuel can occur. There are a multitude of accident scenarios that we can picture, many have actually occurred. (During the last 15 years there have been (on the average) 14 oil tanker explosions/year. A fully laden 200,000-ton oil tanker (tankers are now being built with up to 500,000-ton capacities) has aboard as much potential thermal energy as a two-megaton hydrogen bomb. There are now 63 tankers in service with 200,000-ton or up capacities, over 300 under construction and over 100 in planning stages.[21]) Examples are loaded tankers colliding in a port causing a massive fire; storage tanks igniting in a large tank farm near the center of a city and refineries exploding, causing chain reaction explosions and massive fires in the associated process and storage tanks. Almost every major coastal port city has, either within the city or nearby, a major oil or gas storage facility with millions of gallons of flammable liquids and gases. For instance, the Chelsea Mass. tank farm contains 151 million gallons of fuel oil, literally on top of a population of 37,000.

Any of these postulated accidents can cause numerous deaths if the same assumptions of worst meteorological conditions with worst coincidental effects are combined in a similar method to the AEC's "worst case" accident.[9] [10] Without detailed analysis, it is difficult to claim that the nuclear plant MCA has greater public impact than an oil-fueled MCA.

A detailed study of tanker collisions and storage tank and refinery fires and explosions is required in order to develop the probability of these postulated events occurring. (*The World Almanac and Book of Facts*[11] provides detailed information on major oil spills, oil tanker fires, etc.) Further study is required to determine the range of effects of one of these events, in terms of the "worst case" loss of life, injury and costs to the general public. Despite the present lack of these detailed studies the very simple accident scenarios described demonstrate that an oil-fueled power plant can have an accident comparable in magnitude and severity to the nuclear-fueled power plant. Just like the nuclear accident, some proponents will claim, "It can never happen"; others will "guesstimate" several hundred thousand deaths and billions of dollars in damage. At least one investigation,[13] however, has shown that the probability of occurrence and magnitude of the consequences of a maximum credible accident in either an oil-fired or nuclear plant are comparable. We are of the opinion that there is no greater risk due to an accident with a nuclear plant than an oil-fired plant. *Coal-Fired Power Plant Accident*

It is difficult to postulate a coal-fired accident comparable to an oil-fueled or nuclear-fueled power plant's MCA. Coal is not as volatile as oil or gas, nor as toxic in the accident situation as radiation. Coal's danger to public health and safety lies primarily in its long-term health effects. These long-term effects are the result of a continuous degradation of the atmosphere by waste products from the combustion of coal in a steam generator (boiler). The waste products, SO_2, NOx, unburnt hydrocarbons, carbon monoxide, heavy metals and particulates, have been shown to be very detrimental to health. These waste effluents from normal

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or nuclear-fueled plant.[14] This is especially true since we still lack adequate cleanup facilities for noxious wastes in coal and oil. While a coal-fueled power plant maximum credible accident is very difficult to hypothesize, the degradation of public health is a constant, continuous action resulting from the gaseous effluents' effects on the respiratory system. The integrated mortality and morbidity caused by these releases will be orders of magnitude greater than the morbidity and mortality from an MCA, either oil or nuclear.

Public health risks during normal operation

There are also public health risks associated with the normal operation of oil-fired and nuclear-fueled plants. Like coal, the greatest health hazards of oil-fired plants are due to air pollution. For nuclear plants the health hazards are due to small radioactivity releases from the plant.

Many studies [13] [14] [15] [16] have been conducted to evaluate the nature and the magnitude of these health hazards. They indicate that respiratory ailments caused by chronic exposure to sulfur and nitrogen oxides from coal- or oil-fired plants will result in many more fatalities than the additional cancer fatalities caused by the radiation exposure from nuclear plants. These health hazards, however, are relatively small. They present the public with dangers slightly smaller (this assumes that everyone is exposed to the maximum allowable radioactive limit whereas in reality radioactive releases from nuclear power plants have been factors of 10 or more less than those allowable. This reduces the risk of nuclear power electricity generation to a risk comparable to extremely rare natural occurrences over which we have no control, i.e. being struck by lightning) than do those rare accidental occurrences about which the public shows only a moderate degree of concern, for example, drowning. The extent of concern over this particular hazard leads the public to exercise caution whenever swimming. However, this small probability of drowning does not deter the public from swimming altogether. Likewise, the risks associated with power production are equally as small and therefore, of themselves, should not be an impediment to the use of any of the three power sources. Any use of these sources of electricity should, obviously, be made with the utmost care to minimize even further their small health risks. Finally, since nuclear power poses the smallest public health hazard during normal plant operation it should be the favored source of electricity over the next few decades.

PREDICTED MORTALITY RATES FOR ELECTRIC POWER PLANTS*

Powerplant type:	*Mortality rate (Fatalities per million people per year)*
Coal-fired	[16] 300
Oil-fired	[13] 250
Nuclear-fueled	[15] 18

*These predictions are based on the very pessimistic assumption that the entire population is subjected to the maximum allowable amount of each pollutant from each plant type.

IV. POWER ALTERNATES AND FUEL SUPPLIES

In evaluating the merit of any and all feasible energy sources the following must be considered:

1. The time required to bring the source to commercial operation.

2. The amount of fuel available in this resource.

3. The overall impact on the environment due to its use.

4. The cost of producing energy from this resource. Items 2 and 4 will be discussed in Sections V and VI respectively. Items 1 and 2 are discussed below.

For the immediate future, new power plants must be built, even if only to replace old plants that must be taken out of service. Energy conservation and increased efficiency in consumption will decrease the rate of growth in energy demand if a strong program is initiated and implemented. However, such a conservation program will not decease energy consumption, but will only slow the rate of increase. Consequently, for the immediate future, new power plants must be based on technologies presently available.

The "immediate future" spans a time of between 15 and 25 years. The principal reason for this dependence on present technology over this time period is that the introduction of new energy technologies, to supply a large portion of our energy needs, will require more than 15 to 25 years. Assuming that today a new technology was shown to be environmentally, socially and economically the best means to supply electricity, it would take:

1. About 10 years to organize the capital, manpower and manufacturing facilities required to supply the equipment for these new plants;

2. About 10 years to plan the siting and construction of these new plants; and

3. At least an additional five years of operational testing, debugging and fine tuning of these new designs to inspire the confidence of a large number of utilities, in order that they be purchased on a large scale.

Admittedly, certain portions of these three time periods might overlap, but we can reasonably expect an introductory time period for a new energy technology of between 15 and 25 years.

Solar, fusion, wind and tidal power are suggested schemes for future energy production that *appear* to be environmentally preferable to coal, oil and nuclear power. However, these energy sources are all in the research and/or development stage. As a result of the time lag before the introduction of any new technology, we are left with only three basic large energy sources over the next two or three decades. These are coal, oil and nuclear power.

Coal, oil and nuclear fuel supplies in the United States

The most abundant U.S. fuel supply (using presently available technologies) is coal. Estimates describe the quantities of coal available in terms of meeting all our coal demands for centuries into the future. Unfortunately, coal is environmentaly the worst of the three fuel alternates (see Section V, Environmental Impacts). With extensive and therefore, expensive, pollution controls, coal will supply only a portion of our future electricity needs. If we are to avoid coal's environmental and public health impacts we must rely on either oil or uranium, the source of nuclear power, to meet larger amounts of our electricity needs over the next few decades.

The crude oil supplies in the U.S. are limited and as a result the U.S. had recently developed a small dependence on foreign oil. The temporary cutback of foreign oil supplies in 1973 taught us how undependable that supply of oil could be. Our future demand for oil must be met, therefore, from U.S. sources. The present U.S. sources of crude oil, even when expanded to include oil from Western shale, or oil from the Atlantic Ocean's outer continental shelf, could very easily supply that demand. However, these supplies will be extremely costly. Section VI of this paper describes the present economic disadvantage of oil as an electricity supplier. This disadvantage would increase if the oil originated from oil shale.

Is there any relief from this tight supply situation through the use of the nuclear fuel, uranium? Over the next few decades the answer is "yes". Even assuming the largest possible amount of nuclear fuel use projected through this century, the uranium reserves and potential resources of uranium at \$30/lb of U_3O_8 (uranium ore), would last until the late 1990's. This calculation of the time to deplete these resources assumed the installation of 1500 million kilowatts of light water cooled nuclear plants by the year 2000.[10] For this calulation, the uranium reserves and potential resources assumed to be available at \$30.00/lb U_3O_8 were 2,200,000 tons.[22]) These supplies of uranium would be more costly than present uranium supplies, but would still produce cheaper electricity than oil-fired plants since the uranium fuel contributes only 5 percent to the total cost of generating nuclear power.

Additionally, the U.S. position in the world uranium market is much stronger than in the world oil market. Between 30 and 40 percent of estimated world uranium reserves are in the U.S.

For these reasons, reliance on nuclear power for increasing amounts of our electricity over the next few decades will present little or no fuel supply problems. At the very least, the use of uranium will provide the U.S. with a cleaner fuel than coal and a more available supply of fuel than oil.

V. ENVIRONMENTAL IMPACTS

The production of electric energy from all present fuel sources is environmentally degrading. This degradation can occur during each of the fuel processing steps necessary prior to electricity production, as well as during production itself.

Major fuel utilization processes that have an impact on the environment are:

a. Production (mining and extraction of the raw fuel source).

b. Refining (preparing the raw source for combustion).

c. Transportation (getting the fuel to the site of combustion).

d. Burning the fuel to produce power.

e. Disposal of the residues after burning.

The impacts of major concern caused by these processes are:

a. Air Pollution.

b. Water Pollution (thermal, chemical and radioactive).

c. Solid Wastes.

d. Land Use.

e. Visual (aesthetic) Pollution.

f. Occupational and Public Health.

The overall environmental effects of power generation, from the sources deemed feasible over the short term, are highlighted in Table 1. This table[17] compares the environmental impact of electric generating systems in six basic areas. The table (prepared by the Council on Environmental Quality) also makes a subjective assessment of the severity of the impacts in each of these areas.

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TABLE 1.—COMPARATIVE ENVIRONMENTAL IMPACTS OF 1,000-MEGAWATT ELECTRIC ENERGY SYSTEMS OPERATING AT A 0.75 LOAD FACTOR WITH LOW LEVELS OF ENVIRONMENTAL CONTROLS OR WITH GENERALLY PREVAILING CONTROLS

[Severity rating key: 5=serious, 4=significant, 3=moderate, 2=small, 1=negligible, 0=none]

	Air emissions			Water discharges				Solid waste			Land use		Occupational health		
System	Tons ($\times 10^3$)	Curies ($\times 10^3$)	Severity	Tons ($\times 10^3$)	Curies ($\times 10^3$)	B.t.u.'s ($\times 10^3$)	Severity	Tons ($\times 10^3$)	Curies ($\times 10^3$)	Severity	Acres ($\times 10^3$)	Severity	Deaths	Work-days lost ($\times 10^3$)	Potential for large scale disaster
Coal:															
Deep-mined	383.0	--------	5	7.33	--------	3.05	5	602	--------	3	20.4	3	4.00	8.77	Sudden subsidence in urban areas, mine accidents.
Surface-mined	3.3	--------	5	40.5	--------	3.05	5	3.267	--------	5	31.3	5	2.61	3.00	Landslides.
Oil:															
Onshore	159.4	--------	3	5.00	--------	3.05	3	(1)	--------	1	20.7	2	.35	3.61	Massive spill on land from blowout or pipeline rupture.
Offshore	158.4	--------	3	6.07	--------	3.05	1	(1)	--------	1	17.8	1	.35	3.61	Massive spill on water from blowout or pipeline rupture.
Imports	70.6	--------	2	2.52	--------	3.05	1	(1)	--------	1	17.4	1	.06	.69	Massive oil spill from tanker accident.
Nuclear		489	1	21.3	2.68	5.20	3	2.620	1.4	4	19.1	2	.15	.27	Core meltdown radiological health accidents.

[1] Not available

Source: "Energy and the Environment, Electric Power," prepared by the Council on Environmental Quality, August 1973.

Table 1 shows that the impact on air emissions is most severe for coal-fired generating systems, while nuclear air emissions are negligible. The overall environmental impact of water discharges from coal and oil (except onshore oil) is more damaging than nuclear. This is largely due to acid mine drainage for coal mining and risks of water pollution and disposal of brine found with oil. Nuclear does, however, create more thermal pollution during operation, up to 30% more in local water bodies.

In the solid waste area, the most environmentally damaging method of generation is seen to be surface-mined coal, because of the large volume of waste produced. Oil produces a small amount of inert solid waste, whereas in contrast, the nuclear radioactive waste disposal problem is considered to be of significant severity. Long-term storage of highly radioactive nuclear waste does indeed pose a serious problem. To date, several suggestions have been proposed, but no solution has been accepted.

The environmental impact of land use is most severe for surface-mined and deep-mined coal. Nuclear and oil systems have small or negligible impact.

Clearly the most dangerous form of power generation, relative to occupational health, is deep-mined coal with four deaths per year per million kilowatt electric plant. Nuclear fuel and imported oil have the smallest occupational death rates (0.15 to 0.06 deaths per plant per year, respectively). In terms of work days lost, the coal option is again the most severe, with nuclear clearly being the safest, occupationally.

When reviewing large scale disasters, the numerous *actual* occurrences of coal mining accidents, land giving way near a coal mine, and land and slag slides, must be compared to the *postulated* core meltdown or radiological health accidents associated with nuclear power. In addition, massive land or sea oil spills and oil well fires must be considered.

In order to make an overall comparison of the environmental effects of coal, oil and nuclear power generation, the relative severities of the environmental effects of the three energy sources were averaged to give a single overall "environmental impact indicator" for each source.

The results of this averaging are shown in Table 2. This table clearly indicates that coal, whether deep-mined or surface-mined, is the most environmentally damaging, while oil and nuclear have the same, small environmental effect.

Considerations that enter into these assessments of environmental impact include the following:[18]

Footnotes at end of article.

COAL

Mining

Deep-Mined.—Land disturbance, acid mine drainage, land subsidence, solid wastes, mine and waste pile fires and occupational hazards in mining are major negative impacts of the production of coal.

Surface-Mined.—Huge land disturbance, acid mine drainage, silt runoff, ecological and esthetic damage to strip-mined areas.

TABLE 2.—*Average Environmental Impact of Electric Energy Systems (From Table 1)*

System* and Average severity**	
Coal (Deep Mined)	3.2
Coal (Surface Mined)	5.0
Oil (Onshore)	1.8
Oil (Offshore)	1.8
Oil (Imports)	1.6
Nuclear	2.0

*Based on 1000 Mw electric energy systems operating at 0.75 load factor with low levels of environmental controls or with generally prevailing controls.

**Describes the severity rating key: 5=Serious; 4=Significant; 3=Moderate; 2=Small; 1=Negligible, and 0=None.

Transportation

Accident risks associated with the transportation of huge quantities of coal.

Generation of electricity

Water pollution and air pollution. Sulfur oxides, nitrous oxides and particulates are the major pollutants due to coal burning. Thermal discharges at power plants are minor impacts while large amounts of solid waste (ash) are present after burning and present disposal problems.

OIL

Extraction

Onshore.—Production and disposition of extracted brine, oil spillage, land use and air pollution from flares.

Offshore.—Oil spills from blowouts, pipeline ruptures, the water pollution associated with dumping the brine or oil into the ocean and air pollution from flares.

Transportation

Pipeline ruptures and pipeline rights-of-way as well as tanker transport have detrimental environmental effects.

Refining

Water pollution caused by thermal and chemical effluents; air pollution through sulfur oxides, unburnt hydrocarbon and nitrogen oxide release; and solid wastes make refining one of the dirtier oil-fired pollution problems.

Generation and electricity

The worst effect of oil-fired electricity generation is air pollution with the lesser effect being thermal pollution.

NUCLEAR

Mining, milling and enriching

Land disturbance from surface and underground mines, health risk to workers, radiological releases from milling operations (air and water), radioactive release during enrichment processes.

Transportation

Accident potential associated with the transportation of radioactive materials.

Generation of electricity

Nuclear-fueled electric production has two major pollutants: radioactivity in liquid, gases and solids, and thermal pollution.

Disposal of wastes

Long-term storage and monitoring of radioactive wastes.

VI. ECONOMIC ANALYSIS OF ALTERNATIVES

One of the most important factors in assessing a particular energy source is its economic cost and its available reserves. Many studies have been commissioned to assess the cost of energy generating systems. One of particular interest is a study by the Arthur D. Little Corporation done for Northeast Utilities. This study, released in July 1973, presents estimates and projections of costs for coal, oil and nuclear power plants. Based on this and many other studies, it is evident that the over-all cost of nuclear power is significantly less than that for coal or oil.

Figure 3 taken from this report, provides a breakdown of projected power costs for an 1150-megawatt electric power plant. The results are for a plant commencing operation in 1981. Capacity factors of 50 percent for the first year of operation, 65% for the second, and 75% for all subsequent years, were assumed for all plants.

Estimates (the unit used here for fuel cost is mills/kwh. A mill/kwh is equivalent to $0.001 per kilowatt-hour of electricity generated) in Figure 3 were based on fuel, capital and operating costs in the first quarter of 1973. Since that time, the cost of fuel oil has increased significantly. The base price for the cost of low sulfur oil has risen from approximately $4.40 per barrel to about $13.00 per barrel since the report was issued. Figure 2 shows the effect of this increase in the price of oil on the comparison of the total electric generating costs for each of the three fuels.

This significant increase in the generating costs of oil-fired plants is presently being reflected in electric bills via the "fuel adjustment allowances". Any increased use of oil-fired plants can only make the costs of electricity even higher. Clearly, nuclear power is the most economic bulk electricity supplier primarily due to its relative insensitivity to fuel costs.

VII. POWER PLANT RELIABILITY *

The issue of nuclear plant reliability has become important as a concerned public attempts to form an opinion regarding the use of nuclear reactors for electric generating stations. The call for a nuclear moratorium is usually preceded by the claim that nuclear power is not only unsafe and unnecessary, but that it is unreliable as well. Reference is often made to a May 1973 article in the *Wall Street Journal*[19] that stated that "the most dependable feature of nuclear power plants is their unreliability".

Clearly, some nuclear power plants have not operated as reliably as their owners would have liked. There have been problems. The record is clear that the reliability of nuclear power plants has been lower than anticipated over the first one to three years of commercial operation. However, the record is also clear on at least two other counts. First, nuclear plants have been generally as reliable as fossil plants of approximately the same size. Second, the reliability of nuclear generating stations usually increases substantially after the station has been operating for a few years. The facts regarding nuclear plant operation do not support the contention that reactors are unreliable devices.

The following points need to be understood:

1. One of the best guides to generating plant reliability in current use is a number called plant availability. Plant availability indicates the portion of time during a given period that the plant is available for use. Availability factors are thus one measure of the plant's ability to provide electrical energy. If a plant must be taken off the line because of the failure of one of its components, its availability is adversely affected.

2. In general, there is a greater disparity in plant availability between large and small fossil stations than between fossil and nuclear stations of approximately the same size. During the years from 1960 to 1972, total plant availability of fossil units between 60 and 90 megawatts in size averaged about 92 percent, whereas fossil units 600 megawatts or more averaged about 73 percent. Of the 29 nuclear plants operating at the end of 1972, half were larger than 600 megawatts and currently ordered nuclear plants are typically twice that size. In general, nuclear plant availability has been in the range of 68 to 70 percent. Reactor availability (the availability of just the reactor rather than the entire plant) from 1960 to 1972 averaged about 76 percent.

Additionally, examples can be found where nuclear plants are *more* reliable than fossil pants of comparable size. Commonwealth Edison in Chicago, which runs 25 percent of the nuclear capacity in the country, found that during the 12-month period ending November 30, 1973, their four large nuclear stations (Dresden 2 and 3, Quad Cities 1 and 2, each about 800 megawatts) averaged 82.6 percent availability, compared to 71 percent for their five large baseload coal-fired plants (Kincaid 1 and 2; Joliet 7 and 8: all over 600 megawatts; and Powerton 5, which is 850 megawatts). So it is no small coincidence that the nation's "most nuclear" electric utility is also performing very well financially—in contrast to many utilities' current cash flow squeeze and declining profits.

It's generally true that the longer nuclear units are in service, the better their records, in spite of a decline in average nuclear plant reliability during 1973 (for older plants). The oldest (since 1957) commercially operating nuclear plant in the country, at Shippingport, Pennsylvania, was available more than 95 percent of the time between 1966 and the end of 1972. Five more of the oldest operating reactors (Dresden 1, Yankee Rowe, Big Rock Point, Humboldt Bay, and Connecticut Yankee) averaged better than 83 percent availability for the six-year period 1967–1972.

FOOTNOTES

[1] Ralph Nader, Address to the Joint Session of the Massachusetts Legislature, March 21, 1974.

[2] As reported in *Nucleonics Week*, McGraw-Hill, Inc., March 14, 1974, p. 7.

[3] Ralph Nader, *The New York Times* Magazine Section, Letters to the Editor, March 24, 1974, p. 8.

[4] Ralph Lapp, "Nuclear Salvation or Nuclear Folly", *The New York Times*, Magazine Section, Feb. 10, 1974.

[5] "Public Rulemaking Hearing on Acceptance Criteria for Emergency Core Cooling Systems for Light-Water Cooled Nuclear Power Reactors" Docket No. RM50–1, USAEC, 1973.

[6] Forbes, I. A., et al., "Nuclear Reactor Safety: An Evaluation of New Evidence", *Nuclear News*, p. 32. Sept. 1971.

[7] Barnard L. Cohen, Introduction to Nuclear Energy Session, APS Topical Conference on Energy, Chicago, February 1974.

[8] "Report on the Integrity of Reactor Pressure Vessels for Light-Water Power Reactors", The Advisory Committee on Reactor Safeguards, January 1974.

[9] "Theoretical Possibilities and Consequences of Major Accidents in Large Nuclear Power Plants", USAEC report WASH–740, March 1957.

[10] "The Safety of Nuclear Power Reactors (Light-Water-Cooled) and Related Facilities", Final Draft, USAEC report WASH–1250, July 1973.

[11] *The World Almanac and Book of Facts*, 1974 Edition, Newspaper Enterprise Association, 1973.

[12] R. Phillip Hammond, "Nuclear Power Risks", *American Scientist*, Vol. 62, No. 2, March-April, 1974, p. 158.

[13] Starr, C. and Greenfield, M. A., "Public Health Risks of Thermal Power Plants, UCLA–ENG–7242, May 1972.

[14] Lim, Tek Hian, "Some Quantitative Risk and Benefit Comparisons from Generating Electricity of Coal-Fired and Nuclear-Fueled Power Plants Using Decision Analysis", Dept. of Nuclear Engineering and Lawrence Berkeley Laboratory, University of California.

[15] The Effects on Populations of Exposure to Low Levels of Ionizing Radiation," Report of the Advisory Committee on the Biological Effects of Ionizing Radiations, Division of Medical Sciences, National Academy of Sciences-National Research Council, November 1972.

[16] Lave, L. B. and Freeburg, L. C., "Health Effects of Electricity Generation from Coal, Oil, and Nuclear Fuel," *Nuclear Safety*, Vol. 14, No. 5, September-October 1973.

[17] "Energy and the Environment," Council of Environmental Quality Report, Issued August 1973, Report No. 0494–514, U.S. Government Printing Office.

[18] H. Perry and Harold Berkson, "Must Fossil Fuels Pollute," *Technology Review*, Vol. 74, No. 2, December, 1971, pp. 34–43.

[19] Thomas Ehrick, "Atomic Lemons—Breakdowns and Errors in Operation Plague Nuclear Power Plants," *The Wall Street Journal*, May 3, 1973, p. 1.

[20] "Nuclear Power, 1973–2000", Forecasting Branch, Office of Planning and Analysis U.S.A.E.C., WASH–1139 (72), December 1, 1972, p. 2.

[21] Noel Mostert, "Supertankers," *The New Yorker*, May 20, 1974.

[22] "Statistical Data of the Uranium Industry," Jan. 1, 1973 U.S.A.E.C., GJO–100, and Ninninger, Robert D., "Uranium Reserves and Requirements," Atomic Industrial Forum, Uranium Seminar, 1973.

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*Nuclear and fossil plant operating statistics used in calculating the availability numbers in this section were collected from the Edison Electric Institute and the Nuclear Assurance Corporation plant data files.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. Gonzalez today for 20 minutes, to revise and extend his remarks and include extraneous matter.

(The following Members (at the request of Mr. Parris) to revise and extend their remarks and include extraneous material:)

Mr. Buchanan, for 30 minutes, August 9.

Mr. Buchanan, for 30 minutes, today.

Mr. Railsback, for 5 minutes, today.

Mr. Miller, for 5 minutes, today.

Mr. Kemp, for 10 minutes, today.

(The following Members (at the request of Mr. Lehman) and to revise and extend their remarks and include extraneous matter:)

Mr. Matsunaga, for 5 minutes, today.

Mr. Patman, for 5 minutes, today.

Mr. Diggs, for 5 minutes, today.

Mr. Vanik, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. Price of Illinois, and to include extraneous matter notwithstanding the fact that it exceeds 4¾ pages of the Congressional Record and is estimated by the Public Printer to cost $1,320.50.

Mr. Anderson of California, to revise and extend his remarks immediately following the vote on the Anderson-Udall amendment on H.R. 16090 in the Committee of the Whole today.

(The following Members (at the request of Mr. Parris) and to include extraneous material:)

Mr. Winn.
Mr. Hosmer in two instances.
Mr. Zwach.
Mr. Hudnut.
Mr. Miller in four instances.
Mr. Wyman in two instances.
Mr. Sarasin.
Mr. Steiger of Wisconsin.
Mr. Esch.
Mr. Huber.
Mr. Gilman in two instances.
Mr. Railsback in two instances.
Mr. Mizell in five instances.
Mr. Derwinski in three instances.

(The following Members (at the request of Mr. Lehman) and to include extraneous matter:)

Mr. Anderson of California in two instances.
Mr. Gonzalez in three instances.
Mr. Rarick in three instances.
Mr. Vander Veen in two instances.
Mr. Badillo in three instances.
Mr. Culver in six instances.
Mr. Mahon.
Mr. Fauntroy.
Mr. Murtha.
Mr. O'Hara.
Mr. Edwards of California in five instances.
Mrs. Burke of California.
Mr. Andrews of North Carolina.
Mr. Dent.

Mr. Nichols.

Mr. Murphy of New York.

Mr. Kyros in five instances.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 1694. An act to regulate commerce and to protect petroleum product retailers from unfair practices and for other purposes; to the Committee on Interstate and Foreign Commerce.

S. 3548. An act to establish the Harry S. Truman memorial scholarships, and for other purposes; to the Committee on Education and Labor.

ENROLLED BILL AND A JOINT RESOLUTION SIGNED

Mr. HAYS, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill and a joint resolution of the house of the following titles, which were thereupon signed by the Speaker:

H.R. 69. An act to extend and amend the Elementary and Secondary Education Act of 1965, and for other purposes;

H.J. Res. 1104. Joint resolution to extend by 62 days the expiration date of the Export Administration Act of 1969.

SENATE ENROLLED JOINT RESOLUTION SIGNED

The SPEAKER announced his signature to an enrolled joint resolution of the Senate of the following title:

S.J. Res. 229. A joint resolution to amend the Export-Import Bank Act of 1945.

ADJOURNMENT

Mr. GONZALEZ. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 7 o'clock and 44 minutes p.m.), under its previous order, the House adjourned until tomorrow, Friday, August 9, 1974, at 11 o'clock a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2642. A letter from the Director of Federal Affairs, National Railroad Passenger Corporation, transmitting the financial report of the corporation for April 1974, pursuant to section 308(a)(1) of the Rail Passenger Service Act of 1970, as amended; to the Committee on Interstate and Foreign Commerce.

2643. A letter from the Administrator, National Aeronautics and Space Administration, transmitting a report on the number of individuals in each general schedule grade employed on June 30, 1973, and June 30, 1974, by NASA under chapter 51 and subchapter III, chapter 53 of title 5 of the U.S. Code; to the Committee on Post Office and Civil Service.

2644. A letter from the Secretary of Transportation, transmitting the priority primary route cost study report, pursuant to 23 U.S.C. 147(c); to the Committee on Public Works and ordered to be printed with illustrations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mrs. SULLIVAN: Committee on Merchant Marine and Fisheries. H.R. 15540. A bill to extend for two years the authorization for appropriations to implement title I of the Marine Protection, Research, and Sanctuaries Act of 1972; with amendments (Report No. 93–1269). Referred to the Committee of the Whole House on the State of the Union.

Mr. McFALL: Committee of Conference. Conference report on H.R. 15405 (Report No. 93–1270). Ordered to be printed.

Mr. LONG of Louisiana: Committee on Rules. House Resolution 1304. A resolution providing for the consideration of H.R. 5529. A bill to amend the National Traffic and Motor Vehicle Safety Act of 1966 to authorize appropriations for the fiscal years 1974, 1975, and 1976, to provide for the recall of certain defective motor vehicles without charge to the owners thereof, and for other purposes. (Report No. 93–1271). Referred to the House Calendar.

Mr. PEPPER: Committee on Rules. House Resolution 1305. A resolution providing for the consideration of H.R. 15977. A bill to amend the Export-Import Bank Act of 1945, and for other purposes. (Report No. 93–1272). Referred to the House Calendar.

Mr. MURPHY of Illinois: Committee on Rules. House Resolution 1306. A resolution providing for the consideration of S. 1728. An act to increase benefits provided to American civilian internees in Southeast Asia. (Report No. 93–1273). Referred to the House Calendar.

Mr. EVINS of Tennessee: Committee of Conference. Conference Report on H.R. 15155. (Report No. 93–1274). Ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BROYHILL of North Carolina (for himself, Mr. Moss, Mr. Eckhardt, Mr. Helstoski, Mr. Breckinridge, Mr. Dingell, Mr. Adams, Mr. McCollister, and Mr. Carney of Ohio):

H.R. 16327. A bill to provide minimum disclosure standards for written consumer product warranties against defect or malfunction; to define minimum Federal content standards for such warranties; to amend the Federal Trade Commission Act in order to improve its consumer protection activities; to authorize appropriations for the Federal Trade Commission for fiscal years 1975, 1976, and 1977; and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. BROYHILL of North Carolina:

H.R. 16328. A bill to amend title 38 of the United States Code to increase the income limitations relating to the payment of pension and dependency and indemnity compensation and to provide supplemental pension payments to certain veterans; to the Committee on Veterans' Affairs.

By Mr. ASPIN:

H.R. 16329. A bill to authorize the Commissioner of Education to make grants for teacher training, pilot and demonstration projects, and comprehensive school programs, with respect to health education and health problems; to the Committee on Education and Labor.

By Mr. MILLS (for himself) and Mr. Carey of New York):

H.R. 16330. A bill to provide additional fiscal assistance to local governments and to extend revenue sharing for local governmental units for 2 additional years; to the Committee on Ways and Means.

By Mr. GUNTER (for himself, Mr. Haley, Mr. Chappell, Mr. Gibbons, Mr. Harrington, Mr. Kyros, Mr. Studds, Mr. Moakley, and Mr. Wolff):

H.R. 16331. A bill making a supplemental appropriation for the Department of Health, Education, and Welfare for the fiscal year ending June 30, 1975, to provide funds to conduct a study of the effects of the red tide on human health; to the Committee on Appropriations.

By Mr. KARTH (for himself and Mr. Biaggi):

H.R. 16332. A bill to amend section 5051 of the Internal Revenue Code of 1954 (relating to the Federal excise tax on beer); to the Committee on Ways and Means.

By Mrs. MINK:

H.R. 16333. A bill to amend the Merchant Marine Act, 1936, in order to permit nationals of the United States to serve as officers and crew aboard vessels documented under laws of the United States; to the Committee on Merchant Marine and Fisheries.

By Mr. MOAKLEY:

H.R. 16334. A bill to amend the Small Business Act to assist in the financing of small business concerns owned by persons who are disadvantaged because of certain social or economic considerations; to the Committee on Banking and Currency.

H.R. 16335. A bill to amend the Fair Labor Standards Act of 1938, to require prenotification to affected employees and communities of dislocation of business concerns, to provide assistance (including retraining) to employees who suffer employment loss through the dislocation of business concerns, to business concerns threatened with dislocation, and to affected communities, to prevent Federal support for unjustified dislocation, and for other purposes; to the Committee on Education and Labor.

H.R. 16336. A bill to designate the birthday of Martin Luther King, Junior, as a legal public holiday; to the Committee on the Judiciary.

H.R. 16337. A bill to provide property tax relief to low-income elderly homeowners through direct reimbursements; to the Committee on Ways and Means.

H.R. 16338. A bill to promote the development of an open, nondiscriminatory, and fair world economic system, to stimulate the economic growth of the United States, and for other purposes; to the Committee on Ways and Means.

By Mr. NICHOLS (for himself, Mr. Bevill, Mr. Buchanan, Mr. Dickinson, Mr. Edwards of Alabama, Mr. Flowers, and Mr. Jones of Alabama):

H.R. 16339. A bill to designate the new Forest Service laboratory at Auburn, Ala., as the "George W. Andrews Forestry Sciences Laboratory"; to the Committee on Agriculture.

By Mr. SEBELIUS (for himself, Mr. Abdnor, Mr. Blackburn, Mr. Buchanan, Mr. Camp, Mr. Frey, Mr. Gaydos, Mr. Hastings, Mrs. Heckler of Massachusetts, Mr. Ketchum, Mr. Long of Maryland, Mr. McSpadden, Mr. Martin of North Carolina, Mr.

Milford, Mr. Montgomery, Mr. Price of Texas, Mr. Rostenkowski, Mr. Shriver, Mr. Skubitz, Mr. Steelman, Mr. Thone, Mr. Taylor of Missouri, Mr. Walsh, Mr. Winn, and Mr. Young of Alaska):

H.R. 16340. A bill to authorize and direct the Secretary of the Interior to conserve and store helium; to the Committee on Interior and Insular Affairs.

By Mr. WALSH (for himself, Mr. McSpadden, Mr. Yates, Mr. Derwinski, Mr. Mazzoli, Mr. Nix, Mr. Stratton, Mr. Conyers, Mr. Badillo, Mr. Won Pat, Mrs. Grasso, Mr. Mitchell of Maryland, Mr. Price of Illinois, Mr. Helstoski, Mr. Stark, Mr. Hudnut, Mrs. Collins of Illinois, Mr. Pepper, Mr. Murphy of New York, Mr. Fauntroy, Mr. Edwards of California, Mr. Frenzel, Mr. Matsunaga, Mr. Roe, and Mrs. Holt):

H.R. 16341. A bill to provide for the issuance of a special postage stamp in commemoration of the life and work of Harriet Tubman; to the Committee on Post Office and Civil Service.

By Mr. WALSH (for himself, Ms. Holtzman, Mr. de Lugo, Mr. Moakley, Mrs. Chisholm, and Mrs. Burke of California):

H.R. 16342. A bill to provide for the issuance of a special postage stamp in commemoration of the life and work of Harriet Tubman; to the Committee on Post Office and Civil Service.

By Mr. BUCHANAN (for himself and Mr. Hamilton):

H.R. 16343. A bill to authorize U.S. payment to the United Nations for expenses of the United Nations peacekeeping forces in the Middle East, and for other purposes; to the Committee on Foreign Affairs.

By Mr. DON H. CLAUSEN:

H.R. 16344. A bill to amend title 38 of the United States Code to increase the income limitations relating to the payment of pension and dependency and indemnity compensation and to provide supplemental pension payments to certain veterans; to the Committee on Veterans' Affairs.

By Mr. CRANE:

H.R. 16345. A bill to provide for an audit by the General Accounting Office of all gold owned by the United States; to the Committee on Banking and Currency.

By Mr. CRONIN:

H.R. 16346. A bill to confer U.S. citizenship on certain Vietnamese children and to provide for the adoption of such children by American families; to the Committee on the Judiciary.

By Mr. DELLENBACK:

H.R. 16347. A bill to support the construction of a memorial building at the Hoover Institution on War, Revolution, and Peace as a memorial to Herbert Hoover; to the Committee on House Administration.

By Mr. GUNTER:

H.R. 16348. A bill to require institutions of higher education receiving Federal funds to report to the Commissioner of Education with respect to any funds received by such institutions from foreign sources; to the Committee on Education and Labor.

By Mr. MARAZITI:

H.R. 16349. A bill to amend the Federal Election Campaign Act of 1971 to provide for an independent Federal Elections Commission, and for other purposes; to the Committee on House Administration.

By Mr. RAILSBACK:

H.R. 16350. A bill to extend the deadline for application for certain loans under the Consolidated Farm and Rural Development Act; to the Committee on Agriculture.

H.R. 16351. A bill to amend the Emergency Daylight Saving Time Energy Conservation Act of 1973 to exempt from its provisions the period from the last Sunday in October 1974, through the last Sunday in February 1975; to the Committee on Interstate and Foreign Commerce.

By Mr. ROGERS:

H.R. 16352. A bill to amend the Marine Mammal Protection Act of 1972 to prohibit the intentional killing or injuring of marine mammals pursuant to permits authorizing the taking of such mammals incident to commercial fishing operation, to extend the authorizations for commercial fisheries gear development for 2 years, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. STEIGER of Wisconsin:

H.R. 16353. A bill to reduce the duty on aspen wood for wood particle board; to the Committee on Ways and Means.

By Mr. FASCELL (for himself, Mr. Frelinghuysen, Mr. Derwinski, Mr. Fountain, and Mr. Parris):

H. Res. 1301. Resolution expressing to foreign nations the determination of the House of Representatives to insure continuity in U.S. foreign policy; to the Committee on Foreign Affairs.

By Mr. FROEHLICH (for himself and Mr. Bob Wilson):

H. Res. 1302. Resolution creating a select committee to study the impact and ramifications of the Supreme Court decisions on abortion; to the Committee on Rules.

By Mr. REID (for himself, Mrs. Chisholm, Mr. Milford, Mr. Mitchell of Maryland, Mr. Nix, Mr. Rodino, Mr. White, Mr. Charles Wilson of Texas, Mr. Winn, and Mr. Won Pat):

H. Res. 1303. Resolution to affirm support of U.S. foreign policies; to the Committee on Foreign Affairs.

By Mr. BUCHANAN:

H. Con. Res. 587. Concurrent resolution expressing the sense of the Congress that Richard M. Nixon be granted immunity from prosecution for certain alleged offenses against the United States; to the Committee on the Judiciary.

By Ms. COLLINS of Illinois (for herself and Mr. Randall):

H. Con. Res. 588. Concurrent resolution expressing the sense of Congress concerning unclaimed bonds that are being kept by the Department of the Treasury for veterans; to the Committee on Ways and Means.

By Mr. MILFORD:

H. Con. Res. 589. Concurrent resolution to censure President Richard M. Nixon; to the Committee on the Judiciary.

By Mr. PATMAN (for himself, Mr. Barrett, Mrs. Sullivan, Mr. Reuss, Mr. Moorhead of Pennsylvania, Mr. St Germain, Mr. Gonzalez, Mr. Minish, Mr. Hanna, Mr. Gettys, Mr. Annunzio, Mr. Rees, Mr. Hanley, Mr. Koch, Mr. Cotter, Mr. Mitchell of Maryland, Mr. Fauntroy, Mr. Young of Georgia, Mr. Moakley, Mr. Stark, and Mrs. Boggs):

H. Con. Res. 590. Concurrent resolution requesting the President to use his power under the Credit Control Act to control inflation and allocate credit; to the Committee on Banking and Currency.

By Mrs. SCHROEDER (for herself, Mr. Derwinski, Mr. Corman, Mr. Won Pat, Mr. Sebelius, Mr. Carey of New York, Mr. Fascell, Mr. Phillip Burton, Mr. Riegle, Mr. Rooney of Pennsylvania, Mr. Roybal, Mr. Runnels, Mr. Roe, Ms. Abzug, Mr. Moakley, Mr. Bell, Mr. Rangel, Mr. Murphy of New York, Mr. Bingham, Ms. Jordan, Mr. Stark, Mr. Benitez, Mr. Dellums, Mr. Seiberling, and Mrs. Burke of California):

H. Con. Res. 591. Concurrent resolution to provide for the printing of copies of the Constitution of the United States in Spanish; to the Committee on House Administration.

By Mrs. SCHROEDER (for herself, Mr. Rosenthal, Mr. Young of Georgia, Mr. Badillo, Mr. Pepper, Mr. Waldie, Mr. Pickle, Mr. Edwards of California, Mr. Harrington, Mr. Brown of California, Mr. Roncalio of Wyoming, Mr. Murphy of Illinois, Mr. Udall, Mr. Charles H. Wilson of California, Mr. John L. Burton, Mr. Nix, Mr. Symington, Mr. Thompson of New Jersey, Mr. McSpadden, Mr. McCloskey, Mr. Stokes, Mr. Gonzalez, Mr. Fauntroy, Mr. O'Brien, and Mr. Rodino):

H. Con. Res. 592. Concurrent resolution to provide for the printing of copies of the Constitution of the United States in Spanish; to the Committee on House Administration.

By Mrs. SCHROEDER (for herself, Mr. Lehman, Mrs. Boggs, Mr. Matsunaga, Mr. Moss, Mr. McKinney, Mr. Conte, Ms. Holtzman, Mr. Ryan, Mr. Anderson of California, and Mr. Mosher):

H. Con. Res. 593. Concurrent resolution to provide for the printing of copies of the Constitution of the United States in Spanish; to the Committee on House Administration.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII,

Mr. STARK introduced a bill (H.R. 16354) to authorize the President of the United States to present in the name of Congress a Medal of Honor to Brig. Gen. Charles E. Yeager; to the Committee on Armed Services.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

466. By the SPEAKER: Petition of the City Council, Corpus Christi, Tex., relative to the allocation and pricing of natural gas; to the Committee on Interstate and Foreign Commerce.

467. Also, Petition of Erin Keefe, Alexandria, Va., and others, relative to impeachment of the President; to the Committee on the Judiciary.

EXTENSIONS OF REMARKS

FEDERAL CIVILIAN EMPLOYMENT, JUNE 1974

HON. GEORGE H. MAHON

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. MAHON. Mr. Speaker, I include a release highlighting the June 1974 civilian personnel report of the Joint Committee on Reduction of Federal Expenditures, together with a summary of Federal employment changes during fiscal year 1974, ended June 30, 1974:

The accompanying report covers the month of June 1974—the last month of fiscal year 1974. Following the practice of many years standing, this statement is designed to summarize personnel developments during the past year. The following is a summary of total employment in all three branches, comparing June of 1973 and June of 1974:

FISCAL YEAR 1974 SUMMARY

	June 1973	June 1974	Change
Executive branch	2,780,889	2,847,784	+66,895
Legislative branch	34,928	36,539	+1,611
Judicial branch	8,740	9,490	+750
Total, all branches	2,824,557	2,893,813	+69,256

The payroll costs for fiscal 1974 are estimated to be about $36 billion, and further analysis of pay costs will be included in next month's report when actual fiscal year data is complete.

These figures are from reports certified by the agencies as compiled by the Joint Committee on Reduction of Federal Expenditures.

Executive Branch

Total civilian employment in the Executive branch of the Federal Government in June 1974 is shown for Civilian and Military agencies in comparison with June 1973:

	June 1973	June 1974	Change
Civilian agencies	1,728,216	1,777,645	+49,429
Military agencies	1,052,673	1,070,139	+17,466
Total, civilian employment	2,780,889	2,847,784	+66,895

The civilian agencies reporting the most significant changes during the year were:

Major increases in HEW with 13,742, Postal Service with 9,270, Treasury with 8,623, Veterans with 3,940, Agriculture with 2,890, Justice with 2,822, Interior with 2,769, Transportation with 2,348, Tennessee Valley Authority with 1,610 and General Services Administration with 1,080. (The increase in HEW is mainly due to the conversion of certain public assistance grant programs, previously operated by the states, to direct federal administration.)

Major decreases in Selective Service with 3,046 and State/AID with 1,135.

During fiscal year 1974 significant increases were made in the category of full-time permanent—the relatively stable hard-core of federal civilian employment (excluding categories of temporary employment which are subject to sharp seasonal fluctuations). Comparison of current full-time permanent employment (June 1974) with June 1973 and with the budgeted projections for June 1974 and 1975 follows:

	Civilian agencies	Military agencies	Total
June 1973, actual	1,434,419	987,281	2,421,700
June 1974, actual	1,477,067	1,002,886	2,479,953
Budget projections:			
June 1974	1,455,300	1,025,300	2,480,600
June 1975	1,477,800	1,025,000	2,502,800

In summary, the June 1974 total for full-time permanent employment, is:

58,253 over the total reported *a year ago* in June 1973. The notable increases during the year were 16,192 in Postal Service, 15,605 in military agencies, 12,385 in HEW, 6,269 in Treasury, 3,899 in Veterans, 2,692 in Justice and 1,639 in Transportation. Major decreases were 2,274 in Selective Service, 2,094 in Agriculture, 1,101 in NASA and 1,081 in State/AID.

647 under the January *budget projection for June 1974.* Military agencies were 22,414 below the projected level while Postal Service was 16,192 over the projection.

The budget for 1975 projected full-time permanent employment *next year as of June 1975* at 2,502,800. This budget estimate was some 22,000 over the estimate for June 1974 and about 23,000 above the level actually reported this month. It should be noted, however, that the President indicated in his July 26 statement that he had ordered a reduction of 40,000 in the projected 1975 level.

The June 1974 total of 2,847,784 for civilian employees in federal executive agencies also includes:

56,764 *disadvantaged persons* employed under federal opportunity programs, a decrease of 1,616 as compared with June a year ago.

2,711,065 employees *inside* the United States, an increase of 65,167 since June 1973 and 136,719 employees *outside* the United States, an increase of 1,728 since June 1973.

MONTH OF JUNE 1974

Total civilian employment in the Executive, Legislative and Judicial Branches of the Federal Government in the month of June was 2,893,813 as compared with 2,863,468 in the preceding month of May. This was a net increase of 30,345, largely due to summer employment of the "disadvantaged" under youth opportunity programs.

Executive Branch

Civilian employment in the Executive Branch in the month of June as compared with the preceding month of May 1974, follows:

	Full-time in permanent positions	Change	Temporary, part-time, etc.	Change	Total employment	Change
May 1974	2,464,316		354,719		2,819,035	
Civilian agencies	(1,469,942.		(296,247)		(1,766,189)	
Military agencies	(994,374)		(58,472)		(1,052,846)	
June 1974	2,479,953	+15,637	367,831	+13,112	2,847,784	+28,749
Civilian agencies	(1,477,067)	(+7,125)	(300,578)	(+4,331)	(1,777,645)	(+11,456)
Military agencies	(1,002,886)	(+8,512)	(67,253)	(+8,781)	(1,070,139)	(+17,293)

Some additional points of interest in connection with civilian employment in executive agencies, are:

Full-time permanent employment showed increases in military agencies with 8,512, HEW with 1,415, Transportation with 1,300, Veterans with 1,034 and Agriculture with 1,031.

Temporary and part-time employment shows increases primarily in military agencies with 8,781, Postal Service with 3,005, Interior with 2,453, Agriculture with 2,352 and Transportation with 1,114. These increases are largely due to the hiring of temporary summer aides. The largest decrease was in Treasury with 5,750.

Civilian agencies reporting the largest increases in June were Agriculture with 3,383, Postal Service with 2,744, Interior with 2,535, Transportation with 2,414, HEW with 2,249 and Justice with 1,005. The largest decrease was in Treasury with 5,319.

Employment *inside* the United States increased 33,698 since May and *outside* the United States there was a decrease of 4,349 for the month.

In addition, Mr. Speaker, I would like to include a tabulation, excerpted from the joint committee report, on personnel employed full-time in permanent positions by executive branch agencies during June 1974, showing comparisons with June 1973 and the Budget estimates for June 1974 and June 1975:

PERSONNEL EMPLOYED FULL-TIME IN PERMANENT POSITIONS [1] BY AGENCIES OF THE EXECUTIVE BRANCH DURING JUNE 1974 AND COMPARISON WITH JUNE 1973, AND BUDGET ESTIMATES FOR JUNE 1974 AND JUNE 1975

Major agencies	June 1973	June 1974	Estimated June 30, 1974 [2]	Estimated June 30, 1975 [2] [3]
Agriculture	81,715	79,621	80,200	80,200
Commerce	28,300	28,549	28,600	29,100
Defense:				
Civil functions	29,971	29,072	28,700	29,100
Military functions	957,310	973,814	996,600	995,900
Health, Education, and Welfare	114,307	126,692	[4] 123,900	[4] 126,200
Housing and Urban Development	15,820	15,021	14,800	14,200
Interior	56,771	57,568	58,900	59,400
Justice	45,496	48,188	48,900	51,000
Labor	12,468	12,788	12,700	13,000
State	22,578	22,644	23,400	23,400
Agency for International Development	10,108	8,961	9,900	9,500
Transportation	67,885	69,524	69,500	71,300
Treasury	98,087	104,356	104,700	111,400
Atomic Energy Commission	7,145	7,411	7,400	7,800
Civil Service Commission	5,911	6,190	6,100	6,300
Environmental Protection Agency	8,270	9,144	9,200	9,200
General Services Administration	35,721	36,733	37,200	38,000
National Aeronautics and Space Administration	25,955	24,854	25,000	24,600
Panama Canal	13,680	13,841	14,000	14,100
Selective Service System	4,607	2,333	3,100	2,200
Small Business Administration	4,050	3,957	4,100	4,300
Tennessee Valley Authority	13,995	14,001	14,000	14,400
U.S. Information Agency	9,048	8,960	9,100	9,100
Veterans' Administration	170,616	174,515	173,400	181,800
All other agencies	34,603	37,741	37,300	37,600
Contingencies			2,000	5,000
Subtotal	1,874,417	1,916,478	1,942,700	1,968,100
U.S. Postal Service	547,283	563,475	537,900	534,700
Total [5]	2,421,700	2,479,953	2,480,600	2,502,800

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[1] Included in the total employment shown on table 1, beginning on p. 3.

[2] Source: As projected in 1974 budget document submitted by the President on Feb. 4, 1974.

[3] It should be noted that the President indicated in his July 26 statement that he had ordered a reduction of 40,000 in the projected 1974 level.

[4] Excludes 4,000 positions involved in proposed transfer of St. Elizabeth's Hospital to the District of Columbia.

[5] June figure excludes 1,932 disadvantaged persons in public service careers programs as compared with 1,320 in May.

CHANNAHON PLANS HOMECOMING

HON. GEORGE M. O'BRIEN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. O'BRIEN. Mr. Speaker, in Will County, Ill., there is a beautiful rural community called Channahon. Each year about this time the 1,500 residents take a few days out from their work to celebrate the village's annual homecoming.

It is a time to reflect on their history and a time when present and former residents of Channahon get together to renew old acquaintances and make new ones.

Channahon is an Indian word for "meeting of the waters" and was bestowed on the town by Judge William Peck, one of the early settlers. He chose the name because of the confluence of the Des Plaines and DuPage Rivers near the center of the township.

Like ancient Mesopotamia where the Tigris and Euphrates Rivers flowed, Channahon was a rich and fertile farming area and one of the best watered and best drained sections of Will County.

The first settler, John Shoemaker, came to Channahon in 1831. It was then still a favorite camping ground for Indians who raised corn in the rich bottomland and fished along the rivers.

Much of the land was timbered with little open prairie but the remainder was fine farmland with rolling hills. Gradually more and more settlers came to Channahon and put down roots until by 1870, the population had grown to 1,164.

The Illinois and Michigan Canal and the Chicago, Pekin and Southwestern Railroad passed through the town providing excellent shipping facilities for the huge amounts of grain and livestock raised by enterprising citizens.

As a whole, Channahon soon became one of the most prosperous communities in Will County.

Today Channahon is undergoing a transition as part of the Fox Valley Industrial Center. Yet despite this new development, the area retains its rural charm and its old traditions.

The annual homecoming is one tradition I hope the people of Channahon never relinquish. I know that they have worked hard on this year's event and I want to wish them every success.

BIG OIL DOES IT AGAIN

HON. DON EDWARDS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. EDWARDS of California. Mr. Speaker, service stations are once more open 7 days a week. They have more gas than they can sell. But the price is still outrageous, as are the profits of the oil companies.

It is hoped that when a certain amount of stability is returned to the White House, Congress and the administration can seek solutions to this urgent problem. Inflation must be curbed, and at the core of inflation is the oil and gasoline scandal.

Mr. Speaker, I commend to my colleagues the following compelling editorial from the San Jose Mercury:

BIG OIL DOES IT AGAIN

The public-be-damned attitude of the petroleum industry is so ingrained and of such long duration that hardly anybody pays attention to it anymore, which is a pity.

Until the public becomes sufficiently incensed to demand that Congress do something about the ongoing outrages, they are certain to persist. About all that can be done in the interim is to keep calling attention to the ways in which the industry cares for its own interests. A recent spate of statistics from the American Petroleum Institute, the propaganda arm of the industry, serve to illustrate.

According to API, gasoline inventories are up 9 to 10 per cent over what they were a year ago and refineries are operating at 6 to 7 per cent below the capacity they were utilizing a year ago.

The industry spokesman, Van H. R. Sternbergh, explained this as a result of government requirements that more gasoline and crude oil be kept in transit to meet federal allocation programs. Further, he said, inventories were unusually low last year.

It is at least fortunate that Sternbergh didn't attempt to shift the blame to the Arabs, whose oil embargo hadn't really begun to be effective by this time last year or to claim that the refineries were concentrating on fuel oil and propane to get American homeowners and farmers through the coming winter. Apart from insulting the intelligence, those excuses would have been too easy to disprove. Instead, the industry chooses to blame the bureaucrats, which has a double advantage. It is difficult for the average man to determine for himself whether the assertion is true, and it plays to the general distrust of and distaste for government so common just now.

On the other hand, regardless of the validity of the oil industry's official explanation, it is quite possible for the average man to determine how industry policies affect him. All he has to do is check the prices at his local gas pump and look in his newspaper for the latest quarterly earnings report of his favorite oil company. He will find both inflated beyond all reason..

All of which suggests an urgent need for a thoroughgoing congressional review of regulations affecting the petroleum industry. Clearly, there is a minimum need for an independent audit of the industry's supplies, pricing policies and distribution mechanisms.

It is at least arguable that the industry is sitting on inventories and holding down refinery runs deliberately in order to keep gasoline prices sky-high. When enough citizens get sufficiently angry to demand action, Congress will set about finding out.

EXPLANATION

HON. WILLIAM LEHMAN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. LEHMAN. Mr. Speaker, I would like the RECORD to reflect that I missed a quorum call earlier today due to the fact that I was chairing a joint hearing on the Child and Family Services Act by the Select Education Subcommittee and the Subcommittee on Children and Youth on the Senate side, and therefore did not hear the House bells.

THE MOST IMPORTANT QUESTION OF THE CENTURY

HON. RONALD A. SARASIN

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. SARASIN. Mr. Speaker, there are two specific voting situations in the House of Representatives which I believe can be honestly characterized as awesome: a vote on the question of a formal declaration of war, and a vote on the question of the impeachment of the President of the United States.

Because of Richard Nixon's outstanding successes in the area of foreign policy there will be no need to consider a formal declaration of war. Unfortunately, the activities of the President subsequent to the Watergate break-in of June 17, 1972, have given rise to the impeachment procedure now before the House.

On August 5 the President admitted personally ordering the cover-up of the Watergate probe within 6 days of the break-in and further admitted deceiving the American public, the Congress, the Judiciary Committee and his own defense counsel of the true facts.

The reaction in Congress to these revelations was overwhelming. The 10 Members of the Judiciary Committee who had voted against impeachment reversed their decisions. Many Members of Congress reacted quickly and emotionally in stating their decisions to vote for impeachment.

I have deliberately chosen not to rush to judgment on an emotional basis. I have taken the time to coolly and rationally study the transcripts of the June 23, 1972 conversations between the President and H. R. Haldeman. I have utilized this time to continue listening to the tapes and examining the volumes of evidence previously available only to the members of the Judiciary Committee.

I have delayed my decision in part because of my determination to be as fair and objective as possible and in part because I felt it was imperative that I be able to go back to my constituents and to say to those on both sides of the issue: "I have studied all the evidence and considered every aspect of the matter and believe my judgment is supported and justified by the facts."

I shall cast my vote for the impeachment of President Richard M. Nixon pursuant to article I of the impeachment resolution reported by the Judiciary Committee.

I do not join those calling for the resignation of the President since I believe this entire matter must be carried out to its legal and proper conclusion in accordance with the Constitution.

I know that some of my constituents will not agree with my decision, while others question why I took so long to reach this point. I can only ask those on both sides to read and consider my reasons and judge my performance in the light of my constitutional and legal responsibilities.

Impeachment of any President would be a difficult and traumatic experience for the country and certainly only our second venture into this uncharted constitutional area had to be undertaken with prudence and due consideration for the fact that our activities in the 93d Congress would be establishing precedents for the future.

What we do here and now will almost certainly have grave and continuing effects on our Government for years to come and it is imperative that the standards set here and the example we provide for those who come after be beneficial to the country.

While every Member of the House of Representatives must face up to this awesome responsibility in accordance with his own conscience and sense of duty, my personal view has been that those who took firm positions on either side while the evidence was still being gathered and examined did a disservice to the establishment of the constitutional process to be followed in such cases.

My personal course has been to support every effort to get to the bottom of the matter, including full powers and funding for the Judiciary Committee, calling on the President to provide all the information requested and in general backing all facets of an orderly, legal, and proper inquiry into all aspects of the case.

I have also felt it was my obligation as a grand juror, which is the role the House of Representatives fulfills in the impeachment procedure, to endeavor to keep an open mind and study all the evidence objectively and without prejudice. This obviously precluded my taking a position until I felt I had all the evidence that bore directly on the case, or at least all the evidence available.

On the basis of this evidence, I now feel that I can make a decision which I can personally accept as the right one and which I can bring to my constituents as the best judgment based on the facts before us.

I am specifically relating my decision at this time to the basic charges brought against the President in article I adopted by the House Judiciary Committee. This article accuses the President of the United States of obstruction of justice through his knowledge of and involvement in the Watergate coverup .

Circumstantial evidence had been accumulating over the months linking the White House and a number of key Presidential aides to the attempts to subvert justice in the various criminal cases lumped together under the term "Watergate." The release of the three additional tapes by the President on August 5 disclosed with clear and convincing proof that President Richard M. Nixon was directly and personally involved in the obstruction of justice.

This is by any reasonable standard an impeachable offense and I am forced to the conclusion that the only defensible position is to vote for the impeachment of President Richard M. Nixon on the grounds included in the first article and send this matter to the Senate for trial in accordance with the Constitution.

The same chain of evidence relates to the charges embodied in article II, accusing the President of misusing the agencies of the Federal Government, an abuse of his Presidential power. The latest three tapes present powerful evidence that the President himself involved the Federal Bureau of Investigation and the Central Intelligence Agency in the Watergate coverup. The evidence here is also compelling.

The accusation against the President in article III voted by the Judiciary Committee, that he was in contempt of Congress in his refusal to honor subpenas for evidence issued by the committee, would probably have merit if the committee had exhausted its legislative and legal remedies, including taking the matter to the Supreme Court. The committee did not follow these paths and I find little merit in article III under those circumstances. I would not support impeachment on this charge.

I have spoken before of the agony of this decision, but in the final analysis, it is not the decision that is agonizing. The decision itself arises naturally out of the evidence and is inescapable once one has made certain evaluations of the facts available.

The agony comes from the necessity of having to judge the President, of being in a situation where the highest official of the Nation must come under such scrutiny. I ask only that the residents of the Fifth District try to judge my actions in this matter with the same fairness and objectivity that I have attempted to apply in this most important question of the century.

RESOLUTION OF ZIONIST ORGANIZATION OF AMERICA ON ARAB TERRORISM

HON. JONATHAN B. BINGHAM

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. BINGHAM. Mr. Speaker, I wish to call the attention of my colleagues and other readers of the CONGRESSIONAL RECORD to the following resolution on the subject of Arab terrorism, which was adopted at the 77th Annual Convention of the Zionist Organization of America held in New York City June 27–30:

ARAB TERROR

The ZOA voices its outrage at the recent atrocities perpetrated by Arab terrorist organizations who have made Jewish women and children the target of their cowardly but murderous assaults.

The ZOA further deplores the attitude of the governments of Great Britain, West Germany, Italy, Cyprus, Greece and the Sudan, who have freed terrorists apprehended in the act of commiting murder within their territories. The exemption from punishment uniquely afforded to Arab terrorists by these countries has given the terrorist organizations a free hand to destroy property and take life with impunity throughout the world.

The ZOA notes that Arab terrorists continue to receive enthusiastic encouragement and open support from both the Arab states and the Soviet Union. With the aid of these countries Arab terrorists have converted Lebanon into their headquarters, establishing there numerous armed camps and military bases from which they dispatch their assassins to kill and maim whoever they can in Israel, to kidnap ambassadors and other officials of even major powers, to wreak havoc in international travel, and to hold major business corporations to demands for ransom. In this connection, we express our dismay over the recent failure of the U.S. to veto an anti-Israel resolution of the U.N. Security Council, after Israel had retaliated against the indiscriminate murders committed by Arab terrorists at Kiryat Shemonah.

The ZOA notes with regret that American attempts to elicit international cooperation designed to put an end to the source of Arab terrorism have come to naught. We declare that a concerted, determined, unilateral effort by the United States is now required. We further declare that the Lebanese government must be held accountable for criminal activity emanating from its territory. We therefore urge the government of the United States to demand of the Lebanese government that it act forcefully and successfuly to liquidate the terrorist bases on its territory, and that if Lebanon refuses to accept this obligation, to demand that a United Nations force be established to undertake this task.

The ZOA further notes in this connection, that the Palestinian refugee camps administered by the United Nations Relief & Works Agency (UNRWA) have come totally under terrorist domination. Since the United States provides 60% of the budget for UNRWA, it has the legal, political, and moral duty to insist that UNRWA takes whatever measures necessary to free these camps from terrorist control. We call upon the government of the United States to raise this issue at the United Nations and to insist that a UN police force be stationed in the UNRWA camps to deny their use to the terrorists as recruitment and training centers, administrative headquarters, arsenals, and armed bases.

MORE CONCLUSIVE DATA NEEDED ON DAYLIGHT SAVING TIME

HON. TOM RAILSBACK

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. RAILSBACK. Mr. Speaker, my 1974 questionnaire revealed that 59 percent of the residents of Illinois' 19th Congressional District oppose year-round daylight saving time, while only 41 percent support it.

Therefore, I was particularly interested in the Department of Transportation's interim report—required by last year's Energy Conservation Act. That report recommended, as part of a continuing experiment, the Nation observe daylight saving time for only 8 months of the coming year.

Based on preliminary information, the DOT study estimated:

YRDST probably resulted in an electrical energy saving of .75 to 1 percent this past winter. The predominant fuel saved was coal.

Total travel and gasoline use in the U.S. was generally reduced in the winter months of 1973/1974 compared to the winter months of 1972/1973. However, in March and April, when gasoline supplies were more available and it was warmer, YRDST may have increased gasoline use as much as .5 to 1 percent in some states over the amount forecasted under conditions of standard time.

No significant effects on traffic safety were attributed to YRDST. Lowering of speed limits and restrictions on the availability of gasoline was credited with the decrease of motor vehicle fatalities.

Fatalities involving school-age children over the entire day in both January and February 1974 were reduced from the previous year. There was an increase in school children fatalities during the morning hours of 6 to 9 a.m. for February 1974 versus February 1973, but an offsetting decrease in fatalities occurred in the early evening hours.

The Federal Communication Commission reported that YRDST caused adverse economic impacts for some radio stations because of frequency interference problems during prime time morning rush-hour broadcasts.

No measurable effects of YRDST were reported in the areas of crime, agriculture, labor and recreation.

YRDST was found to be generally popular with the public, but not in the winter months of November through February.

It seems clear to me that we must obtain more conclusive data on the effects of daylight saving time. The DOT report recommends that a modified daylight saving time experiment be conducted in the coming year to determine such effects.

Because I firmly believe that additional information is needed, and because I am today introducing legislation that closely parallels the Department of Transportation's recommendation. Briefly stated, my bill will amend the Emergency Daylight Saving Time Energy Conservation Act of 1973 to exempt from its provisions the period from the last Sunday in October 1974 through the last Sunday in February 1975. I hope this proposal will receive immediate and favorable consideration.

SMALL VERSUS BIG

HON. ROBERT J. HUBER

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. HUBER. Mr. Speaker, it is no secret that the small businessman is currently suffering great hardship due to inflation and scarce supplies. In my view, not enough concern over the small businessman is being shown by our Federal Government. A recent editorial in Industry Week from July 29, 1974, puts the case very succinctly, in my opinion. The editorial follows:

SMALL VERSUS BIG

(By Stanley J. Modic)

"I've found a buyer and I'm getting out. Taxes and all the federal regulations are just becoming too much to cope with."

The speaker is an entrepreneur of a "small" manufacturing facility in the electronics industry. He has been in business for a number of years, but decided it was no longer worth the hassle.

As far as the statistics go, this small businessman was a success; only three out of ten manage to stick it out for more than a year. Nevertheless, his tale of woe is a sad commentary on the state of affairs facing his breed.

With today's penchant for "big," the plight of the "small," unfortunately, is being largely ignored. Even some of the numbers belie the facts. As the National Small Business Assn. reports, small firms account for 98 percent of the total business units, create jobs for 65 percent of the Nation's nongovernment work-force, and contribute about 40 percent of the gross national product.

But in market share, assets, and profits, they are losing ground. For instance, in 1960, small- and medium-size corporations in manufacturing had 50 percent of the assets and were responsible for 41 percent of the profits. By 1972, this had declined to 30 percent of the assets and 28 percent of the profits.

One small manufacturer equates his position to a ping-pong ball being bounced around inside a box. He sees the four sides as big suppliers, big customers, big labor, and big government. He's at the mercy of each, with too little clout to fight back and too little leverage to control his costs of material and manpower or to pass them on via price adjustments.

To be sure, big business is being squeezed by big labor and big government. But, relatively speaking, it is better equipped to cope with the pressures than its little brother. Small business feels the same pressure, but with more impact. The last thing it needs is undue pressure from big customers and big suppliers.

True entrepeneurs are a vanishing breed. Their special problems need special understanding and consideration. For each one that "dies" takes with him a little piece of the competitiveness, enterprise, and inventiveness that make our system work.

And we can't afford it.

LIBERTY LOBBY

HON. BILL NICHOLS

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. NICHOLS. Mr. Speaker, the Liberty Lobby has been praised and cited by many Members of this body as a pro-Constitution, highly patriotic institution of American citizens which has been active in Washington for many years. It is in fact the original people's lobby; however, it does not hesitate to deal in conventional issues which I believe would be better resolved if greater recognition were given to them.

Many of Liberty Lobby's publications have been entered in various issues of heard every Monday through Friday on heard every Monday through Friday on more than 180 stations coast to coast. I have listened to many of these broadcasts and have found nothing at any time which is in any way subversive, un-American or unpatriotic.

As a matter of fact, Liberty Lobby requires all members to sign the following loyalty oath:

1. I certify that I do not advocate nor do I belong to any group which advocates the violent overthrow of the government of the United States.
2. I believe in the Constitution.
3. I place my allegiance to the Republic of the United States of America above that which I give to any other temporal power party or faction.

Liberty Lobby does not hesitate to take a strong stand on behalf of America first and advocates the policy of neutrality in foreign affairs laid down for this Nation by its founder, George Washington, who is extolled on this floor as well as in the other body on his birthday. Liberty Lobby advocates that the U.S. taxpayers not be forced to support either side in the Mideast conflict and fears that our financial involvement will lead to military conflict which would be disastrous for all mankind.

During my years in Congress I have supported many of the aims of this organization which I believe to be those of sound fiscal policy and strong national defense and staunch opposition to communism. In these days of uncertainty I am pleased to join with other members of this body in commending this organization's efforts in behalf of Americanism.

AGRICULTURE MEETING

HON. JOHN P. MURTHA

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. MURTHA. Mr. Speaker, I recently had the pleasure and honor to meet with members of the Somerset County Farmers Association and several Grange officers and members. We were able to sit down together to exchange views at an informal meeting. Our discussion ranged over a broad spectrum of agricultural problems, and was extremely informative for me. I would like to present a summary of the meetings' remarks, because I believe these farmers had a great deal to say not only about the situation of small, independent, Pennsylvania farmers like themselves, but I believe they speak for the problems of small farmers all across the United States.

At the end of my remarks I will insert into the RECORD a copy of a newspaper article that summarizes many of the points we discussed. Before that, though, I would like to read a checklist of a dozen key items the farmers presented at the meeting that well illustrate the problems they face and the areas of difficulty that government should be confronting. It is a list which I believe has importance for all of us.

The checklist reads like this:

First. The farmer's cost-of-living is up 60 percent; the farmer's cost of operation is up 70 percent; meanwhile the farmer is being paid at 74 percent of parity compared to 87 percent of parity 24 years ago; in short, the farmer's income is actually down from past levels;

Second. Fertilizer costs have more than doubled and are expected to go even higher; baler twine has recently gone from $28 to $30 per bale compared with a price of $7.50 last year;

Third. The product the farmer has to sell has been forced down in value in the last 4 or 5 months in a serious and dramatic price-value drop;

Fourth. The decline in the number of farmers is not conducive to a healthy agricultural community; neither is this a healthy trend for the Federal National population, because our national strength depends in part on a strong farm community;

Fifth. Imports of dairy products are not measuring up to sanitary requirements of milk produced in this country; it is also not subject to the rigid inspection required of milk produced in the United States;

Sixth. Sources of energy such as hydroelectric wind power, solar energy, atomic energy, and other alternatives should be encouraged so the cost of electricity and fuel are reduced; farmers are among our largest users of electricity and fuel, and this represents a significant budget item to them;

Seventh. What would happen to the economy if the farmers were further deprived of a decent income and could not afford to make the necessary investments to continue a portion of their production? The answer in part is that a whole range of other industries would be adversely affected; for instance, farmers are the largest users of steel; if the farm demand slips, the economy of the entire Nation will be damaged;

Eighth. The law known as the Agricultural Stabilization and Conservation Act should be reinstituted, according to these farmers, to assure the American consumer an adequate supply of food at a reasonable cost, and to conserve the soil for future generations;

Ninth. Productivity in the United States is down compared to foreign countries; on the other hand, agricultural productivity remains higher than any other nation despite the present string of problems, which I might add, is a great tribute to our farmers;

Tenth. Farmers are the biggest gamblers in the world—would anyone else like to stick $25,000 in the ground, and then gamble that the weather with the good Lord's blessing will return you your original investment, along with an income to exist in this inflationary period?

Eleventh. Congress will have to make vital decisions on which segments in this economy are to have priority, and which groups must be bolstered to counter the inflationary trend; certainly the agriculture community should be high on any priority list;

Twelfth. Information is that the Government is considering establishing a strategic reserve of grain supplies; the Congress has important questions to ask about whether this policy should be adopted and what the role of the Congress is to be in such a program.

I believe, Mr. Speaker, that these gentlemen presented us with a dozen key statements and questions for this Congress to ponder and resolve. I remember when my family used to go to a nearby farm to buy corn in the summer. When we got home we would find the farmer had given us 13 ears instead of 12. We would call that a farmer's dozen. Well, inflation has not only eliminated the extra ear, it has placed the entire dozen in jeopardy, and I believe reviving our agricultural community is something that must become a major priority of Congress.

For the additional information of the Members, Mr. Speaker, I would also like to insert into the RECORD a news article on the meeting. I might add that in an age when politicians often criticize the news media at the drop of a quote, the article also represents an excellent reporting job by Mr. Richard Cartwright of the Somerset Daily American.

The article follows:

MURTHA MEETS WITH FARMERS ON PROBLEMS

(By Dick Cartwright)

Congressman John P. Murtha met Saturday with members of the Somerset County Farmers Association and several Grange members to discuss farm and farm-related problems.

The early afternoon luncheon was held at Ratsy's Restaurant and was attended by about 20 persons. Included in the group was Somerset County Democratic Committee Chairman W. L. "Bill" Conrad, and two Murtha staff members.

The meeting followed a two-hour workshop earlier in the day at the Somerset Municipal Building.

The subject was milk as the luncheon conversation began, but shortly the talk turned toward import problems, lax inspection of dairy imports, bailing wire and fertilizer shortages, and, finally the ever-growing problems on the decreasing number of farms as well as the declining interest of young persons in farming.

The meeting was a political, bi-partisan, but highly committed to the idea that while "the farmer wants no handouts, but he does want a chance," as one man emphasized.

As the topic of milk marketing and the low rate per hundred weight the farmers gets on milk turned to the other subjects, the general consensus appeared to be that the farmer—in the long run—is concerned not only with the farm operation, but with general economic ills as a whole.

As one man put it, the independent farmer is getting shoved aside by "manipulative monopolies," not only in farming, but in the materials he needs to run the farm.

On that point, Murtha responded that he would look into the extent and scope of the monopolies citing lack of competitive price as well as market manipulation as an outgrowth of such monopolies.

A second major problem cited by other members of the group was the lack of effective, if any, inspection of meat and especially dairy products coming into the markets.

The issue was raised previously during the congressional campaign before the special election in February.

Murtha has already introduced legislation calling for stricter controls, noting: "We can't stop exports. We have to maintain a balance of import-export programs. However, we can see to it that imports meet the standards which the federal government imposes on its own citizens."

In addition, it was pointed out that materials and grains sent to foreign countries come back as lower-priced goods, undercutting American-made products.

Murtha proposed that he and the association as well as others should meet quarterly to discuss the problems and legislation affecting agriculture.

The move was well-received as a greater effort to get back to a grass-roots understanding of specific problems and dilemmas facing persons in the 12th Congressional District.

"We can't solve everything over night, nor can we be concerned with the problems of yesterday or those next week," Murtha said, "rather we must consider the long-range problems that will face us next year and beyond."

He also discussed legislation that will "provide an incentive for young persons to stay on the farm; to provide them with a decent profit and a decent way of life."

After the meeting, Murtha reported that other meetings of the same nature will be held with other groups, such as veterans and businessmen.

Murtha added that in addition to the meetings, offices have been established in the district counties, with one scheduled to open mid-August in Somerset, to decentralize the services.

AMERICAN DAIRIES DRYING UP

HON. JOHN M. ZWACH

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. ZWACH. Mr. Speaker, actions expanding the import of dairy products for the express purpose of depressing domestic price levels have had a severe, adverse effect over the last year and a half. These moves have been major factors in the decline in milk production from about 120 billion pounds in 1972 to a current annual rate of 114 billion pounds.

In the last 90 days, basic milk prices at the farm have fallen $1.84 per hundred, well over 20 percent. In the face of rapidly rising costs of production, the big price drop can only result in a further exodus of dairy farmers. This, in turn, will further shorten supplies and result in greatly increased prices as the shortened milk supply makes itself felt in the market this fall and winter.

In 1974, imports of 100 million pounds of cheddar cheese and 150 million pounds of nonfat dry milk disrupted the normal marketing patterns and clogged inventory channels prior to the seasonal peak of domestic production. Since April 1, the Commodity Credit Corporation has purchased 72 million pounds of nonfat dry milk. During the second quarter of the year, 114 million pounds of nonfat dry milk was imported into this market.

The inevitable result has been to reduce prices for manufactured dairy products and for milk at the farm. The Congress has, through the dairy price support program and the Federal milk market order program, directed the production of an adequate supply of milk for the markets of this country. This is not being accomplished under current policies and the situation can only worsen if they continue to be pursued.

Mr. Speaker, this is a concern not only of our dairymen. With your permission, I would like to insert into the CONGRESSIONAL RECORD at this point a joint statement by the National Milk Producers Federation, the National Association of Wheat Growers, and the American National Cattlemen's Association on national import policy.

The joint statement follows:

JOINT STATEMENT OF THE NATIONAL MILK PRODUCERS FEDERATION, THE NATIONAL ASSOCIATION OF WHEAT GROWERS, AND THE AMERICAN NATIONAL CATTLEMEN'S ASSOCIATION ON NATIONAL IMPORT POLICY

The National Milk Producers Federation, the American National Cattlemen's Association, and the National Association of Wheat Growers have joint concerns over policies presently being pursued with respect to international trade by our government and the adverse impact these actions have had and can have for major segments of our agricultural economy.

The Congress has long sought to provide the basis for the development and maintenance of a strong agriculture. The success of such efforts is evident in the fact that the productive capacity of U.S. agriculture has permitted our people to be the best fed and the best clothed of those in any nation at any time in history. This has been accomplished at a lower cost in absolute terms than ever before. In addition to meeting the needs of this market, agriculture has made irreplaceable contributions to the foreign trade posture of this nation and has provided food for markets around the world.

In the course of providing the basis and environment in which domestic agriculture could advance, the Congress has found it necessary to adopt measures to effectively prevent the American market from becoming a dumping ground for excess production of other nations. To this end, Section 22 of the Agricultural Adjustment Act and the Meat Import Act of 1964 have been adopted.

While some have depicted these enactments as measures aimed at the restraint of free international trade, they have a far more basic purpose. They have been designed to further the national policy of promoting a strong agriculture and assuring abundant supplies of domestically produced agricultural products at reasonable prices. The necessity for these measures has been created, not in the United States, but in other countries that have closed their borders or which have sought to remove their surplus production through subsidized exports. The Meat Import Act of 1964, for example, is written in such a way that access to the U.S. market by exporting nations is guaranteed, as contrasted to the embargoes on meat imports that recently were put into effect by the European Economic Community and Japan.

It is disheartening, therefore, to witness the development and execution of a philosophy that runs totally counter to the stated intent of the Congress. Today, significant elements of these measures lie unused or have largely been abandoned. Agricultural interests seeking their enforcement or application have been told that, to do so, would be counter to our interest of seeking expanded trade. They are told that it would be counter to our policy of seeking lower consumer prices and restraining domestic inflation.

At a time when there is growing concern, both in this country and abroad, over the adequacy of food production and the cost of food, there can be no justification for policies which tend to discourage agricultural production. This is the direction which these actions point us toward. American farmers and ranchers are independent businessmen. Their decisions are, and must be, based on economic facts and their assessment of the future as it applies to their industry.

Expanded international trade, if it is truly beneficial to all parties, is a goal to be sought. What has been or is being pursued under our present policies, however, cannot lead in this direction. The United States is today refusing to utilize needed authorities to maintain its domestic industries. By administrative action, the United States is unilaterally granting as much or more than could be expected through the trade talks that would be authorized under the Trade Reform Act. With this in mind, we cannot realistically expect our trading partners to relent in their use of trade limiting techniques.

As an effort to counter inflation, these actions are equally faulty. No action that reduces or limits the incentive or ability to produce can result in the production of adequate supplies of a commodity.

PATRICK B. HEALY,
Secretary,
National Milk Producers Federation.
RAY DAVIS,
President,
National Association of Wheat Growers.
C. W. MCMILLAN,
Executive Vice President,
American National Cattlemen's Association.

OUR CONSTITUTION IN SPANISH

HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mrs. SCHROEDER. Mr. Speaker, I am today introducing a concurrent resolution to authorize the printing as a House document of a Spanish translation of the U.S. Constitution. I am pleased to say that 58 of my colleagues have joined me in this effort.

As our Supreme Court has so recently reaffirmed, our Constitution is the law of the land for all our citizens. Watergate and impeachment have made constitutional issues matters of everyday conversation. I believe it is particularly important at this time to make copies of the Constitution readily and widely available to everyone. Since there are over 12 million citizens in our country of Spanish heritage, with approximately 6 to 9 million of them speaking Spanish as their primary language, I believe it is our duty, as House Members, to be able to provide these citizens with copies of our Constitution printed in their language.

Mr. Speaker, we all recognize the need for an informed and knowledgeable citizenry. This is particularly true in these troubled times. It is not surprising that our large number of Spanish speaking citizens have caused our Federal agencies to issue and distribute over 100 publications in the Spanish language, and I believe, as House Members, we must not only exercise our responsibilities with regard to impeachment, but we must also exercise our responsibilities in educating the public regarding the process we are undertaking. Obviously, one of the best ways of opening up communications with our Spanish speaking citizens is to reach them in their own language.

One of the most important problems yet to be faced by our Nation is how to adequately deal with the problems of the bilingual and bicultural in the areas of education, employment, housing, and health. This is a problem that can undoubtedly be resolved when it is perceived that it is an asset and not a liability to be knowledegable in two languages and cultures. One of the greatest natural resources yet to be recognized and tapped is that of our Spanish speaking citizens.

My own district, Denver, Colo., has over a 12 percent Spanish surnamed population. Unfortunately, we do not receive a great deal of mail in Spanish or English from the Spanish surnamed in Denver—a fact that tells me this segment of our population feels left out of the legislative mainstream. I think we in Congress must exert ourselves, reach out to our Spanish speaking constituents, and encourage their active participation in our legislative process. Our role is not simply educational. We must demonstrate our sincere interest in representing this vital segment of our population by reaching out to them in their own language.

I have not doubt that a House document in Spanish, especially the Constitution, can be an effective step towards this end. There is no doubt, as well, that a Spanish translation of the Constitution would also be useful to House Members in being able to provide copies for use in bilingual classes, Spanish language classes, and for use in naturalization classes, in addition to meeting the immediate need for a clearer understanding of the impeachment process. Above all, as true Representatives, we can use this effort to provide Spanish translations of our Constitution to increase communications with our Spanish speaking population.

PERSONAL EXPLANATION

HON. RICHARD F. VANDER VEEN

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. VANDER VEEN. Mr. Speaker, on Wednesday, August 31, I was privileged to be an official guest of the Ionia County Fair in Ionia, Mich. This was a very longstanding commitment and was made shortly after I was elected to the House this past February.

I was delighted to visit with those attending the fair—it is one of the big events of the year in our part of western Michigan. However, it was necessary for me to forgo attendance in the House of Representatives on that day. A check of the legislative calendar indicated that my vote would most probably not be needed to sway the result. As it happens, my vote on none of the issues raised on the House floor would have changed any voting results.

I consider it only appropriate, however, that I declare how I would have voted on these issues, and include an explanation of the votes and their totals:

First. House rollcall No. 421—quorum call of House Members.

Second. House rollcall No. 422—386 nays, 68 yeas, 35 not voting.

Pickle, of Texas, amendment to reject section 3 of the conference report on H.R. 8217. This motion would have stricken the section which will permit 24 States, including Michigan, to continue providing extended unemployment compensation benefits for those qualified. I would have voted "nay" on the motion, and thus voted to continue these important benefits.

Third. House rollcall No. 423—335 yeas, 66 nays, 33 not voting.

Vote on final passage of Senate Concurrent Resolution, calling for an inflation policy study. I would have voted "yea" in favor of this important economic study.

Fourth. House rollcall No. 424—323 yeas, 83 nays, 28 not voting.

House vote on final passage of the conference version of H.R. 69, elementary and secondary education amendments. I had already voted in favor of this legislation when it first passed the House. I would have voted "yea" again to help assure this compromise version becomes law.

Fifth. House rollcall No. 425—quorum call of House Members.

Sixth. House rollcall No. 426—194 yeas, 191 nays, 49 not voting.

Long of Maryland amendment which would require that both Houses of Congress must affirmatively approve nuclear-sharing agreements with foreign powers before they go into effect. I would have voted "yea" on this amendment, as without it the Senate could approve such agreements without approval of the House.

Seventh. House rollcall No. 427—373 yeas, 8 nays, 53 not voting.

House final passage of S. 3698, the bill which would require congressional approval of nuclear agreements. This legislation will apply to the proposed sharing of nuclear reactors and technology with Egypt, Syria and Israel. I would have voted "yea" on this bill.

CYPRUS

HON. PETER N. KYROS

OF MAINE

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. KYROS. Mr. Speaker, I had the honor today to meet with concerned Greek-Americans who congregated on the Capitol steps to demonstrate over the continuing presence of foreign forces in Cyprus. While I fully realize that we are all concentrating on the historic chain of events currently taking place in Washington, we must not forget that the rest of the world still exists and we cannot neglect our responsibilities in foreign affairs.

These Americans of Greek heritage are telling us that the seriousness of the hostilities in Cyprus must not be overlooked, even though we are involved in our domestic crisis. Well over 100 of my colleagues have joined with me in sponsoring a House concurrent resolution calling for the immediate withdrawal of all foreign troops in Cyprus. This resolution was introduced again today with additional cosponsors. There is no doubt in the minds of my colleagues that each day the foreign forces—especially the large number of Turkish troops—remain in Cyprus, the Eastern Mediterranean is brought closer to a wider and more dangerous war.

I regret to say that our Department of State has been too involved in behind-the-scene negotiations, when more direct action is vitally needed. I have written to Secretary Kissinger to urge in the strongest terms that the State Department take a forceful role in halting the Cyprus action. How can the State Department explain their inaction, when two NATO allies are engaged in hostilities against each other. It is shocking to me that NATO equipment, such as airplanes and tanks, supplied by the United States for the self-defense of Turkey is now being used in Cyprus—clearly not in its self-defense. This is in definite violation of the NATO Charter, and is jeopardizing the very existence of the NATO Alliance itself. I herefore repeat that unless all foreign troops are withdrawn at once, I shall be forced to introduce another resolution, this one calling for an end to all military and economic assistance to Turkey.

At this time, I would like to include the statement of the Cyprus Society of Greater Washington in the RECORD as it was presented to me this afternoon:

STATEMENT OF CYPRUS SOCIETY OF GREATER WASHINGTON, AUGUST 8, 1974

Hon. P. Kyros, J. Brademas, L. Bafalis and P. Sarbanes, G. Yatron:

We, the Cyprus Society of Greater Washington, along with our brethren of the various sister Greek Societies whose officers and representatives are here with us now, hereby express to you our grateful appreciation for your spearheading House Resolution #576, attached herewith, which calls for the removal of all foreign troops from the Republic of Cyprus and the restoration of peace to the island and of the right of self-determination to the Cypriot people. We ask you to also convey our many thanks to your one hundred-odd fellow congressmen who have signed H.R. #576.

We express our thanks to you, Honorable Congressmen, on behalf of the helpless thousands of suffering Greek Cypriots, on behalf of the wounded, on behalf of the relatives of the dead. These ills have befallen these peace loving, industrious people as a result of the dastardly, barbaric, unprovoked act of aggression by the Turkish Armed Forces.

We have here with us a fellow American citizen, Mr. Costas Johannides of 6564 Virginia Hills Ave., Alexandria, Va., 22310, who can relate to you acts of robbery, acts of murder in cold blood, acts of torture by the invading Turks against the native Greek Cypriots, which acts he witnessed.

Our hearts bleed, Honorable Congressmen, but our spirit is deeply angered when we heard that the Turkish army was using American tanks against our brethren (Associated Press Wire Service, 3:00 PM, Sunday, July 28, 1974). This has been an unequal and unfair struggle: forty thousand well equipped Turkish soldiers against unarmed people; they are committing genocide on the island. The Turks are still at it, this very minute, landing more forces on the island and killing more people, almost three weeks after the Security Council of the United Nations adopted Resolution 353 on July 20, 1974, demanding "an immediate end to foreign military intervention in the Republic of Cyprus".

It is most regrettable that our Secretary of State capitulated to Ecevit's gun-point diplomacy and allowed this invasion to take place, on the pretext that this would safeguard the southern flank of NATO by preventing war between Greece and Turkey. So something had to go and Cyprus was sacrificed. This is the Hegelian philosophy of the Nazis, whereby the end justifies the means, a concept totally incompatible with our system of government.

In closing, Honorable Congressmen, we beseech you to continue your efforts to have H.R. 573, adopted by the House of Representatives of the United States of America.

SIGNATURES

Andrew S. Tegeris, M.D., President, Cyprus Society of Greater Washington.

Spyro Anthony, Vice President, Cyprus Society of Greater Washington.

Charles Euripides, Executive Committee, Cyprus Society of Greater Washington.

Richard Kyriakos, Executive Committee, Cyprus Society of Greater Washington.

Chris Plato, Executive Committee, Cyprus Society of Greater Washington.

Kyriakos Timotheou, Executive Committee, Cyprus Society of Greater Washington.

George Yiallouros, Executive Committee, Cyprus Society of Great Washington.

Tom Costantinou, Executive Committee, Cyprus Society of Greater Washington.

Eumenios Damon, Executive Committee, Cyprus Society of Greater Washington.

Anastasios J. Tousimis, Ph.D., President, Greek Scientists Society of Washington.

Argyrios Nitrios, President, Roumeliotes Society of Greater Washington.

Berry Michael, President, Gappa Society of Greater Washington.

Mimis Tsintolas, President, Arcadian Society of Washington and National Treasurer, Congress of United Greek American Associations.

Steve Kallegias, President, Epirotic Society of Washington.

Spyros Nitsios, President, Ahepa of Silver Spring.

Theodore Perros, Ph.D., Congress of Greek-American Organizations.

Peter Sillis, Pres., Panepirotic Federation.

ADDRESS BY DR. OTIS R. BOWEN

HON. WILLIAM H. HUDNUT III

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. HUDNUT. Mr. Speaker, on July 8, 1974, the Governor of my State, Dr. Otis R. Bowen, addressed the Midwestern Legislators Conference of the Council of State Governments in Indianapolis and in my opinion his remarks sounded a note that persons at all levels of government throughout the Nation should heed.

Dr. Bowen has pointed out the roles that should be played by National, State, and local governments. Over many years the tendency has been for the Federal Government to take over more and more functions that normally belong to the States and local government. However, the National Government has not met with success in solving a variety of problems and, in this connection, the U.S. Congress comes in for some deserving criticism. Today, the impetus seems to be shifting back to the States, and I believe this will serve to the advantage of our Nation in the long run.

The remarks of Governor Bowen are constructive, if critical, and I believe it would be beneficial to my colleagues and others to read them and give thoughtful consideration to the views expressed. Therefore, I include the entire speech as follows:

REMARKS BY THE HONORABLE OTIS R. BOWEN, GOVERNOR OF THE STATE OF INDIANA

It is a pleasure for me to participate in this gathering of State decision-makers. We are pleased that you have come to Indiana and hope that you share in our hospitality and our enthusiasm.

There was a time when the role of States in the Federal system was receding rather rapidly. During a period of a general public thrust toward using government as a vehicle for problem-solving, the States, by and large, were still caretakers. State government stamped permits, issued licenses, collected revenues and poured cement. Therefore, the national government, and to a lesser extent the large cities, emerged as the power centers within the Federal system.

Today, for a variety of reasons, I believe the impetus is shifting back to the States. In attempting to explain this development, some people unfortunately have manipulated the issues to substantiate certain political motives, or to bolster the case for a particular point of view they are trying to sell, although it may have little actual relationship to federalism or its problems.

I believe it is time to recognize some rather serious problems in the governmental system. It is not enough to attempt to change the focus of power whenever one element of the system becomes stagnant or unresponsive. The federal system relies upon a partnership of Federal, State and local entities. When one partner falters, it should and must be of concern to the other partners. It is neither practical nor desirable to kick the ailing partner out of the picture, or to attempt to cover for him and his responsibilities in a necessarily haphazard fashion.

The Federal partnership was created because of a belief that certain issues are local enough in scope to make local action desirable. Certain others were assigned to the State level, in the belief that a regional entity was better suited to solve common problems, or because a State government could bring more resources to bear than local governments acting singly, or in concert. There also was a recognition that certain issues are national in scope and may only be addressed in a national forum and resolved through central government mechanisms.

Over a period of years, again for a variety of reasons, the system has gone out of balance and the National Government has assumed a disproportionate role in our Federal destiny. State and local governments were at least partly to blame for this erosion of power, due to their too long outmoded structures.

However, serious flaws have emerged in the operations of the National Government apparatus. Too often in recent years the result has been contradiction, confusion, inaction, or—very simply, bad policy, as a result, the central, National Government has become the ailing partner in the federal system.

I believe there are four basic reasons for the recent and recurring failures of the National Government to face or resolve pressing national issues.

First, it was an underlying philosophy of the federal system that the Nation is a diverse union of people and landscape. There are vast differences in culture, in population distribution, in availability of natural resources, in economy, in geography and geology.

But the trend in Congress and in Federal administrative agencies has been to ignore this diversity or submerge these very real local and regional characteristics into arbitrary and standardized policies of implementation. I will grant that this procedure of "human homogenization" works to the convenience of the Federal officials administering programs. But it has a warping effect upon the nation, its component regions, and its people.

From a legal point of view, it is often easier to pursue courses of standardization. And we don't want the result of an understanding of regional differences to become translated into favoritism or neglect. But this cozy packaging of supposed solutions into arbitrary national guidelines and policies is having a detrimental impact when it is applied in specifics.

Too often in recent years, public officials have engaged in rather empty debates about who should deal with certain problems, when the central issue should have been whether or not Government even need be involved. The clamor for Government intervention, either as the result of perplexing problems or pressure from affected interests, has been booming for several decades. It is high time to recognize that Government simply makes a rather bad job of certain functions and ought not seek to run them.

The failures are magnified by the spin-off effects into other sectors. Quite often, the idealistic programs are themselves destroyed through bad mechanics, inequities in application, and distortion of economic and social processes.

A discussion of Federal issues cannot gloss over the rather serious problems of the United States Congress. Congress is a necessary and vital element of the Federal system. But institutional and political forces have brought about a serious impairment of the ability of Congress to respond to national issues. Congress does not solve problems, it merely disposes of them in a manner convenient to its processes.

Under the Federal constitution, Congress is clearly identified as the monitor and custodian of issues relating to interstate commerce. And while we have all seen the commerce clause stretched to the point of encompassing university football recruiting policies, we haven't truly seen Congress address and resolve the basic and recognizable issues of interstate commerce.

Congress postponed action on the eastern rail reorganization to an extent that makes any good resolution of that problem an extremely chancy proposition. Congress disposed of the railroad problem. It passed a law, it cleared its calendar to move on to something else. But its action has not solved the problem, and court decisions of recent days may have rendered meaningless the gestures it made.

Energy is clearly within the purview of interstate commerce, which establishes a preeminent congressional role in the resolution of the energy crisis. Yet the Congressional Record on energy is one of indirection. It is quite clearly the responsibility of Congress to write a national energy policy, yet Congress has engaged in constant maneuvers to avoid that duty.

Unfortunately, since Congress holds the reins on so much federal power, meaningful reform of its policymaking processes will come only when and if Congress itself decides to initiate it.

Finally, there are so many Federal agencies wielding so much power for which there is little accountability that major policy decisions are in the hands of unresponsive Federal officials. The situation is compounded by the fact that independent action by one group of bureaucrats contradicts the independent action of another group of bureaucrats. We have numerous agencies with a stake in every issue, yet they independently pursue their own objectives, looking only at their own laws and procedures, blind to the impact of their actions upon the remainder of government, or more importantly to the people.

Furthermore, it is not enough to see the printed results of congressional action. We must await the administrative regulations and guidelines produced by the agencies who carry out the congressional intent. Quite often, those administrative rules substantially expand the plain word understanding of the duties conferred. While Congress has initiated procedures to evaluate whether or not its intent is implemented, the procedures are inadequate. They are not improving the situation.

The remarkable result of all these national governmental machinations is to force State and local government to petition the collective Federal agencies for a reasonable return of their own money. But the federally administered programs which return that money are so contorted that it is exceedingly difficult for State and local government to spend them as effectively as they could have—had State and local government collected the revenues themselves.

As I mentioned earlier, a simple shuffling of power among the units of government will not provide a solution. Each of the elements is essential to the overall public good, and each must function in reasonably smooth order.

Recently, at the National Governor's Conference, we saw ample evidence that the state of the States is markedly improved. State governments are more capable and more involved than ever before, and I believe this has sparked creative approaches to the needs and problems of our people.

For the most part, States have undertaken the necessary administrative reforms to enable us to deal intelligently and effectively with a greater range of public issues. We have seen recent examples of State leadership: ethics legislation is well advanced at the State level, while still largely non-existent at the Federal level.

The States have provided the lion's share of leadership in dealing with the energy crisis, especially in the furtherance of the conservation effort, and the Federal trade commission, in its evaluation of the Federal energy office, said that the Federal fuel allocation program stayed afloat largely because they put their backs into making a questionable system work, and devised their own mechanisms to overcome the deficits.

Our State agencies have a better grasp of the implementation and impact of Federal programs than do many of the proponent and State administrative agencies must carefully avoid getting into the habit of acting like their Federal counterparts.

By and large, there is better communication among State agencies and between governor's offices and legislatures than exists at the national level. We must preserve that spirit and foster that cooperation if we are to avoid some of the characteristics we criticize in other governmental institutions.

We must be careful not to make State administrative structures carbon copies of the national system. We are under pressure from Federal agencies to restructure our agencies to conform to the composition of their agencies. They are convinced that theirs is the best way. It is also more convenient for Federal officials to deal with State agencies similarly constituted.

I do not believe that States should be constructed to suit the convenience of Federal officials, and I am becoming weary of Federal programs which require us to create or reform agencies along certain lines in order to qualify for Federal funding.

We must watch closely the evolution of the Federal regional councils and regional offices of major Federal agencies. Are they creative federalism at work, or are we unknowingly creating another level of government? We have been sold on the idea that Federal regional agencies can expedite administrative work. Is that what is really happening? I think you can find evidence both ways. It is becoming obvious that regional councils are seeking greater governmental identity, and that is a disquieting development. What is today's expediting mechanism could become tomorrow's barrier—a new level of government that will compound our communications problems and further impair our efficiency.

The state of the States is healthier. We are more invigorated than at any time in recent history. Prudently and responsibly, we should press forward. There are responsibilities we can and should take on. We must become active participants in helping restore the balance of the Federal system. We must prod for meaningful reform and streamlining of the national government.

AN AMENDMENT BY MR. FAUNTROY TO H.R. 16136

HON. WALTER E. FAUNTROY

OF THE DISTRICT OF COLUMBIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. FAUNTROY. Mr. Speaker, on August 9 I will offer the following amendment to H.R. 16136, Military Construction Authorization.

On page 31, insert after line 2, the following:

"Sec. 403. P.L. 93-166 is hereby amended by deleting therefrom section 610 (87 Stat. 661, 682)."

REPRESENTATIVE REUSS ON THE ECONOMY TODAY

HON. HENRY S. REUSS

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. REUSS. Mr. Speaker, at the 11th weekly National Town Meeting held yesterday at the Eisenhower Theater, Kennedy Center for the Performing Arts, I spoke on the economy today.

My remarks follow:

THE ECONOMY TODAY

(Remarks of Representative Henry S. Reuss of Wisconsin)

The United States is coming very close to its worst economic disaster since the Great Depression—our second recession in five years; a double-digit inflation, the kind we used to watch with horror in Latin America; a severe credit crunch.

As any Congressman who has talked with his constituents can tell you, people are rapidly losing confidence in the ability of their government to order the economy.

The Administration's answer to our economic troubles is more of the "old-time religion" which has brought us to our present pass—tight money, tight budgeting, a refusal to change the present inequitable tax structure. The rest is silence.

Meanwhile, labor militancy threatens us with a new round of cost-push inflation. Strikes by public and private employees for higher wages have risen dramatically during the second quarter of this year, and new contracts have been providing for first-year wage settlements of almost 9 percent.

The trouble is that while workers certainly have ample cause for grievance (their wages were held down to a 6 percent rise in 1973, while prices have shot up almost 12 percent), the inflation which excessive wage increases would exacerbate will just make life more difficult for the average American.

How to do right by labor and by the economy?

Two weeks ago, House Democrats adopted an economic program based on a social contract between the government and the average citizen, in which the government pledges to concern itself sincerely with the economic problems of most Americans—the cost of living, jobs, and taxes.

With the government back on their side, American workers would have every incentive to contribute to the fight against inflation by moderating their wage demands in the months ahead. If we can avoid the twin dangers of a wage-induced cost-push inflation on the one hand, and of a sluggish recession-prone economy on the other, we could get back on the road to economic recovery that will benefit us all.

These are the main elements of a social contract:

1. We must attack the rising cost of living through expanding supply and allocating credit.

Even with high inflation, the Administration has, incredibly enough, often restricted supplies of food and basic commodities—driving up prices still further. Today, just when needed imports of Australian beef are beginning to get the price of hamburger under control, the Administration's agents are over in Australia trying to get the Australians to send their beef elsewhere. Another branch of the Department of Agriculture is busy trying to raise the price of American beef by buying it up for storage.

To top it off, the Administration is still actively subsidizing the exports of basic commodities that are scarce here at home—scrap, lumber, fertilizer, oil drilling equipment.

We must reverse this shortsighted policy of restricting supply.

The government could also fight inflation more successfully if instead of merely restricting the total supply of money and credit, it allocated credit *toward* essential and non-inflationary uses, and *away* from inflationary uses.

Keeping the total money supply within bounds makes no sense if in the process *too little credit* gets directed to interest-sensitive essential needs such as productive capital investment, low- and moderate-income housing, state and local government, small businesses and farms, and *too much credit* gets diverted to inflationary uses where the opportunity for high profits makes high interest rates irrelevant—such as speculative real estate loans, loans for building up supply in anticipation of future price rises, loans for conglomerate takeovers.

Under the 1969 Credit Control Act, the President is authorized to allocate credit in order to restrain inflation. He should exercise this power at once.

The cost of living is one item deeply affecting the worker. Unemployment is another. With the inflationary winds blowing, obviously the wrong way to fight unemployment is to increase the budget deficit endlessly. Long before people are put to work, inflation will simply have accelerated.

The second element in the social contract, therefore, is to fight unemployment *directly* through a substantial program of public service jobs.

Useful work needs to be done—in education, health, public safety, mass transport, pollution control, day care, building bicycle trails, rebuilding Amtrak's tracks.

Public service employment is the least costly and the least inflationary way to provide jobs. The cost of creating 500,000 such jobs—enough to take care of 10 percent of the unemployed—would be under $4 billion a year, an amount that should be recouped through cutting an equivalent amount of the swollen military budget.

The third element in the social contract is a redistribution of the tax burden—tax relief for the lower income worker, matched by an equivalent amount of revenue-raising loophole-plugging tax reform. The lower income two-thirds of the nation has been badly disadvantaged in recent years. Unemployment, inflation, high taxes have actually worsened their relative position.

Low-income taxpayers need relief not only from the standpoint of equity. Real consumer purchasing power has actually decreased in the last year. Adequately maintained consumer purchasing power, through tax relief rather than through the massive wage increases now being demanded, would prevent recessionary forces from accelerating without building new cost-push inflation into the structure.

Thus the social contract: let the government deal fairly with working people on prices, jobs and taxes, and the chances are that they will deal fairly with their government.

The social contract recognizes the need for responsible restraint in budget policy and money policy, but it concentrates on the composition rather than the totals—on allocating scarce credit away from inflationary uses and toward anti-inflationary uses; on funding a massive public service jobs program by cutting other sections of the budget; or matching tax reform with tax relief so that there is no net budgetary impact.

In short, the "old-time religion" must be *humanized* if we are to meet the twin enemies of inflation and recession.

JUSTICE DEPARTMENT SHOULD KILL MOBIL-MARCOR MERGER NOW

HON. WAYNE OWENS

OF UTAH

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. OWENS. Mr. Speaker, early in June 1974, the Mobil Oil Corp. disclosed that it was considering plans to acquire Marcor, Inc. This week Mobil revealed that it will make a tender offer to acquire control of Marcor for a price in excess of $800 million, making the merger the costliest in the history of the United States. This purchase price does not begin to reflect the staggering costs to the consumer if this merger is consummated. I believe the merger works against national policies designed to control rampant inflation. It appears to be in violation of antitrust laws. Finally, this merger will have a definite impact on prices paid for petroleum products and could endanger this Nation's goal of achieving independence in the energy field.

Mobil is the Nation's third largest oil company. Mobil's 1973 sales of $11.4 billion made it the Nation's seventh largest industrial corporation. In fact, Mobil is the eighth largest industrial corporation in the world—a true multinational, multiproduct, multimarket corporation.

In 1973, Marcor had $4.1 billion in sales and earned $97 million. Marcor itself is a large conglomerate formed by the 1968 merger of Container Corp. of America and Montgomery Ward & Co., Inc. In 1973, only the largest 25 industrial corporations had sales in excess of Marcor's $4 billion.

In the Mobil takeover of Marcor, then, we have one business goliath swallowing another. Neither Mobil nor Marcor is exactly a small business. But this merger is being justified to us by casting both Mobil and Marcor as pygmies. Mobil, for example, has claimed that its expenditures of nearly $1 billion in this transaction will not affect its oil and gas exploration activities or the prices of petroleum products purchased by the public. Of course Mobil's present allocations of funds for exploration and development will not be affected—they were budgeted and programed years ago. The recent announcement by Mobil that they had constructed a large new refinery comes under the same category. It takes 3 to 5 years to plan and construct a new oil refinery, so the inordinate profits made during the energy crisis had no bearing on this decision.

Recent record profits flowing from shortages of crude and refined oil products are not being used to reduce these shortages as oil companies claim. The nearly $1 billion being spent by Mobil does not increase the Nation's supply of crude or refined oil products at all. Moreover, the placing of $1 billion of cash or credit into circulation at this time does nothing to curb inflation.

In short, the oil industry is calling upon the Congress to preserve the oil-depletion allowance as a necessary incentive to oil and gas exploration. At the same time they are seeking tax credits on the theory that further economic incentives are needed to expand exploration and production of oil and gas. The facts are that continued windfall profits and tax credits are being plowed into ventures unrelated to increasing our energy supplies, ventures which fan the fires of inflation and which, ultimately, will mean higher prices for everything from gasoline to overalls.

Marcor, at present, is the Nation's fourth largest nonfood retailer, ranking behind Sears, Roebuck & Co., J. C. Penney, and S. S. Kresge Co. It is difficult for me to see how competition in retailing will be aided, as Mobil claims, by Mobil's transfusion of its "strengths" into Marcor. This merger is a clear threat to small and medium merchants everywhere with respect both to the amount of competition that they can continue to offer and to the manner in which they can compete.

Mobil's acquisition of Marcor violates legislative prohibitions on rises in economic concentration by merger, and, if successful, can only be viewed as a "trigger" for other similar mergers and rises in economic concentration through merger by giants in or out of the oil industry. This would be no mere "rising tide of economic concentration," but, indeed, a veritable flood.

Mr. Speaker, I am extremely concerned about the inaction of the Justice Department in this proposed merger. It has been reported that they are "looking into" Mobil's planned acquisition. The antitrust and anticompetitive implications of this venture are so obvious that I am wondering how long one must look before definitive action is taken to nip this in the incipient stages. Vigorous enforcement of the antitrust laws is imperative to stop this most recent example of raw economic power in action.

Since I am afraid that the "bigness is not necessarily bad" syndrome still prevails in this administration, I have written a letter to the Attorney General to immediately challenge the proposed merger. It just does not make sense to talk about the need for tough enforcement of antitrust statutes one week, while permitting the parties in this case to proceed on their way unquestioned. Have the two principals been given a surreptitious green light to proceed?

Some answers are due from the justice Department. Mr. Speaker, the letter to the Attorney General follows:

HOUSE OF REPRESENTATIVES,
Washington, D.C., August 8, 1974.

Hon. WILLIAM SAXBE,
Attorney General,
Department of Justice, Washington, D.C.

DEAR MR. ATTORNEY GENERAL: The announcement this week that the Mobil Oil Corporation and the Marcor Corporation had reached final agreement on the terms of their proposed merger makes it imperative that the Department of Justice take immediate steps to indicate its disapproval of this takeover while it is in its incipient stages.

Since June, when Mobil announced its intent to seek control of Marcor, the Justice Department has been looking into the merger. The anticompetitive implications of the Mobil takeover, coupled with your Department's recent statements that vigorous enforcement of antitrust laws would be an important part of the fight against inflation, lead me to believe that aggressive action on your part to dissuade the merger is long overdue.

The public interest cannot be served by continued inaction. As the principals in this merger become more and more entrenched in their positions, the options remaining to the Department decrease commensurately.

I would appreciate your early views on this matter.

Sincerely,

WAYNE OWENS.

U.N. LAW OF THE SEA CONFERENCE

HON. DONALD M. FRASER

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. FRASER. Mr. Speaker, I would like to call to the attention of our colleagues an address at the U.N. Law of the Sea Conference in Caracas on July 11 by the head of the U.S. delegation, Ambassador John R. Stevenson. In this statement of policy, the United States makes clear its willingness to accept, as part of a package of treaty provisions, a 12-mile territorial sea and a 200-mile zone of coastal state jurisdiction over economic resources. Other components of the package would be "a satisfactory regime within and beyond the economic zone and provision for unimpeded transit of straits used for international navigation."

Ambassador Stevenson's statement expresses support for some sharing of coastal state revenues in the economic resource zone with developing countries. He goes on to say that those developing countries "should not expect that sharing in the benefits from deep seabed hard minerals alone could make a significant contribution to their economies." I would agree that developing countries should not rely too heavily on seabed revenues for development, but I do hope that Ambassador Stevenson's statement does not indicate a low priority of U.S. interest in trying to maximize revenue sharing for economic development assistance.

In the area of the international deep seabed regime beyond national jurisdiction—the area known as "the common heritage of mankind"—here, too, I would hope that U.S. policy would show consideration for the poor countries.

There should be a licensing system which would allow a reasonable share of the good seabed mining sites to be exploited by countries other than those most highly industrialized at the present. I am uncertain as to whether the U.S. position would facilitate this. On this point, Ambassador Stevenson prefers that the seabed regime grant operating licenses for "nondiscriminatory access." It is encouraging, though, that he continues to favor a regime "that provides for the sharing of the benefits of exploitation with other states."

The United States wisely gives high importance to duties and standards of individual states, especially within the proposed 200-mile zone of coastal state economic resource jurisdiction. Our position asks, therefore, that within that zone, coastal states should be required to permit freedom of navigation by other states, as well as to adhere to international environmental standards. The United States is also insisting on a system of compulsory third-party settlement of ocean disputes among nations which could make "an enduring contribution to a new structure for peaceful relations among states."

Ambassador Stevenson emphasizes the importance of the treaty defining duties and obligations in the ocean by saying:

> There is already a very general agreement on the limits of the jurisdiction of coastal states and the seabed authority provided we can agree on their corresponding obligations. It is the negotiation of these duties that should be the main thrust of the negotiations this summer.

I insert the full text of the address in the RECORD at this point:

[Press Release, Department of State]

ADDRESS BY AMBASSADOR JOHN R. STEVENSON

Mr. President, Distinguished Representatives: first of all, I want to express on behalf of my Delegation our sincere thanks to the Venezuelan Government for the splendid arrangements it made for the Conference and for us. It is truly a miracle that since the invitation was extended by Venezuela and accepted by the General Assembly of the United Nations in December, all the preparations should have been carried out so efficiently, with such careful attention to our needs and our comfort.

Three Auguries of a Successful Conference. Mr. President, the practical and favorable working conditions which the Venezuelan Government has so graciously provided are the first of three auguries of a most successful conference. The other two are the adoption on schedule by consensus of the rules of procedure, and second, the constructive, moderate tone and the developing consensus on substance reflected in the statement given in the last two weeks.

Adoption of Rules of Procedure. The adoption of the rules of procedure on schedule by consensus was significant because these rules are a reasonable accommodation between those who wished to avoid premature voting and those who were concerned about undue delay. It was also significant, Mr. President, because it showed what inspired, firm and sensitive leadership; as provided by you, Sir, can do in reconciling differences and leading us to a generally acceptable result. You have set a high standard for our committee chairman, but knowing and respecting all of them as I do, I am convinced that the team of Engo, Aguilar, Yankov and Beesley will live up to this challenge. The conference has selected its leadership with care and great wisdom.

Moderate and Constructive Tone of General Debate. Our delegation has noted with a growing sense of appreciation and optimism for the future, the generally moderate, constructive tone of the statements made in the course of the last two weeks. Only very few delegations have departed from this general pattern, misrepresenting past events and the present positions of some delegations, including our own.

We are not here to engage in mutual recriminations. We must roll up our sleeves and get down to the practical business of drawing up a generally acceptable constitution for the oceans before disputes over conflicting uses of the same ocean space and unilateral action by individual states put such agreement out of our reach.

Growing Concensus on Limits of National and International Jurisdiction.—In the course of listening to and reading the statements made during the last two weeks, I have been struck by the very large measure of agreement on the general outlines of an overall settlement. Most delegations that have spoken have endorsed or indicated a willingness to accept, under certain conditions and as part of a package settlement, a maximum limit of 12 miles for the territorial sea and of 200 miles for an economic zone, and an international regime for the deep seabed in the area beyond national jurisdiction.

The United States has for a number of years indicated our flexibility on the limits of coastal state resources jurisdiction. We have stressed that the content of the legal regime within such coastal state jurisdiction is more important than the limits of such jurisdiction. Accordingly, we are prepared to accept, and indeed we would welcome general agreement on a 12-mile outer limit for the territorial sea and a 200-mile outer limit for the economic zone provided it is part of an acceptable comprehensive package, including a satisfactory regime within and beyond the economic zone and provision for unimpeded transit of straits used for international navigation.

There remain two issues with respect to the limits of coastal state economic jurisdiction beyond 200 miles with which the Conference must deal: jurisdiction over the resources of the continental margin when it extends beyond 200 miles and jurisdiction over anadromous fish such as salmon, which originate in coastal rivers but swim far out into the ocean before returning to the stream of their birth to spawn and die.

A number of states have expressed the view that under the continental shelf convention and the continental shelf doctrine of customary international law as interpreted by the International Court of Justice, they have rights over the resources of the continental margin and that they will not accept any law of the sea treaty which cuts off the rights at 200 miles.

Other states are reluctant to reduce the common heritage of mankind by recognizing coastal state jurisdiction beyond 200 miles. Still others, including the United States, have suggested an approach which gives coastal states the limit they seek, but provides, through uniform payments of a percentage of the value of production, for the sharing by other states in the benefits of the exploitation of the nonrenewable resources in part of the area. This would seem to be an equitable basis for an accommodation.

With respect to salmon, the views of my country are well known. This species of fish depends for survival on the maintenance at considerable economic cost of a favorable environment in coastal rivers and streams, and can effectively be conserved and managed only if caught, when returning to the fresh waters of its origin, in the internal waters, territorial sea or economic zone of the host state. The very survival of this species of fish may depend on the action we collectively take at this conference.

Consensus on limits of national and international jurisdiction is conditional on the nature of coastal and interational regimes within these limits. The statements to date make clear that in the case of a large number of states whose agreement is critical for an effective, generally acceptable treaty, the growing consensus on the limits of national jurisdiction, i.e., a maximum outer limit of 12 miles for the territorial sea and of 200 miles for the economic zone—is conditional on a satisfactory overall treaty package and, more specifically, on provisions for unimpeded transit of international straits and a balance between coastal state rights and duties within the economic zone.

Territorial Sea. With respect to the coastal states' right to establish a territorial sea of up to a maximum of 12 miles, it is the view of many delegations, including our own, that general recognition of this right must be accompanied by treaty provisions for unimpeded passage through, over and under straits used for international navigation. The formulation of treaty language which will maintain a nondiscriminatory right of unimpeded transit while meeting coastal state concerns with respect to navigational safety, pollution and security will be one of the second committee's most important tasks.

Economic Zone. Our willingness and that of many other delegations to accept a 200-mile outer limit for the economic zone depends on the concurrent negotiation and acceptance of correlative coastal state duties.

The coastal state rights we contemplate comprise full regulatory jurisdiction over exploration and exploitation of seabed resources, nonresource drilling, fishing for coastal and anadromous species, and installations constructed for economic purposes.

The rights of other states include freedom of navigation, overflight, and other nonresource uses.

With respect to the zone as a whole, we contemplate coastal state duties to prevent unjustifiable interference with navigation, overflight, and other non-resource uses, and to respect international environmental obligations. With regard to the seabeds and economic installations, this includes respect for international standards to prevent interference with other uses and to prevent pollution. With regard to fishing, this includes a duty to conserve living resources.

For the seabeds, we also contemplate a coastal state duty to observe exploration and exploitation arrangements it enters into.

For fisheries, to the extent that the coastal state does not fully utilize a fishery resource, we contemplate a coastal state duty to permit foreign fishing under reasonable coastal state regulations. These regualtions would include conservation measures and provision for harvesting by coastal state vessels up to their capacity and could include the payment of a reasonable license fee by foreign fishermen. We also contemplate a duty for the coastal state and all other fishing states to cooperate with each other in formulating equitable international and regional conservation and allocation regulations for highly migratory species, taking into account the unique migratory pattern of these species within and without the zones.

The negotiation and elaboration of these duties is a critical responsibility of the second committee.

With respect to the related assertions by a number of states of coastal state plenary jurisdiction over scientific research and vessel-source pollution throughout the economic zone, the statements made clear that the willingness of many delegations, including my own, to negotiate on the basis of conditional acceptance of a 200-mile economic zone does not include acceptance of a requirement of coastal state consent for scientific research and coastal state control over vessel-source pollution within the zone.

For our part, we believe that, as an alternative to coastal state consent, a series of obligations should be imposed on the researcher and his flag state to respect coastal state resource interests in the zone. The obligations would include advance notification, participation, data sharing, assistance in scientific research technology and in interpretation of data, and compliance with applicable international environmental standards.

Vessel-source pollution presents a troublesome problem to the entire international community, including coastal states. At the same time, interference with freedom of navigation must be prevented. We believe international standards enforced by flag and port states, with provision for specific additional coastal state enforcement rights, can accommodate these legitimate interests. In this connection, we believe the coastal state may be authorized to take enforcement action in emergencies to prevent imminent danger of major harmful damage to its coast, or pursuant to a finding in dispute settlement that a flag state has unreasonably and persistently failed to enforce applicable international standards on its flag vessels. Of course, flag and port states would retain their right to set higher standards.

While important differences in our positions remain to be resolved in this session, we are heartened as we embark in these negotiations by the realization that most states want to ensure both effective prevention of vessel-source pollution and protection of navigational freedoms.

We hope that the third committee can make major progress in producing agreed articles on these scientific research and pollution questions.

International Seabed Regime Beyond National Jurisdiction. Just as coastal state rights within the zone must, if we are to reach agreement, be balanced by duties, the international authority's jurisdiction over the exploitation of the deep seabed's resources—the common heritage of mankind—must be balanced by duties that protect the rights of individual states and their nationals—most critically in our view their right to nondiscriminatory access under reasonable conditions to the seabed's resources on a basis that provides for the sharing of the benefits of their exploitation with other states.

The statements made do indicate that there are substantial differences among us in our interpretation and proposed implementation of the common heritage principle. Both developing and developed countries have many aspirations concerning the common heritage; in some cases these are in harmony and in others they are not. My delegation believes that on a variety of issues which seem on the surface to present a wide gulf we are closer together than we think. Let us employ every possible method of work to ensure that we find these points of harmony and proceed at once to reflect this harmony in draft articles. This we believe is the principal task before the first committee at this session.

Interest of Landlocked and Geographically Disadvantaged States. Most prior speakers have referred to the desirability, indeed the necessity, of providing special benefits in a comprehensive Law of the Sea treaty for the landlocked and geographically disadvantaged states. The most widely supported proposals are that landlocked states' right of access to the sea and special rights in the fisheries of adjacent coastal states be recognized.

Although these recommendations do not directly affect the United States, we applaud coastal states' willingness to provide these benefits as part of an overall equitable and widely acceptable settlement and, we will, of course, support such provisions.

Much more controversial is the proposal of some landlocked and other geographically disadvantaged states that they participate in the benefits of the exploitation of nonrenewable resources—principally petroleum and natural gas—of the continental margin, either through a direct right of access to neighboring coastal states' continental margins or by the establishment of limits of coastal state jurisdiction that will keep some of the continental margin outside of coastal state control and within the common heritage.

It is my delegation's view that, as part of a satisfactory and widely acceptable treaty, an equitable and perhaps the most practical accommodation in this area may well be to provide for coastal states' exclusive rights in the continental margin, but also to provide for international payments from mineral resources at a modest and uniform rate in the area beyond 12 miles or the 200 meter isobath, whichever is further seaward. These payments would be used primarily for developing countries, including developing landlocked and other geographically disadvantaged states. Landlocked and other geographically disadvantaged states should not expect that sharing in the benefits from deep seabed hard minerals alone could make a significant contribution to their economies.

Compulsory Dispute Settlement. Mr. President, my government believes that any law of the sea treaty is almost as easily susceptible of unreasonable unilateral interpretation as are the principles of customary international law. This is particularly true when we consider that the essential balance of critical portions of the treaty, such as the economic zone, must rest upon impartial interpretation of treaty provisions. One of the primary motivations of my government in supporting the negotiation of a new law of the sea treaty is that of making an enduring contribution to a new structure for peaceful relations among states. Accordingly, we must reiterate our view that a system of peaceful and compulsory third-party settlement of disputes is in the end perhaps the most significant justification for the accommodations we are all being asked to make.

Objectives for the Caracas Session. It is the view of my delegation that the conference should strive to adopt an entire treaty text this summer. What is requied to do so is not so much technical drafting as the political will to decide a relatively small number of critical issues. Once these decisions are made, the number of treaty articles required to implement them for the territorial sea, straits and the economic zone would not be large. The deep seabed regime will require more articles, and the first committee should concentrate on the preparation of agreed articles whenever this is possible.

What an electrifying and heartening development it would be for the international community, and what a deserved tribute to our Latin American host, if we could adopt an agreed text this session!

If we do not at least try to reach agreement on the treaty this summer, we may well not even achieve the basic minimum required to finish next year and in the interim prevent further unilateral action prejudicial to the success of the conference.

The minimum objective for Caracas, as we see it, is to complete treaty texts on most, if not all, of the critical articles—the territorial sea, straits, the economic zone, the seabed regime and the authority's functions, pollution from ocean uses, and scientific research. To achieve this objective, it is critical to recognize now that neither a statement of general principles, nor articles which define the rights of costal states and of the seabed authority without defining their corresponding duties, would be satisfactory, or indeed at all acceptable, to a number of delegations including our own.

As I indicated at the outset there is already a very general agreement on the limits of the jurisdiction of coastal states and the seabed authority provided we can agree on their corresponding obligations. It is the negotiation of these duties that should be the main thrust of the negotiations this summer.

This is not, as some delegations have implied, an attempt to destroy the essential character of the economic zone—to give its supporters a judicial concept devoid of all substantive content.

On the contrary, the coastal states' exclusive control over the nonrenewable resources of the economic zone is not being challenged. In the case of fisheries, coastal state management and preferential rights over coastal and anadromous species would be recognized. The principle of full utilization will ensure that renewable resources which might not otherwise be utilized will give some economic benefit to the coastal state and help meet the international community's protein requirements. Agreed international conservation and allocation standards for the rational management of tuna should in the long run benefit coastal states which seek to engage in fishing these species and would maintain the populations of the tuna that migrate through their zone. Finally most states are prepared to agree to coastal state enforcement jurisdiction with respect to resource exploitation within the economic zone.

Gentlemen, we have come to Caracas prepared to negotiate on these critical questions. They are not merely the legal fine print to be filled in once general principles have been agreed, but the very heart of the conditional consensus we are well on the way to achieving. Years of preparation have brought us to the moment when we must complete the task that we have undertaken. We must not let this opportunity pass.

Thank you, Mr. President.

WASHINGTON REPORT—AUGUST 1974

HON. WILLIAM A. STEIGER

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. STEIGER of Wisconsin. Mr. Speaker, in this month's Washington Report I am releasing the results of this year's questionnaire as well as my comments on impeachment. For the information of all who read the CONGRESSIONAL RECORD, here is the report:

WASHINGTON REPORT

(By Congressman BILL STEIGER)

SIXTH DISTRICT POLL

(How You Answered, May-June 1974)

1. Should our clean air laws be eased temporarily during the energy shortage? Yes 48%, No 48%.

2. Do you favor year-round day-light saving time? Yes 58%, No 40%.

3. Should federal election campaigns for President, Senate and House be financed from public tax revenues? Yes 34%, No 59%.

4. Which 3 of the following do you consider to be the most critical problems facing the Nation today?

1. Cost of living, 74%.
2. Government corruption, 60%.
Health insurance, 12%.
Housing, 3%.
3. Crime, 39%.
Education, 7%.
4. Tax reform, 35%.
Unemployment, 7%.
5. Energy crisis, 33%.
Environment, 12%.

Dear Friend:

In the past two weeks, the American people have witnessed a series of events that would have been inconceivable a short time ago.

Under a unanimous order of the Supreme Court, the President was compelled to release the secret tape recordings because they contained material concerning alleged criminal activities. The Judiciary Committee of the House of Representatives, with the support of 7 respected Republicans, voted three articles of impeachment. On Aug. 5, President Nixon acknowledged he had not only ratified the coverup, he took part in the planning that led to an obstruction of justice and he then concealed this information from the Judiciary Committee.

How sad for the members of the Judiciary Committee that he put them in a position of arguing his case when important evidence was withheld from their deliberations. A coverup of criminal conduct, an obstruction of justice, and a deception on the American people and Congress cannot be tolerated.

In reading the evidence in recent weeks, I asked myself how did this Administration come to such activities? The great achievements in foreign policy, the promise of transferring greater authority to the states and localities, the respect for rights of privacy—all undermined by the abuse of power.

It is a tragedy, not just for Richard Nixon, but for all of us, to witness the decline of an Administration as a result of its own misconduct. The Nixon presidency showed the potential for greatness, and the American people recognized that potential in 1968 and 1972. But the American people did not delegate to the President the authority to set aside the Constitution.

The House Judiciary Committee has rightly said: The President of the United States must be faithful to his oath of office. President Nixon has sadly failed to meet this constitutional obligation. I shall thus cast my vote for impeachment.

ACADEMY COMPETITION STARTS NOW

Next year the 6th District is assured of at least one vacancy at each of the U.S. military academies—West Point, Annapolis, Kings Point and Colorado Springs.

Members of Congress may designate 10 nominees for each vacancy. The competition is open to single men who have not passed their 22nd birthday by July 1, 1975, and to young women who are interested in the Merchant Marine Academy at Kings Point, N.Y. Application forms may be obtained now from my Washington office.

Nominees for our District are chosen by a 14-member Commission on Congressional Appointments.

POLL RESULTS

From your replies to my recent questionnaire, it's clear that the cost-of-living and government corruption are the most critical areas of concern. I agree. Our primary goals remain—the arrest of inflation and the restoration of confidence in government.

On a less urgent issue, I am also interested to find that you continue to support year-round daylight saving time (58%)—a one-point higher vote than last year. And again, over 20,000 of you returned the postcard. I am grateful for your willingness to respond.

CONGRESSIONAL BUSINESS FOR AUGUST/SEPTEMBER

In the 8 years I have been in Congress there has never been another period of legislative activity quite like this. It no longer seems unusual for a session to run past midnight or for a Conference meeting to break up just in time for breakfast. But some good has resulted.

To the amazement of many, for the first time ever, we are setting up the new Congressional Office of the Budget. The House Committee members, also for the first time, will have rotating membership. The new budget reform law, now in effect, will force Congress into more measured and timely budget action. It will end some of the confusion surrounding expenditures. That may help both parties to resist deficit spending. We deeply hope so. It is one of the few means we have for arresting the rate of inflation.

Worldwide, inflation continues. It hurts especially the wage-earner, the farmer, and those on fixed incomes. We need an agreed upon program for effective action. I have joined a group of House Members in calling for a domestic summit to determine a set of policy actions for the American economy. The summit would include leaders of the Federal Reserve Board, the Executive branch, Congress, business, and labor.

August 19–30 is to be devoted to debating and deciding the articles of impeachment. This puts off until September several important items of business. Among them, the Bolling Committee's reorganization of the House Committee system. This bill has been tied up for 3 months by the Democratic Caucus. Prospects look good, though, for when it comes to the floor.

On a personal note, the House this summer voted approval for my amendment to the Occupational Safety and Health Act—providing to small businesses on-site consultation concerning safety standards. The House General Education subcommittee held field hearings July 12 in Fond du Lac. The choice of Fond du Lac reflected the committee's recognition of the outstanding vocational-technical education program in Wisconsin.

SERVICE EMPLOYEES INTERNATIONAL UNION—THE HOSPITAL UNION

Hon. Yvonne Brathwaite Burke

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mrs. BURKE of California. Mr. Speaker, you cannot talk about the health industry in this country without talking about the Nation's largest health care union, Service Employees International Union, AFL–CIO. It is, in my opinion, "the Hospital Union." One of its locals in New York City recently negotiated a contract that provides the 4,000 workers covered the highest wages in the Nation. It is the best hospital contract ever, and it is typical of this union's activities on behalf of health care workers.

SEIU has a remarkable record of achievement in giving its members high wages, good working conditions, and outstanding fringe benefits. It is a record that any union in America would be proud of, and yet SEIU represents more than just hospital workers. It has public employees, school employees, social workers, police personnel, gas utility workers, building maintenance workers, elevator operators—a veritable cross-section of American working people.

In a recent address to SEIU's local union leaders, SEIU International President George Hardy called his union the greatest affiliated union of the AFL–CIO. A bit chauvinistic, perhaps, but Hardy was pointing out here his union's long history of bringing collective bargaining rights to hospital and nursing home workers and of raising the living standards of thousands of these workers through the years, "regardless of sex, color, creed." And this is true.

SEIU now represents 200,000 health care workers in the United States and Canada, making it the largest union in the industry. With over a half million total members, the union is among the 10 largest in the AFL–CIO.

Through years of organizing and collective bargaining in the hospital field, SEIU has acquired an expertise that is second to none, and I agree with Hardy when he says his union is "uniquely suited" to organize and service workers in this industry. In addition to the thousands of hospital health and service personnel it has represented for decades, SEIU has recently organized many physicians' locals in the United States, many of them staff members at institutions. And these doctors will tell you that bringing unionism into the health workplace helps stabilize the work force and makes the facility a better place for everyone—patient, labor, and management.

Over 3 years ago, SEIU began the effort to bring the organizing and collective bargaining rights of the Labor Management Relations Act, which houses the National Labor Relations Board, to nonprofit hospital and nursing and convalescent home workers. These unprotected workers form one of the last segments of the Nation's work force who do not enjoy the basic labor rights of millions of other workers who can bargain collectively to improve their conditions, with the protection of Federal law.

These unprotected workers were for years considered "charitable" workers—they were "donating" their services, in effect, to keep the institutions solvent. But times have changed, and charity now accounts for only about 1 percent of the Nation's total hospital bill, as SEIU Executive Secretary Anthony Weinlein pointed out at a recent SEIU health care conference. Years ago, charity did play a major and vital role in the industry. But with medicare, medicaid, private health insurance, and other Government expenditures, the charitable institution has all but disappeared. Taking its place more and more are the profitmaking institutions and the "nonprofit" institutions, which, Weinlein said, actually can operate much like profitmaking facilities because of loopholes in the law. These nonprofits also can operate in secrecy and without public scrutiny, in some cases resulting in higher health costs to the public.

And while these nonprofit facilities can raise the salaries of their administrators and professional staff at will, at the same time they have the reputation of paying the lowest wages in the country to its nursing aides and housekeeping and maintenance personnel, especially in the nursing homes.

To correct the working conditions of its members and to end the "slave labor wages" paid some of these workers, SEIU has pushed long and hard for passage of the nonprofit hospital bill through the Congress.

People who have worked for the bill like SEIU Legislative Director Richard Murphy will tell you that this bill will help rid the industry of many unproductive strikes. Testifying before the Senate Subcommittee on Labor a year ago, along with several other SEIU officials, Murphy said putting the nonprofit health care workers under the NLRB would end the "recognition strikes" that account for about 95 percent of the work stoppages in the industry. This is the strike brought about by employers who refuse to recognize the fact that workers have banded together in a union and want to bargain collectively. What else then can the employee do but strike? With passage of the new amendments to the Labor Management Relations Act, nonprofit workers are now given the rights of other workers, in many industries, to organize and bargain collectively with their employer through the NLRB.

It is a fair bill for both sides of the bargaining table, and a tremendous break for the men and women who for years gave so much hard work—up to 100 hours a week—without decent basic pay and no overtime pay.

SEIU's many hospital local unions know from experience of the difficulties in organizing in this field. They have faced the administrators at the big public hospitals, like San Francisco General Hospital, and won outstanding contracts for their members; at the larger private hospitals like Monroe Mercy in Detroit, where 2 years after winning a recognition election, the local still cannot get the employer to the bargaining table; at the religious hospitals and nursing homes in St. Louis and Boston, where organizing and collective bargaining is fought every inch of the way; and at the smaller convalescent homes in Los Angeles, where employees were forced out on recognition strikes for long periods.

SEIU has fought the good fight and is still fighting to improve conditions for its workers in this unique industry, an industry that holds our respect and reverance because it is a life and death situation.

As hospitals and other health facilities have become more humane, SEIU has been right there to make sure the workers who provide that care are treated humanely, too.

Thus, with the law allowing collective bargaining for 1.7 million employees of America's nonprofit hospitals winning final approval, I wanted to take this moment of Congress time to publicly acknowledge the effort of the group that spearheaded the effort—Service Employees International Union, AFL–CIO.

RESOLUTIONS IN MEMORY OF HON. CARL T. DURHAM, HON. HAROLD D. COOLEY, AND HON. B. EVERETT JORDAN

HON. IKE F. ANDREWS

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. ANDREWS of North Carolina. Mr. Speaker, in the first 4 months of this year death claimed the lives of three distinguished men whose combined service in the Halls of Congress amounted to nearly 70 years during the middle third of this century.

They were: former Sixth District Congressman Carl T. Durham of Chapel Hill, former Fourth District Congressman Harold D. Cooley of Nashvile, and former U.S. Senator B. Everett Jordan of Saxapahaw.

On Saturday, August 3, the North Carolina Democratic Convention in Raleigh enacted resolutions in memory of these three public servants, and at this point I insert these resolutions in the RECORD for the benefit of my colleagues, many of whom knew these men as friends and colleagues.

RESOLUTION IN MEMORY OF CARL T. DURHAM

Whereas, Carl T. Durham, a native of Orange County, North Carolina, was born August 28, 1892, son of Claude P. and Delia Ann Durham, died April 29, 1974; and

Whereas, Carl T. Durham served the Sixth Congressional District of North Carolina in the Congress of the United States for 22 years; and

Whereas, Carl T. Durham distinguished himself in Congress as third ranking member of the House Armed Services Committee and Chairman of the 85th Congress Joint Committee on Atomic Energy and Vice-Chairman, 86th Congress; and

Whereas, in his passing we have lost one of our most able Democrats.

Now, therefore, be it resolved that this Resolution be spread upon the minutes of the State Democratic Convention and that a copy be forwarded to the family of Carl T. Durham.

RESOLUTION IN MEMORY OF HAROLD DUNBAR COOLEY

Whereas, Harold Dunbar Cooley, native of Nashville, North Carolina, son of Roger Atkinson Pryor Cooley and Hattie Davis Cooley, died January 15, 1974; and

Whereas, Harold Dunbar Cooley served the Fourth Congressional District of North Carolina in the Congress of the United States for 32 years and served as Chairman of the House Committee on Agriculture for 18 years; and

Whereas, Harold Dunbar Cooley was a veteran and outstanding attorney; and

Whereas, Harold Dunbar Cooley distinguished himself in the Congress of the United States by devotion to agriculture as President of the Interparliamentary Union; and

Whereas, Harold Dunbar Cooley was honored by practically every farm organization in the United States and by many foreign governments for his services to agriculture and the people of Nash County, North Carolina, and the United States; and

Whereas, in his passing we have lost one of our most able Democrats.

Now, therefore, be it resolved that the Democratic Party of Nash County, in convention assembled, desires to express its appreciation for the life and services of Harold Dunbar Cooley, a distinguished leader and public servant.

Be it further resolved that this Resolution be spread upon the minutes of the Nash County Democratic Executive Committee, and that a copy be forwarded to the family of Harold Dunbar Cooley and to the North Carolina Democratic Executive Committee for appropriate action.

RESOLUTION IN MEMORY OF B. EVERETT JORDAN

A resolution honoring the Life and Memory of B. Everett Jordan, former United States Senator from North Carolina, who served his County, State and Nation with honor, devotion and distinction.

Whereas, the Democrats of North Carolina, in convention assembled, desire to commemorate the services of B. Everett Jordan to his County, State and Nation, and to express their sorrow for the loss sustained by his passing; and

Whereas, B. Everett Jordan was born September 6, 1896, in Ramseur, in Randolph County, North Carolina, and was the son of a Methodist minister, the late Rev. Henry Harry and Annie Elizabeth Sellars Jordan; and

Whereas, B. Everett Jordan attended Trinity College, now Duke University; and

Whereas, B. Everett Jordan joined the tank corps of the United States Army when World War I broke out, and served with the occupation forces in Germany, returning after the war to work in North Carolina; and

Whereas, upon his return to North Carolina, B. Everett Jordan got his start in the field of textiles, a field in which he was destined to become enormously successful, his first assignment being as a sweeper in the flint mill in Gastonia with later promotions to become superintendent of Myrtle Mills and later superintendent of Gray Mills in Gastonia; and

Whereas, in 1924, B. Everett Jordan married the former Katherine McLean, a Gastonia school teacher; and

Whereas, B. Everett Jordan and Katherine McLean Jordan came to Saxapahaw, in Alamance County in 1926 to take over the management of the newly incorporated Sellers Manufacturing Company, and make Sellers Manufacturing Company one of the most progressive textile mills in the State of North Carolina, later acquiring Jordan Spinning Company at Cedar Falls, Ideal Mercerizing Company in Burlington, and Royal Cotton Mills Company in Wake Forest; and

Whereas, B. Everett Jordan began to take an active interest in politics, working in the gubernatorial campaigns of Governor Clyde R. Hoey, Governor Gregg Cherry and Governor W. Kerr Scott, serving on several State boards and as President of the North Carolina Railroad; and

Whereas, B. Everett Jordan served a six-year term as Chairman of the North Carolina Democratic Executive Committee, and in 1954, was named Democratic National Committeeman from North Carolina; and

Whereas, B. Everett Jordan was appointed by Governor Luther Hodges to fill the unexpired term of the late United States Senator W. Kerr Scott, who died in office, and sought re-election in 1958, 1960, 1966 and 1972; and

Whereas, during his 15 years in the United States Senate, B. Everett Jordan earned a reputation as a behind-the-scenes worker who seldom sought publicity or indulged in oratory, but concentrated on administrative affairs and winning public works projects for North Carolina, and quietly worked to see that his State got its share of federal programs and assistance and that its agricultural and commercial interests were protected; and

Whereas, during his term in the United States Senate, B. Everett Jordan served as Chairman of the Senate Committee on Rules and Administration, Chairman of the Joint Committee on the Library of the Congress and on Printing, Chairman of Public Works Subcommittee on Rivers and Flood Control, and a member of Agriculture and Forestry Committee; and

Whereas, B. Everett Jordan was awarded an Honorary LL.D. Degree from Elon College, and served as a Trustee for Duke University, American State University and Elon College, and was a Burlington Rotarian, a Shriner, and was awarded the Silver Beaver Boy Scout Award in 1966, and B. Everett Jordan was also a Methodist Bible School teacher since 1927, and served as Chairman of the Board of Trustees for Alamance County Hospital from its beginning; and

Whereas, B. Everett Jordan served as Chairman of the North Carolina Cancer Fund Drive 1972–1973, and on January 7, 1973, was a recipient of the North Carolina Public Service Award of the North Carolina Chapter Cystic Fibrosis Foundation, and in March, 1974, the Elon College Board of Trustees named the new physical education gymnasium the B. Everett Jordan Gymnasium; and Whereas, the Alamance County Board of Education has renamed the elementary school in Saxapahaw the B. Everett Jordan School; and

Whereas, he is survived by his wife, the former Katherine McLean, of the home, and two sons, Ben E. Jordan, Jr., of Burlington, and John M. Jordan of Saxapahaw; and one daughter, Mrs. Roger Gant, Jr., of Burlington; one brother, Dr. Frank Jordan of Lake Junaluska; and one sister, Mrs. Henry Sprinkle of Mocksville; and 10 grandchildren;

Now, therefore, be it resolved by the Democrats of North Carolina in convention assembled this 3rd day of August, 1974 that:

Section 1. The Democrats of North Carolina unite in expressing for themselves, the State and Nation, their sorrow for the irreparable loss sustained by the death of B. Everett Jordan, who distinguished himself as an outstanding leader of his County, State and Nation.

Section 2. As a token of respect to and esteem for the honored and beloved memory of B. Everett Jordan, the North Carolina Democratic Convention hereby expresses its deepest and most sincere sympathy to the members of his family in their great loss, and expresses to them its greatful thanks for the many useful benefits derived from the distinguished services rendered by B. Everett Jordan during his lifetime.

Section 3. This resolution shall be incorporated in the permanent records of this Convention as a tribute and expression of respect to the memory of B. Everett Jordan, and that a copy, duly certified by the Secretary of the Convention, be furnished to the members of his immediate family.

KANSAN NAMED WINNER

HON. LARRY WINN, JR.

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. WINN. Mr. Speaker, I recently came across an enchanting series of pictures printed in the August/September issue of the Saturday Evening Post. With further study, I noticed that these pictures were the works of a fellow Kansan, Mrs. Jo Sickbert.

Mrs. Sickbert was recently named the winner of the 1974 Saturday Evening Post Cover Contest, and in my opinion, this honor is well deserved.

In the tradition of Grandma Moses and Norman Rockwell, undoubtedly two of America's foremost artists, Jo Sickbert's paintings express her love for Americana. Each scene depicts a special feeling of warmth, joy and openness. I regret that it is impossible to reproduce these fine paintings in the RECORD.

As this is the case, though, I would like to use this space to insert in the RECORD, the following article by Julie Nixon Eisenhower from the most recent issue of the Post.

The article follows:

JO SICKBERT: WINNER OF THE SATURDAY EVENING POST COVER CONTEST

(By Julie Nixon Eisenhower)

"I used to paint trees over my mistakes." Jo Sickbert winner of the 1974 *Saturday* Evening Post Cover Contest laughed softly as she described her evolution as a painter. The comment is so characteristic of Jo. She is as warm and open and down-to-earth as any person you could ever hope to meet. You simply feel at ease with her immediately. Her beautiful expressive eyes make you want to know her well and to feel close to her. And you believe Jo when she says "Life is such a gift." Her gift to all of us is her art which radiates the good things in life: families together, a sense of community and belonging, and the abundance of flowers, birds and growing things. If one had to choose a single word to describe Jo Sickbert's paintings my choice would be joy."

Jo grew up in Independence, Missouri. She majored in music in college and never had any formal art training. She paints simply because "it's a way of communicating how I feel about things." During our days together at the offices of *The Saturday Evening Post* she often repeated the words "I don't consider myself an artist." Perhaps she feels that way because she does not yet have the nation-wide recognition which emboldens someone as genuinely modest as Jo to say to the world "I am an artist." Jo's magazine debut in the *Post* will give her that nationwide recognition. The debut has other special meaning as well: it is a thrill for Jo to know that her work is appearing in the *Post* because all her life she has admired Norman Rockwell. His paintings have touched her more deeply than those of any other artist. It is not surprising, for there is an affinity between the two. Jo told me, "I paint from the heart". Without a doubt Norman Rockwell paints from the heart as well.

Jo Sickbert did not start painting seriously until five years ago when one after another of her friends and neighbors in Paola, Kansas—and then their friends and neighbors in other towns requested her paintings. Even today, Jo marvels: "I had no idea people wanted to buy my work." Until acrylics came onto the market a decade ago, Jo confined her artwork to family Christmas cards (printed on a press by her husband Wally in the basement of their home); advertisement for the Jaycees' Christmas tree sales; or sets for school plays. Jo jokes about the days when she worked as a medical assistant in a doctor's office. Her contribution to the arts was to paint a special sign for the office: "Please leave your name at the desk." But with the advent of fast-drying acrylics, Jo began to paint in earnest. No longer was she frustrated by days of waiting for an oil painting to dry. For Jo is a spontaneous painter who does little planning. Her attitude has always been: "I want it to happen now"—and that means changes on a painting now. Her theory is that many times "if it happens by itself, it's good; if you get too technical, the painting loses a certain honesty and freshness."

Jo works on six or seven paintings at a time, rising early every morning at 4. Her husband Wally sleeps "late," until 6 a.m., then is off to work at Taylor Forge in Paola. Now that her two children are both in college, Jo uses her daughter's bedroom as a studio. She works on an old dining-room table. Her inspiration comes from "the little love gifts" which adorn the room, like the Snoopy alarm clock from her daughter Jan, a set of Currier and Ives prints from son Mike, and the little owl from Wally which is perched on the table to keep watch over her while she paints. Music is Jo's main outlet. She often wears headphones as she works in order to enjoy her favorite Bach, Dvorak and classical trumpet recordings. Ideas and enthusiasm for new paintings come from involvement with her community, from her family, which includes a large network of relatives (her father was one of fifteen children), and from her love of the drama and romance of American history.

What lies in the future for Jo Sickbert? She has dreams. Big dreams. One of them is to go to every part of America and share what she finds with the American people. Another dream is to publish books of paintings about those travels and about our country's heritage. Already she and Wally, who work as a team armed with history books and cameras, have traveled through the Amish country and New England discovering the nooks and crannies of small towns.

I have faith Jo will accomplish her dream because of something she told me as we sat in the *Saturday Evening Post* library: "I paint the things I believe in." And when people see her paintings, they will believe Jo. Love, family, caring about others, belief in our community, belief in our country. These themes strike a responsive note. They speak to young and old. Painting is joy and happiness to Jo Sickbert because "nothing is more exciting than using your head and your hands and what you feel in your heart to make it all happen."

NATIONAL RIVER ACADEMY A VITAL FORCE IN ECONOMIC DEVELOPMENT OF RIVER TRANSPORTATION

HON. BILL ALEXANDER

OF ARKANSAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. ALEXANDER. Mr. Speaker, the National River Academy is today a reality whose ultimate goal is the development of the safest, most economical and most advanced methods of transporting goods along our inland waterways.

Through its innovative program of classroom, as well as "on the job," training, the NRA is educating cadets who upon graduation will be as sought after as a college football play being recruited by the pros.

I wish to share with my colleagues the fourth and final article in a series published in the New Orleans Times-Picayune regarding the manpower gap that is being filled by the National River Academy:

ACCELERATED PROGRAM: RIVER ACADEMY TURNS OUT GRADUATES IN 22 MONTHS

(By Clint Bolton)

Capt. Pierre R. Becker (USNR Ret.) became the first superintendent of the National River Academy on May 1, 1972. He brought to his new assignment a wide range of experiences in Merchant Marine and Navy activities.

A member of the first graduating class of the Merchant Marine Academy at Kings Point, N.Y., he recalls "At Kings Point, just like Annapolis and West Point, our courses were accelerated.

"After Pearl Harbor everything was speeded up. So our class of 1942 actually was graduated several months early.

"Perhaps now, 32 years later, that gives me some basis for the belief we can turn out cadets competent to become river pilots in 22 months," he said. "All of us are looking ahead to the Towboat Simulator System. We are keyed up, high on it. But long before it is finally operative we will have several groups of graduates on the river.

BETTER TRAINING

"Overall we have a very well rounded curriculum here right now. The Simulator means better training of larger numbers of cadets. But right now our boys are as good as you can get. Actually, entrance requirements seem fairly simple. Look at the folder. See that paragraph about admissions?"

"Yes. Doesn't look too tough."

"Those lines about primary factors bearing on selection?"

"Well, Captain, it says here there are three points, and those are (1) fulfillment of all requirements, (2) aptitude for skills involved and (3) a sincere desire to make a career in the river industry."

"The third item is the biggie. Our requirements are not too tough to meet. High school or equivalent education; citizen of the United States; must be 17 but not over 27 by date of registration and year of appointment. No limitations on height. Weight should be in proportion. That's Coast Guard requirements for the physical for an original license. Plus, of course, the vision. A cadet must meet the vision requirements for a master, mate or pilot."

"Which are?"

VISION REQUIREMENTS

"Uncorrected vision of at least 20–100 in both eyes, correctable to at least 20–20 in one eye and 20–40 in the other."

"How about marriage?"

"No bar to admission but on a basis of preference we lean to non-married applicants. Remember the cadets are either here at the Academy or on the river for 22 months. That does allow for about ten days leave out of each 60 spent aboard a tow. But in general a young fellow coming here may be better off if he is single with no domestic problems."

"Well, it all seems pretty simple to me.

"You overlooked the last factor . . . a sincere desire to make a career in the river industry.

"So a guy says he is real crazy about being a river pilot. How sincere is he and how do you know?

SCREENING

"In the future we will have to formulate some sort of screening program. Interviews, a battery of tests, other techniques which can be conducted regionally. New Orleans, Memphis, St. Louis and elsewhere.

"Today," he continued, "with our limited enrollment we have a pretty good line on each applicant. Many come from river connected families. Young Ron Rosenthal from Metaire has an uncle who is a Crescent City pilot, I think . . . and he, himself, has worked around boats. Right now almost all of our other cadets have come to us because of a genuine desire to become part of the river industry.

"Looking over that list of New Orleans boys who entered on last April 29 I would think from the little time they have been here that they'll all make it. Naturally it is too early to tell. They've only been here about 10 days. Beyond all of the requirements such as citizenship, education, vision and the rest, we come down to that one big intangible. Almost an imponderable. There is also dedication.

"Unless a cadet really wants what the Academy, and after the Academy, what the river industry offers he shouldn't be here to begin with. This is not a cushioned ride. It is physically and mentally tough.

FEW DROPOUTS

"But I'm proud to say only a very small percentage of our cadets have dropped out. That's to their credit . . . the young men who make it. They come here dedicated and they leave here with an even greater sense of dedication. I know . . . all of us here realize what a very big thing the Towboat Simulator System will be in our work. We talk about it, dream about it. But our biggest plus will always be the cadet corps. Dedicated young men."

With or without the Towboat Simulator System they learn a lot at "Towboat U." The two-year curriculum includes subjects ranging from River History to Engineering Graphics.

Refrigeration and Air Conditioning are part of the study program as is Technical Writing, Rules and Regulations, River Pilotage, Electronic Pilotage (the use of modern electronic devices now on tows), Towboat and Barge Economics, Maritime Law and other subjects. Mark Twain was not taught by Mr. Bixby.

In the complex and modern world of towboating the master pilots must know something about marine surveying and insurance. They must have a grasp of towboat and barge construction and economics. River safety and first aid are primary imperatives.

It is a lot to cram into 22 months.

TWENTY TO TWENTY-FIVE ENTRANTS

At the present time the National River Academy is geared to accept between 20 and 25 entrants, twice a year. New classes are formed each spring and fall.

While the cadet corps is small and the faculty is not large, what is impressive at "Towboat U" up at Helena, Ark., is the firm belief that this thoroughly new and innovative approach to the ancient art of river piloting is going to succeed. No cadet, no instructor feels that there is any place for the National River Academy to go but up.

Aside from the recently entered cadets from New Orleans area whom I met and talked with there is also William H. Smith, whose parents, Mr. and Mrs. Harold W. Smith, live at 4434 Foresta St., New Orleans, and Dall D. Thomas, son of Mr. and Mrs. Dall J. Thomas III, of 5324 Bellaire Dr.

Other newly arrived cadets from other parts of the country include a young man who is a former St. Louis policeman. He was just eligible for admission on the top side of the age bracket. His comment:

TRAINED OFFICER

"I think I'm a pretty well trained police officer. St. Louis is supposed to turn out some pretty good law enforcement people. I can't knock the department. I'm not chicken but there isn't a big town policeman in the world who doesn't know that every day he puts on that badge he is putting on a target.

"Well, I heard about this place. What a life . . . a wonderful way to work. Sure, the river can get mean and lousy at times. I remember all that flooding up at St. Louis last year, but it is still a good life and when you get that Coast Guard license the pay is a lot better than it is on the St. Louis Police Department."

It is. On the river today a pilot of standing makes $100-125 per day. Aboard he has full room and board with a private cabin and bath.

Balanced against that are certain factors which loom large in the overall educational problem at NRA. Throughout all the talk of classes in engineering, rules of the road, the prospects of the simulator and other topics is the very simple and age-old query, "Can he take it?"

NOTHING MILITARY

Although there is nothing military about the National River Academy, it is the eternal business of taking a young man into a special group and teaching him how that group functions. He is a "goot," a "rookie," a "plebe," or even a "squab." For many cadets it is the first time away from home. For some there is the very juvenile nonsense of proving manhood by aggressive assertion, by a chip-on-the-shoulder attitude.

"Sure we have it here," Capt. Becker said, "but we string along with the homesick lads and the tough guys as long as we can. In many cases the homesickness is no worse than the first week at camp boarding school. That's no problem. They meet and make friends. Find other guys have the same interests. The tough guy we find out about pretty fast. Sometimes the toughness is only a cover for insecurity and another form of loneliness. That disappears with time. We've had a few hard cases. But we try to give 'em all the rope we can."

"We had one young man who was a real loner . . . and he made a lot of enemies. But things smoothed out here. Then he went on the river and got smart to somebody who'd been docking a few years. That cadet was an inch or two away from real violence. But from that and a few other things he learned. I think he'll be okay."

LIVELY LADY

Mrs. Elizabeth Ashcraft is executive assistant to the superintendent. A lively lady who combines wife-motherhood with tending the growing pains of the fledgling National River Academy. She does this with good humor, intelligence and the sort of all-'round diligence that matches the dedication of the rest of the staff.

I said to her, "Do you ever get the feeling you are den mother to a lot of very large cubs?"

She laughed and said, "Once in a while.

"But remember every cadet has to be between the ages of 17 and 27 at the time of entrance. Of course we get more boys on the lower age side. The boys who come here instead of going to college. Some of them have never been away from home before. Some are nervous and even frightened. But today a 17-18-year-old boy is pretty mature. He is able to accept new situations, new conditions."

"What's the biggest hangup? The girl they left back home?"

"Well, I'm not Ann Landers but let me put it this way. How many undying, this-is-forever loves did you have in your teens?"

"So long ago I can't remember. But there was summer and fall and . . ."

GIRL FRIENDS

"That proves it. Of course these boys have all sorts of attachments to their families, their girl friends. But since we do have only a small number coming in with each class, as Capt. Becker told you, we are pretty sure by the time they get here that they really want to be cadets. That they really want to make it all the way."

It was time to go. Alan Ables who took the pictures for this series lives in Little Rock. He would drive me there to catch a plane back to New Orleans. Three days by river to Helena. About four hours back by car and plane.

As we drove down the road leaving the National River Academy on the prime cotton land alongside the levee I said, "Know what I would do if I wasn't a zillion years too old?"

"Go to the NRA?"

"Well, I'd at least write and ask for an application."

"Come to think of it I don't blame you. Looks like a great deal."

It is . . . and for any young man who wants to find out more the address is: National River Academy of the United States, P.O. Box 827, Helena, Arkansas 72342. There could be a whole lifetime of a satisfying career by investing a 10-cent stamp today.

ELDERLY NEED GREATER ASSISTANCE

HON. LESTER L. WOLFF

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. WOLFF. Mr. Speaker, the cost of living for the average person is almost unbearable and for the elderly the present situation is almost critical. The elderly need greater assistance to help them cope with rising prices. A recent WABC-TV editorial focused on this issue and I would like to include it in the RECORD as I think it will be of interest to my colleagues:

[WABC-TV Editorial No. 32—1974]

NEW YORK'S ELDERLY NEED MORE RENT ASSISTANCE

No matter where you live, the cost of living is almost unbearable. For the elderly, the situation is much worse. In most cases, their incomes are fixed. They have trouble coping with rising food prices and utility increases. But the biggest problem of all is rent. There is no way they can handle the regular rent increases that are mandated by law.

Well, the City Council now has an opportunity to do something about this. A bill has been introduced that would qualify an additional 25 thousand elderly who receive federal supplemental security income. These men and women would qualify for relief from periodic rent increases. The bill would raise the limit of income from five thousand to 65 hundred dollars.

Applicants must be at least 62 years old, pay more than one-third of their after tax income for rent, live in a rent-controlled or rent-stabilized apartment and must not be receiving public assistance.

We hope the City Council passes this legislation at once.

PUBLIC DECEPTION

HON. CLARENCE D. LONG

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. LONG of Maryland. Mr. Speaker, a pamphlet written by two of my constituents, Patrick Ott and Thomas Jackson, Federal Deception, deserves the attention of every Member of Congress.

Messrs. Ott and Jackson describe Federal deception as the technique of presenting positive images of a Federal agency's operations without presenting evidence of significant achievement. It is reasonable, the authors point out, to expect public service agencies to direct their operations and personnel toward the clearly defined goals set forth in legislation. In this time of public distrust and doubt in our Government, citizens are more than ever aware of the gaps between promise and action.

Excerpts from the text of Federal Deception follows:

The federal budget of this nation is already a full twenty per cent of the gross national product. If you know your economies, you know that's a dangerous balance. What makes it even more dangerous is the federal mentality that controls the budget. It goes something like this:

"Hmmm. We have a big problem here, and no matter how hard we try to solve it, it just keeps getting worse. Obviously, we need more funds to cope with the problem."

This is exactly the philosophy that started the drain on public funds way back when and it hasn't changed. It's the philosophy that is used by every Federal agency to increase its budget—an absurd idea when you stop to think, because our federal agencies are using failures as justifications for bigger budgets. Too bad we tax-paying citizens can't take advantage of that reasoning! If a man goes into a business or profession, he works hard to achieve his goals and make a profit—or he goes out of business. Federal logic has become just the opposite!

There is a dangerous mentality in our Federal Government that dictates: "If you don't succeed, don't report it, or at least make it sound good!"

The Annual Report of a government agency should represent its official and most reliable communication to the public. However, these reports are usually masterpieces of authoritative deceptive. Any random selection of Annual Reports will reveal a huge and totally irrational disparity between the measures of operational effectiveness an agency presents in its report and the measures of goal effectiveness it should present. An agency will usually fail to include the valid measures of its past effectiveness in achieving its primary legislated objectives. In those rare instances when this critical information is provided, it is usually hidden by an abundance of irrelevant data that neither the public nor the vast majority of decision-makers can analyze. (Without an appropriate frame of reference, any compilation of data is a meaningless assortment of abstract numbers.) In practically all cases, Annual Reports presently conceal an agency's actual results, and divert attention from its failures, by providing irrelevancies concerning the agency's prestigious associations, worthy intentions, and emotionally appealing examples of atypical "successes".

The Supreme Court may ultimately be required to outlaw the federal deception in the Annual Reports of public service agencies. Citizens everywhere can bring that day about by demanding reforms in the operations and performances of government agencies. The government's representatives have been conditioned over time to accept the organizational norm of federal deception. If citizens begin to voice their awareness of federal deception and the status quo of ineffectiveness that it maintains, then significant reforms can occur.

We can start by asking the two basic questions of every public service agency in the federal government:

1. What are your goals?
2. Can you prove with valid facts that you achieved these goals?

By expressing these two basic questions citizens will undoubtedly force individual public service officials into recognizing a public concern over goal effectiveness. They will learn that we will no longer let ourselves be conned by deceptive Annual Reports and irrelevant procedures of evaluation.

Once we have educated ourselves and our public service officials to the need for goal-effective operations, it will be a legal matter of imposing new procedures on the government agencies that will:

(a) remove the deceptive propaganda techniques used by the Bureaucracy to maintain its self-perpetuating potential; and,

(b) replace these techniques with procedures for reporting valid and reliable measures of an agency's effectiveness as a basis for determining its budget and assigned authority.

LET US NOT ABANDON OUR DOMESTIC FERROCHROME INDUSTRY

HON. BELLA S. ABZUG

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Ms. ABZUG. Mr. Speaker, last December the Senate approved by an overwhelming vote S. 1868, a bill to repeal the Byrd amendment and restore the United States to full compliance with the United Nations sanctions against Southern Rhodesia. On June 27, the Foreign Affairs Committee, by a 25 to 9 vote, reported that same bill out for final action by the House.

I think it is important, Mr. Speaker, that we understand some of the little publicized effects which our violating the sanctions have had and could continue to have on our economy.

When the Byrd amendment first came before us in 1971, we were told by the stainless steel industry that it was necessary to import chrome ore from Southern Rhodesia in order to maintain a domestic ferrochrome industry. The stainless steel people told us that unless the American ferrochrome industry had access to Rhodesian chrome, it would be forced out of business by foreign competitors. So, many were led to believe that by opposing the Rhodesian sanctions we would be saving our own ferrochrome industry.

Mr. Speaker, in the 2½ years that we have been trading with Rhodesia, exactly the opposite has happened. The average price of Rhodesian chrome ore has been raised to $80 a ton by the Rhodesian trading monopoly Univex, while the price of Rhodesian-made ferrochrome has been kept to $250 per ton—one of the cheapest in the world. Rather than provide a supply of inexpensive chrome ore for our ferrochrome producers, Rhodesia has flooded the American market with cheap Rhodesian-made ferrochrome. This can be seen from the following import figures from the U.S. Bureau of Mines:

Year	High carbon ferrochrome imports from Rhodesia		Metallurgical chrome ore imports from Rhodesia	
	Tons	Percent	Tons	Percent
1971	0	0	26,000	3.9
1972	11,835	16.2	65,000	10.2
1973	46,083	41.1	43,000	11.2

All of this cheap Rhodesian ferrochrome has not supported our domestic ferrochrome industry, but it has certainly given the stainless steel industry a cheap alternative to American ferrochrome plants. By May of this year, the stainless steel industry in America was buying Rhodesian high-carbon ferrochrome for an average of $271 per ton, while the market price for domestically produced ferrochrome hovered around $700 per ton. No wonder the stainless steel industry is so anxious for us to warm up with Rhodesia. No wonder they are so opposed to the sanctions. No wonder they have abandoned the American ferrochrome industry.

Never mind the thousands of workers the domestic industry employs. The stainless steel industry asks us to abandon our own ferrochrome industry for the sake of an illegal colony in southern Africa. A spokesman for the Tool and Stainless Steel Industry Committee has told the Senate Foreign Relations Committee "the American ferrochrome industry cannot be considered an adequate source of supply either now or in the foreseeable future" and while he spoke, 313 ferrochrome workers in Stubenville, Ohio, were being told their plant would close down in large part because of the cheap Rhodesian ferrochrome.

I believe we can maintain a viable domestic ferrochrome industry, Mr. Speaker, and that by following the Senate action in repealing the Byrd amendment we will have taken an important step in that direction.

REPRESENTATIVE ANNUNZIO PRIME SPONSOR OF ALLIED FORCES VETERANS BENEFITS

HON. THADDEUS J. DULSKI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. DULSKI. Mr. Speaker, I was very gratified this week by the overwhelming vote for passage of H.R. 13377, to provide medical benefits for certain members of the armed forces of nations allied with the United States in World War I or World War II.

As a long-time proponent and sponsor of this legislation, I want to pay particular tribute to our distinguished colleague, Representative FRANK ANNUNZIO, who has worked tirelessly to help the allied forces veterans.

In addition to his other legislative talents, FRANK is gifted with a particular sensitivity to the importance of our ethnic heritage, and can be credited with many achievements in preserving the traditions of multiculturalism in the United States.

It is not an exaggeration to say that without his unrelenting efforts in behalf of this long-overlooked measure, it would not have passed the House this week. Our Polish- and Czech-born citizens have a special reason to be grateful to him.

RED TIDE LEGISLATION

HON. BILL GUNTER

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. GUNTER. Mr. Speaker, the Red Tide marine organism—Gynmodinium breve—has long been recognized as a killer of fish by the thousands. Coastal areas in Florida, New England, and California have been subjected to an increasing number of attacks by the organism resulting in severe dislocations of the fishing and shellfish industries.

The Red Tide, however, also poses another, more dangerous problem. The organism produces an airborne irritant which interferes with respiration and causes skin irritation. Residents of areas that are adjacent to the shore in affected States suffer annoying breathing difficulties; those with already existing conditions like asthma and emphysema suffer real respiratory problems. The Tide, which shows no signs of abating of its own accord, poses a health hazard we cannot ignore.

In recognition of this, I am introducing legislation in the House today which would appropriate money for a study to be conducted by the National Institute of Environmental Health Sciences into the health hazard of the Tide. This legislation is cosponsored by Representatives SAM GIBBONS, Democrat of Florida; BILL CHAPPELL, JR., Democrat of Florida; JAMES A. HALEY, Democrat of Florida; LESTER WOLFF, Democrat of New York; PETER KYROS, Democrat of Maine; GERRY STUDDS, Democrat of Massachusetts; MICHAEL HARRINGTON, Democrat of Massachusetts, and JOE MOAKLEY, Democrat of Massachusetts.

The appropriation would add $187,500 to the current HEW allocation to support four major tasks; characterization of the toxin, culturing of the Tide and its toxin, conduct of experiments, and development of a means to eliminate or reduce the effects of the toxin on human beings and animals.

Virtually all research so far has tended to focus on other aspects of the phenomenon and to ignore the potential threat to human health. The number of citizens residing near afflicted areas who are affected—and who may not report what they assume is an effect of pollution—is significant. For the sake of these citizens, the Federal Government should act swiftly to initiate a program of research into the health hazard of the Red Tide.

I ask you to lend your vigorous support to this necessary measure. I will be reintroducing this legislation shortly. If you are interested in cosponsoring, please contact Jim Laird at my office, 423 Cannon, telephone extension 5–2176.

PRESIDENT NIXON'S STATURE IN EUROPE

HON. O. C. FISHER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. FISHER. Mr. Speaker, in the face of all the confusion and turmoil that has been created over the impeachment issue, it is of interest to note the attitude of Europeans on this subject. What appears to be a rather authentic report from that area was contained in Bernard Kaplan's August 2 NBC News report from Paris. The report follows:

NEWS REPORT BY BERNARD KAPLAN, AUGUST 2, 1974

Europe's interest in Watergate was always tempered by doubt that it would really lead to President Nixon's impeachment . . . Now, with impeachment likely, Europeans are reacting in two very different ways . . . Many people here are full of admiration for a system of government that is rigorous enough and self-confident enough to judge its head of state as it would any other citizen accused of breaking the law . . . It's pretty safe to say that would not happen here . . . In Continental Europe, even the concept of impeachment is non-existent . . . So to a lot of Europeans, what's taking place in Washington is a vindication of American democracy . . .

However, there is also another sort of reaction . . . it is that America—in an orgy of puritanical self-righteousness and self-destructiveness—has allowed Watergate to become a dangerously exaggerated issue . . . A Swiss newspaper has described the impeachment move as "primitive justice" . . . A French paper—and a leftwing one, at that—calls it a witch hunt . . . Europeans who think like this—and they may be a majority—look on Mr. Nixon as probably the most effective American President since World War Two . . . As the Paris newspaper Figaro said the other day, they are bewildered by his compatriots' readiness to sacrifice him . . .

They see him as a victim of American naivete . . . If Watergate had occurred in what Europeans like to think of as their own more sophisticated society, it would, they say, have simply been dismissed as political shenanigans . . . It would never have been permitted to menace a leader of President Nixon's stature . . .

Contrary to early predictions, Watergate has not, so far, badly damaged Mr. Nixon's international prestige . . . Here in Europe, at any rate, he remains the embodiment of American power . . . It's too soon to tell whether this will change if an impeachment trial actually begins . . . But it may not . . . There is also considerable personal sympathy for him . . . It would not be going too far to say, in fact, that for many Europeans, Mr. Nixon has become something of a hero, maligned and misunderstood by his own people . . .

GOVERNOR BRIMMER DISCUSSES INFLATION AT THE TOWN MEETING

HON. HENRY S. REUSS

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. REUSS. Mr. Speaker, at the 11th weekly National Town Meeting held yesterday at the Eisenhower Theater, Kennedy Center for the Performing Arts, Governor Andrew F. Brimmer of the Federal Reserve Board spoke on inflation and the state of the economy. This was followed by questioning by financial editor Hobart Rowan of the Washington Post and business and economics writer Edward Dale of the New York Times. John Charles Daly presided at the symposium.

Governor Brimmer's remarks follow:

INFLATION IN THE UNITED STATES: THE RECORD AND OUTLOOK

(By Andrew F. Brimmer)

Virtually everyone now agrees that inflation is the central economic problem faced by the United States today. Over the last year, consumer prices rose by 11 per cent, and wholesale prices jumped nearly 15 per cent—the fastest rates of increase since the Korean War. By all measures, the current inflation is as serious and will probably be more prolonged than any experienced in the postwar era.

This current inflation differs from previous experience in a number of respects. Although inflation originated from conditions of excess demand in the late 1960's, we are now experiencing severe price pressures in the context of sluggish economic activity—a markedly different economic environment than that which prevailed during World War II and the Korean War when war-created excess demand strained our resources. Not only is the current inflation relatively intense, but it is also of relatively long duration. Thus, it has tended to create its own momentum—fed by inflationary expectations among consumers and businessmen.

The gravity of the current inflation problem cannot be overestimated: the consequences are already apparent in the economy. Inflation has had debilitating effects on the purchasing power of consumers, on the efficiency of the business sector, on the condition of financial markets—and on confidence in general. Consequently, I think it is important for all of us to understand the nature of the problem and to appreciate the outlook in the months ahead.

ORIGINS OF THE PRESENT INFLATION

By way of background, our present inflationary environment may be traced to the mid-1960's when the demands of the Vietnam War combined with a strong business expansion and resulted in an overheating of the economy. The unemployment rate was brought down to 4 per cent at the end of 1965, and it dropped further in the next three years to an exceptionally low 3.4 per cent in late 1968 and early 1969. Aggregate demand expanded rapidly during this period as business fixed investment advanced briskly and Federal expenditures (notably defense outlays) increased sharply. The Federal budget, on a full employment basis, changed from a $7¼ billion surplus in the first half of 1965 to a $12 billion deficit in the first half of 1967. The pressure on resources resulting from excess demands caused bottlenecks to emerge in a number of important sectors, and prices began to move up at a fast pace. Prices (as measured by the implicit GNP deflator—probably the broadest overall measure of price change in the economy) had risen by less than 2 per cent in 1965; but by 1968 prices were increasing at an annual rate of more than 4 per cent. Demand pressures subsided during the recession which got underway at the end of 1969, and unemployment rose substantially. However, inflation did not decelerate during the economic slowdown. In fact, between 1969 and early 1971, the GNP deflator increased by about 5 per cent a year as wages and other costs rose rapidly—probably in response to the protracted period of inflation and pushed prices up further.

Economic developments over the first half of 1971 (the early phase of recovery from the recession) increasingly brought into question whether traditional monetary and fiscal policies were adequate to make progress in combating cost-push inflation while at the same time continuing to promote a more vigorous recovery in the economy. The consumer price index had increased at an annual rate of about 4½ per cent in the first half of the year; at the same time wages were rising by more than 7 per cent at an annual rate.

In an attempt to cope with this situation, a general wage-price freeze was imposed for 90 days in August, 1971, followed by a comprehensive program of mandatory wage and price controls in Phase II. The subsequent moderation in the uptrend of wages and prices was probably due in part to the mandatory controls and in part to the previous prolonged period of little economic growth. Through most of 1972, wage increases slowed to about 5½ per cent at an annual rate—from about 6½ the previous year; the rise in consumer prices dropped from a 5 per cent annual rate to less than a 3½ per cent rate during the same period. However, the momentum of wage and price increases picked up sharply again in 1973. This renewed acceleration of inflation was the result of a number of special factors as well as the consequence of a worldwide boom in economic activity which produced increased pressures on supply capacities in a number of key industries—thereby bidding up prices sharply.

SPECIAL FACTORS AND INFLATIONARY PRESSURES

During the last two years, the general price level has been influenced greatly by a number of special factors, especially those affecting the prices of food and fuels. In 1973 about 60 per cent of the increase in consumer prices was accounted for by rising prices of these two commodities.[1] The rise in food prices felt by consumers reflected even more pronounced increases in farm prices for food and feeds. These, in turn, stemmed from an extraordinary surge in world grain prices. Grains played a central role in the inflationary process because they are a food staple—particularly in less developed countries—and a basic feed for livestock and poultry. The jump in grain prices was the result of several factors operating simultaneously. Total world grain production declined in 1972 as droughts in South and Southeast Asia, Africa, and the U.S.S.R. caused disappointing harvests. At the same time, United States agricultural policy entailed restriction of grain supply through acreage allotments. The massive Russian wheat deal exacerbated the shortages. (The sale amounted to 15 million tons and represented about one-third of our annual production in 1972.)

These factors coincided with a surge in worldwide demand for our food and foodstuffs because of the droughts as well as rising affluence in Western Europe and Japan which stimulated strong demands for meat and thus, for feed grains. The higher prices for grains and soybeans, together with the disappearance of the Peruvian anchovies (a price source of protein feed) increased costs to livestock producers, forcing meat prices up and curtailing supplies. Farm prices continued to advance rapidly until August, 1973, when they reached a peak of 66 per cent above a year earlier. Prices at the wholesale level have receded through June, but retail food prices continued to advance at an 11 per cent annual rate through the end of 1973 as increased production costs continued to work their way through to final products.

Adding to the inflation problem, in the fall of last year, the oil embargo and the sharp increase of oil prices—as we know—led to huge increases in the price of gasoline and other fuel-related products. Prices of imported oils have tripled since last fall, and large increases in prices of domestically produced oil have been allowed. Mainly as a result of these increases in crude oil prices, gasoline prices in June were nearly 40 per cent above last June's level, and prices of fuel oil were up more than 60 per cent.

AGGREGATE DEMAND, DEVALUATION, AND INFLATION

In addition to these special factors, the worldwide boom in economic activity caused demands to outstrip supplies in a number of key industries in 1973 resulting in a bidding up of prices. In the United States, larger foreign orders for industrial materials and capital equipment augmented strong domestic demand. Pressures became particularly intense in major materials industries. For instance, in steel, aluminum, cement, and paper (where capacity utilization rates moved up to very high levels) production was 94 per cent of available capacity in the fall of 1973.

As one would expect, the increasing strain on supplies resulted in mounting price pressures. Moreover, materials shortages are likely to remain relatively acute throughout 1974—especially in the steel, petrochemical and paper industries—as slow capacity growth coupled with a surge in foreign demand has caused extremely tight supplies.

New impetus to the inflation also resulted from the decline in the exchange value of the dollar relative to other currencies. It will be recalled that the Smithsonian Agreement in December, 1971, resulted in about an 8 per cent devaluation of the dollar. This added to inflationary pressures by raising the dollar price of imported goods. In addition, the devaluation made the prices of our goods relatively more attractive in world markets. Our export trade was thus stimulated by strong worldwide demand for our goods, reinforcing the pressures of domestic demand on available resources.

However, the devaluation of the dollar did not improve our balance of trade in the short-run, as the depreciation initially increased the dollar price of imports more than it reduced the volume of imports. At the same time, export controls on certain agricultural commodities (primarily soybeans) restricted to some extent the rise in export earnings. Our trade position worsened in 1972, and consequently, in February, 1973, the dollar was devaluated for a second time—by about 10 per cent. The impact of these two devaluations spread throughout the economy: immediate price pressure was felt on primary products such as food and raw materials, but gradually these increases were reflected in the prices of manufactured goods.

RELAXATION OF WAGE AND PRICE CONTROLS

The relaxation of wage and price controls under Phase III in January, 1973, and their removal in April this year also lead to sharp upward adjustments in prices. It will be recalled that, under Phase III, increased costs were allowed to be "passed through" to prices, with **profit margins** restrictions lessened somewhat. Large price increases followed, generated in part by several forces. Undoubtedly, prices at the end of Phase II were below what they otherwise would have been; thus, there was a catch-up phenomenon. Additionally, demand pressures were apparent in a number of sectors as noted above, and scarcities and bottlenecks were increasingly becoming a source of cost and price pressures. Also, since the Phase III decontrol was not unequivocal, it is likely that some price increases were generated by widespread anticipation of a new set of controls.

In early 1973, prices rose faster than anyone had anticipated. Ceilings on red meats prices were introduced in late March, and in June, a general price freeze was reimposed for 60 days. But price increases resumed at a rapid pace following the termination of the freeze. Farm and food prices continued up at a dramatic rate through the fall when the Arab oil embargo began to lift the price of petroleum products.

PRICE DEVELOPMENTS IN 1974

Consumer prices generally accelerated early in 1974 under the impetus of the increased costs of food and fuels. Although the pace of increases in the consumer price index slowed somewhat in the spring, the rate of advance remained in the double digit range. Just when the direct impact of fuel price increases were dissipating somewhat and food prices were beginning to recede, the prices of industrial commodities started accelerating—reflecting the ending of controls in April and the effects of previous increases in fuel and other costs being passed through to end products. Price advances in services also speeded up.

Wages have also begun to contribute more to price pressures. Wage rates began to rise somewhat more rapidly in 1973 following the relaxation of Phase II controls in January of that year. During 1972, pay increases nad been generally moderate—increasing at an annual rate of about 5½ per cent, in line with Pay Board standards. Wage increases moved up to an annual rate of 6.7 per cent in 1973 as collective bargaining settlements took place in several key industries—notably in the automobile industry—and workers attempted to keep wages advancing in line with the cost-of-living. But the pay increases lagged the rapid rise in prices, and real weekly take home pay began to decline in the Spring of 1973.

This erosion of the purchasing power of workers has continued so far in 1974, although wage rate increases stepped up sharply. The average real take home pay of a nonfarm worker with three dependents is now about 6½ per cent below the peak reached in the Fall of 1972. This loss of real earnings is now the major factor behind the pressure for larger wage increases. It is somewhat surprising that demands for higher pay were not more evident earlier. In the second quarter of 1974, wages (as measured by the average hourly earnings index, which is the closest available measure of average wage rates) grew at an annual rate of 9.4 per cent—compared with a 6.7 per cent rate of increase over the four quarters of 1973. The largest wage increases recently have been in manufacturing where settlements in several key industries became effective, and large cost-of-living adjustments were reflected in pay rates. However, acceleration has been marked in construction and the less unionized service and trade sectors as well.

The larger wage advances have put upward pressure on unit labor costs and prices. The situation has been exacerbated by the poor performance of productivity where growth has been well below trend. Productivity gains had moderated after the second quarter of 1973 (as often occurs when output growth slows) and turned negative in the first part of 1974. With hourly compensation rising substantially over the same period, unit labor costs increased rapidly

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[1] Specifically, in 1973, the consumer price index (CPI) increased by 8.8 per cent (December, 1972-December, 1973). Food prices rose 20 per cent and accounted for half of the advance in the CPI. Gasoline prices rose nearly 20 per cent and fuel oil 47 per cent; together they accounted for about 10 per cent of the increase in the CPI in 1973.

(at an annual rate of 13.5 per cent in the first half of 1974)—the largest half-year increase since the Korean War.

THE OUTLOOK FOR INFLATION

The outlook for moderating inflation is not completely bleak. The bulge in prices following the removal of controls on all commodities (except petroleum) on April 30 is undoubtedly temporary. Also, fuel prices should stabilize, and the largest part of the direct impact of higher energy prices on goods and services may be behind us. A slower rate of real output growth may also moderate excessively high demand pressures.

Nevertheless, it does not appear that inflation will recede to a tolerable rate in the near future. Many of the extraordinary increases in labor costs and in materials and fuels that we are now experiencing will be working their way through into prices of finished goods in coming months. The 1975 model automobiles will cost substantially more. Recently announcements have been made of further substantial price increases for steel mill products, lead, and fabricated aluminum. In addition, many products—such as synthetic textiles, rubber, plastics, and fertilizers—depend on derivatives of petroleum, and these prices are now much higher than a few months ago.

Although food prices at the wholesale level had receded somewhat through the spring, there are two factors which are certain to put upward pressures on retail prices later in the year: droughts in the Midwest will result in lower than anticipated grain harvests in the fall, and this is likely to maintain or increase costs for livestock feeds. Moreover, continuing food shortages in many parts of the world—especially in India and Africa—may maintain strong demand for our wheat exports. Thus, relatively high world prices for foodstuffs are likely to persist. Farm prices are also likely to be bolstered by the much higher costs of petrochemical fertilizers and the costs of operating farm machinery.

The wholesale price index for July (to be released in the next day or so) will almost certainly indicate a sharp rise in farm prices—which unless reversed, will be reflected to some degree in retail prices in the months ahead.

Wages and labor costs are also likely to continue to increase rapidly. Much of the uptrend has been stimulated by a number of settlements in key industries which have set the pattern for bargaining in other areas this year and next. And, with about 45 per cent of the 10½ million workers under major contracts covered by cost-of-living escalators, wage increases will automatically be paid out as consumer prices increase. Other large segments of the population also have their income automatically increased as prices rise. For example, 29 million social security recipients, 2 million retired military and Federal Civil Service employes and postal workers and 13 million food stamp recipients—all receive cost-of-living allowances. In the case of private pensions, steel workers recently negotiated partial cost-of-living protection for their pensions.

In addition to these trends, real weekly take home pay continues to decline. Consequently, "catch-up" pressures are likely to influence wage adjustments for the foreseeable future. And, as wage increases result in rising labor costs, employers are likely to raise prices to maintain profit margins.

PUBLIC POLICY TO COMBAT INFLATION

Given this pessimistic near-term outlook for inflation, the task of public policy is clear: our aim should be to reduce over time the rate of price increase—while remaining sensitive to the adverse impact on employment and incomes. Since inflation has been underway for so long—extending back nearly a decade—it has become deply rooted in the very fabric of the economy. Consequently, we should have no illusions about our ability to bring about its quick and easy end. Quite the contrary, it will take several years of vigorous—and hopefully enlightened—public policies and genuine sacrifices by all segments of the private economy. This means that traditional monetary and fiscal policy must be restrictive, and increases in both wages and prices must be moderated.

As far as the Federal Reserve is concerned, our basic position has been stated explicitly many times: we will provide bank reserves sufficient to accommodate an orderly expansion of economic activity. But we will not allow excessive growth in money and credit which would further stimulate the prevailing inflationary pressures. Of course, opinions differ widely with respect to the degree of success we have achieved in pursuit of this goal. In my judgment, however, I believe monetary policy has contributed about as much to the fight against inflation as one could have reasonably expected—given the conjuncture of special factors such as the sharp rise in food, oil and materials prices discussed above.

The record of monetary developments during the last year can be traced in a few key statistics. The narrowly-defined money supply (consisting of currency and checking accounts owned by the public) rose by 5-½ per cent—while the general price level has climbed by 11 per cent. Bank credit (measured by loans and investments of commercial banks) expanded by 12 per cent. During the first half of 1974, the rate of growth of both of the measures quickened somewhat. The money stock rose at an annual rate of 6-¼ per cent, and bank credit rose at an annual rate of 13-½ per cent. However, bank loans to businesses increased at an annual rate of more than 20 per cent during the same period.

Since the Federal Reserve has not allowed bank reserves to increase at a rate fast enough to enable all of the strong credit demands to be met, market interest rates have risen substantially. For instance, in recent weeks, short-term commercial paper rates have been in the range of 11-½ to 12-¼ per cent. In the long-term market, interest rates have also climbed significantly. Thus, the highest-grade corporate bonds are offering around 10 per cent. Yields on tax-exempt issues sold by State and local governments have been averaging roughly 6-½ per cent. Interest rates on home mortgages are at 9 per cent or more.

I assure you that interest rates at these levels (some of which are at the highest levels in the nation's recorded history) and the tight credit conditions from which they arise do not bring any pleasure to anyone in the Federal Reserve System. We know that—because of the pressures in money and capital markets—many potential borrowers have not been able to obtain funds in the amounts needed or in a timely fashion. For example, since the beginning of June alone, almost $2 billion of corporate bond and stock offerings have been cancelled or postponed. Over the same period, State and local governments have cancelled or postponed about $800 million of offerings. The housing sector has already been carrying the burden of rising land and construction costs and overbuilding in some sections of the country, while also suffering from fears of a gasoline shortage. On top of these troubles, sharply higher interest rates and the reduced availability of mortgage credit at savings institutions and commercial banks have brought still more adverse effects to the housing sector.

In passing, I should note that these adverse effects of monetary restraint on particular sectors of the economy did not come as a surprise. In my case, I have devoted a great deal of time and effort to documenting the adverse effects of monetary restraint on sectoral credit flows. In essence, during periods of substantial monetary restraint, the resulting higher costs and lesser availability of bank credit strike different sectors of the economy most unevenly. In general, banks show a strong preference for lending to long-standing business customers (particularly large corporations) while other types of borrowers receive a reduced share of the available funds. At the same time, there is typically a sharp shift in the flow of funds away from housing, State and local governments, small business, finance companies, and farmers. In contrast, business borrowers are affected to a much lesser extent—although the cost of funds to them does rise substantially.

Given this situation, as long ago as April, 1970, I suggested that the Federal Reserve Board be given authority to establish supplemental reserve requirements on bank assets. Such supplemental reserves would have been set on a differential basis—thus allowing the Board to encourage banks to channel funds into areas of high national priority and to discourage bank credit lending in areas of lesser importance. Unfortunately, although in 1970 Congressional hearings were held on a bill containing many of the features of the proposal which I advanced, little came of it.

Consequently, I was delighted to see Congressman Henry S. Reuss introduce a bill a short time ago which seeks to achieve the same objectives. In fact, his proposed legislation is superior to the earlier approach because it would provide for the establishment of a system of both supplementary reserves and credits. This provision would endow the Board with an additional instrument which would make it possible to cope more effectively with the distortion in the sectoral distribution of bank credit which typically occurs during periods of monetary restraint. I was personally pleased to support the proposed legislation, although the Board believes that it would be inappropriate to grant the central bank this discretionary power.

In the meantime, despite the adverse side effects of monetary restraint, I personally believe that we have no real alternative to continued reliance on monetary policy for a significant contribution to the fight against inflation. Yet, I can also assure you that I am personally convinced the Federal Reserve will be ever alert to the strains on our financial institutions and will act with the sensitivity that the situation requires.

Given the serious inflation problem, a firm fiscal stance is also necessary. The budget currently calls for a slowdown in Federal spending in the second half of 1974—and for even greater restraint in the first half of 1975. The Federal deficit, however, is still expected to increase significantly—primarily because the slower growth of the economy tends to have an adverse effect on tax receipts. On a full employment basis, the budget outlook is clearly in the direction of fiscal restraint. And that is as it must be. In addition, the Administration has recently announced plans to reduce the size of the projected budget by paring spending by some $5 billion to a $300 billion level. This would be of some help—if it can be accomplished. Congress for its part should resist any temptation to stimulate economic activity by cutting personal taxes because this would run counter to the requirements of an appropriate fiscal policy.

It is clear that the monetary and fiscal restraint will have an adverse effect on levels of economic activity and employment generally and particularly on certain sectors of the economy, especially housing. These by-products of tight policies can be minimized to some extent, but not avoided entirely. Corrective action can be taken directly in some areas. To this end, I would recommend alleviating unemployment problems, when necessary, by expansion of the Public Employment Program and the strengthening of the unemployment insurance system. The incidence of credit restraint has been disproportionately heavy on housing, and further selective aids to this sector may be necessary.

Nevertheless, I am convinced that traditional monetary and fiscal policy should not be our only weapons in the fight against inflation. For this reason, I was delighted to join with my colleagues earlier this week in recommending to Congress that machinery be revised which would enable the Federal Government to intervene in wage and price developments in pace-setting industries. We took note of the fact that the pace of wage advances in the construction industry is again accelerating—threatening to erase the gains achieved under the Construction Industry Stabilization Committee. We urged the reestablishment of that Committee. The Board also urged ". . . the Congress to reestablish the Cost of Living Council and to empower it, as the need arises, to appoint ad hoc boards that could delay wage and price increases in key industries, hold hearings, make recommendations, monitor results, issue reports, and thus bring the force of public opinion to bear on wage and price changes that appear to involve an abuse of economic power. . . ."

CONCLUDING OBSERVATIONS

In conclusion, inflation is the most acute economic problem facing the United States (and much of the world as well). It cannot be ended quickly. There are special obstacles to bringing it under control when the economy is already sluggish, with unemployment rising—yet, with cost pressures continuing strong. But progress can be made with prudent use of monetary and fiscal policy—supplemented by some form of direct Government influence in the determination of key wage and price decisions. The fight against inflation cannot be waged without costs, but the consequences of not ending the inflationary spiral would impose a far heavier burden on the long-run economic welfare of the American people.

PRISON REFORM FALTERS IN NEW YORK

HON. HERMAN BADILLO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. BADILLO. Mr. Speaker, there are relatively few issues which have been the subject of more rhetoric and discussion and the object of less action than the pressing need for the reform of our prisons and the establishment of certain basic rights for prisoners. In fact, the only time attention is given to our penal systems and to the men and women who are confined in the more than 4,000 jails throughout the country is when there is a disturbance or other incident which attracts the Nation's interest. Otherwise the more than 400,000 prisoners in the United States are generally ignored by a system which really does very little to rehabilitate them and properly prepare them for a return to society and which ignores many of their most basic rights and, in some instances, even their human dignity.

This morning's New York Times carries a very perceptive article on the current state of the New York State Prison System and I must say that it paints a very disappointing picture. This article's revelations support the sentiment that corrections directors may come and go but there is no basic change in the system or the manner in which prisoners are treated. Many had expected and hoped, for example, that the new corrections commissioner in New York would undertake some long overdue reforms in the prison system and that he would institute progressive programs which would provide meaningful training and rehabilitation for inmates in New York. While some changes have been made here and there the overall picture continues to be most discouraging and substantive reform is only paid lipservice at best.

I continue to receive letters from inmates at various New York institutions who claim that they have not been provided with useful training or rehabilitation services and who charge that many of their rights continue to be abridged. And it is important to understand, Mr. Speaker, that just because a person may be imprisoned, he or she still possesses a number of important civil rights.

The state of affairs so graphically described in this well-written article further reinforces my contention that we must take definitive action to clearly define and provide safeguards for the rights of prisoners, such as I have proposed in my Prisoner Rights Act, H.R. 4188. I strongly believe that the Federal Government should take the lead in this area and, by implementing the language of my bill, it could provide a model to be followed by the States.

One of the greatest tragedies we face today is the failure of most of the penal institutions and prisons systems in this land to effectively rehabilitate prisoners and to equip them for return to their families, jobs, and communities. Some progress has been achieved here and there but, in the main, the problem remain virtually untouched. Tragically, prison, and corrections officials have a punitive attitude and see themselves simply as the caretakers of prisoners. Far too little is done to furnish the men and women who inhabit the Nation's prisons with well-structured and relevant education and rehabilitation programs. This situation is seriously exacerbated by the frequent denial of rights to prisoners and, in some instances, action which infringes on an inmate's ability to have access to due process and to fundamental justice.

Mr. Speaker, I urge that our colleague's carefully consider this article and I am hopeful that affirmative action will soon be taken on the Prisoner Rights Act.

The article follows:

STATE'S PRISON SYSTEM ASSAILED BY BOTH INSIDERS AND OUTSIDERS

(By Fred Ferretti)

About two months after the Attica prison rebellion of 1971, Malcolm Wilson, then Lieutenant Governor, listened for 45 minutes to plans of private companies for giving job training to inmates of the state's prisons, as well as to a proposal for creation of a businessmen's advisory council to the State Commission of Correction.

He studied them and, according to the man who proposed them, Burton Schoenbach, a former member of the Commission, who was not reappointed last September, then said, "It's a good program. Why give it to prisoners?"

Through a spokesman, Governor Wilson said the attribution of the quotation to him by Mr. Schoenbach, a fellow Republican, was "an incrredible, shoddy untruth," and that "Mr. Schoenbach is becoming increasingly irresponsible in his passion for personal publicity."

Said Mr. Schoenbach, Manhattan textile manufacturer and former consultant to the Senate committee on crime and correction, I'll take a polygraph test on that quote and the meeting. If the Governor wants to also, that's fine."

INSIDERS AND OUTSIDERS

The antagonisms between the state's highest official and a man who sees himself as the unofficial ombudsman of the state's prison system is indicative of the broader clash between the state's two corrections monoliths—one official, consisting of the Commission of Correction and the separate Department of Corrections and its 9,000 employes who oversee an inmate population of 14,000; the legislators who continually press for prison reform, civic and citizens groups concerned with prisoner rehabilitation, prisoner lobbying groups, and businesses and corporations eager to join in rehabilitation programs.

Even within the official corrections bureaucracy, legislative sources say, there is friction, as forces favoring rehabilitative programing vie continually—and they say ineffectively—with those whose preoccupation is with security. Leadership of the latter group is provided, these sources say, by Governor Wilson and Corrections Commissioner Peter Preiser, under whose direction the Corrections Department attitude has reportedly hardened since the departure of Russell Oswald as Commissioner last year.

TWO OFFICIAL BODIES

Records and official minutes of the State Commission on Correction, obtained by The New York Times, indicate that body's reluctance to intrude upon the Corrections Department, despite the fact that it is invested with the power to do runs state correctional facilities; the Commission is a part-on all levels in the state. In July of 1973 Albert Berkowitz, an upstate attorney, now Chairman of the Correction Commission, but then a member under the chairmanship of Mr. Preiser, said at a formal meeting, "I have been on the Commission for a while and I have never received a complaint from an inmate."

And later he said "it is, beneath the dignity" of Commission members to handle complaints by inmates.

"If any member of the Commisison infringes on the activities of the Department of Correctional Services," Mr. Berkowitz said at another meeting, "I think it is very embarrassing and the member should not express the sentiment of this Commission."

The unofficial corrections bureaucracy sees Commissioner Berkowitz's remarks as typifying the ineffectiveness of the Commission and its lack of desire to effect changes in the barrassing and the member tends that its well-meaning efforts are ridiculed, discarded or ignored—as the meddling of outsiders—by the official state corrections bureaucracy.

* * * politics and personalities of the two forces continued last week, played against the background of two reports. One was an audit of the prison system's rehabilitation programs by State Controller Arthur Levitt, the only Democrat in the state's elected hierarchy; the other was a report by Commissioner Preiser on his 14-month stewardship of the department.

Mr. Levitt's audit concluded that the state's rehabilitative programs—training, educational, temporary release—were inadequate and that diagnostic services to pass prisoners into programs functioned poorly. The result was, the audit said, that the programs contributed to recidivism.

Mr. Preiser characterized the audit's conclusions as "fallacious logic" and said that there were no firm studies on the causes of recidivism that would lead to the Controller's conclusions.

In his report, Mr. Preiser, who was appointed Commissioner on May 1, 1973, said he had effected a number of changes to "reflect what is out there in the community."

"I have restructured health services and instituted a multifaith ministerial program using community ministers. I've established the Tappan and Taconic medium security facilities as well as the four minimum facilities we're to open in New York."

These will be Bay View at 10th Avenue and 22d Street, which will eventually house 125 men; another at 122d Street and Mount Morris Avenue for 150 women; another on 110th Street between Fifth and Lenox Avenues for 125 men, and a fourth at 611 Edgecomb Avenue in Washington Heights. "These will be the first state facilities in New York City, ever," Mr. Preiser said.

Perhaps the most vocal of the unofficial corrections organizations is the Fortune Society. It maintains that Mr. Preiser's reforms are "cosmetic."

The Society, made up of former prisoners, operates as a lobby urging a broad range of prison improvements. David Rothenberg, its executive director, says that the Corrections Department under Mr. Preiser "has tightened so much, nobody from outside gets in."

In a recent interview, Mr. Rothenberg said that "the department is really not interested in change, only in public relations, only in making itself look good on paper."

Mr. Rothenberg said that although he is on approved prison visiting lists, he is often denied entry into prisons.

'INNUENDOES AND LIES'

Mr. Preiser said that most of the instances cited by the Fortune Society and other civilian groups are investigated by a special staff that handles inmate complaints. Under the office of Inspector General, this staff investigates about 1,000 complaints a year from inmates, ranging from poor food to brutality, although "brutality charges are practically nil now," according to Mr. Preiser. He said complaints had dropped "way down" in the last several years. Mr. Rothenberg and Mr. Schoenbach dispute this.

Mr. Preiser denies that the members of the Society are banned from entering the prisons as a matter of policy, but he admits that in certain instances "wardens, because of innuendoes and lies [issuing from the Society], might restrict them. These lies could be the source of such resentment."

In dealing with inmate complaints, Mr. Preiser said that he has to go through a "welter" of charges and "we have to have evidence, particularly in the area of officer chastisement. We must have evidence."

"It is not offensive to me to be called security-conscious," Mr. Presier said. "Look, we've got these bastilles for prisons, with 40-foot walls and little cells. We have to lock people up in them. There's not enough schoolrooms, nor training room, so we have to engraft on the system. It's still cosmetic change, and there's no way to make it look pleasant.

"Nobody's happy to have to lock up a human being. But corrections is not a pleasant business. You know, in security, there is a need to protect inmates from each other too. And when you talk of prisoner rights, you know I have a responsibility to the 5,000 guards who put their lives on the line every day too. And it's difficult to keep their morale up with all of the criticism they get."

'I'M TRYING'

"I am security conscious," Mr. Preiser said in an interivew last week. "Anyone who is not is not doing his job. The people sent to us are those that judges generally feel are dangerous to be on the streets. That's a valid consideration."

He said that because of the press of his duties, "maybe I'm not as responsive as I should be," but, he said, "I'm trying to deliver the services."

Bills proposing creation of a prison-system ombudsman and mandating release to the public of parole information died in committee at the last legislative session, and the legislators who sponsored them say they died because Mr. Preiser wanted them dead, and because Governor Wilson did not interfere.

Assemblyman Franz S. Leichter, Democrat of Manhattan, who sponsored an ombudsman bill, said that Mr. Preiser's predecessor, Mr. Oswald, had been receptive to the concept of an ombudsman, but that Mr. Preiser "went up the wall when it was proposed."

"He said it would just create another Commissioner of Corrections," Mr. Leichter said. "What it really was, in my opinion, was the fact that the wardens and the corrections officers wouldn't go for it, and Preiser is anxious only to keep the lid on, to protect these guys. He's a big apologist. He has no real desire to make change."

Mr. Preiser said he recalled that he chatted a few times with Mr. Leichter on the phone, but did not recall meeting with him. The Commissioner said he felt an ombudsman would add another bureaucratic layer in his department, and thus opposed its creation. He said the office of Inspector General in his department was sufficient to investigate inmate claims.

As to going "up the wall," Mr. Preiser said he has "never expressed anger to a legislator."

Senator Emanuel Gold, Democrat of Queens and vice chairman on the Senate Committee on Crime and Corrections, sponsored a bill that would have to state publicly its reasons for denying parole to an inmate. The bill was never reported out of committee. Said Mr. Gold: "There was a tendency upon the part of Mr. Preiser to not comprehend what we were talking about."

Mr. Gold, nevertheless, is mildly supportive of Mr. Preiser. "You get the feeling that most of his stuff is cosmetic, to get people off his back for a while, but I have to say that he's trying and he's willing. I don't think he's an individual who doesn't care. I don't think he took the job to be a hack."

Senator Robert Garcia, Democrat of the Bronx, is one legislator concerned with prison matters who has regard for Mr Preiser. "He tells it the way it is," Mr. Garcia said.

THE DUNNE INCIDENT

On the other hand, Assemblyman Arthur Eve, Democrat of Buffalo, a member of the Attica team of observers and an ardent advocate of prison reform, said: "Preiser is worse than Oswald. He's deceptive and I think dishonest. He talks a great game, but there's no follow-through. He's not geared to investigation. He's psychologically not up to taking on the guards. Oswald tried and he got dumped."

The Senate Committee on Crime and Corrections, now chaired by Ralph J. Marino, Republican of Nassau, has taken a softer stance with regard to Corrections Department matters than it did under his predecessor, Senator John Dunne, also a Nassau Republican.

Mr. Dunne, a devoted advocate of prison reform and a frequent visitor to state prisons, toured the entire prison system after the Attica uprising, and he acquired an entourage of observers, newsmen, and other legislators.

It became common knowledge that then Governor Rockefeller was disturbed by Mr. Dunne's publicized trip and several times Earl Brydges, the late Senate Majority leader, personally suggested to Mr. Dunne that it was not politically wise to continue to call attention to the prison system's shortcomings.

Subsequently, Mr. Dunne's call for a meeting of his committee in Manhattan went unheeded three times as he sat alone in the state office building downtown. At the next session of the Legislature, Mr. Dunne found himself chairing the Insurance Committee.

Mr. Dunne declines to comment on that incident, but an intimate notes that "Insurance is a promotion, and John wanted it."

PORTUGUESE AFRICA AND RHODESIAN SANCTIONS

HON. DONALD M. FRASER

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. FRASER. Mr. Speaker, a speech, which may be of interest to those arguing against a reimposition of U.N. sanctions against Southern Rhodesia, was delivered by President Spinola of Portugal on July 27.

President Spinola stated:

> The moment has come for the President of the republic to reiterate solemnly the right of all people from the overseas Portuguese territories to self determination, including the immediate recognition of their right to independence.

He continued by announcing that the Portuguese are prepared "from this moment to initiate the transfer of power to the people of the overseas territories considered suitable for this development; namely, Guinea, Angola, and Mozambique." August 4, Portugal said it was ready to grant immediate independence to Guinea-Bissau.

The significance of this is obvious. The illegal Smith regime has remained in power in large part due to the assistance given by the Portuguese colonies through trade and free transit. With the granting of independence and subsequent rise to power of the black majority the assistance of the past years will no longer be forthcoming.

Rhodesia will be bounded by black-ruled neighbors to the north, east, west and southwest. The 288,000 whites in Salisbury will be required to hold 1,500 miles of unfriendly border as opposed to 800. In addition, this small white minority will be attempting to rule a black population of 5.4 million while simultaneously keeping her neighbors, which total 12 million, at bay.

With a newly independent Mozambique to her east, the illegal regime in Rhodesia will find itself in a stranglehold. Its life-supporting trade routes will be severed and will lose vital protection the Portuguese colony had provided on the northern and eastern flanks.

Thus, pitted against the U.N. embargo, the closing of its borders and waning South African support, the Smith regime will either agree to settle with the black Rhodesian majority or wage a long war of attrition.

The day that majority rule in Southern Rhodesia becomes a reality is within sight. By violating U.N. sanctions we run the risk of angering the future rulers and permanently depriving ourselves of Rhodesian chrome. It is foolish to believe that a black Rhodesian government would look favorably upon a country which not only refused to lend support to their struggle but actually aided their oppressors.

Before concluding, I ask my colleagues to consider one last point. The U.N. sanctions were imposed to bring about peaceful change in Rhodesia. Our violation of sanctions has been a tremendous boost to the morale of the Smith regime. By continuing to violate sanctions we encourage this illegal government to remain in power and increase the possibility of a bloody war in Southern Africa.

Mr. Speaker, by reimposing sanctions not only do we insure future supplies of raw materials—both from Rhodesia and other black African nations—but also, the loss of U.S. support will encourage Smith to negotiate with the black majority and avert massive bloodshed. In light of these facts I ask my colleagues to support S. 1868—a bill to reimpose economic sanctions against Southern Rhodesia.

THE NEED FOR PASS THROUGH

HON. MICHAEL HARRINGTON

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. HARRINGTON. Mr. Speaker, I insert in the RECORD at this time my testimony given before the Subcommittee on Compensation and Pension of the House Committee on Veterans' Affairs, for the attention of my colleagues. A copy of my statement follows:

THE NEED FOR "PASS THROUGH"

Mr. Chairman and Members of the Subcommittee, I come before you today to discuss H.R. 12787, legislation I first offered on February 13 of this year to prevent veterans and their dependents and widows, from losing their eligibility for veterans benefits or suffering a decrease in the amount of such benefits because of increases in monthly Social Security payments. This legislation would "pass through" the 11 per cent Social Security benefit increases which went into effect earlier this year, to recipients of veterans pensions and compensation who also receive Social Security. Veterans and their families would also be protected against adverse effects on their VA benefits from future cost-of-living Social Security increases.

Mr. Chairman, I wish to thank you for this opportunity to testify on behalf of this legislation, since the many bills introduced in this and previous Congresses to "pass through" Social Security increases to veterans demonstrate the widespread Congressional interest in meeting the pressing need to allow veterans and their dependents to receive the full Social Security increase intended by Congress. More than a quarter of my colleagues in the House have joined with me and Congressmen Reid and Conte in sponsoring H.R. 12787. Speedy action by the Veterans' Affairs Committee on this important legislation would give the House of Representatives the opportunity to enact legislation along the lines of H.R. 12787, and solve the problem of inadequate coordination between the Social Security and veterans pension systems which has continued too long.

PROBLEMS OF THE ELDERLY

The recently updated study of the 1971 White House Conference on Aging by the Senate Special Committee on Aging, and the House Special Education Subcommittee, reviewed the major problems of the elderly. The study showed that the fixed incomes of many of our nation's elderly render them defenseless against spiralling inflation. Rapidly rising food, medical, housing and transportation costs have had a severe impact on our older Americans.

Proportionally, the elderly bear a large share of our nation's poverty. While the elderly comprise about 10 per cent of our total population, nearly 20 per cent of our country's poor are over the age of 65. In Massachusetts, nearly one quarter (23.5%) of the state's poor are elderly.

These grim facts point to the continuing need to better the lives of elderly Americans. While Social Security has increasingly become the key components of the income maintenance of Americans over 65, it does not yet provide a wholly satisfactory level of income. Currently, the average monthly payment to an individual recipient is $179.35, or $2152.20 per year. Although an expanded Social Security program providing sufficient income to every elderly American would be most desirable, at the present level of funding, we must recognize that VA pensions provide an essential supplement to Social Security for millions of Americans. I have received countless letters from all over the country testifying to the marginal existence of many VA pensioners even after the recent 11 per cent increase in Social Security. To reduce the VA pensions of over a million people, as would happen next January if legislation like H.R. 12787 is not enacted, would cause serious and unnecessary hardship.

Most of the letters I have received raise two fundamental points: that veterans pensions are necessary for the welfare of recipients and, perhaps more importantly, these benefits exist for the purpose of repaying our veterans for their service to our country. Therefore, the legislation I propose should not be viewed as unjustly favoring veterans, because veterans benefits have always represented much more than a retirement pension. A VA pension should not be considered Social Security under another name, and should not be linked to the amount of Social Security a veteran receives.

DETERMINATION OF BENEFITS

The current system of veterans benefits contains certain types of pensions and compensation which are income-connected, i.e., the amount of the benefit is determined by the amount of outside income the veteran or his dependent receives. H.R. 12787 addresses these types of pension and compensation. A *pension* given to a veteran for a non-service-connected disability, or for service, is income-connected, as is a pension given to a deceased veteran's survivors, if he died from non-service-connected causes. *Compensation*, on the other hand, is given to veterans suffering from service-connected disabilities, and to the dependents and survivors of a veteran who died from service-connected causes. Usually compensation is paid according to the degree of disability, and is not in any way related to the recipient's outside income. However, parents of a deceased veteran who were dependent on him for support—a category which includes over 180,000 persons—receive Dependency and Indemnity Compensation (DIC) which is income-connected.

In 1973, there were over one million veterans receiving income-connected pensions, according to the 1973 Annual Report of the Veterans Administration. In addition, there were almost 1.3 million widows and children of veterans who also received such pensions. The Veterans Administration has estimated that 76 per cent of the total 2.3 million pension recipients also receive monthly Social Security benefits.

Thus, at least 1.7 million persons receiving VA pensions will be affected by the most recent Social Security increases. In Massachusetts alone, for example, over 45,000 veterans and their surviving dependents receive both VA pensions and Social Security benefits.

Since 1972, veterans law has, in most cases, protected VA recipients from any aggregate loss of income as a result of Social Security increases. But because a certain percentage of Social Security increases are deducted from VA benefits, VA recipients are deprived of the full beneficial effect of Social Security increases enacted by Congress.

In November and December of every year, the Veterans Administration computes the annual incomes from the past year of pension recipients and DIC parents, in order to determine whether readjustments are needed in benefits to be paid the following year.

Income from Social Security is included in the VA's annual income determinations. Thus, when Social Security benefits go up, a VA benefit recipient is unable to obtain the full increase, since he or she now receives a greater amount of computed outside income, and the VA pension is correspondingly decreased to offset the Social Security increase.

For example, the Veterans Administration has released data on the effect of P.L. 92–603, enacted on October 3, 1972, on veterans' widows. P.L. 92–603 contained a provision which allowed a widow to receive 100 per cent of her late husband's Social Security benefit, rather than only 82.5 per cent. 611,354 widows without dependents were to receive an average increase of $12.93 per month through this provision. However, with the annual VA pension readjustment, the widow would actually realize only a gain of $5.36 per month. While this result was later partially offset by the 10 per cent increase in veterans pensions in P.L. 93–177, these widows never received the full benefits of $12.93 increase intended by Congress.

As an example, one 81-year-old veteran's widow wrote my office to say that she had received a monthly VA pension of $65 after her husband's death from a heart attack. The $65 was reduced to $49 after the VA recomputed her income on the basis of the "Widows' Equalization" provision of P.L. 92–603. When the VA 10 per cent increase occurred, she began to receive $53. She wrote us, because she was concerned that she will lose more of her VA benefit as a result of her Social Security benefit rising by 11 per cent to $178 last month. This elderly woman is partially blind, but not sufficiently disabled to require an attendent or hospitalization. She currently must pay much of her income for property taxes, since she still lives alone in the house she and her late husband purchased many years ago. She cannot live at all comfortably on such an income today; yet she faces the prospect of further income reductions.

Last year Congress enacted a two-step 11 per cent cost-of-living increase in monthly Social Security benefits, which became effective in March and June of this year. The Veterans Administration has estimated that 1⅓ million veterans and dependents will experience a reduction of veterans benefits as a result, while over 75,000 VA benefit recipients will have their pensions terminated when their income is recomputed for calendar year 1975, since their new income will exceed the ceiling for VA benefit eligibility.

We need only look at the information available on the results of the last Social Security cost-of-living increase, to anticipate the repercussions of this year's 11 per cent increase. In July, 1972, Congress enacted a 20 per cent Social Security increase, effective October 3, 1972. According to the Veterans Administration, 1.2 million persons received reduced VA benefits, while an additional 20,000 were removed from the rolls solely due to the Social Security increase.

Although in 1972 the new computation formula, in P.L. 92–197 and P.L. 92–198, was designed to ensure that VA benefit recipients do not suffer a loss in aggregate income as a result of the annual income recomputation, nevertheless 15,000 of the 20,000 pensions terminated on January 1, 1973, caused a drop in the recipient's aggregate income. Furthermore, the remaining 5,000, as well as the 1.2 million with reduced benefits, never received the full 20 per cent increase in Social Security.

The legislation I have introduced would correct this serious flaw in the VA benefit system. Currently, when the Veterans Administration computes annual income, certain types of income are excluded, such as payments on insurance policies, burial costs, salary received for jury duty, and so on. Congress has previously amended this list of exclusions by adding more categories (e.g., P.L. 86-211, P.L. 90-77, P.L. 91-588). H.R. 12787 would add Social Security increases, beginning with the 11 per cent increase of this year, to the list of exclusions.

In order to best explain what exactly H.R. 12787 would accomplish, a detailed analysis of the bill follows:

ANALYSIS OF H.R. 12787

Subsection (a) of Section 1 of H.R. 12787 amends subsection (g) of Section 415 of Title 38, U.S.C., which concerns payment terms of DIC to parents of deceased veterans. H.R. 12787 would add the new Social Security increases of P.L. 93-66 and P.L. 93-233, and all subsequent cost-of-living increases, to the list of types of income to be excluded from the annual income determination of benefits for DIC parents.

Section 201 of P.L. 93-66, signed into law on July 9, 1973, awarded a cost-of-living increase in Social Security monthly benefits, to be effective after May, 1974. The increase was determined as being the percentage by which the Consumer Price Index of June, 1973, exceeded the index for June, 1972. Therefore, Social Security recipients were to receive a 5.85 per cent increase in monthly benefits.

P.L. 93-233, signed into law December 31, 1973, amended P.L. 93-66, by superseding the 5.85 per cent increase with a two-step 11 per cent increase. Beginning March, 1974, there was to be an increase of 7 per cent, and in June, 1974, an additional 4 per cent increase was to take effect.

The result of Section 1 of H.R. 12787 would be that the 11 per cent increase would be excluded from the annual income determinations for benefit amount and eligibility of DIC parents. Subsequent cost-of-living increases in Social Security, as defined in Section 215 (i) of the Social Security Act, would also be excluded from future determinations.

Subsection (b) of Section 1 of H.R. 12787 would amend Section 503 of Title 38, U.S.C., and would "pass through" Social Security increases for purposes of determining the annual incomes of persons receiving pensions for service, or for non-service-connected disability or death. This amendment would allow all of the Social Security increases of P.L. 93-66 and P.L. 93-233, as well as any subsequent cost-of-living increases, to be excluded from income determinations.

Subsection (c) of Section 1 of H.R. 12787 refers to those veterans still receiving pensions under the "old-law" system which existed prior to July 1, 1960. Since their pensions, while income-connected, are computed differently than the current "new-law" VA pension system, this "grandfather clause" was necessary to include these pensioners in H.R. 12787.

Subsection (a) of Section 2 makes all the amendments of H.R. 12787 effective for calendar years after 1972, i.e., effective as of January 1, 1973.

Subsection (b) has two provisions: first, the Administrator is to restore the entitlement of any person to his or her pension or compensation, if entitlement was lost solely due to the monthly Social Security increases of P.L. 93-66 and P.L. 93-233. Secondly, the Administrator is to pay in lump sum to any person any pension or compensation which would have been payable, had the person not lost entitlement because of such increases.

While H.R. 12787 contains the essential policy that Social Security increases be passed on to veterans without adverse effect, extensive research has subsequently convinced me that technical improvements ought to be made in the bill, in order to clarify potential ambiguitities. As a result, on August 5, 1974, I introduced legislation—H.R. 16256—which I would urge the Subcommittee to consider in lieu of H.R. 12787.

A copy of the new bill has been distributed to the Members of the Subcommittee.

ANALYSIS OF H.R. 16256

The new bill contains three changes. First, all references to P.L. 93-66 and P.L. 93-233 are changed to a reference to P.L. 93-233 alone. Since the language of H.R. 12787 could be interpreted to mean that two separate and distinct increases occurred, whereas actually the 11 per cent increase of P.L. 93-233 specifically superseded the earlier increase of P.L. 93-66, I consider the wording of H.R. 16256 to be preferable.

Secondly, the "pass through" provision is no longer to be limited only to cost-of-living increases in Social Security, but will include all subsequent Social Security increases. We have already seen, for example, the detrimental effect the increases of the "Widows' Equalization" provision had on widows' VA pensions. Such types of increases would not be excluded from income determinations in the current wording of H.R. 12787. Furthermore, future across-the-board increases enacted by Congress also might not be "passed through", if they were not specifically labelled "cost-of-living" increases as defined by Section 215(i) of the Social Security Act. H.R. 16256 would extend the "pass through" coverage to prevent such an occurrence. We cannot continue to penalize VA recipients for correction of inequities in the Social Security system, or for Congress' desire to raise Social Security benefits to assist our nation's elderly.

Finally, the effective date of January 1, 1973, would include P.L. 93-66, P.L. 93-233, and all subsequent increases. As a result, a more thorough investigation has shown any lump sum repayment, as provided for in H.R. 12787, to be unnecessary, because no VA recipient will lose any VA benefits due to the most recent cost-of-living increases before January 1, 1975, and I have every hope that legislation like H.R. 16256 will have been enacted by that date.

COSTS OF "PASS THROUGH"

Some have contended that, although the basic purpose of "pass through" legislation may be commendable, the cost of this reform in the VA benefit system is prohibitively high. To answer this argument an estimate of the costs, were a bill like H.R. 16256 to be enacted by Congress, has been obtained from the Veterans Administration. In fiscal 1975, the cost would be only $70.8 million, since the readjustment of VA benefits, in response to the most recent Social Security increase, would not take place until January 1, 1975; no loss due to "pass through" legislation would be suffered by the Veterans Administration before that date. For the subsequent four fiscal years, the costs would be as follows:

FY 1976, $209 million.
FY 1977, $270.6 million.
FY 1978, $323.3 million.
FY 1979, $329.3 million.

It seems to me that these figures are a minimal price to pay in order to correct the serious inequity in the VA benefit system, which has been allowed to hurt our veterans and their widows and dependents for too long.

The reason I hope you will act favorably on H.R. 16256 seems to me to be clear. As the law now stands, each time Congress seeks to enact a Social Security increase and thus to help our nation's elderly, flaws in our veteran laws effectively prevent this assistance from ever reaching those for whom it was intended. What makes the problem addressed by H.R. 16256 so tragic is that those deprived of assistance are those who are the most needy—the elderly who must fight inflation on fixed incomes.

Ultimately my bill is simple: it seeks to separate Social Security from veterans benefits and it seeks to "pass through" Social Security increases to veterans and their widows and dependents, leaving untouched the veterans pensions they both deserve and need.

VETERANS DAY

HON. OLIN E. TEAGUE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. TEAGUE. Mr. Speaker, as the time of year approaches when Veterans Day will be observed, I would like to have the following statement of Louis F. Zaruba, National Junior Vice Commander of Veterans of World War I, printed in the CONGRESSIONAL RECORD. I have cosponsored legislation to return observance of Veterans Day back to November 11 and it is my fervent hope that as the years pass, future Americans will never forget the significance of the events that occurred on Armistice Day, 1918.

The letter follows:

NOVEMBER 11TH—VETERANS DAY—ARMISTICE DAY

November 11, 1918 was our first Armistice Day. It was officially recognized in 1926 as a commemoration of the signing of the Armistice which ended World War I at the 11th hour of the 11th day of the 11th month. All over America, people paused to pay solemn tribute to all veterans on this date for over four decades.

When we say November 11—Veterans Day—it automatically signifies a symbol of peace and tribute—

Peace that has been achieved—

Tribute to those who achieved it.

In 1968, legislation was enacted to change Veterans Day to the fourth Monday in October. This law became effective in 1971. Its change was to grant a three day holiday to working people, and was supported by the Chamber of Commerce, the unions, airlines, travel bureaus, etc.

Of course, it took over a million lives, and over forty million, cream of the crop, who offered their lives to make all this possible in our country, including the business we hear so much about.

There is little true meaning to an October date. October holiday brings to mind Halloween—hardly in the same category as a sacred patriotic holiday. Tragically, it has become more of a mockery than a day to honor men who served their Nation in its hour of need.

This has been realized by many, and as a result, 42 state legislatures have voted to return to November 11th to celebrate Veterans Day. Even the President of the United States has requested that we reinstate November 11th as Veterans Day in his special Veterans message to the Congress.

Many Members of Congress have authored bills in both Houses which would name

November 11 as the official Federal holiday, and hearings are at present being held.

When Senator Strom Thurmond (R-S.C.) introduced his bill, S. 3079, in favor of restoration of November 11th, he said:

"The meaning of November 11 has been engrained in the American spirit as a time of rededication to the principles of freedom and peace. More than any other group, our veterans should be honored in the year of our Bicentennial. As the Bicentennial serves to remind us of America's rich heritage, November 11 symbolizes America's tribute to all men who have served and fought to preserve that heritage. It will be a fitting tribute to America's veterans if we accomplish the restoration of November 11 as "National Veterans' Day" in time to correct the historical record before we begin the Bicentennial celebration.

"Mr. Chairman, I respectfully urge the Subcommittee to act favorably on S. 3079, and thereby return to the American veteran the traditional day of National honor, and to the American people a National symbol of our dedication to the cause of freedom. Such a course of action will meet with widespread approval of the American veteran and the American people."

Since many veterans have evolved since, and before the original, November 11th date was designated it behooves all veterans' organizations to work to have Veterans Day reinstated on November 11 now, for if more time passes, there may not be many who will know the history of the importance of that date—the sacrifices made—the lives lost—the tragedies of a war. November 11, Veterans Day, a date that has grown to symbolize the ending, regardless of the date, of all wars in which our country has engaged in.

Louis F. Zaruba,
National Junior Vice Commander.

NFB AND THE NAC

HON. EARL F. LANDGREBE

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. LANDGREBE. Mr. Speaker, next Monday, August 12, there will be a meeting between representatives of the National Federation of the Blind, an organization of 50,000 blind persons, and the National Accreditation Council, a body which receives money from the Federal Government for the purpose of accrediting sheltered workshops for the blind. The NFB has been trying to arrange such a meeting for months, and finally they have succeeded. I would like to include in the Record at this point an essay documenting some of the abuses that the NFB has been maintaining the NAC is guilty of:

NAC Unmasked—The Kettner Case

(By Joyce Hoffa)

It is not surprising that the Minneapolis Society for the Blind is accredited by NAC. As a matter of fact, the Society's disgraceful behavior in the Kettner Case merely bears out the Federation's contention that the agencies NAC accredits are among the worst of the lot.

NAC would like the world to believe that its standards have some relevance to the nature of programs for the blind. To hear NAC tell it, one would assume that attainment of accreditation *means* something—that accreditation provides assurance to the blind and to the public at large that the agency in question operates a quality "professional" program—that its entire performance has been carefully scrutinized by the best available experts in the field and has presumably measured up.

How then, does one resolve such a clear disparity between the virtuous characteristics NAC alleges can be expected of an agency which has won its coveted accreditation and the despicable behavior exhibited by the Minneapolis Society. For we are not here dealing with matters of opinion, or philosophy, or procedure, or semantics, or differing constituencies, or too small a meeting room, or any of the 101 other considerations by which NAC customarily weasels away from the issues. The Kettner travesty *did* occur. The documentation *does* exist. The Minneapolis Society *is* accredited. The Society *did* knowingly and intentionally play fast and loose with minimum wage provisions of the Fair Labor Standards Act. The Society *did* certify Kettner as incapable of standard competitive productivity.

Kettner *is* competitively productive. Do NAC standards really condone such behavior? Do they prohibit it? Do they say nothing about it? Or are the standards themselves merely window dressing on the whole facade—with accredition having nothing really at all to do with the kind of service an agency gives—being instead a function of money, power, and prestige? Or did NAC simply make a colossal mistake in accrediting the Society? Were its "experts" incapable of analyzing productivity records? Or did they not dig deep enough—looking only at those things Society officials wanted to show them? Did they not bother to talk to workers in the shop? Or did they talk only with those handpicked workers brought to them by Society officials? Or perhaps were Society officials designated to be on the on-site visit teams slated to review the "experts'" agencies? If so, now that it knows the facts, will NAC withdraw its accreditation? Or will NAC refuse to acknowledge that Kettner occurred?

Let us examine NAC's position for surely even NAC cannot stand idly by in this case. NAC's standards regarding minimum wage payments in sheltered workshops are woefully inadequate. Paltry as they are, the Minneapolis Society fails to meet them. NAC begins by defining a sheltered workshop as "a non-profit organization, public or voluntary, operated for the purposes of providing work training and employment to blind persons who are unable to meet the requirements of regular competitive employment, or for whom such employment is not available."

(As a sidelight, notice the use of the word "voluntary." Presumably this is meant to refer to shops which are more commonly referred to as "private." "Public," one can understand, but "private" [rightly or wrongly] carries a connotation of for the benefit of someone or something other than public. Hence NAC's euphemistic skill comes to the fore, and we have the substitution of "voluntary" shop for "private" shop.)

NAC's definition employs the field's standard rhetoric. Shops are designed for those who are "unable to meet the requirements of regular competitive employment." If NAC had stopped there, one could have only minimal quarrel with its definition of the purpose of the sheltered shop. But NAC also envisions the sheltered shop as a fitting place for the blind person who *is* competitively employable, but for whom "such employment is not available." One cannot help but wonder if "such employment is not available" because as in Kettner's case and in the Sterner Company's words, "no one ever asked before."

No, NAC's definition of the sheltered shop makes it far too easy for the lazy agency to use the shop as a convenient dumping ground. After all, a status twenty-six closure (federal rehab jargon) is a status twenty-six—that is, the state rehabilitation agency gets the same federal credit ("status twenty-six: closed employed") for a placement in the sheltered shop as for the best imaginable job in private industry. The state agency gets credit; the federal statistics get credit; the sheltered shop gets credit; and only the blind worker gets shortchanged and left out in the cold—often at less than the minimum wage.

NAC officials would like to have it generally believed that NAC standards require sheltered shops to pay the federal minimum wage. Indeed, on numerous occasions their public statements have attempted to leave this implication:

Direct question to Alexander Handel on the floor of the 1971 National Federation of the Blind Convention: "There is no requirement of NAC standards, is there Mr. Handel, that you have to have minimum wage?"

Mr. Handel. "You have to conform to the Federal Minimum Wage and Hour Law."

Question. "Are you saying that NAC will not accredit or will withdraw accreditation from any sheltered workshop which doesn't pay its blind workers a minimum wage?"

Mr. Handel. "You *didn't* understand me correctly. I said that the standards do call for conformance with the wage and hour law."

Former NAC President, Peter Salmon, also found it distasteful to admit that NAC does not require minimum wage payment. His evasion technique was to quote out of context the Comstac Report, page 296, standard 2.10: "The workshop pays wage rates commensurate with those paid for similar types and amounts of work by local commercial and industrial establishments maintaining approved labor standards."

He naturally omitted any reference to standard 2.9.1 which makes it clear that payment of wages *below* the minimum wage is specifically approved: "Where applicable, the workshop has certificates, from the Wage and Hours Division, U.S. Department of Labor, and from the appropriate state agency authorizing client wages less than the statutory minimum."

In other words, when the whole of what NAC says about workshop wages is examined in context, it is seen that NAC does not prohibit payment of subminimum wages. It merely requires a certain amount of paper work before subminimum payment is allowed.

To NAC's credit, however, it must be pointed out that standards 2.10 through 2.10.6 at least attempt (if somewhat vaguely) to require the shop to make an honest, good faith effort to determine the worker's productivity in comparison to similar types of work performed in non-sheltered situations. In view of NAC's dubious ethical behavior in so many instances and in view of the widespread reports of workshop abuse of wage rate exemption procedures, the question must be raised as to whether standards 2.10 through 2.10.6 and their application deal so inadequately with the problem because of sheer ineptness on the part of the standard writers and appliers or whether there was, indeed, a conscious attempt to leave loopholes.

In any case, the Minneapolis Society's behavior is in clear violation of the Fair Labor Standards Act and in violation of NAC's public statements that it requires adherence to the provisions of that Act. NAC has repeatedly asked for documentation of complaints against its procedures and against its accredited agencies. It has chosen to ignore voluminous documentation presented it. Naturally NAC does not admit that it ignores such documentation. Rather, it uses the curious device of redefining the word "documentation" to meet its own narrow specifications. Here, however, is documentation that NAC must face. It cannot redefine Lawrence

Kettner out of existence. Nor can it continue to accredit the Minneapolis Society for the Blind without exposing itself for all the world to see as the shoddy farce which it is.

Who is Lawrence Kettner? He is only one of the thousands of blind human beings done daily damage by NAC's terrible irresponsibility. Listen well, NAC. For though you have never before heard of Lawrence Kettner, you will hear of him many times in the future. You will hear of him until you cease to be the front which makes such exploitation possible.

Lawrence Kettner owns his own farm near Chaska, Minnesota (about thirty miles from Minneapolis). He applied for assistance from Minnesota Services for the Blind in 1971. It was his desire to continue farming. However, he was told by the Agency that the state could not support a farm program. Minnesota Services for the Blind played an instrumental role in negotiating the lease under which Mr. Kettner's farm is now operated. Because of income from this lease Mr. Kettner was required to pay certain rehabilitation costs.

In 1972 Minnesota Services for the Blind sent Mr. Kettner to the Minneapolis Society for the Blind's Occupational Treatment and Training Program. Subsequent to this so-called O.T. & T. Mr. Kettner had some short-term jobs in private industry. In connection with these jobs, he was told by Agency officials not to indicate to his employers that he was blind—that is, to pretend that he was sighted.

In December of 1973 Minnesota Services for the Blind sent Mr. Kettner back to the Society's O.T. & T. program. On January 7, 1974, Mr. Kettner began a period of evaluation preparatory to becoming an employee of the Society's sheltered workshop. It is during this training and evaluation period that an employee's productivity for purposes of minimum wage exemption is established. Mr. Kettner's evaluation period began in January 7, 1974, and ended on January 25, 1974. No record is shown of January 12. The period, therefore, contained fourteen days. Analysis of Mr. Kettner's production record (the Society's official document substantiating Mr. Kettner's performance for purposes of minimum wage exemption) shows the following facts:

1. The first time study was performed after only five and one-half hours of experience, lasted one and one-quarter hours, and showed a productivity rate of forty-two to fifty-two percent.

2. The first time study had come at the close of a day. The second time study began first thing the following morning. Thus, at the beginning of the second time study, total experience was six and three-quarter hours. The second study lasted four and one-half hours and showed a productivity rate of fifty-one to sixty-three percent.

3. The third time study was performed after twenty-three and three-quarters hours experience, lasted three hours, and showed a productivity rate of sixty-two to seventy-seven percent.

4. The fourth and final time study was performed after forty hours of experience, lasted six hours, and showed a productivity rate of seventy-nine percent.

5. The total hours of experience given are for experience on a variety of jobs—rather than being hours of experience at the particular job being timed.

6. The four time studies came on the third, fourth, sixth and eighth days of training. No time studies at all were performed during the final days when it would be expected that productivity would be at its highest. Indeed, Mr. Kettner's productivity rate rose steadily with each succeeding time study: forty-two to fifty-two percent, then fifty-one to sixty-three percent, then sixty-two to seventy-seven percent, and finally seventy-nine percent. One can hardly help but wonder why, in view of the steady improvement, the rate studies were suddenly terminated when Mr. Kettner reached a seventy-nine percent productivity rate even though there were six days remaining in the evaluation period. Unless, that is, the object of the evaluation is to try to insure that as few workers as possible reach standard production rates. Then, of course, the reason for the sudden termination becomes distastefully clear. In fact, even with the stacked deck, one wonders what justification can be claimed for setting the productivity level at seventy-five percent when the last time study showed seventy-nine percent and climbing.

Mr. Kettner reports three additional facts which should be noted:

1. The standard output per hour is based on the output of sighted factory workers operating machinery in good working order. For example, the fish fillet board job requires a certain punching operation. The Society's equipment is broken. Thus Mr. Kettner was required to perform the punching operation by hand. Even so, his performance was measured against the standard established by the worker using the machine doing the punching.

2. During the time study period Mr. Kettner frequently ran out of materials. He often sat for nearly an hour waiting for materials. This waiting time was included in determining his piece rate.

3. During the time study period Mr. Kettner was subjected to the harassment of sighted employees and supervisors standing behind him saying "faster, faster." The work area was messy and disorganized.

Mr. Kettner's official evaluation period ended on January 25, 1974. The minimum wage payment is apparently not required during evaluation. During the evaluation period Mr. Kettner was paid from $.83 to $1.57 per hour. For the period January 28 through February 1, the production record carries the notation, "We just kept him on until we could get placed." Thus during this period he was no longer in evaluation and training but actually doing regular work. He was paid from $.90 to $1.24 per hour. It hardly seems necessary to comment upon the ethics of such behavior, not to mention its implications with respect to the spirit (and, perhaps, the letter) of the Fair Labor Standards Act.

Based on the Society's production record, Mr. Kettner was pressured by Society officials (including Executive Director, Jesse Rosten,) to sign a minimum wage waiver form indicating that he was capable of only seventy-five percent of normal production at $1.35 per hour from February 4 (his first official day in the Shop) until he actually signed it on February 11. On the day of the actual signing he was badgered in the main office from before 9:00 a.m. until noon. He finally signed because he was told he would sign or be fired. Because of worry over financial obligations due that week he caved in and signed.

Minneapolis Society officials were unaware on February 11 (while they were insisting that they could document and therefore that Mr. Kettner must admit that he could only do substandard work) that he had, on February 8, been hired by Sterner Lighting Company at $2.17 per hour. The Sterner job was not to commence until February 18, with payday coming still later, but Mr. Kettner's financial obligations were immediate; and he was being threatened with firing, a bad record, and the possible loss of what he had already earned. As a matter of fact, he did not receive pay from the Society for his final days of work until well into March after an attorney contacted the Society in his behalf.

The Minneapolis Society does contract work for Sterner Lighting. Presumably, Sterner farms out its simpler jobs to the blind. The Sterner Company, when approached by Mr. Kettner and a representative of the National Federation of the Blind of Minnestota (Mrs. Sharon Grostephan) said something to this effect (the words are a paraphrase and not an exact quote): "We've never been asked to hire a blind person before. We guess if they can do our work there (the Society), why not here? But no one has ever asked before."

Mr. Kettner has since received a raise to $2.25 per hour. The Sterner Company apparently does not regard Mr. Kettner's work as substandard.

Consider the behavior of the officials of the Minneapolis Society for the Blind toward Lawrence Kettner in a broader context. For instance, review the articles concerning the Society which appeared in the Minneapolis Daily American in mid 1972. The headlines themselves are revealing: "Charity Group Refuses to Talk;" "Blind Are Being Kept in the Dark"; "President of Non-Profit Blind Society Given Whopping Contract." In its June 2, 1972 edition the Daily American reported as follows:

The Minneapolis Society for the Blind has refused to answer questions regarding bids on a federally assisted construction project.

The questions arose when the Daily American learned that Richard Johnstone, president of the Society, also is president of the South Side Plumbing and Heating Company, which has the mechanical contract on the project.

The Minneapolis Society for the Blind—a United Fund agency, is a charitable organization chartered by the State of Minnesota as a non-profit corporation.

It receives funds from the Hennepin County Welfare Board, the State of Minnesota, the federal government and the United Fund as well as other private donations.

The Society is constructing an addition to its workshop at 1936 Lyndale Ave. S. The total cost of the project could not obtained from the Society.

Frank Johnson, executive director of the Society, told the Daily American that the building would cost "about $800,000." However, he would not divulge details of the contracts or of the bidding.

Frank A. Church, a U.S. official in the Chicago office of the Department of Health, Education and Welfare said that "special problems" are raised if a member of the board bids on such a contract.

"Bids are always supposed to be open and competitive," he said. "In cases like this, the board should take special efforts to make sure that the bidding is open and competitive, and that the bids are opened in an open meeting."

Johnson said that the bids were opened "late in October" of last year. He said that the board of directors did not open bids, but "delegated that responsibility to the building committee."

Johnstone, whose firm got the mechanical contract, is chairman of that building committee as well as president of the Society for the Blind.

Johnson refused to tell the Daily American where and when the bids were opened, or if the meeting was open. He hung up the telephone when the reporter persisted in asking for more information.

So reported the newspaper, but there is no evidence that NAC took notice. The workshop is expanded; its president gets a whopping contract to do the work; and the workers get less than the minimum wage. And NAC accredits and calls it quality.

NAC, you have said you want documentation. Here it is—in great detail. It can be summarized in two words: *Lawrence Kettner*. So what will you do about it? Do you wish to deny that you were aware of the newspaper articles? You can't. They appeared prominently in the October 1972, *Braille Monitor*. Do you wish to deny that you are aware of what appears in the *Monitor?* Nobody would believe it. Would you like to take us to court on the grounds that we have not told the truth? Come and do it! Will you try to explain it away? Pretend it never happened?—Ignore it?—Or will you revoke the accreditation of the Minneapolis Society? The blind of the nation are waiting—and so are the members of Congress and the responsible agencies in the field. What will you do, NAC? Come up to the line and show us.

CONGRESSMAN NEDZI HELPED EXPOSE USE OF CIA IN THE WATERGATE COVERUP

HON. JAMES G. O'HARA

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. O'HARA. Mr. Speaker, within the past few days, the President of the United States has conceded that the White House had dragged the Central Intelligence Agency as some sort of red herring across the path of the Federal Bureau of Investigation's probe into the Watergate break-in—not, as originally suggested by the President, to protect national security, but rather in a vain effort to protect the President's friends and associates involved in the break-in.

More than a year a ago, some of the important clues as to this misuse of the CIA were uncovered by my colleague from Michigan, Mr. NEDZI, in his role as chairman of the House Armed Services Subcommittee on Intelligence Operations. The efforts expended by Mr. NEDZI were reported in an article which appeared on May 24, 1973, edition of the Detroit Free Press.

At a time, Mr. Speaker, when the President was systematically and cynically lying to the American people about the Watergate coverup and the role of the CIA, Mr. NEDZI and his colleagues on the subcommittee were doing an effective job of bringing the truth to light. I commend to my colleagues the full text of the Detroit Free Press article, which gives proper credit to the tenacious investigation carried out by the subcommittee under Mr. NEDZI's able chairmanship:

[From the Detroit Free Press, May 24, 1973]

NEDZI SPURS PROBE OF WATERGATE

(By Saul Friedman)

WASHINGTON.—Only one Michigan lawmaker has become involved in getting to the bottom of the Watergate dungheap. But in his quiet way, Rep. Lucien Nedzi, a Detroit Democrat, has been one of the most effective investigators.

Nedzi is chairman of the House armed services subcommittee on intelligence operations. When it was disclosed last month that the Central Intelligence Agency had supplied equipment for the 1971 burglary at the office of Daniel Ellsberg's psychiatrist, Nedzi was the first to get confirmation from the agency's director, James Schlesinger.

More important, Nedzi's phone call to Schlesinger and his persistent inquiries among others at the CIA began the investigation which has now revealed that the White House, and perhaps the President, deliberately used the agency and the excuse of national security in an attempt to smother the Watergate affair.

These disclosures, which Nedzi wrung from the CIA, helped force from the President Tuesday his startling admission that he did order aspects of Watergate covered up because he thought that the CIA's national security operations could be compromised.

The President went on to say that when he learned that the CIA was not endangered, he told then acting FBI director L. Patrick Gray to "press ahead with his investigation."

Nedzi, to put it mildly, is highly skeptical. His own inquiries leave gaping holes in the President's explanation that he was duped. Discrepancies include:

A CIA memo on the Gray-Nixon conversation, in July, 1972, which Nedzi has, nowhere mentions that the President told Gray to press ahead. Indeed, Gray's recommendation to the President that he fire those White House aides responsible for trying to use the CIA to cover up their guilt was not adopted until nearly a year later.

As late as Feb. 9, according to information Nedzi has, the same presidential aides again made efforts—which were unsuccessful—to get the CIA to impede the FBI investigation.

These attempts came within a few days after Richard Helms, who fought to keep the CIA out of Watergate, was replaced as director by Schlesinger, a former White House aide.

This, among other things, has given Nedzi reason to believe that Helms was fired by the President partly because he stood in the way of efforts to blame Watergate on the CIA.

For two years, as head of his subcommittee, Nedzi has learned more about the CIA and other intelligence operations than any other member of Congress. This is why Nedzi was able to dig out from the agency the White House attempts to tamper with it as part of the Watergate cover-up.

Nedzi, however, is the lone liberal on his committee and his conservative colleagues don't take too kindly to digging up dirt that spatters the White House and some generals within the CIA.

Thus most of the public disclosures of what Nedzi discovered first, have come from Senate intelligence committees, which had not bothered to meet during the period when Helms was removed and the CIA's independence was endangered.

During the height of the Vietnam War, the Pentagon papers show, the CIA's intelligence estimates consistently were thorns in the side of the optimistic projections of the White House, the Pentagon and the State Department.

The CIA, behind closed doors of congressional committees, also dissented from Pentagon claims of Soviet strength which were used to get fatter budgets. Recently, a CIA official gave lie to the claim that North Vietnamese were heavily involved in the present Cambodian civil war.

Nedzi is convinced that it is for these reasons, in addition to what we now know about Watergate, that the White House wanted control of the CIA, which is supposed to be independent and professional enough, when facts warrant, tell an administration what it doesn't want to hear.

In all the furor over Watergate and the CIA, little attention has been given to the man who has been appointed to replace Schlesinger, who has been nominated as defense secretary.

He is William Colby, who ran in Vietnam what was euphesistically called the pacification program, and "Operation Phoenix." This included the assassination, torture and imprisonment of suspected opponents of the South Vietnamese government, and the wholesale, forced evacuation of villages under suspicion as Vietcong strongholds.

In light of recent events, the intelligence committees in both houses of Congress are expected to keep a closer watch on the CIA and its independence.

FORMER EXIMBANK PRESIDENT UNDER INDICTMENT

HON. JOHN H. DENT

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. DENT. Mr. Speaker, for years now I have been making a fight against a pervasive erosion of U.S. economic power in the world marketplace. At the heart of the erosion I have found agencies such as OPIC and, most notably the Export-Import Bank. Their policies have continued to smack of irresponsibility toward the true needs of our economic system, while recently exhibiting an air of unaccountability toward the Congress which originated these programs.

Recently I came across a disturbing example of Exim irresponsibility and possible illegality in a Barron's article written by Shirley Scheibla. It concerns a former Exim president now under indictment, and makes some telling points in regard to motivation and Exim financing:

[From Barron, May 20, 1974]

CO-PROSPERITY SPHERE?—HOW EXIMBANK'S KEARNS, JAPAN'S MITSUI DID BUSINESS TOGETHER

(By Shirley Scheibla)

WASHINGTON.—Back in 1969, Henry Kearns balked at selling his shares in Siam Kraft Paper Co. (a pulp and paper mill in Thailand), to win Senate approval of his nomination for president and chairman of the U.S. Export-Import Bank (Eximbank), which helps finance, at below-market interest rates, the sale of domestic goods and services abroad. However, in order to still the qualms of some lawmakers over his heading the agency, which had a $14 million loan outstanding to Siam Kraft obtained by him, Mr. Kearns put his 100,000 shares in a blind trust.

Thanks to that compromise, Mr. Kearns today is nearly $500,000 richer. Last year, Mitsui of Japan, which benefited substantially from Eximbank financing while Mr. Kearns headed the agency, bought the Siam Kraft shares from the trust for half-a-million dollars, perhaps 10 times as much as it was worth in 1969.

CHARGES MISREPRESENTATION

Now Siam Kraft is suing Mr. Kearns for fraud in his dealings with it before he went to Eximbank. The company charges in part, that he obtained his shares in Siam Kraft, as well as Eximbank financing, through misrepresentation. Mr. Kearns denies the charges.

Court papers indicate that Siam Kraft was kept afloat through difficult times largely because Eximbank, in an unusual move, agreed to stretch out its loan to 1993. While Mr. Kearns headed Eximbank at the time, he did not participate in the rescheduling decision.

The story of Mr. Kearns and Siam Kraft dates back to 1962, when, as head of Kearns International Business Development Corp., he prompted the idea of such an enterprise in talks with officials of the Kingdom of Thailand. Subsequently, Parsons & Whittemore Inc. (P&W) won a contract from the Agency for International Development to prepare an investment survey on the feasibility of a pulp and paper mill in Thailand.

According to court papers, the survey led to a project proposal by P&W justifying Mr. Kearns' earlier view that such a project would be feasible, profitable and useful to the Thai economy. The documents further disclose that, "based upon the Project Proposal and as the promoter of the project, defendant Henry Kearns, acting through American Capital, a company controlled by Kearns and affiliated or associated with Kearns International, assumed full responsibility for the formation of the plaintiff." Thai Paper Industries Co. Ltd. was formed on July 8, 1965, and three months later Siam Kraft was incorporated as its successor. Siam Kraft proceeded to sign a contract with Parsons & Whittemore to build and operate a plant.

AUTHORIZED LOAN

The following June, thanks to Kearns' efforts, Eximbank authorized a loan of $14 million to Siam Kraft, which was signed on September 26, 1966. For his efforts in its behalf, Siam Kraft gave Mr. Kearns 100,000 shares of stock. (The company has two million common shares outstanding.)

When Mr. Kearns was seeking Senate confirmation of his nomination to head Eximbank, some Senators suggested that he sell his Siam Kraft stock to eliminate any possible conflict of interest. Mr. Kearns, however, told the Senate Banking and Currency Committee on February 13, 1969, that although he had made a determined effort to sell shares "to a rather broad range of prospective buyers," he couldn't make a sale because the company was not yet in operation.

In contrast, when Kearns testified before the Inouye Sub-committee of the Senate Appropriations Committee on May 8, 1973, he said: "When I was up for confirmation, the committee suggested that I sell all of my stock in Siam Kraft and in another Thai company. The Siam Kraft stock was not salable because the plant was not in operation, and to have offered 100,000 shares on the market at that time would have done irreparable damage to the company. I was asked by the other stockholders not to offer it for sale."

During Mr. Kearns' confirmation hearing back in 1969, Senator William W. Proxmire (D., Wis.) told him, "I know you have made a valiant effort to sell your stock. I am convinced that you have. You have gone to all the logical people who would have any interest in buying. It would be a terrible sacrifice if you were required to sell it."

IN A BLIND TRUST

At the 1969 hearing, however, Senator Proxmire declared, "I'm just wondering if we're not stretching the conflict of interest provisions or principles in permitting this kind of an arrangement to go ahead.

"It's hard for me to really see how this effectively protects the public interest where you do have a very clear degree of authority over the people who, in turn, are going to determine whether or not this loan is repaid on time and so forth." (As noted earlier, the loan enjoyed one of the longest stretchouts in Eximbank history—to 1993.)

Mr. Kearns replied, "Senator Proxmire, I have done everything I can. If what I have done is not satisfactory, then obviously I can't serve in this position."

In lieu of selling, Mr. Kearns placed his Siam Kraft shares in a blind trust with Bank of America and disqualified himself from participating in any Eximbank decisions concerning Siam Kraft. He did not, however, disqualify himself from participating in Eximbank board decisions involving Mitsui of Japan. At the Senate Appropriations Subcommittee hearing on May 8, 1973, he testified that he had just received word that his Siam Kraft stock had been sold to Mitsui & Co. for par value of $5 a share, which yielded him the half-million dollars.

DATE OF PURCHASE UNKNOWN

Barron's has been unable to determine the exact date Mitsui made the purchase, or whether the latter had any connection with the impending court action. What is clear, however, is that Parsons & Whittemore, claiming various contractual violations by Siam Kraft, filed suit on May 1, 1973, in Thailand. Siam Kraft subsequently countersued, John E. Corette, III, general counsel of Eximbank, said the agency knew the suit was going to be filed six months earlier.

During the 1973 Appropriations hearing, the subcommittee chairman, Senator Daniel K. Inouye (D., Hawaii), told Mr. Kearns that at the time Mitsui bought the stock for $5 a share, it was traded on the Bangkok stock exchange at approximately $1.75.

Mr. Kearns retorted: "Well, in the first place I don't think the Bangkok exchange is a stock exchange in terms that you or I would consider a stock exchange. It is operated by one man for his own benefit, and I don't think it has much credence."

In December 1970, so Siam Kraft told a Thailand court, the value of the shares was only about five or 10 baht (20 baht=$1). While the company's financial condition had improved somewhat by 1973, it still had substantial problems, as is made clear in the court cases pending in Bangkok, New York and Washington.

In any event, Mitsui, which bought the stock at $5, benefited handsomely from Eximbank actions while Mr. Kearns headed the agency. Consider what happened in 1972. Mitsui Trading Co. had ordered two McDonnell Douglas DC10 jetliners, planning to sell them to All-Nippon Airways. But the Japanese government failed to authorize All-Nippon to put the DC10s into service, thus leaving Mitsui without a market for the planes it had contracted to buy.

Then Eximbank came along and said it would lend $18 million to a group of Japanese banks, including Mitsui Bank. The funds, in turn, were to be lent to Laker Airways Ltd., a British charter line, to cover 45% of the cost of the two DC10s, about $40 million. Laker then bought the jets, thus relieving Mitsui Trading Co. of its obligation to take delivery. Whether this transaction was in the U.S. interest is questionable. Laker now plans to undercut fares of hard-pressed American carriers like Pan American World Airways and TWA by offerings to fly passengers from New York to London on its Skytrain for $117.

As noted earlier, Mr. Kearns did not disqualify himself from participating in Eximbank's board decision involving Mitsui while he headed the agency. During his tenure, Eximbank made 37 separate decisions for guarantees of loans by commercial banks to Mitsui for a grand total of $33.5 million.

MITSUI'S ROLE

In addition, on July 16, 1972, Eximbank announced direct loans of $110,897,000 at 6% to two Japanese power companies to help finance the sale of $246,438,000 of U.S. equipment for nuclear plants. While Eximbank's announcement failed to say so, Mitsui arranged meetings here and in Japan concerning the loans, participated in the negotiations at Eximbank with the principals of the Japanese utilities and is transporting the equipment. Mitsui's role was explained by Roland Fridell, manager of the International Sales division of General Electric, which is supplying the nuclear systems.

In his Senate testimony last year, Mr. Kearns said that Mitsui got a good deal when it bought his stock in another Thai company, an experience which "may have had something to do with their decision" to buy his Siam Kraft stock. To win confirmation of his appointment to Eximbank in 1969, Mr. Kearns sold Mitsui his interest in Firestone Tyre & Rubber Co. of Thailand, which had repaid an Eximbank loan the previous year. "The dividends on these shares since that time have been more than the total price that they paid for the shares. The company paid dividends of some 100% on the par value every year, so I would imagine that Mitsui would think rather kindly on my shares that they purchased," Mr. Kearns told the Senate Subcommittee.

WOULD HAVE FACED BANKRUPTCY

Be that as it may, Siam Kraft would have faced bankruptcy—and Mr. Kearns' stock would have become worthless—without Exim-bank's rescheduling of the company's loan after he took over the agency's helm. The $14 million loan originally was to be repaid in 12 equal semiannual instalments beginning December 1, 1970, with 6% interest payable every six months from the time of disbursement.

However, in 1970, without public announcement, Eximbank rescheduled the loan to call for 40 semiannual instalments beginning December 1, 1973 (that is the only payment Siam Kraft has made so far), with th final instalment due June 1, 1993. Interest payments due on December 1, 1970, through December 1, 1972, were capitalized and added to the principal of the debt, increasing it from $14 million to $16 million. The rescheduling agreement restricts payment of dividends and requires prepayment if net income in any year exceeds 12% of paid-in equity.

In cooperation with Eximbank, the Overseas Private Investment Corp. (OPIC) took over the $4,075,000 in loans to Siam Kraft which OPIC's predecessor agency had guaranteed the previous year. The lenders included Connecticut General Life Insurance Co., First National Bank of St. Paul, General Electric Pension Trust and National Shawmut Bank of Boston.

Under a 1969 agreement with the four, Siam Kraf was to have a grace period and start repayments in 1976 and with completion in 1981. But, following the pattern set by Eximbank, OPIC in 1970 agreed to pay the commercial lenders out of its reserve within the time originally scheduled and give Siam Kraft until 1993 to finish reimbursing OPIC. Whether Siam Kraft is now current in its interest payments to OPIC (according to Steve Franklin, OPIC attorney) is now in dispute.

The legal action began on May 9, 1973, when three companies wholly owned by Parsons & Whittemore sued Siam Kraft in Bangkok to collect promissory notes. P&W allaged they were due as part of an agreement for P&W to withdraw from Siam Kraft.

The following month, Siam Kraft answered by counter-claming that the agreement under which the notes were due was obtained through fraud. The counterclaim indicated that the feasibility study financed by the U.S. government said the venture would show profits of $1.4 million in the first year and increase each year thereafter to yield a total profit of $46 million in 11 years. Instead, Siam Kraft suffered a loss of $4.6 million.

CHEAP IMPORTS

According to its counterclaim, much equipment lay idle, including a half-million-dollar machine for making bags to hold cement. Money for payment of labor and raw materials was squandered. The plant had to be closed for 196 days because of lack of funds for raw materials and spare parts, and Siam Kraft had to ask Eximbank for nonpayment of interest, the company told the court. It added that the value of its shares dropped as low as five or 10 baht.

P&W denies the drop in the value of the shares, citing the Mitsui purchase at a high price. It also said the plant could produce paper as guaranteed, but that because of Siam Kraft's failure to get Thailand to raise import duties on paper, cheap imports were flooding the market.

Mr. Kearns was not named as a party in the Bangkok suit, but he was named in identical suits which Siam Kraft filed simultaneously in New York City and Washington last September against him, P&W and Samuel Efron. Mr. Kearns resigned from Eximbank the following month. Mr. Efron, who formerly held the posts of executive vice president of P&W and director of Siam Kraft, now is a member of the Washington law firm of Arent, Fox, Kintner, Plotkin & Kahn.

Siam Kraft has asked for a jury trial, and the parties now are arguing over which tribunal should have jurisdiction. In its compaint fied with the U.S. District Court for the Southern District of New York, Siam Kraft charged that the contract for the mill was obtained "through fraud and misrepresentation committed by defendants, P&W, Kearns and Efron." The complaint added: "Material representations of defendants . . . were false and were known to the said defendants to be false, and made by them to deceive plaintiff to induce plaintiff to enter into the contract."

TARIFF PROTECTION

The document charged Mr. Kearns individually with these alleged misrepresentations: "(a) Statements made to Plaintiff concerning the degree of tariff protection the Government of Thailand was willing to extend the products of Plaintiff. In making these representations, defendant Kearns failed to disclose that he had entered into an agreement on behalf of plaintiff with the Thai Board of Investment whereby Plaintiff would not sell its products at more than 23% above the landed cost of like imported items.

"(b) Defendant Kearns recommended the employment of Mr. William A. Robinson as an independent consultant for the project without disclosing that Robinson had formerly been employed by or associated with P&W. In making this recommendaation, defendant Kearns falsely represented that Robinson had the recommendation of the Export-Import Bank of the United States.

"(c) Defendant Kearns urged the Plaintiff's Board of Directors to accept the Contract and to authorize its signature on behalf of Plaintiff. Despite the fact that the Contract contained many provisions detrimental to the Plaintiff, including the deletion of approximately $3,000,000 of equipment that the Thai directors anticipated would be suppulied, defendant Kearns stated to the Thai directors that the Contract contained changes from the earlier 1965 contract only in ways beneficial to the Plaintiff."

CONCEALED VIOLATIONS

The complaint also charges: "Defendants Kearns and Efron actively concealed from Plaintiff the aforesaid violations of law and Defendants likewise failed to reveal said violations as required by the affirmative duty of disclosure owed Plaintiff. Plaintiff became aware of said violations only after ousting Management from operating control of the enterprise in December 1970."

While detailed arguments have not yet been heard in the cases, the defendants deny all charges. They have admitted, however, that Mr. Kearns participated, to some extent, in the formation and financing of Siam Kraft and that he received common stock as a consideration for his efforts.

P&W told the New York court that the case should be dismissed, since identical action is pending in Washington, and claims are sub judice (awaiting judicial determination) in Thailand. P&W added that the statute of limitations bars action and that the agreements of 1965, 1966 and 1970 call for mandatory arbitration.

MAJORITY SHAREHOLDERS

Court papers indicate that the majority shareholders of Siam Kraft now are the Crown Property Office and Siam Cement Co., both of Thailand. The P&W companies—Parsons & Whittemore South East Asia Corp., Downingtown Service Corp. and Parsons & Whittemore Management Corp.—previously owned 449,057 shares received as part payment for their services in establishing and managing the plant. A dispute involving the agreement under which the shares of the three P&W companies were transferred to Thai ownership (Crown Property and Siam Cement) led to the first court case which P&W filed in Bangkok. As a major creditor of Siam Kraft, Eximbank approved of this stock transfer. It did not, however, approve the sale of Mr. Kearns' shares to Mitsui.

Now, according to Eximbank's Mr. Corette, Siam Kraft is operating at full capacity and at a profit, though he won't disclose how much. He added, however, that Eximbank turned down a Siam Kraft proposition for a new loan for a major expansion after three Eximbank officials visited the plant last November. Mr. Corette explained that Eximbank believes Siam Kraft's financial structure is not strong enough for it to incur substantial amounts of additional debt.

Since it would be improper for Eximbank officials to comment on pending court cases, Barron's posed a theoretical question to Mr. Corette: What would happen if Eximbank found that a loan had been obtained through fraud or misrepresentation? He replied, "Eximbank would have a case in court." Asked by Barron's to give his side of the story, Henry Kearns declined to comment.

FEDERAL RESERVE SUPPORTS PUBLIC SERVICE EMPLOYMENT

HON. RICHARD F. VANDER VEEN

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. VANDER VEEN. Mr. Speaker, on July 29 of this year, with the cosponsorship of over 40 of my House colleagues, I introduced legislation to create 900,000 public service jobs—CONGRESSIONAL RECORD 25561 et seq. I was gratified not only by this encouragement from other Members, but with the strong support of public service employment voiced by the Democratic caucus and many eminent economists.

The Elizabeth, N.J., Daily Journal's lead editorial for July 30 outlines the Vander Veen bill in some detail and indicates some of its supporters, within and without the Congress. The editorial states that,

> U.S. Worsening Economic Ills Need Congressional Cures.

In addition to the editorial support of the Daily Journal, the Wall Street Journal and the New York Times have carried stories reporting the strong support for public service employment of the Chairman of the Federal Reserve Board, Dr. Arthur F. Burns.

The Times of August 7, in its lead story, reports Dr. Burns as proposing:

> A $4 billion program of public service employment to create jobs in state and local government if the Nation's unemployment rate should rise above 6% of the labor force.

All indications are that unemployment will reach 6 percent and above and may remain there for many months and even years.

The Wall Street Journal of the 7th also reports Dr. Burns' proposal to create 800,000 public service jobs.

Mr. Speaker, I am particularly pleased that the distinguished Chairman of the Federal Reserve, the Nation's top banker, is supporting public service employment during the expected period of continuing inflation and high unemployment. Criticism has been heard that creation of public service jobs would be inflationary. I think that Dr. Burns' statement makes my case for me.

We must provide some controlled economic stimulus if we are to increase productivity and the economies of production, plus firm up certain soft demand sectors in the Nation's economy. Creating the 900,000 public service jobs, in pockets of high unemployment, as envisioned by H.R. 16150, would help create this tailored demand. In conjunction with financing such jobs through cuts in military procurement waste and spending, we can provide jobs in a truly noninflationary way.

Mr. Speaker, I include at the conclusion of my remarks, the Daily Journal editorial, the New York Times and Wall Street Journal stories.

[From the Elizabeth (N.J.) Daily Journal, July 30, 1974]

DO-NOTHING NIXONOMICS: WORSENING U.S. ECONOMIC ILLS NEED CONGRESSIONAL CURES

Warnings keep coming in that the U.S. is sliding into deeper economic troubles than President Nixon and his advisers seem to realize.

The highly respected Organization for Economic Cooperation and Development, for example, issued a special report last week predicting that unemployment, presently above 5 per cent, could rise to 6.25 per cent next year, accomplished by a trade deficit that could amount to between $5–7 billion in 1975.

With the administration apparently incapable of adopting a more action-oriented program, the time is fast approaching for the Congress to take the initiative.

Rep. Richard Vander Veen, who recently won a stunning electoral victory as a Democrat in Gerald Ford's old, traditionally Republican seat, has wasted little time in advancing a proposal to combat inflation and unemployment that stands out as an alternative to the economic policy paralysis of the White House.

Vander Veen would provide 900,000 public service jobs through a bill he calls the Public Service Employment Act.

The measure, introduced yesterday, would directly benefit areas in New Jersey by concentrating federal funds in 973 places where unemployment is already over 7 per cent, and providing enough funds to force unemployment under the 7 per cent mark.

The plan is co-sponsored by House Public Works Committee Chairman John Blatnik, D-Minn., New Jersey Democrats Peter Rodino and Henry Helstoski, and Rep. Henry Reuss, D-Wisc., one of the most highly respected economic policy specialists in Congress.

Reuss himself has authored an important economic program that combines public service employment with inflation-fighting and tax reform measures aimed at benefitting the lower and middle income taxpayers most victimized by the nation's worsening economic crisis which deserves serious study.

While President Nixon has dismissed the public service employment proposals as useless "leaf raking projects," Reuss and Vander Veen counter that there are constructive jobs available in the public sector.

Among these are jobs in auxiliary police protection for schools with security problems, guards for inner city museums frequently closed for extensive periods during the week for lack of funds to pay security personnel, medical assistants for hospitals financially unable to hire needed personnel, junior foresters who may help manage untended state and federal parks, staff for day care and mental health care centers, and so on.

Combined with public service jobs would be skills training and centralized job information programs to guide people to available jobs.

The 3.5 billion price tag may be inflationary, but, many economists say, preoccupation with inflation alone does not restrain it without healthier economic growth and employment powers. And public service employment is said to combine the virtues of being the least inflationary employment, while stimulating private sector employment through a multiplier effect.

Reuss's inflation-fighting plan would revise the Federal Reserve Board's present high interest policies where the present scarce money finds its way to such high-profit investments as speculative real estate or conglomerate take overs. Instead, he says, provide financial incentives for banks to make investment loans in low and moderate income housing, industrial plant modernization providing long term employment opportunities, and small business and farm development projects.

The Wisconsin Democrat also proposes reducing consumer prices by reversing government price subsidies for basic commodities like beef and milk, and ending indiscriminate subsidies for export sales of scarce commodities like wheat and lumber.

Finally, Reuss proposes combining a tax cut for low and middle income people with some long overdue plugging of tax loopholes. He would include measures to revise capital gains untaxed at death, change laws which discourage domestic oil exploration, end tax shelter farming and re-examine tax deferments that induce companies to expand exports of scarce commodities.

These may not be the best possible plans to cure the nation's worsening economic woes, but they are plans for action. They stand out in the starkest contrast to the Nixon Administration's impeachment-induced inaction.

[From the New York Times, Aug. 7, 1974]

Burns Asks Job Program if Unemployment Tops 6 Percent—Proposes a $4 Billion Plan for 800,000 Public Service Posts—Setting up of Wage-Price Review Boards

(By Edwin L. Dale, Jr.)

Washington, Aug. 6.—Dr. Arthur F. Burns, chairman of the Federal Reserve Board, proposed today a $4-billion program of public service employment to create some 800,000 jobs in state and local government if the nation's unemployment rate should rise above 6 per cent of the labor force.

Dr. Burns told a highly receptive Congressional Joint Economic Committee that this would ease the pain of a necessarily prolonged program of budgetary and monetary restraint on the economy to cure inflation. He also termed "wholesome" a suggestion of Senator Charles F. Percy, Republican of Illinois, that in enacting the new program of emergency job creation Congress should also "trigger in" some tax increase to pay for at least part of the program.

Senator Percy mentioned elimination of the deduction on Federal income tax returns of state and local gasoline taxes, which he said would raise $600-million in revenue.

Secretary of the Treasury William E. Simon said during a television interview last Sunday that he was "intrigued" by a similar suggestion made by Senator Jacob K. Javits, Republican of New York. Thus, Administration backing of the plan seems a good possibility.

Dr. Burns also suggested today toughening President Nixon's proposal of last week for a new cost of living task force to monitor price and wage increases in important sectors of the economy. The Reserve's chief, speaking for the entire seven-man board, said the new agency should be empowered "to appoint ad hoc review boards that could delay wage and price increases in key industries, hold hearings, make recommendations, monitor results, issue reports, and thus bring the force of public opinion to bear on wage and price changes that appear to involve an abuse of economic power."

He suggested under questioning that the new boards should have the power to delay wage or price increases by 30 or 45 days. Without such additional power, he said, the President's proposal would be "quite ineffective." Again, he received a sympathetic response from those committee members who commented on the idea.

Dr. Burns declined under questioning from Senator Javits and Senator William Proxmire, Democrat of Wisconsin, who is the chairman of the committee, to assess the economic effect of a transfer of power from President Nixon to Vice President Ford. The Reserve, he said, "must stay out of impeachment politics."

Asked if there might not be a "new spirit of cooperation" on the part of business and labor in exercising price and wage restraint, he said "there is a distinction between rhetoric and reality, and the rhetoric will improve more than the reality."

As for a possible improvement in the stock market from the removal or resignation of the President, he said only that "the fortunes of the stock market will depend fundamentally on corporate profits and the level and direction of interest rates." He called profits "dangerously low" despite recent increased in the dollar amount of profits reported.

POLICY IS REITERATED

In his prepared statement and in response to questions Dr. Burns reiterated the basic Government policy of sustained monetary and fiscal (budget) restraint, with a resulting "period of slow growth" in the economy and "a higher rate of unemployment than any of us would like."

He made these other points:

There has been some "financial adventuring" on the part of banks that is "especially deplorable," but taken as a whole "the commercial banking system in the United States is entirely sound and can be counted on to continue to function efficiently."

Unlike Mr. Simon, he feels that dealing with the huge financial flows resulting from higher oil prices is an "unmanageable problem in the absence of a reduction in prices." Central banks alone cannot cope with the problem.

Despite the Reserve's policy of restraint, "clearly the American economy is not being starved for funds." Growth of money and credit "is still proceeding at a faster rate than is consistent with general price stability over the longer term." But the policy has succeeded in reducing "credit extended to private domestic borrowers" in the first half of 1974 as compared with the first half of 1975 by an annual rate of $20-billion, to $145-billion.

While the economy remains sluggish "recent economic movements do not have the characteristics of a cumulative decline in business activity."

Despite the huge increase in the cost of imported oil, strength in exports and inflows of capital from oil-producing countries have meant that "the high price of imported oil has not created a serious balance-of-payments problem for the United States."

A reduction of Federal spending would be the single most effective anti-inflation move and could have "dramatic effects on our financial markets."

BANK-REFORM NEED SEEN

Dr. Burns said there was a need for reform in the nation's banking laws and that "before too many months" the Reserve would propose such reform. But he added that "we are not going to have a collapse of the banking system."

Discussing the public service employment proposal, Dr. Burns said a major merit of it was that it could be "triggered out" as overall unemployment is reduced. Another merit, he added, was that it would be directed to the localities where the unemployment problem was most serious.

He said he estimated that a $4-billion program—the same amount suggested by Senator Javits—would create nearly 800,000 jobs on the assumption of an average wage of about $6,000 a year for those hired.

[From the Wall Street Journal, Aug. 7, 1974]

Burns Urges White House To Push Drive on Inflation, But Sees Long Battle Ahead

Washington.—Federal Reserve Chairman Arthur Burns urged the White House to take a "little more energetic action" to slow price boosts. But he also conceded that the nation's anti-inflation battle will last "two years anyhow, and it may last a great deal longer."

Asserting he is "an impatient man," the nation's central banker said the Nixon administration should help curb inflation and deal with other economic ills by paring the federal budget for the current year as much as $10 billion, by uniting with other nations to force world oil prices down, and by reestablishing the Cost of Living Council and permitting it to delay big wage and price increases.

Testifying before the Joint Economic Committee, Mr. Burns emphasized that he believes the economy "is being attended to" in the White House, but he indicated the attention to corraling inflationary forces is insufficient. In response to questions, he said the President's Watergate troubles are "adding to the uncertainty" in financial markets over the administration's ability to fight inflation. "That's my own impression," he said, adding, however, that he has found it difficult to document that belief.

The Fed chairman said that during the recent House Judiciary Committee hearings, he watched with "special care" the foreign exchange market. "It was remarkably stable, and the dollar actually strengthened," he said, indicating that the response was surprising.

Mr. Burns said the Reserve Board will continue its tight monetary policies short of causing a credit crunch, and he said "evidence is accumulating" that the Fed's restrictive policies already are helping to moderate credit demand. He added that businesses have found it more difficult to obtain bank loans and that securities markets have been less receptive to their need for funds.

But declaring that the general public "doesn't really understand monetary policy," Mr. Burns said he favors more budget-cutting measures to slow inflation. "The public understands that reduction in federal spending will mean a reduction in aggregate demand for goods and services. They also can understand when the government has a balanced budget, it doesn't need to enter the (money) market to borrow," he said.

"For a time, we should be prepared to tolerate a slower rate of economic growth and a higher rate of unemployment than any of us would like. A period of slow growth is needed to permit an unwinding of the inflationary processes that have been built into our economy through years of neglect," Mr. Burns said.

If the nation's jobless rate hits 6%, however, Mr. Burns said he favors a $4 billion public service employment program by the government that would provide jobs for 800,000 persons.

Mr. Burns voiced a much deeper concern over the effects of sky-high world oil prices on international financial markets than other government officials have expressed publicly, including Treasury Secretary William E. Simon. He said that unless foreign oil prices drop significantly, he "cannot be optimistic" about the ability of financial markets to manage the recycling of the huge surpluses of oil-producing nations to countries experiencing big international payments deficits.

The Fed chairman urged a stronger fuel-conservation program in the U.S. and also the formation of an alliance of oil-consuming countries to bring oil producers "to the path of reason" through common economic policy and through "political devices." Such an alliance, consisting of the U.S. and 11 other industrialized nations, has already been approved in principle. The agreement calls for member nations to conserve and share petroleum supplies in the event of a new energy crisis.

During a 2½-hour question-and-answer period, Mr. Burns made these additional points:

The administration must move swiftly to aid the troubled utilities industry by boosting the investment tax credit for utilities to 7% from 4%, by urging regulators to speed up rate-increase approvals, and by advising bankers to provide temporary financing to utilities pending their ability to obtain more permanent financing from the bond market.

The Fed staff is drawing up some proposals for "drastic changes" in the federal bank regulatory structure that he will propose to Congress probably later this year.

He would favor establishment of an advisory council on bank credit policy but would oppose strongly any bid to force the Fed to allocate credit.

Prices of industrial raw materials should register declines "of some magnitude" in coming months as world economies continue to slacken.

The Fed is considering a separate discount rate, which is the fee it charges on loans to member commercial banks, that would apply to longer-term loans rather than to the standard loans of just a few days or so. The new rate, which presumably would be higher than the rate on short-term loans, would be available for loan situations like that involving troubled Franklin National Bank, which has borrowed millions of Fed funds to help it stay alive.

HOUSING BADLY NEEDED FOR INTERNS

HON. JOE MOAKLEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. MOAKLEY. Mr. Speaker, each year, like swallows returning to Capistrano, waves of student interns arrive in Washington to swell the ranks of Congress. This year the estimated figure was 1,800 and this does not include about 3,000 more who are working in other Government agencies.

One joking remarks often heard is that Congress is run by its interns. Jest it is but the fact is that these idealistic, hardworking, bright young people work like mad; performing myriad tasks from stamp licking to tough, tedious research and writing, usually generously giving their time for no pay and performing a service of inestimable worth to the Government and to the American people. Most of them come here at their own expense and maintain themselves at considerable financial sacrifice.

Unfortunately, Washington is a city ill-prepared to provide adequate housing for these young people. They must compete not only with permanent residents and each other but also with hoards of summer tourists and since the interns are usually lowest on the scale of ability to pay, they end up with the worst of what little is available. Often it is old, dirty, cockroach-infested, nonairconditioned, far from the Capitol, and expensive.

Congress has finally come around to the realization that, if nothing else, they owe their volunteers the opportunity of renting decent housing at a price they can afford. And it could not have happened at a better time. It just so happens that Washington has been going through a metamorphosis—or rather an attempted metamorphosis.

Hardly anyone is not aware of Congress' efforts through the Pennsylvania Avenue Development Corporation to revitalize the downtown area of Washington and restore it to a vigorous city, peopled by day and by night. It has long been a blot on our Nation's Capital that the area around the Congress and the White House becomes a ghost town at night as Government workers and daytime sightseers and shoppers melt away at dusk in fear of the derelicts and unsavory characters who creep out of what has been slowly but surely deteriorating.

One of the victims of this decline is the lovely, old Willard Hotel, a grand example of American classical architecture, and long associated with the political history of the city and therefore the Nation. Completed in 1901, the Willard has acted as temporary home to Presidents Taylor, Lincoln, Grant, and Coolidge, opera singer Jenny Lind, author Mark Twain and even Buffalo Bill. It has known grandeur and glory and drama, but since 1968, it has stood boarded up in silent rebuke to a people who squander their past monuments in favor of shiny, new, anonymous efficiency.

Yesterday, Mr. Speaker, I introduced a bill which could change all that. H.R. 16322 calls for Congress to acquire the Willard Hotel and provide rentals to congressional interns, pages, and other such congressional associated persons at a price they can afford. Its close proximity to the Hill permits easy accessibility to their work. Bringing hundreds of young people to the very heart of the city would be a boon to the restaurants and shops who have been struggling to stay alive. It could create the kind of college-town atmosphere which is one of the most attractive features of many university areas, and could be the spark for a new boom era in downtown Washington.

This is a good project; one of those rare projects which benefits every aspect that it touches. We should feel a sense of obligation to those who have volunteered so much to the Nation over the years. And who knows—Washington, D.C., may yet be the birthplace of a future President of the Nation.

CONSERVATION COUNCIL OF NORTH CAROLINA ENDORSES LEGISLATION TO SAVE NEW RIVER

HON. WILMER MIZELL

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 8, 1974

Mr. MIZELL. Mr. Speaker, the Conservation Council of North Carolina is representative of the countless North Carolinians and Virginians who want to see the ancient and scenic New River saved. I am pleased to insert into the RECORD a statement by the Conservation Council of North Carolina submitted by its president, Wallace Kaufman, to the House Interior and Insular Affairs Subcommittee on National Parks and Recreation:

The Conservation Council of North Carolina urges this Committee to help Congress assert its authority over the nation's waterways by giving a favorable report on making the New River a part of the Natural and Scenic Rivers System. Quite obviously, this is the highest and best use of the area and the use which best serves the public interest.

At our spring meeting on May 19, 1974, the Conservation Council decided that of all environmental issues that the preservation of this river was among our top four concerns. We are concerned not only because the river is worth preserving but because of the manner in which powers outside our state have attempted to take our river away. The Federal Power Commission and the Appalachian Power Company have contrived to deny the citizens and even within Congress any chance to make an independent choice for the river's future. This is the kind of back room dealing that has plunged our nation into so much despair and cynicism this past year.

There will be some who say that environmentalists in Congress and among the people are attempting to halt progress and push us back into the Dark Ages, via the path of brownouts and blackouts. Yet at this very time other utilities across the nation and the Federal Government are beginning to seriously consider solutions which environmentalists proposed many years ago. They are readjusting rate structures, rewriting demand forecasts canceling nuclear power plants, encouraging energy conservation and, in general, accepting the fact that power consumption for the future cannot be forecast on the basis of the unique, extraordinary and short era between World War II and the present.

In North Carolina there are already over 50 dams being built or scheduled to be built, and almost each one of them would impound several thousand acres of water. This is in addition to tens of thousands of acres already impounded. Furthermore, many of our existing impoundments are now beginning to host serious fish diseases, sometimes affecting 80-90 percent of the game fish in a given species.

We hope North Carolina will exist as a civilized state 100, 500 and 1,000 years hence. We are responsible to that posterity and we have already deprived it of to many of our favorable free flowing rivers. These rivers are valuable, not only for their beauty, but in a more concrete dollars and cents way, as their constant motion and aeration helps cleanse our vital water supplies and remedy some of the problems caused by still water impoundments. Further, we have burdened future North Carolinians with too many unknown problems, not the least of which will be what to do with all these reservoirs when they eventually silt up and fill in.

We see no responsible course of action at this time except to place this river in trust for posterity by recommending that it be included in the Natural and Scenic Rivers System.

HOUSE OF REPRESENTATIVES—*Friday, August 9, 1974*

The House met at 11 o'clock a.m.

Rev. Jack P. Lowndes, Memorial Baptist Church, Arlington, Va., offered the following prayer:

If any of you lacks wisdom, let him ask of God—and it will be given him."—James 1: 5.

We are grateful, our Father, for the Founding Fathers of our Nation who sought and found wisdom from Thee and gave us the form of government that keeps us now.

Today we continue to need that wisdom beyond our own. We pray for Thy wisdom. We pray for the President leaving office and the President assuming office today. They both need Thy wisdom, strength, and the assurance of Thy love. Help our new President make the decisions that will bring reconciliation to our Nation and help bring peace to our world.

For the Speaker of this House and those who serve with him we pray. As they work together for the good of our Nation help them to have that divine wisdom needed.

We pray for the news media who have the responsibility of reporting to us the actions of our Government. Give them wisdom to report fairly and impartially the news upon which we all depend to make our judgments and decisions.

Lord, help all of us to have mercy and sympathy toward one another and to be good stewards of our national heritage.

"Grant us wisdom, grant us courage for the facing of this hour."

In Jesus' name. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Arrington, one of its clerks, announced that the Senate had passed without amendment bills of the House of the following titles:

H.R. 7218. An act to improve the laws relating to the regulation of insurance companies in the District of Columbia;

H.R. 11108. An act to extend for 3 years the District of Columbia Medical and Dental Manpower Act of 1970; and

H.R. 12832. An act to create a Law Revision Commission for the District of Columbia, and to establish a municipal code for the District of Columbia.

The message also announced that the Senate agrees to the amendments of the House to a bill of the Senate of the following title:

S. 3782. An act to amend the Public Health Service Act to extend for 1 year the authorization of appropriations for Federal capital contributions into the student loan funds of health professions education schools.

The message also announced that the Senate had passed with amendments in which the concurrence of the House is requested, bills of the House of the following titles:

H.R. 15323. An act to amend the Atomic Energy Act of 1954, as amended, to revise the method of providing for public remuneration in the event of a nuclear incident, and for other purposes;

H.R. 15581. An act making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1975, and for other purposes; and

H.R. 15791. An act to amend section 204(g) of the District of Columbia Self-Government and Governmental Reorganization Act, and for other purposes.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 15322) entitled "An act to amend the Atomic Energy Act of 1954, as amended, to revise the method of providing for public remuneration in the event of a nuclear incident, and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. Pastore, Mr. Jackson, Mr. Symington, Mr. Bible, Mr. Montoya, Mr. Aiken, Mr. Bennett, Mr. Dominick, and Mr. Baker to be conferees on the part of the Senate.

The message also announced that the Senate had tabled the conference report on the bill (H.R. 14715) and it further announced that the Senate further insists upon its amendments to the bill (H.R. 14715) entitled "An Act to clarify existing authority for employment of White House Office and Executive Residence personnel, and for other purposes," requests a further conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. McGee, Mr. Randolph, and Mr. Fong to be the conferees on the part of the Senate.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 15581) entitled "An act making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1975, and for other purposes," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. Bayh, Mr. Inouye, Mr. Chiles, Mr. McClellan, Mr. Eagleton, Mr. Mathias, and Mr. Bellmon to be the conferees on the part of the Senate.

A NEW HEAD AT THE HELM

(Mr. SIKES asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. SIKES. Mr. Speaker, President Nixon's farewell message was monumental in content and delivery—one of his most impressive speeches. In it there was sadness, an obvious regret at not finishing the task he had undertaken, but no bitterness. It was spoken like a patriot.

He stated well that America cannot afford to have a part-time President—the position he would have had to occupy for the next 6 months while fighting impeachment. We would also have a part-time Congress. The Nation's economy and many external problems are at stake. The slow but deadly paralysis of Watergate and impeachment already have taken too much from America.

Now this terrible period is behind us. America can breathe again, live again, work again. We have a new administration which, hopefully, will bring new drive for a better America and new solutions for America's economic ills.

Gerald Ford is a man of ability and character. I have confidence in him. I sincerely believe that he will seek earnestly to restore harmony, to rebuild America's faith in its Government, and that he will do everything in his power to insure a sound working relationship with Congress. He will need the help and the prayers of the American people in this most difficult task.

Perhaps most of all there is a need to put the bitterness of Watergate and impeachment behind us and to learn again the essentiality of building up, not tearing down, a country. America needs to look ahead, not backward.

THE RESIGNATION OF PRESIDENT NIXON AND THE SWEARING IN OF PRESIDENT FORD

(Mr. BRADEMAS asked and was given permission to address the House for 1 minute, to revise and extend his remarks, and include extraneous matter.)

Mr. BRADEMAS. Mr. Speaker, the resignation of Richard M. Nixon is an event without precedent in our history.

Thirty-seven Presidents have served our Nation with varying degrees of distinction, but until now no Chief Executive has been forced to relinquish his office prior to the end of his term.

For nearly 26 months we have witnessed an unfolding tale of conspiracy, perjury, misuse of Government agencies, and obstruction of justice.

And we have seen a President of the United States approve and participate in such illegal activities while directing a complex plan to conceal his wrongdoing.

We should not forget, nor should we

minimize, the tragic pattern of events which led to Mr. Nixon's announcement.

But our Nation will survive this ordeal, as we have survived more violent upheavals in the past.

We now have a new President, a new custodian of the national trust.

I have known Gerald Ford throughout my 16 years in Congress. He is an honorable man.

President Ford faces the difficult task of reuniting the country, and in this endeavor I join all Americans in wishing him well.

I know that in the future President Ford and I may disagree on some questions of public policy as in the past we sometime disagreed when we served together in the House.

But on one matter I know we do not disagree.

It is that the public interest now requires that both Congress and the President act together, in a spirit of mutual cooperation, to seek solutions to the problems that beset our Nation in a troubled world.

As a Member of Congress I look forward to working with President Ford for the best interests of the people of our country.

STATEMENT OF HON. JOSEPH P. VIGORITO ON THE RESIGNATION OF THE PRESIDENT

(Mr. VIGORITO asked and was given permission to address the House for 1 minute.)

Mr. VIGORITO. Mr. Speaker, it is regrettable that this Nation has to witness the resignation of a President. Since we are a Nation governed by laws and not ruled by men, we are left with no other choice.

I am sure that we will come out of this stronger than ever and our democratic institutions will survive.

My best wishes and support go to President Ford in these trying times.

AMERICA NEEDS MENDING

(Mr. STARK asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. STARK. Mr. Speaker, the worst is over. The American people and their representatives in Congress must now concentrate on the larger problems that confront our Nation—inflation, poverty, unemployment, health care, education, and peace.

Our country needs mending. It can only be done with a Chief Executive willing to share his assignment with the leadership of both major parties. A strong bipartisan effort is needed to restore people's faith in Government and tend to matters that have been neglected for too long because of the Nixon diversion.

THE PRESIDENT RESIGNS

(Mr. GAYDOS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GAYDOS. Mr. Speaker, President Nixon's admission that he withheld important evidence from Congress, the courts, and the American people virtually assured his impeachment by the House and a strong probability of conviction in the Senate.

Previous to this admission, the matter was so grave that in my opinion, every precaution had to be taken to see that full justice was done, not only to President Nixon, but to the Nation at large.

I have spent many hours reading both the White House and the Judiciary Committee transcripts and personally listened to the actual tapes in an effort to be as objective as possible in the event I would be called upon to cast my vote for or against impeachment.

The President's decision to resign has now put that all behind us. As a nation, we have encountered and survived many crises in the course of history: a civil war, several international conflicts, agonized through a major depression, and suffered through Presidential assassinations. We have emerged stronger as we met these crises head on. We will also survive the tragedy of Watergate.

We must now devote our efforts toward providing an orderly transition in Government and begin healing the wounds left by Watergate. It is incumbent upon us to clearly demonstrate to the other nations of the world that our form of government which guarantees freedom and justice to all, has survived another major crisis.

THE PRESIDENT'S RESIGNATION

(Mr. WOLFF asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WOLFF. Mr. Speaker, I am saddened by the events that have led to the resignation of our President, but I also feel that we as a nation can take heart that our constitutional processes and system of government have withstood the trauma. The President's resignation is in the national interest; we have provided for the orderly transition of power to a new administration; there will be no lack of continuity in our domestic or international policies nor any weakening of our position in the world community.

We must come together as a nation, healing the wounds of the past so that we can meet the very pressing problems that face us and the world. Let us as well put on notice those throughout the world who would view what has happened as a sign of weakness. To the contrary, this Nation has shown its strength in the face of unprecedented strain.

MILITARY CONSTRUCTION AUTHORIZATION, 1975

Mr. YOUNG of Texas. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 1297 and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. Res. 1297

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 16136) to authorize certain construction at military installations, and for other purposes, and all points of order against said bill for failure to comply with the provisions of clause 3, rule XIII are hereby waived. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Armed Services, the bill shall be read for amendment under the five-minute rule by titles instead of by sections. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

The SPEAKER. The gentleman from Texas (Mr. Young) is recognized for 1 hour.

Mr. YOUNG of Texas. Mr. Speaker, I yield 30 minutes to the distinguished gentleman from Ohio (Mr. Latta), pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 1297 provides for an open rule with 1 hour of general debate on H.R. 16136, the military construction authorization bill for the fiscal year 1975.

House Resolution 1297 provides that the bill shall be read for amendment by titles instead of by sections. House Resolution 1297 also provides that all points of order against the bill for failure to comply with the provisions of clause 3, rule XIII of the Rules of the House of Representatives—the Ramseyer rule—are waived.

The purpose of H.A. 16136 is to provide military construction authorization and related authority in support of the military departments during the fiscal year 1975. The total authorization in the bill is $2,983,821,000 and provides construction in support of the active forces and Reserve components, defense agencies and military family housing. Of this total, $152,267,000 represents construction for the Reserve components.

Mr. Speaker, I urge the adoption of House Resolution 1297 in order that we may discuss, debate, and pass H.R. 16136.

Mr. LATTA. Mr. Speaker, House Resolution 1297 provides for the consideration of H.R. 16136, the military construction authorization for fiscal year 1975. The rule has several provisions. It provides for 1 hour of general debate. The bill is open to amendments, and points of order are waived for failure to comply with the provisions of clause 3, rule XIII. This waiver is needed because the committee report does not include a complete Ramseyer of the bill. The rule also provides that the bill be read for amendment by title instead of by sections.

The purpose of this legislation is to authorize $2.9 billion for military construction for fiscal year 1975. This figure represents a reduction of $347,957,000 below the amount requested by the Department of Defense. The following chart shows how the funds will be allocated within the Department of Defense:

ORIGINAL DEPARTMENTAL REQUEST AS CONTAINED IN H.R. 14126 TOGETHER WITH THE COMMITTEE ACTION AS REFLECTED IN H.R. 16136

Title	Service	H.R. 14126 department request	Changes in amounts authorized for appropriations	Percent change	H.R. 16136 adjusted totals authorized for appropriations
I	Army	$696, 815, 000	−$85, 162, 000	−12.2	$611, 653, 000
II	Navy	567, 674, 000	−21, 801, 000	−3.8	545, 873, 000
III	Air Force	468, 276, 000	−67, 049, 000	−14.3	401, 227, 000
IV	Defense agencies	47, 400, 000	−19, 000, 000	−40.1	28, 400, 000
V	Family housing and homeowners assistance	1, 347, 283, 000	−161, 402, 000	−12.0	1, 185, 881, 000
	Deficiency authorization	42, 898, 000	+5, 122, 000	+11.9	48, 020, 000
VII	Reserve forces	150, 932, 000	+1, 335, 000	+.9	152, 267, 000
	Total	3, 321, 278, 000	−347, 957, 000	−10.4	2, 973, 321, 000

Mr. Speaker, I have no requests for time.

Mr. YOUNG of Texas. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. ROUSSELOT. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 327, nays 1, not voting 106, as follows:

[Roll No. 471]

YEAS—327

Abdnor
Abzug
Adams
Anderson, Calif.
Andrews, N. Dak.
Annunzio
Archer
Arends
Ashbrook
Bafalis
Barrett
Bauman
Beard
Bell
Bergland
Bevill
Biester
Bingham
Boggs
Boland
Brademas
Bray
Breckinridge
Brinkley
Brooks
Broomfield
Brotzman
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill, N.C.
Broyhill, Va.
Buchanan
Burgener
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Byron
Camp
Carney, Ohio
Carter
Cederberg
Chappell
Clancy
Clark
Clausen, Don H.
Clay
Cleveland
Cochran
Cohen
Collier
Collins, Ill.
Collins, Tex.
Conlan
Conte
Corman
Cotter
Coughlin
Crane
Cronin
Daniel, Dan
Daniel, Robert W., Jr.
Daniels, Dominick V.
Danielson
Davis, S.C.
Davis, Wis.
Delaney
Dellenback
Denholm
Dennis
Dent
Derwinski
Dickinson
Dingell
Dorn
Downing
Drinan
du Pont
Eckhardt
Edwards, Calif.
Eilberg
Erlenborn
Eshleman
Evans, Colo.
Evins, Tenn.
Fascell
Findley
Fish
Fisher
Flood
Flowers
Foley
Ford
Forsythe
Fountain
Fraser
Frelinghuysen
Frenzel
Froehlich
Fulton
Fuqua
Gaydos
Gettys
Giaimo
Gilman
Ginn
Goldwater
Gonzalez
Green, Oreg.
Green, Pa.
Grover
Gude
Gunter
Guyer
Haley
Hamilton
Hammerschmidt
Hanley
Hanrahan
Hastings
Hawkins
Hébert
Hechler, W. Va.
Heinz
Helstoski
Henderson
Hicks
Hillis
Hinshaw
Holt
Holtzman
Horton
Hosmer
Howard
Huber
Hudnut
Hungate
Hunt
Ichord
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Karth
Kastenmeier
Kazen
Kemp
Ketchum
Kluczynski
Koch
Kuykendall
Lagomarsino
Landgrebe
Latta
Leggett
Lehman
Litton
Long, La.
Long, Md.
Lujan
Luken
McClory
McCloskey
McCollister
McCormack
McEwen
McFall
McKinney
Madden
Madigan
Mahon
Mann
Martin, N.C.
Mathias, Calif.
Mathis, Ga.
Mayne
Mazzoli
Meeds
Melcher
Metcalfe
Mezvinsky
Miller
Minish
Mink
Minshall, Ohio
Mitchell, N.Y.
Mizell
Moakley
Montgomery
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Moss
Murtha
Myers
Natcher
Nedzi
Nelsen
Nichols
Nix
Obey
O'Hara
O'Neill
Parris
Passman
Patman
Patten
Pepper
Perkins
Pettis
Peyser
Pike
Poage
Preyer
Price, Ill.
Price, Tex.
Pritchard
Quillen
Railsback
Randall
Rangel
Rees
Regula
Reuss
Riegle
Rinaldo
Roberts
Robinson, Va.
Robison, N.Y.
Roe
Rogers
Roncalio, Wyo.
Roncallo, N.Y.
Rooney, Pa.
Rose
Rosenthal
Rostenkowski
Roush
Rousselot
Roy
Roybal
Runnels
Ruth
Ryan
St Germain
Sandman
Sarasin
Sarbanes
Satterfield
Scherle
Schroeder
Sebelius
Seiberling
Shipley
Shoup
Shriver
Shuster
Sikes
Sisk
Skubitz
Slack
Smith, Iowa
Smith, N.Y.
Spence
Stanton, J. William
Stanton, James V.
Stark
Steele
Steelman
Steiger, Ariz.
Steiger, Wis.
Stokes
Stratton
Stubblefield
Studds
Sullivan
Symington
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Teague
Thompson, N.J.
Thomson, Wis.
Thornton
Tiernan
Towell, Nev.
Traxler
Ullman
Van Deerlin
Vanik
Veysey
Vigorito
Waggonner
Waldie
Walsh
Wampler
Whalen
White
Whitehurst
Whitten
Wilson, Charles H., Calif.
Winn
Wolff
Wright
Wydler
Wylie
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Ga.
Young, Ill.
Young, S.C.
Young, Tex.
Zablocki
Zion
Zwach

NAYS—1

Harrington

NOT VOTING—106

Addabbo
Alexander
Anderson, Ill.
Andrews, N.C.
Armstrong
Ashley
Aspin
Badillo
Baker
Bennett
Biaggi
Blackburn
Blatnik
Bolling
Bowen
Brasco
Breaux
Burke, Calif.
Carey, N.Y.
Casey, Tex.
Chamberlain
Chisholm
Clawson, Del
Conable
Conyers
Culver
Davis, Ga.
de la Garza
Dellums
Devine
Diggs
Donohue
Dulski
Duncan
Edwards, Ala.
Esch
Flynt
Frey
Gibbons
Goodling
Grasso
Gray
Griffiths
Gross
Gubser
Hanna
Hansen, Idaho
Hansen, Wash.
Harsha
Hays
Heckler, Mass.
Hogan
Holifield
Hutchinson
Jarman
King
Kyros
Landrum
Lent
Lott
McDade
McKay
McSpadden
Macdonald
Mallary
Maraziti
Martin, Nebr.
Matsunaga
Michel
Milford
Mills
Mitchell. Md.
Mollohan
Murphy, Ill.
Murphy, N.Y.
O'Brien
Owens
Pickle
Podell
Powell, Ohio
Quie
Rarick
Reid
Rhodes
Rodino
Rooney, N.Y.
Ruppe
Schneebeli
Snyder
Staggers
Steed
Stephens
Stuckey
Thone
Treen
Udall
Vander Jagt
Vander Veen
Ware
Widnall
Wiggins
Williams
Wilson, Bob
Wilson, Charles, Tex.
Wyatt
Wyman

So the resolution was agreed to.

The Clerk announced the following pairs:

Mr. Addabbo with Mr. Andrews of North Carolina.

Mrs. Grasso with Mr. Diggs.

Mr. Rodino with Mrs. Griffiths.

Mr. Murphy of New York with Mr. Owens.

Mr. Mitchell of Maryland with Mr. Milford.

Mr. Carey of New York with Mr. Mills.

Mr. Biaggi with Mr. McSpadden.

Mr. Matsunaga with Mr. O'Brien.

Mr. Staggers with Mr. Anderson of Illinois.

Mr. Badillo with Mr. Hanna.

Mr. Steed with Mr. Martin of Nebraska.

Mr. Pickle with Mr. Michel.

Mr. Mollohan with Mr. Maraziti.

Mr. Murpphy of Illinois with Mr. Powell of Ohio.

Mr. Hays with Mr. McDade.

Mr. Jarman with Mr. Baker.

Mr. Kyros with Mr. Lott.

Mr. Macdonald with Mr. Del Clawson.

Mrs. Chisholm with Mr. Culver.

Mr. Donohue with Mr. Duncan.

Mr. Dulski with Mr. Conable.

Mr. Dellums with Mr. Blatnik.

Mr. Breaux with Mr. Edwards of Alabama.

Mr. Ashley with Mr. Frey.

Mr. Alexander with Mr. Devine.

Mr. Casey of Texas with Mr. Goodling.

Mr. de la Garza with Mr. Esch.

Mr. Davis of Georgia with Mr. Gross.

Mr. Landrum with Mr. Hansen of Idaho.

Mr. Flynt with Mr. Hutchinson.

Mr. Gibbons with Mr. Lent.

Mr. Conyers with Mr. Gray.

Mr. Rarick with Mr. Mallary.

Mr. Reid with Mrs. Heckler of Massachusetts.

Mr. Stephens with Mr. Gubser.

Mr. Stuckey with Mr. King.

Mr. Podell with Mr. Chamberlain.

Mr. Bowen with Mr. Blackburn.

Mrs. Burke of California with Mr. Vander Veen.

Mr. McKay with Mrs. Hansen of Washington.

Mr. Udall with Mr. Harsha.

Mr. Charles Wilson of Texas with Mr. Holifield.

Mr. Aspin with Mr. Hogan.

Mr. Bennett with Mr. Quie.

Mr. Rooney of New York with Mr. Ruppe.

Mr. Schneebeli with Mr. Thone.

Mr. Vander Jagt with Mr. Snyder.

Mr. Widnall with Mr. Wyman.

Mr.Wiggins with Mr. Wyatt.

Mr. Bob Wilson with Mr. Ware.

Mr. Treen with Mr. Williams.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. PIKE. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 16136) to authorize certain construction at military installations, and for other purposes.

The SPEAKER. The question is on the motion offered by the gentleman from New York (Mr. PIKE).

The motion was agreed to.

The SPEAKER. The Chair designates the gentleman from Oklahoma (Mr. STEED) as Chairman of the Committee of the Whole, and requests the gentleman from Pennsylvania (Mr. DENT) to assume the chair temporarily.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 16136, with Mr. DENT (Chairman pro tempore) in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN pro tempore. Under the rule, the gentleman from New York (Mr. PIKE) will be recognized for 30 minutes, and the gentleman from Virginia (Mr. WHITEHURST) will be recognized for 30 minutes.

The Chair recognizes the gentleman from New York (Mr. PIKE).

Mr. PIKE. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, today we are presenting H.R. 16136, the military construction authorization bill for fiscal 1975. The purpose of this bill is to provide military construction authorization and related authority in support of the military departments, which is necessary for enactment before appropriations can be provided to finance these activities of the military departments during fiscal year 1975.

Mr. Chairman, I want to thank the ranking member, my colleague from New York (Mr. KING) and all the members of the subcommittee for their faithfulness and attendance to the subcommittee sessions.

The new authorization request was $3,278,380,000. This was almost $300 million over the request for fiscal 1974. The increase requested in fiscal 1975 is due primarily to additional emphasis on people related projects such as bachelor and family housing construction and medical facility replacement and modernization; facilities for the Navy's Trident weapon system, the Air Force shelter program in Europe as well as continued emphasis on the Reserve forces and the pollution abatement program.

The construction proposals contained in the fiscal year 1975 request are located at approximately 300 named installations and there are almost 700 separate construction projects.

After extensive hearings in 25 separate sessions, and review of each project requested by the Department of Defense the committee was successful in searching out those proposals that in our view could be deferred without impairing the operational effectiveness of the armed services. In addition, our committee is convinced that these reductions will in no way jeopardize our national security.

The committee unanimously voted for a new total in the amount of $2,973,321,000 in new authorizations and deficiency authorizations. That amount is for specific projects authorized for construction. This is a reduction in the total requested authorization in the amount of $347,957,000 or a reduction of 10.4 percent.

I would like to discuss each project in H.R. 16136 with you, but I am afraid I would unnecessarily try the patience of this House. However, there are several significant items contained in this bill which I do feel you would be interested in.

In the family housing section of the bill, 10,462 units of new housing were requested, at an average unit cost of $30,000, an increase of $2,500 from last year's average. The committee voted to increase from $27,500 to $30,000 the average unit cost for housing within the United States—except Alaska and Hawaii; but limit the number of units to be constructed to 5,552.

One of the reasons for cutting the number of housing units to 5,552 was the Defense Department request for 3,000 units which would be assigned to the E–1's, 2's and 3's which heretofore were ineligible for family housing. The committee voted to eliminate these units because it was felt that we just cannot build housing units for all members of the military. In fact when I questioned the Defense witness regarding the reduction in criteria he confirmed my observation that if the criteria had not been reduced there would be no deficiency in family housing for the military in approximately two years, given the number of units requested. Further, the committee deleted 422 units of Navy housing in the Norfolk, Va., area because of objections from the Members representing that area and the local governing bodies. We believe the housing program recommended will be sufficient for the coming year.

In title VI, most of the general provisions contained in this year's bill are identical to those in prior years. Some of the general provisions, however, introduced departures from prior legislation and will be pointed out to the committee.

In section 303 the Defense Department sought to add a subsection providing authority to exceed the limitations contained in subsections (a), (b), and (c) of section 603 up to a maximum of an additional 10 percent if it was determined that such increase was required in order to encourage change in design or construction estimated to affect substantial energy savings consumption or to meet unusual cost increases attributable to difficulties arising out of the energy crisis. The committee deleted the requested section since there were no guidelines on which to really base whether or not this extra expenditure was justified.

In section 606, which prescribes the cost limitation for permanent barracks and bachelor officers quarters, the Department requested an increase of $2.50 per square foot for permanent barracks and $3.50 per square foot for bachelor officer quarters, which amounts would also be retroactive to projects previously approved but not put under contract as of the time of enactment of this legislation. The committee voted to leave the square-foot costs limitations as they now exist, which is $28.50 for barracks and $30.50 for bachelor officers quarters.

The committee added several sections to title VI, the general provisions, one of which would make the proceeds from the sale of recyclable material available to the services for the cost of collection, handling and sale of the material including purchasing equipment to be used for recycling purposes. Also,, the funds could be used for projects for environmental improvement and energy conservation at military facilities.

I would like to bring to your attention two major additions which were made to the bill. In the fiscal year 1974 supplemental request, $29 million was requested for facilities on the Island of Diego Garcia in the Indian Ocean. As a result of the conference between the House and Senate on the supplemental, it was agreed that this item, which was approved by the House in the supplemental, would be carried over to the fiscal year 1975 military construction authorization bill. The committee voted to approve this Navy request.

The bill as submitted by the Department of Defense contained no request for the Uniformed Services University of Health Sciences. However, under date of July 9, 1974, the committee received a communication from the Department of Defense which stated that the Deputy Secretary of Defense had approved a plan to provide an initial increment of construction funding in the fiscal year 1975 military construction program for the initial facilities required for the Uniformed Services University of Health Sciences. The committee voted to approve the Department's request for an addition to the bill of $15 million in order that the schedule as stated in Public Law 92–426, which requires 100 medical graduates by 1982, could be met.

That, in a nutshell, is the committee's recommendation to you. There are many details relating to the bill which I did not discuss, but we are ready to answer any Member's questions regarding the committee action and our recommendations. We believe our recommendation to you is a good one, and I recommend the approval of the bill before you, H.R. 16136.

Mr. WHITEHURST. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise in support of H.R. 16136, the military construction authorization bill for fiscal year 1975. This is a sound bill. I urge its immediate enactment.

Mr. Chairman, my distinguished colleague from New York pointed out to the House the fact that our subcommittee met on 25 separate occasions and examined almost 700 separate construction projects, so this bill is not something that has not been seriously worked on. I do not think I have ever been on a subcommittee during my years in Congress where all the members worked as hard as the members worked on this bill.

Mr. Chairman, I would like to emphasize that on the final day of the subcommittee markup every member of the subcommittee was present and the bill was reported to the full committee unanimously. During the full committee consideration 34 members were present and on the final rollcall, 34 members voted in favor of the bill and none against it. I think these facts deserve emphasis.

Mr. Chairman, this is the second of the major authorization bills that the Armed Services Committee presents to the House each year. Earlier, we presented the military procurement authorization bill. You will remember we adopted the conference report last week.

I would like to express my full support of H.R. 16136 because it recognizes twin goals. It provides construction which our committee believes to be necessary, and at the same time it recognizes the call for economy and a reduction of defense expenditures whenever possible.

I will not take the time of the House to go into extensive detail, because I do not think it is necessary to repeat what most of you have read in our report and heard the chairman of the subcommittee detail in his statement.

The reductions made by the Armed Services Committee were not based on a judgment that the items were not desirable or important, but because the committee felt they could be safely deferred without jeopardizing the security of the Nation or reducing the effectiveness of our military services.

I know that there are Members who feel that there are justifiable programs in their districts which deserve to be authorized. I can only say that, looking at one project alone, I would probably agree with them. However, we are obliged to evaluate each project on its merits relative to other proposed projects. This bill is limited to what we deem essential. We look upon a stable economy as a second line of defense and I believe our committee has conducted itself accordingly.

Mr. Chairman, there are many other things I could say about this legislation, but I will not take the time of the House to do so now. The committee report fully spells out the programs approved, and we are prepared to answer any questions that the Members may have.

I hope the Members of the House will support this bill unanimously.

Mr. PIKE. Mr. Chairman, I yield such time as he may consume to the gentleman from California (Mr. CHARLES H. WILSON).

Mr. CHARLES H. WILSON of California. Mr. Chairman, I am most pleased to be able to address my colleagues on the military construction bill for fiscal year 1975. The Committee on Armed Services, under the competent leadership of the distinguished gentleman from Louisiana and New York, have achieved a well-balanced facilities construction program for each of the military services. I appreciate the opportunity to speak in support of enactment of this military construction authorization bill. I will address my remark to title II of the bill, the Navy's program, which totals $545,873,000.

STRATEGIC FORCES

Under strategic forces, the committee approved $95 million or approximately 17.4 percent of the amount authorized under title II for facilities construction for the Trident support site, Bangor, Wash. The approved facilities will provide a practical construction schedule for meeting the initial operational capability date of late calendar year 1978 for this weapons system which will be one of the most survivable weapons systems of the Nation's strategic deterrence arsenal.

The approved project includes construction or modification to a number of missile production and missile support buildings, the initial increment of the bachelor enlisted quarters, enlisted mess, Marine Corps berthing and associated administration building, fire station, relocation of the quality engineering and evaluation laboratory, and the second phase of site improvement and utilities and training facility. The Trident facilities represent only 5 percent of the total cost of the system, but they are vital to deployment and economic life-cycle maintenance of the weapons system.

ALL-VOLUNTEER FORCE

In this year's authorization bill, the committee has approved $180.9 million to support the Navy's efforts to attract and retain personnel under an all-volunteer force. The Navy believes that bachelor housing and community support facilities, medical facilities and cold iron facilities directly impact on the Navy's enlistment and retention of personnel. Community support facilities are clubs, exchanges, libraries, theaters, and other morale, welfare, and recreational facilities. Cold iron facilities are the provision of utilities on a pier that will permit a ship in port to shut down its boiler plant and electrical generation equipment. This allows the crews of the ships to have increased amounts of liberty when in port and enjoy a work routine that is comparable to their civilian contemporaries. Projects approved in the all-volunteer category amount to 33 percent of title II of the authorization bill.

Approved for bachelor housing and messing was $74.1 million or 14 percent of title II. This will provide spaces for 5,781 E2–E4, 1,135 E5–E6, and 107 E7–E9 personnel.

The Navy's emphasis on bachelor housing and particularly the lower rated personnel should pay dividends in tomorrow's Navy.

The amount approved for community support facilities of $20.8 million is a significant increase—1.7 times greater—over the amount authorized in fiscal year 1974.

This is the second year of the Navy's efforts to accelerate the modernization of medical facilities. This bill will provide for a long overdue start on modernization of the National Naval Medical Center in Bethesda.

Approved for upgrading and modernization of hospitals, dispensaries, and dental clinics was $82.3 million or 15 percent of the total authorized under title II. Another $17.4 mililon was approved for upgrading bachelor enlisted quarters, public work shops, roads, parking, and utilities at medical installations. The total approved under the Navy's medical installation modernization program was $99.8 million.

For cold iron facilities, the Navy requested $24 million which was 4.3 percent of the authorization request.

The committee approved $24 million for eight projects at six installations. In addition, two amendments totaling $7.6 million were approved to provide a capability for converting boilers to burn coal. These amendments are required in accordance with national policies to conserve scarce petroleum resources.

MAJOR WEAPONS SYSTEMS

For major weapons systems the committee approved $8.7 million for projects that will directly support: the S–3A antisubmarine warfare aircraft, class 688 nuclear attack submarine; light airborne multipurpose system—LAMPS—helicopters which increase the capabilities of destroyer class ships to detect and kill submarines at long range; P–3C antisubmarine warfare patrol aircraft; captor weapons system, which is a remote unattended antisubmarine warfare system, that uses the MK–46 torpedo as its weapon; A–6E and A–7E attack aircraft, and the EA–6B electronic countermeasure aircraft. In addition, $16.9 million was approved for projects that will be utilized for existing as well as new major weapons systems. These projects will support the S–3A and S–2 antisubmarine warfare aircraft, EA–6B electronic countermeasure aircraft, and A–6 attack aircraft; and F–14 and F–4J fighter aircraft. Facilities are included to house modern flight simulator equipment that will lead to savings in aviation fuel and in the cost-to-train flight crews.

POLLUTION ABATEMENT

The sum of $59 million or approximately 11 percent of the total authorized for the Navy has been approved to abate air and water pollution, with a breakdown between air and water of $10.9 and $48.3 million respectively. This authority will provide facilities to reduce the risk of oil pollution and to reclaim oily wastes, improve or develop sewerage systems, provide pier sewers to serve ships in port, and construct the third increment of the demilitarization facility at naval ammunition depot, Hawthorne, Nev. Air pollution control facilites include a propellant disposal facility, solid waste facilities, fuel vapor collection and recovery systems and air emission controls for various industrial and power facilities.

I have covered some of the categories the Navy stressed in this year's bill, but I should make it clear that the Navy's authorization request is not unbalanced for the categories of facilities discussed. The Navy also had approved $53 million which is 10 percent of title II, for operational facilities which provides airfield runways, parking aprons, a POL pipeline, communications buildings, radar facilities, runway navigational aids, berthing piers, and dredging. Another category with a significant amount approved was training facilities with $35.6

million. The Navy considers that trained personnel are one of its greatest assets therefore, the Navy has allocated a major amount of its authorization request to training facilities as one of several actions being taken to strengthen, modernize, and vitalize its training programs.

Under the Navy's multiyear programing system, the Navy requests facilities in the various categories on the basis of achieving a generally balanced rate of correction in relation to the backlog of deficiencies, while of necessity pressing forward annually with projects for new weapons systems and new missions. Accordingly, facilities categories such as research and development, supply, administrative and utilities have fewer projects approved but are in general in balance with deficiencies. The committees reduction generally maintained the balance with the one exception of administrative facilities which was one category of facilities that could be deferred with a minimum of impact on the Navy's operations.

I believe the projects authorized under the Navy title fulfill the committee's goal of approving only those projects that are essential to the Nation's national defense interests. I recommend the bill be enacted as reported.

Mr. PIKE. Mr. Chairman, I yield 6 minutes to the gentleman from California (Mr. STARK).

Mr. STARK. Mr. Chairman, I thank the distinguished chairman of the subcommittee for providing this time for me. Also I would like to thank him for investigating what I think is an oversight going on all through the military construction field, an oversight which may be concurrently going on in our Department of Housing and Urban Development.

It came to my attention at the Oakland Naval Hospital in Oakland, Calif., that the Navy was building 35 housing units in the middle of my district at a cost of $650,000. They are nice units and I think they are well worth that amount, but it turned out that within 12 blocks, which would be considered an easy commuting distance even in an energy shortage and shortage of gasoline, that HUD and FHA owned and had boarded up 60 units.

It also came to our attention that these houses would be available for lease to the Navy. Some of the 60 houses may not be as nice as the ones being built and some of them are much nicer, and they would have provided at far less cost adequate housing for our military personnel.

Further that would have had the effect of providing residents in my district who had good, high-paying jobs and it would have helped to bring these people into the neighborhood.

I would like to ask the distinguished chairman of the subcommittee if he would not join with me in the term ahead to see that we investigate this problem and see that where one branch of the Government owns good housing units, that we find out, through cooperation and more efficient use of Government resources, about it so we might save the Government resources in the future.

Mr. PIKE. Mr. Chairman, will the gentleman yield?

Mr. STARK. I yield to the gentleman from New York.

Mr. PIKE. Mr. Chairman, first of all I would like to commend the gentleman not only for raising the issue and bringing it to our attention but also for providing us with documentary evidence and with photographs of the housing that was being built at the same time there was other housing available in the area.

The gentleman was absolutely correct. The gentleman knows I do not always agree with him. On this particular issue he was absolutely correct. There was no justification whatsoever for the Navy building what they built at the time there was the housing available which was adequate in the area. The gentleman was correct.

At the time however that the housing was built, while there is no logical explanation for what happened, as always, there was a legal explanation for what happened. The legal explanation for what happened was that while this other housing had been abandoned it was still not wholly available for the FHA to use.

The redemption time, or whatever it is called in the State of California, they said made it impossible for them to get their hands on it. I happen to think they did not try hard enough. I happen to think they really did not take a look at what else was available.

I can only say we presented them with this evidence. We did our very best to hold their feet to the fire. If additional legislation is required in the correlation between the Departments of Defense and the Federal Housing Authority as to Government-owned housing, if the gentleman will introduce the legislation, I will help get it passed.

Mr. STARK. Mr. Chairman, I appreciate the kind offer of the distinguished chairman of the subcommittee. I am sure we will have many more of our colleagues joining with us to see where this lack of communication and cooperation between two Government agencies exists, that we can indeed find legislation that will cross over the boundaries of more than one committee. I am sure we will find bipartisan support to be more efficient in this question of the lack of housing.

Mr. PIKE. Mr. Chairman, I yield such time as he may consume to the gentleman from Georgia (Mr. BRINKLEY).

Mr. BRINKLEY. Mr. Chairman, I would like to speak on behalf of this year's budget request for MCA funding of Army bachelor housing.

To achieve the goal of an all-volunteer force, the Army has vigorously pursued several tracks to improve the lot of the soldier. Troop housing is one of these and, as we all know, has needed considerable improvement. World War II barracks will no longer meet the requirement.

Since fiscal year 1972, the Congress has approved the expenditure of $695 million to construct or modernize nearly 151,000 spaces in the Army's troop housing program. After completion of this fiscal year 1975 MCA program the Army will have attained over 75 percent of its stated goal of providing adequate quarters for its bachelor personnel. Recent upward enlistments and retention statistics are beginning to show the validity of Army efforts to improve the attractiveness of military life with housing playing a major part. For example, through mid-June this year the Army enlisted over 180,000 volunteer men and women. In May the Army achieved over 103 percent of its recruiting objectives and through mid-June nearly 107 percent of its objectives. Reenlistment, a better barometer of Army improvement, shows that the Army achieved nearly 108 percent of its reenlistment goals through May.

Much progress has been made in properly housing our soldiers. There is still much to be done and this year's MCA program will continue the momentum. Secretary Callaway and the Army should be highly commended for the vigor with which they have pursued this most worthy program.

Mr. Chairman, I urge approval of the Army troop housing contained in the bill before you.

Mr. PIKE. Mr. Chairman, I yield such time as he may consume to the gentleman from Texas (Mr. WHITE).

Mr. WHITE. Mr. Chairman, I would like to comment briefly in support of that portion of the Army's construction program which pertains to medical facilities. The fiscal year 1975 program represents a substantial increase over previous years—and for good reason—for it comprises the first major increment of the Army's accelerated health facilities modernization program. The modernization program is designed to replace inefficient and deteriorated facilities built during and prior to World War II, modernize and expand outmoded and overtaxed facilities of more recent origin, and construct new facilities where there are unsatisfied requirements.

The present request marks an admirable beginning to this ambitious program, directed toward providing modern, adequate health care facilities in support of the All-Volunteer Army. While the present request includes but one comparatively small replacement hospital, two major clinic additions are included, reflecting the Army's increasing need for outpatient treatment facilities. Not unlike the civilian sector, the Army has experienced a change in the relationship between inpatient and outpatient care in recent years. There is an increasing trend to treat patients in an outpatient status, thus increasing clinic requirements and reducing the need for additional bed space in many cases.

Also included in the request is a major item for electrical/mechanical upgrade of a number of existing hospitals. This is a requirement generated by the standards applied under the Occupational Safety and Health Act, more advanced standards for life safety now included in the most recent edition of National Fire Protection Association codes, technological advances, more stringent requirements of the Joint Commission on Accreditation of Hospitals, increased electrical requirements of hospitals, and increased seismic protection required as a result of scientific reassessment of seismic zones in the United States and the degree of protection required for hospital structures.

For many years, military dentists have been operating in conditions and under constraints imposed by their physical plant environment which are considered unacceptable and inefficient in the civilian community. The present program includes a number of dental clinics to replace the old World War II wooden clinic structures with modern efficient designs. Both military and civilian dentists have long recognized the need for more than one dental chair per dentist to make the most efficient use of each dentist's time. The design of these new clinics will allow the dentist to operate in a multiple chair configuration, thereby increasing the numbers of dental procedures which can be performed. Upon completion of clinics in the program this year, a substantial deficit remains, Army-wide, to be accomplished during the remaining 4 years of the health facilities modernization program.

I believe this program constitutes a significant and desirable contribution to an essential element of the military construction program and commend it to you for your support.

Mr. PIKE. Mr. Chairman, I yield 3 minutes to the gentlewoman from Colorado (Mrs. SCHROEDER).

Mrs. SCHROEDER. Mr. Chairman, basically I just want to thank the committee for the hard work it has done on this bill. I think the subject matter of this bill is one of the most thankless tasks the committee has. It is so laborious to take the time to go through each item.

Mr. Chairman, when we get to title II, I will be offering an amendment to delete Diego Garcia from the bill, which I think many Members have not heard of before. I just wanted to take this time to put the Members on notice that this will be coming up.

Some Members ask whether Diego Garcia is a private bill. No, it is an island in the middle of the Indian Ocean. We have $32 million in the bill for expanding and building up the naval communication facilities which are already on Diego Garcia.

Therefore, I will be offering an amendment when we get to title II of the bill to eliminate this.

Mr. PIKE. Mr. Chairman, I yield such time as he may consume to the chairman of the full committee, the gentleman from Louisiana (Mr. HÉBERT).

Mr. HÉBERT. Mr. Chairman, I merely rise to pay tribute to and compliment the subcommittee headed by the gentleman from New York (Mr. PIKE), and the members of his subcommittee. It is the action of such subcommittees as this headed by the Senator from New York (Mr. PIKE), and the diligence which the committee showed in bringing this bill before the House in record time, which makes the chairman of the full committee rest a little easier.

Mr. Chairman, I think it is also very significant that this is the only bill, since I have been chairman of the committee, that was reported out of the committee without a dissenting vote. The vote was 34 to 0. No Member objected to the bill, all voted for it. I think this is a high compliment to those who served on that committee.

Mr. Chairman, I arise to address a few remarks to a special area of this year's military construction bill that is of particular interest to me and I believe will be to the whole body of the House.

Before proceeding with my remarks I wish to commend the distinguished gentleman from New York, Congressman OTIS PIKE, for the thorough, expeditious, and effective manner in which hearings were conducted this year.

My remarks will be related to the Trident weapons system facilities authorized under the Navy's portion of the bill. In fiscal year 1973, appropriations were provided for initiating planning and design and last year's authorization act provided $118.3 million for initiating construction at the Trident support complex, Bangor, Wash., and the Air Force eastern test range, Cape Canaveral, Fla.

In the fiscal year 1975 program for Trident Support Site, Bangor, Wash., the committee approved $95 million for facilities construction. The Trident project will provide construction or modification to a number of missile production and missile support buildings; the initial increment of the bachelor enlisted quarters; enlisted mess; Marine Corps berthing and associated administration buildings; fire station; facilities relocation—the Quality Engineering and Evaluation Laboratory—and the second phase of site improvement and utilities, and training facility.

The Trident system is planned as this country's sea based deterrent in future years to prevent a nuclear war or attempted nuclear blackmail. The system is being developed, in a highly defined and orderly manner to be available to supplant our present strategic forces as they become more vulnerable and technically obsolete. The Trident system will include a new submarine; quieter and more survivable than its predecessors, a new missile, of longer range than the Poseidon, and a shore support facility for both to be located at Bangor, Wash.

Our present fleet ballistic missile submarine fleet is supported from submarine tenders positioned at various locations overseas to eliminate the long transit time from U.S. bases that would be necessary with the current relatively short-range missiles. The increased range of the Trident missile, in addition to providing a greater operating area for the Trident submarine and thus greater survivability, allows us to support the Trident submarine from a shore facility located within the continental United States.

The shore facility will provide maintenance for the Trident submarine during off-patrol periods, production and maintenance capability for the Trident missile, and initial and refresher training for the crews of the Trident submarine. The availability and cost effectiveness of the Trident submarine is optimized by this dedicated shore facility which will allow a reduction in time spent in port between patrols as well as up to 10 years of operations between shipyard overhauls. The availability of the Trident submarine force will be about 15 percent greater than that of the present FBM force. This greater availability, coupled with the fact that each submarine will carry more missiles, means that the cost of keeping a missile at sea on Trident is approximately half of the cost per missile at sea for Polaris and Poseidon, even including all development and acquisition costs.

Last year, $118,320,000 was provided for a new wharf and turning basin and related facilities at Cape Canaveral for the development and flight test program of the Trident missile and for the facilities required earliest at the Bangor support site. The facilities at Bangor included a submarine maintenance pier, an explosive handling wharf, the first phase of the training building, site improvements, and utilities.

At Cape Canaveral, work on the wharf and dredging project commenced in March of this year with the start of dredging for the new turning basin. Construction of the wharf itself will start in September. Contracts were awarded in June for the work on modifying the Poseidon guidance/telemetry building and the missile assembly and checkout area to configurations to support Trident. The start of construction for modifications to launch complex has been delayed from July to September by a change in explosive safety criteria; however, this 2-month delay does not impact on the required availability date.

The Navy is continuing the planning for the Trident support site at Bangor, Wash. The preliminary master plan has been developed which, based on analysis of several alternatives, identifies a land use plan with general siting for all on-base and waterfront facilities. Design is underway for selected facilities; design criteria and detailed cost estimates are being developed for other projects. The preparation of the final master plan has begun. Concurrently a draft environmental impact statement—EIS—has been prepared addressing the construction and operation of the base. Public comments from individuals and organizations have been received during the public hearing held April 24 and 25, 1974, and during the public review period which ended on May 31, 1974. These comments were incorporated into the final environmental impact statement which was filed with the council on environmental quality on July 23, 1974. The Navy supported by the Office of Economic Adjustment within the Defense Department and other Federal agencies including the Office of Management and Budget are working closely with Washington State and county officials to address and mitigate the social-economic impacts identified in the Trident environmental impact statement. Necessary Federal assistance as identified is expected to be provided through the appropriate Federal agencies. The subcommittee added section 610 under the general provisions to authorize the Secretary of Defense to assist counties and communities located near the Trident support site in Bangor, Wash., in meeting the cost of providing increased municipal services and facilities to the residents of such areas if it is determined there is substantial need for such services as a direct result of the Trident facility.

Industrial engineering analyses and engineering studies of individual facilities and functions at the site have continued. Additional reviews of explosive safety requirements have confirmed that existing naval ship repair installations cannot be used for Trident refits unless all missiles are offloaded. The time to offload and reload all missiles between patrols would reduce the percent of time at-sea-on-alert and therefore would reduce the cost effectiveness of the Trident system; the additional missile handling would also create safety hazards and degrade missile reliability.

Plans for the Trident support site will provide industrial facilities to refit submarines while missiles remain on board. This will reduce the off-patrol time and keep more missiles at sea. The capability to refit while carrying missiles could not be developed at existing naval ship repair activities.

Even though the Trident shore facilities represent only 5 percent of the total cost of the system, the facilities are vital to deployment and economic life cycle maintenance of the weapon system. The provision of this dedicated and integrated Trident support at a single site provides the most cost effective life cycle for the weapon system.

I strongly support this project and urge approval of the bill as reported so that construction may continue in an orderly manner to meet the initial operational capability date of late calendar year 1978.

Mr. PIKE. Mr. Chairman, I yield such time as he may consume to the gentleman from Illinois (Mr. PRICE).

Mr. PRICE of Illinois. Mr. Chairman, I rise in support of the Air Force request to provide additional aircraft shelters and associated hardened support facilities on various European bases. This item is a continuation of the theater airbase vulnerability reduction program—TAB VEE—that the Air Force initiated and Congress approved in fiscal year 1968.

The quickest and where possible, the most effective way of gaining air superiority is to destroy the enemy's aircraft on the ground. In this regard, congested airbases, when unprotected by antiaircraft defenses, dispersal and camouflage, are highly vulnerable to low-flying enemy aircraft and insurgent attacks. Unsheltered aircraft on the ground can be destroyed by bombing, strafing, or napalm even in the face of heavy ground antiaircraft and surface-to-air missile fire. In addition to direct hits, near misses, blast, shrapnel, fire, and sympathetic detonation can all cause unsheltered aircraft to be damaged or destroyed. Determined insurgents or a few aircraft in bombing or strafing passes can inflict widespread destruction to aircraft which are not dispersed and sheltered. The merits of aircraft protective shelters, coupled with aggressive ground-based antiaircraft defense, has been shown in the dramatic difference in the survival rates of the Egyptian Air Force in the 1967 war when its aircraft were destroyed on the ground, and the 1973 war when only an insignificant number of Egyptian and Arabian aircraft were destroyed on the ground. A major factor in this reversal of destruction was that in the 1973 conflict the Arabian aircraft were protected on the ground by hardened shelters that were surrounded by effective surface-to-air missiles and other antiaircraft weapons. In light of this and our experience, it is prudent to look to the survival of the U.S. aircraft we have committed to the NATO mission. The $92.3 million of funds provided in earlier programs by the Congress have sheltered every U.S. aircraft permanently based on the continent of Europe.

However, we do have commitments to send additional aircraft squadrons to NATO in the event of force mobilization. Should the Warsaw Pact nations initiate an attack on Western Europe using conventional weapons, as opposed to a surprise attack with nuclear armed missiles, there will be sufficient warning to NATO by troop movements, materiel stockage, and other unusual actions to allow a reactive NATO mobilization. U.S. aircraft that we are committed to deploy to NATO during a mobilization would have no shelters at their assigned bases, and would be extremely vulnerable to destruction by conventional weapons even with dispersal, camouflage, and vigorous antiaircraft defense.

The aircraft shelter, when coupled with a strong antiaircraft defense, is probably the most effective measure for improving aircraft survivability. It forces the attacker to consider each shelter as a target whether or not it houses an aircraft. This strategy requires a commitment of one sortie for each shelter and exposes his aircraft to heavy attrition from defensive firepower while reducing our risk to a minimum.

To keep the momentum that the United States has generated in the shelter program, to provide a visible deterrent to potential enemies, and to protect our aircraft should hostilities occur, the shelter program should proceed. The merits of shelters have been recognized in NATO and the other NATO countries have in being, and under construction, protective aircraft shelters that provide for the major portion of their forces. The shelters in this request will protect a portion of the rapid reaction aircraft and are designed to accommodate the full gamut of U.S. tactical fighters including the new F–15, A–10, and F–111.

Construction of these shelters by direct NATO funding would delay their completion for at least 15 months. The Defense Department will take the necessary action to secure the maximum possible recoupment from NATO for this $62 million prefinanced program.

In conclusion, it should be noted that the net U.S. outlay to shelter those combat fighter aircraft which would be deployed under various contingency situations, is approximately 1 percent of the value of the aircraft protected. I feel this is a sound investment to pay for increasing the survivability of our tactical aircraft.

Mr. WHITEHURST. Mr. Chairman, I yield such time as he may consume to the gentleman from New York (Mr. GILMAN).

Mr. GILMAN. Mr. Chairman, I thank the gentleman from Virginia for yielding and request permission to revise and extend my remarks.

Mr. Chairman, in considering the military construction authorization, H.R. 16137, now before us, the Armed Services Committee has authorized $7.1 million for renovation and an addition to the gymnasium at the U.S. Military Academy at West Point.

The initial request for this worthy project was $9.1 million, the committee having reduced that request by $2.1 million. While improving the antiquated gymnasium facilities at West Point warrants the full requested funding, the $7.1 million authorized by the committee, if it is not further reduced by the Appropriations Committee, should be sufficient to make most of the changes necessary for modernizing the existing structure.

Having personally visited the present gymnasium facilities at the Academy, I am convinced that it is inadequate, antiquated, and a health hazard. It was originally built to accommodate 2,700 cadets but is now utilized by almost twice that number.

Recognizing that the physical fitness of our cadets is of great importance to the training of our Nation's future military leaders, we have always encouraged our military academies to foster rigorous physical education programs. Since the major portion of the West Point gymnasium was constructed almost 65 years ago, with only minor alterations and additions completed in 1935, 1947, and 1970, this facility is totally inadequate for the needs of the growing West Point community.

A priority project anticipated by the Academy is the renovation of the ventilation system in the gym. An appraisal of the existing ventilation system reveals that in the boxing and wrestling areas, there is no provision for fresh air. Additionally, the present system is only capable of recirculating the stale air, creating an unpleasant and unhealthy atmosphere.

Mr. Chairman, in addition to the urgent need for improving the facility at West Point, there is another, equally important reason for early funding of this project. The depressed economic climate of the region surrounding West Point, particularly in the building and construction trades, stresses the need for increased activity in that industry. With several thousand building and construction workers currently unemployed in the greater West Point area, the deteriorating status of the economy in that region is threatening. Accordingly, early approval of the renovation and addition to the existing gymnasium facilities at

West Point will not only provide needed physical expansion for the U.S.M.A. but will also be a boon to our sorely affected construction industry.

Mr. Chairman, while the full $9.1 million funding would have been a more adequate response to the needs of the Academy's physical fitness program, I recognize the necessity of tightening the reins on our Nation's pursestrings during this critical economic period, and willingly accept the Committee's authorization of $7.1 million, provided it is not further reduced.

Accordingly, Mr. Chairman, in the interests of enhancing the physical fitness program at the U.S. Military Academy, I urge my colleagues to support this proposal authorizing an early funding of the West Point gymnasium project.

Mr. STARK. Mr. Chairman, will the gentleman yield?

Mr. GILMAN. I yield to the gentleman from California.

Mr. STARK. Mr. Chairman, I notice that in addition to the gymnasium at West Point, there are already 839 military swimming pools in the United States. I wonder if any of those are in the gentleman's district.

Mr. GILMAN. Not that I know of. I am not requesting any swimming pool. I am concerned about an antiquated gymnasium at West Point. West Point has recently doubled its cadet personnel. The existing 65-year-old gymnasium was built to serve one-half the size of the academys' present personnel. The Academy has outgrown this facility.

Mr. STARK. Would the addition of that gymnasium accommodate female cadets at West Point?

Mr. GILMAN. I would hope that it would, for I favor admission of women to our service academies.

Mr. STARK. I thank the gentleman for that, and ask him to yield for just a moment more.

I note that the bill also contains 289 maintenance funds for golf courses in the United States. I wonder if the gentleman knows whether or not those golf courses are sufficiently severe to challenge the members of our Armed Forces to sharpen their eyes for the very difficult job they may have of defending us.

Mr. GILMAN. Mr. Chairman, while I am not aware of any of those golf courses being provided for any military installation in my own region, I am certain that the Armed Services Committee has given appropriate attention to the concern expressed by the gentleman from California.

Mr. PIKE. Mr. Chairman, I wonder if the gentleman from Virginia will yield a couple of minutes to the gentleman from New York.

Mr. WHITEHURST. I will be glad to.

Mr. PIKE. First of all, I cannot let stand on the record the statement that there are 839 swimming pools in this bill, because there are not 839 swimming pools in this bill.

I think there are only 700 line items, in total, in this bill. Therefore, somewhere along the line the gentleman from California got some very bad statistics. I just hate to have very bad statistics spread on the record.

One just cannot have more swimming pools in the bill than there are line items. We are building airfields and shelters and barracks, and we are building all kinds of things all over the United States of America and all over the rest of the world.

Mr. Chairman, I yield such time as he may consume to the gentleman from Missouri (Mr. RANDALL.)

Mr. RANDALL. Mr. Chairman, I thank the gentleman for yielding the time.

Mr. Chairman, I rise in support of H.R. 16136, the military construction authorization. I think the chairman of the subcommittee hit the nail on the head when he said in the well a moment ago that the best measure of the worth and merit of this bill is that he has received complaints from both sides, first, from those who felt they had not received enough authorization, and also complaints from some who believed these complaints had received too much.

Now let me answer the gentleman from California (Mr. STARK) who is worried about swimming pools and golf courses. First there was no request for a single golf course, and there never has ever been a single request or authorization. These are all built with nonappropriated funds. Next about the swimming pools—one was requested—note, only one and no more than that and it was rejected. These are the facts and that should put to sleep these false reports or rumors.

All of the line items in this bill, are necessary and essential and many are sorely needed. True, there is not enough housing provided, but this is a time for austerty because of inflation.

If I may be pardoned for being provincial I can attest to the need for a flight control facility at Richards-Gebaur Air Force Base in our district which is needed as a safety measure. Then throughout the bill are numerous hospitals much like the one at Whiteman Air Force Base in our district.

The subcommittee approved a project that will replace three obsolete buildings.

In this bill there is a $6 million project for a composite medical facility at Whiteman Air Force Base. There is nothing extravagant about this. This is only a 30-bed facility and it is not only too small even before it is built. It does contain some very badly needed outpatient clinic space and 18 dental treatment rooms. This facility is needed most because it is required to satisfy the medical needs around this Air Force base where retirees have chosen to make this their permanent home. At present medical and dental requirements exceed the space of the facilities. As it is now there are only three buildings. They are all obsolete. Inpatient care space is needed. It is too crowded at present and out-patient space is even more crowded. It has been noted that the present facilities are approximately only one half of the area that should be allotted. Surely, the time has come to provide this necessary medical care for our airmen and their dependents.

Before I sit down, Mr. Chairman, I wish to say a word in support of the funds for the Navy base at Diego Garcia in the Indian Ocean. I am opposed to deletion of any of these funds. This is an item of construction of utmost strategic importance. One has only to look at the map to prove that if we do not proceed to work on this base we might just as well turn over the Indian Ocean, to the ships and the submarines that carry the insignia of the Red Star.

Mr. Chairman, the hour is late. Any one of us who doubts that the Soviets control this area, had better revise their thinking. We need Diego Garcia now.

Finally let me commend the chairman and all the members of the committee. They have worked many, many hours. There is no reason why this military construction bill should not be regarded as one of the very best that has ever been presented to the House. It should just be adopted without amendment.

Mr. CARTER. Mr. Chairman, will the distinguished gentleman from Missouri yield?

Mr. RANDALL. I will be glad to yield.

Mr. CARTER. I rise in support of what the gentleman from Missouri has said, and I want to associate myself with his remarks.

I realize and we all should realize that if we visit the military hospitals outside of this country and in this country, they are not in the state that they should be in. They should be improved.

The Armed Forces of our country deserve the very best that the country can give them. During wartime we do not hesitate to demand much, but this is the time when we are really putting them on the back burner, so to speak.

They deserve our support, and I want to compliment the distinguished gentleman from Missouri for his remarks.

Mr. RANDALL. Mr. Chairman, I thank the gentleman for his contribution.

Mr. FRENZEL. Mr. Chairman, I shall vote against this military construction authorization, H.R. 16136, just as I voted against the military appropriation, the agricultural appropriation, the legislative appropriation, the State, Commerce, and Justice appropriations, and other bills which represent huge increases every year without significant new programs.

Inflation is raging. We ought to be holding it back. Instead we spend as if money were going out of style. My vote will be a lonely one, and it is no reflection on the fine committee that handled the bill, but I believe it is an important one.

Ms. ABZUG. Mr. Chairman, I support the amendment to strike funds for Diego Garcia. We are asked to approve a mere $29 million to turn a communications facility into a naval base. But the implication of this mild request is staggering. It is nothing less than a redirection of our foreign policy, by the Pentagon.

Shapers of foreign policy in both executive and legislative branches have always regarded the Indian Ocean as low priority in terms of national security, by contrast with the Atlantic, Pacific, and Mediterranean oceans. We have kept a low profile there and so has the Soviet Union. The states bordering on the Indian Ocean have the long-term objective of making it a zone of peace, freedom, and neutrality.

Last May our Assistant Secretary of State, Joseph Sisco, observed that "our interests there are marginal." In 1972, as Secretary of Defense, Melvin Laird defined our strength there as "not so much in maintaining a large standing force * * * but rather in our ability to move freely in and out of the ocean."

On August 1, William Colby, the director of the CIA, testified that the Soviet presence in that ocean is not a military threat and will not be unless the Soviets feel compelled to match an American buildup. Despite all this, Secretary Schlesinger with messianic fervor to resume the role of world policeman upholds the Navy's request to start building a major base.

Actually, the Navy appears to have had this ambition for some time. A secret search for new bases resulted in the choice of Diego Garcia, because it could be expanded into a major service base for submarines and B-52's. In 1966 the island was made available to the United States through the cooperation of Britain. Periodic patrols of Polaris and Poseidon submarines were possible because of the communications facility established there.

According to retired Rear Adm. Gene LaRocque, the next step in the creation of an infrastructure for increased naval deployment is the development of a supply and repair base in the Indian Ocean. That is what we are now being asked to approve.

The Navy has already received $6 million for dredging the harbor to accommodate submarines and aircraft carriers. Reconnaisance aircraft and a submarine tender for servicing nuclear submarines may soon be sent there.

And at that point we begin a naval race with the Soviet Union. The surrounding countries are alarmed. New Zealand and Indonesia have already raised questions about our intentions, and Australia has called on the Soviets and the United States to "exercise mutual restraint."

According to expert testimony, we already have overall naval superiority. We can quickly move sizable forces into the region if some emergency should arise. That is highly unlikely, however. A reopened Suez Canal could as quickly be closed again, leaving the Soviets vulnerable without support facilities. There is no indication, either, that the Soviets intend to interfere with the shipment of oil from the Persian Gulf. Oil could more easily be "turned off at the wellhead" in the Middle East before being shipped.

What then is the purpose of this planned expansion? Some suggest that it is to keep the Navy at present strength and growing, to fill the gap left by the pullout from Asia. If this is the real intent, it is a very dangerous gamble, and one which the House should not approve.

Mr. WHITEHURST. Mr. Chairman, I have no further requests for time.

Mr. PIKE. Mr. Chairman, I have no further requests for time.

The CHAIRMAN pro tempore. Pursuant to the rule, the Clerk will read the bill by titles.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I

SEC. 101. The Secretary of the Army may establish or develop military installations and facilities by acquiring, constructing, converting, rehabilitating, or installing permanent or temporary public works, including land acquisition, site preparation, appurtenances, utilities, and equipment for the following acquisition and construction:

INSIDE THE UNITED STATES

UNITED STATES ARMY FORCES COMMAND

Fort Bragg, North Carolina, $26,170,000.
Fort Campbell, Kentucky, $9,742,000.
Fort Carson, Colorado, $27,731,000.
Fort Hood, Texas, $40,214,000.
Fort Sam Houston, Texas, $4,286,000.
Fort Lewis, Washington, $10,270,000.
Fort Riley, Kansas, $24,478,000.
Fort Stewart/Hunter Army Airfield, Georgia, $42,197,000.

UNITED STATES ARMY TRAINING AND DOCTRINE COMMAND

Fort Belvoir, Virginia, $9,031,000.
Fort Benning, Georgia, $36,827,000.
Fort Bliss, Texas, $13,704,000.
Fort Eustis, Virginia, $9,288,000.
Fort Gordon, Georgia, $9,625,000.
Hunter-Liggett Military Reservation, California, $1,108,000.
Fort Jackson, South Carolina, $19,078,000.
Fort Knox, Kentucky, $2,264,000.
Fort Leavenworth, Kansas, $9,911,000.
Fort Lee, Virginia, $5,218,000.
Fort McClellan, Alabama, $17,344,000.
Presidio of Monterey, California, $3,107,000.
Fort Ord, California, $3,660,000.
Fort Polk, Louisiana $7,304,000.
Fort Rucker, Alabama, $4,928,000.
Fort Sill, Oklahoma, $15,587,000.
Fort Leonard Wood, Missouri, $3,360,000.

UNITED STATES ARMY MILITARY DISTRICT OF WASHINGTON

Fort Myer, Virginia, $2,497,000.

UNITED STATES ARMY MATERIEL COMMAND

Aeronautical Maintenance Center, Texas, $541,000.
Anniston Army Depot, Alabama, $7,648,000.
Letterkenny Army Depot, Pennsylvania, $4,726,000.
Lexington/Blue Grass Army Depot, Kentucky, $616,000.
Picatinny Arsenal, New Jersey, $2,820,000.
Red River Army Depot, Texas, $269,000.
Redstone Arsenal, Alabama, $10,322,000.
Rock Island Arsenal, Illinois, $2,731,000.
Sacramento Army Depot California, $2,599,000.
Seneca Army Depot, New York, $815,000.
Sierra Army Depot, California, $717,000.
Watervliet Arsenal, New York, $3,256,000.
White Sands Missile Range, New Mexico $1,542,000.
Yuma Proving Ground, Arizona, $1,859,000.

UNITED STATES ARMY COMMUNICATION COMMAND

Fort Huachuca, Arizona, $3,399,000.
Fort Ritchie, Maryland, $2,023,000.

UNITED STATES MILITARY ACADEMY

United States Military Academy, West Point, New York, $7,720,000.

HEALTH SERVICES COMMAND

Fort Detrick, Maryland, $486,000.
Various Locations, $16,600,000.

CORPS OF ENGINEERS

Cold Regions Laboratories, New Hampshire, $2,515,000.

UNITED STATES ARMY, ALASKA

Fort Greely, Alaska, $251,000.
Fort Richardson, Alaska, $1,732,000.
Fort Wainwright, Alaska, $11,473,000.

UNITED STATES ARMY, HAWAII

Schofield Barracks, Hawaii, $15,324,000.
Tripler General Hospital, Hawaii, $1,205,000.

POLLUTION ABATEMENT

Various Locations, Air Pollution Abatement, $1,356,000.
Various Locations, Water Pollution Abatement, $16,358,000.

DINING FACILITIES MODERNIZATION

Various Locations, $10,723,000.

OUTSIDE THE UNITED STATES

UNITED STATES ARMY FORCES, SOUTHERN COMMAND

Canal Zone, Various Locations, $324,000.

UNITED STATES ARMY, PACIFIC

Korea, Various Locations, $1,663,000.

KWAJALEIN MISSILE RANGE

National Missile Range, $1,272,000.

UNITED STATES ARMY SECURITY AGENCY

Various Locations, $148,000.

UNITED STATES ARMY COMMUNICATION COMMAND

Fort Buckner, Okinawa, $532,000.

UNITED STATES ARMY, EUROPE

Germany, Various Locations, $25,000,000.
Camp Darby, Italy, $4,159,000.

Various Locations: For the United States share of the cost of multilateral programs for the acquisition or construction of military facilities and installations, including international military headquarters, for the collective defense of the North Atlantic Treaty Area, $88,000,000: *Provided*, That, within thirty days after the end of each quarter, the Secretary of the Army shall furnish to the Committee on Armed Services and on Appropriations of the Senate and the House of Representatives a description of obligations incurred as the United States share of such multilateral programs.

SEC. 102. The Secretary of the Army may establish or develop Army installations and facilities by proceeding with construction made necessary by changes in Army missions and responsibilities which have been occasioned by: (1) unforeseen security considerations, (2) new weapons developments, (3) new and unforeseen research and development requirements, or (4) improved production schedules if the Secretary of Defense determines that deferral of such construction for inclusion in the next Military Construction Authorization Act would be inconsistent with interests of national security, and in connection therewith to acquire, construct, convert, rehabilitate, or install permanent or temporary public works, including land acquisition, site preparation, appurtenances, utilities, and equipment; in the total amount of $10,000,000; *Provided*, That the Secretary of the Army, or his designee, shall notify the Committees on Armed Services of the Senate and House of Representatives, immediately upon reaching a final decision to implement, of the cost of construction of any public work undertaken under this section, including those real estate actions pertaining thereto. This authorization will expire upon enactment of the fiscal year 1976 Military Construction Authorization Act except for those public works projects concerning which the Committees on Armed Services of the Senate and House of Representatives have been notified pursuant to this section prior to that date.

SEC. 103. (a) Public Law 93-166 is amended under the heading "OUTSIDE THE UNITED STATES—UNITED STATES ARMY EUROPE," in section 101 as follows:

With respect to "Germany, Various Locations" strike out "$12,517,000" and insert in place thereof "$16,360,000.".

(b) Public Law 93-166 is amended by striking out in clause (1) of section 602 "107,257,000" and "$596,084,000' and inserting in place thereof "$111,100,000" and "$599,927,000," respectively.

SEC. 104. (a) Public Law 92-545, as amended, is amended under the heading "INSIDE THE UNITED STATES," in section 101 as follows:

With respect to "Fort Myer, Virginia," strike out "$1,815,000' and insert in place thereof "$3,615,000.".

With respect to "Fort Still, Oklahoma," strike out "$14,958,000" and insert in place thereof "$16,159,000.".

(b) Public Law 92-545, as amended, is amended under the heading "OUTSIDE THE UNITED STATES—UNITED STATES ARMY FORCES, SOUTHERN COMMAND" in section 101 as follows:

With respect to "Canal Zone, Various Locations" strike out "$8,129,000" and insert in place thereof "$9,238,000.".

(c) Public Law 92-545, as amended, is amended by striking out in clause (1) of section 702 "$444,767,000;" "$117,311,000;" and "$562,078,000" and inserting in place thereof "$447,768,000;" "$118,420,000;" and "$566,188,000" respectively.

SEC. 105. (a) Public Law 91-511, as amended, is amended under the heading "INSIDE THE UNITED STATES," in section 101 as follows:

With respect to "Rock Island Arsenal, Illinois," strike out "$2,750,000" and insert in plaçe thereof "$3,650,000.".

(b) Public Law 91-511, as amended, is amended by striking out in clause (1) of section 602 "$181,834,000" and "$267,031,000" and inserting in place thereof "$182,734,000" and "267,831,000," respectively.

SEC. 106. Public Law 93-166 is amended in section 105 as follows:

Public Law 93-166, section 105(b), amending Public Law 92-145, section 702, clause (1) as amended, having inserted erroneous figures, is amended by striking out "$404,500,000" and "$405,107,000" and inserting in place thereof "$405,000,000" and "$405,607,000," respectively.

Mr. PIKE (during the reading). Mr. Chairman, I ask unanimous consent that title I be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The CHAIRMAN pro tempore. The Clerk will read.

The Clerk read as follows:

TITLE II

SEC. 201. The Secretary of the Navy may establish or develop military installations and facilities by acquiring, constructing, converting, rehabilitating, or installing permanent or temporary public works, including land acquisition, site preparation, appurtenances, utilities and equipment for the following acquisition and construction:

INSIDE THE UNITED STATES

FIRST NAVAL DISTRICT

Naval Air Station, Brunswick, Maine, $261,000.

Portsmouth Naval Shipyard, Kittery, Maine, $2,332,000.

Naval Security Group Activity, Winter Harbor, Maine, $255,000.

Naval Education and Training Center, Newport, Rhode Island, $2,582,000.

THIRD NAVAL DISTRICT

Naval Submarine Base, New London, Connecticut, $2,354,000.

FOURTH NAVAL DISTRICT

Naval Air Test Facility, Lakehurst, New Jersey, $7,350,000.

Naval Hospital, Philadelphia, Pennsylvania, $296,000.

NAVAL DISTRICT, WASHINGTON

Naval District Commandant, Washington, District of Columbia, $2,883,000.

Naval Research Laboratory, Washington, District of Columbia, $205,000.

Naval Academy, Annapolis, Maryland, $1,256,000.

National Naval Medical Center, Bethesda, Maryland, $14,943,000.

Uniformed Services University of the Health Sciences, Bethesda, Maryland, $15,000,000.

FIFTH NAVAL DISTRICT

Naval Regional Medical Center, Camp Lejeune, North Carolina, $290,000.

Naval Air Rework Facility, Cherry Point, North Carolina, $252,000.

Fleet Combat Direction Systems Training Center, Atlantic, Dam Neck, Virginia, $2,034,000.

Naval Amphibious Base, Little Creek, Virginia, $896,000.

Atlantic Command Operations Control Center, Norfolk, Virginia, $633,000.

Naval Air Station, Norfolk, Virginia, $2,900,000.

Naval Station, Norfolk, Virginia, $8,364,000.

Naval Supply Center, Norfolk, Virginia, $4,990,000.

Naval Air Station, Oceana, Virginia, $1,047,000.

Norfolk Naval Regional Medical Center, Portsmouth, Virginia, $15,801,000.

Norfolk Naval Shipyard, Portsmouth, Virginia, $5,602,000.

Naval Weapons Station, Yorktown, Virginia, $3,438,000.

SIXTH NAVAL DISTRICT

Naval Air Station, Cecil Field, Florida, $6,893,000.

Naval Air Station, Jacksonville, Florida, $446,000.

Naval Regional Medical Center, Jacksonville, Florida, $12,413,000.

Naval Station, Mayport, Florida, $3,239,000.

Naval Training Center, Orlando, Florida, $4,569,000.

Naval Coastal Systems Laboratory, Panama City, Florida, $620,000.

Naval Air Station, Pensacola, Florida, $20,948,000.

Naval Technical Training Center, Pensacola, Florida, $4,478,000.

Naval Air Station, Whiting Field, Florida, $1,561,000.

Naval Air Station, Meridian, Mississippi, $1,485,000.

Naval Hospital, Beaufort, South Carolina, $7,112,000.

Charleston Naval Shipyard, Charleston, South Carolina, $200,000.

Naval Station, Charleston, South Carolina, $15,352,000.

Naval Supply Center, Charleston, South Carolina, $3,750,000.

Naval Weapons Station, Charleston, South Carolina, $2,564,000.

Naval Air Station, Memphis, Tennessee, $4,284,000.

EIGHTH NAVAL DISTRICT

Naval Support Activity, New Orelans, Louisiana, $3,080,000.

Naval Air Station, Corpus Christi, Texas, $1,830,000.

Naval Air Station, Kingsville, Texas, $1,428,000.

NINTH NAVAL DISTRICT

Naval Training Center, Great Lakes, Illinois, $10,164,000.

ELEVENTH NAVAL DISTRICT

Naval Regional Medical Center, Camp Pendleton, California, $10,021,0000.

Naval Weapons Center, China Lake, California, $8,371,000.

Long Beach Naval Shipyard, Long Beach, California, $6,011,000.

Naval Air Station, Miramar, California, $11,354,000.

Naval Air Station, North Island, California, $12,050,000.

Naval Construction Battalion Center, Port Hueneme, California, $1,048,000.

Naval Electronics Laboratory Center, San Diego, California, $3,238,000.

Naval Regional Medical Center, San Diego, California, $26,375,000.

Navy Submarine Support Facility, San Diego, California, $4,234,000.

Naval Weapons Station, Seal Beach, California, $2,147,000.

TWELFTH NAVAL DISTRICT

Naval Air Rework Facility, Alameda, California, $1,638,000.

Naval Hospital, Lemoore, California, $333,000.

Naval Air Station, Moffett Field, California, $77,000.

THIRTEENTH NAVAL DISTRICT

Naval Station, Adak, Alaska, $4,605,000.

TRIDENT Support Site, Bangor, Washington, $95,000,000.

Puget Sound Naval Shipyard Bremerton, Washington, $393,000.

Naval Air Station, Whidbey Island, Washington, $2,201,000.

FOURTEENTH NAVAL DISTRICT

Naval Ammunition Depot, Oahu, Hawaii, $795,000.

Naval Station, Pearl Harbor, Hawaii, $1,505,000.

Pearl Harbor Naval Shipyard, Pearl Harbor, Hawaii, $3,356,000.

MARINE CORPS

Marine Barracks, Washington, District of Columbia, $1,874,000.

Marine Corps Development and Education Command, Quantico, Virginia, $2,803,000.

Marine Corps Base, Camp Lejeune, North Carolina, $13,864,000.

Marine Corps Air Station, Cherry Point, North Carolina, $1,260,000.

Marine Corps Air Station, New River, North Carolina, $499,000.

Marine Corps Air Station, Yuma, Arizona, $3,203,000.

Marine Corps Supply Center, Barstow, California, $1,463,000.

Marine Corps Base, Camp Pendleton, California, $7,271,000.

Marine Corps Base, Twentynine Palms, California, $3,076,600.

Marine Corps Air Station, Kaneohe Bay, Hawaii, $5,497,000.

POLLUTION ABATEMENT

Various Locations, Air Pollution Abatement, $9,849,000.

Various Locations, Water Pollution Abatement, $44,251,000.

OUTSIDE THE UNITED STATES

TENTH NAVAL DISTRICT

Naval Telecommunications Center, Roosevelt Roads, Puerto Rico, $3,186,000.

Naval Station, Roosevelt Roads, Puerto Rico, $947,000.

Naval Security Group Activity, Sabana Seca, Puerto Rico, $1,026,000.

FIFTEENTH NAVAL DISTRICT

Naval Support Activity, Canal Zone, $800,000.

ATLANTIC OCEAN AREA

Naval Air Station, Bermuda, $1,866,000.

Naval Sation, Keflavik, Iceland, $2,317,000.

EUROPEAN AREA

Naval Security Group Activity, Edzell, Scotland, $571,000.

Naval Activities Detachment, Holy Loch, Scotland, $1,188,000.

INDIAN OCEAN AREA

Naval Communications Facility, Diego Garcia, Chagos Archipelago, $29,000,000.

PACIFIC OCEAN AREA

Naval Communication Station, Finegayan, Guam, Mariana Islands, $355,000.

Navy Public Works Center, Guam, Mariana Islands, $907,000.

Naval Air Station, Cubi Point, Republic of the Philippines, $4,052,000.

Naval Hospital, Subic Bay, Republic of the Philippines, $278,000.

Naval Station, Subic Bay, Republic of the Philippines, $3,741,000.

POLLUTION ABATEMENT

Various Locations, Air Pollution Abatement, $1,059,000.

Various Locations, Water Pollution Abatement, $4,038,000.

Sec. 202. The Secretary of the Navy may establish or develop Navy installations and facilities by proceeding with construction made necessary by changes in Navy missions and responsibilities which have been occasioned by (1) unforeseen security considerations, (2) new weapons developments, (3) new and unforeseen research and development requirements, or (4) improved production schedules, if the Secretary of Defense determines that deferral of such construction for inclusion in the next Military Construction Authorization Act would be inconsistent with interests of national security, and in connection therewith to acquire, construct, convert, rehabilitate, or install permanent or temporary public works, including land acquisition, site preparation, appurtenances, utilities, and equipment, in the total amount of $10,000,000; *Provided*, That the Secretary of the Navy, or his designee, shall notify the Committees on Armed Services of the Senate and House of Representatives, immediately upon reaching a decision to implement, of the cost of construction of any public work undertaken under this section, including those real estate actions pertaining thereto. This authorization will expire upon enactment of the fiscal year 1976 Military Construction Authorization Act, except for those public works projects concerning which the Committees on Armed Services of the Senate and House of Representatives have been notified pursuant to this section prior to that date.

Sec. 203. (a) Public Law 90–408, as amended, is amended under the heading "Inside the United States", in section 201 as follows:

With respect to "Naval Academy, Annapolis, Maryland," strike out "$2,000,000" and insert in place thereof "$4,391,000.".

(b) Public Law 90–408, as amended, is amended by striking out in clause (2) of section 802 "$241,668,000" and "$248,533,000" and inserting in place thereof "$244,059,000" and "$250,924,000," respectively.

Sec. 204. (a) Public Law 91–511, as amended, is amended under the heading "Inside the United States," in section 201 as follows:

With respect to "Naval Air Rework Facility, Jacksonville, Florida," strike out "$3,869,000" and insert in place thereof "$4,534,000.".

(b) Public Law 91–511, as amended, is amended by striking out in clause (2) of section 602 "$247,204,000" and "$274,342,000" and inserting in place thereof "$247,869,000" and "$275,007,000," respectively.

Sec. 205. (a) Public Law 92–545, as amended, is amended under the heading "Inside the United States," in section 201 as follows:

With respect to "Navy Public Works Center, Norfolk, Virginia," strike out $3,319,000" and insert in place thereof "$7,019,000.".

With respect to "Naval Hospital, New Orleans, Louisiana," strike out "$11,680,000" and insert in place thereof "$14,609,000.".

(b) Public Law 92–545, as amended, is amended by striking out in clause (2) of section 702 "$477,664,000" and "$518,881,000" and inserting in place thereof "$484,293,000" and "$525,510,000," respectively.

Sec. 206. (a) Public Law 93–166 is amended under the heading "Inside the United States," in section 201 as follows:

With respect to "Naval Home, Gulfport, Mississippi," strike out "$9,444,000" and insert in place thereof "$14,163,000.".

With respect to "Naval Hospital, New Orleans, Louisiana," strike out "$3,386,000" and insert in place thereof "$4,157,000".

With respect to "Naval Air Station, Alameda, California," strike out "$3,827,000" and insert in place thereof "$7,756,000.".

With respect to "Marine Corps Supply Center, Barstow, California," strike out "$3,802,000" and insert in place thereof "$6,210,000.".

(b) Public Law 93–166 is amended by striking out in clause (2) of section 602 "$511,606,000" and "$570,439,000" and inserting in place thereof "$523,433,000" and "$582,266,000," respectively.

Mr. PIKE (during the reading). Mr. Chairman, I ask unanimous consent that title II of the bill be considered as read, printed in the Record, and open to amendment at any point.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

AMENDMENTS OFFERED BY MRS. SCHROEDER

Mrs. SCHROEDER. Mr. Chairman, I offer two amendments, one amendment to title II and one amendment to title III, and I ask unanimous consent that they may be considered en bloc since they concern the same subject matter.

The Clerk read as follows:

Amendments offered by Mrs. Schroeder: Page 15, strike lines 24 and 25.

Page 26, line 6, strike "$8,100,000." and insert in lieu thereof the following: "$4,800,000, provided that no funds authorized under this section shall be expended for construction of facilities at Diego Garcia Naval Installation, Indian Ocean."

The CHAIRMAN pro tempore. Is there objection to the request of the gentlewoman from Colorado?

There was no objection.

Mrs. SCHROEDER. Mr. Chairman, basically these two amendments considered together would delete $32,300,000 that is to be used to improve and expand the naval communication facilities and aircraft accommodations located at Diego Garcia, which is a British protectorate in the Indian Ocean.

I am asking at this time that the committee consider deleting these funds, for several different reasons, and I would like to list them:

First of all, as I understand it, Great Britain has not yet finally agreed to the improvements and expansion.

Second, these plans are not new. The Navy has had these plans on hand since the early 1960's.

Third, we have no known military commitments that have been explained to us as to why we require the expansion right now.

Fourth, our military allies in the area have not really been pushing us very hard to come in there, and, in fact, they are a little bit queasy about our moving in in any greater numbers or force. Some of our NATO allies such as France have also expressed concern. They wish we would hold back a while and consider this a little longer.

Some of the nonalined nations have been showing a little concern about what we would be doing with the air base on the island. They have some fears that we might use it as a B–52 base and expand the aircraft servicing facilities and Vietnam haunts them.

Mr. Chairman, I think one of the main reasons I brought this matter up again today, is in the Senate the Committee on Armed Services has new testimony dealing with this subject. As the Members probably know, the CIA chief, Mr. Colby, appeared before the Committee on Armed Services in the Senate on the matter of Diego Garcia. He was the first person to appear counter to the Navy position. Much of his testimony was classified but the sanitized version was put in the Congressional Record by Senator Symington on August 1. In the sanitized version it came across very clearly that Mr. Colby felt we did not need to increase the facilities on Diego Garcia at this time because of the Soviet threat. The CIA, Mr. Colby's agency is the agency which supposedly monitors the Soviet threat, not the Navy. Colby stated that the CIA felt that the Soviet threat at that time was not so critical that we should move ahead with this expansion with great deliberate speed.

The senior Senator from my State, Senator Dominick, appeared at these hearings, and he specifically asked Mr. Colby whether the enlargement of the technical facilities was necessary, and if we did not enlarge them, would the Russians increase their naval forces.

Mr. Colby said, no, he did not think the Soviets would respond, that they have had a tradition of responding only when we reacted first. The precedents that were cited were the Pakistani war, where the Russians sent in no additional naval forces until the British had first sent in a carrier, and the Israeli or Mediterranean flare-up we had recently, where the Soviets did not send in any additional naval forces until we had first dispatched the carrier *Enterprise* into the area.

Mr. Chairman, what are we talking about? The Members have all seen the Defense Department map out in the hallway, and it makes it look as though the Russians have us in their jaws, but let us really talk about what we are considering. What do the Soviets have in the Indian Ocean?

What is this great Soviet threat that we are being asked to spend $33 million to prepare a defense against?

In 1973 they had five surface ships, one diesel submarine, and six auxiliary support ships in the Indian Ocean. Today they have increased their surface ships by one. They now have six surface ships.

These are small, none of them are large. They still have one diesel submarine. The only major increase has been in mine sweepers. They have increased the number of mine sweepers in the area to nine, because they have been trying to clean out the Suez Canal.

Mr. Colby, from the CIA, stated that he feels that the Soviet presence in the India Ocean will increase only by one to two surface combatant ships per year at the present level, and based upon CIA observations of what has gone on before.

Further, 25 percent of the Soviet ships in that area tend to be just cruising from the Pacific territory over into the western ocean.

The CHAIRMAN pro tempore. The time of the gentlewoman has expired.

(By unanimous consent, Mrs. SCHROEDER was allowed to proceed for one additional minute.)

Mrs. SCHROEDER. Mr. Chairman, in summary, I think what Mr. Colby presented—and I wish all of the Members would read it because the CIA explains a very serious situation coupled with Admiral Zumwalt's testimony, that we are now no longer the No. 1 ocean power; one wonders whether we should spread ourselves any thinner and extend our lines even further, when there appears to be no imminent Soviet threat according to the CIA. Further, the CIA says if we go ahead with Diego Garcia plans we might trigger the escalation of the Soviet threat in that area.

I think a lot of the people think that the sun never sets on an American commitment. Especially since this expansion has not been fully authorized by the British, this would be a good thing to hold back on, and study more thoroughly. I really do not believe that one Russian diesel submarine, six surface combatant ships, and a few minesweepers are any threat to the American people in this country.

The CHAIRMAN pro tempore. The time of the gentlewoman has expired.

Mr. SIKES. Mr. Chairman, I rise in opposition to the amendment offered by the gentlewoman from Colorado (Mrs. SCHROEDER).

Mr. Chairman, I congratulate the distinguished gentlewoman from Colorado for her discussion of Diego Garcia. But I disagree.

I am amazed that so many have expressed concern that a refueling station of limited capacity—which obviously is needed by the U.S. Navy in the Indian Ocean—would trigger a U.S. arms race with the Soviets.

First of all, I should think we should be concerned with our own requirements. I cannot comprehend this tender regard for the sensibilities of the Soviets. They look after their interests; we should look after ours. The proposal to drop Diego Garcia would not affect Russia's plans. They already are in the Indian Ocean in force. Does not Congress know the facts? Everyone else does. The Soviets have constructed a major naval base in Somalia—on the horn of Africa. It commands the approaches to the Red Sea and the Suez. They are in South Yemen. They have a base in Iraq. They still are operating out of Bangladesh.

The Russians have over four times as many combatant and support naval ships as we have in the Indian Ocean. We maintain a token force in Behran, but we have been told to get out because we are too friendly to Israel. There are but few places in all the Indian Ocean where we are allowed to buy fuel.

Perhaps you would like some comparisons. In 1968 the U.S. forces had 1,786 ship days in the Indian Ocean. The Soviets had 1,765. In 1973 the United States had 1,550 ship days in that area; the Soviets 8,544. Ours went down. Theirs expanded nearly five times. That should tell you all you need to know about Soviet intentions in the Indian Ocean.

I have seen a "Dear Colleague" letter which indicates the CIA does not feel concern about Soviet naval activities in the Indian Ocean. It just happens that I have access to the CIA, too. I presume that I am briefed about as frequently by the CIA as anyone else in the House. The information I have from CIA is diametrically opposed to what you have been told.

If we fail to develop this capability now we run the risk of being unable to respond to threats to our national interest because of our inability to support deployed forces there. We had serious problems providing support during the October war. We had to transport fuel all the way from the Philippines—4,000 miles away.

The Suez Canal soon will be reopened. It will not benefit U.S. naval forces but it will provide the Soviets with a far shorter route from the Indian Ocean to the Black Sea, and will enhance considerably their surge capability to position naval forces in the vital Arabian Sea/Persian Gulf area.

Do you want to see our ships stand idle and helpless because they run out of fuel during a crisis in the Indian Ocean? It could happen.

There are American interests throughout that part of the world: millions and million in investments. Arab oil which is essential to our friends in Europe and badly needed by us.

You are being told that strong objections have been raised by other nations. I have seen no authentication for these statements.

We have a 50-year agreement with Britain for the use of Diego Garcia with the option for renewal. There is nothing to indicate serious concern by the new government in Britain. They want specific information on our plans. They have said that they will review all their military commitments. All new governments do this. No serious concern.

I have been informed in recent days by highest U.S. authority that some foreign governments say they have to object publicly to some extent to military buildups in order to appease the more liberal elements in their country, but in reality they expect the United States to go ahead on Diego Garcia. There are just as many who want us to go ahead. And that is what we should do without further delay.

The funds in the bill are virtually all that are considered to be required in the foreseeable future for our forces in Diego Garcia.

Mr. DICKINSON. Mr. Chairman, will the gentleman yield?

Mr. SIKES. I am happy to yield to the gentleman from Alabama.

Mr. DICKINSON. Mr. Chairman, I just wanted to announce to the gentleman in the well and the Members present that we have a new Commander in Chief as of right now, and a new President.

Mr. SIKES. Mr. Chairman, I would say the new Commander in Chief picked a significant time to be sworn in—while I have the floor and while the House debates the Nation defense. We all wish him well in his monumental task and our prayers are with him.

Mr. PRICE of Texas. Mr. Chairman, I take this time to rise in opposition to this amendment to bring my thoughts to the Members on this matter. As a member of the Committee on Armed Services we discussed this issue quite thoroughly.

We discussed this quite thoroughly, and it is my belief, from the information I have had that the Soviet Union began continuous naval operations in the Indian Ocean in 1968. It has bases on Socotra Island in the ocean and at nearby Aden, as well as easy access to port facilities in India and elsewhere. The Russians have no active combat troops in the ocean, but their force there is believed to include 1 large destroyer, 1 escort, 2 mine sweepers, 1 submarine, and 10 support ships, along with 4 or 5 mine sweepers and support ships based in Chittagong, Bangladesh.

By contrast, the United States is now represented by a single amphibious command ship and two destroyers, supplemented from time to time with carrier task forces from other areas.

I believe the United States must establish a genuinely counterbalancing naval force in an area that controls the sea lanes to Middle Eastern oil. Without a presence in the Indian Ocean, without fuel and repair facilities, without logistic support in the third largest ocean in the world, the United States would forfeit a large share of its naval position to the Russians. There is continuing concern that the British and American presence in Asia as a whole is leaving a vacuum that the Russians are intent upon filling.

In recent conversation with some of the Iranian military people, they tell me West Afghanistan and Afghanistan itself is bristling now with Soviet military hardware. They have had a coup in their government which is nothing but a puppet government for the Soviets. So there is no sense in hiding the idea, as the Iranian military people have said, that the Russians are wanting a corridor to the Indian Ocean through these two countries whenever they wish to do so in the near future.

Admiral Zumwalt, the U.S. Naval Chief of Operations recently testified that—

> Events such as the Arab-Israeli war, the oil embargo and ensuing price rises show that our interests in the Indian Ocean are directly linked with our interests in Europe and Asia and, more broadly, with our fundamental interest in maintaining a stable, worldwide balance of power.

The implication is that a Diego Garcia base would make a specific difference to U.S. defense capabilities.

More importantly, the base would reduce U.S. dependence on Subic Bay in the Philippines, 5,000 miles away, for any action in the Indian Ocean. During the Bangladesh war it took the U.S. aircraft carrier *Enterprise* 7 days to sail from the Pacific to enter the ocean. From Diego Garcia, a ship could reach any port in the area within 48 hours.

More generally, experience has shown that a heavy U.S. presence has a tempering effect on nations locked in conflict and makes easier the big power task of containing local conflicts.

For this reason, Mr. Chairman, I would hope this amendment would be voted down.

Mr. HAMILTON. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of the amendment offered by the gentlewoman from Colorado to strike these funds for Diego Garcia.

The significance of this money is far in excess of the $30 some million that are involved. The fact is that if we vote for these funds we will be establishing for the first time a major U.S. military presence in an area of the world where we have heretofore had a low military posture and profile. An expansion of this base would give us a new capability in a region of the world where every significant Soviet military move in recent years has been in response to something that we have done originally.

I am persuaded that there are several good reasons for deferring action on this request at this time and for keeping the expansion of the facilities at Diego Garcia under review.

We have had comments today about the extent of the bases of the Soviets in the Indian Ocean area. Two that are mentioned most frequently are Socotra and Berbera in Somalia. Mr. Colby in his report says this about Socotra:

> The barren island has no port facilities or fuel storage and its airstrip is a small World War II gravel runway.

With regard to the base in Somalia he says that there are no repair facilities ashore. They do have a small communications facility there.

One of the reasons we ought to oppose the money for Diego Garcia is that we should seek to avoid a naval arms race competition in this part of the world. It is the assessment of many of the experts, including the CIA, that Diego Garcia and the expansion of that base could have the effect of escalating naval competition in that part of the world.

In response to questions asked on the Senate side, Mr. Colby testified:

> I think our assessment is that the Soviets would match any increase in our presence in the area.

The implication of that remark simply is that if we go in here and expand our facilities, then the Soviets will do likewise and we will be launched upon an arms race in a part of the world that has heretofore been free of military competition between the super powers. Our expansion in Diego Garcia is going to attract like a magnet the Soviet presence in that area of the world.

The second reason we can support the amendment of the gentlewoman from Colorado is because deferring action on this will have no adverse impact on the position of the United States in the Indian Ocean. We are able today, and we can continue to be able, to protect our national interest in that area with occasional visits from the 7th Fleet stationed in the Pacific Ocean.

We have naval superiority in the Indian Ocean today and there is no indication that we are going to lose it.

The gentleman from Florida in his excellent statement cited the number of ship days in the Indian Ocean, but it makes all the difference in the world what kind of ships we are talking about and the fact is that today naval superiority rests with the United States in the Indian Ocean area.

There is another reason we ought to defer on this money, too. We should be testing Soviet intentions rather than testing Soviet capabilities to react to what we might do in Diego Garcia. The most important testing of Soviet intentions will come when the Suez Canal is open. I think we all agree that opening up that canal will add flexibility to the Soviet Fleet, but it does not necessarily follow that the Soviet Union can or will automatically as a result of that, increase significantly its Indian Ocean presence.

It is the opinion of Mr. Colby from CIA, that—

> If there is no substantial increase in U.S. naval forces in the area, we believe the Soviet increase will be gradual, say one to two surface combatants per year. Should the United States make a substantial increase in its naval presence in the Indian Ocean, a Soviet buildup faster and larger than I have just described would be likely.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. HAMILTON was allowed to proceed for 1 additional minute.)

Mr. HAMILTON. To continue the quotation from Mr. Colby:

> If the canal were open and available to Russian ships, the task of responding would be easier.
>
> In any event, the Soviets would probably not be able to sustain an Indian Ocean force significantly larger than that presently deployed there without reordering their priorities and shifting naval forces from other areas.

Finally, Mr. Chairman, as the gentlewoman from Colorado observed, we should support her amendment, simply because the new British Government, the owners of the island, has not decided whether to support or not support the American request for expansion of facilities.

I think in light of these observations and several others that have been made this morning, the prudent course would be to hold back, to defer action for some time yet to see what happens so far as the Soviets are concerned.

Mr. BRAY. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, since last October, the United States has been maintaining naval forces in the Indian Ocean on a more frequent and more regular basis than in the past. These forces, which have included aircraft carriers and surface combatant units, have deployed on an intermittent basis from the Pacific Fleet to augment the three ships of the U.S. Middle East Force which have operated in the Persian Gulf and Indian Ocean for a quarter of a century.

To date, these forces have had to depend on a logistical support chain which extends more than 4,000 miles to established U.S. bases in the Philippines. As a result, in the event of an emergency or crisis in the Indian Ocean area, these units could find themselves at the exposed end of a lengthy line of supply in circumstances which would require a massive commitment of tankers and other support units from the Pacific Fleet, thus seriously degrading our capabilities in the western Pacific.

The expansion of the support facilities available to our forces on the tiny island of Diego Garcia would significantly improve both the efficiency and effectiveness of the forces deployed to the Indian Ocean. Diego Garcia is a small atoll directly in the center of the Indian Ocean. It has not native population, and it is the sovereign territory of Great Britain. At the present time we already have a communications station on the island, with an airstrip and very limited port facilities.

The present bill proposes the authorization of $32.3 million to lengthen the runway, improve the harbor by dredging a larger anchorage and lengthening the pier, construct fuel storage tanks, enlarge the quarters for personnel stationed on the island, and otherwise to equip the island with the necessary facilities to permit support of units deployed to the Indian Ocean.

The construction of additional facilities on Diego Garcia does not imply a larger U.S. military presence in the area. No operational forces will be based there. No ships will be homeported there. No U.S. dependents will live there. On the contrary, the effect of this construction will be to permit more efficient support of units which operate in that area from time to time. It will shorten the length of the supply chain and reduce the chances that such operations will place sudden and unexpected demands on our limited support resources in the Pacific.

We are all aware of the growing importance of this area to the United States and its allies. The Indian Ocean is the third largest ocean of the world, and over its surface each day passes 50 percent of all the oil transported by sea. The stability of this vast region is inextricably linked to broader issues of international security.

The Soviet Union has maintained a permanent naval force in the Indian Ocean since 1968, and that presence has been growing steadily over the years. At the present time, the U.S.S.R. has almost 30 ships in the area, including 7 combatant units. For the most part, these units operate in the northwestern corner of the Indian Ocean, where they have established regular access to port facilities in the harbor of Berbera in Somalia. There they have a communications station, fuel storage, personnel quarters for the Soviet technicians and their dependents, and floating repair facilities, in addition to a runway which is under construction. To date, the Soviet Fleet has been supported from the Soviet Pacific Fleet, but this lengthy supply line will be cut sharply when the Suez Canal opens and the distance from the Black Sea to the Indian Ocean is cut by more than 70 percent.

There is no way to predict the course of events in this area where the United States and its allies have a significant investment both in the political and the commercial sense. In the absence of certainty, it would appear both prudent and reasonable to insure that we can make our own presence known from time to time. Such capability would be facilitated and rendered more economical by the development of support installations on Diego Garcia, as authorized in this legislation.

Mr. OBEY. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I do somewhat regret the fact that an issue such as this—and it is certainly no one's error, it just has happened—but I do regret that an issue like this has to be discussed on this day of all days, simply because I think we all recognize when we look around this floor that so many Members of this House are occupied with other momentous moments in this country's history. I think we know what will happen to this amendment because this issue has not yet received much publicity.

Mr. Chairman, I do want to rise, nevertheless, in support of the amendment, because I think it is important to state my doubts about it. I had opposed very strongly the inclusion of this amendment in the supplemental request for last fiscal year. I was somewhat ambivalent about it in this bill, but I thought long and hard about it, and I questioned the Navy in our hearings in the Military Construction Subcommittee of the Appropriations Committee, and I have come to the conclusion, as the gentleman from Indiana has indicated, that prudence would dictate that for now we lay this matter aside.

I say this, not because I have any great worry about the fact that the Navy wants to use this refueling station, as it has been termed, as the foot in the door, the camel's nose under the tent, to go on to bigger and better things, but rather because I do think it could elicit an irrational overresponse from the Russians.

If one has studied Russian history, I think the one thing that becomes apparent is that because of their history, they really in a sense have almost a paranoid outlook on any action which takes place around the world which is anywhere near the Russian sphere of influence.

I think that the gentleman from Indiana is correct that while our intentions may be harmless and above board, certain segments within the Russian power structure will not view it to be that way. I think that Diego Garcia, if it is developed, could, in fact, act as a magnet in attracting Russian efforts and presence in the Indian Ocean in the future.

Mr. Chairman, let me just make a few comments. It was indicated, I think by the chairman of my subcommittee, the gentleman from Florida (Mr. SIKES), that the Russians have four times the amount of combatants and supply ships in that area, most of the time, than we have. That is true, if you look at the numbers; but as has been pointed out several times previously, the important thing is not to look at the number of ships in that area, but to look at the kind of ships in that area.

Of these questions, everybody has a tendency to toss around references to classified sheets and wave them before the House. Well, we can all do that. If anyone wants to look, I can show him here what the character of those ships was in the Indian Ocean, should he want to take a look at those sheets. I can show other sheets provided me by the Navy. I can show the Members sheets indicating what the situation is as far as access to various ports within the Indian Ocean is concerned.

We can all do that. But the point is that the Navy will admit—under questioning, they have to me and they have to others—that any time we want, we can have greater fire power there—indeed, we have had greater fire power in the Indian Ocean—than have the Russians.

The statement was also made by someone—I have forgotten which speaker it was—that the reason some of the countries in the immediate area have protested to our Government about our plans in Diego Garcia is because they merely have to do that to mollify the leftists within their own country.

If that is true, then I would suggest that it could indeed be a great mistake to follow through with Diego Garcia, because if one follows that same logic, he will recognize then that that would put great pressure on the Indian Government.

The CHAIRMAN pro tempore. The time of the gentleman from Wisconsin has expired.

(By unanimous consent, Mr. OBEY was allowed to proceed for 3 additional minutes.)

Mr. OBEY. Mr. Chairman, to continue what I was saying, that would put great pressure on the Indian Government to agree to Russian pressure for base rights.

We would have that same chain occurring if we followed that logic, and I do indeed believe that in this case the Indians could feel under greater pressure to give in, not only to the leftist political groups in their own area, but also to a Russian request as well, provided that we have a visible new presence different in character than we had before which can be pointed to by those within the Soviet Union and in who are only too anxious to point to things of that nature.

It was also said by one speaker, if I heard him right, and I may not have, but if I heard him right, it was indicated by one speaker that this would really be our only base from which to strike at China and the Soviet Union. I do not think the Navy looks at this in those terms. If it does, we would most certainly be contributing to an escalation of military efforts on both sides in that area.

Mr. Chairman, if that is indeed what the gentleman from Texas said, let me also point out that the Navy itself admits that there is nothing which would be more vulnerable to attract during time of war than would be Diego Garcia.

This is not any base which we can use in time of all out war; it is only good for us in time of relative peace. If we have war, it can be wiped out in 10 minutes. I do not think anybody seriously doubts that.

Mr. Chairman, I would suggest in the interest of prudence, in the interest of giving our new President time to consider all the political ramifications of this problem, that we lay it aside for a year and see whether or not there can be achieved negotiations which will result in agreement that the Indian Ocean ought to be a hands-off area for both the Russians and ourselves.

Mr. FRELINGHUYSEN. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendments.

Mr. Chairman, it is easy enough to exaggerate the significance of the facility which is to be expanded at Diego Garcia. It was said just now that should we proceed with prudence—and I hope we do—as we may elicit an irrational response from the Soviet Union.

I think we exaggerate the irrationality of the Soviets if we think there is going to be some irrational response. I do not know what an "irrational response" would constitute. I doubt very much if it sends any tremors up and down the spines of the Soviet military establishment because we decide to improve a facility in the middle of the Indian Ocean.

Mr. Chairman, I hope we are going to reject the argument that somehow prudence dictates that we do not move. In my opinion, prudence dictates that we do move.

Obviously this is going to constitute a decided improvement in the availability of facilities needed by our naval units.

I see, as a member of the Committee on Foreign Affairs, no far-reaching foreign policy consequences that would be adverse to our own interests.

I happened to be in New Delhi in February when this issue was very much a matter of headlines in the Indian newspapers, and I heard no complaints from any Indian officials. I did have time to have some discussions with university students, who expressed concern about the development and the possible aggressive intentions of the United States because of our desire to improve Diego Garcia.

I said I would doubt very much that a base over a thousand miles from the territorial lands of India could possibly be considered a threat under any circumstances. I think it is ridiculous to suggest that the Indians are now going to feel compelled to succumb to the demands of the Soviet Union for a base on Indian territory because we improve this facility.

So I hope we do not buy the argument that something is to be gained by postponing a decision. I think it is a reasonable suggestion that we go ahead and improve this facility, and I, myself, see no adverse foreign policy consequences in connection with this.

Mr. FRASER. Mr. Chairman, will the gentleman yield?

Mr. FRELINGHUYSEN. I would be glad to yield to the gentleman from Minnesota.

Mr. FRASER. Mr. Chairman, what puzzles me is why we are doing this in the first place.

Mr. FRELINGHUYSEN. Well, as I said to the gentleman earlier, we held hearings in our subcommittee, and we did have considerable discussion then as to why we were doing it. The testimony is available.

Mr. FRASER. Mr. Chairman, I am sure the gentleman acknowledges that the testimony suggests there is no need for this.

Mr. FRELINGHUYSEN. Mr. Chairman, that certainly is not true. I suggest that the gentleman read the testimony, both in our own subcommittee and before the Committee on Appropriations.

Mr. FRASER. Mr. Chairman, if the gentleman will yield further, the gentleman is familar with the testimony in the record which was given by the Central Intelligence Agency.

Mr. FRELINGHUYSEN. Of course. I might say to the gentleman I have read the testimony, and I come down firmly on the side that there is nothing to be gained by a delay or a mulling over of the wisdom of doing this. To me, all the cards are stacked in favor of this move.

I do not think it is against our national interest; I believe it is very much in our national interest.

Mr. FRASER. Mr. Chairman, does the gentleman agree that if we increase the naval presence on the part of the United States in that area, that will increase the naval presence of the Soviets, as the gentleman from Wisconsin (Mr. OBEY) pointed out?

Mr. FRELINGHUYSEN. Mr. Chairman, I think that is a ridiculous argument. I do not agree with the gentleman that this is necessarily going to increase our naval presence. It certainly is going to make our operations in the Indian Ocean more economical, because we will be able to do a lot more with a little improvement of our facilities.

As the gentleman from Wisconsin has already pointed out, there is already a far greater naval presence on the part of the Soviets in that area than there is on the part of the United States. I think it is ridiculous for us try to develop some kind of a fear that we are going to develop a rivalry on the part of the Soviet Union because of this very modest improvement made by the United States. It is an absurd argument that the national interests of the Soviet Union are involved, and that they will develop a naval race or a possible military confrontation in the Indian Ocean, certainly we are not advocating that.

Mr. FRASER. If the gentleman will yield further, what interests of the United States are at stake in the middle of the Indian Ocean?

Mr. FRELINGHUYSEN. In my opinion it is important that we maintain a presence there. A question like that from a member of the Committee on Foreign Affairs who presumably is informed on this surprises me. I would assume that what has been going on in the Middle East would surely be enough to indicate that we have a legitimate reason for a presence in that area.

No one is suggesting, that I know of, that we should move out entirely for fear of adverse consequences if we do not. I would think the gentleman from Minnesota would understand that we have a very major interest in the stability in the Middle East.

The CHAIRMAN. The time of the gentleman has expired.

Mr. FRELINGHUYSEN. Mr. Chairman, will the gentleman yield?

Mr. FRASER. I yield to the gentleman from New Jersey.

Mr. FRELINGHUYSEN. I thank the gentleman.

Mr. Chairman, unless the gentleman pushes that kind of argument, why should anyone think that this is what we are engaged in? What the gentleman seems to be saying is that we should not improve a facility that the gentleman recognizes is necessary. To me there is no logic in that, and unless the gentleman wants to make a mountain out of a mole hill, I do not find our potential adversaries, or those around the Indian Ocean, really pushing very hard if there is some imminent threat or a change in the character of their interest in the area by what we are proposing.

Mr. FRASER. The gentleman agrees that the agents have asked the Indian Ocean be demilitarized? Does he agree with that fact?

Mr. FRELINGHUYSEN. I think we all would like to see demilitarization.

Mr. FRASER. Does the gentleman agree that they have asked for that status?

Mr. FRELINGHUYSEN. I think it is a goal to be desired, and I think we would like to see less emphasis on armaments; but this is not an argument for us to say we should not improve the facility.

Mr. HARRINGTON. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I do not know that I can make an effective contribution to the factual side of this debate that has not been made very eloquently already by the speaker who preceded me, but let me offer some observations, if I can, on the state of mind attendant to the Diego Garcia proposal.

This debate has all the trappings of a hearing of Committee on Armed Services hearing. We are replete with maps outside of the door showing the "threat" in the now new-defined fashion. We have so many references to secrecy, and certain Members being privy to knowledge which no one else has, that I am surprised we do not conclude this debate by stamping the whole thing "secret" and asking, once again, the American Congress to act as an article of faith and to take the word of those who claim to know much more about the threat than we do.

I served briefly, and I am sure controversially as far as substantive contribution made, on the committee from which this proposal emanates. To say that there is a balanced approach in the committee is, I think, to do a disservice to reality, when it comes to an objective effort at hearing the other side of this argument.

I am reminded, as recently as last night and as poignantly as this morning in the valedictory of the last holder of the Office of the Presidency, before Mr. Gerald R. Ford took office at noontime, that one of the hopes the previous occupant had for his administration, and that he remembered historically, was the contribution he made toward changing foreign policy perceptions which had been believed and adhered to for 25 years. Those perceptions are the sort of things that I think are at stake in this kind of debate.

We can argue the reasons for and against Diego Garcia. We can question whether or not our knowledge is roughly equal to the knowledge offered by those who have thought they had expertise because of service on the committee, or access to secret information. But when do we begin to take the step, to take the challenge to give something more than just promises, and give some substance to the questions of what we do, and when do we demonstrate we are not going to continue down that path which we so often find ourselves following?

I sat through most of the debate on the Defense appropriations bill the other day. Ironically, it took only a day to get rid of $83 billion of our wealth over the course of the next fiscal year, and, the same kind of circular reasoning—the closed circuitry which characterizes the kind of committee activity on these things—again reemerges on this Friday afternoon.

Last Friday it was Radio Liberty and Radio Free Europe. This Friday it is Diego Garcia and the military construction bill.

There has been testimony on Diego Garcia, which has been clearly contradictory. The Navy's spokesman, Admiral Zumwalt, who has found popular support on the Republican side of the aisle and with certain segments on my side of the aisle, would like to have us believe that there is a Soviet threat that would justify a Diego Garcia base, while in separate testimony CIA Director Colby has cast severe doubt on the Navy estimate. Despite these contradictions, we cannot bring ourselves to stand here and say we will renounce right now, in the face of least conflicting testimony, the dangerous course of unilateral expansion in the Indian Ocean. The question now is whether or not we trigger another arms race by giving the Navy all they want to spend over the next calendar year at Diego Garcia, and by giving the Navy one more ethic to justify its budget.

It seems to me, without attempting to repeat the kind of factual groundwork which has been gone over and over, that the time has come for this country to take a chance, in the direction of showing we can give something more than false expectations to that gallery as to what we are going to do with the resources of this country, and foresake the Diego Garcia Naval Base.

Mr. STRATTON. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I will not hold up the Committee unduly but I do think it is time we got a little factual information on this situation. Although many of the Members have had the opportunity to see the charts that were in the corridor, I think it might be helpful to bring them in and remind the Members once again what we are really talking about and what the situation is that actually confronts us.

If these charts look familiar, Mr. Chairman, it is because we have been down this route once before. The gentleman from Wisconsin (Mr. OBEY) said he thought it was last year. It was not last year. It was last April. We had the whole question of Diego Garcia before us in April in the supplemental appropriation bill, and on the fourth of April, after these charts had been presented and after the issue had been debated in detail and after we had a chance to make up our minds, this House voted 255 to 94 to go ahead with the construction at Diego Garcia.

So we are not operating in a vacuum. This is something that we have considered carefully and we have voted on before.

So why is it back here again in this Chamber? It is because the distinguished body at the other end of the Capitol decided they would rather handle the matter in the military construction bill, and so very, very reluctantly the conferees on the part of the House had to give in. We have now come back with the same proposal in the construction bill for the consideration of Members of the House.

A great deal has been made about the testimony of the head of the CIA. What the head of the CIA actually said was that regardless of what we do, if we do not even put a sailboat in a bathtub in the Indian Ocean, the Russians are going to continue to increase their naval presence in the Indian Ocean steadily as they have been for the past 5 or 6 years. He also said that if we increase our naval presence they will probably increase their naval presence accordingly.

OK. Now what we have presented in this bill is not an increase in naval "presence" at all. As a matter of fact we do not even have any naval presence in the Indian Ocean. We have to go into the Indian Ocean temporarily from Thailand or from the Philippines or from the Persian Gulf or around the Cape of Good Hope. We do not have a single base in the Indian Ocean. We have only a communications station.

Those hammers and sickles that the Members see over there on that chart are real live Soviet naval bases.

Mr. RYAN. Mr. Chairman, will the gentleman yield for a question?

Mr. STRATTON. I will be glad to yield after I have completed my remarks, but now let us get the facts.

The one at the top for example is in Iraq. They have POL facilities there and they have got limited shore facilities. The one in Yemen has extensive British facilities which the Russians are now using. They also have dry docks and they have got storage and POL, which means petroleum, oil, and lubricants. Down in Berbera the Russians have a barracks and they have a repair ship and they have further POL storage. In Mogadiscio in the Somalia Republic the Soviets have been building, and I think by now have almost completed, a whole new military airfield. In addition to that they have the two anchorages at Socotra and one down in the Seychelles; and the Socotra anchorage also contains POL facilities, the kind of oil storage we seek for Diego Garcia.

But we have no "presence" in the Indian Ocean. All we want to do, all we are proposing in this bill, is to allow a fueling station for those U.S. ships that may occasionally, from time to time, come in. This is not going to increase the number of ships at all.

We think that it makes some sense that we should have at least one gas pump, if you like, in the middle of the Indian Ocean, a couple storage tanks with aviation gas and naval fuel, and that we ought to have a little pier, that we ought to have some dredging done, and that we ought to extend the runway by 4,000 feet. All those actions are not going to bring a single additional ship into the Indian Ocean.

The CHAIRMAN pro tempore. The time of the gentleman has expired.

(By unanimous consent Mr. STRATTON was allowed to proceed for an additional 5 minutes.)

Mr. STRATTON. As I say, this construction is not going to bring a single additional ship into the Indian Ocean. It simply is going to mean that the ships that we have there from time to time will have an opportunity to pick up a little fuel.

Somebody asked a moment ago, what kind of interest does the United States have in the Indian Ocean?

Well, I would think if we had a Navy it would certainly be in our interest to have fuel facilities available for that Navy in various places. Yet we do not have now a single fuel facility in the entire Indian Ocean for the Navy, in comparison to all that the Soviets have. That is all that is involved here. And all it includes is an expenditure of $29 million.

Now, the last time we went through this debate, we heard all this business about escalating the arms race and the naval competition in the Indian Ocean which was now an area of peace.

Well, there are three things that have changed since we last debated this question in April. Point one is Portugal. We pointed out at that time that if we wanted to supply the Middle East in a new emergency, and somehow Portugal denied us the Azores, the only other way to get supplies to the Middle East would be by staging our C-5's at Diego Garcia. We suggested then that perhaps there might be a revolution in Portugal. And now they have had one.

Second, the Indians complained last spring that we were upsetting this beautiful, peaceful area where everybody was at peace. But what did they do shortly thereafter? They exploded an atom bomb since we last voted on Diego Garcia. So the Indians cannot be too much concerned about threats to the peace.

The third thing that happened, the Air Force at Utapao in Thailand has recently been denied permission for any flights into the Indian Ocean for resupply or anything of that kind; so there is even more reason why we should build these facilities to supply fuel for the very limited presence that we have there now. What is the point of having a Navy and saying that we believe we ought to have access to all the world's sea lanes, and then say, however, we are not going to supply any fuel to our ships?

Mr. JOHNSON of Colorado. Mr. Chairman, will the gentleman yield?

Mr. STRATTON. I yield to the gentleman from Colorado.

Mr. JOHNSON of Colorado. Thank you for yielding. The gentleman has always been fair on this point. It seems to me what the gentleman and others are talking about, this thing of putting a $29 million filling station is at odds with the report. Now, who is kidding whom?

The last report I read this year said the chief advantage of Diego Garcia lies in the ability to show the flag, to make a major show of force.

The report this time says we may lose political and diplomatic influence by default. That is at odds with what the gentleman says.

Mr. STRATTON. It is not at odds at all. During the Middle East war, for example, the carrier *Enterprise* sailed into the Indian Ocean. I suppose that is what we mean by "showing the flag." But the *Enterprise* is a nuclear ship. If we do not have a nuclear ship available then we must get oil for it from somewhere. It cannot operate very long or over long distances without fuel.

The only reason we want ships in the Indian Ocean are the same reason we send ships everywhere; in other words, to protect the sea lanes and provide security.

Mr. RYAN. Mr. Chairman, will the gentleman yield?

Mr. STRATTON. I yield to the gentleman from California.

Mr. RYAN. Let me see if I have this right. The gentleman is saying, if I can summarize his argument in favor of Diego Garcia, we have been in effect then a communications facility in the past, or a kind of phone booth, and now we are going to be a petroleum depot or a kind of filling station. There are those who say it is going to be a police station or a much larger permanent base to be used for American national defense interests.

I presume from all the gentleman says,

he would deny this is to be used for any further purpose than simply for petroleum and fueling purposes.

Mr. STRATTON. It would be used to supply those ships of our Navy which from time to time we would like to have operate in the Indian Ocean. By having the fuel there, it means that they can operate longer and faster in the Indian Ocean.

Mr. RYAN. It would be primarily for fueling purposes, is that right?

Mr. STRATTON. That is right.

Mr. RYAN. Let me ask the gentleman this: Would he then oppose, since the argument seems to be not so much fueling as what it may become—would the gentleman oppose a Pentagon request for that island to become more than a fueling station?

Mr. STRATTON. At this point, I do not see any need for any such request. I think what we ought ultimately to do should be based on what happens when the Suez Canal is opened. If we see, as some people tell us we will, that a great hegira of Soviet ships will come down from the Black Sea into the Indian Ocean, then that could conceivably create a new problem and we would have to reevaluate that new situation.

Mr. KING. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendments.

Mr. KING. Mr. Chairman, the United States has maintained a military presence in the Indian Ocean area for more than 20 years, consisting primarily of the three ships of Middle East force operating out of Bahrain Island in the Persian Gulf. During the past 8 months, the United States has been conducting more frequent naval deployments into the Indian Ocean, including the periodic deployment of a carrier task force. Such deployments provide tangible evidence of concern for security and stability in a region where significant U.S. interests are located.

At the same time, we should not ignore the economic costs associated with such deployments. The nearest U.S.-support facility to the operating areas of our forces in the Indian Ocean is in the Philippines, some 4,000 miles away. Consequently, the Department of Defense has requested the Congress to authorize the expansion of the present communications facility on the island of Diego Garcia into a limited support facility. The requested $32.3 million appropriation would permit lengthening of the runway from 8,000 to 12,000 feet, expansion of the anchorage area in the lagoon, extension of the small pier to permit alongside berthing, and construction of POL storage facilities and additional personnel quarters.

The island of Diego Garcia is an uninhabited coral atoll in the center of the Indian Ocean. It is under British sovereignty as part of the British Indian Ocean Territory—BIOT—which was constituted in 1965. Since 1966 the islands of the BIOT have been available for the joint defense use of Britain and the United States under the terms of a government-to-government agreement, and there has been a joint United States-United Kingdom communications station on the island since 1973. The expansion of facilities on the island would facilitate the effective support of periodic deployments into the Indian Ocean area and would avoid many of the difficulties associated with a 4,000-mile logistical "tail."

Neither the deployments nor the proposed support facilities at Diego Garcia represent a uniquely American concern. Last fall, the French created a new Indian Ocean command which currently consists of nine combatant units; the British also regularly maintain up to five combatant naval units with maritime air support from several sites in the Indian Ocean; the Soviet Union, of course, has maintained a permanent naval presence in the Indian Ocean since 1968 which at times has exceeded 30 ships, and in recent years has developed its own communications and port facilities at Berbera in Somalia. Several of the littoral states also have sizable navies, two of which—India and Iran—are considerably larger in size than the forces deployed to the area by any of the external powers.

The Indian Ocean is no more a naval vacuum than it is a political or economic vacuum, and the periodic presence of the U.S. naval ships in the third largest ocean of the world can be considered neither a remarkable event nor a threat to any nation in the area. On the contrary, a periodic U.S. presence in the Indian Ocean provides tangible evidence of our concern for security and stability in a region where significant U.S. interests are located. Our capability to maintain such a presence would be significantly enhanced by the development of a limited support facility on the island of Diego Garcia.

The CHAIRMAN. The question is on the amendments offered by the gentlewoman from Colorado (Mrs. SCHROEDER).

The question was taken; and on a division (demanded by Mrs. SCHROEDER) there were—ayes 28; noes 58.

So the amendments were rejected.

COMMITTEE AMENDMENTS

The CHAIRMAN. The Clerk will report the first committee amendment.

The Clerk read as follows:

Committee amendment: On page 11, line 16, strike out the figure "$20,648,000" and substitute the figure "$20,948,000."

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: On page 11, line 20, strike out the word "Feld" and substitute the word "Field."

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: On page 19, line 9, strike out the figure "$4,151,000" and substitute the figure "$4,157,000".

The committee amendment was agreed to.

AMENDMENT OFFERED BY MR. ST GERMAIN

Mr. ST GERMAIN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ST GERMAIN: Title II is amended by striking out on line 16 of page 9 "$2,582,000" and inserting in place thereof "$4,153,000".

Mr. ST GERMAIN. Mr. Chairman, yesterday, August 8, I sent a "Dear Colleague" letter around to all of the Members of the House. It set forth the justification for the amendment offered.

On April 17, 1973, the Department of Defense announced a major realinement which involved the consolidation, reduction or closing of 274 military installations in the United States. Fifty percent of the impact fell on the State of Rhode Island with the closing of Quonset Point Naval Air Station and the transfer of the Newport Fleet, consisting of 39 destroyers and cruisers, to southern ports.

Revitalization of the economy of the Newport area from the outset has depended upon a full utilization of the vacated destroyer piers. Extensive negotiations have proceeded for over a year between the State of Rhode Island, GSA and the Navy with the assistance of the Department of Defense Office of Economic Adjustment.

The Navy has now solicited leasing bids for utilization of the piers and adjacent warehousing facilities.

The facilities involved were excessed last fall with the approval of the Committee on Armed Services.

Essential to this entire project is the relocation base public works administration building, which was struck from the Navy's request by the committee and placed in a deferred category.

Under the bill before us today, my review of the hearings reveals totally incomplete responses to questions, and legitimate questions, raised by the members of the Committee on Armed Services, by Navy and Department of Defense witnesses. The Sims Hall alterations were described as a project for the sole use and benefit of the Naval War College.

The facts are that the center serves the fleet worldwide and accommodates numerous other requests for war game programming essential for strategic long-range planning. Today, a number of potential subcontractors are even at this very moment inspecting the facility for bidding on software components, and equipment installation contracts are currently being negotiated or planned.

Last spring, many Members on both sides of the aisle expressed their sympathy for Rhode Island's being required to shoulder the burden of the DOD realignment plan. With the loss of a military population in excess of 15,000 officers and men in the Newport area alone in little over a year, the Members can well imagine the effect upon our economy. We have turned to the task of pulling ourselves up by our bootstraps. All I ask is that you support my amendment to restore a total of $1,571,000 for the 2 items I have described, both requested by the Navy. The decision to close or substantially reduce our naval bases was a cruel and callous one. Our efforts to obtain a review and reconsideration were met by failure. The total costs of the move are yet to be determined. But that is all water under the bridge.

I urge that the Members support, in the name of simple fairness and equity, my amendment to restore vitally needed facilities. I deeply regret that my colleagues on the Committee on Armed Services were not furnished accurate and complete responses to their questions.

I am hopeful, frankly, that the committee will accept this amendment.

I might say this to my colleagues: Newport does not just have scars from what happened to us with the closing down of the bases. We still have gaping, wide-open wounds. We have not recovered. The economy is in a very bad condition.

I would like to make another point, and that is that as far as the Navy requests are concerned, the cuts totalled $21,801.000. Here again, the cut for Newport, Rhode Island, is practically 10 percent of the overall cut.

I have no quarrel, as I say, with the subcommittee members because they did not get accurate answers to the questions. The Navy witnesses were delinquent or did not possess the information they should have had.

No. 1, Sims Hall, as I say, will serve the entire fleet. No. 2, the warehouse is an antiquated warehouse.

One of the Members asked a question about whether there could not be a corridor built so that they could keep using the warehouse which is located in the area that had been excessed by the Navy, by the piers, and still utilize it for the War College and the schools that now remain in Newport.

The CHAIRMAN. The time of the gentleman from Rhode Island has expired.

(By unanimous consent, Mr. St Germain was allowed to proceed for 2 additional minutes.)

Mr. ST GERMAIN. The cost of the corridor would far exceed the $600,000 requested, and there would be a continuing cost for security measures around this warehouse, plus the fact that the Navy is present right there at the piers that are going to be leased to private industry and private contractors.

I might say that over the years I have supported military construction authorizations and appropriations, year after year after year, for 14 years.

We were hurt by the base closings, and all I am asking here today is the restoration of what was requested by the Department of Defense as necessary to them, because it will mean jobs for Rhode Islanders and especially to those in the Newport area who are out of jobs.

It will mean some small additional income to the area, and it will help strengthen the War College and the school facilities existing in the area.

Mr. Chairman, I hope the subcommittee and the committee will see fit to go along with this amendment.

Mr. PIKE. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I rise in opposition to the amendment reluctantly, because I certainly do recognize that the State of Rhode Island did, in fact, assume a very major part of the realinements in the Defense Establishment when those were announced some time ago.

I do wish to correct one thing that the gentleman from Rhode Island just stated. I was absolutely shocked last year to find that when the final passage of this same bill came along, the gentleman was not one of those who were supporting it but was one of the 25 Members who opposed it. I just happen to have the Record here, if the gentleman would care to check me on it.

Mr. Chairman, I would also like to state that as to the amount of cuts which were going on in this bill in relation to the State of Rhode Island, it is true that the net cuts in the bill were only $21 million but the gross cuts in this bill were $86.5 million.

So I do not think that the gentleman from Rhode Island or the State of Rhode Island is bearing an unfair proportion of those cuts.

We had some add-ons that we had to make. The Members just heard the add-on of $29 million for Diego Garcia which was transferred from the military construction bill. I voted against that add-on. But the net was there. We had add-ons for deficiency authorizations of $21.5 million.

The gentleman asks that two separate items be added to the bill. The larger item of $971,000 was the 27th item of the bottom percentage in the priorities of the Navy as they were presented to the committee. That was for the alteration to Sims Hall.

As to the public works administration building, the committee rejected that because the Navy had assured us—and they assured us not when the base was closed but when they went to dispose of the excess property—that the disposal would not require any new construction anywhere else. This is new construction somewhere else, in contradiction to what the Navy told us would happen.

Mr. BURKE of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. PIKE. I yield to the gentleman from Massachusetts.

Mr. BURKE of Massachusetts. Mr. Chairman, I would just like to ask the gentleman this: Am I right in assuming that the committee made some more cuts in Rhode Island in this bill?

Mr. PIKE. The gentleman is correct.

Mr. BURKE of Massachusetts. In addition to the meat ax cuts which were exercised a few years ago?

Mr. PIKE. We put $2.5 million in for Rhode Island in this bill, and there is $1.6 million taken out in this bill.

Mr. BURKE of Massachusetts. What did the committee do to Massachusetts this year?

Mr. PIKE. Mr. Chairman, I cannot answer overall; the only thing that jumps to my mind is an addition to the bill in the Reserve program for Massachusetts. I cannot give the gentleman the overall figure for the whole State because, honestly, when I look at these bills when we are marking them up, I look at them by bases.

If the gentleman wants to ask me what we have done for the First Congressional District in the State of New York, I would be able to tell him. The answer is that there is not a dime in the bill for that district, which is my own congressional district.

Mr. BURKE of Massachusetts. Mr. Chairman, if the gentleman will yield further, I just want to make sure that we do not exercise any more cuts in facilities for the State of Massachusetts. If more cuts were made, it would be a tragedy after the meat-ax cuts that were exercised a little over a year ago.

Mr. PIKE. Let us not confuse the action of the Department of Defense in closing the bases with the actions——

Mr. BURKE of Massachusetts. The Committee on Armed Services would not give us any hearing. We had to go over to the other branch and get hearings.

Mr. PIKE. Mr. Chairman, I decline to yield any more at this point.

It may have escaped the attention of the gentleman from Massachusetts but, honestly, I am not the chairman of the Committee on Armed Services, and I do not always vote the strict party line, as far as the Committee on Armed Services is concerned.

The CHAIRMAN. The time of the gentleman has expired.

(On request of Mr. St Germain, and by unanimous consent, Mr. Pike was allowed to proceed for 30 additional seconds.)

Mr. ST GERMAIN. If the gentleman would yield, I would say to the gentleman from New York that I appreciate the gentleman's staff correcting me about my vote last year. And my memory was vague on that one, because last year I must admit that my glands were pumping very, very heavily, and my emotions were very, very high. Frankly, in that respect, that is not the way to act. I assure the gentleman that, no matter what the results are on this amendment, I shall vote for the bill.

Mr. PIKE. Mr. Chairman, I want to say to the gentleman from Rhode Island that I have a great deal of sympathy for the gentleman's position.

Mr. TIERNAN. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. TIERNAN. Mr. Chairman, I think that my colleague has clearly indicated that this was a request by the Navy Department; it is not an add-on, as the previous amendment was. I would like to point out to the chairman of the subcommittee and the chairman of the full committee that I supported the add-on just passed. My colleague and I voted in support of that add-on when it was in the military authorization bill.

So it is not just a question of consistently voting for or voting against, because, as the chairman of the subcommittee just admitted, he himself voted against that add-on that was supported by most of the Members of the House today, and was supported on April 4 in the general Defense Department authorization.

What we are asking the Members to support today is the amendment offered by my colleague, the gentleman from Rhode Island (Mr. St Germain), that the Navy's request be honored by this committee. As the gentleman has pointed out, we feel that the testimony presented to the subcommittee members by the Department of Defense was not adequate because in their testimony they stated that the $971,000 facility was for the use of the Navy War College alone, when in fact it is used for the support of the entire fleet in war games, and also in the training all of the line officers for service throughout the world in support of the naval operations.

So I urge my colleagues to support the amendment. It is a small amount; it is $1.6 million. I think this is a cut that is not necessary. I hope that the Members will support this amendment today.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Rhode Island (Mr. St Germain).

The question was taken; and on a division (demanded by Mr. St Germain) there were—ayes 15, noes 26.

So the amendment was rejected.

Mr. CARNEY of Ohio. Mr. Chairman, I move to strike the last word.

Mr. Chairman, as a sign of protest, I am going to regretfully vote against this bill. I realize that we need a strong military defense. I realize that there is much good in this bill, but I think we have to start rearranging our priorities.

I come from a district which is a steel mill district, the heart of America, the Ruhr of America. It will take about $150 million in my district to take care of water pollution, probably another $100 million to take care of air pollution. The plants in my district are older plants, they are marginal, standby plants, and the EPA is on our necks, quoting the rules and regulations and laws that this Congress passed which require the steel industry to install up-to-date air pollution facilities and up-to-date water pollution facilities.

The steel company officials in my district are saying we just cannot afford it and make a profit. There is no money coming from Government. The chances are that thousands of Americans in my district will be forced out of work.

One thing we have in here is $1,059,000 for pollution abatement outside of the United States. There is $400 million for water pollution abatement, one probably in a populated area, which may be necessary. But it just does not make sense to me, to spend this money somewhere else when I think of our own taxpayers, our own people.

I heard the very fine argument about the island of Diego Garcia, the little spot out in the middle of the Indian Ocean. I do not want to argue with the great naval genius, the gentleman, the captain of the Navy. However, some experts tell us that in case of a war, that little spot will not last 10 minutes. It is out in the middle of nowhere.

Mr. CHARLES H. WILSON of California. Mr. Chairman, will the gentleman yield?

Mr. CARNEY of Ohio. I yield to the gentleman from California.

Mr. CHARLES H. WILSON of California. I thank the gentleman for yielding.

If the gentleman wants to reorder his priorities, this is probably the right bill to reorder them on. He mentioned the figure of $1 billion outside of the United States for disposal services. Actually it is only $4 million. I should not really say only $4 million. That is a substantial figure, but it is a lot different than $1 billion-plus, and I think the gentleman should be corrected on his figures.

Mr. CARNEY of Ohio. No. On pollution abatement the committee approved $1,059,000 for one air pollution abatement facility located outside of the United States—just one. $1 million for one.

Mr. CHARLES H. WILSON of California. It was not $1 billion.

Mr. CARNEY of Ohio. And $4 million for the water pollution.

Mr. CHARLES H. WILSON of California. The gentleman has his billions and millions mixed up.

Mr. CARNEY of Ohio. We have talked about billions of dollars around here so much, it is easy to do. I do know one thing: Whenever there is something on this floor for the American people, if we want to feed school kids lunches, if we want to provide safety for American workers, if we want to give housing to people, that side is lined up. I do not see my friend, the gentleman from Iowa, here, the great man on economy. What is the matter? I do not see the gentleman from California (Mr. Rousselot) who does not think we should spend 10 cents on an American. But now when these things come up, billions of dollars for war, we are not patriotic unless we vote for them. We are unpatriotic if we want to raise a question about it.

There he is, Mr. Rousselot. Why does he not get up here and let us talk about some of these billions of dollars being thrown away instead of 50 cents for some American? That is what I am talking about.

Mr. Chairman, I am going to vote against this bill, realizing that my vote will be a protest vote.

I want the people of my district to know this, and also I want my steelworkers when they start losing their jobs to know this. We cannot afford the water pollution facilities in these United States, but in this bill alone there are more than $5 million for water pollution and air pollution facilities outside the United States. We had better change our priorities.

Mr. PIKE. Mr. Chairman, I move to strike the last word.

First of all I do want to get some statistics in here as to what we are spending for pollution control and where. We are spending for pollution control, total outside the United States of America, $4 million, and it is not billion, we are spending $4,038,000 for the Navy and $595,000 for the Air Force for a total of $4,633,000—and that is not billion. On the item of $1,059,000,000 that the gentleman referred to, it is an item of $1,059,000 and it is in Guam. It is outside of the continental United States but it is in Guam.

Before the gentleman votes against the bill based on what we are doing for pollution control and air control, I would like to call his attention to the fact that we are spending $7,717,000 in Ohio for air pollution control and $537,000 in Ohio for water pollution control. I think that the pollution control items in this bill are not only justified but they are also rather properly distributed among the States of the United States of America and its possessions.

Mr. JOHN L. BURTON. Mr. Chairman, I move to strike the last word.

I would like to, if I may, ask on my time a couple of questions of the distinguished chairman of the subcommittee. On page 10, under "Naval District, Washington" on line 7 we have for the National Naval Medical Center, Bethesda, Md., $14,943,000. On lines 9 and 10 we have $15,000,000 for the university. Are they same item or two different items?

Mr. PIKE. No; they are two different items. They are not the same.

Mr. JOHN L. BURTON. Mr. Chairman, can the gentleman tell me what is the relationship between the two?

Mr. PIKE. Yes. The first item is for improvement and modernization of the existing Naval Hospital at Bethesda and the second is for preliminary planning and beginning of the new school for the training of medical officers for the services.

Mr. JOHN L. BURTON. Then the $15 million would be only preliminary because this is to train more military doctors, I believe.

Mr. PIKE. It is only the beginning of the project and what the total amount of the project will be, I do not think I can tell the gentleman at this time.

Mr. JOHN L. BURTON. That was my concern, because I did not feel that $15 million would be enough for such a worthy project.

Mr. PIKE. $15 million, I guarantee, will not be enough to build a new medical university.

Mr. JOHN L. BURTON. So this would really just be the beginning for us?

Mr. PIKE. That is correct.

Mr. JOHN L. BURTON. I thank the gentleman very much.

The CHAIRMAN. The clerk will read.

The Clerk read as follows:

TITLE III

Sec. 301. The Secretary of the Air Force may establish or develop military installations and facilities by acquiring, constructing, converting, rehabilitating, or installing permanent or temporary public works, including land acquisition, site preparation, appurtenances, utilities, and equipment, for the following acquisition and construction:

Inside the United States

AEROSPACE DEFENSE COMMAND

Peterson Field, Colorado Springs, Colorado, $5,426,000.

Tyndall Air Force Base, Panama City, Florida, $2,775,000.

AIR FORCE COMMUNICATIONS SERVICE

Richards-Gebaur Air Force Base, Grandview, Missouri, $805,000.

AIR FORCE LOGISTICS COMMAND

Hill Air Force Base, Ogden, Utah, $11,894,000.

Kelly Air Force Base, San Antonio, Texas, $4,079,000.

McClellan Air Force Base, Sacramento, California, $7,017,000.

Newark Air Force Station, Newark, Ohio, $1,977,000.

Robins Air Force Base, Warner Robins, Georgia, $792,000.

Tinker Air Force Base, Oklahoma City, Oklahoma, $9,839,000.

Wright-Patterson Air Force Base, Dayton, Ohio, $10,371,000.

AIR FORCE SYSTEMS COMMAND

Arnold Engineering Development Center, Tullahoma, Tennessee, $48,240,000.

Edwards Air Force Base, Muroc, California, $1,198,000.

Eglin Air Force Base, Valparaiso, Florida, $10,475,000.

Kirtland Air Force Base, Albuquerque, New Mexico, $232,000.

Patrick Air Force Base, Cocoa, Florida, $642,000.

Satellite Tracking Facilities, $832,000.

AIR TRAINING COMMAND

Chanute Air Force Base, Rantoul, Illinois, $6,267,000.

Columbus Air Force Base, Columbus, Mississippi, $169,000.

Keesler Air Force Base, Biloxi, Mississippi, $7,297,000.

Laughlin Air Force Base, Del Rio, Texas, $298,000.

Lowry Air Force Base, Denver, Colorado, $7,885,000.

Mather Air Force Base, Sacramento, California, $2,143,000.

Randolph Air Force Base, San Antonio, Texas, $790,000.

Reese Air Force Base, Lubbock, Texas, $836,000.

Sheppard Air Force Base, Wichita Falls, Texas, $8,631,000.

Vance Air Force Base, Enid, Oklahoma, $1,998,000.

Webb Air Force Base, Big Spring, Texas, $776,000.

Williams Air Force Base, Chandler, Arizona, $536,000.

AIR UNIVERSITY

Maxwell Air Force Base, Montgomery, Alabama, $3,753,000.

ALASKAN AIR COMMAND

Eielson Air Force Base, Fairbanks, Alaska, $310,000.

Various Locations, $14,962,000.

HEADQUARTERS COMMAND

Andrews Air Force Base, Camp Springs, Maryland, $5,929,000.

Bolling Air Force Base, Washington, District of Columbia, $3,155,000.

MILITARY AIRLIFT COMMAND

Dover Air Force Base, Dover, Delaware, $1,373,000.

McGuire Air Force Base, Wrightstown, New Jersey, $408,000.

Scott Air Force Base, Belleville, Illinois, $5,451,000.

Travis Air Force Base, Fairchild, California, $8,800,000.

PACIFIC AIR FORCES

Hickam Air Force Base, Honolulu, Hawaii, $10,959,000.

STRATEGIC AIR COMMAND

Barksdale Air Force Base, Shreveport, Louisiana, $641,000.

Blytheville Air Force Base, Blytheville, Arkansas, $675,000.

Davis-Monthan Air Force Base, Tucson, Arizona, $3,009,000.

Ellsworth Air Force Base, Rapid City, South Dakota, $10,105,000.

Griffiss Air Force Base, Rome, New York, $1,774,000.

Grissom Air Force Base, Peru, Indiana, $323,000.

K. I. Sawyer Air Force Base, Marquette, Michigan, $7,050,000.

Kincheloe Air Force Base, Kinross, Michigan, $835,000.

Malmstrom Air Force Base, Great Falls, Montana, $3,740,000.

McConnell Air Force Base, Wichita, Kansas, $3,038,000.

Minot Air Force Base, Minot, North Dakota, $238,000.

Offutt Air Force Base, Omaha, Nebraska, $5,595,000.

Pease Air Force Base, Portsmouth, New Hampshire, $115,000.

Plattsburgh Air Force Base, Plattsburgh, New York, $882,000.

Whiteman Air Force Base, Knob Noster, Missouri, $6,692,000.

TACTICAL AIR COMMAND

Cannon Air Force Base, Clovis, New Mexico, $883,000.

George Air Force Base, Victorville, California, $3,846,000.

Holloman Air Force Base, Alamogordo, New Mexico, $1,565,000.

Langley Air Force Base, Hampton, Virginia, $3,056,000.

Little Rock Air Force Base, Little Rock, Arkansas, $5,141,000.

Myrtle Beach Air Force Base, Myrtle Beach, South Carolina, $300,000.

Nellis Air Force Base, Las Vegas, Nevada, $6,495,000.

Pope Air Force Base, Fayetteville, North Carolina, $730,000.

Seymour Johnson Air Force Base, Goldsboro, North Carolina, $3,948,000.

Various Locations, $5,194,000.

POLLUTION ABATEMENT

Various Locations, Air Pollution Abatement, $9,156,000.

Various Locations, Water Pollution Abatement, $13,700,000.

SPECIAL FACILITIES

Various Locations, $9,152,000.

AEROSPACE CORPORATION

Los Angeles, California, $9,000,000.

OUTSIDE THE UNITED STATES

AEROSPACE DEFENSE COMMAND

Various Locations, $138,000.

PACIFIC AIR FORCES

Various Locations, $4,812,000.

UNITED STATES AIR FORCES IN EUROPE

Germany, $280,000.

United Kingdom, $884,000.

Various Locations, $63,081,000.

UNITED STATES AIR FORCE SECURITY SERVICE

Various Locations, $4,135,000.

POLLUTION ABATEMENT

Various Locations, Water Pollution Abatement, $595,000.

SPECIAL FACILITIES

Various Locations, $1,999,000.

SEC. 302. The Secretary of the Air Force may establish or develop classified military installations and facilities by acquiring, constructing, converting, rehabilitating, or installing permanent or temporary public works, including land acquisition, site preparation, appurtenances, utilities and equipment, in the total amount of $8,100,000.

SEC. 303. The Secretary of the Air Force may establish or develop Air Force installations and facilities by proceeding with construction made necessary by changes in Air Force missions and responsibilities which have been occasioned by: (1) unforeseen security considerations, (2) new weapons developments, (3) new and unforeseen research and development requirements, or (4) improved production schedules, if the Secretary of Defense determines that deferal of such construction for inclusion in the next Military Construction Authorization Act would be inconsistent with interests of national security, and in connection therewith to acquire, construct, convert, rehabilitate, or install permanent or temporary public works, including land acquisition, site preparation, appurtenances, utilities, and equipment in the total amount of $10,000,000: *Provided*, That the Secretary of the Air Force, or his designee, shall notify the Committees on Armed Services of the Senate and House of Representatives, immediately upon reaching a final decision to implement, of the cost of construction of any public work undertaken under this section, including those real estate actions pertaining thereto. This authorization will expire upon enactment of the fiscal year 1976 Military Construction Authorization Act, except for those public works projects concerning which the Committees on Armed Services of the Senate and House of Representatives have been notified pursuant to this section prior to that date.

SEC. 304. Not withstanding any other law or regulation to the contrary, the sum of $8,000 is authorized for the purchase and installation of material at the transmission facility of KNTV in San Jose, California, to shield such facility from interferences with its broadest signal caused by operation of the radar facility at Almaden Air Force station in California.

SEC. 305. (a) Section 301 of Public Law 93–166 is amended under the heading "INSIDE THE UNITED STATES" as follows:

(1) Under the subheading "AEROSPACE DEFENSE COMMAND" with respect to Peterson Field, Colorado Springs, Colorado, strike out "$7,843,000" and insert in place thereof "$9,733,000."

(2) Under the subheading "AIR FORCE LOGISTICS COMMAND" with respect to Robins Air Force Base, Warner Robins, Georgia, strike out "$4,628,000" and insert in place thereof "$7,324,000".

(3) Under the subheading "AIR FORCE SYSTEMS COMMAND" with respect to Eglin Air Force Base, Valparaiso, Florida, strike out "$7,039,000" and insert in place thereof "$8,882,000."

(4) Under the subheading "AIR TRAINING COMMAND" with respect to Keesler Air Force Base, Biloxi, Mississippi, strike out "$8,786,000" and insert in place thereof "$10,733,000."

(5) Under the subheading "AIR TRAINING COMMAND" with respect to Lackland Air Force Base, San Antonio, Texas, strike out "$6,509,000" and insert in place thereof "$9,186,000.

(6) Under the subheading "AIR TRAINING COMMAND" with respect to Reese Air Force Base, Lubbock, Texas, strike out "$4,211,000" and insert in place thereof "$6,461,000."

(7) Under the subheading "AIR TRAINING COMMAND" with respect to Vance Air Force Base, Enid, Oklahoma, strike out "$371,000" and insert in place thereof "$895,000."

(8) Under the subheading "MILITARY AIRLIFT COMMAND" with respect to Altus Air Force Base, Altus, Oklahoma, strike out "$1,078,000" and insert in place thereof "$1,440,000."

(9) Under the subheading "STRATEGIC AIR COMMAND" with respect to Francis E. Warren Air Force Base, Cheyenne, Wyoming, strike out "$5,834,000" and insert in place thereof "$8,265,000."

(10) Under the subheading "TACTICAL AIR COMMAND" with respect to Little Rock Air

Force Base, Little Rock, Arkansas, strike out "$1,165,000" and insert in place thereof "$2,200,000."

(b) Public Law 93-166 is further amended by striking out in clause (3) of section 602 "$238,439,000" and "$260,741,000" and inserting in place thereof "$256,094,000" and "$278,396,000", respectively.

Mr. PIKE (during the reading). Mr. Chairman, I ask unanimous consent that title III be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

The CHAIRMAN. Are there amendments to title III? If not, the Clerk will read.

The Clerk read as follows:

TITLE IV

SEC. 401. The Secretary of Defense may establish or develop military installations and facilities by acquiring, constructing, converting, rehabilitating, or installing permanent or temporary public works, including land acquisition, site preparation, appurtenances, utilities and equipment, for defense agencies for the following acquisition and construction:

INSIDE THE UNITED STATES

DEFENSE MAPPING AGENCY

Defense Mapping Agency Aerospace Center (Saint Louis AFS), Saint Louis, Missouri, $2,573,000.

Fort Belvoir, Virginia, $670,000.

DEFENSE SUPPLY AGENCY

Defense Construction Supply Center, Columbus, Ohio, $1,862,000.

Defense Depot, Mechanicsburg, Pennsylvania, $394,000.

Defense Depot, Memphis, Tennessee, $1,399,000.

Defense Depot, Ogden, Utah, $527,000.

Defense Electronics Supply Center, Dayton, Ohio, $572,000.

Defense Industrial Plant Equipment Facility, Atchinson, Kansas, $646,000.

Defense Personnel Support Center, Philadelphia, Pennsylvania, $936,000.

NATIONAL SECURITY AGENCY

Fort George G. Meade, Maryland, $2,363,000.

OUTSIDE THE UNITED STATES

DEFENSE NUCLEAR AGENCY

Johnston Atoll, $1,458,000.

SEC. 402. The Secretary of Defense may establish or develop installations and facilities which he determines to be vital to the security of the United States, and in connection therewith to acquire, construct, convert, rehabilitate, or install permanent or temporary public works, including land acquisition, site preparation, appurtenances, utilities, and equipment in the total amount of $15,000,000: *Provided,* That the Secretary of Defense, or his designee, shall notify the Committees on Armed Services of the Senate and House of Representatives, immediately upon reaching a final decision to implement, of the cost of construction of any public work undertaken under this section, including real estate actions pertaining thereto.

Mr. PIKE (during the reading). Mr. Chairman, I ask unanimous consent that title IV be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

The CHAIRMAN. Are there amendments to title IV? If not, the Clerk will read.

The Clerk read as follows:

TITLE V—MILITARY FAMILY HOUSING AND HOMEOWNERS ASSISTANCE PROGRAM

SEC. 501. The Secretary of Defense, or his designee, is authorized to construct, at the locations hereinafter named, family housing units and mobile home facilities in the numbers hereinafter listed, but no family housing construction shall be commenced at any such locations in the United States, until the Secretary shall have consulted with the Secretary of the Department of Housing and Urban Development, as to the availability of adequate private housing at such locations. If agreement cannot be reached with respect to the availability of adequate private housing at any location, the Secretary of Defense shall immediately notify the Committees on Armed Services of the House of Representatives and the Senate, in writing, of such difference of opinion, and no contract for construction at such location shall be entered into for a period of thirty days after such notification has been given. This authority shall include the authority to acquire land, and interests in land, by gift, purchase, exchange of Government-owned land, or otherwise.

(a) Family housing units—

(1) The Department of the Army, one thousand nine hundred units, $58,614,639:

Fort Stewart/Hunter Army Air Field, Georgia, four hundred units.

Fort Riley, Kansas, one hundred units.

Fort Campbell, Kentucky, one thousand units.

Fort Eustis, Virginia, one hundred units.

United States Army Installations, Atlantic Side, Canal Zone, one hundred units.

United States Army Installations, Pacific Side, Canal Zone, two hundred units.

(2) The Department of the Navy, two thousand and fifty units, $66,049,919:

Naval Complex, San Diego, California, five hundred units.

Naval Complex, Jacksonville, Florida, two hundred units.

Naval Complex, New Orleans, Louisiana, two hundred units.

Marine Corps Air Station, Cherry Point, North Carolina, three hundred units.

Naval Complex, Charleston, South Carolina, three hundred and fifty units.

Naval Complex, Bremerton, Washington, three hundred units.

Naval Complex, Guantanamo Bay, Cuba, two hundred units.

(3) The Department of the Air Force, one thousand four hundred units, $44,653,442.

United States Air Force Installations, Oahu, Hawaii, two hundred units.

Pease Air Force Base, New Hampshire, one hundred units.

Altus Air Force Base, Oklahoma, one hundred units.

Misawa Air Base, Japan, two hundred units.

Kadena Air Base, Okinawa, three hundred units.

Clark Air Base, Philippines, five hundred units.

(b) Mobile home facilities—

(1) The Department of the Army, two hundred and forty spaces, $960,000.

(2) The Department of the Air Force, two hundred spaces, $888,000.

SEC. 502. (a) Authorization for the construction of family housing provided in section 501 of this Act shall be subject, under such regulations as the Secretary of Defense may prescribe, to the following limitations on cost, which shall include shades, screens, ranges, refrigerators, and all other installed equipment and fixtures, the cost of the family unit, and the proportionate costs of land acquisition, site preparation and installation of utilities.

(b) The average unit cost for all units of family housing constructed in the United States (other than Alaska and Hawaii) shall not exceed $30,000 and in no event shall the cost of any unit exceed $46,000.

(c) When family housing units are constructed in areas other than that specified in subsection (b) the average cost of all such units shall not exceed $40,000, and in no event shall the cost of any unit exceed $46,000.

SEC. 503. The Secretary of Defense, or his designee, is authorized to accomplish alterations, additions, expansions or extensions not otherwise authorized by law, to existing public quarters at a cost not to exceed—

(1) for the Department of the Army, $20,000,000.

(2) for the Department of the Navy, $20,000,000.

(3) for the Department of the Air Force, $20,000,000.

SEC. 504. The Secretary of Defense, or his designee, is authorized to construct or otherwise acquire at the locations hereinafter named, family housing units not subject to the limitations on such cost contained in section 502 of this Act. This authority shall include the authority to acquire land, and interests in land, by gift, purchase, exchange of Government-owned land, or otherwise. Total costs shall include shades, screens, ranges, refrigerators, and other installed equipment and fixtures, the cost of the family unit, and the costs of land acquisition, site preparation, and installation of utilities.

(a) Naval Station, Keflavik, Iceland, two hundred units, at a total cost not to exceed $9,600,000.

(b) Two family housing units in Warsaw, Poland, at a total cost not to exceed $120,000. This authority shall be funded by use of excess foreign currency when so provided in Department of Defense Appropriation Acts.

SEC. 505. The Secretary of Defense, or his designee, is authorized to accomplish repairs and improvements to existing public quarters in amounts in excess of the $15,000 limitation prescribed in section 610(a) of Public Law 90-110, as amended (81 Stat. 279, 305), as follows:

Fort McNair, Washington, District of Columbia, five units, $175,500.

Fort Sam Houston, Texas, one hundred forty units, $2,352,800.

SEC. 506. (a) Section 515 of Public Law 84-161 (69 Stat. 324, 352), as amended, is further amended by (1) striking out "1974 and 1975" and inserting in lieu thereof "1975 and 1976", and (2) revising the third sentence to read as follows: "Expenditures for the rental of such housing facilities, including the cost of utilities and maintenance and operation, may not exceed: For the United States (other than Alaska and Hawaii), Puerto Rico, and Guam an average of $235 per month for each military department or the amount of $310 per month for any one unit; and for Alaska and Hawaii, an average of $295 per month for each military department, or the amount of $365 per month for any one unit."

(b) Section 507(b) of Public Law 93-166 (87 Stat. 661, 676) is amended by striking out "$325", and "seven thousand five hundred", and inserting in lieu thereof "$355" and "twelve thousand", respectively.

SEC. 507. There is authorized to be appropriated for use by the Secretary of Defense, or his designee, for military family housing and homeowners assistance as authorized by law for the following purposes:

(1) for construction and acquisition of family housing, including improvements to public quarters, minor construction, relocation of family housing rental guarantee payments, construction and acquisition of mobile home facilities, and planning, an amount not to exceed $245,366,000;

(2) for support of military family housing, including operating expenses, leasing, maintenance of real property, payments of principal and interest on mortgage debts incurred, payment to the Commodity Credit Corporation, and mortgage insurance premiums authorized under section 222 of the National Housing Act, as amended (12 U.S.C. 1715m), an amount not to exceed $935,515,000; and

(3) for homeowners assistance under section 1013 of Public Law 89–754 (80 Stat. 1255, 1290), including acquisition of properties, an amount not to exceed $5,000,000.

Mr. PIKE (during the reading). Mr. Chairman, I ask unanimous consent that title V be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

The CHAIRMAN. Are there amendments to title V? If not, the Clerk will read.

The Clerk read as follows:

TITLE VI

GENERAL PROVISIONS

SEC. 601. The Secretary of each military department may proceed to establish or develop installations and facilities under this Act without regard to section 3648 of the Revised Statutes, as amended (31 U.S.C. 529), and sections 4774 and 9774 of title 10, United States Code. The authority to place permanent or temporary improvements on land includes authority for surveys, administration, overhead, planning, and supervision incident to construction. That authority may be exercised before title to the land is approved under section 355 of the Revised Statutes, as amended (40 U.S.C. 255), and even though the land is held temporarily. The authority to acquire real estate or land includes authority to make surveys and to acquire land, and interests in land (including temporary use), by gift, purchase, exchange of Government-owned land, or otherwise.

SEC. 602. There are authorized to be appropriated such sums as may be necessary for the purposes of this Act, but appropriations for public works projects authorized by titles I, II, III, IV, and V, shall not exceed—

(1) for title I: Inside the United States $490,555,000; outside the United States, $121,098,000; or a total of $611,653,000.

(2) for title II: Inside the United States, $490,542,000; outside the United States, $55,331,000; or a total of $545,873,000.

(3) for title III: Inside the United States, $317,203,000; outside the United States, $75,924,000; section 302, $8,100,000; or a total of $401,227,000.

(4) for title IV: A total of $28,400,000.

(5) for title V: Military family housing and homeowners assistance, $1,185,881,000.

SEC. 603. (a) Except as provided in subsections (b) and (e), any of the amounts specified in titles I, II, III, and IV of this Act, may, in the discretion of the Secretary concerned, be increased by 5 per centum when inside the United States (other than Hawaii and Alaska), and by 10 per centum when outside the United States or in Hawaii and Alaska, if he determines that such increase (1) is required for the sole purpose of meeting unusual variations in cost, and (2) could not have been reasonably anticipated at the time such estimate was submitted to the Congress. However, the total cost of all construction and acquisition in each such title may not exceed the total amount authorized to be appropriated in that title.

(b) When the amount named for any construction or acquisition in title I, II, III, or IV of this Act involves only one project at any military installation and the Secretary of Defense, or his designee, determines that the amount authorized must be increased by more than the applicable percentage prescribed in subsection (a), the Secretary concerned may proceed with such construction or acquisition if the amount of the increase does not exceed by more than 25 per centum the amount named for such project by the Congress.

(c) Subject to the limitations contained in subsection (a), no individual project authorized under title I, II, III, or IV of this Act for any specifically listed military installation may be placed under contract if—

(1) the estimated cost of such project is $250,000 or more, and

(2) the current working estimate of the Department of Defense, based upon bids received, for the construction of such project exceeds by more than 25 per centum the amount authorized for such project by the Congress, until after the expiration of thirty days from the date on which a written report of the facts relating to the increased cost of such project, including a statement of the reasons for such increase has been submitted to the Committees on Armed Services of the House of Representatives and the Senate.

(d) The Secretary of Defense shall submit an annual report to the Congress identifying each individual project which has been placed under contract in the preceding twelve-month period and with respect to which the then current working estimate of the Department of Defense based upon bids received for such project exceeded the amount authorized by the Congress for that project by more than 25 per centum. The Secretary shall also include in such report each individual project with respect to which the scope was reduced in order to permit contract award within the available authorization for such project. Such report shall include all pertinent cost information for each individual project, including the amount in dollars and percentage by which the current working estimate based on the contract price for the project exceeded the amount authorized for such project by the Congress.

SEC. 604. Contracts for construction made by the United States for performance within the United States and its possessions under this Act shall be executed under the jurisdiction and supervision of the Corps of Engineers, Department of the Army, or the Naval Facilities Command, Department of the Navy, or such other department or Government agency as the Secretaries of the military departments recommend and the Secretary of Defense approves to assure the most efficient, expeditious, and cost-effective accomplishment of the construction herein authorized. The Secretaries of the military departments shall report annually to the President of the Senate and the Speaker of the House of Representatives a breakdown of the dollar value of construction contracts completed by each of the several construction agencies selected together with the design, construction supervision, and overhead fees charged by each of the several agents in the execution of the assigned construction. Further such contracts (except architect and engineering contracts which, unless specifically authorized by the Congress shall continue to be awarded in accordance with presently established procedures, customs, and practice) shall be awarded, insofar as practicable, on a competitive basis to the lowest responsible bidder, if the national security will not be impaired and the award is consistent with chapter 137 of title 10, United States Code. The Secretaries of the military departments shall report annually to the President of the Senate and the Speaker of the House of Representatives with respect to all contracts awarded on other than a competitive basis to the lowest responsible bidder.

SEC. 605. As of October 1, 1975, all authorizations for military public works including family housing, to be accomplished by the Secretary of a military department in connection with the establishment or development of military installations and facilities, and all authorizations for appropriations therefor, that are contained in titles I, II, III, IV, and V of the Act of November 29, 1973, Public Law 93–166 (87 Stat. 661), and all such authorizations contained in Acts approved before November 30, 1973, and not superseded or otherwise modified by a later authorization are repealed except—

(1) authorizations for public works and for appropriations therefor that are set forth in those Acts in the titles that contain the general provisions;

(2) authorizations for public works projects as to which appropriated funds have been obligated for construction contracts, land acquisition, or payments to the North Atlantic Treaty Organization, in whole or in part before October 1, 1975, and authorizations for appropriations therefor;

(3) notwithstanding the repeal provisions of section 605 of the Act of November 29, 1973, Public Law 93–166, 87 Stat. 661, 681), authorizations for the following items which shall remain in effect until October 1, 1976:

(a) Sanitary sewer connection in the amount of $2,200,000 at Fort Belvoir, Virginia, that is contained in title I, section 101 of the Act of October 26, 1970 (84 Stat. 1204), as amended and extended in section 705(a)(3)(A) of the Act of October 25, 1972 (86 Stat. 1153).

(b) Cold storage warehouse construction in the amount of $1,215,000 at Fort Dix, New Jersey, that is contained in title I, section 101 of the Act of October 25, 1972 (86 Stat. 1135), as amended.

(c) Enlisted men's barracks complex construction in the amount of $12,160,000 at Fort Knox, Kentucky, that is contained in title I, section 101 of the Act of October 25, 1972 (86 Stat. 1135), as amended.

(d) Enlisted women's barracks construction in the amount of $245,000 and bachelor officer's quarters construction in the amount of $803,000 at Fort Lee, Virginia, that is contained in title I, section 101 of the Act of October 25, 1972 (86 Stat. 1135), as amended.

(e) Chapel center construction in the amount of $1,088,000 at Fort Benjamin Harrison, Indiana, that is contained in title I, section 101 of the Act of October 25, 1972 (86 Stat. 1135), as amended.

(f) Enlisted men's barracks construction in the amount of $7,996,000 at Ford Ord, California, that is contained in title I, section 101 of the Act of October 25, 1972 (86 Stat. 1135), as amended.

(g) Enlisted men's barracks and mess construction in the amount of $699,000 at Sierra Army Depot, California, that is contained in title I, section 101 of the Act of October 25, 1972 (86 Stat. 1136), as amended.

(h) Test facilities Solid State Radar in the amount of $7,600,000 at Kwajalein National Missile Range, Kwajalein, that is contained in title I, section 101 of the Act of October 25, 1972 (86 Stat. 1137).

(i) Land acquisition in the amount of $10,000,000 for the Naval Ammunition Depot, Oahu, Hawaii, that is contained in title II, section 201 of the Act of October 25, 1972 (86 Stat. 1140).

(j) Message center addition, aircraft fire and crash station, aircraft maintenance hanger shops, bachelor enlisted quarters, mess hall, bachelor officers' quarters, exchange and recreation building, and utilities construction in the amounts of $110,000; $199,000; $837,000; $1,745,000; $377,000, $829,000; $419,000; and $792,000 respectively for the Naval Detachment, Souda Bay, Crete, Greece that is contained in title II, section 201 of the Act of October 25, 1972 (86 Stat. 1141).

(k) Authorization for exchange of lands in support of the Air Installation Compatible Use Zones at Various Locations in the amount of $12,000,000 that is contained in title III, section 301 of the Act of October 25, 1972 (86 Stat. 1145), as amended.

(4) Notwithstanding the repeal provisions of section 705(b) of the Act of October 25, 1972, Public Law 92-545 (86 Stat. 1135, 1153), as modified by section 605(3) of the Act of November 29, 1973, Public Law 93-166 (87 Stat. 661, 681), the authorization to construct 600 family housing units at Naval Complex, Norfolk, Virginia, contained in title V, section 501(b) of the Act of October 25, 1972 (86 Stat. 1148) shall remain in effect until October 1, 1975.

SEC. 606. None of the authority contained in titles I, II, III, and IV of this Act shall be deemed to authorize any building construction projects inside the United States in excess of a unit cost to be determined in proportion to the appropriate area construction cost index, based on the following unit cost limitations where the area construction index is 1.0:

(1) $28.50 per square foot for permanent barracks;

(2) $30.50 per square foot for bachelor officer quarters;

unless the Secretary of Defense, or his designee, determines that because of special circumstances, application to such project of the limitations on unit costs contained in this section is impracticable: *Provided*, That, notwithstanding the limitations contained in prior military construction authorization Acts on unit costs, the limitations on such costs contained in this section shall apply to all prior authorization for such construction not heretofore repealed and for which construction contracts have not been awarded by the date of enactment of this Act.

SEC. 607. Section 612 of Public Law 89-568 (80 Stat. 756, 757), is amended by deleting the figure $150,000 wherever it appears and inserting in lieu thereof $225,000.

SEC. 608. Notwithstanding any other provisions of law, proceeds from the sale of recycleable material shall be credited first, to the cost of collection, handling and sale of the material including purchasing of equipment to be used for recycling purposes and second, to projects for environmental improvement and energy conservation at camps, posts, and bases establishing recycling programs in accordance with regulations approved by the Secretary of Defense. The amount expended for environmental improvement and energy conservation projects shall not exceed $50,000 per installation per annum. Any balance shall be returned to the Treasury as miscellaneous receipts. The Secretary of each military department shall make an annual report to Congress on the operation of the program.

SEC. 609. (a) The Secretary of the Navy, or his designee, is authorized to convey to the Gulf Coast Council, Boy Scouts of America, for fair market value and subject to such terms and conditions as shall be determined by the Secretary of the Navy, or his designee, to be necessary to protect the interests of the United States, all right, title, and interest of the United States of America, other than mineral rights including gas and oil which shall be reserved to the United States, in and to a certain parcel of land containing 12.46 acres, more or less, situated in Escambia County, Florida, being a part of the Naval Education and Training Program Development Center, Ellyson, Florida, more particularly described as follows:

Commence at the southeast property corner of Naval Education and Training Program Development Center (NETPDC), formerly Naval Air Station, Ellyson,

thence north 3 degrees 55 minutes west along the east boundary of NETPDC a distance of 725.8 feet more or less to the point of beginning; from said point of beginning, continue north 3 degrees 55 minutes west along the east boundary of NETPDC a distance of 829.1 feet more or less to a point,

thence north 0 degrees 27 minutes west along the east boundary of NETPDC a distance of 623.3 feet more or less to a point,

thence south 45 degrees 25 minutes east a distance of 304.8 feet more or less to a point,

thence south 87 degrees 48 minutes east a distance of 40.5 feet more or less to a point,

thence south 0 degree 25 minutes west a distance of 38.1 feet more or less to a point,

thence south 45 degrees 25 minutes east a distance of 139.8 feet more or less to a point,

thence south 87 degrees 00 minutes east a distance of 24.6 feet more or less to a point,

thence south 24 degrees 12 minutes west a distance of 17.4 feet more or less to a point,

thence south 45 degrees 25 minutes east a distance of 536.6 feet more or less to a point,

thence south 44 degrees 35 minutes west a distance of 990.1 feet more or less to the point of beginning, containing 12.46 acres more or less.

(b) All expenses for surveys and the preparation and execution of legal documents necessary or appropriate to carry out the foregoing provisions shall be borne by the Gulf Coast Council, Boy Scouts of America.

SEC. 610. (a) The Secretary of Defense is authorized and directed to assist counties and communities located near the Trident Support Site Bangor, Washington, in meeting the costs of providing increased municipal services and facilities to the residents of such areas, if the Secretary determines that there is a substantial increase in the need for such services and facilities as a direct result of work being carried out in connection with the construction, installation, testing, and operation of the Trident Weapon System and that an excessive financial burden will be incurred by such governmental entities as a result of the increased need for such services and facilities.

(b) The Secretary of Defense shall carry out the provisions of this section through existing Federal programs. The Secretary is authorized to supplement funds made available under such Federal programs to the extent necessary to carry out the provisions of this section, and is authorized to provide financial assistance to governmental entities described in subsection (a) of this section to help such entities pay their share of the costs under such programs. The heads of all departments and agencies concerned shall cooperate fully with the Secretary of Defense in carrying out the provisions of this section on a priority basis.

(c) In determining the amount of financial assistance to be made available under this section for any service or facility, the Secretary of Defense shall consult with the head of the department or agency of the Federal Government concerned with the type of service or facility for which financial assistance is being made available and shall take into consideration (1) the time lag between the initial impact of increased population in any area and any increase in the local tax base which will result from such increased population, (2) the possible temporary nature of the increased population and the long-range cost impact on the permanent residents of any such area and (3) such other pertinent factors as the Secretary of Defense deems appropriate.

SEC. 611. Section 2662 of title 10, United States Code, is amended by adding at the end of subsection (a) a new paragraph:

"(6) Any termination or modification by either the grantor or grantee of an existing license or permit of real property owned by the United States to a military department, under which substantial investment have been or are proposed to be made in connection with the use of the property by the military department."

SEC. 612. (a) The Secretary of the Army, or his designee, is authorized and directed to convey by quitclaim deed to the State of Louisiana all right, title, and interest of the United States in and to that certain real property located in Saint Tammany Parish, Louisiana, containing one thousand seven hundred and ten acres, more or less, known as Camp Villere, being the same property presently under license to the State for National Guard use, and known as Audited Installation Numbered 22975 in the files of the Office of the District Engineer, Corps of Engineers, Fort Worth District.

(b) The conveyance required to be made pursuant to paragraph (a) shall be made without monetary compensation but shall be in consideration of, and subject to, the following terms and conditions:

(1) The conveyed property shall be used primarily for the training of the Louisiana National Guard and for other military purposes of the Louisiana National Guard.

(2) Any revenue derived by the State from any other uses of the property shall be used for the maintenance and improvement of the property or be shared with the United States as prescribed by the Secretary. The State shall maintain such records and furnish such reports with respect to such revenue as are prescribed by the Secretary.

(3) The State shall protect the timber, water resources, gravel, sand, soil mineral deposits, and other natural resources of the conveyed property in accordance with sound conservation practices and to the satisfaction of the Secretary.

(4) In time of war or national emergency declared by the Congress, or national emergency hereafter proclaimed by the President, and upon a determination by the Secretary of Defense that the conveyed property, or any part thereof, is useful or necessary for national defense and security, the Secretary, on behalf of the United States, shall have the right to enter upon and use such property, or any part thereof (including any and all improvements made thereon by the State), for a period not to exceed the duration of such war or emergency plus six months. Upon termination of such use, the property shall revert to the State, together with all improvements placed thereon by the United States, and be subject to the terms, conditions, and limitations on its use and disposition which apply without regard to this paragraph. The use of the property by the United States pursuant to this paragraph shall be without obligation or payment on the part of the United States, except that the United States, if required by the State, shall pay the fair market rental value for the use of any improvements on the property which are constructed with State funds and, upon completion of such use, will restore any such improvements to the same condition as that existing at the time of initial occupancy by the United States under this paragraph. At the option of the Secretary, cash payment may be made by the United States in lieu of such restoration; except that the value of any improvements erected by the United States during its occupancy and left on the property shall be offset against the obligation of the United States to restore improvements constructed with State funds.

(5) There shall be reserved from the conveyance such easements and right-of-way for roads, water flowage, soil disposal, waterlines, sewerlines, communications wires, powerlines, and other purposes, as the Secretary considers necessary or convenient for the operations, activities, and functions of the United States.

(6) All mineral rights with respect to the conveyed property, including gas and oil, shall be reserved to the United States, together with the right to permit such reasonable exploration and mining operations as

will not interfere with the primary use of the property.

(7) Such other terms and conditions as the Secretary may deem necessary to protect the interests of the United States.

(c) Upon a finding by the Secretary that the State is violating or failing to comply with any term or condition imposed by subparagraph (1), (2), or (3) of paragraph (b) of this section, the Secretary is authorized immediately to reenter and take possession of the property described in paragraph (a), whereupon title to such property shall revert to the United States and control thereover may be asserted by the Secretary without any further act or legal proceeding whatsoever. Any improvements, fixtures, and buildings placed on the property by the State during its period of use shall become the property of the United States without payment of compensation therefor.

(d) (1) Any surveying and related costs incurred incident to the carrying out of this section shall be borne by the State.

(2) Appropriate provisions to implement the terms and conditions of this Act shall be included in the instrument of conveyance.

SEC. 613. Titles I, II, III, IV, V, and VI, of this Act may be cited as the "Military Construction Authorization Act, 1975".

Mr. PIKE (during the reading). Mr. Chairman, I ask unanimous consent that title VI be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

COMMITTEE AMENDMENT

The CHAIRMAN. The Clerk will report the committee amendment.

The Clerk read as follows:

Committee amendment: On page 37, line 18, strike out the figure "$545,813,000" and substitute the figure "$545,873,000".

The committee amendment was agreed to.

The CHAIRMAN. Are there further amendments to title VI? If not, the Clerk will read.

The Clerk read as follows:

TITLE VII

RESERVE FORCES FACILITIES

SEC. 701. Subject to chapter 133 of title 10, United States Code, the Secretary of Defense may establish or develop additional facilities for the Reserve Forces, including the acquisition of land therefor, but the cost of such facilities shall not exceed—

(1) For the Department of the Army:

(a) Army National Guard of the United States, $53,800,000.

(b) Army Reserve, $38,600,000.

(2) For the Department of the Navy: Naval and Marine Corps Reserves, $19,867,000.

(3) For the Department of the Air Force:

(a) Air National Guard of the United States, $26,000,000.

(b) Air Force Reserve, $14,000,000.

SEC. 702. The Secretary of Defense may establish or develop installations and facilities under this title without regard to section 3648 of the Revised Statutes, as amended (31 U.S.C. 529), and sections 4774 and 9774 of title 10, United States Code. The authority to place permanent or temporary improvements on lands includes authority for surveys, administration, overhead, planning, and supervision incident to construction. That authority may be exercised before title to the land is approved under section 355 of the Revised Statutes, as amended (40 U.S.C. 255), and even though the land is held temporarily. The authority to acquire real estate or land includes authority to make surveys and to acquire land, and interests in land (including temporary use), by gift, purchase, exchange of Government-owned land, or otherwise.

SEC. 703. Chapter 133, title 10, United States Code, as amended, is further amended by striking out the figure "$50,000" in paragraph (1) of section 2233a, Limitation, and inserting the figure "$100,000" in place thereof.

SEC. 704. This title may be cited as the "Reserve Forces Facilities Authorization Act, 1975".

Mr. PIKE (during the reading). Mr. Chairman, I ask unanimous consent that title VII be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there any objection to the request of the gentleman from New York?

There was no objection.

The CHAIRMAN. Are there amendments to title VII? If not, under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. STEED, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 16136) to authorize certain construction at military installations, and for other purposes, pursuant to House Resolution 1297, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the amendments.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mr. PIKE. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 322, nays 30, not voting 82, as follows:

[Roll No. 472]

YEAS—322

Abdnor
Adams
Alexander
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Arends
Ashbrook
Ashley
Aspin
Bafalis
Barrett
Bauman
Beard
Bell
Bennett
Bergland
Bevill
Biester
Blackburn
Boggs
Boland
Bolling
Brademas
Bray
Breckinridge
Brinkley
Brooks
Broomfield
Brotzman
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill, N.C.
Broyhill, Va.
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Butler
Byron
Camp
Carter
Casey, Tex.
Chamberlain
Chappell
Clancy
Clark
Clausen, Don H.
Cleveland
Cochran
Cohen
Collier
Collins, Ill.
Collins, Tex.
Conable
Conlan
Conte
Corman
Cotter
Coughlin
Crane
Cronin
Daniel, Dan
Daniel, Robert W., Jr.
Daniels, Dominick V.
Danielson
Davis, S.C.
Davis, Wis.
Delaney
Dellenback
Denholm
Dennis
Dent
Derwinski
Devine
Dickinson
Dingell
Dorn
Downing
Duncan
du Pont
Eckhardt
Edwards, Ala.
Eilberg
Erlenborn
Eshleman
Evans, Colo.
Evins, Tenn.
Fascell
Findley
Fish
Fisher
Flood
Flowers
Foley
Ford
Forsythe
Fountain
Frelinghuysen
Frey
Froehlich
Gaydos
Gettys
Giaimo
Gilman
Ginn
Goldwater
Gonzalez
Green, Pa.
Gross
Grover
Gude
Gunter
Guyer
Haley
Hamilton
Hammerschmidt
Hanley
Hanna
Hanrahan
Hastings
Hébert
Heckler, Mass.
Heinz
Henderson
Hicks
Hillis
Hinshaw
Holt
Horton
Hosmer
Howard
Huber
Hudnut
Hungate
Hunt
Hutchinson
Ichord
Jarman
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Karth
Kazen
Kemp
Ketchum
King
Kluczynski
Koch
Kuykendall
Lagomarsino
Latta
Leggett
Lehman
Litton
Long, La.
Long, Md.
Lujan
McClory
McCloskey
McCollister
McCormack
McDade
McEwen
McFall
McKinney
Macdonald
Madden
Madigan
Mahon
Mann
Martin, Nebr.
Martin, N.C.
Mathias, Calif.
Mathis, Ga.
Matsunaga
Mayne
Mazzoli
Meeds
Mezvinsky
Michel
Minish
Mink
Mitchell, N.Y.
Mizell
Moakley
Mollohan
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Moss
Murtha
Myers
Natcher
Nedzi
Nelsen
Nichols
Nix
Obey
O'Hara
O'Neill
Parris
Passman
Patman
Patten
Perkins
Pettis
Peyser
Pickle
Pike
Poage
Preyer
Price, Ill.
Price, Tex.
Quillen
Railsback
Randall
Regula
Reuss
Rhodes
Riegle
Rinaldo
Roberts
Robinson, Va.
Robison, N.Y.
Rodino
Roe
Rogers
Roncalio, Wyo.
Roncallo, N.Y.
Rooney, Pa.
Rose
Rostenkowski
Roush
Rousselot
Roy
Runnels
Ruppe
Ruth
St Germain
Sandman
Sarasin
Sarbanes
Satterfield
Schroeder
Sebelius
Seiberling
Shipley
Shoup
Shriver
Shuster
Sikes
Sisk
Skubitz
Slack
Smith, Iowa
Smith, N.Y.
Spence
Staggers
Stanton, J. William
Steed
Steele
Steelman
Steiger, Ariz.
Steiger, Wis.
Stratton
Stubblefield
Studds
Sullivan
Symington
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Thomson, Wis.
Thornton
Tiernan
Towell, Nev.
Traxler
Ullman
Van Deerlin
Vander Veen
Veysey
Vigorito
Waggonner
Walsh
Wampler
Whalen
White
Whitehurst
Whitten
Widnall
Wilson, Charles H., Calif.
Winn
Wolff
Wright
Wyatt
Wydler
Wylie
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Ill.
Young, S.C.
Young, Tex.
Zablocki
Zion
Zwach

NAYS—30

Abzug
Badillo
Bingham
Burton, John
Burton, Phillip
Carney, Ohio
Clay
Drinan
Edwards, Calif.
Fraser
Frenzel
Harrington
Hechler, W. Va.
Helstoski
Holtzman
Kastenmeier
Landgrebe
Luken
Metcalfe
Miller
Pritchard
Rangel
Rosenthal
Roybal
Ryan
Stark
Stokes
Vanik
Waldie
Young, Ga.

NOT VOTING—82

Addabbo
Armstrong
Baker
Biaggi
Blatnik
Bowen
Brasco
Breaux
Carey, N.Y.
Cederberg
Chisholm
Clawson, Del
Conyers
Culver
Davis, Ga.
de la Garza
Dellums
Diggs
Donohue
Dulski
Esch
Flynt
Fulton
Fuqua
Gibbons
Goodling
Grasso
Gray
Green, Oreg.
Griffiths
Gubser
Hansen, Idaho
Hansen, Wash.

Harsha
Hawkins
Hays
Hogan
Holifield
Kyros
Landrum
Lent
Lott
McKay
McSpadden
Mallary
Maraziti
Melcher
Milford
Mills
Minshall, Ohio
Mitchell, Md.
Montgomery
Murphy, Ill.
Murphy, N.Y.
O'Brien
Owens
Pepper
Podell
Powell, Ohio
Quie
Rarick
Rees
Reid
Rooney, N.Y.
Scherle
Schneebeli
Snyder
Stanton, James V.
Stephens
Stuckey
Teague
Thompson, N.J.
Thone
Treen
Udall
Vander Jagt
Ware
Wiggins
Williams
Wilson, Bob
Wilson, Charles, Tex.
Wyman

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Murphy of New York for, with Mr. Mitchell of Maryland against.

Mr. Thompson of New Jersey for, with Mrs. Chisholm against.

Mr. Addabbo for, with Mr. Hawkins against.

Mr. Teague for, with Mr. Conyers against.

Mr. Podell for, with Mr. Dellums against.

Mr. Biaggi for, with Mr. Diggs against.

Mr. Kyros for, with Mr. Rees against.

Until further notice:

Mr. Montgomery with Mr. Baker.

Mr. Breaux with Mr. Esch.

Mr. Carey of New York with Mrs. Green of Oregon.

Mr. Rooney of New York with Mr. Cederberg.

Mr. Rarick with Mr. Gubser.

Mr. de la Garza with Mr. Harsha.

Mr. Donohue with Mr. Blatnik.

Mr. Flynt with Mr. Mallary.

Mr. Landrum with Mr. Hogan.

Mr. McSpadden with Mr. Goodling.

Mr. Dulski with Mrs. Griffiths.

Mr. Hays with Mr. Owens.

Mr. Reid with Mr. Del Clawson.

Mr. Stuckey with Mr. Minshall of Ohio.

Mr. Stephens with Mr. Maraziti.

Mr. Murphy of Illinois with Mr. O'Brien.

Mrs. Grasso with Mrs. Hansen of Washington.

Mr. Gray with Mr. Powell of Ohio.

Mr. Davis of Georgia with Mr. Scherle.

Mr. Culver with Mr. Lent.

Mr. Charles Wilson of Texas with Mr. Quie.

Mr. Holifield with Mr. Treen.

Mr. McKay with Mr. Schneebeli.

Mr. Udall with Mr. Lott.

Mr. Melcher with Mr. Thone.

Mr. Bowen with Mr. Snyder.

Mr. Fulton with Mr. Ware.

Mr. Gibbons with Mr. Wiggins.

Mr. Fuqua with Mr. Wyman.

Mr. Mills with Mr. Williams.

Mr. Pepper with Mr. Bob Wilson.

Mr. James V. Stanton with Mr. Hansen of Idaho.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. PIKE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and to include extraneous material on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Arrington, one of its clerks, announced that the Senate had passed a concurrent resolution of the following title, in which the concurrence of the House is requested:

S. Con. Res. 108. Concurrent resolution extending best wishes to President Gerald R. Ford.

PERMISSION FOR THE COMMITTEE ON RULES TO FILE A PRIVILEGED REPORT

Mr. SISK. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight to file privileged reports.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

EXTENDING THE BEST WISHES OF THE CONGRESS TO PRESIDENT GERALD R. FORD

Mr. RHODES. Mr. Speaker, I ask unanimous consent for the immediate consideration of the Senate concurrent resolution (S. Con. Res. 108) extending the best wishes of the Congress to President Gerald R. Ford.

The Clerk read the Senate concurrent resolution, as follows:

S. CON. RES. 108

Whereas Gerald R. Ford was a Member of Congress for twenty-five years; and

Whereas he is known to the Congress as a good and faithful friend; and

Whereas he assumes today the Office of President of the United States: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That the Congress extends to Gerald R. Ford its sincere best wishes, its assurances of firm cooperation and its fervent hopes for success in office.

The SPEAKER. Is there objection to the request of the gentleman from Arizona?

There was no objection.

The SPEAKER. The question is on the Senate concurrent resolution.

Mr. RHODES. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device; and there were—yeas 329, nays 0, not voting 105, as follows:

[Roll No 473]

YEAS—329

Abdnor
Abzug
Adams
Alexander
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Arends
Ashbrook
Aspin
Badillo
Bafalis
Bauman
Beard
Bell
Bennett
Bergland
Bevill
Biester
Bingham
Blackburn
Boggs
Boland
Bolling
Brademas
Bray
Breckinridge
Brinkley
Brooks
Brotzman
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill, N.C.
Broyhill, Va.
Buchanan
Burgener
Burke, Fla.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Byron
Camp
Carter
Casey, Tex.
Chamberlain
Chappell
Clancy
Clausen, Don H.
Clay
Cleveland
Cochran
Cohen
Collier
Collins, Ill.
Collins, Tex.
Conable
Conlan
Conte
Corman
Coughlin
Crane
Cronin
Daniel, Dan
Daniel, Robert W., Jr.
Daniels, Dominick V.
Danielson
Davis, S.C.
Davis, Wis.
Delaney
Dellenback
Denholm
Dennis
Dent
Derwinski
Devine
Dickinson
Dingell
Dorn
Downing
Duncan
du Pont
Eckhardt
Edwards, Ala.
Edwards, Calif.
Eilberg
Erlenborn
Eshleman
Evins, Tenn.
Fascell
Findley
Fish
Fisher
Flood
Flowers
Foley
Ford
Forsythe
Fountain
Fraser
Frelinghuysen
Frenzel
Frey
Froehlich
Fuqua
Gaydos
Gettys
Giaimo
Gilman
Ginn
Goldwater
Gonzalez
Green, Pa.
Gross
Grover
Gude
Gunter
Guyer
Haley
Hammerschmidt
Hanley
Hanna
Hanrahan
Harrington
Hastings
Hawkins
Hébert
Hechler, W. Va.
Heckler, Mass.
Heinz
Helstoski
Henderson
Hicks
Hillis
Hinshaw
Holt
Holtzman
Horton
Hosmer
Howard
Huber
Hudnut
Hungate
Hunt
Ichord
Jarman
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, N.C.
Jones, Tenn.
Jordan
Karth
Kastenmeier
Kazen
Kemp
Ketchum
King
Kluczynski
Koch
Kuykendall
Lagomarsino
Landgrebe
Latta
Lehman
Litton
Long, La.
Long, Md.
Lujan
Luken
McClory
McCollister
McCormack
McDade
McEwen
McFall
McKinney
Macdonald
Madden
Madigan
Mahon
Mann
Martin, Nebr.
Martin, N.C.
Mathias, Calif.
Mathis, Ga.
Matsunaga
Mayne
Mazzoli
Meeds
Metcalfe
Mezvinsky
Michel
Miller
Minish
Mink
Mitchell, N.Y.
Mizell
Moakley
Mollohan
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Moss
Murtha
Myers
Natcher
Nedzi
Nelsen
Nix
Obey
O'Hara
O'Neill
Parris
Passman
Patman
Patten
Pepper
Perkins
Pettis
Peyser
Pickle
Pike
Poage
Preyer
Price, Ill.
Price, Tex.
Pritchard
Railsback
Randall
Rangel
Regula
Reuss
Rhodes
Rinaldo
Roberts
Robinson, Va.
Robison, N.Y.
Rodino
Roe
Rogers
Roncalio, Wyo.
Roncallo, N.Y.
Rooney, Pa.
Rosenthal
Rostenkowski
Roush
Rousselot
Roy
Roybal
Runnels
Ruppe
Ruth
St Germain
Sandman
Sarasin
Sarbanes
Satterfield
Schroeder
Seiberling
Shipley
Shoup
Shriver
Shuster
Sikes
Sisk
Skubitz
Smith, Iowa
Smith, N.Y.
Spence
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Steele
Steelman
Steiger, Ariz.
Steiger, Wis.
Stratton
Stubblefield
Studds
Sullivan
Symington
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Thomson, Wis.
Tiernan
Towell, Nev.
Traxler
Ullman
Van Deerlin
Vander Veen
Vanik
Veysey
Vigorito
Waggonner
Waldie
Walsh
Wampler
Whalen
White
Whitehurst
Whitten
Widnall
Winn
Wolff
Wright
Wyatt
Wydler
Wylie
Yatron
Young, Alaska
Young, Fla.
Young, Ga.
Young, Ill.
Young, S.C.
Young, Tex.
Zablocki
Zion
Zwach

NAYS—0

NOT VOTING—105

Addabbo
Armstrong
Ashley
Baker
Barrett
Biaggi
Blatnik
Bowen
Brasco
Breaux
Broomfield
Burke, Calif.
Burke, Mass.
Carey, N.Y.
Carney, Ohio
Cederberg
Chisholm
Clark
Clawson, Del
Conyers
Cotter
Culver
Davis, Ga.
de la Garza
Dellums
Diggs
Donohue

Drinan
Dulski
Esch
Evans, Colo.
Flynt
Fulton
Gibbons
Goodling
Grasso
Gray
Green, Oreg.
Griffiths
Gubser
Hamilton
Hansen, Idaho
Hansen, Wash.
Harsha
Hays
Hogan
Holifield
Hutchinson
Jones, Ala.
Jones, Okla.
Kyros
Landrum
Leggett
Lent
Lott
McCloskey
McKay
McSpadden
Mallary
Maraziti
Melcher
Milford
Mills
Minshall, Ohio
Mitchell, Md.
Montgomery
Murphy, Ill.
Murphy, N.Y.
Nichols
O'Brien
Owens
Podell
Powell, Ohio
Quie
Quillen
Rarick
Rees
Reid
Riegle
Rooney, N.Y.
Rose
Ryan
Scherle
Schneebeli
Sebelius
Slack
Snyder
Stephens
Stokes
Stuckey
Teague
Thompson, N.J.
Thone
Thornton
Treen
Udall
Vander Jagt
Ware
Wiggins
Williams
Wilson, Bob
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Wyman
Yates

So the Senate concurrent resolution was concurred in.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PROVIDING FOR A JOINT SESSION OF THE TWO HOUSES ON MONDAY, AUGUST 12, 1974, TO RECEIVE A MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

Mr. O'NEILL. Mr. Speaker, I offer a concurrent resolution (H. Con. Res. 594) and ask for its immediate consideration.

The Clerk read the concurrent resolution, as follows:

H. CON. RES. 594

Resolved by the House of Representatives (the Senate concurring), That the two Houses of Congress assemble in the Hall of the House of Representatives on Monday, August 12, 1974, at 9 p.m. for the purpose of receiving such communications as the President of the United States shall be pleased to make to them.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

AUTHORIZING THE SPEAKER TO DECLARE RECESSES ON MONDAY NEXT

Mr. O'NEILL. Mr. Speaker, I ask unanimous consent that on Monday next the Speaker be authorized to declare recesses, subject to the call of the Chair.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

PROGRAM FOR WEEK OF AUGUST 12, 1974

(Mr. RHODES asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RHODES. Mr. Speaker, I take this time to ask the distinguished majority leader to inform the House, if he is in a position to do so, as to the program for the balance of this week and the program for next week; and if possible, as to any plans the leadership might have for an August recess.

Mr. O'NEILL. Mr. Speaker, will the gentleman yield to me?

Mr. RHODES. I am happy to yield to the distinguished majority leader.

Mr. O'NEILL. Mr. Speaker, I shall be happy to respond to the distinguished minority leader.

The program for the House of Representatives for the week of August 12, 1974, is as follows:

Monday is District day, no bills. We will take up H.R. 14214, the health revenue sharing and health services, with an open rule and 1 hour of debate.

Following that, we will take up H.R. 5529, motor vehicle and schoolbus safety amendments, with an open rule and 1 hour of debate.

Following that, we will have S. 1728, War Claims Act Amendment, open rule and 1 hour of debate.

We will have a joint session at 9 p.m. to hear the President of the United States.

On Tuesday, we will take up H.R. 15544, Treasury-Postal Service appropriations, fiscal year 1975, conference report. Following that, H.R. 15155, conference report on public works appropriations, fiscal year 1975.

Then, H.R. 15405, conference report on Transportation appropriations, fiscal year 1975.

Then, we will take up H.R. 15264, Export Administration Act, open rule with 1 hour of debate.

This is the bill which was to have followed the military construction bill today but has been put over to next Tuesday.

On Wednesday, we will have H.R. 9989, real estate settlement procedures, with an open rule and 1 hour of debate. Following that, H.R. 12859, Federal mass transportation, subject to a rule being granted.

On Thursday and the balance of the week we will have:

H.R. 2, pension reform, conference report;

S. 3066, Housing and Urban Development, conference report;

H.R. 16168, State Department authorization, subject to a rule being granted; and

H.R. 15487, foreign investment study, under an open rule, with 1 hour of debate.

Conference reports may be brought up at any time and any further program will be announced later.

At the present time, unless an emergency arises, we are not planning a Friday session for next week.

The minority leader asked a question with respect to the recess. After talking with the President of the United States and asking what his plans for the immediate future would be, it has been decided by the leadership on both sides of the aisle that at the close of business on Thursday, August 22, we will go into recess until noon Wednesday, September 11.

Mr. RHODES. Mr. Speaker, I thank the majority leader.

ADJOURNMENT TO MONDAY, AUGUST, 12, 1974

Mr. O'NEILL. Mr. Speaker, I ask unanimous consent that when the House adjourns today, it adjourn to meet on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

DISPENSING WITH CALENDAR WEDNESDAY BUSINESS ON WEDNESDAY NEXT

Mr. O'NEILL. Mr. Speaker, I ask unanimous consent that the business in order under the Calendar Wednesday rule on Wednesday of next week be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

THE RESIGNATION OF PRESIDENT RICHARD M. NIXON

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Alabama (Mr. EDWARDS) is recognized for 5 minutes.

Mr. EDWARDS of Alabama. Mr. Speaker, today at noon Richard M. Nixon resigned as the 37th President of the United States and Gerald R. Ford was sworn in as the 38th President. Like most of you, I have mixed emotions about this unique period in our Nation's history.

What is there to say? What's done is done and I am greatly saddened by it all. Richard Nixon has been my friend and I will remember that. I will remember him as the President who ended the war in Vietnam, and brought our POW's home; who made the first giant strides toward open relations with China and Russia; who has done so much to diffuse the tinder box in the Middle East; and who, as a consequence of all this, has started us on the road to a generation of peace without the need to continue drafting our young men. I will remember a President who made the people of the South feel that they had a President who cared about them. And I will remember him as the first President to provide for construction of the Tennessee-Tombigbee Waterway. He even put his personal support behind this important project by coming to Mobile in 1971 to help us commemorate the start of construction.

Yes, I am very sad today that things have turned out as they have. But, I will remember the best in Richard Nixon, including his decision that resignation would be in the best interest of his country.

Now we can put behind us the obsession with Watergate and all its connotations as bad as they were, and get on with the pressing problems facing our Nation.

We know President Ford in this House. We know him as an excellent legislator who served here for some 25 years—about 9 of those years as minority leader. We know him as Vice President of the United States, and now our very good friend has risen to the highest office in the land. I have a tremendous respect for his ability to provide this country with great leadership. I believe he will get us moving again and I pledge him my full support.

PRESIDENT NIXON

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. YOUNG) is recognized for 15 minutes.

Mr. YOUNG of Florida. Mr. Speaker, I have just watched President Nixon leave the White House. Like millions of Americans, I am very sad—as though a member of my family had just passed away.

As he said his goodbys, Richard Nixon wept. I pray to God that President Nixon's tears could be joined with the oceans of tears wept this day throughout our land to flow across America like the tide, washing away bitterness and hate wherever it might dwell.

My respect for Richard Nixon and the unselfish ways in which he served his country is in no way diminished.

If we do, in fact, enjoy the generation of peace, which he so sincerely sought, it will only be because of his dedicated efforts.

His place in history is preserved as long as history itself is preserved. History will record that Richard Nixon ended America's involvement in our longest and costliest war—a war in Vietnam that was begun by someone else.

History will record that it was Richard Nixon who ended the "cold war" which kept the threat of nuclear destruction ever present in our lives for nearly three decades.

With so many outstanding accomplishments to his credit, then how do we explain this dramatic heartbreaking end to such an illustrious public career?

There is so much involved in this national tragedy that it staggers the imagination. It is impossible to effectively explain how circumstances of this magnitude could have gotten out of control—but there is no doubt—get out of control they did.

Maybe we expect too much from our Presidents—we elect them, then we expect them to wave a magic wand, immediately curing all the ills of the Nation and the world. But, rather than help our Presidents face the challenges, too many lurk for every opportunity to criticize, to accuse, to attack.

What we sometimes demand of our Presidents would require not only all the power of a total dictator, but even some of God's own divine power. And yet, often when a President attempts to do that which we demand, using only the human resources available to him, the attackers begin.

God has a plan—a purpose for our Nation—a plan that requires a certain unity on the part of Americans. Maybe in that plan Richard Nixon was destined to be a sacrifice—a sacrifice that would bring us to our senses—a sacrifice that would make us realize what we have been doing to ourselves in recent years.

Since the early 1960's, this Nation has been wracked by turmoil, discord, disunity, heartbreak, and pain. The list is long: The assassination of President Kennedy, the assassination of Senator Robert Kennedy; the assassination of Martin Luther King; the attempted assassination of Presidential candidate, Gov. George Wallace; the driving from office of President Lyndon B. Johnson; the riots that have destroyed so much private and public property; the burning and looting of some of our Nation's cities; explosion of a bomb in the Capitol of the United States; attempts to shut down our National Government through violence and take over of Federal buildings in Washington, D.C.; the campaign to try to convince us that "God is dead;" and the hate and rancor that has too often spilled over on the floors of Congress. These, plus the lack of trust between people in government, added to accusations and convictions of leaders in high councils of government, including Members of Congress on charges of corruption, are distressing revelations of our times.

Maybe Richard Nixon was destined to be a sacrifice to teach us that Presidents, although expected to perform superhuman tasks, are themselves only human.

Yes, human, with the same feelings, the same desires, the same emotions, and the same faults that every one of us have.

Our Presidents need our help—not our hate. Our Presidents need our compassion—not our vindictiveness. Our Presidents need our understanding—not our condemnation.

MOMENTOUS EVENTS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Maryland (Mr. HOGAN) is recognized for 5 minutes.

Mr. HOGAN. Mr. Speaker, the events of recent days are among the most momentous in this Nation's history.

Richard Nixon has become the first President of the United States to resign his office before completing his term, and Gerald Ford has become the first President of the United States to ascend to that great office without having first been a candidate for national office.

For millions of Americans, whose emotions and passions have been spent in the course of this long turmoil of the spirit, this is a time of both sorrow and relief.

Mr. Nixon's decision to resign his office, rather than subject the Nation to the ordeal of an impeachment trial, is an admirable and patriotic act which merits the praise and the respect of all Americans.

Throughout the course of his long and eventful career, Richard Nixon has served his country with great skill and dedication, and his many accomplishments—especially in working toward a safer and more peaceful world—will be long remembered and deeply appreciated by millions of people, here at home and around the globe.

And the Nation will soon come to know Gerald Ford, as I have known him, as a man of the highest integrity, as a Government leader of great talent and industry, as a patriot who loves his country deeply and who proclaims that love unashamedly.

He brings to the Presidency outstanding gifts of training and temperament which, I believe, will serve him and serve the country well during his tenure in this high office.

As we move through this sad but orderly transition of leadership, the weaknesses common to men and the strength inherent in the law stand in sharp contrast. And if we learn no other lesson from this time of personal tragedy and national trial, we must learn anew—and teach our children—that our greatest faith and our highest allegiance must be with the law and the Constitution, which have sustained us and saved our Nation.

We cannot tie ourselves and our country to the fortunes of one man alone, for we know now beyond doubt that if he goes astray, our own path as a people will be fraught with uncertainty and peril.

It is symbolic of the strength of this Republic that an orderly transfer of power can be accomplished with dignity and statesmanship, and as we move forward under President Ford's leadership, let us pray that our strength will sustain us, that goodwill may banish rancor from our land, that compassion may rule our hearts, and that the future may bring a welcome peace to the American soul.

HOUSE ACTION NECESSARY ON IMPEACHMENT ARTICLES AND EVIDENCE

The SPEAKER pro tempore (Mr. MCFALL). Under a previous order of the House, the gentleman from New York (Mr. BINGHAM) is recognized for 5 minutes.

Mr. BINGHAM. Mr. Speaker, listening to Mr. Nixon's resignation statement last night, I felt pride in the strength and integrity of the American constitutional system. For this resignation was the equivalent of a removal of the President from his office by the Congress because of high crimes and misdemeanors. It was not, as Mr. Nixon claimed, a voluntary resignation; it was a resignation forced by the circumstance that Mr. Nixon had been informed the day before that he had no chance to escape impeachment and removal by the House and the Senate.

But I also felt shame that a President of the United States could still apparently feel no contrition for the disgrace he had brought to his high office or the damage he had done to the confidence of the American people in their system of government. Those feelings are tempered by appreciation and relief for Mr. Nixon's graceful, orderly passing of power. There was no lashing out at enemies or bitter statements. This sense of relief combines with brighter hopes for the future and an eagerness to return to working cooperatively on the Nation's pressing problems.

Many people will now want to forget all about Watergate, to leave to the courts and the Special Prosecutor whatever tidying up needs to be done.

But we must not forget Watergate, as Mr. Nixon asked us to do. We still do not have all the facts pertinent to the charges of misconduct in office which all members of the House Judiciary Committee now feel represented impeachable offenses. It is extremely important that the American people know the full story—what happened—how did it happen—who was involved—and why it happened.

I understand that many Members of this body are pressing for some action by the full House to accept and perhaps approve the Judiciary Committee's findings in the committee's report which we will have early next week. These Members hope to wrap up the question of impeachment quickly and quietly and make a record which will serve as a guide to future Presidents.

But all the questions have not been answered, and the full story of Watergate is not known. Until the full story of Richard Nixon's involvement in the Watergate coverup and abuse of Presidential powers is known, history and the American people may forever suffer an incomplete understanding of these traumatic events and the lessons they must teach.

At a minimum, the tapes that that committee has subpenaed must be produced. The Congress must take appropriate action to assure that all pertinent Presidential records are preserved and laid open, so that the American people can know the full facts of the shame inflicted on all of us, and may through their representatives take steps to show that they reject the immorality of that shame. In addition, we should consider legislation requiring that all Presidential papers, documents, tapes, and so forth, be turned over to the National Archives so that they be made available to the Congress and the public. In this instance, the past practice of allowing departing Presidents to take their papers with them and dispose of them as they wish should not be followed.

I expect many of my colleagues will find their political instincts make them cringe at these ideas. Partisans will charge harassment and vindictiveness.

Completing the record of Watergate is no such thing.

As to the possible prosecution of Richard Nixon for the crimes he has committed, that is a matter that the Congress may properly leave to our judicial system, and more particularly to the Special Prosecutor. There is no reason why Mr. Nixon should be given immunity, any more than any of his subordinates who conspired with him.

As this page in history is turned, we may all welcome Gerald Ford to the White House. While we may expect to differ with him on many issues, it will be a welcome change to have as our President a person we can trust to uphold the Constitution and to tell the truth.

THE 1974 CAPTIVE NATIONS WEEK

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. FLOOD) is recognized for 5 minutes.

Mr. FLOOD. Mr. Speaker, in our country and other parts of the Free World, the 15th anniversary of Captive Nations Week was successfully observed by free citizens who raised their voices in behalf of the human and national rights of the captive nations and peoples in Eastern Europe, within the Soviet Union, in Asia, and in Cuba.

If anything else, the singular contribution of the week has been its stress on the need for a general and incisive reevaluation of our present type of detente policy and its effects not only upon the captive nations but upon our own national security interests.

As indications of this contribution to the public forum and as further evidences of the week's success, I submit for the considered reading of our Members and our citizens the following examples of the week's events:

The proclamation of Mayor Richard J. Daley of Chicago; the editorial "Captive Nations Week" in The New York Sunday News of July 14; a perceptive editorial in the Washington Catholic Standard of July 11, titled "Perennial Reminder"; resolutions of the Chicago Captive Nations Week Committee; a Public Affairs release written by Gen. Thomas A. Lane on "Second Yalta Betrays Captive Nations"; and the "Lest We Forget" list of captive nations in the June, 1974 issue of International Digest:

[Office of the mayor city of Chicago]

PROCLAMATION

Whereas, in accordance with Congressional enactment, Captive Nations Week will be observed during the period of July 15 through July 20; and

Whereas, under auspices of the Captive Nations Friends Committee the annual parade will be held on State Street, beginning at noon Saturday, on July 20; and

Whereas, many people of nations made captive by the imperialistic policies of Communism are linked by bonds of family relationships to citizens of this community; and

Whereas, it is appropriate for all freedom-loving people to demonstrate to the populations of the captive nations support for their just aspirations for liberty and national independence; and

Whereas, it is commendable in every way that citizens of the United States, in appreciation of their constitutional guarantees of freedom should extend sympathy and hope of liberation to those whose rights have been constricted by Communist aggression:

Now, therefore, I, Richard J. Daley, Mayor of the City of Chicago, do hereby proclaim the period of July 15 through July 20, 1974, to be CAPTIVE NATIONS WEEK IN CHICAGO and urge general participation in the special events arranged for this time.

Dated this 26th day of April, A. D. 1974.
Richard J. Daley, Mayor.

[From the Sunday News, July 14, 1974]

CAPTIVE NATIONS WEEK

—is being observed, starting today, throughout the U.S. as it has been every third week in July since Congress so decreed in 1959.

At a time when our government is pursuing a policy of detente with the Communist oppressors of these enslaved peoples, Captive Nations Week may appear to some Americans an anachronism, a relic of the Cold War.

But we cannot turn our backs on those miserable, suffering millions—those "huddled masses yearning to breathe free"—without being false to all we believe, and to all for which America has stood from its founding.

In this area, the observance begins today with a 10 a.m. Mass in St. Patrick's Cathedral, followed by a march up Fifth Ave. to a rally at the Central Park Mall. We hope that citizens from the metropolitan area will turn out to swell the cry: Set these people free.

[From Catholic Standard, July 11, 1974]

PERENNIAL REMINDER

Captive Nations Week (July 14–20) is the perennial reminder of an ongoing reality. Millions of people throughout the world are still being denied the right to life in a free society. This takes on an even greater significance in the light of the present discussion of detente.

Dr. Lev. E. Dobriansky of Georgetown University, long recognized as an outstanding authority on the background and fate of those who suffer the tyranny of national captivity, has prepared a detailed indepth analysis of the subject in connection with the 15th anniversary of Captive Nations Week. In his paper entitled, "The Illusions of Detente," he points out that any effort toward detente without the dissolution of the factors which underlie these illusions "will only court disaster for us and the Free World."

At the present time, and despite the existence of the United Nations, 27 nations and groupings of people are under Communist domination. This denies to millions of people the fundamental rights guaranteed by the United Nations Charter. A number of nations have been held captive since 1920. Others became subject to this tyrannical rule subsequent to the creations of the United Nations, and as late as 1960. No nation or people once so subjected has ever regained freedom.

We recognize the enormity of the responsibility facing President Nixon and his Secretary of State, Dr. Henry Kissinger, in their dealings with the Soviet Union in the age of potential nuclear warfare. However, nothing in the reports of their recent state visit to the Soviet Union indicates any change in the basic attitude of the Soviet leaders with respect to the freedom of their people. Apparently the President did not raise the issue despite the deep concern felt by so many people in this country.

According to Dr. Dobriansky, Dr. Kissinger defines detente as "a process of managing relations with a potentially hostile country in order to preserve peace." This is nothing more than "peace at any price." It presumes, as well, the existence of conditions that in fact do not exist. Such a peace simply provides the condition for further additions to the already over-long list of captive nations. But even allowing for the possibility of success with such a pragmatic approach, Dr. Dobriansky points out that hard-nosed power plays of this type leave no room "for the moral forces of idealism, human rights, freedom, national independence, etc." It is perhaps the most absurd illusion concerning detente.

Despite our imperfections, this nation is founded on moral idealism to a degree unsurpassed in the history of man. The continuing impact of American idealism on the captive nations," says Dr. Dobriansky, "is boundless and is one of the greatest of our weapons against the Kremlin totalitarians." With this we must agree. Nor can this nation in her dealings with the "captor" nations forget even for a moment, the sad fate of the captive nations.

[Chicago Captive Nations Week Committee]

RESOLUTIONS

Whereas, in 1959 President Dwight D. Eisenhower and the Congress of the United States designated the third week in July as Captive Nations Week in order to focus world attention on the plight of those nations who have lost their national independence as the result of direct and indirect aggression of world communism; and

Whereas, the national independence of the (28) Captive Nations are: Albania, Armenia, Azerbaijan, Bielarus, Bulgaria, China (mainland) Cossackia, Croatia, Cuba, Czechoslovakia, East Germany, Estonia, Latvia, Lithuania, North Korea, North Viet Nam, Outer Mongolia, Poland, Rumania, Serbia, Slovakia, Slovenia, Tibet, Turkestan, Ukraine, Idel-Urel and other nations suppressed by their communist masters; and

Whereas, the Soviet Union has lulled the Western Powers into a false sense of security, and while talking "detente" has reached a pinnacle of military might and soon will surpass that of the United States; and

Whereas, it is horrifying to realize that one-third of mankind is already enslaved by communist tyranny—that threatens the security of the free world, communist propaganda has been allowed to carry on its deceptive work towards the weakening of the will for defense, the United States at this critical period for the entire free world to assume the role of real leadership, able to cope with these frightening facts; and

Whereas, the government of the Soviet Union has spread their propaganda throughout the United States and the rest of the free world for the purpose of blinding the people of the West towards its genocide of non-Russian Nations under its occupation; and

Now, therefore, be it resolved; the Chicago Captive Nations Week Committee, that special efforts must be made by the United States, towards an awakening of all these moral forces, humane ideas and values, the sacred rights of all the nations based on principles of democracy, self-determination, and sovereignty within their respective ethnic boundaries, must become the goal of the policy; and

Be it further resolved; the farce of "Patronage" diplomacy, secret talks, the wining and dining, the exchanging of diplomatic gifts, with the masters of the slave empires, will not bring about the pursuit of the God-given sacred rights of freedom for all captive nations of the world, the cries for freedom can still be heard, in spite of the diplomatic festivities; and

Be it further resolved, that the United States government stop building up the communist empire by selling it military and other equipment and trade, and that the media give greater coverage to the dissidents in the Soviet Empire. The Eleksandr I. Solzhenitsyn case illustrates, the power of public opinion and the role that the media can play in eliminating individual persecution and eventually, stopping the genocide of the enslaved nations; and

Be it further resolved, that this Committee desperately urge the establishment of the permanent Captive Nations Committee (House Resolution 211) and Freedom Academy, which has been long overdue; and

Be it further resolved, that the Captive Nations Committee, request the United States government to reaffirm its support for the aims and aspirations of the people of these captive nations in behalf of the restoration of freedom and democracy in these communist dominated countries.

VIKTORS VIKSNINS,
Chairman.
ALEXANDER KOEPP,
Estonia.
DR. GEORGE RADOYEVICH,
Serbia.
DR. ROMAN KOLYLCEKY,
Ukraine.
DR. NICHOLAS FERJENCIK,
Czechoslovakia.
LI-SUNG PANG,
China.
SABIN TORLO, JR.,
Croatia.
J. WITKOWSKI,
Poland.
NICK ZYZISNUSKI,
Bielarus.
ILMARS BERGMANIS,
Latvia.
JUOZAS BELILINAS,
Lithuania.
LASZLO MOGYOROSSY,
Hungary.
WILFRIED A. KERNBACH,
Germany.

[From Public Affairs, July 14, 1974]

SECOND YALTA BETRAYS CAPTIVE NATIONS

We begin Captive Nations Week in the backwash of the Moscow Summit—a study in contrasts. The original Captive Nations Week was inaugurated in the Eisenhower Administration, when the country regarded liberation of the captive countries as the sensible object of U.S. policy. But today, these are the forgotten peoples. Detente is designed to silence their cries.

When we examine the story of our ethnic Americans, we must be impressed by their lack of political effectiveness. Combined, they represent a powerful sector of the electorate. They have a common interest in U.S. foreign policy. But they are ineffectual because they are the captives of the political parties.

Both political parties court the ethnic vote, but only with promises. At election time they seek the support of the ethnic societies with expressions of sympathy and pledges of devotion to their interests. But in the international arena, U.S. officials have repudiated their promises to the captives to win the approbation of the masters. Franklin Roosevelt and Winston Churchill promised the Four Freedoms but gave them Yalta.

The fate of the nations behind the Iron and Bamboo Curtains hinges on the foreign policy of the United States. No one expects the United States to go to war to force liberation. But it seems reasonable to expect the United States and other free countries to have a continuing bias for freedom and therefore to further the liberation of the Captive Nations by all practical means. As President Nixon returns from a Second Yalta, similar in all essential respects to the first, we have the repetition of history, a sacrifice of the Captive Nations to advance the selfish interest of trade with the tyrants.

How can this be so? How can this nation so largely drawn from European nations now under the heel of communism or threatened by it court the oppressors and ignore the cries of the oppressed? Are our German, Polish, Hungarian and other ethnic societies so tied to Democratic or Republican apron strings that they accept supinely such betrayal of their true interests? Or are their leaders so witless as to be hoodwinked by the pretensions of peacemaking in which the betrayal is concealed.

Or are these ethnic Americans reluctant to press for policies in which they have a special interest? They should not be. The policy of appeasement and betrayal pursued by U.S. foreign policy for forty years has been deeply injurious to our national interests. Those Americans who by their special heritage are endowed with clear vision of the error have a civic duty to expose and oppose it with all the resources at their command.

There is no hope for the Captive Nations except in the re-direction of U.S. foreign policy. That change of course will not be taken by our business interests which are drooling over the prospect of trade with the Soviet Union and Red China. It probably will not happen short of catastrophe unless a powerful coalition of our ethnic societies severs association with both political parties and forms a separate block committed to the restoration of freedom in the communist-ruled states.

How ironic it is that the voices for restoration of civilized rule in the Captive Nations should come out of Russia itself, from the oppressed and suffering people and not from their cousins who live in freedom and comfort in the West! Does freedom undermine courage? Is it a luxury which blurs the mind and softens the will? Why else do we trifle with Watergate and ignore the agonizing oppression suffered by one-third of the world's people? Captive Nations Week asks us.

[From International Digest, June, 1974]

"LEST WE FORGET"—CAPTIVE NATIONS WEEK JULY 14–20

These nations have fallen under the yoke of Communist tyranny since the Bolshevik Revolution of 1917 and remain in chains today:

People or nation:	*Year of Communist takeover*
Armenia	1920
Azerbaijan	1920
Byelorussia	1920
Cossackia	1920
Georgia	1920
Idel-Ural	1920
North Caucasia	1920
Ukraine	1920
Far Eastern Republic	1922
Turkestan	1922
Mongolian People's Republic	1924
Estonia	1940
Latvia	1940
Lithuania	1940
Albania	1946
Bulgaria	1946
Serbia, Croatia, Slovenia, et cetera, in Yugoslavia	1946
Poland	1947
Rumania	1947
Czechoslovakia	1948
North Korea	1948
Hungary	1949
East Germany	1949
Mainland China	1949
Tibet	1951
North Vietnam	1954
Cuba	1960

A MUST AND A SUGGESTION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. GONZALEZ) is recognized for 5 minutes.

Mr. GONZALEZ. Mr. Speaker, the temporary abatement in the drawn-out furor and upheaval that has characterized our governmental life the past few years brought about with the swearing in of Gerald R. Ford as the 38th President of the United States must not lull us into smugness and a fatal indifference to the imperative need to repeal the 25th amendment to the U.S. Constitution.

Indeed, the foremost priority must be given this task of removing a mischievous—almost pernicious—appendage to the basic law of the land.

To those who are almost ecstatic about how all that has so unhappily transpired "proves how our system does work," some volunteering to point out how there are no soldiers on the streets and no violent men intent in wresting away control of our Government, et cetera. I must remind that a lot of this has been due to luck, happenstance, and the momentum of common institutionalized life, not zealous guarding of the weal.

I must needs remind them that had the individual in the Presidency been a less antagonistic character, or a more charismatic and loved personality, we might not have fared half as well.

Yet, despite the euphoria of the moment, there hangs over our national collective heads a sword of Damocles: The 25th amendment.

Back in 1966 when the resolution proposing this amendment was entertained in the House to my astonished disbelief, I stated that this type of law reminded me of a throwback to the Roman Senate days of intrigue and conspiracy and venal and bold and ambitious men. In vain did I attempt to conjure the vision of what could happen under the aegis of this amendment in our own Republic at some future time of stress and malaise. I never dreamed the day would have come upon us so soon.

The dormant bomb that is the 25th amendment is still ticking, and Mr. Speaker, until we defuse it by repeal, we are in mortal danger. I urge my colleagues to join me in considering most seriously the repeal of this fatally defective proviso.

Now for a serious and good faith bit of advice, by way of recommendation to our former colleague, now President Gerald Ford. Mr. President, today you have appealed to the Nation for forgiveness and a spirit of contriteness and harmony. In keeping with that request, I respectfully submit that you soberly and seriously consider a Presidential pardon to John Dean, and maybe two or three others, such as E. Krogh, because had it not been for the courage of a Dean, we would never had been apprised of the malodorous practices that have enveloped high national governmental life and brought us to such low state.

Consider for a moment that the saving feature of our society is always we have had men whose conscience has finally prodded them to rise above their ambition and selfish strivings—even at the risk of obloquy—and sounded the alarm. Dean did not perjure himself either. His was an American conscience crying out its remorse. He deserves justice and compassion; he defied the mendacious tyrant. His story was proven true by the torrent of events and climaxed at the eleventh hour by the former President's admission that he, Nixon, had lied—and John Dean had told the truth.

President Ford, I respectfully and humbly submit to you just as a starter to prove the sincerity of your national plea by forgiving John Dean.

THE DEPARTURE OF PRESIDENT NIXON

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from New Jersey (Mr. HOWARD) is recognized for 5 minutes.

Mr. HOWARD. Mr. Speaker, last evening at 9:05 p.m., our President, Richard M. Nixon, announced his decision to resign from the high public office to which he had been elected less than 3 years ago. The heart of this Nation and the hearts of its people—myself—included—skipped a beat as those fateful words were uttered. There was no feeling of relief or jubilation, but rather a sense of painful and perhaps stoic acceptance.

This is not the time to second guess the wisdom or propriety of his decision. It must be received as it was given—in the expectation that the action was in the best interest of the Nation. Yet, at this early date, something very important can be gleaned from the events of the past 2 years. It is the strength of our form of government. Today, we shall have a new President, and soon we are to have a new Vice President, neither of whom has been elected to those offices through the usual electoral process. Nonetheless, they will be accepted without question. There has been no violent overthrow of power. There has been no toppling of our democratic institutions. This country's form of government and its people have withstood a serious onslaught not only by some of the actions of Mr. Nixon himself, but also, and more critically, in the last 2 years, by the very process of obtaining the truth. The strength of our Nation has been illuminated throughout the world.

Why is it that we still believe in and adhere to those words set down in the Constitution nearly two centuries ago? Perhaps that question, if answerable at all, will be considered by the historians and psychologists of the future. But there can be no doubt that in bad times as well as good it is those articles, phrases, and clauses to which we cling for guidance and structure.

It is the Constitution and through it our form of government for which we have struggled and must continue to struggle to preserve. It is an often quoted phrase that "eternal vigilance is the price of liberty." It must be admitted by those who now hold public office as well as by the public in general that in the recent past we have been less than vigilant in our preservation of our institutions. We have taken our system of government for granted. We have taken advantage of it, and now we all must share in the sadness of Richard Millhous Nixon. None of us are above the ramifications of what has transpired in the past 2 years. It may be too soon to say that our Constitution has withstood its greatest test, but it is certain that this peaceful transfer of power speaks highly for the ability of this Nation and its leaders to cope with the most heart-rending of problems.

Repeatedly over the past 2 years, commentators both here and abroad have wondered just how much the American people can endure. The answer now seems clear. The American people can endure all that is necessary. There is a growing suggestion that the people have become increasingly cynical of their elected officials. Regardless of the truth of that observation, their belief in the domestic form of government itself has been exposed and strengthened.

Furthermore, the work of the House Judiciary Committee in its deliberations concerning the grounds for impeachment of Mr. Nixon cannot be slighted. The willingness of those 38 men and women to pursue the facts with courage, intelligence, and dignity was transmitted to the entire Nation on nationwide television. Mr. Nixon was not driven from the White House as the result of a partisan "witch hunt." His decision to resign was executed in the midst of the appropriate constitutional process of impeachment. It was an awesome power which was not lightly included by the framers in this document. However, the greatness of that power could not reasonably prohibit its implementation. The propriety of that proceeding has been brought out by subsequent revelations.

Less than 2 weeks ago, those Representatives cast their votes either for or against the impeachment of a President of the United States. It is fair to say that at the time, not one of them anticipated that their action would become the end and not the beginning of that constitutional process. Unknown to them, they were given the tremendous burden of defining for posterity the meaning of the "checks and balances" system that is the very heart of our democratic institutions. It was they who set at least general limitations on the power of the Presidency. It is because of them that future Presidents will be on notice of the responsibilities of their office and the ability of Congress to hold them to account for serious abuse of that office. It is through them that the nebulous term "high crimes and misdemeanors" received some clarification. It can only be said that they did their job well, and for that everyone must be grateful.

Today Gerald Ford becomes the 38th President of the United States, and today the work of the Nation and this Congress begins anew—to work together to solve the problems of the economy, the arms race, and a myriad of others. The Nation may be shaken, but it is not shattered. It need not be emphasized, for it should go without saying, that this Nation and this Congressman intend to pledge allegiance to him as President and will endeavor to cooperate with him to every extent possible, and with due respect to that office which came to him at such great cost—the price of eternal vigilance.

THE 100TH ANNIVERSARY OF HERBERT HOOVER'S BIRTH

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Iowa (Mr. MEZVINSKY) is recognized for 5 minutes.

Mr. MEZVINSKY. Mr. Speaker, tomorrow marks the 100th anniversary of the birth of our 31st President, Herbert Clark Hoover. West Branch, Iowa, a town near my home, will be the site of a celebration to commemorate his birth. On this occasion, I would like to call my colleagues' attention to the extent of this great humanitarian's public service.

Although Herbert Hoover is best remembered as President from 1929–1933, some of his greatest accomplishments were achieved in his non-Presidential years.

Three times he was called upon to oversee the distribution of food to starving people all over the world—after the Boxer Rebellion in China and after the First and Second World Wars in Europe. He used great skill and compassion in assuring that millions of the hungry survivors of the war-ravaged nations of the world were fed.

After Mr. Hoover had been in public service for nearly five decades, he continued to work for the public in spite of his advancing years. As Chairman of the Commission for Reorganization of the Executive Branch—1947–49—and its successor, the Second Commission on Reorganization—1953–55—he made important contributions to the efficiency of the executive branch of the Government.

As we consider this centenary of Herbert Hoover's birth, we remember him as a great Iowan and a tirelessly dedicated public servant.

"WHY I LOVE AMERICA" PROGRAM BUILDS TRUST AND CONFIDENCE IN GOVERNMENT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. Chappell) is recognized for 5 minutes.

Mr. CHAPPELL. Mr. Speaker, one of the greatest needs in America today is to create a better thinking and working relationship between our young people of high school age and the civic and business leaders in their communities. This is especially needed today at a time when many events have shaken the very foundation of public trust and confidence upon which our political institutions have been built. Now, more than ever before, we must find ways to instill in our young people an appreciation for the ideals upon which our Nation was built and to encourage people in all segments of our communities to rededicate themselves to these ideals.

One outstanding example of how to help bring about this patriotic reawakening is the "Why I Love America" program, begun in DeLand, Fla., in my congressional district. Its objectives are to create a better thinking and working relationship between loyal, young Americans at the community level and their civic, business, church, and fraternal leaders. These objectives have been attained by: First, training high school students to speak to adult community organizations about the virtues of our free society and the free enterprise system—acknowledging the need for change but emphasizing the basic strengths of the system; second, motivating other students to write essays on the subject, "Why I Love America"; and third, motivating artistically inclined students to create inspiring and patriotic-type posters which are displayed throughout their community. The program has received a warm response from the DeLand community including civic groups, parents, and the news media.

The "Why I Love America" program was the brainchild of Barry Crim, a retired lawyer and educator, who saw the need for greater confidence in our Government and for more meaningful dialogue between high school students and community leaders. I have been privileged to work closely with Mr. Crim on this program since its beginning in 1971. It was initially sponsored by the DeLand Kiwanis Club and the DeLand Area Chamber of Commerce. Mr. Crim, a native of Georgia, wanted to provide this patriotic service to the young people and adults in his home area. He solicited the support of the Rotary Club of Warm Springs and Manchester, Ga., which sponsored the second "Why I Love America" program, which was endorsed in a statewide proclamation by Governor Jimmy Carter.

Florida's Governor Reubin Askew has proclaimed this week of August 5–12, 1954, as "We Love America Week" in Florida as yet another endorsement in behalf of the "Why I Love America" program. In his proclamation, Governor Askew notes:

> It is essential that we "light a candle, not just condemn the darkness of political immorality" by implementing a positive, patriotic program at the local government level to underscore and emphasize a rededication by each of us to the true patriotic ideals of our forefathers and to the principle upon which our political institutions are based.

"Why I Love America" is just such a patriotic program.

Mr. Speaker, I should like to give recognition here to some of the patriotic citizens who implemented and promoted the "Why I Love America" program.

From DeLand—Ralph H. Bowles, Forrest E. Breckenridge, William R. Cambron, Mrs. Sue Collier, Mrs. Elsa S. Corning, Dermott Dessert, Dr. Joseph R. Estes, James H. Ford, Ned Grimes, Caywood Gunby, Richard Heard, James R. Lawrence, Glen W. Martin, John H. McEwen, Miss Harriet Roberts, Miss Debbie Rogers, Mike Ross, Dean Smith, Robert Smith, Miss Karen Taylor, Robert B. Weaver, and Mrs. Evelyn West. From nearby communities—Ed Dunn and Kiwanis Lt. Gov. Paul Shuler of Daytona Beach; Judge Douglas Stenstrom of Sanford; Col. Mace Harris, Orange City; Roy M. Foster, Lake Helen; and Past Kiwanis Governor Russell Cole of Orlando. From Georgia—Marvin Enquist and Jim Cole of Warm Springs and James Evans and Cecil Hamby of Manchester. I commend each of these individuals for their support of the "Why I Love America" program.

Mr. Speaker, there is a need for this program in every community in America. I have watched the tremendous response in DeLand to the student speakers, the essay and poster contests, and the feeling of patriotism and loyalty which swells within the community as the goals and dreams of America are communicated through art and the spoken and written word of our great young people. I commend the "Why I Love America" program to communities throughout America. Further information may be obtained from Mr. Barry Crim, 434 North Colorado Avenue, Deland, Fla. 32720.

I request that a copy of Governor Askew's proclamation be inserted into the Congressional Record.

Proclamation

Whereas, the recent revelations of public corruption and immorality at all levels of government have seriously eroded the confidence of the American people in the political leaders of our Nation, and

Whereas, these revelations have shaken the very foundation of public trust upon which our political institutions have been built, and

Whereas, there is no more noble nor necessary goal than to work to immediately restore the confidence and trust of the American people in our political institutions and leaders, and

Whereas, it is essential that we "light a candle, not just condemn the darkness of political immorality," by implementing a positive, patriotic program at the local government level to underscore and emphasize a rededication by each of us to the true patriotic ideals of our forefathers and to the principle upon which our political institutions are based, and

Whereas, the DeLand Area Chamber of Commerce, the DeLand Chapter of the American Association of Retired Persons, and the Patriotic Education, Inc., organizations are sponsoring an oratorical presentation for all high school and college age students in the Greater DeLand Area with the theme, "Why I Love America," and

Whereas, the week beginning August 5–12, 1974, will be observed by these organizations and other interested citizens as a time to emphasize true patriotism to our Nation;

Now, therefore, I, Reuben O'D. Askew, by virtue of the authority vested in me as Governor of the State of Florida, do hereby proclaim the period of August 5–12, 1974, as We Love America Week in Florida, and urge all of our citizens to join together in allegiance to our Nation and to the precepts upon which our political institutions and system were founded.

A REAFFIRMATION OF FAITH IN OUR POLITICAL SYSTEM

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. Seiberling) is recognized for 5 minutes.

Mr. SEIBERLING. Mr. Speaker, I think this is an appropriate time for me to express some thoughts on the events of the last 24 hours.

We can all be gratified that the President last night made probably the most statesmanlike speech in his entire career. He did not choose to divide us. Rather he tried to unite us.

I think we can also be proud that he chose to emphasize the tremendous achievements of his own administration and the lofty goals which he aspired to and, I assume, still does.

It is tragic indeed that a nation has to come to the point where its Chief Executive is forced by public opinion and by, as he put it, the loss of support in Congress, to resign before the end of his term. Yet I think this would not have occurred had the President not failed to realize that it is not alone high ideals and high goals and high ends that a President or a political leader must have, but he must also be scrupulous about the means which he employs to achieve his ends. The tragedy of Richard Nixon is that his choice of means did not always equal his high ends. That is a lesson for all of us in political life and, of course, life in general.

It was also gratifying today to hear our new President, Gerald Ford, in his inspiring and straight-from-the-shoulder inaugural speech to the country. We can be proud of that speech. I sent him a telegram expressing my pride and my support for his efforts to lead us to peace, to solve the Nation's problems, to bring us together again, and to restore the faith of the people in our political system.

Mr. Speaker, our political system has proved that it is strong. The events of the last weeks and hours have been a triumph for our Constitution and for the genius of our Founding Fathers, who foresaw the need for constitutional provisions to meet the very kind of situation which we have faced during the last few months. Because the Founding Fathers understood history and human nature, the concepts they created still work.

But they also work because a great many people in the Committee on the Judiciary and in the Congress have been dedicated to making them work and have been faithful to the pledge, in their oath of office, to preserve, protect and defend the Constitution of the United States.

I have heard many comments by Members of this body and by people in my district and elsewhere that the proceedings of the Committee on the Judiciary restored the faith of the people in the House of Representatives and in the Congress. I am gratified to have been a part of those proceedings. If we did help restore the people's faith in our institutions, it is because the members of that committee as a whole showed their dedication to the Constitution and to the laws of the country and to their duty, as Members of Congress and regardless of party affiliation, to uphold the law, follow the truth wherever it may lead, and let the chips fall where they may.

We can be gratified that we have had a reaffirmation by the people and the Congress of the concept that no man is above the law.

Finally, I think we can be gratified in the character of the leadership we have had in our committee. The gentleman from New Jersey (Mr. Rodino), the chairman of the committee, has received universal acclaim for his fairness, his courage, his wisdom, and his patience.

I do not think anyone can quarrel with his leadership of our committee, his selection of an outstanding professional staff, and the fairness and courtesy with which he has treated all Members.

If there were to be a monument to the 93d Congress, it should be in the work of the Committee on the Judiciary, under the chairmanship of the gentleman from New Jersey (Mr. Rodino) which has renewed our self respect and the faith of the people in our institution.

AMERICAN CAUSE

(Mr. SIKES asked and was given permission to extend his remarks at this points in the Record and to include extraneous matter.)

Mr. SIKES. Mr. Speaker, editorial comments in major newspapers reveal significant interest in a new organization which is known as American Cause. It is essentially composed of those who seek to encourage confidence in American and who wish to stress the positive side of our great country, in contrast to the barrage of negative charges which has caused concern and even despair in so many areas.

Two editorials which have been brought to my attention are of particular interest. They are from the Los Angeles Herald-Examiner of July 4, and the Washington Star-News of July 17. I submit them for reprinting in the Record:

[From the Los Angeles Herald-Examiner, July 4, 1974]

FOURTH OF JULY—REBIRTH OF PATRIOTISM

America's 198th birthday is an appropriate occasion for the birth of an organization sworn to defend the U.S.A. from those committed to destroying this nation.

Under the guidance of former Sen. George L. Murphy, a bipartisan organization was conceived and developed that is dedicated to the preservation of traditional American values and restoring and protecting the basic elements of our political philosophy.

Headquartered in Washington, D.C., the newly-born organization, will be known as American Cause. It will accomplish its goal of countering the widely-disseminated negative elements about this society through coordinating the efforts of organizations that believe in the basic American philosophy.

At this period in our history, when it's too often considered "profound" or "fashionable" to downgrade the greatness of America, the commitment of an organization to lend its efforts in America's behalf cannot be too highly praised.

Through a bipartisan, congressional advisory committee, American Cause intends to be guided on programs which require public attention. It intends to supply necessary research, speech writers, expert consultants in all fields, credible witnesses before congressional committees, and other means to neutralize the constant barrage of negative charges that is causing a national despair.

Because American Cause believes that some self-appointed liberal "intellectuals," leftist writers, and some members of the press and media are steadily—if not purposely—misleading and confusing the American people, it has pledged to counter this unhealthy situation.

George Murphy and his advisory committee deserve praise and support. Citizens interested in contacting American Cause may reach it by writing to its headquarters, at 905 Sixteenth Street, N.W.; Suite 304; Washington, DC 20006.

[From the Washington Star-News, July 17, 1974]

MURPHY'S "AMERICAN CAUSE"

(By James J. Kilpatrick)

George Murphy called a press conference the other day, but almost nobody came. This was a pity, because the former California senator is a good man, and he was engaged in launching a worthy venture.

The old hoofer's purpose was to announce the formation of "American Cause." Though he wouldn't say so directly, American Cause obviously is intended to function as a conservative counter-force to the liberals' Common Cause. It is a consummation, as a certain Scandinavian used to say, devoutly to be wished.

Under the leadership of John Gardner, Common Cause has become one of the best-heeled and most effective lobbies in town. There was a time when Americans for Democratic Action served as front-runner for liberal propositions. When ADA ran out of wind, Common Cause picked up the torch. Now Common Cause is hustling from here to California on everything from consumer protection to the federal financing of elections.

If I voice admiration, I voice envy also. I wish Gardner's outfit were on our side. Respectable American conservatism could use 330,000 contributors pitching in $6 million a year. Our side has nothing like that.

If you listen for the voice of American conservatism, you will hear the urbane accents of National Review and the homespun strictures of Human Events. You will hear a few columnists and a few newspapers, notably the Wall Street Journal, but in terms of organizational voices, you will hear very little.

Barry Goldwater's fledgling Free Society Association crashed before it ever flew. Americans for Constitutional Action is inactive. The American Conservative Union has done some first-rate things—its attack on the President's Family Assistance Plan was a masterful job—but ACU has become so identified with Ronald Reagan that it lacks a broad base.

Out on the extreme edges of right field are Liberty Lobby and the John Birch Society, whose suicidal practice is to drown their sensible positions in great baths of hogwash. That's about it.

Will Murphy's American Cause get off the ground? It hurts to say this, but I doubt it.

Conservatives are a funny breed. Politically and ideologically, they are loners. They tend to peer through their microscopes darkly, seeing one issue at a time: gun control, right to work, fluoridation, racial balance busing, arms limitation, pornography.

Thus blinkered, they cannot be distracted by issues on either side. I once knew a rich Southern gentleman, now dead, who proposed to put up $50,000 to found a conservative organization. There was this hitch: The organization's sole purpose would be to prove that the 14th Amendment never had been ratified.

In launching American Cause, Murphy is tackling this natural perversity of the American right. Liberals have no such problem. They have a splendid motto: United we stand. Ours is different: Divided we fall.

Once Murphy moves beyond the patty-cake issues and plunges into areas of passionate disagreement, he is likely to shatter his constituency before he ever gets it glued together.

Yet the effort is worth a try. Murphy's prospectus rings all the old nostalgic chimes. American Cause would promote "a firm belief in the Constitution, free speech, free practice of religious worship, a responsible and trusted free press, the free enterprise system, the profit incentive, the right of private ownership of property, the maintenance of peace and safety in our communities, and the guarantee of national security from all enemies."

These are admirable goals, broadly appealing, but they are fuzzy around the edges. If American Cause is to compete with Common Cause in the arena of ideas, it will have to sharpen its aim and focus on specific targets.

The unavoidable risk is that some of Murphy's conservative prima donnas, offended at the neglect of their solo projects, will then stalk off the stage and go home.

ONE HUNDRED AND EIGHT SPONSORS OF RESOLUTION URGING WITHDRAWAL OF FOREIGN TROOPS FROM CYPRUS

(Mr. BRADEMAS asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. BRADEMAS. Mr. Speaker, on August 2, 1974, on behalf of the gentleman from Maine (Mr. Kyros), the gentleman from Pennsylvania (Mr. Yatron), the gentleman from Maryland (Mr. Sarbanes), the gentleman from Florida (Mr. Bafalis), and myself and a number of other Members of the House, I introduced House Concurrent Resolution 577 and a companion resolution calling for the immediate withdrawal of all foreign troops from the Republic of Cyprus and the restoration of peace by the United Nations.

Mr. Speaker, I shall on Monday next introduce another resolution, identical to House Concurrent Resolution 577, with additional cosponsors.

This further resolution now brings the total number of cosponsors of House Concurrent Resolution 577 to 108 Members of the House of Representatives.

Mr. Speaker, the need for the passage of this resolution is eloquently summarized in the following editorial, of August 8, 1974, from the Washington Star-News, and I ask unanimous consent to insert this editorial at this point in the Record.

Slippery Truce

The persistent violations of the Cyprus cease-fire agreement are a disheartening commentary on the readiness of the antagonists to reach an early and durable settlement on the island's status. The gunfire, the military maneuvering and the continued endangerment of isolated groups of civilians provide a poor climate for the second round of Geneva talks aimed at ending the crisis.

The aggressiveness of Turkish forces, in enlarging the wedge of territory they control between the outskirts of Nicosia and the north coast around Kyrenia, has presented the most blatant threat to the truce. Greek Cypriot forces have dragged their feet on the cease-fire requirement that they evacuate Turkish Cypriot enclaves elsewhere on the island. They surround and have made hostages of some Turkish communities, and hold thousands of Turkish Cypriot prisoners. Lightly-armed United Nations troops, assigned the thankless job of preventing clashes between Greeks and Turks, have been pushed around unconsiconably by both sides, suffering more than a score of casualties in the process.

The solidification of the July 30 cease-fire should be the first task of the diplomats in Geneva. Then the longer-range questions of Cyprus' future can be given proper attention.

Turkey in particular should be made to see the wisdom of quitting while it is ahead. Its successful invasion has enormously enhanced the Turkish Cypriot bargaining position. A reckless military government in Athens, after sponsoring the disastrous coup that overthrew Cypriot President Makarios, has been replaced by a moderate civilian model anxious for a settlement of the long-festering Cyprus question. The Turkish demand for a federation of semi-autonomous Greek and Turkish cantons on the island, with the Turkish minority enjoying possibly an equal say in joint affairs, has a good chance of carrying the day. But if Ankara overplays its hand it could undercut and even bring down the new Athens regime, revive the possibility of direct warfare between Greece and Turkey and delay indefinitely a peaceful solution for Cyprus.

The United States is not an official participant in the negotiations about Cyprus, which immediately involve Greece, Turkey, and Britain as the 1960 guarantors of Cypriot independence, joined by representatives of the new Clerides government in Nicosia. But Washington's considerable influence with Greece and Turkey should be used to close out the prospect of renewed hostilities between the NATO allies and their adherents.

Mr. Speaker, I invite other Members of the House who may not already have done so to join in cosponsoring House Concurrent Resolution 577, the text of which follows:

Whereas a settlement of the present conflict in the Republic of Cyprus is vital to the peace and security of the eastern Mediterranean and is in the best interests of world peace and stability; and

Whereas a settlement depends upon the right of the Cypriot people to determine their own destiny and the efforts of the United Nations to act as a negotiating body; and

Whereas Resolution 2077(xx) adopted by the General Assembly on December 18, 1965, "calls upon all states . . . to respect the sovereignty, unity, independence, and territorial intergrity of the Republic of Cyprus and to refrain from any intervention directed against it"; and

Whereas the continued presence of foreign troops in Cyprus undermines the ability of the Cypriot people to resolve their own crisis and the efforts of the United Nations to restore peace; and

Whereas Resolution 353 adopted by the Security Council on July 20, 1974, "demands an immediate end to foreign military intervention in the Republic of Cyprus" and "requests the withdrawal without delay from the Republic of Cyprus of foreign military personnel present otherwise than under the authority of international agreements. . . ."; and

Whereas the declaration on Cyprus signed by the foreign ministers of Britain, Turkey, and Greece, in Geneva on July 30, 1974, calls for a "timely and phased reduction of the number of armed forces" from Cypriot soil; and

Whereas the continued presence of foreign troops in Cyprus violates international agreements and United Nations resolutions, threatens the independence and territorial integrity of the island, jeopardizes peace and stability in the eastern Mediterranean, and imperils the very existence of NATO: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That all foreign troops currently involved in Cyprus be withdrawn immediately to that the United Nations may be permitted to restore peace to the island and the Cypriot people guaranteed the right to determine their own destiny.

Mr. Speaker, I list at this point in the Record the cosponsors of the resolution urging withdrawal of foreign troops from Cyprus:

Mr. Brademas, Mr. Kyros, Mr. Yatron, Mr. Sarbanes, Mr. Bafalis, Mr. Wolff, Mr. Annunzio, Mr. Van Deerlin, Mr. McFall, Mr. Burke of Massachusetts, Mr. Waggonner, Mr. Koch, Mr. Breaux, Mr. Lott, Mr. Ginn, Mr. Clark, Mrs. Boggs, Mr. Edwards of California, Mr. Johnson of California, Mr. Smith of Iowa, Mr. Foley, Miss Jordan.

Mr. Charles H. Wilson of California, Mr. Price of Illinois, Mr. Dulski, Mr. Tiernan, Mr. Charles Wilson of Texas, Mr. Boland, Mrs. Schroeder, Mr. Hechler of West Virginia, Mr. Steed, Mr. Downing, Mr. Macdonald, Mr. John L. Burton, Mr. Howard, Mr. Helstoski, Mr. Cohen, Mr. Moss, Mr. Obey, Mr. Yates, Mr. Ryan, Mr. Hawkins, Mr. Phillip Burton, Mr. Pepper, Mr. Drinan, Mr. Danielson, Mr. Patten, Mr. Giaimo, Mr. Reuss, Mr. Murphy of Illinois, Mr. Mazzoli, Mr. Mezvinsky, Mr. Long, Mr. McKay.

Mr. Steelman, Mr. Maraziti, Mr. Moorhead of California, Mr. O'Neill, Mr. Minish, Mr. Rinaldo, Mr. Ketchum, Mr. Hanrahan, Mr. Sarasin, Mr. Conte, Mr. Johnson of Colorado, Mr. McCormack, Ms. Abzug, Mr. Moakley, Mr. Rodino, Mr. Dickinson, Mr. Frey, Mr. O'Brien, Mr. Gilman, Mr. Steele, Mr. Treen, Mr. Huber, Mr. Morgan, Mr. Adams, Mr. Fraser, Mr. Zablocki, Mr. Preyer, Mr. Hicks, Mr. Anderson of California.

Mr. Podell, Mr. Brown of California, Mr. Roe, Mr. Whitehurst, Mr. Addabbo, Mr. Nix, Mr. Anderson of Illinois, Mr. Fascell, Mr. Hinshaw, Mr. King, Mr. Grasso, Mr. Young of Georgia, Mr. Seiberling, Mr. Rees, Mr. Carney, Mr. Rosenthal, Mr. Mollohan, Mr. Fish, Mr. Moakley, Mr. Moorhead of Pennsylvania, Mr. Studds, Mr. Harrington, Mr. Gude, Mr. Stark, Mr. Eilberg.

TIME TO BIND UP THE WOUNDS

(Mr. MILLER asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. MILLER. Mr. Speaker, with the resignation this morning of Richard Nixon as the 37th President of the United States an extremely difficult period in American history has hopefully come to an end. I am sure that Mr. Nixon did what he felt was in the best interests of the Nation. Nevertheless, the whole ordeal has been a shattering experience to him and his family, to the Congress, and to the entire country. I have known Richard Nixon for a long time and was a supporter of his legislative policies. It is deeply regrettable that this sordid, tragic Watergate matter should compromise his otherwise brilliant career in the public service for a quarter of a century. However, I am confident that history will record his bold initiatives and masterful pursuit of world peace and stability.

As Gerald Ford assumes the Presidency it is time to bind up the wounds of the past 2 years so that our new President can provide the leadership that will unite the country. We must now look to the great problems that face America and which have been too often overlooked by the Government during the controversy of the past 2 years. Foremost among these critical issues is the state of the economy and in particular the rapid inflation that has attacked each citizen's pocketbook. This problem can only be successfully confronted by the full cooperation of the President and the Congress.

I had the pleasure of serving in the House of Representatives when Gerald Ford was the minority leader. I can speak first hand of his abilities and dedication to serving this country. With his many friendships here on Capitol Hill and his knowledge of the workings of the Congress, Gerald Ford will, I am confident, be able to bridge the gap between the executive and legislative branches to insure coordinated efforts in resolving the Nation's problems. I take this opportunity to pledge my full support and cooperation to President Ford as he assumes his new and awesome responsibilities. I hope that all Americans, regardless of their political beliefs, will unite behind our new President and lay to rest any bitterness that remains over the tragic events of recent months.

THE AMERICAN ECONOMY

(Mr. HANLEY asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. HANLEY. Mr. Speaker, I have been discussing the status of the American economy in recent radio broadcasts, and I thought that some of my colleagues might like to read my observations.

All of us are painfully aware of the

responsibility we bear to participate in those decisions which will set this country back on a economic course.

The scripts of the three broadcasts follow:

Radio Broadcast for Week of July 22, 1974

Ladies and gentlemen, this is Congressman Jim Hanley speaking to you from our Nation's Capitol.

Recently, Dr. Herbert Stein, Chairman of the President's Council of Economic Advisers, blamed the public for the current rate of inflation, claiming the taxpayers were reluctant to have a tax increase. I have never heard such nonsense before. This is only one more indication of the Administration's unwillingness to do anything substantive in curbing inflation, or in helping those who are hurt the most by inflation. Inflation is our Number One Problem, and it is a complex problem with no single institution to blame.

This is the first of three talks I will give on the economy. I am devoting this time to explaining why we are experiencing double digit inflation. I will not do the explanation justice, for it is too complex for even an hour lecture, but I do hope to convey the challenge we face.

A study of our present situation best begins with the Economic Stabilization Program put together by the Nixon Administration. The Wage-Price Controls they belatedly implemented were just beginning to work when the Administration decided the situation justified price increases, but not wage increases; thus the demise of Phase II. It was only natural, once given the chance, that the working man attempt to regain his rightful share of the economic pie. This by itself would not have been bad because the U.S. had a strong economy.

It was at this point that for the first time in history the whole world saw the opportunity for economic expansion. Usually, while some countries are experiencing growth, others are experiencing little or no growth. Since late 1972, all countries have been attempting to increase their share of world consumption, without a corresponding increase in production facilities. At the same time, food production did not fulfill expectations as growing conditions deteriorated in certain major agricultural regions of the world. One example of the unforeseen events was the unexplained disappearance of anchovies from the coast of South America in early 1973.

As it turned out, the best substitute for anchovies is soy beans. This led to an increase in the demand for soy beans, and the price of anything containing soy beans went up. I could go on and on, but the basic idea is that our economy has become so complex that many goods which seem to be unrelated are actually close substitutes, or use materials also used in the production of many far ranging commodities. When a shortage occurs in one area, it can affect many areas.

There are still other elements to inflation. The devaluation of the dollar caused a one time increase in the price of all imports. The increase in the cost of energy was extremely large, and has yet to make itself felt throughout the economy. These are price increases which we can do little about. They are simply decreases in all America's standard-of-living relative to the rest of the world.

One of the basic elements of all inflations, and this one is no exception, is that the government has increased the money supply at too fast a rate. This is a result of both fiscal and monetary policies, which have been attempting to improve the quality of life in the U.S. in the short run, while not examining the long run economic implications. Let me explain this point. An economy tends toward equilibrium. Whenever it is at a point away from equilibrium, it tends to correct itself. Thus, anytime there is more money circulating than goods and services cost, the price of these goods and services is bid up. Th long run effect of government policies designed to reduce some of our society's inherent inequities has been to cause the money supply to become too large.

The last reason for our high rate of inflation, and the most difficult to deal with, is the fact that inflation snowballs. People begin to expect inflation, and attempt to protect themselves from it; some being better able to protect themselves than others. It is for this reason that inflation must be curbed.

That is the problem. I will discuss solutions next time.

Radio Broadcast for Week of July 29, 1974

Ladies and gentlemen, this is Congressman Jim Hanley speaking to your from our Nation's Capitol.

Curbing inflation is a most difficult process, especially if the policy is to be equitable. Any policy enacted must spread the cost of curbing inflation across the entire populace, and it must insure that the economy maintains its vitality.

After inflation, our most serious economic problem is that we need to renovate much of our capital investment. Certain industries simply do not have the capacity to produce the quantities demanded by consumers. In addition to insufficient capacity, a large proportion of our existing capital investment is old and needs replacement. Congress compensates industry for the cost of replacing old equipment through capital depreciation allowances, and without a doubt, some corporations have been negligent in their planning for such purchases. But the need for more capital expenditures is still there and must be met if we are to maintain a strong economy. Thus, corporations are scrambling for funds to invest and are helping to drive higher interest rates, which were already high, to compensate for inflation.

The result of this has been to throw the housing industry into total chaos. The housing industry is totally dependent on the ability of prospective home owners to acquire mortgages. These mortgages can be given only if savings banks, loan associations, and other thrift institutions have available adequate funds to award loans at interest rates the consumer can afford.

Right now, these institutions which form the backbone of our housing industry are seeing their deposits withdrawn in large quantities as large commercial banks, through their holding corporations, offer higher interest rates to attract funds, which they then loan out to large corporations. This is a most serious threat to our financial system, because our traditional means of financing home ownership faces total collapse if the trend is not reversed.

It is up to the Federal Reserve to hold down the rate of growth of the money supply, but at the same time to use more selective methods of credit and interest rate policy to reduce the great inequities in the current availability of credit. The economy is going to have to go through a period of sluggish economic growth while we curb inflation, and it is the Government's obligation to see that no area of the economy loses complete access to credit. Congress must look at ways to stimulate certain sectors of the economy, while restraining other sectors.

This brings to mind a problem. We need expanded production facilities. Corporations can use either retained earnings or borrowed money to finance their expansions. Presently many are borrowing, and disintermediation is occurring to accommodate their demand, with devastating effects on housing. This would not be occurring if firms were using retained earnings.

Congress is being urged by some to raise corporate income taxes. This assumes that corporations are receiving profits greater than a reasonable return. If this were true, why aren't these firms using retained earnings, on which they pay no interest, for investment purposes. We do not have this information, and it is one more indication of the fact that the Government does not have adequate statistics on long-range economic conditions, something we need very badly.

It is in this light that the House Committee on Banking and Currency of which I am a member, has been holding hearings on monetary policy, interest rates, and inflation. We have heard testimony from economists, Federal Reserve Bank Presidents, and Dr. Arthur Burns, Chairman of the Board of Governors of the Federal Reserve.

As you might imagine, these men hold differing opinions on the exact course monetary policy should proceed, but all agree that such policy should be made with more of an eye to long-run implications.

It is my hope that by holding these hearings, the Committee will be able to bring about a dialogue that is currently lacking in the determination of monetary policy. Doctor Burns is solely responsible for our monetary policy, and while he is a very capable person to have in charge of the Federal Reserve, he is not infallible as is proven by past performances.

It is up to Congress to give the Federal Reserve Board more guidance in policy parameters, since the FED has had a tendency to refrain from anything other than traditional means of managing the monetary aspects of the economy. If the Congress can come up with a better means of managing monetary policy, inflation will be easier to deal with, and all Americans will be better off.

Radio Broadcast for Week of August 5, 1974

Ladies and gentlemen, this is Congressman Jim Hanley speaking to you from our Nation's Capitol.

This is the last of my three talks on the economy. I have already discused the reasons we have double digit inflation and what direction monetary policy should go if we are to achieve a period of economic growth with stable prices. I would now like to outline other changes needed to fight inflation.

First, let me say that economic policy should be determined by the Executive Branch. It is much easier for the Administration to submit one proposal to Congress than it is for the many Members of the House and Senate, with their divergent philosophies, to formulate and agree on a policy. In April, I proposed a resolution calling for the Administration to bring forth a comprehensive policy for dealing with inflation, and Congress has not acted on it. The speech that Mr. Nixon gave on the economy a few weeks ago went in the right direction, but there was nothing substantive. We are in the midst of a situation that threatens to blossom into crisis proportions if action isn't taken soon and, unfortunately, the Administration is giving the problem only lip service. If the Executive Branch refuses to accept its responsibility, then the obligation is passed to the Congress, and we will have to attempt to bring together the many factions.

I was encouraged by the responses to my questionnaire regarding the economy. They showed that you, the citizens, are aware and in agreement that a whole series of coordinated actions are needed to reverse the present inflation-recession economy. Now the problem is to determine which actions should be implemented.

Last week, I discussed the need for monetary restraint and associated policies to cushion the credit situation. Monetary restraint alone cannot cure our economic ills; in fact, alone, it will probably make them worse. The most effective anti-inflation device is a surplus budget. Most projections for our current fiscal year say we will have another deficit. The best we can probably hope for is a balanced budget.

Some would charge that the Congress is being fiscally irresponsible. Government policy is not made in an economic and social vacuum. Most budget allocations, especially the non-defense appropriations, are there for a good reason. Those who wish to cut the budget in one area will be opposed by others who cannot justify that particular cut, and vice versa. If the budget is going to be cut, it is up to the Administration to come forth with the proposals to decrease appropriations. A tax increase would decrease the inflationary influences of the budget, but we will not see an increase in taxes in 1974. Presently, a tax reform bill is pending before the House Ways and Means Committee. Its main purpose is to close loopholes which allow some to pay little or no tax, when their income is in the tens of thousands of dollars. The bill would also give middle- and lower-income families the tax break they deserve. I will do all that I can to see that this bill does not get lost in any preoccupation Congress might have with the impeachment process.

One of the Government's shortfalls is that all too often it does not look far enough into the future when making decisions. The Budget Reform Act of 1974 gives Congress, for the first time, the ability to analyze the entire budget in relation to the future.

It is my personal view that besides effective anti-inflationary monetary and fiscal policies, we need to devote special attention to the areas of food and energy. Congress is presently considering many energy proposals, but the Government has no long-range policies dealing with food production. That is the primary reason we have seen the market fluctuations become so unpredictable. Without a comprehensive policy to guide him, each producer does what appears to be in his best interest, and an erratic supply is the result. The Department of Agriculture should begin to fulfill its function of maintaining consistent market conditions for food commodities. That is one reason why Congress appropriates funds for the Agriculture Department, and I tire of their inactivity in this respect. It is but another indication of the lack of policy on the Administration's part.

The U.S. has the capability to pull itself out of its economic woes, but it cannot do so without leadership and a comprehensive policy. Although I wish Congress could go it alone, given the gravity of our situation, it cannot do so effectively. I am and will continue to urge the adoption of my resolution calling for the Administration to begin to deal seriously with the problems of the economy.

PRESIDENT FORD NEEDS TO TAKE A HARD LOOK AT THE FEDERAL RESERVE SYSTEM

(Mr. PATMAN asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. PATMAN. Mr. Speaker, there are indications that the new President, Gerald Ford, plans to put emphasis on the economic troubles which beset the Nation.

If this is correct, I welcome this development and I sincerely hope that the new President will carry out his responsibility over the activities of the Federal Reserve Board. The Federal Reserve, through misguided monetary policies, has been the engine of much of our current inflation and no new economic program will succeed unless the President is willing to make the Federal Reserve perform in the public interest.

The Federal Reserve's policy of using high excessive exorbitant and usurious interest rates as a means of fighting inflation has been a failure. It has obviously not stopped inflation but has resulted in tragic burdens for the plain people of the Nation and has bankrupted small businessmen and has contributed to a wide range of price increases.

Mr. Speaker, I hope that President Ford will take a hard look at how the Federal Reserve finances its operations. As this House well knows, the Federal Reserve uses the interest payments on the huge portfolio of paid-up bonds which reside in the New York Federal Reserve Bank. These interest payments currently run well in excess of $4 billion annually and the Federal Reserve is free to finance its far-flung operations out of this fund without audits and without coming to the Congress for appropriations.

The bond portfolio has now grown to more than $80 billion—something approaching 20 percent of the total national debt. These are bonds that have been paid for with the credit of the U.S. Government and they should be retired and subtracted from the national debt.

If these bonds were retired and removed as an interest-bearing debt obligation of the Federal Government, the Federal Reserve System would be required to come to Congress for appropriations like all other Government agencies. This appropriations process would be an important review of the Federal Reserve's activities and would give the Congress an opportunity to make the system more responsive to the needs of the country.

President Ford begins anew and this is a great opportunuity to set the monetary house in order in all respects. As a new Chief Executive it would be highly beneficial for President Ford to call for a full-scale, top-to-bottom audit by the General Accounting Office of the Federal Reserve System. This would allow him to begin with a clean slate in the monetary area.

Mr. Speaker, while we are talking about audits, I would also like to call the President's attention to the fact that the Congress has just passed authority for Americans to own and trade gold. This reverses a policy of 40 years and the recent discussions of the gold question have raised lots of new issues. There is in some quarters confusion about how the Federal Government maintains its supply of gold and rumors about various aspects of this question continue to grow.

Therefore, I think it would be wise for some type of broad audit to be conducted of gold supplies owned and controlled by the U.S. Government. Such an audit, if conducted by the General Accounting Office, would do much to allay fears and put an end to rumors about the gold supplies. I hope President Ford will support and insist upon such an inspection by the General Accounting Office.

Mr. Speaker, the President should also consider the immediate implementation of Public Law 91-151—the Credit Control Act of 1969. This law, if triggered by the President, would give the Federal Reserve the authority to control all aspects of credit including interest rates, maturities and downpayments.

Through the use of this law, credit could be allocated to the areas of greatest need—those areas starved for loan funds such as housing and small business. At the same time the Federal Reserve could use these powers to move credit away from inflationary areas and speculative undertakings.

On Thursday, 21 members of the Banking and Currency Committee—a majority—cosponsored a concurrent resolution calling on the President to use these powers and I hope that President Ford will take a hard look at this approach.

President Ford has indicated a desire to reconcile differences in the Nation and to gain the confidence of the people and I can think of no better way than to produce a consistent and clear plan to bring the Nation out of its current economic mess. And certainly a prime part of this plan must be a reduction in interest rates and an allocation of credit to the sagging areas of the economy.

Mr. Speaker, I am sure that members of the Banking and Currency Committee will want to consider any new economic plans that President Ford may have. Much time has already been lost in dealing with economic problems and it is essential that we move forward in a meaningful fashion.

AMENDMENT TO H.R. 15264

(Mr. ICHORD asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. ICHORD. Mr. Speaker, I take this opportunity to advise the House that there is a provision in section 6 of the bill H.R. 15264—amending the Export Administration Act of 1969—which, if enacted in its present form, may have the effect of voiding or nullifying the action of the House and the Senate in the enactment only this July 30 of a related measure, H.R. 15492, the military procurement authorization for 1975, which the President approved this week and is now designated as Public Law 93-365. The Congress wrote into Public Law 93-365, section 709, provisions which would assure its control over and provide effective oversight with respect to the export of goods and technology which would significantly increase the present or potential military capability of identified Communist countries.

Section 709 of the act requires that applications for the export of goods, technology, or industrial techniques to the named Communist countries must be submitted to the Secretary of Defense for review prior to final authorization of such export. If the Secretary of Defense determines that any requests for such export of goods or technology will significantly increase the present or potential military capability of such Communist country, he shall recommend that the President disapprove the application. If the President disagrees with the recommendation of the Secretary of Defense, the President is then required to submit his decision to the Congress. If the Congress within a period of 60 days of continuous session thereafter has not by concurrent resolution disapproved the application, only then may such goods or technology be eligible for export.

Now it is to be emphasized that this congressional control reserved in the Military Procurement Act can be effectively exercised only with respect to goods or technology for which a license or other authority is required. On the other hand, the bill now under consideration, H.R. 15264, contains provisions in section 6 thereof—lines 24, page 9, through line 6, page 10—which would as a practical matter nullify the reservation in the Military Procurement Act. H.R. 15264 would amend the Export Administration Act of 1969 so as not to require an authority, license, or permission to export goods, technology, or information, except to the extent that may be required in the implementation of section 3(2) of the Export Administration Act itself—section 2402(2) of title 50, appendix United States Code. While there is some broad reference to "national security" in this section of the Export Administration Act, it does not appear to me to be clear that there will be preserved a requirement for the maintenance of a licensing system for the implementation of the express policies contained in the provisions of section 709 of the Military Procurement Act—Public Law 93-365—as H.R. 15264 now reads.

In view of the fact that the present bill, H.R. 15264, was reported on June 19, 1974, prior to the enactment of the Military Procurement Act, the omission of a saving reference to Public Law 93-365 is understandable. I, therefore, advise the House that I will offer an amendment to the provisions of section 6 of H.R. 15264 by inserting immediately after the word "act" in line 5, page 10, the words "and section 709 of Public Law 93-365." I would hope that the managers of the bill will accept this amendment as I am sure they do not intend to repeal section 709 of Public Law 93-365.

CHILD CARE—WHO NEEDS IT?

(Mr. MEEDS asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. MEEDS. Mr. Speaker, the Select Education Subcommittee is currently holding hearings on the Child and Family Services Act of 1974. This legislation seeks to improve the quality and quantity of services available to young children and families with a working mother.

Yesterday's Washington Post carried a summary of recent findings by the Census Bureau indicating that the number of families headed by women has increased by nearly 50 percent since 1960. The median income for this group is only one-half the national average, with nearly 40 percent living under the poverty level.

For the women heading these families, the choice is between work outside the home and living on a welfare check. For those who choose to work, adequate child care is spotty, frequently unavailable, and expensive if it is high quality.

I believe the statistics cited in the following article underline the need to make supportive services available to families who both need and want them:

[From the Washington Post, Aug. 8, 1974]

MORE WOMEN RUN FAMILIES

(By Peter Milius)

The number of families headed by women in the United States increased by more than a million in the last three years—as much as in the preceding 10, the Census Bureau said yesterday.

The bureau, in the first full report it has published on this problem-ridden and growing population subgroup, said one-tenth of all Americans now live in female-headed families, almost one-seventh of all children under 18 and almost one-third of all blacks in the country.

Nearly 40 percent of these 21.3 million people are poor as the government defines poverty—and these people make up fully a third of all poor people in the country. They account for more than half of the black poor. Black and white together, they are probably the largest identifiable group of poor people in the nation.

There were 4.5 million families in the country headed by women in 1960, 5.6 million in 1970. The bureau said there were 6.6 million in 1973, 12 per cent of all families 10 per cent of all white families and 35 per cent of black.

"This very rapid increase over the last several years," the bureau said, "has fostered a growing concern among social scientists and government planners regarding changes in family structure and composition.

"Much has been written, usually speculative in nature, about the general breakdown of family living arrangements in the United States. Theories range from the position that a basic transformation . . . is occurring to the position that recent changes are only momentary and the structure of the nuclear family, as we now know it, will be maintained."

The bureau offered various possible explanations for these changes. "High rates of marital dissolution through divorce and separation certainly have had an impact," it said.

"But there has also been an increase in the number of female heads of families who are single, which may be due in part to the retention of illegitimate children by their mothers and also to the liberalization of adoption procedures whereby single persons may now adopt children."

"Another important factor," the bureau's experts said in their report, "is the increased participation of women in the labor force," which has "led to increased economic independence among many women."

"Other factors possibly related," the bureau said, "are the increased availability of public assistance . . . as well as the changing attitude toward independent living among women today."

The rise of the female headed family has been most pronounced among blacks. Nearly 40 percent of all black children now live in such families. Since 1960, the total of all families in the country has gone up 21 per cent, the number of black female-headed families, 92 per cent.

The bureau said a rising percentage of women who head families are young, divorced and separated or single, and a declining percentage are middle-aged and widowed. More than half these women work, about a third of their families depend entirely on earnings for their incomes, and only about 11 per cent depend entirely on welfare or Social Security for income.

Median income of female-headed families is only about half the national median. In 1972 it was $5,342 for all female-headed families, $6,213 for white and $3,840 for black. The poverty cutoff, according to the government, is now about $4,500 a year for a family of four.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. GOODLING (at the request of Mr. RHODES), for today, on account of official business.

Mr. LOTT (at the request of Mr. RHODES), for today, on account of official business.

Mr. TREEN (at the request of Mr. RHODES), for today, on account of official business.

Mr. O'BRIEN, for today, on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. PARRIS) to revise and extend their remarks and include extraneous material:)

Mr. KEMP, for 30 minutes, today.

Mr. SKUBITZ, for 5 minutes, today.

Mr. EDWARDS of Alabama, for 5 minutes, today.

Mr. YOUNG of Florida, for 15 minutes, today.

Mr. HOGAN, for 5 minutes, today.

(The following Members (at the request of Mr. GINN) and to revise and extend their remarks and include extraneous matter:)

Mr. BINGHAM, for 5 minutes, today.

Mr. FLOOD, for 5 minutes, today.

Mr. GONZALEZ, for 5 minutes, today.

Mr. HOWARD, for 5 minutes, today.

Mr. KOCH, for 5 minutes, today.

Mr. MEZVINSKY, for 5 minutes, today.

Mr. SEIBERLING, for 5 minutes, today.

Mr. CHAPPELL, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. PARRIS) and to include extraneous material:)

Mr. WHITEHURST in two instances.

Mr. COLLINS of Texas in four instances.

Mr. HUDNUT.

Mr. HANRAHAN in two instances.

Mr. BROTZMAN.

Mr. STEIGER of Arizona.

Mr. BELL.

Mr. WALSH.

Mr. ARCHER in three instances.

Mr. LANDGREBE in two instances.

Mr. HOSMER in three instances.

Mr. CARTER in two instances.

Mr. HOGAN in five instances.

Mr. FRENZEL.

(The following Members (at the request of Mr. GINN) and to include extraneous matter:)

Mr. FISHER in four instances.

Mr. BRINKLEY.
Mr. GONZALEZ in three instances.
Mr. RARICK in three instances.
Mr. ANDERSON of California in two instances.
Mr. DOMINICK V. DANIELS.
Mr. MURPHY of New York.
Mr. MOLLOHAN.
Mr. MURTHA in two instances.
Mr. SYMINGTON in two instances.
Mr. WON PAT in two instances.
Mr. EVINS of Tennessee.
Mr. PATMAN.

ADJOURNMENT

Mr. GINN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 2 o'clock and 20 minutes p.m.), under its previous order, the House adjourned until Monday, August 12, 1974, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2645. A letter from the Acting Chairman, Civil Aeronautics Board, transmitting a draft of proposed legislation to amend the Federal Aviation Act of 1958 to authorize the Civil Aeronautics Board to assess civil penalties; to the Committee on Interstate and Foreign Commerce.

2646. A letter from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting copies of orders entered in cases in which the authority contained in section 212(d)(3) of the Immigration and Nationality Act was exercised in behalf of certain aliens, together with a list of the persons involved, pursuant to section 212(d)(6) of the Act [8 U.S.C. 1182(d)(6)]; to the Committee on the Judiciary.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. MATSUNAGA: Committee on Rules. House Resolution 1307. Resolution providing for the consideration of H.R. 7917. A bill to provide minimum disclosure standards for written consumer product warranties against defect or malfunction; to define minimum Federal content standards for such warranties; to amend the Federal Trade Commission Act in order to improve its consumer protection activities; and for other purposes (Rept. No. 93–1275). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. GILMAN:

H.R. 16355. A bill to provide for a program of assistance to State governments in reforming their real property tax laws and providing relief from real property taxes for low-income individuals, and for other purposes; to the Committee on Ways and Means.

By Mr. KEMP (for himself, Mr. BOB WILSON, and Mr. DEVINE):

H.R. 16356. A bill to reestablish the fiscal integrity of the Government of the United States and its monetary policy, through the establishment of controls with respect to the levels of its revenues and budget outlays, the issuance of money, and the preparation of the budget, and for other purposes; to the Committee on Ways and Means.

By Mr. MOAKLEY:

H.R. 16357. A bill to authorize the establishment of an older worker community service program; to the Committee on Education and Labor.

H.R. 16358. A bill to amend the Budget and Accounting Act of 1921 to provide for investigations and expenditure analyses of the use of public funds; to the Committee on Government Operations.

H.R. 16359. A bill to amend title XVI of the Social Security Act to provide that inmates of county homes and similar institutions for the elderly who are contributing to their own support and maintenance may qualify for supplement security income benefits; to the Committee on Ways and Means.

H.R. 16360. A bill to amend the Federal Property and Administrative Services Act of 1949, as amended, to permit donations of surplus supplies and equipment to older Americans; to the Committee on Government Operations.

H.R. 16361. A bill to require the Secretary of Transportation to investigate and report to the Congress with respect to whether certain railroad facilities and equipment meet Federal safety standards, and for other purposes; to the Committee on Interstate and Foreign Commerce.

H.R. 16362. A bill to establish a Marine Fisheries Conservation Fund; to the Committee on Merchant Marine and Fisheries.

H.R. 16363. A bill to amend the Internal Revenue Code of 1954 to provide for annual adjustments in the amount of personal exemptions and the amount of the standard deduction to reflect increases in the cost of living; to the Committee on Ways and Means.

H.R. 16364. A bill to amend title XVI of the Social Security Act to provide for emergency assistance grants to recipients of supplemental security income benefits, to authorize cost-of-living increase in such benefits and in State supplementary payments, prevent reductions in such benefits because of social security benefit increases, to provide reimbursement to States for home relief payments to disabled applicants prior to determination of their disability, to permit payment of such benefits directly to drug addicts and alcoholics (without a third-party payee) in certain cases, and to continue on a permanent basis the provision making supplement security income recipients eligible for food stamps, and for other purposes; to the Committee on Ways and Means.

By Mr. PERKINS:

H.R. 16365. A bill to increase deposit insurance from $20,000 to $60,000; to the Committee on Banking and Currency.

By Mr. MATHIAS of Georgia:

H. Con. Res. 595. Concurrent resolution expressing the sense of Congress that Richard M. Nixon not be prosecuted for any offense, whether State or Federal, allegedly committed while he was in office as President of the United States; to the Committee on the Judiciary.

By Mr. STUCKEY:

H. Con. Res. 596. Concurrent resolution expressing the sense of Congress that Richard M. Nixon not be prosecuted for any offense, whether State or Federal, allegedly committed while he was in office as President of the United States; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII,

Mr. SHOUP introduced a bill (H.R. 16366) for the relief of M. Sgt. Gary O. Ostlund, U.S. Army, which was referred to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

468. By the SPEAKER: Petition of the chairman, Midwestern Governors' Conference, Lincoln, Nebr., relative to agricultural imports; to the Committee on Agriculture.

469. Also, petition of the Monroe County Legislature, N.Y., relative to supplemental security income benefits under the Social Security Act; to the Committee on Ways and Means.

SENATE—*Friday, August 9, 1974*

The Senate met at 11 a.m. and was called to order by Hon. WILLIAM PROXMIRE, a Senator from the State of Wisconsin.

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

God of our fathers and our God, by whose providence this Nation was born and by whom we have been guarded and guided, in this hour of mingled tragedy and hope, lift our lives into the clear light of Thy presence and encompass us with Thy love. By the miracle of Thy grace transform this time of sorrow and judgment into a season of cleansing and healing.

Deal graciously, O Lord, with our departing President. Accord him appreciation for every noble achievement, forgiveness for every acknowledged wrong, and grant him a new life of usefulness and inner peace. Surround his family with Thy comfort and love.

Grant to Thy servant Gerald Ford, on this day of dedication, a vivid awareness of Thy presence and the assurance of Thy supporting strength. Endow him plenteously with the sinews of Thy spirit, with moral courage, with wisdom beyond his own, and with power to lead the Republic in reconciliation and unity, in peace and prosperity, in justice and righteousness.

Chastened and cleansed, but full of hope and faith, help us O God, in our private lives and as a people to walk in the ways of Thy commandments, to live by the truth, to do justly, to love mercy and to serve Thee with our whole heart and mind and strength and that Thy kindom may come and Thy will be done on Earth. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. EASTLAND).

The assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C. August 9, 1974.

To the Senate:

Being temporarily absent from the Senate on official duties, I appoint Hon. WILLIAM PROXMIRE, a Senator from the State of Wisconsin, to perform the duties of the Chair during my absence.

JAMES O. EASTLAND,
President pro tempore.

Mr. PROXMIRE thereupon took the chair as Acting President pro tempore.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Thursday, August 8, 1974, be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that all committees may be authorized to meet during the session of the Senate today.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

PERMISSION TO SUBMIT A REPORT ON S. 3717 TODAY

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Committee on Interior and Insular Affairs be permitted to file not later than 5 p.m. today a report on S. 3717, a bill extending the Emergency Petroleum Allocation Act of 1974.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

COMMUNICATION FROM CHARGÉ D'AFFAIRES OF THE NETHERLANDS

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD a letter which I have just received from Baron A. N. van Aerssen, Chargé d'Affaires of the Netherlands, having to do with newspaper stories which have appeared indicating there might be a possible cut in Dutch forces allotted to NATO.

There being no objection, the communication was ordered to be printed in the RECORD, as follows:

WASHINGTON, D.C.,
August 7, 1974.

Hon. MIKE MANSFIELD,
U.S. Senate,
Washington, D.C.

MY DEAR SENATOR: Recently I read your statement made in the Senate on July 15th about the Dutch defense white-paper, as printed in the Congressional Record of that day, jointly with a Washington Post article about NATO criticism directed at the same white-paper, and an article by yourself in the Claremont Men's College Magazine.

Your statement and the publication of your above mentioned article in the same context, seemed to imply that the Netherlands Government had decided or was planning to reduce unilaterally the ready strength of the troops committed to the integrated NATO defense in Central-Europe.

Allow me, dear Senator, to draw your attention to the following.

First of all the Netherlands Government has pledge explicitly within NATO not to reduce the manpower of its land forces in Central-Europe as long as the negotiations on mutual balanced force reductions have not led to the desired results.

In the second place: it is true that some numerical reductions in the personnel of the Dutch Navy and Air-force are envisaged, but this will mainly be a result of replacement of existing larger and outdated equipment by modern and more sophisticated equipment. As an example I would like to mention the introduction within the Navy of the new frigates, which will carry smaller crews than the present ships of that type, due to extensive automatization.

I cannot agree with the statement in the Washington Post that several Hawk antiaircraft units will be abolished. There will be no reduction in Hawk units, but only a redeployment, whereby some units will be used for anti-aircraft protection of airfields in the Netherlands. All units will furthermore be modernized in accordance with the Alliance Hawk Improvement Programme.

The main thrust of the Netherlands defense white-paper is an attempt to reduce the operation and maintenance costs in the coming decade, so that a higher percentage of the defense-budget can be made available for investment in new and modern military equipment. This will permit in the coming years to maintain a contribution to the integrated NATO defense of Western Europe that is qualitatively strong and efficient.

Further my Government is convinced that NATO countries should more than hitherto concentrate on specific defense activities, so as to make their respective contributions to the Alliance more cost effective.

If you think it would be appropriate to insert the text of this letter in the Congressional Record I would certainly welcome this.

In the hope that my explanation will have been helpful to elucidate somewhat the rather confused picture about this subject created by some comments in the press, I remain, my dear Senator,

Yours sincerely,
Baron A.N. VAN AERSSEN,
Chargé d'Affaires a.i. of the Netherlands.

MESSAGE FROM THE HOUSE—ENROLLED BILL AND JOINT RESOLUTION SIGNED

A message from the House of Representatives by Mr. Berry, one of its reading clerks, announced that the Speaker has affixed his signature to the following enrolled bill and joint resolution:

H.R. 69. An act to amend and extend the Elementary and Secondary Education Act of 1965, and for other purposes; and

H.J. Res. 1104. A joint resolution to extend by 62 days the expiration date of the Export Administration Act of 1969.

The enrolled bill and joint resolution were subsequently signed by the Acting President pro tempore (Mr. PROXMIRE).

ORDER FOR ADJOURNMENT

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until noon on **Monday** next.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

SENATE RESOLUTION 379—RELATING TO CLERICAL AND OTHER ASSISTANTS TO THE VICE PRESIDENT

Mr. MANSFIELD. Mr. President, I send to the desk a resolution and ask for its immediate consideration. This resolution is offered on behalf of the distinguished Republican leader, the distinguished assistant majority leader (Mr. ROBERT C. BYRD), the distinguished assistant Republican leader (Mr. GRIFFIN), and myself.

The ACTING PRESIDENT pro tempore. The resolution will be stated.

The assistant legislative clerk read as follows:

***Resolved,* That the clerical and other assistants to the Vice President on the payroll of the Senate on the date prior to the date he assumes the Office of President of the United States, shall be continued on such payroll at their respective salaries for a period of not to exceed sixty days, such sums to be paid from the contingent fund of the Senate: *Provided,* That any such assistants continued on the payroll, while so continued, shall perform their duties for which employed and the Secretary of the Senate is hereby authorized and directed to remove from such payroll any such assistants who are not attending to the duties for which their services are continued.**

The ACTING PRESIDENT pro tempore. Is there objection to the present consideration of the resolution?

There being no objection, the resolution (S. Res. 379) was considered and agreed to.

SENATE CONCURRENT RESOLUTION 108—CONCURRENT RESOLUTION EXTENDING BEST WISHES TO GERALD R. FORD

Mr. HUGH SCOTT. Mr. President, I offer on behalf of myself and the distinguished majority leader (Mr. MANSFIELD), and on behalf of the distinguished assistant minority leader (Mr. GRIFFIN) and the distinguished majority leader (Mr. ROBERT C. BYRD) and on behalf of the membership of the U.S. Senate, a concurrent resolution and ask for its immediate consideration.

The ACTING PRESIDENT pro tempore. The concurrent resolution will be stated by title.

The assistant legislative clerk read as follows:

A concurrent resolution (S. Con. Res. 108) extending best wishes to Gerald R. Ford.

The ACTING PRESIDENT pro tempore. Is there objection to the present consideration of the concurrent resolution?

There being no objection, the concurrent resolution (S. Con. Res. 108) was considered and agreed to.

The preamble was agreed to.

The concurrent resolution with its preamble reads as follows:

S. CON. RES. 108

Whereas Gerald R. Ford was a Member of Congress for 25 years; and

Whereas he is known to the Congress as a good and faithful friend; and

Whereas he assumes today the Office of President of the United States: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That the Congress extends to Gerald R. Ford its sincere best wishes, its assurances of firm cooperation and its fervent hopes for success in office.

THE PRESIDENCY

Mr. HUGH SCOTT. Mr. President, and now we have a new President—those words have a historic ring—as the country gathers itself together, reaches for the sources of its strength, seeks the opportunity now offered for reconciliation and respite, embraces gladly the hope of unity, and welcomes the initiation of a new spirit of cooperation.

We are all mortal, and we are all sinners, and we can all echo the Book of Common Prayer: that we have done those things which we ought not to have done and we have left undone those things which we ought to have done.

But that sonorous, rich, and immortal book also guides us with this prayer of blessing for the President of the United States as it says:

> Grant unto the President and to all in authority the wisdom and strength to know and to do Thy will.

I think that is all that the American people will ask now of President Gerald R. Ford, who has been our friend in the Legislature for so long a time. We pray with him, and with his family, and with all those who wish well for the Republic, for wisdom and strength to know and to do Thy will, to walk humbly before our God, to do justly, and to love mercy.

These are the simple things which are so majestic in their import and in their meaning to all of us in this matchless country which we love so much.

When the leadership of the House and the Senate left the office of the President of the United States last night and walked down the steps of the Executive Office Building, I think we were all touched by the strains of a cherished song carried to us on the night air from the gates at Pennsylvania Avenue. The people were there, the people who approve and the people who disapprove. But the sound of what the people sang will live with me forever:

> "God bless America, land that I love."

Mr. MANSFIELD. Mr. President, I was impressed by what the distinguished Republican leader has just said. I am glad to join him in extending our best wishes and our hopes for the future to the man who will be the 38th President of the United States at 12 o'clock noon today.

Jerry Ford has had a remarkable career because he has been so unremarkable himself. He is in reality a man of the House who was transported, because of the constitutional requirements, into this Chamber to be its Presiding Officer. But we know where Jerry Ford's heart is: in the Chamber in which he spent approximately 25 years, in which he performed with diligence, attention to duty, and as the best possible leader for the members of his party who comprised the minority in that Chamber.

Now he leaves the House and leaves the Senate and goes to a new home at 1600 Pennsylvania Avenue. He goes there with a clean mind, with a clean heart, and with a clean record. Lest there be any misinterpretation or speculation about what I mean by "record," I would point to the fact that he is the first appointed Vice President and that he is the first Vice President in that category who had to pass scrutiny by the appropriate committees in the House and the Senate, and then by the Senate and the House as a whole. So everything about Jerry Ford is laid bare for all to see.

I think that we can have a great deal of confidence in this unassuming man from the Midwest who always lets you know where he stands and who always appreciates an opposite point of view and understands it. So I think this Republic, in this hour of travail, in these troubled times, is extremely fortunate to have a man of the caliber of Gerald Ford as Chief Executive of this Nation.

Mr. STENNIS. Mr. President, will the Senator yield briefly to me?

Mr. HUGH SCOTT. Yes, I yield.

Mr. STENNIS. Mr. President, I am impressed by the remarks of the Senator from Pennsylvania, and knowing him as I do, I know those remarks come from his heart and his head, too, if I may use that expression. They have a meaning at any time, but especially at this time. I commend him for what he said, as I do the majority leader.

I have no prepared remarks, Mr. President. Along with all others, I have been concerned with conditions as well as the future of our country, the domestic problems and also our foreign policy; and all these things that have happened now are in the past as far as I am concerned.

With reference to investigation in Watergate affairs my conclusion is that every Member of the Congress has done his duty as he saw his responsibility.

I agree that each Member sought his duty and did his duty, whether he agrees with me or not as to any point. I am willing to let the past be the past on it. I hope—I believe this is the way the people of America feel. Now they want us to make a new start. I know I want to make a new start.

So far as doing his duty, I think that as to the actions of President Nixon yesterday and today he was doing his duty as he saw it. That which has been done, has been done, and I accept his judgment as to his resignation which was a courageous deed and a punishing thing to him. Enough punishment is enough.

As we look to the future—and we must look to the future rather than try to relive the past—I think the first step is, as the Senator from Pennsylvania said, to back our President-to-be, Vice President Ford.

He is worthy of our confidence, as I understand from all of you who have known him better than I have. What I know certainly leads me to have confidence in him.

But for any man to effectively serve as President he has to have a lot of help. He has to be tough-minded and courageous and make hard decisions. To have any sound policy either at home or abroad, he has to have a broad base of operations and a lot of backing.

These conditions are what we need now. Speaking for myself, and in my humble way, I am going to try to do my part in making the next administration effective for a strong, safe, and honorable country—our country.

Mr. HUGH SCOTT. I thank the distinguished Senator from Mississippi, whom we all honor as one of the wisest Members of our entire membership. I agree that indeed, enough is enough.

I yield back the remainder of my time.

Mr. CHILES. Mr. President, I wish to associate myself with the remarks of the minority leader and the majority leader. Less than 1 hour from now, Gerald Ford is going to become the 38th President of the United States. The strongest office in the world will change hands. I think it is important to note that it is going to change hands without any tanks surrounding the Capital, without any troops, without any coup; it is going to change hands because President Nixon is turning it over.

As we listened to his remarks last night, we heard him say that he was doing this without any malice, without any ill feelings to anyone. President Nixon realized that he had lost his mandate to rule.

We all feel a tremendous sadness and sorrow today for President Nixon and for his family. The guilt of Watergate is not vested in one man or in one group of people.

I think the guilt of Watergate is really something that each of us has some share in. The Congress has a share, because Watergate did not start a year ago or 2 years ago. The process that brought it about started many, many years ago.

Congress, over these years, has surrendered its power and failed to carry out its constitutional duty of being a coequal branch and a check on the executive. It certainly has to share the blame for what happened.

The businessman who contributed money and did not want his name recorded, who wanted to send money in cash, in thousand-dollar bills, has a part of the guilt to share. The citizen who either failed to carry out his duty as a citizen—and that is just as real a duty as the duty of the President of the United States—by being aware of what was going on at elections, by seeking out candidates, not voting for them because of slogans or emotional issues, but really trying to find out what they stood for, who would be willing to go and work for people, who did not, perhaps, have ways of raising large sums, or were not sure winners, but would go out and actively participate in the electoral process—certainly the citizens have a share, too; the citizens who over the years have made the President a king, with all the trappings of royalty, to the point where we expected him to assert the theory of the divine right of kings and divine inspiration—which we found out a long time ago kings do not have, though a king, like everyone else, has a thirst for power, when that power continues to reside there.

Today is a new day, Mr. President. I think history always has points of time at which civilizations, governments, and people get an opportunity to change directions. I think we have that opportunity today in this country.

I think we have, in GERRY FORD, an honest, God-fearing, and God-loving man, a man who wants to do right. He has been a team player. He has been a Member of Congress for over 25 years. I think now we have the opportunity, as Democrats and Republicans, to work with a man who wants to work for this country. And as we do that, I think we will have the opportunity to work, really, for a new morality, when we will not say that it has always been done this way. How many people have said, "You should not blame President Nixon, because everyone has done this" or "All politicians do this."

Maybe some of them have over the years. Maybe some of us have. But today we have an opportunity to change that, so that that is not the expected thing, so that it is not considered to be what the people are entitled to—and we know it is not. A new ethic between businessmen and government, that they are not going to expect contributions in return for favors, and that they are not going to expect tax writeoffs and privileges because of the money they give. A new ethic among our citizens, that they are not going to break laws that they wish to break, but still demand accountability from others. A new sharing for the common good, a time when we have got to realize that if we are going to do something about the economy and the inflation we are in, no one group can expect to say, "Take it out of the military," or, "Take it out of the people programs," or, "Take it out of here, but do not bother me, do not do anything to what I have and where I stand."

We have got to come together with a plan that perhaps will cost a sacrifice for all of us, but a plan we can support. A new responsibility for citizenship, whereby we will not expect leaders, whether they be in the Senate or the President or anyone else, just to do the right thing on all occasions if all of us do not participate and take our parts as citizens.

We need a new respect for others, to help us get rid of some of the hatred and some of the problems we have in this country from one group trying to take advantage or seek something from another group.

Mr. President, I think when history records Watergate, the important thing is going to be what was said about the events that led up to Watergate; but I think the important thing is going to be whether history will record that Watergate was a turning point, a point at which we changed directions. Because that is the opportunity that I see we have today; and if we seize that opportunity, as I think we must, then it will be recorded as that point of time at which this country decided to go forward, that point of time at which America went forward to carry out what I think is the divine destiny that this country has, which has not yet been fulfilled, not only to provide prosperity for our citizens, but to provide leadership for the rest of the world, because we are a free country and we are a free people, and ours is the experiment that shows whether free people in a free society can govern themselves and do it properly.

If we can do that, I think we can set an example that the rest of the world can follow.

I join with all of my colleagues in the the Senate, and I think every American, in wishing Gerald Ford Godspeed, and offer my hand to him in any way that I can to help him in the task of leadership that he has ahead for our country.

Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. CHILES. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. TALMADGE. The President has made a painful decision which I believe to be in the best interests of the United States at this critical time. This is not a time for recrimination. It is not a time to further inflame the political wounds that have polarized our people and weakened the Nation. The resignation of the President is a sad event that is unparalleled in the history of our Republic. It is not a time to unnecessarily dwell on the past. More than ever before, we need to look ahead. Now is the time for everyone in Government, for all Members of Congress, for both political parties, and for all Americans to join forces and unite in a common effort to build upon the greatness of the United States. Our Nation has come through a period of prolonged agony. But our Constitution is sound and the Government is stable and functional. I wish President Ford every success and I pledge my support in the difficult tasks he faces. I pray to God that all Americans will work together to strengthen our Nation.

ORDER TO VACATE REMAINING SPECIAL ORDERS

Mr. CHILES. Mr. President, I ask unanimous consent that the remaining special orders be vacated.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

TRANSACTION OF ROUTINE MORNING BUSINESS

Mr. CHILES. Mr. President, are we in morning business?

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of routine morning business for not to exceed 30 minutes, with statements limited to 5 minutes.

Is there morning business to be transacted at this time?

ORDER FOR STAR PRINT OF S. 1361—GENERAL REVISION OF COPYRIGHT LAW

Mr. CHILES. Mr. President, I request unanimous consent that there be a star print of S. 1361, as reported by the Commerce Committee.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

QUORUM CALL

Mr. CHILES. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. CHILES. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

AMENDMENT OF THE RAIL PASSENGER SERVICE ACT

Mr. STENNIS. Mr. President, I ask unanimous consent to reconsider the bill, H.R. 15427, together with the third reading, and that section 1, which reads "That this Act may be cited as the Amtrak Improvement Act of 1974.", which was inadvertently left out in the reprinting of the bill, be inserted, and that the bill as thus amended be repassed.

Mr. President, I understand this has clearance from the minority side of the aisle.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. STENNIS. I thank the Chair.

The ACTING PRESIDENT pro tempore. Is there further morning business? If there is no further morning business, morning business is closed.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. JACKSON, from the Committee on Interior and Insular Affairs, with an amendment:

S. 3717. A bill to extend the Emergency Petroleum Allocation Act of 1973 (Rept. No. 93–1082).

ADDITIONAL STATEMENTS

NOW TO THE FUTURE

Mr. ROBERT C. BYRD. Mr. President, I view the resignation of Richard Nixon with mixed emotions. It is a sad ending of a career of a man who, had it not been for Watergate, and had it not been for a hostility toward Congress and a disregard for basic constitutional principles so often evidenced, might well have ranked with some of the best of American Presidents. It is also a personal tragedy for Mr. Nixon and, most of all, for his family.

It is a moment in history that the American people will not forget. It is a sad and unhappy time.

History, I am sure, will record the impressive changes and breakthroughs achieved by Richard Nixon. In fairness, one cannot overlook the fact that he ended America's highly unpopular participation in the Vietnam war. There were many of us in Congress who supported the President in that effort and in the effort to bring home the prisoners of war.

History cannot overlook the fact that Mr. Nixon, through his appointments to the U.S. Supreme Court, ended what was, in the opinion of many people, an era of extreme and unsound activism on the part of that Court and turned it back to the mainstream of moderation in the application of judicial power.

History will record that he ended the drafting of America's young men. He had the wisdom and the courage to bring about a new era of understanding in the relations between the United States and the People's Republic of China, and between the United States and the Soviet Union.

History will also record that he and his brilliant Secretary of State created the best prospects for peace in a quarter of a century in the Middle East.

So, along with Mr. Nixon's failures, history, I am sure, will record these successes.

When and where and how and why the Nixon administration went wrong is a matter that lies beyond the scope of my brief remarks. History will deal with that, too. I suppose that each of us has within himself the elements of self-destruction. These self-destructive forces work in many ways for many people. Sometimes they will triumph over judgment and reason and the power of will. Unfortunately, they prevailed in the sad ending of what might have been a most promising and brilliant Presidency.

But much of this sordid chapter is behind us, and we must look now to the future history of our country. The orderly transition of this highest office will again prove the resiliency of the American people and the durability of the American system.

I am confident that the American people of both major political parties will rally behind Mr. Ford as President, for our common task now is to heal the divisiveness that has rent our country and to get on with the business of meeting and solving its pressing problems.

Mr. Ford's many years of service in the Congress should provide him with a unique understanding of those problems. He will, in due time, presumably, bring with him to the Presidency a new team to deal with domestic matters, and, through the retention of Dr. Kissinger, President Ford should be able also to maintain U.S. dynamism and direction in foreign affairs. But he will need the support and the prayers of us all as he takes on the heavy responsibilities of the most difficult job in the world.

I wish Mr. Ford well, and I shall work with him in every way I can conscientiously do so, to deal with our country's economic problems and to promote peace and keep the Nation strong:

The Moving Finger writes; and, having writ,
Moves on: nor all thy Piety nor Wit
Shall lure it back to cancel half a Line,
Nor all thy Tears wash out a Word of it.

NATIONAL FLOOD INSURANCE PROGRAM

Mr. HUGH SCOTT. Mr. President, I am delighted the Committee on Appropriations, in a report submitted by Senator PROXMIRE, has recommended an appropriation of $50 million for the national flood insurance program.

This program, established in 1973 under the Flood Disaster Protection Act, provided protection for communities in flood-prone areas. Response to the program has been tremendous, and continued funding will aid the administrators of the program in coping with the increased workload. Also, the appropriation provides for extensive studies and surveys establishing flood risk zones and determining the amount of protection needed for each area.

Adequate flood protection is vital to the citizens of Pennsylvania and the Nation, and I commend the committee for its recommendation of funding for this important program.

THE PRESIDENCY

Mr. BIBLE. Mr. President, President Nixon's decision to resign from the Presidency is a deep tragedy for his family and a national tragedy that touches all Americans. At the same time, I have to read into the President's decision his own conclusion that he could not have survived the impeachment process and that the Nation should be spared that agony.

While this decision marks the end of an agonizing period of stress for our Nation, I think it would be a mistake not to recognize that the events of the past 2 years have, in fact, reaffirmed our Nation's enduring commitment to the rule of law. This is the bedrock on which our constitutional democracy rests. That it has survived this painful period should be reassuring to all Americans.

Our purpose now must be to unite behind Vice President Ford as he assumes the Presidency and the responsibility to continue our Nation's leadership toward peace throughout the world and the solution of our problems here at home.

RICHARD NIXON—LONGTIME FRIEND

Mr. COTTON. Mr. President, yesterday was one of the saddest days of my life.

Twenty-eight years ago I was sworn in as a freshman Congressman along with Richard Nixon. In the days that followed we became close friends and fellow members of the now famous "Chowder and Marching Club," a group of 15 freshmen which met weekly to compare notes and discuss legislation. That close friendship has never been broken through all the years that followed.

I still cherish that friendship. My admiration for his ability and my faith in his fundamental sincerity remains unabated. Through the years I have watched him fight his way up against tremendous odds. I have seen him beaten for President and beaten for Governor of California and come back after both of these defeats to win the Presidency. History will record and time will never obscure what he has achieved as President. He wound down the war in Asia and brought a half million American boys home. He breathed new life into the NATO alliance. He opened the gates for communication with Russia and China and struggled manfully and with bright promise of success for mutual reduction of armaments. He shifted billions of dollars that we were spending on weaponry to the health, education, and welfare of our people.

He made grievous mistakes and unlike some of his predecessors he has paid dearly for them. He was unwise in the choice of many of his closest associates and highest Government officials and persisted in retaining them after they had betrayed him. Though enraged and horrified by the sordid story of Watergate he inexcusably closed his eyes to it and participated in its concealment. And now at the end of the long travail during which he must have suffered indescribable anguish while resolutely attempting to carry on his work at home and abroad, he is compelled to surrender the Presidency to bring peace to a distressed and distraught Nation.

All through these months I have refused to judge him until the time should come when as a Senator I would be forced to sit in judgment. I shall not judge him now.

Last night with others of his longtime associates and close friends in the Senate and House I was called to the White House to say farewell before he went on the air. With us he could not maintain the composure that characterized his public appearance and we saw his naked anguish. At 2 o'clock this morning he telephoned me to say goodby. Can you wonder that in this hour I am still his friend?

PRESIDENT FORD AND THE CAREER SERVICE

Mr. McGEE. Mr. President, in this time of transition, all Americans are, I trust, committed to full support of President Gerald R. Ford. Certainly, that is true of all of us in this Chamber, who desire to put the shoulder to the wheel and give full measure to efforts to solve this Nation's problems.

Today, though I claim no status as a spokesman for our career civil servants, I do speak as chairman of the Committee on Post Office and Civil Service, a post which affords me great opportunity to know and judge the Federal work force.

Like Americans everywhere, the career service has been troubled by the ever unfolding events of the past 2 years, only more so. Yet, Mr. President, they have continued to perform their tasks day by day and the people's business has proceeded. I say that in tribute to the nearly 3 million Federal civilian personnel, including postal workers.

On January 16, then Vice President FORD addresed Civil Service Commission employees at ceremonies marking the 91st anniversary of the Federal civil service. Federal workers who review his remarks on that occasion will know that in President Ford they have a Chief Executive who respects them and their work. Indeed, he prefaced his speech with two appropriate words: "Thank you."

Mr. President, I am confident that the career employees of the Federal Government will be in the forefront as this Nation moves to heal its wounds and solve its problems. I, too, would like to say to our career employees "thank you" for their professional, dedicated devotion to the public's business through a trying period.

Mr. President, I ask unanimous consent that President Ford's remarks to civil service employees last January 16 be printed in the Record.

There being no objection, the remarks were ordered to be printed in the Record, as follows:

[From the Civil Service Journal, January–March 1974]

A Strong Career Service Is One of the Greatest Strengths of Our Democratic Process

(By Vice President Gerald R. Ford)

In twenty-five years of service in Washington, this is my first opportunity to address the employees of the Civil Service Commission. I hope it won't be the last, for I am very interested in what you are doing and in how well you are doing it.

I congratulate you on your 91st birthday, and I add my very sincere compliments to those who will be honored here today, for their achievements and for their service.

For me this is an opportunity to speak to every man and woman in the career civil service.

Underlying every remark I will make are two words: Thank you.

I am convinced that one of the best ideas the people of America have ever expressed, and one of the best acts ever to come out of the Congress, was the creation of a career civil service back in 1883.

I believe a strong career service is one of the greatest strengths of our democratic process, and one of the best guarantees of sound, effective, and efficient government—even more so in 1974 than in 1883.

It is unfortunate that the term "civil service" often conjures up the very opposite of what I am talking about, for in this enlightened world there are some who still equate civil service with security and routine.

To me, civil service has a much higher meaning.

It is a work environment for which topnotch people are selected on the basis of ability. A place where the *product* of one's hands is more important than the *color* of one's hands. A place where the work itself takes precedence over the sex of the person doing it. A place where service to the people transcends party labels. A place where the word "service" means exactly what it says.

To me, an old Navy veteran, civil service also means a taut ship steaming on a steady course. Whatever squalls and heavy swells may come, the ship rides steady and true.

When the Nation was confronted with the energy crisis, a new Government agency had to be created almost overnight. Drawing on the expertise and competence already available in the civil service, the Federal Energy Office was in business within 2 weeks.

In August of 1971 President Nixon decided to take quick action to curb runaway inflation. The Office of Emergency Preparedness had to have an explosive mobilization. Fifteen minutes after the President announced the price freeze, George Lincoln had the OEP regional directors on a conference telephone call.

"Tomorrow morning," he told them, "you will move out of your offices and open up in the biggest city in your region. GSA will provide space, and the Civil Service Commission will give you personnel from other agencies. You'll be ready for business Monday morning."

Within 60 hours OEP was operational in 10 regional offices. Within a week the network was expanded to include 360 IRS offices and 2,800 offices of the Agricultural Stabilization and Conservation Service. This meant better service to citizens outside major cities.

More than a decade ago, the United States was challenged to put a man on the moon before 1970—a task that strained science and technology to their outermost limits. It was done through a productive joint effort of Government and industry . . . and one of the men in charge Robert Gilruth, had this to say: "Nowhere but in the Federal service could we have found the quality and quantity of talent required to carry out a mission of this size."

Or take the problem of highjackings. Of course, we might have one tomorrow—you never know. But to all intents and purposes, Government action with private followup has effectively clamped the lid on aircraft highjacking in the United States. What was the secret? Expertise already in Government, and rapid, excellent recruiting at a time when Sky Marshals were our need.

These are the kinds of "mission impossible" that never get into prime time on television. They become mission *possible* because we have competent people in the civil service who can hit the ground running.

To me, civil service means tremendous knowledge and a great depth of understanding on the part of career people who have devoted their lives to government. You can take almost any type of legislation that comes before the Congress, and I can give you an example of how the knowledge of career people has provided information that made a given bill an even better law.

To me, from my new vantage point in the executive branch of government, civil service means a solid foundation of competence assuring that the mandate the voters have given the political leadership will be carried out.

These are some pretty generous words I have been using to portray and praise the civil service: competence . . . steadfastness knowledge . . . dependability . . . responsiveness. Yet each one is deliberately chosen, and equally well deserved.

The people, the Congress, and the Presidency under Chester Alan Arthur can claim credit for starting a career civil service, and for a great deal of care and attention in seeing to it that the concept of a merit system of public employment became more than just a concept; that it became a living, breathing, producing arm of good government.

The transition from concept to reality is where the work came in—and here the credit belongs to the Commission itself—to the outstanding men and women who have served as Commissioners over the years, and to the career staff of the agency—past and present.

I am particularly aware of the achievements of the Commission during the last 5 years under Bob Hampton's splendid leadership in the areas of equal opportunity within the Federal service; the training and development of employees at all levels, from entry to executive level; the administration of the labor relations program; the strengthening of State and local government through the intergovernmental personnel program; the improvements in management in all Federal agencies through evaluation of their manpower management programs; and the program for the employment of Vietnam-era veterans.

As a result of these activities, the environment of the Federal civil service now sets a good example for all employers. People are selected on the basis of ability. Equal opportunity is a way of life. People receive training, which will increase their ability to do better work. Employees have a voice in matters that affect them on the job. Excellence is encouraged, recognized, and rewarded. There is pride in accomplishment. The work is exciting, for it is worth doing.

In short, this is an environment in which the civil service has become more reliable, more efficient, more competent, and more responsive than before.

And there is awareness, on the part of elected leadership as well as on the part of the 2½ million men and women who comprise the civil service, that the service exists to carry out the programs that people expect of their national government. That, in the final sense, is what government in a democracy is all about.

So I salute the career civil service on its 91st birthday, and I extend best wishes to all career employees in the years ahead. You are doing a great job, and we thank you.

UNIVERSITY OF MID-AMERICA

Mr. HRUSKA. Mr. President, on July 29, 1974, at Kansas City, Mo., five Midwestern universities initiated a new regional education institution of great promise for the future of higher education in the United States. The new University of Mid-America—UMA—represents a major step forward in "open learning", the process of bringing college level courses to people in their homes.

The University of Mid-America builds on the pioneering work of the State University of Nebraska—SUN, an "open learning" program for Nebraskans which has been operating as a project of the University of Nebraska.

Both SUN and UMA have received support from the National Institute of Education. I am well aware, Mr. President, of criticism leveled at the Institute. At the same time, I am aware of the difficulties inherent in bringing strong leadership and effective coordination to a field as complex as educational research. I believe that through its support of SUN and UMA the National Institute of Education is investing wisely in developments of potential benefit to the entire Nation.

Mr. President, I ask unanimous consent that two items be included at this point in the Record. The first is the text of the official announcement of the establishment of the University of Mid-America. It contains the names of the participating universities and the principal officers of this important undertaking. The second item is a letter to this Senator from President D. B. Varner of the University of Nebraska.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. HRUSKA. In his letter President Varner outlines expansion plans for UMA and discusses the importance for this new "open learning" program of continued support by the National Institute of Education for a period of 5 years. At the end of the 5-year period, plans call for UMA to be self-supporting.

This program is highly significant. It is unique in all phases of postsecondary education. It is innovative in its proposed scale, but very well demonstrated in its earlier development stages.

The hope of meaningful progress in improving the quality and accessibility of education will gain new vigor by reason of this newly launched creation.

Exhibit 1

(The University of Mid-America—University of Kansas, Kansas State University, Iowa

State University, University of Missouri, and University of Nebraska)

UNIVERSITY OF MID-AMERICA TO BRING NEW OFF-CAMPUS PROGRAMS TO THE MIDWEST

KANSAS CITY, Mo.—Five midwestern state universities announced here Monday that they will cooperate to develop a new regional educational institution to be known as the University of Mid-America.

At an afternoon news conference, chief executives of the University of Missouri, the University of Kansas, Kansas State University, Iowa State University and the University of Nebraska announced that the University of Mid-America (UMA) would become a new regional "open learning" university which makes college-level courses available to people in their homes.

UMA, which will be managed as a joint project by the five-university consortium, will coordinate development of open learning educational systems in the Midwest, while it designs and produces multimedia courses that will be available for use in the region and around the nation.

The five university presidents will serve as members of the UMA Board of Trustees, the chief policy-making body, while other policy guidance will be provided by an Academic Council of five faculty members from each participating university and a National Council of Advisors of laymen and educators from the Midwest region and the nation.

UMA was formally incorporated under the laws of Nebraska last Friday in Lincoln, Nebraska.

At an organizational meeting Monday, the trustees elected James McCain, president of Kansas State University, as chairman of the board and named C. Brice Ratchford, president of the University of Missouri, as vice chairman.

D. B. Varner, president of the University of Nebraska, was elected president of UMA, and Jack McBride, executive director of the University of Nebraska's S-U-N (State University of Nebraska) Project, was elected UMA executive vice president. Ronald J. Turner was elected secretary and William H. Eberle treasurer. At S-U-N, Turner is the assistant to the director and Eberle is director of business and finance.

McCain, speaking for the UMA Board of Trustees, said that in the S-U-N Project the University of Nebraska has established a program of potential national significance in "open learning," the descriptive phrase for new efforts to provide college-level educational opportunities to people in their homes.

McCain said all the communications media, including television, radio, telephone systems and eventually perhaps computers and satellites, will be combined by UMA with print materials and audio tape cassettes as part of packaged courses.

S-U-N's open learning research efforts over the past months have been funded by the National Institute of Education (NIE), the new research arm of the U.S. Department of Health, Education and Welfare. This fall, S-U-N with UMA support will return to NIE, seeking multiple year funding on behalf of the unique regional university.

Ratchford said that in the initial phases of UMA development, courses will be produced for UMA through a subcontract relationship with the University of Nebraska and S-U-N, while the several universities provide leadership for development of delivery systems which can provide postsecondary learning opportunities from border to border in each state.

Varner, whose leadership was instrumental in creation of UMA, said he believed the five state universities were creating a unique new institution in American postsecondary education.

Leadership for UMA development, he noted, will be a joint enterprise by the faculty and staffs of the several institutions involved.

"The creation of UMA marks an important first in cooperative regional educational endeavors," said Varner. "I believe it may lead to other successful ventures in sharing of resources and expertise across state boundaries."

All five institutions are members of the Mid-America State Universities Association (MASUA), a regional association of the five schools and the University of Oklahoma and Oklahoma State University.

McCain said the MASUA schools had provided the leadership for UMA planning during the past several months. As a next stage of development, he said, the MASUA schools will act as catalysts to develop plans for delivery systems involving all segments of postsecondary education in each state.

"This is a significant date in the history of higher education in the Midwest and in the nation," said McCain. "We see this project as a way to expand the important resources of the MASUA universities to serve people from all walks of life and at all ages."

Also attending the news conference were Chancellor Archie Dykes of the University of Kansas and Assistant Vice President Edwin C. Lewis of Iowa State University, who attended on behalf of Iowa State President W. Robert Parks.

UNIVERSITY OF NEBRASKA,
Lincoln, Nebr., July 22, 1974.

Senator ROMAN HRUSKA,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HRUSKA: We were delighted to have the opportunity to visit with you on July 5th and brief you on the S-U-N project. There continues to be every evidence and this model regional open learning development is potentially highly significant to higher education in the Midwest and, indeed, nationally. The $2 million the Office of Education, the National Institute of Education and private foundations have provided these past three and a half years has enabled this new educational concept to be extensively researched and developed. With operations planned to begin next January, indications are that this important experiment in higher education will prove highly successful.

I am pleased also to be able to give you the advance news that our regional postsecondary educational consortium is a reality. On July 29th, a news conference will be held in Kansas City to announce the formal incorporation of the University of Mid-America. This new and significant educational compact will be a non-profit corporation formed to pool the resources of seven major state universities in five midwestern states, and will be responsible for the design and development of open learning courses employing a new instructional design concept and a variety of educational technologies. UMA could, indeed, be this country's answer to the British Open University.

The initial incorporators of the University of Mid-America will be the University of Kansas, Kansas State University, University of Missouri, Iowa State University and the University of Nebraska. The University of Oklahoma and Oklahoma State University, it is believed, will very shortly join the compact and pool their resources as well. Historically, these seven institutions comprise the Mid-America State Universities Association; thus, the impetus for initial incorporation. However, the bylaws and articles of incorporation of the University of Mid-America will indicate that other states and educational institutions will be encouraged to join in this important educational endeavor.

Specifically, we are initially thinking of the contiguous states of Wyoming, Colorado, South Dakota and Montana. Initial contacts with major universities in the surrounding states indicate a high degree of interest. The new open learning cources are being so designated as to allow their ready export and use in these as well as other states.

This most important national experiment has been carefully nurtured and supported by the Department of Health, Education and Welfare. NIE officials are well aware of the potential importance of the S–U–N/UMA development as a significant improvement to higher education in this country. Pending the successful completion of certain work assignments during calendar 1974, it has been the joint plan of NIE staff and ourselves to seek a five year funding plan to allow full demonstration of the regional open learning model and development toward ultimate self-sufficiency.

With this project so carefully laid, it was with great concern that we learned of the potential reduction in budget for the National Institute of Education. This is most unfortunate and should represent a serious concern to all senators and representatives of the Midwest and Great Plains states. We would hope that you would so advise Members of Congress as to both the importance of this major educational development and the potential dangers of inadequate appropriations. The exact impact of the reduction of the NIE request on the University of Mid-America is not at this time clear. With inadequate funding for NIE, it could create important problems for the future development of this model regional open learning system. It is my impression we could limp along with a vastly reduced scope and service, but the full and exciting potential of the University of Mid-America and the opportunity to systematically improve higher education could suffer irreparable damage. I wanted to provide you with this latest information, with the hope that you might share it with your colleagues. I am sending a similar letter to Congressman Thone that he might discuss the problem with members of the House. The presidents of the other University of Mid-America institutions share my concern, and join me in urging your every assistance.

Yours truly,

D. B. VARNER,
President.

IMMUNITY AND AMNESTY

Mr. FULBRIGHT. Mr. President, as they have always done in times of transition, especially sudden transitions under unhappy circumstances, the American people and Congress are united today in support of our new President, Gerald Ford. With his long experience as a leading Member of Congress, President Ford is uniquely qualified to work in mutual trust and harmony with the Congress, and in so doing to restore unity and confidence in government to the American people.

As we offer our assistance to a new President, it is no less appropriate that we offer our best wishes to the departing President, Richard Nixon, along with an expression of appreciation for his contributions to world peace. As was evident in his speech last night, that is what he hopes to be remembered for. And as one who opposed his Vietnam policy but later came to admire and support his creative and successful initiatives for peace in relations with the Soviet Union and China and in the Middle East, I believe that hope will be realized. More than any other President since World War II, Mr. Nixon has grasped and acted upon the preeminent necessity of the post-war era. As he enunciated it in his fine speech of last June 5 at Annapolis:

In the nuclear age our first responsibility must be the prevention of a war that could destroy all society. We must never lose sight of this fundamental truth of modern international life.

For his grasp of this central truth, and for his diligent efforts to implement it—through "shared goals of coexistence" and "the shared practice of accommodation" as he then put it—Mr. Nixon has earned our gratitude and approbation.

We have come to the culmination of a long, abrasive and divisive controversy over our public morality. In the course of this controversy there has been, it seems to me, an excess of animosity and even vindictiveness on both sides. It would seem appropriate at this moment of transition to put an end to acrimony and accusation. There is no better way to do this than by laying the Watergate question to rest, and this can best be accomplished by permitting President Nixon to leave office in dignity, without further anxiety that he may be subjected to prosecution or harassment, and with approbation for his notable achievements in foreign relations. Although it seems that the Congress has no authority to grant immunity from prosecution, I hope that responsible Federal and State officials will share the conviction of many of us in Congress, that Mr. Nixon has paid a heavy and sufficient penalty for his actions by departing from office. In justice and decency, one hopes that he will be troubled no further.

It would be equally appropriate, Mr. President, to extend this amnesty to still another issue which has disrupted and divided our people for the last decade. I refer of course to the Vietnam war, and to the personal circumstances of those thousands of decent, honorable, and patriotic young Americans who found themselves unable to participate in that war. They, too it seems to me, are deserving of immunity from further punishment or prosecution. Unlike many of us who had the opportunity to dissent by speaking our minds, these individuals felt compelled to dissent from the war by refusing to participate in it. In war as in Watergate, the violation of law is a serious and unacceptable matter, even when the law seems to require actions which offend the conscience of individuals. The law must be enforced—that goes without saying—but there is and must be room within our system of laws to allow of conscience and dissent, and to accommodate to those circumstances wherein public law and personal morality seem to come in conflict with each other.

Under these rare and difficult conditions, a humane society takes resort to amnesty. I call, therefore, for amnesty to the departing President of the United States. I call as well, and with deep belief in its necessity and justice, for a general amnesty for those thousands of young Americans, some here at home, others in foreign exile, who refused as an act of conscience to serve in the war in Vietnam.

We have an opportunity at this moment of transition to clear the decks of lingering acrimony. As we clear the decks of Watergate, let us take this occasion to clear the decks of the other great moral issue of our time, the war in Vietnam.

RESIGNATION OF PRESIDENT NIXON

Mr. BARTLETT. Mr. President, the following is a statement I released after the announcement made last night by the President that he would resign today:

This is a sad and traumatic day for every American.

Although I deeply regret that events and circumstances have dictated the resignation of President Nixon, I accept the decision and believe it was "best for the nation."

Richard Nixon, as a member of Congress, as Vice President, and as our President, has had a profound influence on American history. He has led America in directions where no other man succeeded and few would have dared.

He has been the nation's leader, and he has been my leader. I have, as governor and senator, supported most of his programs and I have agreed with his general philosophy of government.

Although I cannot defend his performance or the performance of those around him in regard to Watergate, we should not forget his record of outstanding accomplishments over the last 25 years.

I was proud of then-Vice President Nixon when he withstood the derision, the taunts, and the serious danger to his own life when he toured South America for President Eisenhower.

I was glad he was our emissary when he stood up to Khrushchev in the kitchen debates in Russia.

I believed him when he promised as a presidential candidate to get us out of Vietnam. He got us out, and it was with our heads held high. Our men are now home, and South Vietnam remains free.

I believe the world is safer because Richard Nixon was our President. Who else could have established a link with Red China and in the same year begun détente with the Soviet Union! He walked us on a tight rope to peace in the Middle East.

Richard Nixon has for many years spoken the language of the majority of Americans. He believed in a strong America, yet he distrusted the Federal bureaucracy. He believed the Federal government should return power to the states and to the people.

Shakespeare said that: "Roses have thorns; silver fountains have mud; and all men make mistakes."

Richard Nixon was subject to human frailty; and like all men, he made mistakes. He was wrong, and he is paying a severe price. But let us never forget that he was a patriot—a man who loved America.

I hope the nation, the press, and the government will now put Watergate behind us.

I have great confidence in Vice-President Gerald Ford; and with the many problems facing America, it is imperative that he, as President, have the support of an undivided nation.

We must go forward with the business of the people—with enthusiasm and faith in the future.

I am confident Vice President Ford will bring to the presidency the moral, political, intellectual, and common sense approach to the presidency that will cnable this nation to continue sound leadership of the free world.

Yes, this is a sad day, but at the end of the tunnel, we can see a ray of light—President Jerry Ford.

GRAIN RESERVES

Mr. HUMPHREY. Mr. President, I am encouraged by the August 5 Wall Street Journal article, "Idea for Domestic, World Food Reserves Gains Increased Attention in Washington."

As the article states, I have been pointing out for some time the need for a food reserve to protect our Nation's basic, rock-bottom needs.

The opponents have argued that any Government held reserves would automatically depress the market. They claim that the private market should hold all reserves.

In my view the private market should hold most of the reserves, as my legislation recommends. But it is in our national interest to have the Government hold some modest reserves. A reserve will also help temper the volatile market which makes it impossible for the farmer to plan with any idea as to what prices he will obtain for his crops.

Mr. President, I ask unanimous consent that the article be included in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Commodities: Idea for Domestic, World Food Reserves Gains Increased Attention in Washington

(By Les Gapay)

Washington.—An old idea for a system of grain reserves for use when supplies are tight is gaining more attention in government.

Various Congressmen long have called for domestic food reserves and also have urged that the U.S. take the lead in establishing an international reserve system. Only recently an advisory panel to the Senate Select Committee on Nutrition and Human Needs proposed such an international reserve.

Meanwhile, a Senate Agriculture subcommittee held some hearings on legislation proposed by Sen. Hubert Humphrey (D., Minn.) that would establish a system of U.S. government stocks of wheat, feed grains, cotton and soybeans to be accumulated through the Agriculture Department's loan program to farmers, and the panel will hold more meetings. One purpose would be to stabilize fluctuating prices of grains and also cattle, hogs and poultry, which depend on grains for feed. Advocates of the Humphrey plan claim that concern about high food prices and the likelihood of a disastrous corn crop this year will put continued emphasis on grain reserves and increase the measure's chances for passage.

OPPOSITION IS LESSENING

Within the Nixon administration, opposition to a world food-reserve system is lessening, although officials still oppose any U.S. government-held stocks of grain. The Agriculture and State Departments are in the midst of defining administration policy on world grain reserves in preparation for a United Nation-sponsored food conference in Rome. The conference, to be held in November, was advocated by Secretary of State Henry Kissinger.

In a recent speech, Edwin M. Martin, a former ambassador and current State Department official delegated as the "U.S. coordinator" for the world food conference, said it is "essential to agree on an international system of national food reserves" as the supply and demand for food comes into closer balance in the face of continuing population growth. He didn't give details, but Mr. Martin's view goes a step further than that espoused by Agriculture Secretary Earl

Butz, who opposes an internationally held and managed stockpile. Mr. Butz favors each nation developing its own program.

In conjunction with the food conference, State and Agriculture Department personnel are studying a revamping of Food for Peace and other U.S. food-aid programs as possible alternatives to a formal government system of grain stocks. One problem with the Food for Peace program, says an Agriculture Department official, is that amounts available for use are determined each year by what's left from production and estimated consumption of crops. Thus, the amounts available for aid vary.

Some officials, moreover, are worried that even for domestic use the difference between production and consumption is getting too close. Until recently, the U.S. had enjoyed grain surpluses. But now the stock of U.S. wheat on hand, for example, is at 217 million bushels, the lowest level since 1948 and half that of a year ago and only a fourth of the level two years ago.

POPULATION GROWTH CITED

Of course, world-wide population growth also is catching up to production growth. The Senate nutrition committee's advisory panel warned that any decline from expected levels in this year's world grain crop would cause famine in some parts of the world and suggested a system of reserves for emergency needs of developing countries. Sen. George McGovern (D., S.D.), chairman of the Senate panel, went further, suggesting that the U.S. also establish its own grain reserves isolated from the normal commercial markets.

The House passed legislation in 1972 establishing such reserves, but it was defeated in the Senate Agriculture Committee, at the urging of the Nixon administration. In 1973, a similar Senate bill was defeated as an amendment to the farm bill. Currently, the Senate Agricultural Committee is divided on the matter. But some Senators from agriculture states fear that a system of reserves would depress present prices.

Sen. Humphrey, however, says prices wouldn't drop. Frequently pointing to the biblical story of Joseph convincing the pharaohs of Egypt to store grain for lean years, the Senator says his legislation would provide for government acquisitions, through its loan program, of stocks in times of excess production. Sale of the stocks would occur only in times of short supply. The proposed legislation calls for stocks of 200 million bushels of wheat, 15 million tons of feed grains (mostly corn), 50 million bushels of soybeans and 1.5 million bales of botton.

Indeed, Sen. Humphrey claims that Secretary Butz's proposal of having the private grain trade, rather than the government, hold substantial volumes in reserve would depress prices and discourage further production by farmers. Farm groups are split on the proposal.

Secretary Butz in recent months frequently has said he would favor only an international sharing of information to assess supply and deficit situations and to give guidelines for nations to follow in developing their own courses of action.

Mr. Butz says he doesn't want a recurrence of the U.S. holding surpluses as a byproduct of price-support programs and that the government should stay out of the grain-storage business. "We must get over the idea that there is something evil about reasonable rises and falls in food supplies and prices," he says.

CONCENTRATION IN FOOD MARKETING

Mr. McGEE. Mr. President, for many long years I have been concerned about the growth of monopoly power in this country's system for bringing food from the farm to the American dinner table. Recently, as the result of a court case heard in California, attention has again been focused on the impact of concentrated buying and marketing power in the hands of huge national food chains. This case involves the same industry, cattle raising, which was struggling under the burden of unequal power distribution in the marketplace a full decade ago when its plight moved me to introduce legislation which became Public Law 88–354 and established the National Commission on Food Marketing.

Along with several of my colleagues, including the Senator from Washington (Mr. MAGNUSON), the Senator from Michigan (Mr. HART) and the Senator from Nebraska (Mr. HRUSKA), I had the privilege of serving as a member of the Commission through 2 years of intense investigation of this Nation's food marketing establishment.

In my brief separate statement printed as part of the Commission report in June, 1966, I observed that our studies of the subject had led to the conclusion that—

> The accumulation of market power can readily lead to the oppression of both consumers and producers.

In that report, I went on to state that the National Commission on Food Marketing itself, despite 2 years of hearings, investigations and expert advice, had "barely begun to comprehend the implications arising out of the growth of the great food chains."

And I added:

> I am not so concerned with the relatively few cases in which market power of the chains is deliberately employed in predatory schemes. But size inevitably begets power, and inordinate power tends to subvert the free play of market forces, of supply and demand, upon which we have traditionally relied to insure producers and consumers equity in the marketplace.

Perhaps, Mr. President, I should have been more concerned about the intentional predatory practices which the Federal court jury in San Francisco found persisted even beyond the Commission's report and its recommendations. Those included, among others, that the Federal Trade Commission should be charged with making a continuing review of market structure and competition in the food industry and report annually thereon to the Congress.

Happily, the FTC has recently moved to pick up this matter again, though we might wish that less time had passed. Other recommendations of the Commission, such as its call for a centralized consumer agency established by statute, have yet to be realized despite long and careful consideration.

Mr. President, the plaintiffs in the San Francisco lawsuit were cattle ranchers who contended, convincingly to the jury, at least, that several of this Nation's largest chains had set high noncompetitive retail prices and low wholesale prices paid to packers, which in turn affected what packers paid to the ranchers.

The contention is that the practices alleged, including geographical allocation of territories, centralized buying and coordination of efforts to control supply—in short, the failure to compete on price—unfairly punish the producer and the consumer.

The statement I appended to the report of the National Commission in 1966 observed that—

> The central role in our food distribution system is occupied by food retailing. Over the past several decades the balance of power has increasingly shifted to retailers at the expense of farmers, processors, and consumers.

While distressed that we have not made more headway on putting stress on the public interest considerations involved in this vitally important area of everyone's life, it is a healthy thing that civil processes initiated by concerned citizens have brought the question to the fore again. I realize that the judgment and award in the case involving the Great Atlantic & Pacific Tea Co., has not been fixed irrevocably. Still, Mr. President, the case is important, for it points again to the need for sustained attention to this national problem, not just by judicial proceedings, but also by the executive and by the legislative branches of the Government. I ask unanimous consent that two news reports, taken from the New York Times and the Wall Street Journal editions of July 26, 1974, be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

A. & P. Is Ordered To Pay Damages of $32.7 Million

SAN FRANCISCO.—A federal court jury awarded actual damages amounting to $10.9 million to six cattle ranchers who had charged Great Atlantic & Pacific Tea Co. with conspiring to fix fresh-beef prices.

Under antitrust laws, actual-damage awards are tripled by the federal court, making the total damage against A&P $32.7 million.

A&P's attorney, Arthur Dunne, moved for a new trial or for the court to overturn the six-person jury's verdict. A hearing is set for Aug. 20. Mr. Dunne said that if he loses his motions, the company will appeal.

In New York, an A&P spokesman said "The verdict is shocking and we are confident we will be vindicated."

Joseph M. Alioto, attorney for the plaintiffs and son of San Francisco's Mayor Joseph L. Alioto, said he will seek on Aug. 20 to have the court order that the case be made a class action so that other ranchers affected in a manner similar to the plaintiffs might seek damages against A&P.

The four California and two Colorado ranchers had originally filed suit in 1968 against A&P, Safeway Stores Inc. and Kroger Co., but both Safeway and Kroger settled out of court last year for a total of $85,000 without admitting that they conspired to fix fresh-beef prices. The plaintiffs had sought almost the exact amount awarded them by the jury.

Plaintiffs had contended that A&P had set high noncompetitive retail prices and low wholesale prices paid to packers, which in turn affected what packers paid to the ranchers.

A. & P. Held Guilty on Meat Pricing

SAN FRANCISCO, July 25.—A Federal jury found the A. & P. supermarket chain guilty today of fixing prices in buying fresh meat and assessed the giant company a total of $32,712,081 in damages. The Great Atlantic and Pacific Tea Company was found guilty of conspiring to fix prices at both the wholesale and retail levels.

The plaintiffs had alleged that A. & P. conspired with a number of members of the National Association of Food Chains to fix high, noncompetitive retail prices and low wholesale prices for meats.

An A. & P. spokesman at its New York headquarters said of the judgment: "The verdict is shocking. We are innocent and we are confident we will be vindicated." A. & P. is expected to ask for a retrial at a hearing set for Aug. 20.

AUTOMATICALLY TRIPLED

The award was won by six ranchers and livestock producers in California and Colorado who were represented by Joseph M. Alioto, son of San Francisco's Mayor, Joseph L. Alioto. The actual damages awarded by the jury totaled $10,904,027, which is automatically tripled under antitrust law.

The complainants filed suit in 1968 alleging that A. & P. conspired to restrain trade in fresh meat by "allocating geographical territories to preclude competition." The ranchers had asserted that the giant retailer and others had eliminated competition by centralizing buying and exchanging information, coordinating efforts to control supply and providing sales and profit information to their trade associations.

Safeway Stores, Inc., and the Kroger Company, also large food retailers, were dismissed as defendants in 1972 and 1973 by Chief United States District Court Judge Oliver J. Carter after stipulating to agreements by which $90,000 was paid to cover attorney fees.

AWARDS ARE LISTED

The jury awarded $25,058,277 to Dan Compton of Woodbridge, Calif., $5,708,958 to Irvin Bray of King City, Calif., $914,673 to Arnold Christensen of Arbuckle, Calif., $552,981 to Stanley and Orin Vanleck of Slough House, Calif., $240,849 to William Prather of DeBeque, Colo., and $236,334 to R. E. Boulton & Sons of Newcastle, Colo.

The complaint alleged that the antitrust violations occurred from 1964 to February, 1973. The jury awarded damages for the period from 1964 to January, 1968, the date of the suit. Mr. Alioto estimated that, in this period, his plaintiffs had sold 51 million to 52 million pounds of beef and had sought damages of 10 to 20 cents a pound for losses that occurred as a result of the action by major food stores.

A pretrial order named as alleged co-conspirators—but not defendants—seven other chain store groups, Winn-Dixie Stores, First National Stores, Colonial Stores, Giant Food, Food Fair Stores, the Brenner Tea Company and the Jewel Tea Company.

Mr. Alioto said initial financing for the suit came from various stock growers' groups in Colorado, South Dakota, Wyoming and Montana. He added that he would file a motion to make the complaint a class action at the Aug. 20 hearing.

WHATEVER HAPPENED TO THE ENERGY CRISIS?

Mr. HUMPHREY. Mr. President, I want to commend to my colleagues an excellent recent CBS News special entitled: "What Ever Happened to the Energy Crisis?" The broadcast made three important generalizations which we must keep in mind when considering energy legislation in the near future. First, the hard times of last winter were not the energy crisis. Second, we are more at the mercy of the Arabs now than before their embargo and the next energy drought could be worse. Third, this country's leadership is not leading us out of this continuing energy crisis and something has to be done quickly.

The documentary points out that energy conservation is a key factor in solving our long-term energy problems in the United States, but we are back to our old ways of consuming too much energy. CBS points out that motorists are not obeying the national speed limit of 55 miles an hour. People are back to buying the big gas-guzzling automobiles even though they are paying more than 60 cents a gallon for gasoline.

CBS also shows that Americans waste energy through our inefficient heating, cooling, and lighting systems for residential and commercial buildings:

> More than twenty percent of all the energy consumed in the United States is used simply to heat or cool residential and commercial buildings because most such structures are overcooled in summer and overheated in winter, the amount of energy wasted each year is staggering. Compounding the overkill in space conditioning—that's heating and cooling—is a general, excessive use of electric lighting and an insufficient use of building insulation material.

Commentator John Hart makes a very interesting observation about the impact of the "energy crisis" upon the major oil corporations:

> We've been through a convulsion without having passed the crisis and we are still addicted to oil. What are the oil companies doing? They're making a lot of money, for one thing.
>
> Here's how ten of the big companies have done in the first half of this year, compared to the first half of last year:
>
> Exxon: more than a billion and a half dollars of profit, up over fifty percent.
>
> Texaco: over a billion dollars profit through June, up more than ninety-seven percent.
>
> Gulf: more than half a billion, up fifty percent.
>
> Mobil: approaching two-thirds of a billion, up eighty-four percent.
>
> Standard of Indiana: nearly half a billion, up a hundred and six percent.
>
> Shell: nearly a quarter billion, up forty-five percent.
>
> Phillips: more than two hundred million, up a hundred and twenty-eight percent.
>
> Continental: more than two hundred million, up one hundred and eleven percent.
>
> Atlantic Richfield: two hundred and thirty three million, up ninety-seven percent.
>
> Sun Oil two hundred and eighteen million, up one hundred twenty-four percent.
>
> Over five billion dollars of profits for ten oil companies in six months. They are spending some of it looking for new oil. But they say they need two things to make the turn toward independence in energy: clearer leadership in Washington, and more high profits.

CBS points out that we have had little effective response from the administration and the industry to the energy crisis and that it will get worse before it gets better unless we do something now.

Unfortunately, the decisive changes in our conservation programs and in the development of new sources of energy are still pending. John Hart summarizes the special report by stating:

> Conservation is voluntary. And we are voluntarily abandoning it. The development of alternative sources is incidental to the development of more oil. The pain of the crisis is in remission. But the conditions of the crisis remain. Industry blames environmentalists and the government. The government we haven't heard from lately. That is what happened to the energy crisis.

Mr. President, in light of this excellent documentary and the pending long term energy crisis, I urge my colleagues to support several important energy proposals which the Senate will be considering in the next two weeks.

Mr. President, I ask unanimous consent that this report be printed at this point in the Record.

There being no objection, the report was ordered to be printed in the Record, as follows:

CBS NEWS SPECIAL REPORT—WHATEVER HAPPENED TO THE ENERGY CRISIS?

ANNOUNCER. Because of the following Special Program CBS News Retrospective will not be presented this evening.

JOHN HART. Good evening. It's probably not necessary to mention that these are times of crisis, when we're bending the future in new directions for better or for worse. We have a political crisis, an economic crisis, some people might add, an energy crisis. A good deal has happened in the six months since Dr. Kissinger accused the Arab oil countries of blackmail. One thing that's happened is that we've been making large payments to them. It's been four months since they turned the oil back on. Another thing that's happened is that the long lines of winter, waiting for gasoline have turned into the long lines of summer burning gasoline as if there's a surplus—which there is. It seems hardly the time to bring it up: Whatever Happened To The Energy Crisis? But it is time. As we shall see.

ANNOUNCER. This is a CBS News Special Report: Whatever Happened To The Energy Crisis? With Correspondent John Hart.

HART. We begin this broadcast with our conclusions: There are three. The first one is that the hard times of last winter were not the energy crisis. They were the miseries of a crisis that was there before and is still here now. The second is that we are more at the mercy of the Arabs now than before their embargo and that the next energy drought could be worse. The third conclusion is that this country's leadership is not leading us out of this continuing energy crisis. And in this hour you'll have a chance to argue with these conclusions as we show you what led us to them.

The energy crisis, together with the inflation it is feeding has already changed history. It has forced rich nations to beg. It has forced powerful ones into new alliances. It forced aspiring ones to abandon some dreams. Most of us don't notice all this, mainly because we can buy gas and oil again. Tonight, we'll take care to notice what has changed.

On the road, where we learned last winter how to use gasoline better. In Detroit which has decided in its 1975 models whether we really want better mileage. In our buildings where much of our energy is used and wasted. In the energy industry where riches were made in addition to promises. In government where promises were made. And in the rest of the world where whole economies are on a slippery side.

The Arabs turned the oil back on four months ago. The lines have gone from the filling stations and they're back on the road. Harry Drinkwater reports.

HARRY DRINKWATER. To most, seeking vacation spots this summer, the recent gasoline shortage is as distant a memory as World War Two. Places like Disneyland report that not even the high cost per gallon is keeping motorists away. A year ago the average price of gas was thirty-nine cents a gallon. Now, it's fifty-five cents, an increase of sixteen cents a gallon. National parks are booked solid, thirty-six million American families are crowding the highways, hotels and campsites, the same number of vacationers as last year.

One man at Yosemite seemed to sum it all up.

Man at Yosemite. Well, it'd been January or February I wouldn't have then come to Yosemite. But I'm from San Diego and so there didn't seem any problem now so I've got the money, I come.

Drinkwater. The national speed limit is still fifty-five miles an hour; drive slower to get better fuel economy the law says, but are motorists obeying?

Man. I would say that California motorists are doing exactly what the motorists in the rest of the nation are doing and that is violating the fifty-five speed limit in unprecedented numbers. A recent survey by the California Department of Transportation, an independent organization from the Highway Patrol indicates that four out of every five vehicles are violating the fifty-five mile speed limit.

Drinkwater. On a weekend, say, how many people does that mean who are going faster than fifty-five? How many tickets could you write?

Man. Well, theoretically, we feel that we could write a hundred thousand citations a day in California if we had the manpower; they find themselves speeding although they say they like the fifty-five speed limit.

Drinkwater. A Gallup Poll found, in fact, that seventy-two percent say they favor the fifty-five mile an hour limit. Another poll and hard economics indicated the mobile home and recreational vehicle industry was in deep trouble earlier this year, some firms going bankrupt.

But that is changing now too. People are buying them again, sales so brisk some manufacturers can't make them fast enough to keep up with the demand.

Energy Office warnings be damned many Americans seem to be saying. We like the big gas guzzlers. We like to drive fast and we'll pay sixty cents a gallon. It's worth it even if it means we can't afford steaks when we finally park at the campsite and light the old barbecue.

Hart. For a while sixty cent gas seemed to mean we couldn't afford big cars. Small cars took over the market in January.

Fifty-five percent of it. Now down to about forty-five percent. A lot of people stopped buying new cars altogether. Now the 1975 models are about to appear and we'll see how Detroit is coping as Richard Roth reports.

Richard Roth. Assembly lines now finishing the 1974 model run will soon begin turning out cars most of us haven't even heard of. Cars with names like Pacer and Skyhawk, the 1975 cars that will be Detroit's first tentative answer to the energy problem. Tentative because not all auto executives are sure how much energy problems have really changed Americans' buying habits.

Man. We still feel, for instance, that there's going to be—always going to be a market in the United States for a vehicle that will carry the husband, wife, three kiddies, a dog, a trunkful of luggage on their vacation. And this doesn't have to be a large car necessarily and it doesn't necessarily have poor fuel economy.

Roth. Five or six months ago the sign in a suburban Detroit showroom held the kind of promise car buyers were looking for. Today salesman Terry Christian says almost no one is asking for twenty-nine miles to the gallon.

Terry Christian. Right now our public wants the large cars. They're not really interested in the economy. They're more interested in the convenience of the large cars. They're worried next year about the engines that are coming out. So we've got our big car back out.

Roth. Whatever happened to the energy crisis?

Christian. I don't really think people after the first impact of the first six weeks, they really had it in their mind anymore. They really think the energy crisis was a hoax and none of us really knows the real truth, whether it was or wasn't.

Roth. Big cars with big gasoline appetites are selling again. But automakers, generally, are convinced last winter's gasoline lines speeded up a trend automotive designers have been working with for several years, the trend to the small car. Even big car leader General Motors will introduce five new small cars modeled on its highly successful Vega this year, four more than had been planned before the oil embargo.

The problem is, the new small cars may be developing some of the big car's extravagant habits.

Ford is naming these 1975 cars the Granada and Monarch. They're smaller and lighter than standard or intermediate size but too big to be called compact. Basic models with six cylinder engines will save some gas but the people at Ford expect many buyers will want the bigger engine and the options that offer luxury at the expense of fuel economy.

A Ford executive says: For 1975, small will be in. Austerity will be out.

And that may include austerity at the gas pump.

Hart. To say nothing of austerity at home where the energy waste begins.

It's harder to turn in a big, inefficient building for a new model than it is a car. And Richard Wagner reports, it's harder to get people interested too.

Richard Wagner. More than twenty percent of all the energy consumed in the United States is used simply to heat or cool residential and commercial buildings because most such structures are overcooled in summer and overheated in winter, the amount of energy wasted each year is staggering. Compounding the overkill in space conditioning, that's heating and cooling is a general, excessive use of electric lighting and an insufficient use of building insulation material. This report focuses on what is being done about the problem in Phoenix, Arizona.

The largest office building in the southwestern United States is the Valley Bank Building in downtown Phoenix. It's forty stories tall and was opened last year, just before the energy crunch hit. Of all the energy consumed in a building of this kind, almost half goes for lighting. Now, the building's management has found that to conserve energy, it can cut the number of fluorescent tubes in each fixture in half without reducing lighting efficiency. A computer system is currently being installed which will allow one man to monitor the entire building's interior climate. Thousands of sensors will report temperature changes throughout the structure's safe conditioning system and the computer will make the needed corrections. The double pane reflective skin of the building can reduce by up to eighty-five percent the heat from the sun which would otherwise enter the building, thereby reducing considerably the amount of air conditioning required. The battery of decorative lights has never been used and is not likely to be in the foreseeable future.

With regard to residences, the main concern in this part of the country is cooling, not heating. Only five percent of new homes in the United States were air conditioned ten years ago. Now, fifty percent are. One developer in this area is in the process of building energy conscious, two to four bedroom homes which will sell for twenty-three to thirty thousand dollars. The homes are available with windmills to generate electricity and a set of storage batteries to hold it ready for use; an eight hour charge can provide up to three days of power. The system will add five thousand dollars to the price of the house.

Less expensive energy savers are wind turbines to pull hot air which can reach two hundred degrees out of attics and evaporative coolers to provide cool air at one tenth the energy consumption of refrigeration type space conditioning units.

Ten inch thick walls are standard to keep the cool air in and the hot air out. Solar heaters provide hot water and a rooftop tank keeps it hot. In Phoenix's sunny weather, a system like this can supply up to ninety percent of needed hot water, water that is still steaming hot in the morning without adding to the utility bill.

Even with the energy saving features however, and perhaps because of them, prospective buyers are not standing in line to buy Frank Bragiotti's houses.

Frank Bragiotti. I think, so far, the normal reluctance to buying anything that doesn't have a major brand name that you're accustomed with has been a hinderance to us. Secondly, I think we tend to be creatures of habit. And we're used to paying for energy and it's a little different when we get our hot water for free from the sun or electricity free from the wind. This is something different than we're used to.

Wagner. Are you having a problem educating the purchaser? Does he believe you?

Bragiotti. I think right now in 1974, it's difficult to educate the consumer, people tend to be quite a bit like the man from Missouri: show me. Prove it.

Wagner. Despite the need to conserve energy, what Americans are looking for in their new homes is more of what they were getting before there ever was an energy crisis.

Hart. This crisis is like arsenic in your coffee. It's a bit more bitter than before, what with higher prices and all. But you get used to it and all the time the poison is building up in your system. In fact, we are more dependent on the Arabs now than before the embargo.

The bottom line is our domestic oil production. It is going down. The top line is our oil consumption. It is going up. Last year, we imported two point three billion barrels. This year we're going to import around a hundred million barrels more than that. One reason this is happening is the stalemate in government. The Congress and the White House unable to agree on what to do about it.

Roger Mudd reports on the Congress. Dan Rather on the White House.

Roger Mudd. Six months ago the energy crisis was it on Capitol Hill. It was everybody's favorite and easy issue. Everybody talked about it, played politics about it, postured about it, drafted legislation about it. By one count, close to eight hundred bills touching on the energy crisis were introduced. But as it turns out what Congress really did was blow a lot of steam. Only eight energy bills are now law. The rights of way through federal lands, that's the Alaska Pipeline Bill which had been around for more than a year. Two, oil allocation, giving the President mandatory control over oil distribution. Three, FDA, the Federal Energy Agency, the first Nixon request to pass. Four, daylight saving time, an experiment until April of next year. Five, economic stabilization to promote competition in the oil industry. Six, Uratum Corporation to sell uranium to America's European atomic partners. Seven, highway conservation—fifty-five miles an hour on federal roads. And, eight, energy supply, temporary suspension of some air pollution laws in the name of energy saving.

But not passed is a seemingly endless list, part of it duplicated here. A national land use bill, a deepwater port bill, a coal conversion bill, an oil price rollback bill, a gasoline rationing bill and so on.

When the Congress returned from its Christmas recess, the members were filled with voters' complaints about the fuel shortage and the rising price of gas. The Congress took it out on the oil company executives who got roasted regularly for resisting price rollbacks and for opposing a tightening of tax loopholes. But in the end the Congress backed off, preferring to believe apparently President Nixon's declaration in February that the energy crisis was over.

Senator Henry Jackson of Washington professed he wasn't sure how Congress could again be stimulated to act.

Senator Henry Jackson. It's tough. It's tough, Roger, very tough. For example, people are concerned about the price, but when my bill was up and it passed, two to one, to roll back the price, in the middle of the crisis, as the situation was being eased, the President vetoed the bill; we lost the override, two-thirds vote by eight votes in the Senate. Just because they could see the crisis coming to an end. And the oil industry was able to really lobby so that they turned Senators around who had voted for us.

Mudd. But then when the crunch was on, the Congress couldn't summon enough votes to override.

Jackson. That's right. We lost by eight votes.

Mudd. So you really didn't respond, then, did you?

Jackson. Well, we responded but we——

Mudd. Not when you had to.

Jackson. Well, we responded but we Democrats don't have two-thirds of the votes in the Senate.

Mudd. Senator, given the new attitude you perceived in the Congress last winter, are you now disappointed at the record that Congress put together on energy?

Jackson. I'm disappointed in the attitude in the Congress. We had a good record while the crisis was on and we did a good job. The President vetoed that—those accomplishments by the action that he had taken but I am disappointed in all candor with the fact that there is a sort of laisser faire attitude, let's don't do anything now, it's coming along all right because they can get the gas at the pump and it's hard for the—to legislate.

Dan Rather. This is Dan Rather. For whatever has not been done that can be done by government to solve the energy crunch, Congress is to blame. This has been a consistent theme of President Nixon and his aides for months. Mr. Nixon and his advisors claim that as they put it, the President's decisive action in solving short run aspects of the energy problem represent major accomplishments for which Mr. Nixon should receive a great deal of credit. And that if Congress will spend less time now on Watergate and more time on legislation proposed by the President, the country will be well on its way to solving energy problems for the foreseeable future.

When the energy crisis was in the headlines every day, the President met often with William Simon, then his chief energy advisor. During the past few months, with the energy situation less in the headlines and Simon moved over to the job of Treasury Secretary, Mr. Nixon has spent comparatively little time talking with anyone about energy. His staff insists that he has spent more time than it might appear to an outsider and besides, they say, this President is good at organization, at delegating authority. Mr. Nixon, they claim, has organized the executive branch to deal effectively with the problem and has good people under him doing a good job everywhere. So if the energy problem isn't solved in the White House view, Congress, not the President will be to blame.

Hart. The hard times of last winter, as hard times seem to do brought forth a new government agency, the Federal Energy Administration. It has preached conservation to the public, argued for better mileage with the car makers, taken control of gasoline prices and on Capitol Hill generally opposed the tax and conservation bills that industry opposed. The Energy Office has worked more at reducing demand than at increasing production. Nelson Benton talked with Energy Czar John Sawhill about that.

John Sawhill. Well, we have asked the Congress to provide us with a mandatory labeling bill so that the American consumer would know exactly what he's getting when he buys an appliance or buys an automobile. One way I think that would help American buyers understand the efficiency of automobiles is if we said this car gets twenty miles per gallon but if you get air conditioning it will only get eighteen miles per gallon. If you get automatic transmission, it will ony get sixteen miles per gallon.

Nelson Benton. Mr. Sawhill, there's an estimate now that there's something like one and a half to two million barrels per day oil surplus in the world. When is this surplus likely to show up in the substantial reduction of prices at the retail level?

Sawhill. I don't think the reduction will be substantial, although I think we will see some softening in price, provided that the Middle Eastern nations don't begin cutting back their production in order to remove the surplus.

Benton. Some critics say that Project Independence leans too heavily on supply considerations with a lack of emphasis on conservation. Is this a valid criticism of the way it's shaping up?

Sawhill. I've heard that criticism but I don't quite understand it because for the next three or four years there's very little we can do on the supply side. Most of our actions are going to have to be directed at cutting back demand and all the things that we've tried to do from abandoning neckties this summer to save energy which is symbolic in a sense of the kind of lifestyle changes that Americans will have to make to meetings with automobile industry to get them to make more energy efficient cars to our meetings with homebuilders talking with them about building and retrofitting existing homes in a more energy-efficient way.

Benton. I've heard figures of anywhere from two hundred thirty-five billion to a trillion dollars for the cost of Project Independence. Where does all that money come from?

Sawhill. Well, it's going to have to come from other sectors in the economy. We're going to have to reorder our priorities in order to shift resources away from things we've been doing in the past to expanding our energy supply if we want to maintain the kind of economic growth we've had in the past in this country.

Benton. The government's going to have to foot a lot of the bill, will it not?

Sawhill. The government will have to spend substantial sums. But a great deal of it is going to be spent by private industry and this is why we keep saying that energy prices are going to go up. They're going to have to go up in order to require the increased production of energy in this country.

Hart. The thing is our priorities have not been reordered. Our habits are not being changed by choice or by force. The cost of energy has gone up dramatically but the production of energy in this country has not. Project Independence is a joke in certain oil circles. One big executive laughed at the mention of it, saying his Arab partners laughed too. This year we moved away from Independence, not toward it.

George Herman looked at the American energy industry to find out why.

George Herman. America's energy crisis started in 1956 when drilling for oil hit its peak and started down. Oil production from American field peaked in 1970 and it started down in turn. And that sparked the beginning or more drilling belatedly. In 1970 we had to import twenty-three percent of our oil. Now it's up over thirty-six percent.

In this weakened condition we suffered heavily from the Arab oil embargo and called it a crisis. Now the Arabs have turned on the oil again and that crisis is over but the whole oil picture has changed. Oil now costs from two to four times as much. Gasoline is up fifteen cents a gallon and we're using less of both.

This summer American gasoline consumption, instead of rising its usual three or four percent decreased fractionally. And with rising imports we have an increased reserve stock of gasoline and a feeling that there's a comfortable supply. We're out of the crunch because we are importing more, using less and paying more for it.

What we'd like, of course, is more American oil and less importing. And there is more American oil. Geologists say we've found only about half of it. On the average we pump out only about a third of what we find. The other two-thirds stays in the ground, too difficult and too expensive to get out. Now the vastly higher price of oil has made that two-thirds more interesting and some feel oil companies have ordered new equipment to get out the remainder. That will take two or three years and it will be a decade before any significant part of that sound but formerly uneconomic oil is flowing.

New drilling is increasing but there's a catch. Drill pipe and drill rig steel are scarce. Some have shown up on a sort of driller's black market. And finally, oil companies say it's hard to know what to do while you're waiting for leadership from the administration and worrying about when Congress will slap you with new taxes and environmental restrictions.

The net result of it all is that our dependence on foreign oil has continued to increase.

Natural gas is usually found in drilling for oil. Gas is distributed through long and costly pipelines like oil and the conventional wisdom is that twenty years of government price regulation has discouraged gas companies from exploring and drilling. So last month the Federal Power Commission granted significant price increases for new gas. One major company, Phillips Petroleum says the new increases are not enough to stimulate new searches and new gas production. No new bonanzas have been reported. Domestic reserves of gas are declining and the expectation is that natural gas will have to be imported or else supplanted by gas made from coal and the progress on that has not been accelerated by the energy crisis.

Coal was supposed to be our big fallback position. We have more energy in American coal than Saudi Arabia has in oil, enough to fuel America for centuries. Government officials talked bravely of tripling our production of coal by 1985. What was actually done?

Man. There was a time during the embargo, during the heyday prices when all the political rhetoric, and all of the policy decisions that were about to be made and the legislation all were headed in the direction of a total national commitment to the development of coal, much like Project, the Manhattan Project or the space program. It looked as though this is the direction we're going as a nation. And when the spigot was turned back on,

Herman. The oil spigot?

Man. The oil spigot was turned back on, somehow this was lost sight of. And from the failure of that basic commitment to the development of coal as our most abundant, indigenous resource, came what happened and that was essentially—nothing.

Herman. Three days ago something did happen. The House overwhelmingly passed a tough bill to regulate strip mining and protect the environment. The industry had bitterly opposed the bill saying it would devastate strip mine production and destroy any chance that coal could play a big role in solving this nation's energy problem. If House and Senate agree on such a measure, Baggie(?) says he recommends a veto. But the margin in the House, anyway, was more than needed to override a veto.

The coal situation is further complicated by labor problems. It's widely anticipated that in November the miners will walk out for what could be a prolonged strike, creating major problems for energy supplies this winter. The union says it's in a strong position.

Man. Well, one thing they always tried to do when contract negotiations got down to where they were about ready to begin, they always maintained build up huge reserve stockpiles and they don't have any stockpiles now. There's shortage everywhere you go and they're not in that position. If we're forced into a position where there is a strike, it could be a rough one.

Herman. Their quality standards may or may not allow coal to be burned in factories and by electric utilities. Coal is a utility, the biggest single source of power and they need more and more of it if they are allowed to burn it or if techniques can be perfected to remove the noxious sulfur before or after the coal is burned. In the meantime, coal is in a holding pattern; production up less than seven percent; no signs of any rush to open new coal mines.

Nuclear power plants have turned out to be a complicated and dangerous way to boil water for a turbine; big new nuclear plants last year ran at about fifty-eight percent of their rate of capacity while big new fossil plants were turning out seventy-five percent of theirs. The energy crisis was far too short-lived to affect anything so long range as the nuclear power program. If anything, plans for nuclear plants have decreased recently. First, because power companies are in desperate financial straits and will need help to survive, let alone buy nuclear plants and also because of a projection that uranium will be in short supply in ten to fifteen years and may have to be imported.

Hart. We've been through a convulsion without having passed the crisis and we are still addicted to oil. What are the oil companies doing? They're making a lot of money, for one thing.

Here's how ten of the big companies have done in the first half of this year, compared to the first half of last year:

Exxon more than a billion and a half dollars of profit up over fifty percent.

Texaco over a billion dollars profit through June up more than ninety-seven percent.

Gulf more than half a billion up fifty percent.

Mobil approaching two-thirds of a billion up eighty-four percent.

Standard of Indiana nearly half a billion up a hundred and six percent.

Shell nearly a quarter billion up forty-five percent.

Phillips more than two hundred million up a hundred and twenty-eight percent.

Continental more than two hundred million up one hundred and eleven percent.

Atlantic Richfield two hundred and thirty-three million up ninety-seven percent.

Sun Oil two hundred and eighteen million, up one hundred twenty-four percent.

Over five billion dollars of profits for ten oil companies in six months. They are spending some of it looking for new oil. But they say they need two things to make the turn toward independence in energy: clearer leadership in Washington and more high profits.

* * * * *

Hart. The Ford Foundation studied energy for two years and this spring reported that no single villain brought us to this point and no simple action will get us out.

The Report said that unless we can increase our imports of oil at an acceptable economic and political price, the only thing we can do right away is simply use less. The director of the study was S. David Freeman.

S. David Freeman. The surest road to independence, or interdependence, whichever you want to call it is energy conservation. The way to cut down imports is to cut down on the gasoline that we burn on the highways. We will not get there by excavating Colorado in my judgment because I don't think the people out there have yet decided that they want to be excavated.

Hart. From all you can see, there is no crisis. Where is the crisis?

Freeman. Well, the crisis is still right around the corner. But what has happened is that we're really all a year older and just deeper in debt. I think that we had a wonderful opportunity at the end of the embargo for the President to move ahead in a policy of true energy conservation. He blew it and I think the country is blowing it. And yet the opportunity was there for leadership to put together a package of legislation that would require homes to be insulated that would give poor people the money to insulate their houses, that would require Detroit to keep on refueling and not stop the minute the crisis was over and that would put an end to this ridiculous situation of discount rates to big industries for electric power when the more they use the more it costs the average consumer. We have the ingredients of a consumer-owner energy possibly that's just literally staring us in the face but we have government that seems to be indifferent to the public interest and I must say that the media left just about as soon as the gas lines disappeared.

Hart. How are you going to get action before the day of reckoning that you talk about?

Freeman. We've got to talk straight to the American people and persuade them that this wasn't just cooked up in a hotel room by the oil companies. Sure, they're making money hand over fist and their profits are way too high and all that but that's not the heart of the problem. The heart of the problem is that we're living way beyond our budget in terms of the resources that are environmentally available.

Hart. Conservation isn't everything, is it? You also have to think about supply.

Freeman. Well, of course, we have to have supplies but the greatest help in our supply situation would be if we could buy enough time through conservation to develop new sources that are cleaner and give the existing sources enough breathing room to—for us to be able to clean them up.

Hart. The easiest source of energy to get at is still oil and the oil companies are still spending most of their efforts and profits on getting it. Freeman and the Ford Foundation say the thing to do first is conserve, reduce demand.

William Tavalerius, president of Mobil says that's only half of it.

William Tavalerius. The problem I see today is that nothing is being done about creating additional supplies, with the entire emphasis on slowing demand. In terms of lesser demand brought about by conservation and higher prices that's understandable but the other side of the equation is increased supplies. Nothing is really being done about increased supplies. The next crisis, in my opinion, is going to be much worse than what we saw in the past.

Hart. Do you know when it's coming?

Tavalerius. Well, I don't think anyone knows when it's coming because involved are many factors. But if you asked me to guess, I would say that if we have a cold winter, very cold winter, we could have some shortages again this winter. But within two years in my opinion, we'll be back into another very serious crisis. And maybe before that.

Hart. And will that be a temporary crisis or will it be more likely to be more permanent than the last one?

Tavalerius. Well, if we don't increase supplies, it'll be more permanent.

Hart. Isn't that your job?

Tavalerius. Yes. It is my job and I—the trouble is I get too much help and the help just impedes me doing my job.

For example, I, right now, am planning to expand and modernize a refinery in Paulsville(?) New Jersey. In order to get that refinery approved, I need certain environmental clearances. I was told I would have those clearances by this summer. Now I'm told I'm lucky if I get it in the first part of 1975. In the meantime, we're spending money and by the first part of 1975 Mobil will have exposed(?) eighty million dollars, not knowing whether we can get that refinery modernized and built.

Hart. What about exploration in this country, given the object of, you know, independence?

Tavalerius. Well, all we got in the United States is the Lower 48 which has been really explored. And the offshore area. And Alaska. The offshore areas and Alaska is completely under governmental control. They're just not seeing fit to put up some of these areas. So we're opportunity limited in the United States.

Hart. Mr. Tavalerius, whatever happened to Senator Jackson?

Tavalerius. You'd better ask Senator Jackson that question. Maybe you should have asked me what I think should be happening to Senator Jackson.

Hart. Seriously.

Tavalerius. Well, let's analyze the situation. We had a crisis. People were disturbed. They had a right to be disturbed. I'm working in the oil industry so I feel defensive to an extent and I say, they wanted to find a whipping boy and blame somebody. My problem is I don't see any additional barrels of reserves coming out of all these investigations. [GARBLED]. . . . needs additional barrels of reserves in the United States. That's how they're going to avoid an energy crisis.

Hart. The fact is the United States and much of the developed world is in hock to Arab reserves. So energy policy is now fundamental to foreign policy.

Armand Kalb(?) asked Secretary of State Kissinger if the developed nations are mature enough to handle the problem.

Secretary of State Kissinger. Well, when it started out, the first reaction of course was every man for himself. I think most nations, indeed, I would say all nations have now learned that this simply will not work. And short of a really new monumental crisis we are well underway towards making progress.

Kalb. Mr. Secretary, if the United States continues to use fuel at current rates, don't you face the probability that at some point down the road, we're all going to be in a fight for a limited amount of power?

Kissinger. It is an absolute requirement that we develop new energy sources, that we conserve existing sources. If we all rely on existing sources, then in fact, there is going to be an extremely—terrific competition.

Hart. There are some nations whose current problem is simply getting to the end of this decade. A look at them when we come back.

* * * * *

Hart. The new power of Arab oil has changed international politics. The United States which has a lot of its own oil is competing with some countries that don't have any for Arab supplies.

Secretary of State Kissinger says the world must develop new sources of energy, otherwise, he says, there will be an extremely divisive competition. That could happen between the United States and Japan as both countries committed to growth compete for the limited foreign oil essential to growth, even survival.

Bruce Dunning reports from Japan.

BRUCE DUNNING. Japan's oil backlog is now full, to its pre-crisis sixty day capacity and the oil industry is rushing to increase that capacity to ninety days in order to have a thicker cushion against any future threats to the oil supply. Japan's tankers are its lifeline. This country must import virtually all its oil and Japan is the world's second greatest oil consumer. While crude oil was cheap and fuel, Japan allowed itself to become more dependent on oil than any other industrialized nation.

Nearly three-quarters of Japan's energy comes directly or indirectly from oil. Low cost oil fueled Japan's so-called economic miracle. When the Arab nations boosted the international price for oil Japan was trapped. The national oil bill has quadrupled in two years.

This increased cost of oil has caused international balance of payment deficits averaging more than a billion dollars a month so far this year, a serious drain on Japan's foreign reserves. Hardest hit by the increased cost of oil was basic industry like steel. Japan's factories are the chief users of energy, not the individual consumer as in the United States. So far the government has put the burden of cutting energy use on industry.

One of the worst hit industries is auto building, an industry which was a leader in Japan's postwar economic recovery. Domestic auto sales dropped drastically as soon as the oil crisis hit. For the first time ever, Japan's auto industry is building more cars for export than for domestic sales. But the increased cost of production has driven up the prices and the Japanese auto makers are finding that their cars are less and less competitive especially in the big U.S. market.

For the average Japanese consumer the most devastating effect of the oil crisis has been inflation. The cost of living is now running twenty-five percent above last year. One important effect of the energy crisis has been to force on Japan the realization that alternatives to oil must be found. The most promising alternative for the near future is nuclear energy. About seventy-five miles north of Tokyo the Japan Atomic Power Company is building a new million killowatt nuclear powered station. Here's one of sixteen nuclear reactors under construction in Japan.

But atomic power is a touchy political issue because Japan is the only nation ever to suffer a nuclear attack. Every time a new reactor is proposed, residents of the area try to block it.

One resource Japan does have in quantity is coal. But coal has become an environmental villain. So its use has declined. This electrical generating plant was built a few years ago to demonstrate that coal can be a good citizen. But coal's real future most likely lies in research just now getting underway, into the possibilities of turning coal into gas or oil. The search for new sources of energy is essential to the future of Japan.

MAN. Today the link to the supply of oil in long range plans, long range view, so we must make every effort to tend our industrial sector from much energy consumption to energy saving Japan without achieving this Japan cannot be expected to survive much longer as a nation.

DUNNING. The problem for Japan is that patterns of energy use cannot be changed overnight. Japan allowed itself to become too dependent on this single source of energy and now must pay a price. That price seems to be no less than the end of the Japanese economic miracle.

HART. Other countries have no miracles to lose. Zambia, for instance; it's still getting started on economic development and the high price of oil is the same for Zambia as for Japan but the miracle in its wealth is not there to pay for it. As Bert Quint reports.

BERT QUINT. It was a wild country that David Livingstone found here a little over a century ago. The Scottish missionary was the first European to penetrate the land that today is called Zambia. In the Wangwa(?) valley in northeastern Zambia, there still are far more elephants than humans: most of the country is equally underpopulated. Those who do dwell the Langlawa River never heard of an energy crisis. Like two of every three Zambians they live outside the economy.

There are fertile areas where the rains swell the Zamzesi River and turn the earth green. But most villages grow only enough for themselves. To feed the cities and towns where industry has begun to attract people away from the land, great quantities of food, even staples like rice must be imported. So too must almost everything the townsfolk have and use.

The government wants desperately to build some plants to cut down on imports and to make the land produce more and different kinds of food. But to develop agriculture, it has to clear the wilderness. It needs heavy equipment and fuel to drive it. It needs pumps to irrigate with, fertilizer, from petroleum to enrich the land. It needs vehicles to carry produce to market. It needs schools to educate children, to train adults; it needs power and money to generate it.

More than ninety percent of Zambia's foreign exchange earnings comes from one resource—copper. The world's fourth largest producer Zambia has kept itself afloat and started its development by producing and exporting this metal.

The copper companies, fifty-one percent controlled by the government, the rest by American, British, and South African interests figure it now costs them thirteen million dollars more a year for fuel to mine and refine the copper than it did before the price rise.

Zambia imports a million tons of crude oil a year. That used to cost fifty million dollars. Now it's three times as expensive.

Zambia has some coal but it's not very good. President Taouwnd(?) of Zambia and other African leaders have gone to the Arab oil capitals to plead for discounts. We broke relations with Israel to help you, they say. Now it's your turn to help us. In Zambia's case, the break put an end to Israel experts coming here to teach Zambians modern farming methods and to sending Zambians to Israel for training on collective farms.

Like the rest of the world the Zambians are feeling the petroleum pinch. Planning and Finance Minister Alexander Chicuanda.

Do you think that the Arab oil producing nations are charging your country and other African countries a fair price for oil?

ALEXANDER CHICUANDA. I think the oil producing countries as a whole are not charging, well, in general, (GARBLED) . . . and in terms of the demand for their products, from their point of view, they think that they're charging a fair price. But from my point of view it's not a fair price because it has the effect of squeezing me out of existence.

QUINT. Water power is something Zambia does have. It shares the mile wide Victoria Falls and other Zambesi River cascades with Rhodesia. While the British controlled both areas, they built a hydroelectric plant on the Rhodesian side. Now Zambia is rushing to build plants north of the river, a backstop in case Rhodesia cuts off the supply and a source of energy to diminish to the dependence on petroleum. Like other developments in the country, these plants cost a lot of money. The high price of fuel means there is that much less cash to work with.

HART. Developing countries such as Zambia are paying a triple penalty. First, they have to buy the equipment for their development from other countries and the equipment price keeps going up. Second, they have less money to buy it with because the cost of oil to power the equipment has more than tripled. And, third, what resources they do have, such as Zambia's copper costs them more to get at because the price of equipment and energy are so much higher. So just when they're beginning to reach up, the dream of catching up is arrested.

In Italy where the dream already came true, it is being shattered. Winston Burdette reports.

WINSTON BURDETTE. Of the ten most highly industrialized countries in the world Italy is the hardest hit in the energy crisis and the most vulnerable. She is now engaged in an uncertain battle on two fronts, against surging inflation and against the threat of irretrievable bankruptcy; a country without natural resources that has been living beyond her means, her trade deficit now expanding at the rate of close to one million dollars each month. The government has now stepped in with a drastic mix of austerity measures. With the fourth price hike in a year, the Italians are now paying a dollar and seventy-six cents for a gallon of gasoline, the highest price in western Europe.

Italy has been enjoying all the goods of a mass consumer society. After oil, her biggest import bill is for meat. She imports more meat than the United States and it cost her more than two billion dollars last year. Now the government has tripled the added value tax on beefsteak, hoping to cut that bill. And a volley of higher prices on a range of staples. And a drive against populant consumption. Higher added value taxes on all luxuries. On French champagnes of which Italy disbursed more than a hundred million dollars last year. Imported whiskey for which she paid even more. Imported perfumes and cosmetics on which she spent more than half a billion dollars. Italy came late to the affluent life and now abruptly she must give it up.

But not only the extravagance must go. Jobs must go also. The government's credit squeeze almost certainly will bring a train of bankruptcies in industry; tight money will mean recession. The National Trade Union Federation rejects the austerity program and holds strikes and demonstrations against it. The payoff will come next fall and winter. Some say there will be a quarter of a million men laid off. Others say between four and six hundred thousand unemployed by Christmas. The unions are battling and angry. They do not believe the government's brave(?) promises to crack down on wealthy tax evaders, to cut out the fat in government, to clean out the big, wasteful, parasitic state agencies that are the chief patronage machines of the ruling parties and eat up so much of the public monies. In such crises, it's usually the average man who pays and the fat is the last to go.

On every side in Italy now, you behold colossal insolvency. A national budget deficit this year of some fourteen billion dollars is expected. The State Health Service owes five billion dollars to the hospitals. The Ministry of Posts whose postal service has disintegrated is nearly one billion dollars in the red and so is the state electric company and all the time inflation propelled by the energy crisis is coming on at an annual rate of eighteen to twenty percent, threatening to engulf the country.

This is a test of Italy's ailing political system, greater, harsher than any the country has known since Mussolini. The alarm bells have sounded in the capitals of western Europe and in Washington. The deepest concern of Italy's friends is for the future of her democratic institutions. They do not forget that she has had the power and in today's Europe still has the power to drag other countries into her own calamity.

HART. The energy crisis did not go away. By definition a crisis is an unstable state of affairs in which a decisive change is impending. Two weeks ago Kuwait threatened to keep over a million barrels of oil off the market every day if it did not get a higher price. That is not a stable state of affairs. Saudi Arabia threatens to take over all the American in Aramco, the oil combine. That is not a stable set of affairs. American oil production in this country has gone down and we are more dependent on the Arabs than before. That is not a stable state of affairs.

As for decisive changes, we've already had one in international economics with the cash tilt toward the Arab countries. We've had one in international politics, with a power tilt toward the Arab countries.

What decisive changes are still pending? The fundamental ones of changing our sources of supply and of changing our wasteful use of energy. Those changes are not being made. Conservation is voluntary. And we are voluntarily abandoning it. The development of alternative sources is incidental to the development of more oil. The pain of the crisis is in remission. But the conditions of the crisis remain. Industry blames environmentalists and the government. Environmentalists blame industry and the government. The government we haven't heard from lately. That is what happened to the energy crisis.

I'm John Hart. Good night.

THE DEFINITION OF GENOCIDE

Mr. PROXMIRE. Mr. President, genocide is commonly defined as "the systematic, planned annihilation of a racial or cultural group." There are basically two elements of this definition essential to a clear understanding of the Genocide Convention. The first of these is the term "planned," or in the words of the convention itself, "intent to destroy." Some critics of the convention allege that any act against a national, ethnic, racial or religious group would constitute genocide. They maintain that such acts as school busing and certain police and military actions would fall under the jurisdiction of this treaty. This is not so. The Senate Foreign Relations Committee clarified this matter when it attached an understanding to the treaty stating that acts of genocide are those committed with the intent to destroy, in whole or in part any of the above defined groups.

A second vital element of this definition is the concept of the "group." The Genocide Convention defines the idea as "a national, ethnical, racial, or religious group." Some critics of the Genocide Treaty claim that its ratification will place individuals accused of homicide under its jurisdiction. Nothing could be further from the truth. Homicide involves a single individual, is a domestic matter, and falls under the jurisdiction of domestic laws. Genocide involves an entire group, is a matter of international concern, and should be condemned by international law.

Genocide then must concern an entire group, and must involve the intent to destroy that group. It is a very specific crime which demands very specific legislation. In urging the speedy ratification of the Genocide Convention I call to the attention of my colleagues the words of Arthur Goldberg:

> The Genocide Convention outlaws action that is repugnant to the American people. . . . It is inconceivable that we should hesitate any longer in making an international commitment against mass murder.

INCREASE THE DOMESTIC SUPPLY OF NATURAL GAS

Mr. BARTLETT. Mr. President, we have a crucial domestic shortage of natural gas. The answer to the problem is simple—increase the domestic supply of natural gas.

Some, as I, say the only way consistent with our principles of free enterprise is deregulation.

Others disagree.

I recommend this report to my colleagues as a fair analysis of the natural gas shortage and deregulation.

I ask unanimous consent that the report be printed in the RECORD at this point.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

THE NATURAL GAS SHORTAGE AND DEREGULATION

(By Peter C. Hughes)

FORWARD

In an article entitled, "The Challenge to Our System," Alan Greenspan wrote that the fundamental nature of our political and economic system has always been taken as a given. We have taken growth for granted, says Greenspan, and this has led to the implicit belief that it is possible to tamper indiscriminately with our economic system, making patchwork adjustments here, and imposing controls there, without affecting our rising productivity and standard of living. I believe that we have reached the point where we can no longer afford this view.[1]

Greenspan's fear, that the ever-increasing role of government will somehow change the basic nature of our system, if not reversed, should find little opposition. For while there can be differences of opinion as to what constitutes the proper role of government within our economic system, no one can maintain, as the author correctly argues, "that there is not some point at which government intervention becomes government control of the economy, at which point we have moved, by definition, to a socialist, or quasi-socialist system."[2]

The danger for any society that cherishes the values of freedom and liberty is that the growth of government intervention can be gradual enough so as not to cause a disruption in the transition, and that the development from a free-enterprise system to a controlled economy can occur before the full impact of the development is recognized. We then become accustomed to the idea that government control and/or government programs are the only way to deal with our problems. This public policy paper does not deal directly with the philosophical questions underlying these political and economic currents, but it does serve to highlight the debate surrounding "consumerism" and its critique of the American corporate enterprise system within the overall framework of the "energy crisis," and the policy options currently being considered by the United States Congress.

INTRODUCTION

Perhaps no issue, with the possible exception of Watergate and related matters, received as much attention as the "Energy Crisis" during the first session of the 93rd Congress. During the last six months of 1973 alone, 21 Senate, House, and Joint Committees held 212 hearings on energy issues.[3] Equally significant is the fact that Congress during that same period, enacted only four energy related laws, and only one of these measures (the Alaskan Pipeline bill) will provide for additional oil and gas.[4] The other three bills (authorizing year-round daylight savings time, reducing the speed limit, and authorizing allocation of oil and petroleum products) dealt mainly with fuel allocations and conservation. Nevertheless, the demand for all kinds of fuel is up; reserves remain in short supply; and a life-style that has come to depend upon cheap and plentiful energy seems threatened.

A significant part of the national energy shortage involves natural gas, which remains America's cheapest and, environmentally, most desirable fuel. Today, natural gas represents 38% of all energy consumed in the U.S. It serves 43% of the country's industry and 150 million Americans in their homes. Recognizing the importance of natural gas, a report published by the Senate Committee on Interior and Insular Affairs made this following observation:

Of all the presently available fossil fuels, natural gas is the most pollution-free, the least expensive, the most versatile, and the most unobtrusively transported. It is also in very short supply. Interstate pipeline and distribution companies seeking to contract for additional natural gas supplies have been unsuccessful, except within producing states, where lack of Federal Power Commission jurisdiction has allowed producers to charge higher prices. The producers have asserted that burdensome FPC regulation, in holding interstate prices down, and in actually lowering prices once legitimately charged, caused a loss of incentive to explore for natural gas as well as burgeoning demand for the inexpensive premium fuel. The direct result has been a shortage. Others disagree with this view of the origins of the gas shortage.

Nonetheless, the shortage exists and is forcing hard decisions upon the Nation: Must the end uses of gas be restricted to protect higher-priority users? Must millions be devoted to manufacturing synthetic gas or importing liquified natural gas to take the place of domestic gas which could be less expensive to produce? Are the estimates of available gas reserves reliable or do they reflect the producer-estimator's self-interest? Has Federal regulation been to blame for the shortage and concurrent waste of gas? If so, how should the law be changed?[5]

In response to these questions the Senate Commerce Committee announced that it would hold a series of hearings on the subject of natural gas regulation beginning in October of 1973. These hearings are being continued in the second session of the 93rd Congress and some for of legislation is expected to come before the Congress for consideration in 1974.

The legislation being considered by the Senate Commerce Committee falls into two broad categories, those bills calling for deregulation of producer price controls, (S. 371, S. 1549, S. 2048, and S. 2305); and those proposals recommending regulatory reforms of some kind, (S. 992, S. 2143, S. Con. Res. 31, S. 2506, S. 1829 and S. 2860).

Although Senate Commerce Committee Chairman Warren Magnuson (D-Wash.), upon announcing the hearings, said they would "explore whether or not the petroleum industry is workably competitive and the amount of regulatory reform which may be required,"[6] Senator Adlai Stevenson (D-Ill.), who has chaired the hearings on the subject of natural gas regulation, was more firm in his position. Stevenson stated that the gas industry "claims that present regulations on natural gas are unworkable. Consumers consider total deregulation unthinkable. I believe the time has come for Congress to consider an alternative that will protect consumers and, at the same time, meet valid objections to current regulatory practices."[7]

Among the various bills introduced, the two most prominent are S. 2506 (introduced by Senator Adlai Stevenson and prepared at

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Footnotes at end of article.

his request by members of the Senate Commerce Committee Staff) and S. 2048 (the Nixon Administration sponsored bill which was introduced by Senator Norris Cotton (R-N.H.). These two bills will be highlighted during the following discussion because they encompass the entire spectrum of debate and the wide difference of opinion over whether or not the wellhead price of natural gas should be deregulated.

I. THE PROBLEM

The roots of the current gas shortage can be traced to recent legislative history and the judicial and administrative interpretations derived from that legislation. In 1938 Congress passed the Natural Gas Act declaring that: "the business of transporting and selling natural gas for ultimate distribution to the public is affected with a public interest, and (that) regulation is necessary in the public interest." [8]

This Act gave the Federal Power Commission (FPC) jurisdiction over interstate natural gas sales to local distributors and over the transportation of natural gas through the interstate pipeline system. A 1954 Supreme Court ruling (*Phillips Petroleum* v. *Wisconsin*) further extended the authority of the FPC, granting it jurisdiction over the sales of natural gas producers where the gas is sold for resale in interstate commerce.[9]

Even at this early date it was widely argued that the inevitable result of the Supreme Court's expansive interpretation would be to discourage individual initiative and incentive to explore for and develop new sources of natural gas. But the only successful legislative effort to provide for the deregulation of the wellhead price of natural gas was in 1956, in the form of the Harris-Fulbright bill. President Eisenhower, who was in full accord with the legislation, nevertheless, felt compelled to veto the bill because of "irregular" lobbying activities and his fear that the enactment of the legislation would threaten the "integrity of the governmental process." [10] **Legislation to deregulate interstate natural gas has been perennially introduced since that time but only now in the shadow of a growing "energy crisis" does it seem that such legislation might be enacted.**

The need for remedial legislation pertaining to the regulation of natural gas is evident from the testimony of Senator James Buckley (C-N.Y.) before the Senate Commerce Committee in which he pointed out that:

"Since the FPC began regulating the wellhead price of gas on a widespread basis, we have witnessed a rapid depletion of existing reserves from a 20 year supply in 1963 to less than an 11 year supply in 1971. Since 1968 our Nation has consumed approximately twice as much natural gas as it has discovered and added to present reserves." [11]

Similarly, Patricia E. Starratt, a staff analyst for the U.S. Interior and Commerce Committees, has argued that as a result of inept government regulation and unthinking environmental protest, natural gas, "our cheapest, cleanest fuel is becoming increasingly unavailable." [12]

Under various pricing procedures the FPC attempted to regulate the natural gas industry and protect the American consumer. But the result has been that Federal regulation has held natural gas prices at an artificially low level while simultaneously stimulating the demand for it. At the same time, natural gas exploration and development has been made unattractive, thus decreasing the supply. To illustrate the point, whereas the price of natural gas rose only 20% between 1950 and 1970, the price of coal rose 80% and the price of heating fuel rose 33%. (This compares with an overall rise of slightly over 60% in the U.S. consumer price index for the same period.) In 1972 the average price of natural gas was 21.3 cents per thousand cubic feet, as compared with 51.7 cents per thousand cubic feet for the minimum commodity value of alternative fossil fuels.

Federal regulation has also produced another problem. Historically, 75% of total gas sales went to the interstate market (primarily domestic consumers): today, only 36% of available gas does. Thus, there has been a long-term continuing decline of interstate sales to the intrastate market (consisting primarily of industrial consumers).[13]

If the Federal government's current natural gas policies have not yet produced a crisis, future projections are not so optimistic. The difference between supply and demand in the natural gas market was approximately .9 trillion cubic feet (4% of annual demand) during the winter of 1972–1973. According to the FPC, if present policies are continued, and we assume moderate growth rates in consumption as well as nuclear power plants that will supply 23 percent of the Nation's energy needs by 1990, the gap between supply and demand could rise to 171 trillion cubic feet by 1990, estimated at 37% total demand or 58% of actual consumption.[14] And the irony of the current gas "shortage" is that there is an abundant supply of natural gas to be tapped which could satisfy both our immediate needs and those for the foreseeable future.

According to estimates by the American Gas Association, natural gas reserves (i.e., the estimated quantity of natural gas that is known to be recoverable based on available technology and current geological and engineering data) as of December 1972 consisted of 266.1 trillion cubic feet of natural gas in the United States, including Alaska. But these estimates serve more as a current inventory than as a basis for future projections. Estimates of "potential" natural gas supplies (i.e., gas not yet in proved reserves) in the United States as of December 1972 have ranged from as low as 1,146 trillion cubic feet to as high as 6,600 trillion cubic feet. These "potential" natural gas supplies become all the more significant when it is noted that 1,100 trillion cubic feet is over 50 times this country's 1972 consumption.[15] Thus, the natural gas shortage does not result from an inadequate domestic resource base, but rather from a lack of incentive to explore for and develop new natural gas resources.

II. THE NEED FOR DEREGULATION

The argument for any kind of regulation is always based upon the idea that it is necessary to protect the public. In the case of natural gas, regulation has been defended, as Senator Stevenson (D-Ill.) recently did, with the argument that the energy industries are stifling competition at the expense of the consumers. Regulation of natural gas is also based upon the assumption that the FPC can, in fact, regulate wellhead natural gas prices on the basis of cost. The first part of the argument, however, is simply inaccurate, and twenty years of experience has taught us that regulating natural gas prices on the basis of cost is not possible.

With regards to competition in the field of natural gas, in 1970 there were 3,700 natural gas producers. The four largest controlled only 25% of the market, and the eight largest controlled only 41%. Such market concentration is not unusual for the manufactured products industry. Quite to the contrary; in over 80% of the "over 1000" classes of manufactured products, the four largest companies control a larger share of the market than the four largest gas producers, with almost one-half having concentration ratios of over 40% for the four largest producers. But market concentration in itself is not indicative of competitiveness.

According to economists a more accurate measure of competitiveness (in the natural gas industry) is the turnover rate in the market. During his testimony before the Senate Subcommittee on Antitrust and Monopoly, John Nassikas, the Chairman of the FPC, argued that the "grouping of industry leaders" in the natural gas industry is misleading because these so-called leaders vary not only from one date to another, but also from region to region. An analysis of new contracts between 1964 and 1969 in Southern Louisiana, for example, shows that thirty-five different firms occupied the forty-eight possible positions for the laregst eight firms.[16] (Louisiana holds 30.6% of total U.S. proved natural gas reserves.)

Nassikas' testimony also illustrated that the "four largest" natural gas distributors sell only 25% of all natural gas sold; not 70% as has been argued by Senator Stevenson. According to Nassikas' testimony, the percent of total annual new sales by the "four largest" natural gas companies (Exxon, Amoco, Gulf, and Phillips) also declined from 49.5% (1964 to 1966) to 29.4% (1967 to 1969).[17] This, in itself, suggests a decline in market concentration. Furthermore, in 1968, the largest eight (Shell, Mobil, Texaco, and Union in addition to the four firms mentioned earlier) held only 41.8% of the total natural gas market.

A report prepared by the Senate Interior Committee points out that there are a variety of indicators supportive of the position that the current shortage of natural gas is not simply the contrivance of producer interests. One such indicator is the increasingly frequent curtailments and shortages even in unregulated intrastate markets. It is worth noting too that local gas distributing companies which have historically been fierce opponents of field price increases and of deregulation, are now largely convinced that there is in fact a shortage and that the shortage is regulation-induced.[18]

A former advisor to Democrat presidential candidate George McGovern, MIT economist Paul MacAvoy, has also argued that even if the concentration in the gas industry were higher than the rest of the manufacturing industry (which it is not), entry into the gas industry is so free that the largest producers would not be able to systematically charge higher than competitive prices. In pointing to the so-called noncompetitive behavior of the natural gas industry, critics of deregulation look to the large field price increases of natural gas in the fifties. However, as MacAvoy has shown:

"During the early fifties the presence of only one pipeline in many gas fields effectively allowed the setting of monopoly buyers' (monopsony) prices for new gas contracts, thus often depressing the field price below the competitive level. During the next few years, several pipelines sought new reserves in old field regions where previously there had been a single buyer. This new entry of buyers raised the field prices to a competitive level from the previously depressed monopsonitic level. In short, competition—not market power—accounted for much of the price spiral that has been claimed to show the need for regulation." [19]

In a statement before the Senate Commerce Committee, Edward Erickson (Associate Professor of Economics at North Carolina State University) and Robert M. Spann (Assistant Professor of Economics at Virginia Polytechnic Institute and State University), after a careful evaluation of the "structural, behavioral, and performance aspects" of the U.S. oil and gas industry (including the field markets for the natural gas companies) concluded that "in the context in which public policy for natural gas field markets is being set . . . the appropriate market definition means that concentration ratios for gas

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supplies are consistent with a competitive industry. Economists often quarrel with regard to the spatial, temporal and product market definitions which underline concentration ratios. Concentration ratios are also only a partial measure of the effective competition in an industry. We therefore also examine behavioral and performance aspects of the industry.

"The performance analysis involved comparing the return on stockholders' equity for the 8 major petroleum companies to: The average for Moody's 125 industrials, the average for all manufacturing industry, the average for Moody's 24 utilities, and the cost of equity capital for these companies. The conclusion from these comparisons is that the petroleum industry is effectively competitive." [20]

In explaining the reasons for the current gas shortage, Erikson and Spann argued that the shortage is a result of many factors, including a shortage of refining capacity and crude oil imports; an increase in the demand for natural gas; the imposed ceiling on the wellhead price of natural gas by the FPC; and the uncertainties about the future of the regulation of the wellhead price of natural gas. The authors argue forcefully that the most "efficacious" solution to the problem of the national gas shortage is the deregulation of the wellhead price of natural gas and they illustrate convincingly that the gas field markets are "effectively competitive."

The notion that the public would be served by not paying market prices for natural gas is consequently very questionable. An attempt to quantify "gains" has been undertaken by Stephen Breyer and Paul MacAvoy. In their study the authors concluded that wellhead prices were approximately 6 cents per thousand cubic (average) feet below market clearing levels during the 1960's. Thus, if one were to multiply the 11 trillion cubic feet (the average annual production from 1962–68) times 6¢, the conclusion would be that the consumer has saved $660 million annually as the result of regulation. However, as MacAvoy and Breyer point out:

"Such a calculation contains heroic assumptions . . . it assumes that every cent of price reduction . . . was passed through . . . to (the) consumer . . . For another thing, had producers received a higher price, at least some of their additional revenues would have been taxed away and, therefore, indirectly returned to consumers anyway. Nonetheless, even assuming that the entire 6¢ per MCF was returned to consumers who actually received gas, we still doubt that this benefit outweighed the losses arising from regulation, even from the viewpoint of the consumer class itself." [21]

A summation of the consumer losses, as presented in a Senate Interior Committee Staff report is as follows:

Insecurity as to future levels of service;

Denials of additions to current levels of service;

Denials of service to potential jurisdictional consumers;

The imposition of high-cost gas supplements with potential for loss of reliability in service in some instances.

Forced non-economic substitution of other energy sources for natural gas with subsequent detrimental effects on air quality.[22]

Although the home consumer of natural gas (estimated at 22% of all natural gas consumed) has not yet been threatened with reduced supplies of natural gas), Edmund Kitch (from the University of Chicago Law School) has argued that the primary beneficiary of natural gas regulation has, in fact, been the non-jurisdictional industrial consumer. As Kitch argues:

"The West South Central area is composed of the states of Texas, Louisiana, Arkansas, and Oklahoma. In these states natural gas is largely supplied by the intrastate market. This area is the most intensive natural gas consuming area in the Nation . . . consuming 34% of the natural gas produced in the U.S.). . . . Ninety-one percent of the gas consumed in this region is consumed industrially. Put another way, 40 percent of all natural gas which is consumed industrially is consumed in the West South Central area. By holding down the price of natural gas within the region, the federal regulation has effectively acted as a subsidy to this industrial market, and therefore as a subsidy to the industrial growth of the southwest. The only practical way to reduce the industrial use of gas within the southwest is to raise the price of gas in that region. . . . Put another way, the residential gas consumer of the Pacific Coast, upper midwest and the east coast is prevented by federal law from paying 10 to 15 percent more for his gas, thereby making gas in the American southwest 50 percent cheaper than it would otherwise be and subsidizing the movement of industry from the consumer's home region to the southwest." [23]

As to the problem of regulating the wellhead price of natural gas by the FPC, regulating wellhead natural gas prices on the basis of cost has shown itself unworkable during the twenty years the FPC has attempted to do it. The major reason, of course, is that the natural gas industry is not a public utility (with clearly defined costs and assets consisting of replaceable manufactured equipment). It is, instead, a high-cost, high-risk enterprise. The high risk nature of exploring for natural gas is illustrated in a survey by the American Association of Petroleum Geologists which shows that the ratio of dry holes to successful wells has increased steadily over the last two decades. Furthermore, the average number of dry holes per successful wildcast drilling rose by 20% (to 9.44) between 1968 and 1972. The cost of finding natural gas also has a direct relationship to the amount of gas found. It is consequently of equal importance to recognize that the decline in the success ratio has also been accompanied by a decline in the volume of natural gas found. Statistics by the American Association of Petroleum Geologists reveal that the proportion of "significant" gas fields (i.e., a field with more than six billion cubic feet of recoverable reserves) was 24.3% between 1962 and 1966, as compared with 47.9% between 1945 and 1949. Unless major changes are undertaken in the regulatory area the downward trend in drilling productivity is expected to continue.[24]

One technique used by the FPC to stimulate the exploration for new gas supplies was developed in that agency's decision in the *Permian Area Rate Cases*. This policy established a two-tiered price system for old (flowing) gas and new gas (contracted after certain date). But this procedure resulted in a number of problems, such as the one referenced in the following observation by M. A. Adelman:

"The payment of lower prices for so-called old gas discourages the more intensive development of old pools and the search for new pools in old fields. It makes no economic sense to leave these unexploited if we are willing to pay a higher price for gas, as evidenced by the higher prices for the so-called new gas. It is also senseless and unproductive to have some purchasers get a windfall in the shape of the cheaper, old gas as against those who must pay higher prices for the new gas. Windfalls to the owners of unusually good reservoirs do serve an economic purpose—to encourage fresh investment in new pools." [25]

In the *Permian Area Rate Cases* it has been argued by critics of deregulation that the natural gas producers received a rate of return equalling 15%. Such a rate of return, these critics contend, is more than reasonable and should be incentive enough to explore for new natural gas supplies.[26] But any attempt to isolate the rate of return for specific projects has to be arbitrary. In his analysis, "Structure of the Natural Gas Producing Industry," Clarke Hawkins has charged that efforts to determine producer price ceilings for natural gas on the part of the FPC are "nothing short of ludicrous." [27]

In discussing the problem of allocating the (joint) costs of gas, a Senate Interior Committee draft staff report pointed to the problem:

At best, FPC costing techniques produce only approximate results, with a tendency to err on the low side in fixed ceiling rates. Producers make decisions based on projected overall costs of a specific project and the return that project is likely to yield. They do not keep separate books on oil costs, gas costs or gaseous liquids costs. Yet, in fixing price ceilings, the Commission has always started with what is supposed to be the cost of producing gas.[28]

Similarly, Stephen Breyer and Paul MacAvoy have argued:

"Money spent by petroleum companies on exploration leads to the discovery of some gas wells, some oil wells that produce gas, too, some pure oil wells, and many dry holes. Expenditures on separate development of gas fields often yield gas together with petroleum liquids, and expenditures on gas refining produce both "dry" gas and saleable liquids. Expenditures such as these which yield two products but which are necessary to produce either one, complicate a regulatory process based on costs because there is no logical way to decide whether, or to what extent, a specific dollar outlay should be considered part of the 'cost of gas production' or part of the 'cost of liquid production.'" [29]

Recognizing the problems in allocating the joint costs of gas, the Supreme Court stated:

"Economists have described these difficulties with repetitive pungency. 'To make laborious computations purporting to divide (such) costs is "nonsense on stilts," and has no more meaning than the famous example of predicting the banana crop by its correlation with expenditures on the Royal Navy." [30]

The rate of return on investments in the natural gas industry is an important consideration when it comes to the question of "windfall" profits. As the Natural Gas Supply Committee has pointed out:

Windfalls must . . . be clearly distinguished from anticipated variations in the outcomes of business ventures. Virtually all investment decisions involve, either explicity or implicitly, an estimate of a range of possible outcomes, from losses (failure to recoup the investment) to large profits (profits very substantially realized above those on the average). This variation in possible outcomes is the principal measure of the risk of the venture. The fact that one out of ten ventures by a company results in extraordinary profits does not mean that the company has realized a windfall profit. On the contrary, if such extraordinary profits were not occasionally realized, then the average income of investments would be lower, and the company's volume of investment over time, by the same token would also be lower.[31]

Two major questions now remain to be answered: 1) Will the deregulation of the wellhead price of natural gas increase the supply of natural gas? and 2) What impact will deregulation have on consumer budgets?

In an effort to promote the exploration of natural gas the FPC has allowed greater price increases in recent years. Actions undertaken by the FPC have included allowing an increase in the area rates of natural gas, exempting "small" producers from direct rate regulations, advance payments to pro-

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ducers in return for commitments to the interstate market, short-term emergency purchases at prices above established area rates, as well as a recent "optional pricing procedure," which allows for a more flexible pricing based on market factors and economic conditions. These procedures, however, have served only to further disrupt the market as a result of price uncertainty, and because of this, FPC's pricing techniques have been challenged in a number of pending court suits.[32] Thus, between 1960 and 1970 there was a decline of 37% (from 5,140 to 3,222) in the number of gas wells drilled. Natural gas producers' expectations of higher prices did produce an increase in exploratory wells in 1972 (ending a 10 year downward trend), but exploratory drilling still remains below 1960 levels, when demand was only half of what it is today. But, if Federal regulation has not been able to stimulate the exploration for and development of natural gas, would deregulated natural gas prices provide the necessary incentive to encourage the production of new gas supplies for the market place and provide for a better allocation of natural gas?

A Department of the Interior study recently highlighted the problem of determining price elasticity (i.e., a product's responsiveness to price) for natural gas as follows:

> Regrettably . . . it is not possible to assign definitive values to the elasticities which determine how the market will respond to regulation . . . The difficulty arises from problems in identifying the relevant functions, autocorrelations model specification, degree of freedom constraints, questionable statistical procedures, and availability of relevant data. . . .[33]

Nevertheless, various econometric studies which have recently been undertaken have shown that the exploration for and development of natural gas would be responsive to price increases. After an analysis of the econometric research pertaining to natural gas, the study published by the Department of the Interior concluded that it is reasonable to assume that the long run supply and demand price elasticity of natural gas values falls in the range of 0.1 to 1.0. The medium for both supply and demand elasticity was placed at 0.5.[34] Similarly, Paul MacAvoy has determined that the elasticity of the reserve supply of gas with respect to new gas is 0.51. Operating under the assumption that elasticity is 0.51, a 10% increase in price would then mean a 5.1% increase in the reserve supply of natural gas.[35]

A free market for natural gas would have other benefits. As the report by the Department of the Interior points out:

> While the extent of alterations in use patterns cannot be estimated using currently available techniques, a few generalizations may be made: (1) deregulation will cause some shift from the instrastate market to the interstate market; (2) this shift, together with the rise in prices, will cause a larger fraction of gas to be consumed by the household (and perhaps commercial) sector, and a smaller fraction by the industrial and utility users; (3) as a result, some industrial and utility users will switch to alternative fuels—notably coal and oil.[36]

When Congress passed the Natural Gas Act, its intention was "that natural gas (should) be sold in interstate commerce for resale for ultimate public consumption for domestic, commercial, industrial or any other use at the lowest reasonable rate consistent with the maintenance of adequate service."[37] The history of the last twenty years has shown, however, that Federal regulation, by holding the wellhead price of natural gas below market—clearing levels, has not benefited the consumer. To the contrary, it has encouraged an excess demand, shortages of supply, and poor allocation in the market place.

A recent study by Foster Associates, Inc. has illustrated that while the deregulation of the wellhead price of natural gas would provide the incentive for the American gas producing industry to explore for and develop new and adequate gas supplies, the impact on the budget of the U.S. consumer would be marginal when compared to the alternatives presented by continued regulations.

Operating under various price assumptions, including market prices of 45c, 55c, 65c and 75c per thousand cubic feet for natural gas, as well as the complete deregulation, phased deregulation, and deregulation of terminating contracts, the impact on a household's annual bill would range from 4.2% to 7.6%. Since the price to the consumer depends not only upon the wellhead price but such other factors as transportation, distribution, and marketing, and since local utilities are regulated on a cost-of-service basis, it is estimated, for example, that an increase of 150% in the wellhead price would result in an increase of only approximately 23% in price for the consumer budget.

Putting possible price increases in perspective, the median family income for 1972 (according to the U.S. Bureau of Census) was $11,116. After such things as personal income taxes, social security payments and savings, consumption expenditures for the "typical" family are placed at approximately $9,000. This same moderate income family spends $221 for alcoholic beverages, $189 for tobacco products, and $117 for toiletries on an annual basis. In contrast, the average annual gas bill for all residential consumers (average expenditures per residential consumer according to Foster Associates, varied from $90.57 in the West South Central Area to $205.83 for New England) was $155.73 in 1972. Put another way, whereas expenditures for natural gas service represents 1.7% of the $9,000 budget for the median-income family, tobacco accounts for 2.9%, alcoholic beverages for 2.5%, and household supplies 1.33% of the same budget. To offer yet another illustration, a 150% increase in the wellhead price (i.e., a 23% increase for the consumer) would mean an additional cost of $6.99 to a monthly bill of $30. In contrast, if the regulation of wellhead prices is continued, and prices are kept at or near their present levels, the consumer will, paradoxically, end up paying higher prices than would come with deregulation. The reason for this is that supplies will dwindle, or at best remain static at such a price level. Consequently, much more expensive liquid natural gas (LNG) would have to be imported from foreign countries.

The U.S. currently imports only 4.5% of its natural gas, and most of this comes from friendly nations. However, the prospect of increased imports in new forms and from new sources (particularly the Soviet Union and Algeria) poses problems of availability, cost, balance of payments, and security of supply (both in terms of economic and military security). As Walter Levy, an international oil authority and consultant has argued:

"The West cannot rely on the importance of uninterrupted oil operations and oil revenues to Middle East governments as a deterrent to hostile actions. Economic considerations, important as they are to the relatively impoverished countries of the area, become insignificant when confronted with political necessities or political pretentions."[39]

Considering the potential foreign sources for our natural gas importation, Levy's concern would also be applicable in the case of natural gas importation.

Further limitations, according to the Department of the Interior, arise out of the physical requirements of natural gas; this would include substantial capital and start-up-time for pipelines, liquification facilities, tankers, and regasification facilities. The gas that will be available through importation will also cost much more than Americans are accustomed to paying, and it will be far above projected equilibrium prices for additional conventional domestic gas. The Department of the Interior, for example, estimates that imported LNG will cost $1.04 to $1.09 MCF, as compared with $0.61 to $0.96 for deregulated natural gas at the city gate.[40]

During testimony before the Senate Commerce Committee, Senator Buckley elaborated upon the cost estimates for LNG stating that:

"The cost of delivering Algerian LNG to the East Coast has been estimated at from 84¢ to 91¢ MCF. The estimated cost to produce and deliver a thousand cubic feet of gas under the proposals now being explored with the U.S.S.R. range from $1.25 to $1.50, or two and a half to three times the delivered price of domestic gas at New York City."[41]

The city of Boston, in its efforts to meet peak demands, has also been importing LNG overland from Montreal at prices of about $1.13 to $1.58 per MCF; this compares to domestic gas prices of 69¢ delivered to Boston. In short, the American public would end up with the worst of all possible situations if the wellhead regulation is continued and prices are kept at their artificially low levels. Domestic supplies would dwindle, prices would spiral, and the United States would be dependent upon unreliable foreign sources. These foreign sources would then also be in a position to exert political pressure on the U.S., as the Middle East oil producers are already attempting to do.

III. POLICY OPTIONS

Various policy options which have been considered by Congress and the Nixon Administration to meet the current shortage of natural gas include the deregulation of all natural gas, constrained deregulation, progressive pricing policies by the FPC, utility cost-of-service regulation nationwide, and alternative sources of supply. Because of the interdependency of our energy resources, the long-term solution to our energy problem lies in the development of future technology which will both increase our capabilities to explore and develop our resources and contribute to the development of substitute energy resources. However, there also seems to be a general agreement that in terms of our present natural gas problems, the status quo is the least desirable alternative.

Two of the major policy options currently being considered by the United States Congress, as mentioned earlier, are the Stevenson Bill (S. 2506) and the Nixon Administration Bill (S. 2048). These two measures are illustrative of the differences of opinion that exist in meeting the current natural gas problem.

Stevenson's bill proposes the establishment by rulemaking of a national area rate for the pricing of natural gas, subject to congressional review and based upon actual costs of production with a "reasonable rate of return." It further provides that once contracts for the sale of gas have been approved by the FPC, the Commission no longer has the discretion to change the contract price as is possible under current law.

Under this legislative proposal all small producers are exempt from regulation and instead, Senator Stevenson argues, it concentrates on the "30 largest producers powerful enough to exert an anticompetitive force in the market place." The bill also extends the jurisdiction of the FPC to regulate natural gas prices to the "large gas producers" in the intrastate market. Until now, of course, the FPC has had no control over the intrastate market.

Stevenson's "Oil and Gas Regulatory Reform Act of 1973" also directs the FPC to

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conduct its own review of natural gas reserves. In addition, it provides the FPC with the power to allocate natural gas supplies, during shortage, among all customers and regions. It further gives the FPC the power to compel petroleum pipeline operators to provide service and storage facilities to independent producers and refiners who "meet minimum reasonable requirements." (Noncompliance by a pipeline owner would subject him to treble damage suits.) Under this legislation the responsibility for the regulation of petroleum pipelines would be transferred from the Interstate Commerce Commission to the FPC.

Senator Stevenson says that his legislation has become necessary because the Nation's "energy industries are stifling competition at the expense of the consumers." In support of his position Stevenson cites the July 17, 1973 complaint by the Federal Trade Commission against the Nation's eight largest petroleum companies, charging them with anticompetitive and monopolistic practices. He also points to the fact that fourteen states have either filed suit, or are in the process of bringing antitrust actions against the major oil and gas companies. Thus, concludes Stevenson, Americans are justified in asking if they can afford to turn sole responsibility for (the) price and supply of natural gas over to the very same companies which have already used the gasoline shortage they helped create to drive their competition out of business.[42]

Stevenson has also introduced an amendment (No. 643) to his bill proposing the creation of a Federal oil and gas corporation. This proposed corporation would explore for, develop, and produce oil and gas on lands owned by the Federal government.[43]

According to the former Special Consultant for Energy Matters to the President, Charles DiBona, the Administration's natural gas legislative proposal, in contrast to the Stevenson bill, is based on the following assumptions:

The current natural gas shortage is real and not contrived; There are adequate domestic resources of natural gas which would be developed by private enterprise under a proper economic climate; An increased price for natural gas will encourage increased supplies and discourage demand; and Government regulation of the natural gas industry will be no better or worse than it has been since it began and could be counterproductive.[44]

Consequently, the Administration's "Natural Gas Supply Act" would exempt from FPC regulation prices paid for gas, (a) newly dedicated to interstate commerce, (b) rededicated to interstate commerce after expiration of an existing contract, and (c) produced from new wells; give the FPC jurisdiction over rates for direct industrial sales of interstate pipelines; give the Secretary of the Interior the authority to impose price ceilings on new gas for three years after the enactment of the bill; and eliminate FPC authority over natural gas imports and exports.

The 1973 Natural Gas Act, according to the Administration, represents an effort to stimulate the development of natural gas exploration by exempting the FPC from the regulation of interstate natural gas which is dedicated to interstate commerce for the first time, or rededicated after April 15, 1973, upon expiration of the existing contract. As a result, natural gas prices are expected to reach a competitive market level and consumers are protected from the possibility of unfair high prices.[45] The Administration's proposal is being offered in the form of an amendment to the 1938 Natural Gas Act and the amendment would reverse the Supreme Court's decision in the 1954 case of *Phillips Petroleum v. Wisconsin*.

According to Public Utilities Fortnightly ("Washington and the Utilities," November 22, 1973, pp. 36–38), most of the members of the Senate Commerce Committee are "behind" the Stevenson measure.[46] Thus, it would seem that our national legislators have still failed to recognize, as Senator Buckley argued in his testimony before the Senate Commerce Committee. that:

"We have paid a very high price for our overzealous attempt to protect the consumer against the operations of the market place. I hope we will learn from this experience the ancient lesson that one sure way to create a shortage in a given commodity is to try to hold its price below the level which justifies its production. There are certain economic laws which even the U.S. Congress cannot legislate out of existence." [47]

In its critique of the Stevenson bill the Gas Supply Committee argued that although the stated purpose of Stevenson's legislation was "to secure adequate and reliable supplies of natural gas and oil at the lowest reasonable cost to the consumer . . . ," the experience under FPC regulation would indicate that this is not possible:

"Rather it (the Stevenson Bill) would, if enacted, serve as a blueprint for a continued natural gas shortage. This is because the Bill—despite the stated purpose—focuses entirely on price regulation while ignoring steps needed to provide increased supplies.

"Perhaps the reason the Bill is so unresponsive to the needs of natural gas consumers for increased supplies is that it is founded on two erroneous premises (1) that there is not effective competition in the gas producing industry and (2) that the FPC can regulate wellhead natural gas prices on the basis of costs." [48]

One aspect of Stevenson's bill that has also come under increasing criticism is Amendment No. 643, the proposal for a Federal oil and gas corporation. *Public Utilities Fortnightly* stated that Stevenson's proposal was the outgrowth of an idea proposed by former FPC Chairman Lee White, currently the head of the Consumer Federation of America's Energy Policy Task Force.[49] The idea was essentially a proposal to establish a Federal oil and gas corporation, patterned after the Tennessee Valley Authority, to explore for oil and natural gas on Federal lands, which it has been argued, would then serve as a means to measure the performance of private industry as well as supply the Nation with additional gas supplies. In writing about the news conference introducing this amendment, Public Utilities Fortnightly commented:

"The sponsors (of the amendment) assured a news conference the federally owned corporation they propose would not be a forerunner for nationalizing the natural gas and petroleum industries, but nevertheless used expressions such as "yardstick" which four decades ago characterized the launching of TVA." [50]

In considering the proposal for a Federal oil and gas corporation in testimony before the Senate Commerce Committee, Professors Erickson and Spann offered the following observations:

"It has been suggested that one part of the solution to the natural gas portion of the energy crisis should be the formation of a national energy company to explore for, develop and produce new natural gas reserves. There is one example of such a venture in another area. This is TVA. The total assets of TVA are about $4,000,000,000. The total assets of Amerda-Hess are $1,378,000,000. Thus, if we were to create a national energy company dedicated to oil and gas production, it would only be about 3 times as large as Amerda-Hess. Even if all the resources of such a venture were committed to oil and gas production and exploration, the contribution of such a venture to the long-run oil and gas supply problem would be marginal. Moreover, we could not create such a national energy company overnight. The natural gas supply problem is here and now. The most promising solution to the natural gas crisis is to allow prices in the field markets for new natural gas supplies to rise to their market clearing level." [51]

A study by the Department of the Interior also questioned the merits of a Federal oil and gas corporation:

A public corporation would put the Government in direct competition with a reasonably healthy private industry, contrary to the healthy private industry, contrary to the principles of the free enterprise system; it could destroy the public benefits of private competition within the petroleum industry and related energy production and marketing industries, and introduce the manifold problems and inequities of centralized economic planning.

Whether such a corporation would provide more supplies at less cost, or less supplies at greater cost, than deregulation of natural gas prices depends on one's perceptions of the relative economies of private and public enterprises.[52]

Within the context of this discussion it should be noted that the Senate Commerce Committee also has a working draft proposal for legislation entitled the "Consumer Energy Act of 1974." This legislation is said to have the support of more than twenty Senators and it includes such questionable and broadsweeping measures as bringing the wellhead prices of crude oil and natural gas under the jurisdiction of the FPC. The working draft proposal would also create a Federal Oil and Gas Corporation to explore for and develop fuel resources on Federal lands. This legislation (in the form of the Hart Amendment) even proposes the creation of refineries to compete with private industry. But, given the fact that our current natural gas shortages are the result of misplaced Federal regulation and not inadequate resources, the answer to the current problem is clearly less government control, not more.

CONCLUSION

The debate over whether or not to deregulate the wellhead price of natural gas has often been presented as a conflict of interests between the American "consumer" and the Nation's oil and gas industry. This is unfortunate because it has only served to cloud the issue with emotionalism. The attention of the American public and Congress has consequently been diverted from very substantive policy issues.

Congress' inability to respond to the country's energy problems is not the result of inadequate attention. During the 92nd Congress, for example, almost 350 bills and 30 resolutions (covering the entire spectrum of fuels and energy policy issues) were introduced. Yet to date the six Senate, six House, and two joint Committees which conducted a variety of investigations into energy-related problems during the same period, have been able to produce nothing but short-run programs of fuel allocation and energy conservation. In the meantime, new customers for natural gas are being turned away (in 1972, twenty-one states were unable to accept new natural gas customers) and natural gas deliveries are being curtailed for existing customers.

According to Fred Singer, a professor of Environmental Sciences at the University of Virginia:

"The most serious consequence of strict regulation of wellhead prices is the fact that the exploration and production of gas has become a marginal enterprise."

Singer consequently argues that a more realistic price for natural gas would:

Stimulate exploration and production of new gas.

Direct existing gas into use for which it is most uniquely fitted (e.g., home heating).

Shift more gas to interstate use.

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Encourage utilities to use less gas and release it to the small user.[53]

The recognition that the American public will be best served by ending government regulation of natural gas has also been argued by the *Washington Post*. In an editorial the paper stated:

"There is a tendency in our part of the country to assume that whatever is good for the oil and gas lobby must be disastrously bad for the rest of us. Deregulation of natural gas is an exception to this rule. It will mean **more money for the gas industry but, much more important, it will mean adequate and reliable supplies for consumers."** [54]

The efforts on the part of the FPC to hold down the price of natural gas for the industrial consumer were, as this paper has revealed, marginal at best. But, as a result of Federal regulation, a totally unnecessary natural gas shortage has occurred. The emotional arguments of those who oppose deregulation have been systematically discredited and shown to have been either factually incorrect or lacking in logical inference. This has led Paul MacAvoy and Stephen Breyer to conclude that:

"The arguments against the present system of gas field market regulation are compelling. Price control is not needed to check monopoly power, and efforts to control rents require impossible calculations of producer costs and lead to arbitrary allocation of cheap gas supplies. In practice, regulation has led to a virtually inevitable gas shortage. It has brought about a variety of economically wasteful results, and it has ended up by hurting those whom it was designed to benefit. Thus, less, not more, regulation is required." [55]

But the argument over whether or not to curtail or expand the FPC jurisdiction over the natural gas industry has taken on new proportions with Senator Stevenson's proposal for a Federal oil and gas corporation, as well as the earlier mentioned Consumer Energy Act of 1974. The question has now become how far will we allow the Federal government to go in tampering with the free enterprise system. If the argument could convincingly be made that an industry in monopoly collusion was working to the detriment of the American public, government intervention might be defended. If it could be argued that a free-market could not meet the needs of the American consumer, government control might be justified. But no such substantive arguments are forthcoming.

A constructive role on the part of the Federal government lies in the formulation of energy policies which will provide private industry with the incentive to explore for and develop the Nation's energy resources. The government can also play a major role in defining the balance between environmental considerations and economic needs. A comprehensive program for energy research and technological development should also be undertaken by the Federal government. In the interim period it may well be necessary to emphasize the efficient usage and allocation of all available energy resources. However, the proposals now being considered by the United States Congress which would give the Federal government the direct responsibility for the exploration and development of crude oil and natural gas, as well as the responsibility for refining crude oil must receive the American public's most critical scrutiny. For this presents a very serious challenge to the basic nature of our economic and political system.

FOOTNOTES

[1] Alan Greenspan, "The Challenge to Our System." American Enterprise Institute, *Reprint No. 13,* April 1973, p. 1.

[2] *Ibid.,* pp. 1–2.

[3] For a discussion on this subject see: *Republican Research Committee, Task Force on Energy and Resources.* "Committees of the 93rd Congress, Hearings on the Energy Crisis." January 14, 1974; (mimeograph).

[4] An overview of the energy legislation considered in the 93rd Congress, as well as a status report, is covered in: *Republican Research Committee, Task Force on Energy and Resources.* "Energy Legislation Status Report." January 16, 1974; (mimeograph).

[5] United States Senate, Committee on Interior and Insular Affairs. *A National Fuels and Energy Policy Study,* Serial No. 93–1 (92–36).

[6] United States Senate, Committee on Interior and Insular Affairs. Press Release, October 3, 1973.

[7] *Ibid.*

[8] Natural Gas Act of 1938, as amended, 15 U.S.C. 717–717W.

[9] *Phillips Petroleum Company* v. *Wisconsin,* 347 U.S. 672 (1954). For a discussion of this decision see: Stephen Breyer and Paul MacAvoy, "The Natural Gas Shortage and the Regulation of Natural Gas Producers." *Harvard Law Review* (Vol. 86–941) 1973; pp. 941–944. (Hereafter referred to as *Harvard Law Review*). See also: American Enterprise Institute, *Natural Gas Deregulation Legislation,* Legislative Analysis No. 13, 93rd Congress. December 28, 1973. (Hereinafter referred to as Legislative Analysis No. 13.)

[10] Message from the President of the United States returning without approval the bill (H.R. 6645) to amend the Natural Gas Act, As Amended. Congress, February 20, 1952. Document No. 342.

[11] Statements of Sen. James L. Buckley before the U.S. Senate Commerce Committee, October 10, 1973, p. 11. Hereafter referred to as "Buckley Testimony."

[12] Patricia Starratt, "We're Running Out of Gas Needlessly," *Reader's Digest,* April 1973, p. 167.

[13] For a discussion see notices issued on September 2, 1971 and September 12, 1972 by the FPC. See also Docket No. R–389A.

[14] For a detailed discussion on this subject see: "Natural Gas," a chapter from *Mineral Facts and Problems,* 1970 edition. Bureau of Mines, Reprint from Bulletin 650; pp. 118–122 and pp. 132–133.

[15] See: *Toward An Adequate Natural Gas Supply* prepared by the Gas Supply Committee. Section III–4. Hereafter referred to as: "Toward An Adequate Natural Gas Supply." A group of geologists and engineers, sponsored by the Mineral Resources Institute of the Colorado School of Mines has even estimated that there is a potential 851 trillion cubic feet of natural gas to be discovered. The 851 trillion cubic feet of gas is classified in three categories: probable discoveries, 218 trillion; possible dicoveries, 326 trillion; and speculative discoveries, 307 trillion. See: American Gas Association, A Comprehensive Summary: Gas Supply and the National Energy Situation, 1973; p. 13.

[16] Statement of John Nassikas, Chairman of the Federal Power Commission, before the U.S. Senate Subcommittee on Antitrust and Monopoly of the Committee on the Judiciary, July 26, 1973.

[17] *Ibid.*

[18] "Draft Staff Report: Policy Issues and Options Affecting Natural Gas." U.S. Senate Interior Committee, July 10, 1973, p. 8. Hereafter referred to as "Draft Staff Report."

[19] *Harvard Law Review,* p. 947.

[20] Statement of Edward Erickson and Robert M. Spann before the U.S. Senate Commerce Committee, October, 1973; pp. 1–2. Erickson and Spann also systematically counter the position taken by Dr. Wilson of the Federal Power Commission who argued that the natural gas industry is not workably competitive. They discuss the high level of concentration in the industry, the question of joint ventures and interlocking directorates and the degree of vertical integration in the natural gas industry and point to the factual and logical errors in Dr. Wilson's testimony. Hereafter referred to as: "Erickson and Spann Testimony."

[21] *Harvard Law Review,* pp. 980–987.

[22] "Draft Staff Report," p. 58.

[23] Edmund Kitch, "The Shortage of Natural Gas," *University of Chicago Law School Occasional Paper,* pp. 10–11.

[24] "Toward An Adequate Natural Gas Supply." Section III–5.

[25] Statement of M. A. Adelman before the U.S. Senate and Insular Affairs Committee, February 25, 1972. Serial No. 92–22, p. 56.

[26] See *Permian Area Rate Cases,* 24 FPC 1121 (1965)-d; *Permian Area Rate Cases,* 390 U.S. 747 (1968). For a critical review of the *Permian Area Rate Cases* presented by critics of natural gas deregulation see: Brief for Petitioners (American Public Gas Association, American Public Power Association and the Consumer Federation of America), filed in the U.S. Court of Appeals for the District of Columbia, Nos. T2–1837 *et al.,* December 26, 1972 (mimeograph).

[27] Clarke Hawkins, "Structure of the Natural Gas Producing Industry," *Regulation of the Natural Gas Producing Industry,* Resources for the Future, 1972, p. 165.

[28] "Draft Staff Report," p. 29.

[29] *Harvard Law Review,* p. 954.

[30] 390 U.S. at 804, n. 80.

[31] "Toward An Adequate Natural Gas Supply," Section III.

[32] On February 1, 1974, the Federal Power Commission approved a wellhead price of 55¢ per thousand cubic feet for a joint venture that developed gas in the new Big Escambia Creek field in Alabama. This decision has already come under criticism from the Consumers Union and a number of U.S. Senators and, like most of the other pricing procedures announced by the FPC, the ultimate outcome of this decision will probably be determined by the courts. For a discussion on this decision see: Morton Mintz, "Natural Gas Price Move Faces Test," *Washington Post,* February 17, 1974, p. A18.

For a discussion of the FPC's pricing procedures see also "Legislative Analysis No. 13, pp. 16–21.

[33] United States Department of the Interior, *Draft Environmental Impact Statement: Proposed Deregulation of Natural Gas Prices,* July 1973, p. II–25. This study offers an excellent review of the history of natural gas, regulation, including legislative, judicial, and administrative developments. The study also discusses the alternatives presented in various policy options, including theoretical considerations, reserve estimates, and future projections. It also offers an excellent reading list and the study should be considered the singular most valuable source for someone who wishes to be familiar with the subject of this policy paper. (Hereafter referred to as "Interior Department Draft.")

[34] *Ibid.,* II21–36.

[35] *Harvard Law Review,* p. 973. MacAvoy has since updated this study. See: Paul MacAvoy and Robert S. Pindyck, "Alternative regulatory policies for dealing with the natural gas shortage." *The Bell Journal of Economics and Management Science,* Vol. 4, No. 2, Autumn 1973.

[36] "Interior Department Draft," p. II–61.

[37] For an interesting discussion on this point see: "Draft Staff Report," p. 27, with particular attention to footnote 22.

[38] See Foster Associates, Inc., *The Impact of Deregulation on Natural Gas Prices,* August 1973, pp. 14–19.

[39] "Interior Department Draft," p. VIII–44.

[40] *Ibid,* VIII–37–57.

[41] "Buckley Testimony," p. 5.

[42] See the *Congressional Record,* vol. 119, pt. 25, p. 32162.

[43] See the *Congressional Record,* vol. 119, pt. 28, p. 36115.

[44] Charles DiBona, "Administration Policies Affecting the Natural Gas Industry." *Public Utilities Fortnightly,* September 13, 1973; pp. 81–82.

[45] See, for example, the President's "Energy Message" of September 10, 1973.

[46] See: "Washington and the Utilities," *Public Utilities Fortnightly*, November 22, 1973: pp. 36–38; hereafter referred to as: "Washington and the Utilities."

[47] "Buckley Testimony," p. 7.

[48] Natural Gas Supply Committee. "Analysis and Critique of S. 2506." (mimeograph), pp. 1–2.

[49] "Washington and the Utilities," pp. 36–38.

[50] *Ibid*, p. 37.

[51] "Erickson and Spann Testimony." See paragraph 52.

[52] "Interior Department Draft," p. VIII–24.

[53] Fred Singer, "A Way to Ease the U. S. Energy Crisis," *Christian Science Monitor*, June 22, 1973, p. 6.

[54] "Your Gas Bill and the Shortage," *Washington Post* (Editorial). December 23, 1972, p. A18.

[55] *Harvard Law Review*, pp. 986–987.

ADJOURNMENT UNTIL MONDAY, AUGUST 12, 1974

Mr. CHILES. Mr. President, I move that the Senate stand in adjournment until 12 o'clock noon Monday next.

The motion was agreed to; and, at 11:39 a.m. the Senate adjourned until Monday, August 12, 1974, at 12 o'clock noon.

EXTENSIONS OF REMARKS

ABA HOLDS INFLATION SYMPOSIUM

HON. WILLIAM S. MOORHEAD

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, August 9, 1974

Mr. MOORHEAD of Pennsylvania. Mr. Speaker, the American Bankers Association recently sponsored an informative and incisive symposium on ways to control this country's No. 1 problem, inflation.

Participating in the conference were some of this country's most distinguished bankers, labor leaders, business leaders, economists, elected officials, and civil servants. I was particularly pleased that two of Pittsburgh's outstanding citizens, Mr. I. W. Abel, president of the United Steelworkers of America, and Mr. Edwin H. Yeo III, vice chairman of the Pittsburgh National Bank, were invited to contribute their expertise to the discussion.

I would like to take this opportunity to personally commend the efforts of the American Bankers Association in sponsoring its symposium on inflation. We are now at a point in our Nation's economic history that we must all work together to purge inflation from our Nation. Efforts such as the ABA conference, which bring together representatives of the diverse interests in our society, are certainly a strong first step toward a useful and united program of action.

I include in the Record at this time an article from the Pittsburgh Press on the symposium:

Short-Term "Cures" for Fiscal Woes Hit

Washington, D.C.—The former president of President Nixon's Council of Economic Advisers has said short-term economic fluctuations play too large a role in determining economic policy.

In prepared remarks to be delivered today before the American Bankers Association Symposium on Inflation here, Paul W. McCracken cited evidence that the effects of a change in the money supply, for example, may not show up in the economy for six months or more.

"If there are these long lags, responding with a change in policy to short-term wobbles in the economy is a fertile source of trouble," McCracken said.

The economist called the federal budget "out of control" and said billions of dollars of mandated expenses prevent the massive budget manipulations which could be used to control the economy.

McCracken also urged a major study of the holders of massive economic power, including a look into "the role of union monopoly power on labor markets."

This remark prompted a rebuttal from another symposium participant, I. W. Abel, president of the United Steel Workers of America (USW), who said that workers "have been the victims of inflation, not the cause nor the beneficiaries."

Also in prepared remarks, Abel complained about a concentration of power by businesses so that "500 industrial giants now account for 65 per cent of the sales of all U.S. industrial corporations and a whopping 79 per cent of the profits."

Abel was most critical of policy that tolerates rising unemployment in inflationary times, calling it "the attitude that the worker and his famly are expendable in the fight to halt inflation."

Both Abel and McCracken expressed support for some program which would aid persons whose income is interrupted.

HEALTH INSURANCE

HON. BILL ARCHER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Friday, August 9, 1974

Mr. ARCHER. Mr. Speaker, the debate over national health insurance has raised some very serious concerns with many Americans regarding Federal Government control over our private medical care system. Other concerns focus on increasing costs and the decline of the effectiveness of a medical system under Government control. The British system is a good example of what happens when government moves into the private medical care field. The United States must avoid these problems. I would like to enter into the Congressional Record an editorial from the Daily Telegraph of London, England, July 3, 1974, entitled "Stricken Health Service." I call it to the attention of my colleagues.

Stricken Health Service

If virtually any other national institution were on the brink of collapse, the television documentaries and magazine articles chronicling the coming disaster would resound with cries for nothing less than the most fundamental reform. Just over a quarter-of-a-century after being launched on a tide of Aneurin Bevan's idealism mixed with class-hating rhetoric the National Health Service is in just such a crisis. Yet very few politicians and publicists are clamouring for radical reform. They are clamouring, of course—that being their vocation. But the demand, generally, is simply for more taxpayers' cash to be pumped into the patient. That would no doubt be welcome; the nurses would get a decent salary; ill-equipped and dreary hospitals in the inner cities would be made more tolerable. But of one thing we may be sure: within a short time there would be another crisis and another demand for more money.

The reason? The service's total dependence on central Government funds. There are so many claims on this source that an individual institution dependent on it cannot hope to have its needs satisfied. Yet for all Labour politicians, most Liberals, too many Tories and most writers on public affairs, the proper way to finance and dispense a service such as health care is collectively—through the State. If the service goes wrong or is deficient it is because the State has not done enough. To say otherwise is considered "selfish" and "socially divisive." Thus, in influential circles, the NHS is exempt from the endles calls for sweeping change in this or that activity. Participants in today's British Medical Association conference on the NHS crisis who advocated changes in financing will, therefore, face a labyrinth of vested interests, politics and emotion.

Yet much more private, non-Excheques money must be channelled into health care if these recurring crises are to be brought to an end. That is why those nurses who, in the furtherance of their pay claim, of for other and perhaps baser reasons, are boycotting private wards are so misguided. The person paying for medical treatment through private insurance is not seizing a privilege to which he has no right. He is abstaining from other consumption, and setting aside part of his income, because he places especial value on the modest comforts which private wards provide.

Private patients then must be encouraged not victimized. Ideally, most medical care would be private. Pending that millennium, however, the average citizen must cease to regard treatment as "free." Should he not pay for a porportion of it—in varying amounts, depending on how much he earns? Could he not insure himself for the purpose, thus according to his body the same status he does to his car or his house? We are often told that the NHS is the envy of the world. Why, then, has the world not adopted it? Britain is the only industrial democracy where State hospital treatment is wholly paid for by the Exchequer. At under five per cent of our gross national product, we spend less on medical care than any of the others. That is the reality of socialised medicine.

VETERANS' BENEFITS

HON. G. WILLIAM WHITEHURST

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Friday, August 9, 1974

Mr. WHITEHURST. Mr. Speaker, I recently had the privilege of testifying to the House Committee on Veterans' Affairs regarding veterans' benefits. Inflation and existing law are reducing the compensation these citizens are receiving. Thousands of veterans have seen their pensions reduced, or eliminated altogether, as a result of social security and civil service benefit increases. Congress clearly has a responsibility to act. The retired or disabled veteran has been caught in a squeeze between double digit inflation and lowered benefits.

In my testimony I note that under existing law veterans' benefits are reduced in proportion to increases in other income. It is my opinion that Congress should change its policy and separate veterans' pensions from other income. Veterans' pensions and other benefits such as social security are forms of pensions which the recipients have earned for two different reasons; it is similar to qualifying for two pension plans from separate companies. However, I recognize this is perhaps an unrealistic prospect for the immediate future in view of the stringent budget restraints which the Nation faces. Thus I support an interim measure designed to provide relief to a degree that is affordable by raising income limitations by $600. I insert my testimony at this point in the RECORD:

STATEMENT OF HON. G. WILLIAM WHITEHURST

Mr. Chairman and Members of the Committee: I appreciate very much having this opportunity to express my full support for legislation providing that veterans shall not suffer a reduction in their pensions when their Social Security or other retirement benefits are increased. Under existing law, veterans' benefits are reduced in proportion to increases in other income. As the Members of this Committee are aware, this has meant that many thousands of veterans have seen their pensions reduced, or even eliminated altogether, as a result of the substantial increases in Social Security benefits in the past few years. In addition, Civil Service and other retirement income has been increased recently to keep pace with the rampant inflation, and these increases also have caused reductions in veterans' pensions. Conseqeuntly, many veterans have been unpleasantly surprised to find that they have been unable to reap the full benefit of these increases in Social Security and other retirement incomes.

In my judgment, a strong argument can be made that veterans' pensions should not be tied in any way to Social Security benefits or other income. The veterans earned their pensions by serving this country, and one could reasonably contend that they should rightfully receive their full pension without regard to other income. Both veterans' pensions and other benefits such as Social Security are forms of pensions which the recipients have earned for two different reasons—it is analogous to qualifying for two pension plans from separate companies.

But there is also a less theoretical, more practical, reason for changing the existing law at this time. The double-digit inflation which we are now experiencing works a particular hardship on those citizens who must rely on pensions. The inflationary impact has been the greatest on necessities such as food, transportation, and housing, items which all those on pensions must, of course, purchase. This Committee recognized the severe toll being exacted by inflation last year when it drafted legislation increasing veterans' pensions by an average of 11%. President Nixon signed this legislation into law last December, and I am sure that all veterans are grateful for their increased pensions. However, since last December the cost of living has soared, and the veterans are now in need of even more assistance. By adopting the measures now before the Committee, you can ease the inflationary pressures on the many thousands of veterans who have seen their pensions reduced, or have even lost them entirely, as a result of the increases in Social Security and other retirement income.

More than 20,000 veterans lost all of their veterans' pensions as a result solely of the 20% Social Security increase passed by the Congress in 1972. This Committee has received testimony that approximately 50,000 veterans lose all their pensions each year as a result of increases in Railroad Retirement and Civil Service retirement as well as Social Security benefits.

Further, there are 1.3 million veterans and widows who have seen their pensions reduced by an average of $8.71 monthly as a result in the 1972 Social Security increase alone. This includes 211,827 veterans losing an average of $12.14 per month, 466,948 veterans with dependents losing an average of $9.46 per month, and 525,000 veterans' widows losing approximately $6.35 monthly.

These numbers will surely be substantially higher with the recently-enacted 11% increase in Social Security.

As I stated previously, it is my opinion that the Congress should change its policy and separate veterans' pensions from other types of retirement income. However, I recognize that this is an unrealistic prospect for the immediate future in view of the stringent budget constraints which we now face. Thus, as an interim measure, I have cosponsored HR 2687, authored by Congressman Hillis. This bill would increase the income limitation by $600, which would allow nearly all veterans to retain their pensions, even with the recent increases in Social Security and Civil Service retirement. I understand that this legislation has the support of more than 100 Members and of several veterans' organizations. I urge the Committee to act favorably on this measure, or a similar one, in order to provide badly-needed assistance to veterans who rely on various pensions for their livelihood. Our veterans have served our country faithfully and well; we can do no less for them.

Thank you, Mr. Chairman, and Members of the Committee.

SUPPORT REVENUE SHARING

HON. SAM STEIGER

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Friday, August 9, 1974

Mr. STEIGER of Arizona. Mr. Speaker, I would like to share with the Members of the House a letter I received recently from Mr. Max Klass, mayor of Glendale, Ariz. expressing support for the Federal revenue-sharing program. Hopefully, his letter will help soften the opposition that some of our colleagues have to this type of funding and provide support for special revenue-sharing programs that can be used to take the place of existing categorical grant programs—programs that in many instances have proven to be wasteful and ineffective.

The manner in which Mayor Klass and the City Council of Glendale have administered these funds is clear evidence that local governments are capable of taking over programs now being run by the Federal bureaucracy.

The text of the letter follows:

CITY OF GLENDALE,
Glendale, Ariz., July 24, 1974.

Hon. SAM STEIGER,
House of Representatives, Cannon House Office Building, Washington, D.C.

DEAR SAM: I am writing to reaffirm in your mind my support and the Glendale City Council's support of the Federal Revenue Sharing Program. Contrary to opinions voiced by some officials in Washington, I firmly believe that local governments are fully capable of managing these funds wisely and innovatively and have done so to date. The City of Glendale's accomplishments and those of numerous cities stand out as indisputable facts supporting my view.

We have recently completed two major capital projects using Revenue Sharing Funds which would have taken many years to accomplish without these funds. First is the purchase of a 320 acre sanitary landfill site which will serve us for about ten years. At the time of completion we will restore half of it to a recreation area and build an 18-hole public golf course on the other half. Second, we constructed and dedicated a modern, complete fire station in the northern part of our City to provide faster fire response and emergency paramedic help in this rapidly growing area.

In addition to these two projects, I have enclosed a copy of our Federal Revenue Sharing Budget which outlines for you all of our expenditures for fiscal year 1974 and estimates for 1975. You will note that funds have been spent for library books, police and fire protection, a refuse transfer station, major street construction, street light signals, and on a summer recreation help program as well as many other projects. After examination, I am sure you will find that we have placed positive emphasis on improvement of government services to our residents.

Please do not hesitate to contact me if I can be of any assistance to you in your support of the State and Local Fiscal Assistance Act.

Sincerely yours,

MAX KLASS, *Mayor*.

OPPOSED TO MILITARY CONSTRUCTION AUTHORIZATION

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, August 9, 1974

Mr. CONYERS. Mr. Speaker, it seems that I am all too frequently forced to oppose the military authorization and appropriation bills that rain down on us, and I am again in that position today with the Military Construction Authorization.

While I recognize and commend the efforts made by the Armed Services Committee to pare down this authorization, I still find its waste and extravagance unacceptable, and unfortunately, too typical of all our military spending. We would not have to devote so much money and attention to the soldiers' well-being if we did not maintain a standing Army of the present unnecessary size. We could direct the money spent on modernizing dining halls and air-conditioning administration buildings to making life a little more tolerable for our millions of disadvantaged citizens. When I voted against the $83 billion Defense Department appropriations bill this week, I observed then that we seemingly provide better housing for ICBM's and for fighter planes than is frequently available for people in the suffering cities and depressed rural areas of the country.

I would like to draw the attention of my colleagues to a recent study by the Public Interest Research Group in Michigan entitled "The Empty Pork Barrel:

Michigan Unemployment and the Pentagon Budget" which shows how Michigan's economic activity was affected by fluctuations in military spending over a recent 30-year period. The study translated defense costs into jobs and examined the consequences for Michigan's economy. The results point to the inaccuracy of claims that military spending is vital to the domestic economy.

Dollars spent on almost any kind of civilian goods or services will create a lot more jobs than the same number of dollars spent by the military. Whether the money is spent by local governments or individuals, civilian spending creates an average of 20,000 more jobs per billion dollars spent than does military spending. A billion dollars spent by the Pentagon hires 79,000 military or civilian personnel. The same money spent by State and local governments creates openings for 100,000 teachers, policemen, and public health nurses. If the Pentagon spends a billion dollars on military contracting, 55,000 jobs are generated. The same money spent by consumers or businesses would produce 75,000 to 100,000 jobs. So-called pork barrel spending on military contracts doesn't put more people to work, it puts more people out of work.

On this basis, I would be glad to see the Pentagon forget the $10 million which would go to Michigan under this bill, if those Federal dollars could get there by any other means, and I expect that my colleagues from every other State would voice the same feelings.

It is certainly time for the Congress to dictate some drastic belt tightening and not allow the contrived and grossly inflated demands of the Pentagon to continue to take precedence over the real needs of the American people.

PITTSBURGHERS PACE U.S. MARBLE TEAM

HON. WILLIAM S. MOORHEAD

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, August 9, 1974

Mr. MOORHEAD of Pennsylvania. Mr. Speaker, for those who feel reassured when history repeats itself, take heart: competition between Great Britain and America predates our War of Independence and continues more good naturedly to this day. Not quite as extensive as the War of 1812, but no less significant was the recent U.S. marble team's victory over the reputed world champion, Toucan Terribles of England. Modernity required congressional assistance to expedite the team's passports, something the competitors of yesteryear dispensed with.

Coached by Pittsburgher Walter Lease, and paced by Larry Kokos and Ray Morgan, also constituents of mine, our team was armed with confidence, expertise, and appropriately the Bicentennial spirit, as it won an easy victory in three straight games. Permit me to extend my congratulations and commendation for this fine effort and to include in the RECORD at this time an article from the Pittsburgh Post-Gazete discussing the victory:

U.S. TEAM BEATS ENGLISH: TWO CITY YOUTHS WIN BRITISH MARBLES MATCH

SUSSEX, ENGLAND.—Two Pittsburgh youths paced a U.S. marbles team to a convincing victory here yesterday over the Toucan Terribles, who have claimed to be the best marbles shooters in the world for the past 19 years.

"We skunked them," said Walter Lease, a Southside Pittsburgher who coached the U.S. team. "They've claimed to be the world champs for 19 years and today they got a lesson on how to shoot marbles."

Larry Kokos, 14, the reigning national champion, and Ray Morgan, 18, who won the title in 1970, represented the city and their Lawrenceville neighborhood in the invitational match.

Rick Mawhinney, 17, of Cumberland, Md., and Ray Jarrell, 15, of Whitesville, W.Va., national champs in 1971 and 1972 respectively, rounded out the squad.

The Toucan Terribles, an all-English team ranging in age from 23 to 50, lost three straight games, 25-2, 25-13, and 25-7.

The Terribles had beaten four U.S. teams during their reign but none with the credentials of the current U.S. squad.

A national tabloid newspaper sponsored the trip.

After a sightseeing tour of London today the team is scheduled to fly back to Pittsburgh tomorrow.

PRESIDENT NIXON'S RESIGNATION FROM OFFICE

HON. ANTONIO BORJA WON PAT

OF GUAM

IN THE HOUSE OF REPRESENTATIVES

Friday, August 9, 1974

Mr. WON PAT. Mr. Speaker, the decision by President Richard Nixon to resign and turn over the reigns of Government to his chosen successor, Vice President Gerald R. Ford, has rung down the curtain on one of the most tragic episodes in our Nation's political history.

There is little that can be said to alleviate the shadow under which Mr. Nixon left office. Yet, I do not believe that his return to private life should be an occasion for joy. While it is true that he was charged with many grievous crimes, it is also true that President Nixon will go down in history as a great Chief Executive for his efforts in foreign affairs. During his time in the Nation's highest office, Mr. Nixin left his mark on our relations with Communist China and the Soviet Union. Where we were once at almost total odds with these two giants, America now has opened an avenue to better understanding and, hopefully, to lasting peace with these nations.

Mr. Nixon shall also be long remembered, and honored, for engineering a truce between two old antagonists—Israel and the Arab nations. His efforts in this matter alone brought the Western World back from the brink of war to a situation where both combatants are at least temporarily at peace.

I believe it also only fair to give Mr. Nixon credit for forcing Congress toward assuming greater control in budgetary matters. Through the inability of the Nixon administration to effectively fight inflation, Congress was thus required to come to terms with problems in its own house before it could begin to deal with those of the general economy.

And lastly, but perhaps most important, I salute the President for stepping down and arranging the orderly transfer of power to Gerald Ford. In his previous statements, President Nixon had often refused to resign, despite almost overwhelming demands to do so from those within his own party. After personally hearing the tapes and carefully surveying the facts, however, it appears that he recognized the futility of carrying on any further and chose the course of action least damaging to the country and himself. I realize that many will say he had little choice. Perhaps. Nevertheless, by his act of stepping down, Richard M. Nixon did spare this country further agony—a fact for which we should all be grateful.

In the final analysis, of course, history will be the judge of Richard M. Nixon, as it will be the final judge of how America managed its affairs at this crucial juncture in time.

The fact that we were able to complete an orderly transfer of power without the upheaval often found in other countries, and so often heralded by the prophets of doom in this country, is a lasting tribute to our democratic system of government. We have survived one of the most bitter attacks on our political system with our pride intact and our lessons for the future clearly delineated.

No longer can we afford to let one group control the reins of power. No longer can we afford to permit one special interest group to believe themselves above the will of the people and outside of the laws which govern all of our Nation. No longer can we permit even the highest elected officials in our country to ignore the mandate of those who elected them to office. And no longer can our political system afford to permit the moneyed interests to dominate a candidate or party through illegal campaign gifts which amount to pure bribery and a deliberate attempt to undermine the dictates of the people.

If these lessons are indelibly engraved upon our national conscience, then the ordeal we have just gone through will not have been in vain.

In the coming months, President Gerald Ford will have an opportunity to prove that the lessons of the past have, indeed, been learned. As one who knows Mr. Ford personally, I believe that he will set an example of honesty and integrity for us to follow. I wish him every success, as I know my fellow Americans on Guam do also. As your Congressman, I also pledge my support to bring this great country closer to the goals of equality and justice for all. The road ahead will continue to be filled with new perils, as well as the old ones such as inflation. If we are to succeed in overcoming the problems afflicting our Nation, then we must unite as one people. In this goal, I ask your support.

VETERANS' EDUCATION BENEFITS

HON. JOHN P. MURTHA

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, August 9, 1974

Mr. MURTHA. Mr. Speaker, there has been a very lively debate going on in the CONGRESSIONAL RECORD and through communication between House Members on the legislation increasing veterans education benefits.

I would like to add to that debate by inserting into the record some very valuable information provided to me by Mr. Charles F. Yetter, Jr., president of the Veterans Organization of the Pennsylvania State University, University Park, Pa.

I believe these figures well illustrate the importance of the extension of the veterans eligibility provision that would extend benefits from 36 to 45 months.

I thank Mr. Yetter for researching this information and I am pleased to pass it along to the Members of the House, particularly the conference committee members working on this legislation:

> Of our veteran population that graduated spring term 33% required an excess of the normal 12 terms to graduate. A review of our entire undergraduate population from 1969–1974 indicates the following % of students who required an excess of 12 terms:
>
> [In percent]

1969	11
1970	11
1971	8
1972	8
1973	9
1974	9.5

> The comparison of these figures further indicates a need that veterans do require more terms to complete their education.
>
> Penn State does offer five year undergraduate programs, such as the Architectural Engineering course for example, and 4% of our veteran population are involved in identifiable five year degree programs. The above figures do not include our graduate veterans of Penn State.
>
> We again urge you to get the Committee on Veteran Affairs to meet and to support the Senate version of the extension of veterans eligibility from 36 to 45 months.
>
> Time is of the essence. We urge your prompt attention to our veterans needs and we will appreciate your full and enthusiastic support on this matter.

THE NEED FOR A COMPLETE RECORD AND FULL DISCLOSURE

HON. WRIGHT PATMAN

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Friday, August 9, 1974

Mr. PATMAN. Mr. Speaker, the resignation of the President of the United States under these circumstances is a sad chapter in the history of the United States. All of us would have hoped that the events which led to this decision could not have happened in the highest office in the land.

The President has betrayed his trust, but I do not think that this is a time for vindictiveness.

However, I do feel strongly that the anguish and pain which the Nation has suffered for the past 2 years should not be in vain. We—all of us—must learn from this experience and we must make certain that it can never happen again; that never again can the laws be so clearly flouted and the powers of the Presidency be so badly abused.

To accomplish this we must have all the facts in the public record. It is essential that the tapes being released to Judge Sirica under Supreme Court order be made available to the public and that the Judiciary Committee publish the transcripts as part of their public record. Additionally, correspondence and memoranda and other documents relating to this case should be preserved and made public in the same manner. It is important that the records of the Judiciary Committee be complete in the case so that future generations can learn from this experience and understand why it was necessary for the committee and the Congress to undertake this unhappy task.

Mr. Nixon, of course, has already selected his successor, Gerald Ford. Mr. Ford's position on the legal and moral questions raised in the impeachment process have been made clear in recent weeks and, of course, his record as a Member of Congress is well known on the various issues. I think that Mr. Ford's record and prior statements explain his positions much better than any comments which I could make at this time.

EXCESS OIL PROFITS

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, August 9, 1974

Mr. GILMAN. Mr. Speaker, during the past few weeks, the major oil companies have released their second quarter 1974 earnings reports, disclosing gains in revenue ranging from 19 to 292 percent. For the first half of 1974, the oil companies have reaped unsconcionable profits at the expense of the American consumer.

I am attaching to my remarks a list of corporate earnings reports comparing the second quarter earnings of 1973 with 1974.

Recent reports indicate that imports of all oils and refined products are increasing and are 2.6 percent greater than they were at this time last year. The imports to America of refined products alone is up by 11.8 percent, while crude oil imports increased by 19.3 percent over the same period in 1973.

For the second consecutive month, the oil industry has had a production surplus, so that refined product inventories now stand at 798 million barrels, 12.9 percent higher than at the same time last year.

In further recognition of these surpluses, John Sawhill, Director of the Federal Energy Administration, had this to say on July 29, 1974 at the recent Western Governor's Conference in Albuquerque:

> Current forecasts of petroleum supply and demand indicate that there won't be any overall shortages for the rest of the year. Ironically, we've even had to develop new strategies to allocate the growing surplus of petroleum products.

America therefore, faces the unusual situation where profits and revenues of the major oil companies are increasing at the same time that their inventories are increasing. It is obvious that something is amiss in our supply and demand economy.

No one would deny to the oil companies a fair return for their investment and risks. But at the same time the consumer should also have a fair price for the product. The oil industry is holding our economy hostage by their contrived, burdensome prices, which have a ripple effect on our economy, increasing the prices for all goods and services. Especially hard hit are the utilities, whose costs have skyrocketed so dramatically that some of our senior citizens are being forced to give up their homes because they cannot meet the rising utility rates.

It is time to end this excessive profiteering at the expense of the American consumer. The oil oligopoly is demonstrating that it cannot, or will not, responsibly regulate itself for America's benefit; if it could there would be no need for regulatory legislation. Obviously there is such a need. In a recent poll of my district, over 85 percent of my constituents favored taxing excess oil profits. I believe that this is indicative of the public's concern about these burdensome fuel prices.

Accordingly, I urge my colleagues to join with me in seeking decisive action enabling our Nation to impose reasonable restraints on this vital segment of our economy.

Corporate earnings report follows:

INCREASES IN CORPORATE EARNINGS

(2d quarter 1973 and 1974)

Corporation	Earnings — 2d quarter 1973	Earnings — 2d quarter 1974	Percentage change since 1973
Delta Airlines	$20,700,000	$29,100,000	+39.9
Goodyear Tire & Rubber	55,900,000	61,500,000	+10.0
Revlon	11,200,000	13,000,000	+16.1
Standard Brands	11,100,000	12,500,000	+12.0
Stauffer Chemical	11,500,000	20,500,000	+78.3
Bethlehem Steel	57,900,000	69,600,000	+20.2
Emerson Electric	19,200,000	23,100,000	+14.9
Ford Motor	394,200,000	168,000,000	−57.4
Standard Oil/California	181,200,000	285,300,000	+57.0
Texaco	267,500,000	460,400,000	+72.1
Mobil	184,200,000	364,400,000	+99.0
Standard Oil/Indiana [1]	121,300,000	280,000,000	+131.0
Shell [1]	89,500,000	124,500,000	+39.0
Occidental [1]	26,900,000	92,600,000	+292.0
Phillips [1]	46,400,000	123,800,000	+167.0
Sun [1]	48,400,000	127,300,000	+163.0
Cities Service [1]	30,500,000	53,800,000	+76.0
Exxon [1]	510,000,000	850,000,000	+66.0
Getty [1]	23,600,000	62,200,000	+167.0
Standard Oil/Ohio [1]	27,000,000	50,300,000	+40.0

[1] Denotes an oil industry.

SALUTE TO NEW CITIZENS AWARD

HON. WILLIAM F. WALSH

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, August 9, 1974

Mr. WALSH. Mr. Speaker, I want to call to the attention of my colleagues an award that was recently presented by the Citizens Foundation, Inc. of Syracuse, N.Y., known as the "Salute to New Citizens Award" to Paul and Maria Karpyszyn.

The Citizens Foundation, when established, was envisioned as an organization that would be an effective force in counteracting the apathy, misunderstanding and sometimes open hostilities that many citizens were displaying toward our American economic system. This new award has great significance in our community.

Paul and Maria Karpyszyn left their homeland in the Ukraine for political reasons and arrived in New York City with their son, Zenon, and little else except their determination to make a new life for themselves in America.

Mr. and Mrs. Karpyszyn moved to Syracuse in 1955 and both found jobs in local industrial firms. In 1960 they opened their own business, Paul's Meat Market, a prospering meat and delicatessen shop on the city's west side. Naturalized citizens of the United States, the Karpyszyn's were selected to be honored by the foundation for their exemplary conduct in embracing the American free enterprise system.

In accepting this award Zenon, their son wrote:

> To my parents who have lived under Communism and experienced the "worker's paradise" firsthand, this award symbolizes all that is great and good in the U.S.A. To be given an award by such a respected organization is for them another fulfillment of the promise that is America.

CAN YOU STILL MAKE A MILLION?

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, August 9, 1974

Mr. CRANE. Mr. Speaker, American business has become an unfortunate scapegoat for many who fail to recognize the important fact that economic freedom and other important freedoms go hand in hand.

Part of the reason for this difficulty is that the advocates of free enterprise have, in many instances, failed to make a persuasive case for their position.

They have, too often, argued in behalf of free enterprise not because it is the system which maximizes freedom but, instead, because it is the system which maximizes material goods.

Both of these facts are, of course, quite true. Our standard of living under capitalism is by far the highest in the world. Yet, free enterprise would be worthy of our defense even if this were not the case.

Discussing this fact, one of the most eloquent advocates of a free economy, Wilhelm Ropeke, the distinguished German economist who was one of the first to denounce the Nazi regime in his native country, declares, in his essay, "Education in Economic Liberty":

> We should avoid luring men into acceptance of economic liberty by holding out to them the candy of material abundance: our educational efforts should instead be made on the high level of social philosophy and should appeal to the last and supreme values. Every limitation of economic liberty, every state intervention and every single act of planning and directing, contains some constraint. It is this constraint . . . which takes away from us bit by bit that genuine freedom which is dear to us all.

While recent public opinion polls indicate that many Americans have lost faith in big business, this should not lead anyone to believe that such Americans have lost faith in the free enterprise system itself.

In a recent article, Bernard Browning, president of the International Franchise Association, notes that—

> The almost unbelievable growth of franchising—which now accounts for about 32 per cent of all retail sales—has gone unnoticed to most people . . . tens of thousands of Americans who have gone into business for themselves in the last ten years by the franchising route certainly have not lost faith in free enterprise. If anything, the sheer weights of numbers of new franchise outlets would indicate that free enterprise—the chance to make an honest buck—has never been more dear to our fiercely independent people than it is today.

Mr. Browning concludes that—

> . . . the American dream is a living possibility for every citizen in this country. And that dream is only possible because we are free men able to work and live in freedom.

I wish to share with my colleagues the article, "Can You Still Make a Million?", by Bernard Browning, as it appeared in the Knoxville Journal of June 29, 1974, and insert it into the RECORD at this time.

[From the Knoxville Journal, June 29, 1974]

CAN YOU STILL MAKE A MILLION?

(By Bernard Browning)

At a recent meeting of the American Association for Public Opinion Research, there was some apparent good news for the radical minority who want us to believe that free enterprise has tried, but failed in America.

According to a panel of respected pollsters, a majority of Americans have lost faith in Big Business—feeling it is insensitive to most social responsibilities, wields too much power, and ought to be broken up into smaller enterprises (under government supervision, we assume).

For the doomsayers, these were happy findings indeed.

Apparently, after years of bad-mouthing the American Dream to any willing listener, their minority viewpoint had become a majority viewpoint . . . apparently.

In all fairness to the greatest system of competitive enterprise the world has ever known, the public's feelings toward giant corporations is not the blanket indictment of free enterprise that the social capitalists would have us believe. In fact, while many Americans may feel alienated by monopoly, Big Business, many thousands more have reaffirmed their faith in our system in recent years by doing their thing in franchising.

Everybody's into the act: young people; retired people; minorities; men and women from all walks of life with interests ranging from leathercrafts to business counseling (like my own General Business Services) to health foods, to arts and graphics—you name it.

The almost unbelievable growth of franchising—which now accounts for about 32 percent of all retail sales—has gone unnoticed to most people. They have a working understanding of what a franchise is, and they could probably tell you which retail outlets on their Main Street are franchises, but so what?

The so what is the fact that tens of thousands of Americans who have gone into business for themselves in the last 10 years by the franchising route certainly have not lost faith in free enterprise. If anything, the sheer weights of numbers of new franchise outlets would indicate that free enterprise—the chance to make an honest buck—has never been more dear to our fiercely independent people than it is today.

These are not extraordinary people, nor wealthy people. These are the men and women in every town across the country who know that somewhere, somehow, the little guy still has a chance to make a million.

Oh, we may be fed up with the goings-on between union and corporate officers and some politicians. But that doesn't mean we're ready to chuck the whole thing and say "the hell with it."

On the contrary, I'm confident in this system, and if the growth of franchising is any barometer, I know that the majority of Americans share this confidence.

Let the social researchers say what they want.

Let them conduct their studies.

Let them suggest that we bust up Big Business, or legislate corporate responsibility.

And let the government carry on.

Whatever all these experts do, let's hope they don't forget that the American Dream is a living possibility for every citizen in this country. And that dream is only possible because we are free men able to work and live in freedom.

PITTSBURGH'S NEIGHBORHOOD HOUSING SERVICES, INC.

HON. WILLIAM S. MOORHEAD

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, August 9, 1974

Mr. MOORHEAD of Pennsylvania. Mr. Speaker, the Congress soon will vote final approval of the Housing and Community Development Act of 1974, a bill which I, and other members of the Housing Subcommittee, have been working on for more than 2 years.

This new legislation should once again put the Federal Government back in the business of providing a decent home in a suitable living environment for millions of low-, moderate-, and middle-income families.

Earlier this year I addressed a meeting in Washington of the League of Cities and Conference of Mayors. In addition to telling the audience of the progress our committee was making on the new omnibus legislation, I proudly described a local Pittsburgh program, operating in a single neighborhood, which was producing amazing results as far as neighborhood stabilization, with no Federal funding at all.

Called Neighborhood Housing Services Inc., this program, built on a small foundation grant, was making low-interest home rehabilitation loans to people who could not qualify for similar loans with financial institutions.

By working with neighborhood people on a very informal basis, the loan fund was providing the tools for people to fix their homes, and thus remain in the neighborhood, rather than letting the homes deteriorate into urban slums.

I visited the Neighborhood Housing Services project at the beginning of this year and was deeply impressed with the expertise and dedication of the wholly indigenous neighborhood staff.

As a result of their initial success, HUD has chosen the Pittsburgh program as a model and is attempting to replicate the Neighborhood Housing Services experiment in other cities across the Nation.

I would like to put in an article from

the Pittsburgh Press describing how the Neighborhood Housing Services program is working on Pittsburgh's Northside.

North Side Program Attracts National Attention—Residents Face-Lift Crumbling Neighborhood

(By Debbie Deasy)

Five years ago, Pittsburgh's central North Side was nodding to its fall. Today, the community is providing a model for the city and the nation.

Neighborhood Housing Services (NHS), a program funded through donations and financial institutions, is helping the community reestablish itself as a respectable and safe place to live. No public money is channeled into the program.

The U.S. Department of Housing and Urban Development (HUD) has allocated more than $2 million for programs like NHS in 20 cities.

OWNERS REPAIR HOMES

City Council is formulating a $1.6 million loan fund for housing repairs to be based on NHS operations.

A primary force behind NHS is the North Side community. Homeowners do their own repair work when possible.

As more and more residents take the initiative to repair their homes, others do the same.

Residents form a majority on the NHS board, which decides how NHS funds are used. Director Thomas A. Jones considers community involvement as essential to the continuity of NHS.

Contributions from private foundations have been essential also. The Sarah Scaife Foundation has contributed over $500,000 since 1969.

Donations are used to form a "high risk" fund for loans, made at interest rates ranging to 6 percent, to residents unable to pay market interest rates. Some loans carry no interest.

BANKS HELP PROGRAM

Through NHS, 25 banks and savings and loan associations also provide loans at market rates to residents who can qualify. These institutions underwrite the administrative costs of NHS, $35,000 annually. Computer service donated by one of the banks handles loan information, increasing efficiency.

An additional force behind NHS is city cooperation. Jones said the city has enforced inspection codes, increased police protection, installed new utilities and made street repairs.

Services offered by NHS are varied. "About 25 per cent of our work is lending money," Jones said. NHS often finds itself acting as a general financial advisory board within the community.

"ON RIGHT TRACK"

From time to time, NHS deals with the financing of home purchases, but home repair assistance is its chief function.

NHS hires contractors when necessary. "In addition, NHS retains 10 per cent of the contract for one year," Jones explained. "If problems arise, NHS then has the work done and pays for it out of the contractor's retention."

Last year, NHS concerned itself with bill consolidation loans and emergency loans for taxes on home purchases.

These services were terminated at the close of 1973 when the delinquency rate of loans jumped to a five year high of 10 per cent. An auxiliary staff established to deal with delinquencies has helped reduce the rate to approximately 7 per cent.

The low-keyed, neighborhood approach of NHS has contributed to its success, in the opinion of Jones. Above all, he feels the program has established itself as credible.

NHS has met difficulties over the past five years, Jones admits. "I'm not satisfied yet, but I think we're on the right track. We've been more successful than most in a private program," he said.

SOUTH AFRICAN HEALTH CARE

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, August 9, 1974

Mr. CONYERS. Mr. Speaker, I would like to bring to the attention of my colleagues a letter to the editor of the Post which was printed Thursday, August 8, 1974, and which was written by a very good friend of mine from Detroit, Dr. Paul Lowinger. Dr. Lowinger addresses himself to one of the cruelest aspects of apartheid in South Africa. This article should serve to remind everyone that apartheid is an immoral policy, totally incompatible with fundamental human rights. Afrikaners who now rule South Africa believe passionately in the correctness of their philosophy, of "separate development" of the races. One is reminded that the Nazis too believed passionately in the correctness of their doctrine.

The article follows:

South African Health Care

The connection between human rights and health is of great importance throughout the world. This leads to concern about the segregated and discriminatory practice of medicine in South Africa which is clearly in violation of the 1948 Declaration of Geneva and the International Code of Medical Ethics adopted by the General Assembly of the World Medical Association in 1949. The details are in a pamphlet prepared by Dr. Sue Dowling for the Medical Association for the Prevention of War in England and available through the Medical Committee for Human Rights, P.O. Box 7155, Pittsburgh, Penna. 15213.

These facts about medicine in South Africa are largely from official statements of the South African Government: Ambulance services are strictly segregated; doctors with very few exceptions may work only within their own ethnic group; Africans may train only at the one medical school in Durban. Two of the five white medical schools train a few Asian and coloured students but these students may not attend post mortems on whites or see white patients and they are socially segregated from white colleagues. The black students have no access to white patients so they rarely see common diseases of the whites such as coronary artery disease. Even at the black medical school there are no black professors or heads of departments. Black and white doctors occupying similar government posts receive different salaries. Black doctors have been barred from attending medical conferences because of the laws of racial segregation. Of course the health statistics show a wide racial differential with infant mortality 19.4 per thousand for whites, 38.3 for Asians and 121 for the Coloured in 1971. South Africa does not publish infant mortality for Africans but the U.N. estimate is 200 to 250 per thousand live births in 1970. The doctor/population ration in 1972 was 1/144,000 for the Africans, 1/6,200 for the Coloured, 1/900 for the Asians compared to 1/400 for the whites.

This information is offered in support of the many South Africans who are deeply disturbed by the situation and who want international support for their protest. In the meantime what can be done? We can refuse association with South African health institutions such as hospitals and medical schools including faculty and student interchange except for those South Africans who are refugees or reject the oppression. We can ask our journals not to publish personnel advertisements for any racially discriminatory and segregated posts in South Africa. We can contribute support to the national liberation struggles in the colonized countries which include South Africa.

PAUL LOWINGER, M.D.
Adjunct Associate Professor, School of Medicine, Wayne State University, Detroit.

PRESS REPORTS SECRET MEETINGS OF INTERNATIONAL LEADERS

HON. JOE L. EVINS

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Friday, August 9, 1974

Mr. EVINS of Tennessee. Mr. Speaker, recent revelations by the Liberty Lobby of secret meetings held by an international group of business and governmental leaders have resulted in press reports of these meetings.

The Washington Post reported recently that these meetings have been "sealed from the press" since the first session was held in 1954. These sessions have dealt with lobbying for more foreign aid.

The Liberty Lobby in a recent newsletter reported that efforts to inform the public of these meetings will continue.

Because of the interest of my colleagues and the American people in this matter, I place a copy of the Washington Post article and the Liberty Lobby newsletter in the RECORD herewith:

[From the Washington Post, July 21, 1974]

A Dutch Prince Builds and Runs an International Think-Tank

(By John Gale)

AMSTERDAM.—It's been 20 years since Prince Bernhard of the Netherlands first produced his formula for promoting the cause of transatlantic harmony.

He introduced the idea of an international think-tank, comprising prominent people from the United States and Western Europe, able to speak with total frankness on issues ruffling the Atlantic alliance.

Bernhard gave the participants privacy. The think-tank was sealed from the press.

The first assembly was held in 1954 at the secluded Bilderberg Hotel lying in wooded countryside not far from Arnhem, Holland. The name of the hotel caught on and the Bilderberg group has continued to meet in different countries with different participants.

Always, however, the chairman has been Bernhard, the German-born prince who married Queen Juliana while she was still a princess. Bernhard later fought with the Allies in World War II.

At various times, the prince has requested and obtained the presence of Henry A. Kissinger—1971, Woodstock, Vt.; Helmut Schmidt, now West German chancellor—1973, Salsjoeboden, Sweden; former U.S. Secretaries of State Dean Rusk and Christian A. Herter; Thomas E. Dewey, former governor of New York and twice Republican presidential nominee; former British Prime Minister Edward Heath, Amintore Fanfani of Italy and so on.

Bernhard promised the conferees privacy, and the 1974 meeting in April was no exception.

It was held in a luxury hotel at the French ski resort of Megeve. Before the meeting, Bernhard entered the downtown press center, the Megeve Sports Hall, which was practically surrounded by police for the occasion.

He announced who had been invited to

the meeting and what the topic would be. He then declared there would be no more information on the three-day session and according to one French newsman aroused the wrath of assembled journalists by adding: "In fact, we just don't want you around."

Reporters were never allowed to enter the hotel where the sessions were held.

There was only one topic at the meeting: prospects for the Atlantic world.

Eighty persons were invited and among those Americans who turned up were NATO commander Gen. Andrew Goodpaster; former U.S. Undersecretary of State George Ball; David Rockefeller, head of the Chase Manhattan Bank, and Sen. Walter F. Mondale (D-Minn.).

Many of those invited from France stayed away because of the French elections.

Bernhard has made it clear that participants who deal with the press won't be invited back.

Apart from that, he likes to change the faces. There is often a 50 per cent switch in representation from one year to the next.

Procedures have become well established. The main speakers get 10 minutes, other participants are limited to five. Papers written by both American and European participants are distributed in English and French, the two languages of the conference. Votes are never taken and titles are never used. A government official or an ambassador is plain mister. Bernhard is Mr. Chairman.

He is often accompanied to the meetings by the eldest of his four daughters, Princess Beatrix, heiress to the Dutch throne.

"Trix has no voice," the prince said once. "She listens."

The prince is unrepentant about the secretiveness of the meetings.

"The purpose of the conference," he has said, "is that eminent persons in every field get the opportunity to speak freely without being hindered by the knowledge that their words and ideas will be analyzed, commented upon and eventually criticized in the press."

His pulling power appears to date from World War II. Having taken his family into exile, he won his wings with Britain's Royal Air Force and reputedly got into rows with the British for going on unofficial bombing excursions over Germany.

He ended the war as commander in chief of the Dutch armed forces and a good friend of Gen. Dwight D. Eisenhower.

"I never regarded the prince as a useless appendage of the royal family," Eisenhower was quoted as saying, "but as a person who was intelligent, interested and ambitious to do something useful and who was greatly respected in government circles."

Bernhard, now 62, unhesitatingly used his wartime contacts to get the Bilderberg conception rolling. He has consistently asserted its only aim is to foster the transatlantic relationship.

"People want to place all possible labels on our meetings, from Fascist to Communist," he has said. "In reality, without striving for clearly defined results, we hold a discussion over a few weighty subjects each time. A better understanding is our goal."

After the United States stymied the 1956 Anglo-French Suez invasion, he said: "In the really bad mood after Suez, we were able to talk in such a way that both the British and French went home no longer mad at the Americans."

Bernhard clearly expects that within influential circles, the ideas emerging from Bilderberg will make their impression. Of his personal role, he said: "I'd consider my own work in the same light as practically everything I do. I am only a catalyst."

LIBERTY LOWDOWN

BILDERBERG BLACKOUT BREACHED (A BIT)

If a chart were to illustrate levels of press discrimination which occurs in the area of press coverage, two peaks would be conspicuously high. The first peak would denote an almost complete blackout which has been implemented against patriotic institutions such as Liberty Lobby, which advocate an end to banker-internationalist control of America. To prevent exposure of internationalist aims, the Establishment Press evolved the strategy of totally ignoring Liberty Lobby! By this means, the most vocal voice raised in opposition to the surrender of national sovereignty would be effectively silenced.

Paradoxically, the second peak on the chart of "objective journalism" would denote attempts to conceal activities involving the American banking elite. Pointedly, no details of Bilderberg activities were allowed to penetrate the pages of newspapers! The national media intentionally failed to report on the machinations of the coterie of super-rich plutocrats. The decisions of American billionaires rendered far from the House and Senate were completely ignored.

ILLUSIONARY FREEDOM

For several months, Liberty Lobby has waged a solitary war to expose the April 1974 Bilderberg gathering at Megeve, France. The Anti-Defamation League and several other organizations have mistakenly *or* intentionally ridiculed notions of a press conspiracy to hide Bilderberg meetings from the public eye. Through its Institute for American Democracy organ *Homefront*, the ADL has issued vitriolic attacks against Liberty Lobby in an attempt to divert attention from exposing the Bilderbergers. Liberty Lobby shrugged off attacks, standing firm in its insistence that the Bilderberg gatherings were dangerous events, concealed from the public by *choice* rather than *chance*.

Finally, Liberty Lobby's intense efforts have been rewarded. The tip of the Bilderberg iceberg is now visible. Press releases recently issued have proved Liberty Lobby correct on at least two major points:

1. The Bilderbergers *do* constitute a vital cog in the internationalist machine;
2. The national press *has* failed in duty delegated it by American citizens.

INITIAL BREAKTHROUGH

The initial breakthrough in national media at the instance of Liberty Lobby occurred when Chicago *Tribune* columnist Bill Anderson termed the Bilderberg meetings "extraordinary" in importance. Even this revelation is shadowed by his subsequent disclosure that there exists "a binding gentleman's agreement that nothing said in that hotel during the three day meeting will be repeated for public consumption." Anderson's June 14 column constitutes an epochal date, heralding the crack in the dam of press censorship concerning the Bilderbergers. Anderson also asserts, "The meetings are secret so that powerful attendees could speak with candor and not in the euphemisms of diplomacy."

Translated, this means participants can make decisions without worrying about petty items such as "national interest" or the U.S. Constitution. Pointedly, Anderson admits "that members can speak as individuals and not on behalf of governments." Here, Anderson concedes the internationalists know no national boundaries but function as "world plutocrats" in Bilderberg dealings.

The second breakthrough occurred in the powerful Scripps Howard newspaper chain. Writer Richard Starnes detailed Liberty Lobby's denunciation of the Bilderbergers. He excused press laxity by calling Bilderberg proceedings "essentially dull," but neglected to explain why a gathering of America's and the world's richest and most powerful billionaires would be "dull."

A WIRE SERVICE FIRST

The most significant article on the Bilderbergers was dispatched June 21 on the Associated Press wire service. AP yielded to Liberty Lobby's pressure and ran a lengthy story brimming with amazing statements and unique revelations heretofore dismissed as products of right-wing imaginations. Liberty Lobby's pinpointing of Bilderberg operations as completely and deliberately secret was documented for the first time by an "establishment" wire service!

In its story, the AP revealed that Prince Bernhard, founder and sponsor of the Bilderbergers, keeps the meetings "hermetically sealed from the press." This arrogant internationalist, married to the world's richest woman, has utilized his dictatorial power since 1954 to "make it clear that participants who deal with the press won't be invited back." Bernhard, AP admits, "aroused the wrath of journalists" by frankly stating "in fact, we just don't want you around." The AP discloses further that Bernhard is totally unapologetic about his secrecy.

"At our meetings eminent persons may speak freely without being hindered by the knowledge that their words and ideas will be analyzed, commented upon and criticized," Bernhard boasts. This frank admission exhiibts conspiratorial manipulations and possible treason, unnoticed by the public eye.

LIBERTY LOBBY ON OFFENSIVE

Liberty Lobby has selected three major plans of attack to initiate in the continuing battle to expose Bilderberg treachery. Liberty Lobby is pressing for *answers* from government officials under the Freedom of Information Act. On May 15, 1974, Liberty Lobby's General Counsel wrote the Secretary of State demanding a copy of Helmut Sonnenfeldt's report on the Megeve Bilderberg meeting. Under the above Act, the electorate is given access to government information so that it can decide what the government is doing to protect their interests. The Act gives any person the right of access to any document, file, or other record in the possession of any Federal administrative agencies and departments, subject to nine specific exemptions (concerning national defense, trade secrets, personal tax forms, etc.)

Only a superficial reply came from the State Department, claiming "a formal report on the Bilderberg Conference was not prepared, but the proceedings were reviewed by Mr. Sonnenfeldt and other American participants in discussions with the Secretary."

On July 10 Liberty Lobby wrote requesting written details of this Review of the Proceedings given to the Secretary, as well as answers to certain specific questions. The request concludes by asserting, "There can be no objection whatever to your letting us have the written Review and answers to our questions, since it is a fundamental democratic principle that no part of our government shall be secret, and that the acts of all governmental officials should be made public whether they attend a public or private conference, and these acts should be understood, so far as possible, by the citizens." The information requested is vital, because at least five American government officials may have violated the Logan Act by attending the Conference.

Liberty Lobby's second avenue of attack is investigating this possibility. The Logan Act prohibits any American citizen without proper authority from "commencing or carrying on any correspondence or intercourse with any foreign government or officer or agent thereof, with intent to influence the measures or conduct of any foreign government or officer or agent thereof, in relation to any disputes or controversies with the U.S. or to defeat the measures of the U.S.—subject to fine of not more than $5,000 or imprisonment of not more than three years, or both." Any advocacy on the part of American participants of a one-world system of government would be prima facie illegal.

SUITS FOR SUPPRESSION

Thirdly, Liberty Lobby is contemplating bringing suit against AP and United Press International (UPI) for suppressing legitimate news. By this overt or covert negligence, UPI has broken faith with newspapers it serves and with the American people, who utilize news they receive through media to judge politicians who have been elected to serve the people's interests.

Letters have also been sent to all American non-governmental individuals who attended the Megeve meeting, asking about their participation. In particular, Henry Grunwald, publisher of *Time*, was asked why no report of the meeting appeared in his magazine. As of press time, no reply has been received.

Liberty Lobby intends to continue inspiring masses of Americans to take effective action against outrageous internationalist control of the press. Already the Bilderberg coverage demonstrates that Liberty Lobby has accomplished significant results. Without Liberty Lobby's pressure, there would have been total secrecy about the Bilderberg meeting. More and more Americans through Liberty Lobby are learning that something is seriously amiss in the American "free press." More and more Americans are demanding access to events which shape their destiny! Liberty Lobby will continue to assist them in every possible way.

CHINA POLICY

HON. BILL ARCHER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Friday, August 9, 1974

Mr. ARCHER. Mr. Speaker, the United States has maintained friendship and diplomatic relations with the Chinese on Taiwan while opening discussions with the Communist leadership in mainland China. Recently, Senator HENRY JACKSON, who returned from a trip to Communist China, proposed that the United States establish full diplomatic relations with Communist China, upgrading our Peking mission to embassy status, and demoting our Embassy in Taipei—the Republic of China—to a liaison office.

Considering the record of the Communist regime in China, this recommendation if implemented would be an insult to our Chinese friends on Taiwan and would be of dubious benefit to peaceful international relations with mainland China. In fact, such a change might upset the delicate and careful diplomatic position of the United States in regard to the Soviet Union and Communist China.

I wish to commend to my colleagues an excellent editorial from the Washington Stars-News, July 12, 1974, entitled "Jackson's Chinese Friends."

The editorial follows:

JACKSON'S CHINESE FRIENDS

This is a strange year, and to the lengthening list of odd happenings must be added the sound of Senator Henry Jackson singing the praises of the People's Republic of China. Reporting on his recent visit to the land of Mao and on 15 hours of "detailed and frank conversations" with top officials including Premier Chou En-lai, Jackson displayed a notable gap in his anti-Communist hawkishness.

The mainland Chinese, Jackson told a press conference, view world politics realistically and have a range of national interests compatible with our own. They "recognize the importance of NATO and the danger of any immediate withdrawal of U.S. troops from Europe." They value "one's word of honor" more than written treaties, and are too self-reliant to seek subsidies from Washington in their growing trade with the United States. Altogether admirable, and Jackson would hasten detente in that quarter by upgrading our Peking mission to embassy status, demoting our Taipei embassy to liaison functions though maintaining our defense commitment to Peking's mortal enemies, the National Chinese.

Jackson's point seems to be that anyone who detests and distrusts the Soviet Union as much as the Communist Chinese do cannot be all bad, and might be a candidate to make common cause with the United States. His championing of Peking, which most of all fears aggression by Moscow, thus dovetails with Jackson's own fears about the course of American-Soviet detente. The senator from Washington State repeatedly has charged the Nixon administration with giving too much to Russian negotiators, most dangerously in strategic arms limitations.

Jackson has used the Chinese ploy too carelessly for his own credibility, and for the health of American diplomacy with the Communist giants. The Peking regime shares a murderous history with the Kremlin gang, and is no more a respecter of human liberty. Jackson would hold normal trade relations with Russia hostage to the liberalization of Soviet emigration policy, particularly affecting Jews seeking to go to Israel. He does not show similar concern for hapless Chinese risking their lives swimming to Hong Kong.

But it is in the diplomacy of detente that Jackson's championing of Peking could have mischievous effect, especially since he is a Democratic presidential hopeful and a leading congressional critic of the Nixon effort to improve East-West relations. In dealing with each Communist power, the administration has been at pains to overcome suspicion that it might play off one against the other. It is in no one's interest to increase Soviet-Chinese tensions and possibly help provoke a calamitous clash. Jackson's siding with Peking, if he were calling the shots in American foreign policy, would be sure to raise Moscow's paranoia to a dangerous level.

IT IS ALL OVER

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, August 9, 1974

Mr. DERWINSKI. Mr. Speaker, as a longtime supporter of the space program I can understand the frustrations the NASA officials face in public recognition of the great achievements of the space flights. This point is very well made in an article in the Press Publications serving West Cook County in a lead editorial of July 24:

IT IS ALL OVER

Saturday marks the fifth anniversary of Man's walk on the moon. The honor went to three American astronauts, Neil Armstrong, Edwin Aldrin and Michael Collins.

The dream which had seemed so far away in 1955 had become a reality and now, only 19 years later, is considered passe. Our men have been to the moon and back. They have walked on the moon and in space. They have linked up with a space laboratory and proved they could live there on a new frontier.

But now, it is all over. However, mankind will benefit from the work of the many thousands of unseen persons who assisted with the program.

The new products and fibers which were developed for the program are in use today in our society. The new medical techniques are being used to save lives in hospitals around the nation.

For some, the brief interludes they spent working often behind locked doors, on the project and related matters will provide stories they will tell their children and grandchildren for years to come.

For there was certainly no greater thrill than to have a message relayed to us from Neil Armstrong than that the artist's concept of what the moon was like for simulated television movies was the closest thing one could have envisioned to what it was really like.

Thus, less than 20 years after the planning began, the dream has been realized and put back on the shelf for another time and another generation of adventurers.

It was a great dream while it lasted but no longer will story-tellers be able to say the moon is "made of green cheese" for we now have the moon dust to prove it is not.

OPINION POLL

HON. DONALD G. BROTZMAN

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Friday, August 9, 1974

Mr. BROTZMAN. Mr. Speaker, I have just released the results of my annual Colorado Second District opinion poll. As in the past, I am inserting the results in the RECORD to give my colleagues an opportunity to see the overwelming response from my constituents.

Once again, Second District residents revealed their knowledge of, and interest in, the important affairs of Congress and the Nation. More than 35,000 responses were received—several thousand of them with personal comments attached.

In the past, the residents of the Second District have accurately reflected the attitudes of the Nation as a whole on vital issues of the day, and this year's tabulation reveals the same trend.

For example, a majority—57 percent—favored impeachment compared wih 34 percent who were against bringing President Nixon to trial in the Senate. The results of the poll were compiled before the President's revelation of the three damaging tapes of June 23, 1972, and his subsequent resignation.

One issue on which Second District residents feel particularly strong is busing: 72 percent of those responding favored our efforts in the House to curb busing to achieve racial balance in our schools while only 18 percent opposed these efforts.

The desire for Congress to approve catastrophic illness insurance for all Americans drew a large, favorable response.

Second District residents continue to oppose amnesty for those who chose not to serve in the Armed Forces in Vietnam.

Mr. Speaker, I believe the people of the Second District should be commended for their continuing, enthusiastic response to the opinion poll.

Our Nation may have problems, but I continue to have faith in our ability to solve those problems. Thanks to an informed, intelligent electorate this spirit has endured. I am most grateful to the residents of the Second District for sharing their feelings with me, because I will be better able to represent them here in Congress.

Results of the poll follow:

POLL RESULTS

(NOTE.—Figures in tables express percentage.)

1. Should the House of Representatives impeach (bring to trial in the Senate) President Nixon?

Yes	57
No	34
Undecided	7
No response	2

2. Should Congress repeal the mandatory 55 m.p.h. speed limit now that the oil embargo has been lifted?

Yes	27
No	68
Undecided	3
No response	2

3. Should some form of amnesty be granted to those young Americans who chose not to serve in the Armed Forces in Viet Nam?

Yes	35
No	58
Undecided	7
No response	2

4. Do you feel Congress acted wisely in allowing wage and price controls to expire on April 30th?

Yes	40
No	40
Undecided	17
No response	3

5. Do you favor an amendment to the Constitution which would reverse the most recent Supreme Court decision (*Roe* v. *Wade*) on abortion?

Yes	19
No	49
Undecided	24
No response	9

6. Do you support efforts in the House of Representatives to restrict busing as a means of achieving racial balance in the public schools?

Yes	75
No	18
Undecided	5
No response	2

7. Should the federal government finance campaigns for federal elective office?

Yes	36
No	51
Undecided	11
No response	3

8. Do you favor legislation to provide health insurance for catastrophic illnesses for all citizens?

Yes	66
No	22
Undecided	9
No response	2

9. Do you believe members of the House of Representatives should be elected to terms of four years rather than the present two years?

Yes	43
No	46
Undecided	8
No response	2

10. Do you favor federal legislation to provide financial incentives for states to adopt comprehensive land use plans?

Yes	52
No	28
Undecided	16
No response	4

(Figures shown above may not add to exactly 100 percent due to rounding.)

ECO-TIPS NO. 7: NUCLEAR ENERGY

HON. WILLIAM S. MOORHEAD

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, August 9, 1974

Mr. MOORHEAD of Pennsylvania. Mr. Speaker, the energy crisis is still with us, and so is our concern for the quality of the environment. Add to it the effects these issues have on our economy and you must conclude that we have here the crucial issues of the day, the issues that deeply concern most Americans. These issues will not come to rest until many more people are better informed about the various options open to them.

In a continuing attempt to encourage national debate on environmental issues, Concern, Inc., has just published the first two sections of its three-part study of energy alternatives. Part I deals with fossil fuels and part II with nuclear energy. Part III, to be published in October, will deal with clean, renewable sources, such as solar and geothermal energy.

I believe that this is a critical time for decisions on energy alternatives. I am convinced that our energy-driven inflation will not come to an end, until we have the will, the means, and the know-how to become self-sufficient.

The Energy Research and Development Administration—ERDA—will have to play a leading role toward this national objective. In my considerable effort to bring ERDA to fruition I have never failed to stress the need for parity in the development of our fossil fuels, especially coal, and the promise of nuclear power. To help us and others to reach a more balanced view about these two large reservoirs of energy and their effects on the environment, I would like to insert these two brief summaries prepared by Concern, Inc. into the RECORD:

ECO-TIPS NO. 7. ENERGY ALTERNATIVES—PART II: NUCLEAR ENERGY

"Because final acceptability of fission energy cannot be taken for granted, a warning should be issued that large scale application of fission technology may not be a realistic solution to the world's energy problem."—Dr. Hannes Alfven, Nobel Laureate in Physics.

NUCLEAR ENERGY

Electricity from nuclear energy is produced by a fission process. Fission is the splitting of the nucleus of an atom into two or more parts. The fissioning of enriched uranium creates the heat necessary to produce steam to drive the turbines which generate electricity.

Nuclear energy was at one time considered the hope of the future, promising an inexhaustive supply of safe, clean and economical energy. In recent years, however, serious questions have been raised about the dangers inherent in a growing reliance on nuclear sources of power. There are now approximately 44 "operable" nuclear power plants in this country. The Atomic Energy Commission (AEC) estimates that there will be 1,000 nuclear plants in the United States by the year 2000.

We believe that a full public discussion should take place before we become irrevocably committed to a course of action that could threaten the health and safety of all future generations.

Are You Aware That:

No adequate long range techniques for the storage and disposal of nuclear wastes have yet been perfected. Some of these wastes will be radioactive for hundreds of thousands of years, and will need to be guarded virtually forever. Cancer and genetic damage can result from exposure to radioactivity.

There is no adequate protection against theft of nuclear materials by those intent on blackmail or sabotage. A crude bomb could be made from highly enriched uranium or plutonium. (Plutonium is a byproduct of the fission process.)

Any nation with a nuclear power plant has a nuclear weapons capability, if it is willing to make a major investment in fuel reprocessing facilities.

It is estimated that nuclear materials, both fuel and wastes, will be transported throughout the U.S. at the rate of 500 shipments per week by the year 2000. This would amount to 26,000 shipments per year liable to accident or theft.

Because of human error and mechanical and engineering defects, many nuclear power plants today are unreliable and have been closed down for indefinite periods of time.

If a major accident should occur, and emergency cooling systems prove inadequate, the reactor core of the power plant would "melt-down" in a very short time, releasing large quantities of radioactivity to the environment. No successful testing of the emergency cooling system has yet been done.

Evacuation routes in case of a nuclear power plant accident are just beginning to be publicly discussed.

No adequate insurance exists to reimburse you, your family, and your community in case of serious nuclear accident.

If we become heavily committed to nuclear energy, and a serious accident should occur anywhere in the world, it seems likely that other nuclear plants would shut down for safety reasons. This could cripple the entire country and, perhaps, the world.

Many people think of nuclear energy only in terms of the nuclear power plant but before nuclear fuel can arrive at the power plant, it must be taken step by step through several preliminary processes. The nuclear fuel cycle starts with the mining and milling of uranium. From there the uranium oxide is sent to a conversion plant where it is converted to uranium hexafluoride. This product is then sent to an enrichment plant where the amount of fissionable uranium is increased. From there, the enriched uranium goes to a fuel fabrication plant where nuclear fuel rods are made. These rods are then transported to the nuclear reactor where the fission of atoms creates the heat to generate electricity.

After the fuel has been used for a year or so, it must be removed and sent to a reprocessing plant, where usable uranium and plutonium are separated out and the remaining wastes, which are highly radioactive, must be stored and guarded until they can somehow be disposed of safely.

MINING AND MILLING OF URANIUM

Natural uranium ore has been mined and milled in the U.S. since the early 1940's. The purpose of the milling operation is to separate uranium from extraneous rock by mechanical crushing of the ore. The dangers involved in these operations are:

Exposure of workers to high doses of radiation to the bone and lung;

Production of wastes (99% of the ore), called mill tailings, from which radioactvity will emanate indefinitely.

The AEC has limited its regulatory authority over mill tailings only to the time the mill is actually in operation. Many tailings piles remain abandoned and unsupervised. As of 1970, there were more than 80 million metric tons of tailings on 2,100 acres of western land from both operating and abandoned mills.

Uranium mill tailings have been used in the construction of houses and buildings in the areas near the mill and have unnecessarily exposed the general public to a further radiation hazard. Steps are now being taken to correct this problem but it has taken nearly 20 years to recognize its scope.

THE CONVERSION OF URANIUM

Powdered uranium oxide is combined with fluorine and converted to uranium hexafluoride. Although the risks involved in this process are small, improvement is needed in the control of radioactive wastes, both liquid and airborne.

THE ENRICHMENT OF URANIUM

The three enrichment plants which now exist in the U.S. (all owned by the AEC) use a gaseous diffusion method to increase the proportion of U-235 (necessary for a fission reaction) in the uranium. This process presents some environmental and economic problems:

The buildings require great amounts of land. The three existing plants take up a total of 1,500 acres;

They are very expensive. Each plant costs about $2 billion in construction alone;

The process uses enormous amounts of energy, enough to supply the electrical needs of a city of several thousand people. This energy comes from strip-mined coal.

The AEC has announced that it is giving up its enrichment monopoly and is going to license private corporations to build their own gaseous diffusion plants. It is believed that the costs of enriched fuel will go up when this occurs.

FUEL FABRICATION

Enriched uranium pellets are packed into fuel rods for use in the reactor core. Due to leaks, spills and breakage, some of the enriched uranium is released to the waste streams of the plant and small quantities escape.

NUCLEAR REACTORS

Most nuclear reactors in the U.S. today are light water reactors. The term "light water" refers to the coolant used to moderate temperatures withtin the reactor. The loss of this coolant could cause a meltdown accident with attendant widespread radioactive contamination. Other problems of nuclear reactors include:

Some small amounts of radiation routinely emitted from the reactor;

Thermal pollution in adjacent waterways;

Shutdowns for unforeseen malfunctions or routine maintenance accounting for 33% of the plant's operational time. This compares with 10% downtime for fossil fuel plants;

"Abnormal events," 861 of which occurred in 1973, and 371 of which had the potential of being hazardous, according to the AEC;

High radiation exposure to workers in the plant.

A nuclear reactor has a life expectancy of about 30 years. After that time it must be decommissioned and "entombed" because of remaining high radioactivity. The entombed plants must be guarded constantly and at high costs. If the AEC projections on the growth of nuclear energy are correct, we will soon have hundreds and eventually thousands of ghostly radioactive structures dotting our landscape.

As of January, 1974, two companies in the U.S. had sold 46 nuclear reactors to foreign countries, not all of which have the stable governments or operate under safeguards. The great care which must be taken in the operation, maintenance and safeguarding of these plants makes the policy of foreign sales alarming. Enough plutonium is generated by the fissioning of uranium at a single large reactor to make dozens of atomic bombs a year.

BREEDER REACTOR

Projected for the future are fast-breeder reactors cooled by liquid sodium. A Breeder is a nuclear reactor that produces more fuel than it consumes. The Breeder reactor will present all the same problems as the conventional reactor, plus a few of its own:

The Breeder will produce far more plutonium than convention reactors. Plutonium is one of the most toxic substances known to man. Small amounts inhaled into the lungs or absorbed into the blood stream cause almost certain cancer; larger amounts cause death. Plutonium has a half-life of over 24,000 years (which means that after 24,000 years only half its radioactivity will have dissipated). No one knows how or if all the plutonium generated by the Breeder can be used, stored and transported safely.

The liquid sodium used as coolant is extremely volatile and ignites on contact with air or water.

The costs of the Breeder reactor will be considerably higher than conventional reactors. Nevertheless the AEC projects that 400 of the 1,000 reactors operating by the year 2000 will be Breeder reactors.

FUEL REPROCESSING

During the process of separating uranium and plutonium from fission waste products, some radioactive materials are emitted into the environment. These include krypton-85, tritium, iodine-129, and tiny particles of plutonium. The reprocessing plants are the largest single potential source of radiation contamination in the fuel cycle.

Serious radiation contamination is created from uncontrolled gaseous and liquid emissions.

Waste fission products are generated that are so highly radioactive that they must be separated from the environment for thousands of years.

Krypton-85 routinely emitted dissipates in the atmophere, becomes distributed throughout the northern hemisphere and slowly accumulates in higher and higher concentrations. Thus it is possible that we could eventually be slowly poisoned not only by our own emissions but by British, Russian or Japanese krypton-85.

Technology for concentrating and bottling krypton-85 has been successfully tested in pilot plants, but is not currently in use. Iodine-129 could be removed by scrubbers. Plutonium could be controlled by filters, There is no method commercially available to remove the tritium.

NUCLEAR WASTES

Waste products accumulate from nearly all stages of the nuclear fuel cycle. Waste tailings from the milling operation (discussed above) emit harmful radiation. *Low Level Wastes* from other stages in the fuel cycle include liquid and solid wastes from processing, and such things as gloves, tools, boxes and piping, which are contaminated with radioactivity. These are not harmless wastes, and must be handled properly by licensed commercial firms.

They are buried in shallow trenches at one of six locations. The public must be kept away.

About 6 million cubic feet of such wastes will have accumulated by 1985.

High Level Wastes are those generated at reprocessing plants where plutonium and uranium are separated from fission waste products. They emerge in liquid form and are initially stored in huge underground tanks. Such wastes are extremely hazardous. They are both very hot and very highly radioactive and *must not* be allowed to enter the environment for many thousands of years until their intense radioactivity has dissipated.

Liquid wastes could leak into underground water supplies. Leaks have already occurred with wastes from the weapons program. Well over 100,000 gallons of these wastes have escaped and seeped into the ground.

Methods are being devised to solidify wastes soon after reprocessing. These may be easier to handle and store, but they will remain highly radioactive and will need proper shielding and perpetual surveillance.

Eventually, the AEC hopes to dispose of all these proliferating nuclear wastes in a permanent underground resting place, such as a salt mine, but no geologically satisfactory location has yet been found nor is there any real assurance that one will be found.

The critical question facing the public right now is whether or not we have the moral right to satisfy our own galloping energy demands while leaving to future generations the awesome problem of how to deal with our nuclear garbage.

TRANSPORTATION

Transportation of nuclear materials occurs between each stage of the nuclear fuel cycle. This widens the opportunity for accident or theft. "There's no question transportation is our weakest link," says a spokesman for the AEC. "If a terrorist is going to make an attempt, that's where he'll make it."

The U.S. goes to great lengths to guard its atomic weapons during transportation. The weapons are moved with armed guards and other necessary safeguards by air, train and truck. However, shipments of nuclear fuels to and from civilian plants are transported without similar safeguards.

Most nuclear materials now travel by truck. One shipment of uranium, investigated by the General Accounting Office, involved an open truck driven by one driver, unarmed, with no alarm system or radio, traveling on a route of his own choice.

Truck routes often involve thousands of miles of freeways, turnpikes, and other public roads.

While theft is a major concern of the AEC, the threat of a radioactive spill is the deepest concern of the railroads.

Radioactive materials such as spent fuel rods are hauled from plants in train cars mixed with other freight moving at high speeds along regular rail routes.

The AEC estimates that by the year 2000 it will be shipping all its spent radioactive fuel by rail.

These "very hot" fuel shipments might be damaged in collisions, derailments or fires, causing their contents to spill out. The countryside and the right of way would be contaminated with radioactivity for long periods of time.

INSURANCE

Private insurance companies refuse to insure citizens against loss of life and property in case of nuclear accident. The public is covered only by the Price-Anderson Act, which sets a ceiling on payment of $560 million for one catastrophe regardless of the size of the real damage which could, according to the AEC, exceed $7 billion. This Act also stipulates that about 80% of the $560 million would be paid by the taxpayer, not by the AEC or the utility.

The American taxpayer has underwritten the costs of insurance for the nuclear power industry. Those who oppose the provisions of the Act feel that the utilities who build nuclear plants should assume greater financial responsibility in case of a nuclear accident.

CONCLUSION

Many people are aware of the hazards of nuclear energy, but are persuaded that we must develop this source because of our escalating energy demands. We believe, however, that clean and safe alternatives can be developed in time to meet our future needs if we commit sufficient funds to this purpose. Meanwhile we must embark on a program of energy conservation. The less energy we demand, the greater freedom we will have in choosing among our sources of supply.

Since nuclear energy now supplies only about 1% of our total energy needs, we still have time to reexamine the basic issue of whether or not we want to rush headlong into developing a source of energy that could imperil the future of society.

Most important decisions on nuclear energy have, until now, been made by the government and by the Atomic Energy Commission (created by Congress in 1946). Often decisions were made on the basis of information unavailable to the public. *It is time now for citizens to know the facts and to be heard on this issue.*

If you share our concern, let us hear from you. Get involved in issues within your own community. Talk to your power company. Write letters. Particpate in the important national decisions now being made that will affect you and your children.

SPIRALING PRICES

HON. TIM LEE CARTER

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Friday, August 9, 1974

Mr. CARTER. Mr. Speaker, I wish to include for the record words of wisdom from the column of the late and lamented Allan M. Trout, who majored in barnyard science, but also expanded his studies into the field of economics. I submit that his remarks on inflation are particularly applicable today, since we are in the midst of spiraling prices:

On September 29, 1964, Mr. Trout had the following for his column:

" 'Did you ever take the time,' asks Irvin R. Arrowood, Paintsville, 'to figure out why we get so many notices, invitations, etc., announcing weddings, graduations, anniversaries, baby showers, etc?

" 'I can't figure out whether it was the merchants who got this all started, or whether it was the people who needed, or craved, the presents they expected to get. Around graduation time we get announcements from people we don't know. I have decided they take the phone book and go right down the list. In my candid opinion, this thing, like Christmas, has become mercenary and should be curtailed. What do you think?'

"Thank you, Mr. Arrowood. Twenty, 15, or even 10 years ago, I might have joined you in viewing with alarm the facts as you state them. But the more I study the erratic economics of our disjointed times, the more I embrace the unsteady opinion that nothing matters, really, so long as we keep money circulating.

"In simplest, essence, it seems to me that the government prints up a lot of money, makes it easy for the haves to get a lot and the have-nots to get a little, then expects all of us to keep it circulating in order to keep the country going.

"It seems to me that the character of spending has become amoral; that is to say, it does not matter whether you spend a dollar for a useful or a useless purpose, just so you keep the dollar moving by spending it.

"It seems to me that if everybody began to practice thrift, and to save back something for a rainy day, the country could not survive such frugality. And if people bought only what they need, never spent anything foolishly, twould only compound the fiscal catastrophe.

"So I say to you, sir, no harm is done by the flood of notices, invitations, etc., that you get from strangers who get your name out of the phone book, of course it is a pleasure to buy gifts for friends, just as it is their pleasure to buy gifts for you upon appriate occasions.

"But when you throw alien invitations into the wastebasket you become a useful cog in the national apparatus for keeping the dollar in fast motion. Waste? I would say so. The stamp had to be bought, and that gives the postman employment. The invitation had to be bought, and that makes business for the men who cut the trees, the mill that makes the paper, the jobber who sells it and the printer who imprints it.

"Moreover, Mr. Arrowood, to transfer your name from the phone book to the address on the invitation makes you an unwitting party to the uplifting process of inculcating hope in the human beast. To inspire is noble, and the opportunity to do so without effort is not to be sneezed at."

THE PRESIDENT'S RESIGNATION

HON. WILLIAM H. HUDNUT III

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Friday, August 9, 1974

Mr. HUDNUT. Mr. Speaker, the President's resignation brings to a close a sad ordeal for the American people. Mr. Nixon has given long and thoughtful consideration to what is best for our country and I respect his decision. I wish him and his family well in the future.

I am convinced that history will record the substantial achievements of the Nixon administration. Few Presidents did more for world peace than Richard Nixon. Because of him, the longest and costliest war in our history was ended; détente with Russia and China has been achieved; and prospects for peace in the Middle East have never been better. At home, he has reversed the flow of power to Washington and has returned Government to our local officials.

But now we must consider the future of our country. As a newcomer to the Halls of Congress plunged unexpectedly into the midst of this national turmoil, I have come to appreciate the stability and viability of our governmental system. It works; it does not crumble under pressure. Today the American people can take pride and confidence in the knowledge that the United States is unique among nations; even in times of crisis our transition of power is orderly.

We can be assured that our friend and former colleague, the Honorable Gerald Ford, as President, will provide strong and reconciling leadership to our country. I pledge him my full support and cooperation.

This has been an agonizing period in our history, and it is my sincere hope and prayer that this great Nation under God will emerge from its current difficulties with clearer vision, better health, and stronger spirit.

STATEHOOD FOR ISLANDS OF MICRONESIA

HON. ANTONIO BORJA WON PAT

OF GUAM

IN THE HOUSE OF REPRESENTATIVES

Friday, August 9, 1974

Mr. WON PAT. Mr. Speaker, on July 27 my friend and colleague, GLENN ANDERSON, delivered an address before the Guamanian Association of Long Beach, Calif.

In his remarks he expounded upon the envisioned statehood of the islands of Guam, Marianas, Trinian, and other islands of Micronesia as our 51st State.

As a Congressman who probably represents more Guamanians than any other Congressman in the continental United States, he shares with me a mutual concern for these good people of Micronesia.

His remarks provide interesting background into this timely issue; therefore, I should like to print the text of Congressman ANDERSON's remarks into the RECORD:

REMARKS OF CONGRESSMAN GLENN M. ANDERSON

Thank you, Mr. Chairman—President Ignacio Torre, Distinguished Guests, Ladies and Gentlemen.

It is a real pleasure for Mrs. Anderson and me to be with you this evening in beautiful Long Beach at this gala and festive affair. We appreciate the invitation that was so cordially extended by your good president, "Ike" Torre.

I am especially pleased to be here this evening because I have, I believe, more people from Guam residing in my Congressional District than any other Congressman in the continental United States. My District comprises (roughly) Long Beach on the East—Torrance on the West—The City of Carson (190st Street) on the North—and the islands of Santa Catalina and San Clemente on the South.

President Torre, I want to thank you also, for your kind remarks about H.R. 261, The Asian-American Commission Bill, that Congressman SPARK MATSUNAGA and I introduced. I wish I could give you a good progress report on the bill—but I can't. The Chairman of the Committee to which it has been referred has thus far refused to even give us a hearing on it. However, let's hope we can do better next year.

EVENTUAL STATEHOOD FOR THE ISLANDS OF MICRONESIA

This evening I would like to discuss an issue that I think we will be hearing more and more about as time passes—an issue that I think will be faced in just a few short years—especially as our world grows smaller and smaller, thanks to more advanced technology.

And that issue is eventual statehood for the islands of Micronesia—specifically, Guam and the Marianas.

HISTORY OF GUAM

First let me recite some history of Guam:

Ferdinand Magellan made his first landing in the South Pacific on Guam in 1521; then, 44 years later in 1565, Spain claimed the island. And for the next 4 centuries, Guam was governed by Spain.

At the conclusion of the Spanish-American War in 1898, Guam was ceded to the United States together with the Philippines, for the sum of $20 million. Administration of the island was assigned to the U.S. Navy and was used mainly as a fueling base for the Navy.

The island fell to the Japanese military forces shortly after Pearl Harbor and was occupied by Japan until 1944, when it was retaken by the Americans. July 21, the day in 1944 when the first American forces landed on Guam, is Liberation Day—one of the island's greatest holidays. That's why we're celebrating the 30th Anniversary of Guamanian Liberation this evening.

Guam continued under Navy jurisdiction until 1950, when President Truman signed the Organic Act of Guam, making Guam a U.S. Territory.

A Civil Governor was appointed in 1950, and military jurisdiction ended.

The Guam of today has a Governor—Carlos Camacho—who was first elected by the people in 1970, and is presently running for re-election. In addition, Guam, with a population of 110,000, has an elected legislature and uses American currency.

HISTORY OF THE MARIANAS

Now, while the history and the culture of the Mariana Islands parallels Guam's, its status is different, in that the Marianas are part of the United States Trust Territory, assigned that status by the United Nations following World War II.

And, as a Trust Territory, the Mariana Islands are administered by the United States under the auspices of the U.N.

A High Commissioner, comparable to a Governor, is appointed by the President, but the legislature is an elected body.

Presently, in an effort to give the people of the Marianas more local control of their own government—and at the same time closer ties with the United States—our government representatives have agreed to grant the Marianas the same status as Guam, that would be a Commonwealth—like Puerto Rico and Guam, with local self-government, American citizenship and permanent affiliation with the United States.

But, to attain this status—

(1) the people of the Marianas must vote for it;

(2) there must be a Congressional approval; and

(3) there must be approval by the United Nations Security Council, with a veto possibility by the U.S.S.R. and or by China.

And, to me, making the Marianas a Commonwealth of the United States makes sense—for both Americans and the people who live on the islands.

For the people of these islands, the plan would assure an infusion of sorely-needed money, development and the perpetual protection of the American Armed Forces.

For the Americans, the arrangement would provide space for enlargement of Pacific military facilities—strategically located—and with great potential for tourism and recreation.

So, it's my hope that this eventually comes about—and then, that the Islands of the Marianas; Guam, Saipan, and Tinian and the others, merge and apply for statehood and become the 51st State of the Union.

MIZELL STATEMENT UPON PRESIDENTIAL RESIGNATION

HON. WILMER MIZELL

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Friday, August 9, 1974

Mr. MIZELL. Mr. Speaker, last evening following President Nixon's address to the Nation announcing his resignation I issued a statement which at this time I would like to insert in the RECORD:

STATEMENT

Richard Nixon has served this Nation faithfully and well throughout his long and often brilliant career.

The personal and national tragedy through which the President and we have passed should never be allowed to over shadow his outstanding accomplishments in the interest of world peace and domestic progress.

His decision to leave office now like so many major decisions he has made in the past serves the best interest of the Nation.

I know my fellow citizens throughout America will join me in a prayer for wisdom for President Ford, compassion for the Nixon family and unity for our country.

TRIBUTE TO SAM STEWART

HON. ALPHONZO BELL

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, August 9, 1974

Mr. BELL. Mr. Speaker, on September 1 Sam Stewart will be retiring as editor of the South Bay Daily Breeze.

Three days earlier, on August 28, at the Holiday Inn in Torrance, Sam's many friends and admirers will be joining in sponsorship of a recognition and retirement dinner to say farewell to a great friend and a truly distinguished newspaperman.

Sam Stewart took over the newsroom of the Daily Breeze almost a quarter of a century ago. When he began, the daily circulation was 8,500 and there were six members of the editorial staff. Today, the Breeze is read in more than 78,000 homes each day, and there are 50 members of the editorial staff.

Sam graduated from the University of Colorado and took a job as police reporter for the Colorado Springs Gazette Telegram in 1929. He gradually moved up to the job of managing editor of that newspaper before moving on to become managing editor of the Standard Examiner in 1946.

A three-time winner of awards from the Freedoms Foundation, a four-time winner of Copley Ring of Truth Awards for local editorials, Sam Stewart is a gifted writer as well as an editor. He has by-lined the popular Daily Breeze column "The Bay Window" for more than 18 years.

A former chairman of the Southern California Associated Press News Executive Council, a member of the American Society of Newspaper Editors, the American Press Institute at Columbia University, the Los Angeles Press Club, and the Southwest Press Association, Stewart has been an important participant in the affairs of his profession.

Equally important he has been a concerned and hard working citizen of the South Bay area. He has served on the board of directors of several chambers of commerce, is past president of the Rotary Club of Hermosa Beach, and a former vice chairman of the Redondo Beach Cultural Committee. He was one of the original members of the advisory board of California State College, Dominguez Hills, and a former member of the board of directors of Torrance Hospital.

Sam Stewart, decent, compassionate, honorable, public spirited, is one of the best liked and most respected members of the South Bay community. He has been a major force behind the burgeoning economic and cultural growth of the area in the last quarter of a century.

For these reasons, Mr. Speaker, it is with special pleasure that I call attention to the dinner honoring Sam Stewart on August 28 when his friends will gather to recall old times and show him something of our profound admiration, gratitude, and respect.

CONSERVATION DISTRICT WINNERS

HON. JOHN P. MURTHA

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, August 9, 1974

Mr. MURTHA. Mr. Speaker, it is with considerable pride that I congratulate the Indiana County Conservation District on being the first place winner among Pennsylvania districts that competed in the 27th annual Goodyear Conservation Awards program.

I would also like to congratulate Mr. Kenneth Dick, Marion Center, chosen by the district as its outstanding cooperator, and William H. George, Shelocta, member of the district's governing board, who joins in being honored in this awards program.

Also deserving congratulations is the Jefferson County Conservation District chosen as a runnerup in the Goodyear contest, and its outstanding cooperator, Leslie R. Keanry, Brockway.

Mr. Speaker, the Goodyear program recognizes outstanding accomplishments by soil and water conservation districts and their cooperating landowners and landusers.

The Indiana District was cited for planning and management of its natural resources development program.

It is important to note, Mr. Speaker, that conservation districts are locally organized, self-governing bodies chartered by the State. Through voluntary action and cooperation of the landowners, the districts work to conserve land, water, forests, wildlife, and related resources for the benefit of all.

I am very fortunate, Mr. Speaker, in representing the 12th Congressional District of Pennsylvania because it has a very rich history of dedicated conservation efforts by its citizens. Of course, I am also fortunate enough to follow the very respected John P. Saylor in representing that district, and Mr. Saylor's environmental contributions are well-known across the entire Nation.

Moreover, I am fortunate in having organizations like the Indiana and Jefferson County Conservation Districts and the people associated with them who continue the outstanding environmental work in the area.

I thank all of these individuals for their effort. They deserve our praise and support. And I urge them continued success in their efforts to preserve and protect the environment.

THE TRANSPORTATION OF ANIMALS

HON. G. WILLIAM WHITEHURST

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Friday, August 9, 1974

Mr. WHITEHURST. Mr. Speaker, I recently had the opportunity to testify to a subcommittee of the House Agriculture Committee regarding legislation I authored and introduced extending protection to animals being transported and those in retail pet stores. I believe it will be of interest to many Americans and ask that it be included at this point in the Record. The statement follows:

TESTIMONY OF THE Honorable G. WILLIAM WHITEHURST

Mr. Chairman and distinguished Members of the Committee: I appreciate very much having this opportunity to testify in support of H.R. 1264 and the other bills which I have introduced to amend the Animal Welfare Act of 1970 to authorize the Secretary of Agriculture to regulate the conditions which prevail on common carriers and in their terminals with respect to the treatment of animals being transported. This Committee is to be commended for scheduling these hearings to discuss possible solutions to the serious problems presented by the need for proper care of animals in transit by the nation's common carriers. The Members of this Committee have, over the past several sessions of Congress, demonstrated their concern for the humane treatment of animals by drafting several animal welfare laws, thereby perpetuating the American tradition of protecting animals from inhumane treatment which began with a prohibition against cruelty to animals enacted by the Massachusetts Bay Colony in 1641.

Among the most important laws emanating from the Agriculture Committee have been the Laboratory Animal Welfare Act of 1966 and the Animal Welfare Act of 1970. The 1966 law empowered the Secretary of Agriculture to establish standards for the humane care and housing of animals used in research while in scientific institutions, on the premises of animal dealers, or in transit. The 1970 Act, which I am proud to have sponsored, expanded the coverage of the law to include nonlaboratory animals transported, bought, sold, or exhibited for teaching purposes, for use as pets, or for exhibition in zoos, circuses, or carnivals. Unfortunately, this legislation specifically exempted common carriers from regulation, and the purpose of H.R. 1264 is to close this loophole, as well as another which I shall mention later.

Let me deal first with the matter of common carriers and their terminals. My concern over the treatment of animals in transit, particularly by the airlines, was prompted by scores of letters from my constituents and other citizens throughout the country, who have written to me describing the abuses which their pets have suffered at the hands of the airlines and other common carriers, both in transit and in the terminals. Many of these animals were seriously injured, and even death has resulted in a number of instances. I know that many of my colleagues in the House and Senate have been moved by similar correspondence from constituents, as many Members have sponsored legislation to remedy this problem. 24 Members of the House have agreed to cosponsor HR 1264, and Senator Weicker and a number of his colleagues in that body instruced a bill identical to mine shortly after HR 1264 was initiated. In addition, the special studies Subcommittee of the Government Operations Committee, under the able direction of Congressman Floyd Hicks, held oversight hearings last Fall to determine the severity of the problem of the treatment of animals in transit. The Committee did outstanding investigative work on this matter, and I commend the report of their findings to the Members of this Committee.

I am sure that you will hear from many experts during these hearings who will detail many of the specific problems in the transportation of animals. However, I would like to outline briefly some of the basic deficiencies in the current system which have led me to introduce HR 1264. Underlying the entire problem of animal mistreatment in air transportation is the fact the animals are considered cargo. The airlines process animals as general freight, and this has caused animals to be shipped in flimsy containers, left to endure long waits in heated or drafty terminals which contain no specific facilities for animals, and improperly stowed in airplane cargo compartments.

Studies have indicated that animals must contend with great fluctuations in temperature during long flights. Stowed in airplane cargo compartments, animals can be subjected to temperatures ranging from nearly freezing to 90 degrees Fahrenheit or more. In addition, these cargo compartments do not permit an adequate air flow, and consequentlv the animals suffer from the limited air circulation.

Another problem is that airlines do not provide shipping priority for animals. As a result, animals are rarely booked on direct flights and thereby must often sit for excessive periods of time in overheated or chilly terminals awaiting a flight, many times in containers which are too small, and without adequate food, water, or exercise.

Perhaps the most serious shortcoming of the existing system, and a major cause of death and injury to the animals, is the lack of any government regulations covering the type of container used for animal shipments. Many animals are now shipped in containers which are easily crushed or splintered, and which provide little ventilation or room to maneuver. Indeed, animals are often crowded into far too small a space even to be able to lie down or turn around. Presently most commercial animals are shipped in what is essentially a modified lettuce crate known as the "Bruce" crate. Most veterinarians and others concerned with animal welfare believe that this crate does not meet reasonable container standards.

In many cases, the animals shipped are too young to travel well, and a large percentage die in transit. Further, some are not fully healthy when they are shipped, and latent or existing conditions are exacerbated.

Finally, when the animals reach the terminal to which they have been shipped, there is often a long wait before the consignee is notified of their arrival.

In an effort to reform these practices, several different legislative approaches have been proposed. A major point of contention among those who favor remedial legislation is the question of which federal agency should take the lead in regulating the transportation of animals. The Department of Transportation, the Civil Aeronautics Board, the Federal Aviation Administration, and the Department of Agriculture all have their supporters. In my judgment, there is a need for coordination of effort among all of these agencies, as each has a special kind of expertise which can be brought to bear to contribute to the solution of this problem.

However, I strongly believe that the Department of Agriculture should have the primary regulatory responsibility. The USDA already has the administrative machinery in place for carrying out a program of regulating the common carriers and their terminals and ensuring animal welfare. This regulatory program would simply be added to Agriculture's existing responsibilities under the Laboratory Animal Welfare Act of 1966 and the Animal Welfare Act of 1970.

It makes little sense for USDA to regulate the treatment of animals up to the door of the terminal and then turn the responsibility over to another agency once the animals are inside the terminal. If dual jurisdiction is mandated by the Congress, I am convinced that the result would be a duplication of effort and bureaucratic infighting among the agencies involved.

An additional reason for placing the regulatory authority within the Agriculture Department is that, in my judgment, the USDA would be influenced to a lesser degree by the airlines or other common carriers than would such agencies as DOT, the CAB, and the FAA. The primary aim of the Department of Agriculture would be the protection of the animals' welfare, which is, of course, the purpose of this legislation.

Let me now turn briefly to another aspect of HR 1264 which, although it has received less publicity, I believe is worthy of your consideration. The Animal Welfare Act of 1970 specifically exempted retail pet shops from regulation. While I feel that "hobby breeders" should receive specific exemption, many abuses take place in the pet shop chains or "puppy mills," which I believe we have a responsibility to try to correct. Thus I would strongly recommend that the 1970 Act be amended by deleting the exclusion of retail pet stores and exempting only the "hobby breeders."

During the course of the hearings, I know that your Committee will hear many heartrending descriptions of the maltreatment of animals similar to those that I have heard. The lack of temperature control and inadequate air supply in baggage compartments; the use of inadequate, defective, or too-small crates in shipping the animals; the shipment of animals too young or too sick to travel successfully; long waits in terminals, in some cases even without food, water, or exercise; and the general treatment of animals as if they were ordinary inanimate cargo all contribute to the inhumane conditions to which our pets are subjected by the airlines and other common carriers. Many of these problems exist in or are caused by the pet dealers. These hearings will surely help to focus the attention of the Congress and the American people on the problems of animals in transit and elsewhere, and I sincerely hope that they will result in the passage of meaningful remedial legislation.

In a country such as ours, with an outstanding humanitarian tradition, we can not allow the current inhumane treatment of our animals in transit to continue any longer. Let me respectfully urge the Committee to report HR 1264 favorably to the full House.

Once again, Mr. Chairman, let me commend you for holding these hearings and for the fine record you have achieved in promoting the welfare of animals. Thank you for giving me the opportunity to present this testimony.

INFLATION IN THE USA

HON. JAMES M. COLLINS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Friday, August 9, 1974

Mr. COLLINS of Texas. Mr. Speaker, inflation continues as America's No. 1 domestic problem. The average citizen does not realize what is happening to him but he knows inflation is hurting him and his family.

Let me show you the latest concise

comparison that shows the current impact of inflation. This week's copy of U.S. News has a section headed, "Tomorrow." Under it, this factual comparison was made which shows that people are getting more dollars, yet the dollars are buying less. Read this over a second time because it says a man getting annual income today of $29,420 has less dollar purchasing power than a man had in 1967 who received $20,000.

Remember that inflation is primarily caused by excessive congressional overspending. There has been too much buck passing, but the buck stops here. Let us stop spending.

Here is the direct quote from U.S. News & World Report:

Trend since 1967, when inflation began to take off, shows the problem:

Married man with two children and earning $20,000 in 1967 paid $2,910 in federal income tax, $290 in Social Security tax and had $16,800 left.

Today, assuming pay kept up with inflation, the family would have income of $29,420, would pay $5,022 in federal income tax, $772 in Social Security tax and have $23,626 left. That would be worth only $16,061 in 1967 dollars—a loss of more than 4 per cent in what the income is worth after taxes.

INFLATION IS A MAJOR PROBLEM

HON. BILL ARCHER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Friday, August 9, 1974

Mr. ARCHER. Mr. Speaker, one of the chief causes of our present problem with inflation has been the rising spending of the Federal Government. In order to bring inflation under control, we need to reduce Government spending and eliminate deficit financing. We need to return to the concept of a balanced Federal funds budget. I wish to commend to my colleagues an excellent column by Allan Brownfeld on this subject which appeared in the Phoenix Gazette, June 14, 1974:

GOVERNMENT SPENDS—AND INFLATION GROWS

(By Allan C. Brownfeld)

Despite White House pronouncements that "the worst is behind us" with regard to inflation, the facts seem to tell a different story.

During the first quarter of 1974 the rate of inflation entered the double-digit territory in terms of three important yardsticks: a 10.8 per cent annual rate in the gross national product price deflator, which is the broadest measure of price performance; a 12.2 per cent annual rate in consumer prices, and a 28.8 per cent annual rate in wholesale prices, which is subsequently reflected in higher retail prices.

Rather than receding, the high level of inflation and interest rates is extending the current recession in business activity. The economic consulting firm of Lionel D. Edie and Company, for example, expects that real growth in the gross national product will decline by 1.6 per cent in the second quarter of 1974. Coupled with an estimated 5.8 per cent decline in the first quarter, the economic slowdown this year, according to most economists, clearly rates the title of "recession."

Council of Economic Advisers Chairman Herbert Stein has said that the decline in the inflation rate in April came because food and energy prices were "slowing sharply" and that greater supplies were becoming available. The administration, he said, had predicted this fact and the inflation is now well under control.

This line of argument assumes that the American people do not understand the real cause of inflation, an assumption which, unfortunately, seems all too accurate. Inflation has not been caused by shortages of food and energy—inflation is caused primarily by government itself, something which government officials—understandably—do not like to admit.

One government official who has seen fit to shed a bit of light upon this subject is Federal Reserve Board Chairman Arthur Burns, Speaking at commencement exercises of Illinois College, Burns declared that "if past experience is any guide, the future of our country is in jeopardy" from inflation. He said that if the "debilitating" inflation continues at anything like present rates, it would "threaten the very foundation of our society."

Burns took sharp issue with the standard administration explanation of the main origins of inflation—that is, skyrocketing food and fuel prices outside its control. Burns placed more emphasis on "awesome" federal spending, a response to "individuals who have come to depend less and less on their own initiative and more and more on government to achieve their economic objectives.

While Herbert Stein states that the living cost rise will slow to 6 per cent in the fourth quarter, another member of the Council of Economic Advisers, William Fellner, estimates that prices will climb at a rate of 7 to 8 per cent a year in the fourth quarter and will continue to rise at close to that damaging rate throughout 1975. Cost of Living Council Director John Dunlop is even more pessimistic. He told a congressional committee that whether prices will be 10 per cent above 1973 at year end will be a "close thing."

Yet, rather than attempting to cut spending, both the Nixon administration and the Democratic Congress are moving ahead with expensive new spending programs. One example is the proposed national health insurance plan. Both the version supported by the administration and the one supported by Sen. Edward M. Kennedy, D-Mass., would be extremely costly.

Inflation is caused by an artificial increase in the money supply—a form of hidden taxation—and if government does not curb its spending, no easing of our current inflation is possible. The authors of the Constitution were all too aware of the use of paper money as a taxing device, since the Revolutionary War was financed in part by printing such money .

When government seeks to spend money, but knows that it is politically unwise to increase taxes, it simply prints more money, debasing the currency which already exists, and taxes its citizens in this indirect manner. For administration spokesmen to blame the energy crisis and the food shortage for inflation is simply to play upon the economic naivete of most Americans.

WOLFF NEWSLETTER

HON. LESTER L. WOLFF

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, August 9, 1974

Mr. WOLFF. Mr. Speaker, periodically, I distribute a newsletter to my constituents in a continuing effort to keep them informed of my activities as their Representative in Washington. And often, I use the newsletter as a vehicle to obtain their views on major issues, thus allowing me to function more effectively on their behalf on Capitol Hill. I would like to share with my colleagues my latest newsletter:

DEAR FRIEND AND CONSTITUENT: Today, the United States is facing one of the most serious economic problems in its history. The days ahead will be critical for every American.

For those of means, this inflation-ridden economy means uncertainty and could mean financial ruin. For the poor, it means they could be chained forever to a position of dependency. For the middle income family it could mean an end to their level of lifestyle within our society.

We must face up to the seriousness of the problem before we can begin to cure it. No band-aid approach will suffice, neither will rhetoric, jawboning, or the dumping of the burden on the wage earner who has no "special interest" voice in government to watch out for his future. The Administration has not taken the comprehensive and constructive steps necessary to deal with the problem. Instead we are inundated with an endless stream of double-talk advanced by the Administration's Office of Management and Budget. Setting aside 15 cents of every $10 you have to expend will not stop inflation, nor will it increase the purchasing power of the money-short consumer. This is not the way to recover financially.

To reverse the pattern we are now following, we must end the type of financial gymnastics of phase I which led to phases II, III and IV. We cannot rely on financial manipulations that plug holes at one end of the system and cause breaks along the line. Our record on this point has resulted in the devaluation of the dollar with resulting runaway energy costs and a crumbling of the very foundations of the world's economy.

In numerical terms, this pattern shows us that during the last five years, the Administration has totaled a $66.9 billion budget deficit. To correct this trend, we must establish a firm, clear and comprehensiv policy to include a series c: basics that I have been working to have adopted, as positive steps to assure a return to a sound economy.

REDUCE THE FEDERAL DEBT; REORDER OUR PRIORITIES

Do you know that the annual interest on our total national debt of $468.4 billion is $30 billion—more than the total amount of all federal government expenditures for the first 125 years of our history? Do you know that this amount of interest ($30 billion) breaks down to $49,660 each and every minute? Do you know that in 1974 we spent only $7.6 billion for educational programs, $2.3 billion for housing, $3 billion on crime prevention, $10 billion on transportation, $1.5 billion on energy development, $4 billion on environmental protection—for a total of $28.4 billion, less that than the $30 billion we pay for interest on, the national debt?

To help remove this huge annual payment we can begin by collecting the nearly $46 billion owed the United States by foreign nations—some of these debts date back to World War I—and my legislation, H. Con. Res. 189, would call in these debts. There is no reason why we should persist in being the world's banker when these nations continue to threaten the dollar and our precious raw materials.

CUT THE FEDERAL BUDGET

To change our spending patterns we must cut excessive federal spending. Only then can we reestablish the "real" value of the dollar. To do this we must not assume an "Atlas" role in relation to the world's economic needs. We must do our share, but we also must insist that other nations do theirs. For instance, the "energy rich" oil producing and exporting countries must be compelled to help the "have not" nations which are being bankrupted by the inflated cost of energy resources. Additionally, we must revise the present welfare system—one of the greatest financial burdens facing government today—to remove the indolent from the roles so we may better help the indigent who desperately need assistance.

NO MORE FOREIGN "GRAIN DEALS"

Another serious cause of our inflation is the foreign wheat and grain deals that depleted our resources when we could least afford it. The wheat and grain were exported to the Soviet Union and the Peoples Republic of China at "taxpayer subsidized" prices and shipped to them in "taxpayer subsidized" containers at the same time our food supply program cut back on the production capacity of our farmers and created shortages. Is it any wonder prices skyrocketed?

My Export Priorities Act, H.R. 10844, now before the House, would control the export of agricultural commodities until such time as our domestic needs are met at prices the consumer can afford. We must provide food for the American table, in sufficient supply and at reasonable prices, before we ship abroad. Once our needs are met, we can export any surplus to take care of our balance of trade.

ELIMINATE UNNECESSARY DEFENSE SPENDING

We must no longer spend funds on unworkable or on unnecessary defense projects, but only fund programs that contribute to our security. This is common sense. There is no business that could not undertake a 5 percent waste efficiency program, so why not the Defense Department too? Such a waste reduction program would result in a return of $4.4 billion annually to the Treasury from our bloated defense budget.

REEXAMINE FOREIGN AID POLICY

This means examining the return we are getting on our money. We must be firm with those who receive our aid but plague us with problems. We must suspend aid to such nations until we are assured of their co-operation. A case in point is the non-cooperation of Turkey which reneged on an agreement with the United States to ban the production of opium. Remember, before this ban was imposed, 80 percent of the heroin in the U.S. had its origin in the poppy fields of Turkey and the end cost to the American taxpayer for this heroin abuse was $27 billion in drug related crimes across the nation.

And, what sense does it make to continue to pour billions of your tax dollars into the bottomless pit of Vietnam to curtail their inflation while our economy is faltering? We are spending $1.5 billion in foreign assistance programs for Vietnam with $350 million allocated to stabilize their economy while our inflation soars. And to add insult to injury, the $250 million sought for tuition and education benefits for our veterans of Vietnam to help them lead full and productive lives is labeled "too inflationary" by the Administration.

I ask you, who is more important to help—to whom do we owe a chance at tomorrow—our American veteran or a corrupt foreign regime?

We in Congress now have the Congressional Budget Reform Act, which I co-sponsored in the House, to provide Congress with the tools it needs to determine national priorities and to equate need with essential spending. In the next issue of my newsletter, I will continue to discuss with you the steps I advocate to re-vitalize our economy—extensive tax reform, an end to evasive tax "loopholes" and a more equitable program of financial support for our NATO forces abroad which now cost us $14 billion a year. We must balance the scales of supply and demand to protect the consumer from further erosion of his pocketbook by restoring our economic stability before it is too late.

NEWSPAPER PUBLISHER SPEAKS OF BEAUTY OF NEW RIVER

HON. WILMER MIZELL

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Friday, August 9, 1974

Mr. MIZELL. Mr. Speaker, Mrs. Ed M. Anderson is a grand lady and a dynamic force in Alleghany and Ashe Counties in North Carolina. Mrs. Anderson is the publisher of two fine newspapers in my district, the Skyland Post and the Alleghany News. I know that she speaks for many of her readers in her strong support of saving the New River in North Carolina and Virginia. Mrs. Anderson's statement before the House Interior Subcommittee on National Parks and Recreation is most informative and thoughtful, and I would like to share it with my colleagues:

Mr. Chairman, my name is Mrs. Ed M. Anderson. I live in West Jefferson, Ashe County, North Carolina, and am the publisher of the only newspapers in Ashe and Alleghany Counties, which are threatened with great loss if the Appalachian Power Company is permitted to construct draw-down dams on New River, which flows through these two counties.

In the first place, such a project would be an economic disaster for these two counties as well as Grayson County, Virginia.

According to surveys made earlier, the proposed dams would include 43,000 acres. Take this out of cultivation and it would be a tremendous loss to these three counties. Not only would it reduce income of individuals, but taxes coming into the county.

The economy of this county is based to a large measure on agriculture, livestock and dairying. Such a project would reduce all this and in turn reduce taxes citizens now pay. Such a project would cover schools, churches and cemeteries as well as many homes, upsetting the way of life of people, families, who have lived here for generations.

Dairying, beef cattle, tobacco and truck crops, supply much of the income for people who live in this area. All of this income would be greatly reduced by the good farm land that would be under water.

The Kraft Cheese Plant, which has offered a good market to farmers for 40 years, has indicated that it would not operate the plant here if the milk supply is reduced by the dam. The same reasoning could apply to the local livestock markets, the burley tobacco markets, as well as the bean and vegetable markets which are accessible to farmers of this area.

Many families who have lived here for generations would have to give up their homes and try to find some other place to live.

Aside from the great economic loss to North Carolina many of the citizens from this area, the proposed draw-down dam project would destroy much of the natural beauty of New River and the land through which it flows.

The New River is stocked with game fish and is a paradise for many who come from near and far during the fishing season. It affords ideal campsites along the banks. Canoers travel by truck with their canoes from as far as Cincinnati to row down New River. All of this will be destroyed if the proposed dams are built.

Some years ago the Army Corps of Engineers surveyed this area and classed it "A", a beautiful and natural recreational area not one that would be ruined by dams.

Asa Gray, well known naturalist, made a survey of this area and described it as one where the greatest variety of old trees, shrubs and flowers grow, that he had found anywhere in these United States.

We believe in State's rights and do consider it unethical to use North Carolina's resources to furnish sources of power for other states, since we would get nothing from the project destruction. We would not be supplied with power from the proposed dams.

God created a beautiful valley through which New River flows. Will we allow this to be destroyed by drawn-down dams? Will we allow muddy, smelly backs to replace the natural beauty we now have?

ECO-TIPS NO. 7—FOSSIL FUELS

HON. WILLIAM S. MOORHEAD

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, August 9, 1974

Mr. MOORHEAD of Pennsylvania. Mr. Speaker, the energy crisis is still with us, and so is our concern for the quality of the environment. Add to it the effects these issues have on our economy and you must conclude that we have here the crucial issues of the day, the issues that deeply concern most Americans. These issues will not come to rest until many more people are better informed about the various options open to them.

In a continuing attempt to encourage national debate on environmental issues, Concern, Inc., has just published the first two sections of its three-part study of energy alternatives. Part I deals with fossil fuels and part II with nuclear energy. Part III, to be published in October, will deal with clean, renewable sources, such as solar and geothermal energy.

I believe that this is a critical time for decisions on energy alternatives. I am convinced that our energy-driven inflation will not come to an end, until we have the will, the means, and the know-how to become self-sufficient.

The Energy Research and Development Administration—ERDA—will have to play a leading role toward this national objective. In my considerable effort to bring ERDA to fruition I have never failed to stress the need for parity in the development of our fossil fuels, especially coal, and the promise of nuclear power. To help us and others to reach a more balanced view about these two large reservoirs of energy and their effects on the environment, I insert these two brief summaries prepared by Concern, Inc., into the RECORD:

ECO-TIPS NO. 7—ENERGY ALTERNATIVES

PART I: FOSSIL FUELS

"The production and consumption of energy is the major source of environmental degradation . . . The more energy we consume, the greater the burden on our air, our water, our land, and our health."

RUSSELL PETERSON,
Chairman, Council on Environmental Quality.

This is a critical time for decisions on energy alternatives. Decisions are being made now which will affect the quality of life for ourselves and for future generations.

Do individuals have a role to play in this decisionmaking process? We say emphatically—yes! First we must become informed about the energy problems and challenges that face us, including our need to conserve. Then we can *act* by electing responsive public officials, informing them of our views on energy alternatives, and participating in public forums. In so doing, we will create an open dialogue on our nation's energy future.

All forms of energy degrade the environment in varying degrees. We will analyze the environmental and health effects of each source of supply. Are the environmental effects of some sources so critical that we should not risk their development? Is the cost escalation of present energy supplies now making new sources of energy, once thought exotic, a possibility for the near future? Can we set as a viable national goal the supplying of our nation's energy with clean, renewable energy sources by the year 2000?

The concept of energy alternatives implies choices, and we will explore these choices in this three-part Eco-Tips series. We will discuss all major forms of energy: fossil fuels, nuclear, solar, and geothermal.

FOSSIL FUELS

Ninety-five percent of the energy consumed today in the United States is derived from our fossil fuels—that is, from natural gas, oil or coal. These resources are stored by nature beneath the earth's surface and must be removed by drilling into the earth or, in the case of some coal and oil shale deposits, stripped from the earth's surface. Ecological damage occurs in the mining or stripping process and when the fuels are burned.

GAS

Natural Gas is our cleanest fuel. Little environmental damage is done by extracting or distributing gas and no appreciable air pollution is caused by its burning. Currently natural gas supplies 32% of our energy. Unfortunately, our supply of natural gas is severely limited. If no additions are made to our present reserves, our supply will last only 12 to 14 years. If new sources are tapped, our supply could be stretched to 24 years. After the year 2000, the future for natural gas looks dim. To use the remainder of this resource wisely:

Natural gas should be allocated to areas of dense population on a priority basis;

Natural gas should not be burned for the generation of electricity nor for any industrial uses where coal or oil, with pollution controls, could be used.

Synthetic Gas can be derived from the gasification of coal. Steam and coal react at high temperatures to produce raw gas which must be upgraded. The result is a pollution-free product. However, sulfur oxide emissions and water pollution (from washing of the coal) are serious problems incurred in the process. Gas from coal could be produced in significant quantities within a decade, if the process can be made financially feasible.

PETROLEUM

Oil is the fossil fuel resource in the greatest demand today. We produce more oil than other fossil fuels but currently the U.S. is able to supply only 3.5 billion of the 6 billion barrels which we consume annually. Oil consumption represents 46% of our total energy use.

Oil drilling on land has not caused major environmental concern, although it has been highly inefficient—leaving about 70% of the oil in the ground. Secondary and tertiary recovery can increase production of previously tapped sources.

Serious environmental problems can result from offshore oil drilling (which is continually moving into deeper and more hazardous waters); from extracting oil from shale; from transporting oil by supertanker and by underwater pipeline from superports, and by overland pipeline, through fragile areas.

In its burning for industrial uses and in the generation of electricity, oil is more polluting than natural gas. Serious pollution from the burning of oil also occurs when it is used as gasoline for motor vehicles. Currently 27% of the oil we consume annually goes for this purpose.

Low-sulfur oil is reasonably clean when burned for the heating of homes and buildings, for the generating of electricity and for industrial uses.

High-sulfur oil should be desulfurized if it is to be burned as a fuel.

Pollution controls on motor vehicles are essential to human health until efficient clean-burning engines are developed.

Oil and Gas from the Outer Continental Shelf are found in deposits beneath the ocean floor in the Atlantic, the Pacific, the Gulf of Alaska and the eastern Gulf of Mexico. The technololgy for extracting these deposits has been practiced for many years in the Gulf of Mexico where weather conditions are less treacherous than in the other ocean areas. Recently, the federal government increased by tenfold the available acreage for offshore drilling leases. The areas now extends anywhere from shore to 200 miles at sea and will open up areas in the Atlantic, Pacific, and Gulf of Alaska. Environmental disadvantages of offshore drilling include:

Oil spills which dirty recreational beaches, kill birds and fish and destroy estuary breeding grounds;

Debris from construction, maintenance and dismantling which would play havoc with commercial fishing operations;

Introduction of polychlorinated biphenyls (PCB's), a deadly chemical comparable to DDT, to the marine environment;

Threat to estuarine environment from pipelines to coastal refineries;

Unsightly structures (4,300 drilling rigs off Louisiana in 1972);

Land use impact which follow from offshore operations (refineries, storage tank farms and auxiliary industries).

Oil Shale resources in the U.S. are probably double our proven petroleum reserves and the technology for producing oil from shale is considered economically feasible. However, the enormous quantities of water needed for this process will probably keep us from fully developing this source of supply. A fully developed oil shale industry could drain 121,000 to 189,000 acre feet of water per year from the Colorado River. This water would become so dirtied that it could not be returned to the river. Other environmental damages would include:

Deterioration of water quality from increased salinity;

Air pollution from solid particulates during mining, and from stack gases in the retort and refining process;

The use of canyons as dumping areas for tailings (waste after the oil is removed from shale), which would destroy animal habitats, plant life and scenic landscapes;

Subsidence of mountains, which have been blasted from within, when pillar supports deteriorate in 20 to 100 years.

Synethetic Oil can be derived from the liquefaction of coal. Hydrogen is made to react with coal to form synethic oil. A ton of coal can produce 2 to 3 barrels of oil. Problems are similar to those listed for coal gasification.

COAL

Coal is our most abundant energy resource. Our reserves could supply our needs for hundreds of years. Unfortunately, it is the most environmentally damaging fuel to extract and the most polluting fuel to burn. Stack gas cleaners (scrubbers) can lessen this pollution. Coal provides 17% of our energy supply at present but this figure could increase sharply as we run into greater shortages of oil and gas.

DEEP MINING

Over 90% of our coal reserves are deposited deep in the earth and require deep mining for removal. Although this method presents the least damage to the land, it involves the workers in a very hazardous occupation, and causes water pollution from acid mine drainage. Some measures to lessen the hazards of deep coal mining include:

Increased research to improve deep mine technology;

Additional mechanization of industry to lessen the number of hazardous jobs;

Adequate compensation to workers for black lung disease and accidents, even if this should result in a higher cost of coal to the purchaser;

Monitoring of mines to control sulfuric acid leached from exposed coal seams.

STRIP MINING

Slightly more than 8% of our coal reserves lie near the surface of the earth and can be removed by stripping away the rock and soil strata and then surface mining the ore deposits. This provides safe working conditions but results in serious degradation of the land and water. Surface mined areas on slopes greater than 20° cannot be reclaimed, nor can land where the annual rainfall is 10'' or less. Much strippable coal lies under valuable farm land.

A ban should be placed on strip mining any land which cannot be reclaimed.

All land that is allowed to be stripped must be reclaimed, and the costs of reclaiming stripped land should be assumed by industry.

The burning of coal, especially high-sulfur coal, creates serious air pollution which can cause respiratory illnesses, cardiac problems, lung cancer and genetic effects. It is estimated by the American Public Health Association that the conversion of 46 power plants in the eastern corridor from oil to coal (now being considered) could increase the death rate from respiratory and cardiovascular diseases by as much as 40%, unless adequate measures are taken to control stack emissions. Scrubbers on the stacks of coal-burning plants would reduce dangerous sulfur oxide emissions.

Conversion from oil to coal burning power plants should not be permitted unless stack gas emissions controls are employed.

Low sulfur coal should be allocated to areas of dense population on a priority basis.

Research into desulfurization must be intensified.

Research into the complete combustion process for burning coal should be expanded. (This process is being demonstrated in Sweden.) Incomplete combustion in the burning of coal creates the threat of lung cancer.

Since fossil fuels, primarily coal, will be the backbone of our energy supply through the end of this century and beyond, the problems of their production and use must be solved.

ENERGY CONSERVATION

Considering the adverse environmental and health effects resulting from the present methods of production and use of energy, it becomes essential that our nation embark upon a thorough program of energy conservation. The less energy we demand, the greater freedom we will have in choosing among our sources of supply.

Reductions in energy use can decrease the nation's yearly energy growth rate in the next ten years from its present 4.5% to 1.7%. Reductions would be aimed primarily at eliminating wasted energy and would not be in conflict with our achievement of a high standard of living. Energy conservation will allow our country to buy time until clean, renewable energy sources become available on a larger scale. These sources will be the subject of part three of this Eco-Tips series.

OPTOMETRIC SEMINAR

HON. JAMES W. SYMINGTON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Friday, August 9, 1974

Mr. SYMINGTON. Mr. Speaker, as a member of the House Public Health Subcommittee, I share the concern of our able chairman, PAUL ROGERS, and other subcommittee members for the Nation's health personnel needs. This month our Health Subcommittee considers legislation to extend Public Laws 92-157 and 92-158 which authorize assistance to nursing, medical, dental, pharmacy, podiatry, and optometry schools. Certainly, all these schools and their students warrant Federal assistance if the Nation is to meet ever-increasing demands for better health care.

One example of the contributions America's health care professionals make to improving our medical system is a recent optometric seminar designed to inform concerned professionals of the challenges facing urban-based optometrists. At this point, I insert in the RECORD an excellent article detailing vision care opportunities and needs in the central cities:

[From the American Optometric Association News, May 1, 1974]

AOA SEMINAR ASKS URBAN ODs TO USE NEW OPPORTUNITIES

Downtown practitioners from Missouri and Illinois attending the fifth in a series of seven AOA seminars for urban optometrists April 17 at the University of Missouri-St. Louis were told by AOA Executive Director J. Harold Bailey that the early prominent urban ODs first forgot AOA, and consequently AOA forgot the urban practice.

The seminars, organized by the AOA Committee on Urban Optometry, are intended to help the OD who is struggling to maintain a professional practice in the lower-income and higher-overhead setting of inner cities.

In previous years the seminars offered basic continuing education to encourage a full-scope optometric service by the city OD. The current round of seminars deal with third-party influences on the volume and income of an optometric practice.

Industrial vision programs and children's screenings were discussed by University of Houston optometry Prof. Lorance W. Harwood, O.D.

Optometrists who start with an arrangement to provide safety eyewear fittings of basic screenings at a plant can work into environmental survey or research and development roles, Dr. Harwood said. However, ODs should avoid becoming a "supply house" for eyewear.

Dr. Harwood also spoke as part of a panel on children's vision needs and school screening programs. Other panelists were AOA Professional Development Division director George Milkie, O.D., and Committee on Urban Optometry chairman Robert Johnson, O.D., of Chicago.

Dr. Milkie reviewed the lay-to-professional levels of school screening programs and how AOA has worked with school group to advocate optometric consultation in screenings.

Dr. Johnson said he is now assembling data from his Plano Child Development Center that prove poverty children perform better as a consequence of optometric vision therapy.

The nonprofit optometric center as an adjunct to urban optometry was discussed by Ronald J. Knox, O.D., president of St. Louis Optometric Center and John W. Richards, O.D., president of Kansas City's Lions Optometric Center.

Both agreed that optometric centers represent an asset, rather than competition for urban ODs. They said optometric centers can:

Provide specialized services on a referral basis.

Serve as the nucleus for optometric participation in health maintenance organizations (HMOs).

Provide ethical practice opportunities for new graduates or veteran city practitioners whose individual practice are declining.

Vision needs of the elderly, who comprise a disproportionate share of urban populations, were discussed by Burton Skuza, O.D. of Minneapolis, a member of the AOA Community Health Division executive committee.

Dr. Skuza said that a mobile vision clinic or a "house call" capability is important to cope with the prevalence of severe visual handicaps among old people confined to institutions.

Paul Saunders, director of the Elizabeth Courtney Health Center in St. Louis, talked about the effect of HMOs and other group practice systems in big cities.

These non-hospital health delivery organizations usually seem "set up to meet the needs of the health professional rather than the patient," Saunders commented.

He said that group vision care plans attempting to provide for an urban population must avoid "pricing yourself out of the market," but on the other hand, not price services so low that the organization would be economically strapped.

Availability of grants to finance vision care projects was discussed by Dean Drulias of AOA's federal relations staff in Washington.

University of Missouri government programs advisor Tom Vonderhaar spoke at a final luncheon general session, reviewing the current decision-making structure in cities and how health professionals must work with it.

In a related development, I am happy to report Missouri optometrists are meeting these inner city health care problems. The Missouri General Assembly has recently appropriated $50,000 for planning and development of a new school of optometry to serve the St. Louis area. I commend the hard work of the Missouri Association and their leaders, Drs. Jerry Franzel and Bob Mobley.

IMPEACHMENT/WATERGATE ISSUE

HON. BILL FRENZEL

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Friday, August 9, 1974

Mr. FRENZEL. Mr. Speaker, I insert the following:

To Those Corresponding on the Impeachment/Watergate Issue.

From Bill Frenzel

Because you have communicated with me regarding impeachment, I am sending you this final update. Federal laws prohibit franked mass mailings in my District after the weekend of August 10. To conform to both the letter and spirit of that law, I will not send further unsolicited updates. But, of course, your calls and letters, which are encouraged, will be answered individually.

When the President made his August 5th statement on his personal coverup activities as revealed in the undelivered tape of June 23, 1972, and others, the question of impeachment for the House of Representatives was answered. On that day, I made the following statement to the Minnesota press:

"The President has, in effect, pleaded guilty to Impeachment Article I and probably Article II as well. I will continue to analyze the Articles and the evidence to determine my vote on each Subparagraph, but there is no longer any reason to prolong House action nor to indulge in lengthy television debate. Our clear duty now is to vote for impeachment as soon as possible so the Senate can begin the trial promptly."

Nevertheless, I want to detail how I have approached the impeachment question and how I am analyzing the Articles. I believe it is important to continue the process and put all the details carefully on the record so the precedents will be clear for the future.

I have carefully examined each Subparagraph in the Judiciary Committee's Impeachment Articles to determine its "impeachability" and the evidence supporting it. I expect to continue this process, but absent dramatic new evidence, I shall vote at least for Articles I and II. I expect the House debate to include motions to strike some of the Subparagraphs. I hope that the enclosed copy of the *Articles* and some of my thoughts on them may be helpful to those who follow the House debates on television.

Prior to the President's revelations of August 5th, I had felt that I would probably vote for Article I, mostly on the basis of Subparagraphs 4, 6 and 7, which I perceive to be particularly strong. I had also felt that I would probably have supported Article II based mainly on Subparagraphs 1 and 2. I questioned whether the charge in Article I, Subparagraph 8, even though it is a deplorable practice, constitutes an impeachable offense.

Prior to the President's revelations, I was undecided about Subparagraphs 1, 2, 3, 5 and 9 of Article I, and about Subparagraphs 3, 4 and 5 of Article II.

The President's statement has helped me resolve questions on specific Subparagraphs. I believe the President has literally pleaded guilty to Subparagraphs 1, 2, 3, 4, 6 and 8 of Article I and Subparagraphs 4 and 5 of Article II. Because of the previously-available evidence backing these Subparagraphs, I might have voted for them anyway, but the President has substantiated them himself. His statement has simply made the case "beyond reasonable doubt."

I believe Articles I and II are technically in order. I think an impeachable offense need not be a felony, but, if not, it ought to be a serious crime, or more specifically a serious offense against the political system. The charges contained in Articles I and II, except for Subparagraph 8 of Article I, meet that standard.

Article III, standing alone, is—in my view—not an impeachable offense. The Committee had the option to go to court. Defiance of a Supreme Court order would be impeachable. Also, if the Senate demanded evidence after the House impeached, and the President did not comply, noncompliance would be impeachable.

I believe it might be more reasonable if Article III were made part of another Article—for example, Article I, as suggested by Congressman Cohen on television.

Standing alone, this Article would create a dangerous precedent. I will be relying heavily in my final determination on this Article on the opinions of my colleagues on the Judiciary Committee, even though my inclination is to vote against it at present.

On the evidence, I apply the test of "clear and convincing." Each Member, in the end, has to apply his or her own standards, but the record should, for purposes of precedent, clearly state what those standards are. I believe that the evidence for impeachment should certainly be greater than "probable cause," but—for the House—can be less than "beyond reasonable doubt."

I have worked long and hard in reaching

my decision. Some of my various activities includes, or will include:

1. Review of the 40 volumes of Judiciary Committee material.

2. Examination of evidence and briefs submitted by the President's counsel.

3. Listening to Judiciary Committee tapes.

4. Meetings with Committee staff and Mr. St. Clair.

5. Meetings with Judiciary Committee Members.

6. Review of the Judiciary Committee Report (as yet unpublished).

7. Review of thousands of communications received from people like you.

The House's responsibility is now both clear and urgent. We should move immediately to impeach the President. The current schedule calls for beginning debate on August 19th and terminating on or before the 23rd with television coverage. Since time is of the essence, and since nearly all House Members have made their determination, there is no reason to wait.

The following comments on other aspects will not answer all questions, but they may be informational and may stimulate further questions which I will be glad to receive:

1. *Resignation*—I believe that resignation is the prerogative of the President. I can't stop him from resigning if he desires. On the other hand, I know that the House obligation is to move ahead on impeachment. Resignation is a possibility, but it is not one that I am promoting at this time. I think impeachment is far more appropriate, and is the clear duty of the House. We should be concerned only with discharging our own obligation. The record should be made, so we have, in a clear, single source, all the research and opinions on this matter.

2. *Immunity*—Most Congressmen, including myself, believe that it is probably unconstitutional and probably inappropriate, for us to grant immunity from prosecution to the President. Clemency, immunity or amnesty have traditionally been the province of the Executive, and at this time I am not recommending that the Congress involve itself in that matter.

3. *Supreme Court Ruling*—I have previously commended the 8-0 decision of the Supreme Court which required the President to turn over tapes to the Judge for transfer to the Special Prosecutor. The decision was unanimous; it was unambiguous, it was definitive; and it was right. It acknowledges the need for privileged communication in the Executive Department, but made that need secondary to other important constitutional considerations such as due process of law.

At the risk of extending an already too-lengthy communication, I would add the personal note that the search for truth on the Watergate matter has been arduous and unpleasant. But, it has been necessary. Whether the President had been innocent or guilty, and however he would have been judged, I believe that it was essential to the continuing vitality of our Republic that the process be completed.

I hope, too, that the heroes in the episode will not be forgotten. Richardson, Ruckelshaus, Shultz, Thrower, Walters, Byrne, Sirica are only the most prominent of the public officials who refused to back down from strongly-held personal beliefs. The abuses were horrible, but there were many acts of heroism, too. The work of the Ervin Commission, the two Special Prosecutors and the House Judiciary Committee was necessary to discharge the constitutional responsibilities here. Depending on the weight of the evidence, the country could have withstood any determination as long as there was a determination. It now seems evident that the President will be impeached and that he will be judged guilty by the Senate unless he resigns. It is my hope that we all have learned something from both the abuse and the process. I hope we take at least some minimum comfort (I do) from the fact that the process, however slow, could eventually produce a determination in which most Americans can concur.

Yours very truly,

BILL FRENZEL,
Member of Congress.

YOUTH CAMP SAFETY

HON. DOMINICK V. DANIELS

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Friday, August 9, 1974

Mr. DOMINICK V. DANIELS. Mr. Speaker, another summer has come and almost gone and still children are being sent to camps about which their parents know very little. Again children are being placed in situations that hold many latent dangers that certainly are not shown in the colorful brochures or are even noticeable to the untrained eye of the well-meaning parent.

I have held hearings on the Youth Camp Safety Act in the 90th, 91st, 92d, and 93d Congresses that have proved the great need for this legislation. Next week the Select Subcommittee on Labor will meet to mark up the current bill and prepare it for full committee consideration.

I am very pleased to know that the esteemed Senator from Minnesota, WALTER F. MONDALE, has introduced a similar bill in the Senate and that his Subcommittee on Children and Youth has also completed hearings which are again showing the severity of the problem being faced. I would like to commend the Senator for his commitment and intensive work in this area.

I believe that the following article shows once again the importance of your camp safety regulations.

The article follows:

[From the Washington Post, July 17, 1974]

ONE TEACUP AT A TIME

(By Bill Gold)

An ocean of words washes over newspaper editors each day as they scan incoming dispatches. Their task is to distill it into teacups of information that can be passed along to subscribers whose time is limited.

This week, for example, Sen. Walter F. Mondale (D-Minn.) convened his Senate Subcommittee on Children and Youth to hear testimony on the Youth Camp Safety Act.

This is a measure that would, if enacted, set federal safety standards for the camps to which millions of parents send their children.

Staff writer Richard E. Rotman was sent to Capitol Hill to cover the hearings, and returned to write a fact-packed report for the next day's paper. He was allotted space enough to give the essence of what the legislation would do, what the situation is now, who testified and what was said. It was a "hard news" report on what happened.

What Rotman had no space to tell, and what there is seldom space enough to include in a news dispatch, was a book-length background of detail. Yet to understand why safety standards are being proposed for youth camps, one needs to know that testimony was given that:

Youngsters are in some instances packed into ancient multiple-story hotels without fire alarms, fire escapes, or emergency exits. When fires broke out in facilities of this kind in "New Hampshire, New York, Pennsylvania and elsewhere," deaths resulted.

In California, 62 children and eight leaders were transported for a 200-mile trip over a high speed highway in an open tractor-trailer truck driven by a young counselor. Five were killed and all the others injured.

The witness who gave this testimony was Mitch Kurman, whose young son had drowned in an earlier camp "accident." Kurman testified that he sent a check to California authorities for an official report on the highway tragedy; his check was returned and he was informed that "this information is not available to the public."

Children from a Long Island camp were sent to visit Pennsylvania "in a bus with faulty steering" driven by "a driver whose license had been revoked for previous violations." Seven died and 52 were injured.

One camp had a 15-year-old part-time dishwasher and part-time "instructor" in charge of its rifle range. When a young camper's rifle jammed, the instructor took over the rifle in an attempt to fix it. The young camper was shot in the abdomen.

Youths at another camp were permitted to float down a swift river in inner tubes with counselors who were "untrained in lifesaving and resuscitation techniques."

The children were not given lifejackets. One child became entangled in a fallen tree in the water, and began to drown. When a counselor was asked what she did when she saw the girl drowning, she said, "I screamed." Asked what she did next, she said, "I cried." The child died.

Fifteen children were left in the care of a 15-year-old "counselor-in-training" at one camp. It was testified that the 15-year-old "used a hoe handle as a bat to strike the eye of a camper and blind him." The parents of the child were ignored by camp authorities for eight months. Only when the parents filed suit did the camp file a report with the state health department. The law requires that a report be filed within two days—but there is no penalty for late filing.

The testimony went on for hours. There is no space to print it all, and you wouldn't have time to read it all. But even without reading a word of it, we have long known the basic facts.

We have known that children at camp have been beaten, injured, crippled, blinded, sexually molested, drowned and killed in accidents and fires. We know that there are no federal standards (and adequate state standards in only six jurisdictions) covering the safety of buildings, electrical wiring, equipment or vehicles. We know that although some camp operators voluntarily maintain rigid safety standards, others do not, and no federal law requires them to adhere to any level of training or competence for their employees.

If there are no federal standards, how is a parent to know which camp is safe? The Youth Camp Safety Act has been studied, debated, pigeonholed, and studied again—all without affirmative action—for two chief reasons. Nobody likes to be regulated, and camp operators are no exception. More pertinent, perhaps, is this: camp owners are campaign contributors, and Congress has been catering to their wishes rather than to the wishes of the millions of parents who send their children to camp.

POSTSCRIPT

I'm reminded of George Jean Nathan's observation: "Bad officials are elected by good citizens who do not vote."

MUST WE BE DENIED THE NATIONAL GEOGRAPHIC PROGRAMS?

HON. JOSEPH M. GAYDOS

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, August 9, 1974

Mr. GAYDOS. Mr. Speaker, I regret very much the combination of television network reluctance, Federal Communication Commission entanglements, and the commercialism which dominates much of our broadcasting that threatens to keep the important National Geographic Society programs off the airwaves this coming season.

I want to make it plain at the outset that commercialism is vital to the networks which must cater to mass tastes in order to attract the big audiences necessary to gain the advertising money which keeps them going. But it is a deplorable situation, nevertheless.

The National Geographic specials were both educational and interesting to those willing to skip the detective shows and comedy series to turn them on. They did much in recent years, I am sure, to inform us of remote parts of the world and the ways of the people who live there. Also, they allowed us to keep abreast of the ongoing research in archeology, anthropology, and other subjects which seldom make the front pages.

Now, according to news reports, the American people are to be denied these programs. And the reason? According to Associate Press television writer Jay Sharbutt it rests in a recent Federal court decision which ordered the FCC to delay until September 1975 revisions it had made in its prime time access rule.

The revisions would have increased by 90 minutes a week the evening time which each network could have on local stations. This would have meant, I gather from Mr. Sharbutt's report, a "cushion" for a network in which it could have weathered a listener falloff in putting on the National Geographic and other programs that do not receive the top ratings.

I quote from Mr. Sharbutt's dispatch:

> Because of the court order, CBS, which had planned to air six half-hour National Geographic specials on Saturdays, said it was forced to drop the programs from its 1974–75 schedule.

This, according to Mr. Sharbutt, was the second setback suffered this year by National Geographic in its efforts to use TV to reach the U.S. public. Earlier ABC, which had aired the society's specials last season, failed to renew its contract for the same reason that caused CBS to step aside.

In my judgment, this not only is a bad break for millions of Americans who have watched these programs, but also an unfortunate turn of events for youngsters who on Saturday may have been drawn to the programing that CBS originally had planned. I know of nothing on TV more educational or likely to stir up youthful interest in the subjects which National Geographic deals—an interest that could last a lifetime.

I need not recall the heavy hopes which all of us had when the so-called age of television came upon us. We saw not only a happy medium to keep us entertained as we slumped in our chairs before the "magic screen" after our day's work was done. But we saw also that this fantastic thing could keep us better informed and, indeed, educated about the world in a way hitherto impossible.

It is fair to say now that TV has filled the entertainment promise. It, too, has developed news reports which have Americans knowing much more about their Government and public affairs than any generation could have known before. But, with the exception of the "Sesame Streets" and other such daytime programs on public TV, the education promise has not been met as was expected.

For this reason, I protest the conditions which turned off the networks on the programs which National Geographic already has prepared and those which could be kept coming on regular schedule indefinitely. Who knows—perhaps in time these presentations could have brought an audience as great as those now enjoyed by the "private eyes" and "sit comedies." They deserved at least this chance.

"National Geographic," AP writer Sharbutt says, "has given some thought to syndicating its shows to local stations or to public television if suitable arrangements could be made there." Each program, however, costs at least $180,000 to produce and this must be met by income. I think Congress should look into this matter and give weight it can to getting these programs on the air. It is interesting to me that Canada has signed up National Geographic for the new TV season. Why should our people be denied the fine programs which will continue to be available to Canadians?

NIXON'S RETREAT BEHIND THE WALLS

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, August 9, 1974

Mr. DERWINSKI. Mr. Speaker, as we welcome our old friend, Gerry Ford, as 38th President of the United States, I believe we should objectively analyze some of the reasons why many of the problems accumulated that made it necessary for President Nixon to resign. One of the news men who has been maintaining a great degree of objectivity throughout the long difficult Watergate controversy is Bob Wiedrich of the Chicago Tribune. I insert his column of August 8, at this point.

[From the Chicago Tribune, Aug. 8, 1974]

NIXON'S RETREAT BEHIND THE WALLS

(By Bob Wiedrich)

Richard Nixon shut his door to the free flow of differing opinion during his White House tenancy. And therein may lie the real cause of his present dilemma.

That is the thesis advanced by some who have become knowledgeable of the techniques of the Nixon Presidency since his election to a first term in 1968.

Instead of seeking counsel from a broad range of views, wherever he could find it, Nixon appeared to retreat more and more behind the wall of executive isolation erected by his trusted aides, H. R. Haldeman and John Ehrlichman.

Without a doubt, these two controlled access to the Oval Office, so much so they came to be called the Palace Guard. It is a question, however, whether they controlled it because they were strong or because the President wanted it that way.

Certainly, Nixon furnished a clue when he wrote, in describing his concept of the Presidency, that a chief executive should be given time to think things out, leaving the detail and trivia to his staff.

In any event, former cabinet members such as George Romney, Walter Hickle, and, to a lesser extent, Melvin Laird, sought vainly to penetrate that wall and failed.

So in time, they went away. And the President was denied whatever value their counsel might have availed him in reaching judgments.

Further, there are those who believe once Nixon ascended to office he ceased to have time for the opinions of others. He cared little of what his critics said. He failed to consider the views of those who might disagree with him. He often reduced criticism to a personal thing.

He almost appeared to regard himself as the consummate politician who had all the answers and needed no advice after having pulled himself from the ashes of two defeats to become President.

Thus, the door to the Oval Office closed tighter.

An on June 23, 1972, when Haldeman brought up the problems posed by the Watergate burglary six days earlier, Nixon apparently had no one else to turn to for advice and counsel, no one who could offer an alternative course out of that dilemma.

Reading the transcript of the White House tape in which it is decided to use the CIA to divert the FBI from its probe of the break-in, one easily can get the impression Haldeman is calling all the shots.

In this instance, it appears he is de facto President and Nixon is just there for the ride. Nixon's responses are virtually all in agreement. He asks a few questions. But Haldeman is clearly in command.

There is no one else there to say, "Hey, wait a minute, Buster! What you're proposing to the President is obstruction of justice. That's a felony for which you both could be jailed!"

There is no opposing view available to Nixon. There are no words of caution, of interpretation of the grievous consequences of this decision. All there sounds is the fatal litany of Haldeman as he advises a course of action no man sworn to uphold the Constitution should ever entertain.

From the testimony and evidence to date, it is clear Nixon left the domestic and political front, for the most part, to Haldeman and Ehrlichman while he concerned himself with foreign affairs.

Granted, his first term became one of great events on that front.

He achieved a dialogue with Red China and Soviet Russia. He reached an accord in Southeast Asia that was to lead to the withdrawal of United States troops. He brought an end to rioting in the streets of America.

Meanwhile, however, he left affairs at home in the hands of Haldeman and Ehrlichman, two men with the amateur political expertise of a couple of campaign advance men. Sadly, they also appear to have been men who viewed politics as a game with different rules of morality.

Witness the bland manner with which Haldeman proposes the commission of a crime without apparently batting an eyelash.

It is unfortunate that President Nixon did not heed the words of the late House Speaker Sam Rayburn, who observed after meeting President Kennedy's staff:

"They're bright young men. But I'd feel better if one of them had run for sheriff."

In essence, Rayburn was saying that one only is competent to grasp the reins of power after getting the sense of American politics thru exposure to the grass roots. You've got to face the voters, man to man.

Nixon had endured that crucible. Haldeman and Ehrlichman never had.

That is the sad judgment of many who have observed the Nixon Presidency. The people did not elect him President for foreign affairs, however magnificient has been his performance there. They elected him President of the United States.

But he abdicated a part of his duties to rank, power-hungry amateurs. And in doing so, may have become architect of his own destruction.

PITTSBURGH NEIGHBORHOOD CLEANUP PROGRAM

HON. WILLIAM S. MOORHEAD

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, August 9, 1974

Mr. MOORHEAD of Pennsylvania. Mr. Speaker, precious little attention is given to those citizens working in their own neighborhoods to overcome the problems of slums, blight, and deterioration.

David R. Hall, founder and primary force behind the Clean Communities Association of Pittsburgh, is one of these outstanding citizens.

Dave Hall has been trying to make his community of Homewood-Brushton, in Pittsburgh, a better place to live through a coordinated clean, plant up campaign.

With little more than the will to improve the neighborhood environment, Dave Hall has reaped near miracles and moved local citizens to take positive actions they might not ever have considered had it not been for his perserverance.

I include in the RECORD at this time an article from the Pittsburgh Press on Dave Hall and commend him for his contributions to our city.

The article follows:

DYNAMO URGES A WPA TO CLEAN UP GHETTOS

(By Sylvia Sachs)

"Simplicity, continuity, follow-up, these are what we need," says David R. Hall, his voice rising with each word until he is almost shouting.

Hall is the one-man dynamo behind a project in the Homewood area known as Clean Community Association Inc. Basic to all his ideas is the creation of a work force patterned after the WPA of the Depression era.

He bursts with ideas to help the inner city ghettos. He pops off in many directions, but always gets back to the same three points.

CITES GHETTO LIFE

You start at the grassroots, Hall says. You get the people in a community mobilized to clean up, paint up, fix up their own area. Not only the homes but the businesses, he says, and you will help the employment situation while instilling pride in the people.

"You have to let the government people know where to put their money," Hall declares. "A lot of well-meaning people in all these scattered agencies and departments have these big long-range plans. Yet, if you live in the ghetto, you can't get through the streets for the garbage.

"Why can't the Hill be clean and green until they decide what they're going to build there? If I was in City Council, I would put a moratorium on everything until the place was cleaned up.

"All those groups don't get anything done. You've got to do something physically. Everybody who gets government money has on a shirt and tie."

Hall has been hooked on this simplicity start with the little guy attitude since 1963 when he and some neighbors organized Clean Communities. It was chartered as a nonprofit agency in 1968 and has been struggling since to keep alive.

THEY CLEAN UP BASE

Headquarters of the association, and Hall's pride, is a three block area of Homewood which he and people he organized cleared of rubble four years ago.

He calls it the Environmental Community Park Work Base. It includes flower beds, receptacles for garbage and rubbish (so individual truckers hired to clean up don't dump stuff back into neighborhood alleys), and an outdoor storage area.

"You need a headquarters for environmental work," Hall says. "This is the place. We had a pick and shovel from the start, and we stay with them."

Hall doesn't fault the goodwill of various government and private agencies (garden clubs, educational groups) who come to the ghetto with projects. But he says they do one-shot things like an art show or a planting program, then take off never to be heard from again.

Continuity of effort and followup is lacking, he says.

"The business sections of the inner city are ignored," Hall continued. "If someone rides through a street like that (gesturing toward Homewood Avenue), and they see the stores closed and 'the cats' sitting around, no wonder they head for the suburbs.

"This nation was built around the business districts of the cities. Why isn't something continuous done about basic things like that?"

WRITES PAMPHLET

He believes the unemployed, released prisoners, other uncommitted and under-used persons could be put to cleaning and upgrading ghetto areas.

Hall mortgaged his home to print a pamphlet stating his ideas and how they could be implemented. Called "How to Beautify the Ghettos," the book was written by Hall with the hope he could raise funds for association projects.

He also hopes to get some action from "the cats with the money" to green the ghettos and get some help for individuals who have to live there.

Hall sent copies of his book to government officials, local, national and international. He is waiting to see if any of them are stirred up enough to help.

One "cat with the money" said his agency sympathizes with Hall but added, "agencies like this can't keep it (financing) up forever."

ABORTION AS A PUBLIC HEALTH CONCERN

HON. RONALD V. DELLUMS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, August 9, 1974

Mr. DELLUMS. Mr. Speaker, with the recent defeat of the Roncallo amendment, the House has concurred with the Supreme Court decision that abortions are to be left up to individual conscience. Along with many medical and legal controversies that have been presented by this issue, public health professional have been faced with complex problems regarding the effects of legalized abortion. Dr. Carl Tyler is an expert in public health aspects of abortion. He is chief of the Center for Family Planning, a board certified obstetrician-gynecologist, a fellow of the American College of Obstetricians and Gynecologists, a member of the American Public Health Association, and is employed by the Federal Center for Disease Control.

Dr. Tyler recently testified before the Senate Subcommittee on Constitutional Amendments regarding Senate Joint Resolutions 119 and 130. At this time, I would like to enter into the RECORD his testimony which discusses trends in abortion mortality and diseases related to abortions, public health issues with regard to the increasing practice of abortion, and his personal views on the effect of making abortions illegal:

STATEMENT OF CARL W. TYLER, JR., M.D., F.A.C.O.G.

Although the Department of Health, Education, and Welfare takes no position on the resolutions which are the subject of this morning's hearing, the Center for Disease Control has collected information on the practice of legal abortion for almost five years. Recent revisions of state statutes on abortion began with Colorado in 1967. In 1969, ten states cooperated with the Department in the establishment of a voluntary system for the reporting of legal abortion. That year, more than 22,000 such abortions were reported to the Center for Disease Control. In 1970, 24 states reported more than 190,000 abortions to CDC, and in 1971, the number of abortions reported to CDC exceeded 485,000, even though the number of cooperating states increased to only 25. In 1972, the latest year for which we have complete data available, more than 586,000 legal abortions were reported to CDC. More detailed information on the practice of legal abortion in the United States is available in the Abortion Surveillance Report published by CDC. With the Committee's permission, I would like to enter the most recent issue of that report into the record.

The number of deaths attributed to abortions of all kinds has declined steadily since the middle of 1960, but this decline appears to be more marked in recent years. From the early 1950's through 1965, between 220 and 320 women died each year of causes that were related to abortion. By 1968, the most recent year for which official statistics are now available, 133 deaths were attributed to abortion. In an effort to obtain more current specific information on abortion mortality, the Center for Disease Control initiated a special inquiry of state and selected city health departments in 1972. Seventy-one deaths were reported to CDC for that year; this number is almost half that reported for 1968, and provisional data for the intervening 3 years did not show an appreciable decline. Reporting through this special system is not yet complete for the past year, but . . . current indications are that the number of deaths will be substantially fewer in 1973 than in 1972. Special reports from selected state and local health departments support these national findings.

Hospitalization of women with complications of abortion has also decreased in recent years. Data from the Hospital Discharge Survey for 1965, 1968 and 1971 show a steady decline in hospital discharges for women with diagnoses related to abortion and its complications. These national statistics are supplemented by information from the state of California and New York, and in studies from specific municipal hospitals in Los Angeles, San Francisco, and New York City. A report from Atlanta offers additional support for this contention because it documents a decline in the hospitalization of women who state they have had illegal abortions, the complications of which necessitated hospitalization.

Although most women hospitalized with complications of abortion have infection or bleeding problems, there is a great deal of concern among health professionals about mental health problems associated with abortion. Four reviews of the mental health literature lead me to conclude that there is, at present, no substantial evidence that the performance of an abortion on a woman is any more likely to cause a new major mental health problem for her than is the delivery of a full term infant. Some women do have feelings of regret and/or guilt following an abortion, but there is no good evidence to suggest that these feelings are greater following an abortion than they are after a term pregnancy.

Current reports from state and local health departments shows that approximately two thirds of women undergoing abortion are unmarried. In some states (such as Kansas, Oregon and Washington), the proportion of unmarried women undergoing abortion was more nearly three out of every four. This finding correlates with more detailed reports from California and from New York City which indicate that out-of-wedlock births have declined. [The relatively sophisticated report from California shows that not only has there been a decrease in the number of illegitimate births for women of all age and racial groups, but there has been a similar decline in the illegitimate birth rates as well. The data from New York City is remarkable because the number of out-of-wedlock births decreased after 1970 for the first time in almost ten years. Health officials in New York City point out that this reversal in the trend of out-of-wedlock births was associated in time with the passage of New York State's abortion law, which took effect in 1970, but that no such change in trend had followed the earlier introduction of that city's vigorous public family planning program.]

Infant mortality is at an all time low for the nation, (and in New York City the infant death rate is lower now than it has been at any time in the past 20 years.) Health authorities for this city point out that the low level of infant mortality is attributable in large part to an improvement in the infant mortality rate for out-of-wedlock births. They link this improvement to the decline in the out-of-wedlock birth rate for their city and suggest that the infant mortality rate would be 40% higher than its current level had this decline not occurred. (Infant deaths, according to standard vital statistics definitions are deaths to infants born alive. Infant deaths are, therefore, distinct from fetal deaths, stillbirths and abortions.)

Many factors influence the health of women and their offspring, and among these are contraceptive services and programs of infant and maternity care, to mention just two. Although sufficient facts are not available to fully and conclusively document all of the public health effects of abortion, it seems reasonable to conclude that recent declines in abortion deaths and hospitalizations related to complications of abortion are the result of legal and judicial actions which relieved some of the restrictions on the practice of this operation.

The practice of legal abortion has created some public health problems. Between July 1970 and January 1973, for example, approximately 40% of women undergoing abortion left their home state to have this operation performed. As a result, follow-up care was difficult to provide, and incidents occurred in which the officials of one state became aware of an abortion-related death that was unknown to the health officials in the state where the abortion had been performed. Problems of jurisdictional authority and appropriate regulatory action occurred in at least one instance.

A second problem area involved the use of untested abortion methods in inappropriate circumstances. A report of this incident, which occurred in Philadelphia, was presented to the Senate Health Subcommittee last spring when it held hearings on protecting human subjects participating in research. Even though these two problems arose in association with the legalization of induced abortion, the fact that abortion is legal permitted the problems to be identified in such a way that they can be controlled. Had the practice of absorption been illegal and clandestine, it is unlikely that effective control measures would be possible. And it should not be forgotten that abortion deaths have decreased on a nationwide basis as abortion laws have become less restrictive.

The question that remains to be answered is: Will enactment of the resolutions before this Committee have a favorable effect on the health of the American public? I personally believe—and I note here again that this is my opinion as an individual and not as an HEW representative—that they will not. These resolutions will certainly eliminate the legal practice of abortion. But even as powerful a legal force as a constitutional amendment will not end the practice of abortion itself. In 1955, the expert group at the Arden House Conference on Abortion estimated that there were no fewer than 200,000 abortions performed illegally each year in this country. Now, 19 years later, the number of American women in their reproductive years has increased by more than ten and a half million, and these women have an independence of attitude and action that could not have been anticipated in 1955. I believe that putting Joint Senate Resolutions 119 and 130 into effect will increase death and disease in women with unwanted pregnancies and will reverse any favorable effects which the practice of safe, legal abortion may be having on the health of the American people.

INFLATION SQUEEZES MORTGAGE MARKET IN PITTSBURGH—PART II

HON. WILLIAM S. MOORHEAD

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, August 9, 1974

Mr. MOORHEAD of Pennsylvania. Mr. Speaker, the stress of rising inflation hits hard at every sector of American life. Foremost among our problems is the plight of potential home buyers who face a tight money market, high-interest rates, reluctant lending institutions, and little sign of relief.

In examining the mortgage money situation in the Pittsburgh area, Mr. Thomas P. Benic's recent two-part article in the Pittsburgh Post-Gazette focusses upon the difficulty of harmonizing sound business and social practices. Mortgage money is the fuel propelling the entire real estate industry; and when it is tight, it is also the depressant retarding the realization of consumer needs and wants. The conflict is not an easy one to resolve. As Mr. Benic points out, it may be financially unwise to extend loans for home mortgages or refurbishments, when industrial or personal credit extensions are more advantageous, but housing is and will continue to be a salient national priority.

The problem is compounded for those citizens desiring money for purchase or renovation in older sections of the city. Many lending institutions will not touch property in declining neighborhoods, thus, speeding the very blighting conditions we strive to reverse. Older areas of our cities may not be redlined, but the fear that the property will not endure the life of the loan discourages many lenders.

Financial experts agree that the mortgage interest rate is crippling the housing industry and will not drop until inflation is brought under control. As part of the effort to deal with this problem I wish to cite Mr. Benic and include his article for the RECORD.

[From the Pittsburgh Post-Gazette, July 23, 1974]

CITY'S BUILDING SWINGS TO MULTIPLES—SINGLE DWELLINGS ON WAY OUT

(By Thomas P. Benic)

For 20 years the Amore Construction Co. had been typical of the moderate size, financially strong, single-family home builder in the Pittsburgh housing market.

The firm built an average of more than 50 homes a year in the upper price bracket. This year it will build none.

"We started phasing out single-family construction three years ago and now we're 100 per cent out of it," said Bruce Schoenfelder, vice president. "Land and material costs have pushed the single-family home out of the reach of most but the most affluent. The affluent market has never been big here."

Amore is now building mostly medium-size townhouse apartment complexes of about 50 units with rents beginning at $350 a month.

"A lot of people could afford more but they're not interested in a large single-family home," Schaenfelder said. "Most of our customers are over 45, and their children are grown. They want a luxury living style, but they don't want to worry out the upkeep on a property."

Statistics compiled by ACTION-Housing support Amore's contention.

Eight of every 10 housing units built in 1960 in the four-county area were single-family homes. Last year, the ratio was 6 of 10, and this year the estimate is that about 5 of every 10 will be single-family homes.

Single-family home construction has dropped 45 per cent since 1960, from 9,300 units to an estimated 5,100 units this year. Apartment construction has doubled in the same period, from 2,100 units to an estimated 4,400 units.

"The day of the single-family lot subdivision is ending," Schaenfelder said. "We're going to the European concept where you have to plan better to cope with less land and more expensive land. The idea now is to put the same number of people on a smaller plot, then dedicate the rest to public use. Instead of everyone having his own backyard, we'll all share a big yard."

Whether most suburban homeowners are ready to shuck their backyard barbecues, shopping centers and car pools for a more urban-type existence remains much in doubt. Apartment developers are still meeting stiff opposition beyond the city line.

Ryan Homes, which has nearly 20 per cent of the single-family market in this area, reports unit sales up 9 per cent during the first 6 months of this year compared to the first half of last year. A spokesman said he was reluctant to predict how sales would go the rest of the year, however.

Ryan's size and the fact that it has its own finance company makes it atypical of the average developer here.

Crawford Construction Co., still heavily committed to the single-family field, is perhaps a better example. The firm built more homes than ever last year—but had its worst profit ratio.

The single-family issue still is in doubt in the suburbs but the books are practically closed in the city. Only 63 single-family homes were built in the Pittsburgh city limits last year. Only 21 building permits for single-family homes were issued the first six months of this year.

Apartment development, on the other hand, has a 10-year average of more than 1,000 units a year.

David O'Loughlin, the city's housing coordinator, sees no change in the pattern despite a $5-million commitment of city funds to subsidize home ownership in the city.

The city's subsidy program, bolstered by $2 million in state funds, is expected to enable 700 new housing starts in the Hill District, Manchester, Garfield and Homewood over the next several years. While it is encouraging, it hardly will satisfy the city's housing needs, he said.

The city hopes to see more than 1,000 apartment units started this year with the overwhelming percentage being unsubsidized, commercial ventures that will pay full taxes, O'Loughlin said.

"It's very encouraging what's happening this year, considering what's happening around the country," O'Loughlin said. Planned developments such as the 645-unit highrise complex at the Ross Township border could be the trend for the future, he said.

While apartments can be built as profit-making commercial ventures without government subsidy, all but the most expensive single-family homes to be built in the city will require financial aid to the builder, he said.

A house that costs a builder $25,000 in material and labor might be worth only $17,000 if it is situated in the Hill District, O'Loughlin said. The city will give direct subsidies up to $10,000 per unit to bridge this gap.

"It's a very flexible program," O'Loughlin said. "I don't know of another city in the country that has it."

Charles Lieberth, area director for the U.S. Department of Housing and Urban Development, said the reluctance of builders to come into deteriorated areas is to be expected—and the fact that it is in these areas that housing needs are most acute only complicates the problem.

"There has to be an incentive for private capital to get involved. Sudsidy is an ugly word when it comes to housing,' 'he said.

Then pointing out of his Northside office, which affords a view of Three Rivers Stadium and the Golden Triangle, he added: "Look out of this window and you can't see anything that has not been subsidized in some fashion."

OIL PROFITS KEEP RISING

HON. HENRY HELSTOSKI

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Friday, August 9, 1974

Mr. HELSTOSKI. Mr. Speaker, though questions involving Presidential impeachment and resignation have dominated the news lately, I recently came across an item concerning energy which I would like to share with my colleagues. According to an article that appeared in the Washington Post, July 25, the profits of six major oil companies have continued to skyrocket.

What makes this information noteworthy is that virtually every economist, to some degree, has attributed our current problem of runaway inflation to increased oil prices. Furthermore, it should be pointed out that these record profits have been piled upon the incredible profits already amassed by the oil companies during last winter's gasoline shortage.

As a result, I urge Congress to take this information as further evidence of the fact that we must now do everything in our power to establish a greater degree of control over the oil monopolies. Mr. Speaker, the article follows:

Six Oil Firms Record Sharp Profit Gains

Six major oil companies, including Mobil Oil Corp., the nation's third largest, yesterday reported sharply higher profits for their latest fiscal periods.

Mobil's data showed a 99 per cent boost in its second-quarter profits from 1973 and an 84 per cent increase in first-half profits.

But chairman Rawleigh Warner Jr. said first-half earnings from foreign petroleum operations increased by only 18 per cent if gains from inventory valuation and currency changes were excluded.

Figures for Occidental Petroleum Corp., the 10th largest oil producer, indicate gains of 292 per cent in second-quarter profits and 402 per cent in first-half profits.

Dr. Armand Hammer, Occidental's chairman, said the gains reflected unusually high demand, primarily for chemical products and coal, with agricultural chemicals and fertilizers most active.

Also reporting earnings were Continental Oil Co., eighth largest; Phillips Petroleum Co., 11th largest; Ashland Oil, Inc., 15th largest; and Standard Oil Co. Ohio Corp., No. 18.

Mobil's second-quarter net income rose from $184.2 million ($1.81 a share) in 1973 to $367.4 million ($3.61); sales, from $2.97 billion to $5.11 billion.

First-half net income rose from $340 million ($3.34) to $626 million ($6.15); sales, from $5.77 billion to $9.53 billion.

Warner, Mobil's chairman, noted that expenditures for exploration and producing in the United States exceeded the firms U.S. earnings.

Continental's second-quarter net income increased from $51.7 million ($1.03) to $100.45 million ($1.99), a 94 per cent jump. Sales grew from $1.03 billion to $1.8 billion.

First-half net income rose by 111 per cent, from $99.2 million ($1.97) to $209.6 million ($4.15). Sales were $3.4 billion compared with $1.961 billion.

Continental said the value of its inventories increased due to a sharp rise in tax and royalty payments and the cost of purchasing host-government oil. Second-half earnings are not expected to include significant inventory profits.

Occidental's second-quarter net income was $92.6 million ($1.59) on sales of $1.61 billion compared with 1973 second-quarter net income of $23.6 million (36 cents) on sales of $810.3 million.

First-half net income was $160.4 million ($2.74) on sales of $2.94 billion compared with net income a year earlier of $31.9 million (40 cents) on sales of $1.49 billion.

Phillips Petroleum's gains were 166 per cent in the second quarter and 127 per cent in the first half. Net income in the quarter was $123.8 million ($1.63) on sales of $1.32 billion compared with net income of $46.4 million (61 cents) on sales of $693.8 million. For the half, net income was $204.7 million ($2.70) on sales of $2.47 billion compared with net income a year earlier of $89.8 million ($1.19) on sales of $1.37 billion.

Six-month net income is listed after a charge of $27.6 million for an accounting change involving a cumulative effect prior to Dec. 31, 1973.

Ashland reported net income for the third quarter ended June 30 of $32 million ($1.25), a 40 per cent gain over 1973 third-quarter net income of $22.1 million (88 cents). Sales rose from $517.6 million to $917.8 million.

Nine-month net income rose from $60.4 million ($2.38) to $85.7 million ($3.40), a 41 per cent gain. Sales rose from $1.44 billion to $2.23 billion.

Ashland officials said profits grew in chemical, oil, gas, coal mining and road building operations.

Sohio second quarter net income rose by 18 per cent from $42.3 million ($1.15) to $50.3 million ($1.37); sales, from $394.9 million to $553.1 million.

First-half net income rose by 21 per cent from $59.8 million ($1.63) to $72.9 million ($1.99); sales, from $774.6 million to $1.04 billion.

The 1974 quarter includes a nonrecurring gain of $12.8 million from a tax loss carry-forword; the 1973 quarter had a $15.3 million nonrecurring gain from property sales.

THE IMPORTANCE OF H.R. 70 FOR HANDICAPPED CHILDREN

HON. JOHN BRADEMAS

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Friday, August 9, 1974

Mr. BRADEMAS. Mr. Speaker, as my colleagues know, H.R. 69, a bill to extend the Elementary and Secondary Education Act, which is awaiting signature by the President, contains an important 1-year increase in Federal funding for programs to educate handicapped children.

We approved this 1-year increase, Mr. Speaker, because important legislation to benefit the handicapped is now pending before the Select Subcommittee on Education, which I have the privilege to chair.

I refer to H.R. 70, a bill to enable the Federal Government to pay up to 75 percent of the excess costs involved in educating handicapped children—costs above the expenses required to educate nonhandicapped children.

On May 22, 1974, Mr. Speaker, the Washington Post editorially endorsed this legislation, calling it landmark legislation which is "necessary" and "very welcome."

Mr. Speaker, for the benefit of my colleagues, I include the Washington Post editorial at this point in the RECORD:

Schools, Courts, and the Handicapped

Handicapped children have a right to public education, and throughout the country the courts are beginning to enforce that right. The most recent decision was in Maryland where, last month, Judge John E. Raine Jr. of Baltimore County ordered the state to provide education for severely handicapped children by September 1975. Like most states, Maryland does not provide for many of the children who suffer most grievously from retardation and physical disabilities. The costs of schooling these children runs high—perhaps five or six times as high as normal children—and it demands highly specialized teachers. These requirements make it a particularly appropriate target for federal aid.

The difficult and complex job of drafting landmark legislation is now under way in Congress, under the leadership of Harrison Williams (D-N.J.) and Jennings Randolph (D-W. Va.) in the Senate and John Brademas (D-Ind.) in the House. But as the probability of a presidential impeachment rises, the chance of enacting legislation on this scale in 1974 steadily falls. The bill is necessary, and it will be very welcome when it finally arrives. But the courts are pressing the states to begin meeting their responsibilities immediately.

Sen. Charles McC. Mathias (M-Md.) has now persuaded the Senate, correctly, to vote for a stopgap provision to help these children until the larger bill can be passed. Some of the supporters of the Williams-Randolph-Brademas bill have evidently been inclined to resist the Mathias amendment, on grounds that a partial remedy may undercut a comprehensive one. But the Mathias amendment is explicitly only an interim measure authorizing $630 million for one year, and it lacks the refinements that permanent legislation will require.

The Senate has now attached the Mathias amendment to the bill extending the Elementary and Secondary Education Act. Since the House has already passed a similar bill, the issue of school aid for these children will be settled in the conference committee. Unfortunately the attention of the conference will be mainly turned to the various regrettable anti-busing amendments that have been hung onto the bill. However angry that debate becomes, it is crucial that the conferees keep clearly in mind the more urgent business before them. If Congress does not act promptly, the courts will press states harder and, in the absence of legislation, judges will be drawn into the process of designing and overseeing school programs for handicapped children. It is a job that Congress can do much better than the courts, but to do it Congress will have to move quickly.

PENSIONS FOR WORLD WAR I VETERANS

HON. JOHN M. MURPHY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, August 9, 1974

Mr. MURPHY of New York. Mr. Speaker, historically our Nation has recognized the debt we owe to our veterans. We recognize that our veterans have interrupted their careers, their education and nonmonetary benefits, for the service our Nation in a time of need. For the most part, we have tried to compensate these men, both in terms of monetary and nonmonetary benefits, for the service they have given to this country. This practice is in accordance with our belief that no veteran of this Nation should have to live in poverty or in need.

Yet, over one-half million of our veterans do live below the poverty level. If these veterans were young, strong bodied men and women we would most certainly feel concern for their plight. What then should we feel when we find out that these veterans are, on the average, almost 80 years of age? The men I refer to and the men we are concerned with here today are, of course, the veterans of World War I.

Three of the bills that this committee is now considering, H.R. 13977, H.R. 14552, and H.R. 14782, would provide a service pension for World War I veterans and their widows and dependents. From the time of the Revolutionary War until World War I, land grants, pensions, and other benefits were awarded to veterans. But, for some unknown reason, the World War I vet was largely forgotten. Many of these veterans and their families had to struggle for their entire lives to overcome the educational and vocational setbacks they suffered as a result of their service. Many others suffered extreme losses as the result of another disaster, the depression of the 1930's. Now, the World War I vet is nearing his twilight years. There are only 1.1 million of them remaining. Many are living in poverty or are reduced, against their will, to taking welfare. Almost all realize that they have been treated unfairly.

Fortunately, this Nation regained its sense of conscience and veterans who returned from World War II were provided with unemployment compensation, educational opportunities, and hospital and rehabilitation benefits. But still, we made no effort to correct the inequity accorded to the World War I veteran even though 56 years have elapsed since the close of the war.

The history of the World War I vets battle to secure a pension and benefit plan equal to those granted to the veterans of other wars is not one we can be proud of. For a short time, under the disability allowance law which was passed around 1930, some vets drew up to $12 to $18 a month in pension benefits. These meager benefits ceased when, in 1933, the economy act was passed. It was not until close to 20 years later when the so-called "old law" was enacted that the World War I veteran was reinstated on the pension rolls. However, according to the 1963 veterans administration figures, 45 years after the close of the war, only 49 percent were drawing any monthly benefits and this included both compensation and pension beneficiaries, as contrasted with Civil War veterans who drew in 24 years, and Spanish-American War veterans who drew in less than 20 years. Furthermore, the World War I veteran received very few educational, business, farming, or housing benefits.

World War I veterans are not asking for a hand out but a hand up—benefits equal to those currently being received by the veterans of World War II, Korea, and Vietnam. Let me share with you some of these World War I veterans' letters. These letters express far better than you or I could, the need for the legislation we are considering today.

> Maybe someday when there is only a very few of us old vets of World War I left they will do what they should have done long ago——
>
> I do not see how they can carry the load any more without an increase in dues.
>
> We need somebody to go to bat for us. When you get in the eighties you are not what you used to be.
>
> I wish they would give us a pension with no strings attached to it but don't know if we will ever get it that way.
>
> With the 20% increase in Social Security I now get less to live on. I carry a clip board around getting signatures on a petition in favor of the World War I service pension.
>
> First World War Veterans should be taken care of just as much as other veterans.
>
> We are all up in age and I personally think it would not hurt to give a flat rate of a decent amount instead of all the up and down business. We too gave to our country.

It is time to heed the voices of these men and women and enact a comprehensive pension plan for World War I veterans. It is time to redress the wrong that has been done to these veterans. Currently, the highest pension a World War I vet—nonservice connected—can receive is $2,600. This figure can only be attained by the veteran if he is not receiving any other forms of outside income such as social security or railroad retirement. If the vet does not have an outside source of income his pension decreases accordingly. To make this situation worse, most World War I vets were too old to build up social security maximums so that now they cannot even count on this as a sufficient means of income.

The bills we are considering today would not only equalize veteran benefits but they would also provide the World War I vet with pension benefits commensurate with the service they have given to their country. These bills will raise the pension benefits for single veterans and for veterans with dependents and also for the widows of veterans. Veterans or widows with dependents would receive around $150 dollars a month. While this represents a cost increase over the present VA plans it is one which certainly can be justified. Furthermore, after the initial dollar outlay the cost of these new pensions would decrease because the administrative aspects of the program will have been consolidated and improved.

Last, I would also like to say a few short words on behalf of H.R. 2687. Since the last increase in pension benefits on January 1, 1974 the consumer price index has risen by 5.9 percent. It is next to impossible for persons living on a fixed income to keep pace with the controlled, and seemingly uncontrollable rate of inflation we are currently experiencing. I am proposing in H.R. 2687 that disability and death pension benefits be raised to a more realistic level. Many of our veterans are facing serious financial hardships—some are even receiving welfare benefits—and it is our responsibility to see that this situation is remedied.

The concern of the Congress over this legislation is evidenced by the large number of Members who have sponsored these pension bills. Much of the credit for the active support this legislation has received lies with the work that has been done by the Stars and Stripes National Tribune, a great newspaper which covers veterans' affairs. Ken and Alice Hubbs, the editors of the Stars and Stripes, have clearly demonstrated the effectiveness of this newspaper in helping to move legislation through Congress. For example, during the massive effort last summer to keep the Public Health Service hospitals open, the Stars and Stripes' publication of the voting record of the Members combined with their coupon clip campaign to allow individuals to request their Representatives to vote on the issue was a key item in winning the battle to keep the PHS hospitals open. I would like to insert for the RECORD samples of the coupons which were so effective:

Date:
Mail to:
Congressman:
U.S. House of Representatives,
Washington, D.C.

Please cast your vote to override the veto of S. 504.

Thank you.
Name:
Address: ZIP.
Veterans Organization:

Date:
Mail to:
Operation S. 504
Stars and Stripes,
P.O. Box 1803,
Washington, D.C.

Tally my letter to Congressman:

Please keep us informed on future veterans' legislation.

Comments:
Name:
Address: ZIP.
Veterans Organization:

The Stars and Stripes has launched a similar campaign in the present effort to pass World War I veterans' pension legislation. The following is an example of this:

WWI SERVICE PENSION BILLS

The following forms are for your convenience to clip and mail to your two U.S. Senators from your State and your Congressman from your District. Mail the bottom form to The Stars and Stripes for the reason stated thereon.

For additional copies of these forms, simply cut all four out and take to your local Instant Print firm who can reproduce them on a legal size sheet very economically.

Date ———.

The Honorable ———,
U.S. Senate,
Washington, D.C. 20510:

DEAR SIR: Would you please support the provisions of HR 13579, HR 14782 and S 3383 and advise the Committee on Veterans' Affairs of your support? Also, would you please sign Rep. Wright Patman's H. Res. 1217?

Thank you for your concern for the World War I veteran and his dependents.

Yours in Patriotism,
Name: ———
Street: ———
City: ———
State: ———
Zip: ———
Veterans' Organization Membership: ———
War served: ———

Date ———.

The Honorable ———,
U.S. House of Representatives,
Washington, D.C. 20510:

DEAR SIR: Would you please support the provisions of HR 13579, HR 14782 and S 3383 and advise the Committee on Veterans' Affairs of your support? Also, would you please sign Rep. Wright Patman's H. Res. 1217?

Thank you for your concern for the World War I veteran and his dependents.

Yours in Patriotism,
Name: ———
Street: ———
City: ———
State: ———
Zip: ———
Veterans' Organization Membership: ———
War served: ———

Date ———.

Operation "World War I Service Pension"
Mr. KENNETH R. HUBBS, *Editor, the Stars & Stripes, P.O. Box 1803, Washington, D.C. 20013:*

I mailed the above forms to my Senators ——— and ——— and to my Congressman. ———

Please tabulate this for the use of National Veterans' Organizations and The Combined National Veterans' Association. I will keep you posted on the number of people I recruit to write their Congressmen.

Yours in Patriotism,
Name: ———
Street: ———
City: ———
State: ———
Zip: ———
Veterans' Organization Membership: ———
War Served: ———
Comments: ———

The Stars and Stripes National Tribune—its editors and publishers is to be commended—for its effort to improve life for our veterans. It is truly gratifying to me to see a newspaper which is so dedicated.

EFFORT TO UPGRADE CHILD HEALTH SERVICES NEEDED

HON. JAMES W. SYMINGTON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Friday, August 9, 1974

Mr. SYMINGTON. Mr. Speaker, on May 21, 1974, I made a floor statement regarding the urgent need for congressional leadership and fresh executive initiatives in an effort to upgrade child health services. At that time, I called to the attention of my colleagues an excellent critique of the existing child health care system.

Since then, I was pleased to note the American Broadcasting Co.—ABC-TV—presented a fine news closeup on this same subject. This television special raised a number of serious health care questions including:

At least 12 million children in the United States do not receive health care from year to year. Why?

Nearly half of all poor children in the United States have not been immunized against polio. Why?

The United States has one of the higher infant mortality rates in the industrialized world. Why?

Such life and death questions can be partially answered through the kind of programs examined in the latest Reader's Digest article by Lester Velie on the prospects for improved child care. The Velie article now follows:

NEEDED: QUALITY HEALTH CARE FOR ALL OUR CHILDREN

(By Lester Velie)

The health of millions of the nation's children will be tragically neglected unless we make provably successful medical programs available to them—*now*.

Millions of our children—perhaps as many as half of them—are trapped in a cruel paradox. Most of the child cripplers and killers of the past—polio, diphtheria, measles, influenza-pneumonia—have been conquered. But not necessarily for the children of the poor, near-poor and even lower-middle-class. These families may lack the price of admission to a private doctor's office or live in medical wastelands in our inner cities and rural areas where few doctors can be found. Instead of the preventive "well care"—the immunizations, checkups and attention to minor ailments—that these children need, many get "crisis care" only, obtained chiefly in overcrowded, understaffed emergency rooms of public hospitals.

Almost a fourth of our pregnant mothers don't get the prenatal care that could significantly reduce premature births and other birthtime emergencies. And the mortality rate for children in their first year of life who are from poor or near-poor families is double what it is for those from the middle class. Later, children may die prematurely because they are denied the preventive care that would nip rheumatic fever, chronic infections or asthmatic attacks.

Does this mean we don't know how to provide the lower-income and rural child with quality health care? Not at all. Indeed, models abound. Two of the most successful involve local-federal partnerships in neighborhood health centers:

FOR INFANTS: M & I'S

When Social Security Act amendments in 1965 made federal matching funds available, local health departments, medical schools, hospitals and community groups set up demonstration Maternal and Infant Care Centers (M&I's) to serve low-income neighborhoods. Unlike the present medical system that waits for patients to knock on a doctor's door, the M&I's made all of the neighborhood's expectant mothers and infants their concern, reaching out to bring them in if necessary. The doctor's reach was extended, too, by use of pediatrics nurses, medical social workers, nutritionists and family counselors. These medical teams offered comprehensive well care aimed at bringing sound babies into the world and keeping them that way through the first, hazardous year of life.

Florida's Dade County M&I, for example, funded cöoperatively by the federal and state governments and the county health department, provides anyone eligible—for a family of four, the annual income can be no more than 6,300—with person-to-person concern along with the latest in medical technology. We met six-months-pregnant Mrs. Alma M when she came in for her regular monthly checkup. An obstetrician found her overweight and counseled a diet high in nutrition for the baby, low in calories for Alma. A nutritionist then explained the diet and told her how to cook it; for example, broiling instead of frying to reduce calories by half. If Alma had been a "high risk" mother—one suffering from venereal disease, diabetes or hypertension—faculty members of the Miami University Medical School were available as a back-up advisory team. After delivery, Alma's baby would get the same quality care from the M&I health team as that available to the well-to-do child.

The Miami M&I has achieved a remarkable turnaround. In 1965, infant mortality in the neighborhoods it serves was 96 per 1000 live births; since last July, that rate has dropped to 3.6 per 1000. Unfortunately, there are but 56 such M&I's scattered through 34 states—caring for only ten percent of the country's eligible mothers and infants.

FOR KIDS: CHILD-CARE CENTERS

Local-federal cooperation has also shown how children of the poor and near-poor can be cared for beyond infancy. At San Francisco's Mt. Zion Hospital, a comprehensive child-care project has aided some 3600 youngsters from birth to 18 years old, and their families as well. Here, too, emphasis is put on preventive care. Says project director Rosalind Novick, "We call up our families to remind them to bring in their children for checkups and immunizations."

For Anne Bryant, her husband and their seven children, the Mt. Zion program has been "family doctor, counselor, advocate and friend." Last year, for example, when the Bryants' six-year-old entered school, he was so disruptive that Mrs. Bryant was told he would have to be put in a class for problem children. She took the child to her project center, where doctors and psychologists found that he was of above-average intelligence but hyperactive. Mt. Zion social workers and the boy's teacher worked out a special comprehensive program, and he was soon doing well in a regular class.

Another system of preventive care, Child & Youth Health Centers (C&Y's) has, in the last six years, reduced by half the hospitalization of children in the program. Together with the use of paraprofessionals, this has lowered the taxpayer cost per child to about $10 a month—less than the cost of membership in most prepaid group-health organizations.

But, as in the case of the Maternal and Infant Care Centers, the C&Y's provide token relief. There are only 59, scattered through 28 states and the District of Columbia, and they reach fewer than five percent of the eligible children. In 1973, the Nixon Administration proposed that support for C&Y's (all M&I's and C&Y's cost the government some $111 million this year) be shared by the states, as called for in the original legislation. Only the vigorous lobbying of the M&I and C&Y program directors and by the American Academy of Pediatrics won extension of the federal grants for the child health centers for another year. As of July, the states must match a lower federal quota. The doctors argued that good health is the right of every child and that the centers were a historic beginning toward achieving that right—with more desperately needed.

DOCTORS' COUNTEROFFENSIVE

Meanwhile, the doctors of one state have shown that the medical profession itself can mobilize against maternal and infant deaths. Five years ago, the Wisconsin Academy of Pediatrics and the state health department surveyed 35 hospitals and found that 15 of every 1000 infants born live there did not survive the first four weeks of life. Dr. Stanley N. Graven of the University of Wisconsin Medical School, who headed the survey team, there helped launch a low-cost statewide "newborn program" that reduced the newborn death rate to nine per 1000.

How? At first, the solution seemed simple. All you had to do, Dr. Graven felt, was set up several centrally located intensive baby-care units and organize a transportation system to get high-risk mothers and newborns there. But then Dr. Graven made two startling discoveries: Outlying hospitals did as well in saving high-risk babies as urban hospitals, where conflicting demands on the time of highly trained obstetrics and pediatrics specialists kept them away when needed most—so that interns and nurses had to cope with emergency-delivery problems. Dr. Graven also found that at least two thirds of such emergencies were due to inadequate prenatal care.

Dr. Graven organized a "flying circus" of pediatricians and obstetricans to barnstorm the state's hospitals, inculcating a team approach to the delivery and care of newborns. This meant training special pediatrics nurses, doctors' assistants and associates to undertake much of the normal-delivery care so that doctors could attend to high-risk cases when they occurred. This, in turn, meant educating doctors to relinquish some of their traditional chores to nurses and paraprofessionals.

Since only a handful of hospitals had the new machines that measure the fetal heartbeat, or the respirators and other equipment needed for intensive care of ill newborns, Dr. Graven negotiated with eight of them to develop themselves as regional centers for high-risk mothers and infants. Then a statewide ambulance service was organized that put pregnant mothers or ill newborns no more than two hours away from a center.

THE OKLAHOMA PLAN

The trouble is that even the most efficient use of medical resources can't deliver health care to mothers and children unless sufficient doctors are available to provide it. Consider Oklahoma, which ranks 41st among states in the ratio of doctors to population: 1 to 900. Worse, 66 percent of these doctors are concentrated in six of the state's 77 counties—leaving many communities with no doctors at all. Thus, no Oklahoma University football coach ever worked harder to recruit a speedy wide receiver than rural town elders worked last fall at a recruiting fair in Oklahoma City to lure young doctors to their towns—offering to stake them to fully equipped clinics, homes and guaranteed earnings. No offers were accepted at that time.

But relief is on the way. Under a new Rural Medical Education Loan and Scholarship Fund, Oklahoma offers to pay a resident of Oklahoma attending any medical school in the country up to $5000 yearly tuition and living costs in return for a minimum of two years' service in an assigned rural area after graduation. So far, 27 students have received such loans. Last spring the first beneficiary of this program completed his internship, and now the town of Warner has its first doctor in 15 years.

Meanwhile, Sen. Abraham Ribicoff (D., Conn.) has proposed a national "Community Physicians Service Program" that would provide medical students with the complete cost of their education, plus the cost of setting up an office—in return for three years' service in areas with few physicians. Ribicoff estimates that this $150-million-a-year program could channel some 7000 to 10,000 doctors to shortage areas.

WHO WILL PAY

Overshadowing all problems connected with providing health care to children is the problem of cost.

For example, Dr. Graven recalls a $28,000 hospital bill presented to the Wisconsin parents of twins who were maintained in an intensive-care respirator. All but $1800 had been covered by insurance. But for a young couple, $1800 on top of doctors' costs is a financial disaster. And how shall we provide the children of the poor and near-poor with continuing, preventive well care as well as sick care?

Virtually all authorities believe that some form of national health insurance is necessary. But unless we expand medical services to absorb any new medical purchasing power we provide by legislation, we will have more medical-cost inflation. For instance: since Medicare increased medical purchasing power without increasing the supply of medical resources, it helped quadruple hospital costs and triple doctor costs. And since private doctors continue to be scarce in low-income areas, many Medicaid card holders have been unable to purchase care, turning to hospital emergency rooms instead.

Clearly, a new national strategy is needed. One approach, favored by former Secretary of Health, Education and Welfare Wilbur J. Cohen, who was a principal architect of the Social Security Act of 1935 as well as Medicare and Medicaid, is a "junior Medicare." This would not only pay medical bills for all childern under six but help make additional health care available with loans from a new insurance fund to community groups, doctors, hospitals and medical schools to set up additional neighborhood health centers. These would then bill junior Medicare for services to children just as doctors and hospitals now bill Medicare for services to the aged. Such billings would also help repay the start-up loans.

Another approach, favored as a minimum measure by the American Academy of Pediatrics, is national health insurance for children under six, requiring employers to buy Blue Cross, Blue Shield and commercial health insurance for the children of their employes. Such coverage for children could be coupled with federal action to expand the present neighborhood health centers and so meet the special needs of poor and near-poor children.

As Congress ponders the various health reform bills now before it, we should all remember that children don't vote and don't lobby. The health needs of almost half our children will continue to be neglected unless we speak up for them.

THOMAS JEFFERSON'S PLEA FOR UNITY: WISDOM FOR TODAY

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, August 9, 1974

Mr. KEMP. Mr. Speaker, following the divisive election of 1800, Thomas Jefferson delivered an eloquent inaugural plea for unity which deserves thoughtful consideration today, by each Member of the Congress and by each American citizen.

While the times in which we live have sharpened our differences, we should realize that every difference of opinion is not a difference of principle. As Jefferson put it:

> We have called by different names brethren of the same principle. We are all Republicans; we are all Federalists.

Today, during these crucial days, let us remember that we are all Republicans, we are all Democrats; indeed, we are all Americans.

How do we know this? Because the peoples' vision of good government is unanimous. Jefferson said:

> A wise and frugal government, which shall restrain men from injuring one another, shall leave them otherwise free to regulate their own pursuits of industry and improvement, and shall not take from the mouth of labor the bread it has earned. This is the sum of good government; and this is necessary to close the circle of our felicities.

I can only hope that each of us will keep that Jeffersonian ideal close before our eye in the weeks and months ahead.

THOMAS JEFFERSON: PLEA FOR UNITY

During the contest of opinion through which we have passed, the animation of discussions and of exertions has sometimes worn an aspect which might impose on strangers unused to think freely, and to speak and to write what they think; but this being now decided by the voice of the nation, announced according to the rules of the Constitution, all will of course arrange themselves under the will of the law, and unite in common efforts for the common good.

All too will bear in mind this sacred principle, that though the will of the majority is in all cases to prevail, that will, to be rightful, must be reasonable; that the minority possess their equal rights, which equal laws must protect, and to violate which would be oppression.

Let us then, fellow-citizens, unite with one heart and one mind, let us restore to social intercourse that harmony and affection without which liberty and even life itself are but dreary things. And let us reflect, that having banished from our land that religious intolerance under which mankind so long bled and suffered, we have yet gained little, if we countenance a political intolerance, as despotic, as wicked, and as capable of as bitter and bloody persecutions.

During the throes and convulsions of the ancient world, during the agonizing spasms of infuriated man, seeking through blood and slaughter his long-lost liberty, it was not wonderful that the agitation of the billows should reach even this distant and peaceful shore; that this should be more felt and feared by some, and less by others, and should divide opinions as to measures of safety; but every difference of opinion is not a difference of principle. We have called by different names brethren of the same principle. We are all Republicans; we are all Federalists.

If there be any among us who wish to dissolve this Union, or to change its republican form, let them stand undisturbed as monuments of the safety with which error of opinion may be tolerated, where reason is left free to combat it.

I know, indeed, that some honest men fear that a republican government cannot be strong; that this government is not strong enough. But would the honest patriot, in the full tide of successful experiment, abandon a government which has so far kept us free and firm, on the theoretic and visionary fear, that this government, the world's best hope, may, by possibility, want energy to preserve itself? I trust not. I believe this, on the contrary, the strongest government on earth. I believe it the only one where every man, at the call of the law, would fly to the standard of the law, and would meet invasions of the public order as his own personal concern.

Sometimes it is said that man cannot be trusted with the government of himself. Can he then be trusted with the government of others? Or, have we found angels in the form of kings to govern him? Let history answer this question.

Let us then, with courage and confidence, pursue our own federal and republican principles; our attachment to union and representative government. Kindly separated by nature and a wide ocean from the exterminating havoc of one quarter of the globe; too high-minded to endure the degradation of the others, possessing a chosen country, with room enough for our descendants to the thousandth and thousandth generation, entertaining a due sense of our equal right to the use of our own faculties, to the acquisition of our own industry, to honor and confidence from our fellow-citizens, resulting not from birth, but from our actions and their sense of them, enlightened by a benign religion, professed in deed and practised in various forms, yet all of them inculcating honesty, truth, temperance, gratitude, and the love of man, acknowledging and adoring an overruling Providence, which, by all its dispensations, proves that it delights in the happiness of man here, and his greater happiness hereafter; with all these blessings, what more is necessary to make us a happy and prosperous people?

Still one thing more, fellow-citizens, a wise and frugal government, which shall restrain men from injuring one another, shall leave them otherwise free to regulate their own pursuits of industry and improvement, and shall not take from the mouth of labor the bread it has earned. This is the sum of good government; and this is necessary to close the circle of our felicities.

MORTGAGE MARKET SQUEEZED BY INFLATION IN PITTSBURGH—PART I

HON. WILLIAM S. MOORHEAD

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, August 9, 1974

Mr. MOORHEAD of Pennsylvania. Mr. Speaker, the stress of rising inflation hits hard at every sector of American life. Foremost among our problems is the plight of potential home buyers who face a tight money market, high interest rates, reluctant lending institutions, and little sign of relief.

In examining the mortgage money situation in the Pittsburgh area, Mr. Thomas P. Benic's recent two-part article in the Pittsburgh Post-Gazette focuses upon the difficulty of harmonizing sound business and social practices. Mortgage money is the fuel propelling the entire real estate industry; and when it is tight, it is also the depressant retarding the realization of consumer needs and wants. The conflict is not an easy one to resolve. As Mr. Benic points out, it may be financially unwise to extend loans for home mortgages or refurbishments, when industrial or personal credit extensions are more advantageous, but housing is and will continue to be a salient national priority.

The problem is compounded for those citizens desiring money for purchase or renovation in older sections of the city. Many lending institutions will not touch property in declining neighborhoods, thus, speeding the very blighting conditions we strive to reverse. Older areas of our cities may not be redlined, but the fear that the property will not endure the life of the loan discourages many lenders.

Financial experts agree that the mortgage interest rate is crippling the housing industry and will not drop until inflation is brought under control. As part of the effort to deal with this problem, I wish to cite Mr. Benic and include his article for the RECORD:

MORTGAGE MONEY TIGHTENS IN AREA

(By Thomas P. Benic)

The 24-year-old salesman approached his bank about a mortgage for a three-story stone front home on the central Northside.

The double-brick home was as sound as his excellent credit rating. The price was $10,000. He earns $12,000 a year and has $13,000 in a savings account at a major Pittsburgh bank.

"They turned him down flat," said Charles J. Lieberth, area director for the U.S. Department of Housing and Urban Development (HUD). "I called the bank and they said they'd reconsider. They asked if he would accept a 50 per cent down payment a five-year mortgage. I couldn't believe it."

The young salesman's plight is characteristic, though extreme, of what thousands of potential home buyers face today in the four-county Pittsburgh housing market, Lieberth said.

Mortgage money is expensive and sometimes difficult to get even for homes in the suburbs and better residential sections of the city, he said. For inner-city dwellings, the mortgage money supply has just about dried up.

Unless the financial experts are wrong, the situation won't improve much during the next year and the depressed market for new homes here will continue to decline, he added.

"Until either the interest rate goes down or stabilizes, things won't change much," said Robert E. Johnston, executive director of the Builders Association of Metropolitan Pittsburgh. People are stunned by the sharp rise in inflation and interest rates, he added.

New housing starts dropped 11 per cent last year and are expected to plunge another 8 per cent this year in Allegheny, Beaver, Washington and Westmoreland counties, according to ACTION-Housing statistics.

The causes of this downward spiral are apparent.

Mortgage interest rates, which average around 7 per cent two years ago, are expected to stay around the current 9 per cent level at least through the end of the year, financial experts say.

The phenomenal increase in the cost of new homes—from an average in the four-county area of $25,500 in 1972 to an estimated $35,500 this year—is expected to continue to rise, builders say.

The buyer of a new home today can expect to pay 25-year mortgage payments of $300 a month for that average-priced home compared to $180 a month it cost for the average home under prevailing interest rates in 1972.

A spokesman for Equibank's mortgage department said quite frankly that the bank refuses to finance home mortgages in questionable city neighborhoods.

Equibank also shies away from any small mortgage, regardless of the borrower.

A spokesman for Pittsburgh National Bank agreed to discuss the bank's mortgage policy, then several hours later a pubic relations official called to cancel the interview. "The mortgage people say they just don't want to be quoted on the policy," the official said.

Officials at Mellon Bank and Union National Bank report that minimum mortgage amounts are not required. Both limit their mortgage business chiefly to their own customers, however. Mellon requires a 20 per cent down payment while Union requires 25 per cent.

While banks have the money they are not required and, in fact, would be financially foolish to use a great deal of it on home mortgages. Industrial, commercial and even short-term personal loans are much more lucrative.

Savings and loan associations, savings banks and mortgage companies finance the majority of home mortgages. These lending institutions, however, are finding money harder to get and more expensive.

"We're in an extremely tight money situation," said Roy Stoehr, senior vice president at First Federal Savings and Loan, the city's largest. "We're forced to borrow money for a short term at 11¾ per cent interest and lend it out at 9½ per cent on long-term mortgages."

Savings and loans have to borrow now because the individual saver is much more sophisticated today, Stoehr said. Instead of putting his money in a savings and loan where it will earn 5¾ per cent, the saver will invest in corporate notes that pay several percentage points more.

The problem is even more severe for small financial institutions such as Dwelling House Savings and Loan in the Hill District. Last year Dwelling House financed more than $1 million worth of mortgages for customers who were predominantly black and marginal financial risks. This year's mortgage outlay will not approach that figure.

For mortgage companies, which have no funds of their own but act as agents for large stock companies, the pressure to write mortgages for the best of customers is probably most intense.

"If you have a good home in a declining neighborhood, the company that buys our mortgages won't touch it," Thomas E. LoDolce, assistant vice president for Advance Mortgage Corp., said. "They don't red line areas but underwriting policies prohibit acceptance of these mortgages. They just won't take the risk."

If the buyer can get the mortgage insured by the Federal Housing Administration (FHA) or the Veterans Administration (VA), the secondary mortgage market will of course accept it, LoDolce said. But for obvious financial reasons most sellers of homes would rather go the conventional mortgage route.

The FHA interest ceiling on insured mortgages now is 9 per cent; while the secondary market is buying mortgages for about 9½ per cent. LoDolce said. This means that the buyer of the house gets a break on the interest rate but the seller would be assessed points to make up part of this interest subsidy.

For every ⅛ of 1 per cent difference between the FHA ceiling and the actual mortgage rate, the seller is assessed one point (1 per cent of the selling price of the house). In this case the seller would have to pay four points or 4 per cent of the selling price. That amounts to $1,200 on a $30,000 house.

Only 4 per cent of all homes sold here last year had FHA insured mortgages compared to 20 per cent in 1969.

Financial experts agree that the mortgage interest rate, which appears to be crippling the housing industry here, will not drop significantly until inflation is brought under control.

There are plenty of suggestions on how to tackle inflation but none has worked for the Nixon administration so far.

PUBLIC OPINION AND THE ENVIRONMENT

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, August 9, 1974

Mr. BROWN of California. Mr. Speaker, I have frequently made note of the need to continue our efforts to improve the quality of our environment. During the recent attempts to roll back the clock on environmental protection laws, I tried to convey my sense of the will of the people as well as fight for what actions were necessary to protect the public health and welfare.

It is because of these efforts that I was pleased to see a recent memorandum from the President's Council on Environmental Quality that confirmed that public opinion still supports strong, environmental controls. It is not unusual these days to learn that the public is more sensible than the politicians who are supposed to represent them. I believe that this is the case with environmental legislation.

I would like to insert this memorandum into the RECORD at this time to allow others an opportunity to read it.

The memorandum follows:

PUBLIC OPINION AND THE ENVIRONMENT

In response to recent inquiries, the CEQ staff has compiled the latest available information on public opinion and the environment. While not every one of the surveys and polls reported on below can be considered individually representative of nationwide trends, together they give a reasonably thorough summary of environmental opinion in most regions of the country. The overall impression is that environmental issues remain very important in the minds of the public, especially as state and local issues. The energy crisis and aftermath appears to have affected this relatively little. The summary of results given below is organized into a series of topics for presentation purposes.

1. Issues of environmental quality continue to be of paramount importance:

In a poll by Congressman Mallory (Vermont) in March of this year, 80 percent of respondents believed that environmental issues demanded urgent attention.

A statewide poll in Florida prepared by Cambridge Research Survey and released in April of this year showed that 59 percent considered environmental issues the state's most important problem, up from 10 percent in 1970.

2. Many people feel strongly that insufficient progress is being made in environmental efforts:

In the Florida survey mentioned above, 30 percent believed that environmental quality had not improved over the past five years, while 40 percent believed it had actually declined.

A December 1973 nation-wide survey by EPA showed that there are more people who believe that the environment is getting worse than that it is getting better.

One question in a recent poll of Alabama citizens gave respondents a choice among three characterizations of the current state of the environment. 42 percent believed that "it is time to sacrifice everything to finding solutions" to environmental problems; 57 percent believed the situation was "serious but resolvable with only minimal changes to lifestyle and the economy." Only .009 percent felt the environment was "a fad and there is no reason for concern."

3. There is general citizen support for spending more money to improve the environment:

A poll by Congressman Beister (Pa., suburban) shows that 69 percent favor more to be spent on environmental cleanup.

Another poll by Congressman Mezvinsky of Iowa found 61 percent in favor of increased spending and 28 percent more favoring the current level of spending; only 11 percent favored a reduction.

4. There is considerable evidence that citizens are willing to support the added cost of environmental cleanup through higher prices and taxes:

The EPA study found, among other things, that a) a majority of car owners would pay increases of $150 for anti-pollution devices on new cars; b) homeowners are willing to bear an average increase of 22 percent in their monthly electric bills to pay for pollution abatement at powerplants; and c) people will pay on the average of 15 percent more in solid waste handling costs to have it recycled.

A poll by Congressman Conlan (Ariz. urban) found 59 percent willing to pay more for products that would do less damage to the environment.

In a poll last August, Congressman Taylor of North Carolina found 72 percent willing to pay higher taxes to support environmental protection. This high level of support comes from a constituency that can by no means be characterized as heavily pro-environment; on another question in the same poll, 88 percent favored construction of the Alaska pipeline.

5. Beyond support for environmental programs and willingness to pay, many citizens believe that activism on environmental issues is important:

The EPA study found that 28 percent of those surveyed had personally engaged in some activity which they felt had improved the environment.

Two questions on the Alabama poll asked what would be the most effective role for environmental organizations at the state and local levels respectively. In both cases, working directly with public officials on the enactment and execution of environmental legislation and decisions ranked highest, ahead of education, information gathering, community projects, providing speakers and forums, and numerous other activities.

6. This increasing desire for activism by citizens on environmental issues is borne out by the latest figures from nationally recognized environmental organizations:

1974 income for the National Wildlife Federation (600,000 members) is at an all-time high.

The Audubon Society experienced the greatest growth in membership in history during the energy crisis of last winter and spring.

7. Considerable progress continues to be made at the local level to create new environmental institutions and new ways to bring environmental factors into decision-making. A recent survey by the International City Manager's Association showed:

30 percent of cities and 35 percent of counties responding require environmental impact statements on at least some classes of projects.

40 percent of cities and 48 percent of counties have a senior official with primary responsibility for environmental affairs.

25 percent of cities have enacted an environmental component for their master plans, and 33 percent more have it under consideration.

8. Public support for environmental improvement has weathered the energy crisis well; few see any connection between the environment and the cause of energy shortages, and few support measures to relax pollution regulations.

A national Gallup poll in January 1974 asked who was responsible for the energy crisis. The results:

[In percent]

Oil companies	25
Federal Government	23
Nixon administration/Nixon	19
U.S. consumers	16
Arabs	7
Big business	6
Leaders playing politics	4
U.S. exporting too much	3
There is no shortage	6
Ecologists	2

(Multiple answers.)

A poll conducted by Congressman Beister (Pa., suburban) in June 1974 found 80% believing that only limited changes in the Clean Air Act are necessary to attain energy self-sufficiency.

A poll early this year by Congressman Ford of Detroit (one of the areas hardest hit by the energy crisis) reported that while 34 percent thought pollution standards should be lowered "while the energy crisis lasts," the other two-thirds wanted them retained at present levels or strengthened.

9. Land use and growth issues are becoming increasingly important to the public, and assumptions about the inherent value of growth and change are being discarded in even the more conservative regions:

In the International City Managers Association poll, land use and urban growth were considered to be the most pressing environmental problems by city officials.

A poll of Minneapolis-St. Paul residents in January, 1974, found 68 percent believing that urban sprawl exists as a problem in the Twin Cities area, and fully 50 percent of the opinion that all new construction should be limited to already developed areas.

In the Florida poll, 72 percent statewide supported strong land use controls to prevent uncontrolled growth. 80 percent of east coast and Dade County (Miami) residents believed there should be severe limits on further development. Two-thirds of respondents statewide were willing to use the state eminent domain power to protect environmentally endangered lands.

In Idaho, a poll by the State Water Resources Board found 64% in favor of state control of flood plain development; only 10 percent opposed. On another question, 40 percent believed that the state water plan should promote growth 30 percent believed it should promote growth, and 20 percent felt it should be neutral. 10 percent had no opinion.

In Delaware a coordinated attempt by the DuPont Company, the State Chamber of Commerce, the AFL–CIO, a consortium of oil companies, and many small developers to repeal the State Coastal Zone Law failed when strong citizen action convinced the sponsors in both houses of the Legislature to withdraw their repeal bills.

10. Recent election results show the continuing power of environmental issues at the polls:

In the 16th California Congressional District, the Democratic nomination in the June 1974 primary was won by the candidate with the support of environmental groups. His opponent attributed his loss to this endorsement.

In recent California elections, three propositions of environmental importance were on the ballot. All won. They included a $250 million bond issue for park acquisition; another $250 million bond issue for sewage treatment facilities; and the authority to divert up to 25% of state gas tax revenues to mass transit. The latter proposition carried in 1974 after losing in 1972.

The Florida poll mentioned above asked respondents to indicate their likelihood of voting for candidates proposing a number of stands on environmental issues. The highest negative voter reaction was to proposals 1) to relax regulations to allow more land development and 2) to cut back the funding of state environmental protection agencies.

RUTHERFORD WOMAN WRITES COLUMN FOR CHURCH PAPER

HON. ED JONES

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Friday, August 9, 1974

Mr. JONES of Tennessee. Mr. Speaker, I would like to take the opportunity today, to honor Miss Marilyn Boyett, of Rutherford, Tenn. Miss Boyett was stricken with polio at the age of 9, and is confined to an iron lung for 23 hours per day.

In August 1973, Marilyn began writing a regular feature article for the Cumberland Presbyterian Missionary Messenger. The column, called, "Looking Up With Marilyn Boyett," is printed in the Messenger monthly.

I have known this young woman all of her life, and know her to be a person of great faith, intelligence, and spiritual strength.

Through her faith and love of God, Marilyn has been able to share her thoughts with her many readers. I read her column monthly and am always encouraged and heartened through her willingness to serve the church in such a gracious and meaningful way.

Marilyn's anniversary article appeared in the Dyer, Tenn., Tri-City Reporter on August 1. The text of that article follows:

[From the Tri-City Reporter (Dyer, Tenn.) Aug. 1, 1974]

RUTHERFORD WOMAN WRITES COLUMN FOR CHURCH PAPER

Marilyn Boyett, 35, a Rutherford woman who was stricken with polio in August, 1948, at the age of 9 years, is writing a regular feature article for the Cumberland Presbyterian Missionary Messenger monthly.

Miss Boyett, who is confined for 23 hours a day in an iron lung, tells in her first anniversary article, published in August 1974, the problems faced by a columnist in getting material together for an inspirational column.

Miss Boyett's column has brought her praise from all over this country and many people in foreign lands.

This week, with her permission, The Tri-City Reporter is privileged to print her anniversary column titled "Looking Up With Marilyn Boyett":

Hello:

This month marks the first anniversary of Looking Up. The enjoyment of sharing my thoughts with the church has grown. I had not written before and naturally I encountered some qualms about expressing my feelings.

When the editor asked me to write a column each month I wondered where the material would come from and just how many subjects I could find to talk about. They have come to me in strange ways. I remind myself of a minister who is always searching intently for new material. I once spent the entire day trying to think of something worth writing about—finally marking off the day as wasted. Early the next morning I received an inspiration through the mail. By that afternoon the column was written.

Let me share the process "Looking Up" goes through before reaching the press. First, I'm always listening, reading and meditating. I then try to compose these in my mind. This is usually done in the very early morning or during some of my "quiet hours." When my attendant-secretary, Birdie Horner, comes on duty, I dictate my thoughts to her. word by word. We then compose a rough draft, later going back and making some simple corrections or rephrasing some thoughts. I depend on her to give me her honest constructive criticisms. Without her, there could be no column for the Messenger. She patiently attends my every need. Sometimes, it takes a while for me to get my thoughts expressed. She has been with me for more than eight years. By now we have grown to love and respect each other very much.

When I said that I would write the column, I had to consider whether Birdie was willing to help me. She doesn't come over on any regular schedule, but only when she is called. So I sometimes keep my mental thoughts "stored" away until she can come and write them on paper for me. It would be much easier if I could just write them down whenever I wanted, but God does not intend it this way.

After getting the material in the form I want, it is ready for typing. Our minister, James E. Hunter (with the help of others) does this for me. He was instrumental in bringing the Messenger editor and me together last year. I certainly had no idea that a monthly feature would be the result. Each article has to be in the Messenger office two months prior to publication. So, you readers might drop by my house and find me writing about spring or summer during a heavy snow.

Few realize the time and work that is involved in getting one of my articles to press. Without God giving me strength and wisdom, plus these other willing people, I would not be able to share my experiences with you. Many of you have written me during the year. This has been God's way of letting me know it is His will that I should witness this way. Often I have marvelled at the way important people witness to their faith in public crusades. I have wondered at times whether I would ever reach anyone outside the circle of my personal friends. "Looking Up" is my way. Thanks be to God for this first anniversary of writing. Bye for now.

MARILYN BOYETT.

MILITARY AIRLIFT—A NATION-SAVING DEVICE

HON. BENJAMIN S. ROSENTHAL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, August 9, 1974

Mr. ROSENTHAL. Mr. Speaker, I would like to call to the attention of our colleagues an article in the July issue of Reader's Digest that illustrates why the Government must do everything in its power to fairly and equitably distribute its air transportation business between the U.S. scheduled and supplemental air carriers.

As we will all recall, during the period October 13–November 14, 1973, it became necessary for the U.S. Government to airlift massive amounts of materials to assist the Israelies and thus maintain the tenuous balance in the Middle East. We were able to immediately respond to Israel's needs, Mr. Speaker, because of the abilities of our Air Force's Military Airlift Command to divert the necessary aircraft to nation-saving missions at a moment's notice.

But, Mr. Speaker, the story really goes a little deeper, the Military Airlift Command has this ability because of the backup support it has been able to negotiate with the U.S. air carrier industry. Some 14 years ago, as a result of hearings held by a subcommittee of the House Committee on Government Operations, the Air Force entered into an arrangement whereby it would distribute the Department of Defense's air transportation business to both the large U.S. scheduled air carriers and the small U.S. supplemental carriers—on a proportionate basis—at fair and equitable rates, including proper profit factors—10½ percent—as set by the Civil Aeronautics Board. In return for this Government business, each of the air carriers agreed to give the Government first priority on the use of the carrier's aircraft in time of real need.

Mr. Speaker, obviously the administration should fully support the U.S. commercial air carrier industry. In awarding the Government business, the administration should fully comply with the declared policy of Congress as set forth in the Federal Property and Administrative Service Act of 1949. Congress, when it established this act, clearly intended that small business concerns receive a fair proportion of the Government's business. Yet, we currently have a situation whereby essentially none of the civil agencies or U.S. Postal Service air transportation business is placed with small business concerns—the U.S. supplemental air carriers.

During the Israeli airlift, the Military Airlift Command called upon the following 11 air carriers to provide augmentation airlift. It is noteworthy that half of these air carriers qualify as small business conerns:

Saturn Air Way, Inc., United Air Lines, Inc., Trans International Airlines, Flying Tiger Line, Inc., World Airway, Inc., Trans World Airlines, Inc., Seaboard World Airlines, Inc., Northwest Airlines, Inc., Pan American Airline, Inc., Eastern Airline, Inc., and Airlift International, Inc.

The Reader's Digest article follows:

THE AIRLIFT THAT SAVED ISRAEL

(By Charles J. V. Murphy)

The sun was setting on a fine fall day. In their home at McGuire Air Force Base near Trenton, N.J., Col. and Mrs. Donald Strobaugh were looking to the last-minute details of a party they were about to give. Then the phone rang. It was Strobaugh's commander. "Don, you're leaving on a mission right away," he said. "Pack your things and report to the command post."

"Where am I going?" Colonel Strobaugh asked.

Colonel Strobaugh, a 26-year-veteran, had a good idea where he was going. The date was Friday, October 12, 1973, and the Arab-Israeli war had been raging for six days. For the previous two days, the base, home of the 21st Air Force MAC (Military Airlift Command), had been bracing for a possible airlift to aid Israel. Within half an hour, Strobaugh was kissing his wife good-by. He would not be back for 34 days.

Those 34 days would see an epic feat of supply by air—a demonstration of American aircraft and military planning that would give a new historical perspective to the term "airlift." MAC's great cargo jets would literally pump the iron lifeblood of survival into Israel, enabling that beleaguered nation to pass through a dark dawn of heavy losses and to launch a furious offensive in the Yom Kipur war.

Precipitating this drama was a gross misjudgment by the Israeli high command of the military resources needed to turn back an Arab assault. From October 6 to 9, Arab armies fighting on two fronts destroyed or damaged 650 tanks, one third of Israel's armor. These ruinous losses were due largely to handguided Soviet missiles lavishly supplied to the Arabs. In a desperate effort to restore the balance on the ground, U.S.-built Israeli jets swooped down on the Egyptian and Syrian armies, only to be met by an eruption of radar-controlled gunfire and Soviet-built surface-to-air missiles—SAM 6s and 7s—that swiftly destroyed or damaged about 100 of Israel's 500 fighter-bombers.

With Israeli forces starting at the bottom of the barrel, Premier Golda Meir flashed a message to U.S. Secretary of State Henry Kissinger, asking for immediate help. Her appeal had already been foreshadowed by U.S. intelligence sources, which had detected a gigantic round-the-clock Soviet airlift of munitions and military supplies to the Arabs—a steady stream of four-engine turbo-props coming down through Eastern Europe, refueling at Budapest or Prague, then flying on to Cairo or Damascus.

Neither President Nixon nor his advisers were disposed to rearm Israel for an annihilating counter-blow that might upset the tenuous "balance" in the Middle East. But, at a hastily summoned meeting of the U.S. National Security Council on October 10, a decision was made to send Israel whatever munitions were needed to prevent defeat.

Immediately, the Pentagon began rounding up materiel from military depots across the country: tanks, guns, shells, helicopters, radar equipment, body armor, fuel tanks, air-to-air and surface-to-surface missiles, even whole tail sections for fighter planes that had landed safely after Soviet-built, heat-seeking missiles had exploded near their tailpipes. By truck caravans, this war gear was rushed to nearby air bases where MAC's huge air freighters, brought in from their world routes, picked up the loads and relayed them to McGuire and Dover Air Force Base in Delaware, dispatch points for the 6400-mile flight to Tel Aviv. The pace of the lift, dubbed "Operation Nickel Grass," would be determined by how fast Colonel Strobaugh could handle the turnarounds at Tel Aviv.

FLYING THROUGH GIBRALTAR

On Saturday evening, October 13, the C–5 jet carrying the colonel and his special group of 55 communications and maintenance men lifted off from McGuire for the 13-hour flight to Lod International Airport in Tel Aviv, with a refueling stop at Lajes in the Azores. They touched down at Tel Aviv a few minutes after 1 a.m. Monday. Volunteer crews, many of them Irsaeli teen-agers and Americans from nearby kibbutzim, swarmed around the aircraft to help unload the tons of communications equipment and ammunition. In half an hour the cargo floor was bare.

Meanwhile, Strobaugh had been given an office in the engineering building of El Al, Israel's national airline. Seats from the first-class compartments of El Al's 747s, which had already been converted to cargo duty, were set up in a large conference room so U.S. flight crews could rest while their planes were unloaded. Soon the group had its communications gear operating, and the emergency channels from Lod to Lajes to Scott Air Force Base (MAC headquarters near St. Louis, Mo.) pulsed with coded messages; identification of planes en route; scheduled arrival times; nature of cargoes; weather; the number of rested relay crews available at Lajes.

The pace of the lift built rapidly. Even before Strobaugh had landed at Lod, 17 fully loaded American cargo jets were airborne from McGuire. They had to be directed over a zigzag route dictated not by efficiency but by diplomacy. America's NATO allies, fearful of exacerbating relations with Arab nations, had denied their air space to the airlift. This, the giant C–5s and C–141s, flying six miles above the earth, were required to navigate directly "through" the Straits of Gibraltar into the Mediterranean, lest they pass over Spanish or British territory. Ten destroyers of the U.S. Sixth Fleet were stationed at intervals from Gibraltar eastward for possible use in search and rescue operations as well as to protect sea lanes. Near Crete, three aircraft carriers were ready to give protection in case Arab fighters rose to dispute their course.

FOOD AND FLOWERS

Back at the Pentagon, the logistics section of the Joint Chiefs of Staff determined the equipment to be released to Israel and organized its flow to the air bases on which MAC's planes were converging. Some 2400 miles east of McGuire, Lajes, mid-station for the airlift, was quickly transformed from a seldom-used fueling station into a major international staging area. Thirteen hundred men were rushed in: SAC aerial refueling crews to "feed" the F–4 Phantoms that were flying non-stop from Delaware to Israel; air controllers and computer specialists to plan arrivals and departures of heavily laden jets; air-police units to guard against sabotage; cooks to feed the equivalent of a small town suddenly transplanted to a sleepy Atlantic isle.

By dawn on the first full day at Lod, nine C-141s had landed and unloaded 300 tons of military hardware. Then the mammoth C-5s—capacity: 100 tons each—started to arrive. Israeli fighters flew protective cover as the giants touched down their 28-wheel landing gear.

By Tuesday, October 16, the airlift had moved to a high, steady beat. More than 900 tons of equipment had been unloaded during the first 48 hours, and most of it was already in the hands of fighting men on the Golan Heights, 100 miles to the north, or in the Sinai, 200 miles south. Strobaugh's headquarters at El Al was all crackling radios, chattering teleprinters, and the talk of flight crews gathering around a heaping buffet of fresh sandwiches, kept refreshed by the merchants of Tel Aviv. El Al stewardesses served coffee, and gave the airmen fresh fruits and flowers as they started back to the United States.

SWEATING DOWN

At first, the airlift cargoes had to be unloaded mostly by hand and a few light forklifts. Then the C-5s brought in three immensely powerful "K" loading vehicles—wheeled platforms which can be hydraulically raised to the exact level of the cargo-jet door, then loaded and lowered to the level of the trucks awaiting transfer of heavy items. With three such machines, Strobaugh was able to unload as much as 1000 tons a day.

MAC kept Strobaugh informed of arrival times so he could advise the Israeli Armored Command to schedule drivers to drive away the tanks, and technicians to reassemble the helicopters. As each plane drew into its unloading berth, Israeli army and air force logistics officers leaped into the cargo section and advised the Defense Ministry, over their walkie-talkies, of what was aboard. In minutes, the Ministry would decide where the different items were to go.

So smooth did the operation become that turnaround time at Lod—unloading, briefing the crew, preparing the plane for takeoff—was sweated down to under two hours for C-5s, 55 minutes for the smaller C-141s. Even more impressive was the time in which the war gear was sped to the front: three hours after unloading to reach the Golan Heights, ten hours to the Sinai.

Soon the miracle of the airlift had become routine. Every day, hundreds of tons of materiel, first lifted barely 24 hours earlier in the American hinterlands, were pushed out from Lod to the battlefronts: M48 and M60 tanks to replace heavy losses of armor as the Israelis drove across the Golan Heights toward Damascus; air-to-ground missiles with which Israeli fighter-bombers obliterated tanks in the Sinai with an astounding 95-percent accuracy; air-to-air missiles that accounted for most of the 400 Arab aircraft that Israeli fighters knocked from the sky. The Israeli high command, its battle stocks replenished, took the upper hand in combat, and on October 22 the Arabs were forced to agree to a cease-fire.

WHAT A LIFT

Without question, Operation Nickel Grass was the most important single factor in turning the battle and preserving Israel's very existence. From start to finish, it was a masterly performance. Although the U.S. airlift started five days after the Soviet operation, by the end of the second week it had delivered more tons than its Russian counterpart. As the days went by, MAC steadily lengthened its lead. Altogether, the Russians delivered 15,000 tons of equipment to Egypt and Syria on 934 flights. MAC delivered 22,400 tons on 566 flights—over a route four times as long.

If decorations were awarded to airplanes, the C–5 would certainly have earned a Distinguished Flying Cross. All the harsh things that were said about the plane in 1969, when Senate critics tried to halt its production on cost grounds, became unworthy nitpickings in the light of its performance. In 145 flights the C–5s lifted some 10,800 tons. But it was *what* they lifted that made their performance spectacular: 50-ton tanks, 30-ton self-propelled cannons, 25-ton howitzers, plus helicopters, whole fuselages, and enough shells in a single lift to supply an artillery battery for a week. No other plane in the world could have done it.

In the middle of the night on November 14, the job done, Colonel Strobaugh and his staff left Israel as unceremoniously as they had arrived. On that last day, they took a quick bus tour of Jerusalem, Bethlehem and the Dead Sea—the first they had seen of Israel outside of Lod airport. Back at MAC headquarters, the Air Force pinned a Legion of Merit on Strobaugh for "exceptionally meritorious performance."

A few weeks later, as Israel settled back into a shaky truce, Premier Gold Mier spoke in deep emotion: "For generations to come, all will be told of the miracle of the immense planes from the United States bringing in the material that meant life for our people."

THE ORDER OF VEXILLOLOGY

HON. WILLIAM S. MOORHEAD

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, August 9, 1974

Mr. MOORHEAD of Pennsylvania. Mr. Speaker, the Pittsburgh Order of Vexillology is alive and well, under the leadership of Executive Director Martin O'Malley, a constituent of mine. Young Marty is a dedicated student of flags, coats of arms, symbols, and a good many other things.

While compiling a brilliant high school academic record, Marty has pursued his interests in flags and 2 years ago won a local "You Are the Flag Contest."

I would like to include in the RECORD at this time an article from the Pittsburgh Press concerning Marty O'Malley for the information of my colleagues and vexillologists everywhere:

AT 16, HE FLIES TOP FLAG

(By Harry Black)

Who designed the original 13-star flag of the United States?

If you said Betsy Ross, you're in the right field, but chances are you're wrong.

Betsy sewed the original U.S. flag, but she is among 13 contenders who vexillologists are studying to discover the designer, according to Martin O'Malley.

EXECUTIVE AT 16

Here's another question which 16-year-old O'Malley, the first executive director of the newly-established Pittsburgh Order of Vexillology, could answer without hesitation:

What is the color and number of stars in the Rhode Island Regimental Flag?

Thirteen and yellow. But, as O'Malley is quick to point out in his 241 Augusta St., Mount Washington, combination home-office, there has been some controversy over whether the stars are white or yellow.

Since he won the "You Are The Flag" contest two years ago, the St. Mary of the Mount sophomore has studied flags and worked to form the local Order of Vexillology (the study of flags, coats of arms, seals and symbols).

As chief founder, young O'Malley named himself executive director and oversees a board of directors including assistant director Carl Francolino, a Baldwin High School sophomore; treasurer Lawrence Korchnak, a St. Mary of the Mount teacher, and bookkeeper Gladys G. O'Malley, the executive director's mother.

* * * * *

He pasted the flags on loose leaf sheets and in six hours wrote a brief history of each flag. Leafing through this personal notebook, you might find:

"In 1847, when Liberia was declared an independent republic, the Liberian flag was raised for the first time. In 1822, the country was founded to serve as a home for freed slaves.

"The 11 stripes signify the 11 signers of the Liberian declaration of independence. The blue canton represents Africa and the single white star symbolizes the only Negro republic at that time . . ."

MEMBERSHIP BENEFITS

O'Malley will soon send out petitions of membership to county Veterans of Foreign Wars posts, American Legions and ethnic organizations. Anyone interested in vexillology is invited to join. Dues are $10 a year.

The order will distribute its own quarterly periodical and offer access to the Flag Archives and Flag Bulletin which describe the specifics of all flags.

Although most of the meetings will take place at O'Malley's home, the executive director hopes an annual meeting will be held at one of the downtown hotels.

The man who coined the word "vexillology" is Dr. Whitney Smith of Winchester, Mass. He according to O'Malley, is the "world's only full-time vexillologist." O'Malley hopes to be the second.

He is working on his own book which will be published through the local order.

And one day he hopes to have the largest personal library anywhere on flag history.

No easy task, he realizes, pointing out that "Dr. Smith has the largest single collection . . . over 4,000 books.

PRESIDENT NIXON

HON. JACK BRINKLEY

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Friday, August 9, 1974

Mr. BRINKLEY. Mr. Speaker, the past week has been historic and trying for the people and the Government of the United States. At few times in the past have the Constitution and the institutions of Government been tested to the extent we have observed in these climactic days of the Watergate ordeal.

There are those who feel relieved that the burden of impeachment is removed from the shoulders of Congress. There are others who feel President Nixon should have stuck it out, and the Nation should have seen this matter carried out to the fullest extent under the Constitution.

Mail and other communications from my constituents left me with the clear impression that hundreds of them felt that impeachment was never necessarily a foregone conclusion, and with the impression that there was widely varied opinion on what constituted grounds for impeachment and ultimate removal of a President from office.

I am inserting in the RECORD, Mr. Speaker, two views of the week's events, first as reported by the Sunday Ledger-Enquirer in Columbus, Ga., following an interview last weekend, and second is a statement I issued in the aftermath of the dramatic events which quickly unfolded as this historic week drew to a close.

The articles follow:

[From the Sunday Ledger-Enquirer, Aug. 4, 1974]

BRINKLEY WANTS SOLID PROOF

(By Constance Johnson)

U.S. Rep. Jack Brinkley said Saturday that hearsay and circumstantial evidence alone will not be sufficient for him to vote to impeach President Nixon.

It will take solid proof, he said, of something specific, such as paying hush money to Watergate burglar E. Howard Hunt, or using the IRS or FBI "to convict people, whether they were guilty or not."

Although the 3rd District congressman said it would be "premature" to make a decision in advance of hearing the evidence, his approach seemed close to that of James St. Clair, President Nixon's defense attorney in the impeachment proceedings.

St. Clair has argued that the case for impeachment boils down to whether or not the President directed a $75,000 payment to Hunt for his silence. He also has maintained that there is no evidence anyone in the White House has succeeded in misusing the IRS or FBI.

Brinkley said in an interview Saturday that he holds to the principle of law that an accused person is innocent until proven guilt and that he accords the President that presumption.

"I'm waiting until all the facts are in," he said. The burden of proof is clearly on the House Judiciary Committee, he said. "They will have to show me."

Brinkley said that he has received transcripts of all the House Judiciary Committee's proceedings, is familiar with the White House tapes of conversations relating to Watergate, and watched portions of the committee's televised debates.

However, he said that the matter will be "brand new" when it comes before the full House, which, in effect, will serve as a grand jury to hear the evidence and vote yes or no on the Articles of Impeachment that have been adopted by the Judiciary Committee.

If a majority of House members votes to impeach—as is now predicted—the matter goes to trial before the Senate where it will take a two-thirds vote to convict the President or remove him from office.

"My judgment of what the Judiciary Committee did is not relevant to my vote," said Brinkley.

He also said he wouldn't be surprised if the new tapes, which the United States Supreme Court ordered the President to turn over to Watergate prosecutor Leon Jaworski, "bring forth new evidence and a more complete story."

There are some House members, said Brinkley, "who smell blood and would convict on a scintilla of evidence, based on circumstantial evidence and hearsay. I pledge that I never will."

A move by some Republicans to try to substitute a vote of censure of the President for a vote on impeachment would not solve the issue, said Brinkley.

"I don't agree with that approach. I'm willing to bite the bullet and vote yes or no. The President is entitled to exoneration, or the people to removal of the President, as determined by the facts."

Brinkley, an attorney, said he views impeachment as a political rather than a criminal proceeding, because there is no criminal penalty involved.

However, he indicated that he believes that "high crimes and misdemeanors" must be of equal severity as the "treason" and "bribery" charges that the Constitution provides as the basis for impeachment.

It is "very wrong" for a President to use the IRS or FBI "in a lawful manner which might have the concurrent effect of harassment," said Brinkley. "But it is not impeachable."

What would be an impeachable offense, he said, was for someone in authority to "subvert these agencies, to tell them to make an audit, or a check, and regardless of the facts make a case. That involves moral turpitude and is impeachable," he said.

Another impeachable offense, he said, would be "paying hush money to Hunt, obstructing justice."

If the evidence sustains the Articles of Impeachment, Brinkley said he would have no problem making up his mind, and that he is anxious to get over the next four "agonizing" weeks.

"I believe it is of the utmost importance to move with dispatch. It is in the best interests of the country to decide yes or no with no middle ground."

Brinkley, a Democrat who generally has supported the President, said that he still has confidence in Nixon "'in the area of foreign affairs. I have confidence in the belief that he wishes that which is good for the country, although I believe the economic and domestic fronts have suffered from a lack of a consistent policy from the Administration."

STATEMENT BY CONGRESSMAN JACK BRINKLEY

As a member of Congress who called on the President in May to release all of the Watergate tapes, I am personally dismayed that the ordeal has ended this way. A President who will get high marks in history for his foreign policy achievements could have avoided the crisis that finally sees him leaving office under very negative circumstances.

Those who watched and heard the President tonight should remember other moments as well—such as when he literally risked his life by going on a peace mission to the Middle East when he was suffering from phlebitis.

As a member of the House who might have had to vote on impeachment, I was determined to keep an open mind. I don't think I will ever regret that position.

I was a strong advocate of Gerald Ford's confirmation as vice president, and I know from my personal friendship with him and our relationship in the House of Representatives that he will perform capably as President. For the sake of the nation, I fervently hope the Watergate ordeal is coming to a close, and that it will have had a cleansing effect on the conscience of America and a strengthening effect on her institutions of government.

GILMAN PROPOSES PROPERTY TAX RELIEF

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, August 9, 1974

Mr. GILMAN. Mr. Speaker, today I am introducing legislation providing for a system of property tax relief for low- and middle-income homeowners who are suffering under the onerous burden of the regressive property tax.

My property tax reform bill establishes an Office of Property Tax Relief and Reform within the Department of the Treasury to assist the States with a cost-sharing program of tax reform and relief. Using Federal incentives, the bill encourages the States to adopt some form of property tax relief, offering either cash payments, tax credits or refunds to homeowners and renters when property taxes exceed a certain percentage of an individual's income. The following table is proposed as a basis for adoption by the States:

If an individual's income is up to but not exceeding:	He would receive relief for those taxes paid in excess of:
$3,000	3% of that income
$7,000	4% of that income
$10,000	5% of that income
$15,000	6% of that income

For renters, tax relief would be computed at between 15 and 30 percent of their rentals, depending on local variances. Limitation on all relief is set at $500.

The bill also includes some worthy proposals for improved administration, informational services and implementation of property tax relief, all designed for fuller disclosure and understanding of the most regressive of our taxes, the property tax.

Many argue that property taxation is a matter of local concern. While I agree with that contention, the urgent need for decreasing the burden of property taxes mandates Federal involvement. This measure has as few Federal strings as possible.

Since property taxation is the major support for financing our schools, the need for reform becomes increasingly more evident—in 1965 nearly 80 percent of local school bond issues were approved, in 1971 only 41 percent passed.

This falling off of local support for improving our educational systems is not reflective of our Nation's lack of interest in quality education, but is rather a reaction to the financial burden of increasingly rising property taxes coupled with the rapid rise in the cost of living. If our schools are to survive and thrive, it is evident that: First, we must find an alternative to the property tax as a basis for school financing and second, the Federal Government must increase its role in financial education costs. Presently, local revenues finance 52 percent of our education costs, the State absorbs 41 percent with the Federal Government contributing only 7 percent.

Since a pie can only be divided into just so many slices, those revenues lost from property tax relief will have to be picked up somewhere else along the line. Accordingly, with the administration of property tax relief, such as I have proposed, additional revenues will have to be garnered. However, it is my firm opinion that once we rid ourselves of the burdens of property taxation, the most regressive and despised tax of all, we will be able to look toward a more equitable means for funding our schools, possibly through the imposition of a plan for increased income tax.

The course ahead is frought with many challenges. The first step is property tax relief, the second step will involve a careful study of alternative equitable taxation so that our Nation can continue to move forward toward its goal of superior and equal education for all of our young people.

AMERICA AND FRIENDS SPEAK OUT IN 15TH ANNIVERSARY OF CAPTIVE NATIONS WEEK

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, August 9, 1974

Mr. DERWINSKI. Mr. Speaker, one of the most salutary aspects of the 15th anniversary of Captive Nations Week, which was observed last month both here and abroad, was the strident and eloquent manner in which officials and citizens spoke out in behalf of all the captive nations and peoples in Central Europe, within the Soviet Union, in Asia and in Cuba. Anyone guided by politico-moral principles and their basic importance in international as well as domestic relations could not do otherwise. Not only this, but the speak-out in all sections of our country as well as abroad in itself provides a wholesome contradiction to the strange Russian-bred myth accepted by some—that of "noninterference in the internal affairs" of totalitarian states. Where political barbarism prevails, injustices are rampant, national and personal exploitation is widespread, and fundamental freedoms and human rights are blatantly negated, for a civilized humanity there is no justification for this alleged principle.

Among the numerous examples of the success of the week, as collected by the National Captive Nations Committee and which have already appeared in these pages over the past few weeks, I wish to include the following exemplary items for the reading benefit of our Members and the general citizenry: A proclamation by Governor Jack Williams of Arizona; an excellent rendition over the Manion Forum by Mr. J. Fred Schlafly on "Our Last Best Hope for International Peace"; and a communication by the Ukrainian Congress Committee of America to Secretary of State Kissinger regarding Ukrainian political prisoners:

PROCLAMATION—CAPTIVE NATIONS WEEK

Whereas, millions of people on this earth are living in a state of oppression in nations held captive by stronger and ruthless communist powers; and

Whereas, there is an ever-present concern for the well-being of such peoples who are deprived of the human right of self-determination; and

Whereas, peoples of captive nations are of special concern to the United States of America, the last, strong bastion of freedom on earth; and

Now, therefore, I, Jack Williams, Governor of the State of Arizona, do hereby proclaim the week of July 21 through July 27, 1974, as Captive Nations Week and do call upon all citizens to reaffirm their moral support of the freedom-loving peoples of the captive nations now under the domination of Communist powers.

In witness whereof, I have hereunto set my hand and caused to be affixed the great seal of the State of Arizona.

Done at the Capitol in Phoenix this 16th day of July in the year of Our Lord One Thousand Nine Hundred and Seventy-Four and of the Independence of the United States the One Hundred and Ninety-ninth.

[From Manion Forum, July 14, 1974]

OUR LAST BEST HOPE FOR INTERNATIONAL PEACE—THE 1959 CONGRESSIONAL MANDATE FOR THE FREEDOM OF THE CAPTIVE NATIONS

(By Mr. J. Fred Schlafly)

DEAN MANION. John Fred Schlafly, the distinguished and busy Illinois attorney whom you have heard frequently on this program, has recently become President of the World Anti-Communist League. Our delusive and destructive detente to the contrary notwithstanding, the World Anti-Communist League carries the only dependable formula for national and international peace in this troubled, modern world. I will leave it to Mr. Schlafly to give you the reasons for that along with some description of the aims and purposes of this great association of some of the world's most distinguished and influential people. Mr. Schlafly is here with me at the microphone now.

My friend, welcome back to the Manion Forum.

Mr. SCHLAFLY. Thank you, Dean Manion. The World Anti-Communist League has chapters in the principal nations of the world, such as Japan, Australia, and the other non-Communist Far East nations, Great Britain, France, West Germany, and the other NATO countries, Canada, the United States, Mexico, Brazil and other Latin American countries.

A purpose of the World Anti-Communist League is to expose and oppose the Communist system of slave labor and denial of freedom to emigrate. The work of the Anti-Communist League has been confirmed by two courageous Russians, writer Aleksandr Solzhenitsyn and scientist Andrei Sakharov. They have revealed that Soviet slave labor and punishment without a trial did not begin and end with dictator Stalin. They began with Lenin in 1918 and are an essential part of the present Soviet system bossed by Brezhnev.

Scientist Sakharov called on President Nixon and Leonid Brezhnev to proclaim freedom at their Moscow Summit: freedom of religion, freedom to emigrate, and freedom for political prisoners. Unfortunately, statements issued by the Nixon-Brezhnev Summit Conference did not mention freedom or liberty. Worse, when NBC, CBS, and ABC newsmen attempted to broadcast their interviews with Sakharov, the Kremlin censors cut them off the air. Since Brezhnev will not permit freedom of speech even to members of President Nixon's party in Russia, talk of detente and cooperation is a big fraud.

But the month of July supplies the great liberty and freedom declarations which Nixon and Brezhnev failed to make. First in time and importance is our Declaration of

Independence adopted on July 4, 1776. President Nixon might have read its words to the Russians in his broadcast:

"We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty and the pursuit of Happiness. That to secure these rights, Governments are instituted among men, deriving their just powers from the consent of the governed, That whenever any form of Government becomes destructive of these ends, it is the Right of the People to alter or to abolish it, and to institute new Government."

Not as well known, but also very important, is the Captive Nations Resolution. This great document of human liberty was passed by the United States Congress and approved by President Eisenhower on July 17, 1959.

The Captive Nations Resolution proclaims these timely truths about which Mr. Brezhnev and Mr. Nixon were so silent in Moscow:

"The enslavement of a substantial part of the world's population by Communist imperialism makes a mockery of the idea of peaceful co-existence between nations and constitutes a detriment to the natural bonds of understanding between the people of the United States and other peoples.

"Since 1918 the imperialistic and aggressive policies of Russian communism have resulted in the creation of a vast empire which poses a dire threat of the security of the United States and of all the free peoples of the world.

"The imperialistic policies of Communist Russia have led, through direct and indirect aggression, to the subjugation of the national independence of Poland, Hungary, Lithuania, Ukraine, Czechoslovakia, Latvia, Estonia, White Ruthenia, Rumania, East Germany, Bulgaria, mainland China, Armenia, Azerbaijan, Georgia, North Korea, Albania, Idel-Ural, Tibet, Cossackia, Turkestan, North Viet Nam, and others.

"These submerged nations look to the United States, as the citadel of human freedom, for leadership in bringing about their liberation and independence and in restoring to them the enjoyment of their Christian, Jewish, Moslem, Buddhist, or other religious freedoms, and of their individual liberties.

"It is vital to the national security of the United States that the desire for liberty and independence on the part of the peoples of these conquered nations should be steadfastly kept alive.

"The desire for liberty and independence by the overwhelming majority of the people of these submerged nations constitutes a powerful deterrent to war and one of the best hopes for a just and lasting peace.

"It is fitting that we clearly manifest to such peoples through an appropriate and official means the historic fact that the people of the United States share with them their aspirations for the recovery of their freedom and independence.

"The President of the United States is authorized and required to issue a proclamation designating the third week in July 1959 as "Captive Nations Week" and inviting the people of the United States to observe such week with appropriate ceremonies and activities. The President is further authorized and requested to issue a similar proclamation each year until such time as freedom and independence shall have been achieved for all the captive nations of the world."

Fifteen years ago, in the summer of 1959, Vice President Nixon arrived in Moscow shortly after the Captive Nations Resolution was passed by Congress and signed by President Eisenhower. The same Congress had also passed large appropriations to build up the strategic forces of the United States with B-52 bombers capable of attacking all parts of the Soviet Union; and for the development of Minuteman intercontinental ballistic missiles, also capable of striking all parts of the Soviet Union.

RESOLUTION GETS PRIORITY

Dictator Khrushchev did not object to the development of American weapons capable of destroying the Soviet Union, but he violently objected to passage of the Captive Nations Resolution. He charged up to Vice President Nixon at the American home exhibit in Moscow and, in the celebrated kitchen debate, voiced strenuous objections to the Captive Nations Resolution. Khrushchev was a frank fellow and was probably removed from office by his peers in 1964 because he talked too much. To paraphrase Shakespeare, he did protest too much, we think.

In this kitchen debate, Khrushchev revealed that the great weakness of the Soviet Union is not in military weapons on land, sea or air, but in the Captive Nations which constitute its slave empire. The recent death of Marshal Zhukov, Russia's highest ranking general, disclosed that he was fired because the Communists do not trust their own military leaders. Still less do they trust the 200 million people inside the Soviet Union who make up the Captive Nations. These people constitute our best hope for peace and freedom.

Since freedom and independence have not been achieved for any of the 22 Captive Nations listed in this Resolution, nor for nations subsequently overcome by Communism, such as Cuba, Laos, and North Cambodia, our President and all our citizens are directed by this Captive Nations Law to continue to work for the freedom of the Captive Nations all over the world.

If these 25 Captive Nations were free, there would be no need to levy on the people of the Free World huge taxes for the purpose of opposing Communist aggression. If these Captive Nations were free, Communism as a threat would disappear because its slave empire, extending from the Elbe River in the middle of Europe to the Pacific Ocean, would be replaced by these free nations friendly to the West.

If the Captive Nations were free, the slave labor camps in Russia and China, some of which are so eloquently described by Aleksandr Solzhenitsyn in "The Gulag Archipelago", would vanish, and the millions of wretched slaves would once again be free men.

If the Captive Nations were free, everyone's standard of living would be better because of the elimination of heavy taxes for armaments and for foreign aid to Free World countries threatened by Communism.

If the Captive Nations were free, citizens could leave any country which denies human liberty and migrate to countries which safeguard human liberty. This competition from those voting with their feet would deter countries from denying freedom to their citizens.

We protect the United States and prevent future wars of Communist aggression by proclaiming the Captive Nations Resolution and participating in observances of Captive Nations Week.

We must assure the Captive Nations that they are not forgotten, and that we are on their side and not the side of their jailers. We will thereby win priceless allies for ourselves inside the Iron, Bamboo and Sugar-Cane Curtains who, in the event of a cold or hot war, will constitute an army of freedom fighters.

GREATNESS STEMS FROM LIBERTY

The greatness of the United States does not lie in our farms and factories and transportation systems, wonderful as they are. Our greatness is that from the Declaration of Independence in 1776 to the Captive Nations Declaration in 1959 the United States has stood for liberty to work, worship and travel as each citizen desires. Our Statue of Liberty in New York Harbor has been an invitation to the oppressed people of the world to come to the United States and live in freedom.

In none of the wars we have fought during the last 100 years has the United States sought or obtained any territorial gain or the reparations customarily demanded by the victor. Billions of tax dollars are appropriated each year by Congress to try and buy friends and allies, most of whom refused to help when the Communists attacked us in South Korea and in South Viet Nam.

Might it not be better if Congress reminded the world in general, and our President and Secretary of State in particular, that the Declaration of Independence and the Captive Nations Declaration still represent the policy of the United States? Any action by the Executive Department, such as lending taxpayers' money to Communist Russia or Red China to buy our wheat at bargain prices, to buy our latest model computers, and to build huge truck factories, giant fertilizer plants, and large chemical industries, merely strengthens the enemies of freedom and is contrary to our Declaration of Independence and to our Captive Nations Resolution.

A favorite cliche of the anti-anti-Communists is that the Soviet and Chinese Communist leaders have mellowed with age, that the Cold War is over, and that we have moved from confrontation to negotiation. Unfortunately, the facts are just the opposite. On August 20, 1968, just 17 days after he signed a nonaggression pact with Czechoslovakia, Leonid Brezhnev ordered the invasion of Czechoslovakia by 650,000 troops supported by late-model tanks and planes.

Recently, he has placed around the American Embassy in Moscow armed guards who forcibly prevent American ctizens from entering the Embassy. One of those so harassed before she was finally allowed to obtain her American passport was the 67-year-old widowed mother of Simas Kudirka—the Lithuanian sailor who was kidnapped by the Soviets in 1970 directly off the deck of the U.S. Coast Guard ship Vigilant, where he had sought asylum.

Another American citizen blocked by Soviet guards from approaching the American Embassy in Moscow was Dean Hoxsey, an ex-Marine who fought on Okinawa during World War II, and who was roughed up on May 15, 1974, by Soviet police who keep the U.S. Embassy in a state of virtual siege. How can we say we have moved from confrontation to cooperation when the American Embassy in Moscow is surrounded by Soviet secret police who block the entry of American citizens?

The Communists lack spiritual weapons. Every Communist is required to be an atheist. No one will work and die for a system which teaches that death is the end of everything, that there is no life hereafter, no God, no Heaven, and no reward for a good life. So bleak is their future that many Russians seek relief in vodka and drunkenness.

In the Declaration of Independence and the Captive Nations Resolution we have two of the greatest spiritual weapons, of all history. Material weapons are not enough to preserve a nation. Rome fell when its legions became convinced that there was no justice in Rome and nothing in the Roman system worth fighting for.

Let us proclaim to the Government world our belief that all men are created equal in the sight of God and are entitled to their God-given rights of life, liberty and the pursuit of happiness. Let us read the roll call of the 25 Captive Nations and show our deep and continuing concern that they obtain individual liberty and religious freedom.

Because the prophets of Communism, Marx, Lenin, Mao Tse-tung, and Leonid Brezhnev never talk about human liberty,

freedom of religion, or freedom to emigrate, there is no reason for us to do likewise. Let us use our best weapons for the hearts and minds of men. Let us win real allies and deter war by again and again quoting the great truths of our Declaration of Independence and our Captive Nations Resolution to the one billion human beings locked inside the Captive Nations. For far too long, we have neglected our best defenses against Communism, our arsenal of spiritual weapons.

DEAN MANION. Thank you, Fred Schlafly, President of the World Anti-Communist League, for reminding us that we are still pledged by the unanimous vote of both Houses of Congress to work for the freedom and national independence of the nations now held captive by Red China and Soviet Russia. I hope that the people who heard you here today will make haste to remind the President of that continuing resolution.

UKRAINIAN CONGRESS COMMITTEE
OF AMERICA, INC.,
New York, N.Y., July 31, 1974.

Hon. HENRY A. KISSINGER,
Secretary of State, Department of State,
Washington, D.C.

DEAR MR. SECRETARY: On June 22, 1974 during the National Manifestation in Defense of Human Rights in Ukraine, held in our Nation's capital and attended by 10,000 people from several states, a delegation of the Ukrainian Congress Committee of America submitted to the White House a plea-memorandum urging President Nixon to intervene with the Soviet leaders whom he was scheduled to meet in Moscow, on behalf of two Ukrainian political prisoners. These two prisoners are reportedly being tortured and drugged to their almost certain death. We also sent a telegram to President Nixon in care of the U.S. Embassy in Moscow during his stay in the Soviet capital for the same purpose. Regrettably, to this very day we have not received even a formal and routine acknowledgment of the receipt of our communications.

The two Ukrainian political prisoners in question are Valentyn Moroz, a 38-year-old Ukrainian historian who was sentenced to 14 years imprisonment and is currently incarcerated in Vladimir Prison in the Russian Republic. He has been beaten and stabbed on a number of occasions by criminal inmates, with the full knowledge, if not instigation, of the prison authorities.

The other Ukrainian political prisoner is Leonid Plyushch, a 34-year-old mathematician and cybernetics specialist, who has been committed to a "psychiatric ward" in the Dnipropetrovsk prison in Ukraine for an indefinite period.

Both Moroz and Plyushch are being pressured to "atone" and recant their critical views of the Soviet system, which they steadfastly refuse to do.

In February, 1974, Prof. Andrei D. Sakharov, outstanding Russian physicist, sent an appeal from Moscow, urging international action to save Plyushch, whom he described as being "near death" as a result of large doses of haloperidol which have been regularly administered to him. Also, in June Prof. Sakharov sent two separate appeals to President Nixon and Secretary General Leonid Brezhnev, on behalf of Moroz, and on behalf of 98 Russian, Ukrainian, Baltic and Jewish political prisoners. Finally, Prof. Sakharov made another telephone appeal in the middle of July, 1974 stating that Mr. Moroz has been on and off a hunger strike since July 1, 1974, and his whereabouts as well as the state of his health are unknown, as prison authorities refuse to accept calls from abroad or release any information on the Ukrainian historian.

Mr. Secretary:

The Ukrainian American community and Ukrainians throughout the world, as well as many prominent intellectuals from various countries have been deeply concerned about the fate of V. Moroz and L. Plyushch. In Canada, a number of parliamentarians took the issue to the Canadian government. Last week Prime Minister Trudeau of Canada summoned the Soviet Ambassador in Ottawa and expressed the concern of his government and appealed to the Soviet government to release V. Moroz. There have been hunger protests and strikes by the Ukrainian youth and women's organizations in Ottawa.

Here, in the United States, hunger strikes and protests in defense of Moroz were held by Ukrainian women on July 23–26, 1974 opposite the U.N. headquarters, and by youth and student groups in New York at the Soviet Mission to the U.N. in New York, and at the Soviet Embassy in Washington, D.C.

Also, protests and demands for the release of V. Moroz and L. Plyushch have been pouring in from various American labor, academic and professional groups; at least three U.S. Senators are known to have made demarches on behalf of V. Moroz: J. Glenn Beall, Jr., and Charles McC. Mathias of Maryland and Charles Percy of Illinois, and several U.S. Congressmen.

Mr. Secretary:

We are fully aware of the delicate status of U.S.-Soviet relations and our plea is not meant to upset it. On the contrary, it is in the context of improving U.S.-Soviet relations that we seek your support and intervention on behalf of Valentyn Moroz and Leonid Plyushch. Both President Nixon and you were successful in prevailing upon the Soviet government to relax its rules regarding the emigration of Soviet Jews from the USSR to Israel. Like the U.S. government, we too, believe in the relaxation of international tensions and a just peace with freedom and justice in the world. But the policy of detente does not necessarily mean the abandonment of our belief in the rights of the individual regardless of his creed, color or national origin.

We hope, Mr. Secretary, that you will heed our plea and will use the power of your high office to save the lives of Valentyn Moroz and Leonid Plyushch. Both our government as well as that of the USSR stand to gain by demonstrating their sensitivity to the pleas of hundreds of thousands of men and women throughout the world who are deeply concerned for these Ukrainian political prisoners and who appeal and act in whatever way they can for the release of these two Ukrainian intellectuals.

Respectfully yours,
LEV E. DOBRIANSKY,
President.
JOSEPH LESAWYER,
Executive Director.
Executive Vice President.
IVAN BAZARKO,
IGNATIUS M. BILLINSKY,
Secretary.

SENATE—*Monday, August 12, 1974*

The Senate met at 12 o'clock noon and was called to order by Hon. FLOYD K. HASKELL, a Senator from the State of Colorado.

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

Almighty God, who doeth all things well, we thank Thee for dispelling the clouds of darkness from the landscape of the Nation and for the light which sheds its ray upon our pathway to the future. In the march of history, give us a vision of Thy purpose and move us to greater deeds of service. Guide us to a more perfect justice, to equality of opportunity and to that spirit of liberty which nourishes truth and righteousness.

Be graciously near to the President that he may think wisely, speak clearly, and act confidently. Grant us receptive minds and hearts as he speaks to the Nation. Forge us once more into one united people, "strong in the Lord and in the power of His might."

And to Thee shall be all glory and praise. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. EASTLAND).

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., August 12, 1974.

To the Senate:

Being temporarily absent from the Senate on official duties, I appoint Hon. FLOYD K. HASKELL, a Senator from the State of Colorado, to perform the duties of the Chair during my absence.

JAMES O. EASTLAND,
President pro tempore.

Mr. HASKELL thereupon took the chair as Acting President pro tempore.

QUORUM CALL

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Friday, August 9, 1974, be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Berry, one of its reading clerks, announced that the House insists upon its amendment to the bill (S. 3698) to amend the Atomic Energy Act of 1954, as amended, to enable Congress to concur in or disapprove international agreements for cooperation in regard to certain nuclear technology, disagreed to by the Senate; agrees to the conference requested by the Senate on the disagreeing votes of the two Houses thereon; and that Mr. Price of Illinois, Mr. Holifield, Mr. Hosmer, Mr. McCormack, and Mr. Hansen of Idaho were appointed managers of the conference on the part of the House.

The message also announced that the House disagrees to the amendments of the Senate to the bill (H.R. 12281) to continue until the close of June 30, 1975, the suspension of duties on certain forms of copper, requests a conference with the Senate on the disagreeing votes of the two Houses thereon; and that Mr. Mills, Mr. Ullman, Mr. Burke of Massachusetts, Mr. Schneebeli, and Mr. Collier were appointed managers of the conference on the part of the House.

The message further announced that the House has passed the bill (S. 3044) to amend the Federal Election Campaign Act of 1971 to provide for public financing of primary and general election campaigns for Federal elective office, and to amend certain other provisions of law relating to the financing and conduct of such campaigns, with amendments, in which it requests the concurrence of the Senate.

The message also announced that the House has passed the bill (H.R. 16136) to authorize certain construction at military installations, and for other purposes, in which it requests the concurrence of the Senate.

The message further announced that the House has agreed, without amendment, to the concurrent resolution (S. Con. Res. 108) extending best wishes to Gerald R. Ford.

The message also announced that the House has agreed to the concurrent resolution (H. Con. Res. 594) providing for a joint session of the two Houses on Monday, August 12, 1974, to receive a message from the President of the United States, in which it requests the concurrence of the Senate.

ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Acting President pro tempore (Mr. Haskell):

S. 3331. An act to clarify the authority of the Small Business Administration, to increase the authority of the Small Business Administration, and for other purposes; and

S. 3782. An act to amend the Public Health Service Act to extend through fiscal year 1975 the scholarship program for the National Health Service Corps and the loan program for health professions students.

HOUSE BILL REFERRED

The bill (H.R. 16136) to authorize certain construction at military installations, and for other purposes, was read twice by its title and referred to the Committee on Armed Services.

ENROLLED BILLS AND JOINT RESOLUTION PRESENTED

The Secretary of the Senate reported that on Friday, August 9, 1974, he presented to the President of the United States the enrolled joint resolution (S.J. Res. 229) to amend the Export-Import Bank Act of 1945.

The Secretary of the Senate reported that on today, August 12, 1974, he presented to the President of the United States the following enrolled bills:

S. 3331. An act to clarify the authority of the Small Business Administration, to increase the authority of the Small Business Administration, and for other purposes; and

S. 3782. An act to amend the Public Health Service Act to extend through fiscal year 1975 the scholarship program for the National Health Service Corps and the loan program for health professions students.

WAIVER OF CALL OF THE CALENDAR

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the call of the legislative calendar, under rule VIII, be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

LIMITATION ON STATEMENTS DURING TRANSACTION OF ROUTINE MORNING BUSINESS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that during the 30-minute period for the transaction of routine morning business, statements therein be limited to 5 minutes each.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that all committees may be authorized to meet during the session of the Senate today.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

LEAVE OF ABSENCE

Mr. HUGH SCOTT. Mr. President, I ask unanimous consent that the Senator from New York (Mr. Buckley) be officially excused from attendance in the Senate to attend a Law of the Sea Conference as a Senate representative.

The PRESIDING OFFICER. Without objection, leave is granted.

CONSIDERATION OF CERTAIN ITEMS ON THE CALENDAR

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar Nos. 1037 and 1038.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

AUTHORIZATION FOR THE DISTRICT OF COLUMBIA TO ENTER INTERSTATE AGREEMENT ON QUALIFICATION OF EDUCATIONAL PERSONNEL

The Senate proceeded to consider the bill (H.R. 342) to authorize the District of Columbia to enter into the Interstate Agreement on Qualification of Educational Personnel, which had been reported from the Committee on the District of Columbia with an amendment:

Strike out all after the enacting clause and insert the following:

TITLE I—INTERSTATE AGREEMENT ON EDUCATIONAL PERSONNEL

Sec. 101. The Commissioner of the District of Columbia is authorized to enter into and execute on behalf of the District of Columbia an agreement with any State or States legally joining therein in the form substantially as follows:

"THE INTERSTATE AGREEMENT ON QUALIFICATION OF EDUCATIONAL PERSONNEL

"1. The States party to this Agreement, desiring by common action to improve their respective school systems by utilizing the teacher or other professional educational person wherever educated, declare that it is the policy of each of them, on the basis of cooperation with one another, to take advantage of the preparation and experience of such persons wherever gained, thereby serving the best interests of society, of education, and of the teaching profession. It is the purpose of this Agreement to provide for the development and execution of such programs of cooperation as will facilitate the movement of teachers and other professional educational personnel among the States party to it, and to authorize specific interstate educational personnel contracts to achieve that end.

"2. The party States find that included in the large movement of population among all sections of the Nation are many qualified educational personnel who move for family and other personal reasons but who are hindered in using their professional skill and experience in their new locations. Variations from State to State in requirements for qualifying educational personnel discourage such personnel from taking the steps necessary to qualify in other States. As a consequence, a significant number of professionally prepared and experienced educators is lost to our school systems. Facilitating the employment of qualified educational personnel, without reference to their States of origin, can increase the available educational resources. Participation in this Agreement can increase the availability of educational manpower.

"ARTICLE II—Definitions

"As used in this Agreement and contracts made pursuant to it, unless the context clearly requires otherwise:

"1. 'Educational personnel' means persons who must meet requirements pursuant to State law as a condition of employment in educational programs.

"2. 'Designated State official' means the education official of a State selected by that State to negotiate and enter into, on behalf of his State, contracts pursuant to this Agreement.

"3. 'Accept', or any variant thereof, means to recognize and give effect to one or more determinations of another State relating to the qualifications of educational personnel in lieu of making or requiring a like determination that would otherwise be required by or pursuant to the laws of a receiving State.

"4. 'State' means a State, territory, or possession of the United States; the District of Columbia; or the Commonwealth of Puerto Rico.

"5. 'Originating State' means a State (and the subdivision thereof, if any) whose determination that certain educational personnel are qualified to be employed for specific duties in schools is acceptable in accordance with the terms of a contract made pursuant to Article III.

"6. 'Receiving State' means a State (and the subdivisions thereof) which accept educational personnel in accordance with the terms of a contract made pursuant to Article III.

"ARTICLE III—Interstate Educational Personnel Contracts

"1. The designated State official of a party State may make one or more contracts on behalf of his State with one or more other party States providing for the acceptance of educational personnel. Any such contract for the period of its duration shall be applicable to and binding on the States whose designated State officials enter into it, and the subdivisions of those States, with the same force and effect as if incorporated in this Agreement. A designated State official may enter into a contract pursuant to this Article only with States in which he finds that there are programs of education, certification standards or other acceptable qualifications that assure preparation or qualification of educational personnel on basis sufficiently comparable, even though not identical to that prevailing in his own State.

"2. Any such contract shall provide for:

(a) Its duration.

(b) The criteria to be applied by an originating State in qualifying educational personnel for acceptance by a receiving State.

(c) Such waivers, substitutions, and conditional acceptances as shall aid the practical effectuation of the contract without sacrifice of basic educational standards.

(d) Any other necessary matters.

"3. No contract made pursuant to this Agreement shall be for a term longer than five years by any such contract may be renewed for like or lesser periods.

"4. Any contract dealing with acceptance of educational personnel on the basis of their having completed an educational program shall specify the earliest date or dates on which originating State approval of the program or programs involved can have occurred. No contract made pursuant to this Agreement shall require acceptance by a receiving State of any person qualified because of successful completion of a program prior to January 1, 1954.

"5. The certification or other acceptance of a person who has been accepted pursuant to the terms of a contract shall not be revoked or otherwise impaired because the contract has expired or been terminated. However, any certificate or other qualifying document may be revoked or suspended on any ground which would be sufficient for revocation or suspension of a certificate or other qualifying document initially granted or approved in the receiving State.

"6. A contract committee composed of the designated State officials of the contracting States or their representatives shall keep the contract under continuous review, study means of improving its administration, and report no less frequently than once a year to the heads of the appropriate education agencies of the contracting States.

"ARTICLE IV—Approved and Accepted Programs

"1. Nothing in this Agreement shall be construed to repeal or otherwise modify any law or regulation of a party State relating to the approval of programs of educational preparation having effect solely on the qualification of educational personnel within that State.

"2. To the extent that contracts made pursuant to this Agreement deal with the educational requirements for the proper qualification of educational personnel, acceptance of a program of educational preparation shall be in accordance with such procedures and requirements as may be provided in the applicable contract.

"ARTICLE V—Interstate Cooperation

"The party States agree that:

"1. They will, so far as practicable, prefer the making of multilateral contracts pursuant to Article III of this Agreement.

"2. They will facilitate and strengthen cooperation in interstate certification and other elements of educational personnel qualification and for this purpose shall cooperate with agencies, organizations, and associations interested in certification and other elements of educational personnel qualification.

"ARTICLE VI—Agreement Evaluation

"The designated State officials of any party States may meet from time to time as a group to evaluate progress under the Agreement, and to formulate recommendations for changes.

"ARTICLE VII—Other Arrangements

"Nothing in this Agreement shall be construed to prevent or inhibit other arrangements or practices of any party State or States to facilitate the interchange of educational personnel.

"ARTICLE VIII—Effect and Withdrawal

"1. This Agreement shall become effective when enacted into law by two States. Therefore it shall become effective as to any State upon its enactment of this Agreement.

"2. Any party State may withdraw from this Agreement by enacting a statute repealing the same, but no such withdrawal shall take effect until one year after the Governor of the withdrawing State has given notice in writing of the withdrawal to the Governors of all other party States.

"3. No withdrawal shall relieve the withdrawing State of any obligation imposed upon it by a contract to which it is a party. The duration of contracts and the methods and conditions of withdrawal therefrom shall be those specified in their terms.

"ARTICLE IX—Construction and Severability

"This Agreement shall be liberally construed so as to effectuate the purposes thereof. The provisions of this Agreement shall be severable and if any phrase, clause, sentence, or provision of this Agreement is declared to be contrary to the constitution of any State or of the United States, or the application thereof to any Government, agency, person, or circumstance is held invalid, the validity of the remainder of this Agreement and the applicability thereof to any Government, agency, person, or circumstance shall not be affected thereby. If this Agreement shall be held contrary to the constitution of any State participating therein, the Agreement shall remain in full force and effect as to the State affected as to all severable matters."

SEC. 102. The "designated State official," for the District of Columbia shall be the Superintendent of Schools of the District of Columbia. The Superintendent shall enter into contracts pursuant to Article III of the Agreement only with the approval of the specific text thereof by the Board of Education of the District of Columbia.

SEC. 103. True copies of all contracts made on behalf of the District of Columbia pursuant to the Agreement shall be kept on file in the office of the Board of Education of the District of Columbia and in the office of the Commissioner of the District of Columbia. The Superintendent of Schools shall publish all such contracts in convenient form.

SEC. 104. As used in the Interstate Agreement on Qualification of Educational Personnel, the term "Governor" when used with reference to the District of Columbia shall mean the Commissioner of the District of Columbia.

TITLE II—PRACTICE OF PSYCHOLOGY ACT AMENDMENTS

SEC. 201. This title may be cited as the "Practice of Psychology Act Amendments".

SEC. 202. The Practice of Psychology Act (84 Stat. 1955) is amended as follows:

(1) Subsection (C) of section 13 of such Act (D.C. Code, sec. 2–492(C)) is amended to read as follows:

"(C) Any person aggrieved by a final decision or a final order of the Commissioner under subsection (B) of this section may seek review of such decision or order in the District of Columbia Court of Appeals in accordance with the District of Columbia Administrative Procedure Act.".

(2) Subsection (D) of section 13 of such Act (D.C., Code sec. 2–492(D)) is amended to read as follows:

"(D) In hearings conducted pursuant to subsection (B) of this section, the Commissioner may administer oaths and affirmations, and may require by subpena or otherwise the attendance and testimony of witnesses and the production of such books, records, papers, and documents as he may deem advisable in carrying out his functions under this Act. In the case of contumacy or refusal to obey any such subpena or requirement of this subsection, the Commissioner may make application to the Superior Court of the District of Columbia for an order requiring obedience thereto. Thereupon the court, with or without notice and hearing, as it in its discretion may decide, shall make such order as is proper and may punish as contempt of court any failure to comply with such order.".

(3) Section 14 of such Act (D.C. Code, sec. 2–493) is amended by amending the second sentence to read as follows:

"Prosecutions shall be conducted in the name of the District of Columbia in the Superior Court of the District of Columbia by the Corporation Counsel or any of his assistants.".

(4) Section 15 of such Act (D.C. Code, sec. 2–494) is amended by striking out "United States District Court for the District of Columbia" and inserting in lieu thereof "Superior Court of the District of Columbia".

(5) Section 8 of the Practice of Psychology Act (84 Stat. 1955), is amended to read as follows:

"SEC. 8. (a) Notwithstanding any other provision of this Act, a license shall be issued without examination to any applicant who is of good moral character, who, at any time during the twelve-month period preceding the effective date of the Practice of Psychology Act, maintained a residence or office, or participated in psychological practice acceptable to the Commissioners, in the District of Columbia, and who, within one year after the effective date of the Practice of Psychology Act, submitted an application for license accompanied by the required fee, and who holds—

"(1) a doctoral degree in psychology or forty-five credit hours taken subsequent to a bachelors degree in courses related to psychology, from accredited colleges or universities, and has engaged in psychological practice acceptable to the Commissioner for at least two years prior to the filing of such application pursuant to this Act; or

"(2) a master's degree in psychology or twenty-four credit hours taken subsequent to a bachelor's degree in courses related to psychology, from accredited colleges or universities, and has engaged in psychological practice acceptable to the Commissioner for at least seven years prior to the filing of such application pursuant to this Act.

"(b) For purposes of subsection (a) of this section, the term—

"(1) 'courses related to psychology' means any combination of the following behavioral science courses not necessarily in one department of one school: human development, education, educational psychology, guidance, counseling, guidance and counseling, vocational counseling, school psychology, school guidance, family counseling, counseling and psychotherapy, special education, learning disabilities, anthropology, sociology, human ecology, social ecology, rehabilitation counseling, group counseling and psychotherapy, or any substantially similar field of study acceptable to the Commissioner; and

"(2) 'psychological practice acceptable to the Commissioner's includes any job in which the job title or description contains any term acceptable to the Commissioner, or any of the following terms: psychologist, psychotherapy, group therapy, family therapy, art therapy, activity therapy, psychometry, measurement and evaluation, psychodiagnosis, pupil personnel services, counseling and guidance, special education, rehabilitation, or any job in which the person or organization was recognized or reimbursed under public or private health insurance programs by reason of being engaged in psychological practice.".

SEC. 203. The amendments made by paragraphs (1) through (4) of section 202 of this title shall take effect with respect to petitions filed after the date of the enactment of this title for review of decisions or orders.

TITLE III—DISTRICT OF COLUMBIA UNEMPLOYMENT COMPENSATION ACT AMENDMENTS

SEC. 301. The District of Columbia Unemployment Compensation Act is amended as follows:

(1) Section 3(c)(10) of such Act (D.C. Code, sec. 46-303(c)(10)) is amended by striking out the last three sentences and inserting in lieu thereof the following new sentence: "The employer shall be promptly notified in writing of the Board's denial of his application or of the Board's redetermination. An employer aggrieved by the Board's decision may seek review of such determination in the District of Columbia Court of Appeals in accordance with the District of Columbia Administrative Procedure Act.".

(2) Section 12 of such Act (D.C. Code, sec. 46-312) is amended to read as follows:

"SEC. 12. Any person aggrieved by the decision of the Board may seek review of such decision in the District of Columbia Court of Appeals in accordance with the District of Columbia Administrative Procedures Act.".

SEC. 302. The amendments made by section 302 of this title shall take effect with respect to petitions filed after the date of enactment of this title for review of decisions or orders.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

The title was amended so as to read: "An Act to authorize the District of Columbia to enter into the Interstate Agreement on Qualification of Educational Personnel, and to amend the Practice of Psychology Act and the District of Columbia Unemployment Compensation Act."

FEDERAL EMPLOYEES' COMPENSATION AMENDMENTS OF 1974

The Senate proceeded to consider the bill (H.R. 13871) to amend chapter 81 of subpart G of title 5, United States Code, relating to compensation for work injuries, and for other purposes, which had been reported from the Committee on Labor and Public Welfare with amendments on page 1, in line 3, strike out "(2)" and insert in lieu thereof "(1)".

On page 1, in line 4, strike out "inserting ", podiatrists," after "surgeons"." and insert in lieu thereof the following language:

inserting "and" after the semicolon on subsection E(iv) and adding a new paragraph (F) as follows:

"(F) an individual selected pursuant to chapter 121 of title 28, United States Code, and serving as a petit or grand juror and who is otherwise an employee for the purposes of this subchapter as defined by paragraphs (A), (B), (C), (D), and (E) of this subsection.".

(b) Section 8101(2) of the Act is amended by inserting ", podiatrists, dentists, clinical psychologists, optometrists, chiropractors," after "surgeons", and adding after the words "State law" a period, and the following: "The term 'physician' includes chiropractors only to the extent that their reimbursable services are limited to treatment consisting of manual manipulation of the spine to correct a subluxation as demonstrated by X-ray to exist, and subject to regulation by the Secretary".

On page 2, in line 13, strike out "(b)" and insert in lieu thereof "(c)".

On page 2, in line 14, strike out "podiatrists," after "supplies by"." and insert in lieu thereof the following language:

". Podiatrists, dentists, clinical psychologists, optometrists, chiropractors," after "supplies by", and by inserting before the semicolon ". Reimbursable chiropractic services are limited to treatment consisting of manual manipulation of the spine to correct a subluxation as demonstrated by X-ray to exist, and subject to regulation by the Secretary".

(d) Section 8101(5) of the Act is amended by inserting before the semicolon ", and damage to or destruction of medical braces, artificial limbs, and other prosthetic devices which shall be replaced or repaired, and such time lost while such device or appliance is being replaced or repaired; except that eyeglasses and hearing aids would not be replaced, repaired, or otherwise compensated for, unless the damages or destruction is incident to a personal injury requiring medical services".

On page 3, in line 5, strike out "(c)" and insert in lieu thereof "(e)".

On page 3, in line 11, strike out "(d)" and insert in lieu thereof "(f)".

On page 3, in line 15, strike out "back." and insert in lieu thereof "back; and".

On page 3, in line 22, insert the following new language:

(g) Section 8101(1)(D) is amended by deleting the word "and" after the semicolon.

On page 3, in line 24, after "Sec. 2." insert "(a)".

On page 5, at the beginning of line 16, insert "other".

On page 5, in line 25, after the semicolon, insert "or".

On page 7, in line 3, strike out "which" and insert in lieu thereof "without".

On page 8, in line 6, strike out "ends." and insert in lieu thereof "ends."

On page 8, beginning at line 7, insert the following new language:

"(d) If a claim under subsection (a) is denied by the Secretary, payments under this section shall, at the option of the employee, be charged to sick or annual leave or shall be deemed overpayments of pay within the meaning of section 5584 of title 5, United States Code.

"(e) Payments under this section shall not be considered as compensation as defined by section 8101(12) of this title."

On page 13, in line 19, strike out "and" and insert in lieu thereof "or".

On page 13, in line 20, after the word "if" insert the word "no".

On page 15, in line 7, strike out "8164" and insert in lieu thereof "8146a".

On page 16, in line 20, strike out "annuity computation under the civil service retirement provisions,".

On page 17, in line 5, strike out "compensation," and insert in lieu thereof the following language:

compensation or from the time compensable disability recurs if the recurrence begins after the injured employee resumes regular full-time employment with the United States,

On page 17, beginning at line 23, insert the following language:

(c) Section 3315a of title 5, United States Code, is repealed upon the effective date of this section.

On page 18, in line 1, after "Sec. 23." insert "(a)".

On page 18, beginning in line 3, insert the following new language:

(b) Section 8142(c)(2) of the Act is amended by adding after "Title 22" the phrase ", or a volunteer with one or more minor children as defined in section 2504 of title 22,"

On page 19, beginning at line 22, insert the following new language:

SEC. 28. (a) Except as otherwise provided by this section this Act shall take effect on the date of enactment and be applicable to any injury or death occurring on or after such effective date. The amendments made by sections 1 (b) and (c), 2, 3, 7 (a) and (b), 8 (a) and (b), 9, 16 (a) and (b), 17, 19, 20, 21, 22, 24, and 25 shall be applicable to cases where the injury or death occurred prior to the date of enactment but the provisions of these sections shall be applicable only to a period beginning on or after the date of enactment.

(b) Section 11 of this Act shall become effective 60 days from enactment and be applicable to any injury occurring on or after such effective date.

Mr. WILLIAMS. Mr. President, I rise to support H.R. 13871, a bill which will amend the Federal Employees' Compensation Act, and improve the system by which we provide benefits to those who have been injured or disabled in the course of their employment with the Federal Government.

The Federal Employees' Compensation Act, FECA, was created some 58 years ago, and was last amended in 1966. Since that time, there has been a growing awareness and interest in the field of workers' compensation generally. Such attention is welcomed, but is long overdue.

As a result of a requirement contained in the Occupational Safety and Health Act of 1970 (P.L. 91-596), a study was commissioned to review the adequacy of existing provisions of the various State workers' compensation programs. When the comprehensive findings of the National Commission on State Workmens' Compensation Laws were released in July 1972, the public was made aware of the many inequities and inadequacies which the existing systems have allowed to foster. Although the National Commission focused its attention on State systems, many of its recommendations were found applicable to deficiencies in the program administered for Federal employees, and have therefore been incorporated into this bill.

H.R. 13871 as amended by the Committee on Labor and Public Welfare makes over 30 changes in the existing law. In addition to the many procedural and technical changes accomplished by the bill, several highly innovative provisions have been introduced.

CONTINUATION OF PAY

Under current law, compensation is paid from the date wage loss begins, subject to the statutory waiting period.

However, notice of injury and claim forms must be submitted for review and adjudication by the Secretary of Labor before payment is certified to the U.S. Treasury. Consequently, the employee often suffers a delay in income. This fact was borne out vividly by a special General Accounting Office report which noted that the delay averaged between 49 to 70 days. In addition to causing difficult administrative problems for the Secretary of Labor and the employing agencies, such a delay creates severe economic hardship on the injured employee and his or her family.

To remedy this situation, the bill authorizes the employing agency to continue payment of an employee's pay where the employee files a claim under the act related to a traumatic injury, and provides that the pay shall continue, unless the claim controverted, for a period of up to 45 days. In the event a claim is controverted, the employee may utilize either accumulated sick leave, annual leave, or have an adjustment made to regular pay as an overpayment in accordance with existing law.

The intent of this "continuation of pay" provision is not to increase the amount of net income for the period immediately following the filing of a claim related to work-connected traumatic injury, but to eliminate interruptions in the cash flow for the employee. Any amounts received under this provision would be subject to the same deductions, withholdings, and taxes that such payments would have incurred had the employee been receiving his or her regular salary or wages.

JOB RETENTION RIGHTS

A second key provision assures Federal employees, including those of the United States Postal Service, who are injured on the job and receiving disability compensation, that during their period of disability they will incur no loss of benefits which they would have received absent the injury or disease. It permits an injured employee to return to his former or equivalent position if he recovers within 1 year from the date compensation begins, or 1 year from recurrence of that same injury or disease. For those employees whose disability extends beyond 1 year, the employing agency or department is to grant priority in employment to the injured worker.

EXPANSION OF SERVICES AND FACILITIES

The bill will also permit injured employees a choice of private physicians and medical facilities, as well as the continued use of the available Federal facilities. This freedom of choice is in accordance with the recommendations of the National Commission on State Workmen's Compensation Laws. Under existing law, an injured worker is required to make use of available U.S. facilities such as the Public Health Service, and Veterans' Administration hospitals for medical services; private physicians designated by the Secretary may be used only if the Government facilities are not otherwise available.

The act's definitions of "physicians" and "medical, surgical, and hospital services and supplies" have been expanded to include dentists, clinical psychologists, optometrists, podiatrists, and, to a limited extent, chiropractors.

These additional categories are a recognition of the need for specialized professional services which should be available directly to the disabled worker. Currently, such services are available only through referral by a treating or supervising medical doctor. A similar provision covering clinical psychologists and optometrists has been enacted into law (P.L. 93-363) in connection with the Federal employee benefits program.

This expansion of medical services is a recognition that injured workers desire a wider range of medical treatment, and that Federal employees' compensation should allow such choice.

COMPENSATION FOR PROSTHETIC DEVICES

Under existing law, no compensation is generally paid with respect to loss of personal property due to accident, regardless of the fact that the accident resulted in personal injury. Nonreimbursable personal property has included such items as artificial limbs and other prosthetic devices.

The bill would amend the definition of the term "injury" to include damage to or destruction of medical braces, artificial limbs, and other prosthetic devices. It will require the Government to compensate injured employees for damage to artificial appliances or prosthetic devices, as well as for any time lost while such device or appliance is being replaced or repaired. A prosthetic device would be considered a part of the body for all intents and purposes of this act, and the Secretary would be required to reimburse an employee for the loss or damage to such device if caused by an employment-related incident or series of incidents.

BENEFITS TO SURVIVING SPOUSE

The bill will also reallocate benefits to surviving spouses by increasing their share generally by 5 percent. The present benefit ceiling of 75 percent of the deceased employee's earning is maintained; that is, the existing maximum a family may receive in the aggregate is unchanged. The amendment will increase the benefits for a widow or widower without eligible dependent children from 45 to 50 percent. If the surviving spouse has a dependent child, the widow's or widower's share will be increased from 40 to 45 percent, with an addiitonal 15 percent for each child up to a combined maximum total of 75 percent.

I believe that the additional benefits provided by this bill will alleviate some of the existing inadequacies now being accorded to surviving spouses. However, I would like to call attention to a recommendation of the National Commission on State Workmen's Compensation Laws which urges that a widow or widower receive 66⅔ percent of the weekly wage of the deceased.

As the National Commission pointed out:

> Work-related deaths account for less than one percent of all workmen's compensation claims and less than 10 percent of all benefits. As the ultimate tragedy, work-related death deserves full compensation. The infrequency of death claims permits payment of substantial death benefits at a relatively small cost in the total budget of a modern workmen's compensation program.

According to the latest Department of Labor statistics, FECA benefits amounted to approximately $250 million. If the maximum aggregate family ceiling of 75 percent were retained, the cost of implementing the National Commission's recommendation would represent just a 3.8-percent increase over the total FECA payments.

Currently, there are 4,100 surviving spouses without eligible children who are collecting FECA benefits. There are also 700 spouses, each with one eligible child, and 500 spouses each with two or more children whose benefits would be increased by such a change.

The average case is now receiving $4,418 per year. Based on the latest average wage base—$9,400—of all such claimants, the actual proportion of compensation received is only 47.5 percent of the decreased employee's wages. With the adoption of the National Commission's recommendation the average payment would be increased by $1,650 to $6,068 per year.

I would hope that the Department of Labor will seriously consider the feasibility of such an adjustment.

COVERAGE OF FEDERAL JURORS

The act has been amended so that coverage will include all otherwise eligible Federal employees who are disabled or killed while serving as Federal grand or petit jurors. It is the intent of this provision to apply coverage on the same basis as if the juror were an employee on a special mission as part of his Federal employment.

The Department of Labor has rejected all such claims for compensation filed by Federal jurors regardless of their regular employment on the basis that Federal jurors do not come within the present statutory definition of Federal employees. We believe that the existing situation is unfair to those who are performing such a vital and important civic duty. Furthermore, the committee recognizes and concurs with the resolution of the Judicial Conference of the United States, adopted March 1974, which calls for the coverage of all persons serving as Federal jurors. I would urge that such action be considered in conjunction with the matter of Federal juror compensation now being studied by the Senate Judiciary Committee.

VOCATIONAL REHABILITATION

H.R. 13871 will permit the Secretary of Labor to continue the compensation rate without reduction as an inducement for partially disabled workers to enter into approved programs of rehabilitation so that they may eventually return to work and leave the compensation rolls. Present law requires a reduction in compensation when a Federal employee's disability changes from total to partial. This practice works a hardship on those workers who are enrolled, or who would like to enroll, in a vocational rehabilitation program. I am hopeful that the bill will be used in a manner which promotes the concept of vocational rehabilitation to the maximum extent possible.

OTHER PROVISIONS

Other provisions of the bill will: allow compensation of up to 312 weeks for an impaired external or internal organ not specified by the statutory schedule; adjust the Consumer Price Index computation in order to make it more responsive to cost-of-living increases; make certain previously excluded groups eligible for cost-of-living compensation increases.

Further, the bill will: Provide additional compensation for wives with dependent husbands; increase the monthly allowance for the service of attendants for disabled workers from $300 to $500; eliminate the requirement for Federal review of benefit levels when participants reach age 70; permit employees or survivors to receive benefits from both VA and FECA as long as the claim is not for the same injury; reduce from 21 to 14 days the minimum length of disability required to waive the exclusion of compensaton for the first 3 days of disability; lengthen the time for notice of injury from 48 hours to 30 days; permit Federal agencies to obtain claims forms directly from the Government Printing Office rather than the Department of Labor; extend the statute of limitations from 1 to 3 years; expedite procedures for the recovery of benefits by the Federal Government in case of third-party liability; permit death benefits to exceed the monthly pay of the deceased employee if the excess is created by authorized cost of living adjustments; provide $200 to the representative of the deceased employee to cover administrative costs necessary to terminate the decedent's status as a Federal employee; permit the Secretary to discharge compensation liability by lump sum payment if the monthly payment is under $50—formerly $5—provide for the use of improved actuarial tables; require the U.S. Postal Service to contribute to the employees' compensation fund with respect to administrative costs, and will increase the act's compensation rate for Head of Household Peace Corps Volunteers to that of volunteer leaders.

In view of the continuing interest in improving workers' compensation at both the State and Federal level, the bill requires the Secretary of Labor to conduct a broad-based review of the Federal employees' compensation program which will, among other things, include: First, the level and distribution of survivors' benefits in order to determine the most equitable method of providing compensation to the family of a deceased employee, including consideration of an approach based on a spendable earnings concept; second, the adequacy of scheduled awards; third, the feasibility of including disabilities involving the heart, brain, and back in a system of scheduled compensation; fourth, whether the Secretary of Labor should have discretionary authority to increase maximum monthly attendant and maintenance allowances.

It is essential that injured or disabled employees of all covered departments and agencies, including those of the U.S. Postal Service, be treated in a fair and equitable manner. The Federal Government should strive to attain the position of being a model employer. Enactment of these amendments will do much to achieve that goal.

In view of the broad-based support of this bill by the Department of Labor and by all concerned employee organizations, as well as the bipartisan and unanimous action of the committee, I would urge colleagues to vote in favor of these much-needed and deeply humane amendments.

Mr. JAVITS. Mr. President, the Federal Employees' Compensation Act has not been amended since 1966. During the past 8 years, a number of economic and administrative developments have made it necessary to update and revise our program of compensation benefits for injured Federal workers. I feel this new legislation, H.R. 13871, as amended by the Senate Committee on Labor and Public Welfare, meets those changing conditions and will insure the continuance of the FECA as a model of efficient and equitable compensation for workers injured in the performance of their duties.

I congratulate the House and especially Mr. DANIELS, the distinguished chairman of the House Select Subcommittee on Labor, and the ranking minority member of that subcommittee, Mr. ESCH, for such an excellent piece of legislation. The bill has had the strong support of the Department of Labor, and the concerned employee organizations.

It is my belief that the amendments to H.R. 13871 adopted by the Senate Committee on Labor and Public Welfare will further strengthen the bill and tie up a few loose ends.

I would like to highlight briefly some of the major provisions of the bill passed by the House and reported by our committee. The bill authorizes the employing agency to continue an employee's pay for a period not exceeding 45 days, where the employee files a claim under the act based on a traumatic injury.

The bill further helps to assure that Federal employees, including those of the U.S. Postal Service, who are injured on the job and return to Federal employment within 1 year, that during their period of disability they will incur no loss of benefits that they would have received absent the injury or disease. Additionally, it provides a guaranteed right to an injured Federal employee to return to his former or equivalent position if he recovers within 1 year. H.R. 13871 also permits continuation of benefits, at the total compensation rate, to those workers who recover sufficiently to enter an approved program of vocational rehabilitation.

The bill extends the time for filing for disability compensation from 1 to 3 years, and eliminates the 5-year waiver provision. Provision is made for equal treatment of surviving widows and widowers, eliminating the artificial differences in entitlement between husband and wife. The bill eliminates the requirement that the Office of Workers' Compensation Program reassess an individual's compensation and possibly reduce it when he reaches 70. Also, survivors' benefits are increased by 5 percent.

Progressive new developments such as these are necessary to maintain the act as a model workers' compensation law. In fact, the recommendations of the National Commission on State Workmens' Compensation Laws were used as a guide in preparing these amendments to the act.

Now, I would like to describe the nontechnical changes made in H.R. 13871 by our committee.

The House-passed bill, in addition to permitting the employee a choice of facilities and physicians, adds podiatrists to the list of authorized physicians and available services. The committee expanded upon this definition to include not only podiatrists, but also dentists, clinical psychologists, optometrists, and chiropractors subject to certain limitations. The services of chiropractors will be limited to manual manipulation of the spine. These additional categories reflect a recognition of the need for specialized professional services which should be available directly to the disabled worker. Currently, such services are available only through referral by a treating or supervising medical doctor.

Generally speaking, under existing law, no compensation is paid with respect to the loss of personal property due to an accident even if the same accident resulted in personal injury. Nonreimbursable personal property includes such items as artificial limbs and other prosthetic devices. The committee bill amends the definition of the term "injury" under the act to include damage to or destruction of medical braces, artificial limbs, and other prosthetic devices. In order to make it clear that eyeglasses and hearing aids are not covered in cases where such items are accidentally damaged or destroyed under situation not involving personal injury, the committee has included language that such devices will not be replaced, or otherwise compensated for, unless the damage or destruction is incident to an injury requiring medical services.

The committee bill extends FECA coverage to all eligible Federal employees who are killed or injured while serving as Federal grand or petit jurors. The intent of this provision is to apply coverage on the same basis as if the juror were an employee on a special mission as part of his Federal employment.

The Department of Labor has rejected such claims for compensation on the basis that Federal jurors do not come within the present statutory definition of Federal employees. The existing situation is certainly unfair to those who are performing such a vital and important civic duty.

Since the FECA was last amended in 1966, the Peace Corps has recognized a third category of volunteers, generally referred to as the Head of Household Volunteer, HOH, because he or she serves with one or more minor children. A HOH Volunteer receives a readjustment allowance of $125 per month, the same figure as a Volunteer leader receives. However, at present he or she is compensated under the FECA for disability payments at the same rate as an ordinary Volunteer. The committee bill provides consistency in the application of monthly earnings as the computation basis for disability. Accordingly, Head of Household Volunteers will be deemed, in the same manner as Volunteer Leaders, to be receiving monthly pay at GS–11 rates.

In conclusion, Mr. President, I believe that the bill before us today is a well considered and much needed piece of legislation. Its enactment will serve to assure that the Federal Government will be a model employer in the area of workers' compensation.

I urge all of my colleagues to support this bill.

The amendments were agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

JOINT SESSION OF THE TWO HOUSES TONIGHT

Mr. MANSFIELD. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on House Concurrent Resolution 594.

The ACTING PRESIDENT pro tempore laid before the Senate House Concurrent Resolution 594, which was read as follows:

H. Con. Res. 594

Resolved by the House of Representatives (the Senate concurring), That the two Houses of Congress assemble in the Hall of the House of Representatives on Monday, August 12, 1974, at 9 p.m. for the purpose of receiving such communications as the President of the United States shall be pleased to make to them.

The ACTING PRESIDENT pro tempore. Is there objection to the immediate consideration of the concurrent resolution?

There being no objection, the resolution was considered and agreed to.

Mr. MANSFIELD. Mr. President, for the information of the Senate—and I would hope that the attachés would get this out on the "hot line"—the Senate will meet in this Chamber at 8:40 this evening, for the purpose of going, in a body, to the Hall of the House of Representatives, to hear the President of the United States.

A PLEA FOR UNITY

Mr. HUGH SCOTT. Mr. President, I ask unanimous consent to have printed at the conclusion of my remarks the plea of President Thomas Jefferson for unity, delivered in his inaugural address on March 4, 1801.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

(See exhibit 1.)

Mr. HUGH SCOTT. I commend it to my colleagues as a recommendation from one of our Founding Fathers, 173 years ago, on the binding up of the Nation's wounds and the healing process, so that those things which have divided us may be found no longer to affect a strong Nation, united in its objectives, in search of peace and harmony in the world and at home.

We have come through some extremely trying times, and tonight the new President will address the Nation for the first time. Following that address, I would urge that he meet with the joint, bipartisan congressional leadership—as, indeed, I am reasonably sure he will plan to do—in order that we may discuss together what can be accomplished in the remaining days of this Congress: the disposition of pending legislation—for example, the agricultural appropriation bill veto, campaign financing, health legislation, and numerous other measures which are pending; whether we wish to recommend to him certain additional legislation; whether he wishes to make that kind of recommendation to us; whether he wishes to pick up an earlier recommendation of the joint leadership—and, indeed, of the two bodies—for an economic summit, to discuss the problems of inflation and other areas that beset the economy.

In that way, I think we can be off to a good start. We can find out what we can do and how we can do it; and we can tell the country that we are going to do this much this year. Then, when the 94th Congress comes in, we will, of course, receive more elaborate programs; and the Senate and the House will want to have their input and their recommendations.

It is with a feeling of great confidence and genuine optimism that I look forward to an era of warm and friendly and very genuine cooperation between the executive and the legislative branches. We will continue to watch our responsibilities, to assert our true relationships with the Executive; but, at the same time, in an administration whose hallmark, as the President has said to me, will be openness and accessibility, we can all achieve those things which have not yet been done and which ought to have been done.

So I look forward to this coming era, not with euphoria, but with a very realistic and pragmatic judgment that we are headed for times of accomplishment, in which matters that have been on the back-burner can now be moved forward and disposed of in the public interest.

Exhibit 1 follows:

Exhibit 1

Thomas Jefferson: A Plea for Unity

During the contest of opinion through which we have passed, the animation of discussions and of exertions has sometimes worn an aspect which might impose on strangers unused to think freely, and to speak and to write what they think; but this being now decided by the voice of the nation, announced according to the rules of the Constitution, all will of course arrange themselves under the will of the law, and unite in common efforts for the common good.

All too will bear in mind this sacred principle, that though the will of the majority is in all cases to prevail, that will, to be rightful, must be reasonable; that the minority possess their equal rights, which equal laws must protect, and to violate which would be oppression.

Let us then, fellow-citizens, unite with one heart and one mind, let us restore to social intercourse that harmony and affection without which liberty and even life itself are but dreary things. And let us reflect, that having banished from our land that religious intolerance under which mankind so long bled and suffered, we have yet gained little, if we countenance a political intolerance, as despotic, as wicked, and as capable of as bitter and bloody persecutions.

During the throes and convulsions of the ancient world, during the agonizing spasms of infuriated man, seeking through blood and slaughter his long-lost liberty, it was not wonderful that the agitation of the billows should reach even this distant and peaceful shore; that this should be more felt and feared by some, and less by others, and should divide opinions as to measures of safety; but every difference of opinion is not a difference of principle. We have called by different names brethren of the same principle. We are all Republicans; we are all Federalists.

If there be any among us who wish to dissolve this Union, or to change its republican form, let them stand undisturbed as monuments of the safety with which error of opinion may be tolerated, where reason is left free to combat it.

I know, indeed, that some honest men fear that a republican government cannot be strong; that this government is not strong enough. But would the honest patriot, in the full tide of successful experiment, abandon a government which has so far kept us free and firm, on the theoretic and visionary fear, that this government, the world's best hope, may, by possibility, want energy to preserve itself? I trust not. I believe this, on the contrary, the strongest government on earth. I believe it the only one where every man, at the call of the law, would fly to the standard of the law, and would meet invasions of the public order as his own personal concern.

Sometimes it is said that man cannot be trusted with the government of himself. Can he then be trusted with the government of others? Or, have we found angels in the form of kinds, to govern him? Let history answer this question.

Let us then, with courage and confidence, pursue our own federal and republican principles; our attachment to union and representative government. Kindly separated by nature and a wide ocean from the exterminating havoc of one quarter of the globe; too high-minded to endure the degradation of the others, possessing a chosen country, with room enough for our descendants to the thousandth and thousandth generation, entertaining a due sense of our equal right to the use of our own faculties, to the acquisition of our own industry, to honor and confidence from our fellow-citizens, resulting not from birth, but from our actions and their sense of them, enlightened by a benign religion, professed in deed and practised in various forms, yet all of them inculcating honesty, truth, temperance, gratitude, and the love of man, acknowledging and adoring an overruling Providence, which, by all its dispensations, proves that it delights in the happiness of man here, and his greater happiness hereafter; with all these blessings, what more is necessary to make us a happy and prosperous people?

Still one thing more, fellow-citizens, a wise and frugal government, which shall restrain men from injuring one another, shall leave them otherwise free to regulate their own pursuits of industry and improvement, and shall not take from the mouth of labor the bread it has earned. This is the sum of good government; and this is necessary to close the circle of our felicities.

(Note.—Thomas Jefferson delivered this Inaugural Address, excerpted here, on March 4, 1801, against a background of political divisions that led him to devote his eloquence to restoring unity among the nation's leaders.)

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. HUGH SCOTT. I yield.

Mr. MANSFIELD. Mr. President, this is the first indication that I have had that there might be a meeting of the joint leadership of both Houses after the President delivers his state of the Union speech tonight—indication. It is not a fact.

If it does come to pass, I would suggest most respectfully that the President give consideration to inviting the chairmen and the ranking Republican members of the House Ways and Means Committee and the Senate Finance Committee, because the brief bits of legislation, as of now, which I see encountering some degree of difficulty before adjourning sine die this year are, one, tax legislation, which is in the Committee on Ways and Means in the House; two, national health legislation, which is in the same committee, both of which we can do nothing on until and unless the House committee and the House itself act.

The third piece of legislation is the trade bill, which has passed the House and is in the Senate Finance Committee, where hearings have been held for some considerable time now.

Just for the record, and in conjunction with the possibilities raised by the remarks of the distinguished minority leader, I point out that those are the three main pieces of legislation which might hold up adjournment this year, although it is a little early to talk about adjournment. I think they ought to be laid out so that if, at any time, the President of the United States calls a meeting of the bipartisan leadership of both Houses, he will, at the same time, give consideration to calling the chairmen and ranking Republican members of the Senate Finance Committee and the House Ways and Means Committee.

Mr. HUGH SCOTT. I thank the distinguished majority leader for the very excellent suggestion. At the present time, I have no indication that such a joint meeting will be called. I think it is so obvious and so logical that I spoke of it in that context.

Mr. MANSFIELD. I understood that the Senator only raised the possibility.

Mr. HUGH SCOTT. That is so.

TRANSACTION OF ROUTINE MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of routine morning business for not to exceed 30 minutes, with statements therein limited to 5 minutes.

SENATE RESOLUTION 380—SUBMISSION OF A RESOLUTION TO DISAPPROVE AN ADVANCE-PAYMENT POOL-AGREEMENT BETWEEN THE U.S. NAVY AND GRUMMAN AEROSPACE CORP.

Mr. PROXMIRE. Mr. President, I have a resolution at the desk and ask unanimous consent for its immediate consideration. It is a Senate resolution to disapprove the proposed $100 million loan agreement between the Navy and Grumann Aerospace Corp.

The contractual relationship between the Navy and Grumman and their relationship with Congress have been characterized by concealment, deception, mismanagement of Government programs, and corporate bailouts.

The new $100 million loan is another in a long list of bailouts and handouts to Grumman and I predict it will not be the last.

Once again a large defense contractor, in concert with the Pentagon, has placed Congress over a barrel. The contractor and the Navy assert that if the Government does not render additional financial assistance to Grumman it will not be able to continue work on four Navy aircraft programs.

Grumman is in effect telling the Navy that unless it gets the new bailout it will stop work on essential defense programs. The Navy in turn is reinforcing Grumman's threat by doing everything within its power to extract the bailout from Congress.

Navy witnesses have testified twice in behalf of its favorite aircraft company: once before the House Armed Services Committee and once before the Senate Armed Services Committee. On both occasions the Navy's only purpose was to make a strong pitch for Grumman.

The Navy did not put forth an objective appraisal of the situation. It did not give Congress the pros and cons of the proposal. The Navy acted as an advocate, a spokesman, and a mouthpiece for Grumman.

Congress is once more in a dilemma. If the bailout is rejected, Grumman might very well carry out its threat by stopping work on four important aircraft programs. One of the programs is the multi-billion-dollar F–14.

What options does Congress have? In my judgment the risks and damages that will flow from caving in to pressures for another corporate bailout exceed the potential consequences of a Grumman strike against the Government.

It is time to put a stop to the corporate bailout syndrome.

I therefore urge that every Senator consider the Navy's request for another handout to Grumman with great care and attention.

If we are really concerned about excessive Government spending and inflation, if we really want to preserve a free market system, we must discontinue the policy of bailing out large corporations when they get into financial difficulties.

I recognize that there may be exceptional cases when it will be in the public interest to keep a private corporation in business. This case is not one of those exceptions, in my judgment.

For this reason, Mr. President, I have the resolution at the desk. I ask unanimous consent for its immediate consideration.

Mr. HUGH SCOTT. Mr. President, simply because I am not prepared—I know the Senator has been trying to get in touch with me, but reserving the right to object, I am not prepared to make a judgment on it. I am not familiar with the committee action or the Senator's purposes. I do not want to impede him; I do not want to act on the merits. I am constrained to object so that it will go on the calendar.

For that reason, and with every deference to the distinguished Senator, I am reserving.

Mr. PROXMIRE. I understand. I appreciate the courtesy of the distinguished Senator from Pennsylvania. This is the proper procedure. This will permit the resolution to be before the Senate, as I understand it, at the end of the morning hour tomorrow.

Am I correct, Mr. President?

The ACTING PRESIDENT pro tempore. The Senator is correct. The resolution will go over until tomorrow.

Mr. CANNON. I should like to respond briefly to the distinguished Senator from Wisconsin (Mr. PROXMIRE), and describe the work done by the Tactical Airpower Subcommittee with respect to the Grumman advance payments situation. In brief, the subcommittee held a hearing with the Navy on July 24, 1974, after the committee staff had completed a very comprehensive investigation into this matter. As a result of our hearing and recommendations that we made at its close, the Navy and Grumman arrived at a new agreement for terms and conditions for the advance payments. I am satisfied that the new agreement will resolve the problems, which we uncovered in our hearing, that stem from the old Navy-Grumman agreement.

I have distributed a report on this situation to the Armed Services Committee which explains the background of the problems and also shows how the new Navy-Grumman agreement resolves them.

I ask unanimous consent that the text of this report be printed in the RECORD at the conclusion of my remarks.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

(See exhibit 1.)

Mr. CANNON. I am recommending that the new Navy-Grumman agreement should not be disapproved, and I think that a reading of the report will substantiate this recommendation.

EXHIBIT 1

U.S. SENATE,
Washington, D.C., August 5, 1974.

Hon. JOHN C. STENNIS,
U.S. Senate,
Washington, D.C.

DEAR MR. CHAIRMAN: This letter is to provide you with the report of the Tactical Air Power Subcommittee on the Navy request for authority to continue providing advance payments to Grumman on Navy airplane contracts for the F–14, A–6E, E–2C, and EA–6B airplane programs. The request was forwarded in a letter from the Secretary of the Navy dated June 4, 1974, and was addressed to you as Chairman of the Armed Services Committee. It asks for authority to continue making advance payments for Fiscal Year 1974 and Fiscal Year 1975 programs and to raise the maximum amount of such payments to not to exceed $100 million.

WHY THE NAVY ADVANCE PAYMENT REQUEST WAS MADE

Last year while considering the FY 1974 budget requests the Tac Air Subcommittee held extensive hearings on the status of the F–14 program. We covered in great detail the circumstances that led to the Navy and Grumman agreeing on March 8, 1973, to end the original total package fixed price contract at the 134 F–14s ordered through FY 1973 and to buy the FY 1974 and subsequent F–14s on an annual-buy basis similar to other airplane contracts. Those hearings also showed that Grumman would lose $200 million on the original F–14 contract and that the company's banks had withdrawn their line of commercial credit in 1974 when the magnitude of these losses had been exposed. As a result, the Navy had reached an "advance payment" agreement with Grumman and had projected providing up to $90 million in advance payments to complete the airplanes up through the FY 1973 orders.

Last year the Tac Air Subcommittee and the full Armed Services Committee recommended authorizing only $197.6 million in FY 1974 for the 50 F–14 aircraft to continue that program though December 1973, and we further required that the Navy and Grumman negotiate a contract for those 50 airplanes before the Committee would make a recommendation on authorizing the remaining $505.4 million requested. We also insisted that the remaining unresolved issues in the old total package contract be settled along with the price of the new aircraft, and the major issue there was to arrive at a definite delivery schedule for the first 134 F–14s. This action by the Committee stimulated the Navy and Grumman to negotiate a fixed price contract for the 50 F–14s in the FY 1974 request, and this contract was signed in September last year while the authorization bill was being considered on the Senate floor. Therefore I added a floor amendment to fully fund the airplanes, and this was adopted by the Senate. (Incidentally, the negotiated contract was $10 million lower than the budget request, allowing that much of a reduction to be made in the Bill.)

Also last year Senators Byrd (of Virginia) and Proxmire added an amendment which would require Congressional notification and approval of all advance payments agreements in excess of $25 million. The specific terms of this amendment state that, if after 60 days of continuous session of Congress, a resolution of *disapproval* has not been passed by either House of the Congress, then the advance payment authority is considered to be approved. In other words, it requires a specific action of rejection in either House if the request is to be disallowed.

Technically the Byrd-Proxmire amendment applies only to contracts signed subsequent to enactment of the FY 1974 F–14 contract, but the Navy chose to request approval of both the FY 1974 and FY 1975 Grumman programs in its letter of June 4, 1974. In my Tac Air Report of June 3 (p. 17332 in the Congressional Record) I also discussed the fact that Grumman had refused to execute the FY 1974 F–14 contract until the Navy obtained Congressional approval to continue the advance payments, and also that the Navy had hidden this from the Congress during testimony on the FY 1975 budget until the Armed Services Committee staff discovered it. I will not repeat the details of that again here, as it was covered in full in that earlier report.

SUBCOMMITTEE INVESTIGATION AND HEARINGS

Prior to holding hearings on the need to continue advance payments to Grumman and on the total amount of advances required, the staff of the Armed Services Committee performed an extensive investigation into all facets of the Navy's present and proposed new agreements with Grumman. The staff had over a dozen meetings and interviews with officials of the Defense Department and Navy here in Washington and visited the Grumman company, the Navy Plant Representative's office, and Defense Contract Audit Agency on Long Island. The staff review included analysis of Navy and Grumman financial accounts and records on all Navy programs with that company. I believe that a most thorough and comprehensive investigation was made into this subject matter.

The Tac Air Subcommittee held a hearing on July 24, 1974, with Navy witnesses testifying on their request for authority to continue advance payments to Grumman. At that hearing we explored in depth the terms and conditions of the present advance payment agreement and how that agreement had been administered. Our findings from the investigation and hearing are outlined in paragraphs below.

WHAT ARE ADVANCE PAYMENTS?

Aircraft normally are bought under fixed price contracts, where the contractor is paid progress payments for 80% of his costs as they are incurred. The contractor must finance the remaining 20% of the costs himself, either by using his own cash or by borrowing from banks, until the airplanes are delivered and the remaining amount due is paid by the government.

If a contractor gets in financial difficulty and can not obtain the 20% of the funds above normal progress payments, then the government can step in to provide that financing through "advance payments" of that 20% of the costs before final delivery. In order to do so, a determination must be made by the Secretary of the service involved that it is necessary for the national defense for the government to receive the contractor's products. (Such a determination was made in August 1972 when the original advance payment agreement was made with Grumman.) The contractor is required to pay interest on the advance payments. Therefore, advance payments are a loan from the government to replace private financing when such is not available; and at the same time advance payments could be likened to providing extra progress payments, between the 80% normally paid and up to almost 100% of costs as they are incurred.

INTEREST RATES

The interest rate to be paid on advance payments is stated by the Armed Services Procurement Regulations (ASPR) to be the Treasury rate, that is the average cost to the government to borrow short term money. The theory behind using this rate apparently was that the government should loan money at cost, rather than for a profit or at a loss.

When the original Navy-Grumman advance payment agreement was entered into in August 1973, the Treasury rate was 6⅞%. At that time the prime rate, the rate banks charge to their best customers for short term borrowings, was 5½% and, therefore, was lower than the Treasury rate. (Normally the prime rate is higher than the Treasury rate but occasionally it does go lower.) The 1973 agreement charged interest to Grumman at 6⅞%, and that interest rate had not been changed by the Navy since that date. Interest rates began to rise subsequent to that time, and in 1974 they literally skyrocketed to the point where the Treasury rate to be charged Grumman under the proposed new agreement was 9⅛% and the prime rate currently is at about 12%.

GRUMMAN'S SHORT TERM INVESTMENTS

The maximum outstanding amount of advance payments allowable was $54 million by December 1972, and Grumman had borrowed that amount by that December. There was no change in that position until July 1973 when Grumman received an income tax rebate from the government (because of its large losses on the F–14 program), and it reduced the outstanding loan to $13.9 million. That was the only repayment Grumman has made to date, and the advance has risen to $24 million in December 1973 and presently is at $52 million.

Because of the day-to-day changes in the company's cash position, as bills and payrolls were paid out and as progress payments and final delivery settlements were received, Grumman apparently often found itself in a position with excess cash on hand. When such was the case, the company used this cash to buy short-term interest-bearing securities. These can be bought for periods ranging from one day up to unlimited periods, and this is normal business practice for any company with extra money available. In this particular case, however, the Navy did not have any arrangement with Grumman requiring that the advance payment loan be paid off as a first priority use of extra cash. As interest rates rose, a situation evolved where the government was borrowing money at about 9⅛%, it was loaning money to Grumman at 6⅞%, and Grumman was investing its extra cash for about a 10% return. For example, the company's 1973 annual report showed a December 31, 1973, consolidated balance sheet with $24 million advanced from the Navy and $31 million invested in marketable securities plus another $12 million in cash. If the Navy's advance had been repaid, Grumman's ability to invest in short term securities would have been reduced accordingly.

During the period between August 1972 and May 1974, Grumman earned $2.8 million in interest on its investments in marketable securities. Grumman paid $4.5 million in interest on the Navy's advances during that time. Although some of the investments in short term money were from other subsidiaries of the parent corporation than Grumman Aerospace, the division which builds the military airplanes, nevertheless it was the existence of these Navy advances which permitted these short term investment profits. Also, the "effective" interest rate, based on the difference between the $2.8 million income and the $4.5 million cost, is extremely low, only about 3%.

Had Grumman been borrowing money from banks at the prime rate (or higher), similar to its competitors who were not receiving government advances, then it would have been in Grumman's interest to repay these loans as cash became available, since the interest charged to Grumman would be higher than that the company could obtain with short term investments. This also is normal business practice.

NAVY AUDITS AND CONTROLS

We inquired to determine how this situation had come about, where Grumman had a much lower borrowing cost than its competitors who were not receiving government advances and also had little apparent incentive to return to private bank financing. The investigation and hearings showed that the Navy had established a "Special Pool Bank Account," for all progress payments, final delivery payments, and advance payments for the contracts included under the advance payment agreement. Although the advance payment agreement stated that the funds were to be used only for pool contracts, once money was deposited in that account it could be withdrawn and commingled with Grumman's general funds, and the eventual use of the money could not be traced. The DCAA auditors and Navy plant representatives at Grumman had discovered this deficiency in the Navy's control over the advances as early as September and October of 1972 and reported to the Navy Comptroller in Washington, but nothing was done to correct it. Also advances were made to Grumman without specific audits of Grumman's needs for the money, and they were made on a monthly basis rather than shorter term. Finally, advances were made based on accrued costs, which include non-cash charges such as depreciation, rather than on the basis of actual cash needs at the time. All in all, the Navy's administering procedures and controls over the advances can be characterized as being extremely lax.

NEED TO CONTINUE ADVANCE PAYMENTS

What would happen if the Navy's request to continue to provide advance payments was disapproved? Admiral Kent Lee, Commander of the Naval Air Systems Command and the principal witness at our hearing, said in answer to that question: "Mr. Chairman, I think Grumman would have a very difficult time paying bills. They would not be able to meet their payroll. And I think they would not be able to deliver the airplanes, the F–14s, the E–2Cs, the A–6Es, and the EA–6Bs, that we have contracted for with them."

The important point about this statement is that it is not just the F–14 fighter that is involved in the advance payment agreement with Grumman but *all* of the Navy airplanes that the company builds. The E–2C Hawkeye is a carrier-based radar warning and control airplane. As of September 1, 1974, there will be 3 E–2Cs still undelivered from FY 1973, 6 from FY 1974, and 6 are in the FY 1975 program. Similarly, 9 A–6E attack bombers in FY 1973, 13 in FY 1974, and 12 in FY 1975 would be affected, as would 2 EA–6B radar jamming airplanes from FY 1973, 6 from FY 1974, and 6 in FY 1975. Therefore, in addition to 93 F–14s under construction and 50 to be ordered, we are considering 39 of the other aircraft that are in manufacture and another 24 in the FY 1975 budget. I think that all of us should consider this total impact of the effect that would occur from disapproval of the Navy's request.

Concerning the question of whether the total authority of $100 million maximum advances will be required, the Navy testified that their estimate was that around $95 million would be needed.

NEW NAVY-GRUMMAN AGREEMENT

As we closed our hearing on July 24, I offered 3 specific criticisms of the current Navy advance payment situation, namely (1) the low interest rate, (2) the Navy's lack of audits prior to making advances, (3) the Navy's lack of controls over the use of funds advanced; and corrective action was recommended for each item. I am pleased to report that the Navy and Grumman took these criticisms seriously and signed a revised advance payments agreement on July 29. This new agreement closes the loopholes that existed with the old procedure and a synopsis of the major areas follows.

1. Interest: The new agreement provides for interest at the prime rate plus ½%, or the Treasury rate, whichever is higher. This puts the cost to the company of borrowing from the government on a much more coequal basis with commercial borrowing costs and thereby removes a major incentive for Grumman to retain government financing.

2. Controls Over Advances: Advances may be made only for verified cash requirements, either bills due or payroll requirements. Procedures have been arranged where advances can be audited as to what the funds actually will be used for, to insure that they are spent on the specific airplane contracts.

3. Shorter Term of Transactions: Withdrawals and repayments by Grumman can be made on a daily basis, and interest will be paid by the company on the daily outstanding balance. This gives Grumman the possibility and the incentive to repay immediately any currently unneeded cash, similar to normal arrangements with a commercial bank.

4. Short Term Investments Are Prohibited: As long as there is any outstanding balance of advance payments due to the government, Grumman Aerospace is prohibited from using its cash in short term investments. Although the new interest rate and daily repayment procedures would make such a practice unlikely because it would be unprofitable, this condition specifically closes this loophole.

5. Oversight Committee: A special Navy committee, headed by the Assistance Secretary for Financial Management will chair a committee to oversee the operation of the new agreement.

6. Dividends: The dividend section is unchanged, and Grumman Aerospace still can pay up to 50% of earnings to the parent corporation in dividends.

SUMMARY

Mr. Chairman, this new advance payment agreement that has been reached between the Navy and Grumman appears to me to have corrected the deficiencies of the earlier one. If it is administered tightly by the Navy it should provide the cash financing required to enable Grumman to continue to build the F–14, E–2C, A-6E, and EA–6B, and at the same time there should be adequate incentive for Grumman to attempt to resume private bank financing as soon as possible in order to divest itself of the Navy's controls on its management of the company's financial affairs. I believe that the new agreement satisfies the objections that the Subcommittee had with the terms and conditions of the earlier one.

The Subcommittee decided to give this report to you without a specific recommendation on whether to approve or disapprove the Navy request of June 4, 1974, to continue advance payments for the FY 1974 and FY 1975 contracts.

In light of the previously enumerated changes enacted by the Navy, my personal recommendation is that the Committee not disapprove the request.

Sincerely,

HOWARD W. CANNON,
Chairman, Tactical Air Power Subcommittee.

Mr. CANNON. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. ALLEN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

LADY'S CIRCLE MAGAZINE AWARD TO MRS. LEON REDDING OF DOTHAN, ALA.

Mr. ALLEN. Mr. President, on August 10, 1974, I had the pleasure of presenting to Mrs. Leon Redding, a charming and gracious housewife of Dothan, Ala., the annual award given by Lady's Circle magazine to the outstanding American woman chosen on the basis of high standards of homemaking and community service. One of the factors resulting in the choice of Mrs. Redding, besides being a lovely southern lady, was her innovative recipes, many involving the use of peanuts, the protein-rich and highly versatile farm product which means so much to the economy of the Wiregrass section of Alabama and to the Southeastern United States. With protein being such a necessary part of a balanced diet, it is interesting to note that recently released statistics show that the peanut furnishes more protein for less cost than any other food.

Mrs. Redding's prize winning award was the recipe for Harvest Nutty Fruit Pie, and I can attest to its delicious taste because following the making of the award to Mrs. Redding I was induced to eat one piece of pie and then on my own ate a second piece. I am sure Mrs. Allen will be baking this pie for me often in the future.

Gracing the award ceremony were Mrs. Betty Etter, editor of Lady's Circle magazine and Mrs. Naomi Hacker, vice president of Peanut Associates, Inc.

Mr. President, I ask unanimous consent that the article appearing in the September 1974 issue of Lady's Circle magazine entitled "Alabama's Peanut Queen" be printed in the RECORD together with the recipes included in the article. These recipes are an important part of my remarks.

There being no objection, the article and recipes were ordered to be printed in the RECORD, as follows:

[From the Lady's Circle, September 1974]

ALABAMA'S PEANUT QUEEN

(By Johnnie Schreiber)

When Mrs. Leon Redding received a new pie recipe from her daughter, she never dreamed it would carry her all the way from her home in Dothan, Ala., to the glitter of New York City, to appearances on radio and television, to press interviews, to a meeting with the Senator from Alabama, and to all the excitement and glamour that a Peanut Queen remembers for the rest of her life.

"I just couldn't believe it" The soft Alabama accent seemed to soften the harsh sounds of the New York traffic, outside the windows of Mrs. Redding's blue and white suite in the Biltmore Hotel where she was interviewed back when she won the title. "My daughter sent me that recipe, and said it was so good. I changed it around just a teeny bit, so it would have peanuts in it instead of pecans, and Leon just loved it! So I said, I may be crazy, but I'm going to enter that pie in the contest. I never dreamed it would win top prize"!

Mrs. Redding looked absolutely radiant. She is tall and pretty, with beautifully styled snow-white hair. Her new slate-blue dress set off her sparkling eyes, and she looked every inch a queen.

She had set aside an hour in her day of big-city sightseeing to be interviewed and photographed for Lady's Circle, and she was thrilled about it. "I just love Lady's Circle," she remarked. "I read it every month, and you sure do have nice recipes."

Mrs. Reddings has lived all her life in Dothan, home base for the National Peanut Festival, a week-long celebration something like Mardi Gras. Peanuts are one of Alabama's most important crops, and Mr. and Mrs. Redding have 21 acres planted with the protein-rich nuts. This was the first time she had ever entered the recipe contest.

"I'm really a florist," she said. "I do the flowers for weddings a lot—you know, decorate the church and fix the bouquets and do the arrangements for the receptions."

She has also been president of the Dothan Garden Club and has won just about every award offered by that group. "I won the Award of Merit for myamaryilis," she said proudly.

The Peanut Festival elects a little Miss Peanut, a Miss National Peanut and a Mrs. Peanut. The first two categories are essentially beauty contests. Mrs. Peanut wins in the recipe section. There are more active competitions, too, like catching a pig greased with peanut oil. "The trick," Mrs. Redding said, "is to get hold of the pig by the hind legs and walk him over the line like a wheelbarrow."

The trip to New York was the big prize for Mr. and Mrs. Redding. They flew up—"our first long flight"—and visited all sorts of New York landmarks. Mrs. Redding loved the

Chinese food in Chinatown; Mr. Redding wasn't so sure. They saw celebrities at Sardi's, they window-shopped at Tiffany's and Macy's, they saw a live Broadway show. But the biggest thrill of the trip came when they stood on the set and met the cast of "As The World Turns." This is Alabama's favorite show, and Mrs. Redding had been given dozens of messages from home to pass on to the cast. "Even the men watch 'As the World Turns,' because they mostly come home for lunch."

Peanuts are a big part of life in Dothan, and all the homemakers have extensive peanut recipe files. One way or another, plain or fancy, peanuts manage to stir in the monthly gourmet dinners that the Reddings have shared with eight other couples for the last 19 years. Mrs. Redding's most recent dinner menu was: fresh snap beans, barbecued chicken, potato salad, relishes, her special Old-Fashioned Butter Roll, and the Harvest Nutty Fruit Pie that won her the queen's crown.

A tantalizing peanut aroma hangs over the town, and peanuts are used in corsages, on Christmas trees and wreaths, and in gold or silver paint. Even the hulls are used: they make a fine mulch for flowers, and the Garden Club couldn't get along without its special peanut-shell mulch.

Peanuts grow underground, and the plant looks something like a pea vine. They are pulled up when ripe, and left for a few days to dry. "We pray there's no rain while they're drying," remarked Mr. Redding. "But pretty soon we're going to get a special peanut dryer so we won't have to worry about the weather."

At this stage, when the peanuts are green, they can be boiled. This is Mr. Redding's favorite way of eating them.

After they are dried, they can be roasted. They are often used raw in recipes that take a half hour or so to cook—peanut experts feel that the flavor comes through better when the nuts are cooked right in with the other ingredients.

The peanuts sold loose in supermarkets are usually roasted. However, raw peanuts, with their red skins, are now sold in plastic bags. These may be roasted and salted, or used in recipes.

Peanut oil is the favorite cooking oil in Alabama, and in Mrs. Redding's winning recipe, peanut oil is used instead of shortening in the pie crust. "Peanut oil doesn't have any flavor of it own," says Mrs. Redding, "so it lets the other flavors stand out. Besides, it makes a nice, light crust."

Here's the recipe that won Mrs. Redding her title, taking top honors in the Pie Division, and then the Grand Prize:

GRAND PRIZE HARVEST NUTTY FRUIT PIE

½ an 11 oz. package pie crust mix (¾ C firmly packed)
2 tsp peanut oil
2 tbsp cold water
½ C (1 stick) butter or margarine
1 C sugar
½ C flaked coconut
½ C raisins
½ C chopped peanuts
2 eggs, well beaten
2 tsp vinegar
¼ tsp each cloves and cinnamon

Prepare pie crust mix according to package directions, adding oil and water. On a floured surface, roll out crust large enough to line the bottom and sides of an ungreased 9'' pie pan. Flute the edges of the pie crust. In a saucepan melt butter. Stir in remaining ingredients. Pour mixture into lined pie pan. Bake in a preheated moderate oven (350 degrees) for 30 minutes or until puffed and brown. Serve warm or cold. May be topped with sweetened whipped cream or vanilla ice cream.

Mrs. Redding says that lovers of peanut butter make their own in Dothan. Here's how they do it: Put 1 cup freshly roasted peanuts with 1½ tablespoons peanut oil in a blender. Blend till smooth, adding another 1½ tablespoons of oil gradually. Add ½ teaspoon of salt if the peanuts are unsalted.

Dothan youngsters often grill their own peanut-butter-and-jelly sandwiches. When they get tired of jelly, they combine peanut butter with cream cheese and pickle relish; or with salami, onion and mustard on rye; or with hard-boiled eggs, lettuce and some mayonnaise.

Homemade Peanut Brittle is the mainstay of teen-age parties:

DIXIE PEANUT BRITTLE

2 C sugar
½ C white syrup
½ C water
1¼ C raw peanuts
2 tbsp butter
1 tsp soda
1 tsp salt

Cook water, sugar and syrup until it spins a thread. Put in peanuts and cook until they begin to pop. Add butter, salt and soda. Pour onto large cookie sheet. Cool, break into pieces.

Looking for a new way to cook chicken? Try Peanutty Chicken—a former winner:

PEANUTTY CHICKEN

1 frying chicken, about 2½ lbs, quartered
¼ C flour
1½ tsp salt
⅛ tsp pepper
½ C peanut oil
1 medium onion, chopped
1 clove garlic, minced
1 C water
⅓ C peanut butter
1 can (8 oz) tomato sauce
1 Tbsp sugar
1 Tbsp cider vinegar
1 tsp chili powder

Wash chicken and pat dry. Mix flour, salt and pepper. Roll chicken in flour mixture. Shake off excess flour. Heat oil in a large skillet until hot. Brown chicken quarters on all sides. Remove chicken when brown and set aside. Add onion and garlic to pan drippings and cool until lightly browned. Gradually stir in water and remaining ingredients.

Still until smooth and bubbly. Add chicken pieces. Simmer covered for 45 minutes or until chicken is tender. Turn chicken in sauce occasionally and add more water from time to time, if necessary, to prevent sticking. Add salt to taste. Place chicken on a platter. Skim excess fat from sauce and spoon sauce over chicken. Makes 4 servings.

Oddly enough, Mrs. Redding's Old Fashioned Butter Rolls don't contain peanuts—but they get raves just the same:

OLD FASHIONED BUTTER ROLLS

1 can refrigerated biscuits (10)
About 2 C sugar
Vanilla
About 8 tsp butter or margarine
2½ C water

Roll each of the biscuits out on a floured board or on wax paper. Place a tablespoon of sugar down the center of each. Put two drops of vanilla and ½ teaspoon of butter on top of the sugar. Roll up into long rolls and place in a butter pyrex dish 7 x 11''. Bake in a 350 degree oven for 20 minutes or until brown. While rolls are browning make a liquid of 1½ cups sugar, 2½ cups water, 1 tablespoon of butter and 1 teaspoon of vanilla. Bring to a boil. After the rolls have baked for 20 minutes, take them from the oven and slowly pour the hot liquid over the rolls. Put them back in the oven and let simmer for 15 minutes, the rolls will absorb the juice and the juice will thicken.

Mrs. Dianne Kelley, a school teacher from Dothan, Ala., was a former grand prize winner in the National Peanut Festival recipe contest, sponsored by the Alabama Peanut Producers Association. Here's how she prepares her prize recipe, Peanutty Squash Supreme.

PEANUTTY SQUASH SUPREME

2 lbs boiled squash (2 one-lb cans may also be used)
1 (2 oz) jar chopped pimiento
2 Tbsp grated onion
2 grated carrots
1 can cream-of-chicken soup
1 C sour cream
8 oz pkg herb-seasoned stuffing
¼ lb margarine, melted
1 C chopped peanuts

Combining vegetables. Blend undiluted soup and sour cream; stir into vegetable mixture. Toss together stuffing, chopped peanuts, and margarine. Pour half the stuffing in a shallow 3-quart baking dish. Pour vegetable-sour cream mixture over layer. Top with remaining stuffing. Bake at 375 degrees for 30 minutes. Serves 8–10.

Other peanut recipes worth trying are:

GOLDEN NUGGETS

1 C sugar
1 stick margarine
½ C evaporated milk
Pinch of salt
10 large marshmallows
1 C graham cracker crumbs
1 C chopped roasted peanuts
1 tsp butternut flavoring

Combine the sugar, margarine, milk and salt in saucepan. Cook for 6 minutes, stirring constantly. (Start timing when mixture becomes bubbly.) Remove from heat; stir in marshmallows till melted; add flavoring; stir in the crumbs and peanuts. Using two teaspoons, drop onto waxed paper. Yields 2½ to 3 dozen pieces.

CORNISH GAME HEN WITH PEANUT SAUCE

This is delicious with brown rice (either stuffing the bird or serving as a side dish). Also, ice cold asparagus topped with melted butter and slivered, and toasted peanuts, help round out the meal. Add Romanian rolls, a slightly tossed salad, fresh fruit splashed with brandy and you have a truly sumptuous dinner.

Prepare game hen for baking, either whole or halved. Brush bird with salt, melted butter, seasoned pepper and lemon juice. Have oven heated at 350 to bake hen for approximately 1½ hours. (The bottom of the baking pan can be covered with water to keep the bird moist.) About ½ hour before hen is done, baste heavily with sauce.

Peanut Sauce: Melt 1 stick butter in saucepan, add enough powdered sugar to completely absorb the butter, then add enough whole, homogenized milk to create thick creamy consistency. Stir in salt to taste and just enough lemon juice to give a faintly tart taste.

Add ½ cup of ground-up peanuts. After you have basted the hen during the last ½ hour of cooking, leave the hen alone until done. Then before serving, brush the remainder of the sauce over the bird.

PEANUT BUTTER LOG

2 tsp butter
⅔ C (small can) evaporated milk
2 C light brown sugar
½ tsp salt
1 tsp vanilla
½ C peanut butter
1 C chopped peanuts
½ C finely chopped peanuts

Combine butter, milk, sugar and salt in saucepan over medium heat. Boil 4 to 5 minutes, stirring constantly. Remove from heat. Add vanilla, peanut butter and 1 cup peanuts. Beat until well blended. Chill until stiff enough to handle and shape into 12'' rolls on waxed paper. Roll in finely chopped peanuts. Cut into ½'' slices. Store in refrigerator.

In these days of rising meat prices, peanuts are a good, inexpensive source of protein. In fact, peanut butter is now our best protein buy. There are loads of excellent recipes in a little booklet which is being offered absolutely free to anyone who writes in to Peanut Associates, 342 Madison Avenue, New York, N.Y. 10017. Don't write to Lady's Circle, please—we don't have the booklets. But do write Peanut Associates, and don't forget to include your own name, address and zip code.

JAPANESE AMBASSADOR TO THE UNITED STATES, TAKESHI YASUKAWA, ADDRESSES SOUTHERN COMMODITY PRODUCERS CONFERENCE

Mr. ALLEN. Mr. President, the Southern Commodity Producers Conference met in Montgomery, Ala., on August 9 and 10, 1974. This conference is being sponsored annually by the Alabama Farm Bureau Federation under the able leadership of its president, Hon. J. D. Hays. The States represented at the conference were: Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, and Virginia, and such States were represented by the presidents of the farm bureau federations of such respective States, as well as other delegates from such States.

Individual commodity conferences were held for cotton, beef cattle, dairy, hogs, peanuts, poultry, soybeans, and several others. Some 900 delegates were in attendance at the conference. This conference is of tremendous value to our farm people and much valuable information is imparted that will help agriculture fulfill its goal of providing sufficient food and fiber for the American people and for much of the hungry world.

The Ambassador of Japan to the United States, His Excellency Takeshi Yasukawa was invited as the guest speaker for the banquet which was held on the evening of August 9, but due to the fact that he was scheduled to meet with President Ford and Secretary of State Kissinger on that day he was unable to attend. His speech was delivered by Mr. Teruo Kosugi, Minister of Economic Affairs, Embassy of Japan, Washington. Since the Ambassador's speech contains much information about trade between the United States and Japan and particularly about agricultural purchases by Japan from the United States, I believe that his speech will be of great interest to Members of the U.S. Senate and to the public generally. For that reason, I ask unanimous consent that the speech of Ambassador Takeshi Yasukawa to the Southern Commodity Producers Conference in Montgomery, Ala., on August 9, 1974, be printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

ADDRESS BY HIS EXCELLENCY TAKESHI YASUKAWA, AMBASSADOR OF JAPAN TO THE UNITED STATES

I welcome the opportunity to address this important conference. I am particularly pleased to be able to pay personal tribute to you as leaders of Southern agriculture—and as representatives of American farm industries—for the crucial role you are performing in today's world.

The productivity of the American farmer is, of course, legendary. For more than a century U.S. agriculture has had the most reliable production capacity of any country in the world, normally producing enough to feed double the U.S. population. For earlier generations, in a less populous and more self-sufficient era, U.S. export capacity was a welcome buffer, especially in times of local drought, war or other disaster.

In today's overcrowded and increasingly interdependent world, the continued productivity of American agriculture is a matter of life and death for millions of people in the developing areas. It is also a critical factor in the economic growth and stability of those industrialized nations that have come to depend on American agricultural exports.

Japan, as I am sure many of you are aware, is foremost among those nations. Japan is by far the world's best customer for the American farmer, purchasing over $3.4 billion in U.S. farm commodities in the U.S. fiscal year which ended last June 30. This was a 49 percent increase, by the way, over the previous fiscal year, although about two thirds of that increase was the result of higher prices for U.S. commodities. You all realize that world wheat prices increased over three times between early 1972 and the first part of this year, while feed-grain prices more than doubled. These were the result of world supply/demand pressures.

Nonetheless, the actual volume of U.S. farm exports to Japan, quite apart from price increases, has been growing steadily for more than two decades. And the volume will continue to grow because our dependence on U.S. agriculture is structured into the Japanese economy. Let me explain.

Japan's population is about half that of the United States. But Japan's land area is less than that of Alabama, Georgia and Mississippi combined. Moreover, only about 16 percent of mountainous Japan's land area is suitable for agriculture. Consequently, we have had to make tough decisions on how best to use this limited agricultural land—especially as our population has become more affluent, diets have improved, and tastes have diversified.

Rice is the one staple commodity in which Japan is self-sufficient. But in two other staples, wheat and soybeans, Japan produces domestically only about 4 to 5 percent of its consumption.

Although we were about 83 percent self-sufficient in grains in 1960, this had dropped to 43 percent by 1972, and is continuing to decline. The reason is simple. Rising personal incomes have meant a rising demand for animal protein. The animal agriculture industry has grown rapidly in recent years, and now accounts for 26 percent of total agricultural production. As a result, we now have to import most of the grains to feed our cattle, hogs and chickens. The price of an agriculture of affluence, in other words, has been a growing dependence on agricultural imports, especially from the United States.

There are several ways of looking at this remarkable complementarity that has developed between our two countries. From the Japanese point of view, the productivity of American farmers is making it possible for the increasingly affluent Japanese gradually to become a nation of meat, milk, poultry and egg eaters. I might add that these better diets are also making new generations of Japanese taller, heavier and healthier than their parents.

From the American point of view, Japan has become, not only the richest foreign market for U.S. farm exports, but also a fast-growing and reliable market. By the way Japan has reconstructured its own agriculture, we have become locked into this dependence on U.S. agriculture. You can count on us.

Incidentally, the United States gains some important collateral benefits from this relationship. I note, for example, that Japanese affluence and changing diets have created a booming market for large-size, U.S.-made refrigerators, which are larger than any manufactured in Japan. Over the past three years U.S. exports of refrigerators to Japan have jumped from 15,000 to 56,000 units a year, and expected to reach 80,000 units this year.

But there is also a third dimension to our agricultural trade. This is the wider world dimension of expanding populations, fast-rising demand for better food, and the failure of world agriculture as a whole to keep pace with world food demand. The economic index to this supply-demand shortfall is the upward surge in world food prices. Rising prices are adding fuel to world inflationary fires, aggravating the balance-of-payments problems of all food-deficit areas, developed and developing, and contributing to uncertainties in the reliability of supplies.

The so-called food and feed crisis of the last two years, you will recall, was due to a combination of factors, including exceptionally bad harvests in key areas outside North America, a substantial drop in the South American anchovy catch, and greatly increased cereal purchases on world markets by countries such as the Soviet Union. The drain virtually wiped out U.S. surpluses and contributed to current high prices.

Inevitably these pressures have created disruptions in traditional agricultural trade patterns. This last year Japan was suddenly faced with a cutoff of U.S. soybean exports, which we depend on for 90 percent of our consumption of this important staple. Fortunately the cutoff was temporary, and we were able to ride it out. But the incident serves as a reminder that reliability of supply is just as important as reliability of markets.

It has also become clear that the problem of world agricultural supply and demand will be with us for the foreseeable future, and will require extraordinary measures of international cooperation in order to avoid dislocations in the established trades among the advanced industrial economies, and famine in food-short areas of Africa and Asia.

For the long run we must keep very high on our common agenda the challenge of greatly expanding food production, especially in the populous developing regions. In this connection I must express my deep admiration for those U.S. government, foundation, university and private-industry programs which are working around the world to raise agricultural productivity though the development of new, hardy and high-yield strains and the teaching of more efficient farm technologies. Although we are relative newcomers to this field, the Japanese Government and private industry are also becoming deeply involved in parallel efforts, especially in Southeast Asia.

The payoff from all these agricultural development efforts is bound to be slow, however, because the modernization of agriculture requires a socioeconomic revolution as well as a revolution in technologies. Therefore, in the short run, an extraordinary burden rests on American agriculture, your remarkable productivity and your expandable capacity. Moreover, the United States and other agricultural-exporting countries, together with Japan and other major food-importing countries, share the responsibility of insuring the most productive use of available agricultural resources. This means maximizing the incentives for increasing production at prices that are realistic and reasonably stable for both the producer and the consumer.

This goal cannot be separated from the broader challenge of worldwide trade reform, an effort which was launched last year at the GATT conference in Tokyo. As recent events have demonstrated, world interdependence is not confined to agriculture. It extends also to energy and other essential raw materials and to a rational division of labor in the exchange of manufactured goods. At stake in the multilateral negotiations which have now begun is the construction of a more open and more stable world trading system in which all nations have fair access to each other's markets as well as to agricultural supplies and raw materials.

The Japanese-American economic relationship furnishes an excellent example. The greatest growth in U.S. exports to Japan last year was, as I have already implied, in food and feed products. But there was also a substantial growth in exports of capital goods other than aircraft, including a 138 percent jump in exports of U.S. automobiles. Sales to Japan of electrical machinery also climbed, together with nonelectric machinery, business machines, power-generating equipment, scientific and professional equipment, and consumer goods. Total U.S. exports to Japan last year reached $8.3 billion, the largest volume of U.S. exports to any overseas trading partner in history.

To finance these highly diversified imports from the United States, Japan must of course export to the United States. Last year, however, when U.S. exports to Japan climbed 67.5 percent, Japanese exports to this country increased by only 6.4 percent. Strange as it may seem, we are glad in the sense that this resulted in a dramatic reduction in the trade imbalance between our two countries. The large and disruptive Japanese surplus of $4.1 billion in this trade in 1972 was reduced last year to a much more manageable $1.3 billion, contributing substantially to the modest surplus in U.S. world trade in 1973.

Regaining this healthy equilibrium in U.S.-Japan trade has been the result of several initiatives undertaken in a cooperative spirit. One of the most important has been the further opening up of the Japanese economy to U.S. and world exports. The Japanese market is now as accessible as the United States or Western Europe to foreign goods. Another important contributing factor has been the series of multilateral currency realignments which reduced the value of the dollar in relation to the yen and other world currencies, and thus greatly improved the price competitiveness of U.S. exports to Japan and other world markets.

Progress has also been made in multilateral negotiations on the once highly sensitive trade in textiles. Only a couple of years ago, you will remember, the question of textile imports into the United States was the most abrasive problem in Japanese-American relations, especially in the South, where the textile industry is a major employer. Last December, 50 nations reached an agreement under GATT aegis to expand and liberalize world trade in textiles, while at the same time insuring against market disruptions such as those which the American textile industry has feared in the past. The standards for imposing import restraints in threatening situations have been carefully spelled out, and the arrangement will be under the surveillance of a new multilateral body in which the principal textile importing and exporting nations will be represented. Thus a once bitterly controversial trade problem has been brought to what Senator Thurmond calls "a most satisfactory and beneficial solution."

In other words, experience has shown—especially the Japanese-American experience—that mutually satisfactory solutions can be worked out to all the great trade issues we have faced in the past, whether in textiles or other manufactured goods, agricultural trade, or even the more complex problem of regaining reasonable equilibrium in our two-way trade. Surely we must have confidence that the new problems all the great trading nations now face—in energy and food as well as manufactured trades—are also susceptible to cooperative solution. The key is a cooperative, multilateral approach in which all of us recognize our interdependence and our common stake in building an open one-world economy, accessible to all under fair and equitable ground rules.

That, of course, is what the new-round trade negotiations are all about. And one of the major remaining barriers to getting those negotiations under way in earnest is passage of the trade bill which has been under consideration for some months in the U.S. Congress. No serious negotiations can really begin until the American President is granted negotiating authority by Congress.

I earnestly hope, therefore, that Congress will act in the near future on this legislation which is of vital importance to further progress in world trade liberalization and expansion. You, of course, have a very great stake in the expansion of world agricultural trade. So does Japan, for the very good reason that our own economic well-being and our rising standard of living are linked structurally to the continued expansion of a productive, profitable and healthy American agriculture.

QUORUM CALL

The ACTING PRESIDENT pro tempore. Is there further morning business?

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER FOR ADJOURNMENT UNTIL TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that at the conclusion of the address by the President of the United States to the joint session of Congress, the Senate stand in adjournment until the hour of 12 o'clock noon tomorrow.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

The ACTING PRESIDENT pro tempore (Mr. HASKELL) laid before the Senate the following letters, which were referred as indicated:

Proposed Legislation To Repeal the Statutes Relating To Issuance of Cotton Acreage and Production Reports

A letter from the Deputy Under Secretary of Agriculture, transmitting a draft of proposed legislation to repeal the statutes relating to the issuance of cotton acreage and production reports (with accompanying papers). Referred to the Committee on Agriculture and Forestry.

Proposed Donation of Railroad Equipment to the City of Clifton Forge, Va.

A letter from the Deputy Chief, Office of Legislative Affairs, Department of the Navy, reporting, pursuant to law, the intention of the Department of the Navy to donate 13 flat cars, seven box cars, one pullman car, two tank cars, one trackmobile, one railroad maintenance car, and one self-propelled diesel operated crane to the city of Clifton Forge, Va. Referred to the Committee on Armed Services.

Air Force Report on Experimental, Developmental, and Research Contracts

A letter from the Secretary of the Air Force, transmitting, pursuant to law, the Air Force report on experimental, developmental, and research contracts of $50,000 or more, by company, for the period January 1, 1974 through June 30, 1974 (with an accompanying report). Referred to the Committee on Armed Services.

Proposed Legislation To Authorize Civilians Employed by the Department of Defense To Administer Oaths While Conducting Official Investigations

A letter from the General Counsel of the Department of Defense, transmitting a draft of proposed legislation to amend title 5, United States Code, to authorize civilians employed by the Department of Defense to administer oaths while conducting official investigations (with accompanying papers). Referred to the Committee on Armed Services.

Report of National Railroad Passenger Corporation

A letter from the Director, Federal Affairs, National Railroad Passenger Corporation, reporting, pursuant to law, total itemized revenues and expenses, revenues and expenses of each train operated, and revenue and total expenses attributable to each railroad over which service is provided, for the month of April 1974 (with accompanying papers). Referred to the Committee on Commerce.

Proposed Legislation To Authorize the Civil Aeronautics Board To Assess Civil Penalties

A letter from the Acting Chairman, Civil Aeronautics Board, transmitting a draft of proposed legislation to amend the Federal Aviation Act of 1958 to authorize the Civil Aeronautics Board to assess civil penalties (with accompanying papers). Referred to the Committee on Commerce.

Proposed Legislation To Amend Certain Laws Relating to Jurisdiction of the Courts of the District of Columbia

A letter from the Mayor-Commissioner, the District of Columbia, transmitting a draft of proposed legislation to amend certain laws relating to the jurisdiction of the courts of the District of Columbia, and for other purposes (with accompanying papers). Referred to the Committee on the District of Columbia.

Proposed Legislation To Authorize the Home Production of Beer

A letter from the Secretary of the Treasury, transmitting a draft of proposed legislation to authorize the home production of beer (with accompanying papers). Referred to the Committee on Finance.

Assistance-Related Funds Obligated for Cambodia

A letter from the Assistant Secretary for Congressional Relations, Department of State, reporting, pursuant to law, the assistance-related funds obligated for Cambodia during the fourth quarter of fiscal year 1974 (with accompanying papers). Referred to the Committee on Foreign Relations.

International Agreements Other Than Treaties Entered Into by the United States

A letter from the Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting, pursuant to law, international agreements other than treaties entered into by the United States (with accompanying papers). Referred to the Committee on Foreign Relations.

Proposed Legislation To Increase Amount of Money Allowed for Alterations, Improvements, and Repairs to Rented Premises

A letter from the Administrator, General Services Administration, transmitting a draft of proposed legislation to amend the act entitled "An act making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1933, and for other purposes," approved June 30, 1932, as amended, to increase the amount of money allowed to be spent for alterations, improvements, and repairs to rented premises and to exempt from the act's application all real property leases where the annual rental is $15,000 or less (with accompanying papers). Referred to the Committee on Government Operations.

Proposed Legislation Transferring to the State of Alaska Certain Archives and Records in the Custody of the National Archives of the United States

A letter from the Assistant Administrator, General Services Administration, transmitting a draft of proposed legislation transferring to the State of Alaska certain archives and records in the custody of the National Archives of the United States (with accompanying papers). Referred to the Committee on Government Operations.

Personal Property Donated to Public Health and Educational Institutions and Civil Defense Organizations

A letter from the Secretary of Health, Education, and Welfare, reporting, pursuant to law, personal property donated to public health and educational institutions and civil defense organizations under section 203(j), and real property disposed of to public health and educational institutions under section 203(k) of the act (with accompanying papers). Referred to the Committee on Government Operations.

Reports of the Comptroller General

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report on audit of payments from special bank account to Lockheed Aircraft Corp. for the C-5A aircraft program during the quarter ended June 30, 1975, Department of Defense (with an accompanying report). Referred to the Committee on Government Operations.

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report on improvements still needed in negotiating prices of noncompetitive contracts over $100,000, Department of Defense (with an accompanying report). Referred to the Committee on Government Operations.

Report of Audit of the Financial Transactions of the National Safety Council, 1973

A letter from the President, National Safety Council, transmitting, pursuant to law, a report of the audit of the financial transactions of the National Safety Council for the year 1973 (with an accompanying report). Referred to the Committee on the Judiciary.

Admission Into the United States of an Alien

A letter from the Commissioner, Immigration and Naturalization Service, U.S. Department of Justice, transmitting, pursuant to law, an order entered in the case of Beatrice Elizabeth Williamson, A20-698-683, who has been found admissible to the United States (with accompanying papers). Referred to the Committee on the Judiciary.

Third Preference and Sixth Preference Classifications for Certain Aliens

A letter from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting, pursuant to law, reports relating to third preference and sixth preference classification for certain aliens (with accompanying papers). Referred to the Committee on the Judiciary.

Suspension of Deportation of Certain Aliens

Two letters from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting pursuant to law, copies of orders suspending deportation of certain aliens (with accompanying papers). Referred to the Committee on the Judiciary.

Reporting Number of GS Grade Employees by National Aeronautics and Space Administration

A letter from the Administrator, National Aeronautics and Space Administration, reporting, pursuant to law, the number of individuals in each General Schedule (GS) grade (including those in the GW category) employed on June 30, 1973, and on June 30, 1974, by the National Aeronautics and Space Administration. Referred to the Committee on Post Office and Civil Service, and the Committee on Appropriations.

Report of Building Project Survey for Harvey, Ill.

A letter from the Administrator, General Services Administration, submitting, pursuant to law, a report of building project survey for Harvey, Ill., which has been prepared in accordance with a resolution adopted by the Committee on Public Works of the House of Representatives on May 2, 1974 (with accompanying papers). Referred to the Committee on Public Works.

Report on Clean Water

A letter from the Administrator, U.S. Environmental Protection Agency, transmitting, pursuant to law, the second of a series of annual reports covering measures taken to implement the objectives of the Federal Water Pollution Control Act (with an accompanying report). Referred to the Committee on Public Works.

Proposed Acquisition of a Leasehold Interest for the Securities and Exchange Commission

A letter from the Administrator, General Services Administration, transmitting, pursuant to law, a prospectus for proposed lease under the Public Buildings Act of 1959, as amended, for the Securities and Exchange Commission in Washington D.C. (with accompanying papers). Referred to the Committee on Public Works.

Priority Primary Route Cost Study Report

A letter from the Secretary of Transportation, transmitting, pursuant to law, the priority primary route cost study report (with an accompanying report). Referred to the Committee on Public Works.

Report on Drug Bioequivalence

A letter from the Chairman and Vice Chairman, Office of Technology Assessment, Congress of the United States, submitting a report on the assessment of the drug bioequivalence (with an accompanying report). Ordered to lie on the table.

PETITIONS

Petitions were laid before the Senate and referred as indicated:

By the ACTING PRESIDENT pro tempore (Mr. Haskell):

A resolution from the Common Council of the city of Buffalo, relative to national priorities.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. MAGNUSON, from the Committee on Commerce, without an amendment:

S. 3308. A bill to amend section 2 of title 14, United States Code, to authorize icebreaking operations in foreign waters pursuant to international agreements, and for other purposes (Rept. No. 93-1084).

By Mr. MAGNUSON, from the Committee on Commerce, with an amendment:

S. 2149. A bill to amend title 10, United State Code, to provide certain benefits to members of the Coast Guard Reserve, and for other purposes (Rept. No. 93-1085); and

H.R. 13595. An act to authorize appropriations for the Coast Guard for the procurement of vessels and aircraft and construction of shore and offshore establishments, to authorize appropriations for bridge alterations, to authorize for the Coast Guard an end-year strength for active duty personnel, to authorize for the Coast Guard average military student loans, and for other purposes (Rept. No. 93-1086).

EXECUTIVE REPORTS OF COMMITTEES

As in executive session, the following favorable reports of nominations were submitted:

By Mr. SPARKMAN, from the Committee on Banking, Housing and Urban Affairs:

Alan Greenspan, of New York, to be a member of the Council of Economic Advisers.

(The above nomination was reported with the recommendation that the nomination be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By Mr. SPARKMAN (for himself and Mr. Tower):

S. 3894. A bill to establish the Cost of Living Task Force. Referred to the Committee on Banking, Housing and Urban Affairs.

By Mr. MOSS:

S. 3895. A bill to amend United States Code, title 5, section 8341(a), with respect to the definitions of "widow" and "widower" for the purpose of survivor's annuities. Referred to the Committee on Post Office and Civil Service.

By Mr. CHURCH:

S. 3896. A bill to amend title XVI of the Social Security Act to require that the value of maintenance and support furnished an individual by a nonprofit retirement home be excluded from income for the purpose of determining eligibility for supplemental security income benefits under such act. Referred to the Committee on Finance.

S. 3897. A bill to consider certain service by Federal employees in international organizations as leave without pay for purposes of civil service retirement. Referred to the Committee on Post Office and Civil Service.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. SPARKMAN for himself and Mr. Tower):

S. 3894. A bill to establish the Cost of Living Task Force. Referred to the Committee on Banking, Housing and Urban Affairs.

Mr. SPARKMAN. Mr. President, on behalf of myself and Senator Tower, I introduce for appropriate reference a bill to establish a Cost of Living Task Force.

I ask unanimous consent that the bill and the letter of transmittal from the President to the Congress upon the submission of this proposed legislation be printed in the Record at this point.

There being no objection, the letter and bill were ordered to be printed in the Record, as follows:

Letter of Transmittal

The White House,
August 2, 1974.

To the Congress of the United States:

Earlier this year, before the expiration of the legislation authorizing the Cost of Living Council, I proposed to the Congress that a residual group within the Executive Office of the President be authorized to monitor wages and prices, as an on-going part of our fight against inflation. The Congress did not act on this proposal.

In my economic address on May 25 of this year, I called for the establishment of a Cost of Living Task Force to monitor wages and prices. Again, no Congressional authorization was forthcoming. While I continue to oppose mandatory wage and price controls, it is essential that wages and prices be carefully watched, that labor and management be constantly aware of public concern in this area, and that Government have the information it needs to persuade labor and management to do their duty in the effort to reduce inflation. We have carried out this monitoring function as best we can with our existing resources, under the leadership of my Counsellor for Economic Policy, Kenneth Rush. The need for a properly authorized group continues, however, and it now appears that many Members of the Congress are prepared to reconsider their earlier opposition to my proposal for such a group. A Senate spokesman for the majority party of the Congress is now advocating such a proposal.

Therefore, I am today transmitting a legislative proposal to establish a Cost of Living Task Force. I invite all those who have come to see the need for this proposal to join as bipartisan co-sponsors in this vital step in our fight against inflation.

Richard Nixon.

S. 3894

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the Cost of Living Task Force Act.

Sec. 2. (a) The President is authorized to establish, within the Executive Office of the President, a Cost of Living Task Force (hereinafter referred to as the Task Force).

(b) The Task Force shall consist of the Counsellor to the President for Economic Affairs, who shall be its Chairman, the Chairman of the Council of Economic Advisers, who shall be its Vice Chairman, the Secretary of the Treasury, the Secretary of Agriculture, the Secretary of Labor, the Director of the Office of Management and Budget, the Special Assistant to the President for Consumer Affairs, and such other members as the President may, from time to time, designate or appoint.

(c) There shall be a Director of the Task Force who shall be appointed by the President and be a member of the Task Force. The Director shall be compensated at the rate prescribed for level IV of the Executive Schedule by Section 5315 of Title 5 of the United States Code. There shall be a Deputy Director of the Task Force who shall be appointed by the President and be compensated at the rate prescribed for level V of the Executive Schedule by Section 5316 of Title 5 of the United States Code. The Director of the Task Force shall be the Chief Executive officer of the Task Force and shall perform such functions as the President or the Chairman of the Task Force may prescribe. The Deputy Director shall perform such function as the Chairman or the Director of the Task Force may prescribe.

(d) The director of the Task Force may appoint, employ, and fix the compensation of such officers and employees, including attorneys, as are necessary to perform the functions of the Task Force and to prescribe their duties. In addition to the number of positions which may be placed in GS–16, 17, and 18 under existing law, the Director, with the approval of the Chairman of the Task Force, may, without regard to the provisions of Title 5 of the United States Code relating to appointments in the competitive service, place, not to exceed five positions in GS–16, 17, and 18 to carry out the functions of the Task Force.

(e) The Director of the Task Force may employ experts, expert witnesses, and consultants in accordance with the provisions of Section 3109 of Title 5 of the United States Code, and compensate them at rates not in excess of the maximum daily rate prescribed for GS–18 by Section 5332 of Title 5 of the United States Code.

(f) The Director of the Task Force may, with their consent, utilize the services, personnel, equipment, and facilities of Federal, State, regional, and local public agencies and instrumentalities, with or without reimbursement therefor, and may transfer funds made available pursuant to this Act to Federal, State, regional, and local public agencies and instrumentalities as reimbursement for utilization of such services, personnel, equipment, and facilities.

Sec. 3. (a) The Task Force shall—

(1) review and analyze industrial capacity, demand, and supply in various sectors of the economy, working with the industrial groups concerned and appropriate governmental agencies to encourage price restraint;

(2) work with labor and management in the various sectors of the economy having special economic problems, as well as with appropriate Government agencies, to improve the structure of collective bargaining and the performance of those sectors in restraining prices;

(3) improve wage and price data bases for the various sectors of the economy to improve collective bargaining and encourage price restraint;

(4) conduct public hearings necessary to provide for public scrutiny of inflationary problems in various sectors of the economy;

(5) focus attention on the need to increase productivity in both the public and private sectors of the economy;

(6) monitor the economy as a whole by acquiring as appropriate, reports on wages, costs, productivity, prices, sales, profits, imports, and exports.

Sec 4. Any department or agency of the United States which collects, generates, or otherwise prepares or maintains data or information pertaining to the economy or any sector of the economy shall, upon the request of the chairman of the Task Force, make that data or information available to the Task Force.

Sec. 5. The Task Force will report to the President, and through him to the Congress, from time to time, concerning its activities, findings, and recommendations with respect to the containment of inflation and the maintenance of a vigorous and prosperous peacetime economy.

Sec. 6. There is hereby authorized to be appropriated $1,000,000 for fiscal year 1975 to carry out the purposes of this Act.

By Mr. MOSS:

S. 3895. A bill to amend United States Code, title 5, section 8341(a), with respect to the definitions of "widow" and "widower" for the purpose of survivor's annuities. Referred to the Committee on Post Office and Civil Service.

ANNUITIES FOR SURVIVING SPOUSE OF CIVIL SERVICE EMPLOYEE

Mr. MOSS. Mr. President, I am introducing today a bill to amend United States Code, title 5, section 8341(a). That is the law governing annuities for spouses of deceased civil service employees. The bill will change the statutory definitions of "widow" and "widower." Each is presently defined as one who was married to the deceased for 2 years immediately preceding death, intending thereby to limit survivor's annuities to a deserving "widow" or "widower." My bill would require 2 years of marriage between the deceased and the survivor. However, it will allow the 2 years to be accumulated throughout their lives while continuing to require marriage immediately preceding death. It will allow benefits to a few deserving survivors who have been excluded.

It has been brought to my attention that there is a small class of persons who will benefit by this bill. There are apparently some survivors who have lost their eligibility because of divorce and remarriage. That is, they remarried the same person but were married for a period of less than 2 years immediately prior to the death of the civil service employee. It seems to me that survivors in this class are being excluded from benefits which were intended, the exclusions coming as an unintended result of technical interpretation of the law.

Because only a small class of persons will be affected, I also feel that this bill should be retroactive in light of its purpose. The benefits certainly outweigh the costs.

By Mr. CHURCH:

S. 3896. A bill to amend title XVI of the Social Security Act to require that the value of maintenance and support furnished an individual by a nonprofit retirement home be excluded from income for the purpose of determining eligibility for supplemental security income benefits under such act. Referred to the Committee on Finance.

EXEMPT VALUE OF MAINTENANCE AND SUPPORT PROVIDED BY NONPROFIT INSTITUTIONS IN DETERMINING ELIGIBILITY FOR SSI

Mr. CHURCH. Mr. President, I introduce for appropriate reference, a bill to provide that the value of maintenance and support furnished by a nonprofit retirement home shall not be included as income in determining eligibility for supplemental security income payments.

In enacting the 1972 Social Security

Amendments the Congress established a new supplemental security income program to build, at long last, a Federal floor under the incomes of the aged, blind, and disabled.

This program, in my judgment, has the potential to be one of the landmark legislative achievements for older Americans. In fact, I strongly hope that SSI can help to achieve my top priority goal for the elderly: the elimination of poverty once and for all.

But before this objective can become a reality, existing problems affecting the SSI program—administrative, policy, and others—must first be resolved.

One clearcut example is the definition of income which determines whether an individual qualifies for monthly payments. Under existing law unearned income includes "support and maintenance furnished in cash or kind."

The Social Security Administration has construed this language to apply to charity or other philanthropic services provided by private, nonprofit retirement institutions. In general, the difference between the monthly cost per resident for room, board, and services and the amount the patient actually pays is considered as outside unearned income for computing SSI benefits under the Social Security Administration's interpretation.

As a result, many individuals now receive less income than before SSI went into effect, in January 1974. Additionally, this interpretation has substantially impaired the ability of nonprofit retirement institutions to provide essential care for these needy individuals.

Moreover, it has produced other spillover effects. For example, many elderly persons have lost valuable health care protection, since SSI eligibility has a direct impact upon medicaid entitlement.

At recent hearings conducted by the Senate Committee on Aging, Msgr. Charles Fahey, the president-elect of the American Association of Homes for the Aging, described in very eloquent terms the problems caused by the existing construction. To make his point, he said:

> To illustrate, let us take as an example a nonprofit home for the aging whose actual cost of providing services is approximately $300 per month per person. Prior to January 1, 1974 the indigent resdents of this institution were receiving $133 per month in public assistance payments. These payments were going directly to the public aid recipients who would retain $20 for personal spending and then turn over the balance or $113, to the institution as their contribution toward their room, board and services.
>
> The difference between the cost per month of maintaining such individuals and their contribution—$300 less $113—is $187. Because this amount exceeds the SSI standard of need, or $146 per month, the person previously receiving $133 in public assistance now receives nothnig, not even a personal needs allowance. Moreover, the capacity of the nonprofit retirement institution to care for the poor aged is substantially inhibited.

The bill that I introduce today is designed to come to grips with this serious problem. Briefly stated, my proposal would exclude from income the value of maintenance and support furnished by a nonprofit retirement home in determining eligibility for SSI benefits.

To my way of thinking, the value of philanthropic services provided by nonprofit agencies should not reduce on a dollar-for-dollar basis an aged person's entitlement to SSI. Unfortunately, this has been the impact of the law as presently administered.

My bill, it seems to me, would provide a more reasonable rule—not only from the vantage point of elderly patients and nonprofit institutions but also from the standpoint of the Federal Government.

Present policies have produced an almost impossible situation for the nonprofit home for the aging and the indigent elderly they seek to serve.

Improvement is clearly needed, and my proposal would provide a constructive step toward that goal.

For these reasons, I urge early approval of this legislation.

Additionally, Mr. President, I ask unanimous consent to have the text of this bill printed at this point in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 3896

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1612(a)(2)(A) of the Social Security Act is amended—

(1) by inserting "(i)" immediately after "except that"; and

(2) by inserting immediately before the semicolon at the end of such paragraph the following: "and (ii) in the case of any individual or his eligible spouse who resides in a nonprofit retirement home or similar nonprofit institution, support and maintenance which is furnished to such individual or such spouse without payment therefor or for which payment is made by a nonprofit organization shall not be included".

By Mr. CHURCH:

S. 3897. A bill to consider certain service by Federal employees in international organizations as leave without pay for purposes of civil service retirement. Referred to the Committee on Post Office and Civil Service.

FEDERAL RETIREMENT CREDIT FOR SERVICE WITH INTERNATIONAL ORGANIZATIONS

Mr. CHURCH. Mr. President, I introduce for appropriate reference a bill to treat certain service by Federal employees in international organizations as leave without pay.

While World War II was still being fought, the United States took the lead in creating a group of international organizations to repair the destruction of war and lay the foundation for international peace and cooperation. The first of these international organizations, the United Nations Relief and Rehabilitation Agency, UNRRA, was established in November 1943. Other organizations followed: The International Civil Aviation Organization in 1944, the Food and Agriculture Organization in 1945, the United Nations in 1945, et cetera.

Staff for these organizations were drawn from the various participating governments' civil services and U.S. Federal employees were encouraged by the Government to take these assignments. Because of the need to set up these organizations without delay, these employees were required to separate from the Federal service with no provision for return or credit for retirement.

Subsequently, many of these employees were given the opportunity to receive retirement credit, but some were not. This bill is intended to extend that opportunity to a small group of some 100 persons. It would treat their service with international organizations as leave without pay allowing them to receive half credit up to a maximum of 3 years. The cost is estimated by the Civil Service Commission at $617,000 over 30 years.

I urge that this bill to provide retirement credit to these pioneers in international relations be favorably considered.

AMENDMENT OF THE MINERAL LEASING ACT—REFERRAL TO THE COMMITTEE ON COMMERCE

Mr. MANSFIELD. Mr. President, I ask unanimous consent that Calendar No. 1029, S. 3879, be referred to the Committee on Commerce and that that committee be directed to report it to the Senate and placed on the calendar by September 11, 1974.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL COSPONSORS OF BILLS AND JOINT RESOLUTIONS

S. 3451

At the request of Mr. MCCLURE, the Senator from Wyoming (Mr. MCGEE), the Senator from Utah (Mr. BENNETT), the Senator from Arizona (Mr. FANNIN), the Senator from Montana (Mr. METCALF), and the Senator from California (Mr. CRANSTON) were added as cosponsors of S. 3451, a bill to exempt range sheep industry mobile housing from regulations affecting permanent housing for agricultural workers.

S. 3615

At the request of Mr. HASKELL, the Senator from Colorado (Mr. DOMINICK) was added as a cosponsor of S. 3615, a bill to authorize the Secretary of the Interior to transfer certain lands in the State of Colorado to the Secretary of Agriculture for inclusion in the boundaries of the Arapaho National Forest, Colo.

S. 3753

At the request of Mr. MCCLURE, the Sentaor from Kansas (Mr. DOLE) and the Senator from Montana (Mr. METCALF) were added as cosponsors of S. 3753, a bill to provide memorial transportation and living expense benefits to the families of deceased servicemen classified as POW's or MIA's.

SENATE CONCURRENT RESOLUTION 109—SUBMISSION OF A CONCURRENT RESOLUTION RELATIVE TO RESUMPTION OF THE GROWTH OF THE OPIUM POPPY IN TURKEY

Mr. HARTKE. Mr. President, the recently announced policy of the Government of Turkey to resume the cultivation of poppies and the production of opium is detrimental to the United States and the interests of the world community.

The House of Representatives passed a concurrent resolution on August 5, 1974, identical to the resolution I submit today.

This resolution requires the President to act within his statutory powers enumerated in the Foreign Assistance Act to protect the United States from the return of a massive influx of heroin. It will be a further and most important declaration that assistance from the United States to any other country is not to be bestowed without proper consideration of the degree of cooperation in matters of human welfare on the part of the recipient of our goodwill.

Congress must establish a policy for our Government showing that we will not stand idle while other nations use our money to seek profit from human misery.

We saw in the late 1960's and early 1970's, the problems of rampant drug addiction associated with the free flow of opium throughout the world. President Nixon recognized that, "Winning the battle against drug abuse is one of the most important, the most urgent national priorities confronting the United States today" in a 1972 address to senior American narcotics officials.

I do not believe that the suspension of the cultivation of poppies in Turkey will completely halt the importation of illicit opium and heroin into the United States. However, no one can believe that the suspension has not lessened the flow of heroin into our country. If Turkey resumes the cultivation of poppies, the trend will reverse, and the task of our narcotics agents will return to the magnitude of the early 1970's. The vested interest of the United States is then clear, but what of the interest of the Government of Turkey?

Mr. President, I have before me a letter from the Ambassador of Turkey to the United States, addressing the interests of Turkey, which I ask unanimous consent to have printed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

TURKISH EMBASSY,
Washington, D.C., March 25, 1974.

Hon. VANCE HARTKE,
The Senate of the United States,
Washington, D.C.

DEAR SENATOR HARTKE: I must thank you for your letter of March 15 which has provided me this opportunity to make the situation clear regarding the opium poppy cultivation problem in Turkey.

The Turkish Government banned the cultivation of opium poppy in 1971 by a decision it deemed fit to take unilaterally under the United Nations Single Convention of 1961. Banning the production of opium poppy was one of the several measures which the Convention stipulated for adoption by interested governments in their efforts to control narcotics trafficking. I must make it very clear, however, that there is not any agreement between our two countries regarding the ban itself. It was found appropriate at the time that the U.S. Government would extend to Turkey a $35 million grant aid with a view to helping solve the problems which resulted from the imposition of the ban. Therefore, it is solely within the exclusive jurisdiction of Turkey to take whatever action she deems appropriate relative to the ban.

The imposition of the ban on opium poppy cultivation in Turkey adversely affected the socio-economic conditions of approximately 500,000 people since the ban deprived them of their main source of livelihood. To grasp the impact of the ban on these people one should take into account the fact that opium poppy has been planted in Turkey for several centuries as a very beneficial plant used in so many useful ways. To poppy growers the green leaves, seeds and dried stalks of the plant meant more than the opium gum derived from it, and they never used or abused opium themselves.

Following the imposition of the ban the Turkish Government put into operation various projects for crop substitution and economic development of the poppy region. It is now clear that the social and economic injustices caused by the ban cannot be corrected in a reasonably short span of time through these projects. Nor would it be a healthy solution to secure the livelihood of this region's people through compensation derived from foreign aid. Moreover, the opium production ban in Turkey brought about a shortage of around 200 tons of medicinal opium throughout the world. India is now making preparations to expand her production of opium by taking advantage of the Turkish ban.

The new Turkish Government has undertaken an examination of the various aspects of this situation with a view to resolving the problems at hand in a manner that will, from one hand, satisfy the humanitarian concerns of the international community, and on the other, end the plight of the Turkish poppy growers. Although the Turkish Government has not yet taken any final decision on this difficult and complicated issue, it has made it abundantly clear that should Turkey decide to resume opium poppy production—and this will be done without slicing the poppy bulbs—she will shoulder the responsibility of preventing trafficking and that the main consideration underlying the Government's policy in this matter will be not to give rise to any justifiable humanitarian concern in other countries.

Sincerely,

MELIH ESENBEL,
Ambassador of Turkey.

Mr. HARTKE. Mr. President, the first problem between the Government of the United States and Turkey appears to be the interpretation of whether or not there was an agreement to halt the cultivation of poppies. The merits of whether or not there was an agreement would best be served if we had testimony from the Department of State giving their view of the negotiations. Even if there was no bilateral agreement between the United States and Turkey but, instead, a unilateral agreement wherein the United States agreed to furnish Turkey over $35 million if that country would adhere to the National Single Convention of 1961, we have the implicit agreement of Turkey to use our aid to help Turkish farmers convert from the cultivation of poppies to the production of other foods and fiber. The evidence is unclear how much of that money reached Turkish farmers.

It has been claimed that the $35.7 million paid by the United States to Turkey was significantly higher than any reasonable offset of losses from legitimate income from poppy production for several years. Yet, such a consideration fails to comprehend the significant moneys the Turkish farmers made from the illicit cultivation of poppies. We need not, and should not, compensate the farmers of Turkey for the losses they would sustain from the closing of these illicit channels. To do so would be to legitimize the illegitimate acts which were already detrimental to the United States.

Mr. President, the questions of whether or not the farmers of Turkey have actually attempted to transfer cultivation to other, more nutritional crops, whether or not the Government of Turkey has passed along the moneys and knowledge in the form of assistance from the American Government to the Turkish farmers, whether or not the amount of assistance the American Government furnished to Turkey for changeover was sufficient, are addressed by the resolution I introduce today.

My concurrent resolution does not legislate a direct cutoff of aid to Turkey. It does not require the United States to abandon commitments that it might have with NATO or Turkey. What it does say is that the Congress will do everything in its power to halt the flow of Turkish heroin into the United States.

What is needed most now is further negotiation with the Government of Turkey to prevent the resumption of opium production. If the administration feels that the control mechanisms of the Government of Turkey over the renewed flow of illicit opium are sufficient to prevent any opium from illegally reaching the United States, then my resolution poses no barriers to American aid to Turkey.

My concurrent resolution authorizes the President to suspend aid only after it has been determined that negotiations between the United States and Turkey have been fruitless. I further encourage the administration to exercise available discretionary authority through the United Nations and to use other international agreements and multilateral organizations to fulfill the intent of this resolution.

Mr. President, the concurrent resolution that I submit today has passed the House of Representatives, and should be considered by the Senate at the earliest possible opportunity. I ask unanimous consent that the text of this concurrent resolution be printed in the RECORD at this point.

There being no objection, the concurrent resolution was ordered to be printed in the RECORD, as follows:

S. CON. RES. 109

Whereas the President of the United States in 1971 declared that the drug problem in our Nation has "assumed the dimensions of a national emergency," and that "heroin addiction was the most difficult to control and the most socially destructive form of addiction"; and

Whereas the Foreign Assistance Act authorizes the President of the United States to suspend aid to any nation that he determines had not taken adequate measures to prevent illegal drugs from entering the United States; and

Whereas the revocation of the opium ban in Turkey is counterproductive to measures precluding illegal heroin from entering the United States; Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That it is the sense of the Congress that the President should—

(1) immediately initiate negotiations at the highest level of the Turkish Government to (a) prevent the resumption of opium production; or (b) assure that adequate control measures have been developed and implemented which would effectively safeguard the United States from a renewed flow of illicit opium and its derivatives originating in Turkey; and

(2) if such negotiations prove unfruitful, exercise the authority provided by the Congress under the Foreign Assistance Act to suspend all assistance to the Government of Turkey.

SENATE RESOLUTION 380—SUBMISSION OF A RESOLUTION TO DISAPPROVE AN ADVANCE-PAYMENT POOL-AGREEMENT BETWEEN THE U.S. NAVY AND GRUMMAN AEROSPACE CORP.

Mr. PROXMIRE submitted a resolution (S. Res. 380) to disapprove an advance payment pool agreement between the U.S. Navy and Grumman Aerospace Corp., which was ordered to be printed and to lie on the table:

S. Res. 380

Resolved, That in accordance with the provisions of section 2307(d) of title 10, United States Code, the Senate disapproves the Restated and Amended Advance Payment Pool Agreement between the Department of the Navy and Grumman Aerospace Corporation dated July 29, 1974, under which advanced payments in an aggregate amount not in excess of $100,000,000 may be made to such corporation by the Department of the Navy in connection with a contract for the purchase of F-14 and other military aircraft.

Sec. 2. The Secretary of the Senate shall transmit a copy of this resolution to the Secretary of the Navy within three days after agreement thereto by the Senate.

ENERGY REORGANIZATION ACT OF 1974—AMENDMENTS

AMENDMENT NO. 1785

(Ordered to be printed and to lie on the table.)

Mr. JACKSON submitted an amendment, intended to be proposed by him, to the bill (S. 2744) to reorganize and consolidate certain functions of the Federal Government in a new Energy Research and Development Administration and in a Nuclear Safety and Licensing Commission in order to promote more efficient management of such functions.

PRISONER OF WAR AND MISSING IN ACTION TAX ACT—AMENDMENT

AMENDMENT NO. 1786

(Ordered to be printed and to lie on the table.)

Mr. CHURCH submitted an amendment, intended to be proposed by him, to the bill (H.R. 8214) to modify the tax treatment of members of the Armed Forces of the United States and civilian employees who are prisoners of war or missing in action, and for other purposes.

ADDITIONAL COSPONSOR OF AN AMENDMENT

AMENDMENT NO. 1613

At the request of Mr. Hollings, the Senator from New York (Mr. Javits) was added as a cosponsor of amendment No. 1613, concerned with the plight of our men missing in action in Indochina, intended to be proposed to the bill (S. 3471) to authorize certain construction at military installations and for other purposes.

ANNOUNCEMENT OF HEARING

Mr. JACKSON. Mr. President, I wish to announce a hearing by the Public Lands Subcommittee of the Interior and Insular Affairs Committee on S. 3835, a bill designating certain rivers in the State of Oregon as potential additions to the National Wild and Scenic Rivers System, and H.R. 3903, an act to direct the Secretary of the Interior to convey certain public land in the State of Michigan to the Wisconsin Michigan Power Co.

This hearing will be held on August 15 at 10 a.m. in room 3110, Dirksen Senate Office Building. Those who wish to testify or submit a statement for inclusion in the hearing record should contact Steven P. Quarles, special counsel, at 225-2656.

ADDITIONAL STATEMENTS

THE POLITICAL SYSTEM WORKS

Mr. HUGH SCOTT. Mr. President, Smith Hempstone in Friday's Philadelphia Inquirer, makes the point that we must not allow Watergate to turn us off on politics. Rather, we must use Watergate—and the end of Watergate—as a sign that the system works, but it works only with the support of the American people. I ask unanimous consent that this article be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

No Inherent Evil: Political System Was Not at Fault

(By Smith Hempstone)

Washington.—As the shattering truths of Watergate have daily become more evident, it is perhaps understandable that the American public would become more and more disillusioned with politics. Yet, if democracy is to be preserved in America, this political turnoff must be turned around.

Not many people probably got to the bottom line of the views set out by Sen. Howard H. Baker, Jr., R., Tenn., as the Senate Watergate Committee recently wrapped up its investigation and made its recommendations.

"I believe," said Baker, "Watergate might never have occurred had there been more politics instead of less in the White House. Politics is an honorable profession. It is probably a free citizen's highest secular calling. The republic could not function without the dedication of millions of citizen politicians; and, consequently, I hope that politics as an honorable undertaking is not a casualty of Watergate."

The reaction to Watergate ought to be more involvement by people in politics. It ought to make voters more determined than ever to see that the right kind of candidates get elected. But the opposite seems to be happening. If elections held so far this year are any indication, the voting public has been overtaken by apathy, or worse. They aren't marching to the polls to throw some rascals out, and they aren't going there for the more positive purpose of supporting somebody.

The number of eligible voters grows constantly and so does the number of those who sit on their hands on election day.

Politics, as Sen. Baker said, has indeed been an honorable profession. Without those citizen-politicians of the revolutionary era—Washington, Jefferson, Adams and the rest—this nation never would have been born. Without Lincoln, the two Roosevelts and others like them, it could not have endured. Of course, there have been some rascals.

Some of the men of the Watergate White House—particularly many of those in high places—were not politicians in the usual sense of the word. They were not even students of politics.

They were single-minded individuals dedicated to one man—Richard Nixon—and pursuing one goal: power.

The Haldemans, Ehrlichmans, Mitchells, Deans and some of the others of the Watergate era should not be considered typical of politicians in general, or of Republican politicians in particular.

One of the most serious mistakes that voters could make, in the opinion of this observer, would be to take Watergate out on the Republican Party. It would be even worse to take Watergate out on politics as a whole.

No one can deny that Watergate has been a staggering blow, but the American political system is cleansing itself. Constitutional processes are working. The nation ought to heed the warning of the late Chief Justice Earl Warren and not overreact to Watergate by tampering with the Constitution. The lesson of Watergate ought to be that citizens need to maintain a constant vigil over their freedoms, which means that they need to maintain a sustained interest and involvement in politics.

Politics does not have to be the choice of the lesser of evils; it becomes so only when citizens turn off from the political system.

WALTER HELLER'S OPEN LETTER TO PRESIDENT FORD

Mr. BENTSEN. Mr. President, today's Wall Street Journal carried an open letter to President Ford by Walter W. Heller, professor of economics at the University of Minnesota and former chairman of the Council of Economic Advisers under Presidents Kennedy and Johnson. In his letter he addresses means of dealing with what all of us recognize as the No. 1 problem facing this Nation—inflation. In his letter, Dr. Heller urges several of the suggestions I made in the Democratic response to President Nixon's nationwide address of July 25 and he suggested them in the cooperative bipartisan tone in which they must be considered.

I share Dr. Heller's belief that we must fight inflation not simply by policies which produce stagnation but by policies which allow economic expansion in those areas where shortages are forcing price increases. We must not only suppress demand. We must increase supplies. As Dr. Heller expresses so well, if we stop all expansion dead in its tracks, we undermine our Nation's natural defenses against inflation—greater output of badly needed goods and services.

As I said in the Democratic response, we cannot continue to pursue a restrictive monetary policy without also channeling loan money in productive areas badly in need of expansion in capacity and output. I share Dr. Heller's belief that some forms of credit rationing must be adopted. Rationing of credit by price alone is channeling too much of our limited financial resources into speculative investments in land, inventories, and foreign exchange to the detriment of investment in productive capacity, small businesses, housing and municipal services. And I share his belief that the Federal Reserve policy must be more selective.

Dr. Heller also advocates we reestablish a limited "incomes policy" to give guidance to business and labor as to what actions are responsible. The Congress received President Nixon's Cost of Living Task Force proposal last week, and I will introduce legislation shortly to provide for broader representation on the task force and a more specific mandate. I would hope the new administration would give my proposal consideration and that we can work in a cooperative and constructive manner in this area.

Dr. Heller urges government at all levels to examine its actions and regulations, identify those contributing to inflation, and move to eliminate them. I share that belief and believe it must be a priority of both the executive and legislative branches of Government.

Finally, as Dr. Heller points out, the sharing of the burdens of the present inflation must be more evenly borne. There is no quick cure for the present inflation and until we have it under control some consideration must be given to its effects—whether those effects are on the retired couple living on a fixed income or on a financial institution with liquidity problems.

Mr. President, the time for placing blame is past. It is time for finding constructive solutions. President Ford brings to his new position a great deal of good will on the part of many Members of Congress. He has many friends in both Houses of Congress. I for one stand ready to work with him to deal with the problem of inflation in a positive way. This country has traditionally met its problems with an active not a passive voice. We must do so again.

I ask that the entire text of Dr. Heller's letter be printed in the Record.

There being no objection, the open letter was ordered to be printed in the Record, as follows:

An Open Letter to President Ford

(By Walter W. Heller)

As you enter the presidency, the No. 1 problem on your domestic docket is inflation. In tackling it you have an opportunity that has come only once in the lifetime of this republic, one that enables you to make a good beginning, backed by the will, the support and the hopes of the vast majority of Americans.

It's an odds-on bet the present corps of economic advisers—Messrs. Rush, Simon, Greenspan and Ash—will recommend that you use that priceless opportunity to maintain unflinching adherence to the "old-time religion," to the catharsis of tight money and budget cutting.

But before you accept that counsel and the appealing Rock of Gibraltar image it implies, you should take a fresh hard look at the inflation problem, bearing in mind that new options open up to restore credibility and integrity to the White House. No one expects you to find a quick, magic cure for inflation—there are none. But people rightfully expect you to ask the tough, searching questions that will reveal the true risks and rewards of present policies and point the way to a broader and better balanced anti-inflation program.

A nagging question pops up at the outset: Why should the economic game plan that failed so miserably in 1968–71 work in 1974–75? Tightening the fiscal and then the monetary screws generated 6% unemployment and the depression of 1970, yet failed to subdue inflation. But, you will be told, that's because "we failed to stay the long course."

At that point, it's fair to ask how deep a valley of disinflation lies ahead of us under present policy. What the President, the Congress and the public need is a candid calculation—free of self-delusions and false optimism—of the projected benefits and costs of monetary-fiscal austerity:

—How much inflation will it squeeze out of the economy, and by when?

—How much will it cost in lost jobs, output and profits and in business and financial failures?

A PARTIAL, CHILLING ANSWER

Careful econometric studies by James Tobin (in the latest Brookings papers) and by Otto Eckstein of Data Resources provide a partial and chilling answer. They agree that the cost of simply adhering to severe monetary and fiscal restraint to check inflation will be sustained and heavy unemployment. Mr. Eckstein calculates that it would take at least two years of 8% unemployment to beat inflation back to a 4% rate. I think you will agree with him, Mr. President, this would be "overkill" and that the financial system would collapse before we cracked inflation.

That raises a closely allied question: Given the kind of inflation we are suffering today, are demand-suppressing measures enough? Are they the right medicine for the inflation? I don't mean to say that understanding how the inflation genie got out of the bottle necessarily tells us how to get it back in. But surely the medicine—and the dosage—should be different if inflation is merely a lingering legacy of demand-pull forces than if specific supply crunches and cost push forces are the villains.

The plain fact is that 1974 inflation, born of 1973's combinations of excessive demand and commodity crunches, is rapidly maturing into a new spiral of wages chasing prices and prices chasing wages—into a self-propelling price-wage spiral all too reminiscent of 1969–70 and all too resistant to a monetary-fiscal squeeze. The result? Further turns of the monetary and fiscal screws will wring less and less inflation and more and more life blood out of our economic recovery.

This is becoming painfully evident as the first-half slide turns into second-half torpor. Every day new cracks are appearing in the facade of economic strength behind which the ordained optimists have been hiding. A first step toward more realistic policy must be to recognize the 1974 slump for what it is. Not merely an "energy spasm", a shortages economy" or a pause that refreshes, but a costly stagnation arising out of a shortfall in aggregate demand.

Let's drop the debate over whether it deserves the label "recession" and redirect our attentions to the real problems: How far below our output and employment potential are we prepared to drive the economy by policies to cut demand? And in view of the limits of demand management policy in subduing the new inflation, what measures to curb cost-push pressures and to improve supply management should now be considered?

Here, above all, Mr. President, you are in a unique position to de-escalate the inflationary spiral. Labor, justifiably aggrieved about the erosion of its real earnings, is stepping up its demands. Business, also pointing to inflation inroads and citing huge capital needs, is pushing up prices and profit margins. Now is the time, backed by a floodtide of goodwill, to practice not just the politics but the economics of reconciliation. Now is the time to bring business and labor together in a dialog, leading under your guidance to economic detente for the benefit of the American consumer.

That will mean reaching out to bring labor back into the fold. It will require evidence that the strong pro-business bias of recent White House economics will become not a pro-labor but a pro-public bias. And it will also require a liberal (or even conservative) dash of "reasoning together" and "ask not . . ." spirit that seems to underlie your early words and actions as President.

NOT AN EASY TASK

Translating this new mood into specific initiatives to defuse the price-wage spiral won't be easy, especially after the unfortunate discrediting of wage-price controls under the inept freezes and phases of recent history. But without some kind of a wage-price watchdog and a new set of even-handled wage price guides—backed not just by powers of inquiry and publicity but by powers of suspension (and in outrageous cases even by rollbacks) the outlook for inserting a circuit-breaker in the new round of cost-push inflation will remain bleak. Building on the base of the Bentsen-Nixon proposals for a wage price monitoring agency, the White House and Congress can forge this missing link in the anti-inflation chain.

This may go against your free-market instincts, Mr. President. But it shouldn't. Monitoring would be focused on those powerful unions and business units that wield excessive market power, those areas of the economy where competition is a poor policeman; in other words, government presence would be a stand-in for the forces of competition.

For the longer pull, much of the relief from stubborn inflation must come from the supply side. An intensive review of government policy to enlarge critical supply capacities, increase productivity, and monitor emerging supply crunches is long overdue.

In light of our traumatic experience with shortages in the last couple of years, you should call for a thorough exploration of the potentials for supply management. This should range all the way from better information devices like shortage alerts and prompt export reports or even licensing to the use of special financial aids (without building new tax shelters) and the milder forms of credit rationing.

Rationing of credit by price alone is channeling too much of our limited financial resources into speculative investment in land, inventories and foreign exchange to the detriment of investments in productive capital. And, as always, super-tight credit is squeezing small business, housing and municipal borrowers. To curb, such inequities and channel more credit into productive uses, Federal Reserve policy could, where feasible, apply more selective methods of supply credit.

And a gradual phaseout of the Regulation Q ceiling that shortchanged small savers and distorts the flow of financial resources is clearly in order. These moves facilitate a gradual retreat from excessive tightness that is needed to permit a moderate economic expansion.

A government that is dead serious about fighting inflation ought also, at long last, under your leadership, to put an end to the laws, regulations and practices that make government an accomplice in many cost- and price-propping actions, running from over-regulation of transportation rates and under-enforcement of antitrust laws to fair trade laws and the Davis-Bacon Act—not to mention maritime subsidies, import quotas and the Buy America Act. Such actions will step on the toes of articulate well-heeled pressure groups but now is the time, under your leadership, to take those political risks.

SUPPLY SIDE OF EQUATION

While dealing with the supply side of the equation, let me emphasize how important it is not to undermine some of our natural defenses against inflation by stopping expansion dead in its tracks. For if we do, we would deny ourselves the short-run productivity offsets to rising costs that we normally reap from a rising volume of sales and output. The longer we stunt productivity by choking off recovery, the more likely it is that lower productivity growth and hence higher unit costs will be built into conventional markups.

Further, remember that investment, innovation and risk-taking thrive in an atmosphere of expansion and wither in an atmosphere of stagnation. Super-tight credit undermines the health of equity markets, pushes money costs skyward, and threatens profits and financial stability. In the face of a policy of calculated stagnation, no program of tax gimmicks or special incentives will be able to induce the increases in capital spending the nation needs to boost productivity, expand supplies and ease price pressures.

Finally, Mr. President, in formulating your anti-inflationary program, be sure to take it out of the narrow context of economic gains and losses into the broader perspective of its social impact and consider the inequities and unfairness that it could generate. Out of these inequities grow a sense of grievance and alienation, an undermining of morale and social cohesion that may be inflation's greatest cost.

A telling reason why so many segments of our society have rejected current policies—have indeed felt they add up to an anti-them instead of an anti-inflation program—is that they are its victims rather than its beneficiaries.

Monetary policy boosts their housing costs. Budget policy has been squeezing social programs while enlarging defense outlays. And tax policy has thus far shown too little concern for those who are being short-changed by inflation.

DISTRIBUTING BENEFITS AND BURDENS

A truly balanced attack on inflation would couple the restraints of fiscal and monetary policy with measures to redress the grievances of skyrocketing fuel and food prices. I urge you to consider as an integral part of a compassionate anti-inflation program not only more generous unemployment benefits, food stamps and housing allowances but relief from payroll taxes for the working poor and increases in personal income tax exemptions and low income allowances. Distributing the benefits and burdens of economic policy more fairly will facilitate a more sustained battle against inflation.

If we simply declare total war against inflation without weighing the resulting manifestations of the human and financial landscape, experience tells that we will invite an eventual public backlash. This is a plea, not to be soft on inflation, but to strike a sensible balance between benefits and costs in your anti-inflationary program, thereby staying between the bounds of economic and political tolerance rather than risking repudiation of the battle before it is won.

Just one final thought, I realize that if you follow the foregoing counsels, it will enhance the prospects of your continuation in the presidency after 1976. But in the belief that partisanship stops at inflation's edge, that's a risk I'll have to take.

Dr. Heller, president of the American Economic Association, is Regents' Professor of Economics at the University of Minnesota and former chairman of the Council of Economic Advisers under Presidents Kennedy and Johnson. He is also a member of the Journal's Board of Contributors, four distinguished professors who contribute periodic articles reflecting a broad range of views.

NATIONAL OCEAN POLICY STUDY

Mr. HOLLINGS. Mr. President, on August 5 the Senate Ocean Policy Study and the Judiciary Committee's Subcommittee on Administrative Practices and Procedures conducted a joint field hearing in Boston on the potential impacts associated with the development of oil and gas resources on the Outer Continental Shelf off Massachusetts. The hearing was chaired by my colleague, Senator EDWARD KENNEDY, who is both chairman of the Administrative Practices Subcommittee and a member of the Ocean Policy Study.

The administration's policy of accelerated development of the Outer Continental Shelf has been of primary concern to the Ocean Policy Study during this session of the 93d Congress. We held 5 days of hearings in the spring on the impacts of offshore oil and gas development on the coastal zone. In conjunction with these hearings, a study was initiated, at our request, by the Office of Technology Assessment in order to assess the impact of current OCS leasing policies on the coastal zone. This study is expected to recommend solutions to some of the complex questions we now face in the coastal zone.

The Boston Ocean Policy Study hearing confirmed testimony heard in the Washington hearings that the major environmental impacts will be on land, in the coastal zone, rather than in the ocean, near the drilling site. It also emphasized the need for a proper understanding of the economic and social ramifications of a decision to lease, an understanding we do not yet have.

Senator KENNEDY's interest in the Outer Continental Shelf leasing problem is welcomed and appreciated. His hearing in Boston has added local testimony to the Ocean Policy Study record on this matter, and has contributed to a further clarification of the problem.

Mr. President, I request unanimous consent that Senator KENNEDY's opening statement and an editorial from the Boston Herald American be printed in the RECORD.

There being no objection, the statement and editorial were ordered to be printed in the RECORD, as follows:

I am pleased to open these hearings today into the impact on Massachusetts of the Administration's proposal to lease areas off our coast for oil and gas development.

This hearing is a joint effort of the Senate Ocean Policy Study on which I serve and of my own Subcommittee on Administrative Practice and Procedure of the Senate Judiciary Committee. Additional hearings will be held throughout New England and on the West Coast to further the ocean policy study.

The joint hearing reflects my view that both legislative and administrative actions are necessary to assure full protection of the public interest both in the procedures leading up to a final decision on whether or not leasing should go forward and on insuring adequate protection of our interests in the event leasing finally is undertaken.

The issue of offshore oil and gas development is vital not just to the people on the coast of New England, but it is vital to every citizen. The number one issue in this nation today is inflation and food and fuel costs have been the primary items fueling the price spiral.

If offshore drilling will help reduce those costs, if it can be done without jeopardizing our environment, if it can be done without destroying our tourist and fishing industries, if it can be done without distorting our future coastal development, then I doubt that there will be opponents to drilling.

But we want to be sure that all of the facts are known and that all of the issues have been considered by the people of Massachusetts as well as by Federal Energy policymakers. We want them to tell us how much of the $700 million to $4 billion in estimated bonus payments to the federal government is going to arrive in Massachusetts. We want to know what share of the $22 million to $126 million in estimated royalty payments is to go to Massachusetts. We want to know whether the costs from the impact of offshore oil development overshadow the potential benefit, particularly when the best estimates show that offshore oil from Georges Bank will meet only one-thirtieth of our need for oil in New England in 1985.

And part of the hearing design is to offer an opportunity—before the fact—for the public to make its voice heard. For the past several years, this Administration has made its oil policies after consulting the oil industry and then has presented the public with a fait accomplis.

The same attitude is shown in its opposition to an end to tax loopholes for the oil companies. The same attitude is shown in its opposition to a roll back of oil prices. The same attitude is shown in its opposition to the mandatory allocation program to ensure adequate supplies of heating oil and residual oil next winter.

When Massachusetts residents were paying 12 cents per gallon for home heating oil in 1973 and now they pay 26 cents per gallon, then something is very wrong with Administration energy policies. And when we were paying $1.89 per barrel for residual oil a year ago and now we pay $12.25 per barrel, then you know those policies are in need of change.

These are the results of the failure of the Administration over the past 5½ years to establish a policy—either long- or short-run—which meets our energy needs and which reflects the interests of our consumers.

This is the history that has convinced me that constant oversight, constant public disclosing and constant public participation must follow this Administration every step of the way it travels toward offshore oil and gas development.

The failure to monitor its activities adequately in the past has produced a consumer rip-off of mammoth proportions. We cannot afford a similar fiasco with offshore oil.

On June 15, 1971, in Washington the Secretary of Interior released a schedule of events leading up to a sale of Atlantic Outer Continental Shelf resources between 1973 and 1976.

That announcement came without the benefit of environmental studies, without the benefit of economic impact studies, without the benefit of evaluations of energy alternatives and without the benefit of detailed government knowledge either of the advantages or disadvantages of offshore oil drilling in the Atlantic.

I opposed the precipitous embarkation on leasing at that time and urged an independent evaluation of environmental, economic and alternative energy sources by the National Academy of Sciences. The Administration opposed that effort for two years—despite its adoption by the Senate and despite its endorsement by numereous East Coast Governors. Finally, prior to the President's Energy Message of April 1973, former Energy Advisor James Akins recommended the inclusion in the Energy message of an environmental study of Atlantic offshore drilling.

Although the National Academy of Sciences was given a role as critic, the study itself was conducted by the Administration's Council on Environmenal Quality.

Its report, while admittedly a first effort, left many loose ends and its ranking of Georges Bank development as offering the lowest relative risk is one that I dispute and that the National Academy of Sciences questioned.

This hearing today is designed to tie up some of those loose ends and to provide both the Congress and the executive branch with a better understanding of the potential impact of offshore oil drilling on our state.

Every Administration spokesman speaks of offshore oil and gas development as the answer to New England's energy needs. Yet the facts are unclear. We may well import as much oil in the future as we do today, even with the most optimistic production estimates for offshore drilling.

The Administration implies that an environmental impact statement is a mere formality before actual leasing is underway. Yet, the National Academy of Sciences critique of the Administration's first environmental review was unmistakably cautious, stating, ". . . the Committee agrees with the CEQ that present knowledge is inadequate for assessing thoroughly the likely physical and biological consequences of OCS development activities on the environmentals in question."

Perhaps more important, the National Academy reiterated the findings of every recent study on oil and gas development on the Georges Bank—that "potential impacts on commercial fisheries should be evaluated before development begins."

Our fishing industry has been a mainstay of our economy and of the nation's food supply since colonial days. In recent years, New England fishermen have been faced with subsidized foreign competition which has captured some 85 percent of the fishing on the Georges Bank and depleted our stocks in the process. Even so, our fishermen land almost $26 million worth of hake, haddock, cod, flounder, skate, and other species, at Boston, Gloucester and New Bedford every year.

We must not risk that industry without being absolutely sure that there is no alternative or without taking every precaution to minimize disruptions. Yet, even the most basic data currently is unavailable to Department of Interior decisionmakers. I believe every document or fact held by private industry must be made available to the government before the first lease is sold. A National Science Foundation-funded study noted: "In addition to lacking background data, the Department of Interior has limited geological and geophysical data to use in its management and control of OCS oil and gas development."

Perhaps the single statistic that underscores the inadequacy of current data is that less than 3 percent of the U.S. Outer Continental Shelf was mapped as of 1972.

All of these factors make it more and more essential that we demand full answers to basic questions that concern the citizens of New England. These are the same questions I posed last year during the Council on Environmental Quality hearings. I want to know and I believe the citizens of New England want to know: Is offshore drilling going to produce lower home heating bills to home owners? Is offshore drilling going to reduce the price of gasoline? Is offshore drilling going to mean more jobs and a growing economy for New England?

Or is New England going to take all of the environmental risks attendant on offshore drilling only to see the resources and jobs shipped outside the region? Are we to see the value of our fisheries further diminished and the beauty of our seashore destroyed?

I believe these questions and others must be answered before valuable and non-renewable public resources are handed over to private control. The President has called for 10 million acres to be leased to private industry in 1975, nearly one-fifth of our available offshore lands and as much acreage as has been leased in the past 20 years.

Before that occurs, I believe that we must demand answers to our questions.

First, we must be sure that offshore drilling is considered as part of an overall national energy policy that balances the costs and benefits of all sources of energy. One element must also be to consider whether some portion of the OCS resources should be preserved as a national hedge against a future boycott or any other emergency threat to our energy supply. It must be consistent as well with coastal zone policies that protect our shorelines from unplanned development.

Second, we must be sure that the technology is adequate to the task and that there are regulations strict enough to ensure that adequate technology, when it is available, is used. The NSF-funded study by the University of Oklahoma stated that "Most of these weaknesses in physical technologies exist because, until very recently, standards used for determining the adequacy of OCS technologies have been based largely on industry's judgment of what is economically feasible." We cannot afford private interests rather than public interest as the standard for offshore oil development.

For that reason, as Chairman of the Office of Technology Assessment Board of Directors, I have asked that one of this new Congressional advisory agency's first priority be the examination of offshore technology.

Third, we must insure that leasing procedures and compensation standards are adequate to protect the public interest. Most witnesses before the Ocean Policy Study hearings in Washington have concluded that without some form of revenue sharing with adjacent states, the net result will be an economic loss to the coastal states.

Fourth, we must consider as an alternative to total private control over offshore development, the establishment of a Federal Oil and Gas Corporation, to both obtain independent data and to check the pricing policies of the private companies. I have cosponsored legislation for that purpose. At the very least, we should tightly control the prices to be charged for the oil products produced.

Finally, we must establish clear and enforceable regulations not only to minimize the potential for accidents but to assign liability to the developer for any and all costs. Not only must the rules be set forth but the institutional mechanism for enforcement must be in place before any leases are offered.

The witnesses this morning are going to examine some of these questions. Their testimony will help both the Congress and the Administration to balance the potential impacts—positive and negative—of offshore drilling. And they hopefully will help us determine whether current laws and administrative procedures are adequate to protect the public interest.

BOSTON HERALD EDITORIAL IN SUPPORT OF DRILLING

Hearings on Monday before Sen EMK on proposed offshore drilling for oil and gas put the whole picture into much clearer perspective.

Of major interest was the testimony of Dr. Bostwick Ketchum an ecologist from the Woods Hole Oceanographic Institution that tankers already using NE harbors and inland waters pose a greater threat to the environment than drilling off Georges Bank would.

He said that records show such drilling can be done without damage to fish. The fish catch off Louisiana stayed relatively constant for the last fotry years, and they have far more intensive off shore oil development than anything contemplated for New England.

That should dispell some of the fears expressed by environmentalists about exploiting fuel resources off our coast. If we can live with the tankers in our harbors, where spills of refined oil are far more injurious to marine life, than spills of crude oil out at sea we can accept off shore drilling carried out under the most rigidly controlled conditions. Dr. Ketchum brings impressive authority into the debate—on the side of proceeding for the common good.

Just how much the area will benefit immediately was debated at the hearing, but the need for more fossil fuel is unquestionable.

Sooner or later the wealth of energy resources under our coastal waters must be tapped. Off shore drilling has been viewed with far too much emotion. The subject needed the kind of clarification it received at the Kennedy Ocean Policy Study hearing And complaints that drilling will foul New England's waters and beaches must be considered in the light of Dr. Ketchum's scientific and highly convinsing testimony.

A POKE AT BUREAUCRACY

Mr. CURTIS. Mr. President, I respectfully request leave to poke bureaucracy in the ribs once more. My job is directed toward the Social Security Administration. Mr. Henry Mead, a constituent of mine, applied in November of 1973 for his social security retirement benefits. After 9 months and the submission of 90 pages of personal documents, Mr. Mead has at last received his first social security check.

My years in Congress have rendered this sort of predicament believable to me. In spite of the "reforming" measures instituted by Congress and by Government organizations, excessive bureaucratic complications are everywhere perpetuated. I cannot claim to have been successful in cutting through every jumble of redtape. In a case like Mr. Mead's, though, it is best to persevere in attempting to lessen and ultimately remedy the confusion which organizations can force upon individuals. Mr. Mead has not yet succumbed to bureaucracy. I hope my colleagues in Government can learn from his example.

Mr. President, I ask unanimous consent that the article in the July 1974 issue of Nebraska Newspaper magazine entitled "Just Asking for a Little Security . . ." be printed in the RECORD. The magazine is published by the Nebraska Press Association.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

JUST ASKING FOR A LITTLE SECURITY . . .

(EDITOR'S NOTE.—The following article was authored by Minnesota Press Association Newspaper editor Cindy Sperbeck and is reprinted in this publication with her permission.)

Last November Henry Mead reached that point in his life when he could forget the pressures of endless deadlines. He could retire; live a life doing mostly what he wanted to do; live in the comfort of knowing he'd earn a little money for services rendered to the Aitkin Independent Age and Seward County (Neb.) Independent, and receive a monthly social security check.

Henry thought things would happen like this.

But six months after reaching 65, he has come to believe there is nothing "social" about governmental red tape, and certainly no "security" in retirement.

"I'm discovering that the transition from payroll to social security roll is not accomplished without some travail," he said.

"In my innocence, I had assumed that all I had to do was show up at social security headquarters, bring my certificate of birth and evidence of the 37 years I have paid into the fund."

He was wrong.

On his first trip to SS offices in Lincoln, Neb., simple routine procedures were thrown to the wind when it was discovered Mead had incorporated the Aitkin paper. The interviewer told Mead SS is "always suspicious when a man sets up a family corporation on the eve of retirement."

"What could I say?" said Henry. "I felt as guilty as if I had been accused of fathering a child out of wedlock. Rather lamely, I explained that on advice of legal counsel I had created the corporation so I could transfer stock to my family. In the unconvincing manner of a Watergate witness, I could only bravely insist that it seemed like the right thing to do at that point.

"The interviewer, Miss Baeder, wanted to know how much my services are worth to my organization—I could only point out that in my 11-year ownership of the paper there was one consecutive 18-month period when my CPA showed me the books indicating a loss of something like $1000 per month under my management. And certainly, I would hate to have my services evaluated by a vote of my staff!"

Mead went on to explain the reorganization that has taken place at the Independent Age, the realignment of responsibilities, additions of new staff members. But this held no weight. Miss Baeder asked him to bring in his articles of incorporation, bylaws, and federal income tax return for the last year.

"I wondered if I should take along some other credentials I had accumulated over the years," said Mead, "I like the certificate I got when I crossed the Arctic Circle with the US Navy, my World War II Good Conduct Army Medal with two clusters, my Past President's Pin from Nebraska Press Association, my airplane pilot's license, and maybe, just for good measure, a negative Wasserman test."

His next encounter was with a Mr. Schwier, "bald, benign, and benevolent," said Henry.

Mr. Schwier eventually signed Henry's application, and Henry left his office relieved, but also afraid that more red tape would eventually strangle his chances of receiving a prompt check.

"Have you ever had to wait, day after day, for a letter that never arrives?" asked Mead. "Have you ever experienced the slow disintegration of morale that comes from expectations unfulfilled? Have you ever fought against the sinking feeling in the pit of your stomach, choking back your tears, when you find no treasury remittance envelope in the morning mail along with solicitations for the Indian Missions and Korean orphans?

"You can even fall so low," he said, "that you wonder about the mail service. And you recall the question that Postmaster Blount raised one time at a staff conference: 'If neither snow, nor rain, nor heat, nor gloom of night can stay these couriers from the swift completion of their appointed rounds, What in Hell is Causing the Delay?' "

But Henry's check was not being delayed by the mails. Social security officials had decided to make him squirm a little longer.

"D. Green" of the Lincoln office, next entered the former publisher's life and requested some 90 pages of documents including:

A. A complete description of his newspaper business;

B. Locations of all offices and names of each manager;

C. How many employees were working at each location;

D. A copy of the bylaws of each corporation;

E. Names of all corporate officers and their positions;

F. All stock and value held by each person;

G. Complete personal income tax returns for last three years;

H. Complete corporate income tax returns for each corporation for last three years;

I. Complete detail as to how his services today differ from those last year;

J. Complete detail of all services he intends to render starting with January, 1974. List of each day worked, number of hours per day, all duties, rates of pay, etc.;

K. Copies of all corporate papers (articles of incorporation, board minutes where applicable);

L. Documentation he feels will explain his retirement.

For a while there Henry thought he had thwarted D. Green. It was during a trip to Duluth that he decided, because of the convenient access to his business records at Aitkin, it might be easier to file his application at Duluth.

The woman at the office received him cordially, and asked only to see his articles of incorporation. She stayed into her lunch hour just to complete the papers. Henry thought he had it made, and then:

"I'll send these to the Lincoln office," she said. "They can't go direct to Kansas City because we have to get the file number from Lincoln."

Later his CPA told him to write to Nebraska so the Lincoln people wouldn't accuse him of trying to get two social security checks every month.

So Henry had no recourse but to assemble his 93-page document and drive to Lincoln "softly humming under my breath, 'I'm off to see the Wizard, the Wonderful Wizard of Oz . . .' " he said.

He and Green argued over to what extent Mead's legally permissible 15-hours of monthly labor at Aitkin constituted "management."

"He seems to feel that a weekly newspaper can be 'managed' by somebody just stopping in a few hours now and then and, going over the accumulated crises, disposing of them zip-zip!" said Mead.

"But the running of a business is and must be done by those people who are there on the job, all day, every day, and available on call, after-hours if need be.

"There are a few 'big decisions' that are made in building a weekly newspaper . . . but there are hundreds of small ones that have to be made, on the spot, without delay and without extended consultation."

Green suggested that possibly any one decision Mead might make could be worth his entire legal social security salary of $2,400.

"Would that it were so," said Henry, "I have been in the newspaper business all my life, and such material accumulations as now appear in the balance sheets that Mr. Green so assiduously studies have not been due to 'big' decisions, or even very smart decisions. Rather, they may be credited to 40 years of 70-hour weeks, 40 years of what one publisher has called 'uncomplaining drudgery.' However it isn't drudgery if you like the work."

This session did not give Mead any assurances of forth-coming checks.

Mead has kept a running account of his "unsocial insecurity" battle in his two papers. Almost five months after his initial application, he wrote:

"On my first visit to the Lincoln social security office last November, I presented a "delayed certificate of birth," issued Jan. 29, 1942, at Des Moines, Iowa, recording that Henry Mead was born Jan. 19, 1909, at Allison, Iowa. Miss Baeder made photo copy of it.

"Now, nearly five months later, I am asked by Mr. Green to 'resubmit this certificate and copies of documents listed . . . Also, please send copies of all articles you have written and printed'."

Green returned these latest documents, minus the clippings, and soon after Mead got word that his application would be forwarded to Kansas City with approval.

"I would observe," said Henry, "that the forwarding of my approval to Kansas City must have called for some kind of celebration at the Lincoln social security office. They won't have Mead to kick around any more!"

He has had two other reassurances that his application is in the hopper. One came from Sen. Mondale's staff who had researched the application's status and found it being processed in Kansas City. The other was from the K.C. office itself saying "your benefits are currently in suspense . . . we will notify you when a decision has been reached."

"I had a dream the other night," said Henry, "dreamed that I had discovered the explanation of the perplexingly slow progress of an application through the social security labyrinth.

"They use snails for couriers.

"In my particular case," he said, "circumstances conspired against me. When D. Green went to the courier box to select a snail to carry my file, he quite by chance chose Gaston, an ancient but reliable creature with a high civil service seniority, and a memory like an elephant.

"When Gaston learned that it was my file he was to transport, his antennae quivered with rage.

"Mead?" he asked. 'Henry Mead, SS469–09–4392? I remember him. He was the one who ate my uncle Pierre and aunt Heloise in that French restaurant in Ft. Lauderdale, Fla., a few years ago. No matter that they were alrealy cooked dead in the mustard and garlic sauce, MEAD was the man who ate them! He even admitted it in an article in the Seward paper. Said that they tasted like 4-ply truck tires'!"

So, six months after his official retirement, and eight months after his initial application, Henry Mead is still without social security benefits. But through most of his struggle, he's kept his sense of humor.

"It does seem like one hell of a way to treat a senior citizen who at one time held the high office of Left Scene Supporter in the Odd Fellow Lodge, though," he complains.

THE GENOCIDE CONVENTION AND WORLD PEACE

Mr. PROXMIRE. Mr. President, I ask you to recall the effective U.S. leadership at the 1945 San Francisco convention which led directly to a strong endorsement of the international promotion of human rights in the U.N. Charter.

The U.S. delegation supported the human rights section in the United Nations Charter because it recognized that unchecked domestic oppression often leads to foreign aggression, as demonstrated by the Axis powers.

It was 29 years ago that the United States led the worldwide struggle for human rights. Although we can be proud of our leadership at the San Francisco convention, we must not rest upon our laurels. For 25 years the Senate has refused to ratify the Genocide Convention accords. I believe that the American people support international standards of human dignity. We want for all peoples the human rights which we cherish.

Nevertheless, perennial criticisms are heard of the Genocide Convention. They ask: What good will accrue from ratification of the accords when our own laws already protect us from the threat of genocide?

Mr. President, my answer to these critics is this: The United States has as its stated foreign policy objective the promotion of peace and freedom. Human rights, including the right to live in peace are historically interdependent. When the human rights of any people are threatened, peace itself is in jeopardy.

Thus, I call upon the Senate to assume a position of leadership by ratifying the accords forthwith.

THE IDAHO AMENDMENT

Mr. CHURCH. Mr. President, recently, the Democratic candidate for Congress in Idaho's First Congressional District, J. Ray Cox, proposed an interesting solution to the on-going problem of dealing with the mushrooming national debt.

Mr. Cox has proposed a constitutional amendment—which has been labeled the Idaho amendment—to require that the Federal budget be balanced, except in times of war or grave national emergencies. Further, the amendment provides a framework to pay off the existing national debt over the next 100 years.

The proposal bears close consideration, and I am pleased to call it to the attention of my colleagues.

I ask unanimous consent, Mr. President, that the text of the amendment and an analysis of it be printed in the Record.

There being no objection, the amendment and analysis were ordered to be printed in the Record, as follows:

The Idaho Amendment—A Proposed Amendment to the Constitution of the United States

AMENDMENT NO. XXVII

Section 1. Notwithstanding the provisions of Article 8, Section 1 of the Constitution of the United States, no appropriation shall be made, nor any expenditure authorized by the Congress, whereby the expenditures of the United States during any fiscal year shall exceed the total tax then provided by law, and applicable to such appropriation or expenditure, unless the Congress making such appropriation shall provide for levying a sufficient tax to pay such appropriation or expenditure within such fiscal year. This provision shall not apply to appropriations or expenditures made to defend the United States in Time of War or Grave National Emergency, as the same are hereinafter defined.

Section 2. (a) *Time of War* is hereby defined as a steate of armed conflict between the United States and any other foreign nation, and shall exist only when declared to exist by the Congress as provided in Article I, Section 8 of the Constitution of the United States.

(b). *Grave National Emergency* is hereby defined as a time of great economic, social or military peril, grossly threatening the peace and tranquility of the Citizens of the United States. A Grave National Emergency shall exist when so declared by the President, providing that the Congress concur in such declaration within 30 calendar days of its being transmitted thereto by the President. Periods of Grave National Emergency shall expire at the end of the next full fiscal year following such declaration, unless the President shall again, on or before 60 days prior to the end of such fiscal year, and each fiscal year thereafter, declare such Grave National Emergency to continue to exist, and such declaration be concurred in within 30 calendar days by the Congress.

Section 3. Notwithstanding the foregoing provisions, the Congress shall be empowered, from and after the ratification of this amendment, to create public indebtedness for capital improvements or specific works or projects having a beneficial life over a period of years, providing that such indebtedness shall not exceed an amount equal to — percentum of the total taxes collected by the United States Government during the next preceding full fiscal year, and providing further that any such law authorizing such capital expenditure shall designate the ways and means, exclusive of loans, for the payment of the interest and discharge of the principal of such debt or liability within a time commensurate with the reasonably expected useful life of such work or project, which period of time shall be set forth in the law authorizing such project. All laws enacted under this section shall be irrepealable until the principal and interest set forth therein shall be fully paid and discharged. The limitations set forth in this section shall not be exceeded unless any such law which would result in exceeding such aggregate amount of indebtedness shall be approved by three-fourths of the members of Both Houses of Congress.

Section 4. The Congress shall, at the next session thereof following the ratification of this amendment, and each year thereafter, appropriate sufficient funds to pay the interest accrued on the then existing indebtedness of the United States, together with such principal payments thereon which shall fall due in that year, providing that the Congress may, by law, make such further extensions of such principal indebtedness as will ensure its full retirement within a period not exceeding one hundred years from the date of such ratification.

The Idaho Amendment—Section-by-Section Analysis

Section 1. This section simply requires the Congress to make no expenditure or appropriation unless they levy sufficient taxes to pay for the appropriation. In simplest terms, it says Congress may not spend more than they take in in any given period. They must balance the federal budget. There are two exceptions: Time of War and Grave National Emergency.

Section 2. (*a*). This section defines *Time of War*. Note that it can only exist only when declared by the Congress. This provision would tend to strengthen the Congress and to re-state the powers already vested in them by the Constitution.

(b). *Grave National Emergency.* This term is intended to cover such situations as economic depressions, drought or flooding on a major scale, or any other situation of such National concern as to warrant immediate attention. The important thing about it is that it is designed to do away with the power of the President to declare a National Emergency, and then continue to function under such powers for years after the emergency has passed. It further strengthens the Congress by requiring their concurrence that such emergency exists. The self-terminating language requires that the subject be publicly debated on an annual basis so the people will be aware that the nation is operating under an emergency.

Section 3. This section recognizes that there is no economic evil in creating long term debt for an asset that has a long term value. It does not seem unfair to require a 1985 taxpayer to help pay for a building built in 1974 if the building is there in 1985, and the taxpayer is benefiting from its use. The amendment is so designed that some limitation be placed on this type of indebtedness, and the federal taxes collected in the prior year was used as a criterion. There are, however, other criteria which could be used, such as the gross national product, assessed valuation of federal lands, or total federal assets, to name a few. Likewise, the percentage figure is left blank because the extent of the limitation should be a matter of public debate and discussion. The important thing is to express the limitation in terms that will be meaningful fifty years from now, and not just today, and a percentage of dollars seems wise, because as the value of dollars fluctuates, so will the limitation.

Section 4. This section is designed to provide for the ultimate retirement of current federal debt. Recognizing that to require payment in full of all its obligations as they now fall due might impose a crushing burden on us in any given year, the amendment gives the Congress leeway in the matter, the only restriction being that the interest on the debt be paid annually, and the entire debt existing at the time of ratification be retired within one hundred years. That period of time should also be the subject of debate and discussion, and is proposed as an example and not as a hard and fast rule. The debt referred to in this section has no bearing on the debt as permitted by Section 3, as this section refers to the "then existing debt" (after ratification) and not to capital debts as may thereafter be created under Section 3.

THE DEATH OF GOVERNOR McKELDIN

Mr. BEALL. Mr. President, on Saturday morning former Maryland Gov. Theodore R. McKeldin died at his home in Baltimore at the age of 73. Governor McKeldin rose from a very modest family background to become one of Maryland's and the Nation's most prominent and colorful political figures.

Theodore R. McKeldin was a political contemporary of my father, whose first term in the Senate coincided with Governor McKeldin's service as Maryland's chief executive. I have known Governor McKeldin throughout my adult life and his passing is a personal loss to me. I had the good fortune to work in his gubernatorial campaigns in 1950 and 1954 and he was among the first to offer support when I announced for the U.S. Senate in 1970.

At a time like this one is inclined to remember certain incidents that marked our friendship. On many occasions I heard Governor McKeldin say that he had run for mayor of Baltimore 4 times—winning twice—that he ran for

Governor 4 times—winning twice—for a lifetime batting average of .500. He would go on to remind his audiences, with great satisfaction, that baseball great Stan Musial's lifetime batting average was .331.

In 1971, shortly after I came to the Senate, I was asked to participate in the Fourth of July parade in Dundalk, Md. Just before the parade began, the parade marshal assigned the last convertible to some other officials leaving the former Governor without a car. I invited him to ride in my convertible and he told me that even though he was 71 years of age and would never run for public office again he just wanted to ride in this parade and be with the people of Dundalk. We had hardly started down the parade route when the crowd responded with legitimate warmth and enthusiasm for their former chief executive. Theodore McKeldin who had a genuine affection for people of all races and all creeds was soon waving vigorously to the people along the way. At every opportunity he would reach out into the crowd to shake hands and pat small children on the head.

This genuine love of people was a hallmark of Theodore McKeldin, the man, the mayor, and the Governor. He served as mayor from 1943 to 1947 and from 1963 to 1967. He was Governor of Maryland from 1953 to 1959. As an early supporter of General Eisenhower in 1952, Governor McKeldin won the right to give the nominating speech for the man who was to serve as our 34th President.

Throughout his illustrious political career, Theodore R. McKeldin always remained in close touch with the people. Even when he was not serving in public office Governor McKeldin devoted his considerable energy and talents to improving the well-being of the people of Baltimore and Maryland. In the fifties he, of course, was one of the first elected officials to use the influence and power of his office to promote civil rights for all of our citizens. He has left a legacy of service and accomplishment for which we can all be grateful. Mrs. Beall and I have joined with our fellow Marylanders in extending our profound sympathy to Mrs. McKeldin and the McKeldin family.

Mr. President, I ask unanimous consent that an article from the August 11, 1974, edition of the Washington Star-News and one that appeared in the Baltimore Sun on the same date regarding Governor McKeldin be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Theodore McKeldin Dies; Was Mayor, Maryland Governor

Theodore Roosevelt McKeldin, 73, former Republican governor of Maryland and mayor of Baltimore, died of bladder cancer yesterday at his home in Baltimore.

His physician, Dr. Horst Schirmer, said McKeldin went into a coma Friday night at his home. He had been resting there since his release from Johns Hopkins Hospital where he was hospitalized three weeks ago for radiation treatment.

McKeldin, called Maryland's Mr. Republican in the 1950s, was an early backer of Dwight D. Eisenhower for president and placed the general's name in nomination at the 1952 Republican National Convention.

An affable politician who was popular throughout Maryland except to those offended by his liberalism, McKeldin invited every resident of the state to his first inauguration as governor in 1951. "You don't need an invitation," he said. "Just come."

McKeldin also was one of Maryland's best known and most enthusiastic boosters, buttonholing national and other state leaders with black-eyed susans, the state flower which was often in his own lapel. In 1950, he was elected as Maryland's fourth Republican governor by what was then the greatest margin—almost 94,000 votes—in a gubernatorial election in the state. In subsequent elections, only Gov. J. Millard Tawes and the incumbent, Marvin Mandel, both Democrats, received greater margins.

He defeated Gov. William Preston Lane Jr. in the first election and the late H. C. (Curley) Bird, a longtime president of the University of Maryland, for his second term in 1954.

McKeldin first tried for the mayorality of Baltimore in 1939, but lost by 24,000 votes. In 1942 he tried to oust Gov. Herbert R. O'Conor, but lost by 19,000 votes.

He again entered the Baltimore election in 1943 and defeated Democratic Mayor Howard W. Jackson by 20,000 votes.

He again ran for governor in 1946, but was defeated by Lane by more than twice as many votes as in his first attempt.

In 1947 he did not seek reelection as mayor, but after his two terms as governor he again entered city politics. He lost in the 1960 mayoralty election, but was successful again in his second try for a second term in 1964.

As governor, McKeldin was energetic, working an average of 15 hours every day. At the end of his second term he listed as his major accomplishments:

Setting up Maryland's most ambitious roads program; establishment of the Pautuxent Institution for defective delinquents; construction of the Baltimore harbor tunnel; repeal of Maryland's 'Jim Crow' law, one which segregated races on ferries and intrastate carriers; improvements to state training schools.

Putting Maryland on a program budget basis designed to give lawmakers a better idea of how money will be spent and setting up a central payroll bureau; acquisition of lands for park and recreation purposes and establishing many roadside picnic areas; overhauling the state's unemployment benefits and workmen's compensation laws; construction of libraries at the University of Maryland and the state teachers colleges, and construction of new state office buildings in Baltimore and Annapolis.

McKeldin said his practice of letting voters in on his plans and programs applied pressure from the home front and aided the adminstration in getting bills passed.

His success with the dominant Democratic organization in the state legislature also was attributed to his appointment of Democrats to some key jobs in his administration.

In 1964, McKeldin, then mayor of Baltimore, endorsed President Johnson for re-election over the Republican candidate, Sen. Barry Goldwater. Johnson, he said, believes "in responsible leadership, responsive not to fanaticism but to the sober thinking of citizens representative of the best constructive views within both parties."

Also in 1964, a police guard was placed on McKeldin's house after threats were made on his life because of his pro-integration policies.

In 1967, President Johnson offered McKeldin the mayorship of the District, which he refused. However, the next year Johnson did appoint him to the Federal Indian Claims Commission.

McKeldin leaves his wife, the former Honolulu Claire Manzer; a son, Theodore R. Jr., and a daughter, Mrs. Claire Whitney Sigler, all of Baltimore.

McKeldin's body will be in the chapel of the Church of the Redeemer, 5603 N. Charles St., Baltimore, from 2 p.m. today until the funeral. The funeral service will be in the church at 11 a.m. Tuesday. Burial will be in the Greenmount Cemetery in Baltimore.

McKeldin Dead at 73: Republican Was Governor, City's Mayor

Theodore Roosevelt McKeldin, former governor of Maryland and former mayor of Baltimore, died early yesterday at his home at 103 Goodale road.

Mr. McKeldin, who was 73, had been released from the Johns Hopkins Hospital about three weeks ago after receiving treatments for cancer.

Funeral services will be held at 11 a.m. Tuesday at the Episcopal Church of the Redeemer, 5603 North Charles street.

Governor Mandel described him as "a giant of his era" and said that his loss would be felt by "all those who shared his belief in decency and in the dignity of the individual."

SCHAEFER'S TRIBUTE

Mayor Schaefer described him as "a man who scaled the tallest heights, but he never lost the common touch." Mr. McKeldin loved people and the city, the Mayor said, "And, in a way, he belonged to each of us."

Senator Charles McC. Mathias, Jr. (R., Md.) said: "Ted McKeldin was a Baltimore original. His style has been imitated but never duplicated. He had a monopoly on charisma before we knew what the term was. A steadfast Republican, he had a personal appeal that transcended party lines and cut across all class and ethnic barriers. We are richer for having known him. We are poorer now that we have lost him."

Representative Paul S. Sarbanes (D., 3d) described Mr. McKeldin as "a leader of extraordinary humanity and decency." He said Mr. McKeldin's actions were "marked by a deep and uncompromising commitment to the brotherhood of man and to the American ideals of equality and justice."

The ebullient Mr. McKeldin grew up in poverty and started work as a $20-a-month office boy. He made a gift for oratory the basis of a political career that included two terms as mayor and two terms as governor, jobs which no other Republican has held for more than one term.

His career extended from a term as Baltimore's World War II mayor through the urban renewal and civil rights years of the 1960's.

He presided over the rewriting of the Baltimore City Charter and is identified with many of the state's biggest highway and redevelopment projects, including the State Office Building in Baltimore and the Charles Center and Inner Harbor urban renewal projects.

But it was the exuberance of his personal style of governing that dominated his administrations.

He carried this exuberance on foot through the black ghettoes of East and West Baltimore in the steaming summer of 1966, when racial tensions rose after the Congress of Racial Equality declared Baltimore a "target city" and the National States Rights party held a series of Negro-baiting, segregationist rallies in Patterson Park.

He campaigned for racial peace as he had campaigned eight times for office—shooting baskets at recreation centers, throwing his arms around black youths to celebrate when the ball went through the hoop, alighting from his city limousine day after day to wade into crowds of blacks. He armed himself with a disarming grin, a pumping handshake and the greeting he gave to all Negroes: "Hello, my brother."

His impeccable striped suits and silk neckties marked him as a member of the establishment, but he was drawing on a reservoir of goodwill built up from countless visits to black churches and black high school graduates.

During his first term as governor, long before it was fashionable to promote civil rights causes, he had abolished questions asking the color or religion of applicants for state jobs.

In the summer of 1966, too, he backed his showy ghetto tours with tough action.

When the States Rights party agitators urged their white listeners to take direct action against nearby blacks, and CORE threatened to picket the segregationists' rallies, he denounced the Patterson Park speeches as "Name-calling and a disruptive, un-American tirade."

PRESSURE ON TAVERNS

He jawboned owners of high-rise apartments where CORE was threatening a lie-in demonstration, and he steadily mounted pressure on tavern owners to serve blacks.

CORE leaders repeatedly found their hottest symbolic issues pre-empted by the Mayor's own efforts to win co-operation from the white business men who were the civil rights leaders' targets.

When September brought relief from the heat and from the tensions, the Mayor privately ranked the successful campaign for racial peace with the sweetest of his political victories—his election in 1963 to a second term as Mayor.

Exactly four years before, he had taken the worst licking ever handed a major candidate for Mayor. Seemingly, he had reached the end of his political road.

AGAINST HEAVY ODDS

But when the time came to choose a Republican candidate for mayor in the next election, his party turned to him as the only member of the GOP who had any chance at all of ending 16 years of Democratic monopoly at City Hall.

Mr. McKeldin turned to the late M. William Adelson, the man who had masterminded most of his campaigns and who had squeezed and wangled his most vital bills and appointments through the Democratic City Council and Legislature.

Mr. Adelson probed the weaknesses created by the Democrats' pre-election maneuvering and found a boss here and a machine there that would quietly accept Mr. McKeldin.

He came through, against heavy odds, in a squeaker.

"I'm going to be a good mayor," he confided to a friend after the returns were in. "I have to be a good mayor. I owe so much to so many people who have confidence in me.

"Anyway, it's a job I love."

As a matter of fact, Mr. McKeldin loved any job he tackled.

He loved life as he loved to talk.

BORN IN SOUTH BALTIMORE

And he talked his way through a life that started in the poverty-stricken South Baltimore policeman's home of many children and was culminated first by an eight-year (1951–1959) residence in Government House, in Annapolis, then by the soul-satisfying election to a second term as mayor.

His gift for oratory and the spirit of a frustrated evangelist helped pave the way for his rise from office boy, to part-time grave digger, to clerk in a banking house, to counselor-at law, to secretary to a mayor, to mayor, then governor and an international reputation and finally, to chief executive of his native city again.

Mr. McKeldin left an imprint upon Maryland and its life that will endure.

The harbor tunnel, hundreds of miles of roads, the State Office Building in Baltimore, the redbrick walks on the State House grounds, more than 20 buildings on college campuses—wayside picnic areas—they were all products of the McKeldin administration.

A GRAND ORATOR

Some of the millions of words he uttered from platforms scattered from Seattle to Tel Aviv will be remembered, too:

"Here is the man to unite our party; here is the man to unite our nation . . . he is a strong man—the Hercules to sweep the stench and stigma from the Augean stable of the Washington administration." (As he placed the name of Dwight D. Eisenhower into nomination at the 1952 Republican National Convention.)

"And so my brothers, though the heart may be heavy at the moment of departure, the deep breaths of clear conscience will ease the weight—and soon the burden that remains will be dissipated in the excitement of new contests, and the challenge of new opportunities to serve my fellow citizens." (A part of his gubernatorial "swan song" speech.)

"We have to rid our souls of prejudice." (In calling for compliance with the Supreme Court decision outlawing segregation of races in public schools.)

"I have no anger tonight about the foolish charges . . . that have been leveled against me in these dark, descending hours of the opposition's star." (On the eve of a successful political campaign.)

SUBTLE CHANGES

Thousands upon thousands of sentences like those rolled off the tongue of Mr. McKeldin. Those who heard some of them will never forget the accent that gave them a pure-McKeldin flavor—an accent that changed subtly to fit the particular audience.

On speaking tours for Republican candidates, the accent could start in eastern Pennsylvania resembling the clipped tones of Harvard College, return in Baltimore to the familiar approximation of a Scottish burr and become a gentlemanly Southern drawl by the time he reached Virginia.

Jealous of his reputation for oratory, Mr. McKeldin called upon some of Maryland's best-known scholars and writers for his speeches.

The late Judge Simon E. Sobeloff worked on many, and the late Albert Quinn, who later became a WBAL–TV newscaster, wrote many others, including a famous line denouncing the Truman administration as "the pusillanimous potentates of the Potomac." Gerald W. Johnson, the Baltimore writer, wrote non-political speeches for him for many years.

At least as important to him as his writers—and his political savant—was "Mrs. Mom," Mildred K. Momberger, a secretary whose work shifted with Mr. McKeldin's from public halls to private law offices and whose workday was never shorter than his, which often ran as long as 16 hours. "Nothing happens around here without Mrs. Momberger," he often said.

Untold myriads of Marylanders had shaken the McKeldin campaign hand which was out-thrust in campaigns from Girdletree, in lower Worcester county, to Accident in the mountains of Garrett county.

Pulpits by the hundred were occupied by the deeply religious Mr. McKeldin during his long public career. He was a man who could be completely sincere in presenting a rosary to a Catholic and a King James New Testament to a Protestant before donning a skull cap to enter a synagogue for Rosh Hoshana services.

Politicians will remember him as the one Republican above all others who was able to get along with legislatures and a City Council under firm control of the Democrats.

Many of his key appointments went to members of the opposite party.

In fact, Mr. McKeldin had more fights with Republicans than he did with the other side. He had an abiding distaste for what he was fond of calling "that antediluvian, mossback, old-crow wing" of the GOP and had been known to refer to himself as a "left-wing Republican."

After 1958 and a Democratic landslide, Mr. McKelden often warned that his own party would shrink on the political vine unless it "liberalized itself."

BEATEN BY GRADY

He, himself, was a victim of the Democratic trend in 1959, when he sought to become mayor again, and the man who won four times despite his Republican label lost to Democrat J. Harold Grady by a record 81,000 votes.

Republicans who hated his nonconformity immediately turned against him. He was publicly snubbed by being stricken from the invitation list of the State Young Republicans convention.

Mr. McKeldin took that snub in stride, continuing to fill scores of speaking engagements in various parts of the country and striving to re-establish himself as a practicing lawyer.

He had no taste for the role of elder statesman, and, if truth be known, welcomed that snub as an opportunity to break away from the job of leader of a political party.

Riding through the entire McKeldin life was his yearning for an evangelistic pulpit.

From the start, he wanted to become a minister, but early poverty killed that ambition. His later actions reflected that religious fervor that was never dimmed.

Mr. McKeldin was born November 20, 1900, on Stockholm (now Ostend) street. He was one of 11 children of a stonecutter turned-policeman with a propensity for the bottle.

One of his earliest and deepest impressions came one day in Bennett Memorial Church as he watched his father march up to the mourner's bench and swear off liquor.

Although he was but 10 at the time, he vowed never to touch the stuff, himself. And, despite his stand against prohibition, he never allowed a drop to enter his home.

WON DEGREE IN 1925

Young McKeldin went directly from grammar school to a $20-a-month job as an office boy in a bank. That same day, he enrolled in a night course at Baltimore City College—the first in a long succession of night courses that eventually led—in 1925—to a degree in law from the University of Maryland.

It was during that stint as bank office boy (with gravedigging at $2.50 a day while on vacation) that he met Miss Honolulu Claire Manzer, a fellow employee.

They were married in 1924, while Mr. McKeldin was employed by the Fidelity and Deposit Company to give pep talks to its agents throughout the country. They had two children—Claire and Theodore Roosevelt, Jr.

Mr. McKeldin got into politics in 1927 by volunteering his speaking services to the late William F. Broening, the Republican candidate for mayor.

He spoke so often and so eloquently that they were calling him the "boy orator" and he was becoming nearly as well known as the candidate.

Mr. Broening was elected and promptly named the 27-year-old Mr. McKeldin, who just two weeks before had hung out his lawyer's shingle, to be his secretary, or "assistant mayor."

Mr. McKeldin is still remembered for the hundreds of speeches he made during the four years that followed. He went out of office with Mr. Broening in 1931, by then established as a power within the GOP.

He made his first run for mayor in 1939, and was beaten by Howard W. Jackson, the Democratic incumbent, by 24,000 votes.

ELECTED MAYOR IN 1943

In 1942, Mr. McKeldin made the first of two unsuccessful bids for the governorship but made it for mayor the following year by beating Mr. Jackson by 20,251 votes, the biggest majority ever given a Republican.

As a wartime mayor, Mr. McKeldin could do little but keep essential services running and, in the immediate postwar period and its shortages, help draw plans for a new era.

He also brought down upon himself the wrath of the GOP "regulars" by giving some of the top municipal jobs to Democrats, and they sought to trip him up in 1946, when he made his second try for the governorship.

Mr. McKeldin licked the Republican they put against him in the gubernatorial primary so badly, though, that he was never again the object of an attempted primary "purge."

The Republican lost the general election that followed, to William Preston Lane, and settled back to serving the one year remaining of his term as mayor.

Knowing full well that the Democrats, with their 4-to-1 registration bulge over the Republicans were united, thus killing off his chance for re-election, he quietly bowed out of the picture temporarily when his term ended in 1947.

In the meantime, Governor Lane, confronted with tremendous postwar money problems, jammed a sales tax through the General Assembly.

That gave Mr. McKeldin an issue on which to angle for the governorship for a third time.

He stumped the state in 1950, promising to first cut, then eventually, abolish, the then unpopular 2 per cent sales tax—and was elected governor by a landslide 93,000 majority over Mr. Lane, who had bid for a second term.

As governor, Mr. McKeldin found out quickly he could not cut the sales tax. In fact, during the last year in office, the 2 per cent levy became a 3 per cent one, and the state income tax also was raised 50 per cent.

In reply to criticism of his 1950 pledge, Mr. McKeldin would say simply, "I made a mistake."

Perhaps his two most significant accomplishments as governor were an overhaul of state budgetary procedures and the formulation of a gigantic postwar roads building and reconstruction program.

The most significant personal event that happened to Mr. McKeldin during his first term as governor was his early jump on the Eisenhower bandwagon and his placing of Mr. Eisenhower's name into nomination at the 1952 GOP convention.

As a result, he was admitted for the first time into national counsels of the Republican party, and, in fact, narrowly missed being tapped as Mr. Eisenhower's running mate for vice president in 1952.

Later his influence within the Eisenhower administration waned, but he nevertheless continued to nurse a yen for the vice presidency.

As governor, his opportunities for public speaking were enhanced immeasurably. He would catch a plane at a whipstitch to give an Israel Bond Drive speech in Los Angeles, or a Republican campaign oration in Maine, or a prodesegregation discourse in Atlanta.

A STEADY TRAVELER

He went abroad regularly—to Israel, to Germany for University of Maryland Overseas Branch commencements, to Liberia as guest of that government, to Rome and the Holy Land for visits to the shrines of Christendom.

He also was a founder of the Baltimore Junior Chamber of Commerce in 1933 and served as its second president a year later. He started what is now the Santa Claus Anonymous campaign for Christmas gifts for poor children.

But he never neglected his real job—governing his native state.

Only a man with the energy of the 200-pound 6-footer could have carried the burden he shouldered for years. And only a man who, like Mr. McKeldin, could relax completely when the need arose, could have put in his 80-hour weeks without end.

He was a complete extrovert who gave of himself, let himself go so completely that some of those who did not know him well were inclined to label his as somewhat of a clown. Nothing was further from the truth.

He was deadly serious when he got down to business—when, for example, he was striving against a school lobby that demanded that the state use more of its funds for teachers' pay, Mr. McKeldin believed firmly that the pay question was primarily the responsibility of the subdivisions.

He was completely sincere, too, when he sought desperately for reasons to commute death sentences probably knowing full well that his long series of commutations would reflect against him at the polls. But he did not believe in capital punishment.

LOVED ROUGH-AND-TUMBLE

Although the going was rough at times, no Maryland governor got more sheer fun from his job than did Mr. McKeldin. He loved meeting people and talking with and to them; the rough-and-tumble of politics.

He got a big kick out of handing out diplomas, dressing in the McKeldin kilts for a St. Andrew's Society haggis dinner—and pushing for legislation he thought would benefit Maryland.

He was an exuberant campaigner, one who could use bare knuckles when the necessity arose.

Mr. McKeldin demonstrated that in 1954, when he ran for reelection against Dr. H. C. Byrd, former University of Maryland president. That was one of the roughest campaigns in recent state history, but he came out of it with energy unimpaired, ready to dig in for another four years.

The amount of legislation he was able to get through Democratic legislatures was remarkable. And, although more of his vetoes were overridden than those of any other Twentieth Century Maryland governor, his "must" bills, in the main, had a way of sliding through to passage.

SWITCH WITH BEALL

Mr. McKeldin was limited to two consecutive terms as governor. He wanted to try to switch jobs with Senator J. Glenn Beall, a fellow Republican, after 1958. But Senator Beall demurred and ran successfully for reelection.

So Mr. McKeldin had no place to turn except Baltimore and a try to get his old job of mayor back.

He figured that an upset win for that post would enhance his chances for a crack at the Republican vice presidential nomination in 1960.

But it was not to be. Instead of Democrat Thomas D'Alesandro, the 1959 incumbent who had become, like himself, an "old face" in politics, he found himself pitted in the general election against J. Harold Grady, a "new face" with the glamorous background of a former FBI agent.

And, in consequence, Mr. McKeldin took the worst licking ever administered a candidate for mayor.

He took that licking gracefully, as he had taken past honors gracefully, and, with his interest in practically everything unimpaired, went ahead to make his speeches, distribute his autographed pictures, add to his collection of antiques and gold coins, and build up his law practice.

KEPT WELL ALOOF

He kept well aloof from city and state politics during much of that 3½-year hiatus.

Then the Democrats started maneuvering. Mr. Grady resigned as mayor in December 1962, to become a judge of the Supreme Bench of Baltimore.

Philip H. Goodman, president of the City Council, was elevated automatically to mayor, and it became evident he would seek an elective term.

The Republican leadership, casting about for someone to oppose Mr. Goodman, held a series of meetings.

Each time, the name of Mr. McKeldin would come up. He was too much of a "liberal" for some of those leaders.

But the more they talked, the more support Mr. McKeldin got.

He, himself, let it be known he would like to be mayor again, but made it clear he would have to have the support of his party.

Finally, the Republican State Central Committee, at a formal meeting, voted overwhelmingly to ask him to make the run.

A few days later, Mr. McKeldin filed for the GOP nomination. He brushed aside token primary opposition, then got down to brass tacks against Mr. Goodman.

Campaigning on his record as governor and wartime mayor and raising the cry of "bossism" at City Hall. Mr. McKeldin was already making headway when his big break came.

The Republican candidate for city comptroller resigned less than a month before the balloting. In his stead, Mr. McKeldin persuaded Hyman A. Pressman, the self-appointed watchdog over city affairs who had been narrowly beaten in the Democratic primary contest for that party's nomination for city comptroller, to become the Republican candidate for the post.

APPEALS TO VOTERS

That "fusion ticket" caught the fancy of the voters, and Mr. McKeldin and Mr. Pressman went on to nose out their opponents in the general election.

Thomas D'Alesandro 3d, the "regular" Democrat who was a landslide winner of an elective term as City Council president, was quick to make a working agreement with Mr. McKeldin.

And the new administration got off to a harmonious start—at the top, at least—despite the fact that Mr. McKeldin was the one Republican in a city government in which all other elective jobs were held by Democrats.

Mr. McKeldin proposed the Historic Park which is now taking shape in downtown Baltimore. It includes the Carroll-Caton mansion, the Flag House, Shot Tower, St. Vincent de Paul Church and other buildings of historic interest.

The new City Charter he approved in 1964 had such important provisions as creation of an all-embracing Department of Finance, a requirement for program budgeting, provision for a capital improvement program and establishment of a Department of Hospitals.

Although he first came on the national scene with his 1952 nomination of Dwight Eisenhower, that was not his last such appearance.

SUPPORTED JOHNSON

At the 1964 GOP convention, Mr. McKeldin seconded Gov. Nelson A. Rockefeller's nomination. But in the election he bolted the Republican party for the only time in his life to support Democrat Lyndon B. Johnson against Barry M. Goldwater because of remarks about immigrants attributed to Representative William E. Miller, Mr. Goldwater's running mate.

President Johnson expressed his gratitude with various honors and appointments, including designation as special ambassador for the Philippines presidential inauguration in 1965 and as a member of the United States observer group for the 1967 South Vietnamese elections.

President Johnson also named him to the planning council of the White House conference "To Fulfill These Rights," and to the Indian Claims Commission.

In 1967, Thomas J. D'Alesandro 3d won the mayoral election, and frequently sought his predecessor's counsel. In 1971 he appointed Mr. McKeldin to the city Zoning Board, a post he held until his death.

Mr. McKeldin was one of 11 children, but is survived by one brother, James Raymond McKeldin, and one sister, Miss Theresa McKeldin, of Baltimore.

He is also survived by his wife, and by two children, Mrs. Peter Ziegler, of Upper Marlboro, and Theodore R. McKeldin, Jr., of Baltimore, and by four grandchildren, Erick and Theodora Ziegler, and Caroline Stuart and Theodore R. McKeldin 3d.

FALL IN HOUSING STARTS COULD LEAD TO 7 PERCENT UNEMPLOYMENT

Mr. PROXMIRE. Mr. President, if housing starts continue to fall at the present calamitous rate, the depression in housing construction and its secondary effects could cause the unemployment rate to rise to the 7 percent level from this single source.

Expert testimony received by the Housing Subcommittee of the Senate Banking, Housing, and Urban Development Committee last week indicated that housing starts will drop to the 1 to 1.2 million level if the present trend continues. That is 1 million units below last year and 1.5 million units below the 1968 Housing Act goals.

The testimony was given by Dr. Michael Sumichrast chief economist for the National Association of Home Builders and Dr. Henry Schecter, formerly HUD's chief housing analyst, Library of Congress' senior expert in housing, now with the AFL–CIO.

A 1 TO 1.2 MILLION HOUSING STARTS LEVEL

They testified that a drop to the 1 to 1.2 million housing starts level would increase direct unemployment by 600,000 jobs and create a 15 percent unemployment level in the construction trades. This itself would raise unemployment to a nationwide level of 6 percent. When combined with the secondary employment which would be created in the housing associated industries—furniture, textiles, durable goods, et cetera—unemployment would rise to 7 percent from the effects of the housing and associated industries slump.

This is a chilling prospect but a very possible one. Therefore, now is the time to act. And we can act without adding to inflation or busting the budget. Here is why.

One dollar spent on housing in the public sector has a tremendous multiplier effect. The ratio is estimated to be as high as 20 to 1. Therefore small amounts spent in the public sector produce large private sector gains. I therefore urge the administration to take some or all of the following actions.

WHAT CAN BE DONE

First, release the $240 million impounded under the section 235 homeownership program and the $145 still available under the section 236 rental program. This can be done now.

Second, institute a mortgage subsidy program to reduce the interest rate to prospective homeowners from the present 9 percent plus to the 7-percent level. At a cost of $150 million we could produce a quarter of a million new units.

Third, pay for this by both cutting the present budget by a $10 billion plus amount—through cuts in defense, foreign aid, highways, public works, selective service, space, and other activities which produce very few jobs for the dollars spent—and putting back a relatively small proportion in housing. This would have both a stimulating and anti-inflationary effect.

Because of the present high level of unemployment in housing, the fact that the industry is operating far below its capacity, and the absence of shortages of construction products, this can be done without stimulating inflation. Idle men and women put to work on idle resources is not inflationary. Instead the ensuing production would increase the supply of housing and hence tend to lower rents, housing costs, and interest rates.

Housing may be one of the keys to solving the "stagflation" problem—the problem of rampaging inflation and excessive unemployment at the same time.

MAINE SUPPORTS ERTS

Mr. MOSS. Mr. President, I have received a letter from the Governor of Maine, the Honorable Kenneth M. Curtis, in which he says about the Earth Resources Technology Satellite—ERTS:

> I can assure you that it is in the best interest of the State of Maine, and I am quite sure all other states and their local governments, to make sure that this valuable source of data is continued. We in Maine through our State information system are only beginning to use this data with primary emphasis on land and water use planning and as our efforts accelerate in this area, we are beginning to see the future potential of this great technological development.

I am happy to see that Maine supports the ERTS program.

Mr. President, I ask unanimous consent that the letter of the Governor of Maine be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

OFFICE OF THE GOVERNOR,
Augusta, Maine, July 1, 1974.

Senator FRANK E. MOSS,
Chairman, Committee on Aeronautical and Space Sciences, U.S. Senate, Washington, D.C.

DEAR SENATOR MOSS: Thank you very much for your letter of June 24 regarding the future of the first Earth Resources Technology Satellite (ERTS) and the two bills now before the Senate to assign this function on a continuing basis to a federal agency.

I can assure you that it is in the best interests of the State of Maine, and I am quite sure all other states and their local governments, to make sure that this valuable source of data is continued. We in Maine through our State information system are only beginning to use this data with primary emphasis on land and water use planning and as our efforts accelerate in this area, we are beginning to see the future potential of this great technological development.

The Maine State Planning Office and its Coastal Planning effort and other State agencies have greatly benefited from NASA operations, specifically the U–2 underflights of ERTS. We estimate that to do this type of data gathering and mapping on our own would have cost the State over $50,000. Furthermore, it is obvious that the ERTS satellite imagery will be the most rapid and efficient means of monitoring, updating, and maintaining State information on our natural resources.

Information is the currency of planning and we find too often that lack of information is the main limitation in effective planning decisions. Up to now, such information has not been available in collected, coordinated, and retrievable form by either government agencies or the private sector.

Of the two senate bills, I would prefer S3484, in that an agency such as the Department of Interior is more likely to be acquainted with the domestic data needs than NASA. I would also like to add that the proposed State level land use bill will be administered by the Department of Interior and it would be best to locate the data function within that federal agency that has responsibility for land use planning.

I want to thank you very much for informing me of this very important proposal and I hope that you will keep me informed of developments in the future.

Sincerely,

KENNETH M. CURTIS,
Governor of Maine.

A NATIONWIDE COMMUNITY EDUCATION PROGRAM

Mr. CHURCH. Mr. President, the passage of the Elementary and Secondary Education Act by the Congress is always a major task and achievement. This year I am particularly pleased that the final version includes a provision—section 405—which will create for the first time a nationwide, federally supported community education program.

The community education provision, which was incorporated from my bill to create such a program, provides for the Commissioner of Education to make grants to local and State educational agencies to develop, maintain and expand community education programs. The funds will be divided 50–50 between the local and State educational agencies who will compete for the funds by submitting applications to the Commissioner.

The bill also provides for specific funding to be made to institutions of higher education for the purpose of training persons to plan and operate community education programs.

Mr. President, I am especially pleased to announce the passage of this legislation as it will help to create all over the country what I have witnessed in those communities which have had community education programs. The enthusiasm, interest and endeavors which the people put into their programs to make their schools a viable and exciting focal point within their neighborhoods for persons of all ages is tremendous. School doors are kept open after hours to allow the facilities to be utilized by the community for arts, hobbies, recreation, and various "innovative forms of education."

I originally became interested in the concept when I visited a senior citizen center which was a facet of the local community education program. The program was so alive with interest and influence from the entire community that one could not help but be greatly impressed with its organization and coordination with other programs in the area. If the passage of this legislation stands for more programs of this magnitude, the Congress can be extremely proud of their endorsement of the community education concept. I know I am proud of those in the community education field and am glad to see their years of efforts rewarded by the establishment of a nationwide program.

NUCLEAR INSURANCE

Mr. HARTKE. Mr. President, when I introduced S. 3750, a bill entitled the "Nuclear Incident Public Remuneration Act of 1974" an exhibit was inadvertently omitted from the RECORD.

I ask unanimous consent to have printed in the RECORD following my remarks the testimony of Mr. Elmer Anderson before the May 15, 1974 Joint Committee on Atomic Energy.

There being no objection, the testimony was ordered to be printed in the RECORD, as follows:

TESTIMONY OF ELMER DEE ANDERSON II

I

Mr. Chairman: I wish to thank you and the Members of Congress for this additional opportunity to testify regarding proposed modification of extension of the Price-Anderson Act.

House Bill 14408 appears to meet certain needs of the nuclear industry and the utilities; however, it fails to provide for the full and complete financial protection of the citizens.

Specifically, the proposed amendment to Subsection 170a and the proposed amendment to Subsection 170b of the Atomic Energy Act of 1954, as amended, is inconsistent with the Congressional intent to indemnify any and all citizens if an incident were to develop. Further, the AEC proposed 'contigency fee system' weakens the indemnifications available to the very citizens who permit our government to function and private enterprise to flourish.

My study, which was presented to this Committee on 31 January 1974 and the Atomic Industrial Forum commissioned research dated 21 December 1973, to name but two such undertakings, clearly revealed that the public is not fully protected financially in the event of an nuclear incident of any magnitude.

Therefor I submit that House Bill 14408 fails to fulfill the necessary prerequisites envisioned in the Price-Anderson Act of 1957.

II

Likewise, Senate Bill 3254 fails to meet the requirement of protecting the private enterprise system in that the nuclear industry, utilities and other business interests would not be adequately financially protected.

Specifically, if Section 53e (8) were to be amended by striking out the limitation of liability protection industry presently enjoys, the threat of possible economic disaster may cause a termination of energy searches that could prove invaluable to the United States' ultimate energy needs.

III

Michael Foster's *American Dream* draws our attention to the reasons we are here today with rare clarity:

". . . from this new earth, this America, was born a dream, and a plan of human life which might yet save a world grown hard and ancient in dreadful practicality, a world encrusted with the blood from centuries of useless agony. Here was room to build new cities without turning up the bones of dead men to the light of old stars which had seen and had forgotten their petty conquests, their great suffering. In these cities would be no palaces built upon the graves of coldly sneering conquerors, no hovels where little children would pay in tears and hunger for the pride and mistakes of dead men.

"Here men and women, freed of inherited hates and greeds, forgetting the glittering follies, the sorry shrewdness of generations which had died in pain, could build a nation in this faith; that in the dignity of human life a man's time upon earth was his own. That ordinary human beings were decent and kindly and sometimes, wise, so earning the right to be let alone; but that the strong owed to the weak and the faltering an obligation, not of charity, but of common help along the way. That children had the right to come into this world without being fettered at birth in chains forged by the hands of avaricious or panicky old men. That every human had the right to die knowing that his children could live in peace where he had tried to live honestly and tolerantly and usefully. . . ."

IV

The recent losses of nuclear substances, the damage of materials, leakages in transportation, storage and use, in conjunction with the recently completed "Special Safeguard Study" and its coproduced "Diversion Scenarios" (classified document) obviously demands that both industry and the citizen be fully and completely protected by United States law.

AEC Docket 50-367 (NIPSCO's proposed Bailly Generating Station Nuclear 1) and AEC Dockets 50-327 and 50-328 (Sequoyah Nuclear Plant Units 1 and 2) relates directly to this public hearing. In each case the citizen was advised that Congress must protect the public interest.

Specifically, in Dockets 50-327 and 50-328 the AEC Regulatory Staff noted on May 8, 1974 that, "Petitioner's challenge to this Congressional mandate is beyond the scope of this proceeding . . ." The General Counsel of the TVA also commented to the issue on May 8, 1974 and noted that Price-Anderson and public indemnification ". . . is appropriate for consideration by Congress, not the Commission (AEC) or the Board (The Atomic Safety and Licensing Board).

V

Therefor, it is this Committee's charge to utilize its powers to guarantee the insurance protection all citizens must have in the event of any nuclear incident. I, for one, believe that this Committee will not fail to meet our government's Constitutional responsibilities and that the attached proposed amendment, which has not yet been introduced to the Congress, would fully and completely conpensate the public while protecting the nuclear industry.

Had I the wealth of the insurance, nuclear, and banking industry or the facilities and where with all of the utility combines instead of presenting to this Committee resolutions from one Chamber of Commerce Board of Directors, one Union, one County Commission, three Bank Board of Directors and two Independent Insurance Agents, Association Board of Directors, I could have encouraged Congress with all the tools money allows.

CONCLUSIONS

The United States' Government will have vacated the trust of Americans and our Constitution if a bill is not reported out of this Committee, supported favorably by Congress and enacted into law, that fully protects all sectors of our Nation.

PRICE-ANDERSON ACT, INDEMNIFICATION

Year	Averaged pooled amount [1]	Inverse of col. 1	Actua adjusted totals [1]	Actual gross total available [1]
1957	$65	1.021	$66.365	$560
1958	67.8125	.994	67.406	
1959	70.625	.985	69.566	
1960	73.4375	.971	71.308	
1961	76.25	.960	73.2	
1962	79.0625	.949	75.030	
1963	81.875	.937	76.717	
1964	84.6875	.925	78.336	
1965	87.5	.910	79.625	
1966	90.3125	.884	79.836	
1967	93.125	.860	80.088	
1968	95.9375	.825	79.148	
1969	98.75	.783	77.321	
1970	101.5625	.740	76.156	
1971	104.375	.709	74.002	
1972	107.1875	.687	73.638	
1973	110	.647	71.170	354.86

[1] In millions of dollars.

Note: Inverse of the cost of living index is the inverse to the increase in the Consumer Price Index.

Source: U.S. Bureau of Labor Statistics, May 7, 1974.

A bill to amend the Atomic Energy Act of 1954, as amended, to revise the method of providing for public remuneration in the event of a nuclear incident, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled that (a) section 21 of the Atomic Energy Act of 1954, as amended (42 U.S.C. 2001), is amended to read as follows:

"In order to protect the public and to encourage the development of the atomic energy industry, in the interests of the general welfare and the common defense and security, the United States shall make funds available for the portion of damages suffered by the public from nuclear incidents not indemnified by private insurance carriers."

(b) Section 11q of such Act is amended by deleting from "involves" to the end of the sentence and adding the phrase, "source, special nuclear, or byproduct material owned by, and used by or under contract with the United States."

(c) Section 11j of such Act is amended by deleting the sentence beginning with "Any".

(d) Section 170a of such Act is amended by deleting the word "may" in the second sentence and by substituting therefor the word "shall".

(e) Section 170c of such Act is amended by deleting the date "August 1, 1977" wherever it appears and substituting therefor the date "August 1, 1987".

(f) Section 170d of such Act is amended by deleting the phrase "until August 1, 1977," in the first sentence and substituting therefor the phrase "until August 1, 1987,".

(g) Section 170 of such Act is amended by adding at the end thereof the following new subsections:

"p. In the event that the $560,000,000.00 privately pooled and government idemnity proves inadequate, the U.S. shall immediately hold harmless all citizens whose property (physical) is damaged and/or made useless by any peacetime nuclear incident to the extent that such citizens be made whole financially as to their position prior to any such incident. All effected citizens' property shall be compensated for in accordance with inforce property insurance policies, irrespective to any 'nuclear exclusion', by the United States. This subsection 170p shall remain in force until such time as the private insurance carriers provide for such nuclear incidents as the Atomic Energy Act of 1954, as amended, so does.

"q. Supporting the United States' belief that nuclear energy should be insurable. This Act shall include a 'cost of living index' adjustment based on the 1957 dollar and the original $560,000,000.00 indemnification so provided.

"r. This Act shall not be used to compensate any member of any insurance pool existing or proposed by NELIA, MALEU, or any nuclear property insurance pool or association nor any member of the nuclear industry or associated organizations."

NEW BERLIN STATE BANK,
New Berlin, Wis., April 24, 1974.

Senator WILLIAM PROXMIRE,
U.S. Senate Building,
Washington, D.C.

DEAR SENATOR PROXMIRE: As a member of the financial community, the Board of Directors of the New Berlin State Bank would like to voice their concern over the problem of "Nuclear Accident Insurance".

It is our understanding that all regular insurance companies have a "Nuclear Accident Exclusion Clause" and the only protection afforded is from a federal coverage pool of something over $500 million.

We feel that property owners should be able to purchase coverage under a type of regular insurance policy with the coverages spelled out so that they would be adequately protected in the event of a "Nuclear Accident".

With the expansion of the nuclear generating facilities, the federal coverage pool could easily be inadequate. In this event, the mortgages held by financial institutions would be in jeopardy. If this were to happen, the financial strength of the institutions could very well be impaired.

As our representative, we hope that you will recognize the need for better protection than is now available.

Very truly yours,
ROBERT A. MAU, *President.*

GREATER VALPARAISO,
CHAMBER OF COMMERCE,
Valparaiso, Ind.

To whom it may concern:

Be it resolved, the Board of Directors of the Greater Valparaiso Chamber of Commerce, feels it important for citizens to have available full and complete insurance coverage in case of radiation damage to private property, and at a reasonable rate. The alternative being, for the Congress of the United States of America to consider the passage of legislation, guaranteeing that funds would be made available to adequately compensate citizens in the event of any radiation damage.

Resolution adopted April 16, 1974.

A RESOLUTION PERTAINING TO INDEMNIFICATION TO PRIVATE PROPERTY OWNERS FOR LOSSES SUFFERED THROUGH RADIATION DAMAGE

Whereas, Chesterton State Bank, Chesterton is engaged in lending funds for real estate mortgages for business, industrial and residential properties, and:

Whereas, the citizens of Indiana, cannot obtain insurance coverage for radiation damage to personal and real property, and:

Whereas, it is the understanding of the bank that there is limited Federal compensation available to persons sustaining radiation damage to private property due to radiation fallout, and:

Whereas, nuclear power installations by public utilities have been constructed, are under construction, or are contemplated within a radius of the community served by the bank which, if such fallout would occur, would affect our mortgagors, now, therefore,

Be it resolved, that the Board of Directors of Chesterton State Bank, Chesterton, finds full and complete coverage for radiation damage to private property should be made available to mortgagors, at a reasonable rate, or in the alternative, the Congress of the United States of America should consider the passages of legislation insuring that funds be made available to adequately compensate the citizens in the event of any radiation damage.

I, Robert G. Dunbar, certify that I am President of the Chesterton State Bank, Chesteron, Indiana, and that we have adopted this resolution as long as it is not used in any way as a remonstrance against the establishment of any nuclear generating station or facility.

Witness my hand and the Seal of Chesterton State Bank, Chesterton, this 13th day of April, 1974.

RESOLUTION—INDEMNIFICATION AGAINST LOSS CAUSED BY NUCLEAR INCIDENT

Whereas, the consumer has no available source of indemnification against loss caused by nuclear incident with the exception of that made available through pools to firms and facilities having nuclear objects upon and within their property; and

Whereas, Federal coverage together with privately pooled nuclear liability insurance totals $560,000,000 which amount is considered inadequate; and

Whereas, electronic power is a necessity in assuring continued growth in housing, educational institutions, hospital and medical facilities and employment throughout the United States; and

Whereas, no individual would knowingly cause electrical power to become a scarcity; and

Whereas, in the remote possibility that a nuclear incident might develop, it is vital that property owners be completely protected against subsequent loss; and

Whereas, uncompensated loss of employment, property, industrial and commercial capacity is inconsistent with the orderly development of this nation;

Now therefore be it resolved, that the Board of Directors acting in behalf of the members of the Independent Insurance Agents of Indiana, Inc., on February 20, 1974, considers it a necessity that indemnification for damage to property by nuclear incident be made available to all property owners, either through stock and/or mutual insurance companies or, in the alternative, adoption of legislation by the United States Congress fully indemnifying property, by making funds available which would adequately compensate all property losses in event of a nuclear incident resulting in radiation damage to such property; and

Be it further resolved that the Board of Directors of this association hereby refers this matter to the association's property and casualty insurance committee for further study and encouragement of the insurance industry to make such coverage available to the public.

RESOLUTION

The resolution passed by the Board of Directors of the First National Bank of Valparaiso, Indiana was unavailable at printing.

Any questions regarding the resolution may be addressed to Mr. Stephens, Vice President, First National Bank, Valparaiso, Indiana 46383.

This resolution, passed 05 February 1974 is closely aligned to that passed by the Northern Indiana Bank and Trust Company also of Valparaiso, Indiana.

RESOLUTION—PORTER COUNTY ASSOCIATION OF INDEPENDENT INSURANCE AGENTS ADOPTED

Whereas, the insurance industry within the State of Indiana and throughout the nation at the present time affords no coverage for damage or injury caused by Nuclear Incident with the exception of that made available through Pools to firms having Nuclear Objects within their property, and;

Whereas, the amount of insurance purchased for liability by firms with Nuclear Objects is in the amount of 95 million dollars and the amount afforded by Congress through the Price-Anderson Act establishes a maximum recovery of 465 million dollars or a total dollar benefit available of 560 million dollars for any one incident, and;

Whereas, the above mentioned 560 million dollars available funds for damages caused by Nuclear Incident are insufficient in most instances to pay for property damage to facilities housing Nuclear Objects and adjacent properties within the immediate vicinity of such facility, and;

Whereas, the average citizen and businessman has no available means of indemnifying himself against loss caused by a Nuclear Incident, and;

Whereas, Mr. Elmer Anderson III of Valparaiso, Indiana, has conducted considerable research into this matter and garnered much revealing information from such interests as the insurance industry, the National Safety Council, the Nuclear Energy Liability Assn., the Nuclear Energy Property Insurance Assn., Lloyds of London, and numerous engineers and safety experts, and;

Whereas, Mr. Anderson has appeared before the Atomic Energy Commission, Washington, D.C., for the purpose of presenting to them a documentary report of his findings which reflect great insight and understanding of the problem, and;

Whereas, the Porter County Association of Independent Insurance Agents thinks in the interest of the public our State Association should consider adopting a position on this subject and hopefully bring about and stimulate thinking within the insurance industry or the Federal Government which might lead to the citizenry of our country availing themselves of a method or means of being indemnified against such Nuclear Incident, and;

Whereas, Mr. Anderson has indicated his willingness to share his information with the officers and directors of our State Association,

Now therefore be it resolved by the Porter County Association of Independent Insurance Agents, that we hereby request the officers and directors of the Independent Insurance Agents of Indiana, Inc. at its next regularly scheduled Board of Directors meeting to set aside sufficient time for Mr. Anderson to appear before this group for the purpose of sharing with it his findings involving the subject of reparations for Nuclear Incident loss.

Be it further resolved that the Porter County Independent Insurance Agents hereby recommend that this matter be referred to the State Association Property Insurance Committee for further study as to the feasibility within the insurance industry of offering coverage for nuclear radiation damage.

Adopted this 23 day of January, 1974.

UNITED STEELWORKERS OF AMERICA,
DISTRICT 31,
East Chicago, Ind., December 18, 1973.

MR. JAMES WHITE,
Recording Secretary, USWA—Local Union 6787, Chesterton, Ind.

DEAR SIR AND BROTHER: This is to acknowledge receipt of your letter of December 14, 1973, with attached Resolution dealing with Nuclear Property Insurance. Further be advised that I will bring this matter to the attention of the proper International authority with my support of the Resolution.

Fraternally yours,

SAMUEL C. EVETT,
District Director.

NUCLEAR PROPERTY INSURANCE RESOLUTION

The members, in good standing, of the United Steelworkers of America, Local 6787, AFL–CIO, at the Burns Harbor Plant of Bethlehem Steel Corporation affirm their support for Nuclear Property Insurance and, further, request that their International Union and the Company officially do likewise by adopting resolutions in the spirit of this and direct them to the President, The Congress, and all other interested parties.

Whereas, The citizen can not obtain Nuclear Property Insurance, and

Whereas, Federal coverage added to privately pooled Nuclear Liability Insurance equals $560 Million, and

Whereas, Property values within a 1½ mile radius of NIPSCO's proposed Bailley No. 1 Nuclear Facility exceed $2 Billion and

Whereas, Electrical power is a necessity, sustaining the growth of housing, schools, medical facilities, and employment, and

Whereas, No person would knowingly cause our electrical power to become a scarcity, and

Whereas, In the extermely remote possibility that a nuclear incident develops, it is necessary that property interests be completely protected, and

Whereas, Uncompensated loss of Jobs, Property and Industrial capacity (if only for a short term) is inconsistent with the orderly development of our nation, now, therefore

Be it resolved that, it is a necessity that Nuclear Property Insurance be afforded, at a reasonable rate, to all property owners either though stock and/or mutual insurance companies or in the alternative, that the United States Government pass legislation to fully indemnify property so that funds would be made available to adequately compensate, fully and completely, all property losses in the event of any transportation or non-transportation incident resulting in radiation damage to property.

A RESOLUTION PERTAINING TO INDEMNIFICATION TO PRIVATE PROPERTY OWNERS FOR LOSSES SUFFERED THROUGH RADIATION DAMAGE

Where, Northern Indiana Bank and Trust Company is engaged in lending funds for real estate mortgages for business, industrial and residential properties, and:

Whereas, the citizens of Indiana, cannot obtain insurance coverage for radiation damage to personal and real property, and:

Whereas, it is the understanding of the bank that there is limited Federal compensation available to persons sustaining radiation damage to private property due to radiation fallout, and:

Whereas, nuclear power installations by public utilities have been constructed, are under construction, or are contemplated within a radius of the community served by the bank which, if such fallout would occur, would affect our mortgagors, now, therefore,

Be it resolved, that the Board of Directors of Northern Indiana Bank, finds full and complete coverage for radiation damage to private property should be made available to mortgagors, at a reasonable rate, or in the alternative, the Congress of the United States of America should consider the passage of legislation insuring that funds be made available to adequately compensate the citizens in the event of any radiation damage.

Resolution adopted December 11, 1973.

A RESOLUTION CONCERNING THE ADEQUACY OF FEDERAL ASSISTANCE FOR RADIATION DAMAGE

Whereas, it has been brought to the attention of the Board of Commissioners of the County of Porter, Indiana, that citizens of this County cannot obtain insurance coverage for radiation damage to personal property and real property, and

Whereas, it is the understanding of the Board that there is limited federal compensation available to persons sustaining radiation damage to private property due to radiation fallout, and

Whereas, Northern Indiana Public Service Company is contemplating the construction of an electric utility installation in Porter County, Indiana, powered by nuclear energy to provide additional power sources needed in this County, now, therefore,

Be it resolved that the Board of Commissioners of the County of Porter, Indiana, finds full and complete coverage for radiation damage to private property should be made available to the citizens of Porter County, Indiana, at a reasonable rate or, in the alternative, the Congress of the United States of America should consider the passage of legislation insuring that funds be made available to adequately compensate the citizens of this County in the event of any radiation fallout damage.

Passed by Aye vote this 15 day of October, 1973.

ERTS SATELLITE USED IN MANAGEMENT OF WATER RESOURCES

Mr. MOSS. Mr. President, of all the many problems facing mankind today, better water resource management must certainly be very high on everybody's lists. Although water covers about 70 percent of the earth's surface, we presently extract economically only about one one-hundredth of 1 percent—.01 percent—of the total global supply. It is obvious that we are going to have to do better in the future.

Better management of these crucial water resources is one of the results coming out of the remarkable Earth Resources Technology Satellite—ERTS.

ERTS data is helping by observing and monitoring large areas on a repetitive basis to provide indices of the volume of water available in a particular region. For example, satellite observations of surface water and snow accumulation, or even possible location of subsurface water supplies in relation to urban centers, irrigated areas, and industrial development, make future planning more accurate, economical, and coordinated.

ERTS data are being used for flood control, irrigation, and soil moisture identification; ground water level measurements; lake and dam counts; identification of current circulation patterns; pollution and sedimentation in estuaries and lakes; ice and snow coverage; even glacier and iceberg monitoring.

Mr. President, NASA has just issued a statement on this matter and I ask unanimous consent that it be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

ERTS SATELLITE USED IN MANAGEMENT OF WATER RESOURCES

NASA's Earth Resources Technology Satellite (ERTS–1) is rapidly becoming an important tool for hydrologists as more and more data are returned from the spacecraft and analyzed in relation to present water resource management practices which permit man to extract water economically from only about 0.01 per cent of the total global supply.

In industrial nations it is apparent that better utilization of water is a necessity. The United States per person demand in the larger cities, for example, is more than 20 times that required by a person living in some of the under-developed countries.

Another example: Annual flood losses in the United States can exceed $1.5 billion a year, and with further land development on flood plains this cost will continue to rise. On the other hand, many major cities are threatened with short water supplies and need new sources.

ERTS data can help in the management of these and other problems by observing and monitoring large areas on a repetitive basis to provide indices of the volume of water available in a particular region. For example, satellite observations of surface water and snow accumulation, or even possible location of subsurface water supplies in relation to urban centers, irrigated areas, and industrial development, make future planning more accurate, economical, and coordinated.

ERTS data are being used for flood control, irrigation, and soil moisture identification; ground water level measurements; lake and dam counts; identification of current circulation patterns; pollution and sedimentation in estuaries and lakes; ice and snow coverage; even glacier and iceberg monitoring.

Images of surface characteristics are used as well as information from small Data Collection Platforms (DCPs), which collect surface data and transmit them to orbiting satellites for retransmission to water resources management agencies, often in less than one hour. DCPs gather information impossible or difficult to acquire by other means.

More than 100 DCPs are now operating from Iceland to Hawaii and Northern Canada to Central America. There will be more later to work not only with ERTS–1, but with Nimbus, the new Synchronous Meteorological Satellite, the later Geo-stationary Operational Environmental Satellites (GOES) to be operated by the National Oceanic and Atmospheric Administration (NOAA), and follow-on advanced Earth Resources Environmental Satellites.

Dr. Vincent V. Salomonson of NASA's Goddard Space Flight Center, Greenbelt, Md., which manages the ERTS project, notes in a recent paper on advances in water resource monitoring from space, that as more sophisticated spacecraft are phased into use by hydrologists, the jobs of processing, analyzing, and getting the data to the user on a timely basis will have to keep pace with satellite development.

Dr. Salomonson and other scientists of NASA and other government agencies, such as the U.S. Geological Survey (USGS) in the Department of Interior, lists many examples of advances in water resource monitoring by satellite. They include:

Liquid water appearing in the form of clouds was one of the first characteristics measured by meteorological satellites. Rainfall is now measured over remote ocean areas with instrumentation on the newer Nimbus satellites. Even water vapor in cloud free areas can be measured to provide better information on relative humidity distribution and the global water balance.

Synchronous satellites can observe the severe storms which provide heavy precipitation that is the basic input to water-shed systems resulting in runoff and occasionally hazardous or damaging floods. They can provide better understanding of convective clouds, usually associated with thunderstorms or tornadoes, and significant cloudtop features such as bubbles, often seen on top of the typical anvil clouds associated with severe storms or tornadoes. Even cloud top temperatures as well as vertical temperature measurements down to the surface are obtained from satellites circling the globe in polar orbits. This information is especially useful in severe weather forecasts.

The first high-resolution, synoptic look at an entire flood area, the Mississippi River Basin during the 1973 floods, came from ERTS–1. It provided imagery for measuring flooded acreage and evaluating flood control structures as well as much other useful data.

Drainage patterns and snow-covered areas are easily seen on imagery from ERTS, Nimbus, and the NOAA satellites. The change with time in the amount of snow-covered area and the elevation and location of snow lines can be accurately observed. Snowline altitudes in western mountains can be located to within 60 meters (180 feet) using ERTS imagery. Because a large portion of water in the West comes from snowmelt, its accurate prediction is very important in water management and in resulting monetary benefits.

Infrared observations are being used to monitor repetitively the number and area covered by thousands of small and shallow lakes in the Southwest, a task that was impractical before the launch of ERTS–1.

The U.S. Army Corps of Engineers uses ERTS data for locating, identifying by size and shape, and counting bodies of water as small as approximately two hectares (six acres). The spacecraft is also used to help locate sites for dams on major rivers.

USGS scientists have found it is possible to infer the presence of ground water supplies beneath the surface from ERTS-observed geologic features, and there are some indications that soil moisture content to significant depths below the surface can be obtained using satellite electromagnetic radiation sensors which interact directly with water. Also, faults or linear features may reflect such subsurface structures as limestone deposits, where ground water may exit. An example is the successful drilling of a shallow water well near Flagstaff, Ariz., located on the basis of information obtained from ERTS–1. Other wells are expected to be drilled in the same area by the City of Flagstaff.

Circulation and sedimentation patterns observed by ERTS are being used by the State of Delaware to develop a deployment strategy for oil-spill control equipment and by the State of California to estimate the amount of sand transported along the coast.

New water bodies such as Lake Anna Reservoir in Virginia, and coastline changes in the U.S. or other countries can be spotted immediately by ERTS and up-to-date photo maps produced.

Turbidity variations caused by suspended sediments, organic pollutants, or algae material, which cause relative differences in the color or reflectance of the water, can be observed in ERTS pictures.

Water volume measurements are being made by the USGS and Corps of Engineers in Florida combining ERTS imagery and DCP information to calculate not only how much water is present in previously unmeasurable places such as swampy regions, but also to assist in deciding whether to release water from one storage area to another.

Wetlands can be accurately monitored and mapped for inland states such as Wisconsin; land-water interface, upper wetland boundaries, and gross vegetation can be defined in coastal regions; and even information on drainage patterns, ditching activities, and lagooning for waterside homes can be observed in detail.

Glacier ice has been monitored by the USGS from spacecraft pictures (nearly 80 per cent of the world's fresh water is contained in glaciers and icecaps) for purposes of identification, location, and movement. By studying glacier moraines (areas of trapped dirt and debris) and the movement of snow lines on glaciers, it is possible to infer the mass balance of these chunks of ice left over from the time they covered vast portions of the U.S., Europe, and Asia.

Surging glaciers (those that may move abruptly several kilometers) can be distinguished from non-surging glaciers. Surging glaciers may advance over large areas, causing devastating floods by blocking and suddenly releasing large quantities of melt-water. An 1800-meter (1980-yard) surge was observed by ERTS in 1972 in Alaska. In 1973 evidence was seen of another surge that damaged off a river in Soviet Asia, forming a lake of some 20 million cubic feet of water before bursting the ice dam.

Knowledge of location and movement of sea ice and icebergs is of considerable interest to the nation's shipping industry. ERTS has demonstrated that it can be used to identify ice types, distribution, and movement and to provide information on rate and location of ice break-up.

DÉTENTE: AN EVALUATION

Mr. HARRY F. BYRD, JR. Mr. President, in a recent column in The Farmville Herald, Mr. Robert S. Allen offers a very pertinent discussion on the Senate Committee on Armed Services published report, "Détente: An Evaluation."

The committee's report was prepared by a group of eminent scholars in Soviet studies and international affairs including Robert Conquest, Brian Cozier, John Erickson, Joseph Godson, Gregory Grossman, Leopold Labedz, Bernard Lewis, Richard Cipes, Leonard Schapine, Edward Shils, and P. J. Vatikiotis.

I found this report to be both timely and incisive. The United States cannot afford to accept a détente which leaves open the way for global domination by the Soviet Union. As the report points out:

> No one wishes a recurrence of military confrontation. ... However, détente cannot be based on illusions.

It is, therefore, essential that the United States never forget that while the tactics and strategy of the Soviets may change, their goal remains constant. That goal is the worldwide domination of the Communist system.

If, however, the Soviets are sincere about détente, if they desire a relationship of reciprocity and with mutual benefits for both sides, there are many steps that they can undertake to show a serious intent.

As the Senate Armed Services Committee report points out, an evolution of Soviet policy toward a meaningful détente would be illustrated if the Soviets undertook the following steps:

First. Abandoning the "ideological war" against the West.

Second. Decelerating the arms build-up.

Third. Giving up the idea of military superiority in the SALT II negotiations.

Fourth. Providing a proof of a serious approach to détente at the talks on European security by liberalizing the movement of peoples and the flow of ideas.

Fifth. Stopping the sabotage of the peace efforts in the Middle East.

Sixth. Discontinuing the supply of arms to the so-called guerrilla movements and desisting from other forms of subversion, Mr. President, I see no such political overtures coming from the Soviet Union.

Indeed, détente to date has been a lopsided affair. In every deal we have made with the Soviets the United States has come out second best.

In short, the détente we are all hearing about, as Mr. Robert S. Allen observes in his analysis of the Senate Armed Services' Committee report is "in reality very different from what it is glowingly touted to be."

Mr. President, I recommend "Détente: An Evaluation" to my colleagues, and I ask unanimous consent to have printed in the RECORD Mr. Allen's excellent commentary.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

SENATE ARMS CONTROL REPORT DETAILS SOVIET VERSION OF "DÉTENTE"

(By Robert S. Allen)

WASHINGTON, July 4.—The "détente" you are hearing so much about is in reality very different from what it's glowingly touted to be.

Far from the "peaceful co-existence" being sonorously claimed, it is actually a one-way street that is paying off richly for Russia—at grievous cost to the U.S. in particular, and the West as a whole.

On its record, détente is a sinister snare and delusion for the U.S.

That's the grave judgement a group of specialists in Soviet and international affairs spell out in comprehensive detail in a special report of the Senate Arms Control subcommittee, which has supervisory jurisdiction over SALT negotiations and agreements.

Warningly concludes the study:

"It is not surprising that the Western public fed for years on the optimistic fare of détente is puzzled and bewildered . . . A genuine détente, is of course, most desirable, but in its present form détente has proved to be an effective instrument in weakening the West, as it has hidden from the West the political and military realities of the situation and lowered the threshold of risks for the Soviets.

"It has made possible the presentation in the West of political failures as successes for peace; of businessmen's fantasies about profits as rational enterprises in the interest of the state; of Western military decline as an achievement leading towards strategic stability. It is time for the West to recover its sense of reality if Western civilization is to survive."

The blunt-talking experts include Robert Conquest, Brian Crozier, John Erickson, Richard Pipes, Edward Shils and P. J. Vatikiotis.

Members of the Arms Control subcommittee are among the most senior and influential in the Senate. They are Sens. Henry Jackson (D.-Wash.), chairman; John Stennis (D.-Miss.), chairman of the Armed Services Committee; Harry Byrd (Ind.-Va.); Barry Goldwater (R.-Ariz.); Robert Taft (R.-Ohio); William Scott (R.-Va.).

WHAT KREMLIN'S UP TO

The report charges flatly that Russia, its Communist ideology and imperialist aims as unchanged as when originally laid down by Lenin, is craftily and deliberately using detente as a "strategic alternative" to accomplish the following:

(1) Undermine and cripple the Western (NATO) alliance by "making it appear to be unnecessary, indeed dangerous, to peace."

(2) Eliminate the U.S. presence in Eu-

rope, and materially "reduce the extent and pace of the American defense effort."

(3) Obtain from the West large-scale financial assistance that will directly "enhance Soviet military power by making easier the continuous buildup of the military sector of the Soviet economy."

(4) Legitimize Russian domination over Eastern Europe "by making it appear historically irreversible."

Declare the experts:

"In Soviet terminology, detente or 'peaceful coexistence' denotes a strategic alternative to overtly militant antagonism against the so-called 'capitalist countries.' It does not imply the abandonment of conflict with the Western countries. Head-on conflict yields to indirect methods of combat: In Soviet practice that means subversion, propaganda, political blackmail and intelligence operations.

"Authoritative writings in Russia make it quite clear that the ultimate result of the carefully pursued policy of detente could be a decisive shift of the world balance of power in favor of Russia and its satellite bloc. This shift will permit the Soviet Union to attain further expansion without recourse to general war, largely by use of internal subversion and external intimidation."

THE PROOF

The report's scathing conclusions are comprehensively supported by voluminous details.

Illustrative are the following summaries:

Military detente: Even in simple numerical terms, detente has resulted in the expansion of Russia's strategic offensive and defensive systems both. There is no sector of Russian military policy where there has not been expansion, diversification and modernization. For the Soviets, detente has not meant the acceptance of military balance but an opportunity to seize unchallengeable superiority.

As a consequence, the vital European theater, Russia now possesses a three to one superiority in armor, more than a two to one superiority in tactical aircraft, and in the SALT II negotiations is adamantly giving no sign of yielding "any element of this superiority."

Economic Detente: Some of the most uncritical attitudes generated by detente in the West are in the field of East-West trade. The paramount Soviet aim in its economic detente offensive is to obtain large long-term credits at low interest rates (chiefly from the U.S.) in order to finance the purchase of equipment and technology for the development of oil, natural gas and other mineral resources. This will not only greatly increase overall Russian economic strength, but will also enable the Soviets to undertake military spending on a scale that would otherwise be impossible.

"It is not necessarily true." sardonically observe the experts, "that what is good for Pepsi-Cola or Chase Manhatten Bank is also good for the United States. Russian purposes in expanding trade are completely different from those of the West. The Soviet Union is trying to narrow the technological gap by acquiring advanced American technology. By spending $3 million in three years, Russia gained 15 years in R. & D. The economic and technological advantages of detente are one-sided, and in the long run this asymmetry could be dangerous to the U.S."

"Free flow of ideas": In Soviet eyes, subverson is not incompatible with detente. On the contrary. As the Russians conceive detente, it is entirely consistent with what the West considers subversion. The Soviets operate on the basis of two sets of rules: While Russia claims the right to subvert any other country, the West must avoid criticizing the Soviet Union and all the countries under its domination, as well as abstaining from "communicating to those countries any ideas which their Communists rulers think might make the citizens critical of them."

Tersely points out the report, "Kremlin spokesmen have said repeatedly 'peaceful coexistence' implies the intensification of the struggle between the world systems. The intensification of that fateful struggle implies, above all, more subversion in all its forms."

In other words, it is Russia's firm contention that it is entirely all right for Moscow to lie about the West, but an outrage and provocation for the West to tell the truth about the Soviets.

That's the Kremlin's basic concept of what constitutes the "free flow of ideas."

CONCLUSION OF MORNING BUSINESS

The ACTING PRESIDENT pro tempore. The time for morning business has expired.

CONSUMER PROTECTION—AGENCY FOR CONSUMER ADVOCACY

Mr. MANSFIELD. Mr. President, what is the unfinished business?

The ACTING PRESIDENT pro tempore. S. 707.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of S. 707, that it be laid before the Senate and made the pending business at this time.

The ACTING PRESIDENT pro tempore. The bill will be stated by title.

The second assistant legislative clerk read as follows:

S. 707. To establish a Council of Consumer Advisers in the Executive Office of the President, to establish an independent Consumer Protection Agency, and to authorize a program of grants, in order to protect and serve the interests of consumers, and for other purposes.

The ACTING PRESIDENT pro tempore. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

RECESS UNTIL 2:15 P.M.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate stand in recess until 2:15 p.m. today.

There being no objection, at 1 p.m. the Senate took a recess until 2:15 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. Helms).

QUORUM CALL

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. MOSS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection. it is so ordered.

SOLAR HEATING AND COOLING DEMONSTRATION ACT OF 1974—CONFERENCE REPORT

Mr. MOSS. Mr. President, I submit a report of the committee of conference on H.R. 11864, and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. Helms). The report will be stated by title.

The second legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 11864), to provide for the early commercial demonstration of the technology of solar heating by the National Aeronautics and Space Administration and the Department of Housing and Urban Development, in cooperation with the National Bureau of Standards, the National Science Foundation, the General Services Administration, and other Federal agencies, and for the early development and commercial demonstration of technology for combined solar heating and cooling, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by all the conferees.

The PRESIDING OFFICER. Is there objection to the consideration of the conference report?

There being no objection, the Senate proceeded to consider the report.

(The conference report is printed in House proceedings of today at pp. 27799–27805.

Mr. MOSS. Mr. President, today I am filing a conference report ond joint statement of managers on H.R. 11864, the Solar Heating and Cooling Demonstration Act of 1974.

Enactment of this legislation will mark the first concrete step taken by the Congress to spur energy research and development. I feel that it is highly appropriate that this initial energy act relates to solar energy. Clearly, in the long term, solutions to the problems raised by the finite limits on nonrenewable energy resources lie in the wise application of solar energy.

As has often been noted, the energy reaching the surface of the Earth each day from the sun far exceeds our present and foreseeable needs. This inexhaustible energy source can be tapped in a wide variety of ways: Heating and cooling buildings, photovoltaic generation of electricity, harnessing of the winds and thermal currents in the oceans, land- and space-based solar farms—all these are promising possibilities for the future.

This bill deals with the use of solar energy in its most promising near-term form. Success of the programs authorized by this act will do much to move us toward the time when energy will be a concern, not a crisis.

Mr. President, the Senator from California (Mr. Cranston), who served on the conference committee considering this measure, has asked that a statement which he had prepared be printed in the Record at this point. I ask unanimous consent that his statement and an insertion relating to the history of the legislation be printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

STATEMENT OF SENATOR CRANSTON

I wish to express my strong support for the conference report on H.R. 11864, the Solar Heating and Cooling Demonstration Act of 1974.

This conference report is the culmination of a long and often difficult legislative journey which brought H.R. 11864 through five Senate committees between February and May of this year. To remind the Senate of this unique situation, a section of the Senate report on H.R. 11864, which I filed on behalf of the Banking and the Labor and Public Welfare Committees describing its unusual legislative history states:

I. HISTORY OF THE LEGISLATION

On November 2, 1973, Senator Cranston introduced S. 2650, the Solar Home Heating and Cooling Demonstration Act of 1973. This bill was referred, by unanimous consent, jointly to the Committee on Banking, Housing and Urban Affairs and the Committee on Commerce, with the provision that if one of these committees reported the bill, it would then also be referred to the Committee on Labor and Public Welfare. A similar bill, S. 2658, was introduced on November 5, 1973, by Senators Moss and Weicker and referred to the Senate Committee on Aeronautical and Space Sciences.

On February 13, 1974, H.R. 11864, the Solar Heating and Cooling Demonstration Act, passed the House of Representatives by a vote of 253 to 2. On February 19, H.R. 11864 as passed by the House was referred in the Senate to the Committee on Aeronautical and Space Sciences. One day of hearings was held in the Aeronautical and Space Sciences Committee on February 25, and the committee reported H.R. 11864 favorably with amendments on March 13. At that time, by unanimous consent, H.R. 11864 was referred for a period not to exceed 30 days to four additional committees: Labor and Public Welfare, Banking, Housing and Urban Affairs, Commerce and Interior and Insular Affairs. On April 4, in accordance with the provisions of the original unanimous consent agreement, an additional 30 days was requested and approved by the Senate.

The Banking, Housing and Urban Affairs Commitee held hearings on S. 2650 and H.R. 11864 on March 20 and 21, 1974. S. 2540, a bill introduced by Senator Moss relating to energy conservation, was also included in the hearing. The Special Subcommittee on the National Science Foundation of the Labor and Public Welfare Committee held a hearing on H.R. 11864 on March 27, 1974. This was followed by a hearing by the Commerce Committee on March 29, 1974, and a hearing jointly conducted by the Commerce and the Interior and Insular Affairs Committees on April 5, 1974.

Following completion of the hearings before the four committees, staff members of all four committees engaged in an extensive series of meetings to develop an agreed-on revision of the bill as reported by the Committee on Aeronautical and Space Sciences, which would adequately take into account the information and recommendations provided in the various hearings.

On May 2, 1974, the Committee on Banking, Housing and Urban Affairs met and ordered H.R. 11864, with amendments, favorably reported to the Senate. On May 2, 1974, the Special Subcommittee on the National Science Foundation of the Committee on Labor and Public Welfare met and unanimously ordered H.R. 11864, with amendments, reported favorably to the full Committee on Labor and Public Welfare. On May 13, 1974, the Committee on Labor and Public Welfare unanimously ordered H.R. 11864, with amendments, favorably reported to the Senate. The text of the amendments ordered reported by the Committee on Labor and Public Welware is identical to that ordered reported by the Committee on Banking, Housing and Urban Affairs.

The Committee on Commerce and the Committee on Interior and Insular Affairs did not meet in executive session to consider this bill, but raised no objection to the amendments recommended in this report.

As a result of this wide-ranging consideration, this conference report represents a compromise of the many points of view that were brought to bear on H.R. 11864. I think, on balance, that it is a good compromise.

What we agreed on is a program for the demonstration of solar heating and cooling technology to be jointly administered and implemented by the National Aeronautics and Space Administration (NASA) and the Department of Housing and Urban Development (HUD), with the support and assistance of other federal agencies such as the National Science Foundation and the National Bureau of Standards. We have authorized a total of $60 million over a five year period for this purpose.

Solar radiation is man's most abundant energy source. Enough solar energy strikes 0.5 percent of the land area of the United States to meet the total energy needs of the country through the year 2000. The average yearly incidence of solar energy amounts to 17 thermal watts per square foot. This results in a daily average of 410 thermal watt-hours per square foot, approximately twice the amount needed to heat and cool the average home.

Despite its abundance, the widespread use of solar energy has been impeded by two unavoidable problems: solar energy is intermittent, and it is diffuse. Because the sun doesn't shine at night or on cloudy days, the ability to store energy for use during these sunless periods becomes essential. Moreover, because solar energy is diffuse, it may take a very large land area to collect enough solar radiation to operate a central power station.

I believe that the best way to exploit the valuable resource of solar energy—at least in the immediate future—is in small-scale uses, particularly for residential and commercial buildings. The program that would be estabilshed by H.R. 11864 is designed to speed the day when these small-scale applications of solar energy can be widely used.

Residential energy use accounts for approximately one-fifth of the total energy consumed in the United States each year. Of this amount, three residential energy needs—space heating, cooling and hot water heating—account for 70 percent. And residential energy requirements are growing. During the 1960's, according to preliminary data from the Ford Foundation's Energy Policy Project, the number of households increased at a greater rate (17 percent) than the population (11 percent). During this same period, residential energy use increased by a whopping 50 percent!

Commercial buildings, such as stores, schools, hospitals, theaters restaurants, office buildings, and hotels, consume slightly less than 15 percent of our total energy each year. However, commercial energy use is growing faster than any other energy sector. Since 1960, it has increased at an annual rate of 5.4 percent, reflecting not only a greater use of computers, elevators, escalators, electric typewriters and duplicating machines, but also certain design changes in newer commercial buildings which contribute to energy waste—such as permanently closed windows which require the operation of mechanical ventilation around the clock.

The residential and commercial sectors—which together consume one-third of all energy we use—are the sectors to which solar heating and cooling technology can best be applied. It has been estimated that if solar heating and cooling systems are built into all new homes and low-rise commercial buildings between now and the year 2000, solar energy could meet 4.5 percent of our total energy needs. By the year 2000, it could provide up to 8 percent.

These are significant savings. Most importantly, we know enough about how to capture the sun's energy for homes and offices to begin this task right away. That is the goal of H.R. 11864.

The manner in which the demonstration program is designed and conducted will be critical to the future success of solar heating and cooling. I believe that the most serious problems that may be encountered in achieving the success that we all hope for will be those involving "marketability". In other words, while the production of reliable and technologically-sound solar energy systems will be necessary, the problems of economic feasibility, mortgageability, and public confidence must also be considered. This point is reflected in the Senate report on H.R. 11864 as well as in the Joint Explanatory Statement of the Committee on Conference.

Mr. President, I urge the Senate to approve this conference report so that we can send it on to the House of Representatives for their final approval. I hope that, in what may be his first energy legislation, President Ford will sign it so that we can proceed with the important task of developing and demonstrating solar heating and cooling technology.

Mr. MOSS. Mr. President, I yield to the Senator from Arizona.

Mr. FANNIN. I thank the distinguished Senator from Utah, and commend him for the excellent services he has performed in giving leadership to the passage of this legislation and in the formulation of its language.

This bill is very important to this Nation today, and will be watched by people all over the world, because there are so many other countries that are vitally interested in solar programs. I feel very strongly that this is a vital step in a program that will be extremely beneficial.

Mr. President, I believe a statement will be provided for the Record by the Senator from Colorado (Mr. Haskell) for himself and for me, but I do wish to refer to one particular item which I feel is of special importance, as to which there was some difference of opinion involved.

Senator Haskell and I felt strongly that the Department of Housing and Urban Development should be statutorily provided with a more substantial role in this area of the program. More specifically, we would have liked for a portion of the procurement authority and funds to go directly to HUD. This would have been consistent with the report language which accompanied the version of H.R. 11864 which passed the Senate. The joint report of the Senate Committee on Banking, Housing and Urban Affairs and Labor and Public Welfare stated that—

> HUD could utilize commercially available systems as well as systems procured by NASA . . .

Traditionally HUD has been the Federal agency charged with dealing with the building industry and with consumer demands and needs in the residential market. Through this experience, it has acquired a great familiarity with and sensitivity to the problems of selecting and making commercially viable new and different systems which are to be utilized in various kinds of dwellings.

Mr. President, I mention this because I know the distinguished Senator from Utah has very capably handled this bill, and except for some small differences of opinion, we were in agreement as to the goals we wished to achieve, I trust that he will go forward with his great interest in determining that we do have a program that will be representative of all the different agencies of the Federal Government that can be of help. I think that he shares my thought in this regard.

Mr. MOSS. I thank the Senator from Arizona, and I commend him for his very deep interest in this matter. He served as a valuable conferee on this bill when we met with the conferees from the House and did propound his viewpoint on this matter very forcefully. He is, of course, dedicated to the idea of finding a way adequately to utilize this unending supply of energy that is nonpolluting and has no end so far as many can see as a source of energy on this planet.

Therefore, I commend him for his desire to move on as rapidly as we can in this field of research and development and in the demonstration by the Department of Housing and Urban Development of house heating and house cooling as to how we can utilize solar energy.

I thank the Senator for his comments, and those of Senator HASKELL, which will be valuable indeed to the Members of the Senate to read.

Mr. FANNIN. I thank the distinguished Senator from Utah.

To those of us from the Southwest, solar energy is certainly not a new energy form, particularly for hot water needs; but it is certainly an energy form long-neglected by the Federal Government. That is why the passage of H.R. 11864, to provide for the demonstration of solar heating and cooling, is definitely a landmark.

We have had solar hot water heaters in the Southwest since the early 1900's, but recently with increasing prices of fossil fuels and a drive for national energy self-sufficiency, Congress and industry are taking a long hard look at the future of this clean and abundant energy resource.

In April of this year, I invited local government officials, solar scientists, the National Science Foundation, Arizona utilities, and interested members of the State's university faculties to participate in a solar energy seminar.

During this intensive 1-day session, we discussed current use and future development of solar energy. Legislation pending before the Congress was also reviewed by those present, resulting in many valuable contributions by experienced solar developers from my State, such as: Drs. Aden and Marjorie Meinel, currently working on solar thermal development at the University of Arizona; and Prof. John Yellatt, involved with the fascinating world of solar architecture and the integration of solar heating and cooling systems with pleasant dwelling designs.

Recently, the Arizona State Fuel and Energy Office held a similar symposium covering all forms of energy and the State's position with respect to energy resources. Considerable enthusiasm was expressed for solar development at that conference by all levels of government and representatives from the private sector, who are concerned for Arizona's future development.

So we see increasing interest, Mr. President, from residential developers, elected officials, homeowners, and solar scientists in bringing this alternate source into commercial application. H.R. 11864 will hopefully be the vehicle by which many of these individuals' dreams can be realized. Solar heating systems are available now, but this legislation will allow for a uniform testing mechanism and a nationwide demonstration of a variety of equipment.

I am hopeful that we can now give the same nod of support and boost to solar high technology. We have many valuable programs now going forward under National Science Foundation grants, but we must extend our interest beyond research if we are to see solar energy take its rightful place as a major energy resource of this country. For this reason, I look forward to the establishment of an Energy Research and Development Administration, under which solar development will receive attention comparable with traditional forms of energy and prove the many virtues solar scientists have been extolling for years.

Mr. MOSS. Mr. President, I have one more unanimous-consent request. The Senator from Connecticut (Mr. WEICKER) is not able, as he had hoped, to be here to present a statement at this time. I have a copy of it, and I ask that this be placed in the RECORD at this point, together with an editorial.

The PRESIDING OFFICER. Without objection, it is so ordered.

STATEMENT BY SENATOR WEICKER

I am privileged today to act as a manager in presenting to the Senate the conference report on H.R. 11864, the "Solar Heating and Cooling Demonstration Act of 1974."

As a member of the Committee on Aeronautical and Space Sciences, I have long urged the development of solar energy as a low-cost, feasible alternative to conventional energy modes.

I have specifically supported funding for long-range research by NASA in energy alternatives with emphasis on solar power as advanced by our space programs.

On November 7, 1973, the distinguished Chairman of the Committee on Aeronautical and Space Sciences, Senator Moss, and I introduced S. 2658, authorizing the early development and commercial demonstration of solar heating and cooling technologies under practical conditions.

Even at that time, with the energy crisis peaking in public consciousness, development of solar energy was still considered something of a wild idea.

Mr. President, I add to my statement the following editorial:

[From Sunday's Hartford Courant, Aug. 4, 1974]

SOLAR ENERGY PROGRESS

"During the recent state Public Utilities Commission hearings on electric rate increases an attorney for the City of Hartford asked a utility executive about the possibilities of heating homes through direct use of the sun's energies, pointing out that homes heated by sun power have been around for many years.

"The attorney cited a house near Washington, D.C. that we have mentioned on this page as an example of an efficiently heated house with extremely low fuel costs. In response to the attorney's question, the utilities official commented that the house was a kind of experiment, like those featured in 'Mechanix Illustrated.'

"Not only is the Washington solar house no longer an experiment, but the inventor, Dr. Harry E. Thomason, patent attorney, designer and builder, has built two homes in addition to the first one. Also, he has travelled throughout the United States and Canada showing architects and builders how the homes can be easily constructed of available materials.

"As a matter of fact, solar energy devices have been around for a long time, and the mechanics of putting them to use are well known to scientists and many architects. As long ago as 1961, the United Nations held a conference in Rome, Italy on new sources of energy, and a major focus on the alternatives was solar power, including home heating and the generation of electricity.

"There have been many breakthroughs announced since, including the news earlier this month that a laboratory in Massachuetts in connection with Harvard University, is developing an inexpensive way to make the silicon crystal, a major component of solar power cells that can generate electricity. The Massachusetts scientists in the project sponsored by the National Science Foundation and the National Aeronautics and Space Administration, hope their new process will be able to produce solar energy, available as electric power, in seven to ten years.

"To those of our readers who have called or written us inquiring about reference works on solar energy, we refer them to a Yale University book, "Direct Use of the Sun's Energy," which explains in general, and in scientific terms, such solar energy uses as heating and cooling, cooking, distilling water and generating electricity. The book, by Dr. Farmington Daniels, was first published ten years ago.

"Now, with the recent intense interest in solar energy, the skeptical utility official might be interested to know the book is in paperback selling like hotcakes from a solar cooker."

I felt constrained to say, in introducing S. 2658, that "solar energy is no longer in the realm of science fiction, rather it is an irrepressible and important science fact that must not be ignored."

I felt then, and now, that as America anguishes over shortfalls in conventional energy production, solar energy has become a promising alternative, both environmentally safe and economically competitive with other power sources.

As a result of public concern over the energy crisis, private and governmental educational efforts, and comprehensive hearings before various House and Senate committees, Congress and the American people think of solar power as a promising and practical alternative energy source.

The Senate passed the "Solar Heating and Cooling Demonstration Act of 1974" on May 21, after the legislation had been reported favorably by several Senate committees. I will defer to my fellow managers to detail the provisions of the conference report. Briefly, I fully support this comprehensive bill establishing a dual leadership role for NASA and HUD in the research, development, and demonstration of solar heating and cooling systems.

Solar power is no longer a visionary slogan, nor is it the panacea for the nation's energy needs. Solar power is quite simply an alternative energy source that makes sense for America now.

I urge my colleagues to approve the Conference Report on H.R. 11864, the "Solar

Heating and Cooling Demonstration Act of 1974."

Mr. HASKELL. Mr. President, I should like to make this statement on behalf of myself and the distinguished Senator from Arizona (Mr. FANNIN).

In this era of energy shortages and steadily mounting fuel costs, we are becoming increasingly aware of the need to develop our alternative energy sources. Growing concern with the environmental consequences of many present energy processes has added to the attractiveness of these less conventional forms of energy. It is now widely acknowledged that making these other sources really useful and beneficial to our economy should be a national goal.

With this in mind, Senator FANNIN and I have followed with great interest and enthusiasm the progress through Congress of H.R. 11864, the Solar Heating and Cooling Demonstration Act of 1974. We have been continuous supporters of this bill, which seeks to achieve the commercial application, with a 3-to-5-year period, of combined solar heating and cooling technology.

As Senate conferees, we both voted for the conference report on this legislation and we do intend to support its adoption before the full Senate. We have, however, several serious concerns which were not wholly satisfied by the final version of the bill as it was reported from conference. On behalf of myself and the senior Senator from Arizona, I should like to lay those concerns before the Senate at this time.

Although the Department of Housing and Urban Development is empowered in the conference bill, with the design selection and installation of solar systems to be used in the demonstration program, it serves only in a consulting capacity in the procurement process. H.R. 11864, as it has emerged from conference, gives the primary responsibility for procuring solar heating and cooling systems and components to the National Aeronautics and Space Administration. Mr. President, we feel strongly that the Department of Housing and Urban Development should have been statutorily provided with a more substantial role in this area of the program. More specifically, we would have liked for a portion of the procurement authority and funds to go directly to HUD. This would have been consistent with the report language which accompanied the version of H.R. 11864 which passed the Senate. The joint report of the Senate Committee on Banking, Housing, and Urban Affairs and Labor and Public Welfare stated that—

> HUD could utilize commercially available systems as well as systems procured by NASA. . . .

Traditionally HUD has been the Federal agency charged with dealing with the building industry and with consumer demands and needs in the residential market. Through this experience, it has acquired a great familiarity with and sensitivity to the problems of selecting and making commercially viable new and different systems which are to be utilized in various kinds of dwellings. We do not consider solar heating and cooling systems to be of such a sophisticated technological nature that the demonstration vanced through statutorily delegating program could not be effectively adsome procurement authority to HUD. In fact, we would suggest that by authorizing both HUD and NASA to procure equipment which meets the performance criteria, a very healthy element of competition could be introduced into the program.

Much of the credit for the advanced state of solar cooling and heating technology must go to the high initiative, ingenuity, and pocketbooks of individual solar scientists and engineers. During Senate committee hearings on solar legislation, we have heard from many of these enthusiasts, who have worked years to develop their particular systems. It is our desire that the contributions of these small entrepreneurs to solar development be encouraged and supported by this program. It is just such one-of-a-kind equipment, for which they are in great part responsible, that requires the program of financial assistance and exposure put before us today. Large manufacturers, with economies of scale and extensive advertising budgets do not necessarily have the best product. We would have preferred then, stronger language in the bill to insure that a wide variety of systems be utilized in the program, particularly those that might otherwise not receive broad exposure.

We feel that the prospect of a program of at least 4,000 units, as envisioned in the original House bill, could lead more toward the detriment than enhancement of wide-scale application of solar energy. While the conference report does not specifically subscribe to a program of such large dimensions, neither does it adhere to the original Senate-passed bill which would have established a prototype program. Because there is no definitive language in the conference version of the bill regarding the size of the demonstration program, we feel it necessary to voice our concern that the program evolve more along the lines of the original Senate version than those of the House. As the number of demonstration units is increased, the chances of widespread cases of malfunctioning equipment are proportionately enhanced. Such occurrences, necessitating the hasty addition of auxiliary or replacement systems, would only reflect what has happened in the past and further set back our goal of achieving the early commercial viability of solar energy.

Although our concerns in the abovementioned areas are, for the most part, set forth in the explanatory statement which is to accompany the conference report on H.R. 11864, we would have rather had them included statutorily as provisions of the bill itself. Therefore, while we do intend to endorse Senate adoption of the full conference report, we do so with the sincere hope that the agencies administering this program will implement it, consistent not only with the statutory measure itself, but in a manner reflecting the explanatory statement as well. With confidence that this will, in fact, be the case, we commend both Senator Moss, Congressman McCORMACK, and all our other colleagues in both Houses who have worked long and hard to bring this timely measure before us today. We urge the Senate to give this legislation speedy and favorable consideration.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

The PRESIDING OFFICER. What is the will of the Senate?

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. LONG. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

EMERGENCY PETROLEUM ALLOCATION EXTENSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the pending business be laid aside temporarily, and that the Senate turn to consideration of Calendar No. 1039, S. 3717.

The PRESIDING OFFICER. The bill will be stated by title.

The second assistant legislative clerk read as follows:

A bill (S. 3717) to extend the Emergency Petroleum Allocation Act of 1973.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Interior and Insular Affairs with an amendment:

On page 1, in line 10, strike out "1976"." and insert in lieu thereof "1975"."

So as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Emergency Petroleum Allocation Extension Act of 1974."

EXTENSION OF MANDATORY ALLOCATION PROGRAM

SEC. 2. Section 4(g)(1) of the Emergency Petroleum Allocation Act of 1973 is amended by striking out "February 28, 1975," wherever it occurs, and inserting in lieu thereof "June 30, 1975".

Mr. JACKSON. Mr. President, the purpose of the Emergency Petroleum Allocation Act of 1973 was to provide authority to deal with the impact of shortages of crude oil, residual fuel oil, and refined petroleum products on the economy, on individual consumers, and on the independent sector of the petroleum industry.

The act, which was approved November 27, 1973, also includes the only existing authority to control the prices of crude oil and petroleum products. The allocation and price control authority conferred by the Economic Stabilization Act lapsed with the expiration of that act on April 30, 1974.

The allocation authority conferred by the Allocation Act made it possible to minimize the effects of the Arab oil embargo in the winter of 1973–74. While the overall supply picture for crude oil and refined petroleum products is now greatly improved, the Federal Energy Administration is continuing to use this authority to assure adequate supplies for the independent sector of the industry.

The act is now scheduled to expire on February 28, 1975. This expiration date occurs too soon after the new Congress convenes for a careful evaluation of the administration of the act and an informed decision as to the need for a full-scale extension of the act in light of conditions then prevailing. Furthermore, if the Congress were unable to complete action on extension proposals, the act would expire at the height of the winter heating season when the need for allocation authority could be greatest.

The purpose of the proposed 4-month extension, therefore, is to provide adequate time for the new Congress and the executive branch to review the act and make a definitive decision as to its extension for a longer period of time, either in its present or a modified form. The committee is already aware of a number of proposed amendments to the act. Other changes will undoubtedly be proposed in the months ahead. The committee believes that it is too soon to make basic changes in the act and that proposed changes should be considered next year in light of more extensive experience with the act. Accordingly, it is proposing a short extension without amendments.

Mr. President, I want to emphasize the importance of the question of amendments. I think it would be a mistake if we should attempt to add amendments to this act at this time. What we need now and what this bill provides is additional time next year to properly review the act and its implementation and to consider changes, if any, that should be made to the act as well as time to determine whether or not we should extend the act for an extended period.

Perhaps the country as a whole is not aware of the importance of this act. The facts are that if the act should expire, not only would there be no authority to provide for the specific petroleum needs of various classes of users and sectors of the petroleum industry in particular of the independent operators, but the price on old oil would almost immediately jump from $5.25 a barrel to $10.35 a barrel or more.

Staff computed this out in light of the terrible inflation that we are suffering from at the present time. Potentially it would result in an added daily cost of energy to the Nation of $30 million, an annual cost of $11 billion I do not think I need to emphasize to this body the inflationary impact of such a development.

All we are saying is, let us extend the act as it is from February 28 until June 30. We will have time, then, after the first of the year, to act carefully and deliberately. If we were not to do this, we could reach a situation around the first of the year in which the holders of old oil would withhold it from the market, because they would be aware that the price of oil would double, come March 1.

I again stress, that this kind of development, would have a disastrous impact on the economy, in light of the fact that approximately 60 percent of the oil produced domestically in the United States is in fact "old" oil and therefore under the controls provided for in the Mandatory Allocation Act.

Therefore, as a matter of economic necessity and because of the need to hold detailed hearings and to go into this matter carefully, it seems to me that the Senate should do the prudent thing, and that is to extend this act from February 28 through June 30, 1975. The vote on this point in committee was unanimous, and it is my understanding that the administration has no objection to the extension of the act for that 4-month period.

I yield to the Senator from Arizona.

Mr. FANNIN. Mr. President, I commend the distinguished Senator from Washington, the chairman of our committee, for his cooperation in carrying through this request of the administration not to change any of the provisions of this mandatory control act, but merely to extend its expiration date for 4 months. I realize that what he has said about the need for a 4-month extention is valid. If the act were to expire on February 28, we would be facing a problem with respect to petroleum products in the midst of the heating season. This could place us in jeopardy if we happened to have a cold winter, or a coal strike, or if we had further problems with oil shipments from the Mideast.

So I feel it is wise to extend the Allocation Act, although, personally, I am an advocate for the free enterprise system and do not share the great concern of the distinguished Senator from Washington regarding results in pricing. I hope his fears would not be realized.

I hope we are working toward the time when we can have a free market which will be sensible and practical, without prices going out of line, as has been predicted by many.

The additional views that were inserted in the report by Senator HANSEN, Senator BUCKLEY, Senator MCCLURE, Senator BARTLETT, and the Senator from Arizona explain the feeling regarding what was done in this connection.

Mr. President, I ask that the RECORD reflect that under the additional views there was a three-part agreement. The first part referred to the expiration date of the Emergency Petroleum Allocation Act being extended to June 30, 1975.

The second part states that between now and that date, the administration will proceed to an orderly, total phase-out of price and allocation controls, to be completed by June 30, 1975. In the immediate future, the administration will give priority attention to developing regulations to remove many of the inequities which have resulted from the act, including the two-tier pricing system for crude oil.

In the third part we stated the administration's position, and what we thought was generally agreed to by all concerned, that the leadership of the committee agree not to support additional legislation which would extend the mandatory price and allocation controls beyond June 30, 1975.

These were inserted in the additional views of the five Senators I have named. I trust that these will be placed in the RECORD on that basis.

This agreement and the supporting additional views are as follows:

ADDITIONAL VIEWS S. 3717

At the request of the Administration, we voted to extend the expiration date of the Emergency Petroleum Allocation Act from February 28, 1975, to June 30, 1975. Our sole purpose for voting to support the four month extension was to provide an additional period of time in which to proceed with an orderly and complete phase out of all price and allocation controls. No other amendments than the mere four month extension were contemplated or agreed upon in conversations between Administration officials and members of this Committee on both sides of the aisle. The Administration position as we understood it, is as follows:

1. The expiration date of the Emergency Petroleum Allocation Act would be extended to June 30, 1975.

2. Between now and that date the Administration should proceed with an orderly total phase out of price and allocation controls to be completed by June 30, 1975. In the immediate future the Administration will give priority attention to developing regulations to remove many of the inequities which have resulted from the Act, including the two tier pricing system for crude oil.

3. That the leadership of the committee agree not to support additional legislation which would call for mandatory price and allocation controls for petroleum beyond June 30, 1975.

The Emergency Petroleum Allocation Act by its very title was intended to be an *emergency* measure to deal with a temporary petroleum fuels shortage which now has ended. That such was what was contemplated is clearly borne out by Section 2 of the Act which reads as follows:

SEC. 2(a) The Congress hereby determines that—

(1) shortages of crude oil, residual fuel oil and refined petroleum products caused by inadequate domestic production, environmental constraints, and the unavailability of imports sufficient to satisfy domestic demand, now exist or are imminent;

(2) such shortages have created or will create severe economic dislocations and hardships, including loss of jobs, closing of factories and businesses, reduction of crop plantings and harvesting, and curtailment of vital public services, including the transportation of food and other essential goods; and

(3) such hardships and dislocations jeopardize the normal flow of commerce and constitute a national energy crisis which is a threat to the public health, safety, and welfare and can be averted or minimized most efficiently and effectively through prompt action by the Executive branch of Government.

(b) The purpose of this Act is to grant to the President of the United States and direct him to exercise specific temporary authority to deal with shortages of crude oil, residual fuel oil, and refined petroleum products or dislocations in their national distribution system. The authority granted under this Act shall be exercised for the purpose of minimizing the adverse impacts of such shortages or dislocations on the American people and the domestic economy.

We voted against the bill at the time because we felt that the bill, at best, would only spread shortages around. Additionally, we felt that should the Federal Government intervene in the marketplace by imposing regulations affecting supply and price, no matter how benignly such intervention was intended, unforeseen inequities would result and the shortage would be exacerbated.

The one day of hearings on this bill contained much testimony enumerating and describing the inequities which have resulted from the Act. These remarks plainly show both that the legislation was intended to deal with a petroleum fuels emergency which no longer exists and that the wisdom of federal regulatory intervention in the marketplace even under the then existing fuel shortage was questionable.

To continue to rely upon legislation authority designed to be limited to emergency fuel shortages in times of a reported surplus is unwise and unjust. Accordingly, we support the four months extension of the Act only to insure that the phase out of price and allocation controls will be both complete and orderly.

PAUL J. FANNIN.
CLIFFORD P. HANSEN.
JAMES L. BUCKLEY.
JAMES A. MCCLURE.
DEWEY BARTLETT.

Mr. President, we know the problems with energy supplies that face this Nation today. We have many bills pending, which I know we will be working toward completing in the weeks ahead. I trust that we will be formulating programs to alleviate the problems we will have by the time this act expires and that we as a nation will be in a better position at that time to furnish the energy supplies this country requires.

I feel very confident that we will go forward in an orderly fashion to bring about adequate supplies and equitable distribution of energy for this Nation by phasing out mandatory price and allocation controls.

I thank the distinguished Senator from Washington.

Mr. JACKSON. Mr. President, I want to express my appreciation to the ranking minority member of the committee and to all the members of the committee for their cooperation and support in getting the bill reported unanimously.

We had some differing views as to what should be done after we reconvene. Those separate views have been expressed ably by the Senator from Arizona. We want it clearly understood that those are separate views. They are not a part of any commitment made by me or the committee majority in connection with this legislation.

When we come back, we will have to have government witnesses, the industrial people, and the public appear before us, in order to make appropriate decisions as to whether the act is to be extended, whether it is to be amended, whether it is to be changed, in light of the conditions with which we are confronted at that time and of our experience until that time.

On the minority side, the views are well expressed as to what they think should be done. I want to reserve judgment, and I think the majority of the committee want to reserve judgment, until we come back next year, to decide what action we should take in light of the circumstances that will exist at that time. We hope that the world situation and the economy will be better.

I am very concerned about the possibility of serious trouble in the Middle East. No one knows what might develop. Any serious trouble could lead to another cutoff. We want to be prepared, of course, to meet any future contingency. This is why the Interior Committee is expediting other bills that we feel are essential in order to deal with the need to step up production in North America.

In addition, of course, there is a need to have a strategic reserve, at least to make a beginning, to build up our stocks and our supplies here. We have legislation pending on that.

We also have legislation pending on information requirements, so that the Government will have the data we need in order to act.

I extend my deep appreciation to the minority side of the aisle for their cooperation in making the report on this bill unanimous.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HANSEN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HANSEN. I wish to make the observation that in Additional Views on S. 3717, the last sentence in the first paragraph reads thus:

> The administration position as we understand it, is as follows:

Then are listed points 1 and 2. We had a point No. 3 which, as Senator FANNIN already has read, would have contained this language:

> That the leadership of the committee agree not to support additional legislation which would call for mandatory price and allocation controls for petroleum beyond June 30, 1975.

I am fully aware that Senators have different views on what could happen, but it was my understanding that the representatives of the majority side have agreed with the administration representative that that point No. 3 would be included. I am fully aware that, apparently, after it had been drafted, Mr. Stang left town for a short period, and I think that it is a fact that Mr. Loesch, responding to the entreaties of the majority staff of the Senate Committee on Interior and Insular Affairs, agreed to delete point No. 3. But I make the point that it was my understanding that that was also understood by the administration representatives.

Mr. JACKSON. Will the Senator yield?

Mr. HANSEN. Yes, indeed.

Mr. JACKSON. To set the record straight, there had been discussions with the administration by telephone, with Dr. Sawhill and others about the possibility of trying to have an understanding on certain points in connection with the extension of the act. The facts are that there was a discussion and we did not reach an agreement or make a commitment.

Dr. Sawhill sent me a letter, a draft of a letter, which I found not to be satisfactory, and my staff has been in touch with his staff about the matter.

I think the facts, again, are that these discussions went on between our respective staffs, but no agreement was reached. I just say that for the record.

As a matter of fact, I think Mr. Van Ness had some specific discussions with Mr. Montgomery, Robert Montgomery, who is to be the new general counsel for the FEA, and he explained to him at the end that there was no agreement on the last tentative FEA proposal.

Mr. Van Ness mentioned that to me before he left. I just wanted to say that—he is out of town until Wednesday, but I just wanted to say that for the record.

It is true that we had these talks and discussions, but we just did not reach any conclusions.

Mr. HANSEN. Mr. President, I make the point that at least some of us on the minority side were persuaded to agree, as indeed we have, and join in supporting the bill now before the Senate on the basis of what we thought had been agreed to. I do not mean to contradict at all what the distinguished chairman of the committee has said, but I, for one, mighty say that it seemed important to me not only that should points 1 and 2 be included, but further that point 3 should also be included, because I am one of several who have contended that it makes sense to move in the direction away from controls, away from allocations, and away from further restrictions or regulations imposed on this important part of our economy.

I simply wanted to be on record as to this point.

Mr. BARTLETT. Mr. President, will the Senator yield?

Mr. HANSEN. I am happy to yield to the Senator from Colorado.

Mr. BARTLETT. I would call the attention of the distinguished Senator from Wyoming especially to the final paragraph in the additional views on page 16, which reads as follows:

> To continue to rely upon legislative authority designed to be limited to emergency fuel shortages in times of a reported surplus is unwise and unjust. Accordingly, we support the four months extension of the Act only to insure that the phase out of price and allocation controls will be both complete and orderly.

I make the point to the distinguished Senator from Wyoming that I think this reinforces the argument that he just made, and that without an understanding that there would be such a phaseout, the bill as it is now written is just an extension of 4 months, at the end of which time, or during the period, there would be a discussion later as to whether to continue the present law or to make any adjustments in it.

Mr. President, I think it was also the point of view of several who felt that there was ample time between now and the expiration date of the current act to consider changes that would be made, based on a phaseout of allocations that may take place between now and then, and that it was absolutely necessary that this bill be acted upon at this time to extend the time of expiration by 4 months.

Mr. President, without going into a lot of provisions of the act, I advise the distinguished chairman that I shall be voting to oppose the passage of this measure.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill (S. 3717) was ordered to be engrossed for a third reading, was read the third time, and passed.

Mr. JACKSON. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. FANNIN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. JACKSON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR ADJOURNMENT UNTIL 11 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that at the conclusion of the joint session of the two Houses this evening the Senate stand in adjournment until 11 a.m. tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR THE RECOGNITION OF SENATOR ROBERT C. BYRD AND FOR THE TRANSACTION OF ROUTINE MORNING BUSINESS TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on tomorrow after the two leaders or their designees have been recognized under the standing order the junior Senator from West Virginia be recognized for not to exceed 15 minutes, after which there be a period for the transaction of routine morning business not to exceed 15 minutes with statements limited therein to 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF BUSINESS TOMORROW

Mr. ROBERT C. BYRD. Mr. President, on tomorrow the Senate will take up any one or more of the following measures, not necessarily in the order in which they are stated, and the business is not necessarily confined to the measures identified, Calendar Orders No. 949, 1015, 1016, 1017, 1019, 1020, 1022. The Housing Conference Report may also be called up tomorrow, and the conference report on the Transportation appropriation bill may be called up on tomorrow if it is ready by that time.

ORDER FOR RECESS UNTIL 8:20 P.M.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate stands in recess shortly, it stand in recess until the hour of 8:20 p.m. today, at which time Senators will assemble prior to going over to the other body to hear the President address the joint session.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, the Senate will shortly recess until the hour of 8:20 p.m. this evening. Senators will assemble in a body to go to the Hall of the House of Representatives, where the President of the United States will address a joint session of Congress.

Upon the conclusion of the President's address the Senate will stand in adjournment until 11 a.m. tomorrow.

At 11 o'clock a.m. tomorrow after the prayer the two leaders or their designees will be recognized under the standing order, after which the junior Senator from West Virginia will be recognized for not to exceed 15 minutes; after which there will be a period for the transaction of routine morning business of not to exceed 15 minutes with statements limited therein to 5 minutes each; at the conclusion of which the Senate will turn to any one of the following calendar measures: Calendar No. 949, order No. 1015, and orders numbered 1016, 1017, 1019, 1020, and 1022. In addition to any one or more of these being called up tomorrow, the Housing Conference Report may be called up and, if it is ready, and there is an opportunity to do so tomorrow, the conference on the transportation appropriation bill may be called up.

Rollcall votes may occur on tomorrow.

RECESS UNTIL 8:20 P.M.

Mr. MOSS. Mr. President, I move, in accordance with the previous order, that the Senate stand in recess until 8:20 p.m. today.

The motion was agreed to; and at 3:36 p.m. the Senate took a recess until 8:20 p.m.; at which time the Senate reassembled when called to order by the President pro tempore (Mr. EASTLAND).

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDENT pro tempore. Without objection, it is so ordered.

JOINT SESSION OF THE TWO HOUSES—ADDRESS BY THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 93-335)

The PRESIDENT pro tempore. Pursuant to the previous order Members of the Senate will now proceed to the Hall of the House of Representatives for the joint session.

Thereupon, at 8:39 p.m., the Senate, preceded by the Sergeant at Arms, William H. Wannall; the Secretary of the Senate, Francis R. Valeo; and the President pro tempore (JAMES O. EASTLAND), proceeded to the Hall of the House of Representatives to hear the address by the President of the United States, Gerald R. Ford.

(The address delivered by the President of the United States to the Joint Session of the two Houses of Congress, appears in the proceedings of the House of Representatives in today's RECORD.)

ADJOURNMENT

At the conclusion of the Joint Session of the two Houses, and in accordance with the order previously entered, at 9:45 p.m., the Senate adjourned until tomorrow, August 13, 1974, at 11 a.m.

HOUSE OF REPRESENTATIVES—*Monday, August 12, 1974*

The House met at 12 o'clock noon.

The Chaplain, Rev. Edward G. Latch, D.D., offered the following prayer:

Trust in the Lord with all thine heart; and lean not unto thine own understanding.—Proverbs 3: 5.

O God, our Father, in this high hour of our national life help us to match our greatness with goodness and our democracy with a devotion to moral ideals that we may continue our upward way toward a more abundant life with liberty and justice for all.

Bless our President with wisdom, courage, and faith that he may lead us in the paths of peace along the way to a happy harmony at home and to a deeper spirit of unity among our people.

Bless him who resigned as President that he may face the future with faith and that he who did so much for peace in our world may find it in his own heart.

Sustained by Thy presence may we and our people be truehearted and wholehearted in our devotion to our country and harboring no ill will but filled with good will walk the path of truth until the end of life's day.

In the spirit of Him who is the way we pray. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Arrington, one of its clerks, announced that the Senate had passed without amendment, a concurrent resolution of the House of the following title:

H. Con. Res. 594. Concurrent resolution providing for a joint session of the two Houses on Monday, August 12, 1974, to receive a message from the President of the United States.

The message also announced that the Senate had passed with amendments in which the concurrence of the House is requested, bills of the House of the following titles:

H.R. 15427. An act to amend the Rail Passenger Service Act of 1970 to provide financial assistance to the National Railroad Passenger Corporation, and for other purposes; and

H.R. 15842. An act to increase compensation for District of Columbia policemen, firemen, and teachers; to increase annuities payable to retired teachers in the District of Columbia; to establish an equitable tax on real property in the District of Columbia; to provide for additional revenue for the District of Columbia; and for other purposes.

REMARKS BY GERALD R. FORD UPON BEING SWORN IN AS 38TH PRESIDENT OF THE UNITED STATES

Mr. RHODES. Mr. Speaker, I ask unanimous consent to include in the RECORD at this point the remarks of President Gerald R. Ford following his taking the oath of office as the 38th President of the United States.

The SPEAKER. Is there objection to the request of the gentleman from Arizona?

There was no objection.

The remarks are as follows:

REMARKS BY GERALD R. FORD UPON BEING SWORN IN AS 38TH PRESIDENT OF THE UNITED STATES IN THE EAST ROOM, THE WHITE HOUSE

Mr. Chief Justice, my dear friends, my fellow Americans:

The oath that I have taken is the same oath that was taken by George Washington and by every President under the Constitution. But I assume the Presidency under extraordinary circumstances, never before experienced by Americans. This is an hour of history that troubles our minds and hurts our hearts.

Therefore, I feel it is my first duty to make an unprecedented compact with my countrymen. Not an inaugural address, not a fireside chat, not a campaign speech. Just a little straight talk among friends. And I intend it to be the first of many.

I am acutely aware that you have not elected me as your President by your ballots, and so I ask you to confirm me as your President with your prayers. And I hope that such prayers will also be the first of many.

If you have not chosen me by secret ballot, neither have I gained office by any secret promises. I have not campaigned either for the Presidency or the Vice Presidency. I have not subscribed to any partisan platform. I am indebted to no man, and only to one woman—my dear wife—as I begin this very difficult job.

I have not sought this enormous responsibility, but I will not shirk it. Those who nominated me and confirmed me as Vice President were my friends and are my friends. They were of both parties, elected by all the people and acting under the Constitution in their name. It is only fitting then that I should pledge to them and to you that I will be the President of all the people.

Thomas Jefferson said the people are the only sure reliance for the preservation of our liberty. And down the years, Abraham Lincoln renewed this American article of faith asking, "Is there any better way or equal hope in the world?"

I intend, on Monday next, to request of the Speaker of the House of Representatives and the President pro tempore of the Senate the privilege of appearing before the Congress to share with my former colleagues and with you, the American people, my views on the priority business of the Nation and to solicit your views and their views. And may I say to the Speaker and the others, if I could meet with you right after these remarks, I would appreciate it.

Even though this is late in an election year, there is no way we can go forward except together and no way anybody can win except by serving the people's urgent needs. We cannot stand still or slip backwards. We must go forward now together.

To the peoples and the governments of all friendly nations, and I hope that could encompass the whole world, I pledge an uninterrupted and sincere search for peace. America will remain strong and united, but its strength will remain dedicated to the safety and sanity of the entire family of man, as well as to our own precious freedom.

I believe that truth is the glue that holds Government together, not only our Government, but civilization itself. That bond, though strained, is unbroken at home and abroad.

In all my public and private acts as your President, I expect to follow my instincts of openness and candor with full confidence that honesty is always the best policy in the end.

My fellow Americans, our long national nightmare is over.

Our Constitution works; our great Republic is a Government of laws and not of men. Here the people rule. But there is a higher power, by whatever name we honor Him, who ordains not only righteousness but love, not only justice but mercy.

As we bind up the internal wounds of Watergate, more painful and more poisonous than those of foreign wars, let us restore the golden rule to our political process, and let brotherly love purge our hearts of suspicion and of hate.

In the beginning, I asked you to pray for me. Before closing, I ask again your prayers, for Richard Nixon and for his family. May our former President, who brought peace to millions, find it for himself. May God bless and comfort his wonderful wife and daughters, whose love and loyalty will forever be a shining legacy to all who bear the lonely burdens of the White House.

I can only guess at those burdens, although I have witnessed at close hand the tragedies that befell three Presidents and the lesser trials of others.

With all the strength and all the good sense I have gained from life, with all the confidence my family, my friends, and my dedicated staff impart to me, and with the good will of countless Americans I have encountered in recent visits to 40 States, I now solemnly reaffirm my promise I made to you last December 6: To uphold the Constitution, to do what is right as God gives me to see the right, and to do the very best I can for America.

God helping me, I will not let you down. Thank you.

APPOINTMENT OF CONFEREES ON H.R. 12281, TO CONTINUE SUSPENSION OF DUTIES ON CERTAIN FORMS OF COPPER

Mr. BURKE of Massachusetts. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 12281) to continue until the close of June 30, 1975, the suspension of duties on certain forms of copper, with a Senate amendment thereto, disagree to the Senate amendment, and request a conference with the Senate thereon.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts? The Chair hears none, and appoints the following conferees: Messrs. MILLS, ULLMAN, BURKE of Massachusetts, SCHNEEBELI, and COLLIER.

PERMISSION TO FILE CONFERENCE REPORT ON H.R. 2, PENSION REFORM

Mr. DENT. Mr. Speaker, I ask unanimous consent that the managers have until midnight tonight to file a conference report on H.R. 2, to provide for pension reform.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

EXPLANATION CONCERNING CONFERENCE REPORT ON H.R. 15544

(Mr. STEED asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. STEED. Mr. Speaker, on Tuesday of last week, August 6, the conferees met and reached agreement on the Treasury, Postal Service and Executive Office appropriation bill (H.R. 15544). Conference report No. 93–1262 was filed and has been printed. Certain amendments of the Senate were reported in technical disagreement concerning personnel in the Executive Office section of the bill. The House conferees were prepared to offer motions to the House to recede and concur with the Senate amendments with amendments which would conform the appropriation bill to the pending legislation (H.R. 14715) clarifying such employment. That legislation had passed both Houses, had been reported by the conferees, and the House had adopted the conference report.

Subsequent to that time, however, the Senate voted to table the conference report. Even though the Senate has now reconsidered, and under unanimous consent has sent the legislative bill back to conference, the conferees on the appropriation bill feel that it would be advisable to modify the wording of the motions on three Senate amendments in disagreement on the appropriation bill to take account of the action on the legislative bill.

The Senate conferees have agreed to moved to concur in the amendments as modified.

The conference report is scheduled for consideration in the House tomorrow, August 13. At that time I will, of course, explain each motion in whatever detail is desired by the Members.

The purpose of my remarks today is to inform the House that the motions I will offer tomorrow in connection with the bill (H.R. 15544) will, in three instances, be slightly different from that indicated in the printed conference report.

IS THERE A LACK OF FAIRNESS IN CAPITAL JURIES?

(Mr. SIKES asked and was given permission to address the House for 1 minute, to revise and extend his remarks, and include extraneous matter.)

Mr. SIKES. Mr. Speaker, can defendants in the Watergate related cases receive fair trials in the District of Columbia? This question is being asked more and more. The feeling persists that association with the Nixon administration is likely to mean a verdict of guilty when trials are held in the Capital. Whether from prejudice or because of sensational publicity, the results of trials certainly point in that direction. The percentage of convictions is running much higher than in all other cases. Despite this situation, defendants are unable to get a change of venue.

The operation of the courts in the United States is frequently subject to criticism, but in most cases it has been because of the ability of the accused to escape punishment. It does not improve the standing of the system when one particular group of plaintiffs, almost to a man, are adjudged guilty.

WATERGATE RECORD SHOULD BE COMPLETED

(Mr. BINGHAM asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BINGHAM. Mr. Speaker, we all feel a sense of relief—almost of euphoria—at having a new President whom we like and can trust.

In this atmosphere, it is tempting to say that we should now just forget about the Watergate mess, that we should put all that behind us.

But that would be impossible, even if it were wise. The Special Prosecutor has been given a job to do, and he will be proceeding with it. The former President may be indicted; almost certainly he will be called as a witness. No doubt these judicial proceedings will produce new revelations; additional information about the various aspects of Watergate will be revealed in a piecemeal, unsystematic fashion.

In order that the Congress and the American people may have for the record as total and as balanced as possible a picture of this entire episode in our history, I would urge the Judiciary Committee not to consider that its work in the matter has been completed with the filing of its report in the coming weeks.

Certainly, its report should be filed, and the House should act to accept it. But there is much more information that will not be included in the report, notably the information contained in the many tapes and records that the committee subpenaed but which were never produced. I would urge the committee to communicate to President Ford a request that this material now be furnished to the committee so that it can give us a supplemental report in a balanced and comprehensive way.

FOREIGN COUNTRIES BECOMING MAJORITY OWNERS IN OUR INDUSTRIES

(Mr. DENT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr DENT. Mr. Speaker, I thought it would be important to know that for the first quarter of the year there were $4.8 billion worth of stock transactions on the Big Board. Out of this considerable total of stock transactions, $2.9 billion or 60 percent of all the stock transactions on the Big Board of the United States were by foreign countries.

We are now in a position where every month more and more of the stock in our companies is being taken up by foreign countries. The 60-percent ratio if it is maintained from now until the end of the year will result in our finding the major part of our most important industries will be in the hands of foreigners.

I might also say the churning changes causing the fluctuations in the market to be unreadable and unrecognizable are because of the fact that while they bought $2.6 million, they sold $2.2 million.

In no way can anyone understand the market, and until we understand it the economy of this Nation will continue to go downhill.

BEST WISHES TO PRESIDENT FORD

(Mr. DE LA GARZA asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. DE LA GARZA. Mr. Speaker, on Friday and Saturday, I was in Biloxi, Miss., and New Orleans, La., acting as chairman of a Merchant Marine and Fisheries Subcommittee hearing on matters of vital importance to our domestic fishing industry. Consequently, I was unable to record my vote on Senate Concurrent Resolution 108 extending the best wishes of the Congress to President Gerald R. Ford.

Had I been present I would have voted "aye" on this resolution.

Immediately upon my return to Washington, I wired President Ford my personal expression of good wishes. The text of my telegram is as follows:

> Mr. President, Americans are looking to you for calm, reasonable, open leadership. I know that is what you will provide. I want to help however I can to bring about realization of the promise of unity implicit in your brief and moving remarks on taking the Oath of Office as President. Your words brought reassurance to millions of your fellow citizens. Please continue to count me among your many friends on Capitol Hill.
>
> KIKA DE LA GARZA,
> *Member of Congress.*

RELIEF FROM INFLATION IS URGENT NEED

(Mr. ADDABBO asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ADDABBO. Mr. Speaker, I recently sent a letter to my constituents in which I attempted to make them more aware of the consumer protection laws which Congress has written to protect consumers from unfair market practices. On the back side of the letter, I included a checklist of market information questions relating to unit pricing, honest advertising, labeling, perishables and meats, inviting constituent comments on the conditions within the stores they purchase the family food supply at each week.

I am now getting an overwhelming response from my constituents. For the most part, the early reports indicate that most grocery stores in my district are complying with the law, and are helpful to consumers wherever possible. There have been reports on alleged unsavory conditions at some stores which I will pass on to the appropriate authorities for investigation and action.

But I am impressed with one facet of the response that all of us need to keep in mind at all times as we consider legislation. Inflation must be turned around as quickly as possible. American families have suffered greatly through this extended inflationary period, and they must be given relief as soon as is humanly possible.

I urge this body to do everything possible to stem this corrosive national problem as soon as possible, and I call on President Ford to make inflation his top priority in the weeks ahead. Inflation is far more deadly to our way of life than any foreign threat. It permeates throughout American life on all stratas of income, though the poor, the aged, and the ill suffer most grievously.

COMMENTS ON RESIGNATION OF MR. NIXON

(Mr. RUTH asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. RUTH. Mr. Speaker, I would like to insert in the RECORD my statement followed Mr. Nixon's resignation last Thursday:

STATEMENT OF EARL B. RUTH, AUGUST 8, 1974

> An era has ended.
>
> Speculation will cease and the most emotional debate of history will become moot.
>
> The President's announcement has to be one of sadness. Even his enemies must feel compassion for him and his family.
>
> His resignation came tonight but his finish came Monday with his confession of indiscretions. After his self-incriminating statement, when his fate was inevitable, some felt compelled to come out for impeachment. Since the final decision was yet to come, I found this action neither appropriate nor satisfying.
>
> I hope history remembers him for his accomplishments and not just for the circumstances of his resignation.

SUPERMARKET PRICING CHANGE WILL SAVE CONSUMERS MILLIONS OF DOLLARS

(Mr. PEYSER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PEYSER. Mr. Speaker, will all the dramatic things that have been happening here in Washington in the past month, it may have gone unnoticed by most of the Members that two supermarket chains have instituted a major reform by stopping the unfair practice of increasing the price of food once it appears on the shelf.

In my area in Metropolitan New York the First National Stores, and nationally the Safeway Stores, have started this program. I am urging my colleagues, the Members to contact consumer groups and people in their own districts and have those people start bringing pressure on their local food chains to do the same.

In this time of high food prices that are going even higher in the next several months, this change could save our people millions of dollars a year.

When I started my fight for this program, people in the food industry said that this battle could not be won. We have proven them wrong in my local area. Now I hope we will prove them wrong nationally.

TO CLARIFY EXISTING AUTHORITY FOR EMPLOYMENT OF WHITE HOUSE AND EXECUTIVE RESIDENCE PERSONNEL

Mr. HENDERSON. Mr. Speaker, I move to take from the Speaker's desk the bill (H.R. 14715) to clarify existing authority for employment of White House Office and Executive Residence personnel, and for other purposes, recede from the disagreement of the House to the Senate amendments and concur in the Senate amendments with further amendments.

The Clerk read the title of the Senate bill.

The Clerk read the Senate amendments, as follows:

Strike out all after the enacting clause and insert:

That (a) section 105 of title 3. United States Code, is amended to read as follows:

"§ 105. Assistance and services for President and Vice President

"(a) Subject to the provisions of subsection (b) of this section, the President is authorized to appoint employees in the White House Office and the Executive Residence at the White House without regard to the provisions of title 5 governing appointments in the competitive service. Those employees shall perform such official duties as the President may prescribe.

"(b) The President, under the authority of subsection (a) of this section, may appoint and fix the pay of not more than—

"(1) fifteen employees at rates not to exceed the rate of basic pay then currently in effect for level II of the Executive Schedule of section 5313 of title 5;

"(2) twenty-five employees at rates not to exceed the rate of basic pay then currently in effect for level III of the Executive Schedule of section 5314 of title 5; and

"(3) thirty-five employees at rates not to exceed the rate af basic pay then currently paid for GS-18 of the General Schedule of section 5332 of title 5, without regard to chapter 51 and subchapter III of chapter 53 of such title.

"(c) The President is authorized to procure within the White House Office and the Executive Residence at the White House temporary or intermittent services of experts and consultants, as described in and in accordance with the first two sentences of section 3109(b) of title 5, at respective daily rates of pay for individuals not more than the daily equivalent of the rate of basic pay then currently in effect for level II of the Executive Schedule of section 5313 of title 5.

"(d) The President is authorized to procure goods and services for the maintenance, operationo, improvement, and preservation of the Executive Residence at the White House.

"(e) There are authorized to be appropriated each fiscal year to the President—

"(1) such sums as may be necessary to pay official reception, entertainment, and representation expenses, to be expended at the discretion of the President, except that the Comptroller General shall be furnished information requested by him relating to the expenditure of such funds and access to all necessary books, documents, papers, and records relating to any such expenditure, in order that he may determine whether the expenditure was for payment of official reception, entertainment, and representation expenses; and

"(2) such sums as may be necessary for allocation within the Executive Office of the President for official reception and representation expenses.

"(f) In order to enable the Vice President to provide assistance to the President in connection with the performance of funds specially assigned to the Vice President by the President in the discharge of Executive duties and responsibilities, the Vice President is authorized to—

"(1) procure temporary or intermittent services of experts and consultants, as described in and in accordance with the first two sentences of section 3109(b) of title 5, at respective daily rates of pay for individuals not more than the daily equivalent of the maximum rate of basic pay then currently paid under the General Schedule of section 5332 of title 5; and

"(2) appoint, without regard to the provisions of title 5 governing appointments in the competitive service, and fix the pay of not more than—

"(A) one employee at a rate not to exceed the rate of basic pay then currently in effect for level II of the Executive Schedule of section 5313 of title 5;

"(B) six employees at rates not to exceed the rate of basic pay then in effect for level III of the Executive Schedule of section 5314 of title 5; and

"(C) seven employees at rates not to exceed the rate of basic pay then currently paid for GS-18 of the General Schedule of section 5332 of title 5, without regard to chapter 51 and subchapter III of chapter 53 of such title."

(b) The table of sections at the beginning of chapter 2 of title 3, United States Code, is amended by deleting—

"105. Compensation of secretaries and executive, administrative, and staff assistants to President."

and inserting in place thereof—

"105. Assistance and services for President and Vice President.".

SEC. 2. (a) Section 106 of title 3, United States Code, is amended to read as follows:

"§ 106. Unanticipated personnel needs

"There are authorized to be appropriated to the President not to exceed $1,000,000 each fiscal year to enable the President, in his discretion and without regard to any provision of law regulating employment and pay of persons of the Government or regulating expenditures of Government funds, to appoint and pay employees to meet unanticipated personnel needs and to pay administrative expenses incurred with respect thereto."

(b) The table of sections at the beginning of chapter 2 of title 3, United States Code, is amended by deleting—

"106. Administrative assistants.".

and inserting in place thereof—

"106. Unanticipated personnel needs.".

SEC. 3. Section 103 of title 3, United States Code, relating to travel expenses of the President, is amended by deleting "$40,000" and inserting in place thereof "$100,000" and by deleting "and accounted for on his certificate solely" and inserting in place thereof a comma and the following: "except that the Comptroller General shall be furnished information requested by him relating to the expenditure of such sums and access to all necessary books, documents, papers, and records relating to any such expenditure, in order that he may determine whether the expenditure was for payment of traveling expenses of the President of the United States".

SEC. 4. (a) Section 102 of title 3, United States Code, is amended by striking out "Executive Mansion" and inserting in lieu thereof "Executive Residence at the White House".

(b)(1) Section 109 of such title 3 is amended—

(A) by striking out the section caption "Executive Mansion" and inserting in lieu thereof "Executive Residence at the White House"; and

(B) by striking out of the text "Executive Mansion" wherever it appears and inserting in lieu thereof "Executive Residence at the White House" each time.

(2) Item 109 in the table of sections at the beginning of chapter 2 of such title 3 is amended by striking out "Executive Mansion" and inserting in lieu thereof "Executive Residence at the White House".

(c)(1) Section 110 of such title 3 is amended—

(B) by inserting in the section caption, immediately before "White House", the following: "Executive Residence at the";

(B) by inserting in the first sentence immediately after "President's", the following: "Executive Residence at the White"; and

(c) by inserting immediately before "White House" wherever it appears "Executive Residence at the" each time.

(2) Item 110 in the table of sections at the beginning of chapter 2 of such title 3 is amended by inserting, immediately before "White House", the following: "Executive Residence at the".

SEC. 5. Section 107 of title 3, United States Code, is amended to read as follows:

"§ 107. Detail of employees of executive departments to office of President

"At the request of the President, the head of any department, agency, or independent establishment of the executive branch of the Government shall detail, from time to time, employees of such department, agency, or establishment to serve in the White House Office. The President shall advise the Congress of the names and general duties of all such employees so detailed to the White House Office. An employee may not be so detailed for full-time duty on a continuing basis for any period of more than one year. The White House Office shall reimburse each such department, agency, or establishment, for the pay of each employee thereof so detailed for full-time duty on a continuing basis, for any period of such detail occurring after the close of the sixth month following the date on which such detail first becomes effective.".

SEC. 6. (a) Chapter 2 of title 3, United States Code, is amended by adding at the end thereof the following new section:

"§ 112. Statement of expenditures for employees

"(a) The President shall transmit to each House of the Congress reports with respect to expenditures for employees performing duties in the White House Office and the Executive Residence at the White House. Each such report shall be transmitted no later than sixty days after the end of each fiscal year and shall contain a detailed statement of such expenditures during the most recent complete fiscal year.

"(b) Each report required under subsection (a) shall contain (1) the name of every employee in the White House Office and the Executive Residence at the White House, (2) the amount of appropriated moneys paid to each such employee, (3) a general title and general job description for each such employee, (4) the amounts of any reimbursements made to each department, agency, or establishment for employees detailed to the White House Office under section 107 of this title, and (5) the name and general duties of the employee so detailed and the department, agency, or establishment from which the employee was detailed.

"§ 113. Limitation upon access of executive branch personnel to tax returns

"Notwithstanding any other provision of law or of any regulation made pursuant thereto, no return made with respect to any tax imposed by the Internal Revenue Code of 1954 shall be open for inspection by, nor shall any copy thereof be furnished to, any officer or employee in the executive branch, other than the President personally upon written request, or an officer or employee of the Department of the Treasury or the Department of Justice concerned with the filing and audit of such return, the payment, collection, or recovery of the tax with respect to which such return was made, or the prosecution of any offense arising out of that return."

(b) The table of sections for chapter 2 of such title 3 is amended by adding at the end thereof the following new items:

"112. State of expenditures for employees.

"113. Limitation upon access of executive branch personnel to tax returns."

(c) The amendments made by the provisions of this section shall apply with respect to fiscal years beginning after June 30, 1974.

SEC. 7. Effective July 1, 1978—

(1) sections 105, 106, and 107 of title 3, United States Code, are repealed; and

(2) items 105, 106, and 107 in the table of sections of chapter 2 such title 3 are repealed.

Amend the title so as to read: "An Act to clarify existing authority for employment of personnel in the White House Office and in the Executive Residence at the White House, employment of personnel by the President to meet unanticipated personnel needs, and for other purposes."

Mr. HENDERSON (during the reading). Mr. Speaker, I ask unanimous consent that the Senate amendments be considered as read and printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

MOTION OFFERED BY MR. HENDERSON

Mr. HENDERSON. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. HENDERSON moves that the House concur in the Senate amendments with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment to the text of the bill, insert the following:

That (a) section 105 of title 3, United States Code, is amended to read as follows:

"SEC. 105. ASSISTANCE AND SERVICES FOR PRESIDENT AND VICE PRESIDENT

"(a) Subject to the provisions of subsection (b) of this section, the President is authorized to appoint employees in the White House Office and the Executive Residence at the White House without regard to the provisions of title 5 governing appointments in the competitive service. Those employees shall perform such official duties as the President may prescribe.

"(b) The number of employees appointed under authority of subsection (a) of this section may not include—

"(1) during the period beginning on the date of enactment of this subsection and ending immediately prior to January 1, 1976, more than—

"(A) 14 employees at the rate of basic pay then currently in effect for level II of the Executive Schedule of section 5313 of title 5; and

"(B) 21 employees at rates not to exceed the rate of basic pay then currently in effect for level III of the Executive Schedule of section 5314 of such title;

"(2) during the period beginning on January 1, 1976, and ending immediately prior to January 20, 1977, more than—

"(A) 12 employees at the rate of basic pay then currently in effect for level II of the Executive Schedule of section 5313 of such title;

"(B) 10 employees at the rate of basic pay then currently in effect for level III of the Executive Schedule of section 5314 of such title;

"(C) 9 employees at the rate of basic pay then currently in effect for level IV of the Executive Schedule of section 5315 of such title; and

"(D) 9 employees at the rate of basic pay then currently in effect for level V of the Executive Schedule of section 5316 of such title.

"(3) on and after January 20, 1977, more than—

"(A) 8 employees at the rate of basic pay then currently in effect for level II of the Executive Schedule of section 5313 of such title;

"(B) 10 employees at the rate of basic pay then currently in effect for level III of the Executive Schedule of section 5314 of such title;

"(C) 11 employees at the rate of basic pay then currently in effect for level IV of the Executive Schedule of section 5315 of such title; and

"(D) 11 employees at the rate of basic pay then currently in effect for level V of the Executive Schedule of section 5316 of such title.

The President is authorized to place, subject to the standards and procedures prescribed by chapter 51 of such title and in addition to the number of positions authorized in section 5108(a) of such title, a total of 35 positions in GS–16, GS–17, and GS–18 of the General Schedule of section 5332 of such title.

"(c) The President is authorized to procure for the White House Office and the Executive Residence at the White House temporary or intermittent services of experts and consultants, as described in and in accordance with the first two sentences of section 3109(b) of title 5, at respective daily rates of pay for individuals not more than the daily equivalent of the rate of basic pay then currently in effect for level II of the Executive Schedule of section 5313 of such title.

"(d) The President is authorized to procure goods and services for the maintenance, operation, improvement, and preservation of the Executive Residence at the White House.

"(e) There are authorized to be appropriated each fiscal year to the President—

"(1) such sums as may be necessary to pay official reception, entertainment, and representation expenses, to be expended at the discretion of the President, except that the Comptroller General shall be furnished information requested by him relating to the expenditure of such funds and access to all necessary books, documents, papers, and records relating to any such expenditure, in order that he may determine whether the expenditure was for payment of official reception, entertainment, and representation expenses; and

"(2) such sums as may be necessary for allocation within the Executive Office of the President for official reception and representation expenses.

"(f) In order to enable the Vice President to provide assistance to the President in connection with the performance of functions specially assigned to the Vice President by the President in the discharge of executive duties and responsibilities, the Vice President is authorized to—

"(1) procure temporary or intermittent services of experts and consultants, as described in and in accordance with the first two sentences of section 3109(b) of title 5, at respective daily rates of pay for individuals not more than the daily equivalent of the maximum rate of basic pay then currently paid under the General Schedule of section 5332 of such title:

"(2) appoint employees without regard to the provisions of such title governing appointments in the competitive service, except that he may appoint not more than—

"(A) 1 employee at the rate of basic pay then currently in effect for level II of the Executive Schedule of section 5313 of such title;

"(B) 3 employees at the rate of basic pay then currently in effect for level III of the Executive Schedule of section 5314 of such title; and

"(C) a combined total of 3 employees at the respective rates of basic pay then currently in effect for levels IV and V of the Executive Schedule of sections 5315 and 5316 of such title; and

"(3) place, subject to the standards and procedures prescribed by chapter 51 of such title and in addition to the number of positions authorized in section 5108(a) of such title, a total of 7 positions in GS–16, GS–17, and GS–18 of the General Schedule of section 5332 of such title

"(g) Notwithstanding any provision of law, other than the provisions of this chapter, no employee in the White House Office or in the Executive Residence at the White House, nor any employee under the Vice President appointed under subsection (f), may be paid a rate of basic pay in excess of the maximum rate of basic pay then currently paid for GS–15 of the General Schedule of section 5332 of title 5."

(b) The table of sections at the beginning of chapter 2 of title 3, United States Code, is amended by deleting—

"105. Compensation of secretaries and executive, administrative, and staff assistants to President."

and inserting in place thereof—

"105. Assistance and services for President and Vice President.".

SEC. 2. (a) Section 106 of title 3, United States Code, is amended to read as follows:

"SEC. 106. UNANTICIPATED PERSONNEL NEEDS

"(a) there is authorized to be appropriated to the President an amount not to exceed $500,000 each fiscal year to enable the President to appoint employees to meet unanticipated personnel needs and to pay administrative expenses incurred with respect thereto.

"(b) Positions to which appointments are made under subsection (a) shall be subject to the provisions of chapter 51 and subchapter III of chapter 53 of title 5, except that any positions placed in GS–16, GS–17, and GS–18 of the General Schedule of section 5332 of such title shall be in addition to the number of positions authorized in section 5108(a) of such title.

"(c) The President shall transmit to each House of the Congress reports with respect to expenditures under this section. Each such report shall be transmitted not later than 60 days after the close of each fiscal year and shall contain a detailed statement of such expenditures during such fiscal year, including—

"(1) the name of every employee paid under this section;

"(2) the amount of appropriated moneys paid to each such employee;

"(3) a general title and general job description for each such employee; and

"(4) a detailed explanation of the purposes for the appointment of employees paid under the authority of this section."

(b) The table of sections at the beginning of chapter 2 of title 3, United States Code, is amended by deleting—

"106. Administrative assistants."

and inserting in place thereof—

"106. Unanticipated personnel needs.".

SEC. 3. Section 103 of title 3, United States Code, relating to travel expenses of the President, is amended by deleting "$40,000" and inserting in place thereof "$100,000" and by deleting "and accounted for on his certificate solely" and inserting in place thereof a comma and the following: "except that the Comptroller General shall be furnished information requested by him relating to the expenditure of such sums and access to all necessary books, documents, papers, and records relating to any such expenditure, in order that he may determine whether the expenditure was for payment of traveling expenses of the President of the United States".

SEC. 4. (a) Section 102 of title 3, United States Code, is amended by deleting "Executive Mansion" and inserting in place thereof "Executive Residence at the White House".

(b)(1) Section 109 of such title 3 is amended—

(A) by deleting from the section caption "Executive Mansion" and inserting in place thereof "Executive Residence at the White House"; and

(B) by deleting from the text "Executive Mansion" wherever it appears and inserting in place thereof "Executive Residence at the White House" each time.

(2) Item 100 in the table of sections at the beginning of chapter 2 of such title 3 is amended by deleting "Executive Mansion" and inserting in place thereof "Executive Residence at the White House."

(c)(1) Section 110 of such title 3 is amended—

(A) by inserting in the section caption, immediately before "White House", the following: "Executive Residence at the";

(B) by inserting in the first sentence immediately after "President's", the followlowing: "Executive Residence at the White"; and

(C) by inserting immediately before "White House" wherever it appears "Executive Residence at the"each time.

(2) Item 110 in the table of sections at the beginning of chapter 2 of such title 3 is amended by inserting immediately before "White House", the following: "Executive Residence at the".

(d) Section 202 of such title 3 is amended by deleting "Executive Mansion" and inserting in place thereof "White House".

SEC. 5. Section 107 of title 3, United States Code, is amended to read as follows:

"SEC. 107. DETAIL OF EMPLOYEES OF EXECUTIVE DEPARTMENTS TO OFFICE OF PRESIDENT

"At the request of the President, the head of any department, agency, or independent establishment of the executive branch of the Government shall detail, from time to time, employees of such department, agency, or establishment to serve in the White House Office. The President shall advise the Congress of the names and general duties of all such employees so detailed to the White House Office. An employee may not be so detailed for full-time duty on a continuing basis for any period of more than one year. The White House Office shall reimburse each such department, agency, or establishment, for the pay of each employee thereof so detained for full-time duty on a continuing basis, for any period of such detail occurring after the close of the sixth month following the date on which such detail first becomes effective.".

SEC. 6. (a) Chapter 2 of title 3, United States Code, is amended by adding at the end thereof the following new section:

"SEC. 112. STATEMENT OF EXPENDITURES FOR EMPLOYEES

"The President shall transmit to each House of the Congress reports with respect to expenditures for employees performing duties in the White House Office and the Executive Residence at the White House. Each such report shall be transmitted no later than 60 days after the end of each fiscal year and shall contain a detailed statement of such expenditures during such fiscal year, including—

"(1) the name of every employee in the White House Office and the Executive Residence at the White House;

"(2) the amount of appropriated moneys paid to each such employee;

"(3) a general title and general job description for each such employee;

"(4) the amounts of any reimbursements made to each department, agency, or establishment for employees detailed to the White House Office under section 107 of this title; and

"(5) the name and general duties of such employees so detailed and the department, agency, or establishment from which the employee was detailed.

(b) The table of sections for chapter 2 of such title 3 is amended by adding at the end thereof the following new item:

"112. Statement of expenditures for employees.".

(c) The amendments made by the provisions of this section shall apply with respect to fiscal years beginning after June 30, 1974.

SEC. 7. Notwithstanding the provisions of section 105 of title 3, United States Code, as amended by the first section of this Act, if an employee in the White House Office or the Executive Residence at the White House is receiving basic pay immediately before January 1, 1976, at a rate different than the rate authorized under such section 105, then, effective on January 1, 1976, he may continue to receive basic pay at the different rate so long as he continues to perform the duties of the position he occupied immediately prior to January 1, 1976.

SEC. 8. Effective October 1, 1978—

(1) sections 105, 106, and 107 of title 3, United States Code, as in effect immediately prior to such date, are repealed; and

(2) items 105, 106, and 107 in the table of sections of chapter 2 of such title 3 are repealed.

And in lieu of the matter proposed to be inserted by the amendment of the Senate to the title of the House bill, insert the following: "An Act to clarify existing authority for employment of personnel in the White House Office and in the Executive Residence at the White House, to clarify existing authority for employment of personnel by the President to meet unanticipated personnel needs, and for other purposes."

Mr. HENDERSON (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. HENDERSON. Mr. Speaker, this bill (H.R. 14715) is the authorization for staff support, administrative expenses, maintenance, and operation for the White House office, the Executive residence of the White House, and for the Executive duties and responsibilities of the Vice President.

My amendment contains language identical to the language of the conference agreement adopted by the House on August 6, but rejected by the Senate on August 7.

Mr. Speaker, this bill has been before the House twice, on July 18 when it was first passed by the House and on August 6 when the House agreed to the conference report which, by the way, was signed by each of the House and Senate conferees.

However, on last Wednesday, August 7, the Senate by a vote of 54 to 34 adopted a motion to table the conference report and the Senate then asked for a further conference.

Mr. Speaker, the House conferees see no need for a further conference and that is why I have offered this motion which includes the language recommended by the conferees.

A review of the Senate debate leads me to believe that the conferees' report was rejected by the Senate because the conference agreement did not include a provision of the original Senate amendment which provides that no Federal tax returns shall be made available for inspection by, nor shall any copy be furnished to, any officer or employee of the executive branch other than the President or an officer or employee of the Departments of Treasury or Justice concerned with the tax returns, the payment, collection, or recovery of the tax for which such return was made, or any offense arising out of the return.

The conferees unanimously rejected that provision on the basis that it was nongermane to the bill. Also, the conferees had received a letter from Chairman WILBUR D. MILLS and HERMAN T. SCHNEEBELI, ranking Republican member of the Ways and Means Committee, recommending that the provision not be approved on the basis that their committee was in the process of developing comprehensive legislation on the subject. Moreover, it was pointed out that serious questions had been raised on the basis that the amendment would prohibit the appropriate officials from using the tax returns for the purpose of furnishing necessary statistical and other data for authorized purposes such as the Bureau of Census program.

Mr. Speaker, in view of the fact that the Senate provisions relating to the tax returns are not germane to this bill and the fact that Chairman Mills has advised that his committee has this matter under consideration, I am convinced that no useful purpose would be served by once again sending this bill to conference for the sole purpose of giving further consideration to the Senate tax provision.

I urge the adoption of my motion so that the bill can be sent back to the Senate for their reconsideration.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. HENDERSON. I yield to the gentleman from Iowa.

Mr. GROSS. I thank the gentleman for yielding. I want to commend the gentleman from North Carolina for the action he has proposed to the House in this instance.

I signed the conference report, and returning the report to the Senate is the only proper action the House of Representatives can take.

The SPEAKER. The question is on the motion offered by the gentleman from North Carolina (Mr. Henderson).

The motion was agreed to.

The Senate amendments, as amended, were concurred in.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. HENDERSON. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous matter on the Senate amendments to the bill H.R. 14715.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER. The Chair desires to make an announcement.

After consultation with the majority and minority leaders, and with their consent and approval, the Chair announces that this evening, when the Houses meet in joint session to hear an address by the President of the United States, only the doors immediately opposite the Speaker and those on his left and right will be open.

No one will be permitted on the floor of the House who does not have the privilege of the floor of the House.

Due to the large attendance which is anticipated, the Chair will stress that the rule regarding the privilege of the floor will be strictly adhered to.

Children of Members will not be permitted on the floor and the cooperation of all Members is requested.

PROVIDING FOR CONSIDERATION OF H.R. 14214, HEALTH REVENUE SHARING AND HEALTH SERVICES ACT OF 1974

Mr. LONG of Louisiana. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 1279 and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. Res. 1279

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 14214) to amend the Public Health Service Act and related laws to revise and extend programs of health revenue sharing and health services, and for other purposes. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Interstate and Foreign Commerce, the bill shall be read for amendment under the five-minute rule by titles instead of by sections. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

The SPEAKER. The gentleman from Louisiana (Mr. Long) is recognized for 1 hour.

Mr. LONG of Louisiana. Mr. Speaker, I yield 30 minutes to the distinguished gentleman from California (Mr. Del Clawson), pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 1279 provides for an open rule with 1 hour of general debate on H.R. 14214, the Health Revenue Sharing and Health Services Act of 1974.

House Resolution 1279 provides that the bill shall be read for amendment by titles instead of by sections.

H.R. 14214 provides for a 2-year extension and revision of five expiring programs for health services with a total authorization of $1.736 billion. The programs are health revenue sharing, with a total authorization of $420 million for the 2 years; family planning, with a total authorization of $472.5 million; community mental health centers, for which $278 million is authorized; migrant health programs, with authorizations of $105 million; and the community health centers program, with a total authorization of $460 million.

Mr. Speaker, I urge the adoption of House Resolution 1279 in order that we may discuss, debate and pass H.R. 14214.

CALL OF THE HOUSE

Mr. MONTGOMERY. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. O'NEILL. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 474]

Abdnor
Abzug
Alexander
Andrews, N.C.
Ashley
Aspin
Badillo
Beard
Blatnik
Boland
Brasco
Breaux
Brown, Mich.
Buchanan
Burke, Calif.
Carey, N.Y.
Chisholm
Clark
Cohen
Collier
Conlan
Conyers
Culver
Davis, Ga.
Dellums
Diggs
Dingell
Dorn
Downing
Dulski
Edwards, Calif.
Evans, Colo.
Fascell
Flynt
Ford
Fulton
Giaimo
Gibbons
Gray
Griffiths
Grover
Gubser
Gunter
Hanna
Hansen, Wash.
Harsha
Hébert
Hogan
Holifield
Horton
Jones, Tenn.
Karth
Kluczynski
Landrum
Lehman
Lent
Litton
Long, Md.
Lott
McCloskey
McCormack
McSpadden
Macdonald
Maraziti
Mayne
Moorhead, Calif.
Moorhead, Pa.
Murphy, Ill.
Murphy, N.Y.
O'Hara
Passman
Pepper
Podell
Price, Tex.
Quillen
Rangel
Rarick
Reid
Robison, N.Y.
Rooney, N.Y.
Roy
Ruppe
Sandman
Shoup
Sisk
Slack
Stuckey
Thompson, N.J.
Treen
Udall
Ullman
Vander Jagt
Wiggins
Williams
Wydler
Young, Ga.
Zablocki

The SPEAKER. On this rollcall 337 Members have recorded their presence by electronic device, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

PROVIDING FOR CONSIDERATION OF H.R. 14214, HEALTH REVENUE SHARING AND HEALTH SERVICES ACT OF 1974

The SPEAKER. The Chair recognizes the gentleman from California (Mr. Del Clawson).

Mr. DEL CLAWSON. Mr. Speaker, as previously noted, this rule, House Resolution 1279 provides for the consideration of H.R. 14214, the Health Revenue Sharing and Health Services Act of 1974. The rule provides 1 hour of general debate and the bill will be open to amendments. It also provides that the bill will be read for amendment by titles instead of by sections.

The primary purpose of H.R. 14214 is to extend and revise five health services programs for 2 years. The total authorization is $1.736 billion. Of this total amount $420 million is for health revenue sharing; $472.5 million is for family planning; $278 million is for community mental health centers; $105 million is for migrant health; and $460 million is for community health centers.

Mr. Speaker, I support this rule, so that the House may proceed to consider the merits of this legislation.

Mr. Speaker, I have no further requests for time, and I reserve the balance of my time.

Mr. LONG of Louisiana. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

PROVIDING FOR CONSIDERATION OF H.R. 5529, MOTOR VEHICLE AND SCHOOLBUS SAFETY AMENDMENTS OF 1974

Mr. LONG of Louisiana. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 1304 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. Res. 1304

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 5529) to amend the National Traffic and Motor Vehicle Safety Act of 1966 to authorize appropriations for the fiscal years 1974, 1975, and 1976, to provide for the recall of certain defective motor vehicles without charge to the owners thereof, and for other purposes. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Interstate and Foreign Commerce, the bill shall be read for amendment under the five-minute rule. It shall be in order to consider the amendment in the nature of a substitute recommended by the Committee on Interstate and Foreign Commerce now printed in the bill as an original bill for the purpose of amendment under the five-minute rule, and said substitute shall be read for amendment by titles instead of by sections. At the conclusion of such consideration, the Committee shall rise and report the bill to the House with such amendments as many have been adopted, and any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the committee amendment in the nature of a substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions. After the passage of H.R. 5529, the Committee on Interstate and Foreign Commerce shall be discharged from the further consideration of the bill S. 355, and it shall then be in order in the House to move to strike out all after the enacting clause of the said Senate bill and insert in lieu thereof the provisions contained in H.R. 5529 as passed by the House.

The SPEAKER. The gentleman from Louisiana is recognized for 1 hour.

Mr. LONG of Louisiana. Mr. Speaker, I yield the usual 30 minutes for the minority to the distinguished gentleman from California (Mr. Del Clawson), pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 1304 provides for an open rule with 1 hour of general debate on H.R. 5529, amending the National Traffic and Motor Vehicle Safety Act of 1966.

House Resolution 1304 provides it shall be in order to consider the amendment in the nature of a substiute recommended by the Committee on Interstate and Foreign Commerce now printed in the bill as an original bill for the purpose of amendment and the substitute shall be read for amendment by titles instead of by sections.

House Resolution 1304 also provides after the passage of H.R. 5529, the Committee on Interstate and Foreign Commerce shall be discharged from the further consideration of the bill S. 355, and it shall then be in order in the House to move to strike out all after the enacting clause of S. 355 and insert in lieu thereof the provisions contained in H.R. 5529 as passed by the House.

H.R. 5529 authorizes sums not to exceed $55 million for fiscal year 1975, $60 million for fiscal year 1976, and $65 million for fiscal year 1977. H.R. 5529 provides for the remedy without charge to the owner of a motor vehicle or item of motor vehicle equipment which contains a defect relating to motor vehicle safety or which fails to comply with an applicable Federal motor vehicle safety standard.

H.R. 5529 also provides that the Secretary of Transportation must promulgate safety standards for schoolbuses and schoolbus equipment within a 2-year time period.

Mr. Speaker, I urge the adoption of House Resolution 1304 in order that we may discuss and debate H.R. 5529.

Mr. DEL CLAWSON. Mr. Speaker, as previously explained, this rule, House Resolution 1304, provides for the consideration of H.R. 5529, the Motor Vehicle and Schoolbus Safety Amendments of 1974. The rule contains several provisions. It provides 1 hour of general debate and that the bill will be open to amendments. The committee substitute is made in order as an original bill for the purpose of amendment, and it will be read for amendment by titles instead of by sections. In addition, it will be in order to insert the House-passed language in the Senate bill.

The primary purpose of H.R. 5529 is to amend the National Traffic and Motor Vehicle Safety Act of 1966 to authorize appropriations of $55 million for fiscal year 1975, $60 million for fiscal year 1976, and $65 million for fiscal year 1977.

In addition, there are several other changes in the law. If an item of equipment or a vehicle has a defect relating to motor vehicle safety or which fails to comply with an applicable Federal motor vehicle safety standard, the registered owner or purchaser is to be notified by first-class mail. If it is a tire involved, notification is to be made by certified mail. The Secretary of Transportation is to be notified by certified mail also.

The remedy of any of these defects is to be done without charge to the owner or purchaser within a reasonable time. The Secretary shall determine if there should be an exemption for an inconsequential defect.

Mr. Speaker, I recommend adoption of the resolution.

Mr. LONG of Louisiana. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

PROVIDING FOR CONSIDERATION OF S. 1728, WAR CLAIMS ACT AMENDMENTS

Mr. LONG of Louisiana. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 1306 and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. Res. 1306

Resolved, That upon the adoption of this resolution it shall be in order to move, clause 7 of rule XIII to the contrary notwithstanding, that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 1728) to increase benefits provided to American civilian internees in Southeast Asia. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Interstate and Foreign Commerce, the bill shall be read for amendment under the five-minute rule. It shall be in order to consider the amendment in the nature of a substitute recommended by the Committee on Interstate and Foreign Commerce now printed in the bill as an original bill for the purpose of amendment under the five-minute rule, and all points of order against said substitute for failure to comply with the provisions of clause 7, rule XVI and clause 4, rule XXI are hereby waived. At the conclusion of such consideration, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the committee amendment in the nature of a substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

Mr. LONG of Louisiana. Mr. Speaker, I yield the usual 30 minutes to the minority to the gentleman from California (Mr. Del Clawson), pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 1306 provides for an open rule with 1 hour of general debate on S. 1728, the War Claims Act Amendments of 1974.

House Resolution 1306 provides it shall be in order to consider the amendment in the nature of a substitute recommended by the Committee on Interstate and Foreign Commerce now printed in the bill as an original bill for the purpose of the amendment.

House Resolution 1306 provides that all points of order against clause 7, rule XIII of the Rules of the House of Representatives—requiring a cost estimate in the committee report—are waived.

House Resolution 1306 also provides that all points of order against the substitute for failure to comply with the provisions of clause 7, rule XVI—germaneness provision—and clause 4, rule XXI—prohibiting appropriations in a legislative measure—are waived.

S. 1728 amends the War Claims Act of 1948 for two purposes. The first is to increase the authorized detention benefit for American civilians during the Vietnam war from $60 per month to $150 per month. The second provides for first priority to the payment in full of the remaining individual awards for property losses arising out of World War II, with a second priority to the payment of the remaining corporate awards for similar losses up to $50,000. Mr. Speaker, I urge the adoption of House Resolution 1306 in order that we may discuss, debate and pass S. 1728.

Mr. DEL CLAWSON. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, as noted, House Resolution 1306 provides for the consideration of the War Claims Act Amendments, S. 1728, under an open rule with 1 hour of general debate. In order to preserve the normal amending process, the rule makes it in order to consider the committee substitute as an original bill for the purpose of amendment. In addition, this rule contains several waivers of points of order. There is a waiver of clause 7, rule XIII. This waiver is necessary because the committee report does not contain a cost estimate as required under the House rules. Clause 7, rule XVI is waived because the committee substitute contains a provision which is not germane to the original bill. The original bill dealt only with increasing the amount of benefits provided to American civilian prisoners of war in Southeast Asia. The committee substitute also includes a nongermane provision giving individuals priority over corporate claimants under the War Claims Act. Finally, the rule contains a waiver of clause 4, rule XXI, which prohibits appropriations on a legislative bill. In this bill, the amounts being distributed to individual civilian prisoners of war are being increased, and the formula for distributing funds under the War Claims Act are being altered. Technically, this is a new appropriation of funds and, therefore, a waiver is required.

S. 1728 has two separate purposes. Section 1 increases from $60 to $150 per month the benefits provided to American civilian prisoners of war in Southeast Asia. The proposed benefit of $150 per month for civilians would be equivalent to the current $5-per-day benefit for military personnel. These benefits would be paid for funds which have already been appropriated. Approximately $275,000 would be required.

Section 2 was added in the House Committee on Interstate and Foreign Commerce. It provides first priority for payment in full of individual awards for property losses arising out of World War II, then a second priority to the payment of the remaining corporate awards for similar losses up to a level of $50,000. Any funds remaining in the War Claims Fund would then be distributed on a pro rata basis among the rest of the corporate claims. The War Claims Fund consists of the net proceeds of German and Japanese assets seized in the United States during World War II.

Mr. Speaker, although this rule includes several waivers, each appears to me to be necessary, and I support the resolution and recommend its adoption.

Mr. Speaker, I have no further requests for time.

Mr. LONG of Louisiana. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

HEALTH REVENUE SHARING AND HEALTH SERVICES ACT OF 1974

Mr. STAGGERS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 14214) to amend the Public Health Service Act and related laws, to revise and extend programs of health revenue sharing and health services, and for other purposes.

The SPEAKER. The question is on the motion offered by the gentleman from West Virginia (Mr. STAGGERS).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 14214 with Mr. CHARLES H. WILSON of California in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from West Virginia (Mr. STAGGERS) will be recognized for 30 minutes, and the gentleman from Minnesota (Mr. NELSEN) will be recognized for 30 minutes.

The Chair now recognizes the gentleman from West Virginia.

Mr. STAGGERS. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise in support of H.R. 14214, the Health Revenue Sharing and Health Services Act of 1974.

H.R. 14214 provides a 2-year revision and extension of five expiring programs for health services with total authorizations of $1.736 billion. The authorization for 1975, which totals $809.5 million, can be compared with the comparable authorizations for the same programs of $903 million in 1973 and $663 million in 1974.

The five programs which are extended include:

First. The health revenue sharing program under section 314(d) of the PHS Act which provides money to States and local communities to help pay their costs in providing public health services. This program is given an authorization for the 2 years of $420 million, and revised to require of each State a detailed plan and reports concerning its provision of the public health services for which the funds may be used.

Second. The family planing programs under title 10 of the PHS Act. For these the bill authorizes $472.5 million and makes changes which repeal the unused formula grant authority, require that the family planning research authority be used rather than general authorities, and require annual updating of the 5-year plan for family planning.

Third. The community mental health centers program. The bill authorizes a total of $278 million for mental health centers and rewrites the act to define the nature, services, and operations of a center; complete present grants for existing centers; authorize new programs for the development and operation of new centers; authorize new support for construction for both existing and new centers; and authorize a new program to assist existing centers experiencing financial distress.

Fourth. The migrant health program under section 310 of the PHS Act. For this program the bill authorizes $105 million, and makes changes which define the nature, services, and operation of a migrant health center; place program emphasis on the funding of such centers; provide support for States and private activities intended to improve the migrants' environment; and require a study of migrant housing.

Fifth. Community health centers under existing section 314(e) of the PHS Act. The bill repeals the existing section 314(e) under which different types of community health centers are presently supported and creates a new section 330 which will provide specific authority designed by the committee for the support of such centers. The new section defines the nature, services, and operation of community health centers and authorizes $460 million for their support in medically underserved areas.

These five programs were all extended for a year by the Health Programs Extension Act of 1973. In the intervening year the committee has studied these programs in depth and held hearings on their extension which revealed unanimous support for them, except in some cases on the part of the administration. The legislation before you was prepared by the Subcommittee on Public Health and Environment, all of whose members cosponsored it. It was reported by the subcommittee and the full committee unanimously. In considering these programs the committee was continuously impressed that they are meeting profound needs on the part of their various target populations and doing it well. In family planning for instance we are told in hearings of cost benefit studies which show by conservative estimates that for every dollar we spend we have $2 in public funds.

I urge your support for this legislation.

Mr. NELSEN. Mr. Chairman, I just wish to emphasize the point that the committee did unanimously recommend this bill.

There are a large number of health programs that we used to handle separately contained in this bill.

One particular point of this program that I wish to mention is the mental health centers all over the country and the great benefit that has resulted because of them.

In our State of Minnesota, for example, many years ago we set up a program where we set up centers when Governor Youngdahl was our Governor. We set up these centers at that time because so many persons who went into State mental hospitals never came out. After the community mental health centers were started the population of the State hospitals went down, down, and down, and persons who might have wound up there stayed in their communities. This one program alone has been a tremendous help to the people all over the country.

Years ago also, we set up comprehensive planning whereby the States had to submit health plans. We have tried to do a very careful job of combing through some of the things that needed correction in trying to put into language in our bill some of the necessary words that would provide direction.

Mr. Chairman, I yield to the gentleman from Kentucky (Mr. CARTER) at this time such time as he may consume.

Mr. CARTER. Mr. Chairman, I thank my distinguished ranking Member for the time he has given me.

Mr. Chairman, the bill H.R. 14214, the Health Revenue Sharing and Health Services Act of 1974, provides for a 2-year extension of expiring health programs—health revenue sharing, family planning, community mental health centers, migrant health, and community health centers.

Our committee has conducted extensive hearings on these programs, which were extended through fiscal year 1974 in order to permit a more thorough review of their funding levels, needs, accomplishments, and objectives. A total authorization of $1,735.5 million for this 2-year extension is contained in the bill. the following is a breakdown for each program:

[In millions]

I. Health revenue sharing	$420
II. Family planning	$472.5
III. Community mental health centers	$278
IV. Migrant health	$105
V. Community health centers	$460

Over the years, we have witnessed much progress in these programs and in the areas that they attempt to serve. There have been, of course, some difficulties. We cannot say that absolutely every single aspect of these programs has been positive, and, indeed, there have been many wrinkles to iron out. I believe, however, that the thrust of each of these has been beneficial, and our committee has attempted to look at this legislative area as thoroughly as possible.

I urge my colleagues to adopt this important measure so that we can continue funding these major health programs.

Mr. NELSEN. Mr. Chairman, I yield 3 minutes to the gentleman from Delaware (Mr. du Pont).

Mr. du PONT. Mr. Chairman, during the second session of the 92d Congress, I had the opportunity to serve as chairman of my party's research task force on population programs. We undertook an intensive evaluation of the Federal role in population research and family planning. The programs created by the 1970 family planning legislation were by then well underway. We believed that an assessment of HEW's progress was vital in order to make rational judgments about the future needs of this national program. The evidence presented by expert witnesses from private agencies and organizations and by administration officials led to several major conclusions. First, while President Nixon had pledged in 1969 to provide subsidized family planning services to all women who could not otherwise afford them, we were then and, I might add, still are a long way from achieving that goal. Second, scientific knowledge concerning human reproduction—and our present contraceptive methods—are simply not sufficient to meet the needs of all individuals in our society.

As you know, since about 1969 and until recently, the administration made great strides in furthering the goals of these programs. It consistently supported annual increases in the funding levels both for family planning services and population research. In more recent times, however, different Presidential advisers with somewhat different ideas about how the Federal Government should allocate resources, probably compounded by the lack of a Presidential science adviser, failed to continue the administration's earlier and, I believe, sincere commitment to the family planning field.

By 1975, approximately 47 million American women will be of childbearing age. These women will want and need to plan their families. They will need equitable access to family planning, health care, and for the poor, this will require continued Government subsidization of services. All will need better methods of birth control than we now have. Obviously, the reduction of unwanted fertility would contribute significantly to the solution of some of our national problems and to the alleviation of others. In view of the enormous impact of this program on the health and well-being of close to 50 million American women and their families, I strongly support H.R. 14214 which will permit these vital programs to continue for another 2 years.

Moreover, I wish to state my strong support for the provision in this bill which clarifies and strengthens earlier congressional intent with regard to the population sciences research program, conducted by the National Institutes of Health.

As I pointed out in my testimony earlier this year before the Public Health Subcommittee, the legislative authority for this program has been consistently and blatantly ignored by HEW since 1970. One of the primary purposes of the 1970 Family Planning Services and Population Research Act was to make this research effort visible, effective and accountable to the public's growing demand for safer and more effective means of contraception.

Yet it is apparent that this program authorization has never been utilized as Congress intended, with the effect that today the program remains without visibility, status, or stability, and important scientific research has now reached a virtual standstill. In addition, it is virtually impossible for Congress and the public to ascertain any reliable data on expenditures for this field or to even make general comparisons between expenditures in one year and the next. I am heartened by the amended research authority contained in this bill and congratulate the committee for its renewed commitment to increase program accountability and growth and for this vital field.

Mr. CARTER. Mr. Chairman, will the Chair recognize the gentleman from Kentucky.

Mr. du PONT. I yield to the gentleman from Kentucky.

Mr. CARTER. Mr. Chairman, as the gentleman knows, I strongly support this legislation, and I also strongly support the Family Planning Act of 1970.

However, I wonder if the gentleman knows that at the present time we are at zero population growth in the United States.

Mr. du PONT. Mr. Chairman, I would say to the gentleman that we are apparently very close to zero population growth.

Mr. CARTER. Mr. Chairman, we are not "close"; we are there. The rate is 1.9.

Mr. du PONT. It may be more apparent than real, and the fact that for the moment the curve has dipped down to zero does not tell us anything, and I do not believe anyone knows where that curve is going to be tomorrow. Because we are at zero population growth at the moment is no reason to stop the progress being made in this field.

Mr. CARTER. Mr. Chairman, I would agree with the distinguished gentleman on that.

Mr. STAGGERS. Mr. Chairman, I yield such time as he may consume to the gentleman from Texas (Mr. Fisher).

Mr. FISHER. Mr. Chairman, low-income couples continue to have higher birth rates than more affluent couples. But one of the most encouraging aspects of the decline in the birth rate in the United States over the last several years is that fertility rates are decreasing more rapidly among low-income women than among those with higher income. This has major significance for our overall national effort to reduce dependency and enhance the capacity for self-support among low-income persons.

The more rapid decline of low-income births is attributable in large measure to the success of the federally sponsored voluntary family planning program. By the end of fiscal year 1972, the overall program had reached the halfway mark toward our national objective of providing adequate family planning services by 1975 to all those who want them but cannot afford them. An estimated 3.2 million low-income women, including public assistance recipients, were receiving modern family planning care through organized clinic programs or private physicians. The clinic program had sustained an average rate of growth of 30 percent a year until 1972, and the rate of growth itself increased during fiscal year 1971 and fiscal year 1972 to 36 percent, reflecting the popularity of the program. At the current rate, the program is enrolling new patients at the rate of more than 1 million individuals a year.

There is no question that these programs are responsible for increasing the utilization of more modern birth planning methods by low-income persons, thereby assisting them to avert 150,000 to 200,000 unwanted births a year during the late 1960's—and probably more in 1971 and 1972. Since fertility was 55 percent greater in the early 1960's among low-income persons than among higher income persons, there remains a sizable differential. But for the first time, the trend has been reversed and low-income births are declining more rapidly than before. Given the popularity of the public family planning program, and the continued enrollment each year of increasing numbers of low-income women, there is every reason to believe that this trend can be accelerated and the historic differential further reduced, provided that the Federal support for family planning continues to grow with the needs of the field.

Most important is the fact that these programs are making a fundamental contribution to reducing dependency among the poor by enabling low-income persons to plan the size and spacing of their children, thereby reducing unwanted pregnancy and recourse to abortion. It is, therefore, vitally important for every Member of this House to express strong support for this bill so that family planning can become a reality for each person in this country.

Mr. STAGGERS. Mr. Chairman, I yield such time as he may consume to the chairman of the subcommittee, the gentleman from Florida (Mr. ROGERS).

Mr. ROGERS. Mr. Chairman, on June 30, 1973, 12 very important health programs, developed by the Subcommittee on Public Health and Environment over the years, expired. Faced with substantial administration opposition to many of the programs and the press of other legislative business, it became impossible to conduct the in-depth, comprehensive analysis of the programs that they deserved prior to their expiration. For this reason, the subcommittee requested this body to pass a simple extension of these 12 programs, with the promise that the subcommittee would review these programs in depth during the next year. This review has been concluded, Mr. Chairman, and the committee is in the process of recommending legislation to this body with respect to each of these expiring authorities. Today, we are presenting to the House the results of our review of five of these programs—bloc grants to States for health services, community mental health centers, family planning, migrant health and community health centers. The subcommittee has made substantial revisions in four of the five legislative authorities based on the past several years of experience with programs supported by these authorities.

This bill is, then, Mr. Chairman, five bills in one. It packages five of this year's 12 expiring health programs into one comprehensive bill. It is based on extensive staff research, exhaustive hearings, and careful, deliberate executive sessions. It enjoys the support of all members of the subcommittee. We believe we are recommending to you a bill that requires guidelines sufficient to insure that the programs extended will accomplish their intended purposes and that authorizes reasonable funding levels in order to meet the national need.

Mr. Chairman, allow me to outline the major subcommittee decisions embodied in this legislation.

Title I of the bill extends, with significant revisions, the program of Federal grants to the States for public health and mental health programs authorized by section 314(d) of the Public Health Service Act. It revises the State plan requirements of existing law to make the reporting requirements more significant and more meaningful. Of particular significance is the requirement that the States present to HEW two plans—a Public Health Service part and a Mental Health Service part. Both parts require an assessment of the State's most serious public health and mental health problems. The mental health part also requires a plan designed to eliminate inappropriate placement of persons in mental institutions and to improve the quality of care for persons for whom institutionalization is necessary.

During the hearings, we were extremely impressed with the wide range of services the States are providing with 314(d) money and the fact that this program—initiated in 1966—truly is health revenue sharing. While the funding for the bloc grants authorized under section 314(d) has remained relatively constant over the past few years, the demand for and variety of services provided under this authority has increased considerably. For this reason, the legislation contains a recommendation to the Appropriations Committee of an approximate doubling of appropriations over the past few years—from $90 million in fiscal year 1974 to $200 million in fiscal year 1975 and $220 million in fiscal year 1976.

Mr. Chairman, the States need and deserve full funding of this provision and it is my hope that this will be the case.

Title II revises, with minor modifications, the existing authorities of the Public Health Service Act with respect to family planning programs and population research. This title repeals the State formula grant authority—which has never been funded, requires that the research authority of the original act—rather than general authority—be used to fund research and requires annual updating of the statutorily-required 5-year plan for family planning services. Authorizations are $215.5 million for fiscal year 1975 and $257 million for fiscal year 1976.

Title III, Mr. Chairman, constitutes the most extensive part of H.R. 14214. This is the title that extends for 2 years, with major revisions, the provisions of the Community Mental Health Centers Act.

Title III makes substantial changes in the Community Mental Health Centers Act, designed to reflect the need for modifications in the operation of individual CMHC's—based on our 11 years of experience under this law—but perhaps more importantly, designed to strengthen and maintain the system of community mental health care which is being established under this legislation prior to the enactment of national health insurance legislation which would give all Americans access to the health and mental health services they need and deserve.

In January 1972, the administration proposed, through the mechanism of the Federal budget, to terminate all support for initiation of new community mental health centers and specialized program for children, alcoholics, and drug abusers within these centers. While making no criticism of the value and success of community-based treatment programs, the administration suggested that the responsibility for support of new centers be transferred to State and local governments, while the Federal Government would continue to provide funds already committed to existing centers under the law.

The administration claimed—to quote their testimony before our subcommittee—that the "value and effectiveness of innovative community mental health centers have now been amply demonstrated" and the committee would agree. But the conclusion the administration drew, that "it is time to shift the responsibility for the developing and operating of such facilities to State and local agencies" is not supported by the Committee on Interstate and Foreign Commerce. We rejected this approach for several reasons.

First, while community mental health centers have proved a highly successful Federal investment, not all centers are operating in the best possible manner, nor are they all serving all the residents of their catchment area, particularly children and elderly persons.

Second, there is no evidence that States and localities are in any position to continue to support the approximately 600 Federal centers indefinitely, and at the same time to invest substantial sums necessary to start up another 900 centers which are still needed. States are still burdened with the expense of operating large mental institutions which cannot be closed down until a network of comprehensive and effective community mental health centers is established to care for people in their community. We found no evidence that these resources are available at the State level.

Third, the committee believes that some form of national health insurance, or improvements in medicare and medicaid, will, if enacted, provide the means for the Federal Government to drop out of the long-term support of some health services delivery programs through the categorical grant mechanism. Yet, if changes are not made in the operation of CMHC's, and no efforts are made to expand the CMHC system of care nor even to maintain the existing centers at their current level, enactment of national health insurance could be highly inflationary. We must insure the development of a system of economical and effective mental health care which has adequate cost and quality controls before national health insurance becomes effective to avoid a repetition of our experiences under medicare and medicaid.

The bill's revision of the Community Mental Health Centers Act is a result of careful study of the CMHC program. It reflects the belief that this is an excellent Federal program—one that needs now to be strengthened and expanded, not arbitrarily cut off at its current level. Thus, title III would improve the community mental health centers program, based upon our previous experience, to require centers to provide more comprehensive services and to improve the management and financial administration of CMHC's. It would also insure continued operation of all existing centers at, as a minimum, their current level of services.

Mr. Chairman, the revision of the Community Mental Health Centers Act envisioned by title III of the bill would place several meaningful and significant requirements on entities desiring to become community mental health centers. In the committee's view, these revisions, patterned after experience with the rest of this Nation's existing centers, are necessary in order to insure effectiveness and responsiveness at the local level of the centers.

One of the most important of these

new requirements is the mandate that the governing body of all new CMHC's be composed of individuals who reside in the catchment area and who are not health care providers, in order to assure that the boards truly represent the recipients of services. This requirement would solidify in the legislation the concept of a community governing board which must include adequate representation of all groups in the community and which would have meaningful authority over the centers' programs. The committee believes that this is the best method by which to insure that the center programs remain responsive to their communities' needs, and it is one which has worked well in the existing centers which operate in this manner.

I wish to emphasize that this requirements applies only to new centers and is not retroactively made incumbent on centers presently funded under old Community Mental Health Centers legislation. In this regard, I would like to include at this point in the RECORD a letter from the Speaker, and my response to him, which clarifies the fact that this requirement applies only to new centers initially funded after enactment of the legislative proposal in H.R. 14214.

THE SPEAKER'S ROOMS,
Washington, D.C., June 6, 1974.

Hon. PAUL G. ROGERS,
Chairman, Subcommittee on Public Health and Environment, Committee on Interstate and Foreign Commerce, U.S. House of Representatives, Washington D.C.

DEAR MR. CHAIRMAN: It has come to my attention that there may be a serious flaw in HR 14214 that would prohibit public agencies such as State Departments of Mental Health from utilizing federal funds to operate community mental health centers.

I call your attention to Page 17 beginning with Line 12 of HR 14214 which states that the governing body of a community mental health center shall be composed of individuals who reside in the center's catchment areas.

State Departments of Mental Health can have only one governing body, generally, the state mental health board appointed under state statutes. In Oklahoma, the State Department of Mental Health operates community mental health centers with the assistance of community advisory boards. I would imagine that other public agencies would have similar arrangements.

It appears to me that as HR 14214 is now written only the non-profit local organizations would be able to apply and utilize federal funds to operate community mental health centers. I would consider this to be a serious flaw in this much-needed piece of legislation.

I am sure that you are aware that the State Departments of Mental Health are dedicated to serving all patients in the community including the very poor and hard-to-reach groups such as alcoholics, schizophrenics and serious drug abusers.

They have made excellent use of mental health center funds to create a continuance of care that reaches into local communities. We must not deny them the use of federal funds under this proposed legislation. I respectfully request that you consider the following amendment as a means to assuring public agency participation in the benefits of HR 14214:

Following the last sentence on Page 18, Line 2 add:

"Except that an advisory board may be substituted for a governing board in those instances when a community mental health center is a public agency under the control of a state agency already operating under a governing board in accordance with state statutes."

As a matter of personal concern to me, I am advised that the new community mental health center in my hometown of McAlester, Oklahoma, which is just now getting started and hasn't even been staffed yet, would be forced to close under the provisions of HR 14214 as now written.

I will appreciate your giving this your most careful consideration.

Sincerely,

CARL ALBERT,
The Speaker.

JUNE 23, 1974.

Hon. CARL ALBERT,
The Speaker, House of Representatives, Washington, D.C.

DEAR MR. SPEAKER: Thank you for your letter of June 6th expressing your concern that certain provisions of H.R. 14214 would prohibit State Departments of Mental Health from operating federally funded community mental health centers, as well as forcing the closing of the community mental health center in McAlester, Oklahoma, a state-operated center.

By way of background, H.R. 14214 would completely rewrite the Community Mental Health Centers Act, a program whose concept has enjoyed the bipartisan support of Congress since 1963, and four other expiring health services programs. In its deliberations, the Subcommittee drew heavily on the experiences of community mental health centers which have been in operation for several years. As a result, the reported bill reflects an insistence by the Subcommittee that any new center funded after enactment of this legislation conform to specific criteria which the Subcommittee believed would insure successful response to community needs. These criteria would affect governing bodies, accounting, evaluation, specific services that must be offered, and cooperation with provision of services offered by other health and social service agencies.

It is important to point out that these provisions affect only those new centers whose initial applications are approved for funding after enactment of this new legislation. H.R. 14214 specifically provides for continuation of Federal support of those centers approved and funded prior to enactment of this legislation under the provisions stipulated by existing law.

One of the findings of the Subcommittee members in reviewing the operations of existing centers, was that the most successful centers were those that relied on community representatives to provide guidance in determining the mental health needs of the population residing in the area served by the center. For this reason, one of the requirements of H.R. 14214 which must be met by a new community mental health center is that it must have a governing body composed, where practicable, of individuals who reside in the center's catchment area, and who represent the residents of the area demographically. The Subcommittee felt very strongly that this local community participation would best insure that local needs of the area would be met; in fact, this provision was thought to be so important to the viability of such local programs that similar requirements were imposed on community health center programs and migrant health center programs, both of which are also subjects of H.R. 14214.

Because of your concern, I requested the Subcommittee staff to research the Oklahoma statutes to determine whether the governing board provisions in H.R. 14214 would be inconsistent with Oklahoma state law with respect to centers that receive their first Federal funding under the provisions of the new law. In the view of the staff, the new Federal requirement for local governing bodies would not be inconsistent with the pertinent sections of the Oklahoma state statutes which, in fact, already authorize a dual role for State and local participation. In the case of community mental health centers operating under the aegis of the Oklahoma State Department of Mental Health and Mental Retardation, the governing board of the Department would exercise certain responsibilities pursuant to sections 12 and 14 of Title 43A of the Oklahoma State Statutes. These duties pertain to the care, treatment, and hospitalization of the mentally ill and mentally retarded, and consenting to the designation by the Director of Mental Health of the type of patients to be cared for in institutions within the Department. In addition, sections 604 and 605 of Title 43A (Oklahoma Community Mental Health Services Act) authorize the governing boards of municipalities to establish local Community Mental Health Boards which, among other duties, are to advise the administrators of the local mental health programs on the adoption and implementation of policies. The staff has concluded that, since H.R. 14214 does not stipulate specific powers and duties for the local governing bodies, the State law, which sets forth separate responsibilities at both the local and state levels would not be inconsistent with the provisions of H.R. 14214.

Let me reiterate that with regard to your specific concern that the center in McAlester would be forced to close if the provisions of H.R. 14214 were enacted as written, I hope I have made it clear in the preceding discussion of the general issue that this would not be the case. The McAlester center, as a center already funded under existing law, would not be subject to the requirements for "new" centers under the provisions of H.R. 14214.

In summary, during our deliberation the Subcommittee members felt very strongly that the best way to insure community participation and acceptability for new community mental health centers is by the establishment of local governing bodies. In the view of my staff, these local governing bodies which would be required of new centers would in no way infringe upon the existing statutory authority of the governing board of the Oklahoma State Department of Mental Health and Mental Retardation with respect to community mental health centers within the state that receive their initial Federal funding after enactment of the new law. Moreover, the requirement is inapplicable to existing centers, and, thus, does not apply to the McAlester center. I believe the amendment you suggest is, therefore, unnecessary to achieve the purposes outlined in your letter.

As you know. H.R. 14214 has been ordered reported by the full Committee on Interstate and Foreign Commerce, and I have asked the staff to add language to the Committee report which would clarify the distinction between the applicability of the bill's requirements on old and new centers as well as explain that the requirement that centers must have local governing bodies does not preclude the establishment of statewide governing boards with powers and duties such as those prescribed in the Oklahoma statutes. A draft of this report language is attached.

Both my staff and I are available in the event you have further questions about this issue.

Best personal regards.

Sincerely yours,

PAUL G. ROGERS,
Chairman, Subcommittee on Public Health and Environment.

Mr. Chairman, title IV of the bill revises and extends the Migrant Health Act, first enacted in 1962. This act—

contained in section 310 of the Public Health Service Act—is a legislative recognition of the health needs of American migrant agricultural workers. The revisions of the act in this bill are based on substantial attention to the needs for personal health services by migrants recognized after subcommittee hearings both in Washington and in the field. Thus, the Migrant Health Act has been completely rewritten to place funding emphasis on "home base" centers where most migrants live for a majority of the year.

The services which must be provided by these centers is clearly defined. Besides requiring provision of traditional services necessary to the insurance of good health for every American, the bill requires that each migrant health center provide a broad spectrum of environmental health services relating to the detection and alleviation of unhealthful conditions associated with water supply, sewage treatment, solid waste disposal and related environmental factors. This requirement is a direct result of subcommittee hearings in Homestead, Fla., where national attention was focused on a typhoid outbreak at a migrant camp, which convinced subcommittee members of the need for more direction to centers to provide not only direct medical services to migrants, but also to insure that preventive health and environmental measures are emphasized.

Title V, Mr. Chairman, constitutes an extension of the Federal effort to institute neighborhood health centers and other similar projects which service poor ghetto and rural people. These centers have received funding from a variety of sources—particularly the Office of Economic Opportunity—and have gradually been transferred to the Department of Health, Education, and Welfare, which also has initiated many centers. We have chosen the term community health centers to reflect the fact that not only neighborhood health centers but family health centers and networks initiated through HEW funding are intended to be continued under this program.

Mr. Chairman, this is a wide ranging and significant bill. Its provisions affect million of Americans, most of them not as fortunate as we. I urge the bill's overwhelming adoption by a compassionate House.

Mr. STAGGERS. Mr. Chairman, I yield such time as he may consume to the distinguished Speaker.

Mr. ALBERT. Mr. Chairman, I thank the distinguished chairman of the committee for yielding to me.

I take this time to inquire either of the gentleman from West Virginia (Mr. STAGGERS) or the gentleman from Florida (Mr. ROGERS) as to how title III of this bill would affect State-owned and operated community mental health centers. I am particularly concerned about the general provision of section 201(c) which would require a local governing board in order for a community mental health center to be eligible to receive Federal funds. In my own State, the State board of mental health owns and operates three community mental health centers, one in my hometown of McAlester, and Oklahoma law mandates a State governing body. Would this provision prohibit Oklahoma from receiving community mental health centers grants?

Mr. STAGGERS. Mr. Chairman, if the distinguished Speaker will yield, I would like to reply simply in the negative. The answer is "No."' The gentleman from Florida (Mr. ROGERS) can give us a more extensive explanation.

Mr. ALBERT. I thank the gentleman.

Mr. ROGERS. Mr. Chairman, will the distinguished Speaker yield?

Mr. ALBERT. I yield to the gentleman from Florida.

Mr. ROGERS. Mr. Chairman, I thank the Speaker for yielding.

I concur in the answer that the chairman of the full committee has given and would hasten to assure the Speaker that this provision would not force the closing of any State owned and operated center.

The requirement that a community mental health center have a local governing body applies only to "new" centers whose initial applications are approved for funding after enactment of this legislation. As a matter of fact, I was pleased to receive a letter from the Speaker with respect to this matter, and have already inserted that letter and my response in the RECORD during my earlier remarks.

Moreover, it is my view that the requirements for local governing boards of "new" centers—which the committee felt to be critical to the success and local acceptance of centers—would not preclude States from establishing general policies applicable to State owned and operated institutions. I believe that this is made clear in the committee report on page 78. As the report states:

> In cases in which States have established State-wide boards, the committee intends that centers would receive guidance and direction from both the State-wide board and the local board.

Mr. ALBERT. Mr. Chairman, my specific concern is related to the community mental health center in my home town of McAlester, Okla. Does the gentleman assure me that section 201(c) would not result in rendering the McAlester Center ineligible for federal assistance?

Mr. STAGGERS. Mr. Chairman, I would like to assure the distinguished speaker that it certainly would not, and that this is not the intent of the law, and I yield to the gentleman from Florida (Mr. ROGERS).

Mr. ROGERS. Mr. Chairman, I again thank the gentleman for yielding, and I concur in the answer here. We can give the gentleman from Oklahoma our firm assurances that this would not be the case. The requirements of section 201(c) will be incumbent only upon centers that receive their initial funding subsequent to enactment of this bill. Thus, the McAlester Center would not be subject to the local governing board requirement, although I would hope the center would see fit to establish a local governing board in order to assure that the center receives direction from the citizens who are directly affected by the center's operations.

Mr. ALBERT. Mr. Chairman, I thank the distinguished gentleman from West Virginia (Mr. STAGGERS) and the distinguished gentleman from Florida (Mr. ROGERS). I appreciate their comments, their answers, and their assurances. I also want to commend them and their committee for the great work they are doing in this area.

Mr. STAGGERS. Mr. Chairman, I yield such time as he may consume to the gentleman from Pennsylvania (Mr. GREEN).

Mr. GREEN of Pennsylvania. Mr. Chairman, I thank my friend, the chairman of the full committee, for yielding to me, and I would like to ask a question of either the chairman of the full committee, or the chairman of the subcommittee, the gentleman from Florida (Mr. ROGERS). My question concerns title V of the bill, entitled Community Health Centers.

As I am sure you know, the model cities programs will end soon. Many community health centers around the country, providing essential medical services, have been funded through model cities. One of the most successful programs is the Comprehensive Health Center at Episcopal Hospital and St. Christopher's Hospital for Children in Philadelphia.

What I am most concerned about is the future of these programs. Is it the intention of your committee that existing community health centers of demonstrated effectiveness, formerly funded through the model cities program, will receive funding under title V of the bill?

Mr. STAGGERS. The answer is "Yes. I can assure the gentleman from Pennsylvania that that is the case if they meet all the requirements of the bill, and I would yield further to the gentleman from Florida (Mr. ROGERS) for a further answer.

Mr. ROGERS. Mr. Chairman, I thank the gentleman for yielding. I also would like to give those assurances that they should receive funding under the bill. Of course, in order to be funded, such centers must meet the standards for community health centers established in the bill.

Mr. GREEN of Pennsylvania. In other words, the Bureau of Neighborhood Health Centers at HEW should give consideration to applications from established model cities centers, such as those in Philadelphia, in the distribution of the $220 million authorized in the bill for fiscal year 1975?

Mr. ROGERS. That would be the committee's intention. I would see no objection to the funding of such centers, as long as the applications for funding demonstrated that the centers would meet the bill's standards with respect to the type of services offered, organization, and the like.

Mr. GREEN of Pennsylvania. Mr. Chairman, I thank my friend, the gentleman from Florida (Mr. ROGERS), as well as my friend, the gentleman from West Virginia (Mr. STAGGERS).

I believe it is essential that the vital services provided by facilities like St. Christopher's and Episcopal Hospital in Philadelphia be continued.

Mr. NELSEN. Mr. Chairman, I yield such time as he may require to the gentleman from Kansas (Mr. SHRIVER).

Mr. SHRIVER. Mr. Chairman, I rise

in support of H.R. 14214, the Health Revenue Sharing and Health Services Act of 1974. I will direct my brief remarks to the sections of the bill which extend and improve the community mental health centers program.

I want to commend the committee for its recognition of the need to continue Federal financial support and guidance to a growing system of nearby, low-cost mental health treatment. In my view, there are few Federal efforts which have returned such positive and measurable results as the community mental health centers program since its inception in 1963.

A recent study of this program by the Government Accounting Office concluded that the operational mental health centers have increased the accessibility, quantity, and range of mental health services available at the community level. In addition, these centers have apparently been responsible for a substantial decline in the resident population of State mental hospitals. For example, the State hospital admission rate of catchment area residents in areas where a community mental health center has been in operation for 5 years is significantly lower—by 23 percent—than for the U.S. population as a whole.

Such statistics and unmeasurable benefits in human terms which I have seen in my own congressional district led me to join with two House colleagues last September in introducing H.R. 10546. Our bill's intent is the same as the provisions we are considering today—to continue for a reasonable period Federal start-up support for additional centers until full coverage of the Nation's population by such centers is achieved.

The proven record of accomplishment of ongoing centers and their resultant popularity in Congress were evident when Congressmen HUDNUT, WYMAN and myself asked for cosponsors for our bill. More than 60 Members of the House—almost equally divided between parties and representing all geographical and philosophical areas—have now joined in sponsoring our bill. We appreciate this response.

There are, of course, technical differences between the provisions of our bill and the provisions in this more-inclusive legislation we are considering today. Our bill included fewer Federal regulations pertaining to the operation of mental health centers, and I believe we were more stringent in regard to the phasing out of Federal support as other sources of funds were obtained. I still support the principle that Federal support should not be considered open-ended, but if the financial distress provisions of this bill are carefully administered, abuses of Federal funding can be avoided.

The committee bill does extend Federal support for consultation and education services offered by centers to schools, courts, clergy, community health and welfare agencies, police and others in the community, as did our bill. As I pointed out last September, these consultation and education services are important in the early detection of mental illness. However, since these services are not self-supporting financially, many centers would have to discontinue these efforts without this support.

Although the percentage levels of Federal support vary somewhat from those in the Shriver-Hudnut-Wyman bill, the committee's bill provides a similar 8-year program of decreasing Federal financial support for new centers. Assistance would be higher in poverty areas where patient input would be lower.

I would point out that existing centers have focused their priorities on persons who are less able to obtain mental health care through other, more expensive means. For example, in 1970, over 42 percent of the clients served were from families with incomes of less than $2,000 while more than 90 percent were members of families with annual incomes below $10,000.

The bill includes authorization for Federal assistance for the development and construction of centers, for their operation, including staffing, for the consultation and education services I mentioned earlier, and for financial distress grants for centers which, for various reasons, cannot stand alone at the end of the normal 8-year funding period.

In closing, I want to stress that I view this program as a much-needed, but limited, Federal "pump-priming" effort to make available low-cost mental health care to all of our citizens at locations near their homes and families. It is not intended to replace local and State input into better mental health care programs and facilities.

I am pleased to note, in this regard, the exemplary record of local and State support for community mental health centers in my State of Kansas. State law allows the use of one-quarter of a mill in local tax funds to be spent for mental health care, and Sedgwick County, including the city of Wichita, is providing that support.

In addition, the State legislature in its last session authorized a matching program at a 50–50 level to community mental health centers to match income from other sources, such as insurance payments, these from individuals, county government support and third-party payments. This, for the first time, puts the State government in the business of direct financial support of community mental health centers.

This growing input from State and local sources is a direct outgrowth of the Community Mental Health Centers Act, in my opinion. Centers which owe their starts to assistance under the act have demonstrated to local and State officials that they are worthy of continued support. This was the intent of the act, and it is the intent of the legislation I will support today.

Mr. STAGGERS. Mr. Chairman, I yield such time as he may require to the gentleman from North Carolina (Mr. PREYER).

Mr. PREYER. Mr. Chairman, the purpose of the Family Planning Services and Population Research Act is to provide adequate family planning services to all persons who want them but cannot afford them. Progress has been made toward this goal and this should be recognized. The program is now serving close to 3 million women. But, we must also recognize that we are still a long way from reaching all women—medically and categorically indigent—who desperately need subsidized family planning services. The estimated number of Americans "in need" does not remain stationary but increases as the number of women and men in the reproductive age group—18–44 years—increases. Thus, as we seem to be nearing our goal of providing services to an estimated 7 million in need, our goal grows and is moved further from us. Thus, we must take bigger steps—we must increase our pace—if we are to keep up with the growth. We must not simply guarantee a constant level of subsidization, but must expand these services as the number in need expands.

Contributing to the increase in the potential number of patients are several factors: First, the explosion of women entering the childbearing years—18–44—as a result of the post World War II baby boom; second, economic hardship related to the excessive inflation and high unemployment; third, catastrophic illness or accidents which impose unexpected and extraordinary health bills thus forcing the otherwise financially solvent into the ranks of the working poor.

The ever growing number of persons in need of subsidized family planning services are depending on the continuation of programs that have given them some hope—some pathway to assist them in getting away from poverty. Unless we take positive action today, I am concerned that: First, the national goal of—providing adequate family planning services to all who need but cannot afford them—will fall outside our reach; second, a number of local family planning projects could be forced to shut down or at least curtail their programs leaving hundreds and thousands of low-income women without access to effective family planning services. We must act now to guarantee their futures and the future of generations to follow—we must pass H.R. 14214 at the increased spending levels for the next 2 years.

Mr. BINGHAM. Mr. Chairman, I rise in support of the Health Revenue Sharing and Health Services Act of 1974. H.R. 14214 would revise and extend for 2 years five expiring programs for the provision of health services with a total authorization of $1.736 billion. Since other Members of this body will provide detailed justifications for the titles of this bill dealing with health revenue sharing, community mental health centers, migrant health and community health centers, I would like only to draw attention to title II of the bill, which extends title X of the Public Health Service Act to provide funding for family planning services and population research. This highly successful program began with the passage in 1970 of the Family Planning Services and Population Research Act of 1970. Our former colleagues, Representatives James Scheuer and George Bush, former U.N. Ambassador and now chairman of the Republican National Committee, worked long and hard with the distinguished subcommittee chaired by the gentleman from Florida (Mr. ROGERS) to win enactment of this program. Its funds have supported 3,500 clinics across the Nation and provided services to over 2 million women.

There are still many unresolved problems having to do with the manpower needs in family planning, the provision of services to minors, the equitable distribution of services nationwide, guaranteed financing for programs and services, and the cooperation of the public and the private sectors in meeting these needs. A recent publication by Planned Parenthood-World Population, "Family Planning U.S.A.," provides a concise discussion of public policy and programs and the delivery of services in the United States, and I would like to include it at this point in my remarks.

FAMILY PLANNING U.S.A. (EXCERPTS)

PUBLIC POLICY AND PROGRAMS

Until the 1960s, laws, regulations and administrative procedures on family planning at all levels in the U.S. were generally restrictive.

With the notable exception of Connecticut, where an archaic law forbade even the use of contraception, traditional restrictions did not prevent the practice of family planning, but they limited who could be told about contraception, how they could be told and where they could obtain it. Doctors were generally free to prescribe and pharmacies free to sell birth control devices. Within this framework, the restrictions weighed most heavily on those who depended on subsidized institutions and tax-supported services for their health care—the least educated, the poorest and the most resourceless. In addition, negative policies were buttressed by silence in chanels of public information which kept other millions in all income brackets ignorant or misinformed.

Negative public policy was principally embodied in the federal Comstock law, enacted in 1873 (and only repealed in 1971), which included contraceptives among banned "obscene" materials, and in the state laws patterned after it, which banned the dissemination of information and the sale of contraceptive products.

End of an era

The end of the "Comstock era" was reached in the 1960s. First, restrictions were removed, then positive legislation authorizing family planning programs was adopted in a number of states and the U.S. Congress. Increasing federal subsidies provided the necessary impetus to program development. Today, new laws and policies are characteristically positive and enabling. The only area where any substantial impediment remains is in the wide availability of all fertility control services to minors.

During 1965–66, five states—New York, Ohio, Massachusetts, Minnesota and Missouri—removed Comstock era restrictions on the dissemination of contraceptive information. Laws authorizing or encouraging public health departments and/or welfare boards to provide family planning services at public expense were adopted in eleven others.

Contraception is now legal for adults in all states (with the possible exception of Wisconsin which prohibits physicians from prescribing to unmarried persons, a law now under court challenge). By mid-1972, 29 of 50 states had affirmed the right of unmarried girls who had reached the age of 18 to consent to their own medical contraceptive care and, in 19 of the 29 states, they were able to do so at younger ages or with no age restrictions at all.

How public policy evolved can be seen by a glance at key national developments.

In 1961, President John F. Kennedy defined population growth as a "staggering" problem. He saw the sudden rise in human numbers as a brake on social and economic development. His administration's domestic antipoverty efforts led to early concern with voluntary family planning as a self-help measure. Mr. Kennedy formally endorsed reproductive research to make new knowledge available to all the world so that individuals could make their own decisions about family size.

In 1963, Congress amended its Foreign Aid bill to authorize use of funds for "research into problems of population growth."

A year later, Congress made the first federal appropriation of funds for birth control. The modest sum of $1,000 was allocated for a project in the District of Columbia. The same year, the government anti-poverty program for the first time assigned $9,000 for an experimental project in Corpus Christi, Texas, to determine if family planning would be wanted and used by the poor.

In 1965, the National Academy of Sciences, the nation's leading scientific organization, urged that family planning be made an integral part of domestic public medical programs and suggested the appointment of an official at a "high national level" to facilitate government progress.

The same year, the U.S. Supreme Court struck down Connecticut's antibirth control law as unconstitutional. Its landmark decision established the constitutional right of married couples to plan their families free of state interference. (In 1972, in the Baird case, the Court in effect extended this right to the unmarried as well.)

President Lyndon B. Johnson repeatedly stressed the importance of providing family planning services and coping with problems associated with population growth. In his 1966 health message, he said: "It is essential that all families have access to information and service that will provide freedom to choose the number and spacing of their children within the dictates of individual conscience."

Between 1965 and 1967, dozens of antipoverty programs incorporated family planning services as a regular part of their activities. Some maternity and infant care programs subsidized by the federal government began to provide family planning as part of their postpartum programs. A number of city health departments and hospitals followed suit.

In 1967, the Agency for International Development (AID) was authorized to provide contraceptives in its overseas development programs. In 1967, the U.S. government's parallel interest in domestic and overseas family planning was expressed in congressional action earmarking specific funds for the first time to support these programs on an ongoing basis.

Domestically, Congress designated family planning for "special emphasis" in the antipoverty program and amended the Child Health Act to reserve and allocate for family planning services not less than six percent of the tax funds appropriated for maternal and child health. This greatly expanded the resources available for subsidized services.

In overseas programs, Congress also gave special emphasis to family planning by adding a new section on "Programs Relating to Population Growth" to the Foreign Assistance Act, effective 1968. For the first time, the Act allocated specific funds to make contraceptive and other family planning assistance available to other countries, upon their request.

In July 1969, President Richard Nixon's Message on Population and Family Planning called for increased federal support in domestic family planning services, in biomedical and social research and in foreign aid assistance, and requested the establishment of a commission to study the U.S. population problem. Mr. Nixon committed the nation to assist American families to have no more children than they wished to have and said:

"It is my view that no American woman should be denied access to family planning assistance because of her economic condition. I believe, therefore, that we should establish as a national goal the provision of adequate family planning services within the next five years to all those who want them but cannot afford them. This we have the capacity to do."

Assigning substantial funds

In December 1970, Congress passed the Family Planning Services and Population Research Act authorizing a three-year program of services and research to supplement already ongoing activities.

In 1971, in accordance with the requirements of this law, a five-year plan was prepared by the responsible government agency outlining a phased program to bring family planning services to an estimated 6.6 million women of low or marginal income by 1975.

In 1972, more than 2,700 public and voluntary hospitals, local health departments and voluntary agencies reported that they were collectively providing family planning in more than half of U.S. counties to an estimated 2.6 million women.

The rise in government spending for family planning has been substantial. The federal budget increased this item from a total of $2.5 million in 1965 to a total of $187.8 million for fiscal 1972. For fiscal 1973, the budget was $161 million. (Research budgets not included.)

The ideal contraceptive would be safe and free of side effects. It would be effective, aesthetically acceptable, coitus-independent and accessible commercially rather than medically. In addition, it would be inexpensive, easy to use and reversible. This contraceptive does not exist.

Presidents Kennedy, Johnson and Nixon all explicitly supported increased government support for fertility research to improve methods. Congress increased allocations for this purpose from almost nothing in 1962 to $39 million in fiscal 1973.

The federal government assesses the safety of all birth control methods and keeps them regularly under review. A small but growing program in behavioral and attitudinal research is a further part of the total research effort. The Foreign Assistance program has also grown considerably. Starting in 1965 with $2 million, government funds for family planning abroad steadily increased, reaching a $125 million appropriation in fiscal 1973. The major portion of the overseas budget goes to assisting qualified and interested countries in establishing family planning delivery systems, including the means, information and staffing required to provide the services. Substantial financial aid also goes to research, demographic social science and institutional support.

DELIVERING THE U.S. SERVICES

Voluntary family planning today enjoys exceptionally broad national support. Leading professional organizations in medicine, public health, nursing, law, social work and education have adopted strong favorable policies.

Major faiths agree on family planning goals; differences now center on the permissibility of methods, not on general principles.

Citizen attitudes are also favorable. Most Americans practice family planning or expect to do so. Government programming budgeting reflects this consensus.

The chief aim of U.S. government expenditure is to meet the needs of the medically indigent. The non-poor receive their health care from private physicians and usually get their family planning guidance the same way.

Unlike some other nations, the U.S. has no single national health system. As a result, many channels must be utilized if the population in need is to be served. Among the chief providers of service are hospitals, health departments and voluntary agencies like Planned Parenthood.

The voluntary agencies carry an important part of organized program responsibility. In 1971, close to 41 percent of all patients of organized programs obtained their birth control from non-governmental sources. Planned Parenthood affiliates, for example, operated clinics in more than 700 separate locations in 42 states and the District of Columbia.

City and county public health departments collectively served 36 percent of all patients. Hospitals served the remaining 23 percent.

Some federal financial support went to most of these programs. While a number of government agencies contribute, main responsibility for funding and supervision is vested in the Office of Population Affairs and the Bureau of Community Health Services in the U.S. Department of Health, Education, and Welfare. Regional offices identify needs, coordinate efforts, process grant applications, supervise and evaluate programs and initiate backup support in manpower training and information and educational resources. The research program (exclusive of census activities) is part of the National Institutes of Health, the major health research arm of the federal government (also in the Department of Health, Education, and Welfare). Both services and research are under the direct supervision of the Deputy Assistant Secretary for Population Affairs of the Department, Dr. Louis Hellman.

The service record

The government's five-year plan in the family planning field estimates that there are currently some 25 million fertile, sexually active U.S. women between the ages of 14 and 44. Of these, between 1971 and 1975, more than 6 million low-income women are estimated to constitute the population in need of subsidized services. Naturally the size of this group may vary from year to year—partly in response to economic change and partly because of the increasing number of women of childbearing age.

An estimated 2.6 million patients were being served in organized programs in 1972. When the estimated number of low-income women receiving family planning care from private physicians is added to those served by organized programs, the total receiving birth control help by 1972 was close to half the patient goal.

The median patient age was 23. Eighty-two percent had three or fewer children. The median educational level stood at 12th grade. Some 62 percent were white, 38 percent were non-white and 16 percent of the total were recipients of public assistance.

Planned Parenthood's role

Along with contraception, most patients also benefited from other health services—breast and pelvic examinations, pap smears, checks for venereal disease, etc.

Organized family planning services were available in 1972 in nearly two-thirds of all U.S. counties. The largest group of providers were 1,637 local public health departments. Hospitals rank second. Of the 4,622 general non-profit hospitals where 99 percent of American women deliver their babies, 729 offer birth control services.

Planned Parenthood adds a third large group of providers: 170 of its affiliates offer medically supervised birth control. The others concentrate their efforts in education only. Many receive federal grants. Most also raise private funds for program support and, in addition to meeting federal requirements, they serve patients ineligible for government programs and patients residing in localities without adequate public facilities. Planned Parenthood affiliates also offer programs of education for marriage and sex education, and act to promote community understanding of family planning and population dynamics.

Some 437 other providers, public and voluntary, also offered family planning in 1972. At the local level, these include such agencies as Family Health, Inc., which operates a statewide Louisiana program; Better Family Planning, Inc., whose activities are centered in Philadelphia, and the Los Angeles Regional Family Planning Council which unites many diverse agencies in southern California.

Professional groups

At the national level, several professional organizations conduct programs in the family planning field—among them the American Public Health Association, the American College of Obstetricians and Gynecologists and the Council on Social Work Education. The National Urban League also provides education and counseling in support of family planning programs.

Foundations, research organizations and universities are concerned with family planning. The Population Council provides technical assistance to family planning, principally overseas, along with a major effort in biomedical and demographic research. Specialized training programs for family planning have been established at universities, among them Chicago, Columbia, Harvard, Hawaii, Michigan, Puerto Rico, North Carolina, Pittsburgh and Tulane. Some commercial enterprises have also undertaken family planning projects in recent years, usually in the field of research and education, rather than direct service.

Planned Parenthood's Center for Family Planning Program Development monitors national efforts, pioneers methods of program planning, provides technical assistance and publishes the professional quarterly, *Family Planning Perspectives*.

SUCCESS IS WITHIN REACH

In the U.S., more family planning programming remains to be done than has been achieved. But specialists expect to see rapid progress.

As recently as 1960, not even the most optimistic family planner dreamed that the U.S. would go so far so fast in meeting national birth control needs.

But what seemed impossible became desirable, practical and feasible, when a working partnership of government and voluntary agencies came into existence.

The public-private partnership, combining substantial public funds, official expertise and supervision, with the experience, enthusiasm, flexibility and dedication of the volunteer and the voluntary agency proved to be the key to rapid progress.

Despite America's many unresolved family planning problems—and they are many and difficult—Margaret Sanger's vision of a day when every baby would be born wanted to loving parents appears clearly outlined on the American horizon.

Mr. Chairman, the committee has called attention in its report to the serious administrative problem of grant consolidation. HEW has embarked on an effort to reduce the number of local projects for which the Department has direct monitoring responsibility by consolidating various projects into one grant. The danger of such grant consolidation is that it may threaten the integrity of some family planning projects, especially those which were started by the Office of Economic Opportunity. These projects usually emphasized community involvement in the program design and delivery and maximum involvement of paraprofessionals in delivering family planning services to low-income women. Neither of these concepts is received with much enthusiasm in many State and city health agencies, which are usually chosen by HEW to coordinate and consolidate grants.

Mr. Chairman, the committee has a full understanding of this problem and has expressed its intent in the committee report that HEW insure that grant consolidation not lead to the domination of family planning services in any area by one type of service provider. I have expressed my own concern on this matter to the Secretary of HEW and would like to include my letter, his reply, and the relevant portion of the committee's report at the conclusion of my remarks.

HOUSE OF REPRESENTATIVES,
Washington, D.C., April 15, 1974.

Hon. CASPAR W. WEINBERGER,
Department of Health, Education, and Welfare, Washington, D.C.

DEAR MR. SECRETARY: It has recently come to my attention that family planning grantees in the City of New York have been told that the administrative responsibility for their programs is to be given to the New York City Department of Health. Other grantees in the State have been told that they must henceforth apply for family planning funds to the State Health Department rather than through the DHEW regional office as has been the case since the inception of the Title X family planning program in 1970. Grantees in New Jersey have also been told that their grant applications are to be submitted to Trenton, not DHEW, and apparently, this pattern of so-called "consolidation" is nation-wide in scope. These instructions which were only delivered orally to Region II grantees were apparently perceived by the grantees as beyond appeal although they are clearly arbitrary, will be injurious to the program, and have only been justified to the grantees on the grounds that they are in line with the Administration "transition" to block grants and health revenue sharing.

To my knowledge (and I was a sponsor of the family planning legislation in 1970 and again in this Congressional session), Congress was and is fully aware of the distinction between project grants to local "public and private non-profit organizations" and grants to a designated State public agency. As a matter of fact, in the 1970 legislation, Congress authorized both types of financial support: a project grant mechanism, in which the relationship is between the local
grantee agency and the Federal government,
fectively in meeting its goals.
and a formula grant program, in which the
agree that the program has functioned ef-
relationship is between the State Health
ministration and the Congress appear to
Agency and the Federal Government. Unaccountably, DHEW consistently refused to request funds for the support of state health agency programs and Congress let the authority lapse last year. However, both the House Subcommittee on Public Health, and the Senate Committee on Human Resources have approved the constinuation of the family planning project grant program, as initiated in 1970, through 1976. Both the Ad-

DHEW is certainly justified in making administrative decisions which would improve the operation of programs which have been entrusted to it by the Congress. But it must not be permitted to make administrative decisions which are incompatible with or thwart legislative intent. The Department can, and should, encourage the coordination and consolidation of local programs. It is not, however, authorized to transform, under the name of consolidation and by arbitrary administrative means, a project grant program into a sort of formula grant arrangement in which allocations among provider agencies are controlled not by DHEW, but by the State Health Agency, itself (directly or indirectly) a provider of services and, in that sense, a competitor for funds. DHEW cannot relinquish the responsibility given to it by Congress to directly monitor and assist its individual grantees.

The family planning program has achieved in a few years, a remarkable level of support among the general public, the client population and minority groups where not long ago the "genocide" charge was frequently made. This could not have occurred without active encouragement of consumer and patient participation, community outreach, intensive use of para-professional personnel, participation of a very wide variety of provider agencies with broad constituencies, and flexible modes of service delivery. I gravely doubt that this level of support, and the high achievements of the program, can be maintained under the new conditions created, arbitrarily, by DHEW.

Would you please explain the Department's policies in this regard to me, including the legal justification for them? If these policies are in fact what they appear to be, I urge you to reconsider the Department's position which, in my judgment, is contrary to the Congressional intent and will surely be harmful to the program.

With best wishes,

Sincerely,

JONATHAN B. BINGHAM.

THE SECRETARY OF HEALTH,
EDUCATION, AND WELFARE,
Washington, D.C., May 16, 1974.

Hon. JONATHAN B. BINGHAM,
House of Representatives,
Washington, D.C.

DEAR MR. BINGHAM: Thank you for your letter of April 15 requesting information concerning family planning services project grant consolidations.

I understand that Dr. Carl S. Shultz, Director, Office of Population Affairs, has discussed with Mr. Gordon C. Kerr, your Administrative Assistant, a number of the specific problems in New Jersey and New York dealt with in your letter. In instances where such problems arise, special consideration and review will, of course, be provided. Dr. Shultz will continue to work with your Office as we endeavor to resolve these special situations.

The Administration has requested extension rather than termination of the Public Health Service Act health services project grant authority with minor modifications which make clear the intent to support family planning services projects. This legislation has been introduced as H.R. 12892.

Perhaps the confusion relating to conversion of project grants to formula grants arose due to the Congressional mandate within Title V of the Social Security Act. With regard to family planning projects supported under Title V, P.L. 93-53 extended Social Security Act Title V project grant authority through fiscal year 1974. At the end of that period, States are to assume responsibility through Title V formula grants for continuing services (including family planning services) to population groups previously receiving services through projects in fiscal year 1974.

The object of the family planning services program is not to support individual service providers but rather to provide services to those low-income individuals who desire but cannot afford them. Congress authorized not only the provision of services through projects (Section 508 of Social Security Act Title V and Section 1001 of the Public Health Service Act) but required under Section 506 of Social Security Act Title V that each State have a plan for extending family planning services to mothers in all parts of the State by July 1, 1975.

With the enactment of Title X of the Public Health Service Act in 1970, the major authorization for family planning project grants, and the major program level planned to fund that authority, it was recognized that by the end of the initial three-year period, there could be as many as 2,000 to 3,000 grants. Since adequate administration of so large a number of grants would be exceedingly difficult, the concept of consolidation received increasing emphasis as a means of fostering effective program management. The consolidation process is carried out through existing agencies such as State and local health departments as well as through the establishment of State and local coordinating bodies (umbrella agencies) such as the Illinois Family Planning Coordinating Council and the Los Angeles Regional Family Planning Council. Consolidation does not decrease the number of individuals served and it does not necessarily decrease the total number of agencies receiving funds since each consolidated grantee or umbrella agency may subcontract for services with any number of facilities in its general geographic area.

At one stage in the development of the family planning services program, there were over five hundred family planning services projects supported by the DHEW and the Office of Economic Opportunity (OEO). By the end of fiscal year 1974, this number will have been reduced through consolidation to approximately three hundred. Although the number of service providers has been and will have been reduced, the quantity and quality of services has consistently been increased. Rather than subverting the intent of the Congress, consolidation in appropriate cases is a means for improving the effectiveness of family planning programs.

Please let me know if I can be of any additional assistance.

Sincerely,

CASPAR W. WEINBERGER,
Secretary.

COMMITTEE REPORT ON H.R. 14214

GRANT CONSOLIDATION

The original title X legislation authorized two funding mechanisms for the support of family planning programs: a project grant program of direct assistance to local public and private nonprofit agencies and a program of grants to state health agencies, on a formula basis, to enable them to assist local programs in planning for, and delivering family planning services. HEW did not request any funds for the formula grant authority in its first three years and accordingly, the Congress let the authority lapse in the Public Health Services Extension Act of 1973. Few state health agencies have made substantial progress in assuming a stronger role in the provision of effective administrative, planning and technical assistance support to local programs. The number of full-time state health agency administrative personnel assigned to family planning has remained almost constant for the past three years and is far below what the HEW Five Year Plan itself indicates to be required.

In extending the project grant program, the Committee is mindful of these facts and states its intent that HEW must continue to have direct responsibility for the monitoring of local projects, the provision of technical assistance and training, as needed, and the allocation of resources between projects. It is recognized that, in some instances, it may be necessary for administrative reasons for HEW to encourage or even require that local grantees consolidate their grant applications. This type of consolidation may have important cost-beneficial aspects for the operation of community-based programs since it may assist in promoting coordination between local agencies, joint planning and joint decisions as to the allocation of resources. When the consolidation of project grants is undertaken, it is imperative that the consolidation take place at the local community level, that no one agency be in a position to determine or unduly influence the allocation of resources to other potential family planning providers, that all potential providers be able to participate in the basic policies governing the implementation of the grant, and that HEW provide adequate resources to foster a meaningful, programmatic consolidation and coordination. A systematic attempt by HEW to consolidate local project grants under the control of state agencies and to shift a large part of the administrative responsibilities and of the decisions as to resource allocations to these state agencies would be contrary to the intent of the law.

Mr. MATSUNAGA. Mr. Chairman, I rise in support of H.R. 14214, the proposed Health Revenue Sharing and Health Services Act of 1974.

I would like to congratulate the distinguished committee chairman from West Virginia (Mr. STAGGERS) and the equally distinguished chairman of the subcommittee, the gentleman from Florida (Mr. ROGERS) for their efforts in the development of this excellent legislative proposal.

The Health Revenue Sharing and Health Services Act of 1974 contains authorization to continue funding five separate and proven Federal health programs for 2 additional years. These include health revenue sharing, family planning, community mental health centers, migrant health and community health centers. Slightly less than $1.8 billion is authorized for the 2-year period. In fact, the 1975 authorization of $809.5 million is almost $100 million less than the comparable authorization for 1973. If we are receiving proper value for our money, then it seems apparent that what we have here is indeed a bargain.

When we speak about spending $1¾ billion, we need to know what we are buying, and whether more effective alternative programs could be devised for the taxpayers' money. The choice which we have in promoting health is either to purchase services to promote normal growth and development; to contain chronic conditions and comfort the suffering; or to repair acute conditions. The least dramatic, and perhaps most effective, of these approaches is the promotion of normal growth and development.

By creating conditions where health, rather than illness, thrives, we eliminate more pain and suffering, at less cost, than we could by treating the victims of disease. How much better to be able to care for people so that they will not suffer, than to cure them only after the pain has begun. This is the purpose of the bill which we have before us.

But even in agreement with these principles, one might well ask how are we to accomplish the utopian goal of preventing disease? Indeed, a cursory examination of the appearance of health services would say that this is impossible. However, this is a case where appearances hide facts. And the fact is that we can and do have effective disease prevention programs, and that these programs could be even more effective.

However, first let us examine the available evidence. In the year of my birth, which is not very long ago, but longer than most people think, the 10 leading causes of death in the United States were: Heart disease, pneumonia, and influenza, tuberculosis, nephritis, intracranial lesions of vascular origin (stroke), cancer and other malignancies, diarrhea, enteritis and other diseases of the intestinal tract, nonmotor vehicle accidents, premature births, and syphilis. In 1971, tuberculosis, nephritis, intestinal diseases, prematurity, and syphilis were not included among the 10 largest killers. Instead, there was a higher percentage of deaths related to heart disease, cancer, stroke and other conditions which had not previously been on the list which are chronic conditions associated with old age. Some might say that this evidence indicates that we are losing ground. But the observer who sees a glass half full rather than half empty knows that we have made real and substantial progress in overcoming premature death.

In fact, communicable and infectious diseases whose very names were once sufficient to evoke terror—diphtheria, typhoid, typhus, smallpox—are now all but forgotten. In the not too distant future, we may well be able to add rubella, measles, and polio to that list.

Just over 20 years ago polio was one of the most dreaded diseases. Since then polio has been almost totally eliminated. In 1972, there were fewer than 40 new cases of polio reported in America. There is no reason to believe that other disease-control programs will not be equally effective.

The opportunity of accomplishing this goal is presented to us by this bill. It would provide Federal assistance in supporting public health activities which each State may choose in its effort to accomplish its own most important health objectives, under title I, the health revenue sharing authorization.

Titles II, III, IV, and V would promote health saving and assuring activities. Assistance to family planning activities, under title II, would encourage services to assure proper family size at the appropriate time. Assistance in avoiding the problems related to unwanted children will be provided. As an original sponsor of the family planning legislation, I am particularly pleased with the committee's extension and improvement of this vital law.

The case of unwanted children whose families could not afford to support them was poignantly presented to me when, as a very junior Congressman, I was forced by an aircraft malfunction to make an unplanned stop in Calcutta, India. There the frightening experience of losing an aircraft engine in flight was overshadowed by the horror of seeing emaciated children dying in the gutter. It was this cultural shock which prompted me to offer the Matsunaga family planning amendment to Public Law 480, the Food for Peace Act. The activities carried out under this amendment have helped India to reduce its booming population growth.

We can be grateful that the United States has never suffered from such extreme overpopulation. We have been spared the indignity of public death of our children, but many American families are unable to provide proper care and nutrition to their unwanted children. It is the relief of these families—and of the children themselves—that title II is intended to provide.

Similarly, title III, the community mental health centers program, is an effort to reduce pain by preventing it. We now know that mental public health activities can successfully reduce the incidence of mental disease, or failing the reduction of incidence, at least lessen the duration and intensity. In addition to reducing the pain of mental illness—and this is an immeasurable benefit—we already know that the community mental health centers programs are effective in the reduction of the amount of expensive mental health hospitalization which the States must provide and the patients must endure. Indeed, like family planning, the community mental health program is among the most humane provided by Congress.

The Health Revenue Sharing and Health Services Act of 1974 is truly a commendable legislative effort—one which we, who vote to approve, will be able to list among our accomplishments with justifiable pride.

Mr. DELLUMS. Mr. Chairman, I rise in support of the Health Services Act. Title II of this measure authorizes an extension of the Family Planning Services and Population Research Act of 1970 (Public Law 91-572). Last year, prior to the passage of the Health Programs Extensions Act, I introduced H.R. 6021—along with 46 cosponsors—to extend family planning services and population research programs through fiscal year 1978. Earlier this year I testified before the Interstate and Foreign Commerce Committee, and I wish to commend the members of that committee for their fine work as exemplified in this bill.

All of us agree that it is a fundamental human right to decide whether or not to bear or beget a child. The family planning services programs of the Federal Government provides the means by which all people—regardless of income—may exercise this right. Furthermore, I have not heard anyone condemn either the quality or the cost of family planning services provided under title X of the Public Health Service Act. Members of the committee—and indeed a great many of our colleagues—recognize that these programs provide an excellent and needed service and that they should be continued.

No one contends that the family planning project grants are ineffective, too costly or unnecessary. But earlier this year, the Nixon administration proposed an immediate halt to the growth of the program through project grants. HEW announced its intention to finance expansion through title IV-A—social services—and title XIX—medicaid—and to phase out project grants to the maximum possible extent in the near future. This shift, from a health to a welfare orientation, carried with it considerable implications in terms of eligibility for family planning services, in terms of standards of care for family planning, and in terms of freedom from coercion, actual or implied. I believe that had the Department's initiative been allowed to succeed, it would have done irreparable harm to what has been up to now a popular, effective program broadly accepted and utilized by low-income women and men.

I support the continuation and expansion of the authorization for family planning services project grants because I believe this is the best mechanism for the provision of such services. It was on this crucial point that I was in very basic and strong disagreement with the Nixon administration. I am glad that they decided to listen, and to—finally—support this legislation.

Medicaid and title IV-A programs are undesirable as primary vehicles for the provision of family planning services to women who are poor:

These are programs in which eligibility is very narrowly defined.

These are programs over which we Members of Congress have very little control.

They make no pretense of having national standards of medical care.

They are national only in the sense that they are made up of an aggregate of 50 welfare programs each having 50 varying State criteria for eligibility and quite different State standards of care.

They are administered, for the most part, by State welfare agencies, some of which are not exactly known for their high level of concern for the health and well-being of low-income women or for their progressive policies with regard to such women and their personal privacy. I do not believe that State welfare agencies which staged midnight "man in the house" raids and have been known to threaten or actually force women off welfare rolls, can be trusted totally to insure voluntarism as a basic principle in the conduct of birth control programs. Even if they are, I am sure that prospective patients would be leery of the intentions of these agencies and reluctant to participate in family planning programs sponsored by public assistance agencies. Furthermore, I fear that the suspicions of those who cry "genocide" would all too soon be reinforced if family planning services become too closely associated with these and other welfare programs. It is imperative from my viewpoint, that strong Federal direction and supervision be present in these programs at all times.

Let me also point out that there is unanimous agreement that medicaid is an extremely expensive and ineffective program which has failed specifically to provide preventive health services. Many physicians refuse to treat medicaid-eligible patients, and the relatively few that do generally have incredibly busy practices with little time to give each patient.

Women who are poor and must rely on medicaid for their health care needs are neither as knowledgeable nor can they afford to be as demanding of their physicians as can the average middle-class woman. Medicaid physicians can always refuse services to any recipient if they so choose. We saw what happened in Aiken, S.C., when medicaid women refused to be bullied into sterilization. When the physicians who insisted on sterilization as a condition of their providing prenatal and obstetrical care to medicaid patients were condemned for their behavior, they simply refused to provide services to medicaid patients. The result, according to the Medical Tribune, is that women who rely on medicaid for obstetrical care in Aiken, S.C., can no longer find a physician there willing to give it to them. They must now travel 40 to 50 miles in order to deliver their babies or to get gynecological examinations and pregnancy-related care.

It seems to me that it is up to us as Members of Congress to make sure that family planning programs are directly authorized, supervised, and monitored by the Federal Government. It is up to us to insure that national standards of quality health care are established and maintained. It is up to us to see that the freedom of choice of the poor patient is guaranteed by the Federal Government.

The medical protocol developed and established for the provision of family planning services under the Family Planning Services and Population Research Act is excellent. Through family planning services projects following this protocol, in 1971 of the 798,000 women enrolled as new or continuing HEW family planning services patients, 88 percent received gynecological examinations, 632,000 received Pap smears for the detection of cervical cancer, and 60 percent received lab tests and other examinations including infertility and hemoglobin. The point is that for the first time, good preventive health care is being provided to vast numbers of women of childbearing age and of limited income.

Therefore, I would like to ask that this body make clear once and for all its displeasure with any attempt to force all expansion of family planning services provision to take place under medicaid and title IV-A rather than through the special project grants authority by giving full support to H.R. 14214 as reported to the floor.

Mr. HUDNUT. Mr. Chairman, I rise today to add my support to H.R. 14214, the Health Revenue Sharing and Health Services Act of 1974. This legislation provides a 2-year extension of five expiring programs for the provision of health services. It authorizes a total of $1,735.5 million for fiscal year 1975 and fiscal year 1976, and makes a number of substantive revisions. The five programs involve health revenue sharing, family planning, community mental health centers, migrant health, and community health centers.

Our Nation is steadily moving toward some type of national health-care delivery system, as is evidenced by the number and variety of plans for national health insurance now under consideration by the Ways and Means Committee. The goals of the health legislation are shared by all, even though the methods of attaining it differs greatly. Every citizen of the United States should have quality health care available to him at a price that he can afford.

My service on the Public Health and Environment Subcommittee which held hearings on this bill has made me acutely aware of the necessity of its passage. These five programs which have been discussed in detail by others on the committee are no longer experimental, demonstration projects. They have proven with community after community, to be a viable and workable solution to our Nation's health care crisis. Costs for health care have more than doubled in the past 7 years. The persons or families who are hurt the most by this inflation are those members of the middle income group. The health center and mental health center approach to health care delivery assures all Americans, especially the middle income Americans, of quality medical care.

I believe this bill, H.R. 14214, of which I am a cosponsor, goes a long way toward assuring quality health care for all. More importantly, it provides an excellent framework for the Federal Government to work with the local communities in order to provide complete and comprehensive health care that is needed by that community.

On June 30, 1974, I participated in the dedication of the brand new Citizen's Ambulatory Health Center, 1650 North College in Indianapolis, Ind. This facility will provide excellent comprehensive health care services including all primary health care, dental care, and eye care. The $1.3 million building came about only after many months of work by citizens who came together on a community level and proceeded hand in hand with governmental officials at all levels to achieve their goal of quality health care that is available for everyone in their community. In addition, I have visited the Neighborhood Health Centers operated by Methodist Hospital of Indiana, Inc., in the inner city of Indianapolis. I am including as part of my remarks a letter I received from Dr. Dale S. Benson, the director, together with information on the philosophy and program which is provided in these centers.

The community based mental health centers are also a step in the right direction from a mental health care standpoint. As a former president of the Marion County Mental Health Association, I am well acquainted with some of the backward attitudes that society holds toward mental health and those requiring mental health treatment. After a deliberate review of the decade-long history of Community Mental Health Centers, I feel we must make a national commitment to supplement our institutionally based mental health system with more effective and more humane community-based care.

The Midtown Community Mental Health Center at Marion County General Hospital in Indianapolis, Ind., is a perfect example of the effectiveness of a mental health facility designed for community based use. In 1974, the center had 7,000 outpatient visits, 3,500 day-care visits and 600 inpatient admissions—who stay institutionalized an average of 12 days. However, at least three more community mental health centers are needed in Marion County. This legislation with accompanying appropriations would help alleviate this deficiency. The mental health system of America should continue to move away from the institutional approach and more toward treatment on a community basis.

In my view, one of the most serious challenges America faces today is how to deal with the continuing increase in health care cost while at the same time giving assurance of quality health care service for all Americans.

This legislation, if enacted and properly administered, will be a big step in the right direction to the solution of this problem.

The information follows:

NEIGHBORHOOD HEALTH CENTERS,
Indianapolis, Ind., June 21, 1974.

Hon. WILLIAM H. HUDNUT III,
Longworth Building,
Washington, D.C.

DEAR CONGRESSMAN HUDNUT: Thank you for your visit to our Health Centers earlier this month, and for your continuing interest and support in our Neighborhood Health Center program.

The enclosed information which you requested should be useful to you in understanding the philosophy and the program which we are providing. Two of the three pieces relate specifically to our program of relating pastoral counseling into the actual patient care environment. I hope that this information will be useful to you. I will be happy to supply further details or answer any questions you may have if this would be helpful.

My continuing concern, in addition to adequate funds to carry on programs of this nature, is that those providing the funds will recognize the importance of the "whole" person approach to health care. I feel very strongly that the components of our program, such as the chaplaincy and health education support, is vitally necessary in order to make any significant impact on the patient's health needs. We run into problems with this on the local level from those who do not understand this concept. I'm sure the same problem could exist on a much larger scale at the Federal level.

We appreciate the fact that you are cosponsoring the special health revenue sharing bill. This, in addition to the personal interest you have shown our Health Centers, is extremely encouraging.

I stand ready to be of assistance to you at anytime.

Sincerely,

DALE S. BENSON, M.D.,
Director.

NEIGHBORHOOD HEALTH CENTERS

BACKGROUND

Methodist Hospital presently operates three Neighborhood Health Centers in three distinct and separate areas of the inner city of Indianapolis.

The Southeast Health Center was established in September of 1968 at the request of the Southeast community. The Southeast community is an upper-lower class area that is 95 percent White. The neighborhood is fairly stable but has been progressively deteriorating over the last fifty years. The mean income is low, $6,600, and the Southeast Health Center was established because of the lack of medical support in the neighborhood. The population density is 12,446 per square mile.

Presently the South Health Center services approximately 1,200 patient visits per month with a total patient base of some 9,000 patients. The facility is housed on the first floor of a large three-story building that has been completely remodeled in the past two years. National recognition was given to the facility by the American Architect Association for an outstanding remodeled health care facility in the year of 1972. It is planned that the second and third floors of the facility will be used for multiservice components.

The Central Avenue Health Center was also established in September of 1968. The Central Avenue neighborhood is definitely more transient and a lower socio-economic neighborhood. Eighty-five percent of the housing is multi-family units. The mean income is $5,300. The population is more transient, and the Black-White ratio is 50–50. Population density is 17,790 per square mile.

The Central Avenue Health Center is presently housed in two stories of a large wing of the Central Avenue United Methodist Church. The square feet is 4,700. A 1.3 million dollar, 24,000 square foot Health facility is being built close to the Central Avenue Health Center and it is possible that the Central Avenue Health Center will be transferred to this facility within the next six months. The Central Avenue Health Center presently serves approximately 1,200 patient visits per month, with a total patient population of 12,000.

The Southwest Health Center was established in January of 1972. It is located in a blue-collar area of the city and was primarily established because of a lack of medical resources in the neighborhood. It, as well as the other two Health Centers, charge patient fees on a sliding fee scale and the Southwest Health Center presently generates approximately 50 percent of its cost by patient fees. This is in contrast to 10–15 percent at Southeast and Central Avenue Health Centers. The mean income of the neighborhood is $7,056.00. Population density is 4,592 per square mile. The Southwest Health Center is presently serving 600–700 patient visits per month, with a total patient base of 3,500.

The situation of having three Neighborhood Health Centers under the same direction in three distinct neighborhoods of the city offers the unique opportunity of evaluating two standardized health care delivery programs in the context of the differing patient populations. The opportunity exists to demonstrate simultaneously the effectiveness of an idea or program for a health care delivery system in three characteristic but different health care situations.

PHILOSOPHY

The program in all three Health Centers is under the direction of one Medical Director with direct administrative relationships to Methodist Hospital. Consequently, the program philosophy is the same in all three Health Centers although certain characteristics may differ in response to the particular needs of the neighborhood.

The Neighborhood Health Centers strive to deliver, to the residents of the neighborhood, family-oriented health care that is comprehensive, personal, and efficient. The Health Centers recognize that health care involves dealing with the whole person and the complex interrelationships of the social-economic, emotional, familial, and environmental situations with the medical problems. Thus, every effort is made to deal with the patient as a whole person when they present to the Health Center.

The patients respond best when treated as a human being with dignity and thus a continuing emphasis is placed on personalization of care. Finally, a continuing emphasis is placed on providing care with the maximum of efficiency, not only as a service to our patients, but also to be able to deliver a maximum amount of care at a reasonable cost.

In summary, every effort is made in the Health Centers to provide a program of comprehensive primary ambulatory health care with a concern for the total individual in the family setting and with emphasis on personalized, high quality care delivered with maximum efficiency.

PROGRAM

The entire program is built around the philosophy of health care previously outlined. It includes each of the components briefly outlined below. This program is essentially delivered in all three of the Health Centers to the three differing population groups.

A. Patient care program

1. Full Time Staff of Six M.D.'s

Four Family Practice Physicians (two Board eligible), two Pediatricians (one Board eligible, one Board certified), all full time, are on the Neighborhood Health Center staff.

2. Full Time Staff of Five Family Nurse Clinicians

All graduates of an accredited Family Nurse Clinician School.

3. A well-developed problem oriented practice

Problem oriented medical records have been used for fours years in the Health Centers. The records are dictated by the medical staff in order to make the medical information more easily accessible in the record.

4. A probelm oriented data base system

This system has been developed and is tailored to meet the needs of the individual patient and designed so that the data base is automatically accumulated on each patient.

5. Principles of practice

Principles of practice have been written by the medical staff in order to establish, in writing, the commitment of the medical staff regarding their responsibilities to the patients.

6. Procedural audit

A weekly procedural audit is carried out on the problem oriented chart and the results made available to the medical staff.

7. Performance audit

A monthly performance audit has been designed and is in its initial trial stages.

8. Community services

A community services division functions in the Health Centers and provides pastoral counseling concern in addition to casework assistance for the patient. Emotional, psychological, familial, and social-economic problems are dealt with on the primary, ambulatory level by this division working in close coordination with the medical staff.

9. Health education

Health education is made available as an integral part of the program in the Health Centers. There is presently a staff of two professional health educators to design and implement the programs and give health education support to the medical staff.

10. Problem oriented record

The problem oriented record is totally integrated in that the community services and health education staff utilize the patient problem list and progress note dictation system on an equal basis with the nurse clinicians and medical doctor staff.

11. Volunteer program

An organized volunteer program has been in effect in the Health Centers for five years. The volunteers provide support, mainly in the patient care areas, such as assisting in health education, community services and specialized classes for patients.

12. Laboratory program

A formalized laboratory program exists in the Health Centers with built in quality control systems.

13. 24-hour telephone coverage

Twenty-four hour telephone coverage utilizing Nurse Clinicians is available at the Southeast Health Center and hopefully can be made available to the other Centers in the near future.

14. Chart filing system

The chart filing system is organized on a family basis to emphasize the family orientation to patient care.

B. Management program:

1. A management by objectives program is functional in the Health Centers and is utilized by all supervisory personnel.

2. A sophisticated statistical gathering system using keypunch techniques and computer readouts has been developed and hopefully will be implemented within the next several months.

3. A formalized on-the-job training program has been developed which functions not only for on-the-job training but also for continuing quality control evaluations of employees.

4. An in-service training program on a weekly basis has been developed and is functioning in order to upgrade the entire Health Center staff.

5. A formal continuing medical education program for the medical and nursing staff functions on a weekly basis.

6. A management reporting system has been developed which alerts management personnel to problem areas in health center efficiency and productivity. The management reporting system is done on a weekly basis.

7. A detailed procedures manual has been developed outlining each step of every procedure that employees may need to follow.

8. Time and motion standards on many of the procedures have also been developed and are useful in evaluating employee efficiency and productivity.

9. An Industrial Engineer is on the staff to assist in the Health Centers continuing emphasis on efficiency of patient care.

10. The relationship of the Health Centers to Methodist Hospital provides a wide range of expertise in a variety of departments which are utilized by the Health Centers.

SUMMARY

As can be seen above, the Health Centers have developed and presently are functioning with a considerable amount of experience, a fairly compete patient care program with an emphasis on sound management techniques. It is all designed to provide to the patient, dignified and personalized care that is as comprehensive as possible, but yet delivered with a maximum of efficiency and respect not only for the patient but for the dollars that are being invested in his care. Since this program essentially exists in all three Health Centers, it provides the unique opportunity of evaluating health care delivery systems and also health care delivery management systems in three distinct social-economic populations.

THE ROLE OF PSYCHOSOCIAL AND QUALITY OF LIFE SERVICES IN NEIGHBORHOOD HEALTH CENTERS, METHODIST HOSPITAL OF INDIANA, INC.

THE NEED

The whole person coming as a patient to the Neighborhood Health Centers comes because he is not feeling well or not feeling happy. Frequently, he is uncertain which it is—sometimes it is both. This often makes it difficult for the medical staff to evaluate and treat the presenting complaint appropriately. Many times, the patient brings a hidden agenda which he unrealistically expects the physician and medical staff to intuitively understand. The physician is one of the few professionals that the alienated inner city person trusts most readily. Statistics show that the majority of persons with social and emotional problems turn first to a physician or clergyman.

Unfortunately, with the increasing sophistication of scientific medicine, society has turned away from the age old concept of the physician presenting holistic medicine to a whole person and views him as a specialist in dealing with the physical complaints of fragmented persons. Our patients have learned well from their culture. Because of cultural taboos regarding emotional illness patients frequently feel it is more acceptable to present physical complaints when they are unhappy or emotionally upset. This is both conscious and unconscious. In addition, their internalization or withholding of spiritual and emotional complaints often contribute to psychogenic problems. When the diagnosis indicates that the etiology is in non-organic illness, these same patients tend to resist both the diagnosis and any subsequent referral. The need to reintegrate the healing disciplines has been a growing concern of the various healing professions.

Developments in psychological medicine indicated the intimate relationship of spirit, mind, and body. This discovery has shown that subconscious spiritual disorders frequently play an important part in causing many kinds of illness, both mental and physical. Most important, it has disclosed that successful treatment of disease in one aspect is not possible without consideration of the other two.[1]

PSYCHOLOGICAL AND QUALITY OF LIFE SERVICE

The concept of total patient care for the whole person because of the close interrelationship of these causal factors is mitigating the fragmentary specialty care which has arisen. Both private and nonprofit group practices are emerging which incorporate the various healing disciplines in treatment in order to assure comprehensive care and greater patient compliance.[2] The American Hospital Association has also recognized the necessity for total patient care.

Total patient care involves more than excellence in medical or surgical achievement because man is more than a physiologic structure. Total patient care is concerned with the social, emotional, spiritual, and economical—as well as the physical and chemical—restoration of human beings.

To help a sick person accept himself and believe that he is indeed a creature of worth has become a vital aspect of medical care and treatment.[3]

PSYCHOSOCIAL AND QUALITY OF LIFE SERVICES

The mission of psychosocial and quality of life services in Neighborhood Health Centers is to "assist all Neighborhood Health Center patients and families to attain and maintain psychosocial and spiritual health." Within this purpose, the primary objectives are to: (1) help all patients identify their psychosocial and spiritual health needs; (2) provide to all patients comprehensive treatment of high quality to the limit of our capability and capacity; and (3) provide to all patients effective referrals when resolution is beyond our capability or capacity and when other community agencies might be effectively utilized.

The Division of Community Services[4] in the Health Centers of Methodist Hospital provides psychosocial and "quality of life" services through chaplaincy, pastoral counseling, and social casework. The intensity with which chaplaincy, pastoral counseling, and social casework are integrated into the comprehensive care system in the Neighborhood Health Centers is perhaps not experienced anywhere else in the country in a similar setting. The primary uniqueness of their role in our Health Centers is to function closely and comfortably in the exam room with the rest of the health treatment team—before, after, or at the same time as the physician—assisting in evaluation, diagnosis, and treatment as well as routine care and support. Through careful listening and sensitivity the Community Services staff often help to verbalize the unexpressed needs and hidden agenda which are frequently their primary reason for coming to the Health Center.

Often they will either refer the patient to a local pastor or community agency or follow the patient themselves with home visits or hospital calls, as the need arises. A second area of their responsibility is to provide structured counseling and group work. This has become increasingly refined with structured intakes and psychological testing. The third area of responsibility for the staff is in fostering relationships with community agencies, churches and pastors, and using their educational skills to assist persons outside of the Health Centers to meet patient/resident needs. Even with a comprehensive care staff they cannot and do not attempt healing for all of the lonely and alienated persons touched. The Health Centers are an extension of the churches and other community groups and agencies and rely on them to provide on-going communities of love and concern as well as further treatment and support.

The clinically trained chaplain or pastoral counselor utilizes the skills of the psychotherapist in counseling and the skills of the pastor in reaching out and into person with sensitive concern for their wholeness and health. The use of sensitive initiative, especially in the unstructured exam room setting, is most helpful in establishing trustful and therapeutic relationships with patients. The clinically trained chaplain or pastoral counselor acquires most of his specialized training beyond the university and seminary level. Most common is one or two years of full-time residency training in a general or mental health institution, as well as additional academic graduate work beyond seminary. The supervised training is accredited by the Association for Clinical Pastoral Education and/or the American Association of Pastoral Counselors. The emphasis is on patient care and interdisciplinary teamwork.

For a number of years the American Protestant Hospital Association has fostered the establishment of clinical chaplaincy as a necessary part of patient care through their Division of the College of Chaplains. The Director of the College of Chaplains has just recently been appointed Executive Director of the A.P.H.A. The American Hospital Association likewise provides strong support for clinical chaplaincy documented in their Statement on Hospital Chaplaincy approved on May 8–10, 1967.

The American Hospital Association recognizes that chaplaincy programs are a necessary part of the hospital's provision for total patient care, and that qualified chaplains and adequate facilities, as well as the support of administration and medical staff, are essential in carrying out an effective ministry for patients.

The American Hospital Association believes that its proper role in connection with hospital chaplaincy is as follows:

1. To serve as a catalyst by:

a. Stimulating interest in qualified chaplaincy services in hospitals and hospital-related health care facilities for all types of patients.

b. Advancing and describing at national, regional, state, and community conferences and conventions the need for formal hospital chaplaincy programs.[5]

They further define the function and tasks of the chaplain as follows:

Because caring for the religious needs of patients is an essential part of total patient care, the hospital chaplain should function as a member of the healing team. He can recognize the spiritual needs of the patient in relationship to his physical problems and help to avoid the breakdowns in communication and the fragmentation and division of interests that may be likely to arise in the highly complex, highly specialized world of the modern hospital.

The chaplain's own direct ministry is broadly twofold: He renders pastoral care to the patients . . . and he provides a broader service to all who are involved in patient care. . . . In both aspects of his work the chaplain's role is that of guide, of one who encourages others in decision-making during times of crisis.[6]

TYPICAL PATIENT SITUATIONS AND EFFICIENT UTILIZATION OF PHYSICIAN TIME

Mr. and Mrs. X and their children were repeatedly in the clinic for episodic illness and their children verged on pneumonia several times. A housing problem was discovered by Community Services staff and the social worker eventually succeeded in getting the apartment house condemned and initiating relocation not only for this family but a number of others including an elderly blind couple.

Mrs. Z was the mother of seven children, separated from her alcoholic husband, and receiving ADC. She has some real history of organic illness including cancer. However, she kept returning to the clinic at one period with recurring rectal bleeding. Each time she was referred to outpatient clinic at Methodist the bleeding had disappeared by the following day. After sensitive probing by Community Services staff with both the patient and her family it was discovered that the patient was lacerating herself with a coathanger in order to mobilize the concern of both her family and the treatment team. The real problem was focused upon and her denials and manipulations were cared for. Then ten days elapsed with no word from Mrs. Z. She was very pleased because she had spent ten days at St. Vincent's with many tests (and probably a phenomenal bill) and they had not been able to find anything.

Grief reactions often bring patients to the Health Center and it is not unusual for one of the chaplains to be called into a particular exam room because the patient burst into tears as soon as a physician or nurse walked in to help. On the other hand, it is not unusual to visit patients in the exam room and learn that they are concerned about possible heart problems. In responding to their sometimes depressed mood we find a recent history of multiple death in the family which is causing the patient to question the state of his own health. This information is relayed to the physician or nurse clinician who is also seeing the patient.

Next week, a patient will return for her regular three week followup visit. After seven years of being incapacitated by anxiety and being unable to work and thus on ADC, she spent almost one year in weekly psychotherapy with one of the pastoral counselors as well as being on medication. She is now happy and functioning confidently in her work situation as well as her role as mother to two daughters. She is gradually withdrawing from the medication.

Last week, one of the pastoral counselors spent an hour evaluating a young wife who wanted the doctor to sign a note for husband to get a hardship discharge from the military. Her mother refused to take her to a psychiatrist. The doctor's time was spared. He did not sign the note because we were not convinced the presence of her husband would alleviate her very real emotional problems. We did succeed in referring her to Community Mental Health for further evaluation and treatment.

A pastoral counselor or social worker may be asked to evaluate a potential case of child abuse. Through an in depth intake interview and family history a more accurate assessment can be made regarding the cause of injuries or marks on a child. Hesitation to report a legitimate case may result in further abuse and danger for the child. On the other hand, a premature accusation of child abuse against a parent may damage the therapeutic relationship and squelch a bid for assistance by a parent in dealing with a hyperactive or unruly child. In realty, there are as many or more cases of parent abuse with an unruly child in control of a frustrated and inadequate parent.

Mrs. D brought her 30 month old child into the Health Center to get help with her uncontrolled behavior. One of the pastoral counselors was summoned to interview the mother when the physician suspected child abuse after examining bruises and a burn on the child. During a fuller in depth inter-

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Footnotes at end of article.

view, it became clear in the observation of the child's behavior that the child was injuring itself during temper tantrums. The mother was at a loss to firmly discipline the child. In fact the child was not the least bit afraid of its parent—which would be characteristic of an abused child—and struck the parent when she failed to satisfy the child's demand. Knowing that she was suspected of child abuse the mother was already defensive even though the real problem was one of parent abuse.

Frequently laymen and non-psychiatric medical staff are uncomfortable with psychotic patients and assume they should be hospitalized. The pastoral counselor or social worker can assist the medical staff in evaluating how well a psychotic patient is functioning and coping with his daily tasks. Many psychotic patients do not need in-patient hospitalization and do much better with frequent contact in an out-patient facility. If necessary, medication can be utilized in the control of their illness. Sometimes these patients need assistance from Community Services staff in interpreting their behavior and patterns of thought to other members of their family or other members of the community with whom they come into contact so as to reduce the patient's sense of rejection and alienation which is a primary cause of his illness in the first place.

FOOTNOTES

[1] *Manual On Hospital Chaplaincy*, American Hospital Association, Chicago, 1970, p. 5.

[2] American Medical News, "MD-clergy teams working to meet total health needs," October 4, 1971.

[3] *Manual On Hospital Chaplaincy*, ibid, p. 7.

[4] The term "community services" in the title of this Division is rather nonspecific and has an increasing diversity of meanings and uses within community and government agencies which frequently leads to confusion in understanding the function of this Division. Its revision to "Psychosocial and Quality of Life Services" or something similar is being considered.

[5] *Manual on Hospital Chaplaincy*, ibid, p. v.

[6] *Ibid.*, p. 8.

PRESENT ROLE AND IDENTITY COMMUNITY SERVICES DIVISION, NEIGHBORHOOD HEALTH CENTERS OF METHODIST HOSPITAL, METHODIST HOSPITAL OF INDIANA, INC.

PRESENT FUNCTIONS

1. Social and emotional health assessment of Health Center patients recorded as a Patient/Family Profile.

2. Consultation and evaluation of specific patient problems for Health Center Staff.

3. Brief and repetitive counseling through exam room treatment.

4. Referral counseling and follow up after fourteen days to provide documentation of completed referrals. Volunteers or neighborhood case aides might be utilized for documention of completed referrals.

5. Socioeconomic counseling with planning for: Finances; Vocational Satisfaction; School Problems; Recreation; Family Size; Enabling the Aged, and Extended Hospitalization/Nursing Home Care.

6. Psychotherapeutic Counseling:

Crisis Counseling: Grief; Problem Pregnancy; Hospitalization; Catastrophic/Terminal Illness, and Other Sudden Life Changes.

Intrapersonal Counseling: Anxiety; Depression; Psychosomatic; Psychosis; Guilt Feelings; Religious Concerns; Loneliness; Alcohol Abuse, and Drug Abuse.

Interpersonal Counseling: Marital Conflict; Family Conflict; Child/Adolescent Behavior; Hyperactivity, and Sexual Problems.

Psychological Testing: Testing is done on all patients in psychotherapeutic counseling and the results are shared with the counselees as an aid in the process of self understanding and not primarily as a diagnostic tool.

Counseling is done with professional supervision from Buchanan Counseling Center at Methodist Hospital and with psychiatric consultation from Dr. Wally Shellenberger of Community Mental Health Center. If the need for further psychiatric treatment or hospitalization beyond the capabilities of our staff is identified a referral for psychiatric treatment at Community Mental Health Center or some other facility is usually more quickly accepted by the patient based on the trust already established in the present relationship with Health Center Staff.

7. Advocacy for patients regarding patient satisfaction with the services of our Health Center and other Community Agencies.

8. Consultation with community professionals—clergy, school social workers, Community Health Nurses, probation officers, etc.

RELATIONSHIP TO INTEGRATED TREATMENT TEAM

Utilization of integrated family chart with other staff

Application of PORK (Problem Oriented Record Keeping) to psychosocial progress notes as well as medical progress notes in the chart discipline the pastoral counselors and caseworkers to keep uppermost in mind the patient's problems or goals and avoid confusing the goals of the treatment staff with the goals of the patient. This helps to avoid danger of attempting to remake the patient in the image of the staff.

Dictation by Community Services Staff on all patient contacts following SOAP format not only makes their evaluation and treatment of patient immediately available to other staff members but enables the counselors and caseworkers to carry through their treatment of the patient in a very orderly manner forming adequate plans in advance and educating the patient in the process.

Availability of services

Exam room—A primary uniqueness of our services is to provide routine social and emotional assessments, brief and repetitive treatment, referral counseling, and staff consultation right in the exam room before, after, or at the same time as the physician. In treating the whole person it is important to determine whether they are happy or sad as well as healthy or sick and the accessibility of counseling skills to both staff and patients is helpful especially in identifying the hidden agendas which many of the patients bring to the exam room but hesitate to verbalize. It is recommended that pastoral counseling and chaplaincy coverage be provided full time in all clinics through the services of two full time pastoral counselors who can share both the clinic coverage and the office counseling and other responsibilities. This would be in addition to full time casework services.

Office—The office setting provides direct accessibility for the patient for all of the functions of the pastoral counselor and caseworker, as well as being the primary area for intensive socioeconomic and psychotherapeutic counseling.

Home visits—Community Services Staff are frequently the only professional available to make patient/family assessments in the home and to provide consultation for medical staff regarding conditions in the home. When contact has been lost with a family or patient mobility is a problem, Community Services Staff can provide follow up and brief counseling or referral counseling in the home.

Hospital visits—The chaplains and caseworkers attempt to follow all of our Health Center patients who are hospitalized in order to assure that their anxieties and concerns regarding their illness and hospitalization can be dealt with. Also the caseworker frequently gets involved in arranging care for other family members during hospitalization or for patient care in an extended care facility following hospitalization. New procedures are presently being established.

Agency visits—Staff maintains relationships and current information on other facilities in the community which can assist in meeting our patients' needs. On occasion staff members may also accompany patients to agencies either to function as advocate or as an interpreter.

IDENTITY OF COMMUNITY SERVICES TEAM

Pastoral counselor and chaplain

Specialists in taking the initiative to reach out to and into patients who come for health maintenance and treatment, especially those patients who request help indirectly or give off non verbal signals.

Sensitive to unique personal needs and hidden agendas. Responds to ultimate concerns, life goals, and religious concerns especially as they relate to health care and happiness.

Provides a prophetic role and responsibility for ethical concerns in human relationships and institutional programming.

Supervised clinical training in pastoral care and psychotherapy with continuing professional supervision.

Sufficient personal psychotherapeutic investigation into their own personality dynamics to avoid contaminating their patients problems with their own.

Caseworker

Specialist in making appropriate and effective referrals by matching up the persons need with those resources in the community who have been identified to help that need. Specialist in mobilizing resources in the patient's immediate environment and community to effect the fullest and happiest life for the patient and his family.

Assists the family in the utilization and integration of those resources within their family relationships and home life.

Mr. BROWN of California. Mr. Chairman, if we are sincerely concerned with the well-being of future generations we must take action now on the bill before us (H.R. 14214) to extend family planning services for 2 years at increased spending levels. Current programs under the Family Planning Services and Population Research Act are in a temporary holding pattern until we take action. We cannot afford to remain in this pattern for long. As you all know, the programs have not had any appreciable growth since 1972. They have been frozen at levels which were inadequate then and with the current rate of inflation cannot sustain new activities or expanded programs.

At a time when the family planning programs need special impetus to keep moving ahead, we would be coming dangerously close to letting them falter if we did not take positive action here today to insure continued and increased support by passage of this bill.

Lately, statistics on the falling birth rate in the United States have been widely publicized. Make no mistake, they are significant. But we are nowhere near the achievement of a stable population. In reality, we are just getting on course and unless we can maintain this positive trajectory of changing patterns of marriage and childbearing which result in a declining birth rate we can easily be thrown off course and set back significantly. We can only do this if we continue to make the means by which American couples can plan their families effectively available. Without this, the goal of achieving population stabilization could suffer an indefinite postponement, and when finally achieved would be stabilization at a much higher level than desired.

I have recently become one of 50 U.S. Senators and Representatives to sign The Declaration on Food and the Population which "deals with the crisis of serious population pressures and widespread famine in many countries of the world." The Declaration urged that governments "support sound population policies relevant to national needs which respect national sovereignty and the diversity of social, economic, and cultural conditions; accept and assure the human right of each couple to decide for themselves the spacing and size of their families; and recognize the corresponding responsibility of governments to provide their peoples the information and the means to exercise this right effectively."

Voluntary family planning and contraception are intimately related to the whole spectrum of health, environmental, economic, and social conditions in the United States and these relationships intensify as the population grows and societal pressures increase. You may hear some unrealistic optimists say "we have made progress—just look at the falling birth rate." So they advocate a shifting of priorities. This is certainly a premature move. Anyone who understands the dynamics of population growth will recognize the folly in this suggestion. The fact that we have achieved—for a short period—replacement reproduction or perhaps an even lower rate cannot be taken out of context and used to justify the diverting of funds to other causes. The essential point is that we need to maintain this balance of replacement reproduction for approximately the next 70 years; if, and only if, this can be done will we be on the road to arriving at population stabilization in this country in the foreseeable future.

In support of 1974 as World Population Year, President Nixon issued a proclamation on July 9 taking a strong stand in favor of population stabilization and calling on the Congress and officials of our Federal, State and local governments as well as organization representatives and the people of the United States generally "to join this year in promoting a better understanding of the magnitude and consequences of world population growth and its relation to the quality of human life and in renewing our commitment to human dignity and social justice."

To maintain this balance, support of voluntary family planning services must be continued and expanded to meet the needs of established programs and to initiate new programs in underserviced areas. This requires increased spending levels to the authorized levels. And, let me reiterate that we need guarantees of increased funding now. By delaying action and approval of the bill before us we are stifling the progress and withholding services for the women in need of subsidized family planning services. This is not a new program—we all know of its activities and achievements and of the great demand for its continuation. Thus, I urge expeditious handling of this bill and a vote in the affirmative as soon as possible.

Mr. HEINZ. Mr. Chairman, I urge my colleagues to give their strongest and fullest support for H.R. 14214, The Health Revenue Sharing and Health Services Act of 1974. I am proud that H.R. 14214 includes the major provisions of my bill as its title III, The Community Mental Health Centers Amendments of 1974.

H.R. 14214 is an omnibus health services bill. It extends with important improvements, five existing health programs including community mental health centers, migrant health programs, community health centers, family planning services, and grants to the States for health services—restructured as health services revenue sharing.

This legislation is critical if we are to maintain the strong Federal-State-local partnerships that have developed for the provision of these health services.

As author of many of the provisions contained in the Community Mental Health Centers portion of this bill, which I originally introduced as H.R. 11518, I would like to take a few minutes to focus on title III of H.R. 14214.

Over the last 18 months opponents of the Federal-State-private partnership in the community mental health centers program have argued for the termination of the Federal role in this program. Even these opponents of CMHC universally agree that it has been a startling success in providing more humane and more effective care while saving taxpayers dollars. But despite the fact that only one-third of the population of this Nation is currently served by CMHC's, they still insist that Federal help to the States for the establishment of community-based mental health facilities should end. They have characterized this creative, dynamic congressional initiative as just another demonstration program, and they have argued that the heavy burden of establishing the 1,000 additional centers needed across this Nation should be left solely to the initiative and the resources of State and local governments with an assist from payments from individual and third party insurors.

As a member of the Public Health and Environment Subcommittee, I would like to point out not only how hollow these arguments are, but also how misleading they are.

First, let it be clearly understood that the Community Mental Health Centers Act is not just another demonstration program. In fact, Congress never conceived of it, designed it, or built it as a demonstration program. Rather, the community mental health centers program stands as a solemn congressional commitment to the American people to bring community-based mental health care to every American requiring it. This congressional determination was made clear in 1963 when the program was first enacted, and this determination has lived on as reflected in the amendments to the act of 1965, 1967, 1968, and 1970. Now, after an extensive, deliberate review of the decade-long history of this program, the subcommittee and committee, without a single dissenting vote, reaffirmed this national commitment to supplant our institutionally based mental health system with more effective and more humane community-based care. The reaffirmation is embodied in title III of H.R. 14214.

During hearings on community mental health centers legislation the subcommittee explored the validity of HEW contentions concerning the availability and reliability of State and local financing for CMHC's, and third-party insurance coverage of mental health benefits. Testimony clearly established that most centers will be unable to provide the full range of mental health services without continued Federal support.

In its extensive study of the community mental health centers program, the General Accounting Office concluded that those services which provide little or no revenue—such as preventive consultation and education services—or are not self-supporting (such as out-patient services) would be the first candidates for curtailment or elimination in the event of total withdrawal of Federal assistance. Furthermore, in a finding directly contrary to earlier HEW contentions, the GAO stated:

> We noted that the alternative financial assistance available cannot realistically replace federal funds in total.

Insurance coverage for outpatient services—which constitute 85 percent of CMHC services—was found to be nearly nonexistent. Consultation and education services generate no revenues to cover their costs. Local communities have not provided significant financial support to the centers. General revenue sharing funds have provided little or no income for CMHC's.

Most importantly of all, there is no reason to assume that the expensive start-up costs of new centers—of which we still need nearly 1,000 nationwide—will be born solely by the State. It is well known that the care provided by CMHC's is more effective, more humane and less expensive than institutionally based centers. But since the States cannot simultaneously reduce support to State hospitals while financing the establishment and early operating costs of community-based centers, under the HEW plan each State would be forced to bear the full burden of supporting State mental hospitals while building their new network of CMHC's. Only after the CMHC system was solidly in place and fully operating could the State begin to phase down State hospital operations.

The key question, then, is this: Under pressure from an electorate that is already reeling under a heavy tax burden, how many States will actually establish and support CMHC's with no Federal help? I believe the answer is obvious—very few, if any.

This raises still another strong argument for the overwhelming approval of this legislation to continue and strengthen the community mental health centers program.

This Nation is within a year or two of initiating a system of national health insurance. Regardless which program Congress finally adopts, it will confront us with one serious challenge—how to avoid runaway inflation while assuring every American access to all necessary health care regardless of cost.

The inflationary effects of the medicare program are all too familiar. Recent inflation in the health care field has been so severe that despite medicare the average costs of medical care for older Americans is about equal to the percentage of their income they paid for health care prior to the enactment of medicare.

The lesson of our medicare experience is clear: If we are to avoid inflation while we build a national health insurance mechanism we must simultaneously build a true system of mental health care—which presently is so inadequate. If we do not see that adequate services are available along with the trained personnel needed to provide those services, the availability of more private and public dollars to purchase health care will only result in more deadly inflation.

What is demanded in the mental health field, then, is a fully comprehensive system of humane care which is both effective and efficient, with built-in cost and quality controls. Such a system must assure a full range of readily accessible services—both preventive and remedial—which are coordinated with other health and social services.

What is in fact demanded is that this Congress carry out its decade-old commitment to bring community mental health centers to every American who requires their services. The CMHC program, as extended and reformed by title III of H.R. 14214, does provide for fully comprehensive remedial and preventive services, coordination with other service agencies, built-in cost and quality controls—all in the community setting proven to be so vital for both effective and humane care.

The CMHC Act has been amazingly successful. It is encouraging a comprehensive system of care for the mentally ill—an essential first step before we provide national health insurance. It has resulted in highly innovative and very successful programs which, as can be clearly demonstrated, have saved the taxpayer money. We simply cannot afford to toss the program aside and turn the clock back more than a decade in the hopes that States and localities will not support the development of CMHC's. The 10 percent of our population estimated to be in need of mental health care in any one year deserves better than that.

I believe this bill meets the aspirations of the American people for a responsible approach to public health. Building upon the experience of the past, we can construct a sounder, better managed and superior community mental health program for all Americans.

I urge all Members to give their strongest support to H.R. 14214 and its title III: The Community Mental Health Centers Amendments of 1974.

Mr. Chairman, I would like to take just a few minutes extra to address a problem that relates to the running of the health programs in this bill and other health programs.

Specifically, it has come to my attention that there are some real dangers to a number of key health programs of the Federal Government—including the community mental health centers program—as a consequence of administrative decisions within HEW. What I have particularly in mind are the consequences of decentralization to and reorganization in the 10 regional offices of the Department. As the Members I believe all know, the Department has over the last few years moved toward decentralization of a number of health programs and this has been of major concern to many citizens and health professionals throughout the country. Currently, for example, the basic technical assistance, decisionmaking and program monitoring regarding community mental health centers program rests with the regional office mental health staff. This committee, other committees of the House and parallel committees in the Senate have questioned the Secretary and HEW officials about this and urged a moratorium on further decentralization.

The recent reorganization of the health components in the HEW regional offices has further weakened the ability of the Federal Government to provide leadership in various health areas. State and local officials as well as interested citizens have called to my attention and to the attention of other members of the committee the fact that the quality of regional office consultation has seriously deteriorated in the last 2 or 3 years.

I would like to share with the Members some facts in this regard that have come to my attention in relation to the community mental health centers program. Following the creation of the Alcohol, Drug Abuse, and Mental Health Administration, there have been major changes in all of the 10 regional offices of HEW. The person-years available in the regional offices for mental health activities have been reduced from 83 to 65 in the last year and a half. This is a consequence of the downgrading of the mental health programs and the abolition of the position of Associate Regional Health Director for Mental Health. In 8 of the 10 regions there now exist special branches within the Health Services Division which deal with the areas of alcoholism, drug abuse and mental health. In the remaining two regions there is only one professional person who is assigned on a full time basis to the area of mental health. I would like to alert the Secretary of Health, Education, and Welfare and the Assistant Secretary for Health to the fact that I and other members of this subcommittee will avail ourselves of the next opportunity to question the Department on its intent in this regard and would urge the Department to take steps to reverse this deterioration of the regional offices capability to provide the necessary leadership in the area of mental health.

An additional consequence of the regional office reorganization is the likely downgrading of the grade levels for the mental health personnel. While this appears to effect incumbents only in rare instances, it undoubtedly will lead to great difficulty in recruiting replacements for such persons as they retire, are promoted or move elsewhere within the Federal service. For example, in most regions the leadership for mental health programs in the future will have to be recruited from persons who are willing to join the Federal service at one or two grades lower than had previously been the case.

Undoubtedly this will soon affect the caliber of consultative and technical assistance which regional office staff can provide to States and communities. By way of summary, in several regions the personnel staff in the office of the regional health administrator have made it clear that as present incumbents leave, they will be replaced with lower grade level staff generalists. This will greatly reduce the ability of the regional office of the Department to attract the qualified professional staff required for technical assistance to States and communities.

Finally, there appears to be a clear intent on the part of the Department and the regional health administrators to take previously specialized personnel in the mental health area and turn them into health generalists. While obviously collaboration with other health programs is essential, there are very specialized problems and needs in the mental health field and it is clear that generalists will not have the skills and abilities required to work with State mental health authorities, with local mental health leadership and with the appropriate citizen and professional groups.

I have just chosen to focus on the area of mental health, but I understand that similar problems exist in other areas of health. For example, maternal and child health, family planning, et cetera. The Department's administrative action in this regard would appear to be in direct conflict with the intent of Congress in terms of insuring that appropriate attention is given to some of these long-neglected areas of health.

By way of summary, let me say that this legislation which we will be enacting shortly can be successfully implemented only if the Department strengthens the capability of the regional office mental health staff as well as specialized health staff in relation to other health programs so that the intent of the Congress is fully realized. I and other members of the subcommittee will be watching very carefully the steps that the Department takes over the next 6 months to strengthen the regional office staff in these specialized areas.

Mr. CONTE. Mr. Chairman, I rise in support of H.R. 14214. This is the single most important piece of health legislation that has come before the 93d Congress.

Last year we passed a simple 1-year extension of the five programs before us now to hold them in place while we took a more careful look at them.

I want to commend my distinguished

colleagues, the gentleman from West Virginia (Mr. STAGGERS), and the gentleman from Florida (Mr. ROGERS) for bringing to the floor a bill developed on the basis of careful evaluation of past peformance of these programs and assessment of our needs for health services resources under any reasonably comprehensive plan for national health insurance.

The five programs before us now for extension and revision are the backbone of our Federal health services delivery effort for particularly vulnerable groups in our country—the poor, the young and the old, the migrant worker and his family. They are absolutely essential.

I can speak now to only a few features of this truly massive piece of legislation.

Our consideration of title II, for family planning programs, takes on special significance. It comes in the middle of the year designated by the United Nations General Assembly as "world population year," a year of consideration on how to deal with the complex population problems confronting all nations. It also comes exactly 1 week before the opening of the first worldwide, intergovernmental conference ever held on world population. Next week, government officials and planners from more than 100 countries will meet in Bucharest, Romania, to consider population problems and policies.

Title II of H.R. 14214 extends the specific authorization for research related to population and family planning. Earlier this year, the Labor-Health, Education, and Welfare Appropriations Subcommittee, of which I am a member, heard eloquent testimony from Dr. Neena B. Schwartz, professor of physiology at Northwestern University Medical School, on the need for greater research knowledge and its importance for improving the health of mothers and children and for developing better, safer, and socially responsible methods of family planning. I am including excerpts from Dr. Schwartz's testimony at the close of these remarks for the RECORD.

I want to make only a few points about the provisions in the bill for family planning services. First, the bill reaffirms the congressional intention that these services be absolutely voluntary so far as the recipient is concerned. Second, the congressional intention that priority be given to providing services to economically disadvantaged groups is sharpened. These programs provide to the poor the information and services that other economic groups have come to take for granted. And third, services are organized so that the mother and child are brought into a whole range of health care services.

The second title of this bill I want to address is title III, extending and revising the community mental health centers program.

In 1963, with the passage of the original community mental health centers legislation, we embarked on a major experiment in caring for the mentally ill in a more humanitarian way. That experiment has been remarkably successful.

Federal funds have been provided to initiate almost 600 community mental health centers, 392 of which were fully operational by the end of 1973. Centers which have been in operation for 3 or more years have reduced by one-third the chances that residents in the area they serve needing mental health care will be sent to a State institution. Overall, the resident population of State mental hospitals has declined from 570,000 before the start of this program to only 248,564 in 1973, a trend to which the centers have made a major contribution.

Community mental health centers have also reduced the costs of mental illness. By making maximum use of outpatient services and partial hospitalization, by keeping inpatient admissions and stays low, the financial and social costs of mental illness have been markedly reduced. Patients have often continued to stay at home and to hold jobs during treatment, or they have been returned to a normal life more quickly. Preventive mental health services have made an even greater contribution to reducing the toll of mental illness.

In renewing and amending the original community mental health centers legislation, the Congress has consistenty reaffirmed its commitment to establishing a national network of 1,500 to 2,000 centers. We are still a long way from that goal. The availability of community services is even more important as we move toward some form of national health insurance.

Title III strengthens several features of the community mental health centers program that I consider of special importance. It continues the pattern of providing Federal support for only part of the expenses of a center and decreasing it each year until the center is totally supported from other sources. It provides a longer period of support for centers in poverty areas. It strengthens community participation and defines more clearly the services that each center must provide. For the first time, services for the aging are required. Up to now, the aging have accounted for only 4 percent of the services provided under this program.

Mr. Chairman, this is sound and important legislation. I support it, and I urge my colleagues to join me.

Testimony of Dr. Neena B. Schwartz, professor of physiology, Northwestern University Medical School, Chicago, Ill., before Labor-Health, Education, and Welfare Appropriations Subcommittee, May 7, 1974:

STATEMENT OF DR. NEENA B. SCHWARTZ

Dr. SCHWARTZ. Mr. Chairman, I am Neena B. Schwartz, professor of physiology at Northwestern University Medical School, Chicago, Ill. I am grateful for the opportunity to be here today to state my views, as an individual, pertaining to fiscal year 1975 appropriations for the field of population sciences research.

As you know, the birth rate in the United States is now at the lowest point since the Government began gathering reliable statistics early in this century. Following the "baby boom" of the decade after the Second World War, both the birth rate and more precise measurement called the fertility rate have declined steadily every year, with a small exception in 1969–70. Since 1970, however, the decline has been precipitous, and some have suggested that inflation and economic bad times have tended to encourage couples to have fewer children. Others suggest that couples are both postponing marriage and/or the time at which they will start their families. Whether or not these theories prove accurate, it is apparent that American couples are choosing to have smaller families, and that to accomplish this aim they make the widest possible use of all available methods of family size limitation. This is despite the fact that all birth planning methods have serious limitations in their availability, effectiveness, acceptability and health side effects which often accompany them. As a matter of fact, as time goes on and as both practical experience and scientific knowledge increase, they reveal new and difficult problems with all known methods. It has become all too obvious that both our basic knowledge of human reproductive physiology and our present ability to promote or control fertility is abysmally deficient, particularly as we search for methods which complement and extend the body's natural processes.

Nevertheless, there is no question that the dramatic increase in the use of modern contraceptive methods has enabled many individuals to better realize their family planning goals. Yet, in spite of this, more than one-third of American couples who use a birth planning method will experience an unwanted pregnancy within 5 years. One indication of the inadequacy of existing technology is the large number of abortions performed in this country alone each year. Recently, at hearings before the Subcommittee on Constitutional Amendments of the Senate Judiciary Committee, it was estimated that approximately one million legal and illegal abortions were performed in the United States each year during the period 1970–72. In addition, health problems and side effects associated with our two most modern methods, the IUD and the pill, demonstrate the unqualified need for improved techniques to reduce or prevent unwanted births. It should be pointed out that mortality associated with the pill, based upon studies in Great Britain in 1968, show a rate of three deaths per 100,000 users per year. This can be compared with a rate of three deaths per 100,000 legal abortions in the United States in 1972.

There is wide agreement on the need to develop varied methods of fertility regulation since it is apparent that no single method can be universally acceptable for the present 42 million American women of childbearing age. As Dr. Andre Hellegers, professor of obstetrics at Georgetown University and director of the Kennedy Institute for the Study of Human Reproduction and Bioethics, recently stated:

"* * * [I]f I could today make one positive, constructive suggestion it would be that on this divisive issue of abortion, we all join in fostering the basic reproductive biological research whch could make the entire subject moot."

This research is essential not only for the development of a wide range of safe and effective birth planning technology but to the solution of problems of human infertility in order to assist millions of couples who want desperately to bear children.

Mr. ECKHARDT. Mr. Chairman, I rise to support H.R. 14214 and especially to heighten your understanding of the great needs in the area of population and family planning research. I want to talk with you about one particular aspect of population/family planning research—an aspect that is not really appreciated in terms of the significance of its goals. I refer to the broad area of social and behavioral science research. This research impacts heavily on the effectiveness of family planning service programs and on the acceptance of contraceptive technology. We know far too little about the social, psychological, and economic factors which significantly affect decisions about family planning and the development of population policies. We can no longer afford to operate with this knowledge void in the social sciences.

In order to strengthen research programs in the social and behavioral sciences we must place a higher priority on these programs and increase our allocation of funds for it. We have a poor track record in this area: In 1972 $6.7 million was originally budgeted for population research in the social sciences. However, OMB subsequently reduced the amount to $5.5 million. Despite upward projections for behavioral sciences research in the HEW 5-year plan of $17.5 million in fiscal year 1974 and $25 million in fiscal year 1975, the actual funding level was less than 20 percent of the expert projections. Only $3.3 million and $3.6 million were appropriated for this important research in fiscal year 1974 and fiscal year 1975, respectively.

The figures alone are demonstrative of the low priority given this research. They become even more distressing when we look at the critical topics which demand investigation and answers if we are to approach understanding of the social and behavioral aspects of population and family planning. The primary goals of the behavioral science program of research in population are twofold:

First to ascertain the social, psychological, and economic determinants of fertility in the United States; and second, to develop an increased understanding of the consequences of population growth and change so that public policy may be guided by adequate information. Within this broad context we must look specifically at some of the following: attitudes toward various methods of regulating fertility; motivation affecting family planning use; the dynamics of family behavior; the relationships between the status of women and their fertility patterns; the effects of birth order, the sex of the infant, and socio-economic status on the maternal-child relationship; the acceptability and use of fertility control measures by young adults and married couples; accessibility and acceptability of methods of birth planning for special subgroups of the population; attitudes for the general population and of selected subgroups to population policy issues; the effect of housing and zoning laws, tax policy, food programs, etcetera on population phenomena such as the family size and birth rates; and determinants and consequences of migration and population redistribution.

This listing is not all inclusive, but it should be an indicator of the size and significance of the research task in the social and behavioral sciences—a task we have just barely begun. We must not take a myopic view of research. We must include the whole area of social science research and guarantees funding sufficient for the development of new projects and new talents, a development which has been hindered due to inadequate funding and insufficient emphasis.

We must realize that the population and family planning research "team" is not complete without the social and behavioral scientists. I urge you to support this bill and I urge you to take note of the research tasks which remain on the horizon so that we can in the future authorize funding in line with need.

Mr. KYROS. Mr. Chairman, I rise in support of H.R. 14214. This legislation authorizes valuable new health programs as well as the continuation and expansion of various health services programs including community mental health services and family planning services. As a member of the Health Subcommittee of the Interstate and Foreign Commerce Committee, I am fortunate enough to have worked on the original national family planning legislation which was overwhelmingly approved by the House in the fall of 1970 by a vote of 298 to 32 as well as on improvement of these programs over the past several years.

The passage of this major legislation launched one of the most popular and successful programs ever undertaken by the Federal Government. Both the health system and the people responded overwhelmingly to this landmark law. Today, more than 3 million low-income women are receiving voluntary, comprehensive family planning health care through the organized family planning programs of a variety of health agencies. For this and other reasons the Subcommittee on Health was unanimous in its support of H.R. 14214.

I believe that all of us who are favorably associated with H.R. 14214 and the family planning program can take pride in the achievements of this field. As you know, this legislation authorizes special project grants for subsidized family planning services for all low-income individuals who could not otherwise afford them and, in addition, expands our national research effort to develop improved birth planning technology.

In my view, the support of Congress for this vital national program stems from a recognition of the invaluable preventive health aspects of comprehensive family planning services. Just as maternal and infant care projects have significantly reduced infant mortality among our inner city, low-income population, family planning services allow a low-income mother to space her children so that they can be amply provided for, and offer the means of preventing unwanted pregnancy and childbearing, which many of us believe to be a basic human right. Without this right, unwanted children are born—an estimated 750,000 to 1 million per year in the United States—and many of these unwanted children are forced to suffer lives void of love or opportunity. H.R. 14214 which provides for subsidized family planning programs for low- and marginal-income families can promote conditions allowing for choice in childbearing and thus reduce the number of unwanted children. I enthusiastically endorse the extension of this legislation.

Mr. Chairman, unwanted births are not equitably distributed throughout the population; the burden of unwantedness in childbearing falls disproportionately on those who can least afford it. Data for 1971–72 from the current population survey reveal that organized family planning programs are serving a rapidly increasing number of women who come from low- and marginal-income families.

Correspondingly, the fertility rate of economically disadvantaged families has dropped dramatically, although it still remains higher than those of other income groups. These findings are significant and offer a note of optimism. The programs under this act can and should assist additional low- and marginal-income families in avoiding unwanted childbearing. This will help to rectify the situation and improve the outlook for American families with limited finances who must be assured an equal chance for happiness and future well-being—a chance for participating in and sharing in the benefits of society.

The effects of unwantedness on children has been a long-neglected area of research, but in the past decade a growing concern for the rights and welfare of children has led again and again to this issue. An important study by Forssman and Thuwe—1966—conducted in Sweden analyzed the consequences of being "unwanted" upon the development of the child. The differences between the "unwanted" and the "wanted" children in the control group were striking and indicate that "unwanted" children suffer over twice the social, emotional, and mental disabilities that wanted children do. Unwanted children experience a variety of problems ranging from a need for psychiatric care, juvenile delinquency, unemployment, unfitness for military service, to the more serious problems of low educational performance and achievement, and a multitude of social disabilities.

These effects on the unwanted child are devastating to the child and costly to society. They may be translated into measurable costs to society in the form of increased crime, poorly educated citizenry, increased number of welfare recipients—costs which present a danger to a healthy society. We must take action to help all those families who cannot afford private health service to successfully plan the size and spacing of their children. We must help them to avoid unwanted pregnancies by taking preventive action—providing effective family planning services on a voluntary basis to those who need and want them.

Although the consequences of unwanted pregnancies and subsequent births represent substantial costs to the individual and to society, unfortunately the story does not end here. Many of the most severe cases of "unwantedness" have a much more tragic end—child abuse, the occurrence of which is denied by some as part of modern American society, but we must recognize that it does occur today and, as far as I am concerned, it occurs all too frequently.

In a study by Dr. Phillip J. Resnick—1970—it was revealed that 83 percent of the cases of intentional infant deaths could be attributed to "unwantedness" by the mother. Other studies of child abuse—Schwartz, 1970—report between 30,000 and 37,000 children badly beaten each year, and these figures do not reflect the many children who are abused without receiving physical injury. We must not abide these abuses. We must reverse the trend toward increasing violence and crime in our country and the growing neglect and abuse of a future generation of children. We must call for a better quality of life for our citizens. This cannot be corrected without providing the poor women and men of this country with a means of planning their childbearing.

In my own State of Maine, there is a clear and serious need for Federal support for family planning services. There, over 15 percent of all women of childbearing age are poor, and these women want and need subsidized family planning health care. Of the 11 family planning programs in my State, 3 are without Federal support and are struggling for survival, and 5 other programs have in the past been wholly dependent upon OEO for support. The fate of these programs is, therefore, quite uncertain. Moreover, considerably less than half of the women in need of family planning services remain unserved, due to lack of program support.

Mr. Chairman, H.R. 14214 provides an authorization of $150 million for family planning project grants in fiscal year 1975 and $175 million in fiscal year 1976. This authorization, if fully funded, would provide an additional $25 million in fiscal year 1975 for the extension of services to an additional estimated 400,000 patients throughout the United States. For this reason I urge that you support H.R. 14214.

Mr. TIERNAN. Mr. Speaker, I would like to take this opportunity to speak in favor of the Health Revenue Sharing and Health Services Act of 1974. This bill would provide a 2-year revision and extension of five expiring programs for the provision of health services with total authorizations of $1.736 billion. This bill would provide authorization of $278 million for community mental health centers and $460 million in community health centers.

The programs we have initiated, the community mental health centers and the neighborhood health centers have brought medical services to many people who were previously neglected. I have observed in my own State the beneficial and meritorius use of these funds. Both the Providence Health Center and the Newport County Community Mental Health Center have made excellent use of funds provided by the programs of this bill.

In order to continue providing adequate medical health services this bill must be enacted into law.

Mr. STAGGERS. Mr. Chairman, I have no further requests for time.

The CHAIRMAN. Pursuant to the rule, the Clerk will now read the bill by title.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Health Revenue Sharing and Health Services Act of 1974".

TITLE I—HEALTH REVENUE SHARING

SEC. 101. This title may be cited as the "Special Health Revenue Sharing Act of 1974".

SEC. 102. Section 314(d) of the Public Health Service Act is amended to read as follows:

"Comprehensive Public Health Services

"(d) (1) From allotments made pursuant to paragraph (4), the Secretary may make grants to State health and mental health authorities to assist in meeting the costs of providing comprehensive public health services under State plans approved under paragraph (3).

"(2) No grant may be made under paragraph (1) to the State health or mental health authority of any State unless an application therefor has been submitted to and approved by the Secretary and unless—

"(A) the State has submitted to the Secretary a State plan for the provision of comprehensive public health services and has had the plan initially approved by him under paragraph (3); and

"(B) in the case of a State which has had a State plan initially approved under such paragraph, the Secretary, upon his annual review of the State plan of the State, determines that the plan and the activities undertaken under it continue to meet the requirements of such paragraph.

An application for a grant under paragraph (1) shall be submitted in such form and manner and shall contain such information as the Secretary may require.

"(3) A State plan for the provision of comprehensive public health services shall include such information and assurances as the Secretary may find necessary for approval of the plan and shall be comprised of the following three parts:

"(A) An administrative part setting out a program for the performance of the activities prescribed by the public health service and mental health service parts of the State plan, which program shall—

"(i) provide for administration, or supervision of administration of such activities, by the State health authority or, with respect to mental health activities, the State mental health authority;

"(ii) set forth policies and procedures to be followed in the expenditure of funds received from grants made under paragraph (1);

"(iii) contain or be supported by assurances satisfactory to the Secretary that (I) the funds paid to the State public and mental health authorities under grants made under paragraph (1) will be used to make a significant contribution toward providing and strengthening public health services in the various political subdivisions of the State; (II) such funds will be made available to other public or nonprofit private agencies, institutions, and organizations, in accordance with criteria which the Secretary determines are designed to secure maximum participation of local, regional, or metropolitan agencies and groups in the provision of such services; (III) such funds will be used to supplement and, to the extent practical, to increase the level of non-Federal funds that would otherwise be made available for the purposes for which the allotment funds are provided and not to supplant such non-Federal funds; and (IV) the plan is compatible with the total health program of the State;

"(iv) provide that the State health authority or, with respect to mental health activities, the State mental health authority, will, from time to time but not less often than annually, (I) review and evaluate its State plan and submit to the Secretary appropriate modifications thereof, (II) report to the Secretary (by such categories as the Secretary may prescribe) a description of the services provided pursuant to the public health service and mental health service parts of the State plan in the preceding fiscal year and the amounts of funds spent by such categories for the provision of such services, and (III) report to the Secretary the extent to which services provided under the State plan for persons with developmental disabilities and for the prevention and treatment of alcohol and drug abuse are integrated with services provided under the plan through community mental health centers;

"(v) provide that the State health authority or, with respect to mental health activities, the State mental health authority will make such reports, in such form and containing such information, as the Secretary may from time to time reasonably require, and will keep such records and afford such access thereto as the Secretary finds necessary to assure the correctness and verification of such reports;

"(vi) provide for such fiscal control and fund accounting procedures as may be necessary to assure the proper disbursement of and accounting for funds paid under grants under paragraph (i); and

"(vii) include provisions, meeting such requirements as the Civil Service Commission may prescribe, relating to the establishment and maintenance of personnel standards on a merit basis;

"(viii) contain such additional provisions as the Secretary may find necessary for the proper and efficient operation of the State plan.

"(B) A public health service part setting out a plan for the provision within the State of public health services (other than mental health services). Such plan shall—

"(i) require that such services provided within the State be provided in conformity with the applicable provisions and requirements of any comprehensive State health plans developed with assistance provided under subsection (a) of this section;

"(ii) include an assessment of the most serious public health problems that exist within the State, based upon data pertaining to mortality and morbidity within the State and to the economic impact of public health problems within the State and upon other appropriate information; and

"(ii) provide for programs relating to environmental health, health education, preventive medicine, health manpower and facilities licensure, and, commensurate with the extent of the problem, services for the prevention and treatment of drug abuse, drug dependence, alcohol abuse, and alcoholism.

"(C) A mental health service part setting out a plan for the provision within the State of mental health services. Such plan shall be prepared by the State mental health authority. Such plan shall—

"(i) require that such services provided within the State be provided in conformity with the applicable provisions and requirements of any comprehensive State health plans developed with assistance provided under subsection (a) of this section;

"(ii) include an assessment of the most serious mental health problems that exist within the State, based upon data pertaining to mortality and morbidity within the State and to the economic impact of mental health problems within the State and upon other appropriate information;

"(iii) include a detailed plan designed to eliminate inappropriate placement of persons with mental health problems in institutions and to improve the quality of care for those with mental health problems for whom institutional care is appropriate;

"(iv) prescribe minimum standards for the maintenance and operation of mental health programs and facilities (including community mental health centers) within the State and for the enforcement of such standards; and

"(v) provide for assistance to courts and other public agencies and to appropriate private agencies to facilitate (I) screening by community mental health centers (or, if there are no such centers, other appropriate entities) of residents of the State who are being considered for in-patient care in a mental health facility to determine if such care is necessary, and (II) provision of followup care by community mental health centers (or, if there are no such centers, by other appropriate entities) for residents of the State who have been discharged from mental health facilities.

The Secretary shall approve a State plan submitted to him which meets the requirements of subparagraphs (A), (B), and (C) of this paragraph and such other requirements as he is authorized to prescribe under this paragraph. The Secretary shall review annually each State plan which has been initially approved by him and the activities undertaken under the plan to determine if the plan and such activities continue to meet the requirements of such subparagraphs.

"(4) In each fiscal year the Secretary shall, in accordance with regulations, allot the sums appropriated for such year under paragraph (7) among the States on the basis of the population and the financial need of the respective States. The populations of the States shall be determined on the basis of the latest figures for the population of the States available from the Department of Commerce.

"(5) The Secretary shall determine the amount of any grant under paragraph (1); but the amount of grants made in any fiscal year to the public and mental health authorities of any State may not exceed the amount of the State's allotment available for obligation in such fiscal year. Payments under such grants may be made in advance or by way of reimbursement, and at such intervals and on such conditions, as the Secretary finds necessary.

"(6) In any fiscal year—

"(A) not less than 15 per centum of a State's allotment under paragraph (4) shall be made available only for grants under paragraph (1) to the State's mental health authority for the provision of mental health services pursuant to its State plan; and

"(B) not less than—

"(i) 70 per centum of the amount of a State's allotment which is made available for grants to the mental health authority, and

"(ii) 70 per centum of the remainder of the State's allotment,

shall be available only for the provision under the State plan of services in communities of the State.

"(7) For the purpose of making grants under paragraph (1) there are authorized to be appropriated $200,000,000 for the fiscal year ending June 30, 1975, and $220,000,000 for the fiscal year ending June 30, 1976."

TITLE II—FAMILY PLANNING PROGRAMS

SEC. 201. This title may be cited as the "Family Planning and Population Research Act of 1974".

SEC. 202. (a) Section 1001(c) of the Public Health Service Act is amended (1) by striking out "and" after "1973;" and (2) by inserting after "1974" the following: "; $150,000,000 for the fiscal year ending June 30, 1975; and $175,000,000 for the fiscal year ending June 30, 1976".

(b) Section 1003(b) of such Act is amended (1) by striking out "and" after "1973;" and (2) by inserting after "1974" the following: "; $4,000,000 for the fiscal year ending June 30, 1975; and $5,000,000 for the fiscal year ending June 30, 1976".

(c) Section 1004 of such Act is amended to read as follows:

"RESEARCH

"SEC. 1004. (a) The Secretary may—

"(1) conduct, and

"(2) make grants to public or nonprofit private entities and enter into contracts with public or private entities and individuals for projects for, research in the biomedical, contraceptive development, behavioral, and program implementation fields related to family planning and population.

"(b) (1) To carry out subsection (a) there are authorized to be appropriated $60,000,000 for the fiscal year ending June 30, 1975, and $75,000,000 for the fiscal year ending June 30, 1976.

"(2) No funds appropriated under any provision of this Act (other than this subsection) may be used to conduct or support the research described in subsection (a)."

(d) Section 1005(b) of such Act is amended (1) by striking out "and" after "1973;" and (2) by inserting after "1974" the following: "; $1,500,000 for the fiscal year ending June 30, 1975; and $2,000,000 for the fiscal year ending June 30, 1976".

(e) The last sentence of section 1006(c) of such Act is amended by inserting immediately before the period the following: "so as to insure that economic status shall not be a deterrent to participation in the programs assisted under this title".

SEC. 203. (a) Title X of such Act is amended by inserting after section 1008 the following new section:

"PLANS AND REPORTS

"SEC. 1009. (a) As soon as practicable after the end of each fiscal year, the Secretary shall make a report to the Congress setting forth a plan to be carried out over the next five fiscal years for—

"(1) extension of family planning services to all persons desiring such services,

"(2) family planning and population research programs,

"(3) training of necessary manpower for the programs authorized by this title and other Federal laws for which the Secretary has responsibility, and

"(4) carrying out the other purposes set forth in this title and the Family Planning Services and Population Research Act of 1970.

"(b) Such a plan shall, at a minimum, indicate on a phased basis—

"(1) the number of individuals to be served by family planning programs under this title and other Federal laws for which the Secretary has responsibility, the types of family planning and population growth information and educational materials to be developed under such laws and how they will be made available, the research goals to be reached under such laws, and the manpower to be trained under such laws;

"(2) an estimate of the costs and personnel requirements needed to meet the purposes of this title and other Federal laws for which the Secretary has responsibility and which pertain to family planning programs; and

"(3) the steps to be taken to maintain a systematic reporting system capable of yielding comprehensive data on which service figures and program evaluations for the Department of Health, Education, and Welfare shall be based.

"(c) Each report submitted under subsection (a) shall—

"(1) compare results achieved during the preceding fiscal year with the objectives established for such year under the plan contained in such report;

"(2) indicate steps being taken to achieve the objectives during the remaining fiscal years of the plan contained in such report and any revisions necessary to meet these objectives; and

"(3) make recommendations with respect to any additional legislative or administrative action necessary or desirable in carrying out the plan contained in such report."

(b) Section 5 of the Family Planning Services and Population Research Act of 1970 is repealed.

TITLE III—COMMUNITY MENTAL HEALTH CENTERS

SEC. 301. This title may be cited as the "Community Mental Health Centers Amendments of 1974".

SEC. 302. The Congress finds that—

(1) community mental health care is the most effective and humane form of day care for a majority of mentally ill individuals;

(2) the federally funded community mental health centers have had a major impact on the improvement of mental health care by—

(A) fostering coordination and cooperation between various agencies responsible for mental health care which in turn has resulted in a decrease in overlapping services and more efficient utilization of available resources,

(B) bringing comprehensive community mental health care to all in need within a specific geographic area regardless of ability to pay, and

(C) developing a system of care which insures continuity of care for all patients, and thus are a national resource to which all Americans should enjoy access; and

(3) there is currently a shortage and maldistribution of quality community mental health care resources in the United States.

SEC. 303. The Community Mental Health Centers Act is amended to read as follows:

"TITLE II—COMMUNITY MENTAL HEALTH CENTERS

"PART A—OPERATIONS ASSISTANCE

"REQUIREMENTS FOR COMMUNITY MENTAL HEALTH CENTERS

"SEC. 201. (a) For purposes of this title (other than part B thereof), the term 'community mental health center' means a legal entity (1) through which comprehensive mental health services are provided in the area served by the center (referred to in this title as a 'catchment area') in the manner prescribed by subsection (b) and (2) which is organized in the manner prescribed by subsection (c).

"(b) (1) The comprehensive mental health services which shall be provided through a community mental health center shall include—

"(A) services for individuals who are inpatients in a hospital or other health services delivery facility, outpatient services, day care and similar partial hospitalization services, and emergency services;

"(B) a program of specialized services for the mental health of children, including a full range of diagnostic, treatments liaison, and followup services (as prescribed by the Secretary);

"(C) a program of specialized services for the mental health of the elderly, including a full range of diagnostic, treatments liaison, and followup services (as prescribed by the Secretary);

"(D) consultation and education services for health professionals, schools, State and local law enforcement and correctional agencies, public welfare agencies, health services delivery agencies, and other appropriate entities;

"(E) assistance to courts and other public agencies in screening residents of the center's catchment area who are being considered for referral to a State mental health facility for inpatient treatment to determine if they should be so referred and provision, where appropriate, of treatment for such persons through the center as an alternative to inpatient treatment at such a facility;

"(F) provision of followup care for residents of its catchment area who have been discharged from a State mental health facility; and

"(G) provision of each of the following

service programs (other than a service program for which there is not sufficient need (as determined by the Secretary) in the center's catchment area, or the need for which in the center's catchment area the Secretary determines is currently being met):

"(i) A program for the prevention and treatment of alcoholism and alcohol abuse and for the rehabilitation of alcohol abusers and alcoholics.

"(ii) A program for the prevention and treatment of drug addiction and abuse and for the rehabilitation of drug addicts, drug abusers, and other persons with drug dependency problems.

"(2) The provision of comprehensive mental health services through a center shall be coordinated with the provision of services by other health and social service agencies in the center's catchment area to insure that persons receiving services through the center have access to all such health and social services as they may require. The center's services (A) may be provided at the center or satellite centers through the staff of the center or through appropriate arrangements with health professionals and others in the center's catchment area, (B) shall be available and accessible to the residents of the area promptly, as appropriate, and in a manner which assures continuity and which overcomes geographic, cultural, linguistic, or economic barriers to the receipt of services, and (C) when medically necessary, shall be available and accessible twenty-four hours a day and seven days a week.

"(c)(1) The governing body of a community mental health center shall be composed of individuals who reside in the center's catchment area and who, as a group, represent the residents of that area taking into consideration their employment, age, sex, and place of residence. At least one-half of the members of such body shall be individuals who are not providers of health care services. For purposes of this paragraph, the term 'provider of health care services' means an individual who receives (either directly or through his spouse) more than one-tenth of his gross annual income from fees or other compensation for the provision of health care services or from financial interests in entities engaged in the provision of health care services or in producing or supplying drugs or other articles for individuals and entities engaged in the provision of such services, or from both such compensation and such interests.

"(2) A center shall have organizational arrangements, established in accordance with regulations prescribed by the Secretary, for (A) an ongoing quality assurance program (including utilization and peer review systems) respecting the center's services, and (B) maintaining the confidentiality of patient records.

"GRANTS FOR DEVELOPMENT OF COMMUNITY MENTAL HEALTH CENTER PROGRAMS

"SEC. 202. (a) The Secretary may make grants to public and nonprofit private entities to carry out projects to develop community mental health center programs. In connection with a project for a community mental health center program for an area the grant recipient shall (1) assess the needs of the area for mental health services, (2) design a community mental health center program for the area based on such assessment, (3) obtain within the area financial and professional assistance and support for the program, and (4) initiate and encourage continuing community involvement in the development and operation of the program. The amount of any grant under this subsection shall be determined by the Secretary.

"(b) A grant under subsection (a) may be made for not more than one year, and if a grant is made under such subsection for a project no other grant may be made for such project under such subsection.

"(c) The Secretary shall give special consideration to applications submitted for grants under this section for projects for community mental health centers programs for areas designated by the Secretary as urban or rural poverty aeas.

"(d) There are authorized to be appropriated for payments under grants under this section $5,000,000 for the fiscal year ending June 30, 1975, and $5,000,000 for the fiscal year ending June 30, 1976.

"GRANTS FOR INITIAL OPERATION OF CENTERS

"SEC. 203. (a) The Secretary may make grants to public and nonprofit private community mental health centers to assist them in meeting their costs of operation (other than costs related to construction) during the first five years (or eight years in the case of a community mental health center providing services for persons residing in an area designated by the Secretary as an urban or rural poverty area) after their establishment.

"(b) Each grant under this section to a community mental health center shall be made for the costs of its operation for the one year period beginning on the first day of the first month for which such grant is made. No center may receive more than five grants under this section unless the center provides services for persons residing in an area designated by the Secretary as an urban or rural poverty area, in which case it may receive not more than eight such grants.

"(c)(1) Except as provided in paragraph (2), the amount of any grant made under this section for a community mental health center's costs of operation may not exceed 80 per centum of such costs for the first year of the center's operation, 65 per centum of such costs for the second year of its operation, 50 per centum of such costs for the third year of its operation, 35 per centum of such costs for the fourth year of its operation, and 20 per centum of such costs for the fifth year of its operation.

"(2) In the case of any grant under the section for a community mental health center providing services for persons in an area designated by the Secretary as an urban or rural poverty area, the amount of such grant for the center's costs of operation may not exceed 90 per centum of such costs for the first year of its operation, 80 per centum of such costs for the second year of its operation, 70 per centum of such costs for the third year of its operation, 60 per centum of such costs for the fourth year of its operation, 50 per centum of such costs for the fifth year of its operation, 40 per centum of such costs for the sixth year of its operation, 30 per centum of such costs for the seventh year of its operation, and 20 per centum of such costs for the eighth year of its operation.

"(d)(1) There are authorized to be appropriated for payments under initial grants under this section $85,000,000 for the fiscal year ending June 30, 1975, and $105,000,000 for the fiscal year ending June 30, 1976.

"(2) For the fiscal year ending June 30, 1976, and for each of the succeeding seven fiscal years there are authorized to be appropriated such sums as may be necessary to make payments under continuation grants under this section to community mental health centers which first received an initial grant under this section for the fiscal year ending June 30, 1975, or the next fiscal year and which are eligible for a grant under this section in a fiscal year for which sums are authorized to be appropriated under this paragraph.

"GRANTS FOR CONSULTATION AND EDUCATION SERVICES

"SEC. 204. (a)(1) The Secretary may make annual grants to any community mental health center for the costs of providing the consultation and education services described in section 201(b)(1)(D) if the center (A) received for the fiscal year ending June 30, 1974, a staffing grant under section 220 of this title (as in effect before the date of the enactment of the Community Mental Health Centers Amendments of 1974) and may not because of limitations respecting the period for which grants under that section may be made receive an additional grant under section 304 of such Amendments, (B) received a continuation of such section 220 grant under section 304 of such Amendments or is receiving such a continuation grant under such section 304 and such grant because of limitations respecting the period for which grants under that section may be made is the last one which the center may receive under that section, or (C) received a grant under section 203 of this title or is receiving such a grant and such grant because of limitations respecting the period for which grants under that section may be made is the last one which the center may receive under that section.

"(2) The Secretary may also make annual grants to a public or nonprofit private entity—

"(A) which has not received any grant under this title (other than a grant under this section as amended by the Community Mental Health Centers Amendments of 1974),

"(B) which meets the requirements of section 201 except, in the case of an entity which has not received a grant under this section, the requirement for the provision of consultation and education services, and

"(C) the catchment area of which is not within (in whole or in part) the catchment area of a community mental health center, for the costs of providing the consultation and education services described in section 201(b)(1)(D).

"(b) The amount of any grant made under subsection (a) shall be determined by the Secretary, but no such grant to a center may exceed the lesser of 100 per centum of such center's costs of providing such consultation and education services during the year for which the grant is made or—

"(1) in the case of each of the first two years for which a center receives such grant, the sum of (A) an amount equal to the product of $0.50 and the population of the center's catchment area, and (B) the lesser of (i) one-half the amount determined under clause (A), or (ii) one-half of the amount received by the center in such year from charges for the provision of such services;

"(2) in the case of the third year for which a center receives such a grant, the sum of (A) an amount equal to the product of $0.50 and the population of the center's catchment area, and (B) the lesser of (i) one-half the amount determined under clause (A), or (ii) one-fourth of the amount received by the center in such year from charges for the provision of such services; and

"(3)(A) except as provided in subparagraph (B), in the case of the fourth year and each subsequent year thereafter for which a center receives such a grant, the lesser of (i) the sum of (I) an amount equal to the product of $0.125 and the population of the center's catchment area, and (II) one-eighth of the amount received by the center in such year from charges for the provision of such services, or (ii) $50,000; or

"(B) in the case of the fourth year and each subsequent year for which a center receives such a grant, the sum of (i) an amount equal to the product of $0.25 and the population of the center's catchment area, and (ii) the lesser of (I) the amount determined under clause (i) of this subparagraph or (II) one-fourth of the amount received by the center in such year from charges for the provision for such services if the amount of the last grant received by the center under section 220 of this title as in effect before the date of the enactment of the Community Mental Health Amendments of 1974, section 304 of such amendments, or section 203 of this title, as the case may be, was determined on the basis of the center making services available to persons in an area designated by the Secretary as urban or rural poverty area.

For purposes of this subsection, the term 'center' includes an entity which receives a grant under subsection (a) (2).

"(c) There are authorized to be appropriated for payments under grants under this section $4,000,000 for the fiscal year ending June 30, 1975, and $9,000,000 for the fiscal year ending June 30, 1976.

"GENERAL PROVISIONS RESPECTING GRANTS UNDER THIS PART

"Sec. 205. (a) (1) No grant may be made under this part to any entity or community mental health center in any State unless a State plan for the provision of comprehensive mental health services within such State has been submitted to, and approved by, the Secretary under section 237.

"(2) No grant may be made under section 202 or 203 to any entity which received a grant under section 220, 242, 243, 251, 256, 264, or 271 in a fiscal year beginning before the date of the enactment of the Community Mental Health Centers Amendments of 1974.

"(b) No grant may be made under this part unless an application therefor has been submitted to, and approved by the Secretary. Such an application shall be submitted in such form and manner as the Secretary shall prescribe and shall contain such information as the Secretary may require.

"(c) (1) An application for a grant under section 203 or 204 shall contain or be supported by assurances satisfactory to the Secretary that—

"(A) the community mental health center for which the application is submitted will provide, in accordance with regulations of the Secretary, an effective procedure for developing, compiling, evaluating, and reporting to the Secretary, statistics and other information (which the Secretary shall publish and disseminate on a periodic basis and which the center shall disclose at least annually to the general public) relating to (i) the cost of the center's operation, (ii) the patterns of utilization of its services, (iii) the availability, accessibility, and acceptability of its services, (iv) the impact of its services upon the mental health of the residents of its catchment area, and (v) such other matters as the Secretary may require;

"(B) such community mental health center will, in consultation with the residents of its catchment area, review its program of services, and the statistics and other information referred to in subparagraph (A) to assure that its services are responsive to the needs of the residents of the catchment area;

"(C) to the extent practicable, such community mental health center will enter into cooperative arrangements with health maintenance organizations serving residents of the center's catchment area for the provision through the center of mental health services for the members of such organizations under which arrangements the charges to the health maintenance organizations for such services shall be not less than the actual costs of the center in providing such services;

"(D) such community mental health center will develop a plan for, and use its best efforts to insure that, adequate financial support will be available to such community mental health center from Federal sources (other than this part) and non-Federal sources (including, to the maximum extent feasible, reimbursement from the recipients of consultation and education services and screening services provided in accordance with sections 201(b) (1) (D) and 201(b) (1) (E)) so that the center will be able to continue to provide comprehensive mental health services when financial assistance provided under this part is reduced or terminated, as the case may be;

"(E) such community mental health center will make available a reasonable volume of services to persons unable to pay therefor, and in the case of an application for a grant under section 203 for initial operation of a community mental health center which will provide services to persons in an area designated by the Secretary as an urban or rural poverty area, the applicant will use the additional grant funds it receives under section 203(c) (2) (because of services to persons in such an area) to provide services to persons in such an area who are unable to pay therefor; and

"(F) such community mental health center will adopt and enforce a policy (i) under which fees for the provision of mental health services through the center will be paid to the center, and (ii) which prohibits health professionals who provide such services to patients through the center from providing such services to such patients except through the center.

An application for such a grant shall also contain a long range plan for the expansion of the program of the community mental health center for which the application is submitted for the purpose of meeting anticipated increases in demand by residents of the center's catchment area for the comprehensive mental health services described in section 201(b) (1). Such a plan shall include a description of planned growth in the programs of the center, estimates of increased costs arising from such growth, estimates of the portion of such increased costs to be paid from Federal funds, and anticipated sources of non-Federal funds to pay such increased costs.

"(2) The Secretary may approve an application for a grant under section 203 or 204 only if the application is recommended for approval by the National Advisory Mental Health Council and the application meets the requirements of paragraph (1) and the Secretary—

"(A) determines that the facilities and equipment of the applicant under the application meet such requirements as the Secretary may prescribe;

"(B) determines that the application contains or is supported by satisfactory assurances that—

"(i) the comprehensive mental health services (in the case of an application for a grant under section 203) or the consultation and education services (in the case of an application for a grant under section 204) to be provided by the applicant will constitute an addition to, or a significant improvement in quality (as determined in accordance with criteria of the Secretary) of, services that would otherwise be provided in the catchment area of the applicant; and

"(ii) Federal funds made available under section 203 or 204, as the case may be, will (I) be used to supplement and, to the extent practical, increase the level of State, local, and other non-Federal funds, including third-party health insurance payments, that would in the absence of such Federal funds be made available for the applicant's comprehensive mental health services or consultation and education services, as the case may be, and (II) in no event supplant such State, local, and other non-Federal funds;

"(iii) in the case of an applicant which received a grant for the preceding fiscal year, determines that during such preceding fiscal year the applicant met the requirements of section 201 and complied with the assurances which were contained in or supported the applicant's application for its grant for the preceding year; and

"(iv) in the case of an application for a grant the amount of which is to be determined under section 203(c) (2) or 204(b) (3) (B), determines that the application contains or is supported by assurances satisfactory to the Secretary that the services of the applicant will, to the extent feasible, be utilized by a significant number of persons residing in an area designated by the Secretary as an urban or rural poverty area and requiring such services.

"(3) In each fiscal year for which a community mental health center receives a grant under section 203 or 204, such center shall obligate for a program of continuing evaluation of the effectiveness of its programs in serving the needs of the residents of its catchment area and for a review of the quality of the services provided by the center not less than an amount equal to 2 per centum of the amount obligated by the center in the preceding fiscal year for its operating expenses.

"(4) The costs for which grants may be made under section 203 or 204 shall be determined in the manner prescribed in regulations of the Secretary issued after consultation with the National Advisory Mental Health Council.

"(d) An application for a grant under this part which is submitted to the Secretary shall at the same time be submitted to the State mental health authority for the State in which the project or community mental health center for which the application is submitted is located. A State mental health authority which receives such an application under this subsection may review it and submit its comments to the Secretary within the forty-five-day period beginning on the date the application was received by it. The Secretary shall take action to require an applicant to revise his application or to approve or disapprove an application within the period beginning on the date the State mental health authority submitted its comments or on the expiration of such forty-five-day period, which ever occurs first, and ending on the ninetieth day following the date the application was submitted to him.

"(e) Not more than 2 per centum of the total amount appropriated under sections 203 and 204 for any fiscal year shall be used by the Secretary to provide directly through the Department technical assistance for program management and for training in program management to community mental health centers which received grants under such sections or to entities which received grants under section 220 of this title in a fiscal year beginning before the date of the enactment of the Community Mental Health Centers Amendments of 1974 or under section 304 of such Amendments.

"PART B—FINANCIAL DISTRESS GRANTS

"GRANT AUTHORITY

"Sec. 211. The Secretary may make grants for the operation of community mental health centers which (1) received grants under section 220 of this title as in effect before the date of the enactment of the Community Mental Health Centers Amendments of 1974 or a continuation of such section 220 grants under section 304 of such Amendments, (2) because of limitations respecting the period for which grants under section 304 of such Amendments may be made are not eligible for additional continuation grants under that section, and (3) demonstrate that without a grant under this section there will be a significant reduction in the types or quality of services provided or there will be an inability to provide the services described in section 201(b).

"GRANT REQUIREMENTS

"Sec. 212. (a) No grant may be made under section 211 to any community mental health center in any State unless a State plan for the provision of comprehensive mental health services within such State has been submitted to, and approved by, the Secretary under section 237. Any grant under section 211 may be made upon such terms and conditions as the Secretary determines to be reasonable and necessary, including requirements that the community mental health center agree (1) to disclose any financial information or data deemed by the Secretary to be necessary to determine the sources of causes of that center's financial distress, (2) to conduct a comprehensive cost analysis study in cooperation with the Secretary, (3) to carry out appropriate operational and financial reforms on the basis of information obtained in the course of the comprehensive cost analysis study or on the basis of other relevant information, and (4) to use a grant received under section 211 to enable it to provide (within such period as the Secretary may prescribe) the comprehensive mental health services described in section 201(b) and to revise its organization to meet the requirements of section 201(c).

"(b) An application for a grant under section 211 must contain or be supported by the assurances prescribed by subparagraphs (A), (B), (C), (E), and (F) of section 205(c)(1) and assurances satisfactory to the Secretary that the applicant will expend for its operation as a community mental health center, during the fiscal year for which such grant is sought, an amount of funds (other than funds for construction, as determined by the Secretary) from non-Federal sources which is at least as great as the average annual amount of funds expended by such applicant for such purpose (excluding expenditures of a nonrecurring nature) in the three fiscal years immediately preceding the fiscal year for which such grant is sought. The Secretary may not approve such an application unless it has been recommended for approval by the National Advisory Mental Health Council. The requirements of section 205(d) respecting opportunity for review of applications by State mental health authorities and time limitations on actions by the Secretary on applications shall apply with respect to application submitted for grants under section 211.

"(c) The amount of any grant under this section shall be determined by the Secretary, but (1) the first grant under this section to any community mental health center may not exceed (A) 75 per centum of the amount of the last grant which such center received under section 220 of this title as in effect before the date of the enactment of the Community Mental Health Centers Amendments of 1973, or (B) if such center received a continuation grant under section 304 of such Amendments, 75 per centum of the amount of the last grant made under that section to such center, and (2) the amount of the second and any subsequent grant under this section to such center may not exceed 90 per centum of the amount of the last grant made under this section to such center.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 213. There are authorized to be appropriated $10,000,000 for the fiscal year ending June 30, 1975, and $10,000,000 for the fiscal year ending June 30, 1976, for payments under grants under section 211.

"PART C—FACILITIES ASSISTANCE

"ASSISTANCE AUTHORITY

"SEC. 221. (a) From allotments made under section 227 the Secretary shall pay, in accordance with this part, the Federal share of projects for (1) the acquisition or remodeling, or both, of facilities for community mental health centers, (2) the leasing (for not more than twenty-five years) of facilities for such centers, (3) the construction of new facilities or expansion of existing facilities for community mental health centers if not less than 25 per centum of the residents of the centers' catchment areas are members of low-income groups (as determined under regulations prescribed by the Secretary), and (4) the initial equipment of a facility acquired, remodeled, leased, or constructed with financial assistance provided under payments under this part. Payments shall not be made for the construction of a new facility or the expansion of an existing one unless the Secretary determines that it is not feasible for the recipient to acquire or remodel an existing facility.

"(b) (1) For purposes of this part, the term 'Federal share' with respect to any project described in subsection (a) means the portion of the cost of such project to be paid by the Federal Government under this part.

"(2) The Federal share with respect to any project described in subsection (a) in a State shall be the amount determined by the State agency of the State, but, except as provided in paragraph (3), the Federal share for any such project may not exceed 66⅔ per centum of the costs of such project or the State's Federal percentage, whichever is the lower. Prior to the approval of the first such project in a State during any fiscal year, the State agency shall give the Secretary written notification of (A) the maximum Federal share, established pursuant to this paragraph, for such projects in such State which the Secretary approves during such fiscal year, and (B) the method for determining the specific Federal share to be paid with respect to such project; and such maximum Federal share and such method of Federal share determination for such projects in such State during such fiscal year shall not be changed after the approval of the first such project in the State during such fiscal year.

"(3) In the case of any community mental health center which provides or will, upon completion of the project for which application has been made under this part, provide services for persons in an area designated by the Secretary as an urban or rural poverty area, the maximum Federal share determined under paragraph (2) may not exceed 90 per centum of the costs of the project.

"(4)(A) For purposes of paragraph (2), the Federal percentage for (i) Puerto Rico, Guam, American Samoa, and the Virgin Islands shall be 66⅔ per centum, and (ii) any other State shall be 100 per centum less that percentage which bears the same ratio to 50 per centum as the per capita income of such State bears to the average per capita income of the fifty States and the District of Columbia.

"(B) The Federal percentages under clause (ii) of subparagraph (A) shall be promulgated by the Secretary between July 1 and September 30 of each even-numbered year, on the basis of the average of the per capita incomes of the States subject to such Federal percentages and of the fifty States and the District of Columbia for the three most recent consecutive years for which satisfactory data are available from the Department of Commerce. Such promulgation shall be conclusive for each of the two fiscal years in the period beginning July 1 next succeeding such promulgation.

"APPROVAL OF PROJECTS

"SEC. 222. (a) For each project for a community mental health center facility pursuant to a State plan approved under section 237, there shall be submitted to the Secretary, through the State agency of the State, an application by the State or a political subdivision thereof or by a public or other nonprofit agency. If two or more such agencies join in the project, the application may be filed by one or more of such agencies. Such application shall set forth—

"(1) a description of the site for such project;

"(2) plans and specifications therefor in accordance with the regulations prescribed by the Secretary under section 236;

"(3) except in the case of a leasing project, reasonable assurance that title to such site is or will be vested in one or more of the agencies filing the application or in a public or other nonprofit agency which is to operate the community mental health center;

"(4) reasonable assurance that adequate financial support will be available for the project and for its maintenance and operation when completed;

"(5) reasonable assurance that all laborers and mechanics employed by contractors or subcontractors in the performance of work on a construction or remodeling project will be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Act of March 3, 1931 (40 U.S.C. 276a—276a-5, known as the Davis-Bacon Act), and the Secretary of Labor shall have with respect to such labor standards the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 5 U.S.C. Appendix) and section 2 of the Act of June 13, 1934 (40 U.S.C. 276c);

"(6) a certification by the State agency of the Federal share for the project; and

"(7) the assurances described in section 205(c)(1).

Each applicant shall be afforded an opportunity for a hearing before the State agency respecting its application.

"(b) The Secretary shall approve an application submitted in accordance with subsection (a) if—

"(1) sufficient funds to pay the Federal share for the project for which the application was submitted are available from the allotment to the State;

"(2) the Secretary finds that the application meets the applicable requirements of subsection (a) and the community mental health center for which the application was submitted will meet the requirements of the State plan (under section 237) of the State in which the project is located; and

"(3) the Secretary finds that the application has been approved and recommended by the State agency and is entitled to priority over other projects within the State, as determined under the State plan.

No application shall be disapproved by the Secretary until he has afforded the State agency an opportunity for a hearing. The Secretary may not approve an application under this part for a project for a facility for a community mental health center or other entity which received a grant under section 220, 242, 243, 251, 264, or 274 of this title in a fiscal year beginning before the date of the enactment of the Community Mental Health Centers Amendments of 1974 unless the Secretary determines that the application is for a project for a center or entity which upon completion of such project will be able to significantly expand its services and which demonstrates exceptional financial need for assistance under this part for such project. Amendment of any approved application shall be subject to approval in the same manner as an original application.

"SEC. 223. (a) (1) Upon certification to the Secretary by the State agency, based upon inspection by it, that work has been performed upon a construction or remodeling project, or purchases for such a project have been made, in accordance with the approved plans and specifications, and that payment of an installment is due to the applicant, such installment shall be paid to the State, from the applicable allotment of such State, except that (1) if the State is not authorized by law to make payments to the applicant, the payment shall be made directly to the applicant, (2) if the Secretary, after investigation or otherwise, has reason to believe that any act (or failure to act) has occurred requiring action pursuant to subsection (c) of this section, payment may, after he has given the State agency notice of opportunity for hearing pursuant to such section, be withheld, in whole or in part, pending corrective action or action based on such hearing, and (3) the total of payments with respect to such project may not exceed an amount equal to the Federal share of the cost of such project.

"(2) In case an amendment to an approved application is approved or the estimated cost of a construction or remodeling project is revised upward, any additional payment with respect thereto may be made from the applicable allotment of the State for the fiscal year in which such amendment or revision is approved.

"(b) Payments from a State allotment for acquisition and leasing projects shall be made in accordance with regulations which the Secretary shall promulgate.

"(c) (1) If the Secretary finds that—

"(A) a State agency is not substantially complying with the provisions required by section 237 to be in a State plan or with regulations issued under section 236;

"(B) any assurance required to be in an application filed under section 222 is not being carried out;

"(C) there is substantial failure to carry out plans and specifications approved by the Secretary under section 222; or

"(D) adequate State funds are not being provided annually for the direct administration of a State plan approved under section 237,

the Secretary may take the action authorized under paragraph (2) of this subsection if the finding was made after reasonable notice and opportunity for hearing to the involved State agency.

"(2) If the Secretary makes a finding described in paragraph (1), he may notify the involved State agency, which is the subject of the finding or which is connected with a project or State plan which is the subject of the finding, that—

"(A) no further payments will be made to the State from allotments under section 227; or

"(B) no further payments will be made from allotments under section 227 for any project or projects designated by the Secretary as being affected by the action or inaction referred to in subparagraph (A), (B), (C), or (D) of paragraph (1),

as the Secretary may determine to be appropriate under the circumstances; and, except with regard to any project for which the application has already been approved and which is not directly affected, further payments from such allotments may be withheld, in whole or in part, until there is no longer any failure to comply (or to carry out the assurance or plans and specifications or to provide adequate State funds, as the case may be) or, if such compliance (or other action) is impossible, until the State repays or arranges for the repayment of Federal moneys to which the recipient was not entitled.

"JUDICIAL REVIEW

"SEC. 224. If—

"(1) the Secretary refuses to approve an application for a project submitted under section 222, the State agency through which such application was submitted, or

"(2) any State is dissatisfied with the Secretary's action under section 223(c) or 237(c), such State, may appeal to the United States court of appeals for the circuit in which such State agency or State is located, by filing a petition with such court within sixty days after such action. A copy of the petition shall be forthwith transmitted by the clerk of the court to the Secretary, or any officer designated by him for that purpose. The Secretary thereupon shall file in the court the record of the proceedings on which he based his action, as provided in section 2112 of title 28, United States Code. Upon the filing of such petition, the court shall have jurisdiction to affirm the action of the Secretary or to set it aside, in whole or in part, temporarily or permanently, but until the filing of the record, the Secretary may modify or set aside his order. The findings of the Secretary as to the facts, if supported by good cause shown, may remand the case to the Secretary to take further evidence, and the Secretary may thereupon make new or modified findings of fact and may modify his previous action, and shall file in the court the record of the further proceedings. Such new or modified findings of fact shall likewise be conclusive if supported by substantial evidence. The judgment of the court affirming or setting aside, in whole or in part, any action of the Secretary shall be final, subject to review by the Supreme Court of the United States upon certiorari or certification as provided in section 1254 of title 28, United States Code. The commencement of proceedings under this section shall not, unless so specifically ordered by the Court, operate as a stay of the Secretary's action.

"RECOVERY

"SEC. 225. If any facility of a community mental health center remodeled, constructed, or acquired with funds provided under this part is, at any time within twenty years after the completion of such remodeling or construction or after the date of its acquisition with such funds—

"(1) sold or transferred to any person or entity (A) which is not qualified to file an application under section 222, or (B) which is not approved as a transferee by the State agency of the State in which such facility is located, or its successor; or

"(2) not used by a community mental health center in the provision of comprehensive mental health services, and the Secretary has not determined that there is good cause for termination of such use,

the United States shall be entitled to recover from either the transferor or the transferee in the case of a sale or transfer or from the owner in the case of termination of use an amount bearing the same ratio to the then value (as determined by the agreement of the parties or by action brought in the district court of the United States for the district in which the center is situated) of so much of such facilly or center as constituted an approved project or projects, as the amount of the Federal participation bore to the cost of the construction of such project or projects. Such right of recovery shall not constitute a lien upon such facility or center prior to judgment.

"NONDUPLICATION

"SEC. 226. No grant may be made under the Public Health Service Act for the construction or modernization of a facility for a community mental health center unless the Secretary determines that there are no funds available under this part for the construction or modernization of such facility.

"ALLOTMENTS TO STATES

"SEC. 227. (a) In each fiscal year, the Secretary shall, in accordance with regulations, make allotments from the sums appropriated under section 228 to the several States (with State plans approved under section 237) on tht basis of (1) the population, (2) the extent of the need for community mental health centers, and (3) the financial need of the respective States; except that no such allotment to any State, other than the Virgin Islands, American Samoa, Guam, and the Trust Territory of the Pacific Islands, in any fiscal year may be less than $100,000. Sums so allotted to a State other than the Virgin Islands, American Samoa, Guam, and the Trust Territory of the Pacific Islands, in a fiscal year and remaining unobligated at the end of such year shall remain available to such State for such purpose in the next fiscal year (and in such year only), in addition to the sums allotted for such State in such next fiscal year. Sums so allotted to the Virgin Islands, American Samoa, Guam, or the Trust Territory of the Pacific Islands in a fiscal year and remaining unobligated at the end of such year shall remain available to it for such purpose in the next two fiscal years (and in such years only), in addition to the sums allotted to it for such purpose in each of such next two fiscal years.

"(b) The amount of an allotment under subsection (a) to a State in a fiscal year which the Secretary determines will not be required by the State during the period for which it is available for the purpose for which allotted shall be available for reallotment by the Secretary from time to time, on such date or dates as he may fix, to other States with respect to which such a determination has not been made, in proportion to the original allotments of such States for such fiscal year, but with such proportionate amount for any of such other States being reduced to the extent it exceeds the sum the Secretary estimates such State needs and will be able to use during such period; and the total of such reductions shall be similarly reallotted among the States whose proportionate amounts were not so reduced. Any amount so reallotted to a State in a fiscal year shall be deemed to be a part of its allotment under subsection (a) in such fiscal year.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 229. There are authorized to be appropriated $20,000,000 for the fiscal year ending June 30, 1975, and $25,000,000 for the fiscal year ending June 30, 1976, for allotments under section 227.

"PART D—GENERAL PROVISIONS

"DEFINITIONS

"SEC. 235. For purposes of this title—

"(1) The term 'State' includes the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, the Trust Territory of the Pacific Islands, and the District of Columbia.

"(2) The term 'State agency' means the State mental health authority responsible for the mental health service part of a State's plan under section 314(d) of the Public Health Service Act.

"(3) The term 'Secretary' means the Secretary of Health, Education, and Welfare.

"(4) The term 'National Advisory Mental Health Council' means the National Advisory Mental Health Council established under section 217 of the Public Health Service Act.

"REGULATIONS

"SEC. 236. Regulations issued by the Secretary for the administration of this title shall include provisions applicable uniformly to all the States which—

"(1) prescribe the general manner in which the State agency of a State shall determine the priority of projects for community mental health centers on the basis of the relative need of the different areas of the State for such centers and their services and requiring special consideration for projects on the basis of the extent to which a center to be assisted or established upon completion of a project (A) will, alone or in conjunction with other centers owned or operated by the applicant for the project or affiliated or associated with such applicant, provide comprehensive mental health services for residents of a particular community or communities, or (B) will be part of or closely associated with a general hospital;

"(2) general standards for facilities and equipment for centers of different classes and in different types of location; and

"(3) require that the State plan of a State submitted under section 237 provide for adequate community mental health centers for people residing in the State, and provide for adequate community mental health centers to furnish needed services for persons unable to pay therefor.

The Federal Hospital Council (established by section 641 of the Public Health Service Act) and the National Advisory Mental Health

Council shall be consulted by the Secretary before the issuance of regulations under this section.

"STATE PLAN

"SEC. 237. (a) A State plan for the provision of comprehensive mental health services within a State shall be comprised of the following two parts:

"(1) An administrative part containing provisions respecting the administration of the plan and related matters. Such part shall—

"(A) provide for the designation of a State advisory council to consult with the State agency in administering such plan which council shall include (i) representatives of nongovernment organizations or groups, and of State agencies, concerned with planning, operation, or utilization of community mental health centers or other mental health facilities, and (ii) representatives of consumers and providers of the services provided by such centers and facilities who are familiar with the need for such services;

"(B) provide that the State agency will make such reports in such form and containing such information as the Secretary may from time to time reasonably require, and will keep such records and afford such access thereto as the Secretary may find necessary to assure the correctness and verification of such reports;

"(C) provide that the State agency will from time to time, but not less often than annually, review the State plan and submit to the Secretary appropriate modifications thereof which it considers necessary; and

"(D) include provisions, meeting such requirements as the Civil Service Commission may prescribe, relating to the establishment and maintenance of personnel standards on a merit basis.

"(2) A services and facilities part containing provisions respecting services to be offered within the State by community mental health centers and provisions respecting facilities for such centers. Such part shall—

"(A) be consistent with the mental health services part of the State's plan under section 314(d) of the Public Health Service Act;

"(B) set forth a program for community mental health centers within the State (i) which is based on a statewide inventory of existing facilities and a survey of need for the comprehensive mental health services described in section 201(b); (ii) which conforms with regulations prescribed by the Secretary under section 236; and (iii) which shall provide for adequate community mental health centers to furnish needed services for persons unable to pay therefor;

"(C) set forth the relative need, determined in accordance with the regulations prescribed under section 236, for the projects included in the program described in subparagraph (B), and, in the case of projects under part C, provides for the completion of such projects in the order of such relative need;

"(D) emphasize the provision of outpatient services by community mental health centers as a preferable alternative to inpatient hospital services; and

"(E) provide minimum standards (to be fixed in the discretion of the State) for the maintenance and operation of centers which receive Federal aid under this title and provide for enforcement of such standards with respect to projects approved by the Secretary under this title.

"(b) The State agency shall administer or supervise the administration of the State plan.

"(c) A State shall submit a State plan in such form and manner as the Secretary shall by regulation prescribe. The Secretary shall approve any State plan (and any modification thereof) which complies with the requirements of subsection (a). The Secretary shall not finally disapprove a State plan except after reasonable notice and opportunity for a hearing to the State.

"(d)(1) At the request of any State, a portion of any allotment or allotments of such State under section 227 for any fiscal year shall be available to pay one-half (or such smaller share as the State may request) Secretary for the proper and efficient administration of the provisions of the State plan approved under this section which relate to construction projects for facilities for community mental health centers; except that not more than 5 per centum of the total of the allotments of such State for any fiscal year, or $50,000, whichever is less, shall be available for such purpose. Amounts made available to any State under this paragraph from its allotment or allotments under section 227 for any fiscal year shall be available only for such expenditures (referred to in the preceding sentence) during such fiscal year or the following fiscal year. Payments of amounts due under this paragraph may be made in advance or by way of reimbursement, and in such installments, as the Secretary may determine.

"(2) Any amount paid under paragraph (1) to any State for any fiscal year shall be paid on condition that there shall be expended from State sources for such year for administration of such provisions of the State plan approved under this section not less than the total amount expended for such purposes from such sources during the fiscal year ending June 30, 1968.

"CATCHMENT AREA REVIEW

"SEC. 238. Each agency of a State which administers or supervises the administration of a State's health planning functions under a State plan approved under section 314 (a) of the Public Health Service Act shall, in consultation with that State's mental health authority, periodically review the catchment areas of the community mental health centers located in that State to (1) insure that the sizes of such areas are such that the services to be provided through the centers (including their satellites) serving the areas are available and accessible to the residents of the areas promptly, as appropriate, (2) insure that the boundaries of such areas conform, to the extent practicable, with relevant boundaries of political subdivisions, school districts, and Federal and State health and social service programs, and (3) insure that the boundaries of such areas eliminate, to the extent possible, barriers to access to the services of the centers serving the areas, including barriers resulting from an area's physical characteristics, its residential patterns, its economic and social groupings, and available transportation.

"STATE CONTROL OF OPERATIONS

"SEC. 239. Except as otherwise specifically provided, nothing in this title shall be construed as conferring on any Federal officer or employee the right to exercise any supervision or control over the administration, personnel, maintenance, or operation of any community mental health center with respect to which any funds have been or may be expended under this title.

"RECORDS AND AUDIT

"SEC. 240. (a) Each recipient of assistance under this title shall keep such records as the Secretary shall prescribe, including records which fully disclose the amount and disposition by such recipient of the proceeds of such assistance, the total cost of the project or undertaking in connection with which such assistance is given or used, and the amount of that portion of the cost of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit.

"(b) The Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, and records of the recipients that are pertinent to the assistance received under this title.

"NONDUPLICATION

"SEC. 241. In determining the amount of any grant under part A, B, or C for the costs of any project there shall be excluded from such costs an amount equal to the sum of (1) the amount of any other Federal grant which the applicant for such grant has obtained, or is assured of obtaining, with respect to such project, and (2) the amount of any non-Federal funds required to be expended as a condition of such other Federal grant.

"DETERMINATION OF POVERTY AREA

"SEC. 242. For purposes of any determination by the Secretary under this title as to whether any urban or rural area is a poverty area, the Secretary may not determine that an area is an urban or rural poverty area unless—

"(1) such area contains one or more subareas which are characterized as subareas of poverty;

"(2) the population of such subarea or subareas constitutes a substantial portion of the population of such rural or urban area; and

"(3) the project, facility, or activity, in connection with which such determination is made, does, or (when completed or put into operation) will, serve the needs of the residents of such subarea or subareas.

"PROTECTION OF PERSONAL RIGHTS

"SEC. 243. In making grants under parts A or B, the Secretary shall take such steps as may be necessary to assure that no individual shall be made the subject of any research involving surgery which is carried out (in whole or in part) with funds under such grants unless such individual explicitly agrees to become a subject of such research.

"REIMBURSEMENT

"SEC. 244. The Secretary shall, to the extent permitted by law, work with States, private insurers, community mental health centers, and other appropriate entities to assure that community mental health centers shall be eligible for reimbursement for their mental health services to the same extent as general hospitals and other licensed providers.

"SHORT TITLE

"SEC. 245. This title may be cited as the 'Community Mental Health Centers Act'.".

SEC. 304. (a) Any entity which received a grant under section 220, 242, 243, 251, 256, 264, or 271 of the Community Mental Health Centers Act for the fiscal year which began before the date of the enactment of this Act may, notwithstanding the amendment made by section 203 of this Act, continue to receive such grant—

(1) for the period, and in the amount, prescribed for the grant under the section of the Community Mental Health Centers Act under which it was made or under section 201 of the Community Mental Health Centers Amendments of 1970, whichever is applicable, and

(2) in accordance with any other terms and conditions applicable to such grant.

(b) There are authorized to be appropriated for the fiscal year which begins after the date of the enactment of this Act and for each of the next six fiscal years such sums as may be necessary to continue in accordance with subsection (a) the grants referred to in that subsection.

SEC. 305. The amendment made by section 303 shall take effect July 1, 1974; except that after January 1, 1974, the Secretary of Health, Education, and Welfare may take such action, including the promulgation of regulations, the receipt and approval of applications under the terms and conditions of title II of the Mental Retardation Facilities and Community Mental Health Centers Construction Act of 1963 as amended by section 303, and the submission of budget requests, as may be necessary to have the amendment effective beginning with the fiscal year beginning July 1, 1974.

SEC. 306. (a) Section 513 of the Public Health Service Act is amended by striking out "or by grants or contracts" and inserting in lieu thereof "or, except in the case of evaulations of programs under the Community Mental Health Centers Act, by grants or contracts".

(b) The amendment made by subsection (a) shall apply with respect to evaluations of programs under the Community Mental Health Centers Act made under such section 513 with appropriations for the fiscal year ending June 30, 1975.

SEC. 307. (a) Not later than six months after the date of the enactment of this Act the Secretary of Health, Education, and Welfare shall make a report to the Committee on Interstate and Foreign Commerce of the House of Representatives and the Committee on Labor and Public Welfare of the Senate setting forth a plan, to be carried out in a period of five years, for the extension of comprehensive mental health services through community mental health centers to persons in all areas in which there is a demonstrated need for such services. Such plan shall, at a minimum, indicate on a phased basis the number of persons to be served by such services and an estimate of the cost and personnel requirements needed to provide such services.

(b) Not later than eighteen months after the date of the enactment of this Act the Secretary of Health, Education, and Welfare shall submit to the Committee on Interstate and Foreign Commerce of the House of Representatives and the Committee on Labor and Public Welfare of the Senate a report setting forth (1) national standards for care provided by community mental health centers, and (2) criteria for evaluation of community mental health centers and the quality of the services provided by the centers.

TITLE IV—MIGRANT HEALTH

SEC. 401. Section 310 of the Public Health Service Act is amended to read as follows:

"HEALTH SERVICES FOR AGRICULTURAL MIGRANTS

"SEC. 310. (a) (1) For purposes of this section, the term 'migrant health center' means an entity which—

"(A) provides, in the manner prescribed by paragraph (2), the services described in such paragraph to—

"(i) agricultural migratory workers and their families, and

"(ii) persons in the area served by the entity who perform seasonal agricultural services similar to the services performed by agricultural migratory workers and their families if the Secretary finds that the provision of such services to such persons may contribute to the improvement of the health conditions of agricultural migratory workers and their families, and

"(B) is organized in the manner prescribed by paragraph (3).

"(2) A migrant health center shall provide each of the following:

"(A) Primary health services,

"(B) As may be appropriate for particular centers, supplemental health services necessary for the adequate support of primary health services,

"(C) Referral to provides of supplemental health services and payment, as appropriate and feasible, for their provision of such services,

"(D) Environmental health services, including, as may be appropriate for particular centers, the detection and alleviation of unhealthful conditions associated with water supply, sewage treatment, solid waste disposal, rodent and parasitic infestation, field sanitation, housing, and other environmental factors related to health,

"(E) As may be appropriate for particular centers, infectious and parasitic disease screening and control,

"(F) As may be appropriate for particular centers, accident prevention, including prevention of excessive pesticide exposure, and

"(G) Information on the availability and proper use of health services.

The services of a center shall be provided directly through its staff and supporting resources or through contracts or cooperative arrangements with public or private entities. Primary health services shall be available and accessible in the area served by the center promptly, as appropriate, and in a manner which assures continuity.

"(3) (A) The governing body of a migrant health center shall meet at least once a month, shall establish general policies for the center, shall approve the center's annual budget, and shall approve the selection of a director for the center. The composition and the manner of selection of the members of the governing body of a migrant health center shall be prescribed by regulations of the Secretary, except that there shall be on the governing body of a center an equitable representation of consumers of health services from the center, providers of health services, and the general public.

"(B) The center shall have organizational arrangements, established in accordance with regulations prescribed by the Secretary, for (i) an ongoing quality assurance program (including utilization and peer review systems) respecting the center's services, and (ii) maintaining the confidentiality of patient records.

"(b) For purposes of this section:

"(1) The term 'agricultural migratory worker' means an individual whose principal employment is employment in agriculture on a seasonal basis, who has been so employed within the last twenty-four months, and who establishes for the purpose of such employment a temporary abode.

"(2) The term 'primary health services' means—

"(A) services of physicians and, where feasible, services of physicians' assistants and nurse clinicians;

"(B) diagnostic laboratory and radiologic services;

"(C) preventive health services (including children's eye examinations to determine the need for vision correction, peri-natal services, well child services, and family planning services);

"(D) emergency medical services;

"(E) transportation services as required for adequate patient care; and

"(F) preventive dental services.

"(3) The term 'supplemental health services' means services which are not included as primary health services and which are—

"(A) hospital services;

"(B) home health services;

"(C) extended care facility services;

"(D) rehabilitation services;

"(E) dental services;

"(F) mental health services;

"(G) vision services;

"(H) allied health services;

"(I) pharmaceutical services;

"(J) health education services; and

"(K) services which promote and facilitate optimal use of primary health services and the services referred to in the preceding subparagraphs of this paragraph.

"(4) The term 'high impact area' means a county or other political subdivision within a State which has not less than six thousand agricultural migratory workers residing within its boundaries for more than two months in any calendar year.

"(c) The Secretary may make grants to public and nonprofit private entities to assist in (1) the establishment and initial operation of migrant health centers which will serve one or more high impact areas, and (2) meeting the costs of the continued operation of migrant health centers serving one or more such areas, including training related to the provision of primary, supplemental, and environmental health services and program management.

"(d) The Secretary may make grants to public and nonprofit private entities, and may enter into contracts with public and private entities, in areas in which no migrant health centers exist and which are not high impact areas—

"(1) for the provision of emergency care to agricultural workers and their families;

"(2) for the provision of primary care (as defined in regulations of the Secretary) for agricultural workers and their families;

"(3) for the development of arrangements with existing facilities to provide primary health services (not included as primary care as defined under regulations under paragraph (2)) to agricultural workers and their families; or

"(4) for activities which improve the health of agricultural migratory workers and their families.

"(e) The Secretary may enter into contracts with public and private entities to—

"(1) assist the States in the implementation and enforcement of acceptable environmental health standards, including enforcement of standards for sanitation in migrant labor camps and applicable Federal and State pesticide control standards; and

"(2) conduct projects and studies to assist the several States in the assessment of problems related to camp and field sanitation, pesticide hazards, and other environmental health problems faced by agricultural migratory workers.

"(f) (1) For payments under grants and contracts under this section, there are authorized to be appropriated $50,000,000 for the fiscal year ending June 30, 1975; and $55,000,000 for the fiscal year ending June 30, 1976.

"(2) Of the funds appropriated under paragraph (1) of this subsection for any fiscal year, not more than 30 per centum of such funds shall be used for grants and contracts under subsection (d) for the fiscal year ending June 30, 1975, and not more than 20 per centum of such funds shall be used for such grants and contracts for any suceeding fiscal year. Of the funds appropriated under this subsection for any fiscal year, not more than 10 per centum of such funds shall be used for contracts under subsection (e).

"(g) No grant may be made or contract entered into under this section unless an application therefor has been submitted to and approved by the Secretary. Such application shall be submitted in such form and manner and shall contain such information as the Secretary shall prescribe. The Secretary may not approve an application for a grant under subsection (c) for a migrant health center unless he determines that—

"(1) the center will compile and report such statistics and other information as the Secretary may require with respect to (A) the cost of its operations, (B) the patterns of use of its services, (C) the availability, accessibility, and acceptability of its services, and (D) such other matters as the Secretary may require;

"(2) the center will demonstrate its financial responsibility by the use of accounting procedures and other requirements as may be prescribed by the Secretary in order to insure that the center will maintain a solvent operation;

"(3) the center (A) has or will have a contractual or other arrangement with the agency of the State in which it provides services, which administer or supervises the administration of a State plan approved under title XIX of the Social Security Act, for the payment of all or a part of the center's costs in providing health services to persons who are eligible for medical assistance under such a State plan, or (B) has made or will make every reasonable effort to enter into such an arrangement; and

"(4) the center has made or will make and will continue to make every reasonable effort to collect appropriate reimbursement for its costs in providing health services to persons who are entitled to insurance benefits under title XVIII of such Act, to medical assistance under a State plan approved under title XIX of such Act, or to assistance for medical expenses under any other public assistance program or private health insurance program.

"(h) Contracts under this section may be entered into without regard to sections 3648 and 3709 of the Revised Statutes (31 U.S.C. 529; 42 U.S.C. 5)."

SEC. 402. (a) The Secretary of Health, Education, and Welfare (hereinafter in this section referred to as the "Secretary") shall conduct or arrange for the conduct of a study of—

(1) the quality of housing which is available to agricultural migratory workers in the United States during the period of their employment in seasonal agricultural activities while away from their permanent abodes;

(2) the effect on the health of such workers of deficiencies in their housing conditions during such period; and

(3) Federal, State, and local government standards respecting housing conditions for such workers during such period and the adequacy of the enforcement of such standards.

In conducting or arranging for the conduct of such study, the Secretary shall consult with the Secretary of Housing and Urban Development.

(b) Such study shall be completed and a report detailing the findings of the study and the recommendations of the Secretary for Federal action (including legislation) respecting such housing conditions shall be submitted to the Committee on Interstate and Foreign Commerce of the House of Representatives and the Committee on Labor and Public Welfare of the Senate within eighteen months of the date of the enactment of the first Act making appropriations for such study.

TITLE V—COMMUNITY HEALTH CENTERS

SEC. 501. (a) Part C of title III of the Public Health Service Act is amended by adding after section 329 the following new section:

"COMMUNITY HEALTH CENTERS

"SEC. 330. (a)(1) For purposes of this section, the term 'community health center' means an entity which (A) provides, in the manner prescribed by paragraph (2)—

"(i) primary health services,

"(ii) as may be appropriate for particular centers, supplemental health services as necessary for the adequate support of primary health services,

"(iii) referral to providers of supplemental health services and payment, as appropriate and feasible, for their provision of such services,

"(iv) as may be appropriate for particular centers, environmental health services, and

"(v) information on the availability and proper use of health services,

for all residents of the area it serves (referred to in this section as a 'catchment area'), and (B) is organized in the manner prescribed by paragraph (3).

"(2) The services of a community health center shall be provided directly through its staff and supporting resources or through contracts or cooperative arrangements with public or private entities. Primary health services shall be available and accessible in the area served by the center promptly, as appropriate, and in a manner which assures continuity.

"(3)(A) The governing body of a community health center shall meet at least once a month, shall establish general policies for the center, shall approve the center's annual budget, and shall approve the selection of a director for the center. The composition and the manner of selection of the members of the governing body of a community health center shall be prescribed by regulations of the Secretary, except that there shall be on the governing body of a center an equitable representation of consumers of health services from the center, providers of health services, and the general public.

"(B) The center shall have organizational arrangements, established in accordance with regulations prescribed by the Secretary, for (i) an ongoing quality assurance program (including utilization and peer review systems) respecting the center's services, and (ii) maintaining the confidentiality of patient records.

"(b) For purposes of this section:

"(1) The term 'primary health services' means—

"(A) services of psysicians and, where feasible, services of physicians' assistants and nurse clinicians;

"(B) diagnostic laboratory and radiologic services;

"(C) preventive health services (including children's eye examinations to determine the need for vision correction, perinatal services, well child services, and family planning services);

"(D) emergency medical services;

"(E) transportation services as required for adequate patient care; and

"(F) preventive dental services.

"(2) The term 'supplemental health services' means services which are not included as primary health services and which are—

"(A) hospital services;

"(B) home health services;

"(C) extended care facility services;

"(D) rehabilitation services;

"(E) mental health services;

"(F) dental services;

"(G) vision services;

"(H) allied health services;

"(I) pharmaceutical services;

"(J) health education services; and

"(K) services which promote and facilitate optimal use of primary health services and the services referred to in the preceding subparagraphs of this paragraph.

"(c)(1) The Secretary may make grants to public and nonprofit private entities to assist in (A) the establishment (including modernization of facilities) and initial operation of community health centers which will serve a medically underserved population, (B) meeting the cost of the continued operation of community health centers serving such a population, (C) organizing and coordinating such center and (D) providing training related to the provision of primary, supplemental health, and environmental health services and program management. For purposes of this paragraph, the term 'medically underserved population' means the population of an urban or rural area designated by the Secretary as an area with a shortage of personal health services or a population group designated by the Secretary as having a shortage of such services.

"(2) Each community health center which receives a grant under paragraph (1) of this subsection shall review periodically its catchment area to (A) insure that the size of such area is such that the services to be provided through the center (including any satellite) are available and accessible to the residents of the area promptly and as appropriate, (B) insure that the boundaries of such area conform, to the extent practicable, with relevant boundaries of political subdivisions, school districts, and Federal and State health and social service programs, and (C) insure that the boundaries of such area eliminate, to the extent possible, barriers to access to the services of the center, including barriers resulting from the area's physical characteristics, its residential patterns, its economic and social groupings, and available transportation.

"(d) No grant may be made under subsection (c) unless an application therefor has been submitted to and approved by the Secretary. Such application shall be submitted in such form and manner and shall contain such information as the Secretary shall prescribe. The Secretary may not approve an application for a grant for a community health center unless he determines that—

"(1) the center will compile and report such statistics and other information as the Secretary may require with respect to (A) the cost of its operations, (B) the patterns of use of its services, (C) the availability, accessibility, and acceptability of its services, and (D) such other matters as the Secretary may require;

"(2) the center will demonstrate its financial responsibility by the use of accounting procedures and other requirements as may be prescribed by the Secretary in order to insure that the center maintains a solvent operation;

"(3) the center (A) has or will have a contractual or other arrangement with the agency of the State in which it provides services which administers or supervises the administration of a State plan approved under title XIX of the Social Security Act for the payment of all or a part of the center's costs in providing health services to persons who are eligible for medical assistance under such a State plan, or (B) has made or will make every reasonable effort to enter into such an arrangement; and

"(4) the center has made or will make and will continue to make every reasonable effort to collect appropriate reimbursement for its costs in providing health services to persons who are entitled to insurance benefits under title XVIII of such Act, to medical assistance under a State plan approved under title XIX of such Act, or to assistance for medical expenses under any other public assistance program or private health insurance program.

"(e) For the purpose of making payments under grants under subsection (c), there are authorized to be appropriated $220,000,000 for the fiscal year ending June 30, 1975, and $240,000,000 for the fiscal year ending June 30, 1976.".

(b) Subsection (e) of section 314 of the Public Health Service Act is repealed.

Mr. STAGGERS (during the reading). Mr. Chairman, I ask unanimous consent that the bill be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

COMMITTEE AMENDMENTS

The CHAIRMAN. The Clerk will report the committee amendments.

The Clerk read as follows:

Committee amendments: Page 17, line 8, insert "linguistic," after "cultural,".

Page 17, strike out lines 12 through 14, and insert in lieu thereof the following:

"(c)(1) The governing body of a community mental health center shall, where practicable, be composed of individuals who reside in the center's catchment area and shall be composed of individuals who, as a group, represent

Page 17, line 16, strike out "and place of residence" and insert "place of residence, and other demographic characteristics".

Page 28, line 3, strike out "such a grant" and insert in lieu thereof "a grant under section 203".

Page 29, strike out "and" at the end of line 9.

Page 32, insert after line 2, the following:

"(f) For purposes of subsections (c), (d), and (e) of this section, the term 'community mental health center' includes an entity which applies for or has received a grant under section 204(a)(2).

Page 35, line 16, strike out "the catchment areas of which" and insert in lieu thereof "the centers' catchment areas".

Page 47, line 21, strike out "229" and insert in lieu thereof "228".

Page 49, line 11, insert "prescribe" before "general".

Page 52, line 4, strike out "provides" and insert in lieu thereof "provide".

Page 57, line 15, strike out "203" and insert in lieu thereof "303".

Page 58, beginning in line 22, strike out "the fiscal year ending June 30, 1975" and insert in lieu thereof "fiscal years ending after June 30, 1974".

Page 61, insert "(and their families)" after "persons" in line 7 and 11; and strike out "and their families" in line 10.

Page 73, line 5, strike out "center" and insert in lieu thereof "centers serving such populations".

Mr. STAGGERS (during the reading). Mr. Chairman, I ask unanimous consent that the committee amendments be considered en bloc.

The CHAIRMAN. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

Mr. STAGGERS. Mr. Chairman, I ask unanimous consent that the committee amendments be considered as read and printed in the RECORD. They are just amendments as to misspelling of words, punctuation, and such things as that.

The CHAIRMAN. Is there objection to the request of the gentleman from West Virginia?

Mr. RONCALIO of Wyoming. Mr. Chairman, reserving the right to object, and I shall not object, would someone tell me what the word "catchment" means when applied to mental health operations?

Mr. STAGGERS. I will be very happy to explain to the gentleman. A catchment is like a basin that catches water. It flows into that. It might be downhill, or it might be uphill. It catches those that come into the area.

Mr. RONCALIO of Wyoming. It has nothing to do with the apprehension and care?

Mr. STAGGERS. No.

Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

The CHAIRMAN. The question is on the committee amendments.

The committee amendments were agreed to.

Mr. GROSS. Mr. Chairman, I move to strike the necessary number of words.

Mr. Chairman, if the cost of this bill was stated earlier, I did not hear it. As I understand it, this is a 2-year bill. What is the cost?

Mr. STAGGERS. If the gentleman from Iowa will yield, it is $1.735 billion. I will say to the gentleman that this is even a reduction from what we had in 1973 for the five bills. At that time we had $902,750,000, and this bill that we have here only calls for $809,000,000 during this year and $926,000,000 during the next year, making the total $1,735,000,000.

I might say to the gentleman, to be utterly clear about it, that in 1973 it was higher than it was in 1974, because in 1974 there was $663 million, which is just a little bit below the total amount that we have for these 2 years in this bill, but it takes in five programs.

Mr. GROSS. Does the gentleman anticipate that this will be a growing cost to the taxpayers, or that this consolidation into one bill or one program will mean less expenditure in the future?

Mr. STAGGERS. If the gentleman will yield, I will say that it is hard to say. I would hope that we could in the years ahead—when I will not be here and the gentleman from Iowa will not be here—cut these funds as we go along and learn more and learn how to do and get caught up in the building and experimenting and putting all these things into operation across the Nation.

Mr. GROSS. This is, in fact, an expansion program; is it not?

Mr. STAGGERS. Very small for the 2-year period; yes; but it takes in five programs. In fact, it is really not an expansion of 1973, because they really are subtracted after that.

Mr. GROSS. I thank the gentleman.

Mr. HEINZ. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I wish to compliment the gentleman from Florida (Mr. ROGERS) and our ranking minority member, the gentleman from Minnesota (Mr. NELSEN), for the excellent job they did in bringing this complicated and very much needed piece of legislation to the floor. Indeed, the entire subcommittee and full committee has labored long and hard and are to be commended.

Mr. Chairman, I also rise to discuss title II of H.R. 14314, which amends and extends Public Law 91-572, "The Family Planning Services and Population Research Act of 1970."

One of the purposes of this legislation is "to establish an Office of Population Affairs in the Department of Health, Education, and Welfare as a primary focus within the Federal Government on matters pertaining to population research and family planning, through which the Secretary of Health, Education, and Welfare shall carry out the purposes of this act."

In defining the functions of the Deputy Assistant for Population Affairs, the law states in particular his responsibility" to act as a clearinghouse for information pertaining to domestic and international population research and family planning programs" and "to provide a liaison with the activities carried on by other agencies and instrumentalities of the Federal Government relating to population research and family planning."

Mr. Chairman, this Federal office performs an important and sensitive function. To assist in meeting these far-reaching responsibilities the Secretary of Health, Education, and Welfare has appointed an Advisory Committee on Population Affairs. The Deputy Assistant Secretary is the chairman of this committee, which includes 12 additional members.

I am sure that it was the intent of the Secretary that this committee be broadly representative of the varying viewpoints present in our society toward family planning and population research. Yet, as I review the list of those who serve on the committee, I am amazed to find that there is apparently no representative to speak for the views of those who hold the Roman Catholic faith. The question of family planning and related questions is of grave concern to many Americans, and particularly Roman Catholics. Yet, it appears that the people sharing this concern have been totally excluded from the committee. This seems to me extraordinarily unwise, callous, and discriminatory.

I believe the Secretary would be well advised to meet the intent and purposes of the law that Congress has asked him to administer. The Office of Population Affairs cannot act in good faith as a "primary focus" or a "clearinghouse" or "to provide a liaison" if it continues to exclude, from what is supposed to be a nationally representative advisory committee, the input and advice of a major segment of our Nation's population.

At present, the committee's membership includes two physicians, two lawyers, one endocrinologist, one engineer, one social worker, one student, one Baptist minister, one demographer, one sociologist, and an advertising executive. It is certainly legitimate to include professionals in medicine, law, and the biomedical and social sciences. But it seems to me, in the consideration of questions so fundamental to the future of mankind and the meaning of life, the height of utilitarian arrogance to almost totally ignore the views from the fields of theology, ethics, philosophy, and the humanities.

In my own district, the Family Planning Council of Western Pennsylvania has very successfully included representatives of differing viewpoints, including Monsignor Seli, director of family life programs for the Pittsburgh Catholic Diocese and Monsignor Enright of the Catholic Diocese of Erie, Pa. It is impossible to understand why the Secretary of Health, Education, and Welfare should not make his Advisory Committee on Population Affairs equally broad-based.

In a few days, the Secretary of Health, Education, and Welfare will leave for Bucharest, Romania, as the head of the U.S. delegation to the World Population Conference, which begins on August 19. At this conference the United Nations' Population Commission will present its proposed plan of action. Secretary Weinberger upon return will submit this plan I understand, to the advisory committee for comments and recommendations. It seems to me vital that the Secretary, in view of the imminent additional responsibilities of the advisory committee, move immediately to make the committee broadly representative of viewpoints bearing on the issues of family planning and population research. I view this as a matter of unusual importance and urgency, and I hope that the Secretary will promptly make his intentions clear to the Congress.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker, having resumed the chair, Mr. CHARLES H. WILSON of California, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 14214) to amend the Public Health Service Act and related laws, to revise and extend programs of health revenue sharing and health services, and for other purposes, pursuant to House Resolution 1279, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the amendments.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. SCHERLE. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 359, nays 12, not voting 63, as follows:

[Roll No. 475]

YEAS—359

Abzug
Adams
Addabbo
Anderson, Calif.
Anderson, Ill.
Andrews, N. Dak.
Annunzio
Archer
Arends
Armstrong
Ashley
Badillo
Bafalis
Baker
Barrett
Bauman
Bell
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Blackburn
Boggs
Boland
Bolling
Bowen
Brademas
Bray
Breaux
Breckinridge
Brinkley
Brooks
Broomfield
Brotzman
Brown, Calif.
Brown, Ohio
Broyhill, N.C.
Broyhill, Va.
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Byron
Camp
Carney, Ohio
Carter
Casey, Tex.
Cederberg
Chamberlain
Chappell
Clancy
Clark
Clausen, Don H.
Clawson, Del
Clay
Cleveland
Cochran
Collins, Ill.
Conable
Conte
Conyers
Corman
Cotter
Coughlin
Cronin
Daniel, Dan
Daniel, Robert W., Jr.
Daniels, Dominick V.
Danielson
Davis, S.C.
Davis, Wis.
de la Garza
Delaney
Dellenback
Dellums
Denholm
Dennis
Dent
Derwinski
Dickinson
Diggs
Donohue
Drinan
Duncan
du Pont
Eckhardt
Edwards, Ala.
Edwards, Calif.
Eilberg
Erlenborn
Esch
Eshleman
Evins, Tenn.
Findley
Fish
Fisher
Flood
Flowers
Foley
Ford
Forsythe
Fountain
Fraser
Frelinghuysen
Frenzel
Frey
Froehlich
Fulton
Fuqua
Gaydos
Gettys
Gibbons
Gilman
Ginn
Goldwater
Gonzalez
Grasso
Green, Oreg.
Green, Pa.
Griffiths
Grover
Guyer
Haley
Hamilton
Hammerschmidt
Hanley
Hanrahan
Hansen, Idaho
Harrington
Harsha
Hastings
Hawkins
Hays
Hechler, W. Va.
Heckler, Mass.
Heinz
Helstoski
Henderson
Hicks
Hillis
Hinshaw
Hogan
Holifield
Holt
Holtzman
Hosmer
Howard
Huber
Hudnut
Hungate
Hunt
Hutchinson
Ichord
Jarman
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jordan
Karth
Kastenmeier
Kazen
Kemp
Ketchum
King
Koch
Kuykendall
Kyros
Lagomarsino
Landrum
Latta
Leggett
Long, La.
Long, Md.
Lujan
Luken
McClory
McCloskey
McCollister
McDade
McEwen
McFall
McKay
McKinney
Macdonald
Madden
Madigan
Mahon
Mallary
Mann
Martin, Nebr.
Martin, N.C.
Mathias, Calif.
Mathis, Ga.
Matsunaga
Mazzoli
Meeds
Melcher
Metcalfe
Mezvinsky
Michel
Milford
Miller
Mills
Minish
Mink
Minshall, Ohio
Mitchell, Md.
Mitchell, N.Y.
Mizell
Moakley
Mollohan
Montgomery
Morgan
Mosher
Moss
Murphy, Ill.
Murtha
Myers
Natcher
Nedzi
Nichols
Nix
Obey
O'Brien
O'Hara
O'Neill
Owens
Parris
Patman
Patten
Perkins
Pettis
Peyser
Pickle
Pike
Poage
Powell, Ohio
Preyer
Price, Ill.
Price, Tex.
Pritchard
Quie
Railsback
Randall
Rangel
Rees
Regula
Reuss
Rhodes
Riegle
Rinaldo
Roberts
Rodino
Roe
Rogers
Roncalio, Wyo.
Roncallo, N.Y.
Rooney, Pa.
Rose
Rosenthal
Rostenkowski
Roush
Rousselot
Roybal
Runnels
Ruppe
Ruth
Ryan
St Germain
Sarasin
Sarbanes
Satterfield
Scherle
Schneebeli
Schroeder
Sebelius
Seiberling
Shipley
Shriver
Sikes
Sisk
Skubitz
Smith, Iowa
Smith, N.Y.
Snyder
Spence
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Steele
Steelman
Steiger, Ariz.
Steiger, Wis.
Stephens
Stokes
Stratton
Stubblefield
Studds
Sullivan
Symington
Talcott
Taylor, Mo.
Taylor, N.C.
Teague
Thomson, Wis.
Thone
Thornton
Tiernan
Towell, Nev.
Traxler
Udall
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Veysey
Vigorito
Waggonner
Waldie
Walsh
Wampler
Whalen
White
Whitehurst
Whitten
Widnall
Wilson, Bob
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Winn
Wolff
Wright
Wyatt
Wydler
Wylie
Wyman
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Ill.
Young, S.C.
Young, Tex.
Zablocki
Zion
Zwach

NAYS—12

Ashbrook
Burleson, Tex.
Collins, Tex.
Crane
Devine
Goodling
Gross
Landgrebe
Robinson, Va.
Shuster
Symms
Ware

NOT VOTING—63

Abdnor
Alexander
Andrews, N.C.
Aspin
Beard
Blatnik
Brasco
Brown, Mich.
Carey, N.Y.
Chisholm
Cohen
Collier
Conlan
Culver
Davis, Ga.
Dingell
Dorn
Downing
Dulski
Evans, Colo.
Fascell
Flynt
Giaimo
Gray
Gubser
Gude
Gunter
Hanna
Hansen, Wash.
Hébert
Horton
Jones, Tenn.
Kluczynski
Lehman
Lent
Litton
Lott
McCormack
McSpadden
Maraziti
Mayne
Moorhead, Calif.
Moorhead, Pa.
Murphy, N.Y.
Nelsen
Passman
Pepper
Podell
Quillen
Rarick
Reid
Robison, N.Y.
Rooney, N.Y.
Roy
Sandman
Shoup
Slack
Stuckey
Thompson, N.J.
Treen
Wiggins
Williams
Young, Ga.

So the bill was passed.

The Clerk announced the following pairs:

Mr. Thompson of New Jersey with Mr. Andrews of North Carolina.

Mr. Murphy of New York with Mr. Blatnik.

Mr. Rooney of New York with Mr. Culver.

Mr. Moorhead of Pennsylvania with Mr. Davis of Georgia.

Mr. Fascell with Mr. Dorn.

Mr. Kluczynski with Mr. Dulski.

Mr. Hébert with Mr. Gunter.

Mr. Giaimo with Mr. Abdnor.

Mr. Flynt with Mr. Shoup.

Mr. Carey of New York with Mr. Robison of New York.

Mr. Alexander with Mr. Quillen.

Mrs. Chisholm with Mrs. Hansen of Washington.

Mr. Dingell with Mr. Cohen.

Mr. Evans of Colorado with Mr. Gubser.

Mr. Downing with Mr. Collier.

Mr. Jones of Tennessee with Mr. Lott.

Mr. Podell with Mr. Brown of Michigan.

Mr. Slack with Mr. Gude.

Mr. Young of Georgia with Mr. Gray.

Mr. Pepper with Mr. Lent.

Mr. Passman with Mr. Beard.

Mr. Roy with Mr. Maraziti.

Mr. Stuckey with Mr. Conlan.

Mr. Aspin with Mr. Mayne.

Mr. Lehman with Mr. Horton.

Mr. Litton with Mr. Moorhead of California.

Mr. McCormack with Mr. Nelsen.

Mr. McSpadden with Mr. Sandman.

Mr. Rarick with Mr. Wiggins.

Mr. Reid with Mr. Treen

Mr. Hanna with Mr. Williams.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. STAGGERS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

PERMISSION TO FILE CONFERENCE REPORT ON S. 3066, HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1974

Mr. PATMAN. Mr. Speaker, I ask unanimous consent that the managers have until midnight tonight to file a conference report on the Senate bill S. 3066, to consolidate, simplify, and improve laws relative to housing and housing assistance, to provide Federal assistance in support of community development activities, and for other purposes.

The SPEAKER. Is there objection to

the request of the gentleman from Texas?

There was no objection.

CONFERENCE REPORT (H. REPT. No. 93-1279)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 3066) to consolidate, simplify, and improve laws relative to housing and housing assistance, to provide Federal assistance in support of community development activities, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House to the text of the bill and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment to the text of the bill insert the following:

That this Act may be cited as the "Housing and Community Development Act of 1974."

TITLE I—COMMUNITY DEVELOPMENT

FINDINGS AND PURPOSE

SEC. 101. (a) The Congress finds and declares that the Nation's cities, towns, and smaller urban communities face critical social, economic, and environmental problems arising in significant measure from—

(1) the growth of population in metropolitan and other urban areas, and the concentration of persons of lower income in central cities; and

(2) inadequate public and private investment and reinvestment in housing and other physical facilities, and related public and social services, resulting in the growth and persistence of urban slums and blight and the marked deterioration of the quality of the urban environment.

(b) The Congress further finds and declares that the future welfare of the Nation and the well-being of its citizens depend on the establishment and maintenance of viable urban communities as social, economic, and political entities, and require—

(1) systematic and sustained action by Federal, State, and local governments to eliminate blight, to conserve and renew older urban areas, to improve the living environment of low- and moderate-income families, and to develop new centers of population growth and economic activity;

(2) substantial expansion of and greater continuity in the scope and level of Federal assistance, together with increased private investment in support of community development activities; and

(3) continuing effort at all levels of government to streamline programs and improve the functioning of agencies responsible for planning, implementing, and evaluating community development efforts.

(c) The primary objective of this title is the development of viable urban communities, by providing decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income. Consistent with this primary objective, the Federal assistance provided in this title is for the support of community development activities which are directed toward the following specific objectives—

(1) the elimination of slums and blight and the prevention of blighting influences and the deterioration of property and neighborhood and community facilities of importance to the welfare of the community, principally persons of low and moderate income;

(2) the elimination of conditions which are detrimental to health, safety, and public welfare, through code enforcement, demolition, interim rehabilitation assistance, and related activities;

(3) the conservation and expansion of the Nation's housing stock in order to provide a decent home and a suitable living environment for all persons, but principally those of low and moderate income;

(4) the expansion and improvement of the quantity and quality of community services, principally for persons of low and moderate income, which are essential for sound community development and for the development of viable urban communities;

(5) a more rational utilization of land and other natural resources and the better arrangement of residential, commercial, industrial, recreational, and other needed activity centers;

(6) the reduction of the isolation of income groups within communities and geographical areas and the promotion of an increase in the diversity and vitality of neighborhoods through the spatial deconcentration of housing opportunities for persons of lower income and the revitalization of deteriorating or deteriorated neighborhoods to attract persons of higher income; and

(7) the restoration and preservation of properties of special value for historic, architectural, or esthetic reasons.

It is the intent of Congress that the Federal assistance made available under this title not be utilized to reduce substantially the amount of local financial support for community development activities below the level of such support prior to the availability of such assistance.

(d) It is also the purpose of this title to further the development of a national urban growth policy by consolidating a number of complex and overlapping programs of financial assistance to communities of varying sizes and needs into a consistent system of Federal aid which—

(1) provides assistance on an annual basis, with maximum certainty and minimum delay, upon which communities can rely in their planning;

(2) encourages community development activities which are consistent with comprehensive local and areawide development planning;

(3) furthers achievement of the national housing goal of a decent home and a suitable living environment for every American family; and

(4) fosters the undertaking of housing and community development activities in a coordinated and mutually supportive manner.

DEFINITIONS

SEC. 102. (a) As used in this title—

(1) The term "unit of general local government" means any city, county, town, township, parish, village, or other general purpose political subdivision of a State; Guam, the Virgin Islands, and American Samoa, or a general purpose political subdivision thereof; a combination of such political subdivisions recognized by the Secretary; the District of Columbia; the Trust Territory of the Pacific Islands; and Indian tribes, bands, groups, and nations, including Alaska Indians, Aleuts, and Eskimos, of the United States. Such term also includes a State or a local public body or agency (as defined in section 711 of the Housing and Urban Development Act of 1970), community association, or other entity, which is approved by the Secretary for the purpose of providing public facilities or services to a new community as part of a program meeting the eligibility standards of section 712 of the Housing and Urban Development Act of 1970 or title IV of the Housing and Urban Development Act of 1968.

(2) The term "State" means any State of the United States, or any instrumentality thereof approved by the Governor; and the Commonwealth of Puerto Rico.

(3) The term "metropolitan area" means a standard metropolitan statistical area as established by the Office of Management and Budget.

(4) The term "metropolitan city" means (A) a city within a metropolitan area which is the central city of such area, as defined and used by the Office of Management and Budget, or (B) any other city, within a metropolitan area, which has a population of fifty thousand or more.

(5) The term "city" means (A) any unit of general local government which is classified as a municipality by the United States Bureau of the Census or (B) any other unit of general local government which is a town or township and which, in the determination of the Secretary, (i) possess powers and performs functions comparable to those associated with municipalities, (ii) is closely settled, and (iii) contains within its boundaries no incorporated places as defined by the United States Bureau of the Census.

(6) The term "urban county" means any county within a metropolitan area which (A) is authorized under State law to undertake essential community development and housing assistance activities in its unincorporated areas, if any, which are not units of general local government, and (B) has a combined population of two hundred thousand or more (excluding the population of metropolitan cities therein) in such unincorporated areas and in its included units of general local government (i) in which it has authority to undertake essential community development and housing assistance activities and which do not elect to have their population excluded or (ii) with which it has entered into cooperation agreements to undertake or to assist in the undertaking of essential community development and housing assistance activities.

(7) The term "population" means total resident population based on data compiled by the United States Bureau of the Census and referable to the same point or period in time.

(8) The term "extent of poverty" means the number of persons whose incomes are below the poverty level. Poverty levels shall be determined by the Secretary pursuant to criteria provided by the Office of Management and Budget, taking into account and making adjustments, if feasible and appropriate and in the sole discretion of the Secretary, for regional or area variations in income and cost of living, and shall be based on data referable to the same point or period in time.

(9) The term "extent of housing overcrowding" means the number of housing units with 1.01 or more persons per room based on data compiled by the United States Bureau of the Census and referable to the same point or period in time.

(10) The term "Federal grant-in-aid program" means a program of Federal financial assistance other than loans and other than the assistance provided by this title.

(11) The term "program period" means the period beginning January 1, 1975, and ending June 30, 1975, and the period covering each fiscal year thereafter.

(12) The term "Community Development Program" means a program described in section 104(a)(2).

(13) The term "Secretary" means the Secretary of Housing and Urban Development.

(b) Where appropriate, the definitions in subsection (a) shall be based, with respect to any fiscal year, on the most recent data compiled by the United States Bureau of the Census and the latest published reports of the Office of Management and Budget available ninety days prior to the beginning of such fiscal year. The Secretary may by regulation change or otherwise modify the meaning of the terms defined in subsection (a) in order to reflect any technical change or modification thereof made subsequent to such date by the United States Bureau of the Census or the Office of Management and Budget.

(c) One or more public agencies, including existing local public agencies, may be designated by the chief executive officer of a State or a unit of general local government to undertake a Community Development Program in whole or in part.

AUTHORIZATION TO MAKE GRANTS

SEC. 103. (a)(1) The Secretary is authorized to make grants to States and units of general local government to help finance Community Development Programs approved in accordance with the provisions of this title. The Secretary is authorized to incur obligations on behalf of the United States in the form of grant agreements or otherwise in amounts aggregating such sum, not to exceed $8,400,000,000, as may be approved in an appropriation Act. The amount so approved shall become available for obligation on January 1, 1975, and shall remain available until obligated. There are authorized to be appropriated for liquidation of the obligations incurred under this subsection not to exceed $2,500,000,000 prior to the close of the fiscal year 1975, which amount may be increased to not to exceed an aggregate of $5,450,000,000 prior to the close of the fiscal year 1976, and to not to exceed an aggregate of $8,400,000,000 prior to the close of the fiscal year 1977. Subject to the limitations contained in the preceding sentence, appropriations for—

(A) grants under title VII of the Housing Act of 1961;

(B) grants under sections 702 and 703 of the Housing and Urban Development Act of 1965; and

(C) supplemental grants under title I of the Demonstration Cities and Metropolitan Development Act of 1966,

may be used, to the extent not otherwise obligated prior to January 1, 1975, for the liquidation of contracts entered into pursuant to this section.

(2) Of the amounts approved in appropriation Acts pursuant to paragraph (1), $50,000,000 for each of the fiscal years 1975 and 1976 shall be added to the amount available for allocation under section 106(d) and shall not be subject to the provisions of section 107.

(b) In addition to the amounts made available under subsection (a), and for the purpose of facilitating an orderly transition to the program authorized under this title, there are authorized to be appropriated not to exceed $50,000,000 for each of the fiscal years 1975 and 1976, and not to exceed $100,000,000 for the fiscal year 1977, for grants under this title to units of general local government having urgent community development needs which cannot be met through the operation of the allocation provisions of section 106.

(c) Sums appropriated pursuant to this section shall remain available until expended.

(d) To assure program continuity and orderly planning, the Secretary shall submit to the Congress timely requests for additional authorizations for the fiscal years 1978 through 1980.

APPLICATION AND REVIEW REQUIREMENTS

SEC. 104. (a) No grant may be made pursuant to section 106 unless an application shall have been submitted to the Secretary in which the applicant—

(1) sets forth a summary of a three-year community development plan which identifies community development needs, demonstrates a comprehensive strategy for meeting those needs and specifies both short- and long-term community development objectives which have been developed in accordance with areawide development planning and national urban growth policies;

(2) formulates a program which (A) includes the activities to be undertaken to meet its community development needs and objectives, together with the estimated costs and general location of such activities, (B) indicates resources other than those provided under this title which are expected to be made available toward meeting its identified needs and objectives, and (C) takes into account appropriate environmental factors;

(3) describes a program designed to—

(A) eliminate or prevent slums, blight, and deterioration where such conditions or needs exist; and

(B) provide improved community facilities and public improvements, including the provision of supporting health, social, and similar services where necessary and appropriate.

(4) submits a housing assistance plan which—

(A) accurately surveys the condition of the housing stock in the community and assesses the housing assistance needs of lower-income persons (including elderly and handicapped persons, large families, and persons displaced or to be displaced) residing in or expected to reside in the community.

(B) specifies a realistic annual goal for the number of dwelling units or persons to be assisted, including (i) the relative proportion of new, rehabilitated, and existing dwelling units, and (ii) the sizes and types of housing projects and assistance best suited to the needs of lower-income persons in the community, and

(C) indicates the general locations of proposed housing for lower-income persons, with the objective of (i) furthering the revitalization of the community, including the restoration and rehabilitation of stable neighborhoods to the maximum extent possible, (ii) promoting greater choice of housing opportunities and avoiding undue concentrations of assisted persons in areas containing a high proportion of low-income persons, and (iii) assuring the availability of public facilities and services adequate to serve proposed housing projects;

(5) provides satisfactory assurances that the program will be conducted and administered in conformity with Public Law 88-352 and Public Law 90-234; and

(6) provides satisfactory assurances that, prior to submission of its application, it has (A) provided citizens with adequate information concerning the amount of funds available for proposed community development and housing activities, the range of activities that may be undertaken, and other important program requirements, (B) held public hearings to obtain the views of citizens on community development and housing needs, and (C) provided citizens an adequate opportunity to participate in the development of the application; but no part of this paragraph shall be construed to restrict the responsibility and authority of the applicant for the development of the application and the execution of its Community Development Program.

(b)(1) Not more than 10 per centum of the estimated costs referred to in subsection (a)(2) which are to be incurred during any contract period may be designated for unspecified local option activities which are eligible for assistance under section 105(a) or for a contingency account for activities designated by the applicant pursuant to subsection (a)(2).

(2) Any grant under this title shall be made only on condition that the applicant certify to the satisfaction of the Secretary that its Community Development Program has been developed so as to give maximum feasible priority to activities which will benefit low- or moderate-income families or aid in the prevention or elimination of slums or blight. The Secretary may also approve an application describing activities which the applicant certifies and the Secretary determines are designed to meet other community development needs having a particular urgency as specifically described in the application.

(3) The Secretary may waive all or part of the requirements contained in paragraphs (1), (2), and (3) of subsection (a) if (A) the application for assistance is in behalf of a locality having a population of less than 25,000 according to the most recent data compiled by the Bureau of the Census which is located either (i) outside a standard metropolitan statistical area, or (ii) inside such an area but outside an "urbanized area" as defined by the Bureau of the Census (or as such definition is modified by the Secretary for purposes of this title), (B) the application relates to the first community development activity to be carried out by such locality with assistance under this title, (C) the assistance requested is for a single development activity under this title of a type eligible for assistance under title VII of the Housing Act of 1961 or title VII of the Housing and Urban Development Act of 1965, and (D) the Secretary determines that, having regard to the nature of the activity to be carried out, such waiver is not inconsistent with the purposes of this title.

(4) The Secretary may accept a certification from the applicant that it has complied with the requirements of paragraphs (5) and (6) of subsection (a).

(c) The Secretary shall approve an application for an amount which does not exceed the amount determined in accordance with section 106(a) unless—

(1) on the basis of significant facts and data, generally available and pertaining to community and housing needs and objectives, the Secretary determines that the applicant's description of such needs and objectives is plainly inconsistent with such facts or data; or

(2) on the basis of the application, the Secretary determines that the activities to be undertaken are plainly inappropriate to meeting the needs and objectives identified by the applicant pursuant to subsection (a); or

(3) the Secretary determines that the application does not comply with the requirements of this title or other applicable law or proposes activities which are ineligible under this title.

(d) Prior to the beginning of fiscal year 1977 and each fiscal year thereafter, each grantee shall submit to the Secretary a performance report concerning the activities carried out pursuant to this title, together with an assessment by the grantee of the relationship of those activities to the objectives of this title and the needs and objectives identified in the grantee's statement submitted pursuant to subsection (a). The Secretary shall, at least on an annual basis, make such reviews and audits as may be necessary or appropriate to determine whether the grantee has carried out a program substantially as described in its application, whether that program conformed to the requirements of this title and other applicable laws, and whether the applicant has a continuing capacity to carry out in a timely manner the approved Community Development Program. The Secretary may make appropriate adjustments in the amount of the annual grants in accordance with his findings pursuant to this subsection.

(e) No grant may be made under this title unless the application therefor has been submitted for review and comment to an areawide agency under procedures established by the President pursuant to title II of the Demonstration Cities and Metropolitan Development Act of 1966 and title IV of the Intergovernmental Cooperation Act of 1968.

(f) An application subject to subsection (c), if submitted after any date established by the Secretary for consideration of applications, shall be deemed approved within 75 days after receipt unless the Secretary informs the applicant of specific reasons for disapproval. Subsequent to approval of the application, the amount of the grant may be adjusted in accordance with the provisions of this title.

(g) Insofar as they relate to funds provided under this title, the financial transactions of recipients of such funds may be audited by the General Accounting Office under such rules and regulations as may be prescribed by the Comptroller General of the United States. The representatives of the General Accounting Office shall have access to all books, accounts, records, reports, files, and other papers, things, or property belonging to or in use by such recipients pertaining to such financial transactions and necessary to facilitate the audit.

(h) (1) In order to assure that the policies of the National Environmental Policy Act of 1969 are most effectively implemented in connection with the expenditure of funds under this title, and to assure to the public undiminished protection of the environment, the Secretary, in lieu of the environmental protection procedures otherwise applicable, may under regulations provide for the release of funds for particular projects to applicants who assume all of the responsibilities for environmental review, decisionmaking, and action pursuant to such Act that would apply to the Secretary were he to undertake such projects as Federal projects. The Secretary shall issue regulations to carry out this subsection only after consultation with the Council on Environmental Quality.

(2) The Secretary shall approve the release of funds for projects subject to the procedures authorized by this subsection only if, at least fifteen days prior to such approval and prior to any commitment of funds to such projects other than for purposes authorized by section 105(a) (12) or for environmental studies, the applicant has submitted to the Secretary a request for such release accompanied by a certification which meets the requirements of paragraph (3). The Secretary's approval of any such certification shall be deemed to satisfy his responsibilities under the National Environmental Policy Act insofar as those responsibilities relate to the applications and releases of funds for projects to be carried out pursuant thereto which are covered by such certification.

(3) A certification under the procedures authorized by this subsection shall—

(A) be in a form acceptable to the Secretary.

(B) be executed by the chief executive officer or other officer of the applicant qualified under regulations of the Secretary.

(C) specify that the applicant has fully carried out its responsibilities as described under paragraph (1) of this subsection, and

(D) specify that the certifying officer (i) consents to assume the status of a responsible Federal official under the National Environmental Policy Act of 1969 insofar as the provisions of such Act apply pursuant to paragraph (1) of this subsection, and (ii) is authorized and consents on behalf of the applicant and himself to accept the jurisdiction of the Federal courts for the purpose of enforcement of his responsibilities as such an official.

COMMUNITY DEVELOPMENT PROGRAM ACTIVITIES ELIGIBLE FOR ASSISTANCE

SEC. 105. (a) A Community Development Program assisted under this title may include only—

(1) the acquisition of real property (including air rights, water rights, and other interests therein) which is (A) blighted, deteriorated, deteriorating, undeveloped, or inappropriately developed from the standpoint of sound community development and growth; (B) appropriate for rehabilitation or conservation activities; (C) appropriate for the preservation or restortaion of historic sites, the beautification of urban land, the conservation of open spaces, natural resources, and scenic areas, the provision of recreational opportunities, or the guidance of urban development; (D) to be used for the provision of public works, facilities, and improvements eligible for assistance under this title; or (E) to be used for other public purposes;

(2) the acquisition, construction, reconstruction, or installation of public works, facilities, and site or other improvements—including neighborhood facilities, senior centers, historic properties, utilities, streets, street lights, water and sewer facilities, foundations and platforms for air rights sites, pedestrian malls and walkways, and parks, playgrounds, and recreation facilities, flood and drainage facilities in cases where assistance for such facilities under other Federal laws or programs is determined to be unavailable and parking facilities, solid waste disposal facilities, and fire-protection services and facilities which are located in or which serve designated community development areas;

(3) code enforcement in deteriorated or deteriorating areas in which such enforcement, together with public improvements and services to be provided, may be expected to arrest the decline of the area;

(4) clearance, demolition, removal, and rehabilitation of buildings and improvements (including interim assistance and financing rehabilitation of privately owned properties when incidental to other activities);

(5) special projects directed to the removal of material and architectural barriers which restrict the mobility and accessibility of elderly and handicapped persons;

(6) payments to housing owners for losses of rental income incurred in holding for temporary periods housing units to be utilized for the relocation of individuals and families displaced by program activities under this title;

(7) disposition (through sale, lease, donation, or otherwise) of any real property acquired pursuant to this title or its retention for public purposes;

(8) provision of public services not otherwise available in areas where other activities assisted under this title are being carried out in a concentrated manner, if such services are determined to be necessary or appropriate to support such other activities and if assistance in providing or securing such services under other applicable Federal laws or programs has been applied for and denied or not made available within a reasonable period of time, and if such services are directed toward (A) improving the community's public services and facilities, including those concerned with the employment, economic development, crime prevention, child care, health, drug abuse, education, welfare, or recreation needs of persons residing in such areas, and (B) coordinating public and private development programs;

(9) payment of the non-Federal share required in connection with a Federal grant-in-aid program undertaken as part of the Community Development Program;

(10) payment of the cost of completing a project funded under title I of the Housing Act of 1949;

(11) relocation payments and assistance for individuals, families, businesses, organizations, and farm operations displaced by activities assisted under this title;

(12) activities necessary (A) to develop a comprehensive community development plan, and (B) to develop a policy-planning-management capacity so that the recipient of assistance under this title may more rationally and effectively (i) determine its needs, (ii) set long-term goals and short-term objectives, (iii) devise programs and activities to meet these goals and objectives, (iv) evaluate the progress of such programs in accomplishing these goals and objectives, and (v) carry out management, coordination, and monitoring of activities necessary for effective planning implementation; and

(13) payment of reasonable administrative costs and carrying charges related to the planning and execution of community development and housing activities, including the provision of information and resources to residents of areas in which community development and housing activities are to be concentrated with respect to the planning and execution of such activities.

(b) Upon the request of the recipient of a grant under this title, the Secretary may agree to perform administrative services on a reimbursable basis on behalf of such recipient in connection with loans or grants for the rehabilitation of properties as authorized under subsection (a) (4).

ALLOCATION AND DISTRIBUTION OF FUNDS

SEC. 106. (a) Of the amount approved in an appropriation Act under section 103(a) for grants in any year (excluding the amount provided for use in accordance with sections 103(a) (2) and 107), 80 per centum shall be allocated by the Secretary to metropolitan areas. Except as provided in subsections (c) and (e), such metropolitan city and urban county shall, subject to the provisions of section 104 and except as otherwise specifically authorized, be entitled to annual grants from such allocation in an aggregate amount not exceeding the greater of its basic amount computed pursuant to paragraph (2) or (3) of subsection (b) or its hold-harmless amount computed pursuant to subsection (g).

(b) (1) The Secretary shall determine the amount to be allocated to all metropolitan cities which shall be an amount that bears the same ratio to the allocation for all metropolitan areas as the average of the ratios between—

(A) the population of all metropolitan cities and the population of all metropolitan areas;

(B) the extent of poverty in all metropolitan cities and the extent of poverty in all metropolitan areas; and

(C) the extent of housing overcrowding in all metropolitan cities and the extent of housing overcrowding in all metropolitan areas.

(2) From the amount allocated to all metropolitan cities the Secretary shall determine for each metropolitan city a basic grant amount which shall equal an amount that bears the same ratio to the allocation for all metropolitan cities as the average of the ratios between—

(A) the population of that city and the population of all metropolitan cities;

(B) the extent of poverty in that city and the extent of poverty in all metropolitan cities; and

(C) the extent of housing overcrowding in that city and the extent of housing overcrowding in all metropolitan cities.

(3) The Secretary shall determine the basic grant amount of each urban county by—

(A) calculating the total amount that would have been allocated to metropolitan cities and urban counties together under paragraph (1) of this subsection if data pertaining to the population, extent of poverty, and extent of housing overcrowding in all urban counties were included in the numerator of each of the fractions described in such paragraph; and

(B) determining for each county the amount which bears the same ratio to the total amount calculated under subparagraph (A) of this paragraph as the average of the ratios between—

(i) the population of that urban county and the population of all metropolitan cities and urban counties;

(ii) the extent of poverty in that urban county and the extent of poverty in all metropolitan cities and urban counties; and

(iii) the extent of housing overcrowding in that urban county and the extent of housing overcrowding in all metropolitan cities and urban counties.

(4) In determining the average of ratios under paragraphs (1), (2), and (3), the ratio involving the extent of povorty shall be counted twice.

(5) In computing amounts or exclusions under this section with respect to any urban county there shall be excluded units of gen-

eral local government located in the county (A) which receive hold-harmless grants pursuant to subsection (h), or (B) the populations of which are not counted in determining the eligibility of the urban county to receive a grant under this subsection.

(c) During the first three years for which funds are approved for distribution to a metropolitan city or urban county under this section, the basic grant amount of such city or county as computed under subsection (b) shall be adjusted as provided in this subsection if the amount so computed for the first such year exceeds the city's or county's hold-harmless amount as determined under subsection (g). Such adjustment shall be made so that—

(1) the amount for the first year does not exceed one-third of the full basic grant amount computed under subsection (b), or the hold-harmless amount, whichever is the greater,

(2) the amount for the second year does not exceed two-thirds of the full basic grant amount computed under subsection (b), or the hold-harmless amount, or the amount allowed under paragraph (1) of this subsection, whichever is the greatest, and

(3) the amount for the third year does not exceed the full basic grant amount computed under subsection (b).

(d) Any portion of the amount allocated to metropolitan areas under the first sentence of subsection (a) which remains after the allocation of grants to metropolitan cities and urban counties in accordance with subsections (b) and (c) and any amounts added in accordance with the provisions of section 103(a)(2) shall be allocated by the Secretary—

(1) first, for grants to metropolitan cities, urban counties, and other units of general local government within metropolitan areas to meet their hold-harmless needs as determined under subsections (g) and (h); and

(2) second, for grants to units of general local government (other than metropolitan cities and urban counties) and States for use in metropolitan areas, allocating for each such metropolitan area an amount which bears the same ratio to the allocation for all metropolitan areas available under this paragraph as the average of the ratios between—

(A) the population of that metropolitan area and the population of all metropolitan areas.

(B) the extent of poverty in that metropolitan area and the extent of poverty in all metropolitan areas, and

(C) the extent of housing overcrowding in that metropolitan area and the extent of housing overcrowding in all metropolitan areas.

In determining the average of ratios under paragraph (2), the ratio involving the extent of poverty shall be counted twice; and in computing amounts under such paragraph there shall be excluded any metropolitan cities, urban counties, and units of general local government which receive hold-harmless grants pursuant to subsection (h).

(e) Any amounts allocated to a metropolitan city or urban county pursuant to the preceding provisions of this section which are not applied for during a program period or which are not approved by the Secretary, and any other amounts allocated to a metropolitan area which the Secretary determines, on the basis of the applications and other evidence available, are not likely to be fully obligated during such program period, shall be reallocated during the same period for use by States, metropolitan cities, urban counties, or units of general local government, first, in any metropolitan area in the same State, and second, in any other metropolitan area. The Secretary shall review determinations under this subsection from time to time as appropriate with a view of assuring maximum use of all available funds in the period for which such funds were appropriated.

(f)(1) Of the amount approved in an appropriation Act under section 103(a) for grants in any year (excluding the amount provided for use in accordance with sections 103(a)(2) and 107), 20 per centum shall be allocated by the Secretary—

(A) first, for grants to units of general local government outside of metropolitan areas to meet their hold-harmless needs as determined under subsection (h); and

(B) second, for grants to units of general local government outside of metropolitan areas and States for use outside of metropolitan areas, allocating for the nonmetropolitan areas of each State an amount which bears the same ratio to all allocations available under this subparagraph for the nonmetropolitan areas of all States as the average of the ratios between—

(i) the population of the nonmetropolitan areas of that State and the population of the nonmetropolitan areas of all the States,

(ii) the extent of poverty in the nonmetropolitan areas of that State and the extent of poverty in the nonmetropolitan areas of all the States, and

(iii) the extent of housing overcrowding in the nonmetropolitan areas of that State and the extent of housing overcrowding in the nonmetropolitan areas of all the States.

In determining the average of ratios under subparagraph (B), the ratio involving the extent of poverty shall be counted twice; and in computing amounts under such subparagraph there shall be excluded units of general local government which receive hold-harmless grants pursuant to subsection (h).

(2) Any amounts allocated to a unit of general local government under paragraph (1) which are not applied for during a program period or which are not approved by the Secretary, and any amounts allocated to the metropolitan areas of a State under paragraph (1)(B) which the Secretary determines, on the basis of applications and other evidence available, are not likely to be fully obligated during such period, shall be reallocated as soon as practicable during the same period to the metropolitan areas of other States. The Secretary shall review determinations under this paragraph from time to time with a view to assuring maximum use of all available funds in the program period for which such funds were appropriated.

(g)(1) The full hold-harmless amount of each metropolitan city or urban county shall be the sum of (i) the sum of the average during the five fiscal years ending prior to July 1, 1972, of (1) commitments for grants (as determined by the Secretary) pursuant to part A of title I of the Housing Act of 1949; (2) loans pursuant to section 312 of the Housing Act of 1964; (3) grants pursuant to sections 702 and 703 of the Housing and Urban Development Act of 1965; (4) loans pursuant to title II of the Housing Amendments of 1955; and (5) grants pursuant to title VII of the Housing Act of 1961; and (ii) the average annual grant, as determined by the Secretary, made in accordance with part B of title I of the Housing Act of 1949 during the fiscal years ending prior to July 1, 1972, or during the fiscal year 1973 in the case of a metropolitan city or urban county which first received a grant under part B of such title in such fiscal year. In the case of a metropolitan city or urban couny which has participated in the program authorized under section 105 of the Demonstration Cities and Metropolitan Development Act of 1966 and which has been funded or extended in the fiscal year 1973 for a period ending after June 30, 1973, determinations of the hold-harmless amount of such metropolitan city or urban county for the following specified years shall be made so as to include, in addition to the amounts specified in clauses (i) and (ii) of the preceding sentence, the following percentages of the average annual grant, as determined by the Secretary made in accordance with such section during fiscal years ending prior to July 1, 1972—

(A) 100 per centum for each of a number of years which, when added to the number of funding years for which the city or county received grants under section 105, equals five;

(B) 80 per centum for the year immediately following year five as determined pursuant to clause (A),

(C) 60 per centum for the year immediately following the year provided for in clause (B); and

(D) 40 per centum for the year immediately following the year provided for in clause (C).

For the purposes of this paragraph the average annual grant under part B of title I of the Housing Act of 1949 or under section 105 of the Demonstration Cities and Metropolitan Development Act of 1966 shall be established by dividing the total amount of grants made to a participant under the program by the number of months of program activity for which funds were authorized and multiplying the result by twelve.

(2) During the fiscal years 1975, 1976, and 1977, the hold-harmless amount of any metropolitan city or urban county shall be the full amount computed for the city or county in accordance with paragraph (1). In the fiscal years 1978, 1979, and 1980, if such amount is greater than the basic grant amount of the metropolitan city or urban county for that year, as computed under subsection (b)(2) or (3), it shall be reduced so that—

(i) in the fiscal year 1978, the excess of the hold-harmless amount over the basic grant amount shall equal two-thirds of the difference between the amount computed under paragraph (1) and the basic grant amount for such year,

(ii) in the fiscal year 1979, the excess of the hold-harmless amount over the basic grant amount shall equal one-third of the difference between the amount computed under paragraph (1) and the basic grant amount for such year, and

(iii) in the fiscal year 1980, there shall be no excess of the hold-harmless amount over the basic grant amount.

(h)(1) Any unit of general local government which is not a metropolitan city or urban county shall, subject to the provisions of section 104 and except as otherwise specifically authorized, be entitled to grants under this title for any year in an aggregate amount at least equal to a hold-harmless amount as computed under the provisions of subsection (g)(1) if, during the five-fiscal-year period specified in the first sentence of subsection (g)(1) (or during the fiscal year 1973 in the case of a locality which first received a grant for a neighborhood development program in that year), one or more urban renewal projects, code enforcement programs, neighborhood development programs, or model cities programs were being carried out by such unit of general local government pursuant to commitments for assistance entered into during such period under title I of the Housing Act of 1949 or title I of the Demonstration Cities and Metropolitan Development Act of 1966.

(2) In the fiscal years 1978, 1979, and 1980, in determining the hold-harmless amount of units of general local government qualifying under this subsection, the second sentence of subsection (g)(2) shall be applied as though such units were metropolitan cities or urban counties with basic grant amounts of zero.

(i) In excluding the population, poverty, and housing overcrowding data of units of general local governments which receive a hold-harmless grant pursuant to subsection (h) from the computations described in subsections (b)(5), (d), and (f) of this section, the Secretary shall exclude only two-thirds of such data for the fiscal year 1978 and one-third of such data for the fiscal year 1979.

(j) Any unit of general local government eligible for a hold-harmless grant pursuant to subsection (h) may, not later than thirty days prior to the beginning of any program period, irrevocably waive its eligibility under such subsection. In the case of such a waiver the unit of general local government shall not be excluded from the computations described in subsections (b)(5), (d), and (f) of this section.

(k) The Secretary may fix such qualification or submission dates as he determines are necessary to permit the computations and determinations required by this section to be made in a timely manner, and all such computations and determinations shall be final and conclusive.

(l) Not later than March 31, 1977, the Secretary shall make a report to the Congress setting forth such recommendations as he deems advisable, in furtherance of the purposes and policy of this title, for modifying or expanding the provisions of this section relating to the method of funding and the allocation of funds and the determination of the basic grant entitlement, and for the application of such provisions in the further distribution of funds under this title. In making this report, the Secretary shall conduct a study to determine how funds authorized under this title can be distributed in accordance with community development needs, objectives, and capacities, measured to the maximum extent feasible by objective standards.

DISCRETIONARY FUND

SEC. 107. (a) Of the total amount of authority to enter into contracts approved in appropriation Acts under section 103(a)(1) for each of the fiscal years 1975, 1976, and 1977, an amount equal to 2 per centum thereof shall be reserved and set aside in a special discretionary fund for use by the Secretary in making grants (in addition to any other grants which may be made under this title to the same entities or for the same purposes)—

(1) in behalf of new communities assisted under title VII of the Housing and Urban Development Act of 1970 or title IV of the Housing and Urban Development Act of 1968;

(2) to States and units of general local government which join in carrying out housing and community development programs that are areawide in scope;

(3) in Guam, the Virgin Islands, American Samoa, and the Trust Territory of the Pacific Islands;

(4) To States and units of general local government for the purpose of demonstrating innovative community development projects;

(5) to States and units of general local government for the purpose of meeting emergency community development needs caused by federally recognized disasters; and

(6) to States and units of general local government where the Secretary deems it necessary to correct inequities resulting from the allocation provisions of section 106.

(b) Not more than one-fourth of the total amount reserved and set aside in the special discretionary fund under subsection (a) for each year may be used for grants to meet emergency disaster needs under subsection (a)(5).

(c) Amounts reserved and set aside in the special discretionary fund under subsection (a) in any fiscal year but not used in such year shall remain available for use in accordance with subsections (a) and (b) in subsequent fiscal years.

GUARANTEE OF LOANS FOR ACQUISITION OF PROPERTY

SEC. 108. (a) The Secretary is authorized, upon such terms and conditions as he may prescribe, to guarantee and make commitments to guarantee the notes or other obligations issued by units of general local government, or by public agencies designated by such units of general local government, for the purpose of financing the acquisition or assembly of real property (including such expenses related thereto as the Secretary may permit by regulation) to serve or be used in carrying out activities which are eligible for assistance under section 105 and are identified in the application under section 104, and with respect to which grants have been or are to be made under section 103, but no such guarantee shall be issued in behalf of any agency designed to benefit, in or by the flotation of any issue, a private individual or corporation.

(b) No guarantee or commitment to guarantee shall be made with respect to any unit of general local government or public agency designated by any such unit of general local government unless—

(1) the Secretary, from sums approved in appropriation Acts and allocated for obligation to the unit of general local government pursuant to sections 106 and 107, shall have reserved and withheld, for the purpose of paying the guaranteed obligations (including interest), an amount which is at least equal to 110 per centum of the difference between the cost of acquiring the land and related expenses and the estimated proceeds to be derived from the sale or other disposition of the land, as determined or approved by the Secretary, which amount may subsequently be increased by the Secretary to the extent he determines such increase is necessary or appropriate because of any unanticipated, major reduction in such estimated disposition proceeds;

(2) the unit of general local government shall have given to the Secretary, in a form acceptable to him, a pledge of its full faith and credit, or a pledge of revenues approved by the Secretary, for the repayment of so much of any amount required to be paid by the United States pursuant to any guarantee under this section as is equal to the difference between the principal amount of the guaranteed obligations and interest thereon and the amount which is to be reserved and withheld under paragraph (1); and

(3) the unit of general local government has pledged to the repayment of any amounts which are required to be paid by the United States pursuant to its guarantee under this section, and which are not otherwise fully repaid when due pursuant to paragraph (1) and (2), the proceeds of any grants for which such unit of general local government may become eligible under this title.

(c) The full faith and credit of the United States is pledged to the payment of all guarantees made under this section. Any such guarantee made by the Secretary shall be conclusive evidence of the eligibility of the obligations for such guarantee with respect to principal and interest, and the validity of any such guarantee so made shall be incontestable in the hands of a holder of the guaranteed obligations.

(d) The Secretary may issue obligations to the Secretary of the Treasury in an amount outstanding at any one time sufficient to enable the Secretary to carry out his obligations under guarantees authorized by this section. The obligations issued under this subsection shall have such maturities and bear such rate or rates of interest as shall be determined by the Secretary of the Treasury. The Secretary of the Treasury is authorized and directed to purchase any obligations of the Secretary issued under this section, and for such purposes is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as now or hereafter in force, and the purposes for which such securities may be issued under such Act are extended to include the purchases of the Secretary's obligations hereunder.

(e) Obligations guaranteed under this section may, at the option of the issuing unit of general local government or designated agency, be subject to Federal taxation as provided in subsection (g). In the event that taxable obligations are issued and guaranteed, the Secretary is authorized to make, and to contract to make, grants to or on behalf of the issuing unit of general local government or public agency to cover not to exceed 30 per centum of the net interest cost (including such servicing, underwriting, or other costs as may be specified in regulations of the Secretary) to the borrowing unit or agency of such obligations.

(f) Section 3689 of the Revised Statutes, as amended (31 U.S.C. 711), is amended by adding at the end thereof a new paragraph as follows:

"(22) For payments required from time to time under contracts entered into pursuant to section 108 of the Housing and Community Development Act of 1974 for payment of interest costs on obligations guaranteed by the Secretary of Housing and Urban Development under that section."

(g) With respect to any obligation issued by a unit of general local government or designated agency which such unit or agency has elected to issue as a taxable obligation pursuant to subsection (e) of this section, the interest paid on such obligation shall be included in gross income for the purpose of chapter 1 of the Internal Revenue Code of 1954.

NONDISCRIMINATION

SEC. 109. (a) No person in the United States shall on the ground of race, color, national origin, or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds made available under this title.

(b) Whenever the Secretary determines that a State or unit of general local government which is a recipient of assistance under this title has failed to comply with subsection (a) or an applicable regulation, he shall notify the Governor of such State or the chief executive officer of such unit of local government of the noncompliance and shall request the Governor or the chief executive officer to secure compliance. If within a reasonable period of time, not to exceed sixty days, the Governor or the chief executive officer fails or refuses to secure compliance, the Secretary is authorized to (1) refer the matter to the Attorney General with a recommendation that an appropriate civil action be instituted; (2) exercise the powers and functions provided by title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d); (3) exercise the powers and functions provided for in section 111(a) of this Act; or (4) take such other action as may be provided by law.

(c) When a matter is referred to the Attorney General pursuant to subsection (b), or whenever he has reason to believe that a State government or unit of general local government is engaged in a pattern or practice in violation of the provisions of this section, the Attorney General may bring a civil action in any appropriate United States district court for such relief as may be appropriate, including injunctive relief.

LABOR STANDARDS

SEC. 110. All laborers and mechanics employed by contractors or subcontractors in the performance of construction work financed in whole or in part with grants received under this title shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 275a—275a-5): *Provided*, That this section shall apply to the rehabilitation of residential property only if such property is designed for residential use for eight or more families. The Secretary of

Labor shall have, with respect to such labor standards, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267) and section 2 of the Act of June 13, 1934, as amended (48 Stat. 948; 40 U.S.C. 276(c)).

REMEDIES FOR NONCOMPLIANCE

SEC. 111. (a) If the Secretary finds after reasonable notice and opportunity for hearing that a recipient of assistance under this title has failed to comply substantially with any provision of this title, the Secretary, until he is satisfied that there is no longer any such failure to comply, shall—

(1) terminate payments to the recipient under this title, or

(2) reduce payments to the recipient under this title by an amount equal to the amount of such payments which were not expended in accordance with this title, or

(3) limit the availability of payments under this title to programs, projects, or activities not affected by such failure to comply.

(b)(1) In lieu of, or in addition to, any action authorized by subsection (a), the Secretary may, if he has reason to believe that a recipient has failed to comply substantially with any provision of this title, refer the matter to the Attorney General of the United States with a recommendation that an appropriate civil action be instituted.

(2) Upon such a referral the Attorney General may bring a civil action in any United States district court having venue thereof for such relief as may be appropriate, including an action to recover the amount of the assistance furnished under this title which was not expended in accordance with it, or for mandatory or injunctive relief.

(c)(1) Any recipient which receives notice under subsection (a) of the termination, reduction, or limitation of payments under this title may, within sixty days after receiving such notice, file with the United States Court of Appeals for the circuit in which such State is located, or in the United States Court of Appeals for the District of Columbia, a petition for review of the Secretary's action. The petitioner shall forthwith transmit copies of the petition to the Secretary and the Attorney General of the United States, who shall represent the Secretary in the litigation.

(2) The Secretary shall file in the court the record of the proceeding on which he based his action, as provided in section 2112 of title 28, United States Code. No objection to the action of the Secretary shall be considered by the court unless such objection has been urged before the Secretary.

(3) The court shall have jurisdiction to affirm or modify the action of the Secretary or to set it aside in whole or in part. The findings of fact by the Secretary, if supported by substantial evidence on the record considered as a whole, shall be conclusive. The court may order additional evidence to be taken by the Secretary, and to be made part of the record. The Secretary may modify his findings of fact, or make new findings, by reason of the new evidence so taken and filed with the court, and he shall also file such modified or new findings, which findings with respect to questions of fact shall be conclusive if supported by substantial evidence on the record considered as a whole, and shall also file his recommendation, if any, for the modification of setting aside of his original action.

(4) Upon the filing of the record with the court, the jurisdiction of the court shall be exclusive and its judgment shall be final, except that such judgment shall be subject to review by the Supreme Court of the United States upon writ of certiorari or certification as provided in section 1254 of title 28, United States Code.

USE OF GRANTS TO SETTLE OUTSTANDING URBAN RENEWAL LOANS

SEC. 112. (a) The Secretary is authorized, notwithstanding any other provision of this title, to apply a portion of the grants, not to exceed 20 per centum thereof without the request of the recipient, made or to be made under section 103(a) in any fiscal year pursuant to an allocation under section 106 to any unit of general local government toward payment of the principal of, and accrued interest on, any temporary loan made in connection with urban renewal projects under title I of the Housing Act of 1949 being carried out within the jurisdiction of such unit of general local government if—

(1) the Secretary determines, after consultation with the local public agency carrying out the project and the chief executive of such unit of general local government, that the project cannot be completed without additional capital grants, or

(2) the local public agency carrying out the project submits to the Secretary an appropriate request which is concurred in by the governing body of such unit of general local government.

In determining the amounts to be applied to the payment of temporary loans, the Secretary shall make an accounting for each project taking into consideration the costs incurred or to be incurred, the estimated proceeds upon any sale or disposition of property, and the capital grants approved for the project.

(b) Upon application by any local public agency carrying out an urban renewal project under title I of the Housing Act of 1949, which application is approved by the governing body of the unit of general local government in which the project is located, the Secretary may approve a financial settlement of such project if he finds that a surplus of capital grant funds after full repayment of temporary loan indebtedness will result and may authorize the unit of general local government to use such surplus funds, without deduction or offset, in accordance with the provisions of this title.

REPORTING REQUIREMENTS

SEC. 113. (a) Not later than 180 days after the close of each fiscal year in which assistance under this title is furnished, the Secretary shall submit to the Congress a report which shall contain—

(1) a description of the progress made in accomplishing the objectives of this title; and

(2) a summary of the use of such funds as approved by the Secretary during the preceding fiscal year.

(b) The Secretary is authorized to require recipients of assistance under this title to submit to him such reports and other information as may be necessary in order for the Secretary to make the report required by subsection (a).

CONSULTATION

SEC. 114. In carrying out the provisions of this title including the issuance of regulations, the Secretary shall consult with other Federal departments and agencies administering Federal grant-in-aid programs.

INTERSTATE AGREEMENTS

SEC. 115. The consent of the Congress is hereby given to any two or more States to enter into agreements or compacts, not in conflict with any law of the United States, for cooperative effort and mutual assistance in support of community development planning and programs carried out under this title as they pertain to interstate areas and to localities within such states, and to establish such agencies, joint or otherwise, as they may deem desirable for making such agreements and compacts effective.

TRANSITION PROVISIONS

SEC. 116. (a) Except with respect to projects and programs for which funds have been previously committed, no new grants or loans shall be made after January 1, 1975, under (1) title I of the Demonstration Cities and Metropolitan Development Act of 1966, (2) title I of the Housing Act of 1949, (3) section 702 or section 703 of the Housing and Urban Development Act of 1965, (4) title II of the Housing Amendments of 1955, or (5) title VII of the Housing Act of 1961.

(b) To the extent that grants under title I of the Housing Act of 1949 or title I of the Demonstration Cities and Metropolitan Development Act of 1966 are payable from appropriations made for the fiscal year 1975, and are made with respect to a project or program being carried on in any unit of general local government which is eligible to receive a grant for such fiscal year under section 106 (a) or (h) of this Act, the amount of such grants made under title I of the Housing Act of 1949 of title I of the Demonstration Cities and Metropolitan Development Act of 1966 shall be deducted from the amounts of grants which such unit of general local government is eligible to receive for the fiscal year 1975 under such section 106 (a) or (h). The deduction required by the preceding sentence shall be disregarded in determining the amount of grants made to any unit of general local government that may be applied, pursuant to section 112 of this Act, to payment of temporary loans in connection with urban renewal projects under title I of the Housing Act of 1949. The amount of any appropriations made for the fiscal year 1975 which is used for grants so as to be subject to the provisions of this subsection relating to deductions shall be deemed to have been appropriated for grants pursuant to section 103(a) of this Act for such fiscal year for purposes of calculations under sections 106 and 107 of this Act.

(c) The first sentence of section 103(b) of the Housing Act of 1949 is amended by inserting before the period at the end thereof the following: ", and by such sums as may be necessary thereafter".

(d)(1) Section 111(b) of the Demonstration Cities and Metropolitan Development Act of 1966 is amended by inserting immediately after the first sentence the following new sentence: "In addition, there are authorized to be appropriated for such purpose such sums as may be necessary for the fiscal year ending June 30, 1975."

(2) Section 111(c) of such Act is amended by striking out "July 1, 1974" and inserting in lieu thereof "July 1, 1975".

(e)(1) Section 312(h) of the Housing Act of 1964 is amended (A) by striking out "after October 1, 1974" and inserting in lieu thereof "after the close of the one-year period beginning on the date of the enactment of the Housing and Community Development Act of 1974", and (B) by striking out "that date" and inserting in lieu thereof "the close of that period".

(2) Section 312(a)(1) of such Act is amended by inserting "or" at the end of subparagraph (C), and by adding after subparagraph (C) the following new subparagraph:

"(D) the rehabilitation is a part of, or is necessary or appropriate to the execution of, an approved community development program under title I of the Housing and Community Development Act of 1974 or an approved urban homestead program under section 809 of such Act;".

(f) With respect to the program period beginning, January 1, 1975, the Secretary may, without regard to the requirements of section 104, advance to any metropolitan city, urban county or other unit of general local government, out of the amount allocated to such entity pursuant to section 106 (a) or (h), an amount not to exceed 10 per centum of the amount so allocated which shall be available only for use (1) to continue projects of activities to be assisted under this title. (2) of subsection (a) of this section, or (2) to plan and prepare for the implementation of activities to be assisted under this title.

(g) In the case of funds available for any fiscal year, the Secretary shall not consider any application from a metropolitan city or urban county for a grant pursuant to section 106(a) of from a unit of general local government for a grant pursuant to section 106 (h) unless such application is submitted on or prior to such date (in that fiscal year) as the Secretary shall establish as the final date for submission of applications for such grants in that year.

LIQUIDATION OF SUPERSEDED PROGRAMS

SEC. 117. (a) Section 3689 of the Revised Statutes, as amended (31 U.S.C. 711), is amended by adding after paragraph (22) (as added by section 108(f) of this Act) the following new paragraph:

"(23) For payments required from time to time under contracts entered into pursuant to section 103(b) of the Housing Act of 1949 with respect to projects or programs for which funds have been committed on or before December 31, 1974, and for which funds have not previously been appropriated."

(b) The Secretary is authorized to transfer the assets and liabilities of any program which is superseded or inactive by reason of this title to the revolving fund for liquidating programs established pursuant to title II of the Independent Offices Appropriation Act of 1965 (Public Law 81-428; 68 Stat. 272, 295).

EMPLOYMENT OPPORTUNITIES FOR LOWER INCOME PERSONS

SEC. 118. Section 3 of the Housing and Urban Development Act of 1968 is amended by inserting ", including community development block grants under title I of the Housing and Community Development Act of 1974," immediately after "direct financial assistance".

TITLE II—ASSISTED HOUSING

AMENDMENT TO THE UNITED STATES HOUSING ACT OF 1937

SEC. 201. (a) The United States Housing Act of 1937 is amended to read as follows:

"SHORT TITLE

"SECTION 1. This Act may be cited as the 'United States Housing Act of 1937'.

"DECLARATION OF POLICY

"SEC. 2. It is the policy of the United States to promote the general welfare of the Nation by employing its funds and credit, as provided in this Act, to assist the several States and their political subdivisions to remedy the unsafe and unsanitary housing conditions and the acute shortage of decent, safe, and sanitary dwellings for families of low income and, consistent with the objectives of this Act, to vest in local public housing agencies the maximum amount of responsibility in the administration of their housing programs. No person should be barred from serving on the board of directors or similar governing body of a local public housing agency because of his tenancy in a low-income housing project.

"DEFINITIONS

"SEC. 3. When used in this Act—

"(1) The term 'low-income housing' means decent, safe, and sanitary dwellings within the financial reach of families of low income, and embraces all necessary appurtenances thereto. Except as otherwise provided in this section, income limits for occupancy and rents shall be fixed by the public housing agency and approved by the Secretary. The rental for any dwelling unit shall not exceed one-fourth of the family's income as defined by the Secretary. Notwithstanding the preceding sentence, the rental for any dwelling unit shall not be less than the higher of (A) 5 per centum of the gross income of the family occupying the dwelling unit, and (B) if the family is receiving payments for welfare assistance from a public agency and a part of such payments, adjusted in accordance with the family's actual housing costs, is specifically designated by such agency to meet the family's housing costs, the portion of such payments which is so designated. At least 20 per centum of the dwelling units in any project placed under annual contributions contracts in any fiscal year beginning after the effective date of this section shall be occupied by very low-income families. In defining the income of any family for the purpose of this Act, the Secretary shall consider income from all sources of each member of the family residing in the household, except that there shall be excluded—

"(A) the income of any family member (other than the head of the household or his spouse) who is under eighteen years of age or is a full-time student;

"(B) the first $300 of the income of a secondary wage earner who is the spouse of the head of the household;

"(C) an amount equal to $300 for each member of the family residing in the household (other than the head of the household or his spouse) who is under eighteen years of age or who is eighteen years of age or older and is disabled or handicapped or a full-time student;

"(D) nonrecurring income, as determined by the Secretary;

"(E) 5 per centum of the family's gross income (10 per centum in the case of elderly families);

"(F) such extraordinary medical or other expenses as the Secretary approves for exclusion; and

"(G) an amount equal to the sums received by the head of the household or his spouse from, or under the direction of, any public or private nonprofit child placing agency for the care and maintenance of one or more persons who are under eighteen years of age and were placed in the household by such agency.

"(2) The term 'low-income families' means families of low income who cannot afford to pay enough to cause private enterprise in their locality or metropolitan area to build an adequate supply of decent, safe, and sanitary dwellings for their use. The term 'very low-income families' means families whose incomes do not exceed 50 per centum of the median family income for the area, as determined by the Secretary with adjustments for smaller and larger families. The term 'families' includes families consisting of a single person in the case of (A) a person who is at least sixty-two years of age or is under a disability as defined in section 223 of the Social Security Act or in section 102(5) of the Development Disabilities Services and Facilities Construction Amendments of 1970, or is handicapped, (B) a displaced person, and (C) the remaining member of a tenant family; and the term 'elderly families' means families whose heads (or their spouses), or whose sole members, are persons described in clause (A). A person shall be considered handicapped if such person is determined, pursuant to regulations issued by the Secretary, to have an impairment which (i) is expected to be of long-continued and indefinite duration, (ii) substantially impedes his ability to live independently, and (iii) is of such a nature that such ability could be improved by more suitable housing conditions. The term 'displaced person' means a person displaced by governmental action, or a person whose dwelling has been extensively damaged or destroyed as a result of a disaster declared or otherwise formally recognized pursuant to Federal disaster relief laws. Notwithstanding the preceding provisions of this paragraph, the term 'elderly families' includes two or more elderly, disabled, or handicapped individuals living together, or one or more such individuals living with another person who is determined under regulations of the Secretary to be a person essential to their care or well being.

"(3) The term 'development' means any or all undertakings necessary for planning, land acquisition, demolition, construction, or equipment, in connection with a low-income housing project. The term 'development cost' comprises the cost incurred by a public housing agency in such undertakings and their necessary financing (including the payment of carrying charges), and in otherwise carrying out the development of such project. Construction activity in connection with a low-income housing project may be confined to the reconstruction, remodeling, or repair of existing buildings.

"(4) The term 'operation' means any or all undertakings appropriate for management, operation, services, maintenance, security (including the cost of security personnel), or financing in connection with a low-income housing project. The term also means the financing of tenant programs and services for families residing in low-income housing projects, particularly where there is maximum feasible participation of the tenants in the development and operation of such tenant programs and services. As used in this paragraph, the term 'tenant programs and services' includes the development and maintenance of tenant organizations which participate in the management of low-income housing projects; the training of tenants to manage and operate such projects and the utilization of their services in project management and operation; counseling on hourehold management, housekeeping, budgeting, money management, child care, and similar matters; advise as to resources for job training and placement, education, welfare, health, and other community services; services which are directly related to meeting tenant needs and providing a wholesome living environment; and referral to appropriate agencies when necessary for the provision of such services. To the maximum extent available and appropriate, existing public and private agencies in the community shall be used for the provision of such services.

"(5) The term 'acquisition cost' means the amount prudently required to be expended by a public housing agency in acquiring a low-income housing project.

"(6) The term 'public housing agency' means any State, county, municipality, or other governmental entity or public body (or agency or instrumentality thereof) which is authorized to engage in or assist in the development or operation of low-income housing.

"(7) The term 'State' includes the several States, the District of Columbia, the Commonwealth of Puerto Rico, the territories and possessions of the United States, the Trust Territory of the Pacific Islands, and Indian tribes, bands, groups, and Nations, including Alaska Indians, Aleuts, and Eskimos, of the United States.

"(8) The term 'Secretary' means the Secretary of Housing and Urban Development.

"(9) The term 'low-income housing project' or 'project' means (A) any low-income housing developed, acquired, or assisted by a public housing agency under this Act, and (B) the improvement of any such housing.

"LOANS FOR LOW-INCOME HOUSING PROJECTS

"SEC. 4. (a) The Secretary may make loans or commitments to make loans to public housing agencies to help finance or refinance the development, acquisition, or operation of low-income housing projects by such agencies. Any contract for such loans and any amendment to a contract for such loans shall provide that such loans shall bear interest at a rate specified by the Secretary which shall not be less than a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans, plus one-eighth of 1 per centum. Such loans shall be secured in such manner and shall be repaid within such period not exceeding forty years, or not exceeding forty years from the date of the bonds evidencing the loan, as the Secretary may determine. The Secretary may require loans or commitments to make loans under this section to be pledged as security for obligations issued by a public housing agency in connection with a low-income housing project.

"(b) The Secretary may issue and have outstanding at any one time notes and other obligations for purchase by the Secretary of the Treasury in an amount which will not, unless authorized by the President, exceed $1,500,000,000. For the purpose of determining obligations incurred to make loans pursuant to this Act against any limitation otherwise applicable with respect to such loans, the Secretary shall estimate the maximum amount to be loaned at any one time pursuant to loan agreements then outstanding with public housing agencies. Such notes or other obligations shall be in such forms and denominations and shall be subject to such terms and conditions as may be prescribed by the Secretary with the approval of the Secretary of the Treasury. The notes or other obligations issued under this subsection shall have such maturities and bear such rate or rates of interest as shall be determined by the Secretary of the Treasury. The Secretary of the Treasury is authorized and directed to purchase any notes or other obligations of the Secretay issued hereunder and for such purpose is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such Act, as amended, are extended to include any purchases of such obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public debt transactions of the United States.

"ANNUAL CONTRIBUTIONS FOR LOW-INCOME HOUSING PROJECTS

"Sec. 5. (a) The Secretary may make annual contributions to public housing agencies to assist in achieving and maintaining the low-income character of their projects. The Secretary shall embody the provisions for such annual contributions in a contract guaranteeing their payment. The contribution payable annually, under this section shall in no case exceed a sum equal to the annual amount of principal and interest payable on obligations issued by the public housing agency to finance the development or acquisition cost of the low-income project involved. The amount of annual contributions which would be established for a newly constructed project by a public housing agency designed to accommodate a number of families of a given size and kind may be established under this section for a project by such public housing agency which would provide housing for the comparable number, sizes, and kinds of families through the acquisition and rehabilitation, or use under lease, of structures which are suitable for low-income housing use and obtained in the local market. Annual contributions payable under this section shall be pledged, if the Secretary so requires, as security for obligations issued by a public housing agency to assist the development or acquisition of the project to which annual contributions relate and shall be paid over a period not to exceed forty years.

"(b) The Secretary may prescribe regulations fixing the maximum contributions available under different circumstances, giving consideration to cost, location, size, rent-paying ability of prospective tenants, or other factors bearing upon the amounts and periods of assistance needed to achieve and maintain low rentals. Such regulations may provide for rates of contribution based upon development, acquisition, or operation costs, number of dwelling units, number of persons housed, interest charges, or other appropriate factors.

"(c) The Secretary is authorized to enter into contracts for annual contributions aggregating not more than $1,199,250,000 per annum, which limit shall be increased by $225,000,000 on July 1, 1971, by $150,000,000 on July 1, 1972, by $400,000,00 on July 1, 1973, and by $965,000,000 on July 1, 1974. Of the aggregate amount of contracts for annual contributions authorized to be entered into on or after July 1, 1974, the Secretary shall enter into contracts for annual contributions aggregating at least $150,000,000 per annum to assist in financing the development or acquisition cost of low-income housing projects to be owned by public housing agencies. Not more than 50 per centum of the dwelling units placed under contract pursuant to the preceding sentence may be constructed or substantially rehabilitated for ownership by public housing agencies under section 8 of this Act. In addition to the amount of contracts for annual contributions required to be entered into by the Secretary under the second sentence of this subsection, the Secretary shall enter into contracts for annual contributions, out of the aggregate amount of contracts for annual contributions authorized under this section to be entered into on or after July 1, 1974, aggregating at least $15,000,000 per annum, which amount shall be increased by not less than $15,000,000 per annum, on July 1, 1975, to assist in financing the development or acquisition cost of low-income housing for families who are members of any Indian tribe, band, pueblo, group, or community of Indians or Alaska Natives which is recognized by the Federal Government as eligible for service from the Bureau of Indian Affairs, or who are wards of any State government, except that none of the funds made available under this sentence shall be available for use under section 8. For the purpose of the preceding sentence, the annual contributions for a project shall, notwithstanding any other provisions of this Act, be equal to the difference between the sum of the total debt service payment plus approved operating costs, and the rental payments that tenants are required to make under setcion 3(1) of this Act. The Secretary shall enter into only such new contracts for preliminary loans as are consistent with the number of dwelling units for which contracts for annual contributions may be entered into. The faith of the United States is solemnly pledged to the payment of all annual contributions contracted for pursuant to this section, and there are hereby authorized to be appropriated in each fiscal year, out of any money in the Treasury not otherwise appropriated, the amounts necessary to provide for such payments. All payments of annual contributions pursuant to this section shall be made out of any funds available for purposes of this Act when such payments are due, except that funds obtained through the issuance of obligations pursuant to section 4(b) (including repayments or other realizations of the principal of loans made out of such funds) shall not be available for the payment of such annual contributions.

"(d) Any contract for loans or annual contributions, or both, entered into by the Secretary with a public housing agency, may cover one or more than one low-income housing project owned by such public housing agency; in the event the contract covers two or more projects, such projects may, for any of the purposes of this Act and of such contract (including, but not limited to, the determination of the amount of the loan, annual contributions, or payments in lieu of taxes, specified in such contract), be treated collectively as one project.

"(e) In recognition that there should be local determination of the need for low-income housing to meet needs not being adequately met by private enterprise—

"(1) the Secretary shall not make any contract with a public housing agency for preliminary loans (all of which shall be repaid out of any moneys which become available to such agency for the development of the projects involved) for surveys and planning in respect to any low-income housing projects (i) unless the governing body of the locality involved has by resolution approved the application of the public housing agency for such preliminary loan; and (ii) unless the public housing agency has demonstrated to the satisfaction of the Secretary that there is need for such low-income housing which is not being met by private enterprise; and

"(2) the Secretary shall not make any contract for loans (other than preliminary loans) or for annual contributions pursuant to this Act unless the governing body of the locality involved has entered into an agreement with the public housing agency providing for the local cooperation required by the Secretary pursuant to this Act.

"(f) Subject to the specific limitations or standards in this Act governing the terms of sales, rentals, leases, loans, contracts for annual contributions, or other agreements, the Secretary may, whenever he deems it necessary or desirable in the fulfillment of the purposes of this Act, consent to the modification, with respect to rate of interest, time of payment of any installment of principal or interest, security, amount of annual contribution, or any other term, of any contract or agreement of any kind to which the Secretary is a party. When the Secretary finds that it would promote economy or be in the financial interest of the Federal Government or is necessary to assure or maintain the low-income character of the project or projects involved, any contract heretofore or hereafter made for annual contributions, loans, or both, may be amended or superseded by a contract entered into by mutual agreement between the public housing agency and the Secretary. Contracts may not be amended or superseded in a manner which would impair the rights of the holders of any outstanding obligations of the public housing agency involved for which annual contributions have been pledged. Any rule of law contrary to this provision shall be deemed inapplicable.

"(g) In addition to the authority of the Secretary under subsection (a) to pledge annual contributions as security for obligations issued by a public housing agency, the Secretary is authorized to pledge annual contributions as a guarantee of payment by a public housing agency of all principal and interest on obligations issued by it to assist the development or acquisition of the project to which the annual contributions relate, except that no obligation shall be guaranteed under this subsection if the income thereon is exempt from Federal taxation.

"(h) Notwithstanding any other provision of law, a public housing agency may sell a low-income housing project to its low-income tenants, on such terms and conditions as the agency may determine, without affecting the Secretary's commitment to pay annual contributions with respect to that project, but such contributions shall not exceed the maximum contributions authorized under subsection (a) of this section.

"CONTRACT PROVISIONS AND REQUIREMENTS

"Sec. 6. (a) Secretary may include in any contract for loans, annual contributions, sale, lease, mortgage, or any other agreement or instrument made pursuant to this Act, such covenants conditions, or provisions as he may deem necessary in order to insure the low-income character of the project involved. Any such contract may contain a condition requiring the maintenance of an open space or playground in connection with the housing project involved if deemed necessary by the Secretary for the safety or health of children. Any such contract shall require that, except in the case of housing predominantly for the elderly, high-rise elevator projects shall not be provided for families with children unless the Secretary makes a determination that there is no practical alternative.

"(b) Every contract made pursuant to this Act for loans (other than preliminary loans) or annual contributions shall provide that the cost of construction and equipment of the project (excluding land, demolition, and nondwelling facilities) on which the computation of any annual contributions under this Act may be based shall not exceed by more than 10 per centum the appropriate prototype cost for the area. The prototype costs shall be determined at least annually by the Secretary on the basis of his estimate of the construction costs of new dwelling units of various types and sizes in the area suitable for occupancy by persons assisted under this Act. In making his determination the Secretary shall take into account (1) the extra durability required for safety and security and economical maintenance of such housing, (2) the provision of amenities designed to guarantee a safe and healthy family life and neighborhood environment, (3) the application of good design as an essential component of such housing for safety and security as well as other purposes, (4) the maintenance of quality in architecture to reflect the standards of the neighborhood and community, (5) the need for maximizing the conservation of energy for heating, lighting, and other purposes, (6) the effectiveness of existing cost limits in the area, and (7) the advice and recommendations of local housing producers. The prototype costs for any area shall become effective upon the date of publication in the Federal Register.

"(c) Every contract for annual contributions shall provide that—

"(1) the Secretary may require the public housing agency to review and revise its maximum income limits if the Secretary determines that changed conditions in the locality make such revision necessary in achieving the purposes of this Act;

"(2) the public housing agency shall determine, and so certify to the Secretary, that each family in the project was admitted in accordance with duly adopted regulations and approved income limits; and the public housing agency shall review the incomes of families living in the project at intervals of two years (or at shorter intervals where the Secretary deems it desirable);

"(3) the public housing agency shall promptly notify (i) any applicant determined to be ineligible for admission to the project of the basis for such determination and provide the applicant upon request, within a reasonable time after the determination is made, with an opportunity for an informal hearing on such determination, and (ii) any applicant determined to be eligible for admission to the project of the approximate date of occupancy insofar as such date can be reasonably determined; and

"(4) the public housing agency shall comply with such procedures and requirements as the Secretary may prescribe to assure that sound management practices will be followed in the operation of the project, including requirements pertaining to—

"(A) the establishment of tenant selection criteria designed to assure that, within a reasonable period of time, the project will include families with a broad range of incomes and will avoid concentrations of low-income and deprived families with serious social problems, but this shall not permit maintenance of vacancies to await higher income tenants where lower income tenants are available;

"(B) the establishment of satisfactory procedures designed to assure the prompt payment and collection of rents and the prompt processing of evictions in the cast of nonpayment of rent;

"(C) the establishment of effective tenant-management relationships designed to assure that satisfactory standards of tenant security and project maintenance are formulated and that the public housing agency (together with tenant councils where they exist) enforces those standards fully and effectively; and

"(D) the development by local housing authority managements of viable homeownership opportunity programs for low-income families capable of assuming the responsibilities of homeownership.

"(d) Every contract for annual contributions with respect to a low-income housing project shall provide that no annual contributions by the Secretary shall be made avaliable for such project unless such project (exclusive of any portion thereof which is not assisted by annual contributions under this Act) is exempt from all real and personal property taxes levied or imposed by the State, city, county, or other political subdivision; and such contract shall require the public housing agency to make payments in lieu of taxes equal to 10 per centum of the sum of the annual shelter rents charged in such project, or such lesser amounts as (i) is prescribed by State law, or (ii) is agreed to by the local governing body in its agreement for local cooperation with the public housing agency required under section 5(e)(2) of this Act, or (iii) is due to failure of a local public body or bodies other than the public housing agency to perform any obligation under such agreement. If any such project is not exempt from all real and personal property taxes levied or imposed by the State, city, county, or other political subdivision, such contract shall provide, in lieu of the requirement for tax exemption and payments in lieu of taxes, that no annual contributions by the Secretary shall be made available for such project unless and until the State, city, county, or other political subdivision in which such project is situated shall contribute, in the form of cash or tax remission, the amount by which the taxes paid with respect to the project exceed 10 per centum of the annual shelter rents charged in such project.

"(e) Every contract for annual contributions shall provide that whenever in any year the receipts of a public housing agency in connection with a low-income housing project exceed its expenditures (including debt service, operation, maintenance, establishment of reserves, and other costs and charges), an amount equal to such excess shall be applied, or set aside for application, to purposes which, in the determination of the Secretary, will effect a reduction in the amount of subsequent annual contributions.

"(f) Every contract for annual contributions shall provide that when the public housing agency and the Secretary mutually agree that a housing project is obsolete as to physical condition, or location, or other factors, making it unusable for housing purposes, a program of modifications or closeout shall be prepared. If it is mutually determined that such project can be returned to useful life, then the Secretary is authorized to utilize such annual contributions as are necessary to enable the local public housing agency to undertake an agreed-upon program of modifications. If it is mutually determined that no program of modifications is feasible or that such a program would not return the housing to a useful life, then the Secretary is authorized to prepare a closeout program, utilizing such annual contributions as are necessary to accommodate the outstanding indebtedness on the project, the cost of demolition (if the physical improvements are not to be sold), and the cost of relocating displaced families into satisfactory replacement housing. The net closeout cost to the Federal Government shall take into consideration any receipts from the sale of physical improvements, land, or other assets, pursuant to the provisions of the annual contributions contract.

"(g) Every contract for annual contributions (including contracts which amend or supersede contracts previously made) may provide that—

"(1) upon the occurrence of a substantial default in respect to the covenants or conditions to which the public housing agency is subject (as such substantial default shall be defined in such contract), the public housing agency shall be obligated at the option of the Secretary either to convey title in any case where, in the determination of the Secretary (which determination shall be final and conclusive), such conveyance of title is necessary to achieve the purposes of this Act, or to deliver to the Secretary possession of the project, as then constituted, to which such contract relates; and

"(2) the Secretary shall be obligated to reconvey or redeliver possession of the project, as constituted at the time of reconveyance or redelivery, to such public housing agency or to its successor (if such public housing agency or a successor exists) upon such terms as shall be prescribed in such contract, and as soon as practicable (i) after the Secretary is satisfied that all defaults with respect to the project have been cured, and that the project will, in order to fulfill the purposes of this Act, thereafter be operated in accordance with the terms of such contract; or (ii) after the termination of the obligation to make annual contributions available unless there are any obligations or covenants of the public housing agency to the Secretary which are then in default. Any prior conveyances and reconveyances or deliveries and redeliveries of possession shall not exhaust the right to require a conveyance or delivery of possession of the project to the Secretary pursuant to subparagraph (1) upon the subsequent occurrence of a substantial default.

Whenever such a contract for annual contributions includes provisions which the Secretary in such contract determines are in accordance with this subsection, and the portion of the annual contribution payable for debt service requirements pursuant to such contract has been pledged by the public housing agency as security for the payment of the principal and interest on any of its obligations, the Secretary (notwithstanding any other provisions of this Act) shall continue to make such annual contributions available for the project so long as any of such obligations remain outstanding, and may covenant in such contract that in any event such annual contributions shall in each year be at least equal to an amount which, together with such income or other funds as are actually available from the project for the purpose at the time such annual contribution is made, will suffice for the payment of all installments, falling due within the next succeeding twelve months, of principal and interest on the obligations for which the annual contributions provided for in the contract shall have been pledged as security. In no case shall such annual contributions be in excess of the maximum sum specified in the contract involved, nor for longer than the remainder of the maximum period fixed by the contract.

"CONGREGATE HOUSING

"SEC. 7. The Secretary shall encourage public housing agencies, in providing housing predominantly for displaced or elderly families, to design, develop, or otherwise acquire such housing to meet the special needs of the occupants and, wherever practicable, for use in whole or in part as congregate housing: *Provided,* That not more than 10 per centum of the total amount of contracts for annual contributions entered into any fiscal year pursuant to the new authority granted under section 202 of the Housing and Urban Development Act of 1970 or under any law subsequently enacted shall be entered into with respect to units in congregate housing.

As used in this section the term 'congregate housing' means low-income housing (A) in which some or all of the dwelling units do not have kitchen facilities, and (B) connected with which there is a central dining facility to provide wholesome and economical meals for elderly and displaced families under terms and conditions prescribed by the public housing agency to permit a generally self-supporting operation. Expenditures incurred by a public agency in the operation of a central dining facility in connection with congregate housing (other than the cost of providing food and service) shall be considered one of the costs of operation of the project.

"LOWER-INCOME HOUSING ASSISTANCE

"SEC. 8. (a) For the purpose of aiding lower-income families in obtaining a decent place to live and of promoting economically mixed housing, assistance payments may be made with respect to existing, newly constructed, and substantially rehabilitated housing in accordance with the provisions of this section.

"(b) (1) The Secretary is authorized to enter into annual contributions contracts with public housing agencies pursuant to which such agencies may enter into contracts to make assistance payments to owners of existing dwelling units in accordance with this section. In areas where no public housing agency has been organized or where the Secretary determines that a public housing agency is unable to implement the provisions of this section, the Secretary is authorized to enter into such contracts and to perform the other functions assigned to a public housing agency by this section.

"(2) To the extent of annual contributions make assistance payments to such owners or authorizations under section 5(c) of this Act, the Secretary is authorized to make assistance payments pursuant to contracts with owners or prospective owners who agree to construct or substantially rehabilitate housing in which some or all of the units shall be available for occupancy by lower-income families in accordance with the provisions of this section. The Secretary may also enter into annual contributions contracts with public housing agencies pursuant to which such agencies may enter into contracts to prospective owners.

"(c) (1) An assistance contract entered into pursuant to this section shall establish the maximum monthly rent (including utilities and all maintenance and management charges) which the owner is entitled to receive for each dwelling unit with respect to which such assistance payments are to be made. The maximum monthly rent shall not exceed by more than 10 per centum the fair market rental established by the Secretary periodically but not less than annually for existing or newly constructed rental dwelling units of various sizes and types in the market area suitable for occupancy by persons assisted under this section, except that the maximum monthly rent may exceed the fair market rental by more than 10 but not more than 20 per centum where the Secretary determines that special circumstances warrant such higher maximum rent or that such higher rent is necessary to the implementation of a local housing assistance plan as defined in section 213(a) (5) of the Housing and Community Development Act of 1974. Proposed fair market rentals for an area shall be published in the Federal Register with reasonable time for public comment, and shall become effective upon the date of publication in final form in the Federal Register.

"(2) (A) The assistance contract shall provide for adjustment annually or more frequently in the maximum monthly rents for units covered by the contract to reflect changes in the fair market rentals established in the housing area for similar types and sizes of dwelling units or, if the Secretary determines, on the basis of a reasonable formula.

"(B) The contract shall further provide for the Secretary to make additional adjustments in the maximum monthly rent for units under contract to the extent he determines such adjustments are necessary to reflect increases in the actual and necessary expenses of owning and maintaining the units which have resulted from substantial general increases in real property taxes, utility rates, or similar costs which are not adequately compensated for by the adjustment in the maximum monthly rent authorized by subparagraph (A).

"(C) Adjustments in the maximum rents as hereinbefore provided shall not result in material differences between the rents charged for assisted and comparable unassisted units, as determined by the Secretary.

"(3) The amount of the monthly assistance payment with respect to any dwelling unit, in the case of a large very low-income family, a very large lower income family, or a family with exceptional medical or other expenses, as determined by the Secretary, shall be the difference between 15 per centum of one-twelfth of the annual income of the family occupying the dwelling unit and the maximum monthly rent which the contract provides that the owner is to receive for the unit. In the case of other families, the Secretary shall establish the amount of the assistance payment as the difference between not less than 15 per centum nor more than 25 per centum of the family's income and the maximum rent, taking into consideration the income of the family, the number of minor children in the household, and the extent of medical or other unusual expenses incurred by the family. Reviews of family income shall be made no less frequently than annually (except that such reviews may be made at intervals no longer than two years in the case of families who are elderly families).

"(4) The assistance contract shall provide that assistance payments may be made only with respect to a dwelling unit under lease for occupancy by a family determined to be a lower income family at the time it initially occupied such dwelling unit, except that such payments may be made with respect to unoccupied units for a period not exceeding sixty days (A) in the event that a family vacates a dwelling unit before the expiration date of the lease for occupancy or (B) where a good faith effort is being made to fill an unoccupied unit.

"(5) Assistance payments may be made with respect to up to 100 per centum of the dwelling units in any structure upon the application of the owner or prospective owner. Within the category of projects containing more than fifty units and designed for use primarily by nonelderly and nonhandicapped persons, the Secretary may give preference to applications for assistance involving not more than 20 per centum of the dwelling units in a project. In according any such preference, the Secretary shall compare applications received during distinct time periods not exceeding sixty days in duration.

"(6) The Secretary shall take such steps as may be necessary, including the making of contracts for assistance payments in amounts in excess of the amounts required at the time of the initial renting of dwelling units, the reservation of annual contributions authority for the purpose of amending housing assistance contracts, or the allocation of a portion of new authorizations for the purpose of amending housing assistance contracts, to assure that assistance payments are increased on a timely basis to cover increases in maximum monthly rents or decreases in family incomes.

"(7) At least 30 per centum of the families assisted under this section with annual allocations of contract authority shall be very low-income families at the time of the initial renting of dwelling units.

"(8) To the extent authorized in contracts entered into by the Secretary with a public housing agency, such agency may purchase any structure containing one or more dwelling units assisted under this section for the purpose of reselling the structure to the tenant or tenants occupying units aggregating in value at least 80 per centum of the structure's total value. Any such resale may be made on the terms and conditions prescribed under section 5(h) and subject to the limitation contained in such section.

"(d) (1) Contracts to make assistance payments entered into by a public housing agency with an owner of existing housing units shall provide (with respect to any unit) that—

"(A) the selection of tenants for such unit shall be the function of the owner, subject to the provisions of the annual contributions contract between the Secretary and the agency;

"(B) the agency shall have the sole right to give notice to vacate, with the owner having the right to make representation to the agency for termination of tenancy;

"(C) maintenance and replacement (including redecoration) shall be in accordance with the standard practice for the building concerned as established by the owner and agreed to by the agency; and

"(D) the agency and the owner shall carry out such other appropriate terms and conditions as may be mutually agreed to by them.

"(2) Each contract for an existing structure entered into under this section shall be for a term of not less than one month nor more than one hundred and eighty months.

"(e) (1) The Secretary shall not contract to make assistance payments with respect to a newly constructed or substantially rehabilitated dwelling unit for a term of less than one month or more than two hundred and forty months. In the case of a project owned by, or financed by a loan or loan guarantee from, a State or local agency, the term may not exceed four hundred and eighty months.

"(2) The contract between the Secretary and the owner with respect to newly constructed or substantially rehabilitated dwelling units shall provide that all ownership, management, and maintenance responsibilities, including the selection of tenants and the termination of tenancy, shall be assumed by the owner (or any entity, including a public housing agency, approved by the Secretary, with which the owner may contract for the performance of such responsibilities).

"(3) The construction or substantial rehabilitation of dwelling units to be assisted under this section shall be eligible for financing with mortgages insured under the National Housing Act. Assistance with respect to such dwelling units shall not be withheld or made subject to preferences by reason of the availability of mortgage insurance pursuant to section 244 of such Act or by reason of the tax-exempt status of the bonds or other obligations to be used to finance such construction or rehabilitation.

"(4) Nothing in this Act shall be deemed to prohibit an owner from pledging, or offering as security for any loan or obligation, a contract for assistance payments entered into pursuant to this section: *Provided*, That such security is in connection with a project constructed or rehabilitated pursuant to authority granted in this section, and the terms of the financing or any refinancing have been approved by the Secretary.

"(f) As used in this section—

"(1) the term 'lower income families' means those families whose incomes do not exceed 80 per centum of the median income for the area, as determined by the Secretary with adjustments for smaller and larger families, except that the Secretary may establish income ceilings higher or lower than 80 per centum of the median for the area on the basis of his findings that such variations are necessary because of prevailing levels of construction costs, unusually high or low family incomes, or other factors;

"(2) the term 'very low-income families' means those families whose incomes do not exceed 50 per centum of the median income for the area, as determined by the Secretary with adjustments for smaller and larger families;

"(3) the term 'income' means income from all sources of each member of the household, as determined in accordance with criteria prescribed by the Secretary;

"(4) the term 'owner' means any private person or entity, including a cooperative, or a public housing agency, having the legal right to lease or sublease newly constructed or substantially rehabilitated dwelling units as described in this section; and

"(5) the terms 'rent' or 'rental' mean, with respect to members of a cooperative, the charges under the occupancy agreements between such members and the cooperative.

"(g) Notwithstanding any other provision of this Act, assistance payments under this section may be provided, in accordance with regulations prescribed by the Secretary, with respect to some or all of the units in any project approved pursuant to section 202 of the Housing Act of 1959.

"(h) The provisions of section 3(1), 5(e), and 6, and any other provisions of this Act, which are inconsistent with the provisions of this section shall not apply to contracts for assistance entered into under this section.

"ANNUAL CONTRIBUTIONS FOR OPERATION OF LOW-INCOME HOUSING PROJECTS

"SEC. 9. (a) In addition to the contributions authorized to be made for the purposes specified in section 5 of this Act, the Secretary may make annual contributions to public housing agencies for the operation of low-income housing projects. The contributions payable annually under this section shall not exceed the amounts which the Secretary determines are required (1) to assure the low-income character of the projects involved, and (2) to achieve and maintain adequate operating services and reserve funds. The Secretary shall embody the provisions for such annual contributions in a contract guaranteeing their payment subject to the availability of funds. For purposes of making payments under this section, the Secretary shall establish standards for costs of operation and reasonable projections of income, taking into account the character and location of the project and characteristics of the families served, or the costs of providing comparable services as determined in accordance with criteria or a formula representing the operations of a prototype well-managed project.

"(b) The aggregate rentals required to be paid in any year by families residing in the dwelling units administered by a public housing agency receiving annual contributions under this section shall not be less than an amount equal to one-fifth of the sum of the incomes of all such families.

"(c) Of the aggregate amount of contracts for annual contributions authorized in section 5(c) of this Act to be entered into on or after July 1, 1974, the Secretary is authorized to enter into contracts for annual contributions under this section aggregating not more than $500,000,000 per annum, which amount shall be increased by $60,000,000 on July 1, 1975.

"GENERAL PROVISIONS

"SEC. 10. (a) In the performance of, and with respect to, the functions, powers, and duties vested in him by this Act, the Secretary, notwithstanding the provisions of any other law, shall—

"(1) prepare annually and submit a budget program as provided for wholly owned Government corporations by the Government Corporation Control Act, as amended; and

"(2) maintain an integral set of accounts which shall be audited annually by the General Accounting Office in accordance with the principles and procedures applicable to commercial transactions as provided by the Government Corporation Control Act, as amended, and no other audit shall be required.

"(b) All receipts and assets of the Secretary under this Act shall be available for the purposes of this Act until expended.

"(c) The Federal Reserve banks are authorized and directed to act as depositories, custodians, and fiscal agents for the Secretary in the general exercise of his powers under this Act, and the Secretary may reimburse any such bank for its services in such manner as may be agreed upon.

"FINANCING LOW-INCOME HOUSING PROJECTS

"SEC. 11. (a) Obligations issued by public housing agency in connection with low-income housing projects which (1) are secured (A) by a pledge of a loan under any agreement between such public housing agency and the Secretary, or (B) by a pledge of annual contributions under an annual contributions contract between such public housing agency and the Secretary, or (C) by a pledge of both annual contributions under an annual contributions contract and a loan under an agreement between such public housing agency and the Secretary, and (2) bear, or are accompanied by, a certificate of the Secretary that such obligations are so secured, shall be incontestable in the hands of a bearer and the full faith and credit of the United States is pledged to the payment of all amounts agreed to be paid by the Secretary as security for such obligations.

"(b) Except as provided in section 5(g), obligations, including interest thereon, issued by public housing agencies in connection with low-income housing projects shall be exempt from all taxation now or hereafter imposed by the United States whether paid by such agencies or by the Secretary. The income derived by such agencies from such projects shall be exempt from all taxation now or hereafter imposed by the United States.

"LABOR STANDARD

"SEC. 12. Any contract for loans, annual contributions, sale, or lease pursuant to this Act shall contain a provision requiring that not less than the wages prevailing in the locality, as determined or adopted (subsequent to a determination under applicable State or local law) by the Secretary shall be paid to all architects, technical engineers, draftsmen, and technicians employed in the development, and all maintenance laborers and mechanics employed in the operation, of the low-income housing project involved; and shall also contain a provision that not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act (49 Stat. 1011), shall be paid to all laborers and mechanics employed in the development of the project involved (including a project with nine or more units assisted under section 8 of this Act, where the public housing agency or the Secretary and the builder or sponsor enter into an agreement for such use before construction or rehabilitation is commenced), and the Secretary shall require certification as to compliance with the provisions of this section prior to making any payment under such contract."

(b) The provisions of subsection (a) of this section shall be effective on such date or dates as the Secretary of Housing and Urban Development shall prescribe, but not later than eighteen months after the date of the enactment of this Act; except that (1) all of the provisions of section 3(1) of the United States Housing Act of 1937, as amended by subsection (a) of this section, shall become effective on the same date, (2) all of the provisions of sections 5 and 9(c) of such Act as so amended shall become effective on the same date, and (3) section 8 of such Act as so amended shall be effective not later than January 1, 1975.

APPLICABILITY OF RENTAL REQUIREMENTS

SEC. 202. To the extent that section 3(1) of the United States Housing Act of 1937, as amended by section 201(a) of this Act, would require the establishment of an increased monthly rental charge for any family which occupies a low-income housing unit as of the effective date of such section 3(1) (other than by reason of the provisions relating to welfare assistance payments), the required adjustment shall be made, in accordance with regulations of the Secretary, as follows: (A) the first adjustment shall not exceed $5 and shall become effective as of the month following the month of the first review of the family's income pursuant to section 6(c)(2) of such Act which occurs at least six months after the effective date of such section 3(1), and (B) subsequent adjustments, each of which shall not exceed $5, shall be made at six-month intervals over whatever period is necessary to effect the full required increase in the family's rental charge.

EXEMPTIONS OF CERTAIN PROJECTS FROM RENTAL FORMULA

SEC. 203. The rental or income contribution provisions of the United States Housing Act of 1937, as amended by section 201 of this Act, shall not preclude the use of special schedules of required payments as approved by the Secretary for participants in mutual help housing projects who contribute labor, land, or materials to the development of such projects.

REPEAL OF SPECIFICATION REQUIREMENTS IN CONSTRUCTION CONTRACTS

SEC. 204. Section 815 of the Housing Act of 1954 is repealed.

Retroactive Effect of Repeal of Section 10(j)

SEC. 205. Section 206(c) of the Housing Act of 1961 (Public Law 87–70, approved June 30, 1961, 75 Stat. 165) is amended by adding at the end thereof the following sentence: "The Secretary of Housing and Urban Development is authorized to agree with a public housing agency to the amendment of any annual contributions contract containing the provision prescribed in section 10(j) of the United States Housing Act of 1937 (as in effect prior to the enactment of the Housing and Community Development Act of 1974), so as to delete such provision and waive any rights of the United States that are accrued or may accrue under such provision."

AMENDMENT TO NATIONAL BANK ACT

SEC. 206. The sixth sentence of paragraph "Seventh" of section 5136 of the Revised Statutes, as amended (12 U.S.C. 24), is amended—

(1) by striking out "1421a(b) of title 42" wherever it appears and inserting in lieu thereof "6(g) of the United States Housing Act of 1937";

(2) by striking out "either" before clause (1);

(3) by striking out "(which obligations shall have a maturity of not more than eighteen months)" in clause (1);

(4) by striking out "or" before clause (2); and

(5) by inserting before the colon before the first proviso the following: ", or (3) by a pledge of both annual contributions under an annual contributions contract containing the covenant by the Secretary which is authorized by section 6(g) of the United States Housing Act of 1937, and a loan under an agreement between the local public housing agency and the Secretary in which the public housing agency agrees to borrow from the Secretary, and the Secretary agrees to lend to the public housing agency, prior to the maturity of the obligations involved, moneys in an amount which (together with

any other moneys irrevocably committed under the annual contributions contract to the payment of principal and interest on such obligations) will suffice to provide for the payment when due of all installments of principal and interest on such obligations, which moneys under the terms of the agreement are required to be used for the purpose of paying the principal and interest on such obligations at their maturity".

AMENDMENTS TO LANHAM ACT

SEC. 207. (a) Section 606 of the Act of October 14, 1940, as amended (42 U.S.C. 1586), is amended by striking out that part of the first sentence in subsection (b) which follows the parenthetical phrase and inserting in lieu thereof a period, and by striking out all of the second sentence.

(b) Section 606(c)(1) of such Act is amended by inserting before the semicolon at the end thereof the following: ", or, with the Secretary's approval, used to finance the repair or rehabilitation of a project or part thereof conveyed to the public housing agency under this section".

LEASED HOUSING

SEC. 208. Nothing in this title or any other provision of law authorizes the Secretary of Housing and Urban Development to apply any policy or procedure established by him with respect to the rights of an owner under a lease entered into under section 23 of the United States Housing Act of 1937 if such lease was entered into prior to the effective date of such policy or procedure.

LOW-INCOME HOUSING FOR THE ELDERLY OR HANDICAPPED

SEC. 209. The Secretary shall consult with the Secretary of Health, Education, and Welfare to insure that special projects for the elderly or the handicapped authorized pursuant to United States Housing Act of 1937 shall meet acceptable standards of design and shall provide quality services and management consistent with the needs of the occupants. Such projects shall be specifically designed and equipped with such "related facilities" (as defined in section 202(d)(8) of the Housing Act of 1959) as may be necessary to accommodate the special environmental needs of the intended occupants and shall be in support of and supported by the applicable State plans for comprehensive services pursuant to section 134 of the Mental Retardation Facilities and Community Mental Health Center Construction Act of 1963 or State and area plans pursuant to title III of the Older Americans Act of 1965.

REVISION OF SECTION 202 PROGRAM FOR ELDERLY AND HANDICAPPED

SEC. 210. (a) Section 202(a)(3) of the Housing Act of 1959 is amended by striking out all that follows "and shall bear interest at a rate" and inserting in lieu thereof "which is not more than a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans, adjusted to the nearest one-eighth of 1 per centum, plus an allowance adequate in the judgment of the Secretary to cover administrative costs and probable losses under the program."

(b) Section 202(d)(4) of such Act is amended—

(1) by striking out "a physical" in the second sentence and inserting in lieu thereof "an"; and

(2) by inserting after the second sentence the following new sentence: "A person shall also be considered handicapped if such person is a developmentally disabled individual as defined in section 102(5) of the Developmental Disabilities Services and Facilities Construction Amendments of 1950."

(c) Section 202 of such Act is further amended by adding at the end thereof the following new subsection:

"(f) In carrying out the provisions of this section, the Secretary shall seek to assure, pursuant to applicable regulations, that housing and related facilities assisted under this section will be in appropriate support of, and supported by, applicable State and local plans which respond to Federal program requirements by providing an assured range of necessary services for individuals occupying such housing (which services may include, among others, health, continuing education, welfare, informational, recreational, homemaker, counseling, and referral services, transportation where necessary to facilitate access to social services, and services designed to encourage and assist recipients to use the services and facilities available to them), including plans approved by the Secretary of Health, Education, and Welfare pursuant to section 134 of the Mental Retardation Facilities and Community Mental Health Center Construction Act of 1963 or pursuant to title III of the Older Americans Act of 1965."

(d) Section 202(a)(4) of such Act is amended—

(1) by inserting "(A)" immediately after "(4)";

(2) by inserting ", and the proceeds from notes or other obligations issued under subparagraph (B)," after "Amounts so appropriated"; and

(3) by adding at the end thereof the following new subparagraphs:

"(B)(1) To carry out the purposes of this section, the Secretary is authorized to issue to the Secretary of the Treasury notes or other obligations in an aggregate amount not to exceed $800,000,000, in such forms and denominations, bearing such maturities, and subject to such terms and conditions as may be prescribed by the Secretary of the Treasury. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding marketable obligations of the United States of comparable maturities during the month preceding the issuance of the notes or other obligations. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations issued hereunder and for that purpose he is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act; and the purposes for which securities may be issued under that Act are extended to include any purchase of such notes and obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public debt transactions of the United States.

"(ii) The receipts and disbursements of the fund shall not be included in the total of the Budget of the United States Government and shall be exempt from any limitation on annual expenditure or net lending.

"(C) Amounts in the fund shall be available to the Secretary for the purpose of making loans under this section and for paying interest on obligations issued under subpargraph (B). The aggregate loans made under this section in any fiscal year shall not exceed the limits on such lending authority established for such year in appropriation Acts."

(e) Section 202(a) of such Act is amended by adding at the end thereof the following new paragraph:

"(5) To the maximum extent practicable, the Secretary shall use the services and facilities of the private mortgage industry in servicing mortgage loans made under this section."

(f) Section 202(d)(8) of such Act is amended by inserting immediately after "families" the following: "residing in the project or in the area".

(g)(1) In determining the feasibility and marketability of a project under section 202 of the Housing Act of 1959, the Secretary shall consider the availability of monthly assistance payments pursuant to section 8 of the United States Housing Act of 1937 with respect to such a project.

(2) The Secretary shall insure that with the original approval of a project authorized pursuant to section 202 of the Housing Act of 1959, and thereafter at each annual revision of the assistance contract under section 8 of the United States Housing Act of 1937 with respect to units in such project, the project will serve both low- and moderate-income families in a mix which he determines to be appropriate for the area and for viable operation of the project; except that the Secretary shall not permit maintenance of vacancies to await tenants of one income level where tenants of another income level are available.

SINGLE-FAMILY MORTGAGE ASSISTANCE

SEC 211. (a) Section 235 of the National Housing Act is amended—

(1) by striking out "and by $200,000,000 on July 1, 1971" in subsection (h)(1) and inserting in lieu thereof "by $200,000,000 on July 1, 1971, and by such sums as may be approved in appropriation Acts after June 30, 1974, and prior to July 1, 1976";

(2) by adding at the end of subsection (h)(1) the following: "Upon the expiration of one year following the date of enactment of the Housing and Community Development Act of 1974, the Secretary shall not enter into new contracts for assistance payments under this section utilizing authority approved in appropriation Acts prior to July 1, 1974.";

(3) by striking out paragraph (2) of subsection (h) and inserting in lieu thereof the following:

"(2) Assistance payments under this section may be made only with respect to a family whose income at the time of initial occupancy does not exceed 80 per centum of the median income for the area, as determined by the Secretary with adjustments for smaller and larger families, except that the Secretary may establish income ceilings higher or lower than 80 per centum of the median for the area on the basis of his findings that such variations are necessary because of prevailing levels of construction costs, unusually high or low median family incomes, or other factors.";

(4) by striking out "prior to July 1, 1972" in subsection (h)(3)(B) and inserting in lieu thereof "on or after July 1, 1969";

(5) by inserting after "mortgage" in the first sentence of subsection (i)(1) the following: "(including advances with respect to property construction or rehabilitation pursuant to a self-help program)";

(6) by striking out paragraph (3)(C) of subsection (i) and inserting in lieu thereof the following:

"(C) be executed by a mortgagor who shall have paid in cash or its equivalent, on account of the property, at least an amount equal to 3 per centum of the Secretary's estimate of the cost of acquisition."; and

(7) by striking out "October 1, 1974" in subsection (m) and inserting in lieu thereof "June 30, 1976".

(b) Section 235(a) of such Act is amended by inserting after "this section" at the end of the second sentence the following: "or which mortgages are assisted under a State or local program providing assistance through loans, loan insurance or tax abatement".

(c)(1) The last proviso in section 235(b)(2) of such Act is amended by striking out "$18,000", "$21,000", "$21,000", and "$24,000", and inserting in lieu thereof '"$21,600", "$25,200", "$25,200", and "$28,800", respectively.

(2) Section 235(i)(3)(B) of such Act is amended by striking out "$18,000", "$21,000", "$21,000", and "$24,000" and inserting in lieu tnereof "$21,600", "$25,200", '$25,200", and '$28,800", respectively.

MULTI-FAMILY MORTGAGE ASSISTANCE

SEC. 212. Section 236 of the National Housing Act is amended—

"(1) by inserting "(1)" after "(f)" at the beginning of subsection (f), and by redesignating clauses (1) and (2) of such subsection as clauses (A) and (B), respectively;

(2) by adding at the end of subsection (f) (1) the following: "With respect to those projects which the Secretary determines have separate utility metering for some or all dwelling units, the Secretary is authorized—

"(i) to permit the basic rental charge and the fair market rental charge to be determined on the basis of operating the project without the payment of the cost of utility services used by such dwelling units; and

"(ii) to permit the charging of a rental for such dwelling units at such an amount less than 25 per centum of a tenant's income as the Secretary determines represents a proportionate decrease for the utility charges to be paid by such tenant, but in no case shall such rental be lower than 20 per centum of a tenant's income.

"(2) With respect to 20 per centum of the dwelling units in any project made subject to a contract under this section after the date of enactment of the Housing and Community Development Act of 1974, the Secretary shall make, and contract to make additional assistance payments to the project owner on behalf of tenants whose incomes are too low for them to afford the basic rentals with 25 per centum of their income or such lower per centum as may be established pursuant to the provisions of clause (ii) of the last sentence of paragraph (1). The additional assistance payments authorized by this paragraph with respect to any dwelling unit shall be the amount required to reduce the rental payment by the tenant to 25 per centum of the tenant's income or such lower per centum as may be established pursuant to the provisions of clause (ii) of the last sentence of paragraph (1). In no case shall such rental payment be reduced below an amount equal to utility costs attributable to the unit occupied by the tenant, unless the Secretary determines that the application of this requirement in any area would result in undue hardship because of unusually high utility costs prevailing seasonally or otherwise in such area. Notwithstanding the foregoing provisions of this paragraph, the Secretary may—

"(A) reduce such 20 per centum requirement in the case of any project if he determines that such action is necessary to assure the economic viability of the project; or

"(B) increase such 20 per centum requirement in the case of any project if he determines that such action is necessary and feasible in order to assure, insofar as is practicable, that there is in the project a reasonable range in the income levels of tenants, or that such action is to be taken to meet the housing needs of elderly or handicapped families.

"(3) For each project there shall be established an initial operating expense level, which shall be the sum of the cost of utilities and local property taxes payable by the project owner at the time the Secretary determines the property to be fully occupied, taking into account anticipated and customary vacancy rates. At any time subsequent to the establishment of an initial operating expense level, the Secretary is authorized to make, and contract to make, additional assistance payments to the project owner in an amount up to the amount by which the sum of the cost of utilities and local property taxes exceeds the initial operating expense level, but not to exceed the amount required to maintain the basic rentals of any units at levels not in excess of 30 per centum, or such lower per centum not less than 25 per centum as shall reflect the reduction permitted in clause (ii) of the last sentence of paragraph (1), of the income of tenants occupying such units. Any contract to make additional assistance payments may be amended periodically to provide for appropriate adjustments in the amount of the assistance payments. Additional assistance payments shall be made pursuant to this paragraph only if the Secretary finds that the increase in the cost of utilities or local property taxes, is reasonable and is comparable to cost increases affecting other rental projects in the community.";

(3) by striking out subsection (g) and inserting in lieu thereof the following:

"(g) The project owner shall, as required by the Secretary, accumulate, safeguard, and periodically pay to the Secretary all rental charges collected in excess of the basic rental charges. Such excess charges shall be credited to a reserve fund to be used by the Secretary to make additional assistance payments as provided in paragraph (3) of subsection (f). During any period that the Secretary determines that the balance in the reserve fund is adequate to meet the estimated additional assistance payments, such excess charges shall be credited to the appropriation authorized by subsection (i) and shall be available until the end of the next fiscal year for the purpose of making assistance payments with respect to rental housing projects receiving assistance under this section. For the purpose of this subsection and paragraph (3) of subsection (f), the initial operating expense level for any project assisted under a contract entered into prior to the date of enactment of the Housing and Community Development Act of 1974 shall be established by the Secretary not later than 180 days after the date of enactment of such Act.";

(4) by striking out "and by $200,000,000 on July 1, 1971" in subsection (i) (1) and inserting in lieu thereof "by $200,000,000 on July 1, 1971, and by $75,000,000 on July 1, 1974";

(5) by striking out paragraphs (2) and (3) of subsection (i) and inserting in lieu thereof the following:

"(2) Contracts for assistance payments under this section may be entered into only with respect to tenants whose incomes do not exceed 80 per centum of the median family income for the area, as determined by the Secretary with adjustments for smaller and larger families, except that the Secretary may establish income ceilings higher or lower than 80 per centum of the median for the area on the basis of his findings that such variations are necessary because of prevailing levels of construction costs, unusually high or low family incomes, or other factors.

"(3) Not less than 10 per centum of the total amounts of contracts for assistance payments authorized by appropriation Acts to be made after June 30, 1974, shall be available for use only with respect to dwellings, or dwelling units in projects, which are approved by the Secretary prior to rehabilitation.

"(4) At least 20 per centum of the total amount of contracts for assistance payments authorized in appropriation Acts to be made after June 30, 1974, shall be available for use only with respect to projects which are planned in whole or in part for occupancy by elderly or handicapped families. As used in this paragraph, the term 'elderly families' means families which consist of two or more persons the head of which (or his spouse) is sixty-two years of age or over or is handicapped. Such term also means a single person who is sixty-two years of age or over or is handicapped. A person shall be considered handicapped if such person is determined, pursuant to regulations issued by the Secretary, to have an impairment which (A) is expected to be of long-continued and indefinite duration, (B) substantially impedes his ability to live independently, and (C) is of such a nature that such ability could be improved by more suitable housing conditions.";

(6) by striking out "October 1, 1974" in subsection (n) and inserting in lieu thereof "June 30, 1976"; and

(7) by adding at the end thereof the following:

"(p) The Secretary is authorized to enter into contracts with State or local agencies approved by him to provide for the monitoring and supervision by such agencies of the management by private sponsors of projects assisted under this section. Such contracts shall require that such agencies promptly report to the Secretary any deficiencies in the management of such projects in order to enable the Secretary to take corrective action at the earliest practicable time."

LOCAL HOUSING ASSISTANCE PLANS; ALLOCATION OF HOUSING FUNDS

SEC. 213. (a) (1) The Secretary of Housing and Urban Development, upon receiving an application for housing assistance under the United States Housing Act of 1937, section 235 or 236 of the National Housing Act, section 101 of the Housing and Urban Development Act of 1965, or section 202 of the Housing Act of 1959, if the unit of general local government in which the proposed assistance is to be provided has an approved housing assistance plan, shall—

(A) not later than ten days after receipt of the application, notify the chief executive officer of such unit of general local government that such application is under consideration; and

(B) afford such unit of general local government the opportunity, during the thirty-day period beginning on the date of such notification, to object to the approval of the application on the grounds that the application is inconsistent with its housing assistance plan.

(2) If the unit of general local government objects to the application on the grounds that it is inconsistent with its housing assistance plan, the Secretary may not approve the application unless he determines that the application is consistent with such housing assistance plan. If the Secretary determines, that such application is consistent with the housing assistance plan, he shall notify the chief executive officer of the unit of general local government of his determination and the reasons therefor in writing. If the Secretary concurs with the objection of the unit of local government, he shall notify the applicant stating the reasons therefor in writing.

(3) If the Secretary does not receive an objection by the close of the period referred to in paragraph (1) (B), he may approve the application unless he finds it inconsistent with the housing assistance plan. If the Secretary determines that an application is inconsistent with a housing assistance plan, he shall notify the applicant stating the reasons therefor in writing.

(4) The Secretary shall make the determinations referred to in paragraphs (2) and (3) within thirty days after he receives an objection pursuant to paragraph (1) (B) or within thirty days after the close of the period referred to in paragraph (1) (B), whichever is earlier.

(5) As used in this section, the term "housing assistance plan" means a housing assistance plan submitted and approved under section 104 of this Act or, in the case of a unit of general local government not participating under title 1 of this Act, a housing plan approved by the Secretary as meeting the requirements of this section.

(b) The provisions of subsection (a) shall not apply to—

(1) applications for assistance involving 12 or fewer units in a single project or development;

(2) applications for assistance with respect to housing in new community developments approved under title IV of the Housing and Urban Development Act of 1968 or title VII of the Housing and Urban Development Act of 1970 which the Secretary determines are

necessary to meet the housing requirements under such title; or

(3) applications for assistance with respect to housing financed by loans or loan guarantees from a State or agency thereof, except that the provisions of subsection (a) shall apply where the unit of general local government in which the assistance is to be provided objects in its housing assistance plan to the exemption provided by this paragraph.

(c) For areas in which an approved local housing assistance plan is not applicable, the Secretary shall not approve an application for housing assistance unless he determines that there is a need for such assistance, taking into consideration any applicable State housing plans, and that there is or will be available in the area public facilities and services adequate to serve the housing proposed to be assisted. The Secretary shall afford the unit of general local government in which the assistance is to be provided an opportunity, during a 30-day period following receipt of an application by him, to provide comments or information relevant to the determination required to be made by the Secretary under this subsection.

(d) (1) In allocating financial assistance under the provisions of law specified in subsection (a) of this section, the Secretary, so far as practicable, shall consider the relative needs of different areas and communities as reflected in data as to population, poverty, housing overcrowding, housing vacancies, amount of substandard housing, or other objectively measurable conditions, subject to such adjustments as may be necessary to assist in carrying out activities designed to meet lower income housing needs as described in approved housing assistance plans submitted by units of general local government or combinations of such units assisted under section 107(a) (2) of this Act. The amount of assistance allocated to nonmetropolitan areas pursuant to this section in any fiscal year shall not be less than 20 nor more than 25 per centum of the total amount of such assistance.

(2) In order to facilitate the provision of, and long-range planning for housing for persons of low- and moderate-income in new community developments approved under title IV of the Housing and Urban Development Act of 1968 and title VII of the Housing and Urban Development Act of 1970, the Secretary shall reserve such housing assistance funds as he deems necessary for use in connection wtih such new community developments.

(3) The Secretary may reserve such housing assistance funds as he deems appropriate for use by a State or agency thereof.

TITLE III—MORTGAGE CREDIT ASSISTANCE

INSURED ADVANCES

SEC. 301. Title V of the National Housing Act is amended by adding at the end thereof the following new section:

“ADVANCES

“SEC. 525. The Secretary is authorized to insure mortgage proceeds advanced during construction or rehabilitation or otherwise prior to final endorsement of a project mortgage for the purpose of (1) financing improvements to the property and the purchase of materials and building components delivered to the property, and (2) providing funds to cover the cost of building components where such components have been assembled and specifically identified for incorporation into the property but are located at a site other than the mortgaged property, with such security as the Secretary may require.”

INCREASE IN MAXIMUM MORTGAGE AMOUNTS UNDER FHA ONE- TO FOUR-FAMILY MORTGAGE INSURANCE PROGRAMS

SEC. 302. (a) Section 203(b) (2) of the National Housing Act is amended by striking out “$33,000”, “$35,750”, and “$41,250” wherever they appear and inserting in lieu thereof “$45,000”, $48,750”, and “$56,000”, respectively.

(b) Section 220(d) (3) (A) of such Act is amended by striking out “$33,000”, “$35,750”, and “$41,250” wherever they appear and inserting in lieu thereof “$45,000”, “$48,750”, and “$56,000”, respectively.

(c) Section 221(d) (2) (A) of such Act is amended—

(1) by striking out “$18,000”, “$21,000”, “$24,000”, “$32,400”, and “$39,600” in the matter preceding the first proviso and inserting in lieu thereof “$21,600”, “$25,200”, “$28,000”, “38,880”, and “$47,520”, respectively; and

(2) by striking out “$21,000”, “$24,000”, “$30,000”, “$38,400”, and “$45,600” in the second proviso and inserting in lieu thereof “$25,200”, “$28,800”, “$36,000”, “$46,080”, and “$54,720”, respectively.

(d) Section 222(b) (2) of such Act is amended by striking out “$33,000” and inserting in lieu thereof “$45,000”.

(e) Section 234(c) of such Act is amended by striking out “$33,000” and inserting in lieu thereof “$45,000”.

INCREASE IN MAXIMUM MORTGAGE AMOUNTS UNDER FHA MULTIFAMILY MORTGAGE INSURANCE PROGRAMS

SEC. 303. (a) (1) Section 207(c) (3) of the National Housing Act is amended by striking out “$9,900”, “$13,750”, “$16,500”, “$20,350”, “23,100”, and “$2,500” in the matter preceding the first semicolon and inserting in lieu thereof “$13,000”, “$18,000”, “$21,500”, “$26,500”, “$30,000” and “$3,250”, respectively.

(2) Section 207(c) (3) of such Act is further amended by striking out “$11,550”, “$16,500”, “$19,800”, “$24,750”, and “$28,050” in the matter following the first semicolon and inserting in lieu thereof “$15,000”, “$21,000”, “$25,570”, “$32,250”, and “$36,465”, respectively.

(b) (1) Section 213(b) (2) of such Act is amended by striking out “$9,900”, “$13,750”, “$16,500”, “$20,350”, and “$23,100” in the matter preceding the first proviso and inserting in lieu thereof “$13,000”, “$18,000”, “$21,500”, “$26,500”, and “$30,000”, respectively.

(2) Section 213(b) (2) of such Act is further amended by striking out “$11,550”, “$16,500”, “$19,800”, “$24,750”, and “$28,050” in the first proviso and inserting in lieu thereof “$15,000”, “$21,000”, “$25,750”, “$32,250”, and “$36,465”, respectively.

(c) (1) Section 220(d) (3) (B) (iii) of such Act is amended by striking out “$9,900”, “$13,750”, “$16,500”, “$20,350”, and “$23,100” in the matter preceding “except” where it first appears and inserting in lieu thereof “$13,000”, “$18,000”, “$21,500”, “$26,500”, and “$30,000”, respectively.

(2) Section 220(d) (3) (B) (iii) of such Act is further amended by striking out “$11,550”, “$16,500”, “$19,800”, “$24,750”, and “$28,050” in the matter following “except” where it first appears and inserting in lieu thereof “$15,000”, “$21,000”, “$25,750”, “$32,250”, and “$36,465”, respectively.

(d) Section 221(d) (3) (ii) of such Act is amended—

(A) by striking out “$9,200”, “$12,937.50”, “$15,525”, “$19,550”, and “$22,137.50” and inserting in lieu thereof “$11,240”, “$15,540”, “$18,630”, “$23,460”, and “$26,570”, respectively; and

(B) by striking out “$10,925”, “$13,500”, “$18,400”, “$23,000”, and “$26,162.50” and inserting in lieu thereof “$13,120”, “$16,200”, “$22,080”, “$27,600”, and “$32,000”, respectively.

(e) (1) Section 221(d) (4) (ii) of such Act is amended by striking out “$9,200”, “$12,937.50”, “$15,525”, “$19,550”, and “$22,137.50” in the matter preceding the first semicolon and inserting in lieu thereof “$12,300”, “$17,188”, “$20,525”, “$24,700”, and “$29,038”, respectively.

(2) Section 221(d) (4) (ii) of such Act is further amended by striking out “$10,525”, “$15,525”, “$18,400”, “$23,000”, and “$26,162.50” in the matter following the first semicolon and inserting in lieu thereof “$13,975”, “$20,025”, “$24,350”, “$31,500”, and “$34,578”, respectively.

(f) (1) Section 231(c) (2) of such Act is amended by striking out “$8,800”, “$12,375”, “$14,850”, “$18,700”, and “$21,175” in the matter preceding the first semicolon and inserting in lieu thereof “$12,300”, “$17,188”, “$20,525”, “$24,700”, and “$29,038”, respectively.

(2) Section 231(c) (2) of such Act is further amended by striking out “$10,450”, “$14,850”, $17,600”, “$22,000”, and $25,025” in the matter following the first semicolon and inserting in lieu thereof “$13,975”, “$20,025”, “$24,350”, “$31,500”, and “$34,578”, respectively.

(g) (1) Section 234(c) (3) of such Act is amended by striking out “$9,900”, “$13,750”, “$16,500”, “$20,350”, and “$23,100” in the matter preceding the first proviso and inserting in lieu thereof “$13,000”, “$18,000”, “$21,500”, “$26,500”, and “$30,000”, respectively.

(2) Section 234(e) (3) of such Act is further amended by striking out “$11,550”, “$16,500”, “$19,800”, “$24,750”, and “$28,050” in the first proviso and inserting in lieu thereof “$15,000”, “$21,000”, “$25,750”, “$32,250”, and “$36,465”, respectively.

ELIMINATION OF PROJECT MORTGAGE DOLLAR LIMITS

SEC. 304. (a) (1) Section 207(c) of the National Housing Act is amended by striking out paragraph (1).

(2) Section 207(c) (3) of such Act is amended by striking out “or $1,000,000 per mortgage for trailer courts or parks”.

(b) Section 213(b) of such Act is amended by striking out paragraph (1).

(c) Section 213(c) of such Act is amended by striking out “not to exceed $12,500,000 and”.

(d) Section 220(d) (3) (B) of such Act is amended by striking out clause (i).

(e) Section 221(d) of such Act is amended—

(1) by striking out clause (i) in paragraph (3); and

(2) by striking out clause (i) in paragraph (4).

(f) Section 231(c) of such Act is amended by striking out paragraph (1).

(g) Section 232(d) (2) of such Act is amended by striking out “not to exceed $12,500,000, and”.

(h) Section 234(e) of such Act is amended by striking out paragraph (1).

(i) Section 242(d) (2) of such Act is amended by striking out “not to exceed $50,000,000, and”.

(j) (1) Section 810(f) of such Act is amended by striking out “(1) not to exceed $5,000,000 or (2)”.

(2) Section 810(g) of such Act is amended by striking out “not to exceed $5,000,000 and”.

(k) Section 1002(c) of such Act is amended by striking out the second sentence.

(l) Section 1101(c) of such Act is amended by striking out paragraph (1).

ENERGY CONSERVATION

SEC. 305. Title V of the National Housing Act (as amended by section 301 of this Act) is amended by adding at the end thereof the following new section:

“ENERGY CONSERVATION

“SEC. 526. To the maximum extent feasible, the Secretary of Housing and Urban Development shall promote the use of energy saving techniques through minimum property standards established by him for newly constructed residential housing subject to mortgages insured under this Act.”

COMPENSATION FOR DEFECTS

SEC. 306. Section 518(b) of the National Housing Act is amended to read as follows:

"(b) The Secretary is authorized to make expenditures to correct, or to reimburse the owner for the correction of, structural or other major defects which so seriously effect use and livability as to create a serious danger to the life or safety of inhabitants of any one or two family dwelling which is covered by a mortgage insured under section 235 of this Act or which is located in an older, declining urban area and is covered by a mortgage insured under section 203 or 221 on or after August 1, 1968, but prior to January 1, 1973, and which is more than one year old on the date of the issuance of the insurance commitment, if (1) the owner requests assistance from the Secretary not later than one year after the insurance of the mortgage, or, in the case of a dwelling covered by a mortgage insured under section 203 or 221 the insurance commitment for which was issued on or after August 1, 1968, but prior to January 1, 1973, not more than one year after the date of enactment of the Housing and Community Development Act of 1974, and (2) the defect is one that existed on the date of the issuance of the insurance commitment and is one that a proper inspection could reasonably be expected to disclose. The Secretary may require from the seller of any such dwelling an agreement to reimburse him for any payments made pursuant to this subsection with respect to such dwelling. Expenditures pursuant to this subsection shall be the obligation of the Special Risk Insurance Fund."

CO-INSURANCE

SEC. 307. Title II of the National Housing Act is amended by adding at the end thereof the following new section:

"CO-INSURANCE

"SEC. 244. (a) In addition to providing insurance as otherwise authorized under this Act, and notwithstanding any other provision of this Act inconsistent with this section, the Secretary, upon request of any mortgagee and for such mortgage insurance premium as he may prescribe (which premium, or other charges to be paid by the mortgagor, shall not exceed the premium, or other charges, that would otherwise be applicable), may insure and make a commitment to insure under any provision of this title any mortgage, advance, or loan otherwise eligible under such provision, pursuant to a co-insurance contract providing that the mortgagee will—

"(1) assume a percentage of any loss on the insured mortgage, advance, or loan in direct proportion to the amount of the co-insurance, which co-insurance shall not be less than 10 per centum, subject to any reasonable limit or limits on the liability of the mortgagee that may be specified in the event of unusual or catastrophic losses that may be incurred by any one mortgagee; and

"(2) carry out (under a delegation or otherwise and with or without compensation but subject to audit, exception, or review requirements) such credit approval, appraisal, inspection, commitment, property disposition, or other functions as the Secretary, pursuant to regulations, shall approve as consistent with the purposes of this Act.

Any contract of co-insurance under this section shall contain such provisions relating to the sharing of premiums on a sound actuarial basis, establishment of mortgage reserves, manner of calculating insurance benefits, conditions with respect to foreclosure, handling and disposition of property prior to claim or settlement, rights of assignees (which may elect not to be subject to the loss sharing provisions), and other similar matters as the Secretary may prescribe pursuant to regulations.

"(b) No insurance shall be granted pursuant to this section with respect to dwellings or projects approved for insurance prior to the beginning of construction unless the inspection of such construction is conducted in accordance with at least the minimum standards and criteria used with respect to dwellings or projects approved for mortgage insurance pursuant to other provisions of this title.

"(c) No insurance shall be granted pursuant to this section unless the Secretary has, after due consultation with the mortgage lending industry, determined that the demonstration program of co-insurance authorized by this section will not disrupt the mortgage market or reduce the availability of mortgage credit to borrowers who depend upon mortgage insurance provided under this Act.

"(d) No mortgage, advance, or loan shall be insured pursuant to this section after June 30, 1977, except pursuant to a commitment to insure made before that date. The aggregate principal amount of mortgages and loans insured pursuant to this section in any fiscal year beginning on or after July 1, 1974, and ending prior to October 1, 1977, shall not exceed 20 per centum of the aggregate principal amount of all mortgages and loans insured under this title during such fiscal year. The overall percentage limitation specified in the preceding sentence shall also apply separately within each of the following categories—

"(1) mortgages and loans covering one- to four-family dwellings; and

"(2) mortgages and loans covering projects with five or more dwelling units.

"(e) The Secretary shall not withdraw, deny, or delay insurance otherwise authorized under any other provision of this Act by reason of the availability of insurance pursuant to this section. The Secretary shall exercise his authority under this section only to the extent that he finds that the continued exercise of such authority will not adversely affect the flow of mortgage credit to older and declining neighborhoods and to the purchasers of older and lower cost housing.

"(f) The Secretary shall submit to the Congress a report, not later than March 1, 1975, and annually thereafter, describing operations under this section, including the extent of mortgagee participation and any special problems encountered, particularly with respect to the flow of mortgage credit to older and declining neighborhoods and to purchasers of older and lower cost housing, and setting forth any recommendations he may deem appropriate with respect to the continuation or modification of the authority contained in this section. If the Secretary shall fail to submit any such report by the date due, his authority under this section shall terminate."

EXPERIMENTAL FINANCING

SEC. 308. Title II of the National Housing Act (as amended by section 307 of this Act) is amended by adding at the end thereof the following new section:

"EXPERIMENTAL FINANCING

"SEC. 245. The Secretary may insure on an experimental basis under any provision of this title mortgages and loans with provisions of varying rates of amortization corresponding to anticipated variations in family income to the extent he determines such mortgages or loans (1) have promise for expanding housing opportunities or meet special needs, (2) can be developed to include any safeguards for mortgagors or purchasers that may be necessary to offset special risks of such mortgages, and (3) have a potential for acceptance in the private market. The outstanding aggregate principle amount of mortgages which are insured pursuant to this section may not exceed 1 per centum of the outstanding aggregate principle amount of mortgages and loans estimated to be insured during any fiscal year under this title. A mortgage or loan may not be insured pursuant to this section after June 30, 1976, except pursuant to a commitment entered into prior to such date."

PROPERTY IMPROVEMENT AND MOBILE HOME LOANS

SEC. 309. (a) Section 2(b) of the National Housing Act is amended—

(1) by striking out "$5,000" in clause (1) and inserting in lieu thereof "$10,000";

(2) by striking out "if such obligation" in clause (2) and all that follows down through "the general economy, and" and inserting in lieu thereof the following: "if such obligation has a maturity in excess of twelve years and thirty-two days, except that";

(3) by striking out "twelve years and thirty-two days (fifteen years and thirty-two days in the case of a mobile home composed of two or more modules)" in the proviso in clause (2) and inserting in lieu thereof "fifteen years and thirty-two days"; and

(4) by striking out "$15,000", "$2,500", and "seven years" in the third proviso in clause (3) and inserting in lieu thereof $25,000", "$5,000", and "twelve years", respectively.

(b) (1) Section 2(a) of such Act is amended by adding at the end thereof the following new paragraph:

"Alterations, repairs, and improvements upon or in connection with existing structures may include the provision of fire safety equipment, energy conserving improvements, or the installation of solar energy systems. As used in this section—

"(1) the term 'fire safety equipment' means any device or facility which is designed to reduce the risk of personal injury or property damage resulting from fire and is in conformity with such criteria and standards as shall be prescribed by the Secretary;

"(2) the term 'energy conserving improvements' means any addition, alteration, or improvement to an existing or new structure which is designed to reduce the total energy requirements of that structure, and which is in conformity with such criteria and standards as shall be prescribed by the Secretary in consultation with the National Bureau of Standards; and

"(3) the term 'solar energy system' means any addition, alteration, or improvement to an existing or new structure which is designed to utilize solar energy to reduce the energy requirements of that structure from other energy sources, and which is in conformity with such criteria and standards as shall be prescribed by the Secretary in consultation with the National Bureau of Standards."

(2) The first sentence of section 2(a) of such Act is amended by inserting before the period at the end thereof the following: "or financing the purchase of a lot on which to place such home and paying expenses reasonably necessary for the appropriate preparation of such lot, including the installation of utility connections, sanitary facilities, and paving, and the construction of a suitable pad, or financing only the acquisition of such a lot either with or without such preparation by an owner of a mobile home.".

(3) Section 2(b) of such Act is amended by adding at the end thereof the following new sentence: "Notwithstanding the foregoing limitations, any loan to finance fire safety equipment for a nursing home, extended health care facility, intermediate health care facility, or other comparable health care facility may involve such principal amount and have such maturity as the Secretary may prescribe.".

(c) Clause (1) in the first paragraph of section 2(a) of such Act is amended by inserting "or mobile homes" immediately after "in connection with existing structures".

(d) Section 2(b) of such Act (as amended by subsection (b)(3) of this section) is amended by adding at the end thereof the following new paragraphs:

"Notwithstanding the limitations contained in the first proviso to clause (2) of the preceding sentence, a loan financing the purchase of a mobile home and an undeveloped lot on which to place the home shall—

"(A) involve an amount not exceeding (i) the maximum amount under clause (1) of the first paragraph of this subsection, and (ii) such amount not to exceed $5,000 as may be necessary to cover the cost of purchasing the lot; and

"(B) have a maturity not exceeding fifteen years and thirty-two days (twenty years and thirty-two days in the case of a mobile home composed of two or more modules).

"A loan financing the purchase of a mobile home and a suitably developed lot on which to place the home shall—

"(A) involve an amount not exceeding (i) the maximum amount under clause (1) of the first paragraph of this subsection, and (ii) such amount not to exceed $7,500 as may be necessary to cover the cost of purchasing the lot; and

"(B) have a maturity not exceeding fifteen years and thirty-two days (twenty years and thirty-two days in the case of a mobile home composed of two or more modules).

"A loan financing the purchase, by an owner of a mobile home which is the principal residence of that owner, of only a lot on which to place that mobile home shall—

"(A) involve such an amount as may be necessary to cover the cost of purchasing the lot but not exceeding (i) $5,000 in the case of an undeveloped lot, or (ii) $7,500 in the case of a developed lot; and

"(B) have a maturity not exceeding ten years and thirty-two days.

A mobile home lot loan may be made only if the owner certifies that he will place his mobile home on the lot acquired with such loan within six months after the date of such loan."

(e) The last sentence of section 3(a) of the Act entitled "An Act to amend chapter 37 of title 38 of the United States Code with respect to the veterans' home loan program, to amend the National Housing Act with respect to interest rates on insured mortgages, and for other purposes," approved May 7, 1968, as amended (12 U.S.C. 1709–1), is amended by striking out ", and which represent loans and advances of credit made for the purpose of financing purchases of mobile homes,".

DOWNPAYMENT REQUIREMENTS FOR REGULAR FHA ONE- TO FOUR-FAMILY MORTGAGES

Sec. 310. (a) The first and second sentences of section 203(b)(2) of the National Housing Act are each amended—

(1) by striking out "$15,000'" in clause (i) and inserting in lieu thereof "$25,000".

(2) by striking out "$15,000'" and "$25,000" in clause (ii) and inserting in lieu thereof "$25,000" and "$35,000", respectively; and

(3) by striking out "$25,000" in clause (iii) and inserting in lieu thereof "$35,000".

(b) Section 220(d)(3)(A)(i) of such Act is amended by—

(1) by striking out "$15,000" in each clause numbered (1) and inserting in lieu thereof "$25,000";

(2) by striking out "$15,000" and "$25,000" in each clause numbered (2) and inserting in lieu thereof "$25,000" and "$35,000", respectively; and

(3) by striking out "$25,000" in each clause numbered (3) and inserting in lieu thereof "$35,000".

(c) Section 222(b)(3) of such Act is amended to read as follows:

"(3) have a principal obligation not in excess of the sum of (i) 97 per centum of $25,000 of the appraised value of the property as of the date the mortgage is accepted for insurance, (ii) 90 per centum of such value in excess of $25,000 but not in excess of $35,000, and (iii) 80 per centum of such value in excess of $35,000; and".

(d) That part of clause (A) of the third sentence of section 234(c) of such Act which begins "and not to exceed" is amended to read as follows "and not to exceed the sum of (i) 97 per centum of $25,000 of the appraised value of the property as of the date the mortgage is accepted for insurance, (ii) 90 per centum of such value in excess of $25,000 but not in excess of $35,000, (iii) 80 per centum of such value in excess of $35,000".

MULTIFAMILY MORTGAGES

Sec. 311. (a) Section 223 of the National Housing Act is amended by adding at the end thereof the following new subsections:

"(f) Notwithstanding any of the provisions of this Act, the Secretary is authorized, in his discretion, to insure under any section of this title a mortgage executed in connection with the purchase or refinancing of an existing multifamily housing project. In the case of refinancing under this subsection of property located in an older, declining urban area, the Secretary shall prescribe such terms and conditions as he deems necessary to assure that—

"(1) the refinancing is used to lower the monthly debt service only to the extent necessary to assure the continued economic viability of the project, taking into account any rent reductions to be implemented by the mortgagor; and

"(2) during the mortgage term no rental increases shall be made except those which are necessary to offset actual and reasonable operating expense increases or other necessary expense increases approved by the Secretary.

"(g) Notwithstanding any other provisions of this Act, the Secretary may, in his discretion, insure a mortgage covering a multifamily housing project including units which are not self-contained."

(b) Section 213(b)(2) of such Act is amended by striking out "97 per centum" and inserting in lieu thereof "98 per centum".

GROUP PRACTICE FACILITIES

Sec. 312. (a) Title XI of the National Housing Act is amended—

(1) by inserting after "unit or organization" in section 1101(b)(1) the following: "or other mortgagor";

(2) by inserting after "group practice facility" in section 1101(b)(3) the following: "or medical practice facility";

(3) by inserting after "group practice facility" in section 1101(e) the following: "or medical practice facility";

(4) by inserting after "group practice facility" in section 1101(f) the following: "or medical practice facility";

(5) by striking out in "(as defined in section 1106(1))" section 1105(a) and inserting in lieu thereof "or medical practice facility (as defined in section 1106)"; and

(6) by redesignating paragraphs (2) through (8) of section 1106 as paragraphs (3) through (9), respectively, and by inserting after paragraph (1) of such section the following:

"(2) The term 'medical practice facility' means an adequately equipped facility in which not more than four persons licensed to practice medicine in the State where the facility is located can provide, as may be appropriate, preventive, diagnostic, and treatment services, and which is situated in a rural area or small town, or in a low-income section of an urban area, in which there exists, as determined by the Secretary, a critical shortage of physicians. As used in this paragraph—

"(A) the term 'small town' means any town, village, or city having a population of not more than 10,000 inhabitants according to the most recent available data compiled by the Bureau of the Census; and

"(B) the term 'low-income section of an urban area' means a section of a larger urban area in which the median family income is substantially lower, as determined by the Secretary, than the median family income for the area as a whole."

(b) Section 1106 of such Act is amended as follows:

(1) Paragraph (1) is amended by inserting "or osteopathy" after "practice medicine" and by inserting after "State" where it last appears the following: ", or, in the case of podiatric care or treatment, is under the professional suspervision of persons licensed to practice podiatry in the State'.

(2) Paragraph (2) (as redesignated by subsection (a)(6) of this section) is amended by inserting ", osteopathy," after practice medicine", and by inserting after "dentistry in the State," the following: "or of persons licensed to practice podiatry in the State,".

(3) Paragraph (3)(A) (as so redesignated) is amended by inserting "osteopathic care," after "comprehensive medical care,", by striking out "or" after "optometric care,", and by inserting after "dental care," the following: "or podiatric care,".

(4) Paragraph (3)(B) (as so redesignated) is amended by inserting "osteopathic,", after "medical,", by striking out "or' after "optometric" and by inserting after "dental" the following: "or podiatric".

SUPPLEMENTAL LOANS

Sec. 313. Section 241 of the National Housing Act is amended by adding at the end thereof the following new subsection:

"(d) Notwithstanding the foregoing, the Secretary may insure a loan for improvements or additions to a multifamily housing project, or a group practice or medical practice facility or hospital or other health facility approved by the Secretary, which is not covered by a mortgage insured under this Act, if he finds that such a loan would assist in preserving, expanding, or improving housing opportunities, or in providing protection against fire or other hazards. Such loans shall have a maturity satisfactory to the Secretary and shall meet such other conditions as the Secretary may prescribe. In no event shall such a loan be insured if it is for an amount in excess of the maximum amount which could be approved if the outstanding indebtedness, if any, covering the property were a mortgage insured under this Act."

MORTGAGE INSURANCE FOR LAND DEVELOPMENT

Sec. 314. The first sentence of section 1002 (c) of the National Housing Act is amended to read as follows: "The principal obligation of the mortgage shall not exceed the sum of 80 per centum of the Secretary's estimate of the value of the land before development and 90 per centum of his estimate of the cost of such development.".

SALES TO COOPERATIVES

Sec. 315. Title II of the National Housing Act (as amended by sections 307 and 308 of this Act) is amended by adding at the end thereof the following:

"SALE OF ACQUIRED PROPERTY TO COOPERATIVES

"Sec. 246. In any case in which the Secretary sells a multifamily housing project acquired as the result of a default on a mortgage which was insured under this Act to a cooperative which will operate it on a nonprofit basis and restrict permanent occupancy of its dwellings to members, the Secretary may accept a purchase money mortgage in a principal amount equal to the sum of (1) the appraised value of the property at the time of purchase, which value shall be based upon a mortgage amount on which the debt service can be met from the income of the property when operated on a nonprofit basis after payment of all operating expenses, taxes, and required reserves, and (2) the amount of prepaid expenses and costs involved in achieving cooperative ownership. Prior to such disposition of a project, funds may be expended by the Secretary for necessary repairs and improvements."

EXTENSION OF REGULAR FHA INSURANCE PROGRAMS

SEC. 316. (a) Section 2(a) of the National Housing Act is amended by striking out "October 1, 1974" in the first sentence and inserting in lieu thereof "June 30, 1977".

(b) Section 217 of such Act is amended by striking out "October 1, 1974" and inserting in lieu thereof "June 30, 1977".

(c) Section 221(f) of such Act is amended by striking out "October 1, 1974" in the fifth sentence and inserting in lieu thereof "June 30, 1977".

(d) Section 809(f) of such Act is amended by striking out "October 1, 1974" in the second sentence and inserting in lieu thereof "June 30, 1977".

(e) Section 810(k) of such Act is amended by striking out "October 1, 1974" in the second sentence and inserting in lieu thereof "June 30, 1977".

(f) Section 1002(a) of such Act is amended by striking out "October 1, 1974" in the second sentence and inserting in lieu thereof "June 30, 1977".

(g) Section 1101(a) of such Act is amended by striking out "October 1, 1974" in the second sentence and inserting in lieu thereof "June 30, 1977".

EXTENSION OF FLEXIBLE INTEREST RATE AUTHORITY

SEC. 317. Section 3(a) of the Act entitled "An Act to amend chapter 37 of title 38 of the United States Code with respect to the veterans' home loan program, to amend the National Housing Act with respect to interest rates on insured mortgages, and for other purposes", approved May 7, 1968, as amended (12 U.S.C. 1709-1), is amended by striking out "October 1, 1974" and inserting in lieu thereof "June 30, 1977".

MORTGAGE INSURANCE IN MILITARY IMPACTED AREAS

SEC. 318. Section 238 of the National Housing Act is amended by adding at the end thereof the following new subsection:

"(c) The Special Risk Insurance Fund may be used by the Secretary for carrying out the mortgage insurance obligations of sections 203 and 207 to provide housing for military personnel, Federal civilian employees, and Federal contractor employees assigned to duty or employed at or in connection with any installation of the Armed Forces of the United States in federally impacted areas where, in the judgment of the Secretary (1) the residual housing requirements for persons not associated with such installations are insufficient to sustain the housing market in the event of substantial curtailment of employment of personnel assigned to such installations, and (2) the benefits to be derived from such use outweigh the risk of possible cost to the Government."

AMENDMENT TO MAKE PUBLIC HOUSING AGENCIES ELIGIBLE AS MORTGAGORS UNDER SECTION 221(d)(3) OF THE NATIONAL HOUSING ACT

SEC. 319. (a) Section 221(d)(3) of the National Housing Act is amended by striking out "(and which certifies that it is not receiving financial assistance from the United States exclusively pursuant to the United States Housing Act of 1937)" and inserting in lieu thereof "(and, except with respect to a project assisted or to be assisted pursuant to section 8 of the United States Housing Act of 1937, which certifies that it is not receiving financial assistance from the United States exclusively pursuant to such Act)".

(b) With respect to any obligation secured by a mortgage which is insured under section 221(d)(3) of the National Housing Act and issued by a public agency as mortgagor in connection with the financing of a project assisted under section 8 of the United States Housing Act of 1937, the interest paid on such obligation shall be included in gross income for purposes of chapter 1 of the Internal Revenue Code of 1954.

TITLE IV—COMPREHENSIVE PLANNING

COMPREHENSIVE PLANNING

SEC. 401. (a) Section 701(a) of the Housing Act of 1954 is amended—

(1) by striking out "State planning agencies" in paragraph (1) and inserting in lieu thereof "States";

(2) by striking out the numbered paragraphs following paragraph (1) and inserting in lieu thereof the following:

"(2) States for State, interstate, metropolitan, district, or regional activities which may be assisted under this section;

"(3) cities (including the District of Columbia) having populations of at least 50,000 according to the latest decennial census for local activities which may be assisted under this section;

"(4) urban counties as defined under title I of the Housing and Community Development Act of 1974;

"(5) the areawide organization in any metropolitan area which is formally charged with carrying out the provisions of section 204 of the Demonstration Cities and Metropolitan Development Act of 1966 and section 401 of the Intergovernmental Cooperation Act of 1968: *Provided*, That any such areawide organization, to the extent practicable, shall be composed of or responsible to the elected officials of the unit or units of general local government for the jurisdictions of which they are empowered to carry out the provisions of such Acts;

"(6) Indian tribal groups or bodies; and

"(7) other governmental units or agencies having special planning needs related to the purposes of this section, including but not limited to interstate regional planning commissions, and units or agencies for disaster areas, federally impacted areas, and local development districts, to the extent these needs cannot otherwise be adequately met."; and

(3) by striking out the part which follows the numbered paragraphs and inserting in lieu thereof the following:

"Activities assisted under this section shall, to the maximum extent feasible, cover entire areas having common or related development problems. The Secretary shall encourage cooperation in preparing and carrying out plans among all interested municipalities, political subdivisions, public agencies, and other parties in order to achieve coordinated development of entire areas. To the maximum extent feasible, pertinent plans and studies already made for areas shall be utilized so as to avoid unnecessary repetition of effort and expense."

(b) Section 701 of such Act is further amended by striking out all that follows subsection (a) and inserting in lieu thereof the following:

"(b) Activities which may be assisted under this section include those necessary (1) to develop and carry out a comprehensive plan as part of an ongoing planning process, (2) to develop and improve the management capability to implement such plan or part thereof or related plans or planning, and (3) to develop a policy-planning-evaluation capacity so that the recipient may more rationally (A) determine its needs, (B) set long-term goals and short-term objectives, (C) devise programs and activities to meet these goals and objectives, and (D) evaluate the progress of such programs in accomplishing those goals and objectives. Activities assisted under this section shall be carried out by professionally competent persons.

"(c) Each recipient of assistance under this section shall carry out an ongoing comprehensive planning process which shall make provision for citizen participation pursuant to regulations of the Secretary where major plans, policies, priorities, or objectives are being determined. The process shall involve development and subsequent modifications of a comprehensive plan which shall be reviewed at least biennially for necessary or desirable amendments. Any such plan shall include, as a minimum, each of the following elements:

"(1) A housing element which shall take into account all available evidence of the assumptions and statistical bases upon which the projection of zoning, community facilities, and population growth is based, so that the housing needs of both the region and the local communities studied in the planning will be adequately covered in terms of existing and prospective population growth. The development and formulation of State and local goals pursuant to title XVI of the Housing and Urban Development Act of 1968 shall be a part of such a housing element.

"(2) A land-use element which shall include (A) studies, criteria, standards, and implementing procedures necessary for effectively guiding and controlling major decisions as to where growth shall take place within the recipient's boundaries, and (B) as a guide for governmental policies and activities, general plans with respect to the pattern and intensity of land use for residential, commercial, industrial, and other activities.

Each of the elements set forth above shall specify (i) broad goals and annual objectives (in measurable terms wherever possible), (ii) programs designed to accomplish these objectives, and (iii) procedures, including criteria set forth in advance, for evaluating programs and activities to determine whether they are meeting objectives. Such elements shall be consistent with each other and consistent with stated national growth policy.

"(d) After an initial application for assistance under this section has been approved, the Secretary may make grants on an annual basis, if—

"(1) the applicant submits to the Secretary annually a description of its work program designed to meet objectives for the next succeeding one-year period and setting forth any changes the applicant intends to undertake to achieve better progress; and

"(2) the applicant submits to the Secretary biennially (A) an evaluation of the progress made by it during the previous two years in meeting objectives set forth in its plan, and (B) a description of any changes in the plan's goals or objectives.

The Secretary shall make no grant after three years from the date of enactment of the Housing and Community Development Act of 1974, to any applicant (other than an applicant described in paragraph (6) or (7) of subsection (a)), unless the Secretary is satisfied that the comprehensive planning being carried out by the applicant includes the elements specified in paragraphs (1) and (2) of subsection (c).

"(e) A grant made under this section shall not exceed two-thirds of the estimated cost of the work for which the grant is made. There are authorized to be appropriated for the purposes of this section not to exceed $130,000,000 the fiscal year 1975, and not to exceed $150,000,000 for the fiscal year 1976. Of the funds appropriated under this section, not to exceed an aggregate of $10,000,000 plus 5 per centum of the funds so appropriated may be used by the Secretary for studies, research, and demonstration projects, undertaken independently or by contract, for the development and improvement of techniques and methods for comprehensive planning and for the advancement of the purposes of this section, and for grants to assist in the conduct of studies and research relating to needed revisions in State statutes which create, govern, or control local governments and local governmental operations.

"(f) It is the further intent of this section to encourage comprehensive planning on a unified basis for States, cities, counties, metropolitan areas, districts, regions, and Indian reservations and the establishment and development of the organizational units needed therefor. In extending financial assistance under this section, the Secretary may require such assurances as he deems adequate that the appropriate State and local agencies are making reasonable progress in the development of the elements of comprehensive planning. The Secretary is authorized by contract, grant, or otherwise to provide technical assistance to State and local governments and interstate and regional combinations thereof, to Indian tribal bodies, and to governmental units or agencies described in subsection (a)(7), undertaking such planning and, by contract or otherwise, to make studies and publish information on comprehensive planning and related management problems.

"(g) The consent of the Congress is hereby given to any two or more States to enter into agreements or compacts, not in conflict with any law of the United States, cooperative effort and mutual assistance in the comprehensive planning for the growth and development of interstate, metropolitan, or other urban areas, and to establish such agencies, joint or otherwise, as they may deem desirable for making effective such agreements and compacts.

"(h) In addition to the planning grants authorized by subsection (a), the Secretary is further authorized to make grants to organizations composed of public officials representative of the political jurisdictions within the metropolitan area, region, or district involved for the purpose of assisting such organizations to undertake studies, collect data, develop metropolitan, regional and district plans and programs, and engage in such other activities, including implementation of such plans, as the Secretary finds necessary or desirable for the solution of the metropolitan, regional, or district problems in such areas, regions, or districts. To the maximum extent feasible, all grants under this subsection shall be for activities relating to all the developmental aspects of the total metropolitan area, region, or district including, but not limited to, land use, transportation, housing, economic development, natural resources development, community facilities and the general improvement of living environments.

"(i) In addition to the other grants authorized by this section, the Secretary is authorized to make grants to assist any city, other municipality, or county in making a survey of the structures and sites in the locality which are determined by its appropriate authorities to be of historic or architectural value. Any such survey shall be designed to identify the historic structures and sites in the locality, determine the cost of their rehabilitation or restoration, and provide such other information as may be necessary or appropriate to serve as a foundation for a balanced an effective program of historic preservation in such locality. The aspects of any such survey which relate to the identification of historic and architectural values shall be conducted in accordance with criteria found by the Secretary to be comparable to those used in establishing the national register maintained by the Secretary of the Interior under other provisions of law; and the results of each such survey shall be made available to the Secretary of the Interior. A grant under this subsection shall be made to the appropriate agency or entity specified in paragraphs (1) through (6) of subsection (a) or, if there is no such agency or entity which is qualified and willing to receive the grant and provide for its utilization in accordance with this subsection, directly to the city, other municipality, or county involved.

"(j) Grants made under this section may be used, subject to regulations and conditions prescribed by the Secretary, for any activities made eligible by the provisions of this section; but such regulations shall provide that grant assistance shall not be used to defray the cost of the acquisition, construction, repair, or rehabilitation of, or the prepartaion of engineering drawings or similar detailed specifications for, specific housing, capital facilities, or public works projects.

"(k) The Secretary shall consult with the agencies having responsibilities related to the purposes of this section, including responsibilities connected with the economic development of rural and depressed areas and the protection and enhancement of the Nation's natural environment, with respect to (1) general standards, policies, and procedures to be followed in the administration of this section, and (2) particular grant actions or approvals which the Secretary believes to be of special interest or concern to one or more of such departments and agencies.

"(l) Funds made available under any Federal assistance program for projects or activities, approved as part of or in furtherance of a planning program or related management activities assisted under this section, may be used jointly with funds made available for such projects or activities under any other Federal assistance program, subject to regulations prescribed by the President. Such regulations may include provisions for common technical or administrative requirements where varying or conflicting provisions of law or regulations would otherwise apply, for establishing joint management funds and common non-Federal shares, and for special agreements or delegations of authority, among different Federal agencies in connection with the supervision or administration of assistance. Such regulations shall in any case include appropriate criteria and procedures to assure that any special authorities conferred, which are not otherwise provided for by law, shall be employed only as necessary to promote effective and efficient administration and in a manner consistent with the protection of the Federal interest and program purposes or statutory requirements of a substantive nature. For purposes of this subsection, the term 'Federal assistance program' has the same meaning as in the Intergovernmental Cooperation Act of 1968.

"(m) As used in this section—

"(1) The term 'metropolitan area' means a standard metropolitan statistical area, as established by the Office of Management and Budget, subject, however, to such modifications or extensions as the Secretary deems to be appropriate for the purposes of this section.

"(2) The term 'region' includes (A) all or part of the area of jurisdiction of one or more units of general local government, and (B) one or more metropolitan areas.

"(3) The term 'district' includes all or part of the area of jurisdiction of (A) one or more counties, and (B) one or more other units of general local government, but does not include any portion of a metropolitan area.

"(4) The term 'comprehensive planning' includes the following:

"(A) preparation, as a guide for governmental policies and action, of general plans with respect to (i) the pattern and intensity of land use, (ii) the provision of public facilities (including transportation facilities) and other governmental services, and (iii) the effective development and utilization of human and natural resources;

"(B) identification and evaluation of area needs (including housing, employment, education, and health) and formulation of specific programs for meeting the needs so identified;

"(C) surveys of structures and sites which are determined by the appropriate authorities to be of historic or architectural value;

"(D) long-range physical and fiscal plans for such action;

"(E) programing of capital improvements and other major expenditures, based on a determination of relative urgency, together with definite financing plans for such expenditures in the earlier years of the program;

"(F) coordination of all related plans and activities of the State and local governments and agencies concerned; and

"(G) preparation of regulatory and administrative measures in support of the foregoing.

Comprehensive planning for the purpose of districts shall not include planning for or assistance to establishments in relocating from one area to another or assist contractors or subcontractors whose purpose is to divest, or whose economic success is dependent upon divesting, other contractors or subcontractors of contracts theretofore customarily performed by them. The limitation set forth in the preceding sentence shall not be construed to prohibit assistance for the expansion of an existing business entity through the establishment of a new branch, affiliate, or subsidiary of such entity, if the Secretary finds that the establishment of such branch, affiliate, or subsidiary will not result in an increase in unemployment in the area of original location or in any other area where such entity conducts business operations, unless the Secretary has reason to believe that such branch, affiliate, or subsidiary is being established with the intention of closing down the operations of the existing business entity in the area of its original location or in any other area where it conducts such operations.

"(n) In carrying out the provisions of this section relating to planning for States, regions, or other multijurisdictional areas whose development has significance for purposes of national growth and urban development objectives, the Secretary shall encourage the formulation of plane and programs which will include the studies, criteria, standards, and implementing procedures necessary for effectively guiding and controlling major decisions as to where growth should take place within such States, regions, or areas. Such plans and programs shall take account of the availability of and need for conserving land and other irreplaceable natural resources; of projected changes in size, movement, and composition of population; of the necessity for expanding housing and employment opportunities; of the opportunities, requirements, and possible locations for new communities and large-scale projects for expanding or revitalizing existing communities; and of the need for methods of achieving modernization, simplification, and improvements in governmental structures, systems, and procedures related to growth objectives. If the Secretary determines that activities otherwise eligible for assistance under this section are necessary to the development or implementation of such plans and programs, he may make grants in support of such activities to any governmental agency or organization of public officials which he determines is capable of carrying out the planning work involved in an effective and efficient manner and may make such grants in an amount equal to not more than 80 per centum of the cost of such activities."

(c) Section 703 of such Act is amended by striking out "and" in clause (1), and by inserting ", and the Trust Territory of the Pacific Islands" immediately before the semicolon at the end of such clause.

TRAINING AND FELLOWSHIP PROGRAMS

SEC. 402. (a) Section 801(b) of the Housing and Urban Development Act of 1964 is amended to read as follows:

"(b) It is the purpose of this title to provide fellowships for the graduate training of professional city and regional planning, management, and housing specialists, and professionally trained personnel with a general capacity in urban affairs and problems; to make grants to and contracts with institutions of higher education (or combinations of such institutions) to assist them in planning, developing, strengthening, improving, or carrying out programs or projects for the preparation of graduate or professional students to enter the public service; and to assist and encourage the States and localities, in cooperation with public and private universities and colleges and urban centers and with business firms and associations, labor unions, and other interested associations and organizations, to (1) organize, initiate, develop, and expand programs which will provide special training in skills needed for economic and efficient community development to those technical, professional, and other persons with the capacity to master and employ such skills who are, or are training to be, employed by a governmental or public body which has responsibility for community development, or by a private nonprofit organization which is conducting or has responsibility for housing and community development programs, and (2) support State and local research that is needed in connection with housing programs and needs, public improvement programing, code problems, efficient land use, urban transportation, and similar community development problems."

(b) Section 802(a) of such Act is amended to read as follows:

"(a) The Secretary is authorized to provide fellowships for the graduate training of professional city planning, management, and housing specialists, and other persons who wish to develop a general capacity in urban affairs and problems as herein provided. Persons shall be selected for such fellowships solely on the basis of ability and upon the recommendation of the Urban Studies Fellowship Advisory Board established pursuant to subsection (b). Fellowships shall be solely for training in public and private nonprofit institutions of higher education having programs of graduate study in the field of city planning or in related fields (including architecture, civil engineering, economics, municipal finance, public administration, urban affairs, and sociology) which programs are oriented to training for careers in city and regional planning, housing, urban renewal, and community development."

(c) Title VIII of such Act is further amended (1) by redesignating sections 804 through 807 as sections 805 through 808, respectively, and (2) by inserting after section 803 a new section as follows:

"PROJECT GRANTS AND CONTRACTS

"SEC. 804. (a) The Secretary is authorized to make grants to or contracts with institutions of higher education, or combinations of such institutions, to assist them in planning, developing, strengthening, improving, or carrying out programs or projects (1) for the preparation of graduate or professional students in the fields of city and regional planning and management, housing, and urban affairs, or (2) for research into, or development or demonstration of, improved methods of education for these professions. Such grants or contracts may include payment of all or part of the cost of programs or projects.

"(b) (1) A grant or contract authorized by this section shall be made only upon application to the Secretary at such time or times and containing such information as he may prescribe, except that no such application shall be approved unless it—

"(A) sets forth programs, activities, research, or development for which a grant is authorized under this section;

"(B) provides for such fiscal control and fund accounting procedures as may be necessary to assure proper disbursement of and accounting for Federal funds paid to the applicant under this subsection; and

"(C) provides for making such reports, in such form and containing such information, as the Secretary may require to carry out his functions under this subsection, and for keeping such records and for affording such access thereto as the Secretary may find necessary to assure the correctness and verification of such reports.

"(2) Payments under this section may be used, in accordance with regulations of the Secretary, and subject to the terms and conditions set forth in an application approved under paragraph (1), to pay part of the compensation of students employed in professions referred to in subsection (a)(1), except students employed in any branch of the Government of the United States, as part of a program for which a grant has been approved pursuant to this subsection."

(d) Section 807 of such Act (as redesignated by subsection (c) of this section) is amended by inserting before the period at the end of the first sentence a comma and the following: "which amount shall be increased by $3,500,000 on July 1, 1974, and by $3,500,000 on July 1, 1975".

TITLE V—RURAL HOUSING

INCLUSION OF UNITED STATES TERRITORIES AND TRUST TERRITORY OF THE PACIFIC ISLANDS

SEC. 501. Section 501(a)(1) of the Housing Act of 1949 is amended by striking out "Puerto Rico and the Virgin Islands" and inserting in lieu thereof the following: "the Commonwealth of Puerto Rico, the Virgin Islands, the territories and possessions of the United States, and the Trust Territory of the Pacific Islands".

REFINANCING OF INDEBTEDNESS FOR CERTAIN ELIGIBLE APPLICANTS

SEC. 502. Section 501(a)(4) of the Housing Act of 1949 is amended—

(1) by adding after the comma at the end of clause (B) the following: "or, if combined with a loan for improvement, rehabilitation, or repairs and not refinanced, is likely to cause a hardship for the applicant, and"; and

(2) by striking out clauses (C) and (D) and inserting in lieu thereof the following:

"(C) was incurred by the applicant at least five years prior to his applying for assistance under this title."

LOANS TO LEASEHOLD OWNERS UNDER ALL RURAL HOUSING PROGRAMS

SEC. 503. Section 501(b)(2) of the Housing Act of 1949 is amended by striking out "sections 502 and 504" and inserting in lieu thereof "this title".

REHABILITATION LOANS AND GRANTS

SEC. 504. Section 504(a) of the Housing Act of 1949 is amended to read as follows:

"(a) In the event the Secretary determines that an eligible applicant cannot qualify for a loan under the provisions of sections 502 and 503 and that repairs or improvements should be made to a rural dwelling occupied by him in order to make such dwelling safe and sanitary and remove hazards to the health of the occupant, his family, or the community, and that repairs should be made to farm buildings in order to remove hazards and make such buildings safe, the Secretary may make a grant or a combined loan and grant to the applicant to cover the cost of improvements or additions, such as repairing roofs, providing toilet facilities, providing a convenient and sanitary water supply, supplying screens, repairing or providing structural supports, or making similar repairs, additions, or improvements, including all preliminary and installation costs in obtaining central water and sewer service. No assistance shall be extended to any one individual under this subsection in the form of a loan, grant, or combined loan and grant in excess of $5,000. Any portion of the sums advanced to the borrower treated as a loan shall be secured and be repayable within twenty years in accordance with the principles and conditions set forth in this title, except that a loan for less than $2,500 need be evidenced only by a promissory note. Sums made available by grant may be made subject to the conditions set forth in this title for the protection of the Government with respect to contributions made on loans made by the Secretary.".

ESCROW ACCOUNTS FOR TAXES, INSURANCE, AND OTHER EXPENSES

SEC. 505. (a) Section 501 of the Housing Act of 1949 is amended by adding at the end thereof the following new subsection:

"(e) The Secretary may establish procedures whereby borrowers under this title may make periodic payments for the purpose of taxes, insurance, and such other necessary expenses as the Secretary may deem appropriate. Such payments shall be held in escrow by the Secretary and paid out by him at the appropriate time or times for the purposes for which such payments are made. The Secretary shall notify a borrower in writing when his loan payments are delinquent.".

(b) The second sentence of section 502(a) of such Act is amended by inserting before the period at the end thereof the following: "and on the borrower prepaying to the Secretary as escrow agent, on terms and conditions prescribed by him, such taxes, insurance, and other expenses as the Secretary may require in accordance with section 501 (e)".

(c) Section 517 of such Act is amended—

(1) by striking out "as it becomes due" in the first sentence of subsection (d);

(2) by striking out "prepayment" and "prepayments" each place they appear in subsection (j)(1) and inserting in lieu thereof "payment" and "payments", respectively; and

(3) by inserting before the semicolon at the end of subsection (j)(1) the following: "or until the next agreed annual or semiannual remittance date".

RESEARCH AND STUDY PROGRAMS

SEC. 506. (a) Section 506(d) of the Housing Act of 1949 is amended to read as follows:

"(d) The Secretary may carry out the research and study programs authorized by subsections (b) and (c) through grants made by him, on such terms, conditions, and standards as he may prescribe, to land-grant colleges established pursuant to the Act of July 2, 1862 (7 U.S.C. 301–308), or (upon a finding by the Secretary that the research and study involved cannot feasibly be performed through the personnel and facilities of the Department of Agriculture or by land-grant colleges) to such other private or public organizations as he may select.".

(b) Section 506(e) of such Act is amended by striking out "farm housing" each place it appears and inserting in lieu thereof "rural housing".

VETERANS PREFERENCE

SEC. 507. Section 507 of the Housing Act of 1949 is amended—

(1) by inserting after "concurrent resolution of Congress" each place it appears a comma and the following: "or during the period beginning after January 31, 1955, and ending on August 4, 1964, or during the Vietnam era (as defined in section 101(29) of title 38, United States Code),"; and

(2) by inserting "or era" before the period at the end of the third sentence.

UTILIZATION OF COUNTY COMMITTEES

SEC. 508. Section 508(b) of the Housing Act of 1949 is amended to read as follows:

"(b) The committees utilized or appointed pursuant to this section may examine applications of persons desiring to obtain the benefits of section 501(a)(1) and (2) as they related to the successful operation of a farm, and may submit recommendations to the Secretary with respect to each applicant as to whether the applicant is eligible to receive such benefits, whether by reason of his character, ability, and experience he is likely successfully to carry out undertakings required of him under a loan under such section, and whether the farm with respect to which the application is made is of such character that there is a reasonable likelihood that the making of the loan requested will carry out the purposes of this title. The committees may also certify to the Secretary with respect to the amount of any loan."

ASSISTANCE AUTHORIZATION

SEC. 509. (a) Clauses (b), (c), and (d) of section 513 of the Housing Act of 1949 are amended to read as follows: "(b) not to exceed $80,000,000 for loans and grants pursuant to section 504 during the period beginning July 1, 1956, and ending June 30, 1977; (c) not to exceed $80,000,000 for financial assistance pursuant to section 516 for the period ending June 30, 1977; (d) not to exceed $250,000 per year for research and study programs pursuant to subsections (b), (c), and (d) of section 506 during the period beginning July 1, 1961, and ending June 30, 1974, and not to exceed $1,000,000 per year for such programs during the period beginning October 1, 1974, and ending June 30, 1977;".

(b) Sections 515(b) (5) and 517(a) (1) of such Act are amended by striking out "October 1, 1974" and inserting in lieu thereof "June 30, 1977".

DIRECT AND INSURED LOANS TO PROVIDE HOUSING AND RELATED FACILITIES FOR ELDERLY PERSONS AND LOWER INCOME FAMILIES IN RURAL AREAS

SEC. 510. (a) Section 515(b)(1) of the Housing Act of 1949 is amended—

(1) by striking out "$750,000 or"; and

(2) by striking out "least" and inserting in lieu thereof "less".

(b) Section 515(d)(4) of such Act is amended to read as follows:

"(4) the term 'development cost' means the costs of constructing, purchasing, improving, altering, or repairing new or existing housing and related facilities and purchasing and improving the necessary land, including necessary and appropriate fees and charges, and initial operating expenses up to 2 per centum of the aforementioned costs, approved by the Secretary. Such fees and charges may include payments of qualified consulting organizations or foundations which operate on a nonprofit basis and which render services or assistance to nonprofit corporations or consumer cooperatives who provide housing and related facilities for low or moderate income families."

DEFINITION OF RURAL AREA

SEC. 511. Section 520 of the Housing Act of 1949 is amended by inserting before the period at the end thereof a comma and the following "or (3) has a population in excess of 10,000 but not in excess of 20,000, and (A) is not contained within a standard metropolitan statistical area, and (B) has a serious lack of mortgage credit, as determined by the Secretary and the Secretary of Housing and Urban Development".

MUTUAL AND SELF-HELP HOUSING

SEC. 512. (a) Section 523(b)(1) of the Housing Act of 1949 is amended by inserting immediately before "; and" at the end thereof the following: ": Provided, That the Secretary may advance funds under this paragraph to organizations receiving assistance under clause (A) to enable them to establish revolving accounts for the purchase of land options and any such advances may bear interest at a rate determined by the Secretary and shall be repaid to the Secretary at the expiration of the period for which the grant to the organization involved was made".

(b) Section 523(f) of such Act is amended—

(1) by striking out "1974" each place it appears and inserting in lieu thereof "1977"; and

(2) by striking out "$5,000,000" and inserting in lieu thereof "$10,000,000".

(c) Section 523 of such Act is amended by adding at the end thereof the following new subsection:

"(h) The Secretary shall issue rules and regulations for the orderly processing and review of applications under this section and rules and regulations protecting the rights of grantees under this section in the event he determines to end grant assistance prior to the termination date of any grant agreement.".

SITE LOANS

SEC. 513. The first sentence of section 542 (a) of the Housing Act of 1949 is amended to read as follows: "The Secretary may make loans, on such terms and conditions and in such amounts he deems necessary, to public or private nonprofit organizations for the acquisition and development of land as building sites to be subdivided and sold to families, nonprofit organizations, public agencies, and cooperatives eligible for assistance under any section of this title or under any other law which provides financial assistance for housing low- and moderate-income families.".

RENTAL ASSISTANCE

SEC. 514. (a) Section 521(a) of the Housing Act of 1949 is amended by inserting "(1)" after "(a)", and by adding at the end thereof the following new paragraph:

"(2)(A) The Secretary may make and insure loans under this section and sections 514, 515, and 517 to provide rental or cooperative housing and related facilities for persons and families of low income in multifamily housing projects, and may make, and contract to make, assistance payments to the owners of such rental housing in order to make available to low-income occupants of such housing rentals at rates commensurate to income and not exceeding 25 per centum of income. Such assistance payments shall be made on a unit basis and shall not be made for more than 20 per centum of the units in any one project, except that (i) when the project is financed by a loan under section 515 for elderly housing or by a loan under section 514 and a grant under section 516, such assistance may be made for up to 100 per centum of the units, and (ii) when the Secretary determines such action is necessary or feasible, he may make such payments with respect to more than 20 per centum of the units.

"(B) The owner of any project assisted under this paragraph shall be required to provide at least annually a budget of operating expenses and record of tenants' income which shall be used to determine the amount of assistance for each project.

"(C) The project owner shall accumulate, safeguard, and periodically pay to the Secretary any rental charges collected in excess of basic rental charges as established by the Secretary in conformity with subparagraph (A). These funds may be credited to the appropriation and used by the Secretary for making such assistance payments through the end of the next fiscal year."

(b) Section 521(c) of such Act is amended to read as follows:

"(c) There shall be reimbursed to the Rural Housing Insurance Fund by annual appropriations (1) the amounts by which nonprincipal payments made from the fund during each fiscal year to the holders of insured loans described in subsection (a)(1) exceed interest due from the borrowers during each year, and (2) the amount of assistance payments described in subsection (a)(2). The Secretary may from time to time issue notes to the Secretary of the Treasury under section 517(h) to obtain amounts equal to such unreimbursed payments, pending the annual reimbursement by appropriation."

(c) Section 517(j) of such Act is amended—

(1) by striking out "and" at the end of paragraph (2);

(2) by striking out the period at the end of paragraph (3) and inserting in lieu thereof "; and"; and

(3) by adding at the end thereof the following new paragraph:

"(4) to make assistance payments authorized by section 521(a)(2)."

TECHNICAL AND SUPERVISORY ASSISTANCE

SEC. 515. Title V of the Housing Act of 1949 is amended by adding at the end thereof of the following new section:

"PROGRAMS OF TECHNICAL AND SUPERVISORY ASSISTANCE FOR LOW-INCOME FAMILIES

"SEC. 525. (a) The Secretary may make grants to or enter into contracts with public or private nonprofit corporations, agencies, institutions, organizations, and other associations approved by him, to pay part or all of the cost of developing, conducting, administering or coordinating effective and comprehensive programs of technical and supervisory assistance which will aid needy low-income individuals and families in benefiting from Federal, State, and local housing programs in rural areas. In processing applications for such grants or contracts made by private nonprofit corporations, agencies, institutions, organizations, and other associations, the Secretary shall give preference to those which are sponsored (including assistance to the applicant in processing the application, implementing the technical assistance program, and carrying out the obligations of the grant or contract) by a State, county, municipality, or other governmental entity or public body.

"(b) The Secretary is authorized to make loans to public or private nonprofit corporations, agencies, institutions, organizations, and other associations approved by him for the necessary expenses, prior to construction, of planning, and obtaining financing for, the rehabilitation or construction of housing for low-income individuals or families under any Federal, State, or local housing program which is or could be used in rural areas. Such loans shall be made without interest and shall be for the reasonable costs expected to be incurred in planning, and in obtaining financing for, such housing prior to the availability of financing, including but not limited to preliminary surveys and analyses of market needs, preliminary site engineering and architectural fees, and construction loan fees and discounts. The Secretary shall require repayment of loans made under this subsection, under such terms and conditions as he may require, upon completion of the housing or sooner, and may cancel any part or all of such loan if he determines that it cannot be recovered from the proceeds of any permanent loan made to finance the rehabilitation or construction of the housing.

"(c) There are authorized to be appropriated for the fiscal years ending June 30, 1975, and June 30, 1976, not to exceed $5,000,000 for the purposes of subsection (a) and not to exceed $5,000,000 for the purposes of subsection (b). Any amounts so appropriated shall remain available until expended, and any amounts authorized for any fiscal year under this subsection but not appropriated may be appropriated for any succeeding fiscal year.

"(d) All funds appropriated for the purpose of subsection (b) shall be deposited in a fund which shall be known as the low-income sponsor fund, and which shall be available without fiscal year limitation and be administered by the Secretary as a revolving fund for carrying out the purposes of that subsection. Sums received in repayment of loans made under subsection (b) shall be deposited in such fund.".

CONDOMINIUM HOUSING

SEC. 516. (a) Title V of the Housing Act of 1949 (as amended by section 515 of this Act) is amended by adding at the end thereof the following new section:

"CONDOMINIUM HOUSING

"SEC. 526. (a) The Secretary is authorized, in his discretion and upon such terms and conditions (substantially identical insofar as may be feasible with those specified in section 502) as he may prescribe, to make loans to persons and families of low or moderate income, and to insure and make commitments to insure loans made to persons and families of low or moderate income, to assist them in purchasing dwelling units in condominiums located in rural areas.

"(b) Any loan made or insured under subsection (a) shall cover a one-family dwelling unit in a condominium, and shall be subject to such provisions as the Secretary determines to be necessary for the maintenance of the common areas and facilities of the condominium project and to such additional requirements as the Secretary deems appropriate for the protection of the consumer.

"(c) In addition to individual loans made or insured under subsection (a) the Secretary is authorized, in his discretion and upon such terms and conditions (substantially identical insofar as may be feasible with those specified in section 515) as he may prescribe, to make or insure blanket loans to a borrower who shall certify to the Secretary, as a condition of obtaining such loan or insurance, that upon completion of the multifamily project the ownership of the project will be committed to a plan of family unit ownership under which (1) each family unit will be eligible for a loan or insurance under subsection (a), and (2) the individual dwelling units in the project will be sold only on a condominium basis and only to purchasers eligible for a loan or insurance under subsection (a). The principal obligation of any blanket loan made or insured under this subsection shall in no case exceed the sum of the individual amounts of the loans which could be made or insured with respect to the individual dwelling units in the project under subsection (a).

"(d) As used in this section, the term 'condominium' means a multiunit housing project which is subject to a plan of family unit ownership acceptable to the Secretary under which each dwelling unit is individually owned and each such owner holds an undivided interest in the common areas and facilities which serve the project."

(b) Section 517(b) of such Act is amended by striking out "and 524" and inserting in lieu thereof "524, and 526".

(c)(1) Section 521(a)(1) of such Act (as amended by section 514(a) of this Act) is amended—

(A) by striking out "and loans under section 515" and inserting in lieu thereof "loans under section 515"; and

(B) by inserting after "elderly families," the following: "and loans under section 526 to provide condominium housing for persons and families of low or moderate income,".

(2) Section 521(b) of such Act is amended—

(A) by striking out "or 517(a)(1)" and inserting in lieu thereof ", 517(a)(1), or 526 (a)"; and

(B) by inserting "or 526(c)" after "under section 515".

(3) Section 521(c) of such Act (as amended by section 514(b) of this Act) is amended by inserting "and section 526" after "section 517(h)".

TRANSFER OF PRE-1965 INSURED HOUSING LOANS TO THE RURAL HOUSING INSURANCE FUND

SEC. 517. Section 517(b) of the Housing Act of 1949 is amended by adding at the end thereof the following new sentences: "The notes held in the Agricultural Credit Insurance Fund (7 U.S.C. 1929) which evidence loans made or insured by the Secretary under section 514 or 515(b), the rights and liabilities of that Fund under insurance contracts relating to such loans held by insured investors, the mortgages securing the obligations of the borrowers under such loans held in that Fund or by insured investors, and all rights to subsequent collections on and proceeds of such notes, contracts and mortgages, are hereby transferred to the Rural Housing Insurance Fund and for the purposes of this title and any other Act shall be subject to the provisions of this section as if created pursuant thereto. The Rural Housing Insurance Fund shall compensate the Agricultural Credit Insurance for the aggregate unpaid principal balance plus accrued interest of the notes so transferred.".

MOBILE HOMES

SEC. 518. Title V of the Housing Act of 1949 (as amended by sections 515 and 516(a) of this Act) is amended by adding at the end thereof the following new section:

"MOBILE HOMES

"SEC. 527. (a) As used in this title, the term 'housing' shall, notwithstanding any other provision of this title and to the extent deemed practicable by the Secretary, include mobile homes and mobile home sites.

"(b) With respect to mobile homes and mobile home sites financed under this title, the Secretary shall—

"(1) prescribe minimum property standards to assure the livability and durability of the mobile home and the suitability of the site on which it is to be located, and

"(2) obtain assurances from the borrower that the mobile home will be placed on a site which complies with standards prescribed by the Secretary and with applicable local requirements.

Loans under this title for the purchase of mobile homes and sites shall be made on the same terms and conditions as are applicable under section 2 of the National Housing Act to obligations financing the purchase of mobile homes and lots on which to place such homes."

CONTRACT SERVICES AND FEES

SEC. 519. (a) Section 506(a) of the Housing Act of 1949 is amended by striking out ", as may be required by the Secretary, by competent employees of the Secretary" and inserting in lieu thereof "as required by the Secretary".

(b) Section 517(j)(3) of such Act is amended by inserting after "borrowers," the following: "and other services customary in the industry, construction inspections, commercial appraisals, servicing of loans, and other related program services and expenses,".

STATE AND LOCAL AGENCIES

SEC. 520. Section 501(c) of the Housing Act of 1949 is amended by adding at the end thereof the following: "If an applicant is a State or local public agency—

"(A) the provisions of clause (3) shall not apply to its application; and

"(B) the applicant shall be eligible to participate in any program under this title if the persons or families to be served by the applicant with the assistance being sought would be eligible to participate in such program."

TITLE VI—MOBILE HOME CONSTRUCTION AND SAFETY STANDARDS

SHORT TITLE

SEC. 601. This title may be cited as the "National Mobile Home Construction and Safety Standards Act of 1974".

STATEMENT OF PURPOSE

SEC. 602. The Congress declares that the purposes of this title are to reduce the number of personal injuries and deaths and the amount of insurance costs and property damage resulting from mobile home accidents and to improve the quality and durability of mobile homes. Therefore, the Congress determines that it is necessary to establish Federal construction and safety standards for mobile homes and to authorize mobile home safety research and development.

DEFINITIONS

SEC. 603. As used in this title, the term—

(1) "mobile home construction" means all activities relating to the assembly and manufacture of a mobile home including but not limited to those relating to durability, quality, and safety;

(2) "dealer" means any person engaged in the sale, leasing, or distribution of new mobile homes primarily to persons who in good faith purchase or lease a mobile home for purposes other than resale;

(3) "defect" includes any defect in the performance, construction, components, or material of a mobile home that renders the home or any part thereof not fit for the ordinary use for which it was intended;

(4) "distributor" means any person engaged in the sale and distribution of mobile homes for resale;

(5) "manufacturer" means any person engaged in manufacturing or assembling mobile homes, including any person engaged in importing mobile homes for resale;

(6) "mobile home" means a structure, transportable in one or more sections, which is eight body feet or more in width and is thirty-two body feet or more in length, and which is built on a permanent chassis and designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and includes the plumbing, heating, air-conditioning, and electrical systems contained therein;

(7) "Federal mobile home construction and safety standard" means a reasonable standard for the construction, design, and performance of a mobile home which meets the needs of the public including the need for quality, durability, and safety;

(8) "mobile home safety" means the performance of a mobile home in such a manner that the public is protected against any unreasonable risk of the occurrence of accidents due to the design or construction of such mobile home, or any unreasonable risk of death or injury to the user or to the public if such accidents do occur;

(9) "imminent safety hazard" means an imminent and unreasonable risk of death or severe personal injury;

(10) "purchaser" means the first person purchasing a mobile home in good faith for purposes other than resale;

(11) "Secretary" means the Secretary of Housing and Urban Development;

(12) "State" includes each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Virgin Islands, the Canal Zone, and American Samoa; and

(13) "United States district courts" means the Federal district courts of the United States and the United States courts of the Commonwealth of Puerto Rico, Guam, the Virgin Islands, the Canal Zone, and American Samoa.

FEDERAL MOBILE HOME CONSTRUCTION AND SAFETY STANDARDS

SEC. 604. (a) The Secretary, after consultation with the Consumer Product Safety Commission, shall establish by order appropriate Federal mobile home construction and safety standards. Each such Federal mobile home standard shall be reasonable and shall meet the highest standards of protection, taking into account existing State and local laws relating to mobile home safety and construction.

(b) All orders issued under this section shall be issued after notice and an opportunity for interested persons to participate are provided in accordance with the provisions of section 553 of title 5, United States Code.

(c) Each order establishing a Federal mobile home construction and safety standard shall specify the date such standard is to take effect, which shall not be sooner than one hundred and eighty days or later than one year after the date such order is issued, unless the Secretary finds, for good cause shown, that an earlier or later effective date is in the public interest, and publishes his reasons for such finding.

(d) Wherever a Federal mobile home construction and safety standard established under this title is in effect, no State or political subdivision of a State shall have any authority either to establish, or to continue in effect, with respect to any mobile home covered, any standard regarding construction or safety applicable to the same aspect of performance of such mobile home which is not identical to the Federal mobile home construction and safety standard.

(e) The Secretary may by order amend or revoke any Federal mobile home construction or safety standard established under this section. Such order shall specify the date on which such amendment or revocation is to take effect, which shall not be sooner than one hundred and eighty days or later than one year from the date the order is issued, unless the Secretary finds, for good cause shown, that an earlier or later date is in the public interest, and publishes his reasons for such finding.

(f) In establishing standards under this section, the Secretary shall—

(1) consider relevant available mobile home construction and safety data, including the results of the research, development, testing, and evaluation activities conducted pursuant to this title, and those activities conducted by private organizations and other governmental agencies to determine how to best protect the public;

(2) consult with such State or interstate agencies (including legislative committees) as he deems appropriate;

(3) consider whether any such proposed standard is reasonable for the particular type of mobile home or for the geographic region for which it is prescribed;

(4) consider the probable effect of such standard on the cost of the mobile home to the public; and

(5) consider the extent to which any such standard will contribute to carrying out the purposes of this title.

(g) The Secretary shall issue an order establishing initial Federal mobile home construction and safety standards not later than one year after the date of enactment of this Act.

NATIONAL MOBILE HOME ADVISORY COUNCIL

SEC. 605. (a) The Secretary shall appoint a National Mobile Home Advisory Council with the following composition: eight members selected from among consumer organizations, community organizations, and recognized consumer leaders; eight members from the mobile home industry and related groups including at least one representative of small business; and eight members selected from government agencies including Federal, State, and local governments. Appointments under this subsection shall be made without regard to the provisions of title 5, United States Code, relating to appointments in the competitive service, classification, and General Schedule pay rates. The Secretary shall publish the names of the members of the Council annually and shall designate which members represent the general public.

(b) The Secretary shall, to the extent a National Mobile Home Advisory Council prior to establishing, amending, or revoking any mobile home construction or safety standard pursuant to the provisions of this title.

(c) Any member of the National Mobile Home Advisory Council who is appointed from outside the Federal Government may be compensated at a rate not to exceed $100 per diem (including traveltime) when engaged in the actual duties of the Advisory Council. Such members, while away from their homes or regular places of business, may be allowed travel expenses, including per diem in lieu of subsistence as authorized by section 5703(b) of title 5, United States Code, for persons in the Government service employed intermittently.

JUDICIAL REVIEW OF ORDERS

SEC. 606. (a)(1) In a case of actual controversy as to the validity of any order under section 604, any person who may be adversely affected by such order when it is effective may at any time prior to the sixtieth day after such order is issued file a petition with the United States court of appeals for the circuit wherein such person resides or has his principal place of business, for judicial review of such order. A copy of the petition shall be forthwith transmitted by the clerk of the court to the Secretary or other officer designated by him for that purpose. The Secretary thereupon shall file in the court the record of the proceedings on which the Secretary based his order, as provided in section 2112 of title 28, United States Code.

(2) If the petitioner applies to the court for leave to adduce additional evidence, and shows to the satisfaction of the court that such additional evidence is material and that there were reasonable grounds for the failure to adduce such evidence in the proceeding before the Secretary, the court may order such additional evidence (and evidence in rebuttal thereof) to be taken before the Secretary, and to be adduced upon the hearing, in such manner and upon such terms and conditions as to the court may seem proper. The Secretary may modify his findings as to the facts, or make new findings, by reason of the additional evidence so taken, and he shall file such modified or new findings, and his recommendation, if any, for the modification or setting aside of his original order, with the return of such additional evidence.

(3) Upon the filing of the petition referred to in paragraph (1) of this subsection, the court shall have jurisdiction to review the order in accordance with the provisions of sections 701 through 706 of title 5, United States Code, and to grant appropriate relief.

(4) The judgment of the court affirming or setting aside, in whole or in part, any such order of the Secretary shall be final, subject to review by the Supreme Court of the United States upon certiorari or certification as provided in section 1254 of title 28, United States Code.

(5) Any action instituted under this subsection shall survive, notwithstanding any change in the person occupying the office of Secretary or any vacancy in such office.

(6) The remedies provided for in this subsection shall be in addition to and not in substitution for any other remedies provided by law.

(b) A certified copy of the transcript of the record and proceedings under this section shall be furnished by the Secretary to any interested party at his request and payment of the costs thereof, and shall be admissible in any criminal, exclusion of imports, or other proceeding arising under or in respect of this title, irrespective of whether proceedings with respect to the order have previously been initiated or become final under subsection (a).

PUBLIC INFORMATION

SEC. 607. (a) Whenever any manufacturer is opposed to any action of the Secretary under section 604 or under any other provision of this title on the grounds of increased cost or for other reasons, the manufacturer shall submit such cost and other information (in such detail as the Secretary may by rule or order prescribe) as may be necessary in order to properly evaluate the manufacturer's statement.

(b) Such information shall be available to the public unless the manufacturer establishes that it contains a trade secret or that disclosure of any portion of such information would put the manufacturer at a substantial competitive disadvantage. Notice of the availability of such information shall be published promptly in the Federal Register. If the Secretary determines that any portion of such information contains a trade secret or that the disclosure of any portion of such information would put the manufacturer at a substantial competitive disadvantage, such portion may be disclosed to the public only in such manner as to preserve the confidentiality of such trade secret or in such combined or summary form so as not to disclose the identity of any individual manufacturer, except that any such information may be disclosed to other officers or employees concerned with carrying out this title or when relevant in any proceeding under this title. Nothing in this subsection shall authorize the withholding of information by the Secretary or any officer or employee under his control from the duly authorized committees of the Congress.

(c) If the Secretary proposes to establish, amend, or revoke a Federal mobile home construction and safety standard under section 604 on the basis of information submitted pursuant to subsection (a), he shall publish a notice of such proposed action, together with the reasons therefor, in the Federal Register at least thirty days in advance of making a final determination, in order to allow interested parties an opportunity to comment.

(d) For purposes of this section, "cost information" means information with respect to alleged cost increases resulting from action but the Secretary, in such a form as to permit the public and the Secretary to make an informed judgment on the validity of the manufacturer's statements. Such term includes both the manufacturer's cost and the cost to retail purchasers.

(e) Nothing in this section shall be construed to restrict the authority of the Secretary to obtain or require submission of information under any other provision of this title.

RESEARCH, TESTING, DEVELOPMENT, AND TRAINING

SEC. 608. (a) The Secretary shall conduct research, testing, development, and training necessary to carry out the purposes of this title, including, but not limited to—

(1) collecting data from any source for the purpose of determining the relationship between mobile home performance characteristics and (A) accidents involving mobile homes, and (B) the occurrence of death, personal injury, or damage resulting from such accidents;

(2) procuring (by negotiation or otherwise) experimental and other mobile homes for research and testing purposes; and

(3) selling or otherwise disposing of test mobile homes and reimbursing the proceeds of such sale or disposal into the current appropriation available for the purpose of carrying out this title.

(b) The Secretary is authorized to conduct research, testing, development, and training as authorized to be carried out by subsection (a) of this section by contracting for or making grants for the conduct of such research, testing, development, and training to States, interstate agencies, and independent institutions.

COOPERATION WITH PUBLIC AND PRIVATE AGENCIES

SEC. 609. The Secretary is authorized to advise, assist, and cooperate with other Federal agencies and with State and other interested public and private agencies, in the planning and development of—

(1) mobile homes construction and safety standards; and

(2) methods for inspecting and testing to determine compliance with mobile home standards.

PROHIBITED ACTS

Sec. 610. (a) No person shall—

(1) make use of any means of transportation or communication affecting interstate or foreign commerce or the mails to manufacture for sale, lease, sell, offer for sale or lease, or introduce or deliver, or import into the United States, any mobile home which is manufactured on or after the effective date of any applicable Federal mobile home construction and safety standard under this title and which does not comply with such standard, except as provided in subsection (b), where such manufacture, lease, sale, offer for sale or lease, introduction, delivery, or importation affects commerce;

(2) fail or refuse to permit access to or copying of records, or fail to make reports or provide information, or fail or refuse to permit entry or inspection, as required under section 614;

(3) fail to furnish notification of any defect as required by section 615;

(4) fail to issue a certification required by section 616, or issue a certification to the effect that a mobile home conforms to all applicable Federal mobile home construction and safety standards, if such person in the exercise of due care has reason to know that such certification is false or misleading in a material respect; or

(5) fail to comply with a final order issued by the Secretary under this title.

(b)(1) Paragraph (1) of subsection (a) shall not apply to the sale, the offer for sale, or the introduction or delivery for introduction in interstate commerce of any mobile home after the first purchase of it in good faith for purposes other than resale.

(2) For purposes of section 611, paragraph (1) of subsection (a) shall not apply to any person who establishes that he did not have reason to know in the exercise of due care that such mobile home is not in conformity with applicable Federal mobile home construction and safety standards, or to any person who, prior to such first purchase, holds a certificate issued by the manufacturer or importer of such mobile home to the effect that such mobile home conforms to all applicable Federal mobile home contruction and safety standards, unless such person knows that such mobile home does not so conform.

(3) A mobile home offered for importation in violation of paragraph (1) of subsection (a) shall be refused admission into the United States under joint regulations issued by the Secretary of the Treasury and the Secretary, except that the Secretary of the Treasury and the Secretary may, by such regulations, provide for authorizing the importation of such mobile home into the United States upon such terms and conditions (including the furnishing of a bond) as may appear to them appropriate to insure that any such mobile home will be brought into conformity with any applicable Federal mobile home construction or safety standard prescribed under this title, or will be exported from, or forfeited to, the United States.

(4) The Secretary of the Treasury and the Secretary may, by joint regulations, permit the importation of any mobile home after the first purchase of it in good faith for purposes other than resale.

(5) Paragraph (1) of subsection (a) shall not apply in the case of a mobile home intended solely for export, and so labeled or tagged on the mobile home itself and on the outside of the container, if any, which if to be exported.

(c) Compliance with any Federal mobile home construction or safety standard issued under this title does not exempt any person from any liability under common law.

CIVIL AND CRIMINAL PENALTY

Sec. 611. (a) Whoever violates any provision of section 610, or any regulation or final order issued thereunder, shall be liable to the United States for a civil penalty of not to exceed $1,000 for each such violation. Each violation of a provision of section 610, or any regulation or order issued thereunder shall constitute, a separate violation with respect to each mobile home or with respect to each failure or refusal to allow or perform an act required thereby, except that the maximum civil penalty may not exceed $1,000,000 for any related series of violations occurring within one year from the date of the first violation.

(b) An individual or a director, officer, or agent of a corporation who knowingly and willfully violates section 610 in a manner which threatens the health or safety of any purchaser shall be fined not more than $1,000 or imprisoned not more than one year, or both.

JURISDICTION AND VENUE

Sec. 612. (a) The United States district courts shall have jurisdiction, for cause shown and subject to the provisions of rule 65 (a) and (b) of the Federal Rules of Civil Procedure, to restrain violations of this title, or to restrain the sale, offer for sale, or the importation into the United States, of any mobile home which is determined, prior to the first purchase of such mobile home in good faith for purposes other than resale, not to conform to applicable Federal mobile home construction and safety standards prescribed pursuant to this title or to contain a defect which constitutes an imminent safety hazard, upon petition by the appropriate United States attorney or the Attorney General on behalf of the United States. Whenever practicable, the Secretary shall give notice to any person against whom an action for injunctive relief is contemplated and afford him an opportunity to present his views and the failure to give such notice and afford such opportunity shall not preclude the granting of appropriate relief.

(b) In any proceeding for criminal contempt for violation of an injunction or restraining order issued under this section, which violation also constitutes a violation of this title, trial shall be by the court or, upon demand of the accused, by a jury. Such trial shall be conducted in accordance with the practice and procedure applicable in the case of proceedings subject to the provisions of rule 42(b) of the Federal Rules of Criminal Procedure.

(c) Actions under subsection (a) of this section and section 611 may be brought in the district wherein any act or transaction constituting the violation occurred, or in the district wherein the defendant is found or is an inhabitant or transacts business, and process in such cases may be served in any other district of which the defendant is an inhabitant or wherever the defendant may be found.

(d) In any action brought by the United States for (a) of this section or section 611, subpenas by the United States for witnesses who are required to attend at United States district court may run into any other district.

(e) It shall be the duty of every manufacturer offering a mobile home for importation into the United States to designate in writing an agent upon whom service of all administrative and judicial processes, notices, orders, decisions, and requirements may be made for and on behalf of such manufacturer, and to file such designation with the Secretary, which designation may from time to time be changed by like writing, similarly filed. Service of all administrative and judicial processes, notices, orders, decision, and requirements may be made upon such manufacturer by service upon such designated agent at his office or usual place of residence with like effect as if made personally upon such manufacturer, and in default of such designation of such agent, service of process or any notice, order, requirement, or decision in any proceeding before the Secretary or in any judicial proceeding pursuant to this title may be made by mailing such process, notice, order, requirement, or decision to the Secretary by registered or certified mail.

NONCOMPLIANCE WITH STANDARDS

Sec. 613. (a) If the Secretary or a court of appropriate jurisdiction determines that any mobile home does not conform to applicable Federal mobile home construction and safety standards, or that it contains a defect which constitutes an imminent safety hazard, after the sale of such mobile home by a manufacturer to a distributor or a dealer and prior to the sale of such mobile home by such distribtuor or dealer to a purchaser—

(1) the manufacturer shall immediately repurchase such mobile home from such distributor or dealer at the price paid by such distributor or dealer, plus all transportation charges involved and a reasonable reimbursement of not less than 1 per centum per month of such price paid prorated from the date of receipt by certified mail of notice of such nonconformance of the date of repurchase by the manufacturer; or

(2) the manufacturer, at his own expense, shall immediately furnish the purchasing distributor or dealer the required conforming part or parts or equipment for installation by the distributor or dealer on or in such mobile home, and for the installation involved the manufacturer shall reimburse such distributor or dealer for the reasonable value of such installation plus a reasonable reimbursement of not less than 1 per centum per month of the manufacturer's or distributor's selling price prorated from the date of receipt by certified mail of notice of such nonconformance to the date such vehicle is brought into conformance with applicable Federal standards, so long as the distributor or dealer proceeds with reasonable diligence with the installation after the required part or equipment is received.

The value of such reasonable reimbursements as specified in paragraphs (1) and (2) of this subsection shall be fixed by mutual agreement of the parties, or, failing such agreement, by the court pursuant to the provisions of subsection (b).

(b) If any manufacturer fails to comply with the requirements of subsection (a), then the distributor or dealer, as the case may be, to whom such mobile home has been sold may bring an action seeking a court injunction compelling compliance with such requirements on the part of such manufacturer. Such action may be brought in any district court in the United States in the district in which such manufacturer resides, or is found, or has an agent, without regard to the amount in controversy, and the person bringing the action shall also be entitled to recover any damage sustained by him, as well as all court costs plus reasonable attorneys' fees. Any action brought pursuant to this section shall be forever barred unless commenced within three years after the cause of action shall have accrued.

INSPECTION OF MOBILE HOMES AND RECORDS

Sec. 614. (a) The Secretary is authorized to conduct inspections and investigations as may be necessary to promulgate or enforce Federal mobile home construction and safety standards established under this title or otherwise to carry out his duties under this title. He shall furnish the Attorney General and, when appropriate, the Secretary of the Treasury any information obtained indicating noncompliance with such standards for appropriate action.

(b) (1) For purposes of enforcement of this title, persons duly designated by the Secretary, upon presenting appropriate credentials to the owner, operator, or agent in charge, are authorized—

(A) to enter, at reasonable times and without advance notice, any factory, warehouse, or establishment in which mobile homes are manufactured, stored, or held for sale; and

(B) to inspect, at reasonable times and within reasonable limits and in a reasonable manner, any such factory, warehouse, or establishment, and to inspect such books, papers, records, and documents as are set forth in subsection (c). Each such inspection shall be commenced and completed with reasonable promptness.

(2) The Secretary is authorized to contract with State and local governments and private inspection organizations to carry out his functions under this subsection.

(c) For the purpose of carrying out the provisions of this title, the Secretary is authorized—

(1) to hold such hearings, take such testimony, sit and act at such times and places, administer such oaths, and require, by subpena or otherwise, the attendance and testimony of such witnesses and the production of such books, papers, correspondence, memorandums, contracts, agreements, or other records, as the Secretary or such officer or employee deems advisable. Witnesses summoned pursuant to this subsection shall be paid the same fees and mileage that are paid witnesses in the courts of the United States;

(2) to examine and copy any documentary evidence of any person having materials or information relevant to any function of the Secretary under this title;

(3) to require, by general or special orders, any person to file, in such form as the Secretary may prescribe, reports or answers in writing to specific questions relating to any function of the Secretary under this title. Such reports and answers shall be made under oath or otherwise, and shall be filed with the Secretary within such reasonable period as the Secretary may prescribe;

(4) to request from any Federal agency any information he deems necessary to carry out his functions under this title, and each such agency is authorized and directed to cooperate with the Secretary and to furnish such information upon request made by the Secretary, and the head of any Federal agency is authorized to detail, on a reimbursable basis, any personnel of such agency to assist in carrying out the duties of the Secretary under this title; and

(5) to make available to the public any information which may indicate the existence of a defect which relates to mobile home construction or safety or of the failure of a mobile home to comply with applicable mobile home construction and safety standards. The Secretary shall disclose so much of other information obtained under this subsection to the public as he determines will assist in carrying out this title; but he shall not (under the authority of this sentence) make available or disclose to the public any information which contains or relates to a trade secret or any information the disclosure of which would put the person furnishing such information at a substantial competitive disadvantage, unless he determines that it is necessary to carry out the purpose of this title.

(d) Any of the district courts of the United States within the jurisdiction of which an inquiry is carried on may, in the case of contumacy or refusal to obey a subpena or order of the Secretary issued under paragraph (1) or paragraph (3) of subsection (c) of this section, issue an order requiring compliance therewith; and any failure to obey such order of the court may be punished by such court as a contempt thereof.

(e) Each manufacturer of mobile homes shall submit the building plans for every model of such mobile homes to the Secretary or his designee for the purpose of inspection under this section. The manufacturer must certify that each such building plan meets the Federal construction and safety standards in force at that time before the model involved is produced.

(f) Each manufacturer, distributor, and dealer of mobile homes shall establish and maintain such records, make such reports, and provide such information as the Secretary may reasonably require to enable him to determine whether such manufacturer, distributor, or dealer has acted or is acting in compliance with this title and Federal mobile home construction and safety standards prescribed pursuant to this title and shall, upon request of a person duly designated by the Secretary, permit such person to inspect appropriate books, papers, records, and documents relevant to determining whether such manufacturer, distributor, or dealer has acted or is acting in compliance with this title and mobile home construction and safety standards prescribed pursuant to this title.

(g) Each manufacturer of mobile homes shall provide to the Secretary such performance data and other technical data related to performance and safety as may be required to carry out the purposes of this title. These shall include records of tests and test results which the Secretary may require to be performed. The Secretary is authorized to require the manufacturer to give notification of such performance and technical data to—

(1) each prospective purchaser of a mobile home before its first sale for purposes other than resale, at each location where any such manufacturer's mobile homes are offered for sale by a person with whom such manufacturer has a contractual, proprietary, or other legal relationship and in a manner determined by the Secretary to be appropriate, which may include but is not limited to, printed matter (A) available for retention by such prospective purchaser, and (B) sent by mail to such prospective purchaser upon his request; and

(2) the first person who purchases a mobile home for purposes other than resale, at the time of such purchase or in printed matter placed in the mobile home.

(h) All information reported to or otherwise obtained by the Secretary or his representative pursuant to subsection (b), (c), (f), or (g) which contains or relates to a trade secret, or which, if disclosed, would put the person furnishing such information at a substantial competitive disadvantage, shall be considered confidential, except that such information may be disclosed to other officers or employees concerned with carrying out this title or when relevant in any proceeding under this title. Nothing in this section shall authorize the withholding of information by the Secretary or any officer or employee under his control from the duly authorized committees of the Congress.

NOTIFICATION AND CORRECTION OF DEFECTS

SEC. 615. (a) Every manufacturer of mobile homes shall furnish notification of any defect in any mobile home produced by such manufacturer which he determines, in good faith, relates to a Federal mobile home construction or safety standard or contains a defect which constitutes an imminent safety hazard to the purchaser of such mobile home, within a reasonable time after such manufacturer has discovered such defect.

(b) The notification required by subsection (a) shall be accomplished—

(1) by mail to the first purchaser (not including any dealer or distributor of such manufacturer) of the mobile home containing the defect, and to any subsequent purchaser to whom any warranty on such mobile home has been transferred;

(2) by mail to any other person who is a registered owner of such mobile home and whose name and address has been ascertained pursuant to procedures established under subsection (f); and

(3) by mail or other more expeditious means to the dealer or dealers of such manufacturer to whom such mobile home was delivered.

(c) The notification required by subsection (a) shall contain a clear description of such defect or failure to comply, an evaluation of the risk to mobile home occupants' safety reasonably related to such defect, and a statement of the measures needed to repair the defect. The notification shall also inform the owner whether the defect is a construction or safety defect which the manufacturer will have corrected at no cost to the owner of the mobile home under subsection (g) or otherwise, or is a defect which must be corrected at the expense of the owner.

(d) Every manufacturer of mobile homes shall furnish to the Secretary a true or representative copy of all notices, bulletins, and other communications to the dealers of such manufacturer or purchasers of mobile homes of such manufacturer regarding any defect in any such mobile home produced by such manufacturer. The Secretary shall disclose to the public so much of the information contained in such notices or other information obtained under section 614 as he deems will assist in carrying out the purposes of this title, but he shall not disclose any information which contains or relates to a trade secret, or which, if disclosed, would put such manufacturer at a substantial competitive disadvantage, unless he determines that it is necessary to carry out the purposes of this title.

(e) If the Secretary determines that any mobile home—

(1) does not comply with an applicable Federal mobile home construction and safety standard prescribed pursuant to section 604; or

(2) contains a defect which constitutes an imminent safety hazard.

then he shall immediately notify the manufacturer of such mobile home of such defect or failure to comply. The notice shall contain the findings of the Secretary and shall include all information upon which the findings are based. The Secretary shall afford such manufacturer an opportunity to present his views and evidence in support thereof, to establish that there is no failure of compliance. If after such presentation by the manufacturer the Secretary determines that such mobile home does not comply with applicable Federal mobile home construction or safety standards, or contains a defect which constitutes an imminent safety hazard, the Secretary shall direct the manufacturer to furnish the notification specified in subsections (a) and (b) of this section.

(f) Every manufacturer of mobile homes shall maintain a record of the name and address of the first purchaser of each mobile home (for purposes other than resale), and to the maximum extent feasible, shall maintain procedures for ascertaining the name and address of any subsequent purchaser thereof and shall maintain a record of names and addresses so ascertained. Such records shall be kept for each home produced by a manufacturer. The Secretary may establish by order procedures to be followed by manufacturers in establishing and maintaining such records, including procedures to be followed by distributors and dealers to assist manufacturers to secure the information required by this subsection. Such procedures shall be reasonable for the particular type of mobile home for which they are prescribed.

(g) A manufacturer required to furnish notification of a defect under subsection

(a) or (e) shall also bring the mobile home into compliance with applicable standards and correct the defect or have the defect corrected within a reasonable period of time at no expense to the owner, but only if—

(1) the defect presents an unreasonable risk of injury or death to occupants of the affected mobile home or homes;

(2) the defect can be related to an error in design or assembly of the mobile home by the manufacturer.

The Secretary may direct the manufacturer to make such corrections after providing an opportunity for oral and written presentation of views by interested persons. Nothing in this section shall limit the rights of the purchaser or any other person under any contract or applicable law.

(h) The manufacturer shall submit his plan for notifying owners of the defect and for repairing such defect (if required under subsection (g)) to the Secretary for his approval before implementing such plan. Whenever a manufacturer is required under subsection (g) to correct a defect, the Secretary shall approve with or without modification, after consultation with the manufacturer of the mobile home involved, such manufacturer's remedy plan including the date when, and the method by which, the notification and remedy required pursuant to this section shall be effectuated. Such date shall be the earliest practicable one but shall not be more than sixty days after the date of discovery or determination of the defect or failure to comply, unless the Secretary grants an extension of such period for good cause shown and publishes a notice of such extension in the Federal Register. Such manufacturer is bound to implement such remedy plan as approved by the Secretary.

(i) Where a defect or failure to comply in a mobile home cannot be adequately repaired within sixty days from the date of discovery or determination of the defect, the Secretary may require that the mobile home be replaced with a new or equivalent home without charge, or that the purchase price be refunded in full, less a reasonable allowance for depreciation based on actual use if the home has been in the possession of the owner for more than one year.

CERTIFICATION OF CONFORMITY WITH CONSTRUCTION AND SAFETY STANDARDS

SEC. 616. Every manufacturer of mobile homes shall furnish to the distributor or dealer at the time of delivery of each such mobile home produced by such manufacturer certification that such mobile home conforms to all applicable Federal construction and safety standards. Such certification shall be in the form of a label or tag permanently affixed to each such mobile home.

CONSUMER INFORMATION

SEC. 617. The Secretary shall develop guidelines for a consumer's manual to be provided to mobile home purchasers by the manufacturer. These manuals should identify and explain the purchasers' responsibilities for operation, maintenance, and repair of their mobile homes.

EFFECT UPON ANTITRUST LAWS

SEC. 618. Nothing contained in this title shall be deemed to exempt from the antitrust laws of the United States any conduct that would otherwise be unlawful under such laws, or to prohibit under the antitrust laws of the United States any conduct that would be lawful under such laws. As used in this section, the term "antitrust laws" includes, but is not limited to the Act of July 2, 1890, as amended; the Act of October 14, 1914, as amended; the Federal Trade Commission Act (15 U.S.C. 41 et seq.); and sections 73 and 74 of the Act of August 27, 1894, as amended.

USE OF RESEARCH AND TESTING FACILITIES OF PUBLIC AGENCIES

SEC. 619. The Secretary, in exercising the authority under this title, shall utilize the services, research and testing facilities of public agencies and independent testing laboratories to the maximum extent practicable in order to avoid duplication.

INSPECTION FEES

SEC. 620. In carrying out the inspections required under this title, the Secretary may establish and impose on mobile home manufacturers, distributors, and dealers such reasonable fees as may be necessary to offset the expenses incurred by him in conducting such inspections, except that this section shall not apply in any State which has in effect a State plan under section 623.

PENALTIES OF INSPECTIONS

SEC. 621. Any person, other than an officer or employee of the United States, or a person exercising inspection functions under a State plan pursuant to section 623, who knowingly and willfully fails to report a violation of any construction or safety standard established under section 604 may be fined up to $1,000 or imprisoned for up to one year or both.

PROHIBITION ON WAIVER OF RIGHTS

SEC. 622. The rights afforded mobile home purchasers under this title may be waived, and any provision of a contract or agreement entered into after the enactment of this title to the contrary shall be void.

STATE JURISDICTION; STATE PLANS

SEC. 623. (a) Nothing in this title shall prevent any State agency or court from asserting jurisdiction under State law over any mobile home construction or safety issue with respect to which no Federal mobile home construction and safety standard has been established pursuant to the provisions of section 604.

(b) Any State which, at any time, desires to assume responsibility for enforcement of mobile home safety and construction standards relating to any issue with respect to which a Federal standard has been established under section 604, shall submit to the Secretary a State plan for enforcement of such standards.

(c) The Secretary shall approve the plan submitted by a State under subsection (b), or any modification thereof, if such plan in his judgment—

(1) designates a State agency or agencies as the agency or agencies responsible for administering the plan throughout the State;

(2) provides for the enforcement of mobile home safety and construction standards promulgated under section 604;

(3) provides for a right of entry and inspection of all factories, warehouses, or establishments in such State in which mobile homes are manufactured and for the review of plans, in a manner which is identical to that provided in section 614;

(4) provides for the imposition of the civil and criminal penalties under section 611;

(5) provides for the notification and correction procedures under section 615;

(6) provides for the payment of inspection fees by manufacturers in amounts adequate to cover the costs of inspections;

(7) contains satisfactory assurances that the State agency or agencies have or will have the legal authority and qualified personnel necessary for the enforcement of such standards;

(8) give satisfactory assurances that such State will devote adequate funds to the administration and enforcement of such standards;

(9) requires manufactures, distributors, and dealers in such State to make reports to the Secretary in the same manner and to the same extent as if the State plan were not in effect;

(10) provides that the State agency or agencies will make such reports to the Secretary in such form and containing such information as the Secretary shall from time to time require; and

(11) complies with such other requirements as the Secretary may by regulation prescribe for the enforcement of this title.

(d) If the Secretary rejects a plan submitted under subsection (b), he shall afford the State submitting the plan due notice and opportunity for a hearing before so doing.

(e) After the Secretary approves a State plan submitted under subsection (b), he may, but shall not be required to, exercise his authority under this title with respect to enforcement of mobile home construction and safety standards in the State involved.

(f) The Secretary shall, on the basis of reports submitted by the designated State agency and his own inspections, make a continuing evaluation of the manner in which each State having a plan approved under this section is carrying out such plan. Such evaluation shall be made by the Secretary at least annually for each State, and the results of such evaluation and the inspection reports on which it is based shall be promptly submitted to the appropriate committees of the Congress. Whenever the Secretary finds, after affording due notice and opportunity for a hearing, that in the administration of the State plan there is a failure to comply substantially with any provision of the State plan or that the State plan has become inadequate, he shall notify the State agency or agencies of his withdrawal of approval of such plan. Upon receipt of such notice by such State agency or agencies such plan shall cease to be in effect, but the State may retain jurisdiction in any case commenced before the withdrawal of the plan in order to enforce mobile home standards under the plan whenever the issues involved do not relate to the reasons for the withdrawal of the plan.

GRANTS TO STATES

SEC. 624. (a) The Secretary is authorized to make grants to the States which have designated a State agency under section 623 to assist them—

(1) in identifying their needs and responsibilities in the area of mobile home construction and safety standards; or

(2) in developing State plans under section 623.

(b) The Governor of each State shall designate the appropriate State agency for receipt of any grant made by the Secretary under this section.

(c) And State agency designed by the Governor of a State desiring a grant under this section shall submit an application therefor to the Secretary. The Secretary shall review and either accept or reject such application.

(d) The Federal share for each State grant under subsection (a) of this section may not exceed 90 per centum of the total cost to the State in identifying its needs and developing its plan. In the event the Federal share for all States under such subsection is not the same, the differences among the States shall be established on the basis of objective criteria.

RULES AND REGULATIONS

SEC. 625. The Secretary is authorized to issue, amend, and revoke such rules and regulations as he deems necessary to carry out this title.

ANNUAL REPORT TO CONGRESS

SEC. 626. (a) The Secretary shall prepare and submit to the President for transmittal to the Congress on March 1 of each year a comprehensive report on the administration of this title for the preceding calendar year. Such report shall include but not be restricted to (1) a thorough statistical compilation of the accidents, injuries, deaths and property losses occurring in or involving mobile homes in such year; (2) a list of Federal mobile home construction and safety standards prescribed or in effect in such year; (3) the level of compliance with all applicable Federal mobile home standards; (4)

a summary of all current research grants and contracts together with a description of the problems to be studied in such research; (5) an analysis and evaluation, including relevant policy recommendations, of research activities completed and technological progress achieved during such year; (6) a statement of enforcement actions including judicial decisions, settlements, defect notifications, and pending litigation commenced during the year; and (7) the extent to which technical information was disseminated to the scientific community and consumer-oriented information was made available to mobile home owners and prospective buyers.

(b) The report required by subsection (a) of this section shall contain such recommendations for additional or revised legislation as the Secretary deems necessary to promote the improvement of mobile home construction and safety and to strengthen the national mobile home program.

(c) In order to assure a continuing and effective national mobile home construction and safety program, it is the policy of Congress to encourage the adoption of State inspection of used mobile homes. Therefore, to that end the Secretary shall conduct a thorough study and investigation to determine the adequacy of mobile home construction and safety standards and mobile home inspection requirements and procedures applicable to used mobile homes in each State, and the effect of programs authorized by this title upon such standards, requirements, and procedures for used mobile homes, and report to Congress as soon as practicable, but nto later than one year after the date of enactment of this Act, the results of such study, and recommendations for such additional legislation as he deems necessary to carry out the purposes of this title. Such report shall also include recommendations by the Secretary relating to the problems of disposal of used mobile homes.

AUTHORIZATION OF APPROPRIATIONS

SEC. 627. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this title.

EFFECTIVE DATE

SEC. 628. The provisions of this title shall take effect upon the expiration of 180 days following the date of enactment of this title.

TITLE VII—CONSUMER HOME MORTGAGE ASSISTANCE

SHORT TITLE

SEC. 701. This title may be cited as the "Consumer Home Mortgage Assistance Act of 1974".

PART A—LENDING AND INVESTMENT POWERS, FEDERAL SAVINGS AND LOAN ASSOCIATIONS

CONSTRUCTION LOANS

SEC. 702. Section 5(c) of the Home Owners' Loan Act of 1933 (12 U.S.C. 1464(c)) is amended by adding at the end thereof the following new paragraph:

"Without regard to any other provision of this subsection, any such association is authorized to invest an amount, not exceeding the greater of (A) the sum of its surplus, undivided profits, and reserves or (B) 3 per centum of its assets, in loans or in interests therein the principal purpose of which is to provide financing with respect to what is or is expected to become primarily residential real estate within one hundred miles of its home office or within the State in which such office is located, where (i) the association relies substantially for repayment on the borrower's general credit standing and forecast of income, with or without other security, or (ii) the association relies on other assurances for repayment, including but not limited to a guaranty or similar obligation of a third party, and, in either case described in clause (i) or (ii), regardless of whether or not the association takes security; and investments under this sentence shall not be included in any percentage of assets or other percentage referred to in this subsection."

SINGLE FAMILY DWELLING LIMITATIONS

SEC. 703. Section 5(c) of the Home Owners' Loan Act of 1933 (12 U.S.C. 1464(c)) is amended by striking out "$45,000" immediately before "for each single family dwelling" and inserting in lieu thereof "$55,000 (except that with respect to dwellings in Alaska, Guam, and Hawaii the foregoing limitation may, by regulation of the Board, be increased by not to exceed 50 per centum)".

LENDING AUTHORITY UNDER THE HOME OWNERS' LOAN ACT

SEC. 704. Section 5(c) of the Home Owners' Loan Act of 1933 (12 U.S.C. 1464(c)), as amended by section 702 of this Act, is amended by adding at the end thereof the following new paragraph:

"Subject to such prohibitions, limitations, and conditions as the Board may prescribe, any such association may invest in loans and advances of credit and interests therein upon the security of or respecting real property or interests therein used for primarily residential purposes (all of which may be defined by the Board) that do not comply with the limitations and restrictions in this subsection, but no investment shall be made by an association under this sentence if its aggregate outstanding investment under this sentence determined as prescribed by the Board, exclusive of any investment which is or at the time of its making was otherwise authorized, would thereupon exceed 5 per centum of its assets.".

AMENDMENT TO THE HOME OWNERS' LOAN ACT OF 1933 CONCERNING PROPERTY IMPROVEMENT LOANS

SEC. 705. The second and third undesignated paragraphs of section 5(c) of the Home Owners' Loan Act of 1933 (12 U.S.C. 1464(c)) are amended by striking out "$5,000" and inserting in lieu thereof "$10,000".

ADVANCES FROM A STATE CHARTERED CENTRAL RESERVE INSTITUTION INCLUDING MORTGAGE FINANCE AGENCIES

SEC. 706. Section 5(c) of the Home Owners' Loan Act of 1933 (12 U.S.C. 1464(c)), as amended by sections 702 and 704 of this Act, is amended by adding at the end thereof the following new paragraph:

"Subject to regulation by the Board but without regard to any other provision of this subsection, any such association whose general reserves, surplus, and undivided profits aggregate a sum in excess of 5 per centum of its withdrawable accounts is authorized to borrow funds from a State mortgage finance agency, of the State in which the head office of such association is situated to the same extent as State law authorizes a savings and loan association organized under the laws of such State to borrow from the State mortgage finance agency, except that such an association may not make any loans of such funds at an interest rate which exceeds by more than 1¾ per centum per annum the interest rate paid to the State mortgage finance agency on the obligations issued to obtain the funds so borrowed.".

PART B—NATIONAL BANKS

REAL ESTATE LOANS BY NATIONAL BANKS

SEC. 711. Section 24 of the Federal Reserve Act (12 U.S.C. 371) is amended to read as follows:

"REAL ESTATE LOANS BY NATIONAL BANKS

"SEC. 24 (a)(1) Any national banking association may make real estate loans, secured by liens upon unimproved real estate, upon improved real estate, including improved farmland and improved business and residential properties, and upon real estate to be improved by a building or buildings to be constructed or in the process of construction, in an amount which when added to the amount unpaid upon prior mortgages, liens, encumbrances, if any, upon such real estate does not exceed the respective proportions of appraised value as provided in this section. A loan secured by real estate within the meaning of this section shall be in the form of an obligation or obligations secured by a mortgage, trust deed, or other instrument, which shall constitute a lien on real estate in fee or, under such rules and regulations as may be prescribed by the Comptroller of the Currency, on a leasehold under a lease which does not expire for at least ten years beyond the maturity date of the loan, and any national banking association may purchase or sell any obligations so secured in whole or in part. The amount of any such loan hereafter made shall not exceed 66⅔ per centum of the appraised value if such real estate is unimproved, 75 per centum of the appraised value if such real estate is improved by offsite improvements such as streets, water, sewers, or other utilities, 75 per centum of the appraised value if such real estate is in the process of being improved by a building or buildings to be constructed or in the process of construction, or 90 per centum of the appraised value if such real estate is improved by a building or buildings. If any such loan exceeds 75 per centum of the appraised value of the real estate or if the real estate is improved with a one- to four-family dwelling, installment payments shall be required which are sufficient to amortize the entire principal of the loan within a period of not more than thirty years.

"(2) The limitations and restrictions set forth in paragraph (1) shall not prevent the renewal or extension of loans heretofore made and shall not apply to real estate loans (A) which are insured under the provisions of the National Housing Act, (B) which are insured by the Secretary of Agriculture pursuant to title I of the Bankhead-Jones Farm Tenant Act, or the Act of August 28, 1937, as amended, or title V of the Housing Act of 1949, as amended, or (C) which are guaranteed by the Secretary of Housing and Urban Development, for the payment of the obligations of which the full faith and credit of the United States is pledged, and such limitations and restrictions shall not apply to real estate loans which are fully guaranteed or insured by a State, or any agency or instrumentality thereof, or by a State authority for the payment of the obligations of which the faith and credit of the State is pledged, if under the terms of the guaranty or insurance agreement the association will be assured of repayment in accordance with the terms of the loan, or to any loan at least 20 per centum of which is guaranteed under chapter 37 of title 38, United States Code.

"(3) Loans which are guaranteed or insured as described in paragraph (2) shall not be taken into account in determining the amount of real estate loans which a national banking association may make in relation to its capital and surplus or its time and savings deposits or in determining the amount of real estate loans secured by other than first liens. Where the collateral for any loan consists partly of real estate security and partly of other security, including a guaranty or endorsement by or an obligation or commitment of a person other than the borrower, only the amount by which the loan exceeds the value as collateral of such other security shall be considered a loan upon the security of real estate, and in no event shall a loan be considered as a real estate loan where there is a valid and binding agreement which is entered into by a financially responsible lender or other party either directly with the association or which is for the benefit of or has been assigned to the association and pursuant to which agreement the lender or other party is required to advance to the association within sixty months from the date of the making of such loan the full amount of the loan to be made by the association upon the security of real estate. Except as otherwise provided, no such association shall make real estate loans in an aggregate sum in excess of the amount of the capital stock of such association paid in and unimpaired plus the amount of its unimpaired surplus fund, or in excess of the amount of its time and savings deposits, whichever is greater: *Provided*, That the amount unpaid upon real estate loans secured by other than first liens, when added to the amount unpaid upon prior mortgages, liens, and encumbrances, shall not exceed in an aggregate sum 20 per centum of the amount of the capital stock of such association paid in and unimpaired plus 20 per centum of the amount of its unimpaired surplus fund.

"(b) Any national banking association may make real estate loans secured by liens upon forest tracts which are properly managed in all respects. Such loans shall be in the form of an obligation or obligations secured by mortgage, trust deed, or other such instrument; and any national banking association may purchase or sell any obligations so secured in whole or in part. The amount of any such loan, when added to the amount unpaid upon prior mortgages, liens, and encumbrances, if any, shall not exceed 66⅔ per centum of the appraised fair market value of the growing timber, lands, and improvements thereon offered as security and the loan shall be made upon such terms and conditions as to assure that at no time shall the loan balance, when added to the amount unpaid upon prior mortgages, liens, and encumbrances, if any, exceed 66⅔ per centum of the original appraised total value of the property then remaining. No such loan shall be made for a longer term than three years; except that any such loan may be made for a term not longer than fifteen years if the loan is secured by an amortized mortgage, deed of trust, or other such instrument under the terms of which the installment payments are sufficient to amortize the principal of the loan within a period of not more than fifteen years and at a rate at least 6⅔ per centum per annum. All such loans secured by liens upon forest tracts shall be included in the permissible aggregate of all real estate loans and, when secured by other than first liens, in the permissible aggregate of all real estate loans secured by other than first liens, prescribed in subsection (a), but no national banking association shall make forest tract loans in an aggregate sum in excess of 50 per centum of its capital stock paid in and unimpaired plus 50 per centum of its unimpaired surplus fund.

"(c) Loans made to finance the construction of a building or buildings and having maturities of not to exceed sixty months where there is a valid and binding agreement entered into by a financially responsible lender or other party to advance the full amount of the bank's loan upon completion of the building or buildings, and loans made to finance the construction of residential or farm buildings and having maturities of not to exceed sixty months, may be considered as real estate loans if the loans qualify under this section, or such loans may be classed as commercial loans whether or not secured by a mortgage or similar lien on the real estate upon which the building or buildings are being constructed, at the option of each national banking association that may have an interest in such loan: *Provided*, That no national banking association shall invest in, or be liable on, any such loans classed as commercial loans under this subsection in an aggregate amount in excess of 100 per centum of its actually paid-in and unimpaired capital plus 100 per centum of its unimpaired surplus fund.

"(d) Notes representing loans made under this section to finance the construction of residential or farm buildings and having maturities of not to exceed nine months shall be eligible for discount as commercial paper within the terms of the second paragraph of section 13 of this Act if accompanied by a valid and binding agreement to advance the full amount of the loan upon the completion of the building entered into by an individual, partnership, association, or corporation acceptable to the discounting bank.

"(e) Loans made to any borrower (i) where the association looks for repayment by relying primarily on the borrower's general credit standing and forecast of income, with or without other security, or (ii) secured by an assignment of rents under a lease, and where, in either case described in clause (i) or (ii) above, the association wishes to take a mortgage, deed of trust, or other instrument upon real estate (whether or not constituting a first lien) as a precaution against contingencies, and loans in which the Small Business Administration cooperates through agreements to participate on an immediate or deferred or guaranteed basis under the Small Business Act, shall not be considered as real estate loans within the meaning of this section but shall be classed as commercial loans.

"(f) Any national banking association may make loans upon the security of real estate that do not comply with the limitations and restrictions in this section, if the total unpaid amount loaned, exclusive of loans which subsequently comply with such limitations and restrictions, does not exceed 10 per centum of the amount that a national banking association may invest in real estate loans. The total unpaid amount so loaned shall be included in the aggregate sum that such association may invest in real estate loans.

"(g) Loans made pursuant to this section shall be subject to such conditions and limitations as the Comptroller of the Currency may prescribe by rule or regulation.".

Part C.—Federal Credit Unions

LENDING AUTHORITY AND DEPOSITORY AUTHORITY

Sec. 721. (a) Paragraph (6) of section 107 of the Federal Credit Union Act (12 U.S.C. 1757(6)) is amended to read as follows:

"(6) to make loans to its own directors and to members of its own supervisory credit committee provided that any such loan or aggregate of loans to one director or committee member which exceeds $2,500 plans pledged shares must be approved by the board of directors, and to permit directors and members of its own supervisory or credit commitee to act as guarantor or endorser of loans to other members, except that when such a loan standing alone or when added to any outstanding loan or loans of the guarantor exceeds $2,500, approved by the board of directors is required;".

(b) Paragraph (9) of such section is amended by inserting immediately before the semicolon at the end thereof the following: ", and for Federal credit unions or credit unions authorized by the Department of Defense operating suboffices on American military installations in foreign countries or trust territories of the United States to maintain demand deposit accounts in banks located in those countries or trust territories, subject to such regulations as may be issued by the Administrator and provided such banks are correspondents of banks described in this paragraph".

FEES

Sec. 722. The first sentence of section 109 of the Federal Credit Union Act (12 U.S.C. 1759) is amended by striking out "the entrance fee" and inserting in lieu thereof "a uniform entrance fee if required by the board of directors".

DIRECTORS

Sec. 723. (a) The third sentence of section 113 of the Federal Credit Union Act (12 U.S.C. 1761b) is amended by inserting ", except that the board may designate a committee of not less than two to act as an investment committee, such investment committee to have charge of making investments under rules and procedures established by the board of directors" immediately after "have charge of investments other than loans to members".

(b) The fourth sentence of such section is amended by striking out "act for it in the purchase and sale of securities, the borrowing of funds, and making of loans to other credit unions" and inserting in lieu thereof "exercise such authority as may be delegated to it subject to such conditions and limitations as may be prescribed by the board".

(c) The fifth sentence of such section is amended by striking out "a membership officer" and inserting in lieu thereof "one or more membership officers".

(d) Such section is amended by adding at the end thereof the following new sentence: "If a membership application is denied, the reasons therefor shall be furnished in writing to the person whose application is denied, upon written request.".

SUPERVISORY COMMITTEES

Sec. 725. Section 115 of the Federal Credit Union Act (12 U.S.C. 1761d) is amended by striking out "a semiannual" and inserting in lieu thereof "an annual".

DIVIDENDS

Sec. 725. (a) The first sentence of section 117 of the Federal Credit Union Act (12 U.S.C. 1763) is amended by striking out "Annually, semiannually, or quarterly, as the bylaws may provide" and inserting in lieu thereof "At such intervals as the board of directors may authorize".

(b) The last sentence of such section is amended by striking out "for a month", and by striking out "which are or become fully paid up during the first ten days of that month" and inserting in lieu thereof "as authorized by the board of directors".

APPLICABILITY

Sec. 726. Section 126 of the Federal Credit Union Act (12 U.S.C. 1772) is amended by inserting immediately after "the several territories" the following: ", including the trust territories,".

DEFINITION OF MEMBERS ACCOUNTS

Sec. 727. Section 202(h) of the Federal Credit Union Act (12 U.S.C. 1782(h)) is amended—

(1) by striking out "and" at the end of paragraph (1);

(2) by striking out the period at the end of paragraph (2) and inserting in lieu thereof ", and"; and

(3) by adding after paragraph (2) the following new paragraph:

"(3) the term 'members accounts' when applied to the premium charge for insurance of the accounts of federally insured credit unions shall not include amounts in excess of the insured account limit set forth in section 207(c)."

TERMINATION

Sec. 728. (a) Section 206(a) of the Federal Credit Union Act (12 U.S.C. 1786(a)) is amended to read as follows:

"(a)(1) Any insured credit union other than a Federal credit union may, upon not less than ninety days' written notice to the Administrator and upon the affirmative vote of a majority of its members within one year prior to the giving of such notice, terminate its status as an insured credit union.

"(2) Any insured credit union, other than a Federal credit union, which has obtained a new certificate of insurance from a corporation authorized and duly licensed to insure member accounts may upon not less than ninety days' written notice to the Administrator convert from status as an insured credit union under this Act: *Provided,* That at the time of giving notice to the Administrator the provisions of paragraph (b)(1) of ths section are not being invoked against the credit union.".

(b) The first sentence of section 206(c) of such Act is amended by inserting "(1)" immediately after "(a)".

(c) Section 206(d) of such Act is amended by inserting "(1)" immediately after "(d)", and by adding at the end thereof the following new paragraphs:

"(2)" No credit union shall convert from status as an insured credit union under this Act as provided under subsection (a)(2) of this section until the proposition for such conversion has been approved by a majority of all the directors of the credit union, and by affirmative vote of a majority of the members of the credit union who vote on the proposition in a vote in which at least 20 per centum of the total membership of the credit union participates. Following approval by the directors, written notice of the proposition and the date set for the membership vote shall be delivered in person to each member, or mailed to each member at the address for such member appearing on the records of the credit union, not more than thirty nor less than seven days prior to such date. The membership shall be given the opportunity to vote by mail ballot. If the proposition is approved by the membership, prompt and reasonable notice of insurance conversion shall be given to all members.

"(3) In the event of a conversion of a credit union from status as an insured credit union under this Act as provided under subsection (a)(2) of this section, premium charges payable under section 202(c) of this Act shall be reduced by an amount proportionate to the number of calendar months for which the converting credit union will no longer be insured under this Act. As long as converting credit union remains insured under this Act, it shall remain subject to all of the provisions of chapter II of this Act.".

LIQUIDATION

SEC. 729. Section 208(a)(1) of the Federal Credit Union Act (12 U.S.C. 1788(a)(1)) is amended to read as follows:

"(1) In order to reopen a closed insured credit union or in order to prevent the closing of an insured credit union which the Administrator has determined is in danger of closing or in order to assist in the voluntary liquidation of a solvent credit union, the Administrator, in his discretion, is authorized to make loans to, or purchase the assets of, or establish accounts in such insured credit union upon such terms and conditions as he may prescribe. Except with respect to the voluntary liquidation of a solvent credit union, such loans shall be made and such accounts shall be established only when in the opinion of the Administrator, such action is necessary to protect the fund or the interests of the members of the credit union."

TITLE VIII—MISCELLANEOUS

NATIONAL HOUSING GOAL

SEC. 801. Title XVI of the Housing and Urban Development Act of 1968 is amended—

(1) by inserting "(a)" before "The Congress" in the first sentence of section 1601:

(2) by adding at the end of section 1601 the following new subsections:

"(b) The Congress further finds that policies designed to contribute to the achievement of the national housing goal have not directed sufficient attention and resources to the preservation of existing housing and neighborhoods, that the deterioration and abandonment of housing for the Nation's lower income families has accelerated over the last decade, and that this acceleration has contributed to neighborhood disintegration and has partially negated the progress toward achieving the national housing goal which has been made primarily through new housing construction.

"(c) The Congress declares that if the national housing goal is to be achieved, a greater effort must be made to encourage the preservation of existing housing and neighborhoods through such measures as housing preservation, moderate rehabilitation, and improvements in housing management and maintenance, in conjunction with the provision of adequate municipal services. Such an effort should concentrate, to a greater extent than it has in the past, on housing and neighborhoods where deterioration is evident but has not yet become acute."; and

(3) by redesignating clauses (3) through (6) of section 1603 as clauses (4) through (7), respectively, and by inserting after clause (2) the following new clause:

"(3) provide an assessment of developments and progress during the preceding fiscal year with respect to the preservation of deteriorating housing and neighborhoods and indicate the efforts to be undertaken in future years to encourage such action;".

STATE HOUSING FINANCE AND DEVELOPMENT AGENCIES

SEC. 802. (a) It is the purpose of this section to encourage the formation and effective operation of State housing finance agencies and State development agencies which have authority to finance, to assist in carrying out, or to carry out activities designed to (1) provide housing and related facilities through land acquisition, construction, or rehabilitation, for persons and families of low, moderate, and middle income, (2) promote the sound growth and development of neighborhoods through the revitalization of slum and blighted areas, (3) increase and improve employment opportunities for the unemployed and underemployed through the development and redevelopment of industrial, manufacturing, and commercial facilities, or (4) implement the development aspects of State land use and preservation policies, including the advance acquisition of land where it is consistent with such policies. The Secretary of Housing and Urban Development shall encourage maximum participation by private and nonprofit developers in activities assisted under this section.

(b)(1) A State housing finance or State development agency is eligible for assistance under this section only if the Secretary determines that it is fully empowered and has adequate authority to at least carry out or assist in carrying out the purposes specified in clause (1) of subsection (a).

(2) For the purpose of this section—

(A) the term "State housing finance or State development agency" means any public body or agency, publicly sponsored corporation, or instrumentality of one or more States which is designated by the Governor (or Governors in the case of an interstate development agency) for purposes of this section;

(B) the term "State" means any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, or any territory or possession of the United States; and

(C) the term "Secretary" means the Secretary of Housing and Urban Development.

(c)(1) The Secretary is authorized to guarantee, and enter into commitments to guarantee, the bonds, debentures, notes, and other obligations issued by State housing finance or State development agencies to finance development activities as determined by him to be in furtherance of the purpose of clause (1) or (2) of subsection (a), except that obligations issued to finance activities solely in furtherance of the purpose of clause (1) of subsection (a) may be guaranteed only if the activities are in connection with the revitalization of slum or blighted areas under title I of this Act or under any other program determined to be acceptable by the Secretary for this purpose.

(2) The Secretary is authorized to make, and to contract to make, grants to or on behalf of a State housing finance or State development agency to cover not to exceed 33⅓ per centum of the interest payable on bonds, debentures, notes, and other obligations issued by such agency to finance development activities in furtherance of the purposes of this section.

(3) No obligation shall be guaranteed or otherwise assisted under this section unless the interest income thereon is subject to Federal taxation as provided in subsection (h)(2), except that use of guarantees provided for in this subsection shall not be made a condition to nor preclude receipt of any other Federal assistance.

(4) The full faith and credit of the United States is pledged to the payment of all guarantees made under this section with respect to principal, interest, and any redemption premiums. Any such guarantee made by the Secretary shall be conclusive evidence of the eligibility of the obligation involved for such guarantee, and the validity of any guarantee so made shall be incontestable in the hands of a holder of the guaranteed obligation.

(5) The Secretary is authorized to establish and collect such fees and charges for and in connection with guarantees made under this section as he considers reasonable.

(6) There are authorized to be appropriated such sums as may be necessary to make payments as provided for, in contracts entered into by the Secretary under paragraph (2) of this subsection, and payments pursuant to such contracts shall not exceed $50,000,000 per annum prior to July 1, 1975, which maximum dollar amount shall be increased by $60,000,000 on July 1, 1975. The aggregate principal amount of the obligations which may be guaranteed under this section and outstanding at any one time shall not exceed $500,000,000.

(d) The Secretary shall take such steps as he considers reasonable to assure that bonds, debentures, notes, and other obligations which are guaranteed under subsection (c) will—

(1) be issued only to investors approved by, or meeting requirements prescribed by, the Secretary, or, if an offering to the public is contemplated, be underwritten upon terms and conditions approved by the Secretary;

(2) bear interest at a rate satisfactory to the Secretary;

(3) contain or be subject to repayment, maturity, and other provisions satisfactory to the Secretary; and

(4) contain or be subject to provisions with respect to the protection of the security interests of the United States, including any provisions deemed appropriate by the Secretary relating to subrogation, liens, and releases of liens, payment of taxes, cost certification procedures, escrow or trusteeship requirements, or other matters.

(e)(1) The Secretary is authorized to establish a revolving fund to provide for the timely payment of any liabilities incurred as a result of guarantees under subsection (c) and for the payment of obligations issued to the Secretary of the Treasury under paragraph (2) of this subsection. Such revolving fund shall be comprised of (A) receipts from fees and charges; (B) recoveries under security, subrogation, and other rights; (C) repayments, interest income, and any other receipts obtained in connection with guarantees made under subsection (c); (D) proceeds of the obligations issued to the

Secretary of the Treasury pursuant to paragraph (2) of this subsection; and (E) such sums, which are hereby authorized to be appropriated, as may be required for such purposes. Money in the revolving fund not currently needed for the purpose of this section shall be kept on hand or on deposit, or invested in obligations of the United States or guaranteed thereby, or in obligations, participations, or other instruments which are lawful investments for fiduciary, trust, or public funds.

(2) The Secretary may issue obligations to the Secretary of the Treasury in an amount sufficient to enable the Secretary to carry out his functions with respect to the guarantees authorized by subsection (c). The obligations issued under this paragraph shall have such maturities and bear such rate or rates of interest as shall be determined by the Secretary of the Treasury. The Secretary of the Treasury is authorized and directed to purchase any obligations so issued, and for that purpose he is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, and the purposes for which securities may be issued under that Act are extended to include purchases of the obligations hereunder.

(3) Notwithstanding any other provision of law relating to the acquisition, handling, improvement, or disposal of real and other property by the United States, the Secretary shall have power, for the protection of the interests of the fund authorized under this subsection, to pay out of such fund all expenses or charges in connection with the acquisition, handling, improvement, or disposal any property, real or personal, acquired by him as a result of recoveries under security, subrogation, or other rights.

(f) The Secretary is authorized to provide, either directly or by contract or other arrangements, technical assistance to State housing finance or State development agencies to assist them in connection with planning and carrying out development activities in furtherance of the purpose of this section.

(g) All laborers and mechanics employed by contractors or subcontractors in housing or development activities assisted under this section shall be paid wages at rates not less than those prevailing on similar work in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a–276a–5): *Provided*, That this section shall apply to the construction of residential property only if such property is designed for residential use of eight or more families. No assistance shall be extended under this section with respect to any development activities without first obtaining adequate assurance that these labor standards will be maintained upon the work involved in such activities. The Secretary of Labor shall have, with respect to the labor standards specified in this subsection, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (64 Stat. 1267), and section 2 of the Act of June 13, 1934 (40 U.S.C. 276c).

(h) (1) In the performance of and with respect to, the functions, powers, and duties rested in him by this section, the Secretary, in addition to any authority otherwise rested to him, shall—

(A) have the power, notwithstanding any other provision of law, in connection with any guarantee under this section, whether before or after default, to provide by contract for the extinguishment upon default any redemption, equitable, legal, or other right, title, or interest of a State housing finance or State development agency in any mortgage, deed, trust, or other instrument held by or on behalf of the Secretary for the protection of the security interests of the United States; and

(B) have the power to foreclose on any property or commence any action to protect or enforce any right conferred upon him by law, contract, or other agreement, and bid for and purchase at any foreclosure or other sale any property in connection with which he has provided a guarantee pursuant to this section. In the event of any such acquisition, the Secretary may, notwithstanding any other provision of law relating to the acquisition, handling, or disposal of real property by the United States, complete, administer, remodel and convert, dispose of, lease, and otherwise deal with, such property. Notwithstanding any other provision of law, the Secretary shall also have power to pursure to final collection by way of compromise or otherwise all claims acquired by him in connection with any security, subrogation, or other rights obtained by him in administering this section.

(2) With respect to any obligation issued by a State housing finance or State development agency for which the issuer has elected to receive the benefits of the assistance provided under this section, the interest paid on such obligation and received by the purchaser thereof (or his successor in interest) shall be included in gross income for the purposes of chapter 1 of the Internal Revenue Code of 54.

(1) (1) Section 24(a) (2) of the Federal Reserve Act (as amended by section 711 of this Act) is amended by inserting the following before the period at the end thereof: ", or to obligations guaranteed under section 802 of the Housing and Community Development Act of 1974".

(2) The twelfth paragraph of section 5(c) of the Homeowners' Loan Act of 1933 is amended by adding in the last sentence immediately after the words "or under part B of the Urban Growth and New Community Development Act of 1970" the following: "or under section 802 of the Housing and Community Development Act of 1974".

NEW COMMUNITY PROGRAM AMENDMENTS

SEC. 803. (a) (1) Part B of title VII of the Housing and Urban Development Act of 1970 is amended by striking out "Community Development Corporation" wherever it appears and inserting in lieu thereof "New Community Development Corporation".

(2) The heading of section 729 of such Act is amended by inserting "new" before "community".

(b) Section 729(b) of such Act is amended—

(1) by striking out "five members" in the matter preceding paragraph (1) and inserting in lieu thereof 'seven members"; and

(2) by striking out "three persons" in paragraph (3) and inserting in lieu thereof "five persons".

(c) The last sentence of section 713(a) of such Act is amended by striking out "in amounts" and all that follows and inserting in lieu thereof "in amounts equal to 30 per centum of the interest paid on such obligations."

(d) Section 718(c) of such Act is amended by inserting before the period at the end thereof the following: ", or a project or portion of a project consisting of the purchase, renovation, or construction of facilities, the purchase of land, or the acquisition of equipment or works of art assisted by contracts or grants under section 5 of the National Foundation on the Arts and the Humanities Act of 1965".

(c) Section 711(f) of such Act is amended—

(1) by striking out "sewage disposal" in the first and second sentences and inserting in lieu thereof "sewage or waste disposal";

(2) by inserting "community or neighborhood central heating or air-conditioning systems," after "storm drainage facilities," in the first sentence; and

(3) by inserting ", a communiy or neighborhood central heating or air-conditioning system," after "disposal installation" in the second sentence.

EXPANSION OF EXPERIMENTAL HOUSING ALLOWANCE PROGRAM

SEC. 804. Section 504 of the Housing and Urban Development Act of 1970 is amended to read as follows:

"HOUSING ALLOWANCES

"SEC. 504. (a) The Secretary is authorized to undertake on an experimental basis programs to demonstrate the feasibility of providing housing allowance payments to assist families in meeting rental or homeownership expenses.

"(b) For the purpose of carrying out this section, the Secretary is authorized to make, and to contract to make, housing allowance payments to or on behalf of participating families. No housing allowance payments shall be made after July 1, 1985. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this section, including such sums as may be necessary to make payments as provided for in contracts entered into under this section and such sums as may be necessary to cover administrative costs. The aggregate amount of contracts to make housing allowance payments shall not exceed amounts approved in appropriation Acts, and payments pursuant to such contracts shall not exceed $40,000,000 per annum. After January 1, 1975, the Secretary shall not enter into contracts under the United States Housing Act of 1937 to carry out the purposes of this section. The Secretary may contract with public or private agencies for the performance of administrative functions in connection with the programs authorized by this section.

"(c) The Secretary shall report to the Congress on his findings pursuant to this section not later than eighteen months after the enactment of the Housing and Community Development Act of 1974."

FEDERAL HOME LOAN MORTGAGE CORPORATION AMENDMENTS

SEC. 805. (a) Section 305(a) (1) of the Federal Home Loan Mortgage Corporation Act is amended—

(1) by striking out ", and to hold" and inserting in lieu thereof the following: ". The Corporation may hold"; and

(2) by striking out the period after "therein" and inserting in lieu thereof the following: ", and the servicing on any such mortgage may be performed by the seller or by a financial institution qualified as a seller under the provisions of the preceding sentence, or by a mortgagee approved by the Secretary of Housing and Urban Development for participation in any mortgage insurance program under the National Housing Act, with which institution or mortgagee the seller may contract."

(b) Section 305(a) (2) of such Act is amended—

(1) by striking out "75 per centum" each place it appears in the first sentence and inserting in lieu thereof "80 per centum";

(2) by striking out "private" in clause (C) of the first sentence;

(3 by striking out "10 per centum" in the third sentence and inserting in lieu thereof "20 per centum"; and

(4) by striking out "which are comparable to the limitations which would be applicable if the mortgage were insured by the Secre- der section 203(b) or 207 of the National tary of Housing and Urban Development un- Housing Act" in the fourth sentence and inserting in lieu thereof the following: ", but such limitations shall not exceed the limitations contained in the first proviso to the first sentence of section 5(c) of the Home Owners' Loan Act of 1933".

(c) (1) Section 5136 of the Revised Statutes is amended by inserting immediately after "Government National Mortgage Association" in paragraph Seventh thereof the following: ", or mortgages, obligations, or other securities which are or ever have been sold by the Federal Home Loan Mortgage Corporation pursuant to section 305 or section 306 of the Federal Home Loan Mortgage Corporation Act".

(2) Section 11(h) of the Federal Home Loan Bank Act is amended by inserting immediately after "Government National Mortgage Association" the following: ", in mortgages, obligations, or other securities which are or ever have been sold by the Federal Home Loan Mortgage Corporation pursuant to section 305 or section 306 of the Federal Home Loan Mortgage Corporation Act".

(3) Section 16 of the Federal Home Loan Bank Act is amended by inserting immediately after "Government National Mortgage Association" the following: ", in mortgages, obligations or other securities which are or ever have been sold by the Federal Home Loan Mortgage Corporation pursuant to section 305 or section 306 of the Federal Home Loan Mortgage Corporation Act".

(4) Section 5(c) of the Home Owners' Loan Act of 1933 is amended by inserting immediately after "Federal Home Loan Bank" in the first paragraph the following: ", or in mortgages, obligations, or other securities which are or ever have been sold by the Federal Home Loan Mortgage Corporation pursuant to section 305 or 306 of the Federal Home Loan Mortgage Corporation Act".

(5) Section 107(8)(E) of the Federal Credit Union Act is amended by inserting immediately after "Government National Mortgage Association" the following: "; or in mortgages, obligations, or other securities which are or ever have been sold by the Federal Home Loan Mortgage Corporation pursuant to section 305 or section 306 of the Federal Home Loan Mortgage Corporation Act;".

FEDERAL NATIONAL MORTGAGE ASSOCIATION AMENDMENTS

SEC. 208. (a) Section 302(a)(2) of the National Housing Act is amended—

(1) by striking out "the effective date established pursuant to section 808 of the Housing and Urban Development Act of 1968" in the matter preceding subparagraph (A) and inserting in lieu thereof "September 1, 1968"; and

(2) by striking out "effective" in subparagraphs (A) and (B).

(b) The third sentence of section 302(a)(2)(B) of such Act is amended—

(1) by inserting "or the metropolitan area thereof" immediately after "District of Columbia";

(2) by inserting "jurisdiction and" immediately before "venue"; and

(3) by striking out "resident thereof" and inserting in lieu thereof "District of Columbia corporation".

(c) Section 302(b)(2) of such Act is amended by striking out "75 per centum" each place it appears and inserting in lieu thereof "80 per centum."

(d) Clause (C) of the second sentence of section 302(b)(2) of such Act is amended by striking out "private".

(e) The fourth sentence of section 302(b)(2) of such Act is amended by striking out "10 per centum" and inserting in lieu thereof "20 per centum".

(f) The last sentence of section 302(b)(2) of such Act is amended by striking out "which are comparable to the limitations which would be applicable if the mortgage were insured by the Secretary of Housing and Urban Development under section 203(b) or 207 of the National Housing Act" and inserting in lieu thereof the following: ", but such limitations shall not exceed the limitations contained in the first proviso of the first sentence of section 5(c) of the Home Owners' Loan Act of 1933".

(g) Section 303(a) of such Act is amended—

(1) by striking out all of the first sentence which follows "directors" and inserting in lieu thereof a period; and

(2) by striking out everything after the second sentence.

(h) Section 303(c) of such Act is amended—

(1) by striking out "the effective date established pursuant to section 808 of the Housing and Urban Development Act of 1968" in the fourth sentence and inserting in lieu thereof "September 1, 1968,"; and

(2) by striking out the proviso in the last sentence.

(i) Subsections (d) and (e) of section 303 of such Act are repealed.

(j) The last sentence of section 304(a)(1) of such Act is amended by striking out "section 502 of the Emergency Home Finance Act of 1970" and inserting in lieu thereof "section 243 of the National Housing Act".

(k) Except with respect to any person receiving an annuity on the date of the enactment of this Act, section 309(d)(2) of such Act is amended—

(1) by striking out "the termination of the transitional period referred to in section 810(b) of the Housing and Urban Development Act of 1968" and inserting in lieu thereof "January 31, 1972,";

(2) by inserting "positions listed" immediately before "in section 5312"; and

(3) by inserting before the period at the end of the next to last sentence the following: ": Provided, That with respect to any person whose employment is made subject to the civil service retirement law by section 806 of the Housing and Community Development Act of 1974, there shall not be considered for the purposes of such law that portion of his basic pay in any one year which exceeds the basic pay provided for positions listed in section 5316 of such title 5 on the last day of such year".

(l) Subsections (b) and (c) of section 810 of the Housing and Urban Development Act of 1968 are repealed.

LIMITATION ON DOLLAR AMOUNT OF GNMA-PURCHASED MORTGAGES

SEC. 807. Clause (3) of the proviso in the first sentence of section 302(b)(1) of the National Housing Act is amended by striking out "$22,000" and inserting in lieu thereof the following: "$33,000 (or such higher amount not in excess of $38,000 as the Secretary may by regulation specify in any geographical area where he finds that cost levels so require)".

PROHIBITION AGAINST DISCRIMINATION ON ACCOUNT OF SEX IN EXTENSION OF MORTGAGE ASSISTANCE; FAIR HOUSING

SEC. 808. (a) Title V of the National Housing Act is (as amended by sections 301 and 305 of this Act) is amended by adding at the end thereof the following new section:

"PROHIBITION AGAINST DISCRIMINATION ON ACCOUNT OF SEX IN EXTENSION OF MORTGAGE ASSISTANCE

"SEC. 527. No federally related mortgage loan, or Federal insurance, guaranty, or other assistance in connection therewith (under this or any other Act), shall be denied to any person on account of sex; and every person engaged in making mortgage loans secured by residential real property shall consider without prejudice the combined income of both husband and wife for the purpose of extending mortgage credit in the form of a federally related mortgage loan to a married couple or either member thereof.

"(b) For purposes of subsection (a), the term 'federally related mortgage loan' means any loan which—

"(1) is secured by residential real property designed principally for the occupancy of from one to four families; and

"(2)(A) is made in whole or in part by any lender the deposits or accounts of which are insured by any agency of the Federal Government, or is made in whole or in part by any lender which is itself regulated by any agency of the Federal Government; or

"(B) is made in whole or in part, or insured, guaranteed, supplemented, or assisted in any way, by the Secretary of Housing and Urban Development or any other officer or agency of the Federal Government or under or in connection with a housing or urban development program administered by the Secretary of Housing and Urban Development or a housing or related program administered by any other such officer or agency; or

"(C) is eligible for purchase by the Federal National Mortgage Association, the Government National Mortgage Association, or the Federal Home Loan Mortgage Corporation, or from any financial institution from which it could be purchased by the Federal Home Loan Mortgage Corporation; or

"(D) is made in whole or in part by any 'creditor', as defined in section 103(f) of the Consumer Credit Protection Act of 1968 (15 U.S.C. 1602(f)), who makes or invests in residential real estate loans aggregating more than $1,000,000 per year."

(b)(1) Subsections (a), (b), (c), (d), and (e) of section 804 of the Act entitled "An Act to prescribe penalties for certain acts of violence or intimidation, and for other purposes", approved April 11, 1968 (42 U.S.C. 3604), are amended by inserting a comma and the word "sex" immediately after the word "religion" each time it appears.

(2) Section 805 of such Act is amended by inserting a comma and the word "sex" immediately after the word "religion".

(3) Section 806 of such Act is amended by inserting a comma and the word "sex" immediately after the word "religion".

(4) Subsection (a), paragraph (1) of subsection (b), and subsection (c) of section 901 of such Act are amended by inserting a comma and the word "sex" immediately after the word "religion" each time it appears.

NATIONAL INSTITUTE OF BUILDING SCIENCES

SEC. 809. (a)(1) The Congress finds (A) that the lack of an authoritative national source to make findings and to advise both the public and private sectors of the economy with respect to the use of building science and technology in achieving nationally acceptable standards and other technical provision for use in Federal, State, and local housing and building regulations is an obstacle to efforts by and imposes severe burdens upon all those who procure, design, construct, use, operate, maintain, and retire physical facilities, and frequently results in the failure to take full advantage of new and useful developments in technology which could improve our living environment; (B) that the establishment of model building codes or of a single national building code will not completely resolve the problem because of the difficulty at all levels of government in updating their housing and building regulations to reflect new developments in technology, as well as the irregularities and inconsistencies which arise in applying such requirements to particular localities or special local conditions; (C) that the lack of uniform housing and building regulatory provisions increases the costs of construction and thereby reduces the amount of housing and other community facilities which can be provided; and (D) that the existence of a single authoritative nationally recognized institution to provide for the evaluation of new technology could facilitate introduction of such innovations and their acceptance at the Federal, State, and local levels.

(2) The Congress further finds, however, that while an authoritative source of technical findings is needed, various private organizations and institutions, private industry, labor, and Federal and other governmental agencies and entities are presently engaged in building reesarch, technology de-

velopment, testing, and evaluation, standards and model code development and promulgation, and information dissemination. These existing activities should be encouraged and these capabilities effectively utilized wherever possible and appropriate to the purposes of this section.

(3) The Congress declares that an authoritative nongovernmental instrument needs to be created to address the problems and issues described in paragraph (1), that the creation of such an instrument should be initiated by the Government, with the advice and assistance of the National Academy of Sciences-National Academy of Engineering-National Research Council (hereinafter referred to as the "Academies-Research Council") and of the various sectors of the building community, including labor and management, technical experts in building science and technology, and the various levels of government.

(b)(1) There is authorized to be established, for the purposes described in subsection (a)(3), an appropriate nonprofit, nongovernmental instrument to be known as the National Institute of Building Sciences (hereinafter referred to as the "Institute"), which shall not be an agency or establishment of the United States Government. The Institute shall be subject to the provisions of this section and, to the extent consistent with this section, to a charter of the Congress if such a charter is requested and issued or to the District of Columbia Nonprofit Corporation Act if that is deemed preferable.

(2) The Academies-Research Council, along with other agencies and organizations which are knowledgeable in the field of building technology, shall advise and assist in (A) the establishment of the Institute; (B) the development of an organizational framework to encourage and provide for the maximum feasible participation of public and private scientific, technical, and financial organizations, institutions, and agencies now engaged in activities pertinent to the development, promulgation, and maintenance of performance criteria, standards, and other technical provisions for building codes and other regulations; and (C) the promulgation of appropriate organizational rules and procedures including those for the selection and operation of a technical staff, such rules and procedures to be based upon the primary object of promoting the public interest and insuring that the widest possible variety of interests and experience essential to the functions of the Institute are represented in the Institute's operations. Recommendations of the Academies-Research Council shall be used upon consultations with and recommendations from various private organizations and institutions, labor, private industry, and governmental agencies entities operating in the field, and the Consultative Council as provided for under subsection (c)(8).

(3) Nothing in this section shall be construed as expressing the intent of the Congress that the Academies-Research Council itself be required to assume any function or operation rested in the Institute by or under this section.

(c)(1) The Institute shall have a Board of Directors (hereinafter referred to as the "Board") consisting of not less than fifteen nor more than twenty-one members, appointed by the President of the United States by and with the advice and consent of the Senate. The Board shall be representative of the various segments of the building community, of the various regions of the country, and of the consumers who are or would be affected by actions taken in the exercise of the functions and responsibilities of the Institute, and shall include (A) representatives of the construction industry, including representatives of construction labor organizations, product manufacturers, and builders, housing management experts, and experts in building standards, codes, and fire safety, and (B) members representative of the public interest in such numbers as may be necessary to assure that a majority of the members of the Board represent the public interest and that there is adequate consideration by the Institute of consumer interests in the exercise of its functions and responsibilities. Those representing the public interest on the Board shall include architects, professional engineers, officials of Federal, State, and local agencies, and representatives of consumer organizations. Such members of the Board shall hold no financial interest or membership in, nor be employed by, or receive other compensation from, any company, association, or other group associated with the manufacture, distribution, installation, or maintenance of specialized building products, equipment, systems, subsystems, or other construction materials and techniques for which there are available substitutes.

(2) The members of the initial Board shall serve as incorporators and shall take whatever actions are necessary to establish the Institute as provided for under subsection (b)(1).

(3) The term of office of each member of the initial and succeeding Boards shall be three years; except that (A) any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term; and (B) the terms of office of members first taking office shall begin on the date of incorporation and shall expire, as designated at the time of their appointment, one-third at the end of one year, one-third at the end of two years, and one-third at the end of three years. No member shall be eligible to serve in excess of three consecutive terms of three years each. Notwithstanding the preceding provisions of this subsection, a member whose term has expired may serve until his successor has qualified.

(4) Any vacancy in the initial and succeeding Boards shall not affect its power, but shall be filled in the manner in which the original appointments were made, or, after the first five years of operation, as provided for by the organizational rules and procedures of the Institute.

(5) The President shall designate one of the members appointed to the initial Board as Chairman; thereafter, the members of the initial and succeeding Boards shall annually elect one of their number as Chairman. The members of the Board shall also elect one or more of their Members as Vice Chairman. Terms of the Chairman and Vice Chairman shall be for one year and no individual shall serve as Chairman or Vice Chairman for more than two consecutive terms.

(6) The members of the initial or succeeding Boards shall not, by reason of such membership, be deemed to be employees of the United States Government. They shall, while attending meetings of the Board or while engaged in duties related to such meetings or in other activities of the Board pursuant to this section, be entitled to receive compensation at the rate of $100 per day including traveltime, and while away from their homes or regular places of business they may be allowed travel expenses, including per diem in lieu of subsistence, equal to that authorized under section 5703 of title 5, United States Code, for persons in the Government service employed intermittently.

(7) The Institute shall have a president and such other executive officers and employees as may be appointed by the Board at rates of compensation fixed by the Board. No such executive officer or employee may receive any salary or other compensation from any source other than the Institute during the period of his employment by the Institute.

(8) The Institute shall establish, with the advice and assistance of the Academies-Research Council and other agencies and organizations which are knowledgeable in the field of building technology, a Consultative Council, membership in which shall be available to representatives of all appropriate private trade, professional, and labor organizations, private and public standards, code, and testing bodies, public regulatory agencies, and consumer groups, so as to insure a direct line of communication between such groups and the Institute and a vehicle for representative hearings on matters before the Institute.

(d)(1) The Institute shall have no power to issue any shares of stock, or to declare or pay any dividends.

(2) No part of the income or assets of the Institute shall inure to the benefit of any director, officer, employee or other individual except as salary or reasonable compensation for services.

(3) The Institute shall not contribute to or otherwise support any political party or candidate for elective public office.

(e)(1) The Institute shall exercise its functions and responsibilities in four general areas, relating to building regulations, as follows:

(A) Development, promulgation, and maintenance of nationally recognized performance criteria, standards, and other technical provisions for maintenance of life, safety, health, and public welfare suitable for adoption by building regulating jurisdictions and agencies, including test methods and other evaluative techniques relating to building systems, subsystems, components, products, and materials with due regard for consumer problems.

(B) Evaluation and prequalification of existing and new building technology in accordance with subparagraph (A).

(C) Conduct of needed investigations in direct support of subparagraphs (A) and (B).

(D) Assembly, storage, and dissemination of technical data and other information directly related to subparagraphs (A), (B), and (C).

(2) The Institute in exercising its functions and responsibilities described in paragraph (1) shall assign and delegate, to the maximum extent possible, responsibility for conducting each of the needed activities described in paragraph (1) to one or more of the private organizations, institutions, agencies, and Federal and other governmental entities with a capacity to exercise or contribute to the exercise of such responsibility, monitor the performance achieved through assignment and delegation, and, when deemed necessary, reassign and delegate such responsibility.

(3) The Institute in exercising its functions and responsibilities under paragraphs (1) and (2) shall (A) give particular attention to the development of methods for encouraging all sectors of the economy to cooperate with the Institute and to accept and use its technical findings and to accept and use the nationally recognized performance criteria, standards, and other technical provisions developed for use in Federal, State, and local building codes and other regulations which result from the program of the Institute; (B) seek to assure that its actions are coordinated with related requirements which are imposed in connection with community and environmental development generally; and (C) consult with the Department of Justice and other agencies of government to the extent necessary to insure that the national interest is protected and promoted in the exercise of its functions and responsibilities.

(f)(1) The Institute is authorized to accept contracts and grants from Federal, State, and local governmental agencies and other entities, and grants and donations from private organizations, institutions, and individuals.

(2) The Institute may, in accordance with rates and schedules established with guidance as provided under subsection (b)(2), establish fees and other charges for services provided by the Institute or under its authorization.

(3) Amounts received by the Institute under this section shall be in addition to any amounts which may be appropriated to provide its initial operating capital under subsection (h).

(g)(1) Every department, agency, and establishment of the Federal Government, in carrying out any building or construction, or any building- or construction-related programs, which involves direct expenditures, and in developing technical requirements for any such building or construction, shall be encouraged to accept the technical findings of the Institute, or any nationally recognized performance criteria, standards, and other technical provisions for building regulations brought about by the Institute, which may be applicable.

(2) All projects and programs involving Federal assistance in the form of loans, grants, guarantees, insurance, or technical aid, or in any other form, shall be encouraged to accept, use, and comply with any of the technical findings of the Institute, or any nationally recognized performance criteria, standards, and other technical provisions for building codes and other regulations brought about by the Institute, which may be applicable to the purposes for which the assistance is to be used.

(3) Every department, agency, and establishment of the Federal Government having responsibility for building or construction, or for building or construction-related programs, is authorized and encouraged to request authorization and appropriations for grants to the Institute for its general support, and is authorized to contract with and accept contracts from the Institute for specific services where deemed appropriate by the responsible Federal official involved.

(4) The Institute shall establish and carry on a specific and continuing program of cooperation with the States and their political subdivisions designed to encourage their acceptance and its technical findings and of nationally recognized performance criteria, standards, and other technical provisions for building regulations brought about by the Institute. Such program shall include (A) efforts to encourage any changes in existing State and local law to utilize or embody such findings and regulatory provisions; and (B) assistance to States in the development of inservice training programs for building officials, and in the establishment of fully staffed and qualified State technical agencies to advise local official on questions of technical interpretation.

(h) There is authorized to be appropriated to the Institute not to exceed $5,000,000 for the fiscal year 1975, and $5,000,000 for the fiscal year 1976 (with each appropriation to be available until expended), to provide the Institute with initial capital adequate for the exercise of its functions and responsibilities during such years; and thereafter the means described in subsection (f).

(i) The Institute shall submit an annual report for the preceding fiscal year to the President for transmittal to the Congress within sixty days of its receipt. The report shall include a comprehensive and detailed report of the Institute's operations, activities, financial condition, and accomplishments under this section and may include such recommendations as the Institute deems appropriate.

URBAN HOMESTEADING

SEC. 810. (a) Notwithstanding any other provision of law, the Secretary of Housing and Urban Development (hereinafter referred to as the "Secretary") is authorized to transfer without payment to a unit of general local government or a State, or a public agency designated by a unit of general local government or a State, any real property—

(1) which is improved by a one- to four-family residence;

(2) to which the Secretary holds title;

(3) which is not occupied;

(4) which is requested by such unit, State, or agency for use in an urban homestead program; and

(5) which the Secretary determines is suitable for use in an urban homestead program which meets the requirements of subsection (b). In determining the suitability of such property for use in an urban homestead program, the Secretary shall consider—

(A) the difficulties and delays which would be involved in the sale of the property;

(B) the value of any repairs and improvements required by the program;

(C) the benefits to the community and the reduced administrative costs to the Federal Government which would accrue from the expedited occupancy of the unoccupied property; and

(D) the possible financial loss to the Federal Government which may result from the transfer of the property without payment.

(b) For the purposes of subsections (a) and (c), the Secretary shall approve an urban homestead program carried out by a unit of general local government or a State or a public agency designated by a unit of general local government or a State, which provides for—

(1) the conditional conveyance of unoccupied residential property by the responsible administrative entity to an individual or a family without any substantial consideration;

(2) an equitable procedure for selecting the recipients of the unoccupied residential property, giving special consideration to the recipients' need for housing and capacity to make or cause to be made the repairs and improvements required under paragraph (3)(C) of this subsection;

(3) an agreement whereby the individual or family to whom such property is conveyed agrees to—

(A) occupy such property as a principal residence for a period of not less than three years;

(B) make repairs required to meet minimum health and safety standards for occupancy prior to occupying the property;

(C) make such repairs and improvements to the property as may be necessary to meet applicable local standards for decent, safe, and sanitary housing within eighteen months after occupying the property; and

(D) permit reasonable periodic inspections at reasonable times by employees of the unit of general local government or State or the public agency designated by the unit of general local government or State for the purpose of determining compliance with the agreement;

(4) the relocation of such conveyance upon any material breach of the agreement referred to in paragraph (3);

(5) the conveyance from the unit of general local government or State or the public agency designated by the unit of general local government or State of fee simple title to such property without consideration upon compliance with the agreement; and

(6) a coordinated approach toward neighborhood improvement through the homestead program and the upgrading of community services and facilities.

The Secretary may approve such other programs as he determines to reasonably fulfill these criteria.

(c) The Secretary is authorized to enter into agreements with units of general local government or States or public agencies designated by units of general local government or State to provide technical assistance for the administration of urban homestead programs which meet the requirements of subsection (b) and to individuals and families who are participants in such programs.

(d) The Secretary is authorized to issue such rules and regulations as may be necessary to carry out his functions under this section.

(e) The Secretary shall conduct a continuing evaluation of programs carried out pursuant to this section and, beginning with the third year commencing after the date of enactment of this section, shall transmit to the Congress an annual report containing a summary of his evaluation of such programs and his recommendations for future conduct of such programs.

(f) In order to facilitate planning for purposes of this section, the Secretary shall, upon request of a unit of general local government or a State or a public agency designated by a unit of general local government or a State, provide a listing of all unoccupied one- to four-family residences to which the Secretary holds title and which are located within the geographic jurisdiction of such unit, State, or agency.

(g) To reimburse the housing loan funds for properties transferred pursuant to this section, and to carry out the provisions of subsection (c), there are authorized to be appropriated not to exceed $5,000,000 for the fiscal year 1975, and not to exceed $5,000,000 for the fiscal year 1973. Any amounts so appropriated shall remain available until expended.

COUNSELING AND TECHNICAL ASSISTANCE

SEC. 811. (a) Section 106 of the Housing and Urban Development Act of 1968 is amended by rewriting the heading to read as follows: "Technical Assistance, Counseling to Tenants and Homeowners, and Loans to Sponsors of Low- and Moderate-income Housing".

(b)(1) Section 106(a)(1)(iii) of such Act is amended to read as follows:

"(iii) counseling and advice to tenants and homeowners with respect to property maintenance, financial management, and such other matters as may be appropriate to assist them in improving their housing conditions and in meeting the responsibilities of tenancy or homeownership; and".

(2) Section 106(a) of such Act is amended by redesignating paragraph (2) as paragraph (3) and inserting immediately after paragraph (1) the following new paragraph:

"(2) The Secretary shall provide the services described in clause (iii) of paragraph (1) for homeowners assisted under section 235 of the National Housing Act. For purposes of this paragraph and clause (iii) of paragraph (1), the Secretary may provide the services described in such clause directly or may enter into contracts with, make grants to, and provide other types of assistance to private or public organizations with special competence and knowledge in counseling low-income and moderate-income families to provide such services."

(c) Section 106(a)(1) of such Act is further amended by adding at the end of thereof the following new subparagraph:

"(iv) the provision of technical assistance to communities, particularly smaller communities, to assist such communities in planning, developing, and administering Community Development Programs pursuant to title I of the Housing and Community Development Act of 1974."

(d) Section 106(a)(3) of such Act (as redesignated by subsection (b)(2) of this section) is amended by striking out "not to exceed $5,000,000" and inserting in lieu thereof "such sums as may be necessary".

(e) Section 106(b)(1) of such Act is amended by inserting "or public housing agencies" immediately after "nonprofit organizations".

(f) Section 106(b)(2) of such Act is amended by inserting "or public housing agency" immediately after "nonprofit organization".

INTERSTATE LAND SALES

SEC. 812. (a) Section 1402 of the Housing and Urban Development Act of 1968 is amended—

(1) by inserting after "land" where it first appears in paragraph (3) the following: ", located in any State or in a foreign country,"; and

(2) by inserting before the semicolon at the end of paragraph (7) the following: "or between any foreign country and any State".

(b) Section 1403(a) of such Act is amended by striking out "or" at the end of paragraph (9), by striking out the period at the end of paragraph (10) and inserting in lieu thereof "; or", and by adding after paragraph (10) the following new paragraph:

"(11) the sale or lease of real estate which is zoned by the appropriate governmental authority for industrial or commercial development, when—

"(A) local authorities have approved access from such real estate to a public street or highway;

"(B) the purchaser or lessee of such real estate is a duly organized corporation, partnership, trust, or business entity engaged in commercial or industrial business;

"(C) the purchaser or lessee of such real estate is represented in the transaction of sale or lease by a representative of its own selection;

"(D) the purchaser or lessee of such real estate affirms in writing to the seller that it either (i) is purchasing or leasing such real estate substantially for its own use or (ii) has a binding commitment to sell, lease, or sublease such real estate to an entity which meets the requirements of subparagraph (B), is engaged in commercial or industrial business, and is not affiliated with the seller or agent; and

"(E) a policy of title insurance or title opinion is issued in connection with the transaction showing that title to the real estate purchased or leased is vested in the seller or lessor, subject only to such exceptions as may be approved in writting by such purchaser or the lessee prior to recordation of the instrument of conveyance or execution of the lease, but (i) nothing herein shall be construed as requiring the recordation of a lease, and (ii) any purchaser or lessee may waive, in writing in a separate document, the requirement of this subparagraph that a policy of title insurance or title opinion be issued in connection with the transaction."

(e)(1) The second sentence of section 1404(b) of such Act is amended—

(A) by striking out "within forty-eight hours" where it first appears and inserting in lieu thereof "until midnight of the third business day following the consummation of the transaction"; and

(B) by striking out all after "provide" and inserting in lieu thereof a period.

(2) The amendments made by paragraph (1) shall be effective sixty days after the date of the enactment of this Act.

MASS TRANSPORTATION

SEC. 813. (a) Section 3 of the Urban Mass Transportation Act of 1964 is amended by adding at the end thereof the following new subsection:

"(f) No Federal financial assistance under this Act may be provided for the purchase of buses unless the applicant or any public body receiving such assistance for the purchase of buses, or any publicly owned operator receiving such assistance, shall as a condition of such assistance enter into an agreement with the Secretary that such public body, or any operator of mass transportation for such public body, will not engage in charter bus operations outside the urban area within which it provides regularly scheduled mass transportation service, except as provided in the agreement authorized by this subsection. Such agreement shall provide for fair and equitable arrangements, appropriate in the judgment of the Secretary, to assure that the financial assistance granted under this Act will not enable public bodies and publicly and privately owned operators for public bodies to foreclose private operators from the intercity charter bus industry where such private operators are willing and able to provide such service. In addition to any other remedies specified in the agreement, the Secretary shall have the authority to bar a grantee or operator from the receipt of further financial assistance for mass transportation facilities and equipment where he determines that there has been a continuing pattern of violations of the terms of agreement. Upon receiving a complaint regarding an alleged violation, the Secretary shall investigate and shall determine whether a violation has occurred. Upon determination that a violation has occurred, he shall take appropriate action to correct the violation under the terms and conditions of the agreement.".

(b) Section 164(a) of the Federal-Aid Highway Act of 1973 is amended—

(1) by inserting "or" before "(2)" in the first sentence;

(2) by striking out "or (3) the Urban Mass Transportation Act of 1964," in the first sentence; and

(3) by striking out all after the word "operations" in the first sentence and all of the second sentence, and inserting in lieu thereof "outside of the urban area (or areas) within which it provides regularly scheduled mass transportation service, except as provided in an agreement authorized and required by section 3(f) of the Urban Mass Transportation Act of 1964, which section shall apply to Federal financial assistance for the purchase of buses under the provisions of title 23, United States Code, referred to in clauses (1) and (2) of this sentence."

(c) The Secretary shall amend any agreements entered into pursuant to section 164(a) of the Federal-Aid Highway Act of 1973, to conform to the requirements of the amendments made by this section. The effective date of such conformed agreements shall by the effective date of the original agreements entered into pursuant to such section 164(a).

SOLAR ENERGY

SEC. 814. Title V of the Housing and Urban Development Act of 1970 is amended by adding at the end thereof the following new section:

SOLAR ENERGY

"SEC. 506. (a) In carrying out activities under section 501, the Secretary may, after consultation with the National Science Foundation, undertake demonstrations to determine the economic and technical feasibility of utilizing solar energy for heating or cooling residential housing (including demonstrations of new housing design or structure involving the use of solar energy). Demonstrations carried out under this section should involve both single family and multifamily housing located in areas having distinguishable climatic characteristics in urban as well as rural environments. To carry out the purpose of this section the Secretary is authorized—

"(1) to enter into contracts with, to make grants to, and to provide other types of assistance to individuals and entities with special competence and knowledge to contribute to the planning, design, development, and operation of such housing;

"(2) to utilize the contract, loan, or mortgage insurance authority of any federally assisted housing program in the actual planning, development, and occupancy of such housing; and

"(3) to set aside any development, construction, design, or occupancy requirements for the purpose of any demonstration under this section if he determines that such requirements inhibit such demonstration.

"(b) The Secretary shall include in any demonstration under this section an evaluation of the demonstration to cover the full experience involved in all stages of the demonstration.

"(c) The Secretary shall transmit to the Congress not later than 6 months following the close of any year in which he carries out a demonstration under this section a full report on such demonstration. Such report may include an evaluation of the economic and technological feasibility of the widespread application of solar energy to residential housing."

"ADDITIONAL RESEARCH AUTHORITY

SEC. 815. Title V of the Housing and Urban Development Act of 1970 (as amended by section 814 of this Act) is amended by adding at the end thereof the following new section:

"ADDITIONAL RESEARCH AUTHORITY

"SEC. 507. (a) In carrying out activities under section 501, the Secretary may undertake special demonstrations to determine the housing design, the housing structure, and the housing-related facilities, and amenities most effective or appropriate to meet the needs of groups with special housing needs including the elderly, the handicapped, the displaced, single individuals, broken families, and large households. For this purpose, the Secretary is authorized to enter into contracts with, to make grants to, and to provide other types of assistance to individuals and entities with special competence and knowledge to contribute to the planning, development, design, and management of such housing.

"(b) In carrying out his functions under this section, the Secretary shall give preferential attention to demonstrations which in his judgment involve areas of housing user needs most neglected in past and current research and demonstration efforts.

"(c) The Secretary is authorized to undertake demonstrations involving the actual planning, development, and occupancy of housing utilizing the contract and loan authority of any federally assisted housing program. He is also authorized to set aside any development, construction, design, and occupancy requirements, for the purposes of these demonstrations, if in his judgment they inhibit the testing of housing designed to meet the special housing needs.

"(d) In carrying out this section, the Secretary shall include, as part of any demonstration, an evaluation of the demonstration to cover the full experience involved in planning, development, and occupancy.

"(e) In addition to any other contract or loan authority which the Secretary may utilize under subsection (c), not more than $10,000,000 from amounts approved in appropriation Acts shall be available for research under this section."

FLOOD INSURANCE PROGRAM

SEC. 816. (a) Chapter III of title XIII of the Housing and Urban Development Act of 1968 is amended by adding at the end thereof the following new section:

"NOTICE OF FLOOD HAZARDS

"SEC. 1364. Each Federal instrumentality responsible for the supervision, approval, regulation, or insuring of banks, savings and loan associations, or similar institutions shall by regulation require such institutions, as a condition of making, increasing, extending, or renewing (after the expiration of thirty days following the date of the enactment of this section) any loan secured by improved real estate or a mobile home located or to be located in an area that has been identified by the Secretary under this title or Public Law 93-234 as an area having special flood hazards, to notify the purchaser or lessee (or obtain satisfactory assurances that the seller or lessor has notified the purchaser or lessee) of such special flood hazards, in writing, a reasonable period in advance of the signing of the purchase agreement, lease, or other documents involved in the transaction."

(b) Section 1307 of such Act is amended by adding at the end thereof the following new subsection:

"(e) Notwithstanding any other provision of law, any community that has made adequate progress, acceptable to the Secretary. on the construction of a flood protection system which will afford flood protection for the one-hundred year frequency flood as determined by the Secretary, shall be eligible for flood insurance under this title (if and to the extent it is eligible for such insurance under the other provisions of this title) at premium rates not exceeding those which would be applicable under this section if such flood protection system had been completed. The Secretary shall find that adequate progress on the construction of a flood protection system as required herein has been only if (1) 100 percent of the project cost of the system has been authorized (2) at least 60 percent of the project cost of the system has been appropriated, (3) at least 50 percent of the project cost of the system has been expended, and (4) the system is at least 50 percent completed."

LIMITATION ON WITHHOLDING OR CONDITIONING OF ASSISTANCE

SEC. 817. Assistance provided for in this Act, the National Housing Act, the United States Housing Act of 1937, the Housing Act of 1949, the Demonstration Cities and Metropolitan Development Act of 1966, and the Housing and Urban Development Acts of 1965, 1968, 1969, and 1970 shall not be withheld or made subject to conditions or preference by reason of the tax-exempt status of bonds or other obligations issued or to be issued to provide financing for use in connection with such assistance, except where otherwise expressly provided or authorized by law.

ADDITIONAL ASSISTANT SECRETARIES OF HOUSING AND URBAN DEVELOPMENT

SEC. 818. (a) Section 4 of the Department of Housing and Urban Development Act (Public Law 89-174, 79 Stat. 667) is amended—

(1) by striking out "six" in the first sentence of subsection (a) and inserting in lieu thereof "eight";

(2) by striking out subsection (b); and

(3) by redesignating subsections (c) and (d) as subsections (b) and (c), respectively.

(b) Section 5316 of title 5, United States Code, is amended by striking out paragraph (122).

(c) Paragraph (87) of section 5315 of title 5, United States Code, is amended by striking out "(6)" and inserting in lieu thereof "(8)".

MORTGAGE PROCEEDS FRAUDULENTLY MISAPPROPRIATED BY MORTGAGOR

SEC. 819. The Secretary of Housing and Urban Development shall take action to secure the payment of any deficiency after foreclosure on a mortgage insured or assisted under Federal law where the Secretary has reason to believe that mortgage proceeds have been fraudulently misappropriated by the mortgagor.

NEIGHBORHOOD DEVELOPMENT PROGRAM

SEC. 820. Notwithstanding the provisions of section 133(b) of the Housing Act of 1949 or of any other law, local expenditures made in connection with the Broad and Front Street Garage in Trenton, New Jersey, shall, to the extent otherwise eligible, be counted as a local grant-in-aid to the first two action years of the Trenton Neighborhood Development Program (N.J. A-1) in accordance with the provisions of title I of the Housing Act of 1949.

CONDOMINIUM AND COOPERATIVE STUDY

SEC. 821. The Secretary of Housing and Urban Development is authorized and directed to conduct a full and complete investigation and study, and report to Congress not later than one year after the date of enactment of this Act, with respect to condominiums and cooperatives, and the problems, difficulties, and abuses or potential abuses applicable to condominium and cooperative housing.

DIRECT FINANCING STUDY

SEC. 822. The Secretary of Housing and Urban Development and the Secretary of the Treasury shall study the feasibility of financing the programs authorized under section 236 of the National Housing Act and section 802 of this Act through various financing methods, including direct loans from the Federal Financing Bank, with a view to determining whether there is any such method that would result in net savings to the Federal Government (after taking into account the direct and indirect effects of such method). The Secretary of Housing and Urban Development and the Secretary of the Treasury shall transmit to the Congress a report on the study required by this section not later than one year after the date of enactment of this Act.

And the House agree to the same.

That the Senate recede from its disagreement to the amendment of the House to the title of the bill, and agree to the same.

WRIGHT PATMAN,
WILLIAM A. BARRETT,
LEONOR K. SULLIVAN,
THOMAS L. ASHLEY,
WILLIAM S. MOORHEAD,
ROBERT G. STEPHENS, Jr.,
FERNAND J. ST GERMAIN,
HENRY S. REUSS,
RICHARD T. HANNA,
WILLIAM B. WIDNALL,
GARRY BROWN,
J. WILLIAM STANTON,
BEN B. BLACKBURN,
MARGARET HECKLER,
Managers on the Part of the House.

JOHN SPARKMAN,
WILLIAM PROXMIRE,
HARRISON A. WILLIAMS,
ALAN CRANSTON,
THOMAS J. MCINTYRE,
JOHN TOWER,
EDWARD W. BROOKE,
BILL BROCK,
WALLACE F. BENNETT,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and Senate on the disagreeing votes of the two Houses on the amendment of the House to the Senate bill (S. 3066) to consolidate, simplify, and improve laws relative to housing and housing assistance, to provide Federal assistance in support of community development activities, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect the action agreed upon by the managers and recommended in the accompanying conference report:

I—COMMUNITY DEVELOPMENT

Findings and objectives

The Senate bill contained findings that (1) the Nation's communities face critical problems resulting from urban population growth, concentration of lower income persons in central cities, and inadequate public and private investment; and (2) the Nation's welfare depends on establishing and maintaining viable urban communities. It also established as the title's primary objective the development of viable urban communities, by providing housing suitable living environments, and expansion of economic opportunities, principally for persons of low and moderate income; and stated that the objective was to be achieved through the elimination of slums and blight and conditions detrimental to health, safety, and welfare, conservation and expansion of housing and housing opportunities, increased public services, improved use of land, increased neighborhood diversity, and preservation of property with special values.

The House amendment set forth the purpose of the title as furthering the development of a national growth policy by consolidating certain programs into a system which (1) provides assistance annually—with maximum certainty and minimum delay, (2) encourages community development activities consistent with local and areawide planning, (3) furthers achievement of national housing goals, and (4) provides for coordinated and mutually supportive housing and community development activities.

The conference report contains both the Senate and House provisions.

Effective date

The Senate bill provided that the new community development program would begin upon enactment of the bill. The House amendment provided that the new program would begin on January 1, 1975. The conference report contains the House provision.

Authorizations

Program Levels

The Senate bill authorized $6.1 billion in contract authority for two years, with annual disbursement limitations of $2.8 billion in FY 1975 and $3.3 billion in FY 1976. It also permitted unused funds previously appropriated for open space, water and sewer facilities, and model cities supplemental grants to be used during FY 1975 to liquidate contracts entered into pursuant to the $6.1 billion authorization. The House amendment authorized $8.05 billion in contract authority for three years, with annual disbursement limitations of $2.45 billion in FY 1975, $2.65 billion in FY 1976, and $2.95 billion in FY 1977.

The conference report contains the Senate provision with respect to the use of previously appropirated funds, and provides for the following authorizations: $2.5 billion in FY 1975, $2.95 billion in FY 1976, and $2.95 billion in FY 1977.

Future authorizations

The Senate bill required the Secretary of Housing and Urban Development to submit to Congress timely requests for increased authorizations for FY 1977 and succeeding fiscal years. The House amendment provided for such requests for Fiscal years 1978, 1979, and 1980 no later than February 1, 1976. The conference report contains the Senate provision with respect to timely authorizations requests, and also directs the HUD Secretary to report to Congress not later than March 31, 1977, setting forth recommendations for modifying or expanding the allocation and funding provisions of the new program, and to conduct a study to determine the measurement of community development needs, objectives, and capacities by objective standards. The conferees agreed that the formula and "holdharmless" provisions for distributing funds under this chapter should be subjected to systematic study and full review before additional funds are authorized.

It is expected that the required HUD study will give particular attention to identifying factors reflecting community needs and capacities, and methods for ensuring that the distribution of Federal assistance is made in accordance with the stated objectives of the program.

Special Transition Fund

The House amendment contained a provision not in the Senate bill authorizing up to $100 million for each of the fiscal years 1975, 1976, and 1977 for special transition grants to communities with urgent community development needs which cannot be met through the bill's funding provisions. The conference report contains this House provision amended to authorize $50 million in FY 1975, and $50 million in FY 1976, rather than $100 million in each of those years, for special transition grants.

DEFINITION

"Community Development Agency"

The Senate bill contained a definition of this term which was not used in the House amendment. The conference report does not contain this term.

"Metropolitan City", "City", and "Housing Overcrowding"

The House amendment contained definitions of these terms which were not used in the Senate bill. The conference report contains these terms and the House amendment's definitions.

"Urban County"

The Senate bill defined this term to mean any county within a metropolitan area which has at least 75 percent of the population of a multi-county metropolitan area, or a population of 200,000 or over. The House amendment defined this term to mean any county within a metropolitan area which (A) is authorized to undertake essential community development and housing assistance activities in its unincorporated areas which are not units of general local government, and (B) has combined population of 200,000 or more (excluding the population of metropolitan cities) in such unincorporated areas and in its included units of general local government (i) in which it has authority to undertake essential activities and which do not elect to have their population excluded, or (ii) with which it has entered into cooperation agreements to undertake essential community development and housing assistance activities.

The conference report contains the House definition.

"Extent of Poverty"

The House amendment defined this term, which was not used in the Senate bill, to mean the number of persons whose incomes are below the poverty level, as determined by HUD pursuant to criteria set by the Office of Management and Budget, and taking account if feasible in the sole discretion of the HUD Secretary, regional variations in income and cost of living. The conference report contains this term, with the House amendment's definition. The conferees direct HUD to develop or obtain data with respect to the "extent of poverty" by metropolitan areas (SMSA's) and submit such data to the Congress as part of the March 31, 1977 report referred to above.

"Unit of general local government"

The Senate bill's definition of this term contained a provision not in the House amendment permitting the designation of one or more public agencies to carry out part or all of the community's development program. The conference report contains this Senate provision.

Application and review requirements

Frequency and required period of application

The Senate bill provided for a summary plan covering a four-year period and a two-year application for funds specifying activities to be carried on with community development funds. The House amendment, in effect, provided for a three-year summary plan with a one-year application for funds specifying activities to be carried on. The conference report contains the House provisions.

Time of application submission

The House amendment contained a provision not in the Senate bill requiring metropolitan cities and urban counties to submit applications to HUD no later than April 1, 1975, and November 1 of 1976 and 1977. The conference report contains the House provision with an amendment eliminating specific dates and directing the HUD Secretary to establish application submission dates.

Time of HUD Action

The Senate bill required the HUD Secretary to act on applications for community development assistance within 90 days, and provided that applications for on-going programs would be deemed approved after 90 days unless HUD notified communities otherwise. The House amendment contained a similar provision, except that applications would be deemed approved after 60 days rather than 90 days. The conference report contains the House provision with an amendment specifying 75 days.

Contents of Application

The Senate bill required each application for community development assistance to include activities to provide housing, eliminate or prevent slums and blight, upgrade community facilities and services, and provide employment opportunities for community development area residents; except that the HUD Secretary would be permitted to waive any of these requirements for communities of under 25,000 population applying for an initial single-purpose grant. The House amendment provided that each metropolitan city or urban county application must set out activities designed to eliminate or prevent slums and blight where such conditions or needs exist, provide housing for lower income persons, and improve community facilities and supporting services where necessary (requirements with respect to the elimination of slum and blight and improving community facilities and services were not applicable to other applicants).

The conference report provides that all applicants must propose activities to eliminate or prevent slums and blight where such conditions or needs exist, provide housing for low and moderate income persons, and improve and upgrade community facilities and services where necessary; except that the HUD Secretary may waive requirements relating to slums and blight and upgrading of community facilities and services for communities of under 25,000 population which initially apply for community development assistance for certain single-purpose activities.

Program requirements

(1) The Senate bill contained a provision not in the House amendment requiring applicants to hold *public hearings* prior to land acquisition. The conference report does not contain this Senate provision.

(2) The Senate bill contained a provision not in the House amendment requiring applicants to involve residents of community development areas in the *execution of community development activities* and to provide *adequate resources* for their participation. The conference report contains the Senate provision with an amendment making it clear that involving residents in the execution of community development activities providing resources for their participation is discretionary with the applicant.

(3) The Senate bill contained a provision not in the House amendment requiring applicants to provide *relocation housing* units equal in number to the units to be demolished in the course of the community development program. The conference report does not contain this Senate provision.

(4) The Senate bill contained a provision not in the House amendment requiring applicants to adopt and enforce adequate *building and safety code* in the community. The conference report does not contain this Senate provision.

(5) The Senate bill contained a provision not in the House amendment requiring applicants to hold a *public hearing on or partial application* at least 30 days prior to their submission to HUD. The conference report does not contain this Senate provision.

(6) The House amendment contained a provision not in the Senate bill requiring applicants to comply with the *Civil Rights Acts of 1964 and 1968*. The conference report contains this House provision.

(7) The House amendment contained a provision not in the Senate bill requiring *OMB Circular A–95 review* of community development applications. The conference report contains this House provision.

(8) The House amendment contained a provision not in the Senate bill requiring metropolitan cities and urban counties to adopt procedures for *period re-examination of community development program objectives and methods*. The conference report contains this House program.

(9) The House amendment contained special provisions authorizing the Secretary to release funds for particular projects to applicants who assume all responsibilities which would apply to the Secretary under the *National Environmental Policy Act of* 1969. The conference report contains these House provisions.

Limitations on use of funds

(1) The Senate bill contained a provision not in the House amendment permitting a community's application to reserve up to 10 percent of grant funds for *unspecified local option activities and contingency accounts*. The conference report contains the Senate provision with an amendment making clear that funds reserved must be utilized for eligible activities specified in the application.

(2) The Senate bill contained a provision not contained in the House amendment prohibiting more than 20 percent of an applicant's community development funds to be used for *activities which do not directly and significantly benefit low- and moderate-income families or blighted areas*. The conference report contains, in place of the Senate provision, a requirement that the applicant certify to the HUD Secretary's satisfaction that its program has been developed so as to give maximum feasible priority to activities which will benefit low- and moderate-income families or aid in the prevention or elimination of slums or blight. HUD may, however, approve an application describing activities which the applicant certifies and HUD determines are designed to meet other community development needs having a particular urgency as set out in the application.

Standards of HUD review

The Senate bill authorized the HUD Secretary to approve or disapprove an application in whole or in part on the basis of the program proposed in the application. The House amendment required the HUD Secretary to approve an application for metropolitan cities and urban counties unless he determines that the applicant's statement of community development needs is plainly inconsistent with available information or that its proposed activities are plainly inappropriate to meet its stated needs. The conference report contains the House provisions.

Grant period and amount—local share—rehabilitation and relocation grants

The Senate bill contained provisions not in the House amendment providing that grant contracts be made for 2-year periods (except for small communities) in an amount up to 90 percent of net program cost, or up to 100 percent in the case of extreme hardship, as determined by HUD; that the local share may be provided in cash or through local contributions previously permitted under the neighborhood development program; and that where a community development program involved the making of rehabilitation grants or relocation payments, the HUD grant may include the full cost of such rehabilitation and relocation grants. The House amendment permitted grant contracts to be made for up to 3-year periods, but required no local contribution.

The conference report contains the House provisions only.

Eligible activities

(1) The Senate bill contained a provision not contained in the House amendment permitting the *acquisition of land for rehabilitation or conservation activities*. The conference report contains this Senate provision.

(2) The Senate bill contained a provision not in the House amendment requiring *disposition of land at "fair value"*. The conference report does not contain this Senate provision.

(3) The Senate bill contained provisions not in the House amendment permitting the construction of *fire-protection services and facilities* and *"similar and necessary" improvements* required in connection with a community development program; except that grants could not be used for the construction of certain facilities.

The conference report (1) permits the construction of senior centers and flood and drainage facilities (to the extent that other Federal assistance for such facilities is not available to the applicant); (2) permits the construction of fire-protection facilities, parking facilities, and solid waste disposal facilities if such facilities are undertaken in or serve areas where other community development activities are being carried on in a concentrated manner; and (3) eliminates the Senate bill's "similar and necessary" language and makes clear that construction of a particular facility is eligible only if previously eligible under any consolidated program, except the public facility loan program or the model cities program, or specifically mentioned in the conference report.

(4) The Senate bill contained a provision not in the House amendment permitting the use of grant fund for *designing and providing interim financing for public facilities*. The conference report does not contain this Senate provision.

(5) The Senate bill contained a provision not in the House amendment permitting the use of grant funds to *develop surplus real property*. The conference report does not contain this Senate provision.

(6) The Senate bill contained a provision permitting the use of grant funds to pay the cost of *completing existing urban renewal projects*. The House amendment authorized HUD to apply up to 20 percent of a community's grant funds toward the repayment of temporary loans entered into under the urban renewal program, if HUD determined (after consultation with the community) that the project required additional capital grants for completion; and authorized the use of surplus urban renewal capital grant funds under the provisions of the community development program. The conference report contains both the House and Senate provisions.

(7) The Senate bill contained a provision not in the House amendment providing *technical or financial assistance to other units of general local government* within the boundary of the applicant or to others providing services needed in planning and carrying out the community development program. The conference report does not contain this Senate provision.

(8) The Senate bill contained a provision permitting the use of community development funds to finance *public services not otherwise available* in areas of concentrated activities if such services were directed toward (a) improving certain public services, and (b) coordinating public and private development programs: except that not more than 20 percent of a community's grant funds could be spent on providing such public services. The House amendment permitted the use of grant funds to provide health, social, counseling, training, economic development, and similar services necessary to support other community development activities.

The conference report contains the Senate provision with amendments (1) eliminating the 20 percent limitation; (2) making clear that such services need not be available in areas of concentrated activities so long as they principally serve residents of such areas; and (3) permitting grant funds to be used for such services only to the extent that Federal assistance is not otherwise available to the applicant. While the 20 percent limitation is not contained in the conference report, the conferees expect that no more than 20 percent of any community's grant will be used to finance such services.

(9) The House amendment contained a provision not in the Senate bill permitting the use of grant funds for special projects directed toward *removal of architectural barriers* which restrict the mobility and accessibility of elderly and handicapped individuals. The conference report contains this House provision.

(10) The House amendment contained a provision not in the Senate bill permitting the use of grant funds to develop a *comprehensive plan and improved policy-planning-management capacity*. The conference report contains the House provision with a clarifying amendment that funds may be used to develop a comprehensive "community development" plan.

(11) The House amendment contained a provision not in the Senate bill providing for the *repayment of a rehabilitation grant* where property improved by the grant is sold within 4 years of receipt of the grant. The conference report does not contain this House provision. The conferees believe localities making such grants should take appropriate steps to prevent the kind of abuse at which the House provision was directed.

(12) The House amendment contained a provision not in the Senate bill authorizing HUD to perform *administrative services* for grant recipients *in connection with local rehabilitation loan or grant programs*. The conference report contains this House provision.

Guarantee of loan for acquisition of property

The Senate bill authorized HUD to make and guarantee tax-exempt loans to community development agencies to provide financing for community development activities (including interim financing of public facilities, land acquisition, and other eligible activities). The total amount of such guaranteed loans could not exceed $1.5 billion unless increased by the President.

The House amendment authorized HUD to guarantee obligations issued by grant recipients to finance the acquisition of real property (and related expenses) to be used in carrying out community development programs. HUD would (1) reserve out of grant funds 110 percent of the estimated difference between acquisition cost and disposition proceeds: (2) receive a local pledge of repayment of the excess of the obligation over the amount of grant funds reserved; and (3) receive a local pledge of future grant proceeds of any additional sums not otherwise repaid. Local obligations could be tax exempt or taxable, at the option of grant recipients, with a 30 percent interest subsidy payment by HUD if such obligations were taxable.

The conference report contains the provisions of the House amendment with amendments (1) clarifying the discretion of the HUD Secretary with respect to local credit requirements; and (2) permitting "property assembly" activities to be covered by guaranteed loans.

Allocation and Distribution of Funds

Urban-rural split

The Senate bill allocated 75 percent of community development funds to communities in metropolitan areas, 25 percent to communities in non-metropolitan areas. The House amendment provided an 80–20 allocation among metropolitan and non-metropolitan areas. The conference report contains the House provision.

"Entitlement" grants to communities

The Senate bill provided entitlement grants to communities based on their prior participation in existing major community development programs being consolidated into the new program. The entitlement for any qualifying community equals for the first two-year period an amount equal to past program experience, and for the second two-year period not less than 80 percent nor more than 120 percent of such amount. Communities which receive discretionary grants in the first contract period become entitlement communities in the following contract periods.

The House amendment provided for a dual system (until the sixth program year) for metropolitan cities and urban counties under which they would receive the higher of a percentage of their formula amounts or their "hold harmless" amounts. Beginning with the sixth year, all such communities would receive only a formula amount. Communities other than metropolitan cities and urban counties would receive "hold harmless" grants until the sixth year. The formula amount is determined on a 4-factor basis including population, extent of poverty counted twice, and housing overcrowding. The House amendment made all metropolitan cities and urban counties eligible for "hold harmless," but restricted such eligibility for other communities to those carrying on a major categorical grant program under a commitment received during the FY 1970–FY 1974 period.

The conference report contains the House provisions, with amendments (1) using the FY 1968–FY 1972 period to determine "hold harmless" eligibility for communities other than metropolitan cities and urban counties; and (2) extending eligibility to those communities carrying on code enforcement programs.

Discretionary Grants

The Senate bill provided for discretionary grants by HUD to communities which do not qualify for entitlements by virtue of past program experience and to communities whose past program entitlement grant is inadequate to meet urgent community development needs. The House amendment provided for discretionary grants to communities not eligible for formula or "hold harmless" entitlements, with such discretionary funds to be allocated by metropolitan area and by State for non-metropolitan areas pursuant to the same 4-factor formula. The conference report contains the House provisions.

Treatment of Model Cities Program Grants in Past Program Experience (or "Hold Harmless") Amount

The Senate bill included the average annual model cities grant in the computation of past program experience amount as a permanent component. The House amendment included the average annual model cities grant only so long as required to complete a community's fifth model cities action year.

The conference report includes in the computation of "hold harmless" amounts a declining percentage (80, 60, and 40 percent) of the average annual model cities grant for a three-year period following a community's fifth action year.

Treatment of one-time relocation payments in past program experience (or "hold harmless") amount

The Senate bill included in the computation of past program experience amount the total amount of one-time relocation payments made by HUD as a result of the Uniform Relocation Act of 1970. The House amendment permitted the HUD Secretary to exclude such amounts from the computation of "hold harmless" amounts. The conference report contains the House provisions.

Special discretionary fund

The House amendment authorized HUD to reserve 2 percent of the grant amounts available annually for (1) grants in new communities, (2) incentive grants to communities carrying on areawide programs, (3) grants in Guam, Virgin Islands, Samoa, and Trust Territory of Pacific, (4) demonstration of innovative development activities, (5) grants to meet emergency needs caused by Federally-recognized disasters, and (6) grants to communities where HUD deems necessary to correct inadequacies resulting from the bill's allocation and distribution provisions.

The Senate bill contained no such special discretionary fund but directed HUD to set aside community development funds for HUD approved new communities and to encourage applications from 2 or more communities one of which was an urban county).

The conference report contains the House provisions.

The conferees wish to direct the attention of the HUD Secretary to (6) above, which provides an additional source of grant funds (to that provided by the special transition fund) for communities which may not receive an adequate level of funding as a result of the bill's allocation and distribution provisions. Some communities, for example, will experience substantial cutbacks from their relatively high program levels in the latter years of the FY 1968–FY 1972 period; others, such as Cleveland, Ohio, and Cambridge, Massachusetts, will have reduced entitlements under the new program primarily as a result of unique local problems (decertification for HUD funding in one instance, and the failure of the Federal Government to complete its planned development in a renewal area in the other). The conferees expect the Secretary to give sympathetic consideration to funding requests from such communities in distributing both special transition grants and discretionary grants under (6) above.

Reallocation of funds

The Senate bill directed the HUD Secretary to reallocate unused funds in a timely manner. The House amendment contained a similar provision, except that funds unused by communities within a State would be reallocated first, to other communities in the same State, and second, to communities in other states. The conference report contains the House provision. The conferees wish to make clear that reallocated funds would be available to communities with urgent needs, including those with entitlements as well as others with special needs arising from urban renewal closeout activities.

Report requirements

The Senate bill contained a provision not in the House amendment requiring HUD to report to the Congress annually, concerning the progress made in accomplishing community development program objectives and specific uses of funds * * *. The conference report contains this Senate provision.

Consultation

The Senate bill contained a provision not in the House amendment requiring HUD to consult with other Federal agencies in carrying out the new community development program. The conference report contains this Senate provision.

Labor standards

The Senate bill applied the prevailing wage requirements of the Davis-Bacon Act to residential construction involving 12 or more units and to rehabilitation involving 8 or more units. The House amendment applied such requirements only to the construction of 8 or more units without reference to rehabilitation. The conference report contains the House provision with a technical amendment making it clear that the requirement applies only to rehabilitation, since construction of residential structures is not a permissible use of community development funds. It is intended that the area of consideration should be large enough to yield an adequate factual basis for each wage determination, yet be small enough to reflect only the wages and practices of the area surrounding the location of the proposed project.

Interstate agreements

The Senate bill contained a provision not in the House amendment giving Congressional consent to agreements by two or more States for cooperative efforts in planning and carrying out community development programs in interstate areas, and to localities in such States establishing agencies to carry out such agreements. The conference report contains this Senate provision.

Termination of existing programs

The Senate bill provided for the termination of the following HUD programs one year after enactment: public facility loans, open space grants, public works planning advances, water and sewer, neighborhood facilities, advance acquisition of land, urban renewal and NDP grants, and model cities supplemental grants. The House amendment provided for termination of the public facility loans, open space, water and sewer, neighborhood facilities, and advance acquisition of land programs on June 30, 1974; and urban renewal, NDP, and model cities programs on January 1, 1975.

The conference report provides for termination of all of the above programs on January 1, 1975.

Transitional provisions

Authorizations

The Senate bill authorized $300 million in Fiscal Year 1974 and $600 million upon enactment of the bill for grants under the urban renewal program, except that the $600 million would be available only for one year as needed for expenses incurred in completing urban renewal projects. The House amendment authorized "such sums as may be necessary" for urban renewal and model cities grants for Fiscal Year 1975, with the amounts received pursuant to these authorizations to be offset against first-year entitlements or "hold harmless" amounts received by communities out of Fiscal Year 1975 community development grants. The conference report contains the House provisions.

The House amendment contained a provision not in the Senate bill authorizing HUD to make advances to metropolitan cities and urban counties of up to 10 percent of their first-year entitlements for use in continuing urban renewal or model cities programs or preparing for the implementation of the new community development program. The conference report contains this House provision with an amendment permitting such advances to communities eligible for "hold harmless" grants, as well as metropolitan cities and urban counties.

Nondiscrimination and remedies for noncompliance

The House amendment contained provisions not in the Senate bill prohibiting discrimination on the basis of race, color, national origin, or sex in carrying out community development programs and provided for a procedure to terminate or reduce grant payments in the case of noncompliance. The conference report contains these House provisions.

Code standards

The House amendment contained a provision not in the Senate bill providing that no provision of Federal law shall prevent a community from having in effect building or safety codes with standards determined by the National Bureau of Standards to be at least as high as HUD minimum code standards previously required under the workable program provision of the urban renewal law. The conference report does not contain this House provision. The conferees wish to state that with the repeal of the workable program provisions of the urban renewal law, the HUD Secretary retains no authority to impose any particular model building or safety code, or any element of such a code, on any community, or to condition or withhold grant funds under any program by reason of the failure of any community to adopt such a code. The conferees believe that the development of more effective building standards should be encouraged primarily through the activities of a National Institute of Building Standards, which would be established for that purpose under other provisions of the conference report.

Employment opportunities for lower income persons

The Senate bill required applications for community development funds to provide for employment opportunities for community development area residents. The House amendment required that, to the greatest extent feasible, training, employment, and work opportunities available under the new community development program be given to lower income residents and business concerns located in areas of program activities. The conference report contains the House provision.

II. ASSISTED HOUSING

Revision of the United States Housing Act of 1937

The Senate bill revised the law governing the low-rent public housing program, and provided that provisions of the revised law would be effective at such date or dates as prescribed by the HUD Secretary but not later than 6 months after enactment of the bill. The House amendment contained no such revision of existing law, and instead amended that law.

The conference report contains the Senate revision of the 1937 Act, with an amendment providing that provisions contained in the Senate revision must be made effective at such dates as the HUD Secretary may prescribe but not later than 18 months after enactment; and makes the following amendments to existing law:

Income limits for admission to public housing projects

The Senate bill contained provisions not contained in the House amendment eliminating provisions of existing law providing for a 20 percent gap between incomes served under the public housing program and the income required to obtain private market housing; permitting public housing agencies to establish income limits; and providing that at least 20 percent of the units in new public housing projects must be rented to families whose incomes do not exceed 50 percent of median income in the area. The conference report contains these Senate provisions.

Income limits for continued occupancy

The Senate bill contained a provision not in the House amendment deleting requirements in existing law for income limits for continued occupancy in projects. The conference report contains this Senate provision.

Income mix

The House amendment contained a provision not in the Senate bill requiring the establishment of tenant selection criteria designed to assure that, within a reasonable period of time, public housing projects will include families with a broad range of incomes. The conference report contains this House provision.

Definition of income

The Senate bill revised the definition of income in the 1937 Act by eliminating certain double deductions; clarifying deductions for dependents; eliminating deductions for heads of households or their spouses; and adding a deduction for foster child care payments. The House amendment eliminated the general 5 percent deduction from gross income; and excluded from the definition of income increases in social security payments after June 1974. The conference report contains the Senate provisions.

Definition of family

The Senate bill contained a provision not in the House amendment amending the definition of "family" in the 1937 Act to include single persons at least 50 years of age. The conference report does not contain this Senate provision.

Rent requirements

The House amendment contained provisions not in the Senate bill (1) establishing a minimum rent for public housing occupants of the higher of 10 percent of gross income or that portion of a welfare payment specified to meet housing costs; and (2) providing that the aggregate rents charged in units under the jurisdiction of a local housing authority receiving operating subsidies must equal at least 20 percent of the aggregate income of tenants. The conference report contains the House provisions with an amendment changing 10 percent to 5 percent.

Authorizations

General

The Senate bill authorized an additional $172 million in annual contributions authority on July 1, 1973; $795 million on July 1, 1974; and $720 million on July 1, 1975. The House amendment authorized $260 million on July 1, 1973; and $960 million on July 1, 1974. The conference report contains the House provisions.

Low-Income Housing in Private Accommodations

The Senate bill contained a provision not in the House amendment limiting to $440 million on July 1, 1974, and to an additional $440 million on July 1, 1975, the amount of annual contributions authority that may be utilized for low-income housing in private accommodations. The conference report does not contain these Senate provisions. Instead, it requires HUD to enter into annual contributions contracts with public housing agencies in the amount of at least $150 million of the total amount authorized for housing exclusive of modernization of existing projects, to be owned by such agencies with at least 50 percent of such units for public housing other than leased housing.

The conferees believe it is desirable to continue the conventional low rent public housing program in tandem with the new section 23 program at least until this new 23 program has proven itself viable in all housing market areas. This allocation for low rent public housing assistance will give the Secretary of HUD the authority he will need to phase in the new program in a manner that will not be prejudicial to rural or urban areas where the concepts inherent in that program, such as "market rentals", may not be inadequately or easily applicable.

Housing for Indians

The Senate bill set aside at least $15 million of Fiscal Year 1975 and $15 million of Fiscal Year 1976 annual contributions authority for conventional public housing for Indians; and provided that the assistance to such housing would cover any *actual* operating cost deficit. The House amendment set aside $20 million for housing for Indians, with assistance to cover any approved operating cost deficits. The conference report contains the Senate provision with respect to the funding set-aside and the House provision with respect to the amount of operating assistance.

Modernization

The Senate bill contained a provision not in the House amendment limiting to $30 million in Fiscal Year 1975 and $30 million in Fiscal Year 1976 the amount of annual contributions authority that may be utilized for modernization of public housing projects. The conference report does not contain this Senate provision. The conferees expect approximately $40 million to be utilized for modernization during Fiscal Year 1975.

Operating subsidies

The Senate bill contained a provision not in the House amendment limiting to $500 million on or after July 1, 1974, and $560 million on or after July 1, 1975 the amount of annual contributions contracts that may be entered into for operating subsidies to public housing agencies. The conference report contains Senate provisions.

Large units and housing for the elderly

The Senate bill provided that at least 20 percent of all units assisted annually under the 1937 Act after enactment of the bill must have three or more bedrooms. The House amendment contained a similar provision with respect to units for the elderly.

The conference report contains neither the Senate nor House provision. In lieu thereof, provisions of the conference report in title I with respect to housing assistance plans contain language requiring communities submitting such plans to give special attention, in determining their housing assistance needs, to the needs of large families and elderly persons. The conferees wish to emphasize the urgent need to provide adequate housing for large families through the construction or substantial rehabilitation of units containing three or more bedrooms; and intend that the number of such units assisted each year be not less than 20 percent of the total number of additional units provided.

Management practices

The House amendment contained provisions not in the Senate bill requiring local housing authorities to establish (1) procedures for prompt rent payments and evictions for nonpayment; (2) effective tenant-management relationships to assume tenant safety and adequate project maintenance; and (3) viable homeownership opportunities. The conference report contains these House provisions.

Limitation on new construction and rehabilitation

The Senate bill contained a provision not in the House amendment limiting construction and substantial rehabilitation of units under the 1937 Act to areas with a need for new units, where such units are necessary to enable persons to live near their employment, where units are essential to carry out a community development program, or under other circumstances determined by HUD. The conference report does not contain this Senate provision.

Homeownership

The Senate bill contains a provision not in the House amendment authorizing the sale of projects by local housing authorities to tenants and the computation of annual contributions up to the amount of debt service on bonds attributable to the units. The conference report contains this Senate provision.

Operating subsidies

The Senate bill contained a provision not in the House amendment establishing the amount of operating subsidies to a local housing authority as the difference between the authority's revenues and its "base level of operating services," as approved by HUD and updated with HUD's approval. The conference report contains this Senate provision in modified form; the HUD Secretary is directed to embody the provisions for annual contributions in a contract guaranteeing their payment, subject to the availability of funds. For purposes of making such payments, HUD would establish standards for the costs of operation and reasonable projections in income, taking into account the character and location of the project and characteristics of the families served, or the cost of providing comparable services as determined in accordance with criteria or a formula representing the operations of a prototype well-managed project.

New housing assistance program

Existing Section 23 Leasing Program

The Senate bill did not retain a separate identity for the existing section 23 leasing program, and instead merged the existing program into a new housing assistance program. The House amendment retained the existing program without changes, and provided for a new housing assistance program applicable to new, rehabilitated, and existing housing. The conference report contains generally the Senate provisions, with an amendment permitting the retention of the existing section 23 program through December 31, 1974.

Administration of Program

The Senate bill placed maximum responsibility for administration of the new program in local housing authorities, but permitted HUD to assume local responsibilities where it determined that a local housing authority was unable to implement the program or where no authority existed. The House amendment placed primary responsibility for program administration in the Secretary of HUD. The conference report contains the House provisions.

Definition of Public Housing Agencies

The Senate bill contained a provision not in the House amendment permitting a State or local public body or agency authorized to assist in the development or operation of housing to enter into housing assistance contracts with HUD. The conference report contains this Senate provision.

Selection of Developer and Contracting To Make Assistance Payments

The Senate bill placed responsibility for selecting developers and contracting to make assistance payments in public housing agencies. The House amendment placed such responsibility in public housing agencies with respect to *existing units* and with respect to such *new or rehabilitated units* for which HUD authorized the agency to assume management responsibilities. The conference report contains the House provisions with amendments (1) permitting HUD to contract directly with respect to existing units where it finds that a public housing agency is unable to perform required functions; and (2) permitting a public housing agency to contract for new units without regard to the specific management of a project.

Local Governor Body Approval

The Senate bill required local governing body approval for each application for housing assistance unless State law empowers its public housing agency to carry out a housing assistance program without such approval. The House amendment provided for local review of housing assistance applications in connection with housing assistance plans described below. The conference report contains the House provisions.

Establishment of fair market rentals

The Senate bill required HUD to determine fair market rentals in each housing market area required to obtain adequately maintained and managed private existing and new rental housing: and on the basis of such determinations, public housing agencies or HUD would establish fair market rentals for assisted units. The House amendment required HUD to establish fair market rentals in each housing market area for new and existing units of various sizes and types suitable for occupancy for low-income families.

The conference report contains the House provisions. The conferees believe that the establishment of realistic fair market rentals will be a prime factor in the success or failure of the new housing assistance program. In establishing such rentals, the HUD Secretary is expected to take into account factual data, analyses, and recommendations from community sources familiar with prevailing rents and costs in various market areas; and he should take into account the need to provide housing with suitable amenities and sound architectural design.

Maximum rent charged for any unit

The Senate bill provided that the maximum rent for existing units may exceed fair market rentals for such units by up to 10 percent, and for new or rehabilitated units by up to 20 percent, where determined necessary by a public housing agency or HUD. The House amendment provided that maximum rents may exceed fair market rentals by up to 10 percent generally and by up to 20 percent where HUD determined that special circumstances warrant such increases or that such increases are necessary for the implementation of local housing assistance plans. The conference report contains the House provisions. The conferees wish to express their intent that in establishing fair market rentals for existing units HUD should use its authority to set rentals only in exceptional cases.

Amount of subsidy

The Senate bill provided that the amount of subsidy with respect to any tenant could not exceed the difference between the rent charged and 25 percent of a tenant's *adjusted income*, with tenant incomes to be recertified every 2 years. The House amendment provided that the amount of subsidy would be equal to the difference between the rent charged and 15 to 25 percent of a tenant's *gross income* as defined by HUD, with tenant incomes to be recertified annually. The conference report contains the House provisions with an amendment requiring large families and other families with exceptional expenses to pay only 15 percent of their incomes toward rent.

Income Limits

The Senate bill provided that income limits for assistance under the program would be set at gross income less than 4 times fair market rental for a dwelling unit of suitable size; and provided that at least 20 percent of the families assisted in any market area must have adjusted incomes not in excess of 50 percent of the median income for the area. The House amendment established income levels for the program at gross income less than 20 percent of median income for the area; and provided that at least 30 percent of the families assisted annually must have gross incomes not in excess of 50 percent of median income for the area at the time of the initial renting of units. The conference report contains the House provisions.

Adjustment of Rents

The Senate bill provided that rentals would be adjusted at least annually to reflect changes in fair market rentals in the area to the extent adjustments can be justified by actual changes in expenses; and permitted HUD to allow adjustments on the basis of a reasonable formula, taking into consideration the average expenses of owning units in the area. It also provided that rents could not be reduced below initial rent levels; and provided that rent adjustments would be applicable only to new or rehabilitated units. The House amendment provided that rents would be adjusted at least annually to reflect changes in fair market rentals in the area, and permitted HUD to adjust rents on the basis of a reasonable formula. It also provided that rents could be increased further to meet the increased costs of substantial general increases in property taxes, utility rates, or similar costs except that rents were not to be materially different from rents of comparable unassisted units. Such rental adjustments would be applicable to existing, new, and rehabilitated units. The conference report contains the House provisions.

Number of Units in Project Subsidied

The Senate bill provided that with respect to existing structures, 100 percent of the units could be subsidized in the case of the elderly, and the greater of 5 units or 25 percent of the units could be subsidized in other cases, with public housing agencies permitted to waive these limitations for any reason. With respect to new projects, up to 75 percent of the units could be subsidized generally, except that all units in the structure could be subsidized where the project was for the elderly, contained fewer than 50 units, or the agency or HUD determined necessary. The House amendment provided that up to 100 percent of the units in any project could be subsidized; and permitted HUD to give preference to applications involving assistance for not more than 20 percent of the units in projects in the case of projects containing more than 50 units and to projects not designed for the elderly and handicapped. The conference report contains the House provisions.

Term of assistance contract

The Senate bill provided that with respect to existing units, the term of the assistance contract could not exceed 60 months or longer, as provided by the public housing agency in accordance with HUD criteria; and for new or rehabilitated units, 240 months, and up to 480 months for units assisted by State housing finance agencies. The House amendment provided that with respect to existing units, the term of the assistance contract could not exceed 180 months; and for new or rehabilitated units, 240 months and up to 480 months for projects owned by or financed by a State or local public housing agency. The conference report contains the House provisions.

Unoccupied units

The Senate bill provided that with respect to new or rehabilitated units assistance payments could not be made with respect to vacant units except for up to 60 days after a lease is broken or where a public housing agency fails to certify an eligible family and the owner is making a good faith effort to fill the vacancy. The House amendment contained a similar provision, applicable to existing units as well, and providing that the 60-day period applies where the lease is broken *or* where the owner is making a good faith effort to fill vacancies. The conference report contains the House provisions.

Management of units

The Senate bill permitted the owner of a project assisted under the program to contract with a public housing agency to assume management and maintenance responsibility. The House amendment contained a similar provision with respect to existing units; and provided that with respect to new or rehabilitated units, the project owner may contract with any entity, including a public housing agency, approved by HUD, to assume management and maintenance responsibility. The conference report contains the House provisions.

Financing

The Senate bill made eligible for assistance payments any project financed under an FHA unsubsidized multi-family program. The House amendment contained no specific provision with respect to the financing of projects (intending to make eligible any type of project financing); and provided that assistance could not be withheld or made subject to preferences because of the availability of FHA coinsurance or because of the tax-exempt status of public financing of projects. The conference report contains the House provisions, with an amendment making clear that projects financed with FHA mortgage insurance are permitted.

Property Standards

The House amendment contained a provision not in the Senate bill exempting new or substantially rehabilitated housing assisted under the program from compliance with HUD minimum property standards if such housing meets applicable State and local building codes. The conference report does not contain this House provision.

Assistance to Homeowners

The Senate bill specifically authorized assistance payments under the program to existing homeowners; and permitted purchase by a public housing agency of an assisted project with one or more units for resale to tenants with a continuation of subsidy up to the amount of debt service on the agency's bonds. The House amendment contained no provision with respect to assistance to homeowners; and permitted purchase of assisted projects as *existing* projects, except that assistance was limited to the amount of interest payments (and not the full amount of debt service) for a temporary period only.

The conference report does not contain the Senate provision with respect to assistance to homeowners. Such assistance is being made available to a limited extent pursuant to existing law under the housing allowance demonstration expanded elsewhere in this conference report. The conferees intend that assistance to homeowners shall not be made available under this new housing assistance program, and that such assistance should be financed out of research and demonstration authority utilized to carry out the housing allowance demonstration. The conference report contains the Senate provision with respect to purchase of assisted projects by public housing authorities.

Davis-Bacon

The Senate bill exempted housing constructed or rehabilitated under the new housing assistance program from the prevailing wage requirements of the Davis-Bacon Act. The House amendment applied such requirements to housing constructed or rehabilitated under the new program. The conference report contains the House provision, with an amendment exempting developments of fewer than nine units. The conferees urge the Secretary of Labor, in administering the Davis-Bacon Act, to apply the prevailing wage requirements in a manner that recognizes the substantial differences in wage rates between built-up metropolitan areas and small towns or rural areas. It is intended that the area of consideration should be large enough to yield an adequate factual basis for each wage determination, yet be small enough to reflect only the wages and practices of the area surrounding the location of the proposed project.

Elderly

The House amendment contained a provision not in the Senate bill requiring assistance payments to be made with respect to some or all of the units in projects for the elderly or handicapped financed under the section 202 direct loan program; and permitted occupants with incomes up to 5 times market rentals to qualify for such assistance. The conference report contains the House provisions, with amendments permitting assistance payments to section 202 projects, and deleting the special income limits for such assistance.

Miscellaneous

The Senate bill contained the following provisions not in the House amendment;

(1) permitting local housing authority bonds with flexible maturities and balloon payments to finance public housing projects;

(2) repealing requirements of existing law with respect to the submission of construction specifications prior to the award of construction contracts and submission of data with respect to land acquisition prior to an authorization to acquire land;

(3) making retroactive to 1961 repeal of the requirement that the Federal Government share in the net proceeds of the sale or operation of projects after bonds have been retired;

(4) permitting annual contributions to be made with respect to war housing projects owned by local public housing agencies and permitting funds received from the sale of such projects to be used by local agencies to repair projects held by them;

(5) prohibiting HUD from applying new administrative policies to projects in derogation of rights of an owner under a lease entered into prior to the establishment of such policies; and

(6) clarifying existing law to make explicit the Secretary's authority to approve use of special schedules of required payments for participants in mutual-help housing projects.

The conference report contains these Senate provisions.

III—MORTGAGE CREDIT ASSISTANCE

Revision of the National Housing Act

The Senate bill revised the law governing FHA mortgage insurance programs, and provided that the provisions of the revised law would be effective at such date or dates as prescribed by the HUD Secretary but not later than one year after enactment of the bill. The House amendment contained no such revision of existing law, and instead amended that law. The conference report does not contain the Senate revision of the National Housing Act, but makes the following amendments to existing law:

Insured advances

The Senate bill contained a provision not in the House amendment authorizing insured advances on mortgage proceeds during construction to cover the cost of building components prior to their delivery to the construction site. The conference report contains this Senate provision.

Prototype mortgage limits

The Senate bill deleted per unit limitations applicable to mortgages insured under various FHA programs, and authorized HUD to establish such limits administratively for each market area by estimating costs through a prototype procedure. The House amendment increased per unit mortgage limits for nearly all of the various mortgage insurance programs. The conference report contains the House provisions.

Project mortgage limits

The Senate bill contained provisions not in the House amendment deleting overall dollar limits on the amount of project mortgages. The conference report does not contain this Senate provision.

Mortgage maturities

The Senate bill contained provisions not in the House amendment deleting specific limits on the maximum maturities of mortgages insured under various FHA programs and authorized HUD to set such maturities. The conference report does not contain these Senate provisions.

Energy conservation

The Senate bill contained a provision not in the House amendment prohibiting HUD insurance of mortgages financing new construction unless the mortgaged property makes use of energy conservation techniques, to the maximum extent feasible. The conference report does not contain this Senate provision. Instead, it contains an amendment to existing law directing HUD to encourage the use of energy conservation techniques through its regulations involving minimum property standards.

Compensation for defects

The Senate bill contained provisions not in the House amendment extending the compensation for defects provisions of existing law (under section 235) to cover mortgages insured under sections 203(b) and 221 (in older, declining areas) and making compensation retroactive to mortgages insured under sections 203(b) and 221 of the Act on or after August 1, 1968.

The confernce report contains these Senate provisions, with amendments—

(1) providing that determinations by the HUD Secretary are final and not judicially reviewable;

(2) providing that eligibility for compensation is limited to mortgages insured under sections 203(b) and 221 between August 1, 1968, and January 1, 1973, as well as to mortgages insured under section 235 as in existing law; and

(3) providing that compensation may not be paid unless HUD determines that the defect involved a serious danger to the life or safety of the occupant of the dwelling.

The conferees urge HUD to adopt regulations to assure that compensation or reimbursement is made only with respect to defects which are actually repaired.

Allocation of housing subsidies

Urban-Rural Split

The Senate bill provided that 75 percent of housing assistance funds available to HUD would be allocated to metropolitan areas, and 25 percent to nonmetropolitan areas. The House amendment provided that *at least* 20 percent was to be allocated to nonmetropolitan areas. The conference report contains a provision allocating "at least 20 percent but not more than 25 percent" to nonmetropolitan areas.

Basic Allocation Criteria

The Senate bill directed HUD to reserve housing assistance funds to meet the housing objectives contained in community development plans submitted under the community development program. The House amendment directed HUD to allocate housing assistance funds on the basis of objective criteria, with allocations modified as necessary to fulfill the requirements of approved local housing assistance plans submitted as part of community development program applications. The conference report contains the House provision.

Local Approval

The Senate bill required housing assistance funds to be used in general conformity with State and local housing assistance plans; and directed HUD to resolve conflicts between State and local plans. The House amendment required localities with approved housing assistance plans to review all applications for housing assistance to determine consistency with their plan. HUD could disregard a local objection to an application only where the objection was without merit and the application was plainly consistent with the plan. Localities without housing plans were given 60 days to submit objections to HUD. The conference report contains the House provisions in modified form.

Within 10 days of receipt of an application for housing assistance, HUD would notify the locality that an application is under consideration, and afford it 30 days to object on the grounds that the application is inconsistent with its housing assistance plan. If the locality makes such an objection, HUD may not approve the application unless it determines that the application is consistent with the plan. If HUD receives no objection during the 30-day period referred to above, it may approve the application unless it finds the application to be inconsistent with the plan. HUD determinations with respect to consistency or inconsistency with a particular plan must be made within 30 days after receipt of an objection or within 30 days after the close of the period afforded the locality to consider the application, whichever is earlier. These local approval provisions would not apply to—

(1) applications for housing assistance involving 12 or fewer units in a project or development;

(2) applications with respect to housing assistance in HUD-approved new community developments which HUD determines are necessary to meet the housing requirements of title IV of the 1968 Housing Act of title VII of the 1970 Housing Act; and

(3) applications with respect to housing to be financed by loans or loan guarantees from a State agency, except that the local approval provisions would apply where a locality in which housing assistance is to be provided objects in its housing assistance plan to the exemption of State-financed housing provided by this paragraph.

The conferees believe that a determination by the HUD Secretary overruling a locality's determination with respect to inconsistency with a housing assistance plan should be based upon substantial reasons.

Co-insurance demonstration

The Senate bill authorized HUD to conduct a demonstration of co-insurance through June 30, 1976, subject to the following conditions: not more than 20 percent of the *units* insured under the home mortgage provisions nor more than 20 percent of the *units* under the project mortgage provisions could be involved in the co-insurance demonstration; HUD could not delegate processing functions to lenders without assuring adequate consumer safeguards; and the demonstration was to be used only to the extent that the flow of mortgage credit was not unduly discouraged, and not to be used in older or declining areas where 100 percent insurance is needed.

The House amendment made clear that the use of co-insurance was optional with lenders, who are required to assume at least 10 percent of any loss, subject to a limitation on their overall liability for catastrophic losses; that co-insurance could be used only with respect to 20 percent of the *dollar amount* of home mortgages and 20 percent of the *dollar amount* of multifamily mortgages insured; that sharing the premiums between HUD and lenders must be on a sound actuarial basis; that inspection of new construction under the demonstration program must meet minimum standards applicable under the regular mortgage insurance programs; that HUD must consult with the mortgage lending industry to determine that the demonstration does not disrupt the mortgage market or make 100 percent mortgage insurance unavailable to those who need it; and that HUD could not withdraw, deny, or delay mortgage insurance under other programs because of the availability of co-insurance. The House amendment contained a June 30, 1977, expiration date for the co-insurance demonstration.

The conference report contains the House provisions, with amendments (1) prohibiting HUD from delegating processing functions to lenders without assuring adequate safeguards to consumers; and (2) providing that co-insurance is not to be used in older or declining areas where 100 percent mortgage insurance is needed.

Demonstration of lender processing

The Senate bill contained a provision not in the House amendment authorizing HUD to experiment generally with delegations of various processing tasks to mortgage lenders. The conference report does not contain this Senate provision.

Experimental financing

The Senate bill contained a provision not in the House amendment authorizing a demonstration through July 1, 1977, of experimental financing techniques (such as variable interest rates and uneven amortization), limited to one percent of the dollar amount of mortgages insured by the FHA. The conference report contains the Senate provision with amendments limiting the demonstration to uneven amortization mortgage financing and excluding demonstrations with respect to variable interest mortgages; and limiting the demonstration to the period through June 30, 1976.

Counseling

The Senate bill mandated counseling of homeowners assisted under the section 235 program and authorized tenant counseling for occupants of assisted unsubsidized multifamily programs; and permitted the financing of counseling activities out of various mortgage insurance funds. The House amendment authorized homeownership and tenant counseling, but financed out of appropriations. The conference report contains the House provisions, with an amendment mandating homeownership counseling for purchasers deemed to be special credit risks.

Limitations on new construction and rehabilitation under sections 235 and 236 programs

The Senate bill contained a provision not in the House amendment limiting construction and rehabilitation under the sections 235 and 236 programs to areas with a need for such units, where such units are necessary to enable persons to live near their employment, where such units are essential to a community development program, or under other circumstances determined by HUD. The conference report does not contain this Senate provision.

Property improvement and mobile home loan program

Increase in loan amounts

The Senate bill increased from $15,000 to $30,000 the amount of a property improvement loan for a payment structure. The House amendment increased the amount only to $17,500. The conference report contains the Senate provision, with an amendment increasing the amount to $25,000.

Increase in maturities for mobile home loans

The House amendment contained a provision not in the Senate bill increasing the term of a single module mobile home loan from 12 to 15 years. The conference report contains this House provision.

Fire safety equipment in health facilities

The Senate bill authorized HUD to determine the maximum amount and term of a loan financing fire safety equipment in health facilities. The House amendment provided for a maximum of $50,000 and a maximum term of 25 years. The conference report contains the Senate provision. However, the conferees intend HUD to administratively establish the maximum loan amount and term at the figures contained in the House amendment, except in exceptional cases.

Energy conservation

The Senate bill contained a provision not in the House amendment permitting the use of property improvement loans to finance the provision of energy conserving improvements or the installation of solar energy systems. The conference report contains this Senate provision.

Mobile home lot loans

The Senate bill contained a provision not in the House amendment authorizing loans to finance the purchase of mobile home lots and the preparation of such lots. The conference report contains this Senate provision.

State and local rehabilitation funds

The Senate bill contained a provision not in the House amendment authorizing co-insurance of rehabilitation loans (not to exceed $10 million) made by States or localities to persons who cannot obtain or afford private financing. The conference report does not contain this Senate provision.

Unsubsidized home mortgages-downpayments

The Senate bill contained a provision not in the House amendment providing that an insured loan could include 70 percent of the estimated value of a home over $45,000. The conference does not contain this Senate provision.

Subsidized home mortgages—section 235

Authorizations

The Senate bill contained a provision not in the House amendment authorizing an additional $120 million in contract authority for the section 235 program on July 1, 1975. The conference report does not contain this Senate provision, but instead extends to one year after enactment of this bill the authority to use existing appropriated contract authority, and provides for such sums as may be approved in appropriations acts for the balance of Fiscal Year 1976.

Use of existing units

The Senate bill contained a provision not in the House amendment making permanent HUD's authority to use up to 30 percent of authorized contract authority for existing units. The conference report contains this Senate provision.

Rehabilitation Requirements

The Senate bill contained a provision not in the House amendment increasing from 10 to 20 percent of authorized contract authority which may be utilized for substantial rehabilitation. The conference report contains this Senate provision.

Owner-Occupant Rehabilitation

The Senate bill contained a provision not in the House amendment authorizing assistance payments on mortgages financing rehabilitation and refinancing for owner-occupant homes. The conference report does not contain this Senate provision.

Income Limits

The Senate bill contained a provision not in the House amendment establishing 90 percent of median income for the housing market area as the income limit for the program. The conference report contains the Senate provision with an amendment setting the income limit at 80 percent, rather than 90 percent, of median income for the market area.

Insured Advances

The Senate bill contained a provision not in the House amendment authorizing insurance of advances of mortgage proceeds with respect to property constructed or rehabilitated pursuant to a self-help program. The conference report contains this Senate provision.

Downpayment Requirements

The Senate bill contained a provision not in the House amendment establishing a minimum downpayment of $200 for families below 70 percent of median income and 30 percent of acquisition cost for all other families. The conference report contains the Senate provision, with an amendment setting the minimum downpayment for all families at 3 percent of acquisition cost. The conferees believe the Secretary should require recertification of incomes of assisted home owners under the program at least annually.

UNSUBSIDIZED MULTIFAMILY MORTGAGES

Management cooperatives

The Senate bill contained a provision not in the House amendment increasing from 97 to 98 percent the loan-to-value ratio applicable to insured mortgages financing management-type cooperatives. The conference report contains this Senate provision.

Existing properties

The Senate bill contained provisions not in the House amendment (1) authorizing insurance of mortgages to finance the purchase of existing multifamily projects or the refinancing of mortgages on existing projects; and (2) authorizing 100 percent insured mortgages where refinancing is involved in older, declining areas. The conference report contains (1) above, with an amendment providing that in the case of refinancing of an existing project, HUD must prescribe such terms and conditions as determined necessary to assure that (1) refinancing is used to lower monthly debt service only to the extent needed to assure the continued economic viable of the project; and (2) during the mortgage term, no rental increases may be made except those necessary to offset actual and reasonable operating expenses or other increases approved by HUD.

The conference report does not contain the Senate provision with respect to 100 percent refinancing in older, declining areas, although it retains existing authority with report to such refinancing.

Dormitory-type housing

The Senate bill contained a provision not in the House amendment authorizing the insurance of unsubsidized multifamily mortgages involving "dormitory-type" housing. The conference report contains this Senate provision, and the conferees expect HUD to give special attention to the urgent need to develop such housing in urban areas.

Public housing agencies

The Senate bill permitted public housing agencies to receive 90 percent unsubsidized insured mortgages, the House amendment permitted such agencies to receive 100 percent unsubsidized insured mortgages under section 221(d)(3) if they waived tax exemption. The conference report contains the House provision.

Multifamily Mortgages—Section 236

Consolidation of rent supplement, program authority

The Senate bill contained a provision not in the House amendment authorizing a deep subsidy (below the assistance provided through a one percent mortgage) down to utility cost for 20 percent of the units in a section 236 project. The conference report contains the Senate provision.

Operating cost subsidies

The Senate bill contained a provision not in the House amendment authorizing increased subsidies to existing and new section 236 projects to meet higher operating costs resulting from increased taxes, utility costs, and operating expenses. The conference report contains the Senate provision with an amendment authorizing the increased subsidies only with respect to higher operating costs resulting from increased taxes and utility costs. The conferees wish to point out that the specific amount of such increased subsidies should be determined by the Secretary taking into account the need to encourage reasonable economies in the operation of projects.

Housing for the elderly

The Senate bill contained a provision not in the House amendment requiring that 15 to 25 percent of authorized contract authority be allocated to projects for the elderly or handicapped, at least 5 percent of which is for "integrated" projects (10 to 50 percent elderly or handicapped). The conference report contains the Senate provision with an amendment eliminating the earmarking for "integrated" projects.

Rehabilitation

The Senate bill contained provisions not in the House amendment requiring that at least 10 percent of authorized contract authority be utilized for rehabilitation projects; and that tenants living in existing structures prior to rehabilitation be allowed to remain in occupancy after rehabilitation, with over-income tenants paying no more than 25 percent of their incomes toward rent. The conference report contains these Senate provisions.

Separate utility billing

The Senate bill contained a provision not in the House amendment providing for the reduction of tenant contributions toward rent from 25 percent of income to 20 percent of income where utilities are billed separately. The conference report contains this Senate provision.

Income limits

The Senate bill contained a provision not in the House amendment establishing the income limit for the program at 90 percent of median income in the housing market area. The conference report contains the Senate provision with an amendment setting the income limit at 80 percent, rather than 90 percent, of median income for the market area.

Single persons

The Senate bill contained a provision not in the House amendment eliminating the 10 percent limitation on the number of non-elderly single persons who may be assisted in any project. The conference report contains this Senate provision.

Management monitoring

The Senate bill contained a provision not in the House amendment authorizing HUD to contract with State or local agencies to monitor the management of section 236 projects. The conference report contains this Senate provision.

Authorizations

The Senate bill contained an amendment authorizing additional contract authority for the section 236 program in the amounts of $180 million in Fiscal Year 1975 and $200 million in Fiscal Year 1976. The House amendment contained an open-end authorization for the program for Fiscal Year 1975.

The conference report authorizes an additional $75 million in contract authority for the program for Fiscal Year 1975 and extends the program from October 1, 1974, to June 30, 1976. The Secretary is expected to approve commitment of available funds for new projects when the community has identified its special housing needs and demonstrated that these needs cannot be met through the new housing assistance program authorized under the 1973 Act.

Group practice facilities

The Senate bill contained a provision not in the House amendment authorizing mortgage insurance for group practice facilities with as few as one medical professional in rural areas, small towns, and lower income urban areas. The House amendment contained a provision not in the Senate bill extending the program of mortgage insurance for group practice facilities to cover the construction of facilities for the practice of osteopathy. The conference report contains both the House and Senate provisions.

Supplemental Project Loans

The Senate bill contained provisions not in the House amendment authorizing insured supplemental loans for repairs, improvements, or additions to multifamily projects or health facilities not covered by FHA-insured mortgages; and authorizing subsidized supplemental loans with respect to subsidized multifamly projects for the elderly in order to expand non-dwelling facilities needed to serve elderly individuals in the area of a project. The conference report contains the Senate provision with respect to unsubsidized supplemental loans for multifamily projects, but does not contain the Senate provision with respect to subsidized supplemental loans. The new housing assistance program authorized under the Housing Act of 1937 permits non-dwelling facilities serving elderly in the area of a project to be financed as part of a subsidized rental project serving the elderly.

Land development

The Senate bill contained a provision not in the House amendment increasing to 80 percent of the estimated value of land before development and 90 percent of the estimated cost of development the loan-to-value ratio on FHA land development mortgages. The conference report contains this Senate provision.

Guarantee of State Housing and Development Agency obligations

Purpose

The Senate bill contained a provision providing that the purpose of this new guarantee program was to assist in financing the acquisition of land and the construction or rehabilitation of housing and related facilities for low, moderate, and middle income persons, with development to be carried out by private profit or nonprofit entities unless HUD finds such entities are not available. The House amendment provided that the purpose of the program was to assist in (1) the provision of housing for low and moderate income persons; (2) the revitalization of slum and blighted areas; (3) the development of industrial and commercial facilities to improve employment opportunities; and (4) the advance acquisition of land and other development aspects of State land use plans; and that development could be carried out by State agencies or other entities.

The conference report contains the House provisions with amendments (1) making it clear that a purpose of the new program is to encourage the formation and effective operation of State housing finance agencies, as well as State development agencies; and (2) directing the HUD Secretary to encourage the maximum participation by private and nonprofit developers in activities assisted under the new program.

Eligibility of Agencies for Guarantee

The Senate bill provided that in order to be eligible for a guarantee., a State must have at least one market area with an inadequate housing supply and high costs of development; and the agency must be implementing a housing plan which meets the needs of low and moderate income and displaced persons, gives priority to State, area-wide, and local community development programs, and promotes housing opportunities. The House amendment provided that the agency must be empowered to provide housing; that its activities must involve the revitalization of slums; and that obligations financing only the provision of housing were not eligible for guarantee.

The conference report contains the House provisions with an amendment making clear that State housing obligations may be guaranteed only when they are incurred in connection with slum revitalization, when the revitalization is being carried on or assisted by the State agency or by a community using community development grants, or under any other program approved by HUD.

Taxable Bonds and Interest Subsidies

The Senate bill provided that guaranteed bonds must be taxable; that the interest subsidy with respect to such bonds could cover up to 33⅓ percent of interest costs; and that contract authority to make interest reduction payments was authorized in the amount of $50 million in fiscal year 1975, to be increased to $110 million in fiscal year 1976. The House amendment provided for 30 percent interest subsidy grants to be made with respect to any taxable bond issued to finance any of the purposes stated above, whether or not the bond was guaranteed.

The conference report contains the Senate provisions with an amendment making interest reduction grants available with respect to unguaranteed State bonds.

Limit on Amount Guaranteed

The House amendment contained a provision not in the Senate bill limiting to $500 million the amount of guaranteed loans under the program. The conference report contains this House provision.

Davis-Bacon

The House amendment contained a provision not in the Senate bill applying the prevailing wage requirements of the Davis-Bacon Act to residential projects with fewer than 9 units. The conference report contains this House provision. The conferees urge the Secretary of Labor, in administering the Davis-Bacon Act, to establish wage rates in a manner that recognizes the substantial differences in such rates between built-up metropolitan areas and small towns or rural areas. It is intended that the area of consideration should be large enough to yield an adequate factual basis for each wage determination, yet be small enough to reflect only the wages and practices of the area surrounding the location of the proposed project.

Investment in Bonds by Financial Institutions

The Senate bill contained a provision not in the House amendment permitting investment in bonds guaranteed under the new program by national banks and Federal savings and loan associations. The conference report contains this Senate provision.

Disposition of FHA-Acquired Properties to Cooperatives

The Senate bill contained provisions not in the House amendment authorizing 100 percent purchase money mortgages from HUD to finance the disposition of FHA-acquired properties to cooperatives; and authorizing HUD to make necessary repairs and improvements to make such housing suitable for cooperative ownership. The conference report contains these Senate provisions, with an amendment striking out language in the Senate provision requiring that necessary repairs and improvements make such housing suitable for *cooperative* ownership. The conferees wish to point out that disposition of such properties to cooperatives is discretionary with the HUD Secretary.

Dual Interest Rate System

The Senate bill contained a provision not in the House amendment authorizing the experimental use, until July 1, 1977, as an alternative to HUD established maximum interest rates, of free market interest rates on FHA-insured mortgages if discounts are not charged on such mortgages. The conference report does not contain this Senate provision.

Extension of FHA programs

The Senate bill provided a transitional extension to June 30, 1975, the proposed effective date of the Revised National Housing Act, of various FHA mortgage insurance authorities. The House amendment extended FHA authorities throughout June 30, 1977, except that insurance authority with respect to sections 235 and 236 were extended only to June 30, 1975.

The conference report amends FHA authorities through June 30, 1977, except that with respect to the sections 235 and 236 programs, insurance authority is extended through June 30, 1976.

Extension of flexible interest rate authority

The Senate bill provided a transitional extension of the HUD Secreary's authrity to establish interest rates under various FHA programs to July 1, 1975. The House amendment extended such authority to June 30, 1977. The conference report contains the House provision.

Social Security increases

The House amendment contained a provision not in the Senate bill excluding from the definition of income in the sections 235, 236, and rent supplement programs social security benefit increases after June 1974. The conference report does not contain this House provision.

Housing for military personnel

The House amendment contained a provision not in the Senate bill authorizing the insurance of home and multifamily mortgages executed by military or other personnel assigned to military bases as risks of the Special Risk Insurance Fund where residual housing requirements were inadequate to sustain housing in the event of a substantial curtailment of base employment. The conference report contains this House provision.

IV—COMPREHENSIVE PLANNING

Purpose

The Senate bill contained a provision not contained in the House amendment which stated that the purpose of the Section 701 Comprehensive Planning Program was to provide assistance to general purpose units of government and regional combinations thereof for comprehensive planning and for developing management capacity to implement plans to solve planning problems; and to encourage development of a more rational process for setting policy objectives, designing and overseeing programs to meet these objectives, and evaluating the progress of such programs. The conference report does not contain this Senate provision.

Eligible Grantees

The Senate bill contained a provision not contained in the House amendment which designates as grantees eligible for comprehensive planning assistance (1) States for planning assistance to local governments, (2) States for State and intertsate activities, (3) cities of 50,000 or more, (4) counties of 50,000 or more, (5) areawide organizations, (6) Indian tribal groups or bodies, and (7) other governmental units or agencies having special planning needs. The conference report contains the Senate provisions with amendments (1) making counties eligible for direct assistance only if they meet the definition of "urban counties" contained in the new community development program; and (2) making only areawide organizations carrying out planning for metropolitan areas eligible for direct assistance.

State Administration

The Senate bill contained a provision not contained in the House amendment authorizing HUD to make grants to States for assistance to any unit or combinations of local government if there is mutual State-local agreement for State administration; however, no units of local government may be denied funding because of failure to join in such an agreement. The conference report does not contain this Senate provision.

The conferees agree that the law should continue to authorize the direct funding of cities over 50,000 population and metropolitan areawide agencies. They also agree that, while they did not wish to preclude the Secretary from encouraging greater coordination of planning efforts by providing assistance through the States, they expect him to provide direct funding to cities and metropolitan agencies without prejudice, when desired and authorized under State law.

A-95 review

The Senate bill contained a provision not contained in the House amendment specifically making assisted comprehensive planning activities subject to the OMB A-95 review process. The conference report does not contain this Senate provision.

Eligible activities

The Senate bill contained provisions not contained in the House amendment (1) providing that activities undertaken with grant assistance may include development of plans and improvement of the management capability to implement these plans, and the development of a policy-making-evaluation capacity which would enable the recipient to determine its needs more rationally, set goals and objectives, devise appropriate programs, and evaluate its programs; and (2) requiring grant recipients to employ professionally competent persons to carry out program activities. The conference report contains these Senate provisions.

Required activities

The Senate bill contained provisions not contained in the House amendment requiring each grant recipient to carry out an ongoing planning process with biennial review, including a provision for public hearings and other citizen participation; and requiring a comprehensive plan to include, at a minimum, (1) a housing element which takes into account all available data so that housing needs of both the region and the community studied will be adequately covered in terms of existing and prospective population growth, (2) a five-year capital programming element, and (3) a land use element which includes (a) criteria and implementing procedures guiding major decisions as to where growth shall take place, and (b) general plans with respect to the pattern and intensity of land use for residential, commercial, and other activities. For each of the above elements, annual objectives, programs, and evaluation procedures are required to be stated.

The conference report contains these Senate provisions, except that (1) the requirement that a planning process include a provision for public hearings and active citizen participation is deleted and replaced by a requirement that the planning process shall make provision for citizen participation when major plans, policies, priorities, or objectivse are being determined; and (2) the requirement that all plans contain a five-year capital programming element is deleted.

The conference report does not expressly require a capital programming element because the conferees have been informed that effective implementation of this requirement would require substantial funding from presently limited comprehensive planning assistance funds. This lack of an express statutory requirement should not be construed to mean that capital programming should be ignored in the comprehensive planning process. HUD is expected to encourage the development of such capital programming elements wherever appropriate and feasible.

Annual grants and secretarial review

The Senate bill contained provisions not contained in the House amendment (1) authorizing HUD to make annual grants after approval of an initial application if the applicant submits an annual description of its work program for the succeeding year, including proposed changes, and submits biennially an evaluation of progress in meeting its plan objectives during the previous two years, including proposed changes; and (2) prohibiting grants to applicants that have not made a good faith effort to implement their plan objectives, or, after three years, to applicants that are not carrying out required comprehensive planning activities. The conference report contains the first Senate provision only with an amendment deleting the "good faith effort" in implementation requirement.

Grant amount and dollar authorizations

The Senate bill provided that comprehensive planning grants could not exceed 80 percent of estimated program costs and authorized additional appropriations of $110 million in Fiscal Year 1974 and $220 million in Fiscal Year 1975, with 30 percent of the first $125 million appropriated and 25 percent of any funds thereafter appropriated to be available solely for grants to areawide planning organizations. The House amendment authorized appropriation of an additional $130 million for Fiscal Year 1975 for comprehensive planning assistance. The conference report authorizes appropriation of $130 million for Fiscal Year 1975 and $150 million for Fiscal Year 1976.

Historic preservation

The Senate bill contained a provision not contained in the House amendment authorizing the use of planning grants for the acquisition of structures or sites of historic or architectural value. The conference report does not contain this Senate provision.

Consultation with Federal agencies

The Senate bill contained a provision not contained in the House amendment directing the Secretary to consult with other Federal agencies with respect to general comprehensive planning standards and procedures and specific planning activities of interest to a particular agency. The conference report contains this Senate provision.

Joint funding

The Senate bill contained a provision not contained in the House amendment authorizing use of funds made available in furtherance of a comprehensive planning program to be used jointly with other Federal assistance funds, subject to regulations prescribed by the President. The conference report contains this Senate provision.

Trust Territory of the Pacific Islands

The House amendment contained a provision not contained in the Senate bill authorizing extension of the comprehensive planning assistance program to the Trust Territory of the Pacific Islands. The conference report contains this House provision.

Delegation authority

The Senate bill contained a provision not contained in the House amendment authorizing the HUD Secretary to delegate his administrative powers under section 701 to other Federal agencies, with the approval of the President. The conference report does not contain this Senate provision.

Comprehensive planning definition

The Senate bill contained a provision not contained in the House amendment expanding the statutory definition of comprehensive planning to include (1) identification and evaluation of area needs and formulation of specific program to meet those needs, and (2) surveys of structures and sites of historic or architectural value. The conference report contains this Senate provision.

A-95 review

The Senate bill contained a provision not contained in the House amendment amending section 204(a) of the Demonstration Cities and Metropolitan Development Act of 1966 to include comprehensive planning as a covered activity and to redefine an A-06 review agency as an areawide agency which has prepared, or is in the process of preparing a metropolitan or regional plan for an area which (1) is predominantly composed of or responsible to elected officials of a unit or areawide government or the units of general local government in the area, or (2) is directly responsible to the citizens of the area, except where State laws provide otherwise. The conference report does not contain this Senate provision.

Report on A-95 review procedure

The Senate bill contained a provision not contained in the House bill requiring Federal agencies administering programs subject to the A-95 review procedure to report to the Congress by July 1, 1976, concerning administration of the areawide review and comment process. The report would include information on the number of applications governed by agency regulations, the number accompanied by appropriate comments, the action taken on each application, and the length of time after agency action before the applicant is notified. The report must also include an evaluation of the effectiveness of the review and comment process. The conference report does not contain this Senate provision.

Training and fellowship programs

The Senate bill contained provisions not contained in the House amendment adding "general urban studies" as an eligible activity for assistance under HUD's graduate fellowship programs; authorizing HUD to make grants for contracts directly with institutions of higher education, to assist them in planning, developing, or improving programs or projects for the preparation of graduate or professional students in city and regional planning and management, housing, and urban affairs, or research into improving methods of education for these professions; permitting the use of grant funds to pay part of the compensation of students employed in urban professions; and increasing the grant authorization for training and fellowship programs by $3,500,000 on July 1, 1974, and $3,500,000 on July 1, 1975. The conference report contains these Senate provisions.

V—RURAL HOUSING

Extension of FMHA programs

The Senate bill extended the FmHA rural housing programs to Guam. The House amendment extended these programs to territories and possessions of the United States (including Guam) and the Trust Territory of the Pacific Islands. The conference report contains the House provision.

Refinancing

The Senate bill eliminated a prohibition against FmHA refinancing debts that were held or insured by the United States or a Federal agency and removed a requirement that the refinanced debt must have been incurred prior to November 3, 1966. The House amendment was similar except that an applicant must have incurred the indebtedness at least five years prior to his application for refinancing. The conference report contains the House provision.

Escrow accounts

The Senate bill directed the Secretary of Agriculture to establish procedures under which he would administer escrow accounts at the option of FmHA borrowers. The House amendment is similar except that it authorizes rather than directs the Secretary to establish such procedures. The conference report contains the House provision.

Section — leasing

The Senate bill contained a provision not contained in the House amendment authorizing families with FmHA loans to lease their homes under the public housing law where such action would prevent a borrower from losing his home or help meet other necessary expenses. The conference report does not contain this Senate provision.

Research

The Senate bill contained a provision not contained in the House amendment authorizing the Secretary of Agriculture to contract for rural housing research with private and public organizations if he determines that the research work cannot feasibly be performed by the Department of Agriculture or land grant colleges. The conference report contains this Senate provision.

Utilization of county committees

The Senate bill contained a provision not contained in the House amendment limiting the use of county committees in rural housing programs to applicants involved in the operation of a farm. The conference report contains this provision.

Assistance authorizations

The Senate bill increased authorizations for Section 504 rehabilitation loans and grants by $25 million on October 1, 1974, and by $25 million on June 1, 1975; for farm labor housing grants by $25 million on October 1, 1974, and by $25 million on June 1, 1975; and for annual research grants from $250,000 annually to $5 million for the period beginning October 1, 1974, and ending October 1, 1975. The House amendment increased the Section 504 authorization by $25 million for the period ending June 30, 1977; for farm labor housing grants by $25 million for period ending June 30, 1977; and for annual research grants from $250,000 to $1 million annually for period ending June 30, 1977. It also extended the authorization period for Section 515 rental housing loans and Section 517 insured rural housing loans to June 30, 1977. The conference report contains the House provisions, except that the authorizations for Section 504 rehabilitation loans and grants and for farm labor housing grants are each increased by $30 million rather than by $25 million.

Mutual and self-help housing

The Senate bill permitted non-interest bearing advances from the self-help land development fund to recipients of self-help housing grants to be used for "contingency land revolving accounts"; and extended the basic self-help program authority to June 30, 1976, authorizing annual appropriations for the program of up to $10 million for each of fiscal years 1975 and 1976. The House amendment was similar, except that advances could be used to establish "revolving accounts for the purchase of land options" and bear interest at a rate determined by the Agriculture Secretary. The House amendment also provided for an extension of basic program authority to June 30, 1977, and authorized annual appropriations of up to $10 million for fiscal years 1975, 1976, and 1977. The conference report contains the House provisions.

Site loans

The Senate bill broadened the section 524 site loan program to permit the use of developed sites under any Federal or other assisted housing program, with the loan to bear an interest rate not to exceed 5 percent per annum. The House amendment contained a similar provision, except that the loan interest rate was set at the Treasury borrowing rate, as in existing law. The conference report contains the House provisions.

Technical and supervisory assistance

The Senate bill authorized the Secretary of Agriculture to make grants to or contract with non-profit corporations, agencies, institutions, and other groups to provide technical and supervisory assistance for needy low-income families to help them benefit from Federal, State or local housing programs in rural areas. The House amendment authorized the Secretary to provide, or contract with public or private non-profit organizations to provide information, advice and technical assistance on a variety of activities and services related to low- and moderate-income housing and families; any private non-profit organization providing services would be required to be sponsored by a non-Federal governmental entity or public body; and such sponsorship would include assisting the applicant in processing of the application, implementing any technical assistance program, and carrying out all obligations of the grant. The conference report contains the Senate provisions with a requirement that, in processing applications under this program, the Secretary shall give preference to those applicants which are sponsored by a non-Federal governmental entity or public body.

Legal services

The Senate bill contained a provision not contained in the House amendment requiring the Secretary of Agriculture to accord to all qualified attorneys an equal opportunity to participate in closing and other legal services as may be required in connection with settlements on properties being purchased with assistance under title V of the Housing Act of 1949. The conference report does not contain this Senate provision.

Mobile homes

The Senate bill contained provisions not in the House amendment broadening the term "housing" as used in title V of the Housing Act of 1949 to include mobile homes and mobile home sites; directing the Secretary of Agriculture to prescribe minimum property standards with respect to such mobile homes and sites; and providing that loans for mobile homes and sites be made under the same terms and conditions as are applicable under the Federal Housing Administration's mobile home program. The conference report contains these Senate provisions.

Definition of rural areas

The Senate bill expanded the definition of "rural" areas to include places of up to 25,000 population outside standard metropolitan statistical areas if determined by the Secretaries of Agriculture and HUD that a serious lack of mortgage credit exists. The House amendment expanded the definition of "rural" and "rural areas" to include places not part of or associated with an urban area which have a population of 10,000 to 15,000 and have a serious lack of mortgage credit as determined by the Secretaries of Agriculture and HUD. The conference report contains the Senate provisions, except that only places of up to 20,000 population are included, rather than 25,000 population.

Social security benefit increases

The House amendment contained a provision not contained in the Senate bill providing that social security benefit increases occurring after June 30, 1974, shall not be considered as income or otherwise taken into account for purposes of determining eligibility for, or the amount of, subsidy assistance available under title V of the Housing Act of 1949. The conference report does not contain the House provision.

Contract services and fees

The House amendment contained a provision not contained in the Senate bill permitting the use of the rural housing insurance fund to pay for services customary in the construction industry, construction inspections, commercial appraisals, servicing loans and other related program services and expenses. The conference report contains this House provision. The conferees expect that this new authority of the Secretary will be used sparingly, primarily in cases where EmHA staff shortages require, and will not be used as a substitute for available FmHA staff services as a device to even further reduce FmHA staff. The conferees also expect that only well-qualified contract personnel shall be utilized.

Demonstration deep subsidy for home ownership

The Senate bill contained provisions not contained in the House amendment authorizing the Secretary of Agriculture, with respect to 10 percent of the home loans made in any fiscal year, to make loans on terms which defer payments on up to 50 percent of the principal until (1) expiration of the amortization period, (2) full payment of the balance of the loan, (3) transfer of the property without the Secretary's consent, or (4) default by the mortgagor. The income of the mortgagor would be reviewed annually for purposes of making adjustments in the amount of principal which is currently amortized. On becoming due, the deferred principal would be amortized for payment of principal and interest in installments over a period not exceeding 33 years. The Secretary is to report to the Congress six and eighteen months after enactment on his implementation of this provision. The conference report does not contain these Senate provisions.

VI—MOBILE CONSTRUCTION AND SAFETY STANDARDS

The Senate bill contained provisions not in the House amendment requiring HUD to promulgate national standards with respect to the quality, durability, and safety of mobile homes through a National Mobile Home Administration headed by an Assistant Secretary. HUD would be authorized to enforce the standards directly, through injunctive actions by the Attorney General, or through grant agreements with States having approved enforcement plans. Manufacturers would be required to furnish consumers warranties against defects, and to take other actions to protect purchasers of defective mobile homes. Such sums as are necessary to carry out these provisions would be authorized.

The conference report contains these Senate provisions with the following major amendments:

(1) deleting the establishment of a National Mobile Home Administration headed by an Assistant Secretary and merely authorizing HUD to carry out this new authority;

(2) requiring HUD to consult with the Consumer Product Safety Commission prior to the establishment of safety standards;

(3) deleting the provisions relating to manufacturers warranties; and

(4) deleting the provisions requiring adversary-type administrative proceedings in connection with the issuance of standards.

Housing cooperative finance association

The Senate bill contained provisions not in the House amendment establishing a Housing Cooperative Finance Association to encourage and assist consumer-oriented groups to improve housing conditions through the establishment of nonprofit cooperatives; authorizing the Association to issue Federally-guaranteed bonds not exceeding $1 billion; and authorizing 40-year HUD-insured loans to cooperatives for the development or acquisition of housing. The conference report does not contain these Senate provisions.

VII—CONSUMER HOME MORTGAGE ASSISTANCE

Federal savings and loan associations

Construction Loans

The House amendment contained a provision not in the Senate bill permitting savings and loan associations to make line of credit construction loans on residential real estate relying on the borrower's general credit rating or other assurance, with such loans not to exceed the greater of surplus, undivided profits, and reserves or 5 percent of assets. The conference report contains the House provision with an amendment that such loans may not exceed the greater of surplus, undivided profits, and reserves or 3, rather than 5, percent of assets.

Single-Family Dwelling Limitations

The House amendment contained provisions not in the Senate bill increasing the limit on the amount of single-family dwelling loans from $15,000 to $55,000; permitting savings and loan associations to allocate only the excess over the $55,000 limit (rather than the full amount of the loan) to the twenty percent of assets requirements; and permitting the Federal Home Loan Bank Board to increase the loan limits on dwellings in Alaska, Guam, and Hawaii by up to fifty percent. The conference report contains the House provisions with an amendment deleting the provision permitting savings and loan associations to allocate only the excess over the $55,000 limit to the twenty percent of assets requirements.

Increasing Lending Authority

The House amendment contained provisions not in the Senate bill permitting savings and loan associations to invest, subject to conditions prescribed by the Federal Home Loan Bank Board, in various types of loans for primarily residential purposes without regard to the limitations in existing law, with such loans not to exceed 10 percent of an association's assets. The conference report contains the House provisions with an amendment limiting such investments to not exceeding 5, rather than 10, percent of the association's assets.

Property Improvement Loans

The House amendment contained a provision not in the Senate bill increasing the limit on property improvement loans from $5,000 to $10,000. The conference report contains the House provision.

Asset Requirements

The House bill contained a provision not in the Senate bill increasing from twenty to thirty years the period during which a savings and loan association must build up reserves to five percent of its insured accounts. The conference report does not contain this House provision.

In the Emergency Home Finance Act of 1970, the Congress provided that the Federal Home Loan Bank Board may extend the period for compliance to thirty years "if it determined such action to be necessary to meet mortgage needs." Since the Board already possesses discretion to extend the reserves requirement to thirty years, it is the opinion of the conferees that further legislation is not necessary.

However, the conferees recognize that the very difficult conditions which prevail in the savings and mortgage markets today present a special dilemma for younger associations. Unlike older associations, they do not have the cushion of significant reserves built up years ago when competition in the savings market was much less severe and when there was a considerably greater spread between what associations paid for savings and what they could earn as mortgage investments. The less favorable Federal income tax treatment afforded savings and loan associations since 1962 also has had an adverse effect on the ability of young associations to build up reserves.

In light of this historical record and the current savings and loan earnings squeeze, the most intense on record, the conferees believe it is desirable that younger associations be given additional time to reach the five percent reserve requirement. While the conferees agree with the Board's request that an extension from twenty to thirty years not be mandatory, they urge the Board to grant this extension by general regulatory action, reserving the discretion to deny such an extension in specific cases where the lending practices of a particular institution may be subject to supervisory question. The conferees believe this regulatory action by the Board will strengthen the ability of younger institutions to help meet mortgage needs in their communities and to provide the support essential to a recovery in housing.

Loans from Mortgage Finance Agencies

The Senate bill contained a provision not in the House amendment permitting savings and loan associations to borrow from State mortgage finance agencies and reloan such borrowings at not more than 1¾ percent above the rate paid to mortgage finance agencies. Such authority would be subject to Board regulations and to the same extent as State law permits State-chartered savings and loan associations to borrow from mortgage finance agencies. The conference report contains this Senate provision.

National banks

The House amendment contained provisions not in the Senate bill revising the real estate lending authority of national banks as follows:

(1) permitting various loan to value ratio loans secured by other first liens where the lien, when added to prior loans, does not exceed the applicable loan-to-value ratio for a particular type of loan;

(2) permitting the classification, as nonreal estate loans, various loans insured, guaranteed, or backed by the full faith and credit of the Federal Government or a State;

(3) providing that loans secured by real estate be considered real estate loans only in the amount of excess over non-real estate security, and that loans secured by a lien on real property where a financially responsible party agrees to advance the full amount of the loan within sixty months would not be considered real estate loans;

(4) prohibiting the making of real estate loans in an amount in excess of the greater of unimpaired capital and surplus or time and savings deposits, except that real estate loans secured by other than first liens, when added to unpaid prior liens, would be limited to 20 percent of a bank's unimpaired capital and 20 percent of its unimpaired surplus;

(5) permitting real estate loans secured by other than first liens upon forest tracts;

(6) permitting loans with maturities of less than sixty months to be classified as commercial loans when made for the construction of a building and secured by a commitment to advance the full amount of the loan upon completion;

(7) permitting loans for the construction of residential or farm buildings and maturities of not more than nine months to be eligible for discount as commercial paper if accompanied by an agreement for firm takeout upon completion of a building;

(8) requiring loans made upon a borrower's general credit standing or assignment of rent and SBA participation loans to be classified as commercial loans; and

(9) permitting real estate loans in excess of seventy percent of time and savings deposits if the total unpaid amount loaned does not exceed ten percent of the maximum amount that may be invested in real estate loans.

The conference report contains these House provisions.

Federal credit unions

Lending and Depository Authority

The House amendment contained provisions not in the Senate bill permitting credit unions to make loans to their own directors and members of supervisory credit committees, subject to the approval of the board of directors where a loan exceeds $2,500, plus pledged shares; and permitting credit unions operating foreign sub-offices to maintain demand deposit accounts in foreign banks which are correspondents of United States banks, subject to the National Credit Union Administration regulations. The conference report contains these House provisions.

Fees

The House amendment contained a provision not in the Senate bill eliminating mandatory entrance fee requirements and providing for a uniform fee at the discretion of the credit union board of directors. The conference report contains this House provision.

Directors

The House amendment contains provisions not in the Senate bill making various changes in the rules governing credit union boards of directors; permitting the appointment of two-member investment committees; and permitting executive committees to exercise authority delegated by boards of directors. The conference report contains these House provisions.

Credit Committees

The House amendment contained provisions not in the Senate bill permitting credit unions to offer loans which would be replenished as loans are repaid: and removing the $2,500 limit on the amount of reserved loans to members. The conference report does not contain these House provisions.

Supervisory Committees

The House amendment contained a provision not in the Senate bill changing the semiannual audit requirement to an annual requirement. The conference report contains this House provision.

Dividends

The House amendment contained a provision not in the Senate bill permitting the declaration of dividends at intervals authorized by a credit union's board of directors. The conference report contains this House provision.

Applicability to Trust Territories

The House amendment contained a provision not in the Senate bill making the Federal Credit Union Act applicable to the Trust Territories of the Pacific. The conference report contains this House provision.

Definition of Members' Accounts

The House amendment contained a provision not in the Senate bill exempting credit union funds invested in a Federally insured credit union from Federal share insurance premium charges. The conference report contains this House provision.

Termination of Insurance Coverage

The House amendment contained a provision not in the Senate bill providing for the termination of Federal insurance coverage after ninety days notice to the Federal Credit Union Administration if a credit union has obtined a certificate of insurance from a corporation authorized and licensed to insure its accounts. Such terminations must be approved by a majority of the credit union's directors and a majority of its voting members. The conference report contains this House provision with an amendment providing that at least twenty percent of the total membership of the credit union must participate in the role on termination.

Liquidation

The House amendment contained provisions not in the Senate bill permitting the Federal Credit Union Administration to assist in the voluntary liquidation of solvent credit unions by loans, purchase of assets, or the establishment of accounts in such credit unions and removing a provision of existing law permitting such loans and accounts to be subordinated to the rights of members and creditors. The conference report contains these House provisions.

VIII—MISCELLANEOUS

National housing goal

The Senate bill contained provisions not in the House amendment expressing the sense of the Congress that achievement of the national housing goals requires greater efforts to preserve existing housing in neighborhoods, with greater concentration on housing in neighborhoods where deterioration is evident though not acute; requiring the annual housing report to include an assessment of these preservation efforts and future plans in this area. The conference report contains this Senate provision.

Expansion of experimental housing allowance program

The Senate bill contained provisions not in the House amendment directing HUD to carry on programs of cash assistance for rental housing and homeownership and to determine the feasibility of a national direct cash assistance policy. A report with recommendations to the Congress would be required within eighteen months. Appropriations of $43 million annually would be authorized for cash assistance payments. This authorization is to be reduced by any section 23 low-rent public housing funds being utilized in the demonstration program. No cash payments pursuant to this demonstration program would be permitted after July 1, 1985.

The conference report contains the Senate provisions with amendments (1) authorizing an additional $40 million annually for cash assistance payments; and (2) prohibiting use of section 23 funds after December 31, 1974. The conferees expect that HUD's recommendations with respect to the feasibility of a national direct cash assistance policy should address the full range of concerns outlined in the Senate bill.

Direct financing study

The Senate bill contained a provision not in the House amendment directing the Departments of HUD and Treasury to study the feasibility of direct loans and other methods of financing assisted multifamily housing, including direct loans from the Federal Financing Bank, with a report to be filed not later than one year after enactment of the bill. The conference report contains this Senate provision with an amendment striking out that portion of the Senate provision stating that it is the sense of Congress that direct funding methods should be adopted if they are found to be less costly than other methods.

Housing for elderly and handicapped

The Senate bill contained a provision amending section 202 of the Housing Act of 1959 to establish a trust fund for elderly and handicapped housing loans. HUD would be authorized to borrow from the Treasury a maximum of $100 million for making housing loans pursuant to an annual ceiling on such loans which would be established in Appropriations Acts. Appropriations of $3 million annually would be authorized to make up the difference between interest paid on Treasury borrowing and the interest received on housing loans.

The House amendment contained provisions amending section 202 to authorize HUD to borrow up to $1.5 billion from the Treasury for making elderly and handicapped housing loans. Interest on HUD borrowings and on the housing loans would be set at the current average market yield on outstanding U.S. obligations of comparable maturities (plus an amount to cover administrative costs on the housing loans). Assistance payments under section 23 of the U.S. Housing Act of 1937 would be available to both new and existing section 202 projects and HUD would take into account the availability of such payments in determining the feasibility and marketability of a project.

The conference report contains the House provisions with amendments (1) establishing HUD's total borrowing authority at $800 million; and (2) providing that the aggregate amount of loans made in any fiscal year shall not exceed limits established in appropriation acts.

Low-rise construction

The Senate bill contained a provision not in the House amendment authorizing HUD to finance assisted high-rise elderly housing only after a determination that such construction is appropriate, talking into account land costs, safety, and security factors. The conference report does not contain this Senate provision. However, the conferess urge the HUD Secretary to provide assistance to such high-rise projects only after making the determination contemplated in the Senate provision.

Housing security

The Senate bill contained a provision not in the House amendment establishing an Office of Security for Housing Management in HUD, and utilizing from public housing management funds up to $10 million annually for Fiscal Years 1975 and 1976 for grants to housing sponsors assisted under HUD programs to finance planning and development of programs to improve housing security. The conference report does not contain this Senate provision. Instead, the conference report contains an amendment making clear that operating subsidies to public housing agencies may be used, as needed, to cover the cost of security personnel.

Housing location

The Senate bill contained a provision not in the House amendment authorizing grants (up to $20 million in Fiscal Year 1975) out of HUD research authorities to local governments and regional bodies to demonstrate the feasibility of increasing housing locational opportunities for lower-income families. The conference report does not contain this Senate provision.

Solar energy

The Senate bill contained a provision not in the House amendment authorizing grants (up to $25 million for Fiscal Year 1975) out of HUD research authorities for demonstrations of the economic or technical feasibility of utilizing solar energy for heating or cooling residential housing. The conference report contains this Senate provision with an amendment striking out the specific dollar authorization.

Housing design

The Senate bill contained a provision not in the House amendment authorizing HUD to expand its research activities to include consideration of the social and economic consequences of housing design in relation to other housing and neighborhood facilities. The conference report does not contain this Senate provision. However, the conferees urge the HUD Secretary to conduct such research, and note that report language comparable to the Senate provision was contained in the report of the House Banking and Currency Committee on H.R. 15361.

Fair housing with respect to sex

The Senate bill amended the Civil Rights Act of 1968 to prohibit discrimination on the basis of sex in the financing, sale, or rental of housing, or the provisions of brokerage services. The House amendment amended the National Housing Act to prohibit discrimination on the basis of sex in the making of Federally-related mortgage loans, providing insurance guarantee, or related assistance; and required lenders to consider the combined incomes of husband and wife in extending mortgage credit. The conference report contains both the Senate and House provisions.

National Institute of Building Sciences

The Senate bill contained provisions not in the House amendment authorizing the establishment of a nonprofit, nongovernment institute to develop, promulgate, and evaluate criteria for housing and building regulations; and authorizing appropriations of $5 million annually in Fiscal Years 1975 and 1976 for the establishment and operation of the Institute. The conference report contains these Senate provisions.

Federal Home Loan Mortgage Corporation

The Senate bill contained provisions (1) removing the 10 percent limitation on Federal Home Loan Mortgage Corporation purchases of older mortgages, provided an equivalent dollar amount of such mortgages invested by the seller in residential mortgages within 180 days; (2) increasing the FHLMC mortgage ceilings for Alaska, Guam, and Hawaii to a level 25 percent above the regular Federal Home Loan Bank Board mortgage ceiling for savings and loan associations; and (3) clarifying the authority of national banks. Federal home loan banks, savings and loan associations, and credit unions to invest in FHLMC securities.

The House amendment contained provisions (1) increasing the FHLMC mortgage ceilings for Alaska, Guam, and Hawaii to a level 50 percent above the FHLBB's savings and loan ceiling; and (2) permitting the servicing of FHLMC mortgages by any HUD-approved mortgagee.

The conference report contains the Senate provisions, with amendments (1) providing for a 20 percent limitation on FHLMC purchases of older mortgages; (2) increasing the FHLMC mortgage ceilings for Alaska, Guam, and Hawaii to 50 percent above the FHLBB's savings and loan ceiling, and (3) providing for the servicing of FHLMC mortgages by any HUD-approved mortgagee.

The provision permitting the servicing of FHLMC mortgages by HUD-approved mortgagees clarifies Congressional intent concerning the servicing of mortgages by mortgagees which, by reason of their status as non-insured institutions, are not eligible to sell mortgages to the corporation. This provision does not expand in any way the existing categories of institutions eligible to sell mortgages the FHLMC. The conferees, however, are concerned that non-insured institutions might utilize eligible mortgage sellers as conduits to effect indirect sales to FHLMC. Since FHLMC now has the power to regulate the amount of mortgages purchased from any one eligible seller, the Corporation may, for example, limit to a reasonable percentage of an eligible seller's total annual volume of mortgage loans the amount of such loans for which the eligible seller has contracted servicing of mortgages to non-insured institutions.

Federal National Mortgage Association

The Senate bill contained provisions (1) removing the 10 percent limitation on FNMA purchases or purchases of older mortgages provided an equivalent dollar amount of such mortgages is invested in residential mortgages within 180 days; and (2) increasing FNMA mortgage ceilings for Alaska, Guam, and Hawaii to a level 25 percent above regular FHLBB savings and loan ceilings. The House amendment contained provisions increasing the mortgage ceilings for Alaska, Guam, and Hawaii to a level 50 percent above the FHLBB ceiling. The conference report contains the House provisions with an amendment providing for a 20 percent limitation on FNMA purchases of older mortgages.

Urban homesteading

The Senate bill contained a provision authorizing HUD to transfer, without payment, Secretary-held real property (deemed suitable by HUD) for use in an approved urban homestead program. The property could be transferred to a unit of general local government or its public agency designee and would be required to be improved by a one-to-four family dwelling, unoccupied, and requested by that governmental unit or agency for use in its urban homestead program. Appropriations of not to exceed $5 million annually for Fiscal Years 1975 and 1976 would be authorized to reimburse the housing insurance funds for the aggregate fair market value of the properties transferred and to provide technical assistance. The House amendment contained a provision directing HUD to compile a catalogue of all unoccupied single-family dwellings owned by him) (or owned by a State or local government which requests that they be placed in the catalogue) suitable for occupancy and rehabilitation by qualified low- and moderate-income families. HUD would transfer such dwellings for $1 to qualified families under certain specific conditions. Section 312 rehabilitation loans would be available to occupants of homestead dwellings and appropriation of such sums, as may be necessary to carry out this program, would be authorized.

The conference report contains the Senate provisions with an amendment directing HUD, upon request of a unit of general local government or a State, to provide a listing of all unoccupied one-to-four family residences to which the Secretary holds title and which are located within the geographic jurisdiction of such unit of government or State.

Rehabilitation loans

The Senate bill contained provisions not in the House amendment (1) broadening the geographical area of eligibility for section 312 rehabilitation loans to areas served by the community development and urban homesteading programs; (2) raising the eligibility requirements for owner applicants, who must be unable to secure other funds without paying more than 25 percent (previously 20 percent if refinancing was involved) of monthly income; (3) requiring multifamily rehabilitation loans to benefit lower-income tenants; and (4) limiting loans to $8,000 per family unit, except in high-cost areas. The conference report contains the Senate provisions with respect only to (1) above.

The Senate bill provided for extension of the section 312 rehabilitation loan program to July 1, 1976. The House amendment terminated this program on January 1, 1975. The conference report contains the Senate provision, with an amendment extending the program for one year after enactment of the bill.

Waiver of GNMA mortgage limitations

The Senate bill extended the current $33,000 temporary ceiling on mortgages GNMA may purchase to July 1, 1975. The House amendment increased the basic $22,000 GNMA mortgage limit in existing law to $38,000. The conference report contains the Senate provision, with amendments (1) making the $33,000 limit permanent/and (2) authorizing the HUD Secretary to increase that limit to $38,000 where he finds that cost levels so require.

Interstate land sales

The Senate bill contained a provision not in the House amendment (1) exempting from the requirements of the Interstate Land Sales Act the sale or lease of lots in bona fide industrial or commercial developments (stringent requirements must be met for such an exemption); (2) providing for a cooling off period of three business days (instead of the 48-hour period now in the law) and deleting the provision permitting a purchaser to waive his revocation right if he signs a statement that he has inspected his lot and read and understood the property report; and (3) making clear that the Interstate Land Sales Act applies to transactions involving communications by the parties in the United States and a foreign country. The conference report contains these Senate provisions.

Program levels

The Senate bill contained provisions not in the House amendment requiring the President to make available for obligation, in a timely manner, all funds appropriated under this act; barring delays in processing applications and requiring HUD to make available for commitment funds appropriated or otherwise made available by Congress for housing programs in proportion to appropriated dollar amounts. The conference report does not contain these Senate provisions.

Transitional authorizations

The Senate bill contained provisions not in the House amendment extending through Fiscal Year 1975 and providing interim authorizations for (1) basic water and sewer and neighborhood facilities (no additional dollar authorization) and (2) the rent supplements program ($50 million). The conference report does not contain these Senate provisions.

Energy

The Senate bill contained a provision not in the House amendment requiring the Secretary of HUD to include, in any environmental impact statements he is required to prepare, a statement concerning the impact upon energy resources of the proposed project. The conference report does not contain this Senate provision.

The conferees understand that the Council of Environmental Quality by regulation already encourages such energy impact statements and expects the Secretary to comply with these regulations both in cases where he himself is filing a statement and in cases where such statements are filed by States or local units of government.

Tax incentives review

The Senate bill contained a provision not in the House amendment requiring HUD and the Treasury to study and report, with recommendations for change, on the effects of tax incentives for investment in low- and moderate-income multifamily housing. The conference report does not contain this Senate provision.

Mortgage proceeds

The Senate bill contained a provision not in the House amendment requiring HUD to initiate action to secure the payment of any deficiency after foreclosure of a mortgage where the Secretary believes that proceeds have been fraudulently misappropriated. The conference report contains this Senate provision.

Statistics

The Senate bill contained a provision not in the House amendment requiring HUD to develop, maintain, and report annually detailed housing mortgage insurance and housing assistance program information. The conference report does not contain this Senate provision.

New communities

The House amendment contained a number of provisions relating to HUD's new communities program not contained in the Senate bill. These provisions (1) changed the name of HUD's Community Development Corporation to "New Community Development Corporation;" (2) increased the size of the Corporation's board of directors from five to seven members; (3) changed the amount of interest differential grants which HUD is authorized to make to State and local public agencies to an amount equal to 30 percent of the interest paid on agency obligations; (4) authorized HUD to make new community supplemental grants for projects assisted by the National Foundation on Arts and Humanities; and (5) permitted waste disposal installations and community or neighborhood central heating or air conditioning systems to be financed with the proceeds of guaranteed loans. The conference report contains these House provisions.

Counseling and technical assistance program

The House amendment contains provisions not in the Senate bill (1) authorizing "open end" dollar authorizations for HUD's section 106 counseling and technical assistance program: and (2) including local public housing agencies as sponsors eligible for section 106(b) loans for pre-construction expenses. The conference report contains these House provisions.

Limitation on withholding or conditioning HUD assistance

The House amendment contained a provision not in the Senate bill prohibiting administrative withholding or conditioning of Federal housing or community development assistance by reason of the fact that State or local governments use the proceeds of tax exempt borrowings to provide financing for use in connection with such Federal assistance. The conference report contains this House provision.

Flood insurance

The House amendment contained provisions not in the Senate bill (1) directing Federal agencies supervising lending institutions to require such institutions to notify the purchaser or the lessee of the party obtaining a loan secured by real property located in a designated flood prone area of such flood hazards in writing, within a reasonable period of time in advance of the signing of the purchase agreement, lease, or other documents; and (2) providing that any community that has made adequate progress on the construction of a flood protection system meeting the 100-year protection standard, as determined by HUD, shall be eligible for flood insurance under the Federal flood insurance program at subsidy premium rates if certain specific conditions were met. The conference report contains these House provisions.

Additional HUD Assistant Secretaries

The House amendment contained a provision not in the Senate bill increasing from six to eight the number of level IV Assistant Secretaries authorized for HUD. The conference report contains this House provision.

Urban renewal—Trenton, N.J.

The House amendment contained a provision not in the Senate bill making eligible as a grant-in-aid local expenditures for the Broad and Front Street Garage in Trenton, N.J., in accordance with provisions of title I of the Housing Act of 1949. The conference report contains this House provision.

Condominium and cooperative study

The House amendment contained a provision not in the Senate bill directing the Secretary of HUD to conduct a full and complete investigation and study with respect to problems, difficulties, and abuses or potential abuses which may be involved in condominium or cooperative housing, and to report to the Congress not later than one year after date of enactment. The conference report contains this House provision.

Participation of local governments in regional planning organizations or COG's

The House amendment contained a provision not in the Senate bill providing that participation of a unit of local government in any program authorized by this Act shall not be affected by such units, membership or non-membership in a regional planning organization or a council of governments. The conference report does not contain this House provision.

House, of last report

The House amendment contained a provision not in the Senate bill authorizing HUD to pick sponsors or act as a sponsor of housing in any community where no sponsors are available, with such designated sponsors to be approved by the Governor or State housing agency. The conference report does not contain this House provision.

Materials, design and construction requirements for assisted housing

The House amendment contained a provision not in the Senate bill directing the Secretary of HUD to take such steps as may be necessary to make certain all housing for low- and moderate-income families constructed with HUD assistance utilizes materials of high quality and durability regardless of any savings in cost which might otherwise be realized through the use of inferior design, construction or materials. The conference report does not contain this provision.

Mass transportation

The Senate bill contained a provision not in the House amendment prohibiting Federal aid for the purchase of buses to any public transit system which engages in charter bus operations outside the urban area it regularly serves. The conference report contains this Senate provision.

Wright Patman,
William A. Barrett,
Leonor K. Sullivan,
Thomas L. Ashley,
William S. Moorhead,
Robert G. Stephens, Jr.,
Fernand J. St Germain,
Henry S. Reuss,
Richard T. Hanna,
William B. Widnall,
Garry Brown,
J. William Stanton,
Ben B. Blackburn,
Margaret Heckler,
Managers on the Part of the House.

John Sparkman,
William Proxmire,
Harrison A. Williams,
Alan Cranston,
Thomas J. McIntyre,
John Tower,
Edward W. Brooke,
Bill Brock,
Wallace F. Bennett,
Managers on the Part of the Senate.

CONFERENCE REPORT ON S. 1769, FIRE PREVENTION AND CONTROL ACT OF 1974

Mr. TEAGUE submitted the following conference report and statement on the Senate bill (S. 1769) to reduce the burden on interstate commerce caused by avoidable fires and fire losses, and for other purposes:

Conference Report (H. Rept. No. 93–1277)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1769) to reduce the burden on interstate commerce caused by avoidable fires and fire losses, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House to the text of the bill and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

That this Act may be cited as the "Federal Fire Prevention and Control Act of 1974".

FINDINGS

Sec. 2. The Congress finds that—

(1) The National Commission on Fire Prevention and Control, established pursuant to Public Law 90–259, has made an exhaustive and comprehensive examination of the Nation's fire problem, has made detailed findings as to the extent of this problem in terms of human suffering and loss of life and property, and has made ninety thoughtful recommendations.

(2) The United States today has the highest per capital rate of death and property loss from fire of all the major industrialized nations in the world.

(3) Fire is an undue burden affecting all Americans, and fire also constitutes a public health and safety problem of great dimensions. Fire kills 12,000 and scars and injures 300,000 Americans each year, including 50,000 individuals who require extended hospitalization. Almost $3 billion worth of property is destroyed annually by fire, and the total economic cost of destructive fire in the United States is estimated conservatively to be $11,000,000,000 per year. Firefighting is the Nation's most hazardous profession.

(4) Such losses of life and property from fire are unacceptable to the Congress.

(5) While fire prevention and control is and should remain a State and local responsibility, the Federal Government must help if a significant reduction in fire losses is to be achieved.

(6) The fire service and the civil defense program in each locality would both benefit from closer cooperation.

(7) The Nation's fire problem is exacerbated by (A) the indifference with which some Americans confront the subject; (B) the Nation's failure to undertake enough research and development into fire and fire-related problems; (C) the scarcity of reliable data and information; (D) the fact that designers and purchasers of buildings and products generally give insufficient attention to fire safety; (E) the fact that many communities lack adequate building and fire prevention codes; and (F) the fact that local fire departments spend about 95 cents of every dollar appropriated to the fire services on efforts to extinguish fires and only about 5 cents on fire prevention.

(8) There is a need for improved professional training and education oriented toward improving the effectiveness of the fire services, including an increased emphasis on preventing fires and on reducing injuries to firefighters.

(9) A national system for the collection, analysis, and dissemination of fire data is needed to help local fire services establish research and action priorities.

(10) The number of specialized medical centers which are properly equipped and staffed for the treatment of burns and the rehabilitation of victims of fires is inadequate.

(11) The unacceptably high rates of death, injury, and property loss from fire can be reduced if the Federal Government establishes a coordinated program to support and reinforce the fire prevention and control activities of State and local governments.

PURPOSES

SEC. 3. It is declared to be the purpose of Congress in this Act to—

(1) reduce the Nation's losses caused by fire through better fire prevention and control;

(2) supplement existing programs of research, training, and education, and to encourage new and improved programs and activities by State and local governments;

(3) establish the National Fire Prevention and Control Administration and the Fire Research Center within the Department of Commerce; and

(4) establish an intensified program of research into the treatment of burn and smoke injuries and the rehabilitation of victims of fires within the National Institutes of Health.

DEFINITIONS

SEC. 4. As used in this Act, the term—

(1) "Academy" means the National Academy for Fire Prevention and Control;

(2) "Administration" means the National Fire Prevention and Control Administration established pursuant to section 5 of this Act;

(3) "Administrator" means the Administrator of the National Fire Prevention and Control Administration;

(4) "fire service" means any organization in any State consisting of personnel, apparatus, and equipment which has as its purpose protecting property and maintaining the safety and welfare of the public from the dangers of fire, including a private firefighting brigade. The personnel of any such organization may be paid employees or unpaid volunteers or any combination thereof. The location of any such organization and its responsibility for extinguishment and suppression of fires may include, but need not be limited to, a Federal installation, a State, city, town, borough, parish, county, fire district, fire protection district, rural fire district, or other special district. The terms "fire prevention", "firefighting", and "firecontrol" relate to activities conducted by a fire service;

(5) "local" means of or pertaining to any city, town, county, special purpose district, unincorporated territory, or other political subdivision of a State;

(6) "Secretary" means the Secretary of Commerce; and

(7) "State" means any State, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, the Canal Zone, Guam, American Samoa, the Trust Territory of the Pacific Islands and any other territory or possession of the United States.

ESTABLISHMENT OF THE NATIONAL FIRE PREVENTION AND CONTROL ADMINISTRATION

SEC. 5. (a) ESTABLISHMENT OF ADMINISTRATION.—There is hereby established in the Department of Commerce an agency which shall be known as the National Fire Prevention and Control Administration.

(b) ADMINISTRATOR.—There shall be at the head of the Administration the Administrator of the National Fire Prevention and Control Administration. The Administrator shall be appointed by the President, by and with the advice and consent of the Senate, and shall be compensated at the rate now or hereafter provided for level IV of the Executive Schedule pay rates (5 U.S.C. 5315). The Administrator shall report and be responsible to the Secretary.

(c) DEPUTY ADMINISTRATOR.—There shall be in the Administration a Deputy Administrator of the National Fire Prevention and Control Administration who shall be appointed by the President, by and with the advice and consent of the Senate, and who shall be compensated at the rate now or hereafter provided for level V of the Executive Schedule pay rate (5 U.S.C. 5316). The Deputy Administrator shall perform such functions as the Administrator shall from time to time assign or delegate, and shall act as Administrator during the absence or disability of the Administrator or in the event of a vacancy in the office of Administrator.

PUBLIC EDUCATION

SEC. 6. The Administrator is authorized to take all steps necessary to educate the public and to overcome public indifference as to fire and fire prevention. Such steps may include, but are not limited to, publications, audiovisual presentations, and demonstrations. Such public education efforts shall include programs to provide specialized information for those groups of individuals who are particularly vulnerable to fire hazards, such as the young and the elderly. The Administrator shall sponsor and encourage research, testing, and experimentation to determine the most effective means of such public education.

NATIONAL ACADEMY FOR FIRE PREVENTION AND CONTROL

SEC. 7. (a) ESTABLISHMENT.—The Secretary shall establish, at the earliest practicable date, a National Academy for Fire Prevention and Control. The purpose of the Academy shall be to advance the professional development of fire service personnel and of other persons engaged in fire prevention and control activities.

(b) SUPERINTENDENT.—The Academy shall be headed by a Superintendent, who shall be appointed by the Secretary. In exercising the powers and authority contained in this section the Superintendent shall be subject to the direction of the Administrator.

(c) POWERS OF SUPERINTENDENT.—The Superintendent is authorized to—

(1) develop and revise curricula, standards for admission and performance, and criteria for the awarding of degrees and certifications;

(2) appoint such teaching staff and other personnel as he determines to be necessary or appropriate;

(3) conduct courses and programs of training and education, as defined in subsection (d) of this section;

(4) appoint faculty members and consultants without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and, with respect to temporary and intermittent services, to make appointments to the same extent as is authorized by section 3109 of title 5, United States Code;

(5) establish fees and other charges for attendance at, and subscription to, courses and programs offered by the Academy. Such fees may be modified or waived as determined by the Superintendent;

(6) conduct short courses, seminars, workshops, conferences, and similar education and training activities in all parts and localities of the United States;

(7) enter into such contracts and take such other actions as may be necessary in carrying out the purposes of the Academy; and

(8) consult with officials of the fire services and other interested persons in the exercise of the foregoing powers.

(d) PROGRAM OF THE ACADEMY.—The Superintendent is authorized to—

(1) train fire service personnel in such skills and knowledge as may be useful to advance their ability to prevent and control fires, including, but not limited to—

(A) techniques of fire prevention, fire inspection, firefighting, and fire and arson investigation;

(B) tactics and command of firefighting for present and future fire chiefs and commanders;

(C) administration and management of fire services;

(D) tactical training in the specialized field of aircraft fire control and crash rescue;

(E) tactical training in the specialized field of fire control and rescue aboard waterborne vessels; and

(F) the training of present and future instructors in the aforementioned subjects;

(2) develop model curricula, training programs, and other educational materials suitable for use at other educational institutions, and to make such materials available without charge;

(3) develop and administer a program of correspondence courses to advance the knowledge and skills of fire service personnel;

(4) develop and distribute to appropriate officials model questions suitable for use in conducting entrance and promotional examinations for fire service personnel; and

(5) encourage the inclusion of fire prevention and detection technology and practices in the education and professional practice of architects, builders, city planners, and others engaged in design and planning affected by fire safety problems.

(e) TECHNICAL ASSISTANCE.—The Administrator is authorized, to the extent that he determines it necessary to meet the needs of the Nation, to encourage new programs and to strengthen existing programs of education and training by local fire services, units, and departments, State and local governments, and private institutions, by providing technical assistance and advice to—

(1) vocational training programs in techniques of fire prevention, fire inspection, firefighting, and fire and arson investigation;

(2) fire training courses and programs at junior colleges; and

(3) four-year degree programs in fire engineering at colleges and universities.

(f) ASSISTANCE.—The Administrator is authorized to provide assistance to State and local fire service training programs through grants, contracts, or otherwise. Such assistance shall not exceed 4 per centum of the amount authorized to be appropriated in each fiscal year pursuant to section 17 of this Act.

(g) SITE SELECTION.—The Academy shall be located on such site as the Secretary selects, subject to the following provisions:

(1) The Secretary is authorized to appoint a Site Selection Board consisting of the Academy Superintendent and two other members to survey the most suitable sites for the location of the Academy and to make recommendations to the Secretary.

(2) The Site Selection Board in making its recommendations and the Secretary in making his final selection, shall give consideration to the training and facility needs of the Academy, environmental effects, the possibility of using a surplus Government facility, and such other factors as are deemed important and relevant. The Secretary shall make a final site selection not later than 2 years after the date of enactment of this Act.

(h) CONSTRUCTION APPROVAL.—(1) No appropriations shall be made for the planning or construction of facilities for the Academy involving an expenditure in excess of $100,000 if such planning or construction has not been approved by resolutions adopted in substantially the same form by the Committee on Science and Astronautics of the House of Representatives and by the Committee on Commerce of the Senate. For the purpose of securing consideration of such approval, the Secretary shall transmit to the Congress a prospectus of the proposed facility including, but not limited to, a brief description of the facility to be planned or constructed, the location of the facility, and an estimate of the maximum cost of the facility.

(2) The estimated maximum cost of any facility approved under this subsection as set forth in the prospectus, may be increased by an amount equal to the percentage increase, if any, as determined by the Secretary, in construction costs, from

the date of transmittal of such prospectus to Congress, but in no event shall the increase authorized by this paragraph exceed 10 per centum of such estimated maximum cost.

(i) EDUCATIONAL AND PROFESSIONAL ASSISTANCE.—The Administrator is authorized to—

(1) provide stipends to students attending Academy courses and programs, in amounts up to 75 per centum of the expense of attendance, as established by the Superintendent;

(2) provide stipends to students attending courses and nondegree training programs approved by the Superintendent at universities, colleges, and junior colleges, in amounts up to 50 per centum of the cost of tuition;

(3) make or enter into contracts to make payments to institutions of higher education for loans, not to exceed $2,500 per academic year for any individual who is enrolled on a full-time basis in an undergraduate or graduate program of fire research or engineering which is certified by the Superintendent. Loans under this paragraph shall be made on such terms and subject to such conditions as the Superintendent and each institution involved may jointly determine; and

(4) establish and maintain a placement and promotion opportunities center in cooperation with the fire services, for firefighters who wish to learn and take advantage of different or better career opportunities. Such center shall not limit such assistance to students and graduates of the Academy, but shall undertake to assist all fire service personnel.

(j) BOARD OF VISITORS.—Upon establishment of the Academy, the Secretary shall establish a procedure for the selection of professionals in the field of fire safety, fire prevention, fire control, research and development in fire protection, treatment and rehabilitation of fire victims, or local government services management to serve as members of a Board of Visitors for the Academy. Pursuant to such procedure, the Secretary shall select eight such persons to serve as members of such Board of Visitors to serve such terms as the Secretary may prescribe. The function of such Board shall be to review annually the program of the Academy and to make comments and recommendations to the Secretary regarding the operation of the Academy and any improvements therein which such Board deems appropriate. Each member of such Board shall be reimbursed for any expenses actually incurred by him in the performance of his duties as a member of such Board.

(k) ACCREDITATION.—The Superintendent is authorized to establish a Committee on Fire Training and Education which shall inquire into and make recommendations regarding the desirability of establishing a mechanism for accreditation of fire training and education programs and courses, and the role which the Academy should play if such a mechanism is recommended. The Committee shall consist of the Superintendent as Chairman and eighteen other members appointed by the Administrator from among individuals and organizations possessing special knowledge and experience in the field of fire training and education or related fields. The Committee shall submit to the Administrator within two years after its appointment, a full and complete report of its findings and recommendations. Upon the submission of such report, the Committee shall cease to exist. Each appointed member of the Committee shall be reimbursed for expenses actually incurred in the performance of his duties as a member.

(l) ADMISSION.—The Superintendent is authorized to admit to the courses and programs of the Academy individuals who are members of the firefighting, rescue, and civil defense forces of the Nation and such other individuals, including candidates for membership in these forces, as he determines can benefit from attendance. Students shall be admitted from any State, with due regard to adequate representation in the student body of all geographic regions of the Nation. In selecting students, the Superintendent may seek nominations and advice from the fire services and other organizations which wish to send students to the Academy.

FIRE TECHNOLOGY

SEC. 8. (a) TECHNOLOGY DEVELOPMENT PROGRAM.—The Administrator shall conduct a continuing program of development, testing, and evaluation of equipment for use by Nation's fire, rescue, and civil defense services with the aim of making available improved suppression, protective, auxiliary, and warning devices incorporating the latest technology. Attention shall be given to the standardization, compatability, and interchangeability of such equipment. Such development, testing, and evaluation activities shall include, but need not be limited to—

(1) safer, less cumbersome articles of protective clothing, including helmets, boots, and coats;

(2) breathing apparatus with the necessary duration of service, reliability, low weight, and ease of operation for practical use;

(3) safe and reliable auxiliary equipment for use in fire prevention detection, and control, such as fire location detectors, visual and audio communications equipment, and mobile equipment;

(4) special clothing and equipment needed for forest fires, brush fires, oil and gasoline fires, aircraft fires and crash rescue, fires occurring aboard waterborne vessels, and in other special firefighting situations;

(5) fire detectors and related equipment for residential use with high sensitivity and reliability, and which are sufficiently inexpensive to purchase, install, and maintain to insure wide acceptance and use;

(6) in-place fire prevention systems of low cost and of increased reliability and effectiveness;

(7) methods of testing fire alarms and fire protection devices and systems on a noninterference basis;

(8) the development of purchase specifications, standards, and acceptance and validation test procedures for all such equipment and devices; and

(9) operation tests, demonstration projects, and fire investigations in support of the activities set forth in this section.

(b) LIMITATION.—The Administration shall not engage in the manufacture or sale of any equipment or device developed pursuant to this section, except to the extent that it deems it necessary to adequately develop, test, or evaluate such equipment or device.

(c) MANAGEMENT STUDIES.—(1) The Administrator is authorized to conduct, directly or through contracts or grants, studies of the operations and management aspects of fire services, utilizing quantitative techniques, such as operations research, management economics, cost effectiveness studies, and such other techniques and methods as may be applicable and useful. Such studies shall include, but need not be limited to, the allocation of resources, the optimum location of fire stations, the optimum geographical area for an integrated fire service, the manner of responding to alarms, the operation of citywide and regional fire dispatch centers, firefighting under conditions of civil disturbance, and the effectiveness, frequency, and methods of building inspections.

(2) The Administrator is authorized to conduct, directly or through contracts or grants, research concerning the productivity and efficiency of fire service personnel, the job categories and skills required by fire services under varying conditions, the reduction of injuries to fire service personnel, the most effective fire prevention programs and activities, and techniques for accurately measuring and analyzing the foregoing.

(3) The Administrator is authorized to conduct, directly or through contracts, grants, or other forms of assistance, development, testing, and demonstration projects to the extent deemed necessary to introduce and to encourage the acceptance of new technology, standards, operating methods, command techniques, and management systems for utilization by the fire services.

(4) The Administrator is authorized to assist the Nation's fire services, directly or through contracts, grants, or other forms of assistance, to measure and evaluate, on a cost-benefit basis, the effectiveness of the programs and activities of each fire service and the predictable consequences on the applicable local fire services of coordination or combination, in whole or in part, in a regional, metropolitan, or statewide fire service.

(d) RURAL ASSISTANCE.—The Administrator is authorized to assist the Nation's fire services, directly or through contracts, grants, or other forms of assistance, to sponsor and encourage research into approaches, techniques, systems, and equipment to improve fire prevention and control in the rural and remote areas of the Nation.

(e) COORDINATION.—In establish and conducting programs under this section, the Administrator shall take full advantage of applicable technological developments made by other departments and agencies of the Federal Government, by State and local governments, and by business, industry, and nonprofit associations.

NATIONAL FIRE DATA CENTER

SEC. 9. (a) GENERAL.—The Administrator shall operate, directly or through contracts or grants, an integrated, comprehensive National Fire Data Center for the selection, analysis, publication, and dissemination of information related to the prevention, occurrence, control, and results of fires of all types. The program of such Data Center shall be designed to (1) provide an accurate nationwide analysis of the fire problem, (2) identify major problem areas, (3) assist in setting priorities, (4) determine possible solutions to problems, and (5) monitor the progress of programs to reduce fire losses. To carry out these functions, the Data Center shall gather and analyze—

(1) information on the frequency, causes, spread, and extinguishment of fires;

(2) information on the number of injuries and deaths resulting from fires, including the maximum available information on the specific causes and nature of such injuries and deaths, and information on property losses;

(3) information on the occupational hazards faced by firefighters, including the causes of deaths and injuries arising directly and indirectly, from firefighting activities;

(4) information on all types of firefighting activities, including inspection practices;

(5) technical information related to building construction, fire properties of materials, and similar information;

(6) information on fire prevention and control laws, systems, methods, techniques, and administrative structures used in foreign nations;

(7) information on the causes, behavior, and best method of control of other types of fires, including, but not limited to, forest fires, brush fires, fire underground, oil blowout fires, and waterborne fires; and

(8) such other information and data as is deemed useful and applicable.

(b) METHODS.—In carrying out the program of the Data Center, the Administrator is authorized to—

(1) develop standardized data reporting methods;

(2) encourage and assist State, local, and other agencies, public and private, in developing and reporting information; and

(3) make full use of existing data gathering and analysis organizations, both public and private.

(c) DISSEMINATION.—The Administrator shall insure dissemination to the maximum extent possible of fire data collected and developed by the Data Center, and shall make such data, information, and analysis available in appropriate form to Federal agencies, State and local governments, private organizations, industry, business, and other interested persons.

MASTER PLAN DEMONSTRATION PROJECTS

SEC. 10. (a) GENERAL.—The Administrator shall establish master plan demonstration projects, which shall commence not later than 2 years after the date of enactment of this Act. Not less than three nor more than eight such projects shall be so assisted. Any demonstration project under this section shall be conducted by, or under the supervision of, a State in accordance with an application submitted by such State under subsection (c) of this section. If such State includes a standard metropolitan statistical area, as defined by the Bureau of the Census, the geographical boundaries of which include two or more States, such State shall include the entire such standard metropolitan statistical area in its master plan demonstration project.

(b) ELIGIBILITY FOR GRANTS.—The Administrator shall establish criteria of eligibility for awarding master plan demonstration project grants. In awarding such project grants, he shall select projects which are unique in terms of—

(1) the characteristics of the State including, but not limited to, density and distribution of population; ratio of volunteer versus paid fire services; geographic location, topography, and climate; per capita rate of death and property loss from fire; size and characteristics of political subdivisions of the State; and socioeconomic composition; and

(2) the approach to development and implementation of the master plan which is proposed to be developed with Federal assistance under this section. Such approaches may include central planning by a State agency, regionalized planning within a State coordinated by a State agency, or local planning supplemented and coordinated by a State agency.

(c) PROCEDURE FOR AWARDING GRANTS.—A grant under this section may be obtained upon an application by a State at such time, in such manner, and containing such information as the Administrator shall require. Upon the approval of any such application, the Administrator may make a grant to the State to pay each fiscal year an amount not in excess of 80 per centum of the total cost of such project. Not more than 50 per centum of the amount of each grant shall be allocated to the planning and development of the master plan and the remainder to partial or total implementation. Payments under this subsection may be made in advance, in installments, or by way of reimbursement.

(d) MASTER PLAN.—(1) Each demonstration project established pursuant to this section shall result in the planning and implementation of a comprehensive master plan for fire protection for each State funded thereunder. Each such master plan shall contain—

(A) a survey of the resources and personnel of existing fire services and an analysis of the effectiveness of the fire and building codes in the State;

(B) an analysis of short- and long-term fire prevention and control needs in the State;

(C) a plan to meet the fire prevention and control needs of the State; and

(D) an estimate of costs and a realistic plan for financing implementation of the plan and operation on a continuing basis, and a summary of problems that are anticipated in implementing such plan.

(2) Four years after the date of enactment of this Act, the Secretary shall submit to Congress a summary and evaluation of the master plans prepared pursuant to this section. Such report shall also assess the costs and benefits of the master plan program and recommend to Congress whether Federal financial assistance should be authorized in order that master plans can be developed in all States.

(e) AUTHORIZATION FOR APPROPRIATION.—There is authorized to be appropriated to carry out the provisions of this section not to exceed $2,500,000. Not more than 35 per centum of the amount appropriated under this section for any fiscal year may be granted for projects in any one State.

REIMBURSEMENT FOR COSTS OF FIREFIGHTING ON FEDERAL PROPERTY

SEC. 11. (a) CLAIM.—Each fire service that engages in the fighting of a fire on property which is under the jurisdiction of the United States may file a claim with the Administrator for the amount of direct expenses and direct losses incurred by such fire service as a result of fighting such fire. The claim shall include such supporting information as the Administrator may prescribe.

(b) DETERMINATION.—Upon receipt of a claim filed under subsection (a) of this section, the Administrator shall determine—

(1) what payments, if any, to the fire service or its parent jurisdiction, including taxes or payments in lieu of taxes, the United States has made for the support of fire services on the property in question;

(2) the extent to which the fire service incurred additional firefighting costs, over and above its normal operating costs, in connection with the fire which is the subject of the claim; and

(3) the amount, if any, of the additional costs referred to in paragraph (2) of this subsection which were not adequately covered by the payments referred to in paragraph (1) of this subsection.

(c) PAYMENT.—The Secretary shall forward the claim and a copy of the Administrator's determination under subsection (b) (3) of this section to the Secretary of the Treasury. The Secretary of the Treasury shall, upon receipt of the claim and determination, pay such fire service or its parent jurisdiction, from any moneys in the Treasury not otherwise appropriated but subject to reimbursement (from any appropriations which may be available or which may be made available for the purpose) by the Federal department or agency under whose jurisdiction the fire occurred, a sum no greater than the amount determined with respect to the claim under subsection (b)(3) of this section.

(d) ADJUDICATION.—In the case of a dispute arising in connection with a claim under this section, the Court of Claims of the United States shall have jurisdiction to adjudicate the claim and enter judgment accordingly.

REVIEW OF CODES

SEC. 12. The Administrator is authorized to review, evaluate, and suggest improvements in State and local fire prevention codes, building codes, and any relevant Federal or private codes and regulations. In evaluating any such code or codes, the Administrator shall consider the human impact of all code requirements, standards, or provisions in terms of comfort and habitability for residents or employees, as well as the fire prevention and control value or potential of each such requirement, standard, or provision.

FIRE SAFETY EFFECTIVENESS STATEMENTS

SEC. 13. The Administrator is authorized to encourage owners and managers of residential multiple-unit, commercial, industrial, and transportation structures to prepare Fire Safety Effectiveness Statements, pursuant to standards, forms, rules, and regulations to be developed and issued by the Administrator.

ANNUAL CONFERENCE

SEC. 14. The Administrator is authorized to organize, or to participate in organizing, an annual conference on fire prevention and control. He may pay, in whole or in part, the cost of such conference and the expenses of some or all of the participants. All of the Nation's fire services shall be eligible to send representatives to each conference to discuss, exchange ideas on, and participate in educational programs on new techniques in fire prevention and control. Such conferences shall be open to the public.

PUBLIC SAFETY AWARDS

SEC. 15. (a) ESTABLISHMENT.—There are hereby established two classes of honorary awards for the recognition of outstanding and distinguished service by public safety officers—

(1) the President's Award For Outstanding Public Safety Service ("President's Award"); and

(2) the Secretary's Award For Distinguished Public Safety Service ("Secretary's Award").

(b) DESCRIPTION.—(1) The President's Award shall be presented by the President of the United States to public safety officers for extraordinary valor in the line of duty or for outstanding contribution to public safety.

(2) The Secretary's Award shall be presented by the Secretary, the Secretary of Defense, or by the Attorney General to public safety officers for distinguished service in the field of public safety.

(c) SELECTION.—The Secretary, the Secretary of Defense, and the Attorney General shall advise and assist the President in the selection of individuals to whom the President's Award shall be tendered and in the course of performing such duties they shall seek and review nominations for such awards which are submitted to them by Federal, State, county, and local government officials. They shall annually transmit to the President the names of those individuals determined by them to merit the award, together with the reasons therefor. Recipients of the President's Award shall be selected by the President.

(d) LIMITATION.—(1) There shall not be presented in any one calendar year in excess of twelve President's Awards.

(2) There shall be no limitation on the number of Secretary's Awards presented.

(e) AWARD.—(1) Each President's Award shall consist of—

(A) a medal suitably inscribed, bearing such devices and emblems, and struck from such material as the Secretary of the Treasury, after consultation with the Secretary, the Secretary of Defense, and the Attorney General deems appropriate. The Secretary of the Treasury shall cause the medal to be struck and furnished to the President; and

(B) an appropriate citation.

(2) Each Secretary's Award shall consist of an appropriate citation.

(f) REGULATIONS.—The Secretary, the Secretary of Defense, and the Attorney General are authorized and directed to issue jointly such regulations as may be necessary to carry out this section.

(g) DEFINITIONS.—As used in this section, the term "public safety officer" means a person serving a public agency, with or without compensation, as—

(1) a firefighter;

(2) a law enforcement officer, including a corrections or court officer; or

(3) a civil defense officer.

ANNUAL REPORT

SEC. 16. The Secretary shall report to the Congress and the President not later than June 30 of the year following the date of enactment of this Act and each year thereafter on all activities relating to fire prevention and control, and all measures taken to implement and carry out this Act during the preceding calendar year. Such report shall include, but need not be limited to—

(a) a thorough appraisal including statistical analysis, estimates and long-term projections of the human and economic losses due to fire;

(b) a survey and summary, in such detail as is deemed advisable, of the research and technology program undertaken or sponsored pursuant to this Act;

(c) a summary of the activities of the Academy for the preceding 12 months, including, but not limited to—

(1) an explanation of the curriculum of study,

(2) a description of the standards of admission and performance;

(3) the criteria for the awarding of degrees and certificates; and

(4) a statistical compilation of the number of students attending the Academy and receiving degrees or certificates;

(d) a summary of the activities undertaken to assist the Nation's fire services;

(e) a summary of the public education programs undertaken;

(f) an analysis of the extent of participation in preparing and submitting Fire Safety Effectiveness Statements;

(g) a summary of outstanding problems confronting the administration of this Act, in order of priority;

(h) such recommendations for additional legislation as are deemed necessary or appropriate; and

(i) a summary of reviews, evaluations, and suggested improvements in State and local fire prevention and building codes, fire services, and any relevant Federal or private codes, regulations, and fire services.

AUTHORIZATION OF APPROPRIATIONS

SEC. 17. There are authorized to be appropriated to carry out the foregoing provisions of this Act, except section 11 of this Act, such sums as are necessary, not to exceed $15,000,000 for the fiscal year ending June 30, 1975, and not to exceed $21,000,000 for the fiscal year ending June 30, 1976.

FIRE RESEARCH CENTER

SEC. 18. The Act of March 3, 1901 (15 United States Code 278), is amended by striking out sections 16 and 17 (as added by title I of the Fire Prevention and Control Act of 1968) and by inserting in lieu thereof the following new section:

"SEC. 16. (a) There is hereby established within the Department of Commerce a Fire Research Center which shall have the mission of performing and supporting research on all aspects of fire with the aim of providing scientific and technical knowledge applicable to the prevention and control of fires. The content and priorities of the research program shall be determined in consultation with the Administrator of the National Fire Prevention and Control Administration. In implementing this section, the Secretary is authorized to conduct, directly or through contracts or grants, a fire research program, including—

"(1) basic and applied fire research for the purpose of arriving at an understanding of the fundamental process underlying all aspects of fire. Such research shall include scientific investigations of—

"(A) the physics and chemistry of combustion processes;

"(B) the dynamics of flame ignition, flame spread, and flame extinguishment;

"(C) the composition of combustion products developed by various sources and under various environmental conditions;

"(D) the early stages of fires in buildings and other structures, structural subsystems and structural components in all other types of fires, including, but not limited to, forest fires, brush fires, fires underground, oil blowout fires, and waterborne fires, with the aim of improving early detection capability;

"(E) the behavior of fires involving all types of buildings and other structures and their contents (including mobile homes and highrise buildings, construction materials, floor and wall coverings, coatings, furnishings, and other combustible materials), and all other types of fires, including forest fires, brush fires, fires undergound, oil blowout fires, and waterborne fires;

"(F) the unique fire hazards arising from the transportation and use, in industrial and professional practices, of combustible gases, fluids, and materials;

"(G) design concepts for providing increased fire safety consistent with habitability, comfort, and human impact in buildings and other structures; and

"(H) such other aspects of the fire process as may be deemed useful in pursuing the objectives of the fire research program;

"(2) research into the biological, physiological, and psychological factors affecting human victims of fire, and the performance of individual members of fire services, including—

"(A) the biological and physiological effects of toxic substances encountered in fires;

"(B) the trauma, cardiac conditions, and other hazards resulting from exposure to fire;

"(C) the development of simple and reliable tests for determining the cause of death from fires;

"(D) improved methods of providing first aid to victms of fires;

"(E) psychological and motivational characteristics of persons who engage in arson, and the prediction and cure of such behavior;

"(F) the conditions of stress encountered by firefighters, the effects of such stress, and the alleviation and reduction of such conditions; and

"(G) such other biological, psychological, and physiological effects of fire as have significance for purposes of control or prevention of fires; and

"(3) operation tests, demonstration projects, and fire investigations in support of the activities set forth in this section.

"The Secretary shall insure that the results and advances arising from the work of the research program are disseminated broadly. He shall encourage the incorporation, to the extent applicable and practicable of such results and advances in building codes, fire codes, and other relevant codes, test methods, fire service operations and training, and standards. The Secretary is authorized to encourage and assist in the development and adoption of uniform codes, test methods, and standards aimed at reducing fire losses and costs of fire protection.

"(b) For the purposes of this section there is authorized to be appropriated not to exceed $3,500,000 for the fiscal year ending June 30, 1975 and not to exceed $4,000,000 for the fiscal year ending June 30, 1976."

VICTIMS OF FIRE

SEC. 19. (a) PROGRAM.—The Secretary of Health, Education, and Welfare shall establish, within the National Institutes of Health and in cooperation with the Secretary, an expanded program of research on burns, treatment of burn injuries, and rehabilitation of victims of fires. The National Institutes of Health shall—

(1) sponsor and encourage the establishment throughout the Nation of twenty-five additional burn centers, which shall comprise separate hospital facilities providing specialized burn treatment and including research and teaching programs, and twenty-five additional burn units, which shall comprise specialized facilities in general hospitals used only for burn victims;

(2) provide training and continuing support of specialists to staff the new burn centers and burn units;

(3) sponsor and encourage the establishment of ninety burn programs in general hospitals which comprise staffs of burn injury specialists;

(4) provide special training in emergency care for burn victims;

(5) augment sponsorship of research on burns and burn treatment;

(6) administer and support a systematic program of research concerning smoke inhalation injuries; and

(7) sponsor and support other research and training programs in the treatment and rehabilitation of burn injury victims.

(b) AUTHORIZATION OF APPROPRIATION.—For purposes of this section, there are authorized to be appropriated not to exceed $5,000,000 for the fiscal year ending June 30, 1975 and not to exceed $8,000,000 for the fiscal year ending June 30, 1976.

PUBLIC ACCESS TO INFORMATION

SEC. 20. Copies of any document, report, statement, or information received or sent by the Secretary or the Administrator shall be made available to the public pursuant to the provisions of section 552 of title 5, United States Code: *Provided,* That, notwithstanding the provisions of subsection (b) of such section and of section 1905 of title 18, United States Code, the Secretary may disclose information which concerns or relates to a trade secret—

(1) upon request, to other Federal Government departments and agencies for official use;

(2) upon request, to any committee of Congress having jurisdiction over the subject matter to which the information relates;

(3) in any judicial proceeding under a court order formulated to preserve the confidentiality of such information without impairing the proceedings; and

(4) to the public when he determines such disclosure to be necessary in order to protect health and safety after notice and opportunity for comment in writing or for discussion in closed session within fifteen days by the party to which the information pertains (if the delay resulting from such notice and opportunity for comment would not be detrimental to health and safety).

ADMINISTRATIVE PROVISIONS

SEC. 21. (a) ASSISTANCE.—Each department, agency, and instrumentality of the executive branch of the Federal Government and each independent regulatory agency of the United States is authorized and directed to furnish to the Administrator, upon written request, on a reimbursable basis or otherwise, such assistance as the Administrator deems necessary to carry out his functions and duties pursuant to this Act, including, but not limited to, transfer of personnel with their consent and without prejudice to their position and ratings.

(b) POWERS.—With respect to this Act, the Administrator is authorized to—

(1) enter into without regard to section 3709 of the Revised Statutes, as amended (41 U.S.C. 5) such contracts, grants, leases, cooperative agreements, or other transactions as may be necessary to carry out the provisions of this Act;

(2) accept gifts and voluntary and uncompensated services, notwithstanding the provisions of section 3679 of the Revised Statutes (31 U.S.C. 665(b));

(3) purchase, lease, or otherwise acquire, own, hold, improve, use, or deal in and with any property (real, personal, or mixed, tangible or intangible), or interest in property, wherever situated; and sell, convey, mort-

gage, pledge, lease, exchange, or otherwise dispose of property and assets;

(4) procure temporary and intermittent services to the same extent as is authorized under section 3109 of title 5, United States Code, but at rates not to exceed $100 a day for qualified experts; and

(5) establish such rules, regulations, and procedures as are necessary to carry out the provisions of this Act.

(c) AUDIT.—The Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers, and records of the recipients of contracts, grants, or other forms of assistance that are pertinent to its activities under this Act for the purpose of audit or to determine if a proposed activity is in the public interest.

(d) INVENTIONS AND DISCOVERIES.—All property rights with respect to inventions and discoveries, which are made in the course of or under contract with any government agency pursuant to this Act, shall be subject to the basic policies set forth in the President's Statement of Government Patent Policy issued August 23, 1971, or such revisions of that statement of policy as may subsequently be promulgated and published in the Federal Register.

(e) COORDINATION.—To the extent practicable, the Administrator shall utilize existing programs, data, information, and facilities already available in other Federal government departments and agencies and, where appropriate, existing research organizations, centers, and universities. The Administrator shall provide liaison at an appropriate oganizational level to assure coordination of his activities with State and local government agencies, departments, bureaus, or offices concerned with any matter related to programs of fire prevention and control and with private and other Federal organizations and offices so concerned.

ASSISTANCE TO CONSUMER PRODUCT SAFETY COMMISSION

SEC. 22. Upon request, the Administrator shall assist the Consumer Product Safety Commission in the development of fire safety standards or codes for consumer products, as defined in the Consumer Product Safety Act (15 U.S.C. 2051 et seq.).

CONFORMING AMENDMENTS

SEC. 23. Section 12, of the Act of February 14, 1903, as amended (15 U.S.C. 1511), is amended to read as follows:

"BUREAUS IN DEPARTMENT

"SEC. 12. The following named bureaus, administrations, services, offices, and programs of the public service, and all that pertains thereto, shall be under the jurisditcion and subject to the control of the Secretary of Commerce:

"(a) National Oceanic and Atmospheric Administration;

"(b) United States Travel Service;

"(c) Maritime Administration;

"(d) National Bureau of Standards;

"(e) Patent Office;

"(f) Bureau of the Census;

"(g) National Fire Prevention and Control Administration; and

"(h) such other bureaus or other organizational units as the Secretary of Commerce may from time to time establish in accordance with law."

And the House agree to the same.

That the Senate recede from its disagreement to the amendment of the House to the title of the bill, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the amendment of the House to the title of the bill, insert the following: "An Act to reduce losses of life and property, through better fire prevention and control, and for other purposes."

And the House agree to the same.

OLIN E. TEAGUE,
JOHN W. DAVIS,
JAMES W. SYMINGTON,
CHARLES A. MOSHER,
ALPHONZO BELL,
Managers on the Part of the House.

WARREN G. MAGNUSON,
JOHN O. PASTORE,
FRANK E. MOSS,
TED STEVENS,
J. GLENN BEALL, Jr.
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1769) to reduce the burden on interstate commerce caused by avoidable fires and fire losses, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The House amendments struck out all of the Senate bill after the enacting clause and inserted a substitute text for the Senate bill, and the Senate disagreed to the House amendments. The House amendment amended the Senate title of the bill.

The committee of conference recommends that the Senate recede from its disagreement to the amendment of the House to the text of the Senate bill, with an amendment which is a substitute for both the text of the Senate bill and the House amendment to the text of the Senate bill. The committee of conference also recommends that the Senate recede from its disagreement to the amendment of the House to the title of the Senate bill, with an amendment which is a substitute for both the title of the Senate bill and the House amendment to the title of the Senate bill. The following statement explains the resolution of differences between the Senate bill and the House amendment thereto:

STRUCTURE OF THE NEW FIRE PROGRAM

Both the Senate bill and the House amendment established a comprehensive fire prevention and control program to be located primarily in the Department of Commerce. Both programs included, but were not limited to, a fire education program, a national fire academy, a fire research and development program and a national data gathering program.

The Senate bill created the new position of Assistant Secretary of Commerce for Fire Prevention and Control. The Assistant Secretary would have been responsible for carrying out the provisions of the Act under the direction of the Secretary. The Assistant Secretary would have been appointed by the President, by and with the advice and consent of the Senate and would have received compensation at a rate prescribed by law for Assistant Secretaries of Commerce (currently a level IV position).

Title I of the House amendment established in the Department of Commerce a National Bureau of Fire Safety which was to be headed by a Presidentially appointed Director. The Fire Bureau would have undertaken programs of technology development, training and education, data collection and analysis, and public education. Title II of the House amendment established a Fire Research Center in the Department of Commerce which was intended to carry on the fire program of the National Bureau of Standards. Specifically, it would have conducted basic and applied research on the phenomenon of fire. The Director of the Fire Bureau would have received compensation at a level V and would have implemented his duties under the general direction of the Secretary of Commerce.

The Conference Substitute includes a compromise position between the Senate bill and the House amendment. The committee of conference recognized the importance of a separate and distinct fire program within the Department of Commerce while at the same time utilizing the expertise and resources of the National Bureau of Standards for implementing the fire research program. As a result, Section 5 of the Conference Substitute would establish, within the Department of Commerce, an agency which shall be known as the National Fire Prevention and Control Administration. The new Administration is modeled after the existing National Oceanic and Atmospheric Administration. The committee of conference agreed to propose a separate administration with an Administrator, who would report directly to the Secretary of Commerce to insure that the fire prevention and control program would be a highly visible program. In addition, the Administrator would be responsible only to the Secretary.

The conferees, after carefully considering the merits of the organizational arrangements in the two bills, unanimously agree that it would reduce the effectiveness of the program if it were to be located under the auspices of the Assistant Secretary for Science and Technology. Accordingly, the committee of conference has agreed that a new Fire Administration to implement all aspects of the fire program, with the exception of the research program, should be established. The research program, the conferees concluded, should be implemented by the National Bureau of Standards and Section 18 of the Conference Substitute amends the act of March 3, 1901 to reflect this intent.

The new Fire Administration shall be headed by an Administrator appointed by the President, by and with the advice and consent of the Senate. He shall be compensated at the rate now or hereafter provided for level IV of the Executive Schedule pay rates. The Conference Substitute also establishes the position of Deputy Administrator. The Deputy Administrator shall be appointed by the President by and with the advice and consent of the Senate and he shall be compensated at the rate now or hereafter provided for level V of the Executive Schedule pay rates. The Deputy Administrator shall perform such functions as the Administrator shall assign or delegate and shall act as Administrator during the absence or disability of the Administrator or in the event of a vacancy in the Office of the Administrator.

While the Conference Substitute structurally separates the research activities from the rest of the Fire Prevention and Control Program, the conferees intend that the Secretary of Commerce shall coordinate the two so that they are complementary. In view of the fact that the Administrator is to report directly to and be responsible to the Secretary of Commerce, the Secretary will be in a good position to coordinate research priorities for the research program with the Administrator.

PUBLIC EDUCATION PROGRAM

Both the Senate bill and the House amendment stressed the importance of a comprehensive fire education program.

The Senate bill would have authorized the Secretary to take all steps necessary to educate the public and to overcome public indifference as to fire safety and fire prevention.

The House amendment would have required the Director to undertake, in collaboration with existing public and private organizations, a continuing and extensive program of public education in fire prevention and fire safety which would have included specialized information aimed at those particularly vulnerable to fire hazards. In addition, the education program would have included research into new methods of public education in fire prevention.

The committee of conference agrees on the importance of public education as a part of the effort to reduce fire losses. Section 6 of the Conference Substitute requires the Administrator to take all steps necessary and practicable to educate the public and to overcome public indifference as to fire and fire prevention. Such steps may include, but are not limited to publications, audio-visual presentations, and demonstrations. The public education efforts shall include programs to provide specialized information for those groups of individuals who are particularly vulnerable to fire hazards, and shall also include sponsorship and encouragement of research, testing, and experimentation to determine the most effective means of such public education.

NATIONAL ACADEMY FOR FIRE PREVENTION AND CONTROL

The Senate bill would establish a National Academy for Fire Prevention and Control, while the House amendment provided for the establishment of a United States Fire Academy.

The committee of conference agreed that a central training facility for the nation's fire fighting forces is of the highest priority if the effort to reduce the losses from fires is to succeed, and accordingly section 7 establishes a National Academy for Fire Prevention and Control. In arriving at this conclusion, and in reconciling the provisions contained in the two bills regarding the specific functions of the Academy, the committee of conference carefully considered the several objectives which the Academy is established to serve. The committee of conference wishes to emphasize that it is not the intent that the National Academy for Fire Prevention and Control become a large, degree granting institution on the model of the service academies, the Coast Guard Academy, or the Merchant Marine Academy. Rather, the Fire Academy is modeled on the highly successful F.B.I. Academy, and on a number of national fire academies abroad. The intent of the conferees is that the National Fire Academy, by establishing a small, but excellent campus with a first class staff and facilities, will serve as a focal point for the professional training of fire officers.

Conduct of Short Courses and Conferences.—The House amendment gave the Fire Academy Superintendent authority to conduct short courses, seminars, workshops, conferences, and similar activities in all parts of the United States. The Senate bill contained general authority for the Academy to implement similar programs.

The committee of conference agreed to include the House provision in the Conference Substitute.

Fire Prevention Practices.—The House amendment included a provision requiring the fire program to encourage the inclusion of fire prevention technology and practices in the education and professional practice of architects, builders, city planners and owners engaged in design and planning affected by fire safety problems. The Senate bill did not contain similar provisions.

The committee of conference agreed to include the House provision in the Conference Substitute.

Assistance to Fire Training Programs.—The House amendment authorized the Fire Academy to assist and support existing education and training programs conducted by State and local fire units, and by private institutions. The Senate bill authorized the Fire Academy to provide three special forms of assistance to existing fire training programs: educational materials such as model curricula, correspondence courses, and model promotion examinations.

The committee of conference agreed to include authority for such assistance, but with certain limitations. The authority for financial assistance would be authorized for all types of State, local, and private institutions, but would be limited to four percent of the total amount authorized for the program of the Fire Administration.

Academy Site and Construction Approval.—The Senate bill provided that the Department of Commerce must obtain the approval of the Committees of jurisdiction in the House and the Senate before funds exceeding $100,000 are expended for planning or construction. The House bill contained no corresponding provision, but provided that the Secretary of Commerce shall appoint a Site Selection Board to advise him on the selection of a site for the Academy. The Board shall observe certain criteria including the possible use of a facility declared surplus by the Federal Government.

The committee of conference agreed to include both the construction approval provision from the Senate bill and the site selection provision from the House amendment.

Student Financial Assistance.—The House amendment provided that the Academy would be authorized to give financial assistance to students engaged in a number of different fire training and education activities. Such financial assistance would be provided to students attending the Fire Academy and to students attending Fire Engineering Programs at colleges and universities. It also included provisions for loans to individuals attending college undergraduate fire research or engineering programs. The Senate bill did not include provisions for direct financial assistance to students.

The committee of conference agreed to include the provisions of the House amendment which would authorize partial financial support for students attending the Academy and for students attending non-degree training programs at junior colleges, colleges, and universities. The loan program for undergraduate and graduate students is also included in the Conference Substitute.

Placement Service.—The Senate bill provided that the Academy would operate a placement assistance program for the fire services. The House amendment contained no comparable provision.

The committee of conference agreed to include this provision in the Conference Substitute.

Board of Visitors.—The Senate bill provided for a Board of Advisors for the Fire Academy, to be selected by the Secretary, but the size of the Board was not specified. The House amendment provided for the establishment of a Board of Visitors to the Fire Academy, made up of eight members selected by the Secretary.

The committee of conference agreed to include a Board of Visitors composed of eight members selected by the Secretary of Commerce in the Conference Substitute.

Accreditation.—The House amendment included provisions for the establishment by the Academy of a Committee on Fire Training and Education. The purpose of this Committee would be to inquire into and make recommendations regarding the desirability of establishing a mechanism for accreditation of fire training and education programs on a nationwide basis. This Committee would complete its report and submit its recommendations within 1 year of its appointment. The Senate bill did not include provisions for such a Committee.

The committee of conference agreed to include this section from the House amendment after changing the life of the Committee from 1 to 2 years.

Admissions.—The House amendment included a section providing that admission to the Academy shall be open to members of the firefighting, rescue, and civil defense forces of the Nation, and that adequate representation of all geographic regions of the Nation shall be included in the student body. The Senate bill did not include a comparable provision.

The committee of conference agreed to include the section on admissions from the House bill in the Conference Substitute.

Continuing Study of Educational Needs.—The House amendment included a section providing that the Fire Academy shall conduct a continuing study of the needs and content of the education and training programs both at the Academy and elsewhere. The studies would be coordinated with the Civil Defense Staff College. The Senate bill did not include a comparable section.

The committee of conference agreed to omit this provision from the Conference Substitute.

TECHNOLOGY PROGRAM

The Senate bill included provisions for a program of development, testing, and evaluation of equipment for the use of the Nation's fire services. The House amendment included similar provisions aimed at the same goal of making available to the Nation's fire, rescue, and civil defense services improved equipment for fire suppression, detection, and prevention.

The committee of conference agreed to include the fire technology program as section 8 of the Conference Substitute. The provision in the House bill providing for research on productivity measurement related to the fire services, and the provisions specifying the types of fire technology to be developed were incorporated into this section of the Conference Substitute.

NATIONAL FIRE DATA CENTER

Both the Senate bill and the House amendment provided for the operation of a comprehensive, integrated National Fire Data Information System. The language in each bill describing the type of data to be collected was identical. Both bills would have encouraged without compelling uniform reporting of fire data by local departments, utilization of existing data gathering activities, and the wide dissemination of the data collected.

The Senate bill authorized the Secretary of Commerce to establish a data center or information bank on all aspects of fire prevention and control. The Secretary was mandated to "insure dissemination to the maximum possible extent of fire data collected and developed under this section." He was also authorized to make "full use of existing data, data gathering and analysis organizations. . . ."

The House amendment authorized the Director of the National Bureau of Fire Safety to operate an integrated comprehensive national program of collecting, analyzing, and publishing fire data. Three kinds of data and information were to be collected under the comprehensive system: statistical, practical, and technical.

The Conference Substitute adopts the language of the Senate bill and the House amendment which were identical, describing the nature of the information to be gathered and analyzed. Under section 9 of the Conference Substitute, the Administrator of the National Fire Prevention and Control Administration shall operate directly, or through contracts or grants, an integrated, comprehensive National Fire Data Center for the selection, analysis, publication, and dissemination of information related to the prevention, occurrence, control, and results of fires of all types. The Data Center is designed to fulfill five needs: (1) provide an accurate nationwide analysis of the fire problem; (2) identify major problem areas; (3) assist in setting priorities; (4) determine possible solutions to problems; and monitor the progress of programs to reduce fire losess.

The Conference Substitute also adopts much of the House language describing how the program of the Data Center is to be carried out. Specifically, the Administrator is authorized to develop standardized data reporting methods, encourage and assist state, local, and other agencies, public and private, in developing and reporting information and make full use of existing data gathering and analysis organizations, both public and private. Additionally, the Conference Substitute adopts the House language which requires the Administrator to insure dissemination to the maximum extent possible of fire data collected and developed by the Data Center. The Administrator is also directed to make such data, information and analysis available in appropriate form to Federal agencies, State and local governments, private organizations, industry, business, and other interested persons.

MASTER PLAN DEMONSTRATION PROJECTS

The Senate bill authorized and directed the Secretary of Commerce to establish master plan demonstration projects. Specifically, the Senate bill included an authorization of appropriations ($10 million total) for grants to at least five, but not more than eight States to prepare a master plan for fire prevention and control in their area. The master plan concept is designed to insure that each local fire jurisdiction sets goals and priorities for the fire services to meet the changing needs of the community. The master plan should seek to allocate resources for the maximum payoff in fire protection, and it should provide for data systems for continual monitoring for cost effectiveness.

The Senate bill outlined criteria for eligibility for master plan grants. It also established a procedure for obtaining a grant and declared that the Federal share may not exceed 80 percent of the total cost of the master plan demonstration project approved. Of the Federal funds, 50 percent shall go to planning and 50 percent to implementation of the plan. It further set forth the basic ingredients in an acceptable state master plan which is financially assisted under the act, such as the following: survey of existing systems; needs; plan for meeting the need; and estimated cost of problems in implementation of the plan. Three and one half years after enactment of the act, the Secretary was to have reported to Congress his evaluation of the master plan demonstration project program and shall have advised the Congress whether master plan grants should be authorized in order that master plans can be developed in all the States. Under the Senate bill, no more than 20 percent of the funds appropriated under the master plan program may be spent in any one State.

The House amendment contained no similar provision.

Section 10 of the Conference Substitute includes the provisions of the Senate bill with several modifications. First, whereas the Senate bill provided that the master plan projects were to have commenced not later than 18 months after the date of enactment of the act, the Conference Substitute extends the period of time to 2 years. Second, the Senate bill required the establishment of 5–8 master plan demonstration projects. The Conference Substitute reduces this to 3–8 such projects. Third, the Conference Substitute reduces the level of authorization for implementing the master plan program to $2.5 million and provides that not more than 35 percent of the amount appropriated under this section for any fiscal year may be granted for projects in any one state.

REIMBURSEMENT FOR COSTS OF FIREFIGHTING ON FEDERAL PROPERTY

The House amendment included a section providing that a fire department or fire district may be reimbursed for the direct losses and direct costs it incurs in fighting fires on Federal property. Claims for such reimbursement would be made to the Federal agency provided in the bill and would be reduced by an amount equal to any payments in lieu of taxes made for fire protection services to the local government. The Senate bill did not contain a corresponding provision.

The committee of conference agreed to include this provision with certain minor changes affecting the administrative aspects of the submission, evaluation, and payments of such claims. These changes give the Administrator of the Fire Administration the responsibility for evaluating and making determinations on claims, give the Secretary of the Treasury the responsibility for paying claims in amounts not to exceed the sum determined by the Administrator, and provides that the adjudication of any disputes arising under any such claim shall be under the jurisdiction of the United States Court of Claims.

REVIEW OF CODES

The Senate bill authorized the Secretary of Commerce to review, evaluate, and suggest improvements in State and local fire prevention building codes, fire services, and any relevant Federal and private codes, regulations, and fire services. In evaluating such a code or codes, the Secretary was to consider the human impact of all code requirements, standards, and provisions in terms of comfort and habitability for residents or employees as well as the fire prevention and control value or potential of each such requirement, standard, and provision. The Secretary was required to annually submit to Congress a summary of such reviews, evaluations, and suggestions.

The House amendment contained no similar provision.

Section 11 of the Conference Substitute adopts the Senate provision with one minor change. While the Senate provision would have required the Secretary to report to Congress annually on his review, evaluation, and suggestions for improvements in codes, the Conference Substitute requires such review, evaluation, and suggestion to be included in the Secretary's annual report to Congress, required pursuant to section 16 of the Conference Substitute.

FIRE SAFETY EFFECTIVENESS STATEMENTS

The Senate bill authorized the Secretary of Commerce to encourage owners and managers of residential multiple unit, commercial, and industrial, and transportation structures to prepare and submit to him for evaluation and certification a Fire Safety Effectiveness Statement, pursuant to standards, forms, rules, and regulations to be developed and issued by the Secretary. Any person who submitted such a statement and received certification, was entitled to attach the following statement to any contract of sale or lease or any advertisement or notice which pertains to the structure as to which such statement has been submitted: "A Fire Safety Effectiveness Statement has been prepared regarding this structure and this structure has been certified as meeting the requirements of the United States Department of Commerce."

The House amendment contained no similar provision.

Section 13 of the Conference Substitute adopts the Senate provision with modifications.

The committee of conference agreed to include the provision encouraging owners of buildings to prepare Fire Safety Effectiveness Statements. However, it deletes the procedure of submitting the Fire Safety Effectiveness Statement to the Secretary of Commerce for his evaluation and certification. While this deletion no longer requires the Secretary to evaluate and certify a Fire Safety Effectiveness Statement, it is not intended to preclude him from doing so if he determines that such a procedure is desirable. In addition, the Conference Substitute deletes the provision allowing for a Fire Safety Effectiveness Statement to be included in contracts of sale, leases, advertisements or notices pertaining to the structure. Once again, the Secretary is not precluded from administratively establishing a similar procedure.

ANNUAL CONFERENCE

The Senate bill authorized the Secretary to organize or participate in organizing an annual conference of fire prevention and control. In addition, he was authorized to pay in whole or in part the expenses of participants and all of the Nation's fire services were eligible to send representatives to each such conference.

The House amendment contained no similar provision.

Section 14 of the Conference Substitute adopts the Senate provision.

PUBLIC SAFETY AWARDS

The Senate bill established two classes of honorary awards for recognition of outstanding and distinguished service by public safety officers. These two classes of awards were the President's Award for Outstanding Public Safety Service and the Secretary's Award for Distinguished Public Safety Service. The program was designed to recognize achievement by outstanding firefighters and law enforcement officers, and was to be administered jointly by the Secretary of Commerce and the Attorney General. The Secretary and the Attorney General were to select candidates for the President's Award and the Secretary's Award and submit them to the President for decision and awarding of the conferred distinctions. Not more than 12 President's Awards were to be conferred each year, but there was no limit on the number of Secretary's Awards.

The House amendment contained no similar provision.

Section 15 of the Conference Substitute adopts the Senate provision and also provides for similar awards to be made to civil defense officers. The Secretary of Defense as well as the Secretary of Commerce and the Attorney General are to jointly administer the program of public safety awards.

ANNUAL REPORT

The Senate bill provided for the submission of an annual report to the Congress. The House amendment contained no similar provision.

The committee of conference agreed to the inclusion of this provision as section 16 with minor changes to conform with the Conference Substitute.

FIRE RESEARCH CENTER

The Senate bill included provisions for the conduct of a program of basic and applied research aimed at developing an understanding of the fundamental processes underlying all aspects of fire. The research program would have been placed under the Assistant Secretary for Fire Prevention and Control rather than in a Fire Research Center in the National Bureau of Standards.

The House amendment provided for the establishment of a Fire Research Center to perform basic and applied research related to fire. The Fire Research Center would have been established by amending the organic act of the National Bureau of Standards to include this Fire Research Center in the Bureau. The research work of the Fire Research Center would include research on all aspects of fire with the aim of providing scientific and technical knowledge applicable to the prevention and control of fires.

The committee of conference concluded that the continuation of the existing fire research program at the National Bureau of Standards would best serve the intent of the legislation. By basing the expanded fire research program on the existing staff and facilities, the research program will be able to take full advantage of the expertise and capabilities built up over the years. The committee of conference therefore included, as section 18 in the Conference Substitute, the provisions of the House amendment which establishes the Fire Research Center in the National Bureau of Standards by amending the organic act of the National Bureau of Standards.

VICTIMS OF FIRE

Both the Senate bill and the House amendment included identical provisions for the establishment of an expanded program of research on burns, the treatment of burn injuries, and the rehabilitation of the victims of fire within the National Institutes of Health. However, the Senate bill included authorization for appropriations for this program in the amounts of $7,500,000 for fiscal year 1974, $10,000,000 for fiscal year 1975, and $10,000,000 for fiscal year 1976, totaling $27,000,000 while no funds were authorized for this program in the House amendment.

The committee of conference agreed to include, as section 19, the Victims of Fire provision in the Conference Substitute, and to authorize funding for 2 rather than 3 years. The authorized funding included in the bill is in the amount of $5,000,000 for fiscal year 1975, and in the amount of $8,000,000 for fiscal year 1976.

The House conferees note that in the House of Representatives jurisdiction over the National Institutes of Health is not within the purview of the Committee on Science and Astronautics, and that agreement to restore these funds was reached only in view of the importance attached by the committee of conference to the burn research and treatment program, and with the understanding that in the House of Representatives the appropriate legislative Committee will further review and authorize this program.

PUBLIC ACCESS TO INFORMATION

The Senate bill provided that any information received by the Program for Fire Prevention and Control shall be made available to the public upon identifiable request and at reasonable cost, subject to limited exceptions.

The House amendment contained no similar provision.

Section 20 of the Conference Substitute includes a provision similar in intent to the Senate provision but with minor style alterations. The provision makes clear that this section is in addition to, and not in lieu of, the provisions of the Freedom of Information Act.

CIVIL DEFENSE

The Senate bill included no provisions specifically stating that the civil defense activities and personnel throughout the United States would be eligible to participate in the fire prevention and control activities provided for in the bill. The House amendment provided that the civil defense activities and personnel would be eligible to participate in the activities contemplated under the amendment.

The committee of conference agreed to include in the Conference Substitute those specific provisions from the House amendments which include civil defense activities most directly related to fire prevention and control activities. The Conference Substitute authorizes civil defense personnel to be admitted to the Fire Academy (section 7); the Fire Technology program to include civil defense related technology for use in fire prevention and control (section 8); and civil defense personnel to be eligible for the Public Safety Awards (section 15).

FIRE PROTECTION ASSISTANCE

The Senate bill amended the National Housing Act's section on mortgage insurance assistance by providing that the Secretary of Housing and Urban Development may guarantee loans made to nursing homes and intermediate care facilities to pay for fire safety equipment which is needed to bring the facility into compliance with the latest "Life Safety Code".

The House amendment contained no similar provision.

The Senate provision was deleted in the Conference Substitute because this section has been enacted into law as Public Law 93–204.

STUDIES

The Senate bill authorized and directed the Comptroller General of the United States to study the financing of the Nation's fire services to determine whether moneys available through State and local taxation and Federal-State revenue sharing is adequate. In addition, the bill authorized and directed the Secretary to prepare a comprehensive study of the organization and operation of the Nation's fire services.

The House amendment contained no similar provision.

The Conference Substitute deletes both studies. While the conferees believe both are important, the Administrator, under his general powers to implement the Fire Prevention and Control Program, is already authorized to conduct such studies if he deems it appropriate.

AUTHORIZATION

In the Senate bill, funding was authorized for 3 years in the total amount of $127,500,000. For fiscal year 1975, $25,000,000 was authorized for the Fire Program, and $7,500,000 for the Victims of Fires activities. For fiscal year 1976, $30,000,000 was authorized for the Fire Program, and $10,000,000 for the Victims of Fires activities. For fiscal year 1977, $35,000,000 was authorized for the Fire Program, and $10,000,000 for the Victims of Fires activities. In addition, $10,000,000 was authorized for Master Plan Demonstration Projects.

In the House amendment the authorization was for 1 year. It provided, for fiscal year 1975, $2,000,000 for the Fire Bureau, and $3,500,000 for the Fire Research Center. No funds were authorized for the Victims of Fire (burn treatment) activities or for the Master Plan Demonstration Projects. Thus the House amendment authorized a total of $5,500,000 for fiscal year 1975.

The committee of conference agreed to authorize funding for 2 years in the total amount of $59,000,000. For fiscal year 1975, $15,000,000 would be authorized for the Fire Administration (section 17). $3,500,000 for the Fire Research Center (section 18), and $5,000,000 for the Victims of Fire activities (section 19), for a total of $23,500,000. For fiscal year 1976, $21,000,000 would be authorized for the Fire Administration (section 17), $4,000,000 for the Fire Research Center (section 18), and $8,000,000 for the Victims of Fire Activities (section 19), for a total of $33,000,000. For Master Plan Demonstration Projects $2,500,000 is authorized (section 10).

Olin E. Teague,
John W. Davis,
James W. Symington,
Charles A. Mosher,
Alphonzo Bell,
Managers on the Part of the House.

Warren G. Magnuson,
John O. Pastore,
Frank E. Moss,
Ted Stevens,
J. Glenn Beall, Jr.
Managers on the Part of the Senate.

CONFERENCE REPORT ON H.R. 11864, SOLAR HEATING AND COOLING DEMONSTRATION ACT OF 1974

Mr. TEAGUE submitted the following conference report and statement on the bill (H.R. 11864) to provide for the early commercial demonstration of the technology of solar heating by the National Aeronautics and Space Administration and the Department of Housing and Urban Development, in cooperation with the National Bureau of Standards, the National Science Foundation, the General Services Administration, and other Federal agencies, and for the early development and commercial demonstration of technology for combined solar heating and cooling:

Conference Report (H. Rept. No. 93–1278)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 11864 to provide for the early development and commercial demonstration of the technology of solar heating and combined solar heating and cooling systems, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate to the text of the bill, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

That this Act may be cited as the "Solar Heating and Cooling Demonstration Act of 1974".

FINDINGS AND POLICY

Sec. 2. (a) The Congress hereby finds that—

(1) the current imbalance between supply and demand for fuels and energy is likely to persist for some time;

(2) the early demonstration of the feasibility of using solar energy for the heating and cooling of buildings could help to relieve the demand upon present fuel and energy supplies;

(3) the technologies for solar heating are close to the point of commercial application in the United States;

(4) the technologies for combined solar heating and cooling still require research, development, testing and demonstration, but no insoluble technical problem is now foreseen in achieving commercial use of such technologies;

(5) the early development and export of viable solar heating equipment and combined solar heating and cooling equipment, consistent with the established preeminence of the United States in the field of high technology products, can make a valuable contribution to our balance of trade;

(6) the widespread use of solar energy in place of conventional methods for the heating and cooling of buildings would have a significantly beneficial effect upon the environment;

(7) the mass production and use of solar heating and cooling equipment will help to eliminate the dependence of the United States upon foreign energy sources and promote the national defense;

(8) the widespread introduction of low-cost solar energy will be beneficial to consumers in a period of rapidly rising fuel cost;

(9) innovation and creativity in the development of solar heating and combined solar heating and cooling components and systems can be fostered through encouraging direct contact between the manufacturers of such systems and the architects, engineers, developers, contractors, and other persons

interested in installing such systems in buildings;

(10) evaluation of the performance and reliability of solar heating and combined solar heating and cooling technologies can be expedited by testing under carefully controlled conditions; and

(11) commercial applications of solar heating and combined solar heating and cooling technologies can be expedited by early commercial demonstration under practical conditions.

(b) It is therefore declared to be the policy of the United States and the purpose of this Act to provide for the demonstration within a three-year period of the practical use of solar heating technology, and to provide for the development and demonstration within a five-year period of the practical use of combined heating and cooling technology.

DEFINITIONS

Sec. 3. For purposes of this Act—

(1) the term "solar heating", with respect to any building, means the use of solar energy to meet such portion of the total heating needs of such building (including hot water), or such portion of the needs of such building for hot water (where its remaining heating needs are met by other methods), as may be required under performance criteria prescribed by the Secretary of Housing and Urban Development utilizing the services of the Director of the National Bureau of Standards, and in consultation with the Director of the National Science Foundation, and the Administrator of the National Aeronautics and Space Administration;

(2) the terms "solar heating and cooling" and "combined solar heating and cooling", with respect to any building, mean the use of solar energy to provide both such portion of the total heating needs of such building (including hot water) and such portion of the total cooling needs of such building, or such portion of the needs of such building for hot water (where its remaining heating needs are met by other methods) and such portion of the total cooling needs of a building, as may be required under performance criteria prescribed by the Secretary of Housing and Urban Development utilizing the services of the Director of the National Bureau of Standards, and in consultation with the Director of the National Science Foundation, and the Administrator of the National Aeronautics and Space Administration, and such term includes cooling by means of nocturnal heat radiation, by evaporation, or by other methods of meeting peakload energy requirements at nonpeakload times;

(3) the term "residential dwellings" includes previously occupied and new single family and multifamily dwellings, mobile homes, and publicly assisted housing owned by a private sponsor or a State or local housing authority not covered by section 17;

(4) the term "Administrator" means the Administrator of the National Aeronautics and Space Administration;

(5) the term "Secretary" means the Secretary of Housing and Urban Development; and

(6) the term "Director" means the Director of the National Science Foundation.

CONDUCT OF ACTIVITIES IN SOLAR HEATING AND COOLING TECHNOLOGIES BY NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

Sec. 4. Section 203 of the National Aeronautics and Space Act of 1958 (42 U.S.C. 2473) is amended by redesignating subsection (b) as subsection (c), and by inserting immediately after subsection (a) the following new subsection:

"(b) The Administration shall initiate, support, and carry out such research, development, demonstrations, and other related activities in solar heating and cooling technologies (to the extent that funds are appropriated therefor) as are provided for in sections 5, 6, and 9 of the Solar Heating and Cooling Demonstration Act of 1974.".

DEVELOPMENT AND DEMONSTRATION OF SOLAR HEATING SYSTEMS TO BE USED IN RESIDENTIAL DWELLINGS

Sec. 5. (a) The Administrator and the Secretary shall promptly initiate and carry out a program, as provided in this section, for the development and demonstration of solar heating systems (including collectors, controls, and thermal storage) for use in residential dwellings.

(b)(1) Within 120 days after the date of the enactment of this Act, the Secretary, utilizing the services of the Director of the National Bureau of Standards and in consultation with the Administrator and the Director, shall determine, prescribe, and publish—

(A) interim performance criteria for solar heating components and systems to be used in residential dwellings, and

(B) interim performance criteria (relating to suitability for solar heating) for such dwellings themselves,

taking into account in each instance climatic variations existing between different geographic areas.

(2) As soon as possible after the publication of the performance criteria prescribed under paragraph (1), the Secretary, in consultation with the Director of the National Bureau of Standards and the Administrator, will select on the basis of open competition a number of designs for various types of residential dwellings suitable for and adapted to the installation of solar heating systems meeting the performance criteria prescribed under paragraph (1)(A).

(c) The Administrator, in accordance with the applicable provisions of title II of the National Aeronautics and Space Act of 1958 and under program guidelines established jointly by the Administrator and the Secretary, shall, after consultation with the Secretary—

(1) enter into such contracts and grants as may be necessary or appropriate for the development (for commercial production and residential use) of solar heating systems meeting the performance criteria prescribed under subsection (b)(1)(A) (including any further planning and design which may be required to conform with the specifications set forth in such criteria); and

(2) enter into contracts with a number of persons or firms for the procurement of solar heating components and systems meeting such performance criteria (including adequate numbers of spare and replacement parts for such systems).

(d) The Secretary shall (1) arrange for the installation of solar heating systems procured by the Administrator under subsection (c)(2) in a substantial number of residential dwellings and (2) provide for the satisfactory operation of such installations during the demonstration period. Title to and ownership of any dwellings constructed hereunder and of solar heating systems installed hereunder may be conveyed to purchasers or owners of such dwellings under terms and conditions prescribed by the Secretary, including an express agreement that any such purchaser or owner shall, in such manner and form and on such terms and conditions as the Secretary may prescribe, observe and monitor (or permit the Secretary to observe and monitor) the performance and operation of such system for a period of five years, and that such purchaser or owner (including any subsequent owner and occupant of the property who also makes such an agreement) shall regularly furnish the Secretary with such reports thereon as the agreement may require.

(e) The Secretary of Defense shall arrange for the installation of solar heating systems procured by the Administrator under subsection (c)(2) in a substantial number of residential dwellings which are located on Federal or federally administered property where the performance and operation of such systems can be regularly and effectively observed and monitored by designated Federal personnel.

(f) The Secretary and the Secretary of Defense, and officials responsible for administering Federal or federally administered property, shall coordinate their activities under this section to assure that solar heating systems are installed in a substantial number of residential dwellings and in a sufficient number of different geographic areas under varying climatic conditions to constitute a realistic and effective demonstration in support of the objectives of this Act.

DEVELOPMENT AND DEMONSTRATION OF COMBINED SOLAR HEATING AND COOLING SYSTEMS TO BE USED IN RESIDENTIAL DWELLINGS

Sec. 6. (a) The Administrator and the Secretary shall promptly initiate and carry out a program, as provided in this section, for the development and demonstration of combined solar heating and cooling systems (including collectors, controls, and thermal storage) for use in residential dwellings.

(b)(1) As soon as possible after the date of the enactment of this Act, the Secretary, utilizing the services of the Director of the National Bureau of Standards and in consultation with the Administrator and the Director, shall determine, prescribe, and publish—

(A) interim performance criteria for combined solar heating and cooling components and systems to be used in residential dwellings, and

(B) interim performance criteria (relating to suitability for solar heating and cooling) for such dwellings themselves,

taking into account in each instance climatic variations existing between different geographic areas.

(2) As soon as possible after the publication of the performance criteria prescribed under paragraph (1) (and if possible before the completion of the research and development provided for in subsection (c)), the Secretary, in consultation with the Director of the National Bureau of Standards and the Administrator, will select on the basis of open competition a number of designs for various types of residential dwellings suitable for and adapted to the installation of combined solar heating and cooling systems meeting the performance criteria prescribed under paragraph (1)(A).

(c) During the period immediately following the publication of performance criteria under subsection (b)(1), the Administrator, in coordination with the Director, shall undertake and conduct with respect to solar heating and cooling a program of research, development, and testing designed to provide the additional technological resources necessary for the development and commercial application of combined solar heating and cooling systems as contemplated by the program under this section.

(d) The Administrator, in accordance with the applicable provisions of title II of the National Aeronautics and Space Act of 1958 and under program guidelines established jointly by the Administrator and the Secretary, and at the earliest possible time during or immediately after the period specified in subsection (c), shall, after consultation with the Secretary—

(1) enter into such contracts and grants as may be necessary or appropriate for the development (for commercial production and residential use) of combined solar heating and cooling systems meeting the performance criteria prescribed under subsection (b)(1)(A) (including any further planning and design which may be required to conform with the specifications set forth in such criteria or to reflect the results of the activities conducted under subsection (c)); and

(2) enter into contracts with a number of persons or firms for the procurement of

combined solar heating and cooling systems meeting such performance criteria (including adequate numbers of spare and replacement parts for such systems).

(c) The Secretary shall (1) arrange for the installation of combined solar heating and cooling systems procured by the Administrator under subsection (d) (2) in a substantial number of residential dwellings and (2) provide for the satisfactory operation of such installations during the demonstration period. Title to and ownership of any dwellings constructed hereunder and of combined solar heating and cooling systems installed hereunder may be conveyed to purchasers or owners of such dwellings under terms and conditions prescribed by the Secretary, including an express agreement that any such purchaser or owner shall, in such manner and form and on such terms and conditions as the Secretary may prescribe, observe and monitor (or permit the Secretary to observe and monitor) the performance and operation of such system for a period of five years, and that such purchaser or owner (including any subsequent owner and occupant of the property who also makes such an agreement) shall regularly furnish the Secretary with such reports thereon as the agreement may require.

(f) The Secretary of Defense shall arrange for the installation of combined solar heating and cooling systems procured by the Administrator under subsection (d)(2) in a substantial number of residential dwellings which are located on Federal or federally administered property where the performance and operation of such systems can be regularly and effectively observed and monitored by designated Federal personnel.

(g) The Secretary and the Secretary of Defense, and officials responsible for administering Federal or federally administered property, shall coordinate their activities under this section to assure that combined solar heating and cooling systems are installed in a substantial number of residential dwellings and in a sufficient number of geographic areas under varying climatic conditions to constitute a realistic and effective demonstration in support of the objectives of this Act.

COMPREHENSIVE PROGRAM DEFINITION

SEC. 7. (a) The Administrator and the Secretary are authorized and directed to prepare a comprehensive plan for the conduct of the development and demonstration activities under section 5 and 6. In the preparation of such plan, the Administrator and Secretary shall consult with the Director of the National Bureau of Standards, the Director, the Secretary of Defense, and other Federal agencies and private organizations as appropriate.

(b) The Administrator and the Secretary shall transmit such comprehensive program plan to the President and to each House of the Congress. The plan shall be transmitted within 120 days after the date of the enactment of this Act.

TEST PROCEDURES AND DEFINITIVE PERFORMANCE CRITERIA

SEC. 8. As soon as feasible, and utilizing data available from the demonstration programs under section 5 and 6, the Secretary, utilizing the services of the Director of the National Bureau of Standards and in consultation with the Administrator and the Director shall determine, prescribe, and publish in the Federal Register in accordance with the applicable provisions regarding rulemaking prescribed by section 553 of title 5, United States Code—

(1) definitive performance criteria for solar heating and combined solar heating and cooling components and systems to be used in residential dwellings, taking into account climatic variations existing between different geographic areas;

(2) definitive performance criteria (relating to suitability for solar heating and for combined solar heating and cooling) for such dwellings, taking into account climatic variations existing between different geographic areas; and

(3) procedures whereby manufacturers of solar heating and combined solar heating and cooling components and systems shall have their products tested in order to provide certification that such products conform to the performance criteria established under paragraph (1).

DEVELOPMENT AND DEMONSTRATION OF SOLAR HEATING AND COMBINED SOLAR HEATING AND COOLING SYSTEMS FOR COMMERCIAL BUILDINGS

SEC. 9. The Administrator, in consultation with the Secretary, the Director, the Administrator of General Services, and the Director of the National Bureau of Standards and concurrently with the conduct of the programs under sections 5 and 6, shall enter into arrangements with appropriate Federal agencies to carry out such projects and activities (including demonstration projects) with respect to apartment buildings, office buildings, factories, crop-drying facilities and other agricultural structures, public buildings (including schools and colleges), and other nonresidential, commercial, or industrial buildings, taking into account the special needs of and individual differences in such buildings based upon size, function, and other relevant factors, as may be appropriate for the early development and demonstration of solar heating and combined solar heating and cooling systems suitable and effective for use in such buildings.

SOLAR HEATING AND COOLING RESEARCH BY NATIONAL SCIENCE FOUNDATION

SEC. 10. (a) The Director shall conduct a program of applied research relevant to (1) the improvement of solar heating components and systems and (2) the development and commercial application of combined solar heating and cooling components and systems as contemplated by the programs under this Act.

(b) The Director shall apprise the Secretary and the Administrator on a continuing basis of the results of the program being conducted in accordance with subsection (a), and the Secretary and the Administrator shall insure that such results, where appropriate, are incorporated into the development and demonstration programs established by this Act.

COORDINATION, MONITORING, AND LIAISON

SEC. 11. (a) The Secretary, utilizing the services of the Director of the National Bureau of Standards and in coordination with such other Government agencies as may be appropriate, shall—

(1) monitor the performance and operation of solar heating and combined solar heating and cooling systems installed in residential dwellings under this Act;

(2) collect and evaluate data and information on the performance and operation of solar heating and combined solar heating and cooling systems installed in residential dwellings under this Act; and

(3) from time to time, carry out such studies and investigations and take such other actions, including the submission of special reports to the Congress when appropriate, as may be necessary to assure that the programs for which the Secretary is responsible under this Act effectively carry out the policy of this Act.

(b) In the development of the performance criteria and test procedures required under sections 5, 6, and 8, the Secretary shall work closely with the appropriate scientific, technical, and professional societies and industry representatives to insure the best possible use of available expertise in this area.

(c) The Secretary shall also maintain continuing liaison with the building industry and related industries and interests, and with the scientific and technical community during and after the period of the programs carried out under this Act, in order to assure that the projected benefits of such programs are and will continue to be realized.

DISSEMINATION OF INFORMATION AND OTHER ACTIONS TO PROMOTE PRACTICAL USE OF SOLAR HEATING AND COOLING TECHNOLOGIES

SEC. 12. (a) The Secretary shall take all possible steps to assure that full and complete information with respect to the demonstrations and other activities conducted under this Act is made available to Federal, State, and local authorities, the building industry and related segments of the economy, the scientific and technical community, and the public at large, both during and after the close of the programs under this Act, with the objective of promoting and facilitating to the maximum extent feasible the early and widespread practical use of solar energy for the heating and cooling of buildings throughout the United States. In accordance with regulations prescribed under section 16 such information shall be disseminated on a coordinated basis by the Secretary, the Administrator, the Director of the National Bureau of Standards, the Director, the Commissioner of the Patent Office, and other appropriate Federal offices and agencies.

(b) In addition, the Secretary shall—

(1) study and investigate the effect of building codes, zoning ordinances, tax regulations, and other laws, codes, ordinances, and practices upon the practical use of solar energy for the heating and cooling of buildings;

(2) determine the extent to which such laws, codes, ordinances, and practices should be changed to permit or facilitate such use, and the methods by which any such changes may best be brought about; and

(3) study the necessity of a program of incentives to accelerate the commercial application of solar heating and cooling technology.

(c)(1) In carrying out his functions under subsections (a) and (b) the Secretary, utilizing the capabilities of the National Aeronautics and Space Administration, the Department of Commerce, and the National Science Foundation to the maximum extent possible, shall establish and operate a Solar Heating and Cooling Information Data Bank (hereinafter in this subsection referred to as the "bank") for the purpose of collecting, reviewing, processing, and disseminating solar heating and cooling information and data in a timely and accurate manner in support of the objectives of this Act.

(2) Information and data compiled in the bank shall include—

(A) technical information (including reports, journal articles, dissertations, monographs, and project descriptions) on solar energy research, development, and applications;

(B) technical information on the design, construction, and maintenance of buildings compatible with solar heating and cooling concepts;

(C) physical and chemical properties of the materials required for solar heating and cooling;

(D) climatic conditions in appropriate areas of the United States, including those areas where the demonstrations are to be located; and

(E) engineering performance of devices utilized in solar heating and cooling or to be employed in the demonstrations.

(3) In accordance with regulations prescribed under section 16, the Secretary shall provide retrieval and dissemination services to cover the solar heating and cooling information described under paragraph (2) for—

(A) Federal, State, and local government organizations that are active in the area of energy resources (and their contractors);

(B) universities, colleges, and other nonprofit organizations; and

(C) private persons, upon request, in appropriate cases.

(4) In carrying out his functions under this subsection, the Secretary shall utilize, when feasible, the existing data base of scientific and technical information in Federal agencies, adding to such data base any information described in paragraph (2) which does not already reside in such base.

(d) Each Federal officer and agency having functions under this Act shall include in his or its annual report to the President and the Congress a full and complete description of his or its activities (current and projected) under this Act, along with his or its recommendations for legislative, administrative, or other action to improve the programs under this Act or to achieve the objectives of this Act more promptly and effectively. In addition, the Secretary shall submit annually to the President and the Congress a special report summarizing in appropriate detail all of the activities (current and projected) of the various Federal officers and agencies having functions under this Act, with the objective of presenting a comprehensive overall view of such programs.

LIMITATIONS ON FEDERALLY ASSISTED OR FEDERALLY CONSTRUCTED HOUSING

SEC. 13. (a)(1) In determining the maximum dollar amount of any federally assisted mortgage loan (as defined in subsection (b)) or the maximum per unit or other cost or floor area limitation of any federally constructed housing (as defined in subsection (c)), where the law establishing the program under which the loan is made or the housing is constructed specifies such maximum per unit or other cost on floor area limitation and the structure involved is furnished with solar heating or combined solar heating and cooling equipment under the demonstration program established by section 5, 6, or 9, the maximum amount or cost or floor area limitation so specified which is applicable to such structure shall be deemed to be increased by the amount by which (as determined by the Secretary or the Secretary of Defense, as appropriate) the price or cost or floor area limitation of the structure including such solar heating or combined solar heating and cooling equipment exceeds the price or cost or floor area limitation of the structure with such equipment replaced by conventional heating equipment or conventional heating and cooling equipment (as the case may be).

(2) In addition, in the case of a federally assisted mortgage loan, the cost excess specified in subsection (a) shall be fully taken into account in determining the value or cost of the structure involved for purposes of applying any statutory provision specifying the maximum loan-to-value or -cost ratio; except that, if the law specifies different rates of downpayment for successive increments of such value or cost, the lowest such rate shall apply to the additional cost attributable to the solar heating or combined solar heating and cooling equipment, and such equipment shall otherwise be excluded in determining the total value or cost of the structure.

(b) As used in subsection (a), the term "mortgage loan" means a loan which is made to finance the purchase or construction of a residence or any other building or structure; and the term "federally assisted mortgage loan" means a mortgage loan which—

(1) is made in whole or in part by any lender the deposits or accounts of which are insured by any agency of the Federal Government, or is made in whole or in part by any lender which is itself regulated by any agency of the Federal Government; or

(2) is made in whole or in part, or insured, guaranteed, supplemented, or assisted in any way, by the Secretary or any other officer or agency of the Federal Government or under or in connection with a housing, urban development, or related program administered by the Secretary or a housing or related program administered by any other such officer or agency; or

(3) is eligible for purchase by the Federal National Mortgage Association, the Government National Mortgage Association, or the Federal Home Loan Mortgage Corporation, or from any financial institution from which it could be purchased by the Federal Home Loan Mortgage Corporation; or

(4) is made in whole or in part by any "creditor," as defined in section 103(f) of the Consumer Credit Protection Act of 1968 (15 U.S.C. 1602(f)), who makes or invests in residential real estate loans aggregating more than $1,000,000 per year.

(c) As used in subsection (a), the term "federally constructed housing" means (1) residential or multifamily housing which is constructed by agencies of the Federal Government to provide dwelling accommodations for particular types or classes of persons under programs administered by such Federal agencies (including all housing constructed by the Department of Defense to provide dwelling accommodations for personnel of the armed services or for such personnel and their families), and (2) residential or multifamily housing which is constructed by agencies of State or local government, with financial assistance in any form from the Federal Government, to provide dwelling accommodations for particular types or classes of persons under programs administered by such State or local agencies.

ENCOURAGEMENT AND PROTECTION OF SMALL BUSINESS

SEC. 14. In carrying out their functions under this Act, all Federal officers and agencies shall take steps to assure that small business concerns will have realistic and adequate opportunities to participate in the programs under this Act to the maximum extent possible.

PRIORITIES

SEC. 15. The Secretary shall set priorities as far as possible consistent with the intent and operation of this Act in accordance with the following criteria:

(a) The residential dwellings and other buildings which will be part of the demonstration programs referred to in sections 5, 6, and 9 shall be located in a sufficient number of different geographic areas in the United States to assure a realistic and effective demonstration of the solar heating systems and combined solar heating and cooling systems involved, and of the dwellings and other buildings themselves, in both rural and urban locations and under climatic conditions which vary as much as possible.

(b) Consideration shall be given to projected costs of commercial production and maintenance of the solar heating systems and combined solar heating and cooling systems utilized in the demonstration programs.

(c) Encouragement should be given in the conduct of programs under this Act to those projects in which funds, appropriated by any State or political subdivision thereof for the purpose of sharing costs with the Federal Government for the purchase and installation of solar heating or combined solar heating and cooling components and systems, are committed before or after the date of the enactment of this Act.

REGULATIONS

SEC. 16. The Administrator and the Secretary in consultation with the Director of the National Bureau of Standards, the Director, the Administrator of the General Services Administration, the Secretary of Defense, and other appropriate officers and agencies, shall prescribe such regulations as may be necessary or appropriate to carry out this Act promptly and efficiently. Each such officer or agency, in consultation with the Administrator and the Secretary, may prescribe such regulations as may be necessary or appropriate to carry out his or its particular functions under this Act promptly and efficiently.

USE OF PUBLICLY ASSISTED HOUSING

SEC. 17. The Secretary shall make appropriate use of publicly assisted housing and particularly low-rent housing assisted under the United States Housing Act of 1937 in demonstrating solar heating systems and combined solar heating and cooling systems under this Act.

TRANSFER OF FUNCTIONS

SEC. 18. Within sixty days after the effective date of the law creating the Energy Research and Development Administration or any other law creating a permanent Federal organization or agency having jurisdiction over the energy research and development functions of the United States (or within sixty days after the enactment of this Act if the effective date of such law occurs prior to the enactment of this Act), the energy research and development functions vested in the National Aeronautics and Space Administration and the National Science Foundation under this Act and any funds which may have been appropriated pursuant to section 19 of this Act, to the extent necessary or appropriate, may, in accordance with regulations prescribed by the Office of Management and Budget, be transferred to and vested in the Energy Research and Development Administration or such other organization or agency.

AUTHORIZATION OF APPROPRIATIONS

SEC. 19. (a) There is hereby authorized to be appropriated to the National Aeronautics and Space Administration for the fiscal year ending June 30, 1975, $5,000,000, to remain available until expended, to carry out the functions vested in the Administrator by this Act.

(b) There is hereby authorized to be appropriated to the Department of Housing and Urban Development for the fiscal year ending June 30, 1975, $5,000,000, to remain available until expended. Any sums so appropriated shall be available (1) to carry out the functions vested in the Secretary of Housing and Urban Development by this Act, and (2) for transfer to the Department of Defense, the National Bureau of Standards, and the General Services Administration to enable them to carry out their respective functions under this Act.

(c) There is hereby authorized to be appropriated for the fiscal years ending June 30, 1976, 1977, 1978, and 1979, $50,000,000 in the aggregate to carry out the programs established by this Act.

And the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate to the title of the bill and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the amendment of the Senate to the title of the bill, insert the following: "An Act to provide for the early development and commercial demonstration of the technology of solar heating and combined solar heating and cooling systems."

And the Senate agree to the same.

OLIN E. TEAGUE,
MIKE MCCORMACK,
DON FUQUA,
JAMES W. SYMINGTON,
CHARLES A. MOSHER,
BARRY GOLDWATER, Jr.,
JOHN W. WYDLER,
Managers on the Part of the House.

FRANK E. MOSS,
EDWARD M. KENNEDY,
ALAN CRANSTON,
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FLOYD K. HASKELL,
BARRY GOLDWATER,
PETER H. DOMINICK,
LOWELL P. WEICKER, Jr.,
PAUL J. FANNIN,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 11864) to provide for the early development and demonstration of the technology of solar heating and cooling and combined solar heating and cooling systems submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report.

SECTION 1. SHORT TITLE

The House bill and the Senate amendment agree that this Act may be cited as the "Solar Heating and Cooling Demonstration Act of 1974".

SECTION 2. FINDINGS AND POLICY

Subsection (a) Findings—the House bill contained eight findings. The Senate amendment included three additional findings: that wide-spread introduction of low-cost solar energy would be beneficial to consumers, that development of solar heating and cooling systems would be fostered by direct contact with manufacturers, architects, engineers, developers and other interested persons, and that evaluation of the performance and reliability of solar systems would be expedited by carefully controlled testing.

The conference substitute adopts the Senate amendment deleting reference to prototype consistent with other provisions of the bill.

Subsection (b) Policy—The House bill declared it to be the policy of the United States to provide for a demonstration of solar heating technology using current technology and for the development and demonstration of combined heating and cooling technology. The Senate amendment provided for the earliest possible demonstration of solar heating and cooling technologies. Both bills specified identical time periods.

The conference substitute deletes the House reference to the use of "current technology" so as not to inhibit the application of technology advancements, and deletes the Senate reference to "earliest possible" as redundant in view of the time frames set forth.

SECTION 3. DEFINITIONS

The House bill provided definitions of "solar heating", "solar heating and cooling", and "residential dwellings". The Senate amendment added the definitions of "Administrator", "Secretary", and "Director" for the Administrator of the National Aeronautics and Space Administration (NASA), the Secretary of Housing and Urban Development (HUD), and the Director of the National Science Foundation (NSF), respectively; expanded the definition of residential dwellings to include previously occupied and new single family and multifamily dwellings and publicly-assisted housing owned by a private sponsor or a state or local housing authority; and substituted the Secretary of HUD for the Secretary of Commerce as responsible for prescribing performance criteria and specified consultation with the Director and the Administrator in the development of such criteria consistent with responsibility assignments in the Senate amendment.

The conference substitute adopts the substance of the Senate amendment specifying, however, that the services of the National Bureau of Standards (NBS) are to be utilized in the development of performance criteria conforming with other sections of the bill.

The conferees agree that the phrase "not covered by Section 17" in the definition of residential dwellings in no way contravenes the intent of Section 17 regarding appropriate use of public housing.

SECTION 4. CONDUCT OF ACTIVITIES IN SOLAR HEATING AND COOLING TECHNOLOGIES BY NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

The House bill provided for amending the National Aeronautics and Space Act of 1958 specifically authorizing NASA to carry out basic and applied research, development, demonstrations and other activities in solar heating and cooling technologies. No similar provision was included in the Senate amendment.

The conference substitute adopts the House provision deleting the words "basic and applied" and substituting the word "such" in lieu thereof with respect to research activities, and deleting the words "including" and "activities" to define the work to be undertaken by NASA as provided for in Sections 5, 6, and 9 of this Act.

SECTION 5. DEVELOPMENT AND DEMONSTRATION OF SOLAR HEATING SYSTEMS TO BE USED IN RESIDENTIAL DWELLINGS

The House bill provided for the Administrator of NASA, in consultation with the Secretary of HUD, to carry out a program for the development and demonstration of solar heating systems for residential dwellings; for determination and publication by the Secretary of Commerce, in consultation with NASA and HUD, within 120 days, of performance criteria, for such systems and for dwellings utilizing such systems; for selection by the Secretary of Commerce in consultation with the Administrator and the Secretary of HUD a number of designs of dwellings meeting the criteria and suitable for the installation of solar heating systems; for the Administrator to contract for the development, manufacture and production of solar heating systems and for the installation of such systems in conjunction with and under arrangements made by the Secretary of Defense on Federal properties and in conjunction with the Secretary of HUD in privately-owned and operated dwellings. The House bill proposed installations "in substantial numbers of residential dwellings" to be defined administratively, but specifying that one thousand or more installations would in any case meet the requirement for each of the two categories of the residential dwelling demonstration. The House bill provided for monitoring and liaison activities. The Senate amendment provided for a joint program to be carried out by the Administrator of NASA and the Secretary of HUD with the Secretary, in consultation with the Director of NBS, the Director of the National Science Foundation and the Administrator, to determine and publish performance criteria for solar heating components and systems, for solar heated dwellings, and for test procedures for solar heating components and systems and to conduct a competition and select a number of solar systems and dwelling designs utilizing such systems.

The Administrator was responsible for contracting for development, as necessary, and procurement of such systems, in accordance with guidelines established by the Secretary, and the Secretary would contract for design integration and construction of prototype dwellings and the installation of solar heating systems procured by NASA. The Secretary of Defense would contract for construction of and installation of such systems in military residential dwellings. The Senate amendment, in Section 7, provided for large scale demonstrations in addition to the prototype demonstrations, and as a part of such large scale demonstration provided that the Secretary was authorized to establish procedures whereby any person wishing to install solar heating components and systems could receive up to 75% of the purchase and installation costs of such components and systems. The Senate amendment required working closely with appropriate technical societies and industry representatives.

The conference substitute provides for a joint fully-integrated program to be carried out by the Administrator of NASA and the Secretary of HUD. The Secretary is responsible for the determination and publication, utilizing the services of the Director of NBS, within 120 days, of interim performance criteria for solar heating components and systems and for dwellings utilizing such systems, and for the selection, in consultation with the Director of NBS, of a number of designs of residential dwellings meeting the performance criteria and suitable for the installation of solar heating systems. The substitute also provides that the Administrator, in accordance with guidelines established jointly with and after full consultation with the Secretary, will contract for the development and procurement of solar heating components and systems. Subsequent to such activity, the Secretary shall arrange for the installation of such systems in a substantial number of residential dwellings. The conference substitute similarly provides for installation of systems procured by the Administrator on Federal or federally-administered property. The installation activities of the Secretary and the Secretary of Defense are to be fully coordinated to provide a realistic and effective demonstration.

SECTION 6. DEVELOPMENT AND DEMONSTRATION OF COMBINED SOLAR HEATING AND COOLING SYSTEMS TO BE USED IN RESIDENTIAL DWELLINGS

The House bill provided for a program for the development and demonstration of combined solar heating and cooling systems for use in residential dwellings identical to the program for solar heating except that no time was established for the determination and publication of performance criteria and a subsection was included directing NASA to undertake to provide the additional technology necessary for combined heating and cooling systems. The Senate amendment also provided for a program identical to its solar heating program for the development and demonstration of combined solar heating and cooling, with the same exceptions. The Senate amendment, however, with respect to additional technology, directed NASA to undertake "development and testing" while the House bill specified "research, development, testing and demonstration."

The conference substitute for this Section adopts the provisions of the conference substitute for Section 5 except that more time is permitted for the publication of performance criteria and subsection (c) is added providing for the conduct of a program of research, development and testing by the Administrator, in coordination with the Director of NSF, to provide the additional technology for combined solar heating and cooling systems.

SECTION 7. COMPREHENSIVE PROGRAM DEFINITION

The House bill, in Sections 5 and 6, proposed installations "in substantial numbers of residential dwellings" to be defined administratively, but specifying that one thousand or more installations would in any case meet the requirement for each of the four categories of the residential dwelling demonstration. The Senate amendment, in Sections 4 and 5, authorized the construction of prototype dwellings and in Section 7, authorized the Secretary of HUD to undertake large-scale demonstrations including the establishment of procedures whereby persons could obtain up to 75% of the purchase and installation costs of solar heating and combined solar heating and cooling components and systems.

The conference substitute, in Sections 5 and 6, adopts programs for the demonstration of solar heating and combined solar heating and cooling technology, respectively. The Committee of Conference also adopts a new section requiring the joint submission by the Administrator and the Secretary of a comprehensive program plan for implementing and carrying out the programs anticipated by Sections 5 and 6.

The conferees agree that complete and continuous coordination must be effected by all agencies with responsibilities under this act, and that the solar heating and cooling equipment is developed in a manner which ensures appropriate consideration is given to factors such as cost, commercial marketability, aesthetics, design integration, and consumer preferences.

The conferees agree that it is the intent to have a wide variety of concepts and systems investigated and demonstrated under this program, and that nothing in this act should preclude the use of "package" systems for heating equipment which include a dwelling design that incorporates a specific solar system.

The conferees agree that in carrying out those functions NASA shall give small businesses engaged in solar heating and cooling developmental activities full opportunity to participate in the program authorized by this act and that innovation and development work accomplished by such firms shall be utilized in the program to the maximum extent feasible.

The conferees agree that the requirement in Section 5(d) and Section 6(e) that the Secretary install only those units procured by NASA does not preclude HUD from procuring and installing and/or otherwise conducting solar heating and cooling demonstration activities under other legislative authority available to HUD.

The conferees agree that "in a substantial number" means that number of demonstrations utilizing a variety of systems and approaches in a number of diverse geographic areas sufficient to provide realistic performance data to achieve the objectives of the act. Furthermore, the equipment is not to be "one of a kind", but is to be replicated in adequate numbers so that data can be generated on manufacturing methods and costs. This does not mean that the manufacturing methods used to produce equipment for this demonstration program have to be those which will necessarily be associated with large-scale production for the commercial market. The conferees further agree, however, that a massive program is not required. What is necessary is a program that is adequate to assure sufficient numbers of demonstration units, but at the same time to avoid the risk of mass failures which could cause a serious setback to the acceptance of solar energy systems.

SECTION 8. TEST PROCEDURES AND DEFINITIVE PERFORMANCE CRITERIA

The House bill, in Section 5, provided for the determination and publication, within 120 days, of performance criteria for solar heating equipment and systems and dwellings using such systems, and for similar action, in Section 6, with respect to combined solar heating and cooling activities as soon as possible. The Senate amendment, in Section 4, provided for the determination and publication of performance criteria, within nine months, for solar heating components and systems, dwellings utilizing such systems, and test procedures for such systems, and for similar action, in Section 5, with respect to combined solar heating and cooling activities as soon as possible.

The Conference substitute adopts, in Sections 5 and 6, the concept of interim criteria to serve the immediate need of the controlled NASA-HUD program. The Committee of Conference also adopts Section 8 providing for the establishment of test procedures and definitive performance criteria for general use utilizing the experience and data from the initial phases of the controlled program to assure the adequacy of such procedures and criteria.

SECTION 9. DEVELOPMENT AND DEMONSTRATION OF SOLAR HEATING AND COMBINED SOLAR HEATING AND COOLING SYSTEMS FOR COMMERCIAL BUILDINGS

The House bill provided for a joint program, by the Administrator of NASA and the Secretary of HUD, for the development of solar heating and cooling systems for commercial buildings including apartment buildings, office buildings, factories, agricultural structures, and other facilities. The Senate amendment provided for the conduct of such a program, excluding apartment buildings, by the Administrator of NASA in consultation with the heads of other federal agencies.

The conference substitute adopts the Senate amendment with an amendment including high-rise apartment buildings as a development and demonstration activity that may be addressed under this section in lieu of inclusion solely in Sections 5 and 6 as multifamily dwellings.

The conferees agree that multifamily housing may involve high-rise apartment buildings, as well as low-rise garden apartments and similar structures, and further recognize that solar heating and cooling system requirements of high-rise buildings may have more commonality to commercial structures than to single family dwellings. Therefore, the Conferees agree that the Administrator and the Secretary, in developing the program plan, can organize the activities involving apartment buildings and assign responsibilities therefor in a manner best suited to expeditiously and efficiently achieving the objectives of the Act.

SECTION 10. SOLAR HEATING AND COOLING RESEARCH BY NATIONAL SCIENCE FOUNDATION

The House bill provided for an amendment to the National Science Foundation Act of 1950 requiring the Director of the NSF to initiate and support basic and applied research relating to solar energy development as provided for in this act. The Senate amendment provided that the Director should conduct a program of research relevant to the improvement of solar heating components and systems and to the development and commercial application of such systems without amending the basic Act. The Senate amendment also required the Director to apprise the Secretary of HUD of the results of such research.

The conference substitute adopts the Senate provision with an amendment providing for the conduct of "applied" research and providing for apprising the Administrator as well as the Secretary of results.

SECTION 11. COORDINATION, MONITORING, AND LIAISON

The House bill provided for various coordination, monitoring, and liaison functions in several sections of the bill. The Senate amendment consolidated many of these same functions in its Section 9.

The conference substitute adopts the Senate provision with an amendment integrating the requirement for coordination with appropriate technical and professional societies and industry representatives in the development of performance criteria and test procedures, and specifying the role of the Director of NBS in the monitoring of and data collection and evaluation from installed systems.

SECTION 12. DISSEMINATION OF INFORMATION AND OTHER ACTIONS TO PROMOTE PRACTICAL USE OF SOLAR HEATING AND COOLING TECHNOLOGIES

The House bill and the Senate amendment provided for the Secretary of HUD to assure the greatest possible dissemination of information on the activities under this Act and required the establishment of a Solar Heating and Cooling Information Data Bank.

The conference substitute incorporates the strengths of the very similar House and Senate bills making conforming changes as necessary.

SECTION 13. LIMITATIONS ON FEDERALLY ASSISTED OR FEDERALLY CONSTRUCTED HOUSING

The House bill, in Section 10, provided a financing alternative to be available to the public, for buildings involved in the demonstration program, which would exempt from any mortgage limitations on any federally assisted mortgage loan or the maximum per unit or other cost of any federally constructed housing, the cost of solar heating or combined solar heating and cooling equipment. The Senate amendment had no comparable provision.

The conference substitute adopts the House provision with an amendment to except any floor area limitations which might inhibit the demonstration program.

SECTION 14. ENCOURAGEMENT AND PROTECTION OF SMALL BUSINESS

The House bill and the Senate amendment included essentially similar provisions with respect to the encouragement and protection of small business.

The conference substitute adopts the Senate amendment, virtually identical with the House bill.

SECTION 15. PRIORITIES

The House bill provided that the Administrator would set priorities as far as possible with consideration given to the following criteria: location of dwellings in a sufficient number of different geographic areas to realize an effective demonstration, the need for assistance in areas with high density of population and prospects for future growth which might impact regular fuel supplies now in short supply, and the desirability of encouraging projects in which funds appropriated by any state or political subdivision were provided on a cost-sharing basis with the federal government for the procurement of solar heating and cooling equipment. The Senate amendment provided that the Secretary of HUD should, as far as possible, set priorities in accordance with the following criteria: residential dwellings shall be located in a sufficient number of different geographic areas to assure a realistic and effective demonstration in both urban and rural locations, projected costs of commercial production and maintenance of solar heating and cooling systems, and encouragement of projects in which funds appropriated by any state or political subdivision were provided on a cost-sharing basis with the federal government for the procurement of solar heating and cooling equipment.

The conference substitute adopts the Senate provision with a non-substantive amendment to Subsection (b).

SECTION 16. REGULATIONS

The House bill provided that the Administrator, in consultation with the heads of other appropriate government agencies, should prescribe regulations as necessary to carry out provisions of the Act and that each other such officer or agency might also prescribe such regulations as necessary to carry out his or its functions under the Act. The Senate amendment contained no comparable provision.

The conference substitute adopts the House provision with minor changes to conform to definitions and assignment of responsibilities in the bill.

SECTION 17. USE OF PUBLICLY ASSISTED HOUSING

The Senate amendment provided for the Secretary of HUD to make appropriate use of publicly assisted housing in the demonstrations. The House bill did not contain a comparable provision.

The conference substitute adopts the Senate amendment.

SECTION 18. TRANSFER OF FUNCTIONS

The House bill, in anticipation of the creation of the Energy Research and Development Administration (ERDA), provided for the transfer, within 60 days, of all the research and development functions vested in NASA and NSF under this Act, to such agency in accordance with regulations prescribed by the Office of Management and Budget. The Senate amendment provided for a similar transfer; however, it excluded the National Science Foundation and made the transfer of functions permissive by use of the word "may" in lieu of "shall" as stated in the House bill.

The conference substitute provides for the transfer of the "energy research and development" functions vested in NASA and NSF under this Act to ERDA on a permissive basis in accordance with regulations prescribed by the Office of Management and Budget.

The conferees agree that, notwithstanding the 60-day time limit prescribed by Section 18, in the event it is determined that a transfer of functions should be made but that rigid adherence to the 60-day limitation would be inimical to orderly progress of the programs established by this Act, the period may be extended because of the permissive nature of the transfer authority.

SECTION 19. AUTHORIZATION OF APPROPRIATIONS

The House bill authorized appropriations to the Administrator of NASA, for the first five fiscal years after the date of enactment of this Act, such sums not exceeding $50 million as necessary to carry out functions vested in NASA and to reimburse the National Bureau of Standards, the National Science Foundation, the Secretary of HUD, the Secretary of Defense, the General Services Administration, and other agencies for expenses incurred by them in carrying out programs in the Act. The Senate amendment authorized appropriations to the National Aeronautics and Space Administration for Fiscal Year 1975 of $5 million to carry out the NASA functions, and authorized to be appropriated to the Department of HUD for Fiscal Year 1975 $5 million and for each of the subsequent four fiscal years, $10 million each to carry out the functions vested in HUD and for transfer to the Department of Defense, the National Bureau of Standards, and the General Services Administration to carry out functions vested in them by the Act.

The conference substitute authorizes $5 million for NASA for FY 1975 to remain available until expended, authorizes $5 million to HUD for Fiscal Year 1975 to remain available to be expended to carry out the functions vested in HUD and for reimbursing the Department of Defense, the National Bureau of Standards and the General Services Administration for expenses incurred by them in carrying out responsibilities under the Act. The conference substitute also authorizes an additional $50 million for the fiscal years ending June 30, 1976, 1977, 1978 and 1979, to carry out programs established by this Act.

OLIN E. TEAGUE,
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LOWELL P. WEICKER, JR.,
PAUL J. FANNIN,
Managers on the Part of the Senate

MOTOR VEHICLE AND SCHOOLBUS SAFETY AMENDMENTS OF 1974

Mr. STAGGERS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 5529) to amend the National Traffic and Motor Vehicle Safety Act of 1966 to authorize appropriations for the fiscal years 1974, 1975, and 1976, to provide for the recall of certain defective motor vehicles without charge to the owners thereof, and for other purposes.

The SPEAKER. The question is on the motion offered by the gentleman from West Virginia.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 5529, with Mr. CHARLES H. WILSON of California in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from West Virginia (Mr. STAGGERS) will be recognized for 30 minutes, and the gentleman from North Carolina (Mr. BROYHILL) will be recognized for 30 minutes.

The Chair recognizes the gentleman from West Virginia (Mr. STAGGERS).

Mr. STAGGERS. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise in support of H.R. 5529, the Motor Vehicle and Schoolbus Safety Amendments of 1974.

This bill amends the National Traffic and Motor Vehicle Safety Act of 1966 to authorize appropriations of $55 million for fiscal year 1975, $60 million for fiscal year 1976, and $65 million for fiscal year 1977; to provide for the remedy of defective motor vehicles without charge to the owners; to require that schoolbus safety standards be prescribed; and to amend the Motor Vehicle Information and Cost Savings Act to provide for a special demonstration project.

This bill is based on extensive hearings and incorporates legislative proposals submitted by the administration.

In the area of motor vehicle recall campaigns, improved mechanisms for the discovery, notification, and remedy of defective or noncomplying motor vehicles or items of their equipment are needed. Since 1966 more than 1,500 recall campaigns involving over 45 million automobiles have been initiated. These amendments are designed to increase the number of vehicles actually repaired and to provide timely and adequate repair.

On school bus safety, many bills were introduced in this session requiring the Secretary of Transportation to promulgate Federal safety standards for school buses. The committee decided that requiring these standards within a 2-year time period was essential to protect the 19 million schoolchildren who travel daily on school buses.

The bill also provides that purchasers of new motor vehicles can choose safety belts with a sequential warning system instead of safety belts with the ignition interlock system to provide crash protection.

The bill amends the Motor Vehicle Information and Cost Savings Act to establish a special inspection project to help develop automotive repair diagnostic equipment for use by small repair garages.

Since the passage of the 1966 act, the motor vehicle death rate has gradually declined in spite of increased vehicle mileage, registration, and population. Following the nationwide gasoline shortage in November 1973, traffic fatalities steadily decreased as the energy crisis provided a safety benefit; however, the peak of that crisis is apparently past. Improvements in motor vehicle safety must continue in order to reduce the tremendous human and economic cost to society resulting from motor vehicle accidents and deaths.

Mr. KAZEN. Mr. Chairman, will the gentleman yield?

Mr. STAGGERS. I yield to the gentleman from Texas.

Mr. KAZEN. Mr. Chairman, let me say to the gentleman from West Virginia that I agree that we should do everything we can to improve safety and save lives, particularly in the motor vehicle field, but I am a little disturbed as to what the main results in this bill will be.

The gentleman undoubtedly heard a lot of discussion in the committee about the interlocking system. I believe the majority of the people of the United States do not like it, yet they are having to comply with the regulations, because the manufacturer has to comply with the regulations and install it. So where does the general public have any input as to what the cost of safety will be, and how much it will cost an individual owner of an automobile?

It seems the more we look into the safety business the higher the costs go, and I am sure the gentleman will agree that we cannot mandate a safety law on this thing. In my opinion, this should be left up to the discretion of the individual.

Mr. STAGGERS. Mr. Chairman, I would like to say to the gentleman from Texas that the matter concerning the safety belt interlock is covered in the report, and that this is optional to the purchaser. We will have an amendment that will clarify the matter so that when you buy a car, if you wish a safety belt interlock such as we have now, you can have it, or you can choose a sequential warning device with safety belts.

Mr. KAZEN. I agree with the gentleman from West Virginia that these things are provided for. The only thing that worries me is how many more such items as the interlocking system will we be faced with in the future as a consequence of this law?

Mr. STAGGERS. Let me say to the gentleman from Texas that this safety standard did not originate in the committee. We did authorize the Department of Transportation to issue Federal motor vehicle safety standards in order to save lives in America. We did this, because we knew we were not experts in this field. The Department of Transportation issued the standard requiring the interlock system. The committee adopted an amendment to this bill to make it optional. The Department had made it mandatory. We know there are difficulties with it, and we have modified the amendment further which will be offered at the proper opportunity.

Mr. KAZEN. The only thing I worry about is that whenever we give a commission or an agency this tremendous power, and then do not have any way of overruling it, I think presents a pretty bad problem.

We are making it optional for the purchaser of a car so that he can choose safety belts with either the ignition interlock system or a sequential warning device.

Mr. KAZEN. Would we also direct the Safety Commission that they leave a lot of things in addition to this optional with the price or with the purchaser? In other words, when we start doing something mandatory, this mean that the individual purchaser must abide by that decision, and we in the Congress are encouraging this type of thing instead of going in the other direction.

Mr. STAGGERS. This is true. I would like to say to the gentleman from Texas, let us reason together. The reason that we have not given them any leeway is that we were trying to create safer driving in the land by enacting the National Traffic and Motor Vehicle Safety Act of 1966. If we did not have laws, if we did not have stop lights and require everybody to stop, there would be all kinds of crashes. For example, experience has shown that by slowing down cars to 55 miles per hour—and now they are back up to 65 and 70—we have in the past 6 months saved 6,000 lives more than we did last year. One of those lives is worth saving—every one of them—especially if they are in our family or if they involve us.

The Department of Transportation first required the installation of safety belts several years ago, but most people refused to use them, so they required the belts to be connected to the ignition system to increase their use.

Mr. KAZEN. That is wrong. That is wrong to tell the individual what is good for him, because they are going to rebel. I know that they have. My mail is affected by it. I do not know whether the gentleman's is or not. But these are some of the things that the American people want to judge for themselves. Give them the equipment if they so desire, and if they do not, let them do whatever they want.

Mr. STAGGERS. The gentleman is right, to a great degree. But I will say, too, that the use of safety belts increases the ability of a driver to control his car and to protect other occupants and pedestrians in a crash situation. When we do affect somebody else's safety, then we do have a right to legislate.

Mr. KAZEN. This is true, I will say to the chairman, but I thought that the underlying purpose of this bill was to protect the driver's own safety, too, and he ought to have some say as to comfort and cost and everything else. There is an overriding consideration beyond that, and that is public safety.

Mr. ICHORD. Mr. Chairman, will the distinguished chairman yield?

Mr. STAGGERS. I yield to the gentleman from Missouri.

Mr. ICHORD. I thank the gentleman for yielding.

I understood that he was going to offer an amendment that would take away the right of DOT to issue a regulation making it mandatory to have an interlock ignition system or to have a buzzer system.

Mr. STAGGERS. No; the bill provides that the purchaser of a new car can choose safety belts with either the ignition interlock system or a sequential warning device. I realize this still annoys a lot of people.

Mr. ICHORD. What amendment is the gentleman referring to?

Mr. STAGGERS. Page 48 of the bill, "Safety belt interlock optional with purchaser." It is printed in the bill.

Mr. ICHORD. Then that will remove the mandate. At the present time, as I understand it, all new automobiles coming out of Detroit have to be equipped with the interlock system, and this amendment will remove the mandate.

Mr. STAGGERS. At the option of the purchaser, if he wants the sequential warning system put in instead, he may have it.

Mr. WYMAN. Mr. Chairman, will the gentleman yield?

Mr. STAGGERS. I yield to the gentleman from New Hampshire.

Mr. WYMAN. I thank the gentleman for yielding.

General Motors announced that it is going to increase its 1975 models some $450. I should like to ask the gentleman how much of that increase is due and will be due to such things as the add-on catalytic converter and the sequential warning system which is referred to in the alternative, which the committee is reporting to the House today, and in the half dozen other gadgetries that are required in this so-called requirement?

Mr. STAGGERS. I might say to the gentleman that to the best of my knowledge there is no additional increase for the safety devices, the interlock or the buzzing system. It is all due to the labor costs, the catalytic converter, and the other additions. The price of steel has gone up many, many times in the last year.

Mr. WYMAN. If the gentleman will yield further, the price of the interlock costs more for a car with it than a car without it.

Mr. STAGGERS. It might be an infinitesimal amount of money. I do not know what it would be.

Mr. WYMAN. There are electronic sensors under the seats and wires and so on. Would it be at least $50 a copy?

Mr. STAGGERS. No, I do not think so. It is the same principle as putting the key in and having a buzzer sound, and that does not cost a significant amount.

Mr. WYMAN. The units that go into the 1975 models are going to be $72 a copy. And then there is the inflatable bag which is going to add to the cost. Does the gentleman know how much that will cost?

Mr. STAGGERS. The gentleman did not mention that. I would say to the gentleman that with the present prices, it would run in the neighborhood of $200, but they ought to come down in my opinion to $10 or $15 or $20. There is no sense in the $250 for a plastic bag that goes in front of the passenger and the sensor to activate it.

Mr. WYMAN. With all due respect for the gentleman, I doubt the price will ever get down that far.

Then take the catalytic converter. If it gets loaded with leaded gasoline, then it is all through. Is that true?

Mr. STAGGERS. Not quite. The best information they have now is it would be the best device we have to protect against damage from the automobiles.

Mr. WYMAN. I have just one more question of the gentleman. We have been through that debate before and I do not want to go through it again in this bill, but how much more will the cost be for a car with the sequential warning system than for a car equipped with the plain seat belts?

Mr. STAGGERS. I do not have that but it should not cost much more.

Mr. WYMAN. Do they not have to be built in under the seats?

Mr. STAGGERS. Wiring must be installed for all these systems.

Mr. WYMAN. And then there are lights on the dash and a buzzer?

Mr. STAGGERS. That is right.

Mr. WYMAN. I thank the gentleman.

Mr. BROYHILL of North Carolina. Mr. Chairman, I think we all knew what the situation was a few years ago when this program was first enacted by the Congress. I was serving on the committee in 1966 when this program was first written in the committee. I know it stirred a great deal of debate at that time, but when it came to the floor of the House, as I recall, it passed virtually unanimously in 1966.

I do remember some of the statistics that were used in the debate at that time. I recall in 1966 that the death toll on the highways from highway accidents for the first time went above 50,000. In the 7 years prior to 1966, highway fatalities had increased by 40 percent in that 7-year period of time.

So what the Congress was trying to do in establishing this program was to deal with a real concern, a real problem that we had in America. For the first time in 1966 the Federal Government got into this motor vehicle safety business and also the highway safety program, which of course came out of another committee. What we were doing was providing the basic tools to deal with this tragedy of growing havoc and maiming of people on the highways.

Now, what has happened in the intervening 7 years since the program has been operating? Remember, I said deaths on the highway had increased by 40 percent in the 7 years prior to the establishment of this bill.

Well, total fatalities last year were only 3,000 greater than the total for 1966. I think we can say we have at least stopped the growth and the increase in the number of fatalities on the highway. We are still not doing enough.

This has occurred despite a growth in the number of registered automobiles of over 34 percent and the number of licensed drivers has increased by 21 percent. I cite these figures only as some evidence to show that the program has been effective. I think the program must be doing something right.

We intended through the program that we develop new techniques, new initiatives and come up with new type devices. We develop them and we try them. That is exactly what has happened.

I am not going to go into the details of the bill. We are recommending some changes in the program this year. Since 1966 there have been over 1,500 recall campaigns. The Department of Transportation requires automobile manufacturers to notify the owners that a safety-related defect is present in the automobile. Now these 1,500 recall campaigns have involved over 45 million automobiles. In many of the instances, we have found that the manufacturer has not paid the entire cost of repairs and that the consumer has had to bear a great deal of the cost of this. There have also been problems in the notification procedure.

It is for these reasons that we are making some changes in the modification section of the law. We are requiring for the first time that when notification of a safety-related defect is made, that the manufacturer is obligated to remedy that defect without charge to the consumer. There are other changes which the chairman has already enumerated. I will not go into those.

I do urge the Members to support the bill, as I do.

Mr. WYMAN. Mr. Chairman, will the gentleman yield?

Mr. BROYHILL of North Carolina. Yes. I will be glad to yield to the gentleman from New Hampshire.

Mr. WYMAN. I take this time to ask the gentleman this question. Is there any present provision of law that the gentleman is familiar with that makes it unlawful for a car owner in America to disconnect the warning buzzer when the door is open or to disconnect an ignition interlock or a seatbelt interlock; is there any prohibition on disconnection at this time?

Mr. BROYHILL of North Carolina. No; there is no prohibition on the individual.

Mr. WYMAN. The prohibition is on the dealer?

Mr. BROYHILL of North Carolina. That is correct.

Mr. WYMAN. So that as the law now stands anybody in the country that wants to get rid of the gadgetry he had to pay for when he bought the car with this kind of equipment is at liberty to disconnect it with mechanical assistance but cannot use the assistance of the dealer, who is the best one that can do it? This is ridiculous.

Mr. BROYHILL of North Carolina. That is correct; the dealer is prohibited from doing it.

Mr. GILMAN. Mr. Chairman, will the gentleman yield?

Mr. BROYHILL of North Carolina. I yield to the gentleman from New York.

Mr. GILMAN. I thank the gentleman for yielding. I would like to rise in support of this measure and compliment the distinguished chairman from West Virginia and the ranking minority Member, the gentleman from North Carolina (Mr. BROYHILL) for bringing this matter to the floor of the House.

I particularly rise in support of the long overdue school bus safety standards that are being fostered by this measure and incorporate provisions of a school bus safety bill I introduced in May of 1973.

Over 20 million students ride buses to and from school each day in vehicles which are for the most part structurally unsound. In reviewing several of the accident reports of the National Transportation Safety Board which are prepared after each school bus accident, it becomes obvious that the safety performance of school buses involved in accidents is highly inadequate. Anyone riding recently in a school bus cannot help but be aware of the flimsy, unstable construction of most of those vehicles.

Accordingly the bill before us requires the Secretary of Transportation to promulgate and enforce minimum structural standards for school buses in the areas of: emergency exits, interior protection for occupants, floor strength, seating systems, crash worthiness of body and frame, vehicle operating systems, windows and windshields and fuel systems. All of these performance regulations were proposed in the bill I introduced and I am extremely pleased that the committee saw fit to adopt these worthy provisions, including them in H.R. 5529.

In 1971 alone over 150 children were killed in school bus accidents. In that same year, 3,600 other children suffered serious injuries in accidents. In March of 1972, in Congers, N.Y., which is in my congressional district, the lives of five children en route to school came to an untimely end when their school bus collided with a Penn Central freight train. The report of that accident underscored the poor performance of that school bus following the impact of the accident when the floor buckled, window columns collapsed, side panels separated and seats were torn from their positions. Of the 24 morbid conclusions of the NTSB, following the Congers crash, the 17th best sums up the urgent need for implementing rigid performance standards for school buses:

> Conclusion: No. 17. Some of the fatal injuries to passengers were the result of abnormal dynamics and contracts which occurred when the bus structure disintegrated.

Mr. Chairman, the "disintegration" of a school bus under any impact is not something we can further tolerate in the transportation of students.

While the structural efficiency of the school bus is of major importance, there are also several other areas of school bus safety which deserve our prompt attention. My bill proposed specific standards for school bus drivers, maintenance of buses, and pupil safety instruction. All of these proposals, I am pleased to note, have been incorporated under Standard 17 of the highway safety program and are scheduled to be implemented in full by September 1977.

State compliance with the provisions of these rules are most important and should be strictly enforced. The penalty for failure to comply with the provisions of regulatory standards in this area is loss of 10 percent of Federal highway funding to the State in error. To date, this penalty has only been enforced once when the State of Vermont was penalized for not vigorously implementing the Highway Beautification Act. Accordingly I will continue to urge the Department of Transportation for strict adherence and surveillance of State compliance with standard No. 17.

Mr. Chairman, while the safety statistics for school bus accidents show only 0.05 fatalities per 100 million passenger miles compared to 2.1 deaths for the same distance driven in an auto, there are factors which must be taken into account in considering these statistics: school buses are generally driven at slower speeds than automobiles, there are strict rules concerning the conduct of other vehicles when around school buses and school buses are usually distinctly marked and professionally driven. These statistics, therefore, do not tell the whole tale of school bus safety. Instead, I would concur with the thoughts of former Secretary of Transportation, John A. Volpe, who said that—

> The death of even one child in a school bus accident is one too many.

Accordingly I urge my colleagues to wholeheartedly support this measure now before us which is a significant step forward in providing school bus safety.

Mr. BROYHILL of North Carolina. Mr. Chairman, I reserve the balance of my time.

Mr. STAGGERS. Mr. Chairman, I yield 5 minutes to the gentleman from Texas (Mr. ECKHARDT), a member of the committee.

Mr. ECKHARDT. Mr. Chairman, at the proper time in the amendment period I intend to offer an amendment which would restore the original language of this bill, as it passed out of the subcommittee, with respect to citizens' suits.

I understand that when one talks about citizens, suits, it frequently raises the hackles of many who immediately envision some kind of interference by the public generally with the processes of Government. But, all my amendment will do is put into effect what, it seems to me, is the law anyway; but after the change that took place in the committee, that result may be shaken by the removal of certain paragraphs in the portion having to do with citizens' participation.

It has been held in Nader, et al., versus Volpe, that a citizen has standing to go into court, into Federal court. That case had to do with a defect in certain GM three-quarter ton trucks, something having to do with the safety of that vehicle, in the wheels of the vehicle. The court held that the citizen had standing and required the agency to address itself to the problem. The agency did address itself to the problem and ultimately issued an order against General Motors. General Motors contested this in civil action No. 3298–70, and the courts upheld the order of the Secretary with respect to the unsafe condition and the requirement of warning of injury to individuals.

This is no new type of procedure. It exists in the Consumer Protection Safety Act, the Toxic Substances Control Act, which is now in conference, and the Strip Mining Act passed just the other day.

Mind you, this provision does not say that the court can go in and second-guess the agency. All it says is that when an individual contends that the agency has not addressed a matter which the law requires the agency to address, the court may order the agency to look into that point and make a ruling. The agency may decide that the individual is wrong and that no action is needed. But, it seems to me to be most wholesome language in a Federal bill to permit individuals to come in and say, "The agency has not acted for us as Congress has told the agency to act."

Then, the result is simply that the agency must do what the statute told it to do; that is, consider the matter. It does not say that the court or the individual can compel the agency to do anything except consider the matter.

So, Mr. Chairman, that will be the amendment which I shall offer at the proper time.

Mr. STAGGERS. Mr. Chairman, I yield 2 minutes to the gentleman from Indiana (Mr. Dennis).

Mr. DENNIS. Mr. Chairman, I would like to ask a couple of questions. Returning to what the gentleman from New Hampshire (Mr. Wyman) was asking about, as I read the proposed bill, it says:

> No manufacturer, distributor, dealer, or motor vehicle repair business shall knowingly render inoperative in whole or in part, any device or element of design installed on or in a motor vehicle or item of motor vehicle equipment in compliance with an applicable Federal motor vehicle safety standard, . . .

That means—as we know a lot of people do not use these things nowadays—and while the gentleman from North Carolina (Mr. Broyhill) says that one can still disconnect these devices himself, that effectively means, I take it, that one cannot get anybody, including any automobile mechanic who is in the business, to do it for him any more, is that correct?

Mr. STAGGERS. That is what the language says.

Mr. DENNIS. That is what it seemed to me to say. I wanted an authoritative interpretation.

Mr. STAGGERS. Yes.

Mr. DENNIS. If I may ask the Chairman a couple of other questions, it also makes it an offense to fail to obey any order, rule, or regulation issued under section 112 or 114, according to the report. What are the provisions of those sections?

Mr. STAGGERS. Those are as to inspections, recordkeeping, and certification.

Mr. DENNIS. Therefore, failure to obey any of those regulations about inspection, recordkeeping, and so on would constitute an offense; is that right?

Mr. STAGGERS. Yes.

Mr. DENNIS. Is that a criminal offense?

Mr. STAGGERS. No, it is a civil offense.

Mr. DENNIS. It is a civil offense?

Mr. STAGGERS. A civil offense.

Mr. DENNIS. If I may ask the gentleman another question, I see here in the report that it says that the temporary impoundment of motor vehicles with reasonable compensation to the owners is permitted. Under what circumstances is that authorized, and how does the owner get compensated if his vehicle is impounded?

Mr. STAGGERS. I think it would simply be because of accidents and investigations.

Mr. DENNIS. I beg the gentleman's pardon?

Mr. STAGGERS. Accidents and investigations, I believe.

Mr. DENNIS. Does the gentleman mean that if there is an accident, one's vehicle may be impounded?

Mr. STAGGERS. I will yield to the chairman of the subcommittee (Mr. Moss) to answer that.

Mr. MOSS. If the gentleman will yield, it is intended to permit the temporary impoundment where it is felt essential that the vehicle be examined to determine whether or not there was a defect in the vehicle, to afford an opportunity for the kind of inspection or examination that we routinely require in all aircraft crashes.

Mr. DENNIS. Mr. Chairman, will the gentleman yield further?

Mr. STAGGERS. I will be happy to yield to the gentleman from Indiana.

Mr. DENNIS. If I may inquire further, and I will yield, of course, is there any limitation on the length of the impoundment, and how is it arranged that a man gets compensation, and where does the compensation come from?

Mr. MOSS. The impoundment is for a period of not more than 72 hours, and a standard of reasonableness would have to apply in fixing the amount that they would be reimbursed for the impounded vehicle.

Mr. DENNIS. If the gentleman can tell me, who fixes it?

Mr. MOSS. The administrator.

Mr. DENNIS. Does the gentleman mean through the administrator of the act?

Mr. MOSS. Through the administrator of the act.

Mr. DENNIS. Is there some local representative to take care of that?

Mr. MOSS. I believe we have local representatives throughout the Nation.

Mr. DENNIS. I can see that one might have quite a bit of trouble down here in Washington in getting that arranged in that situation.

Mr. Chairman, I thank the gentleman.

Mr. BROYHILL of North Carolina. Mr. Chairman, I have no further requests for time.

Mr. STAGGERS. Mr. Chairman, I will be happy to yield to the gentleman from Texas (Mr. White).

Mr. WHITE. Mr. Chairman, I have a question for the chairman. This probably is self-evident, but I want to be certain in section 201 it speaks of bus safety devices to be prescribed by regulation, and it defines buses as those that are to be used for transporting students to and from preprimary, primary, and secondary schools.

Does this language contemplate buses used by summer camps for transporting children to and from summer camps, and not just primary or secondary schools?

Mr. STAGGERS. Mr. Chairman, if the gentleman will yield, I would say to the gentleman that the section he is talking about has to do with the transportation of children primarily to school affairs or anything relating to school affairs.

Mr. WHITE. Mr. Chairman, did the committee have in contemplation also that this would encompass summer camps?

Mr. STAGGERS. Anything connected with the schools in any way, that is right. If the affair is connected with the schools in any way, that is a part of it.

Mr. WHITE. Some of these summer camps are not connected with the schools.

Mr. STAGGERS. Then, Mr. Chairman, if the gentleman will yield further, they are just like any other bus which is hired out. This would not have anything to do with it in that event. If they go on a public bus or something like that, then they would not be covered under this.

Mr. WHITE. Mr. Chairman, these summer camps would be covered then if they are related to school activities?

Mr. STAGGERS. If they are and they have something to do with the school and with the schoolchildren who are being transported, then they are covered under this act.

Mr. WHITE. Mr. Chairman, I thank the gentleman.

Mr. BROYHILL of North Carolina. Mr. Chairman, I yield myself 3 minutes.

I would like to take this opportunity to ask the chairman of the committee a question, if I may.

On page 25, at lines 7 and 8 of the bill, there is a provision which deals with how notification is accomplished in the case of a tire.

I want to make sure I understand this. I know the intent, of course, was that on the receipt of notification of a safety-related defect concerning a tire, the recipient has 60 days within which to bring the tire in in order to have it remedied without charge. The notification procedure for tires permits the use of certified mail to the owners and/or first purchasers of the tires, and the use of certified mail is at the manufacturer's option, in order that the commencement of this 60-day period can be easily determined.

If the tire is an original-equipment tire, under the bill the vehicle manufacturer has an obligation to notify the registered owner of the vehicle involved. He may do this by certified mail if he wishes.

However, if the tire is not an original-equipment tire, then the tire manufacturer has an obligation to notify the first purchaser or the most recent purchaser known to the manufacturer, and he may do this by certified mail if he wishes.

What I am asking is this: Is my interpretation of this provision the same as that of the Members on the majority side?

Mr. MOSS. Mr. Chairman, if the gentleman will yield, the gentleman's interpretation is exactly the same as that on the majority side and in complete conformity with our discussions throughout the framing of this legislation.

Mr. BROYHILL of North Carolina. Mr. Chairman, I yield myself 2 additional minutes for the purpose of asking another question.

There is a new definition of "manufacturer" which has been added to this bill. Apparently what it does is to make the vehicle manufacturer responsible for everything on the vehicle at the time of delivery to the first purchaser at retail. That definition, of course, is rather broad. It appears to extend to items of equipment and installation over which the manufacturer could not have any control or could not be expected to have any control. The same section contemplates that the Secretary can provide exceptions to the adoption of regulations.

Mr. Chairman, what I am asking for is some expression from the managers on the part of the majority side as to the committee's intent in order to instruct the Secretary on the adoption of regulations.

Mr. MOSS. Mr. Chairman, if the gentleman will yield, I have carefully reviewed this matter with my colleagues. I shall now summarize the intent of the majority.

That intent is that the manufacturer be responsible if the manufacturer provided the equipment or if it was installed in keeping with the manufacturer's instructions or authorization. It was not the committee's intent that the vehicle manufacturer be responsible if the equipment, component, or accessory is not manufactured, authorized, or supplied by the manufacturer of the automobile or installed according to the manufacturer's instructions to his dealers.

In short, the vehicle manufacturer should have no responsibility for safety-related defects resulting from alterations or conversions of completed vehicles unless, of course, it is done in accordance with that manufacturer's instructions, or authorization.

The committee would expect regulations adopted by the Secretary to reflect this distinction.

Mr. BROYHILL of North Carolina. Mr. Chairman, I thank the gentleman.

Mr. FRENZEL. Mr. Chairman, I support the Wyman amendment to H.R. 5529 which would allow consumers free choice as to whether they want the seat interlock mechanism on their autos.

In my district there have been innumerable complaints about the mandatory interlock. The tales of honor range from not being able to adjust in pregnant women to not being able to start a car in a remote area due to interlock failure.

Federal law or rule can legitimately provide interlocks or air bags as optional features, but forcing people to pay for devices they do not want, and will not maintain, and which cannot work is an exercise in big brotherism which the people of my district do not want.

Mr. BRINKLEY. Mr. Chairman, I would like to comment briefly on the requirements under title II, schoolbus safety. I do so because of my special interest in this field in association with my friend from Columbus, Ga., Mr. Guy Wilkes, who is in charge of our schoolbus transportation system there. Over the weekend we discussed the desirability of highest standards of safety from practical viewpoints. Should there be safety belts for each child and could they be completely utilized if buses are used for varying ages of children on different runs? Should high-backed seats be required and how would that affect visibility of passengers, and otherwise? Both of us want safety which will not be counterproductive and caution against doing things in the name of safety which may not achieve any greater degree of it, but which could increase problems and cost.

For the record, on schoolbus construction, I point with pride to the truly outstanding safety record which has been compiled by the Blue Bird Body Co., with home offices in Fort Valley, Ga., manufacturers of the Blue Bird All American School Bus. This record has resulted from voluntary good business practices which encompass the pursuit of excellence in a competitive environment.

There has never been a student or driver fatality in a Blue Bird All American Schoolbus during the 25 years it has been built by the Blue Bird Body Co.

What makes this safety record all the more impressive is the fact that Blue Bird schoolbuses have been sold and operated in all 50 States, in every Canadian province and territory, in the Caribbean, Guam, the Virgin Islands, and in Central and South America.

Mr. MURPHY of New York. Mr. Chairman, Americans are often reluctant to take the initiative and solve many of the pressing problems that confront them unless those problems are broached in sensational or imperative terms. The problem I am concerned with today most certainly could be clothed in the robes of sensationalism; however its urgency is so great as to need no embellishments.

If the threat of an epidemic that promised to kill 60,000 Americans and injure numerous others was forecast for 1975 all possible preventive means would be employed to reduce the intensity of such a potentially enormous tragedy. Yet, such an epidemic exists right now and has existed for years. Indeed, possessing no unusual talent for prophecy I can safely predict that, unless we as a Nation take immediate steps to stop it, this epidemic will continue to grow and multiply like a cancer on our land. The epidemic of which I speak kills 150 Americans daily and injures 5,000 more. It cannot be alleviated by our doctors and so it appears that it is the lawmakers of this country who must find a cure; for this disease is not cancer or heart trouble—although it kills more than either—it is traffic accidents.

Since the invention of the automobile over 2 million Americans have been killed in traffic accidents. More Americans have died in this way than in all of this Nation's wars. Indeed, a traffic accident death occurs on the average of once every 9 minutes—24 hours a day. For every fatality in this 9 minute period there are 40 drivers, passengers, and pedestrians who suffer serious injuries and disabilities.

A former Surgeon General of the United States Public Health Service has estimated that 70 percent of all American drivers will either have, or be involved in an accident in the next 5-year period. Based on this estimation we are confronted with a grim forecast for the future. By 1980 the annual traffic death rate will exceed 75,000.

When we consider that a full 90 percent of all accidents are ultimately caused by the driver it is not long before we come to the realization that the greatest contributor to accidents is not hazardous cars but hazardous drivers. Indeed, as Fraydun Manocherian stresses in his book "Flesh, Metal and Glass," comprehensive driver education programs will contribute to a drastic reduction in the number of traffic accidents that result from careless driving.

Although I do not believe in panaceas it should be apparent that the key to checking and of eventually eradicating this epidemic of accidents lies in the development of a comprehensive driver education and safety program. All of our efforts to improve the safety standards of our motor vehicles will amount to very little if we continue to allow those who drive these vehicles to blatantly abuse them.

The need to strike at this problem through the deployment of a massive educational program is illustrated by the tragic fact that the leading cause of death to people in the 15- to 25-year age group is motor vehicle accidents. In 1970 alone, while 1,500 youngsters in this age group died from drug overdoses, 3,400 were murder victims and 4,200 died in Vietnam, nearly twice the combined total of all the above died in traffic accidents. There is no doubt in my mind that it will be the youth of our country who will benefit the most from a deep-seated and intense educational campaign.

The amendment to the Motor Vehicle Safety Act that I am introducing today provides for the institution of a national educational campaign which is designed explicitly to educate drivers, pedestrians, and others with respect to the dangers incurred when driving on our highways. Under the provisions of this amendment the driver safety program will be administered by the Secretary of the Department of Transportation. The amendment further provides for a comprehensive research and training program to supplement the educational campaign. It is my belief that these two provisions, when taken together, will insure that the driver is not only educated to avoid accidents but also that in the case of an accident he will be prepared to act rationally and calmly.

My amendment authorizes $85,000,000 for the fiscal year ending June 30, 1975, and for each of the two succeeding fiscal years. While some people may object to this sum, when it is considered that automobile injuries and accidents in the United States cost over $15 billion a year in lost wages, medical expenses, cost of insurance and property damages, my appropriation seems small enough. Indeed, the sum I am requesting is less than 1 percent of the 15 billion that we are squandering each year.

The act we are debating today will, if passed, raise both the quality and the standards of our motor vehicles. This is an act which is direly needed and whose importance I do not, for a moment, underestimate. The fact of the matter is however, that if we do not improve our driver education program at the same time that we upgrade our motor vehicle safety standards the effects of this act will not be as comprehensive as intended. I appeal to you therefore, as both the lawmakers of this country and as humanitarians, to pass this amendment and thus stem the epidemic through the endorsement of a thorough and conscientious driver education program.

At this point I would like to insert into the Record the amendment to H.R. 5529 I offer:

Page 5, insert after line 8 the following:

Sec. 112. Motor Vehicle Safety Educational Campaign.

(a) Part A of title I of the National Traffic and Motor Vehicle Safety Act of 1966 is amended by adding at the end thereof the following new section:

"Sec. 125. (a) The Secretary, acting through such officers and agencies of the Department of Transportation as he deems appropriate, shall carry on a national educational campaign designed to educate drivers, pedestrians, and others with respect to (1) the dangers incurred when driving on, crossing, or otherwise using the highways, and (2) improving safety on the highways by improving driver skills, driver attitudes, and driver knowledge of highway regulations.

"(b) In carrying out his functions under subsection (a), the Secretary may engage in research, provide training, and engage in any other activity which will effectuate the purposes of this section.

"(c) There are authorized to be appropriated not to exceed $85,000,000 for the fiscal year ending June 30, 1975, and for each of the two succeeding fiscal years, for carrying out the provisions of this section."

(b) Section 121 of such Act (as amended by section 101 of this Act) is further amended by inserting "(other than section 125)" after "this Act".

Redesignate the following section accordingly.

Ms. HOLTZMAN. Mr. Chairman, I wholeheartedly support the elimination of safety hazards from motor vehicles. I support this bill—the Motor Vehicle and Schoolbus Safety Amendments of 1974—because it will help improve schoolbus safety. Many parents in my district have complained about the lack of safety in schoolbuses and the unwillingness of the State of New York to address the problem of safety hazards more vigorously.

This bill sets national safety standards in eight designated aspects of schoolbus safety, including the protection of children from injury caused by objects within the bus. These standards are to be implemented on all new schoolbuses within 2 years. Unfortunately, the bill does not go far enough to insure safety.

First, the bill does not apply to any buses presently in use. It applies only to new buses built after 1976. Why should we ignore the safety of those children who will be riding on existing buses which have a lifespan of 8 to 9 years, and which may still continue to operate well in excess of 20 years? Under this bill it may take almost 30 years before all schoolbuses on U.S. roads comply with the safety standards. We should not permit our children to ride old buses at their peril.

Certainly we should provide for the fullest possible safety of our Nation's school-age children as soon as possible. Therefore, we should require that present schoolbuses comply with the safety standards instead of exempting them. Simple hazards could be eliminated almost immediately. For instance, the bar on the back of each seat could be removed or padded to avoid injury to a child's teeth—as well as enormous orthodontists' bills—in the event of a sudden stop by the driver.

Second, the bill does not deal with communications systems in schoolbuses. If an injury should occur, there is no means of communicating a call for help.

Each year over 20 million schoolchildren ride in schoolbuses. Between 75 and 100 students die yearly in schoolbus-related accidents. About one-third of these deaths are bus occupants, the rest are pedestrian related. Additionally, 5,100 students are injured in schoolbus accidents, two-thirds of them inside the bus.

I can appreciate that these statistics are not staggering compared to automobile deaths and injuries. But our intent should be not to lower schoolbus accidents but to eliminate them. This will take many years—too many years—under the provisions of this bill.

The CHAIRMAN. If there are no further requests for time, pursuant to the rule, the Clerk will now read, by title, the committee amendment in the nature of a substitute printed in the reported bill as an original bill for the purpose of amendment.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Motor Vehicle and Schoolbus Safety Amendments of 1974".

TITLE I—MOTOR VEHICLE SAFETY

Sec. 101. Authorization of Appropriations.

Section 121 of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1409) is amended to read as follows:

"Sec. 121. There are authorized to be appropriated for the purpose of carrying out this Act, not to exceed $55,000,000 for the fiscal year ending June 30, 1975; $60,000,000 for the fiscal year ending June 30, 1976; and $65,000,000 for the fiscal year ending June 30, 1972."

Sec. 102. Notification and Remedy.

(a) Requirement of Notification and Remedy.—Title I of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1391, et seq.) is amended by striking out section 113 and by adding at the end of such title the following new part:

"Part B—Discovery, Notification, and Remedy of Motor Vehicle Defects

"NOTIFICATION RESPECTING MANUFACTURER'S FINDING OF DEFECT OR FAILURE TO COMPLY

"Sec. 151. If a manufacturer of motor vehicles or tires—

"(1) obtains knowledge that any motor vehicle or item of motor vehicle equipment manufactured by him contains a defect and determines in good faith that such defect relates to motor vehicle safety; or

"(2) determines in good faith that such vehicle or item of equipment does not comply with an applicable Federal motor vehicle safety standard prescribed pursuant to section 103 of this Act;

he shall furnish notification to the Secretary and to owners, purchasers, and dealers, in accordance with section 153, and he shall remedy the defect or failure to comply in accordance with section 154.

"NOTIFICATION RESPECTING SECRETARY'S FINDING OF DEFECT OR FAILURE TO COMPLY

"Sec. 152. (a) If through testing, inspection, investigation, or research carried out pursuant to this Act, or examination of communications under section 158(a), or otherwise, the Secretary determines that any motor vehicle or item of motor vehicle equipment—

"(1) does not comply with an applicable Federal motor vehicle safety standard prescribed pursuant to section 103 of this Act; or

"(2) contains a defect which relates to motor vehicle safety;

he shall immediately notify the manufacturer of such motor vehicle or item of motor vehicle equipment of such defect or failure to comply. The notice shall contain the findings of the Secretary and shall include all information upon which the findings are based. The Secretary shall afford such manufacturer an opportunity to present his views and evidence in support thereof, to establish that there is no failure of compliance or that the alleged defect does not affect motor vehicle safety.

"(b) If after such presentation by the manufacturer the Secretary determines that such vehicle or item of equipment does not comply with an applicable Federal motor vehicle safety standards, or contains a defect which relates to motor vehicle safety, the Secretary shall order the manufacturer (1) to furnish notification respecting such vehicle or item of equipment to owners, purchasers, and dealers in accordance with section 153, and (2) to remedy such defect or failure to comply in accordance with section 154.

"CONTENTS, TIME, AND FORM OF NOTICE

"Sec. 153. (a) The notification required by section 151 or 152 respecting a defect in or failure to comply of a motor vehicle or item of motor vehicle equipment shall contain, in addition to such other matters as the Secretary may prescribe by regulation—

"(1) a clear description of such defect or failure to comply;

"(2) an evaluation of the risk to motor vehicle safety reasonably related to such defect or failure to comply;

"(3) a statement of the measures to be taken to obtain remedy of such defect or failure to comply;

"(4) a statement that the manufacturer furnishing the notification will cause such defect or failure to comply to be remedied without charge pursuant to section 154;

"(5) the earliest date (specified in accordance with section 154(b)(2)) on which such defect or failure to comply will be remedied without charge and, in the case of tires, the length of the period during which such defect or failure to comply will be remedied without charge pursuant to section 154; and

"(6) a description of the procedure to be followed in informing the Secretary whenever a manufacturer, distributor, or dealer fails or is unable to remedy without charge such defect or failure to comply.

"(b) The notification required by section 151 or 152 shall be furnished—

"(1) within a reasonable time after the manufacturer first makes a determination with respect to a defect or failure to comply under section 151; or

"(2) within a reasonable time (prescribed by the Secretary) after the manufacturer's receipt of notice of the Secretary's determination pursuant to section 152 that there is a defect or failure to comply.

"(c) The notification required by section 151 or 152 with respect to a motor vehicle or item of motor vehicle equipment shall be accomplished—

"(1) in the case of a motor vehicle, by first-class mail to each person who is registered under State law as the owner of such vehicle and whose name and address is reasonably ascertainable by the manufacturer through State records or other sources available to him;

"(2) by first class mail to the first purchaser (or if a more recent purchaser is known to the manufacturer, to the most recent purchaser known to the manufacturer) of each motor vehicle or item of motor vehicle equipment containing such defect or failure to comply, unless the registered owner (if any) of such vehicle or item of equipment was notified under paragraph (1);

"(3) by certified mail or other more expeditious means to the dealer or dealers of such manufacturer to whom such motor vehicle or motor vehicle equipment was delivered; and

"(4) by certified mail to the Secretary, if section 151 applies.

In the case of a tire, the manufacturer may elect to provide notification under paragraphs (1) and (2) by certified mail.

"REMEDY OF DEFECT OR FAILURE TO COMPLY

"SEC. 154. (a) (1) If notification is required under section 151 or by an order under section 152(b) with respect to any motor vehicle or item of motor vehicle equipment which fails to comply with an applicable Federal motor vehicle safety standard or contains a defect which relates to motor vehicle safety, then the manufacturer of each such motor vehicle or item of motor vehicle equipment presented for remedy pursuant to such notification shall cause such defect or failure to comply in such motor vehicle or such item of motor vehicle equipment to be remedied without charge. In the case of notification pursuant to an order under section 152(b), the preceding sentence shall not apply during any period during which enforcement of the order has been restrained in an action to which section 155(a) applies or if such order has been set aside in such an action.

"(2) (A) In the case of a tire presented for remedy pursuant to such notification, the manufacturer of each such tire shall repair or replace such tire without charge during the 60-day period beginning on the later of (i) the date on which the owner or purchaser receives such notification or (ii) the date on which he receives notice that replacement tires are available.

"(B) In the case of a motor vehicle presented for remedy pursuant to such notification, the manufacturer (subject to subsection (b) of this section) shall take whichever of the following actions he elects:

"(i) To repair such vehicle.

"(ii) To replace such motor vehicle without charge with a new or equivalent vehicle.

"(iii) To refund the purchase price of such motor vehicle in full, less a reasonable allowance for depreciation.

Replacement or refund may be subject to such conditions imposed by the manufacturer as the Secretary may permit by regulation.

"(C) In the case of an item of motor vehicle equipment, the manufacturer shall (at his election) either repair such item of equipment, or replace such item of equipment without charge with a new or equivalent item of equipment.

"(3) The dealer or retailer who provides remedy (other than replacement of a motor vehicle) pursuant to this section without charge shall receive fair and equitable reimbursement for such remedy from the manufacturer.

"(4) The requirement of this section that remedy be provided without charge shall not apply if the motor vehicle or item of motor vehicle equipment was purchased by the first purchaser more than 8 calendar years (3 calendar years in the case of a tire) before (A) notification respecting the defect or failure to comply is issued pursuant to section 151 or 152, or (B) the Secretary orders such notification, whichever is earlier.

"(b) (1) Whenever a manufacturer has elected under subsection (a) to repair a defect in a motor vehicle or item of motor vehicle equipment or a failure of such vehicle or item of equipment to comply with a motor vehicle safety standard, and he has failed to adequately repair such defect or failure to comply within a reasonable time, (A) the motor vehicle or item of equipment shall be replaced by the manufacturer with a new or equivalent vehicle or item of equipment without charge, or (B) (in the case of a motor vehicle and if the manufacturer so elects) the purchase price shall be refunded in full by the manufacturer, less a reasonable allowance for depreciation. Failure to adequately repair a motor vehicle or item of motor vehicle equipment within sixty days after tender of the motor vehicle or item of equipment for repair shall be prima facie evidence of failure to repair within a reasonable time; unless prior to the expiration of such sixty-day period the Secretary, by order, extends such sixty-day period for good cause shown and published in the Federal Register.

"(2) For purposes of this subsection, the term 'tender' does not include any tender of a motor vehicle or item of equipment for repair prior to the earliest date specified in the notification pursuant to section 153(a) on which such defect or failure to comply will be remedied without charge, or (if notification was not afforded pursuant to section 153(a)) prior to the date specified in any notice required to be given under section 155(d). In either case, such date shall be specified by the manufacturer and shall be the earliest date on which parts and facilities can reasonably be expected to be available. Such date shall be subject to disapproval by the Secretary.

"(c) The manufacturer shall file with the Secretary a copy of his program pursuant to this section for remedying any defect or failure to comply, and the program shall be available to the public.

"ENFORCEMENT OF NOTIFICATION AND REMEDY ORDERS

"SEC. 155. (a) (1) An action under section 110(a) to restrain a violation of an order issued under section 152(b), or under section 109 to collect a civil penalty with respect to a violation of such an order, or any civil action with respect to such an order, may be brought only in the United States district court for the District of Columbia or the United States district court for a judicial district in the State of incorporation of the manufacturer to which the order applies. All actions (including enforcement actions) brought with respect to the same order under section 152(b) shall be consolidated in an action in a single judicial district, in accordance with an order of the court in which the first such action is brought.

"(2) The court shall expedite the disposition of any civil action to which this subsection applies.

"(b) If a civil action which relates to an order under section 152(b), and to which subsection (a) of this section applies, has been commenced, the Secretary may order the manufacturer to issue a notification in addition to the notification required by secsion 151 or 152. Such additional notification shall contain—

"(A) a statement that the Secretary has determined that a defect which relates to motor vehicle safety or failure to comply with a Federal motor vehicle safety standard exists, and that the manufacturer is contesting such determination in a proceeding in a United States district court.

"(B) a clear description of the Secretary's stated basis for his determination that there is such a defect or failure,

"(C) the Secretary's evaluation of the risk to motor vehicle safety reasonably related to such defect or failure to comply,

"(D) any measures which in the judgment of the Secretary are necessary to avoid an unreasonable hazard resulting from the defect or failure to comply,

"(E) a statement that the manufacturer will cause such defect or failure to comply to be remedied without charge pursuant to section 154, but that this obligation of the manufacturer is conditioned on the outcome of the court proceeding, and

"(F) such other matters as the Secretary may prescribe by regulation.

"(c) A manufacturer who fails to notify owners or purchasers in accordance with section 153(c) within the period specified under section 153(b) may be assessed a civil penalty with respect to such failure to notify, unless the manufacturer prevails in an action described in subsection (a) of this section or unless the court in such an action restrains the enforcement of such order throughout the pendency of such action. A manufacturer who fails to notify owners or purchasers as required by an order under subsection (b) of this section may be assessed a civil penalty without regard to whether or not he prevails in an action described in subsection (a) of this section with respect to the validity of the order issued under section 152(b).

"(d) If (i) a manufacturer fails within the period specified in section 153(b) to comply with an order under section 152(b) to afford notification to owners and purchasers, (ii) a proceeding to which subsection (a) applies is commenced with respect to such order, and (iii) the Secretary prevails in such proceeding, then the Secretary shall order the manufacturer—

"(1) to afford notice (which notice may be combined with any notice required by an order under section 152(b)) to each owner and purchaser described in section 153(c) of the outcome of the proceeding and containing such other information as the Secretary may require;

"(2) to specify (in accordance with section 154(b)) the earliest date on which such defect or failure will be remedied without charge; and

"(3) if notification was required under subsection (b) of this section, to reimburse such owner or purchaser for any reasonable and necessary expenses (not in excess of any amount specified in the order of the Secretary) which are incurred (A) by such owner or purchaser; (B) for the purpose of repairing the defect or failure to comply to which the order relates; and (C) during the period beginning on the date such notification under subsection (b) was required to be issued and ending on the date such owner or purchaser receives notification pursuant to this subsection.

"REASONABLENESS OF REMEDY

"SEC. 156. Upon petition of any interested person or on his own motion, the Secretary may hold a hearing in which any interested person (including a manufacturer) may make oral (as well as written) presentations of data, views, and arguments on the question of whether a manufacturer has reasonably met his obligation to remedy a defect or failure to comply under section 154. If the Secretary determines the manufacturer has not reasonably met such obligation, he shall order the manufacturer to take specified action to comply with such obligation.

"EXEMPTION FOR INCONSEQUENTIAL DEFECT OR FAILURE TO COMPLY

"SEC. 157. Upon application of a manufacturer, the Secretary shall exempt such manufacturer from giving notice with respect to, or remedying, a defect or failure to comply, if he determines, after public notice and opportunity for presentation of data, views, and arguments, that such defect or failure to comply is inconsequential as it relates to motor vehicle safety.

"INFORMATION, DISCLOSURE, AND RECORDKEEPING

"SEC. 158. (a) Every manufacturer of motor vehicles or tires shall furnish to the Secretary a true or representative copy of all notices, bulletins, and other communications to the dealers of such manufacturer or to owners or purchasers of motor vehicle or motor vehicle equipment produced by such manufacturer regarding any defect or failure to comply in such vehicle or equipment which is sold or serviced. The Secretary shall disclose to the public so much of any information which is obtained under this Act and which relates to a defect which relates to motor vehicle safety or to a failure to comply with an applicable Federal motor vehicle safety standard, as he determines will assist in carrying out the purposes of this part; but any information which contains or relates to a trade secret or other matter referred to in section 1905 of title 18, United States Code, shall be considered confidential for purposes of that section and shall not be disclosed; unless he determines that disclosure of such information is necessary to carry out the purposes of this part.

"(b) Every manufacturer of motor vehicles or tires shall cause the establishment and maintenance of records of the name and address of the first purchaser of each motor vehicle and tire (and to the extent required by regulations of the Secretary, each item of motor vehicle equipment other than a tire) produced by such manufacturer. The Secretary may, by rule, specify the records to be established and maintained, and reasonable procedures to be followed by manufacturers in establishing and maintaining such records, including procedures to be followed by distributors and dealers to assist manufacturers to secure the information required by this subsection; except that the availability or not of such assistance shall not affect the obligation of manufacturers under this subsection. Such procedures shall be reasonable for the particular type of motor vehicle or tires for which they are prescribed, and shall provide reasonable assurance that customer lists of any dealer and distributor, and similar information, will not be made available to any person other than the dealer or distributor, except where necessary to carry out the purpose of this part.

"DEFINITIONS

"SEC. 159. For purposes of this part:

"(1) The retreader of tires shall be deemed the manufacturer of tires which have been retreaded, and the brand name owner of tires marketed under a brand name not owned by the manufacturer of the tire shall be deemed the manufacturer of tires marketed under such brand name.

"(2) Except as otherwise provided in regulations of the Secretary, (A) the manufacturer of a motor vehicle shall be deemed to be the manufacturer of any motor vehicle equipment with which such vehicle is equipped at the time of its delivery to the first purchaser, and (B) any defect or failure to comply in such equipment shall be deemed to be a defect or failure to comply in such vehicle.

"(3) The term 'first purchaser' means first purchaser for purposes other than resale.

"(4) The term 'adequate repair' does not include any repair which results in substantially impaired operation of a motor vehicle or item of motor vehicle equipment."

(b) CONFORMING AMENDMENTS.—

(1) Title I of such Act is amended by inserting after section 101 the following:

"PART A—GENERAL PROVISIONS".

(2) Section 110(c) of such Act is amended by striking out "Actions" and inserting in lieu thereof "Except as provided in section 155(a), actions".

(c) EFFECTIVE DATE.—The amendments made by this section shall not apply to any defect or failure to comply with respect to which before the effective date of this title notification was issued under section 113(a) of such Act or was required to be issued under section 113(e).

SEC. 103. ENFORCEMENT

(a) PROHIBITED ACTS.—

(1)(A) Section 108(a) of the National Traffic and Motor Vehicle Safety Act of 1966 is amended by inserting "(1)" after "SEC. 108. (a)", by redesignating paragraphs (1), (2), (3), and (4) as subparagraphs (A), (B), (C), and (D), respectively, and by adding at the end of such subsection the following new paragraph:

"(2) No manufacturer, distributor, dealer, or motor vehicle repair business shall knowingly render inoperative in whole or part, any device or element of design installed on or in a motor vehicle or item of motor vehicle equipment in compliance with an applicable Federal motor vehicle safety standard, unless such manufacturer, distributor, dealer, or repair business reasonably believes that such vehicle or item of equipment will not be used (other than for testing or similar purposes in the course of maintenance or repair) during the time such device or element of design is rendered inoperative. For purposes of this paragraph, the term 'motor vehicle repair business' means any person who holds himself out to the public as in the business of repairing motor vehicles or motor vehicle equipment for compensation. The Secretary may by rule exempt any person from this paragraph if he determines that such exemption is consistent with motor vehicle safety and the purposes of this Act. The Secretary may prescribe regulations defining the term 'render inoperative'."

(B) Subsection (b) of section 108 of such Act is amended by inserting "(A)" after "Paragraph (1)" in paragraphs (1), (2), and (5) of such subsection and by inserting "(A)" after "paragraph (1)" in paragraph (3) of such subsection.

(2) Section 108(a) of such Act (15 U.S.C. 1397) (as amended by paragraph (1) of this subsection) is amended—

(A) by inserting after the semicolon in paragraph (1)(B) the following: "fail to keep specified records in accordance with such section; or fail or refuse to permit impounding, as required under section 112(b);" and

(B) by adding at the end of subsection (a) the following new subparagraph:

"(E) fail to comply with any rule, regulation, or order issued under section 112 or 114; and"

(3) Section 108(a)(1)(D) of such Act is amended to read as follows:

"(D) fail to furnish notification, fail to remedy any defect or failure to comply, fail to maintain records, or fail to comply with any order or other requirement applicable to any manufacturer, distributor, or dealer pursuant to part B of this title;"

(b) PENALTIES.—Section 109 of such Act (15 U.S.C. 1398) is amended by striking out "$400,000" in the second sentence of such subsection (a) and inserting in lieu thereof "$800,000".

(c) INJUNCTIONS.—

(1) The first sentence of section 110(a) of such Act (15 U.S.C. 1399) is amended (1) by inserting "(or rules, regulations or orders thereunder)" after "violations of this title", and (2) by inserting immediately after "pursuant to this title," the following: "or to contain a defect (A) which relates to motor vehicle safety and (B) with respect to which notification has been given under section 151 or has been required to be given under section 152(b),".

(2) The next to the last sentence of section 110(a) of such Act is amended by inserting before the period at the end thereof the following: "or to remedy the defect".

SEC. 104. INSPECTION AND RECORDKEEPING.

(a) Subsections (a), (b), and (c) of section 112 of the National Traffic and Motor Vehicle Safety Act of 1966 are amended to read as follows:

"(a)(1) The Secretary is authorized to conduct any inspection or investigation—

"(A) which may be necessary to enforce this title and any rules, regulations, or orders issued thereunder, or

"(B) which relates to the facts, circumstances, conditions, and causes of any motor vehicle accident and which is for the purposes of carrying out his functions under this Act.

The Secretary shall furnish the Attorney General and, when appropriate, the Secretary of the Treasury any information obtained indicating noncompliance with this title or any rules, regulations, or orders issued thereunder, for appropriate action. In making investigations under subparagraph (B), the Secretary shall cooperate with appropriate State and local officials to the greatest extent possible consistent with the purposes of this subsection.

"(2) For purposes of carrying out paragraph (1), officers or employees duly designated by the Secretary, upon presenting appropriate credentials and written notice to the owner, operator, or agent in charge, are authorized at reasonable times and in a reasonable manner—

"(A) to enter (i) any factory, warehouse, or establishment in which motor vehicles or items of motor vehicle equipment are manufactured, or held for introduction into interstate commerce or are held for sale after such introduction, or (ii) any premises where a motor vehicle or item of motor vehicle equipment involved in a motor vehicle accident is located;

"(B) to impound for a period not to exceed seventy-two hours, any motor vehicle or item of motor vehicle equipment involved in a motor vehicle accident; and

"(C) to inspect any factory, warehouse, establishment, vehicle, or equipment referred to in subparagraph (A) or (B).

Each inspection under this paragraph shall be commenced and completed with reasonable promptness.

"(3)(A) Whenever, under the authority of paragraph (2)(B), the Secretary inspects or temporarily impounds for the purpose of inspection any motor vehicle (other than a vehicle subject to part II of the Interstate Commerce Act), he shall pay reasonable compensation to the owner of such vehicle to the extent that such inspection or impounding results in the denial of the use of the vehicle to its owner or in the reduction in value of the vehicle.

"(B) As used in this subsection, 'motor vehicle accident' means an occurrence associated with the maintenance, use, or operation of a motor vehicle or item of motor vehicle equipment in or as a result of which any person suffers death or personal injury, or in which there is property damage.

"(b) Every manufacturer of motor vehicles and motor vehicle equipment shall establish and maintain such records and every manufacturer, dealer, or distributor shall make such reports, as the Secretary may reasonably require to enable him to determine whether such manufacturer, dealer, or distributor has acted or is acting in compliance with this title or any rules, regulations, or orders issued thereunder and shall, upon request of an officer or employee duly designated by the Secretary, permit such officer or employee to inspect appropriate books, papers, records, and documents relevant to determining whether such manufacturer, dealer, or distributor has acted or is acting in compliance with this title or any rules, regulations, or orders issued thereunder. Nothing in this subsection shall be construed as imposing recordkeeping requirements on distributors or dealers, except those requirements imposed under section 158 and orders promulgated thereunder.

"(c)(1) For the purpose of carrying out the provisions of this title, the Secretary, or on the authorization of the Secretary, any officer or employee of the Department of Transportation may hold such hearings, take such testimony, sit and act at such times and places, administer such oaths, and require, by subpena or otherwise, the attendance and testimony of such witnesses and the production of such books, papers, correspondence, memorandums, contracts, agreements, or other records as the Secretary, or such officer or employee, deems advisable.

"(2) In order to carry out the provisions of this title, the Secretary or his duly authorized agent shall at all reasonable times have access to, and for the purposes of examination the right to copy, any documentary evidence of any person having materials or information relevant to any function of the Secretary under this title.

"(3) The Secretary is authorized to require, by general or special orders, any person to file, in such form as the Secretary may prescribe, reports or answers in writing to specific questions relating to any function of the Secretary under this title. Such reports and answers shall be made under oath or otherwise, and shall be filed with the Secretary within such reasonable period as the Secretary may prescribe.

"(4) Any of the district courts of the United States within the jurisdiction of which an inquiry is carried on may, in the case of contumacy or refusal to obey a subpena or order of the Secretary or such officer or employee issued under paragraph (1) or paragraph (3) of this subsection, issue an order requiring compliance therewith; and any failure to obey such order of the court may be punished by such court as a contempt thereof.

"(5) Witnesses summoned pursuant to this subsection shall be paid the same fees and mileage that are paid witnesses in the courts of the United States.

"(6)(A) The Secretary is authorized to request from any department, agency or instrumentality of the Government such statistics, data, program reports, and other materials as he deems necessary to carry out his functions under this title; and each such department, agency, or instrumentality is authorized and directed to cooperate with the Secretary and to furnish such statistics, data, program reports, and other materials to the Department of Transportation upon request made by the Secretary. Nothing in this subparagraph shall be deemed to affect any provision of law limiting the authority of an agency, department, or instrumentality of the Government to provide information to another agency, department, or instrumentality of the Government.

"(B) The head of any Federal department, agency, or instrumentality is authorized to detail, on a reimbursable basis, any personnel of such department, agency, or instrumentality to assist in carrying out the duties of the Secretary under this title."

(b) Section 112(e) of such Act is amended by striking out "All" and inserting in lieu thereof "Except as otherwise provided in section 158(a) and section 113(b), all"; and striking out "subsection (b) or (c)" and inserting in lieu thereof "this title".

SEC. 105. COST INFORMATION

The National Traffic and Motor Vehicle Safety Act of 1966 (as amended by section 102) is further amended by inserting after section 112 the following:

"SEC. 113. (a) Whenever any manufacturer opposes an action of the Secretary under section 103, or under any other provision of this Act, on the ground of increased cost, the manufacturer shall submit such cost information (in such detail as the Secretary may by rule or order prescribe) as may be necessary in order to properly evaluate the manufacturer's statement. The Secretary shall thereafter promptly prepare an evaluation of such cost information.

"(b) Such cost information together with the Secretary's evaluation thereof, shall be available to the public unless the manufacturer establishes that it contains a trade secret. Notice of the availability of such information shall be published in the Federal Register. If the Secretary determines that any portion of such information contains a trade secret, such portion may be disclosed to the public only in such manner as to preserve the confidentiality of such trade secret, except that any such information may be disclosed to other officers or employees concerned with carrying out this title or when relevant in any proceeding under this title. Nothing in this subsection shall authorize the withholding of information by the Secretary or any officer or employee under his control, from the duly authorized committees of the Congress.

"(c) For purposes of this section 'cost information' means information with respect to alleged cost increases resulting from action by the Secretary, in such form as to permit the public and the Secretary to make an informed judgment on the validity of the manufacturer's statements. Such term includes both the manufacturer's cost and the cost to retail purchasers.

"(d) The Secretary is authorized to establish rules and regulations prescribing forms and procedures for the submission of cost information under this section.

"(e) Nothing in this section shall be construed to restrict the authority of the Secretary to obtain or require submission of information under any other provision of this Act."

SEC. 106. AGENCY RESPONSIBILITY

The National Traffic and Motor Vehicle Safety Act of 1966 (as amended by section 103 of this Act) is amended by adding at the end thereof the following new section:

"SEC. 124. (a) Any interested person may file with the Secretary a petition requesting him (1) to commence a proceeding respecting the issuance of an order pursuant to section 103 or to commence a proceeding to determine whether to issue an order pursuant to section 152(b) of this Act.

"(b) Such petition shall set forth (1) facts which it is claimed establish that an order is necessary, and (2) a brief description of the substance of the order which it is claimed should be issued by the Secretary.

"(c) The Secretary may hold a public hearing or may conduct such investigation or proceeding as he deems appropriate in order to determine whether or not such petition should be granted.

"(d) Within one hundred and twenty days after filing of a petition described in subsection (b), the Secretary shall either grant or deny the petition. If the Secretary grants such petition, he shall promptly commence the proceeding requested in the petition. If the Secretary denies such petition he shall publish in the Federal Register his reasons for such denial.

"(e) The remedies under this section shall be in addition to, and not in lieu of, other remedies provided by law."

SEC. 107 NATIONAL MOTOR VEHICLE SAFETY ADVISORY COUNCIL

Section 104 of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1393) is amended by inserting "(1)" after "SEC. 104. (a)", and by adding the following new paragraph at the end of subsection (a):

"(2) For the purposes of this section, the term 'representative of the general public' means an individual who (A) is not in the employ of, or holding any official relation to any person who is (i) a manufacturer, dealer, or distributor, or (ii) a supplier of any manufacturer, dealer, or distributor, (B) does not own stock or bonds of substantial value in any person described in subparagraph (A) (i) or 1(i), and (C) is not in any other manner directly or indirectly pecuniarily interested in such a person. The Secretary shall publish the names of the members of the Council annually and shall designate which members represent the general public. The Chairman of the Council shall be chosen by the Council from among the members representing the general public."

SEC. 108. FUEL SYSTEM INTEGRITY STANDARD

(a) REQUIREMENT FOR STANDARD.—Within ninety days after the effective date of this title, the Secretary of Transportation shall promulgate a motor vehicle safety standard for fuel system integrity applicable to four-wheeled motor vehicles designed to carry ten or fewer passengers in addition to the driver (including all vehicles designated on the date of enactment of this Act as passenger cars or multipurpose passenger vehicles in regulations of the Secretary of Transportation under the National Traffic and Motor Vehicle Safety Act of 1966), in order to protect occupants of such vehicles, and other persons, from fuel-fed fires. Such standard shall be effective with respect to all motor vehicles produced on or after September 1, 1974. In prescribing the initial standard required by this subsection, the Secretary shall give consideration to the need to reduce the spread of fire and to limit the escape of fuel.

(b) AMENDMENT OR REPEAL OF STANDARD.—The Secretary may amend or repeal a standard required to be prescribed under subsection (a) if he determines such amendment or repeal will not diminish the level of motor vehicle safety.

SEC. 109. TECHNICAL AND CONFORMING AMENDMENTS.

(a) DEFINITION OF SECRETARY.—Section 102(10) of the National Traffic and Motor Vehicle Safety Act of 1966 is amended to read as follows:

"(10) 'Secretary' means the Secretary of Transportation.".

(b) DATE OF ANNUAL REPORT.—The first sentence of section 120(a) of the National Traffic and Motor Vehicle Safety Act of 1966 is amended by striking out "March 1" and inserting in lieu thereof "July 1".

SEC. 110. SAFETY BELT INTERLOCK OPTIONAL WITH PURCHASER

Section 103(a) of the National Traffic and Motor Vehicle Safety Act of 1966 is amended by inserting "(1)" after "SEC. 103. (a)" and by adding at the end thereof the following new paragraph:

"(2)(A) In any model year in which a motor vehicle manufacturer is permitted to comply with a Federal motor vehicle safety standard relating to occupant restraint systems by installing safety belt interlocks in new motor vehicles manufactured by him—

"(i) such manufacturer shall be permitted to comply with such standard in such model year by equipping new motor vehicles with a sequential warning device.

"(ii) motor vehicles equipped with a safety belt interlock shall not be deemed to have complied with such standard for occupant restraint systems unless the manufacturer of such vehicles also makes available to purchasers motor vehicles equipped with a sequential warning system.

"(B) For purposes of this paragraph the term 'sequential warning system' means a system (meeting the requirements of standards under this section) comprised of an integrated lap and shoulder safety belts, and a sequential warning device.

"(C) The Federal motor vehicle safety standard for occupant restraint systems shall be amended so as to be consistent with this paragraph. Such amendment shall take effect not later than 90 days after the date of enactment of this paragraph."

SEC. 111. REDUCTION OF MOTOR VEHICLE AND COST.

In carrying out responsibilities under the National Traffic and Motor Vehicle Safety Act of 1966, and the Motor Vehicle Information and Cost Savings Act, the Secretary of Transportation shall take all steps, consistent with his responsibilities under those Acts, to encourage reduction of weight and cost of motor vehicles.

SEC. 112. EFFECTIVE DATE.

The amendments made by this title (other than section 110) shall take effect on the sixtieth day after the date of enactment of this Act.

TITLE II—SCHOOLBUS SAFETY

SEC. 201. DEFINITIONS.

Section 102 of the National Traffic and Motor Vehicle Safety Act of 1966 is amended by adding at the end thereof the following:

"(14) 'schoolbus' means a passenger motor vehicle which is designed to carry more than ten passengers in addition to the driver, and which the Secretary determines is likely to be significantly used for the purpose of transporting primary, preprimary, or secondary school students to or from such schools or events related to such schools; and

"(15) 'schoolbus equipment' means equipment designed primarily as a system, part, or component of a schoolbus, or any similar part or component manufactured or sold for replacement or improvement of such system, part, or component or as an accessory or addition to a schoolbus."

SEC. 202. MANDATORY SCHOOLBUS STANDARDS.

Section 103 of the National Traffic and Motor Vehicle Safety Act of 1966 is amended by adding at the end thereof the following:

"(i) (1) (A) Not later than six months after the date of enactment of this subsection, the Secretary shall publish proposed Federal motor vehicle safety standards to be applicable to schoolbuses and schoolbus equipment. Such proposed standards shall include minimum standards for the following aspects of performance:

"(i) Emergency exits.

"(ii) Interior protection for occupants.

"(iii) Floor strength.

"(iv) Seating systems.

"(v) Crash worthiness of body and frame (including protection against rollover hazards).

"(vi) Vehicle operating systems.

"(vii) Windows and windshields.

"(viii) Fuel systems.

"(B) Not later than fifteen months after the date of enactment of this subsection, the Secretary shall promulgate Federal motor vehicle safety standards which shall provide minimum standards for those aspects of performance set out in clauses (i) through (VIII) of subparagraph (A) of this paragraph, and which shall apply to each schoolbus and item of schoolbus equipment which is manufactured in or imported into the United States on or after the expiration of the nine-month period which begins on the date of promulgation of such safety standards.

"(2) The Secretary may prescribe regulations requiring that any schoolbus be test-driven by the manufacturer before introduction into commerce."

SEC. 203. ENFORCEMENT

Section 108(a)(1) of the National Traffic and Motor Vehicle Safety Act of 1966 is amended by adding at the end thereof the following:

"(F) to fail to comply with regulations of the Secretary under section 103(i)(2)."

TITLE III—MOTOR VEHICLE DEMONSTRATION PROJECTS

Section 301. (a) Title III of the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 1961 et seq.) is amended—

(1) by redesignating sections 302 through 304 (and references thereto) as sections 303 through 305, respectively; and

(2) by inserting after section 301 the following new section:

"SPECIAL DEMONSTRATION PROJECTS

"SEC. 302. The Secretary shall establish a special motor vehicle diagnostic inspection demonstration project to assist in the rapid development and evaluation of advanced inspection, analysis, and diagnostic equipment suitable for use by the States in standardized high volume inspection facilities and to evaluate the repair characteristics of motor vehicles. Such project shall be designed to facilitate evaluation of repair characteristics by small automatic repair garages."

Mr. STAGGERS (during the reading). Mr. Chairman, I ask unanimous consent that the committee amendment in the nature of a substitute be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

AMENDMENT OFFERED BY MR. MOSS

Mr. MOSS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Moss: Page 50, after line 8, add the following new section and renumber the succeeding section:

SEC. 112. Section 204(a) of Public Law 89-563 is amended to read as follows:

"(a) No person shall sell, offer for sale, or introduction for sale, or deliver for introduction in interstate commerce, any tire or motor vehicle equipped with any tire which has been regrooved, except that the Secretary may by order permit the sale, offer for sale, introduction for sale, or delivery for introduction in interstate commerce, of regrooved tires and motor vehicles equipped with regrooved tires which he finds are designed and constructed in a manner consistent with the purposes of this Act."

Mr. MOSS. Mr. Chairman, what this amendment is intended to do is to clarify an inadvertent omission in this legislation.

It is a fact that tires are not only sold in this country, but they are also leased, and frequently there may be fleet operations, leasing tires and leasing mileage. The language of the act as originally drafted was too restrictive and did not therefore permit the use of regrooves under a leasing arrangement, and yet it is one of the more common occurences. It is also a fact that many tires are manufactured with a sufficient tread depth thickness to take two or more regrooves without impairing in connection with that structural integrity of the tire carcass.

So it is in an effort to accommodate a reasonable request and to recognize an inadvertent omission by the original draftman of the act that this amendment is offered.

Mr. BROYHILL of North Carolina. Mr. Chairman, if the gentleman will yield, I am somewhat familiar with the problem the gentleman from California just mentioned, and I do feel that this language is necessary in order to clear up this ambiguity.

Mr. STAGGERS. Mr. Chairman, if the gentleman will yield, I wish to say to the gentleman from California that this was an omission, and I am in full agreement with the amendment offered by the gentleman from California.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California (Mr. Moss).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. MOSS

Mr. MOSS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Moss: Page 48, line 3. After "all" insert "passenger", strike "1974" and insert "1976".

Page 48, line 3, after the period add the following new sentence: "With respect to all other four-wheeled motor vehicles designed to carry ten or fewer passengers in addition to the driver, such standard shall be effective on or after September 1, 1977."

Page 48, line 4, strike "initial".

Page 48, line 6, after the period insert the following new sentence: "Such standard shall provide as a minimum that fuel spillage shall not exceed one ounce per minute as a result of (1) front fixed barrier impacts at speeds up to 30 mph; (2) rear moving barrier impacts at speeds up to 30 mph; (3) front corner fixed barrier impacts at speeds up to 30 mph; (4) lateral moving barrier impacts at speeds up to 20 mph; and (5) static rollovers."

Mr. MOSS. Mr. Chairman, this deals with what I consider to be one of the most important features of automobile safety. Seven years ago, when the initial act was adopted, one of the first items discussed during the deliberations of the committee was the need to improve the integrity of fuel systems in passenger automobiles. During the intervening 7 years there have been several proposed standards promulgated by the Department of Transportation, but up to this moment there has not been a fuel system integrity standard effected. All this amendment does is to take the currently proposed rule, which the Department of Transportation has developed after considerable research and order it to become effective by law. It does not block the Secretary from modifying standards in the future, but it will move us, finally, to the day when we can look forward to an automobile able to sustain a rear-end impact of about 25 miles an hour without the danger which occurs in one out of six of such rear-end impacts, that of fire, and normally a fire which leads to the incineration of the occupants of the automobile.

There are between 2,000 and 3,000 deaths each year directly attributable to the lack of a safe fuel system. It is not that difficult to manufacture. It is not that difficult to engineer or design, and I believe that it will move us a long way toward assuring people that the vehicle in which they ride is built with attention to the safety of the occupants.

Mr. BROYHILL of North Carolina. Mr. Chairman, I move to strike the last word.

Mr. Chairman, could I have the attention of the gentleman from California who is the author of this amendment?

As I understand, what the gentleman is proposing is that we write into law a standard relating to gasoline tanks.

Mr. MOSS. That is correct.

Mr. BROYHILL of North Carolina. And that this standard would become effective on September 1, 1976, for passenger vehicles. Is that correct?

Mr. MOSS. If the gentleman will yield, that is correct.

Mr. BROYHILL of North Carolina. Let me ask one other question. The standard which the gentleman is writing in here, as I read it, is exactly the same standard that has been proposed by the Department of Transportation in the last few months.

Mr. MOSS. If the gentleman will yield

further, that is correct. And if the gentleman will yield for an additional comment, one important reason for doing this is to permit the Department to get on with its standard without having it held up. I understand one manufacturer would like to continue to see further delay in the implementation of the standard.

I thank the gentleman.

Mr. BROYHILL of North Carolina. But if the gentleman would let me ask him another question, I do not see where it does anything that the DOT is not already doing. The Department of Transportation has already proposed a regulation for protection of fuel tanks and what this does is to write that standard into the law and say that it is not effective until September 1, 1976.

I want to ask this question. The gentleman is in no way amending this language on page 48, lines 7 through 11, which would provide the flexibility to the Secretary to amend that standard as it may become necessary.

Mr. MOSS. If the gentleman will yield, the gentleman's statement is correct. I would also point out that the Department of Transportation issued its proposal only after the Subcommittee on Commerce and Finance disclosed this problem in its hearings last year.

Mr. McCOLLISTER. Mr. Chairman, will the gentleman yield?

Mr. BROYHILL of North Carolina. I yield to the gentleman from Nebraska.

Mr. McCOLLISTER. Mr. Chairman, do I understand as new information becomes available and it would be considered necessary or desirable to adopt new standards, that the new standards will then have the force and effect of law?

Mr. BROYHILL of North Carolina. I yield to the gentleman from California.

Mr. MOSS. That is correct.

Mr. McCOLLISTER. Mr. Chairman, if the gentleman from North Carolina will yield further, would it not be easier, I would ask the gentleman from North Carolina, to appeal a standard set by the secretary than it would be to appeal this question of what now becomes law? Assume for example that some manufacturer may not agree with the standard, if we made it the law rather than a standard, does it not become almost impossible for the manufacturer to appeal that?

Mr. MOSS. I believe it would depend upon the basis for the manufacturer's objection. Under certain conditions of course it would make that more difficult.

I pointed out we have been waiting for 7 years to achieve what we hoped in 1966 would be achieved within about 18 months. Under other conditions only the court could render a decision and that is where any constitutional question might be involved.

Mr. McCOLLISTER. I thank the gentleman.

If the gentleman from North Carolina would yield once more, it seems to me we are unable to predict what might come in the future and by casting this into law we may be creating something that would be quite difficult to deal with in the future. I think leaving it as it is would be the better course of action.

Mr. BROYHILL of North Carolina. I thank the gentleman.

Let me ask the gentleman from California one other question. Any penalties for violation of this provision in the law would be no greater or no less than if it were a regulation of the Secretary?

Mr. MOSS. If the gentleman will yield, the gentleman again has stated the facts precisely as they are. This would not in any manner increase nor diminish the penalties.

Mr. BROYHILL of North Carolina. For a violation of the standard or noncompliance with the standards?

Mr. MOSS. That is correct.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California (Mr. Moss).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. MOSS

Mr. MOSS. Mr. Chairman, on behalf of the gentleman from Michigan (Mr. Dingell) who is unavoidably absent today in his district, I offer an additional amendment.

The Clerk read as follows:

Amendment offered by Mr. Moss: Page 49, strike out lines 3 through 16, and insert in lieu thereof the following:

"(2) (A) Subject to subparagraph (B) —

"(i) In any model year in which a motor vehicle manufacturer is required or permitted to comply with a Federal motor vehicle safety standard relating to occupant restraint systems by installing a safety belt interlock in a new motor vehicle manufactured by him, such manufacturer shall be permitted to comply with such standard in such model year by equipping such new motor vehicle with a sequential warning system.

"(ii) In any model year in which a motor vehicle manufacturer is required or permitted to comply with such standard by installing a sequential warning system in a new motor vehicle manufactured by him, such manufacturer shall be permitted to comply with such standard in such model year by equipping such new motor vehicle with a safety belt interlock.

"(B) A motor vehicle shall not be deemed to have complied with the Federal motor vehicle safety standard for occupant restraint systems in a model year to which subparagraph (A) applies unless the manufacturer of such vehicle makes available to purchasers the option of purchasing such vehicle (or a similar vehicle) equipped either with a sequential warning system or with a safety belt interlock.

Page 49, line 17, strike out "(B)" and insert "(C)".

Page 49, line 19, strike out "an".

Page 49, line 20, insert "for front outboard occupants (and lap belts for other occupants)" after "belts".

Page 49, line 21, strike out "(C)" and insert "(D)".

Mr. MOSS. Mr. Chairman, this amendment is not really as significant as its length would indicate. It really is designed to do what we thought we were doing in the committee when we adopted the amendment of the gentleman from Michigan (Mr. Dingell); but through an inadvertence in drafting, it made it appear that the option rested with the manufacturer or supplier, rather than the purchaser.

This amendment is offered to make it very clear that the option is with the purchaser. The manufacturer shall have available the two systems and the purchaser will determine whether he buys the ignition interlock or the sequential light and buzzer warning system. That is the only purpose of this amendment.

Mr. Chairman, I would urge adoption of the amendment.

AMENDMENT OFFERED BY MR. WYMAN AS A SUBSTITUTE FOR THE AMENDMENT OFFERED BY MR. MOSS

Mr. WYMAN. Mr. Chairman, I offer an amendment as a substitute for the amendment.

The Clerk read as follows:

Amendment offered by Mr. Wyman as a substitute for the amendment offered by Mr. Moss: Page 48, strike out lines 22 and 23 and insert in lieu thereof the following:

Sec. 110. Occupant Restraint Systems

Page 49, strike out lines 3 through 25 and insert in lieu thereof the following:

"(2) (A) Effective with respect to motor vehicels manufactured after the date of enactment of this paragraph, Federal motor vehicle safety standards may not (except as otherwise provided in subparagraph (B)) require that any such vehicle be equipped (i) with a safety belt interlock system, (ii) with any warning device other than a warning light designed to indicate that safety belts are not fastened, or (iii) with any occupant restraint system other than integrated lap and shoulder safety belts for front outboard occupants and lap belts for other occupants.

"(B) Effective with respect to passenger cars manufactured on of after August 15, 1976, Federal motor vehicle safety standards shall require that each motor vehicle manufacturer offer purchasers the option of purchasing either (i) passenger motor vehicles which are equipped with passive restraint systems which meet standards prescribed under this section or (ii) passenger motor vehicles equipped with integrated lap and shoulder belts for front outboard occupants and lap belts for other occupants."

(b) Section 108(a) (1) (A) of such Act (as so redesignated by section 103 of this Act) is amended by inserting "(i)" after "(A)", and by adding at the end thereof the following:

"(i) fail to offer purchasers the option required by section 103(a) (2) (B);".

Mr. WYMAN. Mr. Chairman, this is a citizens' rights amendment. All this amendment does—and we have to put it in the kind of language just read in order to conform with the sections of the bill—is to provide that in the future automobiles can have seatbelts and harnesses, but they are not going to be tied to any sequential warning system with lights and buzzers triggered by electronic sensors under the seats—a lot of expensive equipment. They can have a red warning light on the dash which says, "Seatbelts are not fastened," but that is all they can have.

Anyone who wants to buy a car in America can buy a car with seatbelts and harnesses. That is his privilege. He will not have to buy the interlock. Later on, after models manufactured in 1976, if they have a passenger restraint system which has come to provide such a thing as a workable airbag, they can have the option of taking a car with seatbelts such as we are talking about, or the airbag. That is up to them. But no interlock with the ignition and no sequential warning system.

Mr. Chairman, implicit in what is involved in the proposal of the gentleman from Michigan (Mr. Dingell), as a substitute to which this amendment is offered, is the view of some that the Federal Government should become "Big Brother" to the automobile drivers of this Nation. It will say, "Doggone it, you are going to have to have a buckle-up system even if it is not going to be an ignition interlock and if you don't buckle up the lights will flash and the buzzers sound. You have to have it because it is good for you."

This is a most extraordinary, most unfounded, most unreasonable, and most irrational position. Actually it is un-American.

Claims have been made about people being killed on the highways of this country if they do not have their seatbelts fastened. Let me say this: It is not up to the Federal Government to impose on the whole Nation a mandatory seatbelt law. That is up to the State legislatures. If the States want to have mandatory wearing of seatbelts in the States, that is up to each State legislature.

But, more importantly, what the amendment of the gentleman from California (Mr. Moss) would say is: "All right, you do not have to have the ignition interlock." That is a grudging concession. "But, you still have to have sequential warning system so that when a driver gets in or a passenger gets in, things have got to be all fastened up and fastened up in sequence or you are going to have buzzers, lights, and every other kind of inconvenience; and you must pay for it whether you use it or disconnect it or not."

As the gentleman from North Carolina said in the discussion, there is no penalty under the law on the part of a private citizen who wishes to disconnect such gadgetry on his car—and believe me, a number of people in this country are disconnecting expensive equipment which they had to pay for in the first instance.

I hope that the Members will be very clear that this substitute offers an improvement. It is something that people want. It will provide protection. We want to have people wear seatbelts, but whether they do or not is up to them. It is their choice.

I have no intention or desire to transgress upon the prerogatives of the learned and competent members of the subcommittee and of the full committee but this is a citizens' protest I represent here. One out of every three fatalities in this country is a pedestrian fatality, so we have got to take the total fatalities and roll them back down to two-thirds, as having nothing whatever to do with seatbelt wearing.

It is impossible to assess, in a particular accident, whether it would have been better on or better off. Vehicles hit from the rear and catching fire or vehicles falling into water—such situations present a positive danger to seatbelt wearers.

If a person wants to buy a car in this country, he can go ahead and buy one but all he should be required to buy is the seatbelt and shoulder harness, not the under the seat electronic sensors that are required for either the ignition interlock or a squential warning system. There can be a warning light, but we should not require of the automobile industry and of the purchasing public anything more than that. It is not justified.

Mr. SHIPLEY. Mr. Chairman, will the gentleman yield?

Mr. WYMAN. I yield to the gentleman from Illinois.

Mr. SHIPLEY. Mr. Chairman, I thank the gentleman for yielding to me, and I would like to associate myself with his remarks. I think it is a good substitute, and certainly the Congress should pay attention to the feelings and sense of the people in this case.

Certainly, there is no question in my mind that the people resent very much, just as the gentleman has explained, having these items qualified by all the ridiculous safety items that are placed on automobiles today.

Mr. WYMAN. Mr. Chairman, I thank the gentleman for his comment. Of relevance to the pending question is the cost factor. General Motors and other main line manufacturers are increasing their prices to reflect the cost of additions of some of these things. Air bags will cost $200 or $300 per car more. Catalytic converters another $150 or so.

When they get air bags to that degree of sophistication and work ability they can become an option, but only an option to do more by a Government regulatory agency without any express authorization from this Congress, to impose such a thing as a sequential warning system, would be expensive, inadvisable, and wrong. I urge the adoption of my substitute.

Mr. MOSS. Mr. Chairman, I rise in opposition to the substitute amendment.

Mr. Chairman, not from some Government bureaucrat, but from a carefully considered speech by Edward M. Cole, president of General Motors Corp., on July 11, 1974, do I point this out.

He states:

> As you know, there have been data indicating an increased use of belts. But I think as professional safety people who are concentrating energy more today on the future of occupant restraint systems, you must not take too much comfort from such indications and place all of our faith on motorists' willingness to buckle up.

That has a great deal of meaning to every one of us in buying insurance for an automobile because the failure to buckle up frequently leads to extremely magnified claims for damages, as well as to death and to disability, and increases an insurance rate which is already escalating out of sight in many areas of this Nation.

Then he goes on and addresses himself to the future:

> But I think that if there is any way technology can accomplish it, we must continue to try to find a way to protect those drivers or occupants who will not make any overt move to protect themselves.

Now he is talking about passive restraint. Passive restraint is being sold as an option in Buicks this year, costing $225, of which $50 goes to the dealer; therefore, $175 is roughly the cost. That is not on a mass-produced basis.

Mr. Chairman, I point out that the vinyl roof that so many people put on their car is at least $125 in additional cost as an option.

The major research in this field has been carried on by one of the largest insurers of automobiles in this Nation, Allstate. They have spent a great deal of money. They have had several thousand automobiles with passive restraint systems, and they find that it probably is the only system that will ultimately offer protection to that motorist who does not want to take action to protect himself.

Remember, that might be all right if that act of freedom on his part did not impact very heavily upon the pocketbook of every other automobile driver through the increased rate for insurance.

That warning by Allstate, which has done such a tremendous job of research in this field, is echoed again by the American Insurance Association. They strongly urge that we continue to push for something more than volunteerism in order to cut down the rapidly escalating costs of insurance.

I also have a letter under date of August 12 from the Secretary of Transportation, strongly urging that we continue along the paths we are presently traveling.

We have had better than a 50-percent increase in the use of the belt system as a result of the interlock.

The gentleman from New Hampshire has indicated that all he wants to do is to go into the matter of ending these sensors which he says are so costly, these systems, these wiring harnesses designed and engineered today. I hope the Members will not get any idea that there will be any significant saving in eliminating them. There will not.

The option of having the ignition interlock system or the sequential warning system is a rational and a reasonable one. This was carefully considered by the committee, and in consonance with the technology and the point where we find ourselves, it is a viable alternative.

On the other hand, with all due deference to the gentleman who has proposed the amendment, his suggestion is not a viable alternative. It does not make effective use of the technological advances.

The CHAIRMAN. The time of the gentleman from California (Mr. Moss) has expired.

(By unanimous consent, Mr. Moss was allowed to proceed for 2 additional minutes.)

Mr. MOSS. Mr. Chairman, the gentleman's amendment would insure that we cannot look ahead to the day when we can bring down significantly the cost of the passive restraint system through mass production. Mass production is the great miracle of our system in lowering costs. As it has been miraculous in other areas, it will be equally so in the field of passive restraints.

I remember when we had proposals before the committee to require the first auto lap seatbelts only in automobiles sold to the Federal Government, and the same kind of alarm was sounded then that is being sounded now.

Mr. WYMAN. Mr. Chairman, will the gentleman yield?

Mr. MOSS. I yield to the gentleman from New Hampshire.

Mr. WYMAN. Mr. Chairman, I wish the gentleman would explain so we can better understand it, just what is a "sequential warning system?" What does the word, "sequential," mean in what the gentleman proposes?

Mr. MOSS. Mr. Chairman, that means

in sequence, one following the other, there would be a light and a signal of a different type to take one through the stages which a prudent man would give heed to and fasten his belt, and an imprudent man could ignore it and still take off.

Mr. WYMAN. Mr. Chairman, if the gentleman will yield further, suppose one has his wife and his child with him, suppose they have three people in the front seat; under the gentleman's proposal, is it not a fact that the wife and the child must also fasten their seatbelts or the warning system would go on and the lights would go on?

Mr. MOSS. Of course.

Mr. WYMAN. And if one does not hook the buckle, the lights come on and the buzzer comes on, and if the dog jumps in and out of the front seat, the lights and the buzzers come on.

Mr. MOSS. Mr. Chairman, hopefully the intelligent human being is going to act then in defense of his own life.

Mr. DEVINE. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the substitute amendment.

Mr. KING. Mr. Chairman, will the gentleman yield?

Mr. DEVINE. I yield to the gentleman from New York.

Mr. KING. Mr. Chairman, I would like to join in the support for the amendment offered by the gentleman from New Hampshire (Mr. WYMAN) and ask the Members of the House to support his amendment. I join with the gentleman and his remarks, Mr. DEVINE, in the well in his support of the amendment.

During last fall I asked a question in my questionnaire which I sent to my constituents about seatbelts, and 85 percent of the people in my district voted that they did not want compulsory seatbelts. I hope Mr. WYMAN's substitute is adopted.

Mr. DEVINE. Mr. Chairman, I thank the gentleman for his contribution.

Mr. Chairman, in listening to the debate on the subject about the ignition interlock system and about seatbelts generally, I am reminded of the saying of an old-timer around here, Charlie Halleck, of Indiana, when he told us about getting letters from his constituents saying, "Please, Congressman, stop helping me to death."

That is just what we are doing in this legislation. We are becoming one of the most over-regulated societies in the world.

Mr. Chairman, if we want to get to the prime cause of highway deaths—and they exceed 50,000 per year—we should attack the problem of the nut behind the wheel, the driver who has the compulsion to use alcohol. The statistics by the National Safety Foundation show that at least 50 percent of the accidents resulting in fatalities have alcohol involved in them one way or another. We do not seem to meet this problem head on because perhaps too many drivers who use alcohol also vote.

However, let me tell the Members this: This ignition interlock is an inconvenience. If people want to buckle up, they can do so. We in my State have a slogan on all of our license plates: "Are Your Seatbelts Fastened?"

That is up to the driver. But when you make people who get in a car buckle up here and buckle up over there, or the car will not start unless this is done, is an inconvenience, and it does not have a lot to do with saving lives. Because, if people want to save their own lives they will buckle if they think that will do it.

A lot of this, of course, is counterproductive. We have too many factors involved here. For instance, if you put your car in a parking lot and the parking lot attendant has to move the car, before he can do so, he must buckle himself in the car, almost like a parachutist, before he can move that car.

Also, if you happen to be driving along and you have complied with all these things, and the family's pet dog is in the back seat, and he jumps over the front seat and hits the device that activates the ignition interlock, the entire system stops.

Take the situation if your wife goes to the grocery store and puts a bag of groceries in the front seat, and she buckles herself up but still the car will not move because the bag of groceries has activated the safety device over there on the passenger side.

Mr. Chairman, I believe that we are simply overregulating everybody, and I do not think it is necessary. Therefore I certainly support the substitute offered by the gentleman from New Hampshire (Mr. WYMAN) for the amendment offered by the gentleman from California (Mr. MOSS).

Mr. MIZELL. Mr. Chairman, will the gentleman yield?

Mr. DEVINE. I yield to the gentleman from North Carolina.

Mr. MIZELL. Mr. Chairman, I want to associate myself with the remarks of the gentleman from Ohio, and would add further that the people of our country are fed up with regulations by the Federal Government in all aspects of their lives. So I associate myself with the gentleman's remarks, and hope the substitute amendment will prevail.

Mr. DON H. CLAUSEN. Mr. Chairman, will the gentleman yield?

Mr. DEVINE. I yield to the gentleman from California.

Mr. DON H. CLAUSEN. Mr. Chairman, the points that the distinguished gentleman from Ohio (Mr. DEVINE) has made are comments very similar to those I have been receiving from constituents in my congressional district.

I think he reflects the point of view that should become the policy of this body and I rise in strong support of this amendment.

I am sincerely interested in the safety of my constituents but do not believe that it is the job of the Congress to impose mandatory requirements for safety control devices in our automobiles. The ignition interlock seatbelt system has proven to be a nuisance, but what is worse is that it forces the consumer to pay for the added cost of these devices.

During my 12 years in Congress, I have consistently opposed attempts to increase the control of Government over the individual and I urge my colleagues to join me in doing so by supporting this amendment, offered by the gentleman from New Hampshire (Mr. WYMAN).

Mr. BAKER. Mr. Chairman, will the gentleman yield?

Mr. DEVINE. I yield to the gentleman from Tennessee.

Mr. BAKER. Mr. Chairman, I would like to associate myself with the remarks made by the gentleman from Ohio. I think every day people are becoming more and more concerned about the body of regulations at the Federal level. I hope the substitute amendment is agreed to.

Mr. MYERS. Mr. Chairman, will the gentleman yield?

Mr. DEVINE. I yield to the gentleman from Indiana.

Mr. MYERS. Mr. Chairman, I thank the gentleman from Ohio for yielding to me.

I wonder if the gentleman would yield to the gentleman from New Hampshire, the author of the substitute amendment, so that he might answer a question?

As I understand, the purpose of the substitute amendment, it does not amend the basic legislation which still provides that seat belts and shoulder harnesses shall be in the automobile, it just returns the right of the option to the purchaser of the automobile, the operator, that he or she may not use them if they so desire?

Mr. WYMAN. If the gentleman will yield, that is correct. My amendment is a substitute for the amendment offered by the gentleman from California (Mr. MOSS) that would have required a complete sequential warning system instead of an ignition interlock. All the substitute would do, is provide that if you do not buckle up your safety belt there would be a light on the dashboard, a red light saying that the seat belt is not fastened, but no sequential warning system.

Mr. DEVINE. Mr. Chairman, if I may retrieve back part of my time, I do not think that the American people want bells ringing, whistles blowing, and sirens going every time they sit down in a car.

Mr. MYERS. Mr. Chairman, if the gentleman will yield further, I ask the gentleman from Ohio this: The basic devices for saving lives are still in the automobile, but if the family pet dog gets in the car and jumps into the front seat, you do not have to harness him up, is that right?

Mr. DEVINE. That is right.

Mr. WYMAN. If the gentleman will yield, supposing that you are driving along and your seat belt is buckled up, and the dog jumps over into the front seat, and sets off the sequential warning system, you then immediately have lights going on and the noise of buzzers ringing and this in itself could mean a considerable distraction to the driver, and could for this reason be dangerous to public safety.

Beyond this hazard a sequential warning system is an extra added cost for the car. Prices are high enough without adding gadgetry that is both unnecessary and offensive.

Mr. ECKHARDT. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the substitute amendment.

Mr. Chairman, I would like to make clear what we have before us. Originally the bill permitted the Secretary to mandate the interlock. Under those provisions the situation the gentleman from Ohio describes would have occurred. That is, your wife gets in the car and puts the grocery bag beside her, puts the key in the ignition, and the car will not start. We recognized that, and the gentleman from Michigan (Mr. DINGELL) offered the amendment that went into the bill, and which is perfected by the amendment now being offered by the distinguished chairman of the subcommittee, the gentleman from California (Mr. MOSS).

The amendment offered by the gentleman from New Hampshire (Mr. WYMAN), as a substitute goes much further. It removes all of these devices except the seatbelt itself, and a light on the dashboard which shines if the seatbelt is not buckled. There is neither the interlock nor is there the buzzing system.

What is this sequential system?

I understand some Member is saying back there, great, that is what we want. But I wish some of these Members who say that is great had been sitting on the subcommittee when we heard the testimony on auto insurance when we considered the no-fault insurance bills.

We have had a tough problem of trying to decide on that committee whether or not to adopt some Federal or State standards for no-fault insurance. We must in some way face the problem of rising costs of auto insurance. It seems to me that it is a small enough thing for a man to listen for a short period of time to the buzz. If he does not want to pay any attention to it, he can just keep seated, buckle the seatbelt behind him and drive imprudently into the wild blue yonder. He can do that. The only thing is, if he rises again, he will get the buzz; that is all that will happen.

I would suggest to the Members that constituents are going to be a whole lot less worried by a buzz than by the shocking size of his insurance premium because accidents are so persistent, and so expensive.

Mr. MOSS. Mr. Chairman, will the gentleman yield?

Mr. ECKHARDT. I yield to the gentleman from California.

Mr. MOSS. I thank the gentleman for yielding.

This massive outpouring of complaints has totaled up to less than 1,000 complaints to the Department of Transportation for the model year 1974.

Mr. ECKHARDT. It seems to me that what we ought to do is establish this compromise position, this compromise position that we accepted on the committee with Mr. DINGELL's amendment, that we go farther, perfect the Moss amendment, and that we should reject the amendment to the amendment offered by Mr. WYMAN.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. ECKHARDT. I yield to the gentleman from California.

Mr. ROUSSELOT. I appreciate the gentleman's yielding.

He mentioned the insurance cost. Since we have had this system in effect about a year, have the insurance premiums come down?

Mr. ECKHARDT. The insurance premiums have not come down.

Mr. ROUSSELOT. I appreciate the gentleman's answer.

Mr. ECKHARDT. For other reasons.

Mr. ROUSSELOT. If the gentleman will yield further, he was making a major point that it would help reduce insurance premiums or at least modify them.

Mr. ECKHARDT. May I say this, that insurance premiums have gone down in some areas and not in others, but there is no question but that the seatbelts have lessened the extent of injury in accidents.

Mr. WHITE. Mr. Chairman, will the gentleman yield?

Mr. ECKHARDT. I yield to the gentleman from Texas.

Mr. WHITE. I thank the gentleman for yielding.

By the terms of the amendment offered by the gentleman from California (Mr. MOSS) I understand that the option lies with the purchaser as to whether or not he will have an interlock or not have an interlock system on his seatbelt.

Mr. ECKHARDT. That is correct.

Mr. WHITE. So, therefore, it is safe to assume that the manufacturer will have to produce most automobiles with a safety interlock to send them out to the general public, and then at these dealers disconnect the interlock; am I correct?

Mr. ECKHARDT. No, no. The provision of the bill, as Mr. DINGELL corrected it in his amendment, and which is further corrected by the Moss amendment, is that the manufacturer will have to give the purchaser the choice between the interlock and the sequential warning system.

Mr. WHITE. All right, but that is when the automobile is at the dealer where it is to be purchased normally; is that not correct?

Mr. ECKHARDT. That is right.

Mr. WHITE. But in another provision of the bill it provides a penalty for any repairman or dealer to disconnect any of these safety devices.

Mr. ECKHARDT. Either one of the systems.

The CHAIRMAN. The time of the gentleman has expired.

Mr. COLLINS of Texas. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, in this discussion that has been brought out on this amendment by our colleague, the gentleman from New Hampshire, I want to talk about some of the mechanical problems. It has already been estimated that there will be 300,000 cars in every year's manufacture that will have a buzzer problem. In other words, in 10 years 3 million cars are going to have this electrical problem.

Here is a letter which I received from a man in Richardson, Tex.

> Last Saturday, 3 November 1973, I drove out of the garage with a 1974 model car with all of the unnecessary interlocks related to the seat belts and ignition system. Last night on my way home from work, I was unable to start the car. After following all the instructions in the instruction manual, with the car still failing to start, two other engineers and myself worked for one hour to finally get the car to start.

That is going to happen all of the time. It happened to me once in Miami. It is going to happen to all of us.

We have heard the story about the woman about to be raped and how she was going to escape. How can she get the car started with the seat belt and shoulder harness plus the full buckles before the ignition will start?

This thing is a serious mechanical problem. Let me give you comments that people have written to me about. I have a comment from a businessman who lives in Irving:

> "Through the years, I have personally talked with hundreds of professional drivers particularly in the Petroleum Industry who refuse to wear safety belts because they've seen their own peers burned to death because they couldn't escape after an accident.

In other words, sometimes drivers do not want to wear the safety belt.

Then from Wisconsin I have a comment from a man who says this:

> An amendment of the law is vitally necessary to protect the right of the people. A former employee of ours, a truck driver, has only one leg as a result of being pinned in by a seat belt when a tire exploded on his Semi. Seat belts will not stop accidents, a lower speed limit and a severe crackdown on drunks will.

Then I have another letter from home:

> While unpacking my car at a motel in Florida last winter I heard a screech and looked up to see a car coming at me at about fifty miles an hour. I ducked and the car swerved off and hit a fence. What happened? The poor old man that was in the car said he tried to reach down and pull back the gas pedal that was stuck but he couldn't reach it on account of his damn seat belt, as he put it. He could have been killed and I know I came close.

In my hometown in Dallas a man wrote in to the Dallas News saying this:

> A personal experience further convinced me of the potential danger of such devices. Through no fault of mine, a speed demon hit my car broadside. Fortunately, my seat belt was not fastened. Had it been, I would have been pinned to the seat. Under the circumstances, the violence of the impact literally threw me out of my shoes and into the back seat. My forehead was cut and the impact caused other damage but a fastened seat belt, much less a harness would have meant irreparable disfigurement or instant death.

Here is another letter from a fine young lady 20 years old in Fort Worth. She says this:

> I wholeheartedly support your stand concerning the "big brother" attitude the government has taken. I was in a rather serious automobile wreck a year and a half ago. Had I been wearing my seat belt at the time, I probably would be severely crippled today or even dead. The seat of my 1965 Volkswagen was jammed within 3 inches of the steering wheel. Fortunately, I was flung into the other seat. I realize that this law will apply to American made cars, but I feel that should I buy a car in the future that has this feature, I should have the right to determine whether or not to wear the seat belt.

Mr. Chairman, under this excellent amendment offered by my friend, the gentleman from New Hampshire, we are going to give people a choice and we are not going to force this sequential buzzer system on them. This buzzer is something carried over from the Chinese torture system.

Mr. WYMAN. Mr. Chairman, the points made in the examples given by the gentleman add up to this, that it is up to the driver of the car as to whether or not he should wear a seat belt.

Mr. COLLINS of Texas. That is correct.

Mr. WYMAN. Is that not typically American?

Mr. COLLINS of Texas. That is correct.

Mr. WYMAN. Just as wearing the seat belt by duress is not really American?

Mr. COLLINS of Texas. That is completely right, and not only that but also many of these people would have been killed had we forced them to wear the belt and harness.

Mrs. GREEN of Oregon. Mr. Chairman, will the gentleman yield?

Mr. COLLINS of Texas. I yield to the gentlewoman from Oregon.

Mrs. GREEN of Oregon. Mr. Chairman, I rise in support of the amendment which has been offered by the gentleman from New Hampshire.

I think it is highly desirable that the Federal Government advise the American people that they probably will live longer if they wear the seat belts; there is no question but that the seat belts have reduced injuries. I think also it is highly desirable that the Federal Government advise people that if they smoke cigarettes they will not live as long, and perhaps the people around them will be injured if they are forced to inhale the cigarette smoke. The same point is involved in both instances. But there is nothing that irritates me more than when I pick up a rental car and have to fasten that seat belt. After the Government has advised me my chance of survival in an accident is better if I fasten my seat belt, then I think the Federal Government has no right to intrude any further; any more than the Government has the right to use compulsion and take cigarettes away from people who smoke on the grounds that they will live longer if they do not smoke. It seems to me whether people are going to live longer by not smoking or live longer by using seat belts is up to the individual after the Federal Government has advised them of the possibilities in each instance; compulsion-coercion has never been successful nor desirable in regulating such individual decisions on a day-to-day basis.

Mr. ICHORD. Mr. Chairman, I move to strike the last word.

I strongly concur in the remarks of the gentlewoman from Oregon.

I rise in favor of the amendment offered by the gentleman from New Hampshire, as one who wears a seatbelt and who recognizes the value of the seatbelt, as a safety device.

Here we are dealing with a matter of choice by the American public. The distinguished gentleman from Texas has attempted to put the matter in proper perspective and has come to the conclusion that the proper compromise is the amendment of the gentleman from Michigan (Mr. DINGELL), offered by the gentleman from California (Mr. MOSS).

Let me put the matter in proper perspective and come up with a different conclusion. As I understand the situation, under the present DOT regulation a manufacturer can comply with the DOT regulation only by an interlock device. Under the committee bill and the amendment of the gentleman from Michigan, the manufacturer can only comply with the regulation if he comes up with a sequential system or an interlock system.

Under the substitute amendment, the amendment of the gentleman from New Hampshire, the manufacturer can comply with the regulation if he comes up with either a sequential system, an interlock system, or a seatbelt with a lighting system, or after 1976 with an airbag system.

It apears to me, members of the committee, that this is the proper compromise.

I called early this morning an official from the Hertz Rental Car System, because I had heard that Hertz was having considerable difficulty with the interlock system. This is what the official from the Hertz System advised me: that they were experiencing so much difficulty that it was almost impossible for them to obtain sufficient towing service to tow a certain make of automobile back into the shop because the automobile would not start due to a shorting of the interlock system; that between 6 and 7 out of 10 of their automobiles now no longer had the buzzer system because dissatisfied customers had disconnected the same. And if the gentleman from California does not believe that the American people are discontented with the present system and will still be discontented under the Dingell amendment, I was advised that a majority of the customers coming into Hertz were asking for 1973 cars with 25,000 or 30,000 miles on them, rather than taking the 1974 cars with the interlock system.

Mr. ECKHARDT. Mr. Chairman, will the gentleman yield?

Mr. ICHORD. I yield to the gentleman from Texas first.

Mr. ECKHARDT. One point the gentleman made may not be important, but I think he is slightly incorrect with respect to the effect of the Wyman amendment on the airbag. After 1977 under the present law that is mandatory; the Wyman amendment would make that also optional.

Mr. ICHORD. That would also be optional. If I am in error, I stand corrected.

Mr. MOSS. Mr. Chairman, will the gentleman yield?

Mr. ICHORD. I yield to the gentleman from California.

Mr. MOSS. I do not question that Hertz told the gentleman what he just related; but I would point out that one of the very ardent and enthusiastic witnesses before my subcommittee in support of a Federal no-fault, because of the escalating costs——

Mr. ICHORD. The Federal what?

Mr. MOSS. For Hertz, because of the high cost of insurance.

Mr. ICHORD. I do not see where that has any relevancy.

Mr. MOSS. The relevancy, if the gentleman will yield further——

Mr. ICHORD. I yield.

Mr. MOSS. This is designed to lower the cost of insurance through lowering the number of accidents. Now, Hertz cannot have it two ways. They cannot have the costs dropped down with the safety features being built in, unless they are magicians.

Mr. ICHORD. I do not question the belief of the gentleman from California, but I would point out that insurance rates have not been lowered since the interlock system was mandated.

Mr. BROYHILL of North Carolina. Mr. Chairman, I move to strike the last word.

Mr. Chairman, if I could have the attention of the members of the committee, first I want to explain that the amendment which has been offered by the gentleman from California (Mr. Moss) is the committee amendment. There were some technical difficulties with the amendment that was adopted by the committee, and all that the gentleman from California is attempting to do is reoffer the amendment that was adopted by a clear majority of the committee to make sure that it will do the job that it was intended to do.

I am going to speak in favor of the committee amendment—and in committee we refer to that amendment as the Dingell amendment, because the gentleman from Michigan was the author of this amendment in committee.

There is no question that the interlock has irritated many people. I know that all the Members have received letters from people complaining about the inability to drive even short distances, perhaps to shop or what not, without having to buckle up first. But, I plead with the members of the committee, let us not jump to a simple solution by outlawing completely the interlock.

Let me tell the members this: For all of its shortcomings, the interlock is doing the job that it was designed to do. The use of lap and shoulder belts in 1974 cars is 10 times higher than in the 1973 cars. What do these figures mean? They mean more lives saved; they mean more injuries prevented. Over the 10-year span or lifetime of, say 1973 cars as compared to 1974 cars, 3,000 more people are going to be saved by the safety belts which are used in the 1974 cars than in the 1973 cars.

I believe that there is some other way of accomplishing the purpose of the interlock without causing so much inconvenience. We should certainly offer that alternative, and it is being offered in the committee amendment offered by the gentleman from Michigan (Mr. DINGELL) in committee. I believe that the committee amendment is the reasonable compromise between the interests of consumer safety and consumer convenience.

Mr. Chairman, let me read a letter from the Secretary of Transportation, which I will put in the RECORD at this time.

The letter follows:

THE SECRETARY OF TRANSPORTATION,
Washington, D.C., August 12, 1974.

Hon. JOHN E. MOSS,
Chairman, Subcommittee on Commerce and Finance, Washington, D.C.

DEAR MR. CHAIRMAN: In response to your request, this is to advise the Committee of the Department of Transportation's view on two amendments that I understand may be offered to H.R. 5529 during its consideration by the full House.

Both amendments relate to Federal Motor Vehicle Safety Standard 208, *Occupant Crash Protection*, that was issued by the Department pursuant to the National Traffic and Motor Vehicle Safety Act of 1966. One amendment would require the Department to amend the standard so that consumers could, at their option, buy new safety belt-equipped cars with or without devices for encouraging safety belt use, such as reminder lights, audible warning systems, and ignition interlocks. The other amendment would prohibit the Department from amending Standard 208 to require the future installation of passive restraints.

The Department opposes both amendments. We have good evidence that the added human cost in automobile deaths and injuries from adopting these amendments is potentially quite large. Further, both are objectionable because they eliminate some of the administrative flexibility necessary to carry out an effective crash survivability program.

Of the 56,000 people killed in highway crashes during 1973, 40,000 were occupants of motor vehicles. At least 30,000 of these vehicle occupants died as a result of being hurled against their dashboards or ejected onto the roadway. Our analyses indicate that as many as half of these 30,000 people could have been saved had they used a proper restraint system.

Unfortunately, the use of occupant restraints has traditionally been low in this country. Even now, the average use rate for cars of all model years is about 5 percent for lap and shoulder belts and 25 percent for lap belts alone.

The warning systems in 1972 and 1973 cars, and the belt-starter interlock in 1974 cars, have brought about a dramatic increase in the usage of current belt systems. Our studies show about 50% of the 1974 model car users wearing their lap and shoulder belts.

We recognize that there has been much public opposition to the belt-starter interlock, and the Department has stated its acceptance of the amendment that is now included in H.R. 5529 that would provide the public with a choice between the interlock and a simple sequential warning system.

In the years since NHTSA was established, substantial advances have been made in various occupant restraint technology. There are now available passive restraint systems that deploy automatically in a crash and provide a large measure of protection for all occupants. These systems do not interfere with the freedom of the driver and his passengers in their use of the vehicle, and therefore have eliminated most of the disadvantages that have caused the public opposition to the seat belt use-inducing systems.

The costs and benefits associated with vehicle passive protection are still being assessed by NHTSA, and no final decision has been made on either the desirability of a mandatory rule or its effective date. However, it is vital that we retain the option to make the proper decision.

I must also express my misgivings about Congress' legislating specific safety standards which we believe are more appropriately the subject of traditional regulatory action.

I appreciate this opportunity to offer these comments.

Sincerely,

CLAUDE S. BRINEGAR.

Mr. Chairman and members of the committee, I stated a few moments ago in general debate that with the beginning of this program in 1966, a number of findings and increases in technology have been made. It seems inconsistent that we are proposing to say now that this program has done too good a job. It has done a good job; it is a program that has saved lives.

The Congress has issued to the people who run this a mandate to accomplish the purpose of saving lives, and now we are going to come along and severely limit their ability to do this and restrict the capability of this program to carry out the mandate we have given to them.

We must not write into this legislation language that is going to put these severe limitations on the development of new devices and new approaches. To do so would be to stifle this attempt.

Mr. ROUSSELOT. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of the amendment offered by the gentleman from New Hampshire because I think it is the more reasonable approach to a real consumer problem. I have been one of its cosponsors. I think the committee made a mistake originally in not making the language clear enough so that the Department of Transportation could not in any way misinterpret what we meant by "safety devices."

Let me comment on the statement of the gentleman from North Carolina.

Mr. MOSS. Mr. Chairman, will the gentleman yield to correct an error, a misstatement he just made?

Mr. ROUSSELOT. I will yield briefly to my colleague from California.

Mr. MOSS. Yes. We did not at any time, directly or indirectly, mandate, suggest, or request that the Department put in this kind of system.

Mr. ROUSSELOT. That is exactly my point. The Department misinterpreted the language. That is what I am saying. When we give a bureaucracy any kind of broad language, they will always assume that they know better than anyone in the Congress what to do, and will inevitably expand their powers.

I think this interlock system is the best example of that administrative "overkill," if you will pardon the expression, in so-called safety, when, in fact, it is not real safety, in my opinion.

The gentleman from North Carolina (Mr. BROYHILL) said that according to the Department of Transportation and the Secretary, roughly 30,000 persons in 1973 were killed because safety devices were lacking. About half of that, 15,000, resulted because they did not have specific restraints. I assume the gentleman from North Carolina refers to safety belts. Furthermore, if the gentleman from Ohio (Mr. DEVINE) is correct in saying that half of the accidents in this country are caused by alcoholism, then we can assume that half of that 15,000 was caused as a result of alcoholism. Therefore, we are down to 7,500 people who did not buckle up.

My colleagues, no matter how many lives we put on the books, we cannot make people do what is right to protect themselves. I think in this country we believe that we cannot make laws so strict that we can make everybody do just what the gentleman from North Carolina thinks they should do or just what the gentleman from California thinks they should do. Safety belts will be used when people understand their value to safety, not before.

Let me comment on the argument of the gentleman from North Carolina that this should not be a simple solution. I agree. I believe that is the problem that the Department has come up with, what it thought was a simple solution in an interlock system and it has turned out to be a nightmare for the driver, not a simple solution.

I would like to follow through with the point that the gentleman from Missouri (Mr. ICHORD), and others have made. If you have had the experience of renting a car lately, you find strange things happening! I had to switch three cars a month ago because the interlock system was jammed. The buzzers were going, and there were only two of us in the car. We could not get the car started because this stupid interlock system did not work.

That has not just happened to a few people. If one talks to any of the rental people at the airports, they will tell you that this is the most impossible system that the Department of Transportation has imposed upon anybody. It really does not help contribute that much to safety.

The gentleman from California comments that the Department has only had 1,000 letters. I can tell the Members why that is. We, as Congressmen, have gotten all the letters. The people think that Congress enacted this strange regulation. We did not but the public thinks we did. What I am saying is that we allowed that language to be too broad in the original legislation. Allow language that is too broad and any agency in this Government will assume more power. If anyone does not think so, he should just look at what they have already done in the name of safety.

Mr. WYMAN. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I yield to the gentleman from New Hampshire.

Mr. WYMAN. I thank the gentleman for yielding.

Mr. Chairman, the gentleman from North Carolina obviously has not read my amendment. Somehow or other, he suggests that we support the committee amendment because then we will have seat belts. All my amendment says is that if seat belts are required and there is a requirement to buckle up, that there be a red light on the dashboard which will go on if anyone does not buckle up, instead of having all this electronic stuff under the seat.

Mr. ROUSSELOT. Mr. Chairman, I thank the gentleman for his comment. What our colleague, the gentleman from North Carolina, tried to imply was that we were outlawing the interlock system. No, we are not. It will still be optional, if an individual buyer wishes to pay for the system as an extra feature—at about $75 per car.

We are merely saying in this amendment that it is voluntary. What is wrong with that? That is what our whole country is supposed to be about, a matter of free choice.

Mr. MYERS. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I yield to the gentleman from Indiana.

Mr. MYERS. Mr. Chairman, it has been stated this afternoon that the seatbelts and harnesses prevent accidents. They cannot. There is no way by which they can do that. They might prevent the seriousness of accidents or they might reduce the seriousness of accidents.

There is one other thing which the gentleman from Texas (Mr. ECKHARDT) commented about, and that is insurance rates. Of course, they are tied to mortality rates.

If I remember correctly, the mortality rates did not go down with the passage of the mandatory interlock system; they came down when we reduced the speed limit on the highway. That is when they came down, not when these devices were approved.

Mr. ROUSSELOT. Mr. Chairman, the gentleman is correct. I rise in support of the amendment of the gentleman from New Hampshire. I have been one of its consponsors.

Mr. STAGGERS. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

I would like to make a preliminary statement, and then I will yield to my colleague, the gentleman from California (Mr. Moss).

Mr. Chairman, I think we have strayed from the issue of the debate completely. I do not think all of the debate is going to change one vote in the House. We have debated this subject for years.

I would just like to correct the statement made by the last speaker when he said that the gentleman from North Carolina stated 50 percent of accidents were caused by certain things and then 50 percent were caused by alcohol.

These things do cause accidents, but not deaths or injuries. It has been proven before our committee that it is the second impact of the occupant with the interior of the car that kills and maims. If one is not buckled up, this is when he gets slammed into something or he is killed when he is thrown out of the car.

Mr. Chairman, I can remember when I played football in high school, I played without a helmet. I told the coach that I would not play if I had to wear a helmet. Finally the regulations came along in our league, and these regulations said: "You will play with a helmet or you will not play at all."

That regulation came along because injuries and deaths had occurred to boys who got kicked in the head.

Then I had to wear a helmet. I did not want to, but I did.

Mr. Chairman, the gentleman knows that if he goes over here to the National Airport and gets on a plane, he is going to have to buckle his seatbelt. If he does not, he will not go.

I noticed recently—this was a month or perhaps a year ago—a couple got on at the airport and said they would not buckle their seatbelts. The airline personnel held the plane and brought the guards on who removed them, because they would have been a danger to the rest of the passengers on the plane if they had been hurtled through space and hurt somebody.

That is the reason we have seatbelts. It is the second collision and not the first collision that hurts and kills and maims. That is what we are trying to get away from.

I believe, just as the gentleman does, that this ought not to be connected to the ignition system. I will agree with that.

I will say this: If it is just a buzzing system and one wants to listen to that, he can go ahead and listen to it if he wants to, or he can buckle the seatbelt and get away from that, under the sequential system, as suggested by the gentleman from California.

Mr. MOSS. Mr. Chairman, will the gentleman yield?

Mr. STAGGERS. I yield to the gentleman from California.

Mr. MOSS. Mr. Chairman, I would just like to make a correction in the statement of my good friend, the gentleman from California (Mr. ROUSSELOT), who implied that this was some bureaucratic conspiracy which brought about the interlock.

The interlock was brought about over the objections of the Department of Transportation as a result of the visit of the presidents of two of the major manufacturers of automobiles with the President of the United States, and at a subsequent meeting attended by Mr. John Ehrlichman, Mr. Robert Flanagan, and another White House aide, the order was issued to the Department of Transportation to go along with the interlock rather than the alternative system which the Department of Transportation had under study as an intermediate device.

Now, Mr. Chairman, that is the fact.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. STAGGERS. I will yield briefly to the gentleman from California.

Mr. ROUSSELOT. Mr. Chairman, I would say that that is another example of abuse of power.

Mr. MOSS. Mr. Chairman, I quite agree.

Mr. MYERS. Mr. Chairman, will the gentleman yield?

Mr. STAGGERS. I yield to the gentleman from Indiana.

Mr. MYERS. Mr. Chairman, I will agree with the gentleman that probably the seatbelts and interlocking devices sometimes help people who drive and prevent them from being injured in accidents, and sometimes they can be saved by these devices.

But why do we not keep the discretion with the insurance companies to give proportionate rates to people who have an automobile with an interlocking device?

I do not know of one insurance company that ever offered such a rate. They offer special rates for nondrinking drivers.

So why do we not just leave the discretion to the insurance company and to the insured?

AMENDMENT OFFERED BY MR. MOSS TO THE AMENDMENT OFFERED BY MR. WYMAN AS A SUBSTITUTE FOR THE AMENDMENT OFFERED BY MR. MOSS

Mr. MOSS. Mr. Chairman, I offer an amendment to the amendment offered as a substitute for the amendment.

The Clerk read as follows:

Amendment offered by Mr. Moss to the amendment offered by Mr. WYMAN as a substitute for the amendment offered by Mr. Moss: In the Wyman substitute, strike out the amendment beginning on line 3 of page 49 and insert in lieu thereof the following:

"(2) (A) Effective with respect to motor vehicles manufactured after the date of enactment of this paragraph and before August 15, 1976, Federal motor vehicle safety standards may not require that any such vehicle be equipped (i) with a safety belt interlock system, (ii) with any warning device other than a warning light designed to indicate that safety belts are not fastened, or (iii) with any occupant restraint system other than integrated lap and shoulder safety belts for front outboard occupants and lap belts for other occupants."

Mr. MOSS. Mr. Chairman, this amendment does exactly what the gentleman from New Hampshire (Mr. WYNN) says he wants to do, excepting that we leave to a later time the question of air bags.

Mr. WYMAN. Mr. Chairman, if the gentleman will yield, if the gentleman's language means what I think it means——

Mr. MOSS. I believe that it does.

Mr. WYMAN. I have no objection to the perfection of my substitute. It will do exactly what we want to do. The technology on air bags is down the road ahead, and that should be deferred.

Mr. MOSS. I thank the gentleman.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. MOSS. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Chairman, I would ask the gentleman from California, does it remove the penalties?

Mr. MOSS. The provisions relating to penalties are not involved in this language in any way that is now before us.

Mr. ROUSSELOT. No penalty if a dealer disconnects?

Mr. MOSS. Mr. Chairman, I must say to the gentleman from California (Mr. ROUSSELOT) that the penalty provisions are in an entirely different section of the Motor Vehicle Safety Act not touched upon at all by the bill now before the House.

Mr. ROUSSELOT. Is this effective immediately?

Mr. MOSS. This is effective immediately.

Mr. WYMAN. Mr. Chairman, if the gentleman will yield further, the gentleman has language that says on or after August 15, 1976. Why is that date in the gentleman's amended version? Why would there be any date if the gentleman is removing, as I understand, the option which my substitute provided that for cars manufactured after August 15, 1976, buyers would have the option of buying whatever passive restraint is then approved by the agency, that of a car with seat belts with red warning lights.

Mr. MOSS. That is the date the agency has approved for the implementation of the passive restraint system and the doing away with the sequential interlock system.

Mr. WYMAN. I understand, but under the substitute which I have proposed and which the gentleman is amending, the requirements of seat belts and interlock systems would go off tomorrow morning, or whenever the effective date is on passage.

Mr. MOSS. I only dealt with the portion of the amendment which dealt with the air bags; I did not deal with the portion of it which dealt with the interlock system and sequential lights.

Mrs. MINK. Mr. Chairman, if the gentleman will yield, as I understand his amendment—and I commend the gentleman for offering it—it would render, upon passage, a nullity the requirement of an interlock system, instead we would simply have the requirement of seat, lap, and shoulder straps, and the warning lights, but no interlock system; is that correct?

Mr. MOSS. That I believe is correct. Yes, that is correct.

Mrs. MINK. If the gentleman will yield still further, in section 103, paragraph 2, you have a prohibition on a dealer from knowingly rendering inoperative in whole or in part any device.

Mr. MOSS. Yes, indeed. If the gentlewoman from Hawaii had listened to the previous colloquy, I stated that the matter of penalties is taken care of in another section of the act.

Mrs. MINK. Yes. That is my concern, since we are doing away with this device and the requirement of this device.

Mr. MOSS. That continues in the limited device that would be permitted under the Wyman amendment.

Mrs. MINK. Therefore, in the automobiles that currently have those interlock systems, would they not be restrained from altering in any way the vehicles in order to conform?

Mr. MOSS. That is correct, in automobiles already having the interlock. Both under my language and under the language of the gentleman from New Hampshire, they would be restrained from rendering the device inoperable.

Mrs. MINK. If the gentleman will yield further, I would suggest that that would be most unfair, if we are lessening the requirement and that it should be possible for the dealers that now have these automobiles to make the same adjustments, to be incompliance with the law.

Mr. MOSS. Will the gentlewoman let me comment that we are not here attempting to be fair; we are attempting to do the possible. That is all we are trying to do.

Mrs. MINK. I would simply like to state that I would like to offer an amendment to make it possible that the dealers would not have to comply with the law.

Mr. MOSS. I believe that would be an amendment not permitted under the rule.

Mr. STAGGERS. Mr. Chairman, will the gentleman yield?

Mr. MOSS. I yield to the gentleman from West Virginia.

Mr. STAGGERS. I thank the gentleman for yielding.

In answer to the gentlewoman from Hawaii, individuals can have this made inoperative.

Mr. MOSS. An individual may disconnect.

Mr. STAGGERS. There would be no law against it.

Mr. MOSS. That is correct. There is none now; there would be none under this, either the Wyman amendment or the modification proposed by the Moss amendment. The individual may disconnect it, and he may do so without penalty.

The CHAIRMAN. The time of the gentleman has expired.

Mr. WYMAN. Mr. Chairman, I move to strike the necessary number of words.

Mr. Chairman, I will not consume the 5 minutes. I just want to make this one point with the gentleman from California. The gentleman has proposed to strike from my substitute an option that was to apply to passenger cars manufactured after August 15, 1976, for buyers to take either the passive restraints that might then be approved or integrated lap and shoulder seatbelts, front and rear seats. The gentleman struck that out. It must be for a reason.

Mr. MOSS. Yes.

Mr. WYMAN. The first part of the substitute as amended by the gentleman from California prohibits the ignition interlock and prohibits the sequential warning system, so we end up with cars with seatbelts and merely a light on the dash that says the seatbelt is not fastened. Why did the gentleman strike out the option to apply to cars manufactured after August 15, 1976?

Mr. MOSS. Because there is a pending regulation, which already has been published, on which comment has been received for the passive restraint system to become effective on that date.

Mr. WYMAN. I am curious now, because if there is one thing in the world that I do not want to do or to be responsible for, it is burdening the car-buying American public with $200 or $300 more for an air bag for every car they buy after 1976. I want to make sure that they have an option to take a car with seatbelts or an air bag or whatever else technology may then come up with. Is the gentleman suggesting that cars after that date are going to have to have air bags, that they are going to be mandatory?

Mr. MOSS. That is correct.

Mr. WYMAN. If that is so by regulations, I will have to insist upon the language of my original substitute then and make this an option.

Mr. MOSS. The gentleman can do whatever he pleases. I am merely attempting to clarify what I am doing and why I am doing it.

Mr. KAZEN. Mr. Chairman, will the gentleman yield?

Mr. WYMAN. I yield to the gentleman from Texas.

Mr. KAZEN. I thank the gentleman for yielding.

If I understand the gentleman from California—and I may be wrong, and I am asking for this discussion for the purpose of clarification—the gentleman is proposing that this law be subservient to a pending regulation rather than to make the regulation subservient to the law; am I correct?

Mr. WYMAN. That is correct and that is what I was trying to straighten out by the colloquy which just took place between the gentleman and myself. I do not want to strike out from my substitute language that will give car buyers of cars manufactured after August 15, 1976 an option to have simple seat belts in those cars, which are going to be $200 or more lower in cost than that same car equipped with an air bag.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California (Mr. Moss) to the amendment offered by the gentleman from New Hampshire (Mr. WYMAN) as a substitute for the amendment offered by the gentleman from California (Mr. Moss).

The amendment to the substitute amendment for the amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Hampshire (Mr. WYMAN) as a substitute for the amendment offered by the gentleman from California (Mr. Moss).

The question was taken; and the Chairman announced that the ayes appeared to have it.

RECORDED VOTE

Mr. MOSS. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 339, noes 49, answered "present" 2, not voting 44, as follows:

[Roll No. 476]

AYES—339

Addabbo
Anderson, Ill.
Andrews, N. Dak.
Annunzio
Archer
Arends
Armstrong
Ashbrook
Ashley
Badillo
Bafalis
Baker
Barrett
Bauman
Bell
Bennett
Bergland
Bevill
Biaggi
Biester
Blackburn
Boggs
Boland
Bowen
Bray
Breaux
Brinkley
Brooks
Broomfield
Brotzman
Brown, Ohio
Broyhill, Va.
Buchanan
Burgener
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Butler
Byron
Camp
Carney, Ohio
Carter
Casey, Tex.
Cederberg
Chamberlain
Chappell
Clancy
Clark
Clausen, Don H.
Clawson, Del
Cleveland
Cochran
Cohen
Collins, Tex.
Conable
Conlan
Conte
Corman
Cotter
Coughlin
Crane
Cronin
Daniel, Dan
Daniel, Robert W., Jr.
Daniels, Dominick V.
Danielson
Davis, S.C.
Davis, Wis.
de la Garza
Delaney
Dellenback
Denholm
Dennis
Dent
Derwinski
Devine
Dickinson
Diggs
Donohue
Dorn
Downing
Duncan
Edwards, Ala.
Erlenborn
Esch
Eshleman
Evins, Tenn.
Fascell
Findley
Fish
Fisher
Flood
Flowers
Foley
Ford
Forsythe
Fountain
Frelinghuysen
Frenzel
Frey
Froehlich
Fulton
Fuqua
Gaydos
Gettys
Giaimo
Gibbons
Gilman
Ginn
Goldwater
Gonzalez
Goodling
Grasso
Green, Oreg.
Gross
Grover
Guyer
Haley
Hamilton
Hammerschmidt
Hanley
Hanrahan
Hansen, Idaho
Harsha
Hastings
Hawkins
Hays
Hechler, W. Va.
Heckler, Mass.
Heinz
Helstoski
Henderson
Hicks
Hillis
Hinshaw
Hogan
Holifield
Holt
Horton
Hosmer
Howard
Huber
Hudnut
Hungate
Hunt
Hutchinson
Ichord
Jarman
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jordan
Karth

Kastenmeier
Kazen
Kemp
Ketchum
King
Kluczynski
Kuykendall
Kyros
Lagomarsino
Landgrebe
Landrum
Latta
Lent
Long, Md.
Lott
Lujan
Luken
McClory
McCloskey
McCollister
McCormack
McDade
McEwen
McFall
McKay
McKinney
Macdonald
Madden
Madigan
Mahon
Mallary
Mann
Maraziti
Martin, Nebr.
Martin, N.C.
Mathias, Calif.
Mathis, Ga.
Matsunaga
Melcher
Metcalfe
Milford
Miller
Mills
Minish
Mink
Minshall, Ohio
Mitchell, Md.
Mitchell, N.Y.
Mizell
Moakley
Mollohan
Montgomery
Moorhead, Pa.
Morgan
Mosher
Murphy, Ill.
Murtha
Myers
Natcher
Nedzi
Nelsen
Nichols
Nix
Obey
O'Brien
O'Neill
Owens
Patman
Patten
Perkins
Pettis
Peyser
Pickle
Poage
Powell, Ohio
Preyer
Price, Ill.
Price, Tex.
Pritchard
Quie
Railsback
Randall
Rangel
Rees
Regula
Rhodes
Riegle
Rinaldo
Roberts
Robinson, Va.
Rodino
Roe
Rogers
Roncalio, Wyo.
Roncallo, N.Y.
Rooney, Pa.
Rose
Rostenkowski
Roush
Rousselot
Roybal
Runnels
Ruppe
Ruth
Ryan
St Germain
Sandman
Sarasin
Satterfield
Scherle
Schneebeli
Schroeder
Sebelius
Seiberling
Shipley
Shriver
Shuster
Sikes
Sisk
Skubitz
Slack
Smith, Iowa
Snyder
Spence
Stanton, J. William
Stanton, James V.
Steed
Steele
Steelman
Steiger, Ariz.
Steiger, Wis.
Stephens
Stratton
Stubblefield
Studds
Sullivan
Symington
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Teague
Thomson, Wis.
Thone
Thornton
Tiernan
Towell, Nev.
Traxler
Udall
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Veysey
Vigorito
Waggonner
Walsh
Wampler
White
Whitehurst
Whitten
Widnall
Wilson, Bob
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Winn
Wolff
Wright
Wyatt
Wydler
Wylie
Wyman
Yatron
Young, Alaska
Young, Fla.
Young, Ill.
Young, S.C.
Young, Tex.
Zablocki
Zion
Zwach

NOES—49

Abzug
Adams
Anderson, Calif.
Aspin
Bingham
Brademas
Breckinridge
Brown, Calif.
Broyhill, N.C.
Burke, Calif.
Burton, John
Burton, Phillip
Clay
Collins, Ill.
Conyers
Dellums
Drinan
du Pont
Eckhardt
Edwards, Calif.
Eilberg
Evans, Colo.
Fraser
Green, Pa.
Griffiths
Gude
Harrington
Holtzman
Koch
Leggett
Long, La.
Mazzoli
Meeds
Mezvinsky
Moss
O'Hara
Pike
Reuss
Rosenthal
Sarbanes
Smith, N.Y.
Staggers
Stark
Stokes
Thompson, N.J.
Waldie
Ware
Whalen
Yates

ANSWERED "PRESENT"—2

Lehman
Parris

NOT VOTING—44

Abdnor
Alexander
Andrews, N.C.
Beard
Blatnik
Bolling
Brasco
Brown, Mich.
Carey, N.Y.
Chisholm
Collier
Culver
Davis, Ga.
Dingell
Dulski
Flynt
Gray
Gubser
Gunter
Hanna
Hansen, Wash.
Hébert
Jones, Tenn.
Litton
McSpadden
Mayne
Michel
Moorhead, Calif.
Murphy, N.Y.
Passman
Pepper
Podell
Quillen
Rarick
Reid
Robison, N.Y.
Rooney, N.Y.
Roy
Shoup
Stuckey
Treen
Wiggins
Williams
Young, Ga.

So the amendment offered as a substitute for the amendment was agreed to.

The result of the vote was announced as above recorded.

The CHAIRMAN pro tempore (Mr. McKAY). The question is on the amendment offered by the gentleman from California (Mr. Moss) as amended.

The amendment, as amended, was agreed to.

The CHAIRMAN pro tempore. If there are no further amendments, the question is on the committee amendment in the nature of a substitute as amended.

The committee amendment in the nature of a substitute as amended was agreed to.

The CHAIRMAN pro tempore. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the Chair, Mr. McKAY, Chairman pro tempore of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 5529) to amend the National Traffic and Motor Vehicle Safety Act of 1966 to authorize appropriations for the fiscal years 1974, 1975, and 1976, to provide for the recall of certain defective motor vehicles without charge to the owners thereof, and for other purposes, pursuant to House Resolution 1304, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment to the committee amendment in the nature of a substitute adopted in the Committee of the Whole? If not, the question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

The title was amended so as to read: "A bill to amend the National Traffic and Motor Vehicle Safety Act of 1966 to authorize appropriations for fiscal years 1975, 1976, and 1977; to provide for the remedy of certain defective motor vehicles without charge to the owners thereof; to require that schoolbus safety standards be prescribed; to amend the Motor Vehicle Information and Cost Savings Act to provide for a special demonstration project; and for other purposes."

A motion to reconsider was laid on the table.

The SPEAKER. Pursuant to the provisions of House Resolution 1304, the Committee on Interstate and Foreign Commerce is discharged from the further consideration of the Senate bill S. 355, to amend the National Traffic and Motor Vehicle Safety Act of 1966 to promote traffic safety by providing that defects and failures to comply with motor vehicle safety standards shall be remedied without charge to the owner, and for other purposes.

The Clerk read the title of the Senate bill.

MOTION OFFERED BY MR. STAGGERS

Mr. STAGGERS. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. STAGGERS moves to strike out all after the enacting clause of the bill S. 355, and to insert in lieu thereof the provisions of H.R. 5529, as passed, as follows:

That this Act may be cited as the "Motor Vehicle and Schoolbus Safety Amendments of 1974".

TITLE I—MOTOR VEHICLE SAFETY

SEC. 101. AUTHORIZATION OF APPROPRIATIONS.

Section 121 of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1409) is amended to read as follows:

"SEC. 121. There are authorized to be appropriated for the purpose of carrying out this Act, not to exceed $55,000,000 for the fiscal year ending June 30, 1975; $60,000,000 for the fiscal year ending June 30, 1976; and $65,000,000 for the fiscal year ending June 30, 1977."

SEC. 102. NOTIFICATION AND REMEDY.

(a) REQUIREMENT OF NOTIFICATION AND REMEDY.—Title I of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1391, et seq.) is amended by striking out section 113 and by adding at the end of such title the following new part:

"PART B—DISCOVERY, NOTIFICATION, AND REMEDY OF MOTOR VEHICLE DEFECTS

"NOTIFICATION RESPECTING MANUFACTURER'S FINDING OF DEFECT OR FAILURE TO COMPLY

"SEC. 151. If a manufacturer of motor vehicles or tires—.

"(1) obtains knowledge that any motor vehicle or item of motor vehicle equipment manufactured by him contains a defect and determines in good faith that such defect relates to motor vehicle safety; or

"(2) determines in good faith that such vehicle or item of equipment does not comply with an applicable Federal motor vehicle safety standard prescribed pursuant to section 103 of this Act;

he shall furnish notification to the Secretary and to owners, purchasers, and dealers, in accordance with section 153, and he shall remedy the defect or failure to comply in accordance with section 154.

"NOTIFICATION RESPECTING SECRETARY'S FINDING OF DEFECT OR FAILURE TO COMPLY

"SEC. 152. (a) If through testing, inspection, investigation, or research carried out pursuant to this Act, or examination of communications under section 158(a), or otherwise, the Secretary determines that any motor vehicle or item of motor vehicle equipment—

"(1) does not comply with an applicable Federal motor vehicle safety standard prescribed pursuant to section 103 of this Act; or

"(2) contains a defect which relates to motor vehicle safety;

he shall immediately notify the manufacturer of such motor vehicle or item of motor vehicle equipment of such defect or failure to comply. The notice shall contain the findings of the Secretary and shall include all information upon which the findings are based. The Secretary shall afford such manufacturer an opportunity to present his views and evidence in support thereof, to establish that there is no failure of compliance or that the alleged defect does not affect motor vehicle safety.

"(b) If after such presentation by the manufacturer the Secretary determines that such vehicle or item of equipment does not comply with an applicable Federal motor vehicle safety standard, or contains a defect which relates to motor vehicle safety, the

Secretary shall order the manufacturer (1) to furnish notification respecting such vehicle or item of equipment to owners, purchasers, and dealers in accordance with section 153, and (2) to remedy such defect or failure to comply in accordance with section 154.

"CONTENTS, TIME, AND FORM OF NOTICE

"Sec. 153. (a) The notification required by section 151 or 152 respecting a defect in or failure to comply of a motor vehicle or item of motor vehicle equipment shall contain, in addition to such other matters as the Secretary may prescribe by regulation—

"(1) a clear description of such defect or failure to comply;

"(2) an evaluation of the risk to motor vehicle safety reasonably related to such defect or failure to comply;

"(3) a statement of the measures to be taken to obtain remedy of such defect or failure to comply;

"(4) a statement that the manufacturer furnishing the notification will cause such defect or failure to comply to be remedied without charge pursuant to section 154;

"(5) the earliest date (specified in accordance with section 154(b) (2)) on which such defect or failure to comply will be remedied without charge and, in the case of tires, the length of the period during which such defect or failure to comply will be remedied without charge pursuant to section 154; and

"(6) a description of the procedure to be followed in informing the Secretary whenever a manufacturer, distributor, or dealer fails or is unable to remedy without charge such defect or failure to comply.

"(b) The notification required by section 151 or 152 shall be furnished—

"(1) within a reasonable time after the manufacturer first makes a determination with respect to a defect or failure to comply under section 151; or

"(2) within a reasonable time (prescribed by the Secretary) after the manufacturer's receipt of notice of the Secretary's determination pursuant to section 152 that there is a defect or failure to comply.

"(c) The notification required by section 151 or 152 with respect to a motor vehicle or item of motor vehicle equipment shall be accomplished—

"(1) in the case of a motor vehicle, by first class mail to each person who is registered under State law as the owner of such vehicle and whose name and address is reasonably ascertainable by the manufacturer through State records or other sources available to him;

"(2) by first class mail to the first purchaser (or if a more recent purchaser is known to the manufacturer, to the most recent purchasers known to the manufacturer) of each motor vehicle or item of motor vehicle equipment containing such defect or failure to comply, unless the registered owner (if any) of such vehicle or item of equipment was notified under paragraph (1);

"(3) by certified mail or other expeditious means to the dealer or dealers of such manufacturer to whom such motor vehicle or motor vehicle equipment was delivered; and

"(4) by certified mail to the Secretary, if section 151 applies.

In the case of a tire, the manufacturer may elect to provide notification under paragraphs (1) and (2) by certified mail.

"REMEDY OF DEFECT OR FAILURE TO COMPLY

"Sec. 154. (a) (1) If notification is required under section 151 or by an order under section 152(b) with respect to any motor vehicle or item of motor vehicle equipment which fails to comply with an applicable Federal motor vehicle safety standard or contains a defect which relates to motor vehicle safety, then the manufacturer of each such motor vehicle or item of motor vehicle equipment presented for remedy pursuant to such notification shall cause such defect or failure to comply in such motor vehicle or such item of motor vehicle equipment to be remedied without charge. In the case of notification pursuant to an order under section 152(b), the preceding sentence shall not apply during any period during which enforcement of the order has been restrained in an action to which section 155(a) applies or if such order has been set aside in such an action.

"(2) (A) In the case of a tire presented for remedy pursuant to such notification, the manufacturer of each such tire shall repair or replace such tire without charge during the 60-day period beginning on the later of (i) the date on which the owner or purchaser receives such notification or (ii) the date on which he receives notice that replacement tires are available.

"(B) In the case of a motor vehicle presented for remedy pursuant to such notification, the manufacturer (subject to subsection (b) of this section) shall take whichever of the following actions he elects:

"(i) To repair such vehicle.

"(ii) To replace such motor vehicle without charge with a new or equivalent vehicle.

"(iii) To refund the purchase price of such motor vehicle in full, less a reasonable allowance for depreciation.

Replacement or refund may be subject to such conditions imposed by the manufacturer as the Secretary may permit by regulation.

"(C) In the case of an item of motor vehicle equipment, the manufacturer shall (at his election) either repair such item of equipment, or replace such item of equipment without charge with a new or equivalent item of equipment.

"(3) The dealer or retailer who provides remedy (other than replacement of a motor vehicle) pursuant to this section without charge shall receive fair and equitable reimbursement for such remedy from the manufacturer.

"(4) The requirement of this section that remedy be provided without charge shall not apply if the motor vehicle or item of motor vehicle equipment was purchased by the first purchaser more than 8 calendar years (3 calendar years in the case of a tire) before (A) notification respecting the defect or failure to comply is issued pursuant to section 151 or 152, or (B) the Secretary orders such notification, whichever is earlier.

"(b) (1) Whenever a manufacturer has elected under subsection (a) to repair a defect in a motor vehicle or item of motor vehicle equipment or a failure of such vehicle or item of equipment to comply with a motor vehicle safety standard, and he has failed to adequately repair such defect or failure to comply within a reasonable time, (A) the motor vehicle or item of equipment shall be replaced by the manufacturer with a new or equivalent vehicle or item of equipment without charge, or (B) (in the case of a motor vehicle and if the manufacturer so elects) the purchase price shall be refunded in full by the manufacturer, less a reasonable allowance for depreciation. Failure to adequately repair a motor vehicle or item of motor vehicle equipment within sixty days after tender of the motor vehicle or item of equipment for repair shall be prima facie evidence of failure to repair within a reasonable time; unless prior to the expiration of such sixty-day period the Secretary, by order, extends such sixty-day period for good cause shown and published in the Federal Register.

"(2) For purposes of this subsection, the term 'tender' does not include any tender of a motor vehicle or item of equipment for repair prior to the earliest date specified in the notification pursuant to section 153(a) on which such defect or failure to comply will be remedied without charge, or (if notification was not afforded pursuant to section 153 (a)) prior to the date specified in any notice required to be given under section 155(d). In either case, such date shall be specified by the manufacturer and shall be the earliest date on which parts and facilities can reasonably be expected to be available. Such date shall be subject to disapproval by the Secretary.

"(c) The manufacturer shall file with the Secretary a copy of his program pursuant to this section for remedying any defect or failure to comply, and the program shall be available to the public.

"ENFORCEMENT OF NOTIFICATION AND REMEDY ORDERS

"Sec. 155. (a) (1) An action under section 110(a) to restrain a violation of an order issued under section 152(b), or under section 109 to collect a civil penalty with respect to a violation of such an order, or any other civil action with respect to such an order, may be brought only in the United States district court for the District of Columbia or the United States district court for a judicial district in the State of incorporation of the manufacturer to which the order applies. All actions (including enforcement actions) brought with respect to the same order under section 152(b) shall be consolidated in an action in a single judicial district, in accordance with an order of the court in which the first such action is brought.

"(2) The court shall expedite the disposition of any civil action to which this subsection applies.

"(b) If a civil action which relates to an order under section 152(b), and to which subsection (a) of this section applies, has been commenced, the Secretary may order the manufacturer to issue a notification in addition to the notification required by section 151 or 152. Such additional notification shall contain—

"(A) a statement that the Secretary has determined that a defect which relates to motor vehicle safety or failure to comply with a Federal motor vehicle safety standard exists, and that the manufacturer is contesting such determination in a proceeding in a United States district court.

"(B) a clear description of the Secretary's stated basis for his determination that there is such a defect or failure.

"(C) the Secretary's evaluation of the risk to motor vehicle safety reasonably related to such defect or failure to comply,

"(D) any measures which in the judgment of the Secretary are necessary to avoid an unreasonable hazard resulting from the defect or failure to comply,

"(E) a statement that the manufacturer will cause such defect or failure to comply to be remedied without charge pursuant to section 154, but that this obligation of the manufacturer is conditioned on the outcome of the court proceeding, and

"(F) such other matters as the Secretary may prescribe by regulation.

"(c) A manufacturer who fails to notify owners or purchasers in accordance with section 153(c) within the period specified under section 153(b) may beassessed a civil penalty with respect to such failure to notify, unless the manufacturer prevails in an action described in subsection (a) of this section or unless the court in such an action restrains the enforcement of such order throughout the pendency of such action. A manufacturer who fails to notify owners or purchasers as required by an order under subsection (b) of this section may be assessed a civil penalty without regard to whether or not he prevails in an action described in subsection (a) of this section with respect to the validity of the order issued under section 152(b).

"(d) If (i) a manufacturer fails within the period specified in section 153(b) to comply with an order under section 152(b) to afford notification to owners and purchasers,

(ii) a proceeding to which subsection (a) applies is commenced with respect to such order, and (iii) the Secretary prevails in such proceeding, then the Secretary shall order the manufacturer—

"(1) to afford notice (which notice may be combined with any notice required by an order section 152(b) to each owner and purchaser described in section 153(c) of the outcome of the proceeding and containing such other information as the Secretary may require;

"(2) to specify (in accordance with section 154(b)) the earliest date on which such defect or failure will be remedied without charge; and

"(3) if notification was required under subsection (b) of this section, to reimburse such owner or purchaser for any reasonable and necessary expenses (not in excess of any amount specified in the order of the Secretary) which are incurred (A) by such owner or purchaser; (B) for the purpose of repairing the defect or failure to comply to which the order relates; and (C) during the period beginning on the date such notification under subsection (b) was required to be issued and ending on the date such owner or purchaser receives notification pursuant to this subsection.

"REASONABLENESS OF REMEDY

"SEC. 156. Upon petition of any interested person or on his own motion, the Secretary may hold a hearing in which any interested person (including a manufacturer) may make oral (as well as written) presentations of data, views, and arguments on the question of whether a manufacturer has reasonably met his obligation to remedy a defect or failure to comply under section 154. If the Secretary determines the manufacturer has not reasonably met such obligations, he shall order the manufacturer to take specified action to comply with such obligation.

"EXEMPTION FOR INCONSEQUENTIAL DEFECT OR FAILURE TO COMPLY

"SEC. 157. Upon application of a manufacturer, the Secretary shall exempt such manufacturer from giving notice with respect to, or remedying, a defect or failure to comply, if he determines, after public notice and opportunity for presentation of data, views, and arguments, that such defect or failure to comply is inconsequential as it relates to motor vehicle safety.

"INFORMATION, DISCLOSURE, AND RECORDKEEPING

"SEC. 158. (a) Every manufacturer of motor vehicles or tires shall furnish to the Secretary a true or representative copy of all notices, bulletins, and other communications to the dealers of such manufacturer or to owners or purchasers of motor vehicles or motor vehicle equipment produced by such manufacturer regarding any defect or failure to comply in such vehicle or equipment which is sold or serviced. The Secretary shall disclose to the public so much of any information which is obtained under this Act and which relates to a defect which relates to motor vehicle safety or to a failure to comply with an applicable Federal motor vehicle safety standard, as he determines will assist in carrying out the purposes of this part; but any information which contains or relates to a trade secret or other matter referred to in section 1905 of title 18, United States Code, shall be considered confidential for purposes of that section and shall not be disclosed; unless he determines that disclosure of such information is necessary to carry out the purposes of this part.

"(b) Every manufacturer of motor vehicles or tires shall cause the establishment and maintenance of records of the name and address of the first purchaser of each motor vehicle and tire (and to the extent required by regulations of the Secretary, each item of motor vehicle equipment other than a tire) produced by such manufacturer. The Secretary may, by rule, specify the records to be established and maintained, and reasonable procedures to be followed by manufacturers in establishing and maintaining such records, including procedures to be followed by distributors and dealers to assist manufacturers to secure the information required by this subsection; except that the availability or not of such assistance shall not affect the obligation of manufacturers under this subsection. Such procedures shall be reasonable for the particular type of motor vehicle or tires for which they are prescribed, and shall provide reasonable assurance that customer lists of any dealer and distributor, and similar information, will not be made available to any person other than the dealer or distributor, except where necessary to carry out the purpose of this part.

"DEFINITIONS

"SEC. 159. For purposes of this part:

"(1) The retreader of tires shall be deemed the manufacturer of tires which have been retreated, and the brand name owner of tires marketed under a brand name not owned by the manufacturer of the tire shall be deemed the manufacturer of tires marketed under such brand name.

"(2) Except as otherwise provided in regulations of the Secretary, (A) the manufacturer of a motor vehicle shall be deemed to be the manufacturer of any motor vehicle equipment with which such vehicle is equipped at the time of its delivery to the first purchaser, and (B) any defect or failure to comply in such equipment shall be deemed to be a defect or failure to comply in such vehicle.

"(3) The term 'first purchaser' means first purchaser for purposes other than resale.

"(4) The term 'adequate repair' does not include any repair which results in substantially impaired operation of a motor vehicle or item of motor vehicle equipment."

(b) CONFORMING AMENDMENTS.—

(1) Title I of such Act is amended by inserting after section 101 the following:

"PART A—GENERAL PROVISIONS"

(2) Section 110(c) of such Act is amended by striking out "Actions" and inserting in lieu thereof "Except as provided in section 155(a), actions".

(c) EFFECTIVE DATE.—The amendments made by this section shall not apply to any defect or failure to comply with respect to which before the effective date of this title notification was issued under section 113(a) of such Act or was required to be issued under section 113(e).

SEC. 103. ENFORCEMENT.

(a) PROHIBITED ACTS.—

(1)(A) Section 108(a) of the National Traffic and Motor Vehicle Safety Act of 1966 is amended by inserting "(1)" after "SEC. 108. (a)", by redesignating paragraphs (1), (2), (3), and (4) as subparagraphs (A), (B), (C), and (D), respectively, and by adding at the end of such subsection the following new paragraph:

"(2) No manufacturer, distributor, dealer, or motor vehicle repair business shall knowingly render inoperative in whole or part, any device or element of design installed on or in a motor vehicle or item of motor vehicle equipment in compliance with an applicable Federal motor vehicle safety standard, unless such manufacturer, distributor, dealer, or repair business reasonably believes that such vehicle or item of equipment will not be used (other than for testing or similar purposes in the course of maintenance or repair) during the time such device or element of design is rendered inoperative. For purposes of this paragraph, the term 'motor vehicle repair business' means any person who holds himself out to the public as in the business of repairing motor vehicles or motor vehicle equipment for compensation. The Secretary may by rule exempt any person from this paragraph if he determines that such exemption is consistent with motor vehicle safety and the purposes of this Act. The Secretary may prescribe regulations defining the term 'render inoperative'."

(B) Subsection (b) of section 108 of such Act is amended by inserting "(A)" after "Paragraph (1)" in paragraphs (1), (2), and (5) of such subsection and by inserting "(A)" after "paragraph (1)" in paragraph (3) of such subsection.

(2) Section 108(a) of such Act (15 U.S.C. 1397) as amended by paragraph (1) of this subsection) is amended—

(A) by inserting after the semicolon in paragraph (1)(B) the following: "fail to keep specified records in accordance with such section; or fail or refuse to permit impounding, as required under section 112(b);" and

(B) by adding at the end of subsection (a) the following new subparagraph:

"(E) fail to comply with any rule, regulation, or order issued under section 112 or 114; and"

(3) Section 108(a)(1)(D) of such Act is amended to read as follows:

"(D) fail to furnish notification, fail to remedy any defect or failure to comply, fail to maintain records, or fail to comply with any order or other requirement applicable to any manufacturer, distributor, or dealer pursuant to part B of this title;"

(b) PENALTIES.—Section 109 of such Act (15 U.S.C. 1398) is amended by striking out "$400,000" in the second sentence of such subsection (a) and inserting in lieu thereof "$800,000".

(c) INJUNCTIONS.—

(1) The first sentence of section 110(a) of such Act (15 U.S.C. 1399) is amended (1) by inserting "(or rules, regulations or orders thereunder)" after "violations of this title", and (2) by inserting immediately after "pursuant to this title," the following: "or to contain a defect (A) which relates to motor vehicle safety and (B) with respect to which relates to motor vehicles safety and (B) with respect to which notification has been given under section 151 or has been required to be given under section 152(b),".

(2) The next to the last sentence of section 110(a) of such Act is amended by inserting before the period at the end thereof the following: "or to remedy the defect".

SEC. 104. INSPECTION AND RECORDKEEPING.

(a) Subsections (a), (b), and (c) of section 112 of the National Traffic and Motor Vehicle Safety Act of 1966 are amended to read as follows:

"(a)(1) The Secretary is authorized to conduct any inspection or investigation—

"(A) which may be necessary to enforce this title and any rules, regulations, or orders issued thereunder, or

"(B) which relates to the facts, circumstances, conditions, and causes of any motor vehicle accident and which is for the purposes of carrying out his functions under this Act.

The Secretary shall furnish the Attorney General and, when appropriate, the Secretary of the Treasury any information obtained indicating noncompliance with this title or any rules, regulations, or orders issued thereunder, for appropriate action. In making investigations under subparagraph (B), the Secretary shall cooperate with appropriate State and local officials to the greatest extent possible consistent with the purposes of this subsection.

"(2) For purposes of carrying out paragraph (1), officers or employees duly designated by the Secretary, upon presenting appropriate credentials and written notice to the owner, operator, or agent in charge, are authorized at reasonable times and in a reasonable manner—

"(A) to enter (i) any factory, warehouse, or establishment in which motor vehicles or items of motor vehicle equipment are manufactured, or held for introduction into interstate commerce or are held for sale after such introduction, or (ii) any premises where a motor vehicle or item of motor vehicle equipment involved in a motor vehicle accident is located;

"(B) to impound for a period not to exceed seventy-two hours, any motor vehicle or item of motor vehicle equipment involved in a motor vehicle accident; and

"(C) to inspect any factory, warehouse, establishment, vehicle, or equipment referred to in subparagraph (A) or (B).

Each inspection under this paragraph shall be commenced and completed with reasonable promptness.

"(3)(A) Whenever, under the authority of paragraph (2)(B), the Secretary inspects or temporarily impounds for the purpose of inspection any motor vehicle (other than a vehicle subject to part II of the Interstate Commerce Act), he shall pay reasonable compensation to the owner of such vehicle to the extent that such inspection or impounding results in the denial of the use of the vehicle to its owner or in the reduction in value of the vehicle.

"(B) As uesd in this subsection, 'motor vehicle accident' means an occurrence associated with the maintenance, use, or operation of a motor vehicle or item of motor vehicle equipment in or as a result of which any person suffers death or personal injury, or in which there is property damage.

"(b) Every manufacturer of motor vehicles and motor vehicle equipment shall establish and maintain such records and every manufacturer, dealer, or distributor shall make such reports, as the Secretary may reasonably require to enable him to determine whether such manufacturer, dealer, or distributor has acted or is acting in compliance with this title or any rules, regulations, or orders issued thereunder and shall, upon request of an officer or employee duly designated by the Secretary, permit such officer or employee to inspect appropriate books, papers, records, and documents relevant to determining whether such manufacturer, dealer, or distributor has acted or is acting in compliance with this title or any rules, regulations, or orders issued thereunder. Nothing in this subsection shall be construed as imposing recordkeeping requirements on distributors or dealers, except those requirements imposed under section 158 and orders promulgated thereunder.

"(c)(1) For the purpose of carrying out the provisions of this title, the Secretary, or on the authorization of the Secretary, any officer or employee of the Department of Transportation may hold such hearings, take such testimony, sit and act at such times and places, administer such oaths, and require, by subpena or otherwise, the attendance and testimony of such witnesses and the production of such books, papers, correspondence, memorandums, contracts, agreements, or other records as the Secretary, or such officer or employee, deems advisable.

"(2) In order to carry out the provisions of this title, the Secretary or his duly authorized agent shall at all reasonable times have access to, and for the purposes of examination the right to copy, any documentary evidence of any person having materials or information relevant to any function of the Secretary under this title.

"(3) The Secetary is authorized to require, by general or special orders, any person to file, in such form as the Secretary may prescribe, reports or answers in writing to specific questions relating to any function of the Secretary under this title. Such reports and answers shall be made under oath or otherwise, and shall be filed with the Secretary within such reasonable period as the Secretary may prescribe.

"(4) Any of the district courts of the United States within the jurisdiction of which an inquiry is carried on may, in the case of contumacy or refusal to obey a subpena or order of the Secretary or such officer or employee issued under paragraph (1) or paragraph (3) of this subsection, issue an order requiring compliance therewith; and any failure to obey such order of the court may be punished by such court as a contempt thereof.

"(5) Witnesses summoned pursuant to this subsection shall be paid the same fees and mileage that are paid witnesses in the courts of the United States.

"(6)(A) The Secretary is authorized to request from any department, agency or instrumentality of the Government such statistics, data, program reports, and other materials as he deems necessary to carry out his functions under this title; and each such department, agency, or instrumentality is authorized and directed to cooperate with the Secretary and to furnish such statistics, data, program reports, and other materials to the Department of Transportation upon request made by the Secretary. Nothing in this subparagraph shall be deemed to affect any provision of law limiting the authority of an agency, department, or instrumentality of the Government to provide information to another agency, department, or instrumentality of the Government.

"(B) The head of any Federal department, agency, or instrumentality is authorized to detail, on a reimbursable basis, any personnel of such department, agency, or instrumentality to assist in carrying out the duties of the Secretary under this title."

(b) Section 112(e) of such Act is amended by striking out "All" and inserting in lieu thereof "Except as otherwise provided in section 158(a) and section 113(b), all"; and striking out "subsection (b) or (c)" and inserting in lieu thereof "this title".

SEC. 105. COST INFORMATION.

The National Traffic and Motor Vehicle Safety Act of 1966 (as amended by section 102) is further amended by inserting after section 113 the following:

"SEC. 113. (a) Whenever any manufacturer opposes an action of the Secretary under section 103, or under any other provision of this Act, on the ground of increased cost, the manufacturer shall submit such cost information (in such detail as the Secretary may by rule or order prescribe) as may be necessary in order to properly evaluate the manufacturer's statement. The Secretary shall thereafter promptly prepare an evaluation of such cost information.

"(b) Such cost information together with the Secretary's evaluation thereof, shall be available to the public unless the manufacturer establishes that is contains a trade secret. Notice of the availability of such information shall be published in the Federal Register. If the Secretary determines that any portion of such information contains a trade secret, such portion may be disclosed to the public only in such manner as to preserve the confidentiality of such trade secret, except that any such information may be disclosed to other officers or employees concerned with carrying out this title or when relevant in any proceeding under this title. Nothing in this subsection shall authorize the withholding of information by the Secretary or any officer or employee under his control, from the duly authorized committees of the Congress.

"(c) For purposes of this section 'cost information' means information with respect to alleged cost increases resulting from action by the Secretary, in such form as to permit the public and the Secretary to make an informed judgment on the validity of the manufacturer's statements. Such term includes both the manufacturer's cost and the cost to retail purchasers.

"(d) The Secretary is authorized to establish rules and regulations prescribing forms and procedures for the submission of cost information under this section.

"(e) Nothing in this section shall be construed to restrict the authority of the Secretary to obtain or require submission of information under any other provision of this Act."

SEC. 106. AGENCY RESPONSIBILITY.

The National Traffic and Motor Vehicle Safety Act of 1966 (as amended by section 103 of this Act) is amended by adding at the end thereof the following new section:

"SEC. 124. (a) Any interested person may file with the Secretary a petition requesting him (1) to commence a proceeding respecting the issuance of an order pursuant to section 103 or to commence a proceeding to determine whether to issue an order pursuant to section 152(b) of this Act.

"(b) Such petition shall set forth (1) facts which it is claimed establish that an order is necessary, and (2) a brief description of the substance of the order which it is claimed should be issued by the Secretary.

"(c) The Secretary may hold a public hearing or may conduct such investigation or proceeding as he deems appropriate in order to determine whether or not such petition should be granted.

"(d) Within one hundred and twenty days after filing of a petition described in subsection (b), the Secretary shall either grant or deny the petition. If the Secretary grants such petition, he shall promptly commence the proceeding requested in the petition. If the Secretary denies such petition he shall publish in the Federal Register his reasons for such denial.

"(e) The remedies under this section shall be in addition to, and not in lieu of, other remedies provided by law."

SEC. 107. NATIONAL MOTOR VEHICLE SAFETY ADVISORY COUNCIL.

Section 104 of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1393) is amended by inserting "(1)" after "SEC. 104. (a)", and by adding the following new paragraph at the end of subsection (a):

"(2) For the purposes of this section, the term 'representative of the general public' means an individual who (A) is not in the employ of, or holding any official relation to any person who is (i) a manufacturer, dealer, or distributor, or (ii) a supplier of any manufacturer, dealer, or distributor, (B) does not own stock or bonds of substantial value in any person described in subparagraph (A)(i) or (ii), and (C) is not in any other manner directly or indirectly pecuniarly interested in such a person. The Secretary shall publish the names of the members of the Council annually and shall designate which members represent the general public. The Chairman of the Council shall be chosen by the Council from among the members representing the general public."

SEC. 108. FUEL SYSTEM INTEGRITY STANDARD.

(a) REQUIREMENT FOR STANDARD.—Within ninety days after the effective date of this title, the Secretary of Transportation shall promulgate a motor vehicle safety standard for fuel system integrity applicable to four-wheeled motor vehicles designed to carry ten or fewer passengers in addition to the driver (including all vehicles designated on the date of enactment of this Act as passenger cars or multipurpose passenger vehicles in regulations of the Secretary of Transportation under the National Traffic and Motor Vehicle Safety Act of 1966), in order to protect occupants of such vehicles, and other persons, from fuel-fed fires. Such standard shall be effective with respect to all passenger motor vehicles produced on or after September 1, 1976. With respect to all other four-wheeled motor vehicles designed to carry ten or fewer passengers in addition to the driver, such standard shall be effective on or after September 1, 1977. In prescribing the standard required by this subsection, the

Secretary shall give consideration to the need to reduce the spread of fire and to limit the escape of fuel. Such standard shall provide as a minimum that fuel spillage shall not exceed one ounce per minute as a result of (1) front fixed barrier impacts at speeds up to 30 mph; (2) rear moving barrier impacts at speeds up to 30 mph; (3) front corner fixed barrier impacts at speeds up to 30 mph; (4) lateral moving barrier impacts at speeds up to 20 mph; and (5) static rollovers.

(b) Amendment or Repeal of Standard.—The Secretary may amend or repeal a standard required to be prescribed under subsection (a) if he determines such amendment or repeal will not diminish the level of motor vehicle safety.

Sec. 109. Technical and Conforming Amendments.

(a) Definition of Secretary.—Section 102 (10) of the National Traffic and Motor Vehicle Safety Act of 1966 is amended to read as follows:

"(10) 'Secretary' means the Secretary of Transportation.".

(b) Date of Annual Report.—The first sentence of section 120(a) of the National Traffic and Motor Vehicle Safety Act of 1966 is amended by striking out "March 1" and inserting in lieu thereof "July 1".

Sec. 110. Occupant Restraint Systems.

Section 103(a) of the National Traffic and Motor Vehicle Safety Act of 1966 is amended by inserting "(1)" after "Sec. 103. (a)" and by adding at the end thereof the following new paragraph:

"(2) (A) Effective with respect to motor vehicles manufactured after the date of enactment of this paragraph, Federal motor vehicle safety standards may not (except as otherwise provided in subparagraph (B)) require that any such vehicle be equipped (i) with a safety belt interlock system, (ii) with any warning device other than a warning light designed to indicate that safety belts are not fastened, or (iii) with any occuant restraint system other than integrated lap and shoulder safety belts for front outboard occupants and lap belts for other occupants.

"(B) Effective with respect to passenger cars manufactured on or after August 15, 1976, Federal motor vehicle safety standards shall require that each motor vehicle manufacturer offer purchasers the option of purchasing either (i) passenger motor vehicles which are equipped with passive restraint systems which meet standards prescribed under this section or (ii) passenger motor vehicles equipped with integrated lap and shoulder belts for front outboard occupants and lap belts for other occupants."

(b) Section 108(a) (1) (A) of such Act (as so redesignated by section 103 of this Act) is amended by inserting "(i)" after "(A)", and by adding at the end thereof the following:

"(i) fail to offer purchasers the option required by section 103(a) (2) (B);".

Sec. 111. Reduction of Motor Vehicle Weight and Cost.

In carrying out responsibilities under the National Traffic and Motor Vehicle Safety Act of 1966 and the Motor Vehicle Information and Cost Savings Act, the Secretary of Transportation shall take all steps, consistent with his responsibilities under those Acts to encourage reduction of weight and cost of motor vehicles.

Sec. 112.

Section 204(a) of Public Law 89–563 is amended to read as follows:

"(a) No person shall sell, offer for sale, or introduction for sale, or deliver for introduction in interstate commerce, any tire or motor vehicle equipped with any tire which has been regrooved, except that the Secretary may by order permit the sale, offer for sale, introduction for sale, or delivery for introduction in interstate commerce, of regrooved tires and motor vehicles equipped with regrooved tires which he finds are designed and constructed in a manner consistent with the purpose of this Act."

Sec. 113. Effective Date.

The amendments made by this title (other than section 110) shall take effect on the sixtieth day after the date of enactment of this Act.

TITLE II—SCHOOLBUS SAFETY

Sec. 201. Definitions.

Section 102 of the National Traffic and Motor Vehicle Safety Act of 1966 is amended by adding at the end thereof the following:

"(14) 'schoolbus' means a passenger motor vehicle which is designed to carry more than ten passengers in addition to the driver, and which the Secretary determines is likely to be significantly used for the purpose of transporting primary, preprimary, or secondary school students to or from such schools or events related to such schools; and

"(15) 'schoolbus equipment' means equipment designed primarily as a system, part, or component of a schoolbus, or any similar part or component manufactured or sold for replacement or improvement of such system, part, or component or as an accessory or addition to a schoolbus."

Sec. 202. Mandatory Schoolbus Standards.

Section 103 of the National Traffic and Motor Vehicle Safety Act of 1966 is amended by adding at the end thereof the following:

"(i) (1) (A) Not later than six months after the date of enactment of this subsection, the Secretary shall publish proposed Federal motor vehicle safety standards to be applicable to schoolbuses and schoolbus equipment. Such proposed standards shall include minimum standards for the following aspects of performance:

"(i) Emergency exits.

"(ii) Interior protection for occupants.

"(iii) Floor strength.

"(iv) Seating systems.

"(v) Crash worthiness of body and frame (including protection against rollover hazards).

"(vi) Vehicle operating systems.

"(vii) Windows and windshields.

"(viii) Fuel systems.

"(B) Not later than fifteen months after the date of enactment of this subsection, the Secretary shall promulgate Federal motor vehicle safety standards which shall provide minimum standards for those aspects of performance set out in clauses (i) through (viii) of subparagraph (A) of this paragraph, and which shall apply to each schoolbus and item of schoolbus equipment which is manufactured in or imported into the United States on or after the expiration of the nine-month period which begins on the date of promulgation of such safety standards.

"(2) The Secretary may prescribe regulations requiring that any schoolbus be test-driven by the manufacturer before introduction into commerce."

Sec. 203. Enforcement.

Section 108(a) (1) of the National Traffic and Motor Vehicle Safety Act of 1966 is amended by adding at the end thereof the following:

"(F) to fail to comply with regulations of the Secretary under section 103(i) (2)."

TITLE III—MOTOR VEHICLE DEMONSTRATION PROJECTS

Section 301. (a) Title III of the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 1961 et seq.) is amended—

(1) by redesignating sections 302 through 304 (and references thereto) as sections 303 through 305, respectively; and

(2) by inserting after section 301 the following new section:

"SPECIAL DEMONSTRATION PROJECTS

"Sec. 302. The Secretary shall establish a special motor vehicle diagnostic inspection demonstration project to assist in the rapid development and evaluation of advanced inspection, analysis, and diagnostic equipment suitable for use by the States in standardized high volume inspection facilities and to evaluate the repair characteristics of motor vehicles. Such project shall be designed to facilitate evaluation of repair characteristics by small automotive repair garages."

The motion was agreed to.

The Senate bill was ordered to be read a third time, was read the third time, and passed.

The title was amended to read as follows: "A bill to amend the National Traffic and Motor Vehicle Safety Act of 1966 to authorize appropriations for the fiscal years 1975, 1976, and 1977; to provide for the remedy of certain defective motor vehicles without charge to the owners thereof; to require that schoolbus safety standards be prescribed; to amend the Motor Vehicle Information and Cost Savings Act to provide for a special demonstration project; and for other purposes."

A motion to reconsider was laid on the table.

A similar House bill (H.R. 5529) was laid on the table.

WAR CLAIMS ACT AMENDMENTS

Mr. STAGGERS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the Senate bill (S. 1728) to increase benefits provided to American civilian internees in Southeast Asia.

The SPEAKER. The question is on the motion offered by the gentleman from West Virginia.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the Senate bill S. 1728, with Mr. McKay in the Chair.

The Clerk read the title of the Senate bill.

By unanimous consent, the first reading the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from West Virginia (Mr. Staggers) will be recognized for 30 minutes, and the gentleman from North Carolina (Mr. Broyhill) will be recognized for 30 minutes.

The Chair recognizes the gentleman from West Virginia (Mr. Staggers).

Mr. STAGGERS. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise in support of S. 1728, a bill to amend the War Claims Act of 1948.

This bill amends two sections of the War Claims Act of 1948 to accomplish different purposes. Section 5 is amended to increase the authorized detention benefit for American civilians during the Vietnam conflict from $60 to $120 per month. The purpose is to raise the detention benefits authorized for civilians who are or were being held as prisoners to the same level presently authorized for military personnel. Since American civilian prisoners suffered the same deprivations and hardships as military prisoners, it is a matter of equity to give them the same detention benefit.

No appropriations are involved, since funds have already been appropriated for payment of the internee benefits.

Section 213 of the War Claims Act is amended to give a first priority to the payment in full of the remaining individual awards for property losses arising out of World War II. Then the bill gives a second priority to payment of the remaining corporate awards for similar losses up to the level of $50,000.

Existing law provides for payment of the major part of both individual and corporate awards on a proportional basis. The unpaid corporate awards total $94.7 million; the unpaid individual awards total $6.5 million. Therefore, pro rata payments would distribute most of the remaining funds to the largest corporate claimants.

Payments for property losses are made from the War Claims Fund, a trust account on the books of the U.S. Treasury. Therefore, no appropriations are required for this amendment to the War Claims Act. The War Claims Fund consists of the net proceeds of German and Japanese assets seized in the United States during World War II.

The sums remaining in the fund will not be sufficient to pay all remaining claims in full. For this reason, priorities of payment become important. Equitable considerations concerning the nature of the individual losses led to the decision to give priority to their payment, followed by payment of the smaller remaining corporate awards.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. STAGGERS. I yield to the gentleman from Iowa.

Mr. GROSS. Mr. Chairman, does not the gentleman from West Virginia think that as a matter of principle it is unfair to pay civilians as military personnel are paid under the circumstances of Vietnam?

Mr. STAGGERS. This is debatable. If the gentleman from Iowa will let me explain, they were there doing jobs, at least, most of them, for the Government, serving their country only in a different capacity. Especially in view of the fact that there are so few civilian internees, only 66, I would say to the gentleman from Iowa that they should receive the same benefit as military personnel.

Mr. GROSS. Is it not true that the civilians were there voluntarily?

Mr. STAGGERS. Some were and some were not. Some were, as I understand.

Mr. GROSS. What is that?

Mr. STAGGERS. Some were working for the Government, and were there under orders.

Mr. GROSS. I do not think that any of them were drafted as civilians and sent to Vietnam.

I do not want to make an issue of this particularly, but I wonder if we are not here setting a precedent which may live to haunt us later. I think there is a great distinction from one who is voluntarily in Vietnam, and someone who may have been involuntarily there.

Mr. STAGGERS. I would say to the gentleman from Iowa that some of these were serving the Government, along with the military personnel, and they were captured. They were doing their jobs just the same as the military personnel were.

Mr. GROSS. That may well be. They are both serving the Government, but on an entirely different basis.

Mr. STAGGERS. That is true. And both of them were interned in the same camps and had to undergo the same kind of treatment.

Mr. BROYHILL of North Carolina. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, if I may have the attention of the Members I will try to explain what this bill is about.

Back in 1948 the Congress enacted the War Claims Act. What this act did was to permit American citizens and American corporations, to receive awards to compensate them for losses that they had suffered as a result of World War II. The War Claims Fund comes from the assets of the enemy nations, the Germans and the Japanese, that were seized during World War II by the U.S. Government.

Under the law that was passed at that time, Mr. Chairman, each individual or each corporation who had a claim could come in to the Foreign Claims Settlement Commission and make their claim and prove it. There is no dispute in this bill over any of these claims or the validity of these claims because the Foreign Claims Settlement Commission has long ago settled these issues and adjudicated each one of them.

Over the years the law has been changed to provide payment to certain categories of claimants.

For example, all of those who have suffered death or personal injury were paid in full. All small business claims were paid. One hundred percent of the claims of those with claims under $10,000 were paid. The claims of charitable organizations were paid in full.

As the chairman has pointed out, there is some $101 million in claims still outstanding but only about $20 million available to pay these claims. Over $200 million has been paid out to claimants already and $101,000,000 in claims remain with about $20 million in property or assets to satisfy these claims. So the claimants are fighting over the remaining assets of the War Claims Fund.

What this bill would do would be to give the first priority and payment in full to all of the individual claims. But it goes further than that and it says that all of the claims up to $50,000 would be given to the corporate claimants. In other words, we are going to be establishing a principle here in this bill that the claims of companies are inferior to the claims of individuals. But we are going even farther than that.

We are saying that the smaller claims of companies, those that have a claim of $50,000 or less have a greater claim than the claims of the larger claimants. I think it is a bad precedent to set and I would urge that the Members vote to send this bill back to the committee for further study and further amendment.

Mr. YOUNG of Illinois. Mr. Chairman, will the gentleman yield?

Mr. BROYHILL of North Carolina. I yield to the gentleman from Illinois.

Mr. YOUNG of Illinois. Mr. Chairman, if the bill does as the gentleman says, would this not be contrary to the bankruptcy law of this country? As I understand the bankruptcy law of this country, it does not make any difference between individual claimants and corporate claimants. So long as the claims are on a par, they would all receive equally in distributions.

Mr. BROYHILL of North Carolina. It is true that all the claims have been approved by the Foreign Claims Settlement Commission. There is no question as to the validity of the claims. It seems to me only right in principle that all the claimants have an equal right to the assets that remain in the fund.

Mr. SYMMS. Mr. Chairman, will the gentleman yield?

Mr. BROYHILL of North Carolina. I yield to the gentleman from Idaho.

Mr. SYMMS. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I associate myself with the remarks of the gentleman.

I would like to ask the gentleman further, is it not true that because of the amendment added to this bill in section 2, 791 of the claims would be paid out to the individuals before consideration is given to the claims of companies and other individuals? I think it is grossly unjust.

Mr. BROYHILL of North Carolina. That is correct. These large individual claims would be paid before any corporate claims would be paid.

Mr. McCOLLISTER. Mr. Chairman, will the gentleman yield?

Mr. BROYHILL of North Carolina. I yield to the gentleman from Nebraska.

Mr. McCOLLISTER. Mr. Chairman, I would like to dissociate myself from the remark of the gentleman particularly as it applies to the priorities in allocation of the $20 million available to satisfy $101 million in claims.

I think the principle of giving individuals preference over corporations is proper because it seems to me in many cases it is going to be impossible to discover who the individual stockholders of the corporations were at the time the loss was suffered. Does the gentleman not agree that the loss suffered by the corporation is a loss suffered by the individual stockholders of that corporation?

Mr. BROYHILL of North Carolina. If the corporation has received any tax benefit, that has been taken into consideration by the Foreign Claims Settlement Commission in making the final award of the claim.

Mr. McCOLLISTER. No. What I am referring to is the stockholders of the corporation at the time the loss was sustained are probably very different from the stockholders of that corporation today, and therefore in trying to give to that corporation a prorata satisfaction for its loss, that loss accrues to the benefit of the stockholders today and does not do any good at all to the stockholders at the time the loss was sustained.

Mr. BROYHILL of North Carolina. I do not understand the gentleman's reasoning. Let us assume there was a fire insurance proceeding and it had been adjudicated in the court. Is the gentleman saying that the court would then have the right not to pay out the fire insurance proceeds just because the stockholders are different a few years later?

Mr. McCOLLISTER. I am saying the stockholders of record at the time the loss was sustained are quite different than the stockholders now, and those stockholders whose value of their stock was reduced, and there is no way we can make them whole for the loss sustained. It therefore has a tendency to become a windfall benefit for the corporation, whereas individuals who suffered the loss are still known and the losses are more directly payable to them.

Mr. YOUNG of Illinois. Mr. Chairman, if the gentleman will yield, I would like to point out to the gentleman from Nebraska that when one buys a share of stock he has a bundle of rights and the stock shares have claims against the assets of the corporation for whatever value the claims may have, and that is part of the rights one pays for, so the stockholders who now own the stock would have bought whatever rights that exist in the corporation through their stock ownership. Accordingly this is not a proper distinction to use in determining priorities in the distribution of assets in a fund to claimants against the funds.

Mr. SYMMS. Mr. Chairman, will the gentleman yield?

Mr. BROYHILL of North Carolina. I yield to the gentleman from Idaho.

Mr. SYMMS. I would like to say further to the gentleman from Nebraska that one of the purposes of corporate entities is so that we can have perpetuation of business enterprises. This would set a dangerous precedent which would downplay the individuality of the corporate interests for a corporate entity which is viewed under the law as an individual and the purpose of it is to have a continuous business enterprise. So I think it matters not who the corporate stockholders are, but the corporate entity stands intact. This is a dangerous precedent that should not be established.

Mr. BROYHILL of North Carolina. Mr. Chairman, I have several requests for time, so I reserve the balance of my time.

Mr. STAGGERS. Mr. Chairman, I yield 5 minutes to the gentleman from Texas (Mr. ECKHARDT).

Mr. ECKHARDT. Mr. Chairman, what the bill does, in fact, has been accurately described by the gentleman from North Carolina, but I think some of the interpretations that have been given here are incorrect. What we have is about $97 million worth of claims. A considerable amount of these claims have already been paid and they were paid with the corporations coming in at the same level as the individuals; so corporations have already had very large portions of their claims paid. I can give an example.

In the case of the Shanghai Power Co., the Shanghai Power Co. has already received approximately $4.8 million out of a total claim of $7.8 million. It desires to get another $3 million.

Now, I happen to have here in my hands the Boise Cascade Quarterly. Boise Cascade bought Shanghai Power in 1969. Actually, I say bought, I do not know whether anything was paid for it at all, because the assets, if any, of Shanghai Power Co. were part of the property of Ebasco. Ebasco had originally owned Shanghai. Shanghai was first in some way injured in its properties by the Japanese and later taken over by the Chinese. So Ebasco counted Shanghai's value as zero. That is the way it carried it on its books.

Then when Boise bought it, they were able to get $4.8 million out of those funds for the purpose of the losses of Shanghai.

Now, let me read from this quarterly report of Boise Cascade:

> Boise Cascade's claim is based on its ownership of 80 percent of the common stock of the venerable Shanghai Power Company, a property worth $56 million which came to Boise Cascade in 1969 through its merger with Ebasco Industries.

Now, listen to this:

> The Shanghai property has never been carried by Boise Cascade as either an asset or a liability. In fact, even Ebasco's predecessors had written the property off many years ago.

Mr. McCOLLISTER. Mr. Chairman, will the gentleman yield further?

Mr. ECKHARDT. I yield to the gentleman from Nebraska.

Mr. McCOLLISTER. If there is any way if the war claims might be paid that Boise Cascade could ever reach the original stockholders of Shanghai, is it not entirely a windfall for the stockholders of Boise Cascade?

Mr. ECKHARDT. It is, yes, of course. That is precisely the reason we created a first claim to individuals.

Mr. SMITH of New York. Mr. Chairman, will the gentleman yield?

Mr. ECKHARDT. I yield to the gentleman from New York

Mr. SMITH of New York. There is another item in regard to the Boise Cascade buying Ebasco, who owned Shanghai Power Co. I understand that on the corporate claims, that corporate award holders with assets in excess of $5,000 took a collective total of more than $35 million in tax deductions and for more than 30 years have had the use of that money that they saved in tax deductions. Would the gentleman comment on that?

Mr. ECKHARDT. The gentleman is, I think, quite correct on that point, though I do not have exact figures as I am sure he does. I think that points up one thing we tend to forget. What we are talking about now is making people whole who lost these assets nearly 30 years ago.

In the meantime, many of these companies have recouped considerable of their claims by writing off in tax losses. Individuals have not done so.

Mr. YOUNG of Illinois. Mr. Chairman, will the gentleman yield?

Mr. ECKHARDT. I yield to the gentleman from Illinois.

Mr. YOUNG of Illinois. Mr. Chairman, first of all, I would like to point out to the gentleman from Texas that I think it is very difficult for any of us to fully evaluate any particular claim, under any particular set of circumstances. Of course, that is why we have the Foreign Claims Settlement Commission, to evaluate these individual and corporate claims and to determine what the amount of the award should be.

It is my understanding from the gentleman from North Carolina that the Commission has taken into consideration the tax benefits when they have allowed the award which is net of any tax benefit. I point out to the gentleman from Texas that when he reads from a published financial report of a corporation, that the published financial report of a corporation often differs in many respects with the tax returns of a corporation and, therefore, such report may well not be relevant.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. STAGGERS. Mr. Chairman, I yield 3 additional minutes to the gentleman from Texas (Mr. ECKHARDT).

Mr. ECKHARDT. Mr. Chairman, let me say this: The major merits and demerits of the case—though the tax question was in it, though the question of remoteness of stockholders was in it—I think the major thing that weighed with those who made the decision on the subcommittee and on the full committee was the fact that the individual claimants who came before us had no real choice. They were not risking capital with the possibility of gain. They simply lost, in many instances, the total business which they may have owned, or their parents may have owned.

Incidentally, none of these claims can be by persons who were citizens of the United States at the time of the loss. In every instance, this was either a personal loss or the loss of a corporation which was privately owned by a family. This was not an investment in a large corporation. It was a total loss, frequently, by expropriation by the Nazis.

Therefore, we felt that those who had risked capital were entitled to have their first $50,000 as a preference, but individuals should come in ahead of everyone else and receive their claims first. The result of that will be that the potential $20 million which may be available for division will be divided, as is anticipated, about $6.5 million, or somewhere in the neighborhood of a third, to individuals; about $5.5 million will go to the $50,000 preferred corporate claims; and the rest will be distributed pro rata based upon the full corporate claim in each case.

The result is not at all like what has been stated here, that the individuals are getting most of it. They are getting about a third of it. The corporations are getting another two-thirds.

The thing is that the biggest claimants here were are the corporate claims of businesses who were risking capital overseas, which was only a very small part of their total capital. They lost that small part of their total capital, but that small part was so much larger in total amount that unless we give individuals a preference, their interests are watered down to a very, very paltry sum in spite of their being the great sufferers.

We are not disturbing property of corporations. We are not distributing any property that was even owned by either individuals or corporations. They have no claim of the nature that one would have in a bankruptcy court. This is money that was obtained as a result of the confiscation of enemy property in the United States. What we are trying to do with it is distribute it in an equitable and humane manner.

Mr. BROYHILL of North Carolina. Mr. Chairman, I yield 8 minutes to the gentleman from Tennessee (Mr. KUYKENDALL).

Mr. KUYKENDALL. Mr. Chairman, we are faced with a problem here much larger, in my opinion, than actually the distributing of a huge amount of money, when it is compared to some of the bills we have around here, or some of the things we do.

For that reason, I think it is incumbent upon all of us to look at the precedent we may be setting here.

Since 1948 we have been conducting the war claims settlements of this Nation under the same act. Not too long after that date, the validity of all the claims involved was arrived at, and I regret very much, Mr. Chairman, that at this late date we decide to start trying to make this rather small piece of legislation an instrument of either social justice or tax reform. I do not consider it either one.

We have in this bill, the way it is now written, decided that a corporation for some reason, even though it may be a relatively modest corporation, shall be, as we may say, outranked in its priority by an individual, even though some of the largest international operators in the world today are individuals. John Paul Getty, Bunker Hunt, those people in many instances operate as individuals, not as corporations. Believe me, I have been involved in a couple of corporations that did not have any money.

Therefore, the idea that we have put an interpretation upon the law in this bill that says an individual, just because he is an individual, regardless of the size of his claim, must be placed ahead of a corporation, no matter how small the corporation, is, as far as I am concerned, bad law.

Mr. Chairman, that is the reason that I am opposing this bill, unless the amendment that I am going to introduce under the 5-minute rule is accepted. The matter of who wrote off what how long is not the important thing.

Mention is being made of the fact that if an individual in business has taken this loss on his income tax years ago, just as Boise Cascade may have, and I am sure they did, are we going to disallow the individual deduction which could very well have been in the 68 and 75 percent tax bracket and then differ as to the corporate deduction which was in the 48 percent tax bracket? What kind of sense does that make?

Mr. Chairman, my last point is this: I will introduce an amendment which will place this bill back in the Senate bill, back pretty close to the act that we have been operating under since 1948, which will do what the chairman referred to in raising the civilian and military class to the same level. Individual claimants will get preference up to $35,000 and thereafter all will get the same treatment under the law, as we now have it.

Mr. ECKHARDT. Mr. Chairman, will the gentleman yield?

Mr. KUYKENDALL. I yield to the gentleman from Texas.

Mr. ECKHARDT. Does the gentleman understand that from the information the committee got, we found no individual case where any individual took any tax writeoff because they had nothing to take it against, such as the corporations themselves have?

Mr. KUYKENDALL. Is the gentleman saying that no individuals making claims own a business?

Mr. ECKHARDT. The information we got is that no claims of loss against taxes had been taken by individuals with respect to these losses. That is what our committee understands.

Mr. KUYKENDALL. The thing I do not understand at all is why we should choose this bill to change a traditional law in this land, which says that an individual, regardless of the size he is, and a corporation, regardless of the size it is, are treated as individuals under the law. This is what troubles me.

Let me tell the Members about something else that is in this bill.

Most law considers an individual proprietorship or a partnership as an individual. This bill has classified partnerships the same as corporations, which also flies into the face of the law of the land which we have followed traditionally concerning the status of an individual.

Mr. McCOLLISTER. Mr. Chairman, will the gentleman yield?

Mr. KUYKENDALL. I yield to the gentleman from Nebraska.

Mr. McCOLLISTER. Mr. Chairman, in response to the question of why we did this, it is very simple: Because we saw there were insufficient assets to pay the claims, and in view of the facts which pertained to this case, we simply felt equity would be better served by setting the priorities which we have set, first, by paying the individual claims, and, second, by paying the corporate claims up to $50,000. This in effect gave priority to the smaller corporations which could not afford to sustain the loss as well as the bigger corporations.

Mr. KUYKENDALL. Mr. Chairman, I will ask the gentleman this question:

Is it not true that the small individual claims and the small corporate claims have already been settled?

Mr. McCOLLISTER. The small individual claims have been settled, but the small corporate claims have not been settled.

Mr. KUYKENDALL. Mr. Chairman, is it true the corporate claims are the larger claims, and that only the individual claims have been settled?

Mr. BROYHILL of North Carolina. Mr. Chairman, if the gentleman will yield, the small business claims have been settled.

Mr. KUYKENDALL. The small corporate claims and the small business claims have both been settled?

Mr. BROYHILL of North Carolina. Under $10,000.

Mr. KUYKENDALL. So what we have left here are the large claims, the large corporate and individual claims, so I think that makes the ground for this proposal even more shaky, instead of less so.

Mr. STAGGERS. Mr. Chairman, I yield 5 minutes to the chairman of the subcommittee, the gentleman from California (Mr. MOSS).

Mr. MOSS. Mr. Chairman, this is not a simple piece of legislation nor has it had a very even history.

The gentleman from Tennessee talked about departing from the principles which have guided us through the years in dealing with the assets of the War Assets Administration in paying claims. If the gentleman from Tennessee would give me his attention for a moment, if he can point out to me any consistent line over the years in the administration of the payments from the funds in the War Assets Administration, I would be most interested in learning of it, because I know that the only consistent policy followed during my 22 years in this House has been to enact different formulas each and every time, so that the consistency is the inconsistency of the actions which the Congress has consistently taken. Now, that is the fact of the matter.

What we are attempting to do here in a final wind-up is this: We do not know the precise amount of money we are dealing with, but it is somewhere between $10 million and $14 million. It is not a large sum of money. There are 186 remaining identifiable, individual claimants.

Mr. Chairman, to the best of our ability and that of the agencies advising us, these persons have not been beneficiaries of tax write-offs. Thirteen of these claimants would receive more than $100,000. All the rest would receive much less, and that is obviously from the $6½ million total.

Then there are 161 corporate claimants to share $5.8 million, up to a maximum of $50,000, taking care of the remaining corporate claimants on a fairly even-handed basis. The remaining assets, if there be any, would go to the other claimants who have in the overwhelming majority of instances already written these claims off years ago.

The case cited of Boise-Cascade and its interest in a powerplant, probably where the name was the greatest asset that they acquired, is typical of much of what went on.

We have had classes of claimants given special consideration. We have taken care of exempt foundations. We have taken care of churches. We have taken care of all sorts of organizations throughout the years, and in looking at this fund for the most equitable manner of disposing of it to take care of those having the greatest need, having suffered the greatest loss, that is the formula which in the judgment of the committee was the most equitable.

It is not perfect. I defy any person in this Chamber to come to the committee and give us a perfect formula because I have listened to them for many, many years, and I have not heard it. I heard back 20 years ago that we should give special privilege seekers who had urgent need to do this or to do that consideration. Now we are down at the tail end of the fund, trying to do as much elemental justice as we can, and give to those who have the greatest need, at least under the workings of our economic system so as to come out halfway even and give them a break in the settlement.

Mr. SYMMS. Mr. Chairman, will the gentleman yield?

Mr. MOSS. I yield to the gentleman from Idaho.

Mr. SYMMS. Mr. Chairman, I thank the gentleman for yielding.

I think what my concern is that if you have legitimate claimants and you have, say, only a few million dollars left to distribute, why can we not prorate it out and let each person take their share upon the basis of that which we have, instead of a discriminatory $50,000 cutoff which certainly shows favoritism and special treatment for individuals and corporations.

Mr. MOSS. I would say to the gentleman from Idaho that rather than favoritism it is going to show a sense of compassion. Compassion is regard for anything.

The CHAIRMAN. The time of the gentleman has expired.

Mr. STAGGERS. Mr. Chairman, I yield 2 additional minutes to the gentleman from California.

Mr. MOSS. Depending on the circumstances of the individual, which is always a form of discrimination or favoritism, but sometimes we should be compassionate.

Mr. McCOLLISTER. Mr. Chairman, will the gentleman yield?

Mr. MOSS. I yield to the gentleman from Nebraska.

Mr. McCOLLISTER. I would say that nobody on our subcommittee thought otherwise. If we intended to discriminate it was in favor of the small claimant, like two corporations, one with $100 million and one with $1 million. It seemed to our subcommittee that the $1 million corporation was likely to have a greater loss in their ability to deal with the loss than the $100 million; that the $50,000 to a small corporation means a good deal more to it than $50,000 does to the $100 million corporation.

Mr. MOSS. I agree with the gentleman.

Mr. SYMMS. Mr. Chairman, if the gentleman will yield I would just state to the gentleman from California that the system here in America is that that has rewarded people who are able to be successful, and I suppose the most compassionate system yet devised. Yet we are applying a rule to this situation that is very unlike the same free enterprise system where compassion is just rewarding productivity, and rewards excellent effort.

Mr. MOSS. Let me say to the gentleman from Idaho that this is one Member of the House who does not need any instructions in the merits of the American free—and I am going to add a word the gentleman left out—competitive enterprise system. I have lived by it all of my life. I actively engaged in it before becoming a Member of this Congress. I have the utmost regard for it. But I know that built into it frequently, not because of any incompetence on the part of the smaller, is a considerable amount of unjust discrimination.

Much of it occurs because the system has evolved into a free noncompetitive system, and I would like to see us get back to having that competitive element in that description.

The CHAIRMAN. The time of the gentleman has expired.

Mr. STAGGERS. Mr. Chairman, I yield 2 additional minutes to the gentleman from California.

Mr. ECKHARDT. Mr. Chairman, will the gentleman yield?

Mr. MOSS. I yield to the gentleman from Texas.

Mr. ECKHARDT. I thank the gentleman for yielding.

I think we all on this subcommittee, a well balanced one, are as concerned about free enterprise as any subcommittee in the House, but I know one thing, and I think the gentleman from Nebraska will bear me out on this because he heard all of the hearings. One type of claimant is an insurance company. There were insurance companies that insured these businesses operating in Europe and in the Orient. These insurance companies received premiums for the insurance coverage, so they were paid for the risk; they bore the risk; and they lost.

The difficulty in this decision was to try to balance the loss on the basis of whether or not the person elected the risk in the first place and whether or not he lost his entire savings. I hope there is no commandment in the free enterprise system doctrine that precludes compassion for those who lost heavily with no choice concerning whether or not they should bear the risk.

Mr. MOSS. As a matter of fact, we have a long history in this Nation of such. Not too long ago we voted some special aid to those free enterprises out in the cattle lands of this country, and we have on many occasions seen it to be desirable public policy to give preferential treatment in order to better preserve and serve that free competitive enterprise system.

Mr. Chairman, I yield such time as he may require to the gentleman from New York (Mr. SMITH).

Mr. SMITH of New York. Mr. Chairman, I strongly support the passage of S. 1728 as reported by the Committee on Interstate and Foreign Commerce.

One provision of S. 1728 deals with war claims awards arising out of losses suffered by U.S. citizens during World War II. This provision would give individual awardholders under the War Claims Act priority over corporate awardholders in further payments in compensation for their World War II losses. This language was passed by the House in 1969, but was later dropped in conference. Because this provision is fully justified and because its enactment is of great importance to a large number of American citizens who lost all or very nearly all they had as a result of the war, I introduced a bill, H.R. 4896, to assure that they would be wholly compensated for losses that have now gone uncompensated for over 30 years. I am pleased that the Interstate and Foreign Commerce Committee has included the text of my bill as section 2 of S. 1728.

The purpose of the War Claims Act of 1948 was to compensate U.S. citizens for the losses they suffered in World War II. Every citizen claiming an award was required to prove his claim before the Foreign Claims Settlement Commission. All the awardholders who would benefit from this bill have already proved their claims and been granted an award. Most awardholders have already been paid in full under previous priority categories created by the Congress. There remain unpaid portions of awards to 186 individuals totaling $6.5 million and 161 corporations totaling $94.7 million. The amount remaining in the War Claims Fund, however, is far too small to pay all these awards in full. Under present law, the vast majority of the money in the fund would go to corporate awardholders, and many individuals would receive only a few cents on the dollar for their awards.

The enactment of S. 1728 is thus necessary to assure that these individuals who have for so long lacked full compensation will finally receive their just awards. There are many reasons why the individual awardholders are entitled to this priority:

First. Most corporate awardholders took very substantial tax deductions as a result of their war losses. The corporate awardholders with balances in excess of $500,000 took a collective total of more than $35 million in tax deductions and have for more than 30 years had the use of the money they saved. No individual awardholder took a tax deduction. Thus, these tax benefits, combined with previous payments from the war claims fund, have allowed the corporate awardholders to recover a substantially greater percentage of their actual loss than have the individuals.

Second. The losses of the individuals were of far greater personal and economic significance to them than the corporate losses were to the corporate awardholders. The individuals lost their homes, their small family businesses, and their personal belongings, while the losses to the corporations involved only a small fraction of the total corporate assets of the awardholders.

Third. A high percentage of the individual awardholders are elderly persons beyond their productive years who live on small fixed incomes. Many of them spent most of their working years outside the United States and hence receive little or no social security benefits. These people are relying on the payment of their war claims awards to provide them a final financial stake to support them in their declining years. By contrast, at least 96 percent of the unpaid corporate awards are held by companies whose stock or whose parent company's stock is traded on the New York or American Stock Exchanges. All small businesses have already been paid in full under a previous priority. Many of the remaining corporate awardholders are among the biggest corporations in the country, such as General Motors, Exxon, Mobil, and I.T. & T. Recovery of their awards would have little effect on their financial security.

Fourth. In many cases, the present stockholders of the corporate awardholders have little or no relation to those who actually suffered the loss. In many cases, the corporation holding the award is not even the same company that suffered the loss. For example, in one case, involving one of the largest corporate awards, the company that suffered the loss was a subsidiary of an American corporation which long ago wrote the subsidiary's assets down to zero. In 1969, the present awardholder acquired the stock of the parent corporation, paying absolutely nothing for the stock of the subsidiary that had suffered the loss. The present awardholder—which not only did not suffer the loss but paid nothing for the stock of the company that did—thus would receive a windfall by reason of any further payments. There are numerous instances among the corporate awards in which the company that actually suffered the loss has long since been acquired by the present awardholder. Even in cases in which the present corporate awardholder was the company that suffered the loss, the present stockholders are a very different group from those that held the stock at the time of the loss more than 30 years ago. By contrast, the individual awards are all held by the persons who suffered the loss or by members of the family that suffered the loss.

Another section of this bill would provide benefits for American civilians who were held as prisoners by North Vietnam during the Vietnam war at the same level as those for military personnel who were prisoners of war. These civilians were employees of agencies of the U.S. Government or U.S. Government contractors and suffered as long and as grievously as their military counterparts. However, because of an inequity in the present War Claims Act, their benefits are less than half of those received by military personnel. S. 1728 would correct this inequity and allow them to be compensated at the same rate as military personnel.

Finally, I would like to stress that no provision of this bill requires any appropriation by the Congress or increases Government spending in any way. The funds from which payment of World War II awards is to be made consist of the proceeds of the sale of assets of enemy nationals seized by the U.S. Government during World War II under the Trading With the Enemy Act. The funds to pay Vietnam civilian internees are derived from an appropriation made in fiscal year 1973. Thus, enactment of S. 1728 would have no impact on Federal spending.

These are only some of the reasons why enactment of S. 1728 would be just and proper. I urge the House to act favorably on this bill.

Mr. STAGGERS. Mr. Chairman, I yield such time as he may consume to the gentleman from Nebraska (Mr. McCOLLISTER).

Mr. McCOLLISTER. Mr. Chairman, I would like to voice my support for the enactment of S. 1728. I am a member of the Subcommittee on Commerce and Finance that considered and unanimously reported this bill, and have given close attention to the issues the bill addresses. S. 1728 was overwhelmingly approved after 2 days of markup by the Committee on Interstate and Foreign Commerce.

In addition to the arguments cited by other Members in support of S. 1728, I believe there are further reasons for its enactment:

First. As has been mentioned previously, the corporate awardholders took large tax deductions from their U.S. income taxes as a result of their war losses while individuals took no such deductions. It is also true that many corporate awardholders received substantial tax and other benefits from foreign governments after the war as incentives for reestablishing their operations in those countries. These benefits, which further compensated the corporations for their losses, were in no way taken into account in the calculation of their war claims awards. Such benefits were unavailable to the individual awardholders.

Second. Many of the corporate awardholders are insurance companies that insured risks overseas at premium rates to reflect the risks of war. These companies were then subrogated to the rights of the insured. The substantial premiums received by these insurance companies were not taken account of in the calculation of war claims awards. No individual awardholder is in a comparable position.

Third. Full payment of the individual awards will not substantially affect the amounts that will be available to pay corporate awards. The corporate awards total about $94.7 million. There will be only about $20 million at most available for payment of all awards—both corporate and individual. Thus, even under existing law, the corporations will receive at most about 20 cents on the dollar. Since the total amount payable to individuals is only $6.5 million, giving a priority to individuals will reduce the corporate recovery by only a few cents on the dollar.

Fourth. The corporate awards represent a greater percentage of the actual losses of the corporate awardholders than the individual awards represent of the actual losses of the individuals. In the granting of awards, the Foreign Claims Settlement Commission required documentary proof of the loss for which an award was sought. Many individuals who suffered property losses also lost their documentary proof of ownership in the war. Large U.S. corporations that maintained extensive records in this country did not have similar problems and hence were able to document a much higher percentage of their actual loss than were individuals.

Fifth. All the individual awardholders are U.S. citizens. The War Claims Act required that an individual be a U.S. citizen at the time of his loss in order to be eligible for an award. By contrast, a corporation need only have been incorporated in the United States and 50 percent of its assets owned by U.S. nationals in order to qualify. A significant portion of the stock of many corporate awardholders is held by foreign nationals. Since the basic purpose of the War Claims Act was to compensate U.S. citizens for their losses, this purpose is more consistently served by allowing individual awardholders, all of whom are U.S. citizens, a priority.

These reasons all support the enactment of a priority for individuals in the payment of World War II war claims awards.

In addition to this priority, the Committee on Interstate and Foreign Commerce added an additional priority category through an amendment that I sponsored. Under this amendment, after payment to the individuals, all corporate awards would be paid in equal amounts up to $50,000 and after that amount on a pro rata basis. This amendment does not discriminate against any corporate awardholders since all corporations would receive $50,000 per award even if their awards are larger than that amount. Creation of this priority would benefit the smaller corporate awardholders who, in general, are substantially smaller companies than those with the larger awards. This priority would enable 66 of the 161 corporate awardholders to be paid in full and the further assets in the War Claims Fund would then be divided pro rata among the remaining 95 corporate awardholders. While creation of this priority would reduce somewhat the amounts that would be paid to the very largest corporate awardholders, its effect would not be great since even under existing law these awardholders would receive only a fraction of their outstanding balances. Virtually all the corporate awardholders whose recovery would be reduced are among the Nation's largest corporations, such as Exxon, Mobil, and I.T. & T., and the amount by which their recovery would be reduced would be negligible in terms of their total assets.

I would also like to express my support for the provision of S. 1728 that gives civilian U.S. citizens who were held prisoner in North Vietnam during the Vietnam war benefits on a par with those available to military personnel who were held prisoner. These civilians also served their country and suffered as acutely as the military men in enemy prison camps. We owe them at least this much consideration.

Finally, I would like to point out that this bill involves neither an additional appropriation of funds or an increase in Federal spending. The moneys which will be disbursed to World War II awardholders are derived from the sale of the assets of enemy nationals seized by the U.S. Government during World War II and were not raised from tax dollars. The funds to pay the Vietnam civilian internees are derived from an appropriation for fiscal year 1973. Thus, S. 1728 is in no way an inflationary bill.

For these reasons, I urge the passage of S. 1728 as reported by the Committee on Interstate and Foreign Commerce.

Mr. STAGGERS. Mr. Chairman, I have no further requests for time.

Mr. BROYHILL of North Carolina. Mr. Chairman, I have no further requests for time.

The CHAIRMAN. Pursuant to the rule, the Clerk will now read the committee amendment in the nature of a substitute printed in the reported bill as an original bill for the purpose of amendment.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 5(i)(3) of the War Claims Act of 1948 (50 App. U.S.C. 2004(1)(3)) is amended by striking out "$60" and inserting in lieu thereof "$150".

SEC. 2. (a) Section 213(a)(3) of the War Claims Act of 1948 (50 App. U.S.C. 20171(a)(3)) is amended to read as follows:

"(3) Thereafter, payments from time to

time on account of the other awards made to individuals pursuant to section 202 and not compensated in full under paragraph (1) or (2) of this subsection in an amount which shall be the same for each award or in the amount of the award, whichever is less. The total payment pursuant to this paragraph on account of any award shall not exceed $500,000.".

(b) Section 213(a) of such Act is amended by redesignating paragraph (4) as paragraph (5) and inserting after paragraph (3) the following new paragraph:

"(4) Thereafter, payments from time to time on account of the other awards made to corporations pursuant to section 202 and not compensated in full under paragraph (1) or (2) of this subsection in an amount which shall be the same for each award or in the amount of the award, whichever is less. The total payment pursuant to this paragraph on account of any award shall not exceed $50,000.".

Mr. STAGGERS (during the reading). Mr. Chairman, I ask unanimous consent that the bill be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. KUYKENDALL

Mr. KUYKENDALL. Mr. Chairman, I offer an amendment in the nature of a substitute.

The Clerk read as follows:

Amendment in the nature of a substitute offered by Mr. KUYKENDALL: Strike out all after the enacting clause and insert in lieu thereof the following:

That section 5(i)(3) of the War Claims Act of 1948 (50 App. U.S.C. 2004(i)(3)) is amended to substitute "$150" for "$60".

Mr. KUYKENDALL. Mr. Chairman, I shall not take the full 5 minutes, since I feel that this amendment was debated to a great extent during the debate.

The amendment technically does this: It mentions the part of the bill mentioned by the Chairman earlier that it puts the civilian and the military claimant under the War Claims Act in the same category. To make it clear as to what the meaning of those of us who are supporting this particular amendment feel that the subcommittee in its desire to create an across-the-board justice did—and my great regard for the members of the subcommittee in attempting this is not lessened by the face that I feel that in so doing they have made a serious strike at a basic constitutional fact, and that is under our laws because of the vast differences in the sizes of individual proprietorship and of partnerships and of corporations and of simple individuals themselves, people who have written our law found it within their ideas of justice necessary to require that all be treated the same.

I am quite sure that the subcommittee attempted to achieve justice, but it is my considered judgment and it is my fear, Mr. Chairman, that in their attempts to achieve justice they have done damage to a constitutional fact that is more serious than the injustices that existed under the present law. So I urge the amendment to be adopted.

Mr. SYMMS. Mr. Chairman, will the gentleman yield?

Mr. KUYKENDALL. I yield to the gentleman from Idaho.

Mr. SYMMS. Mr. Chairman, I thank the gentleman from Tennessee for yielding. I associate myself with his remarks.

Mr. Chairman, I am in support of the amendment.

Mr. Chairman, I have no argument with the original intent of the 1974 War Claims Act Amendment as passed by the Senate. It is very appropriate that our American civilian internees in Southeast Asia receive this increase in assistance, particularly when one considers that it brings them more in line with the compensation awarded our military personnel who suffered the same detention. I commend the House for its humane action in consideration of this provision.

I cannot agree with my colleagues who have been instrumental in adding section 2 to the legislation passed by the Senate. It is discriminatory. It is unjust. It is one of the most damaging precedents proposed in this Congress in a good long time.

Section 2 provides that unpaid balances on World War II claims to individual awardholders shall be satisfied before payments are made on legitimate corporation claims. The State Department, the Foreign Claims Settlement Commission, and the Office of Management and Budget all testified against this amendment in our House committee hearings. The Senate never even addressed the proposal this year although it did defeat such a move in 1970. In a nutshell, we are on the edge of expressing public policy in the House of Representatives which holds the legitimate claims of a business to be inferior to those of an individual. Were any one of you to have a court decision in which you were personally involved take such a direction, the hue and cry could be heard across the country.

Section 2 further restricts payments to corporations, providing that each company shall receive no more than $50,000, regardless of the full unsatisfied amount of their claim; in other words, the more a company lost, the less entitled it is to reimbursement.

Even the House has never addressed itself to this concept in public hearings. The amendment was added in the committee without benefit of hearing and without consultation with the agencies involved.

There is injustice aplenty in that language which holds the claims of corporations to be inferior under the law of those of individuals. This additional language compounds that injustice by favoring small corporate losses over large corporate losses. It is a frightening precedent. I urge this body to consider carefully the consequences of such action.

I urge your support this afternoon of the amendment to restore the original Senate language, which limits itself to the very appropriate cause of assisting our American civilian internees in Southeast Asia. I further urge that the Committee on Interstate and Foreign Commerce readdress itself to the question of unsettled war claims in a more equitable manner consistent with our American concept of justice.

Mr. MOSS. Mr. Chairman, I rise in opposition to the amendment.

I would point out, Mr. Chairman, that all this does is to leave the present fund available at the rate of $35,000 for each claimant without regard to any of the underlying facts as to who was an insurance company, as mentioned by the gentleman from Texas, that took its losses out of its premiums which it had calculated as sufficient to cover the losses. They will get their $35,000. If it is an individual who is totally wiped out, he will get his $35,000. If it is someone who picked up a bit of corporate property that had no value at the time, as Boise Cascade did, they will get their $35,000.

It is represented that this is an equitable way of dealing with this. I submit it is not. I submit it is superficially an equitable way, but upon examination of the facts in any depth at all we will see it misses an equitable resolution of this by many, many yards.

It is bad legislation, it is not good legislation, it was not wise when we wrote it. This was the opportunity to clear it up and to deal a little more equitably with persons who suffered serious losses. I would hope that the amendment offered by the gentleman from Tennessee would not be agreed to.

Mr. SMITH of New York. Mr. Chairman, will the gentleman yield?

Mr. MOSS. I yield to the gentleman from New York.

Mr. SMITH of New York. Mr. Chairman, I associate myself with the remarks of the gentleman. I would hope the amendment offered by the gentleman from Tennessee will not be adopted, because the effect of it is to return the war claims distribution to exactly where it is today.

As the gentleman has pointed out, this is unfair to individuals who have personally lost more of their substance than some of the larger companies.

I would like to get back for a moment to the tax point. I understand from the gentleman from Texas that no individuals appeared before the committee who had taken any tax writeoffs, but corporations apparently had taken some $35 million of tax losses which had not been considered in awarding the war claims to them. Is that correct?

Mr. MOSS. That is correct.

Mr. Chairman, I will yield to the gentleman from Texas if he would like to respond personally. Does th from Texas (Mr. ECKHARDT) care to respond to the tax question which is propounded as to the fact that no individual we could find during the hearings had taken a tax writeoff while the corporations had taken in excess of $35 million in tax losses?

Mr. ECKHARDT. That is what appeared in the hearings. Of course, individuals usually did not have anything to take it off against.

Mr. SMITH of New York. Mr. Chairman, will the gentleman yield further?

Mr. MOSS. I yield.

Mr. SMITH of New York. One other statement the gentleman just made for which I wanted confirmation is that the tax writeoff, of course, of some $35 million was not taken into consideration in making the war claims award; is that correct?

Mr. MOSS. Mr. Chairman, I yield to the gentleman from Texas for the purpose of responding to that question.

Mr. ECKHARDT. The corporation had to take into account the U.S. settlement taxes.

Mr. SMITH of New York. I thank the gentleman.

Mr. YOUNG of Illinois. Mr. Chairman, I move to strike the requisite number of words.

I would like to rise in support of the amendment. I regret that we have spent so much time debating this bill; but I do think that we should not overlook what I believe is the appropriate role for Congress with respect to the War Claims Act.

It has been stated that we have roughly $20 million to divide up among $100 million of claims. In effect, we have what I refer to as a bankruptcy situation. The bill without the amendment would give a preference to individuals in the payment of their claims before corporations. This preference would extend to claims over $35,000.

The amendment of the gentleman from Tennessee, as I understand it, would eliminate any such preference with respect to corporations and individuals. Those claims would all be treated on a pro rata basis, which is my understanding of the version that the Senate bill also provides.

Now, I do not think it is appropriate for the House to get into a determination of individual claims. I do not think it is the purpose of the House to do that.

Mr. MOSS. Mr. Chairman, will the gentleman yield?

Mr. YOUNG of Illinois. I yield to the gentleman from California.

Mr. MOSS. The gentleman has stated there are $20 million. I used the figure $11 million to $14 million. I am correct, am I not, in that figure there are adjudicated claims approximating somewhere between $6 million and $9 million now in process, so that the residual fund which is addressed by the language of this bill addresses itself only to between $11 million and $14 million.

Mr. YOUNG of Illinois. I thank the gentleman and I accept that.

The point I was using the figures for was simply to illustrate we have not enough money to pay all the claims, and on that the gentleman from California agrees with me.

The point I am speaking to is that this House is not the appropriate body to try to determine individual claims. I regret that the gentleman from Texas singled out a particular company, Boise Cascade, to describe certain information set forth in an annual report. It is very difficult to evaluate that type of information. We are not the body to do it. That is what the Foreign Claims Settlement Commission is supposed to do.

I do think if the House of Representatives feels that individuals should have a claim priority over corporations, then the House should offer amendments like this to the bankruptcy laws. The bankruptcy laws, of course, have been on the books for many, many years. They provide no such distinction between claims of individuals and corporations. They make no such discrimination. The reason they do not make such discrimination is that it would not be equitable. Under our Constitution corporations are citizens, the same as individuals. We all recognize the fact that corporations are artificial entities, and they are owned by individuals, so there is no valid basis to discriminate against individuals who are stockholders of corporations, if the corporations have valid legitimate claims, compared to individuals who own property in their own individual names.

I think that the House of Representatives would be well advised to accept the well thought out language of the Senate and to have all claims over $35,000 prorated in amount. We should try to avoid the political implications of corporation versus individual. I think that is not a proper basis for us to act upon, for the purpose of discriminating between claimants.

Mr. McCOLLISTER. Mr. Chairman, will the gentleman yield?

Mr. YOUNG of Illinois. I yield to the gentleman from Nebraska.

Mr. McCOLLISTER. Mr. Chairman, does the gentleman from Illinois know that the income tax law, when it considers corporate taxes, imposes a surtax over $25,000 to earnings of over $25,000, giving thereby some preference to the stockholders of smaller corporations? Is not that somewhat comparable to what the committee and the Congress is doing in this instance?

Mr. YOUNG of Illinois. No, I do not believe that such an analogy is relevant to the issue of the priority of claims in the distribution of a fund where there are more claims than there are assets.

I think the tax laws have certain social and other purposes in their enactment, and here we are dealing with claims, I do not think it appropriate to compare the two.

Mr. McCOLLISTER. Mr. Chairman, I rise in opposition to the amendment.

I would merely like to say that it is the right of the Congress to make these kinds of discriminations, and to give preference to small business and to individual claimants.

I think the amendment of the gentleman from Tennessee should, therefore, be defeated.

Mr. ECKHARDT. Mr. Chairman, will the gentleman yield?

Mr. McCOLLISTER. I yield to the gentleman from Texas.

Mr. ECKHARDT. Mr. Chairman, I think it might be well to point out that if the amendment passes, approximately 93 percent of the available funds would go to corporations. About 7 percent would go to individuals, whereas if it does not pass, approximately a third each will go to the individuals and to the $50,000 claim contenders, and the rest, one-third, would be divided proportionately.

Mr. McCOLLISTER. Mr. Chairman, I thank the gentleman for his contribution.

Mr. STAGGERS. Mr. Chairman, I rise in opposition to the amendment. I do not believe it is fair, and I ask that it be defeated.

The CHAIRMAN. The question is on the amendment in the nature of a substitute offered by the gentleman from Tennessee (Mr. KUYKENDALL).

The amendment in the nature of a substitute was rejected.

The CHAIRMAN. The question is on the committee amendment in the nature of a substitute.

The committee amendment in the nature of a substitute was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the Chair, Mr. McKAY, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the Senate bill (S. 1728) to increase benefits provided to American civilian internees in Southeast Asia, pursuant to House Resolution 1306, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the amendment.

The amendment was agreed to.

The SPEAKER The question is on the third reading of the bill.

The bill was ordered to be read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and the Speaker announced the ayes appeared to have it.

Mr. ASHBROOK. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 368, nays 17, not voting 49, as follows:

[Roll No. 477]

YEAS—368

Abdnor
Abzug
Adams
Addabbo
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Arends
Armstrong
Ashbrook
Ashley
Aspin
Badillo
Bafalis
Baker
Barrett
Bauman
Bell
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Blackburn
Boggs
Boland
Bolling
Brademas
Bray
Breaux
Breckinridge
Brinkley
Brooks
Broomfield
Brotzman
Brown, Ohio
Broyhill, N.C.
Broyhill, Va.
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Byron
Camp
Carney, Ohio
Carter
Casey, Tex.
Cederberg
Chamberlain
Clancy
Clark
Clausen, Don H.
Clawson, Del
Clay
Cleveland
Cochran
Cohen
Collins, Ill.
Conable
Conlan
Conte
Conyers
Corman
Cotter
Coughlin
Cronin
Daniel, Dan
Daniel, Robert W., Jr.
Daniels, Dominick V.
Danielson
Davis, S.C.
Davis, Wis.
de la Garza
Delaney
Dellenback
Dellums
Denholm
Dennis
Dent
Derwinski
Devine
Dickinson
Diggs
Donohue
Dorn
Downing
Drinan
Duncan
du Pont
Eckhardt
Edwards, Ala.
Edwards, Calif.
Eilberg
Erlenborn
Esch
Eshleman

Evans, Colo.
Fascell
Findley
Fish
Fisher
Flood
Flowers
Foley
Ford
Forsythe
Fountain
Fraser
Frelinghuysen
Frenzel
Frey
Froehlich
Fulton
Fuqua
Gaydos
Gettys
Giaimo
Gibbons
Gilman
Ginn
Gonzalez
Goodling
Grasso
Green, Oreg.
Green, Pa.
Griffiths
Grover
Gude
Guyer
Haley
Hamilton
Hammerschmidt
Hanley
Hanrahan
Hansen, Idaho
Harrington
Harsha
Hastings
Hawkins
Hays
Hechler, W. Va.
Heckler, Mass.
Heinz
Helstoski
Henderson
Hicks
Hillis
Hinshaw
Hogan
Holifield
Holt
Holtzman
Horton
Hosmer
Howard
Hudnut
Hungate
Hunt
Hutchinson
Ichord
Jarman
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jordan
Karth
Kastenmeier
Kazen
Kemp
Ketchum
King
Kluczynski
Koch
Kyros
Lagomarsino
Latta
Lehman
Lent
Long, La.
Lott
Lujan
Luken
McClory
McCloskey
McCollister
McCormack
McEwen
McFall
McKay
McKinney
Macdonald
Madden
Madigan
Mahon
Maraziti
Martin, Nebr.
Martin, N.C.
Mathias, Calif.
Mathis, Ga.
Matsunaga
Mazzoli
Meeds
Melcher
Metcalfe
Mezvinsky
Michel
Milford
Mills
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Mizell
Moakley
Mollohan
Montgomery
Moorhead, Pa.
Morgan
Mosher
Moss
Murphy, Ill.
Murtha
Myers
Natcher
Nedzi
Nelsen
Nichols
Nix
Obey
O'Brien
O'Hara
O'Neill
Owens
Parris
Patman
Patten
Perkins
Pettis
Peyser
Pickle
Pike
Poage
Powell, Ohio
Preyer
Price, Ill.
Price, Tex.
Pritchard
Quie
Rangel
Rees
Railsback
Randall
Regula
Reuss
Rhodes
Riegle
Rinaldo
Roberts
Robinson, Va.
Rodino
Roe
Rogers
Roncalio, Wyo.
Roncallo, N.Y.
Rooney, Pa.
Rose
Rosenthal
Rostenkowski
Roush
Rousselot
Roybal
Runnels
Ruppe
Ruth
Ryan
St Germain
Sandman
Sarasin
Sarbanes
Satterfield
Scherle
Schneebeli
Schroeder
Sebelius
Seiberling
Shipley
Shriver
Sisk
Skubitz
Slack
Smith, Iowa
Smith, N.Y.
Snyder
Spence
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Steele
Steelman
Steiger, Wis.
Stephens
Stokes
Stratton
Stubblefield
Studds
Sullivan
Symington
Talcott
Taylor, Mo.
Taylor, N.C.
Thompson, N.J.
Thomson, Wis.
Thone
Tiernan
Towell, Nev.
Traxler
Udall
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Veysey
Vigorito
Waggonner
Waldie
Walsh
Wampler
Ware
Whalen
White
Whitehurst
Whitten
Widnall
Wilson, Bob
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Winn
Wolff
Wright
Wyatt
Wydler
Wylie
Wyman
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Ill.
Young, Tex.
Zablocki
Zion
Zwach

NAYS—17

Bowen
Chappell
Collins, Tex.
Crane
Evins, Tenn.
Gross
Huber
Kuykendall
Landgrebe
Long, Md.
Mallary
Mann
Miller
Shuster
Steiger, Ariz.
Symms
Young, S.C.

NOT VOTING—49

Alexander
Beard
Blatnik
Brasco
Brown, Calif.
Brown, Mich.
Carey, N.Y.
Chisholm
Collier
Culver
Davis, Ga.
Dingell
Dulski
Flynt
Goldwater
Gray
Gubser
Gunter
Hanna
Hansen, Wash.
Hébert
Jones, Tenn.
Landrum
Leggett
Litton
McDade
McSpadden
Mayne
Minshall, Ohio
Moorhead, Calif.
Murphy, N.Y.
Passman
Pepper
Podell
Quillen
Rarick
Reid
Robison, N.Y.
Rooney, N.Y.
Roy
Shoup
Sikes
Stuckey
Teague
Thornton
Treen
Wiggins
Williams
Young, Ga.

So the bill was passed.

The Clerk announced the following pairs:

Mr. Hébert with Mr. Stuckey.
Mr. Murphy of New York with Mr. Leggett.
Mr. Flynt with Mr. Blatnik.
Mr. Rooney of New York with Mr. Brown of California.
Mr. Dingell with Mr. Gray.
Mr. Carey of New York with Mr. Landrum.
Mrs. Chisholm with Mrs. Hansen of Washington.
Mr. Jones of Tennessee with Mr. Litton.
Mr. Alexander with Mr. McSpadden.
Mr. Podell with Mr. McDade.
Mr. Pepper with Mr. Mayne.
Mr. Roy with Mr. Beard.
Mr. Young of Georgia with Mr. Culver.
Mr. Passman with Mr. Collier.
Mr. Hanna with Mr. Brown of Michigan.
Mr. Rarick with Mr. Gubser.
Mr. Reid with Mr. Goldwater.
Mr. Gunter with Mr. Minshall of Ohio.
Mr. Dulski with Mr. Moorhead of California.
Mr. Davis of Georgia with Mr. Shoup.
Mr. Teague with Mr. Treen.
Mr. Sikes with Mr. Wiggins.
Mr. Thornton with Mr. Williams.

The result of the vote was announced as above recorded.

The title was amended so as to read: "An Act to amend the War Claims Act of 1948 to increase benefits provided to American civilian internees in Southeast Asia and to provide for additional payments on awards made to individuals and corporations under that Act.".

A motion to reconsider was laid on the table.

FEDERAL ELECTION CAMPAIGN ACT AMENDMENTS OF 1974

The SPEAKER. Under a previous order of the House, the gentleman from New York (Mr. KEMP) is recognized for 20 minutes.

Mr. KEMP. Mr. Speaker, it has been a long and arduous road to the achievement of substantive, practical campaign reform. I had hoped, when I first introduced legislation establishing an independent Federal Election Commission in 1973, that meaningful reform would be forthcoming in the first session of the 93d Congress. Finally, we have taken legislative action to help correct campaign abuses and corruption which have surfaced with increased regularity in the past several years.

Certainly no issue has yielded such broad bipartisan support. Illegal campaign practices, unethical tactics, dirty tricks, and influence peddling in the 1972 and prior campaigns have brought demands from the American people for positive legislative action.

The public's wishes have been translated into action. Each American believes that our political system must be ethical to be fair. Each American insists on his or her right to be informed about the campaign practices of the candidates for which he must vote; each American wants candidates to compete equitably for public office.

THE NEW LAW

With this in mind, the House of Representatives has acted. The legislation drafted by the Committee on House Administration and amended by the full House limits contributions to $1,000 per person and $5,000 for broad-based political committees. Individuals can contribute no more than $25,000 to all candidates and committees in any one calendar year. Contributions are prohibited by foreign nationals and cash contributions cannot exceed $100 per person. These provisions should help restore public confidence by eliminating or reducing public suspicion that candidates are being "bought" or influenced by large campaign contributions.

In addition, the bill places limits on the amount of expenditures a candidate may make: $10 million for nomination for President, $20 million in a general election for President, 5 cents times the populations of the geographical area or $75,000 for the Senate—whichever is greater—and $60,000 for House races. The $60,000 limitation figure was arrived at as a compromise between the Committee on House Administration recommendation of $75,000 and a lower figure advocated by several colleagues and myself.

Other provisions of the bill include the requirement that all candidates designate a principal or central campaign committee. The reports of all other committees supporting that candidate must be filed with the principal committee, which in turn compiles these reports and sends them to the appropriate supervisory officer. All expenditures made on behalf of a candidate must be made through the principal campaign committee.

The requirement for the establishment of a single committee increases the accountability of the candidate to the voter by focusing attention at a single point. Further, reporting procedures would be simplified.

The legislation also reduces the large number of reports that are presently filed which makes it most difficult for the press and other monitoring agencies to fully inform the public of the sources of funds. Fewer, more timely reports actually allow the public to learn more about candidates' sources of funds.

In addition, the bill opens the political process by allowing State and local employees to participate in political campaigns. This provision finally allows a greater number of people the opportunity to participate in the electoral process.

PUBLIC ACCOUNTABILITY

Our primary responsibility has been to insist on full public disclosure and publication of all campaign contributions and expenditures during a campaign, thereby allowing the voters themselves a better opportunity to judge whether a candidate has spent too much. To those with confidence in the decisionmaking ability of the American people, this is fundamental. After all, individual decisionmaking and the accountability of elected officials to the voter are underlying premises on which our political system is based. The American electorate is fully capable of making hard political choices if it is assured the option of holding elected officials accountable at the voting booth each November. As long as accountability is maintained, we have the greatest deterrent to political corruption yet devised, that is, removal from office via the ballot box.

THE NEED FOR AN INDEPENDENT FEDERAL ELECTIONS COMMISSION

One of the glaring shortcomings of the committee bill was in the provisions for enforcement and administration. The worst thing we could have done would be to establish a mechanism which would reflect a conflict of interest in enforcement of these new reforms.

In order to avoid this egregious error from being legislated, I joined with my distinguished colleagues, Mr. FRENZEL and Mr. FASCELL, and 29 other Members, in seeking to amend the legislation by creating an Independent Federal Elections Commission. I am grateful to say that the chairman of the committee was the architect of a significant compromise which I was proud to support. Under the compromise the entity board responsible for enforcement would have sufficient independence and authority so that we can expect uniform, fair enforcement of our Federal election law.

The compromise protects both the general public from undetected violation of campaign law and the rights of Members of Congress and other candidates.

Aside from eliminating the appearance of conflict of interest, the modified Fascell-Frenzel amendment helps reverse the long history of nonenforcement of election laws, regulation, administration, and enforcement, and which build on the experience of 16 States, including New York, which have created similar mechanisms in the past year and a half.

PUBLIC FINANCING

The Congress has debated the issue of public financing of Federal campaigns. Many such proposals have been put forth in an effort to broaden candidate participation, encourage small contributions, equalize incumbent-challenger resources, and diminish the influence of money in campaigns. To the extent that such proposals contribute to the aforementioned objectives, they deserve support.

The Federal Election Campaign Act Amendments limit public financing of all phases of elections to the office of the President. Certainly the greatest potential for abuses by special interest groups rests in Presidential elections. Fortunately, the tax checkoff method for financing Presidential election campaigns has met with marked success, and both the IRS and General Accounting Office have indicated that at the present rate, the 1976 Presidential campaign will be paid for by funds from the checkoff.

It may be that the combined public/private method of financing congressional and senatorial elections is the best way to encourage the solicitation of small contributors and thereby see the reappearance of the average American in the campaign financing formula. Matching Federal/private funding for congressional campaigns did not pass the House but we must take steps to encourage voter participation in the area of campaign financing.

SPECIAL INTERESTS

The Federal Election Campaign Act Amendments of 1974 do not place as strict restrictions on the activities of special interests as I would like, allowing the contribution of as much as $5,000 in the aggregate to each candidate from special interest committees. The $5,000 limitation is clearly an improvement over current law; however, the Congress has not gone nearly far enough in ending the suspicion created among the public by the special interest contribution. I had hoped the whole House would accept the amendment drafted by my colleague, BUD BROWN of Ohio, prohibiting the pooling of funds by any groups and requiring all contributions to be identified as to the original donor. I believe that special interest groups should only be allowed to act as the agents of individual contributors.

Despite the failure of the House to accept the amendment, I have urged each of my colleagues to voluntarily assume the responsibility for showing the public that the special interest contribution is unnecessary in Federal election campaigns. In that spirit, I have personally pledged not to accept any contribution from any special interest group whatever, and have further pledged not to accept any contribution over $500, and then to receive them only from individual contributors. It is essential that the spirit of the law be adhered to, as well as the letter and I am convinced that a broad based, grass root, small contributor type campaign can be successful in restoring confidence in our election process.

THE PUBLIC ETHIC

Finally, each American must have realistic expectations about what changes in the law alone will achieve in helping eradicate campaign abuses. Our national legacy of individual responsibility demands from each of us the highest ethical vigilance. Unless a higher more inflexible ethic is insisted upon by the American electorate, and is reflected in the voting booth, no amount of campaign law will correct campaign abuses and corruption.

Congress has responded to the overwhelming desire of the American people to curb the abuses and corruption which have surfaced in the political election process over the past few years. The legislation is a step forward. I am personally gratified by its passage.

TRIBUTE TO FORMER MARYLAND GOVERNOR, THEODORE ROOSEVELT McKELDIN

The SPEAKER. Under a previous order of the House, the gentleman from Maryland (Mr. GUDE) is recognized for 15 minutes.

Mr. GUDE. Mr. Speaker, the Maryland delegation is saddened by the passing this last Saturday of former Gov. Theodore Roosevelt McKeldin, who was also mayor of Baltimore at one time. Mayor and later Governor McKeldin's career spanned a half century of great service to the State of Maryland and to the United States of America. His career was a typical American success story. He was one of 11 children born in South Baltimore, the son of a stonecutter who turned policeman. He had a brilliant career as mayor of Baltimore and a brilliant career as the Governor of Maryland.

Mr. McKeldin placed in nomination at the national convention the name of Dwight Eisenhower for President of the United States, but I think former Governor McKeldin's greatness will last longer as a champion in the field of civil rights in all areas.

I know all Members of the Maryland delegation extend to Mrs. McKeldin and to his family their deepest condolences.

Mr. HOGAN. Mr. Speaker, will the gentleman yield?

Mr. GUDE. I yield to the gentleman from Maryland, the gentleman from Prince Georges County.

Mr. HOGAN. Mr. Speaker, I thank my colleague, the gentleman from Maryland (Mr. GUDE) for taking this time and for yielding to me so I may tribute to a great American and a great Marylander.

Ted McKeldin, as the gentleman from Maryland (Mr. GUDE) has stated, served his State and his country in an outstanding manner for many, many years. He was the leader of our party in the State for several decades. He will be sorely missed. All Republicans in the State who benefited from his counsel on so many occasions will have to try now to find some other source for the wisdom to which Mr. McKeldin had such ready access. He had the ability of being a leader who had the respect of all people regardless of their race or their religion or their creed or their political affiliation. He was a rare politician and a rare statesman and all of us in Maryland will deeply miss him.

Mr. GUDE. I thank the gentleman for his remarks.

Mr. HOGAN. Mr. Speaker, it was with great sorrow that I learned of the passing of Theodore Roosevelt McKeldin, the former Governor of Maryland and mayor of Baltimore who was so revered and beloved by the citizens of the Free State.

Throughout his long and distinguished career in public service, Governor McKeldin set an example worthy to be followed by all of us in public life: An example of honesty, integrity, charity, and dignity which were the hallmark characteristics of his winning personality.

Long known as "Mr. Republican" in Maryland, Governor McKeldin gave our party an enormous gift of prestige and goodwill simply by being himself and serving his State with talent and industry.

His many achievements, some wrought in iron and concrete and others engraved in the attitudes of his fellow citizens, stand today as far more eloquent testimony to his rich, full life than any words that I might speak.

His rewards in this life were many, and the respect his fellow Marylanders and fellow Americans paid to him was well deserved. Such was the esteem in which he was held that he came very close to being nominated for the Vice Presidency of the United States in 1952, at the height of an outstanding public career.

I join all Marylanders and, I am sure, all my colleagues in this House in expressing my deepest sympathy to the Governor's lovely widow and their son and daughter at this sad time for them and for the millions who shared their love for this remarkable man.

Mrs. HOLT. Mr. Speaker, I would like to join my colleagues in paying tribute to a great Marylander and a great American, Theodore McKeldin. I knew Governor McKeldin for over 25 years, and I will always remember his dignity and his personal warmth.

He had a remarkable political career, spanning almost half a century. Twice mayor of Baltimore, twice Governor of Maryland, Ted McKeldin was fearless and forthright in his battle for human dignity. Under his leadership, Maryland's last segregation laws were repealed. In 1952, in a moving and eloquent address to the Nation, Governor McKeldin nominated Dwight Eisenhower for the Presidency.

His compassion for his fellow man underscored his brilliant career, and his dedicated service will be a shining example for future generations of public servants.

Mr. Speaker, we have lost a wise and good man. I know my colleagues join me in extending our deepest sympathy to Mrs. McKeldin and the children.

Mr. BYRON. Mr. Speaker, Maryland has lost one of her most distinguished statesmen with the death on Saturday of former Gov. Theodore R. McKeldin.

Known as "Mr. Republican," Theodore Roosevelt McKeldin was elected twice to the governorship and twice as the mayor of Baltimore. Ted McKeldin earned an enviable record of accomplishments during his career which spanned almost 50 years. One of Ted McKeldin's greatest political moments was in 1952 when he nominated Dwight Eisenhower for the Presidency. His various campaigns carried him throughout the State and his dedication to good government was well known and respected.

Ted McKeldin will be greatly missed by the State of Maryland and his friends from both sides of the aisle.

Mr. BAUMAN. Mr. Speaker, I want to thank the gentleman from Maryland (Mr. GUDE) for taking this time to announce to the House the passing of Theodore Roosevelt McKeldin, one of Maryland's greatest Governors.

I first met Governor McKeldin as a very young Republican active in campaigns on the Eastern Shore. In 1954 when he ran for a second term as Governor I campaigned with him and other candidates throughout the nine counties of the Eastern Shore and over the years I came to know him as a dynamic personality, a truly gentle man, and a person who believed strongly in his convictions and acted upon those convictions.

Ted McKeldin was a liberal in politics and I am a conservative and on numerous occasions we found ourselves in opposite corners. Throughout this time, however, our differences were always in points of view and not of a personal nature. Maryland and the Nation have lost a great man but certainly both are better for the 73 years Ted McKeldin spent on this earth.

My wife and family join me in extending sympathy to Mrs. McKeldin and their children.

I include at this point in my remarks an article from the Baltimore Evening Sun of August 10, 1974, regarding Governor McKeldin:

THEODORE MCKELDIN, FORMER GOVERNOR, MAYOR, DIES

Theodore Roosevelt McKeldin, Sr., former Governor of Maryland and Mayor of Baltimore, died at 6:35 A.M. today, at his home in the 100 block Goodale road in the Homeland section. He was 73.

Mr. McKeldin had been suffering from cancer and was hospitalized frequently over the last several months.

The colorful son of a stone-cutter-turned-policeman, Mr. McKeldin, one of 11 children, was born on Stockholm (now Ostend) street in South Baltimore November 20, 1900, and parlayed a gift for oratory and an evangelist's spirit into a national reputation as a politician and speaker.

He was Baltimore's mayor during World War II, then became the only Republican in state history to serve two terms as governor. He set another precedent when he won his second four-year term as Baltimore's mayor 20 years after winning his first.

The man who went directly from grammar school to a $2-a month job as an office boy and part-time gravedigger, left an indelible imprint on his native state during a career marked by the building of the Harbor Tunnel, the state office building complex in Baltimore and dozens of college buildings.

BUILT ROADS, AIRPORT

Credited to the mayoral and gubernatorial administrations of Mr. McKeldin were hundreds of miles of Maryland roads, work on the Baltimore Beltway, construction of Friendship International Airport (now Baltimore-Washington Interational) and Liberty Dam.

His days in office saw the birth of the Susquehanna Water Development Project, which assures Baltimore a continuous supply of water until the year 2000, the Maryland Port Authority and the vast Inner Harbor Redevelopment Project.

But more important than structures of stone and steel were Mr. McKeldin's championing of unpopular causes that he knew were right, although there were not votes in them. One of these was social justice and the toppling of racial barriers to provide first class citizenship for all.

The McKeldin accomplishments in this area included the first black appointees to the Baltimore school board, the city solicitor's office and the Mayor's staff, and the first Jewish person appointed to the Court of Appeals.

OPENED POLY A COURSE

He eliminated racial designations on state employment applications, and allowed the first blacks to enter the Poly A Course, two years before the Supreme Court's anti-segregation ruling in 1954.

He ordered integration of state-owned beaches and parks, ruled against the Baltimore Transit Company's ban on black bus and trolley operators, integrated Baltimore hotels and signed the city's first comprehensive public accommodations law.

Wayside picnic areas throughout the state were credited to the McKeldin administration, as were the red brick walks on State House grounds.

He once said that if he were writing his own biography, he would list high amoung his accomplishments the outlawing of slot machines on Maryland's Potomac River piers, the abrogation of the ancient Potomac River Compact and the naming of a commission to draw up an agreement that ended the so-called "oyster war" with Virginia.

During his eight years in the State House from 1951–59, Mr. McKeldin commuted 16 death sentences, 3 just before he left the governorship. Only 5 executions were allowed.

"THE SIDE OF MERCY"

"I would rather err on the side of mercy than to mistake justice," he said.

Some of the millions of words Mr. McKeldin uttered from platforms from Seattle to Tel Aviv, with his Scottish burr varying according to his audience, placed the name of Dwight D. Eisenhower into nomination at the 1952 Republican National Convention in Chicago.

"Here is the man to unite our party," he intoned. "Here is the man to unite our nation. Here is a strong man—the Hercules to sweep the stench and stigma from the Augean stable of the Washington administration."

From his earliest childhood Mr. McKeldin wanted to be a minister, but his family's poverty ruled out such an education.

STUDIED AT NIGHT

It was while working as an office boy that he started taking night courses at Baltimore City College and later at the University of Maryland Law School, where he won his degree in 1925.

As an office boy he also met Honolulu Claire Manzer, a fellow employe whom he married October 17, 1924.

Mr. McKeldin got into politics three years later by volunteering his speaking services to the late William F. Broening, Republican candidate for mayor, who was elected and promptly named the 27-year-old speaker to a job as his secretary.

He went out of office with Mr. Broening in 1931 and it was not until eight years later that he made his first run for mayor. He was beaten by Howard W. Jackson, the Democratic incumbent.

BEAT JACKSON FOR MAYOR

In 1942 Mr. McKeldin made the first of two unsuccessful bids for the governorship. But the next year, he made it as Baltimore's mayor by beating Mr. Jackson by 20,000 votes, the biggest margin ever given a Republican. In 1946 he lost again in a bid for governor.

He bowed out of the political picture when his term ended in 1947, but three years later he ran for the governorship a third time, promising to end the unpopular 2 per cent sales tax that Governor William Preston Lane had jammed through the General Assembly.

Mr. McKeldin won by a landslide 93,000 votes over Mr. Lane, who was seeking his second term. But the new Governor found that eliminating the sales tax was impossible. He was forced to raise it to 3 per cent and also raise the state income tax by 50 per cent.

"I made a mistake," he explained his failure to keep his 1950 pledge.

When his second term as governor ended, Mr. McKeldin, who had narrowly missed being chosen as Mr. Eisenhower's presidential running mate in 1952, had nowhere to turn except back to his old job as mayor.

RUNS AGAIN

Thinking that an upset victory in 1959 over the Democratic incumbent, Thomas D'Alesandro, Jr., would enhance his chances for a crack at the Republican vice presidential nomination the next year, Mr. McKeldin once again ran for mayor.

However, he was in for a rude awakening. His opponent was not Mr. D'Alesandro, who was beaten in the Democratic primary by J. Harold Grady, a 42-year-old state's attorney and a new face with a glamorous background as a former FBI agent.

Mr. McKeldin lost by more than 81,000 votes, a more than 2-1 margin. The defeat was the worst ever administered a candidate for Baltimore mayor.

GRACEFUL IN DEFEAT

He took his beating gracefully, as he had taken past honors gracefully and went ahead with his speeches, building up his law practice and adding to his collection of antiques and gold coins.

Talking to reporters the day after his defeat, he assured them he was relaxed and told them of his plans for the next few days.

"I'm going to Hartford Thursday to talk at a dinner for the United Jewish Appeal. Then on Friday I go to South Bend, Ind., to speak at Notre Dame University on segregation," he said.

Then he recalled that in the next few days he would also be speaking in Kansas City, Washington, Pottstown, Pa., Harford county, New Orleans. Denver and Baltimore.

In 1963, after Philip H. Goodman had been elevated automatically to mayor from City Council president after Mr. Grady was named to a judgeship the previous year, Mr. McKeldin again received the Republican nomination for mayor despite some misgivings by his party's leadership.

Many considered Mr. McKeldin too liberal, a charge he did not dispute, but when the Republican State Central Committee got together at a formal meeting the vote was overwhelming for his candidacy.

CHARGED BOSSISM

Facing Mr. Goodman in the election, Mr. McKeldin campaigned on his record as governor and wartime mayor, raising the cry of "bossism" at City Hall.

He was making progress when, a month before the balloting, the Republican candidate for city comptroller resigned.

In his place Mr. McKeldin persuaded Hyman A. Pressman, self-appointed watchdog over city affairs who had been narrowly defeated in the Democratic primary for the party's nomination for comptroller, to become the Republican candidate for the post.

The "fusion ticket" caught the fancy of voters and the McKeldin-Pressman ticket nosed out its opponents in the general election.

Joining the administration was Thomas D'Alesandro 3d, son of the former mayor, who was a landslide winner for a term as City Council president.

The new administration got off to a harmonious start although Mr. McKeldin was the only Republican in city government while all other elective jobs were held by Democrats.

Pulpits by the hundreds were occupied by the deeply religious Mr. McKeldin—a teetotaller who recalled seeing his father take the pledge at a church service.

He was a man who could be completely sincere in presenting a rosary to a Catholic and a King James New Testament to a Protestant before donning a skull cap to enter a synagogue for Rosh Hoshana services.

Politicians will remember him as the one Republican who was able to get along with legislatures and City Councils under firm control of the Democrats.

In fact, he had more fights with Republicans than he did with the other side. But the amount of legislation was able to get through Democratic legislatures was remarkable despite his record of having his vetoes overridden more than any other 20th-Century Maryland governor.

He was an exuberant campaigner, one who could use bare knuckles when the necessity arose.

RAN AGAINST BYRD

This was demonstrated in 1954 when he ran for re-election against Dr. Harry C. Byrd, former University of Maryland president.

After one of the roughest campaigns in Maryland history Mr. McKeldin came out with his spirit intact, ready to dig in for another four years.

As governor his opportunity for public speaking were enhanced immensely. He would catch a plane on a moment's notice to give an Israel Bond drive speech in Los Angeles, a Republican oration in Maine or a pro-desegregation rally in Atlanta.

He went abroad regularly—to Israel to Germany for University of Maryland Overseas Branch commencements to Liberia as guest of that government, to Rome and the Holy Land for visits to the shrines of Christendom.

But he never neglected his real jobs—either governing his native state or his native city.

He was a complete extrovert who gave of himself so completely that some of those who did not know him well were inclined to label him as somewhat of a clown. Nothing was further from the truth.

Survivors include his wife the former Honolulu Claire Marzer, a son, Theodore R. McKeldin, Jr., and a daughter Mrs. Claire Whitney Seigler, all of Baltimore.

GENERAL LEAVE

Mr. GUDE. Mr. Speaker, I ask unanimous consent that all Members may have 5 days in which to revise and extend their remarks and include extraneous matter on the life, character, and public service of the late Gov. Theodore Roosevelt McKeldin.

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

There was no objection.

BACK TO SCHOOL—SAFELY

The SPEAKER. Under a previous order of the House, the gentleman from Connecticut (Mr. McKINNEY) is recognized for 5 minutes.

Mr. McKINNEY. Mr. Speaker, I rise in support of H.R. 10642, the Motor Vehicle and School Bus Safety Amendments of 1974. Ever since coming to Congress I have fought to improve the design and construction of automobiles and school buses. Unfortunately my district as well as many other communities in this Nation have witnessed the tragedy which results when an accident occurs with a busload of children on it. Such a tragedy is heightened when the accident is a result of or is compounded by faulty design or negligent construction.

Studies have indicated that over 19 million children now travel back and forth by bus each day of the school year. Sadly, however, an average of 75 to 100 deaths and 5,100 to 5,200 injuries occur annually in schoolbus-related accidents. Thus it is evident that we can no longer continue to treat school bus safety with such indifference. This bill will set a timetable for establishing the standards which will help decrease these tragic statistics.

This measure will further authorize the secretary of Transportation to develop school bus safety standards within 6 months from the enactment of this bill with the promulgation of such standards within 15 months of the enactment of this bill. Standards would be developed in eight major areas, the most important being interior protection, crash worthiness of the body and frame, including protection against rollover hazards and vehicle operating systems.

In addition to the development of design standards, the Secretary of Transportation will be given the authority to prescribe regulations requiring that any school bus must be test driven by the manufacturer and certified by him that the bus is in sufficient working order and meets all minimum established standards. Until such test drives are made by the manufacturer the bus cannot be offered for sale.

In 1971, and again in 1973, I helped to introduce legislation which would have authorized a comprehensive plan for safety design standards on schoolbuses. I am pleased to note that many of the provisions of my bill have been incorporated into the legislation being considered today. However, I believe this is only the beginning. We must not allow ourselves to compromise the safety of our children. Too many children have died or been maimed because we have failed to adopt such protective measures previously.

In some States an automobile is considered and defined in law to be a "dangerous instrument." This classification puts the car and schoolbus in a category with guns and dynamite. In other States they become dangerous instruments only when they have been found to be faulty and contain some kind of defect. It is our responsibility to keep the schoolbus out of the dangerous instrument classification.

By initiating such protective standards we will not only be saving all concerned from tragedy and suffering, but we will be protecting the most important natural resources of our Nation: Our youth.

RETURNING TITLE TO TRACT TO NORTH STAR BOROUGH

The SPEAKER. Under a previous order of the House, the gentleman from Alaska (Mr. YOUNG) is recognized for 5 minutes.

Mr. YOUNG of Alaska. Mr. Speaker, in 1970 the North Star Borough of Alaska generously gave a tract of land it had purchased from the city of Fairbanks to the Federal Government with the understanding it was to be used for the construction of an Indian school dormitory. I am today introducing legislation to return this land to the North Star Borough without cost, since the Bureau of Indian Affairs meanwhile decided that due to economic reasons the dormitory facility would not be constructed.

The Bureau of Indian Affairs does not have the authority to reconvey the land, and the General Services Administration cannot return the property without putting severe restrictions on the borough's use of the tract, or charging them fair market value. The BIA and the GSA support this bill since the only way the borough can recover the property without charge is by an act of Congress.

I hope my colleagues will act to restore to the North Star Borough the tract of land so generously given to the Federal Government 4 years ago. The bill follows:

H.R. —

A bill to authorize the Secretary of the Interior to convey all right, title and interest of the United States in and to a tract of land located in the Fairbanks Recording District, State of Alaska, to the Fairbanks North Star Borough, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of

America in Congress assembled, That the Secretary of the Interior is authorized to convey all right, title and interest of the United States in and to the following described real property, located in the Fairbanks Recording District, to the Fairbanks North Star Borough without payment of consideration:

THE WEST PORTION OF BLOCK 209

A tract of land situated in the NW ¼ Section 15, T1S, R1W, F.B. and M., also known as U.S. Survey 849 of the Homestead Claim of Stacia Rickert described as follows:

Commencing at Corner N. 3, U.S. Survey No. 849, thence S89° 57′ 14E a distance of 2300 feet, more or less; along a southerly line of said Survey No. 849 which lies between Corners No. 2 and 3; thence S89° 57′09″E a distance of 30 feet, more or less; thence N 0° 56′ 34″W a distance of 10 feet, more or less; to the true point of beginning; thence N 0° 56′ 34″W a distance of 337 feet, more or less; thence S 89°52′43″E a distance of 518 feet, more or less; thence S 0°07′17″W a distance of 337 feet, more or less; thence N 89°57′09″W a distance of 510 feet, more or less, to the true point of beginning,

and containing 173,218 square feet, more or less.

NEW YORK TIMES SUPPORTS CREDIT RATIONING

The SPEAKER. Under a previous order of the House, the gentleman from Wisconsin (Mr. REUSS) is recognized for 10 minutes.

Mr. REUSS. Mr. Speaker, the New York Times today added its voice to the growing concern over misallocation of bank credit and supported legislation to channel more credit to our Nation's priority needs.

The credit crunch that developed during the past year has skyrocketed interest rates to record levels and has caused a devastating cutback in credit for interest-sensitive essential needs such as productive capital investment, low- and middle-income housing, State and local governments, and small business. At the same time, short-term business loans, often for inflationary inventory buildups or to finance conglomerate mergers, are up by more than 25 percent since the start of 1974.

The Credit Allocation Incentive Act (H.R. 15709), which I introduced on June 28, 1974, would authorize the Federal Reserve to channel additional credit to priority needs through a new system of reserve requirements, thereby diminishing the credit available for nonessential or inflationary uses. Banks would be required to hold supplemental reserves against their nonpriority loans and investments and would be able to reduce or even eliminate these nonearning reserves by expanding their loans and investments in priority areas.

Last month, in a "Resolution on the Economy," the House Democratic Caucus called for "cushioning the impact of monetary restraint and bringing down high interest rates by channeling credit toward credit-starved areas of the economy, such as productive capital investment, housing, State and local governments, and small business, and away from speculative and inflationary use of credit."

This is exactly what the Credit Allocation Incentive Act would do.

The New York Times editorial follows:

CREDIT RATIONING

One of the shortcomings in a tight money policy as the prime weapon against inflation is its extremely uneven impact on different sectors of the economy. Some borrowers, the biggest or those who can pay the highest rates, can get all the credit they need, while other borrowers are cut off and threatened with financial disaster.

Obviously, it is impossible to run a generally restrictive monetary policy without hurting anybody; but the question raised anew by the present credit squeeze is whether the right borrowers and types of loans are being cut off.

A group of Democrats, led by Representative Henry Reuss of Wisconsin, is urging a more selective Federal Reserve policy—one that would insure a larger flow of credit for four general purposes: productive capital investment that would increase the supply of goods, lower- and middle-income housing, state and local governments and small-business loans. At the same time, they would discourage the use of scarce credit to promote anti-competitive mergers or acquisitions, to boost inventories to get ahead of anticipated higher prices or to speculate in gold or other commodities.

A bill introduced by Mr. Reuss would require that commercial banks put up larger reserves against socially undesirable loans and receive credits when they made socially desirable loans.

The Federal Reserve Board, with one governor dissenting, has opposed the bill. Chairman Burns contends that it would be "inappropriate for the Fed to allocate credit according to its judgment of national priority needs"—because, in a democracy, these are matters for political decision. But, if it enacted the Reuss bill, Congress would in fact be giving the Fed political backing and broad policy guidance. The Federal Reserve, a creature of Congress, would be executing the policy of Congress. There is nothing unique historically in its doing so.

Dr. Burns also argues that the bill would cause "serious administrative problems" for the Fed and for member banks, including greatly increased requirements for information. But there are already heavy costs to the economy and society from the existing distorted pattern of credit allocation and the inadequate information on the uses of banking resources.

Within the same over-all pattern of credit restraint and average reserve requirements, selective allocation of credit should prove to be less inflationary—by encouraging more productive investment and by avoiding undue hardship on particular sectors through higher rates of growth in the money supply. The real choice is not between general and selective controls but between the accidentally selective impact of general tightening and a rationally selective policy within the same framework.

THE PLIGHT OF SIMAS KUDIRKA

The SPEAKER. Under a previous order of the House, the gentleman from Pennsylvania (Mr. EILBERG) is recognized for 5 minutes.

Mr. EILBERG. Mr. Speaker, for some time I have been deeply concerned over the plight of Simas Kudirka, who is presently serving a 10-year sentence for treason in western Siberia.

It is extremely unfortunate that our Government failed to grant this Lithuanian-born seaman asylum when he jumped aboard the U.S. Coast Guard cutter, *Vigilant*, in November 1970. This situation is even more tragic now that we have learned that Mr. Kudirka is a citizen of the United States.

When it was brought to my attention that Mr. Kudirka had a potential claim for U.S. citizenship, I wrote our U.S. Ambassador in Moscow, the Honorable Walter J. Stoessel, Jr., on July 2, 1974, requesting him to investigate this matter. Less than 2 weeks after this letter was sent, our Embassy in Moscow interviewed Mr. Kudirka's mother and determined that he had derived and retained U.S. citizenship. On July 19, I received a letter from the Department of State confirming these facts.

I have today written to Secretary of State Kissinger requesting his personal intervention in this matter as well as urging him to make every effort to obtain a Soviet exit for Mr. Kudirka's mother as well as access by U.S. consular officials to Mr. Kudirka.

I am inserting into the RECORD at this point copies of the aforementioned letters:

JULY 2, 1974.

Hon. WALTER J. STOESSEL, Jr.,
U.S. Ambassador, U.S. Embassy,
Moscow, U.S.S.R.

DEAR MR. AMBASSADOR: I am writing with reference to the case of Simas Kudirka about whom, I am sure, you have received many inquiries.

I understand that Mr. Kudirka's mother has been issued a United States passport and I am writing to inquire whether any determination has been made regarding the possibility that her son, Simas Kudirka, is also a United States citizen. If he does not have a claim to United States citizenship, I would like to know whether Mrs. Kudirka has been advised to execute a visa petition in behalf of her son.

With kind regards,
Sincerely,

JOSHUA EILBERG,
Chairman.

DEPARTMENT OF STATE,
Washington, D.C., July 19, 1974.

Hon. JOSHUA EILBERG,
House of Representatives,
Washington, D.C.

DEAR MR. EILBERG: Ambassador Stoessel has asked that we reply to your letter of July 2 regarding the case of Simas Kudirka.

The Department of State deplores the tragic incident that led to the forced return of Mr. Kudirka to the Soviet Union and to his subsequent trial and imprisonment there. The United States Government did intercede with Soviet authorities on Mr. Kudirka's behalf. Unfortunately, our efforts were rejected by the Soviets as attempts to interfere in their internal affairs. Subsequent governmental efforts to assist Mr. Kudirka through the International Red Cross were also unsuccessful.

We have followed the circumstances of Mr. Kudirka's imprisonment as closely as possible. Our information indicates that he is now serving a ten-year sentence at the Perm Labor Camp in Western Siberia.

The Department recently learned that Mr. Kudirka's mother, Maria Sulskiene nee Kudirka, was born in the United States. As the result of an interview with her at the US Embassy in Moscow May 17, it was determined that she was an American citizen, and she was issued a US passport that day.

Mrs. Sulskiene is now seeking to obtain a Soviet exit visa to return to the United States. The Embassy has brought our interest in her case to the attention of the Soviet Ministry of Foreign Affairs.

On the basis of a second interview with Mrs. Sulskiene on July 13, our Embassy in Moscow determined that Simas Kudirka derived US citizenship from his mother and, in the absence of contrary evidence, has retained

US citizenship. With our concurrence, the Embassy accepted and approved Mrs. Sulskiene's application on behalf of her son for his registration as a US. citizen.

Our Embassy has requested consular access to Mr. Kudirka, and we are now considering how best to protect his interests as an American citizen.

I hope you will call on me if you have further questions on this matter.

Cordially,

Linwood Holton,
Assistant Secretary for Congressional Relations.

Committee on the Judiciary,
Washingtno, D.C., August 12, 1972.

Hon. Henry A. Kissinger,
Secretary, Department of State,
Washington, D.C.

Dear Mr. Secretary: This is to request your urgent assistance with regard to the plight of Simas Kudirka, who is presently serving a ten-year sentence in the Perm Labor Camp in Western Siberia.

When it came to my attention that the mother of Mr. Kudirka was a U.S. citizen, I wrote to the U.S. Ambassador in Moscow, the Honorable Walter J. Stoessel, Jr., inquiring as to whether Mr. Kudirka derived U.S. citizenship from his mother.

Subsequent to this letter, Mr. Kudirka's mother, Maria Sulskiene, was interviewed at the U.S. Embassy on July 13, 1974 and at that time it was determined that Mr. Kudirka had derived and retained U.S. citizenship.

In response to my letter, the State Department has indicated that preliminary steps had been taken by our U.S. Embassy in Moscow to intercede on behalf of Mr. Kudirka and his mother. However, I would respectfully request you to personally intervene with the Soviet government in an effort to obtain a Soviet exit visa for Mr. Kudirka's mother and consular access to Mr. Kudirka.

I would appreciate a prompt response to this request.

With kind personal regards,

Sincerely,

Joshua Eilberg,
Chairman.

AMENDMENT TO THE EXPORT ADMINISTRATION ACT

The SPEAKER. Under a previous order of the House, the gentleman from Ohio (Mr. Vanik) is recognized for 5 minutes.

Mr. VANIK. Mr. Speaker, I intend to offer tomorrow an amendment that would establish a new subsection in the Export Administration Act to require the licensing of police-type equipment prior to their export to foreign countries. The amendment is consistent with the policy of the act to use export controls "to the extent necessary to further significantly the foreign policy of the United States and to fulfill its international responsibilities."

Hopefully, the administration will use this authority to deny licenses to countries which would use American-made equipment to maintain a police state and to suppress human rights.

Since there can be strong disagreement between the administration and the Congress on which countries should be receiving sophisticated police equipment, the amendment gives the Congress an opportunity to review the licensing procedure.

The third paragraph would permit the administration to exempt certain classes of equipment and certain countries from the congressional review process. Obviously, we do not want to burden the administration or the Congress with export approval of every police raincoat or whistle. Certainly, we do not have to worry about shipments to countries like Canada or Australia.

This amendment—cosponsored by over 50 Members of the House—was developed in response to the news that a number of American companies planned to attend a Moscow trade fair on August 4 through August 28. This trade fair is specializing in the lastest police technology. Some 25,000 Soviet police and KGB would be attending—and some of them apparently planned to buy American equipment—equipment which is considered to be the most advanced and sophisticated in the world—equipment which has been indirectly developed through the Department of Justice's Law Enforcement Assistance Administration.

Mr. Speaker, we are not talking about police whistles or walkie-talkies. The goods which were about to be sold included such things as voice print identification equipment, psychological stress analysis equipment—commonly known as lie detectors—mobile crime labs, gas masks, bulletproof vests, helmets and shields, shotguns, stun guns, dart guns, riot guns, and straitjackets.

We are talking about infared and ultra violet ray films—to take pictures of people at night. We are talking about fingerprint equipment, ballistics labs, metal detecting and other searching equipment, and foolproof identification document equipment. We are talking about sap gloves containing 6 ounces of powdered lead, which—to quote from the catalog of the company selling this device—"gives weight to your authority."

Some of this equipment is beyond anything ever dreamed of in the novel "1984." Much of this merchandise has potential military value. It would be immoral and unconscionable for equipment stamped "made in America" to be used as tools of oppression in Russia and Eastern Europe. We know from Solzhenitsyn how such tools can be used. Even his latest book was published only because his assistant had been interrogated for five straight days, forced to confess the location of his manuscript and then driven to suicide.

Fortunately, as a result of congressional inquiries and public outrage, the Secretary of State expressed his concern about U.S. participation in the trade fair and the Secretary of Commerce, on July 19, ordered police equipment sales to Communist countries placed under export control. Secretary Dent and Secretary Kissinger are to be commended for their action in this case.

However, I would like to proceed with the amendment for two reasons.

First, since the Department of Commerce's regulations could be withdrawn at any time, I believe the Department should have statutory support and that the Congress should have oversight of administration of these export controls.

Second, my amendment does not relate solely to Communist countries. It is an amendment which would permit the administration or the Congress to raise issues about the shipment of equipment to police States. Should equipment stamped "made in America" be used to suppress the majority population by certain African governments, for instance? What about South American governments which torture priests and others in the most sadistic manner? What about the situation in Korea? What about the tiger cages in South Vietnam? What about the treatment of Americans in certain foreign jails?

The amendment I am offering would allow the administration to apply pressure and express concern over developments in these non-Communist countries. If the administration failed to act in a clear-cut situation, the Congress could debate a resolution of disapproval. Obviously, this would seldom arise, but it provides us the opportunity to act.

The amendment is consistent with our obligations under the United Nations Charter "to promote universal respect for and observance of human and fundamental freedoms." It is consistent with everything this Nation stands for—for assistance to oppressed people everywhere.

I urge the adoption of the amendment, the language of which is as follows:

Amendment Offered By Mr. Vanik to H.R. 15264, as Reported

On page 3, immediately after line 7, insert the following new subsection:

"(b) Section 4 of the Export Administration Act of 1969 (50 U.S.C. App. 2403) is amended to include the following new subsection:

"(f) (1) The Secretary of Commerce, after consulting with the Secretary of the Treasury, the Attorney General, and the Secretary of State, shall establish regulations for the licensing of exports of all police, law enforcement, or security equipment manufactured for use in surveillance, eavesdropping, crowd control, interrogations, or penal retribution.

"(2) Any license proposed to be issued under this subsection shall be reviewed by the Attorney General and shall be submitted to the Congress. The Congress shall have a period of sixty calendar days of continuous session of both Houses after the date on which the license is transmitted to the Congress to disapprove the issuance of a license by the adoption in either House of a resolution disapproving the proposed license.

"(3) The Secretary of Commerce, with the concurrence of the Secretary of the Treasury, the Attorney General, and the Secretary of State, may by regulation exempt individual countries and specific categories of police law enforcement, or security equipment from the congressional review and disapproval authority set forth in paragraph (2) if he finds and determines export of the equipment would not threaten fundamental human and civil liberties."

On page 3, line 8, strike "(b)" and insert "(c)".

AID FOR VIETNAM

The SPEAKER. Under a previous order of the House, the gentleman from Mississippi (Mr. Montgomery) is recognized for 5 minutes.

Mr. MONTGOMERY. Mr. Speaker, a Washington Post editorial yesterday pointed out that "it would be grievously unfair" for the United States to withhold military assistance from South Vietnam while that country is still locked in a struggle with North Vietnam. It is impossible to tell who is responsible for the renewed fighting, but it is certain that an end to American aid would leave the South Vietnamese at the mercy of the North. Continued American aid is a life or death matter to South Vietnam. I insert the full text of the editorial:

AID FOR VIETNAM

Congress, in its deliberations on aid for South Vietnam, is shying away from the central issue: What is the American interest? For if it matters to the United States whether Saigon fares well or ill, one aid strategy is dictated; and if not, another. To proceed as though the level and kind of aid has no real connection to the goal of American policy is to fly blind.

Like many Americans, we had hoped that the Paris Agreement of 1973 would launch the contending Vietnamese on the path to eventual reconciliation. This would have resolved the America dilemma. But it has not happened. Hanoi and Saigon are still fighting; it looks as though they will for a long time. If one side or the other were clearly at fault, that would be one thing. We accept, however, the judgment of a new Senate Foreign Relations Committee staff study: "Lack of respect for the Agreement is so widespread that it is impossible to apportion responsibility for the continued fighting."

This bears directly on congressional efforts to cut aid. It would be grievously unfair in our view for the United States—by withholding aid—to penalize Saigon alone for a breakdown which is properly the responsibility of both Vietnamese sides. Nor does withholding aid become any fairer in these circumstances when it is described as a way to induce President Thieu to honor the Paris Agreement and to make concessions to his Vietnamese rivals. We have leaned toward this view ourselves in the past. But looking at the record of the last 20 months, we have had second thoughts. We now conclude that it is wrong to try to make Saigon alone observe the agreement, to its political detriment, when Hanoi is under no similar pressure to observe its side of the agreement. Unilateral pressure, furthermore, precludes a new American approach to Moscow and Peking—an approach we believe should be made—to reduce further all outsiders' roles, especially as arms suppliers.

The only correct basis for phasing out aid, we now believe, is a determination that it no longer is important to the United States what happens in South Vietnam. A powerful case for this can be made: the United States has invested an immense amount of blood, treasure and prestige in Vietnam, won that country the opportunity to fend for itself, and now has its own good reason to turn aside. But if this determination is to be made, we Americans owe to ourselves—and to the Vietnamese and to others elsewhere who rely upon us—to make it openly. To pledge fidelity but to reduce our support progressively or even precipitately is to undermine both interest and honor. If the Congress in its fatigue or wisdom—whatever the mix—is to pare aid this year and to threaten to cut even more next year, it should have the courage to announce that it no longer considers the outcome in Vietnam as a matter of American consequence. To cut aid while claiming that the cut will actually improve Saigon's chances of securing its own salvation is doubletalk. To cut aid while declaring that the people of South Vietnam will benefit from the new policies thereby forced upon President Thieu is at best, speculation; in our view, it is too flimsy a foundation for policy.

The alternative approach is, of course, to acknowledge a continuing interest in the fate of Saigon and to act accordingly on aid. This is the course we have come to favor, after having inclined the other way during the past 20 months. What has persuaded us to change our view is largely the prime new fact that a mutually acceptable political solution has seemed progressively to recede from reach. We think that Americans would not like to live in a world where a small nation that had strong reason to rely on American steadfastness has been let down. In that sense, the American "commitment" to Saigon *is* open-ended. To hold otherwise is to advertise one's own unreliability. It can be argued, with all too much merit, that the assurance of American support lets Saigon ignore American efforts to induce changes in its domestic policies and in its attitude towards Hanoi. The answer—surely worth testing—is that Saigon may become more responsive to American advice as it becomes less fearful to American abandonment.

Aid to Vietnam should be offered on the basis of what dollar levels and what forms of aid (economic or military) and what particular programs will enable Saigon to tend effectively to its citizens' security and welfare. This formulation admittedly leaves many loose ends, many unresolved arguments, many uncertainties. There is in the United States an evident shortage of economic and political resources to assure success. And whether the Thieu government can adequately respond is a question bound to trouble any realistic observer. We are convinced, nonetheless, that the principle of American steadfastness deserves to be honored as best we can, even though the particular government benefitting from its application in this instance is far from a model regime. There is where the overriding American interest lies.

PERSONAL STATEMENT

The SPEAKER. Under a previous order of the House, the gentleman from New York (Mr. BINGHAM) is recognized for 5 minutes.

Mr. BINGHAM. Mr. Speaker, on June 27, I missed rollcall No. 338; on July 9, I missed rollcall Nos. 366 and 367; and on August 2, I missed rollcall Nos. 436 and 437. On each occasion, had I been present, I would have cast my vote "yea."

U.N. MEMBERSHIP FOR GUINEA-BISSAU

The SPEAKER. Under a previous order of the House, the gentleman from Michigan (Mr. DIGGS) is recognized for 5 minutes.

Mr. DIGGS. Mr. Speaker, the United Nations Security Council is expected to meet to consider the Republic of Guinea-Bissau's application for United Nations membership this afternoon. Guinea-Bissau is the former Portuguese colony in West Africa which declared its independence from Portugal on September 24, 1973. Since that time, over 90 countries have recognized the new state's independence including the nine members of the European Economic Community (EEC).

I have learned that the White House has announced today its intention to support Guinea-Bissau's U.N. membership in today's Security Council meeting.

Following is the text of a telegram which I sent last Friday to Secretary of State Henry Kissinger, urging the active support by the United States of Guinea-Bissau's U.N. application:

Hon. HENRY A. KISSINGER,
Secretary of State:

Strongly urge USG to actively support Guinea-Bissau's application for admission to United Nations.

It is quite clear that Guinea-Bissau, now recognized by 86 countries, fulfills prerequisites for statehood according to international law. Existence of a politically-organized community and machinery of state, substantial PAIGC control over Guinea-Bissau, and the wholehearted support of PAIGC by population is evident.

In view of USG's overriding foreign policy, economic and geopolitical interests in independent, majority-ruled Africa, USG can afford to do no less than recognize State of Guinea-Bissau, and play leadership role in support of that state's admission to U.N. Abstention on such issue with clear support of most of U.N. membership is inimical to U.S. interests, particularly since Portugal's U.N. representative has already stated that Portugal would be happy to sponsor Guinea-Bissau's U.N. entry.

CHARLES C. DIGGS, Jr.,
Chairman, Subcommittee on Africa.

SCHOOLBUS SAFETY

The SPEAKER. Under a previous order of the House, the gentleman from Wisconsin (Mr. ASPIN) is recognized for 20 minutes.

Mr. ASPIN. Mr. Speaker, I rise in support of H.R. 5529, the National Traffic and Motor Vehicle Safety Act of 1974.

I am particularly happy to support title II, the schoolbus safety title of H.R. 5529. Title II is similar to the legislation originally introduced on February 8, 1973—H.R. 4187—by the distinguished gentleman from California and the chairman of the subcommittee which considered this legislation (Mr. MOSS). One hundred Members of the House eventually cosponsored H.R. 4187 and its basic provisions were adopted in title II of H.R. 5529.

Title II requires special safety standards be adopted for eight different aspects of schoolbus performance including emergency exits, floor strength, fuel systems, crash-worthiness, interior protection for occupants, seating systems, vehicle operating systems, and window and windshields.

While schoolbuses are rarely involved in accidents, when an accident does occur they are often catastrophic. This legislation is urgently needed to make the schoolbuses which bring 20 million American children to and from school every day as safe as possible.

Mr. Speaker, this schoolbus legislation was made possible in part by the efforts of Mr. Charles Ward, president of the Ward School Bus Manufacturing, Inc. Mr. Ward's company has encouraged both the Congress and the Department of Transportation to make schoolbus construction safer.

Since 1971 he has actively assisted those of us who believe in schoolbus safety legislation and in seeking the enactment of title II.

I am very pleased to commend Mr. Ward for his efforts.

Mr. Speaker, this is a very important piece of legislation. It gives us an opportunity to make sure that the 20 million children traveling to and from school every day on buses are riding in the safest possible vehicles.

BRUMIDI—MICHELANGELO OF THE U.S. CAPITOL

The SPEAKER. Under a previous order of the House, the gentleman from

Illinois (Mr. ANNUNZIO) is recognized for 5 minutes.

Mr. ANNUNZIO. Mr. Speaker, my good friend, the Honorable John W. McCormack, former Speaker of the House and distinguished congressional leader from Massachusetts for many years, has brought to my attention an article from the Lynn, Mass., Sunday Post by Anthony Cama, a fine journalist who, in Speaker McCormack's words, writes articles which appeal to the reader's "fine nature—not the primitive or depressing instincts."

The article reviews the great contributions to the United States of the immortal Constantino Brumidi, the Italian immigrant who painted many of the murals and added so much of the artistic beauty which makes the Capitol Building the living work of art it is today.

The article follows:

CONSTANTINO BRUMIDI—MICHELANGELO OF THE U.S. CAPITOL

(By Anthony Cama)

This is the little-known story of a most magnificient Italian artist, Constantino Brumidi.

For many decades the legislators of the Senate and Congress passed the splendid Rotunda of our nation's capitol with perhaps only a glance or two at the beautiful murals and frescoes adorning the walls and the capitol dome. But, among these legislators and visitors, one lost her heart to the outstanding artistic beauty. She was Dr. Myrtle Cheney Murdock, wife of Congressman Murdock of Arkansas.

When she tried to get information about Brumidi, she encountered blank walls. After many efforts, she finally located the unknown grave of Brumidi. Through her efforts she finally won her first victory in 1950, and Congress authorized a bronze marker for Brumidi's grave in Glennwood Cemetery.

This article is not only about the almost forgotten and rediscovered artistic genius Brumidi, but also of Mrs. Murdock, who conducted a relentless crusade until her victory was won on April 30, 1968, when the ceremonies dedicating a bust of Brumidi, Artist Laureate of the United States Capitol, took place in the Capitol Rotunda under the co-chairmanships of Senator John O. Pastore and Rep. Peter W. Rodino, Jr.

Brumidi was a political refugee from Italy who brought his career to an abrupt halt when he vowed he would not paint another stroke until he had found liberty. In 1852, at the age of 47, he sailed for the United States, and here he found the freedom he had sought. In 1857 he became a citizen of the country he had adopted and which he loved so well.

Here are some outstanding remarks inserted by Rep. Frank Annunzio in the Congressional Record on June 6, 1966:

"Brumidi was not just a great artist . . . he was a great American. He was proud to be an American citizen and he was proud of his adopted land. He had a mission in life to accomplish on behalf of his beloved America, and he worked relentlessly to accomplish his goal, because he believed in the principles upon which this great country of ours was founded.

"Only a man with such strong convictions . . . only a person who believed deeply in the inherent dignity of man, in the freedom of man, and in the expression of this freedom by the right to choose our representatives in free elections . . . could create the noble and inspired works of art that Brumidi has left us.

"The Frieze in the rotunda, the painting in the dome of the Capitol, the expertly executed fresoces, the stirring murals, the sensitive portraits of outstanding American statesmen, the colorful paintings depicting supreme moments in American history, the intricate designs of the bronze railings on the staircases in the Capitol, are all part of the rich and imperishable inheritance that Brumidi has left to us and to succeeding generations. These works of art speak for his genius and will perpetuate his memory in the hearts and minds of all those . . . hundreds and thousands of school children, their parents, their teachers and visitors from all over the globe . . . who view with awe and admiration the works of Brumidi when they visit the nation's capitol.

"All of us in the Congress know the story of Brumidi's tragic death, the result of a fall at the age of 75 while he was painting the frieze in the rotunda of the capitol.

"Seventy long years passed before the Congress of the United States in 1950 took action to supply a bronze marker for Brumidi's unmarked grave in Glennwood Cemetery. Aside from this bronze marker, there is no other tangible recognition in this na-

"The passage of Senate Concurrent Resolution 70 will insure that this long withheld recognition, so justly deserved by Contion's capitol of this great artist's contribustantino Brumidi, is finally bestowed upon him. By this resolution, we will honor the memory of a gentle, generous man who gave his art, his talents, his whole life to his adopted country. And by honoring Brumidi, we reflect that same honor upon ourselves.

"Let us therefore, join in wholehearted and unanimous approval of Senate Concurrent Resolution 70 and thereby demonstrate to the entire world our Nation's gratitude to Constantino Brumidi . . . a great artist and a great American."

GREAT AMBITION

"It was Brumidi who said: 'I have no longer any desire for fame or fortune. My one ambition and my daily prayer is that I may live long enough to make beautiful the capitol of the one country on earth in which there is liberty.' "

Research in history shows that he began his extensive work in 1855. For 25 years, he labored lovingly and with inexhaustible determination in the country he came to love so much. Brumidi's work passed through the terms of six presidents, Franklin Pierce, James Buchanan, Abraham Lincoln, Andrew Jackson, Ulysses S. Grant and Rutherford B. Hayes. He survived the strife of the agonizing Civil War and continued ever onward during the complex and heart-breaking period of our nation's reconstruction and the tragic assassination of President Lincoln.

It is known that Brumidi painted "The Crucifixion" for St. Stephan's Church in New York and "The Holy Trinity" in the Cathedral at Mexico City. Records show that he was hired by Capt. Montgomery C. Meigs to decorate the Agricultural Committee room at the capitol, and it appears, that his luminous career as the "Michelangelo of the Capitol" began here.

He created breathtaking symbolic figures of history, geography, mechanics, commerce, the arts and the sciences and war, portraits of Benjamin Franklin, Thomas Jefferson, Alexander Hamilton, John Fitch, Robert Fulton, Samuel F. B. Morse.

Brumidi's ceiling fresco in the President's room honors Christopher Columbus. Its four corners are state seals of Vermont, upper left; Kentucky, upper right, Arkansas, lower left, and Michigan, lower right.

It is said that the decorations of Brumidi in the President's Room contains his best work. He spent over five years making this room a paradise of artistic beauty and greatness. Citizens of this Commonwealth may glory in the paintings of Henry Knox of Mass., Secretary of War and Samuel Osgood of Mass., Postmaster General.

The Dome of the Capitol Building naturally symbolized to Constantino Brumidi, "life, liberty and the pursuit of happiness." Brumidi's appreciation was his artistic dedication to his new found sanctuary. His most splendid artistic climax was the huge canopy in color—4664 square feet of concave fresco covering the inside of the Dome of the capitol of this vast and vibrant land that Brumidi had come to so fervently love.

EULOGY

The legislation that provided the bronze marker and the perpetual care for the grave of Brumidi was signed by President Truman on June 30, 1950. There were many distinguished and dynamic eulogies at that date, but, many admirers of Brumidiana concede that none surpassed the eulogy of Senator Voorhees of Indiana on Feb. 24, 1880.

"Mr. Brumidi was engaged at the time of his death on what he regarded as the greatest work of his life. He was unfolding with the magic of genius in the dome of the Capitol the scroll of American history, from the landing of Columbus to the present day. He earnestly desired to live long enough to complete this vast conception. But he has left an empty chair, and his great design unfinished, as others have done and will continue to do in other places.

"At no distant day some memorial will be erected in some appropriate place in the Capitol to his memory. He who beautifies the pathway of life, who creates images of loveliness for the human eye to rest upon, is a benefactor to the human race. He will be crowned by the gratitude of his own and of succeeding generations. In the older countries of Europe, where the profession of art has higher rank than here, Brumidi would have had a public funeral, and his remains would have been deposited in ground set apart for persons of distinction. In England he would have had a place and a tablet in Westminster Abbey.

"It matters little, however, whether we or those who come after us do anything to perpetuate his memory. The walls of this Capitol will hold his fame fresh and ever increasing as long as they themselves stand."

As this writer has seen and as have thousands of Americans witnessed, Brumidi finally attained his duly deserved recognition. For the millions of Italo-Americans in this nation and for the millions of Italians anywhere on this earth, the victory wreath finally came to rest upon the Brumidi brow. And, for the honor and pride of the ageless history of Greece, we have a record of Brumidi's blood lineage.

States Dr. Murdock in her magnificent book on Brumidi:

"The old Bible given to Mr. Brumidi by the American Bible Society in 1852, when the artist landed in New York was no doubt originally saved by Lola German for her son, Laurence. Lola was the beautiful young lady whom Brumidi married and whose lovely features were used as models for many of Brumidi's paintings. On the inside of the front cover are these words written in the C. Brumidi hand: Constantino Brumidi from Rome, Italy, arrived in New York, America, the 18th of September, 1852. Presented to me by the American Bible Society. Also written in the Brumidi hand: Constantino Brumidi born in Rome, July 26th, 1805 by Stauro Brumidi of Shiliatra, province of Arcadia in the Paloponnesus (Greece) and Ann Bianchini of Rome. Daughter, Maria Elene Brumidi born in Rome the 15th of August 1832. Sons Joseph Brumidi, born in Rome 17th January, 1842. Lawrence S. Brumidi born in Washington, D.C., (America) May 12th, 1861.

"And so we now see how Brumidi establishes his Italian ancestry and nationality of birth as well as his parentage which proves his father was of Greek origin. Therefore, it can be easily understood why the Greek nation can justly claim some part in the immense genius of Brumidi. Small wonder, indeed, that at the unveiling ceremonies we should see Ambassador of Greece Christian X. Palmas who represented the pride of the Greek Nation in this national tribute to the artist titan in whose veins flowed centuries of Grecian culture and immortal history."

CEREMONY

For the readers of this article, here is a larger part of the program which honored Brumidi on April 30, 1968. The event was highlighted with a thrilling speech by Vice President Hubert H. Humphrey, who accepted the bust in the name of the United States of America. The master of ceremonies was Congressman Rodino, and a splendid prelude was given by the U.S. Marine Band. The invocation was by Rev. Edward Gardiner Latch, chaplain of the House of Representatives. Welcomed was Ambassador Egido Ortona of Italy, Ambassador Christian X. Palmas of Greece, Sen. Carl Hayden, Joseph A. Califano, Jr., Dr. Henry Fouvneir, Dr. N. Capos, Mrs. Louis Brumidi Mais, and her daughter, a great grandchild of Constantino Brumidi and Michael Rivisto, national grand deputy of the Supreme Lodge of the Order Sons of Italy in America.

Remarks were made by the Hon. Paul Douglas, the Hon. Frank Annunzio, Hon. John W. McCormack, Speaker of the House of Representatives, and Dr. Myrtle Chaney Murdock, who worked many years researching Brumidi's history of 25 years of artistic toil on the paintings and frescoes of the capitol and who authored the beautiful illustrated book, "Constantino Brumidi, Michelangelo of the United States Capitol."

Since this is not a booklength effort, but simply an article to bring forth another Italian star of gigantic magnitude to show the younger generation, our school children, and teachers, how much of the priceless treasury of Italian creative genius has come to this grand democratic Republic of ours, this writer concludes that recognition must be given to those far-sighted citizens and legislators who made the Brumidi tribute possible. In this effort, I quote the Hon. Frank Annunzio's prefacing remarks, which were published in the Congressional Record:

"At this gratifying moment, I want particularly to express my appreciation to Senator Paul Douglas, Democrat of Illinois, for his farsightedness in first introducing this legislation, to Senator B. Everett Jordan, Democrat, of North Carolina, the chairman of the Senate Committee on Rules and Administration, for his expeditious disposition of Senate Concurrent Resolution 70 which insured early and unanimous Senate approval on March 25 and to the Honorable Paul G. Jones, Democrat, of Missouri, chairman of the House Subcommittee on Library and Memorials, and Hon. Omar Burleson, Democrat, of Texas, chairman of the House Administration Committee, for their cooperation in scheduling prompt consideration of Senate Concurrent Resolution 70 which resulted in unanimous committee approval of the measure.

"I want also to thank 42 members of the House who responded so generously to my request and introduced legislation identical to my own bill, House Concurrent Resolution 531, providing for a Brumidi bust. Their support of my action was instrumental in focusing attention on the imperative need to bestow long overdue recognition on the Michelangelo of the Capitol, Constantino Brumidi."

A HUMANITARIAN PROGRAM GONE WRONG: THE MISUSE OF PUBLIC LAW 480—FOOD FOR PEACE

The SPEAKER. Under a previous order of the House, the gentleman from Massachusetts (Mr. HARRINGTON) is recognized for 5 minutes.

Mr. HARRINGTON. Mr. Speaker, this month the House Foreign Affairs Committee began its mark-up of the foreign aid bill, a legislation that I believe is marred by numerous provisions allowing for the expenditure of foreign aid and military assistance funds without the prior knowledge or specific approval of Congress. One aspect of foreign aid which deserves particular attention, in this respect, is Public Law 480, the Food for Peace program, in which Congress has no control over the large amounts of foreign currencies that are spent for assistance purposes in such countries as South Vietnam and Cambodia. Because the Public Law 480 program is such a gaping loophole in our attempts to control aid to these countries, it is imperative that this program come under the scrutiny of the Foreign Affairs Committee. Therefore, I intend to offer an amendment to the foreign aid bill to give Congress the responsibility to specifically authorize the assistance purposes for which foreign currencies, accruing from agreements signed with Cambodia and South Vietnam after the enactment of the Foreign Assistance Act of 1974, will be used.

This amendment will attempt to halt the uncontrolled expenditure of foreign currencies which have accumulated as a result of the large amount of commodity sales under agreements signed with Cambodia and South Vietnam in the Food for Peace program. Specifically, most of these moneys are generated from the payment made to the United States, by South Vietnam or Cambodia, in foreign currency upon delivery of the commodities. At the time of payment, the United States grants back these funds for local use.

My amendment will also cover the small amount of foreign currency repayments on outstanding local currency loans, as well as those foreign currencies which accrue to the local governments after the sale of commodities to local merchants.

By giving Congress legislative authority over these funds destined for Cambodia and South Vietnam, my amendment will see that the moneys are being used in ways consistent with the original humanitarian goals of this program. This amendment would also insure that Public Law 480 proceeds are used in ways consistent with our overall foreign assistance package for South Vietnam and Cambodia. Finally, it would insure that the stated intention of Congress to limit the military and economic aid provided to these countries is followed.

THE ORIGINAL GOALS OF THE FOOD FOR PEACE PROGRAM

When the Agricultural Trade Development and Assistance Act was passed by Congress in 1954, it was hailed not only as a means of dealing with the surplus of foodstuffs in the United States, but also as a means of offering humanitarian and development assistance to those countries which were not able to produce enough food to feed their own populace. During the early years of this program, the United States provided significant assistance to various countries throughout the world, either through the concessional sales of title I or the donation of food in title II of Public Law 480.

MISPLACED PRIORITIES

In the past few years, the Food for Peace program has been twisted and used by the administration so that the original humanitarian intentions have become obscured. The allocation of 43 percent, or close to $500 million, of the fiscal year 1974 deliveries to just two countries, South Vietnam and Cambodia, clearly reflects the security-related priorities now given to certain countries. Through this program, administration officials have found a back-door way of providing aid to these two countries at the expense of the other 96 nations participating in the Public Law 480 program. Yet, the populations of these two countries account for only 1 percent of the world's population. By comparison, the needy countries of the Sahel and Ethiopia, which together have a population twice that of South Vietnam and Cambodia and have a much more severe hunger problem, received only $56 million in fiscal year 1974. These misplaced priorities are detrimental to the humanitarian aspects of this program.

Today, the African countries are faced with a severe and widespread drought which has claimed the lives of millions of people. In the Sahel between 5 and 7 million people are in danger of starving, while 12.5 million need varying amounts of food. The situation in Ethiopia roughly parallels that in the Sahel: up to 13 million Ethiopians are in danger of starvation.

In South Vietnam and Cambodia, by all accounts, the need is much less pronounced. It is estimated that between 2 and 3 million South Vietnamese need foodstuffs. Much of this, however, can be attributed to dislocation of the population and faults in the food distribution system. In Cambodia, which has a population of about 8 million, food needs are conferred on the 1.3 million refugees in the capital city of Phnom Penh.

Obviously, in these Southeast Asian countries, the supply of food has not reached the critically low levels that have been demonstrated in certain African nations. But the Food for Peace program has done little to help.

During the past fiscal year, the United States, through this program, has shown only its insensitivity and callousness to the situation. Instead of increasing the flow of Public Law 480 dollars to these striken African countries, South Vietnam received substantial increases while Africa got little; $176 million was originally requested for South Vietnam. But, $304 million worth of commodity agreements were entered into as a result of the administration's decision to use Public Law 480 for political purposes. Similarly, even though $31 million was initially requested for Cambodia, the final figure increased by more than 600 percent to $194 million. These dramatic increases follow congressional actions reducing Indochina postwar reconstruction and military aid. As a result, Public Law 480 funds originally directed for other countries were diverted to South Vietnam and Cambodia. Bangladesh, for example, was originally to receive $64 million but its aid was cut to $34 million. The real tragedy of this program is that the money was not allocated to those countries where the need was most pronounced. In the case of South Vietnam and Cambodia, the Public Law 480 program has proved to be just another vehicle through which the administration can provide hundreds of millions of dollars in additional military and economic aid while circumventing the intentions of Congress.

TOBACCO AND PUBLIC LAW 480

The sale of tobacco to South Vietnam and Cambodia again demonstrates some of the questionable practices in this program. During fiscal year 1973, 8,428 tons of leaf tobacco were shipped to South Vietnam, while Cambodia received 561 tons. This accounted for well in excess of half of the worldwide total allocation of 11,443 tons.

The inclusion of tobacco into the original food-for-peace program came at the insistence of Congressmen from the tobacco-producing States, according to an article by Dan Morgan entitled "U.S. Sells Indochina Tobacco," which appeared in the Washington Post. Representative WALTER B. JONES, a member of the House Agriculture Committee, has been quoted as saying that "Public Law 480 has been kind to tobacco," and was "one way to assist farmers."

Proponents justify this practice by noting that Public Law 480 encourages expansion of export markets for U.S. agricultural commodities. However, because there are many countries in the world whose populations are plagued by hunger, the Public Law 480 program should aim to alleviate malnutrition and starvation, instead of supplying nonfood commodities merely to expand foreign tobacco markets and appease a voting bloc in Congress.

Specifically in Southeast Asia, the government resells this tobacco to local merchants, generating additional large amounts of foreign currency for the Saigon and Phnom Penh governments to use for purposes, direct or indirect, which assist their military operations. This in turn provides a means to evade the limits placed by Congress on aid to these two countries.

CONGRESS ASSERTS SOME CONTROL

To attempt to halt the practice whereby a large percentage of Public Law 480 funds in fiscal year 1974 when to only two countries, South Vietnam and Cambodia, Representative JAMES JOHNSON, Republican of Colorado, succeeded in amending the Agricultural Appropriations Act for fiscal 1975 by placing a 10-percent ceiling on the amount of title I, Public Law 480 appropriations that any one country could receive. I supported this amendment because I believe that a 10-percent ceiling would both control assistance to Indochina and encourage wider and more equitable distribution of Public Law 480 funds. Unfortunately, the appropriations bill was vetoed by former President Nixon for other reasons, and a motion to override the veto is awaiting House action.

CONTROLLING THE USE OF FOREIGN CURRENCIES IN INDOCHINA

Assistance not specifically authorized by Congress can be provided to South Vietnam and Cambodia through many loopholes in title I of the Public Law 480 program.

One of the ways in which South Vietnam and Cambodia can receive extra financial support is through a practice called the "currency use payment"—CUP. These payments constitute the largest way of accumulating U.S.-owned foreign currencies for both South Vietnam and Cambodia. The authority for this is derived from the provisions in section 103(b) of Public Law 480. Briefly, this section permits foreign countries to pay, in their local currencies, for the commodities shipped under the title I congressional sales if this is done at the time of delivery and if these currencies are intended for certain military and economic aid purposes as specified by law. In effect, the U.S. Government "grants back" the foreign currencies to the recipient country for the assistance purposes specified in the sales agreement, as required by section 105 (a), (b), (c), (e), and (h).

Each sales agreement specifies the percentage of the total value of the title I commodities which can be demanded at the time of delivery as a currency use payment. In the case of South Vietnam and Cambodia, where the United States has a significant military interest, the allowable CUP has been unusually high—between 80 and 100 percent in each agreement.

In considering assistance that South Vietnam and Cambodia receive, there are two aspects of the currency use payment mechanism which allow for excessive flexibility and, therefore, potential misuse. Even though the CUP must be made upon delivery, the definition of this time period allows these payments to be made up to 1 year after the last shipment of commodities in each agreement. Because there may be several shipments extending over several months, there is a greater likelihood that South Vietnam or Cambodia, for example, could acquire enough of their respective currencies to finance a large currency use payment. In the past few years this lenient definition of the delivery period has afforded the opportunity for these two countries to make the 80 to 100 percent CUP for the title I foodstuffs.

In addition, although the foreign-owned currencies accumulate in the account that will be used for currency use payments within the delivery period, there is no requirement that the United States demand these currencies all at once. In effect, the grantback mechanism resembles a checking account where the user can draw money out according to their needs. Similarly, the United States may demand portions of the foreign currencies at various times throughout the delivery period which it—the United States—in turn grants back to the foreign government to fulfill certain assistance purposes until the total currency payment is used up. This practice allows greater flexibility to the Untied States in establishing the priorities and the timetables for the purposes under which the CUP may be granted back.

A second way in which foreign currencies may be generated from Public Law 480 sales agreements results when the commodities are shipped to a foreign government on credit and then sold by that government to a local merchant, who pays the government with foreign currencies for the commodities. These currencies are called "counterpart" currencies and are owned by the foreign government. It should be noted that "counterpart" currencies are generated under all Public Law 480 sales agreements, whether they are for repayment in dollars, convertible local currency, or local currency—for those agreement made before January 1, 1972, which afforded the opportunity for repayment of all the agreement in foreign currency.

Although section 106(b) requires that sales agreements specify that counterpart currencies be used only for economic development purposes, it offers several possibilities for circumvention. U.S. control over "counterpart" currencies is minimal at best, and there is only a halfhearted attempt to meet the section 106 (b) requirements. In addition, even in a well controlled "counterpart" program, the use of such currencies for "economic development purposes" frees other local government resources for military uses. The vague statutory terminology offers the opportunity for using "counterpart" funds in such a manner that would provide support for the military while still fulfilling some loosely interpreted economic development purpose.

Foreign currency also accrues as a result of repayments of the principle and interest of the Public Law 480 agreements made prior to January 1, 1972, which afforded the opportunity for the foreign government to completely finance these sales with local currency. However, most of these agreements have been fully repaid; therefore, future foreign currency repayments from this source will constitute a very small proportion of those generated under the Public Law 480 program.

The use of these foreign currencies would be regulated by my amendment.

A FIRST STEP TOWARD CONGRESSIONAL CONTROL

Last year, during its consideration of the Foreign Assistance Act of 1973, Congress made its first successful effort to deal with one of the more blatant abuses of the Public Law 480 program in South Vietnam and Cambodia. By enacting section 40 of that act, Congress restricted the use of foreign currencies for military purposes in recipient countries. Prior to the passage of section 40, CUP grant backs and foreign currency repayments were largely used to support the war efforts of the South Vietnamese and Cambodia Governments. This was authorized by section 104(c) of the Public Law 480 program, which authorized the use of foreign currencies for common defense and internal security purposes. Specifically, section 40 prohibited the use of foreign currencies generated under title I commodity sales for any common defense or internal security purpose without the specific authorization of Congress. Section 40 became law on October 17, 1973.

Funds for military uses in Cambodia and South Vietnam were derived primarily from the currency use payments. Because of administration efforts to supply additional military support to these governments, many title I agreements entered into with South Vietnam and Cambodia provided for a 100 percent CUP with a U.S. grant back of virtually all the foreign currency it received so that this currency could be used for military aid purposes. The amount granted back for these uses varied between 80 and 100 percent of the CUP paid to the United States upon delivery of Public Law 480 commodities. In 80 percent agreements, the remaining 20 percent was reserved for U.S. uses.

Between July 1, 1954, and December 31, 1972, of the $884.4 million worth of foreign currency collected from agreements made with South Vietnam, $714.4 million were used for the common defense objectives stated in section 104(c). Thus more than 80 percent of all Public Law 480 moneys ended up being used for military purposes. The situation in Cambodia was similar. From a total of $7.5 million worth of foreign currencies generated from the sale of title I commodities to Cambodia, $6 million was directed toward common defense purposes. These figures reveal that a large percentage of foreign currencies that have been granted back to these countries have been used as military assistance.

Enactment of section 40, as a practical matter, has eliminated the availability of large amounts of foreign currency generated by Public Law 480 to bolster the South Vietnamese and Cambodian militaries. This month the House reaffirmed its intention to limit military aid by voting to reduce the MASF appropriation for South Vietnam by $300 million from the committee bill and $700 million from the administration's request.

Even though this back-door avenue for military aid has been blocked, the Public Law 480 programs capacity for generating large sums of relatively uncontrolled foreign currencies allows the administration to continue funneling economic assistance, unchecked by Congress, to South Vietnam and Cambodia. While direct military support can no longer be provided by the "grant back" of these foreign currencies, the practical effect of funds generated for other assistance purposes in these two war economies is to free other local resources for military use. The actions of Congress in carefully weighing and limiting the total foreign aid package for South Vietnam and Cambodia could be rendered all but meaningless by adroit use of Public Law 480 local currencies, as these currencies can be used for the same purposes as Indochina Postwar Reconstruction aid. By providing a control mechanism, my amendment would complement previous congressional efforts to review and control these aid programs.

My amendment parallels the existing language in section 40, by requiring specific congressional authorization for the granting of any assistance to South Vietnam and Cambodia using Public Law 480-generated foreign currencies. Its basic thrust would be to control the potential future uses of the currency use payments which have begun to accumulate as a result of section 40's effect on "common defense" grant backs. Although future uses of currency use payments are uncertain, it is important to assert congressional control over these assistance uses so that there foreign currencies cannot be used to promote the military objectives of the South Vietnamese and Cambodia Government, and circumvent the careful limits on other forms of aid enacted by Congress.

Mr. Speaker, the text of my amendment follows:

AMENDMENT TO H.R. — OFFERED BY MR. HARRINGTON

Page 4, after line 14, insert the following new section:

USE OF LOCAL CURRENCIES IN SOUTH VIETNAM AND CAMBODIA

SEC. 5. Section 40 of the Foreign Assistance Act of 1973 is amended—

(1) by inserting "(a)" immediately before "Effective"; and

(2) by adding at the end thereof the following new subsection:

"(b) Effective July 1, 1975, no amount of the foreign currency which accrues as described in subsection (a) may be used under any agreement entered into after the date of enactment of the Foreign Assistance Act of 1974, or any revision or extension entered into after such date of any prior agreement, to provide any assistance to South Vietnam or Cambodia, unless such agreement is specifically authorized by legislation enacted after such date."

WAUSAU FUN DAY

(Mr. SIKES asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. SIKES. Mr. Speaker, there is an unusual festival which is held annually at Wausau in Washington County, Fla. It is unusual in that it is called Wausau Fun Day; that is what it is intended to be and that is what it always proves to be. It is unusual in that Wausau is a small community in a rural area. The largest nearby city is Panama City which is 30 miles away. Nevertheless, thousands of people attend a day-long program. Those who braved the rain on Saturday, August 3, to participate in Fun Day exercises at Wausau were well rewarded for their effort. Even though many got wet in the rains which persisted until early afternoon, they seemed quite happy about the variety and excitement of the day.

Political aspirants can be counted on to attend in record numbers, particularly in an election year. The year 1974 is an election year, and the candidates were there in droves. One of this year's many Fun Day activities was an auction of opossums. Those most favored in the bidding were the "Choctawhatchee Broad Smile" strain of opossum. The Choctawhatchee is a large nearby river and apparently opossums which are denizens of the river swamp have such a happy environment that they wear a broader smile than ordinary opossums. Naturally, the candidates found themselves buying opossums in the auction. Some of them were quite surprised to learn how much a lowly old 'possum can cost in an auction. But the money went for a good cause—to help pay for Fun Day. It would be interesting to know what really happened to most of those 'possums. Some of the purchasers seemed to lose interest as soon as they found they had bought one.

This festival attracted many of the leaders and potential leaders from both State and local areas. They found thousands of good citizens waiting to visit with them. It was probably the largest Fun Day crowd in history. There was a time when few people believed that a small community like Wausau could successfully stage a giant affair like this. Now they know better. The people of Wausau and their neighbors are due much credit. They can be proud of what they have accomplished and they can certainly be proud they have Dalton Carter to mastermind Fun Day. Dalton Carter is a local resident who has been a leader in the Fun Day program from its beginning. No one can fully comprehend the extent of his contributions or the amount of effort he expends for Fun Day. It is a great personal achievement.

Fun Day at Wausau shows what cooperation and determination can do. Knowing the people who accomplished this spectacular, I think we can call it Wausau spirit. We can use that spirit in a lot of places.

BRUTALITY ON CYPRUS

(Mr. KOCH asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. KOCH. Mr. Speaker, a month ago, a coup in Cyprus overturned the government of Archbishop Makarios. Soon after, the fears of the opponents of the military regime in Greece were temporarily allayed. The Greek junta fell a few days subsequent to the Cyprus coup, and Constantine Karamanlis assumed the Prime Ministry of Greece. Nikos Sampson was foiled in his attempt to enhance Greek control of Cyprus; Glafcos Clerides became President of Cyprus.

But the relief that some of us may have felt when Ioannidis' and Sampson's governments fell was shortlived. Although the foreign policy ramifications of the Cyprus conflict no longer elicit the attention of the world's great powers as they did in the first days of the crisis, the human dimension of the Cyprus war warrants our profound concern. While the Turks attempt to extend their area of control and strive to remove all Greek Cypriots from Turkish-occupied territory, they are committing acts of violence against the civilian citizens of Cyprus and against the international community which shock our human sensibilities.

Let me cite some of the reports from reliable news sources which I have read during the past few days. On August 4, Turkish troops forced their way past U.N. military personnel at Bellapaise—a town between Nicosia and Kyrenia—pulled down the U.N. flag and hoisted the Turkish banner. After driving the U.N.

troops from the town, the Turks began separating nearly 1,500 civilians gathered at the Bellapaise Abbey, a traditional sanctuary. The able-bodied men were shoved into trucks and driven away. The Turks did not disclose the men's destination, but U.N. personnel believe that the men were taken to an open-air detention camp outside Nicosia. Such action is in violation of the Cyprus cease-fire agreement which calls for the release of prisoners. The restriction of movement on the part of U.N. forces in Turkish-occupied territory is also in violation of international accords.

The treatment of the women and children who remained in Bellapaise was little better than the treatment afforded the deported men. The women were also forced to leave the abbey; they were taken to a hotel at the edge of town, where they had to spend the night with as many as 40 to a double room. The 600 refugees had to withstand the 100-degree heat with only one water source available—a concrete drainage ditch.

These women nevertheless fared better than some of their compatriots. Many Greek Cypriots were murdered or raped as they were driven from their homes by the advancing Turkish troops. A 20-year-old woman told of being raped at gunpoint after she had seen her fiancé machine-gunned with other men in her village. She then posed as the mother of a lost baby, hoping to save herself and the child, only to watch a Turkish soldier throw the infant to the ground. Other Greek Cypriots have watched as their homes and shops were plundered by Turkish soldiers. Still others have been deprived of needed supplies, since the Turks confiscated some Red Cross materials intended for Cypriot civilians.

Human tragedy is inevitable in any war. Doubtlessly the Greeks have perpetrated brutal acts against the Turkish Cypriots, just as the Turks have against the Greek Cypriots. Atrocities committed by either side must be condemned. But in attempting to achieve their political aims, the Turks appear to consistently disregard individual human rights and the authority of internationally constituted peacekeeping and relief forces. Their behavior is even reminiscent of the conduct of the Ottoman Turks in Armenia in the first decades of this century, when the Turks attempted to solve the "Armenian problem" by eliminating 2 million Armenians through mass deportation, starvation, and massacre. The barbarism of the Ottoman Turks in Armenia will always be counted among the most infamous historical events of the 20th century. Turkish actions in Cyprus today may yet warrant similar distinction.

THE TRIUMPH OF JUSTICE

(Mr. KOCH asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. KOCH. Mr. Speaker, the resignation of Richard Nixon from the office of the Presidency is a relief to most Americans. It also is a vindication of our democratic government and the principle that all Americans, including the President, are subject to the law. The fact that Richard Nixon was compelled to resign knowing to do otherwise would result in impeachment and removal, is a reaffirmation of the strength of our country's institutions and the ultimate triumph of justice in this Nation.

As a country we have gone through a trying period since June 1972, when we first learned of the breakin at the Democratic Party headquarters in Watergate. At times we have resented the laborious time-consuming process that the Watergate issue has commanded, but it has had its benefits. It has made us look at the way we run the government and reflect on the kind of people we want in high places of public trust. And we have become more sensitive to conflicts of interest and intrusions on individuals' privacy and civil liberties.

While we all may feel some pity for Richard Nixon and his family as we would for any offender brought to justice, it was shocking to see the lack of humility and contrition in his last address. More appropriate than an effort to eulogize his record would have been an admission of his betrayal of the public trust and a plea to future generations to do better. Apparently he thought he was giving "Washington's Last Address" rather than what should have been a "mea culpa."

The new President takes the mantle of leadership at a difficult time. Our economy is in the throes of a galloping inflation and we are failing in meeting our domestic challenges. But, with the inauguration of Gerald Ford as President, the country hopes for a new beginning—and with greater wisdom on how to conduct our Government and recognition of the importance of truthfulness. In his inaugural speech, President Ford said that he would be candid with the American people. This will be important both in reestablishing confidence in our Government and in dealing more effectively with the problems that face us today.

Finally, it is vital that the Watergate investigation be completed. By removing himself from office, Richard Nixon cut short the impeachment process. But, it was not within his power to cut off the completion of the various Watergate related investigations and the prosecution of illegal acts that they have and will continue to uncover. And, it is essential that the Congress not attempt to impede the adjudication of whatever charges may properly be brought against any of the Watergate offenders, including Richard Nixon. More important than the fate of Richard M. Nixon is that history must record his perfidy. The record of his obstruction of justice and violations of the Constitution revealed by the Judiciary Committee, should be accepted by a rollcall vote establishing these facts for history. We must not permit Richard M. Nixon and some of his still benighted followers to seek to purvey the thought that he left office simply as he put it because "* * * I no longer have a strong enough political base in the Congress to justify continuing that effort," as though he were a prime minister who had been defeated on a vote of confidence. Someone said to me over the weekend that what is really important is that when the generations of children to come look back to this era, they will contrast the shining examples of Jack Kennedy and Harry Truman with the shame of Richard M. Nixon.

There are some who will demand that Congress now legislate the criminal prosecution of the former President. I think it would be inappropriate for the Congress to intervene at this time with the functions of the Special Prosecutor and the Federal courts who have performed so well to date. We have seen justice triumph to date—to those who would short circuit the process, I say to do so would damage what has been an eminently fair procedure.

TRIBUTE TO MAYOR CHUCK HALL

(Mr. FASCELL asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. FASCELL. Mr. Speaker, over the weekend one of the most colorful and popular political figures in south Florida, Miami Beach Mayor Chuck Hall, died suddenly of an apparent heart attack.

His death leaves a great void in government for the city of Miami Beach, Dade County, and Florida. He served the public for many years, in many different capacities, not only as mayor of Miami Beach, but as mayor of metropolitan Dade County as well. His accomplishments are numerous and well known. He will always be pictured for his outgoing personality and the imposing image he presented as he drove around town in his Rolls Royce, immaculately dressed, with his silvery-white hair, looking more like a movie star than the mayor of a great city.

However, the people of Miami Beach and Dade County knew Chuck Hall also as a man of seriousness and dedication, and were well aware of the many things he did on their behalf. He was well liked. He not only had a flair for showmanship but a genuine regard for all people and their problems. People knew and sensed this rapport. Chuck Hall seemed to know everyone personally and he had probably helped most of them at one time or another. No problem or person was too small for Chuck Hall's personal attention. He loved people.

Only last week, Chuck had qualified to run once again for the office of mayor of Dade County and was preparing for a major campaign.

As the host of the two major party's national conventions in 1972, Chuck Hall worked hard to show the Nation and the world that Miami Beach is an outstanding convention city with the facilities for handling any and all contingencies that might arise.

I know my Florida colleagues and others will join me in extending our deepest sympathy to Mrs. Jacqueline Hall and her family.

RECESS

The SPEAKER. The House is now going to declare a recess until the two Houses meet in joint session to hear an address by the President of the United States.

The House will stand in recess until approximately 8:40 p.m. The bells will sound 15 minutes prior to reconvening.

Accordingly (at 5 o'clock and 24 minutes p.m.), the House stood in recess subject to the call of the Chair.

AFTER RECESS

The recess having expired, the House was called to order by the Speaker at 8 o'clock and 40 minutes p.m.

JOINT SESSION OF THE HOUSE AND SENATE HELD PURSUANT TO THE PROVISIONS OF HOUSE CONCURRENT RESOLUTION 594 TO RECEIVE A MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER of the House presided.

The Doorkeeper, the Honorable William M. Miller, announced the President pro tempore and Members of the U.S. Senate, who entered the Hall of the House of Representatives, the President pro tempore taking the chair at the left of the Speaker, and Members of the Senate the seats reserved for them.

The SPEAKER. The Chair appoints as members of the committee on the part of the House to escort the President of the United States into the Chamber the gentleman from Massachusetts, Mr. O'NEILL; the gentleman from California, Mr. MCFALL; the gentleman from Texas, Mr. TEAGUE; the gentlewoman from Michigan, Mrs. GRIFFITHS; the gentleman from Arizona, Mr. RHODES; the gentleman from Illinois, Mr. ARENDS; the gentleman from Illinois, Mr. ANDERSON; and the gentleman from Michigan, Mr. CEDERBERG.

The PRESIDENT pro tempore. The President pro tempore on behalf of the Senate appoints the following Senators as members of the committee on the part of the Senate to escort the President of the United States into the Chamber: The Senator from Montana, Mr. MANSFIELD; the Senator from West Virginia, Mr. ROBERT C. BYRD; the Senator from Utah, Mr. MOSS; the Senator from Arkansas, Mr. MCCLELLAN; the Senator from Washington, Mr. MAGNUSON; the Senator from Michigan, Mr. HART; the Senator from Vermont, Mr. AIKEN; the Senator from Pennsylvania, Mr. HUGH SCOTT; the Senator from Michigan, Mr. GRIFFIN; the Senator from New Hampshire, Mr. COTTON; the Senator from Utah, Mr. BENNETT, and the Senator from Texas, Mr. TOWER.

The Doorkeeper announced the Ambassadors, ministers, and chargés d'affaires of foreign governments.

The Ambassadors, ministers, and chargés d'affaires of foreign governments entered the Hall of the House of Representatives and took the seats reserved for them.

The Doorkeeper announced the Cabinet of the President of the United States.

The Members of the Cabinet of the President of the United States entered the Hall of the House of Representatives and took the seats reserved for them in front of the Speaker's rostrum.

At 9 o'clock and 1 minute p.m., the Doorkeeper announced the President of the United States.

The President of the United States, escorted by the committee of Senators and Representatives, entered the Hall of the House of Representatives, and stood at the Clerk's desk.

[Applause, the Members rising.]

The SPEAKER. My colleagues of the Congress, I have the distinct privilege and the high personal honor—and it is, indeed, a very personal pleasure—to present to you the President of the United States.

[Applause, the Members rising.]

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 93–335)

The PRESIDENT. Mr. Speaker, Mr. President, distinguished guests and my very dear friends:

My fellow Americans, we have a lot of work to do.

My former colleagues, you and I have a lot of work to do.

Let's get on with it.

Needless to say, I am deeply grateful for the wonderfully warm welcome. I can never express my gratitude adequately.

I am not here to make an inaugural address. The Nation needs action, not words.

Nor will this be a formal report on the State of the Union. God willing, I will have at least three more chances to do that.

It's good to be back in the People's House.

But this cannnot be a real homecoming. Under the Constitution, I now belong to the Executive branch. The Supreme Court has even ruled that I am the Executive branch, head, heart, and hand.

With due respect to the learned Justices—and I greatly respect the Judiciary—part of my heart will always be here on Capitol Hill. I know well the coequal role of the Congress in our Constitutional process. I love the House of Representatives. I revere the traditions of the Senate despite my too-short internship in that great body. As President, within the limits of basic principles, my motto toward the Congress is communication, conciliation, compromise and cooperation.

This Congress, unless it has changed, I am confident, will be my working partner as well as my most constructive critic. I am not asking for conformity. I am dedicated to the two-party system, and you know which party I belong to.

I do not want a honeymoon with you. I want a good marriage.

I want progress and I want problem solving which requires my best efforts, and also your best efforts.

I have no need to learn how Congress speaks for the people.

As President, I intend to listen; but I also intend to listen to the people themselves—all the people—as I promised last Friday. I want to be sure that we are all tuned into the real voice of America.

My Administration starts off by seeking unity in diversity. My office door has always been open, and that is how it is going to be at the White House. Yes, Congressmen will be welcomed—if you don't overdo it.

The first seven words of the Constitution and the most important are these: "We the People of the United States." We, the people, ordained and established the Constitution and reserved to themselves all powers not granted to Federal and State governments. I respect and will always be conscious of that fundamental rule of freedom.

Only eight months ago, when I last stood here, I told you I was a Ford, not a Lincoln. Tonight I say I am still a Ford, but I am not a Model T.

I do have some old-fashioned ideas, however. I believe in the very basic decency and fairness of America. I believe in the integrity and patriotism of the Congress. And while I am aware of the House rule that no one ever speaks to the galleries, I believe in the First Amendment and the absolute necessity of a free press.

But I also believe that over two centuries since the First Continental Congress was convened, the direction of our nation's movement has been forward. I am here to confess that in my first campaign for President—of my senior class in South High School in Grand Rapids, Michigan—I headed the Progressive Party ticket, and lost. Maybe that is why I became a Republican.

Now I ask you to join with me in getting this country revved up and moving.

My instinctive judgment is that the State of the Union is excellent. But the state of our economy is not so good.

Everywhere I have been as Vice President, some 118,000 miles in 40 States and some 55 press conferences, the unanimous concern of Americans is inflation. For once all the polls seem to agree. They also suggest that the people blame government far more than either management or labor for the high cost of everything they have to buy.

You who come from 50 States, three territories and the District of Columbia know this better than I do. That is why you have created, since I left here, your new Budget Reform Committee. I welcome it and I will work with its Members to bring the Federal budget into balance in fiscal year 1976.

The fact is that for the past 25 years that I had the honor of serving with this body the Federal budget has been balanced in only six.

Mr. Speaker, I am a little late getting around to it, but confession is good for the soul. I have sometimes voted to spend more taxpayer's money for worthy projects in Grand Rapids, Michigan, while I vigorously opposed wasteful spending boondoggles in Oklahoma.

Be that as it may, Mr. Speaker, you and I have always stood together against unwarranted cuts in national defense. This is no time to change that nonpartisan policy.

Just as escalating Federal spending has been a prime cause of higher prices over many years, it may take some time to stop inflation, but we must begin right now. For a start, before your Labor Day recess Congress should reactivate the Cost of Living Council through passage of a clean bill, without reimposing controls, that will let us monitor wages and prices to expose abuses. Whether we like it or not, the American wage-earner and the American housewife are a lot better economists than most economists care to admit. They know that a government big enough to give you everything you want is a government big enough to take from you everything you have.

If we want to restore confidence in ourselves as working politicians, the first thing we all have to do is to learn to say no.

The first specific request of the Ford administration is not to Congress, but to the voters in the upcoming November elections. It is this, very simply: Support your candidates, Congressmen and Senators, Democrats or Republicans, conservatives or liberals, who consistently vote for tough decisions to cut the cost of government, restrain Federal spending and bring inflation under control.

I applaud the initiative Congress has already taken. The only fault I find with the Joint Economic Committee study on inflation authorized last week is that we need its expert findings in six weeks instead of six months.

A month ago the distinguished Majority Leader of the United States Senate asked the White House to convene an economic conference of Members of Congress, the President's economic consultants and some of the best economic brains from labor, industry and agriculture.

Later this was perfected by resolution to assemble a domestic summit meeting to devise a bipartisan action for stability and growth in the American economy. lity and growth in the American economy.

Neither I nor my staff have much time right now for letter writing, so I will respond: I accept the suggestion and I will personally preside.

Furthermore, I propose that this summit meeting be held at an early date in full view of the American public. They are as anxious as we are to get the right answers. My first priority is to work with you to bring inflation under control. Inflation is domestic enemy No. 1. To restore economic confidence, the Government in Washington must provide some leadership. It does no good to blame the public for spending too much when the Government is spending too much.

I began to put my Administration's own economic house in order, starting last Friday.

I instructed my Cabinet officers and counselors and my White House staff to make fiscal restraint their first order of business and to save every taxpayer's dollar that the safety and genuine welfare of our great nation will permit.

Some economic activities will be effected more by monetary and fiscal restraints than other activities. Good government clearly requires that we tend to the economic problems facing our country in a spirit of equity to all of our citizens in all segments of our society.

Tonight, obviously, is no time to threaten you with vetoes. But I do have the last recourse. And I am a veteran of many a veto fight right here in this great chamber.

Can't we do a better job by reasonable compromise? I hope we can.

Minutes after I took the Presidential oath, the joint leadership of Congress told me at the White House they would go more than half way to meet me. This was confirmed in your unanimous concurrent resolution of cooperation, for which I am deeply grateful. If for my part I go more than half way to meet the Congress, maybe we can find a much larger area of national agreement.

I bring no legislative shopping list here this evening. I will deal with specfics in future messages and talks with you. But here are a few examples of how seriously I feel about what we must do together.

Last week the Congress passed the Elementary and Secondary Education bill, and I found it on my desk. Any reservations I might have about some of its provisions—and I do have—fade in comparison to the urgent needs of America for quality education. I will sign it in a few days.

I must be frank. In implementing its provisions, I will oppose excessive funding during this inflationary crisis. As Vice President, I studied various proposals for better health care financing.

I saw them coming closer together, and urged my friends in the Congress and in the Administration to sit down and sweat out a sound compromise. The Comprehensive Health Insurance Plan goes a long way towards providing early relief to people who are sick. Why don't we write—and I ask this with the greatest spirit of cooperation—why don't we write a good health bill on the statute books in 1974 before this Congress adjourns?

The economy of our country is critically dependent on how we interact with the economies of other countries. It is little comfort that our inflation is only a part of a world-wide problem, or that American families need less of their pay checks for groceries than most of our foreign friends.

As one of the building blocks of peace we have taken the lead in working toward a more open and a more equitable world economic system. A new round of international trade negotiations started last September among 105 nations in Tokyo. The others are waiting for the United States Congress to grant the necessary authority to the Executive Branch to proceed. With modifications, the Trade Reform bill passed by the House last year would do a good job.

I understand good progress has been made in the Senate Committee on Finance. But I am optimistic, as always, that the Senate will pass an acceptable bill quickly as a key part of our joint prosperity campaign.

I am determined to expedite other international economic plans. We will be working together with other nations to find better ways to prevent shortages of food and fuel. We must not let last winter's energy crisis happen again. I will push Project Independence for our own good and the good of others. In that too I will need your help.

Successful foreign policy is an extension of the hopes of the whole American people for a world of peace and orderly reform, and orderly freedom. So I would say a few words to our distinguished guests from the governments of other nations where, as at home, it is my determination to deal openly with allies and adversaries.

Over the past 5½ years in Congress and as Vice President, I have fully supported the outstanding foreign policy of President Nixon. This policy I intend to continue.

Throughout my public service starting with wartime naval duty under the command of President Franklin D. Roosevelt, I have upheld all our Presidents when they spoke for my country to the world. I believe the Constitution commands this.

I know that in this crucial area of international policy I can count on your firm support.

Now let there be no doubt, or any misunderstanding anywhere, and I emphasize anywhere, there are no opportunities to exploit, should anyone so desire. There will be no change of course, no relaxation of vigilance, no abandonment of the helm of our ship of state as the watch changes.

We stand by our commitments and we will live up to our responsibilities, in our formal alliances, in our friendships, and in our improving relations with potential adversaries. On this Americans are united and strong. Under my term of leadership I hope we will become more united. I am certain America will remain strong.

A strong defense is the surest way to peace. Strength makes détente attainable, weakness invites war as my generation, my generation knows from our very bitter experiences. Just as America's will for peace is second to none, so will America's strength be second to none.

We cannot rely on the forbearance of others to protect this Nation. The power and diversity of the armed forces, active guard and reserve, the resolve of our fellow citizens, the flexibility in our command to navigate international waters that remain troubled are all essential to our security.

I shall continue to insist on civilian control of our superb military establishment. The Constitution plainly requires the President to be Commander in Chief and I will be.

Our job will not be easy. In promising continuity I cannot promise simplicity. The problems and challenges of the world remain complex and difficult. But we have set out on a path of reason, or fairness, and we will continue on it. As guideposts on that path, I offer the following: To our allies of a generation in the Atlantic community and Japan, I pledge continuity in the loyal collaboration of our many mutual endeavors.

To our friends and allies in this hemisphere I pledge continuity in the deepening dialogue to define renewed relationships of equality and justice.

To our allies and friends in Asia I pledge a continuity in our support for their security, independence and economic development. In Indo-China we are determined to see the observance of the Paris agreement on Vietnam, and of cease-fire and negotiated settlement in Laos. We hope to see an early compromise settlement in Cambodia.

To the Soviet Union I pledge continuity in our commitment to the course of the past three years, to our two peoples, and to all mankind we owe a continued effort to live, where possible, to work together in peace, for in a thermonuclear age there can be no alternative to a positive and peaceful relationship between our nations.

To the People's Republic of China, whose legendary hospitality I enjoyed, I pledge continuity in our commitment to the principles of the Shanghai communique. The new relationship built on those principles has demonstrated that it serves serious and objective mutual interests, and has become an enduring feature of the world scene.

To the nations in the Middle East I pledge continuity in our vigorous efforts to advance the progress which has brought hopes of peace to that region after 25 years as a hotbed of war. We shall carry out our promise to promote continuing negotiations among all parties for a complete, just, and lasting settlement.

To all nations I pledge continuity in seeking a common global goal, a stable international structure of trade and finance which reflects the interdependence of all people.

To the entire international community, to the United Nations, to the world's non-aligned nations, and to all others, I pledge continuity in our dedication to the humane goals which throughout our history have been so much of America's contribution to mankind.

So long as the peoples of the world have confidence in our purposes and faith in our work the age-old vision of peace on earth will grow brighter.

I pledge myself unreservedly to that goal. I say to you in words that cannot be improved upon, let us never negotiate out of fear, but let us never fear to negotiate.

As Vice President, at the request of the President, I addressed myself to the individual rights of Americans in the area of privacy. There will be no illegal tappings, eavesdroppings, buggings or break-ins by my administration. There will be hot pursuit of tough laws to prevent illegal invasion of privacy in both government and private activities.

On the higher plane of public morality there is no need for me to preach tonight. We have thousands of far better preachers and millions of sacred scriptures to guide us on the path of personal right living and exemplary official conduct. If we can make effective and earlier use of moral and ethical wisdom of the centuries in today's complex society we will prevent more crime and more corruption than all the policemen and prosecutors and governments can ever deter. If I might say so, this is a job that must begin at home, not in Washington.

I once told you that I'm not a saint, and I hope never to see the day that I cannot admit having made a mistake.

So I will close with another confession. Frequently along the tortuous road of recent months from this Chamber to the President's House I have protested that I was my own man. Now I realize that I was wrong. I am your man, for it was your carefully weighed confirmation that changed my occupation. The truth is I am the people's man for you acted in their name, and I accepted and began my new and solemn trust with a promise to serve all the people and do the best that I can for America. When I say all the people I mean exactly that—to the limits of my strength and ability I will be the President of black, brown, red and white Americans, of old and young, of women's liberationists and male chauvinists, and all the rest of us in between, of the poor and the rich, of native sons and new refugees, of those who work at lathes or at desks or in mines, or in the fields or of Christians, Jews, Moslems, Buddhists, and atheists if there really are any atheists after what we have all been through.

Fellow Americans, one final word. I want to be a good President. I need your help. We all need God's sure guidance. With it, nothing can stop the United States of America.

Thank you very much.

At 9 o'clock and 37 minutes p.m. the President of the United States, accompanied by the committee of escort, retired from the Hall of the House of Representatives.

The Doorkeeper escorted the invited guests from the Chamber in the following order:

The members of the President's Cabinet.

The ambassadors, ministers, and chargés d'affaires of foreign governments.

JOINT SESSION DISSOLVED

The SPEAKER. The Chair declares the joint session of the two Houses now dissolved.

Accordingly, at 9 o'clock and 45 minutes p.m., the joint session of the two Houses was dissolved.

The Members of the Senate retired to their Chamber.

AFTER RECESS

The recess having expired, the House was called to order by the Speaker at 9 o'clock and 46 minutes p.m.

REFERENCE OF PRESIDENT'S MESSAGE

Mr. O'NEILL. Mr. Speaker, I move that the Message of the President, together with the accompanying documents, be referred to the Committee of the Whole House on the State of the Union and ordered printed.

The motion was agreed to.

CONFERENCE REPORT ON H.R. 2, PENSION REFORM

Mr. PERKINS submitted the following conference report and statement of the bill (H.R. 2) to provide pension reform:

CONFERENCE REPORT (H. Rept. No. 93–1280)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 2) to provide for pension reform, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

SHORT TITLE AND TABLE OF CONTENTS

SECTION 1. This Act may be cited as the "Employee Retirement Income Security Act of 1974".

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TITLE I—PROTECTION OF EMPLOYEE BENEFIT RIGHTS

SUBTITLE A—GENERAL PROVISIONS

FINDINGS AND DECLARATION OF POLICY

SEC. 2. (a) The Congress finds that the growth in size, scope, and numbers of employee benefit plans in recent years has been rapid and substantial: that the operational scope and economic impact of such plans is increasingly interstate; that the continued well-being and security of millions of employees and their dependents are directly affected by these plans; that they are affected with a national public interest; that they have become an important factor affecting the stability of employment and the successful development of industrial relations; that they have become an important factor in commerce because of the interstate character of their activities, and of the activities of their participants, and the employers, employee organizations, and other entities by which they are established or maintained; that a large volume of the activities of such plans is carried on by means of the mails and instrumentalities of interestate commerce; that owing to the lack of employee information and adequate safeguards concerning their operation, it is desirable in the interests of employees and their beneficiaries, and to provide for the general welfare and the free flow of commerce, that disclosure be made and safeguards be provided with respect to the establishment, operation, and administration of such plans; that they substantially affect the revenues of the United States because they are afforded preferential Federal tax treatment; that despite the enormous growth in such plans many employees with long years of employment are losing anticipated retirement benefits owing to the lack of resting provisions in such plans; that owing to the inadequacy of current minimum standards, the soundness and stability of plans with respect to adequate funds to pay promised benefits may be endangered; that owing to the termination of plans before requisite funds have been accumulated, employees and their beneficiaries have been deprived of anticipated benefits; and that it is therefore desirable in the interests of employees and their beneficiaries, for the protection of the revenue of the United States, and to provide for the free flow of commerce, that minimum standards be provided assuring the equitable character of such plans and their financial soundness.

(b) It is hereby declared to be the policy of this Act to protect interstate commerce and the interests of participants in employee benefit plans and their beneficiaries, by requiring the disclosure and reporting to participants and beneficiaries of financial and other information with respect thereto, by establishing standards of conduct, responsibility, and obligation for fiduciaries of employee benefit plans, and by providing for appropriate remedies, sanctions, and ready access to the Federal courts.

(c) It is hereby further declared to be the policy of this Act to protect interstate commerce, the Federal taxing power, and the interests of participants in private pension plans and their beneficiaries by improving the equitable character and the soundness of such plans by requiring them to rest the accrued benefits of employees with significant periods of service, to meet minimum standards of funding, and by requiring plan termination insurance.

DEFINITIONS

SEC. 3. For purposes of this title:

(1) The terms "employee welfare benefit plan" and "welfare plan" mean any plan, fund, or program which was heretofore or is hereafter established or maintained by an employer or by an employee organization, or by both, to the extent that such plan was established or maintained for the purpose of providing for its participants or their beneficiaries, through the purchase of insurance or otherwise. (A) medical, surgical, or hospital care or benefits, or benefits in the event of sickness, accident, disability, death or unemployment, or vacation benefits, apprenticeship or other training programs, or day care centers, scholarship funds, or prepaid legal services, or (B) any benefit described in section 302(c) of the Labor Management Relations Act, 1947 (other than pensions on retirement or death, and insurance to provide such pensions).

(2) The terms "employee pension benefit plan" and "pension plan" mean any plan, fund, or program which was heretofore or is hereafter established or maintained by an employer or by an employee organization, or by both, to the extent that by its express terms or as a result of surrounding circumstances such plan, fund, or program—

(A) provides retirement income to employees, or

(B) results in a deferral of income by employees for periods extending to the termination of covered employment or beyond, regardless of the method of calculating the contributions made to the plan, the method of calculating the benefits under the plan or the method of distributing benefits from the plan.

(3) The term "employee benefit plan" or "plan" means an employee welfare benefit plan or an employee pension benefit plan or a plan which is both an employee welfare benefit plan and an employee pension benefit plan.

(4) The term "employee organization" means any labor union or any organization of any kind, or any agency or employee representation committee, association, group, or plan, in which employees participate and which exists for the purpose, in whole or in part, of dealing with employers concerning an employee benefit plan, or other matters incidental to employment relationships; or any employees' beneficiary association organized for the purpose in whole or in part, of establishing such a plan.

(5) The term "employer" means any person acting directly as an employer, or indirectly in the interest of an employer, in relation to an employee benefit plan; and includes a group or association of employers acting for an employer in such capacity.

(6) The term "employee" means any individual employed by an employer.

(7) The term "participant" means any employee or former employee of an employer, or any member or former member of an employee organization, who is or may become eligible to receive a benefit of any type from an employee benefit plan which covers employees of such employer or members of such organization, or whose beneficiaries may be eligible to receive any such benefit.

(8) The term "beneficiary" means a person designated by a participation, or by the terms of an employee benefit plan, who is or may become entitled to a benefit thereunder.

(9) The term "person" means an individual, partnership, joint venture, corporation, mutual company, joint-stock company, trust, estate, unincorporated organization, association, or employee organization.

(10) The term "State" includes any State of the United States, the District of Columbia, Puerto Rico, the Virgin Islands, American Samoa, Guam, Wake Island, and the Canal Zone. The term "United States" when used in the geographic sense means the States and the Outer Continental Shelf lands defined in the Outer Continental Shelf Lands Act (43 U.S.C. 1331–1343).

(11) The term "commerce" means trade, traffic, commerce, transportation, or communication between any State and any place outside thereof.

(12) The term "industry or activity affecting commerce" means any activity, business, or industry in commerce or in which a labor dispute would hinder or obstruct commerce or the free flow of commerce, and includes any activity or industry "affecting commerce" within the meaning of the Labor Management Relations Act, 1947, or the Railway Labor Act.

(13) The term "Secretary" means the Secretary of Labor.

(14) The term "party in interest" means, as to an employee benefit plan—

(A) any fiduciary (including, but not limited to, any administrator, officer, trustee, or custodian), counsel, or employee of such employee benefit plan;

(B) a person providing services to such plan;

(C) an employer any of whose employees are covered by such plan;

(D) an employee organization any of whose members are covered by such plan;

(E) an owner, direct or indirect, of 50 percent or more of

(i) the combined voting power of all classes of stock entitled to vote or the total value of shares of all classes of stock of a corporation,

(ii) the capital interest or the profits interest of a partnership, or

(iii) the beneficial interest of a trust or unincorporated enterprise.

which is an employer or an employee organization described in subparagraph (C) or (D);

(F) a relative (as defined in paragraph (15) of any individual described in subparagraph (A), (B), (C), or (E);

(G) a corporation, partnership, or trust or estate of which (or in which) 50 percent or more of—

(i) the combined voting power of all classes of stock entitled to vote or the total value of shares of all classes of stock of such corporation,

(ii) the capital interest or profits interest of such partnership, or

(iii) the beneficial interest of such trust or estate,

is owned directly or indirectly, or held by persons described in subparagraph (A), (B), (C), (D), or (E);

(H) an employee, officer, director (or an individual having powers or responsibilities similar to those of officers or directors), or a 10 percent or more shareholder directly or indirectly, of a person described in subparagraph (B), (C), (D), (E), or (G), or of the employee benefit plan; or

(I) a 10 percent or more (directly of indirectly in capital or profits) partner or joint venturer of a person described in subparagraph (B), (C), (D), (E), or (G).

The Secretary, after consultation and coordination with the Secretary of the Treasury, may by regulation prescribe a percentage lower than 50 percent for subparagraphs (E) and (G) and lower than 10 percent for subparagraph (H) or (I). The Secretary may prescribe regulations for determining the ownership (direct or indirect) of profits and beneficial interests, and the manner in which indirect stockholdings are taken into account.

(15) The term "relative" means a spouse, ancestor, lineal descendant, or spouse of a lineal descendant.

(16)(A) The term "administrator" means—

(i) the person specifically so designated by the terms of the instrument under which the plan is operated;

(ii) if an administrator is not so designated, the plan sponsor; or

(iii) in the case of a plan for which an administrator is not designated and a plan sponsor cannot be identified, such other person as the Secretary may by regulation prescribe.

(B) The term "plan sponsor" means (i) the employer in the case of an employer benefit plan established or maintained by a single employer, (ii) the employer organization in the case of a plan established or maintained by an employee organization, or (iii) in the case of a plan established or maintained by two or more employers or jointly by one or more employers and one or more employee organizations, the association, committee, joint board of trustees, or other similar group of representatives of the parties who establish or maintain the plan.

(17) The term "separate account" means an account established or maintained by an insurance company under which income, gains, and losses, whether or not realized, from assets allocated to such account, are, in accordance with the applicable contract, credited to or charged against such account without regard to other income, gains, or losses of the insurance company.

(18) The term "adequate consideration" when used in part 4 means (A) in the case of a security for which there is a generally recognized market, either (i) the price of the security prevailing on a national securities exchange which is registered under section 6 of the Securities Exchange Act of 1934, or which has been listed for more than 1 month (at the time of such sale or purchase) on an electronic quotations system administered by a national securities association registered under such Act, or (ii) if the security is not traded on such a national securities exchange or so listed on such an electronic quotation system, a price not less favorable to the plan than the offering price for the security as established by the current bid and asked prices quoted by persons independent of the issuer and of any party in interest; and (B) in the case of an asset other than a security for which there is a generally recognized market, the fair market value of the asset as determined in good faith by the trustee or named fiduciary pursuant to the terms of the plan and in accordance with regulations promulgated by the Secretary.

(19) The term "nonforfeitable" when used with respect to a pension benefit or right means a claim obtained by a participant or his beneficiary to that part of an immediate or deferred benefit under a pension plan which arises from the participant's service, which is unconditional, and which is legally enforceable against the plan. For purposes of this paragraph, a right to an accrued benefit derived from employer contributions shall not be treated as forfeitable merely because the plan contains a provision described in section 203(a)(3).

(20) The term "security" has the same meaning as such term has under section 2(1) of the Securities Act of 1933 (15 U.S.C. 77b(1)).

(21)(A) Except as otherwise provided in subparagraph (B), a person is a fiduciary with respect to a plan to the extent (i) he exercises any discretionary authority or discretionary control respecting management of such plan or exercises any authority or control respecting management or disposition of its assets, (ii) he renders investment advice for a fee or other compensation, direct or indirect, with respect to any moneys or other property of such plan, or has any authority or responsibility to do so, or (iii) he has any discretionary authority or discretionary responsibility in the administration of such plan. Such term includes any person designated under section 405(c)(1)(B).

(B) If any money or other property of an employee benefit plan is invested in securities issued by an investment company registered under the Investment Company Act of 1940, such investment shall not by itself cause such investment company or such investment company's investment adviser or principal underwriter to be deemed to be a fiduciary or a party in interest as those terms are defined in this title, except insofar as such investment company or its investment adviser or principal underwriter acts in connection with an employee benefit plan covering employees of the investment company, the investment adviser, or its principal underwriter. Nothing contained in this subparagraph shall limit the duties imposed on such investment company, investment adviser, or principal underwriter by any other law.

(22) The term "normal retirement benefit" means the greater of the early retirement benefit under the plan, or the benefit under the plan commencing at normal retirement age. The normal retirement benefit shall be determined without regard to—

(A) medical benefits, and

(B) disability benefits not in excess of the qualified disability benefit.

For purposes of this paragraph, a qualified disability benefit is a disability benefit provided by a plan which does not exceed the benefit which would be provided for the participant if he separated from the service at normal retirement age. For purposes of this paragraph. the early retirement benefit under a plan shall be determined without regard to any benefit under the plan which the Secretary of the Treasury finds to be a benefit described in section 204(b)(1)(G).

(23) The term "accrued benefit" means—

(A) in the case of a defined benefit plan, the individual's accrued benefit determined under the plan and, except as provided in section 204(c)(3), expressed in the form of an annual benefit commencing at normal retirement age, or

(B) in the case of a plan which is an individual account plan, the balance of the individual's account.

(24) The term "normal retirement age" means the earlier of—

(A) the time a plan participant attains normal retirement age under the plan, or

(B) the later of—

(i) the time a plan participant attains age 65, or

(ii) the 10th anniversary of the time a plan participant commenced participation in the plan.

(25) The term "vested liabilities" means the present value of the immediate or deferred benefits available at normal retirement age for participants and their beneficiaries which are nonforfeitabe.

(26) The term "current value" means fair market value where available and otherwise the fair value as determined in good faith by a trustee or a named fiduciary (as defined in section 402(a)(2)) pursuant to the terms of the plan and in accordance with regulations of the Secretary, assuming an orderly liquidation at the time of such determination.

(27) The term "present value", with respect to a liability, means the value adjusted to reflect anticipated events. Such adjustments shall conform to such regulations as the Secretary of the Treasury may prescribe.

(28) The term "normal service cost" or "normal cost" means the annual cost of future pension benefits and administrative expenses assigned, under an actuarial cost method, to years subsequent to a particular valuation date of a pension plan. The Secretary of the Treasury may prescribe regulations to carry in this paragraph.

(29) The term "accrued liability" means the excess of the present value, as of a particular regulation date of a pension plan, of the projected future benefits cost and administrative expenses for all plan participants and beneficiaries over the present value of future contributions for the normal cost of all applicable plan participants and beneficiaries. The Secretary of the Treasury may prescribe regulations to carry in this paragraph.

(30) The term "unfunded accrued liability" means the excess of the accrued liability, under an actuarial cost method which so provides, over the present value of the assets of a pension plan. The Secretary of Treasury may prescribe regulations to carry in this paragraph.

(31) The term "advance funding actuarial cost method" or "actuarial cost method" means a recognized actuarial technique utilized for establishing the amount and incidence of the annual actuarial cost of pension plan benefits and expenses. Acceptable actuarial cost methods shall include the accrued benefit cost method (unit credit method), the entry age normal cost method, the individual level premium cost method, the aggregate cost method, the attained age normal cost method, and the frozen initial liability cost method. The terminal funding cost method and the current funding (pay-as-you-go) cost method are not acceptable acturarial cost methods. The Secretary of the Treasury shall issue regulations to further define acceptable actuarial cost methods.

(32) The term "governmental plan' means a plan established or maintained for its employees by the Government of the United States, by the government of any State or political subdivision thereof, or by any agency or instrumentality of any of the foregoing. The term "governmental plan" also includes any plan to which the Railroad Retirement Act of 1935 or 1937 applies, and which is financed by contributions required under that Act and any plan of an international organization which is exempt from taxation under the provisions of the International Organizations Immunities Act (59 Stat. 669).

(33)(A) The term "church plan" means (i) a plan established and maintained for its employees by a church or by a convention or association of churches which is exempt from tax under section 501 of the Internal Revenue Code of 1954, or (ii) a plan described in subparagraph (C).

(B) The term "church plan" (notwithstanding the provisions of subparagraph (A)) does not include a plan—

(i) which is established and maintained primarily for the benefit of employees (or their beneficiaries) of such church or convention or association of churches who are employed in connection with one or more unrelated trades or businesses (within the meaning of section 513 of the Internal Revenue Code of 1954), or

(ii) which is a plan maintained by more than one employer, if one or more of the employers in the plan is not a church (or a convention or association of churches) which is exempt from tax under section 501 of the Internal Revenue Code of 1954.

(C) Notwithstanding the provisions of subparagraph (B)(ii), a plan in existence on January 1, 1974, shall be treated as a "church plan" if it is established and maintained by a church or convention or association of churches for its employees and employees of one or more agencies of such church (or convention or association) for the employees of such church (or convention or association) and the employees of one or more agencies of such church (or convention or association), and if such church (or convention or association) and each such agency is exempt from tax under section 501 of the Internal Revenue Code of 1954. The first sentence of this subparagraph shall not apply to any plan maintained for employees of an agency with respect to which the plan was not maintained on January 1, 1974. The first sentence of this subparagraph shall not apply with respect to any plan for any plan year beginning after December 31, 1982.

(34) the term "individual account plan" or "defined contribution plan" means a pension plan which provides for an individual account for each participant and for benefits based solely upon the amount contributed to the participant's account, and any income, expenses, gains and losses, and any forfeitures of accounts of other participants which may be allocated to such participant's account.

(35) The term "defined benefit plan" means a pension plan other than an individual account plan; except that a pension plan which is not an individual account plan and which provides a benefit derived from employer contributions which is based partly on the balance of the separate account of a participant—

(A) for the purposes of section 202, shall be treated as an individual account plan, and

(B) for the purposes of paragraph (23) of this section and section 204, shall be treated as individual account plans to the extent benefits are based upon the separate account of a participant and as a defined benefit plan with respect to the remaining portion of benefits under the plan.

(36) The term "excess benefit plan" means a plan maintained by an employer solely for the purpose of providing benefits for certain employees in excess of the limitations on contributions and benefits imposed by section 415 of the Internal Revenue Code of 1954 on plans to which that section applies, without regard to whether the plan is funded. To the extent that a separable part of a plan (as determined by the Secretary of Labor) maintained by an employer is maintained for such purpose, that part shall be treated as a separate plan which is an excess benefit plan.

(37)(A) The term "multiemployer plan" means a plan—

(i) to which more than one employer is required to contribute,

(ii) which is maintained pursuant to one or more collective-bargaining agreement between an employee organization and more than one employer.

(iii) under which the amount of contributions made under the plan for a plan year by each employer making such contributions is less than 50 percent of the aggregate amount of contributions made under the plan for that plan year by all empoyers making such contributions.

(iv) under which benefits are payable with respect to each participant without regard to the cessation of contributions by the employer who had employed that participant except to the extent that such benefits accrued as a result of service with the employer before such employer was required to contribute to such plan, and

(v) which satisfies such other requirements as the Secretary may be regulations prescribe.

(B) For purposes of this paragraph—

(i) if a plan is a multiemployer plan within the meaning of subparagraph (A) for any plan year, clause (iii) of subparagraph (A) shall be applied by substituting "75 percent" for "50 percent" for each subsequent plan year until the first plan year following a plan year in which the plan had one employer who made contributions of 75 percent or more of the aggregate amount of contributions made under the plan for that plan year by all employers making such contributions, and

(ii) all corporations which are members of a controlled group of corporations (within the meaning of section 1563(a) of the Internal Revenue Code of 1954, determined without regard to section 1563(e)(3)(C) of such Code) shall be deemed to be one employer.

(38) The term "investment manager" means any fiduciary (other than a trustee or named fiduciary, as defined in section 402(a)(2))—

(A) who has the power to manage, acquire, or dispose of any asset of a plan;

(B) who is (i) registered as an investment and riser under the Investment Advisers Act of 1940; (ii) is a bank, as defined in that Act; or (iii) is an insurance company qualified to perform services described in subparagraph (A) under the laws of more than one State; and

(C) has acknowledged in writing that he is a fiduciary with respect to the plan.

(39) The terms "plan year" and "fiscal year of the plan" mean with respect to a plan, calendar, policy, or fiscal year on which the records of the plan are kept.

COVERAGE

SEC. 4. (a) Except as provided in subsection (b) and in sections 201, 301, and 401, this title shall apply to any employee benefit plan if it is established or maintained—

(1) by any employer engaged in commerce or in any industry or activity affecting commerce; or

(2) by an employee organization or organizations representing employees engaged in commerce or in any industry or activity affecting commerce; or

(3) by both.

(b) The provisions of this title shall not apply to any employee benefit plan if—

(1) such plan is a governmental plan (as defined in section 3(32);

(2) such plan is a church plan (as defined in section 3(33)) with respect to which no election has been made under section 410(d) of the Internal Revenue Code of 1954;

(3) such plan is maintained solely for the purpose of complying with applicable workmen's compensation laws or unemployment compensation or disability insurance laws;

(4) such plan is maintained outside of the United States primarily for the benefit of persons substantially all of whom are nonresident aliens; or

(5) such plan is an excess benefit plan (as defined in section 3(36)) and which is unfinished.

SUBTITLE B—REGULATORY PROVISIONS

Part I—Reporting and Disclosure

DUTY OF DISCLOSURE AND REPORTING

SEC. 101. (a) The administrator of each employee benefit plan shall cause to be furnished in accordance with section 104(b) to each participant covered under the plan and to each beneficiary who is receiving benefits under the plan—

(1) a summary plan description described in section 102(a)(1); and

(2) the information described in sections 104(b)(3) and 105 (a) and (c).

(b) The administrator shall, in accordance with section 104(a), file with the Secretary—

(1) the summary plan description described in section 102(a)(1);

(2) a plan description containing the matter required in section 102(b);

(3) modifications and changes referred to in section 102(a)(2);

(4) the annual report containing the information required by section 103; and

(5) terminal and supplementary reports as required by subsection (c) of this section.

(c)(1) Each administrator of an employee pension benefit plan which is winding up its affairs (without regard to the number of participants remaining in the plan) shall, in accordance with regulations prescribed by the Secretary, file such terminal reports as the Secretary may consider necessary. A copy of such report shall also be filed with the Pension Benefit Guaranty Corporation.

(2) The Secretary may require terminal reports to be filed with regard to any employee welfare benefit plan which is winding up its affairs in accordance with regulations promulgated by the Secretary.

(3) The Secretary may require that a plan described in paragraph (1) or (2) file a supplementary or terminal report with the annual report in the year such plan is terminated and that a copy of such supplementary or terminal report in the case of a plan described in paragraph (1) be also filed with the Pension Benefit Guaranty Corporation.

(d) *Cross Reference.*—

For regulations relating to coordination of reports to the Secretaries of Labor and the Treasury, see section 3004.

PLAN DESCRIPTION AND SUMMARY PLAN DESCRIPTION

SEC. 102. (a)(1) A summary plan description of any employee benefit plan shall be furnished to participants and beneficiaries as provided in section 104(b). The summary plan description shall include the information described in subsection (b), shall be written in a manner calculated to be understood by the average plan participant, and shall be sufficiently accurate and comprehensive to reasonably apprise such participants and beneficiaries of their rights and obligations under the plan. Any material modification in the terms of the plan and any change in the information required under subsection (b) shall be written in a manner calculated to be understood by the average plan participant and shall be furnished in accordance with section 104(b)(1).

(2) A plan description (containing the information required by subsection (b)) of any employee benefit plan shall be prepared on forms prescribed by the Secretary, and shall be filed with the Secretary as required by section 104(a)(1). Any material modification in the term of the plan and any change in the information described in subsection (b) shall be filed in accordance with section 104(a)(1)(D).

(b) The plan description and summary plan description shall contain the following information: The name and type of administration of the plan; the name and address of the person designated as agent for the service of legal process, if such person is not the administrator; the name and address of the administrator; names, titles and addresses of any trustee or trustees (if they are persons different from the administrator); a description of the relevant provisions of any applicable collective bargaining agreement; the plan's requirements respecting eligibility for participation and benefits; a description of the provisions providing for nonforfeitable pension benefits; circumstances which may result in disqualification, ineligibility, or denial or loss of benefits; the source of financing of the plan and the identity of any organization through which benefits are provided; the date of the end of the plan year and whether the records of the plan are kept on a calendar, policy, or fiscal year basis; the procedures to be followed in presenting claims for benefits under the plan and the remedies available under the plan for the redress of claims which are denied in whole or in part (including procedures required under section 503 of this Act).

ANNUAL REPORTS

(2) If some or all of the information necessary to enable the administrator to comply with the requirements of this title is maintained by—

(A) an insurance carrier or other organization which provides some or all of the benefits under the plan, or holds assets of the plan in a separate account.

(B) a bank or similar institution which holds some or all of the assets of the plan is a common or collective trust or a separate trust, or custodial account, or

SEC. 103. (a) (1) (A) An annual report shall be published with respect to every employee benefit plan to which this part applies. Such report shall be filed with the Secretary in accordance with section 104 (a), and shall be made available and furnished to participants in accordance with section 104 (b).

(B) The annual report shall include the information described in subsections (b) and (c) and where applicable subsection (d) and (e) and shall also include—

(i) a financial statement and opinion, as required by paragraph (3) of this subsection, and

(ii) an actuarial statement and opinion, as required by paragraph (4) of this subsection.

(C) a plan sponsor as defined in section 3(16)(B),

such carrier, organization, bank, institution, or plan sponsor shall transmit and certify the accuracy of such information to the administrator within 120 days after the end of the plan year (or such other date as may be prescribed under regulations of the Secretary).

(3)(A) Except as provided in subparagraph (C), the administrator of an employee benefit plan shall engage, on behalf of all plan participants, as independent qualified public accountant, who shall conduct such an examination of any financial statements of the plan, and of other books and records of the plan, as the accountant may deem necessary to enable the accountant to form an opinion as to whether the financial statements and schedules required to be included in the annual report by subsection (b) of this section are presented fairly in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Such examination shall be conducted in accordance with generally accepted auditing standards, and shall involve such tests of the books and records of the plan as are considered necessary by the independent qualified public accountant. The independent qualified public account shall also offer his opinion as to whether the separate schedules specified in subsection (b)(3) of this section and the summary material required under section 104(b)(3) present fairly, and in all material respects the information contained therein when considered in conjunction with the financial statements taken as a whole. The opinion by the independent qualified public accountant shall be made a part of the annual report. In a case where a plan is not required to file an annual report, the requirements of this paragraph shall not apply. In a case where by reason of section 104(a)(2) a plan is required only to file a simplified annual report, the Secretary may waive the requirements of this paragraph.

(B) In offering his opinion under this section the accountant may rely on the correctness of any actuarial matter certified to by an enrolled actuary, if he so states his reliance.

(C) The opinion required by subparagraph (A) need not be expressed as to any statements required by subsection (b)(3)(G) prepared by a bank or similar institution or insurance carrier regulated and supervised and subject to periodic examination by a State or Federal agency if such statements are certified by the bank, similar institution, or insurance carrier as accurate and are made a part of the annual report.

(D) For purposes of this title, the term "qualified public accountant" means—

(i) a person who is a certified public accountant, certified by a regulatory authority of a State;

(ii) a person who is a licensed public accountant, licensed by a regulatory authority of a State; or

(iii) a person certified by the Secretary as a qualified public accountant in accordance with regulations published by him for a person who practices in States where there is no certification or licensing procedure for accountants.

(4)(A) The administrator of an employee pension benefit plan subject to the reporting requirements of subsection (d) of this section shall engage, on behalf of all plan participants, an enrolled actuary who shall be responsible for the preparation of the materials comprising the actuarial statement required under subsection (d) of this section. In a case where a plan is not required to file an annual report, the requirement of this paragraph shall not apply, and, in a case where by reason of section 104(a)(2), a plan is required only to file a simplified report, the Secretary may waive the requirement of this paragraph.

(B) The enrolled actuary shall utilize such assumptions and techniques as are necessary to enable him to form an opinion as to whether the contents of the matters reported under subsection (d) of this section—

(i) are in the aggregate reasonably related to the experience of the plan and to reasonable expectations; and

(ii) represent his best estimate of anticipated experience under the plan.

The opinion by the enrolled actuary shall be made with respect to, and shall be made a part of, each annual report.

(C) For purposes of this title, the term "enrolled actuary" means an actuary enrolled under subtitle C of title III of this Act.

(D) In making a certification under this section the enrolled actuary may rely on the correctness of any accounting matter under section 103(b) as to which any qualified public accountant has expressed an opinion, if he so states his reliance.

(b) An annual report under this section shall include a financial statement containing the following information:

(1) With respect to an employee welfare benefit plan: a statement of assets and liabilities; a statement of changes in fund balance; and a statement of changes in financial position. In the notes to financial statements, disclosures concerning the following items shall be considered by the accountant: a description of the plan including any significant changes in the plan made during the period and the impact of such changes on benefits; a description of material lease commitments, other commitments, and contingent liabilities; a description of agreements and transactions with persons known to be parties in interest; a general description of priorities upon termination of the plan; information concerning whether or not a tax ruling or determination letter has been obtained; and any other matters necessary to fully and fairly present the financial statements of the plan.

(2) With respect to an employee pension benefit plan: a statement of assets and liabilities, and a statement of changes in net assets available for plan benefits which shall include details of revenues and expenses and other changes aggregated by general source and application. In the notes to financial statements disclosures concerning the following items shall be considered by the accountant: a description of the plan including any significant changes in the plan made during the period and the impact of such changes on benefits; the funding policy (including policy with respect to prior service cost), and any changes in such policies during the year; a description of any significant changes in plan benefits made during the period; a description of material lease commitments, other commitments, and contingent liabilities; a description of agreements and transactions with persons known to be parties in interest; a general description of priorities upon termination of the plan; information concerning whether or not a tax ruling or determination letter has been obtained; and any other matters necessary to fully and fairly present the financial statements of such pension plan.

(3) With respect to all employee benefit plans, the statement required under paragraph (1) or (2) shall have attached the following information in separate schedules:

(A) a statement of the assets and liabilities of the plan aggregated by categories and valued at their current value, and the same data displayed in comparative form for the end of the previous fiscal year of the plan;

(B) a statement of receipts and disbursements during the preceding twelve-month period aggregated by general sources and applications;

(C) a schedule of all assets held for investment purposes aggregated and identified by issuer, borrower, or lessor, or similar party to the transaction (including a notation as to whether such party is known to be a party in interest), maturity date, rate of interest, collateral, par or maturity value, cost, and current value;

(D) a schedule of each transaction involving a person known to be party in interest, the identity of such party in interest and his relationship or any other party in interest to the plan, a description of each asset to which the transaction relates; the purchase or selling price in case of a sale or purchase, the rental in case of a lease, or the interest rate and maturity date in case of a loan; expenses incurred in connection with the transaction; the cost of the asset, the current value of the asset, and the net gain (or loss) on each transaction;

(E) a schedule of all loans or fixed income obligations which were in default as of the close of the plan's fiscal year or were classified during the year as uncollectable and the following information with respect to each loan on such schedule (including a notation as to whether parties involved are known to be parties in interest): the original principal amount of the loan, the amount of principal and interest received during the reporting year, the unpaid balance, the identity and address of the obligor, a detailed description of the loan (including date of making and maturity, interest rate, the type and value of collateral, and other material terms), the amount of principal and interest overdue (if any) and an explanation thereof;

(F) a list of all leases which were in default or were classified during the year as uncollectable; and the following information with respect to each lease on such schedule (including a notation as to whether parties involved are known to be parties in interest): the type of property leased (and, in the case of fixed assets such as land, buildings, leasehold, and so forth, the location of the property), the identity of the lessor or lessee from or to whom the plan is leasing, the relationship of such lessors and lessees, if any, to the plan, the employer, employee organization, or any other party in interest, the terms of the lease regarding rent, taxes, insurance, repairs, expenses, and renewal options; the date the leased property was purchased and its cost, the date the property was leased and its approximate value at such date, the gross rental receipts during the reporting period, expenses paid for the leased property during the reporting period, the net receipts from the lease, the amounts in arrears, and a statement as to what steps have been taken to collect amounts due or otherwise remedy the default;

(G) if some or all of the assets of a plan or plans are held in a common or collective trust maintained by a bank or similar institution or in a separate account maintained by an insurance carrier or a separate trust maintained by a bank as trustee, the report shall include the most recent annual statement of assets and liabilities of such common or collective trust, and in the case of a separate account or a separate trust, such other information as is required by the administrator in order to comply with this subsection; and

(H) a schedule of each reportable transaction, the name of each party to the transaction (except that, in the case of an acquisition or sale of a security on the market, the report need not identify the person from whom the security was acquired or to whom it was sold) and a description of each asset to which the transaction applies; the purchase or selling price in case of a sale or purchase, the rental in case of a lease, or the interest rate and maturity date in case of a loan; expenses incurred in connection with the transaction; the cost of the asset, the current value of the asset, and the net gain (or loss) on each transaction. For purposes of the preceding sentence, the term "reportable transaction" means a transaction to which the plan is a party if such transaction is—

(i) a transaction involving an amount in excess of 3 percent of the current value of the assets of the plan;

(ii) any transaction (other than a transaction respecting a security) which is part of a series of transactions with or in conjunction with a person in a plan year, if the aggregate amount of such transactions exceeds 3 percent of the current value of the assets of the plan;

(iii) a transaction which is part of a series of transactions respecting one or more securities of the same issuer, if the aggregate amount of such transactions in the plan year exceeds 3 percent of the current value of the assets of the plan; or

(iv) a transaction with or in conjunction with a person respecting a security, if any other transaction with or in conjunction with such person in the plan year respecting a security is required to be reported by reason of clause (i).

(4) The Secretary may, by regulation, relieve any plan from filing a copy of a statement of assets and liabilities (or other information) described in subparagraph (3)(G) if such statement and other information is filed with the Secretary by the bank or insurance carrier which maintains the common or collective trust or separate account.

(c) The administrator shall furnish as a part of a report under this section the following information:

(1) The number of employees covered by the plan.

(2) The name and address of each fiduciary.

(3) Except in the case of a person whose compensation is minimal (determined under regulations of the Secretary) and who performs solely ministerial duties (determined under such regulations), the name of each person (including but not limited to, any consultant, broker, trustee, accountant, insurance carrier, actuary, administrator, investment manager, or custodian who rendered services to the plan or who had transactions with the plan) who received directly or indirectly compensation from the plan during the preceding year for services rendered to the plan or its participants, the amount of such compensation, the nature of his services to the plan or its participants, his relationship to the employer of the employees covered by the plan, or the employee organization, and any other office, position, or employment he holds with any party in interest.

(4) An explanation of the reason for any change in appointment of trustee, qualified public accountant, insurance carrier, enrolled actuary, administrator, investment manager, or custodian.

(5) Such financial and actuarial information including but not limited to the material described in subsections (b) and (d) of this section as the Secretary may find necessary or appropriate.

(d) With respect to an employee pension benefit plan (other than (A) a profit sharing, savings, or other plan, which is an individual account plan, (B) a plan described in section 301(b), or (C) a plan described both in section 4021(b) and in paragraph (1), (2), (3), (4), (5), (6), or (7) of section 301(a)) an annual report under this secton for a plan year shall include a complete actuarial statement applicable to the plan year which shall include the following:

(1) The date of the plan year, and the date of the actuarial valuation applicable to the plan year for which the report is filed.

(2) The date and amount of the contribution (or contributions) received by the plan for the plan year for which the report is filed and contributions for prior plan years not previously reported.

(3) The following information applicable to the plan year for which the report is filed: the normal costs, the accrued liabilities, an identification of benefits not included in the calculation; a statement of the other facts and actuarial assumptions and methods used to determine costs, and a justification for any change in actuarial assumptions or cost methods; and the minimum contribution required under section 302.

(4) The number of participants and beneficiaries, both retired and nonretired, covered by the plan.

(5) The current value of the assets accumulated in the plan, and the present value of the assets of the plan used by the actuary in any computation of the amount of contributions to the plan required under section 302 and a statement explaining the basis of such valuation of present value of assets.

(6) The present value of all of the plan's liabilities for nonforfeitable pension benefits allocated by the termination priority categories as set forth in section 4044 of this Act, and the actuarial assumptions used in these computations. The Secretary shall establish regulations defining (for purposes of this section) "termination priority categories", and acceptable methods, including approximate methods, for allocating the plan's liabilities to such termination priority categories.

(7) A certification of the contribution necessary to reduce the accumulated funding deficiency to zero.

(8) A statement by the enrolled actuary—

(A) that to the best of his knowledge the report is complete and accurate, and

(B) the requirements of section 302 (relating to reasonable actuarial assumptions and methods) have been complied with.

(9) A copy of the opinion required by subsection (a)(4).

(10) Such other information regarding the plan as the Secretary may by regulation require.

(11) Such other information as may be necessary to fully and fairly disclose the actuarial position of the plan.

Such actuary shall make an actuarial valuation of the plan for every third plan year, unless he determines that a more frequent valuation is necessary to support his opinion under subsection (a)(4) of this section.

(e) If some or all of the benefits under the plan are purchased from and guaranteed by an insurance company, insurance service, or other similar organization, a report under this section shall include a statement from such insurance company, service, or other similar organization covering the fiscal year and enumerating—

(1) the premium rate or subscription charge and the total premium or subscription charges paid to each such carrier, insurance service, or other similar organization and the approximate number of persons covered by each class of such benefits; and

(2) the total amount of premiums received, the approximate number of persons covered by each class of benefits, and the total claims paid by such company, service, or other organization; dividends or retroactive rate adjustments, commissions, and administrative service or other fees or other specific acquisition costs paid by such company, service, or other organization; any amounts held to provide benefits after retirement; the remainder of such premiums; and the names and addresses of the brokers, agents, or other persons to whom commissions or fees were paid, the amount paid to each, and for what purpose. If any such company, service, or other organization does not maintain separate experience records covering the specific groups it serves, the report shall include in lieu of the information required by the foregoing provisions of this paragraph (A) a statement as to the basis of its premium rate or subscription charge, the total amount of premiums or subscription charges received from the plan, and a copy of the financial report of the company, service, or other organization and (B) if such company, service, or organization incurs specific costs in connection with the acquisition or retention of any particular plan or plans, a detailed statement of such costs.

FILING WITH SECRETARY AND FURNISHING INFORMATION TO PARTICIPANTS

SEC. 104. (a)(1) The administrator of any employee benefit plan subject to this part shall file with the Secretary—

(A) the annual report for a plan year within 210 days after the close of such year (or within such time as may be required by regulations promulgated by the Secretary in order to reduce duplicative filing);

(B) the plan description within 120 days after such plan becomes subject to this part and an updated plan description, no more frequently than once every 5 years, as the Secretary may require;

(C) a copy of the summary plan description at the time such summary plan description is required to be furnished to participants and beneficiaries pursuant to subsection (b)(1)(B) of this section; and

(D) modifications and changes referred to in section 102(a)(2) within 60 days after such modification or change is adopted or occurs, as the case may be.

The Secretary shall make copies of such plan descriptions, summary plan descriptions, and annual reports available for inspection in the public document room of the Department of Labor. The administrator shall also furnish to the Secretary, upon request any documents relating to the employee benefit plan, including but not limited to the bargaining agreement, trust agreement, contract, or other instrument under which the plan is established or operated.

(2)(A) With respect to annual reports required to be filed with the Secretary under this part, he may by regulation prescribe simplified annual reports for any pension plan which covers less than 100 participants. In addition, and without limiting the foregoing sentence, the Secretary may waive or modify the requirements of section 103(d)(6) in such cases or categories of cases as to which he finds that (i) the interests of the plan participants are not harmed thereby and (ii) the expense of compliance with the specific requirements of section 103(d)(6) is not justified by the needs of the participants, the Pension Benefit Guaranty Corporation, and the Department of Labor for some portion or all of the information otherwise required under section 103(d)(6).

(B) Nothing contained in this paragraph shall preclude the Secretary from requiring any information or data from any such plan to which this part applies where he finds such data or information is necessary to carry out the purposes of this title nor shall the Secretary be precluded from revoking provisions for simplified reports for any such plan if he finds it necessary to do so in order to carry out the objectives of this title.

(3) The Secretary may by regulation exempt any welfare benefit plan from all or part of the reporting and disclosure requirements of this title, or may provide for simplified reporting and disclosure if he finds that such requirements are inappropriate as applied to welfare benefit plans.

(4) The Secretary may reject any filing under this section—

(A) if he determines that such filing is incomplete for the purposes of this part; or

(B) if he determines that there is any material qualification by an accountant or actuary contained in an opinion submitted pursuant to section 103(a)(3)(A) or section 103(a)(4)(B).

(5) If the Secretary rejects a filing of a report under paragraph (4) and if a revised filing satisfactory to the Secretary is not submitted within 45 days after the Secretary makes his determination under paragraph (4) to reject the filing, and if the Secretary deems it in the best interest of the participants, he may take any one or more of the following actions—

(A) retain an independent qualified public accountant (as defined in section 103(a)(3)(D)) on behalf of the participants to perform an audit.

(B) retain an enrolled actuary (as defined in section 103(a)(4)(C) of this Act) on behalf of the plan participants, to prepare an actuarial statement.

(C) bring a civil action for such legal or equitable relief as may be appropriate to enforce the provisions of this part, or

(D) take any other action authorized by this title.

The administrator shall permit such accountant or actuary to inspect whatever books and records of the plan are necessary for such audit. The plan shall be liable to the Secretary for the expense for such audit. The plan shall be liable to the Secretary for the expenses for such audit or report, and the Secretary may bring an action against the plan in any court of competent jurisdiction to recover such expenses.

(b) Publication of the summary plan descriptions and annual reports shall be made to participants and beneficaries of the particular plan as follows:

(1) The administrator shall furnish to each participant and each beneficiary receiving benefits under the plan a copy of the summary plan description, and all modifications and changes referred to in section 102(a)(1)—

(A) within 90 days after he becomes a participant, or (in the case of a beneficiary) within 90 days after he first receives benefits, or

(B) if later, within 120 days after the plan becomes subject to this part.

The administrator shall furnish to each participant and each beneficiary who is receiving benefits under the plan every fifth year after the plan becomes subject to this part an updated summary plan description described in section 102 which integrates all plan amendments made within such five-year period, except that in a case where no amendments have been made to a plan during such five-year period this sentence shall not apply. Notwithstanding the foregoing, the administrator shall furnish to each participant and to each beneficiary who is receiving benefits under the plan the summary plan description described in section 102 every tenth year after the plan becomes subject to this part. If there is a modification or change described in section 102(a)(1), a summary description of such modification or change shall be furnished not later than 210 days after the end of the plan year in which the change is adopted to each participant and to each beneficiary who is receiving benefits.

(2) The administrator shall make copies of the plan description and the latest annual report and the bargaining agreement, trust agreement, contract, or other instruments under which the plan was established or is operated available for examination by any plan participant or beneficiary in the prin-

cipal office of the administrator and in such other places as may be necessary to make available all pertinent information to all participants (including such places as the Secretary may prescribe by regulations).

(3) Within 210 days after the close of the fiscal year of the plan, the administrator shall furnish to each participant, and to each beneficiary receiving benefits under the plan, a copy of the statements and schedules, for such fiscal year, described in subparagraphs (A) and (B) of section 103(b)(3) and such other material as is necessary to fairly summarize the latest annual report.

(4) The administrator shall, upon written request of any participant or beneficiary, furnish a copy of the latest updated summary plan description, plan description, and the latest annual report, any terminal report, the bargaining agreement, trust agreement, contract, or other instruments under which the plan is established or operated. The administrator may make a reasonable charge to cover the cost of furnishing such complete copies. The Secretary may by regulation prescribe the maximum amount which will constitute a reasonable charge under the preceding sentence.

(c) The Secretary may by regulation require that the administrator of any employee benefit plan furnish to each participant and to each beneficiary receiving benefits under the plan a statement of the rights of participants and beneficiaries under this title.

(d) Cross Reference—

For regulations respecting coordination of reports to the Secretaries of Labor and Treasury, see section 3004.

REPORTING OF PARTICIPANT'S BENEFITS RIGHTS

SEC. 105. (a) Each administrator of an employee pension benefit plan shall furnish to any plan participant or beneficiary who so rquests in writing, a statement indicating, on the basis of the latest available information—

(1) the total benefits accrued, and

(2) the nonforfeitable pension benefits, if any, which have accrued, or the earliest date on which benefits will become nonforfeitable.

(b) In no case shall a participant or beneficiary be entitled under this section to receive more than one report described in subsection (a) during any one 12 month period.

(c) Each administrator required to register under section 6057 of the Internal Revenue Code of 1954 shall, before the expiration of the time prescribed for such registration, furnish to each participant described in subsection (a)(2)(C) of such section, and individual statement setting forth the information with respect to such participant required to be contained in the registration statement required by section 6057(a)(2) of such Code.

(d) Subsection (a) of this section shall apply to a plan to which more than one unaffiliated employer is required to contribute only to the extent provided in regulations prescribed by the Secretary in coordination with the Secretary of the Treasury.

REPORTS MADE PUBLIC INFORMATION

SEC. 106. (a) Except as provided in subsection (b), the contents of the descriptions, annual reports, statements, and other documents filed with the Secretary pursuant to this part shall be public information and the Secretary shall make any such information and data available for inspection in the public document room of the Department of Labor. The Secretary may use the information and data for statistical and research purposes, and compile and publish such studies, analyses, reports, and surveys based thereon as he may deem appropriate.

(b) Information described in section 105(a) and 105(c) with respect to a participant may be disclosed only to the extent that information respecting that participant's benefits under title II of the Social Security Act may be disclosed under such Act.

RETENTION OF RECORDS

SEC. 107. Every person subject to a requirement to file any description or report or to certify any information therefor under this title or who would be subject to such a requirement but for an exemption under section 104(a)(3) of this title shall maintain records on the matters of which disclosure is required which will provide in sufficient detail the necessary basic information and data from which the documents thus required may be verified, explained, or clarified, and checked for accuracy and completeness, and shall include vouchers, worksheets, receipts, and applicable resolutions, and shall keep such records available for examination for a period of not less than six years after the filing date of the documents based on the information which they contain, or six years after the date on which such documents would have been filed but for an exemption under section 104(a)(3).

RELIANCE ON ADMINISTRATIVE INTERPRETATIONS

SEC. 108. In any criminal proceeding under section 501 based on any act or omission in alleged violation of sections 101 trough 107 and section 412 of this Act, no person shall be subject to any liability or punishment for or on account of the failure of such person to (1) comply with sections 101 through 107 and section 412 of this Act if he pleads and proves that the act or omission complained of was in good faith, in conformity with, and in reliance on any regulation or written ruling of the Secretary, or (2) publish and file any information required by any provision of this part if he pleads and proves tht he published and filed such information in good faith, and in conformity with any regulation or written ruling of the Secretary issued under this part regarding the filing of such reports. Such a defense, if established, shall be a bar to the action or proceeding, notwithstanding that (A) after such act or omission, such interpretation or opinion is modified or rescinded or is determined by judicial authority to be invalid or of no legal effect, or (B) after publishing or filing the plan description, annual reports, and other reports required by this title, such publication or filing is determined by judicial authority not to be in conformity with the requirements of this part.

FORMS

SEC. 109. (a) Except as provided in subsection (b) of this section, the Secretary may require that any information required under this title to be submitted to him, including but not limited to the information required to be filed by the administrator pursuant to section 103(b)(3) and (c), must be submitted on such forms as he may prescribe.

(b) The financial statement and opinion required to be prepared by an independent qualified public accountant pursuant to section 103(a)(3)(A), the actuarial statement required to be prepared by an enrolled actuary pursuant to section 103(a)(4)(A) and the summary plan description required by section 102(a) shall not be required to be submitted on forms.

(c) The Secretary may prescribe the format and content of the summary plan description, the summary of the annual report described in section 104(b)(3) and any other report, statements or documents (other than the bargaining agreement, trust agreement, contract, or other instrument under which the plan is established or operated), which are required to be furnished or made available to plan participants and beneficiaries receiving benefits under the plan.

ALTERNATIVE METHODS OF COMPLIANCE

SEC. 110. (a) The Secretary on his own motion or after having received the petition of an administrator may prescribe an alternative method for satisfying any requirement of this part with respect to any pension plan or any type of pension plan subject to such requirement if he determines—

(1) that the use of such alternative method is consistent with the purposes of this title and that it provides adequate disclosure to the participants and beneficiaries in the plan, and adequate reporting to the Secretary,

(2) that the application of such requirement of this part would—

(A) increase the costs to the plan, or

(B) impose unreasonable administrative burdens with respect to the operation of the plan, having regard to the particular characteristics of the plan or the type of plan involved; and

(3) that the application of this part would be adverse to the interests of plan participants in the aggregate.

(b) An alternative method may be prescribed under subsection (a) by regulation or otherwise. If an alternative method is prescribed other than by regulation, the Secretary shall provide notice and an opportunity for interested persons to present their views and shall publish in the Federal Register the provisions of such alternative method.

REPEAL AND EFFECTIVE DATE

SEC. 111. (a)(1) The Welfare and Pension Plans Disclosure Act is repealed except that such Act shall continue to apply to any conduct which occurred before the effective date of this part.

(2)(A) Section 664 of title 18, United States Code, is amended by striking out "any such plan subject to the provisions of the Welfare and Pension Plans Disclosure Act" and inserting in lieu thereof "any employee benefit plan subject to any provision of title I of the Employee Retirement Income Security Act of 1974".

(B)(i) Section 1027 of such title 18 is amended by striking out "Welfare and Pension Plan Disclosure Act" and inserting in lieu thereof "title I of the Employee Retirement Income Security Act of 1974", and by striking out "Act" each place it appears and inserting in lieu thereof "title".

(ii) The heading for such section is amended by striking out "WELFARE AND PENSION PLANS DISCLOSURE ACT" and inserting in lieu thereof "EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974".

(iii) The table of sections of chapter 47 of such title 18 is amended by striking out "Welfare and Pension Plans Disclosure Act" in the item relating to section 1027 and inserting in lieu thereof "Employee Retirement Income Security Act of 1974".

(C) Section 1954 of such title 18 is amended by striking out "any plan subject to the provisions of the Welfare and Pension Plans Disclosure Act as amended" and inserting in lieu thereof "any employee welfare benefit plan or employee pension benefit plan, respectively, subject to any provision of title I of the Employee Retirement Income Security Act of 1974"; and by striking out "sections 3(3) and 5(b) (1) and (2) of the Welfare and Pension Plans Disclosure Act, as amended" and inserting in lieu thereof "sections 3(4) and (3)(16) of the Employee Retirement Income Security Act of 1974".

(D) Section 211 of the Labor-Management Reporting and Disclosure Act of 1959 (29 U.S.C. 441) is amended by striking out "Welfare and Pension Plans Disclosure Act" and inserting in lieu thereof "Employee Retirement Income Security Act of 1974".

(b)(1) Except as provided in paragraph (2), this part (including the amendments and repeals made by subsection (a)) shall take effect on January 1, 1975.

(2) In the case of a plan which has a plan year which begins before January 1, 1975, and ends after December 31, 1974, the Secretary may postpone by regulation the effective date of the repeal of any provision of the Welfare and Pension Plans Disclosure

Act (and of any amendment made by subsection (a)(2)) and the effective date of any provision of this part, until the beginning of the first plan year of such plan which begins after January 1, 1975.

(c) The provisions of this title authorizing the Secretary to promulgate regulations shall take effect on the date of enactment of this Act.

PART 2—PARTICIPATION AND VESTING

COVERAGE

SEC. 201. This part shall apply to any employee benefit plan described in section 4(a) (and not exempted under section 4(b)) other than—

(1) an employee welfare benefit plan;

(2) a plan which is unfunded and is maintained by an employer primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees;

(3) (A) a plan established and maintained by a society, order, or association described in section 501(c)(8) or (9) of the Internal Revenue Code of 1954, if no part of the contributions to or under such plan are made by employers of participants in such plan, or

(B) a trust described in section 501(c)(18) of such Code;

(4) a plan which is established and maintained by a labor organization described in section 501(c)(5) of the Internal Revenue Code of 1954 and which does not at any time after the date of enactment of this Act provide for employer contributions;

(5) any agreement providing payments to a retired partner or a deceased partner's successor in interest, as described in section 736 of the Internal Revenue Code of 1954;

(6) an individual retirement account or annuity described in section 408 of the Internal Revenue Code of 1954, or a retirement bond described in section 409 of such Code; or

(7) such plan is an excess benefit plan.

MINIMUM PARTICIPATION STANDARDS

SEC. 202. (a)(1)(A) No pension plan may require, as a condition of participation in the plan, that an employee complete a period of service with the employer or employers maintaining the plan extending beyond the later of the following dates—

(i) the date on which the employee attains the age of 25; or

(ii) the date on which he completes 1 year of service.

(B)(i) In the case of any plan which provides that after not more than 3 years of service each participant has a right to 100 percent of his accrued benefit under the plan which is nonforfeitable at the time such benefit accrues, clause (ii) of subparagraph (A) shall be applied by substituting "3 years of service" for "1 year of service".

(ii) In the case of any plan maintained exclusively for employees of an educational institution (as defined in section 170(b)(1)(A)(ii) of the Internal Revenue Code of 1954) by an employer which is exempt from tax under section 501(a) of such Code, which provides that each participant having at least 1 year of service has a right to 100 percent of his accrued benefit under the plan which is nonforfeitable at the time such benefit accrues, clause (i) of subparagraph (A) shall be applied by substituting "30" for "25". This clause shall not apply to any plan to which clause (i) applies.

(2) No pension plan may exclude from participation (on the basis of age) employees who have attained a specified age, unless—

(A) the plan is a—

(i) defined benefit plan, or

(ii) target benefit plan (as defined under regulations prescribed by the Secretary of the Treasury), and

(B) such employees begin employment with the employer after they have attained a specified age which is not more than 5 years before the normal retirement age under the plan.

(3)(A) For purposes of this section, the term "year of service" means a 12-month period during which the employee has not less than 1,000 hours of service. For purposes of this paragraph, computation of any 12-month period shall be made with reference to the date on which the employee's employment commenced, except that, in accordance with regulations prescribed by the Secretary, such computation may be made by reference to the first day of a plan year in the case of an employee who does not complete 1,000 hours of service during the 12-month period beginning on the date his employment commenced.

(B) In the case of any seasonal industry where the customary period of employment is less than 1,000 hours during a calendar year, the term "year of service" shall be such period as may be determined under regulations prescribed by the Secretary.

(C) For purposes of this section, the term "hour of service" means a time of service determined under regulations prescribed by the Secretary.

(D) For purposes of this section, in the case of any maritime industry, 125 days of service shall be treated as 1,000 hours of service. The Secretary may prescribe regulations to carry out the purposes of this subparagraph.

(4) A plan shall be treated as not meeting the requirements of paragraph (1) unless it provides that any employee who has satisfied the minimum age and service requirements specified in such paragraph, and who is otherwise entitled to participate in the plan, commences participation in the plan no later than the earlier of—

(A) the first day of the first plan year beginning after the date on which such employee satisfied such requirements, or

(B) the date 6 months after the date on which he satisfied such requirements,

unless such employee was separated from the service before the date referred to in subparagraph (A) or (B), whichever is applicable.

(b)(1) Except as otherwise provided in paragraphs (2), (3), and (4), all years of service with the employer or employers maintaining the plan shall be taken into account in computing the period of service for purposes of subsection (a)(1).

(2) In the case of any employee who has any 1-year break in service (as defined in section 203(b)(3)(A)) under the plan to which the service requirements of clause (i) of subsection (a)(1)(B) apply, if such employee has not satisfied such requirements, service before such break shall not be required to be taken into account.

(3) In computing an employee's period of service for purposes of subsection (a)(1) in the case of any participant who has any 1-year break in service (as defined in section 203(b)(3)(A)), service before such break shall not be required to be taken into account under the plan until he has completed a year of service (as defined in subsection (a)(3)) after his return.

(4) In the case of an employee who does not have any nonforfeitable right to an accrued benefit derived from employer contributions, years of service with the employer or employers maintaining the plan before a break in service shall not be required to be taken into account in computing the period of service for purposes of subsection (a)(1) if the number of consecutive 1-year breaks in service equals or exceeds the aggregate number of such years of service before such break. Such aggregate number of years of service before such break shall be deemed not to include any years of service not required to be taken into account under this paragraph by reason of any prior break in service.

MINIMUM VESTING STANDARDS

SEC. 203. (a) Each pension plan shall provide that an employee's right to his normal retirement benefit is nonforfeitable upon the attainment of normal retirement age and in addition shall satisfy the requirements of paragraphs (1) and (2) of this subsection.

(1) A plan satisfies the requirements of this paragraph if an employee's rights in his accrued benefit derived from his own contributions are nonforfeitable.

(2) A plan satisfies the requirements of this paragraph if it satisfies the requirements of subparagraph (A), (B), or (C).

(A) A plan satisfies the requirements of this subparagraph if an employee who has at least 10 years of service has a nonforfeitable right to 100 percent of his accrued benefit derived from employer contributions.

(B) A plan satisfies the requirements of this subparagraph if an employee who has completed at least 5 years of service has a nonforfeitable right to a percentage of his accrued benefit derived from employer contributions which percentage is not less than the percentage determined under the following table:

Years of service:	Nonforfeitable percentage
5	25
6	30
7	35
8	40
9	45
10	50
11	60
12	70
13	80
14	90
15 or more	100.

(C)(i) A plan satisfies the requirements of this subparagraph if a participant who is not separated from the service, who has completed at least 5 years of service, and with respect to whom the sum of his age and years of service equals or exceeds 45, has a nonforfeitable right to a percentage of his accrued benefit derived from employer contributions determined under the following table:

If years of service equal or exceed	and sum of age and service equals or exceeds—	then the nonforfeitable percentage is—
5	45	50
6	47	60
7	49	70
8	51	80
9	53	90
10	55	100.

(ii) Notwithstanding clause (i), a plan shall not be treated as satisfying the requirements of this subparagraph unless any participant who has completed at least 10 years of service has a nonforfeitable right to not less than 50 percent of his accrued benefit derived from employer contributions and to not less than an additional 10 percent for each additional year of service thereafter.

(3)(A) A right to an accrued benefit derived from employer contributions shall not be treated as forfeitable solely because the plan provides that it is not payable if the participant dies (except in the case of a survivor annuity which is payable as provided in section 205).

(B) A right to an accrued benefit derived from employer contributions shall not be treated as forfeitable solely because the plan provides that the payment of benefits is suspended for such period as the employee is employed, subsequent to the commencement of payment of such benefits—

(i) in the case of a plan other than a multiemployer plan, by an employer who maintains the plan under which such benefits were being paid; and

(ii) in the case of a multiemployer plan, in the same industry, in the same trade or craft, and the same geographic area covered by the plan, as when such benefits commenced.

The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this subparagraph, including regulations with respect to the meaning of the term "employed".

(C) A right to an accrued benefit derived from employer contributions shall not be treated as forfeitable solely because plan amendments may be given retroactive application as provided in section 302(c)(8).

(D)(i) A right to an accrued benefit derived from employer contributions shall not be treated as forfeitable solely because the plan provides that, in the case of a participant who does not have a nonforfeitable right to at least 50 percent of his accrued benefit derived from employer contributions, such accrued benefit may be forfeited on account of the withdrawal of the participant of any amount attributable to the benefit derived from mandatory contributions (as defined in the last sentence of section 204(c)(2)(C)) made by such participant.

(ii) Clause (i) shall not apply to a plan unless the plan provides that any accrued benefit forfeited under a plan provision defined in such clause shall be restored upon repayment by the participant of the full amount of the withdrawal described in such clause plus, in the case of a defense benefit plan, interest. Such interest shall be computed on such amount at the rate determined for purposes of section 204(c)(2)(C) (if such subsection applies) on the date of such repayment (computed annually from the date of such withdrawal). In the case of a defined contribution plan the plan provision required under this clause may provide that such repayment must be made before the participant has any 1-year break in service commencing after the withdrawal.

(iii) In the case of accrued benefits derived from employer contributions which accrued before the date of the enactment of this Act, a right to such accrued benefit derived from employer contributions shall not be treated as forfeitable solely because the plan provides than an amount of such accrued benefit may be forfeited on account of the withdrawal by the participant of an amount attributable to the benefit derived from mandatory contributions, made by such participant before the date of the enactment of this Act if such amount foreited is proportional to such amount withdrawn. This clause shall not apply to any plan to which any mandatory contribution is made after the date of the enactment of this Act. The Secretary of the Treasury shall prescribe such regulations as may be necessary to carry out the purposes of this clause.

(iv) For purposes of this subparagraph, in the case of any class-year plan, a withdrawal of employee contributions shall be treated as a withdrawal of such contributions on a plan year by plan year basis in succeeding order of time.

(v) Cross Reference.—

For nonforfeitability where the employee has a nonforfeitable right to at least 50 percent of his accrued benefit, see section 206(c).

(b)(1) In computing the period of service under the plan for purposes of determining the nonforfeitable percentage under subsection (a)(2), all of an employee's years of service with the employer or employers maintaining the plan shall be taken into account, except that the following may be disregarded:

(A) years of service before age 22, except that in the case of a plan which does no satisfy subparagraph (A) or (B) of subsection (a)(2), the plan may not disregard any such year of service during which the employee was a participant;

(B) years of service during a period for which the employee declined to contribute to a plan requiring employee contributions;

(C) years of service with an employer during any period for which the employer did not maintain the plan or a predecessor plan, defined by the Secretary of the Treasury;

(D) service not required to be taken into account under paragraph (3);

(E) years of service before January 1, 1971, unless the employee has had at least 3 years of service after December 31, 1970; and

(F) years of service before this part first applies to the plan if such service would have been disregarded under the rules of the plan with regard to breaks in service, as in effect on the applicable date.

(2)(A) For purposes of this section, except as provided in subparagraph (C), the term "year of service" means a calendar year, plan year, or other 12-consecutive month period designated by the plan (and not prohibited under regulations prescribed by the Secretary) during which the participant has completed 1,000 hours of service.

(B) For purposes of this section, the term "hours of service" has the meaning provided by section 202(a)(3)(C).

(C) In the case of any seasonal industry where the customary period of employment is less than 1,000 hours during a calendar year, the term "years of service" shall be such period as determined under regulations of the Secretary.

(D) For purposes of this section, in the case of any maritime industry, 125 days of service shall be treated as 1,000 hours of service. The Secretary may prescribe regulations to carry out the purpose of this subparagraph.

(3)(A) For purposes of this paragraph, the term "1-year break in service" means a calendar year, plan year, or other 12-consecutive-month period designated by the plan (and not prohibited under regulations prescribed by the Secretary) during which the participant has not completed more than 500 hours of service.

(B) For purposes of paragraph (1), in the case of any employee who has any 1-year break in service, years of service before such break shall not be required to be taken into account until he has completed a year of service after his return.

(C) For purposes of paragraph (1), in the case of any participant in an individual account plan or an insured defined benefit plan which satisfies the requirements of subsection 204(b)(1)(F) who has any 1-year break in service, years of service after such break shall not be required to be taken into account for purposes of determining the nonforfeitable percentage of his accrued benefit derived from employer contributions which accrued before such break.

(D) For purposes of paragraph (1), in the case of a participant who, under the plan, does not have any nonforfeitable right to an accrued benefit derived from employer contributions, years of service before any 1-year break in service shall not be required to be taken into account if the number of consecutive 1-year breaks in service equals or exceeds the aggregate number of such years of service prior to such break. Such aggregate number of years of service before such break shall be deemed not to include any years of service not required to be taken into account under this subparagraph by reason of any prior break in service.

(4) Cross References.—

(A) For definitions of "accrued benefit" and "normal retirement age", see sections 3(23) and (24).

(B) For effect of certain cash out distributions, see section 204(d)(1).

(c)(1)(A) A plan amendment changing any vesting schedule under the plan shall be treated as not satisfying the requirements of subsection (a)(2) if the nonforfeitable percentage of the accrued benefit derived from employer contributions (determined as of the later of the date such amendment is adopted, or the date such amendment becomes effective) of any employee who is a participant in the plan is less than such nonforfeitable percentage computed under the plan without regard to such amendment.

(B) A plan amendment changing any vesting schedule under the plan shall be treated as not satisfying the requirements of subsection (a)(2) unless each participant having not less than 5 years of service is permitted to elect, within a reasonable period after adoption of such amendment, to have his nonforfeitable percentage computed under the plan without regard to such amendment.

(2) Subsection (a) shall not apply to benefits which may not be provided for designated employees in the event of early termination of the plan under provisions of the plan adopted pursuant to regulations prescribed by the Secretary of the Treasury to preclude the discrimination prohibited by section 401(a)(4) of the Internal Revenue Code of 1954.

(3) The requirements of subsection (a)(2) shall be deemed to be satisfied in the case of a class year plan if such plan provides that 100 percent of each employee's right to or derived from the contributions of the employer on his behalf with respect to any plan year are nonforfeitable not later than the end of the 5th plan year following the plan year for which such contributions were made. For purposes of this part, the term "class year plan" means a profit sharing, stock bonus, or money purchase plan which provides for the separate nonforfeitability of employees' rights to or derived from the contributions for each plan year.

(d) A pension plan may allow for nonfeitable benefits after a lesser period and in greater amounts than are required by this part.

BENEFIT ACCRUAL REQUIREMENTS

Sec. 204. (a) Each pension plan shall satisfy the requirements of subsection (b)(2), and in the case of a defined benefit plan shall also satisfy the requirements of subsection (b)(1).

(b)(1)(A) A defined benefit plan satisfies the requirements of this paragraph if the accrued benefit to which each participant is entitled upon his separation from the service is not less than—

(i) 3 percent of the normal retirement benefit to which he would be entitled at the normal retirement age if he commenced participation at the earliest possible entry age under the plan and served continuously until the earlier of age 65 or the normal retirement age specified under the plan, multiplied by

(ii) the number of years (not in excess of 33⅓) of his participation in the plan.

In the case of a plan providing retirement benefits based on compensation during any period, the normal retirement benefit to which a participant would be entitled shall be determined as if he continued to earn annually the average rate of compensation which he earned during consecutive years of service, not in excess of 10, for which his compensation was the highest. A plan does not meet the requirements of this subparagraph unless the amount of accrued benefits of any participant who has separated from the service equals the amount of accrued benefits to which he would have been entitled at normal retirement age if he had the same credited service under the plan and the same compensation (determined in accordance with this subparagraph) but had not separated from the service. For purposes of this subparagraph, social security benefits and all other relevant factors used to compute benefits shall be treated as remaining constant as of the current year for all years after such current year.

(B) A defined benefit plan satisfies the requirements of this paragraph of a particular plan year if under the plan the accrued benefit payable at the normal retirement age is equal to the normal retirement benefits and the annual rate at which any individual who is or could be a participant can accrue the retirement benefits payable at normal retirement age under the plan for any later plan year is not more than 133⅓ percent of the annual rate at which he can accrue benefits for any plan year beginning on or after such particular plan year and before such later plan year. For purposes of this subparagraph—

(i) any amendment to the plan which is in effect for the current year shall be treated as in effect for all other plan years;

(ii) any change in an accrual rate which does not apply to any individual who is or could be a participant in the current year shall be disregarded;

(iii) the fact that benefits under the plan may be payable to certain employees before normal retirement age shall be disregarded; and

(iv) social security benefits and all relevant factors used to compute benefits shall be treated as remaining constant as of the current year for all years after the current year.

(C) A defined benefit plan satisfies the requirements of this paragraph if the accrued benefit to which any participant is entitled upon his separation from the service is not less than a fraction of the annual benefit commencing at normal retirement age to which he would be entitled under the plan as in effect on the date of his separation if he continued to earn annually until normal retirement age the same rate of compensation upon which his normal retirement benefit would be computed under the plan, determined as if he had attained normal retirement age on the date any such determination is made (but taking into account no more than the 10 years of service immediately preceding his separation from service). Such fraction shall be a fraction, not exceeding 1, the numerator of which is the total number of his years of participation in the plan (as of the date of his separation from the service) and the denominator of which is the total number of years he would have participated in the plan if he separated from the service at the normal retirement age. For purposes of this subparagraph, social security benefits and all other relevant factors used to compute benefits shall be treated as remaining constant as of the current year for all years after such current year.

(D) Subparagraph (A),(B) and (C) shall not apply with respect to years of participation before the first plan year to which this section applies but a defined benefit plan satisfies the requirements of this subparagraph with respect to such years of participation only, if the accrued benefit of any participant with respect to such years of participation is not less than the greater of—

(i) his accrued benefit determined under the plan, as in effect from time to time prior to the date of the enactment of this Act, or

(ii) an accrued benefit which is not less than one-half of the accrued benefit to which such participant would have been entitled if subparagraph (A), (B), or (C) applied with respect to such years of participation.

(E) Notwithstanding subparagraphs (A), (B), and (C) of this paragraph, a plan shall not be treated as not satisfying the requirements of this paragraph solely because the accrual of benefits under the plan does not become effective until the employee has two continuous years of service. For purposes of this subparagraph, the term "years of service" has the meaning provided by section 202(a)(3)(A).

(F) Notwithstanding subparagraphs (A), (B), and (C), a defined benefit plan satisfies the requirements of the paragraph if such plan—

(i) is funded exclusively by the purchase of insurance contracts, and

(ii) satisfies the requirements of paragraphs (2) and (3) of section 301(b) (relating to certain insurance contract plans), but only if an employee's accrued benefits as of any applicable date is not less than the cash surrender value his insurance contracts would have on such applicable date if the requirements of paragraphs (4), (5), and (6) of section 301(b) were satisfied.

(G) Notwithstanding the preceding subparagraphs, a defined benefit plan shall be treated as not satisfying the requirements of this paragraph if the participant's accrued benefit is reduced on account of any increase in his age or service. The preceding sentence shall not apply to benefits under the plan commencing before entitlement to benefits payable under title II of the Social Security Act which benefits under the plan—

(i) do not exceed such social security benefits, and

(ii) terminate at the time of entitlement to such social security benefits commence.

(2) A plan satisfies the requirements of this paragraph if—

(A) in the case of a defined benefit plan, the plan requires separate accounting for the portion of each employee's accrued benefit derived from any voluntary employee contributions permitted under the plan; and

(B) in the case of any plan which is not a defined benefit plan, the plan requires separate accounting for each employee's accrued benefit.

(3)(A) For purposes of determining an employee's accrued benefit, the term "year of participation" means a period of service (beginning at the earliest date on which the employee is a participant in the plan and which is included in a period of service required to be taken into account under section 202(b)) as determined under regulations prescribed by the Secretary which provided for the calculation of such period on any reasonable and consistent basis.

(B) For purposes of this paragraph, except as provided in subparagraph (C), in the case of any employee whose customary employment is less than full time, the calculation of such employee's service on any basis which provides less than a ratable portion of the accrued benefit to which he would be entitled under the plan if his customary employment were full time shall not be treated as made on a reasonable and consistent basis.

(C) For purposes of this paragraph, in the case of any employee whose service is less than 1,000 hours during any calendar year, plan year or other 12-consecutive-month period designated by the plan (and not prohibited under regulations prescribed by the Secretary) the calculation of his period of service shall not be treated as not made on a reasonable and consistent basis merely because such service is not taken into account.

(D) In the case of any seasonal industry where the customary period of employment is less than 1,000 hours during a calendar year, the term "year of participation" shall be such period as determined under regulations prescribed by the Secretary.

(E) For purposes of this subsection in the case of any maritime industry, 125 days of service shall be treated as a year of participation. The Secretary may prescribe regulations to carry out the purposes of this subparagraph.

(c)(1) For purposes of this section and section 203 an employee's accrued benefit derived from employer contributions as of any applicable date is the excess (if any) of the accrued benefit for such employee as of such applicable date over the accrued benefit derived from contributions made by such employee as of such date.

(2)(A) In the case of a plan other than a defined benefit plan, the accrued benefit derived from contributions made by an employee as of any applicable date is—

(i) except as provided in clause (ii), the balance of the employee's separate account consisting only of his contributions and the income, expenses, gains, and losses attributable thereto, or

(ii) if a separate account is not maintained with respect to an employee's contributions under such a plan, the amount which bears the same ratio to his total accrued benefit as the total amount of the employee's contributions (less withdrawals) bears to the sum of such contributions and the contributions made on his behalf by the employer (less withdrawals).

(B)(i) In the case of a defined benefit plan providing an annual benefit in the form of a single life annuity (without ancillary benefits) commencing at normal retirement age, the accrued benefit derived from contributions made by an employee as of any applicable date is the annual benefit equal to the employee's accumulated contributions multiplied by the appropriate conversion factor.

(ii) For purposes of clause (i), the term "appropriate conversion factor" means the factor necessary to convert an amount equal to the accumulated contributions to a single life annuity (without ancillary benefits) commencing at normal retirement age and shall be 10 percent for a normal retirement age of 65 years. For other normal retirement ages the conversion factor shall be determined in accordance with regulations prescribed by the Secretary of the Treasury or his delegate.

(C) For purposes of this subsection, the term "accumulated contributions" means the total of—

(i) all mandatory contributions made by the employee,

(ii) interest (if any) under the plan to the end of the last plan year to which section 203(a)(2) does not apply (by reason of the applicable effective date), and

(iii) interest on the sum of the amounts determined under clauses (i) and (ii) compounded annually at the rate of 5 percent per annum from the beginning of the first plan year to which section 203(a)(2) applies (by reason of the applicable effective date) to the date upon which the employee would attain normal retirement age.

For purposes of this subparagraph, the term "mandatory contributions" means amounts contributed to the plan by the employee which are required as a condition of employment, as a condition of participation in such plan, or as a condition of obtaining benefits under the plan attributable to employer contributions.

(D) The Secretary of the Treasury is authorized to adjust by regulation the conversion factor described in subparagraph (B), the rate of interest described in clause (iii) of subparagraph (C), or both, from time to time as he may deem necessary. The rate of interest shall bear the relationship to 5 percent which the Secretary of the Treasury determines to be comparable to the relationship which the long-term money rates and investment yields for the last period of 10 calendar years ending at least 12 months before the beginning of the plan year bear to the long-term money rates and investment yields for the 10-calendar year period 1964 through 1973. No such adjustment shall be effective for a plan year beginning before the expiration of 1 year after such adjustment is determined and published.

(E) The accrued benefit derived from employee contributions shall not exceed the greater of—

(i) the employee's accrued benefit under the plan, or

(ii) the accrued benefit derived from employee contributions determined as though the amounts calculated under clauses (ii) and (iii) of subparagraph (C) were zero.

(3) For purposes of this section, in the case of any defined benefit plan, if an em-

ployee's accrued benefit is to be determined as an amount other than an annual benefit commencing at normal retirement age, or if the accrued benefit derived from contributions made by an employee is to be determined with respect to a benefit other than an annual benefit in the form of a single life annuity (without ancillary benefits) commencing at normal retirement age, the employee's accrued benefit, or the accrued benefits derived from contributions made by an employee, as the case may be, shall be the actuarial equivalent of such benefit or amount determined under paragraph (1) or (2).

(4) In the case of a defined benefit plan which permits voluntary employee contributions, the portion of an employee's accrued benefit derived from such contributions shall be treated as an accrued benefit derived from employee contributions under a plan other than a defined benefit plan.

(d) Notwithstanding section 203(b)(1), for purposes of determining the employee's accrued benefit under the plan, the plan may disregard service performed by the employee with respect to which he has received—

(1) a distribution of the present value of his entire nonforfeitable benefit if such distribution was in an amount (not more than $1,750) permitted under regulations prescribed by the Secretary of the Treasury, or

(2) a distribution of the present value of his nonforfeitable benefit attributable to such service which he elected to receive.

Paragraph (1) shall apply only if such distribution was made on termination of the employee's participation in the plan. Paragraph (2) shall apply only if such distribution was made on termination of the employee's participation in the plan or under such other circumstances as may be provided under regulations prescribed by the Secretary of the Treasury.

(e) For purposes of determining the employee's accrued benefit, the plan shall not disregard service as provided in subsection (d) unless the plan provides an opportunity for the participant to repay the full amount of a distribution described in subsection (d) with, in the case of a defined benefit plan, interest at the rate determined for purposes of subsection (c)(2)(C) and provides that upon such repayment the employee's accrued benefit shall be recomputed by taking into account service so disregarded. This subsection shall apply only in the case of a participant who—

(1) received such a distribution in any plan year to which this section applies, which distribution was less than the present value of his accrued benefit,

(2) resumes employment covered under the plan, and

(3) repays the full amount of such distribution with, in the case of a defined benefit plan, interest at the rate determined for purposes of subsection (c)(2)(C).

In the case of a defined contribution plan, the plan provision required under this subparagraph may provide that such repayment must be made before the participant has any 1-year break in service commencing after such withdrawal.

(f) For the purposes of this part, an employer shall be treated as maintaining a plan if any employee of such employer accrues benefits under such plan by reason of service with such employer.

(g) The accrued benefit of a participant under a plan may not be decreased by an amendment of the plan, other than an amendment described in section 302(c)(8).

(h) Cross Reference.—

(For special rules relating to class year plans and plan provisions adopted to preclude discrimination, see sections 203(c) (2) and (3)).

JOINT AND SURVIVOR ANNUITY REQUIREMENT

Sec. 205. (a) If a pension plan provides for the payment of benefits in the form of an annuity, such plan shall provide for the payment of annuity benefits in a form having the effect of a qualified joint and survivor annuity.

(b) In the case of a plan which provides for the payment of benefits before the normal retirement age as defined in section 3 (24), the plan is not required to provide for the payment of annuity benefits in a form having the effect of a qualified joint and survivor annuity during the period beginning on the date on which the employee enters into the plan as a participant and ending on the later of—

(1) the date the employee reaches the earliest retirement age, or

(2) the first day of the 120th month beginning before the date on which the employee reaches normal retirement age.

(c)(1) A plan described in subsection (b) does not meet the requirements of subsection (a) unless, under the plan, a participant has a reasonable period in which he may elect the qualified joint and survivor annuity form with respect to the period beginning on the date on which the period described in subsection (b) ends and ending on the date on which he reaches normal retirement age if he continues his employment during that period.

(2) A plan does not meet the requirements of this subsection unless, in the case of such election, the payments under the survivor annuity are not less than the payments which would have been made under the joint annuity to which the participant would have been entitled if he had made an election under this subsection immediately prior to his retirement and if his retirement had occurred on the date immediately preceding the date of his death and within the period within which an election can be made.

(d) A plan shall not be treated as not satisfying the requirements of this section solely because the spouse of the participant is not entitled to receive a survivor annuity (whether or not an election has been made under subsection (c)) unless the participant and his spouse have been married throughout the 1-year period ending on the date of such participant's death.

(e) A plan shall not be treated as satisfying the requirements of this section unless, under the plan, each participant has a reasonable period (as prescribed by the Secretary of the Treasury by regulations) before the annuity starting date during which he may elect in writing (after having received a written explanation of the terms and conditions of the joint and survivor annuity and the effect of an election under this subsection) not to take such joint and survivor annuity.

(f) A plan shall not be treated as not satisfying the requirements of this section solely because, under the plan there is a provision that any election under subsection (c) or (e), and any revocation of any such election, does not become effective (or ceases to be effective) if the participant dies within a period (not in excess of 2 years) beginning on the date of such election or revocation, as the case may be. The preceding sentence does not apply unless the plan provision described in the preceding sentence also provides that such an election or revocation will be given effect in any case in which—

(1) the participant dies from accidental causes,

(2) a failure to give effect to the election or revocation would deprive the participant's survivor of a survivor annuity, and

(3) such election or revocation is made before such accident occurred.

(g) For purposes of this section:

(1) The term "annuity starting date" means the first day of the first period for which an amount is received as an annuity (whether by reason of retirement or by reason of disability).

(2) The term "earliest retirement age" means the earliest date on which, under the plan, the participant could elect to receive retirement benefits.

(3) The term "qualified joint and survivor annuity" means an annuity for the life of the participant with a survivor annuity for the life of his spouse which is not less than one-half of, or greater than, the amount of the annuity payable during the joint lives of the participant and his spouse and which is the actuarial equivalent of a single annuity for the life of the participant.

(h) For the purposes of this section, a plan may take into account in any equitable fashion (as determined by the Secretary of the Treasury) any increased costs resulting from providing joint and survivor annuity benefits under an election made under subsection (c).

(i) This subsection shall apply only if—

(1) the annuity starting date did not occur before the effective date of this section, and

(2) the participant was an active participant in the plan on or after such effective date.

OTHER PROVISIONS RELATING TO FORM AND PAYMENT OF BENEFITS

Sec. 206. (a) Nonforfeitable benefits accrued by terminated participants may be distributed in the manner set forth in the plan for payment of retirement benefits except that distribution of such benefits shall, at the election of the terminated participant, commence at the earlier of either—

(1) the first date that a participant who is not a terminated participant, with the same credited service under the plan, could have exercised any unrestricted option under the plan to receive retirement benefits, or

(2) the later date of the 60th day after the latest of the close of the plan year in which—

(A) the date on which the participant attains the earlier of age 65 or the normal retirement age specified under the plan,

(B) occurs the 10th anniversary of the year in which the participant commenced participation in the plan,

(C) the participant terminates his service with the employer.

For the purposes of this subsection, the term "terminated participant" means a participant for whom service is no longer being credited under the plan.

(b) If—

(1) a participant or beneficiary is receiving benefits under such plan, or

(2) a participant is separated from the service and has nonforfeitable rights to benefits,

a plan may not decrease benefits of such a participant by reason of any increase in the benefit levels payable under title II of the Social Security Act or the Railroad Retirement Act of 1937, or any increase in the wage base under such title II, if such increase takes place after the date of the enactment of this Act or (if later) the earlier of the date of first entitlement of such benefits or the date of such separation.

(c) No pension plan may provide that any part of a participant's accrued benefit derived from employer contributions (whether or not otherwise nonforfeitable), is forfeitable solely because of withdrawal by such participant of any amount attributable to the benefit derived from contributions made by such participant. The preceding sentence shall not apply (1) to the accrued benefit of any participant unless, at the time of such withdrawal, such participant has a nonforfeitable right to at least 50 percent of such accrued benefit, or (2) to the extent that an accrued benefit is permitted to be forfeited in accordance with section 203(a)(3)(D)(iii).

(d)(1) Each pension plan shall provide that benefits provided under the plan may not be assigned or alienated.

(2) For the purposes of paragraph (1) of

this subsection, there shall not be taken into account any voluntary and revocable assignment of not to exceed 10 percent of any benefit payment, or of any irrevocable assignment or alienation of benefits executed before the date of enactment of this Act. The preceding sentence shall not apply to any assignment or alienation made for the purposes of defraying plan administration costs. For purposes of this paragraph a loan made to a participant or beneficiary shall not be treated as an assignment or alienation if such loan is secured by the participant's accrued nonforfeitable benefit and is exempt from the tax imposed by section 4975 (relating to tax on prohibited transactions) by reason of section 4975(d)(1).

TEMPORARY VARIANCES FROM CERTAIN VESTING REQUIREMENTS

SEC. 207. In the case of any plan maintained on January 1, 1974, if, not later than 2 years after the date of enactment of this Act, the administrator petitions the Secretary, the Secretary may prescribe an alternate method which shall be treated as satisfying the requirements of section 203(a)(2) or 204(b)(1) (other than subparagraph (D thereof)) or both for a period of not more than 4 years. The Secretary may prescribe such alternate method only when he finds that—

(1) the application of such requirements would increse the costs of the plan to such an extent that there would result a substantial risk to the voluntary continuation of the plan or a substantial curtailment of benefit levels or the levels of employees' compensation.

(2) the application of such requirements or discontinuance of the plan would be adverse to the interests of plan participants in the aggregate, and

(3) a waiver or extension of time granted under section 303 or 304 of this Act would be inadequate.

In the case of any plan with respect to which an alternate method has been prescribed under the preceding provisions of this subsection for a period of not more than 4 years, if, not later than 1 year before the expiration of such period, the administrator petitions the Secretary for an extension of such alternate method, and the Secretary makes the findings required by the preceding sentence, such alternate method may be extended for not more than 3 years.

MERGERS AND CONSOLIDATIONS OF PLANS OR TRANSFERS OF PLAN ASSETS

SEC. 208. A pension plan may not merge or consolidate with, or transfer its assets or liabilities to, any other plan after the date of the enactment of this Act, unless each participant in the plan would (if the plan then terminated) receive a benefit immediately after the merger, consolidation, or transfer which is equal to or greater than the benefit he would have been entitled to receive immediately before the merger, consolidation, or transfer (if the plan had then terminated). This paragraph shall apply in the case of a multiemployer plan only to the extent determined by the Pension Benefit Guaranty Corporation.

RECORDKEEPING AND REPORTING REQUIREMENTS

SEC. 209. (a)(1) Except as provided by paragraph (2) every employer shall, in accordance with regulations prescribed by the Secretary, maintain records with respect to each of his employees sufficient to determine the benefits due or which may become due to such employee. The plan administrator shall make a report, in such manner and at such time as may be provided in regulations prescribed by the Secretary to each employee who is a participant under the plan and who—

(A) requests such report, in such manner and at such time as may be provided in such regulations,

(B) terminates his service with the employer, or

(C) has a 1-year break in service (as defined in section 203(b)(3)(A)).

The employer shall furnish to the plan administrator the information necessary for the administrator to make the reports required by the preceding sentence. Not more than one report shall be required under subparagraph (A) in any 12-month period. Not more than one report shall be required under subparagraph (C) with respect to consecutive 1-year breaks in service. The report required under this paragraph shall be sufficient to inform the employee of his accrued benefits under the plan and the percentage of such benefits which are nonforfeitable under the plan.

(2) If more than one employer adopts a plan, each such employer shall, in accordance with regulations prescribed by the Secretary of Labor, furnish to the plan administrator the information necessary for the administrator to maintain the records and make the reports required by paragraph (1). Such administrator shall maintain the records and, to the extent provided under regulations prescribed by the Secretary of Labor or his delegate, make the reports, required by paragraph (1).

(b) If any person who is required, under subsection (a), to furnish information or maintain records for any plan year fails to comply with such requirement, he shall pay to the Secretary a civil penalty of $10 for each employee with respect to whom such failure occurs, unless it is shown that such failure is due to reasonable cause.

PLANS MAINTAINED BY MORE THAN ONE EMPLOYER, PREDECESSOR PLANS, AND EMPLOYER GROUPS

SEC. 210. (a) Notwithstanding any other provision of this part or part 3, the following provisions shall apply to a plan maintained by more than one employer:

(1) Section 202 shall be applied as if all employees of each of the employers plan were employed by a single employer,

(2) Sections 203 and 204 shall be applied if all such employers constituted a single employer, except that the application of any rules with respect to breaks in service shall be made under regulations prescribed by the Secretary.

(3) The minimum funding standard provided by section 302 shall be determined as if all participants in the plan were employed by a single employer.

(b) For purposes of this part and part 3—

(1) in any case in which the employer maintains a plan of a predecessor employer, service for such predecessor shall be treated as service for the employer, and

(2) in any case in which the employer maintains a plan which is not the plan maintained by a predecessor employer, service for such predecessor shall, to the extent provided in regulations prescribed by the Secretary of the Treasury, be treated as service for the employer.

(c) For purposes of sections 202, 203, and 204, all employees of all corporations which are members of a controlled group of corporations (within the meaning of section 1563 (a) of the Internal Revenue Code of 1954, determined without regard to section 1563 (a)(4) and (e)(3)(C) of such code) shall be treated as employed by a single employer. With respect to a plan adopted by more than one such corporation, the minimum funding standard of section 302 shall be determined as if all such employers were a single employer, and allocated to each employer in accordance with regulations prescribed by the Secretary of the Treasury.

(d) For purposes of sections 202, 203, and 204, under regulations prescribed by the Secretary of the Treasury, all employees of trades or businesses (whether or not incorporated) which are under common control shall be treated as employed by a single employer. The regulations prescribed under this subsection shall be based on principles similar to the principles which apply in the case of subsection (c).

EFFECTIVE DATES

SEC. 211. (a) Except as otherwise provided in this section, this part shall apply in the case of plan years beginning after the date of the enactment of this Act.

(b)(1) Except as otherwise provided in subsection (d), sections 205, 206(d), and 208 shall apply with respect to plan years beginning after December 31, 1975.

(2) Except as otherwise provided in subsections (c) and (d) in the case of a plan in existence on January 1, 1974, this part shall apply in the case of plan years beginning after December 31, 1975.

(c)(1) In the case of a plan maintained on January 1, 1974, pursuant to one or more agreements which the Secretary finds to be collective bargaining agreements between employee organizations and one or more employers, no plan shall be treated as not meeting the requirements of section 204 solely by reason of a supplementary or special plan provision (within the meaning of paragraph (2)) for any plan year before the year which begins after the earlier of—

(A) the date on which the last of such agerements relating to the plan terminates (determined without regard to any extension thereof agreed to after the date of the enactment of this Act), or

(B) December 31, 1980.

For purposes of subparagraph (A) and section 306(c), any plan amendment made pursuant to a collective bargaining agreement relating to the plan which amends the plan solely to conform to any requirement contained in this Act or the Internal Revenue Code of 1954 shall not be treated as a termination of such collective bargaining agreement. This paragraph shall not apply unless the Secretary determines that the participation and vesting rules in effect on the date of enactment of this Act are not less favorable to participants, in the aggregate, than the rules provided under section 202, 203, and 204.

(2) For purposes of paragraph (1), the term "supplementary or special plan provision" means any plan provision which—

(A) provides supplementary benefits, not in excess of one-third of the basic benefit, in the form of an annuity for the life of a participant with a survivor annuity for the life of his spouse, or

(B) provides that, under a contractual agreement based on medical evidence as to the effects of working in an adverse environment for an extended period of time, a participant having 25 years of service is to be treated as having 30 years of service.

(3) This subsection shall apply with respect to a plan if (and only if) the application of this subsection results in a later effective date for this part than the effective date required by subsection (b).

(d) If the administrator of a plan elects under section 1017(d) of this Act to make applicable to a plan year and to all subsequent plan years the provisions of the Internal Revenue Code of 1954 relating to participation, vesting, funding, and form of benefit, this part shall apply to (1) the first plan year to which such election applies and to all subsequent plan years.

(e)(1) No pension plan to which section 202 applies may make effective any plan amendment with respect to breaks in service (which amendment is made or becomes effective after January 1, 1974, and before the date on which section 202 first becomes effective with respect to such plan) which provides that any employee's participation in the plan would commence at any date later than the later of—

(A) the date on which his participation would commence under the break in service rules of section 202(b), or

(B) the date on which his participation

would commence under the plan as in effect on January 1, 1974.

(2) No pension plan to which section 203 applies may make effective any plan amendment with respect to breaks in service (which amendment is made or becomes effective after January 1, 1974, and before the date on which section 203 first becomes effective with respect to such plan) if such amendment provides that the nonforfeitable benefit derived from employer contributions to which any employee would be entitled is less than the lesser of the nonforfeitable benefit derived from employer contributions to which he would be entitled under—

(A) the break in service rules of section 202(b)(3), or

(B) the plan as in effect on Janaury 1, 1974.

Subparagraph (B) shall not apply if the break in service rules under the plan would have been in violation of any law or rule of law in effect on January 1, 1974.

PART 3—FUNDING

COVERAGE

SEC. 301. (a) This part shall apply to any employee pension benefit plan described in section 4(a), (and not exempted under section 4(b)), other than—

(1) an employee welfare benefit plan;

(2) an insurance contract plan described in subsection (b);

(3) a plan which is unfunded and is maintained by an employer primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees;

(4)(A) a plan which is established and maintained by a society, order, or association described in section 501(c) (8) or (9) of the Internal Revenue Code of 1954, if no part of the contributions to or under such plan are made by employees of participants in such plan; or

(B) a trust described in section 501(c)(18) of such Code;

(5) a plan which has not at any time after the date of enactment of this Act provided for employer contributions,

(6) an agreement providing payments to a retired partner or deceased partner or a deceased partner's successor in interest as described in section 736 of the Internal Revenue Code of 1954,

(7) an individual retirement account or annuity as described in section 408(a) of the Internal Revenue Code of 1954, or a retirement bond described in section 409 of such Code;

(8) an individual account plan (other than a money purchase plan) and a defined benefit plan to the extent it is treated as an individual account plan (other than a money purchase plan) under section 3(35)(B) of this title; or

(9) an excess benefit plan.

(b) For the purposes of paragraph (2) of subsection (a) a plan is an "insurance contract plan" if—

(1) the plan is funded exclusively by the purchase of individual insurance contracts.

(2) such contracts provide for level annual premium payments to be paid extending not later than the retirement age for each individual participating in the plan, and commencing with the date the individual became a participant in the plan (or, in the case of an increase in benefits, commencing at the time such increase becomes effective).

(3) benefits provided by the plan are equal to the benefits provided under each contract at normal retirement age under the plan and are guaranteed by an insurance carrier (licensed under the laws of a State to do business with the plan) to the extent premiums have been paid.

(4) premiums payable for the plan year, and all prior plan years under such contracts have been paid before lapse or there is reinstatement of the policy.

(5) no rights under such contracts have been subject to a security interest at any time during the plan year, and

(6) no policy loans are outstanding at any time during the plan year.

A plan funded exclusively by the purchase of group insurance contracts which is determined under regulations prescribed by the Secretary of the Treasury to have the same characteristics as contracts described in the preceding sentence shall be treated as a plan described in this subsection.

MINIMUM FUNDING STANDARDS

SEC. 306. (a)(1) Every employee pension benefit plan subject to this part shall satisfy the minimum funding standard, (or the alternative minimum funding standard under section 305) for any plan year to which this part applies. A plan to which this part applies shall have satisfied the minimum funding standard for such plan for a plan year as of the end of such plan year the plan does not have an accumulated funding deficiency under the funding standard account (as required under subsection (b)) or the alternative minimum funding standard account (as required under section 305).

(2) For the purposes of this part, the term "accumulated funding deficiency" means for any plan the excess of the total charges to the funding standard account for all plan years (beginning with the first plan year to which this part applies) over the total credits to such account for such years or, if less, the excess of the total charges to the alternative minimum funding standard account for such plan years over the total credits to such account for such years.

(b)(1) Each plan to which this part applies shall establish and maintain a funding standard account. Such account shall be credited and charged solely as provided in this section.

(2) For a plan year, the funding standard account shall be charged with the sum of—

(A) the normal cost of the plan for the plan year.

(B) the amounts necessary to amortize in equal annual installments (until fully amortized)—

(i) in the case of a plan in existence on January 1, 1974, the unfunded past service liability under the plan on the first day of the first plan year to which this part applies, over a period of 40 plan years,

(ii) in the case of a plan which comes into existence after January 1, 1974, the unfunded past service liability under the plan on the first day of the first plan year to which this part applies, over a period of 30 plan years (40 plan years in the case of a multiemployer plan).

(iii) separately, with respect to each plan year, the net increase (if any) in unfunded past service liability under the plan arising from plan amendments adopted in such year, over a period of 30 plan years (40 plan years in the case of a multiemployer plan.)

(iv) separately, with respect to each plan year, the net experience loss (if any) under the plan, over a period of 15 plan years (20 plan years in the case of a multiemployer plan), and

(v) separately, with respect to each plan year, the net loss (if any) resulting from changes in actuarial assumptions used under the plan, over a period of 30 plan years.

(C) the amount necessary to amortize each waived funding deficiency (within the meaning of section 303(c)) for each prior plan year in equal annual installments (until fully amortized) over a period of 15 plan years, and

(D) the amount necessary to amortize in equal annual installments (until fully amortized) over a period of 5 plan years any amount credited to the funding standard account under paragraph (3)(D).

(3) For a plan year, the funding standard account shall be credited with the sum of—

(A) the amount considered contributed by the employer to or under the plan for the plan year,

(B) the amount necessary to amortize in equal annual installments (until fully amortized)—

(i) separately, with respect to each plan year, the net decrease (if any) in unfunded past service liability under the plan arising from plan amendments adopted in such year, over a period of 30 plan years (40 plan years in the case of a multiemployer plan),

(ii) separately, with respect to each plan year, the net experience gain (if any) under the plan, over a period of 15 plan years (20 plan years in the case of a multiemployer plan), and

(iii) separately, with respect to each plan year, the net gain (if any) resulting from changes in actuarial assumptions used under the plan, over a period of 30 plan years.

(C) the amount of the waived funding deficiency (within the meaning of section 303 (c)) for the plan year, and

(D) in the case of a plan year for which the accumulated funding deficiency is determined under the funding standard account if such plan year follows a plan year for which such deficiency was determined under the alternative minimum funding standard, the excess (if any) of any debit balance in the funding standard account (determined without regard to this subparagraph) over any debit balance in the alternative minimum funding standard account.

(4) Under regulations prescribed by the Secretary of the Treasury, amounts required to be amortized under paragraph (2) or paragraph (3), as the case may be—

(A) may be combined into one amount under such paragraph to be amortized over a period determined on the basis of the remaining amortization period for all items entering into such combined amount, and

(B) may be offset against amounts required to be amortized under the other such paragraph, with the resulting amount to be amortized over a period determined on the basis of the remaining amortization periods for all items entering into whichever of the two amounts being offset is the greater.

(5) The funding standard account (and items therein) shall be charged or credited (as determined under regulations prescribed by the Secretary of the Treasury) with interest at the appropriate rate consistent with the rate or rates of interest used under the plan to determine costs.

(c)(1) For purposes of this part, normal costs, accrued liability, past service liabilities, and experience gains and losses shall be determined under the funding method used to determine costs under the plan.

(2)(A) For purposes of this part the value of the plan's assets shall be determined on the basis of any reasonable actuarial method of valuation which takes into account fair market value and which is permitted, under regulations prescribed by the Secretary of the Treasury.

(B) For purposes of this part the value of a bond or other evidence of indebtedness which is not in default as to principal or interest may, at the election of the plan administrator, be determined on an amortized basis running from initial cost at purchase to par value at maturity or earliest call date. Any election under this subparagraph shall be made at such time and in such manner as the Secretary of the Treasury shall by regulations provide, shall apply to all such evidences of indebtedness, and may be revoked only with the consent of the Secretary of the Treasury.

(3) For purposes of this part all costs, liabilities, rates of interest, and other factors under the plan shall be determined on the basis of actuarial assumptions and methods which, in the aggregate, are reasonable (taking into account the experience of the plan and reasonable expectations) and which, in combination, offer the actuary's best estimate of anticipated experience under the plan.

(4) For purposes of this section, if—

(A) a change in benefits under the Social Security Act or in other retirement benefits created under Federal or State law, or

(B) a change in the definition of the term "ranges" under section 3121 of the Internal Revenue Code of 1954, or a change in the amount of such wages taken into account under regulations prescribed for purposes of section 401(a)(5) of the Internal Revenue Code of 1954,

results in an increase or decrease in accrued liability under a plan, such increase or decrease shall be treated as an experience loss or gain.

(5) If the funding method for a plan is changed, the new funding method shall become the funding method used to determine costs and liabilities under the plan only if the change is approved by the Secretary of the Treasury. If the plan year for a plan is changed, the new plan year shall become the plan year for the plan only if the change is approved by the Secretary of the Treasury.

(6) If, as of the case of a plan year, a plan would (without regard to this paragraph) have an accumulated funding deficiency (determined without regard to the alternative minimum funding standard account permitted under subsection (g)) in excess of the full funding limitation—

(A) the funding standard account shall be credited with the amount of such excess, and

(B) all amounts described in paragraphs (2), (B), (C), and (D) and (3)(B) of subsection (b) which are required to be amortized shall be considered fully amortized for purposes of such paragraphs.

(7) For the purposes of paragraph (6), the term "full funding limitation" means the excess (if any) of—

(A) the accrued liability (including normal cost) under the plan (determined under the entry age normal funding method if such accrued liability cannot be directly calculated under the funding method used for the plan), over

(B) the lesser of the fair market value of the plan's assets or the value of such assets determined under paragraph (2).

(8) For purposes of this part, any amendment applying to a plan year which—

(A) is adopted after the close of such plan year but no later than 2½ months after the close of the plan year (or, in the case of a multiemployer plan, no later than 2 years after the close of such plan year),

(B) does not reduce the accrued benefit of any participant determined as of the beginning of the first plan year to which the amendment applies, and

(C) does not reduce the accrued benefit of any participant determined as of the time of adoption except to the extent required by the circumstances,

shall, at the election of the plan administrator, be deemed to have been made on the first day of such plan year. No amendment described in this paragraph which reduces the accrued benefits of any participant shall take effect unless the plan administrator files a notice with the Secretary notifying him of such amendment and the Secretary has approved such amendment or, within 90 days after the date on which such notice was filed, failed to disapprove such amendment. No amendment described in this subsection shall be approved by the Secretary unless he determines that such amendment is necessary because of a substantial business hardship (as determined under section 303(b)) and that waiver under section 303(a) is unavailable or inadequate.

(9) For purposes of this part, a determination of experience gains and losses and a valuation of the plan's liability shall be made not less frequently than once every 3 years, except that such determination shall be made more frequently to the extent required in particular cases under regulations prescribed by the Secretary of the Treasury.

(10) For purposes of this part, any contributions for a plan year made by an employer after the last day of such plan year, but not later than 2½ months after such day, shall be deemed to have been made on such last day. For purposes of this paragraph, such 2½ month period may be extended for not more than 6 months under regulations prescribed by the Secretary of the Treasury.

(d) Cross Reference.—For alternative amortization method for certain multiemployer plans see section 1013(d) of this Act.

VARIANCE FROM MINIMUM FUNDING STANDARD

Sec. 303. (a) If an employer, or in the case of a multiemployer plan, 10 percent or more of the number of employers contributing to or under the plan are unable to satisfy the minimum funding standard for a plan year without substantial business hardship and if application of the standard would be adverse to the interests of plan participants in the aggregate, the Secretary of the Treasury may waive the requirements of section 302(a) for such year with respect to all or any portion of the minimum funding standard other than the portion thereof determined under section 302(b)(2)(C). The Secretary of the Treasury shall not waive the minimum funding standard with respect to a plan for more than 5 of any 15 consecutive plan years.

(b) For purposes of this part, the factors taken into account in determining substantial business hardship shall include (but shall not be limited to) whether—

(1) the employer is operating at an economic loss,

(2) there is substantial unemployment or underemployment in the trade or business and in the industry concerned.

(3) the sales and profits of the industry concerned are depressed or declining, and

(4) it is reasonable to expect that the plan will be continued only if the waiver is granted.

(c) For purposes of this part, the term "waived funding deficiency" means the portion of the minimum funding standard (determined without regard to subsection (b)(3)(C) of section 302) for a plan year waived by the Secretary of the Treasury and not satisfied by employer contributions.

(d) Cross Reference.—

(For corresponding duties of the Secretary of the Treasury with regard to implementation of the Internal Revenue Code of 1954, see section 412(d) of such Code.)

EXTENSION OF AMORTIZATION PERIODS

Sec. 304. (a) The period of years required to amortize any unfunded liability (described in any clause of subsection (b)(2)(B) of section 302) of any plan may be extended by the Secretary for a period of time (not in excess of 10 years) if he determines that such extension would carry out the purposes of this Act and would provide adequate protection for participants under the plan and their beneficiaries and if he determines that the failure to permit such extension would—

(1) result in—

(A) a substantial risk to the voluntary continuation of the plan, or

(B) a substantial curtailment of pension benefit levels or employee compensation, and

(2) be adverse to the interests of plan participants in the aggregate.

(b)(1) No amendment of the plan which increases the liabilities of the plan by reason of any increase in benefits, any change in the accrual of benefits, or any change in the rate at which benefits becomes nonforfeitable under the plan shall be adopted if a waiver under section 303(a) or an extension of time under subsection (a) of this section is in effect with respect to the plan, or if a plan amendment described in section 302(c)(8) has been made at any time in the preceding 12 months (24 months in the case of a multiemployer plan). If a plan is amended in violation of the preceding sentence, any such waiver, or extension of time, shall not apply to any plan year ending on or after the date on which such amendment is adopted.

(2) Paragraph (1) shall not apply to any plan amendment which—

(A) the Secretary determines to be reasonable and which provides for only de minimis increases in the liabilities of the plan,

(B) only repeals an amendment described in section 302(c)(8), or

(C) is required as a condition of qualification under part I of subchapter D, of chapter 1, of the Internal Revenue Code of 1954.

ALTERNATIVE MINIMUM FUNDING STANDARD

Sec. 305. (a) A plan which uses a funding method that requires contributions in all years not less than required under the entry age normal funding method may maintain an alternative minimum funding standard account for any plan year. Such account shall be credited and charged solely as provided in this section.

(b) For a plan year the alternative minimum funding standard accounts shall be—

(1) charged with the sum of—

(A) the lesser of normal cost under the funding method used under the plan or normal cost determined under the unit credit method,

(B) the excess, if any, of the present value of accrued benefits under the plan over the fair market value of the assets, and

(C) an amount equal to the excess, if any, of credits to the alternative minimum funding standard account for all prior plan years over charges to such account for all such years, and

(2) credited with the amount considered contributed by the employer to or under the plan (within the meaning of section 302(c)(10)) for the plan year.

(c) The alternative minimum funding standard account (and items therein) shall be charged or credited with interest in the manner provided under section 302(b)(5) with respect to the funding standard account.

EFFECTIVE DATES

Sec. 306. (a) Except as otherwise provided in this section, this part shall apply in the case of plan years beginning after the date of the enactment of this Act.

(b) Except as otherwise provided in subsections (c) and (d), in the case of a plan in existence on January 1, 1974, this part shall apply in the case of plan years beginning after December 31, 1975.

(c)(1) In the case of a plan maintained on January 1, 1974, pursuant to one or more agreements which the Secretary finds to be collective bargaining agreements between employee representatives and one or more employers, this part shall apply only with respect to plan years beginning after the earlier of the date specified in subparagraph (A) or (B) of section 211(c)(1).

(2) This subsection shall apply with respect to a plan if (and only if) the application of this subsection results in a later effective date for this part than the effective date required by subsection (b).

(d) In the case of a plan the administrator of which elects under section 1017(d) of this Act to have the provisions of the Internal Revenue Code of 1954 relating to participation, vesting, funding, and form of benefit to apply to a plan year and to all subsequent plan years, this part shall apply to plan years beginning on the earlier of the first plan year to which such election applies or the first plan year determined under subsections (a), (b), and (c) of this section.

Part 4—Fiduciary Responsibility

COVERAGE

Sec. 401. (a) This part shall apply to any employee benefit plan described in section 4(a) (and not exempted under section 4(b)), other than—

(1) a plan which is unfunded and is maintained by an employer primarily for the purpose of providing deferred compensation

for a select group of management or highly compensated employees; or

(2) a plan consisting of an agreement described in section 736 of the Internal Revenue Code of 1954, which provides payments to a retired partner or deceased partner or a deceased partner's successor in interest.

(b) For purposes of this part:

(1) In the case of a plan which invests in any security issued by an investment company registered under the Investment Company Act of 1940, the assets of such plan shall be deemed to include such security but shall not, solely by reason of such investment, be deemed to include any assets of such investment company.

(2) In the case of a plan to which a guaranteed benefit policy is issued by an insurer, the assets of such plan shall be deemed to include such policy, but shall not, solely by reason of the issuance of such policy, be deemed to include any assets of such insurer. For purposes of this paragraph:

(A) The term "insurer" means an insurance company, insurance service, or insurance organization, qualified to do business in a State.

(B) The term "guaranteed benefit policy" means an insurance policy or contract to the extent that such policy or contract provides for benefits the amount of which is guaranteed by the insurer. Such term includes any surplus in a separate account, but excludes any other portion of a separate account.

ESTABLISHMENT OF PLAN

SEC. 402. (a) (1) Every employee benefit plan shall be established and maintained pursuant to a written instrument. Such instrument shall provide for one or more named fiduciaries who jointly or severally shall have authority to control and manage the operation and administration of the plan.

(2) For purposes of this title, the term "named fiduciary" means a fiduciary who is named in the plan instrument, or who, pursuant to a procedure specified in the plan, is identified as a fiduciary (A) by a person who is an employer or employee organization with respect to the plan or (B) by such an employer and such an employee organization acting jointly.

(b) Every employee benefit plan shall—

(1) provide a procedure for establishing and carrying out a funding policy and method consistent with the objectives of the plan and the requirements of this title,

(2) describe any procedure under the plan for the allocation of responsibilities for the operation and administration of the plan (including any procedure described in section 405(c)(1)),

(3) provide a procedure for amending such plan, and for identifying the persons who have authority to amend the plan, and

(4) specify the basis on which payments are made to and from the plan.

(c) Any employee benefit plan may provide—

(1) that any person or group of persons may serve in more than one fiduciary capacity with respect to the plan (including service both as trustee and administrator);

(2) that a named fiduciary, or a fiduciary designated by a named fiduciary pursuant to a plan procedure described in section 405 (c)(1), may employ one or more persons to render advice with regard to any responsibility such fiduciary has under the plan; or

(3) that a person who is a named fiduciary with respect to control or management of the assets of the plan may appoint an investment manager or managers to manage (including the power to acquire and dispose of) any assets of a plan.

ESTABLISHMENT OF TRUST

SEC. 403. (a) Except as provided in subsection (b), all assets of an employee benefit plan shall be held in trust by one or more trustees. Such trustee or trustees shall be either named in the trust instrument or in the plan instrument described in section 402(a) or appointed by a person who is named fiduciary, and upon acceptance of being named or appointed, the trustee or trustees shall have exclusive authority and discretion to manage and control the assets of the plan, except to the extent that—

(1) the plan expressly provides that the trustee or trustees are subject to the direction of a named fiduciary who is not a trustee, in which case the trustees shall be subject to proper directions of such fiduciary which are made in accordance with the terms of the plan and which are not contrary to this title, or

(2) authority to manage, acquire, or dispose of assets of the plan is delegated to one or more investment managers pursuant to section 402(c)(3).

(b) The requirements of subsection (a) of this section shall not apply—

(1) to any assets of a plan which consist of insurance contracts or policies issued by an insurance company qualified to do business in a State;

(2) to any assets of such an insuranse company or any assets of a plan which are held by such an insurance company;

(3) to a plan—

(i) some or all of the participants of which are employees described in section 401(c)(1) of the Internal Revenue Code of 1954; or

(ii) which consists of one or more individual retirement accounts described in section 408 of the Internal Revenue Code of 1954, to the extent that such plan's assets are held in one or more custodial accounts which qualify under section 401(f) or 408(h) of such Code, whichever is applicable; (4) to any plan not subject to part 2 or 3 of this subtitle, or to title IV of this Act, if the Secretary exempts such a plan from the requirement of subsection (a); or

(5) to a contract established and maintained under section 403(b) of the Internal Revenue Code of 1954 to the extent that the assets of the contract are held in one or more custodial accounts pursuant to section 403(b) (7) of such Code.

(c)(1) Except as provided in paragraph (2) or (3) or subsection (d), or under section 4042 and 4044 (relating to allocation of assets of terminated plans), the assets of a plan shall never inure to the benefit of any employer and shall be held for the exclusive purposes of providing benefits to participants in the plan and their beneficiaries and defraying reasonable expenses of administering the plan.

(2) (A) In the case of a contribution which is made by an employer by a mistake of fact, paragraph (1) shall not prohibit the return of such contribution to the employer within one year after the payment of the contribution.

(B) If a contribution is conditioned on qualification of the plan under section 401, 403(a), or 405(a) of the Internal Revenue Code of 1954, and if the plan does not qualify, then paragraph (1) shall not prohibit the return of such contribution to the employer within one year after the date of denial of qualification of the plan.

(C) If a contribution is conditioned upon the deductability of the contribution under section 404 of the Internal Revenue Code of 1954, then, to the extent the deduction is disallowed, paragraph (1) shall not prohibit the return to the employer of such contribution (to the extent disallowed) within one year after the disapproval of the deduction.

(3) In the case of a contribution which would otherwise be an excess contribution (as defined in section 4972(b) of the Internal Revenue Code of 1954) paragraph (1) shall not prohibit a correcting distribution with respect to such contribution from the plan to the employer to the extent permitted in such section to avoid payment of an excise tax on excess contributions under such section.

(d)(1) Upon termination of a pension plan to which section 4021 does not apply at the time of termination and to which this part applies (other than a plan to which no employer contributions have been made) the assets of the plan should be allocated in accordance with the provisions of section 4044 of this Act, except as otherwise provided in regulations of the Secretary.

(2) The assets of a welfare plan which terminates shall be distributed in accordance with the terms of the plan, except as otherwise provided in regulations of the Secretary.

FIDUCIARY DUTIES

SEC. 404. (a)(1) Subject to sections 403 (c) and (d), 4042, and 4044, a fiduciary shall discharge his duties with respect to a plan solely in the interest of the participants and beneficiaries and—

(A) for the exclusive purpose of:

(i) providing benefits to participants and their beneficiaries; and

(ii) defraying reasonable expenses of administering the plan;

(B) with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims;

(C) by diversifying the investments of the plan so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so; and

(D) in accordance with the documents and instruments governing the plan insofar as such documents and instruments are consistent with the provisions of this title.

(2) In the case of an eligible individual account plan (as defined in section 407(d) (3)), the diversification requirement of paragraph (1)(C) and the prudence requirement (only to the extent that it requires diversification) of paragraph (1)(B) is not violated by acquisition or holding of qualifying employer real property or qualifying employer securities (as defined in section 407 (d)(4) and (5)).

(b) Except as authorized by the Secretary by regulation, no fiduciary may maintain the indicia of ownership of any assets of a plan outside the jurisdiction of the district courts of the United States.

(c) In the case of a pension plan which provides for individual accounts and permits a participant or beneficiary to exercise control over assets in his account, if a participant or beneficiary exercises control over the assets in his account (as determined under regulations of the Secretary)—

(1) such participant or beneficiary shall not be deemed to be a fiduciary by reason of such exercise, and

(2) no person who is otherwise a fiduciary shall be liable under this part for any loss, or by reason of any breach, which results from such participant's or beneficiary's exercise of control.

LIABILITY FOR BREACH OF CO-FIDUCIARY

SEC. 405. (a) In addition to any liability which he may have under any other provision of this part, a fiduciary with respect to a plan shall be liable for a breach of fiduciary responsibility of another fiduciary with respect to the same plan in the following circumstances:

(1) if he participates knowingly in, or knowingly undertakes to conceal, an act or omission of such other fiduciary, knowing such act or omission is a breach;

(2) if, by his failure to comply with section 404(a)(1) in the administration of his specific responsibilities which give rise to his status as a fiduciary, he has enabled such other fiduciary to commit a breach; or

(3) if he has knowledge of a breach by such other fiduciary, unless he makes reasonable efforts under the circumstances to remedy the breach.

(b)(1) Except as otherwise provided in

subsection (d) and in section 403(a) (1) and (2), if the assets of a plan are held by two or more trustees—

(A) each shall use reasonable care to prevent a co-trustee from committing a breach; and

(B) they shall jointly manage and control the assets of the plan, except that nothing in this subparagraph (B) shall preclude any agreement authorized by the trust instrument allocating specific responsibilities, obligations, or duties among trustees, in which event a trustee to whom certain responsibilities, obligations, or duties have not been allocated shall not be liable by reason of this subparagraph (B) either individually or as a trustee for any loss resulting to the plan arising from the acts or omissions on the part of another trustee to whom such responsibilities, obligations, or duties have been allocated.

(2) Nothing in this subsection shall limit any liability that a fiduciary may have under subsection (a) or any other provision of this part.

(3) (A) In the case of a plan the assets of which are held in more that one trust, a trustee shall not be liable under paragraph (1) except with respect to an act or omission of a trustee of a trust of which he is a trustee.

(B) No trustee shall be liable under this subsection for following instructions referred to in section 403(a) (1).

(c) (1) The instrument under which a plan is maintained may expressly provide for procedures (A) for allocating fiduciary responsibilities (other than trustee responsibilities) among named fiduciaries, and (B) for named fiduciaries to designate persons other than named fiduciaries to carry out fiduciary responsibilities (other than trustee responsibilities) under the plan.

(2) If a plan expressly provides for a procedure described in paragraph (1), and pursuant to such procedure any fiduciary responsibility of a named fiduciary is allocated to any person, or a person is designated to carry out any such responsibility, then such named fiduciary shall not be liable for an act or omission of such person in carrying out such responsibility except to the extent that—

(A) the named fiduciary violated section 404(a) (1)—

(i) with respect to such allocation or designation.

(ii) with respect to the establishment of implementation of the procedure under paragraph (1), or

(iii) in continuing the allocation or designation; or

(B) the named fiduciary would otherwise be liable in accordance with subsection (a).

(3) For purposes of this subsection, the term "trustee responsibility" means any responsibility provided in the plan's trust instrument (if any) to manage or control the assets of the plan, other than a power under the trust instrument of a named fiduciary to appoint an investment manager in accordance with section 402(c) (3).

(d) (1) If an investment manager or managers have been appointed under section 402 (c) (3), then, notwithstanding subsections (a) (2) and (3) and subsection (b), no trustee shall be liable for the acts or omissions of such investment manager or managers, or be under an obligation to invest or otherwise manage any asset of the plan which is subject to the management of such investment manager.

(2) Nothing in this subsection shall relieve any trustee of any liability under this part for any act of such trustee.

PROHIBITED TRANSACTIONS

Sec. 406. (a) Except as provided in section 408:

(1) A fiduciary with respect to a plan shall not cause the plan to engage in a transaction, if he knows or should know that such transaction constitutes a direct or indirect—

(A) sale or exchange, or leasing, of any property between the plan and a party in interest;

(B) lending of money or other extension of credit between the plan and a party in interest;

(C) furnishing of goods, services, or facilities between the plan and a party in interest;

(D) transfer to, or use by or for the benefit of, a party in interest, of any assets of the plan; or

(E) acquisition, on behalf of the plan, of any employer security or employer real property in violation of section 407(a).

(2) No fiduciary who has authority or discretion to control or manage the assets of a plan shall permit the plan to hold any employer security or employer real property if he knows or should know that holding such security or real property violates section 407(a).

(b) A fiduciary with respect to a plan shall not—

(1) deal with the assets of the plan in his own interest or for his own account,

(2) in his individual or any other capacity act in any transaction involving the plan on behalf of a party (or represent a party) whose interests are adverse to the interests of the plan or the interests of its participants or beneficiaries, or

(3) receive any consideration for his own personal account from any party dealing with such plan in connection with a transaction involving the assets of the plan.

(c) A transfer of real or personal property by a party in interest to a plan shall be treated as a sale or exchange if the property is subject to a mortgage or similar lien which the plan assumes or if it is subject to a mortgage or similar lien which a party-in-interest placed on the property within the 10-year period ending on the date of the transfer.

10 PERCENT LIMITATION WITH RESPECT TO ACQUISITION AND HOLDING OF EMPLOYER SECURITIES AND EMPLOYER REAL PROPERTY BY CERTAIN PLANS

Sec. 407. (a) Except as otherwise provided in this section and section 414:

(1) A plan may not acquire or hold—

(A) any employer security which is not a qualifying employer security, or

(B) any employer real property which is not qualifying employer real property.

(2) A plan may not acquire any qualifying employer security of qualifying employer real property, if immediately after such acquisition the aggregate fair market value of employer securities and employer real property held by the plan exceeds 10 percent of the fair market value of the assets of the plan.

(3) (A) After December 31, 1984, a plan may not hold any qualifying employer securities or qualifying employer real property (or both) to the extent that the aggregate fair market value of such securities and property determined on December 31, 1984, exceeds 10 percent of the greater of—

(i) the fair market value of the assets of the plan, determined on December 31, 1984, or

(ii) the fair market value of the assets of the plan determined on January 1, 1975.

(B) subparagraph (A) of this paragraph shall not apply to any plan which on any date after December 31, 1974; and before January 1, 1985, did not hold employer securities or employer real property (or both) the aggregate fair market value of which determined on such date exceeded 10 percent of the greater of—

(i) the fair market value of the assets of the plan, determined on such date, or

(ii) the fair market value of the assets of the plan determined on January 1, 1975.

(4) (A) After December 31, 1979, a plan may not hold any employer securities or employer real property in excess of the amount specified in regulations under subparagraph (B). This subparagraph shall not apply to a plan after the earliest date after December 31, 1974, on which it complies with such regulations.

(B) Not later than December 31, 1976, the Secretary shall prescribe regulations which shall have the effect of requiring that a plan divest itself of 50 percent of the holdings of employer securities and employer real property which the plan would be required to divest before January 1, 1985, under paragraph (2) or subsection (c) (whichever is applicable).

(b) (1) Subsection (a) of this section shall not apply to any acquisition or holding of qualifying employer securities or qualifying employer real property by an eligible individual account plan.

(2) Cross References.—

(A) For exemption from diversification requirements for holding of qualifying employer securities and qualifying employer real property by eligible individual account plans, see section 404(a) (2).

(B) For exemption from prohibited transactions for certain acquisitions of qualifying employer securities and qualifying employer real property which are not in violation of 10 percent limitation, see section 408(e) (C).

(C) For transitional rules respecting securities or real property subject to binding contracts in effect on June 30, 1974, see section 414(c).

(c) (1) A plan which makes the election under paragraph (3) shall be treated as satisfying the requirement of subsection (a) (3) if and only if employer securities held on any date after December 31, 1974, and before January 1, 1985, have a fair market value, determined as of December 31, 1974, not in excess of 10 percent of the lesser of—

(A) the fair market value of the assets of the plan determined on such date (disregarding any portion of the fair market value of employer securities which is attributable to appreciation of such securities after December 31, 1974) but not less than the fair market value of plan assets on January 1, 1975, or

(B) an amount equal to the sum of (i) the total amount of the contributions to the plan received after December 31, 1974, and prior to such date, plus (ii) the fair market value of the assets of the plan, determined on January 1, 1975.

(2) For purposes of this subsection, in the case of an employer security held by a plan after January 1, 1975, the ownership of which is derived from ownership of employer securities held by the plan on January 1, 1975, or from the exercise of rights derived from such ownership, the value of such security held after January 1, 1975, shall be based on the value as of January 1, 1975, of the security from which ownership was derived. The Secretary shall prescribe regulations to carry out this paragraph.

(3) An election under this paragraph may not be made after December 31, 1975. Such an election shall be made in accordance with regulations prescribed by the Secretary, and shall be irrevocable. A plan may make an election under this paragraph only if on January 1, 1975, the plan holds no employer real property. After such election and before January 1, 1985, the plan may not acquire any employer real property.

(d) For purposes of this section—

(1) The term "employer security" means a security issued by an employer of employees covered by the plan, or by an affiliate of such employer. A contract to which section 408(b) (5) applies shall not be treated as a security for purposes of this section.

(2) The term "employer real property" means real property (and related personal property) which is leased to an employer of employees covered by the plan or to an affiliate of such employer. For purposes of determining the time at which a plan acquires employer real property for purposes of this section, such property shall be deemed to be

acquired by the plan on the date on which the plan acquires the property or on the date on which the lease to the employer (or affiliate) is entered into, whichever is later.

(3) (A) The term "eligible individual account plan" means an individual account plan which is (i) a profit-sharing, stock bonus, thrift, or savings plan; (ii) an employee stock ownership plan; or (iii) a money purchase plan which was in existence on the date of enactment of this Act and which on such date invested primarily in qualifying employer securities. Such term excludes an individual retirement account or annuity described in section 498 of the Internal Revenue Code of 1954.

(B) Notwithstanding subparagraph (A), a plan shall be treated as an eligible individual account plan with respect to the acquisition or holding of qualifying employer real property or qualifying employer securities only if such plan explicitly provides for acquisition and holding of qualifying employer securities or qualifying employer real property (as the case may be). In the case of a plan in existence on the date of enactment of this Act, this subparagraph shall not take effect until the expiration of one year after the effective date of this part.

(4) the term "qualifying employer-real property" means parcels of employer real property—

(A) if a substantial number of the parcels are dispersed geographically:

(B) if each parcel of real property and the improvements thereon are suitable (or adaptable without excessive cost) for more than one use;

(C) even if all of such real property is leased to one lessee (which may be an employer, or an affiliate of an employer); and

(D) if such acquisition and retention complies with the provisions of this part (other than sections 404(a) (1) (B) to the extent, it requires diversification, and sections 404 (a) (1) (C), 406, and subsection (a) of this section)

(5) The term "qualifying employer security" means as employer security which is stock; or a marketable obligation (as defined in subsection (e)).

(6) The term "employee stock ownership plan" means an individual account plan—

(A) which is a stock bonus plan which is qualified, or a stock bonus plan and money purchase both of which are qualified, under section 401 of the Internal Revenue Code of 1954, and which is designed to invest primarily in qualifying employee securities, and

(B) which meets such other requirements as the Secretary of the Treasury may prescribe by regulation.

(7) A corporation is an affiliate of an employer if it is a member of any controlled group of corporations (as defined in section 1563(a) of the Internal Revenue Code of 1954, except that "applicable percentage" shall be substituted for "80 percent" wherever the latter percentage appears in such section) of which the employer who maintains the plan is a member. For purposes of the preceding sentence, the term "applicable percentage" means 50 percent, or such lower percentage as the Secretary may prescribe by regulation. A person other than a corporation shall be treated as an affiliate of an employer to the extent provided in regulations of the Secretary. An employer which is a person other than a corporation shall be treated as affiliated with another person to the extent provided by regulations of the Secretary. Regulations under this paragraph shall be prescribed only after consultation and coordination with the Secretary of the Treasury.

(8) The Secretary may prescribe regulation specifying the extent to which conversions, splits, the exercise of rights, and similar transactions are not treated as acquisitions.

(e) For puposes of subsection (d) (5), the term "marketable obligation" means a bond, debenture, note, or certificate, or other evidence of indebtedness (hereinafter in this subsection referred to as "obligation") if—

(1) such obligation is acquired—

(A) on the market, either (i) at the price of the obligation prevailing on a national securities exchange which is registered with the Security and Exchange Commission, or (ii) if the obligation is not traded on such a national securities exchange, at a price not less favorable to the plan than the offering price for the obligation as established by current bid and asked prices quoted by persons independent of the issuer;

(B) from an underwriter, at a price (i) not in excess of the public offering price for the obligation as set forth in a prospectus or offering circular filed with the Securities and Exchange Commission, and (ii) at which a substantial portion of the same issue is acquired by persons independent of the issuer; or

(C) directly from the issuer, at a price not less favorable to the plan than the price paid currently for a substantial portion of the same issue by persons independent of the issuer;

(2) immediately following acquisition of such obligation—

(A) not more than 25 percent of the aggregate amount of obligations issued in such issue and outstanding at the time of acquisition is held by the plan, and

(B) at least 50 percent of the aggregate amount referred to in subparagraph (A) is held by persons independent of the issuer; and

(3) immediately following acquisition of the obligation, not more than 25 percent of the assets of the plan is invested in obligations of the employer or an affiliate of the employer.

EXEMPTIONS FROM PROHIBITED TRANSACTIONS

SEC. 408. (a) The Secretary shall establish an exemption procedure for purposes of this subsection. Pursuant to such procedure, he may grant a conditional or unconditional exemption of any fiduciary or transaction, or class of fiduciaries or transactions, from all or part of the restrictions imposed by sections 406 and 407(a). Action under this subsection may be taken only after consultation and coordination with the Secretary of the Treasury. An exemption granted under this section shall not relieve a fiduciary from any other applicable provision of this Act. The Secretary may not grant an exemption under this subsection unless he finds that such exemption is—

(1) administratively feasible,

(2) in the interests of the plan and of its participants and beneficiaries, and

(3) protective of the rights of participants and beneficiaries of such plan.

Before granting an exemption under this subsection from section 406(a) or 407(a), the Secretary shall publish notice in the Federal Register of the pendency of the exemption, shall require that adequate notice be given to interested persons, and shall afford interested persons opportunity to present views. The Secretary may not grant an exemption under this subsection from section 406(b) unless he affords an opportunity for a hearing and makes a determination on the record with respect to the findings required by paragraphs (1), (2), and (3) of this subsection.

(b) The prohibitions provided in section 406 shall not apply to any of the following transactions:

(1) Any loan made by the plan to parties in interest who are participants or beneficiaries of the plan if such loans (A) are available to all such participants and beneficiaries on a reasonably equivalent basis, (B) are not made available to highly compensated employees, officers, shareholders in an amount greater than the amount made available to other employees, (C) are made in accordance with specific provisions regarding such loans set forth in the plan, (D) bear a reasonable rate of interest, and (E) are adequately secured.

(2) Contracting or making reasonable arrangements with a party in interest for office spaces, or legal, accounting, or other services necessary for the establishment or operation of the plan, if no more than reasonable compensation is paid therefor.

(3) A loan to an employee stock ownership plan (as defined in section 407(d) (6)), if—

(A) such loan is primarily for the benefit of participants and beneficiaries of the plan, and

(B) such loan is at an interest rate which is not in excess of a reasonable rate.

If the plan gives collateral to a party in interest for such loan, such collateral may consist only of qualifying employer securities (as defined in section 407(d) (5)).

(4) The investment of all or part of a plan's assets in deposits which bear a reasonable interest rate in a bank or similar financial institution supervised by the United States or a State, if such bank or other institution is a fiduciary of such plan and if—

(A) the plan covers only employees of such bank or other institution and employees of affiliates of such bank or other institution, or

(B) such investment is expressly authorized by a provision of the plan or by a fiduciary (other than such bank or institution or affilate thereof) who is expressly empowered by the plan to so instruct the trustee with respect to such investment.

(5) Any contract for life insurance, health insurance, or annuities with one or more insurers which are qualified to do business in a State, if the plan pays no more than adequate consideration, and if each such insurer or insurers is—

(A) the employer maintaining the plan, or

(B) a party in interest which is wholly owned (directly or indirectly) by the employer maintaining the plan, or by any person which is a party in interest with respect to the plan, but only if the total premiums and annuity considerations written by such insurers for life insurance, health insurance, or annuities for all plans (and their employers) with respect to which such insurers, are parties—in interest (not including premiums or annuity considerations written by the employer maintaining the plan) do not exceed 5 percent of the total premiums and annuity considerations written for all lines of insurance in that year by such insurers (not including premiums or annuity considerations written by the employer maintaining the plan).

(6) The providing of any ancillary service by a bank or similar financial institutions supervised by the United States or a State, if such bank or other institution is a fiduciary of such plan, and if—

(A) such bank or similar financial institution has adopted adequate internal safeguards which assure that the providing of such ancillary service is consistent with sound banking and financial practice, as determined by Federal or State supervisory authority, and

(B) the extent to which such ancillary service is provided is subject to specific guidelines issued by such bank or similar financial institution (as determined by the Secretary after consultation with Federal and State supervisory authority), and adherence to such guidelines would reasonably preclude such bank or similar financial institution from providing such ancillary service (i) in an excessive or unreasonable manner, and (ii) in a manner that would be inconsistent with the best interests of participants and beneficiaries of employee benefit plans.

Such ancillary services shall not be provided at more than reasonable compensation.

(7) The exercise of a privilege to convert securities, to the extent provided in regula-

tions of the Secretary, but only if the plan receives no less than adequate consideration pursuant to such conversion.

(8) Any transaction between a plan and (i) a common or collective trust fund or pooled investment fund maintained by a party in interest which is a bank or trust company supervised by a State or Federal agency or (ii) a pooled investment fund of an insurance company qualified to do business in a State, if—

(A) the transaction is a sale or purchase of an interest in the fund,

(B) the bank, trust company, or insurance company receives not more than reasonable compensation, and

(C) such transaction is expressly permitted by the instrument under which the plan is maintained, or by a fiduciary (other than the bank, trust company, or insurance company, or an affiliate thereof) who has authority to manage and control the assets of the plan.

(9) The making by a fiduciary of a distribution of the assets of the plan in accordance with the terms of the plan if such assets are distributed in the same manner as provided under section 4044 of this Act (relating to allocation of assets).

(c) Nothing in section 406 shall be construed to prohibit any fiduciary from—

(1) receiving any benefit to which he may be entitled as a participant or beneficiary in the plan, so long as the benefit is computed and paid on a basis which is consistent with the terms of the plan as applied to all other participants and beneficiaries;

(2) receiving any reasonable compensation for services rendered, or for the reimbursement of expenses properly and actually incurred, in the performance of his duties with the plan; except that no person so serving who already receives full-time pay from an employer or an association of employers, whose employees are participants in the plan, or from an employee organization whose members are participants in such plan shall receive compensation from such plan, except for reimbursement of expenses properly and actually incurred; or

(3) serving as a fiduciary in addition to being an officer, employee, agent, or other representative of a party in interest.

(d) Section 407(b) and subsections (a), (b), (c), and (e) of this section shall not apply to any transaction in which a plan, directly or indirectly—

(1) lends any part of the corpus or income of the plan to;

(2) pays any compensation for personal services rendered to the plan to; or

(3) acquires for the plan any property from or sells any property to;

any person who is with respect to the plan an owner-employee (as defined in section 401 (c)(3) of the Internal Revenue Code of 1954), a member of the family (as defined in section 267(c)(4) of such Code) of any such owner-employee, or a corporation controlled by any such owner-employee through the ownership, directly or indirectly, of 50 percent or more of the total combined voting power of all classes of stock entitled to vote or 50 percent or more of the total value of shares of all classes of stock of the corporation. For purposes of this subsection a shareholder employee (as defined in section 1379 of the Internal Revenue Code of 1954) and a participant or beneficiary of an individual retirement account, individual retirement annuity, or an individual retirement bond (as defined in section 408 or 409 of the Internal Revenue Code of 1954) and an employer or association of employers which establishes such an account or annuity under section 408(c) of such Code shall be deemed to be an owner-employee.

(e) Sections 406 and 407 shall not apply to the acquisition or sale by a plan of qualifying employer securities (as defined in section 407(d)(5)) or acquisition, sale or lease by a plan of qualifying employer real property (as defined in section 407(d)(4))—

(1) if such acquisition, sale, or lease is for adequate consideration (or in the case of a marketable obligation, at a price not less favorable to the plan than the price determined under section 407(e)(1)),

(2) if no commission is charged with respect thereto, and

(3) if—

(A) the plan is an eligible individual account plan (as defined in section 407(d) (3)), or

(B) in the case of an acquisition or lease of qualifying employer real property by a plan which is not an eligible individual account plan, or of an acquisition of qualifying employer securities by such a plan, the lease or acquisition is not prohibited by section 407(a).

LIABILITY FOR BREACH OF FIDUCIARY DUTY

SEC. 409. (a) Any person who is a fiduciary with respect to a plan who breaches any of the responsibilities, obligations, or duties imposed upon fiduciaries by this title shall be personally liable to make good to such plan any losses to the plan resulting from each such breach, and to restore to such plan any profits of such fiduciary which have been made through use of assets of the plan by the fiduciary, and shall be subject to such other equitable or remedial relief as the court may deem appropriate, including removal of such fiduciary. A fiduciary may also be removed for a violation of section 411 of this Act.

(b) No fiduciary shall be liable with respect to a breach of fiduciary duty under this title if such breach was committed before he became a fiduciary or after he ceased to be a fiduciary.

EXCULPATORY PROVISIONS: INSURANCE

SEC. 410. (a) Except as provided in sections 405(b)(1) and 405(d), any provision in an agreement or instrument which purports to relieve a fiduciary from responsibility or liability for any responsibility, obligation, or duty under this part shall be void as against public policy.

(b) Nothing in this subpart shall preclude—

(1) a plan from purchasing insurance for its fiduciaries or for itself to cover liability or losses occurring by reason of the act or omission of a fiduciary, if such insurance permits recourse by the insurer against the fiduciary in the case of a breach of a fiduciary obligation by such fiduciary;

(2) a fiduciary from purchasing insurance to cover liability under this part from and for his own account; or

(3) an employer or an employee organization from purchasing insurance to cover potential liability of one or more persons who serve in a fiduciary capacity with regard to an employee benefit plan.

PROHIBITION AGAINST CERTAIN PERSONS HOLDING CERTAIN POSITIONS

SEC. 411. (a) No person who has been convicted of, or has been imprisoned as a result of his conviction of, robbery, bribery, extortion, embezzlement, fraud, grand larceny, burglary, arson, a felony violation of Federal or State law involving substances defined in section 102(6) of the Comprehensive Drug Abuse Prevention and Control Act of 1970, murder, rape, kidnaping, perjury, assault with intent to kill, any crime described in section 9(a)(1) of the Investment Company Act of 1940 (15 U.S.C. 80a-9(a)(1)), a violation of any provision of this Act, a violation of section 302 of the Labor-Management Relations Act, 1947 (29 U.S.C. 186), a violation of chapter 63 of title 18, United States Code, a violation of section 874, 1027, 1503, 1505, 1506, 1510, 1951, or 1954 of title 18, United States Code, a violation of the Labor-Management Reporting and Disclosure Act of 1959 (29 U.S.C. 401), or conspiracy to commit any such crimes or attempt to commit any such crimes, or a crime in which any of the foregoing crimes is an element, shall serve or be permitted to serve—

(1) as an administrator, fiduciary, officer, trustee, custodian, counsel, agent, or employee of any employee benefit plan, or

(2) as a consultant to any employee benefit plan,

during or for five years after such conviction or after the end of such imprisonment, whichever is the later, unless prior to the end of such five-year period, in the case of a person so convicted or imprisoned, (A) his citizenship rights, having been revoked as a result of such conviction, have been fully restored, or (B) the Board of Parole of the United States Department of Justice determines that such person's service in any capacity referred to in paragraph (1) or (2) would not be contrary to the purposes of this title. Prior to making any such determination the Board shall hold an administrative hearing and shall give notice of such proceeding by certified mail to the State, county, and Federal prosecuting officials in the jurisdiction or jurisdictions in which such person was convicted. The Board's determination in any such proceeding shall be final. No person shall knowingly permit any other person to serve in any capacity referred to in paragraph (1) or (2) in violation of this subsection. Notwithstanding the preceding provisions of this subsection, no corporation or partnership will be precluded from acting as an administrator, fiduciary, officer, trustee, custodian, counsel, agent, or employee, of any employee benefit plan or as a consultant to any employee benefit plan without a notice, hearing, and determination by such Board of Parole that such service would be inconsistent with the intention of this section.

(b) Any person who intentionally violates this section shall be fined not more than $10,000 or imprisoned for not more than one year, or both.

(c) For the purposes of this section:

(1) A person shall be deemed to have been "convicted" and under the disability of "conviction" from the date of the judgment of the trial court or the date of the final sustaining of such judgment on appeal, whichever is the later event.

(2) The term "consultant" means any person who, for compensation, advises or represents an employee benefit plan or who provides other assistance to such plan, concerning the establishment or operation of such plan.

(3) A period of parole shall not be considered as part of a period of imprisonment.

BONDING

SEC. 412. (a) Every fiduciary of an employee benefit plan and every person who handles funds or other property of such a plan (hereafter in this section referred to as "plan official") shall be bonded as provided in this section; except that—

(1) where such plan is one under which the only assets from which benefits are paid are the general assets of a union or of an employer, the administrator, officers, and employees of such plan shall be exempt from the bonding requirements of this section, and

(2) no bond shall me required of a fiduciary (or of any director, officer, or employee of such fiduciary) if such fiduciary—

(A) is a corporation organized and doing business under the laws of the United States or of any State?

(B) is authorized under such laws to exercise trust powers or to conduct an insurance business:

(C) is subject to supervision or examination by Federal or State authority, and

(D) has at all times a combined capital and surplus in excess of such a minimum amount as may be established by regulations issued by the Secretary, which amount shall be at least $1,000,000.

Paragraph (2) shall apply to a bank or other financial institution which is authorized to exercise trust powers and the deposits of which are not insured by the Federal Deposit Insurance Corporation, only if such bank or institution meets bonding or similar requirements under State law which the Secretary determines are at least equivalent to those imposed on banks by Federal law.

The amount of such bond shall be fixed at the beginning of each fiscal year of the plan. Such amount shall not be less than 10 per centum of the amount of funds handled. In no case shall such bond be less than $1,000 nor more than $500,000, except that the Secretary, after due notice and opportunity for hearing to all interested parties, and after consideration of the record, may prescribe an amount in excess of $500,000, subject to the 10 per centum limitation of the preceding sentence. For purposes of fixing the amount of such bond, the amount of funds handled shall be determined by the funds handled by the person, group, or class to be covered by such bond and by their predecessor or predecessors, if any, during the preceding reporting year, or if the plan has no preceding reporting year, the amount of funds to be handled during the current reporting year by such person, group, or class, estimated as provided in regulations of the Secretary. Such bond shall provide protection to the plan against loss by reason of acts of fraud or dishonesty on the part of the plan official, directly or through connivance with others. Any bond shall have as surety thereon a corporate surety company which is an acceptable surety on Federal bonds under authority granted by the Secretary of the Treasury pursuant to sections 6 through 13 of title 6, United States Code. Any bond shall be in a form or of a type approved by the Secretary, including individual bonds or schedule or blanket forms of bonds which cover a group or class.

(b) It shall be unlawful for any plan official to whom subsection (a) applies, to receive, handle, disburse, or otherwise exercise custody or control of any of the funds or other property of any employee benefit plan, without being bonded as required by subsection (a) and it shall be unlawful for any plan official of such plan, or any other person having authority to direct the performance of such functions, to permit such functions, or any of them, to be performed by any plan official, with respect to whom the requirements of subsection (a) have not been met.

(c) It shall be unlawful for any person to procure any bond required by subsection (a) from any surety or other company or through any agent or broker in whose business operations such plan or any party in interest in such plan has any control or significant financial interest, direct or indirect.

(d) Nothing in any other provision of law shall require any person, required to be bonded as provided in subsection (a) because he handles funds or other property of an employee benefit plan, to be bonded insofar as the handling by such person of the funds or other property of such plan is concerned.

(e) The Secretary shall prescribe such regulations as may be necessary to carry out the provisions of this section including exempting a plan from the requirements of this section where he finds that (1) other bonding arrangements or (2) the overall financial condition of the plan would be adequate to protect the interests of the beneficiaries and participants. When, in the opinion of the Secretary, the administrator of a plan offers adequate evidence of the financial responsibility of the plan, or that other bonding arrangements would provide adequate protection of the beneficiaries and participants, he may exempt such plan from the requirements of this section.

LIMITATION ON ACTIONS

Sec. 413. (a) No action may be commenced under this title with respect to a fiduciary's breach of any responsibility, duty, or obligation under this part, or with respect to a violation of this part, after the earlier of—

(1) six years after (A) the date of the last action which constituted a part of the breach of violation, or (B) in the case of an omission, the latest date on which the fiduciary could have cured the breach or violation, or

(2) three years after the earliest date (A) on which the plaintiff had actual knowledge of the breach or violation, or (B) on which a report from which he could reasonably be expected to have obtained knowledge of such breach or violation was filed with the Secretary under this title:

except that in the case of fraud or concealment, such action may be commenced not later than six years after the date of discovery of such breach or violation.

EFFECTIVE DATE

Sec. 414. (a) Except as provided in subsections (b), (c), and (d), this part shall take effect on January 1, 1975.

(b) (1) The provisions of this part authorizing the Secretary to promulgate regulations shall take effect on the date of enactment of this Act.

(2) Upon application of a plan, the Secretary may postpone until not later than January 1, 1976, the applicability of any provision of sections 402, 403 (other than 403 (c)), 405 (other than 405(a) and (d)), and 410(a), as it applies to any plan in existence on the date of enactment of this Act if he determines such postponement is (A) necessary to amend the instrument establishing the plan under which the plan is maintained and (B) not adverse to the interest of participants and beneficiaries.

(3) This part shall take effect on the date of enactment of this Act with respect to a plan which terminates after June 30, 1974, and before January 1, 1975, and to which at the time of termination section 4021 applies.

(c) Sections 406 and 407(a) (relating to prohibited transactions) shall not apply—

(1) until June 30, 1984, to a loan of money or other extension of credit between a plan and a party in interest under a binding contract in effect on July 1, 1974 (or pursuant to renewals of such a contract), if such loan or other extension of credit remains at least as favorable to the plan as an arm's-length transaction with an unrelated party would be, and if the execution of the contract, the making of the loan, or the extension of credit was not, at the time of such execution, making, or extension, a prohibited transaction (within the meaning of section 503(b) of the Internal Revenue Code of 1954 or the corresponding provisions of prior laws);

(2) until June 30, 1984, to a lease or joint use of property involving the plan and a party in interest pursuant to a binding contract in effect on July 1, 1974 (or pursuant to renewals of such a contract), if such lease or joint use remains at least as favorable to the plan as an arm's-length transaction with an unrelated party would be and if the execution of the contract was not, at the time of such execution, a prohibited transaction (within the meaning of section 503(b) of the Internal Revenue Code of 1954) or the corresponding provisions of prior law;

(3) until June 30, 1984, to the sale, exchange, or other disposition of property described in paragraph (2) between a plan and a party in interest if—

(A) in the case of a sale, exchange, or other disposition of the property by the plan to the party in interest, the plan receives an amount which is not less than the fair market value of the property at the time of such disposition; and

(B) in the case of the acquisition of the property by the plan, the plan pays an amount which is not in excess of the fair market value of the property at the time of such acquisition; (4) until June 30, 1977, to the provision of services, to which paragraphs (1), (2), and (3) do not apply, between a plan and a party in interest—

(A) under a binding contract in effect on July 1, 1974 (or pursuant to renewals of such contract), or

(B if the party-in-interest ordinarily and customarily furnished such services on June 30, 1974, if such provision of services remains at least as favorable to the plan as an arm's-length transaction with an unrelated party would be and if such provision of services was not, at the time of such provision, a prohibited transaction (within the meaning of section 503(b) of the Internal Revenue Code of 1954) or the corresponding provisions of prior law; or

(5) the sale, exchange, or other disposition of property which is owned by a plan on June 30, 1974, and all times thereafter, to a party in interest, if such plan is required to dispose of such property in order to comply with the provisions of section 407(a) (relating to the prohibition against holding excess employer securities and employer real property), and if the plan receives not less than adequate consideration.

(d) Any election, or failure to elect, by a disqualified person under section 2003(c) (1) (B) of this Act shall be treated for purposes of this part (but not for purposes of section 514) as an act or omission occurring before the effective date of this part.

PART 5—ADMINISTRATION AND ENFORCEMENT

CRIMINAL PENALTIES

Sec. 501. Any person who willfully violates any provision of part 1 of this subtitle, or any regulation or order issued under any such provision, shall upon conviction be fined not more than $5,000 or imprisoned not more than one year, or both; except that in the case of such violation by a person not an individual, the fine imposed upon such person shall be a fine not exceeding $100,000.

CIVIL ENFORCEMENT

Sec. 502. (a) A civil action may be brought—

(1) by a participant or beneficiary—

(A) for the relief provided for in subsection (c) of this section, or

(B) to recover benefits due to him under the terms of his plan; to enforce his rights under the terms of the plan, or to clarify his rights to future benefits under the terms of the plan;

(2) by the Secretary, or by a participant, beneficiary or fiduciary for appropriate relief under section 409;

(3) by a participant, beneficiary, or fiduciary (A) to enjoin any act or practice which violates any provision of this title or the terms of the plan, or (B) to obtain other appropriate equitable relief (i) to redress such violations or (ii) to enforce any provisions of this title or the terms of the plan;

(4) by the Secretary, or by a participant, or beneficiary for appropriate relief in the case of a violation of 105(c);

(5) except as otherwise provided in subsection (b), by the Secretary (A) to enjoin any act or practice which violates any provision of this title, or (B) to obtain other appropriate equitable relief (i) to redress such violation or (ii) to enforce any provision of this title, or

(6) by the Secretary to collect any civil penalty under subsection (i).

(b) In the case of a plan which is qualified under section 401(a), 403(a), or 405(a) of the Internal Revenue Code of 1954 (or with respect to which an application to so qualify has been filed and has not been finally determined) the Secretary may exercise his authority under subsection (a) (5) with respect to a violation of, or the enforcement of, parts 2 and 3 of this subtitle (relating to participation, vesting, and funding), only if—

(1) requested by the Secretary of the Treasury, or

(2) one or more participants, beneficiaries, or fiduciaries, of such plan request in writing (in such manner as the Secretary shall prescribe by regulation) that he exercise such authority on their behalf. In the case of such a request, under this paragraph, he may exercise such authority only if he determines that such violation affects, or such enforcement is necessary to protect claims of participants or beneficiaries to benefit under the plan.

(c) Any administrator who fails or refuses to comply with a request for any information which such administrator is required by this title to funish to a participant or beneficiary (unless such failure or refusal results from matters reasonably beyond the control of the administrator) by mailing the material requested to the last known address of the requesting participant or beneficiary within 30 days after such request may in the court's discretion be personally liable to such participant or beneficiary in the amount of up to $100 a day from the date of such failure or refusal, and the court may in its discretion order such other relief as it deems proper.

(d)(1) An employee benefit plan may sue or be sued under this title as an entity. Service of summons, subpena, or other legal process of a court upon a trustee or an administrator of an employee benefit plan in his capacity as such shall constitute service upon the employee benefit plan. In a case where a plan has not designated in the summary plan description of the plan an individual as agent for the service of legal process, service upon the Secretary shall constitute such service. The Secretary, not later than 15 days after receipt of service under the preceding sentence, shall notify the administrator or any trustee of the plan of receipt of such service.

(2) Any money judgment under this title against an employee benefit plan shall be enforceable only against a plan as an entity and shall not be enforceable against any other person unless liability against such person is established in his individual capacity under this title.

(e)(1) Except for actions under subsection (a)(1)(B) of this section, the district courts of the United States shall have exclusive jurisdiction of civil actions under this title brought by the Secretary or by a participant, beneficiary, or fiduciary. State courts of competent jurisdiction and district courts of the United States shall have concurrent jurisdiction of actions under subsection (a)(1)(B) of this section.

(2) Where an action under this title is brought in a district court of the United States, it may be brought in the district where the plan is administered, where the breach took place, or where a defendant resides or may be found, and process may be served in any other district where a defendant resides or may be found.

(f) The district courts of the United States shall have jurisdiction without respect to the amount in controversy or the citizenship of the parties, to grant the relief provided for in subsection (a) of this section in any action.

(g) In any action under this title by a participant, beneficiary, or fiduciary, the court in its discretion may allow a reasonable attorney's fee and costs of action to either party.

(h) A copy of the complaint in any action under this title by a participant, beneficiary, or fiduciary (other than an action brought by one or more participants or beneficiaries under subsection (a)(1)(B) which is solely for the purpose of recovering benefits due such participants under the terms of the plan) shall be served upon the Secretary and the Secretary of the Treasury by certified mail. Either Secretary shall have the right in his discretion to intervene in any action, except that the Secretary of the Treasury may not intervene in any action under part 4 of this subtitle. If the Secretary brings an action under subsection (a) on behalf of a participant or beneficiary, he shall notify the Secretary of the Treasury.

(i) In the case of a transaction prohibited by section 406 by a party in interest with respect to a plan to which this part applies, the Secretary may assess a civil penalty against such party in interest. The amount of such penalty may not exceed 5 percent of the amount involved (as defined in section 4975(f)(4) of the Internal Revenue Code of 1954); except that if the transaction is not corrected (in such manner as the Secretary shall prescribe by regulation, which regulations shall be consistent with section 4975(f)(5) of such Code) within 90 days after notice from the Secretary (or such longer period as the Secretary may permit), such penalty may be in an amount not more than 100 percent of the amount involved. This subsection shall not apply to a transaction with respect to a plan described in section 4975(e)(1) of such Code.

(j) In all civil actions under this title, attorneys appointed by the Secretary may represent the Secretary (except as provided in section 518(a) of title 28, United States Code), but all such litigations shall be subject to the direction and control of the Attorney General.

(k) Suits by an administrator, fiduciary, participant, or beneficiary of an employee benefit plan to receiver a final order of the Secretary, to restrain the Secretary from taking any action contrary to the provisions of this Act, or to compel him to take action required under this title, may be brought in the district court of the United States for the district where plan has its principal office, or in the United States District Court for the District of Columbia.

CLAIMS PROCEDURE

SEC. 503. In accordance with regulations of the Secretary, every employee benefit plan shall—

(1) provide adequate notice in writing to any participant or beneficiary whose claim for benefits under the plan has been denied, setting forth the specific reasons for such denial, written in a manner calculated to be understood by the participant, and

(2) afford a reasonable opportunity to any participant whose claim for benefits has been denied for a full and fair review by the appropriate named fiduciary of the decision denying the claim.

INVESTIGATIVE AUTHORITY

SEC. 504. (a) The Secretary shall have the power, in order to determine whether any person has violated or is about to violate any provision of this title or any regulation or order thereunder—

(1) to make an investigation, and in connection therewith to require the submission of reports, books, and records, and the filing of data in support of any information required to be filed with the Secretary under this title, and

(2) to enter such places, inspect such books and records and question such persons as he may deem necessary to enable him to determine the facts relative to such investigation, if he has reasonable cause to believe there may exist a violation of this title or any rule or regulation issued thereunder or if the entry is pursuant to an agreement with the plan.

The Secretary may make available to any person actually affected by any matter which is the subject of any investigation under this section, and to any department or agency of the United States, information concerning any matter which may be the subject of such investigation; except that any information obtained by the Secretary pursuant to section 6103(g) of the Internal Revenue Code of 1954 shall be made available only in accordance with regulations prescribed by the Secretary of the Treasury.

(b) The Secretary may not under the authority of this section require any plan to submit to the Secretary any books or records of the plan more than once in any 12 month period, unless the Secretary has reasonable cause to believe there may exist a violation of this title or any regulation or order thereunder.

(c) For the purposes of any investigation provided for in this title, the provisions of sections 9 and 10 (relating to the attendance of witnesses and the production of books, records, and documents) of the Federal Trade Commission Act (15 U.S.C. 49, 50) are hereby made applicable (without regard to any limitation in such sections respecting persons, partnerships, banks, or common carriers) to the jurisdiction, powers, and duties of the Secretary or any officers designated by him. To the extent he considers appropriate, the Secretary may delegate his investigative functions under this section with respect to insured banks acting as fiduciaries of employee benefit plans to the appropriate Federal banking agency (as defined in section 3(q) of the Federal Deposit Insurance Act (12 U.S.C. 1813(q)).

REGULATIONS

SEC. 505. Subject to title III and section 109, the Secretary may prescribe such regulations as he finds necessary or appropriate to carry out the provisions of this title. Among other things, such regulations may define accounting, technical and trade terms used in such provisions; may prescribe forms; and may provide for the keeping of books and records, and for the inspection of such books and records (subject to section 504 (a) and (b)).

OTHER AGENCIES AND DEPARTMENTS

SEC. 506. In order to avoid unnecessary expense and duplication of functions among Government agencies, the Secretary may make such arrangements or agreements for cooperation or mutual assistance in the performance of his functions under this title and the functions of any such agency as he may find to be practicable and consistent with law. The Secretary may utilize, on a reimbursable or other basis, the facilities or services of any department, agency, or establishment of the United States or of any State or political subdivision of a State, including the services of any of its employees, with the lawful consent of such department, agency, or establishment; and each department, agency, or establishment of the United States is authorized and directed to cooperate with the Secretary and, to the extent permitted by law, to provide such information and facilities as he may request for his assistance in the performance of his functions under this title. The Attorney General or his representative shall receive from the Secretary for appropriate action such evidence developed in the performance of his functions under this title as may be found to warrant consideration for criminal prosecution under the provisions of this title or other Federal law.

ADMINISTRATION

SEC. 507. (a) Subchapter II of chapter 5, and chapter 7, of title 5, United States Code (relating to administrative procedure), shall be applicable to this title.

(b) Section 5108 of title 5, United States Code, is amended by adding at the end thereof the following new subsection:

"(f) In addition to the number of positions authorized by subsection (a), the Secretary of Labor is authorized, without regard to any other provision of this section, to place 1 position in the Department of Labor in grade GS–18, and a total of 20 positions in the Department of Labor in grades GS-16 and 17."

(c) No employee of the Department of Labor or the Department of the Treasury shall administer or enforce this title or the Internal Revenue Code of 1954 with respect to any employee benefit plan under which he is a participant or beneficiary, any employee organization of which he is a member, or any employer organization in which he has an interest. This subsection does not apply to an employee benefit plan which covers only employees of the United States.

APPROPRIATIONS

SEC. 508. There are hereby authorized to be appropriated such sums as may be necessary to enable the Secretary to carry out his functions and duties under this Act.

SEPARABILITY PROVISIONS

SEC. 509. If any provision of this Act, or the application of such provision to any person or circumstances, shall be held invalid, the remainder of this Act, or the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

INTERFERENCE WITH RIGHTS PROTECTED UNDER ACT

SEC. 510. It shall be unlawful for any person to discharge, fine, suspend, expel, discipline, or discriminate against a participant or beneficiary for exercising any right to which he is entitled under the provisions of an employee benefit plan, this title section 3001, or the Welfare and Pension Plans Disclosure Act, or for the purpose of interfering with the attainment of any right to which such participant may become entitled under the plan, this title, or the Welfare and Pension Plans Disclosure Act. It shall be unlawful for any person to discharge, fine, suspend, expel, or discriminate against any person because he has given information or has testified or is about to testify in any inquiry or proceeding relating to this Act or the Welfare and Pension Plans Disclosure Act. The provisions of section 502 shall be applicable in the enforcement of this section.

COERCIVE INTERFERENCE

SEC. 511. It shall be unlawful for any person through the use of fraud, force, violence, or threat of the use of force or violence, to restrain, coerce, intimidate, or attempt to restrain, coerce, intimidate any participant or beneficiary for the purpose of interfering with or preventing the exercise of any right to which he is or may become entitled under the plan, this title, section 3001, or the Welfare and Pension Plans Disclosure Act. Any person who willfully violates this section shall be fined $10,000 or imprisoned for not more than one year, or both.

ADVISORY COUNCIL

SEC. 512. (a) (1) There is hereby established an Advisory Council on Employee Welfare and Pension Benefit Plans (hereinafter in this section referred to as the "Council") consisting of fifteen members appointed by the Secretary. Not more than eight members of the Council shall be members of the same political party.

(2) Members shall be persons qualified to appraise the programs instituted under this Act.

(3) Of the members appointed, three shall be representatives of employee organizations (at least one of whom shall be representative of any organization members of which are participants in a multiemployer plan); three shall be representatives of employers (at least one of whom shall be representative of employers maintaining or contributing to multiemployer plans); three representatives shall be appointed from the general public, one of whom shall be a person representing those receiving benefits from a pension plan; and there shall be one representative each from the fields of insurance, corporate trust, actuarial counseling, investment counseling, investment management, and the accounting field.

(4) Members shall serve for terms of three years except that of those first appointed, five shall be appointed for terms of one year, five shall be appointed for terms of two years, and five shall be appointed for terms of three years. A member may be reappointed. A member appointed to fill a vacancy shall be appointed only for the remainder of such term. A majority of members shall constitute a quorum and action shall be taken only by a majority vote of those present and voting.

(b) It shall be the duty of the Council to advise the Secretary with respect to the carrying out of his functions under this Act and to submit to the Secretary recommendations with respect thereto. The Council shall meet at least four times each year and at such other times as the Secretary requests. In his annual report submitted pursuant to section 513(b), the Secretary shall include each recommendation which he has received from the Council during the preceding calendar year.

(c) The Secretary shall furnish to the Council an executive secretary and such secretarial, clerical, and other services as are deemed necessary to conduct its business. The Secretary may call upon other agencies of the Government for statistical data, reports, and other information which will assist the Council in the performance of its duties.

(d) (1) Members of the Council shall each be entitled to receive the daily equivalent of the annual rate of basic pay in effect for grade GS-18 of the General Schedule for each day (including travel time) during which they are engaged in the actual performance of duties vested in the Council.

(2) While away from their homes or regular places of business in the performance of services for Council, members of the Council shall be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittently in the Government service are allowed expenses under section 5703(b) of title 5 of the United States Code.

(e) Section 14(a) of the Federal Advisory Committee Act (relating to termination) shall not apply to the Council.

RESEARCH, STUDIES, AND ANNUAL REPORT

SEC. 513. (a) (1) The Secretary is authorized to undertake research and surveys and in connection therewith to collect, compile, analyze and publish data, information, and statistics relating to employee benefit plans, including retirement, deferred compensation, and welfare plans, and types of plans not subject to this Act.

(2) The Secretary is authorized and directed to undertake research studies relating to pension plans, including but not limited to (A) the effects of this title upon the provisions and costs of pension plans, (B) the role of priavte pensions in meeting the economic security needs of the Nation, and (C) the operation of private pension plans including types and levels of benefits, degree of reciprocity or portability, and financial and actuarial characteristics and practices, and methods of encouraging the growth of the private pension system.

(3) The Secretary may, as he deems appropriate or necessary, undertake other studies relating to employee benefit plans, the matters regulated by this title, and the enforcement procedures provided for under this title.

(4) The research, surveys, studies, and publications referred to in this subsection may be conducted directly, or indirectly through grant or contract arrangements.

(b) The Secretary shall submit annually a report to the Congress covering his administration of this title for the preceding year, and including (1) an explanation of any variances or extensions granted under section 110, 207, 303, or 304 and the projected date for terminating the variance; (2) the status of cases in enforcement status; (3) recommendations received from the Advisory Council during the preceding year; and (4) such information, data, research findings, studies, and recommendations for further legislation in connection with the matters covered by this title as he may find advisable.

(c) The Secretary is authorized and directed to cooperate with the Congress and its appropriate committees, subcommittees, and staff in supplying data and any other information, and personnel and services, required by the Congress in any study, examination, or report by the Congress relating to pension benefit plans established or maintained by States or their political subdivisions.

EFFECT ON OTHER LAWS

SEC. 514. (a) Except as provided in subsection (b) of this section, the provisions of this title and title IV shall supersede any and all State laws insofar as they may now or hereafter relate to any employee benefit plan described in section 4(a) and not exempt under section 4(b). This section shall take effect on January 1, 1975.

(b) (1) This section shall not apply with respect to any cause of action which arose, or any act or omission which occurred, before January 1, 1975.

(2) (A) Except as provided in subparagraph (B), nothing in this title shall be construed to exempt or relieve any person from any law of any State which regulates insurance, banking, or securities.

(B) Neither an employee benefit plan described in section 4(a), which is not exempt under section 4(b) (other than a plan established primarily for the purpose of providing death benefits), nor any trust established under such a plan, shall be deemed to be an insurance company or other insurer, bank, trust company, or investment company or to be engaged in the business of insurance or banking for purposes of any law of any State purporting to regulate insurance companies, insurance contracts, banks, trust companies, or investment companies.

(3) Nothing in this section shall be construed to prohibit use by the Secretary of services or facilities of a State agency as permitted under section 506 of this Act.

(4) Subsection (a) shall not apply to any generally applicable criminal law of a State.

(c) For purposes of this section:

(1) The term "State law" includes all laws, decisions, rules, regulations, or other State action having the effect of law, of any State.

(2) The term "State" includes a State, any political subdivisions thereof, or any agency or instrumentality of either, which purports to regulate, directly or indirectly, the terms and conditions of employee benefit plans covered by this title.

(d) Nothing in this title shall be construed to alter, amend, modify, invalidate, impair, or supersede any law of the United States (except as provided in sections 111 and 507 (b)) or any rule or regulation issued under any such law.

TITLE II—AMENDMENTS TO THE INTERNAL REVENUE CODE RELATING TO RETIREMENT PLANS

SEC. 1001. AMENDMENT OF INTERNAL REVENUE CODE OF 1954

Except as otherwise expressly provided, whenever in this title an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1954.

SUBTITLE A—PARTICIPATION, VESTING, FUNDING, ADMINISTRATION, ETC.

PART 1—PARTICIPATION, VESTING, AND FUNDING

SEC. 1011. MINIMUM PARTICIPATION STANDARDS

Part I of subchapter D of chapter 1 (relating to pension, profit-sharing, stock bonus, plans, etc.) is amended by adding at the end thereof the following:

"SUBPART B—SPECIAL RULES

"Sec. 410. Minimum participation standards.
"Sec. 411. Minimum vesting standards.
"Sec. 412. Minimum funding standards.
"Sec. 413. Collectively bargained plans.
"Sec. 414. Definitions and special rules.

"Sec. 415. Limitations on benefits and contributions under qualified plans.

"SEC. 410. MINIMUM PARTICIPATION STANDARDS

"(a) PARTICIPATION.—

"(1) MINIMUM AGE AND SERVICE CONDITIONS.—

"(A) GENERAL RULE.—A trust shall not constitute a qualified trust under section 401(a) if the plan of which it is a part requires, as a condition of participation in the plan, that an employee complete a period of service with the employer or employers maintaining the plans extending beyond the later of the following dates—

"(i) the date on which the employee attains the age of 25; or

"(ii) the date on which he completes 1 year of service.

"(B) SPECIAL RULES FOR CERTAIN PLANS.—

"(i) In the case of any plan which provides that after not more than 3 years of service each participant has a right to 100 percent of his accrued benefit under the plan which is nonforfeitable (within the meaning of section 411) at the time such benefit accrues, clause (ii) of subparagraph (A) shall be applied by substituting '3 years of service' for '1 year of service'.

"(ii) In the case of any plan maintained exclusively for employees of an educational institution (as defined in section 170(b)(1)(A)(ii)) by an employer which is exempt from tax under section 501(a) which provides that each participant having at least 1 year of service has a right to 100 percent of his accrued benefit under the plan which is nonforfeitable (within the meaning of section 411) at the time such benefit accrues, clause (i) of subparagraph (A) shall be applied by substituting '30' for '25'. This clause shall not apply to any plan to which clause (i) applies.

"(2) MAXIMUM AGE CONDITIONS.—A trust shall not constitute a qualified trust under section 401(a) if the plan of which it is a part excludes from participation (on the basis of age) employees who have attained a specified age, unless—

"(a) the plan is a—

"(i) defined benefit plan, or

"(ii) target benefit plan (as defined under regulations prescribed by the Secretary or his delegate), and

"(B) such employees begin employment with the employer after they have attained a specified age which is not more than 5 years before the normal retirement age under the plan.

"(3) DEFINITION OF YEAR OF SERVICE.—

"(A) GENERAL RULE.—For purposes of this subsection, the term 'year of service' means a 12-month period during which the employee has not less than 1,000 hours of service. For purposes of this paragraph, computation of any 12-month period shall be made with reference to the date on which the employee's employment commenced, except that, under regulations prescribed by the Secretary of Labor, such computation may be made by reference to the first day of a plan year in the case of an employee who does not complete 1,000 hours of service during the 12-month period beginning on the date his employment commenced.

"(B) SEASONAL INDUSTRIES.—In the case of any seasonal industry where the customary period of employment is less than 1,000 hours during a calendar year, the term 'year of service' shall be such period as may be determined under regulations prescribed by the Secretary of Labor.

"(C) HOURS OF SERVICE.—For purposes of this subsection, the term 'hour of service' means a time of service determined under regulations prescribed by the Secretary of Labor.

"(D) MARITIME INDUSTRIES.—For purposes of this subsection, in the case of any maritime industry, 125 days of service shall be treated as 1,000 hours of service. The Secretary of Labor may prescribe regulations to carry out this subparagraph.

"(4) TIME OF PARTICIPATION.—A plan shall be treated as not meeting the requirements of paragraph (1) unless it provides that any employee who has satisfied the minimum age and service requirements specified in such paragraph, and who is otherwise entitled to participate in the plan, commences participation in the plan no later than the earlier of—

"(A) the first day of the first plan year beginning after the date on which such employee satisfied such requirements, or

"(B) the date 6 months after the date on which he satisfied such requirements.

unless such employee was separated from the service before the date referred to in subparagraph (A) or (B), whichever is applicable.

"(5) BREAKS IN SERVICE.—

"(A) GENERAL RULE.—Except as otherwise provided in subparagraphs (B), (C), and (D), all years of service with the employer or employers maintaining the plan shall be taken into account in computing the period of service for purposes of paragraph (1).

"(B) EMPLOYEES UNDER 3-YEAR 100 PERCENT VESTING.—In the case of any employee who has any 1-year break in service (as defined in section 411(a)(6)(A)) under a plan to which the service requirements of clause (i) of paragraph (1)(B) apply, if such employee has not satisfied such requirements, service before such break shall not be required to be taken into account.

"(C) 1-YEAR BREAK IN SERVICE.—In computing an employee's period of service for purposes of subsection (a)(1) in the case of any participant who has any 1-year break in service (as defined in section 411(a)(6)(A)), service before such break shall not be required to be taken into account under the plan until he has completed a year of service (as defined in paragraph (3)) after his return.

"(D) NONVESTED PARTICIPANTS.—In the case of a participant who does not have any nonforfeitable right to an accrued benefit derived from employer contributions, years of service with the employer or employers maintaining the plan before a break in service shall not be required to be taken into account in computing the period of service for purposes of subsection (a)(1) if the number of consecutive 1-year breaks in service equals or exceeds the aggregate number of such years of service before such break. Such aggregate number of years of service before such break shall be deemed not to include any years of service not required to be taken into account under this subparagraph by reason of any prior break in service.

"(b) ELIGIBILITY.—

"(1) IN GENERAL.—A trust shall not constitute a qualified trust under section 401(a) unless the trust, or two or more trusts, or the trust or trusts and annuity plan or plans are designated by the employer as constituting parts of a plan intended to qualify under section 401(a) which benefits either—

"(A) 70 percent or more of all employees, or 80 percent or more of all the employees who are eligible to benefit under the plan if 70 percent or more of all the employees are eligible to benefit under the plan, excluding in each case employees who have not satisfied the minimum age and service requirements, if any, prescribed by the plan as a condition of participation, or

"(B) such employees as qualify under a classification set up by the employer and found by the Secretary or his delegate not to be discriminatory in favor of employees who are officers, shareholders, are highly compensated.

"(2) EXCLUSION OF CERTAIN EMPLOYEES.—For purposes of paragraph (1), there shall be excluded from consideration—

"(A) employees not included in the plan who are included in a unit of employees covered by an agreement which the Secretary of Labor finds to be a collective bargaining agreement between employee representatives and one or more employers, if there is evidence that retirement benefits were the subject of good faith bargaining between such employee representatives and such employer or employers.

"(B) in the case of a trust established or maintained pursuant to an agreement which the Secretary of Labor finds to be a collective bargaining agreement between air pilots represented in accordance with title II of the Railway Labor Act and one or more employers, all employees not covered by such agreement, and

"(C) employees who are nonresident aliens and who receive no earned income (within the meaning of section 911(b)) from the employer which constitutes income from sources within the United States (within the meaning of section 861(a)(3)).

Subparagraph (B) shall not apply in the case of a plan which provides contributions or benefits for employees whose principal duties are not customarily performed aboard aircraft in flight.

"(c) APPLICATION OF PARTICIPATION STANDARDS TO CERTAIN PLANS.—

"(1) The provisions of this section (other than paragraph (2) of this subsection) shall not apply to—

"(A) a governmental plan (within the meaning of section 414(d)),

"(B) a church plan (within the meaning of section 414(e)) with respect to which the election provided by subsection (d) of this section has not been made.

"(C) a plan which has not at any time after the date of the enactment of the Employee Retirement Income Security Act of 1974 provided for employer contributions, and

"(D) a plan established and maintained by a society, order, or association described in section 501(c) (8) or (9) if no part of the contributions to or under such plan are made by employers of participants in such plan.

"(2) A plan described in paragraph (1) shall be treated as meeting the requirements of this setcion, for purposes of section 401(a), if such plan meets the requirements of section 401(a)(3) as in effect on the day before the date of the enactment of this section.

"(d) ELECTION BY CHURCH TO HAVE PARTICIPATION, VESTING, FUNDING, ETC., PROVISIONS APPLY.—

"(1) IN GENERAL.—If the church or convention or association of churches which maintain any church plan makes an election under this subsection (in such form and manner as the Secretary or his delegate may by regulations prescribe), then the provisions of this title relating to participation, resting, funding, etc. (as in effect from time to time) shall apply to such church plan as if such provisions did not contain an exclusion for church plans.

"(2) ELECTION IRREVOCABLE.—An election under this subsection with respect to any church plan shall be binding with respect to such plan, and, once made, shall be irrevocable."

SEC. 1012. MINIMUM VESTING STANDARDS.

(a) IN GENERAL.—Subpart B of part I of subchapter D of chapter 1 is amended by adding after section 410 the following new section:

"SEC. 411. MINIMUM VESTING STANDARDS.

"(a) GENERAL RULE.—A trust shall not constitute a qualified trust under section 401(a) unless the plan of which such trust is a part provides that an employee's right to his normal retirement benefit is nonforfeitable upon the attainment of normal retirement age (as defined in subsection (a)(8)) and in addition satisfies the requirements of paragraphs (1) and (2) of this subsection and the requirements of paragraph (2) of subsection (b), and in the case of a defined benefit plan, also satisfies the requirements of paragraph (1) of subsection (b).

"(1) Employee contributions.—A plan satisfies the requirements of this paragraph if an employee's rights in his accrued benefit derived from his own contributions are nonforfeitable.

"(2) Employer contributions.—A plan satisfies the requirements of this paragraph if it satisfies the requirements of subparagraph (A), (B), or (C).

"(A) 10-year vesting.—A plan satisfies the requirements of this subparagraph if an employee who has at least 10 years of service has a nonforfeitable right to 100 percent of his accrued benefit derived from employer contributions.

"(B) 5-to-15-year vesting.—A plan satisfies the requirements of this subparagraph if an employee who has completed at least 5 years of service has a nonforfeitable right to a percentage of his accrued benefit derived from employer contributions which percentage is not less than the percentage determined under the following table:

"Years of service:	Nonforfeitable percentage
5	25
6	30
7	35
8	40
9	45
10	50
11	60
12	70
13	80
14	90
15 or more	100.

"(C) Rule of 45.—

"(i) A plan satisfies the requirements of this subparagraph if an employer who is not separated from the service, who has completed at least 5 years of service, and with respect to whom the sum of his age and years of service equals exceeds 45, has a nonforfeitable right to a percentage of his accrued benefit derived from employer contributions determined under the following table:

"If years of service equal or exceed—	and sum of age and service equals or exceeds—	then the nonforfeitable percentage is—
5	45	50
6	47	60
7	49	70
8	51	80
9	53	90
10	55	100

"(ii) Notwithstanding clause (i), a plan shall not be treated as satisfying the requirements of this subparagraph unless any employee who has completed at least 10 years of service has a nonforfeitable right to not less than 50 percent of his accrued benefit derived from employer contributions and to not less than an additional 10 percent for each additional year of service thereafter.

"(3) Certain permitted forfeitures, suspensions, etc.—For purposes of this subsection—

"(A) Forfeiture on account of death.—A right to an accrued benefit derived from employer contributions shall not be treated as forfeitable solely because the plan provides that it is not payable if the participant dies (except in the case of a survivor annuity which is payable as provided in section 401 (a)(11)).

"(B) Suspension of benefits upon reemployment of retiree.—A right to an accrued benefit derived from employer contributions shall not be treated as forfeitable solely because the plan provides that the payment of benefits is suspended for such period as the employee is employed, subsequent to the commencement of payment of such benefits—

"(i) in the case of a plan other than a multiemployer plan by the employee who maintains the plan under which such benefits were being paid; and

"(ii) in the case of a multiemployer plan, in the same industry, the same trade or craft, and the same geographic area covered by the plan as when such benefits commenced.

The Secretary of Labor shall prescribe such regulations as may be necessary to carry out the purposes of this subparagraph, including regulations with respect to the meaning of the meaning of the term 'employed'.

"(C) Effect of retroactive plan amendments.—A right to an accrued benefit derived from employer contributions shall not be treated as forfeitable solely because plan amendments may be given retroactive application as provided in section 412(c) (8).

"(D) Withdrawal of mandatory contribution.—

"(i) A right to an accrued benefit derived from employer contributions shall not be treated as forfeitable solely because the plan provides that, in the case of a participant who does not have a nonforfeitable right to at least 50 percent of his accrued benefit derived from employee contributions, such accrued benefit may be forfeited on account of the withdrawal by the participant of any amount attributable to the benefit derived from mandatory contributions (as defined in subsection (c) (2) (C)) made by such participant.

"(ii) Clause (i) shall not apply to a plan unless the plan provides that any accrued benefit forfeited under a plan provision described in such clause shall be restored upon repayment by the participant of the full amount of the withdrawal described in such clause plus, in the case of a defined benefit plan, interest. Such interest shall be computed on such amount at the rate determined for purposes of subsection (c) (2) (C) on the date of such repayment (computed annually from the date of such withdrawal). In the case of a defined contribution plan, the plan provision required under this clause may provide that such repayment must be made before the participant has any one-year break in service commencing after the withdrawal.

"(iii) In the case of accrued benefits derived from employer contributions which accrued before the date of the enactment of the Employee Retirement Income Security Act of 1974, a right to such accrued benefit derived from employer contributions shall not be treated as forfeitable solely because the plan provides that an amount of such accrued benefit may be forfeited on account of the withdrawal by the participant of an amount attributable to the benefit derived from mandatory contributions (as defined in subsection (c) (2) (C) made by such participant before the date of the enactment of the Act if such amount forfeited is proportional to such amount withdrawn. This clause shall not apply to any plan to which any mandatory contribution is made after the date of the enactment of such Act. The Secretary or his delegate shall prescribe such regulations as may be necessary to carry out the purposes of this clause.

"(iv) For purposes of this subparagraph, in the case of any class-year plan, a withdrawal of employee contributions shall be treated as a withdrawal of such contributions on a plan year by plan year basis in succeeding order of time.

"(v) For nonforfeitability where the employee has a nonforfeitable right to at least 50 percent of his accrued benefit, see section 401(a) (19).

"(4) Service included in determination of nonforfeitable percentage.—In computing the period of service under the plan for purposes of determining the nonforfeitable percentage under paragraph (2), all of an employee's years of service with the employer or employers maintaining the plan shall be taken into account, except that the following may be disregarded:

"(A) years of service before age 22, except that in the case of a plan which does not satisfy subparagraph (A) or (B) of paragraph (2), the plan may not disregard any such year of service during which the employee was a participant;

"(B) years of service during a period for which the employee declined to contribute to a plan requiring employee contributions;

"(C) years of service with an employer during any period for which the employer did not maintain the plan or a predecessor plan (as defined under regulations prescribed by the Secretary or his delegate);

"(D) service not required to be taken into account under paragraph (6);

"(E) years of service before January 1, 1971, unless the employee has had at least 3 years of service after December 31, 1970; and

"(F) years of service before the first plan year to which this section applies, if such service would have been disregarded under the rules of the plan with regard to breaks in service as in effect on the applicable date.

"(5) Year of service.—

"(A) General rule.—For purposes of this subsection, except as provided in subparagraph (C), the term 'year of service' means a calendar year, plan year, or other 12-consecutive month period designated by the plan (and not prohibted under regulations prescribed by the Secretary of Labor) during which the participant has completed 1,000 hours of service.

"(B) Hours of service.—For purposes of this subsection, the term 'hour of service' has the meaning provided by section 410(a) (3) (C).

"(C) Seasonal industries.—In the case of any seasonal industry where the customary period of employment is less than 1,000 hours during a calendar year, the term 'year of service' shall be such period as may be determined under regulations prescribed by the Secretary of Labor.

"(D) Maritime industries.—For purposes of this subsection in the case of any maritime industry, 125 days of service shall be treated as 1,000 hours of service. The Secretary of Labor may prescribe regulations to carry out the purposes of this subparagraph.

"(6) Breaks in service.—

"(A) Definition of 1-year break in service.—For purposes of this paragraph, the term '1-year break in service' means a calendar year, plan year, or other 12-consecutive-month period designated by the plan (and not prohibited under regulations prescribed by the Secretary of Labor) during which the participant has not completed more than 500 hours of service.

"(B) 1 year of service after 1-year break in service.—For purposes of paragraph (4) in the case of any employee who has any 1-year break in service, years of service before such break shall not be required to be taken into account until he has completed a year of service after his return.

"(C) 1-year break in service under defined contribution plan.—For purposes of paragraph (4), in the case of any participant in a defined contribution plan, or an insured defined benefit plan which satisfies the requirements of subsection (b) (1) (F), who has any 1-year break in service, years of service after such break shall not be required to be taken into account for purposes of determining the nonforfeitable percentage of his accrued benefit derived from employer contributions which accrued before such break.

"(D) Nonvested participants.—For purposes of paragraph (4), in the case of a participant who, under the plan, does not have any nonforfeitable right to an accrued benefit derived from employer contributions, years of service before any 1-year break in service shall not be required to be taken into account if the number of consecutive 1-year breaks in service equals or exceeds the aggregate number of such years of service prior to such break. Such aggregate number of years of service before such break shall be deemed not to include any years of service not required to be taken into account under this subparagraph by reason of any prior break in service.

"(7) ACCRUED BENEFIT.—

"(A) IN GENERAL.—For purposes of this section, the term 'accrued benefit' means—

"(i) in the case of a defined benefit plan, the employee's accrued benefit determined under the plan and, except as provided in subsection (c)(3), expressed in the form of an annual benefit commencing at normal retirement age, or

"(ii) in the case of a plan which is not a defined benefit plan, the balance of the employee's account.

"(B) EFFECT OF CERTAIN DISTRIBUTIONS.—Notwithstanding paragraph (4), for purposes of determining the employee's accrued benefit under the plan, the plan may disregard service performed by the employee with respect to which he has received—

"(i) a distribution of the present value of his entire nonforfeitable benefit if such distribution was in an amount (not more than $1,750) permitted under regulations prescribed by the Secreatry or his delegate, or

"(ii) a distribution of the present value of his nonforfeitable benefit attributable to such service which he elected to receive.

Clause (i) of this subparagraph shall apply only if such distribution was made on termination of the employee's participation in the plan. Clause (ii) of this subparagraph shall apply only if such distribution was made on termination of the employee's participation in the plan or under such other circumstances as may be provided under regulations prescribed by the Secretary or his delegate.

"(C) REPAYMENT OF SUBPARAGRAPH (B) DISTRIBUTIONS.—For purposes of determining the employee's accrued benefit under a plan, the plan may not disregard service as provided in subparagraph (B) unless the plan provides an opportunity for the participant to repay the full amount of the distribution described in such subparagraph (B) with, in the case of a defined benefit plan, interest at the rate determined for purposes of subsection (c)(2)(C) and provides that upon such repayment the employee's accrued benefit shall be recomputed by taking into account service so disregarded. This subparagraph shall apply only in the case of a participant who—

"(i) received such a distribution in any plan year to which this section applies, which distribution was less than the present value of his accrued benefit,

"(ii) resumes employment covered under the plan, and

"(iii) repays the full amount of such distribution with, in the case of a defined benefit plan, interest at the rate determined for purposes of subsection (c)(2)(C).

In the case of a defined contribution plan, the plan provision required under this subparagraph may provide that such repayment must be made before the participant has any one-year break in service commencing after such withdrawal.

"(8) NORMAL RETIREMENT AGE.—For purposes of this section, the term 'normal retirement age' means the earlier of—

"(A) the time a plan participant attains normal retirement age under the plan, or

"(B) the later of—

"(i) the time a plan participant attains age 65, or

"(ii) the 10th anniversary of the time a plan participant commenced participation in the plan.

"(9) NORMAL RETIREMENT BENEFIT.—For purposes of this section, the term 'normal retirement benefit' means the greater of the early retirement benefit under the plan, or the benefit under the plan commencing at normal retirement age. The normal retirement benefit shall be determined without regard to—

"(A) medical benefits, and

"(B) disability benefits not in excess of the qualified disability benefit.

For purposes of this paragraph, a qualified disability benefit is a disability benefit provided by a plan which does not exceed the benefit which would be provided for the participant if he separated from the service at normal retirement age. For purposes of this paragraph, the early retirement benefit under a plan shall be determined without regard to any benefits commencing before benefits payable under title II of the Social Security Act become payable which—

"(i) do not exceed such social security benefits, and

"(ii) terminate when such social security benefits commence.

"(10) CHANGES IN VESTING SCHEDULE.—

"(A) GENERAL RULE.—A plan amendment changing any vesting schedule under the plan shall be treated as not satisfying the requirements of paragraph (2) if the nonforfeitable percentage of the accrued benefit derived from employer contributions (determined as of the later of the date such amendment is adopted, or the date such amendment becomes effective) of any employee who is a participant in the plan is less than such nonforfeitable percentage computed under the plan without regard to such amendment.

"(B) ELECTION OF FORMER SCHEDULE.—A plan amendment changing any vesting schedule under the plan shall be treated as not satisfying the requirements of paragraph (2) unless each participant having not less than 5 years of service is permitted to elect, within a reasonable period after the adoption of such amendment, to have his nonforfeitable percentage computed under the plan without regard to such amendment.

"(b) ACCRUED BENEFIT REQUIREMENTS.—

"(1) GENERAL RULES.—

"(A) 3-PERCENT METHOD.—A defined benefit plan satisfies the requirements of this paragraph if the accrued benefit to which each participant is entitled upon his separation from the service is not less than—

"(i) 3 percent of the normal retirement benefit to which he would be entitled if he commenced participation at the earliest possible entry age under the plan and served continuously until the earlier of age 65 or the normal retirement age specified under the plan, multiplied by

"(ii) the number of years (not in excess of 33⅓) of his participation in the plan.

In the case of a plan providing retirement benefits based on compensation during any period, the normal retirement benefit to which a participant would be entitled shall be determined as if he continued to earn annually the average rate of compensation which he earned during consecutive years of service, not in excess of 10, for which his compensation was the highest. A plan does not meet the requirements of this subparagraph unless the amount of accrued benefits of any participant who has separated from the service equals the amount of accrued benefits to which he would have been entitled at normal retirement age if he had the same credited service under the plan and the same compensation (determined in accordance with this subparagraph) but had not separated from the service. For purposes of this subparagraph, social security benefits and all other relevant factors used to compute benefits shall be treated as remaining constant as of the current year for all years after such current year.

"(B) 133⅓ PERCENT RULE.—A defined benefit plan satisfies the requirements of this paragraph for a particular plan year if under the plan the accrued benefit payable at the normal retirement age is equal to the normal retirement benefit and the annual rate at which any individual who is or could be a participant can accrue the retirement benefits payable at normal retirement age under the plan for any later plan year is not more than 133⅓ percent of the annual rate at which he can accrue benefits for any plan year beginning on or after such particular plan year and before such later plan year. For purposes of this subparagraph—

"(i) any amendment to the plan which is in effect for the current year shall be treated as in effect for all other plan years;

"(ii) any change in an accrual rate which does not apply to any individual who is or could be a participant in the current year shall be disregarded;

"(iii) the fact that benefits under the plan may be payable to certain employees before normal retirement age shall be disregarded; and

"(iv) social security benefits and all other relevant factors used to compute benefits shall be treated as remaining constant as of the current year for all years after the current year.

"(C) FRACTIONAL RULE.—A defined benefit plan satisfies the requirements of this paragraph if the accrued benefit to which any participant is entitled upon his separation from the service is not less than a fraction of the annual benefit commencing at normal retirement age to which he would be entitled under the plan as in effect on the date of his separation if he continued to earn annually until normal retirement age the same rate of compensation upon which his normal retirement benefit would be computed under the plan, determined as if he had attained normal retirement age on the date on which any such determination is made (but taking into account no more than the 10 years of service immediately preceding his separation from service). Such fraction shall be a fraction, not exceeding 1, the numerator of which is the total number of his years of participation in the plan (as of the date of his separation from the service) and the denominator of which is the total number of years he would have participated in the plan if he separated from the service at the normal retirement age. For purposes of this subparagraph, social security benefits and all other relevant factors used to compute benefits shall be treated as remaining constant as of the current year for all years after such current year.

"(D) ACCRUAL FOR SERVICE BEFORE EFFECTIVE DATE.—Subparagraphs (A), (B), and (C) shall not apply with respect to years of participation before the first plan year to which this section applies, but a defined benefit plan satisfies the requirements of this subparagraph with respect to such years of participation only if the accrued benefit of any participant with respect to such years of participation is not less than the greater of—

"(i) his accrued benefit determined under the plan as in effect from time to time prior to the date of the enactment of the Employee Retirement Income Security Act of 1974, or

"(ii) an accrued benefit which is not less than one-half of the accrued benefit to which such participant would have been entitled if subparagraph (A), (B), or (C) applied with respect to such years of participation.

"(E) FIRST TWO YEARS OF SERVICE.—Notwithstanding subparagraphs (A), (B), and (C) of this paragraph, a plan shall not be treated as not satisfying the requirements of this paragraph solely because the accrual of benefits under the plan does not become effective until the employee has two continuous years of service. For purposes of this subparagraph, the term years of service has the meaning provided by section 410(a)(3)(A).

"(F) CERTAIN INSURED DEFINED BENEFIT PLANS.—Notwithstanding subparagraphs (A), (B), and (C), a defined benefit plan satisfies the requirements of this paragraph if such plan—

"(i) is funded exclusively by the purchase of insurance contracts, and

"(ii) satisfies the requirements of paragraphs (2) and (3) of section 412(i) (relating to certain insurance contract plans),

but only if an employee's accrued benefit as of any applicable date is not less than the cash surrender value his insurance contracts would have on such applicable date if the requirements of paragraphs (4), (5), and (6) of section 412(i) were satisfied.

"(G) Accrued benefit may not decrease on account of increasing age or service.—Notwithstanding the preceding subparagraphs, a defined benefit plan shall be treated as not satisfying the requirements of this paragraph if the participant's accrued benefit is reduced on account of any increase in his age or service. The preceding sentence shall not apply to benefits under the plan commencing before entitlement to benefits payable under title II of the Social Security Act which benefits under the plan—

"(i) do not exceed such social security benefits, and

"(ii) terminate when such social security benefits commence.

"(2) Separate accounting required in certain cases.—A plan satisfies the requirements of this paragraph if—

"(A) in the case of a defined benefit plan, the plan requires separate accounting for the portion of each employee's accrued benefit derived from any voluntary employee contributions permitted under the plan; and

"(B) in the case of any plan which is not a defined benefit plan, the plan requires separate accounting for each employee's accrued benefit.

"(3) Year of participation.—

"(A) Definition.—For purposes of determining an employee's accrued benefit, the term 'year of participation' means a period of service (beginning at the earliest date on which the employee is a participant in the plan and which is included in a period of service required to be taken into account under section 410(a)(5)) as determined under regulations prescribed by the Secretary of Labor which provide for the caculation of such period on any reasonable and consistent basis.

"(B) Less than full time service.—For purposes of this paragraph, except as provided in subparagraph (C), in the case of any employee whose customary employment is less than full time, the calculation of such employee's service on any basis which provides less than a ratable portion of the accrued benefit to which he would be entitled under the plan if his customary employment were full time shall not be treated as made on a reasonable and consistent basis.

(C) Less than 1,000 hours of service during year.—For purposes of this paragraph, in the case of any employee whose service is less than 1,000 hours during any calendar year, plan year or other 12-consecutive month period designated by the plan (and not prohibited under regulations prescribed by the Secretary of Labor) the calculation of his period of service shall not be treated as not made on a reasonable and consistent basis solely because such service is not taken into account.

"(D) Seasonal industries.—In the case of any seasonal industry where the customary period of employment is less than 1,000 hours during a calendar year, the term 'year of participation' shall be such period as determined under regulations prescribed by the Secretary of Labor.

"(E) Maritime industries.—For purposes of this subsection in the case of any maritime industry, 125 days of service shall be treated as a year of participation. The Secretary of Labor may prescribe regulations to carry out the purposes of this subparagraph.

"(c) Allocation of Accrued Benefits Between Employer and Employee Contributions.—

"(1) Accrued benefit derived from employer contributions.—For purposes of this section, an employee's accrued benefit derived from employee contributions as of any applicable date is the excess, if any, of the accrued benefit for such employee as of such applicable date over the accrued benefit derived from contributions made by such employee as of such date.

"(2) Accrued benefit derived from employee contributions.—

"(A) Plans other than defined benefit plans.—In the case of a plan other than a defined benefit plan, the accrued benefit derived from contributions made by an employee as of any applicable date is—

"(i) except as provided in clause (ii), the balance of the employee's separate account consisting only of his contributions and the income, expenses, gains, and losses attributable thereto, or

"(ii) if a separate account is not maintained with respect to an employee's contributions under such a plan, the amount which bears the same ratio to his total accrued benefit as the total amount of the employee's contributions (less withdrawals) bears to the sum of such contributions and the contributions made on his behalf by the employer (less withdrawals).

"(B) Defined benefit plans.—

"(i) In general.—In the case of a defined benefit plan providing an annual benefit in the form of a single life annuity (without ancillary benefits) commencing at normal retirement age, the accrued benefit derived from contributions made by an employee as of any applicable date is the annual benefit equal to the employee's accumulated contributions multiplied by the appropriate conversion factor.

"(ii) Appropriate conversion factor.—For purposes of clause (i), the term 'appropriate conversion factor' means the factor necessary to convert an amount equal to the accumulated contributions to a single life annuity (without ancillary benefits) commencing at normal retirement age and shall be 10 percent for a normal retirement age of 65 years. For other normal retirement ages the conversion factor shall be determined in accordance with regulations prescribed by the Secretary or his delegate.

"(C) Definition of accumulated contributions.—For purposes of this subsection, the term 'accumulated contributions' means the total of—

"(i) all mandatory contributions made by the employee,

"(ii) interest (if any) under the plan to the end of the last plan year to which subsection (a)(2) does not apply (by reason of the applicable effective date), and

"(iii) interest on the sum of the amounts determined under clauses (i) and (ii) compounded annually at the rate of 5 percent per annum from the beginning of the first plan year to which subsection (a)(2) applies (by reason of the applicable effective date) to the date upon which the employee would attain normal retirement age.

For purposes of this subparagraph, the term 'mandatory contributions' means amounts contributed to the plan by the employee which are required as a condition of employment, as a condition of participation in such plan, or as a condition of obtaining benefits under the plan attributable to employer contributions.

"(D) Adjustments.—The Secretary or his delegate is authorized to adjust by regulation the conversion factor described in subparagraph (B), the rate of interest described in clause (iii) of subparagraph (C), or both, from time to time as he may deem necessary. The rate of interest shall bear the relationship to 5 percent which the Secretary or his delegate determines to be comparable to the relationship which the long-term money rates and investment yields for the last period of 10 calendar years ending at least 12 months before the beginning of the plan year bear to the long-term money rates and investment yields for the 10-calendar year period 1964 through 1973. No such adjustment shall be effective for a plan year beginning before the expiration of 1 year after such adjustment is determined and published.

"(E) Limitation.—The accrued benefit derived from employee contributions shall not exceed the greater of—

"(i) the employee's accrued benefit under the plan, or

"(ii) the accrued benefit derived from employee contributions determined as though the amounts calculated under clauses (ii) and (iii) of subparagraph (C) were zero.

"(3) Actuarial adjustment.—For purposes of this section, in the case of any defined benefit plan, if an employee's accrued benefit is to be determined as an amount other than an annual benefit commencing at normal retirement age, or if the accrued benefit derived from contributions made by an employee is to be determined with respect to a benefit other than an annual benefit in the form of a single life annuity (without ancillary benefits) commencing at normal retirement age, the employee's accrued benefit, or the accrued benefits derived from contributions made by an employee, as the case may be, shall be the actuarial equivalent of such benefit or amount determined under paragraph (1) or (2).

"(d) Special Rules.—

"(1) Coordination with section 401 (a)(4).—A plan which satisfies the requirements of this section shall be treated as satisfying any vesting requirements resulting from the application of section 401(a)(4) unless—

"(A) there has been a pattern of abuse under the plan (such as a dismissal of employees before their accrued benefits become nonforfeitable) tending to discriminate in favor of employees who are officers, shareholders, or highly compensated, or

"(B) there have been, or there is reason to believe there will be, an accrual of benefits or forfeitures tending to discriminate in favor of employees who are officers, shareholders, or highly compensated.

"(2) Prohibited discrimination.—Subsection (a) shall not apply to benefits which may not be provided for designated employees in the event of early termination of the plan under provisions of the plan adopted pursuant to regulations prescribed by the Secretary or his delegate to preclude the discrimination prohibited by section 401(a)(4).

"(3) Termination or partial termination; discontinuance of contributions.—Notwithstanding the provisions of subsection (a), a trust shall not constitute a qualified trust under section 401(a) unless the plan of which such trust is a part provides that—

"(A) upon its termination or partial termination, or

"(B) in the case of a plan to which section 412 does not apply, upon complete discontinuance of contributions under the plan.

the rights of all affected employees to benefits accrued to the date of such termination, partial termination, or discontinuance, to the extent funded as of such date, or the amounts credited to the employees' accounts, are nonforfeitable. This paragraph shall not apply to benefits or contributions which, under provisions of the plan adopted pursuant to regulations prescribed by the Secretary or his delegate to preclude the discrimination prohibited by section 401(a)(4), may not be used for designated employees in the event of early termination of the plan.

"(4) Class year plans.—The requirements

of subsection (a) (2) shall be deemed to be satisfied in the case of a class year plan if such plan provides that 100 percent of each employee's right to or derived from the contributions of the employer on his behalf with respect to any plan year are nonforfeitable not later than the end of the 5th plan year following the plan year for which such contributions were made. For purposes of this section, the term 'class year plan' means a profit-sharing, stock bonus, or money purchase plan which provides for the separate nonforfeitability of employees' rights to or derived from the contributions for each plan year.

"(5) Treatment of voluntary employee contributions.—In the case of a defined benefit plan which permits voluntary employee contributions, the portion of an employee's accrued benefit derived from such contributions shall be treated as an accrued benefit derived from employee contributions under a plan other than a defined benefit plan.

"(6) Accrued benefit not to be decreased by amendment.—A plan shall be treated as not satisfying the requirements of this section if the accrued benefit of a participant is decreased by an amendment of the plan other than an amendment described in section 412(c) (8).

"(e) Application of Vesting Standards to Certain Plans.—

"(1) The provisions of this section (other than paragraph (2)) shall not apply to—

"(A) a governmental plan (within the meaning of section 414(d)).

"(B) a church plan (within the meaning of section 414(e)) with respect to which the election provided by section 410 (d) has not been made.

"(C) a plan which has not, at any time after the date of the enactment of the Employee Retirement Income Security Act of 1974, provided for employer contributions, and

"(D) a plan established and maintained by a society, order, or association described in section 591(c) (8) or (9), if no part of the contributions to or under such plan are made by employers of participants in such plan.

"(2) A plan described in paragraph (1) shall be treated as meeting the requirements of this section, for purposes of section 401 (a), if such plan meets the resting requirements resulting from the application of section 401(a) (4) and 401(a) (7) as in effect on the day before the date of the enactment of the Employee Retirement Income Security Act of 1974.

(b) Comparability of Plans.—Section 401 (a) (relating to requirements for qualification) is amended by adding at the end of paragraph (5) the following: "For purposes of determining whether two or more plans of an employer satisfy the requirements of paragraph (4) when considered as a single plan, if the amount of contributions on behalf of the employees allowed as a deduction under section 404 for the taxable year with respect to such plans, taken together, bears a uniform relationship to the total compensation, or the basic or regular rate of compensation, of such employees, the plans shall not be considered discriminatory merely because the rights of employees to, or derived from, the employer contributions under the separate plans do not become nonforfeitable at the same rate. For the purposes of determining whether two or more plans of an employer satisfy the requirements of paragraph (4) when considered as a single plan, if the employees' rights to benefits under the separate plans do not become nonforfeitable at the same rate, but the levels of benefits provided by the separate plans satisfy the requirements of regulations prescribed by the Secretary or his delegate to take account of the differences in such rates, the plans shall not be considered discriminatory merely because of the difference in such rates."

(c) Variations From Certain Vesting and Accrued Benefits Requirements.—In the case of any plan maintained on January 1, 1974, if, not later than 2 years after the date of the enactment of this Act, the plan administrator petitions the Secretary of Labor, the Secretary of Labor may prescribe an alternate method which shall be treated as satisfying the requirements of subsection (a) (2) of section 411 of the Internal Revenue Code of 1954, or of subsection (b) (1) (other than subparagraph (D) thereof) of such section 411, or of both such provisions for a period of not more than 4 years. The Secretary may prescribe such alternate method only when he finds that—

(1) the application of such requirements would increase the costs of the plan to such an extent that there would result a substantial risk to the voluntary continuation of the plan or a substantial curtailment of benefit levels or the levels of employees' compensation.

(2) the application of such requirements or discontinuance of the plan would be adverse to the interests of plan participants in the aggregate, and

(3) a waiver or extension of time granted under section 412(d) or (e) would be inadequate.

In the case of any plan with respect to which an alternate method has been prescribed under the preceding provisions of this subsection for a period of not more than 4 years, if, not later than 1 year before the expiration of such period, the plan administrator petitions the Secretary of Labor for an extension of such alternate method, and the Secretary makes the findings required by the preceding sentence, such alternate method may be extended for not more than 3 years.

"Sec. 1013. Minimum Funding Standards.

(a) In General.—Subpart B of part I of subchapter D of chapter 1 is amended by adding after section 411 the following new section:

"Sec. 412. Minimum Funding Standards.

"(a) General Rule.—Except as provided in subsection (h), this section applies to a plan if, for any plan year beginning on or after the effective date of this section for such plan—

"(1) such plan included a trust which qualified (or was determined by the Secretary or his delegate to have qualified) under section 401(a), or

"(2) such plan satisfied (or was determined by the Secretary or his delegate to have satisfied) the requirements of section 403(a) or 405(a).

A plan to which this section applies shall have satisfied the minimum funding standard for such plan for a plan year if at the end of such plan year, the plan does not have an accumulated funding deficiency. For purposes of this section and section 4971, the term 'accumulated funding deficiency' means for any plan the excess of the total charges to the funding standard account for all plan years (beginning with the first plan year to which this section applies) over the total credits to such account for such years or, if less, the excess of the total charges to the alternative minimum funding standard account for such plan years over the total credits to such account for such years.

"(b) Funding Standard Account.—

"(1) Account required.—Each plan to which this section applies shall establish and maintain a funding standard account. Such account shall be credited and charged solely as provided in this section.

"(2) Charges to account.—For a plan year, the funding standard account shall be charged with the sum of—

"(A) the normal cost of the plan for the plan year,

"(B) the amounts necessary to amortize in equal annual installments (until fully amortized)—

"(i) in the case of a plan in existence on January 1, 1974, the unfunded past service liability under the plan on the first day of the first plan year to which this section applies, over a period of 40 plan years.

"(ii) in the case of a plan which comes into existence after January 1, 1974, the unfunded past service liability under the plan on the first day of the first plan year to which this section applies, over a period of 30 plan years (40 plan years in the case of a multiemployer plan),

"(iii) separately, with respect to each plan year, the net increase (if any) in unfunded past service liability under the plan arising from plan amendments adopted in such year, over a period of 30 plan years (40 plan years in the case of a multiemployer plan),

"(iv) separately, with respect to each plan year, the net experience loss (if any) under the plan, over a period of 15 plan years (20 plan years in the case of a multiemployer plan), and

"(v) separately, with respect to each plan year, the net loss (if any) resulting from changes in actuarial assumptions used under the plan, over a period of 30 plan years,

"(C) the amount necessary to amortize each waived funding deficiency (within the meaning of subsection (d) (3)) for each prior plan year in equal annual installments (until fully amortized) over a period of 15 plan years, and

"(D) the amount necessary to amortize in equal annual installments (until fully amortized) over a period of 5 plan years any amount credited to the funding standard account under paragraph (3) (D).

"(3) Credits to account.—For a plan year, the funding standard account shall be credited with the sum of—

"(A) the amount considered contributed by the employer to or under the plan for the plan year,

"(B) the amount necessary to amortize in equal annual installments (until fully amortized)—

"(i) separately, with respect to each plan year, the net decrease (if any) in unfunded past service liability under the plan arising from plan amendments adopted in such year, over a period of 30 plan years (40 plan years in the case of a multiemployer plan),

"(ii) separately, with respect to each plan year, the net experience gain (if any) under the plan, over a period of 15 plan years (20 plan years in the case of a multiemployer plan), and

"(iii) separately, with respect to each plan year, the net gain (if any) resulting from changes in actuarial assumptions used under the plan, over a period of 30 plan years.

"(C) the amount of the waived funding deficiency (within the meaning of subsection (d) (3)) for the plan year, and

"(D) in the case of a plan year for which the accumulated funding deficiency is determined under the funding standard account if such plan year follows a plan year for which such deficiency was determined under the alternative minimum funding standard, the excess (if any) of any debit balance in the funding standard account (determined without regard to this subparagraph) over any debit balance in the alternative minimum funding standard account.

"(4) Combining and offsetting amounts to be amortized.—Under regulations prescribed by the Secretary or his delegate, amounts required to be amortized under paragraph (2) or paragraph (3), as the case may be—

"(A) may be combined into one amount under such paragraph to be amortized over a period determined on the basis of the remaining amortization period for all items entering into such combined amount, and

"(B) may be offset against amounts required to be amortized under the other such paragraph, with the resulting amount to be amortized over a period determined on the basis of the remaining amortization periods for all items entering into whichever of the two amounts being offset is the greater.

"(5) Interest.—The funding standard account (and items therein) shall be charged or credited (as determined under regulations prescribed by the Secretary or his delegate) with interest at the appropriate rate consistent with the rate or rates of interest used under the plan to determine costs.

"(c) Special Rules.—

"(1) Determinations to be made under funding method.—For purposes of this section, normal costs, accrued liability, past service liabilities, and experience gains and losses shall be determined under the funding method used to determine costs under the plan.

"(2) Valuation of assets.—

"(A) In general.—For purposes of this section, the value of the plan's assets shall be determined on the basis of any reasonable actuarial method of valuation which takes into account fair market value and which is permitted under regulations prescribed by the Secretary or his delegate.

"(B) Election with respect to bonds.—The value of a bond or other evidence of indebtedness which is not in default as to principal or interest may, at the election of the plan administrator, be determined on an amortized basis running from initial cost at purchase to par value at maturity or earliest call date. Any election under this subparagraph shall be made at such time and in such manner as the Secretary or his delegate shall by regulations provide, shall aply to all such evidences of indebtedness, and may be revoked only with the consent of the Secretary or his delegate.

"(3) Actuarial assumptions must be reasonable.—For purposes of this section, all costs, liabilities, rates of interest, and other factors under the plan shall be determined on the basis of actuarial assumptions and methods which, in the aggregate, are reasonable (taking into account the experience of the plan and reasonable expectations) and which, in combination, offer the actuary's best estimate of anticipated experience under the plan.

"(4) Treatment of certain changes as experience gain or loss.—For purposes of this section, if—

"(A) a change in benefits under the Social Security Act or in other retirement benefits created under Federal or State law, or

"(B) a change in the definition of the term 'wages' under section 3121, or a change in the amount of such wages taken into account under regulations prescribed for purposes of section 401(a)(5).

results in an increase or decrease in accrued liability under a plan, such increase or decrease shall be treated as an experience loss or gain.

"(5) Change in funding method or in plan year requires approval.—If the funding method for a plan is changed, the new funding method shall become the funding method used to determine costs and liabilities under the plan only if the change is approved by the Secretary or his delegate. If the plan year for a plan is changed, the new plan year shall become the plan year for the plan only if the change is approved by the Secretary or his delegate.

"(6) Full funding.—If, as of the close of a plan year, a plan would (without regard to this paragraph) have an accumulated funding deficiency (determined without regard to the alternative minimum funding standard account permitted under subsection (g)) in excess of the full funding limitation—

"(A) the funding standard account shall be credited with the amount of such excess, and

"(B) all amounts described in paragraphs (2)(B), (C), and (D) and (3)(B) of subsection (b) which are required to be amortized shall be considered fully amortized for purposes of such paragraphs.

"(7) Full funding limitation.—For purposes of paragraph (6), the term 'full funding limitation' means the excess (if any) of—

"(A) the accrued liability (including normal cost) under the plan (determined under the entry age normal funding method if such accrued liability cannot be directly calculated under the funding method used for the plan), over

"(B) the lesser of the fair market value of the plan's assets or the value of such assets determined under paragraph (2).

"(8) Certain retroactive plan amendments.—For purposes of this section, any amendment applying to a plan year which—

"(A) is adopted after the close of such plan year but no later than 2 and one-half months after the close of the plan year (or, in the case of a multiemployer plan, no later than 2 years after the close of such plan year),

"(B) does not reduce the accrued benefit of any participant determined as of the beginning of the first plan year to which the amendment applies, and

"(C) does not reduce the accrued benefit of any participant determined as of the time of adoption except to the extent required by the circumstances.

shall, at the election of the plan administrator, be deemed to have been made on the first day of such plan year. No amendment described in this paragraph which reduces the the accrued benefits of any participant shall take effect unless the plan administrator files a notice with the Secretary of Labor notifying him of such amendment and the Secretary of Labor has approved such amendment, or within 90 days after the date on which such notice was filed, failed to disapprove such amendment. No amendment described in this subsection shall be approved by the Secretary of Labor unless he determines that such amendment is necessary because of a substantial business hardship (as determined under subsection (d)(2)) and that a waiver under subsection (d)(1) is unavailable or inadequate.

"(9) 3-year valuation.—For purposes of this section, a determination of experience gains and losses and a valuation of the plan's liability shall be made not less frequently than once every 3 years, except that such determination shall be made more frequently to the extent required in particular cases under regulations prescribed by the Secretary or his delegate.

"(10) Time when certain contributions deemed made.—For purposes of this section, any contributions for a plan year made by an employer after the last day of such plan year, but not later than two and one-half months after such day, shall be deemed to have been made on such last day. For purposes of this paragraph, such two and one-half month period may be extended for not more than six months under regulations prescribed by the Secretary or his delegate.

"(d) Variance From Minimum Funding Standard.—

"(1) Waiver in case of substantial business hardship.—If an employer, or in the case of a multiemployer plan, 10 percent or more of the number of employees contributing to or under the plan, are unable to satisfy the minimum funding standard for a plan year without substantial business hardship and if application of the standard would be adverse to the interests of plan participants in the aggregate, the Secretary or his delegate may waive the requirements of subsection (a) for such year with respect to all or any portion of the minimum funding standard other than the portion thereof determined under subsection (b)(2)(C). The Secretary or his delegate shall not waive the minimum funding standard with respect to a plan for more than 5 of any 15 consecutive plan years.

"(2) Determination of substantial business hardship.—For purposes of this section, the factors taken into account in determining substantial business hardship shall include (but shall not be limited to) whether or not—

"(A) the employer is operating at an economic loss,

"(B) there is substantial unemployment or underemployment in the trade or business and in the industry concerned,

"(C) the sales and profits of the industry concerned are depressed or declining, and

"(D) it is reasonable to expect that the plan will be continued only if the waiver is granted.

"(3) Waived funding deficiency.—For purposes of this section, the term 'waived funding deficiency' means the portion of the minimum funding standard (determined without regard to subsection (b)(3)(C)) for a plan year waived by the Secretary or his delegate and not satisfied by employer contributions.

"(e) Extension of Amortization Periods.—The period of years required to amortize any unfunded liability (described in any clause of subsection (b)(2)(B)) of any plan may be extended by the Secretary of Labor for a period of time (not in excess of 10 years) if he determines that such extension would carry out the purposes of the Employee Retirement Income Security Act of 1974 and would provide adequate protection for participants under the plan and their beneficiaries and if he determines that the failure to permit such extension would—

"(1) result in—

"(A) a substantial risk to the voluntary continuation of the plan, or

"(B) a substantial curtailment of pension benefits levels or employee compensation, and

"(2) be adverse to the interests of plan participants in the aggregate.

"(f) Benefits May Not Be Increased During Waiver or Extension Period.—

"(1) In general.—No amendment of the plan which increases the liabilities of the plan by reason of any increase in benefits, any change in the accrual of benefits or any change in the rate at which benefits become nonforfeitable under the plan shall be adopted if a waiver under subsection (d)(1) or an extension of time under subsection (e) is in effect with respect to the plan, or if a plan amendment described in subsection (c)(8) has been made at any time in the preceding 12 months (24 months for multiemployer plans). If a plan is amended in violation of the preceding sentence, any such waiver or extension of time shall not apply to any plan year ending on or after the date on which such amendment is adopted.

"(2) Exception.—Paragraph (1) shall not apply to any plan amendment which—

"(A) the Secretary of Labor determines to be reasonable and which provides for only de minimis increases in the liabilities of the plan,

"(B) only repeals an amendment described in subsection (c)(8), or

"(C) is required as a condition of qualification under this part.

"(g) Alternative Minimum Funding Standard.—

"(1) In general.—A plan which uses a funding method that requires contributions in all years not less than those required under the entry age normal funding method may maintain an alternative minimum funding standard account for any plan year. Such account shall be credited and charged solely as provided in this subsection.

"(2) Charges and credits to account.—For a plan year the alternative minimum funding standard account shall be—

"(A) charged with the sum of—

"(i) the lesser of normal cost under the funding method used under the plan or normal cost determined under the unit credit method.

"(ii) the excess, if any, of the present value of accrued benefits under the plan over the fair market value of the assets, and

"(iii) an amount equal to the excess (if any) of credits to the alternative minimum standard account for all prior plan years over charges to such account for all such years, and

"(B) credited with the amount considered contributed by the employer to or under the plan for the plan year.

"(3) Special rules.—The alternative minimum funding standard account (and items therein) shall be charged or credited with interest in the manner provided under subsection (b)(5) with respect to the funding standard account.

"(h) Exceptions.—This section shall not apply to—

"(1) any profit-sharing or stock bonus plan,

"(2) any insurance contract plan described in subsection (i),

"(3) any governmental plan (within the meaning of section 414(d)),

"(4) any church plan (within the meaning of section 414(e)) with respect to which the election provided by section 410(d) has not been made,

"(5) any plan which has not, at any time after the date of the enactment of the Employee Retirement Income Security Act of 1974, provided for employer contributions, or

"(6) any plan established and maintained by a society, order, or association described in section 501(c)(8) or (9), if no part of the contributions to or under such plan are made by employers of participants in such plan.

No plan described in paragraph (3), (4), or (6) shall be treated as a qualified plan for purposes of section 401(a) unless such plan meets the requirements of section 401(a)(7) as in effect on the day before the date of the enactment of the Employee Retirement Income Security Act of 1974.

"(i) Certain Insurance Contract Plans.—A plan is described in this subsection if—

"(1) the plan is funded exclusively by the purchase of individual insurance contracts.

"(2) such contracts provide for level annual premium payments to be paid extending not later than the retirement age for each individual participating in the plan, and commencing with the date the individual became a participant in the plan (or, in the case of an increase in benefits, commencing at the time such increase becomes effective),

"(3) benefits provided by the plan are equal to the benefits provided under each contract at normal retirement age under the plan and are guaranteed by an insurance carrier (licensed under the laws of a State to do business with the plan) to the extent premiums have been paid,

"(4) premiums payable for the plan year, and all prior plan years, under such contracts have been paid before lapse or there is reinstatement of the policy,

"(5) no rights under such contracts have been subject to a security interest at any time during the plan year, and

"(6) no policy loans are outstanding at any time during the plan year.

A plan funded exclusively by the purchase of group insurance contracts which is determined under regulations prescribed by the Secretary or his delegate to have the same characteristics as contracts described in the preceding sentence shall be treated as a plan described in this subsection.

(b) Excise Tax on Failure To Meet Minimum Funding Standards.—Subtitle D (relating to miscellaneous excise taxes) is amended by adding at the end thereof the following new chapter:

"Chapter 43—Qualified Pension, Etc., Plans

"Sec. 4971. Taxes on failures to meet minimum funding standards.

"SEC. 4971. TAXES ON FAILURE TO MEET MINIMUM FUNDING STANDARDS

"(a) Initial Tax.—For each taxable year of an employer who maintains a plan to which section 412 applies, there is hereby imposed a tax of 5 percent on the amount of the accumulated funding deficiency under the plan, determined as of the end of the plan year ending with or within such taxable year. The tax imposed by this subsection shall be paid by the employer responsible for contributing to or under the plan the amount described in section 412(b)(3)(A).

"(b) Additional Tax.—In and case in which an initial tax is imposed by subsection (a) on an accumulated funding deficiency and such accumulated funding deficiency is not corrected within the correction period, there is hereby imposed a tax equal to 100 percent of such accumulated funding deficiency to the extent not corrected. The tax imposed by this subsection shall be paid by the employer described in subsection (a).

"(c) Definitions.—For purposes of this section—

"(1) Accumulated funding deficiency.—The term 'accumulated funding deficiency' has the meaning given to such term by the last sentence of section 412(a).

"(2) Correct.—The term 'correct' means, with respect to an accumulated funding deficiency, the contribution, to or under the plan; of the amount necessary to reduce such accumulated funding deficiency as of the end of a plan year in which such deficiency arose to zero.

"(3) Correction period.—The term 'correction period' means, with respect to an accumulated funding deficiency, the period beginning with the end of a plan year in which there is an accumulated funding deficiency and ending 90 days after the date of mailing of a notice of deficiency under section 6212 with respect to the tax imposed by subsection (b), extended—

"(A) by any period in which a deficiency cannot be assessed under section 6213(a), and

"(B) by any other period which the Secretary or his delegate determines is reasonable and necessary to permit a reduction of the accumulated funding deficiency to zero under this section.

"(d) Notification of the Secretary of Labor.—Before issuing a notice of deficiency with respect to the tax imposed by subsection (a) or (b), the Secretary or his delegate shall notify the Secretary of Labor and provide him a reasonable opportunity (but not more than 60 days)—

"(1) to require the employer responsible for contributing to or under the plan to eliminate the accumulated funding deficiency, or

"(2) to comment on the imposition of such tax.

"(e) Cross References.—

"For disallowance of deduction for taxes paid under this section, see section 275.

"For liability for tax in case of an employer party to collective bargaining agreement, see section 413(b)(6).

"For provisions concerning notification of Secretary of Labor of imposition of tax under this section, waiver of the tax imposed by subsection (b), and other coordination between Secretary of the Treasury and Secretary of Labor with respect to compliance with this section, see section 3002(b) of title III of the Employee Retirement Income Security Act of 1974.".

(c) Amendments to Section 404.—

(1) Paragraph (1) of section 404(a) (relating to deduction for employer contributions to pension trusts) is amended to read as follows:

"(1) Pension trusts.

"(A) In general.—In the taxable year when paid, if the contributions are paid into a pension trust, and if such taxable year ends within or with a taxable year of the trust for which the trust is exempt under section 501(a), in an amount determined as follows:

"(i) the amount necessary to satisfy the minimum funding standard provided by section 412(a) for plan years ending within or with such taxable year (or for any prior plan year), if such amount is greater than the amount determined under clause (ii) or (iii) (whichever is applicable with respect to the plan).

"(ii) the amount necessary to provide with respect to all of the employees under the trust the remaining unfunded cost of their past and current service credits distributed as a level amount, or a level percentage of compensation, over the remaining future service of each such employee, as determined under regulations prescribed by the Secretary or his delegate, but if such remaining unfunded cost with respect to any 3 individuals is more than 50 percent of such remaining unfunded cost, the amount of such unfunded cost attributable to such individuals shall be distributed over a period of at least 5 taxable years.

"(iii) an amount equal to the normal cost of the plan, as determined under regulations prescribed by the Secretary or his delegate, plus, if past service or other supplementary pension or annuity credits are provided by the plan, an amount necessary to amortize such credits in equal annual payments (until fully amortized) over 10 years, as determined under regulations prescribed by the Secretary or his delegate.

In determining the amount deductible in such year under the foregoing limitations the funding method and the actuarial assumptions used shall be those used for such year under section 412, and the maximum amount deductible for such year shall be an amount equal to the full funding limitation for such year determined under section 412.

"(B) Special rule in case of certain amendments.—In the case of a plan which the Secretary of Labor finds to be collectively bargained which makes an election under this subparagraph (in such manner and at such time as may be provided under regulations prescribed by the Secretary or his delegate), if the full funding limitation determined under section 412(c)(7) for such year is zero, if as a result of any plan amendment applying to such plan year, the amount determined under section 412(c)(7)(B) exceeds the amount determined under section 412(c)(7)(A), and if the funding method and the actual assumptions used are those used for such year under section 412, the maximum amount deductible in such year under the limitations of this paragraph shall be an amount equal to the lesser of—

"(i) the full funding limitation for such year determined by applying section 412(c)(7) but increasing the amount referred to in subparagraph (A) thereof by the decrease in the present value of all unamortized liabilities resulting from such amendment, or

"(ii) the normal cost under the plan reduced by the amount necessary to amortize in equal annual installments over 10 years (until fully amortized) the decrease described in clause (i).

In the case of any election under this subparagraph, the amount deductible under the limitations of this paragraph with respect to any of the plan years following the plan year for which such election was made shall be determined as provided under such regulations as may be prescribed by the Secretary or his delegate to carry out the purposes of this subparagraph.

"(C) Alternate transfer of terms.—In the case of a plan which the Secretary of Labor finds to be collectively bargained, established or maintained by an employer doing business in not less than 40 States and engaged in the trade or business of furnishing or selling services described in section 167(l) (3) (A) (iii), with respect to which the rates have been established or approved by a State or political subdivision thereof, by any agency or instrumentality of the United States, or by a public service or public utility commission or other similar body of any State or political subdivision thereof, and in the case of any employer which is a member of a controlled group with such employer, subparagraph (B) shall be applied by substituting for the words 'plan amendment' the words 'plan amendment or increase in benefits payable under title II of the Social Security Act'. For purposes of this subparagraph, the term 'controlled group' has the meaning provided by section 1563(a), determined without regard to section 1563(a) (4) and (e) (3) (C).

"(D) Carryover.—Any amount paid in a taxable year in excess of the amount deductible in such year under the foregoing limitations shall be deductible in the succeeding taxable years in order of time to the extent of the difference between the amount paid and deductible in each succeeding year and the maximum amount deductible for such year under the foregoing limitations."

(2) Paragraph (6) of section 404(a) (relating to taxpayers on accrual basis) is amended to read as follows:

"(6) Time when contributions deemed made.—For purposes of paragraphs (1), (2), and (3), a taxpayer shall be deemed to have made a payment on the last day of the preceding taxable year if the payment is on account of such taxable year and is made not later than the time prescribed by law for filing the return for such taxable year (including extensions thereof)."

(3) Paragraph (7) of section 404(a) (relating to limit on deductions) is amended to read as follows:

"(7) Limit on deductions.—If amounts are deductible under paragraphs (1) and (3), or (2) and (3), or (1), (2), and (3), in connection with two or more trusts, or one or more trusts and an annuity plan, the total amount deductible in a taxable year under such trusts and plans shall not exceed the greater of 25 percent of the compensation otherwise paid or accrued during the taxable year to the beneficiaries of the trusts or plans, or the amount of contributions made to or under the trusts or plans to the extent such contributions do not exceed the amount of employer contributions necessary to satisfy the minimum funding standard provided by section 412 for the plan year which ends with or within such taxable year (or for any prior plan year). In addition, any amount paid into such trust or under such annuity plans in any taxable year in excess of the amount allowable with respect to such year under the preceding provisions of this paragraph shall be deductible in the succeeding taxable years in order of time, but the amount so deductible under this sentence in any one such succeeding taxable year together with the amount allowable under the first sentence of this paragraph shall not exceed 25 percent of the compensation otherwise paid or accrued during such taxable years to the beneficiaries under the trusts or plans. This paragraph shall not have the effect of reducing the amount otherwise deductible under paragraphs (1), (2), and (3), if no employee is a beneficiary under more than one trust or a trust and an annuity plan."

(d) Alternative Amortization Method for Certain Multiemployer Plans.—

(1) General rule.—In the case of any multiemployer plan (as defined in section 414(f) of the Internal Revenue Code of 1954) to which section 412 of such Code applies, if—

(A) on January 1, 1974, the contributions under the plan were based on a percentage of pay,

(B) the actuarial assumptions with respect to pay are reasonably related to past and projected experience, and

(C) the rates of interest under the plan are determined on the basis of reasonable actuarial assumptions.

the plan may elect (in such manner and at such time as may be provided under regulations prescribed by the Secretary of the Treasury or his delegate) to fund the unfunded past service liability under the plan existing as of the date 12 months following the first date on which such section 412 first applies to the plan by charging the funding standard account with an equal annual percentage of the aggregate pay of all participants in the plan in lieu of the level dollar charges to such account required under clauses (i), (ii), and (iii) of section 412(b) (2) (B) of such Code and section 302(b) (2) (B) (i), (ii), and (iii) of this Act.

(2) Limitation.—In the case of a plan which makes an election under paragraph (1), the aggregate of the charges required under such paragraph for a plan year shall not be less than the interest on the unfunded past service liabilities described in clauses (i), (ii), and (iii) of section 412 (b) (2) (B) of the Internal Revenue Code of 1954.

Sec. 1014. Collectively Bargained Plans, Etc.

Subpart B of part I of subchapter D of chapter 1 (relating to special rules) is amended by inserting after section 412 the following new section;

"Sec. 413. Collectively Bargained Plans, Etc.

"(a) Application of Subsection (b).—Subsection (b) applies to—

"(1) a plan maintained pursuant to an agreement which the Secretary of Labor finds to be a collective-bargaining agreement between employee representatives and one or more employers, and

"(2) each trust which is a part of such plan.

"(b) General Rule.—If this subsection applies to a plan, notwithstanding any other provision of this title—

"(1) Participation.—Section 410 shall be applied as if all employees of each of the employers who are parties to the collective-bargaining agreement and who are subject to the same benefit computation formula under the plan were employed by a single employer.

"(2) Discrimination, etc.—Sections 401 (a) (4) and 411(d) (3) shall be applied as if all participants who are subject to the same benefit computation formula and who are employed by employers who are parties to the collective bargaining agreement were employed by a single employer.

"(3) Exclusive benefit.—For purposes of section 401(a), in determining whether the plan of an employer is for the exclusive benefit of his employees and their beneficiaries, all plan participants shall be considered to be his employees.

"(4) Vesting.—Section 411 (other than subsection (d) (3) shall be applied as if all employers who have been parties to the collective-bargaining agreement constituted a single employer, except that the application of any rules with respect to breaks in service shall be made under regulations prescribed by the Secretary of Labor.

"(5) Funding.—The minimum funding standard provided by section 412 shall be determined as if all participants in the plañ were employed by a single employer.

"(6) Liabiity for funding tax.—For a plan year the liability under section 4971 of each employer who is a party to the collective bargaining agreement shall be determined in a reasonable manner not inconsistent with regulations prescribed by the Secretary or his delegate—

"(A) first on the basis of their respective delinquencies in meeting required employer contributions under the plan, and

"(B) then on the basis of their respective liabilities for contributions under the plan.

"(7) Deduction limitations.—Each applicable limitation provided by section 404 (a) shall be determined as if all participants in the plan were employed by a single employer. The amounts contributed to or under the plan by each employer who is a party to the agreement, for the portion of his taxable year which is included within such a plan year, shall be considered not to exceed such a limitation if the anticipated employer contributions for such plan year (determined in a manner consistent with the manner in which actual employer contributions for such plan year are determined) do not exceed such limitation. If such anticipated contributions exceed such a limitation, the portion of each such employer's contributions which is not deductible under section 404 shall be determined in accordance with regulations prescribed by the Secretary or his delegate.

"(8) Employees of labor unions.—For purposes of this subsection, employees of employee representatives shall be treated as employees of an employer described in subsection (a) (1) if such representatives meet the requirements of sections 401(a) (4) and 410 with respect to such employees.

"Plans Maintained by More Than One Employer.—In the case of a plan maintained by more than one employer—

"(1) Participation.—Section 410(a) shall be applied as if all employees of each of the employers who maintain the plan were employed by a single employer.

"(2) Exclusive benefit.—For purposes of section 401(a), in determining whether the plan an employer is for the exclusive benefit of his employees and their beneficiaries all plan participants shall be considered to be his employees.

"(3) Vesting.—Section 411 shall be applied as if all employers who maintain the plan constituted a single employer, except that the application of any rules with respect to breaks in service shall be made under regulations prescribed by the Secretary of Labor.

"(4) Funding.—The minimum funding standard provided by section 412 shall be determined as if all participants in the plan were employed by a single employer.

"(5) Liability for funding tax.—For a plan year the liability under section 4971 of each employer who maintains the plan shall be determined in a reasonable manner not inconsistent with regulations prescribed by the Secretary or his delegate—

"(A) first on the basis of their respective delinquencies in meeting required employer contributions under the plan, and

"(B) then on the basis of their respective liabilities for contributions under the plan.

"(6) Deduction Limitations.—Each applicable limitation provided by section 404 (a) shall be determined as if all participants in the plan were employed by a single employer. The amounts contributed to or under the plan by each employer who maintains the plan, for the portion of this taxable year which is included within such a plan year, shall be considered not to exceed such a limitation of the anticipated employer contribution for such plan year (determined in a reasonable manner not inconsistent with regulations prescribed by the Secretary or his delegate) do not exceed such limitation. If such anticipated contributions exceed such a limitation, the portion of each such employer's contributions which is not deductible under section 404 shall be determined in accordance with regulations prescribed by the Secretary or his delegate.

allocations of amounts under paragraphs (4), (5), and (6), among the employers maintaining the plan, shall not be inconsistent with regulations prescribed for this purpose by the Secretary or his delegate."

SEC. 1015. DEFINITIONS AND SPECIAL RULES.

Subpart B of part I of subchapter D of chapter 1 is amended by inserting after section 413 the following new section:

"SEC. 414. DEFINITIONS AND SPECIAL RULES.

"(a) SERVICE FOR PREDECESSOR EMPLOYER.—For purposes of this part—

"(1) in any case in which the employer maintains a plan of a predecessor employer, service for such predecessor shall be treated as service for the employer, and

"(2) in any case in which the employer maintains a plan which is not the plan maintained by a predecessor employer, service for such predecessor shall, to the extent provided in regulations prescribed by the Secretary or his delegate, be treated as service for the employer.

"(b) EMPLOYEES OF CONTROLLED GROUP OF CORPORATIONS.—For purposes of sections 401, 410, 411, and 415, all employees of all corporations which are members of a controlled group of corporations (within the meaning of section 1563(a), determined without regard to section 1563(a)(4) and (e)(3)(C)) shall be treated as employed by a single employer. With respect to a plan adopted by more than one such corporation, the minimum funding standard of section 412, the tax imposed by section 4971, and the applicable limitations provided by section 404 (a) shall be determined as if all such employers were a single employer, and allocated to each employer in accordance with regulations prescribed by the Secretary or his delegate.

"(c) EMPLOYEES OF PARTNERSHIPS, PROPRIETORSHIPS, ETC., WHICH ARE UNDER COMMON CONTROL.—For purposes of sections 401, 410, 411, and 415, under regulations prescribed by the Secretary or his delegate, all employees of trades or businesses (whether or not incorporated) which are under common control shall be treated as employed by a single employer. The regulations prescribed under this subsection shall be based on principles similar to the principles which apply in the case of subsection (b).

"(d) GOVERNMENTAL PLAN.—For purposes of this part, the term 'governmental plan' means a plan established and maintained for its employees by the Government of the United States, by the government of any State or political subdivision thereof, or by any agency or instrumentality of any of the foregoing. The term 'governmental plan' also includes any plan to which the Railroad Retirement Act of 1935 or 1937 applies and which is financed by contributions required under that Act and any plan of an international organization which is exempt from taxation by reason of the International Organizations Immunities Act (59 Stat. 669).

"(e) CHURCH PLAN.—

"(1) IN GENERAL.—For purposes of this part the term 'church plan' means—

"(A) a plan established and maintained for its employees by a church or by a convention or association of churches which is exempt from tax under section 501, or

"(B) a plan described in paragraph (3).

"(2) CERTAIN UNRELATED BUSINESS OR MULTIEMPLOYER PLANS.—The term 'church plan' does not include a plan—

"(A) which is established and maintained primarily for the benefit of employees (or their beneficiaries) of such church or convention or association of churches who are employed in connection with one or more unrelated trades or businesses (within the meaning of section 513), or

"(B) which is a plan maintained by more than one employer, if one or more of the employers in the plan is not a church (or a convention or association of churches) which is exempt from tax under section 501.

"(3) SPECIAL TEMPORARY RULE FOR CERTAIN CHURCH AGENCIES UNDER CHURCH PLAN.—

"(A) Notwithstanding the provisions of paragraph (2)(B), a plan in existence on January 1, 1975, shall be treated as a church plan if it is established and maintained by a church or convention or association of churches and one or more agencies of such church (or convention or association) for the employees of such church (or convention or association) and the employees of one or more agencies of such church (or convention or association), and if such church (or convention or association) and each such agency is exempt from tax under section 501.

"(B) Subparagraph (A) shall not apply to any plan maintained for employees of an agency with respect to which the plan was not maintained on January 1, 1974.

"(C) Subparagraph (A) shall not apply with respect to any plan for any plan year beginning after December 31, 1982.

"(f) MULTIEMPLOYER PLAN.—

"(1) IN GENERAL.—For purposes of this part, the term 'multiemployer plan' means a plan—

"(A) to which more than one employer is required to contribute,

"(B) which is maintained pursuant to a collective-bargaining agreement between employee representatives and more than one employer,

"(C) under which the amount of contributions made under the plan for a plan year by each employer making such contributions is less than 50 percent of the aggregate amount of contributions made under the plan for that plan year by all employers making such contributions,

"(D) under which benefits are payable with respect to each participant without regard to the cessation of contributions by the employer who employed that participant except to the extent that such benefits accrued as a result of service with the employer before such employer was required to contribute to such plan, and

"(E) which satisfies such other requirements as the Secretary of Labor may by regulations prescribe.

"(2) SPECIAL RULES.—For purposes of this subsection—

"(A) If a plan is a multiemployer plan within the meaning of paragraph (1) for any plan year, subparagraph (C) of paragraph (1) shall be applied by substituting '75 percent' for '50 percent' for each subsequent plan year until the first plan year following a plan year in which the plan had one employer who made contributions of 75 percent or more of the aggregate amount of contributions made under the plan for that plan year by all employers making such contributions.

"(B) All corporations which are members of a controlled group of corporations (within the meaning of section 1563(a), determined without regard to section 1563(e)(3)(C)) shall be deemed to be one employer.

"(g) PLAN ADMINISTRATOR.—For purposes of this part, the term 'plan administrator' means—

"(1) the person specifically so designated by the terms of the instrument under which the plan is operated;

"(2) in the absence of a designation referred to in paragraph (1)—

"(A) in the case of a plan maintained by a single employer, such employer,

"(B) in the case of a plan maintained by two or more employers or jointly by one or more employers and one or more employee organizations, the association, committee, joint board of trustees, or other similar group of representatives of the parties who maintained the plan, or

"(C) in any case to which subparagraph (A) or (B) does not apply, such other person as the Secretary or his delegate may by regulation, prescribe.

"(h) TAX TREATMENT OF CERTAIN CONTRIBUTIONS.—

"(1) IN GENERAL.—Effective with respect to taxable years beginning after December 31, 1973, for purposes of this title, any amount contributed—

"(A) to an employees' trust described in section 401(a), or

"(B) under a plan described in section 403 (a) or 450(a), shall not be treated as having been made by the employer if it is designated as an employee contribution.

"(2) DESIGNATION BY UNITS OF GOVERNMENT.—For purposes of paragraph (1), in the case of any plan established by the government of any State or political subdivision thereof, or by any agency or instrumentality of any of the foregoing, where the contributions of employing units are designated as employee contributions but where any employing unit picks up the contributions, the contributions so picked up shall be treated as employer contributions.

"(i) DEFINED CONTRIBUTION PLAN.—For purposes of this part, the term 'defined contribution plan' means a plan which provides for an individual account for each participant and for benefits based solely on the amount contributed to the participant's account, and any income, expenses, gains and losses, and any forfeitures of accounts of other participants which may be allocated to such participant's account.

"(j) DEFINED BENEFIT PLAN.—For purposes of this part, the term 'defined benefit plan' means any plan which is not a defined contribution plan.

"(k) CERTAIN PLANS.—A defined benefit plan which provides a benefit derived from employer contributions which is based partly on the balance of the separate account of a participant shall—

"(1) for purposes of section 410 (relating to minimum participation standards), be treated as a defined contribution plan,

"(2) for purposes of sections 411(a)(7) (A) (relating to minimum vesting standards) and 415 (relating to limitations on benefits and contributions under qualified plans), be treated as consisting of a defined contribution plan to the extent benefits are based on the separate account of a participant and as a defined benefit plan with respect to the remaining portion of benefits under the plan, and

"(3) for purposes of section 4975 (relating to tax on prohibited transactions), be treated as a defined benefit plan.

"(l) MERGERS AND CONSOLIDATIONS OF PLANS OR TRANSFERS OF PLAN ASSETS.—A trust which forms a part of a plan shall not constitute a qualified trust under section 401 and a plan shall be treated as not described in section 403(a) or 405 unless in the case of any merger or consolidation of the plan with, or in the case of any transfer of assets or liabilities of such plan to, any other trust plan after the date of the enactment of the Employee Retirement Income Security Act of 1974, each participant in the plan would (if the plan then terminated) receive a benefit immediately after the merger, consolidation, or transfer which is equal to or greater than the benefit he would have been entitled to receive immedately before the merger, consolidation, or transfer (if the plan had then terminated). This paragraph shall apply in the case of a multiemployer plan only to the extent determined by the Pension Benefit Guaranty Corporation."

SEC. 1016. CONFORMING AND CLERICAL AMENDMENTS.

(a) CONFORMING AMENDMENTS.—

(1) Section 275(a) (relating to denial of deduction for certain taxes) is amended by adding at the end thereof the following new paragraph:

"(6) Taxes imposed by chapter 42 and chapter 43."

(2) Section 401(a) (relating to requirements for qualification) is amended—

(A) by striking out paragraph (3) and inserting in lieu thereof:

"(3) if the plan of which such trust is a part satisfiies the requirements of section 410 (relating to minimum participation standards); and",

(B) by striking out "paragraph (3)(B) or (4)" in paragraph (5) and inserting in lieu thereof "paragraph (4) or section 410(b) (without regard to paragraph (1)(A) thereof)", and

(C) by striking out paragraph (7) in lieu thereof:

"(7) A trust shall not constitute a qualified trust under this section unless the plan of which such trust is a part satisfies the requirements of section 411 (relating to minimum resting standards)."

(3) Section 404(a)(2) (relating to deduction for contributions of an employer to an employee's annuity plan) is amended by striking out "and (8)," and inserting in lieu thereof "(8), (11), (12), (13), (14), and (15)".

(4) Section 406(b)(1) (relating to certain employees of foreign subsidiaries) is amended by striking out "paragraphs (3)(B) and (4) of section 401(a)" and inserting in lieu thereof "section 401(a)(4) and section 410 (b) (without regard to paragraph (1)(A) thereof)".

(5) Section 407(b)(1) (relating to certain employees of domestic subsidiaries engaged in business outside the United States) is amended by striking out "paragraph (3)(B) and (4) of section 401(a)" and inserting in lieu thereof "section 401(a)(4) and section 410(b) (without regard to paragraph (1)(A) thereof)".

(6) Section 805(d)(1)(C) (relating to definition of pension plan reserves) is amended by striking out "and (8)" and inserting in lieu thereof "(8), (11), (12), (13), (14), and (15)".

(7) Section 6161(b)(1) (relating to extensions of time for paying tax) is amended by striking out "or 42" and inserting in lieu thereof "42 or 43". The second sentence of section 6161(b) is amended by striking out "or 42" and inserting in lieu thereof ", 42, or chapter 43".

(8) Section 6201(d) (relating to assessment authority) is amended by striking out "and chapter 42" and inserting in lieu thereof ", chapter 42, and chapter 43".

(9) Section 6211 (defining deficiency) is amended—

(A) by striking out so much of subsection (a) as precedes paragraph (1) thereof and inserting in lieu thereof the following:

"(a) In General.—For purposes of this title in the case of income, estate, and gift taxes imposed by subtitles A and B and excise taxes imposed by chapters 42 and 43, the term 'deficiency' means the amount by which the tax imposed by subtitle A or B, or chapter 42 or 43, exceeds the excess of—"; and

(B) by striking out "chapter 42" in subsection (b)(2) and inserting in lieu thereof "chapter 42 or 43".

(10) Section 6212 (relating to notice of deficiency) is amended—

(A) by striking out "chapter 42" in subsection (a) and inserting in lieu thereof "chapter 42 or 43",

(B) by striking out "or chapter 42" in subsection (b)(1) and inserting in lieu thereof "chapter 42, or chapter 43",

(C) by striking out "chapter 42, and this chapter" in subsection (b)(1) and inserting in lieu thereof "chapter 42, chapter 43, and this chapter", and

(D) by striking out "of the same decedent," in subsection (c) and inserting in lieu thereof "of the same decedent, of chapter 43 tax for the same taxable years,".

(11) Section 6213 (relating to restrictions applicable to deficiencies and petition to Tax Court) is amended—

(A) by striking out "or chapter 42" in subsection (a) and inserting in lieu thereof ", chapter 42 or 43".

(B) by striking out the heading of subsection (e) and inserting in lieu thereof:

"(e) Suspension of Filing Period for Certain Excise Taxes.—",

(C) by striking out "or 4945 (relating to taxes on taxable expenditures)" in subsection (e) and inserting in lieu thereof "4945 (relating to taxes on taxable expenditures), 4971 (relating to excise taxes on failure to meet minimum funding standard), 4975 (relating to excise taxes on prohibited transactions)"; and

(D) by striking out "or 4945(h)(2)" in subsection (c) and inserting in lieu thereof ", 4945(i)(2), 4971(c)(3) or 4975(f)(4).".

(12) Section 6214 (relating to determinations by Tax Court) is amended—

(A) by amending the heading of subsection (c) to read as follows:

"(c) Taxes Imposed by Section 507 or Chapter 42 or 43.—."

(B) by inserting after "chapter 42" each place it appears in subsection (c) "or 43"; and

(C) by striking out "chapter 42" in subsection (d) and inserting in lieu thereof "chapter 42 or 43".

(13) Section 6344(a)(1) (relating to cross references) is amended by striking out "chapter 42" and inserting in lieu thereof "chapter 42 or 43".

(14) Section 6501(e)(3) (relating to limitations on assessment and collection) is amended by striking out "chapter 42" and inserting in lieu thereof "chapter 42 or 43".

(15) Section 6503 (relating to suspension of running of period of limitations) is amended—

(A) by striking out "chapter 42 taxes)" in subsection (a)(1) and inserting in lieu thereof "certain excise taxes)", and

(B) by inserting after "section 507" in subsection (h) "or section 4971 or section 4975", and by striking out "or 4945(h)(2)" in subsection (h) and inserting in lieu thereof "4945(i)(2). 4971(c)(3), or 4975(f)(4)".

(16) Section 6512 (relating to limitations in case of petition to Tax Court) is amended by striking out "chapter 42" each place it appears therein and inserting in lieu thereof "chapter 42 or 43".

(17) Section 6601(d) (relating to interest on underpayment, nonpayment, or extensions of time for payment of tax) is amended by—

(A) striking out in the heading thereof "Chapter 42" and inserting in lieu thereof "Chapter 42 or 43", and

(B) striking out "chapter 42" and inserting in lieu thereof "certain excise".

(18) Section 6653(c)(1) (relating to income, estate, gift, and chapter 42 taxes) is amended by striking out "chapter 42" each place it appears therein (including the heading) and inserting in lieu thereof "certain excise".

(19) Section 6659(b) (relating to applicable rules) is amended by striking out "chapter 42" and inserting in lieu thereof "certain excise".

(20) Section 6676(b) (relating to failure to supply identifying numbers) is amended by striking out "chapter 42" and inserting in lieu thereof "and certain excise".

(21) Section 6677(b) (relating to failure to file information returns with respect to certain foreign trusts) is amended by striking out "chapter 42" and inserting in lieu thereof "and certain excise".

(22) Section 6679(b) (relating to failure to file returns as to organization or reorganization of foreign corporations and as to acquisitions of their stock) is amended by striking out "chapter 42" and inserting in lieu thereof "and certain excise".

(23) Section 6682(b) (relating to false information with respect to withholding allowances based on itemized deductions) is amended by striking out "chapter 42" and inserting in lieu thereof "and certain excise".

(24) The heading of section 6861 (relating to jeopardy assessments of income, estate, and gift taxes) is amended by striking out "and gift taxes.", and inserting in lieu thereof ", gift, and certain excise taxes."

(25) Section 6862 (relating to jeopardy assessment of taxes other than income, estate, and gift taxes) is amended—

(A) by striking out "and Gift Taxes.", in the heading and inserting in lieu thereof ", Gift, and Certain Excise Taxes.",

(B) by striking out "and gift tax)" in subsection (a) and inserting in lieu thereof "gift tax, and certain excise taxes)".

(26) Section 7422 (relating to civil actions for refund) is amended—

(A) by striking out "chapter 42" and inserting in lieu thereof "chapter 42 or 43" in subsection (e),

(B) by striking out "Chapter 42" in the heading of subsection (g) and inserting in lieu thereof "Chapter 42 or 43",

(C) by striking out "or 4945" in subsection (g)(1) and inserting in lieu thereof "4945, 4971, or 4975",

(D) by striking out "section 4945(a) (relating to initial taxes on taxable expenditures)" in subsection (g)(1) and inserting in lieu thereof "section 4945(a) (relating to initial taxes on taxable expenditures), 4971 (a) (relating to initial tax on failure to meet minimum funding standard), 4975(a) (relating to initial tax on prohibited transactions)",

(E) by striking out "or section 4945(b) (relating to additional taxes on taxable expenditures)" in subsection (g)(1) and inserting in lieu thereof "section 4945(b) (relating to additional taxes on taxable expenditures), section 4971(b) (relating to additional tax on failure to meet minimum funding standard), or section 4975(b) (relating to additional tax on prohibited transactions)", and

(F) by striking out "or 4945" in paragraph (2) and (3) of subsection (g) and inserting in lieu thereof "4945, 4971, or 4975".

(27) Section 6204(b) (relating to supplemental assessments) is amended by striking out "and gift taxes" and inserting in lieu thereof "gift, and certain excise taxes".

(b) Clerical Amendments.—

(1) Part I of subchapter D of chapter 1 is amended by inserting after the heading and before the table of sections the following:

"Subpart A. General rule.
"Subpart B. Special rules.

"Subpart A—General Rule."

(2) The table of chapters for subtitle D is amended by adding at the end thereof the following new item:

"Chapter 43. Qualified pension, etc., plans."

(3) The table of sections for subchapter B of chapter 68 is amended by striking out the item relating to the section captioned "Assessable penalties with respect to information required to be furnished under section 7654" and inserting in lieu thereof: "Sec. 6688. Assessable penalties with respect to information required to be furnished under section 7654."

(4) Subchapter B of chapter 68 is amended by striking out the heading of the section immediately preceding section 6689 and inserting in lieu thereof:

"Sec. 6688. Assessable Penalties With Respect to Information Required To Be Furnished Under Section 7654."

(5) The table of sections for part II of subchapter A of chapter 70 is amended by striking out "and gift taxes" in the items relating to sections 6861 and 6862 and inserting in lieu thereof "gift, and certain excise taxes".

Sec. 1017. Effective Dates and Transitional Rules

(a) General Rule.—Except as otherwise provided in this section, the amendments made by this part shall apply for plan years beginning after the date of the enactment of this Act.

(b) Existing Plans.—Except as otherwise provided in subsections (c) through (h), in the case of a plan in existence on January 1, 1974, the amendments made by this part shall apply for plan years beginning after December 31, 1975.

(c) Existing Plans Under Collective Bargaining Agreements.—

(1) Application of vesting rules to certain plan provisions.—

(A) Usual application waived.—In the case of a plan maintained on January 1, 1974, pursuant to one or more agreements which the Secretary of Labor finds to be collective bargaining agreements between employee representatives and one or more employers, during the special temporary waiver period the plan shall not be treated as not meeting the requirements of section 411(b) (1) or (2) of the Internal Revenue Code of 1954 solely by reason of a supplementary or special plan provision (within the meaning of subparagraph (D)).

(B) Special temporary waiver period.—For purposes of this paragraph, the term "special temporary waiver period" means plan years beginning after December 31, 1975, and before the earlier of—

(i) the date on which the last of the collective bargaining agreements relating to the plan terminates (determined without regard to any extension thereof agreed to after the date of the enactment of this Act), or

(ii) January 1, 1981.

For purposes of clause (i), any plan amendment made pursuant to a collective bargaining agreement relating to the plan which amends the plan solely to conform to any requirement contained in this Act shall not be treated as a termination of such collective bargaining agreement.

(C) Determination by secretary of labor required.—Subparagraph (A) shall not apply unless the Secretary of Labor determines that the participation and vesting rules in effect on the date of the enactment of this Act are not less favorable to the employees, in the aggregate, than the rules provided under sections 410 and 411 of the Internal Revenue Code of 1954.

(D) Supplementary or special plan provisions.—For purposes of this paragraph, the term "supplementary or special plan provision" means any plan provision which—

(i) provides supplementary benefits, not in excess of one-third of the basic benefit, in the form of an annuity for the life of the participant with a survivor annuity for the life of his spouse, or

(ii) provides that, under a contractual agreement based on medical evidence as to the effects of working in an adverse environment for an extended period of time, a participant having 25 years of service is to be treated as having 30 years of service.

(2) Application of funding rules.—

(A) In general.—In the case of a plan maintained on January 1, 1974, pursuant to one or more agreements which the Secretary of Labor finds to be collective bargaining agreements between employee representatives and one or more employers, section 412 of the Internal Revenue Code of 1954, and other amendments made by this part to the extent such amendments relate to such section 412, shall not apply during the special temporary waiver period (as defined in paragraph (1)(B)).

(B) Interim law granting waiver of underfunding.—In the case of a plan maintained on January 1, 1974, pursuant to one or more agreements which the Secretary of Labor finds to be collective bargaining agreements between employee representatives and one or more employers, if by reason of subparagraph (A) the requirements of section 401(a)(7) of the Internal Revenue Code of 1954 apply without regard to the amendment of such section 401(a)(7) by section 1016(a)(2)(C) of this Act, the plan shall not be treated as not meeting such requirements solely by reason of the application of the amendments made by sections 1011 and 1012 of this Act or related amendments made by this part.

(d) Existing Plans May Elect New Provisions.—In the case of a plan in existence on January 1, 1974, the provisions of the Internal Revenue Code of 1954 relating to participation, vesting, funding, and form of benefit (as in effect from time to time) shall apply in the case of the plan year (which begins after the date of the enactment of this Act but before the applicable effective date determined under subsection (b) or (c)) selected by the plan administrator and to all subsequent plan years, if the plan administrator elects (in such manner and at such time as the Secretary of the Treasury or his delegate shall by regulations prescribe) to have such provisions so apply. Any election made under this subsection, once made, shall be irrevocable.

(e) Certain Definitions and Special Rules.—Section 414 of the Internal Revenue Code of 1954 (other than subsections (b) and (c) of such section 414), as added by section 1015(a) of this Act, shall take effect on the date of the enactment of this Act.

(f) Transitional Rules With Respect to Breaks in Service.—

(1) Participation.—In the case of a plan to which section 410 of the Internal Revenue Code of 1954 applies, if any plan amendment with respect to breaks in service (which amendment with respect to breaks in service is made or becomes effective after January 1, 1974, and before the date on which such section 410 first becomes effective with respect to such plan) provides that any employee's participation in the plan would commence at any date later than the later of—

(A) the date on which his participation would commence under the break in service rules of section 410(a)(5) of such Code, or

(B) the date on which his participation would commence under the plan as in effect on January 1, 1974.

such plan shall not constitute a plan described in section 403(a) or 405(a) of such Code and a trust forming a part of such plan shall not constitute a qualified trust under section 401(a) of such Code.

(2) Vesting.—In the case of a plan to which section 411 of the Internal Revenue Code of 1954 applies, if any plan amendment with respect to breaks in service (which amendment is made or becomes effective after January 1, 1974, and before the date on which such section 411 first becomes effective with respect to such plan) provides that the nonforfeitable benefit derived from employer contributions to which any employee would be entitled is less than the lesser of nonforfeitable benefit derived from employer contributions to which he would be entitled under—

(A) the break in service rules of section 411(a)(6) of such Code, or

(B) the plan as in effect on January 1, 1974.

such plan shall not constitute a plan described in section 403(a) or 405(a) of such Code and a trust forming a part of such plan shall not constitute a qualified trust under section 401(a) of such Code. Subparagraph (B) shall not apply if the break in service rules under the plan would have been in violation of any law or rule of law in effect on January 1, 1974.

(g) 3-Year Delay for Certain Provisions.—Subparagraphs (B) and (C) of section 404(a)(1) shall apply only in the case of plan years beginning on or after 3 years after the date of the enactment of this Act.

(h)(1) Except as provided in paragraph (2), section 413 of the Internal Revenue Code of 1954 shall apply to plan years beginning after December 31, 1953.

(2)(A) For plan years beginning before the applicable effective date of section 410 of such Code, the provisions of paragraphs (1) and (8) of subsection (b) of such section 413 shall be applied by substituting "401(a)(3)" for "410".

(B) For plan years beginning before the applicable effective date of section 411 of such Code, the provisions of subsection (b) (2) of such section 413 shall be applied by substituting "401(a)(7)" for "411(d)(3)".

(C)(i) The provisions of subsection (b) (4) of such section 413 shall not apply to plan years beginning before the applicable effective date of section 411 of such Code.

(ii) The provisions of subsection (b)(5) (other than the second sentence thereof) of such section 413 shall not apply to plan years beginning before the applicable effective date of section 412 of such Code.

Part 2—Certain Other Provisions Relating to Qualified Retirement Plans

Sec. 1021. Additional Plan Requirements.

(a) Joint and Survivor Annuity Requirement.—

(1) In general.—Effective with respect to plan years beginning after December 31, 1975, section 401(a) (relating to requirements for qualification) is amended by inserting after paragraph (10) the following new paragraph:

"(11)(A) A trust shall not constitute a qualified trust under this section if the plan of which such trust is a part provides for the payment of benefits in the form of an annuity unless such plan provides for the payment of annuity benefits in a form having the effect of a qualified joint and survivor annuity.

"(B) Notwithstanding the provisions of subparagraph (A), in the case of a plan which provides for the payment of benefits before the normal retirement age (as defined in section 411(a)(8)), the plan is not required to provide for the payment of annuity benefits in a form having the effect of a qualified joint and survivor annuity during the period beginning on the date on which the employee enters into the plan as a participant and ending on the later of—

"(i) the date the employee reaches the earliest retirement age under the plan, or

"(ii) the first day of the 120th month beginning before the date on which the employee reaches normal retirement age.

"(C) A plan described in subparagraph (B) does not meet the requirements of subparagraph (A) unless, under the plan, a participant has a reasonable period during which he may elect the qualified joint and survivor annuity form with respect to the period beginning on the date on which the period described in subparagraph (B) ends and ending on the date on which he reaches normal retirement age (as defined in section 411(a) (8)) if he continues his employment during that period. A plan does not meet the requirements of this subparagraph unless, in the case of such an election, the payments under the survivor annuity are not less than the payments which would have been made under the joint annuity to which the participant would have been entitled if he made an election described in this subparagraph immediately prior to his retirement and if his retirement had occurred on the day before his death and within the period within which an election can be made.

"(D) A plan shall not be treated as not satisfying the requirements of this paragraph solely because the spouse of the participant is not entitled to receive a survivor annuity (whether or not an election described in subparagraph (C) has been made under subparagraph (C)) unless the participant and his spouse have been married throughout the 1-year period ending on the date of such participant's death.

"(E) A plan shall not be treated as satisfying the requirements of this paragraph unless, under the plan, each participant has a reasonable period (as prescribed by the Secretary or his delegate by regulations) before the annuity starting date during which he may elect in writing (after having received a written explanation of the terms and conditions of the joint and survivor annuity and the effect of an election under this subparagraph) not to take such joint and survivor annuity.

"(F) A plan shall not be treated as not satisfying the requirements of this paragraph solely because under the plan there is a provision that any election described in subparagraph (C) or (E), and any revocation of any such election, does not become effective (or ceases to be effective) if the participant dies within a period (not in excess of 2 years) beginning on the date of such election or revocation, as the case may be. The preceding sentence does not apply unless the plan provision described in the preceding sentence also provides that such an election or revocation will be given effect in any case in which—

"(i) the participant dies from accidental causes,

"(ii) a failure to give effect to the election or revocation would deprive the participant's survivor of a survivor annuity, and

"(iii) such election or revocation is made before such accident occurred.

"(G) For purposes of this paragraph—

"(i) the term 'annuity starting date' means the first day of the first period for which an amount is received as an annuity (whether by reason of retirement or by reason of disability),

"(ii) the term 'earliest retirement age' means the earliest date on which, under the plan, the participant could elect to receive retirement benefits, and

"(iii) the term 'qualified joint and survivor annuity' means an annuity for the life of the participant with a survivor annuity for the life of his spouse which is not less than one-half of, or greater than, the amount of the annuity payable during the joint lives of the participant and his spouse and which is the actuarial equivalent of a single life annuity for the life of the participant.

For purposes of this paragraph, a plan may take into account in any equitable manner (as determined by the Secretary or his delegate) any increased costs resulting from providing joint and survivor annuity benefits.

"(H) This paragraph shall apply only if—

"(i) the annuity starting date did not occur before the effective date of this paragraph, and

"(ii) the participant was an active participant in the plan on or after such effective date."

(2) Certain additional requirements apply only to plans to which vesting requirements apply.—Section 401(a) (relating to requirements for qualification) is amended by adding at the end thereof the following new sentence: "Paragraphs (11), (12), (13), (14), (15), and (19) shall apply only in the case of a plan to which section 411 (relating to minimum vesting standards) applies without regard to subsection (e)(2) of such section."

(b) Requirements in Case of Mergers and Consolidations of Plans or Transfers of Plan Assets.—Effective with respect to plan years beginning after December 31, 1975, section 401(a) is amended by inserting after paragraph (11) the following new paragraph:

"(12) A trust shall not constitute a qualified trust under this section unless the plan of which such trust is a part provides that in the case of any merger or consolidation with, or transfer of assets or liabilities to, any other plan after the date of the enactment of the Employee Retirement Income Security Act of 1974, each participant in the plan would (if the plan then terminated) receive a benefit immediately after the merger, consolidation, or transfer which is equal to or greater than the benefit he would have been entitled to receive immediately before the merger, consolidation, or transfer which is equal to or greater than the benefit he would have been entitled to receive immediately before the merger, consolidation, or transfer (if the plan had then terminated). This paragraph shall apply in the case of a multiemployer plan only to the extent determined by the Pension Benefit Guaranty Corporation."

(c) Retirement Benefits May Not Be Assigned or Alienated.—Section 401(a) is amended by inserting after paragraph (12) the following new paragraph:

"(13) A trust shall not constitute a qualified trust under this section unless the plan of which such trust is a part provides that benefits provided under the plan may not be assigned or alienated. For purposes of the preceding sentence, there shall not be taken into account any voluntary and revocable assignment of not to exceed 10 percent of any benefit payment made by any participant who is receiving benefits under the plan unless the assignment or alienation is made for purposes of defraying plan administration costs. For purposes of this paragraph a loan made to a participant or beneficiary shall not be treated as an assignment or alienation if such loan is secured by the participant's accrued nonforfeitable benefit and is exempt from the tax imposed by section 4975 (relating to tax on prohibited transactions) by reason of section 4975(d)(1). This paragraph shall take effect on January 1, 1976 and shall not apply to assignments which were irrevocable on the date of the enactment of the Employee Retirement Income Security Act of 1974."

(d) Requirement That Payment of Benefits Begin Not Later Than When the Participation Attains Age 65 or Has Completed 10 Years of Participation.—Section 401(a) is amended by inserting after paragraph (13) the following new paragraph:

"(14) A trust shall not constitute a qualified trust under this section unless the plan of which such trust is a part provides that, unless the participant otherwise elects, the payment of benefits under the plan to the participant will begin not later than the 60th day after the latest of the close of the plan year in which—

"(A) the date on which the partcipant attains the earlier of age 65 or the normal retirement age specified under the plan,

"(B) occurs the 10th anniversary of the year in which the participant commenced participation in the plan, or

"(C) the participant terminates his service with the employer.

In the case of a plan which provides for the payment of an early retirement benefit, a trust forming a part of such plan shall not constitute a qualified trust under this section unless a participant who satisfied the service requirements for such early retirement benefit, but separated from the service (with any nonforfeitable right to an accrued benefit) before satisfying the age requirement for such early retirement benefit, is entitled upon satisfaction of such age requirement to receive a benefit not less than the benefit to which he would be entitled at the normal retirement age, actuarially reduced under regulations prescribed by the Secretary or his delegate."

(e) Requirement That Plan Benefits Are Not Decreased by Certain Social Security Increases.—Section 401(a) is amended by inserting after paragraph (14) the following new paragraph:

"(15) a trust shall not constitute a qualified trust under this section unless under the plan of which such trust is a part—

"(A) in the case of a participant or beneficiary who is receiving benefits under such plan, or

"(B) in the case of a participant who is separated from the service and who has nonforfeitable rights to benefits,

such benefits are not decreased by reason of any increase in the benefit levels payable under title II of the Social Security Act or any increase in the wage base under such title II, if such increase takes place after the date of the enactment of the Employee Retirement Income Security Act of 1974 or (if later) the earlier of the date of first receipt of such benefits on the date of such separation, as the case may be."

(f) Requirement of Nonforfeitability in Case of Certain Withdrawals.—Section 401(a) is amended by inserting after paragraph (18) the following new paragraph:

"(19) A trust shall not constitute a qualified trust under this section if under the plan of which such trust is a part any part of a participant's accrued benefit derived from employer contributions (whether or not otherwise nonforfeitable), is forfeitable solely because of withdrawal by such participant of any amount attributable to the benefit derived from contributions made by such participant. The preceding sentence shall not apply to the accrued benefit of any participant unless, at the time of such withdrawal, such participant has a nonforfeitable right to at least 50 percent of such accrued benefit (as determined under section 411). The first sentence of this paragraph shall not apply to the extent that an accrued benefit is permitted to be forfeited in accordance with section 411(a)(3)(D)(iii) (relating to proportional forfeitures of benefits accrued before enactment of the Employee Retirement Income Security Act of 1974, in the event of withdrawal of certain mandatory contributions)."

(g) Requirement of No Further Social Security Integration in Excess of Certain Limits.—

(1) A pension, profit-sharing, or stock bonus plan shall be treated as not meeting the requirements of section 401(a)(3)(B) or (4) of the Internal Revenue Code of 1954, or section 401(d)(6) of such Code (or, after the effective date of the amendments made by section 1016 of this Act, section 401(a)(3), section 401(a)(4), section 401(d)(6), or section 410 of such Code) if it does not meet the requirements of Revenue Ruling 71–446 without taking into account any amendment made to title II of the Social Security Act after December 31, 1971.

(2) Paragraph (1) shall not apply to any plan which met the requirements of such revenue ruling on June 27, 1974, unless—

(A) the plan is amended after that date to take into account a greater level of benefits or a greater wage base under such title II, or

(B) such plan takes into account a greater level of benefits or a greater wage base than that in effect under such title on June 27, 1974 (and, for purposes of this subparagraph, the level of benefits is determined without regard to any increase therein under section 215 of the Social Security Act after that date, and the wage base is determined without regard to any increase therein under section 230 of that Act).

If it is necessary to amend the plan in order for the provisions of subparagraph (B) not to apply to it, a plan will be treated as a plan not described in subparagraph (B) if the necessary amendment is made not later than June 30, 1975, and applies to the period beginning on January 1, 1975.

(3) This subsection takes effect on the date of enactment of this Act and ceases to be effective on July 1, 1976.

Sec. 1022. Miscellaneous Provisions.

(a) Requirement That Plan Not Be Discriminatory.—Section 401(a)(4) (disqualifying discriminatory plans) is amended to read as follows:

"(4) If the contributions or the benefits provided under the plan do not discriminate in favor of employees who are—

"(A) officers,

"(B) shareholders, or

"(C) highly compensated.

For purposes of this paragraph, there shall be excluded from consideration employees described in section 410(b)(2)(A) and (C)."

(b) AMENDMENTS RELATING TO SELF-EMPLOYED INDIVIDUALS AND OWNER-EMPLOYEES.—

(1) AMENDMENT OF SECTION (401)(a)(10).—So much of subparagraph (A) of section 401(a)(10) as precedes clause (i) thereof is amended to read as follows:

"(A) paragraph (3), the first and second sentences of paragraph (5), and section 410 shall not apply, but—".

(2) AMENDMENT OF SECTION (401)(d)(a).—Section 401(d)(3) (relating to additional requirements for qualification of trusts and plans benefiting owner-employees) is amended to read as follows:

"(3)(A) The plan benefits each employee having 3 or more years of service (within the meaning of section 410(a)(3)).

"(B) For purposes of subparagraph (A), the term 'employee' does not include—

"(i) any employee included in a unit of employees covered by a collective-bargaining agreement described in section 410(b)(2)(A), and

"(ii) any employee who is a nonresident alien individual described in section 410(b)(2)(C)."

(c) PERSONS OTHER THAN BANKS MAY BE TRUSTEES OF TRUSTS BENEFITING OWNER-EMPLOYEES.—

(1) The first sentence of section 401(d)(1) is amended to read as follows: In the case of a trust which is created on or after October 10, 1962, or which was created before such date but is not exempt from tax under section 501(a) as an organization described in subsection (a) on the day before such date, the assets thereof are held by a bank or other person who demonstrates to the satisfaction of the Secretary or his delegate that the manner in which he will administer the trust will be consistent with the requirements of this section. A trust shall not be disqualified under this paragraph merely because a person (including the employer) other than the trustee or custodian so administering the trust may be granted, under the trust instrument, the power to control the investment of the trust funds either by directing investments (including reinvestments, disposals, and exchanges) or by disapproving proposed investments (including reinvestments, disposals, or exchanges)."

(2) The second sentence of section 401(d)(1) is amended by striking out "the date of the enactment of this subsection" and inserting in lieu thereof "October 10, 1962,".

(d) CERTAIN CUSTODIAL ACCOUNTS.—Effective as of January 1, 1974, subsection (f) of section 401 (relating to certain custodial accounts) is amended to read as follows:

"(f) CERTAIN CUSTODIAL ACCOUNTS AND ANNUITY CONTRACTS.—For purposes of this title, a custodial account or an annuity contract shall be treated as a qualified trust under this section if—

"(1) the custodial account or annuity contract would, except for the fact that it is not a trust, constitute a qualified trust under this section, and

"(2) in the case of a custodial account the assets thereof are held by a bank (as defined in subsection (d)(1)) or another person who demonstrates, to the satisfaction of the Secretary or his delegate, that the manner in which he will hold the assets will be consistent with the requirements of this section.

For purposes of this title, in the case of a custodial account or annuity contract treated as a qualified trust under this section by reason of this subsection, the person holding the assets of such account or holding such contract shall be treated as the trustee thereof."

(e) CUSTODIAL ACCOUNTS FOR REGULATED INVESTMENT COMPANY STOCK.—Effective as of January 1, 1974, section 403(b) (relating to taxability of beneficiary under annuity purchased by section 501(c)(3) organization or public school) is amended by adding at the end thereof the following new paragraph:

"(7) CUSTODIAL ACCOUNTS FOR REGULATED INVESTMENT COMPANY STOCK.—

"(A) AMOUNTS PAID TREATED AS CONTRIBUTIONS.—For purposes of this title, amounts paid by an employer described in paragraph (1)(A) to a custodial account which satisfies the requirements of section 401(f)(2) shall be treated as amounts contributed by him for an annuity contract for his employee if the amounts are paid to provide a retirement benefit for that employee and are to be invested in regulated investment company stock to be held in that custodial account.

"(B) ACCOUNT TREATED AS PLAN.—For purposes of this title, a custodial account which satisfies the requirements of section 401(f)(2) shall be treated as an organization described in section 401(a) solely for purposes of subchapter F and subtitle F with respect to amounts received by it (and income from investment thereof).

"(C) REGULATED INVESTMENT COMPANY.—For purposes of this paragraph, the term 'regulated investment company' means a domestic corporation which is a regulated investment company within the meaning of section 851(a), and which issues only redeemable stock."

(f) INSURED CREDIT UNIONS.—Effective as of January 1, 1974, the last sentence of section 401(d)(1) is amended by striking out "section 581," and inserting in lieu thereof "section 581, an insured credit union (within the meaning of section 101(6) of the Federal Credit Union Act).".

(g) PUBLIC INSPECTION OF CERTAIN INFORMATION WITH RESPECT TO PENSION, PROFIT-SHARING, AND STOCK BONUS PLANS.—

(1) AMENDMENT OF SECTION 6104(a).—Paragraph (1) of section 6104(a) (relating to public inspection of applications for tax exemption) is amended—

(A) by redesignating subparagraph (B) as subparagraph (D) and by inserting after subparagraph (A) the following new subparagraphs:

"(B) PENSION, ETC., PLANS.—The following shall be open to public inspection at such times and in such places as the Secretary or his delegate may prescribe:

"(i) any application filed with respect to the qualification of a pension, profit-sharing, or stock bonus plan under section 401(a), 403(a), or 405(a), an individual retirement account described in section 408(a), or an individual retirement annuity described in section 408(b),

"(ii) any application filed with respect to the exemption from tax under section 501(a) of an organization forming part of a plan or account referred to in clause (i),

"(iii) any papers submitted in support of an application referred to in clause (i) or (ii), and

"(iv) any letter or other document issued by the Internal Revenue Service and dealing with the qualification referred to in clause (i) or the exemption from tax referred to in clause (ii).

Except in the case of a plan participant, this subparagraph shall not apply to any plan referred to in clause (i) having not more than 25 participants.

"(C) CERTAIN NAMES AND COMPENSATION NOT TO BE OPENED TO PUBLIC INSPECTION.—In the case of any application, document, or other papers, referred to in subparagraph (B), information from which the compensation (including deferred compensation) of any individual may be ascertained shall not be opened to public inspection under subparagraph (B)."

(B) The heading of subparagraph (A) of section 6104(a)(1) is amended to read as follows:

"(A) ORGANIZATIONS DESCRIBED IN SECTION 501.—".

(C) The heading of subparagraph (D) of section 6104(a)(1) as redesignated by subparagraph (A) of this paragraph) is amended to read as follows:

"(D) WITHHOLDING OF CERTAIN OTHER INFORMATION.—".

(D) Subparagraph (D) of section 6104(a)(1) (as so redesignated) is amended by striking out "subparagraph (A)" each place it appears and inserting in lieu thereof "subparagraph (A) or (B)".

(2) AMENDMENT OF SECTION 6104(a)(2).—Subparagraph (A) of section 6104(a)(2) is amended by adding at the end thereof "any application referred to in subparagraph (B) of subsection (a)(1) of this section, and".

(3) AMENDMENT OF SECTION 6104(b).—Section 6104(b) (relating to inspection of annual information returns) is amended by striking out "and 6056" and inserting in lieu thereof "6056, and 6058".

(4) EFFECTIVE DATE.—The amendments made by this subsection shall apply to applications filed (or documents issued) after the date of enactment of this Act.

(h) PUBLICITY OF RETURNS.—Effective on the date of the enactment of this Act, section 6103 (relating to publicity of returns and disclosure of information as to persons filing income tax returns) is amended by adding at the end thereof a new subsection (g) to read as follows:

"(g) DISCLOSURE OF INFORMATION WITH RESPECT TO DEFERRED COMPENSATION PLANS.—The Secretary or his delegate is authorized to furnish—

"(1) returns with respect to any tax imposed by this title or information with respect to such returns to the proper officers and employees of the Department of Labor and the Pension Benefit Guaranty Corporation for purposes of administration of Titles I and IV of the Employee Retirement Income Security Act of 1974, and

"(2) registration statements (as described in section 6057) and information with respect to such statements to the proper officers and employees of the Department of Health, Education, and Welfare for purposes of administration of section 1131 of the Social Security Act."

(i) CERTAIN PUERTO RICAN PENSION, ETC., PLANS TO BE EXEMPT FROM TAX UNDER SECTION 501(a).—

(1) GENERAL RULE.—Effective for taxable years beginning after December 31, 1973, for purposes of section 501(a) of the Internal Revenue Code of 1954 (relating to exemption from tax), any trust forming part of a pension, profit-sharing, or stock bonus plan all of the participants of which are residents of the Commonwealth of Puerto Rico shall be treated as an organization described in section 401(a) of such Code if such trust—

(A) forms part of a pension, profit-sharing, or stock bonus plan, and

(B) is exempt from income tax under the laws of the Commonwealth of Puerto Rico.

(2) ELECTION TO HAVE PROVISIONS OF, AND AMENDMENTS MADE BY, TITLE II OF THIS ACT APPLY.—

(A) If the administrator of a pension, profit-sharing, or stock bonus plan which is created or organized in Puerto Rico elects, at such time and in such manner as the Secretary of the Treasury may require, to have the provisions of this paragraph apply, for plan years beginning after the date of election any trust forming a part of such plan shall be treated as a trust created or organized in the United States for purposes of section 401(a) of the Internal Revenue Code of 1954.

(B) An election under subparagraph (A), once made, is irrevocable.

(C) This paragraph applies to plan years beginning after the date of enactment of this Act.

(D) The source of any distributions made under a plan which makes an election under this paragraph to participants and beneficiaries residing outside of the United States shall be determined, for purposes of subchapter N of chapter 1 of the Internal Revenue Code of 1954, by the Secretary of the Treasury in accordance with regulations prescribed by him. For purposes of this subparagraph the Untied States means the United States as defined in section 7701(a)(9) of the Internal Revenue Code of 1954.

(j) Year of Deduction for Certain Employer Contributions for Severance Payments Required by Foreign Law.—Effective for taxable years beginning after December 31, 1973, if—

(1) an employer is engaged in a trade or business in a foreign country,

(2) such employer is required by the laws of that country to make payments, based on periods of service, to its employees or their beneficiaries after the employee's retirement, death, or other separation from the service, and

(3) such employer establishes a trust (whether organized within or outside the United States) for the purpose of funding the payments required by such law,

then, in determining for purposes of paragraph (5) of section 404(a) of the Internal Revenue Code of 1954 the taxable year in which any contribution to or under the plan is includible in the gross income of the nonresident alien employees of such employer, such paragraph (5) shall be treated as not requiring that separate accounts be maintained for such nonresident alien employees.

(k) Receipts for Employees:—Section 6051 (relating to receipts for employees) is amended by inserting after "exemption," in subsection (a) the following: "or every employer engaged in a trade or business who pays remuneration for services performed by an employee, including the cash value of such remuneration paid in any medium other than cash,".

Sec. 1023. Retroactive Changes in Plan.

Section 401(b) (relating to certain retroactive changes in plan) is amended to read as follows:

"(b) Certain Retroactive Changes in Plan.—A stock bonus, pension, profit-sharing, or annuity plan shall be considered as satisfying the requirements of subsection (a) for the period beginning with the date on which it was put into effect, or for the period beginning with the earlier of the date on which there was adopted or put into effect any amendment which caused the plan to fail to satisfy such requirements, and ending with the time prescribed by law for filing the return of the employer for his taxable year in which such plan or amendment was adopted (including extensions thereof) or such later time as the Secretary or his delegate may designate, if all provisions of the plan which are necessary to satisfy such requirements are in effect by the end of such period and have been made effective for all purposes for the whole of such period."

Sec. 1024. Effective Dates.

Except as otherwise provided in section 1021, the amendments made by section 1021 shall apply to plan years to which part I applies. Except as otherwise provided in section 1022, the amendments made by section 1022 shall apply to plan years to which part I applies. Section 1023 shall take effect on the date of the enactment of this Act.

Part 3—Registration and Information

Sec. 1031. Registration and Information.

(a) Annual Registration and Information Returns.—Part III of subchapter A of chapter 61 (relating to information returns) is amended by adding at the end thereof the following new subpart:

"SUBPART E—REGISTRATION OF AND INFORMATION CONCERNING PENSION, ETC., PLANS

"Sec. 6057. Annual registration, etc.
"Sec. 6058. Information required in connection with certain plans of deferred compensation.
"Sec. 6059. Periodic report by actuary.

"Sec. 6057. Annual Registration, Etc.

"(a) Annual Registration.—

"(1) General rule.—Within such period after the end of a plan year as the Secretary or his delegate may by regulations prescribe, the plan administrator (within the meaning of section 414(g)) of each plan to which the vesting standards of section 203 of part 2 of subtitle B of title I of the Employee Retirement Income Security Act of 1974 applies for such plan year shall file a registration statement with the Secretary or his delegate.

"(2) Contents.—The registration statement required by paragraph (1) shall set forth—

"(A) the name of the plan,

"(B) the name and address of the plan administrator,

"(C) the name and taxpayer identifying number of each participant in the plan—

"(i) who, during such plan year, separated from the service covered by the plan,

"(ii) who is entitled to a deferred vested benefit under the plan as of the end of such plan year, and

"(iii) with respect to whom retirement benefits were not paid under the plan during such plan year.

"(D) the nature, amount, and form of the deferred vested benefit to which such participant is entitled, and

"(E) such other information as the Secretary or his delegate may require.

At the time he files the registration statement under this subsection, the plan administrator shall furnish evidence satisfactory to the Secretary or his delegate that he has complied with the requirement contained in subsection (e).

"(b) Notification of Change in Status.—Any plan administrator required to register under subsection (a) shall also notify the Secretary or his delegate, at such time as may be prescribed by regulations, of—

"(1) any change in the name of the plan,

"(2) any change in the name or address of the plan administrator,

"(3) the termination of the plan, or

"(4) the merger or consolidation of the plan with any other plan or its division into two or more plans.

"(c) Voluntary Reports.—To the extent provided in regulations prescribed by the Secretary or his delegate, the Secretary or his delegate may receive from—

"(1) any plan to which subsection (a) applies, and

"(2) any other plan (including any governmental plan or or church plan (within the meaning of section 414)),

such information (including information relating to plan years beginning before January 1, 1974) as the plan administrator may wish to file with respect to the deferred rested benefit rights of any participant separated from the service covered by the plan during any plan year.

"(d) Transmission of Information to Secretary of Health, Education, and Welfare.—The Secretary or his delegate shall transmit copies of any statements, notifications, reports, or other information obtained by him under this section to the Secretary of Health, Education, and Welfare.

"(e) Individual Statement to Participant.—Each plan administrator required to file a registration statement under subsection (a) shall, before the expiration of the time prescribed for the filing of such registration statement, also furnish to each participant described in subsection (a)(2)(C) an individual statement setting forth the information with respect to such participant required to be contained in such registration statement.

"(f) Regulations.—

"(1) In general.—The Secretary, after consultation with the Secretary of Health, Education, and Welfare, may prescribe such regulations as may be necessary to carry out the provisions of this section.

"(2) Plans to which more than one employer contributes.—This section shall apply to any plan to which more than one employer is required to contribute only to the extent provided in regulations prescribed under this subsection.

"(g) Cross References.—

"For provisions relating to penalties for failure to register or furnish statements required by this section, see section 6652(e) and section 6690.

"For coordination between Department of the Treasury and the Department of Labor with regard to administration of this section, see section 3004 of the Employee Retirement Income Security Act of 1974.

"Sec. 6058. Information required in connection with certain plans of deferred compensation.

"(a) In General.—Every employer who maintains a pension, annuity, stock bonus, profit-sharing, or other funded plan of deferred compensation described in part I of subchapter D of chapter 1, or the plan administrator (within the meaning of section 414(a) of the plan, shall file an annual return stating such information as the Secretary or his delegate may by regulations prescribe with respect to the qualifications, financial condition, and operations of the plan; except that, in the discretion of the Secretary or his delegate, the employer may be relieved from stating in its return any information which is reported in other returns.

"(b) Actuarial Statement in Case of Mergers, Etc.—Not less than 30 days before a merger, consolidation, or transfer of assets or liabilities of a plan described in subsection (a) to another plan, the plan administrator (within the meaning of section 414(g)) shall file an actuarial statement of valuation evidencing compliance with the requirements of section 401(a)(12).

"(c) Employer.—For purposes of this section, the term 'employer' includes a person described in section 401(c)(4) and an individual who establishes an individual retirement account or annuity described in section 408.

"(d) Cross References.—

"For provisions relating to penalties for failure to file a return required by this section, see section 6052(f).

"For coordination between the Department of the Treasury and the Department of Labor with respect to the information required under this section, see section 3004 of title III of the Employee Retirement Income Security Act of 1974."

(b) Sanctions.—

(1) Failure to file registration statements or notification of change of status.—

(A) Section 6652 (relating to failure to file certain information returns) is amended by redesignating subsection (e) as subsection (g) and by inserting after subsection (d) the following new subsections:

"(e) Annual Registration and Other Notification by Pension Plan.—

"(1) Registration.—In the case of any failure to file a registration statement required under section 6057(a) (relating to annual registration of certain plans) which includes all participants required to be included in such statement, on the date prescribed therefor (determined without regard to any extension of time for filing), unless it is shown that such failure is due to reasonable cause, there shall be paid (on notice and demand by the Secretary or his delegate and in the same manner as tax) by the person failing so to file, an amount equal to $1 for each participant with respect to whom there is a failure to file, multiplied by the number of days during which such failure continues, but the total amount imposed under this paragraph on any person for any failure to file with respect to any plan year shall not exceed $5,000.

"(2) Notification of change of status.—In the case of failure to file a notification required under section 6057(b) (relating to notification of change of status) on the date prescribed therefor (determined with regard to any extension of time for filing), unless it is shown that such failure is due to reasonable cause, there shall be paid (on notice and demand by the Secretary or his delegate and in the same manner as tax) by the person failing so to file, $1 for each day during which such failure continues, but the total amounts imposed under this paragraph on any person for failure to file any notification shall not exceed $1,000.

"(f) Information Required in Connection With Certain Plans of Deferred Compensation.—In the case of failure to file a return or statement required under section 6058 (relating to information required in connection with certain plans of deferred compensation) or 6047 (relating to information relating to certain trusts and annuity and bond purchase plans) on the date and in the manner prescribed therefor (determined with regard to any extension of time for filing), unless it is shown that such failure is due to reasonable cause, there shall be paid (on notice and demand by the Secretary or his delegate and in the same manner as tax) by the person failing so to file, $10 for each day during which such failure continues, but the total amount imposed under this subsection on any person for failure to file any return shall not exceed $5,000."

(B) (i) The section heading for section 6652 is amended by adding ", Registration Statements, etc." before the period at the end thereof.

(ii) The item relating to section 6652 in the table of contents for subchapter A of chapter 68 is amended by adding ", registration statements, etc." before the period of the end thereof.

(2) Failure to furnish statement to participant.—

(A) Subchapter B of chapter 68 (relating to assessable penalties) is amended by adding at the end thereof the following new section:

"Sec. 6690. Fraudulent Statement or Failure To Furnish Statement to Plan Participant

"Any person required under section 6057 (e) to furnish a statement to a participant who willfully furnishes a false or fraudulent statement, or who willfully fails to furnish a statement in the manner, at the time, and showing the information required under section 6057(e), or regulations prescribed thereunder, shall for each such act, or for each such failure, be subject to a penalty under this subchapter of $50, which shall be assessed and collected in the same manner as the tax on employers imposed by section 3111."

(B) The table of sections for such subchapter B is amended by adding at the end thereof the following new item:

"Sec. 6690. Fraudulent statement or failure to furnish statement to plan participant."

(c) Clerical Amendments.—

(1) The table of subparts for such part III is amended by adding at the end thereof the following:

"Subpart E. Registration of and information concerning pension, etc., plans."

(2) Section 6033(c) (relating to cross references) is amended by adding at the end thereof the following:

"For provisions relating to information required in connection with certain plans of deferred compensation, see section 6058."

(3) Subsection (d) of section 6047 (relating to information with respect to certain trusts and annuity and bond purchase plans) is amended to read as follows:

"(d) Cross References.—

"(1) For provisions relating to penalties for failure to file a return required by this section, see section 6652(f).

"(2) For criminal penalty for furnishing fraudulent information, see section 7207."

Sec. 1032. Duties of Secretary of Health, Education, and Welfare.

Title XI of the Social Security Act (relating to general provisions) is amended by adding at the end of part A thereof the following new section:

"NOTIFICATION OF SOCIAL SECURITY CLAIMANT WITH RESPECT TO DEFERRED VESTED BENEFITS

"Sec. 1131. (a) Whenever—

"(1) the Secretary makes a finding of fact and a decision as to—

"(A) the entitlement of any individual to monthly benefits under section 202, 223, or 228.

"(B) the entitlement of any individual to a lump-sum death payment payable under section 202(i) on account of the death of any person to whom such individual is related by blood, marriage, or adoption, or

"(C) the entitlement under section 226 of any individual to hospital insurance benefits under part A of title XVIII, or

"(2) the Secretary is requested to do so—

"(A) by any individual with respect to whom the Secretary holds information obtained under section 6057 of the Internal Revenue Code of 1954, or

"(B) in the case of the death of the individual referred to in subparagraph (A), by the individual who would be entitled to payment under section 204(d) of this Act, he shall transmit to the individual referred to in paragraph (1) or the individual making the request under paragraph (2) any information, as reported by the employer, regarding any deferred vested benefit transmitted to the Secretary pursuant to such section 6057 with respect to the individual referred to in paragraph (1) or (2)(A) or the person on whose wages and self-employment income entitlement (or claim of entitlement) is based.

"(b)(1) For purposes of section 201(g) (1), expenses incurred in the administration of subsection (a) shall be deemed to be expenses incurred for the administration of title II.

"(2) There are hereby authorized to be appropriated to the Federal Old-Age and Survivors Insurance Trust Fund for each fiscal year (commencing with the fiscal year ending June 30, 1974) such sums as the Secretary deems necessary on account of additional administrative expenses resulting from the enactment of the provisions of subsection (a)."

Sec. 1033. Reports by Actuaries.

(a) Reports by Actuaries.—Subpart E of part III of subchapter A of chapter 61 (relating to registration of and information concerning pension, etc., plans) as added by section 1031(a) of this Act, is amended by adding at the end thereof the following new section:

"Sec. 6059. Periodic Report of Actuary.

"(a) General Rule.—The actuarial report described in subsection (b) shall be filed by the plan administrator (as defined in section 414(g)) of each defined benefit plan to which section 412 applies for the first plan year for which section 412 applies to the plan and for each third plan year thereafter (or more frequently if the Secretary or his delegate determines that more frequent reports are necessary).

"(b) Actuarial Report.—The actuarial report of a plan required by subsection (a) shall be prepared and signed by an enrolled actuary (within the meaning of section 7701 (a)(35)) and shall contain—

"(1) a description of the funding method and actuarial assumptions used to determine costs under the plan,

"(2) a certification of the contribution necessary to reduce the accumulated funding deficiency (as defined in section 412(a)) to zero,

"(3) a statement—

"(A) that to the best of his knowledge the report is complete and accurate, and

"(B) the requirements of section 412(c) (relating to reasonable actuarial assumptions) have been complied with,

"(4) such other information as may be necessary to fully and fairly disclose the actuarial position of the plan, and

"(5) such other information regarding the plan as the Secretary or his delegate may by regulations require.

"(c) Time and Manner of Filing.—The actuarial report and statement required by this section shall be filed at the time and in the manner provided by regulations prescribed by the Secretary or his delegate.

"(d) Cross Reference.—

"For coordination between the Department of the Treasury and the Department of Labor with respect to the report required to be filed under this section, see action 3004 of title III of the Employee Retirement Income Security Act of 1974.".

(b) Assessable Penalties.—Subchapter B of chapter 68 (relating to assessable penalties) is amended by adding at the end thereof the following new section:

"Sec. 6692. Failure To File Actuarial Report.

"The plan administrator (as defined in section 414(g)) of each defined benefit plan to which section 412 applies who fails to file the report required by section 6059 at the time and in the manner required by section 6059, shall pay a penalty of $1,000 for each such failure unless it is shown that such failure is due to reasonable cause."

(c) Consolidation of Actuarial Reports.—The Secretary of the Treasury and the Secretary of Labor shall take such steps as may be necessary to assure coordination to the maximum extent feasible between the actuarial reports required by section 6059 of the Internal Revenue Code of 1954 and by section 103(d) of title I of the Employee Retirement Income Security Act of 1974.

(d) Clerical Amendment.—The table of sections for subchapter B of chapter 68 is amended by adding at the end thereof the following new item:

"Sec. 6692. Failure to file actuarial report.".

Sec. 1034. Effective Dates.

This part shall take effect upon the date of the enactment of this Act; except that—

(1) the requirements of section 6059 of the Internal Revenue Code of 1954 shall apply only with respect to plan years to which part I of this title applies,

(2) the requirements of section 6057 of such Code shall apply only with respect to plan years beginning after December 31, 1975,

(3) the requirements of section 6058(a) of such Code shall apply only with respect to plan years beginning after the date of the enactment of this Act, and

(4) the amendments made by section 1032 shall take effect on January 1, 1975.

Part 4—Declaratory Judgments Relating to Qualification of Certain Retirement Plans

Sec. 1041. Tax Court Procedure.

(a) In General.—Subchapter C of chapter 76 (relating to the Tax Court) is amended by adding at the end thereof the following new part:

"PART IV—DECLARATORY JUDGMENTS RELATING TO QUALIFICATION OF CERTAIN RETIREMENT PLANS

"Sec. 7476. Declaratory judgments.

"SEC. 7476. DECLARATORY JUDGMENTS.

"(a) CREATION OF REMEDY.—In a case of actual controversy involving—

"(1) a determination by the Secretary or his delegate with respect to the initial qualification or continuing qualification of a retirement plan under subchapter D of chapter 1, or

"(2) a failure by the Secretary or his delegate to make a determination with respect to—

"(A) such initial qualification, or

"(B) such continuing qualification if the controversy arises from a plan amendment or plan termination,

upon the filing of an appropriate pleading, the United States Tax Court may make a declaration with respect to such initial qualification or continuing qualification. Any such declaration shall have the force and effect of a decision of the Tax Court and shall be reviewable as such.

"(b) LIMITATIONS.—

"(1) PETITIONER.—A pleading may be filed under this section only by a petitioner who is the employer, the plan administrator, an employee who has qualified under regulations prescribed by the Secretary or his delegate as an interested party for purposes of pursuing administrative remedies within the Internal Revenue Service, or the Pension Benefit Guaranty Corporation.

"(2) NOTICE.—For purposes of this section, the filing of a pleading by any petitioner may be held by the Tax Court to be premature, unless the petitioner establishes to the satisfaction of the court that he has complied with the requirements prescribed by regulations of the Secretary or his delegate with respect to notice to other interested parties of the filing of the request for a determination referred to in subsection (a).

"(3) EXHAUSTION OF ADMINISTRATIVE REMEDIES.—The Tax Court shall not issue a declaratory judgment or decree under this section in any proceeding unless it determines that the petitioner has exhausted administrative remedies available to him within the Internal Revenue Service. A petitioner shall not be deemed to have exhausted his administrative remedies with respect to a failure by the Secretary or his delegate to make a determination with respect to initial qualification or continuing qualification of a retirement plan before the expiration of 270 days after the request for such determination was made.

(4) PLAN PUT INTO EFFECT.—No proceeding may be maintained under this section unless the plan (and in the case of a controversy involving the continuing qualification of the plan because of an amendment to the plan, the amendment) with respect to which a decision of the Tax Court is sought has been put into effect before the filing of the pleading. A plan or amendment shall not be treated as not being in effect merely because under the plan the funds contributed to the plan may be refunded if the plan (or the plan as so amended) is found to be not qualified.

"(5) TIME FOR BRINGING ACTION.—If the Secretary or his delegate sends by certified or registered mail notice of his determination with respect to the qualification of the plan to the persons referred to in paragraph (1) (or in the case of employees referred to in paragraph (1), to any individual designated under regulations prescribed by the Secretary or his delegate as a representative of such employee), no proceeding may be initiated under this section by any person unless the pleading is filed before the ninety-first day after the day after such notice is mailed to such person (or to his designated representative, in the case of an employee).

"(c) COMMISSIONERS.—The chief judge of the Tax Court may assign proceedings under this section to be heard by the commissioners of the court, and the court may authorize a commissioner to make the decision of the court with respect to such proceeding, subject to such conditions and review as the court may by rule provide.

"(d) RETIREMENT PLAN.—For purposes of this section, the term 'retirement plan' means—

"(1) a pension, profit-sharing, or stock bonus plan described in section 401(a) or a trust which is part of such a plan,

"(2) an annuity plan described in section 403(a), or

"(3) a bond purchase plan described in section 405(a).

"(e) CROSS REFERENCE.—

"For provisions concerning intervention by Pension Benefit Guaranty Corporation and Secretary of Labor in actions brought under this section and right of Pension Benefit Guaranty Corporation to bring action, see section 3001(c) of subtitle A of title III of the Employee Retirement Income Security Act of 1974."

(b) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) FEE FOR FILING PETITION.—Section 7451 (relating to fee for filing petition) is amended by striking out "deficiency" and inserting in lieu thereof "deficiency or for a declaratory judgment under part IV of this subchapter".

(2) DATE OF DECISION.—Section 7459(c) (relating to date of decision) is amended by inserting before the period at the end of the first sentence the following: "or, in the case of a declaratory judgment proceeding under part IV of this subchapter, the date of the court's order entering the decision".

(3) VENUE FOR APPEAL OF DECISION.—

(A) Section 7482(b)(1) (relating to venue) is amended by striking out the period at the end of subparagraph (B) and inserting in lieu thereof ", or" and by inserting after subparagraph (B) the following new subparagraph:

"(C) in the case of a person seeking a declaratory decision under section 7476, the principal place of business, or principal office or agency of the employer."

(B) Section 7482(b)(1) is further amended—

(i) by striking out "neither subparagraph (A) nor (B) applies" and inserting in lieu thereof "subparagraph (A), (B), and (C) does not apply"; and

(ii) by inserting before the period at the end of the last sentence thereof the following: "or as of the time the petition seeking a declaratory decision under section 7476 was filed with the Tax Court".

(c) CLERICAL AMENDMENT.—The table of parts for subchapter C of chapter 76 (relating to the Tax Court) is amended by adding at the end thereof the following new item:

"PART IV. Declaratory judgments relating to qualification of certain retirements plans.".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to pleadings filed more than 1 year after the date of the enactment of this Act.

PART 5—INTERNAL REVENUE SERVICE

SEC. 1051. ESTABLISHMENT OF OFFICE.

(a) IN GENERAL.—Section 7802 (relating to Commissioner of Internal Revenue) is amended to read as follows:

"SEC. 7802. COMMISSIONER OF INTERNAL REVENUE; ASSISTANT COMMISSIONER (EMPLOYEE PLANS AND EXEMPT ORGANIZATIONS).

"(a) COMMISSIONER OF INTERNAL REVENUE.—There shall be in the Department of the Treasury a Commissioner of Internal Revenue, who shall be appointed by the President, by and with the advice and consent of the Senate. The Commissioner of Internal Revenue shall have such duties and powers as may be prescribed by the Secretary.

"(b) ASSISTANT COMMISSIONER FOR EMPLOYEE PLANS AND EXEMPT ORGANIZATIONS.—There is established within the Internal Revenue Service an office to be known as the 'Office of Employee Plans and Exempt Organizations' to be under the supervision and direction of an Assistant Commissioner of Internal Revenue. As head of the Office, the Assistant Commissioner shall be responsible for carrying out such functions as the Secretary or his delegate may prescribe with respect to organizations exempt from tax under section 501(a) and with respect to plans to which part I of subchapter D of chapter 1 applies (and with respect to organizations designed to be exempt under such section and plans designed to be plans to which such part applies)."

(b) SALARIES.—

(1) ASSISTANT COMMISSIONER.—Section 5109 of title 5, United States Code, is amended by adding at the end thereof the following new subsection:

"(c) The position held by the employee appointed under section 7802(b) of the Internal Revenue Code of 1954 is classified at GS–18, and is in addition to the number of positions authorized by section 5108(a) of this title."

(2) CLASSIFICATION OF POSITIONS AT GS–16 AND 17.—Section 5108 of title 5, United States Code, is amended by adding at the end thereof the following new subsection:

"(e) In addition to the number of positions authorized by subsection (a), the Commissioner of Internal Revenue is authorized, without regard to any other provision of this section, to place a total of 20 positions in the Internal Revenue Service in GS–16 and 17.".

(c) CLERICAL AMENDMENTS.—The item relating to section 7802 in the table of sections for subchapter A of chapter 80 is amended to read as follows:

"Sec. 7802. Commissioner of Internal Revenue; Assistant Commissioner (Employee Plans and Exempt Organizations)."

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on the 90th day after the date of the enactment of this Act.

SEC. 1052. AUTHORIZATION OF APPROPRIATIONS

There is authorized to be appropriated to the Department of the Treasury for the purpose of carrying out all functions of the Office of Employee Plans and Exempt Organizations for each fiscal year beginning after June 30, 1974, an amount equal to the sum of—

(1) so much of the collections from the taxes imposed under section 4940 of such Code (relating to excise tax based on investment income) as would have been collected if the rate of tax under such section was 2 percent during the second preceding fiscal year, and

(2) the greater of—

(A) an amount equal to the amount described in paragraph (1), or

(B) $30,000,000.

SUBTITLE B—OTHER AMENDMENTS TO THE INTERNAL REVENUE CODE RELATING TO RETIREMENT PLANS

SEC. 2001. CONTRIBUTIONS ON BEHALF OF SELF-EMPLOYED INDIVIDUALS AND SHAREHOLDER-EMPLOYEES

(a) INCREASE IN MAXIMUM AMOUNT DEDUCTIBLE FOR SELF-EMPLOYED INDIVIDUALS.—

(1) Paragraph (1) of section 404(e) (relating to special limitations for self-employed individuals) is amended—

(A) by striking out "2,500, or 10 percent" and inserting in lieu thereof "$7,500, or 15 percent", and

(B) by striking out "subject to the provisions of paragraph (2)" and inserting in lieu thereof "subject to paragraphs (2) and (4)".

(2) Paragraph (2)(A) of section 404(e) is amended by striking out "shall not exceed $2,500, or 10 percent" and inserting in lieu thereof "shall (subject to paragraph (4)) not exceed $7,500, or 15 percent".

(3) Section 404(e) is amended by adding at the end thereof the following new paragraph:

"(4)) Limitations cannot be lower than $750 or 100 percent of earned income.—The limitations under paragraphs (1) and (2)(A) for any employee shall not be less than the lesser of—

"(A) $750, or

"(B) 100 percent of the earned income derived by such employee from the trades or businesses taken into account for purposes of paragraph (1) or (2)(A) as the case may be.".

(b) Increase in Maximum Amount Deductible for Shareholder-Employees.—Paragraph (1) of section 1379(b) (relating to taxability of shareholder-employees) is amended—

(1) by striking out "10 percent" in subparagraph (A) and inserting in lieu thereof "15 percent", and

(2) by striking out "$2,500" in subparagraph (B) and inserting in lieu thereof "$7,500".

(c) Only First $100,000 of Annual Compensation To Be Taken Into Account.—Subsection (a) of section 401 (relating to requirements for qualification) is amended by inserting after paragraph (16) the following new paragraph:

"(17) In the case of a plan which provides contributions or benefits for employees some or all of whom are employees within the meaning of subsection (c)(1), or are shareholder-employees within the meaning of section 1379(d), only if the annual compensation of each employee taken into account under the plan does not exceed the first $100,000 of such compensation."

(d) Defined Benefit Plans for Self-Employed Individuals.—

(1) Subsection (a) of section 401 is amended by inserting after paragraph (17) the following new paragraph:

"(18) In the case of a trust which is part of a plan providing a defined benefit for employees some or all of whom are employees within the meaning of subsection (c)(1), or are shareholder-employees within the meaning of section 1379(d), only if such plan satisfies the requirements of subsection (j)."

(2) Section 401 (relating to qualified pension, profit-sharing, and stock bonus plans) is amended by redesignating subsection (j) as subsection (k) and by inserting after subsection (i) the following new subsection:

"(j) Defined Benefit Plans Providing Benefits for Self-Employed Individuals and Shareholder-Employees.—

"(1) In general.—A defined benefit plan satisfies the requirements of this subsection only if the basic benefit accruing under the plan for each plan year of participation by an employee within the meaning of subsection (c)(1) (or a shareholder-employee) is permissible under regulations prescribed by the Secretary or his delegate under this subsection to insure that there will be reasonable comparability (assuming level funding) between the maximum retirement benefits which may be provided with favorable tax treatment under this title for such employees under—

"(A) defined contribution plans,

"(B) defined benefit plans, and

"(C) a combination of defined contribution plans and defined benefit plans.

"(2) Guidelines for regulations.—The regulations prescribed under this subsection shall provide that a plan does not satisfy the requirements of this subsection if, under the plan, the basic benefit of any employee within the meaning of subsection (c)(1) (or a shareholder-employee) may exceed the sum of the products for each plan year of participation of—

"(A) his annual compensation (not in excess of $50,000) for such year, and

"(B) the applicable percentage determined under paragraph (3).

"(3) Applicable percentage.—

"(A) Table.—For purposes of paragraph (2), the applicable percentage for any individual for any plan year shall be based on the percentage shown on the following table opposite his age when his current period of participation in the plan began.

"Age when participation began:	Applicable percentage
30 or less	6.5
35	5.4
40	4.4
45	3.6
50	3.0
55	2.5
60 or over	2.0

"(B) Additional requirements.—The regulations prescribed under this subsection shall include provisions—

"(i) for applicable percentages for ages between any two ages shown on the table,

"(ii) for adjusting the applicable percentages in the case of plans providing benefits other than a basic benefit,

"(iii) that any increase in the rate of accrual, and any increase in the compensation base which may be taken into account, shall, with respect only to such increase, begin a new period of participation in the plan, and

"(iv) when appropriate, in the case of periods beginning after December 31, 1977, for adjustments in the applicable percentages based on changes in prevailing interest and mortality rates occurring after 1973.

"(4) Certain contributions and benefits may not be taken into account.—A defined benefit plan which provides contributions or benefits for owner-employees does not satisfy the requirements of this subsection unless such plan meets the requirements of subsection (a)(4) without taking into account contributions or benefits under chapter 2 (relating to tax on self-employment income), chapter 21 (relating to Federal Insurance Contributions Act), title II of the Social Security Act, or any other Federal or State law.

"(5) Definitions.—For purposes of this subsection—

"(A) Basic benefit.—The term 'basic benefit' means a benefit in the form of a straight life annuity commencing at the later of—

"(i) age 65, or

"(ii) the day 5 years after the day the participant's current period of participation began under a plan which provides no ancillary benefits and to which employees do not contribute.

"(B) Shareholder-employee.—The term 'shareholder-employee' has the same meaning as when used in section 1379(d).

"(C) Compensation.—The term 'compensation' means—

"(i) in the case of an employee within the meaning of subsection (c)(1), the earned income of such individual, or

"(ii) in the case of a shareholder-employee, the compensation received or accrued by the individual from the electing small business corporation.

"(6) Special rules.—Section 404(e) (relating to special limitations for self-employed individuals) and section 1379(b) (relating to taxability of shareholder-employee beneficiaries) do not apply to a trust to which this subsection applies.".

(e) Repeal of Existing Tax Treatment of Excess Contributions.—

(1) The last sentence of section 401(d)(5) is amended to read as follows: "Subparagraphs (A) and (B) do not apply to contributions described in subsection (e)."

(2) Paragraph (8) of section 401(d) is repealed.

(3) Subsection (e) of section 401 is amended to read as follows:

"(e) Contributions for Premiums on Annuity, Etc., Contracts.—A contribution by the employer on behalf of an owner-employee is described in this subsection if—

"(1) under the plan such contribution is required to be applied (directly or through a trustee) to pay premiums or other consideration for one or more annuity, endowment, or life insurance contracts on the life of such owner-employee issued under the plan.

"(2) the amount of such contribution exceeds the amount deductible under section 404 with respect to contributions made by the employer on behalf of such owner-employee under the plan, and

"(3) the amount of such contribution does not exceed the average of the amounts which were deductible under section 404 with respect to contributions made by the employer on behalf of such owner-employee under the plan (or which would have been deductible if such section had been in effect) for the first three taxable years (A) preceding the year in which the last such annuity, endowment, or life insurance contract was issued under the plan, and (B) in which such owner-employee derived earned income from the trade or business with respect to which the plan is established, or for so many of such taxable years as such owner-employee was engaged in such trade or business and derived earned income therefrom.

In the case of any individual on whose behalf contributions described in paragraph (1) are made under more than one plan as an owner-employee during any taxable year, the preceding sentence does not apply if the amount of such contributions under all such plans for all such years exceeds $7,500. Any contribution which is described in this subsection shall, for purposes of section 4972(b), be taken into account as a contribution made by such owner-employee as an employee to the extent that the amount of such contribution is not deductible under section 404 for the taxable year, but only for the purpose of applying section 4972(b) to other contributions made by such owner-employee as an employee."

(4) Clause (ii) of section 401(a)(10)(A) is amended by striking out "subsection (e)(3)(A)" and inserting in lieu thereof "subsection (e)".

(5) Subparagraph (A) of section 72(m)(5)(A) is amended—

(A) by inserting "and" at the end of clause (i),

(B) by striking out the comma at the end of clause (ii) and the word "and" following that comma, and inserting in lieu thereof a period, and

(C) by striking out clause (iii).

(f) Tax on Excess Contributions.—

(1) Chapter 43 (relating to qualified pension, etc., plans) is amended by inserting after section 4971 the following new section:

"SEC. 4972. TAX ON EXCESS CONTRIBUTIONS FOR SELF-EMPLOYED INDIVIDUALS.

"(a) Tax Imposed.—In the case of a plan which provides contributions or benefits for employees some or all of whom are employees within the meaning of section 401(c)(1), there is imposed, for each taxable year of the employer who maintains such plan, a tax in an amount equal to 6 percent of the amount of the excess contributions under the plan (determined as of the close of the taxable year). The tax imposed by this subsection shall be paid by the employer who maintains the plan. This section applies only to plans which include a trust described in section 401(a), which are described in section 403(a), or which are described in section 405(a).

"(b) Excess Contributions.—

"(1) IN GENERAL.—For purposes of this section, the term 'excess contributions' means the sum of the amounts (if any) determined under paragraphs (2), (3), and (4), reduced by the sum of the correcting distributions (as defined in paragraph (5)) made in all prior taxable years beginning after December 31, 1975. For purposes of this subsection the amount of any contribution which is allocable (determined under regulations prescribed by the Secretary or his delegate) to the purchase of life, accident, health, or other insurance shall not be taken into account.

"(2) CONTRIBUTIONS BY OWNER-EMPLOYEES.—The amount determined under this paragraph, in the case of a plan which provides contributions or benefits for employees some or all of whom are owner-employees (within the meaning of section 401(c)(3)), is the sum of—

"(A) the excess (if any) of—

"(i) the amount contributed under the plan by each owner-employee (as an employee) for the taxable year, over

"(ii) the amount permitted to be contributed by each owner-employee (as an employee) for such year, and

"(B) the amount determined under this paragraph for the preceding taxable year of the employer, reduced by the excess (if any) of the amount described in subparagraph (A)(ii) over the amount described in subparagraph (A)(i).

"(3) DEFINED BENEFIT PLANS.—The amount determined under this paragraph, in the case of a defined benefit plan, is the amount contributed under the plan by the employer during the taxable year or any prior taxable year beginning after December 31, 1975, if—

"(A) as of the close of the taxable year, the full funding limitation of the plan (determined under section 412(c)(7)) is zero, and

"(B) such amount has not been deductible for the taxable year or any prior taxable year.

"(4) DEFINED CONTRIBUTION PLANS.—The amount determined under this paragraph, in the case of a plan other than a defined benefit plan, is the portion of the amounts contributed under the plan by the employer during the taxable year and each prior taxable year beginning after December 31, 1975, which has not been deductible for the taxable year or any prior taxable year.

"(5) CORRECTING DISTRIBUTION.—For purposes of this subsection the term 'correcting distribution' means—

"(A) in the case of a contribution made by an owner-employee as an employee, regardless of the type of plan, the amount determined under paragraph (2) distributed to the owner-employee who contributed such amount,

"(B) in the case of a defined benefit plan, the amount determined under paragraph (3) which is distributed from the plan to the employer, and

"(C) in the case of a defined contribution plan, the amount determined under paragraph (4) which is distributed from the plan to the employer or to the employee to the account of whom the amount described was contributed.

"(c) AMOUNT PERMITTED TO BE CONTRIBUTED BY OWNER-EMPLOYEE.—For purposes of subsection (b)(2), the amount permitted to be contributed under a plan by an owner-employee (as an employee) for any taxable year is the smallest of the following:

"(1) $2,500,

"(2) 10 percent of the earned income (as defined in section 401(c)(2)) for such taxable year derived by such owner-employee from the trade or business with respect to which the plan is established, or

"(3) the amount of the contribution which would be contributed by the owner-employee (as an employee) if such contribution were made at the rate of contributions permitted to be made by employees other than owner-employees.

In any case in which there are no employees other than owner-employees, the amount determined under the preceding sentence shall be zero.

"(d) CROSS REFERENCE.—

"For disallowance of deduction for taxes paid under this section see section 275.".

(2) CLERICAL AMENDMENT.—The table of sections for chapter 43 is amended by inserting after the item relating to section 4971 the following new item:

"Sec. 4972. Tax on excess contributions for self-employed individuals.".

(g) PREMATURE DISTRIBUTIONS TO OWNER-EMPLOYEES.—

(1) IN GENERAL.—Subparagraph (B) of section 72(m)(5) (relating to penalties applicable to certain amounts received by owner-employees) is amended to read as follows:

"(B) If a person receives an amount to which this paragraph applies, his tax under this chapter for the taxable year in which such amount is received shall be increased by an amount equal to 10 percent of the portion of the amount so received which is includible in his gross income for such taxable year."

(2) CONFORMING AMENDMENTS.—

(A) Subparagraphs (C), (D), and (E) of section 72(m)(5) are repealed.

(B) The second sentence of section 46(a)(3) and the second sentence of section 50A(a)(3), as each is amended by section 2005(c)(4) of this Act, are each amended by inserting after "tax preferences)." the following: "section 72(m)(5)(B) (relating to 10 percent tax on premature distributions to owner-employees),".

(C) The third sentence of section 901(a), as amended by section 2005(c)(5) of this Act, is amended by striking out "tax preferences)," and inserting in lieu thereof "tax preferences), against the tax imposed for the taxable year under section 72(m)(5)(B) (relating to 10 percent tax on premature distributions to owner-employees),".

(D) Subparagraph (A) of section 56(a)(2) and paragraph (1) of section 56(c), as each is amended by section 2005(c)(7) of this Act, are each amended by striking out "402(e)" and inserting in lieu thereof "72(m)(5)(B), 402(e)".

(E) Section 404(a)(2) is amended by striking out "(16)" and inserting in lieu thereof "(16), (17), (18)".

(F) Clause (ii) of section 404(a)(9)(B) is amended to read as follows:

"(ii) without regard to the second sentence of paragraph (3); and".

(h) WITHDRAWAL OF EMPLOYEE CONTRIBUTIONS OF OWNER-EMPLOYEES.—

(1) Section 401(d)(4)(B) (relating to additional requirements for qualification of trusts and plans benefiting owner-employees) is amended by inserting "in excess of contributions made by an owner-employee as an employee" after "benefits".

(2) Paragraph (1) of section 72(m) (relating to certain amounts received before annuity starting date) is repealed.

(3) Section 72(m)(5)(A)(i) is amended by striking out "(whether or not paid by him)" and inserting in lieu thereof the following: "(other than contributions made by him as an owner-employee)".

(i) EFFECTIVE DATES.—

(1) The amendments made by subsections (a) and (b) apply to taxable years beginning after December 31, 1973.

(2) The amendments made by subsection (c) apply to—

(A) taxable years beginning after December 31, 1975, and

(B) any other taxable years beginning after December 31, 1973, for which contributions were made under the plan in excess of the amounts permitted to be made under sections 404(e) and 1379(b) as in effect on the day before the date of the enactment of this Act.

(3) The amendments made by subsection (d) apply to taxable years beginning after December 31, 1975.

(4) The amendments made by subsections (e) and (f) apply to contributions made in taxable years beginning after December 31, 1975.

(5) The amendments made by subsection (g) apply to distributions made in taxable years beginning after December 31, 1975.

(6) The amendments made by subsection (h) apply to taxable years ending after the date of enactment of this Act.

SEC. 2002. DEDUCTION FOR RETIREMENT SAVINGS.

(a) ALLOWANCE OF DEDUCTION.—

(1) IN GENERAL.—Part VII of subchapter B of chapter 1 (relating to additional itemized deductions for individuals) is amended by redesignating section 219 as 220 and by inserting after section 218 the following new section:

"SEC. 219. RETIREMENT SAVINGS.

"(a) DEDUCTION ALLOWED.—In the case of an individual, there is allowed as a deduction amounts paid in cash during the taxable year by or on behalf of such individual for his benefit—

"(1) to an individual retirement account described in section 408(a).

"(2) for an individual retirement annuity described in section 408(b), or

"(3) for a retirement bond described in section 409 (but only if the bond is not redeemed within 12 months of the date of its issuance).

For purposes of this title, any amount paid by an employer to such a retirement account or for such a retirement annuity or retirement bond constitutes payment of compensation to the employee (other than a self-employed individual who is an employee within the meaning of section 401(c)(1) includible in his gross income, whether or not a deduction for such payment is allowable under this section to the employee after the application of subsection (b).

"(b) LIMITATIONS AND RESTRICTIONS.—

"(1) MAXIMUM DEDUCTION.—The amount allowable as a deduction under subsection (a) to an individual for any taxable year may not exceed an amount equal to 15 percent of the compensation includible in his gross income for such taxable year, or $1,500, whichever is less.

"(2) COVERED BY CERTAIN OTHER PLANS.—No deduction is allowed under subsection (a) for an individual for the taxable year if for any part of such year—

"(A) he was an active participant in—

"(i) a plan described in section 401(a) which includes a trust exempt from tax under section 501(a),

"(ii) an annuity plan described in section 403(a),

"(iii) a qualified bond purchase plan described in section 405(a), or

"(iv) a plan established for its employees by the United States, by a State or political division thereof, or by an agency or instrumentality of any of the foregoing, or

"(B) amounts were contributed by his employer for an annuity contract described in section 403(b) (whether or not his rights in such contract are nonforfeitable).

"(3) CONTRIBUTIONS AFTER AGE 70½.—No deduction is allowed under subsection (a) with respect to any payment described in subsection (a) which is made during the taxable year of an individual who has attained age 70½ before the close of such taxable year.

"(4) RECONTRIBUTED AMOUNTS.—No deduction is allowed under this section with respect to a rollover contribution described in section 402(a)(5), 403(a)(4), 408(d)(3), or 409(b)(3)(*C*).

"(5) AMOUNTS CONTRIBUTED UNDER ENDOWMENT CONTRACT.—In the case of an endowment contract described in section 408(b), no deduction is allowed under subsection (a) for that portion of the amounts paid under the contract for the taxable year properly allocable, under regulations prescribed by the Secretary or his delegate, to the cost of life insurance.

"(c) Definitions and Special Rules.—

"(1) Compensation.—For purposes of this section, the term 'compensation' includes earned income as defined in section 401(c)(2).

"(2) Married individuals.—The maximum deduction under subsection (b)(1) shall be computed separately for each individual, and this section shall be applied without regard to any community property laws.".

(2) Deduction allowed in arriving at adjusted gross income.—Section 62 (defining adjusted gross income) is amended by inserting after paragraph (9) the following new paragraph:

"(10) Retirement savings.—The deduction allowed by section 219 (relating to deduction of certain retirement savings).".

(b) Individual Retirement Accounts.—Subpart A of part I of subchapter D of chapter 1 (relating to retirement plans) is amended by adding at the end thereof the following new section:

"Sec. 408. Individual Retirement Accounts.

"(a) Individual Retirement Account.—For purposes of this section, the term 'individual retirement account' means a trust created or organized in the United States for the exclusive benefit of an individual or his beneficiaries, but only if the written governing instrument creating the trust meets the following requirements:

"(1) Except in the case of a rollover contribution described in subsection (d)(3), in section 402(a)(5), 403(a)(4), or 409(b)(3)(C), no contribution will be accepted unless it is in cash, and contributions will not be accepted for the taxable year in excess of $1,500 on behalf of any individual.

"(2) The trustee is a bank (as defined in section 401(d)(1)) or such other person who demonstrates to the satisfaction of the Secretary or his delegate that the manner in which such other person will administer the trust will be consistent with the requirements of this section.

"(3) No part of the trust funds will be invested in life insurance contracts.

"(4) The interest of an individual in the balance in his account is nonforfeitable.

"(5) The assets of the trust will not be commingled with other property except in a common trust fund or common investment fund.

"(6) The entire interest of an individual for whose benefit the trust is maintained will be distributed to him not later than the close of his taxable year in which he attains age 70½, or will be distributed, commencing before the close of such taxable year, in accordance with regulations prescribed by the Secretary or his delegate, over—

"(A) the life of such individual or the lives of such individual and his spouse, or

"(B) a period not extending beyond the life expectancy of such individual or the life expectancy of such individual and his spouse.

"(7) If an individual for whose benefit the trust is maintained dies before his entire interest has been distributed to him, or if distribution has been commenced as provided in paragraph (6) to his surviving spouse and such surviving spouse dies before the entire interest has been distributed to such spouse, the entire interest (or the remaining part of such interest if distribution thereof has commenced) will, within 5 years after his death (or the death of the surviving spouse), be distributed, or applied to the purchase of an immediate annuity for his beneficiary or beneficiaries (or the beneficiary or beneficiaries of his surviving spouse) which will be payable for the life of such beneficiary or beneficiaries (or for a term certain not extending beyond the life expectancy of such beneficiary or beneficiaries) and which annuity will be immediately distributed to such beneficiary or beneficiaries. The preceding sentence does not apply if distributions over a term certain commenced before the death of the individual for whose benefit the trust was maintained and the term certain is for a period permitted under paragraph (6).

"(b) Individual Retirement Annuity.—For purposes of this section, the term 'individual retirement annuity' means an annuity contract, or an endowment contract (as determined under regulations prescribed by the Secretary or his delegate), issued by an insurance company which meets the following requirements:

"(1) The contract is not transferable by the owner.

"(2) The annual premium under the contract will not exceed $1,500 and any refund of premiums will be applied before the close of the calendar year following the year of the refund toward the payment of future premiums or the purchase of additional benefits.

"(3) The entire interest of the owner will be distributed to him not later than the close of his taxable year in which he attains age 70½, or will be distributed, in accordance with regulations prescribed by the Secretary or his delegate over—

"(A) the life of such owner or the lives of such owner and his spouse, or

"(B) a period not extending beyond the life expectancy of such owner or the life expectancy of such owner and his spouse.

"(4) If the owner dies before his entire interest has been distributed to him, or if distribution has been commenced as provided in paragraph (3) to his surviving spouse and such surviving spouse dies before the entire interest has been distributed to such spouse, the entire interest (or the remaining part of such interest if distribution thereof has commenced) will, within 5 years after his death (or the death of the surviving spouse), be distributed, or applied to the purchase of an immediate annuity for his beneficiary or beneficiaries (or the beneficiary or beneficiaries of his surviving spouse) which will be payable for the life of such beneficiary or beneficiaries (or for a term certain not extending beyond the life expectancy of such beneficiary or beneficiaries) and which annuity will be immediately distributed to such beneficiary or beneficiaries. The preceding sentence shall have no application if distributions over a term certain commenced before the death of the owner and the term certain is for a period permitted under paragraph (3).

"(5) The entire interest of the owner is nonforfeitable. Such term does not include such an annuity contract for any taxable year of the owner in which it is disqualified on the application of subsection (e) or for any subsequent taxable year. For purposes of this subsection, no contract shall be treated as an endowment contract if it matures later than the taxable year in which the individual in whose name such contract is purchased attains age 70½; if it is not for the exclusive benefit of the individual in whose name it is purchased or his beneficiaries; or if the aggregate annual premiums under all such contracts purchased in the name of such individual for any taxable year exceed $1,500.

"(c) Accounts Established by Employers and Certain Associations of Employees.—A trust created or organized in the United States by an employer for the exclusive benefit of his employees or their beneficiaries, or by an association of employees (which may include employees within the meaning of section 401(c)(1)) for the exclusive benefit of its members or their beneficiaries, shall be treated as an individual retirement account (described in subsection (a)), but only if the written governing instrument creating the trust meets the following requirements:

"(1) The trust satisfies the requirements of paragraphs (1) through (7) of subsection (a).

"(2) There is a separate accounting for the interest of each employee or member.

The assets of the trust may be held in a common fund for the account of all individuals who have an interest in the trust.

"(d) Tax Treatment of Distributions.—

"(1) In general.—Except as otherwise provided in this subsection, any amount paid or distributed out of an individual retirement account or under an individual retirement annuity shall be included in gross income by the payee or distributee, as the case may be, for the taxable year in which the payment or distribution is received. The basis of any person in such an account or annuity is zero.

"(2) Distributions of annuity contracts.—Paragraph (1) does not apply to any annuity contract which meets the requirements of paragraphs (1), (3), (4), and (5) of subsection (b) and which is distributed from an individual retirement account. Section 72 applies to any such annuity contract, and for purposes of section 72 the investment in such contract is zero.

"(3) Rollover contribution.—An amount is described in this paragraph as a rollover contribution if it meets the requirements of subparagraphs (A) and (B).

"(A) In general.—Paragraph (1) does not apply to any amount paid or distributed out of an individual retirement account or individual retirement annuity to the individual for whose benefit the account or annuity is maintained if—

"(i) the entire amount received (including money and any other property) is paid into an individual retirement account or individual retirement annuity (other than an endowment contract) or retirement bond for the benefit of such individual not later than the 60th day after the day on which he receives the payment or distribution; or

"(ii) the entire amount received (including money and other property) represents the entire amount in the account or the entire value of the annuity and no amount in the account and no part of the value of the annuity is attributable to any source other than a rollover contribution from an employees' trust described in section 401(a) which is exempt from tax under section 501(a) (other than a trust forming part of a plan under which the individual was an employee within the meaning of section 401(c)(1) at the time contributions were made on his behalf under the plan), or an annuity plan described in section 403(a), other than a plan under which the individual was an employee within the meaning of section 401(c)(1) at the time contributions were made on his behalf under the plan, and any earnings on such sums and the entire amount thereof is paid into another such trust (for the benefit of such individual) or annuity plan not later than the 60th day on which he receives the payment or distribution.

"(B) Limitation.—This paragraph does not apply to any amount described in subparagraph (A)(i) received by an individual from an individual retirement account or individual retirement annuity if at any time during the 3-year period ending on the day of such receipt such individual received any other amount described in that subparagraph from an individual retirement account, individual retirement annuity, or a retirement bond which was not includible in his gross income because of the application of this paragraph.

"(4) Excess contributions returned before due date of return.—Paragraph (1) does not apply to the distribution of any contribution paid during a taxable year to an individual retirement account or for an individual retirement annuity to the extent that such contribution exceeds the amount allowable as a deduction under section 219 if—

"(A) such distribution is received on or before the day prescribed by law (including extensions of time) for filing such individual's return for such taxable year.

"(B) no deduction is allowed under section 219 with respect to such excess contribution, and

"(C) such distribution is accompanied by the amount of net income attributable, to such excess contribution.

Any net income described in subparagraph (C) shall be included in the gross income of the individual for the taxable year in which received.

"(5) Transfer of account incident to divorce.—The transfer of an individual's interest in an individual retirement account, individual retirement annuity, or retirement bond to his former spouse under a divorce decree or under a written instrument incident to such divorce is not to be considered a taxable transfer made by such individual notwithstanding any other provision of this subtitle, and such interest at the time of the transfer is to be treated as a qualified individual retirement account of such spouse, and not of such individual. Thereafter such account, annuity, or bond for purposes of this subtitle is to be treated as maintained for the benefit of such spouse.

"(e) Tax Treatment of Accounts and Annuities.—

"(1) Exemption from tax.—Any individual retirement account is exempt from taxation under this subtitle unless such account has ceased to be an individual retirement account by reason of paragraph (2) or (3). Notwithstanding the preceding sentence, any such account is subject to the taxes imposed by section 511 (relating to imposition of tax on unrelated business income of charitable, etc. organizations).

"(2) Loss of exemption of account where employee engages in prohibited transaction.—

"(A) In general.—If, during any taxable year of the individual for whose benefit any individual retirement account is established, that individual or his beneficiary engages in any transaction prohibited by section 4975 with respect to such account, such account ceases to be an individual retirement account as of the first day of such taxable year. For purposes of this paragraph—

"(i) the individual for whose benefit any account was established is treated as the creator of such account and

"(ii) the separate account for any individual within an individual retirement account maintained by an employer or association of employees is treated as a separate individual retirement account.

"(B) Account treated as distributing all its assets.—In any case in which any account ceases to be an individual retirement account by reason of subparagraph (A) as of the first day of any taxable year, paragraph (1) of subsection (d) applies as if there were a distribution on such first day in an amount equal to the fair market value (on such first day) of all assets in the account (on such first day).

"(3) Effect of borrowing on annuity contract.—If during any taxable year the owner of an individual retirement annuity borrows any money under or by use of such contract, the contract ceases to be an individual retirement annuity as of the first day of such taxable year. Such owner shall include in gross income for such year an amount equal to the fair market value of such contract as of such first day.

"(4) Effect of pledging account as security.—If, during any taxable year of the individual for whose benefit an individual retirement account is established, that individual uses the account or any portion thereof as security for a loan, the portion so used is treated as distributed to that individual.

"(5) Purchase of endowment contract by individual retirement account.—If the assets of an individual retirement account or any part of such assets are used to purchase an endowment contract for the benefit of the individual for whose benefit the account is established—

"(A) to the extent that the amount of the assets involved in the purchase are not attributable to the purchase of life insurance, the purchase is treated as a rollover contribution described in subsection (d)(3), and

"(B) to the extent that the amount of the assets involved in the purchase are attributable to the purchase of life, health, accident, or other insurance, such amounts are treated as distributed to that individual (but the provisions of subsection (f) do not apply).

"(6) Commingling individual retirement account amounts in certain common trust funds and common investment funds.—Any common trust fund or common investment fund of indivdual retirement account assets which is exempt from taxation under this subtitle does not cease to be exempt on account of the participation or inclusion of assets of a trust exempt from taxation under section 501(a) which is described in section 401(a).

"(f) Additional Tax on Certain Amounts Included in Gross Income Before Age 59½.—

"(1) Early distributions from an individual retirement account, etc.—If a distribution from an individual retirement account or under an individual retirement annuity to the individual for whose benefit such account or annuity was established is made before such individual attains age 59½, his tax under this chapter for the taxable year in which such distribution is received shall be increased by an amount equal to 10 percent of the amount of distribution which is includible in his gross income for such taxable year.

"(2) Disqualification cases.—If an amount is includible in gross income for a taxable year under subsection (e) and the taxpayer has not attained age 59½ before the beginning of such taxable year, his tax under this chapter for such taxable year shall be increased by an amount equal to 10 percent of such amount so required to be included in his gross income.

"(3) Disability cases.—Paragraphs (1) and (2) do not apply if the amount paid or distributed, or the disqualification of the account or annuity under subsection (e), is attributable to the taxpayer becoming disabled within the meaning of section 72 (m)(7).

"(g) Community Property Laws.—This section shall be applied without regard to any community property laws.

"(h) Custodial Accounts.—For purposes of this section, a custodial account shall be treated as a trust if the assets of such account are held by a bank (as defined in section 401(d)(1)) or another person who demonstrates, to the satisfaction of the Secretary or his delegate, that the manner in which he will administer the account will be consistent with the requirements of this section, and if the custodial account would, except for the fact that it is not a trust, constitute an individual retirement account described in subsection (a). For purposes of this title, in the case of a custodial account treated as a trust by reason of the preceding sentence, the custodian of such account shall be treated as the trustee thereof.

"(i) Reports.—The trustee of an individual retirement account and the issuer of an endowment contract described in section 408(b) or an individual retirement annuity shall make such reports regarding such account, contract, or annuity to the Secretary or his delegate and to the individuals for whom the account, contract, or annuity is, or is to be, maintained with respect to contributions, distributions, and such other matters as the Secretary or his delegate may require under regulations. The reports required by this subsection shall be filed at such time and in such manner and furnished to such individuals at such time and in such manner as may be required by those regulations.

"(j) Cross References.—

"(1) For tax on excess contributions in individual retirement accounts or annuities, see section 4973.

"(2) For tax on certain accumulations in individual retirement accounts or annuities, see section 4974."

(c) Retirement Bonds.—Subpart A of part I of subchapter D of chapter 1 (relating to retirement plans) is amended by inserting after section 408 the following new section:

"Sec. 409. Retirement Bonds.

"(a) Retirement Bond.—For purposes of this section and section 219(a), the term 'retirement bond' means a bond issued under the Second Liberty Bond Act, as amended, which by its terms, or by regulations prescribed by the Secretary or his delegate under such Act—

"(1) provides for payment of interest, or investment yield, only on redemption;

"(2) provides that no interest, or investment yield, is payable if the bond is redeemed within 12 months after the date of its issuance;

"(3) provides that it ceases to bear interest, or provide investment yield on the earlier of—

"(A) the date on which the individual in whose name it is purchased (hereinafter in this section referred to as the 'registered owner') attains age 70½; or

"(B) 5 years after the date on which the registered owner dies, but not later than the date on which he would have attained the age 70½ had he lived;

"(4) provides that, except in the case of a rollover contribution described in subsection (b)(3)(C) or in section 402(a)(5), 403(a)(4), or 408(d)(3) the registered owner may not contribute for the purchase of such bonds in excess of $1,500 in any taxable year; and

"(5) is not transferable.

"(b) Income Tax Treatment of Bonds.—

"(1) In general.—Except as otherwise provided in this subsection, on the redemption of a retirement bond the entire proceeds shall be included in the gross income of the taxpayer entitled to the proceeds on redemption. If the registered owner has not tendered it for redemption before the close of the taxable year in which he attains age 70½, such individual shall include in his gross income for such taxable year the amount of proceeds he would have received if the bond had been redeemed at age 70½. The provisions of section 72 (relating to annuities) and section 1232 (relating to bonds and other evidences of indebtedness) shall not apply to a retirement bond.

"(2) Basis.—The basis of a retirement bond is zero.

"(3) Exceptions.—

"(A) Redemption within 12 months.—If a retirement bond is redeemed within 12 months after the date of its issuance, the proceeds are excluded from gross income if no deduction is allowed under section 219 on account of the purchase of such bond.

"(B) Redemption after age 70½.—If a retirement bond is redeemed after the close of the taxable year in which the registered owner attains age 70½, the proceeds from the redemption of the bond are excluded from the gross income of the registered owner to the extent that such proceeds were includible in his gross income for such taxable year.

"(C) Rollover into an individual retirement account or annuity or a qualified plan.—If a retirement bond is redeemed at any time before the close of the taxable year in which the registered owner attains age 70½, and the registered owner transfers the entire amount of the proceeds from the redemption of the bond to an individual retirement account described in section 408(a) or to an individual retirement annuity described in section 408(b) (other than an endowment contract) which is maintained for the benefit of the registered owner of the bond, or to an employees' trust described in section 401(a) which is exempt from tax under section 501(a), or an annuity plan described in section 403(a) for the benefit of the registered owner, on or before the 60th day after the day on which he received the proceeds of such redemption, then the proceeds shall be excluded from gross income and the transfer shall be treated as a rollover contribution described in section 403(d)(3). This subparagraph does not apply in the case of a transfer to such an employees' trust or such an annuity plan unless no part of the value of such proceeds is attributable to any source other than a rollover contribution from such an employees' trust or annuity plan (other than an annuity plan or a trust forming part of a plan under which the individual was an employee within the meaning of section 401(c)(1) at the time contributions were made on his behalf under the plan).

"(c) Additional Tax on Certain Redemptions Before Age 59½—

"(1) Early redemption of bond.—If a retirement bond is redeemed by the registered owner before he attains age 59½, his tax under this chapter for the taxable year in which the bond is redeemed shall be increased by an amount equal to 10 percent of the amount of the proceeds of the redemption includible in his gross income for the taxable year.

"(2) Disability cases.—Paragraph (1) does not apply for any taxable year during which the retirement bond is redeemed if, for that taxable year, the registered owner is disabled within the meaning of section 72(m)(7).

"(3) Redemption within one year.—Paragraph (1) does not apply if the registered owner tenders the bond for redemption within 12 months after the date of its issuance.".

(d) Excise Tax on Excess Contributions.—Chapter 43 (relating to qualified pension, etc., plans) is amended by inserting after section 4972 the following new section:

"Sec. 4973. Tax on Excess Contributions to Individual Retirement Accounts, Certain Section 403(b) Contracts, Certain Individual Retirement Annuities, and Certain Retirement Bonds.

"(a) Tax Imposed.—In the case of—

"(1) any individual retirement account (within the meaning of section 408(a)),

"(2) any individual retirement annuity (within the meaning of section 408(b)), a custodial account treated as an annuity contract under section 403(b)(7)(A) (relating to custodial accounts for regulated investment company stock), or

"(3) a retirement bond (within the meaning of section 409), established for the benefit or any individual, there is imposed for each taxable year a tax in an amount equal to 6 percent of the amount of the excess contributions to such individual's accounts, annuities, or bonds (determined as of the close of the taxable year). The amount of such tax for any taxable year shall not exceed 6 percent of the value of the account, annuity, or bond (determined as of the close of the taxable the year). In the case of an endowment contract described in section 408(b), the tax imposed by this section does not apply to any amount allocable to life, health, accident or other insurance under such contract. The tax imposed by this subsection shall be paid by such individual.

"(b) Excess Contributions.—For purposes of this section, in the case of individual retirement accounts, individual retirement annuities, or bonds, the term 'excess contributions' means the sum of—

"(1) the excess (if any) of—

"(A) the amount contributed for the taxable year to the accounts or for the annuities or bonds (other than a rollover contribution described in section 402(a)(5), 403(a)(4), 408(d)(3)), or 409(b)(3)(C), over

"(B) the amount allowable as a deduction under section 219 for such contributions, and

"(2) the amount determined under this subsection for the preceding taxable year, reduced by the excess (if any) or the maximum amount allowable as a deduction under section 219 for the taxable year over the amount contributed to the accounts or for the annuities or bonds for the taxable year and reduced by the sum of the distributions out of the account (for all prior taxable years) which were included in the gross income of the payee under section 408(d)(1). For purposes of this paragraph, any contribution which is distributed out of the individual retirement account, individual retirement annuity, or bond in a distribution to which section 408(d)(4) applies shall be treated as an amount not contributed.

"(c) Section 403(b) Contracts.—For purposes of this section, in the case of a custodial account referred to in subsection (a)(3), the term 'excess contributions' means the sum of—

"(1) the excess (if any) of the amount contributed for the taxable year to such account, over the lesser of the amount excludable from gross income under section 403(b) or the amount permitted to be contributed under the limitations contained in section 415 (or under whichever such section is applicable, if only one is applicable), and

"(2) the amount determined under this subsection for the preceding taxable year, reduced by—

"(A) the excess (if any) of the lesser of (i) the amount excludable from gross income under section 403(b) or (ii) the amount permitted to be contributed under the limitations contained in section 415 over the amount contributed to the account for the taxable year (or under whichever such section is applicable, if only one is applicable), and

"(B) the sum of the distributions out of the account (for all prior taxable years) which are included in gross income under section 72(e).

(e) Excise Tax on Excessive Accumulations.—Chapter 43 is amended by inserting after section 4973 the following new section:

"Sec. 4974. Excise Tax on Certain Accumulations in Individual Retirement Accounts or Annuities.

"(a) Imposition of Tax.—If, in the case of an individual retirement account or individual retirement annuity, the amount distributed during the taxable year of the payee is less than the minimum amount required to be distributed under section 408(a)(6) or (7), or 408(b)(3) or (4) during such year, there is imposed a tax equal to 50 percent of the amount by which the minimum amount or (7), or 408(b)(3) or (4) during such year, exceeds the amount actually distributed during the year. The tax imposed by this section shall be paid by such payee.

"(b) Regulations.—For purposes of this section, the minimum amount required to be distributed during a taxable year under section 408(a)(6) or (7) or 408(b)(3) or (4) shall be determined under regulations prescribed by the Secretary or his delegate.".

(f) Penalty for Failure To Provide Reports on Individual Retirement Accounts.—Subchapter B of chapter 68 (relating to assessable penalties) is amended by adding at the end thereof the following new section:

"Sec. 6693. Failure To Provide Reports on Individual Retirement Accounts or Annuities.

"(a) The person required by section 408(i) to file a report regarding an individual retirement account or individual retirement annuity at the time and in the manner required by section 408(i) shall pay a penalty of $10 for each failure unless it is shown that such failure is due to reasonable cause.

"(b) Deficiency Procedures Not To Apply.—Subchapter B of chapter 63 (relating to deficiency procedures for income, estate, gift, and certain exercise taxes does not apply to the assessment or collection of any penalty imposed by subsection (a).".

(g) Conforming Amendments.—

(1) Section 37(c)(1) (defining retirement income) is amended—

(A) by striking out "and" at the end of subparagraph (D),

(B) by adding at the end of subparagraph (E) the following: "retirement bonds described in section 409, and", and

(C) by adding at the end thereof the following new paragraph:

"(F) an individual retirement account described in section 408(a) or an individual retirement annuity described in section 408(b), or".

(2) The second sentence of section 46(a)(3) and the second sentence of section 50A(a)(3), as each is amended by sections 2001(g)(2)(B)(C) and 2005(c)(4) of this Act, are each amended by inserting after "owner-employees)," the following: "section 408(e) (relating to additional tax on income from certain retirement accounts),".

(3) The third sentence of section 901(a), as amended by section 2005(c)(5) of this Act, is amended by inserting "against the tax imposed for the taxable year by section 408(f) (relating to additional tax on income from certain retirement accounts)," before "against the tax imposed by section 531".

(4) Subparagraph (A) of section 56(a)(2) and paragraph (1) of section 56(c) are each amended by striking out "531" and inserting in lieu thereof "408(f),531,".

(5) Section 402(a) (relating to taxability of beneficiary of exempt trust) as amended by section 2005(c)(2) of this Act, is amended by inserting after paragraph (5) the following new paragraph:

"(5) Rollover Amounts.—In the case of an employees' trust described in section 401(a) which is exempt from tax under section 501(a), if—

"(A) the balance to the credit of an employee is paid to him on one or more distributions which constitute a lump sum distribution within the meaning of subsection (e)(4)(A) (determined without reference to subsection (e)(4)(B)),

"(B)(i) the employee transfers all the property he receives in such distribution to an individual retirement account described in section 408(a), an individual retirement annuity described in section 408(b) (other than an endowment contract), or a retirement bond described in section 409, on or before the 60th day after the day on which he received such property, to the extent the fair market value of such property exceeds the amount referred to in subsection (e)(4)(D)(i), or

"(ii) the employee transfers all the property he receives in such distribution to an employees' trust described in section 401(a) which is exempt from tax under section 501(a), or to an annuity plan described in section 403(a) on or before the 60th day after the day on which he received such property, to the extent the fair market value of such property exceeds the amount referred to in subsection (e)(4)(D)(i), and

"(C) the amount so transferred consists of the property (other than money) distributed, to the extent that the fair market value of such property does not exceed the amount required to be transferred pursuant to subparagraph (B),

then such distributions are not includible in gross income for the year in which paid. For purposes of this title, a transfer described in subparagraph (B)(i) shall be treated as a rollover contribution as described in section 408(d)(3). Subparagraph (B)(ii) does not apply in the case of a transfer to an employees' trust, or annuity plan of any part of the lump sum distribution described in subparagraph (A) is attributable to a trust forming part of a plan under which the employee was an employee within the meaning of section 401(c)(1) at the time contributions were made on his behalf under the plan."

(6) Section 403(a) (relating to taxation of employee annuities) is amended by adding after paragraph (3) the following new paragraph:

"(4) Rollover amounts.—In the case of an employee annuity described in 403(a), if—

"(A) the balance to the credit of an employee is paid to him in one or more distributions which constitute a lump sum distribution within the meaning of section 402(e)(4)(A) (determined without reference to section 402(e)(4)(B),

"(B)(i) the employee transfers all the property he receives in such distribution to an individual account described in section 408(a), an individual retirement annuity described in section 408(b) (other than an endowment contract), or a retirement bond described in section 409, on or before the 60th day after the day on which he received such property to the extent the fair market value of such property exceeds the amount referred to in section 402(e)(4)(D)(i), or

"(ii) the employee transfers all the property he receives in such distribution to an employees' trust described in section 401(a) which is exempt from tax under section 501(a), or to an annuity plan described in subsection (a) on or before the 60th day after the day on which he received such property to the extent the fair market value of such property exceeds the amount referred to in section 402(e)(4)(D)(i), and

"(C) the amount so transferred consists of the property distributed to the extent that the fair market value of such property does not exceed the amount required to be transferred pursuant to subparagraph (B), then such distribution is not includible in gross income for the year in which paid.

For purposes of this title, a transfer described in subparagraph (B)(i) shall be treated as a rollover contribution described in section 408(d)(3).

Subparagraph (B)(ii) does not apply in the case of a transfer to an employees' trust, or annuity plan if any part of the lump sum distribution described in subparagraph (A) is attributable to an annuity plan under which the employee was an employee within the meaning of section 401(c)(1) at the time contributions were made on his behalf under the plan.".

(7) Section 3401(a)(12) (relating to exemption from collection of income tax at source on certain wages) is amended by adding at the end thereof the following new subparagraph:

"(D) for a payment described in section 219(a) if, at the time of such payment, it is reasonable to believe that the employee will be entitled to a deduction under such section for payment; or".

(8) Section 6047 (relating to information relating to certain trusts and annuity and bond purchase plans) is amended by redesignating subsection (d) as subsection (e) and by inserting after subsection (c) the following new subsection:

"(d) Other Programs.—To the extent provided by regulations prescribed by the Secretary or his delegate, the provisions of this section apply with respect to any payment described in section 219(a) and to transactions of any trust described in section 408(a) or under an individual retirement annuity described in section 408(b).".

(9) Section 805(d)(1) (relating to definition of pension plan reserves) is amended by striking out "or" at the end of subparagraph (C), by striking out "foregoing." at the end of subparagraph (D) and inserting in lieu thereof "foregoing: or", and by adding at the end thereof the following new subparagraph:

"(E) purchased under contracts entered into with trusts which (at the time the contracts were entered into) were individual retirement accounts described in section 408(a) or under contracts entered into with individual retirement annuities described in section 408(b)."

(10) Section 72 (relating to annuities) is amended—

(A) by inserting after "501(a)" in subsection (m)(4)(A) ", an individual retirement amount described in section 408(a), an individual retirement annuity described in section 408(b)".

(B) by striking out at the end of subsection (m)(6) "401(c)(3)" and inserting in lieu thereof "401(c)(3) and includes an individual for whose benefit an individual retirement account or annuity described in section 408 (a) or (b) is maintained".

(11) Section 801(g)(7) (relating to basis of assets held for qualified pension plan contracts) is amended by striking out "or (D)" and inserting in lieu thereof "(D), or (E)".

(h) Clerical Amendments.—

(1) The table of sections for part VII of subchapter B of chapter 1 is amended by striking out the item relating to section 219 and inserting in lieu thereof the following:

"Sec. 219. Retirement Savings.
"Sec. 220. Cross References.".

(2) The table of sections for subpart A of part I of subchapter D of chapter 1 is amended by adding at the end thereof the following:

"Sec. 408. Individual Retirement Accounts.
"Sec. 409. Retirement Bonds.".

(3) The table of sections for chapter 43 is amended by inserting after the item relating to section 4972 the following new items:

"Sec. 4973. Tax on Excess Contributions to Individual Retirement Accounts, Certain 403(a) Contracts, Certain Individual Retirement Annuities, and Certain Retirement Bonds.
"Sec. 4973. Tax of Certain Accumulations in Individual Retirement Accounts.
"Sec. 4975. Tax on Prohibited Transactions."

(4) The table of sections for subchapter B of chapter 68 is amended by adding at the end thereof the following new item:

"Sec. 6693. Failure to Provide Reports on Individual Retirement Accounts or Annuities."

(i) Effective Dates.—

(1) The amendments made by subsections (a), (b), and (c) apply to taxable years beginning after December 31, 1974.

(2) The amendments made by subsections (d) through (h) except subsection (g)(5) and (6) shall take effect on January 1, 1975.

(3) The amendments made by subsection (g)(5) and (6) shall apply on and after the date of enactment of this Act with respect to contributions to an employees' trust described in section 401(a) of the Internal Revenue Code of 1954 which is exempt from tax under section 501(a) of such Code or an annuity plan described in section 403(a) of such Code.

Sec. 2003. Prohibited transactions.

(a) Excess Tax on Prohibited Transactions.—Chapter 43 (relating to qualified pension, etc., plans) is amended by adding after section 4974 the following new section:

"Sec. 4975. Tax on Prohibited Transactions.

"(a) Initial Taxes on Disqualified Person.—There is hereby imposed a tax on each prohibited transaction. The rate of tax shall be equal to 5 percent of the amount involved with respect to the prohibited transaction for each year (or part thereof) in the taxable period. The tax imposed by this subsection shall be paid by any disqualified person who participates in the prohibited transaction (other than a fiduciary acting only as such).

"(b) Additional Taxes on Disqualified Person.—In any case in which an initial tax is imposed by subsection (a) on a prohibited transaction and the transaction is not corrected within the correction period, there is hereby imposed a tax equal to 100 percent of the amount involved. The tax imposed by this subsection shall be paid by any disqualified person who participated in the prohibited transaction (other than a fiduciary acting only as such).

"(c) Prohibited Transaction.—

"(1) General rule.—For purposes of this section, the term 'prohibited transaction' means any direct or indirect—

"(A) sale or exchange, or leasing, of any property between a plan and a disqualified person;

"(B) lending of money or other extension of credit between a plan and a disqualified person;

"(C) furnishing of goods, services, or facilities between a plan and a disqualified person;

"(D) transfer to, or use by or for the benefit of, a disqualified person of the income or assets of a plan;

"(E) act by a disqualified person who is a fiduciary whereby he deals with the income or assets of a plan in his own interest or for his own account; or

"(F) receipt of any consideration for his own personal account by any disqualified person who is a fiduciary from any party dealing with the plan in connection with a transaction involving the income or assets of the plan.

"(2) Special exemption.—The Secretary or his delegate shall establish an exemption procedure for purposes of this subsection. Pursuant to such procedure, he may grant a conditional or unconditional exemption of any disqualified person or transaction, or class of disqualified persons or transactions, from all or part of the restrictions imposed by paragraph (1) of this subsection. Action under this subparagraph may be taken only after consultation and coordination with the Secretary of Labor. The Secretary or his delegate may not grant an exemption under this paragraph unless he finds that such exemption is—

"(A) administratively feasible.

"(B) in the interests of the plan and of its participants and beneficiaries, and

"(C) protective of the rights of participants and beneficiaries of the plan.

Before granting an exemption under this paragraph, the Secretary or his delegate shall require adequate notice to be given to interested persons and shall publish notice in the Federal Register of the pedency of such exemption and shall afford interested persons an opportunity to present views. No exemption may be granted under this paragraph with respect to a transaction described in subparagraph (E) or (F) of paragraph (1) unless the Secretary or his delegate affords an opportunity for a hearing and makes a determination on the record with respect to the findings required under subparagraphs (A), (B), and (C) of this paragraph, except that in lieu on such hearing the Secretary or his delegate may accept any record made by the Secretary of Labor with respect to an application for exemption under section 408(a) of title I of the Employee Retirement Income Security Act of 1974.

"(3) SPECIAL RULE FOR INDIVIDUAL RETIREMENT ACCOUNTS.—An individual for whose benefit an individual retirement account is established and his beneficiaries shall be exempt for the tax imposed by this section with respect to any transaction concerning such account (which would otherwise be taxable under this section) if, with respect to such transaction, the account ceases to be an individual retirement account by reason of the application of section 408(e) (2) (A) or if section 408(e) (4) applies to such account.

"(d) EXEMPTIONS.—The prohibitions provided in subsection (c) shall not apply to—

"(1) any loan made by the plan to a disqualified person who is a participant or beneficiary of the plan if such loan—

"(A) is available to all such participants or beneficiaries on a reasonably equivalent basis,

"(B) is not made available to highly compensated employees, officers, or shareholders in an amount greater than the amount made available to other employees,

"(C) is made in accordance with specific provisions regarding such loans set forth in the plan,

"(D) bears a reasonable rate of interest, and

"(E) is adequately secured;

"(2) any contract, or reasonable arrangement, made with a disqualified person for office space, or legal, accounting, or other services necessary for the establishment or operation of the plan, if no more than reasonable compensation is paid therefor;

"(3) any loan to an employee stock ownership plan (as defined in subsection (e) (7)), if—

"(A) such loan is primarily for the benefit of participants and beneficiaries of the plan, and

"(B) such loan is at a reasonable rate of interest, and any collateral is given to a disqualified person by the plan consists only of qualifying employer securities (as defined in subsection (e) (8));

"(4) the investment of all or part of a plan's assets in deposits which bear a reasonable interest rate in a bank or similar financial institution supervised by the United States or a State, if such bank or other institution is a fiduciary of such plan and if—

"(A) the plan covers only employees of such bank or other institution and employees of affiliates of such bank or other institution, or

"(B) such investment is expressly authorized by a provision of the plan or by a fiduciary (other than such bank or institution or affiliates thereof) who is expressly empowered by the plan to so instruct the trustee with respect to such investment;

"(5) any contract for life insurance, health insurance, or annuities with one or more insurers which are qualified to do business in a State if the plan pays no more than adequate consideration, and if each such insurer or insurers is—

"(A) the employer maintaining the plan, or

"(B) a disqualified person which is wholly owned (directly or indirectly) by the employer establishing the plan, or by any person which is a disqualified person with respect to the plan, but only if the total premiums and annuity considerations written by such insurers for life insurance, health insurance, or annuities for all plans (and their employers) with respect to which such insurers are disqualified persons (not including premiums or annuity considerations written by the employer maintaining the plan) do not exceed 5 percent of the total premiums and annuity considerations written for all lines of insurance in that year by such insurers (not including premiums or annuity considerations written by the employer maintaining the plan);

"(6) the provision of any ancillary service by a bank or similar financial institution supervised by the United States or a State, if such service is provided at not more than reasonable compensation, if such bank or other institution is a fiduciary of such plan, and if—

"(A) such bank or similar financial institution has adopted adequate internal safeguards which assure that the provision of such ancillary service is consistent with sound banking and financial practice, as determined by Federal or State supervisory authority, and

"(B) the extent to which such ancillary service is provided is subject to specific guidelines issued by such bank or similar financial institution (as determined by the Secretary or his delegate after consultation with Federal and State supervisory authority), and under such guidelines the bank or similar financial institution does not provide such ancillary service—

"(i) in an excessive or unreasonable manner, and

"(ii) in a manner that would be inconsistent with the best interests of participants and beneficiaries of employee benefit plans:

"(7) the exercise of a privilege to convert securities, to the extent provided in regulations of the Secretary or his delegate, but only if the plan receives no less than adequate consideration pursuant to such conversion;

"(8) any transaction between a plan and a common or collective trust fund or pooled investment fund maintained by a disqualified person which is a bank or trust company supervised by a State or Federal agency or pooled investment fund of an insurance company qualified to do business in a State if—

"(A) the transaction is a sale or purchase of an interest in the fund,

"(B) the bank, trust company, or insurance company receives not more than reasonable compensation, and

"(C) such transaction is expressly permitted by the instrument under which the plan is maintained, or by a fiduciary (other than the bank, trust company, or insurance company, or an affiliate thereof) who has authority to manage and control the assets of the plan;

"(9) receipt by a disqualified person of any benefit to which he may be entitled as a participant or beneficiary in the plan, so long as the benefit is computed and paid on a basis which is consistent with the terms of the plan as applied to all other participants and beneficiaries;

"(10) receipt by a disqualified person of any reasonable compensation for services rendered, or for the reimbursement of expenses properly and actually incurred, in the performance of his duties with the plan, but no person so serving who already receives full-time pay from an employer or an association of employers, whose employees are participants in the plan, or from an employee organization whose members are participants in such plan shall receive compensation from such fund, except for reimbursement of expenses properly and actually incurred;

"(11) service by a disqualified person as a fiduciary in addition to being an officer, employee, agent, or other representative of a disqualified person;

"(12) the making by a fiduciary of a distribution of the assets of the trust in accordance with the terms of the plan if such assets are distributed in the same manner as provided under section 4044 of title IV of the Employee Retirement Income Security Act of 1974 (relating to allocation of assets);

"(13) any transaction which is exempt from section 406 of such Act by reason of section 408(e) of such Act (or which would be so exempt if such section 406 applied to such transaction).

The exemptions provided by this subsection (other than paragraphs (9) and (12)) shall not apply to any transaction with respect to a trust described in section 401(a) which is part of a plan providing contributions or benefits for employees some or all of whom are owner-employees (as defined in section 401(c)(3)) in which a plan directly or indirectly lends any part of the corpus or income of the plan to, pays any compensation for personal services rendered to the plan to, or acquires for the plan any property from or sells any property to, any such owner-employee, a member of the family (as defined in section 267(c)(4)) of any such owner-employee, or a corporation controlled by any such owner-employee through the ownership, directly or indirectly, of 50 percent or more of the total combined voting power of all classes of stock entitled to vote or 50 percent or more of the total value of shares of all classes of stock of the corporation. For purposes of the preceding sentence, a shareholder-employee (as defined in section of 1379), a participant or beneficiary of an individual retirement account, individual retirement annuity, or an individual retirement bond (as defined in section 408 or 409), and an employer or association of employees which establishes such an account or annuity under section 408 (c) shall be deemed to be an owner-employee.

"(e) DEFINITIONS.—

"(1) PLAN.—For purposes of this section, the term 'plan' means a trust described in section 401(a) which forms a part of a plan, or a plan described in section 403(a) or 405(a), which trust or plan is exempt from tax under section 501(a), an individual retirement account described in section 408(a) or an individual retirement annuity described in section 408(b) or a retirement bond described in section 409 (or a trust, plan, account, annuity, or bond which, at any time, has been determined by the Secretary or his delegate to be such a trust, plan, account, or bond).

"(2) DISQUALIFIED PERSON.—For purposes of this section, the term 'disqualified person' means a person who is—

"(A) a fiduciary;

"(B) a person providing services to the plan;

"(C) an employer any of whose employees are covered by the plan;

"(D) an employee organization any of whose members are covered by the plan;

"(E) an owner, direct or indirect, of 50 percent or more of—

"(i) the combined voting power of all classes of stock entitled to vote or the total value of shares of all classes of stock of a corporation,

"(ii) the capital interest or the profits interest of a partnership, or

"(iii) the beneficial interest of a trust or unincorporated enterprise,

which is an employer or an employee organization described in subparagraph (C) or (D);

"(F) a member of the family (as defined in paragraph (6)) of any individual described in subparagraph (A), (B), (C), or (E);

"(G) a corporation, partnership, or trust or estate of which (or in which) 50 percent or more of—

"(i) the combined voting power of all classes of stock entitled to vote or the total value of shares of all classes of stock of such corporation,

"(ii) the capital interest or profits interest of such partnership, or

"(iii) the beneficial interest of such trust or estate, is owned directly or indirectly, or held by persons described in subparagraph (A), (B), (C), (D), or (E);

"(H) an officer, director (or an individual having powers or responsibilities similar to those of officers or directors), a 10 percent or more shareholder, or a highly compensated employee (earning 10 percent or more of the yearly wages of an employer) of a person described in subparagraph (C), (D), (E), or (G); or

"(I) a 10 percent or more (in capital or profits) partner or joint venturer of a person described in subparagraph (C), (D), (E), or (G).

The Secretary, after consultation and coordination with the Secretary of Labor, may by regulation prescribe a percentage lower than 50 percent for subparagraphs (E) and (G) and lower than 10 percent for subparagraphs (H) and (I).

"(3) Fiduciary.—For purposes of this section, the term 'fiduciary' means any person who—

"(A) exercises any discretionary authority or discretionary control respecting management of such plan or exercises any authority or control respecting management or disposition of its assets,

"(B) renders investment advice for a fee or other compensation, direct or indirect, with respect to any moneys or other property of such plan, or has any authority or responsibility to do so, or

"(C) has any discretionary authority or discretionary responsibility in the administration of such plan.

Such term includes any person designated under section 405(c) (1) (B) of the Employee Retirement Income Security Act of 1974.

"(4) Stockholdings.—For purposes of paragraphs (2) (E) (i) and (G) (i) there shall be taken into account indirect stockholdings which would be taken into account under section 267(c), except that, for purposes of this paragraph, section 267(c) (4) shall be treated as providing that the members of the family of an individual are the members within the meaning of paragraph (6).

"(5) Partnerships; trusts.—For purposes of paragraphs (2) (E) (ii) and (iii), (G) (ii) and iii), and (I) the ownership of profits or beneficial interests shall be determined in accordance with the rules for constructive ownership of stock provided in section 267(c) (other than paragraph (3) thereof), except that section 267(c) (4) shall be treated as providing that the members of the family of an individual are the members within the meaning of paragraph (6).

"(6) Member of family.—For purposes of paragraph (2) (F), the family of any individual shall include his spouse, ancestor, lineal descendant, and any spouse of a lineal descendant.

"(7) Employee stock ownership plan.—The term 'employee stock ownership plan' means a defined contribution plan—

"(A) which is a stock bonus plan which is qualified, or a stock bonus and a money purchase plan both of which are qualified under section 401, and which are designed to invest primarily in qualifying employer securities; and

"(B) which is otherwise defined in regulations prescribed by the Secretary or his delegate.

"(8) Qualifying employer security.—The term 'qualifying employer security' means an employer security which is—

"(A) stock or otherwise an equity security, or

"(B) a bond, debenture, note, or certificate or other evidence of indebtedness which is described in paragraphs (1), (2), and (3) of section 503(e).

If any moneys or other property of a plan are invested in shares of an investment company registered under the Investment Company Act of 1940, the investment shall not cause that investment company or that investment company's investment adviser or principal underwriter to be treated as a fiduciary or a disqualified person for purposes of this section, except when an investment company or its investment adviser or principal underwriter acts in connection with a plan covering employees of the investment company, its investment adviser, or its principal underwriter.

"(f) Other Definitions and Special Rules.—For purposes of this section—

"(1) Joint and several liability.—If more than one person is liable under subsection (a) or (b) with respect to any one prohibited transaction, all such persons shall be jointly and severally liable under such subsection with respect to such transaction.

"(2) Taxable period.—The term 'taxable period' means, with respect to any prohibited transaction, the period beginning with the date on which the prohibited transaction occurs and ending on the earlier of—

"(A) the date of mailing of a notice of deficiency pursuant to section 6212, with respect to the tax imposed by subsection (a), or

"(B) the date on which correction of the prohibited transaction is completed.

"(3) Sale or exchange; encumbered property.—A transfer of real or personal property by a disqualified person to a plan shall be treated as a sale or exchange if the property is subject to a mortgage or similar lien which the plan assumes or if it is subject to a mortgage or similar lien which a disqualified person placed on the property within the 10-year period ending on the date of the transfer.

"(4) Amount involved.—The term 'amount involved' means, with respect to a prohibited transaction, the greater of the amount of money and the fair market value of the other property given or the amount of money and the fair market value of the other property received; except that, in the case of services described in paragraphs (2), (11), and (12) of subsection (d) the amount involved shall be only the excess compensation. For purposes of the preceding sentence, the fair market value—

"(A) in the case of the tax imposed by subsection (a), shall be determined as of the date on which the prohibited transaction occurs; and

"(B) in the case of the tax imposed by subsection (b), shall be the highest fair market value during the correction period.

"(5) Correction.—The terms 'correction' and 'correct' mean, with respect to a prohibited transaction, undoing the transaction to the extent possible, but in any case placing the plan in a financial position not worse than that in which it would be if the disqualified person were acting under the highest fiduciary standards.

"(6) Correction Period.—The term 'correction period' means, with respect to a prohibited transaction the period beginning with the date on which the prohibited transaction occurs and ending 90 days after the date of mailing of a notice of deficiency with respect to the tax imposed by subsection (b) under section 6212, extended by—

"(A) any period in which a deficiency cannot be assessed under section 6213(a), and

"(B) any other period which the Secretary or his delegate determines is reasonable and necessary to bring about the correction of the prohibited transaction.

"(g) Application of Section.—This section shall not apply—

"(1) in the case of a plan to which a guaranteed benefit policy (as defined in section 401(b) (2) (B) of the Employee Retirement Income Security Act of 1974) is issued, to any assets of the insurance company, insurance service, or insurance organization merely because of its issuance of such policy;

"(2) to a governmental plan (within the meaning of section 414(d)); or

"(3) to a church plan (within the meaning of section 414(e)) with respect to which the election provided by section 410(d) has not been made.

In the case of a plan which invests in any security issued by an investment company registered under the Investment Company Act of 1940, the assets of such plan shall be deemed to include such security but shall not, by reason of such investment, be deemed to include any assets of such company.

"(h) Notification of Secretary of Labor.—Before sending a notice of deficiency with respect to the tax imposed by subsection (a) or (b), the Secretary or his delegate shall notify the Secretary of Labor and provide him a reasonable opportunity to obtain a correction of the prohibited transaction or to comment on the imposition of such tax.

"(i) Cross Reference.—

"For provisions concerning coordination procedures between Secretary of Labor and Secretary of Treasury with respect to application of tax imposed by this section and for authority to waive imposition of the tax imposed by subsection (b), see section 3002 of Employment Retirement Income Security Act of 1974.".

(b) Amendment of Section 503.—Section 503 (relating to requirements for exemption) is amended—

(1) by striking out "or (18)" in subsection (a) (1) (A),

(2) by amending subsection (a) (1) (B) by inserting "which is referred to in section 4975(g) (2) or (3)" after "described in section 401(a)",

(3) by striking out "or section 401" in subsection (a) (2) and inserting in lieu thereof "or paragraph (1) (B)",

(4) by striking out "or section 401" in subsection (c) and inserting in lieu thereof "or subsection (a) (1) (B)", and

(5) by striking out subsection (g).

(c) Effective Date and Savings Provisions.—

(1) (A) The amendments made by this section shall take effect on January 1, 1975.

(B) If, before the amendments made by this section take effect, an organization described in section 401(a) of the Internal Revenue Code of 1954 is denied exemption under section 501(a) of such Code by reason of section 503 of such Code, the denial of such exemption shall not apply if the disqualified person elects (in such manner and at such time as the Secretary or his delegate shall by regulations prescribe) to pay, with respect to the prohibited transaction (within the meaning of section 503(b) (g)) which resulted in such denial of exemption, a tax in the amount and in the manner provided with respect to the tax imposed under section 4975 of such Code. An election made under this subparagraph, once made, shall be irrevocable. The Secretary of the Treasury or his delegate shall prescribe such regulations as may be necessary to carry out the purposes of this subparagraph.

(2) Section 4975 of the Internal Revenue Code of 1954 (relating to tax on prohibited transactions) shall not apply to—

(A) a loan of money or other extension of credit between a plan and a disqualified person under a binding contract in effect on July 1, 1974 (or pursuant to renewals of such a contract), until June 30, 1984, if such loan or other extension of credit remains at least as favorable to the plan as an arm's-length transaction with an unrelated party would be, and if the execution of the contract, the making of the loan, or the extension of credit was not, at the time of such execution, making, or extension, a prohibited transaction (within the meaning of section 503(b) of such Code or the corresponding provisions of prior law);

(B) a lease or joint use of property involving the plan and a disqualified person, pursuant to a binding contract in effect on July 1, 1974 (or pursuant to renewals of such a contract), until June 30, 1984, if such lease or joint use remains at least as favorable to the plan as an arm's-length transaction with an unrelated party would be and if the execution of the contract was not, at the time of such execution, a prohibited transaction (within the meaning of section 503(b) of such Code) or the corresponding provisions of prior law;

(C) the sale, exchange, or other disposition of property described in subparagraph (B) between a plan and a disqualified person before June 30, 1984, if—

(i) in the case of a sale, exchange, or other disposition of the property by the plan to the disqualified person, the plan receives an amount which is not less than the fair market value of the property at the time of such disposition; and

(ii) in the case of the acquisition of the property by the plan, the plan pays an amount which is not in excess of the fair market value of the property at the time of such acquisition;

(D) until June 30, 1977, the provision of services to which subparagraphs (A), (B), and (C) do not apply, between a plan and a disqualified person (i) under a binding contract in effect on July 1, 1974 (or pursuant to renewals of such contract), or (ii) if the disqualified person ordinarily and customarily furnished such services on June 30, 1974, if such provision of services remains at least as favorable to the plan as an arm's-length transaction with an unrelated party would be and if the provision of services was not, at the time of such provision, a prohibited transaction (within the meaning of section 503(b) of such Code) or the corresponding provisions of prior law; or

(E) the sale, exchange, or other disposition of property which is owned by a plan on June 30, 1974, and all times thereafter, to a disqualified person, if such plan is required to dispose of such property in order to comply with the provisions of section 407(a)(2)(A) (relating to the prohibition against holding excess employer securities and employer real property) of the Employee Retirement Income Security Act of 1974, and if the plan receives not less than adequate consideration.

For the purposes of this paragraph, the term "disqualified person" has the meaning provided by section 4975(e)(2) of the Internal Revenue Code of 1954.

SEC. 2004. LIMITATIONS ON BENEFITS AND CONTRIBUTIONS.

(a) PLAN REQUIREMENTS.—

(1) Section 401(a) (relating to requirements for qualification) is amended by inserting after paragraph (15) the following new paragraph:

"(16) A trust shall not constitute a qualified trust under this section if the plan of which such trust is a part provides for benefits or contributions which exceed the limitations of section 415."

(2) Subpart B of part I of subchapter D of chapter 1 is amended by inserting after section 414 the following new section:

"SEC. 415. Limitations on Benefits and Contribution Under Qualified Plans.

"(a) GENERAL RULE.—

"(1) TRUSTS.—A trust which is a part of a pension, profit-sharing, or stock bonus plan shall not constitute a qualified trust under section 401(a) if—

"(A) in the case of a defined benefit plan, the plan provides for the payment of benefits with respect to a participant which exceed the limitation of subsection (b),

"(B) in the case of a defined contribution plan, contributions and other additions under the plan with respect to any participant for any taxable year exceed the limitation of subsection (c), or

"(C) in any case in which an individual is a participant in both a defined benefit plan and a defined contribution plan maintained by the employer, the trust has been disqualified under subsection (g).

"(2) SECTION APPLIES TO CERTAIN ANNUITIES AND ACCOUNTS.—In the case of—

"(A) an employee annuity plan described in section 403(a),

"(B) an annuity contract described in section 403(b),

"(C) an individual retirement account described in section 408(a),

"(D) an individual retirement annuity described in section 408(b),

"(E) a plan described in section 405(a), or

"(F) a retirement bond described in section 409, such contract, annuity plan, account, annuity, plan, or bond shall not be considered to be described in section 403(a), 403(b), 405, 408(a), 408(b), or 409, as the case may be, unless it satisfies the requirements of subparagraph (A) or subparagraph (B) of paragraph (1), whichever is appropriate, and has not been disqualified under subsection (g). In the case of an annuity contract described in section 403(b), the preceding sentence shall apply only to the portion of the annuity contract which exceeds the limitation of subsection (b) or the limitation of subsection (c), whichever is appropriate, and the amount of the contribution for such portion shall reduce the exclusion allowance as provided in section 403(b)(2).

"(b) LIMITATIONS FOR DEFINED BENEFIT PLANS.—

"(1) IN GENERAL.—Benefits with respect to a participant exceed the limitation of this subsection if, when expressed as an annual benefit (within the meaning of paragraph (2)), such annual benefit is greater than the lesser of—

"(A) $75,000, or

"(B) 100 percent of the participant's average compensation for his high 3 years.

"(2) ANNUAL BENEFIT.—

"(A) IN GENERAL.—For purposes of paragraph (1), the term 'annual benefit' means a benefit payable annually in the form of a straight life annuity (with no ancillary benefits) under a plan to which employees do not contribute and under which no rollover contributions (as defined in sections 402(a)(5), 403(a)(4), 408(d)(3), and 409(b)(3)(C) are made.

"(B) ADJUSTMENT FOR CERTAIN OTHER FORMS OF BENEFIT.—If the benefit under the plan is payable in any form other than the form described in subparagraph (A), or if the employees contribute to the plan or make rollover contributions (as defined in sections 402(a)(5), 403(a)(4), 408(d)(3) and 409(b)(3)(C)), the determinations as to whether the limitation described in paragraph (1) has been satisfied shall be made, in accordance with regulations prescribed by the Secretary or his delegate, by adjusting such benefit so that it is equivalent to the benefit described in subparagraph (A). For purposes of this subparagraph, any ancillary benefit which is not directly related to retirement income benefits shall not be taken into account; and that portion of any joint and survivor annuity which constitutes a qualified joint and survivor annuity (as defined in section 401(a)(11)(H)(iii)) shall not be taken into account.

"(C) ADJUSTMENT TO $75,000 LIMIT WHERE BENEFIT BEGINS BEFORE AGE 55.—If the retirement income benefit under the plan begins before age 55, the determination as to whether the $75,000 limitation set forth in paragraph (1)(A) has been satisfied shall be made, in accordance with regulations prescribed by the Secretary or his delegate, by adjusting such benefit so that it is equivalent to such a benefit beginning at age 55.

"(3) AVERAGE COMPENSATION FOR HIGH 3 YEARS.—For purposes of paragraph (1), a participant's high 3 years shall be the period of consecutive calendar years (not more than 3) during which the participant both was an active participant in the plan and had the greatest aggregate compensation from the employer. In the case of an employee within the meaning of section 401(c)(1), the preceding sentence shall be applied by substituting for 'compensation from the employer' the following: 'the participant's earned income (within the meaning of section 401(c)(2) but determined without regard to any exclusion under section 911)'.

"(4) TOTAL ANNUAL BENEFITS NOT IN EXCESS OF $10,000.—Notwithstanding the preceding provisions of this subsection, the benefits payable with respect to a participant under any defined benefit plan shall be deemed not to exceed the limitation of this subsection if—

"(A) the retirement benefits payable with respect to such participant under such plan and under all other defined benefits plans of the employer do not exceed $10,000 for the plan year, or for any prior plan year, and

"(B) the employer has not at any time maintained a defined contribution plan in which the participant participated.

"(5) REDUCTION FOR SERVICE LESS THAN 10 YEARS.—In the case of an employee who has less than 10 years of service with the employer, the limitation referred to in paragraph (1), and the limitation referred to in paragraph (4), shall be the limitation determined under such paragraph (without regard to this paragraph), multiplied by a fraction, the numerator of which is the number of years (or part thereof) of service with the employer and the denominator of which is 10.

"(6) COMPUTATION OF BENEFITS AND CONTRIBUTIONS.—The computation of—

"(A) benefits under a defined contribution plan, for purposes of section 401(a)(4),

"(B) contributions made on behalf of a participant in a defined benefit plan, for purposes of section 401(a)(4), and

"(C) contributions and benefits provided for a participant in a plan described in section 414(k), for purposes of this section shall not be made on a basis inconsistent with regulations prescribed by the Secretary or his delegate.

"(c) LIMITATION FOR DEFINED CONTRIBUTION PLANS.—

"(1) IN GENERAL.—Contributions and other additions with respect to a participant exceed the limitation of this subsection if, when expressed as an annual addition (within the meaning of paragraph (2)) to the participant's account, such annual addition is greater than the lesser of—

"(A) $25,000, or

"(B) 25 percent of the participant's compensation.

"(2) ANNUAL ADDITION.—For purposes of paragraph (1), the term 'annual addition's means the sum for any year of—

"(A) employer contributions,

"(B) the lesser of—

"(i) the amount of the employee contributions in excess of 6 percent of his compensation, or

"(ii) one-half of the employee contributions, and

"(C) forfeitures.

For the purposes of this paragraph, employee contributions under subparagraph (B) are determined without regard to any rollover contributions (as defined in sections 402(a)(5), 403(a)(4), 408(d)(3), and 409(b)(3)(C)).

"(3) PARTICIPANT'S COMPENSATION.—For purposes of paragraph (1), the term 'participant's compensation' means the compensation of the participant from the employer for the year. In the case of an employee within the meaning of section 401(c)(1), the preceding sentence shall be applied by substituting for 'compensation of the participant from the employer' the following: 'the participant's earned income (within the meaning of section 401(c)(2) but determined without regard to any exclusion under section 911)'.

"(4) Special election for section 403(b) contracts purchased by educational institutions, hospitals, and home health service agencies.—

(A) In the case of amounts contributed for an annuity contract described in section 403(b) for the year in which occurs a participant's separation from the service with an educational institution, a hospital, or a home health service agency, at the election of the participant there is substituted for the amount specified in paragraph (1)(B) the amount of the exclusion allowance which would be determined under section 403(b)(2) (without regard to this section) for the participant's taxable year in which such separation occurs if the participant's years of service were computed only by taking into account his service for the employer during the period of years (not exceeding ten) ending on the date of such separation.

"(B) In the case of amounts contributed for an annuity contract described in section 403(b) for any year in the case of a participant who is an employee of an educational institution, a hospital, or a home health service agency, at the election of the participant there is substituted for the amount specified in paragraph (1)(B) the least of—

"(i) 25 percent of the participant's includible compensation (as defined in section 403(b)(3) plus $4,000,

"(ii) the amount of the exclusion allowance determined for the year under section 403(b)(2), or

"(iii) $15,000.

"(C) In the case of amounts contributed for an annuity contract described in section 403(b) for any year for a participant who is an employee of an educational institution, a hospital, or a home health service agency, at the election of the participant the provisions of section 403(b)(2)(A) shall not apply.

"(D)(i) The provisions of this paragraph apply only if the participant elects its application at the time and in the manner provided under regulations prescribed by the Secretary or his delegate. Not more than one election may be made under subparagraph (A) by any participant. A participant who elects to have the provisions of subparagraph (A), (B), or (C) of this paragraph apply to him may not elect to have any other subparagraph of this paragraph apply to him. Any election made under this paragraph is irrevocable.

"(ii) For purpose of this paragraph the term 'educational institution' means an educational institution as defined in section 151(e)(4).

"(iii) For purposes of this paragraph the term 'home health service agency' means an organization described in subsection 501(c)(3) which is exempt from tax under section 501(a) and which has been determined by the Secretary of Health, Education, and Welfare to be a home health agency (as defined in section 1861(o) of the Social Security Act).

"(d) Cost-of-Living Adjustments.—

"(1) In general.—The Secretary or his delegate shall adjust annually—

"(A) the $75,000 amount in subsection (b)(1)(A),

"(B) the $25,000 amount in subsection (c)(1)(A), and

"(C) in the case of a participant who is separated from service, the amount taken into account under subsection (b)(1)(B), for increases in the cost of living in accordance with regulations prescribed by the Secretary or his delegate. Such regulations shall provide for adjustment procedures which are similar to the procedures used to adjust primary insurance amounts under section 215(i)(2)(A) of the Social Security Act.

"(2) Base periods.—The base period taken into account—

"(A) for purposes of subparagraphs (A) and (B) of paragraph (1) is the calendar quarter beginning October 1, 1974, and

"(B) for purposes of subparagraph (C) of paragraph (1) is the last calendar quarter of the calendar year before the calendar year in which the participant is separated from service.

"(e) Limitation in Case of Defined Benefit Plan and Defined Contribution Plan for Same Employee.—

"(1) In general.—In any case in which an individual is a participant in both a defined benefit plan and a defined contribution plan maintained by the same employer, the sum of the defined benefit plan fraction and the defined contribution plan fraction for any year may not exceed 1.4.

"(2) Defined benefit plan fraction.—For purposes of this subsection, the defined benefit plan fraction for any year is a fraction—

"(A) the numerator of which is the projected annual benefit of the participant under the plan (determined as of the close of the year), and

"(B) the denominator of which is the projected annual benefit of the participant under the plan (determined as of the close of the year) if the plan provided the maximum benefit allowable under subsection (b).

"(3) Defined contribution plan fraction.—For purposes of this subsection, the defined contribution plan fraction for any year is a fraction—

"(A) the numerator of which is the sum of the annual additions to the participant's account as of the close of the year, and

"(B) the denominator of which is the sum of the maximum amount of annual additions to such account which could have been made under subsection (c) for such year and for each prior year of service with the employer.

"(4) Special transition rules for defined contribution fraction.—In applying paragraph (3) with respect to years beginning before January 1, 1976—

"(A) the aggregate amount taken into account under paragraph (3)(A) may not exceed the aggregate amount taken into account under paragraph (3)(B), and

"(B) the amount taken into account under subsection (c)(2)(B)(i) for any year concerned is an amount equal to—

"(i) the excess of the aggregate amount of employee contributions for all years beginning before January 1, 1976, during which the employee was an active participant of the plan, over 10 percent of the employee's aggregate compensation for all such years, multiplied by

"(ii) a fraction the numerator of which is 1 and the denominator of which is the number of years beginning before January 1, 1976, during which the employee was an active participant in the plan.

Employee contributions made on or after October 2, 1973, shall be taken into account under subparagraph (B) of the preceding sentence only to the extent that the amount of such contributions does not exceed the maximum amount of contributions permissible under the plan as in effect on October 2, 1973.

"(5) Special rules for sections 403(b) and 408.—For purposes of this subsection, any annuity contract described in section 403(b) (except in the case of a participant who has elected under subsection (c)(4)(D) to have the provisions of subsection (c)(4)(C) apply), any individual retirement account described in section 408(a), any individual retirement annuity described in section 408(b), and any retirement bond described in section 409, for the benefit of a participant shall be treated as a defined contribution plan maintained by each employer with respect to which the participant has the control required under subsection (b) or (c) of section 414 (as modified by subsection (h)). In the case of any annuity contract described in section 403(b), the amount of the contribution disqualified by reason of subsection (g) shall reduce the exclusion allowance as provided in section 403(b)(2).

"(f) Combining of Plans.—

"(1) In general.—For purposes of applying the limitations of subsections (b), (c), and (e)—

"(A) all defined benefit plans (whether or not terminated) of an employer are to be treated as one defined benefit plan, and

"(B) all defined contribution plans (whether or not terminated) of an employer are to be treated as one defined contribution plan.

"(2) Annual compensation taken into account for defined benefit plans.—If the employer has more than one defined benefit plan—

"(A) subsection (b)(1)(B) shall be applied separately with respect to each such plan, but

"(B) in applying subsection (b)(1)(B) to the aggregate of such defined benefit plans for purposes of this subsection, the high 3 years of compensation taken into account shall be the period of consecutive calendar years (not more than 3) during which the individual had the greatest aggregate compensation from the employer.

"(g) Aggregation of Plans.—The Secretary or his delegate, in applying the provisions of this section to benefits or contributions under more than one plan maintained by the same employer, and to any trusts, contracts, accounts, or bonds referred to in subsection (a)(2), with respect to which the participant has the control required under section 414(b) or (c), as modified by subsection (h), shall, under regulations prescribed by the Secretary or his delegate, disqualify one or more trusts, plans, contracts, accounts, or bonds, or any combination thereof until such benefits or contributions do not exceed the limitations contained in this section. In addition to taking into account such other factors as may be necessary to carry out the purposes of subsections (e) and (f), the regulations prescribed under this paragraph shall provide that no plan which has been terminated shall be disqualified until all other trusts, plans, contracts, accounts, or bonds have been disqualified.

"(h) 50 Percent Control.—For purposes of applying subsections (b) and (c) of section 414 to this section, the phrase 'more than 50 percent' shall be substituted for the phrase 'at least 80 percent' each place it appears in section 1563(a)(1).

"(i) Records Not Available for Past Periods.—Where for the period before January 1, 1976, or (if later) the first day of the first plan year of the plan, the records necessary for the application of this section are not available, the Secretary or his delegate may by regulations prescribe alternative methods for determining the amounts to be taken into account for such period.

"(j) Regulations; Definition of Year.—The Secretary or his delegate shall prescribe such regulations as may be necessary to carry out the purposes of this section, including, but not limited to, regulations defining the term 'year' for purposes of any provision of this section.

"(k) Special Rules.—

"(1) Defined benefit plan and defined

contribution plan.—For purposes of this title, the term 'defined contribution plan' or 'defined benefit plan' means a defined contribution plan (within the meaning of section 414(i)) or a defined benefit plan (within the meaning of section 414(j)), whichever applies, which is—

"(A) a plan described in section 401(a) which includes a trust which is exempt from tax under section 501(a),

"(B) an annuity plan described in section 403(a),

"(C) a qualified bond purchase plan described in section 405(a),

"(D) an annuity a contract described in section 403(b),

"(E) an individual retirement account described in section 408(a),

"(F) an individual retirement annuity described in section 408(b), or

"(G) an individual retirement bond described in section 409.".

(3) Special rule for certain plans in effect on date of enactment.—In any case in which, on the date of enactment of this Act, an individual is a participant in both a defined benefit plan and a defined contribution plan maintained by the same employer, and the sum of the defined benefit plan fraction and the defined contribution plan fraction for the year during which such date occurs exceeds 1.4, the sum of such fractions may continue to exceed 1.4 if—

(A) the defined benefit plan fraction is not increased, by amendment of the plan or otherwise, after the date of enactment of this Act, and

(B) no contributions are made under the defined contribution plan after such date.

A trust which is part of a pension, profit-sharing, or stock bonus plan described in the preceding sentence shall not be treated as not constituting a qualified trust under section 401(a) of the Internal Revenue Code of 1954 on account of the provisions of section 415(e) of such Code, as long as it is described in the preceding sentence of this subsection.

(b) Limit on Employer Deductions.—The second sentence of section 404(a) (3) (A) (relating to limits on deductible contributions) is amended by striking out "beneficiaries under the plan," and inserting in lieu thereof "beneficiaries under the plan, but the amount so deductible under this sentence in any one succeeding taxable year together with the amount so deductible under the first sentence of this subparagraph shall not exceed 25 percent of the compensation otherwise paid or accrued during such taxable year to the beneficiaries under the plan.".

(c) Certain Annuity and Bond Purchase Plans.—

(1) Section 404(a) (2) (relating to the general rule for deduction for employee annuities) is amended by striking out "(15)" and inserting in lieu thereof "(15), (16), and (19)" and by striking out "(a) (9) and (10)" and inserting in lieu thereof "(a) (9), (10), (17), and (18)".

(2) Section 405(a) (1) (relating to requirements for qualified bond purchase plans) is amended by striking out "and (8)." and inserting in lieu thereof "(8), (16), and (19)".

(3) Section 805(d) (1) (C) (relating to pension plan reserves) is amended by striking out "and (15)" and inserting in lieu thereof "(15), (16), and (19)".

(4) Section 403(b) (2) (relating to exclusion allowance) is amended to read as follows:

"(2) Exclusion allowance.—

"(A) In general.—For purposes of this subsection, the exclusion allowance for any employee for the taxable year is an amount equal to the excess, if any, of—

"(i) the amount determined by multiplying 20 percent of his includible compensation by the number of years of service, over

"(ii) the aggregate of the amounts contributed by the employer for annuity contracts and excludible from the gross income of the employee for any prior taxable year.

"(B) Election to have allowance determined under section 415 rules.—In the case of an employee who makes an election under section 415(c) (4) (D) to have the provisions of section 415(c) (4) (C) (relating to special rule for section 403(b) contracts purchased by educational institutions, hospitals, and home health service agencies) apply, the exclusion allowance for any such employee for the taxable year is the amount which could be contributed (under section 415) by his employer under a plan described in section 403(a) if the annuity contract for the benefit of such employee were treated as a defined contribution plan maintained by the employer.".

(d) Effective Date.—

(1) General rule.—The amendments made by this section shall apply to years beginning after December 31, 1975. The Secretary of the Treasury shall prescribe such regulations as may be necessary to carry out the provisions of this paragraph.

(2) Transition rule for defined benefit plans.—In the case of an individual who was an active participant in a defined benefit plan before October 3, 1973, if—

(A) the annual benefit (within the meaning of section 415(b) (2) of the Internal Revenue Code of 1954) payable to such participant on retirement does not exceed 100 percent of his annual rate of compensation on the earlier of (i) October 2, 1973, or (ii) the date on which he separated from the service of the employer,

(B) such annual benefit is no greater than the annual benefit which would have been payable to such participant on retirement if (i) all the terms and conditions of such plan in existence on such date had remained in existence until such retirement, and (ii) his compensation taken into account for any period after October 2, 1973, had not exceeded his annual rate of compensation on such date, and

(C) in the case of a participant who separated from the service of the employer prior to October 2, 1973, such annual benefit is no greater than his vested accrued benefit as of the date he separated from the service, then such annual benefit shall be treated as not exceeding the limitation of subsection (b) of section 415 of the Internal Revenue Code of 1954. For purposes of subparagraph (B) of section 415(e) (2) of such Code, the maximum benefit allowable under subsection (b) of such section 415 shall be determined without regard to this paragraph.

Sec. 2005. Taxation of Certain Lump Sum Distributions.

(a) Treatment of Total Distributions.—Section 402(e) (relating to certain plan terminations) is amended to read as follows:

"(e) Tax on Lump Sum Distributions.—

"(1) Imposition of separate tax on lump sum distributions.—

"(A) Separate tax.—There is hereby imposed a tax (in the amount determined under subparagraph (B)) on the ordinary income portion of a lump sum distribution.

"(B) Amount of tax.—The amount of tax imposed by subparagraph (A) for any taxable year shall be an amount equal to the amount of the initial separate tax for such taxable year multiplied by a fraction, the numerator of which is the ordinary income portion of the lump sum distribution for the taxable year and the denominator of which is the total taxable amount of such distribution for such year.

"(C) Initial separate tax.—The initial separate tax for any taxable year is an amount equal to 10 times the tax which would be imposed by subsection (c) of section 1 if the recipient were an individual referred to in such subsection and the taxable income were an amount equal to one-tenth of the excess of—

"(i) the total taxable amount of the lump sum distribution for the taxable year, over

"(ii) the minimum distribution allowance.

"(D) Minimum distribution allowance.—For purposes of this paragraph, the minimum distribution allowance for the taxable year is an amount equal to—

"(i) the lesser of $10,000 or one-half of the total taxable amount of the lump sum distribution for the taxable year, reduced (but not below zero) by

"(ii) 20 percent of the amount (if any) by which such total taxable amount exceeds $20,000.

"(E) Liability for tax.—The recipient shall be liable for the tax imposed by this paragraph.

"(2) Multiple distributions and distributions of annuity contracts.—In the case of any recipient of a lump sum distribution for the taxable year with respect to whom during the 6-taxable-year period ending on the last day of the taxable year there has been one or more other lump sum distributions after December 31, 1973, or if the distribution (or any part thereof) is an annuity contract, in computing the tax imposed by paragraph (1) (A), the total taxable amounts of all such distributions during such 6-taxable-year period shall be aggregated, but the amount of tax so computed shall be reduced (but not below zero) by the sum of—

"(A) the amount of the tax imposed by paragraph (1) (A) paid with respect to such other distributions, plus

"(B) that portion of the tax on the aggregated total taxable amounts which is attributable to annuity contracts.

For purposes of this paragraph, a beneficiary of a trust to which a lump sum distribution is made shall be treated as the recipient of such distribution if the beneficiary is an employee (including an employee within the meaning of section 401(c) (1)) with respect to the plan under which the distribution is made or if the beneficiary is treated as the owner of such trust for purposes of subpart E of part I of subchapter J. In the case of the distribution of an annuity contract, the taxable amount of such distribution shall be deemed to be the current actuarial value of the contract, determined on the date of such distribution. In the case of a lump sum distribution with respect to any individual which is made only to two or more trusts, the tax imposed by paragraph (1) (A) shall be computed as if such distribution was made to a single trust, but the liability for such tax shall be apportioned among such trusts according to the relative amounts received by each. The Secretary or his delegate shall prescribe such regulations as may be necessary to carry out the purposes of this paragraph.

"(3) Allowance of deduction.—The ordinary income portion of a lump sum distribution for the taxable year shall be allowed as a deduction from gross income for such taxable year, but only to the extent included in the taxpayer's gross income for such taxable year.

"(4) Definitions and Special rules.—

"(A) Lump sum distribution.—For purposes of this section and section 403, the term 'lump sum distribution' means the distribution or payment within one taxable year of the recipient of the balance to the credit of an employee which becomes payable to the recipient—

"(i) on account of the employee's death,

"(ii) after the employee attains age 59½,

"(iii) on account of the employee's separation from the service, or

"(iv) after the employee has become disabled (within the meaning of section 72(m) (7)) from a trust which forms a part of a plan described in section 401(a) and which is exempt from tax under section 501 or from a plan described in section 403(a). Clause (iii) of this subparagraph shall be applied only with respect to an individual who is an employees without regard to section 401(c) (1), and clause (iv) shall be applied only with respect to an employee within the meaning of section 401(c) (1). For purposes of this subparagraph, a distribution of an annuity contract from a trust or annuity plan referred to in the first sentence of this subparagraph shall be treated as a lump sum distribution. For purposes of this subparagraph, a distribution to two or more trusts shall be treated as a distribution to one recipient.

"(B) ELECTION OF LUMP SUM TREATMENT.—For purposes of this section and section 403, no amount which is not an annuity contract may be treated as a lump sum distributed under subparagraph (A) unless the taxpayer elects for the taxable year to have all such amounts received during such year so treated at the time and in the manner provided under regulations prescribed by the Secretary or his delegate. Not more than one election may be made under this subparagraph with respect to any individual after such individual has attained age 59½. No election may be made under this subparagraph by any taxpayer other than an individual, an estate, or a trust. In the case of a lump sum distribution made with respect to an employee to two or more trusts, the election under this subparagraph shall be made by the personal representative of the employee.

"(C) AGGREGATION OF CERTAIN TRUSTS AND PLANS.—For purposes of determining the balance to the credit of an employee under subparagraph (A)—

"(i) all trusts which are part of a plan shall be treated as a single trust, all pension plans maintained by the employer shall be treated as a single plan, all profit-sharing plans maintained by the employer shall be treated as a single plan, and all stock bonus plans maintained by the employer shall be treated as a single plan, and

"(ii) trusts which are not qualified trusts under section 401(a) and annuity contracts which do not satisfy the requirements of section 404(a) (2) shall not be taken into account.

"(D) TOTAL TAXABLE AMOUNT.—For purposes of this section and section 403, the term 'total taxable amount' means, with respect to a lump sum distribution, the amount of such distribution which exceeds the sum of—

"(i) the amounts considered contributed by the employee (determined by applying section 72(f)), which employee contributions shall be reduced by any amounts theretofore distributed to him which were not includible in gross income, and

"(ii) the net unrealized appreciation attributable to that part of the distribution which consists of the securities of the employer corporation so distributed.

"(E) ORDINARY INCOME PORTION.—For purposes of this section, the term 'ordinary income portion' means, with respect to a lump sum distribution, so much of the total taxable amount of such distribution as is equal to the product of such total taxable amount multiplied by a fraction—

"(i) the numerator of which is the number of calendar years of active participation by the employee in such plan after December 31, 1973, and

(ii) the denominator of which is the number of calendar years of active participation by the employee in such plan.

(F) EMPLOYEE.—For purposes of this subsection and subsection (a) (2), except as otherwise provided in subparagraph (A), the term 'employee' includes an individual who is an employee within the meaning of section 401(c) (1) and the employer of such individual is the person treated as his employer under section 401(c) (4).

"(G) COMMUNITY PROPERTY LAWS.—The provisions of this subsection, other than paragraph (3), shall be applied without regard to community property laws.

"(H) MINIMUM PERIOD OF SERVICE.—For purposes of this subsection (but not for purposes of subsection (a) (2) or section 403 (a) (2) (A)), no amount distributed to an employee from or under a plan may be treated as a lump sum distributed under subparagraph (A) unless he has been a participant in the plan for 5 or more taxable years before the taxable year in which such amounts are distributed.

"(I) AMOUNTS SUBJECT TO PENALTY.—This subsection shall not apply to amounts described in clause (ii) of subparagraph (A) of section 72(m) (5) to the extent that section 72(m) (5) applies to such amounts.

"(J) UNREALIZED APPRECIATION OF EMPLOYER SECURITIES.—In the case of any distribution including securities of the employer corporation which, without regard to the requirement of subparagraph (H) would be treated as a lump sum distribution under subparagraph (A), there shall be excluded from gross income the net unrealized appreciation attributable to that part of the distribution which consists of securities of the employer corporation so distributed. In the case of any such distribution or any lump sum distribution including securities of the employer corporation, the amount of net unrealized appreciation of such securities and the resulting adjustments to the basis of such securities shall be determined under regulations prescribed by the Secretary or his delegate.

"(K) SECURITIES.—For purposes of this subsection, the terms 'securities' and 'securities of the employer corporation' have the respective meanings provided by subsection (a) (3)."

(b) PHASEOUT OF CAPITAL GAINS TREATMENT.—

(1) IN GENERAL.—Section 402(a) (2) (relating to capital gains treatment for certain distributions) is amended to read as follows:

"(2) CAPITAL GAINS TREATMENT FOR PORTION OF LUMP SUM DISTRIBUTIONS.—In the case of an employee trust described in section 401 (a), which is exempt from tax under section 501(a), so much of the total taxable amount (as defined in subparagraph (D) of subsection (e) (4)) of a lump sum distribution as is equal to the product of such total taxable amount multiplied by a fraction—

"(A) the numerator of which is the number of calendar years of active participation by the employee in such plan before January 1, 1974, and

"(B) the denominator of which is the number of calendar years of active participation by the employee in such plan, shall be treated as a gain from the sale or exchange of a capital asset held for more than 6 months. For purposes of computing the fraction described in this paragraph and the fraction under subsection (e) (4) (E), the Secretary or his delegate may prescribe regulations under which plan years may be used in lieu of calendar years. For purposes of this paragraph, in the case of an individual who is an employee without regard to section 401(c) (1), determination of whether or not any distribution is a lump sum distribution shall be made without regard to the requirement that an election be made under subsection (e) (4) (B), but no distribution to any taxpayer other than an individual estate, or trust may be treated as a lump sum distribution under this paragraph."

(2) AMENDMENT OF SECTION 403.—That part of paragraph (2) of section 403(a) which follows clause (ii) of subparagraph (A) thereof is amended to read as follows:

"(iii) a lump sum distribution (as defined in section 402(e) (4) (A)) is paid to the recipient, so much of the total taxable amount (as defined in section 402(e) (4) (D)) of such distribution as is equal to the product of such total taxable amount multiplied by the fraction described in section 402(a) (2) shall be treated as a gain from the sale or exchange of a capital asset held for more than 6 months. For purposes of this paragraph, in the case of an individual who is an employee without regard to section 401(c) (1), determination of whether or not any distribution is a lump sum distribution shall be made without regard to the requirement that an election be made under subsection (e) (4) (B) of section 402, but no distribution to any taxpayer other than an individual, estate, or trust may be treated as a lump sum distribution under this paragraph.

"(B) CROSS REFERENCE.—

"For impositions of separate tax on ordinary income portion of lump sum distribution, see section 402(e).".

(c) CONFORMING AMENDMENTS.—

(1) Subparagraph (C) of section 402(a) (3) is repealed.

(2) Paragraph (5) (as in effect on December 31, 1973) of section 402(a) is repealed.

(3) Section 72 is amended by striking out subsection (n) thereof and by redesignating subsections (o) and (p) as (n) and (o), respectively.

(4) The second sentence of section 46(a) (3) and the second sentence of section 50A(a) (3) are each amended by inserting after "tax preferences)," the following: "section 402(e) (relating to tax on lump sum distributions),".

(5) The third sentence of section 901(a) is amended by inserting "against the tax imposed by section 402(e) (relating to tax on lump sum distributions)," before "against the tax imposed by section 531".

(6) Subsection 1304(b) (2) (relating to special rules) is amended by striking out paragraph (2) and by redesignating paragraphs (3), (4), (5), and (6) as paragraphs (2), (3), (4), and (5), respectively.

(7) Subparagraph (A) of section 56(a) (2) and paragraph (1) of section 56(c) are each amended by inserting before "531" the following: "402(e),".

(8) Sections 871(b) (1) and 877(b) are each amended by inserting ", 402(e) (1)," after "section 1".

(9) Section 62 (defining adjusted gross income), is amended by inserting after paragraph (10) the following new paragraph:

"(11) CERTAIN PORTION OF LUMP-SUM DISTRIBUTIONS FROM PENSION PLANS TAXED UNDER SECTION 402(e).—The deduction allowed by section 402(e) (4)."

(10) Section 122(b) (2) (relating to consideration for the contract) is amended by striking out "72(o)" and inserting "72(n)".

(11) Section 405(e) (relating to capital gains treatment and limitation of tax not to apply to bonds distributed by trusts) is amended by striking out "Section 72(n) and section 402(a) (2)" and inserting "Subsections (a) (2) and (e) of section 402".

(12) Section 406(c) (relating to termination of status as deemed employee, etc.) is amended by striking out "section 72(n), section 402(a) (2)" and inserting "subsections (a) (2) and (e) of section 402".

(13) Section 407(c) (relating to termination of status as deemed employee, etc.) is amended by striking out "section 72(n), section 402(a) (2)" and inserting "subsections (a) (2) and (e) of section 402".

(14) Section 1348(b) (1) (relating to earned income) is amended by striking out "72(n), 402(a) (2)" and inserting "402 (a) (2), 402(e)".

(15) Section 101(b) (2) (B) is amended by striking out "total distributions payable (as defined in section 402(a) (3)) which are paid to a distributee within one taxable year of

the distributee by reason of the employee's death" and inserting in lieu thereof "a lump sum distribution (as defined in section 402(e)(4))".

(d) Effective Date.—The amendments made by this section shall apply only with respect to distributions or payments made after December 31, 1973, in taxable years beginning after such date.

Sec. 2006. Salary Reduction Regulations.

(a) Inclusion of Certain Contributions in Income.—Except in the case of plans or arrangements in existence on June 27, 1974, a contribution made before January 1, 1977, to an employees' trust described in section 401(a), 403(a), or 405(a) of the Internal Revenue Code of 1954 which is exempt from tax under section 501(a) of such Code, or under an arrangement which, but for the fact that it was not in existence on June 27, 1974, would be an arrangement described in subsection (b)(2) of this section, shall be treated as a contribution made by an employee if the contribution is made under an arrangement under which the contribution will be made only if the employee elects to receive a reduction in his compensation or to forego an increase in his compensation.

(b) Administration in the Case of Certain Qualified Pension or Profit-Sharing Plans, Etc., in Existence on June 27, 1974.—No salary reduction regulations may be issued by the Secretary of the Treasury in final form before January 1, 1977, with respect to an arrangement which was in existence on June 27, 1974, and which, on that date—

(1) provided for contributions to an employees' trust described in section 401(a), 403(a), or 405(a) of the Internal Revenue Code of 1954 which is exempt from tax under section 501(a) of such Code, or

(2) was maintained as part of an arrangement under which an employee was permitted to elect to receive part of his compensation in one or more alternative forms if one of such forms results in the inclusion of amounts in income under the Internal Revenue Code of 1954.

(c) Administration of Law With Respect to Certain Plans.—

(1) Administration in the case of plans described in subsection (b).—Until salary reduction regulations have been issued in final form, the law with respect to plans or arrangements described in subsection (b) shall be administered—

(A) without regard to the proposed salary reduction regulations (37 F.R. 25938) and without regard to any other proposed salary reduction regulations, and

(B) in the manner in which such law was administered before January 1, 1972.

(2) Administration in the case of qualified profit-sharing plans.—In the case of plans or arrangements described in subsection (b), in applying this section to the tax treatment of contributions to qualified profit-sharing plans where the contributed amounts are distributable only after a period of deferral, the law shall be administered in a manner consistent with—

(A) Revenue Ruling 56-497 (1956—2 C.B. 284),

(B) Revenue Ruling 63-180 (1963—2 C.B. 189), and

(C) Revenue Ruling 68-89 (1968—1 C.B. 402).

(d) Limitation on Retroactivity of Final Regulations.—In the case of any salary reduction regulations which become final after December 31. 1976—

(1) for purposes of chapter 1 of the Internal Revenue Code of 1954 (relating to normal taxes and surtaxes), such regulations shall not apply before January 1, 1977; and

(2) for purposes of chapter 21 of such Code (relating to Federal Insurance Contributions Act) and for purposes of chapter 24 of such Code (relating to collection of income tax at source on wages), such regulations shall not apply before the day on which such regulations issued in final form.

(e) Salary Reduction Regulations Defined.—For purposes of this section, the term "salary reduction regulations" means regulations dealing with the includibility in gross income (at the time of contribution) of amounts contributed to a plan which includes a part that qualifies under section 401(a), or a plan described in section 403(a) or 405(a), including plans or arrangements described in subsection (b)(2), if the contribution is made under an arrangement under which the contribution will be made only if the employee elects to receive a reduction in his compensation or to forego an increase in his compenation, or under an arrangement under which the employee is permitted to elect to receive part of his compensation in one or more alternative forms (if one of such forms results in the inclusion of amounts in income under the Internal Revenue Code of 1954).

Sec. 2008. Certain Armed Forces Survivor Annuities.

(a) Treatment of Certain Participants in the Plan.—Section 404(c) (relating to certain negotiated plans) is amended by inserting after the first sentence the following new sentences: "For purposes of this chapter and subtitle B, in the case of any individual who before July 1, 1974, was a participant in a plan described in the preceding sentence—

"(A) such individual, if he is or was an employee within the meaning of section 401(c)(1), shall be treated (with respect to service covered by the plan) as being an employee other than an employee within the meaning of section 401(c)(1) and as being an employee of a participating employer under the plan,

"(B) earnings derived from service covered by the plan shall be treated as not being earned income within the meaning of section 401(c)(2), and

"(C) such individual shall be treated as an employee of a participating employer under the plan with respect to service before July 1, 1975, covered by the plan.

Section 277 (relating to deductions incurred by certain membership organizations in transactions with members) does not apply to any trust described in this subsection.".

(b) Other Amendments to Section 404(c)(1).—

(1) Paragraph (1) of the first sentence of section 404(c) is amended by striking out "and pensions" and inserting in lieu thereof "or pensions".

(2) The last sentence of section 404(c) is amended by striking out "This subsection" and inserting in lieu thereof "The first and third sentences of this subsection".

(c) Effective Date.—The amendments made by this section shall apply to taxable years ending on or after June 30, 1972.

Sec. 2007. Rules for Certain Negotiated Plans.

(a) In General.—Section 122(a) (relating to certain reduced uniformed services retired pay) is amended to read as follows:

"(a) General rule.—In the case of a member or former member of the uniformed services of the United States, gross income does not include the amount of any reduction in his retired or retainer pay pursuant to the provisions of chapter 73 of title 10, of the United States Code.".

(b) Technical Amendments.—

(1) Section 122(b)(2) is amended by striking out "section 1438" in subparagraph (B) and inserting in lieu thereof "section 1438 or 1452(d)".

(2) Section 72(o) is amended by inserting after "Plan" in the heading of such section "or Survivor Benefit Plan".

(3) Section 101(b)(2)(D) is amended by striking out "if the individual who made the election under such chapter" and inserting in lieu thereof "if the member or former member of the uniformed services by reason of whose death such annuity is payable".

(4) Section 2039(c) is amended by striking out "section 1438" in the last sentence and inserting in lieu thereof "section 1438 or 1452(d)".

(c) Effective Dates.—The amendments made by this section apply to taxable years ending on or after September 21, 1972. The amendments made by paragraphs (3) and (4) of subsection (b) apply with respect to individuals dying on or after such date.

TITLE III—JURISDICTION, ADMINISTRATION, ENFORCEMENT; JOINT PENSION TASK FORCE, ETC.

Subtitle A—Jurisdiction, Administration, and Enforcement

PROCEDURES IN CONNECTION WITH THE ISSUANCE OF CERTAIN DETERMINATION LETTERS BY THE SECRETARY OF THE TREASURY

Sec. 3001. (a) Before issuing an advance determination of whether a pension, profit-sharing, or stock bonus plan, a trust which is a part of such a plan, or an annuity or bond purchase plan meets the requirements of part I of subchapter D of chapter 1 of the Internal Revenue Code of 1954, the Secretary of the Treasury shall require the person applying for the determination to provide, in addition to any material and information necessary for such determination, such other material and information as may reasonably be made available at the time such application is made as the Secretary of Labor may require under title I of this Act for the administration of that title. The Secretary of the Treasury shall also require that the applicant provide evidence satisfactory to the Secretary that the applicant has notified each employee who qualifies as an interested party (within the meaning of regulations prescribed under section 7476(b)(1) of such Code (relating to declaratory judgments in connection with the qualification of certain retirement plans)) of the application for a determination.

(b)(1) Whenever an application is made to the Secretary of the Treasury for a determination of whether a pension, profit-sharing, or stock bonus plan, a trust which is a part of such a plan, or an annuity or bond purchase plan meets the requirements of part I of subchapter D of chapter 1 of the Internal Revenue Code of 1954, the Secretary shall upon request afford an opportunity to comment on the application at any time within 45 days after receipt thereof to—

(A) any employee or class of employee qualifying as an interested party within the meaning of the regulations referred to in subsection (a).

(B) the Secretary of Labor, and

(C) the Pension Benefit Guaranty Corporation.

(2) The Secretary of Labor may not request an opportunity to comment upon such an application unless he has been requested in writing to do so by the Pension Benefit Guaranty Corporation or by the lesser of—

(A) 10 employees, or

(B) 10 percent of the employees

who qualify as interested parties within the meaning of the regulations referred to in subsection (a). Upon receiving such a request, the Secretary of Labor shall furnish a copy of the request to the Secretary of the Treasury within 5 days (excluding Saturdays, Sundays, and legal public holidays (as set forth in section 6103 of title 5, United States Code)).

(3) Upon receiving such a request from the Secretary of Labor, the Secretary of the Treasury shall furnish to the Secretary of Labor such information held by the Secretary of the Treasury relating to the application as the Secretary of Labor may request.

(4) The Secretary of Labor shall, within 30 days after receiving a request from the Pension Benefit Guaranty Corporation or from the necessary number of employees who qualify as interested parties, notify the Secretary of the Treasury, the Pension Benefit Guaranty Corporation, and such employees with respect to whether he is going to comment on the application to which the request relates and with respect to any matters raised in such request on which he is not going to comment. If the Secretary of Labor indicates in the notice required under the preceding sentence that he is not going to comment on all or part of the matters raised in such request, the Secretary of the Treasury shall afford the corporation, and such employees, an opportunity to comment on the application with respect to any matter on which the Secretary of Labor has declined to comment.

(c) The Pension Benefit Guaranty Corporation and, upon petition of a group of employees referred to in paragraph (2), the Secretary of Labor, may intervene in any action brought for declaratory judgment under section 7476 of the Internal Revenue Code of 1954 in accordance with the provisions of such section. The Pension Benefit Guaranty Corporation is permitted to bring an action under such section 7476 under such rules as may be prescribed by the United States Tax Court.

(d) If the Secretary of the Treasury determines that a plan or trust to which this section applies meets the applicable requirements of part I of subchapter D of chapter 1 of the Internal Revenue Code of 1954 and issues a determination letter to the applicant, the Secretary shall notify the Secretary of Labor of his determination and furnish such information and material relating to the application and determination held by the Secretary of the Treasury as the Secretary of Labor may request for the proper administration of title I of this Act. The Secretary of Labor shall accept the determination of the Secretary of the Treasury as prima facie evidence of initial compliance by the plan with the standards of parts 2, 3, and 4 of subtitle B of title I of this Act. If an application for such a determination is withdrawn, or if the Secretary of the Treasury issues a determination that the plan or trust does not meet the requirements of such part I, the Secretary shall notify the Secretary of Labor of the withdrawal or determination.

(e) This section does not apply with respect to an application for any plan received by the Secretary of the Treasury before the date on which section 410 of the Internal Revenue Code of 1954 applies to the plan, or on which such section will apply if the plan is determined by the Secretary to be a qualified plan.

PROCEDURES WITH RESPECT TO CONTINUED COMPLIANCE WITH REQUIREMENTS RELATING TO PARTICIPATION, VESTING, AND FUNDING STANDARDS

SEC. 3002. (a) In carrying out the provisions of part I of subchapter D of chapter 1 of the Internal Revenue Code of 1954 with respect to whether a plan or a trust meets the requirements of section 410(a) or 411 of such Code (relating to minimum participation standards and minimum vesting standards, respectively), the Secretary of the Treasury shall notify the Secretary of Labor when the Secretary of the Treasury issues a preliminary notice of intent to disqualify related to the plan or trust or, if earlier, at the time of commencing any proceeding to determine whether the plan or trust satisfies such requirements. Unless the Secretary of the Treasury finds that the collection of a tax imposed under the Internal Revenue Code of 1954 is in jeopardy, the Secretary of the Treasury shall not issue a determination that the plan or trust does not satisfy the requirements of such section until the expiration of a period of 60 days after the date on which he notifies the Secretary of Labor of such review. The Secretary of the Treasury, in his discretion, may extend the 60-day period referred to in the preceding sentence if he determines that such an extension would enable the Secretary of Labor to obtain compliance with such requirements by the plan within the extension period. Except as otherwise provided in this Act, the Secretary of Labor shall not generally apply part 2 of title I of this Act to any plan or trust subject to sections 410(a) and 411 of such Code, but shall refer alleged general violations of the vesting or participation standards to the Secretary of the Treasury. (The preceding sentence shall not apply to matters relating to individual benefits.)

(b) Unless the Secretary of the Treasury finds that the collection of a tax is in jeopardy, in carrying out the provisions of section 4971 of the Internal Revenue Code of 1954 (relating to taxes on the failure to meet minimum funding standards), the Secretary of the Treasury shall notify the Secretary of Labor before sending a notice of deficiency with respect to any tax imposed under that section on an employer, and, in accordance with the provisions of subsection (d) of that section, afford the Secretary of Labor an opportunity to comment on the imposition of the tax in the case. The Secretary of the Treasury may waive the imposition of the tax imposed under section 4971(b) of such Code in appropriate cases. Upon receiving a written request from the Secretary of Labor or from the Pension Benefit Guaranty Corporation, the Secretary of the Treasury shall cause an investigation to be commenced expeditiously with respect to whether the tax imposed under section 4971 of such Code should be applied with respect to any employer to which the request relates. The Secretary of the Treasury and the Secretary of Labor shall consult with each other from time to time with respect to the provisions of section 412 of the Internal Revenue Code of 1954 (relating to minimum funding standards) and with respect to the funding standards applicable under title I of this Act in order to coordinate the rules applicable under such standards.

(c) Regulations prescribed by the Secretary of the Treasury under sections 410(a), 411, and 412 of the Internal Revenue Code of 1954 (relating to minimum participation standards, minimum vesting standards, and minimum funding standards, respectively) shall also apply to the minimum participation, vesting, and funding standards set forth in parts 2 and 3 of subtitle B of title I of this Act, Except as otherwise expressly provided in this Act, the Secretary of Labor shall not prescribe other regulations under such parts, or apply the regulations prescribed by the Secretary of the Treasury under sections 410(a), 411, 412 of the Internal Revenue Code of 1954 and applicable to the minimum participation, vesting, and funding standards under such parts in a manner inconsistent with the way such regulations apply under sections 410(a), 411, and 412 of such Code.

(d) The Secretary of Labor and the Pension Benefit Guaranty Corporation, before filing briefs in any case involving the construction or application of minimum participation standards, minimum vesting standards, or minimum funding standards under title I of this Act, shall afford the Secretary of the Treasury a reasonable opportunity to review any such brief. The Secretary of the Treasury shall have the right to intervene in any such case.

PROCEDURES IN CONNECTION WITH PROHIBITED TRANSACTIONS

SEC. 3003. (a) Unless the Secretary of the Treasury finds that the collection of a tax is in jeopardy, in carrying out the provisions of section 4975 of the Internal Revenue Code of 1954 (relating to tax on prohibited transactions) the Secretary of the Treasury shall, in accordance with the provisions of subsection (h) of such section, notify the Secretary of Labor before sending a notice of deficiency with respect to the tax imposed by subsection (a) or (b) of such section, and, in accordance with the provisions of subsection (h) of such section, afford the Secretary an opportunity to comment on the imposition of the tax in any case. The Secretary of the Treasury shall have authority to waive the imposition of the tax imposed under section 4975(b) in appropriate cases. Upon receiving a written request from the Secretary of Labor or from the Pension Benefit Guaranty Corporation, the Secretary of the Treasury shall cause an investigation to be carried out with respect to whether the tax imposed by section 4975 of such Code should be applied to any person referred to in the request.

(b) The Secretary of the Treasury and the Secretary of Labor shall consult with each other from time to time with respect to the provisions of section 4975 of the Internal Revenue Code of 1954 (relating to tax on prohibited transactions) and with respect to the provisions of title I of this Act relating to prohibited transactions and exemptions therefrom in order to coordinate the rules applicable under such standards.

(c) Whenever the Secretary of Labor obtains information indicating that a party-in-interest or disqualified person is violating section 406 of this Act he shall transmit such information to the Secretary of the Treasury.

COORDINATION BETWEEN THE DEPARTMENT OF THE TREASURY AND THE DEPARTMENT OF LABOR

SEC. 3004. (a) Whenever in this Act or in any provision of law amended by this Act the Secretary of the Treasury and the Secretary of Labor are required to carry out provisions relating to the same subject matter (as determined by them) they shall consult with each other and shall develop rules, regulations, practices, and forms which, to the extent appropriate for the efficient administration of such provisions in order to reduce duplication of effort, duplication of reporting, conflicting or overlapping requirements, and the burden of compliance with such provisions by plan administrators, employers, and employees.

(b) In order to avoid unnecessary expense and duplication of functions among Government agencies, the Secretary of the Treasury and the Secretary of Labor may make such arrangements or agreements for cooperation or mutual assistance in the performance of their functions under this Act, and the functions of any such agency as they find to be practicable and consistent with law. The Secretary of the Treasury and the Secretary of Labor may utilize, on a reimbursable or other basis, the facilities or services, of any department, agency, or establishment of the United States or of any State or political subdivision of a State, including the services, of any of its employees, with the lawful consent of such department, agency, or establishment with or without reimbursement; and each department, agency, or establishment of the United States is authorized and directed to cooperate with the Secretary of the Treasury and the Secretary of Labor and, to the extent permitted by law, to provide such information and facilities as they may request for their assistance in the performance of their functions under this Act. The Attorney General or his representative shall receive from the Secretary of the Treasury and the Secretary of Labor for appropriate action such evidence developed in the performance of their functions under this Act as may be found to warrant consideration for criminal prosecution under the provisions of this title or other Federal law.

SUBTITLE B—JOINT PENSION TASK FORCE: STUDIES

PART 1—PENSION TASK FORCE

ESTABLISHMENT

SEC. 3021. The staffs of the Committee on Ways and Means and the Committee on Education and Labor of the House of Representatives, the Joint Committee on Internal Revenue Taxation, and the Committee on Finance and the Committee on Labor and Public Welfare of the Senate shall carry out the duties assigned under this title to the Joint Pension Task Force. By agreement among the chairmen of such Committees, the Joint Pension Task Force shall be furnished with office space, clerical personnel, and such supplies and equipment as may be necessary for the Joint Pension Task Force to carry out its duties under this title.

DUTIES

SEC. 3022. (a) The Joint Pension Task Force shall, within 24 months after the date of enactment of this Act, make a fully study and review of—

(1) the effect of the requirements of section 411 of the Internal Revenue Code of 1954 and of section 203 of this Act to determine the extent of discrimination, if any, among employees in various age groups resulting from the application of such requirements;

(2) means of providing for the portability of pension rights among different pension plans;

(3) the appropriate treatment under title IV of this Act (relating to termination insurance) of plans established and maintained by small employers;

(4) the effects and desirability of the Federal preemption of State and local law with respect to matters relating to pension and similar plans; and

(5) such other matter as any of the committees referred to in section 3021 may refer report the results of its study and review to it.

(b) The Joint Pension Task Force shall report the results of its study and review to each of the committees referred to in section 3021.

PART 2—OTHER STUDIES

CONGRESSIONAL STUDY

SEC. 3031. (a) The Committee on Education and Labor and the Committee on Ways and Means of the House of Representatives and the Committee on Finance and the Committee on Labor and Public Welfare of the Senate shall study retirement plans established and maintained or financed (directly or indirectly) by the Government of the United States, by any State (including the District of Columbia) or political subdivision thereof, or by any agency or instrumentality of any of the foregoing. Such study shall include an analysis of—

(1) the adequacy of existing levels of participation, vesting, and financing arrangements.

(2) existing fiduciary standards, and

(3) the necessity for Federal legislation and standards with respect to such plans.

In determining whether any such plan is adequately financed, each committee shall consider the necessity for minimum funding standards, as well as the taxing power of the government maintaining the plan.

(b) Not later than December 31, 1976, the Committee on Education and Labor and the Committee on Ways and Means shall each submit to the House of Representatives the results of the studies conducted under this section, together with such recommendations as they deem appropriate. The Committee on Finance and the Committee on Labor and Public Welfare shall each submit to the Senate the results of the studies conducted under this section together with such recommendations as they deem appropriate not later than such date.

PROTECTION FOR EMPLOYEES UNDER FEDERAL PROCUREMENT, CONSTRUCTION, AND RESEARCH CONTRACTS AND GRANTS

SEC. 3032. (a) The Secretary of Labor shall, during the 2-year period beginning on the date of the enactment of this Act, conduct a full and complete study and investigation of the steps necessary to be taken to insure that professional, scientific, and technical personnel and others working in associated occupations employed under Federal procurement, construction, or research contracts or grants will, to the extent feasible, be protected against forfeitures of pension or retirement rights or benefits, otherwise provided, as a consequence of job transfers or loss of employment resulting from terminations or modifications of Federal contracts, grants, or procurement policies. The Secretary of Labor shall report the results of his study and investigation to the Congress within 2 years after the date of the enactment of this Act. The Secretary of Labor is authorized, to the extent provided by law, to obtain the services of private research institutions and such other persons by contract or other arrangement as he determines necessary in carrying out the provisions of this section.

(b) In the course of conducting the study and investigation described in subsection (a), and in developing the regulations referred to in subsection (c), the Secretary of Labor shall consult—

(1) with appropriate professional societies, business organizations, and labor organizations, and

(2) with the heads of interested Federal departments and agencies.

(c) Within 1 year after the date on which he submits his report to the Congress under subsection (a), the Secretary of Labor shall, if he determines it to be feasible, develop regulations which will provide the protection of pension and retirement rights and benefits referred to in subsection (a).

(d) (1) Any regulations developed pursuant to subsection (c) shall take effect if, and only if—

(A) the Secretary of Labor, not later than the day which is 3 years after the date of the enactment of this Act, delivers a copy of such regulations to the House of Representatives and a copy to the Senate, and

(B) before the close of the 120-day period which begins on the day on which the copies of such regulations are delivered to the House of Representatives and to the Senate, neither the House of Representatives nor the Senate adopts, by an affirmative vote of a majority of those present and voting in that House, a resolution of disapproval.

(2) For purposes of this subsection, the term "resolution of disapproval" means only a resolution of either House of Congress, the matter after the resolving clause of which is as follows: "That the —— does not favor the taking effect of the regulations transmitted to the Congress by the Secretary of Labor on ——", the first blank space therein being filled with the name of the resolving House and the second blank space therein being filled with the day and year.

(3) A resolution of disapproval in the House of Representatives shall be referred to the Committee on Education and Labor. A resolution of disapproval in the Senate shall be referred to the Committee on Labor and Public Welfare.

(4) (A) If the committee to which a resolution of disapproval has been referred has not reported it at the end of 7 calendar days after its introduction, it is in order to move either to discharge the committee from further consideration of the resolution or to discharge the committee from further consideration of any other resolution of disapproval which has been referred to the committee.

(B) A motion to discharge may be made only by an individual favoring the resolution, is highly privileged (except that it may not be made after the committee has reported a resolution of disapproval), and debate thereon shall be limited to not more than 1 hour, to be divided equally between those favoring and those opposing the resolution. An amendment to the motion is not in order, and it is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(C) If the motion to discharge is agreed to or disagreed to, the motion may not be renewed, nor may another motion to discharge the committee be made with respect to any other resolution of disapproval.

(5) (A) When the committee has reported, or has been discharged from further consideration of, a resoltuion of disapproval, it is at any time thereafter in order (even though a previous motion to the same effect has been disagreed to) to move to proceed to the consideration of the resolution. The motion is highly privileged and is not debatable. An amendment to the motion is not in order, and it is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(B) Debate on the resolution of disapproval shall be limited to not more than 10 hours, which shall be divided equally between those favoring and those opposing the resolution. A motion further to limit debate is not debatable. An amendment to, or motion to recommit, the resolution is not in order, and it is not in order to move to reconsider the vote by which the resolution is agreed to or disagreed to.

(6) (A) Motions to postpone, made with respect to the discharge from committee or the consideration of a resolution of disapproval, and motions to proceed to the consideration of other business, shall be decided without debate.

(B) Appeals from the decisions of the Chair relating to the application of the rules of the House of Representatives or the Senate, as the case may be, to the procedure relating to any resolution of disapproval shall be decided without debate.

(7) Whenever the Secretary of Labor transmits copies of the regulations to the Congress, a copy of such regulations shall be delivered to each House of Congress on the same day and shall be delivered to the Clerk of the House of Representatives if the House is not in session and to the Secretary of the Senate if the Senate is not in session.

(8) The 120 day period referred to in paragraph (1) shall be computed by excluding—

(A) the days on which either House is not in session because of an adjournment of more than 3 days to a day certain or an adjournment of the Congress sine die, and

(B) any Saturday and Sunday, not excluded under subparagraph (A), when either House is not in session.

(9) This subsection is enacted by the Congress—

(A) as an exercise of the rulemaking power of the House of Representatives and the Senate, respectively, and as such they are deemed a part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in that House in the case of resolutions of disapproval described in paragraph (2); and they supersede other rules only to the extent that they are inconsistent therewith; and

(B) with full recognition of the constitutional right of either House to change the rules (so for as relating to the procedure of that House) at any time, in the same manner and to the same extent as in the case of any other rule of that House.

SUBTITLE C—ENROLLMENT OF ACTUARIES

ESTABLISHMENT OF JOINT BOARD FOR THE ENROLLMENT OF ACTUARIES

SEC. 3041. The Secretary of Labor and the Secretary of the Treasury shall, not later than the last day of the first calendar month beginning after the date of the enactment of this Act, establish a Joint Board for the Enrollment of Actuaries (hereinafter in this part referred to as the "Joint Board").

ENROLLMENT BY JOINT BOARD

SEC. 3042. (a) The Joint Board shall, by regulations, establish reasonable standards and qualifications for persons performing actuarial services with respect to plans to which this Act applies and, upon application by any individual, shall enroll such individual if the Joint Board finds that such individual satisfies such standards and qualifications. With respect to individuals applying for enrollment before January 1, 1976, such standards and qualifications shall include a requirement for an appropriate period of responsible actuarial experience relating to pension plans. With respect to individuals applying for enrollment on or after January 1, 1976, such standards and qualifications shall include—

(1) education and training in actuarial mathematics and methodology, as evidenced by—

(A) a degree in actuarial mathematics or its equivalent from an accredited college or university,

(B) successful completion of an examination in actuarial mathematics and methodology to be given by the Joint Board, or

(C) successful completion of other actuarial examinations deemed adequate by the Joint Board, and

(2) an appropriate period of responsible actuarial experience.

Notwithstanding the preceding provisions of this subsection, the Joint Board may provide for the temporary enrollment for the period ending on January 1, 1976, of actuaries under such interim standards as it deems adequate.

(b) The Joint Board may, after notice and an opportunity for a hearing, suspend or terminate the enrollment of an individual under this section if the Joint Board finds that such individual—

(1) has failed to discharge his duties under this Act, or

(2) does not satisfy the requirements for enrollment as in effect at the time of his enrollment.

The Joint Board may also, after notice and opportunity for hearing, suspend or terminate the temporary enrollment of an individual who fails to discharge his duties under this Act or who does not satisfy the interim enrollment standards.

AMENDMENT OF INTERNAL REVERSE CODE

SEC. 3043. Section 7701(a) of the Internal Revenue Code of 1954 (relating to definitions) is amended by adding at the end thereof the following new paragraph:

"(35) ENROLLED ACTUARY.—The term 'enrolled actuary' means a person who is enrolled by the Joint Board of the Enrollment of Actuaries established under subtitle C of the title III of the Employee Retirement Income Security Act of 1974."

TITLE IV—PLAN TERMINATION INSURANCE

SUBTITLE A—PENSION BENEFIT GUARANTY CORPORATION

DEFINITIONS

SEC. 4001. (a) For purposes of this title, the term—

(1) "administrator" means the person or persons described in paragraph (16) of section 3 of this Act;

(2) "substantial employer" means for any plan year an employer (treating employers who are members of the same affiliated group, within the meaning of section 1563(a) of the Internal Revenue Code of 1954, determined without regard to section 1563(a)(4) and (e)(3)(C) of such Code, as one employer) who has made contributions to or under a plan under which more than one employer makes contributions for each of—

(A) the two immediately preceding plan years, or

(B) the second and third preceding plan years, equaling or exceeding 10 percent of all employer contributions paid to or under that plan for each such year;

(3) "multiemployer plan" means a multiemployer plan as defined in section 414(f) of the Internal Revenue Code of 1954 (as added by this Act but without regard to whether such section is in effect on the date of enactment of this Act);

(4) "corporation", except where the context clearly requires otherwise, means the Pension Benefit Guaranty Corporation established under section 4002;

(5) "fund" means the appropriate fund established under section 4005;

(6) "basic benefits" means benefits guaranteed under section 4022 other than under section 4022(c); and

(7) "non-basic benefits" means benefits guaranteed under section 4022(c).

(b) An individual who owns the entire interest in an unincorporated trade or business is treated as his own employer, and a partnership is treated as the employer of each partner who is an employee within the meaning of section 401(c)(1) of the Internal Revenue Code of 1954. For purposes of this title, under regulations prescribed by the corporation, all employees of trades or businesses (whether or not incorporated) which are under common control shall be treated as employed by a single employer and all such trades and businesses as a single employer. The regulations prescribed under the preceding sentence shall be consistent and coextensive with regulations prescribed for similar purposes by the Secretary of the Treasury under section 414(c) of the Internal Revenue Code of 1954.

PENSION BENEFIT GUARANTY CORPORATION

SEC. 4002. (a) There is established within the Department of Labor a body corporate to be known as the Pension Benefit Guaranty Corporation. In carrying out its functions under this title, the corporation shall be administered by the chairman of the board of directors in accordance with policies established by the board. The purposes of this title, which are to be carried out by the corporation, are—

(1) to encourage the continuation and maintenance of voluntary private pension plans for the benefit of their participants,

(2) to provide for the timely and uninterrupted payment of pension benefits to participants and beneficiaries under plans to which this title applies, and

(3) to maintain premiums charged by the corporation under section 4007 at the lowest level consistent with carrying out its obligations under this title.

(b) To carry out the purposes of this title, the corporation has the powers conferred on a nonprofit corporation under the District of Columbia Nonprofit Corporation Act and, in addition to any specific power granted to the corporation elsewhere in this title or under that Act, the corporation has the power—

(1) to sue and be sued, complain and defend, in its corporate name and through its own counsel, in any court, State or Federal;

(2) to adopt, alter, and use a corporate seal, which shall be judicially noticed;

(3) to adopt, amend, and repeal, by the board of directors, bylaws, rules, and regulations relating to the conduct of its business and the exercise of all other rights and powers granted to it by this Act;

(4) to conduct its business (including the carrying on of operations and the maintenance of offices) and to exercise all other rights and powers granted to it by this Act in any State or other jurisdiction without regard to qualification, licensing, or other requirements imposed by law in such State or other jurisdiction;

(5) to lease, purchase, accept gifts or donations of, or otherwise to acquire, to own, hold, improve, use, or otherwise deal in or with, and to sell, convey, mortgage, pledge, lease, exchange, or otherwise dispose of any property, real, personal, or mixed, or any interest therein wherever situated;

(6) to appoint and fix the compensation of such officers, attorneys, employees, and agents as may be required, to determine their qualifications, to define their duties, and, to the extent desired by the corporation, require bonds for them and fix the penalty thereof, and to appoint and fix the compensation of experts and consultants in accordance with the provisions of section 3109 of title 5, United States Code;

(7) to utilize the personnel and facilities of any other agency or department of the United States Government, with or without reimbursement, with the consent of the head of such agency or department; and

(8) to enter into contracts, to execute instruments, to incur liabilities, and to do any and all other acts and things as may be necessary or incidental to the conduct of its business and the exercise of all other rights and powers granted to the corporation by this Act.

(c) Section 5108 of title 5, United States Code, is amended by adding at the end thereof the following new subsection:

"(g) In addition to the number of positions authorized by subsection (a), the Pension Benefit Guaranty Corporation is authorized, without regard to any other provision of this section, to place one position in the corporation at GS-18 and a total of 10 positions in the corporation at GS-16 and 17.".

(d) The board of directors of the corporation consists of the Secretary of the Treasury, the Secretary of Labor, and the Secretary of Commerce. Members of the board shall serve without compensation, but shall be reimbursed for travel, subsistence, and other necessary expenses incurred in the performance of their duties as members of the board. The Secretary of Labor is the chairman of the board of directors.

(e) The board of directors shall meet at the call of its chairman, or as otherwise provided by the bylaws of the corporation.

(f) As soon as practicable, but not later than 180 days after the date of enactment of this Act, the board of directors shall adopt initial bylaws and rules relating to the conduct of the business of the corporation. Thereafter, the board of directors may alter, supplement, or repeal any existing bylaw or rule, and may adopt additional bylaws and rules from time to time as may be necessary. The chairman of the board shall cause a copy of the bylaws of the corporation to be published in the Federal Register not less often than once each year.

(g)(1) The corporation, its property, its franchise, capital, reserves, surplus, and its income (including, but not limited to, any income of any fund established under section 4005), shall be exempt from all taxation now or hereafter imposed by any State or local taxing authority, except that any real property and any tangible personal property (other than cash and securities) of the corporation shall be subject to State and local taxation to the same extent according to its value as other real and tangible personal property is taxed.

(2) The receipts and disbursements of the corporation in the discharge of its functions shall not be included in the totals of the budget of the United States Government and shall be exempt from any general limitations imposed by statute on budget outlays of the United States. Except as explicitly provided in this title, the United States is not liable for any obligation or liability incurred by the corporation.

(3) Section 101 of the Government Corporation Control Act (31 U.S.C. 846) is amended by inserting before the period a semicolon and the following: "and Pension Benefit Guaranty Corporation".

(h)(1) There is established an advisory committee to the corporation, for the purpose of advising the corporation as to its policies and procedures relating to (A) the appointment of trustees in termination proceedings, (B) investment of moneys, (C) whether plans being terminated should be liquidated immediately or continued in operation under a trustee, and (D) such other issues as the corporation may request from time to time. The advisory committee may also recommend persons for appointment as trustees in termination proceedings, make recommendations with respect to the investment of moneys in the funds, and advise the corporations as to whether a plan subject to being terminated should be liquidated immediately or continued in operation under a trustee.

(2) The advisory committee consists of seven members appointed, from among individuals recommended by the board of directors, by the President. Of the seven members, two shall represent the interests of employee organizations, two shall represent the interests of employers who maintain pension plans, and three shall represent the interests of the general public. The President shall designate one member as chairman at the time of the nomination of that member.

(3) Members shall serve for terms of 3 years each, except that, of the members first appointed, one of the members representing the interests of employee organizations, one of the members representing the interests of employers, and one of the members representing the interests of the general public shall be appointed for terms of 2 years each, one of the members representing the interests of the general public shall be appointed for a term of 1 year, and the other members shall be appointed to full 3-year terms. The advisory committee shall meet at least six times each year and at such other times as may be determined by the chairman or requested by any three members of the advisory committee.

(4) Members shall be chosen on the basis of their experience with employee organizations, with employers who maintain pension plans, with the administration of pension plans, or otherwise on account of outstanding demonstrated ability in related fields. Of the members serving on the advisory committee at any time, no more than four shall be affiliated with the same political party.

(5) An individual appointed to fill a vacancy occurring other than by the expiration of a term of office shall be appointed only for the unexpired term of the member he succeeds. Any vacancy occurring in the office of a member of the advisory committee shall be filled in the manner in which that office was originally filled.

(6) The advisory committee shall appoint and fix the compensation of such employees as it determines necessary to discharge its duties, including experts and consultants in accordance with the provisions of section 3109 of title 5, United States Code. The corporation shall furnish to the advisory committee such professional, secretarial, and other services as the committee may request.

(7) Members of the advisory committee shall, for each day (including traveltime) during which they are attending meetings or conferences of the committee or otherwise engaged in the business of the committee, be compensated at a rate fixed by the corporation which is not in excess of the daily equivalent of the annual rate of basic pay in effect for grade GS-18 of the General Schedule, and while away from their homes or regular places of business they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code.

(8) The Federal Advisory Committee Act does not apply to the advisory committee established by this subsection.

INVESTIGATORY AUTHORITY; COOPERATION WITH OTHER AGENCIES; CIVIL ACTIONS

SEC. 4003. (a) The corporation may make such investigations as it deems necessary to determine whether any person has violated or is about to violate any provision of this title or any rule or regulation thereunder; and may require or permit any person to file with it a statement in writing, under oath or otherwise as the corporation shall determine as to all the facts and circumstances concerning the matter to be investigated.

(b) For the purpose of any such investigation, or any other proceeding under this title, any member of the board of directors of the corporation, or any officer designated by the chairman, may administer oaths and affirmations, subpena witnesses, compel their attendance, take evidence, and require the production of any books, papers, correspondence, memoranda, or other records which the corporation deems relevant or material to the inquiry.

(c) In case of contumacy by, or refusal to obey a subpena issued to any person, the corporation may invoke the aid of any court of the United States within the jurisdiction of which such investigation or proceeding is carried on, or where such person resides or carries on business, in requiring the attendance and testimony of witnesses and the production of books, papers, correspondence, memoranda, and other records. The court may issue an order requiring such person to appear before the corporation, or member or officer designated by the corporation, and to produce records or to give testimony related to the matter under investigation or in question. Any failure to obey such order of the court may be punished by the court as a contempt thereof. All process in any such case may be served in the judicial district in which such person is an inhabitant or may be found.

(d) In order to avoid unnecessary expense and duplication of functions among government agencies, the corporation may make such arrangements of agreements for cooperation or mutual assistance in the performance of its functions under this title as is practicable and consistent with law. The corporation may utilize the facilities or services of any department, agency, or establishment of the United States or of any State or political subdivision of a State, including the services of any of its employees, with the lawful consent of such department, agency, or establishment. The head of each department, agency, or establishment of the United States shall cooperate with the corporation and, to the extent permitted by law, provide such information and facilities as it may request for its assistance in the performance of its functions under this title. The Attorney General or his representative shall receive from the corporation for appropriate action such evidence developed in the performance of its functions under this title as may be found to warrant consideration for criminal prosecution under the provisions of this or any other Federal law.

(e)(1) Civil actions may be brought by the corporation for appropriate relief, legal or equitable or both, to redress violations of the provisions of this title.

(2) Except as otherwise provided in this title, where such an action is brought in a district court of the United States, it may be brought in the district where the plan is administered, where the violation took place, or where a defendant resides or may be found, and process may be served in any other district where a defendant resides or may be found.

(3) The district courts of the United States shall have jurisdiction of actions brought by the corporation under this title without regard to the amount in controversy in any such action.

(4) Upon application by the corporation to a court of the United States for expedited handling of any case in which the corporation is a party, it is the duty of that court to assign such case for hearing at the earliest practical date and to cause such case to be in every way expedited.

(5) In any action brought under this title, whether to collect premiums, penalties, and interest under section 4007 or for any other purpose, the court may award to the corporation all or a portion of the costs of litigation incurred by the corporation in connection with such action.

TEMPORARY AUTHORITY FOR INITIAL PERIOD

SEC. 4004. (a) Notwithstanding anything to the contrary in this title, the corporation may, upon receipt of notice that a plan is to be terminated or upon making a determination described in section 4042, appoint a receiver whose powers shall take effect immediately. The receiver shall assume control of such plan and its assets, protecting the interests of all interested persons during subsequent proceedings.

(b)(1) Within a reasonable time, not exceeding 20 days, after the appointment of a receiver under subsection (a), the corporation shall apply to an appropriate United States district court for a decree approving such appointment. The court to which application is made shall issue a decree approving such appointment unless it determines that it would not be in the best interests of the participants and beneficiaries of the plan.

(2) If the court to which application is made under paragraph (1) dismisses the application with prejudice, or if the corporation fails to apply for a decree under paragraph (1) within 20 days after the appointment of the special receiver, the receiver shall transfer all assets and records of the plan held by him to the plan administrator within 3 business days after such dismissal or the expiration of the 20 day period. The receiver shall not be liable to the plan or to any other person for his acts as receiver other than for willful misconduct, or for conduct in violation of the provisions of part 4 of subpart B of title I of this Act (except to the extent that the provisions of section 4042 (d)(1)(A) provide otherwise).

(c) The corporation is authorized, as an alternative to appointing a receiver under subsection (a), to direct a plan administrator to apply to a district court of the United States for the appointment of a receiver to assume control of the plan and its assets for the purpose of protecting the interests of all interested persons until the plan can be terminated under the provisions of this title.

(d) A receiver appointed under this section has the powers of a trustee under section 4042(d)(1)(A) and (B) and shall report to the corporation and the court on the plan from time to time as required by the corporation or the court, respectively. As soon as practicable after his appointment, a receiver appointed under this section shall determine whether the assets of the plan are sufficient to discharge when due all obligations of the plan with respect to benefits guaranteed under this title in accordance with the requirements of section 4044. If the determination of the receiver is approved by the corporation and the court, the receiver shall proceed as if he were a trustee appointed under section 4042.

(e) A receiver may not be appointed under this section more than 270 days after the date of enactment of this Act.

(f) In addition to its other powers under this title, for only the first 270 days after the date of enactment of this Act the corporation may—

(1) contract for printing without regard to the provisions of chapter 5 of title 44, United States Code,

(2) waive any notice required under this title if the corporation finds that a waiver is necessary or appropriate,

(3) extend the 90-day period referred to in section 4041(a) for an additional 90 days without the agreement of the plan administrator and without application to a court as required under section 4041(d), and

(4) waive the application of the provisions of sections 4062, 4063, and 4064 to, or reduce the liability imposed under such sections on, any employer with respect to a plan terminating during that 270 day period if the corporation determines that such waiver or reduction is necessary to avoid unreasonable hardship in any case in which the employer was not able, as a practical matter, to continue the plan.

ESTABLISHMENT OF PENSION BENEFIT GUARANTY FUNDS

Sec. 4005. (a) There are established on the books of the Treasury of the United States four revolving funds to be used by the corporation in carrying out its duties under this title. One of the funds shall be used in connection with benefits guaranteed under sections 4022 and 4023 (but not non-basic benefits) with respect to plans other than multiemployer plans, one of the funds shall be used with respect to such benefits guaranteed under such sections (other than non-basic benefits) for multiemployer plans, one of the funds shall be used with respect to non-basic benefits, if any are guaranteed by the corporation under section 4022, for plans which are not multiemployer plans, and the remaining fund shall be used with respect to non-basic benefits, if any are guaranteed by the corporation under section 4022 for multiemployer plans. Whenever in this title reference is made to the term "fund" the reference shall be considered to refer to the appropriate fund established under this subsection.

(b)(1) Each fund established under this section shall be credited with the appropriate portion of—

(A) funds borrowed under subsection (c),

(B) premiums, penalties, interest, and charges collected under this title,

(C) the value of the assets of a plan administered under section 4042 by a trustee to the extent that they exceed the liabilities of such plan,

(D) the amount of any employer liability payments collected under section 4067, to the extent that such payments exceed liabilities of the plan (taking into account all other plan assets).

(E) earnings on investments of the fund or on assets credited to the fund under this subsection, and

(F) receipts from any other operations under this title.

(2) Subject to the provisions of subsection (a), each fund shall be available—

(A) for making such payments as the corportation determines are necessary to pay benefits guaranteed under section 4022.

(B) for making such payments as the corporation determines are necessary under section 4023.

(C) to purchase assets from a plan being terminated by the corporation when the corporation determines such purchase will best protect the interests of the corporation, participants in the plan being terminated, and other insured plans.

(D) to repay to the Secretary of the Treasury such sums as may be borrowed (together with interest thereon) under subsection (c), and

(E) to pay the operational and administrative expenses of the corporation, including reimbursement of the expenses incurred by the Department of the Treasury in maintaining the funds, and the Comptroller General in auditing the corporation.

(3) Whenever the corporation determines that the moneys of any fund are in excess of current needs, it may request the investment of such amounts as it determines advisable by the Secretary of the Treasury in obligations issued or guaranteed by the United States but, until all borrowings under subsection (c) have been repaid, the obligations in which such excess moneys are invested may not yield a rate of return in excess of the rate of interest payable on such borrowings.

(c) The corporation is authorized to issue to the Secretary of the Treasury notes or other obligations in an aggregate amount of not to exceed $100,000,000, in such forms and denominations, bearing such maturities, and subject to such terms and conditions as may be prescribed by the Secretary of the Treasury. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding marketable obligations of the United States of comparable maturities during the month preceding the issuance of such notes or other obligations of the corporation. The Secretary of the Treasury is authorized and directed to purchase any notes or other obligations issued by the corporation under this subsection, and for that purpose he is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that Act, as amended, are extended to include any purchase of such notes and obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this subsection. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public debt transactions of the United States.

PREMIUM RATES

Sec. 4006. (a) (1) The corporation shall prescribe such insurance premium rates and such coverage schedules for the application of those rates as may be necessary to provide sufficient revenue to the fund for the corporation to carry out its functions under this title. The premium rates charged by the corporation for any period shall be uniform for all plans, other than multiemployer plans insured by the corporation, with respect to basic benefits guaranteed by it under section 4022, and shall be uniform for all multiemployer plans with respect to basic benefits guaranteed by it under such section. The premium rates charged by the corporation for any period for non-basic benefits guaranteed by it shall be uniform by category of non-basic benefit guaranteed, shall be based on the risk insured in each category, and shall reflect the experience of the corporation (including reasonably anticiapted experience) in guaranteeing such benefits.

(2) The corporation shall maintain separate coverage schedules for—

(A) basic benefits guaranteed by it under section 4022 for—

(i) plans which are multiemployer plans, and

(ii) plans which are not multiemployer plans,

(B) employers insured under section 4023 against liability under subtitle D of this title, and

(C) non-basic benefits.

Except as provided in paragraph (3), the corporation may revise such schedules whenever it determines that revised rates are necessary, but a revised schedule described in subparagraph (A) shall apply only to plan years beginning more than 30 days after the date on which the Congress approves such revised schedule by a concurrent resolution.

(3) Except as provided in paragraph (4), the rate for all plans for benefits guaranteed under section 4022 (other than non-basic benefits) with respect to plan years ending no more than 35 months after the effective date of this title is—

(A) in the case of each plan which is not a multiemployer plan, an amount equal to one dollar for each individual who is a participant in such plan at any time during the plan year; and

(B) in the case of a multiemployer plan, an amount equal to fifty cents for each individual who is a participant in such plan, at any time during such plan year.

The rate applicable under this paragraph to any plan the plan year of which does not begin on the date of enactment of this Act is a fraction of the rate described in the preceding sentence, the numerator of which is the number of months which end before the date on which the new plan year commences and the denominator of which is 12. The corporation is authorized to prescribe regulations under which the rate described in subparagraph (B) will not apply to the same participant in any multiemployer plan more than once for any plan year.

(4) Upon notification filed with the corporation not less than 60 days after the date on which the corporation publishes the rates applicable under paragraph (5), at the election of a plan the rate applicable to that plan with respect to the second full plan year to which this section applies beginning after the date of enactment of this Act shall be the greater of—

(A) an alternative rate determined under paragraph (5), or

(B) one-half of the rate applicable to the plan under paragraph (3).

In the case of a multiemployer plan, the rate prescribed by this paragraph (at the election of a plan) for the second full plan year is also the applicable rate for plan years succeeding the second full plan year and ending before the full plan year first commencing after December 31, 1977.

(5) In carrying out its authority under paragraph (1) to establish premium rates and bases for basic benefits guaranteed under section 4022 the corporation shall establish such rates and bases in coverage schedules for plan years beginning 24 months or more after the date of enactment of this Act in accordance with the provisions of this paragraph. The corporation shall publish the rate schedules first applicable under this paragraph in the Federal Register not later than 270 days after the date of enactment of this Act.

(A) The corporation may establish annual premiums composed of—

(i) a rate applicable to the excess, if any, of the present value of the basic benefits of the plan which are guaranteed over the value of the assets of the plan, not in excess of 0.1 percent for plans which are not multiemployer plans and not in excess of 0.025 percent for multiemployer plans, and

(ii) an additional charge based on the rate applicable to the present value of the basic benefits of the plan which are guaranteed, determined separately for multiemployer plans and for plans which are not multiemployer plans.

The rate for the additional charge referred to in clause (ii) shall be set by the corporation for every year at a level (determined separately for multiemployer plans and for plans which are not multiemployer plans), which the corporation estimates will yield total revenue approximately equal to the total revenue to be derived by the corporation from the premiums referred to in clause (i) of this subparagraph.

(B) The corporation may establish annual premiums based on—

(i) the number of participants in a plan but such premium rates shall not exceed the rates described in paraagraph (3).

(ii) unfunded basic benefits guaranteed under this title, but such premium rates shall not exceed the limitations applicable under subparagraph (4) (i), or

(iii) total guaranteed basic benefits but such premium rates may not exceed the rates determined under subparagraph (A) (ii).

If the corporation uses 2 or more of the rate bases described in this subparagraph, the premium rates shall be designed to produce approximately equal amounts of aggregate premium revenue from each of the rate bases used.

(6) The corporation shall by regulation define the terms "value of the assets" and "present value of the benefits of the plan which are guaranteed" in a manner consistent with the purposes of this title and the provisions of this section.

(b) (1) In order to place a revised coverage schedule (other than a schedule described in subsection (a) (2) (B) or (C) in effect, the corporation shall transmit the proposed schedule, its proposed effective date, and the reasons for its proposal to the Committee on Ways and Means and to the Committee on Education and Labor of the House of Representatives, and to the Committee on Finance and the Committee on Labor and Public Welfare of the Senate.

(2) The succeeding paragraphs of this subsection are enacted by Congress as an exercise of the rulemaking power of the Senate and the House of Representatives, respectively, and as such they shall be deemed a part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in that House in the case of resolutions described in paragraph (3). They shall supersede other rules only to the extent that they are inconsistent therewith. They are enacted with full recognition of the constitutional right of either House to change the rules (so far as relating to the procedure of that House) at any time, in the same manner and to the same extent as in the case of any other rule of that House.

(3) For the purpose of the succeeding paragraphs of this subsection, "resolution" means only a concurrent resolution, the matter after the resolving clause of which is as follows: "That the Congress favors the proposed revised coverage schedule transmitted to Congress by the Pension Benefit Guaranty Corporation on ———.", the blank space therein being filled with the date on which the corporation's message proposing the rate was delivered.

(4) A resolution shall be referred to the Committee on Ways and Means and the Committee on Education and Labor of the House of Representatives and to the Committee on Finance and the Committee on Labor and Public Welfare of the Senate.

(5) If a committee to which has been referred a resolution has not reported it before the expiration of 10 calendar days after its introduction, it shall then (but not before) be in order to move to discharge the committee from further consideration of that resolution, or to discharge the committee from further consideration of any other resolution with respect to the proposed adjustment which has been referred to the committee. The motion to discharge may be made only by a person favoring the resolution, shall be highly privileged (except that it may not be made after the committee has reported a resolution with respect to the same proposed rate), and debate thereon shall be limited to not more than 1 hour, to be divided equally between those favoring and those opposing the resolution. An amendment to the motion is not in order, and it is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to. If the motion to discharge is agreed to or disagreed to, the motion may not be renewed, nor may another motion to discharge the committee be made with respect to any other resolution with respect to the same proposed rate.

(6) When a committee has reported, or has been discharged from further consideration of a resolution, it is at any time thereafter in order (even though a previous motion to the same effect has been disagreed to) to move to proceed to the consideration of the resolution. The motion is highly privileged and is not debatable. An amendment to the motion is not in order, and it is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to. Debate on the resolution shall be limited to not more than 10 hours, which shall be divided equally between those favoring and those opposing the resolution. A motion further to limit debate is not debatable. An amendment to, or motion to recommit, the resolution is not in order, and it is not in order to move to reconsider the vote by which the resolution is agreed to or disagreed to.

(7) Motions to postpone, made with respect to the discharge from the committee, or the consideration of, a resolution and motions to proceed to the consideration of other business shall be decided without debate. Appeals from the decisions of the Chair relating to the application of the rules of the Senate or the House of Representatives, as the case may be, to the procedure relating to a resolution shall be decided without debate.

PAYMENT OF PREMIUMS

SEC. 4007. (a) The plan administrator of each plan shall pay the premiums imposed by the corporation under this title with respect to that plan when they are due. Any employer obtaining contingent liability coverage under section 4023 shall pay the premiums imposed by the corporation under that section when due. Premiums under this title are payable at the time, and on an estimated, advance, or other basis, as determined by the corporation. Premiums imposed by this title on the date of enactment (applicable to that portion of any plan year during which such date occurs) are due within 30 days after such date. Premiums imposed by this title on the first plan year commencing after the date of enactment of this Act are due within 30 days after such plan year commences. Premiums shall continue to accrue until a plan's assets are distributed pursuant to a termination procedure, or until a trustee is appointed pursuant to section 4042, whichever is earlier.

(b) If any basic benefit premium is not paid when it is due the corporation is authorized to assess a late payment charge of not more than 100 percent of the premium payment which was not timely paid. The preceding sentence shall not apply to any payment of premium made within 60 days after the date on which payment is due, if before such date, the plan administrator obtains a waiver from the corporation based upon a showing of substantial hardship arising from the timely payment of the premium. The corporation is authorized to grant a waiver under this subsection upon application made by the plan administrator, but the corporation may not grant a waiver if it appears that the plan administrator will be unable to pay the premium within 60 days after the date on which it is due. If any premium is not paid by the last date prescribed for a payment, interest on the amount of such premium at the rate imposed under section 6601(a) of the Internal Revenue Code of 1954 (relating to interest on underpayment, nonpayment, or extensions of time for payment of tax) shall be paid for the period from such last date to the date paid.

(c) If any plan administrator fails to pay a premium when due, the corporation is authorized to bring a civil action in any district court of the United States within the jurisdiction of which the plan assets are located, the plan is administered, or in which a defendant resides or is found for the recovery of the amount of the premium penalty, and interest, and process may be served in any other district. The district courts of the United States shall have jurisdiction over actions brought under this subsection by the corporation without regard to the amount in controversy.

(d) The corporation shall not cease to guarantee basic benefits on account of the failure of a plan administrator to pay any premium when due.

REPORT BY THE CORPORATION

SEC. 4008. As soon as practicable after the close of each fiscal year the corporation shall transmit to the President and the Congress a report relative to the conduct of its business under this title for that fiscal year. The report shall include financial statements setting forth the finances of the corporation at the end of such fiscal year and the result of its operations (including the source and application of its funds) for the fiscal year and shall include an actuarial evaluation of the expected operations and status of the funds established under section 4005 for the next five years (including a detailed statement of the actuarial assumptions and methods used in making such evaluation).

PORTABILITY ASSISTANCE

SEC. 4009. The corporation shall provide advice and assistance to individuals with respect to evaluating the economic desirability of establishing individual retirement accounts or other forms of individual retirement savings for which a deduction is allowable under section 219 of the Internal Revenue Code of 1954 and with respect to evaluating the desirability, in particular cases, of transferring amounts representing an employee's interest in a qualified plan to such an account upon the employee's separation from service with an employer.

SUBTITLE B—COVERAGE

PLANS COVERED

SEC. 4021. (a) Except as provided in subsection (b), this section applies to any plan (including successor plan) which, for a plan year—

(1) is an employee pension benefit plan (as defined in paragraph (2) of section 3 of this Act) established or maintained—

(A) by an employer engaged in commerce or in any industry or activity affecting commerce, or

(B) by any employee organization, or organization representing employees, engaged in commerce or in any industry or activity affecting commerce, or

(C) by both,

which has, in practice, met the requirements of part I of subchapter D of chapter 1 of the Internal Revenue Code of 1954 (as in effect for the preceding 5 plan years of the plan) applicable to plans described in paragraph (2) for the preceding 5 plan years; or

(2) is, or has been determined by the Secretary of the Treasury to be, a plan described in section 401(a) of the Internal Revenue Code of 1954, or which meets, or has been determined by the Secretary of the Treasury to meet, the requirements of section 404(a) (2) of such Code.

For purpose of this title, a successor plan is considered to be a continuation of a predecessor plan. For this purpose, a successor plan is a plan which covers a group of employees which includes substantially the same employees as a previously established plan, and provides substantially the same benefits as that plan provided.

(b) This section does not apply to any plan—

(1) which is an individual account plan,

as defined in paragraph (34) of section 3 of this Act.

(2) established and maintained for its employees by the Government of the United States, by the government of any State or political subdivision thereof, or by any agency or instrumentality or any of the foregoing, or to which the Railroad Retirement Act of 1935 or 1937 applies and which is financed by contributions required under that Act,

(3) which is a church plan as defined in section 414(e) of the Internal Revenue Code of 1954, unless that plan has made an election under section 410(d) of such Code, and has notified the corporation in accordance with procedures prescribed by the corporation, that it wishes to have the provisions of this part apply to it,

(4)(A) established and maintained by a society, order, or association described in section 501(c) (8) or (9) of the Internal Revenue Code of 1954, if no part of the contributions to or under the plan is made by employers of participants in the plan, or

(B) of which a trust described in section 501(c)(18) of such Code is a part;

(5) which has not at any time after the date of enactment of this Act provided for employer contributions;

(6) which is unfunded and which is maintained by an employer primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees:

(7) which is established and maintained outside of the United States primarily for the benefit of individuals substantially all of whom are nonresident aliens;

(8) which is maintained by an employer solely for the purpose of providing benefits for certain employees in excess of the limitations on contributions and benefits imposed by section 415 of the Internal Revenue Code of 1954 on plans to which that section applies, without regard to whether the plan is funded, and, to the extent that a separable part of a plan (as determined by the corporation) maintained by an employer is maintained for such purpose, that part shall be treated for purposes of this title, as a separate plan which is an excess benefit plan;

(9) which is established and maintained exclusively for substantial owners as defined in section 4022(b)(6);

(10) of an international organization which is exempt from taxation under the International Organizations Immunities Act;

(11) maintained solely for the purpose of complying with applicable workmen's compensation laws or unemployment compensation or disability insurance laws;

(12) which is a defined benefit plan, to the extent that it is treated as an individual account plan under paragraph (35)(B) of section 3 of this Act; or

(13) established and maintained by a professional service employer which does not at any time after the date of enactment of this Act have more than 25 active participants in the plan.

(c)(1) For purposes of subsection (b)(1), the term "individual account plan" does not include a plan under which a fixed benefit is promised if the employer or his representative participated in the determination of that benefit.

(2) For purposes of this paragraph and for purposes of subsection (b)(13)—

(A) the term "professional service employer" means any proprietorship, partnership, corporation, or other association or organization (i) owned or controlled by professional individuals or by executors or administrators of professional individuals, (ii) the principal business of which is the performance of professional services, and

(B) the term "professional individuals" includes but it not limited to, physicians, dentists, chiropractors, osteopaths, optometrists, other licensed practitioners of the healing arts attorneys at law, public accountants, public engineers, architects, draftsmen, actuaries, psychologists, social or physical scientists and performing artists.

(3) In the case of a plan established and maintained by more than one professional service employer, the plan shall not be treated as a plan described in subsection (b) (13) if, at any time after the date of enactment of this Act the plan has more than 25 active participants.

BENEFITS GUARANTEED

SEC. 4022. (a) Subject to the limitations contained in subsection (b), the corporation shall guarantee the payment of all nonforfeitable benefits (other than benefits becoming nonforfeitable solely on account of the termination of a plan) under the terms of a plan which terminates at a time when section 4021 applies to it.

(b)(1) Except to the extent provided in paragraph (8)—

(A) no benefits provided by a plan which has been in effect for less than 60 months at the time the plan terminates shall be guaranteed under this section, and

(B) any increase in the amount of benefits under a plan resulting from a plan amendment which was made, or became effective, whichever is later, within 60 months before the date on which the plan terminates shall be disregarded.

(2) For purpose of this subsection, the time a successor plan (within the meaning of section 4021(a)) has been in effect includes the time a previously established plan (within the meaning of section 4021(a)) was in effect. For purposes of determining what benefits are guaranteed under this section in the case of a plan to which section 4021 does not apply on the day after the date of enactment of this Act, the 60 month period referred to in paragraph (1) shall be computed beginning on the first date on which such section does apply to the plan.

(3) The amount of monthly benefits described in subsection (a) provided by a plan, which are guaranteed under this section with respect to a participant, shall not have an actuarial value which exceeds the actuarial value of a monthly benefit in the form of a life annuity commencing at age 65 equal to the lesser of—

(A) his average monthly gross income from his employer during the 5 consecutive calendar year period (or, if less, during the number of calendar years in such period in which he actively participates in the plan) during which his gross income from that employer was greater than during any other such period with that employer determined by dividing 1/12 of the sum of all such gross income by the number of such calendar years in which he had such gross income, or

(B) $750 multiplied by a fraction, the numerator of which is the contribution and benefit base (determined under section 230 of the Social Security Act) in effect at the time the plan terminates and the denomination of which is such contribution and benefit base in effect in calendar year 1974.

The provisions of this paragraph do not apply to non-basic benefits.

(4)(A) The actuarial value of a benefit, for purposes of this subsection, shall be determined in accordance with regulations prescribed by the corporation.

(B) For purposes of paragraph (3)—

(i) the term "gross income" means "earned income" within the meaning of section 911(b) of the Internal Revenue Code of 1954 (determined without regard to any community property laws),

(ii) in the case of a participant in a plan under which contributions are made by more than one employer, amounts received as gross income from any employer under that plan shall be aggregated with amounts received from any other employer under that plan during the same period, and

(iii) any nonbasic benefit shall be disregarded.

(5) Notwithstanding paragraph (3), no person shall receive from the corporation for basic benefits with respect to a participant an amount, or amounts, with an actuarial value which exceeds a monthly benefit in the form of a life annuity commencing at age 65 equal to the amount determined under paragraph (3)(B) at the time of the last plan termination.

(6)(A) For purposes of this title, the term "substantial owner" means an individual who—

(i) owns the entire interest in an unincorporated trade or business,

(ii) in the case of a partnership, is a partner who owns, directly or indirectly, more than 10 percent of either the capital interest or the profits interest in such partnership, or

(iii) in the case of a corporation, owns, directly or indirectly, more than 10 percent in value of either the voting stock of that corporation or all the stock of that corporation.

For purposes of clause (iii) the constructive ownership rules of section 1563(c) of the Internal Revenue Code of 1954 shall apply (determined without regard to section 1563(e)(3)(C)). For purposes of this title an individual is also treated as a substantial owner with respect to a plan if, at any time within the 60 months preceding the date on which the determination is made, he was a substantial owner under the plan.

(B) In the case of a participant in a plan under which benefits have not been increased by reason of any plan amendments and who is covered by the plan as a substantial owner, the amount of benefits guaranteed under this section shall not exceed the product of—

(i) a fraction (not to exceed 1) the numerator of which is the number of years the substantial owner was an active participant in the plan, and the denominator of which is 30, and

(ii) the amount of the substantial owner's monthly benefits guaranteed under subsection (a) (as limited under paragraph (3) of this subsection).

(C) In the case of a participant in a plan, other than a plan described in subparagraph (B), who is covered by the plan as a substantial owner, the amount of the benefit guaranteed under this section shall, under regulations prescribed by the corporation, treat each benefit increase attributable to a plan amendment as if it were provided under a new plan. The benefits guaranteed under this section with respect to all such amendments shall not exceed the amount which would be determined under subparagraph (B) if subparagraph (B) applied.

(7)(A) No benefits accrued under a plan after the date on which the Secretary of the Treasury issues notice that he has determined that any trust which is a part of a plan does not meet the requirements of section 401(a) of the Internal Revenue Code of 1954, or that the plan does not meet the requirements of section 404(a)(2) of such Code, are guaranteed under this section unless such determination is erroneous. This subparagraph does not apply if the Secretary subsequently issues a notice that such trust meets the requirements of section 401(a) of such Code or that the plan meets the requirements of section 404(a)(2) of such Code and if the Secretary determines that the trust or plan has taken action necessary to meet such requirements during the period between the issuance of the notice referred to in the preceding sentence and the issuance of the notice referred to in this sentence.

(B) No benefits accrued under a plan after the date on which an amendment of the plan is adopted which causes the Secretary of the Treasury to determine that any trust under the plan has ceased to meet the requirements of section 401(a) of the Internal Revenue Code of 1954 or that the plan has ceased to meet the requirements of section 404(a)(2) of such Code, are guaranteed under this section unless such determination is erroneous. This subparagraph shall not apply if the amendment is revoked as of the date it was first effective or amended to comply with such requirements.

(8) Benefits described in paragraph (1) are guaranteed only to the extent of the greater of—

(A) 20 percent of the amount which, but for the fact that the plan or amendment has not been in effect for 60 months or more, would be guaranteed under this section, or

(B) $20 per month.

multiplied by the number of years (but not more than 5) the plan or amendment, as the case may be, has been in effect. In determining how many years a plan or amendment has been in effect for purposes of this paragraph, the first 12 months following the date on which the plan or amendment is made or first becomes effective (whichever is later) constitutes one year, and each consecutive period of 12 months thereafter constitutes an additional year. This paragraph does not apply to benefits payable under a plan unless the corporation finds substantial evidence that the plan was terminated for a reasonable business purpose and not for the purpose of obtaining the payment of benefits by the corporation under this title.

(c) The corporation is authorized to guarantee the payment of such other classes of benefits and to establish the terms and conditions under which such other classes of benefits are guaranteed as it determines to be appropriate.

CONTINGENT LIABILITY COVERAGE

SEC. 4023. (a) The corporation shall insure any employer who maintains or contributes to or under a plan to which section 4021 applies against the payment of any liability imposed on him under subtitle D of this title in the event of a termination of that plan. The corporation may develop arrangements with persons engaged in the business of providing insurance under which the insurance coverage described in the preceding sentence could be provided in whole or in part by such private insurers. In developing such arrangements the corporation shall devise a system under which risks are equitably distributed between the corporation and private insurers with respect to the classes of employers insured by each.

(b) The corporation is authorized to prescribe and collect in such manner as it determines to be appropriate premiums for insurance offered under subsection (a). If the corporation requires all employers to which this title applies to purchase coverage under this section, the provisions of section 4007(b) and (c) apply to the collection of premiums under this section. The premiums shall be determined by the corporation and revised by it from time to time as may be necessary, and shall be chargeable at a rate sufficient to fund any payment by the corporation becoming necessary under such coverage.

(c) If the corporation is, in its determination, able to develop a satisfactory arrangement with private insurers, within 36 months after the date of enactment of this Act, to carry out the program of insurance authorized by this section in whole or in part, the corporation is authorized to require employers to elect coverage by such private insurance or by the corporation at such times and in such manner as the corporation determines necessary.

(d) No payment may be made by the corporation under any insurance provided by it under this section unless the premiums on such insurance have been paid by the employer and the insurance has been in effect (with respect to any benefit) for more than 60 months. The corporation is authorized to prescribe conditions under which no payment will be made by it under any insurance offered under this section without regard to whether premiums for such insurance have been paid.

(e) Nothing in this section precludes the purchase by the employer of insurance from any other person, or limits the circumstances under which that insurance is payable, or in any way limits the terms and conditions of such insurance, except that the corporation may prescribe as a condition precedent to the purchase of such insurance the payment of a reinsurance premium or other reasonable fee under this section determined by the corporation to be necessary to assure the liquidity and adequacy of any fund or funds established to carry out the provisions of this section.

(f) In carrying out its duties under subsection (a) to develop arrangements with private insurers the corporation shall consider as an alternative or as a supplement to private insurance the feasibility of using private industry guarantees, indemnities, or letters of credit.

SUBTITLE C—TERMINATIONS

TERMINATION BY PLAN ADMINISTRATOR

SEC. 4041. (a) Before the effective date of the termination of a plan, the plan administrator shall file a notice with the corporation that the plan is to be terminated on a proposed date (which may not be earlier than 10 days after the filing of the notice), and for a period of 90 days after the proposed termination date the plan administrator shall pay no amount pursuant to the termination procedure of the plan unless, before the expiration of such period, he receives a notice of sufficiency under subsection (b). Upon receiving such a notice, the plan administrator may proceed with the termination of the plan in a manner consistent with this subtitle.

(b) If the corporation determines that, after application of section 4044, the assets held under the plan are sufficient to discharge when due all obligations of the plan with respect to basic benefits, it shall notify the plan administrator of such determination as soon as practicable.

(c) If, within such 90-day period, the corporation finds that it is unable to determine that, if the assets of the plan are allocated in accordance with the provisions of section 4044, the assets held under the plan are sufficient to discharge when due all obligations of the plan with respect to basic benefits, it shall notify the plan administrator within such 90-day period of that finding. When the corporation issues a notice under this subsection, it shall commence proceedings in accordance with the provisions of section 4042. Upon receiving a notice under this subsection, the plan administrator shall refrain from taking any action under the proposed termination.

(d) The corporation and the plan administrator may agree to extend the 90-day period provided by this section by a written agreement signed by the corporation and the plan administrator before the expiration of the 90-day period, or the corporation may apply to an appropriate court (as defined in section 4042(g)) for an order extending the 90-day period provided by this section. The 90-day period shall be extended as provided in the agreement or in any court order obtained by the corporation. The 90-day period may be further extended by subsequent written agreements signed by the corporation and the plan administrator made before the expiration of a previously agreed upon extension of the 90-day period, or by subsequent order of the court. Any extension may be made upon such terms and conditions (including the payment of benefits) as are agreed upon by the corporation and the plan administrator or as specified in the court order.

(e) If, after the plan administrator has begun to terminate the plan as authorized by this section, the corporation or the plan administrator finds that the plan is unable, or will be unable, to pay basic benefits when due, the plan administrator shall notify the corporation of such finding as soon as practicable thereafter. If the corporation makes such a finding or concurs with the finding of the plan administrator, it shall institute appropriate proceedings under section 4042. The plan administrator terminating a plan shall furnish such reports to the corporation as it may require for purposes of its duties under this section.

(f) For purposes of subsection (a), a plan with respect to which basic benefits are guaranteed shall be treated as terminated upon the adoption of an amendment to such plan, if, after giving effect to such amendment, the plan is a plan described in section 4021(b)(1).

(g) Notwithstanding any other provision of this title, a plan administrator or the corporation may petition the appropriate court for the appointment of a trustee in accordance with the provisions of section 4042 if the interests of the participants and beneficiaries would be better served by the appointment of the trustee.

TERMINATION BY CORPORATION

SEC. 4042. (a) The corporation may institute proceedings under this section to terminate a plan whenever it determines that—

(1) the plan has not met the minimum funding standard required under section 412 of the Internal Revenue Code of 1954, or has been notified by the Secretary of the Treasury that a notice of deficiency under section 6212 of such Code has been mailed with respect to the tax imposed under section 4971(a) of such Code,

(2) the plan is unable to pay benefits when due,

(3) the reportable event described in section 4043(b)(7) has occurred, or

(4) the possible long-run loss of the corporation with respect to the plan may reasonably be expected to increase unreasonably if the plan is not terminated.

The corporation may prescribe a simplified procedure to follow in terminating small plans as long as that procedure includes substantial safeguards for the rights of the participants and beneficiaries under the plans, and for the employers who maintain such plans (including the requirement for a court decree under subsection (c)). The corporation is authorized to pool the assets of such small plans for purposes of administration and such other purposes, not inconsistent with its duties to the plan participants and the employer maintaining the plan under this title, as it determines to be required for the efficient administration of this title.

(b) Whenever the corporation makes a determination under subsection (a) with respect to a plan if may, upon notice to the plan, apply to the appropriate United States district court for the appointment of a trustee to administer the plan with respect to which the determination is made pending the issuance of a degree under subsection (c) ordering the termination of the plan. If within 3 business days after the filing of an application under this subsection, or such other period as the court may order, the administrator of the plan consents to the appointment of a trustee, or fails to show why a trustee should not be appointed, the court may grant the application and appoint a trustee to administer the plan in accordance with its terms until the corporation determines that the plan should be terminated or that termination is unnecessary. The corporation may request that it be appointed as trustee of a plan in any case.

(c) If the corporation has issued a notice under this section to a plan administrator and (whether or not a trustee has been appointed under subsection (b)) has determined that the plan should be terminated, it may, upon notice to the plan administrator, apply to the appropriate United States district court for a decree adjudicating that the plan must be terminated in order to protect the interests of the participants and to avoid any further deterioration of the financial condition of the plan or any further increase in the liability of the fund. If the trustee appointed under subsection (b) disagrees with the determination of the corporation under the preceding sentence he may intervene in the proceeding relating to the application for the decree, or make application for such decree himself. Upon granting a decree for which the corporation or trustee has applied under this subsection the court shall authorize the trustee appointed under subsection (b) (or appoint a trustee if one has not been appointed under such subsection and authorize him) to terminate the plan in accordance with the provisions of this subtitle. If the corporation and the plan administrator agree that a plan should be terminated and agree to the appointment of a trustee without proceeding in accordance with the requirements of this subsection (other than this sentence) the trustee shall have the power described in subsection (d) (1) and, in addition to any other duties imposed on the trustee under law or by agreement between the corporation and the plan administrator, the trustee is subject to the duties described in subsection (d) (3). Whenever a trustee appointed under this title is operating a plan with discretion as to the date upon which final distribution of the assets is to be commenced, the trustee shall notify the corporation at least 10 days before the date on which he proposes to commence such distribution.

(d) (1) (A) A trustee appointed under subsection (b) shall have the power—

(i) to do any act authorized by the plan or this title to be done by the plan administrator or any trustee of the plan;

(ii) to require the transfer of all (or any part) of the assets and records of the plan to himself as trustee;

(iii) to invest any assets of the plan which he holds in accordance with the provisions of the plan, regulations of the corporation, and applicable rules of law;

(iv) to limit payment of benefits under the plan to basic benefits or to continue payment of some or all of the benefits which were being paid prior to his appointment; and

(v) to do such other acts as he deems necessary to continue operation of the plan without increasing the potential liability of the corporation, if such acts may be done under the provisions of the plan.

If the court to which application is made under subsection (c) dismisses the application with prejudice, or if the corporation fails to apply for a decree under subsection (c) within 30 days after the date on which the trustee is appointed under subsection (b), the trustee shall transfer all assets and records of the plan held by him to the plan administrator within 3 business days after such dismissal or the expiration of such 30-day period, and shall not be liable to the plan or any other person for his acts as trustee except for willful misconduct, or for conduct in violation of the provisions of part 4 of subpart B of title I of this Act (except as provided in subsection (d) (1) (A) (v)). The 30-day period referred to in this subparagraph may be extended as provided by agreement between the plan administrator and the corporation or by court order obtained by the corporation.

(B) If the court to which an application is made under subsection (c) issues the decree requested in such application, in addition to the powers described in subparagraph (A), the trustee shall have the power—

(i) to pay benefits under the plan in accordance with the allocation requirements of section 4044;

(ii) to collect for the plan any amounts due the plan;

(iii) to receive any payment made by the corporation to the plan under this title;

(iv) to commence, prosecute, or defend on behalf of the plan any suit or proceeding involving the plan, except to the extent that the corporation is an adverse party in a suit or proceeding;

(v) to issue, publish, or file such notices, statements, and reports as may be required by the corporation or any order of the court;

(vi) to liquidate the plan assets;

(vii) to recover payments under section 4045(a); and

(viii) to do such other acts as may be necessary to comply with this title or any order of the court and to protect the interests of plan participants and beneficiaries.

(2) As soon as practicable after his appointment, the trustee shall give notice to interested parties of the institution of proceedings under this title to determine whether the plan should be terminated or to terminate the plan, whichever is applicable. For purposes of this paragraph, the term "interested party" means—

(A) the plan administrator,

(B) each participant in the plan and each beneficiary of a deceased participant, and

(C) each employer who may be subject to liability under section 4062, 4063, or 4064.

(3) Except to the extent inconsistent with the provisions of this Act, or as may be otherwise ordered by the court, a trustee appointed under this section shall be subject to the same duties as a trustee appointed under section 47 of the Bankruptcy Act, and shall be, with respect to the plan, a fiduciary within the meaning of paragraph (21) of section 3 of this Act and under section 4975 (e) of the Internal Revenue Code of 1954 (except to the extent that the provisions of this title are inconsistent with the requirements applicable under part 4 of subtitle B of title I of this Act and of such section 4975).

(e) An application by the corporation under this section may be filed notwithstanding the pendency in the same or any other court of any bankruptcy, mortgage foreclosure, or equity receivership proceeding, or any proceeding to reorganize, conserve, or liquidate such plan or its property, or any proceeding to enforce a lien against property of the plan.

(f) Upon the filing of an application for the appointment of a trustee or the issuance of a decree under this section, the court to which an application is made shall have exclusive jurisdiction of the plan involved and its property wherever located with the powers, to the extent consistent with the purposes of this section of a court of bankruptcy and of a court in a proceeding under chapter X of the Bankruptcy Act. Pending an adjudication under subsection (c) such court shall stay, and upon appointment by it of a trustee, as provided in this section such court shall continue the stay of, any pending bankruptcy, mortgage foreclosure, equity receivership, or other proceeding to reorganize, conserve, or liquidate the plan or its property and any other suit against any receiver, conservator, or trustee of the plan or its property. Pending such adjudication and upon the appointment by it of such trustee, the court may stay any proceeding to enforce a lien against property of the plan or any other suit against the plan.

(g) An action under this subsection may be brought in the judicial district where the plan administrator resides or does business or where any asset of the plan is situated. A district court in which such action is brought may issue process with respect to such action in any other judicial district.

(h) (1) The amount of compensation paid to each trustee appointed under the provisions of this title shall require the prior approval of the corporation, and, in the case of a trustee appointed by a court, the consent of that court.

(2) Trustees shall appoint, retain, and compensate accountants, actuaries, and other professional service personnel in accordance with regulations prescribed by the corporation.

REPORTABLE EVENTS

SEC. 4043. (a) Within 30 days after the plan administrator knows or has reason to know that a reportable event described in subsection (b) has occurred, he shall notify the corporation that such event has occurred. The corporation is authorized to waive the requirement of the preceding sentence with respect to any or all reportable events with respect to any plan, and to require the notification to be made by including the event in the annual report made by the plan. Whenever an employer making contributions under a plan to which section 4021 applies knows or has reason to know that a reportable event has occurred he shall notify the plan administrator immediately.

(b) For purposes of this section a reportable event occurs—

(1) when the Secretary of the Treasury issues notice that a plan has ceased to be a plan described in section 4021(a) (2), or when the Secretary of Labor determines the plan is not in compliance with title I of this Act;

(2) when an amendment of the plan is adopted if, under the amendment, the benefit payable with respect to any participant may be decreased;

(3) when the number of active participants is less than 80 percent of the number of such participants at the beginning of the plan year, or is less than 75 percent of the number of such participants at the beginning of the previous plan year;

(4) when the Secretary of the Treasury determines that there has been a termination or partial termination of the plan within the meaning of section 411(d) (3) of the Internal Revenue Code of 1954, but the occurrence of such a termination or partial termination does not, by itself, constitute or require a termination of a plan under this title;

(5) when the plan fails to meet the minimum funding standards under section 412 of of such Code (without regard to whether the plan is a plan described in section 4021(a) (2) of this Act) or under section 302 of this Act;

(6) when the plan is unable to pay benefits thereunder when due;

(7) when there is a distribution under the plan to a participant who is a substantial owner as defined in section 4022(b) (6) if—

(A) such distribution has a value of $10,000 or more;

(B) such distribution is not made by reason of the death of the participant; and

(C) immediately after the distribution, the plan has nonforfeitable benefits which are not funded;

(8) when a plan merges, consolidates, or transfers its assets under section 208 of this Act, or when an alternative method of compliance is prescribed by the Secretary of Labor under section 110 of this Act; or

(9) when any other event occurs which the corporation determines may be indicative of a need to terminate the plan.

For purposes of paragraph (7), all distributions to a participant within any 24 month period are treated as a single distribution.

(c) The Secretary of the Treasury shall notify the corporation—

(1) whenever a reportable event described in paragraph (1), (4), or (5) of subsection (b) occurs, or

(2) whenever any other event occurs which the Secretary of the Treasury believes indicates that the plan may not be sound.

(d) The Secretary of Labor shall notify the corporation—

(1) whenever a reportable event described

in paragraph (1), (5), or (8) of subsection (b) occurs, or

(2) whenever any other event occurs which the Secretary of Labor believes indicates that the plan may not be sound.

ALLOCATION OF ASSETS

Sec. 4044. (a) In the case of the termination of a defined benefit plan, the plan administrator shall allocate the assets of the plan (available to provide benefits) among the participants and beneficiaries of the plan in the following order:

(1) First, to that portion of each individual's accrued benefit which is derived from the participant's contributions to the plan which were not mandatory contributions.

(2) Second, to that portion of each individual's accrued benefit which is derived from the participant's mandatory contributions.

(3) Third, in the case of benefits payable as an annuity—

(A) in the case of the benefit of a participant or beneficiary which was in pay status as of the beginning of the 3-year period ending on the termination date of the plan, to each such benefit, based on the provisions of the plan (as in effect during the 5-year period ending on such date) under which such benefit would be the least.

(B) in the case of a participant's or beneficiary's benefit (other than a benefit described in subparagraph (A)) which would have been in pay status as of the beginning of such 3-year period if the participant had retired prior to the beginning of the 3-year period and if his benefits had commenced (in the normal form of annuity under the plan) as of the beginning of such period, to each such benefit based on the provisions of the plan (as in effect during the 5-year period ending on such date) under which such benefit would be the least.

For purposes of subparagraph (A), the lowest benefit in pay status during a 3-year period shall be considered the benefit in pay status for such period.

(4) Fourth—

(A) to all other benefits (if any) of individuals under the plan guaranteed under this title (determined without regard to section 4022(b)(5)), and

(B) to the additional benefits (if any) which would be determined under subparagraph (A) if section 4022(b)(6) did not apply.

For purposes of this paragraph, section 4021 shall be applied without regard to subsection (c) thereof.

(5) Fifth, to all other nonforfeitable benefits under the plan.

(6) Sixth, to all other benefits under the plan.

(b) For purposes of subsection (a)—

(1) The amount allocated under any paragraph of subsection (a) with respect to any benefit shall be properly adjusted for any allocation of assets with respect to that benefit under a prior paragraph of subsection (a).

(2) If the assets available for allocation under any paragraph of subsection (a) (other than paragraphs (5) and (6)) are insufficient to satisfy in full the benefits of all individuals which are described in that paragraph, the assets shall be allocated pro rata among such individuals on the basis of the present value (as of the termination date) of their respective benefits described in that paragraph.

(3) This paragraph applies if the assets available for allocation under paragraph (5) of subsection (a) are not sufficient to satisfy in full the benefits of individuals described in that paragraph.

(A) If this paragraph applies, except as provided in subparagraph (B), the assets shall be allocated to the benefits of individuals described in such paragraph (5) on the basis of the benefits of individuals which would have been described in such paragraph (5) under the plan as in effect at the beginning of the 5-year period ending on the date of plan termination.

(B) If the assets available for allocation under subparagraph (A) are sufficient to satisfy in full the benefits described in such subparagraph (without regard to this subparagraph), then for purposes of subparagraph (A), benefits of individuals described in such subparagraph shall be determined on the basis of the plan as amended by the most recent plan amendment effective during such 5-year period under which the assets available for allocation are sufficient to satisfy in full the benefits of individuals described in subparagraph (A) and any assets remaining to be allocated under such subparagraph shall be allocated under subparagraph (A) on the basis of the plan as amended by the next succeeding plan amendment effective during such period.

(4) If the Secretary of the Treasury determines that the allocation made pursuant to this section (without regard to this paragraph) results in discrimination prohibited by section 401(a)(4) of the Internal Revenue Code of 1954 then, if required to prevent the disqualification of the plan (or any trust under the plan) under section 4401(a), 403(a), or 405(a) of such Code, the assets allocated under subsection (a)(4)(B), (a)(5), and (a)(6) shall be reallocated to the extent necessary to avoid such discrimination.

(5) The term "mandatory contributions" means amounts contributed to the plan by a participant which are required as a condition of employment as a condition of participation in such plan, or as a condition of obtaining benefits under the plan attributable to employer contributions. For this purpose the total amount of mandatory contributions of a participant is the amount of such contributions reduced (but not below zero) by the sum of the amounts paid or distributed to him under the plan before its termination.

(6) A plan may establish subclasses and categories within the classes described in paragraphs (1) through (6) of subsection (a) in accordance with regulations prescribed by the corporation.

(c) Any increase or decrease in the value of the assets of a plan occurring during the period beginning on the later of (1) the date a trustee is appointed under section 4042 (b) or (2) the date on which the plan is terminated is to be allocated between the plan and the corporation in the manner determined by the court (in the case of a court-appointed trustee) or as agreed upon by the corporation and the plan administrator in any other case. Any increase or decrease in the value of the assets of a plan occurring after the date on which the plan is terminated shall be credited to or suffered by the corporation.

(d)(1) Any residual assets of a plan may be distributed to the employer if—

(A) all liabilities of the plan to participants and their beneficiaries have been satisfied.

(B) the distribution does not contravene any provision of law, and

(C) the plan provides for such a distribution in these circumstances.

(2) Notwithstanding the provisions of paragraph (1), if any assets of the plan attributable to employee contributions remain after all liabilities of the plan to participants and their beneficiaries have been satisfied, such assets shall be equitably distributed to the employees who made such contributions (or their beneficiaries) in accordance with their rate of contributions.

RECAPTURE OF CERTAIN PAYMENTS

SEC. 4045. (a) Except as provided in subsection (c), the trustee is authorized to recover for the benefit of a plan from a participant the recoverable amount (as defined in subsection (b)) of all payments from the plan to him which commenced within the 3-year period immediately preceding the time the plan is terminated.

(b) For purposes of subsection (a) the recoverable amount is the excess of the amount determined under paragraph (1) over the amount determined under paragraph (2).

(1) The amount determined under this paragraph is the sum of the amount of the actual payments received by the participant within the 3-year period.

(2) The amount determined under this paragraph is the sum of —

(A) the sum of the amount such participant would have received during each consecutive 12-month period within the 3 years if the participant received the benefit in the form described in paragraph (3),

(B) the sum for each of the consecutive 12-month periods of the lesser of—

(i) the excess, if any, of $10,000 over the benefit in the form described in paragraph (3), or

(ii) the excess of the actual payment, if any, over the benefit in the form described in paragraph (3), and

(C) the present value at the time of termination of the participant's future benefits guaranteed under this title as if the benefits commenced in the form described in paragarph (3).

(3) The form of benefit for purposes of this subsection shall be the monthly benefit the participant would have received during the consecutive 12-month period, if he had elected at the time of the first payment made during the 3-year period, to receive his interest in the plan as a monthly benefit in the form of a life annuity commencing at the time of such first payment.

(c)(1) In the event of a distribution described in section 4043(b)(7) the 3-year period referred to in subsection (b) shall not end sooner than the date on which the corporation is notified of the distribution.

(2) The trustee shall not recover any payment made from a plan after or on account of the death of a participant, or to a participant who is disabled (within the meaning of section 72(m)(7) of the Internal Revenue Code of 1954).

(3) The corporation is authorized to waive, in whole or in part, the recovery of any amount which the trustee is authorized to recover for the benefit of a plan under this section in any case in which it determines that substantial economic hardship would result to the participant or his beneficiaries from whom such amount is recoverable.

REPORTS TO TRUSTEE

SEC. 4046. The corporation and the plan administrator of any plan to be terminated under this subtitle shall furnish to the trustee such information as the corporation or the plan administrator has and, to the extent practicable, can obtain regarding—

(1) the amount of benefits payable with respect to each participant under a plan to be terminated,

(2) the amount of benefits guaranteed under section 4022 which are payable with respect to each participant in the plan.

(3) the present value, as of the time of termination, of the aggregate amount of benefits payable under section 4022 (determined without regard to section 4022(b)(5)).

(4) the fair market value of the assets of the plan at the time of termination,

(5) the computations under section 4044, and all actuarial assumptions under which the items described in paragraphs (1) through (4) were computed, and

(6) any other information with respect to the plan the trustee may require in order to terminate the plan.

RESTORATION OF PLANS

SEC. 4047. Whenever the corporation determines that a plan which is to be terminated, or which is in the process of being terminated, under this subtitle should not be terminated as a result of such circumstances as the corporation determines to be relevant, the corporation is authorized to cease any activities undertaken to terminate the plan, and to take whatever action is necessary and within its power to restore the plan to its status prior to the determination that the plan was to be terminated. In the case of a plan which has been terminated under section 4042 the corporation is authorized in any such case in which the corporation determines such action to be appropriate and consistent with its duties under this title, to take such action as may be necessary to restore the plan to its pretermination status, including, but not limited to, the transfer to the employer or a plan administrator control of part or all of the remaining assets and liabilities of the plan.

DATE OF TERMINATION

SEC. 4048. For purposes of this title the date of termination is—

(1) in the case of a plan terminated in accordance with the provisions of section 4041, the date established by the plan administrator and agreed to by the corporation,

(2) in the case of a plan terminated in accordance with the provisions of section 4042, the date established by the corporation and agreed to by the plan administrator, or

(3) in the case of a plan terminated in accordance with the provisions of either section in any case in which no agreement is reached between the plan administrator and the corporation (or the trustee), the date established by the court.

SUBTITLE D—LIABILITY

AMOUNTS PAYABLE BY THE CORPORATION

SEC. 4061. The corporation shall pay benefits under a plan terminated under this title subject to the limitations and requirements of subtitle C of this title. Amounts guaranteed by the corporation under section 4022 shall be paid by the corporation out of the appropriate fund.

LIABILITY OF EMPLOYER

SEC. 4062. (a) This section applies to any employer who maintained a plan (other than a multiemployer plan) at the time it was terminated, but does not apply—

(1) to an employer who maintained a plan with respect to which he paid the annual premium described in section 4006(a) (2) (B) for each of the 5 plan years immediately preceding the plan year during which the plan terminated unless the conditions imposed by the corporation on the payment of coverage under section 4023 do not permit such coverage to apply under the circumstances, or

(2) to the extent of any liability arising out of the insolvency of an insurance company with respect to an insurance contract.

(b) Any employer to which this section applies shall be liable to the corporation, in an amount equal to the lesser of—

(1) the excess of—

(A) the current value of the plan's benefits guaranteed under this title on the date of termination over

(B) the current value of the plan's assets allocable to such benefits on the date of termination, or

(2) 30 percent of the net worth of the employer determined as of a day, chosen by the corporation but not more than 120 days prior to the date of termination, computed without regard to any liability under this section.

(c) For purposes of subsection (b)(2) the net worth of an employer is—

(1) determined on whatever basis best reflects, in the determination of the corporation, the current status of the employer's operations and prospects at the time chosen for determining the net worth of the employer, and

(2) increased by the amount of any transfers of assets made by the employer determined by the corporation to be improper under the circumstances, including any such transfers which would be inappropriate under the Bankruptcy Act if the employer were the subject of a proceeding under that Act.

(d) For purposes of this section the following rules apply in the case of certain corporate reorganizations.

(1) If an employer ceases to exist by reason of a reorganization which involves a mere change in identity, form, or place of organization, however effected, a successor corporation resulting from such reorganization shall be treated as the employer to whom this section applies.

(2) If an employer ceases to exist by reason of a liquidation into a parent corporation, the parent corporation shall be treated as the employer to whom this section applies.

(3) If an employer ceases to exist by reason of a merger or, consolidation, or division, the successor corporation or corporations shall be treated as the employer to whom this section applies.

(e) If an employer ceases operations at a facility in any location and, as a result of such cessation of operations, more than 20 percent of the total number of his employees who are participants under a plan established and maintained by him are separated from employment, the employer shall be treated with respect to that plan as if he were a substantial employer under a plan under which more than one employer makes contributions and the provisions of sections 4063, 4064, and 4065 shall apply.

LIABILITY OF SUBSTANTIAL EMPLOYER FOR WITHDRAWAL

SEC. 4063. (a) Except as provided in subsection (d), the plan administrator of a plan under which more than one employer makes contributions—

(1) shall notify the corporation of the withdrawal of a substantial employer from the plan, within 60 days after such withdrawal, and

(2) request that the corporation determine the liability of such employer under this subtitle with respect to such withdrawal.

The corporation shall as soon as practicable thereafter, determine whether such employer is liable for any amount under this subtitle with respect to the withdrawal and notify such employer of such liability.

(b) Except as provided in subsection (c), an employer who withdraws from a plan to which section 4021 applies, during a plan year for which he was a substantial employer, and who is notified by the corporation as provided by subsection (a), shall be liable to the corporation in accordance with the provisions of section 4062 and this section. The amount of such employer's liability shall be computed on the basis of an amount determined by the corporation to be the amount described in section 4062 for the entire plan, as if the plan had been terminated by the corporation on the date of the employer's withdrawal, multiplied by a fraction—

(1) the numerator of which is the total amount required to be contributed to the plan by such employer for the last 5 years ending prior to the withdrawal, and

(2) the denominator of which is the total amount required to be contributed to the plan by all employers for such last 5 years. In addition to and in lieu of the manner prescribed in the preceeding sentence, the corporation may also determine the liability of each such employer on any other equitable basis prescribed by the corporation in regulations. Any amount collected by the corporation under this subsection shall be held in escrow subject to disposition in accordance with the provisions of paragraphs (2) and (3) of subsection (c).

(c)(1) In lieu of payment of his liability under this section the employer may be required to furnish a bond to the corporation in an amount not exceeding 150 percent of his liability to insure payment of his liability under this section. The bond shall have as surety thereon a corporate surety company which is an acceptable surety on Federal bonds under authority granted by the Secretary of the Treasury under sections 6 through 13 of title 6, United States Code. Any such bond shall be in a form or of a type approved by the Secretary including individual bonds or schedule or blanket forms of bonds which cover a group or class.

(2) If the plan is not terminated within the 5-year period commencing on the day of withdrawal the liability of such employer is abated and any payment held in escrow shall be refunded without interest to the employer (or his bond cancelled) in accordance with bylaws or rules prescribed by the corporation.

(3) If the plan terminates within the 5-year period commencing on the day of withdrawal, the corporation shall—

(A) demand payment or realize on the bond and hold such amount in escrow for the benefit of the plan;

(B) treat any escrowed payments under this section as if they were plan assets and apply them in a manner consistent with this subtitle; and

(C) refund any amount to the employer which is not required to meet any obligation of the corporation with respect to the law.

(d) The provisions of this subsection apply in the case of a withdrawal described in subsection (a), and the provisions of subsections (b) and (c) shall not apply, if the corporation determines that the procedure provided for under this subsection is consistent with the purposes of this section and section 4064 and is more appropriate in the particular case. Upon a showing by the plan administrator of a plan that the withdrawal from the plan by any employer or employers has resulted, or will result, in a significant reduction in the amount of aggregate contributions to or under the plan by employers, the corporation may—

(1) require the plan fund to be equitably allocated between those participants no longer working in covered service under the plan as a result of their employer's withdrawal, and those participants who remain in covered service under the plan;

(2) treat that portion of the plan funds allocable under paragraph (1) to participants no longer in covered service as a termination; and

(3) treat that portion of the plan fund allocable to participants remaining in covered service as a separate plan.

(e) The corporation is authorized to waive the application of the provisions of subsections (b), (c), and (d) of this section to any employer or plan administrator whenever it determines that there is an indemnity agreement in effect among all other employers under the plan which is adequate to satisfy the purposes of this section and of section 4064.

LIABILITY OF EMPLOYERS ON TERMINATION OF PLAN MAINTAINED BY MORE THAN ONE EMPLOYER

SEC. 4064. (a) This section applies to all employers who maintain a plan under which more than one employer makes contributions at the time such plan is terminated, or who, at any time within the 5 plan years preceding the date of termination, made contributions under the plan.

(b) The corporation shall determine the liability of each such employer in a manner consistent with section 4062 except that the amount of the liability determined under section 4062(b) (1) with respect to the entire plan shall be allocated to each employer by multiplying such amounts by a fraction—

(1) the numerator of which is the amount required to be contributed to the plan by each employer for the last 5 plan years ending prior to the termination, and

(2) the denominator of which is the total amount required to be contributed to the plan by all such employers for such last 5 years.

and the limitation described in section 4062 (b)(2) shall be applied separately to each employer. The corporation may also determine the liability of each such employer on any other equitable basis prescribed by the corporation in regulations.

ANNUAL REPORT OF PLAN ADMINISTRATOR

SEC. 4065. For each plan year for which section 4021 applies to a plan, the plan administrator shall file with the corporation, on a form prescribed by the corporation, an annual report which identifies the plan and plan administrator and which includes—

(1) a copy of each notification required under section 4063 with respect to such year, and

(2) a statement disclosing whether any reportable event (described in section 4043 (b) occurred during the plan year.

The report shall be filed within 6 months after the close of the plan year to which it relates. The corporation shall cooperate with the Secretary of the Treasury and the Secretary of Labor in an endeavor to coordinate the timing and content, and possibly obtain the combination, of reports under this section with reports required to be made by plan administrators to such Secretaries.

ANNUAL NOTIFICATION TO SUBSTANTIAL EMPLOYERS

SEC. 4066. The plan administrator of each plan under which contributions are made by more than one employer shall notify, within 6 months after the close of each plan year, any employer making contributions under that plan who is described in section 4001 (a)(2) that he is a substantial employer for that year.

RECOVERY OF EMPLOYER LIABILITY FOR PLAN TERMINATION

SEC. 4067. The corporation is authorized to make arrangements with employers who are liable under section 4062, 4063, or 4064 for payment of their liability, including arrangements for deferred payment on such terms and for such periods as the corporation deems equitable and appropriate.

LIEN FOR LIABILITY OF EMPLOYER

SEC. 4068. (a) If any employer or employers liable to the corporation under section 4062, 4063, or 4064 neglect or refuse to pay, after demand, the amount of such liability (including interest), there shall be a lien in favor of the corporation upon all property and rights to property, whether real or personal, belonging to such employer or employers.

(b) The lien imposed by subsection (a) arises—

(1) on the later of—

(A) the date on which a trustee is appointed under section 4042(b), or

(B) the date on which application is made for a decree under section 4042(c), or

(2) on the date agreed upon by the corporation and the plan as the date of termination in the case of a voluntary termination.

The lien shall continue until the liability imposed under section 4062, 4063, or 4064 is satisfied or becomes unenforceable by reason of lapse of time.

(c)(1) Except as otherwise provided under this section, the priority of the lien imposed under subsection (a) shall be determined in the same manner as under section 6323 of the Internal Revenue Code of 1954. Such section 6323 shall be applied by substituting "lien imposed by section 4068 of the Employee Retirement Income Security Act of 1974" for "lien imposed by section 6321"; "corporation" for "Secretary or his delegate"; "employer liability lien" for "tax lien"; "employer" for "taxpayer"; "lien arising under section 4068(a) of the Employee Retirement Income Security Act of 1974" for "assessment of the tax"; and "payment of the loan value is made to the corporation" for "satisfaction of a levy pursuant to section 6332(b)"; each place such terms appear.

(2) In the case of bankruptcy or insolvency proceedings, the lien imposed under subsection (a) shall be treated in the same manner as a tax due and owing to the United States for purposes of the Bankruptcy Act or section 3466 of the Revised Statutes (31 U.S.C. 191).

(3) For purposes of applying section 6323 (a) of the Internal Revenue Code of 1954 to determine the priority between the lien imposed under subsection (a) and a Federal tax lien, each lien shall be treated as a judgment lien arising as of the time notice of such lien is filed.

(4) For purposes of this subsection, notice of the lien imposed by subsection (a) shall be filed in the same manner as under section 6323 (f) and (g) of the Internal Revenue Code of 1954.

(d)(1) In any case where there has been a refusal or neglect to pay the liability imposed under section 4062, 4063, or 4064, the corporation may bring civil action in a district court of the United States to enforce the lien of the corporation under this section with respect to such liability or to subject any property, of whatever nature, of the employer, or in which he has any right, title, or interest to the payment of such liability.

(2) The liability imposed by section 4062, 4063, or 4064 may be collected by a proceeding in court if the proceeding is commenced within 6 years after the date upon which the plan was terminated or prior to the expiration of any period for collection agreed upon in writing by the corporation and the employer before the expiration of such 6-year period. The period of limitations provided under this paragraph shall be suspended for the period the assets of the employer are in the control or custody of any court of the United States, or of any State, or of the District of Columbia, and for 6 months thereafter, and for any period during which the employer is outside the United States if such period of absence is for a continuous period of at least 6 months.

(e) If the corporation determines, with the consent of the board of directors, that release of the lien or subordination of the lien to any other creditor of the employer or employers would not adversely affect the collection of the liability imposed under section 4062, 4063, or 4064, or that the amount realizable by the corporation from the property to which the lien attaches will ultimately be increased by such release or subordination, and that the ultimate collection of the liabilty will be facilitated by such release or subordination, the corporation may issue a certificate of release or subordination of the lien with respect to such property, or any part thereof.

SUBTITLE E—AMENDMENTS TO INTERNAL REVENUE CODE OF 1954; EFFECTIVE DATES

AMENDMENTS TO INTERNAL REVENUE CODE OF 1954

SEC. 4081. (a) Section 404 of the Internal Revenue Code of 1954 (relating to deduction for contributions of an employer to employees' trust or annuity plan in compensation under a deferred-payment plan) is amended by adding at the end thereof the following new subsection:

"(g) CERTAIN EMPLOYER LIABILITY PAYMENTS CONSIDERED AS CONTRIBUTIONS.—For purposes of this section any amount paid by an employer under section 4062, 4063, or 4064 of the Employer Retirement Income Security Act of 1974 shall be treated as a contribution to which this section applies by such employer to or under a stock bonus, pension, profit-sharing, or annuity plan.".

(b) Section 6511(d) of the Internal Revenue Code of 1954 (relating to special rules applicable to income taxes) is amended by adding at the end thereof the following new paragraph:

"(8) SPECIAL PERIOD OF LIMITATION WITH RESPECT TO AMOUNTS INCLUDED IN INCOME SUBSEQUENTLY RECAPTURED UNDER QUALIFIED PLAN TERMINATION.—If the claim for credit or refund relates to an overpayment of tax imposed by subtitle A on account of the recapture, under section 4045 of the Employee Retirement Income Security Act of 1974, of amounts included in income for a prior taxable year, the 3-year period of limitation prescribed in subsection (a) shall be extended, for purposes of permitting a credit or refund of the amount of the recapture, until the date which occurs one year after the date on which such recaptured amount is paid by the taxpayer.".

EFFECTIVE DATE; SPECIAL RULES

SEC. 4082. (a) The provisions of this title take effect on the date of enactment of this Act.

(b) Notwithstanding the provisions of subsection (a), the corporation shall pay benefits guaranteed under this title with respect to any plan—

(1) which is not a multiemployer plan,

(2) which terminates after June 30, 1974, and before the date of enactment of this Act,

(3) to which section 4021 would apply if that section were effective beginning on July 1, 1974, and

(4) with respect to which a notice is filed with the Secretary of Labor and received by him not later than 10 days after the date of enactment of this Act, except that, for reasonable cause shown, such notice may be filed with the Secretary of Labor and received by him not later than October 31, 1974, stating that the plan is a plan described in paragraphs (1), (2), and (3).

The corporation shall not pay benefits granted guaranteed under this title with respect to a plan described in the preceding sentence if the corporation finds that the plan was terminated for the purpose (whether or not the primary purpose) of obtaining the payment of such benefits by the corporation, avoiding the liability which would be imposed under subtitle D if the plan terminated on or after the date of enactment of this Act, or for both such purposes.

The provisions of subtitle D do not apply in the case of such a plan which terminates before the date of enactment of this Act. For purposes of determining whether a plan is a plan described in paragraph (2), the provisions of section 4048 shall not apply, but the corporation shall make the determination on the basis of the date on which benefits ceased to accrue or on any other reasonable basis consistent with the purposes of this subsection.

(c)(1) Except as provided in paragraphs (2), (3), and (4), the corporation shall not pay benefits guaranteed under this title with respect to a multiemployer plan which terminates before January 1, 1978. Whenever the corporation exercises the authority granted under paragraph (2) or (3), the corporation shall notify the Committee on Education and Labor and the Committee on Ways and Means of the House of Representatives, and the Committee on Labor and Public Welfare and the Committee on Finance of the Senate.

(2) The corporation may, in its discretion pay benefits guaranteed under this title with respect to a multiemployer plan which terminates after the date of enactment of this Act and before January 1, 1978, if—

(A) the plan was maintained during the 60 months immediately preceding the date on which the plan terminates, and

(B) the corporation determines that the payment by the corporation of benefits guaranteed under this title with respect to that plan will not joepardize the payments the corporation anticipates it may be required to make in connection with benefits guaranteed under this title with respect to multiemployer plans which terminate after December 31, 1977.

(3) Notwithstanding any provision of section 4021 or 4022 which would prevent such

payments, the corporation, in carrying out its authority under the paragraph (2), may pay benefits guaranteed under this title with respect to a multiemployer plan described in paragraph (2) in any case in which those benefits would otherwise not be payable if—

(A) the plan has been in effect for at least 5 years,

(B) the plan has been in substantial compliance with the funding requirements for a qualified plan with respect to the employees and former employees in those employment units on the basis of which the participating employers have contributed to the plan for the preceding 5 years, and

(C) the participating employers and employee organization or organizations had no reasonable recourse other than termination.

(4) If the corporation determines, under paragraph (2) or (3), that it will pay benefits guaranteed under this title with respect to a multiemployer plan which terminates before January 1, 1978, the corporation—

(A) may establish requirements for the continuation of payments which commenced before January 2, 1974, with respect to retired participants under the plan,

(B) may not, notwithstanding any other provision of this title, make payments with respect to any participant under such a plan who, on January 1, 1974, was receiving payment of retirement benefits, in excess of the amounts and rates payable with respect to such participant on that date,

(C) may not make any payments with respect to benefits guaranteed under this title in connection with such a plan which are derived, directly or indirectly, from amounts borrowed under section 4005(c), and

(D) shall review from time to time payments made under the authority granted to it by paragraph (2) and (3), and reduce or terminate such payments to the extent necessary to avoid jeopardizing the ability of the corporation to make payments of benefits guaranteed under this title in connection with multiemployer plans which terminate after December 31, 1977, without increasing premium rates for such plans.

And the Senate agree to the same.

Carl D. Perkins,
Frank Thompson, Jr.,
John H. Dent,
Phillip Burton,
Albert H. Quie,
John N. Erlenborn,
Ronald A. Sarasin,
Managers on the Part of the House as to Title I of the House Bill.

Al Ullman,
James A. Burke,
Martha W. Griffiths,
Dan Rostenkowski,
H. T. Schneebeli,
Harold R. Collier,
Joel T. Broyhill,
Managers on the Part of the House as to Title II of the House Bill.

Russell Long,
Harrison A. Williams,
Jennings Randolph,
Gaylord Nelson,
Lloyd Bentsen,
Jacob K. Javits,
Richard S. Scweiker,
Wallace F. Bennett,
Carl T. Curtis,
Managers on the Part of the Senate.

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Joint Explanatory Statement of the Committee of Conference

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 2) to provide for pension reform, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The Senate struck out all of the House bill after the enacting clause and inserted a substitute amendment. The conference has agreed to a substitute for both the Senate amendment and the House bill. The statement following the table of contents explains the principal differences between the substitute agreed to in conference and the House and Senate bills.

I. REPORTING AND DISCLOSURE (SECS. 101-111 OF THE BILL)

The House bill requires annual reporting of detailed financial and actuarial data and comprehensive plan descriptions to the Secretary of Labor, and disclosure of more limited data to the participants. The financial and actuarial data filed with the Secretary of Labor are required to be in the form of a conventional audited financial statement prepared by a qualified accountant and a certified actuarial statement prepared by an enrolled actuary.

The Senate bill requires submission of comparable financial and actuarial data and plan descriptions to both the Secretary of Labor and participants. Like the House bill, actuarial data is required to be certified by an enrolled actuary. Unlike the House bill, all reports were required to be submitted on forms promulgated by the Secretary. The conference substitute is described below. In general, the substitute combines the rules of both the House and Senate bill.

The conference substitute adopts the reporting format contained in both the House and Senate bills. Each plan (unless exempted) is to be required to report annually to the Secretary of Labor certain financial and actuarial data. In addition to these reports, each plan will be required to have prepared an audited financial statement and defined benefit plans must have a certified actuarial report. Special reports are also required at the time of plan terminations.

The Secretary of Labor is given the authority to prescribe forms for reports to him (other than the audited financial statement and certified actuarial report) paralleling similar authority already available to the Secretary of Treasury. The two Secretaries are to unify, to the extent feasible, the reports made to them and it is expected that all of the material subject to the form authority of either Secretary, comprising the annual reports to be made by a plan, can and should be reported on a single form.

Plans subject to the provisions and exemptions

Under the conference substitute, the new reporting and disclosure requirements are to be administered by the Secretary of Labor and are to be applied to all pension and welfare plans established or maintained by an employer or employee organization engaged in, or affecting, interstate commerce. Governmental plans, certain church plans, workmen's compensation and unemployment compensation plans, plans maintained outside the United States for the benefit of persons substantially all of whom are nonresident aliens, and so-called excess benefit plans, which provide benefits in addition to those for which deductions may be taken under the tax laws, are exempted from the requirements. The Secretary of Labor also is authorized to waive and modify certain of these requirements for employee benefit plans.

All plans of the types subject to the reporting and disclosure provisions are to be required to file an annual report with the Secretary of Labor regardless of the number of participants involved. However, simplified reports may be authorized for plans with fewer than 100 participants.

Contents of annual report

The annual report generally is to include audited financial statements for both welfare plans and pension plans. With respect to welfare plans the statement is to include a statement of assets and liabilities, a statement of changes in fund balance, and a statement of changes in financial position. With respect to employee pension plans the statement is to include a statement of assets and liabilities and a statement of changes in net assets available for plan benefits, including details as to revenues and expenses and other changes aggregated by general source and application.

In the notes to the annual financial statement, the accountant is to disclose any significant changes in the plan, material lease commitments and contingent liabilities, any agreements and transactions with persons known to be parties-in-interest, information as to whether a tax ruling or determination letter has been obtained, and any other relevant matters necessary to fairly present the financial status of the plan. In addition, in the case of employee pension plans the notes should also deal with funding policy (including policy with respect to prior service costs and changes in such policies during the year). An accountant may rely on the correctness of any actuarial matter certified by any enrolled actuary if the accountant indicates his reliance on such certification.

In addition to the audited financial statement, the annual report is to include for all employee benefit plans a statement on separate schedules showing among other things, a statement of plan assets and liabilities aggregated by categories, a statement of receipts and disbursements, a schedule of all assets held for investment purposes aggregated and identified by issuer, borrower, or lessee and a schedule of each transaction involving a person known to be a party-in-interest. Also, a schedule of all loans and leases in default at the end of the year or which are classified during the year as uncollectible is to be included in the annual report.

There is also to be supplied with the annual report a schedule listing each transaction which exceeds 3 percent of the value of the fund. If some or all of the assets of a plan are held in a common or collective trust maintained by a bank or similar institution the annual report is to include the most recent annual statement of assets and liabilities of the common or collective trust. (The Secretary of Labor will have authority to prescribe for the filing of a master copy of the annual statement of this common or collective trust in order to avoid duplicate filings of this statement by plans participating in this common or collective trust.)

With respect to persons employed by the plan the annual report is to include the name and address of each fiduciary, the name of each person who receives more than minimal compensation from the plan for services rendered, along with the amount of compensation (or who perform duties which are not ministerial), the nature of the services, and the relationship to the employer or any other party in interest to the plan. Also, the reasons for any changes in trustees, accountant, actuary, investment manager, or administrator are to be provided in the annual report.

As indicated in the discussion of the funding provisions, under the conference agreement, the annual report is to include an actuarial statement for all pension plans which are subject to the funding requirements of title I. If plan benefits are purchased from, and guaranteed by, an insurance company, the annual report is to include the premiums paid, benefits paid, charges for administrative expenses, commissions and other information. The insurance carrier is to certify to the plan administrator the information needed to comply with the annual reporting requirements within 120 days after the close of the plan year, or within such other period as is prescribed by the Secretary of Labor.

The annual report for a plan is to be filed within 210 days after the close of the plan year or within such period of time as the Secretary of Labor may require in order to reduce the necessity for duplicate filing with the Internal Revenue Service. The Secretary of Labor may reject the filing of an annual report if he finds that it is incomplete or there is a material qualification in the accountant's or actuary's opinion. If a revised report is not submitted within 45 days after rejection, the Secretary may retain an accountant to perform an audit, or retain an actuary, whichever is appropriate, or bring a civil action for legal or equitable relief. The plan is to bear the costs of any expenses of an audit or actuarial report.

Accountant and actuary reports

Every plan is to retain on behalf of its participants an independent qualified public accountant who annually is to prepare an audited financial statement of the plan's operations. The accountant is to give an opinion as to whether the financial statements of the plan conform with generally accepted accounting principles and the statement is to be based upon an examination in accordance with generally accepted auditing standards. An accountant's opinion is not to be required for statements prepared by banks or similar institutions or an insurance carrier if the statements of the bank or insurance carrier are certified by the bank and are made part of an annual report. For purposes of this provision a qualified public accountant includes certified public accountants, licensed public accountants and any person certified by the Secretary as a qualified public accountant in accordance with regulations published by him for a person who practices in a State where there is no certification or licensing procedure for accountants. Further, to the extent a plan is not required to make an annual report to the Secretary of Labor an annual audit is not required (and an independent, qualified public accountant need not be retained). Also the Secretary of Labor may waive the the requirement of an audited financial statement in cases where simplified annual reports are permitted to be filed.

Every plan subject to the funding requirements of title I must retain an enrolled actuary who is to prepare an actuarial statement on an annual basis. This statement is to show the present value of all plan liabilities for nonforfeitable pension benefits allocated by the termination priority categories. The actuary is to supply a statement to be filed with the annual report as to his opinion as to whether the actuarial statements of the plan are reasonably related to the experience of the plan and to the reasonable expectations of the plan. The actuary is to use assumptions and techniques as are necessary to form an opinion as to whether the contents of the matters upon which he reports are in the aggregate reasonably related to the experience of the plan and to reasonable expectations, and represent his best estimate of anticipated experience under the plan. The actuarial statement is not required for plans which need not file annual reports, and may be waived by the Secretary of Labor for plans for which simplified annual reports are allowed.

Reports on termination

In addition to the annual reports which must be filed with the Secretary of Labor, special terminal reports are required to be filed for pension plans that are winding up their affairs. These terminal reports may also be required by the Secretary of Labor for welfare plans. Also in the year a plan is terminated the Secretary may require the supplementary information to be filed with the annual report.

Disclosure to participants

Each administrator of an employee benefit plan is to furnish to each participant and to each beneficiary a summary plan description written in a manner calculated to be understood by the average plan participant or beneficiary. The summary is to include important plan provisions, names and addresses of persons responsible for plan investment or management, a description of benefits, the circumstances that may result in disqualification or ineligibility and the procedures to be followed in presenting claims for benefits under the plan.

Summary plan descriptions are to be furnished to participants within the matter of 120 days after the plan is established or 90 days after an individual becomes a participant. Updated plan descriptions are also to be provided to participants every five years thereafter where there have been plan amendments in the interim; in any case, a new description is to be provided every ten years. Also, participants are to receive descriptions of material changes in a plan within 210 days after the end of any plan year in which a material change occurs. Also, the annual report and plan documents are to be available for examination by participants or beneficiaries at the principal office of the plan administrator and such other places as is necessary to provide reasonable access to these reports and documents. Thus, if the participants covered under the plan are employed in more than one geographic area, each geographic area is to have available for examination the required documents. Each participant is also to be furnished a copy within 210 days after the close of the plan year of the schedule of plan assets and liabilities and receipts and disbursements as submitted with the annual report, including any other material which is necessary to thoroughly summarize the latest annual report. Upon a written request, a plan administrator is to furnish a participant or beneficiary a complete copy of the comprehensive plan description, the latest annual report and other instruments under which the plan is established and operated. The plan administrator may charge a reasonable amount for fulfilling such a request.

Upon the request of a plan participant or beneficiary, a plan administrator is to furnish on the basis of the latest available information the total benefits accrued and the nonforfeitable pension benefit rights, if any, which have accrued. No more than one request may be made by any participant or beneficiary for this information during any one 12-month period.

A copy of the statement of the deferred vested benefits in the plan for individuals who have terminated employment during a plan year which is furnished to the Social Security Administration also is to be furnished to the individual participant.

Reports made public information

The contents of the descriptions of plans and reports filed with the Secretary of Labor are to be public information and are to be available for inspection in the Department of Labor. In addition, the Secretary of Labor may use the information and data for statistical and research purposes and for the compiling and publishing of studies as he may deem appropriate. However, information with respect to a plan participant's accrued benefits and nonforfeitable pension rights is to be disclosed only to the extent that information respecting a participant's benefits for old age retirement insurance may be disclosed under the Social Security Act.

Forms to be provided

The Secretary of Labor may require that any information required to be filed with the Labor Department, including statements and schedules attached to the annual report, must be submitted on forms that he may prescribe. The financial statement prepared by the independent qualified accountant and the actuarial statement prepared by the enrolled actuary and the summary of the plan description are not required to be submitted on forms. However, the Secretary may prescribe the format and content of the accountant's and actuary's statements and of the summary plan description, the summary annual report, and other statements or reports required under title I to be furnished or made available to participants and beneficiaries.

EFFECTIVE DATES

The conference agreement provides that the reporting and disclosure provisions generally are to take effect on January 1, 1975. However, in the case of a fiscal year plan year which begins before January 1, 1975, and ends after December 31, 1974, the Secretary of Labor may by regulation postpone the effective date until the beginning of the first plan year of the plan which begins after January 1, 1975.

II. PARTICIPATION AND COVERAGE (SECS. 201, 202, AND 1011 OF THE BILL AND SECS. 401 AND 410 OF THE INTERNAL REVENUE CODE)

The House bill provides that an employee cannot be excluded from a plan on account of age or service if the employee is at least 25 years old and has had at least one year of service, or, if he has three years of service, the employee cannot be excluded even though he is not yet 25. The 1-year service requirement (for employees 25 and older) may be extended to 3 years if the plan provides full and immediate vesting for all participants. Under the Senate amendmnet, an employee cannot be excluded on account of age or service if he has attained age 30 with 1 year of service.

The conference substitute is described below. In general, the substitute follows the rules of the House bill in this area with respect to technical matters.

Plans subject to the provisions

Under title I of the conference substitute (the labor law provisions) the new participation and coverage rules are to be enforced by the Secretary of Labor when participants bring violations to his attention or when cases come to his attention which initially were under consideration by the Secretary of Treasury on which he has previously initiated action.

The rules are to apply to employee pension benefit plans of employers or employee organizations established in or affecting interstate commerce. Under title II (the tax law provisions), the participation and coverage rules are to be administered by the Secretary of the Treasury or his delegate, and the rules apply to tax-qualified pension, profit-sharing, and stock bonus plans.[1]

Exceptions to coverage

The participation and coverage requirements of title I (the labor law provisions) do not apply to governmental plans (including Railroad Retirement Act plans), church plans (except those electing coverage), plans maintained solely to comply with workmen's unemployment, disability, or compensation laws, plans maintained outside the United States primarily for the benefit of nonresident aliens, employee welfare plans, excess plans (which provide for benefits or contributions in excess of those allowable for tax-qualified plans), unfunded deferred compensation arrangements, plans established by labor organizations (those referred to in sec. 501(c)(5) of the Internal Revenue Code) which do not provide for employer contributions after the date of enactment, and fraternal or other plans or organizations (described in sec. 501(c)(8), 501(c)(9)), which do not receive employer contributions or trusts described in 501(c)(18) of the Internal Revenue Code. Title I does not apply to buy-out agreements involving retiring or deceased partners (under sec. 736 of the Internal Revenue Code). In addition, title I does not apply to employer or union-sponsored individual retirement accounts (see "Employee Savings for Retirement").

The participation requirements of title II apply only to plans which qualify for certain tax deferral privileges by meeting the standards as to participation and other matters set forth in the Internal Revenue laws. However, governmental plans and church plans which do not elect to come under the new provisions will nevertheless be treated as qualified for purposes of the tax deferral privileges for the employees, if they meet the requirements of present law. Also the rules do not apply to plans of labor organizations (described in sec. 501(c)(5)) or fraternal or other organizations (described in sec. 501(c)(8) or (9)) which do not provide for employer contributions.

Exemption for church plans

As indicated above, both title I and title II exempt church plans from the participation and coverage requirements of the conference substitute (although title II requires these plans to comply with present law in order to be qualified). This exemption does not apply to a plan which is primarily for the benefit of employees engaged in an unrelated trade or business, or (except as noted below) to a multiemployer plan unless all of the participating employers are churches or conventions or associations of churches (rather than merely church-related agencies). However, a multiemployer plan which was in existence on January 1, 1974, and which covers church-related agencies (such as schools and hospitals) is to be treated as a church plan for purposes of the exemption

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[1] The division of administrative responsibility between Labor and Treasury is discussed in Part XII, below "General Provisions Relating to Jurisdiction, Administration, Enforcement: Joint Pension Task Force, Etc." Except where otherwise noted, the regulations with respect to participation, vesting and funding are to be written by the Secretary of the Treasury or his delegate.

(even though it continues to cover those agencies) for plan years beginning before January 1, 1983, but not for subsequent plan years.

A church plan may make an irrevocable election to be covered under title I and title II (in a form and manner to be prescribed in regulations). A plan which makes this election is to be covered under the bill for purposes of the new participation, vesting, funding and form of benefit rules, as well as the fiduciary and disclosure rules and will also be covered under the plan termination insurance provisions.

General rule as to participation

Generally, under title I and title II of the conference substitute, an employee cannot be excluded from a plan on account of age or service if he is at least 25 years old and has had at least one year of service. However, if the plan provides full and immediate vesting for all participants, it may require employees to be age 25 with 3 years of service, in order to participate. As an alternative, any plan which is maintained exclusively for employees of a governmental or tax-exempt educational organization which provides full and immediate vesting for all participants may have a participation requirment of age 30, with 1 year of service.

Maximum age requirement

Under the conference substitute, in general, a plan may not exclude an employee because he is too old. However, because of cost factors, it was decided that in a defined benefit plan it would be appropriate to permit the exclusion of an employee who is within 5 years of attaining normal retirement age under the plan (or older) when he is first employed. (These employees would be counted as part of the employer's work force, however, for purposes of determining whether or not his plan satisfied the breadth-of-coverage requirements.) Of course, if a plan defines normal retirement age as the later of age 65, or the tenth anniversary of the employee's participation in the plan, the plan could not impose a maximum age requirement (because no employee would be within 5 years of normal retirement age when first employed). A "target benefit" plan, as defined in Treasury regulations, could also impose a maximum age requirement (even though it is not a defined benefit plan), because in many respects the pattern of costs and benefits of target benefit plans closely resembles the pattern of costs and benefits of defined benefit plans.

Year of service defined

Under the conference substitute, in general, for purposes of the participation requirement, the term "year of service" means a 12-month period during which the employee has worked at least 1,000 hours. This 12-month period is measured from the date when the employee enters service. Thus, the emmployee has fulfilled his 1,000-hour-requirement if he has 1,000 hours of work by the first anniversary date of his employment. Under the substitute, the employee (if age 25 or older) would then be admitted to the plan within 6 months of his anniversary date of employment or by the beginning of the first plan year following his first anniversary date, whichever occurred earlier. (Of course, this does not mean that an employee would have to be admitted to the plan if he were lawfully excluded for reasons other than age or service.)

The plan would not be required to admit the employee if he had "separated from the service" before the otherwise applicable admission date. In general, "separated from the service" means the employee was discharged or quit; it does not mean temporary absence due to vacation, sickness, strike, seasonal layoff, etc.

If the employee did not complete 1,000 hours of service by his first anniversary date, but is still employed, he would start over toward meeting his 1,000 hour requirement. For this purpose, the plan could provide (on a consistent basis) that the relevant 12-month period is either (a) the year between his first anniversary date and his second anniversary date, or (b) the first plan year which began after the individual was first employed. For example, assume the plan is on a calendar year basis, and that an employee begins work on July 1, 1976. Between July 1, 1976, and June 30, 1977, the employee has less than 1,000 hours of service. The plan could provide that the employee would be tested the second time for purposes of participation based on the year from July 1, 1977 through June 30, 1978, or based on the year from January 1, 1977 through December 31, 1977 (but not January 1, 1978 through December 31, 1978).

The regulations with respect to "year of service" are to be written by the Secretary of Labor for purposes of participation and vesting. The term "hour of service" will also be defined in Labor Department regulations.

For purposes of participation (and vesting), in the case of any maritime industry (as defined in Labor Department regulations), 125 days of service are to be treated as the equivalent of 1,000 hours of service, but this rule will not apply to other industries.

Seasonal and part-time workers

In general, the 1,000 hour standard is to apply for purposes of determining whether or not an employee may be excluded from the plan as a seasonal or part-time employee (replacing the 5-month year, 20-hour week standard now in the Internal Revenue Code). However, in the case of seasonal industries where the customary period of employment is less than 1,000 hours, the term "year of service" is to be determined in accordance with Labor Department regulations.

Breaks in service

Under the conference substitute, a 1-year break in service occurs in any calendar year, plan year, or other consecutive 12-month period designated by the plan on a consistent basis (and not prohibited under Labor Department regulations) in which the employee has 500 hours of service or less.

The general rule is that all service with the employer (pre-break and post break) is to be taken into account for purposes of determining whether the employee has met the participation requirements. However, if an employee has a 1-year break in service, the plan may require a 1-year waiting period before reentry, at which point the employee's pre-break and post-break service are to be aggregated, and the employee is to receive full credit for the waiting period service. For example, if the plan is on a calendar year basis, and an employee who has a 1-year break in service reenters employment on November 1, 1976, works 200 hours in 1976, and 1700 hours by November 1, 1977, the employee under this provision would be considered as reentering the plan for 1977. As a result, his pre-break and post-break service would be aggregated, and he would advance one year on the vesting schedule for 1977. He would also accrue benefits for that year. (Other rules with respect to break-in-service are explained below in connection with vesting and benefit accrual.)

In the case of a plan which has a 3-year service requirement for participation (because the plan provides 100 percent immediate vesting), the plan may provide that employees to have a 1-year break in service before completing their 3-year service requirements must start over toward fulfilling that requirement after the break in service.

Eligibility—collective-bargaining units, air pilots

Title II of the conference substitute provides the employees who are under a collective bargaining agreement can be excluded for purposes of the breadth-of-coverage requirements (coverage for 70 percent of all employees or 80 percent of all eligible employees if at least 70 percent of all employees are eligible to benefit under the plan, or coverage on a nondiscriminatory basis), if the employees are excluded from the plan and there is evidence that retirement benefits have been the subject of good-faith bargaining. However, if the union employees are covered under the plan, benefits or contributions must be provided for them on a nondiscriminatory basis.

Title II of the substitute provides another exception to the breadth-of-coverage rule. It provides that air pilots represented in accordance with the Railway Labor Act may bargain separately for tax-qualified employee plan benefits, without including other workers within the industry (but only in the case of a plan which covers no employees other than air pilots). In addition, the conferees intend that the joint congressional pension task force study group, created under this legislation, study this area to see whether a similar rule should be applied to other unions or professional groups in the future.

Nonresident aliens

Title II of the conference substitute provides that employees who are nonresident aliens with no United States income from the employer in question are to be excluded for purposes of applying the breadth-of-coverage requirements and for purposes of applying the antidiscrimination rules (whether or not they are covered under the plan).

Predecessor employer

Service with a predecessor employer must be counted for purposes of the plan if the successor employer continues to maintain the plan of the predecessor employer (and, of course, the successor employer cannot evade this requirement by nominally discontinuing the plan). The question of the extent to which such service must be counted in other circumstances is to be determined under regulations.

Multiemployer plans

Under the conference substitute, service with any employer who is a member of a multiemployer plan is to be counted for purposes of the plan.

The term "multiemployer plan" means a plan maintained pursuant to a collective bargaining agreement, to which more than one employer is required to contribute, and to which no one employer makes as much as 50 percent of the contributions. (This percentage test would become a 75-percent test once the plan qualifies as a multiemployer plan.) Also, the plan must provide that benefits will be payable to each participant, even though his employer subsequently ceases to make contributions under the plan. However, the plan would not be required to provide past service benefits, i.e., benefits for periods before the participant's employer entered the plan. Also, service during a period for which the employer was not a member of the plan would not be required to be counted for participation or vesting purposes.

Additional requirements relating to multiemployer plans may be prescribed in Department of Labor regulations. The conferees intend that a plan not be classified as a multiemployer plan unless it is a collectively bargained plan to which a substantial number of unaffiliated employers are required to contribute. Also, a plan is not to be classified as a multiemployer plan where there is no substantial business purpose in having a multiemployer plan (except to obtain the advantages of multiemployer plan status under this bill).

In addition to employees of employers making contributions to a multiemployer plan, under the conference substitute such a plan may cover employees of labor unions which negotiated the multiemployer plan and employees of the plan itself. For this purpose, the plan would have to satisfy the general breadth-of-coverage and nondiscrimination requirements of the Internal Revenue Code separately with respect to these union or plan employees and collectively (i.e., with respect to all groups of employees covered under the plan), but would not be required to meet the exclusive benefit rules of the tax law. Instead, the exclusive benefit rules would be applied to the beneficiaries of the multiemployer plan as a whole. (Similar treatment for union employees or plan employees would also be available in the case of a single-employer collectively bargained plan.)

H.R. 10 plans

In general, the provisions of present law which allow a 3-year service requirement for participation (but do not allow the plan to impose an age requirement), and require 100 percent immediate vesting, would continue to govern owner-employee H.R. 10 plans (those for sole proprietors and 10 percent owners and their employees). However, certain provisions of this bill, such as the rules with respect to year of service and breaks in service are also to apply for purposes of the H.R. 10 plans.

Affiliated employers

Title II of the conference substitute provides that in applying the breadth-of-coverage and antidiscrimination rules (as well as the vesting rules and the limitations on contributions and benefits), employees of all corporations who are members of a "controlled group of corporations" (within the meaning of sec. 1563(a) of the Internal Revenue Code of 1954) are to be treated as if they were employees of the same corporation. A comparable rule is to be provided in the case of partnerships and proprietorships which are under common control (as determined under regulations). The conferees agree with the interpretation of these provisions, as expressed in the Ways and Means Committee report (No. 93–807).

Effective dates[2]

Under the conference substitute the changes made in the bill with respect to participation and vesting are to apply to new plans in plan years beginning after the date of enactment. For plans in existence on January 1, 1974, the general effective date of these provisions is to be plan years beginning after December 31, 1975.

The general effective date of plan years beginning after December 31, 1975 applies in the case of collectively bargained plans in the same manner as in the case of other plans. However, in order that the opening up of the contract to comply with the requirements of this bill will not require negotiations with respect to other matters, the conference substitute provides that a collective bargaining contract, in existence on January 1, 1973, which does not expire until after the general effective date for existing plans, may be reopened solely for the purpose of allowing the plan to meet the requirements of this bill, without having to be opened for any other purpose. Where it is necessary, as a result of this bill, to modify an employee benefit plan, it is the conferees' understanding that it is not an unfair labor practice under the National Labor Relations Act for a party to a collective bargaining agreement to refuse to bargain regarding matters unrelated to the modification required by this bill, provided this refusal is not otherwise an unfair labor practice. In addition, the changes required to be made in a plan are not themselves to be treated as constituting the expiration of a contract for purposes of any other provisions of this bill which depend on the date of the expiration of a contract.

Finally, the conference substitute provides that if a plan, adopted pursuant to a collective bargaining agreement in effect on January 1, 1974, contains a clause: (1) which provides supplementary benefits which are in the form of a lifetime annuity and refer to not more than one-third of the basic benefit to which the employees generally are entitled; or (2) which provides that a 25-year service employee is to be treated as a 30-year service employee, if that right is granted by a contractual agreement which is based on medical evidence as to the effects of working in an adverse environment for an extended period of time (such as workers in foundries or workers in asbestos plants), then the application of the accrued benefit provision of this bill to those benefits is to be delayed until the expiration of the collective bargaining agreement (but no later than plan years beginning after December 31, 1980). For purposes of applying the effective date rules, the conferees agree with the statements appearing in the paragraph beginning at the bottom of page 51, and in the first full paragraph on page 52 of the Ways and Means Committee report (No. 93–807). This explanation relates to situations where a collective bargaining agreement is to be treated as having terminated, and as to how the effective date rules are to be applied to a plan which includes some employees covered under one or more collective bargaining agreements, and also employees not covered under any such agreement.

An existing plan which would be entitled to a delayed participation vesting, funding, etc. provision is to be permitted to elect to have all those provisions apply sooner. Any such election is to be made under regulations, must apply with respect to all the provisions of the Act, and is to be irrevocable.

III. VESTING AND RELATED RULES (SECS. 203–209, 1012, 1015, 1021, 1022, AND 1032 OF THE BILL, AND SECS. 401, 411, AND SECS. 401, 411, AND 414 OF THE INTERNAL REVENUE CODE.)

Under the House bill a plan was required to meet one of three minimum vesting schedules. First, a plan could provide a graded vesting standard, under which the employee must be at least 25 percent vested in his accrued benefit after 5 years of covered service, with 5 percent additional vesting for each of the next 5 years, and 10 percent additional vesting for each year thereafter (so that the employee was 100 percent vested after 15 years of service). Second, a plan could provide that each employee must be 100 percent vested after 10 years of service. Third, a plan could provide for a "rule of 45," under which each employee with 5 years or more of service would be 50 percent vested when the sum of his age and his years of service equaled 45, with 10 percent additional vesting for each year thereafter.

Under the Senate amendment, plans generally were required to comply with the first of these alternatives, the graded vesting schedule. However, plans which were already using the 10-year/100-percent vesting schedule were permitted to continue to use that method.

The conference substitute is described below.

Plans subject to the provisions; exceptions from coverage; exemption for church plans

The rules in these areas are the same as the corresponding rules discussed above under Participation and Coverage.

General rules

Under the conference substitute[1] plans must provide full and immediate vesting in benefits derived from employee contributions.

With respect to employer contributions, the plan (except class year plans) must meet one of three alternative standards. Two of those, the 5- to 15-year graded standard and the 10-year/100-percent standard are the same as provided in the House bill (and briefly described above). The third standard under the conference substitute is a modification of the House-bill "rule of 45". As under the House rule, under the modified rule of 45, an employee with 5 or more years of covered service must be at least 50 percent vested when the sum of his age and years of covered service total 45, and there must be provision for at least 10 percent additional vesting for each year covered service thereafter. Unlike the House bill, however, each employee with 10 years of covered service (regardless of his age) must be at least 50 percent vested and there must be provision for 10 percent additional vesting for each year of service thereafter.

In addition, all plans would have to meet the requirement of present law that an employee must be 100 percent vested in his accrued benefit when he attains the normal or stated retirement age (or actually retires).

Service credited for vesting purposes

Generally, under the conference substitute, once an employee becomes eligible to participate in a pension plan, all his years of service with an employer (including preparticipation service, and service performed before the effective date of the Act) are to be taken into account for purposes of determining his place on the vesting schedule. However, the plan may ignore periods for which the employee declined to make mandatory contributions, and periods for which the employer did not maintain the plan or a predecessor plan, as defined in Treasury regulations (i.e., if the plan provides past service credits for purposes of benefit accrual, it must also provide past service credits for purposes of participation and vesting).

Generally, the plan may also ignore service performed before age 22; however, if a plan elects to use the rule of 45, service before age 22 may be ignored only if the employee was not a participant in the plan during the years before age 22.

The plan may also exclude part-time or seasonal service (i.e., generally years when the employee had less than 1,000 hours of service).

Also, if the employee has had a "break in service", his service performed prior to the break may be ignored to the extent permitted under the "break in service" rules (discussed below).

Service performed prior to January 1, 1971, may be ignored by the plan, unless (and until) the employee has at least 3 years of service after December 31, 1970.

Year of service defined

In general, under the conference substitute, the rules with respect to "year of service", seasonal and part-time employees, etc., are the same for purposes of the vesting schedule as they are for purposes of participation (i.e., generally 1,000 hours of service except for seasonal industries, where the customary work year is less than 1,000 hours). However, the relevant year for purposes of applying the vesting schedule may be any 12-month period provided under the plan (plan year, calendar year, etc.) regardless of the anniversary date of the participant's employment (even though the anniversary date is the measuring point for purposes of the participation requirements for an employee's first year).

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[2] Because of the interrelationship of the effective date provisions for participation and vesting, this discussion deals with the effective dates for both.

[1] Unless otherwise indicated, the rules with respect to vesting appear in both title I and title II of the conference substitute. Unless otherwise indicated, the regulations with respect to vesting are to be written by the Secretary of the Treasury, or his delegate.

For purposes of benefit accrual, in general, the plan may use any definition of the term "year of service" which the plan applies on a reasonable and consistent basis (subject to Department of Labor regulations). (Of course, the "year" for benefit accrual purposes cannot exceed the customary work year for the industry involved.) However, the plan must accrue benefits for less than full time service on at least a pro rata basis. For example, if a plan requires 2,000 hours of service for a full benefit accrual (50 weeks of 40 hours each) then the plan would have to accrue at least 75 percent of a full benefit for a participant with 1,500 hours of service. Generally, a plan would not be required to accrue any benefit for years in which the participant had less than 1,000 hours of service. In the case of industries or occupations where the customary year is less than 1,000 hours (for example, the tuna fishing industry, or the winter season employees of a ski lodge), the rules with respect to benefit accrual would be determined under Department of Labor regulations. As previously indicated a special rule is provided for the maritime industries.

Breaks in service

Under the conference substitute, a 1-year break in service occurs in any calendar year, plan year, or other consecutive 12-month period designated by the plan and applied on a consistent basis (and not prohibited under Labor Department regulations) in which the employee has no more than 500 hours of service. For example, if the plan is on a calendar year basis, and the employee works 1,000 hours in 1976, 501 hours in 1977, 501 hours in 1978, and 1,000 hours or more in 1979, the employee would not have a break in service (although the plan would not be required to accrue benefits or give vesting schedule credit for 1977 or 1978).

The rules with respect to breaks in service for vesting and benefit accrual purposes may be summarized as follows:

(1) If an employee has a 1-year break in service, the plan may require (for administrative reasons) a 1-year waiting period before his pre-break and post-break service must be aggregated under the plan. However, once the employee has completed this waiting period, he must receive credit for that year (for purposes of vesting and accrued benefit).

(2) In the case of an individual account plan (including a plan funded solely by individual insurance contracts as well as a "target benefit plan") if any employee has a 1-year break in service, his vesting percentage in pre-break benefit accruals does not have to be increased as a result of post-break service.

(3) Subject to rules (1) and (2), once an employee has achieved any percentage of vesting, then all of his pre-break and post-break service must be aggregated for all purposes.

(4) For all nonvested employees (and subject to rules (1) and (2)), the employee would not lose credits for pre-break service until his period of absence equaled his years of covered service. Under this "rule of parity" for example, if a nonvested employee had three years of service with the employer, and then had a break in service of 2 years, he could return, and after fulfilling his 1-year reentry requirement, he would have 4 years of covered service, because his pre-break and post-break service would be aggregated.[2]

For years beginning prior to the effective date of the vesting provisions, a plan may apply the break-in-service rules provided under the plan, as in effect from time to time. However, no plan amendment made after January 1, 1974, may provide for break-in-service rules which are less beneficial to any employee than the rules in effect under the plan on that date, unless the amendment complies with the break-in-service rules established under this bill.

The principles of some of the rules outlined above may be illustrated as follows: For example, assume a plan is on a calendar year basis, and an employee with a 1-year break in service reenters employment on November 1, 1976, works 200 hours in 1976, and 1,700 hours by November 1, 1977. In this case, the employee would be eligible to reenter the plan on November 1, 1977, his pre-break and post-break service would be aggregated, he would advance one year on the vesting schedule for 1977, and he would also accrue benefits for 1977. On the other hand, if the employee reentered employment on March 1, 1976, worked 1,700 hours before December 31, 1976, and was not separated from service by March 1, 1977, he would be eligible to reenter the plan on March 1, 1977, advance one year on the vesting schedule for his 1976 service, and the plan would have to provide at least a partial benefit accrual for 1976.

Predecessor employer

The rules concerning service with a predecessor employer are the same for purposes of vesting and benefit accrual as the rules for purposes of participation, discussed above.

Multiemployer plans

Under the conference substitute, service with any employer, for any year in which the employer is a member of the plan, is to be counted for purposes of vesting as if all employers who are parties to the plan were a single employer.

Permitted forfeitures of vested rights

Under the conference substitute, except as outlined below, an employee's rights, once vested, are not to be forfeitable for any reason. An employee's rights to benefits attributable to his own contributions may never be forfeited.

(1) The plan may provide that an employee's vested rights to benefits attributable to employer contributions may be forfeited on account of the employee's death (unless a "joint and survivor" annuity is to be provided).

(2) Also, the plan may provide that payment of benefits attributable to employer contributions may be suspended for any period in which the employee is reemployed by the same employer under whose plan the benefits are being paid (in the case of a single employer plan). In the case of a multiemployer plan, however, a suspension of benefit payments is permitted when the employee is employed in the same industry, in the same trade or craft and also in the same geographical area covered under the contract, as was the case immediately before he retired. Regulations with respect to the suspension of benefits are to be prescribed by the Department of Labor.

(3) A plan amendment may reduce an employee's vested or nonvested accrued benefit attributable to employer contributions, but only for the current year, and only if the amendment is adopted within 2½ months from the close of the plan year in question (without regard to any extensions). In the case of a multiemployer plan, the retroactive amendment may effect the current year, and the two immediately preceding years (thus, a multiemployer plan amendment adopted by December 31 1978, could effect plan benefits for 1976, if the plan was on a calendar year). However, no plan amendment which reduces accrued benefits is permitted unless the Secretary of Labor has 90 days prior notice of the proposed amendment, and approves it (or fails to disapprove it). No such approval is to be granted, except to prevent substantial economic hardship, including a serious danger that the plan will be terminated unless the amendment is allowed. In addition, it must be found that the economic hardship cannot be overcome by means of a funding variance. Subject to these rules, no plan amendment may retroactively reduce the accrued benefit of any participant (whether or not that benefit is vested).

(4) A plan may provide that an employee's rights to benefits from employer contributions may be forfeited where the employee is less than 50 percent vested in these benefits and withdraws all or any part of his own mandatory contributions to the plan. However, the plan must also provide a "buy back" rule, i.e., that the employee's forfeited benefits will be fully restored if the employee repays the withdrawn contributions (with interest of 5-percent per annum, compounded annually) to the plan.

In the case of a plan which does not provide for mandatory contributions after the date of enactment, the plan may provide, in this case, that the employee will forfeit a proportionate part of his pre-date-of-enactment accrued benefits derived from employer contributions even if he is 50 percent or more vested in these benefits. Also, the plan is not required to have a "buy back" clause with respect to the withdrawal of pre-enactment contributions. Additional regulations in this area are to be prescribed by the Secretary of the Treasury, or his delegate.

(5) A plan may provide for the "cash out" of an employee's accrued benefit. In other words, the plan may pay out, in a lump sum, the entire value of an employee's vested accrued benefit. (However, portability is available to the employee because other provisions of the bill permit the employee to reinvest in an individual retirement account on a tax-sheltered basis.) If the plan does make such a cash-out, then the plan would not be required to vest the employee in his accrued benefits which are not vested at the time he separates from the service, if the employee is later reemployed. (However, the employee's prebreak service would have to be taken into account for all other purposes, subject to the break-in-service rules, e.g., for purposes of his place on the vesting schedule.)

A cash-out could be made from the plan without the employee's consent only if the payment (a) was made due to the termination of the employee's participation in the plan, (b) constituted the value of the employee's entire interest in the plan, and (c) did not exceed an amount (to be prescribed in regulations by the Secretary of the Treasury or his delegate), based on the reasonable administrative needs of the plan, and, in any event, not in excess of $1,750 (with respect to the value of the benefit attributable to the employer's contributions). Despite the foregoing provision, generally, the conferees prefer that all amounts contributed for retirement purposes be retained and used for those purposes. Thus, a plan could provide for no cash-out, or the employee's collective bargaining unit might wish to bargain for such a provision.

A higher cash-out could be made with the employee's consent. However, even these voluntary cash-outs could only be made if the employee terminated his participation in the plan, or under other circumstances to be prescribed in regulation.

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[2] Also, in the case of a defined benefit plan, the employee would have at least 3 years of accrued benefits under the plan (2 years of accrued benefits due to his pre-break participation and 1 year of benefits accrued with respect to the 1 year reentry period).

Moreover, the plan must provide, in all cases (except where a distribution equal to the value of the full accrued benefit is made), that all accrued benefits must be fully restored (except to the extent provided under the break-in-service rules) if the employee repays the amount of the cash-out, with interest. Repayment of an involuntary cash-out would have to be allowed under the plan at any time after the employee reentered employment under the plan, and repayment of voluntary cash-outs would have to be allowed under circumstances to be prescribed in regulations. However, an individual account plan would not be required to permit repayment after the employee had a one year break in service.

Accrued benefit

Under the conference substitute, the term "accrued benefit" refers to pension or retirement benefits. The term does not apply to ancillary benefits, such as payment of medical expenses (or insurance premiums for such expenses), or disability benefits which do not exceed the normal retirement benefit payable at age 65 to an employee with comparable service under the plan, or to life insurance benefits payable as a lump sum.

Also, the accrued benefit does not include the value of the right to receive early retirement benefits, or the value of social security supplements or other benefits under the plan which are not continued for any employee after he has attained normal retirement age. However, an accrued benefit may not be reduced on account of increasing age or service (except to the extent of social security supplements or their equivalents).

In the case of a plan other than a defined benefit plan, the accrued benefit is to be the balance in the employee's individual account.

In the case of a defined benefit plan, the accrued benefit is to be determined under the plan, subject to certain requirements. In general, the accrued benefit is to be defined in terms of the benefit payable at normal retirement age. Normal retirement age generally is to be the age specified under the plan. However, it may not be later than age 65 or the tenth anniversary of the time the participant commenced participation, whichever last occurs. No actuarial adjustment of the accrued benefit would be required, however, if an employee voluntarily postponed his own retirement. For example, if the plan provided a benefit of $400 a month payable at age 65, this same $400 a month benefit (with no upward adjustment) could also be paid by the plan to an individual who voluntarily retired at age 68.

Each defined benefit plan is to be required to satisfy one of three accrued benefit tests (which limit the extent of "back-loading" permitted under the plan).

The three percent test.—Under this alternative each participant must accrue, for each year of participation, at least 3 percent of the benefit which is payable under the plan to a participant who begins participation at the earliest possible entry age and serves continuously until age 65, or normal retirement age under the plan, whichever is earlier. This test is to be applied on a cumulative basis (i.e., any amount of "front loading" is permitted.) Also, in the case of a plan amendment, the test would be cumulative. For example, assume that a plan provided a flat benefit of $200 a month payable at age 65 during the first 10 years of an individual's participation, then amended to provide a flat benefit of $400 a month; the participant's accrued benefit at the end of his 11th year of participation would equal $132 (3 percent of $400, times 11 years of service.)

In addition, if a plan elects this alternative, and if the plan provides a given benefit to a person who is employed when he attains retirement age, who has a given amount of service, then any employee who has that amount of service, even though he leaves before retirement age, would be entitled to this same benefit when he reaches retirement age. For example, if the plan is based on compensation and provides a 40 percent of salary benefit for an employee who served at least 20 years and is still employed at age 65, then the plan must provide that an employee who served 20 years from age 35 to age 55 would be entitled to that same 40 percent of compensation benefit (beginning at normal retirement age or age 65).

13⅓ percent test.—Under this alternative, the plan is to qualify if the accrual rate for any participant for any later year is not more than 133⅓ percent of his accrual rate for the current year. Thus (unlike the House bill), the conference substitute permits an unlimited amount of "front loading" under this test. The accrual rate can be based on either a dollar or percentage rate. In applying these rules, a plan amendment in effect for the current year is to be treated as though it were in effect for all plan years. (For example, if a plan provides a one percent rate of accrual for all participants in 1976, and is amended to provide a 2 percent rate of accrual for all participants in 1977, the plan will meet this test, even though 2 is more than 1⅓ times 1). Also, if the plan has a scheduled increase in the rate of accruals which will not be in effect for any participant until future years, this scheduled increase will not be taken into account for purposes of the backloading rules until it actually takes effect. Also, in applying the 133⅓ percent test, social security benefits and all other factors used to compute benefits under the plan will be treated as remaining constant, at current year levels, for all future years.

Pro rata rule.—As a third alternative, the conference substitute contains a modified version of the rule contained in the Senate amendment. Under this test, for purposes of determining the accrued benefit, the retirement benefit is to be computed as though the employee continued to earn the same rate of compensation annually that he had earned during the years which would have been taken into account under the plan (but not in excess of 10), had the employee retired on the date in question. This amount is then to be multiplied by a fraction, the numerator of which is the employee's total years of active participation in the plan up to the date when the computation is being made, and the denominator of which is the total number of years of active participation he would have had if he continued his employment until normal retirement age. This test is cumulative in the sense that unlimited front loading is permitted. For purposes of this test, social security benefits and all other relevant factors used to compute benefits shall be treated as remaining constant at current year levels for all future years. Also for purposes of this rule the term "normal retirement age" would be defined as set forth above, and the test would apply only to the benefit payable at, or after, normal retirement age (i.e., it would not take account of subsidized early retirement (to the extent such a benefit does not exceed the benefit payable at normal retirement age) and social security supplements.)[8]

A plan is not to be treated as failing to meet the tests solely because the accrual of benefits under the plan does not become effective until the employee has two continuous years of service, measured from the anniversary date of employment.

In the case of a plan funded exclusively through the purchase of insurance contracts, the accrued benefit is to be the cash surrender value of the contract (determined as though the funding requirements with respect to the plan had been fully satisfied).

In the case of a variable annuity plan, the accrued benefit is to be determined in accordance with regulations to be prescribed by the Secretary of the Treasury or his delegate.

Benefits accrued in the past

Generally, the vesting rules of the conference substitute are to apply to all accrued benefits, including those which accrued before the effective date of the provisions (subject, however, to the break-in-service rules discussed above). However, many plans now in existence have no accrued benefit formula for the past, thus making it impossible in these cases to determine what the employee is vested in. To deal with this situation, the conference substitute provides that the accrued benefit under a plan for years prior to the effective date of the vesting provisions for any participant is to be not less than the greater of (1) the accrued benefit under the provisions of the plan (as in effect from time to time), or (2) an acrued benefit which is not less than one-half of the benefit which would have accrued under one of the three back-loading tests described above.

The plan may choose which of the 3 standards it wishes to apply for the past (subject to the antidiscrimination rules); however, the same standard must be applied to all the plan's participants on a consistent basis. The plan is not required to choose, for the past, the same test which it applies in the future.

Changes in vesting schedule

The conference substitute provides that if, at any time in the future, the plan changes in vesting schedule, the vesting percentage for each participant in his accrued benefit accumulated to the date when the plan amendment is adopted (or the date the amendment becomes effective, if later) cannot be reduced as a result of the amendment. In addition, as a further protection for long service employees, any participant with at least 5 years of service may elect to remain under preamendment vesting schedule with respect to all of his benefits accrued both before and after the plan amendment.

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[8] For example, assume a social security offset plan providing a benefit equal to 2 percent of high-3 years compensation per year of service with the employer, minus 30 percent of the primary social security benefit, with a normal retirement age of 65. Assume also an employee who began employment at age 25, and terminated employment at age 45, 100 percent vested, with high-3 years pay of $19,000, $20,000, and $21,000. At the time the employee separates from service the primary social security benefit payable to him at age 65 (under the social security law as an effect when he terminates) would be $6,000 if he continued to work with the employer at his same annual rate of compensation until normal retirement age. His accrued benefit under the plan would equal $7,100 (If the employee had remained in service until age 65, he would have 40 years service, times 2 percent per year (80 percent), times $20,000 average high-3 years compensation ($16,000), minus 30 percent of the $6,000 primary social security benefit payable to the employee at age 65 under then current law ($16,000 minus $1,800 equals $14,200) times 20/40ths (20 years of service over 40 total years from age 25 to age 65) equals $7,100.)

In the case of a plan amendment, the rule would work as follows. Assume an individual begins participation at age 25 in a plan which provides 1 percent of high-three-years pay during his first 10 years of service. In the 11th year the plan amends to provide 2 percent of pay for all future years of service. The employee separates from service at the end of the 11th year (and is 100 percent vested). His accrued benefit would equal 19.25 percent of average high-three-years pay (10 (years of patricipation) times 1 percent per year. 30 (years of projected participation) times 2 percent per year, times 11/40ths (11 years of participation over 40 total years between age 25 and age 65)).

Allocations between employee and employer contributions

The House bill and the Senate amendment are quite similar in the rules they apply in allocating contributions between those made by the employee and the employer and the conference substitute follows the House bill as to technical matters in the case of this provision. In addition, the substitute makes a clarifying amendment which provides (in the case of a defined benefit plan), that the accrued benefit attributable to employee contributions can never be less than the sum of those contributions (computed without interest). This assures the employee will at least be vested in his own contributions to the plan, on a dollar-for-dollar basis. (Thus, for example, in the case of an individual insurance contract, employer contributions to the plan must at least absorb the load factor, but, of course, payment of the load factor by the employer would not cause the plan to be treated as a plan which was not funded solely through the purchase of insurance contracts.

Discrimination

Under the conference substitute the rules of the House bill are adopted with respect to the relationship of the minimum vesting standards of the bill to the antidiscrimination rules of present law (sec. 401(a)(4) of the Internal Revenue Code). In general, a plan which meets the vesting requirements provided in this substitute is not to be considered as discriminatory, insofar as its vesting provisions are concerned, unless there is a pattern of abuse under the plan (such as the firing of employees before their accrued benefits vest) or there has been (or there is reason to believe there will be) an accrual of benefits or forfeitures tending to discriminate in favor of employees who are officers, shareholders or who are highly compensated.

In the past, however, the law in this area has been administered on a case-by-case basis, without uniform results in fact situations of a similar nature. As a result, except in cases where actual misuse of the plan occurs in operation, the Internal Revenue Service is directed not to require a vesting schedule more stringent than 40 percent vesting after 4 years of employment with 5 percent additional vesting for each of the next 2 years, and 10 percent additional vesting for each of the following five years. Also, this more rapid vesting would generally not be required except in a case where the rate of likely turnover for officers, shareholders, or highly compensated employees was substantially less (perhaps as much as 50 percent less) than the rate of likely turnover for rank-and-file employees. Of course, where there is a pattern of firing employees to avoid vesting, the limitations described above would not apply. Also, it generally is not intended that any plan (or successor plan of a now existing plan) which is presently under a more rapid vesting schedule should be permitted to cut back its vesting schedule as a result of this statement.

In addition, the conferees have directed the joint pension task force to study group to examine problems of the interrelationship of the vesting and the antidiscrimination rules carefully. The conferees also expect the Treasury or the Internal Revenue Service to supply information with respect to patterns of benefit loss for different categories of plans (as designated by the task force) under the minimum vesting schedules prescribed under this legislation, and such other information as the task force study group may require. In other words, the experimental rules outlined above (40 percent vesting after 4 years, etc.) are intended to apply only until the responsible congressional committees can review the situation after receiving the report of the task force study group.

Moreover, the conferees intend that the antidiscrimination rules of present law in areas other than the vesting schedule are not to be changed. Thus, the present antidiscrimination rules with respect to coverage, and with respect to contributions and benefits are to remain in effect. Also, the antidiscrimination rules may be applied with respect to benefit accruals.

The conference substitute contains a technical rule to be applied in the case of target benefit plans (and other defined contribution plans), which provides that regulations may establish reasonable earnings assumptions and other factors for these plans in order to prevent discrimination.

Plan termination

Under the conference substitute, as under present law, all accrued benefits in a qualified pension plan must become fully vested (in accordance with the rules of the bill concerning allocation of assets upon plan termination and to the extent then funded) in the event of a plan termination, or the complete discontinuance of contributions under the pension plan. Under the substitute, this rule is no longer to apply to cases where employers have not made contributions to plans covered under the funding requirements of the bill, because the bill reaches this problem by imposing an excise tax on underfunding. However, the rule of full immediate vesting is still to apply in the case of a termination, or partial termination of a plan, and in the case of the discontinuance of contributions to plans which are not subject to the new funding requirements (e.g., profit-sharing plans, church plans, and government plans). Also, the substitute contains a provision to make clear that the vesting requirements under the bill are not intended to operate to overturn rules which require that, in the event of plan termination, the benefits under the plan are not to be distributed in a manner that discriminates in favor of officers, shareholders, or highly compensated employees.

Class year plans

Under the substitute, the minimum vesting requirements are satisfied in the case of a class year plan if the plan provides for 100 percent vesting of the benefits derived from employer contributions within 5 years after the end of the plan year for which the contributions were made. Also, under the substitute, forfeitures with respect to employer contributions would be permitted on a class-year-by-class-year basis, for any year for which the employee withdraws his own mandatory contributions to the plan, if he is less than 50 percent vested with respect to that year. For purposes of these rules, withdrawals will be applied to the earliest year for which the employee has made contributions which have not yet been withdrawn.

Recordkeeping requirements

Under the conference substitute, in the case of a single employer plan, the employee, once each year, is to be entitled to request his plan administrator to furnish a statement as to his vesting and accrued benefits status. A similar statement is to be supplied automatically when a vested employee terminates his coverage under the plan. In the case of multiemployer plans, the recordkeeping and information supplying duties are to be performed by the plan administrator and, to the maximum extent practicable (in light of their different circumstances), multiemployer plans are to meet the same standards in this area as single employer plans (in accordance with regulations to be prescribed by the Secretary of Labor or his delegate).

Variations

Under the conference substitute, a variation is to be available with respect to the vesting schedule (for benefits attributable to employer contributions) and the accrued benefit rules for plans in existence on January 1, 1974. Under this procedure, a variation is to be allowed only if it is found by the Secretary of Labor that application of the rules of the bill would increase the cost of the plan to such an extent that there would be a substantial danger that the plan would be terminated, or that there would be a substantial reduction in benefits provided under the plan, or in the compensation of the employees. Also, it would have to be determined that the application of the vesting schedule requirements, or accrued benefit requirements, or discontinuance of the plan, would be adverse to the interest of the plan participants as a whole. Finally, it would have to be determined that the hardship described above could not be sufficiently mitigated by the granting of a funding variance.

The variation with respect to benefit accruals is not to apply for any year except years (not in excess of 7) during which the variation is in effect. (For example, there could be no variation with respect to the rules for benefits accrued in the past.)

No plan may receive a vesting variation unless application is made (in accordance with regulations to be prescribed by the Secretary of Labor or his delegate) within two years after the date of enactment of this bill. The variation would be granted for an initial period not to exceed 4 years. Plans can receive one additional variation (for a period not to exceed 3 years), but application for the additional variation would have to be made at least one year prior to the expiration of the initial variation period.

During the period when a variation is in effect, there can be no plan amendment which has the effect of increasing plan liabilities because of benefit increases, changes in accruals, or changes in the rate of vesting, except to a de minimis extent (in accordance with regulations to be prescribed by the Secretary of Labor).

Amounts designated as employee contributions

To clarify present law, the substitute provides that amounts contributed to a qualified plan in taxable years beginning after December 31, 1973, are to be treated as employee contributions if they are designated as employee contributions under the plan. This rule does not apply, however, to government "pick-up" plans, where the contribution is paid by the government, with no withholding from the employee's salary, and these amounts would be treated as employer contributions, no matter how designated under the plan.

Joint and survivor annuities

Under the conference substitute, when a plan provides for a retirement benefit in the form of an annuity, and the participant has been married for the one-year period ending on the annuity starting date, the plan must provide for a joint and survivor annuity. The survivor annuity must be not less than half of the annuity payable to the participant during the joint lives of the participant and his spouse.

In the case of an employee who retires, or who attains the normal retirement age, the joint and survivor provision is to apply unless the employee elected otherwise.

In the case of an employee who is eligible to retire prior to the normal retirement age under the plan, and who does not retire, the joint and survivor provisions need not be applicable under the plan, unless the employee made an affirmative election. Moreover, the plan need not make this option available until the employee is within 10 years of normal retirement age. (Of course, a plan may provide that a joint and survivor annuity is to be the only form of benefit payable under the plan, and in this case, no election need be provided.)

These rules should help to avoid the situation where an employee who had not yet retired might have his own retirement benefit reduced as a result of inaction on his part and should also help to prevent adverse selection as against the plan.

The employee is to be afforded a reasonable opportunity, in accordance with regulations, to exercise his election out of (or before normal retirement age, possibly into) the joint and survivor provision before the annuity starting date (or before he becomes eligible for early retirement). The employee is to be supplied with a written explanation of the joint and survivor provision, explained in layman's language, as well as the practical (dollar and cents) effect on him (and his or her spouse) of making an election either to take or not to take the provision. At the same time, regulations in this area should take cognizance of the practical difficulties which certain industries (particularly those having multiemployer plans) may have in contacting all of their participants.

To prevent adverse selection the plan may provide that any election, or revocation of an election, is not to become effective if the participant dies within some period of time (not in excess of two years) of the election or revocation (except in the case of accidental death where the accident which causes death occurs after the election).

Also, the conferees agree with the statements in the Ways and Means Committee report (No. 93–807) to the effect that the bill does not require the plan to "subsidize" the joint and survivor feature (although the plan is permitted to do so) and that plans may make reasonable actuarial adjustments to take account of the possibility that total costs of the plan otherwise might be increased because of adverse selection.

Alienation

Under the conference substitute, a plan must provide that benefits under the plan may not be assigned or alienated. However, the plan may provide that after a benefit is in pay status, there may be a voluntary revocable assignment (not to exceed 10 percent of any benefit payment) by an employee which is not for purposes of defraying the administrative costs of the plan. For purposes of this rule, a garnishment or levy is not to be considered a voluntary assignment. Vested benefits may be used as collateral for reasonable loans from a plan, where the fiduciary requirements of the law are not violated.[4]

Social security benefits of terminated participants

The conference substitute codifies the current administrative practice which provides that qualified plans may not use increases in social security benefits or wage base levels to reduce employee plan benefits that are already in pay status. A similar protection is also extended against reductions in plan benefits where social security benefit levels (or wage base levels) are increased after the individuals concerned are separated from service prior to retirement. This requirement also applies to plans covered under title I (even if the plan is not qualified). A similar principle will apply in the case of an individual receiving disability benefits under social security and also under an employer plan.

Integration with social security

As discussed above, title I and title II of the conference substitute provide that plans may not use increases in social security benefit levels to decrease plan benefits in the case of retirees, or individuals who separate from service prior to retirement. The conference substitute also provides (consistent with the Ways and Means Committee report) for a two-year study, by the Congress, of the issues involved in the integration of private pension plans with social security.

Consequently, the substitute provides, in effect, that until July 1, 1976, pension plans may not increase their level of integration by taking into account changes in the social security wage base, or in social security benefit levels after 1971. Thus, in general, plans may integrate in accordance with Rev. Rul. 71–446, 1971–2 C.B. 187. (For example, an excess plan would integrate in accordance with section 3 of that ruling, and the tables set forth therein.) Of course, plans which do not satisfy the integration requirements as to form, but do in operation satisfy the requirements of Rev. Rul. 771–446, will be permitted to integrate under the conference substitute.

Certain plans, which are currently integrated above 1971 levels, are permitted to retain their current levels of integration (as in effect on June 27, 1974), but would not be permitted an increase. (For example, a unit benefit excess plan which now provides 1 percent of pay in excess of $11,000 per year of future service could remain at this level, but could not take account of a wage base higher than $11,000.)

To prevent undue hardship, in the case of plans which are automatically keyed to changes in the social security wage base or benefit levels (for example, a unit benefit excess plan now at the $13,200 wage base in effect on June 27, 1974), the plan is not required to amend until June 30, 1975, but any such amendment must be retroactive to January 1, 1975, and must provide that the plan does not take account of any changes in the social security wage base or in social security benefit levels which may occur after June 27, 1974.

For purposes of the rules with respect to retirees, or other individuals who have separated from service, any change in the plan after June 30, 1976, which takes account of the increases in the social security wage base or benefit levels which are temporarily frozen under these provisions, may not be used to reduce plan benefits otherwise payable to individuals who retire, or separate from service, between June 27, 1974 and June 30, 1976.

Payment of benefits

Under the conference substitute, a plan is generally required to commence benefit payments (unless the participant otherwise elects) not later than the 60th day after the close of the plan year in which the latest of the following events occurs:

(1) the participant attains age 65 (or any earlier normal retirement age specified under the plan),

(2) ten years have elapsed from the time the participant commenced participation in the plan, or

(3) the participant terminates his service with the employer.

Also, if the plan permits an employee who has not separated from service to receive a subsidized early retirement benefit if he meets certain age and service requirements, the plan must also permit an employee who fulfills the service requirement, but separates from service before he meets the age requirement, to receive benefit payments, on an actuarially reduced basis, when the separated employee meets the age requirement. For example, if the plan provides a benefit of $100 a month at age 65, or at age 55 for employees with 30 years of service who are still employed on their 55th birthday, then an employee who separates from service at age 50 with 30 years service, would have the right to draw down an actuarially reduced benefit (perhaps $50 a month) at age 55. The actuarial adjustments are to be made in accordance with regulations to be prescribed by the Secretary of the Treasury, or his delegate.

Comparability of plans having different vesting provisions under the antidiscrimination rules

The conference substitute provides that highly mobile employees, such as engineers, are permitted to trade off high benefits which might be available under one retirement plan of their employer for their right to participate in another plan with lower benefits, but more rapid vesting.

Protection of pension rights under Government contracts

Under the conference substitute, the Secretary of Labor is to undertake a study of steps which can be taken to ensure that professional, scientific, technical, and other personnel employed under Federal contracts are protected against loss of their pensions resulting from job transfers or loss of employment. The Secretary of Labor is to report to Congress on this subject within two years after the date of enactment of the bill and is, if feasible, to develop recommendations for Federal procurement regulations to safeguard pension rights in the situations in question within one year after filing his report. These regulations are to become effective unless either House of Congress adopts a resolution of disapproval within 120 days after the proposed regulations are submitted to the Congress. Any such disapproval is to be referred to the Labor Commitee of the relevant House.

Effective dates

The effective dates of the provisions with respect to participation and vesting are discussed above under "Participation and Coverage."

IV. FUNDING (SECS. 301–306, 1013, AND 1014 OF THE BILL AND SECS. 412, 413, AND 4971 OF THE INTERNAL REVENUE CODE)

The House bill would provide new minimum funding standards for plans of employers (or employee organizations) in interstate commerce (title I) and for tax-qualified plans (title II). Under the House version of the bill, the new minimum funding standard would require that currently-created costs be funded currently, and that costs attributable to already existing liabilities, past service liabilities created under plan amendments, and experience losses be amortized over stated periods of time. The House funding standards generally are based on accrued liabilities and not only on vested liabilities. However, if the funding requirements are higher under a second general standard which is based on "vested" liabilities, this standard would apply in lieu of the other rules. Where the funding requirements would create financial hardship, and certain standards are met, the Secretary of the Treasury or Secretary of Labor could permit variances in meeting the funding requirements.

The Senate amendment is basically similar to the House bill, but differs somewhat with respect to some of the periods of time allowed for amortizing past service cost and with respect to several technical provisions. Also, the Senate amendment does not include a second general funding standard based upon "vested" liabilities.

Generally, the conference substitute follows the House bill with respect to amortization periods and with respect to technical aspects, but modifies the House bill in other respects.

General rule as to funding

The conference substitute establishes new minimum funding requirements for plans of employers and unions in or affecting interstate commerce (title I) and qualified plans (title II) so these plans will accumulate sufficient assets within a reasonable time to pay benefits to cover employees when they retire. Of course, contributions generally may be greater than these minimum requirements if the employer so desires. (However, there may be limits on the ability to currently deduct these larger contributions, under the tax laws.) The new requirements generally are not to apply to profit-sharing or stock bonus plans, governmental plans, certain church plans, plans with no employer contributions, and certain insured plans. Under the tax provisions, once a plan or trust has been tax qualified, the minimum funding requirements will apply, and they are to continue to apply to the plan or trust, even if it later loses its qualified status. If a plan loses its qualified status, the deduction rules for nonqualified plans are to apply even though the minimum funding standard continues to apply to the plan.

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[4] This rule will not apply to irrevocable assignments made before the date of enactment and the plan provision required under this rule need not be adopted prior to January 1, 1976 (so long as the plan complies with the substance of this rule after enactment).

Generally, under the new funding, requirements, the minimum amount that an employer is to contribute annually to a defined benefit pension plan includes the normal costs of the plan plus amortization of past service liabilities, experience losses, etc. Except as described below (under "Variances—alternative funding methods"), the minimum amortization payments required by the conference substitute are calculated on a level payment basis—including interest and principal—over stated periods of time and are based on all accrued liabilities. Generally, initial past service liabilities and past service liabilities arising under plan amendments are to be amortized over no more than 30 years (40 years for the unfunded past service liabilities on the effective date of these new funding rules, in the case of existing plans), and experience gains and losses are to be amortized over no more than 15 years. However, generally experience gains and losses need not be calculated more often than every three years. With respect to multiemployer plans, past service liabilities generally may be amortized over no more than 40 years, and experience losses over no more than 20 years. Following the Senate amendment, the conference substitute does not include a second general minimum funding standard based only on "vested" liabilities.

If an employer would otherwise incur substantial business hardship, and if application of the minimum funding requirements would be adverse to plan participants in the aggregate, the Internal Revenue Service may waive the requirement of current payment of part or all of a year's contributions of normal costs, and amounts needed to amortize past service liabilities and experience losses. This waiver is to be available for single employer and multiemployer plans. The amount waived (plus interest) is to be amortized not less rapidly than ratably (including interest) over 15 years, and no more than 5 waivers may be granted for any 15 consecutive years. Also, the Secretary of Labor may extend the amortization period for amortization of past service costs up to an additional 10 years, on a showing of economic hardship.

For money purchase pension plans, the minimum amount that an employer is to annually contribute to the plan generally is the amount that must be contributed for the year under the plan formula. For purposes of this rule, a plan (for example, a so-called Taft-Hartley plan) which provides an agreed level of benefits and a specified level of contributions during the contract period is not to be considered a money purchase plan if the employer or his representative participated in the determination of the benefits. On the other hand, a "target benefit plan" is to be treated as a money purchase plan for purposes of the minimum funding rules.

Under the new funding rules, generally each covered plan is to maintain a new account called a "funding standard account." This account is to aid both the taxpayer-employer and the Government in administering the minimum funding rules. The account also is used to assure that a taxpayer who has funded more than the minimum amount required is properly credited for that excess and for the interest earned on the excess. Similarly, where a taxpayer has paid too little, the account is to assist in enforcing the minimum funding standard, and to assure that the taxpayer is charged with interest on the amount of underfunding.

Each year the funding standard account is to be charged with the liabilities which must be paid to meet the minimum funding standard. Also, each year the funding standard account is to be credited with contributions under the plan and with any other decrease in liabilities (such as amortized experience gains). If the plan meets the minimum funding requirements as of the end of each year, the funding standard account will show a zero balance (or a positive balance, if the employer has contributed more than the minimum required). If the minimum contributions have not been made, the funding standard account will show a deficiency (called an "accumulated funding deficiency"). If there is an accumulated funding deficiency, an excise tax is to be imposed on the employer who is responsible for making contributions to the plan. Also, the responsible employer may be subject to civil action in the courts on failure to meet the minimum funding standards.

The differences between the House bill and the conference substitute are described below.

Additional funding standard

The conference substitute, following the Senate amendment, does not include an additional funding standard which would require a contribution of the first year's payment under a 20-year amortization schedule of unfunded vested liabilities.

Reasonable actuarial assumptions

The conference substitute combines the rules relating to actuarial assumptions of the House bill and of the Senate amendment and requires that, for purposes of the minimum funding standard, all plan costs, liabilities, rates of interest, and other factors under the plan are to be determined on the basis of actuarial assumptions and methods which, in the aggregate, are reasonable. Actuarial assumptions are to take into account the experience of the plan and reasonable expectations. These assumptions are expected to take into consideration past experience as well as other relevant factors.

In addition, under the conference substitute, the actuarial assumptions in combination are to offer the actuary's best estimate of anticipated experience under the plan. The conferees intend that under this provision a single set of actuarial assumptions will be required for all purposes (e.g., for the minimum funding standard, reporting to the Department of Labor and to participants and beneficiaries, financial reporting to stockholders, etc.).

Treatment of certain changes as experience gains or losses

The House bill does not indicate how funding is to be provided where there is a change in liabilities arising from changes in actuarial assumptions used. The Senate amendment would include such changes in liabilities as experience gains or losses. Under the conference substitute, changes in plan liabilities resulting from changes in actuarial assumptions are to be amortized over a 30-year period.

Definition of experience gain or loss

Under the conference substitute (following title II of the House bill and the Senate amendment) experience gain or loss is the difference between the anticipated experience of the plan and the actual experience.

The conferees understand that certain plans are maintained pursuant to collectively bargained agreements which provide for a predetermined level of contributions over a period longer than 12 months, such as a specified dollar amount per tour of covered service by an employee or a specified dollar amount per ton of coal mined. It is intended that, for the funding requirements to be workable in these cases, employers generally must be allowed to base their contributions on the bargained and agreed upon basis during the period to which the collective bargaining agreement relates (but generally for not more than three years). Under such a plan, if the actuarial assumptions were reasonable and the actuarial calculations were correct as of the beginning of the term of the agreement, and the agreed upon contributions were made when required during the term of the agreement, it is intended that there would be no deficiency in the funding standard account for the term of the collectively bargained agreement (limited as indicated above). This would be the case even if the amount of contributions were less than what was reasonably expected at the beginning of the term of the agreement (for example, because the hours worked or the tons of coal mined were less than reasonably anticipated). In this case, it is expected that any difference between the reasonably anticipated contributions and actual contributions would be treated as an experience loss which could be made up under the next agreement by adjustment of the contribution rate (or by adjustment of the level of benefits).

Change in funding method or plan year

The conference substitute (following the House bill and Senate amendment) provides that a change in a plan's funding method (or plan year) can be used to determine plan costs and liabilities only if the change is approved by the administering Secretary. (Note that this requirement of prior approval does not apply to use of the alternative minimum funding standard, described below.) The conferees intend that a change in funding method or plan year also is to be reported to the Pension Benefit Guaranty Corporation in order that the Corporation may be fully apprised of events which may adversely affect the funding status of a plan.

Full funding limitation

Both the House bill and the Senate amendment include special provisions establishing the minimum amount to be funded where the difference between plan liabilities and plan assets is smaller than the amount otherwise required to be contributed under the minimum funding requirement for the year. Generally, these provisions are substantially the same; the conference substitute follows the House bill in the technical aspects. However, the conferees wish to clarify statements in the House reports with respect to the time at which plan liabilities and plan assets are to be valued for purposes of determining the full funding standard. Generally, the conferees intend that assets and liabilities are to be valued at the usual time used by the plan for such valuations, if done on a consistent basis and in accordance with regulations.

Retroactive plan amendments

The House bill generally would allow limited amendments of plans which retroactively decrease plan benefits (without the approval of the Secretary of Labor), and also would allow other plan amendments which retroactively decrease plan benefits, with the approval of the Secretary of Labor. The Senate amendment included no similar provisions.

The conference substitute generally allows limited retroactive plan amendments, but only with the approval of the Secretary of Labor.

Under the conference substitute, plan amendments that reduce plan benefits may be made after the close of the plan year, and yet apply to that year if they are made within 2½ months after the end of the plan year. However, since a single plan year is not a workable standard for multiemployer plans, with respect to multiemployer plans, an amendment may be made under the conference substitute within 2 years of the close of the plan year.

To protect participants, amendments made under this provision are not to decrease vested benefits of any participant determined as of the time the amendment is adopted. In addition, such a retroactive amendment cannot reduce the accrued benefit (whether or not vested) of any participant determined as of the beginning of the first plan year to which the amendment applies. Moreover, such an amendment is not to retroactively reduce the accrued benefit of any participant, unless there would otherwise be an accumulated funding deficiency for all or part of the plan year in question, the funding deficiency could not be avoided through the implementation of any other reasonably available alternative (including amortization of experience losses or a waiver of the funding requirement), and the funding deficiency was not primarily attributable to the failure by employers to discharge contractual obligations to make contributions under the plan (e.g., failing to contribute a required amount per hour of work of plan participants).

Under the conference substitute, the plan administrator is to notify the Secretary of Labor of any amendment which retroactively decreases plan liabilities, before the amendment goes into effect. The amendment can then go into effect only if the Secretary has approved it, or if the Secretary does not disapprove it within 90 days after notice is filed. It is expected that within the 90-day period the Secretary may notify the plan of a tentative disapproval, if he needs more information or more time before making a final determination. The Secretary of Labor is not to approve any retroactive amendment unless he determines that it meets the requirements discussed above and determines that it is necessary because of substantial business hardship.

Three-year determination of gains and losses

Under the House bill, experience gains and losses would be determined every three years (more frequently in particular cases as required by regulations). Under the Senate amendment, an annual determination of gains and losses and an annual valuation of liabilities would be required.

The conference substitute follows the rules of the House bill. The conferees intend that regulations may be issued to require a determination of gains and losses and valuation of a plan's liabilities more frequently than every three years with respect to situations where there is a need for more frequent review. For example, the regulations might provide that a determination of experience gains and losses would be made more frequently than every three years by plans which have sustained substantial experience gains or losses for several periods in succession.

Year-by-year waivers

Title II of the House bill and the Senate amendment both provide that the Secretary of the Treasury may waive all or part of the minimum funding requirement for a plan year if an employer is unable to satisfy this requirement without incurring substantial business hardship.

The conference substitute follows the House bill with respect to the technical aspects and with respect to the number of variances that may be granted in any consecutive period of years. In addition, under the conference substitute, it is made clear that this waiver is to be available for employers contributing to a multiemployer plan. For multiemployer plans, the Secretary of Treasury may waive part or all of the funding requirements if at least 10 percent of the employers contributing to the plan demonstrate that they would experience substantial business hardship without the waiver, and if applying the minimum funding standard would be adverse to the interests of plan participants as a whole.

Variances—extension of amortization periods

The House bill would allow the Secretary of Labor to extend the amortization periods for funding past service liabilities or experience gains and losses of plans for an additional ten years, in cases of substantial business hardship. (Under the labor provisions of the House bill, this would be available for all plans under the general variance provision; under the tax provisions this would be available only for multiemployer plans.) A similar provision is included under the Senate amendment.

Under the conference substitute, the Secretary of Labor may extend the amortization period for unfunded past service liabilities and experience gains and losses for both multiemployer and single employer plans. These periods may be extended up to an additional ten years where there would otherwise be a substantial risk that the plan might be terminated or a substantial risk that pension benefit levels or employee compensation might be limited. Additionally, to grant an extension of time the Secretary must find that (1) the extension would carry out the purposes of the Act, (2) the extension would provide adequate protection for participants and beneficiaries, and (3) not granting the extension would be adverse to the interests of plan participants and beneficiaries as a whole.

Variances—alternative funding methods

Title I of the House bill provides that the Secretary of Labor may prescribe an alternative minimum funding method for multiemployer or single employer plans in certain cases of hardship. The Senate amendment does not include any similar provision. The conference substitute does not include a general provision allowing the Secretary of Labor to prescribe an alternative minimum funding method. However, the substitute provides an alternative method for a multiemployer plan to satisfy the minimum requirements for funding past service liabilities existing as of 12 months after the first date on which the minimum funding standards apply to the plan. This alternative method may be used only by multiemployer plans which were in existence on January 1, 1974, if (on that date) the contributions under the plan were based on a percentage of pay.

Under this alternative, and eligible plan may elect to fund, over the relevant amortization period, the applicable past service liabilities with contributions that are a level annual percentage of the aggregate pay of all participants under the plan (instead of funding these liabilities with level dollar payments) over the appropriate amortization period. The minimum amount to be paid under this alternative is the interest (at the rate otherwise used by the plan in determining its liabilities) on initial past service liabilities and past service liabilities created by plan amendment. Also, this interest assumption, by itself, must be a reasonable rate; and the assumption with respect to aggregate pay must, by itself, be a reasonable assumption. This is necessary because these two assumptions have a key role, individually, in determining the amount that will be contributed to a plan under this alternative amortization method.

Limit on increase in benefits during variance

The House bill provides that while a variance is in effect the plan cannot be amended to increase liabilities by an increase in benefits, a change in the accrual of benefits, or a change in the rate of vesting. A similar limitation is included in the Senate amendment.

The conference substitute generally follows the House bill in its technical aspects and limits plan amendments which increase liabilities where there has been a year-by-year waiver, or an extension of time to amortize past service costs or experience gains and losses. This limitation is to apply until the waived amount has been fully amortized or until the extension of time for amortization is no longer in effect. Also, under the conference substitute, benefits may not be increased if there has been a plan amendment which retroactively decreased plan benefits within the preceding 12 months (24 months in the case of multiemployer plans). However, the conference substitute makes it clear that reasonable, *de minimis* increases in plan liabilities are to be allowed, under regulations of the Secretary of Labor. (It is expected that the regulations will indicate the types of plan amendments considered *de minimis* for this purpose.) Also, amendments are to be allowed even though they increase plan liabilities if they are required as a condition of tax qualification. Further, amendments which merely repeal (in whole or in part) a previous retroactive decrease in benefits are to be allowed.

Alternative minimum funding standard

Under title II of the House bill, the same funding method and assumptions would be used for determining the minimum amount that must be contributed to a plan and for determining the maximum amount for which a current tax deduction is available. The Senate amendment does not include a similar requirement.

The conference substitute generally follows the rules of the House bill in requiring the funding method used by a plan to be the same for purposes of determining the minimum amount to be contributed and the maximum deduction for contributions. However, the conference substitute also would allow the use of an alternative minimum funding standard in order that there may be some leeway between the minimum required contributions and the maximum deductible contributions.

Under the alternative funding standard, generally the minimum amount to be contributed to a plan is (1) the excess (if any) of the value of accrued benefits over the value of plan assets, plus (2) normal cost. Under this standard, plan assets are to be annually valued at fair market value and plan liabilities are to be valued on the same basis as the Pension Benefit Guaranty Corporation would have computed them if the plan terminated. These valuation methods are used because this minimum funding standard is similar to a "termination test" funding standard. When the financial status of a plan is examined on a termination basis it is considered appropriate to use fair market valuations rather than valuations which tend to spread out fluctuations in value. In addition, under this standard normal cost is to be the lesser of normal cost as determined under the method used by the plan or normal cost under the unit credit method.

The alternative standard generally is to be available only for plans using funding methods which provide contributions which are no less than the contributions required under the entry age normal method. In this case, plan participants and beneficiaries will have the protection of a relatively faster build-up of plan assets in the early years of the plan than under, e.g., the unit credit method.

On electing to use the alternative method, a plan must maintain an alternate funding standard account. The account will be charged with normal costs plus the excess of accrued benefits over assets (but not less than zero), and will be credited with contributions. There is to be no carryover of contributions over the minimum required from one year to another, because this amount automatically will become part of the next year's calculation in determining whether liabilities are greater than assets (that is, excess contributions will become part of the plan assets for purposes of the next year's calculation). On the other hand any shortfall of contributions less than the amount required will be carried over from year to year (with interest added) and an excise tax will be payable on these amounts (or on the funding deficiency as shown by the basic funding standard account, if smaller).

A plan that chooses to use the alternative funding method is to maintain both an alternative funding standard account and the basic funding standard account. The basic funding standard account will be charged and credited under the usual rules, but an excise tax generally will not be owed on any "deficiency" shown in that basic account. A plan making this choice is required to maintain both accounts because the minimum funding requirement will be the minimum required contribution under either account, which ever is the lesser.

The requirement under the alternative method could become higher than under the basic method if there was a substantial decrease in the market value of the assets, or if there was a substantial increase in plan liabilities (as through a plan amendment). If the minimum required contributions are lower under the basic standard than under the alternative standard, it is expected that the plan will switch back to the basic funding method.

If a plan switches back from the alternate funding standard to the basic funding standard, generally there is to be a 5-year amortization of the excess of charges over credits that have built up in the basic funding standard account over the years in which the alternative funding standard has been used. This will give the employer a reasonable period of time to fund the amounts that otherwise would have been contributed under the basic funding method, but were not contributed while the alternative funding method was being used. However, to the extent that excess charges (over contributions) have been previously built up in the alternate funding standard account, these are not to be amortized over 5 years, but instead are to be contributed immediately if the excise tax on underfunding is to be avoided. When an employer switches back from the alternative funding standard to the basic funding standard, the employer ceases to maintain the alternate minimum funding standard account. If the employer in some subsequent year returns to the alternate standard, a new account with a zero balance is to be established.

Timing of contributions

The conference substitute clarifies the intent of both the House bill and the Senate amendment, that contributions made after the close of a plan year may relate back to that plan year for purposes of the minimum funding standards. Under the conference substitute, the contribution may relate back to the plan year if it is made within 2½ months after the close of that plan year, plus any extension granted by the Internal Revenue Service up to an additional 6 months (for a maximum of 8½ months after the end of the year).

Coverage and exemptions from coverage

Under title I of the House bill, pension plans of employers in interstate commerce and pension plans of employee organizations with members in interstate commerce generally are covered by the minimum funding rules. Under title II, the new minimum funding rules apply to plans which are, or have been determined to be, tax-qualified. The Senate amendment is substantially the same as title II of the House bill, and in addition reaches substantially the same result as title I of the House bill by generally requiring all plans in interstate commerce to qualify under the tax laws. The conference substitute follows the House bill.

Under the conference substitute, government plans, including plans financed by contributions required under the Railroad Retirement Act, are to be exempt from the new funding requirement but they must meet the requirements of present law (sec. 401 (a)(7) of the Internal Revenue Code). The conferees intend that no changes are to be made in the application of the present funding requirements of the Internal Revenue Code to government plans. Although present law establishes a "safe haven rule" for payment of normal cost plus interest on past service costs, it is not intended that this safe haven rule become a requirement for government plans, but that (as under present Regs. § 1.401–6(c)(1)) the determination on whether a plan has terminated is to be made on "all the facts and circumstances in the particular case." Thus, it is intended that there be no change in the application of present law to government plans

The conference substitute exempts church plans from the new funding requirement if they meet the requirements of present law. However, church plans which elect to be covered under the participation, vesting, and termination insurance provisions are also to be covered by the new funding requirements.

The conference substitute excludes from the minimum funding rules plans established and maintained outside the United States if they are primarily for the benefit of persons substantially all of whom are nonresident aliens. This is specifically provided in the title I provisions, while under title II, such plans would have no need to seek tax deferral qualification.

The conference substitute excludes from the minimum funding rules of title I unfunded plans maintained by the employer primarily to provide deferred compensation for select management or highly compensated employees (under title II, such plans do not seek tax qualification). The conferees intend that this exemption is to include "consultant contracts" for retired management employees. Additionally, the substitute exempts from the funding rules plans adopted by a partnership exclusively for the benefit of a partner pursuant to section 736 of the Internal Revenue Code.

Under the conference substitute, plans which have not provided for employer contributions at any time after the date of enactment are to be exempt from the minimum funding rules (i.e., plans of unions funded exclusively by contributions of the union members).

An exemption is also provided for profit-sharing and stock bonus plans; however, money purchase pension plans and other individual account plans generally are not excluded from the minimum funding rules.

It is intended that plans generally are to be considered money purchase plans which meet the "definitely determinable" standard where the employer's contributions are fixed by the plane, even if the employer's obligation to contribute for any individual employee may vary based on the amount contributed to the plan in any year by the employee. For example, it is expected that a matching plan which provides that an employer will annually contribute up to 6 percent of an employee's salary, but that this contribution will be no more than the employee's own (nondeductible) contribution, will meet the "definitely determinable" criteria. In this case, the employer's contributions are set by the plan, will not vary with profits, and cannot be varied by the employer's action (other than by a plan amendment). (Of course, the plan must meet the nondiscrimination and other requirements of the Code to be qualified.)

Plans funded exclusively by the purchase of certain qualified level premium individual insurance contracts also are not to be subject to the minimum funding requirements. Additionally, the conference substitute makes it clear that where, instead of buying a series of such individual contracts, the employer holds a group insurance contract under which each employee's plan benefit is funded in the same manner as if individual contracts were purchased, the situation is to be treated the same as where there are individual insurance contracts. This generally will be available where the employer's premium is based on the sum of the level premiums attributable to each employee, where an employee's accrued benefit at any point in time is comparable to what would be provided under an individual contract, and as otherwise determined by regulations.

Supplemental unfunded plans which provide benefits in excess of limitations on contributions and benefits under the Internal Revenue Code and plans which are for the highly paid are to be excluded from the new funding standard. In addition, plans established by fraternal societies or other organizations described in section 501(c)(8) or (9) of the Internal Revenue Code are to be exempt if no employer contributions are made to the plan. Also, trusts which are part of plans described in section 501(c)(18) of the Code are to be exempt from the funding standards of title I (the standards of title II do not apply because those plans are not qualified plans).

With respect to the civil enforcement of the funding requirements, see "Labor and Tax Administration and Enforcement," *"Labor Department"* (Part VII, below). The excise tax provisions on underfunding in the conference substitute are the same as those in the House bill. However, before sending a notice of deficiency with respect to the first level (and second level) tax, the Internal Revenue Service is to notify the Secretary of Labor and provide him reasonable opportunity to obtain a correction of the funding deficiency, or to comment on the imposition of these taxes. The Service will be able to waive (or abate) the second level, but not the first level, tax upon a correction of underfunding that is obtained by the Secretary of Labor.

Maximum deduction limitation

The substitute generally provides that deductions are to be allowed to the extent of contributions required to meet the minimum funding standards. In addition, the present "5 percent" method allowing deductions of not in excess of 5 percent of the annual compensation of covered employees is repealed. Also, the "normal cost" method allowing deductions for normal cost, plus 10 percent of unfunded past service cost, is to be amended to allow deductions for contributions of normal cost, plus amortization over 10 years. Further, deductible limits are to be determined under the funding method and actuarial assumptions used for the minimum funding rules.

Generally, under the substitute, the maximum deduction is to be limited to the required contribution where a plan is subject to the full funding limitation. However, a special election is available under the substitute with regard to deductions if a plan becomes fully funded as a result of an amendment that decreases plan liabilities (benefits payable under the plan). This election is available only with respect to plan amendments that are negotiated through the collective bargaining process. Under this election, the maximum amount deductible generally will be normal cost under the plan less the amount needed to amortize over 10 years (principal plus interest) the decrease in plan liabilities as a result of the plan amendment. However, if a plan is fully funded without regard to the collectively bargained decrease in liabilities, no deduction is to be allowed. If a plan elects this provision, the amounts deductible in future years for contributions to the plan will be decreased (pursuant to regulations) by the amount required for a 10-year amortization of the collectively bargained decrease in liabilities.

A special rule is provided with respect to plans of regulated public utilities doing business in 40 States and furnishing certain telephone or other communications services which are rate regulated. (This rule also applies to plans of other companies which are members of a controlled group that includes such a public utility doing business in 40 States.) Under this provision, if the Secretary of the Treasury finds that the plan is a collectively bargained plan, the rules described above for deductions where there have been decreases in liabilities on account of plan amendments would apply to decreases in plan liabilities as a result of an increase in benefits under Title II of the Social Security Act.

Effective dates

In the case of new plans, the funding provisions are to apply to the first full plan year beginning after the date of enactment of the bill. For example, if a plan was established on October 1, 1974, but its plan year is a calendar year, the new provisions are to apply to the plan year beginning January 1. 1975.

Generally, in the case of plans existing on January 1, 1974, the new funding provisions are to become applicable for plan years beginning after December 31, 1975. In the case of collectively bargained plans (both single employer and multiemployer plans) existing on January 1, 1974, the effective date would be delayed until the termination of the contract existing on January 1, 1974, but not later than plan years beginning after December 31, 1980. Where an employer has plans which involve both collective bargaining unit employees and other employees, the effective dates applicable to collectively bargained plans are to govern if (on January 1, 1974) at least 25 percent of the plan participants are members of the employee unit covered by the collectively bargained agreement. (This is described more fully in connection with the effective dates for participation.)

Where a qualified plan does not meet the funding requirements of existing law because of vesting or participation requirements made applicable by the substitute and where the funding requirements of the conference substitute do not become applicable until a later time than the vesting or participation requirements, then to the extent that failure to meet the funding requirements of existing law is attributable to these new vesting or participation requirements, no plan is to be disqualified in this interim period on the grounds of underfunding.

The effective date for the rules with respect to maximum deduction limits is the same as the effective date for the funding rules generally.

V. FIDUCIARY RESPONSIBILITY (SECS. 401–414 AND 2003 OF THE BILL AND SEC. 4975 OF THE INTERNAL REVENUE CODE)

House bill and Senate amendment

The House bill generally includes rules governing the responsibility of plan fiduciaries only in the labor provisions of the bill (title I). The labor provisions establish rules governing the basic responsibilities of plan as "prohibited transactions." (Present law under the Internal Revenue Code has similar prohibited transaction rules, which were unchanged by the House bill.)

Under the House bill, all plan fiduciaries must act, with respect to the plan, in accordance with a "prudent man" rule. In addition, plan fiduciaries generally must diversify plan investments (with certain exceptions for profit-sharing plans, etc., that invest in employer securities) and must act for the exclusive benefit of the plan participants and beneficiaries. The House bill also provides that all plans must be in writing, that plan assets generally are to be held in trust, and that trustees generally are to have the exclusive authority to manage and control plan assets. However, asset management in certain circumstances may be delegated to qualified investment managers. The bill also provides that plan trustees may allocate their responsibilities if the plan so provides and that in this event generally only the persons to whom responsibilities have been allocated would be liable for a surcharge.

Under the House bill, fiduciaries generally are prohibited from dealing on behalf of a plan with persons known to be parties-in-interest unless the dealings are for adequate consideration. Also, the bill generally prohibits fiduciaries from dealing with plan assets for their own accounts, receiving consideration from other parties dealing with the plan in a transaction involving the plan, or acting in a transaction involving the plan on behalf of a person who is adverse to the plan.

Under the House bill, a fiduciary is to be personally liable for losses to the plan resulting from violations of the fiduciary responsibility rules.

The Senate amendment includes rules governing fiduciary responsibility in both the labor and tax provisions. The labor provisions of the amendment, as in the case of the House bill, deal with the basic responsibility of fiduciaries, plan administrators, and structure; also and these provisions would establish certain transactions as prohibited transactions. Fiduciaries (and parties-in-interest) are to be personally liable under the labor provisions for losses sustained by a plan that result from a violation of these rules. The tax provisions of the amendment also establish prohibited transaction rules (which are nearly identical to the rules in the labor provision) which are to be enforced through an excise tax on parties-in-interest.

The Senate amendment rules governing the basic responsibilities of plan fiduciaries (*e.g.*, acting with prudence and for the exclusive benefit of participants and beneficiaries) are similar to the rules of the House bill.

With respect to plan administration, the amendment does not require plan assets generally to be held in trust nor does it require that assets be administered by trustees. The amendment would, however, deem plan assets to be held in trust. Also, the Senate amendment does not include provisions similar to those of the House bill with respect to allocation of responsibilities among trustees.

Under both the labor and tax provisions of the Senate admendment, plan fiduciaries generally are prohibited from engaging in specified transactions with parties-in-interest whether or not these transactions are for adequate consideration. However, the amendment provides for administrative variances from these prohibitions if certain conditions are met, and also would provide statutory exemptions for, *e.g.*, paying reasonable compensation to parties-in-interest for services rendered to the plan which are necessary for the plan's operation. The amendment also would prohibit a fiduciary from dealing with the plan assets on his own account, receiving consideration from other parties dealing with the plan, and acting on behalf of a person adverse to the plan.

Fiduciary responsibility rules, in general

The conference substitute establishes rules governing the conduct of plan fiduciaries under the labor laws (title I) and also establishes rules governing the conduct of disqualified persons (who are generally the same people as "parties in interest" under the labor provisions) with respect to the plan under the tax laws (title II). This division corresponds to the basic difference in focus of the two departments. The labor law provisions apply rules and remedies similar to those under traditional trust law to govern the conduct of fiduciaries. The tax law provisions apply an excise tax on disqualified persons who violate the new prohibited transaction rules; this is similar to the approach taken under the present rules against self-dealing that apply to private foundations.

The labor provisions deal with the structure of plan administration, provide general standards of conduct for fiduciaries, and make certain specific transactions "prohibited transactions" which plan fiduciaries are not to engage in. The tax provisions include only the prohibited transaction rules and apply only to disqualified persons, not fiduciaries (unless the fiduciary is otherwise a disqualified person and the transaction involved him, or the fiduciary benefited from the transaction). To the maximum extent possible, the prohibited transaction rules are identical in the labor and tax provisions, so they will apply in the same manner to the same transaction. (However, there are some differences, such as not prohibiting under the tax law an act to which the tax sanction cannot appropriately apply.)

Coverage of the labor provisions

The labor fiduciary responsibility rules generally apply to all employee benefit plans (both retirement plans and welfare plans) in or affecting interstate commerce. The usual exceptions for government plans, church plans (which do not elect to have the participation, vesting, funding, and insurance rules apply), workmen's compensation plans, and nonresident alien plans apply here as well as to the other parts of the labor provisions. In addition, the labor fiduciary rules do not apply to an unfunded plan primarily devoted to providing deferred compensation for a select group of management or highly compensated employees. For example, if a "phantom stock" or "shadow stock" plan were to be established solely for the officers of a corporation, it would not be covered by the labor fiduciary rules. Also, a deferred compensation arrangement solely for retiring partners (under sec. 736 of the Internal Revenue Code) is to be exempt from the fiduciary responsibility rules. Additionally, the fiduciary responsibility rules do not apply to a so-called excess benefit plan which is unfunded.

Since mutual funds are regulated by the Investment Company Act of 1940 and, since (under the Internal Revenue Code) mutual funds must be broadly held, it is not considered necessary to apply the fiduciary rules to mutual funds merely because plans invest in their shares. Therefore, the substitute provides that the mere investment by a plan in the shares of a mutual fund is not to be sufficient to cause the assets of the fund to be considered the assets of the plan. (However, a plan's assets will include the shares of a mutual fund held by the plan.)

The substitute also provides that a mutual fund is not to be considered a fiduciary or a party-in-interest merely because a plan invests in its shares, except that the mutual fund may be a fiduciary or party-in-interest if it acts in connection with a plan covering the employees of the investment company, the investment adviser, or its principal underwriter.

An insurance company also is not considered to hold plan assets if a plan purchases an insurance policy from it, to the extent that the policy provides payments guaranteed by the company. If the policy guarantees basic payments but other payments may vary with *e.g.,* investment performance, then the variable part of the policy and assets attributable thereto are not to be considered as guaranteed, and are to be considered as plan assets subject to the fiduciary rules. (However, such assets need not be held in trust under the fiduciary responsibility rules.)

Additionally, it is understood that assets placed in a separate account managed by an insurance company are separately managed and the insurance company's payments generally are based on the investment performance of these particular assets. Consequently, insurance companies are to be responsible under the general fiduciary rules with respect to assets held under separate account contracts, and the assets of these contracts are to be considered as plan assets (but need not be held in trust). However, to the extent that insurance companies place some of their own funds in these separate accounts to provide for contingencies, this separate account "surplus" is not to be subject to the fiduciary responsibility rules.

These rules are to apply with respect to insurance policies issued by an insurance company, or by an insurance service or insurance organization. The conferees understand that some companies that provide, *e.g.,* health insurance, are not technically considered as "insurance companies." It is intended that these companies are to be included within the terms "insurance service or insurance organization."

Structure of plan administration

Establishment of plan.—Under the labor provisions of the conference substitute, every covered employee benefit plan (both retirement and welfare plan) is to be established and maintained in writing. A written plan is to be required in order that every employee may, on examining the plan documents, determine exactly what his rights and obligations are under the plan. Also, a written plan is required so the employees may know who is responsible for operating the plan. Therefore, the plan document is to provide for the "named fiduciaries" who have authority to control and manage the plan operations and administration. A named fiduciary may be a person whose name actually appears in the document, or may be a person who holds an office specified in the document, such as the company president. A named fiduciary also may be a person who is identified by the employer or union, under a procedure set out in the document. For example, the plan may provide that the employer's board of directors is to choose the person who manages or controls the plan. In addition, a named fiduciary may be a person identified by the employers and union acting jointly. For example, the members of a joint board of trustees of a Taft-Hartley plan would usually be named fiduciaries.

Plan contents.—Under the labor provisions of the substitute, each plan is to provide a procedure for establishing a funding policy and method to carry out the plan objectives. This procedure is to enable the plan fiduciaries to determine the plan's short- and long-run financial needs and communicate these requirements to the appropriate persons. For example, with a retirement plan it is expected that under this procedure the persons who manage the plan will determine whether the plan has a short-run need for liquidity, (*e.g.,* to pay benefits) or whether liquidity is a long-run goal and investment growth is a more current need. This in turn is to be communicated to the persons responsible for investments, so that investment policy can be appropriately coordinated with plan needs. Also, the plan documents are to set out the basis for contributions to and payments from the plan. Thus, the plan is to specify what part (if any) of contributions are to come from employees and what part from employers. Also, it is to specify the basis on which payments are to be made to participants and beneficiaries.

It is customary for those who manage and control the plan to allocate their responsibilities and, within limits, designate others to carry out the daily management of the plan. The conference substitute establishes special rules which will enable fiduciaries to continue to allocate and delegate their responsibilities. However, allocation or delegation is to be allowed only if the plan provides for it (or provides procedures for it) in accordance with the terms of the substitute, as discussed below.

Each plan also is to provide a procedure for amendments and for identifying who can amend the plan. Additionally, following common practice, a plan may provide that a person may serve in more than one fiduciary capacity under the plan, including service both as administrator and trustee. As described below, the plan may also provide for the hiring of investment (and other) advisers and investment managers.

Establishment of trust.—The labor provisions of the substitute generally provide that all plan assets are to be held in trust by trustees and also provide that the trustees are to manage and control the plan assets. Also, the plan trustees are to be appointed in the plan or trust documents or appointed by a named fiduciary. However, in order that persons who act as trustees recognize their special responsibilities with respect to plan assets, trustees are to accept appointment before they act in this capacity.

If the plan provides that the trustees are subject to the direction of named fiduciaries, then the trustees are not to have the exclusive management and control over the plan assets, but generally are to follow the directions of the named fiduciary. Therefore, if the plan sponsor wants an investment committee to direct plan investments, he may provide for such an arrangement in the plan. In addition, since investment decisions are basic to plan operations, members of such an investment committee are to be named fiduciaries. (For example, the plan could provide that the investment committee is to consist of the persons who serve as the president, vice-president for finance, and comptroller of the employer.) If the plan so provides, the trustee who is directed by an investment committee is to follow that committee's directions unless it is clear on their face that the actions to be taken under those directions would be prohibited by the fiduciary responsibility rules of the bill or would be contrary to the terms of the plan or trust.

In addition (as discussed below), to the extent that the management of plan assets is delegated to a special category of persons called "investment managers", the trustee is not to have exclusive discretion to manage and control the plan assets, nor would the trustee be liable for any act of such investment manager.

A trust is not to be required in the case of plan assets which consist of insurance (including annuity) contracts or policies issued by an insurance company qualified to do business in a State (or the District of Columbia). The same exemption will apply to the new section 403(b) custodial account arrangement involving investment in mutual funds, since these are treated as amounts contributed for an annuity contract under the tax law. Although these contracts need not be held in trust, nevertheless, the person who holds the contract is to be a fiduciary and is to act in accordance with the fiduciary rules of the substitute with respect to these contracts. For example, this person is to prudently take and keep exclusive control of the contracts, and is to use prudent care and skill to preserve this property.

To the extent that plan assets are held by an insurance company they need not be held in trust. However, to the extent the substitute treats assets held by an insurance company as "plan assets", the insurance company is to be treated as a fiduciary with respect to the plan, and is to meet the fiduciary standards of the conference substitute.

The labor provisions of the substitute also provide that the assets of H.R. 10 plans (plans for the self-employed and their employees) and individual retirement accounts need not be held in trust to the extent they are held in custodial accounts qualified under the Internal Revenue Code. It is recognized that the substitute generally amends the Internal Revenue Code to make use of custodial accounts more available for all plans, and that this is expected to decrease the cost of asset administration for many plans. Custodial accounts also may be used by all plans under the labor provisions. However, a plan (which is not exempt from the trust requirements) that uses a custodial account also will have to have a trustee (who can be the plan administrator or sponsor). The plan trustee will have the responsibility for investment decisions with regard to the assets and the custodian will (as under present practice) merely retain custody of these assets. Since the plan sponsor could be the trustee, the costs of plan administration will remain as low as with the present custodial account arrangements, but the plan also would have a responsible person in charge of investment decisions.

A trust also is not to be required for a plan not subject to the participation, vesting and funding provisions of title I, and the plan termination insurance provisions, to the extent provided by the Secretary of Labor.

Liability for breach of co-fiduciary responsibility in general.—Under the labor provisions of the conference substitute, a fiduciary of a plan is to be liable for the breach of fiduciary responsibility by another fiduciary of the plan if he knowingly participates in a breach of duty committed by the other fiduciary. Under this rule, the fiduciary must know the other person is a fiduciary with respect to the plan, must know that he participated in the act that constituted a breach, and must know that it was a breach. For example, A and B are co-trustees, and the terms of the trust provide that they are not to invest in, *e.g.,* commodity futures. If A suggests to B that B invest part of the plan assets in commodity futures, and if B does so, A, as well as B, is to be liable for the breach.

In addition, a fiduciary is to be liable for the breach of fiduciary responsibility by another fiduciary of the plan, if he knowingly undertakes to conceal a breach committed by the other. For the first fiduciary to be liable, he must know that the other is a fiduciary with regard to the plan, must know of the act, and must know that it is a breach. For example, A and B are co-trustees, and B invests in commodity futures in violation of the trust instrument. If B tells his co-trustee A of this investment, A would be liable with B for breach of fiduciary responsibility if he concealed this investment.

Also, if a fiduciary knows that another fiduciary of the plan has committed a breach, and the first fiduciary knows that this is a breach, the first fiduciary must take reasonable steps under the circumstances to remedy the breach. In the second example above, if A has the authority to do so, and if it is prudent under the circumstances, A may be required to dispose of the commodity futures acquired by B. Alternatively, the most appropriate steps in the circumstances may be to notify the plan sponsor of the breach, or to proceed to an appropriate Federal court for instructions, or bring the matter to the attention of the Secretary of Labor. The proper remedy is to be determined by the facts and circumstances of the particular case, and it may be affected by the relationship of the fiduciary to the plan and to the co-fiduciary, the duties and responsibilities of the fiduciary in question, and the nature of the breach.

A fiduciary also is to be liable for the loss caused by the breach of fiduciary responsibility by another fiduciary of the plan if he enables the other fiduciary to commit a breach through his failure to exercise prudence (or otherwise comply with the basic fiduciary rules of the bill) in carrying out his specific responsibilities. For example, A and B are co-trustees and are to jointly manage the plan assets. A improperly allows B to have the sole custody of the plan assets and makes no inquiry as to his conduct. B is thereby enabled to sell the property and to embezzle the proceeds. A is to be liable for a breach of fiduciary responsibility.

Allocation of duties of co-trustees.—Under the conference substitute, if the plan assets are held by co-trustees, then each trustee has the duty to manage and control those assets. For example, shares of stock held in trust by several trustees generally should be registered in the name of all the trustees, or in the name of the trust. In addition, each trustee is to use reasonable care to prevent his co-trustee from committing a breach of fiduciary duty.

Although generally each trustee must manage and control the plan assets, nevertheless, under the substitute specific duties and responsibilities with respect to the management of plan assets may be allocated among co-trustees by the trust instrument. For example, the trust instrument may provide that trustee A is to manage and control one-half of the plan assets, and trustee B is to manage and control the other half of the plan assets.

Also, the trust instrument may provide that specific duties may be allocated by agreement among the co-trustees. In this case, however, the conferees intend that the trust instrument is to specifically delineate the duties that may be allocated by agreement of the co-trustees and is to specify a procedure for such allocation. Also, the trustees must act prudently in implementing such an allocation procedure.

If duties are allocated among co-trustees in accordance with the substitute, a trustee to whom duties have not been allocated is not to be liable for any loss that arises from acts or omissions of the co-trustee to whom such responsibilities have been allocated.

However, a co-trustee will be liable notwithstanding allocation if he individually fails to comply with the other fiduciary standards. For example, a co-trustee would be liable on account of his own acts if he did not act in accordance with the prudent man standard and thereby caused the plan to suffer a loss. In addition, the general rules of co-fiduciary liability are to apply. Therefore, for example, if a trustee had knowledge of a breach by a co-trustee, he would be liable unless he made reasonable efforts to remedy the breach.

Under the substitute, it is made clear that if plan assets are held in separate trusts a trustee of one trust is not responsible as a co-trustee of the other trust.

The conferees understand that under certain circumstances, trustees (and other fiduciaries) in discharging their responsibilities in accordance with the prudent man rule will hire agents to perform ministerial acts. In this case, the liability of the trustees (and other fiduciaries) for acts of their agents is to be established in accordance with the prudent man rule.

Allocation and delegation of duties other than the management of plan assets.—The substitute also provides for the allocation and delegation by fiduciaries of duties that do not involve the management and control of plan assets.[1] However, in order that participants and beneficiaries, etc., may readily determine who is responsible for managing a plan, the substitute generally provides that only "named fiduciaries" will be able to allocate or delegate their responsibilities.

Under the substitute, if the plan so provides, named co-fiduciaries may allocate their specific responsibilities among themselves, and named fiduciaries may delegate all or part of their duties (which do not involve asset management) to others. The substitute also provides that upon proper allocation or delegation fiduciaries will not be liable for the acts or omissions of the persons to whom duties have been allocated or delegated.

Allocation or delegation (and the consequent elimination of liability) can only occur under specific circumstances. The plan must specifically allow such allocation or delegation, and the plan must expressly provide a procedure for it. For example, the plan may provide that delegation may occur only with respect to specified duties, and only on the approval of the plan sponsor or on the approval of the joint board of trustees of a Taft-Hartley plan. Also, in implementing the procedures of the plan, plan fiduciaries must act prudently and in the interests of participants and beneficiaries. The fiduciaries also must act in this manner in choosing the person to whom they allocate or delegate their duties. Additionally, they must act in this manner in continuing the allocation or delegation of their duties.

In order to act prudently in retaining a person to whom duties have been delegated, it is expected that the fiduciary will periodically review this person's performance. Depending upon the circumstances, this requirement may be satisfied by formal periodic review (which may be by all the named fiduciaries who have participated in the delegation or by a specially designated review committee), or it may be met through day-to-day contact and evaluation, or in other appropriate ways. Since effective review requires that a person's services can be terminated, it may be necessary to enter into arrangements which the fiduciary can promptly terminate (within the limits of the circumstances).

Even though a named fiduciary has properly delegated his duties in accordance with the substitute, he may still be liable for the acts of a co-fiduciary if he breaches the general rules of co-fiduciary liability by, *e.g.*, knowingly concealing a breach of a co-fiduciary.

Investment managers, investment committees, etc.—Under the substitute, if the plan so provides, a person who is a named fiduciary with respect to the control or management of plan assets may appoint a qualified investment manager to manage all or part of the plan assets. (However, in choosing an investment manager, the named fiduciary must act prudently and in the interests of participants and beneficiaries, and also must act in this manner in continuing the use of an investment manager.) In this case, the plan trustee would no longer have responsibility for managing the assets controlled by the qualified investment manager, and the trustee would not be liable for the acts or omissions of the investment manager. Also, as long as the named fiduciary had chosen and retained the investment manager prudentially, the named fiduciary would not be liable for the acts or omissions of the manager. Under the substitute, a qualified investment manager may be an investment adviser registered under the Investment Advisers Act of 1940, a bank (as defined in that Act), or an insurance company qualified to perform investment management services under State law in more than one State. To be qualified, the investment manager also must acknowledge in writing that he is a plan fiduciary.

As described above (*Establishment of trust*) the plan may also provide that the trustee is to be subject to the direction of named fiduciaries with respect to investment decisions. In this case, if the trustee properly follows the instructions of the named fiduciaries, the trustee generally is not to be liable for losses which arise out of following these instructions. (The named fiduciaries, however, would be subject to the usual fiduciary responsibility rules and would be subject to liability on breach of these rules.)

In addition, a plan may provide that named fiduciaries (or fiduciaries to whom duties have been properly delegated) may employ investment and other advisers. However, a fiduciary cannot be relieved of his own responsibilities merely because he follows the advice of such a person. (Also, investment advisers would be fiduciaries under the substitute).

Basic fiduciary rules

Prudent man standard.—The substitute requires that each fiduciary of a plan act with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in conducting an enterprise of like character and with like aims. The conferees expect that the courts will interpret this prudent man rule (and the other fiduciary standards) bearing in mind the special nature and purpose of employee benefit plans.

Under the Internal Revenue Code, qualified retirement plans must be for the exclusive benefit of the employees and their beneficiaries. Following this requirement, the Internal Revenue Service has developed general rules that govern the investment of plan assets, including a requirement that cost must not exceed fair market value at the time of purchase, there must be a fair return commensurate with the prevailing rate, sufficient liquidity must be maintained to permit distributions, and the safeguards and diversity that a prudent investor would adhere to must be present. The conferees intend that to the extent that a fiduciary meets the prudent man rule of the labor provisions, he will be deemed to meet these aspects of the exclusive benefit requirements under the Internal Revenue Code.

Under the conference substitute, plan fiduciaries also must act in accordance with plan documents and instruments to the extent that they are consistent with the requirements established in the bill.

Exclusive benefit for employees.—Under the conference substitute each fiduciary of a plan must act solely in the interests of the plan's participants and beneficiaries and exclusively to provide benefits to these participants and beneficiaries (or to pay reasonable plan administrative costs).

Since the assets of the employee benefit plan are to be held for the exclusive benefit of participants and beneficiaries, plan assets generally are not to inure to the benefit of the employer. However, the conference substitute allows an employer's contributions to be returned to him in certain limited situations.

An employer's contributions can be returned within one year after they are made to the plan, if made as a mistake of fact. (For example, an employer may have made an arithmetical error in calculating the amounts that were to be contributed to the plan.) Also, if an employer contributes to a plan on the condition that the plan is tax-qualified or on the condition that a current tax deduction is allowed for the contribution, and it is later determined that the plan is not qualified (or the deduction is not allowed), the contribution can be returned if the plan provides for it. In this case, the contribution can be returned within one year after the disallowance of qualification or deduction. With regard to a disallowance of deductions, contributions can be returned only to the extent of the amount for which a deduction is denied. (For example, if $100 is contributed on the condition it is deductible and $20 is later determined not to be deductible, only $20 could be returned, and not $100.) Also with respect to qualification, contributions can be returned on the denial of initial or of continuing qualification (in the case of contributions made after *e.g.*, a plan amendment).

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[1] For example, these rules would govern the allocation or delegation of duties with respect to payment of benefits.

An employer's contributions under an H.R. 10 plan also can be returned to the employer to the extent permitted to avoid payment of an excess tax on excess contributions.

Under the labor (but not the tax) provisions of the substitute, the transfer or distribution of the assets of a welfare plan on termination of the plan is to be in accordance with the terms of the plan except as otherwise prescribed by regulations of the Secretary of Labor. It is intended that the Secretary of Labor would allow the terms of the plan (or in the case of a plan subject to collective bargaining, the collective bargaining agreement) to govern such distribution or transfer of assets except to the extent that implementation of the terms of the plan or agreement would unduly impair the accrued benefits of the plan participants or would not be in the best interests of the plan participants. Where such distribution or transfer is incidental to the merger of one multiemployer plan with another, it is expected that the Secretary of Labor would disallow the distribution or transfer only where the merger would reasonably be expected to jeopardize the ability of the plan to meet its obligations or would otherwise not be in the best interests of the plan participants.

Also, under the labor (but not the tax) provisions of the substitute, on termination of a pension plan to which the plan termination insurance provisions do not apply, the assets of the plan are to be allocated in accordance with the provisions under the plan termination insurance title of the Act governing such allocation (as if the plan were covered by termination insurance) except as otherwise provided in regulations prescribed by the Secretary of Labor. It is intended that regulations by the Secretary of Labor in this case would be similar to the regulations governing the distribution of assets on termination of a welfare plan as described above.

Diversification requirement.—The substitute requires fiduciaries to diversify plan assets to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so. It is not intended that a more stringent standard of prudence be established with the use of the term "clearly prudent." Instead, by using this term it is intended that in an action for plan losses based on breach of the diversification requirement, the plaintiff's initial burden will be to demonstrate that there has been a failure to diversify. The defendant then is to have the burden of demonstrating that this failure to diversify was prudent. The substitute places these relative burdens on the parties in this matter, because the basic policy is to require diversification, and if diversification on its face does not exist, then the burden of justifying failure to follow this general policy should be on the fiduciary who engages in this conduct.

The degree of investment concentration that would violate this requirement to diversify cannot be stated as a fixed percentage, because a prudent fiduciary must consider the facts and circumstances of each case. The factors to be considered include (1) the purposes of the plan; (2) the amount of the plan assets; (3) financial and industrial conditions; (4) the type of investment, whether mortgages, bonds or shares of stock or otherwise; (5) distribution as to geographical location; (6) distribution as to industries; (7) the dates of maturity.

A fiduciary usually should not invest the whole or an unreasonably large proportion of the trust property in a single security. Ordinarily the fiduciary should not invest the whole or an unduly large proportion of the trust property in one type of security or in various types of securities dependent upon the success of one enterprise or upon conditions in one locality, since the effect is to increase the risk of large losses. Thus, although the fiduciary may be authorized to invest in industrial stocks, he should not invest a disproportionate amount of the plan assets in the shares of corporations engaged in a particular industry. If he is investing in mortgages on real property he should not invest a disproportionate amount of the trust in mortgages in a particular district or on a particular class of property so that a decline in property values in that district or of that class might cause a large loss.

The assets of many pension plans are managed by one or more investment managers. For example, one investment manager, A, may be responsible for 10 percent of the assets of a plan and instructed by the named fiduciary or trustee to invest solely in bonds; another investment manager, B, may be responsible for a different 10 percent of the assets of the same plan and instructed to invest solely in equities. Such arrangements often result in investment returns which are quite favorable to the plan, its participants, and its beneficiaries. In these circumstances, A would invest solely in bonds in accordance with his instructions and would diversify the bond investments in accordance with the diversification standard, the prudent man standard, and all other provisions applicable to A as a fiduciary. Similarly, B would invest solely in equities in accordance with his instructions and these standards. Neither A nor B would incur any liability for diversifying assets subject to their management in accordance with their instructions.

The conferees intend that, in general whether the plan assets are sufficiently diversified is to be determined by examining the ultimate investment of the plan assets. For example, the conferees understand that for efficiency and economy plans may invest all their assets in a single bank or other pooled investment fund, but that the pooled fund itself could have diversified investments. It is intended that, in this case, the diversified rule is to be applied to the plan by examining the diversification of the investments in the pooled fund. The same is true with respect to investments in a mutual fund. Also, generally a plan may be invested wholly in insurance or annuity contracts without violating the diversification rules, since generally an insurance company's assets are to be invested in a diversified manner.

(With respect to special rules regarding diversification of assets and investment in employer securities, etc., by certain individual account plans, see "Employer securities and employer real property," below.)

Certain individual account plans.—Under the substitute, a special rule is provided for individual account plans where the participant is permitted to, and in fact does, exercise independent control over the assets in his individual account. In this case, the individual is not to be regarded as a fiduciary and other persons who are fiduciaries with respect to the plan are not to be liable for any loss that results from the exercise and control by the participant or beneficiary. Therefore, if the participant instructs the plan trustee to invest the full balance of his account in, *e.g.*, a single stock, the trustee is not to be liable for any loss because of a failure to diversify or because the investment does not meet the prudent man standards. However, the investment must not contradict the terms of the plan, and if the plan on its face prohibits such investments, the trustee could not follow the instructions and avoid liability.

The conferees recognize that there may be difficulties in determining whether the participant in fact exercises independent control over his account. Consequently, whether participants and beneficiaries exercise independent control is to be determined pursuant to regulations prescribed by the Secretary of Labor. The conferees expect that the regulations will provide more stringent standards with respect to determining whether there is an independent exercise of control where the investments may inure to the direct or indirect benefit of the plan sponsor since, in this case participants might be subject to pressure with respect to investment decisions. (Because of the difficulty of ensuring that there is independence of choice in an employer established individual retirement account, it is expected that the regulations will generally provide that sufficient independent control will not exist with respect to the acquisition of employer securities by participants and beneficiaries under this type of plan.) In addition, the conferees expect that the regulations generally will require that for there to be independent control by participants, a broad range of investments must be available to the individual participants and beneficiaries.

Transfer of assets outside of the United States.—In order to prevent "runaway assets," the labor provisions of the substitute generally prohibit a fiduciary from transferring or maintaining the indicia of ownership of any plan assets outside the jurisdiction of the district courts of the United States. However, such a transaction may be permitted under regulations issued by the Secretary of Labor.

It is recognized that investment in securities of foreign companies and governments have been and may well continue to be in the best interests of plan participants in appropriate circumstances and with proper safeguards, and that the physical transfer of securities back and forth overseas may involve unduly high cost and impose unreasonable limitations on the investment of plan funds in such securities. The basic objective of the requirement that the indicia of ownership remain within the jurisdiction of a United States District Court is to preclude frustration of adequate fiduciary supervision and remedies for breach of trust. However, the risk of misappropriation of plan assets or their removal beyond the effective process of an American court is minimal where the assets are under the management or control of a bank, trust company or similar institution which is subject to adequate regulation and examination by State or Federal supervisory agencies. Such an institution would be responsive to legal process and to the traditional principles of fiduciary responsibility under trust law. Accordingly, it is contemplated that the Secretary of Labor will, as a general rule, grant an exemption to such institutions meeting standards that would assure the safety of plan assets. It is further contemplated that the Secretary will issue temporary regulations authorizing institutions with a history of investing pension funds in foreign securities as a matter of policy to continue to do so pending formal action on an application for exemption.

Prohibited transactions

In general.—The conference substitute prohibits plan fiduciaries and parties-in-interest from engaging in a number of specific transactions. Prohibited transaction rules are included both in the labor and tax provisions of the substitute. Under the labor provisions. (title I), the fiduciary is the main focus of the prohibited transaction rules.

This corresponds to the traditional focus of trust law and of civil enforcement of fiduciary responsibilities through the courts. On the other hand, the tax provisions (title II) focus on the disqualified person. This corresponds to the persent prohibited transaction provisions relating to private foundations.[2]

The prohibited transactions, and exceptions therefrom, are nearly identical in the labor and tax provisions. However, the labor and tax provisions differ somewhat in establishing liability for violation of prohibited transactions. Under the labor provisions, a fiduciary will only be liable if he knew or should have known that he engaged in a prohibited transaction. Such a knowledge requirement is not included in the tax provisions. This distinction conforms to the distinction in present law in the private foundation provisions (where a foundation's manager generally is subject to a tax on self-dealing if he acted with knowledge, but a disqualified person is subject to tax without proof of knowledge).

Under the labor provisions a fiduciary will be liable for losses to a plan from a prohibited transaction in which he engaged if he would have known the transaction involving the particular party-in-interest was prohibited if he had acted as a prudent man. The type of investigation that will be needed to satisfy the test of prudence will depend upon the particular facts and circumstances of the case. In the case of a significant transaction, generally for a fiduciary to be prudent he must make a thorough investigation of the other party's relationship to the plan to determine if he is a party-in-interest. In the case of a normal and insubstantial day-to-day transaction, it may be sufficient to check the identity of the other party against a roster of parties-in-interest that is periodically updated.

In general, it is expected that a transaction will not be a prohibited transaction (under either the labor or tax provisions) if the transaction is an ordinary "blind" purchase or sale of securities through an exchange where neither buyer nor seller (nor the agent of either) knows the identity of the other party involved. In this case, there is no reason to impose a sanction on a fiduciary (or party-in-interest) merely because, by chance, the other party turns out to be a party-in-interest (or plan).

The labor prohibitions affect "parties-in-interest," and the tax prohibitions affect "disqualified persons." The two terms are substantially the same in most respects, but the labor term includes a somewhat broader range of persons, as described below.

Coverage.—The prohibited transaction rules under the labor provisions apply to all plans to which the general labor fiduciary rules apply, as described above. The tax law prohibited transaction rules apply to all qualified retirement plans (under secs. 401, 403(a), and 405(a) of the Internal Revenue Code) and to all qualified individual retirement accounts, individual retirement annuities, and individual retirement bonds (under secs. 408 and 409 of the Code). In addition, the tax law rules are to continue to apply even if the plan, etc., should later lose its tax qualification.

The tax law prohibited transaction provisions follow the labor provisions with respect to whether the assets of an insurance company or mutual fund are to be considered the assets of a plan. Also, the tax provisions exclude from the new prohibited transaction rules government plans, and church plans which have not elected coverage under the new participation, vesting, funding and insurance provisions. (The latter plans, if they are qualified plans, will be subject to present law.)

Party-in-interest transactions.—Under the substitute, the direct or indirect sale, exchange, or leasing of any property between the plan and a party-in-interest[3] (with exceptions subsequently noted) is a prohibited transaction. Under this rule, the transaction is prohibited whether or not the property involved is owned by the plan or party-in-interest, and the prohibited transaction includes sales, etc., from the party-in-interest to the plan, and also from the plan to the party-in-interest. Also, following the private foundation rules of the tax law, a transfer of property by a party-in-interest to a plan is treated as a sale or exchange if the property is subject to a mortgage or a similar lien which the party-in-interest placed on the property within 10 years prior to the transfer to the plan or if the plan assumes a mortgage or similar lien placed on the property by a party-in-interest within 10 years prior to the transfer. This rule prevents circumvention of the prohibition on sale by mortgaging the property before transfer to the plan.

The conference substitute also generally prohibits the direct or indirect lending of money or other extension of credit between a plan and parties-in-interest. For example, a prohibited transaction generally will occur if a loan to a plan is guaranteed by a party-in-interest, unless it comes within the special exemption for employee stock ownership plans.

It is intended that prohibited loans include the acquisition by the plan of a debt instrument (such as a bond or note) which is an obligation of a party-in-interest. (However, the transition rules described below establish special rules for certain debt instruments held by a plan before July 1, 1974). Similarly, it is intended that it would be a prohibited transaction (in effect a loan by the plan to the employer) if the employer funds his contributions to the plan with his own debt obligations.

With certain exceptions described below, the direct or indirect furnishing of goods or services or facilities between a plan and a party-in-interest also is prohibited. This would apply, for example, to the furnishing of personal living quarters to a party-in-interest.

The substitute prohibits the direct or indirect transfer of any plan income or assets to or for the benefit of a party-in-interest. It also prohibits the use of plan income or assets by or for the benefit of any party-in-interest. As in other situations, this prohibited transaction may occur even though there has not been a transfer of money or property between the plan and a party-in-interest. For example, securities purchases or sales by a plan to manipulate the price of the security to the advantage of a party-in-interest constitutes a use by or for the benefit of a party-in-interest of any assets of the plan.

The labor provisions and the tax provisions differ slightly on the wording with respect to this latter prohibition. The labor provision prohibits such use of the plan's "assets", and the tax provision prohibits use of the plan's "income or assets". (This same difference appears with respect to other prohibited transactions, as well.) The conferees intend that the labor and tax provisions are to be interpreted in the same way and both are to apply to income and assets. The different wordings are used merely because of different usages in the labor and tax laws. In addition, even though the term "income" is used in the tax law, it is intended that this is not to imply in any way that investment in growth assets (which may provide little current income) is to be prohibited where such investment would otherwise meet the prudent man and other rules of the substitute.

Since the substitute prohibits both direct and indirect transactions, it is expected that where a mutual fund, *e.g.*, acquires property from a party-in-interest as part of the arrangement under which the plan invests or retains its investment in the mutual fund, this is to be a prohibited transaction.

Employer securities and employer real property.—The labor provisions also generally prohibit the direct or indirect acquisition by the plan (or holding by the plan) of securities of the employer or real property leased to the employer, except if otherwise allowed. This prohibiton (and the exceptions to it) is described in detail below.

Additional prohibitions.—The substitute generally prohibits a fiduciary from dealing with the income or assets of a plan in his own interest or for his own account. However, this does not prohibit the fiduciary from dealings where he has an account in the plan and the dealings apply to all plan accounts without discrimination.

The substitute also prohibits a fiduciary from receiving consideration for his own personal account from any party dealing with the plan in connection with the transaction involving the income or assets of the plan. This prevents, *e.g.*, "kickbacks" to a fiduciary.

In addition, the labor provisions (but not the tax provisions) prohibit a fiduciary from acting in any transaction involving the plan on behalf of a person (or representing a party) whose interests are adverse to the interests of the plan or of its participants or beneficiaries. This prevents a fiduciary from being put in a position where he has dual loyalties, and, therefore, he cannot act exclusively for the benefit of a plan's participants and beneficiaries. (This prohibition is not included in the tax provisions, because of the difficulty in determining an appropriate measure for an excise tax.)

Administrative exemptions or variances.—The conferees recognize that some transactions which are prohibited (and for which there are no statutory exemptions) nevertheless should be allowed in order not to disrupt the established business practices of financial institutions which often perform fiduciary functions in connection with these plans, consistent with adequate safeguards to protect employee benefit plans. For example, while brokerage houses generally would be prohibited from providing, either directly or through affiliates, both discretionary investment management and brokerage services to the same plan, the conferees expect that the Secretary of Labor and Secretary of the Treasury would grant a variance with respect to these services (and other services traditionally rendered by such institutions), provided that they can show that such a variance will be administratively feasible and that the type of transaction for which an exemption is sought is in the interest of and protective of the rights of plan participants and beneficiaries. Thus, variances might be granted to brokers or their affiliates to act as investment managers if the Secretary determines that such arrangements are in the interests of plan participants and beneficiaries and that satisfactory safeguards are provided, including *e.g.*, such protections as the monitoring of the investment manager's decisions by a person with appropriate investment experience, as specified by the Secretaries, who is not affiliated with the broker. The conferees did not grant a statutory exemption to brokers for this type of multiple service because of the difficulty of establishing precise statutory standards for protecting against potential abuses. The conferees note that the general issue of institutional investment management by brokers is under consideration in separate legislation, and expect that any action taken by the Secretaries on requests for variances under this Act will be consistent with the outcome of such legislation.

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[2] Generally, the substitute defines a prohibited transaction as the same type of transaction that constitutes prohibited self-dealings with respect to private foundations, with differences that are appropriate in the employee benefit area. As with the private foundation rules, under the substitute, both direct and indirect dealings of the proscribed type are prohibited.

[3] Hereafter, the term "party-in-interest" will include the term "disqualified person" unless otherwise indicated.

In addition, the conferees recognize that some individual transactions between a plan and party-in-interest may provide substantial independent safeguards for the plan participants and beneficiaries and may provide substantial benefit to the community as a whole, so that the transaction should be allowed under a variance. For example, it is understood that the pension plan of a major corporation with its principal office in Dayton, Ohio, has become committed to invest in a joint venture that will own an office building in a downtown redevelopment area in Dayton. This building is to be a key element of the redevelopment project. The joint venture will lease a portion of this building to the employer that established and maintained this pension plan. Under the general rules, this would be a prohibited indirect lease between the plan and a party-in-interest. However, it is understood that the transaction has substantial safeguards that ensure that the transaction will inure to the benefit of the plan participants and beneficiaries. For example, there are other major investors in the joint venture at this time so the joint venture will seek an adequate rate of return. Additionally, it is understood that the building has another major tenant and the terms of the lease for this tenant and for the employer are substantially identical. Furthermore, it is understood that the rental under these leases is generally higher than the rental for similar space now available in the area. Also, the City of Dayton will have a major investment in the land (and in a superstructure), so that the City will have an independent financial interest in ensuring that the transaction is financially sound.

Under this transaction, each party in the joint venture is to share in profits and losses in proportion to its capital contribution. Therefore, this is not a "tax shelter" transaction with an attempted shift of early period losses away from a tax-exempt entity to taxable entities. Also, it is understood that while the joint venture will borrow to finance the acquisition of the building, neither the joint venture nor the plan (nor any other joint venturer) is to be "personally liable" on the mortgage debt. Therefore, if the transaction were to fail, the plan's liability would be limited to the funds advanced to the joint venture.

It is expected that in this situation, because of the substantial safe guards for the plan and its participants and beneficiaries, because of the lack of "tax abuse" aspects, because the transaction became binding before the conferees' decisions were announced, and because of the importance of the project to the entire community of Dayton, Ohio, that the Secretary of the Treasury and Secretary of Labor will grant a variance to the transaction for its whole term.

Under the substitute, variances may be conditional or unconditional and may exempt a transaction from all or part of the prohibited transaction rules. In addition, variances may be for a particular transaction or for a class of transactions, and may be allowed pursuant to rulings or regulations. A variance from the prohibited transaction rules is to have no effect with respect to the basic fiduciary responsibility rules requiring prudent action, diversification of investments, actions exclusively for the benefit of participants and beneficiaries, etc. (This is the case with respect to all statutory exemptions from the prohibited transaction rules as well.)

Under the substitute, the Secretary of Labor and the Secretary of the Treasury each must establish a procedure for allowing variances, but neither the Secretary of Labor nor the Secretary of the Treasury is to be required to grant a variance. Variances are to be granted only when each Secretary separately determines that the transaction in question is an appropriate case for a variance. Thus, for example, the Secretary of Labor may refuse to grant a variance if the transaction would constitute an abuse of the labor laws, even though the Secretary of the Treasury may be willing to grant a variance in the particular situation. Similarly, the Secretary of the Treasury may, for example, refuse to grant a variance if the transaction would constitute a tax abuse even though the Secretary of Labor may be willing to grant a variance in the same situation.

In addition, variances are not to be allowed unless each Secretary finds that the transaction is in the interests of the plan and its participants and beneficiaries, that it does not present administrative problems, and that adequate safeguards are provided for participants and beneficiaries.

Although the Secretary of Labor and the Secretary of the Treasury are to separately determine whether a variance is to be provided, they are to coordinate their activities. It is expected that the Secretaries of Labor and Treasury will develop an administrative procedure to allow one application for a variance and that the two departments will coordinate their activities with respect to this single application to prevent unneeded delays and duplication of effort by the applicant.

Before allowing a variance, adequate notice (including publication in the Federal Register) is to be given interested persons, who are to have an opportunity to present their views. In the case of a variance from the prohibitions against a fiduciary dealing with plan assets for his own account, acting on behalf of an adverse party to the plan, or receiving consideration for his personal account, there is to be a hearing and a determination on the record that the conditions required for granting a variance are met. (However, the Secretary of the Treasury may accept the record of a Department of Labor hearing, if he wishes, and make his determination with respect to the variance on the facts presented in that record.)

Exemptions for loans to participants and beneficiaries.—Following current practice, the substitute does not prohibit a loan by a plan to a participant or beneficiary in certain circumstances. To be permitted, such loans must be made in accord with specific provisions in the plan governing such loans. In addition, a reasonable interest rate must be charged and the loan must be adequately secured. Such loans must be made available to all participants on a reasonably equivalent basis. Consequently, the plan could not unreasonably discriminate between applicants on the basis of, e.g., age or sex; but the plan could make distinctions on the basis of, e.g., credit worthiness or financial need. Also, such loans cannot be made available to highly-compensated employees in an amount greater than the amount available to other employees. The conferees intend that this will allow a plan to lend the same percentage of a person's vested benefits to participants with both large and small amounts of accrued vested benefits. (However, the percentage is to be consistent with the requirements of adequate security.) The conferees also intend that a plan may provide that the same dollar amounts may be loaned to participants and beneficiaries without regard to the amount of their vested benefits if adequate security is otherwise provided. For example, a plan could provide for loans to participants and beneficiaries in an amount up to, *e.g.*, $30,000 to buy a house (even if the $30,000 is greater than the amount of the participant's or beneficiary's vested benefits) if the loan is adequately secured by. *e.g.*, a first mortgage on the house.

Exemption for services, etc.—The substitute allows a party-in-interest to furnish to a plan office space, legal services, accounting services, or other similar services necessary for the establishment or operation of the plan, if no more than reasonable compensation is paid for these services, etc. It is expected that arrangements will allow the plan to terminate the services, etc., on a reasonably short notice under the circumstances so the plan will not become locked into an arrangement that may become disadvantageous. It is also expected that the compensation arrangements will allow for changes so the plan will not be locked into a disadvantageous price.

The substitute also specifically allows the plan to pay a fiduciary or other party-in-interest reasonable compensation (or reimbursement of expenses) for services rendered to the plan if the services are reasonable and necessary. However, to prevent double payment, this does not apply with regard to a fiduciary who is receiving full-time pay from an employer or association of employers (with employees covered by the plan) or from a union (with members covered by the plan), except for the reimbursement of expenses properly and actually incurred and not otherwise reimbursed.

The substitute also makes it clear that a party-in-interest may serve as a fiduciary in addition to being an officer, employee, agent or other representative of a party-in-interest.

Exemption for loans to employee stock ownership plan.—Under the substitute, certain loans or extensions of credit from a party-in-interest to an employee stock ownership plan are not to be prohibited. The conferees understand that it is common practice for these plans to purchase the employer's stock from major shareholders (or from the employer). The proceeds to pay for the purchase often are obtained by the plan from an unrelated lender with a guarantee of repayment by the shareholder. In this case, the substitute does not prohibit the party-in-interest from guaranteeing the loan (or from providing his assets as collateral for the loan). In addition, the conferees understand that it is common practice for a party-in-interest to sell his stock in the employer to these plans and take back a purchase money note from the plan. The substitute also does not prohibit such a loan if the only collateral given by the plan for the loan consists of qualifying employer's securities.

These exceptions to the prohibited transaction rules are to be allowed if the transaction is for the benefit of the plan participants and beneficiaries (and, not, e.g., primarily to benefit the party-in-interest who is selling the stock), and if the interest rate charged on the loan to the plan remains at not more than a reasonable interest rate.

Although these transactions normally are for the benefit of plan participants and beneficiaries, the conferees recognize that there may be potential problems. For example, the interest rate should not be too high and the purchase price of the stock from the party-in-interest should not be too high, so that plan assets might be drained off. Also, the terms of the note between the party-in-interest and the plan should not allow the party-in-interest to call the note at his convenience, which might put undue financial strain on the plan. Because of such potential problems, the conferees intend that all aspects of these transactions will be subject to special scrutiny by the Department of Labor and Internal Revenue Service to ensure that they are primarily for the benefit of plan participants and beneficiaries.

This exception from the prohibited transaction rules is to be available only for employee stock ownership plans and not for other plans. The conferees understand that the basic element common to all employee stock ownership plans is that they are qualified stock bonus plans designed to invest primarily in qualifying securities of the employer whose employees are covered by the plan. In addition it is undertsood that a qualified money purchase penison plan designed to invest primarily in such securities of the employer may be coupled with such a qualified stock bonus plan (and that a profit-sharing plan sometimes may be used). Furthermore, it is understood that a frequent characteristic of some employee stock ownership plans is that they leverage their purchase of qualifying employer securities as a way to achieve transfers in the ownership of corporate stock and other capital requirements of a corporation and that such a plan is designed to build equity ownership of shares of the employer for its employees in a nondiscriminatory manner.

The conferees intend that the exemption from the prohibited transaction rules with respect to loans to employee stock ownership plans is to apply only in the case of loans (and guarantees) used to leverage the purchase of qualifying employer securities (and related business interests).

Exemption for bank deposits.—In certain cases the prohibited transaction rules of the substitute do not prevent a bank or similar institution (e.g., a savings and loan association or credit union) which is a plan fiduciary from investing all or part of the plan's assets in deposits with the bank, etc., if the deposits bear a reasonable interest rate. This exemption is allowed if the plan covers only employees of the bank, etc., or employees of its affiliates. In this case, it would be contrary to normal business practice for a bank to invest its plan assets in another bank.

A deposit with a bank, etc., fiduciary also is not prohibited if it is expressly authorized by the plan or is specifically authorized by a fiduciary (other than the bank or an affiliate of the bank) who is expressly empowered by the plan to direct that this investment be made. In this case, there is no conflict of interest involving the bank fiduciary upon a deposit with the bank, etc.

This exception, as all other exceptions to the prohibited transaction rules, is not to affect the applicability of the prudent man, diversification, etc., rules. However, it is expected that generally these rules will not be violated if all plan assets in an individual account plan are invested in a federally-insured account, so long as the investments are fully insured. (If an individual's account balance is greater than the amount covered by Federal insurance, this will not violate the prudence and diversification requirements if the individual participant or beneficiary has control over his account and determines, for himself, that the assets should be so invested.)

Exceptions for purchase of insurance.—The substitute does not prohibit a plan from purchasing life insurance, health insurance, or annuities from the employer that maintains the plan if the employer is an insurer qualified to do business in a State (or the District of Columbia). In this case, it would be contrary to normal business practice to require the plan of an insurance company to purchase its insurance from another insurance company. This exemption is available only if no more than adequate consideration is paid for the insurance by the plan.

This exemption also applies to the purchase of life insurance, health insurance, and annuities from an insurer that is wholly-owned, directly or indirectly, by the employer establishing the plan (or is wholly owned by a party-in-interest with respect to the employer establishing a plan). This rule applies if the total premiums and annuity considerations written by all such wholly-owned insurers for life insurance, health insurance, and annuity premiums purchased by all employers which are parties-in-interest and their plans are not more than 5 percent of the total premiums and annuity considerations written for all lines of insurance by these insurers. (In computing this 5 percent figure, all premiums and annuity considerations written by an insurance company for a plan which it maintains are to be excluded from both the numerator and the denominator of the fraction.) This exception also is allowed only if no more than adequate consideration is paid for the insurance.

The conferees understand that for some purposes, certain insurance contracts may be considered as securities. However, the substitute provides that insurance contracts are not to be considered as "employer securities" to the extent that the exception described above from the prohibited transaction requirements would apply to the purchase of insurance contracts by a plan. (Otherwise, the rules with respect to employer securities might, as a practical matter, prevent this exemption from operating as it is intended.)

Exemption for ancillary bank services.—Unless otherwise specifically allowed by statutory or administrative exemption, generally a fiduciary is not to be able to provide "multiple services" to a plan. (However, the prohibition against providing multiple services is not to apply to parties-in-interest, who are not fiduciaries.) This rule was adopted because of the potential problems inherent in situations where persons who can act on behalf of a plan also are in a position to personally benefit at the expense of the plan in exercising that authority. However, as indicated above, it is expected that administrative exemptions will be established for sound commercial and financial practices where there are adequate safeguards. Also, the substitute provides some limited statutory exemptions from the general rule.

Under the substitute, a bank or similar financial institution (such as a savings and loan association or credit union), which is supervised by Federal or State authorities, is not prohibited from providing multiple ancillary services in certain limited circumstances. First, no more than reasonable compensation can be charged by the bank, etc., for these services. Also the bank, etc., must have established adequate internal safeguards to assure that its provision of ancillary services is in accord with sound banking and financial practice, as determined by Federal and State banking authorities. In addition, the bank's action must be in accordance with binding specific guidelines issued by the bank that will prevent the bank from providing ancillary services in an unreasonable or excessive manner or in a manner that would be inconsistent with the best interests of the plan's participants and beneficiaries. Such guidelines are to be subject to, and not inconsistent with, coordinated regulations of the Secretaries of Labor and Treasury, which are to be issued after consultation with State and Federal banking authorities. The bank's guidelines must be reported to the Department of Labor and Internal Revenue Service, and must be reported to each plan to which multiple services are provided. Of course, if the bank does not follow the guidelines, the exemption will not be available.

Placing plan funds in noninterest bearing checking accounts is an example of the type of an ancillary service that might be provided by a bank that is a plan fiduciary. However, a number of short-term investment vehicles have been developed recently so that such cash balances should be kept to the very minimum necessary for the current operations of the plan. Therefore, it is expected that adequate guidelines and procedures to prevent unreasonable cash balances will require the bank to invest plan funds in such vehicles to the maximum extent feasible. Also, in determining whether a plan pays more than reasonable compensation for its checking account services, the interest available on an alternate use of the funds is to be considered. It is also expected that proper procedures and guidelines will keep to a minimum the amount of discretion on the part of the bank, etc., in determining the amount of cash balances. The conferees intend that such limitation of discretion is to be included in guidelines that govern other ancillary services that may be provided by banks, etc.

Exemption for conversion of securities.—Under the stustitute a plan may hold or acquire certain employer securities. Since some of these securities may be convertible (*e.g.*, from bonds to stock) the substitute would not prohibit such a conversion to the extent provided in regulations if the plan receives at least fair market value under the conversion. It is expected that a conversion will be permitted if all the securities of the class held by the plan are subject to the same terms and such terms were determined in an arm's-length transaction, so that conversions cannot be tailored to apply only to a particular plan. Similarly, it is intended that a conversion generally will not be permitted if all but an insignificant percentage of unrelated holders of such securities do not exercise such conversion privileges. Also, it is intended that any acquisition of employer securities pursuant to a conversion privilege must be within the limits established by the by the geneal rules governing the acquisition and holding of employer securities, discussed below.

Exemption for certain pooled investment funds.—The conferees understand that it is common practice for banks, trust companies and insurance companies to maintain pooled investment funds for plans. If the bank, etc., is the plan trustee and invests the plan assets in its pooled fund (rather than managing the assets individually) this would be considered a purchase of investment units in the fund and would be prohibited under the general rules. However, since generally the net effect of pooling plan assets is to achieve more efficient investment management, in certain circumstances the substitute allows the purchase and sale of interests in a pooled fund maintained by a bank, etc., which is a plan fiduciary.

To be allowed, no more than reasonable compensation may be paid by the plan in the purchase (or sale) and no more than reasonable compensation may be paid by the plan for investment management by the pooled fund. In addition, it generally is inappropriate for the bank, etc., to make the decisions with respect to investment in a pooled fund because of a potential conflict of interest. Therefore, this exception is allowed only if the transaction is specifically permitted by the plan or if a plan fiduciary (other than the bank, etc., or its affiliates) who has authority to manage and control the plan assets specifically permits such investment.

Banks, etc., that operate such pooled investment funds are, of course, plan fiduciaries. As fiduciaries they must act, *e.g.*, for the exclusive benefit of participants and beneficiaries. Therefore, a bank, etc., cannot use pooled funds as a place to dump unwanted investments which were initially made on its own (or another's) behalf.

Exemptions for owner-employees, etc.—The substitute retains the prohibited transaction rules (but not the disqualification sanction) of present law (sec. 503(g) of the Internal Revenue Code) with respect to owner-empoyees. Consequently, under the substitute the exceptions from the prohibted transaction rules described above generally will not apply with respect to sales, loans, payments for services, etc., between a plan and an owner-employee with regard to that plan. Also, since shareholder employees of subchapter S corporations are generally treated as owner-employees, the same limitations apply with respect to shareholder-employees. Additionally, these limitations apply to participants and beneficiaries of (and employers who establish and maintain) individual retirement accounts, individual retirement annuities, and individual retirement bonds, since these persons generally have the same type of control with respect to a plan as do owner-employees.

Exemptions for distribution of plan assets.—It is not a prohibited transaction for a plan to distribute its assets in accordance with the provisions of the plan and in the case of a pension plan if the distribution is in accord with the allocation of assets rules under the termination insurance provisions of the substitute.

Also a distribution of assets from a welfare (or pension) plan, as described above in "Basic fiduciary rules", is exempt from the labor provisions as to prohibited transactions.

Employer securities and employer real property

Eligible individual account plans.—The labor provisions of the substitute generally limit the acquisition and holding by a plan of employer securities and of employer real property (combined) to 10 percent of plan assets. (Employer securities are securities issued by an employer with employees covered by the plan or its affiliates. Employer real property is real property which is leased by a plan to an employer (or its affiliates) with employees covered by the plan.)

However, a special rule is provided for individual account plans which are profit-sharing plans, stock bonus plans, employee stock ownership plans, or thrift or savings plans, since these plans commonly provide for substantial investments in employer securities or real property. Also, money purchase plans which were in existence on the date of enactment, and which invested primarily in employer securities on that date are to be treated the same way as profit-sharing, etc., plans. (However, employer-established individual retirement accounts are not to be eligible individual account plans.)

In recognition of the special purpose of these individual account plans, the 10 percent limitation with respect to the acquisition or holding of employer securities or employer real property does not apply to such plans if they explicitly provide for greater investment in these assets. In addition, the diversification requirements of the substitute and any diversification principle that may develop in the application of the prudent man rule is not to restrict investments by eligible individual account plans in qualifying employer securities or qualifying employer real property.

These exceptions apply only if the plan explicitly provides for the relevant amount of acquisition or holding of qualifying employer securities or qualifying real property. For example, if a profit-sharing plan is to be able to invest half of its assets in qualifying employer securities the plan must specifically provide that up to 50 percent of plan assets may be so invested. In this way, the persons responsible for asset management, as well as participants and beneficiaries, will clearly know the extent to which the plan can acquire and hold these assets. Plans in existence on the date of enactment will have one year from January 1, 1975, to be amended to comply with this requirement. If the plan does not comply within one year (but, *e.g.*, complies 2 years after January 1, 1975), then during the interim period, the plan will be subject to the 10 percent rule as well as the diversification requirement. This means, generally, that the plan will not be able to acquire any additional employer securities or employer real property during this period (and preparation should be made for divestiture of half of the excess of employer securities and real property by January 1, 1980.)

Under the substitute only, "qualifying" employer securities may be acquired and held by individual account plans under the rules described above. Stock of the employer will constitute qualifying securities. Also, certain debt will be qualifying employer securities if it is traded on a national securities exchange or has a price otherwise established by independent persons hold at least one-half of the issue. (Qualifying employer debt securities essentially are debt securities that meet the present rules of section 503(e) of the Internal Revenue Code.)

Also, under the substitute only "qualifying" employer real property may be acquired and held by eligible individual account plans under the rules described above. Real property which is leased to an employer is qualifying employer real property if a substantial number of the parcels are distributed geographically and if each parcel of real property and the improvements on it are suitable (or adaptable without excessive cost) for more than one use.[4] For example, the plan might acquire and lease to the employer multipurpose buildings which are located in different geographical areas. It is intended that the geographic dispersion be sufficient so that adverse economic conditions peculiar to one area would not significantly affect the economic status of the plan as a whole. All of the qualifying real property may be leased to one lessee, which may be the employer or an affiliate of the employer.

To the extent that an eligible individual account plan can acquire qualifying employer securities, it may acquire these securities from parties-in-interest if the acquisition is for adequate consideration and no commission is charged in the transaction. (The conferees intend that if a purchase is made from an underwriter who assumes the risks of market fluctuations after the award date, the underwriter's margin is not to be regarded as a "commission.") A similar exception from the prohibited transaction rules (in both the labor and tax provisions) is available for the acquisition from an employer of qualifying employer real property, the leasing of such property to the employer (or its affiliate) and the sale of such real property back to the employer on termination of the lease for adequate consideration. However, real property is not qualifying employer real property unless it is leased to the employer. Therefore, except for qualifying leasebacks, a plan generally is prohibited from acquiring real property from the employer.

Other plans.—Under the substitute, a plan other than an eligible individual account plan cannot acquire any employer securities or real property if immediately after doing so the plan would hold more than 10 percent of the fair market value of its assets in employer securities or real property. The acquisition rules apply not only to the purchase of employer securities, etc., but also to acquisition in other ways such as by exercise of warrants or by acquisition on default of a loan where the stock was made security for the loan. Also, these plans (as eligible individual account plans) are not to acquire any employer securities or employer real property other than qualifying employer securities or qualifying employer real property.

In addition, if a plan holds more than 10 percent of the fair market value of its assets in employer securities and real property on January 1, 1975, it is to dispose of enough of these assets to bring its holdings of employer securities, etc., to no more than 10 percent of plan assets on or before December 31, 1984.

In general, the 10 percent holding rule will be met on the first date after January 1, 1975 (and on or before December 31, 1984) that a plan holds no more than 10 percent of the fair market value of its assets in employer securities or employer real property. Thus, if a plan on January 1, 1975, holds qualifying employer securities and qualifying employer real property worth $200,000 and has total assets worth $1,000,000, the plan must bring its employer securities, etc., down to 10 percent of plan assets. If, *e.g.*, there is a substantial market rise in the value of the plan's other assets in the year 1976, so all plan assets are now worth $2,000,000, but employer securities are still worth $200,000, then the holding requirement has been met and from that time on, only the acquisition rule will affect the plan. (Under the acquisition rule, the plan could not acquire any more qualifying employer securities in 1976, since immediately after the acquisition more than 10 percent of plan assets would be invested in employer securities.) Also, if the fair market value of other plan assets decrease to $1,500,000 in 1977, so the plan has $200,000 of employer securities and $1,500,000 total assets, the plan will not violate the holding (or acquisition) rules, since it met the holding rules in 1976.

Under the substitute, a plan is not required to dispose of more qualifying employer securities than would bring its holdings down to 10 percent of the fair market value of assets on the date of enactment. Thus, if a plan had $200,000 of employer securities and $1,000,000 total assets on date of enactment, it would satisfy the 10 percent holding rule when it had employer securities of $100,000, even if its total assets had dropped to $900,000.

The substitute allows a special election for calculating the 10 percent holding rule (but not the 10 percent acquisition rule). Under this election, the 10 percent holding rule is met if on or before December 31, 1984, the value of employer securities which are held on January 1, 1975, is no greater than 10 percent of the fair market value of plan assets on January 1, 1975, plus employer contributions to the plan made after December 31, 1974, and prior to January 1, 1985. For this purpose, employer contributions are to be included only to the extent of the growth in the value of plan assets (other than employer securities) from January 1, 1975, through December 31, 1984. Election to make this provision applicable must be made prior to January 1, 1976, and the election is irrevocable once it is made. For purposes of this rule, employer securities held on January 1, 1975, are to include employer securities the ownership of which is derived solely from the employer securities held on January 1, 1975, or from the exercise of rights derived from such ownership under regulations to be prescribed by the Secretary of Labor. This election is to be available only for a plan which holds no employer real property, and does not acquire employer real property until after December 31, 1984.

A plan must be half-way toward meeting the 10-percent rule by December 31, 1979. The maximum percentage of assets that a plan may have in employer securities and employer real property on that date is to be established by regulations (which are to be issued by December 31, 1976). Generally, it is expected that the regulations will provide that the maximum percentage of assets that a plan may have in employer securities and real property on (or before) December 31, 1979, is to be determined by adding 10 percent to half of the percentage of employer securities, etc., held by the plan on January 1, 1975 in excess of 10 percent. For example, if 15 percent of the plan's assets are in employer securities on January 1, 1975, generally it is expected that the plan must have reduced its percentage of employer securities to 12½ percent on or before December 31, 1979. (That is, $10+\frac{(15-10)}{2}=12\frac{1}{2}$.)

If securities are qualifying employer securities they generally can be acquired or held notwithstanding the prohibited transaction rules, if acquisition is for adequate consideration and no commission is charged and if acquisition is allowed by the employer securities rules. However (except as noted above for eligible individual account plans), acquisition and holding of these assets must also meet the rules of prudence, diversification, etc. Therefore, if the diversification and prudence rules require that less than 10 percent of plan assets are to be held in employer securities and employer real property, the lower limit is to govern. Furthermore, the exclusive benefit rule also may apply. Thus, while a plan may be able to acquire employer securities or real property under the employer securities rules, the acquisition must be for the exclusive benefit of participants and beneficiaries. Consequently, if the real property is acquired primarily to finance the employer, this would not meet the exclusive benefit requirements.

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[4] Qualifying employer real property includes the real property and related personal property.

Generally these rules apply only to the holding (or acquiring) of qualified employer securities or qualified employer real property. Under the general prohibited transaction rules, a plan is not to hold (or acquire) any other employer securities or employer real property (since this would be a prohibited loan or lease, respectively). Of course, the general transition rules discussed below will apply to employer securities or real property held on July 1, 1974.

Civil liability

Fiduciaries.—Under the labor provisions (but not the tax provisions) of the substitute, a fiduciary who breaches the fiduciary requirements of the bill is to be personally liable for any losses to the plan resulting from this breach. Such a fiduciary is also to be liable for restoring to the plan any profits which he has made through the use of any plan asset. In addition, such a fiduciary is to be subject to other appropriate relief (including removal) as ordered by a court. The place and manner of bringing civil actions against a fiduciary is described below.

Generally, a plan fiduciary is not to be liable for any breach of fiduciary duty if it occurred before he became a fiduciary or after he was no longer a fiduciary.

Party-in-interest.—A party-in-interest who engages in a prohibited transaction with respect to a plan that is not qualified (at the time of the transaction) under the Internal Revenue Code may be subject to a civil penalty of up to 5 percent of the amount involved in the transaction. If the transaction is not corrected after notice from the Secretary of Labor, the penalty may be up to 100 percent of the transaction.

Exculpatory provisions and liability insurance.—Under the substitute, exculpatory provisions which relieve a fiduciary from liability for breach of the fiduciary responsibility rules are to be void and of no effect. (However, this is not to affect the fiduciary's ability to allocate or delegate his responsibilities, as described above.)

The substitute also provides, however, that a plan may purchase insurance for itself and for its fiduciaries to cover liability or loss resulting from their acts or omissions if the insurance permits recourse by the insurer against the fiduciaries in case of a breach of fiduciary responsibility. Also, under the substitute, a fiduciary may purchase insurance to cover his own liability, and an employer or union may purchase liability insurance for plan fiduciaries (and these policies need not provide for recourse).

Excise tax on prohibited transactions

In general.—As indicated above, the substitute establishes an excise tax on disqualified persons who participate in specific prohibited transactions respecting a pension plan. The tax applies with respect to a plan which has qualified after the effective date of the prohibited transaction provisions (or has been determined to qualify by the Secretary of the Treasury under sections 401, 403 (a), or 405(a) of the Code) and with respect to a qualified individual retirement account, bond or annuity (under sections 408 or 409). The prohibited transaction rules and excise tax sanctions are to continue to apply even if the plan, etc., should later lose its tax qualification.

This excise tax generally follows the same procedures as the tax on self-dealing enacted in 1969 Tax Reform Act with respect to private foundations. The tax is at two levels: initially, disqualified persons who participate in a prohibited transaction are to be subject to a tax of 5 percent of the amount involved in the transaction per year. A second tax of 100 percent is imposed if the transaction is not corrected after notice from the Internal Revenue Service that the 5-percent tax is due.

Following present law with respect to private foundations, under the substitute where a fiduciary participates in a prohibited transaction in a capacity other than that, or in addition to that, of a fiduciary, he is to be treated as other disqualified persons and subject to tax. Otherwise, a fiduciary is not to be subject to the excise tax.

The first-level tax is owed for each taxable year (or part of a year) in the period that begins with the date when the prohibited transaction occurs and ends on the earlier of the date of collection or the date of mailing of a deficiency notice for the first-level tax (under section 6212 of the Internal Revenue Code). The first-level tax is imposed automatically without regard to whether the violation was inadvertent.

If more than one person is liable for the excise tax as a result of a particular prohibited transaction, they all are to be jointly and severally liable. For example, if the prohibited transaction involves $100,000, all disqualified persons who participated in the transaction will be jointly and severally liable for the first-level tax of $5,000 (per year in the taxable period) and also jointly and severally liable for the second-level tax of $100,000.

The excise tax on a prohibited transaction is dependent upon the amount involved in the transaction. The substitute provides that the amount involved is the greater of the fair market value of the property (including money) given or received in a transaction. However, with regard to services which generally may be paid for if the compensation is not excessive, the amount involved generally is the excess compensation. For the first-level tax, the amount involved in a prohibited transaction is valued as of the date of the transaction. However, for the second-level tax, the amount involved is valued at the highest fair market value during the correction period. The higher valuation is used for the second-level tax so the person subject to tax will not delay returning the amount involved to the trust in order to earn income with this amount.

A prohibited transaction may be corrected to avoid a second-level tax at any time before the 90th day after the Internal Revenue Service mails a notice of deficiency with respect to the second-level tax. However, the 90-day period may be extended by any period within which a deficiency cannot be assessed (because of petitions to the Tax Court), and may also be extended for a period which the Internal Revenue Service determines is both reasonable and necessary to correct the prohibited transaction.

To correct a prohibited transaction, the transaction must be undone to the extent possible, but in any case the final position of the plan must be no worse than it would have been if the disqualified person were acting under the highest fiduciary standards. The higher valuation to be used in computing any second-level tax that might be applicable is also the valuation to be used in correcting the transaction. In other words, correction requires that the plan receive the benefit of whatever bargain turns out to have been involved in the transaction.

Before sending a notice of deficiency with respect to the first level and second level taxes, the Internal Revenue Service is to notify the Secretary of Labor and provide him a reasonable opportunity to obtain a correction of the prohibited transaction or to comment on the imposition of these taxes. However, the Service will be able to waive (or abate) only the second level tax (and not the first level tax) upon a correction that is obtained by the Secretary of Labor.

Voluntary retroactive application.—Under present law, if a prohibited transaction occurs, a plan (and trust) loses its exemption from taxation. If a trust is disqualified because of an act of the trustee and the employer, then the income tax imposed on the trust may be paid out of funds otherwise available to provide employees' retirement benefits and the sanction may then fall on innocent employees. To correct this problem in the future, the substitute eliminates disqualification and instead would impose an excise tax sanction for a violation of the prohibited transactions provisions.

The substitute also makes the excise tax sanction available—on a wholly voluntary basis—instead of the disqualification sanction in the case of plans which have engaged in prohibited transactions in (open) years before the effective date of the new prohibited transactions. Therefore, if a disqualified person with respect to a plan elects to be subject to and pays the excise tax, the plan and trust are not to be disqualified. For purposes of this application of the excise tax, the prohibited transactions are to be defined by present section 503 (b) or (g) of the Code and the amount involved is to be the amount that would be determined under new section 4975 of the Code. Since the tax is to be wholly voluntary, the joint and several liability provisions of new section 4975 are not to apply (unless there is an election by several disqualified persons to this effect). Also, the first-level tax that is to be paid under this provision will be owed for taxable periods calculated under new section 4975. Thus, if the prohibited transaction (under present section 503) occurred in 1972 and is corrected in 1974, the first-level tax will be owed for 1972, 1973, and 1974. As under new section 4975, the second-level tax will be owed only if the transaction is not corrected within the time allowed by that section.

Since this is to be a relief provision, no liability is to be imposed under the labor provisions of the substitute on a person who may be a plan fiduciary after January 1, 1975, if he fails to pay the tax and the plan is disqualified. Consequently, any decision to pay or not to pay this optional tax is to be deemed to have been made before January 1, 1975, and, therefore, to be made before the substitute would establish any duties on plan fiduciaries.

Definitions

The substitute defines "fiduciary" as any person who exercises any discretionary authority or control respecting management of a plan, exercises any authority or control respecting the management or disposition of its assets or has any discretionary authority or responsibility in the administration of the plan. Under this definition, fiduciaries include officers and directors of a plan, members of a plan's investment committee and persons who select these individuals. Consequently, the definition includes persons who have authority and responsibility with respect to the matter in question, regardless of their formal title. The term "fiduciary" also includes any person who renders investment advice for a fee and includes persons to whom "discretionary" duties have been delegated by named fiduciaries.

While the ordinary functions of consultants and advisers to employee benefit plans (other than investment advisers) may not be considered as fiduciary functions, it must be recognized that there will be situations where such consultants and advisers may because of their special expertise, in effect, be exercising discretionary authority or control with respect to the management or administration of such plan or some authority or control regarding its assets. In such cases, they are to be regarded as having assumed fiduciary obligations within the meaning of the applicable definition.

The labor definition of a "party-in-interest" includes the following general categories. (1) Plan administrators, officers, fiduciaries, trustees, custodians, counsel and employees. (2) Persons providing services to a plan. (3) The employer, its employees, officers, directors, or 10-percent shareholders. (4) Controlling or controlled parties or parties under common control (and their employees, officers, directors, or 10-percent shareholders). (Under the substitute, "control" is generally defined at 50-percent ownership. However, the Secretary of Labor and Secretary of Treasury may, by regulation, reduce this percentage.) (5) Employee organizations with members covered by the plan, its employees, its officers and directors and its affiliates. (6) Certain relatives and partners of parties-in-interest are also treated as parties-in-interest.

Under the tax provisions, the same general categories of persons are disqualified persons, with some differences. Although fiduciaries are disqualified persons under the tax provisions, they are to be subject to the excise tax only if they act in a prohibited transaction in a capacity other than that of a fiduciary. Also, only highly-compensated employees are to be treated as disqualified persons, not all employees of an employer, etc.

Prohibition against certain persons holding office

The labor provisions of the substitute prohibit a person who is convicted of certain specified crimes from serving as a plan administrator, fiduciary, officer, trustee, custodian, counsel, agent, employee or consultant of a plan for five years after conviction or five years after the end of imprisonment, whichever is later. However, such a person may serve as an administrator, etc., of a plan if his citizenship rights have been fully restored or if the United States Board of Parole determines that his service would not be contrary to the purposes of the labor provisions of the substitute.

Corporations and partnerships are not to be barred from acting as plan administrators, etc., without a determination from the Board of Parole that such service would be inconsistent with the labor provisions of the substitute.

No one is to knowingly permit another to serve as a plan administrator, etc., in violation of this provision. Those who violate this provision may be fined up to $10,000 and also may be imprisoned for up to one year This provision is to apply to crimes committed before the date of enactment.

Bonding

The labor provisions of the substitute generally require every fiduciary of an employee benefit plan (and every person who handles funds or other property of a plan) to be bonded. This provision generally is identical to present section 13 of the Welfare and Pension Plans Disclosure Act and it is intended that the construction given to the bonding requirements before enactment of the substitute would continue. Generally, the amount of the bond is to be not less than 10 percent of the funds handled and not less than $1,000 (nor more than $500,000, except as otherwise required by the 10 percent rule or as prescribed by the Secretary of Labor). The substitute would not require a bond if plan benefits are paid only from the general assets of a union or employer. A bond also is not to be required for a domestic trust or insurance corporation subject to State or Federal supervision or examination if it has capital and surplus combined in excess of $1 million (or such other higher amount determined by the Secretary of Labor). However, a special rule is provided for banks or other financial institutions exercising trust powers if their deposits are not insured by the Federal Deposit Insurance Corporation. In this case a bond will not be required if the corporation meets bonding (or similar requirements) of State law which the Secretary of Labor determines are at least equivalent to bonding requirements imposed on banks under Federal law.

It is expected that regulations to be prescribed by the Secretary of Labor under this provision would include procedures for exempting plans where other bonding arrangements of the employer, employee organization, investment manager or other fiduciaries or the overall financial condition of the plan or the fiduciaries meet specified standards deemed adequate to protect the interests of the beneficiaries and participants, including bonds subject to a reasonable maximum for professional investment managers supervising large aggregations of clients' funds.

Effective date and transition rules

Generally, the new fiduciary responsibility rules are to take effect on January 1, 1975. However, with respect to any plan which is covered by plan termination insurance and which terminates before January 1, 1975, the fiduciary rules are to take effect on the date of enactment of the bill.

Under the labor provisions, the Secretary of Labor may postpone until January 1, 1976, the effective date with respect to the requirements for establishing a plan and establishing a trust, the rules regarding liability for breach by a co-fiduciary (other than the rules allowing delegation of asset management functions to an investment manager) and the rules prohibiting exculpatory clauses. The Secretary of Labor may allow such a delay only for plans in existence on the date of enactment and only if he determines (on application of the plan) that the delay is (1) necessary to amend the plan instrument, and (2) not adverse to the plan participants and beneficiaries.

To prevent undue hardship, the substitute also provides transition rules for situations where employee benefit plans are now engaging in activities which do not violate current law, but would be prohibited transactions under the substitute.

One of the transition rules permits the leasing or joint use of property involving a plan and a party in interest under a binding contract in effect July 1, 1974 (or pursuant to renewals of the contract), to continue for 10 years beyond that date until June 30, 1984. For this transition rule to apply, the lease or joint use must remain at least as favorable to the plan as an arm's-length transaction with an unrelated party and must not otherwise be a prohibited transaction under present law. A similar 10-year transition rule applies to loans or other extensions of credit under a binding contract in effect on July 1, 1974 (and renewals thereof), where the loan remains as favorable as an arm's-length transaction with an unrelated party and is not prohibited under present law.

The substitute allows a plan to sell property, at arm's-length terms, to a party in interest where the property is now under lease or joint use which qualifies for the 10-year transition rule described above. Sales of this type must occur before July 1, 1984. This transition rule is provided because it appears that such leases are not uncommon and in such cases often a party in interest is the best available buyer.

The substitute allows a fiduciary to provide multiple services to a plan until June 30, 1977, if he ordinarily and customarily furnishes services on June 30, 1974. Under this provision, such a fiduciary would not be limited to providing these services to plans which he served on that date, but he could take on new customers after that date. Under the substitute, multiple services also can be provided until June 30, 1977, if they were being provided under a binding contract in effect on July 1, 1974 (or under renewals of such a contract). It is intended that under this provision fiduciaries can continue to provide such services for the next three years in order that they might continue their business during the pendency of and application for a variance from the prohibited transaction rules. However, these services can only be provided under the transition rules if the price is at least an arm's-length price during the whole transition period and if they would not constitute a prohibited transaction under current section 503 of the Internal Revenue Code.

The substitute permits a plan to dispose of excess employer securities or employer real property owned by the plan on June 30, 1974, and at all times thereafter to a party-in-interest if the holding of such property would violate the rules governing holding of employer securities and real property, and if the sale, etc., is at fair market value.

VI. LABOR AND TAX ADMINISTRATION AND ENFORCEMENT (SEC. 501–516 AND 1041–1052 OF THE BILL AND SECS. 7476 AND 7802 OF THE INTERNAL REVENUE CODE)

Labor Department

Criminal penalty.—Under the bill as passed by the House, any person who willfully violates any of the provisions in title I of the Act, makes any statement in any report required to be filed or to be kept under that title knowing that it is false or misleading in any material fact, or forges or counterfeits or passes as true any document knowing it was forged or counterfeit for the purpose of influencing the acts of the Secretary of Labor is guilty of a crime which is punishable by a fine of up to $10,000 and 5 years of imprisonment, or both. If the act is committed by someone other than an individual the fine may be up to $200,000.

The bill as passed by the Senate did not contain comparable provisions but did provide for a fine of up to $1,000 and 6 months imprisonment, or both, for willful violation of the disclosure provisions.

Under the conference agreement, any person who willfully violates any provisions in title I of the bill relating to reporting and disclosure may be fined not more than $5,000 or imprisoned for more than 1 year, or both, except that in the case of a violation by a person other than an individual the fine may not exceed $100,000. The conference agreement retains present criminal provisions of Title 18, U.S.C. relating to false statements, bribery, kickbacks, embezzlement, etc., in connection with employee benefit plans.

Civil penalty for failure to disclosure.—Under the bill as passed by the House, if a plan administrator fails or refuses to furnish a participant or a beneficiary with a copy of the latest annual report (or such other information that is required to be furnished under the Act) within 30 days after a request for it, the administrator may be personally liable to the participant or beneficiary for up to $50 a day from the date of the failure and a court, in its discretion, may grant such other relief as it deems proper. The bill as passed by the Senate contains no comparable provision but relies upon the existing provisions of law to impose liability on the plan administrator. Under the conference agreement the administrator may be personally liable to the participant or beneficiary for up to $100 per day from the date of the failure and the court may in its discretion order such other relief as it deems proper.

Civil actions by participants and beneficiaries.—In addition, under the bill as passed by both the House and Senate, civil action may be brought by a participant or beneficiary to recover benefits due under the plan, to clarify rights to receive future benefits under the plan, and for relief from breach of fiduciary responsibility.

Under the conference agreement, civil actions may be brought by a participant or beneficiary to recover benefits due under the plan, to clarify rights to receive future benefits under the plan, and for relief from breach of fiduciary responsibility. The U.S. district courts are to have exclusive jurisdiction with respect to actions involving breach of fiduciary responsibility as well as exclusive jurisdiction over other actions to enforce or clarify benefit rights provided under title I. However, with respect to suits to enforce benefit rights under the plan or to recover benefits under the plan which do not involve application of the title I provisions, they may be brought not only in U.S. district courts but also in State courts of competent jurisdiction. All such actions in Federal or State courts are to be regarded as arising under the laws of the United States in similar fashion to those brought under section 301 of the Labor-Management Relations Act of 1947. The U.S. district courts are to have jurisdiction of these actions without regard to the amount in controversy and without regard to the citizenship of the parties.

In any action brought by a participant or beneficiary, the court may allow reasonable attorney's fees or costs to either party. An action in the U.S.-district court may be brought in the district where the plan is administered or where the breach of fiduciary duty took place, or where a defendant resides or may be found. Process may be served in any other district where a defendant resides or may be found. If a participant or beneficiary brings an action in Federal court to enforce rights under title I, he is to provide a copy of the complaint to the Secretary of Labor and the Secretary of Treasury by certified mail. A copy is not required to be provided in any action which is solely for the purpose of recovering benefits under the plan. The Secretary of Labor or the Secretary of Treasury, or both, are to have the right to intervene in any action at their discretion.

Civil actions by the Secretary of Labor.— Under the bill as passed by the House, the Secretary of Labor may bring suit for breach of fiduciary responsibility and to enjoin any act or practice which violates the provisions of title I of the Act. The Secretary of Labor may also intervene in actions brought under the Act by participants and beneficiaries.

Under the bill as passed by the Senate, the Secretary of Labor may petition the court for an order requiring the return of assets transferred from a retirement fund, requiring the payment of benefits to a participant or beneficiaries, restraining conduct violating the fiduciary rules, and granting such other appropriate relief including the removal of a fiduciary. The Secretary is also authorized to bring suit when he believes that an employee benefit fund is being or has been administered in violation of the Act or the governing documents of the retirement fund. In addition, the bill as passed by the Senate authorizes the Secretary of Labor to intervene at his discretion in actions brought under the Act by participants or beneficiaries.

The conference agreement generally conforms to the provisions as passed by the House. The Secretary of Labor may bring an action for breach of a fiduciary duty or to enjoin any act or practice which violates the provision of title I of the Act or to obtain any other appropriate relief to enforce any provision of that title. In the case of a transaction by a party in interest with respect to a plan which is not qualified under the Internal Revenue Code, the Secretary of Labor may assess a civil penalty not to exceed 5 percent of the amount of the transaction. If not corrected, an additional penalty of not more than 100 percent of the transaction may be imposed.

In the case of any plan which has been found by the Internal Revenue Service to be a qualified employee benefit plan under the Internal Revenue Code (or with respect to any plan which has a pending application for a determination to be so qualified), the Secretary of Labor is not to bring an action for equitable relief with respect to a violation of the participation, vesting and funding standards of title I unless he is either requested to do so by the Secretary of the Treasury or by one or more participants, beneficiaries, or fiduciaries of the plan.

Benefit claim procedure.—The bill as passed by the House contains no provisions providing for procedures for resolving disputes between the plan administrator and participants or beneficiaries. Under the bill as passed by the Senate each pension plan is required to establish a procedure for a review of disputes between the plan administrator and participants or beneficiaries and afford an opportunity for arbitration of any dispute. Under the conference agreement every employee benefit plan is required to provide adequate notice in writing to any participant or beneficiary whose claim for benefits under the plan has been denied, setting forth the specific reasons for denial written in a manner calculated to be understood by the participant. In addition, the plan administrator is required to afford a reasonable opportunity to any participant or beneficiary whose claim for benefits has been denied for a full and fair review of this decision by the plan administrator.

Investigatory authority.—Under the bill as passed by the House, the Secretary of Labor, where he has reasonable cause to believe that violation of the provisions of this bill have been committed, may enter places, inspect accounts and question persons to the extent he deems necessary in order to determine whether any provision of title I has been or is about to be violated. The Secretary is authorized to request the filing of supporting schedules of information and to publish and report on any investigation to interested persons or government officials.

Under the bill as passed by the Senate, the Secretary may enter premises and inspect records and accounts but he may make no more than one examination of books and records per year unless he has reasonable cause to believe that there was a violation of title I. The bill as passed by the Senate also authorizes the Secretary to require the filing of supporting schedules of information. The Secretary of Labor is further authorized to make arrangements with the Secretary of Treasury to prevent duplication of effort regarding investigation of violations relating to fiduciaries.

Under the conference agreement, the Secretary of Labor is to have the power to determine whether there have been violations or there are about to be violations of any provision of title I to make an investigation. In connection with the investigation, he may require the submission of reports, books and records, and the filing of supporting data, but no plan may be required to submit such books, records or supporting data more than once annually unless the Secretary has reasonable cause to believe there may exist a violation under title I. The Secretary also may enter places and inspect records and accounts and question those persons he deems necessary to enable him to determine the facts relative to the investigation if he has reasonable cause to believe there may exist a violation under title I. The Secretary is authorized to make available to persons covered by the plan and to any department or agency of the United States information concerning any matter which has been the subject of the investigation.

Subpoena power.—Under the bill as passed by the House, the Secretary of Labor is given the same powers of subpoena as are given to the Federal Trade Commission. The bill as passed by the Senate contains the same provisions as that passed by the House and in addition provides that Secretary of Labor may delegate his auditing and investigation functions with respect to insured banks acting as fiduciaries to appropriate Federal banking agencies. The conference agreement adopts the provisions of the bill as passed by the Senate.

Appropriations authorized, etc.—Under the bill as passed by the House and the Senate, there is authorized appropriations of such sums as may be necessary to enable the Secretary of Labor to carry out his functions and duties under the bill. In addition, under the bill as passed by the Senate, the Secretary of Labor is authorized to increase the number of supergrade positions in the Department of Labor. Under the conference agreement the Secretary of Labor is authorized to add one additional position in the GS–18 level in the Department of Labor and to place 20 additional positions in the GS–16 and 17 level in the Department of Labor.

Service of process.—Under the bill as passed by the House, subpoena or other legal process of a court upon a trustee or plan administrator constitutes service on the plan. In addition, a plan may sue or be sued as an entity. The bill as passed by the Senate does not contain comparable provisions. The conference agreement basically adopts the provisions as passed by the House but provides that where a plan does not designate in its plan description an individual as agent for service of legal process, service upon the Secretary of Labor is to constitute adequate service. In that case the Secretary upon receipt of service of process is to notify the administrator or any trustee of the pending action within 15 days after he is served.

Enforcement of judgment.—The bill as passed by the House provides that a money judgment under title I of the Act against the plan is to be enforceable only against the plan as an entity and not against any other person unless that person's liability is established in his individual capacity. The bill as passed by the Senate did not contain a comparable provision. Under the conference agreeemnt the House provisions are adopted.

Government representation.—Both the House bill and the Senate amendment provide for the Secretary of Labor to be represented by attorneys appointed by him in civil actions arising under the Act, except for litigation before the Supreme Court and the Court of Claims. The conference agreement adds the qualification that "all such litigation shall be subject to the direction and control of the Attorney General." The new language was added in order to make clear that even though litigation is conducted by Labor Department attorneys, there is to be authority in the Attorney General to resolve those situations where two or more agencies of the Federal government have varying positions with respect to issues in litigation and, in such situations, to assure that the government takes uniform positions before the courts. In addition, the Attorney General is to have authority concerning the presentation to the courts of the government's position with respect to such issues of general importance as the constitutionality of Federal laws. Under the conference agreement, it is intended that in civil litigation involving the Secretary of Labor under this bill, the Secretary, in the normal course, will be represented in court by the Solicitor of Labor and his attorneys, with appropriate arrangements being made between the Secretary of Labor and the Attorney General with respect to the active involvement of the Justice Department in the types of situations discussed above.

Reports to Congress.—Under the bill as passed by the House, the Secretary of Labor is to report annually to the Congress regarding the administration of title I. This report is to include an explanation of the variances granted, a status report on any plan operating with a variance and its progress in achieving compliance with the Act, the projected date for terminating the variance and information, and recommendations for further legislation in connection with matters covered by title I. Under the conference agreement, the provisions of the bill as passed by the House generally are adopted.

Cooperation between agencies.—Under the bill as passed by both the House and the Senate, the Secretary of Labor is authorized to cooperate with other agencies and make agreements for mutual assistance. In addition, under the bill as passed by the House, the Attorney General is authorized to receive from the Secretary of Labor for appropriate action evidence which has been developed that warrants consideration for criminal prosecution under Federal law. Under the conference agreement, the provisions for cooperation of other agencies including the authorization for the Attorney General to receive matters relating to criminal prosecution is adopted.

Administrative matters.—Under the bill as passed by the House, the Administrative Procedure Act is applicable to the provisions of title I. In addition, no employee of the Department of Labor is to administer or enforce title I with respect to any employee organization of which he is a member or employer organization in which he has an interest. The bill as passed by the Senate does not add any comparable provisions. Under the conference agreement, the provisions of the bill as passed by the House are adopted.

Interference with rights.—Under the bill as passed by both the House and the Senate, it is unlawful to interfere with the attainment of any rights to which a participant or beneficiary may become entitled or to coercively interfere through the use of fraud, force, or violence with any participant or beneficiary for the purpose of preventing him from exercising any right to which he is or may become entitled to under the plan or title I. The penalties and degrees of proof for violations of the provisions are somewhat different. Under the conference agreement, the participant or beneficiary may bring a civil action against any person who interferes with his rights which are protected under the Act. In addition, any person who willfully uses fraud, force, violence or threats to restrain, coerce or intimidate any participant or beneficiary for purposes of interfering with the participant's or beneficiary's rights under the plan or title I of the Act is to be fined $10,000 or imprisoned for not more than 1 year, or both.

Advisory Council.—Under the bill as passed by both the House and the Senate, there is established an Advisory Council on Employee Welfare and Pension Benefit Plans. Under the conference agreement, the Council is to consist of 15 members appointed by the Secretary of Labor. Not more than 8 members are to be of the same political party.

The Council is to be made up of members who are to be representatives of employee organizations and employers, and members from the fields of insurance, corporate trusts actuarial counseling, investment counseling, investment management, and accounting, and from the general public. Members are generally to serve for terms of 3 years, are to advise the Secretary of Labor with respect to the carrying out of his functions under the bill and are to submit to the Secretary recommendations as to the administration of the provisions of the bill.

Tax Court declaratory judgment proceedings

Both the House bill and the Senate amendment provide a procedure for obtaining a declaratory judgment with respect to the tax-qualified status of an employee benefit plan. Under both the House and Senate versions of the bill, jurisdiction to issue a declaratory judgment is given to the United States Tax Court. This remedy is available only if the Internal Revenue Service has issued a determination as to the status of the plan which is adverse to the party petitioning in the Tax Court, or has failed to issue a determination but the petitioner has exhausted his administrative remedies inside the Internal Revenue Service.

The differences between the bill as passed by both the House and Senate are technical in nature. For example, the Senate amendment provides that the burden of proof is to be on the petitioner (the employer, plan administrator, or employee) as to those grounds set forth in the Internal Revenue Service determination; the burden of proof is to be on the Service as to any other grounds that the Service relies upon in the court proceeding (e.g., if the Service does not issue a determination as to the plan, then the Service is to have the burden of proof as to every ground as to which it relies). On the other hand, the House bill does not make specific provisions for burden of proof.

Under the conference agreement, the House provision is accepted with a number of amendments. The Pension Benefit Guaranty Corporation is permitted to be a petitioner, on the same basis as other petitioners. Employees are permitted to be petitioners if they qualify as interested parties under Treasury regulations and have exhausted their administrative remedies. It is contemplated that only those employees who are entitled to petition the Secretary of Labor under section 3001 of this Act are to be treated as interested parties. It is contemplated that the question as to who bears the burden of proof will be determined by the Tax Court under its existing rule-making authority. Under the existing Tax Court rules the taxpayer has the burden of proof as to matters in the notice of deficiency. As to matters raised by the Service at the time of the Tax Court hearing, the Service has the burden. It is expected that rules similar to these will be adopted by the Tax Court.

Under the House bill, the declaratory judgment provisions are to take effect on January 1, 1978. The bill as passed by the Senate provides that the declaratory judgment provisions are to take effect on January 1, 1975.

Both the House and Senate bills authorize the assignment of the declaratory judgment proceedings provided in this bill to be heard by commissioners of the Tax Court. They also authorize a commissioner to enter a decision of the court in these proceedings. The conference substitute provides for this same procedure, but in doing so the conferees wish to make clear that it is not intended that this be construed as indicating that all of these proceedings should be heard by commissioners and decisions entered by them rather than by the judges of the court. Instead, it is intended to provide more flexibility to the Tax Court in the use of commissioners in these types of cases. It is anticipated, for example, that if the volume of these cases should be large, that the Tax Court will expedite the resolution of these cases by authorizing commissioners to hear and enter decisions in cases where similar issues have already been heard and decided by the judges of the court or in other cases where, in the discretion of the court, it is appropriate for the commissioners to hear and decide cases.

Under the conference agreement, the declaratory judgment provisions are to take effect with respect to petitions filed more than one year after the date of enactment.

Administrative office in Internal Revenue Service

Under the bill as passed by both the House and the Senate, there is established an Office of Employee Plans and Exempt Organizations, in the Internal Revenue Service, headed by an Assistant Commissioner of Internal Revenue, to administer the tax provisions with regard to employee benefit plans and other exempt organizations.

The House bill does not provide a compensation schedule for the employees of the new Office of Employee Plans and Exempt Organizations. The bill as passed by the House authorizes appropriations for this office in the amount of $20 million for fiscal year 1974 and $70 million for each fiscal year thereafter. However, the bill as passed by the House neither imposes nor earmarks any specific revenue source for this authorization of appropriations.

The bill as passed by the Senate provides for the Assistant Commissioner in charge of this office to be classified as GS–18 and that this is to be in addition to the number of positions at that level otherwise authorized for the Internal Revenue Service. Also, the bill as passed by the Senate authorizes for the Service an additional 20 positions at the level of GS–17 and 16. The Senate amendment authorizes appropriations for each of the fiscal years 1974, 1975, and 1976 in the amount of $35 million plus one-half of the revenue of the private foundation investment income tax (under section 4940 of the Code). For each fiscal year thereafter the bill as passed by the Senate authorizes appropriations of amounts equal to the collections of a new excise tax on employee benefit plans ($1 per participant per plan per-calendar year, beginning with 1974) plus one-half of the private foundation investment income tax collections.

The conference agreement accepts the Senate provision authorizing the Assistant Commissioner Office of Employee Plans and Exempt Organizations to be classified as a GS–18 and providing to the Service an additional 20 positions in the level of GS–16 and 17. However, the conference agreement does not accept the Senate provision authorizing a new tax on employee benefit plans of $1 per participant.

In place of the authorization of the new excise tax on participants the conference provides a permanent authorization for fiscal year 1975 and for each fiscal year thereafter of an amount equal to the revenues from the private foundation investment income taxes if the rate of such tax was 2 percent plus an amount equal to that 2-percentage-point figure or $30,000,000, whichever is the larger.

Under the House bill, the provisions regarding the new office are to take effect 90 days after the date of enactment. Under the bill as passed by the Senate, no specified effective date is provided. The conference agreement accepts the House provision.

VII. CONTRIBUTIONS ON BEHALF OF SELF-EMPLOYED INDIVIDUALS AND SHAREHOLDER-EMPLOYEES (SEC. 2001 OF THE BILL AND SECS. 401, 404, 1379, AND 4972 OF THE CODE)

Under the House bill the maximum limitations on deductions for self-employed individuals would be increased from 10 percent of their self-employment income, not to exceed $2,500, up to 15 percent of their self-employment income, not to exceed $7,500. In any event, a minimum of $750 would be deductible by self-employed individuals, without regard to the percentage limitations. The Senate amendment, although containing a number of technical differences, is generally similar to the House bill in this area.

The conference substitute is described below. Generally, the substitute in this case follows the House bill with respect to technical matters.

Specific contribution limits on proprietorships, partnerships, or subchapter S corporations

The conference substitute increases the maximum deductible contribution on behalf of self-employed persons to the lesser of 15 percent of earned income or $7,500. The same change is made as to excludable contributions on behalf of subchapter S corporation shareholder-employees. In applying the percentage limitation, not more than $100,000 of earned income may be taken into account. Self-employed persons (but not shareholder-employees) are permitted to set aside up to $750 a year out of earned income, without regard to the percentage limitation.

Defined benefit limits for proprietorships, partnerships, and subchapter S corporations

The substitute authorizes Treasury regulations to allow self-employed persons and shareholder-employees in effect to translate the 15-percent/$7,500 limitations on contributions into approximately equivalent limitations on benefits which individuals can receive under a defined benefit plan. In this respect, the substitute contains a table (based on certain interest and mortality rates) which will serve as a guideline for regulations. The Treasury Department may, by regulations, modify this table from time to time for years beginning after December 31, 1977, to take account of changes in interest and mortality rates which occur after 1973.

The conference substitute also contains technical rules to prevent an individual from obtaining unintended high benefit accruals late in his career merely by establishing a "token plan" early in his career.

A plan which covers owner-employees is not permitted to use the defined benefit provisions unless it provides benefits for all participants on a nonintegrated basis (i.e., without taking social security benefits into account).

Excess contributions

Present law provides that excess contributions to an H.R. 10-plan on behalf of an owner-employee must be repaid from the plan and provides, in the case of a willful excess contribution, that the owner-employee is barred from participating in a qualified plan for 5 years. The conference substitute repeals these provisions and, in lieu thereof, the substitute imposes an excise tax of 6 percent on excess contributions to plans for the self-employed. The tax is payable by the employer who maintains the plan.

In the case of a defined contribution plan (for example, a money purchase pension plan) excess contributions include amounts contributed for the self-employed person in excess of the 15-percent/$7,500 limitations. (However, the tax would never exceed 6% of the assets of the account.) In the case of a defined benefit plan, the tax is imposed where the plan is fully funded at the close of the employer's taxable year, and is imposed on the amount that has not been deductible for the taxable year or any prior taxable year. Also, in the case of either type of plan, excess contributions include voluntary contributions by owner-employees in excess of the allowable amount of such contributions.

The tax applies for the year in which the excess contribution is made and for every subsequent year that the excess contribution is outstanding. The excess contribution may be eliminated (so as to stop the running of the tax) in one of two ways—either by repayment of the excess contribution from the plan (which would reduce or eliminate the tax for subsequent years), or by a carryover of the excess payment and applying it against the amount allowable in the next year (or a subsequent year).
repayment would have to be made to the employer. In the case of a defined contribution plan, the repayment could be made either to the employer or to the employee
In the case of a defined benefit plan, the (but, as under present law, a distribution could generally not be made to the employee from a money purchase plan until he attained retirement age). An excess voluntary contribution would be repaid to the owner-employee who made it. Of course, any distribution made to eliminate an excess contribution would not be in violation of the exclusive benefit rules of present law, or the fiduciary standards imposed under this bill.

The excess contribution could also be eliminated through means of a carryover. For example, if contributions of $10,000 were made to a plan (where voluntary contributions were not permitted) on behalf of a self-employed person (who was entitled to the full $7,500 deduction) the $2,500 excess contribution could be purged in the next year if the contribution made on behalf of the individual in that year were limited to $5,000. In this case, the 6-percent tax would be imposed, but only once, because the excess contribution had been eliminated in the second year. Also, in the second year the individual would be entitled to a deduction of $7,500 ($5,000 of contributions in that year, plus the $2,500 carryover). Of course, there would be no tax on underfunding under these circumstances even if the plan were a money purchase plan, the terms of which required a $7,500 contribution for the individual in the second year.

Premature distributions

The conference substitute increases the tax on premature distributions to 10 percent of the amount of the premature distribution (instead of 10 percent of the marginal regular tax on the premature distribution, as under present law).

Withdrawing of voluntary contributions by owner-employees

The conference substitute allows an owner-employee to withdraw his own voluntary contributions to an H.R. 10-plan before retirement without penalty. It also contains a technical amendment which repeals the "stacking" rules of section 72(m)(1) (i.e., the rules which determine the order in which different categories of income are deemed to be distributed). The conferees intend that distributions from an H.R. 10-plan to an owner-employee be treated first as repayments of any excess contributions made on his behalf, and second as withdrawals of voluntary contributions.

Effective dates

In general, the amendments with respect to H.R. 10-plans are to apply to taxable years beginning after December 31, 1973. The rule with respect to the $100,000 contribution base limitation is to apply to taxable years beginning after December 31, 1975, or, if earlier, the first year in which contributions under the plan exceed the deductible contribution limits of present law. The rules facilitating the use of defined benefit plans for the self-employed are to apply to taxable years beginning after December 31, 1975. The rules with respect to excess contributions are to apply to contributions made in taxable years beginning after December 31, 1975, and the rules with respect to premature distributions are to apply to distributions made in taxable years beginning after December 31, 1975. The rule permitting withdrawal of voluntary contributions by owner-employees is to apply to taxable years ending after the date of enactment.

VIII. TAX DEDUCTIONS FOR INDIVIDUAL RETIREMENT ACCOUNTS (SEC. 2002 OF THE BILLS AND SECS. 219, 408, 409, 4973, 4974, AND 6693 OF THE INTERNAL REVENUE CODE)

Under the House bill, individuals not covered by qualified or government pension plans (or sec. 403(b) annuity contracts) would be permitted to take a deduction of up to 20 percent of their earned income, not to exceed $1,500, for retirement savings. This amount could be set aside in a special trusteed or custodial account with a bank, savings and loan, or credit union, used to purchase an annuity contract, or invested in qualified retirement bonds. This amount could not be drawn down without penalty before age 59½ (except in case of death or disability) and payment of benefits from the account would have to begin by age 70½. An individual could establish the account himself, or, alternatively, an employer or labor union could maintain accounts of this type for employees or members.

The provisions of the Senate amendment are similar in most respects. However, under the Senate amendment the allowable deduction could not exceed 15 percent of earned income, not to exceed $1,500. Moreover, under the Senate amendment, the assets of the account could be invested in life insurance contracts. Also, there is no provision in the Senate amendment for union-sponsored accounts.

The rules of the conference substitute are described below. In general it follows the House bill, except that the conference substitute accepts the Senate limitation of 15 percent—$1,500.

Deductions for contributions to IRA's

Under the conference substitute, the maximum annual deduction is to be $1,500, or 15 percent of compensation, whichever is less. Consequently, the percentage limitation for contributions to individual retirement accounts is the same as the percentage limitation for contributions to H.R. 10 plans (although the H.R. 10 plan has a $7,500 limitation on the amount which may be set aside in order to provide an incentive for the self-employed to establish qualified plans which will also benefit their employees).

This deduction is to be available to any individual who is not an active participant in a qualified or government plan, or a section 403(b) contract (available to employees of certain types of tax-exempt organizations) and is to be available whether or not the taxpayer itemizes his other deductions. The individual may himself make payments into such an account or this may be done by his employer or his union. If both husband and wife are eligible, each can make contributions to his or her own individual retirement account.

The conferees agree with the statement appearing in the report of the House Committee on Ways and Means (No. 93-807) that if an employee is given the option to elect not to be covered by a qualified, etc., plan and he so elects, generally he will not be treated as being an active participant in the plan for purposes of the retirement savings deduction. The conferees also agree with the statement in this report that where an employee who elects out of a qualified plan can elect later to become an active participant in it and can receive benefits for all prior years (for which he elected out) upon payment of, e.g., all mandatory contributions plus interest for prior periods, the employee is to be treated as being an active participant in the plan for the prior years with respect to which he pays the required amount and accrues benefits.

Requirements for an IRA

Under the conference substitute, the assets of an individual retirement account may be invested in a trusteed or custodial account with a bank, savings and loan, or credit union, or in an annuity contract, or in a qualified retirement bond.

In addition, the substitute allows a retirement savings deduction for amounts paid under certain life insurance endowment contracts (which will be treated as individual retirement annuities) to the extent the amounts paid are properly allocable to retirement savings. However, only the retirement saving elements in the contract, and example, if a premium of $1,000 were paid chase life insurance, is to be deductible. For not the part of the premium used to purunder a qualified endowment contract, and $200 of this amount were allocable (under regulations) to the cost of the life insurance element, and $800 to the retirement savings aspect of the contract, then $800 would be allowed as a retirement savings deduction (if the individual were eligible for a deduction of this amount).

Under the conference substitute, the total amounts payable under qualified endowment contracts cannot be greater than $1,500 per year. However, an individual may contribute (and deduct) the difference between his maximum allowable retirement savings deduction and the retirement savings element under an endowment contract through another funding medium (such as a trusteed bank account). Under the conference substitute the insurance companies are to provide (before the close of the year) every individual who has purchased a qualified endowment contracts in order to provide a subportion of the premiums which is deductible and the portion which is not deductible, as well as any other information required under regulations. A similar statement must be furnished to the Internal Revenue Service.

Insurance contracts are restricted to endowment contracts in order a provide a substantial savings element. The endowment contract also must be issued by a life insurance company qualified to sell insurance in the jurisdiction where the contract is sold (and may include no insurance element other than life insurance). In addition, the contract must mature no later than the taxable year in which the individual attains age 70½. The conferees intend that for an endowment contract to qualify, the premiums payable under the contract (for any given maturity value) are not to increase over the life of the contract, the cash surrender value of the contract at the maturity date is to be not less than the death benefit payable under the contract at any time, and the death benefit at some point during the life of the contract must exceed the greater of the cash value or the sum of the premiums paid under the contract.

Distributions from qualified endowment contracts are to be taxable as ordinary income to the extent allocable to retirement savings, and are to be taxed as life insurance proceeds to the extent allocable to life insurance. When a contract has matured, the full value of the contract will constitute retirement savings, and all amounts payable under a matured contract are to be taxed as ordinary income to the recipient (whether or not he is the individual who made contributions to the account and whether or not that individual is alive at the time the payments are made from the account).

Under the conference substitute, the assets of an individual retirement account may not be commingled with other property, except in a common trust fund or investment fund (i.e., a group trust), solely for the purposes of diversifying investment, under rules similar to those established in Rev. Rul. 56–267, 1956–1 C.B. 206. Also, following Rev. Rul. 56–267, the conferees intend that, solely for purposes of diversification of investments, the assets of qualified individual retirement accounts may be pooled with the assets of qualified section 401(a) trusts, without adversely affecting the tax-qualification of either the individual retirement accounts or the section 401(a) trusts. The conferees intend that the group trust itself will be entitled to exemption from tax under the Internal Revenue Code in accordance with the rules of Rev. Rul. 56–267.

The conferees intend that this legislation with respect to individual retirement accounts is not to limit in any way the application of the Federal securities laws to individual retirement accounts or the application to them of the laws relating to common trusts or investment funds maintained by any institution. As a result, the Securities and Exchange Commission will have the authority to act on the issues arising with respect to individual retirement accounts independently of this legislation.

The conferees understand that the Internal Revenue Service anticipates developing a prototype individual retirement account which would include a full disclosure of all the material elements governing the retirement savings deduction. This prototype plan would qualify under the requirements for an individual retirement account. Other plans would be required to seek prior approval from the Internal Revenue Service and the conferees expect that one of the requirements for approval would be a disclosure statement of all the material elements governing the retirement savings deduction. The conferees also expect the Internal Revenue Service to develop a pamphlet which sets forth the restrictions and limitations with regard to the individual retirement accounts, including, for example, the penalties for premature distributions, the fact that the account is not eligible for estate and gift tax advantages or the lump-sum distribution rules that qualified plans are entitled to. It is the hope of the conferees that such pamphlet would receive wide distribution so that individuals would be fully informed on the restrictions and limitations of such an account. Also, in accordance with regulations to be prescribed by the Secretary of Treasury or his delegate, there is to be disclosure of such matters as load factors for insurance contracts and earnings factors for individual retirement accounts. These required disclosures are to be made in layman's language, and civil penalties are imposed under the substitute for failure to adequately disclose.

Requirements for an IRA annuity

Under the conference substitute, retirement savings may also be invested in annuity contracts. This may be an individual annuity contract, or a joint and survivor contract for the benefit of the individual and his spouse. The annual premium for the contract is not to exceed $1,500, and the contract is to be nontransferrable and is not to be used as security for a loan. Also, distributions from the account must begin by the end of the year in which the individual attains age 70½.

Employer and union-sponsored IRAs

Under the substitute, employers and labor unions (and other employee associations) are to be able to establish individual retirement accounts for their employees or members. There is no requirement that the accounts must be established on a nondiscriminatory basis (since any employee not covered under an employer-sponsored account could establish his own account) but, of course, if the employer also maintains a qualified plan, he cannot satisfy the coverage requirements with respect to that plan by taking into account the fact that employees not covered under the plan are covered by individual retirement accounts. Even if the contributions are made by the employer, these amounts constitute income to the employees, and are subject to FICA and FUTA taxes. However, employer contributions are not to be subject to withholding for income tax purposes if it is reasonable for the employer to believe that the employee will be entitled to receive a deduction for the contribution.

Taxation of distribution—in general

General, the individual is to have a zero basis in his individual retirement account and the proceeds are to be fully taxable when distributed. These distributions are not to be eligible for capital gains treatment, or the special averaging rules applicable to lump-sum distributions from qualified plans (although the general averaging rules of Sec. 1301 are to be available). Also, the amounts in individual retirement accounts are not to be excluded from tax for purposes of estate and gift tax.

Premature distributions

In the event of a premature distribution (or deemed distribution) from the account before the individual attains age 59½, the individual's tax on this amount is to be increased by 10 percent of the total distribution (except in the case of death or disability, or distributions of excess contributions made within the time for filing the individual's tax return for the year in which the excess contributions occur).

If an individual borrows money from an individual account (or from a group trust in which the account assets were invested) the entire account of the individual is disqualified, earnings on the account are no longer tax-exempt, and the participant is then to be taxed as if he had received a distribution of the fair market value of all the assets in his account. (If he borrows money, using his interest in the account as security, the portion used as security is to be treated as a distribution.) A similar result (i.e., deemed distribution of the entire account) would follow if the individual borrowed money from the insurance company issuing an annuity or endowment contract, or otherwise used the contract as security for a loan. Clearly, if the assets of the account were invested in such a way as to provide for the direct and immediate benefit of the participant (for example, if the account were used for a down payment on the house where he lived) then the entire account would be deemed to be distributed. Of course, in the case of any deemed distribution from an individual retirement account, the amount of the distribution would not be includible in income a second time in a later year when the amount was actually distributed. (Questions of the order in which income is distributed where only part of the account is disqualified are to be determined under regulations.)

An individual may invest directly in an endowment contract but does not receive a deduction for the part of the premium which is allocable to life insurance protection. Thus, where the assets of an individual retirement account are invested in a qualifying endowment contract for the participant, this transaction is to be treated as an automatic rollover by the account, and only the amount of the assets which are allocable to the purchase of life insurance protection under the endowment contract are to be deemed to be distributed to the participant. This amount would be includible in income by the participant, but would not be subject to the 10 percent tax on premature distributions.

Application of prohibited transaction and other taxes to IRA's

Generally, an individual retirement account is to be exempt from Federal tax, but the unrelated business income of the account, if any, is to be subject to tax (under sec. 511).

Under the House bill, individual retirement accounts generally would be subject to the prohibited transaction rules of present law. However, with respect to prohibited transactions, the conference substitute (generally following the Senate amendment) replaces present law with an excise tax on prohibited transactions (instead of using disqualification as a sanction) and changes the existing prohibited transaction rules. Consequently, the conference substitute applies the new prohibited transaction rules applicable to an owner-employee (e.g., no borrowing from the account is permitted) to individual retirement accounts, with respect to transactions involving the employer or union sponsor of the account, or other parties in interest.

However, if an individual participant engages in an unauthorized transaction with his individual retirement account then, as indicated previously, the sanction, in general, is disqualification of the account. In this case the assets of the account are to be deemed to be distributed, and the appropriate taxes, including the 10 percent additional tax on premature distributions, are to apply. However, the individual is not to be subject to the prohibited transaction excise taxes (of sec. 4975).

Thus, where there is a union or employer-sponsored account, and there is an individual retirement account trust covering more than one employee, only the employee who engages in the prohibited transaction is to be subject to disqualification of his separate account. However, if the employer (or union) sponsoring the account is the party engaging in a prohibited transaction, then the employer (or other party) will be liable for the excise tax, but the individual participants will not.

Excess contributions

In general, where contributions in excess of the deductible limits are made to an individual retirement account, no deduction is allowed for the excess amount, and this amount will be subject to a 6 percent tax for the year in which it is made, and each year thereafter, until there is no excess. The distribution is not to be includible in income if the excess is distributed to the individual on or before the due date for filing the employee's tax return for the year in question (including extensions). If the distribution occurs after that date, however, the distribution is to constitute taxable income to the employee (because his basis in his account is always zero) and will also give rise to a 10-percent additional tax if the distribution occurs before the employee is 59½.

The excess contribution may be removed by a distribution, or by underutilizing the allowable deduction limits for a later year. For example, if an employee contributed $3,000 in one year, and nothing the second year, then a 6 percent tax on $1,500 would be imposed only once (assuming the employee was entitled to a full $1,500 contribution for both years). (Similarly, if the participant withdrew the $1,500 excess contribution in the year in which the contribution was made, the 6 percent excise tax would be imposed only for that year.) Also (to prevent undue hardship resulting from bad investment experience), the tax may never exceed 6 percent of the assets in the account, but a decline in the asset value of the account does not remove the excess contribution and the 6 percent tax will be imposed until the excess contribution has been distributed or eliminated by underutilization of allowable contributions in a subsequent year).

A similar tax is to be imposed on excess contributions for section 403(b) plan investments in mutual fund stock (which are permitted under the conference substitute). (Section 403(b) allows deductions of up to 20 percent of salary, without regard to discrimination requirements, in the case of employees of educational and certain other types of exempt organizations.) However, the 6 percent tax is not imposed on section 403(b) annuity contracts, since earnings on annuity contracts are not taxable until distributed, even when the annuities are purchased outside the scope of a qualified plan.

No retirement savings deduction is to be allowed for contributions made during or after the year in which the individual attains age 70½, and contributions of an individual after attaining this age are to be treated as excess contributions.

Excise tax on excess accumulations

Under the conference substitute, distribution of the assets of an individual retirement account must begin by the year in which the participant attains age 70½, and must be distributed no less rapidly than ratably over his lifetime (or the lives of the participant and his spouse). To enforce this requirement, the substitute imposes an excise tax of 50 percent on the amount, if any, by which the amount of the distributions from the account fail to equal the minimum distribution required for the year in order to satisfy the age 70½ payout requirements.

Tax-free rollover to facilitate pension transfers

To facilitate portability of pensions—or their transfer with the employee as he changes jobs—the conference substitute provides that money or property may be distributed from a tax-qualified plan or from an individual retirement account to the plan participant, on a tax-free basis, if the same money or property is reinvested by the participant within 60 days in a qualifying individual retirement account.

In the case of distributions from a qualified plan, the distribution must be a lump-sum distribution (see Part X, Lump-Sum distributions) to qualify as a tax-free rollover.

Amounts received from a qualified plan may also be transferred to another qualified plan through the medium of an individual retirement account (with the consent of the individual's new employer) but in this case the conduit retirement account must consist of nothing but assets transferred from a qualified plan (and the earnings on this amount) to prevent a situation where retirement savings might indirectly obtain tax advantages not intended. (These qualified plan distributions may also be reinvested directly in the qualified plan of the individual's new employer on a tax-free basis, if the reinvestment occurs within 60 days after the individual receives the distribution.) However, an individual may have one individual retirement account for transferred savings from a qualified plan and another which represents a normal individual account set aside. For similar reasons, if the individual retirement account contains assets transferred from an H.R. 10 plan, on behalf of a self-employed person, no rollover is permitted from that retirement account to a qualified corporate plan.

Also, in the case of rollovers from a qualified plan, the amount contributed to the individual retirement account is to be the amount received, less the amount contributed to the plan by the individual as an employee contribution. (This is because the employee must always have a zero basis in his individual retirement account.)

Under the committee substitute, rollovers are permitted to and from qualifying investments in individual retirement bonds (discussed below) on the same basis as investments in other types of individual retirement accounts and annuities. At age 70½, the individual must cash in his bonds (since the proceeds of the bonds will be deemed to be distributed in full) but the assets may be rolled over into an investment which will satisfy the age 70½ payment requirements.

Tax-free rollovers between individual retirement accounts may occur only once every three years.

Qualified retirement bonds

Deductible employee savings may be invested in a special retirement bond to be issued by the Federal Government. Generally, the rules governing retirement bonds are closely comparable to the rules governing other forms of qualifying individual retirement savings. Thus, the bonds may be cashed prior to age 59½, but, except in the case of a rollover, the individual is generally to be subject to a 10 percent penalty tax (unless the bonds are cashed due to death or disability). However, the bond may be redeemed within 12 months of its purchase without penalty (and without payment of interest) and in this case the individual is not to be entitled to a deduction for the contribution.

The bonds are to cease to bear interest when the individual attains age 70½, and the proceeds of the bonds are to be deemed to be distributed in that year (whether or not the bonds are actually cashed in). However, as discussed above, the individual may roll the proceeds over into another qualifying form of individual retirement investment.

Other rules

The conference substitute provides that the proceeds of individual retirement accounts, etc, are to constitute retirement income for purposes of the retirement income credit. The substitute also includes the provisions of the Senate amendment that if a retirement account or annuity is transferred pursuant to a divorce settlement, the transfer is not to be taxable.

Effective dates

The deduction for retirement savings is to be available for taxable years beginning after December 31, 1974. The tax-free rollover of assets between qualified plans applies to transfers after the date of enactment.

IX. OVERALL LIMITATIONS ON CONTRIBUTIONS AND BENEFITS (SEC. 2004 OF THE BILL AND SECS. 401, 403, AND 415 OF THE INTERNAL REVENUE CODE)

Under the House bill, in general, in the case of defined benefits plans, the pension which may be paid from a qualified plan with respect to any individual may not exceed 100 percent of his compensation in his high three years of employment or $75,000, whichever is the lesser. In the case of defined contribution plans, the annual additions to an individual's account may not exceed the lesser of $25,000, or 25 percent of his compensation. (Both the $75,000 amount and the $25,000 amount referred to above are subject to cost-of-living allowances.) If an employee is under both a defined benefit plan and a defined contribution plan then the sum of (1) the percentage utilization of the maximum limit under the defined benefit plan, and (2, the percentage utilization of the maximum limit under the defined con-contribution plan, the maximum benefit

Under the Senate amendment, benefits under a defined benefit plan are limited to 75 percent of the participant's high-three-consecutive-years of compensation, taking into account no more than $100,000 of compensation per year. A closely comparable limitation is provided for defined contribution plans, so that deductible contributions may not exceed amounts sufficient to fund a pension for the employee equal to 75 percent of his average high-three-years of compensation (not in excess of the first $100,000 in any one year). Where an employer had both a defined benefit plan and a defined contribution plan the maximum benefit payable under the defined benefit plan would have to be reduced in proportion to the amount of the benefit which was funded through the defined contribution plan.

The conference substitute closely follows the provisions of the House bill. The detailed provisions of the conference substitute are discussed below.

Coverage of limitations

The conference substitute imposes an overall limitation (described below) on the contributions and benefits which are allowable under qualified pension, profit-sharing, and stock bonus plans and annuities (including H.R. 10-plans in cases where the overall limits are lower than the H.R. 10-plan limits). The overall limitation also applies to annuity contracts or mutual fund arrangements for employees of educational, charitable, etc., organizations or of public schools (i.e., sec. 403(b) annuities), as well as individual retirement accounts, annuities and retirement bonds.

Application to defined benefit plans

Under the conference substitute, in general, the highest annual benefit which can be paid (in the form of a straight-life annuity) out of a defined benefit plan to a participant is not to exceed the lesser of (a) $75,000, or (b) 100 percent of the participant's average compensation in his high-three-years of employment. (Both of these ceilings are to be adjusted to reflect cost-of-living increases.)

In the event of retirement before age 55, the $75,000 ceiling (but not the 100 percent ceiling) is to be scaled down on an actuarial basis (but not below $10,000). In general, there is no required scale down for preretirement ancillary benefits (such as medical, death and disability), but there would have to be an adjustment for post-retirement ancillary benefits, such as term-certain annuities, post-retirement death benefits, or a guaranteed payment for a period of years.

If a benefit were paid in the form of a joint and survivor annuity for the benefit of the participant and his spouse, the value of this feature would not be taken into account unless the survivor benefit were greater than the joint benefit.

Upward adjustments in the benefit schedule would be permitted to reflect any employee contributions to the plan, including rollover contributions from another qualified plan or from an individual retirement account.

Also the substitute would provide a *de minimis* rule, which would allow a qualified plan to pay an annual retirement benefit of up to $10,000 per annum, notwithstanding the 100-percent limitation, or the required adjustment for certain ancillary benefits, to any employee who had not participated in a qualified defined contribution plan of the employer.

As a further adjustment to the rules described above, the maximum allowable defined benefit woud have to be scaled down proportionately for an employee with less than 10 years of service.

Application to defined contribution plans

In the case of a defined contribution plan, the annual additions for the year are not to exceed the lesser of $25,000 (subject to an annual cost-of-living increase) or 25 percent of the participant's compensation from the employer. The term "annual additions" means the sum of (a) the employer's contributions, (b) the lesser of (i) one-half of all the employee's contributions, or (ii) the employee's contributions in excess of 6 percent of his compensation, and (c) any forfeitures which are added to the employee's account. Annual additions do not include rollovers from a qualified plan or individual retirement account. If forfeitures for a particular year could cause the plan not to meet these requirements with respect to a particular employee, these forfeitures must be reallocated to other participants in the plan (i.e., they may not be held in a suspense account), but regulations are to provide for the situation where none of the employees in the plan are eligible to receive forfeitures.

For purposes of the overall limitation, target benefit plans (i.e., plans where the employer establishes a target benefit for his employees, but where the employee's actual pension is based on the amount in his individual account) are to be treated as defined contribution plans. If the plan is a hybrid, i.e., part target benefit and part defined benefit, the plan will be treated as a defined contribution plan, for purposes of those rules, to the extent that benefit under the plan are based on the individual account of the participant. In the case of other plans which have characteristics both of a defined benefit plan and a defined contribution plan (such as a defined contribution plan with a guaranteed benefit, or certain variable annuity plans) the Secretary or his delegate may prescribe regulations applying the limitations to the defined benefit of the plan, and the part of the plan in which benefits are based on individual account balances.

Application of limitation to combinations of plans

Under the substitute, where an employer has two or more plans, the overall ceiling is to be computed, in general, by aggregating similar plans (defined contribution or defined benefit) to determine if the limitation for that type of plan has been met on an overall basis (i.e., for purposes of this test a 1.0 fraction is used). If an employer maintains a defined benefit plan and a defined contribution plan, each plan would be subject to the limit appropriate to that type of plan ($75,000 or 100 percent benefits for the defined benefit plan, $25,000 or 25 percent contributions for the defined contribution plan); in addition, the two plans must be combined in computing the overall limitation.

To achieve this purpose, the substitute establishes a formula (to be applied each year to each employee) under which a defined benefit plan fraction for the year is added to a defined contribution plan fraction. Each fraction indicates what portion the participant has used of the maximum permitted limit for the kind of plan involved. If the sum of these fractions exceeds 1.4 then one or more of the plans will be disqualified.

The order in which plans are to be disqualified is to be determined under regulations. The regulations are to provide that no terminated plan may be disqualified until all other plans of the employer have been disqualified. However (unlike the House bill), the substitute does not require that plans having the fewest number of participants must be disqualified before plans having more participants because, in some cases, such a rigid rule might result in lower qualified plan benefits for the employees viewed as a whole.

Plans of all corporations, partnerships, or proprietorships which are under common control must be aggregated (using a 50-percent common control test).

Application of limitations to section 403(b) annuities for teachers or employees of tax-exempt organizations

In general, section 403(b) annuities are to be treated as defined contribution plans for purposes of the limitations. Thus, such plans would be subject to the 25 percent/$25,000 limitations which apply to other defined contribution plans, and also are to be subject to the limitations of present law under section 403(b) (20 percent of includable contributions, times years of service, minus all tax excludable contributions by the employer for annuities for prior taxable years).

However, under present law, certain categories of employees covered under section 403(b), such as teachers, typically have a pattern of low contributions in the early stages of their careers, with relatively high "catch-up" contributions made late in their careers. (Often section 403(b) plans operate on a salary-reduction basis.) In order to make allowance for this problem, the conference substitute provides teachers, hospital employees, and employees of home health care institutions (which are tax-exempt and which the Secretary of Health, Education, and Welfare has classified as a home health agency for purposes of medicare) with a choice of three alternative rules which permit a significant amount of "catch up." The individual may elect the alternative he wishes to use (in a time and manner to be prescribed in regulations) and the election, once made, is to be irrevocable.

Under the first alternative (which may be used only once) at the time an employee separates from service he may use the catch-up rules of section 403(b) for the 10-year period ending on the date of his separation, without regard to the 25-percent limitation of section 415 (in other words, his exclusion allowance would equal 20 percent of current compensation, times 10, minus employer contributions already made for annuities for the 10-year period). The $25,000 limitation would apply, however.

Under the second alternative, which could be used each year by the employee, catch-up contributions otherwise permitted under section 403(b), could equal the lesser of 25 percent of current compensation, plus $4,000, or his exclusion allowance computed under section 403(b), but the deductible amount under this alternative could never exceed $15,000 for any one year.

For purposes of the overall limitations (sec. 415) in applying either of these two alternatives, the employee is not to be required to combine contributions to a 403(b) contract (which the participant would be deemed to control) with contributions by his employer to a qualified plan which he does not control (for example, a State wide plan for teachers). (Of course, the combination rules under section 403(b) of present law would not be changed.)

Under the third alternative, however, the employee would be permitted to come under the overall limitation (sec. 415) for all purposes (and the exclusion allowance of sec. 403(b) would not apply). This would mean that the employee would be covered under the overall limitation rules on combination plans, including the 1.4 fraction. For purposes of the combination rules both the employer and the employee would be deemed to have control of the 403(b) contract, but such a contract (which is to be treated as a defined contribution plan) could be combined with a State wide defined benefit plan, and benefits under the two plans, considered together, could equal 1.4 times the amount which could be provided under either plan when viewed separately.

If contributions to provide a section 403(b) annuity exceed the allowable limitations, the excess amounts must be included in income by the employee. Also, the employee's exclusion allowance under section 403(b) is to be reduced by the amount of the excess contribution (even though it was not excludable from the employee's income). If amounts are contributed for the purchase of mutual fund stock (which is permitted under another provision of the conference substitute), these amounts are to be subject to the 6 percent tax on overfunding until the excess is eliminated (see discussion above on individual retirement accounts). This tax is not imposed on contributions for annuity contracts, since earnings on these contracts are not taxed to the individual (until distributed) even when the annuity is not covered under section 403(b).

Treatment of benefits or contributions over the limitations

The House bill provided that benefits or contributions in addition to those allowable under qualified plans may be paid or accrued under a qualified plan, if the contributions by the employer for the additional benefits were not deductible until they were includible in income by the employee.

The Senate amendment provided, in effect, that no retirement benefits could be paid, except from a qualified plan.

To avoid technical difficulties, the conference substitute omits both provisions. The conferees intend that, for tax purposes, additional benefits may not be paid from a qualified plan. However, for purposes other than tax law, a qualified plan and a plan providing additional benefits may be treated as one plan by the employer.

Applications of limitation where records not available

Under the conference substitute, the Treasury is authorized to prescribe reasonable assumptions which may be used by the employer in cases where the facts needed to compute the overall limitation are not known.

Application of limitation to existing cases

The conference substitute contains a provision which provides that an individual who is an active plan participant on or before October 2, 1973, may receive a pension equal to the lesser of (a) 100 percent of his annual compensation on that date (or on the date he separated from service with the employer), or (b) the benefit payable under the terms of the plan as in effect on that date (assuming no later change in compensation). If the regular rules of the (sec. 415) provision result in a higher limit (due to preretirement cost-of-living increases, for example) than that allowable under this transition provision, the individual is to be entitled to the higher limitation. If an individual covered under this feature is also covered under a defined contribution plan, contributions may continue to be made to the defined contribution plan, to the extent that prior contributions to this plan (or other plans of the same employer), plus the defined benefit available under this feature (which may exceed 1.0 for these purposes), do not exceed the 1.4 fraction. In the case of a participant who separated from the service of the employer prior to October 2, 1973, the benefit allowed under this feature cannot exceed the individual's vested benefit on the date when he separated from service.

Aggregate deduction limits in the case of profit-sharing and pension plans, etc.

The conference substitute provides that carryover deductions of excess contributions in a combination pension and profit-sharing plan may not exceed 25 percent of aggregate compensation for any year (present law allows 30 percent). Also, the carryover of unused aggregate contribution limitations to a profit-sharing plan for any year is not to exceed 25 percent (compared to 30 percent under present law).

Timing of contributions

Under the substitute, contributions by cash basis taxpayers which are made by the time for filing the tax return for the year in question may be treated as paid in the year in question.

Effective dates

The new rules with respect to limitations on corporate plans are to apply to years beginning after December 31, 1975. (For purposes of this provision the term "year" is to be defined in regulations.) In applying the limitations, contributions or accruals which occur before the effective date must, of course, be taken into account. For example, an employee with an accrued benefit of $60,000 on December 31, 1975, could accrue an additional benefit of $15,000 after that date (for a total benefit of $75,000) assuming that this was not in excess of the 100-percent limitation.

X. LUMP-SUM DISTRIBUTIONS (SEC. 2005 OF THE BILL AND SEC. 402(e) OF THE CODE)

General rule

Both the House bill and the Senate amendment treat the post-1973 taxable portion of a lump-sum distribution from a qualified pension, profit-sharing or stock bonus plan as ordinary income taxed under an averaging device which treats it as if it were received evenly over a period of years. Under the House bill, this special averaging treatment provides the treatment which would be applicable if the amount were spread over a period of 10 years, while the Senate amendment provides the treatment which would be applicable if it were spread over 15 years. Both the House and Senate versions treat the portion of the payment attributable to the pre-1974 period as long-term capital gain.

The conference substitute accepts the 10-year averaging period provided under the House bill. Both the House bill and the Senate amendment compute the ordinary income portion under the same general type of averaging device and this same general procedure is used in the conference substitute. The ordinary income portion is to be computed without regard to the taxpayer's other income (i.e., in effect it is taxed entirely separately as if this were the only income received by the individual). The tax rate schedule to be used in this separate-treatment approach is the schedule provided in the Code for unmarried individuals (whether or not the taxpayer is married). If the plan participant has service both before 1974 and after 1973, the amount attributed to the post-1973 service is the total taxable distribution times a fraction, the numerator of which is calendar years of active participation after 1973 and the denominator of which is total years of active participation. It is understood that the Treasury Department will provide regulations for allocating fractions of years for plan participants who have both pre-1974 and post-1973 value in lump-sum distributions.

The taxable portion of a distribution is to be the portion of the distribution attributable to employer contributions and to income earned on the account. The portion of the distribution representing the employee's contributions remains nontaxable.

Definition of a lump-sum distribution

The House bill would change the requirements used in determining what qualifies as a lump-sum distribution. The Senate amendment makes no changes in the existing rules on this subject. The conferees have accepted the new House rules.

Under existing law, a distribution generally is treated as a lumpsum distribution if it clears the employee's balance in a single trust, even though there are other trusts in that plan and even though the employee receiving the distribution is a participant in several plans maintained by the same employer. The conference substitue retains the requirement that an employee's entire account be distributed. For this purpose, however, all trusts which are part of a plan are to be treated as a single trust. Furthermore, for this purpose all plans of a given category (the categories are pension plans, profit-sharing plans, and stock bonus plans) maintained by an employer are to be treated as a single plan.

The conference substitute also follows the House bill in permitting a distribution to an employee (common-law definition of an employee) after he attains age 59½ to be treated as a lump-sum distribution entitled to the special averaging and partial capital gain treatment, even though the recipient has not left his employment. Under present law, the age 59½ rule applies only to self-employed persons. This change from existing law is a part of the effort to eliminate to the extent feasible the distinctions between taxation of lump-sum distributions to regular employees and to the self-employed, as discussed below.

Multiple lump-sum distributions in one taxable year

The House bill requires that a taxpayer who wishes to use the special averaging and capital gains treatment described above for one lump-sum distribution must use that treatment for the aggregate of the lump-sum distributions he receives in the same taxable year. The Senate amendment and existing law contain no comparable provision. The conference substitute accepts the House rule.

Aggregation of distributions over six years

Both the House bill and the Senate amendment require that the lump-sum distributions received by an individual during a taxable year be aggregated with all lump-sum distributions to that recipient during his five prior taxable years, but only for purposes of determining the tax brackets in which the income is to be taxed. However, the House bill limits this five-year "lookback" rule to lump-sum distributions made after 1973. No similar provision is contained in the Senate amendment.

The conferees accepted this rule enunciated in both the House and Senate versions and also accepted the House bill restriction limiting the lookback aggregation to distributions made after 1973.

Treatment of distributions of annuity contracts

Both the House bill and the Senate amendment provide that a distribution of an annuity contract is to remain nontaxable, but must be included in the six-year aggregation computation described above in order to determine the tax bracket rates on a taxable lump-sum distribution. The House bill provides the annuity contract is to be included in the aggregation computation at its fair market value, while the Senate amendment fixes the value as the cash surrender value as of the time of the distribution.

The conference substitute, as in both the House and Senate versions, includes an annuity contract distribution within the aggregation computation, but continues to treat the annuity contract distribution itself as nontaxable.

The conference substitute provides that the value of an annuity contract for the purposes of the aggregation rule referred to above is to be its current actuarial value. Normally this will be sufficiently close to the cash surrender value of the annuity so that, under Treasury regulations, the cash surrender value (disregarding any loan on the policy) would be treated as the "current actuarial value". However, if the cash surrender value is artificially reduced, Treasury regulations may provide for a simplified method of determining the cash surrender value the annuity would normally carry. If the annuity contract has no cash surrender value, its current actuarial value is to be the present value of the payments anticipated under the annuity contract, computed with regard to the life expectancy of the recipient (and the life expectancy of the recipient's spouse, unless the recipient elects not to take the annuity as a joint and survivor annuity). The present value of these anticipated payments is to be determined under tables to be issued by the Treasury Department.

Recipients eligible for lump-sum distributions

The House bill provides that the only recipients of lump-sum distributions who may elect the special averaging treatment are individuals, estates, and trusts. The Senate amendment (and present law) place no restrictions on who may use the special averaging treatment. The conference substitute generally accepts the restrictions of the House bill, but with modifications in the case of lump-sum distributions to trusts.

Under the conference substitute, a lump-sum distribution may be made to multiple trusts, but, if this occurs, the tax paid on account of the distribution is to be the tax payable as if the entire distribution were made to one recipient, with the tax liability apportioned among the multiple trusts in accordance with the relative amounts received by each.

In cases of distributions to individuals and estates (in which instances an entire lump-sum distribution must be made to one recipient) the recipient is to make an election as to whether to claim the special averaging treatment. (The personal representatives of the employee is to make the election if distributions are made to multiple trusts). This election is of significance because, as discussed below, only one election may be made with respect to an employee who has attained age 59½.

As under the House bill, the conference substitute provides that an employee must generally be regarded as the recipient, for purposes of the requirement of aggregation of all lump-sum distributions in a period of six taxable years, even if he or she causes the distribution to be made to a trust, if the employee retains such an interest in the trust as would require his taxation as the substantial owner of the trust under the present tax rules, even if the grantor of the trust is technically the employer or plan.[1]

In the House bill, a trust would be allowed to elect the special averaging treatment only if (1) the use of the trust would not affect the includibility of the distribution in the employee's gross estate, and (2) the trust would be sole recipient of the entire balance to the credit of the employee. These provisions were not adopted by the conferees.

As indicated above, attainment of age 59½ is made a criterion of eligibility for a regular employee (as well as for a self-employed person, as under present law) for the special averaging lump-sum treatment under the conference substitute. It was not considered necessary, however, to specify that a beneficiary is entitled to the special averaging and partial capital gain treatment for a distribution on account of the death of an employee *after* his retirement (as well as before).[2]

Number of elections

The House bill allows the special averaging treatment to be elected freely until the employee attains age 59½, after which time only one election may be made with respect to that employee. The Senate amendment does not have an election procedure. As is the case under present law, the Senate version makes the treatment mandatory for lump-sum distributions and does not limit the number of times this special treatment may be used.

The conferees followed the House bill in allowing only one election with respect to an employee after he has attained age 59½. Thus, if an employee has made one election after attaining age 59½, he may not thereafter obtain the special averaging treatment for another distribution. As under present law, however, an employee, or his beneficiary, who is barred from the special averaging treatment by an earlier election may nevertheless gain the partial capital gain treatment for pre-1974 value if the distribution is made on account of the employee's death or separation from service. In addition, such an employee who receives a distribution because of attaining age 59½ may also receive the partial capital gains treatment although he is barred from the special averaging for the ordinary income portion.

A recipient who elects this special averaging treatment may still elect the usual income averaging provided under sec. 1301.[3] A taxpayer who surrenders an annuity may use the normal 5-year income averaging and also may use the special averaging for lump-sum distributions.

Lump-sum distributions to the self-employed

Under the House bill, the same 10-year ordinary income averaging may be elected for distributions on account of plan participation by self-employed persons as may be elected on account of the participation of regular employees. (Under present law, lump-sum distributions to self-employed persons are taxed under special 5-year averaging provisions.) There is no comparable Senate provision.

The conferees accepted the House provision eliminating the distinction of treatment between regular employees and the self-employed in this respect. If they elect the special averaging treatment, self-employed persons are also entitled to capital gain taxation on the pre-1974 value of their lump-sum distributions.

Computation of tax in lump-sum distribution

It is recognized that the computation of tax due on a lump-sum distribution with an annuity lump-sum distribution, as reflected in the reports of the House Ways and Means Committee and the Senate Finance Committee, is incorrect in that it subtracts the entire minimum distribution allowance from the amount of the annuity, instead of subtracting only that portion of the minimum distribution allowance that is proportionate to the amount of the annuity distribution as compared with the total distribution. This incorrectly increases the tax on the taxable distribution because it minimizes the tax attributable to the annuity distribution. The less the tax attributable to the annuity distribution, the larger is the tax attributable to the taxable distribution.

The correct computation is as follows:

First example.—On December 31, 1975, A terminates his services and receives a lump sum distribution of $65,000 from a qualified plan. The distribution includes employer securities with a fair market value of $25,000 and a basis of $10,000. A has been participating in the plan since January 1, 1966. The plan is noncontributory. A is married; both A and his wife are 50. Their only other income is A's salary of $15,000 and his salary from a second job ($5,000). Their itemized deductions are $3,000. Their average base period income (for purposes of regular income averaging) from the preceding four years (1971 through 1974) is $14,000.

The tax on the portion of the distribution which is not treated as a long-term capital gain is computed as follows:

Net distribution ($65,000 total dis-distribution less $15,000 unrealized appreciation on employer securities)	$50,000
Less: Minimum distribution allowance: 50 percent of first $20,000	10,000
Reduced by: 20 percent of net distributions in excess of $20,000	6,000
	4,000
Distribution less allowance	46,000

The tax on 1/10th of the distribution less allowance computed from the tax rate schedule for single taxpayers is $816.00.

Multiply this amount by 10:$8,160.00.

Then, multiply by the fraction,

$$\frac{\text{Years of participation in plan after 1973}}{\text{Total years of participation}}=\frac{2}{10}=0.2$$

which yields $1,632.00.

Thus, the tax on the ordinary income portion of the distributon is $1,632.00.

$$\frac{\textbf{Years of participation before 1974}}{\text{Total years of participation}}=\frac{8}{10}=0.2$$

Net distribution	**$50,000**
Capital gains element	40,000

The capital gains element is taxed along with other income (exclusive of the ordinary income element) in the normal way. The tax on the taxable income of $35,500 ($15,000 salary from first job, plus $5,000 from second job, plus $40,000 capital gains element of lump-sum distribution, less $20,000 capital gains exclusion, less $3,000 itemized deductions, less two $750 personal exemptions) is calculated using the tax rate schedule for married taxpayers filing joint returns. In this case the alternative tax on capital gains is not available, but the regular-five year income averaging provisions are:

Ordinary tax	$10,130.00
Tax-Using regular income averaging [1]	8,828.00

[1] As indicated above, average base period income is $14,000.

Selecting the tax computation method which yields the smallest amount of tax, A uses the regular five-year income averaging method and has a tax of $8,828.00.

Finally, A combines the tax on the capital gains portion of the distribution and his salary, with the tax on the ordinary income portion of the distribution:

Tax on salary and captial gains portion of distribution	$8,828.00
Tax on ordinary income portion of distribution	1,632.00
Total 1975 income tax	10,460.00

A's basis in the employer securities is $10,000.

Second example.—On December 31, 1976, A receives a distribution from a qualified plan with respect to his second job. In this case the distribution is a nontransferable annuity contract, the value of which is $6,000; and a cash distribution of $4,000 financed solely by the employer. A had participated in the plan since January 1, 1967. Mr. and Mrs. A's only other income in 1976 is A's salary of $25,000 and interest of $3,000 on the $40,000 cash received in the prior lump 1-1 sum distribution. They have itemized deductions of $2,100. Mr. and Mrs. A's 1976 tax is computed as follows:

First, compute the tax on the portion of the distribution which is not treated as a long-term capital gain and which is taxed separately.

Step 1:

1976 cash distribution	$4,000
1976 annuity contract	6,000
Prior year net distribution	50,000
Total	60,000
Less: Minimum distribution allowance: 50 percent of first $20,000	10,000
Reduced by: 20 percent of net distribution in excess of $20,000	8,000
Total	2,000
	58,000

Ten times the tax on one-tenth of $58,000 (from the rate schedule for single taxpayers) is $10,680.

Step 2:

1976 annuity	$6,000
Minimum distribution allowance from step 1	2,000

Portion of minimum distribution allowance attributable to annuity distribution.

$\left.\frac{\$6{,}000}{60{,}000}\right\} \times \$2{,}000=\$200$	200
Remainder	5,800

Ten times the tax on one-tenth of $5,800 (from the rate schedule for single taxpayers) is $820.

Step 3: $10,680.00—$820=$9,860

Step 4:

Determine ordinary income and capital gains elements of A's distribution and his prior year distribution. The ordinary income element of A's latest distribution is determined by multiplying the cash distribution of $4,000 by:

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[1] If the lump-sum distribution is made to a recipient other than a trust during the employee's lifetime, it is intended that the usual assignment-of-income and constructive receipt rules are to apply to determine whether the employee is to be liable for the tax upon the distribution.

[2] Thus, no change in present law is intended by the deletion of references to this in sections 402(a)(2) and 403(a)(2)(A)(iii) of the code.

[3] H. Rept. 93-807, p. 150, which indicates that a common-law employee who uses the special averaging provided under present law may nevertheless also use the regular five-year income averaging for his other income and capital gain, is incorrect. Under the conference substitute, however, both types of income averaging may be used concurrently by both regular employees and the self-employed.

$$\frac{\text{Years of participation in plan after } 1973 = 3/10 = 0.3}{\text{Total years of participation}}$$

Thus, A's ordinary income element is $1,200. $10,000 of Mr. A's prior distribution of $50,000 was ordinary income.

Thus, the tax on the ordinary income element is the fraction of the tax from Step No. 3 which the ordinary income elements of the 1976 and prior year distributions bear to the entire distributions.

$$\left.\frac{\$1,200+\$10,000}{\$4,000+\$50,000}\right\} \times \$9860=\$2,045.04$$

Step 5:

The tax on the ordinary income element of A's 1975 distribution from their 1975 income tax return was $1,632.00. Subtracting that from the tax calculated in Step 4 yields the tax on the ordinary income element of A's latest distribution:

$$\$2,045.04—\$1,632.00=\$413.04$$

Second, compute the tax on all other income, including the capital gains portion of the distribution.

Step 6:

In Step 4, the ordinary income element of the distribution was calculated as $1,200. Therefore, the long-term capital gains element is:

$$\$4,000.00-\$1,200=\$2,800.00$$

Step 7:

The capital gains element is taxed along with other income in the regular manner.

Capital gains element	$2, 800
Less: 50 percent of net long-term capital gain	1, 400
Total	1, 400
Salary	25, 000
Interest	3, 000
Adjusted gross income	29, 400
Less: Itemized deductions	2, 100
Less: Personal exemptions (2×$750)	1, 500
Taxable income	25, 800

The tax on $25,800 is calculated using the tax rate schedule for married taxpayers filing joint returns. In this case, neither the alternative tax on capital gains nor the regular five-year income averaging provision is available.

Ordinary tax	$6, 308, 00

Third, A combines the tax on the capital gains portion of the distribution and his other income, with the tax on the ordinary income portion of the distribution.

Step 8:

Tax on capital gains portion of distribution and on other income	$6, 308. 00
Tax on ordinary income portion of distribution	413. 04
Total 1976 income tax	6, 721. 04

If in the examples above, A has attained age 59½, he may elect to treat only one of the distributions as a lump-sum distribution qualifying for ten-year averaging. In computing the tax liability on the distribution which he elects to qualify for ten-year averaging, A will not aggregate any distribution (except in the case of a distribution of an annuity contract) made after attaining age 59½ which is not treated as a lump-sum distribution for purposes of the ten-year averaging.

XI. SALARY REDUCTION AND CASH OR DEFERRED PROFIT-SHARING PLANS (SEC. 2006) OF THE BILL

Under present law, in general, an employees' contributions to a qualified retirement plan maintained by his employer are not tax deductible. In the case of a salary reduction plan, or a cash or deferred profit-sharing plan, however, the Internal Revenue Service has permitted employees to exclude from income certain amounts contributed by their employers to the plan, even where the source of these amounts is the employee's agreement to take salary or bonus reductions, or forego salary increases.

On December 6, 1972, the Service issued proposed regulations which would have changed this result in the case of salary reduction plans, and which called into question the continued viability of the treatment of cash and deferred profit-sharing plans.

In order to allow time for congressional study of these areas, the conference substitute provides for a temporary freeze of the status quo. Thus, contributions to plans in existence on June 27, 1974, are to be governed under the law as it was applied prior to January 1, 1972. This treatment is to continue at least through December 31, 1976, or (if later) until regulations are issued in final form in this area, which would change the pre-1972 administration of the law. These regulations, if issued, are not to be retroactive for purposes of the social security taxes or the Federal withholding taxes, and are not to be retroactive prior to January 1, 1977, for Federal income tax purposes.

In the case of plans not in existence on June 27, 1974, contributions made on a salary reduction basis, or made, at the employee's option, to a cash or deferred profit-sharing plan, are to be treated as employee contributions (until January 1, 1977, or until new regulations are prescribed in this area). This will prevent a situation where a new plan might begin in reliance on pre-1972 law while Congress has not yet determined what the law should be in the future.

Generally a plan will be treated as having been established on June 27, 1974, if the plan had been reduced to writing and had been adopted and approved by the directors on or before that date, even if contributions had not yet been made to the plan on a salary reduction basis.[1] New participants may, of course, be added to an existing plan in the normal course of business.

Also to be covered under these principles are so-called cafeteria plans, under which the employees may have a choice between certain fringe benefits, some of which would constitute taxable income to the employee, whereas other forms of benefit might not. Thus, existing cafeteria plans also are to be governed under pre-1972 law until at least January 1, 1977. However, in the case of new plans, the value of any benefits selected under a cafeteria plan are to be includable in income until at least January 1, 1977 (or, if later, until new regulations in this area have been promulgated). In general, the same rules to be applied in determining whether or not a salary reduction plan was in existence on June 27, 1974, are also to be applied to cafeteria plans. Of course minor plan amendments (such as changing the plan to allow cash payments to cover cases of breakage, i.e., where two alternative benefits available under the cafeteria plan do not have exactly the same value) would not cause an existing plan to be classified as a new plan for purposes of these rules.

The conferees agree with the statements in the Ways and Means Committee report (No. 93-807) to the effect that there should be no inferences drawn from this action as to whether or not the pre-1972 application of the law is, or is not, correct, or as to whether new regulations in this area should, or should not, be issued, or as to what these regulations, if any, should provide.

XII. GENERAL PROVISIONS RELATING TO JURISDICTION, ADMINISTRATION, ENFORCEMENT; JOINT PENSION TASK FORCE, ETC. (SEC. 3001-3004, 3021-3022, 3031, 3041-3043 OF THE BILL)

General provisions relating to jurisdiction, administration and enforcement

Under the bill and amendment as passed by the House and the Senate jurisdiction with respect to the requirements for plans seeking tax benefits under the Internal Revenue Code is basically with the Internal Revenue Service. In addition, the bill and amendment as passed by the House and the Senate provides jurisdiction to the Secretary of Labor to enforce standards for plans which do not seek special tax benefits under the Internal Revenue Code, and to enforce certain standards as they apply to tax-qualified plans.

Under the conference substitute, procedures are established which will provide a significant and appropriate role in the enforcement of the participation, vesting, and funding standards to both the Department of Labor and the Internal Revenue Service (with respect to plans which seek qualification under the Internal Revenue Code) without a duplication of effort on the part of the two departments. In addition to the specific areas of the conference substitute where areas of jurisdiction are delegated to one department or the other, the conference substitute provides general guidelines for the coordination of administration and enforcement.

The administration of qualified plans is separated into two stages: first, the stage when the plan seeks from the Internal Revenue Service initial qualification of entitlement to special tax benefits under the Internal Revenue Code: second, the operational stage with respect to the continued eligibility of the plan for the special tax benefits.

Initial stage jurisdiction.—In determining whether a pension, profit-sharing, or stock bonus plan or a trust which is a part of such a plan, is initially entitled to the special tax benefits provided under the tax law, the Secretary of the Treasury is to require that the person applying for the initial qualification of the plan is to provide, in addition to any materials and information which would generally be necessary for the administration of the tax laws, such other forms and information as may reasonably be made available at the time of the determination as the Secretary of Labor may require. The Secretary of the Treasury is also to require that the applicant for a determination provide evidence that any employee who is an interested party with respect to the plan has been notified of the request for a determination. Also the Secretary of the Treasury is to notify the Secretary of Labor and the Pension Benefit Guaranty Corporation when he receives an application for a determination as to the tax status of a plan.

The Secretary of the Treasury when he makes a determination with respect to a plan or trust is to notify the Secretary of Labor of his determination and furnish to the Secretary of Labor the forms and information submitted for the Secretary of Labor. For this purpose a determination includes a determination that a plan is, or is not, qualified for the special tax benefits under the Internal Revenue Code. The Secretary of the Treasury is also to notify the Secretary of Labor if a request for a determination is withdrawn.

Under the conference substitute, the Secretary of the Treasury is to afford the Secretary of Labor an opportunity to comment on the initial determination in any case involving the participation or vesting standards in which the Secretary of Labor requests such an opportunity. It is expected that the two departments will set up procedures implementing this procedure in a manner which affords the Secretary of Labor an ample opportunity to comment but which does not cause undue delay in the granting of initial determinations. A request by the Secretary of Labor to comment upon an application for an initial determination is to be made only upon the request (in writing) of the Pension Benefit Guaranty Corporation or on the request of 10 employees (or 10 percent of the employees if lesser) who would be viewed as interested parties under the plan. A copy of the request submitted to the Secretary of Labor is to be transmitted by him to the Secretary of the Treasury within 5 business days of its receipt.

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[1] Where shareholder approval is required for formal adoption of the plan, such shareholder approval must also have occurred by June 27, 1974.

If the Secretary of Labor does not submit comments on behalf of such groups of employees within 30 days after receiving a petition from the necessary number of interested employees, the Secretary of the Treasury is to afford these interested employees a reasonable opportunity to comment upon the intial request for a determination. The above procedure for enabling employees to comment upon an application for a determination is not the exclusive means by which employees may participate in the determination proceedings. Employees may of course proceed on their own through the declaratory judgment provisions which are provided in the bill. The Pension Benefit Guaranty Corporation and the Secretary of Labor (upon petition by the required number of employees) may intervene in any declaratory judgment proceedings in the Tax Court whether the proceedings are brought on behalf of the employer or interested employees. In addition, the Pension Benefit Guaranty Corporation is to be entitled to bring a suit for a declaratory judgment under rules to be prescribed by the Tax Court.

If a plan is qualified by the Secretary of the Treasury, the plan is to be treated as meeting the initial requirements of the Secretary of Labor with respect to participation and vesting.

The above outlined procedures apply not only to the initial qualification of a plan which seeks the special tax benefits provided under the Internal Revenue Code but apply to a request for an IRS determination with respect to any amendment to the terms of a plan or a trust which seeks a favorable determination from the Internal Revenue Service.

Operational stage jurisdiction.—The conference substitute also provides procedures for the exercise of the respective jurisdictional authority of the departments with respect to plans qualified for special tax treatment under the Internal Revenue Code during their operation. The Secretary of the Treasury in carrying out the administration of the Internal Revenue Code with respect to any plan or trust is to examine the plan to determine whether the plan satisfies the requirements relating to minimum participation standards and minimum vesting standards (in secs. 410(a) and 411 of the Code).

The Secretary of Treasury is to notify the Secretary of Labor before commencing any proceedings to determine whether the plan or trust is in compliance with the minimum vesting and participation standards. While the notice need not be made prior to the time the Internal Revenue Service begins an audit or a review of a plan to verify that the minimum standards have been satisfied, it is expected that if in the course of a review or audit doubts or questions are raised by the Internal Revenue Service as to whether the plan has met the minimum standards, the Secretary of the Treasury is to notify the Secretary of Labor. Notification is to be made prior to the time the Internal Revenue Service issues a 30-day letter of an intention to disqualify the plan or trust. Except in cases of jeopardy the Secretary of the Treasury is not to issue a determination that the trust or plan does not satisfy the minimum standards until the expiration of a period of 60 days after the date on which he notifies the Secretary of Labor. This period of time is provided for the Secretary of Labor so that, if he chooses to do so, he may examine the plan to determine whether he should begin to take any action to compel compliance under those portions of the participation and vesting provisions of the bill in which he has jurisdiction or to coordinate any action he may be required to take by reason of a complaint from a participant or beneficiary. This 60-day period may be extended by the Secretary of the Treasury if he determines that an extension of this period would enable the Secretary of Labor to obtain compliance with the requirements of the law during this extended period. In order to assist the Secretary of Labor in deciding whether he should seek compliance with the requirements of the law the Secretary of the Treasury is to provide the Secretary of Labor with copies of any notices which he issues to the plan administrator with respect to the minimum participation and vesting standards.

The Secretary of the Treasury in administering the provisions relating to taxes on the failure to meet minimum funding standards (sec. 4971 of the Internal Revenue Code) is to notify the Secretary of Labor before imposing any tax on an employer. In addition, prior to the imposition of the tax, in other than jeopardy situations, the Secretary of the Treasury is to afford the Secretary of Labor an opportunity to comment on the appropriateness of imposing the tax. After consultation with the Secretary of Labor, the Secretary of the Treasury may in appropriate cases waive or abate the 100 percent excise tax on failure to satisfy the minimum funding standards. In order to coordinate their respective responsibilities under the funding standards, it is anticipated that both Secretaries will consult with each other as is needed with respect to the provisions relating to minimum funding standards, both those provided in the Internal Revenue Code and the funding standards provided by title I. As part of this coordination, at the request of the Secretary of Labor or the Pension Benefit Guaranty Corporation, the Internal Revenue Service is to initiate an immediate investigation with respect to any liability for the tax on failure to meet the minimum funding standards.

If the Secretary of Labor or the Pension Benefit Guaranty Corporation seek compliance on any case involving the construction or application of the minimum participation, vesting or funding standards, a reasonable opportunity is to be afforded to the Secretary of the Treasury to review and comment upon any proposed pleadings or briefs before they are filed. Of course, the Secretary of Labor need not obtain the approval of the Secretary of the Treasury and the Secretary of the Treasury may intervene and file his own pleadings or briefs in any case.

The Secretary of the Treasury in carrying out the provisions relating to tax on prohibited transactions (sec. 4975 of the Internal Revenue Code) is to inform the Secretary of Labor before imposing the tax under that section. In addition, the Secretary of Labor is to be afforded an opportunity, in other than jeopardy situations to comment on the appropriateness of imposing the tax. After consultation with the Secretary of Labor, the Secretary of the Treasury may in appropriate cases waive or abate the 100 percent excise tax on failure to correct a self-dealing violation. It also is anticipated that both Secretaries will consult as is needed with respect to the provisions relating to prohibited transactions (including the exemptions which may be provided therefrom) in order to coordinate the rules applicable under these standards. To best coordinate these rules the two Secretaries may want to set up a board to review and coordinate these rules. As part of this coordination, the Internal Revenue Service at the request of the Secretary of Labor or the Pension Benefit Guaranty Corporation is to initiate an immediate investigation with respect to the liability of any person for the tax on prohibited transactions.

Issuance of regulations.—Under the conference substitute the Department of the Treasury is to prescribe the necessary regulations under the general provisions relating to participation, vesting, and funding except where specific authority is given to the Secretary of Labor to prescribe the regulations. For example, the Secretary of Labor is to prescribe regulations defining what constitutes a year of service for purposes of the participation and vesting standards of the Act. Regulations which are prescribed by the Treasury or Labor Departments in those areas in which jurisdiction is assigned to them are to be binding upon the other department (unless provided otherwise by the bill). Where the final authorization to prescribe regulations under a provision is provided to one department or the other, it is expected that the two departments will consult and coordinate closely with each other in prescribing the necessary regulations which need to be issued under the various provisions of the bill.

Under the conference substitute whenever in the bill the Secretary of the Treasury and the Secretary of Labor are required to carry out provisions relating to the same subject matter, they are to consult with each other in the developing of rules, regulations, practices and forms to the extent possible for the efficient administration of the provisions in order to reduce to the maximum extent practical, duplication of effort, conflicting requirements and the burden of compliance (including the annual reports which must be filed by the plan administrators). The two Secretaries may make arrangements or agreements for cooperation and mutual assistance in the performance of the functions they have under the bill as they find practicable and consistent with the law. The maximum coordination is expected in those areas where one agency has the authority to prescribe regulations and also, of course, where the regulations are to be a cooperative effort of both agencies.

Joint task force and studies

Under the bill, as passed by the House, the Secretary of Labor is to undertake studies relating to private pension plans, including the cost impact of the bill on pension plans, the role of pension plans in providing economic security, the operation of pension plans, and methods of encouraging the growth of the private pension system. In addition, the Committee on Education and Labor and the Committee on Ways and Means are to undertake studies of retirement plans financed or maintained by the United States, or by State and local governments. This study is to include consideration of the adequacy of the participation, vesting, and fiduciary standards, as well as financing and funding methods. In studying whether the funding standards of the bill should be imposed on government plans the study is to take into account the taxing power of the governmental unit maintaining the plan. The two committees are to report the results of the governmental study to the House of Representatives by December 31, 1976.

Under the bill as passed by the Senate, the Secretary of Labor is authorized to undertake the studies relating to employee benefit plans which are generally similar to the studies provided for in the bill as passed by the House. However, the bill as passed by the Senate authorizes the Secretary of Treasury to undertake the study of governmental plans and report to the Committee on Finance and the Committee on Ways and Means by December 31, 1976.

Under the conference substitute the staffs of the Committee on Ways and Means and the Committee on Education and Labor of the House, the Joint Committee on Internal Revenue Taxation, and the Committee on Finance and the Committee on Labor and Public Welfare of the Senate are to carry out duties assigned to the Joint Pension Task Force. By agreement among the Chairmen of these Committees, the Joint Pension Task Force is to be furnished with office space, clerical personnel, actuarial and other consultants, and the supplies and equipment which are necessary for the Task Force to carry out its duties. The Joint Pension Task Force is authorized to engage in specified studies and make a report to the abovementioned committees within 24 months after the date of enactment of the bill. In addition, the Joint Pension Task Force is to study any other matter which any of the committees referred to above may refer to it.

The Joint Pension Task Force is specifically authorized to engage in four studies. First, it is to study and review the three vesting alternatives in the bill to determine the extent of discrimination, if any, among employees in various age groups resulting from the application of these provisions. (The results of this study are to be reported only to the tax committees.) Second, it is to study the means of providing for the portability of pension rights among different pension plans. Third, it is to study the appropriate treatment under the termination insurance provisions of the Act for plans established and maintained by small employers. Fourth, it is to study the effects and desirability of the pre-emption of State law provisions of the bill. In addition elsewhere in this statement it is indicated that the Joint Penson Task Force is to study the effect of the rules in this bill limiting the extent to which antidiscrimination rules may be enforced through additional requirements as to early vesting and the effect on benefits and costs of integrating social security benefits with the benefits payable under retirement plans.

The substitute agreed to by the conferees also provides for a congressional study of retirement plans established and maintained, or financed by the Government of the United States, by any State (including the District of Columbia), or any political subdivision thereof. The study is to include an analysis of the adequacy of existing levels of participation, vesting, and financing arrangements; existing fiduciary standards; and the unique circumstances affecting mobility of government employees and individuals employed under Federal procurement contracts. In considering whether plans are adequately financed consideration shall be given to the necessity for minimum funding standards as well as the taxing power of the government maintaining the plan. This study is to be submitted not later than December 31, 1976, by the Committee on Education and Labor and the Committee on Ways and Means to the House of Representatives and by the Committee on Finance and the Committee on Labor and Public Welfare to the Senate.

Enrollment of Actuaries

Standards.—The House bill requires that reasonable standards and qualifications are to be established for enrolling actuaries to practice, and specifies the standards that are to be applied for enrolling actuaries to practice. Under the Senate amendment, reasonable standards and qualifications are to be established for enrollment to practice, but the standards to be used are to be determined in regulations.

The conference substitute largely follows the provisions of the House bill. With respect to persons applying for enrollment before January 1, 1976, the substitute provides that the standards and qualifications are to include a requirement for "responsible actuarial experience relating to pension plans," and deletes the requirement for experience in the "administration" of pension plans. This change is intended only to clarify the application of the standards before January 1, 1976, so that persons who want to apply for enrollment before that date have responsible actuarial experience (and not only administrative experience) relating to pension plans. With respect to persons who perform actuarial services for smaller and simpler plans, the conferees anticipate that, to the extent feasible, the standards for enrollment will make it possible to use standard actuarial tables and standard earnings assumptions whether or not the actuary's training includes the highest level of actuarial skills. The limited number of persons with a high level of actuarial skills makes it desirable that the standards acceptable for persons examining smaller and simpler plans need not be as restrictive as in the case of those examining the larger plans.

The conference substitute also provides that actuaries may be enrolled on a temporary basis for a limited period. This makes it clear that actuaries can be enrolled almost immediately after enactment of the bill in order that enrolled actuaries will be available to help plans meet the requirements of the new law. The conferees intend that such temporary enrollment is not to be in lieu of any special enrollment standards for persons who apply for enrollment before January 1, 1976, but is only to allow immediate enrollment before the final standards are established.

Procedures.—The House bill provides for separate enrollment of actuaries by the Department of Labor (title I) and the Internal Revenue Service (title II). However, the House bill also provides that standards for enrollment after January 1, 1976, are to be established by joint regulations. The Senate amendment provides for enrollment only before the Internal Revenue Service.

Under the conference substitute, a single standard for enrollment is achieved by directing the Secretary of Labor and the Secretary of Treasury to establish a joint board which will set standards for enrollment and enroll actuaries to practice before the Department of Labor and Internal Revenue Service. In order that enrollment might begin as soon as possible, it is provided than an interim joint board is to be established no later than the last day of the first month following the date of enactment.

The joint board also is to administer the standards for disenrollment of actuaries and is to write the regulations on enrollment (to be approved by the two Secretaries or their delegates). As under the House bill, an actuary can be disenrolled only after notice and hearing, and if there is a finding that he does not comply with the governing rules or regulations, or is shown not to be competent in actuarial matters.

Reports.—Both the House bill and the Senate amendment provide that actuarial reports are to be made separately to the Department of Labor and the Internal Revenue Service. The conference substitute largely follows the provisions of the House bill in the technical aspects. In keeping with the general principle of eliminating, to the maximum extent feasible, duplication of effort in reporting, the conference substitute also requires the Secretaries of Labor and Treasury to take such steps as may be necessary to assure coordination, to the maximum extent feasible, between the actuarial reports they file with the Secretary of Labor and the Internal Revenue Service.

XIII. PLAN TERMINATION INSURANCE (SECS. 4001–4082 OF THE BILL)

Administering corporation and its organization

Both the House bill and the Senate amendment call for a public corporation named the Pension Benefit Guaranty Corporation to administer the plan termination provisions within (or with) the Department of Labor. The Secretary of Labor would be the chairman of a three-man board of directors. Under the House bill, the other two directors would be other officers or employees of the Department of Labor, while under the Senate amendment, the Secretaries of Commerce and of the Treasury would be the other directors.

The conferees decided, following the Senate amendment, to place the corporation within the Department of Labor under a board consisting of the Secretaries of Labor, Commerce, and the Treasury, with the Secretary of Labor to be chairman of the board. The corporation is to be "within" the Department of Labor in that it is to be quartered there and it is to receive such housekeeping services as it may request from the Labor Department. The board of directors is to establish policy, while the chairman is to be responsible for the overall supervision of the corporation's personnel, organization, and budget practices. The corporation's personnel will be appropriately classified in the usual categories, and they are to be nonpolitical. The conferees contemplate that the corporation may make contractual arrangements for the performance of some of its functions by other agencies, and, in particular, it is anticipated that it may arrange for such functions as recordkeeping to be performed by the Department of Labor insofar as those activities are analogous to the regular duties of the Labor Department. Generally, the other functions of the corporation are to be employed by its own employees, as well as by private parties contracting to perform special duties.

During the temporary start-up period following the date of enactment, the corporation may, in its discretion, make arrangements for performance of any of its functions by other agencies, and, in particular. the Department of Labor.

The conferees also established a seven-man Advisory Committee to advise the corporation on such issues as the investment of funds, appointment of trustees for terminating plans, whether plans should be liquidated immediately through purchase of annuities or continued in operation under a trustee, and on other problems with regard to which the corporation requests advice. The seven members are to be appointed by the President upon the recommendation of the board of directors. Employee organizations and employers are each to have two representatives on the Advisory Committee, with the general public to have three. The President is to designate one of the appointees as chairman.

The Advisory Committee members are to serve staggered, three-year terms, and are to meet at least six times a year. The members may select employees for the Advisory Committee, but its employees, as well as those of the corporation, are to be appointed in accordance with Civil Service regulations.

Portability assistance

The Pension Benefit Guaranty Corporation is to provide advice and assistance, upon request, to individuals regarding establishing individual retirement accounts or other forms of deductible individual retirement savings, and also regarding the desirability, in particular cases, of transferring an employee's interest in a qualified plan to a form of individual retirement savings upon that employee's separation from service.

Investments, borrowing authority, and tax exemption

Both the House and the Senate versions authorize the corporation to borrow up to $100 million from the Federal Treasury. The conferees expect the program, ultimately, to be self-financing.

The Senate amendment exempts the corporation from Federal taxation (except for social security and unemployment taxes) and from State and local taxation (except that the Corporation's real and tangible personal property, other than cash and securities, may be taxed to the same extent according to value as other such property is taxed).

The conferees accepted both the borrowing authority and the tax exemption.

The assets in the Corporation's funds representing collections of premiums may be invested in obligations issued or guaranteed by the United States. The assets representing terminated plans in the process of liquidation are to be invested by the trustees of the liquidating plans consistently with investment policies suggested to the corporation by the Advisory Committee.

Premiums

In the establishment of premium rates for plan termination insurance the House bases its rate on a combination of a plan's unfunded insured benefits and its total (whether or not funded) insured benefits. The Senate amendment, on the other hand, initially provides a premium of $1 per year per plan participant. In addition, the Senate amendment provides for collection of the premiums as a tax (therefore by the Internal Revenue Service), while the House bill does not make use of the tax collection procedure but instead the corporation is to bill and collect the premiums from the plans charging interest on unpaid premiums past due.

The conferees decided to require the corporation to establish separate uniform premium rates for single-employer and for multiemployer plans for retirement benefits. Single-employer plans are to pay $1 per plan participant during the first full plan year following enactment (and a prorated amount for any part of a plan year preceding that first full plan year). Multiemployer plans are to pay 50 cents per plan participant during these periods.

For the first fractional part of a year (after enactment) and the first full plan year after the date of enactment, premiums are to be paid within 30 days after the beginning of the period of coverage. The corporation may follow this or another system thereafter.

In the case of participants in multiemployer plans, no participant is to be counted more than once in computing the per capita ($1 or 50 cents per person) premium. Thus, if, during the course of a plan year, an employee leaves one employer in the multiemployer plan to work for another employer in the plan, the plan need nevertheless pay only one 50-cent premium on account of his participation.

The corporation is directed to establish by regulation appropriate procedure for determining the amount of the premium where there are practical problems such as rapid turnover of participants during a plan year.

During the second full plan year, both single-employer and multi-employer plans may elect to pay a premium determined under the formula of the House bill but not less than one-half of that they would have to pay under the per capita rates. (This rate base for multi-employer plans continues until 1978). One-half of the premium referred to above is to be determined according to the plan's unfunded insured benefits (but with the premium not to exceed 0.1 percent of unfunded vested benefits for single-employer plans and .025 percent for multiemployer plans). The other half of the premium is to be based on the total insured benefits. In this case the premium is to be fixed at a uniform rate (determined separately for single-employer and multiemployer plans) which is calculated by the corporation to produce the same total yearly revenue as is produced by the premiums on unfunded insured benefits.

In subsequent years the corporation may set premiums using the per capita rate base, the unfunded insured benefits rate base, or the total insured benefits rate base, or any combination of these (subject to the rate limitations above described). If the corporation should want to combine any two or more of these three rate bases, it is to design the bases to produce approximately equal amounts of aggregate premium revenue yearly from each.

The corporation may exceed the rate limitations, produce unequal amounts of aggregate premium income from the different rate bases, or use other rate bases, but only as to plan years beginning after Congress approves these revisions through a special procedure set forth in the conference substitute.

The conferees also decided that the corporation should establish by regulations equitable methods of valuing a plan's assets and benefits for the purpose of setting premium rates.

The basic enforcement mechanism is to be a civil action brought by the corporation for the collection of unpaid premiums past due. There is to be a civil penalty of up to 100 percent of the amount of unpaid premiums to be assesseed after 60 days following the due date of the premiums, but application of this penalty may be postponed in cases in which payment of the premiums entails hardship to the plan. The plan is to be liable for both the premiums for coverage of benefits and for any penalty assessed for failure to pay premiums. Besides the penalty, the corporation may also charge interest (at the rate imposed at the time under section 6601 (a) of the Internal Revenue Code, or its successor, upon tax underpayments) for unpaid premiums that are past due. Additionally, a court, in any action brought to enforce the insurance provisions, including an action to collect unpaid premiums, may award the corporation all or any part of its costs of litigation.

The corporation may elect to insure nonbasic benefits in covered plans and do this through separate funds. If it does so, uniform premium rates are to be established by the corporation for the risk insured in each category. The term "nonbasic benefits" may include both what are sometimes called ancillary benefits and what are sometimes called supplemental benefits.

As to basic retirement benefits, coverage is to continue although premiums are not paid when due.

As explained subsequently, the corporation is also to provide insurance protection for employer liability upon the termination of plans. In this case the corporation is free to determine the rates in a manner it determines as appropriate. These premiums are to be set at rates sufficient to fund the contingent liability covered. This coverage is not to remain in effect if premiums due are unpaid. For coverage of employer liability, the corporation is to provide regulations to set the appropriate period for which the premiums (which are to be paid by the employer) should be paid. Employers electing this coverage may give notice of their election prior to the coverage period, and the five-year waiting period during which the premiums must be paid before contingent employer liability is covered is to begin with that notification.

Establishment of pension benefit guaranty funds

Under the House bill, separate trust funds were to be established for single-employer plans and for multiemployer plans. In addition, the corporation would be given the option to establish other trust funds, including a fund for employers paving the optional extra premium for coverage against employer liability. The corporation was to have the discretion to grant coverage against this contingent employer liability for employers in single-employer plans. (There was to be no employer liability for employers in multiemployer plans.) Although premium rates were to be established separately to reflect experience and corporation costs for single-employer plans and multiemployer plans, only one trust fund was specifically provided under the Senate amendment. However, authority was granted to establish funds for insurance of contingent employer liability and insurance of other classes of benefits.

Under the conference substitute, four separate revolving funds are specifically established. They are for the basic retirement benefits of single-employer and multiemployer plans and for such nonbasic benefits of single employer and multiemployer plans that the corporation chooses to insure. It is intended that separate accounts will be maintained in the two basic retirement funds for employer liability payments and for premiums paid for employer liability coverage.

The resources of each fund are not to be used to pay the losses or expenses of another fund, and the funds may draw upon the general funds of the Treasury only to the extent of their borrowing authority. The funds are to be self-sufficient and are not to be a charge on the Federal budget.

Among the receipts to be included in each fund are the appropriate portions of premiums, penalties, interest, and other charges; employer liability payments; amounts borrowed from the Treasury; and interest earned by fund assets .

Disbursements are to be made from each fund for payments of insured benefits (including employer contingent liability coverage), repayment to the Treasury of borrowed amounts, operational and administrative expenses, and payments for assets being purchased under certain circumstances from a plan being terminated.

Plans covered

The House bill required mandatory coverage of all plans to which the funding standards of the bill would apply, except that no plan having less than 25 participants (of whom at least 10 must have vested benefits) during any five consecutive years, or any plan with assets covering less than 10 percent of the value of the plan's insured benefits, would be covered. The Senate amendment required mandatory coverage of all qualified plans except money purchase pension plans, profitsharing plans, stock bonus plans, governmental plans, church plans (other than those electing to be covered), and certain fraternal association plans.

Subject to specific exceptions, the conference substitute requires mandatory coverage of employee pension benefit plans that either affect interstate commerce (and, in the case of nonqualified plans, have for five years met the standards for qualified plans) or that are qualified under the Internal Revenue Code, the so-called 403(b) plans of certain educational and other tax-exempt organizations and some so-called H.R. 10 plans for the self-employed and their employees. Covered plans must pay the appropriate premium for coverage. As to whether any particular benefit receives insurance coverage, see "Benefits guaranteed" below.

A plan once determined to be a qualified plan by the Internal Revenue Service is a covered plan even if the determination is subsequently deemed erroneous. However, once a qualified plan loses its qualification, benefits thereafter accruing are not insured.

Plans specifically excluded from coverage are:

(1) individual account plans (such as money-purchase pension plans, profit-sharing plans, thrift and savings plans, and stock bonus plans),

(2) governmental plans (including plans set up under the Railroad Retirement Act of 1935 or 1937),

(3) a church plan which has not volunteered for coverage, is not for employees in an unrelated trade or business, and is not a multiemployer plan in which one or more of the employers are not churches or a convention or association of churches,

(4) plans established by fraternal societies or other organizations described in sec-

tion 501(c) (8), (9), or (18) of the Internal Revenue Code which receive no employer contributions and which cover only members (not employees),

(5) a plan that has not after the date of enactment provided for employer contributions,

(6) nonqualified deferred compensation plans established for a select group of management or highly compensated employees,

(7) a plan outside the United States for nonresident aliens,

(8) a plan primarily for a limited group of highly paid employees where the benefits to be paid (or contributions received) are in excess of the limitations set forth in section 415 of the Internal Revenue Code (as added by the conference substitute),

(9) a qualified plan established exclusively for "substantial owners" (defined below),

(10) a plan of an international organization exempt from tax under the International Organizations Immunities Act,

(11) a plan maintained only to comply with workmen's compensation, unemployment compensation, or disability insurance laws,

(12) a plan established and maintained by a labor organization described in section 501(c) (5) of the Internal Revenue Code that does not after the date of enactment provide for employer contributions,

(13) a plan which is a defined benefit plan to the extent it is treated as an individual account plan under section 3(35) (B) of the Act, or

(14) a plan established and maintained by one or more professional service employers that has from the date of enactment not had more than 25 active participants. Once one of these plans has more than 25 active participants, it remains covered although the number of such employees drops to 25 or less.

Benefits guaranteed

The House bill would provide coverage for benefits required to be vested under the bill's minimum vesting standards (up to the insurance limitations) if the plan providing the benefit had been covered for more than five years prior to the termination. The corporation could elect to cover (subject to certain conditions) nonbasic benefits if both the plans providing them and the plan provisions providing the particular benefits had been in existence for more than five years prior to the termination, or if the plans providing the coverage were tax-qualified. The Senate amendment provided coverage for benefits vested under the plan up to the insurance limitations and without regard to whether they exceeded the vesting required under the bill. The benefits, however, had to have been provided by plan provisions in effect at least three years prior to the termination.

Under the conference substitute, vested retirement benefits guaranteed by the plan (other than benefits vesting only because of the termination) are to be covered to the extent of the insurance limitations except to the extent indicated below. (Nonbasic benefits the corporation had chosen to guarantee are also to be covered. These nonbasic benefits may include that part of annuities in excess of $750 monthly, medical benefits, etc. This coverage is not necessarily to be subject to the phase-in rule limiting coverage of basic retirement benefits.)

One of the principal limitations on the coverage is that it is to be phased in at the rate of 20 percent per year until the plan or benefit is fully covered after it has been in effect for five years. (For this purpose, the period of existence of a successor plan covering substantially the same employees and providing substantially the same benefits is to be added to the period of existence of its predecessor plan in determining how long a benefit has been in effect.

In determining how long a plan or amendment has been in effect for purposes of the phase-in schedule, the first year following the end of the plan year in which the plan or amendment first becomes effective constitutes the first year (after which 20 percent of the benefit is covered).

The phase-in rule applies to all benefits provided by qualified plans from the date the benefit was provided. In the case of nonqualified plans that affect commerce, the phase-in rule applies only to benefit increases since the original plan benefits must have been in existence for five years when the plan is first covered (after at least five years of meeting all the standards applicable to qualified plans).

In the case of a plan not covered the day after enactment, the five-year phase-in rule is to commence only when the plan is covered.

The benefit coverage of "substantial owners" is not to be phased in. Resultingly, the benefits of substantial owners may be covered only after their plans have been in effect for 5 years, but at that time their benefits may be covered entirely (up to the basic insurance limitation).

In the case of a termination after the date of enactment (after December 31, 1977, in the case of a termination of a multiemployer plan), the phase-in rule is not to apply unless the corporation finds substantial evidence that the plan was terminated for a reasonable business purpose and not for the purpose of obtaining the payment of benefits by the corporation under the bill. For example, if guaranteed benefits had been increased by one or more amendments made during the 5 years before the termination (or if the plan was created during those 5 years), and the employer's financial condition at the time of termination had not deteriorated significantly from his employer's financial condition immediately after the amendment, then no part of the benefit increase attributable to the amendment is to be insured.

If such a determination was for any purpose other than a reasonable business purpose (whether or not the primary purpose) of obtaining insurance benefits, benefits established or increased during the five years prior to termination are to receive no coverage. For the purpose of this provision, a termination to avoid the liability or responsibility imposed under Title IV on an employer is to be considered a termination for a purpose other than a reasonable business purpose.

Guarantee of benefits is not to extend to benefits accrued after the Secretary of the Treasury or his delegate issues a notice of determination that any trust in the plan is no longer tax-qualified (unless the determination is later held erroneous) or after a plan amendment is adopted that causes the Secretary or his delegate to issue a notice of determination that any trust in the plan is not tax-qualified (unless the determination is later held erroneous or unless the amendment is retroactively revoked to comply with the amendment).

Insurance limitations

The House bill limited insurance benefits to the actuarial equivalent of an annuity, beginning at age 65, of $20 per month per year of credited service, regardless of the number of plans in which the employee had been a participant. This maximum amount would be adjusted according to changes in all employees' average wages. No insurance at all would be paid to a "substantial owner," which is defined as a person who owns a sole proprietorship, more than five percent of a partnership, or five percent of either the entire stock or the voting stock of a corporation.

The Senate amendment would have restricted insurance benefits to the actuarial equivalent of the lesser of 50 percent of average wages during the five years preceding termination or $750 monthly. This maximum was to be adjusted in accordance with changes in the social security contribution and benefit base. The insurance maximum was thus set without regard to the number of plans in which the employee had been a participant, and the insured benefits of an "owner-employee" in the plan during the year of termination or any of the preceding three years were to be reduced by his pro rata share of the accumulated funding deficiency requiring the insurance payments.

In general, the conferees followed the outline of the Senate amendment. However, the limitation is set as the actuarial equivalent of the lesser of 100 percent of the employee's wages during his highest-paid five consecutive years (without regard to temporary absences from participation during that period), or $750 monthly. This amount is adjusted to reflect changes in the social security contribution and benefit base.

In computing the limitation, the guarantee of nonbasic benefits is to be disregarded. In other words, employees are entitled to receive insurance payments for nonbasic benefits although those insured benefits, together with the payment of guaranteed retirement benefits, exceeds the maximum limitation.

The maximum benefit for an "owner-employee" as to each benefit or benefit increase is also limited by a fraction representing the number of years in the 30 years (the period for amortizing an unfunded past service liability for single-employer plans created after January 1, 1974) preceding termination in which the owner-employee was an active plan participant. An owner-employee is defined as a person owning 10 percent of an enterprise, whether a corporation or a partnership, or a sole proprietorship at any time in the five years preceding the termination.

Employer's contingent liability coverage

The House bill, authorized the corporation to insure employers against the contingent liability that could arise; against employers to reimburse the corporation for its losses caused by coverage of those employers' terminated plans. The amount of premiums charged for this coverage was to be based upon the actual and projected costs of this coverage. (Since there was to be no employer contingent liability for employers in multiemployer plans, there was no provision for coverage of such employers.)

The Senate amendment mandated the corporation to offer contingent liability coverage that was to be applicable to all electing plans (including both single-employer and multiemployer plans) if the extra premium for the coverage had been paid for each of the five plan years immediately preceding the plan year of the termination. The coverage was not to be granted, however, if the employer remained in the same or in a similar business. The premiums were to be calculated by the corporation at a rate sufficient to fund any contingent liability coverage payments.

Under the conference substitute, coverage of contingent employer liability is mandatory for single and multiemployer plans, but the corporation is instructed to attempt with private insurers to devise within a 36-month period a system under which risks are equitably distributed by the corporation and the private insurers with respect to classes of employers insured by each. The corporation may thereafter require all employers to obtain coverage from the private insurers, the corporation, or both, depending upon the system devised. The corporation is to fix the premiums at a rate sufficient to fund any payment by the corporation required by the coverage. Private insurers are left free to fix the rates of their own premiums, and other terms and conditions of insurance, but the corporation may level any charge upon employers obtaining private insurance that may be necessary to assure that the costs to all employers are reasonable and equitable and to assure the liquidity and adequacy of the corporation's funds used for this purpose. The corporation may not make any coverage payment with respect to contingent liability until the insurance has been in effect, and the premiums have been paid for more than five years.

The corporation may set the premium levels and collect the premiums (in arrears) for this coverage during any time up to, but not later than, three years after the date of enactment. An employer may then pay premiums for the period since the date of enactment, and this period is to be counted toward completion of the five-year payment of premiums requirement. Once obtained coverage is to be prospective only, not retroactive.

In making arrangements with private insurers, the corporation is also to consider using private industry guarantees, indemnities, or letters of credit as an alternative or supplement to private insurance.

Termination by plan administrator

The House bill requires an employer or employee organization planning to terminate a plan to first notify the corporation. The Senate amendment requires a 90-day notification period that may be extended by agreement. A notification by the corporation during one of these periods that the plan assets are insufficient is to cause a termination by the corporation under the provisions for a termination by the corporation. If, in the couse of an authorized voluntary termination, a plan administrator determines that the plan assets are insuffcient, he is required to so notify the corporation, which is then to terminate the plan under the regular proceedings for a termination by the corporation.

The Senate amendment also provides that a change from an insured plan into a money purchase plan, a profit-sharing plan, or a stock bonus plan (none of which may be covered) is to be treated as a voluntary termination (for which authorization from the corporation must first be obtained).

Under the conference substitute, the plan administrator must file notice wtih the corporation at least 10 days before the date of the proposed termination, and he may pay no benefit under termination procedures of the plan for 90 days after the proposed termination date, unless, in the interim, he receives a notice of determination from the corporation that the plan assets are sufficient to discharge the plan obligations as they fall due. The plan administrator or the corporation is authorized to petition the court for appointment of a trustee to manage the plan under the same procedure by which a trustee may be appointed in the case of an involuntary termination, if the best interest of the participants and beneficiaries would be served by the appointment. In other respects the conferees accepted the substance of the Senate amendment.

A plan termination in the sense that benefits stop accruing (as provided in section 411 (d) (3) of the Internal Revenue Code) is not to be terminated under the insurance provisions so long as the employer continues to meet the funding standards provided by the substitute.

Date of termination

The termination date of a plan is to be determined by the plan administrator or the corporation, depending upon which terminates the plan and also depending upon whether this date is agreed to by the other party. If there is not agreement between the corporation and the plan administrator, the termination date is to be established by the court. However, in the case of terminations of plans which occur before the date of enactment, the date of termination is to be set by the corporation on the basis of the date on which benefits ceased to accrue or on any other appropriate basis.

Termination by Pension Benefit Guaranty Corporation

Under the House bill, the Secretary of Labor may terminate a plan, after a hearing, (a) if he determines that the plan failed to meet the minimum funding standards, the plan is unable to pay benefits when due, or failure to terminate will cause long-run loss to the corporation, or (b) if the employer or an appropriate employee organization applies to him for authority to terminate. In terminating a plan, the Secretary of Labor must distribute the plan's assets in accordance with the priority schedule contained in the bill. He is permitted to distribute the assets without ending the plan or without appointing a receiver, and also he may order the plan's continuation under a receiver until all benefit liabilities are satisfied. At any time, however, he may wind up the plan (after a hearing) with a distribution of remaining assets.

Under the Senate amendment, the corporation may institute termination proceedings for the causes listed in the House bill or if a distribution in excess of $10,000 is made to an owner-employee (other than on account of death or disability) if, after the distribution, there are unfunded vested liabilities.

Under the conference substitute, the corporation may institute termination proceedings in court if it finds that:

(1) minimum funding standards have not been met,

(2) the plan is unable to pay benefits when due,

(3) a distribution is made to an owner-employee of $10,000 in any 24-month period if not paid by reason of death and if, after the distribution, there are unfunded vested liabilities, or

(4) the possible long-run liability to the corporation with respect to the plan may reasonably be expected to increase unreasonably if the plan is not terminated.

In seeking a termination, the corporation is to apply to the appropriate United States District Court, with notice to the plan, for appointment of a trustee to administer the plan pending issuance of a termination decree. Unless cause is shown within three days thereafter why a trustee should not be appointed, the appointment is to be made and the trustee is to administer the plan until the corporation decides whether the plan should be terminated. The court may appoint the trustee from a list furnished to the court by the corporation, or it may appoint the existing plan administrator or the corporation itself. Even without the appointment of a trustee, however, the corporation may, with notice to the plan, apply for a termination decree.

If it grants the decree, the court is to order the trustee (after first appointing a trustee, if none has yet been appointed) to terminate the plan.

A trustee with the discretion to commence the final liquidation of the trust must first give the corporation at least 10 days' notice. If the corporation should oppose the trustee's proposal, the court is to resolve the dispute.

In the case of small plans, the corporation may prescribe a simplified procedure and may pool assets of small plans so long as the rights of the participants and employers (including the right to a court decree of termination) are preserved. Furthermore, the corporation may agree with any plan administrator to designate a trustee who, without court appointment, is to have the usual powers of trustees appointed by the court.

If the application for a trustee is rejected by the court, the trustee is to transfer all assets and records of the plan back to the plan administrator within three days. If the corporation fails to apply within 30 days after appointment of the trustee for a termination decree, the trustee is to transfer the assets and records back to the plan administrator. This 30-day period may be extended by agreement or court order.

The corporation may file for termination despite the pendency in any court of bankruptcy, mortgage foreclosure, or equity receivership proceeding, or any proceeding to reorganize, conserve, or liquidate such plan or its property, or any proceeding to enforce a lien against property of the plan. The court may also stay any of these proceedings. In the termination proceedings, the court is to have the exclusive jurisdiction of the plan and its assets with powers of a court in bankruptcy and of a court in a Chapter X proceeding.

The compensation of the trustee is to be approved by the corporation, and, in the case of a trustee appointed by the court, with the consent of the court. Trustees are authorized to employ professional assistance in acordance with regulations to be issued by the corporation.

Reportable events

Under the House bill, certain events indicating possible danger of plan termination must be reported by the plan administrator to the corporation. These events are:

(a) a tax disqualification:

(b) a benefit decrease by plan amendment:

(c) a decrease in active participants to 80 percent of the number at the beginning of the plan year, or 75 percent of the number at the beginning of the previous plan year;

(d) an IRS determination that there has been a plan termination or partial termination for tax purposes;

(e) a failure to meet the minimum funding standards;

(f) inability to pay benefits when due;

(g) a distribution of $10,000 or more in a 24-month period to a "substantial owner," if the plan has unfunded nonforfeitable benefits after the distribution (unless the distribution was made on account of death);

(h) filing of a report preliminary to a merger, consolidation, transfer of assets or liabilities, or adistribution in excess of $25,000 to a participant in any plan year or the granting by the Secretary of Labor of a hearing in regard to a variation on the bill's standards; or

(i) the occurrence of any other event which the corporation determines may be indicative of a need to terminate the plan.

The Senate amendment is essentially the same as the House bill points through (f). As to point (g), the Senate amendment requires reporting of any distribution of $10,000 or more to an owner-employee (unless the distribution is made on account of death or disability), if the distribution increases or creates unfunded vested liabilities. The Senate amendment does not include provisions corresponding to points (h) and (i) of the House bill.

The Senate amendment provisions requiring the Secretary of Treasury to report certain occurrences to the corporation are essentially the same as those of the House bill. There are no corresponding provisions regarding the Secretary of Labor.

The conference substitute requires the plan administrator to inform the corporation with respect to the same listing of reportable events as listed in the House bill. However, the corporation is authorized to waive the requirement and to require any of the events referred to above to be included in the annual report made by the plan. In addition, an employer in a covered plan who knows, or has reason to know, that a reportable event has occurred is immediately to notify the plan administrator of this event.

Management functions

Under the House bill, the Secretary of Labor is given authority to transfer funds of terminated plans to the corporation for investment and for payment of benefits, as well as to obtain outside financial counsel and to take any other consistent action to assure equitable payments to participants and beneficiaries. The Senate amendment provides that investments of funds of terminated plans are to be handled by the court-appointed trustees.

Under the conference substitute, the

trustee is to take over general management of the assets. The Advisory Committee is to make timely recommendations to the corporation regarding investment policy relating to funds of terminated plans and on whether terminating plans, at the time, should be operated as liquidating trusts or liquidated (with the proceeds used to purchase annuities for the participants and beneficiaries). The corporation is to make recommendations to trustees of terminated plans regarding investments and is to direct each trustee whether to operate his plan as a wasting trust or to liquidate it and purchase annuities. If the trustee disagrees with the directive of the corporation, he is authorized to apply to the court for a resolution of the dispute.

Allocation of assets at termination

Under the House bill, priorities are provided for distribution of assets upon termination of a plan. In general, net assets (assets less expenses and less those assets irrevocably allocated to individual accounts at least 2 years before termination) are allocated in the following order:

(a) employee contributions,

(b) vested benefits of employees already receiving benefits or entitled to choose early retirement (except for disability),

(c) other vested benefits,

(d) other accrued benefits,

(e) interest on employee contributions,

(f) remaining liabilities proposed in the plan for payment upon termination, and

(g) pro rata to each person entitled to receive a distribution on account of priorities (a) through (f).

The Senate amendment requires that plan assets be distributed according to the following priorities:

(a) voluntary employee contributions,

(b) mandatory employee contributions,

(c) benefits in pay status at least 3 years (at the benefit level existing 3 years before termination),

(d) other insured benefits.

Both the House bill and the Senate amendment also have other provisions regarding allocation within a priority category when the remaining assets are insufficient to satisfy all the benefits in that category, regarding benefits in more than one priority category, and regarding similar related problems.

Under the conference substitute, assets are to be allocated among plan benefits in the levels of priorities stated below:

(1) Voluntary employee contributions,

(2) Mandatory employee contributions,

(3) Equally among individuals in the following two subcategories:

(i) in the case of benefits in pay status three years prior to termination (at the lowest pay level in that period and at the lowest benefit level under the plan during the five years prior to termination), and

(ii) in the case of benefits which would have been in pay status three years prior to termination had the participant been retired (and had his benefits commenced then, at the lowest benefit level under the plan during the five years prior to termination),

(4) All other guaranteed benefits up to the insurance limitations (but irrespective of the limitation to one $750 monthly benefit regardless of the number of plans in which the employee participated) and (on an equal level of priority) benefits that would be so guaranteed except for the special limitation on coverage of a "substantial owner,"

(5) All other (meaning uninsured) vested benefits, and

(6) All other benefits under the plan.

The plan may, under regulations, establish subclasses and categories within these six classes.

Employer liability

Both the House bill and the Senate amendment required employer liability for insurance payments made by the corporation because of terminations of the employers' plans. The House bill set a limit on employer liability of 50 percent of the employer's net worth, as compared with 30 percent under the Senate amendment. In addition, the House bill did not impose any liability in the case of multiemployer plans.

As previously discussed, both the House bill and the Senate amendment authorized the corporation to insure employers against employer liability, under different sets of conditions.

Under the conference substitute, employer liability is required for employers in both single-employer and multiemployer plans. The employer liability is limited to 30 percent of net worth, with net worth valued as of a date chosen by the corporation, but not more than 120 days prior to the termination.

Net worth is to be computed without taking the contingent employer liability into the calculation. It is determined on the basis chosen by the corporation to reflect best the operating value of the employer, and it is to be increased by any transfers made by the employer prior to the termination that the corporation finds improper.

In determining the employer who may be liable for insurance coverage losses of the corporation, all trades or businesses (whether or not incorporated) under common control are to be treated as a single employer. Trades or businesses under common control may, for this purpose, include partnerships and proprietorships as well as corporations.

If, as a result of the cessation of operations at any facility, more than 20 percent of the participants in a plan are separated from their employment, the employer is to be treated as an employer in a terminating plan that is maintained by more than one employer. Furthermore, in the case of withdrawals of employers in multiemployer plans resulting in substantial reductions of contributions, the corporation may treat the withdrawal as constituting a termination with respect to employees of such employers.

In determining the amount of the corporation's liability, the amount of employer liability (but not the employer's net worth), the application of the lien arising out of employer liability, the appropriate allocation of assets in the event of a termination, the value of the plan's assets, the amount of benefits payable with respect to each participant, the amount of benefits guaranteed with respect to each participant, the present value of the aggregate amount of benefits potentially payable by the corporation, and the fair market value of the plan's assets, the date of determination is to be the date of termination.

In determining the fair market value of a plan's assets, unrealized gain is to be taken into account.

Lien for employer liability

The House bill provides for the imposition of a lien upon all property and rights in property belonging to an employer who is liable to the corporation as a result of a plan termination. Under this provision, the lien would arise if payment were not made after demand for payment was made by the corporation and would be in the amount of the liability including interest. Further, the lien would not be valid against the general Federal tax lien.

The Senate amendment provided that the lien would also be inferior to the special estate and gift tax imposed under the Internal Revenue Code and, if arising from an obligation incurred by the employer prior to termination of the plan, a lien or other security interest which is perfected not later than 30 days after termination. The amendment further modifies the House bill by authorizing the corporation to subordinate the lien under certain circumstances.

The conference substitute in general follows the lien imposition provisions of both bills but provides (1) additional rules relating to the period during which the lien will be in existence; (2) that the priority of the lien is to be determined in the same manner as under the Federal tax lien rules to minimize circular priority problems; (3) rules relating to the civil action to foreclose the lien, including the period during which an action must be commneced; and (4) authority for the corporation to release or subordinate the lien under certain circumstances.

More specifically, the revised and added provisions may be explained as follows:

(1) The conference substitute adopts the lien priority rules of the Internal Revenue Code. Generally, these rules provide protection against the lien for a purchaser, holder of a security interest, mechanic's lienor, or judgment lien creditor if any such person's title or interest is acquired or perfected before notice of the lien is filed. Protection is also provided for certain other interests even if acquired or perfected after notice of the lien is filed. Generally, if the purchaser or creditor does not have actual notice or knowledge of the lien, this status is provided for a purchaser or a holder of a security interest in a security (stocks, bonds, negotiable instruments, etc.), a purchaser of a motor vehicle, a purchaser of certain household goods or personal effects in a casual sale for less than $250, an insurer which makes a loan secured by a policy issued by it, and a financial institution which makes a passbook loan secured by an account with the institution. This status is also provided for certain retail purchases, possessory liens, real property tax assessments, liens for repairs to a residence, and attorney's liens.

Protection against the lien is also provided with respect to certain advances which are made, after notice of the lien is filed, pursuant to a commercial transaction financing agreement, a real property construction or improvement financing agreement, or an obligatory disbursement agreement.

In the case of bankruptcy or insolvency proceedings, the lien is to be treated in the same manner as a tax due and owing to the United States.

The conference substitute provides that, for purposes of determining the priority between a Federal tax lien and the employer liability lien, each lien is to be treated as a judgment lien arising when notice of that lien is filed. The effect of this is to adopt a "first to file" priority rule with respect to the employer liability lien and the Federal tax lien imposed under section 6321 of the Internal Revenue Code.

(2) The conference substitute provides that the corporation may bring a civil action in a district court of the United States to enforce the employer liability lien or to subject any property belonging to an employer to the payment of the employer's liability to the corporation. Generally, this action must be commenced within 6 years after the date upon which the plan is terminated or prior to the expiration of any period for collection agreed upon in writing by the corporation and the employer before the expiration of the 6-year period.

(3) The conference substitute provides for both the release and subordination of the lien. The lien may be released or subordinated if the corporation determines, with the consent of the board of directors, that release or subordination of the lien would not adversely affect the collection of liability to the corporation. Under these conditions, the corporation may issue a certificate of release or subordination of the lien with respect to the employer's property or any part thereof.

Recapture of plan payments

The House bill contains no provision for the recovery shortly prior to termination of payments to participants that might be deemed excessive. Under the Senate amendment, certain payments of a terminated plan affecting interstate commerce made during a three-year period prior to termination may be recovered. Payments made on account of death or disability were not to be subject to recovery, and the corporation was authorized to waive recovery of certain amounts when the recovery would have caused substantial hardship.

In the case of a distribution to an owner-employee that exceeds $10,000 and creates or increases unfunded vested liabilities, the three-year lookback period would not begin until the corporation is informed of the distribution (which is a reportable event under both the Senate amendment and the conference substitute).

Under the conference substitute, the trustee may recover all payments to a participant in excess of $10,000 (or the amount he would have received as a monthly benefit under a lifetime annuity commencing at age 65, if greater), made during any twelve-month period within the three years prior to termination.

As under the Senate amendment, the conference substitute provides that there is to be no recovery of payments for after death or death or disability, that the three-year period is not to end, in the case of a distribution to a substantial owner (after which the plan was unfunded vested liabilities), until the corporation is notified of the distribution, and that the corporation is authorized to waive any recovery that would cause substantial economic hardship.

Restoration of plans

Neither the House bill nor the Senate amendment had any specific provision that procedures against a plan in the termination phase might be abandoned by the corporation if the employer and plan enjoyed a favorable reversal of business trends, or if some other factor made termination no longer advisable.

Under the conference substitute, the corporation may cease any termination activities and do what it can to restore the plan to its former status. As a result, a terminated plan being operated by a trustee as a wasting trust may be restored if, during the period of its operation by the trustee, experience gains or increased funding make it sufficiently solvent. The corporation may, when appropriate, transfer to the employer or plan administrator part of all of the remaining assets and liabilities.

Liability of substantial employer for withdrawal

Since employers in multiemployer plans were not liable for the corporation's losses under the House bill, that bill contained no provision regulating the withdrawal of a substantial employer from a multi-employer plan.

Under the Senate amendment, the plan administrator was to inform the corporation of the withdrawal of a substantial owner (as defined). The corporation could then either require payment into escrow of the substantial owner's potential liability or require deposit of a bond in the amount of 150 percent of the liability. If the plan terminated within five years, the payment or bond was to be forfeited. The corporation could, in the case of a withdrawal causing a significant reduction in plan contributions, require allocation between participants no longer in the plan because of the withdrawal and the remaining participants. The portion of the fund allocable to the departed participants would be treated as a termination. The corporation could waive all these procedures if there were an indemnity agreement between the remaining employers in the plan sufficient to satisfy all plan liabilities.

Under the conference substitute, the plan administrator is required to notify the corporation within 60 days after the withdrawal of a substantial employer from a plan under which more than one employer makes contributions.

The corporation may require the substantial owner either to pay the potential liability (as determined by the corporation) into escrow or to post a bond in 150 percent of the amount of the liability. The liability is normally to be determined as the substantial employer's share (with the substantial employer's share computed according to that employer's proportion of the total employer contributions to the plan within the past five years) of the total plan liability that would have existed if the plan had terminated when the substantial owner withdrew. However, the corporation is also authorized to determine the liability according to any other equitable basis prescribed by it in regulations.

If the plan terminates within five years, the payment or bond is forfeited for the benefit of the plan, but the employer may be refunded any amount not needed to meet the plan's liabilities. If there is no termination, the payment or bond is to be returned to the substantial employer or cancelled.

As alternatives to the bond or escrow payment requirement, the corporation may, if the withdrawal causes a significant reduction in the amount of plan contributions, require the plan fund to be allocated between those participants no longer under the plan because of the withdrawal and those participants still covered. That portion of the fund allocable to participants no longer in the plan is to be treated as a termination, while the remainder is to be a new plan.

The corporation is entitled to waive the use of either of these procedures if there is an indemnity agreement between all the other employers in the plan sufficient to satisfy all plan liabilities.

Liability of employers on termination of plan maintained by more than one employer

The House bill did not provide employer liability for employers in multiemployer plans. Under the Senate amendment, the employer liability on termination of a multiemployer plan was to be allocated among the employers who had contributed to the plan during the five years before termination, in proportion to their contributions. The 30-percent of net worth limit on employer liability was to be applied separately to each employer.

Under the conference substitute, the general rule of the Senate amendment is accepted with the three modifications:

1. This particular computation of employer liability is to apply to all plans having more than one employer making contributions at the time of the termination, or at any time within the five plan years preceding the date of termination.

2. The allocation is not to be in accordance with actual contributions made by employers during the last five plan years ending prior to the termination, but according to the amounts *required* to be contributed by each employer during that period.

3. The corporation is authorized to determine the liability of each employer on any other equitable basis prescribed in the corporation's regulations.

This regulatory authority extends in two directions. That is, the corporation is authorized to permit other equitable methods of allocation to be used by the employers in the plan, where such other method of allocation would not increase the likelihood that the entire plan would terminate. Also, the corporation is authorized to require the use of other equitable methods where allocation in proportion to contributions would produce inequitable results. For example, the corporation is authorized to require a different allocation basis if the employers in a plan have agreed on a contribution formula that would have the effect of shifting employer liability from those employers that had net assets to those employers that had little or no net assets.

In this regard, it should be noted that the affiliated employer rules are to apply in this area. That is, if one member of an affiliated group has employer liability, then that liability is to extend to the entire affiliated group. Also, the 30-percent-of-net-assets limit is to apply with respect to the net assets of the entire group.

Effective dates

The House bill applied the provisions on premiums and benefits to plan years beginning after June 1, 1974, for single employer plans. In the case of a multiemployer plan involving a collective bargaining agreement covering more than 25 percent of the total participants, these provisions applied to plan years beginning after the earlier of December 31, 1980, or the date on which the last such agreement relating to that plan terminated (without regard to extensions made after the date of enactment of the bill). Provisions other than those regarding premiums and benefits payable were to take effect on the date of enactment of the bill.

The Senate amendment required premiums to be collectible with respect to plan years beginning after December 31, 1973. The provisions regarding terminations and corporation and employer liability applied to plan years beginning after December 31, 1976, unless the corporation determined it had sufficient funds to cover earlier terminations. The remaining provisions were to take effect as of the date of enactment of the bill.

Under the conference substitute, benefits payable by single-employer plans are covered with respect to plans terminated after June 30, 1974, provided the usual requirements for coverage are met. Employers do not, however, incur contingent liability coverage for plans terminating between June 30, 1974, and the date of enactment.

These plans are not covered, however, unless they send the Secretary of Labor a notice received by him not later than 10 days after enactment. If reasonable cause is shown for failure to meet this requirement, notice can be received as late as October 31, 1974.

The opportunity to give notice as late as October 31, 1974 (where good cause is shown), is not intended to apply to situations where the failure to give timely notice was the result of inconvenience or inadvertence. In determining whether there is reasonable cause shown for not having given notice within the 10-day period, it is intended that the showing be by clear and convincing evidence that it was not reasonably possible to have given the notice within the time allowed.

With respect to multiemployer plans, benefits generally are not covered for plans terminating before January 1, 1978. However, the corporation may, in its discretion, cover the benefits of multiemployer plans that had been maintained for five years prior to a termination after the date of enactment, if the corporation determines that this coverage will not jeopardize the coverage of multiemployer plans terminating after December 31, 1977.

Notwithstanding the usual requirements for coverage (discussed above with respect to coverage of plans and coverage of benefits), the corporation may exercise its discretion to cover multiemployer plans which terminate after the date of enactment and before January 1, 1978, if these plans were maintained for five years prior to termination and if the plans—

(A) have been in substantial compliance with the funding requirements for a qualified plan with respect to the employees and former employees in those employment units on the basis of which the participating employers have contributed to the plan for the preceding five years, and

(B) if the participating employers and employee organization or organizations had no reasonable recourse other than termination.

Where in exercise of its discretion to cover benefits of multi-employer plans that have been in substantial compliance with the funding requirements and had no reasonable alternative to termination, or in exercise of its discretion to cover any multiemployer plan terminating before January 1, 1978, the corporation is to notify the Committee on Education and Labor and the Committee on Ways and Means of the House of Representatives, and the Committee on Labor and Public Welfare and the Committee on Finance of the Senate.

If the corporation decides to exercise its discretion with respect to a multiemployer plan, the corporation—

(A) may establish requirements for the continuation of payments which commenced before January 2, 1974, with respect to retired participants under the plan,

(B) may not make payments with respect to any participant who, on January 1, 1974, was receiving payment of retirement benefits, in excess of the amounts and rates payable with respect to that participant on that date,

(C) may not make payments which are derived, directly or indirectly, from amounts borrowed from the Treasury, and

(D) is to review from time to time these discretionary payments and reduce or terminate them to the extent necessary to allow the corporation to guarantee benefits of multiemployer plans terminating after December 31, 1977, without increasing premium rates.

The premiums for both single-employer and multiemployer plans are to be payable for fractional years beginning with the date of enactment.

If the Pension Benefit Guaranty Corporation finds that a plan (other than a multiemployer plan) has terminated after June 30, 1974, and before the date of enactment (and therefore would be eligible for coverage of benefits under the plan termination insurance provisions, but the employer would not be subject to employer liability under those provisions), then the guarantee of benefits is not to apply unless the corporation finds substantial evidence that the plan was terminated for a reasonable business purpose and not for the purpose of obtaining the payment of benefits by the corporation under this bill or of avoiding employer liability.

Temporary authority for initial period

Under the conference substitute, the corporation may appoint a receiver during the first 270 days after the enactment for a plan if (1) the corporation receives notice that a plan is to be terminated, or (2) the corporation determines that the plan should be terminated. Within 20 days after the appointment, the corporation must apply to the court for a decree approving the appointment.

If the court rejects the application or the corporation fails to apply within the 20 days, the plan assets are to be transferred back to the plan administrator within three days.

As an alternative to this procedure, the corporation may request the plan administrator to apply to the district court for the appointment of a receiver until the plan can be terminated.

The receiver is to determine whether the plan assets are sufficient to discharge the plan obligations. If the receiver's determination is approved by the corporation and the court, the receiver is to terminate the plan in accordance with the insurance provisions.

The corporation is also to have special temporary powers during the first 270 days after enactment to—

(1) contract for printing without regard to the provisions of chapter 5 of title 44, United States Code,

(2) waive any notice,

(3) extend the 90-day termination notice period (during which the plan administrator who has filed a notice of termination may not terminate the plan unless he receives a notice of sufficiency of plan assets from the corporation) for an additional 90-day period without the agreement of the plan administrator or approval of the court. and

(4) waive or reduce contingent employer liability for plan terminations, the requirements respecting withdrawals of substantial owners from plans, and the requirements respecting the liability of employers on termination of plans maintained by more than one employer if this appears necessary to avoid unreasonable hardship for an employer who was unable, as a practical matter, to continue its plan.

XIV. ADDITIONAL ITEMS

Preemption of State laws (Sec. 514 of the bill)

Under the substitute, the provisions of title I are to supersede all State laws that relate to any employee benefit plan that is established by an employer engaged in or affecting interstate commerce or by an employee organization that represents employees engaged in or affecting interstate commerce. (However, following title I generally, preemption will not apply to government plans, church plans not electing under the vesting, etc., provisions, workmen's compensation plans, non-U.S. plans primarily for nonresident aliens, and so-called "excess benefit plans.")

The preemption provision will take effect on January 1, 1975, except that preemption with respect to plan termination insurance will take effect on the date of enactment of this bill. However, it will not affect any causes of action that have arisen before January 1, 1975, and it will not affect any act or omission which occurred before that date. In addition the preemption provisions will not apply to any criminal law of general application of a State.

The preemption provisions of title I are not to exempt any person from any State law that regulates insurance, banking or securities. However, the substitute generally provides that an employee benefit plan is not to be considered as an insurance company, bank, trust company, or investment company (and is not to be considered as engaged in the business of insurance or banking) for purposes of any State law that regulates insurance companies, insurance contracts, banks, trust companies, or investment companies. This rule does not apply to a plan which is established primarily to provide death benefits; such plans, of course, may be regulated under the State insurance, etc., laws.

The substitute provides that the congressional Pension Task Force is to study this provision and report back to the labor committees of the Congress on the results of its study. It is expected that the Pension Task Force will consult closely with State insurance, etc., authorities in the course of this study.

Collectively bargained plans. (Sec. 1014 of the bill and sec. 413 of the Internal Revenue Code)

The tax provisions of the substitute provide, in the case of collectively bargained plans, that the vesting requirements are to be applied as if all employers who are parties to the plan are a single employer. Generally the substitute provides similar rules with respect to the application of the participation, discrimination, exclusive benefit, etc. requirements so that the collectively bargained plan generally will be looked to as a unit to see if these requirements are satisfied, rather than testing the requirements on an employer-by-employer basis.

In addition, the tax provisions of the substitute generally provide that, for purposes of these rules, employees of labor unions and of a collectively bargained plan are to be treated as employees of an employer which is a party to the collective bargaining agreement. However, this rule is to apply only if the union, etc. as an employer additionally meets the nondiscrimination and coverage requirements of the tax laws.

The conferees understand that the rules of the substitute are the same as the rules of present law, and it is intended that the substitute merely confirm the rules of present law.

Puerto Rican plans (sec. 1022 of the bill)

Under the conference substitute, a trust which is part of a pension, profit-sharing, or stock bonus plan which is exempt from income taxes under the laws of Puerto Rico, and which is exclusively for the benefit of participants who are Puerto Rican residents, is to be treated as a tax-exempt domestic trust for years after 1973. (Such plans would be subject to title I of the bill but would be exempt from the requirements of title II.)

A plan may elect (in a time and manner to be prescribed in regulations) to be subject to the requirements of a tax-exempt domestic trust for all purposes (including title II). In this case, a Puerto Rican trust which meets the qualification requirements of U.S. tax law may cover U.S. mainland employees of the employer, as well as his Puerto Rican employees. In the case of a trust making this election, the income source rules of subchapter N will apply to trust distributions to the extent provided in regulations. An election, once made, will be irrevocable, and will apply for plan years beginning after the date of the election.

Remedial retroactive plan amendments (sec. 1024 of the bill and sec. 401(b) of the Internal Revenue Code)

Under the substitute, retroactive plan amendments which correct a plan that does not meet the requirements for tax qualification are allowed to cure a new plan or to cure an amendment to an existing plan. Such retroactive changes can be made within the time for filing the employer's tax return for the year in which the plan was put into effect or in which the amendment was adopted (or such later time as is designated by the Secretary of the Treasury).

Mergers and transfers of plan assets (sec. 1021 of the bill)

Under the bill as passed by the House a plan must provide protection to participants in the case of a merger of the plan with another plan or the transfer of assets or liabilities from a plan. The value of benefits to the participant and the extent to which the benefits have been funded is to be protected by comparing what the participant's benefit would be if the plan had terminated immediately before the merger and what the participant's benefits would be under the merged plan had the merged plan been terminated just after the merger. The post-merger termination benefit may not be less than the premerger termination benefit. Further, a plan could not make a lump-sum distribution to a participant or beneficiary if the distribution exceeded the premerger termination benefit. Further, no merger or transfer of assets or liabilities could occur without an actuarial statement indicating compliance with the requirements being filed with the Secretary of the Treasury at least 30 days before the merger or distribution. The bill as passed by the Senate did not contain comparable provisions.

Under the conference agreement, a trust is not to constitute a qualified tax-exempt trust under the tax law, and also is not to satisfy the requirements of title I, unless it provides that in the case of any merger or consolidation of a plan, or any transfer of assets or liabilities of a plan, to any other plan each participant in the plan would receive post merger termination benefits which are equal to or greater than the premerger termination benefits. In the case of multiemployer plans these rules are to apply only to the extent that the Pension Benefit Guaranty Corporation determines that these rules are necessary for the participant's protection. These rules are to apply to mergers or transfers made after the date of enactment of the bill, but the plan provision to this effect does not have to be adopted prior to January 1, 1976.

Registration with Social Security (sec. 1031 and 1032 of the bill and secs. 6057, 6058, 6652, and 6691 of the Internal Revenue Code)

The substitute generally follows the House bill with respect to registration with Social Security. However, the House bill includes requirements for registration under both the labor and tax provisions. Under the substitute, the registration procedure is included only in the tax provisions, but this procedure applies to all plans to which the vesting standards of the labor provisions apply. In addition, under the substitute the labor provisions as well as the tax provisions require the plan administrator to furnish each person an individual statement giving him the information reported to the government; this is included so the individual may enforce his rights to receive this statement by civil action in the courts.

Under the substitute, each plan which is covered by the vesting requirements of the labor provisions is to file with the Internal Revenue Service an annual statement regarding individuals who have terminated employment in the year in question and who have a right to a deferred vested benefit in the plan. Also, the plan administrator is to furnish each person an individual statement giving him the same information which is reported to the Government.

The Social Security Administration is to maintain records of the retirement plans in which individuals have vested benefits, and is to provide this information to participants and beneficiaries on their request and also on their application for Social Security benefits.

The provisions governing registration with Social Security are to apply to a multiemployer plan to the extent provided in regulations.

The provisions requiring registration with Social Security are to apply to plan years beginning after December 31, 1975, except that reports need not be made by Social Security for 3 years after that date.

Rules for certain negotiated plans (sec. 2007 of the bill and sec 404(c) of the Internal Revenue Code)

Under the bill as passed by the House, special rules were provided for welfare and benefit plans established before 1954 as a result of an agreement between a union and the government during a period of government operation of the major part of the productive facilities of the industry in which the employer is engaged. The special provisions enable these types of plans to establish two separate trusts—one for the payment of welfare benefits and a second for the payment of retirement benefits. In order to facilitate the restructuring of a welfare and pension plan into two separate plans the bill as passed by the House provides special rules for self-employed individuals who were treated as participants under the plan. The bill as passed by the Senate did not contain provisions pertaining to this manner. The conference substitute accepts the House provision without amendment.

Tax treatment of survivor benefit plans of the uniformed services (sec. 2008 of the bill and sec. 122 of the Internal Revenue Code)

The Senate amendment included a provision designed to continue the same tax treatment for servicemen and former servicemen of the United States under the Survivor Benefit Plan (recently enacted in P.L. 92-425) as formerly was available for them under the Retired Serviceman's Family Protection Plan in the case of annuities for surviving spouses or certain child beneficiaries. Under the present tax law, a member or former member of the uniformed services of the United States who receives a reduced amount of retired or retainer pay because of his election to contribute to the program for survivor annuity benefits is not required to include in his gross income the amount of this reduction in his pay. However, the law governing these annuities has recently been changed by the new Survivor Benefit Plan to provide that survivor annuity benefits apply unless the retired serviceman elects not to participate. The amendment conforms the existing tax treatment to this change in the election requirement under the new Survivor Benefit Plan. Thus, where a serviceman (or former serviceman) does not elect out of the new Survivor Benefit Plan and as a result receives reduced retired pay, the amount of the reduction is not taxed to him. Similar conforming amendments are also made to other provisions of the tax laws.

The conference substitute includes this entire provision from the Senate amendment.

Carl D. Perkins,
Frank Thompson, Jr.,
John H. Dent,
Phillip Burton,
Albert H. Quie,
John N. Erlenborn,
Ronald A. Sarasin,
Managers on the Part of the House as to Title I of the House Bill.
Al Ullman,
James A. Burke,
Martha W. Griffiths,
Dan Rostenkowski,
H. T. Schneebeli,
Harold R. Collier,
Joel T. Broyhill,
Managers on the Part of the House as to Title II of the House Bill.
Russell Long,
Harrison A. Williams,
Jennings Randolph,
Gaylord Nelson,
Lloyd Bentsen,
Jacob K. Javits,
Richard S. Schweiker,
Wallace F. Bennett,
Carl T. Curtis,
Managers on the Part of the Senate.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. Pepper (at the request of Mr. O'Neill), for today, on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, as granted to:

(The following Members (at the request of Mr. Kemp), to revise and extend their remarks and include extraneous matter:)

Mr. Kemp, for 20 minutes, today.
Mr. Gude, for 15 minutes, today.
Mr. McKinney, for 5 minutes, today.
Mr. Young of Alaska, for 5 minutes, today.

(The following Members (at the request of Ms. Holtzman), to revise and extend their remarks and to include extraneous matter:)

Mr. Reuss, for 10 minutes, today.
Mr. Gonzalez, for 5 minutes, today.
Mr. Eilberg, for 5 minutes, today.
Mr. Vanik, for 5 minutes, today.
Mr. Montgomery, for 5 minutes, today.
Mr. Bingham, for 5 minutes, today.
Mr. Diggs, for 5 minutes, today.
Mr. Aspin, for 20 minutes, today.
Mr. Annunzio, for 5 minutes, today.
Mr. Harrington, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. Landgrebe and to include extraneous matter.

Mr. Rogers, and to include extraneous matter, with his own remarks on the Health Revenue Sharing and Health Services Act of 1974 (H.R. 14214).

(The following Members (at the request of Mr. Kemp) and to include extraneous matter:)

Mr. Burke of Florida.
Mr. Minshall of Ohio.
Mr. Mizell in five instances.
Mr. Hosmer in two instances.
Mr. Gilman.
Mr. Anderson of Illinois in two instances.
Mr. Broyhill of Virginia.
Mr. Wyman in two instances.
Mr. Cohen.
Mr. Baker in two instances.
Mr. Kuykendall in two instances.
Mr. Derwinski in three instances.
Mr. Michel in two instances.
Mr. Cronin.
Mr. McDade.
Mr. Huber.
Mr. Bauman in two instances.
Mr. Young of Illinois in two instances.
Mr. Price of Texas.
Mr. Esch.

(The following Members (at the request of Ms. Holtzman) and to include extraneous material:)

Mr. Annunzio in six instances.
Mr. Anderson of California in two instances.
Mr. Rarick in three instances.
Mr. Gonzalez in three instances.
Mr. Rooney of New York.
Mr. Long of Louisiana in two instances.
Mr. Helstoski.
Mr. Stuckey.
Mr. Jones of North Carolina.
Mr. Evins of Tennessee in two instances.
Mr. Hamilton in two instances.
Mr. Dingell.
Mr. Bolling.
Mr. Lehman in 10 instances.
Mr. Bowen.
Mr. Bingham in five instances.
Mr. Green of Pennsylvania.
Mr. Fascell in two instances.
Mr. Udall in five instances.
Mr. Roush in three instances.
Mr. Dent.
Mr. Evans of Colorado.
Mr. Rogers in five instances.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 3331. An act to clarify the authority of the Small Business Administration, to increase the authority of the Small Business Administration, and for other purposes; and

S. 3782. An act to amend the Public Health Service Act to extend through fiscal year 1975 the scholarship program for the

National Health Service Corps and the loan program for health professions students.

BILLS AND JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mr. HAYS, from the Committee on House Administration, reported that that committee did on August 9, 1974 present to the President, for his approval, bills and a Joint Resolution of the House of the following titles:

H.R. 69. An act to extend and amend the Elementary and Secondary Education Act of 1965, and for other purposes;

H.R. 7682. An act to confer U.S. citizenship posthumously upon Lance Corporal Federico Silva;

H.R. 5667. An act for the relief of Linda Julie Dickson (nee Waters); and

H.J. Res. 1104. A joint resolution to extend by 62 days the expiration date of the Export Administration Act of 1969.

ADJOURNMENT

Mr. PATTEN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 9 o'clock and 47 minutes p.m.), the House adjourned until tomorrow, Tuesday, August 13, 1974, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2647. A letter from the Secretary of Labor, transmitting the annual report on the administration of the Welfare and Pension Plans Disclosure Act, pursuant to section 14 (b) of the act; to the Committee on Education and Labor.

2648. A letter from the Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting copies of international agreements entered into by the United States, pursuant to Public Law 92–403; to the Committee on Foreign Affairs.

2649. A letter from the Administrator, Federal Energy Administration, transmitting a progress report on the retailing of gasoline, pursuant to section 4(c)(2)(A) of the Emergency Petroleum Allocation Act of 1973; to the Committee on Interstate and Foreign Commerce.

2650. A letter from the Administrator of General Services, transmitting a report of a building project survey for Harvey, Ill.; to the Committee on Public Works.

2651. A letter from the Administrator, U.S. Environmental Protection Agency, transmitting a report of the Nation's water quality and an inventory of major point sources of pollution, pursuant to section 305(a) of the Federal Water Pollution Control Amendments of 1972 (Public Law 92–500); to the Committee on Public Works.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mrs. SULLIVAN: Committee on Merchant Marine and Fisheries. H.R. 14600. A bill to increase the borrowing authority of the Panama Canal Company and revise the method of computing interest thereon. (Rept. No. 93–1276). Referred to the Committee of the Whole House on the State of the Union.

Mr. TEAGUE: Committee of conference. Conference report on S. 1769 (Rept. No. 93–1277). Ordered to be printed.

Mr. TEAGUE: Committee of conference. Conference report on H.R. 11864 (Rept. No. 93–1278). Ordered to be printed.

Mr. PATMAN: Committee of conference. Conference report on S. 3066 (Rept. No. 93–12793. Ordered to be printed.

Mr. PERKINS: Committee of conference. Conference report on H.R. 2 (Rept. No. 93–1280). Ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ASPIN:

H.R. 16367. A bill to amend section 5051 of the Internal Revenue Code of 1954 (relating to the Federal excise tax on beer); to the Committee on Ways and Means.

By Mr. BROYHILL of Virginia:

H.R. 16368. A bill to authorize the recomputation of the retired pay of members and former members of the uniformed services who entered service before July 1, 1958, and whose retired pay is computed on the basis of pay scales in effect before the date of the enactment of this act, and for other purposes; to the Committee on Armed Services.

By Mrs. GRIFFITHS (for herself, and Mr. Addabbo):

H.R. 16369. A bill to create a national system of health security; to the Committee on Ways and Means.

By Mr. GUDE (for himself, Mr. Danielson, Mr. Bob Wilson, Mr. Kyros, and Mr. Cohen):

H.R. 16370. A bill to authorize the voluntary withholding of Maryland, Virginia, and District of Columbia income taxes, pursuant to agreements subject to review by the Committee on House Administration of the House of Representatives, in the case of certain legislative officers and employees; to the Committee on House Administration.

By Mr. McCORMACK (for himself, Mr. Teague, Mr. Mosher, Mr. Goldwater, Mr. Fuqua, Mr. Wydler, Mr. Symington, Mr. Esch, Mr. Hanna, Mr. Conlan, Mr. Roe, Mr. Parris, Mr. Bergland, Mr. Cronin, Mr. Pickle, Mr. Martin of North Carolina, Mr. Brown of California, Mr. Ketchum, Mr. Milford, Mr. Thornton, and Mr. Gunter):

H.R. 16371. A bill to further the conduct of research, development, and demonstrations in solar energy technologies, to establish a solar energy coordination and management project, to provide for scientific and technical training in solar energy, to establish a Solar Energy Research Institute, to provide for the development of suitable incentives to assure the rapid commercial utilization of solar energy, and for other purposes; to the Committee on Science and Astronautics.

By Mr. McCORMACK (for himself, Mr. Teague, Mr. Mosher, Mr. Goldwater, Mr. Price of Texas, Mr. Rarick, and Mr. Anderson of Illinois):

H.R. 16372. A bill to further the conduct of research, development, and demonstrations in solar energy technologies, to establish a solar energy coordination and management project, to amend the National Science Foundation Act of 1950 and the National Aeronautics and Space Act of 1958, to provide for scientific and technical training in solar energy, to establish a Solar Energy Research Institute, to provide for the development of suitable incentives to assure the rapid commercial utilization of solar energy, and for other purposes; to the Committee on Science and Astronautics.

By Mr. MOORHEAD of Pennsylvania (for himself, Ms. Abzug, Mr. Alexander, Mr. Broomfield, Mr. Erlenborn, Mr. Fascell, Mr. Goldwater, Mr. Gude, Mr. Koch, Mr. Litton, Mr. McCloskey, Mr. Moss, Mr. Thone, and Mr. Wright):

H.R. 16373. A bill to amend title 5, United States Code, by adding a section 552a to safeguard individual privacy from the misuse of Federal records and to provide that individuals be granted access to records concerning them which are maintained by Federal agencies; to the Committee on Government Operations.

By Mr. RAILSBACK:

H.R. 16374. A bill to provide financial relief to livestock producers by extending until December 31, 1975, the date for compliance with permits issued with respect to the national pollution discharge elimination system; to the Committee on Public Works.

By Mr. RONCALIO of Wyoming:

H.R. 16375. A bill to amend the Emergency Daylight Saving Time Energy Conservation Act of 1973 to exempt from its provisions the period from the last Sunday in October 1974, through the last Sunday in February 1975; to the Committee on Interstate and Foreign Commerce.

H.R. 16376. A bill to amend the Internal Revenue Code of 1954 to increase the exemption for purposes of the Federal estate tax, to increase the estate tax marital deduction, and to provide an alternate method of valuing certain real property for estate tax purposes; to the Committee on Ways and Means.

By Mr. RONCALLO of New York (for himself, Mr. Stratton and Mr. Conte):

H.R. 16377. A bill to authorize the Secretary of the Navy to transfer ownership of two naval vessels no longer needed by the Navy to the City of New York, N.Y.; to the Committee on Armed Services.

By Mr. STEELE (for himself, Mr. Cohen, Mrs. Heckler of Massachusetts, Mr. Heinz, Mr. Mosher, Mr. Peyser, Mr. Veysey, and Mr. Young of Illinois):

H.R. 16378. A bill to amend section 232 of the National Housing Act to provide insurance for loans to finance improvements to long-term care facilities required to correct deficiencies identified in State surveys and Federal certification procedures; to the Committee on Banking and Currency.

H.R. 16379. A bill to amend the Older Americans Act of 1965 to provide strengthened programs relating to long-term care facilities, and for other purposes; to the Committee on Education and Labor.

H.R. 16380. A bill to amend the Social Security Act to provide for the furnishing of rehabilitative services to inpatients of long-term care facilities; to the Committee on Ways and Means.

H.R. 16381. A bill to amend title XVIII of the Social Security Act to provide for the establishment of a Nursing Home Affairs Advisory Council; to the Committee on Ways and Means.

H.R. 16382. A bill to amend title XIX of the Social Security Act to impose certain requirements relating to the discharge or transfer of medicaid patients from skilled nursing or intermediate care facilities, and for other purposes; to the Committee on Ways and Means.

H.R. 16383. A bill to amend the Social Security Act so as to make permanent certain temporary provisions relating to inspections of long term care institutions, to provide for the publication of certain information regarding such institutions, and requiring that such institutions provide certain training for their nonprofessional employees as a condition of participation in the medicare and medicaid programs; to the Committee on Ways and Means.

By Mr. THOMSON of Wisconsin:

H.R. 16384. A bill to repeal the Emergency Daylight Saving Time Energy Conservation Act of 1973; to the Committee on Interstate and Foreign Commerce.

By Mr. YOUNG of Alaska:

H.R. 16385. A bill to authorize the Secretary of the Interior to convey all right, title and interest of the United States in and to a tract of land located in the Fairbanks Recording District, State of Alaska, to the Fairbanks North Star Borough, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. BUCHANAN (for himself, Mr. BURGENER, Mr. CARNEY of Ohio, Mr. CASEY of Texas, Mr. CLEVELAND, Mrs. COLLINS of Illinois, Mr. DINGELL, Mr. DUNCAN, Mr. DU PONT, Mr. ESCH, Mr. EVANS of Colorado, Mr. HUBER, Mr. LONG of Maryland, Mr. MOAKLEY, Mr. STEIGER of Arizona, Mr. STOKES, and Mr. THONE):

H.R. 16386. A bill to amend title 39, United States Code, to strengthen the regulatory authority of the Postal Rate Commission with respect to the operation of the Postal Service, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. HOSMER (for himself, Mr. REGULA, Mr. JOHNSON of California, Mr. CRONIN, Mr. RUPPE, Mr. KETCHUM, Mr. LUJAN, and Mr. BAUMAN):

H.R. 16387. A bill to designate certain lands as wilderness, and for other purposes; to the Commitee on Interior and Insular Affairs.

By Mr. MOAKLEY:

H.R. 16388. A bill to provide for disclosure of information by executive departments to committees of Congress; to the Committee on Armed Services.

H.R. 16389. A bill to establish a National Commission on Supplies and Shortages; to the Committee on Banking and Currency.

H.R. 16390. A bill to amend title 44, United States Code, to redesignate the National Historical Publications Commission as the National Historical Publications and Records Commission, to increase the membership of such Commission, and to increase the authorization of appropriations for such Commission; to the Committee on Government Operations.

H.R. 16391. A bill to create a congressional price ombudsman; to the Committee on House Administration.

H.R. 16392. A bill to amend the Federal Food, Drug, and Cosmetic Act to require the labels on all foods to disclose each of their ingredients; to the Committee on Interstate and Foreign Commerce.

H.R. 16393. A bill to amend the Fishermen's Protective Act of 1967 in order to strengthen the import restrictions which may be imposed to deter foreign countries from conducting fishing operations which adversely affect international fishery conservation programs; to the Committee on Merchant Marine and Fisheries.

H.R. 16394. A bill to amend title 38, United States Code, to increase the maximum amount of the grant payable for specially adapted housing for disabled veterans; to the committee on Veterans' Affairs.

H.R. 16395. A bill to amend part B of title XI of the Social Security Act to provide a more effective administration of professional standards review of health care services, to expand the Professional Standards Review Organization activity to include review of services performed by or in federally operated health care institutions, and to protect the confidentiality of medical records; to the Committtee on Ways and Means.

H.R. 16396. A bill to amend section 214 of the Internal Revenue Code of 1954 to provide a deduction for dependent care expenses of married taxpayers who are employed part time, or who are students, and for other purposes; to the Committee on Ways and Means.

By Mr. DERWINSKI:

H.J. Res. 1108. Joint resolution designating the first full week in April 1975 as National Shoppers' Newsletter Week; to the Committee on the Judiciary.

By Mr. BRADEMAS (for himself, Mr. KYROS, Mr. YATRON, Mr. SARBANES, Mr. BAFALIS, Mr. PODELL, Mr. BROWN of California, Mr. ROE, Mr. WHITEHURST, Mr. ADDABBO, Mr. NIX, Mr. ANDERSON of Illinois, Mr. FASCELL, Mr. HINSHAW, Mr. KING, Mrs. GRASSO, Mr. YOUNG of Georgia, Mr. SEIBERLING, Mr. REES, Mr. CARNEY of Ohio, Mr. ROSENTHAL, Mr. MOLLOHAN, Mr. FISH, Mr. MOAKLEY, and Mr. MOORHEAD of Pennsylvania):

H. Con. Res. 597. Concurrent resolution expressing the sense of Congress regarding the withdrawal of foreign troops from the Republic of Cyprus; to the Committee on Foreign Affairs.

By Mr. BRADEMAS (for himself, Mr. KYROS, Mr. YATRON, Mr. SARBANES, Mr. BAFALIS, Mr. STUDDS, Mr. HARRINGTON, Mr. GUDE, Mr. STARK, Mr. EILBERG, and Mr. DERWINSKI):

H. Con. Res. 598. Concurrent resolution expressing the sense of Congress regarding the withdrawal of foreign troops from the Republic of Cyprus; to the Committee on Foreign Affairs.

By Mr. DERWINSKI (for himself, Mr. CRANE, and Mr. FROEHLICH):

H. Res. 1308. Resolution to affirm the foreign policy of the United States; to the Committee on Foreign Affairs.

By Mr. GRAY (for himself and Mr. JONES of North Carolina):

H. Res. 1309. Resolution relating to officers and members of the U.S. Capitol Police under the House of Representatives; to the Committee on House Administration.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

518. By the SPEAKER: Memorial of the Legislature of the State of Illinois, relative to no-fault insurance; to the Committee on Interstate and Foreign Commerce.

519. Also, memorial of the House of Representatives of the Commonwealth of Massachusetts, relative to making recipients of supplemental security income eligible for food stamps; to the Committee on Ways and Means.

PETITIONS, ETC.

Under clause 1 of rule XXII,

470. The SPEAKER presented a petition of the council of the city and county of Honolulu, Hawaii, relative to Federal participation in the costs of educating immigrants; to the Committee on Education and Labor.

EXTENSIONS OF REMARKS

INDIAN TEACHERS FOR SCHOOLS ON RESERVATIONS

HON. PAUL J. FANNIN

OF ARIZONA

IN THE SENATE OF THE UNITED STATES

Monday, August 12, 1974

Mr. FANNIN. Mr. President, of all the problems on our Indian reservations, one of the most perplexing is how to provide a good educational system. We want a system which will provide Indians with the education which they need to compete in and share in what is frequently referred to as the mainstream of American life. Yet we also want a system which will enable Indians to maintain their rich traditions, language, and cultural heritage.

One of the major obstacles is the lack of teachers who speak Indian languages and understand the various cultures. An obvious answer to this is to train Indians to become teachers, but this involves unique problems because of the remoteness of some reservations, because of economic barriers, and because in the past Indians simply have not been motivated to get a college education.

The Arizona magazine of the Arizona Republic carried an excellent article on July 28, 1974, about an experimental program which appears to show some success.

Mr. President, I believe my colleagues would be interested in reading about the program and the remarkable determination of both those operating the program and the participants. I request unanimous consent that the article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

A SPECIAL KIND OF TEACHER FOR THE RESERVATION

(By Robert Barrett)

In 115-degree heat, Mrs. Selma Elizabeth Carlyle was hoeing a small canal in the sandy ground so water could reach a newly planted palm tree. She motioned the visitors to the shade of a thatched ramada in front of her home that stands by itself off a dirt road on the reservation southwest of Laveen.

"I've been here in this little shack, oh boy, about fourteen years. I raised all my boys here. My boy (Deke) is not wild. He stays close to home and that's the only way I get through school," she said.

Mrs. Carlyle is one of 36 American Indians scheduled to graduate with a bachelor's degree in elementary education from Arizona State University in August. At age 47 she returned to school after 30 years, three marriages, eight children and a bout with cancer. Each week, she drove 90 miles to attend classes on the Gila River Indian Reservation.

Mrs. Carlyle started working for the reservation's Headstart program as a cook. She worked as a volunteer because the program had no funds to pay her. After cooking for the school she worked from 2 p.m. until sundown bunching vegetables. Eventually she was paid for cooking but she didn't give up her second job.

"I was supporting my family alone then. I got fifty dollars a week as a cook and after taxes I got about forty-seven dollars a week. I had to raise five boys and I guess I was too proud to go on welfare," she said. One of her sons, Paul Smith, is president of the Salt River Indian tribe.

"All my children have scattered to the winds except for two," she said. Tony works as a hospital orderly and her thirteen-year-old, Deke, keeps house while she's at ASU. "He brushes dirt under the chairs," Mrs. Carlyle said.

Her children are the product of three marriages. She dropped out of the ninth grade when she married at age 17. Her first husband died, she divorced her second and she's separated from her third husband.

Mrs. Carlyle advanced from cook to teacher aide while working at the Gila Crossing Day School. Then she entered an experimental project called the Career Opportunities Program (COP). It is federally funded to produce Indian teachers for the schools on the reservations in Arizona. It is directed at ASU by Dr. John Sullivan. Mrs. Carlyle worked as a teacher aide during the school year but one day each week she attended classes on the reservation instead of working. The classes were held at the most central point on the reservation and she drove 45 miles each way to attend.

"Some drive sixty miles each way to attend the classes on the reservation," Sullivan said. The students earn nine hours per semester on the reservation and attend summer sessions on campus to accumulate twelve more each summer. They may commute to ASU or they may live on campus. "As a result they can finish in four calendar years and one summer. That compares favorably with going off to college," he said.

Speaking of the Indian teachers, Sullivan said, "They will serve as a communications bridge in their communities. School is alien to the Indian community and they will serve as a bridge by playing at or being role models for others."

Mrs. Carlyle is half Hopi and half Pima. While working as a teacher aide she found the children trusted her more because she speaks Pima.

"Children in the first grade don't have strong English vocabulary. I explain something in Pima then speak in English. This helps them build a strong English vocabulary faster," she said.

"For example, someone was talking about a gopher but one girl asked me what a gopher was. I explained in Pima so she could understand, then repeated it in English. When I said the Pima word for gopher, she understood and added a new word to her English vocabulary."

As a teacher aide, she prepared lessons and acted as a teacher.

"I started with an advanced group in reading. I worked on one side of the class and the teacher worked on the other. I was told I was a second teacher," she said proudly.

Last spring she began working with the slower learning group, still as a teacher aide. She realized then the value of knowing her native language because she did more translating.

"I don't know how many of them are held back because of the language barrier," she said.

Most of the children speak Pima now but the trend is often to use English in the homes to the extent that some families don't teach their children their language. Mrs. Carlyle feels that while English is a necessity, the lack of Pima is a tragedy. Her granddaughter isn't being taught Pima by her son.

"I tell him, don't ever deprive her of her Indian language. You see, younger people feel if you don't teach the child Pima, they are better off. Sometimes it is, sometimes it isn't. The non-speakers lose understanding of the legends and songs of the Pima. That's not good. Our legends are partly spoken and partly sung. The flavor is gone from the legends when they're translated because they're a little on the risque side.

"Our legends are dying out because the old folks aren't speaking the language . . ." She paused and frowned. "It's just not good."

Mrs. Carlyle is looking forward to working in classrooms as a teacher instead of a teacher aide. She almost didn't make it. From June 4 to July 30, 1972, she was in the Phoenix Indian Medical Center with breast cancer. During the five weeks of cobalt radiation treatment she still commuted to ASU to attend classes and work with the children as a student teacher.

"I was working with the children and forgot my problems. I think it helped keep me going," she explained. "Teaching won't be new, so I'm not excited. I'll have more responsibility and more money. It makes me feel good that this time I'll be working with a certificate. I won't let it go to my head. I'm still the same person."

She already has become a role model. She said some of her neighbors come to her and ask her what school is like.

"I encourage them to start. They say they can't because they're twenty or thirty. I say I started older than that. I think they're ashamed to say they're going to high school. I tell the younger ones to go to either college or vocational school. They say yes, they'll think about it. Some do, some don't. It depends on the family situation. My children say, 'How 'bout that? Mom's going to get a degree.' And I'm proud," she said.

The COP at ASU began in 1970 with 60 students. It now has 51, the best retention rate of 131 COP projects around the country. Of the 51 students at ASU, 36 will graduate this year and the remaining 15 are expected to graduate next year.

Sullivan said, "That (the 51 students) is a track record that is unique. The dropout rate of minority students is very high." He paused to light his pipe. "I'd say fifty percent is almost normal and ninety is high."

It will be the largest group of American Indians ever to graduate at one time from an Arizona university, Sullivan said.

"We have a more mature group," Sullivan said. "The ages range from twenty-two or three to fifty-eight. We weren't taking kids just graduated from high school. We drew from adults. At eighteen you have a lot of distractions. I know I did. But these people, they know what they want and they are willing to work for it.

"They all have the initial problem of any adult in going back to the books as well as trying to raise a family, but that is the only real handicap."

Sullivan said the federal regulations state that to qualify for COP the student must work for one of the schools fulltime. Because the school jobs only last nine months and funding for the job is usually uncertain, most of the workers are women. This has caused some trouble.

Sometimes the problem is simple jealousy. The husband resents his wife getting a better education which will result in better pay. Some resent the wife being away from the family.

Sullivan said one student's home had only kerosene lamps but that wasn't the problem. The children wanted to play when he came home from classes. He played with them and had to do his homework late at night.

"One of the major problems is the lack of involvement in the schools. What we need is to bind the schools and the community together. This is particularly true on the Indian reservation," Sullivan said. "The (non-Indian) teachers aren't indigenous to the community. They're not native to the area. All our students have some knowledge of school, they work there. They know what it is like and they all know they want to teach."

The turnover rates for non-Indian teachers on the reservation is 20 to 50 percent with an average stay of two years, according to a Bureau of Indian Affairs (BIA) study. The programs those teachers might start don't have continuity. There is no follow-through.

Part of the difficulty is the language. The non-Indian teachers don't speak the language. The teachers don't have a choice of housing and must live in a small group of apartments. And most feel there really isn't much to do on a reservation.

The graduating Indians don't have to remain on the reservation but Sullivan feels sure they will. "Every one of the thirty-six has job offerings in their own areas. That's where they have their home, their roots and their children. I'm sure most will stay."

He leaned back and gazed at a photograph of two Indians, one very old and one young. The caption read: "The past is only a beginning."

"You know," he said, "they have another advantage over the Angla teachers. They're receiving dual certification. They can teach elementary school and they are trained in special education. That means they can tell who is exceptional and then give that child the opportunity to advance without leaving the reservation."

Mrs. Carlyle realized the need for special education when her son, Tony, had problems at South Mountain High.

"My nineteen-year-old had trouble with a black teacher. In one of his classes the teacher used him as an example of someone who gets everything free, books free, tuition free. My son said no, it wasn't so. It wasn't. I worked to give him what he had. He ended up in the counseling department and they sent him back to class. He's heavy, you know. He walks heavy. The teacher said he stumped into class and he said no. They argued and they sent him home," Mrs. Carlyle said.

After a few weeks she took Tony back to school and they met the assistant principal. According to Mrs. Carlyle, Tony lost his temper when the assistant principal wouldn't let him explain his side of the story. Tony quit school but plans to return.

"Maybe I should specialize in special education because they need more understanding people there. When we're not teaching we can see the need that teachers need instruction, too," she said.

Mrs. Carlyle is one of the few who will be allowed to continue in a master's program. Sullivan said the funding for COP ends in August, 1975 and that will allow her and others to work one year on their master's program. He hopes to get a similar project started until Title 4, Part E of the Indian Education Act. If he does, Mrs. Carlyle will be able to complete her master's work and others may enter the program.

"I'm scared (of the master's program)," Mrs. Carlyle said. "Anything I start out I always start out scared. I threaten to drop out every year but I keep going. I guess if cancer didn't kill me education won't either."

WARDELL V. STANSBURY, FIRST BLACK CITY COUNCIL PRESIDENT OF HAVRE DE GRACE, MD.

HON. ROBERT E. BAUMAN

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Monday, August 12, 1974

Mr. BAUMAN. Mr. Speaker, there is a tendency to forget how much race relations have improved in recent years, but a good example of this improvement occurred recently when the Honorable Wardell V. Stansbury was elected the first black city council president of Havre de Grace, Md., in my congressional district.

Mr. Stansbury comes from a distinguished family of community leaders in Harford County, Md., and also serves as director of family services for the Maryland Department of Social Services in Bel Air.

I include an article from the Record of Havre de Grace which details the admirable career of this young man:

IF YOU DON'T HOPE . . .

(By Mike Norris)

"Wardell V. Stansbury, May 20, 1974: First Black City Council President—Havre de Grace" reads a shining new plaque hanging amidst dozens of family mementoes, athletic trophies and other memorabilia recalling some of the past successes—and tribulations—of the life-time resident of 400 Stokes St.

"You lose a few, but when you win one you're happy. And if you don't have hope, you have nothing," said the 39-year-old Stansbury, city councilman and new city council president. He recalled the days since June, 1953 when he graduated with the last class to attend the Havre de Grace Colored High School at the corner of Alliance and Stokes streets—a school whose now crumbling masonry and shattered windows are perhaps symbolic of the ideas and institutions which began disintegrating after that commencement 21 years ago.

Primarily due to the influence of his late father, Clayton S. Stansbury, Sr., Stansbury said he abandoned his intention to go straight from high school into the Air Force—"I was impressed with veterans"—and in the fall of 1953 entered Morgan State College, to study biology and physical education and continue an athletic career which began in Havre de Grace.

He also joined the Reserve Officers Training Corps at Morgan, where he found the first year away from home "tough," like most new college students.

Going to Morgan, Stansbury continued a long-standing academic tradition in his family, which began years earlier when his oldest brother Marcus, attended Howard University in Washington, D.C. Marcus Stansbury, now 54, is a lay minister and an electrical engineer at the Aberdeen Proving Ground.

George T. Stansbury, 52, studied at Morgan and Howard, interned at Freedman's Hospital and has since continued his medical practice in Havre de Grace. His younger brother, Russell, 49, graduated from Maryland State College and now teaches industrial arts at the Aberdeen Middle School.

The new City Council President ran track at Morgan—the quarter- and half-mile races—along with his brother Clayton T. Stansbury, 41. The latter earned his doctorate at the University of Maryland and currently heads the Department of Psychology at Morgan State.

Stansbury points with pride to the worn blue and white track spikes that rest along with a host of plaques and other awards, on a nearby shelf. He was an All-American while at Morgan.

"Lt. Stansbury conducted himself and carried out his duties in the best traditions of the Artillery and the U.S. Army. His first consideration, at all times was the welfare of the enlisted men under his supervision," says a letter from Capt. Francis R. Beckman, praising Stansbury's formance in the 2nd Guided Missile Battalion—of which he was the only black member.

However, the military years weren't entirely a bed of roses for the man who managed, while stationed at El Paso, to earn a master's degree in community relations from the University of Texas. The brushes with racism, may have been occasional, Stansbury said, but he can recall them all.

There was the Green Frog, a night club in El Paso, where Stansbury and his classmates—all white—had gone to celebrate the forthcoming graduation. It was a bittersweet experience when Stansbury was refused service, and the entire company rose and left their reserved seats.

But the "worst experience," Stansbury said, occurred after he finished his regular military obligation, but only one year before he would be re-called to serve during the Berlin Crisis in 1960.

"No Dogs or Niggers" read the sign hanging on a Texaco service station in Southern Maryland, where Stansbury said he stopped on his way home from El Paso, "Can't you read?" asked the attendant.

"Yes, but I don't consider myself either one," Stansbury replied. He later recounted this incident to the Texaco Corporation, which he said sent him a letter of apology.

But the passage of 14 years has apparently given him a new perspective. He looks back on the Texaco encounter as a "good experience," suggesting that it was an excellent lesson in maintaining one's self-discipline and composure.

Armed with a masters degree, Stansbury began as a social worker in Philadelphia, where his sister Carrie Stansbury Gordon, 47 lives. Shortly thereafter, he applied for the same work in both Elkton and Bel Air.

"We'd like to have you aboard," said a Social Services representative in Cecil County, "but the town's just not ready for a Negro." That was in 1963. Harford County, however, proved more receptive, and Stansbury became the first black hired by the Department of Social Services.

"There have been no incidents," Stansbury said, during the entire eleven years he has worked in Bel Air, starting with the preparation of medical certificates and moving up to his present position as director of family services.

Although Havre de Grace Mayor Frank J. Hutchins said this week that he is "leaning toward" completing the nearly one year of his current term. Stansbury as Council President would automatically replace him as Mayor should he decide to step down to run for another office.

Stansbury has said that while he is interested in becoming Mayor, the demands of his work with the Harford County Department of Social Services may preclude his taking the job.

"I have nothing but glorious adjectives for Wardell," said Lehman Spry, a Havre de Grace dentist, Democratic office-seeker and long associate of the new City Council President. "His only weakness," Spry continued, "is that he can never say 'no'. People lean on him for too much sometimes."

"Reliable, innovative—and ambitious" are among the words Spry used to describe Stansbury, who will be Spry's campaign manager in the upcoming contest for the Fifth District seat on the Harford County Council member of numerous local organizations, including the National Association for the Advancement of Colored People and the Democratic Party, Stansbury was nurtured in the activist tradition, the most notable example being his sister-in-law Mildred L. Stansbury who served on the Havre de Grace City Council during the mid-1960's.

Stansbury still lives at 400 South Stoeks—where a flaming cross planted by the Ku Klux Klan once burned outside—with his wife, Cassie, a supervisor of nurses at Perry Point Veterans Hospital; his daughter Laurie Lynne, 7; and his niece, Shelia, 8.

And what makes him tick? It is a credo handed down by his father years ago: "I'll never ask you to do anything, son, that I would not do myself."

WOMAN'S LIFE SAVED BY SHORT EMERGENCY TELEPHONE NUMBER

HON. J. EDWARD ROUSH

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 12, 1974

Mr. ROUSH. Mr. Speaker, many times before I have called attention to the emergency "911" telephone number which is being made available all over the United States through the cooperation of the telephone companies and local officials. I have received a newspaper article vividly describing the advantages of having this simple, three-digit number and I include it in the Record for the Members' information:

[From the Chicago Tribune, Aug. 4, 1974]

How Emergency Number 911 Saved Woman With a Knife at Her Throat

(By Frank Zahour)

Mrs. Carrie Newman, 83, sat on the edge of her bed, her hands and feet bound, while the young man held a foot-long knife inches from her throat. Suddenly police from outside fired two shots thru a window, wounding the man; then they rushed in to her rescue.

Minutes earlier, the intruder had appeared at the front door of Mrs. Newman's Forest Park home. She was alone and had thought he looked suspicious; so she had slammed the door in his face and rushed to telephone the police.

Just as he broke thru the door, she reached the Forest Park police on the 911 emergency number. But she had had only enough time to give her address before the man had torn the phone from her hands and had ripped its wires from the wall.

"I wouldn't be alive today if it weren't for that emergency number," Mrs. Newman said, recalling the incident last April. She credits the three-digit number with helping bring the swift police action that probably saved her life and led to the intruder's arrest.

"Every town ought to have that number," Mrs. Newman said. As someone who could have been seven digits away from death, she knows that all towns do not have the three-digit emergency line.

The three-digit number in theory is easy to remember and to dial or touch-phone as compared to a seven-digit figure. This would help cut down the time it takes a person to respond to the emergency being reported.

And since the three-digit number is reserved for emergencies, police or fire phone lines are less likely to be clogged with routine calls when the cry for help comes, according to spokesmen for Illinois Bell.

More than 300 telephone systems across the nation, serving about 27 million persons, use the three-digit number. New York, Seattle, Denver, Detroit, and Birmingham, Ala., are among them.

Chicago does not have the system and that situation has become a point of controversy. When two children were killed and 11 others injured in a school van accident last week, the city's response time to the accident was criticized.

Critics such as Ald. William Singer [43d], candidate for mayor, urged the city to adopt the 911 system. Several suburbs have used it successfully, critics pointed out. Chicago officials said the idea is being studied.

In Illinois, a total of 10 communities use the system. Eight of them are Illinois Bell systems and four of the eight are in the Chicago area. In addition to Forest Park, 911 systems are used in Evanston, Oak Park and River Forest.

"We were the first in Cook County to have it," Evanston Police Chief William McHugh said.

If the city does approve a 911 plan, there probably won't be a problem learning the new number, Mrs. Newman said. "It's one number that you'll never forget," she said.

POSTAL SERVICE REFORM ACT OF 1974

HON. FRANK E. EVANS

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Monday, August 12, 1974

Mr. EVANS of Colorado. Mr. Speaker, today I am joining with Mr. Buchanan of Alabama and other Members in cosponsoring the Postal Services Reform Act of 1974.

This bill will amend the Postal Reorganization Act of 1970 by strengthening the overnight functions of the Postal Rate Commission and the Congress over the Postal Service.

This matter of postal reform is of vital importance to the people of my district. In many instances recently mail service has been curtailed, employees transferred, retired, or cut back, lives and businesses disrupted oftentimes in the name of increased efficiency.

Surveys have been conducted by the Postal Service throughout my district, which have resulted in an areawide reorganization of the system.

The responses of my constituents to the changes thus instituted are vocal and clear: We want adequate not inadequate postal service; increased postal rates should not result in later delivery time, sometimes by hours or days; cutbacks in postal employees should not be made until all the ramifications of such a move have been considered in light of the communities needs.

It is clear that if these changes had been submitted to the Postal Rate Commission before being implemented as would be provided for by these amendments, and interested parties had been afforded an opportunity to express their views on the proposals, the situation we find today in southern Colorado and other areas of the country would in all likelihood not have occurred.

There has been some success in getting the Postal Service to reconsider their actions in connection with my district. However, I feel this does not in any way alleviate the need for the change provided for in these amendments.

In conclusion, I want to express on my colleagues the feeling of helplessness, frustration, and anger that many of my constituents have expressed to me. I have received thousands of letters, telegrams, and phone calls requesting action to rectify this situation. My cosponsoring of these amendments is only one of the ways I am responding to this plea. I want to urge each of you to support these amendments and help to return a degree of meaning to the word "service" as used in "Postal Service."

TO PRESIDENT FORD THE NATION LOOKS FOR LEADERSHIP

HON. JOE L. EVINS

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Monday, August 12, 1974

Mr. EVINS of Tennessee. Mr. Speaker, as the Nation heaves a collective sigh of relief over the successful resolution of the recent constitutional crisis, the people turn to the new President Gerald R. Ford for sound and stable leadership.

The Nashville Banner in a recent editorial pointed out that President Ford hopefully will emerge as a healer, a binder of wounds, an instrument of revitalization of, and rededication to, the American system.

President Ford has been swept by his ability and the floodtide of events into the Presidency—and I am sure all of us join the Banner in wishing him every success as he confronts the challenges facing our Nation.

Because of the interest of my colleagues and the American people in this most important matter, I place the editorial from the Banner in the Record herewith.

The editorial follows:

TO GERALD FORD THE NATION LOOKS FOR LEADERSHIP

Today Gerald R. Ford becomes the 38th President in this nation's 198-year history and the first not elected by popular vote.

He is taking the scarred reins of government from Richard M. Nixon, the ultimate casualty of the Watergate scandal, in a time of deep national trauma rooted in two years of waning trust in the executive branch and culminating tragically in Mr. Nixon's resignation last night.

It is the fourth time in Mr. Ford's career that he has been given a swift, surprising boost in his career as a public servant.

He rose out of the ranks of House Republicans 11 years ago in a sudden crop that installed him as chairman of the Republican Party caucus.

Two years later he was vaulted into the party leadership post and remained there until picked last Oct. 12 by Mr. Nixon as Spiro Agnew's replacement as vice president at a time Mr. Ford was considering retirement at the end of his House term.

Mr. Ford claimed then he had no further political ambitions, but his confirmation as this nation's 40th vice president stamped him clearly as a presidential prospect in 1976.

Then came Mr. Nixon's devastating admission of omission and suddenly Mr. Ford again was being called upon by his party and his country for leadership.

When he announced the nomination of Mr. Ford for the vice presidency, Mr. Nixon described him as a man "qualified to be President."

At a commencement address at Utah State University in June, Mr. Ford said he would "remain my own man, fly my own course and speak my own convictions" in answer to criticism of his extensive traveling and speaking schedule.

Perhaps a preview of Mr. Ford's future may be glimpsed with his leadership efforts and personal campaigning, credited with being the important ingredients in bringing the Republican Party back from a crisis nearly as great as the Watergate-Agnew scandals to a sweeping mid-term House Republican victory in 1966 and a presidential win for the party in 1968.

Now Mr. Ford's leadership abilities will face their greatest test—the reuniting of a nation's political process ripped by rumor and scarred by scandal held together by the United States Constitution but divisive in application.

The nation of which Mr. Ford assumes leadership today is one thrashing in the throes of inflation, and other domestic doubts; seeking to maintain world leadership in efforts of peace and security; and trying hard to reestablish faith and trust in government and its functions.

Thursday night Mr. Ford told the nation in a statement from his home:

"To work on the problems, serious ones, which we have at home, in the spirit of cooperation which I believe will be exhibited with the Congress and the new president and the new problems overseas and the problems at home will be beneficial not only to 211 million Americans but to the world as a whole."

As has been demonstrated before, the vice presidency, often described as a heartbeat away from the Presidency, was a purely titled job for years—until Lyndon Baines Johnson was thrust into the Presidency Nov. 22, 1963.

Since then, the Vice President has remained close to the President, sharing views in domestic issues, foreign affairs, national defense and hundreds of issues dealt with daily by the Chief Executive.

Mr. Ford said Thursday night he would continue the foreign policies of the Nixon Administration and that Dr. Henry Kissinger will remain as secretary of state, underlining Mr. Ford's concern for and interest in world peace.

The nation is looking to Mr. Ford as a healer for the country—one who understands the congressional process, the necessity of maintaining the American system of checks and balances, and one who can unite this nation and its political parties for a common goal, the revitalization of a society mired in Watergate aftermath and political apathy.

As Vice President Ford becomes President Ford, we as a nation should pledge to him our cooperation, our friendship and our prayers. His task is difficult at best and he above most others, believes that "united we stand, divided we fall."

CORRECTING THE RECORD ON HERBERT HOOVER

HON. EARL F. LANDGREBE

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 12, 1974

Mr. LANDGREBE. Mr. Speaker, back in the year 1932, when I was just 16 years of age, my father and mother kept my brothers, sister, and me out of school for a few hours so that we could drive to Woodville Junction, to greet our great Republican President seeking reelection that year.

It was a chilly, rainy, late October day when the Presidential special rolled to a stop on the main line of the B. & O. Railroad. Only moments later, President Herbert Hoover and his wife appeared on the platform to speak briefly to the sparse group of loyal Republicans who had ventured out to pay tribute to our President. As the train moved slowly away, my father and mother shed real tears, knowing full well that this great statesman had not one chance of being reelected. The opposition and mischief of the Democrat 72d Congress had frustrated his programs and brought him down.

Now 38 years later I am privileged to place in the Congressional Record the following tribute to Herbert Hoover as published in the August 10 issue of Human Events, in recognition of the 100th anniversary of the birth of this great American.

How many years will pass before the American people realize and acknowledge the tremendous achievements made in their behalf by another great Republican President, Richard M. Nixon?

The article follows:

CORRECTING THE RECORD ON HERBERT HOOVER

(By Eugene Lyons)

The great majority of Americans, because they still cherish the "old-fashioned" virtues and decencies now in sadly short supply, have reason this month to commemorate the 100th birthday of a great American whose life embodied these values. Herbert Clark Hoover was born on Aug. 10, 1874, in the Quaker hamlet of West Branch, Cedar

County, Iowa, in the primitive cottage of Jeese Hoover, the village blacksmith, and Huldah, an eloquent "witness" greatly in demand at Quaker meetings.

He was doubly orphaned by the age of eight, but did not lack affectionate homes with relatives. Though he spent only his first 10 years in his birthplace, it was always close to his heart. He rose to the summit of his profession, which was the mining of metals; to the pinnacle of his true vocation, which was humanitarian service; to the presidency of our Republic. But always he returned, as if for spiritual refreshment, to West Branch. And there he was laid to rest on Oct. 25, 1964, at a site he had himself selected—a knoll overlooking the cottage, by then a national shrine—in which he first saw the light 90 years before.

CENTENNIAL COMMITTEE

A Hoover Centennial Committee has organizd a week-long birthday celebration in West Branch, climaxed by formal ceremonies on August 10. A large assemblage of admirers is expected from all parts of the country. Commemorations are also scheduled in other places. No doubt he will be eulogized in the press throughout the country. Yet many survivors of the thinning ranks of his close friends and associates feel that the occasion merits far more attention than it is getting. It is an opportunity missed, as they see it, to acquaint our children, in particular, with Hoover's inspiring life.

The centennial comes in an era when moral standards are crumbling, in a year when ambiguous conduct in high places, dominates the news. Against this background, Hoover's career, for those who know it, has a special luster and significance. To put it crudely, "Watergates" could not have happened in the Hoover Administration or in any of the great enterprises in which he was engaged.

Intellectual and moral integrity were the hallmarks of his character. Hoover never once put expediency above honesty, honor and unabashed patriotism. The austerity of his ethical commitments both baffled and awed the moral relativists and jugglers of expediency who for the most part were running his world.

In Hoover's half-century of practical benevolence, from the Belgian Relief when he was 40 until the last year of his life, concern for the young always held first place. He brought tremendous gifts to hundreds of millions of children on all continents, in bread and milk and new hope. But the greatest gift was the example of his own career and conscience and compassion. That is the gift which should not be denied today to the new generation.

Youth craves heroes to admire and emulate. Those of us who care must find ways to make young Americans aware of the true story of the 31st President. Among the towering figures of our century there are few whose qualities are so directly pertinent to their needs. In him American youth could see as in a mirror, the best in its own character and in the national heritage.

Hoover's life was a "success story" in the traditional American pattern that used to be so attractive to young people—and should be again. The generation that grew up to the 11 Depression years, three under Hoover and eight under Roosevelt, was hardly allowed to know that Hoover came up from poverty and knew the ache of hard labor.

His basic elementary schooling at a Quaker school in Newberg, Ore., ending at 15, when he moved to Salem. There, except for a short break when he drove that town's first horsecar, he worked as an office boy in a business started by a maternal uncle. Largely self-taught, he qualified at 17 for enrollment in the newly founded Leland Stanford University. He earned his way by organizing a campus newspaper route, a laundry service, a cooperative student residence.

MEETS FUTURE WIFE

Despite these and other economic activities, and despite his self-effacing shyness, he emerged as organizer and coordinator of all athletic and many other student enterprises—unpaid, on his own insistence. (He was supremely fortunate, Stanford being coeducational, in meeting the attractive and brilliant Lou Henry—majoring in geology like himself—whose love was to be his greatest possession forever after.)

Graduating in May 1895, with only $40 in his pocket, he took the first job he could find—as an underground "mucker" at a gold mine in the Sierras, at $2 for a 10-hour night shift. Before long he risked a trip to San Francisco to seek work with Louis Janin, the reigning mining expert of that period. Janin had no need for a fledgling geologist, but hired him as typist and copyist. It was the last time Hoover ever applied for a job; thereafter the jobs applied for Hoover.

Little of these humble beginnings were remembered after he became President and the scapegoat for a great depression. In part this public amnesia was due to the fact that, having succeeded early and spectacularly in his profession, he was a wealthy man (though not remotely as rich as people supposed) by the time the country at large became aware of him. But chiefly it was a result of pounding propaganda linking him, falsely and with intent to defame, to such symbols of presumptive inequity as "Wall Street" and "economic royalists."

WESTERN BACKGROUND

Space here is too limited to deal even with the highlights of Hoover's achievements and personality.

Physically his life was rooted in the pioneer West. He was destined to become the first President born and raised west of the Mississippi. He did not set foot east of that river until he was 23 and on his way to Australia, via London, to explore and manage large gold-mining properties. Spiritually it was rooted in the soil of his God-fearing Quaker forebears. He could remember few of his mother's words, but their purport, love and charity, remained indelibly on his mind and spirit.

Long after he had left his profession, political slander put an accent of irony on the phrase, but Herbert Hoover was in literal fact a Great Engineer. Australia, China, South Africa, Russia, Burma, wherever the old bones of his planet were picked for metals. Hoover had for some 17 years directed some of the work. He was basically a "doctor of sick mines," transforming abandoned or low-grade mines into profit makers.

Far from being the "promoter" later invented by detractors, he constantly warned the industry against the speculative booms associated with mine financing.

Hoover had often confided his hope of giving up business for public service. When the First World War erupted in 1914, destiny caught up with him. While he was in London preparing to take his wife and two sons to America, a delegation of Americans and Belgians arrived to urge him to assume the relief of civilians in German-occupied Belgium and northern France, already threatened by famine.

DECISION MADE

Because of his inside track in the race for metals like zinc and lead, desperately needed by all belligerents, he was in an ideal position to make himself one of the world's richest men. He asked the delegation for a few days to decide, but the decision was already made in his heart. "Well," he said calmly to Will Irwin, a war correspondent then his house guest, "let fortunes go to hell." His family sailed to America without him. Soon enough the world was witnessing a miracle of organization and efficiency, notwithstanding suspicions and obstruction by both the Germans and the Allies.

One of the conditions he made in accepting the task was that he be allowed to serve without remuneration. From that day in 1914 forward, Hoover never accepted a dollar for his private use from his manifold public services, not even from his salaries as secretary of commerce and then President. Associates of his new course, if they had the means, followed his example, living by his Quaker dictum that public service is a privilege, not a business.

Hugh Gibson, secretary of the American legation in Brussels while the United States was still neutral, called the Belgian Relief "without doubt the greatest humanitarian effort in history." Greater ones were to come, but always led by Hoover. The Great Engineer was replaced by the Great Humanitarian.

When America entered the war, Hoover headed up a Food Administration, so brilliantly conducted that neither soldiers nor civilians on the Allied side had to go on short rations for a single day. His agency offered the largest and most successful test of voluntary cooperation in modern times. At the war's end it had some 8,000 full-time and 750,000 part-time volunteers, with only a minuscle contingent of paid employes. Hoover believed then, as he did a dozen years later in setting up successful relief during the Depression, that a paid bureaucracy is a self-perpetuating blight on any such undertaking.

With the Armistice, the food agency was converted into the American Relief Administration. During the war he had shocked official and even popular opinion, as he would again in World War II, by trying in vain to relax the Allied blockade enough to allow the feeding of children in enemy and enemy-occupied countries. Now Europe was in chaos, ravaged by hunger, epidemics and civil disorders. Hoover fought for and won from the Supreme War Council in Paris the right to organize the salvage of life and economic rehabilitation of an entire continent—a colossal operation dwarfing even the Belgian Relief.

He returned home in 1919 with some idea of resuming private business. His instincts for public service would not permit it. He could and did reject offers of fabulous wealth in business, but not appeals to his conscience. Although he had been a registered Republican since 1895, many Democrats too, ignoring his refusal to run, pressed for his nomination for President. Franklin D. Roosevelt wrote to Josephus Daniels, "Herbert Hoover is certainly a wonder, and I wish we could make him President. There could not be a better one."

As Secretary of Commerce in the Harding and Coolidge Cabinets, Hoover fought an offensive against waste in economy and government, in which he scored some historic successes. His parallel agitation for reform in banking and financing, however, was stymied by Congress, the business community, and the passivity of Coolidge.

From 1921 forward, Hoover repeatedly urged curbs on the orgy of "cheap money" and speculation. They could lead, he warned, to "inevitable collapse that will bring the greatest calamities upon our farmers, our workers and legitimate business." The country, on it get-rich-quick binge, dismissed such fears as "spoilsport" and "crepe hanging." As the 1928 Republican convention approached, the forces broadly referred to as "Wall Street," appalled by his refusal to go along with their illusions of perpetual prosperity, tried to prevent his nomination. He was chosen on the first ballot, however, and elected by a landslide.

His first chore as President was to arrest the runaway stock gambling. He failed, of course. The public was being assured daily that the zooming common stocks would keep on zooming, and legal authority to curb the stock market rested in New York, where Gov. Roosevelt saw everything "in a healthy and prosperous state."

The disaster Hoover had cautioned against struck the nation eight months after his inauguration. He began that long regimen of unstinting exertions for which he was rewarded with the infamous myth that he "caused" the Depression, then "did nothing" to mitigate its miseries. For already, months before the market crash, a unique smear factory was operating in the Democratic party, fueled with millions provided by anti-Hoover financiers, geared to one job, the defamation of a President.

Far from subsiding after the victim had been ousted from the White House, the defamation was expanded. New lies and libels were constantly added to the piled-up insults. "We'll hang Herbert Hoover on a sour apple tree," the radicals were singing gaily, "when the revolutions comes!"

The New Deal soon had thousands, then tens of thousands, of "information" personnel in its teeming agencies, all zealously vilifying the ex-President. John Spargo, liberal and Socialist, called it "the most shamefully scurrilous machine for discrediting a public man that this or any other nation has known in my time."

The unprecedented tragedy of Hoover's martyrdom, his long years in the valley of shadows, mocked and mauled, is too immense and complex to be treated here. Fortunately—for the country more than for the man—it had a happy ending: He lived to see almost complete vindication, with his amazing abilities and energies undiminished, to carry out more enterprises of services to the nation and the world.

When Hoover announced from the White House that in any major economic breakdown the federal government must assume responsibility, he was establishing a new and audacious principle. All previous depressions had been allowed to run their course. Spokesmen for political and economic orthodoxy assailed him bitterly not for the Depression but for initiating what would later be called the New Deal.

The "nothing" he did as President included memorable political and economic innovations: the Reconstruction Finance Corporation, Mortgage Discount and Loan Banks, a score more that could be listed. Many others would be adopted and hailed as proof of New Deal wisdom by the very men who had prevented their passage when Hoover first proposed them. For his job-making construction projects he was denounced as a spendthrift. "Throw the spenders out!" was a Democratic slogan in 1932, and Roosevelt solemnly promised to reduce the budget by "not less than 25 per cent."

Failure to provide federal handouts, the so-called "dole," would in time rank near the top among Hoover's alleged sins of hardheartedness. Actually a hostile Congress, Gov. Roosevelt and most other Democratic leaders—virtually everyone, indeed, but a few wild men on the left—had also opposed the dole, and so did the Democratic 1932 platform.

It was continually charged that in the Hoover years millions of families were starving. Had that been true, Hoover would write, surely Roosevelt "would not have failed to say so during the presidential campaign. It would have been the best vote-getter." But in the Democratic campaign literature one finds few traces of the fairy tale of mass starvation.

Five times Hoover had turned back panic. It finally came—in his last months, when the President-elect had the real power and jovially refused to cooperate with the lame-duck incumbent. "We definitely had the Depression licked in the summer and early autumn of 1932," Hoover would say years later, "but the election of the New Deal reversed the trend and perpetuated the Depression." The climactic hurricane of fear was let loose by Roosevelt's refusal to disown the reckless talk of panacea-peddlers around him. On July 16, 1934, the New York Times would attest that "the change for the better in the last half of 1932 is beyond dispute."

The idea that the New Deal "ended" the Depression is, of course, as spurious as the idea that Hoover "caused" it. One still finds some innocents shocked to learn that the Great Depression dragged on for eight years under Roosevelt and ended only with the advent of war in Europe. The 1930s wound up with some 11 million unemployed (aside from millions "employed" on make-believe work life leaf-raking) and 20 million on relief.

There was something pathologically vengeful and petty in Roosevelt's relentless persecution of his predecessor. Hoover had opposed intervention in World War II, but when the die was cast he immediately pledged his loyalty. Most of Roosevelt's own official family were among the prominent Americans who pledged that Hoover's talents be used in the war effort. FDR adamantly barred him from even a token participation.

Only after Roosevelt's death in April 1945 did the government's 12-year ostracism of Hoover end. President Truman, who deeply admired him, at once invited Hoover to the White House. In 1946, as head of the President's Famine Emergency Commission, Hoover, already in his 70s, made an epic 35,000-mile fact-finding journey through Europe and Asia, then another to Latin America, as prelude to another post-war relief and rehabilitation program.

It marked the beginning of the end of his long martyrdom. The tides of slander rapidly receded. In August 1957, Human Events published my article, "Herbert Hoover: Triumph of Integrity." Actually the steep spiral of his revived popularity began many years earlier. His 75th birthday, in 1949, saw a remarkable nationwide outpouring of praise and affection, mixed with guilt and repentance for the cruelties he had suffered. It was repeated every August thereafter. On his 85th birthday, an editorial in the *Saturday Evening Post* was captioned: "Herbert Hoover's Service to the Nation Shames Those Who 'Smeared' Him."

It was said, inevitably, that the ex-President had made a "comeback." Not so. It was the country that came back and found Hoover where he had always been, too securely planted in his moral soil to be uprooted by the cyclones of abuse.

True, he had mellowed with age so that the American people now could see more of the warm, whimiscal Hoover always known to his loyal friends, the very human and profoundly humane Quaker behind his austere facade.

More and more of his countrymen, including outstanding New Dealers, came to think of him primarily not as a President, however rated, but a man whose compassion reached out to embrace all mankind. He had not lived with an eye on opinion polls and intellectual fashions. He had not patience with those who consider it broad-minded to steer a middle course between truth and falsehood.

On fundamental issues of good and evil—such as the challenge of communism, for instance—his innermost commitments shielded him from the confusions that undermined the self-confidence of many free men, including statesmen. Hoover, thank God, hadn't the "flexibility" of a Nehru or a Nixon.

Dr. Alvin Johnson, a ranking liberal, in an open letter to the ex-President in June 1947, declared: "Among Americans of my time you have been the greatest, by virtue of your extending the concern of Americans for the whole world." Others have expressed the same insight. For nearly half a century Hoover's historical role was as the most effective instrument of America's idealistic conscience and humane instincts.

Such is the man to whom so many throughout the free world pay homage on his centennial. He belongs to all generations.

H.R. 13377

HON. HENRY HELSTOSKI

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Monday, August 5, 1974

Mr. HELSTOSKI. Mr. Speaker, it is a great joy to me to see that an inequity of many years has finally been corrected by this House through the passage of H.R. 13377, a bill which would provide certain hospital and domiciliary care and medical services to persons who served as members of the Polish and Czech Armed Forces during World War I and II and have been citizens of the United States for at least 10 years.

I have been a sponsor of this legislation ever since I came to Congress in 1965 and this legislation was before the Congress long before I came as a member of this honorable body.

I am sure that the Members of the House understood the problem quite well and joined in passing this legislation as a just and fair action to create equity for those people who fought in the same cause in the Allied Army along our U.S. Forces. It is my feeling that we should take nothing away from these brave soldiers that is available to our own U.S. veterans.

The people who this legislation will greatly assist are those who volunteered to fight for the cause of freedom although not required to serve. These volunteers trained on their own time, formed their own fighting units and went into battle. The passage of this legislation gives us an opportunity to express our thanks for their willingness to fight for the ideals of liberty so deeply cherished by all men and women.

Mr. Speaker, the people who will be, affected have fought bravely on our side in two different wars. They have been strong allies. Today they are citizens of our great country, but have unfortunately, not received the same kind of veteran benefits as others who fought alongside have received. By means of this legislation we are paying proper honor to their service and extending our appreciation for their contribution to the common cause through providing these normal benefits that are rightfully due to these veterans.

Now, that this legislation is before the Veterans Committee of the Senate, I hope that the committee, and the Senate itself, will expedite its passage so that these men will finally become eligible for the benefits provided for in this legislation. These men are examples of spirited individuals who were, and are yet, determined that freedom is the most prized possession of any people.

TERRORISM AND COUNTERTERRORISM IN THE MIDDLE EAST

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 12, 1974

Mr. HAMILTON. Mr. Speaker, the continuing cycle of terrorism and counterterrorism in the Middle East threatens the structure of peace to which some States in the area have made a commitment and to which the United States has committed so much prestige.

One focal point of trouble in this cycle of violence is the Lebanese-Israel border across which Palestinian guerrillas travel to attack sites and people in Israel and across which the Israel Army retaliates and tries to destroy the bases of the guerrillas.

I recently wrote the Department of State expressing my concern over the deteriorating situation on the Lebanese-Israel border and asked about the possibility of trying to station a United Nations force along that frontier in the hope of trying to deter raids.

Since the time my letter was written, things have improved along that border and the situation is calmer, but basic problems remain.

The Department of State's reply to my letter describes well the intricate problems involved and I would like to bring the letter to the attention of my colleagues.

My letter to State and State's reply follow:

COMMITTEE ON FOREIGN AFFAIRS,
HOUSE OF REPRESENTATIVES,
Washington, D.C., June 25, 1974.

Hon. HENRY A. KISSINGER,
Secretary of State,
Washington, D.C.

DEAR MR. SECRETARY: The continuing cycle of terrorism and counter-terrorism in the Middle East has the potential of destroying the foundations of a structure of peace in the region that you have worked so hard to build and Members of Congress are anxious to see this cycle curbed as soon as possible and as best we can.

I would like the Department of State's assessment of the idea of creating a United Nations force to seal off the Lebanon-Israeli border.

I would appreciate an early response to this matter.

With best regards.

Sincerely yours,

LEE H. HAMILTON,
Chairman, Subcommittee on the Near East and South Asia.

DEPARTMENT OF STATE,
Washington, D.C., August 6, 1974.

Hon. LEE H. HAMILTON,
Chairman, Subcommittee on the Near East and South Asia, Committee on Foreign Affairs, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: The Secretary has asked me to thank you for your letter of June 25 in which you expressed concern over the cycle of terrorism and counter-terrorism in the Middle East and requested our assessment of the possibility of establishing a United Nations force to seal off the Lebanese-Israeli border.

You are quite right in pinpointing the Lebanese-Israeli border as a source of serious potential danger to the stability of the Middle East. In June we witnessed further acts of violence across this border. If continued, the cycle of violence could undermine the progress we have already made in our Middle East peace initiative and make further advances much more difficult.

We have tried to contain this violence by diplomatic means, and the relative quiet that has prevailed along the border more recently shows that we have had some success. Nonetheless, we realize that this calm is precarious, and we have been examining other means for stabilizing the situation. We recognize the presence of UN peacekeeping machinery has proven helpful in many conflict situations around the world. The idea of a United Nations force along the border has come up a number of times in recent years when there has been serious trouble along the Lebanese/Israeli border. Unfortunately, there are serious questions about the practical feasibility of this idea. One problem is that the area involved, in addition to being extensive, is mountainous and in many places heavily wooded, so that a large force would be required even to attempt to seal the border. Another is that such a force, if effective, would be vulnerable to attack by terrorist elements not under the control of the Lebanese Government. In saying the foregoing, we are not ruling out the possibility of a UN force along the Lebanese-Israeli border at some stage, although it is not something that either side is presently proposing.

There are now thirty-five United Nations observers along the Lebanese side of the border. They have no police authority; their mandate is to report any violations of the Israeli-Lebanese Armistic Agreement of 1949, including illegal crossings by regular or irregular forces. Israel has not accepted UN observers along its side of the Lebanese border.

Our hope is that continued progress in the Middle East negotiations toward an equitable, permanent settlement will in the end resolve the problem of violence across the Lebanese-Israeli border. It is possible that these negotiations might bring about agreement on an augmentation of the current United Nations presence along the border, but of course such a step would have to be weighed very carefully and would require the agreement of the parties.

The Secretary very much appreciates your concern, as well as that of other members of Congress, over this crucial issue. Please do not hesitate to let me know if I may be of further assistance.

Cordially,

LINWOOD HOLTON,
Assistant Secretary for Congressional Relations.

MR. BILL COCKERILL

HON. JOSEPH M. McDADE

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 12, 1974

Mr. McDADE. Mr. Speaker, for many years, Mr. Bill Cockerill has been one of northeastern Pennsylvania's leading citizens. He has been a leader in the struggle for more job opportunities, better health care, improved working conditions, and numerous other civic opportunities. Such activity has won him the admiration of all who know him in the Scranton area. However, the greatest and most meaningful recognition that can come to any man or woman is to have your talents and leadership ability recognized by your peers. Such an honor has come to Bill Cockerill in his selection as the new president of the Pennsylvania State Council of Machinists.

His selection as president at the State convention recently held in Lancaster, Pa., came from all local district lodge delegates representing more than 65,000 I.A.M. members in Pennsylvania. As new president of the State council, Bill Cockerill succeeds another distinguished Pennsylvania labor leader, Arthur B. White of Warren, Pa., who has held the post of president since 1947. In addition to his full time duties as business manager for I.A.M. Local 128, Bill Cockerill also serves as a member of the Machinists National Planning Committee.

Next year, the members of District 128 and affiliated members will host the 1975 State convention in Scranton.

Mr. Speaker, I know all of the Members of the House will want to join me in congratulating Bill Cockerill upon receipt of his newest accolade. He is a good friend of mine, a fine gentleman, a community leader, and a champion of the cause of working men all across this country.

HON. ROBERT H. MICHEL

MAN IS NOT PERFECT

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, August 12, 1974

Mr. MICHEL. Mr. Speaker, after one of the most traumatic weeks in the history of our country and with the national media filled with all sorts of comment and speculation as to whether or not there should be additional action against former President Nixon, I was struck by the message conveyed in an editorial appearing in the July 27, 1974, edition of the Peoria Journal Star entitled, "Man Isn't Perfect."

I insert the text of the editorial in the RECORD and urge my colleagues to read it carefully and thoughtfully:

MAN IS NOT PERFECT

The greatest trouble with the visionary movements of this age is that they seem more and more to be based on something that is simply, utterly false.

If there is anything demonstrated by common experience, history, and religious thought over the millenia, it is the simple reality that man is imperfect and of very dubious perfectability.

No logical process ever conceived will anticipate perfect institutions constructed by imperfect men in the first place and executed by other imperfect men.

It is beyond reason, and it can't happen.

Yet when any imperfection occurs, we greet it with a kind of rage which presumes that it ought to be perfect. That not only makes no sense, but it makes for dumber steps and actions in response than are necessary.

The task of man, obviously, is not perfection and to make such our measuring stick is false doctrine and bad direction.

The real task of man is to find ways to accomplish as much as possible with institutions and instruments and manpower that is imperfect. Our schemes, our forms of organization, our laws and our rules have to be designed to expect this imperfection and to cope with it as effectively as possible.

We need things that work as well as possible even with imperfect people running them and executing the details as well.

You don't build the same kind of a machine to be run by a perfect person as you build for a fellow you know is going to make mistakes.

Indeed, you can't build the same kind of structure for the skilled engineer to operate in the factory as you build for the shift worker—or the housewife—to operate "in the field."

It is vitally important that allowances be made for our errors and ways provided to work around them—and when we deny our imperfection we simply do not do that.

It is self-defeating every time something falls short of perfection to look around in frantic search for some dirty dog who viciously and deliberately made the mess—whether it is an oil shortage or a flood condition.

The first place to look is for the natural mistakes made in good conscience—usually while trying to solve some other problem that seemed big at the time.

The second thing to look at is whether the remedy goes overboard based on temporary circumstances and thus invites new and bigger errors to explode upon us later.

We have to build into every plan we make and everything we do a reasonable margin of error and that offends our aesthetic sensibilities. We like things to be very neat and tidy and complete—perfect.

We can achieve this in concept, in argument, in theoretical exposition, in writing up a "law"—but the achievement is an illusion when translated into action.

It just isn't in us to be perfect.

Hence, we have a good chance of producing a "solution, for example, to the extraordinary high water in Lake Arlann at Pekin, now, that will have the residents going wild 10 years hence because the lake is drying up.

Or we have a good chance of "reforming" our political campaign practices in ways that will bring bigger scandals 10 years hence than those merely suspected now.

From one extreme to the other eternal human capacity for honest error exists—and it is the first place to look when things go wrong. Instead, emotionally, we look for a "criminal" act. Meanwhile, the best and most helpful institutions we are capable of creating can be condemned and lost to us with nothing half as good to follow if we pursue the course of some of our philosophic and some of our religious leaders of the day—who insist that everything should be perfect and if it isn't it ought to be destroyed!

They aren't perfect, themselves. Whence will this perfection come, then?

The workable and beneficial approach to our problems has to be, "How can we do better recognizing our limitations?"

And that has to be an art and not a science.

It has to take into consideration variables.

A TRIBUTE TO MAJ. GEN. CHARLES C. NOBLE

HON. GILLIS W. LONG

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 12, 1974

Mr. LONG of Louisiana. Mr. Speaker, I would like to call attention here today to the dedicated work of Maj. Gen. Charles C. Noble, who will soon retire from the U.S. Army Corps of Engineers and his position as president of the Mississippi River Commission.

It has been my distinct pleasure to work with General Noble, both in my capacity as a Member of Congress and as president of the Lower Mississippi Valley Flood Control Association.

We are all aware of the devastating flood of 1973. I think it fitting that we give credit here today to the U.S. Army Corps of Engineers and to General Noble who led last year's flood fight. General Noble's unerring decisions in this battle against the ravages of floodwaters saved our Nation millions of dollars. Through General Noble's leadership my State of Louisiana was spared from suffering far worse than it incurred.

Yet, as magnificent as were General Noble's actions and deeds during the perilous flooding of 1973, I believe the future will record that his greatest service has been the paths and new directions he carved for the betterment of water resources throughout the Lower Mississippi Valley.

From the time of his graduation from the U.S. Military Academy at West Point in 1940 to this day, General Noble's record has been one of distinction with one major accomplishment following another. His military awards include the Distinguished Service Medal with Oak Leaf Cluster, the Legion of Merit with two Oak Leaf Clusters, the Bronze Star and the Army Commendation Medal.

General Noble, through his superb leadership and counsel, will leave a part of himself and for that, we in the flood-prone Mississippi Valley will always remember him. Thank you.

ST. FRANCIS' LETTER

HON. JOE MOAKLEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Monday, August 12, 1974

Mr. MOAKLEY. Mr. Speaker, the English Branch of the Third Order of St. Francis located at St. Leonard's Church, Boston, has presented me with a copy "St. Francis' Letter to the Rulers." Miss Agnes Sharples, the order's prefect has informed me that the director, Fr. Ubaldus DiPrizio OFM, offered a motion at a recent meeting that St. Francis' moving letter be forwarded to me for inclusion in the RECORD.

St. Francis of Assisi laid aside both the riches and indeed the necessities of this life to more perfectly follow the example of the Gospel. From his life comes a simple and yet profound wisdom we would all do well to heed in these troubled times. I am therefore honored to be able to join these dedicated lay people in the Third Order of St. Francis by sharing this letter with my colleagues:

ST. FRANCIS' LETTER TO THE RULERS

To all Magistrates and Consuls, to all Judges and Governors all over the world and to everyone else who receive this letter, Brother Francis, your poor worthless servant in the Lord God, sends greetings and peace.

Consider and realize that the day of death is approaching. I therefore beg of you with all the respect I am capable of that you do not forget God or swerve from His commandments because of the cares and anxieties of this world which you have to shoulder. For all who forget Him and turn away from His commandments (Ps. 118:21) shall be forgotten by Him (Ez. 33:13). When the day of death comes, all what they thought their own will be taken away from them. The more wisdom and power they enjoyed in this life, the greater the torments they will have to endure in hell.

And so, my lords, this is my advice. Put away all worry and anxiety and receive the holy Body and Blood of our Lord Jesus Christ fervently in memory of him. See to it that God is held in great reverence among your subjects; every evening, at a signal given by a herald or in some other way, praise and thanks should be given to the Lord God Almightly by all the people. If you refuse to see this, you can be sure that you will be held account for it on the day of judgment before Jesus Christ, your Lord and God.

These who keep a copy of this letter and put its prescriptions into practice can rest assured that they have God's blessing.

Peace and blessings to all in God's Holy love.

VIETNAM MISSING

HON. ROBERT H. MOLLOHAN

OF WEST VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 12, 1974

Mr. MOLLOHAN. Mr. Speaker, there have been instances reported in the public press in which individuals running for election have used the emotional value of the men who still are missing in Southeast Asia in their political campaign.

The truth about the MIA problem is that our Government, to include both the administration and the Congress, is seriously concerned about our missing servicemen. This is not a political issue. It does not divide people along partisan lines, and it must never be allowed to become a political issue.

There are 1,140 Americans who are classified as missing in action and 1,266 who were killed in action whose bodies were never recovered.

Right now the efforts of the U.S. military teams in Southeast Asia to recover bodies or investigate crash sites and suspected burial locations have been suspended. This is because on December 15 of last year the Communists murdered in cold blood, Captain Reece, a member of an unarmed U.S. identification team, at a crash site in South Vietnam.

We have three levers on the North Vietnamese, the Pathet Lao, and the Vietcong which are useful in gaining the release of data on these missing men.

The first is military pressure, and we have abandoned this course of action as a matter of national policy.

The second is public opinion. This is being used. Although not widely publicized, I wrote a letter to Premier Phan Van Dong of the Democratic Republic of Vietnam—North Vietnam—on February 20, 1974, urging his country and the guerrilla forces who respond to it to comply with the agreements reached on missing in action in the peace accords. Other Members of Congress and administration officials have taken similar actions.

In June, the House passed a resolution urging renewed efforts to clear up the MIA issues. This legislation passed by a vote of 374 to 0. There were no "sides" and no political or partisan differences.

The third alternative is negotiation between China, the U.S.S.R., and the United States to bring pressure on North Vietnam to stop the conflict in Southeast Asia which is hampering resolution of these very serious problems. Such negotiations are a responsibility of the administration and involve sensitive diplomatic considerations.

My purpose in making this statement is to set right some misconceptions that have been fostered on this matter and to attempt to take any further discussion of the missing-in-action problem out of the political arena.

It is unconscionable for any candidate for political office to play on the fears and hopes, particularly the hopes, of the families of our military personnel who are missing in action in Southeast Asia. Nothing could be more cruel than to exploit an issue of this kind for political gain.

The forces of the Congress, the administration, and all Americans, as well as those of other countries, must be joined in this humanitarian effort.

BROWN'S PERSPECTIVE ARTICLE HARMFUL TO UNDERSTANDING OF SOUTH AFRICA

HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Monday, August 12, 1974

Mrs. SCHROEDER. Mr. Speaker, the House will soon be considering S. 1868, a bill to restore the United States to full compliance with United Nations sanctions against Southern Rhodesia.

I am glad that Congress will have this opportunity to realine U.S. policy with the rest of the nations of this world in the quest for a satisfactory government in Southern Rhodesia. Our national interest will be best served by the recognition that Rhodesia is not important to our economy—last year only 11.2 percent of our chrome imports came from Rhodesia—and that support of human rights and liberties is important for democracy.

In this regard, I would like to share with my colleagues the following thoughtful letter published in the Denver Post on August 4:

Brown's Perspective Article Harmful to Understanding of South Africa

To the Denver Post:

There is a great need for more background articles on Southern Africa in the U.S. press, but the article by Robert K. Brown in the Perspective section of The Sunday Post of July 21 is less than helpful in this regard. Coming as it does, when the House of Representatives will shortly face a crucial vote on U.S. compliance with U.N. sanctions against Rhodesia, it is positively harmful.

Nowhere in the article is it even mentioned that the present minority government in Rhodesia is a rebel government, unrecognized by a single country—even its reluctant de facto ally, South Africa—as a legitimate sovereign state. Legally it is a colony of Great Britain, whose often halting efforts to effect an orderly transition to majority rule were thwarted by an illegal unilateral declaration of independence in 1965. Nowhere is it mentioned that the African nationalist parties for a decade prior to their banning and for many years thereafter, tried through generally peaceful protest and petition to effect change before coming to the reluctant conclusion that violence is the only language the white man seems to understand. Nowhere in the article are their armed forces recognized under their own term, liberation fighters, or even under the relatively neutral term, guerrilla soldiers. Brown is not even content with the pejorative term terrorists, but revels in the white Rhodesian slang phrase "terrs."

Nowhere is it acknowledged that control of the land was taken from its African occupants only in the 1890s by the same kind of violent warfare with which the Africans are now trying to regain it. Nowhere is mention made of the continuing peaceful opposition among Africans inside the country, led by the African National Council headed by Bishop Abel Muzorewa. While generally sympathetic with the aims of the guerrillas, this group still seeks to negotiate rapid peaceful change. The last effort at settlement with Britain in 1971 produced convincing evidence of the widespread popular support of the NAC's efforts. In short, the article reflects one perspective, that of the white European settler within Rhodesia, representing less than 5 per cent of the population, and anyone familiar with the country must wonder if the author spoke to anyone at all from the black 95 per cent.

If Henry Kissinger, as Brown claims, does not regard Rhodesia as a "threat to world peace," that can only reflect the lack of attention the secretary of state has given to this part of the world in his preoccupation with personal attention to the smallest details of relations with the macropowers and the Arab-Israeli conflict.

In fact our government, with good reason, has joined, at the recommendation of Great Britain, in just such a recognition of the gravity of Smith's Rhodesian rebellion, and voted in 1967 to apply mandatory U.N. sanctions in an effort to bring about relatively peaceful change. In 1971, against the advice of our State Department, the U.S. Congress made us the only nation in the world openly to defy this "mandatory" U.N. action when it passed the so called "Byrd Amendment" to the military procurement bill. This amendment permits open importation into the United States of chrome and other products from Rhodesia, even though ample supplies are available from other sources.

A new bill (S. 1868) has now passed the Senate and has been reported out of the House Foreign Affairs Committee with a substantial favorable vote that will again put us in compliance with our U.N. commitments. It will be a tragedy if, when this vote comes to the full House in the next few weeks, biased viewpoints like that of Robert K. Brown are allowed to prevail, and our credibility with most of black Africa and the Third World again damaged by a failure to pass this important legislation.

Robert C. Good,
Dean, Graduate School of International Studies, University of Denver.
Edward A. Hawley,
Editor, Africa Today.
George W. Shepherd, Jr.,
Professor, University of Denver.
J. Leo Cefkin,
Professor, Colorado State University.
Barry M. Schutz,
Professor, Fort Lewis College.
James Scarritt,
Professor, University of Colorado.

RHODESIAN CHROME AIDS GLOBE DURING TURMOIL ON CYPRUS

HON. JOHN H. DENT

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 12, 1974

Mr. DENT. Mr. Speaker, soon we will again be called upon to make a decision in the area of U.N. sanctions against products of Rhodesian origin. There are many charges and countercharges being made in conjunction with the anticipated debate regarding specifically, the reimposition of an embargo on Rhodesian chrome.

I respect the moral arguments of my worthy opponents, the supporters of S. 1868. The arguments are well made, but they are also decidedly one-sided. I choose to believe that the important points to be made in the chrome situation are instead economic considerations.

The recent war on Cyprus between Greek and Turkish forces served to underscore in a small scale the dangers inherent in excluding Rhodesia from the world chrome marketplace. Substitute Russia for Turkey in the current crisis of several U.S. ferrochrome producers and the crisis indeed becomes much more full blown.

The article follows:

[From the American Metal Market
July 30, 1974]

Rhodesian Chrome Aids Globe During Turmoil on Cyprus

(By Jeff Wood)

Washington.—The Rhodesian Government, currently under the threat of a renewed full United States economic embargo, has come to the aid of the U.S. ferrochromium producer whose normal source of chrome ore supply was interrupted by the war in Cyprus.

Late last week Univex, the Rhodesian state corporate which manages the country's chrome properties, made an exception to its policy of not exporting chrome ore and agreed to ship Globe Metallurgical division of Interlake, Inc., 8,000 tons of ore.

As a result of the Rhodesian action, coupled with help from a U.S. competitor and an indicated restoration of the interrupted ore shipment from Turkey, Globe won't have to halt production of high carbon ferrochromium beginning Aug. 1 after all.

"It looks like we'll be able to continue high carbon ferrochrome production at a curtailed rate until the ore arrives and then we'll go back into full production," Alfred D. Gate, assistant manager, Globe Metallurgical, said yesterday.

"We're thankful to all those who have helped, particularly the Rhodesians," Gate added. "I think this makes a good point about the value of having Rhodesia as an alternate source of ore."

Up until late last week it appeared that Globe Metallurgical, which depends on Turkey for its chrome ore supply, would have to halt high carbon ferrochromium production. The firm was advised early last week that a ship which was to have delivered 8,000 tons of ore to the U.S. was commandeered by the Turkish government because of the state of emergency caused by the conflict in Cyprus.

Globe contacted its competitors and asked for help and also asked for aid from the General Services Administration, but to no avail. The firm advised its customers it wouldn't be able to meet its commitments.

Meanwhile, Univex, which had heard about the halted shipment, contacted Globe and said it would watch the shipment held up in Turkey.

Subsequently, a Globe competitor, Chrome Mining Co., got back to the firm and agreed to furnish it with some ore until normal shipments were restored. Then at the weekend, the Turkish government contacted Globe and indicated that the ship would be released.

Gate said that Globe would still take shipment on the Rhodesian ore.

Normally, the Globe executive said, an interruption of one shipment of ore wouldn't cause such disruptions in the firm's production schedules. "Up until a year ago we always maintained inventories of 6–12 months, but in the last year because of strong worldwide demand we've been living pretty much hand to mouth," he said.

Rhodesia, which has the world's largest resources of high grade chrome ore, recently has exported very little ore. Instead it has been refining its ore into higher value ferrochrome for exportation.

The threatened interruption to Globe's ferrochrome production, though coincidental, couldn't have come at a more opportune time for opponents of the Congressional move to repeal the current exemption for chrome from the U.S.-backed United Nations economic sanctions of Rhodesia.

The House Rules Committee today is scheduled to calendar for floor debate S. 1868, a measure which would restore the U.S. blockade of all Rhodesian imports, including chrome.

U.S. specialty metals and ferroalloys interests are expected to offer the Globe situation as proof of their main argument against cutting off Rhodesian chrome—that it would leave the U.S. with no alternate sources of chrome in emergency situations.

In addition to Rhodesia and Turkey the other major U.S. source for chrome is the Soviet Union, which has an exclusive supply agreement with the Airco Alloys division of Airco, Inc.

There is a substantial tonnage of high carbon metallurgical chrome in the national stockpile, but the GSA still needs the authority from Congress to release it.

Passage of this and other stockpile release bills is being blocked by a House Armed Services subcommittee which has demanded further White House justification for the administration's proposed massive stockpile disposal plan.

Meanwhile, in today's tight raw materials market, any disruption to normal supply channels invites almost immediate scarcities.

Opponents of the reimposition of the Rhodesian chrome embargo would like to see a House vote on S. 1868 delayed. They claim to have the votes to defeat the measure, but fear that because of absenteeism it could be passed.

S. 1868, previously approved by the Senate, was recently approved by the House Foreign Relations committee. If the bill isn't debated in the House before the beginning of impeachment debate, action could be delayed until September, according to Capitol Hill sources.

A NATIONAL DAY OF PRAYER FOR THE NEW ADMINISTRATION

HON. LAMAR BAKER

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Monday, August 12, 1974

Mr. BAKER. Mr. Speaker, President Ford has asked the people of the United States to "confirm him with their prayers." Such a request is basic to the tenets of this God-fearing leader who has been elevated to the Presidency.

Because there will be a dependence upon divine guidance as President Ford carries out his multifarious duties, I have today recommended to the President that he immediately proclaim a National Day of Prayer so that all of our citizens can participate in this act of supplication.

With the thought that many of my colleagues would want to join me in recommending a National Day of Prayer for the benefit of the new administration, I am inserting a copy of my letter to the President in the RECORD. I will be grateful to all who support this proposal. The letter follows:

HOUSE OF REPRESENTATIVES,
August 12, 1974.

Hon. GERALD R. FORD,
President of the United States, The White House, Washington, D.C.

DEAR PRESIDENT FORD: Your thoughtful, sincere remarks at the time you were sworn in as the 38th President of the United States struck a responsive chord around the nation.

My constituents were particularly impressed by your request to the people to ". . . confirm you with their prayers." I feel confident, Mr. President, you are in the prayers of a majority of the citizens as you take over the awesome responsibilities of the highest office in the land.

Those who pray and seek divine guidance undergird the strength of America. They want you to succeed. They want you to heal the wounds and move us out of the malaise which has dominated the mood of the country too long. They want to help you in every possible way.

As you proceed toward the immediate decisions you must make to put the Ford administration on course—the selection of a Vice President, the solution of economic problems, the implementation of your foreign policy—divine guidance will be a dominating force. It would appear, therefore, that a National Day of Prayer, immediately proclaimed, to offer thanks to God for seeing us through this crisis and for granting understanding in the future, should be one of your first proclamations.

I respectfully and humbly offer this suggestion. A National Day of Prayer at this time would be more than balm to heal the wounds; it would be the armor to protect against now wounds as well.

Sincerely,

LAMAR BAKER,
Member of Congress.

THE HONORABLE JAMES ALOYSIUS FARLEY—GIANT OF AMERICAN POLITICS

HON. JOHN J. ROONEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, August 12, 1974

Mr. ROONEY of New York. Mr. Speaker, the July 27, 1974 issue of the Irish Echo in New York City had a very fine article about a very good and longtime friend, a man I have admired for many, many years, the Honorable James A. Farley. Through a long, successful, and distinguished career "Big Jim" Farley has always epitomized the best in American politics. These are the days in which those of us in active politics fully appreciate the record for integrity and ability of men like Jim Farley.

Mr. Speaker, I commend the following article to my colleagues in the Congress. I include this article in the RECORD which reads as follows:

JAMES A. FARLEY: ELDER STATESMAN

(By Joe Murphy)

One of the nicer tints brightening the political spectrum during recent years is the universal admiration and affection exhibited toward James A. Farley, a professional who has been to the wars without losing his integrity or his self respect. Although he scrupulously shuns donning the toga of an Elder Statesman, audiences, especially those of a Democratic Party tinge, seem intent on communicating their vast esteem for him at every opportunity. He is still much too vigorous to hold still for the wise man role, but people seem dedicated to placing him in a niche removed from the less seemly facets of public life.

James Aloysius Farley was born in Grassy Point, New York, in 1888. Jim recalls that when he went to visit his father's people, in a town called Verplanck's Point, only a few miles away, he couldn't understand why all the Irish there were Republicans. He said: "I couldn't understand how an Irishman could be a Republican because in the community where I was born and raised all the Catholics were Democrats. As a matter of fact, in Grassy Point we had difficulty finding enough Republicans to man the election boards."

Jim says he eventually learned that a Peekskill politician was helping the Irish get jobs in the local brickyard and enrolling them in the Republican Party. As Jim says, the Irish largely voted as a bloc in the interests of self protection, but they also sought the protective coloration of the dominant party. "In Boston," Jim says, "they became Democrats because there were Democrats in Boston. But in Philadelphia politics was dominated by the Republicans, and in a large measure they became Republicans."

CAREER BEGINNINGS

Jim began his political career by getting himself elected district committeeman. Then, he was elected chairman, secretary and treasurer of the town committee, all three positions at once, when the other two members of the committee were at odds and couldn't agree, he recalls. "So I started from there and I was elected town clerk and served eight years. Finally, supervisor. Went to the New York State Assembly one year, and now you know the rest of it."

"The rest of it" is one of America's great success stories: Jim became head of the New York State Democratic Committee in 1930, and two years later successfully pushed the presidential nomination of Franklin Delano Roosevelt. Becoming chairman of the National Committee, Farley managed F.D.R.'s presidential campaign with equal success and landed up in the cabinet as Postmaster General. He dropped out to mastermind Roosevelt's 1936 campaign after which he stepped back into his old cabinet job. By 1940, Jim had accumulated some presidential aspirations of his own, and when Roosevelt decided he wanted the job again, Farley dropped out of the cabinet and shed his party chairmanship. It took 20 years for someone else to bring to reality the dream Jim had nurtured: to become the first Irish Catholic President.

I count myself among the many privileged to be a friend of Jim for quite a few years. Once, I wrote to him incorrectly addressing his middle initial. In reply, he reminded me: "Joseph, my middle initial is not J. but A. I know James J. too, and you probably do too." Largely by coincidence, this writer has many times been at affairs where the introduction of Jim Farley brought a heartfelt and spontaneous response. The standing ovation bit is the most overdone feature of the banquet circuit, a claque of about three stands up and the rest of the room is ashamed not to follow suit.

SINCERE TRIBUTE

But in the case of Big Jim the tribute strikes one as emanating from a deep desire to convey the audience's high regard for the man.

There is something heartening about all this: A feeling of events coming full circle to honor the man for his many contributions devoid of the snipping that marred the unhappy years. Deep down, I suspect Jim Farley believes he has never been given proper credit for the role he played in helping enact President Roosevelt's New Deal into law. Not too many years ago, critics dismissed him as a "conservative." This was in the days when one's attitude toward Soviet communism determined your classification as a "liberal" or a "conservative." Those who viewed communism tolerantly and believed the U.S. could accommodate itself to all things Russian automatically were designated "liberals." Others who, like Jim Farley, looked at Russia with suspicion, were branded "conservatives," although their support of liberal welfare measures had been a long standing commitment.

The former Postmaster General does some thinking about phoney liberalism. He said: "Today we are engaged in a great struggle between the forces of freedom and the forces of totalitarianism. I hesitate to use the term forces of democracy, just as I hesitate to use the term liberal because both terms have been distorted by callous malice so that the most brutal of dictators claim to be the champions of democracy and the most intolerant of our fellowmen claim to be the only true liberals. Let me, then, say we seek freedom through a democratic form of government. Many Americans have risked their lives and given their lives to keep words like freedom and faith from being extinguished in a darkening world. And there are others ready to take the risk.

CANONS OF DECENCY

I'm not trying to adjust a halo on Big Jim's shiny pate, because he operated according to the rules of political warfare, which can be pretty rugged at times. What he has proven is that you can survive in this rough game and still abide by the canons of decency, respect for opponents and trust. He managed to do it, and it's a shame not enough of the new breed have pondered his example. Now he has come into the years of full recognition and his story reads very pleasantly over the long haul. Prestige wise, I would say he is ranked only by former Vice President Humphrey in the Democratic Party. Sen. Mansfield, Sen. Kennedy, Sen. Jackson and Sen. Byrd, to mention a few of the later generation, have years to go before they accumulate the record of public service, adherence to ideals and party loyalty built up by Jim for more than 40 years.

As I say, it's one of the nicer things I have seen recently, the spontaneous salute of admiration and affection showered on James A. Farley whenever people get the chance to demonstrate how they feel about him.

IT IS NOT THE BRAINS THAT MATTER MOST

HON. JOHN B. ANDERSON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, August 12, 1974

Mr. ANDERSON of Illinois. Mr. Speaker, this year marked the 120th commencement of Rockford College in Rockford, Ill. The commencement address was delivered by Juanita Kidd Stout, judge on the Philadelphia Court of Common Pleas. Judge Stout, the first elected Negro woman judge in the United States served Rockford College as a trustee from 1967 to 1972. In 1966, she was the recipient of the college's Jane Addams Medal, awarded periodically to a woman who has made a distinguished contribution to society through her life and work. I found her address, "It Is Not the Brains That Matter Most," well worth reading.

I would like at this time to insert her remarks in the CONGRESSIONAL RECORD and commend it to my colleagues:

IT IS NOT THE BRAINS THAT MATTER MOST

(By Juanita Kidd Stout)

This commencement speech is the last lecture you are required to endure before receiving your hard earned degree. It will be of short duration. Moreover, like all graduation speeches, these few words ride on air of futility for I am confident you will not long remember the details—and maybe not even the subject—of what is said here. Five times I have graduated, and the content of four speeches and even the identity of four speakers I have long since forgotten. Oddly enough, the one I do remember is the speech given at my very first graduation which was from the eighth grade. The theme of that speech, which has been most helpful to me throughout my life, was repeated frequently and with emphasis as the speaker admonished us: "Don't get discouraged." That is not my subject but it is advice worthy of recall even in the last third of the Twentieth Century.

Before giving you the theme of my message today, I want to congratulate you on your physical, psychological and educational survival to the status of a college graduate. This is an achievement in and of itself when you consider that the entirety of your short lifespan of some two decades has been lived through a period of rapid change, both positive and negative in character; and through a period of great instability encompassing some of the most violent and cataclysmic years known to mankind.

You were born just prior to the beginning of the Space Age which began in 1957 with the launching of Sputnik I, and you saw within a period of 12 short years the beginning of the Age of Moon Exploration when Neil A. Armstrong took "one great leap for mankind." You have seen a new concern for the environment born with the publication of Rachel Carson's *Silent Spring* in 1962, and you witnessed the advent of consumerism in 1965, when Ralph Nader directed our attention to the fact that some of our sleekest vehicles were *Unsafe at any Speed*. Since you entered college, America has taken a long, hard and constructive look at the rights of women; and you have become the first generation to vote as eighteen-year-olds. Even since you began your senior year, America has become a land of shortages, real or contrived.

During your short lifetime, explosions have occurred of knowledge, population and subcultures, some of the latter practicing communal living and the use of narcotic and other destructive drugs. New and radical political forces advocating violent confrontations, bombings, skyjackings and political kidnappings have crossed the American scene. You have been awe-stricken as violence has erupted in the most unexpected places—on college campuses and at political conventions. You have shuddered at the violence which attended the Sit-Ins, Freedom Rides and church bombings of the early and mid-60's. You have wept bitterly as the assassin's bullet deprived the Nation of three progressive leaders.

Your entire lives have been lived in an era of wars and rumors of wars ranging from the Korean conflict of 1950 to the senseless and protracted Vietnam War and the sporadic fighting of the Middle East. The ultimate in man's capacity to destroy himself, the hydrogen bomb, had its beginning in 1953, when some of you were infants and others were yet unborn.

Your youth has protected most of you from active participation in the physical violence which has characterized the era in which you have lived; however, because of your youth, you have been even more susceptible and vulnerable than older persons to the psychological assaults which have resulted from the violence in which you have been immersed. That you have come through this formative period of your life psychologically unscathed and unalienated by this rapid change and discordant strife is a major achievement on which you are to be congratulated and of which, unfortunately, many of your contemporaries cannot boast.

You have been told that your generation is the smartest one to inhabit the earth—and that is true. You are the products of better educated parents, better nutrition, better medical care, better education and a higher standard of living than has been enjoyed by any previous generation. As a result you rightly may lay claim to being the smartest generation which has ever lived—to having the greatest brainpower.

For brainpower, there is no substitute. Knowledge is essential and excellence is a goal much to be desired. Nevertheless, I want to leave you with just one thought which, hopefully, will be of value throughout your life. That thought is derived from the words of the Russian philosopher, Dostoyevski, who said in his novel, *The Insulted and the Injured:* "It is not the brains that matter most, but that which guides them—the character, the heart, generous qualities, progressive ideas." This thought I should like to illustrate with a very few examples and vignettes all of which happened within your lifetime.

Education has progressed from pre-1954 status, segregated in law and in fact, to post-1954 status, integrated in law and substantially and increasingly integrated in fact.

In 1956, the Governor of Alabama stood in the doorway of the University of Alabama to bar the entrance of a Negro coed who later was stoned and wrongfully expelled simply because she was a Negro. In 1973, that same Governor, at that same University, crowned another Negro coed as Miss Homecoming as black football players scored for the mighty Crimson Tide. Throughout the 11 Southern States few Negro citizens were registered to vote before 1965, and black elected officials, few of whom could be found anywhere before 1965, now number over 2,000, many of whom are in the South.

There was not a dearth of brains on the United States Supreme Court before *Brown v. The Board of Education*. As a matter of fact, all the Justices who decided *Plessy v. Ferguson* were learned men. Neither was there a dearth of brains on the part of the Governor of the State of Alabama, nor the administration and student body of the University when Autherine Lucy was denied entrance and stoned. They all knew that barring her entrance was a denial of equal protection of the law and that assault and battery was a crime. Even before the Voting Rights Act of 1965, the voting registrars understood the Fifteenth Amendment guaranteed to every adult the right to vote. But it was not their brains which had mattered most, but that which had guided them—their character and heart, which were uncharitable at best and hateful at worst; their qualities which were selfish and ungenerous, and their ideas which were provincial, unprogressive and reactionary.

You have seen the pervasion of business and industry by immoral leadership. Only recently the Securities and Exchange Commission has charged the corporate leadership of the nation's largest railroad not with incompetence but with authorizing "false and misleading" financial statements which "improperly inflated" the railroad's stated earnings and with siphoning of millions of dollars in Penn Central funds to a bank account in Liechtenstein. Similarly, insurance has been shocked by the Equity Funding scandal which has resulted in the recent indictment of a number of well-trained, professionally competent executives for fraudulently writing some $2 billion worth of fictitious life insurance policies, filing false death claims and selling counterfeit securities.

You have seen peccadilloes in government. All too often, the lives of public officials have been sullied by influence peddling and payoffs, wheeling and dealing, kick-backs and bribes, conflicts of interest and cronyism, hypocrisy and credibility gaps.

Despite his outstanding legislative record, one of the most brilliant members ever to sit in the halls of Congress, the late Adam Clayton Powell, was expelled, censured by his colleagues and rejected at the polls by his constituents for junketeering and other exploitation of his official position. In the five years that he was Chairman of the Education and Labor Committee of the House of Representatives, he expedited the passage of 60 major laws from his Committee including some of the most important legislation in the history of America. Aid to Elementary and Secondary Education, Assistance for Colleges and Universities, Manpower Development and Training legislation, and legislation which increased minimum wages, established the War on Poverty, and legislation which aided the School Lunch Program and Library services were part of his legislative output.

In 1968, you saw the resignation of a brilliant member of the Supreme Court of the United States when disclosures were made that he had entered into a contractual relationship with a foundation controlled by a disreputable person charged with crime and that he had participated in drafting legislation and had acted as advisor to the President while on the Supreme Court Bench, both clearly in violation of the doctrine of separation of powers.

Even before ascending the Supreme Court Bench, Abe Fortas was recognized as having one of the most precise and keen minds in the legal profession. As a lawyer, one of his many contributions was to establish, through the landmark case of *Gideon v. Wainwright*, the right of indigent criminal defendants to have state appointed lawyers in all serious criminal cases. Later, the incisive reasoning he displayed on the Supreme Court won for him the admiration of the Nation as perhaps the Court's most brilliant mind.

You are witnessing currently the most distressing parade from government service of brilliant, well-educated young men, and a few older ones, who have been caught up in a whirlwind of greed, dirty tricks, perjury, conspiracies, political espionage, income tax evasion and other crimes. There have been abuses of power in the improper use of prosecutoral discretion where Internal Revenue, anti-trust and other laws have been used wrongfully and oppressively against those thought to be political enemies.

Most of these men are members of the legal profession—a profession which professes to play a major role in implementing moral values in society. To these men, however, the sacred words of the oath of admission to the profession must have been empty indeed, for they ignored that oath which binds them *not* to "maintain any suit or proceeding which shall appear . . . to be unjust" and which implores them to "employ . . . such means only as are consistent with truth and honor." The oath further binds them never to "seek to mislead . . . by any artifice or false statement of fact or law." In addition to the ethical standards embodied in the lawyer's oath, these men also were bound by the Code of Ethics for United States Government Service which dictates that: "Any person in Government service shall . . . put loyalty to the highest moral principles and to country above loyalty to persons, party or Government Department." It also admonishes: "Expose corruption wherever discovered." Only belatedly has one of the recently resigned government employees begun to articulate a proper sense of values. Egil Krogh, now confined in Allenwood Prison, wrote earlier this month:

"I'm coming to the feeling that no matter where one works, and regardless of the sensitivity of his job, the enormity of the stakes involved in his decisions, or the number of people affected, he must always *first* consider the moral question of what he is about to do . . . a person working in an organization has to feel free enough to be unpopular, to dissent, and, perhaps to walk away and leave if he can't square the organization's views with his own . . ."

Powell was, and Fortas, and that innumerable throng which currently is making its exit from the executive branch of government, are brilliant, well-educated men, who admittedly made many positive changes in American life and who, intellectually, still had much to offer their Nation and the world. But, it was not their fertile and productive brains that mattered most but the greed of their hearts and the callousness and insensitivity with which they viewed their public trust that brought them to shame, which deprived America of the continued benefit of their expertise gained through long years of training and experience, and which has lessened public confidence in all three branches of government.

Consider conversely, however, the equally brilliant Dr. Frances Oldham Kelsey and the situation in which she found herself a few years ago.

As she performed her duties with the Food and Drug Administration, Dr. Kelsey, who is both a pharmacologist and a physician, received the application for licensing of a new sleeping pill.

Under the Food and Drug Act which was then in effect, the application for a license to market a new drug was approved automatically in 60 days unless the Commissioner of the Food and Drug Administration acted to prevent its sale. When the 60-day deadline for action on the application presented to Dr. Kelsey arrived, she wrote to the drug manufacturer that proof of safety of the product was unsatisfactory. The manufacturer telephoned, wrote and came to see her. He telephoned, wrote and went to see her superiors. He called Dr. Kelsey unreasonable and irresponsible and, in her own words, "most of the time they called me names you could not print." An editorial in one of the trade papers said that such dilatory tactics would cause a loss to the industry of millions of dollars. As the Yuletide Season approached, Dr. Kelsey was reminded by the manufacturer that if she did not hurry they would miss the Christmas market.

Dr. Kelsey refused to hurry and as each 60-day period arrived, when inaction on her part would have resulted in approval of the drug, Dr. Kelsey wrote yet another letter indicating there still had been insufficient proof of safety. For 19 long months, Dr. Kelsey tenaciously refused approval of this drug. Finally, in November 1961, a German physician announced that the drug which Dr. Kelsey had withheld from the American market was the same drug which had been responsible for the European epidemic of deformed babies. It was thalidomide.

Consider also the circumstances in which Dr. Jacqueline Verrett more recently found herself. She too is a scientist in the Food and Drug Administration and holds a doctorate degree in biochemistry. Dr. Verrett investigated the toxic effects of materials involved in the food-processing industry by using the chick embryo technique. A large number of the chick embryos injected with the artificial sweetner cyclamate developed serious and grotesque deformities. For 18 months, beginning in March 1968, Dr. Verrett reported these disturbing findings to her superiors, including the Commissioner himself. They did nothing.

In September 1969, Dr. Verrett was invited to appear on NBC-TV. When she advised her superiors of the invitation some 10 or 12 of them tried to dissuade her and admonished that she should say nothing of her scientific findings lest they lead to "undue public concern."

Dr. Verrett appeared on NBC-TV on October 1, 1969 and answered truthfully questions concerning the results of her findings. Thereafter, the Agency figuratively put her under "house arrest." For two weeks she was allowed neither to communicate with the press nor to answer her office telephone. Seventeen days after her television appearance, however, cyclamates were banned as being unsafe for human consumption. Instead of being commended as she should have been, Dr. Verrett was criticized by her superiors for being unethical and overzealous. Of her experience, Dr. Verrett said, "Given the same circumstances, having adequate data in hand, if the occasion arose I would not hesitate to discuss them openly."

Lest you think I emphasize disproportionately the candor and courage of women, consider the contribution of Frank Serpico, who was educated in police science at Brooklyn College and the Police Academy of New York, and who surely was one of that City's finest policemen. His unique contribution to law enforcement did not arise from his education, however, but from the steadfastness with which he refused to participate in the corruption with which the Department was rife and in his five-year fight within the Department, and ultimately through the press and the court, to expose the widespread system of shakedowns, payoffs and graft within it. He too suffered abuse and even violence to his person but his efforts were rewarded directly by the Knapp Commission Report of Police Corruption and a reorganization of the Police Department of New York. His efforts were rewarded more remotely by the same kind of investigation and exposure of police corruption in Philadelphia and several smaller cities and towns in America. Serpico was, in the words of Ralph Nader, a "whistle blower," one whose allegiance to society superseded his allegiance to the organization's policies and one who had the courage to inform outsiders.

Kelsey, Verrett, Serpico—their contributions came partly because of their professional competence to be sure, but it was not their brains which mattered most but the tenacity of their character and loyalty to moral principles, the courage of their convictions, the imperviousness with which they withstood abuse because of those convictions and the priority which they placed on human values above avariciousness.

The difference between the downfall of the Powell-Fortas-Watergate group of public servants and the Penn Central-Equity people on the one hand and the success of the Kelsey-Serpico group on the other hand was not a difference of brains or education, of ability or perception. It was simply a difference in morality; a difference in their private values which reflected the difference in their public performances.

I possess no gift of prophecy which enables me to predict with any acceptable degree of accuracy and precision the events and trends of future years. Neither have I had the privilege of formal training in futuristics. Those who are experts in the field, however, tell us that change, which has been the hallmark of your entire existence, will continue in greater dimensions and at an even more accelerated, and often dizzying, pace. Accepting this prediction as true, the future before you looms chaotic unless you chart that inevitable, larger and accelerated change in a positive and constructive direction.

Alvin Toffler, an authority on the Sociology of the Future, after considering the many changes which are avalanching upon our heads, wrote in *Future Shock* that: "Every society faces not merely a succession of *probable* futures, but an array of *possible* futures, and a conflict over *preferable* futures."

You, as members of the educated elite, have the responsibility of continually choosing from the probable and possible futures the preferable ones. You will determine whether the future is one of hope or of hopelessness, of confidence or lack thereof, of public morality or immorality, for you will be the policymakers, who will sit in the seats of power in governmental and nongovernmental institutions. You will occupy executive, legislative and judicial positions from the precinct to the national level. You will participate in training the Nation's youth, in selecting its political leaders, in shaping its economic policies and in molding its social patterns. At many levels you will determine preferences, articulate and implement them. In order to fashion for society and for yourself the best among all possible futures, you must capture control of change, manage, direct and undergird it with the appropriate moral qualities, for, in Toffler's words: ". . . change rampant, change unguided and unrestrained, accelerated change overwhelming not only man's physical defenses but his decisional processes—such change is the enemy of life."

You have brains enough and have acquired training enough to control, direct and manage that change in a positive and constructive manner, but it will not be your brains which matter most in determining the direction or quality of that change but your character which must be impeccably honest; your heart, which must be completely compassionate and strongly courageous; your qualities which must be unselfishly generous and your ideas, which must be socially imaginative and progressive.

I close with a short verse from Josiah Gilbert Holland entitled:

THE DAY'S DEMAND

"God give us men! A time like this demands
Strong minds, great hearts, true faith, and ready hands,
Men who the lust of office does not kill;
Men who possess opinions and a will;
Men who have honor,—men who will not lie;
Men who can stand before a demagogue,
And damn his treacherous flatteries without winking,
Tall men, sun-crowned, who live above the fog
In public duty, and in private thinking:
For while the rabble, with their thumb-worn creeds,
Their large professions and their little deeds,
Mingle in selfish strife, lo! Freedom weeps,
Wrong rules the land, and waiting Justice sleeps."

IMMUNITY FOR RICHARD M. NIXON

HON. W. S. (BILL) STUCKEY

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 12, 1974

Mr. STUCKEY. Mr. Speaker, I have introduced a concurrent resolution to grant Richard M. Nixon immunity from either State or Federal prosecution. I have put this resolution before Congress not because I think Mr. Nixon may be found guilty of any crimes; on the contrary, I think the country should be satisfied with his statement that maybe some of his judgments were wrong, but that he thought he acted in the best interests of the country.

I am introducing this resolution in the spirit of Mr. Nixon's speech announcing his resignation, and that is what is in the country's best interest. Mr. Nixon's decision was the first step in putting this tragedy behind us, and I think Congress should take the second step by formally ending any further dispute or deadlock. I cannot overemphasize my concern about the divisive effects any further debate would have on American life.

In conclusion, now is not the time for petty jealousies and useless revenge. I have introduced this resolution in the hope that it will signifiy to the people that Congress wants this case closed.

TENNESSEE FORGING STEEL TAKES LEAD IN CLEAN AIR CONTROL

HON. BILL ALEXANDER

OF ARKANSAS

IN THE HOUSE OF REPRESENTATIVES

Monday, August 12, 1974

Mr. ALEXANDER. Mr. Speaker, on July 29, 1974, an event occurred in the First Congressional District of Arkansas which may hold great significance as a model for some of the Nation's air quality improvement programs. On that date the Arkansas Division of Tennessee Forging Steel, a company that has shown its concern and compatibility with the environment, dedicated a unique million dollar air pollution control system at the Newport, Ark., plant. I would like to share with my colleagues some data concerning this system:

DATA SHEET

The air pollution control system works on the same principle as a vacuum cleaner. Two 600 H.P. motor driven fans, with a capacity of 264,000 cubic feet per minute, create a suction at the hood surrounding the roof of the electric furnace. These fans pull the dust laden smoke through a 96" diameter duct or pipe to 14 modules or boxes which contain 228 dacron bags (like vacuum cleaner bags) each. These dacron bags have a total cloth area of 75,802 square feet. The dust is collected in the dacron bags. Periodically, a shaking operation removes the dust from the bags. The dust is collected and sold to a customer who can use this dust in his product. This dust amounts to: 8,625 pounds daily; 258,750 pounds monthly; 3,148,125 pounds yearly.

This dust comes from oxides escaping from the scrap during the melting process and from grease and paint, etc., in the scrap. Although this dust is a nuisance and a source of dirt in the environment, it is nontoxic and is often used as an additive for fertilizer.

Approximately 100,000 tons of iron and steel scrap are recycled annually. The scrap comes principally from a 300 mile radius around the plant and consists of auto bodies, farm implements, industrial scrap, stampings and turnings from machine shops, etc. Approximately half of the scrap recycled is junk automobile bodies, which is the equivalent of approximately 50,000 automobile bodies recycled annually.

This clean air system has been installed at a cost to Tennessee Forging Steel of nearly a million dollars.

This type of installation at Tennessee Forging Steel is especially unique, in that it establishes a precedent for the steel industry for a clean air service contract. In effect, the manufacturer of the clean air equipment has been contracted to operate and maintain the equipment over an extended period of time, and has guaranteed to Tennessee Forging Steel clean air for the steel plant in compliance with all local, state and federal laws. The Tennessee Forging Steel installations are the first such contracts in the steel industry and, although more expensive, are, in the opinion of Tennessee Forging management, the most sensible direction to follow in assuring its employees and surrounding citizens of the finest possible environment. It is interesting to note that in the event violation of a law should occur, the manufacturer of the equipment would have to pay any applicable fine levied against Tennessee Forging. This, also, to the best of our knowledge, is a precedent setting arrangement.

Tennessee Forging has three plants in the steel division: Harriman, Tennessee; Newport; and the newly acquired Jones and McKnight Corporation in Kankakee, Illinois.

Tennessee Forging also has two fabricating plants: Tennessee Forging Steel Service, Inc., in Hope, Arkansas, and Cahaba Steel Company, in Uniontown, Alabama.

The Newport plant has 250 employees with an approximate weekly payroll of $55,000. An average of 345 tons of steel is expected daily in the melt shop. This amounts to approximately 9,000 tons monthly, and in the neighborhood of 112,000 tons annually. The rolling mill is expected to average 8,300 tons of rolled product per month, and expected to produce approximately 100,000 tons of finished product this year.

RUSSIAN AIMS IN SYRIA

HON. ROBERT F. DRINAN

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Monday, August 12, 1974

Mr. DRINAN. Mr. Speaker, I know that Members of Congress will be deeply interested in having firsthand information from Israel concering the massive infusion of Russian arms into Syria.

I append herewith a very informative article from the July 30, 1974, issue of the Jerusalem Post. This extraordinary piece of journalism reveals that Premier Rabin has warned that the Soviet Union is pouring new arms into Syria at unprecedented volumes and speed.

I append also an article from the August 8 issue of the New York Times which confirms the dire predictions of Premier Rabin as reported in the Jerusalem Post. The New York Times article indicates that Syria has received more than $2 billion worth of modern weaponry from the Soviet Union in the last 10 months.

The Times article includes a very helpful graph of the relative military strengths of Syria and Egypt before and after the War of October 1973.

All officials in Israel recognize the fact that it is difficult to exaggerate the significance for Israel of Syria's new military capability.

These two significant articles follow:

[From the New York Times, Aug. 8, 1974]

ISRAELIS SAY RUSSIAN ARMS GIVE SYRIA MIGHT TO STRIKE

(By Terence Smith)

JERUSALEM, August 7.—Syria has received more than $2-billion worth of modern weaponry from the Soviet Union in the last 10 months and is now capable of launching a full-scale war against Israel, independently of Egypt, in the opinion of top Israeli leaders.

This new Syrian capability, in the Israeli view, has caused a significant shift in the military and political balance of power in the Middle East.

Syria is seen here as a catalyst that remains fundamentally hostile to Israel and is capable of setting off a new round of Middle Eastern fighting that ultimately would draw in other Arab nations, such as Iraq, Egypt and possibly Jordan.

The massive rearmament of Syria—especially the modernization of the Syrian Air Force with two squadrons of swift MIG-23's—is seen here as the keystone of a calculated policy decision by the Soviet Union to solidify its position in the Arab world and to develop an alternative base of influence in the region outside of Egypt.

This sober view of new strategic realities surrounding Israel has raised concern among the leadership here about the possibility of a war within six months to a year. It has prompted a series of public warnings to this effect during the last 10 days by Premier Yitzhak Rabin, Defense Minister Shimon Peres and Lieut. Gen. Mordechai Gur, the Chief of Staff.

The most recent of these statements came yesterday, when Mr. Peres asserted during a speech in Parliament that Syria was bent upon a new war with Israel.

"The stepped-up arms supplies, the accelerated training of their troops, the constant threats, the stated deadlines—all these have led us to express publicly what is apparent in fact: that Syria has indeed harnessed her horses of war," he said.

Describing the results of Soviet arms deliveries, Mr. Peres said that Syria's air force was now 25 per cent stronger than it was on the eve of the Arab-Israeli war last October and that the antiaircraft missile defense system was about 20 per cent larger.

"The Soviet Union has increased Syria's arsenal of heavy guns, including long-range 180-mm pieces, and supplied her with Scud ground-to-ground missiles," the Defense Minister said.

The Scud is capable of reaching Israeli population centers from Syrian territory.

A WARNING TO ARABS

Mr. Peres conceded in his speech that the recent public statements by Israeli leaders about the Syrian build-up had been intended not only to inform the Israeli people but also to make the Arabs think twice about renewing the fighting.

Privately, top officials have also conceded that the statements are meant to underscore the urgency of Israel's requests to the United States for new arms supplies. A team of Israeli military experts is in Washington working out the details of arms deliveries that were agreed upon in principle during President Nixon's visit here in June.

"It's hard to exaggerate the significance for Israel of Syria's new military capability," a senior official commented. "It changes much of what we have based our policies upon in the past and is forcing us to come up with new ones."

Prior to the Soviet arms deliveries to Syria in recent months, Israel had devised strategy on the assumption that Egypt was the key to war and peace in the region.

No Arab country had ever launched a war against Israel without Egyptian participation, the theory went, and none was thought likely to be capable of doing so in the foreseeable future. Hence, as long as Egypt was involved in negotiations rather than in preparations for war, the prospect of serious new fighting was regarded as remote.

Syria's new Soviet-supplied strength has changed all that. The Syrians now are regarded as capable of starting a full-scale war against Israel on their own. If they did so, they probably could expect to receive reinforcements from Iraq and other militant Arab countries, as they did in the October fighting.

"If we were able to stop such a war in four or five days, Egypt might be able to stay out," a high Israeli official said. But if it went on longer than that, the Egyptians and possible even the Jordanians would be drawn in."

In preparation for this possibility, Mr. Peres said yesterday, Israel has embarked on a priority program to upgrade the training, equipment and readiness of the Israeli armed forces.

He said that a new generation of officers was being promoted into key positions in the regular army to fill vacancies created by the casualties of the October war and that new weapons systems were being introduced and more reservists trained. The cease-fire lines are also being fortified with heavy fences and forward positions linked by a new network of roads.

In addition, several thousand key reservists have been called up in recent weeks to repair the weapons and vehicles damaged in October. To supplement its regular corps of mechanics, the army announced plans earlier this week to call up vocational training school pupils from the 10th through 12th grades to work in military repair shops during the next school year beginning in September.

At a meeting today, General Gur, the chief of staff and representatives of the defense ministry urged about 2,000 enlisted men to demonstrate their "volunteering spirit" by remaining at their technical jobs beyond the usual term of service.

The combination of all these measures has brought a new tension to Israel, just ten weeks after the signing of the troop separation agreement with Syria. Israelis who were generally hopeful about the prospects for peace just two months ago seem now to regard another round of fighting as likely if not inevitable.

"The future seems uncertain at best," an Israeli professor of political science observed earlier this week. If there was ever a time to get negotiations started, this is it."

[From the Jerusalem Post, July 30, 1974]

RABIN: RUSSIAN ARMS POURING INTO SYRIA

(By Mark Segal)

TEL AVIV.—Premier Yitzhak Rabin Thursday warned that the Soviet Union was at this moment pouring new arms into Syrian arsenals at unprecedented volume and speed. Urging maximum alertness in view of likely further Arab aggression, Rabin expressed his conviction that only a strong and alert Israel could deter the Arabs from going to war once again.

Addressing Labour Party leaders in the Moshav Movement at Beit Tabori here, the Prime Minister declared: "A future war will be unlike past battles. Any future war will be neither easy, nor short and will hurt much more. We cannot afford to regard our enemy lightly and we must have confidence in our own strength, for if we are properly prepared then war can be avoided."

Rabin urged talks with the Arab states but not entertaining any illusions about quick results. He stressed the risks of not going ahead with talks were greater than abstaining from them. Arms supplies must be linked with diplomatic activity.

Syria remained the most radical Arab country in its hostility to Israel, and Lebanon would only follow the leadership of the others. The prospect remained of talks with Egypt and Jordan. He had said in this connection on a number of occasions: "We have to test any prospect of negotiations first and foremost with Egypt and perhaps with Jordan," adding: "After all, we do want a settlement; if not full peace then at least a state of no-war."

Rabin highlighted the nuances in the Sadat-Hussein communique after their recent meeting in Cairo which indicated certain shifts away from the traditional Arab stand which had made for an unbridgeable gap with Israel.

The Prime Minister was anxious about the prospect of the resurrection of the Arab eastern front. He noted Syrian President Assad's switch in Hussein's favour, opting for the Hashemite king rather than the terrorist leaders. As Assad favoured war rather than diplomacy in treating with Israel, Rabin believed the Syrian leader thought he could best rely on Hussein in a future battle.

The Premier said Israel could take credit for Jordan staying out of the Yom Kippur War. However, he revealed, "the Americans told us that Jordan believes the other Arab countries that entered the fray benefited territorially in the disengagement talks while it stayed out and lost out. They say that Jordan is now having second thoughts on this score."

The Premier said Israel must do its utmost to avoid any moves likely to bring the eastern front into being, "and we should not cause its formation by our own faults." In the Cairo communique, Sadat had empowered Hussein to negotiate over Judea and Samaria—a move which Rabin believed was aimed at forming a unified Arab line, with Sadat thereby risking attacks from the terrorist organizations who are his creatures.

Rabin pointed out that Israel faces "unbelievably" bottomless Arab oil coffers. Saudi Arabia now had a financial surplus of $17,000m. and had already granted much more in aid since the war to Egypt than the U.S. had extended to Israel.

REVOLUTION

This revolution in the post-war Middle East situation meant that money was no object when the Arabs wished to buy arms. He warned of the Arab drive to acquire political pull through economic power in the Western world by cleverly manipulated investment plans for their huge oil income. Rabin told of Arab oil financiers having already bought up complete series of U.S. municipal bond issues, and reported that an aide of U.S. Secretary of Treasury Simons told him they were going to Jedda to persuade the Saudis to invest $10,000m. in American interests. Rabin warned that a race was on among Europe, the U.S. and the Soviet Union for Arab oil money.

In the face of this grim prospect, Israel must gird its economic loins and manpower resources. Israel must this year devote 30 per cent of its GNP to defense spending, double that of the pre-Yom Kippur War ratio. Despite the great aid extended by the U.S. Israelis were now shouldering their greatest burden ever. "People cannot carry on as if nothing had changed since Yom Kippur—I'm sorry but things are going to get tough," Mr. Rabin said.

A BILL TO AUTHORIZE THE RECOMPUTATION OF THE RETIRED PAY OF MEMBERS AND FORMER MEMBERS OF THE UNIFORMED SERVICES WHO ENTERED SERVICE BEFORE JULY 1, 1958, AND WHOSE RETIRED PAY IS COMPUTED ON THE BASIS OF PAY SCALES IN EFFECT BEFORE THE DATE OF THE ENACTMENT OF THIS ACT, AND FOR OTHER PURPOSES

HON. JOEL T. BROYHILL

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 12, 1974

Mr. BROYHILL of Virginia. Mr. Speaker, I am introducing legislation today which would authorize the recomputation of the retired pay of members and former members of the uniformed services who entered service before July 1, 1958, and whose retired pay is computed on the basis of pay scales in effect before the date of the enactment of this bill.

Specifically, this bill provides that notwithstanding any other provision of law, any member or former member of a uniformed service who is 60 years of age or older on the date of enactment of this act, is retired for reasons other than physical disability, and is entitled to retired pay computed under the rates of basic pay in effect on the date of the enactment of this act; or who is entitled to retired pay for physical disability under title IV of the Career Compensation Act of 1949 (64 Stat. 816–825), or under chapter 61 of title 10, United States Code, whose disability was finally determined to be of permanent nature and at least 30 percent under the standard schedule of rating disabilities in use by the Veterans' Administration at the time of that determination, and whose retired pay is computed under rates of basic pay in effect after October 11, 1949, and before the date of the enactment of this act is entitled to have that retired pay recomputed on the basis of the rates of basic pay in effect on the date of the enactment of this act.

Section 2 of this bill specifies that notwithstanding any other provisions of law, any member or former member of a uniformed service who has not attained age 60 before the date of the enactment of this act, is retired for reasons other than physical disability, and is entitled to receive retired pay, is entitled to have that retired pay recomputed on the basis of the rates of basic pay in effect on the date on which such member attains age 60.

In section 3, the bill sets forth that notwithstanding any other provision of law, any member or former member of a uniformed service who has not attained age 60 before the date of the enactment of this act, is retired for reasons other than physical disability, is entitled to receive retired pay, and who, before attaining such age, is determined by the Administrator of Veterans' Affairs, pursuant to chapter 11 of title 38, United States Code, to have a service-connected disability of at least 30 percent which is permanent in nature, is entitled to elect to have that retired pay recomputed on the basis of the rates of basic pay in effect on the date on which the determination of such disability is made. No member or former member who elects to have his retired pay recomputed pursuant to this section is eligible to have his or her retired pay recomputed under any other section of this act.

In section 4, there is a provision that any member or former member of a uniformed service who was retired by reason of physical disability and who is entitled, in accordance with section 411 of the Career Compensation Act of 1949 (63 Stat. 823), to retired pay computed under provisions of law in effect on the day before the date of enactment of such act of 1949 may elect within the 1-year period following the date of enactment of this act, to receive disability retirement pay computed under provisions of law in effect on the date of the enactment of this act, in lieu of the retired pay to which he is otherwise entitled.

Any member or former member of a uniformed service who is entitled to have his retired pay recomputed under the first section of this act shall be entitled to retired pay based upon such recomputation effective on the first day of the first calendar month following the month in which he or she attains age 60. Any member or former member of a uniformed service who is entitled to make an election under section 3 or 4 of this act and elects to have his or her retired pay recomputed as authorized in such section shall be entitled to retired pay based upon such recomputation effective on the first day of the first calendar month following the month in which he or she makes such election.

A safeguard in this bill for those who are entitled to retired pay for physical disability provides that enactment of any of the first three sections shall not reduce the monthly retired pay to which a member or former member of a uniformed service was entitled on the day before the effective date of this act.

Any member or former member of a uniformed service who is entitled to have his or her retired pay recomputed under the first section of this act is entitled to have that pay increased by any applicable adjustments authorized by section 1401a of title 10, United States Code, which occur after the date of the enactment of this act. Any member or former member of a uniformed service who is entitled to have his or her retired pay computed under section 2 of this act is entitled to have that pay increased by any applicable adjustments authorized by section 1401a of title 10, United States Code, which occur after the date on which he or she attains age 60. Any member or former member of a uniformed service who is eligible to make an election under section 3 or 4 of this act and elects to have his or her retired pay recomputed as authorized in such section is entitled to have that pay increased by any applicable adjustments authorized by section 1401a of title 10, United States Code, which occur after the date on which he or she notifies the Secretary concerned of his or her election to have his or her retired pay recomputed.

Mr. Speaker, on August 3, 1973, I introduced recomputation legislation which authorized recomputation at age 60 of the retired pay of members and former members of the uniformed services whose retired pay is computed on the basis of pay scales in effect prior to January 1, 1972. On April 9, 1974, I cosponsored identical legislation introduced by Representative BOB WILSON. This measure is similar to legislation previously introduced in the Senate which also was attached in the Senate as an amendment to the 1974 Military Procurement Authorization Act, but was deleted by the conferees in the House-Senate Conference. Similar action occurred only recently when this same recomputation amendment was again struck from the annual Military Procurement Authorization by the conferees.

Mr. Speaker, for those who have served their country honorably and faithfully and who looked upon merit and length of service as the primary factors in determining the compensation they would receive as retirees, it must be discouraging and frustrating to witness this annual spectacle of brinkmanship by those opposing this issue in their last-minute efforts to successfully defeat recomputation. I suggest we not wait to witness the same cruel scenario next Congress, but that we face the issue on its own merits now. This situation has existed since the sudden suspension of the recomputation system in 1958 and finally its repeal altogether in 1963. Replaced by a system of raises based upon increases in the cost of living, the retiree now finds that in reviewing pay increases over the entire span from June 1, 1958 to January 1, 1974, an ever widening gap is developing, currently 83.5 percent, between the pay received by retirees and their counterpart of equal grade and service. From this data, it is now quite clear that the actions taken in 1958 and 1963 have provided a system which does not recognize merit and length of service in determining compensation to the retiree but rather when he served and how successfully he manipulated the retirement date. I submit that the moral obligation of the U.S. Government dictates that this very real inequity be corrected and that provisions be reinstated to protect the equities of individuals adversely affected by these changes. In this regard, the legislation I propose today will provide for the eventual total phase-out of recomputation by directly linking current active duty rates to the retired pay of persons who entered the uniformed services prior to July 1, 1958. I am convinced that enactment of this legislation would restore the very important principle that our Government will carry out its moral obligation which exists as the result of promises implied at the time the serviceman entered the service. It must be recognized that members of the uniformed services who started careers prior to June 1, 1958, performed under a legally guaranteed formula but that through congressional action this guarantee was reduced even after benefits had been fully or partly earned.

Mr. Speaker, I am aware of the heavy legislative calendar confronting the Congress. However, I submit that this Congress must make good to those who served their country so well. I strongly urge favorable consideration of this legislation and enactment into law at the earliest possible date.

FARMERS REAP INFLATION'S CROP

HON. DAVID R. BOWEN

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

Monday, August 12, 1974

Mr. BOWEN. Mr. Speaker, often overlooked in the tumult of national events here in Washington are the tragic events of inflation which have been steadily ravaging our middle-class families and working people. Of particular concern in my home State of Mississippi is the devasting effect inflation is having on our farmers and, because of the importance of agriculture to the State, the local economics of practically every community.

The following article by United Press International appeared in several newspapers recently, including the Memphis Commercial Appeal, which has broad circulation in the Midsouth area.

I am anxious for my colleagues here in the Congress and other interested citizens around the Nation to be aware of the serious economic situation facing us in Mississippi, which I feel is typical of the crisis facing all of rural America. The article reads as follows:

FARMERS REAP INFLATION'S CROP

JACKSON, MISS., August 1.—A state agricultural expert said Thursday inflation and "black marketeering" were threatening to "swamp" Mississippi farmers.

Mississippi Farm Bureau Federation President Hugh M. Arant of Ruleville expressed concern over a "wide disparity" in prices paid by farmers for necessary production expense items which he said "border on price gouging and black marketeering."

"Soaring farm production costs already are beyond the critical stage," he said, "made worse by a floodtide of overall inflation in the nation which is about to swamp Mississippi's leading industry—agriculture."

Arant said the problem affected all quarters of the state and all agricultural enterprises, and he predicted a "recession looms ahead for Mississippi" and other agricultural states if "economic factors are not put back in place soon."

He noted that state Agriculture Commissioner Jim Buck Ross told a Senate agricultural credit subcommittee recently that many agricultural steel items have increased 100 per cent in price since price controls were discontinued last year.

The farm leader also said "black market offers" were being reported in the farm equipment business, and both tractors and tires for farm tractors were in short supply.

"One delta farmer reported to the federation that recently a farmer in need of a large field tractor that lists for $19,000 received a telephone call from another dealer offering him immediate delivery for $8,000 above the list price," Arant said.

He said a dairyman in Northeast Mississippi reported in late July that the cost of dairy feed was increasing while the prices the farmer received for grade A milk dropped.

"Major expense items going into Mississippi crop production are fertilizer, fuel and chemicals for control of grass, weeds and insects," Arant said.

He said Mississippi Chemical Corp. at Yazoo City increased its price of ammonium nitrate from $70 to $90 per ton July 1, yet some farmers in the state had to pay as high as $175 per ton for the fertilizer through independent dealers.

"Agricultural chemicals have been unavailable at any price in some areas of Mississippi this crop season, while prices have risen sharply when the products were available." He noted that there had been reports of chemical "rustling" in some areas of the state.

He said the high costs and lack of herbicides have resulted in crops with more grass and weeds than usual. He said farmers who were forced to resort to more hand labor were hit hard by the increase in the minimum wage for agriculture from $1.30 to $1.60 per hour.

"Feed costs have especially been damaging to Mississippi poultry, hog and beef producers," Arant added.

He also pointed out that "the farm fuel factor is another example of questionable pricing practices in Mississippi.

"In one area of the Delta, our farmers are paying anywhere from 24 cents to 38 cents per gallon for diesel fuel for their tractors," Arant said. "This is a price spread that just doesn't add up, except in excessive profits for somebody at the farmers' expense."

SUPPORT FOR CAPITAL PUNISHMENT GROWS AMONG BLACKS

HON. ROBERT J. HUBER

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Monday, August 12, 1974

Mr. HUBER. Mr. Speaker, we have heard many arguments over the past few years over whether or not the death penalty should be reinstated. The Supreme Court ruling on the matter did not specifically prohibit capital punishment. Instead it pointed out that the way in which the death penalty was imposed by the courts was inconsistent and arbitrary and that this constituted cruel and unusual punishment.

So the debate concerning capital punishment continues. What is of interest to me is that some of those individuals who at first favored the abolition of the death penalty have, since the Court decision, changed their minds. A recent article in the July 14, 1974, Sunday Detroit News magazine tells the story of how, and why, there is growing support for capital punishment among the black people of our country. I think the article might be of interest to those who are concerned about the problem of crime and punishment and I am therefore inserting it for their attention, as well as the thoughtful consideration of my colleagues:

SUPPORT FOR CAPITAL PUNISHMENT GROWS AMONG BLACKS

(By June Brown Garner)

Nearly everyone agrees that progress toward racial harmony will come a lot faster as soon as crime is reduced. As it is now, a white liberal leaving a meeting to increase jobs for blacks may get beat up and robbed before he gets home. A black liberal leaving that meeting faces an even greater risk of suffering a similar fate.

Though crime has admittedly divided the races, it has divided black unity even more. One example of this division is the increase in the number of blacks who have changed their opposition to capital punishment and now support it.

Many blacks who favor capital punishment believe that when a person takes a life, justice demands that his life be taken. Whether or not capital punishment deters other killings usually does not enter their argument. They believe that if a killer is executed, at least one person has been deterred from killing again.

Some citizens, black and white, base their beliefs on the Bible, saying that God endorsed capital punishment many times and that Jesus, in a parable, said that the man of the house should not allow a thief to enter. Those who don't rely on the Bible say some killers are so depraved that only execution can control them. "Show 'em death!" they say.

On the other side, those opposing capital punishment usually charge that most of the victims executed are black, and that racism rather than justice has determined whether or not a convicted man should live or die. Even though blacks are the principal victims of black criminals, most blacks prefer life imprisonment rather than the death sentence, although this preference sometimes wavers.

Because black-on-black crime seldom receives the publicity that inter-racial crime attracts, many whites believes that black criminals prefer white victims. Actually, by the time a black criminal assaults a white person he has had much practice on blacks. This attitude has caused the black victim to become a forgotten person who is frequently put in the same category as the criminal himself.

Nearly everyone agrees that blacks would never have publicly endorsed capital punishment had not dope become widespread and assaults and murders phychotically vicious. Therefore, the reduction of drug usage and the removal of addicts and habitual criminals from the street would greatly undercut support for capital punishment.

Many citizens of both races feel that the demand for capital punishment is a reaction to the ineffective penal system we now have. The way justice is presently dispensed, everybody knows that a life sentence does not necessarily mean the convict will stay in jail for life. Families of victims are distressed to learn that a sentence of "five to ten years" could mean only six months. The bitter lesson of modern justice has taught us that a person who kills in cold blood not only can be freed, but may kill again—and be freed again.

Capital punishment or not, what we need immediately is better rapport between the parole board and the community. If parole board members were elected officials responsible to the community, men of violence would not be routinely freed to commit more crimes. At present, the community thinks of members of the parole board as faceless individuals who throw unrepentant criminals back on society and assume no blame for their easily predictable crimes.

Those who favor capital punishment defend it against charges of racism, saying that since murders are committed mostly among the black and poor, that is why those executed are mostly black and poor.

Those who oppose capital punishment say that the rich can hire better attorneys, and whether a convict lives or dies depends on how good his attorney is and how much money he has. Wealthy killers, they say, are never executed.

Although most voters may not want capital punishment, the mood of many people is getting tougher. Instead of immersing themselves in protecting a killer's civil rights, citizens now are more concerned with protecting their own lives and the lives of their families.

Citizens who see capital punishment as the only solution feel that criminals are permitted to flourish because of judicial red tape. They have lost faith in the present penal system, believing that it has not implemented new ideas fast enough for the public to feel the effect of them.

Furthermore, citizens still can't decide what the purpose of the penal system really is. Whether a prison should reform convicts or merely contain them has not yet been clearly decided. Actually, the penal system does not do either very well. Sometimes it merely holds the prisoner for a cooling off period and then releases him.

Other times it gives him the education public schools failed to give him or it provides the job training he never had. In this area, some prisons do an excellent job. But because there has often been no reshaping of a man's moral values, what society gets back is the same old killer, only now he knows a trade.

Before endorsing or rejecting capital punishment, citizens should first make the present penal system work. The community has the right to be free from habitually violent lawbreakers, to be protected in their homes, streets and business places against massive criminal activity. When these rights are neglected or abused, the whole nation and all its resources must work to restore them.

In the end more emphasis should be on establishing and maintaining security in the community rather than implementing changeable methods of dealing with killers.

NATIONAL LAND USE PLANNING? YES

HON. MORRIS K. UDALL

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 12, 1974

Mr. UDALL. Mr. Speaker, on June 11 of this year the House rejected by a narrow vote the rule to allow debate on H.R. 10294, the Land Use Planning Act. I think this was a serious mistake and that this Congress should take the first step toward encouraging sensible land use planning in this country. A number of citizens and organizations of the country share this view and remain hopeful that the House will reconsider that bill or some similar proposal this year. One such organization is the National Parking Association. This association has extensive experience in and is deeply involved with land use problems in urban America. I would like to include for the Members' attention a recent editorial from the July 1974 issue of their publication Parking:

NATIONAL LAND USE PLANNING? YES

(By David L. Ivey)

"Land use planning has been viewed as the product of the environmental 'revolution'—the need to bring the living habits of man more into conformity with his diminishing natural habitat, the land. It is that. But what we also have come to realize is that, in the long term, land use planning is perhaps the most significant public policy step that can be taken to influence burgeoning growth patterns that since the end of World War II have been largely responsible for, among other things, a depletion of the nation's energy resources."[1]

Last month, by a vote of 211 to 204, the House of Representatives killed a piece of legislation that could have had enormous implications for the future of the parking industry and that of virtually every real estate-related interest.

The bill, H.R. 10294 by Rep. Morris K. Udall (D-Ariz.), was called the "Land Use Planning Act of 1974." It would have allowed states to apply for $100 million in annual grants for eight years to develop comprehensive land use planning programs if they met certain criteria. It was supported by the NPA staff, the National Association of REALTORS, the International Council of Shopping Centers, National Realty Committee, the Mortgage Bankers Association, American Retail Federation, the National Governors Conference, National League of Cities/Conference of Mayors and the National Association of Counties. A similar bill had passed the Senate twice, most recently by a vote of 64 to 21.

Opponents of the legislation charged that H.R. 10294 provided for Federal control over private property. My analysis of the bill and the concept behind it leads me to a much different conclusion.

Instead of "forcing" anything, the entirely voluntary program sets uniform criteria for the process of State land use planning. It does NOT require that a specific policy come out of that process. Indeed, the House Interior and Insular Affairs Committee report on the legislation states:

"In no case does H.R. 10294 permit the Federal Government to control the use of private or State land."

During debate, Rep. James G. Martin (R-N.C.) described the bill as a "cautiously drafed piece of legislation." He said the proposal "should rank as a model of the New Federalism." The bill would have granted the states and local governments, Martin pointed out, the "wherewithal" to exercise authority they already have.

In reporting the bill, the House Committee found that local zoning had been uneven or nonexistent. Martin said this was caused by a "problem of jurisdiction" and a "lack of processes" for dealing with land use problems which had more than local impact. The bill sought to correct these problems by setting up methods for looking at a "bigger picture," Martin told the House. He said the work would be done by local governments 90% of the time. The remainder would be handled by the states.

In a letter to Udall, Norene Martin and I said we believed the bill to be "the most effective and equitable approach to land use planning now available." We pointed out that most operating members would not be "directly affected . . . immediately," but said we believe "sound resource planning policies will result in a better quality of life for NPA members and the nation as a whole." I'm still convinced of that.

The full impact of H.R. 10294 or similar legislation wouldn't even be felt for a decade. It's unfortunate that some Members of Congress, some members of the administration and certain business groups were too shortsighted to see the need for it.

Parking operators who conduct business in more than one state should be particularly interested in seeing a similar bill get through Congress not later than next year. The Federal criteria set in H.R. 10294 would have provided some degree of uniformity to the already widely varying state land use laws.

The longer national land use planning legislation is delayed, the more confused the situation will become.

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[1] U.S. House of Representatives, Land Use Planning Act of 1974: Report of the Committee on Interior and Insular Affairs, 1974, p. 31.

STATEMENT ON BERTIE INDUSTRIES

HON. WALTER B. JONES

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 12, 1974

Mr. JONES of North Carolina. Mr. Speaker, from time to time we hear much criticism of some of the governmental agencies which were created to improve the economy of some of our citizens. I am sure you are aware of some recent criticism of the Small Business Administration and its activities. So, I think it, therefore, appropriate to bring to the attention of the House the success story which has meant much to my own congressional district:

STATEMENT ON BERTIE INDUSTRIES, WINDSOR, N.C.

On August 2, I had the occasion to return to my district for a unique event—it was a special ceremony to burn the bank note which had been paid off for the original loan for $260,000.00 to a minority manufacturing firm, Bertie Industries, in Windsor, North Carolina.

Administrator of the U.S. Small Business Administration, Thomas S. Kleppe, a former colleague of ours in the House, that day described that after three years of successful operations and growth, Bertie Industries is a good example of the potential benefits of SBA's programs for disadvantaged firms.

With 8(a) contracting assistance from SBA, along with cooperation of the local banking community, Bertie Industries has grown from a tiny firm to a viable manufacturing plant with about 150 employees. This minority owned firm has received about $5 million in government contracts through the 8(a) program.

Under the 8(a) program, SBA serves as prime contractor for Federal requirements for supplies and services and then subcontracts to socially or economically disadvantaged firms. A large percentage of these are new or established firms that would have had little chance to grow to the point where they could compete successfully without the help of 8(a) subcontracting assistance. Companies operating under the program are supported by management and technical assistance from SBA.

The company has progressed to the "graduation" stage, which means they are now in the economic mainstream and able to compete for regular government and commercial contracts without special help from SBA.

Recently, Bertie Industries completed 60,000 bathrobes for the Veterans Administration at $1 million, and is presently completing a contract for 400,000 shirts for the military at $1 million.

Presently, they have a regular bid government contract for an additional 200,000 military shirts, and 25,000 more VA bathrobes. They are negotiating for a commercial contract with a food manufacturer for a large quantity of uniforms.

The company began this third year by paying $150,000 in federal income taxes. In fact, the company has progressed to the point where expansion of the facilities is needed, and this would provide for employment for 150 more people in a persistent labor surplus area.

During the fiscal year of 1974, disadvantaged contractors received 47 contracts amounting to $9.5 million in North Carolina, out of a total of 226 8(a) contracts for $45.6 million in the Southeast.

It is to the credit for the able management of Thomas Kleppe and through his leadership that SBA has gone forward with this program and made it work. In conclusion, the Southeast's Region IV anticipates the graduation of 70 such 8(a) companies in fiscal year 1975.

PRESIDENT FORD—A MAN OF THE HOUSE

HON. ROBERT E. BAUMAN

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Monday, August 12, 1974

Mr. BAUMAN. Mr. Speaker, today's Baltimore Sun editorially points up a matter in which all Members of the House of Representatives can take pride regarding our new President. The Sun notes the long association President Gerald Ford has had with the House of Representatives as well as the prospect of his good relationship with both Houses of Congress.

As one who has known President Ford for more than 20 years, it has been my pleasure to work with him in various capacities. I suspect, however, that the coming years of Mr. Ford's Presidency hold the greatest possibility for our relationship, at a time when almost all Members of Congress are willing to work with him in bringing the country together again.

I include at this point in the RECORD the editorial from the Sun:

MR. FORD, A MAN OF THE HOUSE

The House of Representatives will be pardoned a certain feeling of pride this evening when one of its own takes its rostrum to address a joint session as President of the United States. For oh so long the presidency has been the preserve of governors, generals and senators, with the House generally regarded as only a kindergarten at best for future Chief Executives. Not since James A. Garfield's election in 1880 has a man of the House moved as directly to the White House as has Gerald R. Ford.

The new President's 25-year tour in the House is already shaping the character of his administration. Each member of his transition team—Donald M. Rumsfeld, Rogers C. B. Morton, William W. Scranton and John O. Marsh—was serving in the House when Mr. Ford was in or on his way to the Republican leadership. Charles Goodell, a liberal GOP senator purged by the Nixonites, was conspicuous by his presence at the Ford swearing-in, thus reminding onlookers that he once was a member of the Ford inner circle in the House. Melvin R. Laird, who is sure to hold an influential place in the administration if not the vice presidency itself, was Mr. Ford's chief lieutenant when Mr. Ford won the GOP leader's post in the mid-1960's.

The new President has asked the cabinet and most White House functionaries to stay on for the sake of "continuity and stability." But this is—and should be—only a holding operation. None of the Nixon cabinet members is particularly controversial for the simple reason that Mr. Nixon himself was lightning rod enough for animosities. But then, again, no cabinet member is particularly outstanding with the outstanding exception of Secretary of State Kissinger, who has promised to stay on. We would hope that in an atmosphere of calm selection, Mr. Ford will reshape his cabinet and give it a prestige and authority the Nixon cabinet never had.

Quicker action is needed, in our view, in replacing the Nixon White House staff. While General Alexander Haig loyally served his commander-in-chief as a good soldier should, he is too closely associated in the public mind with recent traumas to be long retained as White House chief of staff. Ronald L. Zeigler, who brought California press agentry into the news room of the White House, is already gone as press secretary. His replacement is Jerald F. terHorst, the respected and experienced Washington bureau chief of the Detroit *News*. In other words, a real journalist. This is a welcome change, and if it is an example of how the character of the White House guard will change the country should be reassured.

Although it is understandable that in shaping his administration President Ford will rely on one-time House colleagues, inevitably his new responsibility will force him to reach far beyond that circle. This is not only inevitable; it is good. Yet in the process, we hope the President will retain those qualities often associated with membership in the House. Among these we would list a lack of pretension, a receptivity to many views, an openness with the press and a close attention not only to the broad sweep but to the nuts and bolts of the nation's business. If President Ford continues to reflect these characteristics as he has in the past, the House of Representatives will be honored and the nation well served.

HEALTH NEEDS OF CONNECTICUT VETERANS

HON. ELLA T. GRASSO

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Monday, August 12, 1974

Mrs. GRASSO. Mr. Speaker, in May I wrote to the President about the health needs of Connecticut's nearly half million veterans. Using information gathered by a special hearing of the Hospitals Subcommittee of the Veterans' Affairs Committee, I concluded that existing veterans' health facilities were inadequate to meet the needs of the State's large veteran population. Therefore, I asked the President to recommend the construction of a new VA hospital at the University of Connecticut medical center site in Farmington, and the renovation of the existing Newington VA hospital for use as an extended care facility.

The health needs of Connecticut's veterans were the subjects of resolutions adopted by the Department of Connecticut, VFW, and the American Legion, Department of Connecticut.

For the benefit of my colleagues the resolutions follow:

Whereas, The American Legion, Department of Connecticut has in convention assembled expressed itself clearly in favor of action calling for the construction of adequate hospital and clinical facilities for the treatment of veterans disabled as result of emotional and psychiatric illness; and

Whereas, we have similarly on more than one occasion sought and pleaded for early construction and staffing of facilities suitable for the care of veterans requiring Nursing Home Care and/or Convalescent care; and

Whereas, The American Legion has sponsored and supported the proposals calling for the establishment of full medical care facilities in the New London County area of Connecticut; and

Whereas, having been pioneers in the calls for and aggressive pursuance of the location and construction of Veterans Administration Hospital at Newington; and

Whereas, we have frequently made known our support of plans and advanced plans on our own inititaive which called for renovations, improvements and more importantly the appropriation of monies for new and modern Veterans Administration Hospital facilities for general medical and hospital care; and

Whereas, none of these objectives have become a reality and require added urging, support and encouragement supported by sound and factual evidence,

Be it *resolved*, That The American Legion, Department of Connecticut in convention assembled this 13th day of July 1974 does hereby establish a committee of 7 members for the purpose of making a comprehensive study of the entire medical-hospital problem as its affects veterans in Connecticut, and

Be it further *resolved*, That the Department Commander shall appoint such committee and direct it to make known its findings in a report to the 1975 Department Convention.

RESOLUTION NO. 43

Concerning the immediate construction of a new veterans' hospital in the State of Connecticut and the upgrading of present veterans' hospital facilities on behalf of Connecticut's 482,000 veterans

Whereas, there exists a general hospital consisting of two buildings in West Haven, Connecticut with hospital bed capacity of 815 beds, which facility is currently operating at 650 beds with psychiatric, geriatric and blind services currently being administered; and

Whereas, there exists a forty year-old V.A. Hospital in Newington, Connecticut which provides general medical and surgical facilities for approximately 190 bed capacity and which facility is, in fact, providing inadequate, sub-standard, medical and N.P. hospital services; which facility is in great need of modernization and, in fact, should be replaced with a new facility. This conclusion had been reached seven years ago when the proposed merger with the Connecticut Medical Center and Medical School in Farmington, Connecticut was, in fact, contracted; and

Whereas, the remaining hospital facility in our region exists at Northampton, Massachusetts and provides no medical services and is in worse condition than the facility in Newington, and this facility could hardly qualify for accreditation as we have documented; and

Whereas, it has been documented by the Department of Connecticut, Veterans of Foreign Wars before a U.S. Congressional Committee and Sub-Committee on Veterans' Affairs that the V.A. Hospital facilities in Connecticut are inadequate to the point of national scandal in the areas of psychiatric, alcoholic and drug dependence treatment, and that over 90 percent of Veteran psychiatric patients must be treated out-of-state or in state-supported mental institutions, and that V.A. Hospital facilities in Connecticut are up to 50 percent below the national average of the patient-to-bed ratios of other States in the areas of domiciliary, nursing, and extended convalescent care and the rejection rate for those seeking hospital treatment is exceedingly high and unjustified, and

Whereas, public and private hospital facilities, already overloaded, must take on additional burdens brought about by the increase in sick and disabled veterans requring medical attention after being turned away by V.A. Hospitals because there is no room for them; and this increased load upon both public and private hospitals deprives the tax-paying citizens of every community of their own right to seek hospital treatment, drives the hospital's cost of doing business to inflationary heights, and destroys the public trust in the country's medical profession as a whole, and in the government's ability to spend tax-dollars wisely and for the betterment of all; and

Whereas, we have approximately 482,000 veterans in Connecticut with the number growing daily in view of the Vietnam conflict casualties being discharged from military hospitals, it becomes clearly apparent that a redistribution is essential within the type of service rendered in the V.A. Hospital system for Connecticut. The psychiatric problem, for example, is not new and has existed for well over two decades; and

Whereas, the State of Connecticut, in conjunction with the University of Connecticut, has completed construction of a new medical and dental school in Farmington, Connecticut, which center could be readily utilized as a major source of trained personnel, let alone the professional service and guidance proven advantageous in other areas; and

Whereas, Congress has repeatedly urged VA and Medical Center affiliation; and

Whereas these inadequate and sub-standard V.A. Hospital facilities will be allowed to continue in that the present Federal Administration, through its Director of the Office of Management and Budget, refuses to approve funds already appropriated by Congress for the purpose of V.A. Hospital construction; and

Whereas, it has become obvious that the present Federal Administration will not release the Congressionally approved funding for new V.A. Hospital facilities in Connecticut until pressure is brought to bear upon it through the efforts of the major political parties and the news media; therefore

Be it *resolved*, by the Department of Connecticut, Veterans of Foreign Wars in convention assembled this 7th day of July, 1974, that we do hereby insist that the President of the United States, our Congressional representatives, the Director of the Office of Management and Budget, and the Administrator of Veterans' Affairs to take immediate action for the conversion of one of the buildings in West Haven into a 500 bed psychiatric unit and to build a new general service hospital at the Farmington Medical Center site to replace the Newington facility; and

Be it further *resolved*, That copies of this resolution shall be made available to the aforementioned, all political office-holders and office-seekers within the State, other veterans and civic organizations, and to all directors of the State's news media.

SMOOTH, SWIFT PRESIDENTIAL TRANSITION PROVES CONSTITUTION STANDS ON FIRM FOUNDATION

HON. JOE L. EVINS

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Monday, August 12, 1974

Mr. EVINS of Tennessee. Mr. Speaker, there had been speculation by some skeptics during the unfolding Watergate scandals that our Constitution lacked the resilience and flexibility to cope with this recent domestic crisis and turmoil.

However, when the chips were down and the critical test came, our Constitution met the challenge with flying colors and the smoothness and ease of the Presidential transition under the Constitution demonstrated once again the wisdom and foresight of our Founding Fathers and the soundness of the document they drafted and adopted.

There were no coups, no tanks, no mobs—the democratic processes of our Republic worked easily and effectively without violence.

It was nevertheless a dramatic moment when Chief Justice Warren Burger in the historic East Room of the White House said:

> Mr. President, are you ready to take the oath?

After a brief recitation of the oath administered to President George Washington and all other succeeding Presidents, the Chief Justice said:

> Ladies and gentlemen, the President of the United States.

This exemplified the swift and sure transition of power—and America from that moment accepted the new President and looked to him for leadership.

As the Washington Star-News in a Sunday editorial declared:

> (The) orderly and historic progression of justice to the highest summit, under the Constitution, is testimony that the old foundation is strong as ever.

Because of the interest of my colleagues and the American people in this matter, I place the editorial from the Washington Star in the RECORD herewith:

THE FIRM FOUNDATION

It is time to reflect, with some sense of national pride, upon the testing through which we've just passed as a people. For this ordeal of deposing an errant president could very well prove the means of regeneration—a revival of faith in the heritage and promise of our country.

The tumultuous decade behind us, and especially the past year, has been a time of growing skepticism about the strength of American institutions and, indeed, the ability of Americans themselves to rise above cynicism and materialism in times of crisis. After all, so much has changed. And did the founders, with their quill pens and simple generalities, really write a constitutional tune that could play through the age of technological supremacy, with all its complexities of social change, its new concentrations of power?

We have seen the polls showing a loss of optimism about the American future, and declining election turnouts that bespoke a growing public disillusionment with government. And we have heard all this, and more, cited as proof of a system in decline toward obsolescence. The nation simply cannot go forward, some have said, without structural changes—perhaps a whole new modernized Constitution. But we should have remembered that it's all been said before, and much worse, for that matter. "Your Constitution is all sail and no anchor," sneered Lord Macaulay more than a century ago, in a letter to America. And many Americans believed him.

Well, now we've seen the anchor. We have seen it hold in a hurricane. The highest law, finally, needed no shining up, no dusting off; it moved in majesty from 1787 to the present to solve the greatest crisis of power—and confidence—in our times. Only the words that attended its formulation, such as those of Madison, needed reading again: "We want no king here. So, therefore, gentlemen, some mode of displacing an unfit magistrate is indispensable." Reasons for displacement could include the negligence or perfidy" of the chief executive.

Vague terms, some said, but they came to fit very well the situation of Richard M. Nixon as the evidence unfolded. And Congress, of which so many dispirited Americans expected so little in the way of courage or competence, suddenly began to act as if it were performing in the presence of the founders—on trial itself before Madison and Franklin and the rest. A black congresswoman from Houston sitting on the House Judiciary Committee, would go to the Archives more than once to read the charter in its handwritten original, and proclaim, "My faith in the Constitution is whole, it is complete." She and all of us again became students of our beginnings. Others of both parties on Judiciary saw their duty and expounded it in a solemn and moving exercise of deliberation as the whole nation watched. The framers had laid this responsibility squarely upon the House, and it was ready, in the end, for an overwhelming vote of impeachment, on the basis of overpowering evidence. Beyond doubt, the first removal of a president in history was assured, and prevented only by his removal of himself.

Of course this is no reason for joy in itself—only in its vindication of our systems of justice and government. The experience has invigorated those systems and, we think, immeasurably elevated them in the public esteem. Two mighty questions have been answered at last: No president is above the law, and, yes, a president can be removed without disruption of the country. Many citizens had feared that latter possibility, but when the time came, the American people showed a marvelous resiliency and maturity—and ability to stand, quite possibly, against whatever shocks may come.

At the White House fence Thursday evening, and in Lafayette Park, the partisans of both sides gathered to witness the downfall, but without visible rancor, much less disorder. In how many national capitals on earth, we wonder, would this be possible—this quiet but concerned public demeanor as the elected national leader in effect is put out of office. Yes, there is reason for pride.

Nor can the tonic effect of applying the rule of law to presidents and their subordinates be understimated. The dangerous inflation of presidential power has been well dramatized by all this, and dealt with in ways that should make all of us feel more secure in our freedoms. Not soon again, we expect, will illegal assignments be performed on behalf of the president, on the assumption that the presidency is a law unto itself.

Resolving the Watergate mess has, true enough, been a slow and difficult process, because the crucial evidence was denied so long. But the determination and courage of many people made the workings inexorable in their many parts: the Senate Watergate Committee (which first met when few dared whisper the dread word impeachment), the special prosecutor, the courts (including the highest one, finally), the Judiciary Committee, and ultimately Congress itself in a virtual consensus for removal of the president. This orderly and historic progression of justice to the highest summit, under the Constitution, is testimony that the old foundation is strong as ever, the old ideals are bright, as we approach the nation's bicentennial.

When Benjamin Franklin left the Constitutional Convention, a woman asked him what kind of a government had been wrought. "A republic, madam, if you can keep it," he replied. There should be some thrill for all of us in knowing that this generation is indeed keeping it, with all freedoms intact.

REPEAL OF DAYLIGHT SAVING TIME

HON. ROBERT PRICE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Monday, August 12, 1974

Mr. PRICE of Texas. Mr. Speaker, this morning I submitted the following testimony to the Subcommittee on Commerce and Finance of the House Interstate and Foreign Commerce Committee:

REPEAL OF DAYLIGHT SAVING TIME

Mr. Chairman and Members of the Committee: I appreciate the opportunity to appear before you today to express my support for legislation to repeal daylight saving time.

During hearings before this Committee last year, the National Rural Electric Cooperative Association testified that there was little documented evidence to suggest that much energy conservation will be achieved in rural America through the use of daylight saving time in the winter months. In my own district, little energy conservation has resulted. For this reason and the inconvenience that winter daylight saving time has caused, it certainly is not justified.

The Southwestern Public Service Company, which covers the Oklahoma and Texas Panhandles, the South Plains of Texas and Eastern New Mexico, recently notified me that they support repeal of year round daylight saving time legislation. I would like to quote from a letter which I received from the Vice President of the company on this matter:

"There is no significant change in total daily electric consumption. I checked one Monday on standard time against another Monday on daylight saving time and found a difference of fifteen hundredths of one percent. I checked a Thursday against a Thursday and came up with fifty-five hundredths of one percent.

"The morning peak was up by seven-tenths of one percent on one occasion and four-tenths on another. There is a compensating drop in the evening peak, but you get right back to the fact that nothing really changes over the 24-hour day.

"So, daylight saving time flunks the course as an energy conservation method and is a miserable flop, particularly in the Texas and Oklahoma segments of our service area."

Daylight saving time was put forth as an energy saving measure. If it is not a conservation measure, then it should be repealed.

Something that has been of concern to many Congressmen is the effect that this legislation is having on school children. During the winter months last year, many children were forced to stand out on the highways in complete darkness. Many parents have written to me to say that instead of sending their children to school on the school bus as they have always done, they are now driving them to school in their own cars because they fear for their safety. Certainly this is not saving energy! During the hearings last year, it was suggested that schools could get around this problem by starting an hour later. This suggestion, however, has failed miserably. Too many schools found that their teachers, bus drivers and even students could not easily rearrange their afternoon schedules because of prior commitments to a second job, part-time job, or their families.

Perhaps in areas of the country where people ride to work underground, arrive in their offices without ever going outside, or are engaged in a business where the time of the sunrise makes little difference, whether or not we have daylight saving time is inconsequential. But in areas such as my own where a majority of the jobs are directly or indirectly related to agriculture, the time the sun comes up is very important. To further compound the problem, the District which I represent—the 13th District of Texas is in the westernmost portion of the Central Time Zone. As the Department of Transportation's report points out, sunrise and sunset times at different places in a time zone may differ by as much as an hour. Under daylight saving time, the sun does not rise until almost 9:00 in the morning on some days in my District. The sentiments of those in agriculture were expressed aptly by one of my constituents who commented:

"You can legislate daylight saving time until you are blue in the face, but the dew is still going to dry off the field on standard time."

As housewives complain of rising food prices, it should be one of our primary concerns to help the farmer produce food more efficiently; daylight saving time does just the opposite.

In short, Mr. Chairman, although I favor complete repeal of daylight saving time, if winter daylight saving time doesn't result in energy conservation and the people don't want it, then let us at least follow the recommendations of the Department of Transportation to observe standard time for four months of the year.

TRIBUTE TO JOCKO CONLAN

HON. WILMER MIZELL

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 12, 1974

Mr. MIZELL. Mr. Speaker, I want to pay tribute to Jocko Conlan, father of our distinguished colleague from Arizona, who was today formally inducted into baseball's national Hall of Fame in Cooperstown, N.Y.

Jocko Conlan was one of baseball's greatest umpires, who always called them exactly as he saw them. I can honestly say that, during my own days as a pitcher for the St. Louis Cardinals, no one in baseball was more deserving of this honor than the jaunty Irishman from Chicago. In fact, it was thanks in part to Jocko's unbending honesty that his son today represents Arizona's Fourth Congressional District. When he was not calling National League games, Jocko invariably spent his time during JOHN's youth watching his son's Little League play. Jocko told me that JOHN could not hit worth a darn, and after one particularly bad afternoon at bat Jocko gently took him aside and urged him to stick to the books instead.

When my friend and colleague, the Honorable JOHN B. CONLAN entered Congress in 1973 I had an opportunity to visit with his father. During that visit I told Jocko that after I left baseball he became a much better umpire.

Mr. Speaker, several newspaper articles have recently recounted Jocko Conlan's outstanding baseball career, and I would like to include them in the RECORD at this point:

[From the Arizona Republic, Jan. 29, 1974]

JOCKO MAKES HALL OF FAME

NEW YORK.—Three long-time National Leaguers—first baseman Sunny Jim Bottomley, outfielder Samuel "Big Sam" Thompson and umpire Jocko Conlan—were voted into baseball's Hall of Fame Monday by the Committee on Veterans.

They join two American Leaguers—former New York Yankee stars Mickey Mantle and Whitey Ford—who were elected earlier this month by the Baseball Writers Association of America.

All five—Bottomley and Thompson—posthumously—will be inducted into the Hall of Fame at Cooperstown, N.Y., in August.

Conlan, 71, played only two seasons in the majors with the Chicago White Sox in 1935–36. But he was a controversial National League umpire from 1941–65 who twice had kicking incidents at home plate with the volatile Leo Durocher.

"I was a strong umpire," he wrote in his autobiography. "And I was a good umpire. I always respected the ground a ballplayer walked on, and I respected the player himself. But, in turn, I demanded respect from each and every player I came across. And I got it."

The brash Conlan, who stood only 5–7 and weighed 160 pounds, was the only National League umpire who wore the standard inflated American League chest protector outside his jacket while his colleagues all used the smaller inside type.

Conlan got into umpiring while playing with the White Sox in 1935. Sidelined with a broken finger, he offered his services when one of the umpires in a Chicago-St. Louis game was overcome by the heat. He did so well that the next year he began umpiring in the minors.

At his retirement home in Paradise Valley, Conlan described the honor "as the best thing that's ever happened to me."

"I got many letters from fans over the years, saying I'd be in the Hall of Fame some day, and that I deserved to be," Conlan recalled. "They certainly made me feel good."

[From the Phoenix Gazette, Aug. 7, 1974]

JOCKO CONLAN HAPPY WITH NO. 3

(By Tim Tyers)

John B. "Jocko" Conlan will celebrate the third biggest moment of his life Monday.

Which should tell you something about his life.

After all, how many men could list induction into baseball's Hall of Fame at Cooperstown, N.Y., as No. 3?

"Hell yes, I'm thrilled," said the 74-year-old Paradise Valley resident. "It's a life's dream come true.

"Still, I've had bigger thrills. Like the day I married my wife, Ruth, 53 years ago and the day my son, John B. Jr., was elected to represent Arizona's 4th Congressional District."

Unlike most Cooperstown residents, Jocko didn't make the Hall with his bat or a strong throwing arm. He made it with his thumb.

He joins the National League's Bill Klem and the American League's Tom Connolly and Billy Evans as the fourth umpire to be enshrined.

And he knows exactly how he got there.

"Respect," he said. "That was the most important thing an umpire could have. I demanded it. I always respected the players and in turn they had to respect me.

"I never let the fans, a manager or a player take the game away from me. Those players who tried usually got a quick shower that day."

Jocko broke into baseball in 1920 as an outfielder for Wichita in the Western League. And 14 years later, he finally reached the bigs with the Chicago White Sox.

"I busted my knee while I was in the minors," he said. "In those days, they put hot towels around it and told you to get ready. Nowadays, they call an ambulance and then specialists.

"Anyway, not too many teams wanted to take a chance on an outfielder with a bum knee."

His White Sox career lasted exactly two seasons. And, ironically, it was his thumb that got him into umpiring.

He broke it sparring in the White Sox clubhouse with teammate Ted Lyons and planned to ride the bench until it healed.

In St. Louis one day, umpire Red Ormsby was overcome by the heat and a base ump was needed. Jocko volunteered and, surprisingly, was accepted by Browns' skipper Rogers Hornsby.

Moments later, he called teammate Luke Appling out at third on a close play and White Sox manager Jimmy Dykes went berserk. "Luke told him to quiet down, that he was out. I could've kissed him," grinned Jocko.

The next season (1936) he started an umpiring career in the New York-Pennsylavnia League that ended 28 years later after 34 big league seasons.

Jocko, who was 5-7½ off the field and about 10-feet tall on it, says he acquired only one true enemy. That was every umpire's friend, Leo Durocher.

"I don't like Leo, and Leo doesn't like me," he frankly states. "Leo was always out for himself. He tried to intimidate officials and there just isn't room for that in baseball."

The duo had such deep affection for each other that they took part in a celebrated shin-kicking contest in Los Angeles.

"He called be a dumb Irishman and kicked me," grinned Jocko. "So I kicked him back. I don't know who was dumb, but I had shinguards on and he didn't. I left him limping for two weeks with bruises as big as silver dollars."

Jocko, always outspoken, doesn't like what he's seeing lately.

"Guys hitting .250, getting paid $60- or $70,000 a year and being called superstars," he groaned. "That's a superstar? Ball players today complain too much. They don't know what they have.

"They gripe about traveling conditions. My goodness, they can fly from New York to California in five hours in an air conditioned plane, eat a meal and have a few drinks.

"If they would've had to take the train from Boston to St. Louis with the windows open in 95-to-100 degree heat how would they act. They'd get their lawyers into action, probably.

"Lawyers and agents are getting them more money than they're worth. Hot trains or not, we never complained."

Probably not. But then Jocko loved the game. And the game is rewarding him Monday.

[From the Chicago Tribune, July 27, 1974]

Ump Conlan Takes Unique Route Into Hall of Fame

A friendly scuffle with one of his closest friends started Jocko Conlan on the road to Baseball's Hall of Fame. The jaunty Irishman will be formally inducted along with five players Aug. 12 at Cooperstown, N.Y.

It's difficult to imagine a more popular member of the Hall among the baseball fraternity. Or a more unusual route for only the fourth umpire to gain this honor.

Conlan was a 32-year-old outfielder in only his second season in the major leagues when he umpired his first game. He umpired because he was sidelined with an injury and because an American League ump was felled by the heat one afternoon in 1935.

Jocko did so well he became an umpire in the minors the next season, joined the National League staff in 1941 and lasted for more than 24 years. And it all started because of some clubhouse horseplay.

"My first game as an umpire came about because I'd broken my thumb fooling around with my good friend Ted Lyons," said Conlan. "We were sparring in the clubhouse one day, fooling around, and I broke my thumb.

"We were with the White Sox and were playing the Browns in St. Louis when Red Ormsby was overcome by the heat. Harry Geisel was the other umpire and they were wondering what to do for a base umpire.

"I said, 'I'll umpire, I can't play anyway'. And Dykes [White Sox manager Jimmy Dykes] said kind of sarcastically, 'That's right.'

"Rogers Hornsby was managing the Browns and he said. 'I'll take Jocko. He was never afraid.'

"I went out there and had several close decisions—one on Luke Appling [White Sox shortstop]. I could run pretty good and I'm running right with him when he slides into third and the third baseman tagged him on the shoulder. I called him out and Dykes comes out any says. 'What kind of player are you? Calling one against your own team.' I said, 'I'm a umpire now.'

"Just then Appling looks up and says, 'Pappy Dukes,'—that's what we used to call Jimmy then—'Jocko was right. I was out.' I could have kissed him.

"The Chicago and St. Louis papers wrote me up, and said they never saw anybody umpire the bases the way I did."

Conlan wanted to go into managing but Harry Grabinger, business manager of the White Sox, convinced him that umpires last longer, and he started out in the New York-Penn League the next year [1936], went to the American Association in 1938 and to the National League in 1941.

Conlan treasures a host of memories from his years on the diamond, most of them pleasant, because he's naturally friendly and outgoing and really loves baseball. He loved it so much he didn't retire until after the 1964 season but the N. L. called him back for the latter part of 1965 because Tom Gorman became ill.

When it was mentioned that he was being inducted with some pretty fair players like Mickey Mantle and Whitey Ford, Jocko said, "I'm going in with great company. But, you know, I always did go first class."

CAMPAIGN REFORM

HON. WILLIAM LEHMAN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 12, 1974

Mr. LEHMAN. Mr. Speaker, last Thursday the House passed landmark legislation to more strictly regulate and supervise Federal elections, and put an end, hopefully, to the kinds of abuses which characterized the 1972 elections.

The bill was reported to the House under a modified closed rule. Ordinarily, I support open rules on legislation in order to let the House work its will. However, I felt that the rule under which the bill came to the floor of the House gave the House the opportunity to vote on possible amendments to the heart of the bill—financing, limitations on spending contributions, and enforcement procedures—while at the same time assuring that frivolous amendments could not have posed a danger to the passage of effective campaign reform legislation during the end of the 93d Congress.

Briefly, the bill which passed the House on August 8 does the following:

First, it limits contributions to candidates by individuals to $1,000 per election. Political committees which meet certain specified standards contained in the bill are limited to $5,000 per election. The bill also establishes a $25,000 limit per year on a single individual's contributions to all Federal candidates and political committees supporting Federal candidates.

Individuals and groups would be prohibited from making cash contributions in excess of $100 to any candidates for Federal office. No candidate or member of his or her immediate family would be able to spend in excess of $25,000 of their own money in a primary or general election for the House, Senate, or Presidency.

As passed by the House, an independent board of supervisory officers is established, composed of four public members, the Clerk of the House, and Secretary of the Senate. Both the Clerk and Secretary would serve as nonvoting members. The Board will have the authority to investigate possible violations of the act, and refer appropriate apparent violations to the Department of Justice for enforcement action.

The bill also builds on the dollar checkoff system on tax returns by providing for the automatic appropriation of moneys voluntarily checked off to the fund in an amount equal to that designated by taxpayers. These funds are to remain available without fiscal year limitation in order to permit the aggregation of funds over the 4 years between Presidential elections. The Internal Revenue Service estimates that the fund has accumulated about $29 million in the 2 years the checkoff has been on the tax form. It is predicted that there will be $80 million in the fund by 1976.

Major party Presidential candidates will be entitled to receive $20 million from the fund, an amount equal to the spending limits set by the bill.

The bill also provides that during the preconvention period, candidates for the nomination of their party for President would be eligible to match small private contributions up to $250 with equal amounts in Federal funds. The money for these matching payments would be paid out of the surplus remaining in the Presidential Election Campaign Fund after the general election and convention obligations have been allocated.

I supported the amendment offered by Representative UDALL to provide for partial public financing through matching payments for congressional candidates in general elections only. Again, funds for this would have been allocated from the checkoff fund, with public funds for Presidential races receiving first priority in allocation.

Federal matching payments in congressional races would have been permitted for contributions of $50 or less, and House and Senate candidates could not have received more than one-third of their total spending limit in such matching payments. The amendment would have restricted the use of these matching payments to specified purposes directly related to the candidate's efforts to communicate with the voters, such as radio and television time, telephone banks, and newspaper advertising.

I supported the amendment because I believe that the matching concept would have encouraged candidates to seek large numbers of small private contributions, rather than depending on more wealthy contributors. Unfortunately, the amendment failed to pass.

I also supported the amendment offered by the committee, but originally proposed by Representatives FRENZEL and FASCELL, to create an independent Board of Supervisors of Federal Elections. This amendment passed by an overwhelming majority, and was essential to the elimination of possible conflicts of interest and public distrust which would have been created by giving congressional employees the responsibility of policing the activities of their employers.

I voted against an amendment, which

was accepted by a majority of my colleagues, to lower the spending ceiling for congressional candidates from $75,000 to $60,000. I believe that a low spending limit will have a proincumbent bias, and limit a challenger's efforts to compete effectively. Lowering the spending ceiling may well impose severe problems for a nonincumbent seeking name recognition, while such a limitation creates fewer problems for incumbents.

I am confident that this legislation, which is Congress response to the disclosures of the past 2 years, will go far to prevent the recurrence of those trying times.

MORE CANCER DEATHS FROM INDUSTRIAL CHEMICALS?

HON. DAVID R. OBEY

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Monday, August 12, 1974

Mr. OBEY. Mr. Speaker, the following article from this morning's Washington Post tells about what is happening in a small community in Maryland which may be a result of our ignorance of the effect of industrial chemicals on human health. The article also gives us an excellent example of the human cost which can result from the kind of indiscriminate budget slashing which the Office of Management and Budget engaged in during the last administration.

Of the 120 permanent residents of the Little Elk Valley in Maryland, 1 out of 6 has died since 1967. The primary factor in this high death rate is cancer. People in the community have been contracting cancer at more than seven times the rate of other communities in the United States. A prime suspect in this excessive number of cancer deaths is a local chemical plant.

Although Congress established an agency in 1971 called the National Institute of Occupational Safety and Health to investigate such health problems, the article concludes with a description of how inadequate the NIOSH efforts have been in this particular situation. This is of little surprise to those of us on the Appropriations Committee who have been concerned about the inadequate staffing and underfunding of this agency for some time. Only last year OMB forced a staff cut of 96 positions or almost one-sixth of the entire staff of this agency, which by all accounts was already critically understaffed. The cut was made in blatant disregard to language in both the House and Senate Appropriations Committee reports directing that no cut be made.

The Director of NIOSH summed up what was happening to his agency when he was quoted by The New York Times on March 6 of this year as saying:

> NIOSH is not expanding it is shrinking. It is getting the proverbial meat axe. Our present Laboratory space isn't even adequate for any kind of research. It is substandard. We have been frozen on hirings for most of our existence and we are losing key staff right and left because we don't have the grade point to promote them. I don't think NIOSH is a viable organization at this time.

So, it is little wonder that the Federal Government cannot respond to the critical problem of the people of Little Elk Valley.

This year the House Appropriations Committee increased the funding for NIOSH by almost 25 percent over the President's request and directed the administration to increase the number of positions in the agency by 135. This money should have a major impact on the capacity of the agency to investigate such hazards as the one in Maryland, but there are many problems such as adequate Laboratory and office space and sufficient grade point to hire qualified staff which will continue to be roadblocks.

Clearly, we are never going to have the kind of research effort that is needed in this area until the White House, the Office of Management and Budget and the Secretary of Health, Education, and Welfare all come to understand that the cost of our ignorance in this area is human lives and that study of the health implications of industrial chemicals like those in the Little Elk Valley deserves a much higher priority than it has received in the past.

The article follows:

[From the Washington Post, Aug. 12, 1974]

CANCER, DEATH RATES FOUND HIGH IN MARYLAND VALLEY

(By Bill Richards)

PROVIDENCE, MD.—No one is quite sure why, but for the past few years the people of the Little Elk Valley here have been dying off at an alarming rate.

Since 1967, 20 of the 120 people who have lived here for more than two years have died, according to a study of the Little Elk's population by a local doctor. The ages of those who died range from 5 to 70. That figure puts the death rate for the valley about 2.2 times ahead of the rest of surrounding Cecil County, in the northern corner of the state.

More ominous, Dr. Pietro U. Capurro's tabulation shows that at least eight of those deaths, and possibly more, have been from cancer, making the cancer death rate here seven times the rest of the county's 53,000 residents. The county's cancer rate is above average for rural areas in the U.S., according to statisticians from the National Cancer Institute.

Suspicion concerning the valley's unusually high death and cancer levels has been compounded by several types of cancers identified here by Capurro, a 49-year-old pathologist and director of the laboratory at Union Hospital in nearby Elkton.

The cancers—lymphomas, leukemia and pancreas cancer—have all been linked in the past in various studies and by medical researchers to exposure to certain industrial chemicals.

Exposure to certain industrial chemicals can lead to cancer that possibly may not appear for 10 or more years, according to National Cancer Institute specialists.

All of the cancer victims described in Capurro's report lived within a mile of the Little Elk Valley's only industrial plant—The Galaxy Chemical Company, which has been reprocessing chemicals here since 1961.

Paul J. Mraz, the president of Galaxy, described Capurro's findings as "unsubstantiated" and "nothing new" during a short telephone interview recently.

Mraz declined to comment further on the doctor's report or allow a reporter to tour the plant and conduct a lengthier in-person interview, "I can't make any further comment on the advice of my attorney," he said.

During the last four years a number of residents including Capurro, who lived in the valley for four years until 1972, complained that chemical fumes from the plant had made them ill.

Samples of the air around the Galaxy plant, taken by investigators for the Maryland bureau of air quality control after complaints in 1970 and 1971, showed the presence of about 25 chemicals in the valley's air and water that were foreign to the area but that matched a list of chemicals handled by the plant, according to Carl York, head of the bureau's compliance section.

One of the chemicals repeatedly identified in the samples, York said, was benzene, a substance that Mraz recently acknowledged his firm had handled in the past and that he said is still being reprocessed at the plant.

Dr. Herman Kraybill, scientific coordinator for environmental carcinogens (cancer-causing substances) at The National Cancer Institute, said benzene is strongly suspected by researchers of being linked to leukemia in some persons exposed to the chemical.

Carbon tetrachloride, which Kraybill said has been found to produce liver tumors in laboratory rats, mice and hamsters, was found in other samples taken in the valley by Capurro. The laboratory results with carbon tetrachloride, Kraybill said, "raises a high index of suspicion as to its human potential."

Mraz recently told a reporter that his firm handled carbon tetrachloride for only one or two weeks in the late 1960s and does not handle the chemical anymore.

York said that some other chemicals discovered in the valley were so exotic that they could not be adequately identified and their toxicity was not known by researchers.

Neither Capurro nor any other researcher has specifically linked the chemicals found in the valley with the cancer deaths there. Capurro, however, said the findings show a strong need for more testing of the plant and the valley's past and present residents.

Capurro says he has performed his own tests on air and water samples as well as on blood samples from persons living near the plant.

"I can't say that the deaths in the valley from cancer were the result of specific exposure to chemical fumes," he said.

"But there have been a lot of chemicals in that valley's air and water and the blood of those people we tested," he said, "and some of those chemicals cause cancer. And we know there are a lot more malignancies there than you would expect.

"If you're in a room where everyone is scratched and there's a lion in there too, then you've got to suspect the lion."

Capurro is not alone in his belief that something is wrong medically in the valley. State and federal investigators who have been there said that the physical condition of a number of residents there is unusual.

"We know there's something up there in the valley that's not right, some sort of a health problem," said York of the state bureau of air quality control. "What we don't know is whether it's coming from Galaxy."

York worked for eight months in 1967 and 1968 as an engineer for Galaxy at the Little Elk Valley plant and is now responsible for inspecting it and conducting air sampling in the valley.

He said that until 1971 the company dumped residues from its reprocessing operation into an open air evaporation pit behind the plant. Among the substances put into the pit, he said, was the residue from the benzene re-processing operation.

"We know that benzene was dumped into that pit," said York, "and there were several other chemicals we suspected were carcinogens. But the whole thing was such a gunky mess that it's questionable whether the company even knew what it was evaporating in there."

Leonard Madison, an ex-foreman at the plant who died recently, and a second former supervisor who asked not to be identified, said they witnessed occasions when workers flushed out chemical tanks and tank trucks at the plant into the Little Elk River nearby. (Madison was interviewed shortly before his death from throat cancer.)

The state ordered the waste pit shut down and Galaxy was directed by a Cecil County Court judge in early 1971 to clean up its chemical emissions after it was cited for air pollution violations.

The plant was allowed to reopen by the judge in May 1971, after the judge instructed the state to monitor its emissions and report the findings to him.

York, however, said the state has done no air sampling at the plant in more than a year and that the company has been left to monitor its own choice of chemicals it handles at the plant.

Both Mraz and Peter Nerger, head of the Marisol Chemical Company, a Middlesex, N.J., firm that supplies Galaxy with chemicals for reprocessing, refused in telephone conversations to disclose what chemicals the plant has handled recently.

Kraybill, of the National Cancer Institute, who has not studied either the valley or its inhabitants, said exposure to carcinogenic chemicals did not mean that cancer would appear immediately. Cancer cases after such exposure, he said, often do not appear until years after exposure.

The presence of the cancer types noted by Capurro, and the identification of chemicals found in past samplings of air "could pose a potential cancer problem which should be further studied by an epidemiological investigator," Kraybill said.

Galaxy's last problem with complaint concerning its chemical emissions occurred in 1972 when a Caroline County judge awarded 10 residents of the valley, including Capurro, a total of $34,932 after they filed suit complaining they were made ill by the plant's fumes.

Since then, residents near the plant who were interviewed recently by The Washington Post said they had not experienced any problem with fumes until this year. Several persons said they had been bothered by fumes this year in January, March and July.

Olive Feelhy, who runs a general store with her husband George about 150 yards west of the plant, said the fumes had become particularly powerful in recent weeks.

"Three weeks ago," she said, "I noticed a bluish haze coming from the direction of the plant one morning. When I went out to hang my wash it was so strong that I collapsed and had to crawl back inside on my hands and knees."

Nancy Chadwick, who lives on the east side of the plant, said she too had smelled fumes recently. "They blow into the house and my whole family just starts coughing," she said. "Since they've started, we've been tired and dopey all the time."

Rebecca Madison, who also lives in the valley, said several weeks ago she walked by the plant with her 1-year-old son, John Paul. "We must have picked the wrong time because we got a good whiff of whatever it was they were doing in there," she said. "John Paul began throwing up right on the spot."

"I want to get out of here," she said. "I don't know what they're doing in that plant but I don't want my son to grow up breathing that stuff."

Her father, Leonard Madison, 50, worked for Galaxy for 11 years until he developed what was diagnosed 14 months ago as throat cancer. He died in early August.

Interviewed just before his death, Madison said he was down from 175 pounds to 105. He was barely able to speak in a croaking rasp of a whisper and said he believed that a combination of cigarette smoking and inhalation of the fumes at the plant was responsible for his condition.

"No one wore masks," he said. "The chemicals we'd breathe would burn our throats and make us sick but they kept telling us 'it won't hurt you.' I believed them then and now I know better. But it's too late for me now."

Charles Dunlap, 22, a second worker known to have developed cancer, died in 1971 after working for Galaxy at the plant for 13 months. Capurro, who diagnosed the cancer with a nuclear scanning process, said he died of cancer of the pancreas. Mraz said the man had "stomach trouble" before he was hired, but did not know if the man had cancer before he was hired.

No outside agency has conducted a medical investigation of the dozen or so workers now at the plant or on any of the plant's past employees, state air quality official York said. Mraz refused to tell a reporter whether his company has undertaken medical checks on present or past employees.

Madison, York and others who worked for Galaxy said turnover at the plant has been high. A number of the workers there have been sent to Galaxy from the Maryland state employment office in Elkton. State officials said there is no requirement that the employment office notify workers that they may be handling dangerous chemicals.

Turnover in the valley also has been high in recent years. Capurro said that 60 per cent of the population living around the plant had either moved away or died since 1967.

Capurro identified eight of the dead as cancer victims, using hospital records, state and county information, his own records and interviews with the relatives of the dead persons. Two other deaths, he said, may have involved persons who had cancer but died of other causes.

All of the cancer victims, who ranged in age from 5 years old to 70, lived less than a mile from the plant and had been exposed to the valley's air for at least two years. Only one, a part-time painter, had any other exposure to chemicals, the doctor said.

Last year, Capurro sent the results of his findings and the previous reports on chemicals in the valley to Dr. N. E. Day, a highly regarded biostatistician for the World Health Organization's International Agency for Research on Cancer in Lyon, France.

Day wrote back in February of this year that he noted an unusually high incidence of lymphomas and pancreatic tumors in Capurro's findings and that these two types of tumors are increasingly being found among chemists.

"In a population of 120, over seven years, you would expect .068 lymphomas and .067 pancreas tumors," Day wrote.

"The probability of observing two pancreas tumors by chance is about .006," Day continued, "and of observing the four lymphomas is less than .000001, i.e. very small."

Dr. Sidney Cutler, a biostatistician and chief of the biometry branch of the National Cancer Institute, said during an interview that he had no knowledge of the accuracy of Capurro's raw data.

"But," he said, "if we're talking about a population as small as he (Capurro) reports, and in such a limited number of years, the results certainly look unusual."

Both York and Capurro said they have requested a study of the conditions in the valley and of its past and present residents by an outside federal agency.

Such investigations of plants where workers have been believed exposed to carcinogenic chemicals have usually been handled by the National Institute for Occupational Safety and Health (NIOSH), a federal investigative agency under the Department of Health, Education and Welfare.

NIOSH sent Dr. Carey Young, one of its investigators, to the Little Elk Valley in March. Young interviewed Capurro and left after the interview without checking the plant or the valley's residents and has not returned since.

"It was a preliminary interview," he said in a telephone interview from NIOSH headquarters in Cincinnati. "We have other priorities taking our manpower and time. We feel some aspects of the valley's situation are interesting, though, and we may consider some kind of contractual study for a full evaluation some time in the future."

Such vague promises of attention have done little to ease the fears of people like Olive Feelhy, who counts off on her fingers the names of her neighbors who have died recently and repeats the details of each death for visitors to her store.

"This used to be a place where people died of old age and you'd go years without a funeral sometimes," she said, "Good Lord, nowadays I spend more time in the funeral parlor than I do in my own home."

DOCTORS, MERCHANTS, AND GUNS

HON. EARL F. LANDGREBE

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 12, 1974

Mr. LANDGREBE. Mr. Speaker, I include two articles which recently appeared in the New York Times in the Record at this point. The first article is by Dr. James A. Brussel, a psychiatrist in New York City, who carries a .32-caliber revolver, however shocking that may be to some liberals. The second article is about the businessmen of this country, who daily face a host of thugs and criminals too impatient to wait for the Government to take the businessmen's money and give it to them.

Now, however, the businessmen are taking measures to protect themselves and their property. It is sad that this must be so, for it indicates a breakdown in the Government's ability to govern; but the blame lies not with the businessmen, but with the liberal policies our Government have been pursuing. The articles follow:

Gun-Carrying Doctors

(By James A. Brussel)

As I waited to renew my handgun permit at the New York City license bureau recently, I noticed that the police officer who paged applicants to step forward seemed to address about one in every six as "Doctor."

Though I've carried a revolver for some time, I hadn't realized till then that many of my metropolitan colleagues do, too. Before my name was called, I corralled several and asked why. Through tales of office holdups and broad-daylight street muggings ran one theme: the need for protection against drug addicts.

I've never fired my .32 Iver Johnson at anyone. But it's never far from my reach while I attend patients in my mid-Manhattan office, or on outside calls. And, believe me, if I ever need to shoot—I will. I remember all too well that three of my psychiatrist-colleagues have been savagely beaten (one fatally) by frenzied addicts for whom they'd refused to write narcotic prescriptions.

I could easily have met the same fate not long ago when the doorman for my building announced over the intercom that a Mr. Miller wanted to see me. I asked the stranger to explain over the intercom why he'd come, and he said a young man whom I'd once had in therapy had recommended me. I told Mr. Miller to come to my office.

He was about 21, tall, well-built, and claimed to be an outpatient at a local methadone clinic that was closed for the day. "All

I need is one lousy pill, Doc," he insisted. But when I proposed calling the clinic to verify his story, he angrily offered me the choice of writing the prescription or taking a beating.

"I've got a choice for you, too," I said as I drew my revolver and pointed it at his head. "Either walk out of here quietly, or . . ." He stared at the weapon for a moment, then turned and left.

The gun has helped me out of tight spots on occasional emergency night calls. Usually, I'm summoned to an apartment by a former patient whose friend is unconscious from a drug overdose. Getting a cab to some high-crime neighborhoods isn't hard, but getting back can be. Often I have to walk several blocks to a subway. When I do, I carry the gun in my hand—not in my pocket. Once, about midnight, an almost-stoned bruiser snarled, "I wanna talk to you, Mister." I leveled the gun, and he backed off hurriedly, hands raised.

Nor is the need for self-protection always connected with my practice. Last week my wife and I returned home from the opera by subway because cabs were unavailable. As we climbed the steps of the exit adjacent to our apartment building, I saw three youths slouched against the wall. "Get behind me," I told my wife.

One youngster moved in front of us. "Hold it, Whitey," he sneered, "we got something to say to you."

"So do I," I answered, and aimed the revolver at his middle. All three fled down the street.

Before that night, my wife had constantly begged me not to carry the gun. She hasn't since.

[From the New York Times, July 20, 1974]

Urban Merchants Find Guns Vital, and Most Police Units Now Agree

"I'll be damned if anyone is going to come in here and put his hands on the money I work hard for. I know how to use this thing and I would use it and have no feeling of guilt about it."

Henry Joseph, who operates a gasoline station in San Diego and keeps a .38 revolver "handy at all times," seemed surprised that anyone would even ask him if he needed a gun.

"Oh, I've got no beef about the police, but if I stand by like a tame pussy cat and let these punks take my money and then call the police, what good is that going to do?," he said. "No sir, the Constitution says I can protect my property with a gun and that's what I'm doing."

The armed merchant, interviews around the country show, has become a fact of life in urban America. Some, like Mr. Joseph, keep their guns defiantly; some keep them relucantly or even fearfully.

But many small-businessmen—not just tavern owners or druggists, favorite targets of holdup men, but boutique managers, fast-food specialists and variety store owners—are convinced that a gun and good aim are as important to staying in business as sales know-how and good advertising.

They want to protect their hard-earned money, but just as often, they say, they are armed to protect their lives because they think holdup men are just as likely to shoot them whether or not they give up their cash without a fight.

And for the most part, police departments and community groups and trade associations no longer disagree. As Hugh Muncy, head of the Illinois Retail Merchants Association, put it: "A person has to do what he has to to protect his property."

The merchants' guns—some kept legally, some illegally—range from small one-shot Derringers to fast-firing M-1 carbines to sawed-off 12-gauge shotguns.

Cyril Zara, Jr., 24 years old, the owner of Zara's Food Store in New Orleans, carries two guns, a .38 revolver and a .25 automatic, and keeps a 12-gauge shotgun in the store. He has had the guns for two years, ever since he was robbed and shot in the head.

"It was two years ago, in May. The guy walked in, put his arm around my neck—the robbery was secondary—he was out to get me first—and shot me in the head and the cheek," Mr. Zara said.

Two days later Mr. Zara was back in his store. The shot in the cheek had knocked out two teeth; but doctors told him the teeth had saved his life.

"I don't care if they take my money. I'm worried about me, my people, the ones who work for me and my customers. There were eight customers in here the day I was shot," Mr. Zara said.

Wayne Poag, owner of the Dallas Drive-In Grocery in Dallas, wears a 9mm, 14-shot automatic pistol in a holster under his shirt.

Two years ago, Mr. Poag's grocery was robbed by four men who were later convicted of the crime.

"They came in the back door," Mr. Poag said. "One of my employees was out back and one of them said 'let's kill him.' Another one said, 'No man, let's get the money first, then we'll kill him.' "

Not too long ago the police used to warn merchants against arming themselves. They told the businessmen that shooting be left to police officers. But times have changed.

Police officials are more likely to be noncommital, neither approving nor disapproving, and the cop on the beat may pat the back of the merchant who has won a shoot-out.

Elwood Carter, a Queens grocer who shot and killed a holdup man in his store last month, reported, "The police said I did their job for them."

In San Diego, a spokesman for the sheriff's office said that "we neither encourage nor discourage merchants from taking out a permit for concealed weapons."

In New York, Deputy Inspector Peter J. Maloney, who heads the department's license division, said that each merchant's gun application "is individual and should be assessed on its own merits rather than by a general policy, but I can see the viewpoint of the storekeepers."

Many merchants, in any case, are apparently not willing to depend on the police alone for their safety.

Edward S. McConnell, 73, owns a coin and stamp collectors' store near the University of California's Berkeley campus, says: "I'm my only protection. By the time the police respond, even if they come in a reasonable time, the robber would be gone."

Mr. McConnell has been at the same location for 20 years and has been the victim of "four armed robberies, two burglaries and innumerable till taps."

He has "five handguns plus a shortgun and an M-1 carbine" in his little store.

Over the years he has shot two would-be holdup men. Neither died.

There are many other small-businessmen who have armed themselves to use their guns and who hope, somewhat nervously, they never do.

Joseph O'Neill, 47, owns a drive-in in Detroit's west side. He purchased a Japanese made .38 pistol two years ago after he had been held up.

"Since then I haven't had to use it and I don't know if I ever will, but I keep it here under the counter," he said. "One of the younger guys owns a car wash down the street. He shot and killed a man who held him up last fall. I couldn't have that on my conscience."

There are some, too, who still refuse to keep a gun in their store. Peter Lazar, owner of the Louis Shoe Service in Boston, says: "You'd be apt to do a crazy thing. In an outrage you might kill someone."

But there are many others who, regardless of their initial reluctance, have come to feel comfortable with their guns.

One Brooklyn merchant from Brownsville, too frightened to give his name, has been held up three times in the last 22 years. After the last robbery, he got a permit for a Colt .38.

"Now," he says, "it's a piece of clothing. I automatically put it on in the morning and take it off in the store."

SOCIAL SECURITY NUMBERS: A THREAT TO PRIVACY

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, August 12, 1974

Mr. CRANE. Mr. Speaker, every social security card issued in the United States boldly declares that the card is "not for identification." When the social security system was originally adopted there was a very real fear that the issuance of a card to every American might result in each citizen having an official number. As a result, it was clearly stated at that time that the number was not to be used for that purpose.

We have come a long way from that time. Today the social security number is required information to hold a job, to file Federal income tax, collect Federal retirement and survivor benefits, to buy or transfer securities for U.S. savings bonds, to attend high school or college in many areas and for a variety of other necessary activities.

A report issued in July 1973 by the Advisory Committee on Automated Personal Data Systems to the Secretary of Health, Education, and Welfare declares that—

> In spite of practical advantages, the idea of a Standard Universal Identifier is objectionable to many Americans . . . Many people both feel a sense of alienation from their social institutions and resent the dehumanizing effects of a highly mechanized civilization. Every characteristic of the SUI heightens such emotions.

Yet, the HEW Secretary's Advisory Committee continues to report that—

> There is an increasing tendency for the Social Security number to be used as if it were an SUI. The federal government has itself been in the forefront of expanding the use of the Social Security number . . . The national population register that an SUI implies could serve as the skeleton for a national dossier system to maintain information on every citizen from cradle to grave.

One man who has expressed concern over this invasion of privacy is Representative Barry M. Goldwater, Jr. of California. In an article in Signature magazine for June 1974, Mr. Goldwater notes that:

> Many abuses are not dramatic, but are very dangerous. For instance, the denial of an application for a job, loan or insurance because of mysterious "reports" locked in a computer file. Many such cases involve the widespread use of the Social Security number, which is fast becoming a standard universal identifier—the key that unlocks the computer. Using the Social Security number, a person can be tracked from the cradle to grave—without his knowledge or consent.

Mr. Goldwater declares that—

We have placed material security above our right to privacy. In so doing, we have allowed big government to take over our personal responsibilities. We let the government educate us, house us and direct our cultural experience. Then we wonder about the collapse of our right to be left alone, after we have permitted, even asked, the government to intervene for us. Government has ordained that our Social Security numbers be used for the sake of economy and efficiency, but this orderliness is achieved at the expense of personal freedom.

It is time that we in the Congress restored the original intent of the social security card and saw to it that this card was not used for identification purposes. One place to start would be in the Congress itself, where employee numbers and social security numbers are identical.

I wish to share with my colleagues the article concerning the invasion of privacy inherent in the use of social security numbers for identification by Representative BARRY M. GOLDWATER, JR., as it appeared in the June 1974 issue of Signature magazine, and insert it into the RECORD at this time:

NUMBER PLEASE?

(By Barry Goldwater Jr.)

The concept of personal privacy and individual rights is as old and basic to the United States as our Constitution. Most Americans accept it as the bedrock of their freedom, and give it little thought. Until, that is, an individual notices how insidiously his privacy is being invaded and his rights ignored.

I am talking about tyranny. This is no alarmist's flight of fancy. We are fast becoming slaves to technocracy. It is possible today to build a computerized on-line file containing the compact equivalent of 20 pages of typed information about the history and activities of every man, woman or child in the U.S.

Some of the privacy abuses this occasions are chilling. For example, an incident involving a California couple stopped by county sheriff's deputies while on their way home one night: Relying on information from criminal justice data banks, the police handcuffed, held at gunpoint, and locked the couple up overnight on charges of auto theft. What the data banks did not show was that the stolen car had been recovered by its rightful owners long before. The woman, who was pregnant, and her husband were finally released, 18 hours after their arrest.

Other abuses are not so dramatic, but just as dangerous. For instance, the denial of an application for a job, loan or insurance because of mysterious "reports" locked in a computer file. Many such cases involve the widespread use of the Social Security number, which is fast becoming a standard universal identifier—the key that unlocks the computer. Using the SS number, a person can be tracked from the cradle to grave—*without his knowledge or consent*. Americans are slowly beginning to catch on to this form of privacy invasion. A man in Virginia told me: "I went to register to vote, and found I couldn't until I coughed up my SS number, a direct violation of the 16th Amendment that says I have the right to vote without any preconditions." On a more ominous note, a woman in Florida wrote: "I am worried about having to use the SS number on all documents. Germany and Russia started that way to gain control of everyone and everything they did."

Far-fetched? Hardly. Consider where the SS number is *required* information: to hold a job; file federal income tax; collect federal retirement and survivor benefits; benefit from an estate, trust, interest or dividend; buy or transfer securities for U.S. savings bonds; attend high school or college in many areas; open a checking or savings account; serve in the armed forces; receive Civil Service annuities; obtain insurance in many cases; collect state or federal medical assistance; open a charge account in many stores; receive a driver's license or obtain fishing and hunting licenses in some states, and register in a Veterans Administration hospital.

We have lost our sense of the true meaning of personal privacy, beyond keeping strangers out of our homes. What about the strangers who poke around in the stored information about our lives? As a woman in California told me, "Computers are machines that are writing books about people. We ought to know what the robot authors are saying about us!" She's right, of course: we do not know what is recorded about us or where.

We have placed material security above our right to privacy. In so donig, we have allowed big government to take over our personal responsibilities. We let the government educate us, house us and direct our cultural experiences. Then we wonder about the collapse in our right to be left alone, after we have permitted, even asked, the government to intervene for us. Government has ordained that our Social Security numbers be used for the sake of economy and efficiency, but this orderliness is achieved at the expense of personal freedom.

We should not halt necessary technical advancement, but we must insure the superiority of men over machines. This is not a partisan issue anymore—it never should have been one. The privacy bill now before Congress would outlaw any personal data system whose existence is secret. It would allow any person to find out what is recorded about him and where. It requires data collectors to notify the person about whom information is collected, tell him how it will be used and allow him to check it for accuracy, timeliness and pertinence, and to challenge it if erroneous. Permission must be given by the person if his data is to be transferred anywhere. It forbids the use of the Social Security number for any reason not specifically permitted by federal law.

This action is far-reaching, complex and necessary. However, what is not complex is what we should be fighting for: our right to personal privacy.

WORLD WAR I VETERANS PENSION

HON. J. HERBERT BURKE

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 12, 1974

Mr. BURKE of Florida. Mr. Speaker, it was my pleasure to submit testimony to the Subcommittee on Compensation and Pension of the Committee on Veterans Affairs in support of legislation which I have cosponsored to set up a pension for our World War I veterans. I am pleased that the financial difficulties of our World War I Veterans are receiving a hearing by the committee and I would like to share my views on this matter with my colleagues. The following is the text of my statement to the subcommittee:

STATEMENT OF HON. J. HERBERT BURKE

Mr. Chairman, and members of this distinguished subcommittee, thank you for inviting me to testify in support of H.R. 15720 of which I am a cosponsor and which incorporates many of the features of my earlier bill, H.R. 6769, which I introduced on April 10, 1973. This bill amends title 38 of the United States Code to provide a service pension to certain veterans of World War I and to the widows of such veterans.

Each of us knows how hard inflation has hit our senior citizens, many of whom are living on small fixed incomes. The prices of food, transportation, shelter and clothing has reached all-time highs and the meager income that many elderly citizens receive from Social Security, Railroad Retirement, or from other pension programs is no longer enough to provide the basic necessities of life. As a result, many of these people have been forced to seek welfare money in order to survive.

One specific group that has suffered greatly by the growing inflation is our World War I veterans, and their survivors. The average age of the greater majority of World War I veterans is now almost 80 years and since they cannot work, they must live by what they receive from Social Security or by some retirement pension plan that they may have. Some never had the opportunity to build up the maximum in Social Security benefits because when the Social Security law became effective, they were too old to do work for the full entitlement period. The same condition applies also to their wives or their widows.

For this reason I strongly support H.R. 15720 and the establishment of a service pension plan for World War I veterans and their widows.

Since we have been negligent in our responsibility to our World War I veterans, we owe the responsibility now to show them the respect they deserve, not by charity, but by legislating what they deserve. I know that they are not greedy and only want fair treatment. I also know that with over a million WW I veterans still alive, (plus their families or survivors), the cost of any broad scope or unrestricted pension program estimated at a starting cost of $1.9 Billion a year and possibly going as high as $3 Billion for some other bills, would probably not pass. I do hope, however, that this subcommittee will vote for as large an amount as is reasonably possible for a pension program that can become a reality.

I hope that this subcommittee would agree to raise the ceiling on the amount of annual income a veteran can receive before he is disqualified for a service pension. Recent increases in the inflation rate have wiped out any gains the veteran derived from our raising of the annual income limitation rates several years ago. We need to establish rates more realistic to the hardships imposed by our rampant inflation and today's cost of living.

One way we can help the World War I veterans would be to not count retirement income, such as Social Security, as income. We would thus give the veteran a chance to get all his allowed pension up to the annual income limitation, plus whatever he would get from any other retirement income. This would greatly help many of our veterans their families and widows, and would, in all probability, take many of them off the public assistance rolls. I proposed this in my H.R. 6769, which I introduced last year.

In my bill is also a proposal that the base pension payment be increased by 10% if the veteran served overseas during WW I. This would be a little extra sign of appreciation to those who made sacrifices during World War I.

Mr. Chairman, and my colleagues, the WW I veteran has been neglected in terms of benefits he has received and now is a good time to recognize those who still remain. It is only fitting that the country they served so well in the past should now serve them by showing our appreciation for their service to our nation.

THE "NIXON PEOPLE"

HON. DAN KUYKENDALL

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Monday, August 12, 1974

Mr. KUYKENDALL. Mr. Speaker, in the aftermath of the Nixon administration, I think it appropriate that the Washington Post which did so much to reveal the Watergate scandal, should carry the following column by David S. Broder. Never in history have loyal and dedicated men and women so deserved to be remembered, for they will indeed be associated with the misdeeds of their colleagues. For the Record, I would like to insert this excellent article so that the men and women in the Nixon administration who have worked so diligently for our country, will be given the praise they are due:

The "Nixon People"

(By David S. Broder)

This has been a grim week for many people in Washington, but particularly for those men and women who worked in Richard Nixon's White House during the past five years.

Some were still there on Monday, when the President belatedly admitted that he had kept from them, and from his lawyers and from his congressional defenders and from the American people, the full truth about his involvement in the Watergate cover-up. These men and women looked ruin in the face right along with him, and felt the added pain of betrayal.

Others were working elsewhere—some of them having left the President's service by their own choice and some of them having been driven out by others who, in their arrogance, had convinced Mr. Nixon that the exiles were not "team players" by the peculiar standards of fitness those formerly mighty presidenital aides chose to define.

Wherever they were and however they had come there, last week these men and women shared a common burden—the knowledge that the rest of their lives, they would always be identified as "Nixon people."

For them, there is a special irony in the title of Carl Bernstein's and Bob Woodward's fine best-seller about the Watergate case, "All the President's Men." They know—if no one else does—that it was only a handful of the President's men and none of the President's women who were responsible for the scheme that brought their administration to ruin.

And they know, with a special poignance that no outsider can fully share, that it need not have been.

"What I still can't understand," said a presidential aide seated in a West Wing office at mid-week, "was how such stupidity and such superb accomplishment could exist side by side for so long."

Those who were still working for Mr. Nixon this week, when the roof caved in on their last hopes that the evidence might homehow exonerate him, face problems in the future as difficult as the task of rationalizing the past. "Face it," one of them said, "this address is not exactly the best reference to give your prospective employer."

But those who covered the White House during the years of Richard Nixon know that there was as much devotion and dedication to public service in that building as there has been in past administrations. And the historical record would be more than incomplete—it would be grossly distorted—if those guilty of the grossest arrogance and abuse of power in the Nixon White House were allowed to stain the reputations of those who set a far different standard for themselves.

Any reporter who worked there could do what I have done just these past few minutes: jot down on a piece of paper the names of those he admires for their work for Mr. Nixon and the country.

The problem is that any list is partial and prejudiced—and there is a danger that those omitted may be damaged unwittingly by the implication that somehow they are less deserving of praise. But let me take that risk and enter the blanket disclaimer that those mentioned here are exemplars of many more who served their country well in the Nixon White House.

One thinks of those like Bob Ellsworth and John Sears, who joined the Nixon cause in the mid-1960s, when there were more risks than rewards in doing so, and were rewarded for their loyalty by being exiled early from the White House by men who were not their moral or intellectual peers.

One thinks of Bryce Harlow and Mel Laird and Herb Klein and Bob Finch and John Davies and Jim Keogh and John Whitaker, friends and associates of Mr. Nixon long before his White House days, who somehow were elbowed away from influence in the Oval Office.

One thinks of the congressional liaison staff, of Bill Timmons and Ken BeLieu, and Dick Cook and Gene Cowen, of Bill Gifford and Max Friedersdorf and Tom Korolgogos, men who earned the respect of the lawmakers with whom they worked, despite their constant uphill battle for recognition within their organization.

One thinks of the domestic policy staffs from Pat Moynihan and Steve Hess and John Price through Ken Cole and Ed Harper and Lew Engman.

One thinks of the writers, like Lee Huebner and Ray Price, and the lawyers, like Len Garment and Fred Buzhardt, and of politicians, like Harry Dent and Bill Baroody and Jerry Jones and Anne Armstrong—who put in every bit of their effort and ability, but did not park their consciences at the door.

One thinks of Jerry Warren, suffering with few complaints in the no-man's-land of the war between the press corps and the President, but unfailingly courteous and patient in his own dealings.

He and many others not mentioned here deserved far better than they got. They worked their hearts out for the President, and it is sympathy—not a stigma—they are entitled to now.

THE NEED FOR POLITICS

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, August 12, 1974

Mr. MICHEL. Mr. Speaker, I do not have to remind my colleagues here in the House that politicians in general and national politicians in particular are held in rather low esteem by the American people. But having said that, I must say that I agree wholeheartedly with the position of Senator Baker of Tennessee in the final paragraph of his views as set forth in the report of the Senate Watergate Committee.

He makes the point that Watergate might never have occurred had there been more politics in the White House instead of less.

In a column appearing in the August 9, 1974, edition of the Washington Star-News by Mr. Smith Hempstone, the need for politics is dramatized and voters are cautioned against a very understandable reaction on their part to take Watergate out on our system of politics as a whole.

I insert the text of the article in the Record at this point:

The Need for Politics

(By Smith Hempstone)

As the shattering truths of Watergate have become evident, it is perhaps understandable that the American public would become disillusioned with politics. Yet, if democracy is to be preserved in America, this political turn-off must be turned around.

Not many people probably got to the bottom line of the views set out by Sen. Howard H. Baker Jr., R-Tenn., as the Senate Watergate committee recently wrapped up its investigation and made its recommendations. But his final paragraph relating to politics is worth reading and thinking about.

"I believe," said Baker, "Watergate might never have occurred had there been more politics instead of less in the White House. Politics is an honorable profession. It is probably a free citizen's highest secular calling. The republic could not function without the dedication of millions of citizen politicians; and, consequently, I hope that politics as an honorable undertaking is not a casualty of Watergate."

There always has been a skepticism about politics and politicians; and a lot of jokes. But the skepticism for the most part has been healthy and the jokes frequently good-natured. What is being seen now, however, is disgust, even loathing. We find bumper stickers saying: "The Lesser of Two Evils—Is Evil" and "Impeach Everybody."

The reaction to Watergate ought to be more involvement by people in politics. It ought to make voters more determined than ever to see that the right kinds of candidates get elected. But the opposite seems to be happening.

If elections held so far this year are any indication, the voting public has been overtaken by apathy, or worse. They aren't marching to the polls to throw some rascals out, and they aren't going there for the more positive purpose of supporting somebody. The number of eligible voters grows constantly and so does the number of those who sit on their hands on election day.

Politics, as Sen. Baker said, has indeed been an honorable profession. Without those citizen-politicians of the revolutionary era—Washington, Jefferson, Adams and the rest—this nation never would have been born. Without Lincoln, the two Roosevelts and others like them, it could not have endured.

Of course, there have been some rascals, even some thieves, elected to offices high and low across this land during the past two centuries. But the majority of politicians who march through the chapters of American history have been men of honor and integrity.

Some of the men of the Watergate White House—particularly many of those in high places—were not politicians in the usual sense of the word. They were not even students of politics. They were single-minded individuals dedicated to one man—Richard Nixon—and pursuing one goal: power.

They were men who brooked no resistance to their sometimes-warped concepts of what was good for America, men who would go to almost any length and follow almost any order to preserve and protect the presidency of which they were a part and to maintain the power that they had acquired through that presidency.

The Haldemans, Ehrlichmans, Mitchells, Deans and some of the others of the Watergate era should not be considered typical of politicians in general, or of Republican politicians in particular. There were and still are many good men in the administration and they have done yeoman work in the service of their country.

One of the most serious mistakes that voters could make, in the opinion of this observer, would be to take Watergate out on the Republican party. It would be even worse to take Watergate out on politics as a whole. To say that Nixon and his administration were found wanting and, therefore, a pox on the house of politics, would be to deny one's heritage.

No one can deny that Watergate has been a staggering blow, but the American political system is cleansing itself. Constitutional processes are working. Those who broke the law are having to answer in the courts, and Nixon himself was called to account in the impeachment process and resigned when it became clear to him that he would be removed from office in that process.

The nation ought to heed the warning of the late Chief Justice Earl Warren and not overreact to Watergate by tampering with the Constitution. The lesson of Watergate ought to be that citizens need to maintain a constant vigil over their freedoms, which means that they need to maintain a sustained interest and involvement in politics.

Politics does not have to be the choice of the lesser of evils; it becomes so only when citizens turn off from the political system

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ROUDEBUSH SPEAKS ON V-J DAY

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 12, 1974

Mr. HAMILTON. Mr. Speaker, I would like to bring to the attention of my colleagues the fine speech that Richard Roudebush, Deputy Administrator of the Veterans' Administration and former colleague of ours from Indiana, gave on the occasion of the August 11, 1974, V-J Day Parade in Seymour, Ind.

Mr. Roudebush notes that we should be "hopeful that the Vietnam war will be our last conflict. And let us be dedicated to the proposition—idealistic perhaps—that we have it in our power to handle our affairs so that young Americans are never called on again to fight and die."

The speech follows:

SPEECH BY RICHARD ROUDEBUSH

I am grateful to you for once again allowing me to participate in this most patriotic observance—that does such great honor to Seymour and the surrounding community.

The fact that you do remember . . . and have remembered for such a long time . . . that great day 29 years ago—when we were at last free of the suffering and the dying—free of the threat presented by our enemies . . . free of war—is commendable and encouraging.

I say—"encouraging"—because I think it is in the interest of our future as a free society—that we remember the times when we have been threatened—and how many brave Americans have fought and overcome those who would destroy us. If we do not remind ourselves—of these past times of danger periodically—we will forget that we can be endangered again.

When I spoke to you at this event last year—I said that this is a day that must be dedicated to brave men . . . the men who fought and died . . . or fought and lived . . . and made victory possible

I cited the fact that—"brave men"—was the title that Ernie Pyle chose for his famous book—about the G.I.s who served in World War II. I pointed out that the title was not only appropriate—but that the term "brave men"—summarized succinctly why we were able to achieve a successful conclusion to the war.

And I pointed out that the value of the service—and the sacrifice of these men—had not diminished in the years since 1945.

All of these things are still true now—a year later—and they will be true next year . . . and the year after that.

As long as our nation exists—we will remember that millions of our young men were called to service—during the early and middle 1940s . . . that they faced enemies on both sides of the world—enemies who had sworn to eradicate our institutions—our way of life . . . that they engaged those enemies on a scale never before heard of . . . and that they were successful—in preserving our freedom and our founding principles.

It is inevitable that each year you hold this most laudable event—more and more of those attending it—have no personal recollection of World War II—or the glorious day when it all ended.

It is inevitable that as August 1945 recedes into history—memories of that moment of victory will dim. It is inevitable that such time is not thought of—in the same terms as it was several years ago . . . that more recent events tend to change our perspective.

But this is not a day that relies on memories of personal activity—or personal appraisal—of what it all meant then and means now . . . although it is pleasant to reminisce.

This is a day that is written in our history books.

And—if Seymour, Indiana—becomes the only community in the United States to remember it . . . or even if you—the people of Seymour forget . . . it will always stand as the day that America achieved its greatest victory.

November 11th is an important day in American history. It was celebrated as armistice day for many years after World War I. It later became Veterans Day . . . and now—after a brief hiatus—it is Veterans Day again.

V-E Day is an important day. It marked the day that Germany surrendered in 1945 . . . when the evil of Hitler finally came to an end—and the oppressed people of Europe were able to start building new lives for themselves . . . when Americans stopped dying in that part of the world.

But there is no day on the American calendar . . . except the day of our founding, July 4 . . . that had the impact of V-J Day. It was the end of a war in which more than 16 million Americans had engaged—and 406,000 had lost their lives.

More than 400,000 of those participants were from Indiana. Ten thousand of them did not return home.

We all pray that there will never again be such war . . . that there will be no need for future joyous occasions like V-J Day.

And I think we must always be optimistic—that we can be intelligent enough—and dedicated enough—to the cause of just peace—that we can prevent future war.

Reviewing the history of America—and of the world for the first three-quarters of this century—it would be easy to be cynical on this matter. Four times young Americans have been called on to die in major conflicts. Countless other wars have occurred involving other nations. Every week—it seems—there is new fighting somewhere.

V-J day—it can be pointed out—did not end our fighting and our dying. Many of the same men who had a joyous homecoming after that day—were soon fighting in Korea. And some of them survived one war—only to die in another.

Then came the tragedy of Vietnam . . . and more young Americans were called into combat—many of them not to return.

But I think that the fact that the peace after World War II—did not last—does not mean that war is inevitable. While it may be in the nature of man to quarrel with his neighbors—and to occasionally get into open conflict—it is also in the nature of man to improve himself—and to solve his problems—including those that involve relationships—with his fellow human beings.

So let us be hopeful that the Vietnam war will be our last conflict. And let us be dedicated to the proposition . . . idealistic, perhaps . . . that we have it in our power to handle our affairs—so that young Americans are never called on again to fight and die.

Today here in Seymour—we dedicate our observance to young Americans of a different day. They were successful in bringing us peace—and we celebrate their success—with this event.

Regardless of what came later . . . regardless of what is yet to come . . . there was victory and there was peace in August 1945.

I have special and personal feelings on this day . . . as all of us—who can remember 29 years ago do.

I have a feeling of sadness—that the years cannot overcome—as I remember friends of my youth . . . boys I grew up with and others I met in the service . . . who did not return from World War II.

I have a feeling of appreciation for having been privileged to associate with fine and brave men—and to have been their friend.

I am grateful that I was spared by the fortunes of war—to celebrate the anniversary of an event—that so many did not live to see—although they helped make it possible.

And I am proud of what we accomplished . . . the defeat of power mad dictators—the restoration of peace—the restoration of freedom.

I think we can all be proud of what the American people accomplished in the great crisis that ended with V-J day. I know you are proud—because you continue to remember.

I would like to express my personal thanks to you—for making remembering—a tradition in Seymour. I thank you as a veteran of World War II—and as one who works closely with veterans.

I thank you as a citizen of Indiana and of America . . . as one who also remembers.

May this annual celebration long continue.

BIDDING FAREWELL TO NIXONOMICS

HON. RICHARD BOLLING

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Monday, August 12, 1974

Mr. BOLLING. Mr. Speaker, Hobart Rowen's column which appeared in Sunday's Washington Post is an excellent summary of the failures of the economic policies of the Federal Government in recent years. Our new President faces enormous difficulties in leading the Nation to restored economic health. Not the least of those differences is the fact that important real difficulties exist between what can be loosely described as the "Republican" prescription and the "Democratic" prescription for restoring our economic health. In a divided government it will take statesmanship as well as highly sophisticated understanding of the economic forces which exist to devise policies which can be both proposed by a Republican President and implemented by a Democratic Congress so close to a congressional election. Neither the doctrinaire nor the solely self-interested will contribute much to meeting the crisis which confronts us.

After consultation with Mr. Rowen's office I have corrected a "typo" which appeared in the fourth paragraph from the end of the article:

BIDDING FAREWELL TO NIXONOMICS

(By Hobart Rowen)

The Nixon years have been little short of a disaster for the American economy, and the shocking increase in the wholesale price index for July, reported the same day the President announced his resignation, is but a fitting symbol of the failure of Nixonomics. The index jumped at an annual rate of 44.4 per cent actually, more than 50 per cent if compounded).

To be sure, there were many unhappy economic events out of Mr. Nixon's control, including the worldwide commodities boom that supported inflation, and crop failures that helped to drive food prices up.

But the biggest weakness of Mr. Nixon's economic regime was that it never had a genuine policy—or if it did, it was changeable over night.

Thus, in 1969, when Mr. Nixon came into office, the inflation rate was running around 5 per cent and the level of unemployment was 3.3 per cent. Under Economic Council Chairman Paul W. McCracken, a policy of "gradualism" was adopted to slow the economy down.

And, indeed, it slowed the economy down: We had a recession by the end of 1969 and unemployment rose to 6 per cent, but so did the rate of inflation. And while Arthur Burns began to suspect that the "old-time religion" of tight money and fiscal austerity might not be as effective as it once was, the Nixon managers barreled ahead, anyway.

The result, of course, was that Nixon, after repeated assurances that he would never adopt controls, had to turn full cycle on Aug. 15, 1971, slapping a wage and price freeze on the economy to help brake inflation (and to give the dollar some additional credibility abroad, a fact conveniently forgotten by critics of controls).

In addition, Mr. Nixon abandoned fiscal austerity and began to pump up expenditures. The sluggish performance of the economy during the congressional elections of 1970 was not one that Mr. Nixon wanted repeated during the presidential election year that lay ahead for 1972.

So far as this observer is concerned, Mr. Nixon's best economic performance came with that decision of Aug. 15, 1971. Coupled with the breaking of the dollar's link with gold—which led eventually to dollar devaluation—the freeze and the subsequent Phase II of controls was a courageous program which may have saved the U.S. and the world economy from collapse.

Mr. Nixon's performance in the foreign economic field was superior to what he did at home. It was necessary to devalue the dollar, although the strongarm methods he was encouraged to use by John Connally hurt the U.S. in the eyes of the rest of the world. George Shultz deserves to be remembered for recouping some of the damage of the Connally era, and for starting the world on the road for flexible exchange rates in the Fall of 1972.

It was also necessary to embark on wage-price controls, and the program can not be denied a share of the credit for a drop in consumer prices from a 5 per cent annual rate in 1971 to less than 3.5 per cent in 1972, while wage increase slowed from 6.5 per cent to about 5.5 per cent—or to the level of the famous guidepost.

But Mr. Nixon couldn't leave well enough alone. Exuberant after his re-election, he responded to the ideological pressures of advisers like Herb Stein and Shultz, and mistakenly discarded effective controls in January 1973 for a new Phase III. If the Aug. 15 program was the high-mark for good judgment, the January 1973 program was the low point, a bonehead move without parallel. (A close candidate—in which Congress shares the blame—is the total removal of controls in April of this year, followed by reinvocation of "the old-time religion" when inflationary forces again proved stronger than administration forecasters believed possible.)

As the second term started, the administration misread the pressures that were developing on supplies. It waited a year too long to call Secretary of Agriculture Earl Butz off his mad adventure in holding down farm output. The Russian grain deal (the Capitalists "shnookered" by the Communists) made things worse.

We know now, thanks to the transcripts, that all during this period, Mr. Nixon was preoccupied with managing the Watergate cover-up. Moreover, as the June 23, 1972, tape shows, he was bored with economic affairs—and gave both the problems and his own advisers, (even Shultz) short shrift.

But in the perennial search for a quick fix and a favorable headline, Mr. Nixon tried a second freeze, this time just on prices, in June 1973.

As soon as the 60-day freeze ended, prices resumed a rapid climb. Controls and controllers were discredited, except for Cost of Living Council Director John T. Dunlop, who managed to keep wages from going through the roof.

The four-fold increase in the price of oil, and the oil embargo itself, of course, added to the problem—one of the external factors aften cited as beyond the reach of domestic policy. But the administration since its inception had given first priority to protection of domestic oil interests, rather than the expansion of oil supplies, and rejected a Cabinet committee recommendation in February 1970 which foresaw the potential impact of a cutoff of oil, and which urged Nixon to liberalize import quotas.

In handling the oil crisis, Mr. Nixon took the incredible step of boosting the domestic price of oil although that merely enlarged oil company profits, not supply. This bonanza surprised even the oil companies who naturally didn't turn it down.

Another "external" factor often cited for the miserable economic results of the Nixon years is the impetus to inflation from two dollar devaluations. At the time of the first, part of the December 1971 Smithsonian Agreement—which Mr. Nixon called "the greatest monetary agreement in the history of the world"—administration officials flatly denied that there would be an inflationary impact. But, of course, there was: The dollar prices of imported goods rose sharply and, since our goods appeared more attractive, foreign buyers snapped them up with their more valuable currencies, exacerbating shortages here.

Inasmuch as a trade deficit continued in 1972, and the dollar continued to show weakness abroad, a second devaluation was needed in February 1973. But one of the elements that probably forced the second devaluation was abandonment of the effective Phase II of the wage-price program a month earlier: the world calculated correctly that the enviable U.S. record of price stabilization had been jettisoned by Mr. Nixon.

The stock market made a comparable judgment. Having recovered from the first Nixon bear market in 1970, stock prices touched a high point in January 1973, the day that Phase II was junked. They have been depressed ever since.

Where does Mr. Nixon leave us? We are in the second recession of his time of office, with prices accelerating and wages threatening to take off with their own explosion as labor attempts to recover what it lost in real wages during the past year. The economy is stagnant, with fears spreading about the financial system itself. Interest rates are so high that the government was forced to offer 9 percent on a Treasury note, the highest coupon in more than a century. Fed Chairman Burns admits that the Fed may have contributed to the mess by being too easy in credit extension in 1972, with a result that a lot of bank debt doesn't look as collectible as it did when the loans were made. The savings and loan associations face massive withdrawals, and housing is in its own depression.

So—it's so long to Nixonomics with no regrets. The challenge to President Ford is enormous, more than can be expected of any man to handle quickly or completely. We trust that we won't get the same dose of ineffective and unimaginative policies and weak leadership under another name. But, for the moment, the mere change provides a sense of relief.

A TALK WITH GERALD FORD

HON. LAMAR BAKER

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Monday, August 12, 1974

Mr. BAKER. Mr. Speaker, the August issue of DUN's carries an interesting interview with the Honorable Gerald Ford on inflation, interest rates, tax reform, and other economic issues. The interview was made at a time when Mr. Ford was Vice President, but his answers give an insight in to the manner in which he will cope with these problems now that he is our President. I commend this interview to the attention of my colleagues. It provides some guideposts to the direction in which the new administration will move in the days ahead.

The article follows:

A TALK WITH GERALD FORD

(Amid all the uncertainties in Washington and the economy these days, the views of one key figure are particularly pertinent. He is, of course, Vice President Gerald R. Ford. In the following interview, DUN's editors conduct a far-ranging discussion with the Vice President on inflation, the budget, interest ratest and other vital issues.)

Mr. Vice President, it's quite obvious that our problem right now is inflation.

Number One, I couldn't agree with you more. Every poll I've seen—and I've seen a good many of them in the last couple of weeks, both regional and national—indicates that inflation is the Number One issue, substantively as well as politically.

What can the government do about it? My thought is that the federal government—in the one area where it can do something affirmatively, which is fiscal policy—has to show some leadership. This leadership is essential if you are going to ask labor to be moderate, if you are going to ask management to be statesmanlike. The federal government has to set an example. If you are going to ask other people to tighten their belts, the federal government has to be in the forefront.

Which means?

The President and the Congress have to really clamp down on anticipated expenditures over and above this budget. That is where the real battle is going to come now. So if you can avoid the added expenditures over $305 billion and make some honest and realistic adjustments—a couple of billion dollars below that level—I believe that this is what will be construed among Americans as the kind of leadership that is necessary.

You think cuts can be made?

I can't believe that out of $305 billion there can't be some slowdowns, there can't be some eliminations. And, incidentally, I think the new budget reform bill gives to the President some authority that maybe Congress didn't anticipate.

What is that?

It specifically provides two procedures: One for deferrals and another for recision, and the net result is you get an item deferral potential. So the President can take some action here, under the new bill, that he couldn't have done previously without getting into a legal controversy.

Now, in addition to the actions that I think will require vetoes and the sustaining of vetoes and the possibility of using the new budget bill, I think the President has to commit himself right now—as he has, in effect—to submit an honest-to-goodness balanced budget, not a full-employment balanced budget, for fiscal 1976.

That will have a political effect . . .

I just talked to one of the top pollsters, one who does a lot of work for Republicans, some for Democrats. And the pollster says that polls are now showing, for the first time, that the public perceives a connection between the federal government's expenditures and inflation. They have never really been able to pin it down before, but now they realize the federal government's handling of their money is related to problems of inflation.

Secretary Simon has been talking about cutting as much as $20 billion from the budget. Do you think that is unrealistic?

I respectfully disagree with Bill Simon.

Are you worried about interest rates—that they could tip the economy into a really deep recession?

I am worried about interest rates. I hope that the Federal Reserve, once it sees that there is an honest-to-goodness effort being made in fiscal policy, will not be too tough too long.

There is, of course, the danger that it will be too tough for too long?

Yes, but I am optimistic once Arthur Burns and his associates are convinced that fiscal policy is going to be a firm one, they will then relax their attitude on the supply of money.

Do you have a rate of inflation in your own mind that you think is acceptable to the country?

When it was 4%, I thought it was too high. But when you are dealing with 10% or 11%, if at the end of this calendar year it is down to 7%, I think that is significant progress—not acceptable, but significant, and ought to lay the groundwork in 1975 for additional progress. If we can survive that and get down to 7% by the end of the calendar year, I think with increased production in many fields—such as food and energy—1975 ought to be significantly better.

Are you at all bothered by the fact that so many banks are in dire straits at the present?

Nobody is proud of or happy with what happened to the Franklin Bank. Then the failure of the bank in Germany, Herstatt, probably had as big an impact in America as the Franklin because it scared a lot of American bankers who had gotten involved with Eurodollars, and so on. I think the banking industry has got to take a good hard look at some of the practices that it has been involved in over the last several years.

You mean you think that some banks are a little bit overextended?

No question about it.

What about Wall Street?

I don't think you are going to get any change in that area until you get public confidence that something is being done in the area of inflation and they see some material progress.

How about wage and price controls? Do you see any chance of returning to them?

I see no prospect either for the Administration to ask for it or Congress to approve it.

It has been said that one reason for inflation is that business is operating at capacity and the way to get it down is to build more plants. Would you be in favor of increasing the investment tax credit or offering more rapid depreciation?

I am more concerned about the tendencies in the Congress to *reduce* the investment tax credit from 7% to some other figure, and the possibility that the Congress might try to cut back in one way or another the more rapid amortization that we currently have. I don't think Congress will achieve it, but there are strong elements in the Congress that are talking that way. I think it would be disastrous and firmly believe in the investment tax credit and in the rapid amortization programs that we have now authorized by law.

Would you change the capital gains tax?

I must say that after listening to the pros and cons, I come to the conclusion we are on about the right keel instead of taking drastic action one way or another.

So you would be pretty well satisfied to leave the tax system as it is?

Well, I am against the tax increase. I am against the tax decrease. Or changes in corporate income taxes. I think rather than tinkering now in a period of uncertainty and in a period of perhaps hysteria in some areas, it is better to keep a position of stability.

The people know what they are dealing with, even though there may be some inequities. I think stability at this point rather than a tinkering is a better procedure. Supposing the Congress comes up in one bill or another with some changes that would affect people's investment policies or businessmen's actions in the field of expansion or modernization. The mere threat of some changes I think adds to uncertainty, and we have enough of it now.

How about the charges from various groups that the tax system has too many loopholes?

Well, I have listened to those arguments on the floor of the House and read a lot and you get right back to the old saying that what is a loophole for one is a justifiable benefit for another. I think there's been a lot of demagoguery on this.

Are you at all concerned that the policies we are pursuing to slow down inflation might push us into a recession?

All the economists I have listened to—and I have listened to many—discount any possibility of a depression. As I read various things and listen, I think we may have been on the brink of a recession, but if we can restore whatever confidence is needed in this immediate crunch, I think any problems of recession, if there were any, will evaporate.

You feel stability will restore that?

Stability, and a firm feeling on the part of the public that the federal government is going to be strong on fiscal policy.

Would you be concerned about the effect of a massive swing in Congress this fall?

I certainly would. As you know, the more liberal elements are talking about a net gain of fifty to 100 in the House and, in their political efforts, they are talking about a veto-proof Congress. I have tried to counter that in the political arena by saying a veto-proof Congress leads to a legislative dictatorship. We have assembled some material that shows that if we had had a veto-proof Congress over some previous Congresses, there would have been $27 billion more in federal spending available. So my feeling is that if the public gets a veto-proof Congress, the public had better fasten its seat belts because there will be massive increases in spending and that will just add fuel to the inflationary fire. After looking at various polls that show really serious, broad public concern with inflation, we will fight the veto-proof Congress; we will fight for an inflation-proof Congress. If the liberals want a veto-proof Congress, we will counter with an inflation-proof Congress and that will be the issue in November.

Many labor leaders argue that they need a 20% increase just to catch up.

I understand the logic and perhaps the justification. But if we don't ask them to tighten their belts, there is going to be a snowballing effect. I think most of us recognize that some of the demands in 1966 and 1967 in the labor-management field really touched off the wage demands that created much of the inflation in the Vietnam war period. If we go through that same cycle again, we are going to have a tough time.

Would you advise corporations to take a strike rather than accede to . . .

I think they have got to be very realistic and recognize they are part of the big picture. If management capitulates in toto to whatever the excessive demand, it has to recognize that although it may save itself momentarily, it is only adding a very unfortunate part to a whole system. So it may be necessary for some segments of management to be very firm.

There have been quite a few price increases since controls went off.

The ones who have raised prices to please their constituencies, stockholders, or to improve their own economic situation, are extremely shortsighted. Certain professions, once they were freed of wage and price controls, have forgotten that they are a part of the whole system, and they are only leading in the long run either to reimposition of controls or they are leading to an economy that is going to disintegrate, one way or the other.

One follow-up question to that: Do you see yourself filling the void that presently exists, due to the President's preoccuaption with foreign affairs, in the government's relationship with business and labor?

Now that some of our major international policies are in better shape than they were maybe three or four months ago. I think you will see the President taking command, really actively participating in the domestic problem of major importance, inflation. I saw him six times last week.

What did you talk about?

In each instance, with one exception, it was devoted to working with him at his request on the problems of the economy and inflation and it was a two-way discussion. He asked me questions as to what my views might be on this or that, and I will be doing my utmost to assist in what I think is going to be a strong, firm policy.

Thank you, Mr. Vice President.

THE GREAT "NONDEBATE" ON INFLATION

HON. JONATHAN B. BINGHAM

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, August 12, 1974

Mr. BINGHAM. Mr. Speaker, the third and final article in the recent Bureau of National Affairs Daily Labor Report study on price and wage stabilization presents some useful background for the current debate on the Nation's economic policy. The article by Ben Rathbun, called "The Great 'Nondebate' on Stabilization Policy," follows:

THE GREAT "NONDEBATE" ON INFLATION

Among those interviewed in Congress, the Executive Branch, and in labor and business for this report, there was broad agreement that 1973's unforeseen price explosions should have set the stage for a Great Debate on national economic policy before Congress acted on the expiring Economic Stabilization Act in 1974. However, it is generally agreed that the Great Debate failed to occur because "the Watergate Syndrome" helped stifle the possibilities of rational discourse. Part of the problem stemmed from the widespread view at the Capitol that the central command post in an economic crisis must be the White House. On this point, a Joint Economic Committee spokesman said: "Proposal after proposal for a congressional initiative was dashed on the rock of the lack of confidence that the White House could or would carry out the policy."

So the public debate was "scrubbed" by default. The House Banking Committee held desultory hearings and more purposeful hearings were held by the Johnston Subcommittee of the Senate Banking Committee and by the Joint Economic Committee. But that was about all, except for Senator Muskie's abortive end-of-April and early-May push for standby controls and/or a monitoring bill.

The degree to which congressional debate was restricted in its scope and terms, particularly in the House, was illustrated by the comment of a leading member of the House Banking Committee: "Last spring, the country had an ominous situation on prices and interest rates. The Economic Stabilization Act was due to expire on April 30 and you would have thought that we would have had a boiling debate. But what happened? Only the insistence of Henry Reuss, the member with the greatest expertise on domestic and international financial matters, persuaded the Chairman [Wright Patman of Texas] that the committee should have an executive session on the Act. Otherwise, the law would have expired without the committee's holding a single meeting to consider its course."

For the most part, the national dialogue on inflation has either been conducted privately or in the papers and magazines. For the first time in years, it was marked by a number of fright words and flashbacks that had been out of style for years, except for the quadrennial Democratic attacks on Herbert Hoover. There was increasing talk within the financial community and among other economic specialists of "hyperinflation" (inflation in its most fearful and rampant form), depression, and references to the German Weimar Republic's spectacular 1923 inflation when wages were collected twice daily, sometimes in wheelbarrows.

Dirge-like noises about a possible business collapse have come from Henry Kaufman, the chief economist for Salomon Brothers, one of the premier Wall Street bond houses, and from other conservative economists who prefer anonymity. One said: "I'm certainly not advertising the end of the world, but I do think it's amazing that for the first time, I'm considering possibilities that previously I never dreamed I would have to consider." Ashby Bladen, a top financial man at the Guardian Life Insurance Company, has said: "A return to either price stability or financial stability without an intervening crash appears to me to be practically impossible . . ."

On a more private level, the tone of the debate in Washington was reflected in a widely-quoted magazine article by a respected British historian, Geoffrey Barraclough, asserting, apropos of the U.S., that "the time has come to stop talking about recession and to start talking about the awful word [depression] that the economists had shunned like typhus since the 1930's. Barraclough, an expert on the U.S. economy, emphasized that those who were harking back to the 1929 crash were bankers, international financial leaders, and respected economists, "not the professional purveyors of Toynebeean gloom." He quoted, for example, from the experts at the Institute of Applied Economics in Melbourne, Australia, and from a senior Treasury official in the British government who was "backed by the authority of Lord Robbins and Roberthall," conservative economic experts.

Taking note of swelling interest rates, economist William Rickenbacker added a chilling historical note: "Toward the end of the inflationary boom of the 1920's, short-term money earned exactly 20 percent on Wall Street. Just before the end." Barraclough capped his commentary with this citation for a new book by economist Robert Heilbroner called *An Inquiry Into The Human Prospect*. Heilbroner foresees the American people some years hence sitting in the ruins of "the giant factory, the huge office," and "the urban complex," and finding "solace" in "tradition and ritual" and in our "private beliefs."

But even Barraclough indicated that he was not talking about a depression this year or next. Some Washington observers suggested that more credible counsel on the threat of depression has come from Paul A. Samuelson, MIT's Nobel laureate in economics, who said in March that there was "no cogent evidence" of an imminent worldwide depression. The talk of depression, said Samuelson, came largely from the "free-lance journalists, the goldbugs and the financial sensationalists," a group whose forecasting record is "miserable".

Samuelson also was supported by William McChesney Martin, the former Federal Reserve Board chairman, now an active advisor to industry and to the financial community, who noted on July 22 that "there is a lot of talk of gloom and doom." He added: "I buy the gloom but not the doom."

Nevertheless, there is little disposition to quarrel with the pointed warning by Arthur Burns, Martin's successor at the Fed. It came, not necessarily by happenstance, a day after President Nixon assured the nation on May 25 that the economic news was bound to be improving. Burns asserted that the protracted continuation of inflation rates comparable to the 12 percent rate of May 1974 "would threaten the very foundation of our society."

RESULTS OF DISTRICTWIDE SURVEY

HON. PAUL W. CRONIN

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Monday, August 12, 1974

Mr. CRONIN. Mr. Speaker, more than 22,000 residents of my Fifth Congressional District of Massachusetts responded to a questionnaire which I recently mailed to them. Their answers confirm what I believe is a growing national trend: Inflation is their No. 1 concern; 47.9 percent of the responses listed the rising cost of living as the most pressing issue facing them.

In related fiscal concerns, 71.9 percent of the respondents favored removal of the earnings limitation on pay for social security recipients in order to allow relief to those living on a fixed income. Military aid to Southeast Asia found opposition from 62.4 percent of the people answering the questionnaire, and they ranked the expenditure of Federal funds for energy programs as a top fiscal priority. The constituents also favored a balanced budget and limited Federal spending.

Another key issue for the district is confidence in government, ranked second in significance among problems facing all Americans. Voters split on the question of Federal campaign funding 41.7 percent favoring the concept for presidential and congressional campaigns, while 42.7 percent are opposed to it.

The full results to the questionnaire are as follows:

	Percentage			
	Yes	No	Undecided	No response
1. Environment: Should Federal environmental standards be relaxed during a national energy shortage?	54.0	33.5	6.0	6.0
2. Health insurance: Do you favor nationalized health insurance?	59.7	24.9	9.5	5.6
3. Impeachment: Given the evidence available to date, do you believe President Nixon should be impeached?	55.2	30.5	9.0	5.1
4. Control inflation: What action should Congress take in the area of inflation?				
A. Selective controls on food and rent?	41.6	25.3	7.5	24.9
B. Firm wage and price controls across the board?	39.4	29.1	8.7	22.2
C. Limit Federal spending?	68.2	7.4	5.3	18.6
D. Increase Federal taxes?	7.3	56.8	6.2	29.1
E. Balance the Federal budget?	57.7	9.1	9.6	23.0
5. Campaign spending: Should Presidential and Congressional campaigns be financed by Federal tax dollars?	41.4	42.7	8.6	7.0
6. Abortion: Do you favor a constitutional amendment to prohibit abortion?	21.4	67.5	5.7	5.1
7. Southeast Asia: Do you support continued military and economic aid to Southeast Asia?	22.9	62.4	8.7	5.7
8. Busing: Do you favor a constitutional amendment to prohibit busing of school-age children to attain racial balance?	56.5	30.7	7.1	5.5
9. Social security: Do you favor removal of the earnings limitation for social security recipients?	71.9	15.7	6.3	5.8
10. Capital punishment: Do you favor capital punishment?	58.5	28.2	7.7	5.3
11. Postal Service: Do you feel that you are receiving better service from the new Postal Service as opposed to the old Post Office Department?	18.1	56.1	19.2	6.3
12. School aid: Do you favor Federal aid to private and parochial schools?	36.4	51.8	6.2	5.2
13. Legislative service: Congress has established an office to provide information on the status of legislation. If a toll-free telephone line to this office were provided, how often would you utilize this service?	22.7	54.2	14.9	7.0

14. Most critical: Which of the following do you consider the No. 1 problem you are facing?:	Percent
Taxes	10.8
Inflation	47.9
Confidence in Government	18.6

15. Priority spending: Of the categories listed below, which do you think are the 3 areas in which Congress should spend the most money? (1) Energy; (2) Defense; (3) Education.

TAXPAYERS' MONEY SPENT FOOLISHLY

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 12, 1974

Mr. LAGOMARSINO. Mr. Speaker, as we here in the Congress struggle to find solutions to end the crippling inflationary spiral our economy is now experiencing I hope the Members of this body will bear in mind one suggestion I have to offer. That is, the need to end the present wanton amount of wasteful and unnecessary Government spending that has been occurring over the last four decades and which is one of the main causes of our financial difficulties today.

I know this is not a new solution. But it is one which has been frequently courted by the Members of this body but seldom have we fully embraced it in a long and lasting relationship of any sort. Usually the patronizing words and phrases of "efficient government" echoed for the folks back home give way to new and even higher budget deficits.

Government spending has grown from about 10 percent of the national income prior to 1929 to about 40 percent today. Over the same period, the relative role of the Federal Government and State and local governments has been reversed. In 1929, State and local governments spent almost twice as much as the Federal Government; in 1970 the Federal Government spent almost twice as much as State and local governments.

This change is mostly a product of the past 40 years, dating from the onset of the New Deal. For the first century and a half of our Nation's existence, total Government spending—so far as we can judge from the meager data available, never exceeded about 10 percent of national income except in time of major war. And State and local spending was throughout that time roughly twice as large as Federal spending. Total spending as a percentage of national income nearly doubled in the decade after 1929, and then nearly doubled again in the next three decades.

Table I is as follows:

TABLE I.—GOVERNMENT SPENDING AS PERCENTAGE OF NATIONAL INCOME

Year	Federal	State and local	Total
1900	3.4	6.1	9.5
1929	3.0	8.9	11.9
1940	12.3	10.4	22.7
1950	16.9	8.3	25.2
1960	22.4	10.4	32.8
1970	25.5	13.6	39.1

Source: Economic Report of the President.

Much of this spending has been with money we do not even have in our Treasury. In the last 5 years this Nation has spent more than it has taken in. Our national debt is approaching a half a trillion dollars—five hundreds of billions—and the interest on that debt is predicted to be $31 million for next year alone.

Now as any freshman in economics can tell you, when you print money that you do not have the goods and services to back, you are going to have an overheated economy or, more simply, inflation. As I pointed out earlier, we here in the Congress all hate to see this excessive spending. But why then does it continue to occur? An incident which happened on the floor of the House just the other day may give some insight into why this mysterious spending continues to occur.

In considering a $145 million appropriation bill, I, along with 126 of my colleagues, voted to lower the spending level of this measure to its year earlier total of $105,275,000. This represented a "cut" of $39,725,000 from the amount the sponsors of this bill wanted.

I did not support this reduction simply out of blind opposition to any spending increase. Instead, I felt this particular spending was wasteful and unnecessary. What particularly disturbed me was a recent study by the General Accounting Office of some of the projects funded in this budget in the past. Their report revealed frightening examples of waste and a flagrant disregard of the taxpayers of this Nation. Among some of the ridiculous projects funded were the following:

$70,000 for the study of the smell of perspiration given off by the Australian aborigines;

$6,000 for a study of Polish frogs;

$71,000 to study the history of comic books;

$121,000 for a study to learn why people say "ain't";

$46,089 for an encyclopedia on witchcraft;

$5,000 to the poet who wrote the poem "LIGHGHT" (That is not the title but the content of the whole poem.)

On the very day this bill was passed, Democrats in the Congress emerged from their caucus pledging to "cut out waste and unnecessary expenditures wherever found." They then proceeded to add $40 million to a budget which in the past had been used to finance such wasteful and unnecessary projects that I have just mentioned.

If this is what they mean by cutting waste they must be operating under some new principle. This new principle could be stated something like this:

> When some agency demonstrates that it is not using the taxpayers money wisely, we will punish them by giving them more money to use wastefully.

With actions such as these, I can understand why our inflation rate is running at 12 percent a year. I only dread the thought of what our budget and economy will look like after this November if an even bigger majority of like-minded Congressmen to apply their economics of waste.

LIMITING AID TO CAMBODIA

HON. MICHAEL HARRINGTON

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Monday, August 12, 1974

Mr. HARRINGTON. Mr. Speaker, this week, as the Foreign Affairs Committee continues mark-up of foreign aid legislation requested by the President, I expect to offer an amendment limiting total American aid to Cambodia to $276 million. My amendment would reimpose the now-dormant ceiling on such aid contained in section 655 of the Foreign Assistance Act, which covers all conceivable forms of military and economic aid to Cambodia. Aid to Cambodia is an important question of American foreign policy. It seems to me that the administration's present course of seemingly unlimited assistance to the Lon Nol regime is a grave and dangerous mistake, and that Congress should assert its responsibility to rectify this situation.

WEAKNESS OF THE LON NOL GOVERNMENT

The Lon Nol government took power in a 1970 coup, ousting Prince Norodom Sihanouk. Since then, there has been a steady attempt by a collection of "insurgent" forces, most notably those led by the Prince and the Khmer Rouge—the Communist Party of Cambodia—to overturn the Lon Nol regime. As the conflict rages on, the insurgents are gaining strength. Estimates vary as to how much of the country they control, but 60 percent of the territory and 40 percent of the population seem to be minimum figures.

This represents a significant advance since Lon Nol took power. The provincial capitals still held by Lon Nol are surrounded and can be supplied only by air. Highways leading to Phnom Penh are also blocked, and should the insurgents cut off the Mekong River supply route, as they have the potential for doing, Phnom Penh too would be limited to air transports for outside contact.

There is also the possibility that this fall Lon Nol will be ejected from the United Nations and a Communist delegation seated in his place.

As fighting continues, human suffering in Cambodia abounds. No one claims to have reliable statistics on casualties due to the war in Cambodia, but Lon Nol's Ambassador to the United States, Mr. Um Sim, estimates that casualties are running at about 150–200 per week—8,000–10,000 per year. Other estimates run higher—New York Times, July 10, 1974. According to the Senate Subcommittee on Refugees and Escapees, almost one half of Cambodia's entire population has been forced to move since the beginning of hostilities in 1970. At least half of the 2,000,000 people of Phnom Penh are refugees. And furthermore, the war has inspired severe inflation: prices increased 472 percent between January 1, 1972 and January 1, 1974. June 1974 staff study of House Foreign Affairs Committee, "United States Aid to Indochina," page 21.

The extreme weakness of the Lon Nol government is well recognized. Whatever constituency Lon Nol ever had—the urban elite and the students—has abandoned him by now; students in fact staged protests against Lon Nol this spring—Philip A. McCombs, Washington Post, June 6, 1974. Internally, the Lon Nol government is marked by repeated shuffling and by an inability to deal with the problems the country is facing. Lon Nol recently fired members of his cabinet, whose original presence the United States had cited as evidence that he was strengthening his government. And, in their July 1974 staff study, House Foreign Affairs Committee staff members John Brady and John Sullivan state that:

> Despite its perilous military and economic situation, there is strikingly little sense of urgency evident in Phnom Penh. Reports of high living among top military and civilian officials are prevalent. Until quite recently, Mercedes automobiles, television sets, and delicacies such as canned asparagus and Hennessy cognac continued to be imported.

WIDESPREAD CORRUPTION REPORTED

The widespread corruption of this regime is well reported. High-ranking officers of the Cambodian Army are known to profit heavily from the thriving black market—Sydney H. Schanberg, New York Times, August 8, 1974. One of the most alarming forms of corruption, from the U.S. point of view, is the wholesale diversion of U.S.-supplied military supplies for sale in Phnom Penh—or through middlemen to the Khmer Rouge—Donald Kirk, Chicago Tribune, June 26, 1974. These sorts of practices led Messrs. Brady and Sullivan to recognize that "there is no guarantee that U.S. aid will be used efficiently, effectively, and without corruption."

DEPENDENCY ON THE UNITED STATES

With these sorts of characteristics, it is no wonder that, as Messrs. Brady and Sullivan say,

> The Lon Nol government in Phnom Penh is fully dependent for its existence on the military and economic assistance of the United States.

The U.S. role in maintaining this government far transcends the transfers of goods and money. John Gunther Dean, the American Ambassador to Cambodia, has made it clear that he believes he is, in effect, running the country—Philip A. McCombs, Washington Post, June 6, 1974. He gives orders to certain politicians and, according to Messrs. Brady and Sullivan,

> By his own admission he does not hesitate to give strategic military advice to Lon Nol or tactical advice to subordinate military commanders.

There is also evidence, despite statutory provisions prohibiting U.S. military advisers in Cambodia, that U.S. officials, upon delivering equipment, have felt it necessary to give the Cambodians considerable advice to make sure that it is used properly. It is clear, then, that the "Nixon Doctrine's" expectation that American aid can function to enable other governments to defend themselves is not entirely realistic, at least as it applies to Cambodia; by giving aid, the United States has made a commitment to the Khmer Republic which leads to our assisting it in additional ways—which could conceivably lead to direct U.S. military involvement.

In looking at the Cambodian situation, it is important also to recognize that North Vietnam no longer aids the Khmer Rouge. In fact, relations between these two groups are reported to be strained. Press articles have suggested instances of fighting between the Khmer Rouge and the North Vietnamese. The administration originally claimed that American involvement in the Cambodian conflict was necessary to make North Vietnam honor the Paris Agreements and withdraw its troops from Cambodia, but as far back as last spring official sources admitted there was no evidence of Vietnamese troops performing combat roles in Cambodia—Washington Star, April 12, 1973. The indigenous character of the insurgent movement in Cambodia justifies the description of the conflict as a civil war in the fullest sense of the term.

IS OUR CAMBODIA POLICY REALISTIC?

What, then, is the United States doing in Cambodia? Secretary of State Kissinger, in a memo provided to Senator Kennedy on March 25, 1974, said that:

> We are convinced that with United States material and diplomatic support the Khmer Republic's demonstration of military and economic viability will persuade their now intransigent opponents to move to a political solution of the Cambodian conflict." (CONGRESSIONAL RECORD, April 1, 1974, page 9035.)

The hope is that a "Laos-type" agreement, in which the Khmer Communists would form a coalition with GKR—Government of the Khmer Republic—officials, in a government of national unity, would result. It seems to me that this hope is based on a false assessment of the Cambodian situation, particularly as it compares with that in Laos. In Laos, Souvanna Phouma, who formed the coalition with the Communist Souphanavong, was a respected leader, and the two sides were relatively even in strength. This bears no similarity to the situation in Cambodia. Lon Nol neither has any real constituency nor commands any respect from his opposition, which refuses to negotiate with him.

And the Lon Nol government's inferior military organization, institutionalized corruption, and narrow political base make it quite unlikely that it will be capable of reaching even a stalemate. Even Ambassador Dean's attempts to make it function effectively, while causing some improvements—a reduction in "phantom" soldiers on the payrolls, for example—have resulted in much frustration, as its corrupt practices are deeply ingrained. The United States must ask itself, then, whether its policy has any realistic prospects for success which would warrant the vast investment of resources we are now making. We must act wisely now to avert another drawn-out commitment to a futile cause.

It is hard to predict in an exact sense what would happen if the United States reduced its commitment to Lon Nol. It is difficult to imagine that he would stay in his present position of power, although his ability to hang on has been underestimated in the past: Secretary Kissinger predicted his fall upon the bombing halt of August 16, 1973. There is a possibility that more moderate politicians would take over in Phnom Penh, and that the insurgents would be content to negotiate with these people. An actual insurgent attack and takeover of Phnom Penh is far from a certainty, as an assault on a city requires large expenditures of resources which the Khmer Rouge would not be likely to want to make.

At any rate, the solution of Cambodia's political problems will be a complex process. The one thing that is clear is that the United States, by keeping Lon Nol in an artificial position of power, is impeding that solution, doing the opposite of what Secretary Kissinger states as our goal:

> To help create stability in that country as a part of our effort to encourage the development of peace in the entire region. (CONGRESSIONAL RECORD, April 1, 1974, page 9034).

Finally, any claim that it is necessary to U.S. interests to maintain this support for Lon Nol must be challenged. Our original involvement in Cambodia stemmed from the connections between Hanoi and the Khmer Rouge, but that is no longer a legitimate claim. There are traditional hostilities and cultural differences between Cambodians and Vietnamese, so that even if Communists controlled Cambodia full cooperation between them and Hanoi would be unlikely. The weakness of the current government in Phnom Penh allows the North Vietnamese to pressure South Vietnam on its western borders just as much as would a Communist government with a viability of its own.

But more fundamentally, the United States must recognize, along with the spirit of détente, that it is not essential to American security in all cases to have foreign countries run by pro-U.S. governments; that the United States can coexist and even cooperate with other governments, regardless of their ideology. The imperative is clear for the United States to choose a rational course of action and curtail this wasteful investment of American dollars and sacrifice of Cambodian lives.

THE HARRINGTON AMENDMENT

Section 655 of the Foreign Asssistance Act was first enacted in 1971, to apply to fiscal year 1972, at the request of Senator STUART SYMINGTON. It was not, however, extended for either fiscal years 1973 or 1974. The need for this ceiling, originally set at $341 million, is apparent. American aid to Cambodia has increased remarkably in the past 2 years. In fiscal year 1973, the administration spent $251 million in total assistance to Cambodia. This assistance level grew to $710 million in fiscal year 1974, and this year the administration has proposed $580 million, with a cut-back in Public Law 480—food for peace—funds—from $194 million in fiscal 1974 to $77 million in fiscal 1975—basically accounting for the reduction. This $580 million request, however, does not include the special authorities and "loopholes" the administration can use to supplement the basic authorization. Last year, for example, the administration requested $167,194,000 for military assistance program—MAP—funds to Cambodia, but, by using section 506 "drawdown authority" ended up spending $375,012,000 for MAP. Public Law 480 expenditures in Cambodia were also jacked up. This sort of problem can only be solved by a legislative mechanism such as section 655, which sets a ceiling on all forms of aid to Cambodia, including reprograming.

Measures introduced in the Foreign Affairs Committee by two of my colleagues will have the effect of reducing the authorization for aid to Cambodia. I am referring to Congressman WHALEN's amendment dealing with Indochina Postwar Reconstruction, which passed the committee last Thursday, and to Congressman Hamilton's amendment dealing with the military assistance program—MAP—which is expected to pass the committee this week. The "Whalen amendment" reduced economic aid to Cambodia by $35 million, and the "Hamilton amendment" lowers military aid by $160 million. I applaud these measures, but believe that more cuts can and should be made.

The food for peace request should be reduced from $77 million to $42 million, in compliance with the amendment to the Agriculture Appropriations Act, recently passed by the Congress, which states that no more than 10 percent of Public Law 480 title I appropriated funds can go to any one country. And I would like to see the military assistance program cut to $140 million, a level close to that spent in fiscal year 1973; this would amount to a further $75 million reduction in military aid from the "Hamilton-Whalen" levels. A table breaking down the fiscal year 1974 expenditures, the administration's fiscal year 1975 request, the effect of the Whalen and Hamilton amendments, and my proposed $276 million figure follows:

Program	Fiscal year 1974 expenditures (estimate)	Fiscal year 1975 request	Effect of Whalen and Hamilton amendments	Harrington proposal
MAP	$375,000,000	$362,500,000	$230,000,000	$140,000,000
Supply operations	37,200,000	27,500,000		16,000,000
Other military	10,400,000	3,200,000	3,200,000	3,000,000
Total military	422,600,000	393,200,000	233,000,000	159,000,000
Indochina postwar reconstruction	95,000,000	110,000,000	75,000,000	75,000,000
Public Law 480 (Food for Peace)	194,200,000	77,000,000	77,000,000	42,000,000
Total economic	289,200,000	187,000,000	152,000,000	117,000,000
Total	711,800,000	580,200,000	385,000,000	276,000,000

NOTICE ON LOSS OF FLIGHT PAY FOR ENLISTED AIR FORCE PERSONNEL

HON. LES ASPIN

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Monday, August 12, 1974

Mr. ASPIN. Mr. Speaker, to update the Armed Forces' progress toward observing a congressionally imposed requirement that enlisted men be given 120 days notice before loss of flight pay, I am submitting for the record a letter from Lieutenant General Roberts explaining how the Air Force will handle this matter. You will recall my recent announcement that 106 enlisted crewmembers at McClellan Air Force Base, Calif., had been grounded without the notice required by Congress. In subsequent hearings before the Military Compensation Subcommittee of the Armed Services Committee, General Roberts admitted to an administrative foul up and promised to correct the wrong done to these men. He also assured the subcommittee that he had taken steps to prevent future mistakes by establishing strict controls.

To insure the subcommittee's understanding of the Air Force's new system was correct, I wrote to General Roberts asking for a verification of his promises. His answer assures me that as far as the Air Force is concerned enlisted aviators will be given every protection possible. Copies of these letters follow.

Of course, a seemingly satisfactory Air Force system does not mean the issue can be forgotten, and so far I have not heard from the Office of the Secretary of Defense nor the Secretaries of the Army and Navy whom I also asked to comment on the Air Force's promised procedures. I shall report on their answers when received.

July 29, 1974.

Lt. General John W. Roberts, USAF,
Deputy Chief of Staff, Personnel, Headquarters, USAF, Washington, D.C.

Dear General Roberts: Thank you for your prompt attention to the plight of the enlisted crew members at McClellan AFB who were grounded with no notice. I am pleased that the Air Force concluded it has sufficient management flexibility to guarantee the 120 days' notice before loss of flight pay as directed by Congress. Your new instructions to the field requiring notification of Headquarters, USAF, whenever local units and major air commands cannot meet the notice requirement should go far toward preventing future mistakes like the one I brought to your attention.

As I understand your new system, you foresee no difficulty in meeting fully the 120 days' notice specified by Congress. This will be done for all enlisted crew members with few exceptions. The exceptions you mentioned I believe are acceptable to the members of the Military Compensation Subcommittee. They are crew members grounded for cause or because of medical disqualification. Further, there is no reason to treat non-crew members, who are assigned flight duties for a period or for a task specified in orders, differently than you always have.

One other exception suggested in your testimony does not seem to be one with common application. It pertains to crew members prevented from performing "frequent and regular aerial flight" because aircraft are not available. The "frequent and regular" criteria are defined in an executive order. While changing an executive order may be complex, would it not be an easier way of eliminating this exception than legislation?

Chairman Stratton has suggested legislation might be the best way to insure enlisted crew member save-pay for 120 days or some other period. If you think the matter should be considered by Congress, I would like you to tell me what features you wish to see in an enlisted flight pay protection bill.

Would you please confirm my understanding of how you plan to meet the 120 day requirement and the exceptions to it you wish to make? Am I correct in interpreting your testimony as assurance that exceptions beyond the ones you listed will not be made?

Sincerely,

Les Aspin,
Member of Congress.

Department of the Air Force,
Washington, D.C., August 6, 1974.

Honorable Les Aspin,
House of Representatives.

Dear Mr. Aspin: Thank you for your letter of 29 July concerning the problem of providing advance notification of flying status change to enlisted aircrew members. This detailed response is intended to clarify the Air Force position with respect to procedures now in effect—and changes to law/executive order which we recommend—to insure compliance with the Congressional mandate. In addition, I would like to take this opportunity to follow up on my commitment to you during the 17 July hearing to advise whether or not there would be any exceptions to the stated policy over and above those discussed during the hearing.

First, let me address what we have done to ensure compliance with the Congressional mandate. The attachment to this letter contains the detailed policy and procedural practices that have been placed into effect. You will note that, while rather complex, they are designed to tighten controls we had established earlier and to preclude a recurrence of the situation we had at McClellan AFB. Unfortunately, I cannot say that we "foresee no difficulty in meeting fully the 120 days' notice specified." There might be occasional administrative foul-ups because of the complexity involved, but we should be able to correct any such instances when and if they occur.

Of greater concern is the fact that short notice, unanticipated unit deactivations, where all of the aircraft are removed from the inventory at a given installation could create a situation where compliance with the executive order would be impossible. While such instances would be very rare, they could occur. Moreover, as indicated in General Benade's letter of 26 July to you, the Comptroller General is being asked to comment on the legal ramifications of authorizing temporary overmanning under conditions where enlisted crew members would otherwise have been removed from flight duties. In this latter case, we feel we are on solid ground in view of the statement of Congressional intent contained in the House Report. However, we must await the outcome of the Comptroller General ruling before we are sure.

Because of these uncertainties, and in order to remove any question as to adequate notification in all instances, we feel that the best course of action is to amend the executive order which, as now written, constitutes the fundamental cause of the problem by virtue of its definition of "frequent and regular" flight. The Air Force General Counsel's initial reaction is that this can be done, and the Comptroller General will be queried toward this end as well. The proposed amendment would simply add a section which would state that an enlisted aircrew member who is involuntarily removed from flight status with less than the 120 days' notice may be deemed to have fulfilled all requirements for receipt of the pay for a period of up to 120 days from date of notification. Should such an amendment not be possible, we will develop and propose through OSD a legislative solution that will provide recourse.

In the closing paragraph of your letter, you asked me to confirm that exceptions to the 120 days' notification rule beyond those identified in my testimony will not be made. Though all the points were covered at one place or another, let me expand upon them here so there is no misunderstanding.

First of all, I was addressing the involuntary removal of crew members. Numerous instances will occur where an individual will volunteer for a job that does not involve flight duties. This is especially true of those members who are dual hatted, i.e., those whose primary skills are ground oriented and who are on flying status by virtue of the need to apply that skill, on a continuing basis, on board an aircraft when it is in flight (radar repairman, for example). Those, who, for one reason or another voluntarily remove themselves (e.g., request separation in order to reenlist for a base of choice, elect to retire, or self-initiate a request for removal from flight status for personal reasons) would be considered exceptions to the 120 days' notification requirement.

Second, there is the "for cause" category. This would include members who are separated from the Air Force for cause, relieved from flight duties for cause (e.g., drug usage, failure to meet skill performance standards, etc.), those who become AWOL or are confined and those who are removed for medical reasons. Incidentally, in this latter case there is a clause written into the executive order which authorizes continuation of pay for 90 days in instances where a member is unable to meet performance requirements because of an incapacitating aviation accident. It is partially because of this clause that we think we have a good case for the amendment discussed earlier.

Finally, there is the category where the aircraft are simply not available in order for the member to perform "frequent and regular" flight at a given installation. This situation could occur when the aircraft are grounded for safety reasons or the unit is deactivated with a less than 120 days' advance notice and all of the unit equipment is transferred elsewhere. These situations will be rare, but we cannot unequivocally state they will not occur.

In closing, I wish to assure you that we are doing everything possible, within the constraints of law as we understand them, to comply with the Congressional mandate in this matter. As noted in the insert for record contained on page 592, Transcript of Hearings (H.A.S.C. No. 93-20) and in my recent testimony, the Air Force is entirely in accord with the policy. Hopefully, a change to the executive order can be obtained which will obviate the need for any involuntary exceptions to the 120 days' notification policy in the future.

Sincerely

JOHN W. ROBERTS,
Lieutenant General, USAF Deputy Chief of Staff, Personnel.

A BEGINNING AND AN END

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, August 12, 1974

Mr. GILMAN. Mr. Speaker, this evening as Gerald R. Ford returns to the House of Representatives to address a Joint Session of Congress as the 38th President of the United States of America, it marks the beginning of a new era in our Nation's history, an era we all look forward to with optimism.

Last week brought an end to a trying, wrenching period for our Nation, as Richard Nixon resigned from the Presidency. It was a sad moment for me as I announced my intention to support article I of the impeachment resolution, charging the President with obstruction of justice. It was an even more difficult time for President Nixon who, recognizing the certainty of impeachment in the House and probability of ultimate conviction in the Senate, desided to resign from the highest office in our land, turning the responsibilities of the Chief Executive over to Gerald Ford. a man in whom the American people have great faith and trust.

While historic perspective must be the ultimate judge of President Nixon's decision, his voluntary removal from office was in the best interests of our Nation. Hopefully, it brings to a close the tragic Watergate episode and all it represents.

It is time now for a reunited Nation to turn its attention to the pressing problems at hand, both foreign and domestic, giving Watergate and all its related events the role it warrants—a memorable lesson from which we all can learn.

It is time now to foster in the hearts and minds of all Americans an era of good will which has been so warmly demonstrated in the first few days of the Ford administration. It is time, too, for our Nation to respond affirmatively to President Ford's request for confirmation by prayers.

Accordingly, let us warmly greet this new era in our Nation's history with the knowledge and confidence that our Constitution is, indeed, in working order; that we have an outstanding leader of solid strength in the White House and that our Nation can and will meet the challenges which lie ahead under the capable leadership of our 38th President, our friend and former colleague, Gerald R. Ford.

IZAAK WALTON LEAGUE ENDORSES LEGISLATION TO SAVE NEW RIVER

HON. WILMER MIZELL

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 12, 1974

Mr. MIZELL. Mr. Speaker, I have always admired the conscientious efforts of the Izaak Walton League of America to conserve our Nation's precious natural resources. Its 55,000 members are a vital force in promoting wise conservation policies for our country. I am proud that the Izaak Walton League supports legislation which would provide for the study of a segment of the New River for possible inclusion in the national wild and scenic rivers system.

I would like to insert into the RECORD the remarks of Maitland S. Sharpe, environmental affairs director for the league, given before the House Interior and Insular Affairs Subcommittee on National Parks and Recreation:

STATEMENT BY MAITLAND S. SHARPE

Mr. Chairman and Members of the Committee: I am Maitland Sharpe, Environmental Affairs Director for the Izaak Walton League of America and a life-long resident of the State of Virginia. The League is a membership organization dedicated to the conservation and wise use of the nation's natural resources, our air, soil, woods, waters, and wildlife. We have more than 55,000 members nationwide, over 6,000 of whom live in Virginia.

The League strongly endorses H.R. 11120, which would designate the New River, from its headwaters in North Carolina to the vicinity of Galax, Virginia, as a potential addition to the National Wild and Scenic Rivers System. We recognize that the river, the hills that cradle it, and the valleys through which it flows could be dedicated to any of a number of competing uses. However, we are convinced that preservation of the river in a free-flowing condition constitutes the wisest use of the resource.

As you know, the Wild and Scenic Rivers Act states that it is "the policy of the United States that certain selected rivers of the Nation which, with their immediate environments, possess outstandingly remarkable scenic, recreational, geologic, fish and wildlife, historical, cultural or other similar values shall be preserved in free-flowing condition, and . . . protected for the benefit and enjoyment of present and future generations."

The New River scores high in *each* of these categories. The scenery varies from wooded mountains to a bucolic landscape of isolated farms along the bottom lands. Blessed with water of unusually high quality, the New is ideally suited to family canoeing and float trips. The upper reaches of the river have been said to offer the best small mouth bass fishing in North Carolina. The natural values of the New were well summarized by the Environmental Protection Agency when it stated that the river is a "major environmental resource of marked scenic, recreational, and biological value."

The biological resource is said to include over 60 species of fish, of which some eleven are thought to be rare or endangered. The botanical province through which the river flows displays an unusual variety of northern and southern plants growing near the limits of their ranges. For example, according to the *Manual of Vascular Flora of the Carolinas*, eight rare vascular plants are found in Ashe and Allegheny Counties, North Carolina. The extraordinary botanical diversity of the area constitutes an irreplaceable scientific resource.

The New also occupies a special niche in the geological history. The Chairman of the Geology Department of Marshall University has claimed that the New is the oldest river in North America—that it has been flowing for over 100 million years. Whether or not that exact figure is correct, it is well established that the New is a very old and geologically significant drainage—a remnant of the pre-glacial Teays River.

Finally, the New River and the valley that it drains possess notable cultural and historical values. It is inhabited by people who are deeply rooted in the land, people who are directly descended from the pioneers who settled the area in the 18th Century. It is one of those rare places where the names on the mailboxes can be matched with those on the decaying gravestones.

The history of the area is not one of great events or outstanding structures. It is, rather, a living, breathing history of everyday life—a continuous, unbroken thread of culture and heritage that stretches through more than two hundred years of American history.

Mr. Chairman, the biological, recreational, and scenic values of the New River have been examined in greater detail in the statement of Mr. Lorne Campbell, President of the New River Chapter of the League. But we believe that even this brief overview shows the New River to be a worthy addition to the National Wild and Scenic Rivers System.

The Izaak Walton League of America urges this committee to act favorably on this proposal to insure for future generations the benefits of a natural, free-flowing New River.

THE 15TH ANNIVERSARY OF CAPTIVE NATIONS WEEK

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, August 12, 1974

Mr. DERWINSKI. Mr. Speaker, the observance of the 15th anniversary of Captive Nations Week here and abroad well demonstrate the deep dedication of countless Americans and friends to principles of liberty, freedom, and fundamental human rights. Despite the ambiguities of détente, evidence from all sections of the country indicates a growing doubt with respect to any policy that would mute these principles, so well enunciated in the Captive Nations Week Resolution (Public Law 86–90), and would seek to operate in some void of the basic reality of captive nations which extend from Central Europe into the Soviet Union, in Asia and to Cuba. Among other things, one of the major contributions of the past observance was the maintenance of official awareness and sufficient popular support of the captive nations and their fixed aspirations for freedom and national independence.

As assembled by the National Captive Nations Committee here in Washington, further examples of the week's events and those leading into the observance should be of considerable interest to our Members as well as our citizenry. I am pleased to report the following: The proclamation of Gov. William G. Milliken of Michigan; the resolution of the Illinois House of Representatives; an editorial on "Remember Captive Nations Week" in the July 16 issue of the Phoenix Gazette; the extensive commentary in the periodical America's Future; and the stirring address delivered by Hon. ROBERT J. HUBER concerning Ukraine:

WILLIAM G. MILLIKEN, GOVERNOR OF THE STATE OF MICHIGAN, PRESENTS THIS EXECUTIVE DECLARATION IN OBSERVANCE OF JULY 14–20, 1974, AS CAPTIVE NATIONS WEEK

Traditionally since 1959, the people of the United States have joined with free people throughout the world in expressing support for the just aspirations of captive peoples through observance of the third week in July as Captive Nations Week.

The desire for freedom and liberty which burns in the hearts of the people of the Albanian, Armenian, Bulgarian, Byelorussian, Croatian, Czech, Estonian, Hungarian, Latvian, Lithuanian, Polish, Rumanian, Serbian, Slovak, Ukrainian, and many other nations dominated by the policies of Communist Russia, is of particular concern to the many people in America who trace their ancestry to these nations.

Freedom-loving peoples of all Captive Nations look to the United States as the vanguard of human freedom, and to the people of our nation as an aid and inspiration in their pursuit of freedom and independence.

Therefore, I, William G. Milliken, Governor of the State of Michigan, do hereby urge all citizens to join, through appropriate prayers, ceremonies and activities, in expressing hope and support for the people of the Captive Nations, and to dedicate efforts to the goal of freedom and liberty for all people throughout the world.

STATE OF ILLINOIS HOUSE OF REPRESENTATIVES HOUSE RESOLUTION

Whereas, In 1959 President Dwight D. Eisenhower and the Congress of the United States designated the third week in July as Captive Nations week in order to focus world attention on the plight of those nations who have lost their national independence as the result of direct and indirect aggression of world communism; and

Whereas, The National independence of Lithuania, Latvia, Estonia, Hungry, Poland, Byelorussia, Rumania, Ukraine, Slovakia, Serbia, Czechoslovakia, East Germany, Bulgaria, mainland China, Armenia, Azerbaijan, North Korea, Croatia, Idel-Ural and other nations has been suppressed by their communist masters; and

Whereas, 1974 marks the 16th anniversary of Captive Nations Week, the observance of which will be marked by a series of special events throughout the United States; therefore, be it

Resolved, By the House of Representatives of the Seventy-Eight General Assembly of the State of Illinois, that we support the aims and aspirations of the people of these captive nations; and that commend the Captive Nations Committee for it's valiant efforts in behalf of the restoration of freedom and democracy in these communist dominated countries; and be it further

Resolved, That a copy of this preamble and resolution be forwarded to Mr. Viktors Viksnins, Chairman of the Captive Nations Committee.

[From the Phoenix Gazette, July 16, 1974]

REMEMBER CAPTIVE NATIONS WEEK

This is Captive Nations Week. First proclaimed 15 years ago, the week is intended to serve as an annual reminder of some 25 peoples or nations that have been swallowed by the Russian bear since 1920.

Obeservance of Captive Nations Week is muted, to say the least. Detente is the big thing now. And even those who are opposed to the idea of detente seem to show little concern for the Lithuanians, the Croations, the Czechs, the Slovaks or any of the other groups under the U.S.S.R.'s Red thumb.

Most of the concern for Russian captives nowadays is focused on the plight of those Jews who want to leave the U.S.S.R. A large item in detente, whether the Soviet Union is to be awarded favored nation trade status, is being tied to the Jewish emigrant issue.

Without taking anything away from the plight of these Jews, it is important not to forget that many other peoples are the victims of Communist persecution and exploitation because of race or religion. Captive Nations Week, is, or should be more than it is, a useful reminder of this.

Has the character of the U.S.S.R. changed? That is the fundamental question to be answered before President Nixon's policy of opening relationships with Moscow should be pushed too far. So far the proof of such change seems thin indeed. Certainly it has not yet been enough to justify forgetting Captive Nations Week.

STILL CAPTIVE

With the hopes and fears of the free world centered on the current era of so-called détente and cooperation with communist regimes, the 15th anniversary this month of a special commemoration has a very definite connection with those hopes and fears. Taking place from July 14 to 20, it is known as Captive Nations Week. It was so designated 15 years ago by the American Congress, its purpose being to let the peoples of the numerous nations which form the communist slave empires of Soviet Russia and Red China know, in the word of the congressional resolution, "that the people of the United States share with them their aspiration for the recovery of their freedom and independence."

Those words may seem to have a somewhat hollow ring in the light of all that has transpired. As the result of agreements reached during the era of détente, and of what has been called our "no-win" policy in Asia, the captive nations are not only still captive but their captivity in some cases has been hardened and made permanent.

Equally significant, as agreement follows upon agreement between the West and its avowed communist enemy, we and our leaders, with good intentions in seeking a peaceful world, tend to forget that many nations of the Red empire became captives as the result of previous good intentions culminating in agreements with communists. This does not mean that there should never be agreements. The West's basic fault seems to be in giving too much and getting very little in return, which stems from failing to understand communism's long-term aims.

Two years ago, following the first batch of agreements in the current era of détente, James Burnham, a foremost authority on communism, made some very prophetic comments in National Review. He noted that those agreements helped to reduce pressure on Soviet Russia in some areas so that she could concentrate on activist policies elsewhere. Those agreements of two years ago, in defiance of the Captive Nations Resolution, seemed to accept and confirm Soviet domination over Eastern Europe. Therefore, Mr. Burnham said, Communist Russia could now use seemingly gentler touches to consolidate her position such as "European security conferences, mutual troop reductions, more disarmament talks, diplomatic recognition of East Germany and its UN admission, strengthening of Soviet industry through trade with western nations."

That, of course, is exactly what has tranpired as we in the West, ignoring the just aspirations of the captive nations, continue to seek peaceful agreements with a regime to which peace means world domination by communism.

ENORMITY AND MEANS

Perhaps it is natural, in this era of so-called *détente*, that not enough attention is paid to the commemoration of Captive Nations Week and the continuing plight of the numerous peoples and nations enslaved in the Russian and Chinese communist empires. But we in the West ignore at our peril both the enormity of those empires and the means by which their peoples became slaves of communism.

Therefore, a bit of history, particularly for our younger citizens many of whom do not get it in their schools, is in order. First, the names of the captive nations: Armenia, Azerbaijan, Byelorussia, Cossackia, Georgia, Idel-Ural, North Caucasia, Ukraine, Far Eastern Republic, Turkestan, Mongolian People's Republic, Estonia, Latvia, Lithuania, Albania, Bulgaria, Yugoslavia (comprising Serbia, Croatia, Slovenia, etc.), Poland, Rumania, Czechoslovakia, North Korea, Hungary, East Germany, Mainland China, North Vietnam, and Cuba.

Nearly half these nations, now inside the Soviet Union, fell to communist aggression more than half a century ago. Others lost their independence and freedom a quarter of a century ago following the Second World War, and still others more recently. *Détente* or no *détente*, there are two reasons why we must not forget their fate. For one, the United States, in her relatively brief history as a nation, always has been an example and a beacon for liberty-loving peoples everywhere. For another, there are grave lessons for us in the West in the manner in which some of these nations fell under the iron heel of communism.

The European phase of World War II, one of the bloodiest wars in the history of mankind, was set off because of combined communist and Nazi aggression against Poland. It was in defense of her freedom and independence that the West went to war. But Poland is now, and has been since the end of the war, one of the captive nations of the Red empire. She became so as the result of agreements reached between our leaders and the dictator of Soviet Russia at the war and post-war summit conferences in Teheran and Yalta. That was also the fate of Czechoslovakia. As the war neared its end in Europe, the allied armies under the famous General George Patton were about to capture its capital, Prague, from the Nazis. But General Patton was ordered to hold back and let the Russians, then known as "our noble allies," take Prague.

At the Yalta conference, Germany was carved up, the eastern part going to the communists. In the case of Berlin, Germany's ancient capital, the allied armies were stopped in their tracks from taking the city so that the Russians could get their first. The city itself was subsequently cut in half, with free West Berlin left more than 100 miles inside Communist East Germany.

Also at the Yalta conference, the groundwork was laid for the communist takeover of mainland China and the communization of North Korea, which led to both the Korean and the Vietnam wars. The record of other post-World War Two captive nations is a similar and a long one which we do not have space to detail.

The answer frequently made to this sorry record is that the western leaders of the time negotiated agreements with the Reds in good faith, which undoubtedly was true, and that all they really intended was that Soviet Russia exercise a certain degree of leadership over Eastern Europe until and on the promise that free elections were held in the various nations. The contention is that Soviet Russia broke the agreements by not holding free elections, which is also true. But Soviet Russia always breaks agreements whenever it suits her purposes. And were western leaders really so unsophisticated that they believed Communist Russia would ever hold free elections anywhere?

SERIOUS LESSONS FOR THE WEST

There are very serious lessons in all this for the West, particularly for those beguiled by détente. Making agreements, concessions and accommodations with communists, with no quid pro quo or very weak ones for the West, does three things: (1) It helps entrench in power the communist bosses, whose economic system is so shaky it cannot function without help from free nations. (2) It convinces the Reds that the West is weak, perhaps foolish, and can be had. (3) It weakens almost fatally the morale of the ground-down populations in the captive nations—indeed even inside Red Russia and Red China—who hunger for freedom but see the citadel of liberty, the United States, to which they always have looked for inspiration, speaking and acting not for their just and good cause but to shore up and help the regime of their slave masters.

There is another very dire consideration, which we repeat because it was made by a topflight expert on the captive nations, Dr. Lev E. Dobriansky of Georgetown University. He said: "National dishonor in Vietnam, Moscow's attainment of military superiority, economic regress in world markets, and further moral decline in our nation can easily reduce us to a second-class power, and with our striking incapacities in the art of political warfare, it is no frightful exaggeration to state that we, too, would become a fitting candidate for the captive nations list."

Let us hope he is too pessimistic, that we will wake up before it is too late. Part of that awakening is to understand not what we, but what the communists mean by détente. The journal which speaks for communist parties all over the world, the World Marxist Review, sees détente as a "formalized acknowledgement on the part of U.S. imperialism of the position of power occupied by the socialist [that is, communist] community of states."

ADDRESS BY CONGRESSMAN BOB HUBER

WASHINGTON, June 22.—Attached are remarks prepared for delivery at 2:00 p.m., Saturday, June 22, 1974, by Congressman Robbert J. "Bob" Huber of Michigan's 18th Congressional District who is representing the House of Representatives on the occasion of the tenth anniversary of the unveiling of the Taras Shevchenko monument in Washington, D.C.

"This monument, it will be recalled, was unveiled by the former President Eisenhower and this occasion, during which his family is to be represented, will again provide an occasion for articulating the cause of freedom for the Ukrainians as well as for all captive nations everywhere in the name of this renowned Ukrainian intellectual and freedom fighter," Huber stated.

SHEVCHENKO STATUE, SATURDAY, JUNE 22, 1974

Distinguished guests, ladies and gentlemen, I appreciate the opportunity to be present today and share this tenth anniversary of the unveiling of this statue of the distinguished Ukrainian poet, Taras Shevchenko.

I will not, nor need I, recite what is going on in the Ukraine today. The Ukraine is, and continues to be, a prime center of unrepentant nationalism and cultural unrest that struggles against Communist domination. It has nearly always been so, and this is not strange since the cradle of some of the best in Slavic civilization and culture arose from the so-called Kievan State. In the best tradition of the area, dissent came and comes from the writers, the poets—the intellectuals. We all hear of the Solzhenitsyns and the Sakharovs, but every day in the Ukraine and in the other captive nations, hundreds—perhaps thousands—of little people are working to burst the Communist shackles, unbeknownst to many of us.

In the Congress, we have a special responsibility in this regard at the present time, because we are living through a period of so-called "Detente", during which our differences with the Communist Governments are being muted by some in our government in favor of trade and certain agreements such as Salt I and Salt II, which we can all take with just a grain of ———. Therefore, since many of our spokesmen in the Executive Branch now only speak of trade and detente, it falls to us in the Congress to speak of freedom, human rights, and self-determination for those living in the captive nations. It is we who have to assist persons like yourselves in speaking out for human freedom and dignity on *both* sides of the Iron and Bamboo Curtains. If no one appears to listen, the Congress can and should write these matters into law and forbid the President from making trade concessions to the Soviet Union until such time as we see real concessions to the Ukrainian people and others indicating that a minimum of human rights, such as freedom of emigration, as generally conceived by most people of the world, are being accorded persons behind the Iron and Bamboo Curtains.

Now there are those who say that the Congress should not take these actions—that we are usurping too many foreign policy prerogatives of the President and that we should not interfere in the "internal affairs" of the Soviet Union. One might then ask, since when has the Soviet Union stopped interfering in our "internal affairs"? Certainly, there is no evidence to indicate that the Soviets have dropped the Marxian concept of the "class struggle" nor their view that there will never be a peaceful world until all nations are Communist Nations. A good Communist considers it his or her duty to proselyte for Marxism-Leninism. We can and should do no less, indeed we should do more, in the cause of Ukrainian freedom and freedom for all the captive nations.

Again, another criticism that is heard says that declarations and speeches in the Congress as well as resolutions are not noticed and do not affect the actions of the USSR. But they do and the case of Solzhenitsyn proves it, in my view. The Soviets are very sensitive to these things. I know from personal experience that a copy of my press release discussing the resolution I introduced to grant Solzhenitsyn and Sakharov honorary U.S. citizenship had not been on the United Press International wire for more than an hour before the number three man in the Soviet Embassy here arrived at my office and asked for a copy of the resolution as well as inquiring about the bill's prospects.

So, in my view, the gathering here today is a re-dedication to the fight for freedom by again honoring one who won his laurels in the struggle against Tsarist autocracy—Taras Shevchenko. I know that most of you are very active on this front and I know that sometimes you get discouraged, as I do, about the tide of battle, but we cannot and will not give up. I pledge to you to continue and intensify my efforts on behalf of the Ukraine and all captive nations and hope you will join me in the redoubling of your efforts. In this way, we can render the greatest honor possible to a great man whose statue looms over us—Taras Shevchenko. Thank you.

MOBILE HOME POSTAL SERVICE

HON. LES ASPIN

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Monday, August 12, 1974

Mr. ASPIN. Mr. Speaker, last week I wrote to Postmaster General Klassen concerning a serious problem that many mobile home owners are experiencing—the refusal of local post offices to accept change of address records from mobile home owners.

This situation has caused a great deal of inconvenience for many of our citizens who have chosen to live in mobile home parks. Very often their mail is not forwarded properly after they move since the change of address cards are held by the mobile home park operators and not the local postmaster. Of course, the park operators have other concerns and keeping track of address changes probably does not rate too high on the list of their priorities.

For this reason I have asked Postmaster General Klassen to initiate new procedures in the Postal Service to insure that change of address cards are held at the local post offices, rather than at the mobile home park.

I think this change in policy would make a great deal of sense because mobile home owners should be receiving the same kind of mail service that conventional home owners expect. From recent statistics we have learned that fully 50 percent of the new housing market in this country is in mobile home ownership. To continue this kind of discrimination is neither equitable nor good postal policy.

I hope my colleagues will join me in urging the Postmaster General to rectify this anachronistic practice.

PERSONAL EXPLANATION

HON. WILLIAM S. COHEN

OF MAINE

IN THE HOUSE OF REPRESENTATIVES

Monday, August 12, 1974

Mr. COHEN. Mr. Speaker, I greatly regret that due to commitments in my State I was unable to return to Washington in time to vote in favor of H.R. 14214, the Health Revenue Sharing and Health Services Act of 1974. I would like to take this opportunity to express my strong support for this measure, which extends and improves several of our Nation's most important health programs. These efforts are vital to maintaining and strengthening the standard of health in this country, and I am very pleased to note the overwhelming support that this measure has been given today by my colleagues.

SENATE—*Tuesday, August 13, 1974*

The Senate met at 11 a.m. and was called to order by the President pro tempore (Mr. Eastland).

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

Almighty God, our help in ages past, our hope for years to come, we thank Thee for the demonstrated durability of our institutions and the dependability of our instruments of government. Make us good men for good times in a good land. Manifest Thy presence and power in our daily work. Move us to a deeper dedication to a high national purpose, to bind up the Nation's wounds, to heal our divisions, and to do what must be done for the moral and spiritual renewal of this Nation and for the coming day of justice and peace among the nations of the world.

We pray in His name who is King of Kings and Lord of Lords. Amen.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Monday, August 12, 1974, be dispensed with.

The PRESIDENT pro tempore. Without objection, it is so ordered.

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that all committees may be authorized to meet during the session of the Senate today.

The PRESIDENT pro tempore. Without objection, it is so ordered.

TAX REFORM

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the Record copies of letters I have written to constituents who have written to me relative to S. 3657, a tax reform measure which Representative Wilbur Mills and I introduced in the 92d Congress but did not reintroduce in the 93d Congress, and a letter relative to my position on H.R. 636, the new Tax Policy Review Act, introduced in the House of Representatives.

There being no objection, the letters were ordered to be printed in the Record, as follows:

Office of the Majority Leader,
Washington, D.C.

Dear ——— ———: This will acknowledge your communication regarding S. 3657, a tax reform measure Congressman Wilbur Mills and I introduced in the 92nd Congress.

I have received a tremendous amount of mail on this proposal and I wish to take this opportunity to tell you that the bill has *not* been reintroduced in this 93rd Congress. Therefore, the issue will not come up for discussion.

The bill was introduced in 1972 in an effort to bring about a review of *all* of our tax laws. It would have required attention to each item under the law but in no way took a predetermined position as to whether or not existing exemptions or benefits should be repealed, strengthened or maintained as they are.

As a matter of fact, the proposal relative to churches would have been retained. That, certainly, was my intention and I have no doubt whatsoever but that that would have been the case had the hearings been held on the tax reform measure.

With best personal wishes, I am

Sincerely yours,

Mike Mansfield.

Office of the Majority Leader,
Washington, D.C.

Dear ——— ———: This will acknowledge receipt of your communication expressing opposition to H.R. 636, the new Tax Policy Review Act introduced in the House of Representatives.

This measure has not been introduced in the Senate and I want you to know that I am opposed to any change in the existing tax provisions which provide benefits for contributors to religious and charitable organizations.

With best personal wishes, I am

Sincerely yours,

Mike Mansfield.

THE SELECTION OF A VICE PRESIDENT

Mr. HUGH SCOTT. Mr. President, former Vice President Marshall used to say that what this country needs is a good 5-cent cigar. What this country does not need is a 5-cent Vice President.

As the search goes on, I hope—in fact, I am quite sure—that the President will consider the attributes of many men and women who are well fitted for this office. He will consider the Governors and former Governors, men and women in civic life, in the ranks of labor, and people of all colors and creeds.

Mr. EAGLETON. Mr. President, will the Senator yield on that point?

Mr. HUGH SCOTT. I am glad to yield. As an expert on the Vice-Presidency, I yield to the Senator from Missouri. [Laughter.]

Mr. EAGLETON. Does the Senator from Pennsylvania consider as a relevant qualification past practice, however brief, in aspiring to the office of the Vice President?

Mr. HUGH SCOTT. I would be delighted to consider past practice and expertise. In my judgment, the Senator from Missouri always has been a good Vice President. [Laughter.]

Mr. EAGLETON. Would the Senator from Pennsylvania consider putting me on his list, at least as a footnote?

Mr. HUGH SCOTT. I would be glad to do so, as I have done with other Senators on the Democratic as well as the Republican side of the aisle.

Mr. EAGLETON. I thank the Senator.

Mr. HUGH SCOTT. I was about to say that we have great talent in this body among Senators who are qualified to be Vice President, talent in the other body, talent among the Governors and former Governors, and in many other areas.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. HUGH SCOTT. I yield.

Mr. MANSFIELD. The attendance has been so good this year, that I would hope the distinguished Republican leader would not push that idea too far. [Laughter.]

I also would hope that the Senator from Pennsylvania would not forget to mention the possibility of a woman Vice President. Who knows more about inflation than women, and who could perhaps do more to keep us out of war than they?

Mr. HUGH SCOTT. Those are two excellent points.

I did discuss with the President, on Sunday, the qualifications of various women. Among those considered were Anne Armstrong, of Texas; Margaret Heckler, of Massachusets; Marjorie Holt, of Maryland. I discussed our Senators. I could run the whole roster.

I discussed for example, Senator Cook, Senator Stafford, Senator Taft, Senator Baker, Senator Brock—and if my time were not limited, I would go all down the list. I particularly discussed Senator Goldwater. I would like the Record to show that I discussed all Senators and discussed them all favorably, and I want them all to know it. [Laughter.]

The PRESIDING OFFICER (Mr. Metzenbaum). Without objection, the Record will show that the Senator discussed all Senators.

Mr. HUGH SCOTT. I thank the Presiding Officer.

I want the Record to show that I am

virtually invulnerable on that point, however vulnerable I am on others. I know that I have to live here, and I know the terms and conditions under which I survive. [Laughter.]

ORDER OF BUSINESS

The PRESIDING OFFICER. Under the previous order, the Senator from West Virginia (Mr. ROBERT C. BYRD) is recognized for not to exceed 15 minutes.

Mr. ROBERT C. BYRD. Mr. President, I yield the time allotted to me, or as much thereof as he may desire to use, to the distinguished Senator from Missouri (Mr. EAGLETON).

Mr. EAGLETON. Mr. President, I thank the distinguished Senator from West Virginia for his considerable and customary courtesy.

BILL TO REVOKE SEATBELT INTERLOCK AND BUZZER

Mr. EAGLETON. Mr. President, last week I introduced a bill (S. 3840) with the Senator from New York (Mr. BUCKLEY) to revoke the DOT regulation requiring the interlock seatbelt and buzzer system in new automobiles. Our bill would require manufacturers to continue to offer such equipment but would leave the decision to purchase the devices up to the individual.

To date, this bill has 15 sponsors. Besides myself and Senator BUCKLEY, they are Senators DOMINICK, DOMENICI, INOUYE, CHURCH, STEVENSON, BENNETT, SYMINGTON, WILLIAM L. SCOTT, HRUSKA, HANSEN, BROCK, NELSON, and HATFIELD.

Mr. President, I ask unanimous consent that the names of any of the aforesaid Senators who have not yet officially been listed as cosponsors be now listed as cosponsors.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. EAGLETON. I take note of the action of the House yesterday in overwhelmingly adopting an amendment to the Motor Vehicle and Schoolbus Safety Act to make buzzers and interlock systems optional rather than mandatory equipment, although that measure goes further than the bill I have introduced in the Senate.

Mr. President, rarely have I been associated with a piece of legislation that has attracted such widespread interest and support from people of all political persuasions from every part of the country. The issue is rapidly becoming the No. 1 subject of my mail.

Expressive of the resentment felt by many Americans toward this act of Federal "big brotherism" was a letter from a New York City physician thanking me for introducing the bill and inquiring as to who was responsible for the mandatory seatbelt regulations in the first place. He wrote:

> Would you please oblige by advising me of the name and whereabouts of the culprit, as I expect to dedicate every waking moment from my practice to driving him from public life.

A woman from San Francisco wrote saying she could have jumped for joy when she heard the news on her car radio,

> But, of course, I couldn't because of the misguided regulation issued by the Transportation Department.

A gentleman from my own State of Missouri made an important point when he wrote,

> The Rube Goldbergian arrangement of the interlock system could cause a disaster under the occurrence of a stalled motor in moving traffic when a quick restart and a quick move out of a heavy traffic situation is required to prevent collision.

A woman writing from Hawaii related her problems with a 1974 car:

> My husband had a stroke and it's hard enough to get him in the car without having to buckle him up. I am in and out of the car on every little trip and to have to buckle and unbuckle up all the time is very frustrating to put it mildly.

A great many individuals have found ways to get around these systems, including a woman from San Francisco who wrote:

> I felt like I was in a straitjacket. A good friend has overcome this harnessing up for me and has made a copy of the metal seat belt insert and I can now drive without buckling up.

I personally believe every driver should use seatbelts and I believe they should be encouraged to do so. But I do not believe that the Federal Government has a right to order an individual, in a matter that concerns only himself, to do something that it thinks is in his best interest.

Mr. President, the very few letters I have received in opposition to my seatbelt bill start with the assumption that buzzers and interlocks will lead to a substantial decline in auto accident deaths and injuries.

The fact is that considerable question has been raised about the effectiveness of these systems by two recent studies conducted for the Insurance Institute for Highway Safety.

The research was done by Drs. Leon S. Robertson and William Haddon, Jr., over a period of months using actual observations of drivers instead of the highly suspect interview and questionnaire method.

Not surprisingly, considering the nature of the system, one study found that seatbelt use had increased significantly in cars equipped with an interlock device. However, fully 41 percent of the drivers were not wearing seatbelts at the time of observation. Another 11 percent were wearing lapbelts only.

Apparently, these drivers have found ways to disconnect or circumvent the system, leaving themselves unprotected or only partially protected in the event of an accident.

It bears noting that the interlock system as mandatory equipment is less than a year old. If nearly half of the owners of such cars have already found a way around the system, one has cause to wonder what the studies will show a year hence.

According to Dr. Robertson, as a result of research conducted after the interlock system was mandated:

> The National Motor Vehicle Safety Advisory Council recommended "that the National Highway Traffic Safety Administration withdraw those provisions of FMVSS 208 which require starter restraint system interlocks," but the recommendation was unheeded. Thus, the improved belt use in 1974 vehicles was not one based on a standard developed from testing in the field.

On automobiles equipped with seatbelt buzzers, only 18 percent of the drivers observed were found to be wearing seatbelts. That compares with 16 percent of the drivers operating vehicles without a buzzer system—a difference which the researchers found was not even statistically significant. Thus again, according to the authors:

> The buzzer-light system can only be described as a public health failure. It is unlikely that it will contribute to a reduction in overall frequency or severity of injuries associated with motor vehicle crashes, which was its purpose under the statute providing for motor vehicle standards.

Mr. President, the Insurance Institute for Highway Safety is a research organization for all the major auto insurance associations. The interest of these organizations in promoting highway safety is beyond question.

I think the results of research sponsored by the institute are highly significant and I ask unanimous consent that the conclusions of the study by Dr. Leon Robertson entitled "Safety Belt Use in Automobiles With Starter-Interlock and Buzzer-Light Reminder Systems" be printed at the conclusion of my remarks together with the conclusion of a study by Drs. Robertson and Haddon entitled "The Buzzer-Light Reminder System and Safety Belt Use." I also ask, Mr. President, that a sample of my letters on this subject be printed at the end of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibits 1, 2, and 3.)

Mr. EAGLETON. Mr. President, if I have time remaining, I should like to add one comment to what has been said.

The PRESIDING OFFICER. The Senator from Missouri has 7 minutes remaining.

Mr. EAGLETON. Thank you, Mr. President.

I have not thumbed through all the letters I have just presented for the RECORD. I take it that they are a fair sample of the voluminous mail we have been receiving on this subject. I know not whether one particular letter was put into the RECORD, so I would like to describe it verbally.

A citizen—I forget from which State—wrote to me, again on this instant bill, and he was a gentleman who had been instructed by his wife to go to the neighborhood supermarket to get a 30-pound turkey for a group of people they were having over for dinner. It was a two-door 1974 car with no back seat. Naturally, it had the safety belt buzzer interlock system. So he, like any good citizen, purchased his turkey and got into car and placed his turkey on the seat next to him. Of course, the buzzer went off wildly and the interlock locked.

Being a thoughtful and prudent citizen, however, he resolved his dilemma. He strapped in his 30-pound turkey and both he and his turkey made a safe journey home.

Mr. President, the interlock buzzer system is really a "turkey." It is a colossal example of big brotherism at its absolute pinnacle, using "pinnacle" in a very negative sense of that word. It is a direct intrusion on the right of any individual to make a free and responsible judgment, on his own, for his own self-protection. The sooner we do away with this, the better it will be, Mr. President, because for every owner of a 1974 car, this buzzer and interlock system is a daily reminder of where the Federal Government has run amok.

Unfortunately, it will also be the case with the 1975 cars. My wife is contemplating the purchase of a 1975 car. She does it with a saddened heart, because she knows that for all the years that she will keep that 1975 car, she will be interlocked and buzzed to death. But she has no choice, since her car is of a geriatric age.

So, for those in future, Mr. President, 1976 and henceforth, at least we can offer some comfort to them by doing away with this colossal "turkey."

Mr. TOWER. Will the Senator from Missouri yield?

Mr. EAGLETON. I am pleased to yield.

Mr. TOWER. I wish to associate myself with the remarks of the distingushed Senator from Missouri. I am one of those to whom a dog is man's best friend, but my dachshund can no longer ride with me in my car, because his seat belt does not work and he sets off the buzzer.

Mr. EAGLETON. How heavy is the Senator's dachshund?

Mr. TOWER. He is a small one.

Mr. EAGLETON. Did the Senator hear me describe the situation with the 30-pound turkey?

Mr. TOWER. Yes. My dachshund does not weigh 30 pounds.

Mr. EAGLETON. We in Missouri are very partial to turkeys.

Mr. TOWER. We do not eat dachshunds, let me make that clear.

Mr. EAGLETON. I see. Well, I share the Senator's sentiments because I have a wonderful, sad-eye beagle—Pumpkins, by name—who is part of our family.

Mr. TOWER. I appreciate what the Senator has said. I understand the Senator has a bill pending on this subject.

Mr. EAGLETON. Yes, it passed the House.

Mr. TOWER. I know it passed the House. I ask the distingiushed Senator from Missouri that I be added as a cosponsor.

Mr. EAGLETON. Mr. President, I ask unanimous consent that the Senator from Texas be added as a cosponsor.

The PRESIDING OFFICER (Mr. METZENBAUM). Without objection, it is so ordered.

Mr. STAFFORD. Will the Senator yield further?

Mr. EAGLETON. I yield to the Senator from Vermont.

Mr. STAFFORD. I might add, without editorial comment, that Mrs. Stafford and I rented a 1974 car. That is the only way, in our impecunious state that we can afford to drive a late model car. We were back home. Mrs. Stafford was driving; I was sitting on the righthand side of the car. Every time I put my left hand down on the left side of the seat, the horn blew, the buzzer went off, the ignition turned off, so we could not drive the car.

Mr. EAGLETON. Mr. President, I yield back the remainder of my time. I thank, once again, the distinguished Senator from West Virginia. Does he wish me to withhold for a moment?

The PRESIDING OFFICER. The Senator from West Virginia has 2 minutes remaining.

EXHIBIT 1

SAFETY BELT USE IN AUTOMOBILES WITH STARTER-INTERLOCK AND BUZZER-LIGHT REMINDERS SYSTEMS

(By Leon S. Robertson, Ph. D., Insurance Institute for Highway Safety)

CONCLUSIONS

This study indicates that belt use was increased in urban areas by the introduction of the interlock system in 1974 vehicles. At least a lap belt was in use twice as frequently in 1974 vehicles equipped with the interlock system as in 1973 vehicles equipped with the buzzer-light system observed under the same conditions. In spite of the interlock system, however, 41 percent of drivers in the 1974 vehicles were not using any belts. Thus, they continued to be unprotected by restraint systems in low to moderate speed, as well as high speed, crashes.

The difference in belt use between 1974 vehicles and 1973 vehicles is much greater than year-to-year differences in belt use observed in our earlier study, at least during the first few months of the interlock availability. The similarity of belt use in vehicles recently registered compared to those registered a few months earlier suggests that the interlock's effect on belt use persists for at least a few months. Observation of equipped vehicles after they have been in use for longer periods of time will be required before it can be assumed that the effect is permanent.

Two studies in 1974 model cars have reported higher use rates in interlock equipped cars than those observed here. Ford Motor Company reported 63 percent lap-and-shoulder belt use among drivers who responded to a request to appear at a predesignated site for an interview about their new Ford produced car. General Motors reported 58 percent lap-and-shoulder belt use by drivers in General Motors 1974 model cars observed in use at various sites in the Detroit metropolitan area. The difference in percent belt use between the Ford study and the General Motors study is the reverse of that found in this study, where Ford produced cars were found to have less belt use than General Motors produced cars. The Ford report did not indicate what proportion of the new car owners who were invited to the interview actually appeared, but in an earlier Ford study of the buzzer-light system in 1972 cars, using the same type of invitation, only 20 percent of drivers invited to bring in their cars actually did so. On the basis of decades of documentation by behavioral scientists and others, such a sampling procedure or response is inadequate even for a marketing study of nonsafety related aspects of cars, and particularly so when the issue involves the potential of injury to large numbers of vehicle occupants.

The difference in percent belt usage between the General Motors study and the study reported here, using similar methods, could represent differences in the cities studied or the mix of city and suburban sites used in the two studies. General Motors reported 40 percent belt usage in 1974 cars observed in the city compared to 65 percent usage in those observed in the suburbs.

The large differences among usage rates in vehicles produced by different manufacturers could be a result of differences in the equipment installed, manufacturer and dealer communications regarding belts, and possibly other factors. The smaller or nonexistent differences in belt usage found between racial, sex, and age groupings suggest that, if human differences are involved, they are not systematically distributed by race and only to a small degree by sex and age.

Although the percentages were different, the lack of difference in belt use between buzzer-light equipped and nonequipped vehicles in the 1972 model year was the same as that reported in our 1972 study using the same methods. Other studies have reported differences in buzzer-light equipped and nonequipped vehicles, but these involved drivers in company owned vehicles in one case and drivers that volunteered to bring their cars in for interviews in another, or included an unreported proportion of studied drivers who were interviewed about belt use after being stopped on the road. In the first instances the principles of scientific sampling were violated; in the latter, the overestimate of belt use rates from interview data, scientifically well documented, was ignored.

The validation study reported here shows some underestimation of use of lap belts without the shoulder harness but the error is less than that found in studies finding overestimates using interviews. The error encountered in using the observation method is not sufficient to invalidate the conclusions of this and earlier studies using the method.

Adequate observation methods and samples are essential to avoid bias both by the observers and the observed. This is best accomplished when observers do not know the specific purpose of the study and the observed persons cannot anticipate the observation and perhaps alter their behavior accordingly. Inaccurate estimates of safety belt use can be expected from use of measures that allow possible observer bias or allow the observed to anticipate and possibly react to the observation situation. By use of appropriate scientific methods, these problems were avoided in the work reported here.

Also essential to effective public policy is rational decision making based on the results of well designed and executed research. Curiously, the decision by the National Highway Traffic Safety Administration to adopt the standard allowing the interlock belt system as an alternative to passive restraints was made in spite of the fact that the Administration's own study of rental cars especially equipped with various combinations of buzzer-light and interlock systems showed no significant difference in belt use among drivers in cars with different types of systems. In that study drivers in vehicles with belt use inducement systems were about equally more likely to use belts than in cars with no inducement system. The present study shows that belt use in interlock equipped cars is higher in rental than in privately owned cars. Use of belts in rental cars could be affected by the select population who rent cars, the fact that the cars are not their own, the way in which the cars are maintained, and the like. However, such considerations are nowhere evident in the deliberations that preceded the issuance of the interlock standard. After being presented with the rental car study, the National Motor Vehicle Safety Advisory Council recommended "that the National Highway Traffic Safety Administration withdraw those provisions of FMVSS 208 which require starter restraint system interlocks," but the recommendation was unheeded. Thus, the improved belt use in 1974 vehicles was not one based on a standard developed from testing in the field.

The increased belt use in 1974 vehicles will undoubtedly reduce the incidence and severity of injury in these vehicles. In Australia when safety belt use was required by law, belt use rates increased to 60 percent in rural and to 75 percent in urban areas during the first year of the law accompanied by significant reductions in fatalities and serious spinal cord injuries that result in paralysis. As in the case of the interlock, there is the possibility that the effects of safety belt use laws are temporary. Further study will be necessary to document the degree to which the effects are sustained.

The history of public health policies indicates that passive approaches are more certain and permanent in ameliorating human damage than active approaches. The U.S. Department of Transportation has issued a notice of a proposed standard for 1977 model and subsequent passenger vehicles that would require passive protection to all front seat occupants in 30 mile per hour frontal and angular and 20 mile per hour lateral crashes into test barriers. Such a proposal was originally issued in 1969 with a January 1, 1972 effective date. The options that allowed buzzer-light and interlock systems were among the compromises that allowed the delay in implementation of the passive standard. Evaluations of current passive restraint technology indicate that it is possible not only to meet but exceed the protection required in the standard for 1977 cars. The available technology and the evidence that 40 percent of drivers in interlock equipped cars are not using any belt restraints suggests that further delay in the implementation of the proposed passive restraint standard would not be in the public interest.

Exhibit 2

The Buzzer-Light Reminder System and Safety Belt Use

(By Leon S. Robertson, Ph. D. and William Haddon, Jr., M.D., Insurance Institute for Highway Safety)

DISCUSSION AND CONCLUSIONS

The evidence presented here indicates that the buzzer-light system had no statistically significant effect on the safety belt use rate in equipped vehicles compared with nonequipped vehicles operated under the same conditions.

Perhaps some persons were more inclined, and others less, to use belts when confronted by the buzzer-light system. However, given the large sample size considered here and the lack of statistically significant difference in the overall belt use rate of drivers in equipped and nonequipped vehicles, the buzzer-light system can only be described as a public health failure. It is unlikely that it will contribute to a reduction in overall frequency or severity of injuries associated with motor vehicles crashes, which was its purpose under the statute providing for motor vehicle safety standards.

The two studies that were done of the buzzer-light system before the standard went into effect were scientifically inadequate. In 1970 the then National Highway Safety Bureau installed five different combinations of belts, lights and buzzers in General Services Administration cars used by Federal employees. Drivers were given a letter from the bureau director explaining the purpose of the study and a questionnaire on which the drivers were to use and opinions of the systems. The number of questionnaires given out was not determined. Of the 174 questionnaires returned, 33 were not counted because the prototype systems malfunctioned and an additional 21 "were not filled out properly or completely." Two-thirds of the 120 drivers returning usable questionnaires claimed that they used the safety belts in their private vehicles before the study. Ninety-five percent claimed to have used the belts in the vehicles equipped with the reminder system and two-thirds said they would not object to having them in their private vehicles.

Among the scientific inadequacies of the Safety Bureau study—any one of which would have been sufficient to invalidate the results—were the following: (1) The extent to which questionnaires were returned on the basis of interest in the issue of belt use, and were therefore unrepresentative, is unknown. (2) The scientifically documented discrepancy between claimed and actual belt use, already known at that time, was ignored. (3) Also ignored was the fact that people often change their behavior or claimed behavior as a result of being studied rather than a result of experimental conditions, as has been repeatedly documented by behavioral scientists since the studies of workers in the Hawthorne plant of Western Electric Company in the 1920's. (4) Finally, the authors ignored the fact that a General Services Administration Order requiring that "each GSA employee operating or riding in an interagency motor pool vehicle shall wear his seat belt at all times while the vehicle is in motion" had been in effect since 1967. A number of other agencies using GSA cars had similar policies.

A second effort, conducted for Ford Motor Company, involved observing and questioning 100 drivers about various "advanced features" in new cars they had accepted for test driving for 30 days, the buzzer-light system being among the "advanced features." Fifty drivers in Houston and 50 in Minneapolis were selected for low claimed belt use by means of a preliminary telephone survey. None of these drivers claimed to use belts "almost always" or "more than half the time" in the preliminary survey but 64 percent in Houston and 80 percent in Minneapolis did so after using the vehicles with the system. Observation of actual use was done by the interviewer during a half-hour drive both before and after the interview. Specifically, the interviewers were instructed to sit in the front outboard passenger seat and wait for instructions from the driver as to safety belt use and to record the driver's behavior. Over 60 percent of the Houston drivers and over 80 percent of the Minneapolis drivers used their belts. The interviewers reported that over half of the drivers in Houston and over two-thirds in Minneapolis instructed the interviewer properly as to safety belt use. It is noteworthy that even after the short period of test driving, the system was already "bypassed" (". . . the easiest way to do this was simply to buckle the seat belt in a permanent fashion and throw in behind the driver or passenger.") on the passenger side in 40 percent of the Houston vehicles and 30 percent of the Minneapolis vehicles.

The Ford sponsored study contained a major flaw. The researchers did not adequately plan the study to preclude the possibility that the studied drivers would behave according to their perception of the researchers' expectations that they wear safety belts. The studied drivers were "given an intensive introduction to the vehicle, complete with test drive and a thorough explanation of the operation of all features which it contains." This, coupled with the pre-study telephone interview about safety belt use, could easily have created a perception of the expectation that safety belts should be used.

The researchers attempted to learn of possible effect of experimenter expectations by asking the studied drivers if they thought that there was "a feature of special interest" to the researchers. When less than 20 percent of the drivers mentioned the seat belt system, the researchers discounted experimenter expectations as importantly influencing the results. Given the importance of the issues involved, the then known discrepancy between self claimed and actual belt use, and the relative ease with which an unobtrusive measure of belt use could have been obtained, such an approach cannot be considered as acceptable either scientifically or as the basis for a major public policy decision. Nor was it necessary technologically: it would would have been a simple matter to install a device in each vehicle to record, unbeknowst to the vehicle users, detailed information concerning belt usage rates.

If the intent of the statute providing for motor vehicle safety standards to reduce death and injury on the highways is to be further realized, much better science and much better standard setting based on that science must be forthcoming. Previous scientific evidence that approaches directed toward changing driver behavior have little, if any, effect is augmented by the present study.

On the other hand, initial standards that require passive approaches to protect crash-involved vehicle users, such as by converting steering assemblies and windshields into energy absorbing systems, have been shown to be substantially successful.

It is evidence that passive approaches must be pursued more vigorously. Of course, specific passive devices must also be researched properly before they are generally applied. The principle that properly designed field studies should demonstrate efficacy of a public health policy before it is applied to the general population is as applicable to injury amelioration as it is to vaccine or drug testing. A program of coordinated research, development, field testing and implementation of a broad range of approaches employing scientifically based principles for the amelioration of all kinds of damaging energy exchanges, including those involved in all vehicle crash injuries, is well within our capability as a society, and has been for some time.

Hopefully the armchair approach and inept science illustrated by the buzzer-light case will soon be replaced by competent science.

TABLE 1.—OBSERVED SAFETY BELT USE IN 1972 VEHICLES

[Yates corrected Chi-square=2.88, 1 d.f., p=0.09]

Safety belt	Buzzer-light equipped		
	Yes	No	Total
In use	501	441	942
Percent	18	16	17
Not in use	2,363	2,354	4,717
Percent	82	84	83
Total	2,864	2,795	[1]5,659
Percent	100	100	100

[1] 86 cases (less than 2 percent of the total) were eliminated because the observers were unsure that the belts were in use.

Exhibit 3

Sample of Letters to Senator Eagleton

Chicago, Ill.

Dear Senator Eagleton: I was so pleased to read in the Chicago Daily News tonight that you and Senator Buckley have introduced legislation to have the seatbelt buzzers removed from cars.

I agree that is total "big brotherism"—Seatbelts should be installed for those who wish to use them, and I use them—But to make it so mandatory, I feel, is utterly annoying.

Good luck. I hope your legislation is passed.

St. Louis, Mo.

Dear Senator: I applaud this move. The seatbelt law probably is the most flagrant example of rampant paternalism.

San Francisco, Calif.

Dear Senator Eagleton: Congratulations on your and Senator James Buckley's bill to make optional the use of devilish buzzers, seatbelts and shoulder harnesses.

It was necessary for me to buy a new car this year and after the first weekend I would have given anything to have my good old, 1965 Belaire back. I felt like I was in a straightjacket. A good friend has overcome this harnessing up for me and has made a copy of the metal seatbelt insert and I can now drive without buckling up.

I sincerely hope you will push this legislation and be successful. If so, I will be the first at the shop to have the whole thing removed from my car. It will be a joy to be without a buzzer screaming at me.

Canton, Ohio.

Dear Senator Eagleton: It is my understanding that you are trying to eliminate the government requirements to the automobile manufacturers pertaining to seatbelts and shoulder straps. I am strongly in favor of such a move.

It seems to me that it is most unfair to the average purchaser of an automobile to have to pay the extra cost of all this equipment, most of which is not used, and certainly the latest gadetry which is in many cases disconnected by the owners.

So long as each individual has the opportunity and the choice of purchasing any safety gadgets I think that is fine but to have the government force all of us to pay for this kind of tomfoolery irritates me, particularly in view of the increasing cost of automobiles. More power to you in this effort.

Soquel, Calif.

Dear Senator: Today I heard on Paul Harvey's newscast that you are fighting for removal of the complicated, expensive, ineffective and actually dangerous government ordered lights, buzzers and restraints on new cars.

I surely wish to encourage you in this matter. As an owner of a 1974 model equipped with this paraphernalia, I have had near accidents a number of times because of it.

The average motorist uses his car for so many things in so many ways that these systems cannot begin to fit the situations, and actually add hazards in the name of safety. Success to you!

Portola Valley, Calif.

Dear Senator Eagleton: At last, someone speaks out on the seat belt buzzer! I would have leapt from my car seat on reading the news in this morning's paper, but of course could not, thanks to some misguided regulation of the Transportation Department.

If your legislation passes it will strike a blow for liberty! At last—an OPTION!

New York, N.Y.

Dear Senator Eagleton: Congratulations on your and Senator Buckley's good offices in voiding the moronic mess of being unable to start one's car without strapping on the straight-jacket which is laughingly referred to as a seat belt.

I am unclear as to whether it was smuggled in by one of the numerous regulatory outfits of the Administration hierarchy or was it introduced by some joker in Congress.

Will you please oblige by advising me of the name and whereabouts of the culprit, as I expect to dedicate every waking moment from my practice to driving him from public life.

Kansas City, Mo.

Dear Tom: I wish you well in your attempt to revise regulations pertaining to buzzers and warning devices used with restraining belts in automobiles. They accomplish only two things: added cost of the automobile and emotional upset to driver and passengers.

Bakersfield, Calif.

Dear Senator Eagleton: I was glad to hear of your interest in getting rid of all the required seat belts, safety devices, interlocks, etc., on new cars. I wish you great success because I believe these things should not be forced on people. Besides it adds too much to the cost of a car when car prices are already rising because of government caused inflation.

Lamar, Mo.

Dear Senator Eagleton: This is to commend you for your position on the safety gadgets, including seat belt interlock devices, that the federal government requires the manufacturers to install on new automobiles.

I am concerned about safety and the need to reduce the terrible cost of accidents on our highways, but I as well as a great many people who feel as I do resent greatly the government's encroachment in this area as well as other related areas.

Rogue River, Oreg.

Dear Sir: We wish to congratulate you in your efforts to ease the buzzer and seat belt requirements. We use our seat belts, but we don't need the buzzer and shoulder harness.

We want to buy a new car, but we'll keep our 1971 model as long as the requirements are as they are today.

Bakersfield, Calif.

Dear Senator Eagleton: Congratulations on your proposed legislation to eliminate mandatory usage of automobile seat belts.

The shoulder strap seat belts on my new 1974 automobile restrict me to the extent that I am unable to turn comfortably to see the rear window. They are uncomfortable when I am seated and driving forward.

I am angry at the inconvenience they cause me in such simple situations as this: It is necessary to refasten the seat belt to drive eight feet into my garage after I have gotten out to unlock the garage door.

I am sick to death of "Big Brother" watching after me, and I resent being disenfranchised of my right to decide for myself whether or not I wish to wear seat belts.

Chicago, Ill.

Dear Senator Eagleton: I want to commend both you and Senator Buckley for introducing legislation to remove the "Buzzer and Interlock" in the use of seat belts.

As a salesman who is in and out of a car constantly during the course of a work day, I want seat belts in a car to be available to be used as optional equipment, without having to use the seat belts in order to start the car, or without having "Buzzers" or "Lights" going on as a nuisance.

With you luck in this particular legislation.

QUORUM CALL

Mr. EAGLETON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Marks, one of his secretaries.

PRESIDENTIAL APPROVAL

A message from the President of the United States stated that on August 7, 1974, he had approved and signed the joint resolution (S. J. Res. 228) to extend the expiration date of the Defense Production Act of 1950.

EXECUTIVE MESSAGES REFERRED

As in executive session, Acting President pro tempore (Mr. Metcalf) laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the Committee on Foreign Relations.

(The nominations received today are printed at the end of the Senate proceedings.)

REPORT ON SPECIAL INTERNATIONAL EXHIBITIONS—MESSAGE FROM THE PRESIDENT

The ACTING PRESIDENT pro tempore (Mr. Metcalf) laid before the Senate a message from the President of the United States transmitting the 11th annual report on Special International Exhibitions conducted during the year 1973 under the authority of the Mutual Educational and Cultural Exchange Act of 1961, which, with the accompanying report, was referred to the Committee on Foreign Relations and ordered to be printed. The message is as follows:

To the Congress of the United States:

As required by law, I transmit to the Congress the Eleventh Annual Report on Special International Exhibitions conducted during fiscal year 1973 under the authority of the Mutual Educational and Cultural Exchange Act of 1961 (Public Law 87-256).

This report covers exhibitions presented abroad by the U.S. Information Agency at international fairs and under East-West Cultural Exchange agreements, as well as exhibitions and labor missions presented abroad by the Department of Labor.

Gerald R. Ford.

The White House, *August 13, 1974.*

TRANSACTION OF ROUTINE MORNING BUSINESS

The PRESIDING OFFICER (Mr. Metzenbaum). Under the previous order, there will now be a period for the transaction of routine morning business of not to exceed 15 minutes, with statements therein limited to 5 minutes.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER THAT SENATE RESOLUTION 371 BE PLACED UNDER SUBJECTS ON THE TABLE

Mr. MANSFIELD. Mr. President, I ask unanimous consent that Senate Resolution 371, the correct title of which is "Resolution to permit radio, television, and photographic coverage of impeachment trials in the United States Senate," be removed from the Calendar under General Orders and placed under Subjects on the Table.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that a copy of the resolution which, I understand, was reported by the Committee on Rules and Administration by a vote of 8 to 1, be printed in the RECORD. I do so in order that this matter, which was gone into quite thoroughly by the Committee on Rules and Administration, can be considered for historical purposes in the event a similar situation arises at some time in the future which, I hope, it never does.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

> *Resolved*, That the proceedings in open session of the Senate with respect to trials of impeachment may be broadcast by radio and television. Rule IV of the Rules for Regulation of the Senate Wing of the United States Capitol is also accordingly suspended for the purpose of photography.
>
> Such broadcasting and photography shall be accomplished in conformity with procedures therein agreed upon by the Committee on Rules and Administration in consultation with the joint floor leadership. The implementation of such procedures shall be effected by the joint floor leadership after consultation with the chairman and ranking minority member of the Committee on Rules and Administration.
>
> Amend the title so as to read: "Resolution to permit radio, television, and photographic coverage of impeachment trials in the United States Senate."

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. HARRY F. BYRD, JR. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

PRESIDENT FORD'S ADDRESS—JOINT SESSION OF CONGRESS

Mr. HARRY F. BYRD, JR. Mr. President, President Ford made an excellent address to the Congress and to the American people last evening.

It seemed to have just the right touch and just the right tone. I think he put the emphasis where it belonged—namely, that the No. 1 problem facing our Nation today is the need to get the cost of living under control. And to do that we must get Federal spending under control.

I liked the expression that he used in the earlier part of his speech when he said:

> The American wage-earner and the American housewife are a lot better economists than most economists care to admit.

President Ford, in my judgment, senses the situation accurately. I like also the next sentence in his speech:

> They—

Meaning the American wage-earner and the American housewife—

> Know that a government big enough to give you everything you want is a government big enough to take from you everything you have.

There again, is sound commonsense—sound commonsense from middle America.

To me it is refreshing to hear a President of the United States, the head of the Government, say that—

> A government big enough to give you everything you want is a government big enough to take from you everything you have.

This Congress, this past administration, the administration before that, had been trying to solve problems by providing only two answers: More and more government and more and more government spending. And the more we have done that, the worse off the American people have become.

I like another paragraph from the President's speech, and I quote him again:

> If we want to restore confidence in ourselves as working politicians—

He is now speaking to the Congress—

> the first thing we all have to do is to learn to say no.

Mr. President, I have long thought that the most underused word in the American dictionary insofar as politicians are concerned, insofar as Congressmen and Senators are concerned, insofar as administrators in the executive branch in Washington are concerned, is the word "No."

Everyone in Washington seems to feel that the way to get along, the way to run this country, is to say "Yes" to everything and to everybody who comes along. I admit that is a popular way to handle matters. But because Congress has not been willing to say "No," because the administration has not been willing to say "No" in the past, the American people now are faced with this devastating inflation.

The PRESIDING OFFICER. The Senator's 5 minutes have expired.

Mr. MANSFIELD. Mr. President, I seek recognition, and I yield my time to the Senator.

Mr. HARRY F. BYRD, JR. I thank the Senator from Montana.

Mr. President, President Ford made clear, and stated categorically, for that matter, that he will submit to Congress a balanced budget for fiscal 1976. I applaud the President for that assertion.

I think if we are going to have a balanced budget it is essential that it start with the administration in power when that administration submits its new budget proposals to Congress.

Over the weekend, before the President's speech last evening, I happened to be reading a transcript of the hearings before the Committee on Finance, June 21, 1973—that is more than a year ago—and it is rather interesting to look back and read what some of the high officials of Government said at that time, the Secretary of the Treasury and the Director of the Office of Management and Budget, Mr. Ash.

All through that testimony, in response to queries from members of the committee, the Secretary of the Treasury and the Director of the Office of Management and Budget showed rather conclusively that they had little interest in a balanced budget.

But now we have a new Secretary of the Treasury who does believe in a balanced budget. We have a new President who does believe in a balanced budget; so perhaps we will get back to a sound basis in time.

But if President Ford is to achieve a balanced budget he will have to do one of two things: He will need to get a new Director of the Office of Management and Budget or he will need to change the philosophies and views of the present Director.

I read from page 35 of the hearing before the Committee on Finance, June 21, 1973.

I asked the Director of the Office of Management and Budget this question:

> Mr. Ash, do you favor or oppose a balanced budget on the Federal funds basis?

Mr. Ash replied:

> I would certainly join in Secretary Schultz' statement that a balance including both Federal and trust funds, makes the best economic sense, and that it would not be proper to have a balance on the Federal funds at the same time there were simultaneous balance in the trust funds, so that the total unified budget would also be balanced.

Now, Mr. President, the significant part of that statement is this, "It would not be proper to have a balance on the Federal fund" basis. So says the Director of the Office of Management and Budget.

What Mr. Ash was saying was that he favored using the social security surplus to make up the deficit in the administrative budget.

It is the administrative or Federal funds budget that needs to be balanced if the Government's financial house is to be put in order. Social security funds can be used only for the specific purpose of providing retirement income for the elderly, not for general operation of government.

That view expressed by the Director of the Office of Management and Budget is completely contrary to the view now held by the new Secretary of the Treasury, Mr. Simons. It is contrary to the view held by the new Chairman of the President's Economic Advisers, Dr. Alan Greenspan and, I might say, with those two men coming in I think the opportunity for getting on a sounder financial basis has been enhanced.

So if the new President is going to submit a balanced budget, I think the place he had best start with is his own Director of the Office of Management and Budget.

The **PRESIDING OFFICER.** The period for morning business has expired.

Mr. **ROBERT C. BYRD.** Mr. President, does the Senator wish to have additional time? I would be glad to——

Mr. **HARRY F. BYRD, JR.** Yes.

Mr. **ROBERT C. BYRD.** Mr. President, I ask unanimous consent that the period for the transaction of routine morning business be extended for 5 minutes.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

Mr. **ROBERT C. BYRD.** Mr. President, may I be recognized?

The **PRESIDING OFFICER.** The Senator from West Virginia.

Mr. **ROBERT C. BYRD.** Mr. President, I yield such time to the Senator as he may desire.

Mr. **HARRY F. BYRD, JR.** Mr. President, I ask unanimous consent to insert two pages in the RECORD: One sheet showing deficits in Federal funds and interest on the national debt; and, second, a sheet showing U.S. gold holdings, total reserve assets, and liquid liabilities to foreigners; and I ask that they be printed at this point in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

DEFICITS IN FEDERAL FUNDS AND INTEREST ON THE NATIONAL DEBT, 1956-75, INCLUSIVE

[In billions of dollars]

(Prepared by Senator Harry F. Byrd, Jr., of Virginia)

Year	Receipts	Outlays	Surplus (+) or deficit (−)	Debt interest
1956	65.4	63.8	+1.6	6.8
1957	68.8	67.1	−1.7	7.3
1958	66.6	69.7	−3.1	7.8
1959	65.8	77.0	−11.2	7.8
1960	75.7	74.9	+.8	9.5
1961	75.2	79.3	−4.1	9.3
1962	79.7	86.6	−6.9	9.5
1963	83.6	90.1	−6.5	10.3
1964	87.2	95.8	−8.6	11.0
1965	90.9	94.8	−3.9	11.8
1966	101.4	106.5	−5.1	12.6
1967	111.8	126.8	−15.0	14.2
1968	114.7	143.1	−28.4	15.6
1969	143.3	148.8	−5.5	17.7
1970	143.2	156.3	−13.1	20.0
1971	133.7	163.7	−30.0	21.6
1972	148.8	178.0	−29.2	22.5
1973	161.4	186.4	−25.0	24.2
1974 [1]	181.8	199.5	−17.7	29.4
1975 [1]	201.4	221.3	−19.9	31.5
20-year total	2,200.4	2,429.5	−229.1	300.4

[1] Estimated figures.

Source: Office of Management and Budget and Department of the Treasury.

U.S. GOLD HOLDINGS, TOTAL RESERVE ASSETS AND LIQUID LIABILITIES TO FOREIGNERS

[Selected periods in billions of dollars]

(Prepared by Senator Harry F. Byrd, Jr., of Virginia)

	Gold holdings	Total assets	Liquid liabilities
End of World War II	20.1	20.1	6.9
Dec. 31, 1957	22.8	24.8	15.8
Dec. 31, 1970	10.7	14.5	47.0
Dec. 31, 1973	11.7	14.4	92.6
Apr. 30, 1974	11.7	14.9	97.5

GOVERNMENT BORROWING

	Treasury securities issued	Government agency and Government-sponsored agency borrowings	Total
November 1973, to February 1974 (4 mo)	22.7	13.5	36.2
March to May 1974 (3 mo)	19.0	NA	NA

Source: U.S. Treasury Department.

Mr. **HARRY F. BYRD, JR.** Mr. President, I yield back the remainder of my time to the Senator from West Virginia.

The **PRESIDING OFFICER.** Is there further morning business?

Mr. **ROBERT C. BYRD.** Mr. President, I yield time to the Senator from Montana.

QUORUM CALL

Mr. **MANSFIELD.** Mr. President, I suggest the absence of a quorum on the distinguished Senator from West Virginia's time.

The **PRESIDING OFFICER.** The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. **MANSFIELD.** Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

DUTY APPLICABLE TO CRUDE FEATHERS AND DOWNS (H.R. 11452)—PASSAGE VITIATED AND BILL PLACED ON CALENDAR

Mr. **LONG.** Mr. President, on August 8, the Senate considered H.R. 11452, a tariff bill relating to crude feathers and downs. At that time, Senator HARTKE offered an amendment to provide most-favored-nation treatment for Romania. Some misunderstanding has arisen about the Senate's action in taking up this matter. I, therefore, ask unanimous consent that all of the actions taken on H.R. 11452 be vitiated and that the bill be placed on the calendar.

The **PRESIDING OFFICER** (Mr. METZENBAUM). Without objection, it is so ordered.

Mr. **KENNEDY.** Mr. President, I am pleased that the Senate has vitiated its action in passing H.R. 11452, and that the bill has been placed back on the Senate calendar.

A few moments before adjournment last Thursday afternoon, a few hours before President Nixon's address to the Nation announcing his resignation, this minor tariff bill was whisked through the Senate with two riders, one granting most-favored-nation trade status to Romania, and the other containing special interest tax legislation apparently designed to benefit a single life insurance company.

The bill involved was H.R. 11452. As passed by the House of Representatives, it was a minor tariff bill dealing with the rate of duty on crude feathers and downs. In the Senate Finance Committee, a rider was added providing a special tax break for a life insurance company. In the brief debate on the Senate floor, the rider was not discussed and the bill was passed by voice vote after the Romanian provision was approved.

In vitiating its action on the bill because of a misunderstanding over the Romanian provision, the Senate will now also have the opportunity to examine the life insurance rider in greater detail, as part of the current debate on the numerous other minor tariff bills now being considered by the Senate. Many of these bills contain special interest tax provisions, and the Senate will have the opportunity to deal with each of them in detail, in order to assess their merits.

But we had no such opportunity on the life insurance rider. Instead, that bill was singled out for special rapid disposition by the Senate on the very eve of the President's resignation—at a time when the Senate and the Nation were preoccupied with the traumatic events unfolding before the country.

In essence, the provision is designed to confer a tax benefit on the life insurance company comparable to the benefit that the Internal Revenue Service has already conferred on banks under a recent Revenue ruling. That ruling allows dividends paid by banks to affiliates in a consolidated group to escape the high tax rate—70 percent—applicable to certain so-called "personal holding company income." The rider to the feather bill would apply the same exemption to dividends paid by a life insurance company.

The tax provisions at issue in the rider are complex. It is by no means clear, for example, that banks should be entitled to such an exemption in the first place, let alone an exemption established by an IRS revenue ruling instead of by Congress. Nor is it at all clear that this apparent tax loophole for banks ought to be stretched by Congress to include life insurance companies in its largesse.

Perhaps the life insurance rider is justifiable; perhaps not. I would not raise this objection if the merits of the rider were clear on their face. But they are not. The provisions themselves, and the circumstances of their passage, suggest that the feather bill is being used to feather the nest of a particular life insurance company. At this time of extraordinary national sensitivity over the fairness of our tax laws, I believe that the Senate owes the country a thorough and open examination of any measure that gives the appearance of providing special tax benefits to special taxpayers.

My own view is that complex and potentially far-reaching tax issues like this can be most appropriately resolved as part of the forthcoming comprehensive tax reform bill now pending in the Ways and Means Committee in the House. But, if the feather bill is to go forward again, at least the Senate will have adequate opportunity to study its provisions.

ORDER FOR ADJOURNMENT

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until the hour of 12 o'clock noon tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

CONSIDERATION OF CERTAIN MEASURES—PRIVILEGE OF THE FLOOR

Mr. LONG. Mr. President, I ask unanimous consent that the following committee staff members be permitted on the floor during Senate consideration of the various tax and tariff bills now on the calendar, and votes thereon: Michael Stern, Bob Willan, Bill Morris, Joe Humphreys, Bill Galvin, Mark Sandstrom, Dick Rivers, Michael Rowny, Larry Woodworth, Robert Shapiro, Michael Byrd, and Mark McConnoughey.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CANNON. Mr. President, I make the same request for John Cevette, a member of my staff.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TOWER. Mr. President, I ask unanimous consent that Nolan McKean and Sunny Nixon of the staff of the Senator from Wyoming (Mr. HANSEN) be admitted to the floor during the consideration of H.R. 6191, H.R. 7780, H.R. 11251, H.R. 11830, H.R. 12035, and H.R. 13631.

The ACTING PRESIDENT pro tempore (Mr. METCALF). Without objection it is so ordered.

EXEMPTION OF DUTY ON CERTAIN FORMS OF ZINC

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 1015, which has been cleared on both sides of the aisle.

The PRESIDING OFFICER. The bill will be stated by title.

The legislative clerk read as follows:

A bill (H.R. 6191) to amend the Tariff Schedules of the United States to provide that certain forms of zinc be admitted free of duty.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill which had been reported from the Committee on Finance with amendments. At the top of page 2, strike out:

" 911.00	Zinc-bearing ores (provided for in item 602.20, part 1, schedule 6)_	Free on zinc content	No change	On or before 6/30/77
911.01	Zinc dross and zinc skimmings (provided for in item 603.30, part 1, schedule 6)_________	Free	No change	On or before 6/30/77
911.02	Zinc-bearing materials (provided for in items 603.49, 603.50, 603.54 and 603.55, part 1, schedule 6)_________	Free on zinc content	No change	On or before 6/30/77 "

and insert in lieu thereof:

" 911.00	Zinc-bearing ores (provided for in item, 602.20 part 1, schedule 6)_	Free on zinc content	No change	On or before 6/30/77
911.01	Zinc dross and zinc skimmings (provided for in item 603.30, part 1, schedule 6)_	Free_____	No change	On or before 6/30/77
911.02	Zinc-bearing materials (provided for in items 603.49, 603.50, 603.54 and 603.55, part 1, schedule 6)_	Free on zinc content	No change	On or before 6/30/77
911.03	Zinc waste and scrap (provided for in item 626.10, part 2, schedule 6).	Free	No change	On or before 6/30/77 "

On page 2, beginning with line 5, insert:

SEC. 3. (a) Notwithstanding the provisions of section 61 (relating to gross income), section 165 (relating to losses), or any other provision of the Internal Revenue Code of 1954, any taxpayer who was allowed a deduction under section 165 of such Code for a loss attributable to a disaster described in section 165(h) occurring during calendar year 1972, and who received compensation (not taken into account in computing the amount of the deduction) for such loss in settlement of any claim of the taxpayer against a person for that person's liability in tort for the damage or destruction of that taxpayer's property in connection with the disaster, may elect, at such time and in such manner as the Secretary of the Treasury may prescribe, to exclude from gross income the amount of such compensation if the taxpayer enters into an agreement with the Secretary or his delegate under which—

(1) the basis of any property of the taxpayer which was damaged in such disaster, or which is replacement property of like kind for property destroyed in such disaster (acquired within 36 months after such destruction), is reduced (but not below zero) by the amount of any part of such compensation, the exclusion of which does not result in an excessive tax benefit, allocable to such damage or destruction, and

(2) the taxpayer will include in his gross income, in equal installments over not more than 5 consecutive taxable years (beginning with the taxable year in which such compensation was received), any amount of such compensation the exclusion of which would result in an excessive tax benefit.

(b) For purposes of this section, the term—

(1) "tax benefit" means an amount equal to the amount of the difference between—

(A) the liability of a taxpayer under chapter 1 of the Internal Revenue Code of 1954 for tax for the taxable year in which the compensation was received, computed without regard to the provisions of this section, and

(B) the liability of that taxpayer for such tax for that taxable year computed after the application of the provisions of this section (without regard to the requirements of paragraphs (1) and (2) of subsection (a));

(2) "excessive tax benefit" means—

(A) a tax benefit of more than $5,000 in the case of—

(i) an individual whose adjusted gross income for the taxable year in which the compensation is received does not exceed $15,000 ($7,500 in the case of a married individual filing a separate return) determined without regard to any deduction allowable for the casualty loss described in subsection (a) and without regard to the compensation described in the subsection; or

(ii) any other taxpayer (not an individual) the taxable income of which for the taxable year in which the compensation is received does not exceed $15,000 (determined without regard to any deduction allowable for such casualty loss and without regard to such compensation); and

(B) in the case of any taxpayer not described in subparagraph (A), a tax benefit of more than an amount which bears the same ratio to $5,000 as $15,000 ($7,500 in the case of a married individual filing a separate return) bears to—

(i) the adjusted gross income of that taxpayer (in the case of an individual) for that taxable year (determined without regard to the deduction allowable for such casualty loss and without regard to such compensation), or

(ii) in the case of any other taxpayer, the taxable income of that taxpayer for that taxable year (determined without regard to the deduction allowable for such casualty loss and without regard to such compensation);

(3) "gross income" means gross income as defined in section 61 of the Internal Revenue Code of 1954;

(4) "adjusted gross income" means adjusted gross income as defined in section 62 of such Code;

(5) "taxable income" means taxable income as defined in section 63 of such Code; and

(6) "basis" means the basis of property determined in accordance with the provisions of part II of subchapter O of chapter 1 of such Code (relating to basis rules of general application).

(c) In applying the provisions of paragraph (1) of subsection (a) to his property, a taxpayer shall reduce the basis of any depreciable property to which that paragraph applies before he reduces the basis of any of his other property, then he shall reduce the basis of any trade or business property (other than depreciable property) to which that paragraph applies, and finally he shall reduce the basis of any other property to which that paragraph applies. For purposes of this subsection, the term "trade or business property" means property which is described in paragraphs (1) and (2) of section 1221 of the Internal Revenue Code of 1954 (relating to the definition of capital assets), and the term "depreciable property" means property of the taxpayer with respect to which a deduction is allowable under section 167 of such Code (relating to depreciation). No taxpayer who enters into an agreement with the Secretary of the Treasury under subsection (a) shall be liable for the repayment of any interest received under section 6611 of such Code on a credit or refund of tax resulting from an election under section 165(h) of such Code with respect to a loss attributable to a disaster described in this section, nor shall he be liable for the payment of any interest with respect to any deficiency (as defined in section 6211 (a) of such Code) arising out of the revocation of such election.

Mr. HATHAWAY. I have some questions about this bill that I wonder if my distinguished colleague from West Virginia would answer for me.

Mr. ROBERT C. BYRD. I will be pleased to respond to the questions of the Senator from Maine.

Mr. HATHAWAY. There are already provisions of the code that are designed to deal with situations involving personal losses caused by disasters. Why is it necessary to pass special legislation in this one situation?

Mr. ROBERT C. BYRD. In this particular case, immediately after the terrible Buffalo Creek Dam failure, in which many of the residents of this valley lost all of their possessions, IRS officials moved into this area on an emergency basis to assist these residents file amended tax returns in which they could claim casualty loss deductions which would entitle them to a refund. However, it was not made clear to those filing these amended returns that they would have to repay them with interest if they later obtained reimbursement from other sources. Thereafter the Pittston Coal Co. made a settlement with these taxpayers. However, many of these settlements only amounted to 25 cents or 50 cents on the dollar when compared to actual losses. Most of these residents spent their settlements on necessities without putting any funds aside for tax repayments since they were unaware of this repayment requirement. IRS officials are now demanding repayment of these refunds plus interest and most of these residents simply do not have the money to meet this demand. I believe the mitigating circumstances which I have enumerated provide an ample justification for my amendment.

Mr. HATHAWAY. But is this not a "double dip"? Certainly these people have lost a great deal, but so would the victims of any disaster. Why is it that we need special treatment in this case?

Mr. ROBERT C. BYRD. Primarily because these victims were not advised of their repayment liability at the time they were assisted by IRS officials in filling out and filing amended returns in which they claimed casualty loss deductions.

Mr. HATHAWAY. Well, if that is the case, I think we want to make sure that this does not happen again. We want to make sure that when this sort of situation happens in the future that the IRS puts people on notice that when they are compensated, their tax liability will be the same as all other citizens. We can not have special tax legislation every time there is a disaster involving personal loss. I am very concerned with preserving the integrity of the tax code, and I am afraid if we started doing this, it would violate that integrity.

Mr. ROBERT C. BYRD. I share the Senators concern for maintaining the integrity of our tax system, but as I stated earlier I believe the unfortunate chain of events and the particular circumstances which exist in this case warrant the treatment afforded by my amendment.

Mr. HATHAWAY. I also have a question about who would benefit the most from this proposal. If we are going to offer this special break, we want to be sure it benefits the people who need it, and it is not just a windfall for people in higher brackets who do not need it at all. Can the Senator from West Virginia reassure me on this score, that the tax benefits will accrue to those who need it, and not just those who can afford clever tax lawyers? I am concerned with the income level that is involved, and with the degree of sophistication required to take advantage of these provisions. Are steps going to be taken to insure that the people who need this tax break will be able to take advantage of it?

Mr. ROBERT C. BYRD. I can assure the Senator from Maine that this provision will benefit the taxpayers who need it most. First, it should be noted that this amendment does not provide for an entire forgiveness of the amount of the benefit, since those taking advantage of this amendment will be required to reduce the capital basis of their property or replacement property.

Second, the amount of tax benefit which can be obtained through such deferral may not exceed $5,000 and any tax benefits in excess of $5,000 are to be included in the adjusted gross income of the taxpayer, but prorated over a 5-year period. In addition, taxpayers with incomes in excess of $15,000 for the taxable year would be required to reduce the tax benefit obtained through the casualty loss deduction allowed under this relief provision on a pro rata basis. Thus, an individual with income of $20,000 would be permitted to deduct only 75 percent of his claimed casualty loss. I believe these safeguards will insure that the benefits provided by my amendment will accrue to those who need it most.

With regard to the Senators' second question regarding the degree of sophistication which will be required to take advantage of this amendment, IRS officials have informed me that if this provision is enacted into law, they will undertake to provide the affected taxpayers with a simplified explanation and form on which they may elect to take advantage of this provision.

The amendments were agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

The title was amended so as to read: "An Act to amend the Tariff Schedules of the United States to provide that certain forms of zinc be admitted free of duty, and for other purposes."

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. MAGNUSON, from the Committee on Commerce, with amendments:

S. 3620. A bill to amend the Natural Gas Pipeline Safety Act of 1968, as amended, to authorize additional appropriations, and for other purposes (together with additional views) (Rept. No. 93–1087).

By Mr. HASKELL, from the Committee on Interior and Insular Affairs, with an amendment:

H.R. 8352. An act to establish the Cascade Head Scenic-Research Area in the State of Oregon, and for other purposes (Rept. No. 93–1089).

SUBMISSION OF A CONFERENCE REPORT ON THE FEDERAL FIRE PREVENTION AND CONTROL ACT OF 1974, S. 1769 (REPT. NO. 93–1088)

Mr. MAGNUSON submitted a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1769) to reduce the burden on interstate commerce caused by avoidable fires and fire losses, and for other purposes, which was ordered to be printed.

SUBMISSION OF CONFERENCE REPORT ON THE EMPLOYEE RETIREMENT AND INCOME SECURITY ACT OF 1974 (REPT. NO. 93–1090)

Mr. WILLIAMS submitted a report from the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 2) to provide for pension reform, which was ordered to be printed.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By Mr. HUGH SCOTT:

S. 3898. A bill to amend the Internal Revenue Code of 1954 to allow a deduction for certain amounts paid by a taxpayer for tuition and fees in providing certain education for himself, his spouse, and his dependents. Referred to the Committee on Finance.

By Mr. MAGNUSON:

S. 3899. A bill to amend the National Traffic and Motor Vehicle Safety Act of 1966, as amended, to authorize additional appropriation, and for other purposes. Referred to the Committee on Commerce.

By Mr. BENTSEN (for himself, Mr. MANSFIELD, Mr. SPARKMAN, Mr. HUMPHREY, Mr. TALMADGE, and Mr. NELSON):

S. 3900. A bill to establish a Cost of Living Task Force, and for other purposes. Referred to the Committee on Banking, Housing and Urban Affairs.

By Mr. MONDALE:

S. 3901. A bill to amend the Federal Reserve Act to permit the Federal Reserve Board to allocate credit to national priority needs. Referred to the Committee on Banking, Housing and Urban Affairs.

By Mr. BELLMON:

S. 3902. A bill to terminate the Emergency Daylight Saving Time Energy Conservation Act of 1973 on the last Sunday of October 1974, and to amend the Uniform Time Act of 1966 in order to provide that daylight saving time as provided for under such act shall begin on the last Sunday in February of each year. Referred to the Committee on Commerce.

By Mr. BROCK (for himself, Mr. COOK, and Mr. BAKER):

S. 3903. A bill to extend the State and Local Fiscal Assistance Act of 1972 for 7 years. Referred to the Committee on Finance.

By Mr. PEARSON (for himself and Mr. STEVENSON):

S. 3904. A bill to regulate commerce by amending the Natural Gas Act to secure increased supplies of natural gas for the consumer, and for other purposes. Referred to the Committee on Commerce.

By Mr. BELLMON.

S. 3905. A bill to amend section 313 of the Consolidated Farm and Rural Development Act to provide for guaranteed loans for certain purposes. Referred to the Committee on Agriculture and Forestry.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. HUGH SCOTT:

S. 3898. A bill to amend the Internal Revenue Code of 1954 to allow a deduction for certain amounts paid by a taxpayer for tuition and fees in providing certain education for himself, his spouse, and his dependents. Referred to the Committee on Finance.

Mr. HUGH SCOTT. Mr. President, I am pleased today to introduce a bill which would allow a tax deduction for certain tuition and fees incurred by a taxpayer while providing education for himself, his spouse, and his dependents. In essence, this bill is aimed at aiding the middle-income taxpayer by establishing a cost cushion against the rising costs of education.

I have been disturbed recently by skyrocketing tuition costs which seem to hit the middle-income taxpayer the hardest. My bill will allow a tax deduction for tuition and fees up to $2,000 for both higher education and vocational education. Anyone earning less than $25,500 annually would be eligible to take this deduction.

In the past, most legislation aimed at tax deductions for education addressed itself to higher education only. My bill goes one step further, by financially aiding those pursuing further vocational education. I also hope it will serve as an incentive for many people to consider continuing their education who would not have been able to do so without this additional assistance.

The bill I am introducing today is similar to one I have introduced each Congress since 1958. Several times it has been adopted by the Senate as an amendment to a comprehensive tax bill, but it has always been knocked out in conference. I have always been hopeful that the Congress will see the urgent need for this legislation, but this year the crisis has grown with the escalating costs of education and inflation. This year the need is even greater.

Mr. President, I ask unanimous consent that the text of this bill be inserted in the RECORD following my remarks.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 3898

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) part VII of subchapter B of chapter 1 of the Internal Revenue Code of 1954 (relating to additional itemized deductions for individuals) is amended by designating section 219 as section 220, and by inserting after section 218 the following new section:

"SEC. 219. TUITION AND FEES FOR EDUCATION

"(a) ALLOWANCE OF DEDUCTION.—In the case of an individual, there shall be allowed as a deduction, the sum of the amounts paid by the taxpayer during the taxable year to an eligible educational institution for—

"(1) tuition and fees required for the attendance of the taxpayer, his spouse, or a dependent at such institution, and

"(2) fees required for courses of instruction in which the taxpayer, his spouse, or a dependent is enrolled at such institution.

"(b) LIMITATIONS.—

"(1) FULL-TIME STUDENT.—No deduction shall be allowed under subsection (a) for amounts paid during the taxable year for tuition and fees with respect to any individual unless that individual, during each of 4 calendar months during the calendar year in which the taxable year of the taxpayer begins, is a full-time student above the secondary level at an eligible educational institution.

"(2) AMOUNT FOR EACH INDIVIDUAL.—Deduction shall be allowed under subsection (a) for amounts paid during the taxable year for tuition and fees with respect to any individual only to the extent that such amounts do not exceed $2,000.

"(3) SPOUSE.—No deduction shall be allowed under subsection (a) for amounts paid during the taxable year for tuition and fees for the spouse of the taxpayer unless—

"(A) the taxpayer is entitled to an exemption for his spouse under section 151(b) for the taxable year, or

"(B) the taxpayer files a joint return with his spouse under section 6013 for the taxable year.

"(4) Personal and living expenses.—No deduction shall be allowed under subsection (a) for any amount paid, directly or indirectly, for any personal or living expense during the taxable year. In the event an amount paid as tuition or fees includes an amount for any personal or living expense which is not separately stated, the portion of such amount paid which is attributable to such personal or living expense shall be determined under regulations prescribed by the Secretary or his delegate.

"(5) Adjusted gross income in excess of $23,500.—The amount of the deduction allowed by subsection (a) for a taxable year (determined without regard to this paragraph) shall be reduced by the amount by which the adjusted gross income of the taxpayer, and his spouse, if any, for such year (determined without regard to section 62 (10)) exceeds $23,500.

"(c) REDUCTION FOR CERTAIN SCHOLARSHIPS AND VETERANS BENEFITS.—The amount paid for tuition and fees with respect to any individual which (but for this subsection) would be taken into account under subsection (a) shall, under regulations prescribed by the Secretary or his delegate, be reduced by any amounts received by or for such individual during the taxable years as—

"(1) a scholarship or fellowship grant (within the meaning of section 117(a)(1)) which under section 117 is not includible in gross income, and

"(2) educational assistance allowance under chapter 34 or 35 of title 38 of the United States Code.

"(d) DEFINITIONS.—For purposes of this section—

"(1) Eligible educational institution.—The term 'eligible educational institution' means—

"(A) an institution of higher education; or

"(B) a vocational school.

"(2) INSTITUTION OF HIGHER EDUCATION.—The term 'institution of higher education' means an institution of higher education as defined in section 1201(a) of the Higher Education Act of 1965.

"(3) VOCATIONAL SCHOOL.—The term 'vocational school' means an area vocational education school as defined by section 108(2) (C) and (D) of the Vocational Education Act of 1963.

"(4) COURSE OF INSTRUCTION.—The term 'course of instruction' means a course of instruction for the successful completion of which credit is allowed toward a baccalaureate or higher degree by an institution of higher education authorized to confer such degree or toward a certificate signifying completion of required course work or training.

"(5) DEPENDENT.—The term 'dependent' has the meaning assigned to it by section 152(a).

"(e) EXCEPTION.—Subsection (a) shall not apply to any amount paid which is allowable as a deduction under section 162 (relating to trade or business expenses)."

(b) The table of sections for such part is amended by striking out:

"Sec. 219. Cross reference."

and inserting in lieu thereof

"Sec. 219. Tuition and fees for education.

"Sec. 220. Cross references."

SEC. 2. Section 62 of the Internal Revenue Code of 1954 (relating to the definition of adjusted gross income) is amended by inserting after paragraph (9) the following new paragraph:

"(10) Deduction for education expenses.—The deduction allowed by section 219."

SEC. 3. The amendments made by this Act apply to taxable years beginning after December 31, 1974.

By Mr. BENTSEN (for himself, Mr. MANSFIELD, Mr. SPARKMAN, Mr. HUMPHREY, Mr. TALMADGE, and Mr. NELSON):

S. 3900. A bill to establish a cost of living task force, and for other purposes. Referred to the Committee on Banking, Housing and Urban Affairs.

COST OF LIVING TASK FORCE

Mr. BENTSEN. Mr. President, I am today introducing the Cost of Living Task Force Act of 1974 which will establish an independent agency—a public interest watchdog—to focus attention on irresponsible actions by Government as well as the private sector that impede the fight against inflation.

Mr. President, this agency would monitor price-wage changes in the economy generally, and it would develop and recommend policies to further the national goal of obtaining price stability.

Last night in his address to the Congress, President Ford expressed support for the task force idea which I advocated when I spoke to the Nation on behalf of the Democratic Party. I am gratified that the President has indicated his willingness to have such an agency.

However, I want to make certain that the agency is fair—that it treats business and labor alike—that there is evenhandness, and that it examines prices and wages in the same spirit—not giving emphasis to one over the other.

That is why I am hopeful that the new President will accept my suggestion to revise the legislation originally drafted under former President Nixon that would appoint all the members from within the executive branch.

To my mind, this appointment method is not the way to assure public support. It is not the way to assure business support. And, it is not the way to assure the backlog of American labor. The task force must begin with the unqualified presumption of fairness.

The legislation I am introducing today provides for five members appointed by both the President and the joint leadership of the Congress. It is a shared appointment process. It will allow bona fide representatives of business, labor and the public to be appointed. The President will appoint two members and the bipartisan leadership of the Congress will appoint three members.

Mr. President, I think this method of appointment best serves the national anti-inflation efforts. It underscores the fact that the true power of such a task force lies not in its mandatory authority but rather in the public regards for the fairness and competence of its finding. It is absolutely essential, therefore, that the task force be composed of highly qualified and widely respected people prepared to deal evenhandly with all segments of the economy.

Under my legislation, the cost of living task force would have a three-fold responsibility.

First, to collect in a central location all available information of importance to the anti-inflation effort.

Second, to draw upon this data in offering clear direction and guidance to business and labor about what is best for the Nation.

Third, to avoid actions by the Government itself which contribute to inflation.

I do not advocate a return to rigid wage and price controls, but I do believe a cost of living task force is necessary machinery to restore an atmosphere of moderation, cooperation, and coordination between government, business, and labor.

Mr. President, the Cost of Living Task Force Act I introduce today is a simple and straightforward proposal to give our inflation problems the attention they deserve. Responsibility requires that we take this step to guard against the economic dangers which confront us.

I would hope that the Ford administration would support this legislation and help expedite its passage.

Mr. President, I ask unanimous consent that a section by section analysis on the Cost of Living Task Force Act, and the text of the bill be printed in the RECORD.

There being no objection, the analysis and bill were ordered to be printed in the RECORD, as follows:

SECTION-BY-SECTION ANALYSIS

Section 1. Shore Title: Cost of Living Task Force Act of 1974.

Section 2. Findings and Purposes—States that inflation poses a significant danger to the Nation, that it is incumbent upon Government, business, and wage earners to join in a National effect to reduce the present rate of inflation and that public attention be focused on private and Governmental actions which have a materially positive or negative impact upon National price stability.

Section 3. Cost of Living Task Force—To carry out the purposes of this Act establishes an independent anti-inflation agency composed of 5 members—3 appointed by the bipartisan Joint Congressional Leadership, and 2 members appointed by the President; all members must have sufficient qualifications to enable them to assess the economic impact of price-wage changes, Governmental actions, or changes in capacity or productivity on the Nation's price stability and economic growth; members shall not hold any other compensatory position and shall elect a Chairman and Vice Chairman from amongst themselves.

Section 4. Duties of Task Force—Monitor the economy generally and develop and recommend to private parties, the President, and the Congress policies to achieve and maintain stable prices; and to further advise those parties; Government, and the public-at-large of actions having a materially adverse impact on price stability.

(1) Collect in a central location all data presently available to the Government for the sectors of the economy on anticipated supply and demand, capacity utilization, productivity, availability of under-utilized technology and skilled labor, as well as available data on price-wage performance.

(2) Evaluate the reasonableness of price increases having a material effect on price stability considering cost fluctuations, productivity changes, historical profits, and the need for capital expansion to satisfy demand; consult and recommend with relevant parties whenever possible prior to announcement of price increases; advise those parties, Government and the public-at-large of any price increase it determines to be unreasonable and inflationary.

(3) Evaluate the reasonableness of wage increases having a material effect on price stability considering cost of living increases, productivity changes, historical wage differentials between employee groups, and the need for attracting more skilled personnel to an activity to satisfy demand; consult and recommend with relevant parties whenever possible prior to announcement of wage increase, advise those parties, Government and the public-at-large of any wage increase it determines to be unreasonable and inflationary.

(4) Advise the President and the Congress on any Government actions announced or anticipated which would have a materially adverse or beneficial impact on price stability.

(5) Recommend to the President, Congress and private parties, what actions can be taken to increase supplies where anticipated output is not expected to satisfy demand at reasonably stable price levels.

(6) Recommend to the President, Congress and private parties what actions can be taken to increase productivity in the various sectors of the economy.

(7) Report to the President and the Congress within one year on the effectiveness of Federal apparatus for dealing with inflation and recommend such changes deemed necessary.

Section 5. Powers of the Task Force—

(a) Authorized to employ an Executive Director and such additional personnel as may be necessary.

Authorized to appoint such advisory committees—including representatives of consumers, wage earners, and management and employ such experts and consultants as it deems appropriate for the purpose of consultation and advice in the performance of its duties.

(b) Empowered to conduct public hearings and issue such subpoenas for testimony and documents deemed necessary to carry out this Act.

(c) Authorized to request and assemble pertinent economic information from any department or agency of the United States, and that department or agency shall comply unless the disclosure of such information is expressly prohibited by law.

Section 6. Treatment of Confidentiality and Disclosure of Information—All information obtained under this Act which contains or relates to a trade secret, proprietary information, or other matters referred to in Section 1905 of Title 18, U.S. Code, shall be considered confidential for the purposes of that Section.

Section 7. Task Force Reports—In addition to such recommendations made, from time to time, the task force shall submit a semi-annual report to the President and the Congress on its efforts and the record of inflation in the preceding two quarters, and the prospects for price stabilization in the next two quarters of economic activity.

Section 8. Expiration—The authority under this Act expires at midnight, March 31, 1977.

Section 9. Authorization of Appropriations—There are authorized to be appropriated such sums, not to exceed $10,000,000 in any fiscal year, as may be necessary to carry out this provision of this Act.

S. 3900

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Cost of Living Task Force Act of 1974".

FINDINGS AND PURPOSE

SEC. 2. (a) Inflation poses a significant danger to the economic well-being of the Nation. Rapidly rising price levels are reducing the living standards of millions of Americans and threatening the health of commercial enterprises and public institutions. It is incumbent upon all levels of government, business, and wage earners to dedicate themselves to a national effort of cooperation, innovation, and restraint in order to reduce the present rate of inflation.

(b) It is the purpose of this Act to contribute to the stabilization effort by focusing public attention on private and governmental actions which have a materially positive or negative impact upon national price stability, including those actions directly affecting the rate of inflation, such as changes in prices, wages, productivity, manufacturing and agricultural capacity, governmental compliance costs as well as actions indirectly affecting price levels by their impact on the supply of and demand for goods and services.

COST OF LIVING TASK FORCE

SEC. 3. (a) To carry out the purposes of this Act, there is hereby established an independent agency to be known as the Cost of Living Task Force (hereinafter referred to as the "Task Force").

(b) The Task Force shall be composed of five members appointed as follows:

(1) two members to be appointed by the President; and

(2) three members appointed by the Congressional leadership, consisting of the President pro tempore of the Senate, the majority and minority leaders of the Senate, the Speaker of the House of Representatives, and the majority and minority leaders of the House of Representatives.

All members must have such academic or practical experience as to enable them to assess the economic impact of price increases, wage settlements, governmental actions, or changes in capacity or productivity levels on the nation's overall price stability and economic growth. No member shall hold any other position for which he receives compensation.

(c) The Task Force shall elect a Chairman and Vice Chairman from among its members.

(d) Three members of the Task Force shall constitute a quorum, and any vacancy in the Task Force shall not affect its powers, but shall be filled in the same manner in which the original appointment was made.

(e) Each member of the Task Force may receive compensation at the rate provided for an individual occupying a position under level II of the Executive Schedule under section 5313 of title 5, United States Code, and may be reimbursed for travel expenses, including per diem, in lieu of subsistence as authorized by section 5702 of title 5, United States Code.

DUTIES OF THE TASK FORCE

SEC. 4. It shall be the duty of the Task Force to monitor the economy as a whole and to develop and recommend to private parties, the President and the Congress, policies and procedures to achieve and maintain price stability in a growing economy, and to advise those parties, government agencies and the public at large of any action or anticipated action which would have a materially advise impact on price stability. In carrying out this duty the Task Force shall—

(1) Collect in a central location all data presently available to the Government for the various sectors of the economy on anticipated supplies and demand for essential goods and services, capacity utilization, recent and expected productivity performance and the availability of under-utilized technology and skilled labor for the production of such essential goods and services as well as available data on price and wage performance.

(2) Evaluate the reasonableness of price increases which would have a material effect on the price stabilization effort taking into consideration cost fluctuations, productivity changes, historical profit levels and the need for capital expansion or modernization in order to meet current or expected demand; provide consultation and recommendations whenever possible prior to the announcement of price increases, and advise the private parties, the President, the Congress and the public at large of any price increases it determines to be unreasonable and having a materially adverse impact on the national stabilization effort.

(3) Evaluate the reasonableness of wage increases which would have a material effect on the price stabilization effort, taking into consideration cost of living increases, productivity changes, historical differentials between employee groups and the need for attracting additional numbers of skilled personnel to an activity in order to meet current or expected demand; provide consultation and recommendations prior to the announcement of wage settlements whenever possible, and advise the private parties, the President, the Congress, and the public at large of any wage increases it determines to be unreasonable and having a materially adverse impact on the national stabilization effort.

(4) Advise the President and the Congress on the impact on price stability of any governmental actions announced or anticipated which would materially increase present price levels and the impact of changes in existing governmental policies which would materially reduce present price levels.

(5) Recommend to the President and the Congress as well as private parties, what actions can be taken to increase the supplies of goods and services where anticipated output is not expected to satisfy anticipated demand at reasonably stable price levels.

(6) Recommend to the President and the Congress as well as private parties what actions can be taken to increase productivity in both the public and private sectors of the economy.

(7) Report to the President and the Joint Congressional leadership within one year on the effectiveness of existing institutions within the federal government for dealing with inflation and recommend such changes as may be necessary to improve that performance and provide for an orderly termination of the activities of the Task Force.

POWERS OF THE TASK FORCE

SEC. 5. (a) To carry out the purposes of this Act, the Task Force is authorized—

(1) to employ an Executive Director who shall be compensated at the rate provided for an individual occupying a position under level IV of the Executive Schedule under section 5315 of title 5, United States Code;

(2) to appoint and fix the compensation of such additional personnel as may be necessary, subject to the provisions of title 5, United States Code, governing appointments in the competitive service, and the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates;

(3) to appoint such advisory committees, including representatives of consumers, wage earners, and management, as it deems appropriate for the purpose of consultation and advice and provide compensation for members of such committees at rates not exceeding the highest rate authorized for individuals under grade 18 of the General Schedule under section 5332 of title 5, United States Code, plus reimbursement for travel expenses, including per diem as authorized by section 5703 of title 5, United States Code, for persons in the Government service employed intermittently; and

(4) to employ experts and consultants as authorized by section 3109 of title 5, United States Code, for the performance of functions under this title, at rates not to exceed the per diem equivalent of the highest rate for grade 18 of the General Schedule under section 5332 of title 5, United States Code.

(b) The Chairman of the Task Force or his delegate, is authorized to hold such public hearings as may be necessary and to sign and issue subpoenas for the attendance and testimony of witnesses and the production of relevant books, papers and other documents, on costs, profits, and related data and to administer oaths.

Witnesses summoned under the provisions of this section shall be paid the same fees and mileage as are paid to witnesses in the courts of the United States. Reasonable reproduction costs incurred in compliance with subpenas for documents will be born by the Task Force. In case of refusal to obey a subpena served upon any person under the provisions of this section, the Chairman, or his delegate, may request the Attorney General to seek the aid of the United States district court for any district in which such person is found to compel that person, after notice, to appear and give testimony, or to appear and produce documents before the Task Force.

(c) The Task Force may request economic information from any department or agency of the United States, and such department or agency shall provide such information to him unless the disclosure of such information to another Federal agency, is expressly prohibited by law. If the information requested was collected by the other Federal agency as confidential, the restrictions on the use of that information applies to the Task Force in the same manner as the collecting agency. The Chairman may also request economic information from State and local governments including agencies and instrumentalities thereof.

TREATMENT OF CONFIDENTIALITY AND DISCLOSURE OF INFORMATION

SEC. 6. All information obtained by any person exercising authority under this Act which contains or relates to a trade secret, proprietary information, or other matter referred to in section 1905 of title 18, United States Code, shall be considered confidential for the purposes of that section, except that such information may be disclosed to other persons empowered to carry out this title solely for the purpose of carrying out this Act.

TASK FORCE REPORTS

SEC. 7. The Task Force shall make a semiannual report to the President and the Congress on the causes of inflation over the preceding two quarters, the activities of the Task Force and the price stabilization prospects for the next two quarters, in addition to such recommendations a sit may have made under section 4.

EXPIRATION

SEC. 8. The authority under this Act expires at midnight, March 31, 1977.

AUTHORIZATION OF APPROPRIATIONS

SEC. 9. There are authorized to be appropriated such sums, not to exceed $10,000,000 in any fiscal year, as may be necessary to carry out this provision of this Act.

By Mr. MONDALE:

S. 3901. A bill to amend the Federal Reserve Act to permit the Federal Reserve Board to allocate credit to national priority needs. Referred to the Committee on Banking, Housing, and Urban Affairs.

FEDERAL RESERVE BOARD SHOULD ALLOCATE MORE CREDIT TO HIGH PRIORITY NEEDS

Mr. MONDALE. Mr. President, the bill I am introducing today, S. 3901, authorizes the Federal Reserve Board to give incentives to banks to grant more credit to high priority needs such as housing, small business, farming, State, and local governments, and productive capital investment, and less to lower priority, speculative, and inflationary investments.

It is modeled after legislation introduced in the House by Congressman HENRY S. REUSS, who has shown great imagination and leadership on this and other economic issues.

The Federal Reserve Board's present across-the-board tight money squeeze has driven interest rates to their highest levels since the Civil War and imposed severe strain and hardship on many parts of the economy. Yet a great deal of business borrowing and spending continues undeterred, and inflation remains at an intolerable level.

It is clear that we have gone beyond the limits of what an across-the-board tight money policy can do. The present meat-ax approach is both unworkable and unfair.

Big business borrowers are getting all the credit they ask, whether they plan to use it for inflation-fighting investment in new productive capacity, or inflation-fueling investment in speculative over-buying of inventory, real estate, and foreign currency speculation, or conglomerate takeovers. At the same time, the housing industry, small businessmen, and farmers, State and local governments, and others are being driven to the wall because credit is unavailable, too costly, or both.

The Federal Reserve Board needs a more selective weapon in its anti-inflation arsenal: The credit allocation legislation I am introducing will give it to them.

S. 3901 would authorize the Federal Reserve Board to require each member bank to hold additional reserves against nonpriority loans and investments, and grant a credit against these additional reserves for national priority loans and investments. The result of this combination of additional reserves and credits would be to increase bank earnings from national priority loans and investments, and reduce earnings on nonpriority loans an investments.

S. 3901 establishes the following as national priority loans and investments:

First. Useful capital investments, particularly if capacity-adding, energy-conserving, environment-enhancing, or productivity-increasing;

Second. Low- or middle-income housing;

Third. State or local government facilities; and

Fourth. Small businesses and farms.

In addition, the Board is permitted to establish other priority areas as the investment needs of the Nation change, provided it informs Congress at least 60 days in advance so that Congress may disapprove by concurrent resolution if it wishes.

The idea of providing banks with incentives for more selective credit allocation has been endorsed by a number of businessmen, bankers, economists, and editorial writers, and by Federal Reserve Board Governor Andrew F. Brimmer. The central banks of many foreign countries use differential reserve requirements to channel credit to specific areas, and during the Korean war the Fed operated a highly successful voluntary program of selective credit restraint. There is ample support and precedent for this legislation, and I hope the Congress can move quickly on it.

Mr. President, I ask that the text of S. 3901 be printed in the Record at this point, along with the remarks made by Congressman Reuss in the House on June 28, when he introduced his bill, a letter from Fed Governor Andrew Brimmer endorsing the bill, and an editorial from the August 12 New York Times urging action on it.

There being no objection, the bill and material were ordered to be printed in the Record, as follows:

S. 3901

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled.

Section 1. This Act may be cited as the "Credit Allocation Incentive Act of 1974".

Sec. 2. (a) Section 19 of the Federal Reserve Act is amended by adding at the end thereof the following new subsection:

"(k) (1) For purposes of this subsection, the term 'National Priority Loans and Investments' means any loan or investment which the Board determines is used for, or made to, any of the following:

"(A) useful capital investments, particularly if capacity-adding, energy-conserving, environment-enhancing, or productivity-increasing,

"(B) low- or middle-income housing,

"(C) State or local government facilities,

"(D) small businesses and farms, or

"(E) any other category or loan or investment which the Board determines to be a 'National Priority Loan and Investment'.

"(2) National Priority Loans and Investments in a category established under paragraph (1)(E) shall be made only if—

"(A) the Board notifies both Houses of Congress on the same day of a proposed category it desires to establish under such paragraph (1) (E), and

"(B) both Houses of Congress do not adopt resolutions disapproving establishment of such category within a sixty-day period of continuous session of Congress which commences on the date the Board notifies both Houses of Congress under subparagraph (A). For purposes of this paragraph—

"(i) continuity of session is broken only by an adjournment of Congress sine die, and

"(ii) the days on which either House is not in session because of an adjournment of more than three days to a day certain are excluded in the computation of the sixty-day period.

"(3) (A) In addition to any reserve requirement under subsection (b), the Board may require each member bank to maintain a supplemental reserve consisting of a percentage, determined by the Board, of its total loans and investments other than National Priority Loans and Investments minus a credit equal to a percentage, determined by the Board, of such bank's total National Priority Loans and Investments. The total credit of any bank may not exceed its supplemental reserve.

"(B) Under subparagraph (A) with respect to supplemental reserves and under subsection (b) with respect to reserves against deposits, the Board shall take and time its actions in order to promote efficiency and mitigate hardship.

"(C) In order to offset any undesirable money supply effects resulting from its actions under this subsection, the Board shall employ open market operations."

(b) Section 19(c) of the Federal Reserve Act is amended by inserting "or (k)" immediately after "subsection (b)".

A Bill To Permit the Federal Reserve To Allocate Credit to National Priorty Needs

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Wisconsin (Mr. Reuss) is recognized for 30 minutes.

Mr. Reuss. Mr. Speaker, I introduce for appropriate reference H.R. 15709, a bill to amend the Federal Reserve Act to give the Board of Governors power to influence the allocation of bank credit.

By using these powers, the Board could induce banks to increase loans and investments in high-priority sectors of the economy, with offsetting decreases in the remaining sectors to avoid inflationary pressures.

Such a power to allocate credit, rather than simply to rely on meat-axe, undifferentiated, money-aggregate policy, is needed on a continuing basis. It is particularly needed at a time, like today, when the credit crunch is badly hurting interest-sensitive sectors like capital investment, housing and the thrift institutions, State and local governments, and small businesses, and is intensifying inflationary pressures in such sectors as inventories, supplies of scarce material, and real estate.

An intractable inflation has reached an annual rate of almost 13 percent during the first quarter of this year. Curbing this inflation is obviously going to require responsible monetary restraint. In fact, I have argued for quite some time that the Fed's restraint on monetary growth has not been tight enough.

But indiscriminate credit restraint, reckless of its side-effects, is surely irresponsible. The Fed must be given the means to allocate scarce credit so that more is available, at lower interest rates, for priority uses, and that accordingly less is available, at higher interest rates, for nonpriority uses.

We can see all about us today how meat-ax, undifferentiated, money-aggregate policy is starving priority sectors of the economy.

Take housing, for example. In 1966 and again in 1969, high, short-term interest rates resulting from tight money caused heavy outflows of funds from savings and loan associations and other thrift institutions. This led to precipitous drops in housing starts.

The experience of 1974 is no different. With prime commercial paper bringing more than 10 percent, and U.S. Treasury notes going for more than 8 percent, disintermediation caused savings and loan associations to suffer a net outflow of $335 million in deposits in April. Housing starts for this May, as reported by the Department of Commerce, were at an annual rate of 1.45 million units, off almost 40 percent from the 2.33 million rate of last May. Much of this drop occurred in low- and middle-income housing, where we can least afford it.

Small businesses have also suffered. Recently the maximum interest rate on SBA-guaranteed bank loans to small businesses has been as high as 11 percent, a rate few small businesses can afford. Small business failures have risen to 190 per week, compared to about 170 a year ago. The total debt of small businesses going bankrupt is up to $200 million per month, 50 percent over 1973.

New capital investment in plant and equipment, despite a vast variety of tax incentives, is likewise hampered by tight money. Less production capacity spells future inflationary increases. Further, with long-term borrowing rates at record highs, incentives to invest in pollution-control and environment-enhancing equipment diminish. The cost of this will surely be with us for years to come.

At the same time that high interest rates are chilling worthwhile activities, the meat-axe, undifferentiated, money aggregate policy sees credit wasted on non-priority objectives (like Bahamas gambling casinos); diverted into conglomerate takeovers that bid up the prices of existing assets—like Mobil Oil using $350 million that should be used for oil exploration to buy up Montgomery-Ward; or channeled into inflation inducing over-expenditures—such as inventories and supplies "that will cost more later on."

The time has come to make the Board of Governors of the Federal Reserve responsible for the allocation implications of monetary policy. With their 14-year terms and their independence, the Governors must not shrink from responsibility. We must develop a new set of tools which the Fed can combine with its control of monetary aggregates to allocate the supply of credit to priority areas.

A number of knowledgeable people have urged that the Fed act as credit-allocator as well as credit-creator.

Federal Reserve Governor Andrew Brimmer has repeatedly advocated allocative powers for the Fed since 1969. In testimony before the Senate Committee on Banking, Housing and Urban Affairs on April 7, 1971, Governor Brimmer urged implementation of supplemental asset reserves to avoid "unwanted and disproportionate effects of monetary restraint in particular sectors of the economy" and "to encourage banks to modify their . . . leading behavior to conform more to the objectives of monetary policy."

Federal Reserve Bank of Philadelphia President David P. Eastburn in the May 1974, Business Review envisaged the Fed's developing "market-oriented means to induce lenders to allocate their funds in particular directions for social purposes."

John R. Bunting, chairman of the First Pennsylvania Bank, in a May 19 speech reported in the Philadelphia Evening Bulletin "assailed the Federal Reserve's 'fixation solely on control of the size of the money supply' as a tool of dampening inflation." Instead, he said: "The monetary authorities should encourage banks to channel loans into industries whose products are in short supply and whose production is pushing close to capacity."

In an April 10 speech, Albert T. Sommers, senior vice president and chief economist of the conference board, asked "whether the Federal Reserve should not be equipped with additional powers affecting the direction of credit, and not simply the aggregate volume of credit supply."

And Business Week, in an editorial on June 1, called upon the Fed "to start thinking about a more selective approach to credit control. It could, for instance, call upon the member banks to give preference to temporary financing of new industrial capacity. Or it could ask for legislation to give it the power to establish a priority system for borrowers."

All agree that the meat-axe aggregate approach to monetary policy hopelessly misallocates credit.

Other countries successfully direct the allocation of credit through a variety of mechanisms. A December 1970 study by the Joint Economic Committee, "Activities by Various Central Banks to Promote Economic and Social Welfare Programs," lists numerous examples. The Bank of France uses direct credit controls to stimulate financing of agriculture. The central banks of Germany, India, Italy, and Mexico, as well as the Bank of France, provide direct loans to state and local governments or to public agencies. Central bank funds are lent directly to private companies in France, and are lent indirectly through private banks in Japan. Other instruments have also been widely used—special rediscounting privileges, special reserve requirements and credit ceilings, and approval over individual loans. Such far-reaching controls do not appear necessary in this country, at present, but the experience of foreign central banks with comprehensive controls is instructive.

Tax incentives and subsidies are often suggested as an alternative way of redirecting resources to priority uses. Nonpriority uses of the economy's resources, as for Bahama gambling casinos, can be discouraged by taxing them very heavily. Priority uses such as low income nursing could be expanded if the Federal Government were to pay part of the cost through a subsidy.

Taxes and subsidies, however, involve real problems. First, though most priority sectors of the economy have been given vast subsidies, periodic crises still appear with tight credit and high interest rates. Second, imposing high taxes on nonpriority uses of the economy's resources is a time-consuming and complex process; tax schemes are inflexible and are very difficult to change as the economy's needs change. Finally, increasing the subsidies going to priority sectors would further erode the tax base and open new loopholes. America's taxpayers don't need a more loophole-ridden tax code.

H.R. 15709 gives the Board of Governors of the Federal Reserve a new and powerful monetary tool for credit allocation purposes. By vigorously employing its new power, the Fed could signficantly increase the share of the Nation's bank credit going to priority sectors of the economy, and by the same token reduce the amount going to nonpriority uses.

H.R. 15709 establishes a new category of national priority loans and investments. This provision specifically gives priority in loans and investments to four important sectors of the economy: *First*, new capital investments that increase productive capacity, lower costs, control pollution, or conserve energy; *second*, low- and middle-income housing; *third*, State and local government investments; and *fourth*, small businesses. The Fed may also establish other priority areas as the investment needs of the Nation change provided that it informs Congress at least 60 days in advance so that Congress may disapprove by concurrent resolutions if it wishes. This mirrors the present power of Congress to disapprove changes in the organization of the executive branch, under the Reorganization Act of 1949.

To redirect the allocation of bank credit to national priority needs, H.R. 15709 establishes a new category of supplemental reserves and credits against bank assets. First, the Board of Governors may require each member bank to hold supplemental reserves against nonpriority loans and investments, in addition to the required reserves currently held against deposits. Second, the Board would allow each bank to credit against its supplemental reserve a percentage of its national priority loans and investments. The combined effect of supplemental reserves and credits is to increase bank earnings from national priority loans and investments and to reduce earnings on nonprority loans and investments. This gives banks a powerful incentive to make more national priority loans and investments.

To see how H.R. 15709 would end the undiscriminating credit effects of aggregate monetary policies, consider the following illustration.

Based on data published in the latest Federal Reserve Bulletin, member banks in the Federal Reserve System currently hold about $600 million in loans and investments. It is difficult to determine from these figures the exact uses to which these loans and investments are put, but the most generous criteria would classify about one-third, or $200 million, as national priority uses, such as residential mortgages, State and local government securities, and some commercial and industrial loans. The remaining $400 million is classified as nonpriority uses, such as nonresidential real estate, inventories, brokerage loans, and loans to finance companies.

Supplemental reserve requirements on the nonpriority assets, combined with credits for national priority assets, could induce banks to improve this allocation of credit. Assume the Fed requires each member bank to hold as little as 2 percent of its nonpriority loans and investments in a supplemental reserve, against which it allows a 3-percent credit for national priority loans and investments. The supplemental reserve would be $8 billion—2 percent of $400 billion of nonpriority assets—and the credit would be $6 billion—3 percent of $200 billion of national priority assets. With their current portfolios, banks overall would have to keep $2 billion in their supplemental reserves. Although this is not very large in comparison with the $35 billion reserve they currently keep on demand and time deposits, it still represents significant foregone earnings—about $200 million at current interest rates.

Banks could reduce their supplemental reserve requirements by devoting more of their loans and investments to national priority needs. For every $10 billion shifted from nonpriority uses to national priority uses, banks would free up to $500 million, since their supplemental reserve requirement would fall by $200 million—2 percent of the $10 billion reduction in nonpriority loans and investment—while their credits would rise by $300 million—3 percent of the added $10 billion in national priority uses. A shift of $40 billion more into national priority uses from the current figures to $240 billion in national priority assets and $360 billion in nonpriority assets—would eliminate the $2 billion supplemental reserve in the illustration altogether. The potential of this for shifting credit into national priority uses, even with low reserve requirements, is thus substantial.

The supplemental reserve requirement for individual banks would vary according to the proportion of assets devoted to national priority uses. The average bank with one-third of its assets in national priority areas would, in the above example, have to keep only one-third of 1 percent of its total assets in the supplemental reserve. A bank with more than 40 percent of its loans and investments in national priority areas would escape the reserve requirement.

The Fed should choose the combination of supplemental reserve requirements and credits necessary to channel the proper amount of credit to national priority uses. It can make the incentive to invest in national priority areas more powerful by raising the reserve requirement and reducing earnings on nonpriority assets, and by increasing the credit and raising earnings on national priority assets. It should be possible, however, to use fairly low reserve requirements, as in the illustration, to attain the goals of this bill without unduly burdening the Nation's banks.

The Fed should pay close attention to the effect which supplemental reserves might have on bank liquidity. If adding supplemental reserves to existing required reserves on deposits squeezes bank liquidity, the Fed should by all means reduce existing reserve requirements, or engage in open market operations to offset the squeeze. Furthermore, to minimize potential hardships on individual banks, the Fed should introduce supplemental reserve requirements gradually and give adequate leadtime before promulgating changes. After all, the purpose of this bill is to end the meat-ax effects of money aggregate policies, not to crunch down on banks.

The Fed has a long and promising history of adapting its monetary tools to the changing needs of the American economy. At an aggregate level, reserve requirements have often been changed to alter the liquidity positions of banks and to expand or contract the money supply. But, as Governor Brimmer points out, the Federal Reserve has "been moving more and more into the use of reserve requirements to achieve certain specialized purposes with respect to monetary policy." For example, in 1969 the Fed imposed supplemental reserve requirements on Eurodollar borrowings by domestic banks, in order to inhibit monetary growth from this source. In July 1966 and again in July 1973, the Fed increased reserve requirements on time deposits, other than savings accounts, to as high as 11 percent on July 4, 1973, in order to inhibit the flow of funds from savings and loan associations to bank certificates of deposit. Supplemental reserves and credits on assets would be in line with this tradition.

Although H.R. 15709 would materially improve the Nation's ability to allocate credit, it admittedly is not a complete panacea.

First, it does not give the Board of Governors powers of allocation over the lending and investments of nonmember commercial banks. Legislation pending before Congress to give the Fed power over the reserve requirements of most nonmember banks would readily remedy this.

Second, H.R. 15709 does not give the Board allocative power over nonbank financial institutions, such as savings and loan associations, credit unions, or pension funds. At the moment, however, it does not seem necessary to give this power to the Board.

Nonbank financial institutions are restricted, either by law or the nature of their liabilities, as to the kinds of loans and investments they carry in their portfolios, thus limiting their ability to counteract Fed policies. Further, some of these institutions, such as savings and loan association and mutual savings banks, already invest heavily in national priority areas.

Finally, H.R. 15709 contains no controls over the uses to which corporations put their internally generated funds, amounting to more than $150 billion in 1973. It is possible that large corporations could obtain resources for nonpriority uses from their internal funds or going into other credit markets, such as commercial paper or Eurodollars. There is certainly the risk that this and other escape hatches could impair the Fed's ability to direct more credit to national priority areas.

If experience shows that Fed control should go beyond commercial banks, further legislation could be enacted extending reserve requirements and credits against assets to other financial institutions. Congress could also consider establishing in the Fed mandatory credit allocation powers. Making the Fed a credit allocation agency would not be unprecedented. In fact, during the Korean war, the Fed undertook an extremely successful voluntary credit restraint program under the Defense Production Act of 1950—to "curtail the use of credit for speculative purposes and to divert funds from nonessential to essential uses." Directed by a committee of Fed Governors and business leaders, the success of the program is attested to by a massive shift in credit from retail trade, commodity dealers, and finance companies to defense production and investment by utilities during 1951. The end of the Korean war brought an end to the program, but there is no reason why we should not resurrect it if needed.

While the purpose of H.R. 15709 is to improve credit allocation, it will also affect the ability of the Fed to control monetary aggregates. Supplemental reserves and credits on assets will be a new variable in Fed calculations. They introduce a new uncertainty, since banks would be able to change their average reserve requirements by changing their asset portfolios.

The new reserve requirements, however, should not impose insurmountable problems for Fed monetary policy. Day-to-day control of monetary aggregates, which would be most vulnerable to reserve uncertainty, is not as important as is longterm control, where adaptation to new variables is easier. Secondly, the relationship between movements in monetary aggregates and the performance of the economy is not so precise that this amendment would significantly alter it. Finally, with its current level of professional expertness, it should not take the Board of Governors or its staff very long to incorporate supplemental reserve requirements and credits into their money supply calculus. The benefits of assuring that credit is available for national priority needs far outweigh any possible difficulties in short-run control of money supply.

In light of the damage done by meat-ax aggregate money policies to national priority sectors of the economy, like business investment in plant and equipment, low- and middle-income housing, and State and local governments, a new approach to credit allocation is needed. H.R. 15709 fills this need by transforming the Federal Reserve into a credit-allocating, as well as a credit-creating, institution.

The importance and complexity of this issue requires that a full discussion and exchange of ideas about it take place. I hope that H.R. 15709 will lead to this much-needed discussion.

BOARD OF GOVERNORS,
FEDERAL RESERVE SYSTEM,
Washington, D.C., August 5, 1974.
Hon. HENRY S. REUSS,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN REUSS: I am responding to your letter of July 10, 1974. You asked me (along with other Board Members) to comment on the legislation which you have introduced designed to empower the Federal Reserve Board to influence explicitly the sectoral distribution of bank credit. In a letter of July 29, 1974, Chairman Burns responded on behalf of the other Board Members. It was indicated that I would respond separately since I did not share the position adopted by the majority of the Board.

First of all, I wish to applaud your effort to provide the Federal Reserve with additional instruments which would enable the Board to cope more effectively with the distortion in the sectoral distribution of bank credit which typically occurs during periods of monetary restraint. I have also been troubled by the same range of difficulties which have concerned you. In fact, as long ago as April, 1970, I suggested that the Board be given authority, to establish supplemental reserve requirements on bank assets. Such supplemental reserves would have been set on a differential basis—thus allowing the Board to encourage banks to channel funds into areas of high national priority and to discourage bank credit lending in areas of lesser importance. In the Spring of 1971, the Subcommittee on Financial Institutions of the Committee on Banking, Housing, and Urban Affairs of the U.S. Senate held hearings on a bill containing many of the features of the proposal which I advanced. At that time, the majority of the Board also objected to being granted such authority. In appearing before the Subcommittee, I favored the idea; I still favor a similar attack on the problem.

Your proposed legislation is superior to the earlier approach because it would provide for the establishment of a system of both supplementary reserves and credits. This provision would endow the Board with a great deal of flexibility, and it would also deal with some reservations raised with respect to the earlier proposal.

The general nature of the problem on which you focus is widely understood. As you know, in a number of papers, I have documented the adverse effects of monetary restraint on sectoral credit flows. One of these was presented at the Annual Meeting of the American Finance Association in December, 1972. Another was presented at the American Economic Association Annual Meeting last December. I have enclosed copies of these papers for your information.

In essence, during a period of substantial monetary restraint, the resulting higher costs and lesser availability of bank credit strike different sectors of the economy most unevenly. In general, banks show a strong preference for lending to long-standing business customers (particularly large corporations) while other potential borrowers receive a reduced share of the available funds. At the same time, there is typically a sharp shift in the flow of funds away from housing, State and local governments, small business, finance companies, and farmers. In contrast, business borrowers are affected to a much lesser extent—although the cost of funds to them does rise substantially.

Operating under your proposal, the Federal Reserve could provide a genuine incentive for banks to concentrate on socially desirable lending. It is true that, within the framework established by the bill, the Board would have a great deal of discretion to vary supplemental reserve requirements. However, no central bank credit would flow into particular sectors. Instead, by varying the structure of supplemental reserves or credits, the Board could induce banks to respond more explicitly to the high priority financing needs of the economy.

Over the last four years, during which I have been calling attention to the need for authority similar to that which you propose to give the Federal Reserve, I have encountered a number of reservations. These have been raised within the Federal Reserve System as well as by observers on the outside. Some of these were expressed by the majority of the Board in Chairman Burns' letter of July 29. I see no need to respond in detail to those reservations at this time. I would simply say that they do raise a number of issues on which you and your Committee ought to focus. For my part, while I recognize the basis of the reservations, I personally think that the benefits which would accrue from implementing the proposal outweight the types of costs which others have identified. In a paper I gave in April, 1970, I did address myself to some of the (similar) objections which had been expressed at that time. Many of these reservations involve mainly technical issues. Consequently, the application of a reasonable amount of first-rate staff talent should result in their resolution. I also enclose a copy of that paper for your information.

In passing, I should note that the use of differential reserve requirements to influence sectoral credit flows is quite common among some foreign central banks. This is especially so among banks in developing countries. I summarized the experience of some of those foreign institutions in a paper which I delivered in Jamaica in 1970. I have also enclosed a copy of that paper.

Again, I applaud your efforts to have the Federal Reserve given additional instruments to deal more effectively with the adverse shifts in credit flows associated with monetary restraint.

Sincerely yours,

ANDY.

[From the New York Times, Aug. 12, 1974]

CREDIT RATIONING

One of the shortcomings in a tight money policy as the prime weapon against inflation is its extremely uneven impact on different sectors of the economy. Some borrowers, the biggest or those who can pay the highest rates, can get all the credit they need, while other borrowers are cut off and threatened with financial disaster.

Obviously, it is impossible to run a generally restrictive monetary policy without hurting anybody; but the question raised anew by the present credit squeeze is whether the right borrowers and types of loans are being cut off.

A group of Democrats, led by Representative Henry Reuss of Wisconsin, is urging a more selective Federal Reserve policy—one that would insure a large flow of credit for four general purposes: productive capital investment that would increase the supply of goods, lower- and middle-income housing, state and local governments and small-business loans. At the same time, they would discourage the use of scarce credit to promote anti-competitive mergers or acquisitions, to boost inventories to get ahead of anticipated higher prices or to speculate in gold or other commodities.

A bill introduced by Mr. Reuss would require that commercial banks put up larger reserves against socially undesirable loans and receive credits when they made socially desirable loans.

The Federal Reserve Board, with one governor dissenting, has opposed the bill. Chairman Burns contends that it would be "inappropriate for the Fed to allocate credit according to its judgment of national priority needs"—because, in a democracy, these are matters for political decision. But, if it enacted the Reuss bill, Congress would in fact be giving the Fed political backing and broad policy guidance. The Federal Reserve, a creature of Congress, would be executing the policy of Congress. There is nothing unique historically in its doing so.

Dr. Burns also argues that the bill would cause "serious administrative problems" for the Fed and for member banks, including greatly increased requirements for information. But there are already heavy costs to the economy and society from the existing distorted pattern of credit allocation and the inadequate information on the uses of banking resources.

Within the same over-all pattern of credit restraint and average reserve requirements, selective allocation of credit should prove to be less inflationary—by encouraging more productive investment and by avoiding undue hardship on particular sectors through higher rates of growth in the money supply. The real choice is not between general and selective controls but between the accidentally selective impact of general tightening and a rationally selective policy within the same framework.

By Mr. BELLMON:

S. 3902. A bill to terminate the Emergency Daylight Saving Time Energy Conservation Act of 1973 on the last Sunday of October 1974, and to amend the Uniform Time Act of 1966 in order to provide that daylight saving time as provided for under such act shall begin on the last Sunday in February of each year. Referred to the Committee on Commerce.

Mr. BELLMON. Mr. President, Congress passed the Emergency Daylight Saving Time Energy Act of 1973 to provide for daylight saving time on a year-round basis for a 2-year experiment. The purpose of the act was to reduce energy consumption through time management. The time change was instituted on January 6, 1974. Prior to this act, daylight saving time was in effect from the last Sunday in April to the last Sunday in October.

Last fall when the Congress realized the energy crisis was becoming critical, daylight saving time was adopted with the hope that energy might be conserved. Many Americans were skeptical that energy could be saved through time management. Since there had never been daylight saving time during November through April, Congress had no actual proof that energy could be saved.

Now that the act has been law for almost 8 months, the Department of Transportation has compiled its data and the Secretary of Transportation has issued an interim report on the operational effects of year-round DST. Using the best information available indicators were developed that showed that year-round daylight saving time decreased electricity consumption during January and February on the order of 0.75 percent—with coal being the predominant fuel saved. Savings of approximately 1 percent for March and April in fuel consumption for the production of electricity production were inferred from the experience of transition to daylight saving time in previous years.

However, it now appears the year-round daylight saving time increased gasoline use as much as 1 percent over similar conditions with standard time. According to the Secretary's interim report, in March and April, when gasoline supplies were more available and much larger areas of the country were warm, year-round daylight saving time may have increased gasoline use from 0.5 to approximately 1 percent over standard time. There was no additional energy savings besides the possibility of a slight electricity savings while at the same time gasoline consumption was increasing, not to mention the side effects the American people were experiencing.

Mr. President, it is the Secretary of Transportation's findings that energy consumption was not reduced by year-round daylight saving time. Seeing the inconvenience it caused the American people compels me to urge Congress to adopt this bill to end year-round daylight savings time.

Reports from 37 States and the District of Columbia indicated school districts in 18 States advanced their school hours because of the problems of dark mornings. About 44 percent of the school districts and 47 percent of the students enrolled in the 37 reporting States were affected by this time change. This shows that a large number of families had their morning schedules disrupted with later school hours being adopted. In many cases parents could not take their children to school on their way to work as they had done with standard time. In the schools where the starting time was not changed children were forced to walk to school in darkness due to year-round daylight saving time.

The Federal Communications Commission has reported that year-round daylight saving time caused an adverse economic impact for some daytime only and full time radio stations because of interference problems between these two classes of stations during their prime time morning rush-hour broadcasts.

The Department of Commerce reports that the construction industry opposed year-round daylight saving time because of the safety hazards of working during the early morning darkness.

While there was no overall increase in fatalities involving school age children, there was an increase in schoolchildren fatalities during the morning hours of 6 to 9 a.m. for February 1975 versus February 1973. Accordingly, it is very hard to explain to the parents of a dead child killed in the dark morning hours on the way to school why Congress retains year-round daylight saving time when no energy is actually saved. Another school year is quickly approaching and if the Congress does not take prompt action, our children will again be going to school in the dark by November.

Mr. President, the Secretary of Transportation after extensive study has recommended that we go back to standard time during November through February. By adopting this bill, Congress will be following the Transportation Department's interim report recommendation and saving the American people many of the inconveniences they have suffered from year-round daylight saving time. The Congress must take action to return the Nation to standard time from the last of October to the first of March.

Mr. President, I ask unanimous consent that the text of the bill be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 3902

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 7 of the Emergency Daylight Saving Time Energy Conservation Act of 1973 is amended by striking out "April 1975" and inserting in lieu thereof "October 1974".

Sec. 2. Section 3(a) of the Uniform Time Act of 1966 (15 U.S.C. 260a. (a)) is amended by striking out "last Sunday in April" and inserting in lieu thereof "last Sunday in February".

By Mr. BROCK (for himself, Mr. Cook, and Mr. Baker):

S. 3903. A bill to extend the State and Local Fiscal Assistance Act of 1972 for 7 years. Referred to the Committee on Finance.

THE VERDICT IS IN: REVENUE SHARING IS A SUCCESS

Mr. BROCK. Mr. President, if there is one clear message that came through during the recent oversight hearings on revenue sharing before Senator Muskie's Intergovernmental Relations Subcommittee it was that all elected officials, from Governor to village mayor, thought that revenue sharing was a success and should definitely be continued.

As Gov. James E. Holshouser, Jr., of North Carolina, speaking for the National Governors' Conference, stated before the subcommittee:

> As you probably know, the Governors' Conference held its sixty-sixth annual meeting last week in Seattle, Washington. Both as a member of the Conference Executive Committee and as a participant in the debate at the plenary sessions, I can vigorously assert the Governors' support for General Revenue Sharing. As the Governor of one state which has benefited significantly from the program, I add my strong personal endorsement.

The Governor then went on to add:

> I believe it is one of the most significant steps taken by the Congress in recent years.

I wholeheartedly support that viewpoint.

Governor Holshouser's sentiments have been bipartisanly echoed by other Governors. Gov. Kenneth Curtis has stated:

> If you pull the plug on general revenue sharing, school and social programs will be hard hit.

Gov. Mills Godwin said:

> I am very much in favor of federal revenue sharing and the concept of "the New Federalism".

At the end of its June annual meeting in Seattle, the National Governors' Conference adopted a resolution urging Congress to reenact revenue sharing.

The League of Cities and the U.S Mayors' Conference have also expressed their support for, and concern regarding, the future of the revenue sharing program. Mr. Joseph T. McDevitt, executive director, Rhode Island League of Cities and Towns, stated to the subcommittee in the introductory part of his testimony that:

> My purpose in being here today is to express concern for the continuation of this program. It is imperative that the partnership that was fostered in Rhode Island between the Federal, state and local government as a result of this legislation be continued.

And he concluded with:

> On behalf of all mayors, administrators, managers and council presidents in Rhode Island, I implore you to look favorably upon this program.

I do not believe you could get a clearer endorsement of a program than that expressed by Mr. McDevitt.

Moon Landrieu, the democratic mayor of New Orleans, has said:

> The nation's cities continue to be 100 per cent united in their support of the general revenue sharing program. Revenue sharing cannot be terminated without a devastating impact on the fiscal viability of municipal government.

There have been criticisms of revenue sharing, although it should be pointed out that these are not from elected officials. The major criticism of the program, however, is the reason why this program should be extended immediately, and why I am proposing that revenue sharing be extended this session of Congress instead of next. The criticism is that some people believe there has been an overuse of these funds in the area of capital investment. There is some validity to this criticism, but the reason for this was adequately expressed by Graham Watt, the Director of the Office of Revenue Sharing, in his statement before the committee on June 4. He stated:

> Many officials have chosen to limit their expenditures to capital purposes, avoiding future reliance upon funds which conceivably could be terminated after 1976.

Who is going to place money into an ongoing program which would have to be terminated in a few years? This is why it is imperative that Congress extend revenue sharing this year in order that the State and local governments will have sufficient time to prepare their programs. This is why the Governors want revenue sharing extended before the 1976 deadline. The Governors advocated early action to allow "adequate lead time for proper budget preparation."

There have been a few complaints about the priorities given some programs by the State and local government, and I must admit that I sitting in Washington, question some of the programs, but that is not the purpose of the program. Each of these decisions has been made by the local officials with the help of the citizens of each community, and who knows a local area's need better than these people?

A few complaints have been made regarding the reporting procedure. Many feel that this is too simple and does not bring about enough local participation. The answer to the first part is that the program was created to provide money to State and local governments with as little redtape as possible. As for the participation question, George Lehr, county executive of Jackson County, Mo., stated before the committee that:

> Citizen participation in determining budget priorities for revenue sharing has been excellent. The citizenry seems to be much more aware of the existence of revenue sharing than other forms of Federal aid or even local funds.

Dick Nathan, one of the philosophical fathers of this program, who is now the director of the Brookings Institution study on general revenue sharing, states that:

> There are significant indications that revenue sharing has increased the competitiveness and prominence of local budgetary processes.

As you will note, Mr. President, my speech has been mostly full of quotes from testimony of elected officials, and I have deliberately tried to keep my own opinions to a minimum, although I obviously support the program. I kept my own opinions to a minimum for a very simple reason, after listening to the testimony of those State and local officials who are on the front line, it seems obvious that: "The Verdict is In: Revenue Sharing is a Success."

Mr. President, I ask unanimous consent that my State and local Fiscal Assistance Act of 1974 be printed in the RECORD at this point.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 3903

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 105(b)(1) of the State and Local Assistance Act of 1972 is amended by striking out "and" at the end of subparagraph (F), and by striking out subparagraph (G) and inserting in lieu thereof the following:

"(G) for the period beginning July 1, 1976 and ending September 30, 1976, $1,662,500,000;

"(H) for the fiscal year 1977, $6,650,000,000;

"(I) for the fiscal year 1978, $6,800,000,000;

"(J) for the fiscal year 1979, $6,950,000,000;

"(K) for the fiscal year 1980, $7,100,000,000;

"(L) for the fiscal year 1981, $7,250,000,000;

"(M) for the fiscal year 1982, $7,400,000,000; and

"(N) for the fiscal year 1983, $7,550,000,000."

(b) Section 105(b)(2) of such Act is amended by—

(1) striking out "and" at the end of subparagraph (D) and

(2) striking out subparagraph (E) and inserting in lieu thereof the following:

"(E) for the period beginning July 1, 1976 and ending September 30, 1976, $1,195,000; and

"(F) for each of the fiscal years 1977 through 1983, $4,780,000.".

(c)(1) Section 107(b) is amended by striking out paragraph (5) and redesignating paragraphs (6) and (7) as (5) and (6), respectively.

(2) Section 108(c)(1)(C) is amended by striking out "December 31, 1976" and inserting in lieu thereof "September 30, 1983".

(3) Section 141(b) is amended by—

(1) striking out "December 31, 1976" in paragraph (5) and inserting in lieu thereof "September 30, 1976"; and

(2) adding at the end thereof the following:

"(6) each of the one-year periods beginning on the first day of October of each year from 1976 through 1982.".

By Mr. PEARSON (for himself and Mr. STEVENSON):

S. 3904. A bill to regulate commerce by amending the Natural Gas Act to secure increased supplies of natural gas for the consumer, and for other purposes. Referred to the Committee on Commerce.

NATURAL GAS ACT AMENDMENTS OF 1974

Mr. PEARSON. Mr. President, on behalf of Senator ADLAI E. STEVENSON III, of Illinois, and myself, I introduce for appropriate reference the "Natural Gas Act Amendments of 1974."

This legislation is designed to stimulate massive development of new natural gas reserves through controlled price incentives for new gas contracted to the interstate market. The Federal Power Commission's authority to regulate the price of natural gas at the wellhead would be phased out, and the Federal Energy Administration would be directed to establish ceiling price controls over wellhead sales of gas sold for the first time in interstate commerce.

Under our proposal, FEA ceiling price controls could be lifted with the approval of Congress when current shortages are alleviated and a return to free market pricing is possible without severe inflationary consequences.

Mr. President, there has been a stalemate in the Congress for more than 15 years caused by implacable differences between those who seek deregulation of wellhead natural gas prices, and those, on the other hand, who believe regulation of prices should be continued in perpetuity. Our proposal is designed as a reasonable "middle way," a compromise between the two approaches suggested to accomplish the single purpose of expanding the Nation's supply of gas to interstate market and expand proven reserves to insure long-term stability of supply.

Mr. President, in offering this bill, Senator STEVENSON. and I seek to provide price incentives for producers in order to stimulate exploration and development of natural gas reserves in America. We also seek to protect more than 160 million American consumers of gas from extortionate price increases which would occur in the absence of general price control authority during the current period of critically short supply. Under our bill, producers will achieve their objective of total deregulation at the wellhead of new gas if they develop fully the potential American resources of this fuel. Our bill is a transition measure to soften the consequences of massive energy inflation which would inevitably occur if deregulation were approved before supply is expanded.

Mr. President, there is little doubt today that demand for natural gas is far in excess of supply. The Federal Power Commission has been forced to institute a "curtailment of supply" policy for the major interstate pipelines in order to protect public health during the current, severe shortages. Net curtailments for the year April 1973—March 1974 totaled 1.2 trillion cubic feet—an increase of 25 percent over the previous year. Projected curtailments for the April 1974–March 1975 period are 1.85 Tcf, compared to net production—calendar year 1972—of 22.4 Tcf.

The proven reserves of natural gas are less than a 10-year supply. Only a decade ago America had an 18-year supply. Not only do we have current shortages because of reduced deliveries to the interstate market in 1973 compared to 1972, but we have the prospect of massive shortages and severe economic dislocation within a decade if increased exploration and development do not result in substantial increases in reserves.

Mr. President, I would urge the Committee on Commerce to consider our proposed amendments to the Natural Gas Act as a priority measure for committee action in the near future. The prospect of massive shortages and ever-dwindling reserves of gas available for the interstate market require us to deal seriously with this issue, to develop legislation which can enjoy bipartisan support in both Houses of Congress and ultimately be enacted into law. Those who have advocated principally the consumer interests on the one hand, and those who have advocated primarily the producing interests, on the other, can no longer afford to defer action in favor of extended debate. The time has come for a consensus position to emerge, a reasonable balancing of divergent interests. Senator Stevenson and I will invite the Committee on Commerce to help us perfect this measure in order that final congressional action on urgently needed amendments to the National Gas Act can be enacted at the earliest possible time.

Mr. President, I request that the text of our bill, along with a section-by-section analysis of its provisions be inserted in the Record immediately following these remarks.

There being no objection, the bill and analysis were ordered to be printed in the Record, as follows:

S. 3904

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Natural Gas Act Amendments of 1974".

Sec. 2. The Natural Gas Act (15 U.S.C. 717 et seq.) is amended by (1) striking out section 24 thereof (15 U.S.C. 717w); (2) redesignating sections 1 through 23 thereof (15 U.S.C. 717–717v) as sections 2 through 24 thereof; and (3) inserting therein the following new section 1:

"SHORT TITLE

"Section 1. This Act may be cited as the 'Natural Gas Act'.".

Sec. 3. Section 2(b) of the Natural Gas Act, as redesignated by this Act, (15 U.S.C. 717(b)) is amended (1) by deleting "The" at the beginning thereof and by inserting in lieu thereof immediately after "(b)" the following: "(1) Except as provided in paragraph (2) of this subsection, the"; (2) by striking the words "for resale"; and (3) by inserting at the end thereof the following new paragraph:

"(2) Subsequent to the establishment by the Administrator of area ceilings for rates and charges for the sale or transfer to natural gas companies of exempt natural gas, pursuant to section 26 of this Act, the authority of the Commission to prescribe or determine rates and charges for the sale of natural gas at the wellhead pursuant to section 5 and 6 of this Act, shall cease to exist with respect to, and shall not apply to, exempt natural gas.".

Sec. 4. Section 3 of the Natural Gas Act, as redesignated by this Act (15 U.S.C. 717a) is amended—

(1) in paragraph (6) thereof, by deleting the term "for resale" at the end thereof;

(2) by redesignating paragraph (1) thereof as paragraph "(11)" thereof; by redesignating paragraph (2) thereof as paragraph "(4)" thereof; by redesignating paragraph (3) thereof as paragraph "(8)" thereof; by redesignating paragraph (4) thereof as paragraph "(12)" thereof; by redesignating paragraph (5) thereof as paragraph "(9)" thereof; by redesignating paragraph (6) thereof as paragraph "(10)" thereof; by redesignating paragraph (8) thereof as paragraph "(13)" thereof; and by redesignating paragraph (9) thereof as paragraph "(3)" thereof; and

(3) by inserting, at the appropriate places in such section, the following new paragraphs:

"(1) 'Administrator' means the Administrator of the Federal Energy Administration,";

"(2) 'Affiliate' means any person directly or indirectly controlling, controlled by, or under common control or ownership with any other person. As used in this paragraph, the term 'control' refers to actual or legal power to dominate or determine in any manner, directly or indirectly, policy or business practices; the term 'ownership' refers to equity holdings of one percentum or more in any business entity,";

"(5) 'Exempt natural gas' is natural gas which as determined by the Commission (a) is available for sale by contract entered into after the effective date of this Act, and (b) is not contracted for sale to or dedicated to interstate commerce prior to the effective date of this Act unless prior to the effective date of this Act the Commission has authorized abandonment of the dedication to interstate commerce,";

"(6) 'Flowing natural gas' means any natural gas which is not exempt natural gas.".

Sec. 5(a). Section 5(a) of the Natural Gas Act, as redesignated by this Act (15 U.S.C. 717c(a)), is amended by adding at the end thereof the following new sentence: "The rates and charges made, demanded, or received by natural gas companies for or in connection with the sale of exempt natural gas shall be deemed just and reasonable, if they do not exceed the applicable area ceiling in effect at the time when exempt natural gas from any given well was first sold or transferred to a natural gas company pursuant to regulations of the Administrator issued under section 26 of this Act: Provided, That beginning 10 years after the date of enactment of the Natural Gas Act Amendments of 1974, rates and charges in excess of such applicable area ceilings may be authorized by the Administrator to provide special relief to meet extraordinary expenses that could not be anticipated at the time the applicable area ceiling was established.

(b) Section 5(e) of the Natural Gas Act, as redesignated by this Act, is amended by adding at the end thereof the following new sentence: "Notwithstanding the foregoing, the Commission shall have no power (1) to deny, in whole or in part, any rates and charges made, demanded, or received by any natural-gas company for or in connection with the sale of exempt natural gas, or that portion of the rates and charges of such company which relate to such sale, except to the extent that such rates or charges, or such portion thereof, exceed the applicable area ceiling established by regulation of the Administrator pursuant to section 26 of this Act, or exceed the rates and charges, or such portion thereof, made, demanded, or received by any persons in such area who are not affiliated with such natural-gas company; or (2) to order a decrease in the rate or charge made, demanded, or received for the sale or transfer of flowing natural gas by a natural-gas company if such rate or charge shall have been previously determined or deemed to be just and reasonable pursuant to this Act.".

Sec. 6. Section 6 of the Natural Gas Act, as redesignated by this Act (15 U.S.C. 717d), is amended by inserting at the end thereof the following two new subsections:

"(c) In any case where a natural-gas company purchases natural gas from an affiliate, the Commission may disallow, in whole or in part, rates or charges made, demanded, or received by such natural-gas company for or in connection with the purchase of exempt natural gas, to the extent that the rates or charges made, demanded, or received by such affiliate exceed rates or charges for exempt natural gas in such area which are made, demanded, or received by persons not affiliated with such natural-gas company.

"(d) The Commission shall not authorize any increase in the rates and charges made, demanded, or received by any natural gas company for flowing gas after the date of enactment of the Natural Gas Act Amendments of 1974, unless it finds that such increases are necessary to assure sound conservation practices; to prevent premature abandonment of producing reservoirs; or to meet actual increases in costs for advanced recovery techniques.".

Sec. 7. (a) Section 11(a) of the Natural Gas Act, as redesignated by this Act (15 U.S.C. 717i(a)), is amended (1) in the second sentence thereof, by deleting "may prescribe" and by inserting in lieu thereof "shall establish and maintain a uniform system of accounting for natural-gas companies and shall prescribe"; and by (2) amending the third and fourth sentences thereof by deleting "may" wherever the same shall appear, and by inserting in lieu thereof "shall".

(b) Section 22 of the Natural Gas Act, as redesignated by this Act, is amended by adding at the end thereof the following new subsection: "(c) Any natural-gas company which, in willful violation, fails in a timely manner and accurately to reveal its natural-gas reserves to the Commission shall, in addition to any other penalties and after an adjudicative hearing, be declared by the Commission ineligible to bid or to participate in any bidding on any leases on any Federal lands (including the Outer Continental Shelf) until such information is supplied to the satisfaction of the Commission.".

(c) Section 11 of the Natural Gas Act, as redesignated by this Act, is amended by adding at the end thereof the following new subsection:

"(c) The Commission shall make available to the public, upon request and at reasonable cost of reproduction and mailing, any and all information obtained or developed under this Act, except to the extent that such information constitutes a trade secret or confidential commercial or financial information which if disclosed, would result in significant competitive damage to its owner: *Provided,* That such information may be disclosed by the Commission—

"(1) on a confidential basis to other Federal Government departments, agencies, and officials with reasonable need for such information for official use, upon request;

"(2) on a confidential basis to committees of Congress having jurisdiction over the subject matter to which the information relates:

"(3) to any person in any judicial proceeding relating to the provisions of this subsection under a court order formulated to preserve the confidentiality of such information to the extent possible without impairing the proceeding; or

"(4) to any person, if relevant in any proceeding under this Act, so long as disclosure is made in such a way as to preserve the confidentiality of such information to the extent possible without impairing the proceeding.".

SEC. 8. Section 15 of the Natural Gas Act, as redesignated by this Act (15 U.S.C. 717m) is amended by adding at the end thereof the following new subsection:

"(i) The Commission shall conduct studies of the production, transportation, and sale of natural gas produced within the United States and is authorized to conduct such studies with respect to natural gas produced in locations or places outside the United States for export to the United States. The Commission shall make an independent study of the proved and potential reserves of natural gas within the United States, identifying volumes committed to contract and volumes not committed or not produced and the reasons for such noncommitment or nonproduction, and shall update such evaluation annually. The Commission shall publish an independent annual estimate of such reserves and resources, both proven and potential, with breakdowns by producing areas, identifying the volumes in each area not being produced. Notwithstanding any other provision of law, the Commission is authorized, in the performance of its obligations under this subsection, to obtain reserve information from any person. The Commission shall utilize, to the extent feasible, the applicable informational and investigational resources, studies, reports, and services of any other agency or instrumentality of the United States. Each such agency or instrumentality shall cooperate with and assist the Commission in the performance of its obligations under this subsection.".

SEC. 9. Section 17 of the Natural Gas Act, as redesignated by this Act (15 U.S.C. 717o), is amended by deleting the title thereof and inserting in lieu thereof "ADMINISTRATION"; (2) by inserting "(a)" before the first sentence thereof; and (3) by adding at the end thereof the following four new subsections:

"(b)(1) Whenever the Commission submits any formal budget estimate, request, or other budget information to the Executive Office of the President, it shall concurrently transmit to the Congress a copy of that estimate or request.

"(2) Whenever the Commission submits any formal legislative recommendations, testimony, or comments on legislation to the Executive Office of the President it shall concurrently transmit a copy thereof to the Congress. No officer or agency of the United States shall have any authority to require the Commission to submit its legislative recommendations, testimony, or comments on legislation to any officer or agency of the United States for approval, comments, or review, prior to the submission of such recommendations, testimony, or comments to the Congress.

"(c) Notwithstanding any other provision of law, (1) in any civil action, the Commission is authorized to act in its own name and through its own attorneys; and (2) attorneys for the Commission shall supervise, and may in the discretion of the Commission, conduct litigation in any civil action to which the Commission is a party. Upon request by the Commission, the Attorney General or the United States attorney for the applicable district shall assist the Commission.

"(6) Notwithstanding any other provision of law, whenever a committee of the Congress which has or shares responsibility for the authorization of appropriations for the Commission pursuant to a formal resolution adopted by such Committee makes a written request for materials in the possession of or under the control of the Commission, the Commission shall submit to such committee such materials or copies thereof.

"(e) No Commissioner appointed after the date of enactment of this subsection, and no full-time officer or employee of the Commission compensated at any time at a rate in excess of that prescribed for grade GS-14 of the General Schedule under section 5332 of title 5, United States Code, shall accept employment, or any compensation or fees for services performed, from any natural-gas company or other person subject to regulation by the Commission for a period of 12 months after the date of termination of employment with the Commission.

SEC. 10. Section 21(a) of the Natural Gas Act as redesignated by this Act (15 U.S.C. 717(a)), is amended by deleting "or of" the first time such words appear and by inserting in the first sentence thereof after the phrase "regulation, or order thereunder," each time the same shall appear the following:

"or any area ceilings established pursuant to section 26 of this Act.".

SEC. 11. The Natural Gas Act, as amended by this Act, is amended by adding at the end thereof the following four new sections:

"SALES

"SEC. 25. (a) The Commission shall require all natural-gas companies to file separate rate schedules to reflect the cost of (1) flowing natural gas and (2) exempt natural gas. The Commission shall establish by regulation standards to be used in determining such costs.

"(b)(1) The Commission is authorized and directed to assure that the cost of the flowing natural gas available to natural-gas companies for transportation and sale is assigned to natural gas supplied to residential and small commercial customers, as defined by the Commission by regulation. New residential and small commercial customers shall be treated as existing residential and small commercial customers.

"(b)(2) The Commission is authorized to assure, to the extent feasible, that there is no discrimination in transportation charges among classes of customers and that there is no difference in unit rates and charges for the sale of natural gas not for resale between various classes or categories of consumers thereof, except as provided in paragraph (1) and except to the extent that such differences are justifiable on the basis of cost of service to such classes or categories, and to bar discounts within any such class or category based on the quantity consumed, used, or purchased.

"CEILING RATES AND CHARGES

"SEC. 26. (a) The Administrator shall by regulation establish, and may from time to time modify, area ceilings for rates and charges for the sale or transfer of exempt natural gas to natural-gas companies. In establishing such area ceilings, the following factors are to be considered and shall be determinative:

"(1) the projected costs attributable to exploration, development, gathering, and sale of natural gas in the applicable areas;

"(2) the rates and charges necessary to encourage the optimum level of exploration, development, gathering, and maintenance of proven reserves of natural gas;

"(3) the promotion of sound conservation practices in natural-gas consumption necessary to contribute to the maintenance of a supply of energy resources at reasonable prices to the consumer;

"(4) the rates and charges that will protect consumers of natural gas from price increases that would, in the absence of area ceilings during periods of actual or anticipated shortages, or as a consequence of market imperfections, exceed the rates and charges necessary to achieve the objectives of paragraphs (1) through (3) of this subsection.

"(b)(1) The Administrator is authorized to propose the termination of area ceilings by giving notice and opportunity for a hearing on the record. (2) Upon publication of such notice, the Federal Trade Commission and the Attorney General shall individually within 180 days transmit to the Administrator and the Congress a detailed report assessing the state of supply and demand for natural gas, the extent to which competition in the natural gas industry can be relied upon to determine reasonable prices, the price levels likely to result after termination of area ceilings and a report recommending whether the public interest would be served by the termination or continuation of area ceilings. (3) In the preparation of the report, the Federal Trade Commission and the Attorney General shall consult with the Federal Power Commission, National Geological Survey and other appropriate Federal and State agencies; the Federal agencies shall fully cooperate with the Federal Trade Commission and the Attorney General in the preparation of such reports and may file with the Administrator and the Congress their separate views. (4) If the Administrator finds, within 240 days after such notice, that area ceilings should be terminated, such ceilings shall terminate within 90 days of continuous session of Congress if the Congress shall approve such termination of area ceilings by concurrent resolution. For purposes of this paragraph, the continuity of Congress is broken by an adjournment of Congress sine die, and the days on which either House is not in session because of an adjournment of more than 3 days are excluded in the computation of the 90-day period.

"(c) As used in this section and in section 27 of this Act, the term 'Administrator' means the Commission in the event that the Federal Energy Administration Act of 1974 expires, from and after the date of such expiration.

"ASSIGNMENT OF NATURAL GAS

"SEC. 27. (a) Within 60 days of the day of enactment of this section, the Administrator shall by regulation direct major natural gas producers to sell or transfer at least annually, in accordance with this section, exempt natural gas to natural-gas companies engaged in the transportation of natural gas in interstate commerce. Each such major natural gas producer shall provide for the sale or transfer to such natural-gas companies of a quantity of exempt natural gas in accordance with the following formula: The quantity shall be calculated, with respect to each major natural gas producer, by multiplying its current total estimated production of exempt natural gas by its percentage of previous interstate production.

"(b) As used in this section—

"(1) 'current total estimated production' means total actual production of natural gas in the United States (excluding any production of Federal lands), as determined by the Administrator for the most recent time period covered by such order to sell or transfer;

"(2) 'Federal lands' means any land or subsurface area within the United States which is owned or controlled by the Federal Government or with respect to which the Federal Government has authority, directly or indirectly, to explore for, develop, and produce natural gas. The term includes the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (43 U.S.C. 1331(a));

"(3) 'major natural gas producer' mean a natural gas company (including any of its affiliates) which has produced and gathered one per centum or more of that total amount of natural gas sold or transferred in the United States during any of the 10 calendar years preceding the year to which the order to sell or transfer applies, as determined by the Administrator; and

"(4) 'percentage of previous interstate production' is calculated by dividing the amount of total natural gas production (excluding any production on Federal lands) during the 10 calendar years preceding the year of calculation by the amount of natural gas (excluding any production on Federal lands) sold or transferred to natural gas companies engaged in the transportation of natural gas in interstate commerce during the 10 calendar years preceding the year to which the order to sell or transfer applies.

"(c) The powers and duties granted by this section shall apply only during such period of time as the Administrator is authorized, pursuant to section 26 of this Act, to establish and maintain area ceilings.".

"ALLOCATION OF SUPPLY

"SEC. 28. The Commission, after consultation with the Administrator of the Federal Energy Administration and other interested agencies, is authorized to allocate for a period not to exceed 180 days and upon such terms and conditions as are just and reasonable, natural gas among pipelines to attain the following specific objectives: (a) protection of public health, safety, welfare, and the national defense; (b) maintenance of essential public services; (c) maintenance of all agricultural operations, including the production of fertilizers; and (d) emergency relief to alleviate extreme economic hardship. Such an allocation order shall be entered by the Commission after notice, public hearing, and an opportunity for interested persons to comment unless the Commission waives such requirements upon a finding of imminent necessity.".

NATURAL GAS ACT AMENDMENTS OF 1974, SECTION-BY-SECTION SUMMARY

Section 2. Short Title.

Section 3. Transfers the authority of the Federal Power Commission to the Administer of the Federal Energy Administration to establish wellhead prices for new or "exempt natural gas". Also extends Federal Power Commission jurisdiction to direct sales of natural gas by pipelines to major industrial customers.

Section 4. Alphabetizes the existing definitions in the Natural Gas Act and adds four new terms contained in the Amendments.

The key definition is of "exempt natural gas" as natural gas which is available for sale under a new contract, and which was not previously dedicated to interstate commerce except under conditions whereby the EPC pre-granted abandonment. "Flowing natural gas" means any natural gas which is not exempt natural gas. Flowing natural gas wellhead prices would not be permitted to increase except if certain expenses rose while exempt natural gas would not be subject to FPC well head price regulation, but instead be subject to Federal Energy Administration "area ceiling" price controls so long as ceilings are in effect.

Section 5. FPC jurisdiction over natural gas pipelines is revised to assure that jurisdictional pipelines can pass through to their customers the full price of exempt natural gas so long as the wellhead price for such gas was at or below the applicable area ceiling established by the Administrator. Where extraordinary and unanticipated expenses were incurred by a producer, he may be granted special relief 10 years following the date of passage of this Act in order to charge more than applicable area ceilings under special circumstances.

This section also requires the FPC to permit pipelines to pass through the full price of flowing natural gas charged by producers affiliated with the pipeline so long as the rates do not exceed area ceilings or the charges of independent natural gas companies to that pipeline in the applicable area.

Once the FPC has determined a wellhead price for flowing natural gas to be just and reasonable, the FPC cannot later re-examine and reduce such price.

Section 6. Authorizes the FPC to prohibit a pipeline from charging its customers more for natural gas produced by its affiliates than it is permitted to pass through when it purchases natural gas from an independent producer.

This section also requires the Commission to deny any increase in the wellhead price for old or "flowing natural gas" except to the extent that such increases are necessary to assure sound conservation practices by the producer, to prevent premature abandonment of flowing gas reservoirs or to meet actual increases in costs for advanced recovery techniques.

Section 7. Requires the FPC to establish a uniform accounting system for natural gas producers, as well as for pipelines. The Commission is also required to obtain adequate information which, under existing law is discretionary.

The FPC, after an adjudicative hearing, is directed to declare any natural gas company to be ineligible to bid or participate in any bidding on leases on federal lands if such company willfully fails to reveal its natural gas reserves to the Commission, until such information is satisfactorily supplied.

The Commission is directed to make available upon request all information obtained or developed under the Natural Gas Act, except to the extent that such information is confidential in nature, which if disclosed, would result in significant competitive damage. However, such information may be disclosed to selected petitioners where its confidentiality is maintained.

Section 8. Directs the FPC to conduct comprehensive studies of natural gas transportation and sale including an independent study of proved and potential reserves of natural gas.

Section 9. Requires the FPC to concurrently submit all budget requests and legislative recommendations to the Congress and the President. The Commission is directed to submit all materials in its possession upon request of its Congressional oversight Committee, and it is authorized to act in its own name and through its own attorneys in any civil court proceeding.

This section also prohibits new FPC members and senior FPC employees from receiving any compensation or employment from any person subject to the jurisdiction of the Commission for a period of one year following the termination of service with the Commission.

Section 10. Extends the FPC's enforcement authority to area ceilings established by the FEA.

Section 11. Requires the FPC to assure that residential and small commercial users receive the benefit of lower priced "flowing natural gas", and that there is no discrimination in transportation charges among classes of customers nor quantity discounts.

The Federal Energy Administration is to establish area ceilings governing the wellhead price of exempt natural gas. In establishing such ceilings the Administrator is to consider prices necessary to cover projected costs, assure optimum drilling levels, promote conservation by natural gas users, and protect the consumer from unreasonable prices.

The Administrator may at any time propose the termination of area ceilings for exempt natural gas. If the Administrator makes such a proposal, the Federal Trade Commission and the Attorney General have six months to prepare a detailed report to the Congress and the Administrator which assesses the natural gas supply situation, examines whether competition can assure reasonable prices to the consumer, and analyses whether ceiling price termination is in the public interest. Following receipt of such report, the Administrator may terminate area ceilings if both houses of Congress approve such action within ninety days.

To assure the interstate market supply of natural gas with the enactment of the Natural Gas Act Amendments of 1974, "major natural gas producers", as defined, would be directed by the FEA each year to sell a percentage of their total production which is equal to the percentage of their average annual total production of natural gas that was sold to the interstate market in the preceding ten year period. Such an apportionment assures consuming states a supply of interstate gas without invading the regulatory domain of the states in the intrastate market. No small or independent producer would be affected by this section, and each independent producer could choose freely whether to sell his production in intra- or interstate commerce. Only the majors would be affected by the FEA regulations requiring their historic proportion of production (on other than federal lands) to be dedicated to interstate commerce.

The bill establishes a limited term emergency allocation authority within the Federal Power Commission when shortages become so severe that either public health and safety or agricultural production are seriously threatened.

Mr. STEVENSON. Mr. President, foremost among the Nation's neglected dangers are interrelated energy shortages and inflation.

I urge the new administration to join with me and Senator PEARSON in a new approach to a longstanding problem that will otherwise explode with more inflation and less energy—the problem is the price and supply of natural gas.

Natural gas provides one-third of the Nation's energy needs. It is a clean-burning, efficient fuel. More than 160 million Americans are consumers of natural gas.

This winter some areas in the country will have natural gas supplies cut back by as much as 40 percent. The national gas supply shortage is estimated at 12 percent. Interstate pipeline curtailments will be 55 percent greater than last winter.

Factories may be forced to close. Fertilizer production could drop. A threatened coal strike this fall, or an unusually cold winter, could turn a bad situation into a disaster.

The natural gas shortage is real. It is serious, and it is growing worse day by day.

Since 1953, when the Supreme Court ruled that the Federal Power Commission could regulate the wellhead price of natural gas, a controversy has raged between producers and consumers over such regulation. That controversy has produced a legislative deadlock.

Producers say price controls keep the price artificially low, creating disincentives and causing shortages. They want deregulation and a return to the "free market."

Consumers say there is no free market: That the major oil companies, who are also the major gas producers, are blackmailing the consumer into higher prices by withholding supplies and diverting gas to the unregulated intrastate market. They claim that deregulation will result in more extortionate, inflationary energy price increases by the major oil companies with no assurance of increased supply.

The result has been a 21-year legislative standoff.

Last October, I introduced legislation streamlining the FPC's cumbersome regulatory procedures and extending new FPC price controls to the unregulated intrastate market. After 15 hearings and more than 150 witnesses, it became clear to me that consumers could block deregulation and producers could block regulatory reform.

So the standoff continues, with the threat of natural gas curtailments ticking away like a time bomb.

Four months ago Senator PEARSON and I began a joint effort to both increase gas production and protect the economy from extortionate and inflationary gas gas prices of major oil companies.

Today we are introducing legislation to break the natural gas deadlock, increase gas supplies and protect gas consumers.

The proposal creates two classes of natural gas: "Flowing," which includes all gas currently being produced or contracted for, and "exempt," which includes all new gas discoveries.

The bill establishes ceiling prices for newly discovered gas and transfers authority for the determination of these price ceilings from the Federal Power Commission to the Federal Energy Administration. For the first time, price controls for both oil and gas will be centralized in the same Federal agency. The bill envisions a transition period of approximately 12 years as new gas regulated by FEA replaces old gas regulated by the FPC.

The FPC's current pricing practices were developed during periods of ample supplies of natural gas, when the principal problem was finding enough customers to justify the construction of a pipeline. Those days are gone, and it is time for a price control mechanism that recognizes the new realities.

The new ceiling price standards for "exempt" gas abandon the FPC's historic cost of service approach and require consideration of prospective production costs, necessary incentives needed to increase gas production and promote sound conservation practices. The Administrator must also make downward price adjustments to compensate for any lack of competition in the industry or price pressures due to shortages.

Flowing natural gas will comprise most gas for the next 7 years. Its price is substantially frozen at current levels. Price increases for gas where all the costs of development have already been incurred are no incentive for exploration and development and can generate windfall profits.

In the past, the Federal Power Commission has increased the price of old gas in an effort to increase the cash flow to producers for new exploration and development. But there was no assurance that the higher revenues would ever benefit the gas consumer, and they tended to cause artificially low prices for new natural gas. This legislation puts the price incentive where it belongs—on newly discovered gas.

The Federal Power Commission is required to allocate the cost of the lower priced flowing gas to residential and small commercial consumers. The individual who invested in natural gas furnaces and appliances believing the advertisements that it was a cheap, plentiful fuel, will be protected. The increase in prices for new natural gas will fall principally upon the largest industrial users, who are often now paying the lowest rates and are in the best position to conserve natural gas, improve their efficiency or switch to alternate fuels.

To encourage gas conservation the Commission is also authorized to eliminate rate concessions between the small commercial and residential consumers and the larger industrial consumers.

The legislation would stop the critical diversions of gas from the interstate market to the intrastate market by requiring the Nation's major natural gas producers to supply the interstate market with a percentage of production based on their previous 10-year average of interstate commitments. This provision does not affect independent gas producers, eliminate intrastate markets, or interfere with State regulatory commissions. It does offer consuming States like Illinois protection from continued diversion to intrastate markets where some of the gas is wasted.

The proposal contemplates eventual return to a free enterprise and shortage-free market. Upon findings by the Federal Energy Administrator and subsequent reports by the Attorney General and the Federal Trade Commission on the state of natural gas supply and demand and the extent to which competition in the industry can be relied upon to determine reasonable prices, the Administrator can terminate ceiling prices with the approval of both Houses of Congress. If supplies increase, the independents grow stronger, and if the market works, there is no reason to continue price controls.

The bill establishes a limited term emergency allocation authority within the FPC when shortage became so severe that either public health and safety or agricultural production are seriously threatened.

Other provisions of the proposal strengthen the FPC's data gathering powers, forbid FPC Commissioners and other high officials from taking any job with a company the Commission regulates for 1-year after they leave the Commission, and further establish the Commission's independence by requiring the FPC budget to be submitted simultaneously to the President and the Congress.

This legislation is an attempt to break the natural gas deadlock. Natural gas shortages are about to become a critical energy problem. We need more natural gas, and we need it now. Increased natural gas supplies require increased natural gas prices. But energy price increases are the greatest single cause of the runaway inflation. Already the major oil companies are making profits far in excess of their ability to reinvest in increased energy supplies. They advertise that higher oil prices are needed to produce higher supplies. But they decrease oil production in order to maintain high prices. And those high prices ripple out to inflate the price of every commodity—commodities which at the wholesale level were rising in July at an incredible annual rate of more than 40 percent.

The Government licensed the oil price increases. It dare not repeat that mistake with natural gas. But if it continues deregulation of intrastate gas—and historic cost based regulation of interstate gas—it will insure a supply disaster for the fuel which now meets one-third of the Nation's energy requirements.

The bill Senator PEARSON and I are introducing today strikes a delicate balance between the need for consumer protection and producer incentives. There is still time to act in this session of Congress. Whether the Congress does act—or the deadlock continues—will depend heavily on the attitude of the new Ford administration.

By Mr. BELLMON:

S. 3905. A bill to amend section 313 of the Consolidated Farm and Rural Development Act to provide for guaranteed loans for certain purposes. Referred to the Committee on Agriculture and Forestry.

Mr. BELLMON. Mr. President, this amendment to the Consolidated Farm and Rural Development Act which I introduce today is a result of comments that I have had from agricultural producers and bankers in my State of Oklahoma.

Many farmers and ranchers feel they would be better served by borrowing the necessary operating funds on a long-term basis rather than being required to pay off their bank loans at the end of each year as is now frequently the case.

Many bankers feel they could serve farm credit needs better by using the substantial equity that many agricultural producers have built up in their real estate as collateral for longer-term farm operating loans. However, in many States, lending institutions are prohibited from taking second mortgages on land and consequently cannot provide their consumers with this type of term credit.

The legislation I introduce today would remedy this by allowing Farmers Home Administration to guarantee loans based upon second mortgages as long as the principal indebtedness against the real estate security does not exceed 85 percent of its appraised value. In other words, if a farmer has equity in his land equal to 50 percent of its value, FHA would be authorized to guarantee a loan made by a private lending institution up to 35 percent of the remaining value of the land. FHA would then take a second mortgage on the real estate to make sure there would be no loss to the Government in case the borrower defaulted on the guaranteed loan made by the private lending institution.

This bill also provides that the $50,000 lending limit per individual would not apply in the case of this type of guaranteed loan as long as the borrower meets all other qualifications under the act for an FHA loan.

Mr. President, farm operating costs have risen sharply and present FHA lending limits are unrealistically low. I have introduced other legislation to increase the operating loan limit to $100,000 per borrower and the real estate loan limit from $100,000 to $200,000 per borrower. While this would be an improvement it is still insufficient based upon recent U.S. Department of Agriculture statistics which indicate, for example, that a family-type Indiana corn and soybean farm would require an annual line of credit of $610,000 and a California vegetable operation requires $485,000 annual operating expenses.

This bill I offer today would not increase the present FHA loan limits but would merely provide an exception in the case of those individuals who have sufficient equity in their real estate to provide an almost ironclad guarantee that there will be no loss to the Government.

Mr. President, current crop and livestock reports indicate serious production shortfalls of needed food. Congress needs to take immediate and effective steps to provide food producers with the means to increase production. Adequate credit is one of the most essential needs of a modern day farmer or rancher. This bill will go a long way toward meeting this need.

ADDITIONAL COSPONSORS OF BILLS AND JOINT RESOLUTIONS

S. 3543

At the request of Mr. CRANSTON, the Senator from Alaska (Mr. GRAVEL) was added as a cosponsor of S. 3543, a bill to amend the Public Health Service Act to promote the training of bilingual persons in the health, nursing, and allied health professions, to establish bilingual health training centers for such purposes, to provide for a special study of health education institution admissions, examinations, and for other purposes.

S. 3833

At the request of Mr. TOWER, the Senator from Arizona (Mr. FANNIN) was added as a cosponsor of S. 3833, a bill to amend the Internal Revenue Code of 1954 to simplify and reform income taxation for small businesses.

S. 3840

At the request of Mr. EAGLETON, the Senator from Wisconsin (Mr. NELSON) was added as a cosponsor of S. 3840, a bill to amend the National Traffic and Motor Vehicle Safety Act of 1966 with respect to certain seatbelt standards under the act.

WITHDRAWAL OF A COSPONSOR OF A RESOLUTION

At the request of Mr. BROCK, the Senator from Arizona (Mr. GOLDWATER) was withdrawn as a cosponsor of Senate Resolution 362, authorizing each member of a standing committee to select staff members of that committee.

SENATE CONCURRENT RESOLUTION 110—SUBMISSION OF A CONCURRENT RESOLUTION RELATING TO THE SITUATION IN CYPRUS

(Referred to the Committee on Foreign Relations.)

Mr. KENNEDY submitted the following concurrent resolution:

S. CON. RES. 110

Resolved by the Senate (the House of Representatives concurring),

Whereas a settlement of the present conflict in the Republic of Cyprus is vital to the peace and security of the eastern Mediterranean and is in the best interests of world peace and stability; and

Whereas a settlement depends upon the right of the Cypriot people to determine their own destiny and the efforts of the United Nations to act as a negotiating body; and

Whereas Resolution 2077(xx) adopted by the General Assembly on December 8, 1965, "calls upon all states . . . to respect the sovereignty, unity, independence, and territorial integrity of the Republic of Cyprus and to refrain from any intervention directed against it"; and

Whereas the continued presence of foreign troops in Cyprus undermines the ability of the Cypriot people to resolve their own crisis and the efforts of the United Nations to restore peace; and

Whereas Resolution 353 adopted by the Security Council on July 20, 1974, "demands an immediate end to foreign military intervention in the Republic of Cyprus" and "requests the withdrawal without delay from the Republic of Cyprus of foreign military personnel present otherwise than under the authority of international agreements . . ."; and

Whereas the declaration on Cyprus signed by the foreign ministers of Britain, Turkey, and Greece, in Geneva on July 30, 1974, calls for a "timely and phased reduction of the number of armed forces" from Cypriot soil; and

Whereas the continued presence of foreign troops in Cyprus violates international agreements and United Nations resolutions, threatens the independence and territorial integrity of the island, jeopardizes peace and stability in the eastern Mediterranean, and imperils the very existence of NATO; Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring),

That all foreign troops currently involved in Cyprus be withdrawn immediately so that the United Nations and the International Committee of the Red Cross may be permitted to restore peace to the island, and to guarantee the protection and civil rights of all persons and communities and the right of the Cypriot people working together to determine their own destiny.

ADDITIONAL COSPONSORS OF A CONCURENT RESOLUTION

SENATE CONCURRENT RESOLUTION 107

At the request of Mr. BROOKE, the Senator from Kentucky (Mr. COOK) and the Senator from Ohio (Mr. TAFT) were added as cosponsors of Senate Concurrent Resolution 107, relative to criminal or civil actions against Richard M. Nixon.

ENERGY REORGANIZATION ACT OF 1974—AMENDMENTS

AMENDMENTS NOS. 1787, 1788, AND 1789

(Ordered to be printed and to lie on the table.)

Mr. METCALF. Mr. President, the Senate will soon take up S. 2744, the Energy Reorganization Act of 1974. This is a very far-reaching bill, and its objectives for balancing energy research and separating the promotional functions of nuclear energy development from the regulatory functions are indeed most significant and necessary.

BALANCED ENERGY R. & D. IS INTENDED

However, from the beginning, one of the major fears of many who have studied this bill was that by transferring the nuclear development function into the new Energy Research and Development Administration and splitting off the nuclear regulatory function, however laudable, we might well be creating a nuclear dominance in the development of an overall energy R. & D. policy and program. Nuclear development, indeed, is well-funded; nonnuclear development, at the moment, is grossly underfunded; however, legislation has passed the Senate and is presently under consideration in the House, which would provide some muscle and sinew to this very important area of energy R. & D. Until such legislation becomes law, it is difficult to see how, with the creation of ERDA, we can have anything but a very unbalanced operation in fact—even though the nonnuclear organizational structure is set in place.

Therefore, the Government Operations Committee included specific language in the bill that would assure that in the absence of any nonnuclear energy R. & D. policy enactment, not less than 7 percent of the aggregate of nondefense energy R. & D. program funds appropriated shall be available for each of the research and development functions assigned to each of the nondefense assistant administrators.

In addition the committee added the following provisions:

A statement of congressional intent that there shall be no unwarranted priority given to any energy technology in ERDA.

Qualifications requiring that the Administrator and Deputy Administrator of ERDA be specially qualified to manage a full range of R&D programs; and that the Assistant Administrators, who will actually manage the programs, be specially qualified in the technologies to which they are assigned.

The establishment of a separate Assistant Administrator for Conservation so that energy conservation gets separate attention and is not grouped with Environment and Safety.

A Council on Energy Policy, similar to the Council on Environmental Quality, to draw up a national energy policy, including R&D, and to promote interagency cooperation in energy areas.

The direct placement of responsibility in the Administrator for carrying out programs authorized under a nonnuclear energy R&D policy enacted by Congress.

Indeed, it is significant that the President's request of $11.3 billion for the fiscal 1975 civilian energy research budget contains some $5.6 billion for nuclear fission and fusion; and nearly $3 billion for coal; and virtually peanuts for other energy technologies as well as energy conservation and environmental control.

Now that is not right. There just has to be a better balance of priorities. The technology is here for solar energy and advanced ground propulsion systems, but the administration refuses to push these pollution-free, safe, alternatives. Instead, it is more radiation, more smoke, more toxic fumes, and more taxpayer's money down the drain.

By establishing ERDA, we will be bringing in to the new agency nearly 6,000 permanent positions from the AEC, and upwards to 100,000 additional individuals who now work for the AEC as employees of outside contractors in AEC owned-and-operated laboratories and other facilities and Government installations.

This is not to derogate in any way these fine people. They represent the greatest concentration of scientific and engineering brainpower in the Government. But it is to say that the committee's intent is that these people shall be used to carry out the total mission of a balanced R. & D. policy—and that geothermal steam power, and wind generation, and solar cells, and more sophisticated energy conversion systems must be a necessary part of their mission priorities.

That is the quid pro quo for ERDA—more emphasis on nonnuclear R. & D.; more emphasis on pollution-free power systems.

STRONGER NUCLEAR POWER REGULATION IS REQUIRED

The committee also provided language which establishes as a policy that the Nuclear Safety and Licensing Commission authorizations shall reflect the need for effective licensing and regulation of the nuclear power industry in relation to the growth of the industry. To understand some of the magnitude of this problem, it may be of interest to review a few estimates obtained from the present Regulatory Division of the Atomic Energy Commission.

As of May 1, 1974, there were 43 nuclear generating plants licensed to operate; 54 construction permits had been granted; 58 construction permits were under appeal; 53 more plants were on order; 21 additional plants were publicly announced, for a total of 229 plants demanding NSLC's attention. A year ago the total was 170 plants. Estimates run from 13 plants on line—operating—in 1970 to 1,000 by the year 2000, an awesome projection—given the fact that human safety will be the primary concern of the NSLC. Potential capacity for nuclear plants is expected to rise from some 100,000 this year to 600,000 by 1990. Already the fiscal year 1974 budget for the regulatory function of AEC is $67.8 million, with a possible add-on of about $75 million for fiscal year 1975 if the safety research, environmental, transportation, safeguard protection and waste management functions are folded into the regulatory function.

Because it is obviously difficult to estimate the yearly authorizations needed for the new regulatory functions of NSLC, they have not been specifically stated, but rather, the general language expresses the congressional intent.

But the point here is that all the vast energy generated by these hundreds, or even tens, of nuclear generating plants, is worthless if human safety is endangered. What is the good of energy that can cripple or poison society? Indeed the words of Paul Levanthal in his excellent article in the New York Times of July 21 are both prophetic and sobering:

> The trend toward nuclear power may be inevitable. But we, and the rest of the world, ought to know now what we are letting ourselves in for.

The committee has strengthened the NLSC to be a watchdog, and to blow the whistle when safeguards are not sufficient.

THE BILL STILL NEEDS IMPROVEMENT

Despite the careful consideration of the legislation by the Government Operations Committee, there are still some areas which need improvement. I refer to the need for some positive congressional mandate that public intervenors in licensing and rulemaking proceedings before the new Nuclear and Safety Licensing Commission shall have greater opportunity to present their cases and develop a full record as to the dangers expected, as well as the safeguards to be imposed, with respect to nuclear power systems and storage facilities and procedures. In addition, I think there is a need to have an in-house devil's advocate to test the applicants' and the vendors' cases, without the public having to rely on well meaning, but poorly equipped intervenors to challenge the big companies with their high-powered, high-paid lawyers.

It is because of my concern in these areas that I submit today these amendments to S. 2744, which will be discussed below.

INFORMATION AND TECHNICAL ASSISTANCE TO PARTIES

Mr. President, my first amendment to S. 2744, which I now submit, would provide any party to a licensing or rulemaking proceeding before the NSLC authority to obtain from the Commission, or the Administrator, or other Federal agencies, special studies and technical assistance where such are necessary for the party to make an adequate presentation of its case. Such studies and assistance would be paid for by the Commission, but it could seek financial reimbursement to the extent that the party was financially capable of providing it.

The decision to order the studies and the technical assistance would be up to the Commission; however, the requesting party would have the right to appeal such decision in the usual manner as other AEC appeals.

Mr. President, in such a regulatory and judicial forum—where the safety of our people is so closely balanced with the need for energy and economic growth—all sides of the issue must be placed on an objective record, and independent decisions must be made.

Those who have observed the AEC's regulatory side have for years complained that such basic decisions, by the very nature of its administrative-industry oriented system have been biased in favor of nuclear promotion—rather than safety and restraint. The AEC exerts its influence over scientists, advisory boards, staff lawyers and even the licensing boards. Its rules are often stacked against adequate challenge by outside groups.

However, the separation of the nuclear promotional function from the regulatory function by this bill may help to remove part of this bias, but the Commission will still work closely with its advisory committees, and with the regulatory staff; still appoint the hearing examiners, boards, and other adjudicators. There is nothing in this bill to change that, although such changes may come in time, through other avenues of legislation and regulation.

My amendment seeks to preserve and to bolster the adversary process in favor of the public intervenor, without unduly complicating or retarding the hearing processes of the Commission.

First, it provides for special studies and technical assistance—including witnesses—to be furnished—only on a finding by the Commission's licensing board that such is necessary to a party's presentation of its case;

Second, it provides for such studies and assistance to be found by the Commission, and on the basis of financial capability, by the party; and

Third, the Commission's decision as to whether such studies and technical assistance shall be provided is reviewable in the courts—by either side of the issue; and the courts have the jurisdiction to determine what additional assistance will be provided by the Commission, or by the ERDA Administrator, in order to balance the record.

Commissioner Doub of the AEC stated recently:

> There is persuasive evidence that the energy regulatory system is so disjointed and complex that any organization or group seeking to deal with it must be prepared to encounter more financial expense, confusion, and frustration than appears reasonable or warranted. If this is true for well-financed groups, sophisticated in the ways of Federal energy regulation, it is infinitely more so for individual citizens and ad hoc citizen groups trying to participate without substantial sources or familiarity with the system.

We think that the citizen intervenor needs more assistance to make his case against the giants who seek the license for nuclear energy and construction of the nuclear system. If there are health, safety, environmental and even efficiency hazards, these people should be given their day in court to point these things out. Such a day cannot be well spent arguing generalities—the main issues inevitably get down to technological specifics and oftentimes out of the range and depth of trial lawyers and trial judges. That is why the intervenors need their special studies and analyses and technical experts to make their cases in an adversary manner for safety and nuclear progress.

Mr. President, I ask unanimous consent that this amendment—No. 1787—be printed in full following my remarks.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

DISCLOSURE OF INFORMATION RELATING TO SAFETY SYSTEMS

Mr. **METCALF**. Mr. President, it is the purpose of my second amendment to S. 2744 to provide the public, as well as intervenors in licensing proceedings, with the opportunity to obtain essential information received by or created by the Nuclear Safety Licensing Commission with respect to the development of efficiency of safety systems for nuclear facilities under NSLC's jurisdiction. Safety is the heart of the matter—without absolute assurance of a safe system along the line from production to use to reprocessing to storage, any reliance on nuclear material as an energy resource in any meaningful degree is doomed. We cannot afford any mistakes, we must know all the facts about the system in each of its component parts.

This necessarily requires a relaxation of certain exemptions from disclosure under the Freedom of Information Act. These relate to trade secrets and commercial information, and inter- and intra-agency memoranda and correspondence. The national defense and foreign policy exemption is not touched by this amendment, neither are the other six exemptions. Those knowledgeable as to informational problems with the AEC inform me that the agency continues to hide many critical facts about the facilities and equipment in process, and operating, by relying almost routinely on the two exemptions which are removed by this amendment.

It is to be emphasized once again that such Freedom of Information Act exemptions would be relaxed only with respect to safety systems and component parts—not to other phases of the regulatory information in the Commission's possession.

And, under my amendment the exemption with respect to trade secrets may be applied where the Commission, after notice and hearing, determines that disclosure would result in irreparable injury to the competitive position of the person from whom the trade secret information was obtained.

Mr. President, the past policies and practices of the AEC have been characterized by a far higher degree of secrecy than prevails in other Government agencies when it comes to release of essential information to the public. A variety of reasons have been advanced by the Agency for such secrecy including the designation of much information as "proprietary," containing "trade secrets" or involving "internal documents."

The purpose of this amendment is to open the activities of the Nuclear Safety and Licensing Commission, to the maximum extent possible, with regard to issues involving the safety and health of the public, while preserving the legitimate commercial interests of private business firms.

Some examples of the secrecy with which AEC has attempted to cloak its activities are as follows:

First. Not a single meeting held by the AEC's Advisory Committee on Reactor Safeguards over a 16-month period has been open to the public; there were 120 meetings held during this time by the ACRS which is charged by statute with the responsibility for reviewing all aspects of nuclear safety. The ACRS also refused to open up all the minutes of its meetings. The reasons given were that such minutes contained "trade secrets" and agency "internal memoranda."

Second. In 1965 the AEC completed a study showing the consequences of a major nuclear power plant accident. The study concluded that as many as 45,000 fatalities could occur in such an accident and it could create an area of disaster the size of the State of Pennsylvania. This report was kept secret, despite the urgings of the scientists who worked on the study, until the threat of court action caused its release.

Third. An October 1973 AEC task force report was said to be "besieging nuclear power plants now operating or under construction." The report revealed that 850 significant safety defects had been found at nuclear power plants over a 15-month period, 40 percent of which were due to faulty design fabrication and installation. This report was kept secret until it was released by a witness in January 1974 when he testified before the Joint Committee on Atomic Energy.

Fourth. A report, "Population Distribution Around Nuclear Power Plant Sites," was completed by the AEC's Regulatory Staff in April 1973, but was kept secret until the staff of the Subcommittee on Executive Reorganization learned of its existence and obtained its release to the public in April 1974.

This report recommended that no nuclear power be located in areas where population density exceeded 30,000 people in a 5-mile radius, 500,000 in a 20-mile radius and 2 million in a 40-mile radius. About 12 existing plants exceed this criteria.

The report itself contains the probable reason for the AEC keeping it secret. It notes that a meeting was held on April 12, 1972, with selected utility executives to obtain their comments on the proposed siting criteria. This meeting was kept secret along with the report. The utility executives informed the AEC that the principal impact of adopting the siting criteria "would be the potential adverse public reaction to any action which indicated that the safety of reactors was in question."

As a result the criteria recommended by the AEC regulatory staff were not adopted and the public was not even aware that this important issue had even been considered by the AEC.

Now this is the kind of secret policy and bureaucratic disposition that has existed for years at the AEC, and Mr. President, it must be stopped as we move into a new phase of nuclear regulation. The public is entitled to know, even at the expense of the private applicants, vendors and consultants who stand to lose some of their profits with the revelation of the truth.

Mr. President, I ask unanimous consent that this amendment, No. 1788, be printed in full at the end of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

AN OFFICE OF PUBLIC COUNSEL: A PUBLIC ADVOCATE

Mr. METCALF. Mr. President, I submit my third amendment to S. 2744, and I believe it fits very significantly into the package.

It would establish an independent Public Counsel in the Nuclear Licensing and Safety Commission to represent the interests of the public by involving himself in Commission proceedings, in civil court cases, as well as to conduct his own discovery and studies of potential problems. Such Public Counsel is to be independent of the Commission's regulatory staff, and is authorized to appoint his own personnel and experts and to contract out his own expertise.

Chairman Ribicoff has sent to each Member of the Committee on Government Operations, and has placed in the Record from time to time a packet of press clippings showing very serious potentials of sabotage, theft, unsafe construction and operation of nuclear plants and unsafe transportation and storage of nuclear materials, nuclear leaks, human errors, and so forth. These are not stories on page one, today, but they could be tomorrow. They are alarming enough for us to take preventive steps now.

Where the public intervenors; the academic critics; the enquiring news reporters; the young physicists; the underfunded environmentalists, cannot carry the load of questioning the pace of nuclear energy development, and the standards established for it, the Public Counsel can fill this role.

There is an argument being advanced that such a Counsel, because he is paid by the Commission, will be under its thumb. This is countered in the amendment by the degree of independence the Congress attaches to the office, and by the substantial powers given to him. The Public Counsel is also made accountable to Congress for a record of his activities. It is also countered by the fact that public counsels in the CAB, in the FCC, in the ICC, in the FTC, and in the States have had considerable success in developing records and achieving decisions in the public interest.

In addition to its litigating role, the Public Counsel would be authorized to petition the Commission for investigatory action with respect to the gamut of its authority over safety, health, operational and other matters. He is also authorized to conduct, support, and assist in research which would be of public benefit. Under this authority he is authorized to obtain information from the Commission, the National Laboratories and ERDA, subject to regulations as to restricted data.

The Counsel shall also inform the Congress annually with a report on his activities on behalf of the public interest, and on the cooperation he has received from the Commission, the Advisory Committee on Reactor Safeguards, the laboratories, and ERDA.

The term "public interest" is always difficult to define. It is, in fact, the interest of all the public—private companies as well as individual citizens. We define it here as any interest possessed by persons affected by any facility or activity licensed or conducted by the Commission, including primarily interests in protecting the health and safety of such persons and the quality of the environment.

A Public Counsel, paid by taxpayers, and responsive to the public and to the courts, could make a major contribution toward a more alert and aggressive Nuclear Safety and Licensing Commission and toward a more careful nuclear research and development effort.

Mr. President, I ask unanimous consent that this amendment No. 1789 be printed in the Record following my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

CONCLUSION

Mr. METCALF. In conclusion, Mr. President, I support this bill (S. 2744), and I support the concept of ERDA, but feel that it is absolutely essential that Congress give the clear and unrelenting signal that it intends to have a balanced and creative energy research and development policy, not one dominated by any special technology, and that with respect to nuclear power, the public must be fully informed, fully represented, and fully protected. There is no margin for error in this ball park.

Amendment No. 1787

At the appropriate place in the bill, insert the following:

INFORMATION AND TECHNICAL ASSISTANCE TO PARTIES

Sec. —. (a) If, upon the application of any party to any licensing or rulemaking proceeding pursuant to this title or the Atomic Energy Act of 1954, it is determined that the preparation of special studies, analyses, or reports or the furnishing of technical assistance is necessary in order for such party to make an adequate presentation of its position in such proceeding, the Commission shall prepare such studies, analyses, or reports, or provide such technical assistance, or request the Administrator or any other Federal agency or enter into contracts with experts or consultants or organizations thereof to provide such studies, analyses, or reports or furnish such assistance. Such studies, analyses, or reports or technical assistance shall be paid for by the Commission, except that the Commission may seek to obtain contributions or reimbursement, in whole or in part, for such studies, analyses, or reports or technical assistance, to the extent that such party is financially capable of providing such contributions or reimbursement.

(b) Any determination made pursuant to the first sentence of subsection (a) shall be deemed a final order within the meaning of section 2342 of title 28, United States Code and may be appealed only by the party which made such application.

(c) The court in issuing any final order in any action brought pursuant to this section, may award costs of litigation (including reasonable attorney and expert witness fees) to any party, whenever the court determines such award is appropriate, and such costs shall be paid by the Administrator or the Commission, as the case may be, or by both.

(d) For purposes of this section, the term "technical assistance" means—

(1) the furnishing of a witness for an appearance in any proceeding, or giving testimony by deposition, affidavit, or other appropriate means;

(2) the furnishing of advice, consultation, or information to assist a party in understanding technical literature or issues, to analyze and evaluate documentary materials, and to otherwise aid a party in technical preparation of its presentation in the proceedings.

Amendment No. 1788

At the appropriate place in the bill, insert the following:

DISCLOSURE OF INFORMATION RELATING TO SAFETY SYSTEMS

Sec. —. (a) The provisions of paragraphs (4) and (5) of section 552 of title 5, United States Code, may not be construed to apply to any records of the Commission which relate to the development, operation, or efficacy of safety systems or their component parts, except that the provisions of paragraph (4) of such section may be construed to apply to such records in any case where the Commission, after notice and opportunity for an agency hearing on the record, determines that such disclosure would result in irreparable injury to the competitive position of the person from whom the information was obtained. Such determination shall be subject to judicial review pursuant to section 552 of title 5, United States Code.

(b) As used in subsection (a)—

(1) the term "records of the Commission" includes any application, document, study, report, correspondence, or other material or information or any part thereof received by or originated by the Commission pursuant to the provisions of this Act or the Atomic Energy Act of 1954 or in connection with any proceeding, other than a criminal proceeding, under either such Act; and

(2) the term "Commission" means the Commission, or any board or office thereof, or any advisory committee to the Commission.

Amendment No. 1789

At the appropriate place in the bill, insert the following:

OFFICE OF PUBLIC COUNSEL

Sec. —. (a) There is established within the Commission an independent Office of Public Counsel under the direction of the Public Counsel, who shall be appointed by the Commission within 60 days after the effective date of this Act, and who shall represent the interests of the public in accordance with the provisions of this section.

(b)(1) The Public Counsel may, on his own motion or pursuant to a petition under subsection (h), intervene as of right as a party or may otherwise participate in any Commission proceeding under section 189a of the Atomic Energy Act of 1954, for the purpose of representing the interests of the public in such proceeding, and he may appear as amicus curiae in any judicial review of a final order entered in such a proceeding.

(2) The Public Counsel may participate in any Commission activity to which paragraph (1) of this subsection does not apply for the purpose of representing the interests of the public in such activity. In exercising such right, he shall have full opportunity to present orally or in writing to responsible agency officials relevant information and opinions, without regard to whether any other person is provided a similar opportunity.

(c) The Public Counsel may petition the Commission in writing to initiate a proceeding or activity or to take such other action as may be within its authority. If the Commission declines so to act, it shall promptly notify the Public Counsel in writing of the reasons therefore. Such written notification required by this paragraph shall be published in the Federal Register as soon as practicable after its transmittal.

(d) The Public Counsel is authorized to intervene or otherwise participate in any State or local agency or court proceeding (other than a criminal proceeding) involving the planning, construction, or operation of any facility or activity licensed by the Commission, subject to the approval of such intervention by the State or local agency cr court official conducting the proceeding.

(e) The Public Council may intervene or otherwise participate as of right in any civil proceeding in a court of the United States involving a facility or activity licensed by the Commission or involving the review or enforcement of any Commission activity.

(f) The Public Counsel is authorized to conduct, support, and assist such research, studies, investigations, and surveys as he determines to be necessary or appropriate to assist him in carrying out his duty under this section to represent the interests of the public. In utilizing his authority under this subsection, the Public Counsel is authorized to obtain any information in the possession of the Commission, the National Laboratories, the Administrator, or the Advisory Committee on Reactor Safeguards, except for "Restricted Data" as defined by section 11 of the Atomic Energy Act of 1954, which may be made available to him only in accordance with chapter 12 of such Act. Any officer or employee of the Commission or of the other aforementioned agencies who is requested by the Public Counsel to provide information pursuant to this section shall do so.

(g) As used in this section, "interests of the public" means any interest possessed by persons affected by any facility or activity licensed or conducted by the Commission, including primarily interests in protecting the health and safety of such persons and the quality of the environment.

(h) Upon a written petition by a substantial number of persons to represent an interest in the public in any manner authorized by this section the Public Counsel shall, within a reasonable time, notify the principal sponsors of such petition of any action he has taken pursuant thereto, and, if he declines to represent such interest, shall provide a written statement of the reasons therefor.

(i) The Public Counsel shall prepare and submit concurrently to the Congress and the Commission, not later than February 1 of each year (1) a detailed annual report of the activities of the Office, including his assessment of the extent of assistance and cooperation received from the Commission, the Administrator, the National Laboratories, the Advisory Committee on Reactor Safeguards, and other agencies, and the nature of distributions by the Office of funds during the previous calendar year; and (2) a request for appropriations for the next fiscal year, except that for the fiscal year beginning July 1, 1974, the request referred to in clause (2) above shall be submitted concurrently to the Commission and the Congress within 60 days after the appointment of the Public Counsel pursuant to subsection (a) of this section.

(j) Nothing in this section may be construed to limit the rights of any member of the public to intervene or participate in proceedings before the Commission, or to be represented by counsel of his choice.

(k) There are authorized to be appropriated such sums as are necessary to carry out the provisions of this section.

AMENDMENT NO. 1791

(Ordered to be printed and to lie on the table.)

Mr. KENNEDY (for himself, Mr. Stafford, Mr. Hart, Mr. Javits, Mr. Metcalf, Mr. McGovern, and Mr. Gravel) submitted an amendment intended to be proposed by them jointly to the bill (S. 2744), the Energy Reorganization Act of 1974.

Mr. KENNEDY. Mr. President, I am submitting an amendment today to the Energy Reorganization Act of 1974, S. 2744, for myself, my distinguished colleague Senator Robert T. Stafford, and others, to authorize the payment of legal and technical expert costs of public interest intervenors in nuclear licensing proceedings.

This amendment to the ERDA bill extends the concern recognized in the committee report for the assurance of full public participation in the important proceedings.

We believe that full public participation requires that the parties presenting their views before the regulatory agency have a full and adequate opportunity to present information and evidence to the hearing board. We concur with the belief expressed by the Chairman of the Atomic Safety and Licensing Appeal Panel of the U.S. Atomic Energy Commission, Alan S. Rosenthal, that "the end of providing the Nation with nuclear power generated in a safe and environmentally sound manner is enhanced and not retarded when there are effective and responsible interventions in licensing proceedings."

Mr. Rosenthal is in perhaps the most advantageous position to make such an assertion. As Chairman of the Panel which hears appeals from the decision of the AEC hearing boards, he can judge the value of public interventions. Thus, in testimony to the Joint Committee on Atomic Energy he responded to the question whether public participation in the hearing process "is beneficial and is useful" with the following statement:

> I think it can be very beneficial and useful . . .

He went on to list some of the specific proceedings in which public intervenors had presented evidence, elicited information through cross-examination, or raised issues which ultimately improved the safety and environmental sensitivity of the final outcome.

And he stated:

> Many of the substantial safety and environmental issues which have received the scrutiny of hearing boards and appeal boards were raised in the first instance by an intervenor. It might be added here that, in several instances, the result of such scrutiny has been the imposition of conditions on the permit or license, or some other affirmative board action, designed to insure a safer and more environmentally sound reactor.

I believe that the value of public participation is largely recognized by all concerned. It is to assure the adequacy of that representation that we are proposing the amendment today.

The section of Individual Rights and Responsibilities of the American Bar Association has recommended to the House of Delegates that the ABA endorse the provisions of this amendment, which were included in S. 3547, a bill I introduced earlier this year.

The ABA committee cited a previous statement by Max D. Paglin, now a member of the Atomic Safety and Licensing Board panel, who had said:

> Unless aided by other resources, the cost of meeting expenses in trial-type proceedings could constitute insuperable barriers to an effective participation by citizens and public intervenor groups.

Recent Court decisions fortify the legitimacy of legal fees where intervenors essentially are acting as a "private attorney general" in seeking to further the public interest.

Congress itself has recognized the rationale for such activities in the Rail Reorganization Act of 1973—Public Law 93-236—where provision was made for payment of representation for citizens and small communities. Similarly in the Federal Water Pollution Act and the Clean Air Act, provision was made authorizing recovery of legal costs to citizen-intervenors.

The desirability of adequate legal representation for public interest groups was recognized by an Atomic Safety and Licensing Board as recently as July 17, 1974, when it "urged all petitioners to obtain legal counsel, if possible, although acknowledging that this is not mandatory under the Commission's Rules of Practice."

In fact, it has been the failure to afford the costs of legal counsel and the costs of technical studies which has forced citizen groups to withdraw from proceedings in the past. I ask unanimous consent that a summary of 10 instances be printed in the RECORD at this time of citizen groups which have been forced to withdraw or cut short their participation.

Yet, the Commission has declined, most recently on July 10, 1974, to authorize payment for legal or technical expert fees for public intervenors.

A response of the AEC regulatory staff, on June 10, 1974, to the petition of a Saginaw, Mich., citizens' group stated:

> The Commission has dealt with this question in the recent past and has resolved it on the grounds that the Commission . . . has neither statutory nor regulatory authority which would authorize the grant of (financial and technical assistance to an intervenor).

The amendment will provide that authorization. It will do so, in what I believe to be a carefully restricted manner and based on the concepts employed by our courts in determining the justification for costs.

Public financing is to be available to responsible parties who first, demonstrate a financial need; and second, who can establish that its participation has helped, or is reasonably likely to help, to develop facts, issues, and arguments relevant to the regulatory proceeding.

The Commission will establish a maximum amount to be allocated to each proceeding. This will not only provide a check on the upper limit of expenditures, it will encourage consolidation of groups and nonduplicative presentation of opposing viewpoints on all relevant issues.

Judgments as to funding will be made by the Commission and if that judgment is appealed, the amendment specifically provides that the decision could not be a basis for reversing the basic licensing decisions.

The authority for the payment of such intervenor costs is limited to 3 years so that we have an opportunity to review the matter in a relatively short time period.

Mr. President, I believe this amendment is in the interests of safety and environmental protection. More than that, I believe it is in the interest of the orderly development of nuclear power in meeting our energy needs.

Mr. President, let me add that this amendment has been endorsed by the Consumer Federation of America, by the section on individual rights and responsibilities of the American Bar Association, by such groups as the Sierra Club, Environmental Action, Friends of the Earth, and by Public Citizen, Inc.

I ask unanimous consent that the amendment be printed in the RECORD at this time and that a letter released by Lee C. White, chairman of the energy policy task force of the Consumer Federation of America together with a list of citizens groups also be printed in the RECORD.

There being no objection, the amendment and material were ordered to be printed in the RECORD, as follows:

AMENDMENT No. 1791

At the end of the bill, add the following:

TITLE V—COSTS AND FEES

SEC. 501. (a) With respect to any hearing held pursuant to section 189(a) of the Atomic Energy Act of 1954 or any other agency proceeding for the granting, suspending, revoking, or amending of any license or construction permit or application to transfer control, or any agency proceeding for the issuance or modification of rules and regulations dealing with the activities of licensees, the Nuclear Safety and Licensing Commission shall, upon request, reimburse eligible parties for the cost of participation, including reasonable attorneys' fees, of any party in any related hearing or agency proceeding. The amount paid, if any, shall be determined after due consideration of the following factors:

(1) The extent to which the participation of the party contributed to the development of facts, issues, and arguments relevant to the hearing or proceeding.

(2) The ability of the party to pay its own expenses.

(b) The Commission shall establish a maximum amount to be allocated to each hearing or agency proceeding and shall apportion that amount among the parties seeking reimbursement of costs based upon the factors enumerated in subsection (a). The maximum amount established pursuant to this subsection shall be established and adjusted from time to time by the Commission with due regard to the following factors:

(1) The actual costs of public participation in the hearing or proceeding based upon a nonduplicative presentation of opposing viewpoints on all relevant issues.

(2) The cost of participation in the hearing or proceeding of the Commission's staff and applicants to the Commission.

(c) Payment of costs under this section shall be made within 3 months of the date on which a final decision or order disposing of essentially all of the matters involved in the hearing or proceeding is issued by the Commission, except that if a party establishes that—

(1) its ability to participate in the hearing or proceeding will be severely impaired by the failure to receive funds prior to conclusion of the hearing or proceeding; and

(2) there is reasonable likelihood that its participation will help develop facts, issues, and arguments relevant to the hearing or proceeding,

then the Commission shall make from time to time (but at least quarterly) advance payments to permit the party to participate or to continue to participate meaningfully in the hearing or proceeding with due regard to the maximum amount payable for costs of this hearing or proceeding and the possible requests for reimbursement of costs of other parties.

(d) In the case of any judicial review arising out of an appeal of a decision reached in a hearing or agency proceeding before the Commission, the court may order the Commission to reimburse a party for all costs incurred in the course of such judicial review, including reasonable attorneys' fees, if such costs meets the requirements of subsection (a).

(e) The provisions of this section shall become effective upon the adoption by the Commission of regulations implementing them or upon the expiration of 90 days after the enactment of this section, whichever first occurs. This section shall apply to all hearings, agency proceedings, and judicial proceedings in which final decisions or orders disposing of essentially all of the issues involved in the hearing or proceeding or final orders of courts have not been issued by the

Commission or court prior to the date of enactment of this section and to all hearings, agency proceedings, and judicial proceedings commenced after such date of enactment. In the case of any judicial proceedings pending when this section is enacted, the reimbursement of costs provided for in this paragraph shall apply only to costs referred to in subsection (d) and not to costs of the hearing or proceeding being reviewed.

(f) Nothing in this section shall diminish any right which any party may have to collect any costs, including attorneys' fees, under any other provision of law.

(g) The authorty to make payments under this section shall not apply to any hearings, agency proceedings, or judicial proceedings arising out of such hearings or proceedings, if the hearings or proceedings commence later than three years after the date of enactment of this Act.

(h)(1) Any decision made by the Commission pursuant to this section shall be reviewable to the same extent as any other Commission decision, except that no stay may be issued based upon any alleged violation of this section and no court order determining that the provisions of this section have been violated shall, solely as a result of that determination, require a reversal of the Commission's decision with respect to any other issue.

(2) Any determination pursuant to subsection (c) of this setcion shall be a final and appealable order within the meaning of section 2342 of title 28, United States Code, if the Commission determines that the party, although not financially able to participate meaningfully in the hearing or proceeding, is nonetheless not entitled to the relief requested.

(i) There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this section.

ENERGY POLICY TASK FORCE,
Washington, D.C., July 15, 1974.

This is to request your support for legislation which will provide financial assistance for participants in hearings before the Atomic Energy Commission. The essence of sound agency decisions is complete information. The development of this information in AEC licensing hearings depends upon input from all parties, particularly the public. However, this important public participation is frequently hampered by the lack of funds to hire technical experts and lawyers.

On May 29, Senator Kennedy introduced S. 3547, a bill to provide financial assistance for AEC hearing participants and to streamline the AEC hearing procedures. The portion of the bill related to public financing will be offered as an amendment to S. 2744, the Energy Reorganization Act of 1974.

The provisions for public financing have been drawn as carefully as possible to avoid potential problem areas. First, public financing is available to any party provided it demonstrates a financial need and establishes that its participation in the hearing has helped to develop the record. Second, the AEC is required to establish a maximum amount available for each hearing, thus discouraging multiple parties. Third, judgments on whether and how much funding will be provided to a party are made by the hearing board and if the fund determination is appealed, it could not be a basis for reversal of the basic licensing decision.

In 1968, when I was a member of the Federal Power Commission, I also served as Chairman of a Committee of the United States Administrative Conference dealing with the subject of rulemaking. Our Committee proposed to the Conference a recommendation which would require government departments and agencies which adopted rules having an impact on large numbers of citizens to provide an opportunity for those citizens to express their views, reactions, comments, recommendations and criticism of any proposed rule. We further proposed, and the Conference accepted after heated and extensive debate, a companion proposal which called for the creation of a Peoples' Counsel on the ground that the right to make a presentation would be an empty right if there were not an effective means of implementing it. The same principle applies in the case of nuclear licensing.

As a former regulator, I believed then, and I believe equally strongly today, that the adversary process is essential to the regulatory process, but to be effective, the advocacy must be equally good from all view points. To me, this means the ability to bring into any contested issue the scientific, technical, economic and legal skills essential to presenting the strongest possible case. I assume every regulator would feel that his or her job would be more effective if there were assurance of a strong presentation by citizen groups as well as by industry groups. To those who chided me, contending that I was supposed to represent the consumer position as a member of the regulatory body or that the agency staff played the role of seeking out the public interest, my response was that the members of the regulatory agency and the staff counsel assigned the responsibility of arguing the public interest were required to make the necessary balances in reaching our position; what I thought was required was an all-out advocate for the consumers' position to enable me as a regulator to assess their arguments when pitted against those advanced by representatives of the industry.

In my view, some of the most meaningful progress in recent nuclear licensing has been the result of effective presentations made on behalf of citizen groups. As applications for nuclear licenses move from a trickle to a flood, it is going to be more important than ever that there be a means for offering meaningful and effective presentation on behalf of consumer groups to assist the licensing authorities in evaluating applications upon which they must pass. If it is important that this advocacy role be performed when what is at stake are rates, obviously, it must be even more essential when a significant portion of the decision-making process involves the health and safety of people.

The public financing proposal is not anti-nuclear. In fact, it is a proposal which should be equally attractive to all parties. Frequently, good representation can mean shorter representation. I do not believe a licensing process, whether financed in part by Federal funds or not, should be used to thwart the objective of a licensing statute, but rather to implement it. I think this can be true of nuclear licensing and I am confident it will be.

The Energy Policy Task Force of the Consumer Federation of American urges you to support this legislation to ensure the public not only the right but the ability to participate in decisions regarding nuclear power reactors.

Sincerely,

LEE C. WHITE,
Chairman.

CITIZEN GROUPS WHO HAVE NEEDED FINANCIAL ASSISTANCE

1. Saginaw Valley Nuclear Study Group joined with several other groups to oppose the construction permit for the Midland, Michigan nuclear plant of Consumers Power Co. One issue was the ability of the company to adopt and implement an adequate quality assurance program. After the hearing and approval of the construction permit, the AEC's Director of Regulation issued an order to the company to show cause why construction activities should not be suspended due to poor quality assurance implementation. Saginaw sought to intervene in the proceeding but needed funds to participate because it had already exhausted its funds and two large groups which were allied with it had decided to withdraw further financial support because of other priorities. Subsequently the Director of Regulation decided not to pursue the show cause proceeding and only Saginaw remained to press that issue. The AEC refused it funds and as a result it has not been able to make any substantial contribution to the proceeding.

2. The Citizens Committee for the Protection of the Environment intervened in the operating license proceeding on Consolidated Edison's Indian Point, New York reactor. It sought to raise issues on plant security evacuation plans, the possible rupture of the pressure vessel, the adequacy of the emergency core cooling system and other engineered safeguards. It had no funds to hire experts and, while several issues raised by it were of interest to the hearing board, CCPE lacked the financial resources to follow through on them. The license was issued.

3. Consolidated National Intervenors was origanized to participate in two generic hearings on critical safety issues. One was the Emergency Core Cooling System hearing and the other was a hearing to set numerical guidelines for what constituted radioactive release limits which were as low as practicable (ALAP). It could not raise funds for both proceedings. As a result of initially presenting some witnesses (who volunteered their time) at the ALAP hearing, CNI was compelled to suspend all further participation in the hearing, including rebuttal testimony, comments on the draft and final impact statement, post-hearing briefs to the Commission and supplemental submittals to the Commission. Meanwhile, General Electric has been bombarding the AEC with information to support its view that permissible releases of radioactivity should be far higher.

4. The Seacoast Anti-Pollution League actively participated in state hearings on siting a nuclear reactor on a salt marsh at Seabrook, New Hampshire. The effort cost it $25,000. It was not able to raise sufficient funds to pursue the issues with which it is concerned before the AEC. It intervened in that case and sought financial assistance from the AEC. To date that has been refused and as a result SAPL has had to curtail its participation. Important issues related to salt marsh protection which were effectively excluded from the state hearings by grossly unfair hearing procedures and by an eleventh-hour amendment of the plant proposal to which no party was given an opportunity to object, are now not available to SAPL because of lack of funds.

5. Quality Environment Conference of Omaha, Nebraska wanted to intervene in the Construction Permit proceeding for the Fort Calhoun, Nebraska reactor but because of lack of funds was unable to do so.

6. Robert Head, an individual in Louisiana sought to raise numerous issues regarding radiation releases and monitoring for the Waterford and River Bend nuclear reactors in Louisiana. Many of his contentions were accepted as relevant for the hearings but he lacked the financial resources to pursue them.

7. Coalition for Safe Electric Power of Cleveland, Ohio participated in hearings on the Davis Besse and Perry nuclear reactors in Ohio but due to lack of financial resources have not been able to pursue their contentions. They were interested in economic costs of nuclear reactors and electric need forecasts for the service area involved.

8. Citizens to Stop Rancho Seco in California sought to intervene in the AEC construction permit hearings on the Rancho Seco but due to lack of funds had to withdraw before they could present their case

9. Citizens for a Safe Environment in

Harrisburg, Pennsylvania has gone to court to seek funds to enable it to participate in construction permit hearings on several Pennsylvania reactors. Without the funds it cannot effectively participate but the courts have been unable to find existing legal authority for the funds.

10. Consolidated Intervenors in California intervened in opposition to the San Onofre, California nuclear reactors. After a hearing during which CI were compelled by the hearing board to present their case without adequate time for presentation, the Appeal Board ordered the hearing reopened to allow CI to present their case. The issues are whether the applicant is technically qualified to operate the reactors based upon a poor operating history at its first reactor, whether in the event of an accident evacuation is possible, whether the population in the site vicinity is too dense for safely deploying nuclear reactors, whether the plant is secure from sabotage and whether underground siting of the plant is a preferable alternative. Due to lack of financial resources CI will probably be unable to pursue any of these issues.

TRADE REFORM ACT OF 1973—AMENDMENT

AMENDMENT NO. 1790

(Ordered to be printed and referred to the Committee on Finance.)

Mr. HATHAWAY submitted an amendment, intended to be proposed by him, to the bill (H.R. 10710) to promote the development of an open, nondiscriminatory and fair world economic system, to stimulate the economic growth of the United States, and for other purposes.

EDUCATIONAL SERVICES FOR HANDICAPPED CHILDREN—AMENDMENT

AMENDMENT NO. 1792

(Ordered to be printed and referred to the Committee on Labor and Public Welfare.)

Mr. HARTKE. Mr. President, today I introduce an amendment to S. 6, a bill to provide financial assistance to the States for improved educational services for handicapped children. My amendment would amend the Education of the Handicapped Act to provide tutorial and related instructional services for homebound children through the employment of college students, particularly veterans and other students who are also handicapped.

I first introduced this amendment as S. 1722 in May of 1973, with Senators Pastore, Metcalf, Bayh, Moss, Montoya, Randolph, Eagleton, Hollings, and Percy joining me as cosponsors.

Mr. President, the Day Care and Child Development Council of America, Inc., has published "Child Care '76" which sets forth a "Child Care Declaration of Rights." I ask unanimous consent to have printed in the Record following my remarks, the declaration of rights along with articles from the same publication entitled: "Child Care '76: Preamble"; "The Strategy of Child Care '76"; "Its Impact"; and "Summary."

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARTKE. Mr. President, I might make note of the first of the rights enumerated which sounds the theme all Americans believe in—

> That all children are created equal, with certain God-given rights which cannot be taken away, among which are life, liberty and the pursuit of happiness.

If we as a nation are to recognize that all children are indeed created equal under our system of government; if all children are to be given an equal chance to develop themselves to their fullest capability; and if all children are to be given an equal opportunity to fulfill their highest aspirations, then we must enact legislation which will provide homebound children the educational services that mentally and physically will enable them to lead a full life.

The amendment I introduce today will provide tutorial and related instructional services for homebound children through the employment of college students, particularly veterans and other students who themselves are handicapped.

Mr. President, I ask unanimous consent that the text of my amendment to S. 6 be printed in the Record at this point.

There being no objection, the amendment was ordered to be printed in the Record, as follows:

Amendment No. 1792

At the end of the bill, add the following new section:

TUTORIAL AND RELATED INSTRUCTIONAL SERVICES

Sec. 10. The Education of the Handicapped Act (20 U.S.C. 1421–1426) is amended by adding at the end thereof a new part H as follows:

"PART H—USE OF COLLEGE STUDENTS AS TUTORS AND INSTRUCTIONAL ASSISTANTS FOR HOMEBOUND CHILDREN

"AUTHORIZATION OF PROGRAM

"Sec. 671. (a) The Commissioner is authorized to make grants to State education agencies to enable them to develop and carry out programs, at their and at local educational levels, to provide, through the use of students in institutions of higher education, tutoring and instructional assistance, under the supervision of a qualified teacher, for homebound handicapped children who, though able to benefit from preschool, elementary, or secondary education, are prevented by their handicaps, by lack of facilities, or because they experience special difficulties when in school from attending school. Homebound children for whom services under this part may be provided include but are not limited to those suffering from developmental disability and those as defined under section 602 paragraphs (1) through (15), and such services may be provided to children who are homebound for short or long terms.

"(b) For a local educational agency to receive assistance under this part from a State education agency, it shall make a proposal to the State education agency for a tutorial or instructional assistance program to be carried out through a cooperative arrangement with one or more institutions of higher education. The local educational agency shall give assurances that—

"(1) in selecting students to participate, (A) special consideration will be given to veterans qualified for vocational rehabilitation under chapter 30 of title 38, United States Code, and to other handicapped students (provided in either case that their handicaps do not make their working with homebound children ineffective); and (B) among students otherwise equally eligible to participate in the program, preference will be given to those having greater financial need,

"(2) the program will be administered by the local educational agency in accordance with its rules and regulations relating to homebound instruction,

"(3) participation in the program will not interfere with the academic progress of participating students,

"(4) compensation paid to participating students will be set by agreement between the local educational agency and the student's institution, the maximum to be established at the direction of the Commissioner. In no case shall the compensation be established below the prevailing minimum hourly wage,

"(5) funds will be used in such manner as to encourage equipping the homebound handicapped children for eventual full assimilation by society, with every effort to avoid development of a segregated, permanent system of education for the handicapped, and

"(6) Federal funds made available under this part will be so used as to supplement and, to the extent practical, increase the level of State, local, and private funds expended for the education of handicapped children, and in no case supplant such State, local, and private funds.

"APPLICATION

"Sec. 672. (a) The Commissioner shall make grants under this part to State educational agencies on the merits of their proposals to him which shall be submitted on such application forms and under such guidelines, as he shall prescribe. Proposals shall contain, among other information as required by the Commissioner (1) all data from local education agencies' proposal to the State, as is required to support the total amount of funding requested by the State: (2) the State's detailed plans for conducting, or providing for the conduct of, evaluation of the program supported under this part; and (3) the State's detailed plans for locating and identifying all of its homebound children who could benefit from this program.

"(b) An amount not to exceed 10 per centum of the total funds awarded to a State under this part shall be available to the State for it and its local education agencies to administer the program.

"AUTHORIZATION AND APPROPRIATION

"Sec. 673 There are hereby authorized to be appropriated $55,000,000 for the fiscal year ending June 30,

* * * * *

"ALLOTMENTS TO STATES

"Sec. 674. All of these sums shall be granted at the discretion of the Commissioner; however, the Commissioner shall set aside 25 per centum of the total appropriation and preliminarily allocate (but not automatically grant) to each State (as defined by section 602(6)) an amount which bears the same ratio to such amount as the number of children aged three to twenty-one, inclusive, in the State bears to the number of such children in all the States. The Commissioner shall approve or disapprove applications from the States, and any funds preliminarily allocated to a State whose application is disapproved, or which fails to file timely application, shall be added to, and be included for distribution under, the remaining 75 per centum of the funds. The Commissioner shall not disapprove any State's application until he has offered and (if the State accepts his offer) provided technical assistance to that State in an effort to bring that State's application to a level of approvable quality, so that the State may then be granted its proportionate share of the 25 per centum set aside, and, if then applicable, an appropriate portion of the remaining 75 per centum.".

CHILD CARE DECLARATION OF RIGHTS

We hold these truths to be self-evident, that all children are created equal, with certain God-given rights which cannot be taken away, among which are life, liberty and the pursuit of happiness.

That children are not able to defend or maintain these rights by themselves.

That the American family is responsible for securing these rights for its children.

That many parents, single or together, must work to provide for their family's welfare.

That their earnings are seldom sufficient to pay for needed child care while they are at work and away from home.

That even while parents strive to discharge their duty to family and country, five million preschool children suffer daily from a lack of quality care and attention.

That to protect the future of America's families.

Be it resolved that we, the citizens of these United States, stand in support of efforts by every sector of our society to achieve community controlled quality child care services for all families who need and want them by the 200th Anniversary of the founding of this nation in 1976.

CHILD CARE '76: PREAMBLE

As we approach our 200th birthday as a nation, we shall want to reflect upon our Declaration of certain God-given rights, among them the right to life, liberty and the pursuit of happiness. We should recall the basic premise of the Bill of Rights: that rights flow from the people—are inherent *in* the people—and it is the chief purpose of government to secure these rights. We must not forget that Jefferson himself said that Americans are entitled to many rights they had yet to discover and assert for themselves in the years to come. Finally, we shall have to remember the promise America made to its people 200 years ago—and that people's lives change for the better when they begin to raise their own expectations of what that promise should mean.

We are unique in our history and our composition as a people. Almost all of our families originated in other lands, basing their chances of freedom in this new land on its promise of the worth of individuals and their rights under a democratic system. This system is still in process; it has yet to realize the responsibility it undertook 200 years ago. Our goal in the next few years is to recommit, rededicate ourselves to the fulfillment of this basic democratic principle in keeping with our common legacy.

THE STRATEGY OF CHILD CARE '76

The American people have been a great people, a people with the ability to renew their strengths and to come back. Somehow, however, they have been led to believe that what they have now is the best that they can get and that the sacrifice of the tools and resources they need for their children is somehow in their best interest. This amounts to a denial of their basic rights. The reaction of many to this denial is to doubt whether the democratic system can work. To do this is to allow the opposition to seize the high ground and to push the needs of American children and families off into the marsh sometimes described as left of center.

The climate in the country today is one in which child care services are seen amid a mass of confusion. To the average family who has not had the time to do an indepth analysis, the terms "radical" and "communalizing" have tended to confuse rather than help. There have been arguments put forth to circumvent legislation for children and families that such services would be destructive of American family life.

The key to hold to is never to allow anyone to steal your flag. The history and future of America is and has always been in the possession of its people. Our task in Child Care '76 is to activate awareness of that fact in the American citizen, for only when s/he feels the future firmly in hand can our goal be reached: the development of a parentally involved, comprehensive, universally available system of quality child care services for *all* families who need and want them by 1976.

ITS IMPACT

Thomas Jefferson, 1787:

"We are always equal to what we undertake with resolution . . . It is part of the American character to consider nothing as desperate; to surmount every difficulty by resolution and contrivance."

While we know that misconceptions about child care services are rampant, we must be prepared to meet people where they are rather than where we would like them to be. Getting them there is what a public education campaign is all about and campaign workers must see that the raising of the American consciousness level on child care must occur while we have the momentum of the Bicentennial celebration.

We must do this in our neighborhoods, in our cities, in our states—keeping in mind the significance of 1974 as an election year. Our constituency, reaching far beyond the recognized child care forces to unions, churches, women's and civic action groups must see its task as educating the thinking of candidates and parties; we should give serious thought to running our own candidates. But all this will be in vain if we have not reached the minds of the voters—through buttons, posters, decals, television, radio, canvassing, talking, educating—creating the broad support for families and children *without* which no lawmaker feels mandated to act.

1976—the Bicentennial year—will probably see the most active presidential campaign in our history. It is then that our preparation on the local, State and congressional levels will tell. Our Children's Bicentennial Committees, with their extensive community outreach, should by then be well organized, clear on the issues and able to bring enormous strength to bear on the child care issue in the election context. No candidate, of whatever party, will walk through the doors of the White House *without* America's families and their children.

SUMMARY

We have in motion with Child Care '76 a public consciousness raising tool which can bring into law a genuinely responsive piece of legislation and into the White House, in our Bicentennial year, a President aware that veto of that legislation would be political hari-kiri.

Child Care '76, with its wealth of materials and positive thinking, attacks no one, denigrates nothing. It is a call to action which will enhance the outreach and effectiveness of all participating individuals and organizations; it is a movement which will benefit from their strength and add to it simultaneously.

The campaign has been carefully planned to combine two concepts which no one can reasonably oppose: children's well-being and love of country. Its approach is to decent services for the children of all families who need and want them—removing child care in its broadest sense from the poverty/welfare corner of the public mind which resents its taxes going to pay for social services for others. It will be made clear that *all* Americans, millions of whom work and pay their taxes, deserve the universal *availability* of children's services as an inalienable right. Those citizens who heretofore have tended to think of child care as destructive of the family will see through our combined effort the family as the keystone of American life; children—and their care—as the keystones of America's future. Our message is simple: children are America's promise. America has a promise still to keep to them.

For there remain today minority groups of every description, every heritage: Blacks, Puerto Ricans, Chicanos, Native Americans, Appalachian Whites and more who cannot testify to the strength of our history, for their strengths are pitted against hunger, deprivation and oppression in America and they stand silent among the jubilant shouts as we approach our 200th birthday.

There is another minority in this country: Children. Larger than all, encompassing all. The children of this nation are the most precious of all of our resources. It is the children of this nation who will inherit the responsibility to mold and remold the democratic principles passed from generation to generation. It is our responsibility to give them guidance and preparation: for war or peace, for hunger and deprivation or for health and hope, for drug addiction and juvenile delinquency or for careers predicated on the needs of our institutions and their development—for the strengthening of our democratic ideals or their destruction.

There are six million children under 6 in America today whose mothers work to support them. Millions more with both mother and father at work to make ends meet. Yet there are barely 900,000 licensed child care openings available to meet this crushing demand. Even these few, often meager and inadequate services face drastic reductions and possible extinction. Older children too need safe fulfilling activities when school is over. And all children need health care, good food—a wide range of services essential to their well-being and their families'. In too few places can they find the help they seek; too often its cost is prohibitive. *Are young citizens less equal than others?*

American families must examine the 200th birthday of America in the light of these glaring facts. The Constitution and Declaration of Independence are the guiding lights which set the tone for the distinction between us and any other nation: that we in our totality are the guiding light for the children of American families. But there has been no piece of legislation in the history of our nation that has provided the necessary resources to create new institutions and strengthen our existing institutions to respond to our citizens' pressing need. American families have no advocate in Congress working for them. The only advocate that our families and children will have will be the one we create ourselves. To aid them in their task, the Day Care and Child Development Council of America has launched a nationwide campaign to arouse millions of citizens to assert once more the principles of our Founding Parents: the inalienable right of all children to grow and thrive in a democratic republic.

Benjamin Rush, 1786: "A belief has arisen that the American Revolution is over. This is far from being the case that we have only finished the first act of the great drama."

Article IX, U.S. Constitution, Bill of Rights: "The people retain rights not here enumerated. The enumeration in the Constitution, of certain rights, shall not be construed to deny or disparage others retained by the people."

Preamble, Constitution of the United States of America: "We the people of the United States, in order to form a more perfect union, establish justice, insure domestic tranquility . . . promote the general welfare, and secure the blessings of liberty to ourselves and our posterity, do ordain and establish this Constitution for the United States of America."

EXTENSION OF THE EXPORT-IMPORT BANK ACT—AMENDMENT

AMENDMENT NO. 1793

(Ordered to be printed and referred to the Committee on Banking, Housing and Urban Affairs.)

Mr. BENTSEN. Mr. President, we have been experiencing a good deal of controversy of late over the Export-Import Bank, the kinds of loans that institution has been making and the cost of those loans to the American people. This public and congressional scrutiny of the Eximbank is healthy; indeed far too few Federal agencies are subjected to adequate congressional and public oversight.

Mr. President, the Eximbank's positive impact on the U.S. balance-of-trade position must be acknowledged. However, woefully insufficient attention has been directed toward the negative impact on the U.S. domestic economy of Eximbank lending.

In particular, I believe we must take a hard look at certain aspects of the Bank's direct loan program. One of the things which most disturbs me about this program is the kinds of loans receiving Eximbank funding, some of which involve the export of our manufacturing capacity. I have recently introduced an amendment to the legislation extending the authority of the Eximbank to ban financing of exports involving our manufacturing capacity. We should be concentrating on exports of finished products, not on the means of production. We should send our products abroad and keep our jobs at home.

Another element of the Bank's financing which disturbs me as well as the American people is the rate of interest being charged on Ex-Im loans. Due to Government backing of its borrowing the Bank has been able in the past to obtain funds below the rate at which it lends them. However, due to soaring interest rates, the Bank has more recently been making loans at below borrowing costs. The interest on Eximbank loans was for long 6 percent and was only recently raised to 7 percent. However, even at the higher rate its current borrowing costs are exceeding that figure and, of course, the 7-percent rate is far below commercial bank lending rates. I am pleased that Chairman Casey has now initiated a more flexible interest rates policy, but I do not believe it yet goes far enough.

Therefore, I am today introducing an amendment to require Eximbank loans to be made at rates not lower than what it costs Ex-Im to borrow. I do not go so far as to require that loans be made at prevailing commercial rates; this would necessarily hamper the Bank's activities since other nations subsidize their exports with low interest loans. My amendment will still allow a rate considerably more favorable than what it costs to borrow at normal commercial rates, but it will eliminate the subsidy element in the Bank's lending policy. I would also urge the Department of State to enter into negotiations with our trading partners to eliminate all interest subsidies for exports. There is no long-term advantage for any nation in a continuation of the present subsidies.

Mr. President, it is simply not fair to the American people to be subsidizing Eximbank loans at rates far below what it costs the average citizen to borrow—if he even can borrow. It is time to end subsidies and my amendment moves in that direction. It is a reasonable alternative to those who would seek to impose unduly harsh restrictions on the Bank's lending policy. I ask unanimous consent to have the text of my amendment printed in the Record at this point.

There being no objection, the amendment was ordered to be printed in the Record, as follows:

Amendment No. 1793

At the appropriate place, insert the following:

Sec.— Section 2(b) of the Export-Import Bank Act of 1945 is amended by adding at the end thereof the following:

"(6) Notwithstanding any other provision of this Act, any loan made by the Bank after the enactment of this paragraph shall bear interest at a rate which is not less than the average rate of interest payable by the Bank on notes, debentures, bonds, or other obligations of the Bank which were acquired during the quarter immediately preceding the date of the loan."

PRISONER OF WAR AND MISSING IN ACTION TAX ACT—AMENDMENTS

AMENDMENTS NOS. 1794 AND 1795

(Ordered to be printed and to lie on the table.)

Mr. BEALL. Mr. President, I am submitting two amendments for printing to H.R. 8214, which was reported from the Senate Finance Committee on July 8, 1974. The first of these amendments—amendment No. 1794 is identical to S. 3663 which I introduced on June 18, 1974. This measure would amend the Internal Revenue Code of 1954 to provide an exemption from income taxation for certain income of condominium housing associations, homeowner associations, and cooperative housing corporations. The second amendment—amendment No. 1795 is identical to S. 3184 which I introduced on March 19, 1974. This bill would amend the Internal Revenue Code of 1954 to provide a Bicentennial celebration contribution tax credit.

ADDITIONAL COSPONSORS OF AMENDMENTS

AMENDMENT NO. 1540

At the request of Mr. Schweiker, the Senator from Nevada (Mr. Cannon) was added as a cosponsor of amendment No. 1540, intended to be proposed to the bill (S. 3660) to amend the Export-Import Bank Act of 1945.

AMENDMENT NO. 1613

At the request of Mr. Hollings, the Senator from Missouri (Mr. Eagleton) was added as a cosponsor of amendment No. 1613, intended to be proposed to the bill (S. 3471), concerning the plight of our men missing in action in Indochina.

AMENDMENT NO. 1768

At the request of Mr. Taft, the Senator from Georgia (Mr. Nunn) and the Senator from Wyoming (Mr. Hansen) were added as cosponsors of amendment No. 1768, intended to be proposed to the bill (S. 2744) the Energy Reorganization Act of 1974.

ANNOUNCEMENT OF HEARINGS ON COST OF LIVING TASK FORCE

Mr. SPARKMAN. Mr. President, I wish to announce that the Senate Committee on Banking, Housing and Urban Affairs will hold hearings on August 15 on S. 3894, a bill to establish a Cost of Living Task Force, and other bills relating to this general subject.

The hearings will be held in room 5302, Dirksen Senate Office Building, beginning at 10 a.m.

NOTICE OF HEARING

Mr. HUDDLESTON. Mr. President, yesterday the August 1 crop report of the Department of Agriculture revealed the emergency facing this country with respect to food and fiber production. In an effort to assess the implications of this report and the full impact of the drought in the Midwest, as well as to determine which course of action the U.S. Government should pursue, the Subcommittee on Agricultural Production, Marketing and Stabilization of Prices of the Committee on Agriculture and Forestry will hold an emergency hearing on Thursday, August 15, beginning at 10 a.m. in room 324, Russell Office Building. The Secretary of Agriculture, other Government officials, and farm spokesmen are being invited to testify. Anyone wishing to appear before the subcommittee on this problem should contact the committee clerk as soon as possible.

NOTICE CONCERNING A NOMINATION BEFORE THE COMMITTEE ON THE JUDICIARY

Mr. ROBERT C. BYRD. Mr. President, the following nomination has been referred to and is now pending before the Committee on the Judiciary:

Robert Armstrong Anthony, of New York, to be Chairman of the Administrative Conference of the United States for a term of 5 years, vice Antonin Scalia.

On behalf of the Committee on the Judiciary, notice is hereby given to all persons interested in this nomination to file with the committee, in writing, on or before Tuesday, August 20, 1974, any representations or objections they may wish to present concerning the above nomination, with a further statement whether it is their intention to appear at any hearing which may be scheduled.

ADDITIONAL STATEMENTS

TOP-LEVEL MEETING ON THE ECONOMY

Mr. HUDDLESTON. Mr. President, I am pleased that the President, last night in his address before the Congress, announced that he would call a top-level meeting on the economy.

On July 23 of this year, Senators Bartlett, Chiles, Domenici, Nunn, and I proposed Senate Resolution 363, calling for a domestic summit on the economy. Under this proposal, we, the sponsors, envision an immediate series of meetings of the top leadership of Congress, the executive branch, business and labor to develop a game plan—a set of recommendations—for dealing with what must be considered the most pressing of domestic problems. On July 23, that resolution passed the Senate by a vote of 88 to 5.

In the days since, Senate Resolution 363 has been discussed in the Congress, in the executive branch, in the press and within various organizations. The five of us who developed the proposal have met with now-President Ford and with Presidential Counselor Kenneth Rush; Director of the Office of Management and Budget, Roy Ash; Chairman of the Federal Reserve System, Arthur Burns; Chairman of the Council of Economic Advisers, Herbert Stein; and Secretary of the Treasury, William Simon.

In addition, we five, along with others, have been involved in efforts to restrain Federal spending in fiscal 1975. We believe that is one area where the Congress can act promptly and directly to demonstrate its intent to meet head-on the diverse and, at times, contradictory indicators in our economy.

At the same time, however, we remain firmly convinced that a domestic summit is needed and that it is the best approach to meeting the problems that vex us.

There can be no doubt in anyone's mind of the need to act—and to act at once. The July wholesale price index—a generally accepted indicator of inflation and coming changes in the cost of food and goods—rose 3.7 percent for the month or at an annual rate of 44.4 percent. This was the second highest monthly increase in 28 years—since November 1946 when the index rose 4.2 percent.

Furthermore, the increase was widespread—affecting, for example, food, fuel, metals, pulp and paper, chemicals, machinery and equipment.

To compound current difficulties, productivity has been declining, especially in the nonfarm sector; unemployment shows signs of rising; there seems to be little relief from high interest rates; continued erosion of purchasing power is expected; continued shortages of various industrial materials are anticipated.

In this atmosphere, we believe a domestic summit is imperative. First, because our Nation is faced with the need to fight an economic war on many fronts, with many different battles, requiring many weapons. No single strategy, no one tactic will suffice. We need instead an overall plan, encompassing many maneuvers, many policies.

Second, because no one should deceive himself into believing that the answers will be easy or simple. The causes of our current economic problems are multiple. In many ways they defy traditional economic theory and solution. They directly affect each of us daily. In many instances they involve the distribution of limited resources. And, all of this suggests that the choices will be difficult, that adjustments are likely to be required of us all.

Third, because the problems are so diverse, because they are so difficult, we believe a unified, nonpartisan approach is necessary. I do not mean to suggest that public officials will not—or should not—have their own views, their own recommendations for meeting today's difficulties. But, at the same time, I believe we must all be prepared to compromise, to put partisan bickering aside and to search for some common ground where we might find a fair and equitable approach to our common problems. Failing that, we are likely, I believe, to sow the seeds of our own economic destruction.

A domestic summit would be a first step—and only a first step—toward the resolution of our economic difficulties. In many ways, it would be the easiest step but it is the step that must be taken if we are to work together, if we are to confront the hard choices in such a way as to develop a strategy which will help return our Nation to stability and prosperity and, at the same time, both gain and deserve the support of all the American people.

PRESIDENT FORD'S SPEECH TO THE JOINT SESSION OF CONGRESS AND ATTENDANCE IN GALLERY OF THE DAVID EISENHOWERS

Mr. BAKER. Mr. President, it seems to me that the President's speech to the Nation and to the joint session of the Congress last night was exactly what we needed. As much as in the substance of the address, the President communicated a fundamental strength of character, an understanding and compassion, a spirit of cooperation, and a gentle toughness that will stand him and us in good stead in the difficult times ahead. I applaud him for an exceptional address, exceptionally well suited to the times.

Mr. President, I would like to take this opportunity to express my great respect and admiration of Mr. and Mrs. David Eisenhower, who were present in the Presidential gallery during the address. I am certain that it took courage and strength to appear and help us celebrate this occasion, and I salute them for it.

GRAIN SUPPLY SITUATION RAISES THE POSSIBLE NEED FOR EXPORT RESTRAINTS

Mr. TALMADGE. Mr. President, the release yesterday by the Department of Agriculture of the August crop estimates provided the Nation with results which were both sobering and disheartening.

When we went into this crop year, we had expected record crops which would meet our domestic needs while leaving us with sufficient stocks to export. This would have eased inflationary pressures at home and aided our balance of payments.

The impending shortages are especially damaging to the livestock industry that represents about three-fifths of agriculture. Livestock producers are in distress right now because of the high prices they must pay for feed grains. It stands to reason that if a producer is losing money when he has to pay $3 for a bushel of corn, the prospect of $5 or $6 corn is catastrophic.

In my State of Georgia livestock production represents two-thirds of total agricultural production.

The results of a short crop will be felt in two ways—shortages of supplies, especially livestock products, and higher prices for nearly all food products. This impact will be very severe on meat, poultry, eggs, and dairy products.

Clearly this will aggravate our most serious problem—inflation. As a nation we cannot afford it and the American public will not stand for it.

Interpreting yesterday's crop estimates, it appears that the total shortfall for feed grains will be about 600 million bushels, and while we can expect a small carryover of wheat the shortage of feed grains will put enormous pressure on our wheat supply and probably reduce the carryover.

Soybean supplies and demand look to be very delicately balanced, with perhaps 25 million bushels left over. But, this would put us back in the untenable situation we experienced in the 1972–73 crop year with severe uncertainty and volatile prices.

The situation, in short, has to be labeled critical.

The potential of this situation, to contribute to the spiraling inflation, is tremendous. Clearly, this crop situation has forced us into a corner from which there is no easy exit.

Therefore, it is imperative for us to establish priorities in order to minimize our losses.

We must put the people of this country first. We must now respond in a planned, calculated manner to the fact that both floods and drought have laid waste to a large portion of our food supply this year.

It is imperative that we begin now to monitor more closely our stocks of wheat, feed grains and soybeans.

Before it is too late, we must consider equitable measures to meet domestic needs without doing irreparable harm to our friendly trading partners abroad.

I realize the possible negative side of imposing any type of export restraints, and they must be applied with diplomatic care. But it is clear that there is the potential of even greater costs if we ignore the realities of the current situation.

A move to limit exports will cause repercussions that will hinder trade relations, and could result in depressing some farm incomes.

But while crop prices may be dampened somewhat, the supply situation is such that no major price break can occur. Unless we take immediate action, we are frankly faced with the possibility of high profits for a few at the expense of the majority. That is not tolerable.

As far as our trading partners are concerned, they must realize that we cannot sell what we do not have, and healthy international trade relations are always based on a healthy domestic economy.

If we move quickly, the problem may resolve itself.

At the end of July, export sales of critical crops were still a relatively small percentage of what is anticipated.

In the case of wheat, outstanding export sales were 33 percent of expected sales. Corn commitments were under 30 percent of estimated sales, while soybean sales were still below the 50 percent level of exports forecast for the year.

By moving now, there is a leeway that will not exist if we follow a course of inaction until our food supply has sailed for distant shores.

But this is a matter for the President to handle in a gingerly fashion. A simple export embargo on all food commodities would be too harsh a move. And further, we must meet existing commitments. We cannot simply close our ports.

No one is more adverse to Government intervention in the marketplace than I am. I suggest these export restraints only because our economy, our agriculture and our people cannot withstand continued inflation or the price volatility that comes with uncertainty and persistent shortages.

There are many unknown factors which might resolve the current situation. Recent rains, and the growth of corn or feed grains on lands not previously planted to these crops could make the supply situation better than yesterday's estimates. But significant relief is very remote.

There has been a sharp reduction in livestock feeding which could take some of the demand pressure off crops.

And finally, larger world supplies of grain and a slowdown in export demand because of higher prices and inflation abroad could relieve foreign pressure on our limited stocks.

But to merely rationalize and hope would be irresponsible. Both cash and future grain prices are soaring on the commodity markets today. If we are not careful, it will not be long before our livestock, poultry and dairy industries collapse and the housewife rebels.

Mr. President, I have asked my distinguished colleague, Mr. HUDDLESTON, chairman of the Subcommittee on Agricultural Production, Marketing and Stabilization of Prices, to hold an emergency hearing on Thursday, August 15, to determine which course of action will alleviate the effects of the projected short grain and fiber stocks.

On the day President Ford was sworn in, Senator CARL T. CURTIS, the distinguished ranking minority member of the Committee on Agriculture and Forestry, and I wrote to the President and pledged our support and cooperation in curbing inflation. At this grim moment, I reaffirm that pledge.

SECRETARY SIMON ON OLD TIME RELIGION

Mr. PERCY. Mr. President, I call to the attention of my colleagues an address by the Secretary of the Treasury, William E. Simon, on the subject of "Inflation." The July 9 speech was on the occasion of the introduction by the Chamber of Commerce of the United States of its nationwide effort to focus attention on the nature of our current inflation. I share Secretary Simon's view of inflation as our No. 1 economic problem, and the national chamber's perception of the urgent need to solve this critical problem. Secretary Simon recommends more of the "old time religion" of expenditure restraint as the correct answer, a view I very largely share. I applaud his and the chamber's efforts.

Mr. President, I ask unanimous consent to have the address printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

ADDRESS BY THE HONORABLE WILLIAM E. SIMON

No one will be surprised when I express strong support for the goal of this Conference—to elect an inflation-proof Congress in 1974. Since my first day as Secretary of the Treasury I have been hammering away at the point that inflation is our number one economic problem.

The inflation we have experienced has gone on so long and become so intense that it has done damage to every sector of our society. It has hurt everybody—people at all income levels, corporations, financial institutions, local governments—everybody. But most of all, it has hurt the poor.

But while the damage done by inflation is clear enough, it is not going to be easy to bring it under control. And that brings me to the aspect of this conference I particularly like, and that is your focus on the political dimension of inflation. I don't mean politics in the partisan, how-do-we-get-elected sense, but in terms of Government leaders of whatever political persuasion representing and responding to the will of their constituents. Inflation is not just an economic problem, it is a political problem as well. In fact, the biggest worry I have above our economic future is whether or not the American people and their Government will have the sustained political will to carry this long, tough anti-flation battle through to a successful conclusion.

THE ORIGINS OF INFLATION

The industrialized democracies of the world have all suffered an horrendous bout of inflation over the past decade—the United States less than most (although I take little comfort from that fact). I think it is fair to conclude that in almost every case a major cause of the inflation was political.

In saying that, I do not mean to imply that inflation is a simple matter, with only the single dimension of government economic policy. Inflation is a complex process with many causes. For example, we are all aware of the series of outside shocks that hit our price level during the past two years.

World production of wheat and coarse grains declined a disastrous 3½ percent in 1972, which resulted in a 36 percent increase in farm prices and a 20 percent increase in consumer food prices during 1973.

Every industrialized nation in the world experienced strong growth in 1973, and this unusual simultaneity put strong pressure on all internationally-traded raw materials. In the United States, wholesale prices of crude materials, excluding food, increased 31 percent during 1973.

The devaluations of the dollar made the food and industrial raw material prices explosion even worse, because the United States suddenly became the most favorable place for other nations to obtain those hard-to-get raw materials. This was good news for our international trade position, but it put substantial additional pressure on domestic prices.

At the end of 1973, the Arab nations quadrupled the price of crude oil, which put great pressure on the prices of almost all goods and services produced in the United States.

The end of wage and price controls just two months ago has added the predictable burst of price pressures to the current situation.

All of those forces, however, are one-time events. While they are with us, they have an enormous influence on the general price level. For the most part, however, it is a temporary influence. And when these special forces have passed—and most are in the phase-out stage now—we find that the problem of inflation is still with us, almost as strong as ever. At the end of this year, after the food and fuel and other special factors have receded, our price level will probably still be rising by something in the neighborhood of 7½ percent per year.

And the reason we still find such an horrendous rate of inflation in the system after the special factors have run their course is that the American people and their government have been making the political decisions that have brought it about. We have increased Government spending faster than we have been willing to pay for it through taxation. We have created too much new money and credit, so that more borrowing and investment have taken place than could be financed out of savings.

By those actions we permitted, encouraged, and even forced the demand for goods and services to outrun the productive capacity of our economy. The inevitable result was inflation.

What this boils down to is that our economic reach has been greater than our grasp of how the economy works. Our eyes have been bigger than our stomach. We have not learned that the standard of living in an economy cannot grow more rapidly than productivity. We do not want to accept the idea that resources are scarce and that if we make a decision to give more to some people in the society we are at the same time deciding to take those resources away from somebody else. Moreover, if we do not make the take-away decision explicitly—by cutting Federal spending elsewhere, for example—we do not escape that decision. It is accomplished instead by the tax of inflation.

My basic point is that in making many of the decisions that are so crucially important for inflation we act through our political system. It is a political decision whether or not a government spending program is accelerated or throttled back. It is a political decision whether or not taxes are raised or lowered. It is a political decision whether or not we use a Federal program to funnel cheap credit to special sectors of the economy. And for too many years now, too many of these political decisions have been going the wrong way. From a political point of view, it is always easier to spend than to tax. From an economic point of view, that excessive spending levies the cruelest and most indiscriminate tax of all—inflation.

THE CURE

The correction of the inflation problem is every bit as difficult and complex as the inflation itself. There are no simple, quick solutions. Back in 1971, some of us thought there might be, but now that controls have had their try we know better.

No, if we are to lick this inflation, we will have to go back to fundamentals. One such fundamental is more savings and investment. As I mentioned earlier, the demands of the American people go far beyond the capacity of the economy. It is of vital importance, therefore, that we continue, and accelerate if we can, the upward trend of productivity. And that will take a very large volume of savings and investment.

It is no accident that economies, such as Japan or Germany, that devote a large proportion of their output to capital formation have also experienced rapid gains in output per man-hour. By contrast, the United States has put a rather small share of its output into new plant and equipment—

about 15 percent versus an average of about 19 percent in the other industrialized nations—and we have also had a much slower rate of productivity advance. The need for emphasizing capital formation should be clear.

In addition, however, there are important new investment requirements that go beyond the normal needs to replace and expand the existing stock of productive capital. There are many of these new investment requirements, including pollution control, new systems of urban transportation, and energy. The latter is the most important by far. Project Independence is estimated to take from three-quarters to one trillion dollars of new investment over the next decade or so. In recent years energy has accounted for about one-fifth of total investment; in the foreseeable future, however, that proportion will have to rise to about one-third.

It is clear, therefore, that our future needs for saving and investment represent an enormous challenge above and beyond what is normal for the American economy. Indeed, investment will have to take a rising share of economic output at the expense of consumption and government spending.

To do this, we will have to make several important changes in our policies. First, Government spending will have to be curbed to make economic room for the added investment. Second, profits will have to grow to provide both the incentive and the wherewithal for investment. We cannot look upon profits as an unnecessary evil, as I fear so many Americans now do. We must avoid legislation and regulation that is punitive of profits honestly earned. If we do not, capital formation will be inhibited and the real purchasing power of workers' earnings will grow more slowly.

Third, we must reverse our long-held policies that penalize saving and encourage consumption. Our tax system should be reexamined to this end. Federal Reserve Regulation Q, which limits interest paid on savings accounts, should be revised at the earliest opportunity. And we should permit the normal incentives of the price system to operate freely. We must not impose artificial government constraints, as for example we have done for so many years, and are still doing, in regulating the price of natural gas.

It is instructive to recall what took place after August 1971, when we removed the artificial constraint of fixed exchange rates that had produced an overvalued dollar for so many years. In the free market, the dollar moved to new, more competitive levels and our trade balance, which had been in a nose dive for many years, returned to surplus. Similarly, when we changed agricultural policy 180 degrees to permit maximum production, American farmers responded to the incentives of the market place by planting large amounts of additional acreage, which are now producing record harvests, the prospect of which has brought grain prices down. These are just two examples of what the market place, given reasonable freedom and time, can achieve in overcoming serious economic problems.

THAT OLD-TIME RELIGION

Another fundamental part of the fight against inflation is what has come to be called "that old-time religion," the essence of which is sufficient monetary and fiscal restraint to keep the demands for economic output within our capacity to meet them. Indeed, if we are to squeeze out the high rate of inflation that is now thoroughly embedded in our system, we will have to operate with a margin of slack in the economy.

This does not mean that economic policy should be harsh and brutal. Not at all. A recession would not help the cause of price stability—quite the contrary, because a recession would force us back into strongly stimulative policies that in the end would create still more inflation. Frequent and abrupt changes in economic policy are almost as disastrous as no restraint at all.

Still, that old-time religion has its costs. We will have to take some unpleasant-tasting medicine, and we will have to continue to take it for several years or longer. We will have to give up some government spending programs, and unless growth in Federal spending can be cut back appreciably we will have to forgo the pleasures of a tax cut. Credit will have to be less easily available. Business profits cannot grow quite so buoyantly. Unemployment will have to average slightly higher than it otherwise would.

These are not negligible costs. But if we are to regain control over inflation, there is no other way. The costs of continued rapid inflation, which is the only alternative, are far greater.

And that brings us back to politics again. I said at the outset of this talk that my biggest worry was whether the American people and their Government would have the sustained political will for this fight. I think there is more hope now than ever before. The double-digit inflation of this past year has frightened many people, and made them more willing to support tough anti-inflation policies. Good economics is getting to be good politics.

But my question has not been answered yet. We do not know if the people and their elected representatives want to attack the root causes of inflation, rather than just the results of inflation. We do not know if they will face up to the costs of anti-inflation policies. We do not know if they will assess these costs—as I do—as being much smaller than the costs of continued rapid inflation. If we can persuade them of this, then we will have gone a long way toward achieving the important goal of electing an inflation-proof Congress in 1974.

LAW OF THE SEA CONFERENCE

Mr. MUSKIE. Mr. President, between August 4–7, I attended the third United Nations Law of the Sea Conference, being held in Caracas, Venezuela. As an advisor to the U.S. delegation, along with the Senator from Rhode Island (Mr. PELL) and the Senator from Alaska (Mr. STEVENS), I had the opportunity to discuss oceans issues with our negotiating team, including Ambassador Stevenson; Ambassador Shirley Amerasinghe of Sri Lanka, president of the conference; several leaders of foreign delegations; and representatives of the U.S. fishing industry. I was greatly impressed by the far-reaching significance of the 100-item conference agenda and the seriousness and diligence with which most delegations are carrying out their responsibilities. I want to take this opportunity to share with my colleagues some observations about the proceedings of the conference.

The 149 nations represented in Caracas are involved in a most complex but crucial undertaking: they are trying to draft a comprehensive treaty governing the use and conservation of the world's ocean resources. It would be a mistake to underestimate the difficulties facing the negotiators at the conference, the largest international gathering ever convened. Each of the states represented—coastal, landlocked, developed, developing, maritime, nonmaritime—has its own interests, its own set of priorities, and its own short- and long-term policy goals. And these countries are not merely talking about existing law and how to perfect it. Rather, they have set for themselves the objective of discarding settled law and developing a comprehensive new regime for the oceans.

The formal work of the conference is being done in three working groups. Of these, I was especially interested in the progress of committee II, the group concerned with the protection of coastal fish stocks and other issues related to coastal State jurisdiction.

I came away from the conference convinced that the United States must adopt a unilateral 200-mile fisheries limit without delay.

In a speech last month before a plenary session of the conference, Ambassador Stevenson announced a major change in America's position concerning the territorial sea and the establishment of a 200-mile economic zone. Stevenson said:

> We are prepared to accept, and indeed we would welcome general agreement on a 12-mile outer limit for the territorial sea and a 200-mile outer limit for the economic zone provided it is part of an acceptable comprehensive package, including a satisfactory regime within and beyond the economic zone and provision for unimpeded transit of states used for international navigation.

This decision on the part of the United States to support the establishment of a 200-mile economic zone is long overdue and vital to the protection of this country's offshore fishing and mineral resources. For too long the United States has passively stood by while foreign vessels have virtually depleted our coastal fisheries stocks. Our experience in the Northwest Atlantic is illustrative of the gravity and immediacy of the situation. From 1952 through 1960, the U.S. fish catch from New England waters averaged about 700 million pounds a year, or 99 percent of the total catch from that area. In the early 1960's, the Russians, the Poles, the Germans and other foreign fleets moved into these waters in large numbers. By 1969, the Soviet fleet was taking 836 million pounds, or 50 percent of the total catch from New England waters; while the U.S. catch had declined to about 418 million pounds, or about 25 percent of the area's total harvest. In the last couple of years, the total U.S. catch has declined even from this level, for neither bilateral agreements nor regional organizations like ICNAF have been effective in protecting legitimate U.S. fishing interests.

Unfortunately, the majority of the nations represented in Caracas do not seem to share a sense of urgency about the need to establish without delay a 200-mile economic zone to manage and conserve the world's fisheries resources. Time and time again in discussions with foreign diplomats concerning the work of committee II, I heard it said that "we need time to build new international law." Surely, time is needed for ideas to mature concerning certain issues—such as what transit rights vessels will have in other countries' territorial sea, in the proposed economic zone and in straits; what rules will apply to islands and archipelagos; what rights of access and conservation rules will apply to distant water fishing within coastal State-controlled economic zones. And I remain convinced that an enforceable international agreement on the use of the seas is the best way in the long-run to stop the overfishing which threatens to ruin our fisheries resources.

But if we are to preserve many of our offshore fish stocks—haddock, herring, mackerel, yellowtail flounder, hake, halfbut—I do not think we can afford to wait until the Law of the Sea Conference produces a treaty. In my talks in Caracas, I found many foreign delegates optimistic that there will be agreement on the coastal zone jurisdiction issue by next year and that the General Assembly goal of a treaty by 1975 will be met. I am not so sure. After 5 years of preparatory work, the conference is still bogged down in preliminary matters. About 60 of the 149 nations are still trying to develop their own national positions on a variety of oceans issues, while many of the others hold widely divergent points of view. And in regard to conserving our fisheries resources, if we wait 2 or 3 years for an international treaty to be concluded, there may not be any resources left to protect. Adopting an interim 200-mile limit, on the other hand, will provide immediate protection for all our offshore fish stocks and will signal the nations of the world that the United States is not prepared to stand by idly while the conference negotiations drag on.

So I have returned from Caracas more resolved than ever to push for immediate legislative action on S. 1988, the bill which has been approved by the Commerce Committee by a 14 to 2 vote and which would establish on an interim basis a 200-mile fisheries limit. This legislation is very close to the U.S. position enunciated by Ambassador Stevenson last month in Caracas. Both provide for: First, management of coastal species by the coastal State; second, management of anadromous species such as salmon by the nation in whose rivers they spawn; and third, management of migratory species such as tuna by international commissions. But, Mr. President, S. 1988 recognizes the urgency of the situation and mandates interim unilateral action to regulate and conserve the marine resources in our 200-mile offshore waters.

While there has been little perceptible forward movement concerning coastal State jurisdiction issues, I was most encouraged by the progress of committee I, the working group responsible for the seabed beyond national jurisdiction, that is, negotiating the regime under which deep sea mining will take place. Here, the discussion is focusing on the question of who may exploit the high seas area. Some nations, led by the United States, favor granting licenses to private parties sponsored by States. Other countries, including most of the world's less developed nations, would prefer to see the establishment of an international Seabed Authority able to engage in mining itself. No explicit agreement has yet been reached in committee I. Yet, a consensus appears to be developing about the need for an international regime to regulate the exploration and exploitation of the seabed beyond coastal State economic jurisdiction. And the prospects appear good for compromise concerning the extent of control that the proposed Seabed Authority will be able to exercise over the commercial development of the international seabed.

Committee III, the other working group of the conference, is responsible for pollution and scientific research. While four sources of pollution are being discussed—vessel source, land-based source, economic zone pollution, and international seabed pollution—it is apparent that vessel source pollution is by far the most controversial environmental issue. Under the present system, the United Nations Intergovernmental Maritime Consultative Organization (IMCO) promotes the drafting of conventions with standards, and flag states enforce those standards. States have a right to adopt higher standards and to enforce standards in areas under their "jurisdiction," although it is not exactly clear what the term "jurisdiction" comprehends. At present, it is thought to include the port area and the territorial sea. The basic problem is that the 1973 IMCO Convention on Pollution from Ships contains very weak standards and flag states simply do not enforce them. Under U.S. legislation—the Ports and Waterways Safety Act and the Federal Water Pollution Control Act—the Coast Guard is empowered to establish standards higher than those in the convention and to enforce those standards in our navigable waters.

Three alternatives are being discussed at the conference: First. A maritime state proposal, supported by the United Kingdom and France, under which only IMCO would adopt standards and only the flag State would enforce;

Second. A coastal State proposal, supported by Canada and Australia, under which coastal States would have the right subject to safeguards to promulgate and enforce higher national standards for their 200-mile economic zone;

Third. A proposal, supported by the United States, under which a State could promulgate and enforce higher standards with respect to vessels that visit its ports. In addition, the U.S. proposal would allow coastal States to take action in emergency situations to prevent imminent pollution, and after going through a variety of cumbersome procedures, to enforce against the vessels passing the coast if the port State persistently fails to enforce.

While in Caracas, I discussed the three proposals with various foreign delegates. I also voiced my view to the U.S. delegation that no Law of the Sea Treaty should prevent this country from applying its present domestic laws and from establishing and enforcing standards higher than those adopted by IMCO in both ports and our territorial sea with respect to coastwise and foreign commerce.

In conclusion, I returned from Caracas with a feeling that the Law of the Sea negotiators have taken on an enormous and extremely important task. For they have undertaken to establish a new international regime governing the resources contained in 70 percent of the Earth's surface. There is considerable cautious optimism that they can succeed. I fully support their efforts. In fact, the sooner the better.

Mr. President, I ask unanimous consent to have printed in the RECORD the following articles concerning the Third U.N. Law of the Sea Conference.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the New York Times, Aug. 3, 1974]

PROGRESS SLOW AT SEA LAW PARLEY; MANY SPEAK PRIVATELY OF STALEMATE

(By Leslie H. Gelb)

CARACAS, VENEZUELA, Aug. 2.—The Parque Central, a complex of futuristic-looking skyscrapers designed for totally self-contained living, has been inhabited since late June by about 4,000 people whose almost total daily concern is the sea that lies seven miles beyond the mountains that ring Caracas.

They are delegates to the United Nations law of the seas conference, officials of international organizations and representatives of various economic interests and of a number of liberation movements.

The purpose of the conference is to come up by Aug. 29 with some kind of coherent, if tentative, agreement on navigation, fishing, and sea mining, a partial pact that will have the effect of restraining nations from making individual laws on the sea. Then, next spring, the delegates will meet in Vienna to turn that agreement into a treaty. Their progress here is painfully slow; many speak privately of stalemate.

ORIGINAL GOAL

The original goal of the Caracas meeting was to produce a draft constitution for all nations. That treaty, it was hoped, would establish new territorial limits and zones of control for marine resources beyond the territorial limits, and provide some kind of international authority over exploitation of the deep seabeds.

"We're moving but slowly," said John R. Stevenson, the head of the United States delegation.

"It's critical to meet the General Assembly goal of a treaty before the end of 1975," said Mr. Stevenson's deputy, John Norton Moore.

But while everyone here puts a good face on what is going on when speaking for the record, unofficially the participants in this third United Nations conference on the law of the seas since 1958 talk of stalemate.

The votes are there, says an American delegate, but the means for setting up a strong international authority for the deep seabeds are not. The private and national interests represented here seem as various and complex as the animal and plant life of the sea itself. There are nations with coasts, landlocked nations, powerful nations and underdeveloped nations—all with special axes to grind.

148 COUNTRIES

In the main conference hall, a theater that has been converted to look like the General Assembly hall in New York, hundreds of men and women, representing 148 countries, met daily. They are the core of the conference, the experts; most of them have been working on law of the sea for most of their mature lives.

Andres Aguilar of Venezuela, a veteran diplomat in matters involving the sea, presides over these meetings from a podium 10 feet high, set atop a stage, towering over the delegates. In the rear of the great room sits Louis B. Sohn of Harvard University, who has been occupied with sea law for 15 years. Toward the middle of the room are Joseph Warioba of Tanzania, a lawyer who has been working on the subject five years, Alvaro de Soto, a young Peruvian diplomat whose entire career is devoted to the search for a coherent law of the seas.

Their experience and expertise are typical of most others here, as is their zeal; they meet from early morning to late evening, and they confer while at meals.

What drives these men and women is a concern that without a new law of the seas, nations will assert more and more separate claims on fishing, on sea mining and on navigation, leading to international anarchy, new tensions and new conflicts.

The president of the conference, Hamilton Shirley Amerasinghe of Sri Lanka, likes to refer to the hoped-for document as a statement of agreement, whose language would be couched in actual treaty form, a document that would fall somewhere between a draft treaty and a declaration of principles.

One problem, a European diplomat says, is that such a statement "cannot be hammered out by voting; that would tear this conference apart. If a delegation feels its national interests are being outvoted," he went on, "it might simply pick up and leave. This must be done by consensus."

GEOGRAPHY A FACTOR

"Tell me the exact geographical situation of a nation," an American delegate said, "and I will tell you its exact negotiating position at this conference."

The United States, which has teamed up on some issues with other maritime nations such as the Soviet Union and Japan is making proposals along the following lines:

A 12-mile territorial limit as long as there is no interference with passage over and under straits. "Territorial seas" now vary from 3 miles to as many as 200.

Beyond the 12 miles, an 188-mile economic zone, each nation having exclusive rights there to submarine resources—many such projected zones are rich in oil and natural gas—but not to fish or navigation. Fisheries would operate under the principle of full utilization, international arbiters would step in when a "host" nation was not taking a certain amount of fish from the area to determine whether other nations might use it.

Establishment of an international agency that would issue licenses to nations or corporations to mine deep seabeds. The oceans are known to contain vast stores of maganese nodules, from which nickel and copper can be derived. But only a few nations have the technological ability to do the mining.

UNITY VARIES

Unity at the conference among about 77 less developed nations varies from issue to issue. Some Latin-American states such as Peru and Ecuador simply want a 200-mile limit. But most of them, the delegates say, look for a 12-mile "territorial sea" with control over straits and an economic zone of about 200 miles, with exclusive rights to all resources, but not control over navigation, and full international ownership and control of the deep seabeds.

Still another group of about 40 nations, many of them land-locked, want to share in the resources of both the economic zone and the deep seabeds. Then there is a cluster of states like Norway and Australia that want full control to the limits of their continental shelves.

The voting procedure calls for each article to be carried by two-thirds of those present and voting, as long as that is a majority of all 148 nations represented here. But in each nation's proposal, agreement on any one issue is tied to agreement on all other issues.

This, as Jens Evenson, the head of the Norwegian delegation, sees it, means a queer kind of juggling, in which all the balls must be in the air at the same time, long enough for all to see that their interests are being accommodated.

And no nation represented here will make a fundamental concession until the others do. As an American delegate put it, "How can we wire Washington asking to make compromises when no one else around here is making any compromises?"

[From the New York Times, Aug. 4, 1974]

PROTECTING THE ECONOMY OF 200 MILES OF OCEAN

(By Evan Luard)

LONDON.—Discussion at the Caracas conference on the Law of the Sea is increasingly focusing on the proposal for a 200-mile economic zone: that is, an area off the shores of a coastal state, within which it could exercise total control of economic resources, both those within the waters (mainly fish), and beneath them (mainly oil and gas). Already many countries, including both the rich (the Soviet Union, Britain, Australia and others) and the poor (China, most African and Latin-American states), have indicated at least qualified support for the idea.

The proposal for a general economic zone emerged about two years ago among African and Latin-American countries. It was produced as a compromise, modifying the more extreme claims of some of the Latin-American states to a 200-mile territorial sea in which the coastal state would exercise full jurisdiction for all purposes. Recognizing that this was unacceptable to many maritime countries as a threat to free navigation, and conscious that economic rights in the zone were what mattered most to them, these countries proposed a zone in which the coastal state would enjoy economic rights only. The idea has since received support from a substantial number of the 149 nations attending the Caracas conference. Since most of the world's nations are coastal states and have an obvious interest in acquiring extended economic rights of this kind, it will scarcely be surprising if the proposal eventually wins majority support.

Even under the existing laws, many disputes have arisen about the dividing line between the seabed zones of neighboring states (between Greece and Turkey in the Aegean Sea, between Britain and France in the area south of Ireland, and between China, Japan and Taiwan in the China Sea). Such disputes will obviously become more frequent if a wider zone is accepted.

What would be the economic implications of an economic zone? Many of the most valuable resources of the oceans, both fish and minerals are found relatively close to the shore. Thus, if generally accepted, the proposal would mean that these resources would be appropriated by the coastal states, especially those with long coast lines such as the United States, Canada, Brazil, South Africa and Australia, many of them already wealthy countries.

The United States has nonetheless not so far supported this concept. Washington originally proposed a more complex scheme under which there would be three economic zones: One would stretch to the 200-meter depth line and would be fully under the control of the coastal state. Another would be a wider trusteeship zone, where the coastal state could control exploitation but would share the royalties with the international community. The third would cover the deeper areas, such as those containing the huge deposits of ferromanganese nodules that could become a prime source of copper and nickel, where exploitation would be fully under international control.

One reason the United States preferred such a solution was that it seemed more likely to preserve freedom of navigation in all areas beyond the 200-meter line, a matter of concern to the United States Navy and to American shipping generally. The scheme, which covered seabed exploitation only, would also have allowed American fishing fleets continuing rights even within areas within the so-called "trusteeship zone" of other countries.

United States fishing fleets have for years been in conflict with the governments of Ecuador and Peru, which have from time to time arrested vessels fishing within the waters they claim. The acceptance of a 200-mile economic zone would put those governments in the right and prevent action by the United States Government in support of those fishermen in such cases.

It may be that eventually there will be some kind of compromise between the "trusteeship zone" ideas.

For example, the United States might accept a limit of 200 miles for the zone of economic jurisdiction, but demand that there should be, as in its own proposals, some sharing of revenues from the zone with the international community. This would help to meet the concern of the 60 or 70 states that are either land-locked or shelf-locked (that is, their continental shelf immediately abuts that of other states), who would otherwise be unable to benefit from the most valuable areas of the ocean. Without this, such states could only benefit from the international system, which, it is generally agreed, would operate in the outer areas. There an international authority will take the royalties from exploitation and distribute them to all states with special consideration for poorer countries. The larger the zone taken by coastal states, therefore, the less the proportion of the resources and revenues that would be available to the international regime. A system by which some part of the revenues in the 200-mile zone, perhaps from the outer half of it, went to the international system would thus represent a fair balance of interest between the coastal states and the noncoastal, or partially coastal, states.

The question of rights to seabed resources is not the only question to come up at Caracas. There has been much discussion on the questions of the breadth of territorial sea, the area fully under the jurisdiction of the coastal state. It is now clear that a majority of states would accept a 12-mile zone. In the case of most maritime countries, however, including the United States, this would be only on condition that there was some guarantee of free navigation for naval as well as merchant vessels through the many international straits that would, as a result, come entirely within territorial waters. A number of the states that control such straits, such as Malaysia and Indonesia, have declined to give this assurance and there may be prolonged disagreement on this point.

[From the Washington Post, July 30, 1974]

THE LAW OF THE SEAS

A pattern of international law, replacing a patchwork, is being laid upon the world's oceans for the first time—at the Law of the Sea Conference in Caracas. The developing consensus would extend the territorial sea of coastal states to 12 miles; establish an "economic zone" out to 200 miles in which coastal states would, with certain exceptions, control fishing and mining; and create an international program or "regime" outside the 200-mile line to mine the deep seabed as the "common heritage" of mankind. Sharp disagreements still exist among the 149 participants at Caracas and there is no assurance that the full text of a treaty will be reached in this summer's session. But it is clear that the old system—or non-system—of rights and responsibiilties which has prevailed on the high seas is gone.

The very concept of "high seas," open equally to all, is buckling as particular nations asset sovereignty or special rights over areas further and further from their shores, and as the international community collectively asserts certain kinds of authority over areas further out. If a country holding an offshore island can claim a 200-mile economic zone around it, for instance, then the whole of the Mediterranean and Caribbean Seas and about half the Pacific Ocean become subject to national claims. To make the deep seabed a "common heritage," moreover, is to impose new controls there as well. These would reduce the existing freedom of private or national entrepreneurs in order to spread the expected mineral benefits to states not in a position to exploit them themselves.

This drive to write new rules for the sea results from the world's growing hunger for the sea's resources, from the increasing sophistication of the technology with which to exploit these resources, and from the growing likelihood that nations striving for them will take arms if law is not first applied. Unsurprisingly, it is those nations with long coastlines plentiful resources near their coasts (both in the water and under the seabed) and advanced technology which are in the strongest position to get what they want from the high seas. More than any other country, the United States has all three. But this does not mean it can go it alone.

With its great navy and its global political role, the United States needs the right of continued, politically uncluttered transit through the various international straits which would fall within one or another state's territorial waters under a 12-mile territorial-sea rule. This is a major goal for the American negotiators at Caracas.

Fishing is a knotty problem. Japanese and Russian "distant-water" fleets have grossly overfished haddock and salmon stocks, for example, off the American coast. But the United States has been reluctant to invoke a 200-mile economic zone because its own tuna and shrimp fleets fish within 200 miles of other nations' shores. Washington is now ready to accept the 200-mile concept but it wishes to keep some fisheries open to its tuna and shrimp fleets and, most important, to ensure that effective conservation and resource management measures are adopted all around.

As to a deep-seabed international regime to extract minerals for the "common heritage," the United States would have the new authority to simply license the exploiters and distribute the licensing revenues. But the Chinese, seeking a Third World leadership role, would arm the authority with the power to do the exploiting itself.

American fishing, gas and oil, mining and maritime operators naturally have a strong commercial interest in any new international rules of the sea, just as the U.S.. government has a strong diplomatic and military interest. These interests, complex and sometimes contradictory, are all reflected in the American proposals at Caracas. Some mining and fishing groups have persuaded Congress to draft legislation that would, if enacted, preempt international decisions on crucial issues. Wisely, Congress has not acted on this legislation. The United States as much as any nation, needs the cooperation of others on the high seas. It can hardly expect to get such cooperation—indeed, its example will only breed conflict—if it acts alone.

THE INTERNATIONAL LAW OF THE SEA CONFERENCE

Mr. HOLLINGS. Mr. President, the Third International Law of the Sea Conference has been underway this summer in Caracas, Venezuela, to update ocean law, essentially unchanged in 350 years. United Nations Secretary General Kurt Waldheim delivered an opening speech which underscored the purpose of this conference—

> The need to reach a balance which enables us to exploit the riches of the sea while preserving the interests of all . . . We must try to ensure that the new law of the sea will endure as the foundation of man's uses of the sea.

Mr. President, I would like to report to my colleagues on progress to date at the conference which will draw to a close on August 29 after a 10-week session.

Ambassador John R. Stevenson, Special Representative of the President, has headed the U.S. delegation with John Norton Moore serving as Deputy Special Representative. Included in the American delegation are 13 alternates, 16 Senators and Members of the House, 6 educators, 10 congressional staff members, 20 official advisers and a group of experts on petroleum, hard minerals, international law, marine environment, fisheries, marine science and maritime industries.

The opening days of the conference were primarily devoted to organization and procedure. The conference general committee designated three committees to handle issues under consideration: Committee 1—seabed regime; committee 2—economic zone and all other agenda items not assigned to committees 1 and 3; and committee 3—pollution and research. The plenary session was assigned topics of peaceful uses of the ocean and universal participation in the Law of the Sea Treaty. All committees have considered first, regional arrangements; second, responsibility and liability for damage to the marine environment; third, settlement of disputes; and fourth, peaceful uses of the ocean.

The conference established complex rules of procedure whereby a gentlemen's agreement rather than a vote has been predominantly operative. Rules permit deferment of voting on substantive matters until all possible efforts at compromise have been used.

General debate, which began on June 28, has addressed a range of issues: territorial seas, transit through international straits, protection of the marine environment, compulsory settlement of disputes and creation of an international regime for nondiscriminatory licensing and exploration of the deep seabed.

Particular attention has been focused on consideration of a 200-mile economic zone owing to substantial fisheries interest here in the United States. The economic zone being discussed in Caracas would extend coastal State control of marine and mineral resources within and beneath adjacent waters, while guaranteeing freedom of navigation and allowing foreign fleets certain rights to fish within coastal waters. While supporting this 200-mile economic zone, the U.S. delegation has called for compulsory third party settlement of disputes. This has elicited objection from several countries and is now being debated.

The 200-mile coastal State control would replace the traditional 3-mile limit established in the 17th century and subsequent delineation of a contiguous 12-mile resource zone established in more recent years. Present depletion of various species of fish coupled with inadequate and ineffective international agreements to conserve and manage threatened fish stocks has prompted legislation, such as Senator MAGNUSON's bill, S. 1988, to address the problem on an interim basis by declaring a 200-mile resource zone.

Meanwhile, Mr. President, the economic zone concept has emerged as the preeminent and pivotal issue before the Caracas conference and until an agreement is reached, debate on other policies will not proceed expeditiously.

Ambassador Stevenson has also stressed passage of military vessels and aircraft through and over international straits as an issue of major concern. Not only unimpeded transit but nondiscretionary transit is essential to insure unrestricted passage in terms of ship type—submarine, supertanker, nuclear powered—and destination of cargo.

Currently however, debate on these urgent issues has not produced the substantive results anticipated. The licensing aspect of the seabed question has stalemated in committee 1. Committee 2, discussing the economic zone, may complete this session with only a comparative table, not significantly different from the Seabed Committee's report available at the beginning of the conference. Scientific research, handled in committee 3, may not only be subjected to regulation inside national jurisdiction, but outside as well.

Ambassador Stevenson has expressed several misgivings concerning the present turn of discussions. Canada, Chile, Iceland, India, Indonesia, Mauritius, Mexico, New Zealand, and Norway have proposed that articles be drafted as a framework for discussion of archipelagic state's rights, territorial sea, economic zones and the continental staff. Ambassador Stevenson, however, holds that these proposed articles are too general for use as negotiable items.

High seas freedom, particularly germane to the question of passage through international straits, has not been clearly preserved in proposals under consideration, according to Ambassador Stevenson. In addition, the Ambassador expressed reservations concerning the lack of compulsory dispute settlement provisions and absence of state duties insuring conservation and full utilization of fish stocks.

Freedom of the seas has been fundamental to international law since the Dutch jurist Grotius established the principle in 1609. That principle however, derived from Grotius' view of a limitless expanse which "can be neither seized nor enclosed," is not viable in a world of disparate interests seeking to exploit the ocean wealth. The major issues of resources, rights, and responsibilities immediately concern the nations of the world, and the Law of the Sea Conference is seeking to update ocean law to accommodate current and future world needs.

Substantive progress in this direction, however, does not seem readily forthcoming. While the final Law of the Sea Treaty should receive our close attention and hopefully provide a step forward in an international approach to global needs, the self-interests of the United States in vital issues of ocean policy must not be ignored in our efforts to achieve international agreement.

Mr. President, in order to provide a complete report for my colleagues on the

Caracas Conference, the Subcommittee on Minerals, Materials, and Fuels, chaired by Senator Lee Metcalf, Democrat of Montana, and the National Ocean Policy Study will participate in a hearing September 17 to receive a report from the U.S. delegation to the Law of the Sea Conference. Senator Metcalf, who will chair the hearing, is the Interior Committee representative on the National Ocean Policy Study.

Specific issues to be discussed during the hearing will include the proposed 200-mile limit, deep seabed mining, passage of vessels through straits, ocean pollution and other subjects under debate at the conference.

Senator Metcalf is the author of S. 1134, the proposed Deep Seabed Hard Minerals Act, which would authorize Federal licenses to companies desiring to engage in mining for manganese nodules on the floor of the ocean well beyond present jurisdictional limits of the United States.

The National Ocean Policy Study joint hearing, subject to later change, is scheduled to be held at 10 a.m., September 17, in room 3110, Dirksen Senate Office Building.

LAW OF THE SEA CONFERENCE

Mr. HOLLINGS. Mr. President, last week, three of our colleagues, the Senator from Maine (Mr. Muskie), the Senator from Rhode Island (Mr. Pell), and the Senator from Alaska (Mr. Stevens) attended the third U.N. Law of the Sea Conference, held in Caracas, Venezuela. In their discussions with our negotiating team, as well as with foreign delegates, all three Senators stressed the need for speedy conclusion of a treaty to protect fish stocks off the coasts of the United States.

Mr. President, I ask unanimous consent that an article from the Caracas Daily Journal describing the Senators' discussions at the conference be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

[From the Caracas Daily Journal, Aug. 7, 1974]

U.S. Senators Stress Need To Protect National Fishing

> Concerned over the sluggishness of the proceedings at the Third U.N. Conference on the Law of the Sea, Senators Edmund Muskie of Maine and Ted Stevens of Alaska yesterday stressed the need for a treaty protecting national fishing waters.
>
> Both Senators favor the establishment of a 200-mile economic zone protecting vast U.S. fishing interests operating off both the Atlantic and Pacific coasts, but expressed dismay over the lack of progress at the Law of the Sea Conference here.
>
> "We've got groups, people, human beings whose ability to live have been put in jeopardy by depletion of fishing stocks principally by two countries," said Muskie. "We are saying ouch!"
>
> Muskie, in Caracas "to get a flavor of the Conference," said that not only do the proceedings seem to be slower than expected, but that there also exists the disturbing possibility that a treaty may not be produced at all.
>
> Noting that the participating countries have had about five years to prepare for the conference here, Muskie contended that "some of the powers that don't have any excuse have less than a sense of urgency."
>
> "I think a treaty is imperative," Muskie affirmed, "I don't believe that unilateral action is the solution."
>
> He conceded, however, that the American fishing industry does not think anything will come out of the conference and regards unilateral action by Congress as the only solution.
>
> Stevens, who concurred with Muskie's bleak assessment of the chances for a treaty, supported unilateral Congressional action imposing an "interim" 200-mile economic zone to protect the American fishing industry while the treaty is being hammered out.
>
> According to Stevens, stocks of Alaskan pollack, halibut, and salmon have been severely reduced by Russian and Japanese fleets fishing within 200 miles of the North American coast.
>
> Stevens insisted that the imposition of a 200 miles zone will force Japanese fishermen to abide by the tough Alaskan marine conservation laws, something which he claims they have so far ignored.
>
> The Japanese, he charged, do not observe seasonal bans imposed on American fishermen in the case of salmon, they do not observe the practice of harvesting only part of a particular run, and therefore threaten the obliteration of the species; they use trawling gear "which literally vacuums the bottom of the sea, and they fish for salmon on the high seas, which he considers a dangerous practice.
>
> Stevens reasoned that if the United States had a 200 mile preferential economic zone, the U.S. could demand that the Japanese abide by Alaskan conservation standards before granting them access.
>
> If the zone is established unilaterally rather than by treaty the United States would have to enforce the limit, something which Stevens contended could be done. "We are very sincere about it," he said. "We can enforce it."
>
> For Stevens, Japanese salmon fishing on the high seas presents one of the most serious threats to the American salmon industry.
>
> Stevens explained that salmon make runs from the rivers where they were hatched to the high seas and they intermingle with salmon from other hatching areas. When they are ready to lay eggs they return to the hatching place of their origin in fresh water.
>
> If the salmon are fished on the high seas, as the Japanese are doing, Stevens said the danger exists that entire communities of the fish will be obliterated since several runs of salmon often swim together and cannot be distinguished from one another.
>
> If, however, the salmon are caught as they return from their hatching grounds in individual runs, part of a run will be spared so that the first may propagate. Destroying entire communities of the fish in the high seas may place the entire species in jeopardy.
>
> Stevens contended that even though the Japanese do much of their high seas salmon fishing beyond the 200 mile limit, the vast majority of their entire fish catch is made within the zone.
>
> The Senator argued that access to the zone could be used to pressure the Japanese to ban high seas salmon fishing.
>
> The salmon runs which have been depleted so far, Stevens said, can be replenished, but only if action is taken immediately.

U.N. MEMBERSHIP FOR GUINEA-BISSAU

Mr. HUMPHREY. Mr. President, the U.N. Security Council yesterday recommended unanimously that Guinea-Bissau be admitted as the 138th member state of the United Nations.

The White House press spokesman made the following statement on behalf of President Ford just before the vote:

> The Government and people of the United States welcome the agreement reached in principle on August 9 between the Portuguese government and representatives of Guinea-Bissau. We extend our congratulations to the leaders of both governments.
>
> We look forward to a productive and friendly relationship with Guinea-Bissau. I have instructed our representatives at the United Nations to support the application of Guinea-Bissau for membership in the United Nations.

Americans can be proud of our participation in this momentous decision by the Security Council. About 90 countries had already recognized the Government of Guinea-Bissau at the time of the vote. Portgual herself had announced that she would recognize the new republic's independence soon and had supported its admission to the United Nations. It was clearly appropriate that Guinea-Bissau's right to official membership in the community of nations be recognized at this time.

In welcoming this significant step in the decolonization of Portuguese Africa, we must pay tribute to the courage, the patience, the good will, and the statesmanship of the new Government of both Portugal and Guinea-Bissau. Both sides have shown great patience in negotiating differences, a willingness to take all the time necessary to work out a settlement that will be fully satisfactory to all. In the negotiations, it is apparent that both sides have worked for an agreement that would have the solid support of all the people of both countries and that would leave no wounds on either side. In Guinea-Bissau itself, judging by reports we have seen over the past weeks, soldiers on both sides have used the negotiating period not to try to improve their military positions but to work together in preparation for independence. Portuguese soldiers have received assistance from liberation movement fighters. The elected Government of Guinea-Bissau has been encouraged to organize politically in the areas that were previously controlled by the Portuguese.

While the problems of achieving a just and secure independence for Mozambique and Angola are much greater than for Guinea-Bissau, it is clear that negotiations on the future of these territories are proceeding in the same spirit of good will, patience, and respect for the interests of all involved. There is no doubt, with overwhelming world support for this evolution toward independence, that these two countries will soon join Guinea-Bissau as members of the United Nations.

I hope that the United States is giving its full support to the process now underway that will enable these territories to finally take their rightful place among the independent nations of Africa. Our Government should be in constant contact with all the participants in these negotiations and with various groups in Portugal and the territories. We should make clear to them our support for their efforts to achieve an independence settlement that is fair to everyone and offer our assistance in overcoming any obstacles that might emerge. We should support U.N. efforts to assure that minority rights are respected in this process and that the independent governments have the full support of all their people. Finally, we should begin evaluating the assistance needs of these territories in building a strong economic and political base for independence and make clear our intention to join with other nations to help meet these needs.

Mr. President, I ask unanimous consent that a Washington Post editorial of August 12, entitled "The End of Portugal's Empire," be printed in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

The End of Portugal's Empire

With courage and style, Portugal is cutting the knot of its African empire. Barely 100 days after the coup which removed Europe's hardiest dictatorship, the new government led by former colonial General Antonio de Spinola has declared itself ready to transfer power "to the populations of the overseas provinces who are recognized to be qualified." There is some ambiguity in these words, but there is also much responsibility. Lisbon's concern is not merely to let down the immense burden which its colonies of 500 years have become, but to do so in a way that leaves the new nations-to-be as well prepared as possible to cope on their own. It is heartening that President Spinola's offer to transfer power is being received by African nationalists as an offer made in good faith.

It is no surprise that Guinea-Bissau, on west Africa's bulge, is to be the first of the colonies to receive full independence and enter the United Nations. The forces of the liberation movement there had already reduced Portuguese control to a few enclaves. The colony had become an economic liability to Lisbon. An elected government is already running the liberated zones. More than 80 states have recognized an independent Guinea-Bissau. The government of Luis Cabral claims but does not control the offshore islands, including Cape Verde—a strategically situated archipelago whose political future remains to be negotiated.

In Mozambique, in east Africa, Lisbon has pledged to start negotiations with the principal rebel group, Frelimo. An undeclared cease-fire is largely in place, thanks to the Portuguese army's reluctance to fight on and Frelimo's good sense in accepting accommodation. Several hundred thousand whites live in Mozambique; the families of some have been there hundreds of years. As progress toward independence is being made, Lisbon is understandably eager to care for their legitimate interests. Any sign of Portuguese support for the white secessionist movement which is budding in Mozambique could, of course, backfire badly.

Angola, on the white coast of the continent, is at once the largest, most populous and richest Portuguese colony; the one where the Portuguese exercise the most control and where the rebels are the most split among themselves. It is also the one harboring the most serious possibility of a black secessionist effort—Cabinda, a small territory with high promise of a great deal of offshore oil. This will be the most difficult colony to decolonize. The government in Lisbon has made a start by opening contacts with Angolan rebels.

President Spinola has aptly called Lisbon's decolonizing decision a "victory over ourselves." His government still faces difficult tests at home. Not all Portuguese are as perceptive as he in seeing the necessity of joining the modern age. He has, however, quite vindicated those who expected that he might become, after the coup, a "Portuguese de Gaulle," a leader with the vision and stature to induce his country to cut old losses and seek new gains. The whole international community has an interest in encouraging his policy: both countries in the West which, like the United States, are friends and allies of Portugal, and other countries which proclaim themselves the champions of anticolonialism.

The United Nations deserves special note. The Secretary General, acting at the behest of the General Assembly, has played a central part in facilitating talks between the former antagonists in Lisbon and Africa. This has surely helped ease what was bound to be a difficult transition in the best of circumstances. The United Nations' more difficult tasks, however, remain. It must help stimulate the nationalists in Mozambique and Angola to hold a referendum, or it must provide another mechanism to assure that the people of those territories have some choice in approving the government that will rule over them. The United Nations must also try to secure some guarantees for the European and Asian minorities. If the process of decolonization in Portuguese Africa starts to turn sour, as it yet could, the world body will then have to face the question of how to fulfill the international will over the opposition of some of the parties involved. But the more successful its mediation now, the less likely that it will have to cross that bridge.

RESTRICTING WHITE HOUSE STAFF ACCESS TO TAX RETURNS

Mr. WEICKER. Mr. President, on August 7, the Senate tabled the conference report on the White House office personnel bill by a vote of 54–34, for the reason that a Senate amendment restricting executive branch access to tax returns, approved July 18, had been deleted in conference. On August 8, Chairman McGee called for a new conference on the bill and Senate conferees were appointed with instructions to insist on the Senate amendment.

Nevertheless, the House on Monday, August 12, acted in effect to send back the original conference report without the critical amendment relative to tax returns. This parliamentary maneuver by the House returned the same legislation in order to circumvent the new conference duly called for by the Senate.

By concurring in Senate amendments to H.R. 14715, but deleting the tax return section, the House is clearly questioning the Senate's resolve in twice upholding a reform to strengthen the rights of the individual under the Constitution.

I urge my colleagues in the Senate to send a message to the House that we will not play parliamentary games with the confidentiality of every American's tax return.

When the so-called "House amendment" comes to floor later this week, I intend to move to concur in the House language with an amendment restoring the Senate's provision tightening access to tax returns.

In opposing the Senate amendment, the House conferees raised questions of the germaneness of the Senate amendment, and indicated that the Ways and Means Committee was studying possible legislation in this area. And, in spite of the IRS Commissioner's public testimony supporting restrictive procedures for White House access to tax returns, the Administration has consistently lobbied against the Senate amendment, decrying its possible interference with normal Federal agency procedures, and also promising its own legislation to remedy acknowledged abuses.

I do not believe these arguments against the Senate amendment are valid or convincing. Nevertheless, in the interest of accommodating objections of the House and the administration against the Senate tax return amendment, I will offer a modified amendment which narrows the restriction on access to tax returns to White House Office staff, rather than the entire executive branch. The modified amendment reads as follows:

S. 113. Limitation upon access of White House Office personnel to tax returns.

Notwithstanding any other provision of law or any regulation made pursuant thereto, no return within the meaning of 26 U.S.C. 6103(a), including any information of any kind appearing on such a return, shall be open to inspection by, or disclosed to any officer or employee in the White House Office, other than the President personally upon written request made to the Secretary of Treasury or his delegate.

This modification should reasonably preclude any questions of its germaneness to a White House Office Personnel bill which, among other sections, authorizes additional White House employees who "shall perform such official duties as the President may prescribe."

I submit that this modified amendment would achieve an important and necessary reform aimed at questionable practices uncovered in recent Senate investigations. I know of no compelling rationale for White House aides to have access to any tax returns or the information contained therein. Should the President require tax return information to fulfill his official duties, he may make a personal request in writing for such material from the IRS.

In tabling the conference report last week, the Senate stood firm in support of reform necessary to restore the integrity of our Government.

With the House playing parliamentary games and the administration waffling on needed reform, let the Senate now reaffirm its commitment to the fundamental principles of constitutional democracy.

Let us now for the third time in as many weeks, express our support for restricting White House tampering with confidential tax returns.

FOOD, NATURE, AND TECHNOLOGY

Mr. KENNEDY. Mr. President, one of the most pressing problems which all nations must confront together during the years ahead is the grim prospect of acute international hunger. More and more nations are succumbing to a common malady of severe food shortages as the explosion of world population and devestating natural disaster swell food demand and this soaring need for food only serves to drain what little food reserves existed around the world. Wherever one turns, the number of states which are hard-pressed to satisfy the food requirements of their growing populations has increased dramatically in recent years.

Inconclusive recommendations, ill-prepared proposals, and short-term solutions for curbing worldwide hunger severely tax the capability of food-exporting nations to arrest the "food deficit spiral." A coherent international food policy will require the best efforts of concerned citizens everywhere. For the steady pace of transition is slowly creating an era of global food dependency on a handful of grain-exporting nations—nations which have little control over adverse weather and ultimate harvesting conditions.

This summer's drought in the Nation's Midwest Corn Belt provides an example of the shock wave which can be sent through the international community when crop forecasts in the United States fall below earlier encouraging predictions. The untimely loss of significant amounts of grain will probably result in higher prices and possible shortages here in the United States and a limiting of grain exports to nations which have come to rely on our country to help overcome food shortages.

What is taking place in many countries today foreshadows greater food-related dangers which are inevitable in the years ahead. As we experience a deterioration in the natural balance between man and food sources, it will be necessary to focus greater attention on possible remedies to the danger which food shortages entails so that we may overcome this challenge which threatens the welfare of millions of people. If we are to arrest this epidemic of hunger, the allegiance of the scientific community will be of paramount importance.

Mr. President, the New York Times recently contained an informative article on the role which computer technology can play in determining the scope and nature of international food problems. The application of computer systems analysis offers exciting means which can be used to explore new avenues of food production. Other technological and scientific advances in the field of food research are a hopeful sign in this unexplored area requiring our constant attention. I ask unanimous consent that the New York Times article be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

[New York Times, Aug. 10, 1974]

Computer "Model" of World Sought To Cope With Food Shortage

(By Walter Sullivan)

Few, if any, problems confronting modern man are more complex than that of assuring an adequate food supply to the peoples of the world in the decades to come.

With near-famine conditions in some parts of the world pushing the problems to the forefront, specialists in the analysis of interacting global issues have begun to apply their expertise and their computers in search of possible solutions.

Success, they emphasize, will depend on identifying those key factors that will control the outcome and, not unexpectedly, they have found that curbing population growth is by far the most vital element.

One projection, in fact, suggests that, if this is not done soon and with special vigor where food supplies are already short, mass starvation by the end of this century is inevitable.

This has emerged from an international effort at computer analysis of all factors believed to bear on food production and population growth over the next half century. The analysis indicates that, unless births in South Asia are brought down to the death rate level within a few decades, half a billion children will die between 1980 and 2025.

TRENDS ARE PROJECTED

The analytical method consists of developing a computer "model" that can project trends by simulating the interactions of all factors believed to determine the direction of such trends.

Those persons responsible for the model that projects mass starvation, unless population is drastically curbed, emphasize that their motive is to identify measures most likely to avoid such a catastrophe, rather than to make "doomsday" predictions.

They are mindful that in the past such projections have been criticized on a variety of grounds—notably that the models did not take into account the "common sense" reactions of humanity to situations that obviously call for changes.

Other long-term projections indicate that total world food production will remain adequate, at least for a decade or two, assuming that the problem of getting food from surplus-producing countries, like the United States, to hungry lands can be solved. On this score, however, there is not much optimism.

It is expected that the countries most in need of food to avert famine will be the least able to pay for it. Some projections set the needs so high that they could be met only if the industrialized countries slaughter much of their livestock to release feed grain for human consumption, assume a considerably greater tax burden and voluntarily lower their living standards.

"EVER-NORMAL" GRANERIES

One proposal for averting famine is setting aside bumper crops to cover the needs of lean years. Such a proposal for "ever-normal" granaries to be discussed at the United Nations World Food Conference in Rome this November.

It is likely, however, that such granaries would be in surplus-producing countries, leaving unresolved the question of who would pay for the relief shipments.

Some projections envision such widespread famine that a form of "national triage" will be necessary. Triage is a term of French origin (rhyming with camouflage) that refers to a procedure for sorting battle casualties.

Normally, the purpose of triage is to minimize deaths by focusing medical attention on those who can only be saved by immediate attention. It denies such attention to those fated to die, regardless of efforts to save them.

"National triage" would direct limited available relief resources to those countries best able to use them effectively.

The possible need for such measures was predicted as early as 1967 by William and Paul Paddock in their book (widely discounted at the time) entitled, "Famine-1975!" One of the Paddock brothers is an Iowa agronomist and the other a retired Foreign Service Officer.

National triage is treated at length in a study nearing completion at the Massachusetts Institute of Technology. It deals with "The Ethics of Humanitarian Food Relief" and is being drafted by Dale Runge of the System Dynamics Group led by Prof. Jay W. Forrester.

Its conclusion, in essence, is that food relief—if it promotes further population growth in the relieved area and denies food to those elsewhere committed to population control—can be "unethical."

As the world food situation has approached a crisis state, there has been a proliferation of efforts to look at it from a "systems" point of view—that is, to look at it in terms of all the interacting factors. It is argued by some experts that so many factors interact to determine the food supply in any one region that only a computer "model" of those factors can make even remotely reliable projections.

Thus, in a telephone interview last week, Dr. Howard Raiffa, head of the International Institute of Applied Systems Analysis near Vienna, said that, if abundant energy were available, there would be no major food problems.

Energy can be used to produce fertilizer. It drives tractors, harvesters and other farm equipment. It turns the pumps used for irrigation in many hungry lands—notably South Asia. It moves food from surplus to needy regions. And it can be used to desalinate water and make the deserts bloom.

But the world's energy supply is limited by a complex of factors including fossil fuel reserves, economic and environmental considerations, and constraints on the development of nuclear power or more exotic energy sources.

As growing world population has placed an ever heavier burden on food-production it has become increasingly energy dependent. The outlook for future food supplies has therefore become inextricably entwined with the energy picture, which itself is a classic "systems" problem.

The International Institute of Applied Systems Analysis, which set itself up last year in a palace outside Vienna was founded on joint American-Soviet initiative. Its assignment is to apply the techniques of operations research—originally developed for strategic and big-business decision-making—to such problems as the world's energy supply.

Before taking over as its director, Dr. Raiffa was professor of managerial economics at Harvard University.

MANAGEABLE ISSUES

The institute decided, initially, to avoid taking on problems that involved the whole "world system," concentrating instead on what seemed more manageable issues, such as water resources and energy. The problem of food supply, linked as it is to delicate problems of population control and economics, seemed too touchy for an institute with equal representation from the Soviet bloc and the West.

But in recent months the increasing severity of the food crisis has dissolved such inhibitions. This fall a meeting will be held at the institute to assess what can be done in its 1975 program bearing on the food situation. Furthermore the institute recently devoted one week to assessing the world modeling effort that has led to some of the most alarming predictions.

The world effort, known as the Mesarovic-Pestel Model, was devised by Mihajlo Mesarovic, director of the Systems Research Center at Case Western Reserve University in Cleveland, and Eduard Pestel, director of the Institute of Mechanics at the Technical University of Hanover in West Germany. Maurice Guernier, French specialist in problems of tropical agronomy, collaborated.

THE CLUB OF ROME

They present a summary of their findings, with particular relevance to South Asia, in the July-August issue of the UNESCO Courier, journal of the United Nations Educational, Scientific and Cultural Organization. Their efforts have been carried out under the auspices of the Club of Rome, an international organization of scientists, industrialists and economists formed in Rome in 1968.

The "club" seeks to apply modern techniques of business management and systems analysis to the more threatening global problems. It promoted the study, carried out at M.I.T. by Dennis L. Meadows of Dr. Forrester's group, that resulted in the 1972 report entitled "The Limits to Growth."

The latter was criticized in some quarters as a simplistic analysis of world trends, based on generalizations with little meaning for the real world.

According to Dr. Meadows, now at Dartmouth College, a detailed explanation of the computer model that led to the report will be published under the title "Dynamics of Growth in a Finite World."

BID TO MEET CRITICISM

The Mesarovic-Pestel Model is an attempt to meet some of the criticisms leveled at the Limits to Growth study. The data relating to food, fertilizer, energy, population and other factors on which it is based are stored in computers in Cleveland, Hannover and Grenoble in France. These can be interrogated by telephone from anywhere in the world.

Two years of work by a large team of specialists went into the study, according to the Courier account. Financial support was provided by the Volkswagen Foundation, which has long aided Club of Rome efforts.

Because issues affecting the "world problem complex" tend to be regional, the analysis has been done in terms of 10 large regions. In each of them, 87 age groups are considered. The local diet is defined in terms of 26 varieties of food, and the model also takes into account effects on the population of protein deficiencies arising from various shortages.

The model makes it possible to test the effects of various attempts to avert mass starvation. One such "scenario" envisions a population policy in South Asia that 50 years after its initiation in 1975, would reduce the birth rate to match the death rate.

NEED FOR GRAIN IMPORTS

Because older people would survive while the younger ones were reproducing, population would continue to grow for several more decades. The only way to feed the resulting population of South Asia, according to the analysis, would be to import more grain than the most optimistic predictions for the entire production of all northern countries.

Since this is unlikely, according to the report, "the catastrophe would start sometime in the early nineteen-eighties and would reach its peak around the year 2000, when deaths related to food deficit would more than double.

After that, the report says, the population would be so cut back that deaths from starvation would begin to decline. However, the cumulative total, by 2025, would come to some 50 million. The report continues:

"Starvation would not be limited to isolated small areas from which people could escape, but would extend its stranglehold over vast regions inhabited by hundreds of millions. The population would be trapped and there would be no fertile areas to go to as the recent events in semi-arid Africa have so tragically shown.

"There is no historical precedent for this kind of slow, inexorable destruction of the population of entire regions which at their peak were inhabited by several billion people."

In a more optimistic scenario, by the same group, a reduction of births to a one-for-one level is envisioned in 25 to 30 years, rather than in 50. The excess population would then be considerably less, and wide starvation might be averted through reasonable imports.

IMPORTS AND INVESTMENTS

However, for South Asia to be capable of such imports, the region must develop export industries. To that end, Dr. Mesarovic said in a recent interview, the industrialized nations, between now and 2020, will have to make capital investments in the area totaling about $300-billion.

It is significant that South Asia was chosen for this prognosis, rather than Africa, where population density is not so severe and where some residents suspect demands from the north for population control are racially inspired. The same issue of the UNESCO Courier carries an article entitled "False Prophets of Doom," attacking the "numbers game" carried out by men and machines in more advanced countries.

Its author is Maaza Bekele, an Ethiopian educator, who points out that whereas Africa, in 1650, was home for 20 per cent of the world population, today it accounts for 9 or 10 per cent occupying a little more than 20 per cent of the world's land.

Africans, he writes, must achieve their "true potential" before putting severe brakes on population growth. Indeed it is widely believed that no form of voluntary control can be achieved until a society has become sufficiently stable and affluent to offer security to its citizens in old age. Until that comes, producing capable offspring is the only hope of such people for security.

THE LAND PROBLEM

One problem, however, as noted by the Paddocks, is that the United States and Canada account for 22.7 per cent of all cultivated land in the world. Yet, for example, South America, with a comparable population, has only 6.5 per cent. Other analysts point out that, while more South American land could be brought under the plow, earlier hopes for cultivation of the Amazon Basin no longer seem very promising in that much of the land is unsuitable for cultivation.

There are a variety of dissenters from the school that believes in elaborate computer modeling and analysis of world problems. There is the "garbage in—garbage out" school that believes most of the data put into the analysis are so unreliable that the results have little meaning.

Some would prefer a much simpler computer analysis, using only what seem determining factors. Others avoid computers entirely, relying on intuition (based on long experience) or blackboard calculations.

Thus, five years ago the United States Department of Agriculture developed a relatively simple computer program to predict American harvests as well as demands by the less-developed countries for American grain.

Its long-term predictions were thrown off by such unforeseen developments as the huge Soviet and Chinese grain purchases of recent years, fertilizer shortages resulting from fuel limitations, and droughts like that which has struck Africa.

AMERICAN CROP LAND

According to Dr. Quentin M. West, director of the Agriculture Department's Economic Research Service, 25 million acres of unused American crop land were put back into production in 1973 and by 1985 27 million more acres should have been added to this figure. As a result, in the next 15 years corn crops could grow 25 per cent and soybean yields, 20 per cent.

"Our projections," he told a meeting last April, "suggest that the United States could meet nearly all the world's increased import demand for coarse grains," through 1985. However, he said, poorer nations may continue to depend on food donations that will not always be forthcoming.

"In this connection, we see no easy solution to the agonizing problem of localized famine in this otherwise increasingly prosperous world."

Lester R. Brown of the Overseas Development Council, who has long specialized in such prognoses, makes far less optimistic predictions. In a book entitled "By Bread Alone," to be published by Preager this fall, he and his colleague Erik P. Eckholm predict that starvation may strike "millions, perhaps tens of millions."

REORDERING PRIORITIES

A fundamental change in the world situation, they say, calls for a reordering of American priorities. With countries like the Soviet Union periodically dependent on the efficiency of American farmers, as well as on imports of American technology, they write, such nations are unlikely to attack the United States.

"It is becoming more and more difficult," they say, "to justify the current scale of U.S. global military expenditures." Profligate consumption of energy by the industrialized countries, they add, "may be a greater threat to future global security than many commonly recognized dangers."

Their study was done, essentially, without recourse to computer. Next door to the Washington headquarters of their Overseas Development Council the Brookings Institution has also begun studies of world food prospects for the remainder of this century. A computer model with limited inputs is being used.

Early results of these studies have led to no predictions of severe global food shortages before the year 2000, although local crises may occur like that associated with the drought and southward march of the Sahara.

It is in the year 2000, on the other hand, that according to the Mesarovic-Pestel Model, population loss by famine would hit its peak in South Asia if population growth is not checked relatively soon.

Among other efforts to project future food needs is a computer program of the Food and Agricultural Organization of the United Nations in Rome. It was initiated in the nineteen-sixties as an "indicative World Plan," directed primarily at crop yields and movements of foodstuffs between nations.

According to specialists here its published findings have run into difficulties when they clashed with national findings that sought to paper over unfavorable statistics. A more sophisticated model is said to be in preparation for the Rome meeting.

Among programs just getting under way in this country are one within the Federal science advisory apparatus under Dr. H. Guyford Stever, head of the National Science Foundation, and another under Congressional Office of Technology Assessment, headed by Emilio Q. Daddario.

THE U.S. ARMS SALES PROGRAM

Mr. NELSON. Mr. President, on June 6, 1974, when amendment No. 1399 to the Foreign Assistance Act was introduced, I pointed out to the Senate that in 1973—the most recent figures available at the time—the United States sold $3.5 billion worth of military goods and services. That figure represented a quadrupling of the fiscal year 1970 total of $926 million.

At the time, fiscal year 1974 sales were estimated to be in the neighborhood of $4.6 billion. Since that statement was delivered, however, two very fine articles have appeared updating the extent and impact of the U.S. foreign military sales program.

Leslie Gelb reported in the July 10 issue of the New York Times that in fact the United States sold some $8.5 billion in arms in fiscal year 1974—an increase of 100 percent over previous fiscal year. This is much more than any of the experts in or out of the Government had expected.

In the Washington Post outlook section of August 1, Andrew Hamilton, a former National Security Council assistant to Henry Kissinger, discussed five major aspects of the burgeoning arms sales program of the United States:

> (1) Much of the new wealth of developing nations is paying for non-productive military equipment at inflated prices at a time when more than a billion people face starvation because of inadequate food supply and distribution.
>
> (2) The sales have created new regional arms races, thus boosting demand for more arms and contributing to the risks of war—and of great power confrontation—in unstable areas like the Persian Gulf.
>
> (3) For the first time, the United States is selling its most advanced, most expensive, and most highly classified conventional weaponry and electronics technology.
>
> (4) The danger exists that the buyers, to pay for U.S. and other modern weapons, will be tempted to further increase raw material prices, which in the long run could wipe out any advantage from arms sales and intensify worldwide inflation.
>
> (5) Despite the diplomatic and economic risks involved, the key decisions behind the new rise in U.S. arms exports were made by President Nixon without consulting or even informing Congress.

Former Defense Secretary Laird in a recent interview in Forbes magazine said:

> To me the most important agreement that can be worked out in the next four or five years is to involve the Soviet Union, the United States, and all other arms-producing countries to limit the sale and delivery of conventional military equipment into the Middle East, Southeast Asia, Latin America, and Africa.

My amendment is an effort to advance the United States in this direction. The Senate will soon be considering this proposal, which would submit all sales of $25 million or more to a congressional veto. The amendment passed the Senate last year, but was removed in conference along with most of the other Senate provisions.

The Gelb and Hamilton articles are an urgent commentary on the need for favorable consideration of this legislation.

Mr. President, I ask unanimous consent to have both articles printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the New York Time, July 10, 1974]

U.S. ARMS SALES DOUBLED IN 1973–74; REACH $8.5 BILLION—MIDEAST'S SHARE IS $7 BILLION—CONGRESS LACKS VOICE ON MAJORITY OF DEALS

(By Leslie Gelb)

WASHINGTON, July 9.—The United States sold some $8.5-billion in arms for the fiscal years that ended last month, almost double the arms sales for the previous year and almost $2-billion more than all the arms sold or given away by all nations in 1971, according to official Pentagon estimates.

The bulk of American arms sales, some $7-billion went to the Middle East and the Persian Gulf area. This total does not include the $1.5-billion in arms provided free of charge to Israel plus several million dollars in arms grants to Jordan and Lebanon.

While the United States remains the world's leading arms supplier, other nations are also selling more.

SOVIET SOLD $2 BILLION

Pentagon estimates for arms sales in 1973 show the Soviet Union with over $2-billion, its East European allies with over $500-million and American allies with over $2-billion. These figures are all expected to be higher for 1974, but official estimates are not yet available.

Soviet arms sales—Moscow does not provide free arms—went mainly to nations in the Middle East such as Egypt, Syria and Iraq .

Arms control experts in the Government estimate that worldwide arms sales in the nineteen-seventies thus far have about equaled total arms sales for all of the sixties, even discounting for inflation.

The goal of the American program, according to Government sources, has been to pile up ballance-of-payment dollars at least as much as to meet defense and diplomatic requirements.

WITHOUT POLICY REVIEW

The increase in American arms sales, Pentagon and State Department officials said, has taken place without a policy review of the program and with decisions on specific contracts made on an ad hoc basis.

By law, Congress has authority only over arms sales covered by Defense Department sales credits and credit guarantees, about 15 per cent of the total. Congress has no voice and little knowledge of 85 per cent of the effort involving Pentagon-sponsored cash sales and commercial sales.

American sales included over $4-billion for Iran, over $1-billion for Israel and around $700-million for Saudi Arabia. Sales to the area included modern aircraft, the F–4, F–5 and F–14, plus helicopters and various types of missiles.

The F–14 is a long-range, high-performance aircraft firing the most modern missiles and is just now coming into use by American forces. The cost of one F–14 to the United States is about $20-million. Its cost to other nations is somewhat higher.

In addition to the large sales to Iran, Israel and Saudi Arabia, there were about $100-million to Kuwait, several million dollars to the United Arab Emirates, Lebanon and Jordan as well as Pentagon-sponsored cash sales and commercial sales.

EXIMBANK LOAN TO IRAN

In a recent report to Congress, the Export-Import Bank reported that the Pentagon had arranged for the bank to provide a direct long-term low-interest credit to Iran of $200-million in 1974 "for exports of defense articles and services." Iran has earned billions of extra American dollars since the rise in oil prices.

Secretary of Defense James R. Schlesinger recently described the sales program in the Middle East as an attempt to "strengthen deterrence and promote peaceful negotiations by helping our friends and allies to maintain adequate defense forces of their own."

He added the need to match Soviet arms sales and to maintain "continuing access" to oil.

Other officials speak of the program in the Middle East more in terms of maintaining the American arms industry and labor market and earning balance-of-payments dollars against the new high deficits created by the current price of oil.

Several officials cited a directive by President Nixon, dated Dec. 20, 1973, to establish an interdepartmental committee on export expansion, as giving full approval to an open-ended arms sales effort.

OTHER POTENTIAL SELLERS

All the officials interviewed said that if the United States was not willing to sell arms, other nations should. Some said there had been an influx of European sellers into the Latin-American arms market while Washington restrained its sales.

Many officials noted an ambivalent Congressional attitude toward the sales program. For years Congress has urged an end of free arms grants and wider sales programs. Now that this is being done, Congressional committees have begun attacking the sales.

In last year's report, the Senate Foreign Operations Subcommittee stated: "We must visibly deny ourselves the short-range advantage of military equipment sales as a step toward de-escalating the buildup of military facilities throughout the world."

While there has been a sharp rise of American arms sales to the Middle East, sales to other parts of the world have remained relatively constant. The 1974 totals were: East Asia and the Pacific, $320-million, Western Europe $655-million; Africa $35-million; Latin America $220-million. These do not include commercial sales.

PROJECTIONS FOR 1974–75

Projected sales for the current fiscal year, according to Pentagon estimates, will be $650-million in Pentagon credit sales and guarantees of private sales, $3.3-billion in Pentagon-sponsored cash sales, and about $615-million in private commercial sales, for a total of nearly $5-billion.

The American arms are sold by thousands of civilian and military attachés and advisers. They tell prospective customers what is available and find out what the customers want. At the center of this network is the Defense Security Assistance Agency in the Pentagon, now headed by Vice Adm. Ray Peet.

Salesmen from this agency coordinate all activities, arrange for various kinds of financing or cash sales, and close the contracts.

At the State Department, the Office of Munitions Control is in charge of licensing arms exports for commercial sales and for Pentagon credit sales, but not for most sales under the cash program.

Policy-level officials from the Treasury and Commerce departments are involved in certain phases of the arrangements as are policy-level officials in the Pentagon and State Department.

[From the Washington Post, Aug. 11, 1974]

UNCLE SAM, ARMS DEALER

(By Andrew Hamilton)

The Merchant of Death, that international arms salesman, was a sinister figure in the public mythology of the last generation. His rattlesnake eye glinting, a dry rattle in his voice, he plotted to set nation against nation for the sake of profits and a certain perverse delight in destruction.

He was a melodramatic villain, a figment of between-the-wars romance, the old-fashioned European armaments king filtered through Eric Ambler and Graham Greene, but his place in the world was long ago usurped by anonymous bureaucrats. From whatever imaginary place he watches the world, his imaginary eye must be glinting again with cold pleasure, for his successors are making up in business volume what they lack in style.

The world arms trade is flourishing as never before, up 50 per cent since 1970. Vietnam and the Arab-Israeli wars account for only a part of this spurt. Of equal or greater significance is the fact that once poor nations of Asia, the Middle East and Latin America have become avid consumers of arms. And industrial nations, both Western and Communist, are racing each other for sales and the influence they are supposed to bring.

Conflicts are also flourishing, with more than a dozen wars, near-wars, border clashes and shattered truces in the last four years alone, not to mention numerous internal upheavals in which arms played a dominant role. These wars and revolutions not infrequently lead to new orders for military equipment. The United States sold or gave more than $2 billion in arms to Israel following last October's war, while the Soviet Union generously resupplied Egypt and Syria.

Governments which supply arms sometimes argue that there is a beneficial, even an altruistic side to the arms trade. Suppliers, they say, gain influence with recipients and thereby can promote the peaceful resolution of conflicts. In the grandiose words of the most recent report to Congress by the U.S. Defense Security Assistance Agency, "Security assistance is an instrument of national policy which, if put to full use, can effectively expedite the transition from the Cold War confrontation of the past to the generation of peace established by the United States as its goal for the future." Arms transfers, according to this statement, promote "cooperation and partnership" with recipients and are "conducive to restraint."

On July 15, spurred by a military government in Greece critically dependent on American military aid and political support, officers of the Greek Cypriot national guard deposed the president of Cyprus, Archbishop Makarios, and precipitated a continuing crisis. On July 20, Turkish troops in American uniforms and carrying American weapons invaded Cyprus from American-made aircraft, and helicopters and ships carrying American-made trucks and tanks. They were supported by a navy and air force equipped and armed by the United States.

When, next day, Greece began marshaling its American-equipped army aboard American-built landing craft for a counter-invasion, there was imminent danger of war between two nations whose military establishments were largely made in the U.S.A. While Washington did at last persuade the Greeks not to attack, it had failed either to restrain either the coup against Makarios or the Turkish invasion.

Conflicts between nations with the same suppliers are becoming common. India and Pakistan fought each other with American equipment in 1971. In the Middle East, Israel, armed with American, British and French weapons, faces Arab nations armed with American, British and French weapons. The grip which the suppliers have on these clients is a tenuous one. And the more source of supply a nation can draw upon, the less dependent it becomes on any one supplier, and the less subject it is to restraint.

LOTS OF COMPETITION

A new world arms market—a buyer's market—is taking shape. It grows out of the mixture of new wealth and old regional rivalries, and is fed by competition among more than a half-dozen suppliers of modern military equipment. These suppliers include the United States, the Soviet Union, England, France, West Germany, Poland, Czechoslovakia and Sweden.

This new market for arms is dominated by the United States, long the General Motors of the arms trade. In the past four years, foreign orders for U.S. military goods have approached $20 billion (not counting another $8 billion in giveaways, mostly to Israel and Vietnam). This adds up to more than the United States sold in the previous two decades, from 1950 to 1970. Orders for U.S. weapons in the last 12 months alone exceeded $8 billion.

Several striking aspects of these developments demand far closer scrutiny than they have received.

First, cash sales make up a high percentage of the new weapons trade. The U.S. share alone has been more than $13 billion since 1971. Much of the new wealth of developing nations is paying for non-productive military equipment at inflated prices at a time when more than a billion people face starvation because of inadequate food supply and distribution. The funds invested in weapons, if shifted to agriculture, would help alleviate the world food shortage.

Second. the sales have created new regional arms races, thus boosting demand for more arms and contributing to the risks of war—and of great power confrontation—in unstable areas like the Persian Gulf.

Third, the character of the sales has changed. No longer is the world arms trade limited to second-hand, obsolescent weapons. For the first time, the United States is selling its most advanced, most expensive and most highly classified conventional weaponry and electronics technology. Iran, the major customer, will get more weapons simultaneous with their delivery to U.S. forces, and has entered into co-production arrangements with certain U.S. arms manufacturers.

The United States is exporting weapons which could be used to deliver nuclear weapons over distances of several hundred miles, to nations, such as Israel and Iran, which are known to be capable of producing nuclear weapons in the next few years.

Fourth, the huge jump in U.S. arms exports affects the domestic economy and the Pentagon's own procurement programs. Besides improving the nation's balance of payments, the foreign orders now provide thousands of jobs in U.S. industry. In the past year they were roughly equivalent to a 40 per cent increase in the Pentagon's weapons budgets. It is clear that such an increase in orders from American industry must affect the number of weapons the Pentagon buys, the rate at which it procures them, and the price it pays.

There are important economic risks in this situation. Take, for example, the balance-of-payments question. In the short term, large foreign orders for weapons will improve the nation's trade balance. But the danger exists that the buyers, to pay for U.S. and other modern weapons, will be tempted to further increase raw material prices, which in the long run could wipe out any advantage from arms sales and intensify world-wide inflation.

Fifth, despite the diplomatic and economic risks involved, the key decisions behind the new rise in U.S. arms exports were made by President Nixon without consulting or even informing Congress.

THE LOOPHOLES

Underlying these developments is the gradual abandonment of previous U.S. efforts to impose restraint on regional arms races. Even in credit sales, where Congress has a hand in setting policy, restrictions on the volume and quality of weapons sales have been relaxed by amending the Foreign Military Sales Act. The annual credit ceiling is now more than twice as high as it was six years ago; cash sales in Africa and Latin America have been set free of the regional ceilings imposed in the act, and the regional credit ceiling for Latin America has doubled to $150 million a year.

In the Foreign Military Sales Act, enacted in 1968, Congress sought to curb the vigorous merchandising of Henry Kuss, the Pentagon's chief arms salesman in the 1960s, by setting credit limits and a general policy against the sale of sophisticated weapons to developing countries. But the act was riddled with loopholes. Chief among them was the lack of any provision covering cash sales to industrialized countries and nations such as Greece, Turkey, Iran, Korea and the Philippines. There was not even a requirement that Congress be notified in advance of such sales.

Since some of these nations have emerged as major customers, the loophole has turned out to be more important than the act. And the remaining bastions of restraint have slowly crumbled under the pressure of competition from Communist suppliers and from the nation's former cash customers in Western Europe, now significant arms suppliers in their own right. The restrictions on sales to Latin America, for example, were greatly relaxed after France sold sophisticated Mirage aircraft to four Latin governments in 1970–71.

Administration officials argue with seeming perverseness that the nation's basic policy on arms exports has not changed despite the huge jump in sales and radical change in that type of equipment on the market. "What has happened is not new or dramatic," said one official in a recent interview concerning exports to Iran, which, he observed, has long received large quantities of U.S. military aid. This view was echoed by Richard Violette, acting director for sales negotiations of the Defense Security Assistance Agency, and as such the Pentagon's chief arms salesman. Aside from adjustments approved by Congress, he said, "there really was no change in policy on paper." A third official, asserting that restraint is still the rule, declared, "We don't force our arms on anyone."

But in the face of the facts, the administration view seems little more than a semantic quibble. Call it a new approach or a new policy, the effects are the same. The recent sales add a startling and hitherto unsuspected dimension to the Nixon Doctrine, which urged allies to look after their own security.

THE NIXON ORDER

The nature of the change is illustrated by the key sales decision of the past three years. This was former President Nixon's order authorizing the formal offer of a long list of advanced weapons to Iran.

This 1973 order supplanted a decision by the Johnson administration, reported to Congress in 1968, limiting Iran to purchases of $600 million a year in American military equipment. It represented the first time that a large slice of the nation's most advanced conventional military technology was offered for sale to a foreign buyer (with the exception of occasional and limited offers to NATO allies). And, of course, it represented an entirely new stage in U.S.-Iranian relations. The decision was not communicated to Congress.

As a result of that decision, Iran is getting, among other things, the nation's most advanced attack helicopter, thousands of costly "smart" bombs and rockets, and the Navy's newest fighter, the Grumman F–14. Negotiations for Iranian purchase of the newest Air Force fighter, the costly F–15, are under way and officials expect that a sale will be concluded. And the Shah has indicated a desire for other weapons still under development, such as the projected lightweight fighter. Indeed, it is not clear what limits have been imposed on the Shah shopping list.

"What," one senior official was asked, "if the Shah asked for the F–11 or the B–1 bomber," both long-range, offensive weapons.

"That would be a tough one," came the reply. "We would have to look at it very carefully."

Included in the purchase price for the new weapons is extensive training for Iranian users by U.S. military personnel. As a result, U.S. servicemen in Iran, exclusive of dependents, have more than tripled in the past year, to more than 1,100 men, mostly on temporary training duty.

The Shah is paying handsomely for all this. Iranian orders already exceed $5 billion—all cash—and are going higher. The price for 80 F–14s alone approaches $2 billion, or about $25 million a copy, including spares and training. This represents about a 40 per cent premium over the Navy's price.

Officials have indicated that the decision to sell to the Shah was hotly debated within the administration. The Shah already was the dominant power in the Persian Gulf, armed with F–4 Phantoms and other modern military equipment, and it was recognized that he has unresolved territorial claims in the area. (In February and March this year Iranian troops clashed with the armed forces of Iraq in a boundary quarrel.) On the other hand, some administration officials feared a Soviet move to dominate the oil-rich gulf.

The issue, it is said, was decided "at the highest level of government," meaning the President himself.

UNANSWERED QUESTIONS

Some pointed questions remain unanswered. What lay behind the decision to sell first-line technology? To what extent was this decision influenced by the Pentagon's own procurement troubles, exemplified by the 250 per cent jump in F–14 unit costs from 1969 to 1972, or by the political impact of declining employment in the U.S. aerospace industry?

Highly informed sources acknowledge that in the fall of 1971 the Pentagon's budget for fiscal 1972 and fiscal 1973 was increased in order to protect defense industry jobs and stretch out the impact of Vietnam disengagement. According to these sources, a boost in export sales was considered as one way of helping ease the impact on the defense industry of declining Pentagon orders.

How did the Shah learn of his opportunity to buy advanced U.S. weapons? According to formal policy, foreign governments initiate all requests to buy weapons, but the United States had never before offered such a range of weaponry for sale. What emboldened the Shah to ask? There were, as it develops, numerous opportunities in 1972 to intimate conversations between high ranking U.S. officials and the Shah.

Navy Secretary John Chaffee visited Tehran in January; Air Force Secretary Robert Seamans went in April. In May former President Nixon himself was in Tehran with Henry Kissinger. In July, then-roving ambassador John Connally was there. If they discussed arms sales—and it seems likely—who was the wooer and who the wooed?

What changed the administration's view of the Shah's ability to pay? The 1968 decision to limit sales to $600 million a year was based in part on an estimate of the Shah's financial capacity. The 1973 decision to sell a lot of costly new weapons came almost a year before the price of oil was raised.

To what extent were the economic and diplomatic risks of the decision given a serious appraisal? Former Defense Secretary Melvin R. Laird, who supported the decision at the time, has recently expressed equivocal feelings about the wisdom of an unrestrained arms supply policy in the Persian Gulf.

"While providing armaments to Third World countries may often be a positive short-term measure," Laird wrote this year in a foreword to a critical study entitled "Arms in the Persian Gulf" that "it must be accompanied by diplomatic activity so that massive military assistance and/or large weapons sales do not become a standard long-term policy."

The study was written by Dale R. Tahtinen, an associate of the American Enterprise Institute for Public Policy Research, which could be described as a conservative think-tank. Tahtinen, an expert on the arms balance in the Middle East is appalled by the Iranian supply decision.

He writes: "At this time, the military balance of power in the Persian Gulf leans heavily in Iran's favor, and the gap appears to be widening. This, however, does not decrease the likelihood of war. In fact, as the last two Arab-Israeli conflicts have demonstrated, the possession of highly sophisticated weapons by potential belligerents in explosive situations enhances the possibility that disagreements will be settled by fighting instead of diplomacy. Furthermore, with the advance military hardware has come greater superpower involvement in the Gulf, and a concomitant increase in the danger of military confrontation between the United States and the Soviet Union" (which supplies Iran's rival, Iraq).

"This danger would reach a particularly high level if fighting were to erupt between the client states. Thus it seems imperative that the United States should review the pattern of its military policy in the Persian Gulf."

CONGRESS ALERTED

The Iranian decision was conceived and executed in secret. Its dimensions have become clear only in retrospect, and in piecemeal fashion. Congress, which was not consulted on the Iranian sales decision, only recently has begun to face its implications. The House Foreign Affairs Committee now is considering amendments to the Foreign Military Sales Act which could provide at least a modicum of restraint on future cash sale decisions. One, sponsored by Rep. Jonathan Bingham (D–N.Y.) would require the President to submit all sales of $25 million or more to a congressional veto; a similar amendment is being pressed in the Senate by Sen. Gaylord Nelson (D-Wis.). Such an amendment, if adopted, would close the loophole in the act through which cash sales can be made without consulting or notifying Congress.

But neither amendment attacks the root of the problem: a booming arms market, fed by rising raw materials revenues, and avidly courted by every arms manufacturer in the world. Unilateral gestures of restraint must be backed by international agreements among suppliers not to supply and among recipients not to buy.

There has been much repetitive talk about international restraint. The question of conventional arms limitation comes up annually at the Conference of the Committee on Disarmament, a 26-nation disarmament forum in Geneva acting under U.N. auspices. It has been an aspect of U.S.-Soviet discussions on the Middle East at least since 1967. But there has been no action in either case. Two international agreements with conventional arms control provisions—the Korean armistice agreements of 1953 and the Indochina ceasefire agreements of 1973—have been repeatedly breached.

Fresh approaches are required. One possibility is a serious attempt to achieve a NATO-wide agreement limiting competition to sell advanced military equipment. This would do much to alleviate the current rush to conclude advantageous deals with Arab states. But in the long run it will be necessary to include the Soviet Union and other Communist states in an agreement on conventional arms transfers.

"To me," said former Defense Secretary Laird in a recent interview in Forbes magazine, "the most important agreement that can be worked out in the next four or five years is to involve the Soviet Union, the United States and all other arms-producing countries to limit the sale and delivery of conventional military equipment into the Middle East, Southeast Asia, Latin America and Africa."

PRODUCTIVITY: THE LAGGING U.S. PERFORMANCE

Mr. PERCY. Mr. President, productivity growth is essential to the prosperity of both the domestic and international sectors of the U.S. economy. If the productive efficiency of U.S. labor and capital declines, our standard of living and our competitive economic position will suffer commensurately. Productivity increases translate directly into decreases in inflation.

Unfortunately, industrial productivity in the United States has measurably declined for two successive quarters. Partially because of the productivity decline, the real buying power of the dollar has decreased at home. At the same time, the productivity of our major competitors has risen remarkably to the point where, as a recent Washington Post editorial points out, "most Americans still have no idea how fast the rest of the world is drawing even with us in the accumulation of economic power."

Mr. President, I urge that Congress support and encourage productivity growth. First, Congress must assist the National Commission on Productivity to do its work, and I am pleased that the full amount of the Commission's authorization has been included in the Senate-passed appropriation bill. Second, I urge that American labor and management organize productivity councils in factories across the country in order to encourage industrial efficiency.

The benefits of productivity accrue to all, whether to the worker, the businessmen, or the retired senior citizen. I ask unanimous consent that the text of the editorial: "Productivity: The Rest of the World Is Catching Up," of the July 12, 1974, edition of the Washington Post, be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

PRODUCTIVITY: THE REST OF THE WORLD IS CATCHING UP

Americans are accustomed to the truth that they are more productive at their jobs than anyone else, and that is why our standard of living is the world's highest. But like a good many other favorite old truths, this one is no longer nearly as true as it used to be. Very soon it will not be true at all, if American productivity gains continue to be lower than the other industrial countries'.

America's position in the world has changed radically in the past several years: we are longer the only extremely productive, extremely rich country. As a result, neither the nation's economy nor the world's is working the way it used to or the way that we expect it to.

Productivity is rising everywhere. But it is rising much more slowly in North America than in Europe or Japan. Economists used to brush these disparities aside by observing that, after all, wages in North America were still vastly higher than anywhere else. But that too is less true today than several years ago. Consider a comparison of average hourly compensation, in manufacturing industry, for eight rich countries:

	1967	*1973*
United States	$4.02	$6.10
Canada	2.89	4.90
Japan	.67	2.46
France	1.69	3.95
Germany	1.68	4.90
Italy	1.48	3.73
Sweden	2.51	5.49
United Kingdom	1.40	2.56

These compensation figures count not only cash wages, but fringes. They include certain taxes on employers—for example, the employer's contribution to Social Security in the United States—that economists consider actually part of the worker's wage. You also need to know that compensation in each nation's own currency has been converted into dollars at the current exchange rate. In 1973 the typical German worker could buy almost three times as many dollars' worth of American exports as in 1967, partly because of his own rising productivity but also because of the long slide in the dollar's value in Germany. Incidentally, the figures do not mean that the German worker is living three times as well, since many of his basic needs are items that cannot be traded internationally. Housing is one major example, and medical care is another.

INCREASES IN PRODUCTIVITY AND COSTS, 1972-73

[In percent]

	Rise in output per man-hour	Rise in cost of labor	Rise in labor cost per unit of production	
			National currency	U.S. dollars
United States	4.7	7.9	3.1	3.1
Canada	4.1	8.7	4.5	3.5
Japan	18.3	24.5	5.3	17.8
France	7.1	15.5	7.9	22.6
Germany	6.5	13.0	6.1	27.7
Italy	7.4	23.0	14.4	14.9
Sweden	7.4	12.2	4.5	14.2
United Kingdom	8.9	17.9	8.3	6.1

The star performer here, as usual, is Japan, where the dollar value of the worker's compensation has nearly quadrupled over these six years. One of the items that is traded internationally, in dollars, is food. If you have been wondering why we suddenly hear so much about Japan's impact on our food markets, as it buys grain or suddenly stops buying beef, the essence of the answer is in these numbers.

The U.S. Labor Department's Bureau of Labor Statistics published a brief but highly illuminating table recently showing the percentage change in productivity—that is, change in output per man hour—for each of these eight countries from 1972 to 1973. That's the number in the first column on the table. The poor showing of the United States is, unfortunately, typical. Since 1960 productivity increases in this country have been the lowest of any of the major industrial countries, and our rate has been hardly better than half the average for all the other industrial countries together.

The second column in the table shows what happened to wages. When wages rise faster than output, as they did in all the countries, the result is wage inflation. The effect is that, despite rising productivity, the labor cost rose per unit of production, as the third column shows. But there is a fourth important number: what happened to unit labor costs of the goods moving in international markets, where prices depend on currency rate exchanges. That's the last column, where we find the effect of the long decline of the U.S. and Canadian dollars. Although North America had the lowest productivity gains on the list, wage increases here were relatively modest and the rise of other currencies kept our prices low on world markets. The other side of the picture is, unfortunately, that our purchases of foreign goods cost a lot more—representing an erosion of North American living standards relative to, say, Germany's.

Britain, usually the industrial laggard, showed in 1973 the highest productivity gain in Europe. But it lost its advantage and more in a tremendous wave of wage increases which left it, except for hapless Italy, with Europe's worst case of wage inflation. Germany, with lower productivity gains, held the line better on wages and that is why the mark rose rapidly while the pound fell.

A few qualifications concerning these numbers: Nations organize their industry and social benefits very differently. International comparisons are always inexact. The figures here accurately portray general trends and the general scale of differences, but they are not precise to the hairline. They are very broad statistical aggregates that sweep together not only apples and oranges, but some bananas and pineapples as well. Productivity comparisons are particularly controversial. Businessmen, labor unions and politicians all dislike them. For the countries at the bottom of the list, they raise uncomfortable questions about the reasons for poor performance.

Sometimes profound changes come over countries silently, without making any news. Eventually it begins to dawn on people that something basic has changed, but only by slow gradations that nobody noticed at the time. There were no shots fired, no alarms rung, no documents signed. News is made mainly by governments, but there are large areas of nation's lives that their governments don't pay much attention to. The long waves of history often pass without much public notice. Accustomed to great and unique national wealth, most Americans still have no idea how fast the rest of the world is drawing even with us in the accumulation of economic power.

The emergence of other equally rich peoples brings one obvious advantage to us. By offering us broader markets for the goods we make, it raises our own prosperity. But there is also a danger. Used to its wealth, this country has recently not taken much trouble to improve productivity. Now we are encountering increasingly stiff competition from countries that, on their struggle upward, have learned to improve it rapidly and continuously. Perhaps the question for Americans is the one that the Smithsonian Institution put in its exhibition last year on productivity: "If we're so good, why aren't we better?"

JAPANESE DIRECT INVESTMENT IN THE UNITED STATES

Mr. MUSKIE. Mr. President, in March 1973 the Boston Consulting Group was commissioned by the Government of Japan to "study the opportunity for Japanese capital investment in the United States, including the economic and political factors which are likely to affect the viability of such investments over time." The study was commissioned at the instance of Prime Minister Tanaka, and the project was directed by Mr. William Givens of the Boston Consulting Group, a former State Department expert on Japan. The report, entitled "The Prospect for Japanese Direct Investment in the United States, 1974–80," was submitted to the Japanese Government in January 1974. It has just recently been published for the interest of the general public.

In a period of capital shortage, increased foreign direct investment in the United States under appropriate conditions can create significant opportunities for new jobs and further growth in our own economy. The Boston Consulting Group's study is the most thorough and up-to-date evaluation of the prospects for Japanese investment and some of the problems associated with it, and I ask unanimous consent therefore that the summary findings of this report be printed in the Record.

There being no objection, the summary of findings was ordered to be printed in the Record, as follows:

Summary of Findings

HIGHLIGHTS

Japanese direct investment in the U.S. is projected to rise to some $6–7 billion, asset value, by 1980, exclusive of private securities purchases and banking assets (estimated at $1.5–2 billion and $12–16 billion, respectively).

Investment levels will be limited by market economics, competitive dynamics, and the availability of alternative opportunities in other countries, rather than by the availability of capital. The possibility of "runaway" Japanese investment in the U.S. appears remote.

The climate for Japanese investment in the U.S. is currently stable and benign, based in large measure on the successful integration of existing Japanese investment activities into the U.S. economy. Assuming competent planning and management of future investment activities, the levels of investments projected to 1980 are not likely to cause serious political problems. Planning will become increasingly complex as investment levels rise, however.

The principal areas of potential friction are:

Investments in Japanese tourism based real estate activities, particularly in Hawaii, the U.S. West Coast, and possibly Alaska; and

Local overconcentrations of Japanese activity, owing to the tendency of Japanese businesses to "cluster" near one another.

Both of these problems can be held within manageable bounds through skillful planning.

The major trading companies will be the dominant force in shaping the investment pattern.

OBJECTIVES AND CONDUCT OF THE WORK

In March 1973, The Boston Consulting Group was commissioned by the Government of Japan to "study the opportunity for Japanese capital investment in the United States, including the economic and political factors which are likely to affect the viability of such investments over time." This report has been prepared in fulfillment of that assignment.

In light of the magnitude and complexity of the issues involved, the interests and perspective of the client, and the time and resources allotted to the project, the following objectives were adopted for the work:

To provide the Government of Japan with an overview of the probable pattern of Japanese investment in the U.S. over the next five to seven years, including the order of magnitude and composition of such investments and their probable impact in the U.S.;

To identify the economic and political issues which these investments are likely to create which may require policy action by the Japanese Government; and

To provide an analytical framework for planning and policy formulation with respect to Japanese capital investment in the U.S.

The evaluation involved two principal tasks:

Identification of the probable pattern of Japanese investment in the U.S. in 1980; and

Evaluation of the likely U.S. reaction to this pattern.

The first of these tasks was accomplished through statistical research and analysis and extensive interviews with Japanese business executives and government officials in both Japan and the U.S. The second was accomplished through a series of direct interviews and telephone and mail surveys in the 50 U.S. states and Puerto Rico. The conduct of the work is described in detail in the section, "Conduct of the Study: Approach and Methodology".

PRINCIPAL FINDINGS AND OBSERVATIONS

The character of Japanese foreign investment

Japanese direct foreign investment will be almost entirely private in nature and will not be centrally planned or controlled. It will be comprised of hundreds of independent investment decisions and actions, ranging from very small (family vacation homesites) to very large (industrial parks, steel mills, hotels).

It will not, contrary to a common U.S. view, be primarily the result of a capital surplus; the picture of dollar-rich Japanese industry avidly "shopping" for profitable outlets for excess cash is highly oversimplified and misleading. In practice, Japanese overseas investment will be a response to specific economic and political forces, creating outward pressures on Japanese industrial and business activity across a wide range of interprises.

The volume, rate of growth, and composition of Japanese capital investment in the U.S. will be determined by the interaction of several variable factors:

The action of the economic and political forces noted above;

The reactions of individual Japanese firms and private investors to those pressures;

The availability of comparable or superior alternative investment opportunities in other countries; and

Japan's international balance of payments position and competing demands on available capital.

The pressures and motives for Japanese investment in the United States

In the broadest sense, Japan's economic capabilities have expanded over the past two decades from those of a second-rank exporter of labor intensive manufactured products to those of a major industrial power. During this period, and, indeed, historically, Japan's external economic activity has been centered almost exclusively on its export-import trade. The central objective of Japanese economic policy has been to industrialize on the pattern of the U.S. and Western Europe, systematically reallocating human and capital resources forward as rapidly as possible into increasingly higher levels of technology, capital intensity and productivity. Effort has been concentrated largely in industries in which Japan could most readily develop and maintain international comparative advantage. The essential pattern has been one of concentrating production almost entirely in the domestic economy, producing not only for rapidly rising domestic demand, but also for export, in order to generate the foreign exchange necessary to satisfy Japan's critical import needs, most notably, food, raw materials, energy, and technology. Virtually without natural resources, Japan has functioned essentially as an increasingly sophisticated and efficient factory, trading finished goods abroad for the resources and technology needed to continue the program of economic development and industrialization in Japan itself.

Japan now appears to be entering a new period of its economic development in which the Japanese homeland will be less exclusively a production center and will begin to function as the headquarters of a global economic system. Foreign investment will be the principal vehicle for this transition, and will flow in a general pattern dictated by Japan's changing needs, specifically:

The need to shift a part of production offshore in response to mounting domestic shortages, a growing trade surplus, and protectionist pressures in principal overseas markets;

The need to maintain a secure base for the long-term sourcing of critical resources in the face of prospective worldwide shortages;

The need to establish an independent position in the development of advanced technologies; and

The need to expand and diversify Japanese external economic activity beyond the existing pattern of export-import trade.

Prospective Japanese investments in the U.S. can be classified into four broad categories, based on the needs, or motivations, listed above:

Category 1: Export Substitution Manufacturing Investments.

Category 2: Resource Acquisition Investments.

Category 3: Technology Acquisition Investments.

Category 4: Diversified Investments.

It is important to note that the principal criterion for this categorization is not the type of activity concerned (e.g., manufacturing, mining, agriculture), but rather the underlying objective for which the investment is made. This classification system facilitates both the projection of likely investment patterns and the evaluation of probable U.S. reaction to them. It should also be noted that these categories will exhibit markedly different characteristics, both economic and political. Since they are based on fundamentally different aspects of Japanese economic activity (i.e., exports, imports, technology, and diversification), their value to Japan (in terms of their contributions to the Japanese economy and to Japanese economic policy objectives) will differ widely, as will their impact and acceptance within the U.S. The four categories and their principal characteristics are as follows.

Category 1: Export Substitution Manufacturing. This category includes only investments in establishing or acquiring manufacturing facilities in the U.S. to produce or assemble for the U.S. market items currently being exported from Japan. The objective of these investments is to shift production from Japan into the export marketplace in order to achieve lower factor costs, circumvent domestic shortages in Japan, or relieve protectionist pressures. Examples of Category 1 investments are the Y.K.K. slide fastener factory in Macon, Georgia; the Sony and Matsushita television assembly plants in San Diego, California and Puerto Rico, respectively; the Ataka-Kyoei steel mill in Auburn, New York; and the Kikkoman soy sauce factory in Wisconsin.

From the Japanese point of view, these investments will tend to relieve domestic pressures created by labor, energy, and land shortages, and by the mounting pollution crisis. They will also tend to reduce Japan's tendency toward trade surplus (and the resultant political pressures) by shifting production offshore into Japan's principal overseas market. From the U.S. viewpoint, these investments will create new jobs and public revenues, increase productivity through the introduction of new technology, and replace unpopular levels of imports with domestic production. In the broadest sense, the value to Japan of Category 1 investments will be high, and the risk of adverse reaction in the U.S. will be low.

Category 2: Resource Acquisition for Export to Japan. This category encompasses all investments made for the purpose of acquiring raw materials and energy specifically for export to Japan. "Resources" means all natural resources, including agricultural, forest, mineral, marine and energy. By type of activity, Category 2 includes exploration for, and development, extraction, and processing of, mineral resources; production, harvesting, or processing of agricultural, marine, or forest products; cattle or poultry raising, meat processing and meat packing; and any manufacturing activity in which the U.S. site is selected solely or principally as a source of energy. The most prominent examples of existing resource acquisition investments are the extensive Japanese holdings in timber and canneries in Alaska. However additional investments may be anticipated in any of the resources listed, particularly in specialty agricultural products (citrus fruits, nuts, grapes, and wine), or in the processing of raw materials purchased from U.S. producers.

Investments in the development and processing of U.S. natural resources for export to Japan will provide improved access to critical raw materials. To the extent that U.S. processing is involved, they will increase the value added to these products in the United States, relieving a chronic source of friction. Finally, insofar as these investments result in increased U.S. exports to Japan, they will tend to reduce the U.S. trade deficit with Japan. All of these results will tend to be beneficial to Japan. From the U.S. point of view, however, Japanese investments in this category will not be seen as an unadulterated blessing. In some cases they will intensify competition for scarce resources, elevate prices and exacerbate shortages. These investments will tend to be more capital intensive than Category 1 activities, and will have a less tangible effect on the creation of new jobs. They will be highly controversial from the environmental point of view. Generally speaking, the value of Category 2 investments to Japan will be high, but the political risk in the United States will also be substantial.

Category 3: Technology Acquisition. Category 3 includes all investments made for the purpose of acquiring technology or facilities for its development. Such investments will include equity participation in, or acquisition of, smaller U.S. firms with promising technologies under development (e.g., pollution control devices, biomedical technologies, computer peripherals), and joint development projects, joint ventures, or consortia with technologically advanced American corporations to develop major technological resources for application in both economies (surface transportation systems, uranium enrichment, oceanography). Thus far few investments in this category have come to public attention. However, our investigation indicated that Japanese interest in investments of this type is rising, and a number of negotiations are underway.

The potential benefits to Japan of an established presence in the U.S. technological sector are both substantial and evident. Investments in this category will tend to be unobtrusive, with limited public impact. To the extent that they are visible, it seems likely they will be seen as an improvement over licensing, a technique often viewed as a development has been taken. The value to Japan of investments in this category is high; the risk in the United States will be low.

Category 4: Diversified Investments. Superficially, this appears to be an arbitrary "catch all" category, since it covers all investments not included in Categories 1–3, and since it encompasses a variety of activities. However, with investments related to exports, imports, and the acquisition of technology covered elsewhere, Category 4 consists, for practical purposes, of the expansion and diversification of Japanese economic activity into new fields and markets. Specifically, it will include the following kinds of investments.

Real estate;

Banking and finance;

Retailing and commercial activities;

Transportation, warehousing, and distribution; and

Acquisition of "new" business; i.e., unrelated to existing Japanese import-export trade with the United States.

Despite the disparate nature of the various activities in Category 4, investments in this category have several significant features in common. Since, by definition, they represent expansion by Japanese business interests into new areas of activity, they are areas in which the investors will be less experienced in the U.S. environment, where business risks will be somewhat greater, and where American resistance is likely to be higher than in sectors where a Japanese presence is already established. With the exception of individual investments in U.S. securities, Category 4 activities will tend to be highly visible and often controversial, particularly in real estate and tourist-oriented investments. At the same time, Category 4 investments will, in general, tend to make little immediate contribution to the Japanese domestic economy, and will have limited effect on the U.S.-Japan trade balance. Accordingly, their value to Japan will be limited and the political risk in the U.S., relatively high.

The value and risk characteristics of the four categories are summarized in the table on the following page.

	Category 1, export substitution manufacturing	Category 2, resource acquisition	Category 3, technology acquisition	Category 4, diversified investments
Value to Japan [1]	High	High	High	Limited.
Risk in United States [2]	Low	High	Low	High.

[1] Potential contribution to Japanese policy objectives.

[2] Probability of adverse reaction in the United States.

Characteristics and implications of the total investment pattern

The pattern of Japanese investment in the U.S. at any given time can be represented by a simple bar graph:

(Graph not printed in the RECORD.)

Obviously, a wide variety of patterns is possible, each with different value and risk characteristics. It is apparent that both the viability of the overall investment pattern and its value in terms of Japan's economic interests will be determined not only by the total volume of investment, but also by the allocation of the whole into the four categories. It becomes a matter of some importance to determine what the likely profile of Japanese investment will be.

A number of other points should be noted with respect to the pattern of Japanese investment and its risk-value characteristics:

The potential for Japanese investment in the U.S. is not infinite; practical limits can be imposed in four ways:

By the availability of capital for this purpose;

By the accomplishment of underlying investment objectives;

By the capacity of the U.S. environment to absorb large volumes of Japanese investment; and

By the number of investment opportunities in the U.S. which are potentially attractive to Japanese investors.

As the level of investment in a given category rises, the underlying need will be satisfied and the incremental value of additional investment will be reduced. (Japan will not, for example, wish to shift all of its export production from Japan into its overseas markets; the Japanese demand for foreign-sourced raw materials, while large, also has finite limits.) At the same time, the political risk will tend to increase with rising investment levels. At some point the incremental risk may well outweigh the incremental value of further investment in the category, and a natural ceiling will be reached. This ceiling will not necessarily be apparent, particularly to the individual investor.

Adverse reaction to Japanese investment in one category will raise risk levels for other categories, as well. Excessive concentration of investments in high-risk categories will raise risk levels throughout the entire pattern.

Accordingly, no single Japanese investment, or category of investments, can be considered in isolation. Each will affect both the potential value and the viability cf others. Individual investments can be evaluated effectively only in the context of the pattern as a whole. A random pattern of investments will almost certainly be inefficient, and will possibly become a political liability.

As the pattern grows in size, visibility, and impact, its profile will become increasingly important and difficult to influence.

Viability and success: The climate for Japanese investment in the United States

In our program of interviews, we found actual American attitudes toward Japan to be considerably more moderate and pragmatic than they are generally thought to be. Outright expressions of antipathy or opposition to Japanese investment were extremely rare; on the contrary, the prevalent attitude was one of positive receptivity, reflecting both a realistic awareness of the potential benefits of such investments and a consequent willingness to meet prospective investors more than halfway in resolving adjustment problems and minimizing frictions.

A second encouraging finding was that existing Japanese investment in the U.S., of which there is already a large volume and variety, has displayed very little of the abrasiveness and volatility which might have been expected. With the single exception of Hawaii, where Japanese investments in hotels have been subject to controversy and friction, we found no significant instance of maladjustment or adverse reaction. Numerically, of course, most existing Japanese investments are sales offices and other small, service-oriented activities. However, they also include a long and rapidly growing list of manufacturing and resource development operations, including textile and steel mills, consumer electronics plants, a truck assembly plant, food processing operations, fisheries, mineral extraction, timber, machinery, and others in virtually every part of the United States. The general pattern to date has been one of smooth integration and acknowledged beneficial impact.

We believe the climate for Japanese investment in the United States has reached a point where such investments will be received less emotionally than pragmatically, on the basis of their perceived value to the communities in which they locate. There does remain evident throughout the country a subtle but unmistakable undercurrent of anti-Japanese sentiment, a predisposition to see Japanese business as monolithic, overly aggressive, and insensitive to Western values and practices. This, in turn, will tend to catalyze and aggravate routine competitive frictions, labor problems, and other grievances, making Japanese investments somewhat more vulnerable to adverse reaction that comparable U.S. owned enterprises. However, the strength and importance of this phenomenon should not be exaggerated.

But the climate is not static; it is a constantly evolving mixture of positive and negative factors. Currently, it is benign and stable because:

The political relationship between Japan and the United States has been relatively trouble free;

Adverse reaction in the U.S. to foreign investment in general has thus far been limited; and

The level of investment is still quite low, and the balance between Japanese investments creating positive impact in the U.S. and those having negative impact has been extremely favorable.

This situation, obviously, could be adversely affected by negative developments in any of the three:

Serious political differences between Japan and the U.S. in which Japanese economic success might come to be seen in the popular U.S. view as contrary to the U.S. interest;

A deterioration of the U.S. economic position and decline in the dollar relative to the yen, deutschemark, and other currencies, leading to a substantial foreign economic presence in the U.S. The concept of affluent, aggressive foreign interests "buying the United States" could inspire jealousy, resentment, and ill-will against foreign investment generally, including (but not directed specifically toward) investments from Japan; and

A qualitative shift in the balance of Japanese investments in the U.S. from favorable to unfavorable as new investments are made and the total volume of Japanese investment in the U.S. grows to major proportions.

Evaluating specific investments

The U.S. political and economic environment will absorb a very substantial volume of Japanese capital investment, provided only that the individual investments comprising the whole are competently selected, planned, and managed. However, many, perhaps most, of the Japanese investments in the United States to date appear to have been based on instinct, chance, and ad hoc advice, rather than systematic evaluation. Some investments (particularly in real estate) have been made virtually without regard to their political consequences, with predictably adverse results. In other instances, a preoccupation with the avoidance of any friction whatever has led to excessive caution and opportunity loss. As a general pattern, we find that prospective Japanese investors, both large and small, are acting (or failing to act) on the basis of hearsay and simplistic generalities when hard analysis is both possible and essential. To the extent that this pattern continues as the volume and concentration of Japanese investment in the U.S. increases, the probability of serious political difficulty also rises.

No Japanese investment will be entirely without friction. To some extent, conflicts of economic interest, misunderstandings, and resentments will occur in virtually every Japanese investment made in the U.S. Accordingly, long-range acceptance and viability in each case will depend not on the absence of friction, but rather on achieving and maintaining a favorable balance between positive and negative factors. The focus of planning and evaluation must be on this balance.

Positive factors will for the most part consist of tangible economic contributions: employment, taxes, community economic benefits, increased exports, decreased imports, and the like. The political value of these factors will depend entirely on the extent to which the affected U.S. interests are aware of them and perceive them as beneficial.

The principal negative factors and sources of friction will also be economic, and will be those competitive activities which conflict with domestic interests:

Competition for market and market share;

Competition for raw materials and scarce natural resources, including land and energy;

Competition for labor in locations or industries where it is scarce;

and other activities which tend to raise prices or factor costs in the affected communities. These competitive frictions, as noted above, are subject to aggravation by differences in cultural patterns, managerial styles, and competitive practices, including:

Relations with organized labor;

Inter-company relationships, both cooperative and competitive;

Debt policies and pricing strategies; and

Social customs and difficulties in communication.

Attention must be given not simply to the type of investment activity in question, but also to the character of the specific investment and its probable impact on the several communities of interest it will affect. The critical elements are:

The economic and political impact of the activity on the community where it is located;

Its impact on the industry concerned; and

Its economic impact at the national level.

It is our contention that virtually all of the serious controversies which are likely to arise with respect to Japanese investment in the U.S. can be anticipated, and that most can be avoided, by the systematic evaluation of the foregoing elements in advance of the final decision to invest. A recommended procedure for such evaluation is described in detail in the section, "Success and Viability: The Climate for Japanese Investment in the United States", page 85.

The projected pattern of Japanese investment and its likely impact in the United States

We anticipate that Japanese investment assets in the U.S. will rise by 1980 to a total of $6–$7 billion, excluding banking assets ($12–15 billion) and portfolio investments ($1.5–2.0 billion). We estimate that at least half of the total asset figure will represent debt undertaken in the U.S., the remainder being capital from Japan.

The projected breakdown by category is as follows: *

[In billions]

Category 1 (export substitution manufacturing)	$2.7
Category 2 (resource acquisition)	1.6
Category 3 (technology acquisition)	0.9
Category 4 (diversified investments)	1.6
Total assets	6.8

Thus, displayed graphically, the profile of Japanese investment in the U.S. would appear as shown on the following page:

The purpose of the foregoing projection has not been to predict the precise level or composition of Japanese investments in the U.S. in 1980, but rather to assign some quantitive, order-of-magnitude values to the probable pattern of such investments in order to judge their likely impact in the U.S. Assuming the projected levels of investment are properly dispersed geographically (a questionable assumption discussed further below), the impact in the U.S. should be generally favorable. The effect, in addition to the initial capital input of some $3–4 billion into the U.S. economy, will be the creation of several billion in assets, thousands of American jobs, millions of dollars in public revenues, and an annual positive contribution of several billions of dollars to the chronically deficit U.S. balance of payments.

The projected 1980 level of export substitution manufacturing investments in some $2.7 billion, asset value. At typical U.S. sales-to-asset ratios, these assets would represent annual value added of approximately $3 billion, or 15 percent of projected Japanese exports to the U.S. for 1980 (assuming a 10 percent annual export growth rate through the decade). Provided the individual investments comprising this total are completely planned and managed, this level of investment should be readily absorbed into the U.S. economy. In most quarters in the U.S. it will be justifiably seen as an asset, creating employment and revenues and stimulating competition. The most likely source of resistance will be competing American firms in the affected industries: e.g., steel, automobiles, consumer electronics, textiles. However, we do not expect this opposition to reach critical proportions or to attract substantial popular support, provided only that the public is made aware of the benefits to the U.S. economy which this type of investment represents. Serious problems with U.S. labor also appear unlikely provided Japanese management continues to adhere to established U.S. practice in its relations with labor.

Barring large-scale Japanese investments in U.S. shale oil production or uranium enrichment—developments whose prospects are yet unclear—the potential for Japanese investment in resource development in the U.S. appears distinctly limited, particularly by comparison with opportunities available elsewhere. Unlike the situation in many less developed economies (where there is little or no competing domestic demand for the resources), ownership of U.S. resources would not, in most instances, be effective as a means of assuring exportability and would typically involve substantial political and economic risks. Further, most of the raw materials which Japan imports in quantity from the U.S. promise to be sufficiently available that long-term purchase agreements will provide adequate stable supplies. Accordingly, the greater part of Category 2 Japanese investments in the U.S. seems likely to be in the processing of U.S.-sourced raw materials for export to Japan—the milling of food grains, canning of fish and other marine products, processing of fruits and vegetables, crushing of soybeans, milling and pulping of wood, and the like. These investments are likely to be motivated largely by the desire to transfer these activities offshore for energy, pollution, land availability, and, over the longer term, balance of payments reasons rather than as a means of acquiring control of the resources themselves. This level of investment, per se, shoud not cause undue political problems in the U.S., and could, in conjunction with a well planned program of purchase agreements, prove an economic and political asset. The viability of these investments will depend essentially on (1) the quality of planning and management which goes into them, and (2) the impact of Japanese investments in the other three categories.

Although the prospect for technology acquisition investments is still unclear, their political impact will probably be limited. In most instances they will be small and unobtrusive; if large, they will almost certainly be joint ventures or consortia undertaken in cooperation with American firms. Local characteristics will be similar to export substitution investments, hence generally favorable. Further, to the extent that investments of this kind are seen at the U.S. industry level as alternatives to the previous pattern of licensing and purchase, they are apt to be viewed as improvements.

In Category 4, the most important single activity will be the purchase and development of U.S. real estate. This investment will center around resort hotels and related operations based on the rapidly rising Japanese tourist market in the U.S., but will also encompass a variety of other forms: industrial parks and developments, commercial buildings and shopping centers, residential developments, and recreational facilities (golf courses, tennis clubs, ski resorts). Commerically oriented investments (retail and wholesale) are likely to be next in terms of volume and visibility, but will be fragmented into smaller investment units, will be dispersed across a range of activities (department stores, restaurants, travel services, etc.) and will not have a major economic impact. Their principal effect will be to make more Americans aware of the Japanese presence and perhaps to call attention to Japanese investments in other categories.

Most of the predictable controversy and political friction are likely to be associated with diversified investments, notably those in real estate. The most sensitive single area of investment will be in Japanese tourism oriented hotels, resorts, and recreational facilities, where frictions already exist and growth and concentration are continuing. Other real estate developments could generate political problems, particularly with environmentalist groups and civic organizations, if they are not carefully planned and coordinated with local authorities. These activities promise to be a chronic source of annoyance for the indefinite future.

The potential for local conflict is always present in all types and categories of investments. The actual levels of such conflicts and, more broadly, the climate for Japanese investment in the U.S. as a whole will be determined by the quality of planning and management which goes into these activities. Thus far these have been competent and thorough, and we see no reason to anticipate a departure from this general pattern. Some individual lapses, leading to local problems, are inevitable, however.

There are some major variables in the future prospect for Japanese banking in the U.S., notably in possible legislative limitations on the scope of these activities and as to the source of funds for them. However, we expect neither spectacular growth nor drastic curtailment of these activities, and have assumed as a working estimate a 10 percent annual growth for the remainder of this decade. This would mean 1980 assets of $12–$16 billion, with accumulated equity of $300–$500 million. The impact of this level of investment and activity will be moderate in the context of both the U.S. banking industry and the political environment.

Impact of oil shortage

We anticipate both export substitution manufacturing and raw materials processing investments are likely to be accelerated by a petroleum shortfall, particularly over the shorter term.

The longer term prospect is more complex, made so by uncertainties in both the price and availability of oil over the remainder of the decade, by the price trends of other commodities, and by a host of other factors outside the scope of this survey. On balance, however, we do not anticipate a major restraining effect on Japan's overseas investment. We have assumed for the purposes of this analysis that (1) there will be no long-term shortfall of oil sufficient to cause a serious slowing of Japan's economic growth (we still anticipate real GNP growth of 8–10 percent over the decade), and (2) petroleum price increases will not be sufficient to put Japan's balance of payments into critical red, constraining the manufacturing and materials processing investment flows discussed above. To the extent that short-term overseas investment constraints are called for, other activities (e.g., tourism, portfolio investment, real estate) are far more likely targets for limitation.

Strategy issues

At the policy level it is useful to consider the pattern of Japanese investment projected above in terms of its strategic implications: What are its overall value-risk characteristics? What problems can be foreseen, and how might they be avoided? How might the pattern be strengthened to reduce political risk or enhance its contribution to Japan's economic interests? Our own observations follow:

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*A further breakdown, by industry and type of investment, is shown in Exhibit 34, page 218. The rationale for these projections is developed in the sections of the report dealing with the four categories.

General characteristics

The pattern is more modest in scale than we had anticipated, and shows surprising balance. No category of investment appears to be seriously out of proportion to the whole.

In general, the value of the pattern to Japan, in terms of its probable contribution to Japanese policy objectives, will be substantial, and the political risk relatively low. No dramatic political issues are apparent.

The capital requirements for the probable levels of investment are well within the capability of the Japanese economy to supply. However, investment levels in all categories will be essentially self-limiting; that is, market economics, financial risk levels, competitive dynamics, and alternative investment opportunities in other countries will put effective ceilings on likely investments in the U.S. The chance of "runaway" investments in one or more of the categories seems remote.

Category-specific issues

No policy action seems indicated with respect to export substitution investments. Investment rates and levels in this category will be determined largely by the economics, growth, and competitive pressures of the marketplace. There appears little the Japanese Government could do to accelerate this flow, and no reason to wish to inhibit it.

In resource acquisition investments, the near-term prospect is for moderate levels of investment, largely in processing activities. Political risk in the U.S. appears low, and the investments seem likely to contribute significantly to Japanese economic policy objectives. However, a thorough, systematic examination of longer term prospects in this category might well indicate major opportunities for investment in the joint development of U.S. mineral, marine, and other natural resources to the mutual benefit of both Japan and the U.S.

Similarly, technology acquisitions seem unlikely to exceed moderate levels or to have seriously adverse impact in the U.S. The level and pattern of investment in smaller scale (fragmented or component) technology development projects for commercial application will be shaped essentially by competition and market forces in the private sector; no policy issue arises. However, there may well be a role for government stimulation of, or participation in, larger scale (unit or system technology) projects. The potential for broad-scale, long-term cooperation between Japan and the U.S. in the development of technology merits far more careful and specific consideration than it has been possible to accord it in this general survey.

Diversified investments will benefit the Japanese economy substantially less than those in the three preceding categories; political risk will be high, especially in real estate activities, and some degree of chronic difficulty is virtually inevitable. The potential for serious political problems (that is, of sufficient magnitude to become issues at the government-to-government level) in this category is relatively low, but does exist. Control of these activities can be exercised in three ways: (1) through self control, planning, and discretion by the investors themselves; (2) through controls administered by the Japanese Government; and (3) by means of restrictions and prohibitions imposed by U.S. authorities. Of these, the first is clearly the preferable alternative. Any restrictive actions by the U.S. side (presumably after frictions had grown to unacceptable proportions) would affect the climate in the U.S. for other types of Japanese investments, as well. Accordingly, from the standpoint of overall pattern strength and viability, an important immediate objective should be to apprise the Japanese private sector of the character of this issue, and to seek the cooperation of prospective investors in the careful and systematic planning and management of these politically sensitive activities.

General issues

Although the projected levels of Japanese investment, per se, are moderate in terms of the U.S. economy overall, excessive concentration in a few locations could have greater adverse impact than a much larger investment pattern, skillfully dispersed. Thus, dispersion is a critical variable. Geographic proximity and established trade and social patterns will tend to cause the most rapid and heavy buildups in the western U.S.—Hawaii, Alaska, California, Washington, and Oregon. Other concentrations are likely to form around the existing Japanese investments in other states: Texas, South Carolina, and Georgia. There is no valid reason for excessive concentration; there is a wide selection of suitable locations for most kinds of investments, both among and within the states. The development of this pattern of geographic distribution should be monitored closely by both the Japanese Government and the private sector, and private investors should place major emphasis on this aspect of their pre-investment planning.

All of the foregoing would indicate the desirability of a close and continuous monitoring by the Japanese Government of the overall pattern of Japanese investment in the U.S. as it develops. This will allow early recognition of potential problems, facilitate coordination with the Japanese private sector (and in some instances with U.S. authorities) to minimize them, and provide an adequate information base on which to make policy decisions with respect to these issues. It will also facilitate essential public information activities designed to apprise American interests of the magnitude, nature, and effect of Japanese capital investment in the U.S.

The central force in the development of the Japanese investment pattern in the U.S. will be the major trading companies. They will be active in all four investment categories, and will literally dominate Categories 2 (resource acquisition) and 4 (diversified investments). Their performance will in large measure determine the magnitude, character, and viability of the overall Japanese pattern. Yet it is our observation that few of these firms have yet developed systematic plans, or strategies, for the allocation of their U.S. investment resources. In some of these cases, extremely large corporate resources will be involved, and exposure to political risk could be considerable. The trading company itself will frequently have its own pattern of U.S. investments (within the larger Japanese pattern) with its own set of risk and value characteristics. The criteria for measuring value will, of course, vary from company to company, but the political risk and the need for sophisticated planning and management will be universal. The need will grow as the pattern of Japanese investment in the U.S. grows in scale, complexity, and public impact. Thus, a final key issue is the skill with which these companies deal with the strategy question.

TRIBUTE TO ERNEST GRUENING

Mr. McGOVERN. Mr. President, our late colleague, former Senator Ernest Gruening of Alaska, was revered by millions of his determination to achieve peace among nations and among people.

But there was a facet of Ernest Gruening that was not so widely known among Americans, and that was his lifelong devotion to the resources of this great land and to their wise use for the public good.

Indeed, among his "Many Battles" were spirited fights for the public interest against the special interests in the matter of natural resource development.

In a moving tribute to the late Senator Gruening, Alex Radin, general manager of the American Public Power Association, has written of his farsighted views of our society's energy problems. I ask unanimous consent that Mr. Radin's column, "Outlook and Insights," from the July issue of Public Power magazine, be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

OUTLOOK AND INSIGHTS: A GIANT HUMAN BEING

(By Alex Radin)

The Nation lost a noble, tough-minded, intelligent, and dedicated public servant on June 26, when former Sen. Ernest Gruening of Alaska died of cancer in a Washington hospital at the age of 87.

Sen. Gruening was noted for his outspoken stand in behalf of a number of causes (his autobiography is entitled, "Many Battles"), but his advocacy of public power was the issue which brought me together with him. Sen. Gruening's interest in the power issue dated back at least as far as 1931, when his book, "The Public Pays," was first published. The book described propaganda activities of the private power companies, as revealed in an investigation by the Federal Trade Commission.

Between the publication of "The Public Pays" and the time when I came to know him in the late Fifties, Sen. Gruening had many careers, including that of a newspaper and magazine editor, director of a new Division of Territories and Island Possessions in the Department of the Interior, Governor of Alaska, and finally, United States Senator.

I became acquainted with Sen. Gruening in 1959, when I served as a consultant to him, Sen. Frank E. Moss of Utah, and Sen. Edmund S. Muskie of Maine during a month-long inspection of hydroelectric power facilities in the Soviet Union. The trip, which was undertaken on behalf of the Senate Public Works and Interior and Insular Affairs Committees, also included a visit to France for discussions with officials of Electricite de France about the La Rance tidal project (which was of special interest to Sen. Muskie) and a tour of potential hydro sites in Alaska, notably the Rampart Canyon project.

Sen. Gruening's interest in this trip stemmed from his fervent advocacy of the building of Rampart Canyon Dam on the Yukon River. Always attracted to ideas and concepts of heroic proportions, he found the Rampart Canyon scheme one that measured up to his dreams of developing the economy of Alaska. Rampart Canyon would be one of the most gigantic hydroelectric power projects ever built. It would have an ultimate installed capacity of 6.7-million kw and would create a lake 10% larger than Lake Erie. Sen. Gruening saw the project as a way of providing gainful employment during the construction of the dam, and developing local industry, such as cement manufacturing. Upon its completion, Rampart Canyon would furnish power for the homes and industries of Alaska. Power from the project also could be transmitted by extra high voltage lines to the Pacific Northwest.

Shortly before the trip began, Sen. Gruening injured his ankle, and he had to use a cane throughout the trip. Despite this handicap, and the fact that he was then 72 years old, Sen. Gruening was probably the most active member of our party, which also included Clyde T. Ellis, at that time general manager of the National Rural Electric Cooperative Association, and several staff members of the Senate Interior and Public Works Committees.

Sen. Gruening was literally indefatigable. Long after other members of the group were tired to the point of exhaustion, Sen. Gruening remained eager to see yet another aspect of Soviet dam building, or to confer with one more Russian official. His curiosity reached a peak in Siberia, where he saw so many parallels with Alaska. (The portion of Siberia we saw was hardly the forbidding landscape I had imagined it would be; instead, it reminded me of portions of the northern U.S.).

If Sen. Gruening's irrepressible nature made it difficult for younger people to follow him in the Soviet Union, we found when we arrived in Alaska that he had only had a mild warm-up abroad. Our flight to Alaska was made over the North Pole, and we started our journey from Paris, flying to Fairbanks and Anchorage by way of Copenhagen. Using a propeller-driven plane, we were enroute about 15 hours before touching down in Fairbanks.

After this long, tiring journey, Sen. Gruening was "fresh as a daisy" when we arrived at Fairbanks about 3 or 4 a.m. He greeted a delegation there, conferred with the press, and then we took off for Anchorage, where again he was met by the press and a welcoming delegation. It was about 6 a.m. when we finally arrived at our hotel.

LOVE AFFAIR WITH ALASKA

Anticipating some rest after this gruelling journey, we were somewhat dismayed, to put it mildly, when Sen. Gruening announced briskly that he had arranged for a chartered plane to pick us up about 9:30 a.m. to begin a flight over Rampart Canyon and other hydroelectric dam sites.

As soon as we entered the plane and took off, Sen. Gruening's love affair with Alaska became plainly evident. For hours we flew up and down what seemed to be every canyon in Alaska, and Sen. Gruening, acting as an enthusiastic tour guide, pointed out various scenic attractions and landmarks. (Our pilot was a bush pilot whose adventuresome spirit matched that of Sen. Gruening. Frequently we found ourselves flying in a valley with mountain peaks towering above us, seemingly headed straight for the side of another mountain.)

Although I believe Sen. Gruening dearly loved every square inch of Alaska, it was clear that his ardor was somewhat more restrained for the Rampart Canyon site and the area where the lake would be formed. Flying over this area, he pointed out that it had no great virtue as a scenic attraction, and that, if anyhing, a lake would enhance the relatively limited beauty of this site.

After viewing the Rampart Canyon site by air, our group touched down in Fairbanks, where Sen. Gruening made a speech; then back to autos and the plane for more touring, a press conference in Anchorage, a reception and dinner, and a political meeting. I finally gave up in a state of exhaustion about midnight, leaving Sen. Gruening still going strong at a dance in a local social hall.

Sen. Gruening returned from his trip with renewed enthusiasm for the Rampart Canyon project, and he continued to fight for it throughout the remainder of his Senate career. He succeeded in obtaining funds for studies of the project, but no funds were appropriated for construtcion.

In keeping with his indomitable spirit, he never gave up on the project and continued to fight for it even after he left the Senate. Frequently, he would call me and suggest things I might do to further the cause of building the project. Almost every time I saw him after he left the Senate, he talked about Rampart Canyon Dam and expressed his deep-seated conviction that the dam one day would be built.

The aspects of opposition to the dam that angered him most was the fight against it by some environmental groups. Sen. Gruening considered himself to be a devout conservationist, and he was infuriated when others complained that Rampart Canyon would, for example, destroy duck breeding grounds.

"It burns me up to hear such talk," he would say. "The only reason some of these people want to preserve the duck breeding grounds is so that they can shoot the ducks as they fly over the other states."

MAN REQUIRES A HABITAT

In his fascinating autobiography published last year by Liveright, Sen. Gruening, in the concluding pages, wrote about Rampart Canyon Dam and the issue of conservation versus development, which he said is "more acutely relevant today than ever."

Sen. Gruening continued:

> Indeed, I consider it among the paramount issues confronting the American people. Unfortunately, the issue is fraught with emotionalism on both sides. In general, I am on the side of the concerned environmentalist and consider myself not only a conservationist but a fervent one. But where I disagree with some of my fellow conservationists, whom I class as extremists, is that their concern omits the essential part of the problem—the human element. They are interested in preserving the habitat of a variety of feathered, furred, and scaled creatures. That's good. But man requires a habitat, too, and without a viable economy does he have one?
>
> Conservation and development can and must be reconciled: we need both. They can and must co-exist, and this requires a dispassionate appraisal in every situation of the pros and cons of the values that may be lost and those that may be gained. I welcome and applaud the conservationists' efforts and goals. They are campaigning against the human greed and stupidity which have so tragically destroyed much of our environment and may threaten man's very survival on our small planet. But sometimes these friends of nature are, in their laudable zeal, misguided, too..
>
> The Sierra Club, for example, bitterly fought the Colorado's Glen Canyon Dam. Its officers still deplore that lost battle. But where there was once a parched, uninhabited desert, there is now beautiful Lake Powell, with its clear and sparkling waters and facilities for fishing, swimming, and boating.
>
> While some of the canyon is now under water, its scenic values are nevertheless enhanced because its towering walls are mirrored in the lake's waters. . . .
>
> In a land of infinite beauty, with towering peaks rising from the ocean, tidal glaciers, high waterfalls and many other sights to lift the spirit of man, the Yukon flats are, in my opinion, anything but beautiful. A great body of clear water over them could be an enhancement and supply a habitat for new varieties of wildlife. But even more important, the people of Alaska are entitled to low-cost electricity; it has become an essential of modern life. Equally essential are hydroelectric reserves to avert the power shortages in our country that have been long foreseen and are now upon us. The Rampart project could supply some of these needs.
>
> Alternatives to Rampart? Alaska's other hydroelectric sites—which may also need development—could not equal Rampart's low-cost power output. Fossil fuels pollute the atmosphere and are exhaustible. Nuclear power and the disposal of its wastes are still a source of peril. Perhaps one day man's ingenuity will find other alternatives, but as of now hydroelectric power is still the cleanest, safest, most enduring source of energy. Once harnessed, nature's force of gravity is at the service of man indefinitely. I am still in favor of Rampart, even though in 1971 the Corps of Engineers shelved the project, reporting that rising costs had made the cost-benefit ratio unfavorable at this time. Had the dam been started in the mid-sixties when the Corps was ready to proceed, it would soon be completed. One of these days, I believe it will be built.

I think Senator Gruening was right on this issue—just as time has proved him to be right on so many other controversial issues in which he had the fortitude and good sense to speak out at times when it was unpopular to do so.

Although Senator Gruening did not live to see the fruition of his dream for the building of Rampart Canyon Dam, prospects have brightened for the building of the Dickey-Lincoln School hydroelectric project which has been vigorously supported by Sen. Muskie, another member of the group that I accompanied to the Soviet Union in 1959.

DICKEY-LINCOLN SCHOOL GAINS

The Dickey-Lincoln School project, which would be built on the St. John River in Maine, with an installed capacity of 830,000 kw, was authorized by Congress in 1965. Appropriations for planning purposes were made for a couple of years, until opposition of the private power companies stopped further funding after the 1967 fiscal year.

This year, the story has been different. In view of the shortage and rapidly rising price of oil, it ill behooved the private power companies in New England to oppose the project. The House of Representatives approved an appropriation of $800,000 to complete planning. As this was written, the Senate had not acted, but in view of the consistent support given this project in the past by the Senate, little difficulty was expected.

Although opposition of the private power companies has abated, environmental groups intensified their opposition this year. One of their arguments is somewhat reminiscent of the arguments made by similar groups against the Rampart Canyon project.

It was contended, for example, that the project would displace about 1,800 deer. However, in 1973, 24,720 deer were killed in Maine in the deer hunting season. If the season were shortened by just 2½ days, more than 2,000 deer could be saved!

My trip with Senators Gruening, Muskie and Moss in 1959, as well as other experiences, have given me an appreciation for sentiments well expressed recently by Rene Dubos, a professor emeritus at Rockefeller University, who is described as "an articulate humanist in the environmental movement," and whose credentials in the environmental movement are, I believe, unchallenged.

Writing in a recent issue of the magazine published by the Smithsonian Institution, Dr. Dubos pointed out that "there is danger in emphasizing only the destructive aspects of Man's impact on his environment. Our civilization will become increasingly spiritless and dreary if we do not learn to recognize and cultivate *positive* environmental values, to remember that Man has frequently improved on nature by transforming it either for profit or for love. Intact, many of the Earth's potentialities remain unexpressed until they were brought out by human labor, imagination, and, indeed, fantasy."

I do not believe that a dam should be placed across every stream, nor do I believe that hydroelectric power is a panacea for our energy problems. But when we view the tremendous needs of our society for energy, and when we examine the alternatives, hydroelectric power is a resource that must not be overlooked. That is why I am encouraged by the recent renewed interest in hydroelectric power, and why I believe that Senator Gruening's dream for Rampart Canyon one day will come true. When it does, it would be fitting for this giant structure to be named for a giant human being—Ernest Gruening.

JUST WHAT THE COUNTRY NEEDS

Mr. HUGH SCOTT. Mr. President, President Ford's speech last night before a joint session of Congress was refreshing in its candor and manner of approach. And I must agree with this morning's Los Angeles Times editorial which applauds our new President and describes him as "just what the country needs right now."

I offer the full text of this excellent editorial to my colleagues and ask unanimous consent that it be printed in its entirety in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

THE NEW PRESIDENT

We like the way our new President is going about his business.

His approach to his job is just what the country needs right now. He is consulting, and listening, and taking his time making up his mind about the potentially most important decision he will make as President—his choice for Vice President.

Mr. Ford's manner is just what the country needs right now, too. He is relaxed. He is straightforward. By all accounts he has been a decent man all his life, and when he talks he sounds like a decent man. He talks in cliches, but they are believable cliches. As Jack Smith wrote yesterday of Mr. Ford's first speech, "If his words were without polish, they were also without guile."

He is more like the ordinary guy than the last several Presidents. He is ambitious, but his ambition has never been overweening. It has had no darker sides. He has always seemed to be at ease with himself. No one we know of has ever called him brilliant, but many have called him sound. No one has ever thought him innovative, but many have found him sensible.

It is too easy, though, to dismiss him as the average or the ordinary man. In the first place, his achievements to date are not ordinary. In the second place, the qualities of the average American—honesty, candor, devotion to duty, a plain sense of right and wrong—are, when you stop to think about it, no mean qualities. This average man, as some people are calling him, may yet turn out to be uncommon indeed.

But we don't know yet. We know his qualities, but we don't know the purposes he will turn them to, the advisers he will select, the course he will chart for the nation. So it was with considerable interest that we listened last night to the new President's speech.

It reinforced our impression of his personal qualities. We liked the way he said, "We have a lot of work to do . . . let's get on with it." We were impressed by the evident sincerity of his desire to be President of all the people—black, brown, red and white, young and old, working people of all occupations, women's liberationists and male chauvinists. A relaxed sense of humor never hurt any President. We admired the candid way he promised no more abuses of government power. And we were impressed by the evident sincerity, too, of his willingness to cooperate with Congress, so long at odds with the executive.

Yet no less striking was Mr. Ford's ready assumption of the powers of the Presidency, and his apparent willingnesses, even eagerness, to use them. He did not sound at all like a man willing to be only a caretaker President. He sounded forceful and looked confident.

Exactly how and where he will be forceful he left unclear. As he said, his brief discussion of the country's needs and opportunities was not a shopping list. You couldn't honestly expect it to be, so early in his Presidency. We shall have to wait for his list of national priorities.

There is no doubt, though, that inflation, as he put it, is "public enemy number one." It was good that he endorsed the proposal for a broad-based conference on inflation, and that he promised to be chairman himself. That move alone can be the beginning of the restoration of confidence. He seemed to be leaning heavily on holding down government spending to combat inflation. That can be useful, but it is not the whole story. We missed in particular a stress on cushioning the effects of restraint on those least able to bear them.

His push toward action this year on the trade bill and health insurance were commendable, and may do the trick. Wise also, we think, was his promise to sign the education bill.

If his assertion of American power in the world seemed a bit aggressive in the current context of detente, we think it was a salutary thing. Other nations, the Soviet Union in particular, need every reminder they get that this orderly midterm transfer of power, so strange to other traditions, does not in fact disrupt the continuity of American intentions abroad.

The shape and aim of the new President's policies are not yet in focus, and the speech did not do much to sharpen them. That will come in time. And indeed, on them he will be ultimately judged. But we like the way he is going at his job, and we are sure nearly everybody hopes he will do it well.

CHINA AND AMERICAN POLICY

Mr. JACKSON. Mr. President, the time is here for more openness and a gradual lowering of old barriers between the United States and China. Because of more than 20 years during which our societies had almost no direct contact whatsoever, the process that will lead to greater openness has just begun.

In this connection I have made a number of specific recommendations, including the acceleration of the reunion of families divided in the wake of post-1950 political developments, the stationing of resident American news correspondents in Peking and Chinese correspondents in Washington, greater opportunities for Chinese and American scholars and government leaders to visit back and forth and explore together problems of mutual concern, and greater use of continuing contacts to find ways of securing Chinese participation in serious discussion of arms control issues.

These proposals, among others, are made in a short report which I transmitted to the Senate Committee on Armed Services on August 1. This report follows my recent visit to China, during which I had over 15 hours of forthright and candid discussions with top Chinese leaders, including Premier Chou En-lai.

I ask unanimous consent that the full text of my report along with the letter of transmittal be printed in the RECORD.

There being no objection, the letter and report were ordered to be printed in the RECORD, as follows:

LETTER OF TRANSMITTAL

Hon. JOHN C. STENNIS,
Chairman, Committee on Armed Services,
U.S. Senate, Washington D.C.:

At the invitation of the People's Republic of China, I visited the People's Republic from July 1 through July 6. I looked on my visit at this time as an important opportunity for straightforward exchanges with Chinese leaders on major foreign policy questions.

Accompanying me and Mrs. Jackson were two specialists on Chinese affairs, Dr. Lucian Pye, Professor of Political Science, Massachusetts Institute of Technology, and Dr. Dwight H. Perkins, Professor of Modern China Studies and of Economics, Harvard University, Dr. Dorothy Fosdick and Mr. Brian Corcoran from the Senate staff, and a small group of other assistants.

During my stay in China I had over 15 hours of detailed and frank conversations with top Chinese leaders. In addition to discussions with Vice Premier Teng Hsiao-p'ing, Vice Minister of Foreign Affairs Ch'iao Kuan-hua and others, I met with Premier Chou En-lai in a hospital where he was convalescing. He was thoroughly familiar with my talks with the other officials and thus we were able to move directly to a discussion of key issues.

I was warmly received by all the Chinese with whom I dealt and I particularly appreciated the cordial hospitality of my host, the People's Institute of Foreign Affairs. I also want to thank the American Liaison Office in Peking and particularly my old friend Ambassador David Bruce for their many courtesies.

My trip was short but because we concentrated on working sessions, I was able to learn a great deal. Our discussions were candid and forthright. I found that while we both could identify issues on which we found areas of agreement, the Chinese also accepted and appeared to respect frank discussion when we identified matters on which we disagreed. At no point did ideology prevent precise communication.

I have tried, in this brief report, to summarize basic impressions and conclusions following my discussions in China.

Sincerely yours,
HENRY M. JACKSON.

CHINA AND AMERICAN POLICY

(Report of Senator HENRY M. JACKSON)

UNITED STATES-CHINA RELATIONS

It is time to achieve greater balance in the development of American relations with the Soviet Union and China. As yet, the Administration's declared policy of expanding American ties with the Soviet Union has not been accompanied by a corresponding emphasis on building a web of relations with China. We should make these two elements of American policy more comparable.

We must remember, of course, that the People's Republic remains a society whose governmental structure and methods rests on a philosophy antithetical to the democratic tradition. Our understanding of China's internal politics, especially the approaching problem of succession, is uncertain and incomplete. Nor can we foresee the possible zigs and zags of future Chinese policy. Obviously, they are pursuing their own foreign policy purposes, just as we shall pursue ours.

But we can try to achieve a proper equilibrium in American policy toward both China and the Soviet Union, by moving beyond contacts between a limited number of United States and Chinese personalities to a more institutionalized relationship. This is in our own interest, and it is in the interest of world stability and peace, especially as China moves ahead to become a nuclear and industrial power.

CHINESE FOREIGN POLICY POSITIONS

I came away from my discussions in China with a number of key impressions of the way in which the Chinese view the developing world situation.

For example, at the center of Chinese concern is what they perceive to be the unreliable and expansionist nature of the Soviet Union. The Chinese have reached the conclusion that their treaties with the Russians are not very reliable. After the last twenty years of dealing with the Soviets, it is the Chinese view that Russia is the country which abides by agreements the least; that treaties with Moscow are difficult to reach and that when the Soviets find it useful to break them, they do.

The Chinese believe their difficulties with the Soviets began in the Khrushchev period. They note that the build-up of Russian troops on their frontier started in 1965 and reached a peak in 1967 or 1968, about the time of the Soviet invasion of Czechoslovakia and the pronouncement of the Brezhnev Doctrine of limited sovereignty for "socialist states." While the Chinese are optimistic about their capacity to handle their border situation and defend themselves on the basis of self-reliance—relying on their own strength—they see Soviet policy as directed in part at the encirclement and isolation of China.

The Chinese have reiterated regularly that their long-run goal is the withdrawal of all foreign troops and elimination of all foreign bases, wherever they are situated abroad. But for the present the Chinese are far more concerned about what they perceive to be expansionist pressures of current Soviet policy in areas of strategic importance.

China's current stated position is that the Russians are "feinting to the East in order to attack in the West." The Chinese are troubled by the weakness of Europe and the need for greater unity among the Western allies. They recognize that security in their own region is affected by what happens in Europe, and they are encouraging a strong North Atlantic Treaty Organization and discouraging any immediate withdrawal of United States troops from Europe. They fear that if the Soviets no longer had to reckon with a credible NATO in the West they could further intensify their political and military pressure in the East.

Also, as the Chinese see it, Yugoslavia is in the midst of a delicate period of transition and could become a target, during this vulnerable period, for another application of the Brezhnev Doctrine.

Beyond this, the Chinese perceive a threat in Soviet involvement on the Asian subcontinent and in the Persian Gulf, particularly Russian pressure on Iran and Pakistan. Can the tenuous balance in the subcontinent be maintained, even in the face of expanding Soviet influence? The Chinese expressed special concern over what, to them, seems a limited American understanding of the persistent threat to Pakistan's territorial integrity.

The Chinese describe their own relations with Japan as good, and are telling Tokyo that they hope the Japanese have good relations with us. While in principle the Chinese favor the elimination of all foreign bases, they recognize that Japan is under threat from Soviet missiles and troops, and they do not now criticize the U.S.-Japan security treaty or the presence of American bases in Japan.

Obviously, we are not seeking an alliance with the Chinese in any of these regions, nor are the Chinese seeking an alliance with us. But there are important areas in which stated American concerns have paralleled those of the Chinese; from this perspective, the national interests of our two countries are not incompatible.

TRADE WITH CHINA

I was struck by the Chinese spirit of self-reliance which is manifest in many areas, from security planning to handling of foreign trade.

The American people should know that trade with China is evolving on a solid commercial basis. Trade between the United States and China has grown rapidly, surpassing the expectations of most professionals. This year America's exports to China are expected to exceed those to the Soviet Union. Further growth is to a degree inhibited by China's emphasis on self-reliance, but perhaps a more important obstacle is China's limited export capability.

Substantial offshore oil reserves, however, may be a key to China's chronic shortage of foreign exchange. Because only America now possesses the necessary deep-water-drilling technology, there are early possibilities for American and Chinese cooperation in this area. What is needed is United States technology provided to the Chinese on a commercial basis. If oil is found in great quantities as some expect, not only will China benefit but Japan too will be free from excessive dependence on one or two regions for her sources of energy.

A further step that would assist the growth of Chinese exports to the United States and thereby help right the large imbalance of exports over imports in our favor, would be a settlement of the blocked assets issue. Until the complex questions of Chinese assets frozen in the United States and corresponding claims of Americans on China are settled, the development of trade will be subject to legal harassments.

RECOMMENDATIONS

In principle, United States policy has always favored improved relations with China. The real issue was never whether China "really existed," or whether the Communist world was a "monolith." The question was—and should continue to be—what sort of American posture toward China will best further our national purposes, particularly our concern for long-term peace and stability?

In 1969, when developments in China—coupled with the demonstrable growth in Soviet conventional and strategic power—suggested the appropriateness of a new American approach to Peking, I advocated that we attempt to put our relations on a less-rigid footing. I felt that it would contribute to peace and stability if China, comprising over seven hundred million people, could begin to reenter the international community and place its international relations on a more normal, stable plane. In November of that year, I proposed exchanging journalists and scientists, regularizing communications links, lowering trade barriers, and inviting Peking to participate in the multilateral arms talks then underway in Geneva. And in 1971, I argued that, instead of trying to delay Peking's admission to the United Nations, we should think of ways to utilize a Chinese presence in the UN to improve relations with Peking.

Later events—armed clashes along the Sino-Soviet border, the admission of the People's Republic to the UN and President Nixon's visit to China—brought us directly to the question of establishing formal diplomatic relations. Early in 1973 I recommended taking that step, provided the future of the people on Taiwan not be prejudiced.

Two years have elapsed since the Shanghai Communique, issued during President Nixon's visit to China. We should now be pressing on toward new advances in American relations with China. We have made a good start with the establishment of Liaison Offices in our capitals, the lifting of the ban on direct trade with China, the beginning of cultural and scholarly exchanges, and visits by government leaders.

Cultural and scholarly exchanges

In recent months there has been evidence of a slowdown on the Chinese side in U.S.-China exchanges. It is important that discussion and agreement take place to sustain the momentum in cultural, scientific and technical exchanges. Our scholars, particularly those on whom we depend for our in-depth understanding of each other's societies, should have greater opportunities for travel and study and discussion of issues of mutual concern. Beyond this, government leaders from both countries should be traveling back and forth in larger numbers.

Resident news correspondents

In our ongoing dialogue with the Chinese, we should press them to agree to the regular stationing of our news correspondents in Peking and theirs in Washington—consistent with our commitment to journalistic freedom—and with the understanding that our newsmen will be able to get around widely in China and theirs in this country.

Arms control issues

The Chinese have made many public statements which show suspicion of the arms control motives of the Soviet Union and the United States. From my discussions in Peking, I am convinced the Chinese recognize that ongoing negotiations on arms control and related matters can significantly affect China's security. We should use continuing Chinese-American official and scholarly contacts to explore ways of securing Chinese participation in serious discussion of arms control issues. Sooner or later, Chinese participation in arms control and reduction agreements will be necessary if the agreements reached are to prove durable.

Lowering old barriers

In the long run, a lasting and beneficial relationship between the U.S. and China depends on a steady development toward more openness and a gradual lowering of barriers that still stand in the way of human contact. But because of more than twenty years during which our two societies had almost no direct contact whatsoever, the process that will lead to greater openness has just begun.

One thing we can do now, for example, is to recognize the need to accelerate the reunion of families divided in the wake of post-1950 political developments. There are, today, some residents of China who may have valid claims to American citizenship and who may, therefore, wish to settle in the United States. In this country, there are citizens of Chinese descent whose close relatives living in China may wish to rejoin the families from which they have been separated for many years. Fortunately, there is an encouraging precedent in dealing with this situation—the Sino-Canadian agreement on the reunion of families. This arrangement, concluded in October 1973, establishes procedures for dealing with cases of this sort. It would be in the long-term interests of improved Chinese-American relations if the United States and the People's Republic of China could reach a comparable understanding.

Diplomatic recognition

It is now appropriate to move toward diplomatic recognition of the People's Republic of China. With this in mind, I believe we should put our embassy in Peking and our liaison office in Taipei, reversing the existing situation. I do not believe that in the long run our commitment to Taiwan will prove to be an insurmountable obstacle to such a change. As I told the Chinese in Peking, we will honor our treaty with Taiwan as we do others. Yet, fundamentally, the American commitment is to the people on Taiwan and not to any particular verbal formula.

Meanwhile, we should try to negotiate an understanding that our diplomats in Peking will have a chance to get around more freely and widely in China.

ENVIRONMENTAL PROBLEMS OF THE INTERNATIONAL COMMUNITY

Mr. HOLLINGS. Mr. President, environmental problems of the international community are among the urgent and vital issues now under consideration at the Third International Law of the Sea Conference in Caracas, Venezuela. The need for a management system in accordance with responsibilities and enforceable obligations to protect and conserve the marine ecosystem of the world's oceans should receive the extensive, studied attention due an environment so essential, so fragile, and so rich in potential.

Robert Hallman of the International Institute for Environment and Development has written an article entitled "Towards an Environmentally Sound Law of the Sea," which discusses the conservation, management, and liability aspects of this pressing issue. I ask unanimous consent that this article be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

[Excerpts from a report of the International Institute for Environment and Development]

TOWARDS AN ENVIRONMENTALLY SOUND LAW OF THE SEA

(By Robert M. Hallman)

LAW OF THE SEA AND THE ENVIRONMENT

I. Framework, principles and responsibility for governmental action

Barbara Ward's introduction demonstrates the overriding need for establishment of a comprehensive, marine environmental management system, based on a set of enforceable, credible internationally agreed rights and obligations encompassing all actions which may affect the nature, resources or quality of the marine environment.

That man's awareness of this need is emerging, albeit with less than all deliberate speed, is reflected in the conclusions reached and actions taken at the United Nations Conference On The Human Environment, in Stockholm in 1972 (the "Stockholm Conference"). There, over 110 states adopted a Declaration On the Human Environment which admonishes states to take "all possible steps" to prevent marine pollution (Principle 7) and endorsed as "guiding concepts" for the law of the sea negotiations a Statement of Objectives Regarding Marine Pollution and a set of twenty-three General Principles For Assessment And Control Of Marine Pollution, prepared by a special Inter-Governmental Working Group on Marine Pollution (the "IWGMP"). The Statement of Objectives significantly stresses the necessity for environmentally-oriented management of the marine environment:

"The marine environment and all the living organisms which it supports are of vital importance to humanity and all people have an interest in assuring that this environment is so managed that its quality and resources are not impaired. This applies especially to coastal nations, which have a particular interest in the management of coastal area resources. The capacity of the sea to assimilate wastes and render them harmless, and its ability to regenerate natural resources are not unlimited. Proper management is required and measures to prevent and control marine pollution must be regarded as an essential element in this management of the oceans and seas and their natural resources."

Further, the *IWGMP Principles* emphasize the need for cooperative, international efforts to control marine pollution:

"Every State should cooperate with other States and competent international organizations with regard to the elaboration and implementation of international agreed rules, standards and procedures for the prevention of marine pollution on global, regional and national levels." (Principle 8)

Ensuing international efforts aimed at protection of the marine environment also indicate an awareness that more comprehensive approaches at the international level are required. For example, the parties to the *Convention On The Prevention Of Marine Pollution By Dumping Wastes and Other Matter* (the "Ocean Dumping Convention"), concluded shortly after the Stockholm Conference, agreed to "individually and collectively promote the effective control of all sources of pollution of the marine environment. . . ." (Article I).[1]

In deciding to convene the Law Of The Sea Conference (the "LOS Conference"), the United Nations recognized as well that "preservation of the marine environment, including, *inter alia*, prevention of pollution" and "conservation of living resources"[2] constitute integral components of a comprehensive new law of the sea. Moreover, the agenda of subjects and issues requiring preparation of draft articles for inclusion in a LOS agreement provides that articles regarding preservation of the marine environment must cover: (a) sources of pollution and other hazards and measures to combat them; (b) measures to preserve the ecological balance of the marine environment; (c) responsibility and liability for damages to the marine environment and coastal states; and (d) international cooperation.[3]

Further the United Nations adopted a new concept of ocean resources of the seabed and ocean floor beyond limits of national jurisdiction as "the common heritage of mankind."

Clearly, therefore, governments have a broad mandate to treat protection and preservation of the marine environment and its living resources as a matter of the utmost priority. Environmental problems, however, have not been so treated thus far. Rather, the basic focus has been on defining ways in which national governments can secure and consolidate their rights to exploit ocean space without too much violating the rights of others, and the political, commercial and military implications of such decisions.

It may be asked why, with urgent and enflamed non-environmental issues under discussion, any emphasis should be put on environmental matters. Surely the future of the oceans is much more likely to depend on the definition of the international regime for the seabed or of the extend of territorial waters or the powers and privileges to be secured in the exclusive economic zones proposed for coastal states. Difficulties are far more likely to arise over the need to combine free passage through straits with the controls demanded by local sovereignty or over the claim to define the limits of economic zones by including contiguous islands—a "solution" which would transfer a massive amount of ocean territory and resources to a mere score of coastal states.

But the primacy of the environmental issue is rooted in inescapable physical fact. No political arrangements will alter the fundamental biological interdependence of the watery sphere. No drawing of zones or limits will prevent pollution spreading throughout the marine ecosystem. The whole biological background is *given*, in a way in which no political and economic arrangements can ever be in fact, the most important, the most far-reaching, the most fateful and unavoidable decisions taken by the LOS Conference will be precisely in the area of environment.

This is because the governments have in fact no choice. Either by acting or by not acting, they help to determine the oceans' viability. A decision to have no environmental safeguards—even if it is taken by default—is a decision which affects the nature of future ocean use as directly and inescapably as the decision to set up a rigorous system of environmental controls. Thus, in a double sense, the LOS Conference is fundamentally about the maritime environment. All the decisions on exploiting living resources in the oceans depend upon there being living resources to exploit. All the plans for regulating the uses of the ocean depend upon the continuance of a biosphere in which users can live and work. And in this context, the non-decision is precisely equivalent to a decision. There is no evading the issue of the environmental. It can be handled well. It can be handled badly. But there is no way of not handling it; it simply cannot be removed from its central place as the ultimate determinant of everything else.

It follows that a major responsibility of governments is to accept a number of broad principles which underlie any effective system of environmental safeguards and then to devise a strategy or system which incorporates these principles.

The main principles are (1) the acceptance of the need to treat the marine environment as a common heritage of mankind; (2) the need to halt the taking of unilateral actions which would foreclose the possibility of developing a responsible international system; (3) the necessity of establishing such a system in time to prevent the kind of acceleration of conflict and danger of abuse which must flow from man's violently increasing use and exploitation of the oceans.

A possible strategy for realizing these principles completes this document. It is preceded by an outline of the strategy in summary form.

II. Outline of an international strategy designed to insure effective preservation and protection of the marine environment and its resources

1. General Obligations of States and Standards for Their Implementation

(a) States should accept an unqualified obligation to preserve and protect the marine environment and its resources for the benefit of present and future generations, in accordance with internationally agreed rules, procedures, guidelines and standards.

(i) Marine pollution—States must take all necessary steps to prevent or minimize marine pollution from all sources through the use of the best means available.

(ii) Conservation of living resources—States must accept an obligation to conserve living resources on a renewable basis. Conservation measures should be designed to achieve high sustainable yields to provide food and protein. This involves avoiding reduction of resources below ecologically or biologically acceptable limits, or inducing in them irreversible changes deleterious to their use.

(b) States with expertise and resources regarding control of marine pollution must accept an obligation to make available financial, technical and other assistance to disadvantaged states to enable them to improve their capabilities and use the best available means to control pollution. Assistance should be provided at the request of states, based on their particular needs and on terms compatible with their economic situations.

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[1] See also, the 1972 (Oslo) *Convention For The Prevention Of Marine Pollution By Dumping From Ships And Aircraft;* the 1973 *International Convention For The Prevention of Pollution From Ships; The Convention For The Prevention Of Marine Pollution From Land-Based Sources*, concluded in Paris on February 21, 1974; *The Convention On The Protection Of The Marine Environment Of The Baltic Sea Area*, concluded in Helsinki, March, 1974.

[2] See *G. A. Resolution 2750 (XXV)* (1970); *G. A. Resolution 2479(XXV)* ¶11(1970).

[3] Un Doc. Supp. No. 21 A/8721(1972) pp 4–8. See Appendix A for discussion of LOS Conference terms of reference and organization of work.

2. Responsibility for Damage to the Marine Environment

(a) General obligation—States must accept responsibility for damage (including costs of clean-up) to the marine environment wherever it occurs, resulting from land-based or marine-based activities conducted by them, their nationals or persons under their jurisdiction or control, or by vessels bearing their flag.

The basic consequences which follow from this responsibility are:

(i) a duty to notify and consult with persons or entities, whether governmental or non-governmental, regarding actions which may cause damage to them.

(ii) recognition of the right of governmental or private persons or groups to take action in available national and international forums to prevent or redress harm caused to their particular interests, whether economic or environmental, by pollution or over-exploitation of resources.

(iii) recognition of the international community's interest in preventing marine pollution and conserving living resources as a legally protected interest. This requires according the international community a right to prevent or remedy damage in areas beyond, as well as within national jurisdiction, including economic resource zones and territorial seas. The international public interest should be legally enforceable by states, at least one intergovernmental organization with environmental competence, and qualified non-governmental indivduals or groups with established concern and knowledge about environmental interests at stake.

(iv) liability for all damages, as well as an obligation to abate continuing sources of pollution without delay, and restore damaged resources;

(v) responsibility to provide adequate means to ensure compensation to all injured parties.

(b) Extent and nature of liability and means to provide compensation—

(i) Extent—states should accept unlimited liability for all damages to the marine environment, *i.e.*, be required to provide full compensation. Such liability should apply not only to state actions, but to actions of a wide variety of persons or entities within its jurisdiction or under its control.

If states are unwilling to accept this obligation, limits on amounts payable could be considered for particular pollutants and/or activities. However, any such limits should be based on damage estimates of independent experts, be periodically updated, be high enough to provide a reasonable margin for errors in estimates, and be established by a body which reflects an equitable balance of interests at stake.

(ii) Nature—liability should be strict. This would avoid linking liability to fault or negligence, and require compensation for damage caused by natural phenomena.

(iii) Compensation—states should impose mandatory insurance or other financial security requirements on responsible parties to cover liability. The need for prompt, full compensation can best be achieved by use of international compensation funds, required to provide compensation for all damages (including those resulting from natural phenomena). Such funds should be financed in a manner which will most effectively deter polluting activities.

3. Assessment and Consideration of Environmental Implications

States and intergovernmental organizations must accept an obligation to engage in environmentally-oriented management and planning of all ocean uses, which takes into account the need to accommodate multiple uses, and is designed to conserve finite and sustain renewable resources. In so doing, they should ensure that environmental implications for the marine environment of all proposed actions, including legislative, regulatory, policy and project proposals, by governments or persons under their jurisdiction or control, are fully assessed and considered along with other non-environmental considerations in deciding whether and, if so, how to implement such actions. The preferable way to proceed would be: (i) to prepare detailed assessments of the need for and environmental implications of such actions, as well as reasonable alternatives which could prevent or minimize adverse affects, and the alternative of no action; (ii) to make assessments available for comment to states, to governmental or non-governmental entities, and to persons likely to be affected by or have an established concern and knowledge about the environmental aspects of or necessity for undertaking such actions; (iii) to consider fully the assessment and related comments in the process of reaching decisions; (iv) to study and develop alternative courses of action where significant conflicts among competing uses exist, or where significant harm appears unavoidable.

4. Prevention of Conflicts of Interest

States and intergovernment organizations should accept an obligation to avoid potential conflicts of interest between developmental (or commercial) responsibilities and responsibility for environmental, as well as living resource conservation, assessment and regulation. This can best be achieved by conferring environmental and resoruce conservation responsibilities upon an independent environmental management system with clearly defined, broad mandates to preserve and protect the marine environment and its resources. If this proves premature, states and intergovernmental bodies must ensure adequate representation of environmental and conservation interests in any management and regulatory institutions and decision-making affecting the marine environment and its resources.

5. Minimum International Pollution Control and Living Resource Conservation Requirements for Activities in Areas Within National Jurisdiction

(a) Pollution control—

States should accept and adhere to internationally established, minimum pollution control measures and standards for all marine-based activities conducted in areas within national jurisdiction, including any economic resource zones and the territorial sea.

In view of the recognized significance of land-based sources of marine pollution and growing evidence that international efforts can be undertaken in this area, states should also accept an obligation to comply with and implement minimum, internationally established measures and standards to control this source of marine pollution. If states are unwilling to accept such an obligation now, then they must undertake to develop such international requirements as soon as possible and the LOS Conference should call for an international conference within a specified time to develop a comprehensive agreement concerning control of land-based sources of marine pollution and designate a body to commence preparations for such a conference. States should also strengthen national controls over land-based pollution and regional approaches to its regulation should be expressly promoted.

(b) Living resource conservation—

Given the likely delegation of substantial rights to exploit living resources to coastal states and given accelerating pressures to exploit them, states must accept and adhere to minimum, internationally established conservation measures and standards, particularly with respect to fisheries, based on the overall objective of managing them as renewable resources for present and future generations.

6. Comprehensive Marine Environmental Management System

States should establish an intergovernmental system which can provide an on-going forum for governments to formulate and implement agreements, regulations and laws for rational, environmentally-sound ocean management. The system would be responsible for preserving and protecting the marine environment; for monitoring, environmental research and dissemination of data; for the prevention of pollution from all sources; for conservation of living resources; and, for the development of plans for ocean use—and non-use—focused on the need to harmonize multiple and competing uses in a manner consistent with environmental needs. Further, it should serve as ombudsman for the international community's environmental interests and, in so doing, should use its good offices to attempt to resolve disputes, as well as be authorized to take appropriate legal action on behalf of the international community to prevent or redress harm to such interests.

An immediate step in building up such a system could lie in enhancing the role and independence of various existing or proposed organs of the international community, such as the Marine Environment Protection Committee (now part of IMCO), the environmental organs of a Sea-Bed Authority, and UNEP. The ultimate aim should be a single authority, including a balanced assembly and an executive body with the comprehensive powers and capacity to take prompt, effective action without arbitrary interference by non-environmental or national interests, required for systematic ocean protection and management.

7. Enforcement of internationally established requirements

(a) Exploitation of resources and other activities—

The primary responsibility for enforcement of international requirements within areas under national jurisdiction should rest with the coastal states. However, the international authority should be required to inspect and monitor compliance; receive prompt notice of possible violations; be authorized to participate fully in any coastal state enforcement proceedings; and, take prompt enforcement action if the coastal state fails to enforce international requirements effectively.

(b) Vessel activity—

Primary responsibility for enforcement and monitoring compliance with international pollution control and conservation requirements applicable to vessels should rest with the international regulatory authority. However, coastal states should have the right to enforce international requirements wherever violations occur against vessels entering their waters; and port states and flag states should be obliged, when requested, to investigate violations and prosecute them without delay. Further, port states should be obliged to deny access to port facilities to vessels in violation of international requirements (except for necessary repairs), as well as to detain vessels whose release would cause substantial harm; and flag states should be obliged to take all necessary steps to ensure their vessels comply with international standards.

(c) General requirements—

Violations of international requirements should be prohibited under the law of each state and penalties for violations should be adequate in severity to deter violations wherever they occur and be equally severe irrespective of where they take place.

States which fail to perform enforcement functions effectively should be subject to suspension in whole or in part of rights under any LOS agreement.

8. Coastal State Rights to Impose Requirements Additional to or more Stringent than Applicable International Requirements in Areas of National Jurisdiction to Prevent Marine Pollution

(a) Exploitation of resources and other ocean uses—

Coastal states should have the right to impose requirements additional to or more stringent than those established internationally in areas within national jurisdiction including any economic resource zones, to prevent harm to the marine environment or its resources from any exploitive activities or other uses of such areas.

(b) Vessel-source pollution—

Any acceptable solution to the complex question whether coastal states should be able to exceed international requirements regarding vessel-source pollution must strike an appropriate balance between rights to navigate the oceans and the need for full protection of vulnerable, vital marine ecosystems in the coastal oceans. From an invironmental point of view, coastal states should be authorized (individually or jointly) to adopt requirements additional to more stringent than applicable international requirements where necessary to prevent significant damage to their coasts, the marine environment or its resources from vessels transiting areas under their jurisdiction or control, including economic resource zones, territorial seas and international straits. However, given the risk of conflict between the coastal states' desires to protect valuable and often congested inshore waters—including straits—against pollution and accident on the one hand and on the other the maritime powers insistence on rights of free passage, the coastal states' undoubted right to impose additional measures and higher standards should be exercised under the following conditions: It should (a) be preceded by reasonable notice and opportunity for all affected and interested persons to participate, as appropriate, in the decision-making process; (b) provide a reasonable time for compliance; (c) be nondiscriminatory, applying with equal force to vessels of all states; and (d) if disputed, be subject to review before international compulsory dispute settlement machinery. States bordering straits should be expressly encouraged to develop pollution prevention schemes jointly, in consultation with major interests to be affected and experts from the international standard-setting authority.

(c) Liability and compensation schemes—

Coastal states should retain the right to impose liability and compensation requirements in addition to or more stringent than those established internationally for activities conducted within areas under their jurisdiction or control, for their nationals or registrants, or for others acting in their behalf or under their sponsorship. If coastal states undertake to impose tolls or levies on vessels passing through straits or on vessels not serving their port to develop compensation or clean-up funds, it would seem appropriate that arrangements to obtain such resources be made on a multilateral basis between coastal states and regular users of the waterway.

9. Compulsory, Impartial Dispute Settlement

States should establish a system for compulsory, impartial settlement of disputes arising under or in connection with implementation of any LOS agreement which includes effective sanctions to ensure its use and compliance with its decisions.

The system should take the form of a new, specialized international tribunal, authorized to hear disputes involving states, intergovernmental or private parties, and to utilize expert bodies to assist in resolving issues requiring technical competence, which are likely to arise in the environmental and living resource conservation areas.

10. Rights of Non-Government Individuals and Groups to Protect their Particular Interests and Pursue International Environmental Objectives

Private parties must be accorded adequate means to prevent or redress harm to their particular environmental interests, in national and international forums. Their rights and access to available forums must at the least be equal to any such rights and access provided to protect commercial interests. Further, qualified nongovernmental individuals and groups should be authorized to pursue international environmental objectives on behalf of the international community in all available forums.

Whether these objectives can be readily achieved, however, is not certain given the limited (if any) attention such rights have received in a variety of countries and apparent opposition of many governments to submit to legal action by private parties, particularly in international forums.

Immediate steps toward securing such rights could be: (a) to permit private parties to take appropriate steps to prevent or redress harm to themselves posed by actions by states or others in national forums, and to take such steps regarding actions by other private parties, as well as intergovernmental regulatory or standard-setting authorities, in international forums; and (b) to permit nongovernmental groups, accredited by international authorities responsible for marine environmental protection and living resource conservation, to take appropriate action on behalf of the international community in all available forums.

The ultimate objective should be to accord rights to nongovernmental individuals and groups to take necessary action to prevent or redress harm to environmental interests, including the right to support or challenge proposed actions likely to affect such interests, in all available national and international legislative, administrative or judicial forums, subject to the following limitations to ensure effective, responsible action. When acting on their own behalf, private parties should be required to demonstrate that the action involved may affect their particular or special environmental interests, *e.g.*, their use and enjoyment of particular areas or resources. Nongovernmental individuals or groups acting on behalf of the international community as a whole should be required to demonstrate an established concern and knowledge regarding the environmental matters at issue.

The International Institute for Environment and Development (formerly the International Institute for Environmental Affairs) is an independent, private, nonprofit organization working in the field of international citizen action for the environment and development. It is primarily designed to serve as a catalyst for information and action in the field of the environmental and developmental problems of the international community. Through reports such as this, it seeks to inform the public on the progress of the various consultations and conferences carried out by international bodies and to encourage action in support of their programs.

Further inquiries may be addressed to:
27 Mortimer Street, London W1, England.
Suite 300, 1717 Massachusetts Ave., N.W., Washington, D.C. 20036, U.S.A.

THE REAL COST OF REDUCTIONS IN FEDERAL CIVILIAN EMPLOYMENT

Mr. PERCY. Mr. President, 3 years ago, in August of 1971, the President ordered a 5-percent reduction in civilian employment by Federal agencies. At the time this reduction in employment was seen as a part of a serious effort to cut back on the high cost of running the Government in the context of a broader economic program called the new economic policy.

When the President ordered the reduction, an arbitrary date was also set by which the agencies were to meet their employment ceilings. On June 30, 1972, less than a year after the President's order, the deadline for reductions arrived.

In a report entitled, "Implementation and Impact of Reductions in Civilian Employment, Fiscal Year 1972" of July 2 of this year, the General Accounting Office has enumerated clearly the problems of employment reduction on the Federal level.

According to the GAO report, agencies were forced to institute patchwork procedures to reduce their employment levels by the deadline. These procedures proved to be hasty, inefficient, and wasteful. Bureau managers reduced their staff levels while retaining their corresponding workloads. As a result, backlogs increased while some work was left unattended. Other services were eliminated. A large majority of the remaining work, however, had to be done, and overtime labor, military personnel, and contracted labor were hired to do it.

After July 1, 1972, many managers increased employment and rehired former employees to meet work that had been left unattended. Increases of $4.6 million in contracting and $370,000 in increased overtime have been identified by the GAO. Temporary and military employees were used to fill over 500 positions.

Long Beach Naval Yard in California provides a good example of how insufficient planning in manpower reduction leads to increased costs for the Government. Private shipyards in Long Beach were contracted to do $4 million in repair work because the naval yard had insufficient manpower.

The manner in which individual employees were released is also of interest and sometimes alarming. When upper level employees received their release notices, they were often given the jobs of lower ranking employees.

At the Hill Air Force Base in Utah, supervisors in materiel management took over the jobs of maintenance experts. Because these supervisors were unfamiliar with modern jet fighter aircraft, they had to be retrained to provide for adequate hardware maintenance.

In addition, agencies were inconsistent in adhering to the guidelines of the Civil Service Commission, which enumerate the proper procedures for reducing civilian employment. Many agencies extended the benefits of early retirement to eligible employees on an agencywide basis, even though not all employees were affected by the reductions.

The Federal Government has a responsibility as a fair employer to enforce personnel regulations uniformly, particularly in the sensitive area of employment reductions.

It would appear desirable that guidelines be set so that employment can be reduced by selective reductions rather than meeting an employment ceiling by a particular date. Areas of competition should be established so that displaced personnel can equitably compete for remaining jobs.

These specific measures will help to streamline the employment reduction process, according to the GAO.

Mr. President, these employment reductions were made for the specific purpose of saving the taxpayer's dollars. Experience has shown us, however, that arbitrary employment ceilings set in a hasty manner neither save money nor serve a constructive purpose in terms of the organization of Federal agencies. If we are to cut back on Federal budget expenditures, as the public demands, we must do so in a more careful, thoughtful manner.

I ask unanimous consent that the summary and conclusions of this useful General Accounting Office study be printed in the Record.

There being no objection, the summary was ordered to be printed in the Record, as follows:

[Comptroller General's Report to the Congress]

IMPLEMENTATION AND IMPACT OF REDUCTIONS IN CIVILIAN EMPLOYMENT, FISCAL YEAR 1972

DIGEST

Why the review was made

On August 15, 1971, the President directed Federal departments and agencies to reduce civilian employment by 5 percent to check the rise in the cost of Government.

GAO sought to evaluate the policies and practices for reducing civilian positions and employment and the impact of the reductions on selected installations and activities of the Departments of Defense, Housing and Urban Development, and Transportation, and the General Services Administration.

Findings and conclusions

Personnel Ceilings and Workload

Accelerated actions taken primarily to reduce civilian employment to meet personnel ceilings tended to be disruptive to management. At installations and activities, reductions in ceilings were imposed by headquarters without corresponding reductions in workload.

Since much of the work still had to be done, agencies substituted other sources of manpower such as overtime labor, military personnel, or contracting for personal services; backlogs increased; work was deferred or not done; and services were reduced or terminated.

Employees having needed skills and experience retired sooner and in larger numbers than expected. Employees receiving reduction-in-force notices when their positions were abolished displaced other employees with lower retention rights as they competed for the remaining positions.

The result was that employees who remained were not always the best qualified for the positions they occupied. Many had to be trained.

The agencies used a partial freeze on hiring, encouraged eligible employees to retire, and made reductions in force to meet ceilings arbitrarily imposed for a particular date—the end of the fiscal year, June 30, 1972.

Then, after July 1, 1972, some installations and activities increased employment to meet workload needs and rehired some recently separated employees.

The lesson from this experience is that arbitrary personnel ceilings hurriedly set by agency officials are not the most effective way to reduce civilian employment.

Guidance for Reducing Civilian Employment

Agencies were inconsistent in their interpretation and application of the Civil Service Commission's regulations and guidelines for reducing civilian employment. As a result, all Federal employees affected by reduction were not offered similar opportunities nor subjected to similar limitations.

Early Retirement

All but one of the agencies included in GAO's review offered eligible employees early retirement—discontinued service or involuntary retirement—as authorized by the Commission.

Of the 3,194 employees who retired at 15 installations and activities 748, or 23 percent, retired for discontinued service.

One agency simultaneously allowed experienced employees to retire for discontinued service and hired new employees to fill vacancies that already existed.

The Commission revised its authorization for early retirement, effective January 1, 1973, to permit only eligible employees who receive notices that they are to be separated to retire involuntarily for discontinued service.

In June 1973 the President approved Public Law 93-39, which authorizes voluntary retirement of eligible employees of an agency determined by the Commission to be undergoing a major reduction in force.

Competitive Areas

The Commission's regulations provide that an agency, in planning a reduction in force, must establish competitive areas within which employees may compete.

The installations and activities that GAO reviewed established competitive areas in various ways—a local commuting area, areas serviced by the civilian personnel office, organizational elements, grade levels, skills, and combinations of factors.

All employees affected were not provided substantively uniform and equitable opportunities to compete for jobs.

Competitive Levels

The Commission's regulations provide that an agency must also establish competitive levels—the types of positions in each competitive area for which employees may compete for available jobs.

At 6 of the 15 installations and activities, GAO noted that 43 to 81 percent of the total number of competitive levels contained only 1 position. When positions in these competitive levels are abolished, the employees who occupy them are displaced automatically.

As a responsible employer, the Federal Government should apply personnel regulations and guidelines with substantive uniformity to all employees, without regard to department or agency.

Agency needs for management flexibility would be served and displaced employees provided greater protection by revising regulations and guidelines to more clearly prescribe specific criteria for establishing competitive areas and levels and realistic position characteristics and requirements.

These criteria should be applied with substantive uniformity in similar circumstances by all Federal agencies in determining the eligibility of displaced employees to compete for remaining available jobs.

Job Placement Assistance to Separated Employees

Installations and activities included in GAO's review attempted to help separated employees find other employment. Some provided more assistance than others, but statistics were generally not available.

Repromoting Demoted Employees

Some general schedule employees demoted without loss of pay because of displacement from their competitive levels received pay increases when they were repromoted or restored to previously held grades. This is not equitable. Employees who continue in competitive levels without interruption are not in a position to receive unearned pay increases.

Recommendations

When the Office of Management and Budget has determined the size of the reductions in particular agencies, the Director should permit the agencies to reduce their employment levels through attrition and selective reductions in force rather than through reaching a specified level for a particular day.

The Chairman, Civil Service Commission, should:

Give agencies more specific guidelines defining the criteria to consider in designating competitive areas and levels and realistic position characteristics and requirements.

Require agencies to (1) submit for the Commission's prior approval the criteria they plan to use in designating competitive areas, instructions they plan to issue to component organizations for designating competitive levels, and subsequent changes or deviations and (2) use the approved criteria and instructions consistently in all reductions in force.

Agency actions and unresolved issues

The Office of Management and Budget said that it expected and encouraged agencies to use a number of management techniques to help them operate within employment ceilings in the most reasonable and effective manner.

The Civil Service Commission expressed concern that GAO considered the reduction-in-force system to be somehow deficient. In later discussions, Commission officials agreed that GAO had fairly presented the difficulty in devising applicable guidelines for reducing employment levels throughout the Government that would both serve agencies' needs for management flexibility and give displaced employees greater protection.

Neither the Office of Management and Budget nor the Civil Service Commission has informed GAO of any specific action planned on its recommendations.

Matters for consideration by the Congress

GAO recommends that the Congress consider amending title 5 of the United States Code, section 5334(b), to provide that an employee demoted without loss of pay because of displacement from his position be entitled upon repromotion or restoration to his previously held grade only to the rate of pay he would have received had he not been demoted.

PENNSYLVANIA SUPPORTS ERTS

Mr. MOSS. Mr. President, the secretary of the Department of Environmental Resources, Commonwealth of Pennsylvania, the Honorable Maurice K. Goddard, has written to me regarding the ERTS program:

This is part of what he said:

> Although we recognize the potential of the ERTS program, we believe that further research and development is needed prior to the deployment of an operational ERTS system. Therefore, we support legislation which specifies the continuation of the ERTS R. & D. Program with the specific objective of making it operational. This will insure that ERTS data will continue to be available following the R. & D. phase.

I am delighted to see that Pennsylvania supports the ERTS program.

Mr. President, I ask unanimous consent that the letter of the Secretary of the Department of Environmental Resources, Commonwealth of Pennsylvania be printed in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Department of
Environmental Resources,
Harrisburg, Pa., July 16, 1974.

Hon. Frank E. Moss,
Chairman, Committee on Aeronautical and Space Sciences, U.S. Senate, Washington, D.C.

Dear Senator Moss: Because my Department has been designated as the lead agency for the Pennsylvania ERTS Program, I have been asked by Governor Shapp to respond to your letter of June 24, 1974.

In February 1973, the Commonwealth of Pennsylvania submitted a proposal to NASA to act as a Principal Investigator for the systems design of a Pennsylvania Environmental Resource and Land Use Information System based on data from the ERTS Program. If feasible, the data acquired would be beneficial to our environmental management needs. Pending a decision by NASA regarding the acceptability of our proposal, various Commonwealth agencies have been utilizing selected ERTS data, to a limited degree, in areas such as land use, land pollution, forestry, subsidence and flooding hazards and geology.

Although we recognize the potential of the ERTS Program, we believe that further research and development is needed prior to the deployment of an operational ERTS system. Therefore, we support legislation which specifies the continuation of the ERTS R&D Program with the specific objective of making it operational. This will insure that ERTS data will continue to be available following the R&D phase.

Sincerely yours,
Maurice K. Goddard.

FOOD LEADERSHIP BY SECRETARY McHALE

Mr. HUMPHREY. Mr. President, I call to the attention of my colleagues an article in the July 30 weekly news bulletin of the Pennsylvania Department of Agriculture, entitled "McHale Invited Agriculture Officials to Food Parleys."

Pennsylvania Secretary of Agriculture McHale, a leader in the food policy field, should be commended for his efforts to increase public awareness and interest regarding the current food situation. He has invited officials of other State agriculture departments in the Northeast to attend a series of regional food policy conferences and has urged them to hold similar conferences in their own States, in order to stimulate public interest in the upcoming World Food Conference in Rome. McHale has stressed the need for both an international and national food policy.

By including articles of this type in the department's weekly news bulletin, Secretary McHale is encouraging the public to take an active interest in the important agricultural problems our country faces today.

Mr. President, I ask unanimous consent that this article be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

McHale Invites Ag Officials to Food Parleys

Pennsylvania Agriculture Secretary Jim McHale has extended invitations to members of the Northeast Association of State Departments of Agriculture to attend a series of regional food policy conferences in the Commonwealth scheduled from mid-September through the end of October.

McHale also urged NEASDA members to hold food policy conferences in their own states to stimulate public interest in America's particiaption in the World Conference to be held in Rome in November.

The Secretary discussed the need for a world food policy at the Association's summer meeting July 22 at Saratoga Springs, New York.

"Every state secretary or commissioner of agriculture should be concerned with the world food crisis that is descending upon us," McHale said.

"The high costs of fuel and fertilizer have virtually stymied the growth of agriculture in the underdeveloped countries of the world," said McHale. "The result is that millions of people in South Asia and Africa face the prospect of starvation."

McHale noted that whereas a worldwide food shortage exists, American farmers are being discouraged from producing because of declining farm prices.

He explained that dairy prices have been dropping, livestock producers continue to lose money at the market place and grain farmers harvesting their crops are eyeing fluctuating prices on the Commodity Exchanges with a feeling of insecurity.

"High production costs this year make it more difficult than ever for farmers to recover their investments," said McHale.

McHale said a purpose of the planned regional food conferences is to forge policies that will strengthen American agriculture "in these times of unprecedented worldwide demand for food."

McHale said that an effective policy at the national leevl would be one that stabilizes the income of farmers and supplies and prices for consumers.

"A key ingredient in such a policy," said McHale, "would be the establishment of federal price support loans at not less than 90 percent of parity. This should be coupled with an extended loan and storage program which would insulate all reserve stocks from the market so long as prices are below 110 percent of parity. This would allow for reasonable flexibility of prices to reflect changing supply and demand conditions in the market within a range of roughly 90 to 110 percent of parity."

McHale pointed out that improved price support loans and a government storage program would tend to stabilize income for all farmers and permit the buildup of emergency food reserves in years of abundance.

On the international scene, McHale explained, we should extend long range credits to underdeveloped countries so that they can compete on an even footing for our agricultural exports. "We would be providing a market for our farmers and, hopefully, sending food where it is needed most." he said.

PAUL JACOBS—50 YEARS OF COMMUNITY SERVICE

Mr. HUGH SCOTT. Mr. President, Paul Jacobs, a distinguished Pennsylvanian and outstanding American, has recently celebrated his 50th anniversary of service to the community of Bloomsburg, Pa. I want to take this opportunity to join in applauding the achievements and contributions of this lifelong public servant.

Since 1924, when Mr. Jacobs became secretary of the town council, he has been instrumental in the growth and direction of this progressive central Pennsylvania community.

To underline the many contributions of Mr. Jacobs, the Pennsylvania State House of Representatives and the State Senate have issued citations commending his tireless efforts for the advancement of Bloomsburg and Pennsylvania.

I am delighted to join the Commonwealth legislature in saluting Mr. Jacobs on this occasion of his golden anniversary.

I am confident he will continue to serve Bloomsburg, the Commonwealth, and the Nation with distinction.

I ask unanimous consent that an article from the Bloomsburg Morning Press, more fully outlining the service of Mr. Jacobs, be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

[From the Bloomsburg (Pa.) Morning Press, June 6, 1974]

Town, County and State Honor Paul Jacobs for His 50-Years' Service to Bloomsburg

Tributes to Paul D. Jacobs, who in May rounded out 50 years of valuable and dedicated service to Bloomsburg, were given Wednesday evening by representatives of town, county and state government during a session of a dinner meeting of the Columbia-Montour Borough's Association at the Hotel Magee.

Tributes were made by Chief of Police Patrick W. Haggerty, who presented a gift from his department; Bloomsburg Mayor Allen Remley, who presented a gift from Town Council; and State Senator Franklin Kury, who presented a resolution of commendation from the Senate of the Commonwealth.

Gerald Depo, Town secretary, acting at the behalf of Representative Dent D. Shelhamer, detained in Harrisburg by a session in the House, read a resolution of tribute from the Pennsylvania Representatives which was presented to the guest of honor.

Paul E. Reichart, president of the Orangeville Borough Council and of the two-county Borough's Association spoke of the long service of Jacobs to that body.

A telegram was received by Jacobs during the day from Gov. Milton J. Shapp which set forth "sincere congratulations on the occasion of the testimonial dinner in your honor. It is a pleasure to commend you for 50 years of service to Town Council of the Town of Bloomsburg. You have earned the respect of your community for your active role and for the dedication you have given its citizens. As governor of the Commonwealth I am privileged to express respect and admiration for your performance that has brought honor and achievement to you personally and to our State. My very best wishes for your good health and for many more years of creative service."

Members of the Jacobs family in attendance presented by Depo were two sons, Gilbert Jacobs, Leesburg, Va., and his wife, and Charles Jacobs, Farmingdale, N.J., and his sister, Miss Margaret Jacobs, Bloomsburg.

Chief Haggerty spoke of the excellent cooperation which Jacobs, as secretary and now consulting secretary, has given to the Police Department. Remley presented two former Bloomsburg Mayors, who were among those paying tribute to Jacobs, C. Martin Lutz of Town and Mason Krauss, of Bellefonte. Remley said during his eight years of service, "I have never called the secretary and made a request that has not been carried through to the satisfaction of the council and of benefit to the community. This event which honors Mr. Jacobs is one in which the whole community joins."

The plaque from the two branches of the General Assembly enumerated Jacobs many accomplishments in both civil and community life of Bloomsburg and "contributed to the quality of the life of all those in the area". His achievements in addition to the fine service to the town were many years on the Board of the Bloomsburg Fair, with a goodly portion of that as president, his service as vice president and then president of the Association of County Fairs in the mid-50s his establishment of the Bloomsburg Fair Stakes; the heading of several successful campaigns related to the civil support during World War II; his chairmanship of the outstanding Sesquicentennial Observance of Bloomsburg in 1952 which provided $3,500 for each the Hospital, and Library and the Town Park and his service as representative of the area Boroughs Association to the state convention of that body.

Senator Kury in his presentation referred to the plaque which the late President Harry Truman had in his office, "If you can't stand the heat get out of the kitchen." He commented that only those who had been in such positions fully understood the slogan and added this was especially experienced by those in local government. He complimented Jacobs for his part in providing the town's residents with the kind of government most beneficial to them and described his record as "unparalleled in Pennsylvania history."

Jacobs, in his response, said he was "overwhelmed" and that he will always remember the occasion. "I certainly couldn't ask for more," he asserted in concluding his brief remarks.

COMMENTS ON ART SHOW SPONSORED BY SHENANDOAH NATIONAL PARK

Mr. HARRY F. BYRD, JR. Mr. President, on October 12 and 13, 1974, the Shenandoah National Park will sponsor a special art show which will coincide with the Page Heritage Association Fall Festival. This innovative program has been proposed by Park Superintendent Robert R. Jacobsen "to encourage production or original works of art inspired by the park environment."

As Superintendent Jacobsen has noted, this focus on the fine arts provides residents of the region with the opportunity and impetus "to look at the Shenandoah National Park not just through the eyes of a tourist, but of an artist, as well."

There is unquestionably a superabundance of "inspiration" waiting there for even the most casual observer—whether he stands astride the crest of the Blue Ridge mountains and looks eastwardly across Virginia's rolling Piedmont and westwardly over the Shenandoah Valley to the striking chain of Massanutten Mountain and the formidable Alleghenies rising beyond or whether he descends into the verdant, silent hollows which plunge from those ancient hills to listen to the watery music of rushing streams and sparkling cascades.

It is fitting, too, that the art show will be held in conjunction with the Page County festival which pays annual tribute to the rich historical and cultural heritage of that mountain-valley county.

I hope that those of artistic inclination will take this opportunity to employ the inspiration of the park and that others will take the time to enjoy not only those man-made efforts but the profound creations of Nature which await them in the Shenandoah National Park, as well.

I ask unanimous consent that the press release by the Shenandoah National Park Service concerning the art show be printed in the RECORD.

There being no objection, the release was ordered to be printed in the RECORD, as follows:

NATIONAL PARK SERVICE,
SHENANDOAH NATIONAL PARK,
Luray, Va., Aug. 2, 1974.

PRIZES FOR PARK ART

Shenandoah National Park is sponsoring a special juried art show in conjunction with this year's Page Heritage Association Fall Festival, October 12 and 13. $600 in prize money will be equally donated by the Shenandoah Natural History Association and the ARA Virginia Sky-Line Company, Inc., the Park's principal concessioner. The primary purpose of the contest is to encourage production of original works of art insipired by the Park environment.

Artists 16 years old or older may compete in any of six general categories: Paintings in acrylics or oils; water colors; drawings and graphics; sculpture; photographic prints (mounted) or color transparencies (slides); and mountain crafts. All works must be original, produced within the past three years, and must interpret some phase of the Park environment. No painting by numbers or works produced by kits will be accepted.

There will be an entry fee of $2.00 for the first entry by an artist and a lesser fee of $1.00 for each additional entry.

The show will be held at the Potomac Edison Building in Luray by courtesy of the local company manager, Mr. Clyde Strite. If there is a bus tour of old homes and other points of interest during the Heritage Festival, the Shenandoah Art Exhibit will be one of the stops.

No commission will be charged for artists selling their works during the show. However, the Park organizations sponsoring the show request the courtesy of first refusal of purchase of all works offered for sale as one purpose of the competition is to acquire works of art for permanent display in the Park. Selected works may be exhibited in Park visitor centers and lodges for two weeks after the Luray show ends.

Artists wishing to compete should write for a brochure and entry blanks to Art Exhibit Screening Committee, Shenandoah National Park, Luray, Virginia 22835 or call area code 703 999-2241, extension 22 or 39 to be placed on the mailing list.

FOOD VERSUS FEED: WILL WE SUPPLY BOTH?

Mr. McGOVERN. Mr. President, yesterday's projection by the Department of Agriculture that the United States will harvest a corn crop of 4.966 billion bushels, down 12 percent from last year and down from an earlier preliminary estimate of 6.7 billion bushels, brings into sharper focus the debate over adequacy of our food supplies.

At recent hearings before the Senate Select Committee on Nutrition and Human Needs, concern was expressed that our grain supplies were unduly stressed because a large proportion is utilized as feed for meat animals, rather than food for human consumption.

Such a postulation does raise profound economic, moral, and social questions. But the answers to those questions are complex and require a great deal of study.

In a similar manner, the projections of yesterday about the adequacy of our grain harvest this fall will raise anew the calls for imposition of export controls on American grain.

In either case, the precarious supply-demand balance will require clear and temperate thinking. It serves no interest to reach panic conclusions or to act in haste; what is required is greater attention on the part of the Congress and the administration to the implications of the present situation and consideration of legislative and administrative alternatives.

In this connection, Mr. President, I commend to my colleagues an editorial from yesterday's issue of Feedstuffs magazine, entitled "Food: Will We have Enough?" and ask unanimous consent that it be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

EDITORIAL—FOOD: WILL WE HAVE ENOUGH?

Americans last year spent $139 billion for food, an average of $600 for every man, woman and child. Of each food dollar, 56 cents went for animal products—meat, milk and eggs. To support this high standard of living, Americans consumed about a fourth of the world's feed grain supplies and yet spent less of their disposable income—only 16%—on food than their counterparts in any other country.

Two years ago, few would question the level of food consumption in the U.S. or in any other developed country. Today, the question of food distribution is more and more a moral issue which may be decided not by the consumer, but by society at large. In the short-run, meat and grain demand in the affluent countries of the world is being eased by inflation and skyrocketing food prices. But over the long pull, the debate will center on how much of the world's agricultural commodities the developed nations should be allotted to the needy countries.

Adverse weather and shortages of fertilizer since 1972 have prompted some to say the "Green Revolution" is wilting, that the improvements in grain technology of the 1960s are not sufficient to stave off hunger and starvation.

During the past two years, world stocks of wheat and feed grains fell dramatically as poor weather cut into production around the world and demand increased faster than population. Last July 1, world wheat stocks stood at 48.2 million metric tons, down from 68.9 million tons only two years earlier. With some improvement in output this year and a slight reduction in consumption, stock levels should improve to about 56.6 million tons by next June 30. Feed grain stocks also fell off in each of the last two years, though the U.S. Department of Agriculture expects some rebuilding from this year's crops. Consumption, however, was up 10% from 1971–72 to 1973–74 and will be up again this year.

If famine becomes an acute problem in the developing countries, particularly Africa and southern Asia, there appears to be no reason that demand cannot be met by cutbacks in consumption in the affluent nations.

Besides the moral question, the U.S. has found its food surpluses to be an important pawn in the political arena, especially since 1972 when Communist nations began turning to this country for grain to meet growing demands at home. At the same time, food exports became a necessity in America's balance of payment struggle.

The major considerations—moral, political, social and economic—are now coming together in the form of the World Food Conference to be held in Rome next November. Under the sponsorship of the United Nations, the countries of the world—both developed and underdeveloped—will sit down in an unprecedented forum to dive into the problems of food confronting all nations.

Direct food aid and technical assistance are sure to head the priority list. Although no specific agreements on food reserves are expected, the U.S. could indicate that it will allot a certain amount of food aid from beginning grain stocks—before the affluent customers of the world begin bidding for that grain. There should be little disagreement over technical aid—the technology to produce more food is available. But ways must be found to transfer this know-how to new and challenging environments.

The establishment of world food stockpiles will be debated long after the conference ends. Not that the need for famine reserves does not exist today, but because of the *political* and economic clout that goes with those who hold the reserves. In the U.S., proposals abound for the re-establishment of federal grain reserves. But the cost of buying that grain could run to well over $7 billion, not counting the annual cost of storage, which might run another half billion dollars.

A wiser position for the U.S., it seems to us, would be to establish a famine reserve based on the potential needs in any given year and to devote a larger budget to research and technical assistance that can lead to more self-sufficiency among the developing nations.

Texas Sen. Lloyd Bentsen is one advocate of a more intensive program of agriculture research calling it the key to eliminating shortages and bring down food costs. He argues that because agriculture research has not kept pace with inflation, the country's research efforts remain stagnant at roughly 1960 levels. On the other hand, the Nixon administration in last year's budget indicated that its long-range goal was to reduce spending on agricultural research, primarily that dealing with local benefit and with low national priority. Ironically, one of President Nixon's last official acts last week was to veto the annual appropriation bill for the U.S. Department of Agriculture because the legislation exceeded his budgetary recommendations by $540 million.

Unless the new administration or Congress sets a higher priority on agricultural research, it appears that industry itself will have to invest more in basic research. One leading agribusinessman recently suggested just that—a national research foundation funded by commercial interests serving the agricultural community.

Whatever the outcome, Canadian feed executive John McAnulty suggests that the 1970s may be to the animal scientist what the 1960s were to the plant scientists. It may be the animal scientist who eventually provides the solution to the problem of upgrading people's diets with animal protein without overdependence on grains to produce the meat. Today, a third of all grain is used for animal feeds. That, no doubt, will change in the next decade.

Over the last quarter of a century, the animal industry has been able to shave a quarter to half of the feed requirements from what it formerly took to produce a dozen eggs or a pound of meat. Further improvements are attainable. But it will take time, years in many cases, particularly where gains have to be made through genetics.

In the future, animal agriculture will rely more on waste products—whether it originates within agriculture or outside—to produce high quality protein. Animal waste recycling is nearer in the U.S. Byproducts of the wood and petroleum industries are increasingly finding useful applications in feeding animals.

And it is being found that the animals don't need all the protein put into their rations by the feed manufacturer. The industry also is beginning to see better use of feed ingredients and, in time, new, fast analytical equipment will allow the manufacturer to better monitor the quality of ingredients as they are being mixed.

The quality of certain feed ingredients, particularly relating to protein, is also improving. Farmers are beginning to think of protein production per acre, leading to increased alfalfa production and adoption of grains such as high-lysine corn and triticale.

If human demand for grain does eventually win out, poultry and swine will be the first to suffer since these species depend heavily on high grain diets. Last to go would be beef and dairy cattle (because of their ability to convert roughages and byproducts to meat), rabbits and geese.

No one at this time predicts such a radical change in diets, however, even though the world's population is seen headed for 6.2 billion by the end of the century compared with 3.7 billion today. Not everyone would agree that the population need grow that large, either. Stabilization of the world population is a goal for many.

If ways are met to find the resources to support animal agriculture, the opportunity for this industry to provide larger supplies of all animal products during the next 30 years offers an exciting challenge, say Dr. Roy M. Kottman and Richard Geyer, two Ohio State University officials whose "Life 2000" project looked at the prospects for agriculture in the future. Except for isolated instances, they conclude, synthetics and substitutes will not make significant inroads into the demand for animal products. If that is so, then, the U.S. would increase its beef output by the year 2000 by about 75%, pork by 53%, lamb by 9% and milk by 20%. U.S. farmers would also produce twice as much chicken and turkeys, and 20% more eggs.

ALBERT JENNER—A LIFE OF SERVICE TO HIS COUNTRY, HIS CONSCIENCE, AND HIS PROFESSION

Mr. PERCY. Mr. President, as the history of these past turbulent days is written, many names will receive special attention. Among those who will be remembered will be Albert Jenner.

I have known Bert Jenner for many years, and count him as one of my good friends and trusted advisers. I have great regard for his ability and integrity. Over the years he has been influential in my political campaigns in Illinois. In addition, he has aided me in what I consider to be one of the most important and far-reaching duties that I have—that of recommending individuals to serve on the Federal bench. As a past chairman of the American Bar Association's Standing Committee on the Federal Judiciary, he has had a special role in the shaping of the future of our country's judiciary. I have been able to call on him for his advice and evaluation when it has been my duty to recommend an individual to fill a judicial vacancy. Though I have not always followed his advice, his help has been invaluable overall.

The thoughtfulness and intellectual honesty of Bert Jenner have been well-known to those of us who have known him over the years. Only recently, as he was thrust into the spotlight of American history, did the Nation as a whole learn the depth of his character. I understand that he was first asked to consider serving as Chief Counsel to the majority of the House Judiciary Committee as it undertook its impeachment inquiry. Realizing his close association with the Republican Party, and other considerations he refused. However, when approached by the members of the minority of the committee to assume the role of minority counsel, he felt that his duty to his country demanded that he not turn down this grave responsibility.

Those of us who count him as a friend knew that he would carry out the duties of his office in a completely professional manner. If anyone expected to see him put aside his professional demeanor for partisan reasons, then he did not know the man.

Bert Jenner is not a stranger to criticism, yet he has been comforted by the reassuring knowledge that his actions have been grounded in the bedrock of principle.

He has served his profession and his Nation well. He deserves the recognition and the gratitude of a Nation which has been and remains able to look toward men and women of the character of Bert Jenner in times of crisis.

CONNECTICUT—AMERICA'S INSURANCE CAPITAL

Mr. RIBICOFF. Mr. President, Connecticut is proud that it is the insurance capital of America.

Many of the finest insurance companies in America are headquartered in our State.

They play an important role in the economy of Connecticut. The industry provides thousands of jobs for Connecticut workers—34,903 of them in fact. That is an increase of 5 percent from 1972 to 1973.

Direct and related insurance industry employment in Connecticut now exceeds 115,000 people—approximately 10 percent of the State's work force.

The companies also invest in our State's growth—in schools, highways, hospitals, and new enterprises such as supermarkets and shopping centers. This investment totaled $1.4 billion in 1973. And the companies paid over $57 million in State and local taxes in 1973.

I ask unanimous consent that a recent publication of the Insurance Association of America, as well as an editorial from the Hartford Courant commenting on the Connecticut insurance industry, be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

CONNECTICUT'S INSURANCE COMPANIES

Connecticut insurance companies added 1,645 new jobs to their state payrolls in 1973, and together with the expansion of company operations continue to have a healthy impact on the Connecticut economy.

The Insurance Association of Connecticut today reported that its member companies increased their employment from 33,258 in 1972 to 34,903 in 1973, an increase of five percent. The 1973 total generated salaries of $333,782,266, a 9.4 percent increase over 1972.

Direct and related insurance industry employment in Connecticut now exceeds 115,000 people—approximately 10 percent of the state's work force. Employees in Connecticut insurance companies reside in 155 of the state's 169 towns. Office facilities are located in 22 Connecticut communities outside of the Hartford home offices.

Domestic insurance company investments throughout the state—in bonds for schools, highways, bridges, hospitals, in new enterprises such as supermarkets and shopping centers—totaled $1,403,660,049 in 1973, a five percent increase over the $1,338,026,331 in 1972.

The industry paid $57,628,434 in state and local taxes in 1973, an 11.6 percent increase over the $51,661,016 paid in 1972. State and municipal taxes alone increased 14.7 percent—from $14,346,236 to $16,452,301.

These statistics continue to demonstrate that the Connecticut insurance industry continues to exert an important and stabilizing influence on the Connecticut economy.

From 1967 through 1973 there was an average yearly increase of 1,576 employees or a 5.6 percent average increase annually.

The increase of the 1,645 jobs in 1973 parallels a continued growth in insurance company facilities here in Connecticut. Six companies reported significant expansions in their operations.

Aetna Life & Casualty is planning to move 400 of its employees to a new 360,000-square-foot warehouse and office facility in Windsor next month. The one-story building is on a 39-acre site close to I–91 and will be used for storage of furniture and equipment and will house the company's engineering and printing operations, records retention and supply services.

In 1973, Aetna Life & Casualty moved into a new office facility at 410 Capitol Avenue which is accommodating up to 1,500 group, life and corporate administrative employees. A new parking garage for 800 employees next to the home office building on Farmington Avenue will be ready late next month or early September. A second office facility being used by Aetna Business Credit, Inc., Aetna's business finance subsidiary, moved its corporate headquarters in 1973 from Milwaukee, Wisconsin, to 11,310 square feet of permanent office space in Founders Plaza in East Hartford. This facility is accommodating 50 employees.

Connecticut General is planning to expand its home office facilities into the nearby Emhart Corp. complex Connecticut General purchased last October. The first operation expected to be moved into the Emhart building is the investment department.

The Hartford Insurance Group topped its nine-story, multi-million dollar addition to its Hartford Plaza complex this month. The new 35,000-square-foot structure will be used for an expanded data processing center and for general office space. Occupancy is scheduled for late this year or early 1975.

Security-Connecticut Life Insurance Co. opened its new home office in Avon late in 1973. The company had been located in Hartford but limited space for future growth made it necessary to move to its new Avon building. The new 45,000-square-foot home office is located on 13 acres in Avon Park South. The three-story structure will enable the company to meet its expansion needs for years to come.

In April of 1973, Connecticut Mutual completed the 228,000-square-foot expansion of its home office including the addition of 225 parking spaces in a new garage. The $18.5 million expansion will allow for an increase of 1,900 employees by 1983.

Safeguard Insurance Company, through its parent Royal-Globe Insurance Companies, is planning for a significant expansion of its life and general operations sometime this year.

And Founders Plaza, a Phoenix Mutual Companies' business community located across the Founders Bridge in East Hartford and being developed in association with Tolland Enterprises is continuing its expansion plans. A 216-room Ramada Inn luxury hotel is scheduled for completion in early 1975. Negotiations with a large corporation are underway for the building of another structure on Founders Plaza. Three other buildings are also in the preliminary planning stages.

Insurance Dollars Impact

Connecticut insurance companies increased their employment by five per cent between 1972 and 1973, according to statistics recently compiled by the Insurance Association of Connecticut.

The increase, a total of 1,645 new jobs added to the state payrolls in 1973, came at a time when some other industries were laying off employees due to the recession, or at best were not increasing their employment.

While the number of insurance employees during that period increased five per cent, the insurance industry in 1973 generated salaries of a third of a billion dollars. The total was 9.4 per cent higher than the total salaries paid in 1972.

Direct and related insurance industry employment in Connecticut now exceeds 115,000 people, about 10 per cent of the state's work force.

Domestic insurance company investments throughout the state—in bonds for schools, highways, bridges, hospitals, and in new enterprises such as supermarkets and shopping centers—totalled $1.4 billion in 1973, a five per cent increase over 1972.

The industry paid $57.6 million in state and local taxes in 1973, an 11.6 per cent increase over the $51.6 million paid the year before. State and municipal taxes alone increased 14.7 per cent over the same period, rising to $16.4 million in 1973.

The statistics on increased employment show that since 1967 the insurance industry has increased the number of its employees by an average of 5.6 per cent each year.

The statistics are welcome news during this period of crisis in the economy, when many indicators show declining conditions.

Judging from the statistics compiled by the insurance industry, it continues to exert an important and stabilizing influence on the Connecticut economy.

GUIDELINES FOR BIPARTISAN ANTI-INFLATION POLICY

Mr. MOSS. Mr. President, President Ford has declared action on inflation as his new administration's No. 1 priority.

This is good news for the American people. While the new Chief Executive has yet to propose a definite course of action in controlling prices, his recognition of the urgent need for such action is itself a hopeful sign.

For months we have seen the price of food, fuel, housing, and everything else go higher and higher. Each new increase brought further word from White House economists that the long promised relief was "just around the corner."

Never has there been a greater need for some "straight talk" regarding the Nation's economic conditions. Last Thursday, the same day that President Nixon announced his resignation, Department of Labor figures showed a 1-month increase in nationwide wholesale prices of 3.7 percent. This corresponds to an incredible annual inflation figure of some 44 percent, promising still higher prices for the consumer in the months ahead.

There have been other economic danger signals. The Department of Commerce recently announced that for the second straight 3-month period, the Nation's total output of goods and services—the gross national product, has actually declined. Many economists are already using the word "recession" to describe the current economic downturn.

The Nation's jobless rate has also begun to inch upward. July unemployment stood at 5.3 percent. More than half a million people have lost their jobs since this time last year.

Meanwhile, growth in productivity, our Nation's historic "ace in the hole" economically, has been almost negligible.

While labor costs have been rising, output per man-hour has remained stagnant. This spells still more inflation as increased wages are translated into higher consumer prices.

If President Ford is to inspire the broad public support needed to control this wage-price spiral, if he is to win substantial bipartisan support for his economic programs, he must signal a clear-cut departure from those disastrous policies which brought us to this current predicament.

First of all, to win the support of business and organized labor alike, his program will have to be fair, and recognized as such. The economic burden must be shared equally among all citizens. It is well established that the current inflation has been particularly devastating to those families of low and moderate income. These families, who even in normal times must devote the bulk of their wages to life's necessities—food, housing, fuel, have been forced to watch these commodities rise the most in recent years.

It is important to understand that in the 3 years since the Nixon administration first intervened in wages and prices, the working man's position has steadily deteriorated. While food prices have jumped by more than a third, while gasoline prices have gone up by half and heating oil has more than doubled, the purchasing power of most wage earners has actually declined.

According to the Labor Department, the average blue-collar worker with three dependents now receives a "spendable" income—after taxes and inflation have been accounted for—of $91.48 per week. In 1971 when the Nixon administration first intervened in wages and prices, the same worker was getting $92.43. Therefore, he has lost ground under the new economic policy.

Recent policy failures have fallen hardest on those at the bottom of the economic pile for yet another reason. Unlike the previous inflations, when price increases have coincided with a general economic growth and expanded job opportunities, output and employment this time have been on the decline.

Because inflation deals more harshly with some citizens than it does with others, corrective measures should respond accordingly. To those who live on fixed incomes, and to those who are unprotected by collective bargaining or cost-of-living adjustments, inflation has been calamitous. Anti-inflation policies which attempt to buy price stability with loss of jobs would constitute the worst sort of economic injustice.

Yet the attitude of Republican economic planners has been to "wring" inflation from those same people, whose jobs are often the first to end in any economic downturn. The same economic thinkers who in other times call for tax "incentives" to big business as a means of spurring expansion, now call for unemployment as a means of fighting inflation. To their way of thinking, economic growth should "trickle down" from the top and inflation "wrung out" at the bottom.

It is essential that any Ford proposal for dealing with inflation provides job security for those threatened by an economic slowdown.

Second, to achieve success, new policies will have to be more balanced than those offered in the recent past. It makes little sense, for example, to speak of major cutbacks in social security, disability pay and other vital areas as an "economy" measure, while billions of Federal dollars are being lost through revenue "loopholes," which some critics call "tax expenditures." Letting a corporation escape a multimillion dollar tax bill has the same economic impact as do direct Government expenditures, and should be stopped as part of any anti-inflation program.

It also makes little sense to oppose price controls, as the recent administration has done, while showing little interest in promoting greater price competition. The Chief of the Justice Department's Antitrust Division noted recently that consumers lose some $80 billion a year due to "ineffective competition" in the American economy.

Third, to stand a hope of success, a Ford administration anti-inflation program will have to be sustained over a reasonable period. For years now, business, labor, and the consumer have been jostled from "freeze" to "phase" and "phase" to "freeze" with no indication whatever what will come next. It is impossible to make rational plans under such conditions.

Mr. President, as of last week, few Americans had any faith whatsoever, that inflation would be brought under control. The previous administration's exhortation for people to "save more and spend less" has been overpowered by the desire to "buy it now, before it gets even more expensive." Madison Avenue has even joined in the inflation psychology, One international airline now urges potential passengers to visit Europe this summer with the pitch; it may be more expensive than last year, but wait till next year.

Before inflation can be slowed, investors, labor unions, and consumers must believe it that it will be stopped.

In achieving this goal, President Ford comes to office with a number of clear advantages over his predecessor.

First of all, he has the potential for moral leadership. It is quite conceivable even at this late date, that the new Chief Executive could successfully urge restraint among both management and labor where President Nixon could not. The extent to which he will be able to exercise such leadership will depend, in large part, on how well he can convince all sectors of the economy that he can design an equitable, comprehensive, and sustained anti-inflation program.

Second, he will benefit from considerably better relations with Congress. Free of the bitterness and strife of past months and years, the two branches of Government are now in a far better position to forge a bipartisan effort to meet the Nation's economic challenges.

Recently, Congress passed a major budget reform bill designed to give Congress a tighter hold on the Federal purse strings. For the first time in history, Congress will be considering Government spending and revenues as a whole with an eye to the overall impact of the Nation's economy. As a member of this Senate Budget Committee, I am confident that the reforms will give us in Congress a powerful new tool for controlling inflation and unemployment.

It has been clear in recent months, however, that whatever actions Congress might take, the American people continue to look to the White House for the kind of bold leadership needed to restore public confidence.

This has been the case ever since the days of the New Deal. Last week, as the stock market rose and fell with each new rumor of resignation, this proved to be the case still. Today, we are fortunate to have again as a President someone equipped to provide the kind of leadership the Nation needs in times like these.

RIGHT-TO-WORK LAWS

Mr. BENNETT. Mr. President, I would like to speak for a moment about the results of a very interesting survey which was conducted recently by the Opinion Research Corp. of Princeton, N.J. These results, which have just come to my attention, reflect the extent to which a powerful interest group is capable of altering the law and the existing institutions of government to the extent that they are out of touch with and even contrary to the views and wishes of the people of this country.

The survey of which I speak was designed to elicit public attitudes toward right-to-work laws. It was conducted at the request of the National Right-to-Work Committee.

I have a particular and personal interest in the information developed by this survey because my State of Utah has been a right-to-work State from the beginning, and a bill to repeal that law has been offered and rejected in every meeting of our State legislature since. So, in presenting these figures and indicating my personal support for them, I feel that I truly represent the overwhelming attitude of my own constituents.

Right-to-work has been the subject of unusually vigorous and intensive discussion for many decades, since long before Congress in 1947 overrode President Truman's veto of the Taft-Hartley Act with its controversial section 14(b), which permits the States to enact legislation barring compulsory union membership. Often, however, the discussion of right-to-work has been colored by the emotions which the issue evokes and the vagaries of interest group politics. In this sense it is a topic of which many people are tired of hearing. This survey provides demonstrable evidence of voter opinion nationwide and an analysis of its findings affords a fresh context in which to consider this well-worn issue.

The findings of this survey are embodied in a report by the Opinion Research Corp., entitled, "Public Attitudes Toward 'Right to Work Laws'." The report is the product of a personal interview research survey conducted among 2,173 men and women, 18 years of age or over, living in private households in the continental United States. Interviews were conducted during the period March 22 through April 10, 1974, in 360 counties of representative geographic distribution comprising the ORC master sample. All interviews were conducted in homes of respondents. According to the report—

> The most advanced probability sampling techniques were used in the design and execution of the sample plan; therefore, the results may be projected to the total U.S. population of men and women 18 years of age or over.

According to the survey findings 71 percent of those persons who have heard of right-to-work laws are in favor of right-to-work laws in the States in which they live. Only 14 percent are opposed to right-to-work laws and 15 percent have no opinion. The survey indicates that when asked which one of several listed arrangements they preferred for workers in industry 68 percent of the total U.S. public believe a man should be able to hold a job whether or not he belongs to a union. Fifty-nine percent of all Democrats, 78 percent of all Republicans and 74 percent of all persons considering themselves independents adhere to the same view. On the other hand, only 24 percent of the American public believe that although a man should be able to get a job if he does not already belong to a union, he must join after he is hired.

Only 31 percent of all Democrats, 15 percent of all Republicans, and 21 percent of all independents take such a position. Three percent of the total public favor the third arrangement listed, which is that a man should be able to get a job only if he already belongs to a union.

In other interesting responses 79 percent of the total public who have an opinion think there is too much power concentrated in the hands of labor leaders of the big unions in this country, while only 21 percent of those expressing an opinion disagree.

On a subject of particular interest in an election, 87 percent of the public having an opinion say they think union officials should be forbidden from using compulsory union dues money to campaign for political candidates. Only 13 percent disagree. It is important to note here that 82 percent of union members having an opinion believe such use of dues should be forbidden, as opposed to 18 percent of such union members who disagree.

In the final response to which I shall refer, 67 percent of the U.S. public believe that regardless of their personal views on right-to-work, the Federal Government should allow each State to decide for itself whether it wants to pass such a law. Sixty-five percent of union members take the same view, while 20 percent of the public and 29 percent of union members disagree.

Mr. President, I have also discovered some further interesting statistics which tend to bear out the wisdom of the American people as indicated by the findings of this survey. They are statistical indicators of economic growth in the United States gleaned from current publications of the Bureau of Labor Statistics of the Department of Labor and the Bureau of the Census of the U.S. Department of Commerce. These statistics show that the 19 States having right-to-work laws forbidding all forms of compulsory unionism are prospering economically to a greater degree than States without such laws. For example, in these 19 States there has been a net increase of 1,405,500 manufacturing jobs during the years 1962 to 1972, whereas the combined net increase of the remaining 31 States during the same period is 704,800 jobs. This represents a combined net increase of 66.6 percent and an average increase of 40 percent for right-to-work States, as compared with a 33.4 percent combined net increase and a 5 percent average increase for the other States. Furthermore, per capita personal income has increased by 93 percent in right-to-work States over the same period, as compared with 86 percent in other States, and authorized new housing units increased by 129 percent in right-to-work States and only 30 percent in the others. Finally, contract construction employment recorded an average gain of 47 percent over the same period in right-to work States and only a 20-percent gain in the other States and there are many more such indicators.

Mr. President, I believe these figures are one of the reasons why the American people believe in the right to work and I ask unanimous consent that they, together with other figures I have with me, be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. BENNETT. Mr. President, I hope that we in Congress do not underestimate the significance of the survey findings to which I have referred. They demonstrate a very pronounced opinion on the part of the American people. It is the opinion that the question whether any man or woman shall be hired, or once hired, shall be retained in employment, ought not to depend upon whether that person belongs to a union organization. It is also the opinion that each State ought to be allowed to determine for itself whether or not a worker should have the right to work without being required to join a union organization. These pronounced opinions appear to be common to all sectors and subdivisions of our society, regardless of income level, geographic location, level of education, age, race, political persuasion, or, at least in the case of the latter opinion, union membership. These opinions are supported by economic facts.

May we keep in mind that what I have spoken of here is a basic freedom which is so intertwined with our heritage and our strength as a nation that to destroy that freedom would be to weaken our foundation and jeopardize our future. To preserve this right is to help preserve values which are part of the strength of our economy, our self-esteem, and our character as a nation. I hope this reminder will help keep us on course as this issue is considered from time to time in the years ahead.

EXHIBIT 1

Net increases in manufacturing jobs, 1962–72, right to work-States

Texas	237,100
North Carolina	205,000
Tennessee	156,000
Georgia	123,600
Florida	112,500
South Carolina	93,300
Virginia	90,900
Alabama	87,500
Mississippi	77,200
Arkansas	70,800
Iowa	49,000
Arizona	42,000
Kansas	25,000
Nebraska	18,700
Utah	5,800
South Dakota	3,900
North Dakota	3,700
Nevada	3,300
Wyoming	200
Total	1,405,500

NON-RIGHT TO WORK STATES

California	148,400
Ohio	127,400
Michigan	123,600
Indiana	106,500
Kentucky	91,600
Illinois	70,200
Minnesota	67,900
Oklahoma	48,500
Missouri	46,700
Louisiana	39,800
Oregon	39,800
Wisconsin	37,700
Pennsylvania	34,900
Colorado	31,100
Delaware	16,600
Idaho	12,700
New Mexico	8,700
Montana	2,900
Vermont	2,800
Alaska	2,600
New Hampshire	2,100
New Jersey	2,000
Rhode Island	500
West Virginia	200
Hawaii	—200
Maine	—1,700
Washington	—9,800
Maryland-D.C.	—13,500
Connecticut	—16,300
Massachusetts	—85,700
New York	—233,200
Total	704,800

The percentage of new manufacturing jobs accounted for by the Right to work states soared to 66.6 percent in 1962–72 from 52.0 percentage in 1960–70, according to the documented figures shown below:

	Right to work States	Percent	Other States	Percent
1960–70	1,362,000	52.0	1,260,000	48.0
1961–71	1,318,700	59.6	892,600	40.4
1962–72	1,405,500	66.6	704,800	33.4

Source: "Bulletin 1370–10, Employment and Earning, States and Areas, 1939–72," pp. 1–706, issued in 1974 by the Bureau of Labor Statistics, U.S. Department of Labor.

INDICATORS OF ECONOMIC GROWTH

	1962	1972	Actual gain	Percent gain
Manufacturing employment:				
RTW States average	182,940	256,920	73,980	40.0
Non-RTW States average	417,480	439,500	22,020	5.0
Contract construction employment:				
RTW States average	44,230	65,200	20,970	47.0
Non-RTW States average	62,660	74,990	12,330	20.0
Nonagricultural employment:				
RTW States average	707,820	1,048,840	341,020	48.0
Non-RTW States average	1,313,230	1,662,840	349,610	27.0
Weekly earnings of manufacturing workers:				
RTW States average	$87.92	$137.99	$50.07	57.0
Non-RTW States average	$98.59	$158.10	$59.51	60.0
Per capita personal income:				
RTW States average	$1,994	$3,957	$1,963	98.0
Non-RTW States average	$2,408	$4,467	$2,059	86.0
New housing units authorized, 1963–72:				
RTW States average	20,155	46,142	25,987	129.0
Non-RTW States average	30,667	39,781	9,114	30.0
Expenditures for new plants and equipment, 1964–71:				
RTW States average	$168,420,000	$324,840,000	$156,420,000	93.0
Non-RTW States average	312,500,000	$462,090,000	$149,590,000	48.6

Source: "Bulletin 1370–10 Employment and Earnings, States and Areas, 1939–72," pp. 1–706 issued in 1974 by the Bureau of Labor Statistics, U.S. Department of Labor; Statistical Abstract of the United States, 1973, pp. 326, 682, 717–17, Bureau of the Census, U.S. Department of Commerce.

THE GENOCIDE CONVENTION

Mr. PROXMIRE. Mr. President, many concerned groups have been strong supporters of the Genocide Convention. During the 1970 and 1971 hearings, the following organizations presented favorable testimony: The American Civil Liberties Union, Ad Hoc Committee on the Human Rights and Genocide Treaties, New York State Bar Association Committee on International Law, Ukrainian Congress Committee of America, and the U.S. Constitution Council.

Most recently, the National Educational Association adopted the following resolution at its convention in July in support of the Genocide Treaty:

NEA SUPPORT FOR RATIFICATION OF GENOCIDE TREATY

Whereas in only recent history a major Western country was capable of carrying out a planned extermination of six million Jews and several million people belonging to other minority groups; and

Whereas this horrible example may be used by bigots and racists to exterminate minority populations; and

Whereas international condemnation outlawing genocide can play a role in preventing such disasters, and

Whereas the American people, made up of minorities and those who escaped political, religious, and national persecution in other parts of the world has an abiding interest in preventing such occurrences; and

Whereas such tyrannical governmental actions are against the principles in which the American people believe; and

Whereas many of the nations of the world have ratified an international treaty, which originated in the United Nations, to outlaw genocide; and

Whereas this genocide treaty has been pending in the United States Senate; and

Whereas the United States government is one of the few major nations which has not yet ratified this international treaty;

Therefore be it resolved, that the NEA will instruct its legislative representatives to work vigorously in support of United States Senate ratification of the international treaty against genocide.

Mr. President, the fact that the number of organizations voicing support for the Genocide Convention is still growing should motivate us to ratify the Convention as soon as possible.

ANOTHER EXAMPLE OF WHY ACA LEGISLATION IS NEEDED

Mr. RIBICOFF. Mr. President, this morning's newspapers contained another good example of exactly why S. 707, creating an independent consumer protection agency, should be enacted. The stories state that Dr. Lee Richardson, Director of the Federal Energy Administration's Office of Consumer Affairs, has resigned because the consumer office within FEA was not listened to.

Dr. Richardson charges that his office was ignored when it tried to raise hard questions about the price of crude oil and retail gasoline or the plight of independent marketers, or when it otherwise sought to speak for the consumer.

This incident once again illustrates the impracticality of relying on an agency's own consumer affairs offices to act as an effective consumer spokesman.

That is why S. 707 creates an independent agency with sufficient powers to speak for the consumer before other Federal agencies.

An independent consumer protection agency would have been able to raise publicly, and before the FEA, these hard consumer questions. Its arguments could not have been simply ignored, as FEA has apparently ignored the arguments raised by its own consumer office. The consumer might have been saved some of the billions of dollars that FEA decision will cost the public each year.

The need for creation of an independent consumer protection agency is clear.

Mr. President, I ask unanimous consent that there be printed in the Record at the conclusion of my remarks the articles appearing in the August 13 issues of the Washington Post and the Wall Street Journal concerning Dr. Richardson's resignation.

There being no objection, the articles were ordered to be printed in the Record, as follows:

FEA Consumer Office Chief Quits, Cites Lack of Influence

(By Tim O'Brien)

The head of the Federal Energy Administration's consumer office has resigned, charging that energy chief John C. Sawhill never responded to his recommendations, that the office has no influence over policy decisions, and that the plight of consumers is largely ignored by the FEA.

Dr. Lee Richardson, director of the FEA's Office of Consumer Affairs since it was formed five months ago, blasted the energy consumer program in an eight-page letter of resignation dated Aug. 8.

When the FEA consumer office was established last March, it was hailed as a means for representing consumer interests in the agency's decisionmaking structure.

But in his Aug. 8 letter, Richardson said, "The facts of our failure are simple and incredible."

"The office does not now report to the administrator. It literally reports to no one, except that on paper it is one of several miscellaneous units that report to the director for intergovernmental relations."

"The office does not influence FEA decisionmaking," Richardson wrote. "Never once has the office been asked to assist the administrator on a matter of substance. Never once has the administrator responded to dozens of important reports and recommendations submitted directly to him by the office."

The FEA consumer office was set up after the agency heard growing complaints from consumer groups that energy pricing and distribution regulations were being put into effect without significant input from those most affected—individual energy consumers.

As a result, former FEA chief William E. Simon announced March 13 the formation of the new office, promising that it would play an active role in future policy decisions.

Richardson said the commitments of March 13 "are not being fulfilled."

In an interview yesterday, Richardson said the FEA failed to respond to a number of "extended memos and hard questions we were asking"—the need to justify oil industry profits and price increases, how to better preserve oil industry competition and the need for improved data analysis.

Richardson said "FEA's movements to date on important decisions are on a direct collision course with the best interests of consumers."

"One major misdirection is the FEA subsidization of industry through the theory of the magic profit," he said. He cited a lack of any FEA economic analyses to justify the continuation of a Dec. 19, 1973, decision to raise the price of most domestic crude oil by a dollar a barrel.

"The primary instance of the false magic profit theory is seen in the blind belief that huge multibillion-dollar increases in oil company profits in the first half of 1974 will ultimately produce newer and cheaper supplies of energy," he said. "If such profits are adequate or excessive, FEA doesn't yet know—FEA has not been able to even assemble, much less analyze, the information necessary to begin answering that question."

He also said the agency has not seriously considered reducing retail gasoline price increases granted last March 1. That price rise, he said, is costing drivers about $2 billion a year.

Coincidental with the release of Richardson's letter, the FEA announced plans "to reorganize and strengthen the FEA's consumer affairs program." The consumer office will be combined with the Special Impact Office, Sawhill announced, and the new office will have a staff of 24, including a consumer representative in each of the FEA's 10 regional offices. Until yesterday's announcement, there had been no consumer representatives in the regional offices.

In his resignation letter, Richardson charged that the FEA has been unresponsive to its congressional mandate to protect competition in the energy industry, particularly by failing "to make even perfunctory estimates of what its massive proposals . . . will do to independent (energy companies)."

While the FEA has often promised to deal with energy-related consumer issues, he said, "there has never yet been an instance where any part of FEA's organization has done so. The plights of many groups—volunteers, the elderly, the rural poor, the big city tenants . . . among others—have been ignored by FEA."

Richardson's resignation is effective Sept. 1. He came to the energy administration from the staff of the President's consumer adviser, Virginia Knauer. Energy chief Sawhill thanked Richardson for "serving with distinction in a difficult job."

Lee White, speaking for the Consumer Federation of America, said Richardson's resignation symbolizes "how little concern and attention have been given to the plight of consumers by the administration in its handling of the problems associated with the energy crisis."

Sawhill said Richardson's criticisms were "a little overstated." Responding to the charge that the FEA has no economic analysis to justify its price regulations, Sawhill conceded that the agency has not tried to define what "excessive" oil industry profits would be.

Basically, he said, the industry needs to have a return on investment about equal to the average of American industry, "and they have not attained that in the past." However in the last several months the industry has gone over the average, he said.

Sawhill said Richardson had access to the administrator's office, but that "I've never seen any report that he (Richardson) sent in that had any analytic depth to it."

Energy Office Aide Quits, Criticizes Unit for Ignoring Public, Favoring Oil Firms

(By Les Garay)

Washington.—The Director of the Federal Energy Administration's Office of Consumer Affairs has resigned, saying the FEA has ignored the consumer and condoned high oil industry profits.

Lee Richardson, who since March 13 has headed the consumer office that was created with much publicity, submitted his resignation in a memorandum to FEA Administrator John C. Sawhill. The memo sharply criticized some of the agency's policies as being anticonsumer.

Mr. Richardson said his office has been left out of any involvement in policy making at the FEA and that it never had been asked to assist Mr. Sawhill or his predecessor William Simon, currently Treasury Secretary, on a matter of substance. In his memo, the consumer affairs director said his office doesn't report to the administrator of the agency and in fact "it literally reports to no one."

In an interview, Mr. Richardson added that a discussion of his resignation last week with Mr. Sawhill was the first time he had "sat down for any substantive talk" with the administrator. Mr. Richardson said he had sent memos to Messrs. Sawhill and Simon on issues many times since his appointment in March but "never once had any feedback" and "never have been given any direction."

Yesterday the FEA confirmed that Mr. Richardson had resigned but a press release didn't mention his memorandum or criticism of the agency. Indeed, in a statement Mr. Sawhill said he would strengthen his agency's consumer function by merging the consumer affairs office with the agency's Special Impact Office, which has been analyzing the effects of fuel shortages and allocations on low-income persons.

Late yesterday, however, Mr. Sawhill said he disagrees with Mr. Richardson's criticism and said the official hadn't done a good job in running the consumer affairs office. "We haven't gotten the quality of work from there that we had expected," Mr. Sawhill said.

"FALSE MAGIC PROFIT THEORY"

The Richardson memo said: "Your Office of Consumer Affairs has failed to date because it has been unsought and unheard within the agency." Mr. Richardson added that agency policy decisions are on a "direct collision course with the best interests of consumers."

He said the FEA, after inheriting from the Cost of Living Council a $1-a-barrel increase on "old" crude oil, or that produced at pre-1972 output levels, has "continued to support that decision by default," although it costs consumers about $2.5 billion a year. Mr. Richardson said there hasn't been any FEA analysis of the price level since the increase was authorized last December.

Mr. Richardson also criticized a decision March 1 by the energy agency to raise retail gasoline prices two cents a gallon, or about $2 billion a year. "The FEA defense of that decision was to keep profits of dealers up and thus (to) keep service stations open during that period of lower sales volume," Mr. Richardson wrote. He said the agency hasn't seriously considered lowering the price of gasoline as sales increased after the end of the Arab oil embargo.

The agency is subscribing to a "false magic profit theory" in believing that recent huge oil company profits would ultimately produce more energy supplies, Mr. Richardson said. "If such profits are adequate or excessive, FEA doesn't yet know" since it hasn't analyzed the matter, he said.

The departing official also said the agency hasn't fulfilled its legal mandate to protect the independent sectors of the petroleum industry under the Fuel Allocation Act of 1973 and hasn't even measured the fate of the independents. And he charged that the agency hasn't been committed to aiding groups especially hard-hit by rising energy prices, such as the elderly and the poor. The agency's conservation efforts, he added, have been confined to the "mindless 300 hints from Heloise variety and self-serving bureaucratic publicity gimmicks."

RETURNING TO TEACHING

Mr. Richardson said the agency hasn't taken any initiatives or positions on such suggestions as mandatory appliance energy efficiency labeling and mandatory standards for auto fuel economy. He criticized the agency for too freely blaming rising energy prices on moves to clean up the environment. And he called the agency's boosting of nuclear power development "misdirected" and "absolutely frightening" because of its lack of emphasis on safety.

Mr. Richardson said he would return to Louisiana State University to teach business courses this fall. He has been on leave from the university for two years.

Lee White, a former chairman of the Federal Power Commission and until recently head of a now-defunct consumer advisory committee to the energy agency, said he agreed with much of the criticism by Mr. Richardson. Mr. White said his group made its points to energy officials but most of its pro-consumer views, such as stricter price controls of the oil industry, weren't implemented.

A FOURTH OF JULY ESSAY

Mr. MATHIAS. Mr. President, although we celebrate our national day of independence just once a year, on July 4, the theme of that observance remains in our minds and hearts throughout the year. So it is that I refer with pride today to a Fourth of July essay that was written by Kimberly Cecil, a student at Catonsville Junior High School in Catonsville, Md. Her essay, entitled "American Heroes," was a winner in the Fourth of July essay contest administered by the Catonsville Jaycee Wives. Because the theme of Miss Cecil's message is as appropriate today as it was on the Fourth of July, I ask unanimous consent that her essay be printed in the Record.

There being no objection, the essay was ordered to be printed in the Record, as follows:

American Heroes

(By Kimberly Cecil)

American heroes—who are they? Our presidents are heroes—George Washington, Abraham Lincoln Theodore Roosevelt and Harry Truman. We have heroes of war, such as General George Patton ond General Dwight D. Eisenhower.

These men are heroes of history books and news reports. But who made them heroes? Who cheered for them, voted for them and supported them, other than the common people? If it had not been for the Mr. Smiths or the Mrs. Joneses, where would the fathers of our country be?

Were not the Pilgrims that first stepped on Plymouth Rock heroes? The pioneers that cleared the land and farmed the fields between freshly-cut tree stumps, were they not heroes? And what about the brave settlers moving west, were they not heroes?

Even the Pilgrims, pioneers and settlers moving west are the more well-known and written about people. There still remains the largest and most important, yet still unknown group of heroes. This group contains the everyday working Americans. Many people make up this group. There are doctors, lawyers, plumbers, contractors, teachers, painters, accountants, nurses, scientists, janitors, and many many more unknown heroes. They help each other and they help their country. The United States would not have become a strong nation without the support of the small American worker.

One of the biggest heroes of our day is the American soldier. Hundreds of American prisoners of war suffered for years at a time for their beloved country. Thousands of men and women died while trying to keep their country free. These people deserve a great round of applause in appreciation of what they have done for America. Yet I do not mean to lessen the greatness of the American heroes of history. Many a famous general and great president were born into the group of small heroes. With the help of the small worker, men become the great American heroes that are the leaders of the United States of America.

ADVISORY COMMITTEES HIDE TRUE COST OF OPERATIONS

Mr. METCALF. Mr. President, the Federal Advisory Committee Act, enacted 20 months ago, places certain responsibilities on Federal agencies regarding the creation and operation of advisory committees. One of the agencies' responsibilities is to provide administrative support for the committees. Included in this category is, of course, the money needed for the operation of advisory committees. Unfortunately, there is some indication that both advisory committees and agencies are attempting to mask the true operating costs of these advisory committees in order to justify their continued existence.

Last year, Congress deleted a line item budget request of the Commerce Department for the continued funding of the National Industrial Pollution Control Council—NIPCC. This committee was composed of the top polluters in the United States. The budget request for that committee approximated $1.5 million.

Section 6(c) of the Federal Advisory Committee Act requires the President to report annually to the Congress on, among other things, the "total estimated annual cost to fund, service, and supply such committees." In his second annual report, for calendar year 1973, he estimated the total operating cost for all advisory committees to be approximately $31 million. No one has been able to tell me the basis for either that total, or the individual committee costs. Each committee has been free to "divine" its cost.

The House Government Operations Subcommittee on Intergovernmental Relations has held hearings on the operation of advisory committees in HEW's Food and Drug Administration. As a result of these hearings, the committee found that the FDA has grossly underestimated the actual cost of operating advisory committees. Chairman L. H. Fountain has writeen a letter to HEW Secretary Weinberger, asking for an explanation of this discrepancy. To date no response has been received. Mr. President, I ask unanimous consent that the letter from Chairman Fountain to Secretary Weinberger be printed in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

July 15, 1974.

Hon. Caspar W. Weinberger,
Secretary, Department of Health, Education, and Welfare, Washington, D.C.

Dear Mr. Secretary: Using the data on individual advisory committees contained in the Second Annual Report of the President on Federal Advisory Committees covering calendar year 1973, the Subcommittee staff has separated out the advisory committees of the Food and Drug Administration. I am attaching a copy of this tabulation.

You will note that for 25 of the 69 advisory committees listed, no estimated costs are given. While the report shows no meetings for those committees during 1973, there undoubtedly were costs during that year associated with their organization and staffing as well as FDA staff support.

Section 6(c) of the Advisory Committee Act requires the President to make an annual report to the Congress on the activities, status, and changes in the composition of advisory committees in existence during the preceding calendar year. The section specifically requires that the report contain, among other things, the total estimated annual cost to fund, service, supply and maintain each such committee.

The estimates provided by the Food and Drug Administration, furthermore, do not in most instances appear to reflect actual costs. As you probably know, this Subcommittee recently held hearings on FDA's use of advisory committees. Evidence introduced at the hearings illustrates FDA's gross underestimation of actual costs. The following tabulation of six selected advisory committees for which FDA was asked to provide actual costs illustrates this clearly.

Committee	1972 estimated cost	1972 actual cost	1973 estimated cost	1973 actual cost
Antimicrobial Panel	$10, 000	$80, 105. 80	$15, 000	$92, 970. 12
Obstetrics and Gynecology Advisory Committee	10, 000	37, 526. 73	20, 000	49, 743. 09
Cardiovascular-Renal Advisory Committee	9, 000	39, 101. 76	13, 000	46, 048. 54
Antacid Panel	10, 000	67, 448. 28	15, 000	37, 615. 50
Anti-Infective Agents Advisory Committee	9, 000	31, 644. 04	13, 000	32, 932. 56
National Advisory Drug Committee	15, 000	27, 156. 21	19, 000	18, 527. 21
Total for the 6 committees	63, 000	282, 982. 82	95, 000	277, 837. 02

I will appreciate your informing me why the required cost estimates were omitted for 25 FDA advisory committees. I would also like to have your comments on the gross underestimation of the costs noted above.

Sincerely,

L. H. Fountain,
Chairman.

THE POPULATION BOMB

Mr. PERCY. Mr. President, as a member of the U.S. delegation to the World Population Conference, I am acutely aware of how critically important it is for all Americans to be conscious of the problems of unrestrained world population growth and of the special responsibility of the United States to cooperate with other nations to find solutions to this problem. I am therefore grateful for every attempt by the press to inform the public on the issue of world population growth. On August 10, the Washington Star-News carried an editorial on this subject and I recommend it to my colleagues' attention. I ask unanimous consent that it be included at this point in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

THE POPULATION BOMB

In their preoccupation with military maneuvering, international power politics and the scramble for economic advantage, the statesmen of the world have mostly ignored a force that will profoundly affect the quality of life and the welfare of nations in the next century. The World Population Conference, starting August 19 in Bucharest under United Nations sponsorship, could help to rectify that oversight.

The dimensions of the population crisis hardly need retelling. It took a century for the world to acquire its second billion human beings but, with the total now at about 4 billion, it will take only a decade to get to 5 billion. With countless millions in the less developed countries already suffering from inadequate nutrition, and food shortages a recurring phenomenon, it is difficult to see how the world's needs can be met through a doubling of food production by the early 21st century. And this is only one of the specters created by current rates of population growth, particularly in the poorer countries that are least able to cope with a doubling or trebling of their material responsibilities. The longer-term projections are more frightening, combined with the limits of the planet's resources.

The problems of devising and administering effective population programs are formidable and are the subject of much controversy. But there are glimmerings of hope for the effort in what the U.N. has designated World Population Year. More nations than formerly are committed to pursuing goals of population control and/or helping countries that need outside aid in doing so, and participants now include Communist and predominantly Catholic countries that used to block U.N. activity in the field. Many developing countries have adopted population planning programs since India did so in 1952. A majority of the world's people, including the Chinese, now live under such policies, most aimed at reducing growth.

But the success of such efforts is limited by contrary economic pressures and traditions in many societies, and by a lack of expertise, research, communications and administrative manpower. The issue is subject to international misunderstanding, as the richer countries with their lower birth rates are seen to be warding off the threat from their more numerous, poorer cousins.

An objective of the U.N. conference is the adoption of a World Population Plan of Action, which should point to ways in which nations can tackle their own population problems, and help each other in a cause that is crucial to mankind at large.

UNDERSTANDING THE FARMERS' DILEMMA

Mr. TALMADGE. Mr. President, as chairman of the Senate Committee on Agriculture and Forestry, I have been increasingly concerned about the rising production costs associated with the farming industry.

Many citizens, beset by inflation and the rising cost of food and consumer products, fail to recognize that inflation and economic problems also have engulfed the farmer. Higher operating costs, often two or three times what they were a year or two ago, inevitably require the farmers to demand higher prices for their products in order to make ends meet.

More and more, we are seeing farmers in financial trouble. In many instances, they are being wiped out. Not only is the farmer caught in a price squeeze, many times he is unable to obtain materials that are vital to farming operations.

Yet, in the face of overwhelming odds, American farmers continue to furnish an abundance of food and fiber for more than 210 million persons in the United States, and many more millions throughout the world. And, in so doing, farmers provide a wider variety and higher quality of food at lower cost to the consumer than anywhere else in the world. In 1973, only about 16 percent of disposable income in the United States was spent on food. This compares to about 30 percent in Europe, 50 percent in the Soviet Union, and as high as 90 percent in many other countries.

The extent of the cost-squeeze in which farmers are caught was graphically illustrated by a survey taken by the Georgia Department of Agriculture. This study, published in the August 7 issue of the "Farmers and Consumers Market Bulletin," shows how the cost of basic farm supplies have steadily risen over the past 2 years and taken giant steps upward in just the past 10 months.

I bring this article to the attention of the Senate and ask unanimous consent that it be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From Farmers & Consumers Market Bulletin]

UNDERSTANDING THE FARMERS' DILEMMA

While costs have increased in almost every area of our economy in recent months and years, many people do not seem to understand the farmer's dilemma in this squeeze. In a recent cost comparison study by the Department of Agcriulture, basic farm supplies, vital to the production of food and fiber for this nation, were found to have increased steadily for the past two years and then taken a giant leap upward during the last six to 10 months. Some supplies, once readily available, currently are not even listed in farm catalogues. Petroleum products, and many, many of the farmers supplies that are petroleum based, have about doubled. Add to this the spiraling property taxes over the past three years, study the charts, and you should have a better understanding of the farmers' plight.

INSECTICIDES

	1972	1973	1974
Methyl parathion (gallon)	4. 00	4. 75	8. 50
Toxaphene (gallon)	2. 95	2. 85	3. 50
Seven 5 percent (100 lbs)	9. 00	12. 20	12. 20
Seven 10 percent (100 lbs)	13. 20	12. 30	17. 50

BALER TWINE PRICES

	2/20 lb baler twine 9,000 ft.
1971	6. 10
1972	6. 95
1973	8. 75
1974	[1] 39. 50

[1] With projected increase.

HERBICIDES

	1972	1973	1974
Treflan (quart)	5. 75	6. 00	6. 00
Balan (gallon)	6. 75	6. 75	7. 00
Atrozine (pound)	2. 50	2. 50	2. 75

FERTILIZER BAGGED AT DEALERS WAREHOUSE APPROXIMATE: AVERAGE PRICE TO FARMERS

[Cost per ton]

	Ammonium nitrate	5–10–15
1972	$68. 00	$50. 00
1973	87. 00	54. 00
1974	145. 00	84. 00
New price, July 15, 1974	173. 00	101. 00

BARBED WIRE PRICES

[1st source]

	18 gage, 4 points, 1,320 ft	14 gage, 2 points, 1,320 ft
1972	7.59 spool up 60	9.68 spool up 43¢.
1973	8.19 spool up 60	9.95 spool up 28¢.
1974	11.29 spool up $3.10	13.85 spool up $3.90.

BARBED WIRE PRICES

[2nd source]

	Domestic brand, 4 points, 1,320 ft	Imported, 4 points, 1,320 ft
September 1973	9.75	13.50
February 1974	15.00	19.75
14 gage, 6 ft, nonclimbable fence wire, 100 foot rolls:		
September 1973	23.50.	
February 1974	30.50 up 7¢ per foot.	
(Not listed in catalog supplements for balance of 1974. Price, if wire available, quoted only on request.)		

THE FLOOD VICTIMS OF BANGLADESH

Mr. **FONG**. Mr. President, it is now almost 2 months since a devastating flood has overtaken Bangladesh.

The Government of Bangladesh estimates that over 20 million people and perhaps as many as 32 million people are affected and about three-fourths of the entire country is inundated. The death toll is rising daily.

Floods are not uncommon in this area of the world, but this is not a mere flood—it is of disaster proportion.

The Government of Bangladesh early in August took the unusual step of flying the heads of diplomatic missions over the flood-affected areas, showing them, according to the New York Times of August 10, "floating huts, families living on treetops and submerged highways and railroads."

Mr. President, I ask unanimous consent that a clipping from the New York Times of August 10 be printed in the RECORD at the conclusion of my remarks.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

(See exhibit 1.)

Mr. **FONG**. Mr. President, on August 2, based upon a helicopter survey of the flooded regions by the Acting AID Coordinator, Ambassador Davis Boster declared this to be a disaster area. According to information furnished me by the Foreign Disaster Relief Coordinator, Agency for International Development, Department of State, in the exercise of his disaster relief authority, Ambassador Boster presented a check in the amount of $25,000 to the Bangladesh Prime Minister's Disaster Relief Fund.

According to a press release dated August 9 from the Embassy of the People's Republic of Bangladesh, Washington, D.C., major rivers including Padma, Brahmaputra, Meghna, Kushiara, Gamti, Arial Khan and Modhumati are still rising. Fourteen towns are under water.

The loss of life is estimated at from over 800 to over 3,000.

Loss of livestocks is estimated at 21,940.

The number of houses damaged is estimated at 871,319.

Crops, it is estimated, have been damaged in 3,550,000 acres of land.

Also, 27,823 miles of embankment and roads have been damaged.

The number of educational institutions damaged as of August 9 is 1,392.

Cholera and other epidemic diseases, it is alleged, have already broken out in Sylhet district—much of the rest of this poor country is threatened with disease of epidemic proportion.

Rail tracks in many areas are under water.

Production in jute and other mills is facing serious problems. A large number of mills are now closed as flood waters have entered the mills. The seriously affected mills are in Narayangonj, Bhairab, and Narsingdi.

The Government of Bangladesh is doing all it can with its meager resources to save the lives of its people and to alleviate the suffering of the victims. Both the civilian and military forces have been mobilized to conduct an all-out rescue operation.

The Bangladesh Air Force has been placed in operation to airlift food grains, medicines, tents, and other relief materials. Six helicopters are taking part in the relief operation. Thirty-two vessels and a number of speed boats are carrying water purifiers and essential supplies to the stricken people. The Red Cross has inoculated and vaccinated 1,500,000 people against cholera and smallpox.

The Government of Bangladesh has mobilized all its resources to meet the grim situation and alleviate the sufferings of its stricken people.

The Government of Bangladesh has specifically appealed to the United States for 500,000 tons of foodgrains; 20,000 tons of edible oil; powdered milk, dry foods; medicine to assist in epidemic prevention; corrugated iron sheets for house construction; funds to support their rehabilitation.

The crop was ready to be harvested—it is spoiled. The seedlings for the next crop are lost.

And, the United States has given $25,000 and 2 months of suffering is being assessed.

Disaster Memorandum No. 2 issued by the AID under date of August 8, 1974, concedes that "since mid-July 1974 heavy monsoon rains have caused severe floodings in large parts of Bangladesh." While AID feels "the situation may be somewhat less wide-spread and damaging than has been publicized by the press and other sources," they concede "the present situation indicates some serious malnutrition and high morbidity rates."

The AID memorandum of August 8 continued:

> The international community in response to the appeal for flood relief assistance by the Prime Minister have contributed the following cash and in-kind donations:

Nation:	*Amount*
United States, cash	$25,000
United Kingdom, cash	11,534
Italy, cash	9,000
Canada, cash	10,000
India, supplies (through India Red Cross)	66,000
Red Cross Societies:	
Canada, cash and supplies	10,000
Finland, cash	64,650

In contrast to this, AID in "Disaster Memorandum No. 3, Cyprus Conflict" also dated August 8, 1974, reports the total estimated U.S. emergency aid for Cyprus, including the cost of an airlift, to be $877,000.

That is $877,000 for relief in Cyprus as against $25,000 for relief in Bangladesh.

In addition to a $225,000 cash grant to the American Red Cross to be conveyed to the International Committee of the Red Cross, the United States airlifted to the victims of the conflict in Cyprus 100 large U.S. Army tents; 200 body bags; 2,500 cots; 79 Red Cross marker panels; 10,000 5-gallon water containers; and 1 tent repair kit; plus 3,000 blankets donated by Church World Services—2,000—and Catholic Relief Services—1,000.

This Cyprus response is a fine humanitarian gesture on the part of our Government—but, it is in sharp contrast to the $25,000 in assistance to Bangladesh.

In response to my inquiry of the Department of State as to the situation in Bangladesh, I was furnished a report "Flood Crisis in Bangladesh.' '

I ask unanimous consent that this Department of State report dated August 8, 1974, the AID disaster memorandum on Cyprus conflict and the August 9, 1974, Bangladesh press release be printed in the RECORD at the end of my remarks.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

(See exhibit 2.)

Mr. **FONG**. Mr. President, it should be noted that the Department of State is aware of the serious flood situation and of the condition of the Bangladesh economy and their need for Public Law 480 food assistance even before this natural disaster struck. Yet, to date, we have seen fit to give only an additional $25,000 to alleviate human suffering in this impoverished and flood-stricken country.

We can and we must do more. Human suffering, be it in Asia or Europe or elsewhere in the world, cannot be ignored. While we "assess" the situation, people are dying.

We cannot assume the burdens of the world, but by the same token we are our brothers keepers be they in Asia, Europe, or wherever they be. Humanitarian needs cannot be ignored—we must, can and should do our share to alleviate the suffering of the already impoverished people of Bangladesh, just as we do elsewhere in the world.

I call upon my colleagues to monitor this situation carefully, to urge action by our State Department, and if needed, action by us so that if funds be needed to assist these people recover from the ravages of this flood, they be available.

It is my intention as I am sure it is that of the Subcommittee on Refugees and Escapees to very carefully follow this situation in Bangladesh so as to see to it that we in the United States do our share to alleviate the suffering of the people of Bangladesh.

The aforementioned articles follow:

EXHIBIT 1

[From the New York Times, Aug. 10, 1974]

FLOODS IN BANGLADESH AND INDIA ARE SAID TO KILL 900

NEW DELHI, Aug. 9.—With two mighty Himalayan rivers at flood stage for several weeks, much of India and nearly all of Bangladesh have been hit by severe floods described as the worst in 20 years.

According to Bangladesh officials, 18 of the 19 districts of the country have been affected. At least 800 people are said to have died and five million displaced from their homes.

Here in India, seven of the 20 states have been affected. The state of Meghalaya, through which the Brahmaputra River flows, is reported submerged. Six other states—

Assam, Uttar Pradesh, Bihar, West Bengal, Karnataka and Kerala—have also been hit, and a total of 100 people have reportedly been killed.

Crops have been extensively damaged in most of the states. In Kerala in the south, a district has lost all its cashews and spices in heavy rains and floods.

CHOLERA EPIDEMIC

The crisis in Bangladesh has been intensified by cholera. So far, more than 1,500 deaths are attributed to this epidemic.

The Bangladesh Government, short of funds, medicine and equipment, has sent desperate appeals to nations and international relief agencies. A Soviet medical team scheduled to carry out a drive against cholera in the country in October has been asked to come immediately.

Bangladesh into which both the Ganess and the Brahmaputra pour, lives with floods and even at normal times the country is made up of tiny islands surrounded by rivers, canals and other waterways. This year, however, the Government, already beset by an economic crisis, seems to be unable to cope with the problem with its own resources.

Early this week, the Government took the unusual step of flying all the heads of diplomatic missions in Dacca, the capital, over the flood-affected areas, showing them floating huts, families living on treetops and submerged highways and railroads.

Exhibit

Department of State,
Washington, D.C., August 8, 1974.

Disaster Memorandum Number Three, Cyprus—Conflict:

U.S. Government aid to the victims of the conflict in Cyprus is continuing. A U.S. Air Force C–5 jumbo jet with a load of U.S. relief supplies which departed on August 7 for Cyprus from the U.S. Air Force Base in Dover, Delaware is scheduled to arrive at the British Sovereign Base at Akrotiri on August 8.

Another shipment of U.S. supplies was loaded aboard a U.S. Air Force C–141 cargo jet which also departed from Dover at approximately 1:45 p.m. today. These two airlifts will fulfill all emergency relief items requested by U.S. Ambassador Rodger P. Davies for the Cyprus international relief efforts being coordinated by the International Committee of the Red Cross (ICRC) and United Nations. The cost of these supplies and the airlifts is borne by the Agency for International Development.

The cargo of these aircraft consisted of 100 large U.S. Army tents; 200 body bags; 2,500 cots; 79 Red Cross marker panels; 10,000 five gallon water containers; and one tent repair kit. Also included in the shipment were 3,000 blankets donated by Church World Service (2,000) and Catholic Relief Services (1,000) to the ICRC.

The Foreign Disaster Relief Coordinator, A.I.D. is awaiting further assessment information from Ambassador Davies and his recommendations with regard to additional required assistance.

Total estimated U.S. emergency aid to Cyprus to date including the cost of the airlift is $877,000.

Russell S. McClure,
Foreign Disaster Relief Coordinator.

Department of State,
Washington, D.C., August 8, 1974.

Flood Crisis in Bangladesh

Bangladesh is currently faced with a serious flood situation. It is clear that this year the monsoon rains and consequent flooding of large areas of the country are more extensive than usual, with the result that many people have been driven from their homes, and thousands of acres of rice have been affected in the fields.

As might be expected in such a situation, particularly in a country where communications facilities are limited under the best of conditions, the extent and the severity of the flood damage are not yet definitely known. However, in recognition of the emergency needs for immediate relief efforts, the American Ambassador in Dacca has made a cash donation of $25,000 to Prime Minister Sheikh Mujibur Rahman on behalf of the people and Government of the United States. Other nations including India, the UK, Australia and Finland have also made donations. The American Embassy in Dacca is continuing to assess the flood problem in Bangladesh and the USG will consider further recommendations for assistance as they are received.

It should be noted that the flood crisis hit Bangladesh at a time when its economy was quite weak, largely the result of rising world commodity prices and static export earnings. There was some question even before the floods, whether known food import commitments would see the country through until the main rice harvest in November/December. Accordingly, the USG committed nearly one-quarter of the first quarter FY 75 P. L. 480 global wheat allocation to Bangladesh, amounting to some 100,000 tons. The U.S. has also recently completed shipment of 73,000 tons of wheat, programmed under FY 74 P. L. 480, which should be available in Bangladesh shortly. In addition, nearly $30 million under an existing AID Rehabilitation Grant was reprogrammed to facilitate rapid disbursement for vitally needed commodity imports.

We are pleased to note that the Bangladesh Government recently asked the World Bank to form an Aid-to-Bangladesh consortium. It was originally planned that such a consortium, consisting of some 23 donor nations, would have an initial organizational meeting in October. However, in response to the flood emergency, we understand now that the Bank intends to convene a meeting of a core group of potential donors within the next two weeks to coordinate short term assistance. The United States Government expects to participate in this multilateral effort to achieve a coordinated assessment of the response to Bangladesh's needs, both in the context of the current floods and its longer term requirements for assistance.

Bangledesh Press Release

Washington, August 9: With further swelling of the major rivers the 54-day old floods will probably cause a total devastation. One newspaper puts the area inundated at more than 80 per cent of the total land of the country and another puts the death figure at more than 3,000. Major rivers including Padma, Brahmaputra, Meghna, Kushiara, Gamti, Arial Khan and Modhumati are still rising. Jamuna has broken all records of the past. The situation has worsened in Dacca and Narayanganj. The total number of towns under water is now 14. The Water Development Board has warned that situation in Bogra, Rajshahi, Pabna, Mymensingh, Tangail and Faridpur might deteriorate sharply in the next 24 hours as the water level in Jamuna was rising.

Loss of livestocks is estimated at 21,940 and the number of houses damaged is estimated at 371,319. Crops have been totally damaged in 3.55 million acres of land. 27,823 miles of embankment and roads have been damaged. The number of educational institutions damaged so far is 1,392.

Dacca: The flood situation in Dacca city and Dacca district is alarming. Old Dacca, Motijheel, Muhammadpur and Mirpur areas have gone under water.

Faridpur: The situation in Faridpur is described as critical. Water is knee deep and at places waist deep in almost all the houses of Faridpur town. The Asian highway near Goalanda has gone under water. Entire Goalanda is inundated and so is the case with Rajbari. About 800 houses have been eroded.

Sylhet: The overall flood situation in Sylhet district marked some improvement. Although water levels of the rivers Khowai and Surma have receded the river Sunai is still flowing 5.2 feet above the danger level. Cholera and other epidemic diseases have broken out.

Mymensingh: With further rise in the water level of the rivers Jamuna, Brahmaputra, Meghna and Kangsha, the flood situations in Mymensingh and Tangail districts have worsened. In these two districts death toll is reported to be 220. The vital road links between Dacca and Mymensingh have been snapped.

Rajshahi: The overall flood situation in Rajshahi district is static. The situation in Natore and Noagaon improved slightly but conditions in Nowabganj and Saddar subdivision have deteriorated. More than 270,000 acres of land have gone under water and standing crops of about 145,000 acres have been damaged.

Pabna: The flood situation in Pabna has further deteriorated with the rise of water level in Jamuna and Padma. Sirajganj town is completely inundated. Road connections with other districts have been disrupted.

Barisal: The situation in Barisal has improved slightly. About 20 square miles along the river Meghna have eroded rendering 25,000 families homeless.

Noakhali: The flood situation in Noakhali has slightly improved although some fresh areas have been engulfed. Ramgoti is seriously threatened with erosion. Flood water has receded in the district headquarters.

The government has sanctioned more cash and foodgrains for the flood affected people. The armed Forces have been given the responsibility to supervise the movement of foodgrains and to ensure speedy and quick transportation of foodgrains and other relief materials from the port site to the affected areas. The Bangladesh Army has been instructed to send 100 medical teams to the affected areas. Procurement of seeds on emergency basis is underway to start paddy cultivation immediately after the recession of the flood waters.

(Note.—Issued by the Embassy of the People's Republic of Bangladesh, Washington, D.C. For further information contact: (202) 737–9237.)

MONTHLY LIST OF GAO REPORTS

Mr. METCALF. Mr. President, the "Monthly List of GAO Reports" is a very helpful listing of useful information. It is compiled by the General Accounting Office and includes reports assembled as a result of GAO staff investigations. Knowing that Members search out every available source of reliable data, I ask unanimous consent that the July listing of GAO reports be printed in the Record.

There being no objection, the list was ordered to be printed in the Record, as follows:

Monthly List of GAO Reports—Comptroller General of the United States

COMMUNITY DEVELOPMENT AND HOUSING

July 1974.

Examination of Financial Statements of the Government National Mortgage Association for Fiscal Year 1973. Department of Housing and Urban Development, June 3. P–74–FOD–15.

Financial statements present fairly the position of GNMA at June 30, 1973, and the results of its operations and the changes in financial position for the year then ended.

GAO recommended that GNMA should budget for and seek a dollar limitation on administrative expenses large enough to cover only GNMA's operating expenses, such as salaries and overhead. Expected costs for contractual services should not be included in the limitation but as a separate item in the budget presentation.

EDUCATION AND MANPOWER

Administration of Federal Programs at Kittrell College, Kittrell, North Carolina. Office of Education, Department of Health, Education, and Welfare; Department of Housing and Urban Development. June 7, released June 14 by Senator Jesse Helms. P–74–MWD–157.

Kittrell College used questionable financial management practices to control and account for Federal grant and loan funds. As a result, the college had unpaid bills relating to federally funded programs totaling at least $117,000 as of June 30, 1973.

Much of this might not have occurred if the college had followed its established accounting system.

GAO believes that the college did not follow its normal practices because it did not have sufficient funds from sources other than Federal to pay for its normal operating expenses and to meet Federal matching requirements.

Had HUD and OE provided more extensive preaward evaluations and postaward monitoring of grant and loan programs, the questionable management practices probably would have been detected earlier and corrected.

GENERAL GOVERNMENT

Tools and Techniques for Improving the Efficiency of Federal Automatic Data Processing Operations. *June 3.* P–74–FGMSD–25.

The Federal Government has thousands of computers with annual operating costs estimated at several *billion* dollars; consequently, increased efficiency can produce worthwhile savings.

The report contains many examples that helped increase efficiency and economy at 43 computer installations in industry and government. GAO recommended that GSA:

Give priority to issuing detailed guidance to Federal agencies on methods to increase efficiency of their systems.

Consider the extent to which agency managements have evaluated and improved the efficiency of their existing systems before approving procurement of additional or more powerful systems.

Identifying and Eliminating Sources of Dangerous Drugs: Efforts Being Made, But Not Enough. *Drug Enforcement Administration, Department of Justice. June 7.* P–74–GGD–69.

Weaknesses in several areas of administration have limited effectiveness of some drug enforcement programs for identifying and investigating illicit sources of dangerous drugs, such as amphetamines, barbiturates, and hallucinogens, such as LSD.

Use of dangerous drugs usually begins before an individual experiments with heroin. Along with marihuana, these drugs have become the prime drugs of youth, extending even to those of elementary school age.

Because of similar physiological effects, abusers often turn to dangerous drugs when heroin supplies are stopped. This hampers both heroin enforcement and rehabilitation.

GAO found that:

Many informants or arrested heroin traffickers were not questioned about sources of dangerous drugs;

Some regional officials believed dangerous drug enforcement should be left to State and local authorities and some agents believed that promotions come faster to those working narcotics cases;

When tangible leads on suspicious sales had been received from drug firms, no action was taken because agents were assigned to other activities; and

Although about 80 percent of the illicit drugs seized in the U.S. are estimated to originate in Mexico, the agency's efforts in Mexico were practically nonexistent, primarily due to lack of agents.

Better Management Needed for Tighter Security at Lorton Correctional Institutions. District of Columbia Government. (To Representative Stanford E. Parris.) June 21, P–74–GGD–78.

The major obstacle at Lorton to overcoming problems of escapes and contraband was that these types of problems seldom reached management's attention.

GAO noted that:

Rehabilitation leaves of absence were granted to persons ineligible for such leave or, if eligible, were granted for excessive periods.

There was no system for finding out what inmates were doing while on leave or whether the leaves were assisting in rehabilitation.

There were no uniform procedures regarding searches for contraband, tests for use of narcotics, and precautions against security violations by visitors to prisoners.

GAO recommend that the District's internal auditors periodically look into Correction Department operations.

Observations and Suggestions for Improving the Public Documents Department. Government Printing Office. (To the Public Printer.) June 14. P–74–LCD–431.

This report is directed primarily to problems of sales by GPO's Public Documents Department which spent $46.8 million, or 86 percent of its total expenditures, for this purpose in FY 1973.

The department has over 25,000 publications for sale. During FY 1973 it received 4.8 million orders, mostly by mail with only about 15 percent of sales through the bookstore and consignment agents.

In May 1973, the Public Printer established a task force to provide the department and other GPO activities with an integrated automated administrative-operational system capable of handling everything from incoming orders to inventory data and control.

Proper Use of the Economic Order Quantity Principle Can Lead to More Savings. *Department of Defense, Department of Transportation, General Services Administration, Veterans Administration, June 27.* P–74–LCD–411.

This report indicates the Government is not saving as much as it could in operating costs and reduced inventory investments, because the organizations surveyed are not applying the Economic Order Quantity Principle properly or fully.

DOD did not fully agree with GAO's proposals that restrictions on EOQ be removed. GAO believes that minimum restrictions on EOQ are preventing substantial savings and is recommending that a pilot program be initiated to test feasibility of removing these restrictions.

Report on the Use of Presidential Executive Interchange Personnel with Oil Industry Backgrounds by the Federal Energy Office. *June 24, released June 26 by Representative Charles A. Vanik.* P–74–OESP–4–14.

The Presidential Executive Interchange Program provides for exchange of managers between the Government and private enterprise. Executives are selected for yearlong assignments in Government; similarly, Government officials are selected for similar assignments in private enterprise.

GAO's investigation of Ernest R. Russell and Michael T. Tayyabkhan indicated their duties and responsibilities at the Federal Energy Office had no impact on its policies and regulations regarding private industry concerns they represent. Edmond R. Western is working in a position where he could affect FEO policies and regulations relating to the private concern that employs him.

Whether actual conflicts of interest have occurred, however, is a matter for consideration by the Department of Justice. More important questions raised by use of Interchange personnel in FEO having oil industry backgrounds concern the judgment exercised in placing executives from private industry in positions in an agency exercising a regulatory-type responsibility over activities of the company to which the individual will return.

HEALTH

Review of Selected Communicable Disease Control Efforts. *Center for Disease Control, Department of Health, Education, and Welfare, June 10.* P–74–MWD–153.

Progress has been made by State programs assisted by HEW in controlling or reducing the incidence of communicable diseases. Some of these, however, still afflict segments of the population.

This is an information report designed to strengthen congressional oversight of communicable disease control.

Improving Administration of the Uniform Plan of Health Insurance for Federal Employees Who Retired Before July 1, 1960. *Civil Service Commission. June 12.* P–74–MWD–86.

This report is part of an examination of several Federal employee health plans managed for the Government by large private companies or carriers.

Because premiums were unnecessarily high and were not reduced to levels reflecting cost of benefits provided, the Plan accumulated reserves in excess of amounts needed to protect the interests of the Plan and Aetna Life Insurance, the carrier.

In November 1971 the Commission estimated the Plan's reserves, amounting to over $37 million at the end of 1971, were sufficient to cover probable losses through 1986 to 1987.

The Commission announced general reductions in premiums and increases in benefits effective January 1, 1973, which it estimates should resolve the problem of surplus reserves June 30, 1978.

INTERNATIONAL AFFAIRS AND FINANCE

Legislative Ceiling on Expenditures in Laos Reduced Costs But the Ceiling Was Exceeded. *June 6.* P–74–ID–38.

Congress in 1971 set limits on U.S. assistance to Laos of $350 million in fiscal year 1972 and $375 million in fiscal year 1973. Limits were to include all expenditures except costs of air combat operations over Laos and costs of operating the U.S. Embassy in Vientiane.

The State Department reported to Congress that DOD, CIA, and AID spent $349.8 million and $332.8 million on aid to Laos in fiscal years 1972 and 1973, respectively.

However, GAO identified an estimated $28.2 million in assistance-related expenditures not reported or not reported adequately by the three agencies for fiscal year 1972. If these costs had been reported, the $350 million ceiling would have been exceeded by $28 million.

GAO did find that there were some benefits from the legislative ceilings:

Program management was intensified;

Expenditures were reduced; and

Congress was provided additional information for monitoring U.S. activities in Laos.

Followup Review of Refuge, War Casualty, Civilian Health, and Social Welfare Assistance in Laos. Agency for International Development, Department of State. Unclassified digest of a classified report.) June 10, released June 24 by the Chairman, Subcommittee on Refugees and Escapees, Senate Committee on the Judiciary. P–74–ID–43.

AID Mission's management practices have changed little since GAO's prior review, and the Mission's basic organizational structure will remain the same for the next couple of years.

GAO previously reported on the use of sole-source procurement of transportation services, weaknesses in AID's management of refugee commodities, and need to improve control over freight payments. GAO again found the Mission's procedures for controlling movement of and control over commodities had not changed.

In FY 73 the U.S. provided $50.1 million in assistance to Laos through AID. About $17 million was for social welfare or humanitarian assistance; another $4.6 million was used to reconstruct roads and bridges and to repair or replace health and educational facilities.

How Ship Transfers to Other Countries Are Financed. Department of Defense, Department of State. June 25. P–74–ID–49.

During the past 25 years, the U.S. has given away, loaned, sold, or otherwise transferred 3,900 ships of various descriptions to 56 countries. About 2,600 of these are still held by 49 countries.

Public Law 92–270 requires all expenses—including those involved in outfitting, repairing, and logistically supporting loaned ships—be paid by the recipient country or from military assistance program funds. However, DOD excludes repairs and overhauls from its definition of costs associated with such transfers.

Military assistance program documents submitted to the Congress contain little or no identifiable information on ship loans and leases. As a result, nonreimbursed costs for ship transfers constitute "hidden" military assistance costs not apparent to congressional committees.

NATIONAL DEFENSE

Benefits and Drawbacks of U.S. Participation in Military Cooperative Research and Development Programs with Allied Countries. *Department of Defense. June 4.* P–74–PSAD–42.

DOD participates in R&D programs to strengthen military alliances and use free world resources more effectively. It is estimated U.S. allies spend about $3 billion annually, about $1 billion in areas where the U.S. is conducting military R&D.

Primary incentives for participating in international R&D may be economic. By teaming up with other countries that share the cost, DOD can provide its forces with needed equipment at lower cost.

The future for international cooperative R&D appears more promising for basic research than for engineering development programs. Obstacles confronting engineering programs are many, especially for development of major weapon systems. Obstacles confronting basic research and exploratory development programs appear to be far fewer.

Plans and Proposals for Avoiding Unnecessary Duplication in Developing New Military Equipment. Department of Defense, June 10. (Unclassified digest of a classified report.) P–74–PSAD–61.

In reviewing DOD policies and practices, GAO selected laser applications, laser-protective goggles, and scatterable mines for detailed review because large amounts were spent in both areas and because laser technology is relatively new.

GAO findings showed the military services are conducting duplicative development programs in these three areas.

To reduce development of unncessary duplicative equipment, the services must communicate with each other about proposed programs. GAO found, however, that the services had not coordinated effectively. Duplication occurred because:

key documents were not made available by one service to others,

key documents were not written clearly enough to allow the other services to make intelligent comparisons with their own requirements,

the services did not respond to requests for comments from each other, and

no effective action was taken to eliminate duplication even when recognized.

Improvements Needed in U.S. Contractor Training of Republic of Vietnam Armed Forces. Department of Defense. June 11. P–74–LCD–424.

Effectiveness of U.S. contractor training in 1973 was limited and self-sufficiency of Vietnamese Armed Forces delayed because

not enough people were being trained in specific skills.

sufficient attention had not been given to training supervisory or middle-management personnel, and

high percentages of trainees and those who completed training were absent from assigned duties.

During FY 1974 appropriation hearings, the U.S. Air Force said it would complete its training in Vietnam by July 1974. Later, the Air Force realized this goal would not be met and plans to provide more training in FY 1975.

Depot Maintenance in Germany—A Costly Operation. *Department of the Army. (To the Secretary of Defense.) June 12.* P-74-LCD-426.

In FY 1970, maintenance cost per direct manhour in Germany ranged from $5.05 to $5.79. During FY 1974 the same cost ranged from $11.93 to $19.75.

The environment in which the Army operates depot maintenance plants in Germany has changed. There is no longer an excess of laborers, and labor costs have increased. Costs also have increased because of dollar devaluation, high inflation in Germany, and reduced levels of depot operations.

Mileage criteria to determine when combat and tactical vehicles should be overhauled are not consistent with usual Army criteria, and often are not followed. It is costly since it results in overhauling vehicles that would not be overhauled if the usual Army criteria were applied.

Opportunity to Reduce Costs and Improve Efficiency By Employing Civilians Instead of Marines *Marine Corps Finance and Automated Services Center, Kansas City, Missouri; Department of Defense. (To the Secretary of Defense.) June 19.* P-74-FPCD-83.

GAO found no need for employing Marines at the two Centers (see above). Marines are not required to be there by, law, or for rotation, training, security, discipline, or combat readiness. The Centers' functions are mainly administrative and can be performed by civilians.

Greater stability of civilian employees would increase the Centers' overall efficiency by providing needed continuity of management and experience.

GAO identified potential savings of about $957,500 a year if civilians were employed instead of Marines. Additional savings and increased efficiency could be expected because civilians, unlike Marines, would not be diverted for other activities, such as calisthenics, inspections, and parades.

Project REFLEX (Resource Flexibility)—A Demonstration of Management Through Use of Fiscal Controls Without Personnel Ceilings. *Department of Defense. June 21.* P-74-FPCD-50.

GAO's evaluation indicated that managing with fiscal control and without personnel ceilings helped operations in DOD.

All REFLEX laboratory managers agreed the project had been successful because an environment created by encouraging flexibility permitted management to meet rapid change.

GAO concurs with recommendations of officials concerned with laboratory operations in DOD that the project be continued in the REFLEX laboratories.

Navy Logistic Support of the 7th Fleet in Southeast Asia: Continuing Logistics Issues and Constraints. *Department of the Navy. June 25.* P–74–LCD–408.

The 7th Fleet, engaged in wartime operations in Southeast Asia, was considered the Navy's most significant operational force.

Through a massive and concerted effort, the Navy was responsive in keeping carriers and other combatant ships at their battle stations.

The extensive operations of the 7th Fleet:

Reduced the amount of resources available to other fleets;

Deferred maintenance of their ships' readiness; and

Compounded the problem of retaining qualified, experienced personnel.

During hearings on the Navy's budget, the Congress may wish to consider GAO proposals contained in this report.

Impact of Shore Establishment Realignment Actions on Naval Complexes at Long Beach and San Diego, California. *Department of Defense. May 28, released June 19 by Representative Craig Hosmer.* P–74–LCD–313.

One-time savings cited by the Navy for Long Beach were overestimated by about $11.2 million and annual recurring savings were underestimated by about $4.2 million.

The realignment affects 64 ships homeported at Long Beach—48 to be reassigned to new homeports, 8 to be deactivated, and 8 to remain homeported at Long Beach attached to the Naval Reserve Forces.

As a result, the city of Long Beach is experiencing:

Reduced personnel expenditures on local economies,

A temporary increased vacancy rate for commercial living units, and

Reduced school enrollments.

NATURAL RESOURCES AND ENVIRONMENT

Pacific Northwest Hydro-Thermal Power Program—A Regional Approach to Meeting Electric Power Requirements. *Department of the Interior, Department of the Army. June 5.* P–74–RED–234.

Because most desirable hydroelectric sites have been developed, the program aims to satisfy future power needs, in large part, through energy from thermal plants—coal burning or nuclear power.

Cost of a January 1969 plan was estimated at about $17.9 billion through July 1990. Of this, $6.1 billion would be provided by the Federal Government and about $11.8 billion by 108 non-Federal utilities.

As of September 30, 1973, 4,200 megawatts of additional generating capacity had been provided; however, 1,590 megawatts scheduled by September 30, had not.

Review of Selected Federal and Private Solar Energy Activities. *(To the Chairman, Subcommittee on Energy, House Committee on Energy, House Committee on Science and Astronautics.) June 18.* P–74–OESP–4–9.

Although solar systems may not be economically feasible in many areas of the United States at this time, continued increases in gas, oil, and electricity prices should improve the relative cost position of solar heating and cooling.

The key in making solar systems economically competitive with conventional systems appears to lie in the ability of American ingenuity to build, deliver, and install solar collectors at prices substantially lower than present prices.

GAO's review revealed two comprehensive economic evaluations of solar heating and cooling. Costs presented and the comparisons made in the report lead to realization that determining future economic feasibility of solar heating and cooling is a complex task which must be based on a number of assumptions regarding such factors as conventional fuel prices and solar collector costs.

VETERANS BENEFITS AND SERVICES

Better Planning and Management Needed by the Veterans Administration to Improve Use of Specialized Medical Services. *June 19.* P–74–MWD–148.

VA reported costs of over $316 million in FY 1973 for its specialized medical service programs which GAO believes VA could improve in both management and operation.

VA should establish, maintain, and periodically review criteria and guidelines for development of specialized programs, enforce the criteria and guidelines, and provide information necessary to periodically evaluate effectiveness of the programs.

LETTER REPORTS

To Senator Jesse Helms, on the Corps of Engineers' Falls Lake project, Falls, North Carolina. June 10, released June 19. **P–74–RED–245.**

To Representative William H. Hudnut III, on the legality of mailing advertising of a nongovernment enterprise under Government indicia. June 12, released June 14. **P–74–PSAD–79.**

To the Chairman, Select Subcommittee on Education, House Committee on Education and Labor, on use of revenue sharing funds by 250 local governments for handicapped people of all ages and for children. May 30, *released June 11.* **P–74–GGD–87.**

To Representative John B. Conlan, transmitting a report on funding of "wasteful Government projects" cited in recent newspaper articles. **B–168463** of June 18, released June 24.

To Representative Stanford E. Parris, on inmate welfare and personnel enterprise funds and comparative costs per day for inmates at Lorton Correctional Institutions and similar Federal facilities. June 21. **P–74–GGD–101.**

To Representative Les Aspin, on the Navy's Submarine Emergency Communications Transmitter (SECT) program. June 24, released June 28. **P–74–PSAD–83.**

To Representative Pierre S. du Pont, comparing the energy efficiency of nuclear fuel with that of fossil fuels. May 28, released June 17. **P–74–RED–241.**

To Representative Les Aspin, on certain aspects of the Safeguard Ballistic Missile Defense program. May 21, released June 3. **P–74–PSAD–69.**

To Senator Walter F. Mondale, on expenditures of the National Aeronautics and Space Administration for public relations activities. April 4, released June 25. **P–74–LCD–418.**

To Representative H. R. Gross, on interest earned by State and local governments on revenue sharing funds. October 2, released June 13. **P–73–163.**

To Senator Ernest F. Hollings, on audits by HEW and GAO of grants and contracts for health maintenance organizations. (HMOs) May 1. **P–74–MWD–166.**

To the Administrator, Agency for International Development, concerning U.S. assistance to the Government of Vietnam for its roads and highways system. June 11. **P–74–ID–59.**

To the Secretary of Defense, on problems in the Army's Routine Economic Airlift (REAL) program. June 17. **P–74–LCD–217.**

To the Administrator of General Services, with GAO's views on Commission on Government Procurement proposals on collecting and disseminating procurement statistics. June 18. **P–74–PSAD–76.**

To the Secretary of Defense, on management of the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) in Europe. June 19. **P–74–MWD–174.**

To the Secretary of the Treasury, on audit of administrative expenses of the Exchange Stabilization Fund, fiscal year 1972. June 20. **P–74–ID–62.**

To the Secretary of the Navy, on the Navy's ship construction surveillance activities at the Newport News Shipbuilding and Dry Dock Company. June 21. **P–74–PSAD–88.**

To the Secretary of the Treasury, transmitting the Comptroller General's statement of auditing and reporting standards for use by the U.S. Executive Director of the World Bank Group in proposing the establishment of an independent review and evaluation system. June 24.

OFFICE OF FEDERAL ELECTIONS REPORT

The Comptroller General June 27 referred to the Attorney General of the United States several apparent violations of the Federal Election Campaign Act of 1971 by the McGovern for President Connecticut Committee, involving failure to obtain and keep complete records of expenditures for election day expenses and to report details of each such expenditure over $100.

Copies of Office of Federal Elections reports are available free of charge from the U.S. General Accounting Office, Room 3850, 441 G Street, NW., Washington, D.C. 20548. Phone (202) 386–6411.

GAO STAFF STUDIES ON MAJOR ACQUISITIONS

The primary objective of GAO staff studies on individual weapon systems is to provide information to the Committees on Appropriations and Armed Services and the Joint Economic Committee on cost estimates, performance estimates, and changes in schedules for delivery.

These annual studies do not contain conclusions or recommendations but because of widespread interest in the status of these systems, copies of the studies are available for distribution to other committees and Members of the Congress. Those studies not classified are available upon request.

Of the 53 staff studies issued in 1974, 14 are unclassified. These are indicated below. Please address requests to GAO's Distribution Section, Room 4522, 441 G Street NW, Washington, D.C. 20548. Phone (202) 386–6594.

Army

AAH, UTTAS, and HLH—unclassified.

Lance, SAM–D, Dragon, Improved Hawk, Stinger, MICV, Bushmaster, Scout, XM–193 Howitzer, Tacfire, and XM1 Tank.

Air Force

A–10, B–1, AMST—unclassified.

AABNCP, OTH–B, AWACS, SRAM, F–15, SCAD, Maverick, and Lightweight Fighter.

Navy

Icebreaker, CH–3E, VAST, F–14/Phoenix, CVANS, DLGN, EA6B—unclassified.

Poseidon, Trident, LHA/DD–963, Phalanx, S–3A, Condor, SES, SCS, LAMPS, Mark–48, PHM, Harpoon, AN/BQ–5, Sidewinder, SSN–688, PF, P–3C, E–2C, AEGIS, Sparrow F.

NASA

Space shuttle—unclassified.

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THE MORALITY OF ABORTION

Mr. PERCY. Mr. President, the abortion issue is one of the most controversial topics now before the public. Both those who support and those who oppose legal abortion usually feel very strongly about their views and seem equally convinced of the validity of their own position and the invalidity of the opposing position.

Opposition to legalized abortion falls into two categories—arguments based on religious tenets and arguments based on moral views. Because the Constitution is founded upon the separation of church and state, there is little possibility for congressional argument against legalized abortion based on the premise that abortion is against the principles of any religious group or groups. But the thesis that legalized abortion is contrary to the moral principles upon which this Nation was founded is a more difficult issue to deal with.

Many of my colleagues have not yet taken a public position on the abortion question, and until the proposed human life amendment comes before the Senate as a whole, we will all continue to study the evidence for and against legalized abortion and to consider the views of our constituents. I would like today to bring to my colleagues' attention some information that may prove helpful to them in their deliberation on this difficult issue.

Many of us who believe that abortion is morally justified in some cases also believe that it is immoral in other instances, but drawing the line in our own minds between moral and immoral abortion is anything but a simple task. Having struggled in my own mind with such distinctions, and being well aware that many of my colleagues have struggled, sometimes in vain, to clarify for themselves the question of the morality of abortion, I was very pleased to find in the January 1974 issue of the Hastings Center Studies an article by Sissela Bok on the "Ethical Problems of Abortion." I believe that any of my colleagues who seek insight into the morality of abortion should take the time to read and to think carefully about Ms. Bok's article.

Some people may not agree with the moral distinctions Ms. Bok makes, but it is imperative that one point be agreed upon: whether abortion is ever morally acceptable and in what instances it is defensible are questions individuals must answer for themselves; the Government cannot dictate on those issues which are matters of personal conscience.

I recommend Ms. Bok's article to those seeking to clarify for themselves the moral questions on abortion, and I ask unanimous consent that it be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

ETHICAL PROBLEMS OF ABORTION

(By Sissela Bok)

The recent Supreme Court decisions[1] have declared abortions to be lawful in the United States during the first trimester of pregnancy. After the first trimester, the state can restrict them by regulations protecting the pregnant woman's health; and after 'via-

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Footnotes at end of article.

bility' the state may regulate or forbid abortions except where the medical judgment is made that an abortion is necessary to safeguard the life or the health of the pregnant woman. But it would be wrong to conclude from these decisions that no *moral* distinctions between abortions can now be made—that what is lawful is always justifiable. These decisions leave the moral issues of abortion open, and it is more important than ever to examine them.

While abortion is frequently rejected for religious reasons,[2] arguments against it are also made on other grounds. The most forceful one holds that if we grant that a fetus possesses humanity, we must accord it human rights, including the right to live. Another argument invokes the danger to *other* unborn humans, should abortion spread and perhaps even become obligatory in certain cases, and the danger to newborns, the retarded, and the senile should society begin to take the lives of those considered expendable. A third argument stresses the danger that physicians and nurses and those associated with the act of abortion might lose their traditional protective attitude toward life if they become inured to taking human lives at the request of mothers.

Among the arguments made in favor of permitting abortion, one upholds the right of the mother to determine her own fertility, and her right to the use of her own body. Another stresses, in cases of genetic defects of a severe variety, a sympathetic understanding of the suffering which might accompany living, should the fetus not be aborted. And a third reflects a number of social concerns, ranging from the problem of overpopulation *per se* to the desire to reduce unwantedness, child abuse, maternal deaths through illegal abortions, poverty and illness.

In discussing the ethical dilemmas of abortion, I shall begin with the basic conflict—that between a pregnant woman and the unborn life she harbors.

I. MOTHER AND FETUS

Up to very recently, parents had only limited access to birth prevention. Contraception was outlawed or treated with silence. Sterilization was most often unavailable and abortion was left to those desperate enough to seek criminal abortions. Women may well be forgiven now, therefore, if they mistrust the barrage of arguments concerning abortion, and may well suspect that these are rear-guard actions in an effort to tie them still longer to the bearing of unwanted children.

Some advocates for abortion hold that women should have the right to do what they want with their own bodies, and that removing the fetus is comparable to cutting one's hair or removing a disfiguring growth. This view simply ignores the fact that abortion involves more than just one life. The same criticism holds for the vaguer notions which defend abortion on the grounds that a woman should have the right to control her fate, or the right to have an abortion as she has the right to marry. But no one has the clear-cut right to control her fate where others share it, and marriage requires consent by two persons, whereas the consent of the fetus is precisely what cannot be obtained. How, then, can we weigh the rights and the interests of mother and fetus, where they conflict?

The central question is whether the life of the fetus should receive the same protection as other lives—often discussed in terms of whether killing the fetus is to be thought of as killing a human being. But before asking that question, I would like to ask whether abortion can always be thought of as *killing* in the first place. For abortion can be looked upon, also, as the withdrawal of bodily life support on the part of the mother.

A. Cessation of bodily life support

Would anyone, before or after birth, child or adult, have the right to continue to be dependent upon the bodily processes of another against that person's will? It can happen that a person will require a sacrifice on the part of another in order not to die; does he therefore have the *right* to this sacrifice?

Judith Thomson has argued most cogently that the mother who finds herself pregnant, as a result of rape or in spite of every precaution, does not have the obligation to continue the pregnancy:

"I am arguing only that having a right to life does not guarantee having either a right to be given the use of or a right to be allowed the continued use of another person's body—even if one needs it for life itself." [3]

Abortion, according to such a view, can be thought of as the cessation of continued support. It is true that the embryo cannot survive alone, and that it dies. But this is not unjust killing, any more than when Siamese twins are separated surgically and one of them dies as a result. Judith Thomson argues that at least in those cases where the mother is involuntarily pregnant, she can cease her support of the life of the fetus without infringing its right to live. Here, viability—the capability of living independently from the body of the mother—becomes important. Before that point, the unborn life will end when the mother ceases her support. No one else can take over the protection of the unborn life. After the point where viability begins, much depends on what is done by others, and on how much assistance is provided.

It may be, however, that in considering the ethical implications of the right to cease bodily support of the fetus we must distinguish between causing death indirectly through ceasing such support and actively killing the fetus outright. The techniques used in abortion differ significantly in this respect.[4] A method which prevents implantation of the fertilized egg or which brings about menstruation is much more clearly cessation of life support than one which sucks or scrapes out the embryo. Least like cessation of support is abortion by saline solution, which kills and begins to decompose the fetus, thus setting in motion its expulsion by the mother's body. This method is the one most commonly used in the second trimester of pregnancy. The alternative method possible at that time is a hysterotomy, or "small Cesarean," where the fetus is removed intact, and where death very clearly does result from the interruption of bodily support.

If we learn how to provide life support for the fetus outside the natural mother's body, it may happen that parents who wish to adopt a baby may come into a new kind of conflict with those who wish to have an abortion. They may argue that *all* that the aborting mother has a right to is to cease supporting a fetus with her own body. They may insist, if the pregnancy is already in the second trimester, that she has no right to choose a technique which also kills the baby. It would be wrong for the natural parents to insist at that point that the severance must be performed in such a way that others cannot take over the care and support for the fetus. But a conflict could arise if the mother were asked to postpone the abortion in order to improve the chances of survival and well-being of the fetus to be adopted by others.

Are there times where, quite apart from the technique used to abort, a woman has a *special* responsibility to continue bodily support of a fetus? Surely the many pregnancies which are entered upon voluntarily are of such a nature. One might even say that, if anyone ever did have special obligations to continue life support of another, it would be the woman who had *voluntarily undertaken* to become pregnant. For she has then brought about the situation where the fetus has come to require her support, and there is no one else who can take over her responsibility until after the baby is viable.

To use the analogy of a drowning person, one can think of three scenarios influencing the responsibility of a bystander to leap to the rescue. First, someone may be drowning and the bystander arrives at the scene, hesitating between rescue and permitting the person to drown. Secondly, someone may be drowning as a result of the honestly mistaken assurance by the bystander that swimming would be safe. Thirdly, the bystander may have pushed the drowning person out of a boat. In each case the duties of the bystander are different, but surely they are at their most stringent when he has intentionally caused the drowning person to find himself in the water.

These three scenarios bear some resemblance, from the point of view of the mother's responsibility to the fetus, to: first, finding out that she is pregnant against her wishes; second, mistakenly trusting that she was protected against pregnancy; and third, intentionally becoming pregnant.

Every pregnancy which has been intentionally begun creates special responsibilities for the mother.[5] But there is one situation in which these dilemmas are presented in a particularly difficult form. It is where two parents deliberately enter upon a pregnancy, only to find that the baby they are expecting has a genetic disease or has suffered from damage in fetal life, so that it will be permanently malformed or retarded. Here, the parents have consciously brought about the life which now requires support from the body of the mother. Can they now turn about and say that this particular fetus is such that they do not wish to continue their support? This is especially difficult when the fetus is already developed up to the 18th or 20th week. Can they acknowledge that they meant to begin a human life, but not *this* human life? Or, to take a more callous example, suppose, as sometimes happens, that the parents learn that the baby is of a sex they do not wish? [6]

In such cases the justification which derives from wishing to cease life support for a life which had not been intended is absent, since this life *had* been intended. At the same time, an assumption of responsibility which comes with consciously beginning a pregnancy is much weaker than the corresponding assumption between two adults, or the social assumption of responsibility for a child upon birth for reasons which will be discussed in the next section.

To sum up at this point, ceasing bodily life support *of a fetus or of anyone else* cannot be looked at as a breach of duty except where such a duty has been assumed in the first place. Such a duty is closer to existing when the pregnancy has been voluntarily begun. And it does not exist at all in cases of rape. Certain *methods* of abortion, furthermore, are more difficult to think of as cessation of support than others. Finally, pregnancy is perhaps unique in that cessation of support means death for the fetus up to a certain point of its development, so that nearness to this point in pregnancy argues against abortion.

I would like now to turn to the larger question of whether the life of the fetus *should* receive the same protection as other lives—whether killing the fetus, by whatever means, and for whatever reason, is to be thought of as killing a human being.

A long tradition of religious and philosophical and legal thought has attempted to answer this question by determining if there is human life before birth, and, if so, when it *becomes* human. If human life is present from conception on, according to this tradition, it must be protected as such from that moment. And if the embryo *becomes* human at some point during a pregnancy,

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Footnotes at end of article.

then that is the point at which the protection should set in.

B. Humanity

The point in a pregnancy at which a human individual can be said to exist is differently assigned. John Noonan generalizes the predominant Catholic view as follows:

"If one steps outside the specific categories used by the theologians, the answer they gave can be analyzed as a refusal to discriminate among human beings on the basis of their varying potentialities. Once conceived, the being was recognized as a man because he had man's potential. The criterion for humanity, thus, was simple and all-embracing: If you are conceived by human parents, you are human."[7]

Once conceived, he holds, human life has about an 80% chance to reach the moment of birth and develop further. *Conception*, therefore, represents a point of discontinuity, after which the probabilities for human development are immensely higher than for the sperm or the egg before conception.

Others have held that the moment when *implantation* occurs, 6–7 days after conception, is more significant from the point of view of humanity and individuality than conception itself. This permits them to allow the intrauterine device and the 'morning after pill' as not taking human life, merely interfering with implantation.

Another view is advanced by Jérôme Lejeune, who suggests that unity and uniqueness, "the two headings defining an individual" are not definitely established until between two and four weeks after conception.[8] Up to that time it is possible that two eggs may have collaborated to build together one embryo, known as a "chimera," whereas after that time such a combination is no longer possible. Similarly, up to that time, a fertilized egg from which twins may result may not yet have split in two.

Still another approach to the establishing of humanity is to say that *looking* human is the important factor. A photo of the first cell having divided in half clearly does not depict what most people mean when they use the expression "human being." Even the four-week-old embryo does not look human, whereas the six-week-old one is beginning to. Recent techniques of depicting the embryo and the fetus have remarkably increased our awareness of the "human-ness" at this early stage; this new *seeing* of life before birth may come to increase the psychological recoil from aborting those who already look human—thus adding a powerful psychological factor to the medical and personal factors already influencing the trend to earlier and earlier abortions.

Others reason that the time at which electrical impulses are first detectable from the brain, around the eighth week, marks the line after which human life is present. If brain activity is advocated as the criterion for human life among the dying, they argue, then why not use it also at the very beginning?[9] Such a use of the criterion for human life has been interpreted by some to indicate that abortion would not be killing before electrical impulses are detectable, only afterwards. Such an analogy would seem to possess a symmetry of sorts, but it is only superficially plausible. For the lack of brain response at the end of life has to be shown to be *irreversible* in order to support a conclusion that life is absent. The lack of response from the embryo's brain, on the other hand, is temporary and precisely not irreversible.

Another dividing line, once more having to do with our perception of the fetus, is that achieved when the mother can feel the fetus moving. *Quickening* has traditionally represented an important distinction, and in some legal traditions such as the common law, abortion has been permitted before quickening, but is a misdemeanor, "a great misprision," afterwards, rather than homicide. It is certain that the first felt movements represent an awe-inspiring change for the mother, and perhaps, in some primitive sense, a 'coming to life' of the being she carries.

Yet another distinction occurs when the fetus is considered *viable*. According to this view, once the fetus is capable of living independently of its mother, it must be regarded as a human being and protected as such. The United States Supreme Court decisions on abortion established viability as the "compelling" point for the state's "important and legitimate interest in potential life," while eschewing the question of when 'life' or 'human life' begins.[10]

A set of later distinctions cluster around the process of birth itself. This is the moment when life begins, according to some religious traditions, and the point at which 'persons' are fully recognized in the law, according to the Supreme Court.[11] The first breaths taken by new-born babies have been invested with immense symbolic meaning since the earliest gropings toward understanding what it means to be alive and human. And the rituals of acceptance of babies and children have often served to define humanity to the point where the baby could be killed if it were not named or declared acceptable by the elders of the community or by the head of the household, either at birth or in infancy. Others have mentioned as factors in our concept of humanity the ability to experience, to remember the past and envisage the future, to communicate, even to laugh at oneself.

In the positions here examined, and in the abortion debate generally, a number of concepts are at times used as if they were interchangeable. 'Humanity,' 'human life,' 'life,' are such concepts, as are 'man,' 'person,' 'human being,' or 'human individual.' In particular, those who hold that humanity begins at conception or at implantation often have the tendency to say that at that time a human being or a person or a man exists as well, whereas others find it impossible to equate them.

Each of these terms can, in addition, be used in different senses which overlap but are not interchangeable. For instance, humanity and human life, in one sense, are possessed by every cell in our bodies. Many cells have the full genetic makeup required for asexual reproduction—so called cloning—of a human being. Yet clearly this is not the sense of those words intended when the protection of humanity or of human life is advocated. Such protection would press the reverence for life to the mad extreme of ruling out haircuts and considering mosquito bites murder.

It may be argued, however, that for most cells which have the potential of cloning to form a human being, extraordinarily complex measures would be required which are not as yet sufficiently perfected beyond the animal stage. Is there, then, a difference, from the point of view of human potential, between these cells and egg cells or sperm cells? And is there still another difference in potential between the egg cell before and after conception? While there is a statistical difference in the *likelihood* of their developing into a human being, it does not seem possible to draw a clear line where humanity definitely begins.

The different views as to when humanity begins are not dependent upon factual information. Rather, these views are representative of different worldviews, often of a religious nature, involving deeply held commitments with moral consequences. There is no disagreement as to what we now know about life and its development before and after conception; differences arise only about the names and moral consequences we attach to the changes in this development and the distinctions we consider important. Just as there is no point at which Achilles can be pinpointed as catching up with the tortoise, though everyone knows he does, so too everyone is aware of the distance traveled, in terms of humanity, from before conception to birth, though there is no one point at which humanity can be agreed upon as setting in. Our efforts to pinpoint and to define reflect the urgency with which we reach for abstract labels and absolute certainty in facts and in nature; and the resulting confusion and puzzlement are close to what Wittgenstein described, in *Philosophical Investigations*, as the "bewitchment of our intelligence by means of language."

Even if some see the fertilized egg as possessing humanity and as being "a man" in the words used by Noonan, however, it would be quite unthinkable to act upon all the consequences of such a view. It would be necessary to undertake a monumental struggle against all spontaneous abortions—known as miscarriages—often of severely malformed embryos expelled by the mother's body. This struggle would appear increasingly misguided as we learn more about how to preserve early prenatal life. Those who could not be saved would have to be buried in the same way as dead infants. Those who engaged in abortion would have to be prosecuted for murder. Extraordinary practical complexities would arise with respect to the detection of early abortion, and to the question of whether the use of abortifacients in the first few days after conception should also count as murder. In view of these inconsistencies, it seems likely that this view of humanity, like so many others, has been adopted for limited purposes having to do with the prohibition of induced abortion, rather than from a real belief [illegible] the full human rights of the first few cells after conception.

II. PURPOSES FOR SEEKING TO DISTINGUISH HUMAN AND NON-HUMAN

A related reason why there are so many views and definitions of humanity is that they have been sought for such different *purposes*. I indicated already that many of the views about humanity developed in the abortion dispute seem to have been worked out for one such purpose—that of defending a preconceived position on abortion, with little concern for the other consequences flowing from that particular view. But there have been so many other efforts to define humanity and to arrive at the essence of what it means to be human—to distinguish men from angels and demons, plants and animals, witches and robots. The most powerful one has been the urge to know about the human species and to trace the biological or divine origins and the essential characteristics of mankind. It is magnificently expressed beginning with the very earliest creation myths; in fact, this consciousness of oneself and wonder at one's condition has often been thought one of the essential distinctions between men and animals.

A separate purpose, both giving strength to and flowing from these efforts to describe and to understand humanity, has been that of seeking to define what a *good* human being is—to delineate human aspirations. What ought fully human beings to be like, and how should they differ from and grow beyond their immature, less perfect, sick or criminal fellow men? Who can teach such growth—St. Francis or Nietzsche, Buddha or Erasmus? And what kind of families and societies give support and provide models for growth?

Finally, definitions of humanity have been sought in order to try to set limits to the protection of life. At what level of developing humanity can and ought lives to receive protection? And who, among those many labelled less than human at different times in history—slaves, enemies in war, women, children, the retarded—should be denied such protection?

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Of these three purposes for defining 'humanity,' the first is classificatory and descriptive in the first hand (though it gives rise to normative considerations). It has roots in religious and metaphysical thought, and has branched out into biological and archeological and anthropological research. But the latter two, so often confused with the first, are primarily *normative* or prescriptive. They seek to set norms or guidelines for who is fully human, and who is at least minimally human—so human as to be entitled to the protection of life. For the sake of these normative purposes, definitions of 'humanity' established elsewhere have been sought in order to determine action—and all too often the action has been devastating for those excluded.

It is crucial to ask at this point why the descriptive and the normative definitions have been thought to coincide; why it has been taken for granted that the line between human and non-human or not yet-human is identical with that distinguishing those who may be killed from those who are to be protested.

One or both of two fundamental assumptions are made by those who base the protection of life upon the possession of "humanity." The first is that all human beings are not only different from, but *superior to* all other living matter. This is the assumption which changes the definition of humanity into an evaluative one. It lies at the root of Western religious and social thought, from the Bible and the Aristotelian concept of the "ladder of life" all the way to Teilhard de Chardin's view of mankind as close to the intended summit and consummation of the development of living beings.

The second assumption holds that the superiority of human beings somehow justifies their using what is non-human as they see fit, dominating it, even killing it when they wish to. St. Augustine, in *The City of God* [12] expresses both of these anthropocentric assumptions when he holds that the injunction "Thou shalt not kill" does not apply to killing animals and plants, since, having no faculty of reason, therefore by the altogether righteous ordinance of the Creator both their life and death are a matter subordinate to our needs.

Neither of these assumptions is self-evident. And the results of acting upon them, upon the bidding to subdue the earth, to subordinate its many forms of life to human needs, are no longer seen by all to be beneficial.[13] The very enterprise of *basing* normative conclusions on such assumptions and distinctions can no longer be taken for granted.

Despite these difficulties, many still try to employ definitions of 'humanity' to do just that. And herein lies by far the most important reason for abandoning such efforts: the monumental misuse of the concept of "humanity" in so many practices of discrimination and atrocity throughout history. Slavery, witchhunts and wars have all been justified by their perpetrators on the grounds that they held their victims to be less than fully human. The insane and the criminal have the long periods been deprived of the most basic necessities for similar reasons, and excluded from society. A theologian, Dr. Joseph, Fletcher has even suggested recently that someone who has an I.Q. below 40 is "questionably a person" and that those below the 20-mark are not persons at all.[14] He adds that:

> "This has bearing, obviously, on decision making in gynecology, obstetrics, and pediatrics, as well as in general surgery and medicine."

Here a criterion for 'personhood' is taken as a guideline for action which could have sinister and far-reaching effects. Even when entered upon with the best of intentions, and in the most guarded manner, the enterprise of basing the protection of human life upon such criteria and definitions is dangerous. To question someone's humanity or personhood is a first step to mistreatment and killing.

We must abandon, therefore, this quest for a definition of humanity capable of showing us who has a right to live. To do so must not, however, mean any abandon of concern with the human condition—with the quest for knowledge about human origins and characteristics and with aspirations for human goodness. It is only the use of the concept of 'humanity' as a criterion of *exclusion* which I deplore.

In recent decades, philosophers have devoted much thought to the nature of ethical principles, to the kind of statement they make, and to their internal grammar. Much has been written about the requirement that these principles be universal—that they hold for all mankind, all moral persons, all rational beings. As a rough distinction, such a simple characterization of the *extent* to which ethical principles should hold is undoubtedly natural and relatively unproblematic. It would rule out, for example, the denial of basic rights to some persons while according them to others, whereas it would not prohibit the employment of plant fiber in clothing or lumber in furniture. But I submit that in the many borderline cases where humanity is questioned by some—the so-called 'vegetables,' the severely retarded, or the embryo—even the seemingly universal yardsticks of 'humanity' or rationality are dangerous.

But if we rule out the appeal to a standard of 'humanity' in deciding about the protection of life in such difficult cases, may we not have lost the only criterion of objective decisions? Or could there be other criteria less dangerous and vague than that connected with 'humanity'?

In order to seek such criteria, it is crucial to arrive at an understanding of the harm that comes from the taking of life. Why do we hold life to be sacred? Why does it require protection beyond that given to anything else? The question seems unnecessary at first—surely most people share what has beeen called "the elemental sensation of vitality and the elemental fear of its extinction," and what Hume termed "our horrors at annihilation." [15] Many think of this elemental sensation as incapable of further analysis. They view any attempt to say *why* we hold life sacred as an instrumentalist rocking of the boat which may endanger this fundamental and unquestioned respect for life. Yet I believe that such a failure to ask what the respect for life ought to protect lies at the root of the confusion about abortion and many other difficult decisions concerning life and death. I shall try, therefore, to list the most important reasons which underlie the elemental sense of the secredness of life. Having done so, these reasons can be considered as they apply or do not apply to the embryo and the fetus.

III. REASONS FOR PROTECTING LIFE

1. Killing is viewed as the greatest of all dangers for *the victim*.

The knowledge that there is a threat to life causes intense anguish and apprehension.

The actual taking of life can cause great suffering.

The continued experience of life, once begun, is considered so valuable, so unique, so absorbing, that no one who has this experience should be unjustly deprived of it. And depriving someone of this experience means that all else of value to him will be lost.

2. Killing is brutalizing and criminalizing *for the killer*. It is a threat to others, and destructive to the person engaged therein.

3. Killing often causes *the family of the victim and others to* experience grief and loss. They may have been tied to the dead peron by affection or economic dependence; they may have given of themselves in the relationship, so that its severance causes deep suffering.

4. *All of society*, as a result, has a stake in the protection of life. Permitting killing to take place sets patterns for victims, killers, and survivors, that are threatening and ultimately harmful to all.

These are neutral principles governing the protection of life. They are shared by most human beings reflecting upon the possibility of dying at the hands of others. It is clear that these principles, if applied in the absence of the confusing terminology of "humanity,' would rule out the kinds of killing perpetrated by conquerors, witch-hunters, slave-holders, and Nazis. Their victims feared death and suffered; they grieved for their dead; and the societies permitting such killing were brutalized and degraded.

Turning now to abortions once more, how do these principles apply to the taking of the lives of embryos and fetuses?

A. Reasons to protect life in the prenatal period

Consider the very earliest cell formations soon after conception. Clearly, most of these *reasons* for protecting human life are absent here.

This group of cells cannot suffer in death, nor can it fear death. Its experiencing of life has not yet begun; it is not yet conscious of the loss of anything it has come to value in life and is not tied by bonds of affection to other human beings. If the abortion is desired by both parents, it will cause no grief such as that which accompanies the death of a child. Almost no human care and emotion and resources have been invested in it. Nor is a very early abortion brutalizing for the person voluntarily performing it, or a threat to other members of the human community.[16] The only factor common to these few cells and, say, a soldier killed in war or a murdered robbery victim is that of the *potential* denied, the interruption of life, the deprivation of the possibility to grow and to experience, to have the joys and sorrows of existence.

For how much should this one factor count? It should count *at least* so much as to eliminate the occasionally voiced notion that pregnancy and its interruption involve only the mother in the privacy of her reproductive life, that to have an abortion is somehow analogous with cutting one's finger nails.

At the same time, I cannot agree that it should count enough so that one can simply equate killing an embryo with murder, even apart from legal considerations or the problems of enforcement. For it *is* important that most of the reasons why we protect lives are absent here. It does matter that the group of cells cannot feel the anguish or pain connected with death, that it is not conscious of the interruption of its life, and that other humans do not mourn it or fell insecure in their own lives if it dies.

But, it could be argued, one can conceive of other deaths with those factors absent, which nevertheless would be murder. Take the killing of a hermit in his sleep, by someone who instantly commits suicide. Here there is no anxiety or fear of the killing on the part of the victim, no pain in dying, no mourning by family or friends (to whom the hermit has, in leaving them for good, already in a sense 'died'), no awareness by others that a wrong has been done; and the possible brutalization of the murderer has been made harmless to others through his suicide. Speculate further that the bodies are never found. Yet we would still call the act one of murder. The reason we would do so is inherent in the act itself, and depends on the fact that his life was taken, and that he

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was denied the chance to continue to experience it.

How does this privation of potential differ from abortion in the first few days of pregnancy? I find that I cannot use words like 'deprived,' 'deny,' 'take away,' and 'harm' when it comes to the group of cells, whereas I have no difficulty in using them for the hermit. Do these words require, if not a person conscious of his loss, at least someone who at a prior time has developed enough to be or have been conscious thereof? Because there is no semblance of human form, no conscious life or capability to live independently, no knowledge of death, no sense of pain, one cannot use such words meaningfully to describe early abortion.

In addition, whereas it is possible to frame a rule permitting abortion which causes no anxiety on the part of others covered by the rule—other embryos or fetuses—it is not possible to frame such a rule permitting the killing of hermits without threatening other *hermits*. All hermits would have to fear for their lives if there were a rule saying that hermits can be killed if they are alone and asleep and if the agent commits suicide.

The reasons, then, for the protection of lives are minimal in very early abortions. At the same time, some of them are clearly present with respect to *infanticide*, most important among them the brutalization of those participating in the act and the resultant danger for all who are felt to be undesirable by their families or by others. This is not to say that acts of infanticide have not taken place in our society; indeed, as late as the nineteenth century, newborns were frequently killed, either directly or by giving them into the care of institutions such as foundling hospitals, where the death rate could be as high as 90 percent in the first year of life.[17] A few primitive societies, at the edge of extinction, without other means to limit families, still practice infanticide. But I believe that the *public acceptance* of infanticide in all other societies is unthinkable, given the advent of modern methods of contraception and early abortion, and of institutions to which parents can give their children, assured of their survival and of the high likelihood that they will be adopted and cared for by a family.

B. Dividing lines

If, therefore, very early abortion does not violate these principles of protection for life, but infanticide does, we are confronted with a new kind of continuum in the place of that between less human and more human: that of the growth in strength, during the prenatal period, of these principles, these reasons for protecting life. In this second continuum, it would be as difficult as in the first to draw a line based upon objective factors. Since most abortions can be performed earlier or later during pregnancy, it would be preferable to encourage early abortions rather than late ones, and to draw a line before the second half of the pregnancy, permitting later abortions only on a clear showing of need. For this purpose, the two concepts of *quickening* and *viability*—so unsatisfactory in determining when humanity begins—can provide such limits.

Before quickening, the reasons to protect life are, as has been shown, negligible, perhaps absent altogether. During this period, therefore, abortion could be permitted upon request. Alternatively, the end of the first trimester could be employed as such a limit, as is the case in a number of countries.

Between quickening and viability, when the operation is a more difficult one medically and more traumatic for parents and medical personnel, it would not seem unreasonable to hold that special reasons justifying the abortion should be required in order to counterbalance this resistance; reasons not known earlier, such as the severe malformation of the fetus. After viability, finally, all abortions save the rare ones required to save the life of the mother,[18] should be prohibited, because the reasons to *protect* life may now be thought to be partially present; even though the viable fetus cannot fear death or suffer consciously therefrom, the effects on those participating in the event, and thus on society indirectly, could be serious. This is especially so because of the need, mentioned above, for a protection again infanticide. In the unlikely event, however, that the mother should first come to wish to be separated from the fetus at such a late stage, the procedure ought to be delayed until it can be one of premature birth, not one of harming the fetus in an abortive process.

Medically, however, the definition of 'viability' is difficult. It varies from one fetus to another. At one stage in pregnancy, a certain number of babies, if born, will be viable. At a later stage, the percentage will be greater. Viability also depends greatly on the state of our knowledge concerning the support of life after birth, and on the nature of the support itself. Support can be given much earlier in a modern hospital than in a rural village, or in a clinic geared to doing abortions only. It may some day even be the case that almost any human life will be considered viable before birth, once artificial wombs are perfected.

As technological progress pushes back the time when the fetus can be helped to survive independently of the mother, a question will arise as to whether the cutoff point marked by viability ought also be pushed back. Should abortion then be prohibited much earlier than is now the case, because the medical meaning of 'viability' will have changed, or should we continue to rely on the conventional meaning of the word for the distinction between lawful and unlawful abortion?

In order to answer this question it is necessary to look once more at the reasons for which 'viability' was thought to be a good dividing-line in the first place. Is viability important because the baby can survive outside of the mother? Or because this chance of survival comes at a time in fetal development when the *reasons* to protect life have grown strong enough to prohibit abortion? At present, the two coincide, but in the future, they may come to diverge increasingly.

If the time comes when an embryo *could* be kept alive without its mother and thus be 'viable' in one sense of the word, the reasons for protecting life from the point of view of victims, agents, relatives and society would still be absent; it seems right, therefore, to tie the obligatory protection of life to the present conventional definition of 'viability' and to set a socially agreed upon time in pregnancy after which abortion should be prohibited.

To sum up, the justifications a mother has for not wishing to give birth can operate up to a certain point in pregnancy; after that point, the reasons society has for protecting life becomes sufficiently weighty so as to prohibit late abortions and infanticide.

IV. MORAL DISTINCTIONS

But moral distinctions ought nevertheless be made by the mother considering an abortion even during the period when she may lawfully obtain one. In addition to those having to do with the *method* of abortion and the degree to which the pregnancy was voluntary or involuntary (as discussed previously), the *time* in pregnancy, the weightiness of the *reasons* for wanting the abortion, the desires of the *father*, and the possibility of alternatives such as adoption, must all be considered.

1. The *time* in pregnancy at which the abortion takes place is a very important factor. Very early in pregnancy, the reasons for protecting life are clearly absent. Few will have to face the questions which come with aborting a 4 or 5-month-old fetus when early abortions are generally available. But *in* such late abortions, it is especially important to consider what the reasons are for desiring the abortion.

2. Among all of the reasons why a pregnancy is unwanted, it is possible to perceive a gradation from reasons all would recognize as very compelling, such as a threat to the mother's life, to reasons most would think of as frivolous, such as a determination that only a fetus of a desired sex should be allowed to be born. This gradation among the reasons for wishing not to have a baby will be part of any judgment concerning the *morality* of acts to prevent births. It is also possible to divide the innumerable reasons for not wanting a pregnancy into two main categories. The first one, sometimes called 'selective' unwantedness, refers to those pregnancies which are desired, often planned, by the parents, but during the course of which evidence comes to light concerning a risk, or even a certainty of abnormality in the fetus. If, for example, the mother has Rubella, or German Measles; in the first trimester, there is a probability of fetal abnormality. And it is now possible to learn, through prenatal diagnosis, whether the fetus suffers from a chromosomal abnormality, the most common of which causes mongolism, or from one of a number of genetic diseases which can cause malformation or mental retardation.[19] In all of these cases the parents, while they might ordinarily welcome a pregnancy, may come to the conclusion that they do not wish to give birth in this particular case.

But the determination of such defects through amniocentesis can only be made when the amniotic fluid is present to a sufficient degree, and the final results of the tests may not be available until the fifth month of pregnancy. Only *late* abortions are possible after amniocentesis, and this makes the decision for parents and doctors a much more difficult one.

The reasons for not wanting a malformed baby differ with the capacities of the parents and the severity of the abnormality. Some parents, and families, cope admirably and with great love with children who would prove burdensome and even destructive to other families. A severely disabled fetus, likely to suffer greatly once born and perhaps to die in childhood, could be 'unwanted' out of concern for its own welfare, as well as for the welfare of the family. A great deal depends on the help available from the community, in terms of financial assistance, special schooling, medical resources, and general support. Other factors which can be important are the pride of the family, or even parental prejudice, e.g., parents' wish for an abortion after learning that the fetus is of one sex rather than another.

Perhaps most difficult from a moral point of view are the situations where the parents know beforehand that they are carriers of genetic defects, and where they enter upon a pregnancy determined in advance to abort any fetus which is found to exhibit the defect. I say this with the greatest humility, knowing the strength of the urge to have one's own babies. But I see no difference between starting another human life with such plans, and creating 'test-tube' fetuses only to throw away those deemed undesirable. In cases such as these, other ways of bringing children into the lives of parents must be worked out. At times artificial insemination may provide an answer,[20] at other times adoption, or working with children in the many capacities where help is needed, may be preferable.

But there are many cases where these distinctions cannot be so clearly made. It may be difficult to know whether there was an intention to have a baby, or to risk becom-

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ing pregnant. It might be argued that someone who engaged in sexual activity, even using contraceptives, ought to be willing to take the responsibility for a human life which results. Whereas to abort under such circumstances, or even after a voluntarily begun pregnancy, is not murder, it ought not to be taken lightly. For the same reason, it is insensitive to omit contraceptive measures and to rely on the availability of abortion in the case of pregnancy. (Though the availability of methods making abortions possible in the very earliest days of pregnancy and the hazy line between such abortions and contraception may make such a distinction less pointed.)

Another set of criteria which will be difficult to work out when considering reasons for abortion is that which should govern abortions for the sake of the welfare of the fetus. For while almost all would agree about the extreme cases I have mentioned, there will be disagreement as to what to do in those cases where the affliction is not totally debilitating, or where there is merely a *risk* of disease, not a certainty. What if the risk is small? A recent newspaper article stated that there is one chance out of a hundred that a baby will be born retarded if the mother has had the flu in the first trimester of her pregnancy. Whether or not this particular concern turns out to be correct, it is going to be increasingly possible to specify odds of this kind, sometimes with a very low probability of danger. It has been suggested that parents will come to want to take very few chances of defects, so long as the choice is open to them of having abortions.

Even if it is possible, however, to work out criteria concerning the welfare of the baby, there are times when the cost at which this welfare is to be purchased must be weighed against the welfare of other human beings. If for example, a fetus is diagnosed as having a disease which can be controlled after birth so as not to cause suffering, but only at staggering costs to the family or the community—say of millions of dollars each day—abortion would clearly be called for in spite of the theoretical possibility of carrying the baby to term and treating it. The other possibility would be not aborting, and permitting the baby to suffer in the absence of such expensive relief, and then once more, the magnitude of the suffering might have argued in favor of abortion.

All these cases, where certain births are unwanted because of the characteristics of the fetus, differ crucially from those in the second category where no children at all are wanted at the time of the pregnancy. In this larger group are the more familiar cases where there is danger to the mother's physical health or her emotional stability, or where there is not enough food, clothing, or shelter to cope with yet another child. Here, too, are cases where there has been rape, or incest, or where a very young girl is pregnant. There are also the frequent cases where the mother feels she is beyond the age best suited for child-caring, or does not want to accept the great change in life—the restriction, the financial pinch, and the feeling of being tied down—which often accompany the birth of a child. These changes affect mothers most powerfully in our society of nuclear families where the burdens of child-rearing often fall on them alone. In all of these cases, contraception could have avoided the pregnancy, and an early abortion is possible as a last resort. Adoption is an alternative resort which should always be considered. It must be remembered, however, that with prevailing attitudes it would be exceedingly difficult for a married woman with existing children to give a baby up for adoption.

The distinction between the two *kinds* of reasons for not wanting a pregnancy is crucial. For while the first group of conceptions—unwanted because of the characteristics of the fetus—often require abortions if births are to be prevented (and often late abortions, since prenatal diagnosis takes time and can rarely begin until the second trimester of pregnancy), the second group can usually be prevented through contraception, sterilization, abstinence, or protection of the mother from sexual assault. Abortion is necessary here only as a last resort, where other methods have failed, and an *early* abortion is possible, presenting fewer medical, ethical, and emotional problems than a later one.

3. At times, there are conflicts between mothers and fathers of the unborn. According to one study,[21] about one-half of the pregnancies unwanted by one or both parents were unwanted by *only one* parent. Very often such disagreements are settled amicably, usually in favor of having the baby. But who should make the decision when the mother wishes to have an abortion, and the father wants to restrain her? [22] In a recent Canadian case,[23] a judge prohibited an abortion desired by a mother. The father had brought suit on his own behalf and on that of the 'infant plaintiff.'

It is difficult to see how such a disagreement can be anything but disruptive for the relationship between the two parents, as well as very harmful for the child after birth. Whoever 'wins' in such a conflict will have won a Pyrrhic victory indeed.

Early in pregnancy, the mother has at her disposal methods of abortion which need not involve the father's knowledge of her condition. The same is true if he does not learn of the pregnancy as it progresses. But barring such eventualities, who would decide in the event of a conflict?

In such a conflict, while it is important to ascertain the father's views when possible, there ought not to be a *requirement* that both parents consent to an abortion, as is now often the case.[24] The mother has the burden of pregnancy, and most often of caring for the baby she bears. The decision to interrupt her pregnancy should therefore be hers. But into her decision should go the awareness of the heavy price she will have to pay in the relationship with the father, if she aborts their unborn child against his wishes. And the father's reasons for wishing to continue the pregnancy should be given due weight, so as to counterbalance in her judgment all but the most pressing reasons she has for wishing to have the abortion.

The father's wishes should be given great weight, especially if he wants not only to preserve the life of his unborn child, but also to share responsibility and care after birth. At a future time, when it may be possible to remove a fetus relatively early in pregnancy and protect it artificially until 'birth,' fathers, just as adoptive parents, ought to have the right to declare their intentions to take responsibility for the baby. Mothers at that time, while severing their connections with the fetus, should not be able to demand its death.

Furthermore, if we look back on the reasons for protecting life, one of them concerns the grief felt by family members when someone is killed. If, therefore, a father feels such grief, and if he supports his contention by promising to assume the burdens of child-rearing after birth, this ought to be an important consideration, persuasive to the mother or to her physician or to both. Our society has been moving in the direction of recognizing that men as well as women can provide care and nurturance for children. To permit a father to prevent the abortion of his child on the condition that he bring it up later would seem to be a move in the same direction. If he is unwilling to make such a commitment, however, his grief at the impending death of the fetus is less entitled to respect.

4. The alternatives to abortion differ depending upon whether birth prevention is considered before or after conception. The alternatives open before conception—abstinence, different methods of contraception, and sterilization—do not raise the particular moral problems connected with taking the life of the fetus, or of rejecting the baby after birth.

Once conception *has* occurred, the alternatives to abortion are to accept responsibility for the baby after birth, or to relinquish it to the state or to adoptive parents. It is extremely important to consider these alternatives in the case of each unwanted pregnancy, and only to have recourse to abortion after discarding them. Many pregnant women, whether they are seeking abortions or not, are ambivalent, struggling within themselves in order to reconcile the tenderness normally evoked by the thought of a baby, with fears connected with their pregnancy. The fears may have to do with the future of the baby, or with the future of the family unit into which the baby will come. Sometimes there is no such family unit, and sometimes the relationship with the baby's father is such as to threaten the future of the baby. The decisive point comes when the choice is made to prevent a pregnancy or a birth. And this choice in turn is strongly influenced by social attitudes towards means of birth prevention, and by their availability.

The fact of having children has always been considered 'natural,' and someone not wishing a child, or any children, has been expected to produce reasons in support of such an attitude. It may be that we are now coming closer to a time when choosing not to have a child will be seen to reflect, not necessarily a hostile and niggardly attitude, a 'denial of life,' but a respect for the living, and a correct estimate of what kind of life a baby can be given. In that case, reasons will come to be expected *before* giving birth to a new baby, and thoughts for the welfare of the child to be will come to be seen as an important aspect of childbearing.

In order for such choices to be possible at all, however, *information* is necessary. All those who are physically able to become parents must have wise and full advice regarding family life, sexual life, and birth prevention. From a moral point of view, contraception is greatly preferable to abortion. The *knowledge* about contraceptive alternatives to childbirth, or to abortion, is therefore crucial to all potential parents. Withholding information in order to preserve 'innocence' among the young is a self-defeating and unjustifiable exercise of paternalistic power, contributing to the birth of unwanted children and to shattered lives.

I have argued that it may be moral to have an abortion under certain circumstances, but that the range of morally justifiable abortions is more restricted than that of those abortions declared lawful by the Supreme Court. But some argue that such views of morality and legality, if widely followed, could lead to great dangers for society.

V. PROBLEMS OF LINE-DRAWING

A. Can we allow abortion without risking infanticide?

Foes of abortion argue that a society which permits abortion may not be able to hold the line against infanticide.[25] Once we admit *reasons* for abortions such as fetal malformation or simply not wanting another child, they say, what is to prevent people from acting upon these very same reasons after birth? [26] A baby just before birth, they argue, is identical to one just after birth. What, then, will provide the discontinuity?

Footnotes at end of article.

I have argued, on the contrary, that another set of *reasons*—the reasons for protecting human life—gain in strength during pregnancy and are such as to prohibit abortions after a certain point and therefore also to prohibit infanticide. While it is true that no theoretical line can be drawn which distinguishes between a baby just before birth and one just after birth, there is no difficulty in distinguishing an aborted embryo from a newborn baby. A time must therefore be set in pregnancy well before birth for the cutting-off point. The discontinuity will then exist between abortion and infanticide. The argument that the reason *for* aborting may still exist at childbirth does not take into account the reasons *against* killing, and the threat, which would be felt by all if infanticide as a parental option were thought to be possible.[27]

How can one *know* whether such a discontinuity can be observed in practice? The only way to know is to consider those societies which have already permitted abortion for considerable lengths of time. These countries do not in fact experience tendencies toward infanticide. The infant mortality statistics in Sweden and Denmark are extremely low, and the protection and care given to all living children, including those born with special problems, is exemplary.

Moreover, Nazi Germany, which is frequently cited as a warning of what is to come once abortion becomes lawful, had *very strict laws prohibiting abortion*. In 1943, Hitler's regime made the existing penalties for women having abortions, and those performing them, even more severe by removing the limit on imprisonment and by including the possibility of "hard labor" for "especially serious cases."[28]

The fear of slipping from abortion towards infanticide, therefore, while understandable, does not seem to be grounded in fact.

B. Is there a risk of compulsory abortion?

A second type of line-drawing problem is the following: if a beginning is made by permitting amniocentesis and abortion in cases where the mother learns she is expecting a grossly malformed baby, might there not come to be a *requirement* for others to undergo amniocentesis, and to induce abortion if the fetus is found to be defective? And once abortion is no longer reprehensible might a community not require abortion where expectant mothers are heavily addicted, and where it is not only likely that they will harm or neglect their children after birth, but where they are demonstrably severely harming them even before birth? Might it not be increasingly easy for parents to force their daughters to have abortions should they become pregnant while they are too young, or unmarried?[29] Or even for husbands to require abortions where they judge their wives to be unstable or perhaps ill? And finally, if abortion is permitted for indigent mothers, in part out of sympathy for mother and child, and in part out of a computation of the likely costs to the community of enforcing the births of unwanted children, might there not in the long run be a requirement for abortion where mothers on welfare are concerned, or any others who are judged unable to provide, materially or emotionally or intellectually, for the needs of their children?

One can readily concede that it is important to be vigilant against any such developments. Any inroads upon a pregnant woman's physical integrity, against her will, are very serious and we need strong protection for the control she should be able to exercise over her own body. Great risks of abuse would obviously accompany any provision for obligatory abortion. But to forbid voluntary abortion because of the danger of involuntary abortion would be like forbidding voluntary adoptions on the grounds that they might lead to involuntary adoption policies. The battle against coercion must be fought at all times, with respect to many social options, but this is no reason to prohibit the options themselves.

CONCLUSION

There are many reasons which may lead a mother not to wish to give birth, but to have an abortion instead. They range from the most compelling to the most trivial. In early pregnancy, society's reasons for protecting life—the suffering and harm to the victim, to the agent, to the family and friends, and to society as a whole—do not apply, either to the zygote or to the embryo. Abortion, for whatever reasons, should then be available upon request. Preventing birth before conception or just after conception, however, presents fewer ethical conflicts than later abortions.

As pregnancy progresses, the social reasons for preventing killing are more and more applicable to the fetus. At the stage where a fetus is viable—capable of independent life outside the mother's body—these reasons begin to be as substantial as at birth and thereafter. In addition, viability represents the time when cessation of bodily support by the mother need not result in fetal death; as a result a viable fetus is capable of protection by others. For these reasons, I believe that after the established time of possible viability, methods separating fetus and mother so as to kill the fetus should be prohibited. But an earlier time—perhaps 18 rather than 24 weeks—is preferable for all but exceptional cases (such as those occurring after prenatal diagnosis of severe malformation).

Even though abortion may be *lawful* up to this time, however, it is not necessarily an act which an individual may consider right or justifiable. This discrepancy results, I believe, from the fact that the *social* reasons for protecting life may also be looked upon in each case as *individual* reasons. Society may not find that abortion harms either victim or agent, family or social practices. But the individual parent or physician may see risks to himself as a person from such acts and look at them as breaches of personal responsibility toward the unborn. They may regard abortion as personally distasteful, even though it is lawful.

Some physicians, for examle, do feel that they cannot participate in abortions without personal danger of brutalization and without sharing responsibility for killing. This may be especially true when they are called in, as in large hospitals, to perform one abortion after another without any chance to consult with the women involved and to hear their case histories. There should never be a requirement that a physician or nurse must participate in an abortion. Even if women have a right to abortion, they have not therefore the right to force others to perform such acts.

In the same way, a mother or a father may feel personal grief over the death of a fetus, and responsibility for killing it, quite apart from the legality of the act. This grief and this responsibility, which would be present as a matter of course where parents wish for the birth of their baby, may also accompany an unwanted pregnancy. The following factors should then be weighed by the mother before she can be confident that abortion is the right way out of her dilemma, and one she will not come to regret or view with guilt:

Whether or not the pregnancy was voluntarily undertaken.

The importance and validity of the *reasons* for wanting the abortion.

The technique to be used in the abortion; the extent to which it can be regarded as 'cessation of bodily life support,' rather than outright killing.

The time of pregnancy.

Whether or not the father agrees to the abortion.

Whether or not all other alternatives have been considered, such as adoption.

Her religious views.

And the father, if he weighs these factors differently, may feel the grief and responsibility differently too, and wish to take over the care of the baby after birth.

Abortion is a last resort, and must remain so. It is much more problematic than contraception, yet it is sometimes the only way out of a great dilemma. Neither individual parents nor society should look at abortion as a policy to be encouraged at the expense of contraception, sterilization, and adoption. At the same time, there are a number of circumstances in which it can justifiably be undertaken, for which public and private facilities must be provided in such a way as to make no distinction between rich and poor.

FOOTNOTES

[1] Roe v. Wade, *United States Law Week 41*, 1973, pp. 4213–33. Doe v. Bolton, *Ibid.*, pp. 4233–40.

[2] See *The Morality of Abortion*, ed. by John T. Noonan, Jr. (Cambridge: Harvard University Press, 1970), and G. H. Williams, "Religious Residues and Presuppositions in the American Debate on Abortion," *Theological Studies* 31 (1970), 10–75.

[3] Judith Thomson, "A Defense of Abortion," *Philosophy and Public Policy* 1 (1971), 47–66.

[4] See Selig Neubardt and Harold Schulman, *Techniques of Abortion* (Boston: Little, Brown and Company, 1972).

[5] But lines are hard to draw here. There are many intermediate cases between the pregnancy intentionally begun and, for instance, that resulting from carelessness with contraceptives.

[6] See Morton A. Stenchever, "An Abuse of Prenatal Diagnosis," *Journal of the American Medical Association* 221 (July 24, 1972), 408.

[7] Noonan, *Morality of Abortion*, p. 51. For a thorough discussion of this and other views concerning the beginnings of human life, see Daniel Callahan, *Abortion: Law, Choice and Morality* (New York: Macmillan Company, 1970).

[8] Jérôme Lejeune, "On the Nature of Man," (Lecture at the American Society of Human Genetics at San Francisco, October 2–4, 1969).

[9] Paul Ramsey, "Feticide/Infanticide upon Request," *Religion in Life* 39 (July, 1970), 170–86. Arthur J. Dyck, "Perplexities for the Would-Be Liberal in Abortion," *Journal of Reproductive Medicine* 8 (June, 1972), 351–54.

[10] Roe v. Wade, *United States Law Week 41*, pp. 4227, 4229.

[11] *Ibid.*, p. 4227. For further discussion see L. Tribe, "Foreword: Toward a Model of Roles in the Due Process of Life and Law," *Harvard Law Review* 87 (1973), 1–54.

[12] Augustine, *The City of God Against the Pagans*, Book I. Ch. XX (Cambridge: Harvard University Press, 1957).

[13] C. D. Stone, "Should Trees Have Standing? Toward Legal Rights for Natural Objects," *Southern California Law Review* 45, 450–501, provides an interesting analysis of the extension of rights to those not previously considered persons, such as children, and a discussion of possible future extensions to natural objects.

[14] Joseph Fletcher, "Indicators of Humanhood: A Tentative Profile of Man," *The Hastings Center Report* 2 (November, 1972), 1–4.

[15] Edward Shils, "The Sanctity of Life," in *Life or Death: Ethics and Options*, ed. by D. H. Labby (Seattle: University of Washington Press, 1968), p. 12. David Hume, "Of the Immortality of the Soul," *Essays: Moral, Political, and Literary* (London: Longmans, Green, and Co., 1882), II, p. 405.

[16] This question will be taken up in detail

in Part V. It is because all of the reasons for protecting life are *present* when someone considered to be a slave is murdered that the spate of recent sensationalistic comparisons of abortion and slavery do not make sense, even though it is true that in both cases there are denials of the humanity of the victims. Once again, a confusion in the use of the word "humanity" is at fault.

[17] William L. Langer, "Checks on Population Growth: 1750–1850," *Scientific American* 226 (February, 1972).

[18] Every effort must be made by physicians and others to construe the Supreme Court's statement "If the State is interested in protecting fetal life after viability, it may go so far as to proscribe abortion during that period except when it is necessary to preserve the life or health of the mother" to concern, in effect, only the life or threat to life of the mother. See Alan Stone, "Abortion and the Supreme Court: What Now?" *Modern Medicine*, April 30, 1973, pp. 33–37, for a discussion of this question and what it means for physicians.

[19] Theodore Friedmann, "Prenatal Diagnosis of Genetic Disease," *Scientific American* 225 (November, 1971), 34–42 and A. Milunsky, *et al.*, "Prenatal Genetic Diagnosis," *New England Journal of Medicine* 283 (December 17, 1970), 1370–81; (December 24, 1970), 1441–47; (December 31, 1970), 1498–1504.

[20] Especially when genetic evaluation of *donors* becomes a common practice. See Walter Wadlington, "Artificial Insemination: The Dangers of a Poorly Kept Secret," *Northwestern University Law Review* 64[6] (1970), 777–807.

[21] See Edward Pohlman, "Unwanted Conceptions: Research on Undesirable Consequences," *Eugenics Quarterly* 14 [2] (June, 1967), 144.

[22] I discuss the reverse situation, where the father wishes to force the mother to have an abortion, on page 51.

[23] See *New York Times*, Saturday, January 28, 1972.

[24] "When abortion is recommended by a physician, the indications should be stated in the patient's record, and informed consent obtained from the patient and her husband, or herself if she is unmarried, or from her nearest relative or guardian if she is under the age of consent." From *Policy on Abortion*, issued in August, 1970 by the Executive Board of the American College of Obstetricians and Gynecologists. See Tribe, *Harvard Law Review*, 38–41.

[25] See for example, Noonan, *Morality of Abortion*, p. 258.

[26] Some have used the same argument for the opposite conclusion. Since, or if, we allow abortion, they say, we *should* allow infanticide under certain conditions. See Michael Tooley, "Abortion and Infanticide," *Philosophy and Public Affairs* 2 (Fall, 1972), 37–65, and John M. Freeman and Robert E. Cooke, "Is There a Right to Die—Quickly?", *Journal of Pediatrics* 80 (Spring, 1972), 940–5. Once again, such a conclusion fails to take into account the powerful social reasons against infanticide.

[27] It is important to be clear here about the differences between active killing of infants and the fact that the battle for life, in those rare cases where an infant is born with a severe malformation, such as the absence of a brain, is not undertaken or not carried as far as it would otherwise be. There *are* difficult borderline cases, but nothing suggests that killing actively in early pregnancy opens the door to the active killing of infants.

[28] See *Reichsgesetzblatt*, 1926, Teil I, Nr. 28, 25 May 1926, § 218, and 1943, Teil I, 9 March 1943, Art. I, "Angriffe auf Ehe, Familie, und Mutterschaft."

[29] See the Maryland case *in Re Smith* reported in *41 U.S. Law Week* 2022, 1972, where a 16-year-old girl was jailed at the request of a Circuit Court judge in order to undergo the abortion she refused, but which her mother insisted upon. At the last moment, a higher court freed the girl.

REDUCED CORN CROP THREATENS HIGHER FOOD PRICES

Mr. CRANSTON. Mr. President, yesterday's announcement from the Department of Agriculture confirmed our worst fears about reduced corn crop yields for 1974. Because of bad weather conditions, this year's corn crop is forecast to be only 4.96 billion bushels—12 percent below last year's 5.64 billion bushels.

Because corn is the primary feed used in producing milk, meat, and poultry, this corn crop is expected to have a dramatic impact on higher food prices next year.

Even more ominous, some weather experts have expressed concern that the crop-destroying drought which struck the Midwest in July may be only the beginning of a drought that could affect large parts of the central United States for years, resulting in food shortages in this country and abroad.

Mr. President, these dramatic events will call for new solutions to the intertwined problems of inflation and food supplies.

I ask unanimous consent that two articles from this morning's Wall Street Journal be printed in the RECORD, as they discuss in some detail the current crop reports and their relationship to higher food prices in the future.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Wall Street Journal,
Aug. 13, 1974]

BITTER LEGACY: DROUGHT IN MIDWEST MAY PUSH FOOD PRICES HIGHER FOR MANY YEARS—LESS FEED, MORE IRRIGATION ADD TO PRODUCTION COSTS; SHRINKING THE BEEF HERD; OMEN OF THE 20-YEAR CYCLE

(By Gene Meyers and Frederick C. Klein)

TECUMSEH, NEB.—To the casual eye, it's hard to spot evidence of serious drought in the farm land around here. The corn stalks and soybean plants are stunted, but the cooler weather of the past two weeks has turned their color back to green. And there has been enough rain recently to darken the soil.

But as farmer Jim Blake is quick to point out, appearances are deceiving. "The bean plants look okay, but there's no pods on 'em," he says. "Same for the corn. What ears managed to get through don't have many kernels." Like most farmers in this section of southeastern Nebraska, Mr. Blake figures he will lose about 80% of his 300-acre crop of corn and beans as a result of last month's scorching temperatures and almost total lack of rain. (Nationally, the Agriculture Department predicted yesterday that the corn crop may decline 12% from last year.)

Farm experts say that much the same point can be made about possible economic consequences of the crop failures that have hit large portions of the Midwest this summer: There is more to them than meet the eye.

Last weekend's rain in the drought area came too late to do much good, and it's already obvious that the short-term impact of crop losses will be serious enough. Farmers' income will drop from last year's record levels, so general business will suffer in the dozen or so states most affected. The loss of a sizable portion of the hoped-for bumper crop of corn, soybeans and other animal feed ingredients means that prices of meat and dairy products are sure to rise in the months ahead. Balancing the federal budget, a crucial factor in the fight against inflation, will be made more difficult because the government may have to dole out as much as $1 billion in crop-damage compensation to farmers.

PART OF LONG-TERM TREND?

But observers say the long-term implications of this year's dismal agricultural picture are even more disturbing. Many students of weather trends are concerned that the lack of rainfall that cut so deeply into crop yields in such key states as Iowa, Nebraska and Kansas is no isolated phenomenon. They say it could be the start of a drought that could affect large parts of the central U.S. for years, causing food shortages in this country and abroad.

Even if worse doesn't come to worst, economists see the current drought as hastening the liquidation of U.S. cattle herds that already is underway. Any such development could foreclose the possibility of cheaper meat in this decade.

Moreover, it's expected that farmers increasingly will turn to irrigation to maintain or improve the productivity of their land. This would add a significant and permanent new element to the cost of producing food.

"During the 1960s and early '70s, we had meat and other food prices based on relatively cheap grain," says William O. Helming, president of Livestock Business Advisory Services Inc., a Kansas City consulting firm. But he adds: "On the new level of economics, that's a thing of the past."

THE 20-YEAR DROUGHT CYCLE

Several observations prompt fears that this summer's arid weather over a band extending from northern New Mexico and Texas on the south to South Dakota on the north may be more than just a temporary condition. One is that Great Plains droughts have run in roughly 20-year cycles, and another is about due. The latest extended dry period came in 1953–56, and the one before that—rated as the worst in the past century—extended from 1933 through 1936.

(Some observers have compared the 1974 drought to the 1936 in severity, but Louis M. Thompson, associate dean of agriculture at Iowa State University, rejects this notion, at least for the present. Last month was about as hot and dry in the Corn Belt as July 1936, but August 1936 also was extremely hot while temperatures this month have modified substantially, he notes.)

Irving Krick, former head of the meteorology department at California Institute of Technology and now president of a private weather-forecasting firm in Palm Springs, Calif., has done comparative studies of atmospheric pressure, and he expects low rainfall in the Midwest to continue into 1978.

"IT'S GOING TO GET WORSE"

"It's going to get worse in the next few years," Mr. Krick declares. "Our projections are that the old dust-bowl area from New Mexico up to Canada will stay dry and will spread. Conditions now are similar to those of the middle 1930s. Moisture below is being sucked out by crops and is not being replenished."

Reid A. Bryson, director of the Institute for Environmental Studies at the University of Wisconsin, concurs with this general belief. "We don't know in detail how those things evolve, but the evidence is abundantly clear that the climate of the earth is changing and in a direction that is not promising in terms of our ability to feed the world," he says. "It must be remembered that crop-production weather during the 15 years or so preceding 1972 was the best it's been in the past century and a half. The chances of its recurring are about one in 10,000."

Whatever the extended outlook for rainfall, the drought already has accelerated the trend of higher animal feed prices and spurred cattlemen to thin out their herds. The increased movement of cattle to market is expected to keep beef prices from rising in the next few months, but steadily higher prices are forecast for 1975 and beyond if the liquidation of herds proceeds apace and if feed prices remain high.

"Herds have grown over the past 15 years to their current peak level (of 138 million head). That's too much for cattlemen to support at the feed prices of last year and this year, and they have already started cutting back," says D. Gale Johnson, chairman of the economics department of the University of Chicago. He looks for the annual beef-slaughter rate to increase beginning this year to at least 40 million from the previous 35 million, and continuing at that level for several years.

"I think we have seen a peak in the cattle population that won't be reached again through the early 1980s," Prof. Johnson says.

The long-term trend toward higher farm prices is expected to be supported by the movement to put more acres under irrigation. Currently, some 40 million acres—about 17% of the total—of U.S. cropland are irrigated. That figure has risen by some five million acres over the past 15 years, but experts forecast a climb of perhaps a million acres a year for the next decade.

EXPENSIVE IRRIGATION

Most of the "easy" irrigation of American farms, consisting of minor stream diversions and the like, was accomplished before World War II. Since then, the process has become increasingly difficult and expensive; costs of the pipe and labor have risen 18% to 20% in the last year alone.

Yet irrigation is credited with helping keep down crop losses in this year's drought—especially in the Western states—and farmers will pay for more if crop and livestock prices justify it. "I think you'll see more irrigation aimed at bringing marginal land into production," says Richard Morie, publisher of Irrigation Journal in Elk Grove, Wis. "If farm prices get high enough Corn Belt farmers will use it to support second crops."

It isn't clear yet how much grain will be lost from this year's crop. The U.S. Department of Agriculture's latest report pegs the probable corn harvest at about 4.96 billion bushels against last year's 5.64 billion and the 6.7 billion the department had predicted earlier in the year. However, crop observers say that ample rainfall from now till harvest could restore some of the corn that appeared lost on Aug. 1, the date of the government's survey. Soybean and cotton crops also are expected to trail last year's output.

The damage has been spread fairly evenly across the Midwest. In Iowa, the nation's leading corn-producing state, this fall's harvest could be off as much as 30% from last year's 1.2 billion bushels, state officials say. Similar percentage dropoffs are expected in other drought-hit states as Nebraska, Kansas and Oklahoma.

TOO MUCH RAIN

In Illinois and Indiana, two other major corn states, losses of the key crop are expected to range between 15% and 25%. There, the primary problem wasn't drought but extra-heavy spring rains that washed out as many as three plantings in some sections. The warm weather that followed wasn't conducive to the growth of the tender new plants.

The quickest impact of feed-crop losses on meat prices is expected to center on poultry. Future broiler-chicken production—as measured by egg placements—may drop as much as 10% below a year earlier in the next several weeks. Prices at retail recently have held steady at about 37 cents a pound in Chicago because of special sales, but they are expected to rise by more than 10% this fall and winter.

Pork prices are at or near their highs but are expected to decline soon as supplies increase seasonally. Low feed supplies could cut pork production as much as 10% by next summer, though, and prices could rise as much as 20% from current levels.

Prices of lower-grade beef—including hamburger—are expected to show little change in coming weeks as supplies, buoyed by herd liquidations, increase. But choice beef will rise in price, with the possibility of setting new record retail levels by early or mid-winer. Prices of all cuts are expected to remain high throughout 1975.

[From the Wall Street Journal, Aug. 13, 1974]

U.S. AGENCY'S CORN-CROP FORECAST CUT DUE TO DROUGHT; FOOD-PRICE RISES SEEN

WASHINGTON.—Retail food prices will rise next year and meat supplies may get tighter because of the devastating impact of this summer's drought on the corn crop in the Midwest Farm Belt.

That is the assessment Agriculture Department officials made after the official government confirmation yesterday that this year's corn production will be sharply lower than previous high estimates.

The agency forecast that this year's corn crop would be only 4.96 billion bushels because of dry weather conditions in the Midwest. That would be 12% below last year's harvest of 5.64 billion bushels.

It also is greatly less than the department's original projection of 6.35 billion bushels and its revised prediction of June 24 of 5.95 billion to 6.4 billion bushels. The new forecast, moreover, is less than some private forecasters had been predicting.

Agriculture Department officials also said that the corn yield per acre is expected to be 77.8 bushels, down sharply from last year's 91.4 bushels.

One department official called the figures a "disappointment" and another said "the drought has hurt severely." The Midwest, Texas and Oklahoma had little rainfall and high temperatures throughout July.

Officials said there wouldn't be any impact from the corn crop on consumer prices this year since feed for livestock already has been committed to producers for the rest of the year. However, officials said that food prices, which already have risen 12% this year from last year, may go up another two or three percentage points in the next few months for various reasons unrelated to the corn situation. Corn is the key feed used in producing meat, milk and poultry.

Dawson Ahalt, an Agriculture Department economist, said at a news conference that the poor corn crop will mean higher prices for feed for cattle, hogs and poultry and that as a result livestock production is expected to decline next year. However, he said he didn't expect any decline in beef production but did anticipate a move away from the feeding of cattle.

Mr. Ahalt also said he expects that increases of feed-grain prices will "have a rationing effect in the export market as well as domestically."

The poor corn crop could bring pressure on President Ford to limit exports to hold down domestic grain prices. There hasn't been any indication of Mr. Ford's views of such controls, but Mr. Ahalt said the agency is opposed to such controls and "will continue to be." In a speech in Houston yesterday, Assistant Agriculture Secretary Clayton Yeutter said he is opposed to such controls because "one cannot maintain export markets by cutting them off."

In a speech in New Orleans yesterday Agriculture Secretary Earl Butz said that "some doomsayers are pointing to the reduction in USDA forecasts for 1974 grain production due to temporary drought conditions" and recommending a world food reserve. That, he said, would be "a dreadful mistake."

Another agency official, Richard Bell, a deputy assistant secretary, and at the news conference that the U.S. foreign food aid would be made "more difficult" by the reduced crop forecast, but he didn't give any specifics.

Besides the corn crop, the agency also said that soybean production was estimated at 1.3 billion bushels, 16% less than last year's record output. The agency also reduced by 4% its forecast production for all wheat combined to 1.84 billion bushels. The total is 8% more than last year, however. Forecasts for winter, durum and other spring wheats all showed declines from the department's preliminary projections last month. The new figures are all based on data as of Aug. 1.

The figures also forecast sorghum grain production at 619 million bushels, 34% less than last year's record crop and 24% less than in 1972. Per-acre yields are expected to average 45.6 bushels. Total feed grain production (corn, sorghum, oats and barley) was forecast at 175 million tons, 15% less than last year. The forecast for cotton production was 12.8 million bales, down 2% from last year and 7% less than in 1972. Per-acre yield was projected at 470 pounds, or 49 pounds less than last year.

Mr. Bell said that the drop in corn yield per acre this year as compared with last year was the sharpest year-to-year decline since the 1940s.

Mr. Bell said that rain this month in the Midwest might push the expected 77.8 bushel-per-acre-yield forecast to above 80 next month if the weather remains favorable. And he said he is "fairly confident" that the soybean projection will be improved next month.

"Hopefully there will be some recovery for the next report," he said. Mr. Bell also said the agency will have to lower its grain-export projections because of the latest crop-report figures.

END THE TAX ON MARRIAGE

Mr. MATHIAS. Mr. President, the Federal income tax today discriminates against married couples in which both partners work. This discrimination lies in the effect of the tax rates applied to married taxpayers. The discrimination is clear, substantial, unnecessary, unwise, and unfair.

Little attention was focused on these provisions when they became law in 1969. Yet, if we continue this tax policy, I believe we are saying two things to American citizens. First, we are saying to working couples that the Government will lower their taxes from 7 to 20 percent if they remain single. Second, we are saying to married couples that we believe they should be penalized if they both work. Since the secondary worker in most American households is the wife, we are reinforcing the view that a woman's place is in the home as a housewife, and that women should be penalized if they insist on trying to compete with men in the job market.

On July 29, 1974, I introduced S. 3826, which would amend the Internal Revenue Code to eliminate this tax on marriage. I was pleased to receive since then a letter from Prof. Oscar S. Gray of the University of Maryland School of Law explaining the fallacies of justifications which have been offered in support of retaining the tax on marriage. I believe Professor Gray's letter makes it clear that the time has come for eliminating this tax on marriage.

I ask unanimous consent that Professor Gray's letter be printed in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

University of Maryland,
School of Law,
Baltimore, Md., Aug. 6, 1974.
Senator Charles McC. Mathias, Jr.,
Senate Office Building,
Washington, D.C.

Dear Senator Mathias: I am glad to hear that you have introduced S. 3826, a bill along the lines of your S. 3629 of 1972, to provide relief from the "tax on marriage."

The present law appears to be based on three specific fallacies, which it may be helpful to identify and refute.

The principal spokesman for the Treasury in 1972 in opposition to reform was Assistant Secretary Edwin S. Cohen, whose testimony appears at pages 73–95 of the House Ways and Means Committee Hearings on "Tax Treatment of Single Persons and Married Persons Where Both Spouses are Working."

The fallacious premises on which he relied were:

1. That "we want husband and wife to pay the same tax however they contribute to the family earnings" (page 78 of the Hearings).

2. That it is "in general . . . a reasonable framework" to predicate tax policy (as was done in 1969) on the proposition "that a married couple maintaining one household incurs greater expense—and has less ability to pay tax—than one single person maintaining a separate household, but the couple incurs less expense—and has more ability to pay tax—than two single persons each maintaining a separate household." (Page 70 of the Hearings.)

3. That, while "the present system does not provide perfect results in every instance, . . . the inequities generally arise from what seems to be atypical living conditions, for example, when two single people live together or because of a particular division of income between husband and wife." (Page 78 of the Hearings.)

The fallacies in these assumptions are:

1. A family in which $X is earned by the husband, and in which the wife is not employed outside the home, is a far different financial entity from the family where both husband and wife have outside employment, earning a total of the same $X, and the two families should not pay the same tax. In the latter case, where both work for salaries, the family is less well off than in the former case, and can afford to pay less in taxes. This is because, in the former case, the total family income is the amount ($X) earned by the husband, plus the value of the labor ($Y) contributed by the wife at home; in the latter case, where both have outside employment, the husband and wife between them generate only $X, rather than $X + $Y, and they must then spend some or all of $Y (or more), in either money or overtime labor or both, to make up for the household services which would otherwise have been provided by the wife during the working day.

2. It does not follow from the Treasury's assumptions that, when two single persons marry, they will generally incur less expenses than they had when single (and can accordingly afford to pay more in taxes between them than when they were single). There are many reasons for this. The simplest has to do with the fallacious comparison between two married people living together and two single people maintaining separate households. Most people filing single returns do not maintain separate households. Most are living with others: with parents, or with room-mates, for instance. This is the prevailing pattern, and not just an atypical situation. It is not limited to those who live in sin: taxpayers at the single rate typically already have the advantages of sharing the rent and the groceries, and the Treasury has not demonstrated that they generally benefit financially from matrimony so as to require the imposition of higher taxes on them by reason of the matrimony.

3. The hardships from the tax on marriage are not limited to atypical family situations. According to the Treasury's own charts and tables (pages 80–83 of the Hearings), the penalty on marriage is shown to be severe whenever the income of the lower paid spouse equals or exceeds some portion of the total family income in the range of 20% or so. (The more nearly equal the two incomes become, the greater is the penalty). Yet in over 20% of all joint returns the earnings of the spouse with the lesser income is at least 31% of the total, and in 28.5% of the total the spouse with the lesser income earns at least 21% of the total. Any tax system which is unfair to one of every four or five American families cannot be considered generally fair. The inequities under the present system are widespread and indefensible.

One of the more serious evils of the present system is that it is especially discriminatory against women. The problem goes even beyond the discouragement of matrimony, although this is frequently exploitative of women. The more subtle evil is that it discourages the employment of married women at income levels equal to or near the income of their husbands. The penalty under the tax tables is not great so long as the spouse with the lesser income earns only a small fraction of the total family income. The penalty becomes painful when the lower income approaches the higher income. Therefore, in the typical family income situation it would tend to discourage progress toward job equality for married women.

Your bill would provide a simple, fair and entirely workable solution to this unnecessary tax anomaly.

Sincerely yours,

Oscar S. Gray,
Professor of Law.

PROBLEMS OF RESOURCE USE

Mr. HUDDLESTON. Mr. President, the No. 1 problem facing our Nation today is that of the economy. High interest rates, increasing bankruptcies, higher and higher prices, unemployment and declining productivity are only a few of the difficulties plaguing our complex industrial society. In the upcoming weeks and months, it is imperative that the Congress address itself to these pressing issues, that it seek with the executive branch and the major elements of our society to moderate the economic trends that forecast economic chaos, if allowed to continue. Certainly there should be no dilution of efforts to develop in the weeks and months and perhaps the next several years ahead policies which will ameliorate the extremes which our economy seems bent upon pursuing.

Yet, while dealing with these immediate and demanding questions, we must not ignore the longer-term trends, trends which, if allowed to run their course, may, in some future years, present problems more devastating than those of the present. I refer, of course, to the problem of resource use.

In a recent article in the New York Times, Nathaniel P. Reed, Assistant Secretary of the Interior for Fish and Wildlife and Parks, pointed out that:

> The earth as a place to live has a limited amount of air, water, soil, minerals, space and other natural resources, and today we are pressing hard on our resource base.

The limitation on resources—whatever the cause of that limitation—can have a profound impact on our economy, our lifestyles, our whole range of existence in years ahead. For that reason, we should not in anxious efforts to deal with present difficulties—although they must be dealt with—allow ourselves to be blinded to the trendlines to the future. I ask, consequently, that Mr. Reed's article be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

KILROY IS EVERYWHERE; EVERYWHERE IS HERE

(By Nathaniel P. Reed)

Fifteen years ago, Dr. Louis B. Leakey discovered the skull of a previously unknown form of humanoid creature, a find that seems to have stretched man's lineage back some 14 million years.

Five years ago, Neil Armstrong stood on the moon and looked back at earth, where that ancient skull had lain for millions of dreamless years. Inside a strikingly similar skull, this first man on the moon formed his own reflection as he gazed at earth.

"Although it is very beautiful," he has observed, "it is very remote and apparently very small. We have all been struck by the simile to an oasis or an island. More importantly, it is the *only* island that we know is a suitable home for man."

The picture that is emerging, as exciting as any mystery story ever written, reveals a past in which at several points there were two, three, perhaps even more kinds of pre- or protohumans inhabiting the earth contemporaneously.

Just as we did not suddenly spring, full blown, from the ranks of the lower animal kingdom, so we would be foolish to assume that our present magnificent form is the crowning end of evolution. Part and parcel of creation we have been from the beginning, inseparable from our mother, the earth, and our brother creatures, who also have changed their forms and shared our journey through time.

Bound together still, and dependent on each other and the earth, we face a collective future.

There must be forged a new awareness, a new perception, and a new determination about where we are going, and what we are going to do. At no time in man's long history have we, the product of standing apes, pushed the limits of our physical and intellectual resources further, faster, than in the past 50 years.

In my opinion, the No. 1 problem—standing alone at the head of the list and underlying most of the rest—is the staggering growth of the human passenger load on this limited spacecraft.

The age of the atom has brought into rapid, sharp focus the dilemma of maintaining a highly technical civilization on a limited quantity of resources. At the very moment of this confrontation, discovery of the Tasaday people in the Philippines has brought us face to face with the still-practicing progeny of our Stone Age ancestors.

The Tasaday toolmakers tell us that man can survive for an incredible period of time in apparent harmony with the world of nature so long as his culture is not spiked with high-proof technology. It is the sophisticated level of technology and the concomitant burst in the level of population that puts modern man in his present dis-ease. Given the existing world population, it is imperative that we maintain a high level of technology. However, although we cannot clearly fix the threshold point for disaster, it is obvious that our No. 1 priority is to control this population variable.

Too many people have been making demands which cannot be met if we view civilization in the perspective of time. It has been estimated that in 8000 B.C. the total world population was five million people. In A.D. 1650, a span of 9,000 years, it had increased to 500 million. In 1850, only 200 years later, world population levels reached one billion, and by 1930 the world passenger load increased to two billion separate individuals, an increase of one additional billion people, or a doubling of total world human population within only 80 years.

This population-doubling will again occur in just 35 years. In other words, of all the people who have ever lived on this planet, one out of 25 is currently alive and demanding resource allocations. This staggering accumulation of human bodies and living demands persists. In fact, according to mid-1971 estimates, 34 new births for every 1,000 individuals occupying this planet were aggravating the already imbalanced situation.

It is said that "in the young is the hope and future of mankind." Perhaps, but of the world's current 3.7 billion people, 37 percent are under 15 years of age and the majority are still dedicated to the philosophy of eons past; "subdue and multiply." The very simple equation of increased birth numbers in ratio to decreased death numbers within a closed ecosystem results in unpleasant decreases in commodities available per capita.

The impact of the current people-pollution assault on a closed and limited biosphere necessitates a reviewing of current priorities and trends. In 1900 the United States population was 76 million. By 1950, there were 152 million. In 1970, 20 years later, population numbers had increased to 205 million. However, it has been expressed that due to the United States' currently low population growth rate of 1.1 per cent annually, the problem is being resolved! This is fallacy. Despite the fact that the current 1.8 per cent birth rate of the United States is a record low, comparatively speaking, it has not approached the annual death rate, which is only 0.9 per cent. The prime factor in such population explosion is the number of youth and the ratio of males to females. Out of every three North Americans, one is under 15 years of age, with a larger percentage female than male. This suggests a predictable population surge in the United States within the coming decades.

There can be no breathtaking forward leaps in the standard of living—no improvement in the quality of that living—until man's sheer numbers are brought under control. The cyclical drought currently blighting Africa with famine adds painful pressure on our population dilemma.

For the first time in 50 years, there is no one country in the world with sufficient food to save the starving hordes. Food has become a principal world commodity—bought and sold by those who have the means to buy or trade. Regardless of the potential of a record world crop harvest, there will be no great reserves anywhere which can make a dent in the gathering African disaster. If drought hits South America, the Soviet Union, or China, the limits of man in relationship to his food resources will quickly be reached.

The American people cannot continue their accelerating growth binge. Sooner or later, even without our intervention, limiting factors will halt the growth. The major question is whether or not control of the growth syndrome will be the result of rational, carefully planned human actions or of chaos.

What has happened? I suggest to you that the American dream, based as it is on the concept of unlimited space and resources, has run aground on the natural limits of the earth. It has foundered on the shoals of the steadily emerging environmental crisis, a crisis broadly defined to include not only physical and biographical factors, but the social consequences that flow from them.

The American dream, so long an energizing force in our society, is withering as growing social and ecological costs, generated by decades of relative neglect, overtake the economic and technological gains generated by "rugged individualism." The earth as a place to live has a limited amount of air, water, soil, minerals, space and other natural resources, and today we are pressing hard on our resource base. Man, rich or poor, is utterly dependent on his global life-support system.

Although history is littered with examples of countries ruined by poor environmental policies, until a decade ago most Americans thought that the over-all functioning of the biosphere was immune to human disturbance and that human error was limited to individual countries distant in time and space from present-day America. But now the American people are waking up to the awe-filled truth that as a people we have been living high-on-the-hog without regard to the long-range consequences of achieving our short-term goals.

We in the United States are confronted by the progressive degradation of our environment. Each day all of us are assaulted by the spectacle of decaying cities, garbage-strewn countrysides, tasteless strip developments, filth-laden streams and lakes, aggravating transportation snarls, choking air, incessant noise, and by the all-too-frequent diregard for all other organisms that share our planet.

Until the 20th century, there was always room for people to spread outward from the old settlements, always a new river leading to new unbroken land and unlimited horizons of wealth and exploitation, always a new frontier ripe for conquest.

We are a dynamic, inventive, aggressive people! We have not accepted kindly any restriction of our old national credo: that growth has no limits, that big is best, and that bigger is even better! Technology has brought the whole world to our doorsteps. We starve and die with it nightly in our living rooms via the electronic tube. The world stares back at us, and what does it see?

It sees a United States where less than 6 per cent of the world's population accounts for more than half the world's annual consumption of raw materials. We are the world's greatest extractor, greatest producer, greatest refiner, greatest consumer, and greatest discarder.

Last year alone we discarded 30 million tons of paper, 200 million tires, 76 billion containers, 28 billion bottles, 48 billion cans, 7 million junked cars, and 142 million tons of smoke spewed from our seemingly endless cornucopia of progress.

In the name of progress during the past 20 years we have drained 14 million acres of wetlands, filled 665,000 acres of estuaries and channelized 8,000 miles of streams.

The 210 million people in the United States use more energy than the 500 million people in other leading industrial nations, including Germany, Great Britain, Japan and the Soviet Union combined. By one estimate, the United States wastes 25 per cent of the energy it produces. In effect, the American people squander as much energy as 110 million Japanese consume. How long will the rest of the world permit one neighbor to live so lavishly?

Given the staggering growth rates of technological- and population-based problems, I suspect that within a decade all will realize that the main problems of the environment do not arise from temporary and accidental malfunctions of existing economic and social systems.

On the contrary, they will probably be seen as warning signs of a profound incompatibility between deep-rooted beliefs in continuous accelerated growth and the dawning recognition that the earth is limited in its resources and vulnerable to thoughtless mishandling.

Will we be able to vastly scale down or redirect our commitment to growth and effect fundamental changes in our economy? The implications of such changes are huge. Not only will they affect industry, labor, business, government, all income groups, minority groups and international relations, they will affect the very way we think, the way we relate to each other and the way we relate to the finite resources of Mother Earth.

THE ENERGY TRANSPORTATION SECURITY ACT (H.R. 8193)—THE FALLACY OF ALLEGED INCREASED MARINE ENVIRONMENT PROTECTION THROUGH DOUBLE BOTTOM SEGREGATED BALLAST SYSTEMS

Mr. COTTON. Mr. President, presently pending on the Senate Calendar of Business (Order No. 991) is the bill H.R. 8193—the so-called Energy Transportation Security Act for 1974.

I am vigorously opposed to the passage of H.R. 8193 for the several reasons set forth both in my statement before the Subcommittee on Merchant Marine of our Committee on Commerce during hearings on this legislation, and in my minority views in the Commerce Committee Report No. 93–1031, accompanying this bill.

Mr. President, the proponents of H.R. 8193 make the following statement in the committee report:

> One of the primary benefits resulting from the enactment of the Energy Transportation Security Act will be the increased protection afforded our marine environment.
>
> This legislation requires that U.S.-flag tankers contracted for construction after December 31, 1974, or delivered after December 31, 1978, be constructed and operated using the best available pollution technology including a *segregated ballast double bottom system*. (Emphasis supplied) See Commerce Committee Report No. 93–1031 at pages 19 and 20)

However, Mr. President, based upon the expert testimony of the distinguished chairman of the Subcommittee on Coast Guard and Navigation of the House Committee on Merchant Marine and Fisheries, the Honorable JOHN M. MURPHY, at the hearing conducted by the U.S. Coast Guard on July 31 on proposed rulemaking affecting the design and construction of tank vessels in domestic trade, nothing could be further from the truth.

In his statement made during this rulemaking procedure, Congressman MURPHY made the following observation:

> . . . if double bottoms would solve even one per cent of the problem, I would say go ahead and make them mandatory.
>
> If double bottoms were neither effective or ineffective, I would probably not waste my time here today.

But, I felt compelled in view of the mountain of evidence and testimony to which I have been exposed to come here to state for the record that double bottoms have the highest risk probability of any currently known ship construction configuration of causing more oil to be spilled on more beaches in just one severe accident than all single skin accidents combined in any projected ten year period.

Mr. President, I also should like to call attention to my colleagues in the Senate that in making their case for a segregated ballast double bottom system, the proponents of H.R. 8193 state in the committee report that this type system has long been advocated by the U.S. Coast Guard, but that it was rejected by the International Conference on Marine Pollution of the Intergovernmental Maritime Consultative Organization—IMCO—in October 1973. This infers that by virtue of the recently proposed regulations issued by the Coast Guard which do not require such a system, the Coast Guard has capitulated. Well, Mr. President, Congressman Murphy addressed this issue also in his statement in the following manner:

> The Coast Guard now stands accused of having "caved in" to industry pressure on the double bottom issue.
>
> I think this is grossly unfair—I know it is untrue.
>
> Together we have studied the facts, and until those dilettantes who have only skimmed the surface have looked at and studied these same facts, I, for one, will studiously ignore them.
>
> There appeared to be four serious disadvantages to double bottom tankers that did not surface in original Coast Guard studies. These included: (1) an inherent decrease in stability, with a decrease in resistance to capsizing; (2) a loss of buoyancy in a grounded double bottom which would impair salvage efforts and increase the potential for losing an entire cargo; (3) the potential for gas accumulation in the double bottom and the danger of explosion; and (4) the fact that they only work with minor accidents.

In concluding his remarks, this distinguished Member of the other body, Mr. President, noted the following, which I trust will be borne in mind by my colleagues in the Senate at such time as we come to consider H.R. 8193:

> I ask you not to be intimidated by the "ivory tower" experts who would use this issue naively at best, or for a few days of political gain at worst.
>
> If they win, in the long run the American merchant marine, the American people, and a good chunk of the United States coastline will stand a good chance of losing in an exorbitant and irretrievable manner.

Mr. President, I ask unanimous consent to print in the Record the full text of the statement made by the Honorable John M. Murphy, the distinguished Congressman, representing the 17th Congressional District of New York, for the benefit of my colleagues in the Senate. I ask that they bear it in mind when considering the proposed statutory requirement of a segregated ballast double bottom system to be found on page 7, lines 14–24 inclusive, of H.R. 8193, as reported by our Committee on Commerce.

There being no objection, the statement was ordered to be printed in the Record, as follows:

Statement of the Honorable John M. Murphy Before Department of Transportation

Mr. Chairman, I appear here today to support the proposed Coast Guard rules and suggest that no changes be made of a substantial nature, especially as regards the design and construction of vessels.

I felt compelled to appear in person because of representations that have been made to this body and the Coast Guard by advocates in and out of Congress who insist that the so-called double bottom segregated ballast system be made mandatory under these regulations.

As Chairman of the Coast Guard Subcommittee of the House Merchant Marine and Fisheries Committee, I have conducted extensive hearings into the problems of operational and accidental tank ship pollution and the recommended alternatives for eliminating such pollution. Further, I and members of my staff, were appointed to the *IMCO* (Inter-governmental Maritime Consultative Organization) delegation which met in London during the months of October-November 1973, and which thoroughly explored the most efficient methods of reducing pollution of the world's oceans and waterways.

As I understand it, none of the people in the legislative branch of government who are advocates of the double bottom system attended the *IMCO* convention, despite the fact that many were invited. On the other hand, members of the Merchant Marine and Fisheries Committee staff sat day and night for six weeks throughout the debate and the presentation of evidence and I attended similar meeting in excess of a week.

I had assumed in view of the wealth of knowledge and experience that is contained in the hearings of the House and the *IMCO* conference which overwhelmingly disputes the double bottom concept of pollution control that this issue would have been put to rest for the foreseeable future. I can only assume that the advocates of double bottoms have not read any of the publications or extracts of these meetings.

I found great resentment against the cavalier attitude—the arrogance if you will—on the part of *IMCO* participants against those people in the United States who think their commitment to clean up the world's oceans and waterways is greater than that of the English, the French, the Norwegians, the Germans, the Danes, the Japanese, and others.

For people who were 3,674 miles distant from the intense *IMCO* debate to airily dismiss the combined expertise of the greatest maritime nations in the world—including experts from the United States outside of government—is utter folly.

The Norwegian delegation in particular, was made up of men of the highest integrity. They were precise, knowledgeable, and persuasive. But above all, they had the facts—engineering-wise and experience-wise—to convince most participants at *IMCO*.

The Norwegians stated, "We have had experience in Norway with double bottoms on oil and bulk ore carriers. We experienced much more difficulty with double bottoms than single bottom vessels. For example:

"1. Gas would collect in the pipelines and owners found they had to install detectors in the double bottom as a safety measure against explosions.

"2. There would be extensive leakage of oil into the double bottom.

"3. Cracks in the structure always occur and if the double bottom gets oil in it, without a piping system to remove the oil, it has to be discharged through the bilge and through the engine room, which is exceedingly dangerous to the ship and the crew."

In short, Norway felt that double bottoms are dangerous to safety and pollution citing problems of grounding and sinking, difficulty in mooring, difficulty in salvaging and the constant threat of gas seepage into the double bottom space and explosions.

The British and French, who still shudder at the thought of *Torrey Canyon*, were also unalterably opposed to double bottom tank ship requirements. The British delegation pointed out that experience with double bottoms found the following negative effects:

1. Adverse effect on stability.
2. Adverse effect on stability of intact vessel when loaded.
3. Poor stability of damaged vessel.
4. Additional adverse effect when wind loading.
5. Possibility of leakage into the double bottom.
6. Added weight to double bottom.

The French delegation suggested at one point that *IMCO actually prohibit double bottoms as a threat to the world's oceans*.

I would remind you for the record that the original support and engineering data on double bottoms came to the coast guard from engineers who have since re-evaluated original data and collected new information. The advocates of double bottoms listened to them before, and I ask, why don't they listen to them now?

I feel it is no secret at this point in time that the Coast Guard advocacy of double bottoms at the IMCO conference was one of a series of acceptable alternatives one of which, segregated ballast, was overwhelmingly adopted.

As it turns out, however, thanks to those advocates whose knowledge and information has remained static since 1970–71, what was once an alternative has become an albatross around the neck of the United States merchant marine industry. The vote against the United States official stand on double bottoms at IMCO was much more substantial than the almost 3 to 1 ratio would indicate. Several delegations, including the Canadians, told me their vote for the United States position was a "sympathy vote", that they in no way supported the double bottom concept, and, in fact, if their votes had been crucial, would have voted against.

The evidence is now clear.

The facts are there for all to see, but the advocates refuse to accept—or even worse—they refuse to even acknowledge new evidence.

The Coast Guard is on the right course in this case. Their efforts in these regulations are directed at the major cause of oil pollution, i.e., segregated ballast for the intentional discharge of oil which causes 70% of the pollution by tankers and the development of vessel traffic systems to correct the accidents which cause an additional 18% of the pollution. I would point out that 85% of this figure is due to ship operator error. This means that when we discuss double bottoms, we are talking in the neighborhood of 3% of the total of accidental ship pollution.

Mr. Chairman, if double bottoms would solve even one percent of the problem, I would say go ahead and make them mandatory.

If double bottoms were neither effective or ineffective, I would probably not waste my time here today.

But, I felt compelled in view of the mountain of evidence and testimony to which I have been exposed to come here to state for the record that double bottoms have the highest risk probability of any currently known ship construction configuration of causing more oil to be spilled on more beaches in just one severe accident than all single skin accidents combined in any projected ten year period.

The French took the firmest stand at the *IMCO* convention, because they had come to the same conclusion that I just have—with one difference—they offered mathematical proof. According to the French presentation, their studies, *using the same grounding and accident figures presented by the United States delegation,* showed that pollution would be *increased* instead of *decreased* in double bottoms. They calculated that in the double bottom ship, there would annually be 235 tons of pollution by accidental outflow. On the other hand, in a non-double bottom ship, there would be an annual pollution of 123 tons by accidental outflow.

As I said at the beginning, my staff and I sat through six weeks of the *IMCO* debate. The people in the other body who are now sending "doomsday" communications and who are now trying to lay down the law on this issue, didn't deem it worthwhile to show up. One staff person did appear for approximately 20 minutes, but never sat down because the debate "was boring".

Now, these people want to dictate policy on an issue about which their ignorance knows no bounds.

Mr. Chairman, I am against oil and other types of pollution.

I support the *IMCO* recommendations.

I am convinced that the regulations we have before us are the correct ones and the most promising.

I have faith in Admiral Benkert and his staff and their assessment of the solutions needed.

On a note of proprietary interest, Mr. Chairman, I understand that because the Coast Guard has changed its policy subsequent to exposure to the testimony of the house merchant marine and fisheries committee hearings and the convincing evidence presented at *IMCO*—the Coast Guard now stands accused of having "caved in" to industry pressure on the double bottom issue.

I think this is grossly unfair—I *know* it is untrue.

They were there and the House Merchant Marine and Fisheries Committee were there. Together we have studied the facts, and until those dilettantes who have only skimmed the surface have looked at and studied these same facts, I, for one, will studiously ignore them.

I suggest this panel do the same.

I urge this body to listen to the tape recorded debate of *IMBO* committee No. 2 during the days of the double bottom debate.

Further, I urge this body to read the hearings of the Coast Guard subcommittee and the 1973 activities report of the House Merchant Marine and Fisheries Committee, particularly the section dealing with the IMCO meeting, which I submit for the record.

I have attached these documents to my statement with appropriately marked sections. (Attachments one and two.)

This record should convince anyone, as I am, that double bottoms are not the answer.

The record of the Merchant Marine and Fisheries Committee shows that the so-called double bottom solution to accidental oil pollution was no solution at all.

To the contrary, an analysis of the dynamics of a double bottom tanker, under adverse conditions showed that just one failure owing to the decreased stability of such vessels could cause a catastrophic discharge of oil greater than the annual 60,000 tons of spillage from conventional tankers—as the Norwegians pointed out.

There appeared to be four serious disadvantages to double bottom tankers that did not surface in original Coast Guard studies. These included: (1) an inherent decrease in stability, with a decrease in resistance to capsizing; (2) a loss of buoyancy in a grounded double bottom which would impair salvage efforts and increase the potential for losing an entire cargo; (3) the potential for gas accumulation in the double bottom and the danger of explosion; and (4) the fact that they only work with minor accidents.

I have also attached a chart showing the effects of single skinned and double bottom groundings along with supportative information. These charts and this information were prepared by the same people who developed the original tentative double bottom data for the Coast Guard. (Tanker design and equipment committee, American Institute of Merchant Shipping—attachment three.)

I cannot help repeating that I think it is remarkable that the double bottom advocates in Congress believed them then, but they won't believe them now.

As far as I can determine, price is no longer the major objection of shipbuilders to this concept.

Segregated ballast is as much of an anathema to some United States shipbuilders as double bottoms were.

The problem is that a myth was created, and once created—like all myths—they die hard.

I ask you not to be intimidated by the "ivory tower" experts who would use this issue naively at best, or for a few days of political gain at worst.

If they win, in the long run the American Merchant Marine, the American people, and a good chunk of the United States coastline will stand a good chance of losing in an exorbitant and irretrievable manner.

In summation, I feel that what is happening here, thanks to Admiral Benkert and his staff, is that the Coast Guard aggressively sought the facts over these past three years and gained valuable knowledge on the best way to protect the marine environment. We are fortunate that the Coast Guard had the insight to put the knowledge that they have gained during these years to work and that they had the wisdom to come up with the package before us today.

I hope that we all now have the courage to see that this package is adopted.

I am convinced that if the final operating requirements outlined in these regulations are adopted for all vessels across the board and the design and construction requirements remain intact, as is, we have the best possible package given current technology.

WORLD FOOD CONFERENCE

Mr. HUMPHREY. Mr. President, I wish to call to the attention of the Senate the address, "Will We Fail the World?" by Mr. Herbert J. Waters, to a group of interns on August 5. Mr. Waters is the president of the Freedom from Hunger Foundation, and the chairman of the World Hunger Action coalition. Mr. Waters pointed out how the United States needs to provide leadership if the World Food Conference is to achieve its important objectives.

We see how reluctant our Government has been to face up to the key role of the United States in setting an example for other nations to be forthcoming.

This statement by Chairman Waters of the World Hunger Action Coalition urges our people to do some serious thinking and sharing to deal with the world food problem. I commend these remarks to the attention of my colleagues.

Mr. President, I ask unanimous consent that the statement be printed in the Record.

There being no objection, the statement was ordered to be printed in the Record, as follows:

Will We Fail the World?

(By Herbert J. Waters)

Let me commend you at the outset for selecting the world food crisis as a topic for one of your summer intern luncheons. The concern of young America and young Americans for the future of this global spaceship which they soon must help manage is encouraging. I just wished it was fully matched by as dedicated concern among my generation.

Either from lack of understanding and lack of compassion or sheer complacency and outright selfishness, the generation now managing the affairs of the world are about to dump a mammoth problem into your laps.

How is a world with finite land and resources, already bursting at the seams with exploding population expansion in the midst of increasing degradation of poverty and hunger both at home and abroad, going to be able to feed itself, and feed itself adequately, over the next 25 years, the next 50 years?

Let me put it as frankly as I know how: You are *not* going to be able to do it without a *lot more* determination, a lot more *willingness* to *sacrifice* and *share*, and a lot more *advance planning* than we are devoting to the problem today.

As a result—unless the American people start insisting that we do what *can* be done, and what we *should* be doing—you are going to witness in much of your lifetime the mass tragedy of widespread famine, with a massive death toll from the slow starvation of undernutrition and malnutrition.

Speaking here in this Senate Office Building reminds me of my own days in this building, more than twenty years ago. That qualifies me to be an Ex-S.O.B., a name adopted by former Administrative Assistants to U.S. Senators. Before I am through today, perhaps, some will decide I am still an S.O.B. because I refuse to gloss over our continuing failure to really come to grips with this problem, refuse to pretend that we are doing all that we can and should be doing, and refuse any more to accept our government's usual response of too little, too late to every crisis situation confronting us.

Wishful thinking will not make the problem go away.

We must either face the moral and economic challenge of the urgent world food problem head-on, or share in responsibility for the tragic consequences.

I don't think I have to belabor this intellectually sophisticated group with the grim statistics of the world food outlook. If you read the Congressional Record at all you can't escape them. If you follow government reports and international food and population studies and trends at all you can't escape them, as much as they often seek to gloss over the impending tragedy in human terms hidden behind the cold statistics.

The sad reality becomes more apparent daily. The global grain reserve has dwindled to less than 27 days' supply, is inequitably distributed between the rich and the poor, whether among nations, or people within nations.

The cost of producing food has skyrocketed. Even we in our luxury of comparative affluence complain about food prices. We better look around us—at the elderly on fixed incomes, at families struggling with incomes below the poverty line; but most of all at the great masses of fellow human beings in the neediest of nations, the poorest of the poor. People who spend 80% of their total income on food cannot possibly meet a doubling or trebling of food prices.

The worst is yet to come.

An expanding world population, growing by 200,000 each day, has been adding tremendous strain on world food supplies.

Growing affluence in the industrialized nations has now produced major new claims on food stocks. Even with a minor upturn in the standard of living, there is an increase in the consumption of grain-fed beef and poultry. The average Indian consumes 400 pounds of grain a year, almost all of it as cereal. The average American consumes nearly 2,000 pounds of grain a year, all but 150 pounds of it as meat, milk, and eggs.

How can the world possibly meet the expanding requirements if the great majority of the world's peoples start insisting on improved diets at least somewhat more comparable to what we seem to take for granted?

We better quit taking our abundance for granted. We no longer have vast storehouses of reserves that we used to complain about as "surplus". We no longer have productive reserves in idled acres. The wraps are off our producing plant, and still we don't have enough. We are learning—the hard way—that what affects supply or demand in any part of the world directly affects us—in our grocery stores, in our pocketbooks.

We are dangerously dependent upon the weather, and man cannot yet control the weather. Climatic variables are taking their toll.

The Sahara Desert is moving southward at 30 miles a year, bringing famine, drought and disease to the 25 million people living in the sub-Sahara countries known as the Sahel.

What makes us think it can't happen here? Anyone following the jittery grain markets in the U.S. in recent weeks knows how quickly optimistic crop prospects can fade into pessimistic prospects by wrong weather, at the wrong time. Because North America dominates the international grain trade—providing 85% of the exportable supplies—bad weather in either the U.S. or Canada could destroy the remnant of the already shrunken world reserve.

We should be deeply concerned over reports of drought conditions in parts of our Midwest and Canada. It's happened before—in the 1930s, and the 1950s; there is evidence that our droughts have followed twenty-year cycles—meaning we are due for trouble ahead. It may be just beginning.

We were encouraged, a month ago, by good crop reports from the Soviet Union—indicating it might not again require a serious drain on limited world supplies. But since then, there are new reports of serious shortfall in Soviet grain production.

The world is terribly and dangerously vulnerable on weather conditions alone—and, without reserves, we are poorly prepared to cope with the consequences.

For millions of the world's people—yes, hundreds of millions—the crisis is already here. They are hungry now. The FAO's preliminary assessment of the world food situation indicates that 800 million people may suffer malnutrition next year, instead of this year's "normal" 400 million suffering from chronic undernutrition and malnutrition.

That's why the United Nations has called a World Food Conference for Rome in November, in the hope of achieving a united action program.

But any hope of effective remedial action will hinge, to a large degree, on what the United States is prepared to do—and I regret to say the United States seems prepared to do very little.

It's time we quit kidding ourselves and faced some harsh realities. Somebody has to start talking bluntly about what is going on, and that's what I am endeavoring to do today.

We as a nation are not doing what we should be doing to prevent or at least alleviate mass tragedy among the poor of the world.

We are not offering any moral leadership, and not demonstrating a moral commitment strong enough to insist upon providing the material support that will be required to avert tragedy.

We do not, as of today, after months of studying the scope of the problem, have any clear-cut policies of increased food aid, increased financial and technical assistance to expand food production, increased incentive assurance and protection to agricultural producers, or even any agreed-upon formula for establishing of some system of international food security or food reserves.

And, unless the American people demand it and insist upon it, the prospects are not very promising for the U.S. delegation to be very forthcoming at all when it stands before the court of world opinion at the coming World Food Conference.

I say this with full deference to the constructive and dedicated efforts of men like Ambassador Martin, like Senator Percy, like Senator Humphrey, and many others both in the Executive Branch and in the Congress who have worked diligently and energetically toward awakening a greater concern among the American people, and stirring up a greater commitment of leadership among the top officialdom of our government.

Unless more public pressure is exerted by the American people over the next few months, however, the United States—with the wealthiest and best-fed people on earth—will fail the rest of the world when we stand up to be counted at the World Food Conference.

We know that increased food sharing, at least double our present food assistance, is going to be required. Yet despite the persistent efforts of dedicated Food for Peace staffs, with the backing of the Agency for International Development and men like Ambassador Martin in State Department; despite repeated insistent appeals from the Congress itself, the Administration is woefully reluctant to make any new commitment to bolster our already drastically curtailed Food for Peace program.

They told us at first to wait until the new crops had matured, to see how much we could spare. They are still too paralyzed by the old and outmoded concept of "surplus disposal", offering to the world's hungry only the leftovers from our plate, rather than showing a really compassionate willingness to share part of whatever we have with those needing it more.

But now even after Secretary Butz' assurance that our drought-damaged crops will still be adequate for all our needs and more, they tell us that the economic czars in the White House won't approve releasing the expanded budget commitment required for an expanded Food for Peace program because it would add to inflationary pressures.

I respectfully submit to you today that the relatively modest monetary requirements for doubling the Food for Peace program could be taken out of the vast Defense Department budget without violating over-all budgetary controls, and at the same time contributing far more to world security in these times of food scarcity than all the stockpiles of planes, weapons, and bombs our general and admirals could possibly conceive.

Somebody has to get the message to the White House, loud and clear.

We know that the world food crisis is going to require greatly increased economic assistance toward improving agricultural production in the food deficit countries. The Agency for International Development has asked for supplementary appropriations trippling the amount originally requested for that purpose—and the request is still bogged down in Congressional channels. Without its speedy approval, the United States—already near the bottom of the list of donor countries providing economic assistance, in relation to our gross national product—will have to hang its head in shame at the World Food Conference.

Why is it that members of Congress, who always insist that we must be "first and strongest" in national security, show such little concern about our being *last* and *weakest* in concern for humanity?

Can we really expect to live in a peaceful world if we persist in gobbling up far more than our share of the world's resources, living in relative luxury by keeping all of our food and wealth to ourselves while we ignore the plight of the world around us?

Somebody has to get the message to the Congress, AND the White House, loud and clear.

We know that the United States cannot alone assume the world's food burden. But we know too that the other food-exporting nations are not going to meet the problem without the United States' leadership and cooperation. We know that the United States is the symbol of food abundance to the world, whatever our own concern about prices in the grocery store. And we know that the finger of responsibility for lack of concern and neglect of the needy will be pointed first and foremost at the United States by the struggling developing countries of the world unless we set a moral example, backed by material sharing of what we have, whatever the sacrifice.

The United States proposed the World Food Conference. Secretary of State Kissinger proposed it to the United Nations. The UN accepted—and the world is now looking to what the United States will do about world hunger.

Secretary Kissinger has demonstrated his talents for negotiating peace; can he demonstrate less leadership in tackling the world problem of hunger which will eventually threaten any stability or peace? Is he really satisfied with achieving balances of power, or does he care enough to seek a far better balance of compassion and sharing of our food resources?

Somebody has to get the message to Secretary Kissinger, loud and clear.

Many of us feel the world food crisis presents a moral challenge that the American people will respond to, and respond to generously, once they are awakened to the facts.

Early this year, together with leaders of other dedicated private non-governmental agencies and organizations including CARE, Church World Service, Lutheran World Relief, Catholic Relief Services, the National Farmers Union, and the Overseas Development Council, the American Freedom From Hunger Foundation assumed the leadership of organizing a World Hunger Action Coalition to assist in educating the U.S. public to the food problems, and to bring influence to bear on the appropriate government policy centers on the subject of world hunger.

So far, more than seventy organizations have associated themselves with our objectives—an impressive array that reflects the rapidly growing concern among the American people.

With limited funds and limited staff, we believe we have awakened the conscience of America—but we know how much more remains to be done. We need your help—urgently.

We are circulating petitions nationwide, asking the President and the Congress to support an immediate increase in food aid, support establishment of some form of world food reserves, and back long-range commitments to agricultural development in the developing countries. We intend to present hundreds of thousands of signatures to the head of the U.S. delegation to the World Food Conference, proving the U.S. people DO care.

We are organizing a National Week of Concern for world hunger September 22 to 29. During that week we hope to culminate our petition drive, mount a drive for children's posters on hunger, sponsor or take part in more regional conferences on world food policy, and encourage civic groups, labor unions, schools, universities, churches, synagogues, and local governments to hold special programs on the hunger issues.

Responding to letters from the bipartisan co-chairman of our advisory committee, Senator Percy and Governor Shapp of Pennsylvania, seven mayors and four governors have already proclaimed the Week of Concern in their areas—and many more are expected to do so.

We have already helped sponsor or participate in regional food policy conferences and seminars in various parts of the U.S. and many more are planned.

We believe we have helped inspire the media to give far more attention to world food problems. We hope now they will keep digging on their own into what our government is doing—or failing to do—about world hunger.

We invite your active collaboration and support. Hunger is everybody's concern, and everybody can do something about focusing public attention on what needs to be done.

All of us have recently been confronted with new concern about mortality in government. Perhaps we also need to be confronted with some soul-searching about our own morality, in our willingness to share part of our blessings with others, our willingness to accept some sacrifice, if necessary, to help alleviate world hunger.

Perhaps the moral challenge posed by the world food crisis may become the silver lining hidden in the dark clouds of our time, calling forth the best instincts within us all, providing new inspiration to do what is right, rather than just what is expedient.

Can we really take pride in pointing to the idealism of our founding fathers, in the coming bicentennial, if we fail to measure up to the challenges of *our* day?

Our nation's response to the challenge of world hunger must be worthy of our heritage, our traditions, and our inherent compassion for all humanity.

You can help, each in your own way, make it so.

URBAN WILDLIFE RESEARCH CENTER

Mr. MATHIAS. Mr. President, while our Nation has become increasingly urbanized in the past century, its citizens have not lost their interest in the natural wildlife of our lands. It is important therefore that attention be focused on research as to how to combine urban living with wildlife. I am pleased that the National Audubon Society has expressed interest in the development of the Urban Wildlife Research Center in Columbia, Md.

Because of the importance of this topic, I task unanimous consent that the introduction, summary, and first chapter of an analysis prepared by the National Audubon Society for the Urban Wildlife Research Center be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

URBAN WILDLIFE RESEARCH CENTER: A SITE SURVEY AND ANALYSIS, JANUARY 1974

(By the National Audubon Society)

INTRODUCTION

Over 70 per cent of this country's population now resides in urban areas and all predictions are for this trend toward further urbanization to continue in the foreseeable future. Mobility, more leisure time and growing disposable income coupled with the associated problems of rapid urbanization have helped produce the expanding interest in wildlife-oriented outdoor activities, such as bird watching, nature walks and wildlife and bird photography.

There are many indications of this increasing public interest. For example, it has been estimated that there are over 2 million bird feeders just in the urban area between Boston and Washington, D.C., alone. The selling of wild bird seed is now big business, and more field glasses are sold for bird-watching than for any other single purpose.

Membership in conservation/wildlife-oriented organizations such as the National Wildlife Federation and the National Audubon Society has increased dramatically in the last 5 years. The former has experienced a 140 per cent gain while the latter organization has grown over 300 per cent and now has approximately 203,000 members. The growing number of regular wildlife television programs is but another measure of this increasing public interest.

According to the Bureau of Outdoor Recreation Activities, there were approximately 117 million activity days (total number of participants multiplied by the average number of days person participated) in the summer of 1965 involving nature walks, an increase of 19 per cent in only 5 years. By 1970 the number of activity days for nature walks soared to 374 million. The number of people 9 years and older who participated in this activity totalled over 30 million or about 18 per cent of the total population.[1]

The 1970 BOR survey[2] reported that there were 7.5 million bird watchers across the country plus 4.9 million wildlife and bird photographers, a new category of nature-oriented activity listed for the first time.

If we were to add the number of people who participated in nature walks to those who participated in the above activities, the figure would be 42.8 million or approximately 25 per cent of the country's 1970 population.

It is obvious, then, that those who enjoy wildlife as a non-consumptive recreational and esthetic resource, and who also view it as an integral part of man's total environment are a very significant portion of the population who benefit from our wildlife resources. It is also obvious that this large segment of the public is not receiving enough assistance from those agencies and individuals responsible for the wildlife resource.

Herein lies the challenge. Because of the lack of attention accorded to urban wildlife[3] research by federal and state agencies and the emphasis placed on wildlife research under natural conditions by colleges and universities, there has been a definite need for a privately administered and supported organization to conduct research on man and wildlife relationships under urban and urbanizing conditions.

Rising to the challenge, a small group of dedicated believers responded by creating the Urban Wildlife Research Center (UWRC),[4] a non-profit, tax-exempt corporation, incorporated in the State of Maryland, to be established at Glenelg Manor Farm near Columbia, Maryland. The site is a farm of approximately 770 acres whose present agricultural and associated agribusiness will eventually be phased out as the center becomes fully operational.

To guide the development and transition of the farm into the UWRC headquarters, the fledgling organization requested that the National Audubon Society's Nature Center Planning Division (NAS/NCPD) prepare a site survey and analysis of the Glenelg Farm property.

The findings, considerations and recommendations contained herein are designed to assist the UWRC become a viable and meaningful organization in order that it may better assist the public at large.

A SUMMARY STATEMENT

There is a rapidly growing public interest in improving the quality of our environment by making wildlife an integral part of urban man's everyday experience. Unfortunately, however, there is a dearth of information about the nature and scope of this interest and about urban wildlife population characteristics and requirements.

At present, there is no one private organization or public agency which has a comprehensive research program on urban wildlife management. Thus, it can be readily seen that there is a definite need for an independent, privately-sponsored organization which can operate and administer such a program unhampered by specialized interests or bureaucracy.

Glenelg Manor Farm is an excellent location for the purpose of conducting urban wildlife research programs because of the broad variety of urban environments close by and the variety of wildlife habitats on the farm itself.

The unique feature of the farm's proposed integrated research and development areas will be the opportunity for the UWRC staff to conduct on-site investigations under controlled conditions (deed restrictions and covenants). These pre-selected areas of residential developments will offer researchers a living laboratory for a broad variety of projects.

While research by the UWRC will not create open spaces in city slums, nor a wildlife observatory in every suburban community, it will provide sound, scientific research which can inform the general public, planners, developers and governments what they should do if they want to maintain or discourage certain wildlife species.

Results of the center's research will be disseminated in a variety of ways. There will most likely be a monthly periodic newsletter. Articles and contributions to scientific journals, trade publications and popular magazines are also planned. Many of these would be written in layman's language for the benefit of the homeowner.

It is envisioned that when the center becomes operational, its main source of income will be from research contracts with universities, industries, businesses, government agencies and from private contributions, memberships and periodicals.

For those professional individuals and groups, UWRC members and interested persons from the general public, the UWRC's headquarters and its research areas will be open for easy learning opportunities.

In this environmentally conscious nation, it is surprising how little we know about urban wildlife. While we are spending millions of dollars for the protection and maintenance of species most of us will never see, we have spent little or nothing on the understanding, protection and management of those species we most often see.

Subdivisions and other urban appurtenances are created with little or no regard for wildlife needs. No single individual or group should be blamed, for we, as a nation, are ignorant about what we can do. Hopefully, the Urban Wildlife Research Center will provide us with some of the answers.

PART 1. URBAN WILDLIFE PERSPECTIVE

The need for urban wildlife research

No sensible person would argue against the necessity of improving and maintaining the quality of our urban and urbanizing environment. If we accept the premise that the presence of wildlife in these areas is desirable and is an indicator of environmental quality, then we must know how to manage wildlife populations to insure their continued presence. Where urban wildlife populations are low, or lack diversity, or consist largely of undesirable species such as rock doves, starlings, etc., research will be needed to learn how we can improve these conditions.

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[1] Source: The 1970 Survey of Outdoor Recreation Activities: preliminary report. Bureau of Outdoor Recreation. Washington, D.C. 20240.

[2] Source: The 1970 Survey of Outdoor Recreation Activities: preliminary report. Bureau of Outdoor Recreation. Washington, D.C. 20240.

[3] "Urban wildlife" is defined herein as those wildlife populations found within urban and urbanizing areas. For further discussion of urban wildlife, see Part 5, Suggested Research Projects.

[4] When this report was written, final incorporation papers were still pending.

Research on wildlife in and around urban areas has been sadly neglected. State and federal wildlife professionals have concentrated their research efforts on game birds, mammals and fish, while universities and private groups have emphasized studies of populations under natural conditions, ignoring disturbed situations. Research on non-game species, for the most part, has centered on rare or endangered species or those of economic concern. Research is also needed on game species living in urban areas. It can be stated, therefore, that all research efforts on urban wildlife to the present have certainly been inadequate to the growing public interest.

Its objectives

The major scientific objective of an urban wildlife research program is to conduct research on the interrelationships between man and wildlife populations under urban and urbanizing conditions so that these populations can be intelligently and successfully managed for man's benefit.

Some of the other primary objectives would be:

To define urban wildlife:

To describe and define the factors affecting the distribution and abundance of urban wildlife;

To maintain and improve urban wildlife populations;

To discourage undesirable wildlife species;

To investigate public comprehension and attitudes regarding urban wildlife, and

To maintain and/or establish natural areas in urban and urbanizing areas.

The public will derive a general benefit through: (1) technical assistance and cooperation afforded to federal, state and private conservaton agencies and universities in the area of urban wildlife research and management programs, (2) services provided to professional groups such as planners, park and recreation administrators, architects, landscape architects and land developers whose decisions ultimately affect wildlife and human populations, and (3) the use of films and publications by which the general public would be informed as to urban wildlife and their relationship to it.

CONVENIENCE FOODS VERSUS PROPER NUTRITION

Mr. CRANSTON. Mr. President, I invite the attention of Senators to two articles in the August 8 edition of the Washington Post concerning the foods we eat.

One, by Marian Burros, makes some telling points about so-called convenience foods compared with home-cooked meals. Another, by Robert Rodale, suggests that vending machines can and should dispense nutritious food, not junk food.

I ask unanimous consent that the two articles be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

THE CASE OF THE CURIOUS CONVENIENCE-FOOD COMPARISON

(By Marian Burros)

Much to the delight of the processed food industry, and much to the chagrin of consumer advocates preaching economy through home preparation, the Department of Agriculture continues to maintain that the majority of convenience foods are as cheap or cheaper than that made from scratch.

USDA has compiled an elaborate series of charts and statistics which appear to back up the claim and which are quoted by those who benefit most from such statistics.

Fuller evaluation of their research indicates that such claims are nutritionally askew.

In a recent speech, Larry Traub, an economist with the Agriculture Department, said: "The hypothesis that convenience foods contribute to higher prices may be questionable." He cited a January, 1974 study of 90 food items which, he said, showed that "59 per cent had a cost per serving equal to, or less than, their home-prepared or fresh counterparts."

Convenience foods are defined as those which "require less work or the adding of fewer ingredients in the home than home-prepared counterparts."

But Traub neglected to tell his audience at a Michigan State University food product development symposium one significant fact: no attempt had been made to compare the nutritional value or the percentage of high-cost ingredients in the home-prepared versus the convenience items.

Instead Traub said, "the lower cost of convenience meat items results, in part, from the fact that much more of the edible meat is used, enabling processors to more efficiently utilize a carcass."

In an effort to verify the concept that home-prepared food contains larger quantities of more expensive ingredients per serving than convenience foods, four of the products listed in Traub's chart as costing more when home-prepared were tested: beef stew, chicken chow mein, pork, fried rice and spaghetti with tomato sauce and cheese.

The same recipes used by USDA for their survey were used in this test. In each of the four comparisons, the home-prepared versions had proportionately more of the expensive ingredients than their commercial counterparts. Thus, they provided more of the daily nutrient requirements of the higher-cost funds.

For instance, there is only 1/10 of an ounce of chicken in a serving of canned chicken chow mein, less than ½ ounce in the frozen version, but 2⅓ ounces in the homemade serving.

A 10-ounce package of frozen pork fried rice contains ½ ounce pork. Ten ounces of the home-prepared dish contains more than four times as much pork, over 2⅓ ounces.

If the commercial products contained as much of these ingredients, they would cost considerably more than the homemade.

Not taking this differential into account when computing the relative cost of these terms invalidates USDA's statistics. Food value cannot be measured by quantity alone, quality evaluation is essential.

There are some conveniences products that cost the same or less than home-prepared products and have the same nutritional quality: frozen orange juice and frozen french fries for example. Often, frozen or canned vegetables are cheaper too, but once the convenience product has something added to it beyond the basic ingredient, the price differential changes and the commercially prepared item becomes more expensive. While frozen french fries are cheaper than homemade, packaged scalloped potatoes are more expensive.

Another flaw in USDA's testing results has to do with the variation in the ingredients.

Canned beef stew contained beef, carrots and potatoes; the homemade version contained peas and onions as well.

Canned chicken chow mein had water chestnuts and bamboo shoots; homemade chicken chow mein had neither, but it did have mushrooms.

The cheeses in the canned spaghetti were romano and cheddar, both of which are less expensive than the parmesan cheese called for in the homemade recipe.

If the cost of food were not such a serious problem, it might be amusing to note that each homemade USDA recipe called for butter; since the department always uses its constituents' products, even though butter is more expensive than the fact listed in any of the prepared products.

At least one USDA home economist finds this kind of survey disturbing. Betty Peterkin says that the lack of nutritional value comparisons flaws the statistics. As she wrote in USDA's Family Economics Review: "If the home-prepared food has been counted on to provide a specific need for the day . . . the convenience item it replaces should also meet this need."

In the four examples tested by The Washington Post, none of the convenience items was the nutritional equivalent of the made-from-scratch version.

IF INSTEAD OF CANDY, AN APPLE SHOULD POP OUT . . .

(By Robert Rodale)

When students at Cornell University want a quick snack, they buy an apple—from a vending machine! The robot food dispensers are placed at strategic spots on campus and stocked with fresh fruit.

Despite competition from candy and soft drink machines, the apple vendors "do a really big business," says Prof. Robert Smock. of Cornell's pomology department. One machine in a classroom building sells about 50 bushels of apples a week to students and faculty.

Of course, the fruit business is just a drop in the bucket for an industry with total annual sales of more than $4 billion. Sugar-laden snacks like candy bars, cookies crackers, soda and ice cream are where the money is in automatic food vending.

Since the first automatic coffee vendor was introduced in 1946, machines have been used to sell just about every kind of food. Everything from popcorn and bubblegum to hot sandwiches and packaged ice is available.

As Cornell's apple machines demonstrate, there's even room for healthful foods. In fact, the Center for Science in the Public Interest is urging nutritionists and concerned citizens to "demand local regulations requiring that at least half the selections in vending machines be nutritious."

There's not as far-fetched as it sounds. PTAs and other groups often rent machines from local vending companies for as little as $25 a week. What you put in them is up to you, but here are some ideas:

Fresh fruit. Harder varieties like apples and pears are best. Schools, transportation terminals and recreation areas are good locations. Apple-vending machines are operating successfully in Rochester and Ithaca, N.Y., and on Long Island.

Canned fruit juices. They are a natural replacement for soft drinks and good sources of minerals and vitamin C.

Nuts and seeds. Valued for their protein and other nutrients, they also keep well. Sunflower seeds have been machine-sold at the University of California at Berkley.

Granola. A major commercial food company, famous for its wheat germ, has developed a special granola package for vending machines. Perhaps that tasty natural cereal will soon be available at roadside rests, schools and factory cafeterias around the country.

Yogurt. An extremely popular dairy product in recent years, packaged yogurt lends itself to each machine selling.

Let's remember that automatic vendors are only machines. If we want them to provide people with better nutritions, we'll just have to program them that way.

H.R. 8193—THE ENERGY TRANSPORTATION SECURITY ACT OF 1974—A COSTLY PASSAGE

Mr. COTTON. Mr. President, in the event that it has not come to the attention of my colleagues in the Senate, I would suggest that, with respect to the future consideration by the Senate of the bill, H.R. 8193, they might wish to read the article appearing in the Economy and Business section of the current issue of Time magazine, August 12, 1974, entitled, "Shipping: A Costly Passage."

Mr. President, for the convenience and benefit of my colleagues in the Senate, I ask unanimous consent to print in the RECORD, at the conclusion of my remarks, this article appearing in the current issue of Time.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

SHIPPING: A COSTLY PASSAGE

Congress is poised to approve a measure that could add millions of dollars to America's energy bills over the next decade and deal a great blow to free trade—all to help out the politically powerful shipbuilders and maritime unions. The Energy Transportation Security Act would require that by 1977 30% of the nation's oil imports be carried in tankers that are built in the U.S., fly the U.S. flag and employ American sailors. Because such ships cost much more to build and operate than foreign vessels, almost no imported oil is carried in them now. Indeed, to meet the bill's requirements, the capacity of the nation's tanker fleet would have to be dramatically enlarged, costing billions, and the Government would have to raise its subsidies to shipbuilders and operators by no less than $800 million over the next five years. In addition, the bill would violate 30 U.S. treaties with other governments outlawing preferences for commercial cargoes.

Even so, the House has passed the bill 266 to 136, and the Senate is expected to follow through soon. The measure has been endorsed by a bipartisan phalanx of Senators from Gulf and West Coast states. And there probably is enough support for Congress to override any possible veto by President Nixon, who to his credit, opposes the proposal.

Recognizing the dangers, ten Government agencies and departments—including State, Treasury and Commerce—have voiced opposition. So have the major oil companies, led by Exxon, and the farm groups, which recognize that the bill would kick up prices for their members' oil and gasoline. But their opposition pales in the face of strong lobbying by the shipbuilders and the maritime unions, which give lavish campaign contributions and generous speakers' fees to legislators.

They have made most of their mileage out of that versatile rhetorical jalopy, national security. Particularly after the recent oil embargo, argue the lawmakers, America must build up its own fleet to insure delivery of oil from abroad. But how would U.S.-flag tankers help if foreign producers again cut off the source of oil? Supporters do not answer the question, and so far it has failed to impede the progress of this expensive piece of legislation.

INFLATION

Mr. McGOVERN. Mr. President, Mr. Leonard Silk, a distinguished member of the New York Times editorial board has written a thoughtful and comprehensive article dealing with the global problem of inflation. The article appears in the July 28, 1974, issue of the New York Times Magazine. I ask unanimous consent that it be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

HOW THE WORLD ECONOMY GOT INTO THIS MESS

(By Leonard Silk)

The world has been slow to realize that we are living this year in the shadow of one of the greatest economic catastrophes of modern history. But now that the man in the street has become aware of what is happening, he, not knowing and why and wherefore, is as full today of what may prove excessive fears as, previously, when the trouble was first coming on, he was lacking in what would have been a reasonable anxiety. He begins to doubt the future. Is he now awakening from a pleasant dream to face the darkness of facts? Or dropping off into a nightmare which will pass away?

John Maynard Keynes wrote those words in 1930—and the nightmare proved to be all too real. Today, the world economy is again threatened with breakdown and disintegration. Monetary disorder afflicts the entire non-Communist world. Nations coming up against the interlocked threats of trade and payments deficits, inflation, energy shortages and unemployment are growing increasingly nationalistic in their policies. It was beggar-my-neighbor nationalism that brought on the debacle last time, for in the end the nationalism turned demonic and aggressive in Germany and Japan. Such an outcome seems unthinkable today—as it did in 1931. The time has come to review recent economic history, whose chief lesson seems to be that we are again facing a choice between economic chaos and a difficult, unprecedented, peacetime collaboration among major Governments.

History does not repeat itself precisely. One of the great differences today from the world of which Keynes was writing in 1930 is the revolution in national economic policy fathered by Keynes himself—the use of government spending, tax cuts, budget deficits and the pumping of money into an economy to prevent deep depression. Every government, prodded by powerful political forces, has been using the Keynesian medicine for keeping employment at a high level.

An unwanted consequence has been a quickening of inflation, the worst in a generation. Throughout the industrialized world, including the United States and Canada, Western Europe and Japan, consumer prices rose by an average of 12 per cent in the 12 months ending in May, 1974. In Britain the rise was 15 per cent, in Italy 16 per cent. Japan has been boiling along at an annual rate of 23 per cent. One can find far worse rates in some of the developing countries—40 per cent in the Philippines, 47 per cent in Indonesia, 63 per cent in Taiwan and a horrendous 709 per cent in revolution-racked Chile.

In the United States, consumer prices climbed by 10.7 per cent in the 12 months ending last May. But the climb in American consumer prices accelerated to an annual rate of 12.6 per cent in the first half of this year, and wholesale prices shot up at an 18.2 per cent annual rate. Chairman Arthur F. Burns of the Federal Reserve Board warned that "if long continued, inflation at anything like the present rate would threaten the very foundation of our society."

A doomsday mood has been stealing into the thinking of a great many people—stockbrokers, small investors, gold speculators and many ordinary people watching the value of their savings, pensions and insurance policies erode. Even among sophisticated economic observers, worries have been growing that the inflation could end in a crash. Ashby Bladen, a senior financial executive of the Guardian Life Insurance Company, says: "A return to either price stability or financial stability without an intervening crash appears to me to be practically impossible. . . . And the longer the crash is postponed by continuing the inflationary process of excessive credit expansion, the worse it will be when it does come."

The threat of a crash is worldwide, and has been seriously exacerbated by the enormous deficits being incurred by oil-importing nations as a result of the quadrupling of oil prices after the Arab-Israeli war last fall. David Rockefeller, chairman of the Chase Manhattan Bank, has been warning that the existing financial system may be unable to stand the strain of the sudden transfer of tens of billions of dollars a year from oil-importing to oil-exporting nations. The International Institute for Strategic Studies in London regards the use of the oil weapon by the Arabs, Iranians and other members of the international oil cartel as the greatest immediate threat to world economic and political stability. The rich, industrial countries are threatened, and so are the oil-poor developing nations, such as India, Bangladesh and Pakistan.

How did the world economy get into this pickle? Can we get out of it? I believe that it will take extraordinary measures by the United States and other nations, working together—as they failed to do in the nineteen-twenties and thirties until the roof finally fell in.

A way must be found to achieve the kind of international cooperation that made possible the reconstruction of the world economy after World War II, the most devastating in history. But the United States can no longer call the tune or provide the bulk of resources to resolve the current crisis as it did after the Second World War. "It is no exaggeration," says Dr. H. Johannes Witteveen, the Dutch economist who serves as managing director of the International Monetary Fund, "to say that the world presently faces the most difficult combination of economic policy decisions since the reconstruction period following World War II."

That brilliant job of resuscitation is now taken for granted, but can anyone who in those days saw the grim shattered cities of Europe and Asia, the disease and famine, the desperate mood and the corruption of the people forget it? In the decades after the war, the world economy experienced the greatest upsurge of growth in all history. World trade revived, and the world monetary system was rebuilt as the United States deliberately incurred deficits in its balance of payments to feed dollars and gold out to the world. In effect, the United States was acting like the big winner in a poker game who knows that unless the poker chips are redistributed, the game is over. Those deliberately incurred American deficits made the best of sense, both for the United States and for the rest of the world. The concept of an interdependent world economy was no mere intellectual abstraction, but the basis for shared prosperity and growth.

The reconstructed world monetary system was founded on the strength of the American economy, on the strength of the dollar and on the deficits in the United States balance of payments. Therein lay a serious contradiction: A strong dollar and chronic deficits in the United States balance of payments would in time prove to be incompatible; either the dollar would weaken or the American deficits would have to be ended. There was a further contradiction: If the American deficits ended, the flow of dollars that was providing the monetary reserves for world economic expansion would also cease.

In fact, when the United States decided

in the late nineteen-fifties that the reconstruction period was over, it turned out to be extremely hard to end the deficits. One reason was that the United States was reluctant to give up its role as leader of the non-Communist world. The 20th century had acquired the billing, at least in the United States, as "the American century." Both the Korean and Vietnam wars signified American determination to carry the "free-world's burdens"—the equivalent of Britain's "white-man's burden" a century earlier.

America's persistent payments deficits were not due solely to its military actions and economic aid programs. Of growing importance, as the deficits went on year after year, was the overvaluation of the United States dollar in relation to gold and to other currencies. This hurt American exports and made imports, as well as travel and foreign investment, cheaper for Americans. So the migration of American business overseas went on apace, with corporations using abundant and overvalued dollars to buy up foreign assets, start branches and subsidiaries abroad, hire foreign labor and use other foreign resources to increase their world-wide profits.

Foreigners, in the midst of the dollar prosperity, where schizoid about the trend. Many, especially those in close partnership with the Americans, welcomed the growth that United States capital, technology and managerial know-how helped bring. But there was increasing concern in Europe about the inflation that the dollar inflow was also helping to breed. And there was growing opposition to the "American challenge" of economic and political dominance—and about the recklessness of American military policy. Vietnam particularly strained the political bonds between the United States and its European allies. It also sealed the doom of the postwar world monetary system that had been built on a strong dollar and fixed exchange rates between the dollar, gold and all other currencies. For Vietnam accelerated the outflow of dollars from the United States and, even more damaging, increased domestic inflation. President Lyndon B. Johnson unleashed inflation at home by his unwillingness to ask Congress either for a tax increase to pay for the Vietnam war or to cut his Great Society programs to make room for the war in the Federal budget.

President Nixon inherited the inflation—and eventually made it worse. After a year of trying to stop it by tight money alone. Mr. Nixon brought the country a recession. Finding rising unemployment politically intolerable—especially with the 1972 Congressional elections looming—he switched to a highly expansive fiscal and monetary policy aimed at restoring full employment. For political reasons, he announced—few politicians had ever made it so explicit—"I am now a Keymesian."

Under Nixonian management, the U.S. balance-of-payments deficit worsened. Dollars poured out of the country, and on Aug. 15, 1971, as part of the "New Economic Policy," Mr. Nixon slammed shut the gold window, refusing to pay out any more gold to foreign claimants in exchange for their surplus dollars. Nevertheless, overvalued dollars continued to gush out as expectations of what would once have been unthinkable—a dollar devaluation—grew. Finally, on Dec. 18, 1971, at an extraordinary monetary conference at the Smithsonian Institution in Washington, held amid the trappings and relics of the greatest achievement of American technology, the dollar was devalued by 8 per cent.

The object of the Smithsonian conference, from the American standpoint, was to devalue the dollar enough to produce equilibrium, or, if possible, a big surplus, in the American balance of payments. This would, it was hoped, restore American economic power and prestige; it should also save their dollar standard," with the United States as kingpin of the world monetary system. For this reason the Nixon Administration was, somewhat paradoxically, eager not to "devalue the dollar" officially, but to make other Governments upvalue their currencies.

Logically, there would seem to be no difference between devaluing one currency and upvaluing others in relation to it—and indeed there is virtually none. However, there was one important difference. The dollar had been regarded as the fixed star of the world monetary system, the star around which all the other national currencies revolved. For the dollar to change its own value—to be devalued in relation to other currencies and to gold—would symbolize a radical change in the conception of the world monetary order, like the Copernican revolution in which the earth was no longer seen as the unchanging center of the universe.

After the Smithsonian devaluation of the dollar, no matter how much the Americans might insist that the dollar was still the fixed center of the world monetary system, the skeptics would go on saying, like Galileo, "But it does move." And in fact, after the Smithsonian agreement, United States officials themselves gradually accepted the new concept of a movable dollar.

The Smithsonian agreement—the "greatest monetary agreement in the history of the world," Mr. Nixon called it—was supposed to be a one-shot realignment of exchange rates that would preserve the fixed-exchange-rate system created at Bretton Woods, N.H., in 1944. However, the Smithsonian agreement failed to hit on a rate structure that would restore monetary stability. With inflation raging at differential rates, that was doubtless impossible. The Nixon Administration, in any case made virtually no effort to defend the Smithsonian exchange rates. It practiced the doctrine of "benign neglect," smug in the belief that foreigners had no alternative to taking in more dollars unless they would be willing to further increase the value of their own currencies, which the United States still wanted them to do.

The impact of devaluation on inflation caught Washington and most economists' by surprise. American economists tend to minimize the importance of foreign trade to the United States, since exports or imports constitute less than 5 per cent of this country's gross national product. But the dollar devaluation, combined with expansive fiscal and monetary policy, intensified inflationary pressures which price controls could barely suppress. Devaluation spurred domestic inflation in the United States, certainly in the short run, by raising the dollar prices here of internationally traded goods, not only those of imports entering the United States but also, and more important, those of all exportable American goods as well. Many American products suddenly looked like a terrific bargain to foreigners, and they rushed to buy—beef in Chicago, oil in Baton Rouge and paintings at Sotheby Parke-Bernet Galleries in New York. The impact on prices was dramatic. As Randall Hinshaw of Claremont Graduate School has found, the effect of devaluation was immediate on primary products, such as food and raw materials, but more gradual on the prices of manufactured goods such as automobiles and tractors, especially under then existing price controls. However, as the prices of such basic internationally traded raw-material "inputs" as iron and steel, copper, aluminum, zinc, lead and plastics have risen, so have the prices of autos, tractors and other manufactured goods. And when price controls were lifted, the prices of industrial goods soared.

Ironically, the devaluation of the dollar initially had a perverse effect on the United States balance of trade and payments. Economists had expected some lag, but it lasted longer than it was supposed to. Indeed, the dollar outflow quickened. The reason was the devaluation increased the dollar price of imports more than it reduced the volume of imports, especially as the American economy was expanding more rapidly and sucking in more imports. Simultaneously, devaluation cut the dollar price of American exports, causing foreign demand for cheaper American goods to boom; but the United States imposed export controls on soybeans and other agricultural goods, restricting the rise of its earnings abroad. Even more important, booming demand at home restricted the growth of United States exports. Hence the American trade position worsened in 1972, and dollars continued to flow overseas to cover the payments gap. The basic United States blunder was to think it could run a devaluation of the dollar without first slowing the economy. It did just the reverse—coupling devaluation with strong fiscal and monetary stimulus.

The fixed-exchange-rate system could not survive the continuing dollar outflow. In early 1973, there was a second dollar devaluation, amounting to 10 per cent, following a dramatic around-the-world flight by Under Secretary of the Treasury Paul Volcker. But instead of calming the foreign-exchange markets, it roiled them further. And in late February and early March, dollars began to flood into West Germany because the mark looked like the safest port in a storm. The German central bank took in over $3-billion a day, paying out marks to all comers in a vain attempt to keep the mark's exchange rate from rising. After dishing out more than $10-billion worth of marks, German monetary officials finally grew frightened of inflation and threw in the sponge. They stopped defending the fixed exchange rate between the dollar and the mark; so the mark floated upward, and the dollar floated downward.

The Bretton Woods fixed-rate system was dead; the whole world monetary system was afloat. But inflation was anything but dead.

The loss of respect for the dollar, the key currency of the world monetary system, brought on a flight from all currencies into anything precious and scarce that would hold its value in a time of monetary crisis—gold, silver, platinum and many other commodities. Overnight it seemed as though the Club of Rome's long-range forecasts of the exhaustion of world resources were coming true in a rush, with soaring prices the fever gauge of commodity shortages.

Accidents of nature fed the commodity inflation. One of the weirdest was the disappearance of anchovies off the coast of Peru. Why this happened is still unclear. One theory is that the cause was the 1972–73 invasion of a warm-water current called El Nino, which upset the ecology of the cold-water Humboldt Current, drastically reducing the supply of plankton and other nutrients in which the anchovies feed. Most marine biologists doubt this, pointing out that El Nino comes roughly every seven years—it had last arrived in 1957 and 1962—but had not earlier seriously damaged the anchovy stock. Did an influx of predators eat the spawn? Were the young fish blown into hostile waters? Nobody really knows. Whatever the explanation, as Morgan Guaranty Bank economists correctly stressed, Peru's anchovy catch fell from more than 10 million tons to 2 million tons in 1973, wiping out a critical part of the world's fishmeal supply, which is used to feed livestock.

Bad growing weather for cereals, the failure of much of the Soviet crop, the massive Soviet-American wheat deal—a key element in détente—exacerbated the commodity inflation. But the over-all inflationary trend was no fluke. All nations were in a simultaneous boom, and world demand was outrunning supply. The perception of rising prices was transmogrified, as inevitably happens when an inflation lasts long enough, into a public perception that paper money is losing value and is not worth holding. Speculators rushed from currencies into commodities. By October of 1973, world commodity prices had more than doubled from the start of the year. And then, with the outbreak of the Yom Kippur war in the Middle East, the Arabs launched their oil weapon against the West.

World commodity inflation had given the oil producers both the motivation and the opportunity to boost their prices sky high. The rising cost of imports to the Arabs, Iranians and other oil-producing states, the rapidly growing demand for oil, thanks to the simultaneous boom in all the major industrial countries, the disappearance of American buffer stocks of oil—all these factors gave the Organization of Petroleum Exporting Countries, which includes Saudi Arabia, Kuwait, Abu Dhabi, Iran, Libya, Iraq, Algeria, Qatar, Indonesia, Venezuela, Nigeria and Ecuador, the golden opportunity for a financial killing.

The Arab oil embargo, designed to induce the Western powers to force Israel to yield to Arab demands, cut the world oil supply at the critical moment, threw the Western allies into disarray in a mad scramble for oil and paved the way for the fourfold increase in oil prices. The price in the Persian Gulf was jacked up from about $2.10 a barrel to $8 a barrel. That meant the greatest single financial coup in history—a $70-billion haul by the oil producers in a single year. In 1975, their extra take will amount to $90-billion. And if oil prices hold, they will be taking in over $100-billion a year—year after year. The World Bank estimates that by 1980 the oil-producing countries' holding of liquid surplus capital will total $400-billion. This would mean that just six years from now they will hold at least 70 per cent of the world's total monetary reserves.

The fantastic transfer of money to the oil-producing states has created an unprecedented shock for the world economy. That shock is, paradoxically, both inflationary and contractionary. The huge increase in oil prices and payments worsens inflation in the United States, Japan and Western Europe by increasing both living costs and costs of production. It puts powerful pressure, both direct and indirect, upon the industrial and the developing countries to increase their export prices, in order to cover their oil deficits. To be sure, high prices are bringing out more oil and curbing demand. There is now, therefore, some downward pressure on prices. The crucial issue is whether the international oil cartel will hang together, even if this means cutting production to hold up prices.

At the same time, the enormous transfer of funds to the oil producers can choke off consumption and productive investment in the West. The build-up of Arab holdings, and the huge deficits that are their counterpart, could cause a breakdown in the world monetary system.

Prof. Richard Cooper of Yale says it is as though the Shah of Iran, the King of Saudi Arabia and the others had levied an annual tax amounting to $70-billion a year upon the rest of the world. Such a tax increase, as modern economic theory teaches us, will have a contractionary effect on national economies unless the money collected is put back into the economies from which it is collected in the form of expenditures on consumer goods or capital goods. If the major share of "oil taxes" collected by foreign Governments is not respent or reinvested in production, it will choke off output and income in the oil-importing countries. Some nations—those that are the best investment bets—will receive major shares of the oil money back; that is likely to be true of the United States and West Germany. Others, less creditworthy, will suffer huge deficits; that is already true of Italy, and it could be true of many others. The nations of the West could fall into economic warfare, each fighting to reduce its own deficit, and blocking imports or depreciating its currency to do so. Competitive deflation could bring on a world depression. The most agonizing peril faces the poor, developing countries, whose markets would contract drastically.

For those nations caught with the worst deficits, there will be severe risks of defaults on their foreign obligations. This is precisely the Italian situation now. In the past two years, the Italians have borrowed more than $10-billion in the so-called Eurocurrency market, taking funds from syndicates of private lenders on the credit of Italian state-owned utilities and other Government agencies. With the Italian balance-of-payments deficit running at a rate of more than $1-billion a month, Italy is having trouble raising more money abroad. Its gold reserves would barely last a year. If the Italians—and a few other governments with heavy balance-of-payments deficits—should default on their debts, some of the biggest and seemingly strongest private financial institutions all over the world would lose hundreds of millions of dollars, and the entire world financial system would be in jeopardy.

Once again, as in 1929–31, the world is facing the danger of a liquidity crisis, which, simply put, is the inability of financial institutions or governments to meet their current debts. Such a crisis, if it hit two or more countries simultaneously, could race like greased lightning through the entire world financial system. That was what happened in 1931 when the Austrian Creditanstalt failed. It was the breakdown of the world monetary system in 1931 that turned the sharp 1920–30 recession into the worst depression in history. Not even Keynes expected the nightmare that began in 1931. It is this kind of international catastrophe we must prevent now.

But how? There are many ways to do it, but the above account of how we got where we are today suggests the main elements essential to a solution:

First, the United States, Western Europe and Japan must recognize that they are all in the same boat, and must either work together or they will sink together.

The United States cannot dictate to the others; it does not have the power to do so, and it would only defeat its own purposes if it tried. What is needed now is genuinely shared leadership and the forging of a spirit comparable to that achieved in wartime—and to the reconstruction of the world after the last war.

Second, this cooperation must immediately take the form of preventing any single country, or its majo financial institutions, from going under.

One of the reasons we in the United States are not already suffering from a major domestic financial panic is that our central bank, the Federal Reserve System, has been prepared to rescue any major financial institution that gets into serious trouble, as it has done this year in the case of the Franklin National Bank of New York. Internationally, we do not yet have a "lender of last resort." Some national central banks have met in Basel, Switzerland, to work out plans for rescuing endangered financial institutions, though not all central banks have joined the effort and it is not yet clear how far those participating are ready to go. The nations of the Western world and Japan should either create an international lending agency of last resort, or transform the International Monetary Fund into a true world central bank that can rescue major financial institutions and nations themselves from financial collapse.

Third, the world monetary system must be restored to equilibrium.

The most important single step toward that end would be a significant reduction in the price of oil, which would reduce the imbalance of payments between the oil-importing and oil-exporting countries. The oil-importing countries should develop a broad strategy to bring down the price, a strategy that should include: an effective conservation program to reduce the demand for oil; an accelerated program to develop other energy technologies; a warning that, if necessary, the United States and its allies are prepared to withhold trade and the managerial and technological skills the oil-exporting countries want for their own economic development; and a refusal by this country and its allies to provide arms if the oil-producing states persist in threatening Western economic stability.

But if the oil-producing countries are willing to work with the West for world stability and their own development, the United States and its partners should extend the hand of friendship to them. It should facilitate expansion of their trade and foreign investment, the "recycling" of oil dollars.

Fourth, the Western nations must avoid like the plague the beggar-my-neighbor policies that helped destroy world trade in the thirties.

Such policies broke the world into hostile trading blocs, including the nations that joined in Nazi Germany's barter and rigged-exchange rate deals and Japan's Asian Co-Prosperity Sphere. The Western nations must reinforce their liberal trading policies, banning both import and export controls. They must hold their markets open to one another and seek particularly to create markets for the surplus and distress goods of nations that get into severe balance-of-payments trouble.

The nations should also forswear resorting to competitive devaluations of their currencies aimed at gaining a trading advantage over one another. They must coordinate their fiscal and monetary policies to avoid competitive deflations that could bring on world depression. The Organization for Economic Cooperation and Development (O.E.C.D.) provides a forum for the joint review of national policies; this process should be strengthened to ensure that world employment and trade are mutually sustained.

While the world monetary system remains chaotic, it would be madness to try to repeg exchanges rates; floating rates have reduced the massive money flows from one currency to another that propagated world inflation. In time, the reduction of those money flows should help to bring world inflation under control and enable exchange rates to stabilize. But the nations must work toward stability; a "great leap forward"—or backward—could be disastrous.

Fifth, nations must resolve to check their domestic inflations, controlling the excess claims of special-interest groups that are its root cause.

Inflation, while communicated internationally, originates basically from domestic sources. This is one reason why rates of inflation vary so much from country to country. There is no monetary formula or technical solution that will provide Governments with the political courage and the economic skills to reduce the excessive demands that propel domestic inflation. Governments must resist the multitude of special-interest pressures that distort or waste resources—as in the multibillion-dollar military programs which exacerbate inflation and, even more ominously, increase the danger of arms races and war itself.

Under the sway of Keynesian economic theory, inflation has been regarded by most contemporary economists as a "technical" problem resulting from a gap between the excess demand for all goods and services and what the economy is capable of producing at existing prices. The basic remedy has been to close that inflationary gap by reducing total demand, whether by tax increases, cuts in Government spending or by making less money and credit available to the private economy.

It has become clear that the problem of stopping inflation is not technical but political in the large, systemic sense. Inflation is a consequence of the way massive, organizational, pressure-group economies operate. The military-industrial complex is only the most celebrated example of the special interests which capture a huge share of national resources and give less productivity in exchange. Other groups that have won special benefits and protection from Government—whether in the form of subsidies, huge appropriations, tax breaks, tariffs, import quotas or other rules limiting foreign or domestic competition—include the oil industry, the maritime industry, civil aviation, the highway-building industry and its supporters, dairy producers, wheat farmers, cattlemen, steel producers and textile producers. Labor unions fight for a growing share of the national pie partly by backing the demands for special favors and protection of the industries that employ them and partly by waging side-contests with managements for a bigger slice of the take.

The pressure-group economy not only breeds inflation but biases national choices on what is produced and by whom, and how income is distributed. Political power shapes the national use of resources and has a major influence on who gets what. This may be the major long-run lesson of that political fiasco whose code name is Watergate.

An effective program against inflation must be one that faces up to the necessity of curbing the power of the special interests and removing their corrupting influence on Government or, the other side of the coin, curbing the efforts of Government officials to invite bribes in exchange for favors as a means of consolidating political power in a corporate state. The old-style, laissez-faire capitalism is dead. Yet the mixed economy—that is, the mixture of Government and private interests that has replaced it—needs better methods of harmonizing competing group pressures in a noninflationary way and of guiding the economy to serve broad social needs such as protection of the environment, development of crucially needed energy, and provision of medical care, education and other vital services.

Specifically, this nation and other capitalist democracies need an incomes policy, a means of regulating the growing income claims of contending groups, together with their access to money and credit through the banking system. In periods of monetary tightness and very high interest such as the present, the inequities of only general controls on money and credit become obvious, as the most powerful financial groups drain funds away from the least powerful.

Similarly, this nation and many others need more effective and democratic ways of planning their long-run social and economic development. Increasing the supply of resources, human and material, and in the proportions needed, is essential to curbing inflation in a way that will not require periodic bouts of recession, depression and high unemployment.

In an increasingly integrated world economy, such programs need to be international and not merely national in scope. Yet the time for supranational government is not yet. The fundamental decisions needed to get the world through the current economic crisis, which could become a world political crisis as well, still must be taken at the national level. Is such an effort to restore world economic order politically feasible and realistic? It had better be. The potential tragedy of the moment is that all the Governments of the major democracies are in a weakened state—weakened in large degree by the socially and politically debilitating effect of inflation itself. And the crisis of leadership and moral authority is perhaps greatest of all in the United States, on which any coordinated action program among the Atlantic nations and Japan must still depend. We know what we must do; the issue now is whether we have the will and the unity to do it.

NEW STRENGTH FOR LAW ENFORCEMENT IN PRINCE GEORGES COUNTY, MD.

Mr. MATHIAS. Mr. President, it was recently my privilege to attend the graduating exercises concluding session No. 49 of the Prince Georges County Police Department. Forty-five members of the class entered the profession of law enforcement during this session, and dedicated themselves to upholding the laws and spirit of our society.

I was impressed by the graduates, by the welcome extended to them by the veterans in the department and by the professional spirit that prevailed throughout the ceremony. The "credo" set forth in the graduation program expresses the relationship of the police to the community they serve. I ask unanimous consent that there be printed in the RECORD the address of Roland B. Sweitzer, the chief of police, the remarks of Keith A. Harmon on behalf of the graduating class, the "Credo of Police Humanism" to which all graduates subscribed, the list of graduating members of the class, and the list of those receiving special awards.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

COMMENCEMENT ADDRESS

(By Roland B. Sweitzer, Chief of Police—Prince Georges County)

I would like to first say welcome to the families of these graduates and to thank them for their patience thus far, but the test of your patience has just begun. Patience, understanding and encouragement will be necessary during the career of your officer.

It's my great pleasure to welcome this class to the family of police officers.

I welcome you also to what is more and more being regarded a profession—the profession of law enforcement.

The education you bring to this department—and it's more than any other class has brought—is an indication of the increasing professionalization in law enforcement. Among the 45 of you, seven are college graduates and a total of 28 have attended college and completed at least one year of study.

This education is important and I hope you will continue it. Law enforcement today involves far more sophistication than ever before in its history. The basic training you have received is more extensive and in-service training is expanding to the point that every officer will be exposed to some every year.

In addition, every police officer has the opportunity to pursue college courses, while college credits are not required by this department to be considered for promotion. The trend of the future is such, that the better educated officer will be better prepared to take advantage of the promotional opportunities that will become available.

Although formal education is an important factor to our growth and professionalization, it alone, is not the complete answer. Police officers must be equipped with a sense of loyalty, devotion to duty and a sincere interest in people. It is my belief that the greater the formal education the easier these basic qualities are expanded.

Within the past several years this department has changed considerably. Extensive population growth and urbanization in Prince George's County have required a larger, more innovative and professional police department to meet the rise in crime and changes in society. Change has not always been easy. We have had our growing pains, but I would like to think by now we have reached a plateau in the department. This coincides with the accomplishments of our county government who in recent days at the N.A.C.O. convention won 16 awards, more than any other county at any time.

For the first time in a long time we are at full strength, at the close of the fiscal year, June 30, 1974.

We have entered a new era of collective bargaining. With county council adoption of our first negotiated contract, you will be among the beneficiaries, gaining a pay increase and other benefits.

In the academy with you was another class of officers who have transferred from other departments. It is our first lateral transfer class, bringing to this department, at the rank of patrolman, officers with experience in other departments.

This decision to accept lateral transfers was not easily made. Many police officials considerered such a move impossible. Others saw it only in the far future. That we have it now and that we have so many applicants from other departments in this area testifies to what this department offers to the young officer.

It also means we are recruiting the best student officers available. You will be competing for advancement among such officers. You may be proud to serve among the best, but it will also keep you on your toes.

While we have tried to anticipate in your training the situations you will meet in your police work, of course the real experience is something you never can experience in the classroom.

I hope you will retain what you have learned and apply it in your work, not being so overcome by the real pressures of police work that you forget it and fall back on gut reactions rather than professional action.

Beyond being a matter of good performance this is a matter of safety for you and your fellow officers. The procedures you have learned are intended to protect you as well as provide for effective and socially acceptable police actions. Remember them well.

Shortly, you will be on your own. The few months with a field training officer will quickly pass and you will soon find yourself forced to make critical decisions with no one nearby to tell you what to do.

This is when you will need your training and maturity. It will be all you have to rely upon.

You will find that a courteous and professional approach will ease your relations with private citizens. Violence breeds violence and discourtesy breeds contempt.

You may feel that society is unreasonable in what it expects from police officers. I realize it is difficult to accept the public's haste in criticizing police officers, blaming them at the same time for the evils of society and increasing crime while also criticizing police for the methods they use to correct these evils.

You must see this as an indication of the great dependence society has on police officers. Also, you must realize that the public is very aware of the great authority a police officer has and fearful he might abuse this authority.

As patrol officers, you will be part of the department's front line in community relations. Your contacts with the public are our most critical public contacts. They have much more impact on public attitudes toward the police than any of our formal community relations programs.

What you do in the way of being good police officers, you will be doing for yourselves. *This is your department—your career.* The public attitudes your actions engender will determine the way in which you are accepted by the public, and will also, in a great measure, determine the course of your department—*up or down.*

Where there is respect for the lawman, you will find it is easier to enforce the law. Witnesses will cooperate. You will be safer on the streets with private citizens as allies. In a hostile community, law enforcement becomes more difficult and the frustrations the police officer faces are far more discouraging.

There are economic consequences also, what this department receives in tax money is a reflection of the public's willingness to support it. Eventually this reaches your pocket. If the public supports the police in this county, you will receive more in salary and benefits.

Beyond economics, and perhaps more important, is the satisfaction you will get from knowing you are part of a first rate, professional law enforcement team that is respected because it deserves respect. In a society some see as morally degenerate, you can be proud to be part of the forces defending law, order, life, property and each citizen's right to live free of criminal abuse from his neighbor.

I congratulate you for choosing a career with such a high purpose. Also I congratulate you for being selected for admission to this police academy and for completing an ardous course of study.

You now become police officers, members, of the greatest group of men and women this nation has. *Stand straight—stand tall*—be not dismayed at the frustrations and criticisms you will be faced with because you are a policeman and you are above that.

In some of my readings I came across the following quotation by President Theodore Roosevelt. (That I think sums it up very well. Let me close with these thoughts.)

It is not the critic who counts, not the one who points out how the strong man stumbled or where the doer of deeds could have done them better. The credit belongs to the man who is actually in the arena; whose face is marred by dust and sweat and blood; who strives valiantly; who errs and comes up short again and again; *who knows the great enthusiasms, the great devotions, and spends himself in a worthy cause;* who at the best knows in the end the triumph of high achievement; and who at the worst, if he fails, at least fails while daring greatly, so that his place shall never be with those cold and timid souls who know neither defeat nor victory.

RESPONSE OF KEITH A. HARMON

Chief Sweitzer, distinguished members of the Prince George's County police department, instructors, family members, and honored guests, on behalf of Session 49, I welcome you here today.

It wasn't very long ago that we once sat in those same seats which you are in, but for an entirely different reason. We came here to take an entrance examination, a test whose results affect every person in this room. The outcome of this test enabled Prince George's County police department to select 45 men, only 10% of all those who took the test, and in 18 weeks transform these individuals into one very fine, extremely proud, and closely bonded Session 49. It is difficult for me to convey the pride and unmatched spirit of 45 men. But you must have some idea of our feelings on this special day and be proud of our accomplishments also, otherwise you would not be here to participate in our graduation.

For the past 18 weeks we have been exposed to many new concepts and confronted with a multitude of problems and challenging situations which have trained us to become responsive to the needs of our community and increasingly aware of what those needs are. We have learned that there is a spirit of the law as well as a letter of the law, but if the law is to be honored, it must first be honored by those who enforce it. This is a task we shall assume 24 hours a day, just as any dedicated law enforcement officer should.

Although our final examination was yesterday, this should be no indication that our testing period is over. For today the real test begins when we take all of our knowledge and special skills gained in the academy since March 11, 1974, and by combining theory and practice, apply it to our everyday duty of serving our community to the best of our professional ability.

A professional ability which includes overcoming fear with courage, conquering your anger with patience, replacing disgust with understanding, and applying the law impartially to everyone. These are the qualities which we will continuously strive to maintain throughout our careers as sworn officers of this department.

At this time my fellow Prince George's County classmates and I wish to extend our thanks to the two Howard County officers for their participation and contributions to Session 49 and finally I would like to thank each of the instructors for their time and effort, their encouragement, and God only knows, the patience, which enables us to leave here prepared and confident to take our place alongside the other police officers of this department and face the challenge we have long awaited.

Thank you!

CREDO FOR POLICE HUMANISM

I believe . . . in the essential dignity of every human being, no matter what their status or state in ife. To those citizens having the most contact with the police, life has provided little opportunity and much disappointment. The test of this belief in human dignity depends upon my not becoming disillusioned or bitterly cynical toward people who exhibit weakness and inadequacy.

I believe . . . that people can change. They can change their attitudes, values, life sytles, and philosophies. If I accept this assumption about human nature then I can avoid the fallacy of personality fixation which tends to classify people as "good" or "bad" and incapable of changing behavior once a certain age level is reached. If I believe people can change then rehabilitation replaces retribution as a solution to people problems.

I believe . . . People change People! Humans change only through the help of other humans. All police officers can become a force for purposeful human change—a force prepared to help man cope more effectively with his limitations, inadequacies, and strengths. Every police contact becomes an opportunity for developing a sense of "peopleness" moving policing forward as a positive feature of a governmental system which always places people first.

I believe . . . in the essential goodness of all men, who, if given a chance can attain that level of human potential with which they have been endowed. The police are a vital part of the chance they need. By crossing their lives, the police can be, and often, are, a source of hope, help, and opportunity.

PRINCE GEORGES COUNTY POLICE DEPARTMENT SESSION 49 ROSTER

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2. Babcock, Dennis C., No. 988, 5910 St. Moritz Drive, Temple Hills, Md.
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13. Forsythe, Jack L., No. 997, 6017 Griffith Drive, Camp Springs, Md. 20023.
14. Fowler, Kenneth D., No. 998, 2130 Brooks Drive, No. 611, Suitland, Md. 20028.
15. Fox, James H., No. 999, 13910 Briarwood Drive, No. 2011, Laurel, Md.
16. Gainey, James W., No. 1000, 8125 Chestnut Avenue, Bowie, Md. 20715.
17. German, Martin J., No. 1001, 7036 Hanover Parkway No. 2B, Greenbelt, Md. 20770.
18. Gibson, Steven P., No. 1002, 5225 Kenilworth Avenue No. 301, Hyattsville, Md. 20781.
19. Goon, James T., No. 1003, 4205 58th Avenue, Bladensburg, Md.
20. Grisetti, John S., No. 1004, 6507 Hil-Man Drive No. 204, Forestville, Maryland.
21. Hamer, Henry R., Jr., No. 1005, 6569 Pennsylvania Avenue No. 203, Suitland, Md. 20028.
22. Harmon, Keith A., No. 1006, 13400 Finsbury Court Apt. No. 2, Laurel, Md. 20810.
23. Hunter, Michael J., No. 1007, 11–5 Cedarville Mobile Home Park, Brandywine, Md. 20613.
24. Husk, Dwight R., No. 1008, 8504 Waco Drive, Oxon Hill, Md. 20022.
25. Johnson, Gary D., No. 1009, 8808 Barnsley Court No. 22, Laurel, Md. 20810.
26. Kane, Steven F., No. 1010, 6525 Pennsylvania Avenue, Suitland, Md. 20028.
27. King, James M., No. 1011, 10107 Prince Place No. 203, Largo, Md.
28. Knapp, Michael, No. 1012, 11658 Pumpkin Hill Drive, Laurel, Md. 20810.
29. Komar, Raymond A., No. 1013, 2728 Lorring Drive No. 103, Forestville, Md. 20028.
30. Kozlowski, Ronald E., No. 1014, 6888 Riverdale Road No. 634, Lanham, Md. 20301.
31. Kuhns, Clifton B., Jr., No. 1015, 6404 Osborne Road, Upper Marlboro, Md. 20870.
32. Long, Steven L., No. 1016, 7751 Riverdale Road No. 202, New Carrollton, Md. 20784.
33. Lutz, Lynn R., No. 1017, 5629 Regency Park Court, Suitland, Md.
34. Manning, Mark A., No. 1018, 5F1 Wilson Bridge Drive Apt. C–1, Oxon Hill, Md.
35. McDaniel, Robert O., No. 1019, 10708 Seven Oaks Drive, Friendly, Md. 20022.
36. Munkelwitz, George L., No. 1020, 9961 Goodluck Road, Seabrook, Md.
37. Murphy, Mark K., No. 1021, 6307 Hil-Mar Drive Apt. 10, Forestville, Md. 20028.
38. Naecker, Carl A., No. 1022, 5309 Riverdale Road No. 409, Riverdale, Md. 20840.
39. Panyard, Frederick G., No. 1023, 2156 Alice Avenue No. 4, Oxon Hill, Md. 20021.
40. Priest, Jr., James G., No. 1024, 5702 Spruce Drive, Clinton, Md. 20735.
41. Prince, Jr., Robert M., No. 1025, 2318 Olson Street, Marlow Heights, Md. 20031.

42. Richards, Madge M., No. 1026 (resigned 3/18/74), Rt. 3, Box 288, Brandywine, Md.
43. Ricker, Stephan J., No. 1027, 7016 Hunter Lane, Hyattsville, Md.
44. Robshaw, III, Harry, NMN No. 1028, 4814 66th Avenue, Hyattsville, Md.
45. Scheffer, Dennis H., No. 1029, 12508 Kilbourne Lane, Bowie, Md. 20715.
46. Shimp, Gary E., No. 1030, 6204 Springhill Drive, No. 202, Greenbelt, Md.
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GRADUATION SESSION NO. 49—PRINCE GEORGES COUNTY POLICE DEPARTMENT, JULY 16, 1974

SPECIAL AWARDS PRESENTED

Sergeant Joseph K. Brown Memorial Award for Scholastic Achievement

Lynn R. Lutz.

Outstanding Student Officer Award

Steven L. Long.

Law Enforcement Institute Scholarship Award

Steven L. Long, Robert O. McDaniel.

Perfect Score Shooting Award

Glen E. Alonso, John A. Ditoto, Jack L. Forsythe, James T. Goon, Raymond A. Komar, Steven L. Long, Lynn R. Lutz, James G. Priest, Jr., Robert M. Prince, Jr.

CLIMATE AND WORLD FOOD PRODUCTION

Mr. HUMPHREY. Mr. President, I bring to the attention of my colleagues two outstanding articles, in the New York Times of August 8, 1974, on world weather and its impact on agricultural production.

The two articles, "Iowa Farmers Facing Potential Disaster in Drought," and "Climate Changes Imperil World's Food Output," paint a rather gloomy picture of the current agricultural situation around the globe. There is evidence that the world's climate is changing, and it is predicted to become more variable in the decades ahead. This could threaten future agricultural production and might mean major crop failures.

In the United States, the Midwest has been struck by drought since June, and Iowa farmers now expect at least 10 percent less corn and soybean production than was predicted earlier this year. Our Government has based its agricultural production estimates on the most favorable weather, allowing no margin for error.

The Secretary of Agriculture promised a bumper crop this year, but the unexpected drought has caused severe losses in the corn belt. Although rain has fallen in the last week, it is too late for the corn crop and for much of the soybean crop. The latest U.S. crop estimate is approximately 22 million tons below that predicted in June.

Although Russia is expected to fare somewhat better, expecting an increase in production of up to 1 million tons, parts of Europe have had weather problems this year. Bangladesh has suffered from floods, and drought has devastated India and sub-Saharan Africa, which has been in desperate need of rain for 7 years.

At a time when the world food situation is most vulnerable, due to adverse weather and the rapid rise in population, our food reserves are at an all-time low. Private experts are now warning of danger of shortages and the possibility of export embargoes, which could mean mass starvation in other parts of the world.

I hope that such a step can be obviated. I have recommended a food reserve program to encourage production to meet our own needs and monitor exports carefully in shortage situations.

I am hopeful that the new Administration will study this problem carefully and alter past agriculture policies in an effort to meet the food needs of our people.

Mr. President, I ask unanimous consent that these two articles be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

IOWA FARMERS FACING POTENTIAL DISASTER IN DROUGHT

(By James P. Sterba)

CLARINDA, Iowa, August 7.—It's one of the gloomier Page County fairs in memory. The children, with their 4-H Club project ribbons, are excited and happy, as usual. But the old men sitting around in their bib overalls don't smile very much. "Hey, play bingo, win a prize," shouts an amateur barker. "Hurry up and play one game of bingo before it starts raining."

That's a joke, but nobody laughs. It hasn't rained more than a sprinkle here since June 8, and that means serious trouble, even potential economic disaster, for the 1,648 corn and soybean farmers in Page County, and perhaps for thousands of other farmers throughout the Midwest. For Page County's trouble is typical of the situation in much of that vast region.

Donald Lyle, county director of the United States Department of Agriculture's stabilization and conservation Service, mailed Page Couny's latest crop condition report to Des Moines yesterday. Corn: 77.5 per cent ruined. Soyebans: 50 per cent damaged.

"They always say that it rains 10 minutes before it's too late in Iowa, but this year it didn't quite make it," said Meredith Lovitt, who put in 150 acres of corn this spring. "My corn's just not going to make it. There's a little corn around here that's still pretty good, but not mine. It's not even good, let alone pretty."

FAIR STRICTLY LOCAL

"Corn and soybeans are the economic backbone of this southwest Iowa county, where hard farm work and the importance of family and church are not to be discounted by the fact that the local theater is currently showing "The Devil in Miss Jones," a pornographic movie.

The 4-H Club was started in Page County by Jessie Field Shambaugh in 1901, local, with no carnival rides and the county fair is strictly local, with no carnival rides and with games of chance run by local clubs. It is usually more festive at the fair. One indication of the mood here this year is a straw poll being conducted by the First Assembly of God, a local church. It asks two questions: "Should Nixon be impeached?" and "Are we headed for a depression?"

Hogs, cattle, implement dealers, banks and town businesses are all dependent on bountiful September and October yields of corn and soybeans. County farmers planted 160,000 acres of grain crops this year, and 85 per cent of them were corn and soybeans.

Last year, they planted 90,000 acres of corn, and its average yield was 106 bushels per acre last fall. This year, they planted 115,000 acres of corn, roughly 20 per cent more, and the farmers are now predicting a dismal yield—a countywide average of 24 bushels per acre.

Abundant rainfall would not do much good even if it started falling this afternoon. The corn stalks are already stunted, and many have no ears. And the ears that were formed earlier have few kernels. It was too hot, too dry and too windy for too long, the farmers say.

The soybeans still have a chance, but each rainless day in this crucial "podding" month lessens their chance.

"Soybeans should have 80 pods on a stem by now, and they don't have," said Lawson Miller, who farms and also sells gasoline and oil. "I've seen some beans with only one pod."

Darwin Buch, a farm implement dealer, said that the drought had not hurt his sales. But he said that there were rumors of impending doom, canceled tractor orders and a general cut in spending by farmers.

"Sales are going to go down, no question about it," he said.

"I know a John Deere dealer who had 12 people signed up for new tractors when there was an 18-month wait," said Dave Williams, who farms 590 acres. "Now he's got tractors, but only two people have come through and bought them."

Mr. Williams said that it was six straight weeks in June and July of nearly 100-degree temperatures, low humidity and wind that sucked his 155 acres of corn dry. Last week, things changed. Skies became partly overcast, and humidity was higher. There were a few scattered sprinkles of rain.

"That stopped the deterioration, but the corn is already gone," Mr. Williams said. "It might do some good yet for the beans."

Last year's record grain prices made many farmers rich. But partly to avoid huge income tax bills, they re-invested their profits in more land and machinery, keeping debts to local banks and other creditors about the same, local bankers say. Indebtedness may range anywhere from $20,000 for young farmers to several times that amount for older, established farmers.

"Our only hope now is that our creditors will stay with us," said Franklin Mellencamp, 58, who with his four sons farms 2,300 acres. "In the meantime, we're going to have to tighten our belts."

The drought has come in 20-year cycles, he said.

"In '54, we were hurt as much as any of them," he said. "But things are different now—we didn't have the expenses we have today."

"We've had quite a few guys already coming in and worrying about what to do," said Gary Beggs, farm representative at the Citizens State Bank in Clarinda. "We're pretty sure that the corn crop is gone, but farmers might be able to make some of it up with soybeans if we get some rain in the next few weeks."

Meanwhile, spending is already beginning to drop off around Clarinda, the county seat, which has a population of 5,700 people. "The farmers are zipping up their pocket books," said one merchant.

They are also grumbling more than usual. Some admit they planted corn and soybeans on poor land, or on pasture land that they now need to feed cattle because their remaining pasture is dry or eaten off. But, they contend, the Department of Agriculture—admittedly along with high prices—encouraged them to plant all available acreage to produce as much grain as possible to feed the world.

Earl L. Butz, the Secretary of Agriculture, who has played down the severity of the drought, is not well liked in Page County.

"If he doesn't think we got trouble, why doesn't he come down here and take a look at our corn?" Mr. Miller asked.

Climate Changes Imperil World's Food Output

(By Harold M. Schmeck, Jr.)

Bad weather this summer and the threat of more of it to come hang ominously over every estimate of the world food situation.

It is a threat the world may have to face more often in the years ahead. Many weather scientists expect greater variability in the earth's weather and, consequently, greater risk of local disasters in places where conditions of recent years have become accepted as the norm.

Some experts believe that mankind is on the threshold of a new pattern of adverse global climate for which it is ill-prepared.

A recent meeting of climate experts in Bonn, West Germany, produced the unanimous conclusion that the change in global weather patterns poses a severe threat to agriculture that could lead to major crop failures and mass starvation.

Others disagree, but are still concerned over the impact of weather on man's ability to feed the ever-increasing number of human beings.

Whether or not this year's events are harbingers of a major global trend, some of those events are, of themselves, causing concern.

The monsoon rains have been late and scant over agriculturally important regions of India, while Bangladesh has been having floods.

Parts of Europe and the Soviet Union have had problems at both ends of the weather spectrum this year—too hot and dry at some times and places, too wet and cold at others.

There have been similar problems in North America. An American weather expert recently received reports that ice was lingering abnormally on the coasts of Newfoundland and that new evidence showed that the Gulf Stream was fluctuating toward a more southerly course.

In the United States, the world's most important food producer, a severe drought that began last fall in the Southwest has spread northward and eastward, and may have potentially serious effects in the Corn Belt. There have also been reports that spring wheat in the United States has been badly hurt by hot, dry weather.

Earlier this year, there had been hopes of bumper crops in North America and elsewhere. But the weather's adverse impact has trimmed back some of these hopes.

The situation is not all bad, by any means. Canada's prospects are said to be reasonably good, depending on what happens during the next few weeks. Aside from some floods, Australia has had no serious problems, according to experts in the United States. The Soviet Union has predicted a high grain yield, largely on the basis of a good winter wheat crop. But spring wheat, accounting for about 35 per cent of that nation's total wheat crop, may be suffering from persistent high temperatures and strong winds.

It appears that what is happening now and what will happen in the next few weeks in many areas of the world may be crucial for food production this year.

The Department of Agriculture's mid-July world grain outlook called the situation somewhat less favorable than it was a month earlier.

"The June 14 production estimate was 1,000.5 million metric tons," said the department's estimate, "but as of mid-July, the total output is estimated at only 983.8 million metric tons."

SOVIET ESTIMATE RISES

"The most important changes in crop prospects over the past month have been in the U.S.A. and the U.S.S.R.," said the report on wheat and feed grains. "The latest U.S. crop estimate is approximately 22 million tons below mid-June, whereas the U.S.S.R. estimate has been revised upward by about 11 million tons."

All of the signs, both good and bad, are being watched closely by specialists in weather and its effects on agriculture.

In the whole complex equation of food, resources and population, the element that is least controllable and probably least predictable is weather. Yet, weather can spell the difference between abundance and disaster almost anywhere.

This year, experts in weather, climate and agriculture have given much thought to the prospects for the coming years and decades.

The Rockefeller Foundation sponsored a conference on essentially this subject. A unit of the National Academy of Sciences is preparing a major report on climate change. The Environmental Data Service of the National Oceanic and Atmospheric Administration is organizing a special group of experts to keep close watch on global weather as it relates to food production. And a workshop sponsored by the International Federal of Institutes for Advanced Study prepared a detailed report on the impact of climate change on the quality and character of human life.

The summary statement of that report is one of the grimmest forecasts to be made in recent years. Dr. Walter Orr Roberts, one of the nation's foremost experts on climate, believes there is a growing consensus in his field that agrees with the workshops' assessment.

"The studies of many scholars of climatic change attest that a new climatic pattern is now emerging," the workshop's summary said. "There is a growing consensus that the change will persist for several decades and that the current food-production systems of man cannot easily adjust. It is also expected that the climate will become more variable than in recent decades."

"We believe that this climatic change poses a threat to the people of the world," the summary continued. "The direction of climate change indicates major crop failures almost certainly within the decade. This, coinciding with a period of almost nonexistent grain reserves, can be ignored only at the risk of great suffering and mass starvation."

Dr. Roberts, who is program chairman of the federation, said that scientists of several nations participated in the workshop. Its conclusions were unanimous.

Although all scientists do not put the matter in such stark terms and many doubt that a clear change in climate is demonstrable, there is widespread agreement on one point: The weather patterns that have prevailed in recent decades are anything but normal when viewed against the history of the past several centuries.

The mean temperature of the northern hemisphere increased steadily from the early nineteen-hundreds through the early nineteen-forties. Since then, it has been on its way downward toward the colder circumstances of the last century. The drop since the nineteen-forties has only been about half a degree, but some scientists believe this is enough to trigger changes that could have important effects on the world's weather and agriculture.

In recent publications, Dr. Reid Bryson of the University of Wisconsin, one of the chief proponents of the view that climate change is overtaking mankind, has cited India as an example of the possible hazards.

UNFAVORABLE TREND

Early in this century, severe droughts seemed to hit northern and northwestern India roughly once every three or four years. In more recent decades, the monsoon rains moved northward and the frequency of droughts declined to about once or twice in 20 years. Dr. Bryson and other scientists now believe that the trend is back toward the less favorable conditions of the early nineteen-hundreds.

Meanwhile, the Indian population has greatly increased and demands on the nation's agriculture have risen accordingly.

Apart from that kind of long-range consideration, the situation in India this year is being watched with particular attention because, in the view of several experts, it is potentially serious.

The heavy monsoon rains vital to India's agriculture seem to be at least a month late, according to the latest world summary of the weekly weather and crop bulletin, published by the Departments of Commerce and Agriculture.

SEVENTH YEAR OF DROUGHT

Dr. Richard Felch, one of the weather experts involved in producing the bulletin, said the latest data available to them showed that three-fourths of the total grain-producing area of India was below normal in rainfall this year. Rainfall was normal at this time last year throughout most of the sub-continent.

The sub-Saharan region of Africa, another area of the world ultimately dependent on monsoon rains, is now in its seventh year of drought.

The region is currently experiencing a brief reprieve as the result of a somewhat wetter rainy season that has been the pattern in recent years. Some observers say the rains may even allow modest crops of sorghum and millet to be harvested.

Even so, most experts view the current rains as only a temporary fluctuation. Dr. Bryson and others believe that the sub-Sahara will continue to suffer the effects of a change in weather patterns that is likely to persist. This, like most other aspects of current climate, is subject to considerable debate among specialists.

One important reason that all of the world's weather signs are being watched closely this year is that the world does not have the margin of safety in food grains that it had a few decades ago.

One specialist said that the world's total grain reserves were equal to the approximate difference between a good crop year and a bad one. Thus, it would take only one bad crop year to draw the safety margin in world food down close to the vanishing point.

Thus, experts are keeping a close watch on such diverse phenomena as the tary monsoon rains over India, hot weather in the Soviet Union cast of the Urals, and the moisture in the soil of sun-baked Iowa. Now, perhaps more than ever before in man's history, they all tie together.

Indeed, some scientists believe efforts to build up world food reserves ought to be a major international concern.

Although there is no prospect of a food shortage in North America, specialists are keeping a watchful eye on the Southwest, the Plains States and the Corn Belt because the United States is so important to the world's total food supply.

Lyle M. Denny, who helps Dr. Felch to produce the weekly weather and crop bulletin, said a drought began last fall in West Texas and adjoining areas of the Southwest and has since spread northward and eastward. He said ranchers have had to haul water to their cattle in New Mexico, Arizona and Utah.

Dr. Louis M. Thompson, associate dean of agriculture at Iowa State University in Ames, said hot, dry weather had reduced Iowa's potential corn and soybean crops by at least 10 per cent. A sophisticated statistical study of temperature, soil moisture and their effects on crops has led Dr. Thompson to a rough rule of thumb relating temperature to crop yield.

According to this rule of thumb, he said in a recent interview, the corn crop will be reduced one bushel an acre for every cumulative 10 degrees that the temperature rises above 90. For example, if the temperature rises to 95 on a given day, he would record that as a five. If it rises to 100 the next day, he would add 10.

By the end of the third week in July Dr. Thompson said, the cumulative total reached

114 degrees above 90. For both corn and soybeans, this would mean a reduction in yield of about 10 per cent, according to his calculations. But Dr. Thompson sees more potential significance to the number than the effect on this year's crop.

10 PERCENT REDUCTION SEEN

The record of 114 has not been approached since the drought year of 1954, when the total through July 21 was 96. The record has not been surpassed since the "dust bowl" drought year of 1936, when the cumulative degrees above 90 in Iowa total 236 through the first 21 days of July.

Dr. Thompson said records to 1800 show that the agriculturally important region in which he lives has been hit by a severe drought in a cycle that occurs roughly every two decades. The most recent cycles came in the mid-nineteen-thirties and the mid-fifties, according to his figures. And he notes with little complacency that the next drought would be "due" in the mid-seventies.

Dr. Thompson and those scientists who agree with him think the timing of the current harsh weather in the West may be more than coincidence.

But there is sharp disagreement among experts on this point. Some see no evidence of any cyclical 20-year pattern, and no logical or scientific basis for it.

Specialists in the Department of Agriculture, for example, are among those who disagree with Dr. Thompson. They believe that weather is a random variable, obeying no regular cyclic pattern over the years except, of course, the seasons.

Richard C. McArdle, an economist and climatologist in the Department of Agriculture, doubts the reality of a 20-year cycle and does not think that there will be a global run of bad weather this year or in the near future. The more likely pattern for any year, he believes is one in which some areas of the world have good weather for crops while other areas do not. This year's pattern is like that, he says.

He and others in the department also argue that modern agricultural technology and irrigation are capable of mitigating the effects of drought in the United States. This, too, is an area of disagreement among experts. Some doubt that American agriculture, proficient as it is, can be "drought resistant" in any major sense.

Regardless of their views on the existence of a 20-year cycle and the drought resistance of modern agriculture, many scientists are agreed on one important point: The United States has had a run of remarkably good weather during the last 15 years. And many think it foolhardy to expect that good fortune to continue indefinitely.

PROBABILITY OF CHANGE

Dr. J. Murray Mitchell of the National Oceanic and Atmospheric Administration's environmental Data Service is among the experts who believe that the world should be alert to the probability of change in weather patterns.

Dr. Mitchell, who is one of the nation's leading experts on climate change, says scientists have learned a great deal in the last five years about the fluctuations that have disturbed the earth's climate in the past. He also says there is no doubt that the earth is now at the peak of a very warm period. Change is to be expected.

The point made by many experts is this: World population has soared in the last few decades. World agriculture, adapting to the present norm, has only barely managed to stay ahead. The pressures of population and food need are so great now that the system has lost much of its flexibility. In such a situation, any change from the present "normal" weather could bring serious trouble.

"The normal period is normal only by definition," Dr. Bryson said in a recent article. "There appears to be nothing like it in the past 1,000 years."

KIDNEY DISEASE QUESTIONNAIRE

Mr. HARTKE. Mr. President, on two previous occasions, I have entered in the RECORD some of the letters which I received in response to my questionnaire earlier this year on the operation of the kidney disease program under medicare. I believe that the responses contain invaluable information which cannot be ignored as we embark upon the debate leading to the adoption of a national health insurance program.

Mr. President, I ask unanimous consent that a third portion of the responses which I received be printed in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

THE UNIVERSITY OF
MISSISSIPPI MEDICAL CENTER,
Jackson, Miss., May 3, 1974.

Hon. VANCE HARTKE,
U.S. Senator,
Washington, D.C.

DEAR SENATOR: The Mississippi Regional Medical Program has requested I furnish the data requested of the Mississippi Hospital Association in relation to the effect Medicare assistance has had on the Kidney Program in Mississippi.

I am enclosing a copy of a position paper which presents some of the problems that have been incurred due to the implementation of HR-1. This position paper also provides recommended changes to the present interim guidelines to help facilitate home hemodialysis which I feel is preferable.

Over 200 people in Mississippi have applied for Medicare insurance under the provision of end-stage renal disease. At first there was considerable confusion at the local Social Security office. This is better now, however.

Billings from the Medical Center to the Medicare intermediary since July 1, 1973, have been approximately $200,000. Only $25,000 of these billings have been reimbursed.

The paper work at our level is massive. Additional personnel are necessary to provide all the information required by the intermediary.

Neither the Social Security Officer nor the Intermediary will provide a statement of what is and what is not covered so the patients do not know what they are buying when they pay for this coverage.

The Federal Government has played a key role in establishing hemodialysis facilities and training of health and health-related personnel in Mississippi. The Mississippi Regional Medical Program in particular has been very helpful. The majority of Mississippians now have a hemodialysis facility within 35 miles of their homes. The Mississippi Regional Medical Programs is continuing to assist us in the establishment of additional hemodialysis facilities and training of health personnel.

I personally appreciate your efforts on behalf of those patients with end-stage renal disease and would be happy to further explore these problems which have arisen.

Yours Truly,

JOHN D. BOWER, M.D.,
Director, Kidney Programs, Associate Professor in Medicine, Assistant Professor in Physiology and Biophysics.

POSITION PAPER

Hemodialysis for chronic end stage kidney disease performed in the home has been shown conclusively to be technically feasible, psychologically rewarding, and financially far less expensive than in-center or limited care hemodialysis therapy. A patient, spouse or helper can be trained in the operation of currently available artificial kidney equipment. Equipment can be operated safely and the mortality rate in home dialysis is less than that in center dialysis. Psychologically, it restores the patient to a feeling of independence in that they may schedule their own time for treatment around family activities and, indeed, it contributes significantly to maintaining the family unit. Once home training has been completed and experience has been acquired by the patient, this method of therapy is preferred by the overwhelming majority of patients. The cost for rendering this treatment at home is a mere fraction of the expensive center or limited care dialysis and, indeed, could tolerate an increase in the cost of operation covering items not covered currently and still remain a lot less expensive than any other system for delivery of this care at the present time.

With the implementation of Public Law 92–603, title 2, section 2991, concerned with chronic renal disease, there has been a significant impetus in many sectors to discourage home hemodialysis. The purpose of this communique is to request that additional impetus be placed on home hemodialysis and that many of the apparent blocks to implementation of home hemodialysis be removed from the intermediary guidelines in the final directives for operation of this program.

These apparent blocks may be divided into the five categories as follows:

(1) Equipment
(2) Operational Cost
(3) Physician Fees
(4) Dialysis Helper Cost
(5) Time of implementation

Each of these will be discussed separately.

EQUIPMENT

By the time a patient gets to chronic hemodialysis the tremendous expense of hospitalization and physician fees has already nearly depleted the family's resources. In order to go into home dialysis at this time an additional initial large expense for equipment outlay is demanded. The patient must at least come up with 20% of the cost of all fixed equipment plus get involved in an 80% lease monthly fee plan for the coverage of the remainder of his equipment cost. This is extremely cumbersome if not absolutely costly to the patient due to the fact that the patient must pay 8% on any money that he borrows to purchase his equipment. In addition to this, there is no allowance for replacement of obsolete equipment or in the implementation of new innovations being developed for home dialysis equipment. This means that a patient must, at his own expense, update his equipment in the home whereas the center will have funds to update their own equipment. In addition to this, there is no maintenance agreement or contract available to the patient for his equipment in the home and this can run up to $1,000 per year, again providing a negative incentive from an equipment standpoint for the patient to go into the home.

OPERATIONAL COST

Personnel costs are virtually eliminated in home hemodialysis by comparison to limited care or in-center dialysis. With the virtual elimination of labor responsibility in the center as far as the patient is concerned, there is ample reason for the patient to say let the center dialysis program do it and the government pay for it. In the home the patient and his spouse must assume the responsibility for rendering dialysis therapy in addition to the actual labor required to achieve this objective. It appears superficially that the cost of supplies will be borne by the patient equally in the center or in the home environment. This is not true. Supply costs in the center will in fact be greater because of the low level of reuse. In addition, the 20% that the patient is required to pay is seldom, if ever, collected by the center. This might be defined as soft billing. There is no strong motivating force for the patient to come up with this cost and it can be absorbed in the overall operational cost of the center dialysis program. On the other hand, if the patient is at home he must pay 20% of his costs before his next delivery of supplies will be made. This might be referred to as hard billing. The actual cost of supplies will be greater in the limited care or center dialysis but will never be felt directly by the patient. On the other hand the patient in the home will be required to pay his full 20%, thereby decreasing his incentive to go into the home.

PHYSICIANS FEES

Little doubt exists in the minds of those involved in hemodialysis that from a physician's standpoint limited care or center dialysis is more lucrative than home hemodialysis. If nothing else the physician will lose the so-called supervisory fee in a limited care or in a center dialysis program. This is incorrect since the physician must still continue to serve a supervisory capacity for his staff including the dietician, social worker, registered nurses, and technicians. In addition to this, the physician is just as much on call for the patient in the home as he would be for the limited care or center dialysis program. Further, his participation in case discussion and presentation to the medical review board is also equal in both environments. Further, it is very obvious that the home training fee of $190 is inadequate. The role of the physician in home training is certainly far more involved than that of a supervisory capacity. He is usually involved in active teaching and a fee for this service must be provided if the physician is going to be motivated to train patients for the home. Once the patient is placed in the home there is no allowance whatsoever for the physician to collect a fee until the patient is either sick or hospitalized or has a routine checkup. In the center and in the limited care facility, the physician will receive a fee for service probably for each visit during each dialysis treatment. If this is not extended to the home patient it would further provide a negative incentive to the physician to implement home dialysis.

HELPER

In order for a patient to go into the home, the spouse or helper must accrue actual out of the pocket costs that are not reimbursable. They must cover their own rooming expenses, meals, and local travel while in the process of learning. This actually provides a negative incentive to the helper. There is no fee to the helper who, indeed, is taking over the responsibility in part of highly trained nursing and technical personnel. Not only is this individual expected to assume this responsibility, but he must also assume a loss of income during the training period if this individual is the breadwinner. It is very obvious that the family costs must continue at home and with a loss of income this can further magnify the indebtedness of a patient who elects to go into home dialysis. Finally, there is no travel cost allowance to the spouse or helper to train. It is quite apparent then that with an actual out of pocket cost for room, board, local and long distance travel, plus the loss of income, and continued family living expenses, few if any helpers would be willing to undertake participation in home dialysis training.

IMPLEMENTATION OF PROGRAM

The law states that the beginning of the third month following the initiation of a course of dialysis therapy would be the time for participation by the Social Security Administration. This means anywhere from a minimum of 60 to a maximum of 90 days can be accrued before the Social Security Administration will participate in cost of dialysis or home training. This delay in start-up time of home training must be spent in a costly center or limited care dialysis facility. Three months of center dialysis treatment while waiting to become eligible would more than cover the cost of dialysis training or possibly even the cost of one year's treatment in the home after training has been completed. Some mechanism should be implemented to decrease this delay in start of home training.

In conclusion then it can be seen that actual impediments to the implementation of home dialysis exists virtually in each area. It is no doubt that the costs of dialysis in the home are far below those of center or limited care dialysis. Once the obstructions to implementing home dialysis can be overcome or modified, it is felt that a greater participation in this less expensive modality of therapy will be forthcoming. There are solutions to the above mentioned negative incentives or blocks to implementation of home dialysis. These will be presented in the form of a proposal and left open to discussion since admittedly they will increase the cost of home dialysis to the Social Security Administration.

First of all, it would be recommended that an equipment allowance be made to cover 100% of the cost of equipment at the outset of, or completion of home dialysis training. There could be built into this program an incentive for reuse of equipment in case of the untimely death or transplantation of a home patient. Secondly, it may be worthwhile to pay for 100% of the cost of supplies in the home. This could come in the form of an annual allocation whereby it would be financially rewarding to the patient to reuse certain consumable supplies. It is very difficult to understand how a patient could misuse supplies in the home since there is little other use to which these can be applied. It would, therefore, be suggested that 100% of dialysis supplies could be covered in the home on a fee consumption basis or on a flat fee basis, the latter of which would provide a motivation to the patient for reutilization of supplies.

The major obstacle to placing patients in the home apparently is coming from the physician level. As currently structured the physician will lose even the debated supervisory fee. The physician should at least be permitted to retain this fee in home dialysis and possibly should receive in addition to this a fee for service for dialysis rendered in the home. In addition to this, the physician should be offered the incentive to put a patient into the home by having a flat fee for home training. The physician's participation in the home training certainly is beyond that of supervisory and a flat fee for initiating home dialysis would certainly go a long way toward increasing its utilization.

A fee for the helper is not at all unreasonable. This precedent has been set for many years in the Veterans Administration by the aide in attendance allowed family members. This would definitely help to stimulate the spouse or helper into getting involved in home dialysis and justifiably reduce this obstruction to home dialysis. Further, it is felt that the helper should be reimbursed on a cost basis for room, board and travel during the training.

It is also suggested that a realistic look at shortening the time for eligibility to participate in Social Security benefits would be indicated. The mere cost of keeping a patient in the center until he can become eligible would cover the cost for the home training if not cover the cost for at least one year of dialysis treatment in the home.

Finally it is concluded that the home training fee to the center is inadequate. Home training simply cannot be carried out in any center at this level regardless of the efficiency or utilization of the home training facility.

In summary then, it is admitted that these proposals will increase the cost of dialysis to the Social Security Administration. Certainly the cost for implementation of home dialysis will be increased but in the long term the costs will be reduced particularly when compared to that of center dialysis or limited care dialysis. Regardless of the magnitude of the increase proposed herein it is felt that home dialysis will still be only 35% or less of limited care or center dialysis cost.

We would be delighted to elaborate on any of the above made recommendations at any time. It is our feeling that home dialysis is the most efficient and desirable method of dialysis treatment. We would like very much to see the above mentioned obstructions or negative incentives removed from the Social Security Administration Guidelines so that this more ideal method of therapy can be implemented on a competitive basis.

JOHN D. BOWER, M.D.

MISSOURI HOSPITAL ASSOCIATION,
Jefferson City, Mo., April 8, 1974.

MR. HOWARD MARLOWE,
Legislative Assistant to Senator Vance Hartke, Washington, D.C.

DEAR MR. MARLOWE: If you will recall, we received a letter from Senator Hartke requesting information pertaining to chronic renal disease. We have not yet received all the information requested, but you might be interested in this partial information.

The problems which arose related to lack of knowledge on the part of the renal disease centers as to the guidelines of Medicare and on the part of Medicare in determining which centers had a viable ongoing program. The situation is still somewhat in the air as the final guidelines from Medicare have yet to be issued. This was further complicated by a study carried out by the Joint Commission on Accreditation which established some rather unrealistic criteria for certification. A copy of this is enclosed. In particular, the criteria for a satellite dialysis center would be extremely difficult to comply with in rural Missouri where they are most needed. Secondly, as regards transplants, there would be only two transplant centers allowed for Missouri and even so, no single hospital carries out 50 transplants per year although there are that many done overall in St. Louis and Kansas City. Our efforts have been directed toward establishing consortia in both Kansas City and St. Louis so that the consortium would qualify. We also hope that Columbia will be able to qualify under the provision that certain centers serving rural areas might not have to meet the required number of cases per year. As yet, we have no word from Medicare concerning this so the problem still exists.

Another problem has arisen in St. Louis. The Chromalloy Kidney Center purchases supplies for its patients and thereby achieves economy of scale by purchasing in large quantities. It then disperses the supplies to the patients on home dialysis on a monthly basis. Payment by Medicare to the hospital is less than the cost of the supplies thereby encouraging the more expensive center dialysis rather than the more economical home dialysis. This, at one point, was so bad that it looked as if the center might have to close or completely alter its mechanism. There has been considerable discussion between officials of the center and Social Security Administration concerning this and I do not know if it has been resolved.

We do not know exactly how many patients are on dialysis in Missouri. We do not have figures from the Veterans Administration Hospitals, one or two private hospitals and the pediatric hospitals nor do we have figures from patients who are Missouri residents who are receiving treatment out of state such as in Memphis, Tennessee; Springfield, Illinois; Iowa or Kansas. Our best figures indicate there are somewhere near 400 patients in Missouri on dialysis.

We do have a State program to supplement federal benefits. In FY 74 the allocation was $800,000 to the Missouri Regional Medical Program for the care of kidney patients and they are requesting $1 million in FY 75.

In our discussion with our various centers, we understand there is a very appreciable backlog in intermediary reimbursement to the centers. In my last conversation with Doctor Slatopolsky of the Chromalloy Kidney Center in St. Louis, he indicated that there were bills outstanding amounting to roughly one-half million dollars. Other centers have also indicated that this backlog has imposed a severe financial burden on the hospital.

If you asked me for recommendations for change in the regulations, I would have to say that I fail to see the reason for the two to three month delay in eligibility for patients on dialysis while transplant costs are covered from the onset. I also feel that many of the optimum criteria, if adopted, would be totally unrealistic. Clearly there should be sharing of scarce resources and hospitals such as in Kansas City and St. Louis should work closely with each other, but to expect one hospital to be designated as the transplant center is unrealistic.

If I can be of further assistance, please do not hesitate to contact me.

Sincerely,

Warren R. Betts,
Associate Executive Director.

Columbus Hospital,
Great Falls, Mont., April 9, 1974.

Hon. Vance Hartke,
U.S. Senator,
Washington, D.C.

Dear Senator Hartke: Thank you for this opportunity to discuss chronic renal disease programs resulting from P.L. 92–603. I would comment in answer to your questions as follows:

Question No. 1. What problems arose at the inception of the program? The regulations confirming the program were very slow in getting to the providers so a meaningful and efficient initial start could be made. The coverage was not understood by the providers, nor by the intermediaries on July 1, 1973. Our first instructions from the intermediary were put out in the Hospital Bulletin No. 184, November 16, 1973, after the program had conceivably been in operation for a considerable number of months. The medical staff and the hospital administration generally in all hospitals did not understand the program and were not in a position to make valued judgment as to participation in the program when the benefits and implications were not understood. As a result of these initial delays, much confusion resulted and delay continued.

At the time of the regulations, the information gathering process was very time consuming and slow. A questionnaire form 9734, concerning renal dialysis, was published in November 1973. We were requested to respond to the questionnaire by February 23, 1974. This essentially meant that the program was underway eight months before any substantial information gathering and charge justification were submitted to the intermediary.

Question No. 2. Have these problems been eliminated as of this date? The procedures have essentially been established. The beneficiary and the provider, as far as I am concerned, do not entirely understand the operation of the program at this time. The billing and claims presentation has largely been worked out with the intermediary; however, as stated in Question No. 1, Form 9734 (Questionnaire for Renal Dialysis) concerns the reimbursement for providing the service and causes substantial delays in establishing a reasonable charge to the fiscal intermediary. The charge, as described in the instructions accompanying the above form, appear arbitrary and not based upon the hospital cost justification. The primary area of concern, after operating under the program at our facility, seems to be treating the patients under maintenance and accute situations. With a limited number of machines, the aspect of maintenance of the renal dialysis patient limits the acute treatment of a patient because of the lengthy treatment process. The problem of handling these patients seems to create social problems and restricts the ability of using the machine for a varied number of patients. It seems to me there would be some arrangements wherein problems at local centers can be worked out to take maintenance patients from provider facilities and readily utilize a home training situation. Under this situation the provider facilities would be relieved to treat acute patients who were either hospitalized or were received at the facility for emergency treatment.

Question No. 3. New Problems?

Because of the reimbursement situation being arbitrary and not geared to the charges of the institution, it his created additional paper work to request payment of full charges to the provider facility.

Question No. 4. Approximately how many patients are being served by the program? During 1973 thirty-five patients were treated on an in an outpatient basis at Columbus Hospital.

Question No. 5. Does your state have any program to supplement federal benefits under the kidney disease program? To my knowledge the only available source of financial assistance other than the renal disease program would be the Medicaid Program and the County Welfare Program. The Medicaid program will pay a deductible but will not pay any co-insurance or additional deductibles based upon the number of covered days. The County Medical Department will not supplement Medicare participation in any fashion. The local county welfare will not defray these expenses after the Medicare program benefits are exhausted.

This information is submitted as we now know the benefits of the two programs as well as the administrative policies.

Question No. 6. Is there at present any appreciable backlog in intermediary reimbursement to health care providers under the kidney disease program? If so, how much of a backlog?

Our claims are not paid but are essentially delayed for clearances and interpretation of policy in relation to the complications and consequences to the provider based facility. Because of the payment being arbitrary and not based on full charge, additional requests and approval must be submitted to the Department of Health, Education and Welfare. Because of this delay, costs for 1973 will extend into the 1974 reporting period.

Some of these delays were administratively effected, but primarily were the results of the confusion in the initial staging of the program for renal disease patients.

Question No. 7. Do you believe that any changes will be made in the regulations which govern the kidney disease program? Some changes would benefit the program, and the beneficiaries as well as the provider:

1. Patients on the program must be better educated as to the coverage and the possibility of denials by the intermediary if any. Beneficiaries have left this responsibility on the shoulders of the provider. The fiscal intermediary is not entirely certain as to the program and its implications at this late time.

2. Cooperation between centers must be available to handle patients who may be waiting to be received on a dialysis machine. In the above comments, implication was made to the problems of maintaining maintenance and acute patients on a limited number of machines.

3. Simplification must be made in the reimbursement of the cost center where it is based upon the cost concept. All costs, including ancillary department costs, must be apportioned to obtain annual reimbursement. These requirements result in additional record keeping burdens upon the facility.

4. The billings and the claims process needs to be simplified, not so much in the submission of a bill, but in the preparatory steps taken to be able to bill for renal dialysis patients. Form SSA 1483, inpatient, and SSA 1453, outpatient, must be submitted along with Form SSA 2743. Form 2743 is called the Medicare Clinic Renal Disease Patient History. Our recommendation would be that all this information be required on one form and not be complicating the claims and the information gathering process at a time when cash flow is badly needed. The Form 2742 must be submitted with the patient on admission. (See Hospital Bulletin #184)

GENERAL COMMENTS

Recent request for specific billing and mandates for specific tests, frequency thereof, etc. suggests *someone* other than the attending physician is providing the responsible care for which only the attending physician *can* be responsible. I feel it infringes on the practice of medicine. (See Hospital Bulletin # 190, copy attached.)

Sincerely,

Frank Stewart, *Administrator.*

New Jersey
Hospital Association,
Princeton, N.Y., March 26, 1974.

Hon. Vance Hartke,
U.S. Senate,
Washington, D.C.

Dear Senator Hartke: Thank you for giving me the opportunity to tell you about some of the problems we are having in New Jersey with the renal dialysis program. I have also asked our fifteen renal centers to write to you about the specific problems that they are encountering. I will answer your questions in the manner in which you asked them.

1. Some of the problems which arose at the inception of the program had to do with a determination of who was eligible, how physicians would be reimbursed and how hospitals would be reimbursed for care rendered in the program. These problems, unfortunately, still have not been resolved and we have many hospital who have large accounts receivables because of services rendered.

2. Most of the problems having to do with reimbursement of physicians and hospitals have not been eliminated. For instance, a hospital must go out and purchase a piece of equipment for patients' use and then can only charge it back to the program over a twelve-month period. In effect the hospital has to finance the program in advance.

In addition, physicians who have been taking care of patients were not allowed to bill for some of the services rendered leaving the hospital to either employ these physicians or to work out an arrangement whereby the hospital reimbursed the physician. This brought an added expense to hospital operations at a time when wage price guidelines were limiting the amount of increases which hospitals could incur.

3. New problems seem to be of a more specific nature and some of our hospitals will send them directly to you. Our biggest problems, however, have been with the old ones which have never been solved.

4. We have approximately 360 patients on chronic renal programs. Because of the difficulties of not knowing who is eligible under the program, I cannot specifically state how many are being served under this legislation. I think the hospitals will probably be able to provide that information to you.

5. New Jersey does have a program which was instituted before the federal benefits called the Forsythe Bill. This program provides $300,000 per year for renal dialysis in New Jersey.

6. Yes, there is a large backlog in intermediary reimbursement although the inter-

mediaries have been making advances. The actual amount will be supplied by the hospitals.

7. There definitely should be some changes made in the regulations which govern the program, such as removing red tape, making eligibility clear and reimbursing hospitals in a timely fashion for the costs which they incur for providing the program.

This program has created more tension between the nephrologists and the hospitals and the federal government than almost any program I have seen come out of Washington. It appears to me that the legislation was well intended and provides funds for a deserving group. However, the regulations which complicate the legislation create all kinds of administrative headaches. I'm sure when you get the letters from the hospitals you will have a better idea of our problems.

Sincerely,

Jack W. Owen, *President.*

The University of
New Mexico,
Albuquerque, N. Mex., April 16, 1074.
Hon. Vance Hartke,
Senator, U.S. Senate,
Washington, D.C.

Dear Senator Hartke: I am regarding as an academic nephrologist to your letter of March 15th addressed to the New Mexico Hospital Association. The statements made herein are my own. While they may reflect an opinion shared by other nephrologists in the state, I wish to make it clear that I speak only for myself.

I wish to make three major points: (1) Implementation of P.L. 92–603 in the state of New Mexico has restricted rather than expanded access to end stage renal disease treatment programs; (2) We have been unsuccessful in placing artificial kidney machines in the homes of any patients through the auspices of Social Security Administration; and (3) The guidelines issued by Social Security Administration have proved cumbersome and destructive to the city of Albuquerque.

In regards to availability of programs, I should like to bring to your attention the fact that on December 28, 1973 we were made aware of a Social Security Administration letter dated December 18th which stated: "Out patient renal dialysis services furnished to a Medicare beneficiary by a VA Hospital under arrangements with a participating hospital on the other hand are not reimbursable under current policy . . ." That directive and its subsequent enforcement by S.S.A. has resulted in the termination of self training for home dialysis in the state of New Mexico. Our self training program was located at the Veterans Administration Hospital in Albuquerque. It served the needs of all potential home dialysis patients in the state. At the present time the state of New Mexico has access to no training facility for non-veterans whereby end stage renal disease patients may be trained to care for themselves either at home or in a limited care facility. We have been unsuccessful over the past four months in obtaining even temporary relief from this capricious and unjust enforcement of policy. Any assistance you could provide on this matter would be deeply appreciated. The sooner the better. Supporting data are attached (Appendix I).

Regarding our inability to place kidney machines in the home under the auspices of the S.S.A., I call your attention to the case of a young girl who had completed all but one week of home dialysis training with her mother at the V.A.H. when S.S.A. made its unfortunate ruling. This girl resided 250 miles from Albuquerque. Attempts by social workers at both University affiliated hospitals in New Mexico to have Social Security Administration place a machine in her home failed. In March, 1974, this child succumbed to an excess of fluid while she was en route from her home to Albuquerque for dialysis. It is my professional opinion that had an artificial kidney machine been placed in her home, her death could have been prevented. I gather that there is some conflict between S.S.A. and the manufacturers of dialysis units regarding the methods of payment. I infer that this conflict was at least in part responsible for our lack of success in securing a home dialysis unit for this young lady. I call your attention to the Congressional Record of November 30th in which Senator Jackson outlined the problem (Appendix II).

Regarding the devastating effect which the review process for the approval of new units has had on this community, I can only say that it has been tremendous. The basic question of whether more center and limited care dialysis stations were needed in Albuquerque, New Mexico, was decided by lay personnel who were given not only the opportunity to hear conflicting professional opinions as to need, but who were bombarded by a flow of emotional arguments ("our hospital must have a dialysis unit because other hospitals in town have one"; "patients have a right to free choice of hospitals") and petitions (according to my daughter, one was circulated and gleefully signed by many students at her high school). I believe that there is a real necessity to remove from the review process such opportunities for emotionalism.

One final comment on the negative side of things: To my knowledge funds for dialysis services rendered during July, 1973, are just now beginning to reach the providers. It seems to me that there has been an inordinate delay in reimbursement.

Reversing traditional order, I should now like to comment on the positive side of things. The tremendous uproar associated with implementation of P.L. 92–603 in New Mexico has resulted in a sincere and to date effective effort on the part of private hospitals, Comprehensive Health Planning, and other state health agencies to develop a statewide plan for the treatment of end stage renal disease in New Mexico. Dr. Richard Masters, Chairman of our Comprehensive Health Planning Council, Mr. Anthony Quinn, Chairman of the statewide Dialysis Task Force Subcommittee, and Dr. Eugene Klingler, Chairman of the Subcommittee's Task Force, deserve high praises for their efforts to date. I can only hope that this plan will reach the implementation stages within the next few months. Undoubtedly its existence will help in assessing the need for future dialysis stations.

I am grateful to you for this opportunity to ventilate primarily the frustrations which I have experienced with the implementation of P.L. 92–603. I wish to state again that we urgently need relief from the capricious enforcement of federal policy which has eliminated access to home and self dialysis training for non-veteran patients in this state.

Sincerely yours,
Kenneth D. Gardner, Jr., M.D.,
Professor of Medicine, Chief, Division of Renal Diseases, Director, Bernalillo County Medical Center Hemodialysis Unit.

Regional Transplant Program,
310 East 67th Street, New York, N.Y.
May 30, 1974.
Mr. Vance Hartke,
Senator, c/o Howard Marlowe, Legislative Assistant, 313 Russell Building, Washington, D.C.

Dear Senator Hartke: We are pleased to have this opportunity to respond to your letter of March 15, 1974 requesting information on the implementation of Public Law 92–603 (providing Medicare assistance to persons with end-stage renal disease). We wish to comment on our experience here in the New York area in attempting to obtain reimbursement for cadaveric kidney recovery and distribution.

The New York–New Jersey Regional Transplant Program was established in March, 1972 as a centrally administered inter-hospital network to expedite transplant activities and increase the availability of organs for transplant. We serve 12 transplant hospitals in our area. (See attached list.)

On July 26, 1973, Dr. Ronald Klar, Associate Director, Office of Policy Development & Planning, met with us and a representative from Blue Cross of Greater N.Y., Inc., to discuss development of a system whereby our regional program would serve as a clearing house for billing and reimbursement of all institutions and physicians in this area involved in cadaveric kidney recovery, preservation and distribution. A point proposal was developed with Blue Cross for SSA.

Throughout the fall and winter of 1973, we made repeated attempts to get instructions and clarification from Blue Cross and SSA on how we should proceed with billing and reimbursement. Neither agency could provide the information we needed to establish procedures.

Talking with other similar programs around the country convinced us that our situation was not unique. Therefore, we decided at the end of 1973, fully six months after federal funding of end-stage renal disease treatment became law, to organize a national meeting of all transplant program directors to discuss reimbursement problems and formulate questions and statements for SSA. Together with Dr. Frederick Merkel, Director, Organ Procurement Education, Illinois Kidney Disease Program, we were Co-Chairman of the Regional Transplant Programs Workshop held in Rockville, Md., on January 27, 1974, and attended by representatives of 18 transplant programs. (See the attached list of participants.)

The morning session was devoted to discussion of the different costs involved in organ recovery, preservation, and distribution, and transplant surgery fee schedules. The afternoon session was an attempt to clarify for SSA officials what procedures and costs are involved in this area. Data discussed at our meeting were obtained from a questionnaire we had sent in advance to all participants invited. Tabulation of the replies is contained in the enclosed documents.

A small group met with SSA officials, Mr. Wolkstien, Deputy Director, Office of Program Policy, SSA, and his staff in Washington, March 25, 1974, in a further attempt to clarify the issues involved before final SSA reimbursement guidelines were published and to present to SSA what the transplant surgeons viewed as some of the major reimbursement problem areas.

A second workshop was held April 4 in Chicago at which fee schedules, and intensive education program, and the formation of an organization of transplant surgeons were discussed.

On the local level, we organized a discussion group of fiscal officers of four largest New York City transplant hospitals to define their billing and reimbursement problems. We held several sessions. A Blue Cross representative was present at most of these meetings. Preparation of a written description of the problems involved and some suggested solutions is underway.

Meanwhile, our hospitals face the following situation: The current system of reimbursing transplant hospitals under the per diem Medicare rate means that these hospitals will not be fully reimbursed for transplantation costs until a much later date. The deficit incurred by such a costly procedure is so large that some voluntary hospital administrations are being forced to seriously consider a reduction in transplant activity.

Physicians have participated in organ recovery and kidney transplantation for many years without expectation of being fully compensated. But now that transplantation has moved from research to the area of clinical therapy and the number of patients waiting treatment continues to grow, physicians should not be expected to continue providing such care without adequate reimbursement.

We are presently attempting to establish our own billing and reimbursement network for transplant and donor hospitals in our area. Letters of agreement have been sent to transplant hospitals whereby they pay a fee to the NY–NJ/RTP for each cadaveric kidney transplanted. The NY–NJ/RTP will in turn reimburse donor hospitals and preservation units and medical consultants involved in cadaveric kidney retrieval and distribution.

We feel that whatever progress we have reported to you in this letter on implementation of Public Law 92–603 has been made *in spite* of Blue Cross and SSA, rather than with their cooperation.

Our hospitals have performed over 350 transplants since July 1, 1973. Our local donor hospitals have provided 150 cadaveric kidneys since that date. Our program has coordinated a majority of the organ recovery and distribution for the area. Taking a conservative cost estimate per transplant of $22,500, we estimate that a total of $7,875,000 is owed at present to the transplant community in the New York area.

We would strongly suggest that a hearing be called immediately to define the problem areas and to stimulate an atmosphere to provide procedures so that the intent of congress can be fulfilled.

Sincerely,

LOUIS N. BAKER, Ph. D.,
Director, NY–NJ Regional Transplant Program.

REGIONAL TRANSPLANT PROGRAMS WORKSHOP,
FEBRUARY 27, 1974—WASHINGTON, D.C.

J. Wesley Alexander, M.D., Cincinnati General Hospital, Deut, of Surgery, 234 Goodman St., Cincinnati, Ohio 45229.

Louis N. Baker, Ph. D., Director, NY-NJ Regional Transplant Program, 310 E. 67 Street, New York, N.Y. 10021.

Aaron D. Bannett, M.D., Chairman, Division of Surgery, Albert Einstein Hospital, York and Tabor Roads, Philadelphia, Pa. 19141.

Benjamin Barnes, M.D., Secretary, Interhosiptal Organ Bank, P.O. Box 228, Boston, Mass. 02112.

Folkert O. Belzer, M.D., Dept. of Surgery 884–M, Univ. of Calif. at S.F., Third and Parnassus Av., San Francisco, Calif. 94143.

Chistopher R. Blagg, M.D., Director, Northwest Kidney Center, 1102 Columbia Street, Seattle, Wash. 98104.

William E. Braun, M.D., Cleveland Clinic Hospital, 2050 E. 93 Street, Cleveland, Ohio 44106.

James Coggins, Senior Administrative Officer, University of Minnesota, Department of Surgery, Box 195 Mayo Memorial Bldg., Minneapolis, Minn. 55455.

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Myron Kauffman, Jr., M.D., Milwaukee General Hospital, 8700 W. Wisconsin Ave., Milwaukee, Wisc. 53226.

Russell K. Lawson, M.D., Univ. of Oregon, Medical School, 3181 S.W. Sam Jackson Park Rd., Portland, Oregon 97201.

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Frederick K. Merkel, M.D., Director, Organ Procurement Educ., Illinois Kidney Disease Program, Associate Professor of Surgery, Rush-Presby. St. Luke's Med. Ctr., 1753 W. Congress, Chicago, Ill. 60612.

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Jeremiah G. Turcotte, M.D., Dept. of Surgery, B–3902, Univ. of Michigan Medical Center, Ann Arbor, Mich. 48104.

Ben A. VanderWerf, M.D., Assistant Professor of Surgery and Chief, Transplant Services, University of Miami School of Medicine, P.O. Box 520875, Biscayne Annex, Miami, Fla. 33152.

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NEW YORK-NEW JERSEY REGIONAL TRANSPLANT PROGRAM TELEPHONE SURVEY

TOTAL TRANSPLANTS 1972–73

	Transplants, 1972			Transplants, 1973		
Transplant hospital	Living related	Cadaveric	Total	Living related	Cadaveric	Total
Albert Einstein		10	10	0	12	12
Montefiore	1	35	[1] 36	0	37	[2] 37
Columbia-Delafield	6	5	11	1	7	8
Columbia-Presbyterian				2	4	6
Columbia-St. Luke's	1	6	7	1	23	24
Downstate	2	1	3	[3] 60	40	100
Long Island Coll-Pros. Hts.	7	10	17	18	7	25
Memorial		[4] (3)	[4] (3)		[4] (2)	[4] (2)
Mt. Sinai	6	9	15	5	9	14
Elmhurst	0	0	0	1	5	6
New York Cornell	29	27	56	31	55	86
New York University	?	?	?	6	2	8
Veterans' Administration Manhattan	1	0	1	0	0	0
Total, New York	53	103	156	125	201	326
Newark B.I.	9	12	21	8	32	45
St. Barnabas				0	12	12
Total, New Jersey	9	12	21	8	49	57
Total, New York and New Jersey	62	115	177	133	250	383

[1] In addition: 2 lungs, 4 pancreata.
[2] In addition: 1 lung, 2 pancreata.
[3] Includes 1 living nonrelated donor.
[4] Livers.

HOSPITAL ASSOCIATION OF
NEW YORK STATE, INC.,
Albany, N.Y., May 6, 1974.

Senator VANCE HARTKE,
Old Senate Office Building,
Washington, D.C.

DEAR SENATOR HARTKE: The task of gathering information on the experience of hospitals and physicians in New York State relating to Medicare assistance to persons with chronic renal disease has been time-consuming, and this accounts for the delay in responding to your request of March 15. It is very gratifying to know that you are continuing your efforts and interest in this prevailing problem. Although the responses that I received were detailed and lengthy, I will try to present their consensus in as brief and as succinct a manner as possible.

Regarding the problems that arose at the inception of the program, there was unanimity of opinion that there was confusion at the onset, which was probably the result of inadequate planning for implementation. There was misinformation given out to prospective recipients, and there were "horrendous problems" resulting from "bureaucratic roadblocks." There was a hiatus of payments which was caused by discontinuance of financial resources of other support programs, and the delay in receiving funds from the Medicare assistance. While this information may not be news to you, it would seem that the experience was similar in New York.

As of this date, it would seem that there is still an unpredictable flow of funds on a routine basis. In addition, there seem to be certain items that are not covered which will be spoken to under another section.

New problems seem to be occuring in that there is a slowness in getting provider numbers for satellite centers. Furthermore, there seems to be a concern by the patients that the scope of benefits is being diminished.

Your request to state the number of patients being served is difficult because of the fact that some patients were receiving assistance from pre-existing programs and are now on supplemental support, while others are on only Title XIX assistance; therefore the breakdown of such individuals is not readily available.

Regarding the sixth question about any appreciable backlog in intermediary reimbursement to health care providers under the program, I refer you to the enclosed letter of Dr. Freeman of Rochester, as a specific example. However, others responded in the affirmative, but were unable to give specific amounts. One respondent stated that their lack of reimbursements was threatening bankruptcy of their home dialysis program and their satellite center.

Regarding recommended changes, there was again a uniform agreement that the three-month waiting period for eligibility should be replaced by physicians' certification. It was agreed that the cost of accessory needs (i.e., gauze, needles, etc.) for home dialysis should be covered as it is in the hospital. A strong case was made for the appointment of the National Advisory Committee as directed by the legislation. This latter point was further emphasized by the position taken that the poor planning for implementation at the onset could have been avoided if this advisory committee had been available to review and recommend the federal regulations pertaining to the program.

In summary, it would seem that legislative efforts in the medical care field is at best at a primitive state. This would indicate that greater consultation and flexibility be used to implement programs financed by public funds. Some of the impact upon the persons that the program was designed to help have been counterproductive to the total medical-social and psychological treatment plan as described in Dr. Freeman's April 26, 1974 letter.

It would seem that there are similar findings in New York to those that you described in Indiana. The Hospital Association of New York State welcomes the opportunity to be of assistance to you.

Sincerely yours,

Russell C. Johnson, M.D., M.P.H.,
Director, Professional Affairs.

PRESIDENT HOOVER'S EARLY DAYS IN OREGON

Mr. HATFIELD. Mr. President, last Saturday marked the 100th anniversary celebration of the birth of President Herbert Hoover on August 10th, and I believe it is important that we review the accomplishments of his life. As many of my colleagues are aware, I hold the greatest respect for the humanitarian leadership Mr. Hoover displayed during his 50 years of public service. My personal interest in the life and times of our 31st President stems in large part from the years he spent in Salem, Oreg., as a child.

Recently, Dr. Howard W. Runkel, a personal friend of mine and recognized authority on the lives of Presidents Hoover and Lincoln, wrote an excellent article on this early period of Mr. Hoover's life and I ask unanimous consent that it be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

[From the Oregon Statesman, Aug. 4, 1974]

Hoover's Days As Salem Boy Are Recalled

(Editor's Note:—Dr. Howard W. Kunkel is chairman of the program in speech at Willamette University. His doctoral dissertation was on "Hoover's Speeches During His Presidency," a project which was completed at Hoover Library on War, Revolution and Peace at Stanford University.)

(By Howard W. Runkel)

Among its various distinctions, Salem is one of a very few American cities which nurtured a President of the United States. In this city of helpful people he set his sights for the longest career of public service at top level in the nation's history.

The President was Herbert Clark Hoover. His years in Salem were 1889 to 1891. Time and again during his ninety-year lifespan Hoover paid tribute to the friendliness of the people in Salem whose lives touched his and to the training, advice and impetus he received from them. It was a period of listening, learning and growing, and life in Oregon's capital city seems to have been profitable indeed for the teen-age Quaker boy whose brightness and energy made him a standout among numerous youngsters just getting started here in the early nineties.

Hoover was born in Iowa just a hundred years ago this Saturday, Aug. 10. He was one of three children of Jesse Hoover, a Quaker blacksmith and farm implement dealer and his wife, Huldah. Both parents died before he was 10 years of age and he was sent to Newberg Ore., to live with his uncle, a physician and part-time teacher at the new Quaker school which is now George Fox College.

In 1889 his uncle opened a land-settlement business in Salem and Charles Moore, Ben Cook and several others and he offered young "Bert" a position as office boy. So it was that the future president moved to the state capital, then a city about the size of Dallas, Ore., today. His job paid him between $15 and $20 monthly and he lived under what he called the "kindly inspections" of his uncle and aunt in a house still standing, but much altered, on the northwest corner of Highland and Hazel avenues on Salem's north side.

Almost immediately the alert, husky youngster began to acquire the skills and interests which proved so vital later on. His life has been that of a simple farm youth in a rather rigid, Quaker-oriented society. He now found himself in touch with ideas and influences from countless new sources and he responded quickly.

Each day Hoover would mount his "high" bike and pedal down into town to the land office located on the west side of Commercial Street between Chemeketa and Center streets. Here he learned to function effectively in several areas of the business. The bookkeeper found him an apt pupil as he taught him to keep accounts and record all business transactions. Miss Laura Hewitt, the stenographer, taught him to type "quite well," a skill which was to result indirectly in his rapid climb in the mining profession within 10 years. He also learned how to draft advertisements and blueprint roadways and plottings for the firm which owned several square miles of good Willamette Valley land being parcelled out as orchard plots to new settlers. On the side he drove one of the first horsecars in Salem and for awhile determined that driving a locomotive was the career of his choice.

After a long day in the office he found time to enroll for night classes in the new business college established in Salem. Hoover often recalled that he had a "fine teacher" (a man he does not name) who taught him algebra, geometry and higher arithmetic. These were studies that came relatively easy to Bert who by this time was well known for his phenomenal memory and whose friends called him "our walking encyclopedia." Uncle John too discovered that his nephew knew the status of all deals, the contents of all letters and exactly where everything was filed.

One night a creditors' meeting was held at the company offices. The group became loud and controversial and was getting nowhere. Suddenly the lights went out and the meeting had to break up. Uncle John Minthorn was locking the door and noted Bert with a sly grin on his face. "Did thee turn out the lights?" he asked, suddenly suspicious. "Yes," the boy admitted. "They were only running up the gas bill. There was no use in that kind of talk."

It was in the more literary subjects that Hoover felt deficient and here another friendly Salem resident supplied the need. Miss Jennie Gray was widely loved for her desire to help young people. She took Bert to the Salem library and fired his interest in the novels of Walter Scott and Charles Dickens. He said he read these works often at the cost of sleep and that the vistas they opened to him added a new dimension to his life. Years later Hoover lived in England and tells how this reading of the English novelists during the Salem period enriched his countless trips of exploration with his wife and two young sons through the towns and countryside of the British Isles.

Miss Gray was also Hoover's Sunday School teacher at the Presbyterian Church. Biographers have never determined why the Quaker boy was attending another church although one persistent story is that he had been scolded by a deacon of his own Friends' church for a Halloween prank.

It was in Salem too that Hoover first became aware of public affairs and the political controversy which would dominate a later period of his life. All of his Quaker kinsmen and neighbors had been hard-shell Republicans—unquestioning supporters of Presidents Arthur and Harrison. They were ready to criticize Democrat Grover Cleveland at the drop of a hat. It was the custom for a group of elderly Democrats to come to the land office evenings to argue about public questions. Young Hoover found himself happily distracted from after-hours study of algebra and geometry by the heated discussions of free trade and protection policies. He was too modest to indicate in his memoirs what contribution he may have made to the debates but it is significant that at this time he expressed appreciation for the "kindly attitude of the American grownups toward youngsters" which he encountered consistently in Salem. Considering the source, this was a fine tribute to the quality of citizenship of Oregon's capital city in those early days.

Gail Hendricks, then the only reporter for The Oregon Statesman, became a friend of Hoover's. Almost 40 years later Hendricks was active on the committee which launched the Oregon campaign to nominate Hoover for the Presidency.

But it was out in the Willamette Valley that the boy from Iowa found his professional inspiration. In those days paved roads were unknown and the larger towns—Portland, Salem, and Eugene—were less than a tenth of their size today. It was but a short distance from the land office downtown to what Hoover called "the gleaming wheatfields, abundant fruit, luxuriant forest vegetation and fish in mountain streams." He made many trips into the Cascade foothills, usually hunting for grouse and fishing for trout. All his life Hoover's most absorbing recreation was fishing of any kind. It brought out the philosopher in him and his friends all say that he was more revealing of himself when fishing than at any other time. Trips along the upper Santiam took much more effort in those days when the wilderness was still dominant around the Willamette Valley. Decades later Hoover would deplore the deterioration of the Santiam Canyon from the unspoiled settings he had known back in the 1890's.

One day in 1891 a Mr. Robert Brown, engineer from the east, happened into the land office. He and Hoover began chatting and Brown was soon making the point that a college education was a must, especially in the field of engineering. Bert was fired up. After seeking further advice from his Salem friends he wrote for a large number of college catalogues. Earlham College, a Quaker school in Indiana, offered him a scholarship but they unfortunately gave no courses in engineering. Hoover contacted another engineer who invited him to visit a mine in the Cascades. During the trip he urged the boy to focus on mining engineering. This resulted in Hoover finally setting his sights. When admission examinations to the newly-opening Stanford University were conducted in Portland Hoover was on hand. Undoubtedly due to the training he had received in Salem Hoover did well on the mathematics part of the test. He was deficient in certain other areas so Stanford admitted him to the first class with the proviso that he appear early to brush up on some subjects he had missed in his early rural schooling.

So in the summer of 1891 Herbert Hoover climbed aboard a San Francisco-bound train at the Salem depot with two hundred dollars, two suits of clothes, his beloved bride and a huge box of food provided by his solicitous uncle and aunt. The Salem years were over but what had been learned here would figure brightly in a career that would make American history.

The Stanford years certainly hinted at Hoover's life of involvement. In addition to a full academic load he earned his expenses by typing, running a laundry agency and a newspaper route. He played baseball, then managed the team and was elected financial manager for the student body. He met and courted Miss Lou Henry, a fellow student who later became his wife. During the summers he worked on geological projects from the California Sierra to Arkansas.

Jobs were hard to find when Hoover was graduated in 1895 so he literally started at the bottom of his chosen profession as car pusher in a gold mine at $2 a day for a 10-hour shift seven days a week. His ability to type won him an office job with an engineering firm the following year. The new boss soon recommended the industrious 23-year old to a British company. This proved to be the chance of a lifetime for within several years Hoover was known throughout the mining world for his amazing successes in managing and developing gold mines in Australia, coal fields and a tin mine in Cornwall, copper in Queensland and Canada, a lead-silver mine in Nevada, valuable industrial minerals in China and a turquoise mine in the Sinai Peninsula of Egypt. By 1908 he headed his own engineering firm with offices in New York, San Francisco, London, Petrograd and Paris. He and Mrs. Hoover somehow found time to write a text PRINCIPLES OF MINING which was used for many years in the colleges and to translate a medieval Latin mining treatise "De Re Metallica."

By the time of the first World War Hoover was a very wealthy man and he felt it his duty to enter public service. He accomplished the herculian task of Belgian relief, was appointed Food Administrator by President Wilson and made head of the Supreme Economic Council which distributed food to the starving peoples of Europe. After the War he was Secretary of Commerce in the administrations of Presidents Harding and Coolidge and promoted many projects including irrigation and power development, flood control and navigation improvement along the Mississippi and worked out methods of public ownership and control of wave channels for radio broadcasting. He also helped develop government aid and regulation of civil aviation.

No man with Hoover's record of success in administration would have been overlooked for the presidency by 1928 and his nomination and election were almost a foregone conclusion. Unfortunately the four Hoover years in the White House were clouded by a world depression which deepened staedily. The hard-working Hoover, never an astute politician, found himself buffeted by criticism and charges that his conservative approach to the economic problems of the time were only making a bad situation worse. His administration had begun with the highest hopes; it ended with his crushing defeat at the polls in 1932.

In all this public service Hoover had never accepted a penny of salary, preferring to live strictly on his private means. This unusual arrangement was not published until many years later, added evidence of his Quaker ethic.

Hoover was to outlive his term in the White House by nearly a third of a century, longer than any other Chief Executive. No ex-president served more people more diligently than he did. He accepted assignments involving many nations, especially in directing relief efforts after World War II. Already in his seventies, he nevertheless flew all over the world making surveys of economic needs. At home he headed a commission set up by President Truman to develop changes that would make federal agencies more efficient and economical. This "Hoover Commission" brought about vast savings to the taxpayer, particularly in its creation of the General Services Administration for centralizing the purchasing and distribution of government supplies. Later on Hoover served as elder statesman and adviser to the Eisenhower Administration and headed still another economy commission. By this time he had received more awards and honorary degrees than any other American in history. All his life he had been blessed with excellent health and he was working on still another book when he died in New York City, Oct. 20, 1964.

Into his lifespan of ninety years Herbert Hoover had crowded three distinctive careers—engineer, humanitarian and public servant. No one can read the story of his life, especially his autobiographical works, without realizing that his years of maturing in Salem were a time when the future president was setting his sights for world service. In the friendliness, interest and helpfulness of the people of Salem young Bert Hoover had learned lessons and fixed resolves which profoundly affected world history for the next seventy years.

REDUCED CROP ESTIMATES

Mr. HUMPHREY. Mr. President, the Department of Agriculture yesterday announced its most recent estimates for the 1974 production of wheat, feedgrains, soybeans and other crops. Those estimates spell "trouble" with a capital "T".

This year's corn crop was estimated by USDA today at 4.966 billion bushels—12 percent below last year's crop—which is just slightly in excess of domestic utilization, leaving very little available for export. All wheat production for this year was estimated at 1.840 billion bushels—about equal to estimated domestic and foreign utilization during 1974–75, leaving little margin for error given the low level of 1973 crop carryover in wheat.

The 1974 soybean production is estimated to be 1.314 billion bushels, 16 percent below last year's production. While recent rains in the Midwest may help improve the final figure on soybeans, they likely will offer little relief to the corn crop.

Unless the Government announces some action immediately to either place controls on all new foreign sales of corn, corn prices are very likely to advance the limit on the futures market for the next several weeks sending the price of corn to near the $5 per bushel mark. If this is permitted to happen it will likely force beef, hog, poultry, and dairy producers to begin liquidating their stock, which once done will eventually create enomorous shortages and skyrocketing prices for American consumers. I ask unanimous consent that the highlights of the report on 1974 crops as prepared by the Crop Reporting Board of the USDA, be printed at this point in the Record.

There being no objection, the highlights were ordered to be printed in the Record, as follows:

Crop Production Highlights

Corn—The first forecast of 1974 corn production by the Crop Reporting Board at 4,966 million bushels is 12 percent below last year, but the fourth largest of record. The yield at 77.8 bushels is down sharply from last year's 91.4 bushels.

Sorghum Grain—Production is forecast at 619.0 million bushels, 34 percent less than last year's record crop, and 24 percent less than 1972. Yields are expected to average 45.6 bushels.

Feed Grain—Production of corn, sorghum, oats, and barley combined in forecast at 175 million tons, 15 percent less than last year.

All Wheat—Forecast production of 1,840 million bushels is up 8 percent (128 million bushels) from 1973 but is 4 percent less than the July 1 forecast. Winter, durum, and other spring wheats all showed declines from last month.

Food Grains—Production of wheat, rye, and rice collectively are expected to total 61 million tons, 8 percent more than 1973.

Oilseeds—Production of soybeans, cottonseed, peanuts, and flaxseed combined is forecast at 47 million tons, 14 percent (8 million tons) less than last year.

Soybeans—The first estimate this season for soybean production is 1,314 million bushels, 16 percent (252 million bushels) below last year's record output because of reduced acreage and lower prospective yields.

All Cotton—Production is forecast at 12.8 million bales, 2 percent below 1973 and 7 percent below 1972. Yield per acre at 470 pounds is 49 pounds below 1973.

All Tobacco—Forecast of all tobacco, at 1,968 million pounds is up 13 percent from 1973. Flue-cured at 1,274 million pounds is up 10 percent and burley at 563 million pounds is up 25 percent.

Sugarbeets—Production is forecast at 22.5 million tons, down 8 percent from 1973. Sugarcane output, at 26.7 million tons, is up 4 percent from a year earlier.

Mr. HUMPHREY. Yes, Mr. President, I am very seriously concerned over the reduced crop estimates which the Department of Agriculture released yesterday.

As I have indicated, the implications of these reduced estimates are far more serious than the Department is willing to admit. We are faced with a severe shortage in corn, and reduced production in wheat and soybeans.

Our livestock producers and dairy farmers have been losing money for some time as their costs, and particularly feed, have continued to escalate.

The costs for feed will now increase further since the bumper crops, which the Department has optimistically counted on, will not materialize.

We should also be aware that there are other possible trouble spots in the world agriculture picture. If the Canadian harvest is below expectations, the world food situation will be even worse.

The commodity futures trading is already responding today to the reduced crop estimates. There is every reason to believe that prices on corn, wheat, and soybeans will continue to go up.

We need to face up to the serious implications of these reduced crop expectations. The alternatives appear to consist of either reducing our exports or reducing our cattle numbers.

This is an important decision which we should face squarely. We should not wait until we are faced with severe shortages and the prospect of export embargoes. It appears that the Department is unwilling to reduce exports which means that feeder cattle numbers will be fewer and dairy herds will be sharply reduced.

On Thursday the Subcommittee on Agricultural Production, Marketing, and Stabilization of the Senate Agriculture and Forestry Committee will hold emergency hearings on this problem.

Mr. President, this is a critical problem for our farmers and all consumers—rural and urban. I have repeatedly warned the Department about not allowing any margin for error in its crop estimates, in case of bad weather. Months ago I reminded officials in the Department of Agriculture that all evidence pointed to a worsening of weather conditions in the Midwest. Data and evidence to support this concern was gained from hearings in the Joint Economic Committee. The Department paid no attention to weather specialists.

There also is a rather smug response to my proposal to establish a modest food reserve program, raise the floor prices, and monitor our exports more closely.

The lesson, sadly, may be that we now only deal with problems when they have already become crises.

I realize that President Ford has a mountain of problems to face, but if he is interested in fighting inflation—and I am convinced that he is—there is no better place to begin than on the food front.

The problem posed here involves not only our farmers and consumers, but also other countries which need our food. We do no one a favor by postponing the hard decisions until 1975. I ask unanimous consent that two articles, one from the Washington Star of August 13, and the other from the New York Times of the same date, be printed at this point in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

CORN FORECAST JOLTS FOOD PRICE HOPES

(By John Fialka)

A prolonged drought has caused the worst damage to the nation's corn crop in over 20 years, damage that, according to Agriculture Department officials, means that the price of many basic foodstuffs will continue to rise in 1975.

In its first hard estimate of the 1974 crop, the department announced yesterday that although the nation's farmers had planted 3 percent more corn land than last year, this year's crop would be 12 percent smaller than the 1973 crop.

The upshot, according to J. Dawson Ahalt, the department's staff economist, will be that there will be fewer hogs, poultry, eggs and dairy products going to market next year because farmers will be forced to pay more for animal feed, the basic ingredient of which is often corn.

Beef, Ahalt said, might also face the same pattern as farmers begin sending animals to market rather than stuffing them full of expensive corn in feed lots. The nation, he said, might see a temporary drop in beef prices as a glut of animals hit the market at once, after that, the supply would begin to taper off and the price could begin to rise.

According to yesterday's crop report, the first one based on actual field surveys, the dry hot weather has already ruined many corn fields in western Iowa and Missouri. In addition, farmers have begun to cut marginal crops for silage rather than go to the trouble of harvesting the badly burnt corn.

Ahalt and Richard Bell, deputy assistant secretary for international affairs and commodity programs, said that the report was made on field conditions as they were on Aug. 1 and do not reflect the rains that have come to drought-stricken areas since then.

Noting that there have been rains and even floods in some places, Bell said they could help the corn some, but not much. Last year corn farmers had an average yield of 91.4 bushels an acre; at the moment, Agriculture estimates the 1974 yield to be 77.8 bushels per acre.

"We hope to get that average up to 80 because of the rains," said Bell, doubting whether it would get higher than that between now and harvest.

The faltering corn crop will make a major dent in Agriculture's grand scenario for stopping the rise in food prices and the cost of farm subsidies by encouraging farmers to grow bumper crops.

It will also, according to Bell, "make it more difficult in making foreign-aid decisions for nations around the world," because corn that is exported under the foreign-aid program must be corn that is surplus from domestic or foreign commercial demands.

Bell also noted that crop failures will mean added costs for the federal government because of two programs that insure farmers against years in which they received less than normal yields. Last week, he said, Agriculture sent a "tentative estimate" of possible insurance payments to the Office of Management and Budget, but Bell refused to disclose what the amount was. Some estimates have placed crop damage in the Midwest as high as $10 billion.

The nation's two other big money crops, wheat and soybeans, have fared better, according to the report.

The winter wheat crop, most of which has been harvested, will be a record, 10 percent higher than last year's bumper crop. Although the drought resulted in lower wheat yields per acre, the dryness also meant ideal harvesting conditions in July, allowing farmers to bring more of the crop in. Wet conditions during harvest normally means that some of the crop cannot be gathered by mechanical equipment.

The Nation's soybean crop will be the second largest on record, 16 percent smaller than last year's record crop.

A further bright spot in the supply picture, according to Bell, is that Europe and other agricultural areas appear to be having an excellent year. As a result, export demand for U.S. wheat is about 30 percent of what it was a year ago and demand for soybeans is less than half of the soaring 1973 export demands. Foreign demand for U.S. corn is also about 30 percent of last year's total.

SIZE OF CORN CROP SHARPLY REDUCED BY LONG DROUGHT

(By Edwin L. Dale, Jr.)

WASHINGTON.—Prolonged drought in the Corn Belt led the Agriculture Department to reduce its forecast of the corn crop drastically today, a development that will almost certainly mean higher meat prices next year.

Smaller reductions were reported in the outlook for wheat and soybeans.

In today's forecast—and the August report each year is the first detailed one with the crops well along—the corn crop was put at 4.97 billion bushels. The estimate was 12 per cent below last year's record crop.

Earlier this year, as farmers reported their planting expectations, there were official forecasts for a corn crop of more than 6.5 billion bushels. Apart from the summer drought, the crop was adversely affected by heavy spring rains, which delayed planting in many sections.

CORN ESSENTIAL TO MEAT

Corn is one of the key raw materials in the production of meat, milk and poultry. Until very recently, food prices have been the leading factor in the nation's inflation. Today's report will not improve the outlook, even though the impact may be delayed.

Dawson Ahalt, the Agriculture Department's top staff economist, said the report was "not good." But, he added, the sharply reduced corn crop will not have much effect on consumer food prices for the rest of this year, although it could mean higher prices next year.

Mr. Ahalt said the main impact of the smaller corn crop—and hence higher corn prices—would be on poultry and pork products next year. The beef supply is likely to continue high, he said, although more of the beef will come to market fed on grass, rather than in feedlots.

Mr. Ahalt noted that there are now "unusually wide spreads" between farm prices and retail prices. The implication was that not all of any price increases at the farm level would necessarily be passed along to consumers.

PRODUCTION DECLINE SEEN

The estimate for the nation's total crop production this year—once expected to be a record—is now put at 7 per cent below last year. Feed grains alone, of which corn is the most important component, are off 17 per cent.

However, wheat production is still expected to set a record, and rice production is rising sharply. Thus, the estimate for food grains is 8 per cent above last year.

Mr. Ahalt and Richard Bell, Deputy Assistant Secretary of Agriculture for International Affairs and Commodity Programs, both pointed out that the crop report was based on growing conditions as of Aug. 1, and that some rain has fallen since then.

Mr. Ahalt said, "August rains can be important," but he declined to assess how much the crop might improve. Mr. Bell said he was "fairly confident" that there would be some improvement. Rain fell through the weekend in the Midwest.

Mr. Bell also said, "We are fortunate that this year outside the United States crops are considerably better than a year ago, particularly wheat and rice." This, he said, should reduce export demand for United States crops, thus mitigating the upward pressure on prices.

The new estimate for the total wheat crop is 1.84 billion bushels, down from the estimate of 1.93 billion a month ago and from earlier hopes for a crop of 2.1 billion bushels. The winter wheat crop, which makes up 75 per cent of the total, is nearly all harvested.

For soybeans the crop estimate—the first precise official forecast—is 1.31 billion bushels, off 16 per cent from last year's record crop. Some decline had been projected all along because of a reduction in acreage planted. Mr. Ahalt said today's forecast was "not much out of line with expectations." Initial forecasts are made in the spring and a range of forecasts is issued in June and July.

Apart from the drastic drop in the projected corn harvest, today's report also estimated a major decline of 34 per cent in output of grain sorghum, another important feed grain.

Mr. Bell said today's report would require "an even harder look at food aid for the coming year." His reference was to food shipped to needy nations on a virtual giveaway basis.

He said that with lower crops there would probably be "greater emphasis" on what is called humanitarian aid and less on food given for "security assistance," mainly to South Vietnam and Cambodia.

A RENEWAL

Mr. PACKWOOD. Mr. President, I have just returned from Oregon, having flown into Washington last night with only moments to spare before President Ford's address to the joint session of Congress.

The flight from Oregon is over 5 hours in length, readily availing a few minutes introspection to any passenger willing to succumb to the lulling movement of terrain miles below and to the turn of events of recent days bygone.

I was no exception. For when I departed the east coast Friday, August 2, former President Nixon still held the reigns of the Presidency even as he slipped nearer the end with soon-to-be greater speed than any then suspected. And as I arrived in Washington yesterday, after a brief 10 days, President Ford was *preparing* his address to the Nation—a speech portending a greatness for this new administration which only a few might have anticipated a short time ago.

I say great, Mr. President, because finally we can devote full attention to problems gripping this Nation. Finally we can approach the serious issues confronting America and the world, firm in our belief that we are united—the Congress and the Executive—in seeking answers, not covering up problems. We are no longer crippled by the hindrance of mutual suspicion. For if the recent cloud of distrust had prevailed for the months that some predicted, we would have been forced to detour around problems which demand to be met head on. This desertion would have been crippling; it would have been debilitating. But now, with the Ford administration we can expect the required attention to the needs of our people. And this expectation is fully realized by the President, as nothing sums up his commitment more than Mr. Ford's simple yet demanding exhortation of last evening: "My fellow Americans, we have a lot of work to do."

And so, let us greet President Ford's straight and earnest talk with the devotion that the challenge ahead requires of us all. Let us renew our faith in our proven abilities, the good of our people, and the promise of our land.

NORTHEAST FOREST EXPERIMENT—DURHAM, N.H.

Mr. McINTYRE. Mr. President, last week the Senate considered appropriations for the Department of the Interior and related agencies.

Of particular interest to me was the appropriation for the Forest Service Lab in Durham, N.H. The lab is situated in relatively close proximity to major back country areas in Vermont, New Hampshire, Maine, and New York. Cooperative research is possible through State universities in New Hampshire, Vermont, Maine, New York, and Pennsylvania.

Research programs of the Northeast Forest Experiment Station at Durham are conducting studies into the many problems of our forest environment. Although considerable research progress has been made, the present program is inadequate to answer pressing questions about forest productivity and efficient multiuse of our forests.

I am pleased that the Durham lab was given an additional $100,000 in research money this year. Although the needs and potential use of the lab merit greater funding, in this year of fiscal restraint it is understandable that the funding level did not meet my expectations.

All of us in the Northeast are grateful to the distinguished chairman of the Interior Appropriations Subcommittee, Senator BIBLE. Without his help the Durham laboratory could not be functioning as it is today.

INFLATION

Mr. GOLDWATER. Mr. President, I doubt if there is one Member of the Senate who will disagree with me when I say that inflation, the issues of higher prices, higher taxes, and spiraling spending by the Government, is the No. 1 issue in America today. And, Mr. President, I doubt if many of the Members will dispute my contention that there is a enormous amount of confusion about the causes.

There is the whole question about levels of taxation, Federal and local; the question of how much should be spent on welfare programs, and the question of defense spending.

What we have here is a question of whether Government overhead may soon reach the point where it endangers economic stability. Many of us who have argued for years for economic soundness, for balanced budgets, payments on the national debt, and other facets of good spending politics, believe the point has been reached that the survival of the U.S. economy is now a question of seriousness.

Mr. President, needless to say, I have read many thousands of words about inflation and its relation to Government spending, personal income, and other items. But never have I found a more concise, direct treatment of this issue than a tract put out recently by the Committee for Monetary Research and Education, Inc The pamphlet was written by Wesley H. Hillendahl, a vice president and director of business research for the Bank of Hawaii, and sent to me by Dr. Felix Warmser. Because of its enormous importance I ask unanimous consent that the entire pamphlet be printed in the RECORD.

There being no objection, the contents of the pamphlet was ordered to be printed in the RECORD, as follows:

BIG GOVERNMENT'S DESTRUCTION OF THE AMERICAN ECONOMY

(By Wesley H. Hillendahl)

The issues of higher prices, higher taxes, and spiraling government spending are on every thoughtful person's mind. It is generally understood in a vague way that the problems of inflation, expanding credit demands and high interest rates are related to big government. Yet the notion is prevalent, among welfare recipients, educators and businessmen alike, that somehow funds from Washington are free for the asking—no strings attached—and each is obliged to compete for funds which otherwise will be granted elsewhere.

One may properly ask, just how critical are the levels of taxations and government spending today? Can government overhead reach the point where it endangers economic stability? Further, did the urgency in the President's message early in 1973 reflect a concern about a resurgence of inflation as a consequence of increased government spending, or did it reflect a deeper concern related to a more profound issue: namely, the survival of the United States economy?

For many decades the combined spending by local, state and federal governments has been creeping up as a share of the income of the private economy. In fact, the trend has been in effect for such a long time that it is largely taken for granted.

Our purpose here is to attempt first to establish a relationship between the size of governments in the United States and the requirement for accelerating inflation, more or less sustained high interest rates, and chronic problems in the credit markets; and second, to employ this relationship as a basis for evaluating the future consequences if government continues to take an increasing share of private sector revenues.

GOVERNMENT CAN ONLY SPEND THAT WHICH IT FIRST TAKES FROM PEOPLE

In this analysis, personal income is used as a basic measure of the private sector of the economy. The concept of personal income is useful because all direct and indirect taxes and sources of government income are ultimately paid by people out of personal income. For example, all corporate taxes must ultimately become part of the purchase price of consumer products. Taxes on intermediate products which are consumed by companies must in turn be included in the price of the final product or service for which the consumer pays. Also, all direct services and products provided by government-owned activities are ultimately paid out of personal income. So all government revenues must ultimately be paid by the people.

In passing we note that government spending is conventionally related to Gross National Product (GNP). However, this ratio tends to mask the growth of government because GNP includes government spending as one of its components and therefore is not useful in this analysis.

TREND OF EXPANDING COST OF GOVERNMENT

Following the Great Depression when combined government spending at the federal, state and local levels rose to between 20 and 23 per cent of personal income, World War II briefly required a level of government spending amounting to more than 62 per cent of personal income, accompanied by acute inflation of prices. By 1947, government spending returned to about 23 per cent. Subsequently, over the years government spending has gradually taken an increasing share of personal income. Spending reached 35.6 per cent in 1960, and 41.7 per cent in 1970. In 1973 government absorbed 43.3 per cent of personal income, twice the share of 40 years ago.

GOVERNMENT SPENDING RELATED TO PERSONAL INCOME IN THE UNITED STATES

Year	Total personal income (billions)	Total Government spending[1] (billions)	Ratio: Government spending, personal income (percent)
1950	$227.6	$63.1	27.7
1955	310.9	100.8	32.4
1960	401.0	142.6	35.6
1965	538.9	198.0	36.7
1970	808.3	337.1	41.7
1972	939.2	408.6	43.5
1973	1,035.5	448.5	43.3

[1] Combined total of Federal, State and local governments.

Source: Economic Report of the President, February 1974, pp. 266, 328.

1950–60: A REFERENCE PERIOD

Adjustments of the highly inflationary World War II period having been accomplished, business became relatively stable

and profitable during the 1950's. Being one of the relatively more stable periods of this century, this period was selected as a basis for comparison with subsequent periods. It was characterized as follows: new capital for consumer and business investment was adequate, interest rates were reasonable. As an example, yields of AAA bonds were in the 3 to 4 per cent range. During this period, the money supply M2 (defined by money in circulation, and demanded and savings deposits in commercial banks) expanded at about 3½ to 4 per cent annually. This constituted a noninflationary growth of the money supply as it paced the growth in real income which, for well over a century, has averaged about 4 per cent in the United States.

However, the deterioration of liquidity (retained cash) in the economy, including business, financial institutions, and individuals, indicated trouble ahead. While liquidity may have been somewhat excessive in 1950 as a result of savings accumulated during the war, liquidity was clearly deteriorating by 1960.

This warning signal reflected in part the fact that government spending was becoming a larger share of the total economy and that the government was draining off liquidity through taxation. The burden of the federal, state and local governments rose from about 28 per cent to about 35 per cent of personal income during the 1950's.

1960–65: MILDLY INFLATIONARY

Then during the first half of the 1960's, inflation began to creep up. Capital remained generally adequate, but as inflation increased, interest rates also began to rise in anticipation of additional inflation. For example, AAA bond yields rose to between 4 and 5 per cent as compared to the previous 3 to 4 per cent level. The burden of government by 1965 had risen to about 37 per cent of personal income and the money supply, M2, was being expanded at about 6 per cent annually. The liquidity picture continued to deteriorate. The government burden having continued to increase, necessary credit expansion was becoming increasingly inflationary.

1965 A CRITICAL YEAR

During the second half of the 1960 decade, inflation of the money supply (M2) picked up additional steam.

Because the relationship between the rate of expansion of the money supply and wages and prices was well established, it followed that increases in the levels of both wages and prices, also began to accelerate. However, because prices paced the rise in income, the vast increase in average family incomes between 1965 and 1970 produced only a small increase in real income. The expansion of money reached a peak of over 10 per cent, and bond yields soared from the previous 4 to 5 per cent level to well over 8 per cent.

Apparently a critical point had been reached in 1965. The internal liquidity generated by individuals and business was no longer adequate to supply the credit requirements of the nation. While this condition had been imposed temporarily during wars and previous periods of tight money, it now extended continuously even through periods of monetary ease. By 1970, the burden of the government reached 42 per cent of personal income. Over the years, government spending at all levels nationally had been expanding at a rate of about 11 per cent per year as compared to personal income which was increasing at a little over 8 per cent. The gap between personal income and government overhead continued to close and the consequent loss of liquidity in the system forced more and more people into the credit markets.

As a further indication of loss of corporate liquidity, the average yield in constant dollars on stocks in the DOW Jones Industrial Index declined from between 2.7 and 3.0 per cent in 1965–1966 period to less than 2.0 per cent in 1973. This represents a decline during the period of about a third. Correspondingly, the Dow Jones Industrial Average, expressed in constant dollars, declined by about 25 per cent during the period. Similarly, the percentage after tax profits on stockholders equity in all manufacturing corporations is presently below the level of 1965.

1970 TO PRESENT: MORE GOVERNMENT AND INFLATION

Subsequently to 1970, the expansion of money supply continued to accelerate, expanding at times by as much as 14 per cent annually. This rate of inflation has had serious consequences, one of which has been the imposition of controls. However, the New Economic Program with its various phases of controls merely masked the basic problem of accelerating credit expansion in response to the critically low level of liquidity as a consequence of the expanding burden of government.

PYRAMIDING DEBT AND INTEREST

As a result of these trends, the total debt accumulated in both the public and private sectors of the United States economy has risen tenfold in thirty years from a level of $189 billion in 1940 to $1,839 billion in 1970. During the same period, debt on a per capita basis has increased more than sixfold to $8,979 and interest payments more than thirtyfold to $651 in 1970.

PER CAPITA DEBT AND INTEREST PAYMENTS IN THE UNITED STATES

Year	Total public and private debt (billions)	Per capita debt	Per capita [1] interest
1940	$189.8	$1,431	$21.50
1945	405.9	2,889	43.35
1950	486.2	3,192	71.80
1955	604.9	4,008	140.25
1960	872.4	4,828	217.30
1965	1,245.6	6,441	288.50
1970	1,839.7	8,979	651.00

[1] Calculated at the prevailing prime rate in each year.

As in the case of total government spending, we have related combined public and private debt to personal income because in the long run, all interest and all repayments of principal must be borne by the consumer either in the form of direct payments to the government and financial institutions or in the higher purchase price of goods and services.

BIG GOVERNMENT CREATES NEED FOR CREDIT EXPANSION

A comparison of the 1950's when the rate of growth of the money supply (M2) was maintained at less than a 4 per cent rate, with the 1960's when money and credit began to expand very rapidly, leads to the observation that about 20 to 25 per cent in the maximum total government overhead on personal income that the economy can support while maintained a noninflationary environment. As the government absorbed 30 and 40 per cent or more of personal income, what once was a highly expansonary growth in money, M2, say 8 to 10 per cent, became inadequate to support credit demand. Then 14 per cent growth became a policy of "active ease." Today, a reduction in the growth of money to the 7 per cent range is becoming "constraint" on credit.

The amount of new credit required by the economy in proportion to personal incomes increases as government burden encroaches on the private economy. This reflects the drying up of retained cash as the government syphons it off via higher tax rates. On the basis of the experiences since the 1950's, at the point where government absorbs 40 per cent of personal income, requirements for credit are almost twice as high in relation to personal income as when government absorbs 30 per cent. At the 50 per cent absorption point, new credit requirements will climb to three times what they were in relation to personal income at the 30 per cent point. In other words, around 1950, for $1,000 of personal income, total credit requirements were about $75. For comparison, by 1978, credit required to support $1,000 of personal income may reach $200, depending on the phase of the business cycle. The growth of public spending and the resulting growing tax burden, which necessitates an ever more rapid expansion of credit, appears to be the underlying cause of the inflationary monetary conditions which historically have been associated with big government.

This relationship between public spending and the expansion of credit also accounts for an apparent paradox which exists during periods of accelerating inflation—the faster the money supply is expanded the less money is available to conduct private business.

CREDIT EXPANSION GENERATES MONETARY INFLATION

The basic point is that as government grows beyond where it absorbs more than about 20 to 25 per cent of personal income, the growth of the nation's money supply must be accelerated to inflationary rates. Then, as the size of government grows from 40 to 50 per cent or more of personal income, the rate of expansion of money must become hyperinflationary to accommodate the spiraling credit requirements of the economy.

This is not to say that turbulence in the credit markets and inflation cannot be engineered at any time, either by the monetary authorities under a central banking system as, e.g., in Germany after World War I, or by large financial interests in a less centralized system, e.g., financial panics in the United States around the turn of the century. The point is, that once government grows to a certain point with relation to the size of the private economy, inflation is unavoidably necessary and must proceed at an accelerating rate as government continues to grow.

What was considered a highly expansionary rate before 1965, has now become restrictive, showing that the liquidity shortage is becoming more acute: a higher rate of credit expansion is necessary to maintain the economy. The critical transition occurred in 1965 from a relatively non-inflationary environment to one in which accelerating credit expansion became necessary to offset the drain of the total government overhead on the private economy. Nationally, credit requirements have doubled over the last decade as a consequence of diminishing liquidity, and may be expected to accelerate in the future.

MONETARY INFLATION CAUSES WAGES AND PRICES TO RISE

Rapid expansion of credit and the accompanying monetary expansion must always result in comparably rapid increases in wages and prices. The close correlation between inflating a nation's money supply and increases in prices is demonstrated by the following statistics compiled by Beryl Spinkel, Economist for Harris Trust and Savings Bank, for the Canadian Standing Senate Committee on National Finance, Ottawa, Canada, June 10, 1971.

MONEY SUPPLY AND PRICE INCREASES 1955-68

[Compound annual rates of change]

Country	Money supply/ real gross national production (Percent)	Consumer Price Index (Percent)
Brazil	35.3	37.9
Chile	29.0	27.6
Argentina	22.6	26.6
Colombia	11.2	10.4
Peru	7.7	9.0
Ecuador	4.4	2.3
Mexico	3.8	3.6
Italy	6.2	3.1
Japan	4.9	4.3
France	4.8	4.9
West Germany	2.5	2.2
Canada	2.2	2.2
Switzerland	1.6	2.3
United Kingdom	1.4	3.1

Note: A high rate of increase in prices always accompanies high rate of monetary inflation. Conversely, when the rate of monetary expansioni s held in check prices are stable.

Source: International Financial Statistics, International Monetary Fund.

Hence, only by alleviating those conditions including the growing tax burden, which require high rates of monetary expansion can a stable price structure be restored in the United States.

WHITHER INFLATION?

There is a tendency to treat inflation as if it were a threat rather than an actuality. In this regard the words "renewed threat" are frequently employed. The record tells another story. Since 1900 the money stock has been increased about 81 times, at an average annual increase of 6.6 per cent before 1930, and 7.5 per cent from 1933 to the present. On a per capita basis, the monetary stock was $2.712 in 1973 compared to $87 in 1900, an increase of more than 30 times, as shown below:

MONEY STOCK RELATED TO POPULATION IN THE UNITED STATES

Year	Money[1] stock M2 (billions)	Population[2] (millions)	Per capita money stock: Amount	Per capita money stock: Ratio to 1900
1900	$6.6	75.9	$87	1.0
1910	13.6	91.9	148	1.7
1920	34.2	105.7	323	3.7
1930	44.8	122.7	365	4.2
1940	54.2	132.6	409	4.7
1950	152.9	152.3	1,000	11.5
1960	214.6	180.7	1,188	13.6
1970	425.2	204.9	2,075	23.9
1972	525.5	208.8	2,517	28.9
1973	570.2	210.4	2,712	31.2
Estimate:				
1975	750.0	214.0	3,506	40.0
1980	1,700.0	224.0	7,585	87.0
1985	4,500.0	236.0	19,000	218.0

[1] Money stock projected after 1973 on the basis of a relationship of credit requirements shown in figure 6.

[2] Population projected by Bureau of the Census at present average fertility rate of 2.1 births per woman.

Translated into price comparisons based on historical relationship since 1900 between changes in price indices and growth of the money supply, the popular "Big Mac" hamburger which is priced at 75 cents today would have sold for 8 cents in 1900. A $50,000 house today would have sold for $6,000 or less in 1900. Projecting the money supply for 1985 on the basis of expected credit demands (as related in Figures 5 and 6), the corresponding price would be more than $2.00 for the "Big Mac." In little more than 10 years the price of the house would be $150,000 to $200,000, or more. Incredible? Yes, but not really! Not only has the country experienced periods of comparable inflation, but underlying conditions for such out-of-control developments have been in the making for more than 50 years.

THE OUTLOOK

Extending the trends of the last several decades into the future, we may expect that by about 1978, the government burden will reach 50 per cent of personal income and well over 60 per cent before 1990.

GOVERNMENT SPENDING RELATED TO PERSONAL INCOME IN THE UNITED STATES

Year	Total personal income (billions)	Total Government spending[1] (billions)	Ratio: Government spending, personal income (percent)
1975	$1,185	554	47
1980	1,758	925	53
1985	2,607	1,545	59
1990	3,866	2,600	67

[1] Combines total of Federal, State, and local governments.

Note: Projected on the basis of 1973 dollars and present growth trends.

As to precedent for probable consequences, one can compare the period of World War II during which government spending rose to a maximum of 63 per cent in 1943 and 1944. The money supply doubled over the 5-year period between 1941 and 1946, and by one-third in 1943 alone to accommodate war time credit requirements. Average wage and price levels after the war were proportionately about twice prewar levels in response to war time inflation of credit.

Consequently, as government expands and liquidity continues to decline in the future, the rate of growth of money must be accelerated. By 1980, an annual increase of some 15 per cent would be necessary to accommodate the needs of the economy for credit. By 1985, an annual increase in the money supply of 20 per cent or more is likely. And that's hyperinflation!

Should the growth of government continue to outpace the private economy, the share of personal income that is left over after the government burden, will begin to level out. Finally, unless the expansion of government is stopped, before the turn of the century residual personal income will plummet. However, as the rate of inflation continues to accelerate, the levels of personal income and government spending will accelerate much faster than is shown, reflecting spiralling prices and wages. On the other hand, "real" after tax purchasing power will follow the trend regardless of the rate of inflation.

Ultimately, as government proceeds progressively to confiscate all earnings, one might expect monetary inflation to reach proportions experienced in France in the 1790's, Germany in the early 1920's, Russia during the five years after the so-called revolution, and Hungary in 1946. Each was followed by a sharp and complete economic collapse, and, in time, some form of totalitarian government.

However, before hyperinflation of such proportion would be generated in the United States it is more likely that an attempt will be made toward the conversion to a totally controlled economy under the guise of some combination of "crises" or "emergencies." Many of the mechanisms to achieve such a conversion have been on the books for years. Congress delegates additional "emergency powers" to the bureaucracy as each new "crisis" is engineered, while at the same time, state legislatures have been impressed with "uniform law" packages to facilitate the ultimate conversion.

As a consequence, the death of the free market in the United States is not likely to come in the wake of a sudden economic collapse, but rather as a gradual, prolonged sinking into the stagnation which is characteristic of controlled economies. The impact would be global, as so many countries are, in varying degrees, dependent on the wealth and production of the United States.

MORAL OVERTONES

The moral overtones to inflation and paternalistic government cannot be stressed too strongly. Whether the period is Greece, Rome, Spain after the Inquisition, revolutionary France of the 1790's or the present, the moral issue is the same: "When in the conquest of power and for political ends a government deliberately engineers inflation, all the monetary evils occur as before, and then to these you add such consequences as: first, that as the government expands explosively the people will lose control of it; secondly, as the people receive millions of checks from the automatic printing machines in the United States Treasury they learn to become dependent on government for aid and comfort" (Who is willing to say "No" to federal aid to education, revenue sharing, food stamps, medicare, medicaid, subsidies for housing, transportation, etc., etc.?) "Thirdly, people are first enticed by the benefits and then obliged by authority to exchange freedom for status" (the strings attached to federal aid); "and finally, the revelry of public money, which for a while seems to cost nobody anything, brings to pass a state of moral obliquity throughout society. The monetary debacle is relatively unimportant. The moral debacle is cancerous and possibly incurable."[1]

And it is to the moral debacle which we must ultimately attribute the ensuing economic dark age.

One might be inclined to feel that the economic collapse could be avoided by the government as it is reported to have done during the Great Depression by deficit spending. However, the role of government during the depression is moot, some believing that monetary and fiscal manipulation induced the depression in the first place and then aggravated its effects rather than improving conditions.[2] It must also be remembered that government represented less than 20 per cent of personal income before the depression, whereas in the future government will be much larger. Furthermore, even today the market is offering increasing resistance to the outpouring of government issues, and abroad the flood has disrupted the entire international monetary structure. Today, excessive government spending is, of itself, the problem, and economic dislocations will only be aggravated by more spending.

The Keynesian concept of spending our way out of recessions via federal deficits while acting as lady bountiful to the nations of the world in the long run has proved to be destructively inflationary and unworkable as Henry Kaufman of Salomon Brothers wrote: "Compromises with inflation are detrimental to real economic expansion. High rates of inflation ultimately set in motion deflationary forces rather than economic stimulants. Consequently, the distorting influence of inflation should by now have debunked the myth that a moderate rate of inflation does not interfere with real economic expansion and therefore is tolerable. Substantial real economic growth can best be attained in a non-inflationary setting." It is clear that constraint in government spending, both domestically and abroad, is the only course that will contain inflation, and provide for real economic growth and a sound monetary system both domestically and internationally.

The extension of present trends offers quantitative evidence in support of this statement. The present size of government is demonstrably excessive. In answer to the question posed initially, the economy is in fact in danger of being toppled or converted to a totalitarian regime within the foreseeable future by further increasing the size of government.

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[1] Garrett, Garet, *The People's Pottage,* The Caxton Printers, Ltd., Caldwell, Idaho, 1965, pp. 101-102. Original copyright 1953.

[2] Rothbard, Murray N., *America's Great Depression,* D. Van Nostrand Co., 1963.

INTERNATIONAL OVERTONES

Inflation is perhaps the most infectious of the 20th Century's chronic diseases, and it has been gaining momentum on a world-wide basis during the last two decades.

The combined average annual growth rates in the money supplies and consumer prices of six European countries, the United Kingdom, Japan and Canada compare with the United States as follows:

[In percent]

Period	Money supply: 9 countries	Money supply: United States	Consumer prices: 9 countries	Consumer prices: United States
1958-64	9.7	2.3	2.8	1.2
1964-69	8.5	5.2	3.8	3.4
1969-73	12.9	5.5	6.1	4.9

The most rampant inflation has occurred in those countries which have developed the most extensive export markets. Under the international fixed exchange rate monetary system, these countries have accumulated the vast amounts of paper dollar credits which have flamed domestic inflation far beyond the rates required to keep their own bureaucracies afloat.

To escape from the inflationary spiral, the European Economic Community (EEC) or Common Market could insulate the economies of its members from imported inflation by establishing a common currency and erecting trade barriers with the United States. Under a policy of isolationism, monetary and price stability could be achieved within the EEC by establishing a fully convertible gold backed currency. However, such a prospect is unlikely because a sound currency would not accommodate the expansive economic policies of the existing European governments, much less the cost of another bureaucratic layer representing the central EEC government which is presently supported by a highly inflationary value added tax (V.A.T.).

RATIONAL ALTERNATIVES

With these sobering prospects in mind, it seems only reasonable that the overall role of government should be reexamined toward the objectives of developing guidelines to limit its size. To implement a program to contain excessive governmental overspending is not easy; the American taxpayer has allowed and even encouraged the condition to become increasingly more acute. If the trend is to be turned around, there must be a genuine desire and steadfastness on the part of the public to do so at this time.

A first step in this direction would be to bring down the rate of growth of combined federal, state and local government spending to parallel the growth of personal income. Having stabilized this relationship, long range targets should be established to gradually bring total government spending successively to 35 per cent of personal income, then to 30 per cent and finally to 25 per cent of personal income as an upper limit. The goal is to achieve a viable inflation-free economy.

An immediate prohibition must be placed on any further tax increases at the national, state and local levels. More taxes will simply fan the fires of inflation and economic instability. Business, labor and the consumer are constantly cajoled to live within their means; a comparable hard line position with respect to government must be adopted at once.

In working toward a limit on the size of government, it will be necessary to establish rigid priorities for those projects and programs which are conducive to broadening the productive base of the private economy. Emphasis should be placed on improving productivity and profitability of the nation's workers and industries.

On the other hand, as little public money as possible should be spent on programs which stimulate consumer spending and dissipate the nation's resources.

A timetable of specific objectives should be adopted, providing for short, medium and long-term goals in achieving an overall and complete reduction in the size; funding and power of the government over the economy and the individual consumer/taxpayer.

The following are high on the list of the many objectives that demand attention:

1. A review of operating budget requests to trim excesses. Manpower requests, except in absolutely essential public services, e.g. public protection, should be frozen. Present positions should be allowed to lapse by natural attrition.

2. Repeal the Employment Act of 1946. Unless the concept underlying the Employment Act of 1946 with its present interpretation in the full employment budget is abandoned, the burden on the private sector will expand to the point where a reasonable level of unemployment is impossible and the resultant expanding deficits will accelerate inflation and assure ultimate economic collapse.

3. Roll back governmental regulatory and control functions over private enterprises. A by-product of government control has been an increase in nonproductive overhead. Over the last 20 years professionals, such as tax specialists, accountants and attorneys needed to cope with the red tape have doubled their share of the work force.

Successive federal administrations have courted disaster by constraining domestic energy production through two decades of price controls on natural gas.

Laws dealing unrealistically with environmental problems have caused major setbacks in the nation's production capacity. More than two years of futile price and wage controls have generated shortages in virtually every industry. Unreasonable O.S.H.A. regulations have hamstrung or bankrupted many small companies.

Utility rates nationwide have increased while service and ability to meet future demands have decreased under regulation. The air and surface transportation industries have been ravaged by federal agencies and Public Utility Commissions. Current moves to convert even more consumer items, e.g. gasoline, housing, food, land, to "public utilities" must be stopped at the outset before more acute shortages develop.

4. Divest government of activities that should be operated with private capital. Government inefficiency in its management functions is most pronounced when it becomes involved directly in business enterprises. Any future solution to the entire problem of spending requires that gradually but surely the government divest itself of all income producing enterprises from parking lots to electric power production, that should be under profit making, tax paying private operation. Many profitable self-supporting private operations have been removed from the tax rolls, thus shifting the total operating burden to "the people" as a result of government's assuming responsibility to operate the enterprises—sometimes in direct competition with private business—on a tax free basis.

5. Stem the growing assault on private property. Restrictive zoning laws, originally designed to provide orderly development of property, have been used to attempt social programming and have instead produced social disruption within the community.

The proposed Federal Land Use bill threatens to eradicate the traditional concept of private property, the very cornerstone of the free market economy.

6. Rather than abrogate the process of collective bargaining, as is being advocated in some quarters, subject monopolistic labor unions to the same type of anti-merger and anti-monopoly laws under which business operates, or overhaul both labor laws and anti-trust laws. Repeal collective bargaining laws which permit public employees to strike and to hold the taxpayers as economic hostages. The massive economic deprivation of citizens by the blockades of monopolistic unions must be eliminated.

Likewise, any additional labor legislation that allows compulsory unionization and/or special tax privileges to political pressure groups should be abandoned. All sectors of the economy should be equal before the law.

Subject labor unions to the same restraints on political activity as business, or exempt both from restraints.

7. Target incremental tax reductions and remove regressive and punitive tax assessments from those that contribute the most to economic development through investment and greater productivity. A flat tax rate, applicable to all who must pay taxes, is the surest way to drive home the point that the burden of taxation is a deprivation of the economic freedom of all individuals.

8. Eliminate the need for burgeoning welfare roles by checking the root causes of inflation. The cushion against failure became excessive when it became possible to derive more income by being on welfare roles than from being a productive worker.

9. Review the role and functions of the central banking system with regard to monetizing federal deficits and economic manipulation. A halt must be brought to the growth of the federal debt which reached $475 billion in March, 1974.

10. Bring the far-flung federal foreign aid program into reasonable limits. President Nixon reported the federal government has given $200 billion in foreign aid since World War II. These programs have been a major factor in the accumulation abroad of short-term credits against gold, and have had a serious impact on the nation's debt.

11. Finally, move toward a realistic readjustment of the value of reserve gold to reflect the realities of international trade. Return of dollar convertibility to gold is essential to restore the confidence of our trading neighbors, and to provide a brake against out-of-control government spending.

RAISE YOUR FLAG HIGH

Mr. PELL. Mr. President, I am happy to bring to the attention of my colleagues a poem written by Mrs. John J. (Helen) Pelosi on a patriotic theme.

As one who is cosponsoring legislation to improve the code by which our Nation's flag is flown and displayed, and to engender all the respect for it which it so greatly deserves, I am impressed by the inspirational quality of Mrs. Pelosi's poem.

This poem, Mrs. Pelosi informs me, was published in a recent edition of "Sovereign Gold" and has been nominated for a Freedom Foundation award by the editor of this journal.

Mr. President, I ask unanimous consent that this excellent poem be printed in the RECORD.

There being no objection, the poem was ordered to be printed in the RECORD, as follows:

RAISE YOUR FLAG HIGH!

America is young among the countries
Spread on the surface of the sphere of earth;
Freedom from bondage and the right to worship,
Were anxious labor pains that forced her birth.

Never a child was born in greater hardship,
Tyrannical parent followed toddling toes;
The umbilical cord was wrenched, and the oppressor
Was shrouded in the infant's swaddling clothes.

She won her honors, as she grew in wisdom,
With a Constitution; man would never be
Taxed without cause, denied the right of living
In the pursuit of happiness, and equal liberty.

Governments and laws can be abolished,
For it is written that the governed will be heard
In our Democracy, to issue peace and justice
It is *the people* who will have the final word.

Disasters, wars; the fight for her survival,
Strengthened her will to rescue any other
Who called to her from persecution's anguish,
For, "Love of God", adds also, "Love thy brother."

The rippling red of blood, shed for her honor,
White purity of purpose in God's name,
Stars on a sea of blue, reflecting heaven,
Would frame the Flag to raise this child to fame.

She has stumbled, now and then, in human error,
Yet, a banded *people's will* can keep her true;
America! See to it! States united
Beneath your banner of the red, the white and blue.

Raise your Flag high! declare your given birthright
To freely speak, to worship as you please;
Affirming laws made *for* and *by* the people.
In this land of Freedom's birth, we hold the keys.

PROGRESS OF INTERNATIONAL CANCER RESEARCH DATA BANK

Mr. PELL. Mr. President, to me one of the most rewarding aspects of serving as a Senator is the opportunity to create and nurture to maturity a program, with the conviction that it will be important and valuable to others. I would like to share with my colleagues an occasion in which that is happening and the circumstances which surround it.

The International Cancer Research Data Bank—ICRDB—began as an idea I had that the cancer research and treatment efforts our taxpayers are supporting were so enormous and far-flung that a great deal of valuable information inevitably would fall between the cracks of conventional science information exchanges. It appeared to me that the application of Electronic Data Processing and systems theory to scientific data collection and dissemination would be particularly important in taking full advantage of worldwide cancer research and treatment efforts. I wanted a doctor or a scientist in Rhode Island to be able to learn from a doctor or a scientist in France or Russia, and vice versa. I was particularly pleased at this demonstration because of the role I had the privilege of playing in the establishment of this program. The Data Bank originated in an amendment I offered in 1971 to the National Cancer Act. This was not a program that developed smoothly, however, and after 2 years I found that there were serious shortcomings in the conceptualization and actualization of the ICRDB by the Cancer Institute.

After a good deal of oversight work and consultation with the Institute, we came to an agreement about our purposes and goals.

As part of my own effort to move the program ahead, I attended in May of this year, a meeting of the Committee on International Collaborative Activities of the International Union Against Cancer, in Geneva. The meeting focused on the plans for the ICRDB and the contributions of each of the IUAC's member nations to its data resources. We must realize that, superimposed over the problems of building a sophisticated data system, are the problems of international politics. I can report that the results of this meeting were heartening, and exemplified a spirit of international cooperation in scientific research that I hope would set the standard for all such endeavors.

In June, I visited the National Library of Medicine on the campus of the National Institutes of Health in Bethesda, where I received a briefing on the operation and capability of the Medline computer, the world's largest medical data repository, and asked it some brief and preliminary sample questions relating to the carcinogenic effects of certain sulfur compounds. The response was a basic bibliographic listing of articles in which sulfur and cancer were cross-referenced. Now, until very recently, this was the limit of our capability for data retrieval in this field. While I was at the institute, I also visited the quarters of the ICRDB staff. These are three small rooms, which they are sharing with other researchers, with some computer tapes stacked in metal shelves, and piles of manuals and bibliographic literature stacked here and there.

A little while ago, in my office, I had the pleasure of seeing this program take another step forward, comparable to the recent Geneva meeting. This marked the first public demonstration of the Cancer Data Line, the computerized heart of the ICRDB. This first inclusion of 33,000 Medical Journal articles cross-referenced by major and minor subject matter marked the inception of a carefully indexed and cataloged bank of data located in a unique repository, in which each item is chosen and referenced for its relationship to cancer research. Within a year, the bank will contain millions of bits of information. These will be housed in five major subject area groupings, each called an Information Analysis Center. There will be information analysis centers in the fields of cancer detection, diagnosis, and therapy; chemical, environmental, and physical carcinogenesis and epidemiology; cancer virology; cancer biology; and current cancer research projects. A researcher or practitioner will be able to have access to this information directly through the use of a telephone connection and either a portable printer terminal or video terminal. In addition, the ICRDB will send, on a regular basis to specially identified users, up-to-the-minute printouts of specialized information in these recipients' research subject areas.

This is all in the present and the near future. A year or two from now will see this network in constant use, every hour of the day, by cancer researchers and treatment centers in every country in the world. The law specifically states that it shall be for researchers from all nations. Its headquarters will in all probability occupy several full floors in a building at the campus of the National Institutes of Health, and the project itself will support smaller bibliographic and translation units through this country and Europe, all feeding into the ICRDB.

Mr. President, what I have discussed here is really a process, as much as a particular program. It is the satisfaction of having an idea and putting it down on a scratchpad, later seeing it in law, then working on the plans for building it, now watching it as it is tested out and flaws removed from its programs and systems. The process will not be over until the data bank becomes a smoothly functioning tool in the battle against cancer. Then, however, the data bank will, I hope, stand as an example of the application of modern technology to the solution of an age-old problem. As such, it will lead to new beginnings in the science of health care and research.

THE ECONOMIC SUMMIT CONFERENCE

Mr. HUGH SCOTT. Mr. President, last night President Ford called attention to a proposal to convene an economic conference of Members of Congress, the President's economic consultants, and representatives from labor, industry, and agriculture. He then mentioned that this was perfected by a resolution calling for a domestic summit meeting on the economy.

I would like to point out that Senator PETE DOMENICI was one of five first-term Senators who authored S. 363, calling for an economic summit conference. The resolution passed the Senate 88 to 5 on July 23.

Joining with Senator DOMENICI were Senators SAM NUNN, DEWEY BARTLETT, LAWTON CHILES, and WALTER D. HUDDLESTON.

Last Tuesday they met with Cabinet members and administration officials to outline the proposal's specifics. They also met for 45 minutes with then Vice President Ford to enlist his support and he pledged his cooperation.

I am delighted that this proposal is gaining so much attention and support. It is certainly a credit to some of the Senate's newest and brightest Members.

SOLVING OUR ECONOMIC PROBLEMS

Mr. MATHIAS. Mr. President, in our entire history no man has ever assumed the Presidency under circumstances that compare with those that prevailed last Friday when Gerald R. Ford became the 38th President of the United States. Washington could balance the chaos of the Confederacy with the enormous world-wide respect he enjoyed as the leader of the Revolution. Lincoln could balance the confusion of the descent into Civil War with the moral fervor that united at least half the country. Gerald Ford must balance the disillusion and despair bred by Watergate solely with his own character and courage. From the moment he took the oath of office at noon on Friday to his forceful address to the Congress last night, he has shown that he is equal to this very heavy burden.

The President clearly showed that there is new management in charge of the executive branch and there are going to be new policies.

His message was strong and welcome; his approach was like a fresh breeze on a hot summer day. And I was very pleased that, as the transition from one administration to another moves forward, the President clearly indicated that his top priority would be to meet and solve the many and varied economic problems which we face. He has asked for the advice, counsel, and constructive hard work of the Congress and the American people, and I am confident that with his motto of "communication, conciliation compromise, and cooperation" the response to the President's leadership will be more than forthcoming.

The President asked the Congress last night to enact legislation before Labor Day to establish a new Cost of Living Council—which would not have the power to put the economy in straightjacket controls—but would have the power to explore, analyze, publicize, and monitor wages and prices throughout the economy to expose abuses and to spotlight problems. I had urged the establishment of such a council even before the "phase I freeze" of 1971. I voted to establish such a council last spring when the Congress let the Economic Stabilization Act expire, and I urge my colleagues to move in accord with the President's timetable on this matter now.

The President last night also set a goal of a balanced budget for fiscal year 1976. I endorse the concept of a balanced budget in a balanced economy, and I shall work toward this goal as we meet our economic, social, and defense needs. Today, of course, neither our Federal budget nor our national economy is in balance. Inflation is rampant, housing is woefully short, mortgage money is almost nonexistent, unemployment is rising, underemployment is widespread, the international monetary system is strained, oil prices are still rising, food is still in short supply due to continued bad weather throughout the world, and the list can go on and on.

The President is right, however, when he says we must reexamine all Federal programs in the light of our economic abilities. I was pleased that last year the Appropriations Committee, of which I am privileged to be a member, was able to trim the appropriations request of the executive branch by more than $3 billion. I am hopeful we can do even better this year and next year. And in this connection I was especially pleased that the President reported that he had directed his administrative officials to review their own operations.

I was pleased as well that the President stated that he would sign the new education bill which the Congress has sent to the White House. This bill contains important new authorizations, which I was pleased to author in the Senate, for programs for the education of handicapped children. The bill also extends the basic programs of the Elementary and Secondary Education Act which the Congress first enacted in 1965. It further deals with the difficult issues of school desegregation and student busing which are so important and so controversial.

The President also called for action of national health insurance and new trade authority and I hope we can respond.

Furthermore, the President clearly indicated that his speech last night was only a beginning. He will suggest and endorse further economic measures in the weeks ahead, as he should. There is a need for more comprehensive and constructive unemployment compensation laws, for new public employment programs in areas of high unemployment, for stimulus to housing and other depressed sectors of the economy, for tax reform and relief for hard pressed wage earners, for programs to increase the supply of fuel and food and other basic goods in short supply for new international monetary and trade policies, and for other new initiatives.

I hope these will be addressed in the near future. And in this regard, I ask unanimous consent that a number of articles which have appeared in recent days and which review our economic problems and prospects be printed at this point in the RECORD at the close of my remarks.

For now, however, the important point is that the basic lubricant of good will and good faith that lets the wheels of government move forward smoothly has been restored.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Wall Street Journal, Aug. 12, 1974]

PRESIDENT FORD

In only three days in office, President Ford has already spread considerable balm on the wounds of a suffering nation. If in the end that should prove the theme of his entire presidency, he will have won a special spot in the hearts of his countrymen.

Any new President enjoys a honeymoon, of course, and at this moment in history the emotions behind that tradition are more heartfelt than ever. The new presidency marks the end of the agonies of the impeachment battle, which were all the more painful coming as they did atop all the other tragedies and divisions that have engulfed the last three Presidents. At this time a new President, a new beginning, is bound to draw a deep response from nearly any American.

In this role, Gerald Ford is perfectly cast. Plain. Earnest. Simply spoken. Willing, with the habits of a life-long legislator, to embrace as friends all men of all political persuasions. Displaying, despite widespread doubts about his staff and his preparation, a sure grip in the transition and a clear strategy for setting the flavor of his administration. Setting out, as in his handling of the press, to correct some of the sore points that made his predecessor so divisive a figure. In all, an impressive start.

How long this mood will last we would not hazard a guess. The institutional conflict between the presidency and the press, for example, is bound to reassert itself to some degree. More importantly, large political battles lie ahead. The economy has been mismanaged so badly and for so long that its problems cannot be corrected without pain, and painful policies will cause divisions. In foreign affairs the policy of detente has passed through the stage of glamour into one of intellectual and political testing. All these will be challenges to the embryonic era of good will, but in meeting the challenges Mr. Ford's personality and background give him a better chance than most.

In these past few days it has been fascinating to watch the reaction of those destined to oppose Mr. Ford's policies as they opposed Mr. Nixon's. Even in praising the new President they have been staking out the economic issue, calling for more of the same old new approaches that caused the trouble to begin with. Yet in its total impression the praise has been generous and even appreciative.

To take a small but telling point, our haphazard sampling suggests that even the most cosmopolitan are touched rather than repelled by Mr. Ford's call for prayer. Their assessment seems to be while Richard Nixon postured as a Middle American, Mr. Ford is the genuine article. It is as if, being proved in decisive respects right about Mr. Nixon, they welcome the opportunity to demonstrate that they really do not oppose the values he repeatedly invoked.

More important for the long run, Mr. Ford is not the overt threat to his opponents that Mr. Nixon always was. Richard Nixon was an extraordinary man with extraordinary ambitions. We now know that he was marked for extraordinary failure, but until the dimensions of Watergate became clear no one could entirely gainsay the chance that he would succeed in changing the entire political complexion of the nation, ending the long-standing liberal dominance of political policy. A poker player at heart, he was willing to take high risks for high stakes.

Mr. Ford is manifestly an ordinary man. His ambition is to discharge faithfully the immense responsibilities thrust upon him. That this is enough for any man called to the presidency might be a neat summary of the lesson of the last decade. We have had enough of the extraordinary, enough of high risks. As a nation we now suspect we have been wrong in expecting our Presidents to be oversized men.

This is a time for stewardship, and Mr. Ford is a man for such times. He brings us patience, and we can hope, the kind of calm wisdom ordinary men often have. He brings us above all a quality of steadiness, and we hope he can redeem the promise, for steadiness is above all what the nation now needs.

[From the Wall Street Journal, Monday, Aug. 12, 1974]

AN OPEN LETTER TO PRESIDENT FORD

(By Walter W. Heller)

As you enter the presidency, the No. 1 problem on your domestic docket is inflation. In tackling it you have an opportunity that has come only once in the lifetime of this republic, one that enables you to make a good beginning, backed by the will, the support and the hopes of the vast majority of Americans.

It's an odds-on bet the present corps of economic advisers—Messrs. Rush, Simon, Greenspan and Ash—will recommend that you use that priceless opportunity to maintain unflinching adherence to the "old-time religion," to the catharsis of tight money and budget cutting.

But before you accept that counsel and the appealing Rock of Gibraltar image it implies, you should take a fresh hard look at the inflation problem, bearing in mind that new options open up to restore credibility and integrity to the White House. No one expects you to find a quick, magic cure for inflation—there are none. But people rightfully expect you to ask the tough, searching questions that will reveal the true risks and rewards of present policies and point the way to a broader and better balanced anti-inflation program.

A nagging question pops up at the outset: Why should the economic game plan that failed so miserably in 1968–71 work in 1974–75? Tightening the fiscal and then the monetary screws generated 6% unemployment and the depression of 1970, yet failed to subdue inflation. But, you will be told, that's because "we failed to stay the long course."

At that point, it's fair to ask how deep a valley of disinflation lies ahead of us under present policy. What the President, the Congress and the public need is a candid calculation—free of self-delusions and false optimism—of the projected benefits and costs of monetary-fiscal austerity:

—How much inflation will it squeeze out of the economy, and by when?

—How much will it cost in lost jobs, output and profits and in business and financial failures?

A PARTIAL, CHILLING ANSWER

Careful econometric studies by James Tobin (in the latest Brookings papers) and by Otto Eckstein of Data Resources provide a partial and chilling answer. They agree that the cost of simply adhering to severe monetary and fiscal restraint to check inflation will be sustained and heavy unemployment. Mr. Eckstein calculates that it would take at least two years of 8% unemployment to beat inflation back to a 4% rate. I think you will agree with him, Mr. President, this would be "overkill" and that the financial system would collapse before we cracked inflation.

That raises a closely allied question: Given the kind of inflation we are suffering today, are demand-suppressing measures enough? Are they the right medicine for this inflation? I don't mean to say that understanding how the inflation genie got out of the bottle necessarily tells us how to get it back in. But surely the medicine—and the dosage—should be different if inflation is merely a lingering legacy of demand-pull forces than if specific supply crunches and cost push forces are the villians.

The plain fact is that 1974 inflation, born of 1973's combinations of excessive demand and commodity crunches, is rapidly maturing into a new spiral of wages chasing prices and prices chasing wages—into a self-propelling price-wage spiral all too reminiscent of 1969–70 and all too resistant to a monetary-fiscal squeeze. The result? Further turns of the monetary and fiscal screws will wring less and less inflation and more and more life blood out of our economic recovery.

This is becoming painfully evident as the first-half slide turns into second-half torpor. Every day new cracks are appearing in the facade of economic strength behind which the ordained optimists have been hiding. A first step toward more realistic policy must be to recognize the 1974 slump for what it is. Not merely an "energy spasm," "a shortages economy" or a pause that refreshes, but a costly stagnation arising out of a shortfall in aggregate demand.

Let's drop the debate over whether it deserves the label "recession" and redirect our attentions to the real problems: How far below our output and employment potential are we prepared to drive the economy by policies to cut demand? And in view of the limits of demand management policy in subduing the new inflation, what measures to curb cost-push pressures and to improve supply management should now be considered?

Here, above all, Mr. President, you are in a unique position to de-escalate the inflationary spiral. Labor, justifiably aggrieved about the erosion of its real earnings, is stepping up its demands. Business, also pointing to inflation inroads and citing huge capital needs, is pushing up prices and profit margins. Now is the time, backed by a floodtide of goodwill, to practice not just the politics but the economics of reconciliation. Now is the time to bring business and labor together in a dialog, leading under your guidance to economic detente for the benefit of the American consumer.

That will mean reaching out to bring labor back into the fold. It will require evidence that the strong pro-business bias of recent White House economics will become not a pro-labor but a pro-public bias. And it will also require a liberal (or even conservative) dash of "reasoning together" and "ask not . . ." spirit that seems to underlie your early words and actions as President.

NOT AN EASY TASK

Translating this new mood into specific initiatives to defuse the price-wage spiral won't be easy, especially after the unfortunate discrediting of wage-price controls under the inept freezes and phases of recent history. But without some kind of a wage-price watchdog and a new set of even-handled wage price guides—backed not just by powers of inquiry and publicity but by powers of suspension (and in outrageous cases even by rollbacks) the outlook for inserting a circuit-breaker in the new round of cost-push inflation will remain bleak. Building on the base of the Bentsen-Nixon proposals for a wage price monitoring agency, the White House and Congress can forge this missing link in the anti-inflation chain.

This may go against your free-market instincts, Mr. President. But it shouldn't. Monitoring would be focused on those powerful unions and business units that wield excessive market power, those areas of the economy where competition is a poor policeman; in other words, government presence would be a stand-in for the forces of competition.

For the longer pull, much of the relief from stubborn inflation must come from the supply side. An intensive review of government policy to enlarge critical supply capacities, increase productivity and monitor emerging supply crunches is long overdue.

In light of our traumatic experience with shortages in the last couple of years, you should call for a thorough exploration of the potentials for supply management. This should range all the way from better information devices like shortage alerts and prompt export reports or even licensing to the use of special financial aids (without building new tax shelters) and the milder forms of credit rationing.

Rationing of credit by price alone is channeling too much of our limited financial resources into speculative investment in land, inventories and foreign exchange to the detriment of investment in productive capital. And, as always, super-tight credit is squeezing small business, housing and municipal borrowers. To curb such inequities and channel more credit into productive uses, Federal Reserve policy could, where feasible, apply more selective methods of supplying credit.

And a gradual phaseout of the Regulation Q ceiling that shortchanged small savers and distorts the flow of financial resources is clearly in order. These moves facilitate a gradual retreat from excessive tightness that is needed to permit a moderate economic expansion.

A government that is dead serious about fighting inflation ought also, at long last, under your leadership, to put an end to the laws, regulations and practices that make government an accomplice in many cost and price-propping actions, running from overregulation of transportation rates and underenforcement of antitrust laws to fair trade laws and the Davis-Bacon Act—not to mention maritime subsidies, import quotas and the Buy America Act. Such actions will step on the toes of articulate well-heeled pressure groups—but now is the time, under your leadership, to take those political risks.

SUPPLY SIDE OF EQUATION

While dealing with the supply side of the equation, let me emphasize how important it is not to undermine some of our natural defenses against inflation by stopping expansion dead in its tracks. For if we do, we would deny ourselves the short-run productivity offsets to rising costs that we normally reap from a rising volume of sales and output. The longer we stunt productivity by choking off recovery, the more likely it is that lower productivity growth and hence higher unit costs will be built into conventional markups.

Further, remember that investment, innovation and risk-taking thrive in an atmosphere of expansion and wither in an atmosphere of stagnation. Super-tight credit undermines the health of equity markets, pushes money costs skyward, and threatens profits and financial stability. In the face of a policy of calculated stagnation, no program of tax gimmicks or special incentives will be able to induce the increases in capital spending the nation needs to boost productivity, expand supplies and ease price pressures.

Finally, Mr. President, in formulating your anti-inflationary program, be sure to take it out of the narrow context of economic gains and losses into the broader perspective of its social impact and consider the inequities and unfairness that it could generate. Out of these inequities grow a sense of grievance and alienation, an undermining of morale and social cohesion that may be inflation's greatest cost.

A telling reason why so many segments of our society have rejected current policies—have indeed felt they add up to an anti-them instead of an anti-inflation program—is that they are its victims rather than its beneficiaries.

Monetary policy bosts their housing costs. Budget policy has been squeezing social programs while enlarging defense outlays. And tax policy has thus far shown too little concern for those who are being short-changed by inflation.

DISTRIBUTING BENEFITS AND BURDENS

A truly balanced attack on inflation would couple the restraints of fiscal and monetary policy with measures to redress the grievances of skyrocketing fuel and food prices. I urge you to consider as an integral part of a compassionate anti-inflation program not only more generous unemployment benefits, food stamps and housing allowances but relief from payroll taxes for the working poor and increases in personal income tax exemptions and low income allowances. Distributing the benefits and burdens of economic policy more fairly will facilitate a more sustained battle against inflation.

If we simply declare total war against inflation without weighing the resulting manifestations of the human and financial landscape, experience tells us that we will invite an eventual public backlash. This is a plea, not to be soft on inflation, but to strike a sensible balance between benefits and costs in your anti-inflationary program, thereby staying between the bounds of economic and political tolerance rather than risking repudiation of the battle before it is won.

Just one final thought, I realize that if you follow the foregoing counsels, it will enhance the prospects of your continuation in the presidency after 1976. But in the belief that partisanship stops at inflation's edge, that's a risk I'll have to take.

[From the New York Times, Aug. 11, 1974]

FORD'S CHALLENGE—NEW PROGRAM AND NEW FACES

(By Thomas E. Mullaney)

If Gerald R. Ford needed any reminder of the nation's premier problem as he assumed its highest office last week, it was presented to him rather bluntly on the very day that he learned he would have to assume the mantle of the Presidency.

Last Thursday morning, shortly before the news wires chattered the telling word that the Vice President had been suddenly summoned to the Oval Office of the White House amidst a swirl of rumors that the embattled Richard M. Nixon had finally decided to resign, the same tickers carried another rather momentous message from Washington. It was the monthly report on the current trend in wholesale prices.

Once again, that well-watched economic indicator contained very disturbing news on the course of inflation in the United States. The Government's key price index, a reliable precursor of what the consumer will have to pay for his food and other goods in the immediate months ahead, shot upward at the alarming annual rate of more than 44 per cent last month, its fastest pace since the horrendous rise last summer and the second largest increase in 28 years.

Inflation, the most pernicious disease in this historic era and the cruelest tax on every one of the 211 million American citizens, was again embarked on a strong upward march.

In the wake of that unsettling news, the stock market reversed its recent course and pushed sharply downward in more active trading. Stopped cold in its tracks was the exuberant rise in stock prices that had begun earlier in the week when the Watergate drama seemed to be speeding toward its denouement.

The investment world seemed to be telegraphing its own special message to the new President about how gravely it is concerned with the economic mess in the United States stemming largely from a rampant siege of double-digit inflation and interest rates.

The swift and dramatic change in the Presidency of the United States last week has suddenly changed the economic, as well as the political, complexion of the nation.

Whether that new glow signals an imminent return of the patient to good health remains highly conjectural at this point. The period of convalescence may well be considerably extended.

But, as was the case when Lyndon B. Johnson had to assume the reins of the Presidency equally suddenly more than a decade ago upon the tragic assassination of President Kennedy, there seems to be a determination throughout the land to close ranks and provide a spirit of cooperation and confidence for the newly emplaced Government.

It will, of course, require more than that to come to grips adequately with the mammoth economic, political and international problems confronting the United States. Improved psychology will not be enough; its benefits are usually too fleeting. There will have to be fresh inspiration and new programs emanating from Washington as well as new leadership.

The buoyant reaction of the financial markets was the traditional response when they perceive a possible turn for the better in political and economic affairs. But their midweek sell-off was typical, too. After a big run-up in prices, there is usually a spate of profit taking by those who use the markets solely for speculative gain—or a "dance of joy in the graveyard," as one cynical observer remarked.

Clearly, though, the stock, bond, commodity and foreign-exchange markets, in their general upturn early last week, were expressing their relief that the strain of the lengthy Watergate proceedings was being lifted.

But, at the same time, they were strikingly signaling their belief that a new President, undistracted by personal political entanglement and highly respected by his former colleagues in the Congress, will indeed be able to heal some deep-seated wounds in the nation and rally the public to his own ideas once he has the opportunity to put his own team of advisers in place.

As expected, the first reports were that President Ford was interested in an orderly transition of Administrations and that he would keep most of the key Nixon oarsmen at their places in the ship of state. That position seemed plausible for an interim period, and it met wide endorsement insofar as foreign policy was concerned when there was the prompt announcement that Secretary of State Kissinger would be retained to work his wonders of international diplomacy.

However, there will be lesser satisfaction if there are no new faces in Washington fairly soon to manage domestic affairs, particularly in the economic area. Otherwise, there will be no significant departure from the ineffective policies of the previous lame-duck Administration, which had been adhering so faithfully to the Nixon gospel of gradualism.

If the initial reports prove true—that is, that President Ford will ultimately bring members of labor and the opposition party into prominent positions in his Administration—he may indeed create the climate of bipartisanship so urgently needed to achieve agreement on new approaches to the nation's serious problems in the domestic area.

One leading economist said, however: "I do not see any evidence in Gerald Ford's background that indicates he will make substantial change in economic policy. I hope, however, he will be willing to innovate and try to get through some needed new legislation."

What are the major economic problems facing the new President?

The top one, of course, is inflation, as President Ford well recognizes. There is also need for speedy Congressional action on the pending trade bill in Congress, re-examination of the whole tax structure, stimulus for investment through higher depreciation allowances or variable investment tax credits, a meaningful incomes policy to moderate wage and price pressures, a public-works employment program to mitigate an expected rise in unemployment, some controls on excessively liberal credit, effective aid to low-income groups, perhaps a value-added tax to control consumption in some areas, a plan to get the economy moving again from its stagnant course and, especially, some viable way to get help from a less expansive fiscal policy in curbing inflation.

One respected New York bank economist, who had been an adviser to the previous Administration but was frustrated by its recent policies, remarked: "We have to get off the kick that a return to the laissez-faire world of Adam Smith will solve everything. We can't expect the invisible hand of the pricing system to do the job alone."

Some economic observers expect—and hope—that there will be a few major changes in the economic hierarchy in Washington under President Ford to develop new ideas in the economic realm. It is too business-oriented at the present time, according to some critics.

Even many of those, however, believe he did well to retain Alan Greenspan, whom President Nixon nominated only a few weeks ago to head the Council of Economic Advisers. They are confident he will father interesting and effective new approaches to the major economic problems of the day. As his testimony last week at a Senate confirmation hearing indicated, he is not wedded to all of the Nixonian economic dogmas.

There is also considerable support for the retention of Arthur F. Burns at the helm of the Federal Reserve Board. His monetary policies, in general, have met wide acceptance, through critics fear he might be inclined to push restrictive monetary policies too hard and too far. But he does enjoy Congressional respect and international prestige—and the latter is no small requirement in many areas of our Government in this perilous period.

But there is considerably less enthusiasm for many other key members of the Nixon economic team. The expectation is that, over a period of time, most of them will be replaced. Almost certain to leave soon is Kenneth Rush, who was really President Nixon's personal appendage as economic coordinator. The need for a new and foreceful economic czar to orchestrate and coordinate economic policy and the deal effectively with Congress on such matters ought to be clear.

Some analysts would be pleased to see persons of the caliber of Paul McCracken, a former head of the Council of Economic Advisers, or John Dunlop, who ran the now-defunct Cost of Living Council, return to Washington in the new Administration to play key roles.

There was no hint of the new President's plans in his brief and somber inaugural talk after his swearing-in on Friday, nor was there ringing call for legislative action, such as President Johnson made in the first days of his tenure, when he called for speedy legislative action, particularly a massive tax cut, that had been a cornerstone of President Kennedy's "New Frontier" program.

"This is no time for delay," President Johnson had said solemnly. "It is a time for action—strong, forward-looking action."

President Ford might well adopt a similar approach when he goes before the Congress with his promised message this week. This, too, is a time for constructive moves and assertive action in the White House as well as in the Congress.

Thus, another new era for the nation has clearly started with the inauguration of its 38th President at noon last Friday.

There has to be an element of uncertainty in everyone's mind about how effective President Ford will be in his suddenly assumed and unwanted role of Chief Executive, but there is a large measure of confidence that the country's political and economic climate can only get better under his stewardship.

Those who have seen the former Vice President in his personal appearances or listened to his speeches may not be overly impressed by either his past performance or his message. He is bland, seems to be almost humorless, is fiscally conservative and is not inspiring. But he is also pragmatic, determined and willing to listen to the ideas of others.

The nation has had enough rhetoric in the previous Administration, the first in the nation's history in which both the President and the Vice President were forced to leave office.

And there is a feeling in many quarters that, as President, Gerald R. Ford will be able to rise to the high demands of the office—much as another plain-talking new President, Harry Truman, did a generation ago.

President Ford might prove not to be particularly electric in his public appearances, but he does transmit a great measure of candor, dedication and integrity. He professes to be a counselor, conciliator and communicator. Those are attributes that the country can well use in great doses at this troubled moment in its 200-year history.

[From the New York Times, Aug. 11, 1974]

Democrats Have Ideas on the Economy

(By Leonard Silk)

With the demise of the Nixon Administration, economic policy will get an urgent and searching re-examination.

On past form, President Ford's views are conventionally right-of-center and cautious. But there is deep anxiety about the raging inflation and shaky state of the American and world economy, and Mr. Ford will be under strong pressure to adopt new initiatives to strengthen the economy.

In a spirit of national unity, he will be attentive to proposals for change—including those coming from Democrats. He is likely to avoid the sudden solo flights and aggressiveness toward Congress that characterized Mr. Nixon's conduct of economic policy.

Mr. Nixon's economic steersmanship had boxed the compass—from laissez-faire to price controls, from Friedman to Keynes, from Machiavelli to Ayn Rand, from massive budget deficits to the "old-time religion" of tight money and budget cutting. But, as the poet T. S. Eliot wrote, in his end was his beginning, and the final phase of his economic policy was essentially the same as the first—an effort to gradually squeeze inflation out of the system by slow monetary growth, combined with a hands-off policy on wages and prices.

A DEMOCRATIC ALTERNATIVE

What are the alternatives to Mr. Nixon's final phase?

A group of Democratic economists, including such liberal luminaries as Walter W. Heller, Paul A. Samuelson, Leon Keyserling, Otto Eckstein, Arthur M. Okun, Charles L. Schultze and James Tobin, have spelled out one set of alternatives at the request of Speaker Carl Albert, chairman of the Democratic Steering and Policy Committee of the House of Representatives. Concerned that the Nixonian monetary squeeze will put the economy into a recession and a long period of slow growth and rising unemployment, the liberal economists counsel:

A less repressive monetary and fiscal policy. While not calling for "reflation" and a return to easy money, they contend that the present 6½ per cent rate of growth in the money supply has seriously reduced the liquidity of consumers and businesses, produced the highest interest rates in United States history, choked off housing construction, and is "threatening to produce massive withdrawals of savings funds out of thrift institutions."

A more selective credit and interest-rate policy by the Federal Reserve to reduce inequities in different borrowers' access to credit. The liberals charge that large, powerful corporate borrowers are still able to meet their credit needs but that small business, home builders or buyers, and state and local governments cannot. The Democratic economists want the Fed to gradually lower interest rates.

Tax relief for lower and moderate income families, who have suffered most from inflation, especially climbing food and energy prices. This might take the form of increasing the standard deduction and low-income allowance of the personal income tax or reducing the rate structure of employe payroll taxes.

Tax reform. That would include a stiffer minimum income tax, with no escape hatches, for all high-income families; tougher tax treatment of foreign oil production, "hobby farm" tax deductions and other tax shelters; abolition of export subsidies that "senselessly encourage the export of scarce commodities," and various other loophole-closing measures.

Managing the Federal budget with a "better sense of priorities"—which the critics believe implies a tighter grip on rising defense spending and less of a squeeze on anti-poverty, antipollution, education, energy, health, housing and urban development programs.

A greatly expanded program of public service employment—to maintain incomes and "preserve work habits and self respect" while the economy is undergoing its correction from rapid inflation.

A new incomes policy to achieve "responsible price and wage behavior for the largest private economic units." Some Democratic liberals put this mildly as merely initiating "a new dialogue among government, business and labor." Others speak of a new "social contract" through which labor would reduce its wage demands in exchange for an increase in take-home pay via tax reduction.

A REPUBLICAN ALTERNATIVE

Curiously enough, last week brought open disagreement with the Nixonian hands-off-wages-aid-prices, cut-social-spending line from the man who at this point is probably the nation's most important economic policy-maker—Arthur F. Burns. Mr. Burns, whom President Nixon appointed chairman of the Federal Reserve Board four years ago, and who has oscillated between the roles of inside Administration adviser and outside critic, called for a $4-billion public service employment program if unemployment were to climb above 6 per cent, and for Government "review boards" to delay specific wage or price increases.

Both proposals were promptly rebuffed by Kenneth Rush, former president of Union Carbide who was President Nixon's chief economic counselor. Mr. Rush argued that a big spending program to create jobs would reintroduce the problem of excess demand, and that even a hint of returning to controls could lead to "anticipatory" wage and price boosts.

With economic forecasts still darkening and a new Administration in office, there is likely to be a swing toward a more activist, less conservative and less doctrinaire economic policy.

[From the New York Times, August 11, 1974]

First Priority

The most urgent problem that President Ford inherits is economic crisis—doubly dangerous because it is both domestic and international.

The Nation is suffering from the worst peacetime inflation in its history, and the pain has been worst for those least able to afford it—the aged, indigent, untrained and unemployed. Interest rates have climbed to all-time highs. Funds are draining out of thrift institutions as people rush to protect their savings against the ravages of inflation. The stock market is in despair.

To deal with this menacing situation, the former Administration limited itself to restricting the growth of the money supply, talking about future budget cuts, and swearing its fealty to *laissez-faire*—leaving business corporations and labor unions free to make their own decisions about prices and wages.

The Nixon Administration had steeled itself to subject the Nation, especially those most precariously attached to the labor force, to unemployment and a long spell of slack in the economy. Harsh as such a policy would be for millions of Americans, it could prove even more disastrous for vast numbers of people all over the world, if the United States were to stifle its own economy, as Mr. Nixon and his advisers meant to do, this could threaten deflation and unemployment.

As it is, there is already real danger of an international financial catastrophe; the liquidity of many mutlinational financial institutions has been jeopardized by the over-extension of credit during the long boom. Commodity inflation—especially the huge run-up in the price of oil—now threatens the balance of payments of oil-importing countries. In these circumstances, the failure of one or more major financial institutions could spread through the world monetary system like wildfire.

To prevent such a disaster, the new Administration urgently needs to construct an anti-inflation program that will not depend solely on slowing down the money supply and letting interest rates soar. Runaway wages and prices cannot be solved by a sudden "freeze" of the kind that President Nixon imposed on Aug. 15, 1971, or in the long run, by the stop and go kind of controls that follow it. Rather, it is essential that a durable "incomes policy," to moderate the rate of price and wage increases, be coupled with other social and fiscal policies designed to improve the living conditions of those groups that have suffered most from inflation and are now being set up also to endure the slump and rising unemployment.

Specifically, the Nation needs expanded programs for creating jobs, training and educating workers, providing needed health services, reforming the tax structure and more fairly distributing the tax burden. The sort of favoritism and pay-offs to special-interest groups that marked the Nixon era—and that were a direct outgrowth of the way Mr. Nixon and his political fund-raisers operated—must be ended.

Internationlly, it is essential that American economic policy be joined to the Nation's foreign-policy objectives. An international "lender of last resort" is needed to prevent widespread financial catastrophe. A more effective joint effort among oil-consuming countries is required to induce the oil-exporting states to bring down the price of oil. International trade policy cannot be permitted to go on suffering from benign or malign neglect, or made the tool of domestic policy purposes.

Does Mr. Ford have the economic policy makers or advisers capable of dealing with such a broad and difficult range of problems? In our opinion, he does not; the holdover economic team from the Nixon Administration lacks knowledge or experience adequate to the job ahead—and, to make matters worse, it is ideologically wedded to do-nothing economics.

On the international side, Secretary Kissinger has the intellectual capacity and diplomatic skill to make an enormous contribution to economic policy but economics has been his weak suit, and he has been notably unable or unwilling to delegate the job to others. The reconstruction of the economic team left by the Nixon Administration should be a task of the first priority.

[From the New York Times, Aug. 11, 1974]

By All the Signs, Inflation Will Get Worse

The outlook on inflation has darkened considerably, despite all hopes and Government predictions to the contrary. Newly released figures show that the wholesale price index—which foreshadows, though not exactly, what will happen to prices consumers pay in stores—rose by 3.7 percent in July.

Until last month, wholesale prices had been going up at an annual rate of about 18 percent; the July figure, if projected for a 12-month period, would mean an annual rate of over 44 percent, something no one expects.

But everyone now expects that retail prices will rise sharply when the wholesale price increases are passed along, as they inevitably are, to the consumer. Government economic officials have hoped retail prices would rise no more than 7 percent this year. So far, they have been rising at the rate of 11 percent—relatively low among the industrial nations of the world but the highest rate in the United States in more than 20 years. The rise in the wholesale index probably means there is no hope the annual rate can be brought down to 7 percent, and good reason to expect it will go higher than the current 11 percent. An indication of what could be expected was the announcement by General Motors last week that it would raise the prices of its 1975 model vehicles by an average of 9.5 percent.

A major factor contributing to the July increase was a steep rise in farm prices, because of drought conditions and resulting shorter supplies in the Midwest. Farm prices had declined steadily during the four months before then.

COPING WITH UNEMPLOYMENT

Despite inflation, unemployment continues as a major problem in the economy. It is now 5.3 percent and there are general predictions that it will exceed 6 percent before the year is over. Despite that expectation, there was open disagreement last week among the Government's highest economic experts about how to deal with unemployment; whether that situation will change under President Ford is not yet known.

Treasury Secretary William E. Simon and Dr. Arthur F. Burns, chairman of the Federal Reserve Board, said they wanted a Federal job program to begin if unemployment passes 6 percent. Kenneth Rush, former President Nixon's economic counselor, opposed the idea.

Dr. Burns proposed that a 6 percent rate should "trigger off" a Federal outlay of $4-billion to create 800,000 new jobs. Under his plan, block grants would be made available to localities and states with particularly high unemployment, enabling them to hire new public employes in whatever category they deemed most useful.

The Burns proposal would attempt to blunt the impact of tight money on employment without stimulating the economy as a whole. One question that remains unanswered, however, is where the funds would come from. Unless they are raised by new taxes or by cutting the budget, the job program would pump new money into the economy—in effect, a relaxation of fiscal restraints. A solution that has been put forward in the Senate is to raise part of the revenue for the job program by eliminating the deduction for state and local gasoline taxes on Federal income tax returns.

A provision for expanding public employment when the private sector slackened was incorporated in the Comprehensive Employment and Training Act, passed by Congress last year. It authorizes funds for particular areas with more than 6½ percent unemployment. The new job proposal; however, would require an amendment to the act, providing automatic appropriations when the overall national rate exceeded the six-percent mark.

A SUMMIT CONFERENCE ON INFLATION

Mr. BAKER. Mr. President, last evening's pledge by President Ford to convene a domestic summit conference on inflation dramatically underscores both his concern in combating this major economic problem and his determination to cooperate with Members of Congress from all segments of the economy in finding a workable solution.

The President's emphasis was rightly placed on bipartisan cooperation in keeping down Government spending and in making other significant contributions to checking inflationary pressures. He specifically mentioned the advice given by the able majority leader and the part it played in his decision to call for such a domestic conference of representatives of labor, business, and agriculture.

Five of our distinguished freshman colleagues also deserve commendation for their bipartisan cooperation in suggesting such a forum. Senators LAWTON CHILES, WALTER HUDDLESTON, SAM NUNN, DEWEY BARTLETT, and PETE DOMENICI cosponsored a resolution passed by the Senate which recommended an economic summit to formulate a unified plan of action to fight inflation and promote economic progress.

I would like to extend my compliments to my freshman colleagues for their foresight in making this proposal. I hope this will be only the first of many incidences of bipartisan cooperation among Members of the Congress and the Ford administration. I know that all Members of Congress and, indeed, all our citizens are looking forward with hope to this summit to be personally presided over by President Ford.

FEA CONSUMER OFFICE CHIEF QUITS

Mr. HUMPHREY. Mr. President, I want to call to my colleagues' attention a very disturbing news item in this morning's Washington Post. The lead of the article by Tim O'Brien tells the story: "FEA Consumer Office Chief Quits; Cites Lack of Confidence."

Dr. Lee Richardson, Director of FEA's Office of Consumer Affairs, has resigned while charging that Energy Chief John Sawhill paid no attention to his recommendations, that the Consumer Office had no influence over policy decisions, that there was no justification for oil industry profit and price increases, and that the plight of the consumer was largely ignored by FEA.

This incident disturbs me because I believe consumers have been taken through the wringer recently and are not well protected by those in the Federal Government who should be looking out for their interests. I do not know if all of Dr. Richardson's charges are accurate. I have asked my staff to look into the allegations and make a determination about their validity. If there seems to be any significant basis to them, I will consider holding hearings on this subject before my Consumer Economic Subcommittee of the Joint Economic Committee.

It is not simply the resignation of Dr. Richardson that disturbs me enough to consider holding hearings on the matter. But Dr. Richardson's letter of resignation raises fundamental questions about the adequacy of the Federal Energy Administration's performance.

What are Dr. Richardson's charges? First, Richardson charges that his office was ignored in the policymaking process at FEA—

> Never once has the office been asked to assist the Administrator on a matter of substance. Never once has the Administrator responded to dozens or more important reports and recommendations submitted directly to him by the Office.

Second, Dr. Richardson charges that consumer interests have been largely ignored—

> The plight of many groups—volunteers, the elderly, the rural poor, the big city tenants . . . among others—have been ignored by FEA.

Third, Dr. Richardson charges that the high prices and profits of the oil companies were never carefully analyzed and justified, despite the numerous memos he wrote asking for such evidence. He cited a lack of any FEA economic analysis to justify the continuation of a December 19, 1973, decision, to raise the price of domestic crude oil by a dollar a barrel. He also went on to say that the FEA has no clear understanding of the relationship between oil company profits in the first half of 1974 and the production of cheaper supplies of energy—

> If such profits are adequate or excessive, FEA doesn't know—FEA has not been able to even assemble, much less analyze, information necessary to begin answering that question.

Mr. President, all of these allegations greatly disturb me. I intend to see that they are examined in further detail, and I will, of course, pass on what facts our investigation uncovers. I believe that in general the consumer tends to be inadequately considered in Washington, D.C., and I will continue to do what I can to correct the imbalance.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business. If not, morning business is closed.

SENATE RESOLUTION 380—SUBMISSION OF A RESOLUTION TO DISAPPROVE AN ADVANCE PAYMENT POOL AGREEMENT BETWEEN THE U.S. NAVY AND GRUMMAN AEROSPACE CORP.

The PRESIDING OFFICER. The Chair lays before the Senate a resolution coming over under the rule, which the clerk will report.

The assistant legislative clerk read as follows:

> **Senate Resolution 380, disapproving an advance payment pool agreement between the U.S. Navy and Grumman Aerospace Corp.**

UNANIMOUS-CONSENT AGREEMENT

Mr. MANSFIELD. Mr. President, I ask unanimous consent that there be a time limitation on the pending resolution (S. Res. 380), the time to be equally divided between the sponsor of the resolution, the distinguished Senator from Wisconsin (Mr. PROXMIRE) and the distinguished Senator from Nevada (Mr. CANNON) and that debate on the resolution close at the hour of 12:30; that the vote occur at 2:15 this afternoon.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. PROXMIRE. Mr. President, I ask for the yeas and nays on the pending resolution.

The yeas and nays were ordered.

WHY THE $100 MILLION BAILOUT LOAN TO GRUMMAN SHOULD BE REJECTED: IT IS TIME TO GET TOUGH WITH INFLATION

Mr. **PROXMIRE**. Mr. President, the time to get tough with inflation is now, not next week or next month. We cannot afford to continue policies that promote inflation, discourage competition in the private market, and increase Government costs.

Yesterday I introduced a resolution to disapprove the proposed $100 million loan agreement between the Navy and Grumman Aerospace Corp. This loan is another in a long list of corporate bailouts and handouts to Grumman and it will probably not be the last.

Of course, Grumman is not the only large corporation to be taken under the wing by the Federal Government in past several years. Special care and feeding has been extended to a host of giant firms whose demonstrably poor management would have otherwise resulted in business failure or reorganization in a true free market economy.

In light of the Government policy of bail before they fail we have to ask ourselves how free the free market is.

As I understand free enterprise, it implies the freedom to fail as well as to succeed.

The bailout policy has been employed to rescue Lockheed, Litton, Rockwell International, General Dynamics, and a number of other aerospace firms including Grumman. Each of these firms was unable to successfully manage large defense programs. Huge cost overruns were run up on the C–5A, the LHA, the B–1, the F–111, the F–14, and many other weapon systems.

In each case the corporation had to be saved from itself by one or more of a variety of bailout techniques. As a result billions of dollars of taxpayers' money have been wasted. I have no doubt that billions more will be wasted on weapons now being procured if we follow this policy.

Nor are Government bailouts restricted to defense contractors. Railroads, cattle raisers, and banks are now being protected against the risks of the marketplace. The Franklin National Bank is the latest to be taken in out of the cold by Uncle Sam.

I asked Arthur Burns, Chairman of the Federal Reserve Board, how he justified the $1.2 billion bailout loan to Franklin National when he testified last week before the Joint Economic Committee. Chairman Burns, who is noted for his own opposition to corporate bailouts, said the banks were different. This industry had to be prevented from a collapse.

Mr. President, they are all different. That is precisely the corner Congress is getting painted into. Each industry and each situation is different. Each industry can be shown to be important to the national economy. Every large corporation can be shown to be a vital part of American industry. It takes only a little imagination to draw the lines between a major corporation and a healthy economy. But they are imaginary lines.

This was the tactic used by former Treasury Secretary John Connally when he came up to Capitol Hill to lobby for the bailout loan guarantee to Lockheed. He told us that if Lockheed went out of business tens of thousands of workers would lose their jobs, the ripple effects would be felt throughout the Nation, there would be a loss of confidence, and the entire economy would be threatened.

Why do we not apply this philosophy, I wonder, to the problem of unemployment. If the Federal Government is to be the lender of last resort, why should it not be the employer of last resort? And why should the Government not take on this role now while more than five million persons are out of work and the unemployment rate stands at 5.3 percent?

Why should the Government not do for the average working person what it apparently promises to do for giant companies like Grumman? Why not bailout the workers?

And what about the more than 10,000 small- and medium-sized businesses that fail and close their doors every year? Why not bail them out?

There is no justification for the new Grumman bailout loan. Grumman's problems are of its own making. It was Grumman who intentionally underbid by approximately $500 million to obtain the F–14 contract. It was Grumman who failed to produce the F–14 aircraft for the agreed upon price. As a result, the Navy generously tore up the original contract, allowed Grumman to default, and entered into a new agreement.

My colleagues will recall the debate we had in this chamber on September 25 of last year when the new agreement was announced.

The distinguished chairman of the Tactical Air Power Subcommittee explained to us at that time that the new contract had been signed. A letter from the Deputy Secretary of Defense was placed into the RECORD. In that letter Deputy Secretary William P. Clements said:

> The Navy has now completed negotiations on these matters. . . .
>
> The FY 1974 contract for the 50-aircraft program upon which the Navy and Grumman have agreed is a fixed-price incentive instrument with an 80/20 share pattern on a target cost of $281.5 million. . . .

Now, what did Mr. Clements mean by an 80-to-20 share pattern. He meant that the Navy would pay Grumman progress payments for 80 percent of its costs incurred. The contractor, Grumman, was to finance the remaining 20 percent.

The 80-to-20 share is a standard arrangement on aircraft contracts. It recognizes that the Government must contribute the lion's share of working capital on expensive high-technology projects, but that the contractor also has a responsibility to contribute some of the financing.

On Sept. 25, 1973, I asked during the Senate debate whether the new contract had been signed. The distinguished Senator from Nevada stated that the contract had been signed on September 24. In my colleague's word, "the contract has been signed."

My inclination at the time was to hold off from authorizing funds to be spent under the new contract until the Senate could have an opportunity to examine it.

I had a most interesting exchange on this point with my distinguished colleague from Missouri which is worth quoting:

> Mr. PROXMIRE. Does it not seem wise, under these circumstances, to have hearings on this kind of contract, to develop a record, to have questions asked and answered, so that we can have a basis for judging as to whether or not to go ahead? Are we not really being asked to move in the dark on the basis of blind faith?
>
> Mr. SYMINGTON. There is already enough money to operate, on the basis of what the company and the Navy desire, until December. I do not see why at this time we should rush through this amendment without taking a real look at the contract along the lines suggested by the able Senator from Wisconsin. There is no reason why we have to do it right now.

Mr. President, we did not take the time to carefully examine the new contract. I recall my good friend, the senior Senator from Texas, assuring us that there was no bailout in the new agreement. The Senator said on September 25, 1973, less than 1 year ago:

> It is clear that there is no indication whatsoever of a "bailout" in the provisions of the contract and that the Navy and the contractor are ready to proceed.

I want to make it plain that I intend no criticism of my colleagues who urged last year that additional funds be authorized for the F–14 on the strength of the new contract. It is not common for committees to examine the details of contracts prior to authorizing funds to be spent under them.

But the F–14 was an unusual and in many ways a scandalous case. There were huge cost overruns and technical performance failures with which we were all familiar last September.

The Navy had demonstrated its facility for withholding information from Congress and for distorting the facts in order to obtain funds for new and ongoing programs. This facility had been employed to a disturbing degree with respect to the F–14 program.

The new F–14 contract was another exercise in fancy Navy footwork, and a predictable one I might add.

For the Navy neglected to tell Congress one vital fact about the new contract, which when it was announced was described as a firm binding commitment. But there was a loophole built into the agreement which meant that it was binding on the Navy only.

The loophole was that the Navy had promised to supply Grumman with financial assistance in the event that Grumman could not obtain it elsewhere.

In effect, the Navy promised to provide the contractor with 100 percent of its working capital rather than the standard 80 percent.

Think of that, Mr. President, 100 percent of its working capital rather than the standard 80 percent.

As a matter of fact, Grumman did not "execute" the contract, although we were assured that it had signed the contract in September. If anyone here understands the difference between signing a contract and executing it, so as to make it a binding agreement, I wish he would explain it.

In any event, Grumman refused to execute it in January of this year, a fact that was not discovered by the Armed Services Committee until late May. The Navy testified before Congress on its budget requests in March. It appeared before the Tac Air Subcommittee on March 21, 1974, on the F-14 program, and as the chairman of the subcommittee told us a few weeks ago—

> Not one word was mentioned by Navy witnesses about the fact that the company had refused to go ahead with the FY 1974 contract. I know of no instance when Navy or Defense Department officials were over here to testify on the FY 1975 budget request where they informed any congressional committee of this situation.

Prodded by the Tac Air Subcommittee the Navy sent a formal request for what in former years it would have done quietly and secretly without Congress even knowing about until long after the fact. The Navy has asked for authority to lend Grumman $100 million. The new loan would replace an earlier one whereby the Navy loaned $54 million to Grumman.

The new loan, in effect, is intended to substitute a 100-to-0 share agreement for the standard 80-to-20 arrangement. The Navy wants permission to continue providing this private corporation with 100 percent of its working capital, not only on the F-14 but on three other aircraft programs as well.

The new loan agreement is a tightened up version of the earlier one. For that I congratulate the Tac Air Subcommittee. Apparently, Grumman will not be able to use Government funds borrowed at low interest rates in order to invest in short term high interest paper, as it has been doing up to now.

However, what is in question here is not the terms of the agreement but the fact of the loan itself. Why should the Navy lend taxpayers' money to a giant aerospace firm?

According to Navy testimony Grumman would be in great financial difficulty without this loan. Adm. Kent Lee testified:

> Mr. Chairman, I think Grumman would have a very difficult time paying bills. They would not be able to meet their payroll. And I think they would not be able to deliver the airplanes, the F-14s, the EC-2s, the A-6Es and the EA-6Bs.

That is pretty pallid testimony, it seems to me, on which to base a $100 million Government loan. Grumman did not testify in any of the hearings. What do we really know about Grumman's financial need for the loan. There is no hard evidence in the record of any hearing to support the proposition that it will go out of business if it does not get the Navy bailout loan.

More importantly, the bailout loan is objectionable regardless of Grumman's financial condition. It is a bad precedent. We should not perpetuate the policy of bail before they fail—a policy of socialism for the large corporations and capitalism for everyone else.

We should not cave-in to direct or implied threats by defense contractors that we bail them out or else. The or else, of course, is that if we do not bail them out they will not deliver weapons that are vital to our national security. If any giant defense contractor wants to engage in a strike against the national security interests of the Government and the Nation, we ought to accept the challenge.

There are, in my judgment, a number of options available, including bankruptcy and reorganization. There is plenty of power on the part of the Federal Government to have these weapons produced. The President has that kind of authority. He can use it. Obviously, if the national defense were in any jeopardy whatsoever, he would use it.

We ought to reject this loan, and I urge Senators to support my resolution.

Mr. SYMINGTON. Will the Senator yield?

Mr. PROXMIRE. I yield to the Senator from Missouri.

Mr. SYMINGTON. Mr. President, in a certain foreign country there were negotiations as to whether or not that country would purchase F-14 aircraft or F-15 aircraft. The F-15 aircraft is made in my State. Several times the company asked, "Why can we not get our bid in along with the bid of the F-14?"

I said, "Why do you not put the bid in yourself?"

They said, "We are not allowed to. The Government is making all bids to the country in question."

This went on for many months, with a refusal on the Department's part to put in its bid on the F-15 at the same time they were putting a bid in on the F-14.

This is pertinent. As illustration, I have a letter from Defense, dated June 11, 1974, roughly 2 months ago, which states, "the total program cost for the F-14 is $19.8 million; the total program cost given for the F-15 was $11.1 million."

I ask unanimous consent that the table showing the breakdown be included in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

F-14 AND F-15 PROGRAM COSTS

[Unit cost in millions of fiscal year 1974 dollars]

	F-14	F-15
Program quantity [1]	334	749
R. & D.[2]	$5.3	$2.8
Flyaway	10.6	6.9
Spares and support	3.9	1.4
Program unit cost	19.8	11.1

[1] Present program quantities for F-14 and F-15. The SAR unit costs are $17,900,000 in then-year dollars for the F-14 and $12,000,000 for the F-15. The F-14 constant dollar cost is higher than the F-14 then-year cost because of the proportion of the F-14 program funds expended prior to fiscal year 1974.

[2] F-14 R. & D. costs include $371,000,000 of F-14B development funds.

Mr. SYMINGTON. Mr. President, when the figures were offered by this Government, the price for both airplanes—despite this difference of many millions of dollars—was between $13 and $14 million. No one has ever adequately explained this. It is something which should be looked into carefully from the standpoint of future negotiations. The manufacturers were not involved. The Government was handling the operation.

Mr. PROXMIRE. Will the Senator yield to permit me to clarify the parliamentary situation?

As I understand, the debate is terminated at 12:30. I would like to ask the Presiding Officer how much time we have on this side, and how much time remains on the other side. I do want to yield time to the Senator from Arizona.

The ACTING PRESIDENT pro tempore (Mr. METCALF). The Senator from Wisconsin has 6 minutes remaining. The other side has 45 minutes.

Mr. PROXMIRE. I am happy to yield another 2 minutes to the Senator from Missouri.

Mr. SYMINGTON. I did not know there was a time limitation and ask unanimous consent that my time be extended for 5 minutes.

The ACTING PRESIDENT pro tempore. Is that in addition to the time allotted already in accordance with the unanimous-consent agreement?

Mr. PROXMIRE. Mr. President, I make a unanimous-consent request that the debate be extended to 12:40, so that there will be an additional 5 minutes for the opponents and proponents.

Mr. SYMINGTON. Mr. President, I can complete my statement within that time.

The ACTING PRESIDENT pro tempore. Is there objection? The Chair hears none, and it is so ordered.

Mr. SYMINGTON. Mr. President, I support the Proxmire resolution to disapprove the request for the advance payment to Grumman for the F-14 airplane.

On July 24, 1974, the Tactical Air Power Subcommittee, of which I am a member, received testimony from the Navy re their request for authority to continue making advance payments to Grumman, not to exceed $100 million, with respect to the F-14 contract.

At that hearing the Navy confirmed that by taking advantage of the skyrocketing interest rates, Grumman used the money that had been loaned to them by the U.S. Government at a rate of $6\frac{7}{8}$ percent and reinvesting that cash in short-term securities for about a 10-percent return. As a result of this situation, over the past year and a half, Grumman earned $2.8 million in interest on its investments in marketable securities.

This is indeed an incredible development, particularly in view of the fact that the money the Government was loaning Grumman cost the Government, and hence the American taxpayer, $9\frac{1}{8}$ percent.

The new agreement on advanced payments proposed by the Navy during the hearing noted above appeared to be heading for the same pitfalls as before—this time Navy was going to lend money to Grumman at $9\frac{1}{8}$ percent when the prime rate currently is at about 12 percent. Also apparently they had no plans to initiate adequate controls over the funds advanced.

Because of the persistence of the chairman of the Tactical Air Power

Subcommittee, however, the Navy has now proposed a revised agreement with Grumman which provides for better controls plus interest at the prime rate plus one-half of 1 percent, or the Treasury rate, whichever is higher.

I commend the Senator from Nevada for his efforts in reaching a much improved agreement on this matter; however, I do not believe we have sufficient evidence to support his underlying premise—that Grumman really needs this new advance payment of $100 million or that it is in the best interest of the taxpayer and the capitalistic system that the Congress continues to bail out this contractor.

We have heard no testimony from the Grumman Corp., as to why it is not possible for them to obtain private bank financing. Nor have we ascertained whether this is just another in a long string of bailouts.

Because of these unanswered questions, I support the resolution of the senior Senator from Wisconsin to disapprove this request for $100 million in advance payments to Grumman for the F–14 program, and I hope the Senate rejects the request.

Mr. **PROXMIRE.** Mr. President, I yield 5 minutes to the Senator from Arizona.

Mr. **GOLDWATER.** Mr. President, it is not easy for me to stand in opposition to my chairman of the Tactical Air Subcommittee, with whom I serve, because I have the highest respect for him, and I know that he has worked very diligently on this problem. In fact, I have sat through hearings with him on it, not just 1 year but many years.

Mr. President, if we have to settle this matter by allowing Grumman to have more money, then the Cannon idea is the best one we have talked about. I did not approve this in subcommittee or in full committee, any more than I approved the Lockheed loan.

I agree with my friend from Wisconsin that it is not the duty of the Federal Government to bail out American corporations of any size. I say this also reluctantly, because I have flown in the F–14, and it is one of the finest aircraft I have ever been in. There is no question that it has great superiority in its field.

I have felt for quite some time that the giant Grumman Corp., with its very complicated infrastructure, could be rewoven or reput together, so that the corporations they have that make money could help bail out this one, the Aerospace Corp., which obviously cannot make money.

I would like to see Grumman try this before having to become completely dependent on the Federal Government.

I know that the question will be asked, "Suppose this one Grumman corporation goes bankrupt? What will happen to the F–14?" I do not like to think about losing an aircraft like the F–14; but I have never liked paying the price we are paying for that one fighter airplane, any more than I like the price we are paying for one fighter airplane, the F–15. While either of these might be better than the F–16 or the F–17, the lightweight fighters, they are not better than three or four of them, which is what we could buy for the same price.

Mr. President, much as I dislike doing it, I have to urge the adoption of the Proxmire resolution. That is no reflection on my friend from Wisconsin. It is an attitude and a position I take today that is very contrary to the position I have taken before. In fact, a friend in the Chamber just came up and said he never thought he would live to see the day when the senior Senator from Texas and the junior Senator from Arizona were against each other. I suppose it will be only this once. But in the interest of getting something straightened out that I think, frankly, is the problem of the corporation and not Congress, I am going to support the Proxmire resolution. I hope that, in the same interest, so that we can get this perpetual headache solved, other Members of this body will support it, also.

Mr. **CANNON.** Mr. President, first, let me say that I dislike being on the opposite side from two of the members of my subcommittee. I agree with them almost a hundred percent on the factual statements they have made. I do not agree with them on the conclusion that the best interests of the Government would be served by adopting the Proxmire resolution.

I should like to synopsize, very briefly, the major issues about the Navy-Grumman defense payments situation. First, I should like to discuss what advance payments are.

Aircraft production contracts normally are fixed-price type and the Government provides 80-percent progress payments. The contractor must finance the remaining 20 percent of the costs to build the airplanes out of his own funds or by using commercial bank credit. When the airplane is delivered the remaining 20 percent of the price is paid by the Government.

If a contractor gets in financial difficulty and cannot finance that 20 percent of the cost, then the Government can provide that financing through the use of advance payments. The contractor must pay interest to the Government on this money. Therefore, advance payments can be considered to be extra progress payments and at the same time they can be considered to be a Government loan. In either case the Government does not provide funding beyond the actual costs incurred on this contract.

Mr. President, the distinguished Senator from Wisconsin made the statement that there would be a rise in cost to the Government. That is absolutely a false or an erroneous statement. It is just not the case. The advance payments are only advances as a part of the total contract price that must be paid for these airplanes.

Second, why are advance payments required by Grumman in this instance?

Grumman lost $220 million on the original F–14 contract package fixed-price contract. When the magnitude of these losses was exposed in 1972, Grumman's banks withdrew their line of credit. Because of the large losses Grumman did not have the internal financial resources to finance the 20 percent of the costs on their Navy airplane contracts. Therefore, the Navy had to step in and provide advance payments financing or have Grumman unable to continue production.

Mr. President, I think that is a very important factor here—that Grumman has a number of contracts with the Government, as I will describe later, and the Government had to step in or lose the production on all those contracts—lose the end product, which certainly would damage the security posture of our country.

Third, what are the terms of the new advance payments agreement?

Our Tactical Airpower Subcommittee held hearings on the Navy request to continue these advance payments on July 24, 1974. These hearings were preceded by a thorough staff investigation. We exposed the fact that the Navy had been lending Grumman the advance payments funds at a low rate of interest, 6⅞ percent, which as interest rates soared in 1973 and 1974, had resulted in lending the money at less than the costs to the Government to borrow it.

Mr. President, this was based on an original agreement that had been entered into much earlier, at a time when the cost of money to the Government was lower than 6⅞ percent. Also, Grumman was permitted to reinvest any excess cash balance on hand in short term, interest bearing securities which earned a profit and considerably defrayed Grumman's borrowing costs. We also found that the Navy was lax in its audits and controls over Grumman's needs for cash.

Mr. President, I do not like to see Grumman having made a profit of $2.8 million on that investment in short-term securities. But it was good, commonsense business judgment for them to do so as long as they had no prohibition in the agreement. Had I been in their management, I would have followed that same course of action.

But I think it is the Navy's fault for permitting a contract like that to exist. It was on a 30-day basis of the projection for required funds; therefore, Grumman might have not needed all the funds for the entire 30 days, and used good business judgment in reinvesting in short-term securities. They earned $2.8 million at the same time they paid the Federal Government something in excess of $4 million in interest for their entire advance payments.

As a direct result of our hearings, and in response to our recommendations, the Navy and Grumman rewrote their agreement and tightened up the loopholes. The new agreement calls for interest at the commercial prime rate plus one-half percent, or the Treasury borrowing rate, whichever is higher.

I must say, that type of agreement is the type that should have been entered into between the Navy and Grumman initially, but we found that it was not, and we insisted that this be done in the present agreement that has been entered into for the advances that are being requested at the present time.

Cash advances now will be made only

for documented needs for costs incurred on the Navy airplane contracts, either bills due or payroll requirements, which means it would be on a current basis, a day-to-day or a week-to-week basis, rather than on a monthly basis, as it previously was. Therefore, there would be no advance payments in the hands of Grumman, which they would have an opportunity to reinvest, and we prohibit that, in any event.

Also, payment and repayment will be made on a daily to weekly basis, and Grumman must repay the Navy advances outstanding before it can invest in short-term securities.

I believe that this new agreement's terms and conditions will close the loopholes that existed before if it is carefully administered. I also believe that it provides incentive for Grumman to return to commercial banking as soon as possible and at the same time put Grumman on a more fair and equitable basis with its aerospace competitors who do not receive advance payments, but who, I may say, as a general rule are required to pay about the prime rate for the money that they borrow. That is the provision that we have in here, that or the Government's borrowing rate, whichever is higher.

Fourth, and this is very important, Mr. President, what will happen if these payments are disapproved, if the Proxmire resolution is adopted today?

Mr. President, Grumman does not appear to have the financial resources to be able to continue its production contracts on the F-14 fighter, the A-6E attack bomber, the E-2C radar warning airplane, and the EA-6B electronic jamming airplane. Presently there are 93 F-14's under construction and 39 of those other aircraft for a total of 132 airplanes in some stage of production. In addition, there are another 50 F-14's in the fiscal year 1975 budget request, and 24 of the others. I think that we should all consider the total impact that stopping production on these 132 planes would have on the national defense. It appears clear to me that we must act responsibly when we consider this advance payments request and I believe it would be irresponsible to cut off this financing at this point in time.

Therefore, Mr. President, I strongly urge that the Senate reject this resolution of disapproval for continuing advance payments to Grumman.

Mr. PROXMIRE. Will the Senator yield to me on that point?

Mr. CANNON. Yes, I yield on the Senator's time.

Mr. PROXMIRE. I have practically no time left. I shall wait until the Senator is through.

The ACTING PRESIDENT pro tempore. The Senator has 4 minutes left.

Mr. CANNON. Mr. President, the distinguished Senator from Wisconsin has made a number of statements I want to take issue with. I shall do that very briefly.

First, he said this will raise the cost to the Government. That is absolutely not true. We have a ceiling price of $325 million for the 50 F-14 airframes, and that is the ceiling price. If it goes over that price, Grumman has to absorb it. Right now, it does not look as though it will go over.

Second, Grumman had already taken a $220 million loss at the time the original contract was scrubbed and the new contract was entered into. So they have suffered a very substantial loss.

The distinguished Senator from Wisconsin referred to Secretary Clements' letter, and he referred to the 80-20 percent. He said that this relates to the share of the advance payments. That is absolutely not correct. What it related to was the sharing of the costs over target, or the sharing of the costs under target.

It simply says this: The target price, the target cost, Mr. President, is about $282 million, and there is a target profit of about $20 million, to make a target price around $302 million. As I explained earlier, the ceiling price is $325 million.

If the cost goes over the target price of $302 million, the 80-20 figure that the Senator from Wisconsin used simply means that that would be the pro rata sharing of the cost over that target price and below the ceiling price, paid by the Government and paid by Grumman.

If it goes over the ceiling price, the Government does not have any obligation at all. So the Senator was interpreting Secretary Clements' letter quite incorrectly.

Mr. President, I point out again that while this is referred to as a loan, and maybe it could well be referred to as a loan, the point is that there is not $1 advanced to Grumman by the Navy for work that has not been performed, or materials that have not been purchased. So it is within the Government's obligation. It is simply above the amount of the obligation that the Government originally agreed to advance on progress payments. So it is not a loan of moneys in excess of the costs that Grumman has incurred at that time.

As I have said, we have a ceiling price here that has been negotiated, and that is the fixed price that the Government is obligated to pay at the top portion. Therefore, if an overrun is had, this would be Grumman's responsibility.

Mr. President, I understand the Senator from New York would like me to yield 5 minutes.

Mr. JAVITS. Two or three minutes.

Mr. CANNON. I yield 3 minutes to the Senator from New York.

Mr. JAVITS. Mr. President, I rise to support the position of the Senator from Nevada, the chairman of the Tactical Air Power Subcommittee, that the new Navy-Grumman agreement relating to advance payments should not be disapproved.

First, it is very well known that this Grumman facility is heavily located in my State. Hence, we have a State interest in the continuance of the company. But, Mr. President, we still have to make a showing to the Congress that Grumman substantively deserves the action which is proposed to be taken by the Department of Defense. It is in that respect that I am speaking now.

The real nubbin of the difficulty for this company is the matter of commercial credit at this particular time, and the fact that Grumman is exclusively dependent upon Government contracts for its solvency. The record of those who are exclusively dependent on Government contracts has been a very sorry one.

The theory of the public is that somehow or other, the Government is looted by contractors. But it has worked just in reverse in recent years, and contractors have been looted by the Government, in the sense that the costs have escalated so rapidly that they have simply been unable to keep up with them in the adjustments which Government makes. This is true not only for Government contractors in defense; it is true that we are having tremendous complaints from small business on the same grounds, that they are simply getting the skin taken off them by the contracts they make, which turn out to be improvident, and the Government contracting officers are very stiff. Mr. President, I can testify to the inability to get commercial credit, and considering the way in which Grumman has been locked in, it is very desirable for it to get out from under the U.S. Government control.

During the recent hearings on this advance payment agreement, several shortcomings were brought to light relating to the interest rate to be charged Grumman, the audit controls exercised by Navy, and Grumman's investments in marketable securities. Subsequent negotiations between Grumman and Navy satisfied the objections of the Tac Air Subcommittee and the new agreement set the following stipulations: First, the interest rate will be the prime rate plus one half percent, or the Treasury rate, whichever is higher; second, stricter audit controls are to be instituted by Navy, and third, investments in marketable securities are prohibited if there is any outstanding balance of advance payments.

Advance payments are issued only to cover costs incurred—such as materials bought and salaries paid. The Government regularly pays for such costs. On cost type contracts the Government pays up to 100 percent of the costs incurred. On fixed price contracts—the type Grumman has—the Government issues progress payments for up to 80 percent of the costs. The company has to finance the other 20 percent out of its assets or by borrowing. Advance payments are used only in the extraordinary circumstance that the company cannot finance the other 20 percent.

Grumman has been faced with just such an extraordinary circumstance. The company has had to absorb loss of some $220 million on the F-14. As a result of Grumman's losses and of a reduction in its net worth of over $100 million from 1970 to 1972, commercial banks withdrew their lines of credit. The Government stepped in with advance payments so that Grumman could continue production of vital defense aircraft.

The situation has improved. Grumman's 1973 financial reports show a return to a net profitable position. The Iranians recently ordered 80 F-14's. F-14 deliveries are now essentially on schedule. These factors present a very encouraging situation for the return of commercial financing. Nevertheless, Grumman is not yet able to get the commercial credit it must have to continue.

It has been said that we should not approve additional advance payments because Grumman has profited by using previous advance payments for short-term investments. It is true that under the prior method of managing the advance payments, idle cash balances were available for investment. This was a result of advance payments being made on a monthly basis. In managing cash to meet fluctuating needs, Grumman invested cash that was temporarily excess to their requirements in short-term U.S. Government securities.

The Navy and Grumman have now revised the advance payment procedures to permit withdrawals for immediate cash requirements and paybacks on a daily basis. They have changed the interest rate on advances to the greater of the prime rate plus one-half percent or the established Treasury rate. In addition, no investments may be made in marketable securities while advances are outstanding. Thus, any available cash balances over and above those required for meeting immediate cash requirements will be used to reduce outstanding advance payments balances. This will close the door on investments of excess cash in short-term securities.

So the revised advance payment agreement provides much tighter controls. These controls will prevent past practices which have given pause to approval of additional advance payments.

In view of these tighter controls, in view of Grumman's current inability to obtain commercial financing, and in the view of the essentiality of the aircraft Grumman is producing, I believe that we should approve the additional advance payments.

So, Mr. President, when there is that kind of an inducement, when we know the market situation in terms of commercial credit to be what it is, and when we have a major interest in continuing the production of the F-14, which now turns out to be an invaluable resource for our Defense Establishment, I believe a strong case is made to reject this resolution. Therefore, I ask that the Senate reject the Proxmire resolution disapproving these urgently needed advance payments.

I ask that my recent letter to Senator Cannon which further elaborates my position on this matter be printed at this point in my remarks.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

(See exhibit 1.)

Exhibit 1

U.S. Senate,
Washington, D.C., July 18, 1974.

Hon. Howard W. Cannon,
Chairman, Tactical Airpower Subcommittee,
Washington, D.C.

Dear Senator Cannon: The Tactical Airpower Subcommittee of the Senate Armed Services Committee will shortly be considering a communication from the Secretary of the Navy dated June 4, 1974 which notifies the Committee that "the Department of the Navy intends to increase advance payments to the Grumman Aerospace Corporation from the presently authorized amount of $54 million to $100 million under contracts placed with Grumman for the Navy's FY 1974 requirements for Models F-14, E-2C, A-6 and EA-6B aircraft." This notice is provided in conformance with the statutory requirements of Section 2307(d) of Title 10, U.S. Code, also incorporated in the FY 1974 Department of Defense Appropriation Authorization Act (P.L. 93-155, Sec. 807(c), which states that "Payments . . . may not exceed $25,000,000 unless the Committee on Armed Services of the Senate and House have been notified in writing of such proposed payments and 60 days of continuous session of Congress have expired following the date on which such notice has transmitted to such Committees and neither House of Congress has adopted, within such 60-day period, a resolution disapproving such payments."

During the House Committee consideration of this matter, several points were raised by Vice Admiral Lee, the Commander of the Naval Air Systems Command, which are very supportive of the Navy's request which I would like to bring to your attention.

First is, the fact that the advance funding will not cost the government more money because Grumman will be paying interest on the advance at a rate set by the Department of the Treasury.

Next, Admiral Lee made the point that it is Grumman's desire, and also clearly in Grumman's best interest, to get back on commercial credit as soon as possible. The reasons cited include: restrictions in Advance Payment Agreement which place all free assets of the Company under control of the Navy; the Company cannot merge or acquire stock in any other company without specific Navy approval; capital expenditures are limited in amount; salaries, commissions and bonuses of officers and key employees are controlled; Grumman Aerospace Corporation cannot pay dividends to its parent corporation in excess of 50% of its after-tax profit; and uncertainties of continuing financing.

However, a key factor in Grumman's ability to return to commercial credit hinges on an agreement with the Government of Iran to purchase 30 F-14's, and the U.S. Government's agreement to step in if the Iranian Government completely or partially terminates the agreement. Since the Department of Defense has been reluctant to enter into this unprecedented agreement with Iran without further study, and since banks are unwilling to extend credit to a company totally dependent on Government contracts for its financial stability, Grumman is not yet able to return to commercial credit.

Finally, the Navy position, which is based on a daily scrutiny of Grumman's business procedures, is that without the advance payments of $90-$100 million, the Company will be forced out of business. Admiral Lee emphasized at this point, that the "pool agreement" with Grumman under which these advance payments are made is such that it applies not only to the F-14, but also the A-6E, the EA-6B, and the E-2C, so that every plane which the Government procures from Grumman is involved in this situation. Admiral Lee also pointed out that Grumman is on schedule with regard to all these planes.

These facts point up the seriousness of this situation as it is permitting the Government to procure essential military weapons and serves also to support the need for giving every consideration to the request for these advance payments.

Accordingly, I urge you to consider this matter most thoughtfully in your hearings on July 24, 1974.

In order for the Committee to be apprised of my support of this request, I would like to have this letter made part of the official hearing record.

With best wishes,
Sincerely,
Jacob K. Javits.

Mr. CANNON. Mr. President, I yield 1 minute to the Senator from Arkansas.

DEPARTMENT OF DEFENSE APPROPRIATIONS, 1975

Mr. McCLELLAN. Mr. President, the Defense Appropriations Subcommittee met today and agreed to recommend to the full committee an appropriation of $81.9 billion for the Department of Defense for fiscal year 1975.

This amount is $1.3 billion under the House bill and $5.059 billion below the amount requested by the administration. The amount recommended represents a budget cut of 5.9 percent.

We have gone over each and every item in this bill and made every effort to set a funding level for programs and procurement that would maintain our defense capability and yet be realistically alined with the present state of our economy and fiscal affairs.

This bill will not please everyone. Some would want to cut more, others would like to add to what we have done—to restore some cuts we have recommended. But, the bill represents our best judgment in today's perspective.

The bill will be considered by the full committee this Friday and copies of the proposed report will be made available to all Members as soon as possible. I would hope that the leadership would give all Members an opportunity to review the report before scheduling the bill for action on the floor.

I shall not discuss details of the bill at this time, but I would mention that we did go along with the House allowance of $700 million for MASF—South Vietnam—which is $750 million below the budget request.

I thank the Senator for yielding.

Mr. CANNON. Mr. President, I yield 5 minutes to the distinguished Senator from South Carolina.

DISAPPROVAL OF ADVANCE PAYMENT POOL AGREEMENT BETWEEN THE U.S. NAVY AND GRUMMAN AEROSPACE CORP.

The Senate continued with the consideration of the resolution (S. Res. 380) to disapprove an advance-payment pool-agreement between the U.S. Navy and Grumman Aerospace Corp.

Mr. THURMOND. Mr. President, the Tactical Air Power Subcommittee of the Senate Armed Services Committee has considered the matter of advance payments for the F-14 Navy aircraft program with great care.

The recommendation to approve extension of these payments was made after thorough hearings and extensive investigation by the staff. This extension is the only course consistent with the Navy's and the taxpayer's best interest.

The contractor cannot obtain commercial financing. At this time the only alternatives are to continue use of advance payments or to stop production of aircraft like the F-14, the A-6, the EA-6B, and the E-2C. The latter is unthinkable. These aircraft are absolutely essential to our defense posture.

Mr. President, the Senator from Nevada (Mr. CANNON), the subcommittee chairman, and other committee members have worked hard to develop an agreement which keeps this program going but is devoid of any other aid to the contractor. I congratulate the distinguished Senator from Nevada (Mr. CANNON) for the great service he has performed in this matter.

The agreement, already explained by Senator CANNON, is quite different from that recommended to the subcommittee by the Navy. It is a tight agreement and severely restricts the contractor in use of the extra advance payments. It prescribes a floating interest rate that is equal to the prime rate plus one-half percent or the published Treasury rate, whichever is greater.

This new interest rate will insure that the contractor will not receive a competitive financing advantage. Moreover, it will insure that the Government will be paid at least or more than enough to cover the cost of its own borrowings.

The Tactical Air Power Subcommittee also learned that the original advance payment agreement provided for monthly withdrawal of funds based on monthly projected cash flow requirements. Sometimes the contractor invested some of the withdrawals remaining idle in 1- to 3-day securities.

The revised, tighter agreement permits withdrawals paid only on presentation of itemized documentation of immediately due payments. Usually withdrawals will be made only for payments due the same or the next day. In no case will withdrawals be permitted for payments due more than 5 days thereafter.

Use of these advance payment funds for investments of any kind are now strictly prohibited, except that investments in U.S. Government securities are permissible during periods when no advances are outstanding. Any such investments must be liquidated before additional advances can be made.

Lastly, there is to be separate accounting for the contractor's receipt and expenditures of every advance payment dollar. This will provide a means of assuring that the advance payments are used only for the specifically intended purposes.

Mr. President, with these improvements, the revised advance payment agreement constitutes a vehicle that provides essential financing yet fully protects the interests of the Government and the public. Therefore, in view of these safeguards, I urge that the Senate reject the proposed resolution.

The ACTING PRESIDENT pro tempore. Who yields time?

Mr. CANNON. I yield 2 minutes to the Senator from Texas.

Mr. TOWER. Mr. President, involved here are the production of several important combat aircraft in the naval inventory: The F-14, the A-6E attack bomber, the E-2C radar warning aircraft, the EA-6B electronic jamming airplane—these are all built by Grumman, and are all vital parts of the Navy air arm. There are no other aircraft that can replace them in the Navy inventory; and when it is not costing the Department of Defense or the American taxpayer an additional cent to make these advances, then I see no reason why we should jeopardize the production of these important combat aircraft. Therefore, I express the hope that the amendment of the Senator from Wisconsin will be soundingly rejected.

Mr. CANNON. Mr. President, I yield 2 minutes to the Senator from New York.

Mr. JAVITS. Mr. President, while I was not on the floor, I understand two questions arose in the debate to which we have tried to get the answers, which I would now like to make a part of the record.

We asked Grumman about why they did not testify in 1974 on this matter. They said they were not asked, and that when they testified in 1973, they showed that exactly this would happen to them, and the facts have not changed. But they were not asked to testify in 1974, is their contention.

As to the second point, I understand the Senator from Arizona (Mr. GOLDWATER) made the point that Grumman ought to restructure, so that the money-making divisions would support the Aerospace Division, which is losing money.

The company tells us that 87 percent of Grumman is the Aerospace Division, and it simply could not be supported by the remaining divisions which are solvent.

Mr. CANNON. Mr. President, I reserve the remainder of my time.

Mr. PROXMIRE. Mr. President, how much time do I have remaining?

The ACTING PRESIDENT pro tempore. The Senator has 4 minutes remaining.

Mr. PROXMIRE. I yield myself 4 minutes.

I ask unanimous consent that Richard Kaufman of the staff of the Joint Economic Committee be permitted to remain on the floor during the consideration of this measure.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. PROXMIRE. Mr. President, let me summarize the case by pointing out a few pertinent points.

First, there is no evidence in the record that the Navy could not continue making advance payments to Grumman without the new loan. The Navy has been making advance payments and is required under the contract to continue making advance payments of up to 80 percent of the costs incurred.

Second, there is no evidence in the record, other than the opinion of a Navy admiral, that Grumman could not meet its payroll without the new loan, or that it will go out of business if the loan is not approved.

The Senator from New York just stated that Grumman was not required to testify this year, and that the facts have not changed since 1973. But the fact is that conditions have changed since 1973. In 1973, Grumman lost money. In 1974, Grumman made money—something like $26 million, on the basis of their most recent financial report.

The facts are that Grumman made a healthy profit, as I say, last year, and declared generous dividends to its stockholders.

Any Government loan to a Government contractor is a bail-out. The loan represents a special favor to a privileged giant aerospace firm that claims commercial credit and private financing is not available. When the Government acts as lender of last resort, it is engaged in a bail-out operation, and the very least we should do is require Grumman to present evidence that this year they have tried to obtain commercial credit and it has been denied. Recognizing that, the commercial firms, as I say, get advance payments up to 80 percent, there is no dispute about it.

The policy of bailing out large firms is inflationary and discriminatory. It discourages efficient operations. As I point out, this has been done again and again and again. This is not the first instance, but I hope it is the last, and that is why I think this ought to be disapproved. We bailed out Lockheed, we bailed out Litton, we bailed out Rockwell International, we bailed out General Dynamics.

When these firms know they are going to be bailed out there is far less incentive for really cracking down on waste.

Probably the strongest discipline in the free enterprise system is the fear of failure, the fear that you are going to go bankrupt, and this is at tremendously effective development in making our free enterprise system work. When we eliminate that by saying the Government is going to step in, there is no question about the fact that the operations will be less efficient and the performance of these defense contractors is the best evidence of that.

It certainly creates unfair competition, as the Senator from Missouri has documented so well, with respect to McDonnell-Douglas. It does add to Government costs because it establishes this precedent. The contractors know they are going to be bailed out. All they have to do is come to the Government, and the Government will take care of it, and they do not have to worry about operating with the kind of efficiency that is necessary and desirable.

For all these reasons, Mr. President, I do hope that this resolution is approved.

I reserve whatever remains of my time.

The ACTING PRESIDENT pro tempore. The Senator from Nevada.

Mr. CANNON. Mr. President, I yield myself 1 minute further.

I point out to the distinguished Senator from Wisconsin that we, with our staff, did review Grumman and Navy records. But much of that review involved proprietary information which was not and, in fairness to the company could not, be made a part of the public record.

We follow that practice in any of our investigations where it involves proprietary information.

The committee and staff are satisfied that Grumman could not get along without the advance payments.

If the resolution of the Senator from Wisconsin (Mr. PROXMIRE) were approved right now, there are outstanding $52 million in advance payments from the Government to Grumman, and it would mean that these advance payments would have to be withdrawn and liquidated which, obviously, would put Grumman in an untenable position and, as the distinguished Senator from Texas pointed out, we have a number of very important defense contracts that are presently ongoing with this company. I agree with the basic principle of the Senator from Wisconsin which he is trying to make, and I do not think we ought to do this as a general practice but, in this situation, we are in a position where I think the best interests of the U.S. Government will be served if we do follow out the proposal with the tightened up provisions that we in the Tactical Airpower Subcommittee forced upon the Navy and Grumman to permit these contracts to go ahead. I hope the resolution will be defeated.

Mr. President, I am prepared to yield back the remainder of my time.

Mr. PROXMIRE. Mr. President, I am prepared to yield back the remainder of my time.

I would like to make one point, and that is that two Senators in this body who understand the way defense contractors operate, understand our defense establishment as, perhaps, no other two Senators do, Senator SYMINGTON of Missouri and Senator GOLDWATER of Arizona, both support this resolution and both of them, I am sure, would not support the resolution if there were any question that it would cause any damage to our national defense.

Mr. SYMINGTON. Will the Senator yield?

Mr. PROXMIRE. Yes, I yield.

Mr. SYMINGTON. Both are members of the Tactical Air Power Subcommittee.

Mr. PROXMIRE. Both are members of the Tactical Air Power Subcommittee and have as much information as any other Senator on this matter.

It seems to me the Senate can competently support the resolution without any fear that it would damage our national defense.

I yield back the remainder of my time.

The ACTING PRESIDENT pro tempore. The Senator's time has expired; the Senator from Nevada has yielded back his time; all time is yielded back. The yeas and nays have been ordered, and the vote cannot come until 2:15.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. LONG. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

SUSPENSION OF DUTIES ON CERTAIN CLASSIFICATIONS OF SILK

Mr. LONG. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of H.R. 7780, Calendar No. 1016.

The ACTING PRESIDENT pro tempore. The clerk will report the bill by title.

The legislative clerk read as follows:

H.R. 7780, an Act to extend for an additional temporary period the existing suspension of duties on certain classifications of yarns of silk.

The ACTING PRESIDENT pro tempore. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill which had been reported from the Committee on Finance with amendments on page 1, in line 10, after the comma, strike out "after November 7, 1973" and insert "for consumption on or after the date of the enactment of this Act.

On page 2, beginning with line 1, insert:

(c) Upon request therefor filed with the customs officer concerned on or before the sixtieth day after the date of the enactment of this Act, the entry or withdrawal of any article—

(1) which was made after November 7, 1973, and before the date of the enactment of this Act, and

(2) with respect to which there would have been no duty if the amendments made by subsection (a) applied to such entry or withdrawal,

shall notwithstanding the provisions of section 514 of the Tariff Act of 1930 or any other provision of law, be liquidated or reliquidated as though such entry or withdrawal had been made on the date of the enactment of this Act.

SEC. 2. (a) Section 613(c)(4)(E) of the Internal Revenue Code of 1954 (relating to treatment processes considered as mining) is amended by inserting after "phosphate rock," the following: "the decarbonation of trona,".

(b) The amendment made by this section shall apply to taxable years beginning after December 31, 1970.

Mr. LONG. Mr. President, the House-passed bill would continue from November 8, 1973, through November 7, 1975, the suspension of duties on certain classifications of yarns of silk. The committee bill does not substantially modify the House bill, but includes an amendment unrelated to the subject matter of the House bill.

The committee amendment deals with the treatment processes which are treated as mining in computing the percentage depletion allowance for trona. The committee amendment provides that the decarbonation of trona is to be treated as an ordinary treatment process. The effect of this is to continue, as provided prior to 1971, to allow percentage depletion on trona based on the value of soda ash extracted from it.

This matter was voted on in the Senate previously, Mr. President, and it was appended to a previous bill which eventually we found it necessary to recommit to the committee. The Senate vote on this measure was in favor of the amendment, which has been added to the bill.

I hope the Senate will agree to the bill and the amendment.

Mr. PROXMIRE. Will the Senator yield on this?

Mr. LONG. Yes.

Mr. PROXMIRE. For the convenience of the Senate, I would like to get a rollcall vote on this section I oppose.

I think the best way to handle it, although I would handle it any way, is up and down on the committee amendment, rather than have to move to strike it, but I can do it any way.

Mr. LONG. I think the best thing is to vote on the amendment.

There is, I believe, a technical committee amendment on page 1. I would ask unanimous consent that the technical amendment on page 1 be agreed to down to line 13 on page 2. That would then take us to the committee amendment which the Senator opposes.

Mr. PROXMIRE. Very well, Mr. President.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PROXMIRE. I would like to ask for the yeas and nays on adoption of the committee amendment on trona.

The yeas and nays were ordered.

Mr. PROXMIRE. Mr. President, I oppose the committee amendment.

May I ask the acting majority leader, if we limit debate on this to probably 15 or 20 minutes or less, will we vote at that time, or later on?

Mr. ROBERT C. BYRD. There is a rollcall vote on the other matter at 2:15 today. This could very well be disposed of prior to that, if agreeable to all Senators.

Mr. GRIFFIN. Could we make it 2?

Mr. LONG. Why do we not simply allocate time? I doubt the committee will use all its time. Can we agree to 15 minutes on each side?

Mr. PROXMIRE. That is fine with me.

Mr. ROBERT C. BYRD. Mr. President, I so request.

Mr. GRIFFIN. Mr. President, reserving the right to object, then we would vote in half an hour?

Mr. LONG. Yes.

Mr. GRIFFIN. I object.

The PRESIDING OFFICER. The objection is heard.

WHY THE PROVISION TO ALLOW PERCENTAGE DEPLETION FOR SODA ASH FROM TRONA SHOULD BE DEFEATED

Mr. PROXMIRE. Mr. President, I rise to oppose the committee amendment.

The committee amendment to H.R. 7780, which would allow certain treatment processes to be allowed in computing the 14 percent depletion allowance for trona ore, is a classic example of how the Internal Revenue Code has been filled with loopholes, potholes, truckholes, exceptions, and special favors since its inception.

This amendment exemplifies, as few others can, why there are a large number of Americans who make very large incomes but who pay virtually no tax at all.

It was just such a minor amendment to a tax bill which resulted in the so-called unlimited charitable deduction which along with oil depletion, excessive capital gains treatment, and a few other choice tax provisions, was the major reason why several hundred taxpayers with very large incomes paid little or no taxes at all.

So here we have what is called a minor amendment to a very minor tax bill dealing with the classification of yarns of silk which could very well set a new precedent for depletion which would eventually cost the taxpayers tens and hundreds, even billions of dollars. That is why this so-called minor amendment should be fought and defeated.

WHAT IS IT ALL ABOUT

First of all, who benefits from this bill? While the committee report does not tell us, this bill would benefit a certain number of major companies which mine trona ore, about half of it in Wyoming.

The companies to be benefited include Allied Chemical, Gulf, FMC, and Stauffer Chemical, among others, some of the biggest and most profitable companies and conglomerates in the country.

What these companies want is this amendment which would allow them to deduct a higher percentage depletion allowance than they would normally be entitled to.

Here is how it works.

The percentage depletion allowance granted by section 613 of the Code is a deduction from income for part of the costs of mining an ore. Companies get a 14-percent depletion allowance for trona ore.

Many of the companies process the ore from the ground through to the finished product. Since depletion is for the ore and depleting the ore, the issue is how much of this is actually mining and how much of the value is processing and when does one start and the other end?

Generally, the cutoff point for determining the base is when the ore first reaches a marketable form. When a process changes the chemical composition of the ore is considered a part of refining and not mining.

What these companies want is to include what is called the calcining process—which is really a part of the processing—as a part of the mining. This builds up the base and means that a 14-percent depletion allowance is applied to a much bigger dollar amount than it would otherwise be.

But the principle, which is wrong and which can cause absolute chaos in our tax laws, is that this bill would allow the depletion allowance for what is in fact a refining process, rather than mining.

If that can be done, then oil companies will argue they should get depletion on refining as well as the value of the oil as it comes from the ground.

While this may appear to be a minor bill, it has very bad and very far-reaching implications.

After all, depletion allowance applies not only to oil, it applies to many, many other areas. In the past it was applied to the depletion of the amount of minerals in the ground, and applied to processing, it seems to me that there is no end in sight. It can be applied to every aspect right up until consumption.

TREASURY OPPOSED

Now the Treasury Department is opposed to the bill. They see its implications and they know how bad it is.

The companies argue that in 1959 there was a promise or statement in the hearings on the 1960 tax revision which essentially agreed that the soda ash or calcining process would be allowed as depletion. The Treasury says this was either a misinterpretation or a mistake.

The Treasury has leaned over backward to be fair about this. Even though the 1960 law did not allow the calcining process to be counted as depletion, the Treasury did not actually change its practices until January 1, 1971, after it had publicly announced the change.

From then on, it has disallowed "calcining" as a part of the base on which the 14-percent depletion allowance can be taken. It has said that that is a process of refining and not a mining operation. And since soda ash, the product, is made or brought about through other methods, this seems to be absolutely clear.

It is so clear, in fact, that the companies have come in here to seek relief because the Treasury is opposed to their views and they obviously do not have a case in court or they would have taken that route.

DOUBLE THE COST

Here we have an amendment—really a private bill—to help some of the biggest corporations and conglomerates in the country.

This bill would set a very bad precedent. It would establish that depletion is allowed for manufacturing or processing or refining and not just for the value of the ore as it is taken from the ground. The implications of that are vast and could eventually cost the Treasury billions of dollars.

In the immediate future, the $2 million loss would increase to at least $4 million annually for the industry's projected expansion is to double the present output by 1980.

For all these reasons the Senate should reject the committee amendment.

Mr. President, I yield the floor.

The PRESIDING OFFICER. Who seeks recognition?

Mr. LONG. Mr. President.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. LONG. I believe that the committee report fairly clearly states the committee position. It is the view of the committee that this amendment merely states the law to be what the committee has always construed it to be.

I read on page 3 of the committee report:

> The problem that exists relates to statements made during the hearings in 1959 before the Committee on Ways and Means with respect to the Treasury Department proposal which specified the treatment processes which would be considered mining for purposes of computing percentage depletion. (Essentially, this same proposal was contained in the Senate amendment which was enacted in 1960, as described above.) The Treasury representative in response to the question of whether the Treasury proposal would prohibit the present practice of allowing decarbonation of soda ash said that it was not intended.

So it is clear, Mr. President, that the way the Treasury explained to the Ways and Means Committee what was intended would have permitted the depletion allowance to be taken against the process involved here.

To again read from the report:

> In 1971, the Treasury Department announced, while finalizing regulations dealing with the new code provision relating to ordinary treatment process, that for the future it will disallow the so-called "decarbonation" or "calcining" process as an ordinary treatment process with respect to trona; in effect, this would treat it as a non-mining process. This means that percentage depletion would not be based on the market value of soda ash extracted from trona, but rather on the value of trona as mined, including certain other mining processes attributable to trona. Although the Treasury Department concedes there is some justification for the argument that there were assurances given in 1959 that in the case of trona no change was intended, the Treasury states that the 1959 representations were in error and based on mistaken assumptions. However, in view of these representations the Treasury has indicated that it will allow the calcining as an ordinary treatment process for all years through 1970, the year it announced its intention not to treat the "decarbonation" process of trona as a mining process.
>
> The committee has concluded that the trona miners should be allowed to compute percentage depletion in the same manner as was allowed in the past and in the manner in which it was represented by the Treasury in 1959 would be the result under the new provision. The committee's decision is based on its belief that the decarbonation of the trona ore to eliminate water and carbon dioxide is essentially a concentration process which should be treated as an allowable mining process. To assure this result, the amendment provides that the decarbonation of trona is to be treated as an ordinary treatment process.

Mr. President, you would think that the people who make their investment in mining trona would be entitled to rely upon what the Treasury said the law would be. It is easy to see how people can be greatly upset, having gone into a profitable business and having invested their money, to find out it is not profitable at all because Treasury said it revised what the law was intended to be and what the law is.

Having done that, Treasury decided they were in error, and, by changing their opinion, in effect, they very greatly increase the tax on the taxpayer.

Mr. President, the Senate voted to support the committee amendment previously, and I hope it will support it again.

Mr. BENNETT. Will the Senator yield?

Mr. LONG. I yield.

Mr. BENNETT. Mr. President, I would like to ask unanimous consent that the vote on this amendment follow the vote already scheduled for 2:15.

The ACTING PRESIDENT pro tempore. Is there objection? The Chair hears none, and it is so ordered.

DUTY-FREE TREATMENT OF METHANOL

Mr. LONG. Mr. President, in view of the fact that we are not voting on the pending matter, I ask unanimous consent that we proceed to H.R. 11251, Calendar 1017

Mr. BENNETT. Will the Senator yield for another unanimous-consent request?

Mr. LONG. Yes.

Mr. BENNETT. Procedurally, it is necessary to make a unanimous-consent request that the unfinished business be laid aside. I make that request.

The ACTING PRESIDENT pro tempore. Without objection, the unfinished business will be laid aside.

The bill will be stated by title.

The legislative clerk read as follows:

A bill (H.R. 11251) to amend the Tariff Schedules of the United States to provide for the duty-free entry of Methanol imported for use as fuel.

The ACTING PRESIDENT pro tempore. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Finance with amendments.

On page 1, after line 6, strike out:

"427.96	Methyl: Imported only for use in producing synthetic natural gas (SNG) or for direct use as a fuel......	Free	18¢ per gal.
427.97	Other.............	7.6¢ per gal.	18¢ per gal.".

and insert:

427.96	Methyl: Imported only for use in producing synthetic natural gas (SNG) or for direct use as a fuel.......	Free	18¢ per gal.
427.97	Other..............	7.6¢ per gal.	18¢ per gal.".

On page 2, in line 1 after "2." insert "(a)".

On page 2, beginning with line 5, insert:

(b) The rates of duty in rate column numbered 1 of the Tariff Schedules of the United States (as amended by the first section of this Act) shall be treated as not having the status of statutory provisions enacted by the Congress, but as having been proclaimed by the President as being required or appropriate to carry out foreign trade agreements to which the United States is a party.

SEC. 3. (a) Section 993(b)(3) of the Internal Revenue Code of 1954 (relating to qualified export assets) is amended to read as follows:

"(3) accounts receivable and evidences of indebtedness which arise by reason of transactions described in subparagraph (A), (B), (C), (D), (G), or (H) of subsection (a)(1) which are transactions of that corporation or, in the case of a corporation which is a financing corporation and a member of a collateral group, which are transactions of another corporation which is a DISC and a member of the same controlled group;".

(b) The amendment made by this section shall apply with respect to taxable years beginning after December 31, 1973. Such amendment shall, at the election of the taxpayer made within ninety days after the date of the enactment of this Act, also apply to any taxable year beginning after December 31, 1971, and before January 1, 1974.

Mr. LONG. Mr. President, I ask that excerpts from the committee's report on this matter be included in the RECORD.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

EXCERPTS FROM COMMITTEE REPORT

I. SUMMARY

House bill.—The House bill would provide for the duty-free treatment of methanol when imported for use in producing synthetic natural gas or for direct use as a fuel. Duties on methanol imported for other than use as a fuel would remain unaffected. The committee bill does not substantially modify the House bill, but includes an amendment unrelated to the subject matter of the House bill.

Committee amendment.—The committee amendment makes a change in the DISC provisions relating to export transactions. This provision specifies that a financing corporation is not to be prevented from qualifying as a DISC if it holds accounts receivable or evidences of indebtedness which arise by reason of the export-related transactions of a related DISC. The present tax law requires that at least 95 percent of a corporation's assets be export-related in order to qualify as a DISC. These export-related assets include accounts receivable or evidences of indebtedness which arise in connection with the export transactions of the corporation. This corporation can retain these accounts receivable or evidences of indebtedness as its only assets and continue to qualify as a DISC. However, if these accounts receivable or evidences of indebtedness are transferred to another corporation, which retains these as its only assets, this transferee corporation cannot presently qualify as a DISC. The committee provision would allow the transferee financing corporation to hold these accounts receivable or evidences of indebtedness and qualify as a DISC if they arise by reason of the export-related transactions (whether as principal or agent) of a related DISC.

II. GENERAL STATEMENT

A duty-free treatment of methanol

Methanol or methyl alcohol, the subject of H.R. 11251, is currently dutiable under item 427.96 of the Tariff Schedules of the United States (TSUS) at a rate column numbered 1 duty (applicable to countries accorded most-favored-nation treatment) of 7.6 cents per gallon and under rate column numbered 2 (applicable to Communist countries except Poland and Yugoslavia) at 18 cents per gallon. The bill would make entries of methanol duty free under rate column numbered 1 (there would be no change in rate column numbered 2) when imported for use in producing synthetic natural gas or for direct use as a fuel.

Imports of both natural gas and liquefied natural gas (LNG) are accorded duty-free treatment. As noted above, methanol, which could serve as a supplemental energy source to both natural gas and liquefied natural gas, is dutiable as a chemical intermediate, methyl alcohol, under item 427.96 of the TSUS. Until recently widespread use of imported methanol has not been economically possible, although the development of liquefied natural gas facilities in the Caribbean and the Mediterranean areas have demonstrated the feasibility of processing and transporting long distances natural gas presently being flared-off in certain petroleum-producing countries due to the absence of nearby markets. With increasing energy shortages and technological developments, it now appears that it is economically feasible in such countries as Saudi Arabia and Iran to process into methanol the natural gas which is presently being flared-off. However, the existing rate of duty of 7.6¢ per gallon on imports of methanol precludes any further development of such additional sources of energy for the U.S. market.

During public hearings on H.R. 11251 on March 4, 1974, before the House Ways and Means Committee, witnesses called attention to the fact that in such petroleum-producing countries as Saudi Arabia, Iran and Indonesia, which are remote to major energy markets, large quantities of natural gas produced in association with petroleum production are simply being flared-off and wasted. Firms in energy-consuming countries, including the United States, have been working on proposals to acquire this wasted natural gas and transport it to their energy markets. Until recently, it was believed that the only practical method of transporting natural gas from these remote producing areas was to liquefy it by refrigeration.

The production and transport of liquefied natural gas (LNG) require elaborate and expensive liquid natural gas plants and special cryogenic tankers to transport it. While this method is considered best for moving gas from such relatively near source countries as Nigeria and Venezuela, more recent research shows that a more practical and less expensive method of transporting natural gas from the more remote overseas sources is to change the gas into liquid methanol by a relatively simple chemical process.

Methanol can be transported in any tanker or vessel suitable for transporting water or gasoline. Once it reaches the energy market, it may be used directly as fuel for gas burners modified to accommodate the liquid fuel, or it may be converted into synthetic natural gas (SNG) and used to supplement the domestic supply of gas in natural gas pipelines distribution systems.

The planned process, which would remove sulfur and hydrocarbons heavier than methane from the wet natural gas, would yield "crude" methyl alcohol. Crude methyl alcohol would be further refined abroad or after importation into the United States to bring it to the level of purity of domestically produced methanol. Crude methyl alcohol is not presently an article of trade in the United States. Refined methyl alcohol (also called methanol) is an important chemical intermediate. In 1972, United States production of refined methyl alcohol totaled 6 billion pounds valued at almost $120 million. About 85 to 90 percent of the production was consumed in the synthesis of other chemicals; less than 10 percent was used as a solvent; and virtually none was used as a fuel. There are 12 domestic producers, including several of the largest chemical companies.

The committee wishes to emphasize that the methanol covered by this legislation and which is included in item 427.96 of the TSUS by H.R. 11251 is expressly limited to that which is imported for use in producing synthetic natural gas or for direct use as a fuel. It does not apply to methanol imported for other purposes, such as for chemical uses, which would be covered by new item 427.97 of the Tariff Schedules and would remain dutiable at the current rates of duty (7.6¢ per gallon). The committee calls attention to this because in the course of the public hearings, domestic producers of methanol for such other uses expressed some concern that the duty-free methanol imports for energy purposes be diverted to chemical use. In this regard, the committee cites general headnote 10(e) of the TSUS which will require that not only must the methanol imported duty free under item 427.96 be intended for the prescribed energy uses, but it must be actually so used and proof of such use furnished the U.S. Customs Service within three years after entry.

The committee believes that this provision and its careful administration by the Customs Service will serve to adequately prevent such diversion. In order to assure appropriate surveillance of imports under this legislation, however, your committee directs the Customs Service to notify it of the initial duty-free entry of methanol under this legislation. Such entry is not expected for several years because of plant construction and production lead times. Further, the committee directs the Customs Service to supply it specific information before January 1, 1978, relating to the volume of imports, and at that time, also to inform the committee of any difficulties or problems that may have arisen with respect to the administration and control of duty-free methanol under item 427.96.

The executive departments all support the enactment of H.R. 11251. For example, the Department of Commerce, in its report to the committee, stated as follows:

"The Department of Commerce strongly favors enactment of H.R. 11251. The proposed elimination of duty on imports of methyl fuel will permit, in certain cases, an economically feasible and more practical alternative to the importation of LNG as a means of supplementing domestic energy supplies with fuels from producing countries which are remote to the U.S. energy market. The duty-free treatment would apply only to imports of methanol used in producing SNG or directly as fuel. There is no domestic production of methanol for use as fuel. The enactment of the proposed legislation would not change the tariff treatment presently applicable to methanol imported for use in producing chemical products which may be produced domestically and would not have an adverse effect on U.S. industry."

The committee approved two technical amendments relating to the changes in the Tariff Schedules of the United States effected by the House bill. The first amendment would indent the line item descriptions so as to bring the heading "Methyl" immediately below the other categories of alcohol subscribed by the general alcohol superior heading. The descriptions for items 427.96 and 427.97 would be indented below the Methyl heading. The second technical amendment would specify that the column 1 rates established by the House bill are to be considered rates proclaimed pursuant to trade agreement, in a manner consistent with the status of column 1 rates.

The committee received no unfavorable comments from any interested party, nor any unfavorable reports from any executive agency on the methanol provisions of the bill.

B. Transfers of accounts receivable to related DISC's

Under present law, the profits of a Domestic International Sales Corporation (DISC) are not taxed to the DISC but instead are taxed to the shareholders when actually or constructively distributed to them. To qualify as a DISC, at least 95 percent of a domestic corporation's gross receipts must arise from export sale or lease transactions and other export-related investments or activities. In addition, at least 95 percent of the corporation's assets must be export-related. Included in export-related assets are accounts receivable and evidences of indebtedness held by the corporation which arose in connection with qualified export sale or lease transactions (including related and subsidiary services) of the corporation or the performance of managerial, engineering, or architectural services producing qualified export receipts by the corporation.

Accounts receivable and evidences of indebtedness can only be treated as qualified export assets if they arise by reason of transactions in which the corporation itself acted as principal or commission agent, and a corporation can qualify as a DISC even though these accounts receivable are the only assets of the corporation making the export sale. However, if these accounts receivable and evidences of indebtedness are transferred to another related corporation, they would not be treated as qualified export assets in the hands of that transferee corporation. Therefore, if these were the only assets held by the transferee corporation, it could not qualify as a DISC.

It has come to the attention of the committee that a corporation may want to have its sales operations in one DISC and its financing operations in another DISC. A corporation might adopt this corporate structure because it believes it eases its ability to receive outside financing. In view of this, the committee has adopted an amendment which enables a financing corporation to qualify as a DISC by allowing it to treat as qualified export assets the accounts receivable and evidences of indebtedness acquired as a result of the export related transactions (whether as principal or agent) of a related DISC.

This amendment applies with respect to taxable years beginning after 1973, and at the election of the taxpayer (if the election is made within 90 days after the date of the enactment of this amendment) to any taxable year beginning after 1971 and before 1974.

This amendment will have no direct effect on revenues.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the committee amendments.

The committee amendments were agreed to.

The ACTING PRESIDENT pro tempore. The bill is open to further amendment.

Mr. JAVITS. Mr. President, I send to the desk an amendment and ask the clerk to state it.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

At the end of the bill add a new section as follows:

Section ———. Section 167(k) of the Internal Revenue Code of 1954 (relating to depreciation of expenditures to rehabilitate low income rental housing) is amended by striking out "January 1, 1975," in paragraph (1) and inserting in lieu thereof "January 1, 1978."

Mr. JAVITS. Mr. President, in the Tax Reform Act of 1969, Congress enacted section 167(k) of the Internal Revenue Code as an incentive for the rehabilitation of low- and moderate-income housing.

This section applies when a taxpayer makes capital expenditures of at least $3,000 per unit in the rehabilitation of low- and moderate-income housing over a 2-year period—"rehabilitation expenditures." For this purpose low- and moderate-income housing is defined, in general, as housing rented to persons whose adjusted incomes are not in excess of 90 percent of the income limits for assistance under section 221 of the National Housing Act—Treasury Register section 1.167(k)–3(b)(2).

Under section 167(k), a taxpayer may elect to depreciate rehabilitation expenditures of up to $15,000 per unit over a 60-month period—with no salvage value—using the straight line method of depreciation. Any balance of the taxpayer's rehabilitation expenditures is depreciable under the normal methods of depreciation and over the normal useful lives. The 60-month period was based upon the 60-month amortization period enacted by Congress for defense expenditures during World War II and the Korean war.

Section 167(k) was premised on a finding that it was necessary to provide greater incentives for the development of rehabilitated low- and moderate-income housing than for the development of new low- and moderate-income housing. Thus, a 1967 HUD report to Congress concluded that a rehabilitation project is far more risky and difficult for the developer and manager because it is generally located in the core of a poverty area and, therefore, poses special relocation, construction, and managerial problems. See HUD, "Report on Rehabilitation Programs to Senate Committee on Banking and Currency," 90th Congress, 1st session VII, 1967.*

In supporting section 167(k) on the floor of the Senate, Senator CARL CURTIS stated, among other things, that:

> A 5-year writeoff of this nature is a powerful and effective incentive to rebuilding and rehabilitating existing housing facilities. It will result in a rehabilitation of deteriorating neighborhoods and slum areas. It will do this with private capital, saving the taxpayers' money.
>
> The provision is strongly supported by the Department of Housing and Urban Development and by the Treasury Department. Mr. President, in view of our housing crisis and the condition of our inner cities, we cannot afford not to provide an incentive of this nature to rehabilitation of our existing large supply of apartment buildings and other rental housing facilities. These facilities have been allowed to deteriorate to such an extent that they are frequently no longer useful or adequate for family use." (15 Cong. Rec. 37884 (Dec. 9, 1969) (remarks of Senator Curtis).)

Since 1969, over 100 rehabilitation projects have been undertaken with financing from two sources:

First, a mortgage loan which was insured by the U.S. Department of Housing and Urban Development—HUD—under section 236 or 221 of the National Housing Act, or made directly by a State or local housing finance agency; and

Second, equity contributions of investors—generally in limited partnership form—based upon the section 167(k) incentive.

The actual results of these projects have been generally what one might expect in such an innovative and risky program, that is: many false starts, but also major successes that validate the program and show the potential for far broader results in the future.

On the negative side, many "quick buck" operators were attracted to the rehabilitation programs with a view toward realizing substantial undeserved profits either by: building the project at a lower cost than the agreed construction price—under a Government loan program which did not require cost certification; or by selling the equity interests without apprising the investors of all the facts.

In addition, many inexperienced groups—profit and nonprofit—attempted to use the rehabilitation program to learn the development and contracting business—and generally lost the Government's money as well as their own.

On the other hand, there have been some stunning examples of success in using the rehabilitation processs to

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*These conclusions were recently confirmed in Arthur D. Little, Inc., *Project Rehab Monitoring Report—Overview*, 68–70 (HUD Rep. F–22, May 1971) (the "Little Study").

achieve the goals of the housing programs.

The positive results are typified by those achieved in a 700-unit project in Williamsburg, Brooklyn, N.Y., developed by Kraus Enterprises, Inc., which was financed by loans from the city of New York and assisted by rent supplement payments from HUD. In this project:

First. HUD, State and local agencies praised the construction work as being up to the highest standard of new construction work. All new components were added except for the foundation and structural shell.

Second. The overall development process from land acquisition through rent up took a far shorter time than is usually achieved under the new construction programs—roughly 12 months per building as contrasted with the 3- to 7-year period typical for new construction projects in the core urban areas.

Third. As is typical in rehabilitation projects, the developer performed—and thereby removed from the budget and workload of the urban renewal authorities—the jobs of land assemblage, relocation, and management pending redevelopment.

Fourth. The development costs and rentals achieved were less than 60 percent of those achieved in most new construction projects in the New York City area.

Fifth. The developer, who also managed the buildings, demonstrated that it was possible to maintain rehabilitated units in excellent condition over a long period of time. Certain of these buildings—commenced prior to the enactment or even proposal, of section 167(k)—have been operational for over 7 years and still: The apartments and public areas are in immaculate physical condition; tenant morale is high; vacancy and collection losses are running at less than 1 percent per annum; and debt service payments to the Government lending agency are current.

Sixth. Most significant of all, this project demonstrated that rehabilitation work—coupled with Federal rental assistance—is the only way to achieve in the urban areas one of the primary goals of the housing programs, that is, providing decent dwelling units to low income working families. Because of the high costs of new construction in the urban areas, many new construction projects primarily help either upper middle income families or welfare assisted families, with no aid to the low-income working families in the middle.

Broad scale rehabilitation projects in New York and Boston were also successfully undertaken by Continental Wingate Corp. with mortgage financing insured by HUD under section 236.

Typically, under such a program, the loan represents 90 percent of specified development costs so that the minimum equity is 11 percent of the Government loan. To the extent that the owner incurs further development costs, its equity will exceed the 11 percent level.

Section 167(k) is a necessary incentive for equity investment in a highly difficult and risky activity. It is explicitly mentioned as the incentive for rehabilitation in HUD's proposed regulations for section 23 leasing of rehabilitated housing.—24 CFR section 1276.3(n)(2).—Clearly, apart from this tax incentive no one would invest in a rehabilitation project, since the maximum allowable return from rents is only 6 percent and is rarely, if ever, realized in full; and because of the location and dependence on Government rental assistance, there is little, if any, chance of the investor recovering his equity commitment on a future sale.

Critics of section 167(k) have prepared hypothetical tables indicating that:

First, investors in a rehabilitation project make the minimum required equity investment of 11 percent of the Government loan and realize a substantial yield on said investment; and

Second, inconsistently, there are further equity contributions by the investors which represent an additional profit—the so-called "premium"—to the developer/contractor over and above any fees included in the Government loan.

It appears, however, from testimony before the House Ways and Means Committee, that the actual pattern is far different from these hypothetical calculations. The only witness submitting a detailed statement as to numerical results in a section 167(k) project stated that:

> 1. Equity contributions by the investors equal to over 20% of the government loan will often be necessary to cover all costs of completing the project (including the cost of the developer's organization which performs the functions of land assembly, management pending rehabilitation, relocation and rent-up losses).* At the 20% plus equity level, the investors' yield is at a reasonable level.
>
> 2. If long delays and difficulties are encountered (as they generally will be in this type of venture), the developer/contractor may not—even at a 20% plus contribution level—realize any significant net compensation after expenses for its work on the project. (See letter to the Committee dated February 13, 1973 from Stephen S. Ziegler, Esq.)

This statement is supported by the Little Study, which stated that in view of the many potential pitfalls, it is not clear whether the tax benefits are "a sufficient incentive to encourage large producers to participate in rehabilitation." (Arthur D. Little, Inc., *Project Rehab Monitoring Report—Overview,* p. 176 (HUD Report F.22 May 1971). See also Belin, *Real Estate Rehabilitation: A New Tax Incentive; The Tax Rules,* N.Y.U. 29th Inst. on Fed. Tax. (Part 2) 1055, 1066–67 (1971).)

The necessity for extending the section 167(k) incentive is demonstrated by plans currently being made by the Williamsburg developer—with the New York State Division of Housing and Community Renewal—for a far larger project in the South Bronx area of New York City. The required financial backing, and bonding, for this massive project are to be provided by a major life insurance company—which will be compensated from the equity contributions of the investors. If section 167(k) is not extended, the 1975 and later stages of this project cannot proceed—for the basic reason that there will be no funds available to pay the financial backer.

The question might be raised, of course, as to whether certain of the abuses of the past 5 years might not recur in the future if section 167(k) were extended. In fact, however, HUD, the State and local housing finance agencies, the SEC and the blue sky authorities have already instituted controls to stop these abuses, including:

First, strict cost certification requirements;

Second, increased bonding requirements;

Third, requiring that the developer and manager show a significant "track record" before granting a project loan;

Fourth, insistence on the advance submission of a management plan and promulgation of detailed guidelines on project management; and

Fifth, guidelines for disclosures in prospectuses offering equity interests.

This amendment extends section 167 (k) for 3 years until January 1, 1978, and we consider this in the cities a very important stimulus to the rehabilitation of low- and middle-income housing, which is so urgently needed in many of the great cities, including my own great city, New York.

I have discussed this amendment with Senator LONG and Senator BENNETT and also with the chairman of the Banking, Housing, and Urban Affairs Committee (Mr. SPARKMAN). There is no quarrel about it.

It is thought desirable to include it for this reason: It has been tentatively approved by the Ways and Means Committee of the other body for inclusion in the major tax reform act. We hope such an act will pass this year, but it may not. If it does not, at least we will have the safety of having this provision in the law so that it will not expire on December 31, 1974, as it otherwise will, and thereby continue as an encouragement for this highly desirable activity.

There is no budget effect either way as it is the law today.

Mr. LONG. Mr. President, I have no objection to the amendment.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from New York.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The ACTING PRESIDENT pro tem-engrossed and the bill to be read a third time the question is, Shall the bill pass?

The bill (H.R. 11251) was passed.

The title was amended so as to read: "An Act to amend the Tariff Schedules of the United States to provide for the duty-free entry of methanol imported for use as fuel, and for other purposes."

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* The Little Study confirms the difficulty and magnitude of these functions and the fact that the government loan does not contain any compensation therefor (see especially pp. 180–81, 197, 217).

MESSAGE FROM THE HOUSE—ENROLLED BILLS SIGNED

A message from the House of Representatives by Mr. Hackney, one of its reading clerks, announced that the Speaker has affixed his signature to the following enrolled bills:

H.R. 11108. An act to extend for 3 years the District of Columbia Medical and Dental Manpower Act of 1970; and

H.R. 12832. An act to create a Law Revision Commission for the District of Columbia, and to establish a municipal code for the District of Columbia.

The enrolled bills were subsequently signed by the President pro tempore.

SUSPENSION OF DUTY ON SYNTHETIC RUTILE

Mr. LONG. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 1019, H.R. 11830.

The ACTING PRESIDENT pro tempore. The bill will be stated by title.

The assistant legislative clerk read as follows:

A bill (H.R. 11830) to suspend the duty on synthetic rutile until the close of June 30, 1977.

The ACTING PRESIDENT pro tempore. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Finance with an amendment, on page 2, line 1, insert:

SEC. 3. (a) Section 4402 of the Internal Revenue Code of 1954 (relating to exemptions from the wagering tax) is amended by striking out paragraph (3) and inserting in lieu thereof the following:

"(3) STATE CONDUCTED LOTTERIES, ETC.—On any wager placed in a sweepstakes, wagering pool, or lottery which is conducted by an agency of a State acting under authority of State law, but only if such wager is placed with the State agency conducting such sweepstakes, wagering pool, or lottery, or with its authorized employees or agents."

(b) Section 4462(b) of such Code (relating to exclusions from definition of coin-operated gaming devices) is amended—

(1) by striking out "or" at the end of paragraph (1),

(2) by striking out the period at the end of paragraph (2) and inserting in lieu thereof "; or", and

(3) by adding after paragraph (2) the following new paragraph:

"(3) a vending machine which—

"(A) dispenses tickets on a sweepstakes, wagering pool, or lottery which is conducted by an agency of a State acting under authority of State law, and

"(B) is maintained by the State agency conducting such sweepstakes, wagering pool, or lottery, or by its authorized employees or agents."

(c) Section 3402 of such Code (relating to income tax collected at source) is amended by adding at the end thereof the following new subsection:

"(q) EXTENSION OF WITHHOLDING TO AMOUNTS AWARDED IN STATE-CONDUCTED LOTTERIES.—For purposes of this chapter (and so much of subtitle F as relates to this chapter), the payment to an individual of any amount (including the cash value of a payment in any medium other than cash) of $1,000 or more by a State, or by an agency or instrumentality of a State acting under authority of State law, as a prize or award in a sweepstakes, wagering pool, or lottery which is conducted by such State, agency, or instrumentality and which is exempt under section 4402(3) from the tax imposed by section 4401, shall be treated as if it were a payment of wages by an employer to an employee, except that—

(1) the amount of the tax required to be deducted and withheld with respect to such payment shall be 20 percent of the amount paid as a prize or award; and

(2) in lieu of the exemption certificate required by subsection (f)(2), each such individual shall furnish the maker of such payment with a statement, made under the penalties of perjury, containing the name, address, and taxpayer identification number of each person entitled to any portion of such payment."

(d) The amendment made by subsection (a) shall apply with respect to wagers placed after March 10, 1964. The amendments made by subsection (b) shall apply with respect to periods after such date. The amendment made by subsection (c) shall apply with respect to payments made after December 31, 1974.

Mr. LONG. Mr. President, this bill would suspend until July 1977 the duty on synthetic rutile, which is used in the manufacture of white paints and pigments. The committee bill does not modify the House bill, but includes an amendment unrelated to the subject matter of the House bill.

The committee amendment revises the exemption from the excise tax on wagers for State run lotteries, to take account of changes in the conduct of State lotteries. Under existing law, an excise tax of 10 percent is imposed on all wagers, with certain exceptions, one of which is for lotteries conducted by a State, or the instrumentality of the State, if the eventual winner of the lottery is determined by a horserace. This exemption was enacted in 1965 to exempt the New Hampshire State lottery, which was the first State lottery, from the excise tax on wagers. Since that time, however, other States have inaugurated lotteries, but the winners in most of these lotteries are determined on a basis other than by a horserace. The committee provision deletes the requirement that the winner be chosen by a horserace to make the exemption apply to all State-conducted lotteries. In addition, the committee provision specifies that an exemption from the occupational tax on vending machines is to be provided for lottery tickets dispensed by machine, and also provides for the withholding of Federal income tax on lottery payments to winners.

The committee unanimously recommends this measure with the amendment, Mr. President.

The PRESIDING OFFICER (Mr. NELSON). The question is on agreeing on the committee amendment.

The committee amendment was agreed to.

Mr. McINTYRE. Mr. President, I send to the desk an amendment to H.R. 11830.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amnedment.

Mr. McINTYRE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendment will be printed in the RECORD.

The amendment is as follows:

On page 3, beginning with line 4, strike everything through line 3 on page 4.

On page 4, line 4, strike "(d)" and insert in lieu thereof "(c)".

On page 4, line 7, strike everything after the period down through line 9.

Mr. McINTYRE. Mr. President, this amendment, cosponsored by Senators COTTON, RIBICOFF, and HART, would strike section 3(c) from the pending bill. Section 3(c) amends the Internal Revenue Code of 1954 to require a 20 percent withholding tax on all prizes of $1,000 or more awarded in State-conducted lotteries. This provision does not alter tax rates for lottery winnings; it does, however, add to the bureaucratic meddling which has plagued State lotteries from their inception. In contrast to the other sections of this bill dealing with lotteries, section 3(c) has not received the careful investigation given to the rest of the bill. It was added at the request of the Secretary of the Treasury. The States affected by this legislation, however, did not get a chance to respond fully to the provision.

The provision on withholding has absolutely no connection with section 3 (a) and (b) which exempt State lotteries from a 10 percent Federal excise tax on wagers. These exemption provisions received extensive investigation from the Finance Committee. They have gained the support of all parties involved including the lottery States, the Department of the Treasury, and the IRS. These sections restore equal treatment to State lotteries; they should not be spoiled by being coupled with an unfair withholding provision.

In my State of New Hampshire, the sweepstakes has provided much-needed revenue for our educational system. Over the last 10 years the sweeps netted about $18 million, all of which was distributed to State school districts. Four other States in New England, and a total of 13 States throughout the Nation, will be relying on revenue from lotteries by the end of the year. Federal tax regulations, however, have continually threatened the health of this form of State revenue collection.

When the New Hampshire sweepstakes began in 1964 the IRS ruled that receipts from our sweeps were subject to the 10 percent Federal excise tax on lotteries and the $50 occupational tax for employees of lotteries. To me and to many others this tax seemed singularly unfair and unreasonable.

To the best of my knowledge no other State had ever before been forced to pay taxes on the money it raised for its public schools. What made this wagering tax especially objectionable was the fact that it was not originally imposed by Congress as a tax on State efforts to raise funds for education, but as a tax on private wagering operations. Furthermore, the tax imposed on the New Hampshire sweeps was not imposed on betting at parimutuel races, lotteries held in private casinos, or lotteries held by many tax exempt corporations.

In order to provide equitable treatment for the New Hampshire sweeps, I offered an amendment in 1965 to exempt State-run lotteries from the wagering tax. The passage of this bill saved the State of New Hampshire about $600,000. Since that time Massachusetts, Rhode Island, Maine, Michigan, Pennsylvania, Maryland, New York, New Jersey, Connecticut, Illinois, Delaware, and Ohio have instituted lotteries and have benefited from this tax-exempt status.

Unfortunately, the IRS recently informed State lottery that, in their opinion due to a technicality, the lotteries no longer qualified for this tax exemption. The IRS threatened not only to apply the excise tax in the future, but also to apply it retroactively. This reinterpretation could cost New England States alone about $30 million. The State of New Hampshire could lose $5 million in funds which otherwise would go to State school districts.

Meanwhile, both the Treasury Department and the IRS stated their support for legislation explicitly exempting all State lotteries from the wagering tax. Sections 3 (a) and (b) do just that, exempting from the excise tax all lottery revenues received since 1964. I urge the Senate to support these provisions which reaffirm the equitable treatment for State lotteries established by my 1965 amendment.

But, as I have pointed out, added to the end of this bill is another provision requiring the withholding of a 20-percent income tax on all lottery winnings of $1,000 or more. This section is contradictory to the spirit of fairness embodied in the rest of the bill. It is not part of any "deal" between the IRS and lottery States, who were not consulted on its inclusion.

The Secretary of the Treasury contends that the 20 percent withholding lottery winnings will insure more complete compliance with tax regulations. But State lotteries already furnish to IRS a list of all persons who win major prizes. The Secretary admits that 85 percent of all winners report their gains immediately on income tax returns. The overwhelming majority of winners paid their taxes without having a portion of their winnings withheld by the lotteries themselves. This proposal, therefore, would aid compliance in only a small number of cases.

Offsetting these minute gains are a number of serious debits.

The provision discriminates against State lotteries by forcing them to meet requirements not applied to race tracks, off-track betting parlors, or Nevada gambling casinos. Nor are taxes similarly withheld on interest, dividends, or most other financial transactions.

It would increase administrative costs for all State lotteries. It would necessitate separate financial records and increased staffs. The State of New Hampshire would lose $10,000 to $15,000 per year to such unnecessary expenses.

Most important, this withholding requirement would make the lottery less attractive to prize winners. The thrill of winning would be reduced if winners did not receive the full amount advertised.

This provision would also make it difficult for States to sponsor special promotions, such as the awarding of vacations and automobiles. By taking away some of the glamor of the lotteries, this provision encourages citizen participation in illegal gambling activities.

Mr. President, I ask unanimous consent that a statement by the New Hampshire Sweepstakes Commission detailing these deleterious effects be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

SWEEPSTAKES COMMISSION OPPOSES INSTANT TAX BILL AGAINST PRIZE WINNERS

The Sweepstakes Commission today expressed strong opposition to a bill acted upon favorably last week by the House Ways and Means and Senate Finance Committees that would require the withholding of a 20% income tax on all lottery winnings of $100 or more. This proposal had been recommended by the U.S. Treasury Secretary William E. Simon.

The Commission gave the following reasons for its opposition to this legislation:

(1) It discriminates against State operated lotteries and lottery prize winners. The same requirement does not exist for persons who win $100 or more at race tracks, stock market, off-track betting parlors or at gambling casinos in Nevada. Also, such a withholding tax does not take place where interest and dividends are distributed, as well as many other financial transactions.

(2) Racketeers and illegal forms of gambling are the beneficiaries of this proposal. This type of requirement makes illegal gambling more attractive to the public. Organized crime and racketeers have reportedly expressed concern that their business is being threatened by the proliferation of interest in various forms of legalized gambling. This is the type of recommendation they would make in their efforts to stem the tide.

(3) A list of all prize winners is available to the Internal Revenue Service and a check can be made of those that do not report their winnings when the tax is due. The Sweepstakes Commission now notifies the Internal Revenue Service of all winners over $600, but no tax is withheld.

(4) This legislation would add increased administrative costs to all the lottery states. It would require separate financial records and an increase in the clerical staff. Federal restrictions on the use of the mails, radio and television already place additional costs on lottery operations, thereby depriving the State school districts of maximum revenue.

(5) This requirement would make the lottery programs less attractive to prize winners. Part of the thrill of winning is receiving a check in the total amount that is advertised. It would take the frosting off the cake and create a negative atmosphere at major drawings. The winner should have the benefit of the full amount of the prize, including any interest that may be earned prior to the time the tax is due.

(6) Many purchasers of tickets have already expressed their disappointment that this legislation might be enacted. They feel that they are entitled to the full prize and that any tax liability is between them and the Internal Revenue Service.

(7) Many people feel there should be no income tax on lottery prize winnings since State government is already taking a sizable portion of each lottery dollar. This would permit legalized forms of gambling to compete more effectively with illegal gambling. The N.H. Sweepstakes Law exempts lottery winnings from any tax imposed by the State of New Hampshire. Other nations like Canada likewise exempt lottery winnings from taxation. Congressman Stewart McKinney of Connecticut has filed a bill in Congress that would exempt all prize winnings from the income tax on all State operated lotteries.

The Sweepstakes Commission asked that interested citizens write their Senators and Congressmen to express their displeasure with this legislation as being unfair and arbitrary, and another attempt to obstruct the efforts of sovereign States to raise maximum revenue by lottery programs.

Mr. McINTYRE. Mr. President, in conclusion, the proposal of the Secretary of the Treasury would be a real setback to the ability of the States to raise maximum revenues through their lottery programs. It would, in effect, give an added advantage to illegal gambling activities, making them more attractive than lotteries whose proceeds go to supporting education.

The purpose and intent of my amendment is to strike section 3(c) of this bill. The Senate can then pass the remaining bill which restores equitable treatment of lotteries.

I ask unanimous consent that the Senator from New Jersey (Mr. WILLIAMS) and the Senator from Pennsylvania (Mr. HUGH SCOTT) be added as cosponsors.

The PRESIDENT OFFICER. Without objection, it is so ordered.

Mr. COTTON. Will the Senator yield?

Mr. McINTYRE. I am happy to yield to my senior colleague.

Mr. COTTON. Mr. President, unhesitatingly I agreed to cosponsor the amendment offered by my distinguished colleague from New Hampshire. There are two sides to every question. New Hampshire was the first State to adopt a State lottery anud curiously enough I was opposed to it at the time. It has, however, worked out better than I had anticipated and the revenue derived from it in our State is devoted to education.

However, while there may be two sides to the merits of Federal taxation of State lotteries and the manner of its collection there are not two sides to the merits of the McIntyre amendment.

There are, I believe, 13 States resorting to lotteries as a source of income. The Finance Committee—and I respect them highly—never gave those 13 States a chance to be heard before reporting the bill with subsection C. I believe it is axiomatic that every man should have his day in court and certainly every State should have its day. There has been much talk in recent days about listening to the opinions of others, and I respectfully suggest to the committee members and my other colleagues that this is a perfect opportunity to observe such a policy.

I hope that the amendment offered by my colleague will be adopted.

Mr. McINTYRE. I appreciate the remarks of my senior colleague. I say to him, Mr. President, that one of the aspects of this bill that bothers me considerably is what we have both mentioned—that this provision was tacked onto this bill at the very end, and none of the lottery States had an opportunity to be heard in opposition to it, to show what a very bad effect the provision would have on the lottery States.

I am happy now to yield to the distinguished Senator from Connecticut.

Mr. RIBICOFF. Mr. President, I join with my distinguished colleague from New Hampshire and commend him for calling this matter to the attention of the Senate.

Mr. President, I am pleased that the Senate is considering my proposal to exempt all State-run lotteries from the 10-percent Federal excise tax on gaming.

I introduced this legislation on June 17 as S. 3657. In the Senate Finance Committee we added it as an amendment to H.R. 11830, a bill which suspends the duty on synthetic rutile. That bill is now before us.

The legislation we are considering is not complex. It would not result in any loss to the Treasury. In fact, my proposal is supported by the Treasury and specifically by the Internal Revenue Service. It also has the support of Democrats and Republicans in the Senate including the distinguished Senate minority and assistant minority leaders.

Under current law, IRS must impose a 10-percent tax on the amount of the wagers made unless the lottery meets the standards of an exemption granted by Congress in 1965 to aid New Hampshire—the only State at the time which had a lottery. The exemption was narrowly drawn to fit the New Hampshire situation—exemption granted to lotteries where the ultimate winners are chosen by a horserace.

Since that exemption was granted, the States of Connecticut, Maryland, Massachusetts, Michigan, New Jersey, New York, Pennsylvania, Maine, Illinois, Delaware, and Ohio have enacted a lottery. The exemption does not cover these lotteries, because it is too narrow.

Until now IRS has not imposed the 10-percent excise tax on these lotteries but it has announced it will, probably in mid-August unless this legislation is enacted.

In the past decade 12 States have enacted lotteries in their States to provide much-needed revenues.

Connecticut's lottery has helped our State to meet its budget requirements. Since its inception the Connecticut lottery has contributed over $32 million to the State's general fund. This fund helps meet health, educational, and other important needs in our State. To force the State to pay more money to the Federal Government for the privilege of running the lottery would not only deprive Connecticut of needed revenues but would result in added administrative costs to the program and in all probability cut down on the amount of prize money which could be awarded. Connecticut's citizens pay their full share of taxes to the Federal Government. They should not be forced to pay millions of extra dollars to the Federal Government.

It would defeat the very purpose of the lottery if the Federal Government skimmed a percentage of the lotteries for their own purposes at a time when States are hard pressed for revenues.

I hope the Senate will adopt this important proposal.

Mr. BEALL. Mr. President, I rise in support of the amendment of the distinguished Senator from New Hampshire (Mr. MCINTYRE) which would delete the provision of H.R. 11830 requiring that 20 percent of lottery winnings over $1,000 be withheld in Federal taxes. I share the Senator's concern that this provision has simply not received the type of in-depth study that is needed whenever significant changes in our tax law are made.

I recently received a letter from Stanley S. Fine, the director of the Maryland State Lottery Agency, outlining his views relative to this matter. I would note that two changes have occurred since Mr. Fine's letter was drafted. First, the lottery provisions were transferred from H.R. 7780 to H.R. 11830. Second, the withholding threshold was raised from $100 to prizes of $1,000 and over. Allowing for those two changes in legislation, Mr. Fine's letter and the accompanying memorandum outline in detail the position of the Maryland State Lottery Agency on this legislation.

Mr. President, I ask unanimous consent that the text of this letter and the accompanying memorandum be printed in the RECORD at the conclusion of my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

MARYLAND STATE LOTTERY AGENCY,
Baltimore, Md., July 30, 1974.

Hon. J. GLENN BEALL, Jr.,
U.S. Senator,
Senate Office Building,
Washington, D.C.

DEAR SENATOR BEALL: You will recall that last week I advised you that the Senate Finance Committee approved H.R. 7780 relating to spun silk yarn and attached an amendment to this bill, which exempts state lotteries from the 10% excise tax and the $50 gambling stamp. You will further recall that I requested your support of the bill in this form, since it avoids the effects of the proposed taxation by the Internal Revenue Service upon the Maryland Lottery.

I have also been advised that H.R. 7780 has been further amended by the Senate Finance Committee, which amendment would require that federal income tax be withheld at a flat rate of 20% from lottery winnings of $100 or more. For the reasons set forth in the attached memorandum, the Maryland State Lottery Agency is vigorously opposed to the requirement of a 20% withholding on all prices of $100 or more.

Your opposition to H.R. 7780, with respect to the 20% withholding would be greatly appreciated.

Thank you for your anticipated cooperation in this matter.

Sincerely,

STANLEY S. FINE,
Director.

LEGISLATION TO REQUIRE THAT FEDERAL INCOME TAXES BE WITHHELD FROM THE PAYMENT OF CERTAIN LOTTERY WINNINGS

There is currently pending before Congress S. 3581, H.R. 7780 and the Tax Reform Act being considered by the House Ways and Means Committee. These measures have provisions which require that federal income tax at a flat rate of 20% be withheld from the payment of lottery winnings on all prizes of $100 or more.

The Maryland State Lottery Agency is vigorously opposed to this recommended change for the following reasons:

1. It is discriminatory against state-operated lotteries. The same requirement does not exist in other forms of legalized gambling where persons at race tracks or at gambling casinos in Nevada win $100 or more. Also, such withholding does not take place where interest and dividends are distributed as well as many other transactions.

2. Racketeers and illegal forms of gambling are the beneficiaries of this proposal. This type of requirement makes illegal gambling more attractive to the participating public. It already has too many advantages. In recent testimony before the Commission to Review the National Policy Toward Gambling, officials of IRS admitted that their collection of revenue from illegal gambling under the Internal Revenue Code of 1954 has dropped practically to zero as a result of a U.S. Supreme Court decision about the rights of bookmakers and numbers writers being violated in requiring them to register under the statute. It is ironical that IRS was unable to collect taxes from illegal operators but now wishes to harass law-abiding citizens. A list of all our prize winners is available to IRS and they can check the returns for the small percentage which do not report their winnings.

3. This requirement would make our program less attractive to prize winners. We advertise the fact that a person will be presented a check for a given amount such as $50,000 or $5,000 and part of the thrill of winning is to be presented with a check in the total amount. It would take the frosting off the cake and certainly would create a negative atmosphere at our major drawings.

4. This would add to the administrative costs of all of the lottery commissions. It would require separate financial records and an increase in the clerical staff. We believe it would place an undue burden upon our operations. In fact the federal restrictions on the use of the mail, radio and television already place additional costs on our operations, thereby depriving the State of maximum revenue.

5. Many purchasers of our tickets have already expressed concern and disappointment that this suggested requirement of the Treasury Department might be enacted. They said they would be highly disappointed if the prize we had advertised was not presented to them.

6. This procedure would also make it difficult to sponsor special promotions. Last year we awarded automobiles as bonus prizes for purchasers of lottery tickets. To comply with this legislation, we would have to obtain a tax payment from the winner of these prizes in advance.

We believe that this legislation would be a real setback to the ability of the states to raise maximum revenue through their lottery programs. It is almost beyond belief that our federal officials would cooperate with racketeers in this manner by making illegal gambling activities more attractive to the public. There is no doubt that organized crime and racketeers have expressed concern that their business is being threatened by the proliferation of interest in various forms of legilazied gambling. There also is little doubt that this is the exact type of recommendation they would make in their efforts to stem the tide.

We would appreciate your active opposition to this proposal.

Thank you for your anticipated cooperation.

Mr. PERCY. Mr. President, I strongly

support the amendment proposed by the Senator from New Hampshire and others.

I am very concerned by the philosophy behind this proposed form of Federal income tax withholding and the precedent it would set for other forms of income payments.

First, I believe that taxes withheld should relate directly to taxes owed. Employers subject to Federal withholding tax requirements must base their withholding on each individual employee's tax liability. The 20-percent withholding proposed here may or may not be in approximation to what is owed. Unless the Federal Government is prepared to pay interest on any overwithheld amounts, I do not believe it equitable to require the taxpayer to forego the use of his or her income until the end of the tax year.

Second, I am concerned by the expressed purpose of this proposal, that is, to assure the payment of taxes owed. Not only does it imply a distrust of a certain segment of the population where none is justified, but it would set a precedent for legislation affecting dozens of other income paying sources.

If we were to enact this proposal, there is no reason why other forms of legalized gambling should not similarly be affected We should also require oil companies to collect taxes on royalty payments, brokers on earnings on the stock market, credit institutions on interest paid in savings.

Obviously, the full implications of this proposal should be fully considered and discussed in public hearings prior to any further action on it.

Mr. CANNON. Mr. President, I rise to support the amendment offered by the Senator from New Hampshire. It is clear the policy of the Federal Government toward wagering has never been to intrude themselves as a partner in wagering; rather, that is a domain reserved for the States.

By the same token, it is unreasonable to require the operators of a legalized lottery to serve as tax collectors for the Federal Government in the area of lottery prizes, while other business enterprises are not required to do so. I hasten to add that my own State of Nevada does not have lotteries. They are illegal under our State constitution.

Surely there are other ways to increase the compliance of those who must file 1099 forms. This could be handled by simple regulation by the Internal Revenue Service. The voluntary compliance method of collecting taxes has served this country well since the enactment of the 16th amendment over a half century ago. In this respect, I agree with the Senator from New Hampshire that the Federal tax collectors not single out one industry from all of the rest for such a harassing tactic as is proposed.

Mr. BIBLE. Mr. President, I rise in support of the amendment offered by my good friend from New Hampshire. I view with increasing concern the tendency of the Federal Government to impose greater and greater burdens on businesses all across the Nation to maintain records, make reports, and collect taxes on behalf of the U.S. Treasury. I am, of course, strongly in favor of strict enforcement of our tax laws and other laws, and believe all our citizens should pay strict attention to fulfilling their obligations under the tax laws. Certainly, taxes must be paid when and as they are due.

The present proposal to require State-operated lotteries to withhold taxes for the Federal Government is another example of asking others to do the Government's job. In Nevada we have no lotteries, so my State is not directly affected by the present proposal. However, I do feel that there must be other ways to obtain compliance with our tax laws. Today, the State lotteries are being asked to serve as tax-collectors. Tomorrow it will be someone else who is not now obliged to perform that function. The growing tendency to shift such burdens to other shoulders should be stopped.

I hope the amendment of the Senator from New Hampshire will be accepted.

Mr. GRIFFIN. Mr. President, I wish to commend the Committee on Finance for its prompt consideration and approval of the State lottery amendment to H.R. 11830.

This amendment, that I cosponsored with the Senator from Connecticut (Mr. RIBICOFF) and others, deals with Federal taxing of State operated lotteries. These State lotteries have provided substantial amounts of much needed revenue for State use.

In my own State of Michigan it was found that the manner of selecting the winners did not comply in every respect with the provisions of the tax code. As a result the 10-percent tax on the amount wagered would have been applicable as would the tax on the ticket machines used to dispense lottery tickets. These taxes would have seriously jeopardized the success of our State lottery.

The amendment will preserve the exempt status of these lotteries.

Mr. SCHWEIKER. Mr. President, I commend the Committee on Finance for adopting as a committee amendment the exemption of State operated lotteries from the existing Federal 10 percent excise tax on operators of lotteries.

The excise tax exemptions being passed today are identical to section 3 of my own State Lottery Exemption Act of 1973, S. 1186, which I first introduced in 1972, during the preceding Congress, as S. 3573. I have been pushing for exemption of official State operated lotteries from restrictive Federal laws for more than 2 years, and am pleased to join in taking this first step today.

The exemptions included in this legislation include the 10 percent Federal excise tax on all wagers, and the special Federal tax on coin-operated vending machines. Collection of such taxes by the Federal Government would only reduce the amount of money official State operated lotteries have available to utilize on worthwhile State causes. The taxes are designed to curb illegal gambling, and have no purpose when the operator of the lottery is an official State agency exercising under the authority of the State's legislative body.

This action today, however, must only be the first step in eliminating onerous Federal restrictions on State operated lotteries.

My bill, S. 1186, includes additional necessary reforms:

It would allow radio and television advertising of State lottery information, currently barred by Federal law, and strict Federal Communication Commission interpretation of that law.

It would exempt State lotteries from postal restrictions. This would allow newspapers to publish lottery information without fear of violating postal laws. It would also permit mailing of State lottery tickets, money for the purchase of tickets, and information about the State lottery.

It would allow advertisements of State lotteries in newspapers and on radio and television stations.

And it would allow the transportation of State lottery information and devices in interstate commerce.

These provisions, currently pending before the Judiciary Committee, would enable States to more freely publicize lotteries, to attract more lottery ticket buyers, and insure that all aspects of the lottery's operation are fully in accord with Federal laws.

State operated lotteries, like Pennsylvania's, are key new methods to raise important State revenues. Such revenues could play an important role in helping a State to not have to raise its State taxes. We must insure that Federal laws do not impede these State efforts.

Pennsylvania's experience is illustrative of the important revenue-producing role State lotteries can play. Between March 15, 1972, until June 30, 1972, the Pennsylvania lottery earned approximately $23 million, after expenses and prizes, that went into the State's general fund. During the next fiscal year, from July 1, 1972, to June 30, 1973, $57 million was applied to the designated benefit area of property tax relief for senior citizens. During fiscal year 1974, from July 1, 1973, to June 30, 1974, approximately $60 million was avaiable for the benefit of senior citizens, with State legislature designating free mass urban transit for senior citizens as an additional beneficiary of State lottery proceeds.

These are important services by the State of Pennsylvania to help senior citizens. Other States are undertaking a similar type of programs with lottery proceeds. We are helping our citizens, and helping the States, by eliminating onerous Federal restrictions on State operated lotteries.

Once again, I commend the Committee on Finance, and the full Senate, for taking the first step, and urge swift action to complete the full lottery reform package I introduced in my bill, S. 1186.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment. If there is no further amendments to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

Mr. BENNETT. Mr. President, I understand there are some Members of the Senate who wish to be heard on this matter. I therefore suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BENNETT. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

The bill (H.R. 11830) was passed.

The title was amended so as to read: "An Act to suspend the duty on synthetic rutile until the close of June 30, 1977, and for other purposes."

SUSPENSION OF DUTY ON CERTAIN HORSES

Mr. LONG. Mr. President, I ask unanimous consent that the unfinished business be laid aside temporarily and that the Senate proceed to consider H.R. 13631.

The PRESIDING OFFICER. The bill will be stated by title.

The assistant legislative clerk read as follows:

> H.R. 13631, an act to suspend for a temporary period the import duty on certain horses.

The PRESIDING OFFICER. Is there objection to the requests of the Senator from Louisiana?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Finance with an amendment on page 2, beginning with line 5, insert:

> SEC. 3. (a) Section 1878(f) of the Social Security Act is amended to read as follows:
>
> "(f)(1) A decision of the Board shall be final unless the Secretary, on his own motion, and within 60 days after the provider of services is notified of the Board's decision, reverses, affirms, or modifies the Board's decision. Providers shall have the right to obtain judicial review of any final decision of the Board, or of any reversal, affirmance, or modification by the Secretary, by a civil action commenced within 60 days of the date on which notice of any final decision by the Board or of any reversal, affirmance, or modification by the Secretary is received. Such action shall be brought in the district court of the United States for the judicial distdict in which the provider is located or in the District Court for the District of Columbia and shall be tried pursuant to the applicable provisions under chapter 7 of title 5, United States Code notwithstanding any other provisions in section 205.
>
> "(2) Where a provider seeks judicial review pursuant to paragraph (1), the amount in controversy shall be subject to annual interest beginning on the first day of the first month beginning after the 180-day period as determined pursuant to subsection (a)(3) and equal to the rate of return of equity capital established by regulation pursuant to section 1861(v)(1)(B) and in effect at the time the civil action authorized under paragraph (1) is commenced, to be awarded by the reviewing court in favor of the prevailing party.
>
> "(3) No interest awarded pursuant to paragraph (2) shall be deemed income or cost for the purposes of determining reimbursement due providers under this Act."
>
> (b) Notwithstanding any other provision of law, section 1878 of the Social Security Act shall not be construed as affecting any right to judicial review which may otherwise be available under law to providers of services with respect to cost reports for accounting periods ending prior to June 30, 1973.

Mr. LONG. Mr. President, in addition to suspending until July 1976 the duty on horses other than for immediate slaughter, this bill contains a committee amendment. The committee amendment relates to medicare. It extends to providers the right to judicial review of a decision by the Provider Reimbursement Review Board to include any Board decision and any subsequent affirmation, modification, or reversal of that decision by the Secretary, and provides that the amount in controversy shall be subject to annual interest, beginning 6 months after the determination.

So far as I know, Mr. President, there is no objection to the bill or the amendment.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. LONG. Mr. President, I understand the Senator from Idaho (Mr. CHURCH) wants to be present when this bill is acted on. I therefore suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. LONG. I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG. Mr. President, on behalf of the Senator from Idaho (Mr. CHURCH) I send to the desk an amendment and ask that it be reported.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

> At the end of the bill, add the following: section 1612(a)(2)(A) of the Social Security Act is amended—
>
> (1) by inserting "(i)" immediately after "except that"; and
>
> (2) by inserting immediately before the semicolon at the end of such paragraph the following: "and (ii) in the case of any individual or his eligible spouse who resides in a nonprofit retirement home or similar nonprofit institution, support and maintenance which is furnished to such individual or such spouse without payment therefor or for which payment is made by a nonprofit organization shall not be included".

Mr. LONG. Mr. President, this is an amendment that the Senator from Idaho (Mr. CHURCH) wishes to offer as chairman of the Committee on Aging. The amendment would provide that support and maintenance furnished to an individual in a nonprofit retirement home or institution would not be considered as income for purposes of reducing SSI payments when the cost of maintenance is paid by the home itself, or by another nonprofit organization.

Mr. President, I have discussed this matter with the ranking Republican member (Mr. BENNETT), and we think that the amendment has merit and should be agreed to and taken to conference. I hope the Senate will agree to the amendment.

Mr. CHURCH. Briefly stated, this proposal would amend the Social Security Act to exclude the value of maintenance and support furnished by a nonprofit retirement home in determining eligibility for supplemental security income benefits.

In enacting the 1972 Social Security Amendments the Congress established a new supplemental security income program to build, at long last, a Federal floor under the incomes of the aged, blind, and disabled.

This program, in my judgment, has the potential to be one of the landmark legislative achievements for older Americans. In fact, I strongly hope that SSI can help to achieve my top priority goal for the elderly: the elimination of poverty once and for all.

But before this objective can become a reality, existing problems affecting the SSI program—administrative, policy, and others—must first be resolved.

One clearcut example is the definition of income which determines whether an individual qualifies for monthly payments. Under existing law unearned income includes "support and maintenance furnished in cash or kind."

The Social Security Administration has construed this language to apply to charitable or other philanthropic services provided by private, nonprofit retirement institutions. In general, the difference between the monthly cost per resident for room, board, and services and the amount the patient actually pays is considered as outside unearned income for computing SSI benefits under the Social Security Administration's interpretation.

As a result, many individuals now receive less income than before SSI went into effect, in January 1974. Additionally, this interpretation has substantially impaired the ability of nonprofit retirement institutions to provide essential care for these needy individuals.

Moreover, it has produced other spillover effects. For example, numerous elderly persons have lost valuable health care protection, since SSI eligilibilty has a direct impact upon medicaid entitlement.

At recent hearings conducted by the Senate Committee on Aging, Monsignor Charles Fahey, the president-elect of the American Association of Homes for the Aging, described in very eloquent terms the problems caused by the existing construction. To make his point, he said:

> To illustrate, let us take as an example a nonprofit home for the aging whose actual cost of providing services is approximately $300 per month per person. Prior to January 1, 1974, the indigent residents of this institution were receiving $133 per month in public assistance payments. These payments were going directly to the public aid recipients who would retain $20 for personal funding and then turn over the balance or $113, to the institution as their contribution toward their room, board and services.

The difference between the cost per month of maintaining such individuals and their contribution—$300 less $113—is $187. Because this amount exceeds the SSI standard of need, or $146 per month, the person previously receiving $133 in public assistance now receives nothing, not even a personal needs allowance.

Moreover, the capacity of the nonprofit retirement institution to care for the poor aged is substantially inhibited.

To my way of thinking, the value of philanthropic services provided by nonprofit agencies should not reduce on a dollar-for-dollar basis an aged person's entitlement to SSI. Unfortunately, this has been the impact of the law as presently administered.

My amendment, it seems to me, would provide a more reasonable rule—not only from the vantage point of elderly patients and nonprofit institutions but also from the standpoint of the Federal Government.

Present policies have produced an almost impossible situation for the nonprofit home for the aging and the indigent elderly they seek to serve.

Improvement is clearly needed, and my proposal would provide a constructive step toward that goal.

For these reasons, I urge approval of this measure.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Idaho.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill (H.R. 13631) was read the third time, and passed.

The title was amended so as to read: "An Act to suspend for a temporary period the import duty on certain horses, and for other purposes."

SUSPENSION OF DUTY ON CERTAIN CARBOXYMETHYL CELLULOSE SALTS

Mr. LONG. Mr. President, I ask unanimous consent that the Senate now proceed to the consideration of Calendar No. 1020, H.R. 12035.

The PRESIDING OFFICER. The bill will be stated by title.

The assistant legislative clerk read as follows:

A bill (H.R. 12035) to suspend until the close of June 30, 1975, the duty on certain carboxymethyl cellulose salts.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate preceeded to consider the bill, which had been reported from the Committee on Finance with an amendment on page 2, beginning with line 5, to insert a new section as follows:

SEC. 3. (a) Section 2055(e) of the Internal Revenue Code of 1954 (relating to the disallowance of deductions in certain cases) is amended by adding at the end thereof the following new paragraph:

"(3) If a deduction is not allowable at the time of the decedent's death because of the failure of an interest in property which passes from the decedent to a person, or for a use, described in subsection (a), to meet the requirements of subparagraph (A) of paragraph (2) of this subsection, and if the governing instrument is amended or conformed on or before December 31, 1975, or, if later, on or before the 30th day after the date on which judicial proceedings begun on or before December 31, 1975 (which are required to amend or conform the governing instrument), become final, so that the interest is in a trust which is a charitable remainder annuity trust or a charitable remainder unitrust (described in section 664), a deduction shall nevertheless be allowed. The Secretary or his delegate may, by regulation, provide for the application of the provisions of this paragraph to trusts whose governing instruments are amended or conformed in accordance with this paragraph, and such regulations may provide for any adjustments in the application of the provisions of section 508 (relating to special rules with respect to section 501(c)(3) organizations) and subchapter J (relating to estates, trusts, beneficiaries, and decendents) to such trusts made necessary by the application of this paragraph. If, by the due date for the filing of an estate tax return (including any extension thereof), the interest is in a charitable trust which, upon allowance of a deduction, would be described in section 4947(a)(1), or the interest passes directly to a person or for a use described in subsection (a), a deduction shall be allowed as if the governing instrument was amended or conformed under this paragraph. If the amendment or conformation of the governing instrument is made after the due date for the filing of the estate tax return (including any extension thereof), the deduction shall be allowed upon the filing of a timely claim for credit or refund (as provided for in section 6511) of an overpayment resulting from the application of this paragraph. In the case of a credit or refund as a result of an amendment or conformation made pursuant to this paragraph, no interest shall be allowed for the period prior to the expiration of the 180th day after the date on which the claim for credit or refund is filed."

(b) The amendment made by subsection (a) shall apply with respect to estates of decedents dying after December 31, 1969.

Mr. LONG. Mr. President, in addition to recommending that the bill pass, the committee has added an amendment which would provide for an extension of time to allow charitable remainder trusts to conform to the requirements in the Tax Reform Act for purposes of an estate tax deduction. As a result of the 1969 act, charitable remainder trusts must meet certain requirements in order for an estate tax deduction to be allowed for the transfer of a remainder interest to charity. In general, these requirements must be met in the case of a decedent dying after December 31, 1969. Present transitional rules have been provided to allow a trust created after July 31, 1969, to qualify if the governing instrument of the trust is amended to meet these new requirements by December 31, 1972. However, because of the complexity of these rules, many nonconforming charitable remainder trusts have been unable to meet this deadline. Accordingly, the committee provision extends these transitional rules to December 31, 1975.

The Senate has voted on this amendment previously and has agreed to it previously, Mr. President, so I should think the Senate would be willing to agree to it again.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. BENNETT. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. BENNETT. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BENNETT. Mr. President, the amendment I propose to H.R. 12035 at this time would amend section 832(e) of the Internal Revenue Code of 1954 to include lease guarantee insurance and insurance guaranteeing the debt service of municipal bond issues for purposes of the contingency reserves.

Section 832(e) was intended to deal with unusual State law requirements regarding deductibility of additions to a contingency loss reserve and to afford uniform treatment to all companies which are writing lease guarantee insurance and insurance guaranteeing the debt service of municipal bond issues—that is, obligations the interest on which is excludable from gross income under section 103 of the Code—to deduct additions to their contingency reserves in accordance with the treatment of such additions currently provided for mortgage guaranty insurance under section 832(e).

I ask unanimous consent that this amendment be printed in the RECORD at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BENNETT's amendment is as follows:

At the end of the bill insert the following:

That section 832(e) of the Internal Revenue Code of 1954 (relating to special deduction and income account in the case of certain insurance companies) is amended by inserting after paragraph (5) the following new paragraph:

"(6) LEASE GUARANTY INSURANCE; INSURANCE OF STATE AND LOCAL OBLIGATIONS.—In the case of any taxable year beginning after December 31, 1970, the provisions of this subsection shall also apply in all respects to a company which writes lease guaranty insurance or insurance on obligations the interest on which is excludable from gross income under section 103. In applying this subsection to such a company, any reference to mortgage guaranty insurance contained in this section shall be deemed to be a reference also to lease guaranty insurance and to insurance on obligations the interest on which is excludable from gross income under section 103; and in the case of insurance on obligations the interest on which is excludable from gross income under section 103, the references in paragraph (1) to 'losses resulting from adverse economic cycles' include losses from declining revenues related to such obligations (as well as losses resulting from adverse economic cycles), and the time specified in subparagraph (A) of paragraph (5) shall be the twentieth preceding taxable year.".

Mr. BENNETT. I ask unanimous consent to have printed in the RECORD a letter addressed to the chairman and signed by Assistant Secretary of the Treasury Frederic W. Hickman, explaining the details of this very technical amendment, and containing these words:

> The Treasury Department does not object to the enactment of H.R. 4520, but calls the Committee's attention to the fact that the legislation would be generally effective with respect to all taxable years beginning after December 31, 1970. . . . While the Treasury Department normally opposes retroactive legislation, it recognizes that there are unusual circumstances in this case which the Committee may wish to consider.

It says the amendment would involve minor amounts, and thus retroactivity would have minimal effect.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF THE TREASURY,
Washington, D.C., March 25, 1974.

Hon. WILBUR D. MILLS,
Chairman, Committee on Ways and Means, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request for the views and recommendations of the Treasury Department with respect to H.R. 4520 (93d Cong. 1st Sess.), entitled "A Bill to amend section 832(e) of the Internal Revenue Code of 1954".

This bill would allow those insurance companies which are writing lease guarantee insurance and insurance guaranteeing the debt service of municipal bond issues (i.e., obligations the interest on which is excludable from gross income under Section 103 of the Code) to deduct additions to contingency reserves in accordance with the current treatment of such additions for mortgage guaranty insurance under Section 832(e).

Mortgage guaranty insurance companies guarantee the holder of a real estate mortgage against loss on a mortgage loan. State insurance commissions regulate these insurers by requiring the establishment of a contingency loss reserve of up to 50 percent of earned premiums in order to protect against extraordinary losses resulting from adverse economic cycles. These reserve additions are not related to loss experience and remain in the reserve for 15 years, in the absence of authorization from the State commission for prior restoration of income. Normal losses are charged to income currently, rather than to the reserve. Prior to enactment of Section 832(e), the deductibility of additions to a contingency loss reserve was in dispute. Where state law requires 50 percent of earned premiums to be placed in a reserve for extraordinary losses, it would be extremely difficult, if no deduction were allowed for such reserve additions, for a company to operate without continuing additions to working capital, since current losses and other expenses amount to more than 50 percent of their earned premiums.

Section 832(e) was intended to deal with these unusual State law requirements and to afford uniform treatment to all companies engaged in writing mortgage guaranty insurance. A deduction is permitted for additions to a contingency loss reserve maintained by a mortgage guarantee insurance company pursuant to state insurance commission requirements. However, in order to obtain the deduction, the company must purchase special 10-year "tax-and-loss" bonds equal to the tax benefit of the deduction (i.e., the marginal tax rate times the deduction.) These bonds are noninterest bearing, nontransferable, and redeemable only when the amount added to the reserve must be restored to income which must occur, at the latest, at the end of 10 years. At the time the reserve is restored to income, the bonds purchased when the reserve was created may be utilized to pay the resulting tax.

The net tax effect to a mortgage guarantee insurance company under Section 832(e) is the ability to carry back for as much as 10 years extraordinary losses from such insurance against taxable income. The deduction for additions to the special contingency reserve gives no immediate tax benefit, since that "benefit" must be invested in tax-and-loss bonds. A non-tax benefit is gained, however, since the bonds are recognized by both accountants and state insurance commissions as assets for financial statement purposes and may thus be used for the special contingency reserve.

Similarly, from the Treasury's standpoint, the deduction for additions to the special contingency reserve is only temporary, and the noninterest bearing bonds give the Treasury at all times the unrestricted use of the deferred tax dollars as if there were no deduction and as if taxes were in fact paid currently. Although the insurance companies obtain a deduction for additions to the special reserves over the approximate average life of the mortgages guaranteed (10 years), at the same time the companies are denied the earnings on the portion of such reserves representing deferred taxes during the time that portion is held for special contingencies.

Lease guarantee insurance and insurance on tax-exempt obligations have generally been subject to the same contingency reserve requirements as mortgage guarantee insurance. Accordingly, the reasons for enactment of Section 832(e) for mortgage guarantee insurance companies are equally applicable to those companies writing lease guarantee insurance and/or insurance on tax-exempt obligations.

The Treasury Department does not object to the enactment of H.R. 4520, but calls the Committee's attention to the fact that the legislation would be generally effective with respect to all taxable years beginning after December 31, 1970. In addition, because of the provisions of Section 832(e) (1) (B), a deduction would be allowed in the current taxable year for additions to a contingency reserve for taxable years beginning after January 1, 1967, but before January 1, 1971. While the Treasury Department normally opposes retroactive legislation, it recognizes that there are unusual circumstances in this case which the Committee may wish to consider.

Specifically, because information supplied to the Treasury indicates that lease guarantee insurance was first written in 1968 and insurance on tax-exempt obligations was first written in late 1971, additions to contingency reserves prior to 1970 would involve minor amounts, and thus retroactivity would have minimal effect in this case. In addition, we understand that tax-and-loss bonds have been purchased with respect to some of the amounts which would be allowed as deductions if the legislation is retroactive; the Treasury has, of course, had the use of these deferred tax amounts just as if no deductions were allowed and a tax had been paid. The only result of afford a carryback to the years 1967 through 1973 in the event of extraordinary losses; and we understand that additions to reserves with respect to lease guaranty obligations have been increasing to an extent that it would appear unlikely that a taxpayer would need to utilize amounts in his reserve arising in prior years in order to absorb any current extraordinary losses. While there have been only slight increases in reserves for insurance on tax exempt obligations, this business activity has been conducted only over a two year period. Another factor to consider is that the administration of this provision would be significantly more complex if no provision for retroactivity were included.

This bill would also permit a 20 year loss carryback in the case of tax exempt state and local obligations rather than the 10 year net operating loss carryback which is currently available for mortgage guaranty insurance and which would be applicable under this bill for lease guaranty insurance. The net operating loss carryback for mortgage guaranty insurance was permitted over the approximate average life of the mortgages guaranteed—10 years. However, the average long-term risks associated with these insured tax-exempt obligations is estimated to be approximately 22 years. We understand that States awaiting federal action which would permit a 20 year loss carryback before state regulatory contingency reserve requirements are correspondingly extended. Accordingly, the Treasury Department does not object to this extension if as a precondition State reserve requirements are appropriately extended.

It is not possible to quantify the revenue effect of this bill, but its effect is thought to be negligible.

The Office of Management and Budget has indicated that it has no objection from the standpoint of the Administration's program to the submission of this report.

Sincerely yours,

FREDERIC W. HICKMAN,
Assistant Secretary.

Mr. BENNETT. I hope the chairman will accept the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Utah.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. BENNETT. Mr. President, I send another amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. BENNETT. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BENNETT. Mr. President, almost all major business enterprises in America give awards for achievement and/or length of service to their employees. Virtually all of these awards are items of jewelry or for personal use or adornment. Since 1962, the Internal Revenue Code has limited employers to a $100 deduction for service and achievement awards. In that same time period, the market price of gold and silver, the materials from which these awards are made, has risen more than 400 percent. This amendment would raise the dollar limit of section 274(b) (1) (C) from $100 to $200 and revise the language to remove some technical problems.

I ask unanimous consent that this amendment be printed in the RECORD at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

At the end of the bill add the following new section: SEC. —. DEDUCTIBILITY OF CERTAIN GIFTS.

(a) IN GENERAL.—Section 274 (b) (1) (C)

of the Internal Revenue Code of 1954 (relating to limitation on deductibility of gifts) is amended to read as follows:

"(C) an item of tangible personal property which is awarded to an employee by reason of length of service or achievement, but only to the extent that the cost of such item to the taxpayer does not exceed $200."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years ending on or after the date of the enactment of this Act.

Mr. BENNETT. I ask the chairman if he will accept the amendment.

Mr. LONG. Mr. President, I believe it would be better if this amendment would be considered in the committee. I have no strenuous objection to it.

It may very well be agreed to. But not having been familiar with the amendment prior to this time, I would hope that the Senator would be willing to withhold the amendment and discuss it with the committee before it is acted on.

Mr. BENNETT. Of course, if the chairman is not prepared to accept it, I think, under the circumstances, I have little or no choice but to withdraw it.

Mr. LONG. I thank the distinguished Senator. I wish to assure him that I really have no strong feeling about it. It has merit. But I would hope the committee would have the opportunity to consider it in executive session before it is voted on in the Senate.

Mr. BENNETT. Mr. President, I withdraw the amendment.

The PRESIDING OFFICER. The amendment is withdrawn.

Mr. BENNETT. I send another amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. BENNETT. I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

SEC. 3. APPLICATION OF SECTION 117 TO CERTAIN EDUCATION PROGRAMS FOR MEMBERS OF THE UNIFORMED SERVICES.

(a) IN GENERAL.—Any amount received from appropriated funds as a scholarship, including the value of contributed services and accommodations, by a member of a uniformed service who is receiving training under the Armed Forces Health Professions Scholarship Program (or any other program determined by the Secretary of the Treasury or his delegate to have substantially similar objectives) from an educational institution (as defined in section 151(e)(4) of the Internal Revenue Code of 1954) shall be treated as a scholarship under section 117 of such Code, whether that member is receiving training while on active duty or in an off-duty or inactive status, and without regard to whether a period of active duty is required of the member as a condition of receiving those payments.

(b) DEFINITIONS.—For purposes of this section, the term "uniformed service" has the meaning given it by section 101(3) of title 37, United States Code.

(c) EFFECTIVE DATE.—The provisions of this section shall apply with respect to amounts received during calendar years 1973, 1974, and 1975.

SEC. 4. APPLICATION OF SECTION 117 TO CERTAIN STUDENT LOAN PROGRAMS

(a) IN GENERAL.—Any amount received as a student loan shall be treated, for purposes of the Internal Revenue Code of 1954, as a scholarship under section 117 of such Code, without regard to whether repayment of all or a portion of the loan may be canceled if the recipient works for a certain period of time in certain professions or certain geographical areas or for certain classes of employers. The preceding sentence shall not apply with respect to any interest paid on a student loan.

(b) DEFINITION.—For purposes of this section, the term "student loan" means any loan to an individual to assist the individual in attending an educational institution (as defined in section 151(e)(4))—

(1) by the United States, or an instrumentality or agency thereof, or a State, a territory, or a possession of the United States, or any political subdivision thereof, or the District of Columbia, or

(2) by an educational institution (as defined in section 151(e)(4)) pursuant to an agreement with the United States, or an instrumentality or agency thereof, or a State, a territory, or a possession of the United States, or any political subdivision thereof, or the District of Columbia under which the funds from which the loan was made were provided to such educational institution.

(c) EFFECTIVE DATE.—The provisions of this section shall apply with respect to amounts received as student loans on or before December 31, 1975.

Mr. BENNETT. The amendment which I propose now and which the Senate will now consider combines two proposals which I made earlier, one of which originated with Senator TUNNEY. The present amendment would alter the tax treatment given by the Internal Revenue Code to amounts received by taxpayers under the Armed Forces Health Professions Scholarship program and amounts received as student loans from the United States or any political subdivision thereof or from any education institution by agreement with the United States or any such political subdivision. This latter provision was proposed by Senator TUNNEY.

Present law—section 117 of the Code—provides, subject to certain limitations and qualifications, that gross income of an individual does not include amounts received as a scholarship at an educational institution or as a fellowship grant. This provision, however, does not apply with respect to any amount paid or allowed on behalf of an individual if the amount represents compensation for past, present, or future employment services, or in certain other cases, such as where the studies or research are primarily for the benefit of the grantor. In these types of cases, the amounts are considered as compensation designed for services or designed to accomplish an objective of the grantor and are not excludable from gross income; and consequently, these amounts are subject to tax to the individual.

The Internal Revenue Service notified the Department of Defense in response to its request for a ruling that the tuition and other educational expenses paid to or on behalf of participants in the recent instituted Armed Forces Health Professions Scholarship program are not excludable from the individual's gross income, and, therefore, are subject to tax and withholding. It was noted that under this scholarship program the student was required to serve a prescribed period of active duty with the Armed Forces in return for payment by the Government of certain educational expenses, such as tuition and fees, books, and other related expenses.

The first part of my amendment would exclude funds received under the Armed Forces health professions scholarship program from gross income.

Mr. President, the second part of my amendment involves the taxation of forgiveness of indebtedness income with respect to educational loans/scholarship programs operated by Federal, State, and local governments. This provision would treat forgiven student loans, conditioned upon future employment, as scholarships excludable from gross income.

The tax treatment provided in my amendment would be effective only until December 31, 1975. Between now and then, the Department of Treasury has promised to send to the Congress a proposed comprehensive measure which would include a proposal for a permanent way of dealing with the problems which give rise to my amendment. This proposal will not arrive in time to be considered during the present session and thus in time to provide relief for the present. My amendment would provide such temporary relief.

So far as I know, the Treasury has no serious objection to the amendment. It is literally an extension of a year so that the problems relating to scholarship funds may be studied. I hope the chairman will accept this amendment.

Mr. LONG. Mr. President, the Senator from Utah (Mr. BENNETT) says this amendment is in two parts. The first part of it has been discussed in the committee and the committee has indicated that it approves of it, and I would be pleased to support that part.

I would hope the Senator would hold the second part of the amendment because I do think it would be appropriate that the committee have an opportunity to consider it. I do not pass judgment on the merits of it. I simply say the committee would do well to consider it.

Mr. BENNETT. Half a loaf is better than none, and half an amendment is better than none, so the Senator is glad to divide his amendment, and I would offer the part affecting armed services scholarships separately.

The PRESIDING OFFICER. The Senator modifies his amendment?

Mr. BENNETT. To exclude the second part affecting private scholarships.

The PRESIDING OFFICER. The Senator offers only the first part?

Mr. BENNETT. The first part which relates to scholarships available through the armed services for this particular health professions scholarship program.

The PRESIDING OFFICER. The question is on agreeing to the amendment as modified. [Putting the question.]

The amendment, as modified, was agreed to.

The PRESIDING OFFICER. The bill is open for further amendment.

Mr. LONG. Mr. President, I believe the Senator from Idaho (Mr. CHURCH) wishes to offer an amendment. I suggest that he send it to the desk.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Idaho is recognized.

Mr. CHURCH. Mr. President, I send to the desk an amendment to the pending bill.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk proceeded to read the amendment.

Mr. CHURCH. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the bill, insert the following new section:

"SEC. —. (a) Section 62 of the Internal Revenue Code of 1954 is amended by inserting after paragraph (9) the following new paragraph:

"'(10) PENALTIES FORFEITED BECAUSE OF PREMATURE WITHDRAWAL OF FUNDS FROM TIME SAVINGS ACCOUNTS OR DEPOSITS.—The deductions allowed by section 165 for losses incurred in any transaction entered into for profit, though not connected with a trade or business to the extent that such losses includes amounts forfeited to a bank, mutual savings bank, savings and loan association, building and loan association, cooperative bank or homestead association as a penalty for premature withdrawal of funds from a time savings account, certificate of deposit, or similar class of deposit.'

"(b) The amendment made by this section applies to taxable years beginning after December 31, 1972.".

Mr. CHURCH. Mr. President, I will explain the purpose of the amendment, if I may.

The PRESIDING OFFICER. The Senator may proceed.

Mr. CHURCH. The purpose of this amendment is to allow penalties which are incurred because of premature withdrawal of funds from time savings accounts or deposits to be deducted from gross income in calculating adjusted gross income.

Last November the Internal Revenue Service issued Revenue Ruling 73-511, which requires banks, savings and loan associations, and other financial institutions to report for purposes of information returns the gross interest paid to each accountholder during the year on time savings accounts or deposits.

In computing gross interest, amounts forfeited as penalties because of premature withdrawal of funds cannot be netted against the certificate holder's interest income. As a result, the depositors or accountholders must pay taxes on the full amount of interest paid or credited, although they were required to return part of it to the financial institution as a penalty.

If a saver itemizes his deductions, he may subtract the amount of the penalty from his adjusted gross income as a loss incurred in a transaction entered into for profit under section 165 of the Internal Revenue Code.

But this provision provides no relief whatsoever for the vast majority of taxpayers who take the standard deduction or the low-income allowance in lieu of itemizing their deductions.

In fact, more than 3 out of every 5 taxpayers do not itemize their deductions. According to the latest complete data available, nearly 78 million returns were filed for taxable year 1972. Of this total more than 50 million claimed the standard deduction or low-income allowance.

To my way of thinking, Revenue Ruling 73-511 is unfair to taxpayers who do not itemize their deductions.

As chairman of the Senate Committee on Aging, I am especially concerned because many of these individuals are elderly retirees who can ill afford to pay tax on interest income which they have never received.

For these reasons, my amendment would authorize a deduction from gross income for any amount or amounts forfeited as penalties for premature withdrawal of funds from time savings accounts or deposits located at banks and savings and loan associations.

Under this provision all savers will be taxed equally on sums forfeited as premature withdrawal penalties whether they itemize their deductions or not.

Mr. President, I urge early approval of this measure.

I understand from the distinguished floor leader and the minority leader on this legislation that the amendment is equitable in their view and will be accepted.

Mr. BENNETT. Mr. President, I am not going to oppose the amendment, but I think the record should show that we are beginning now to break down the theory of the standard deduction. We are saying that people who have one particular kind of income may have the standard deduction plus the benefit of a special deduction.

I think the Finance Committee should study again this whole question of what should be included in the standard deduction and what should be left out.

We are now setting a precedent of taking one particular type of income and giving it the benefit of both worlds.

Now, someone is going to come in one of these days and say, "Here is another socially desirable concession." We should make that concession. Pretty soon, the standard deduction will have no meaning.

We are going to give him a special benefit and he can lump all of his deductions together and even if they do not equal the amount of the standard deduction, we are going to give him this deduction anyway.

As I said, I am not going to oppose this amendment, but I think the record should show that the Finance Committee should look carefully at the basic problem of the relationship between the standard deduction and individual deductions and not take this as a precedent that can be argued when someone else would like to come in and exempt something else from the standard deduction.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Idaho (Mr. CHURCH).

The amendment was agreed to.

Mr. HANSEN. Mr. President, as one of the sponsors of bills to amend section 2055(e) of the Internal Revenue Code, now a part of H.R. 12035, it is necessary to clarify several considerations which Senate Report 93-1063 does not deal with or which are not clear from the text of the report.

By way of background, during the 92d Congress, this measure was introduced in the House as H.R. 14513 on April 20, 1972, by Representative JAMES A. BURKE of Massachusetts and I introduced it, with cosponsors BIBLE, BURDICK, COTTON, ERVIN, HATFIELD, HRUSKA, HUGHES, THURMOND, TOWER, and YOUNG, in the Senate as S. 3841 on July 24, 1972. No action was taken on H.R. 14513 by the Ways and Means Committee but S. 3841 was approved by the Senate Finance Committee in a version which contained a December 31, 1974, cutoff date. Because of procedural deficiencies, the transitional rule was blocked when offered as a floor amendment to a minor tax bill on October 16, 1972.

In the 93d Congress, efforts were again renewed with the introduction of H.R. 3227 and, as later revised, H.R. 11785. During its general hearings on tax reform, the Committee on Ways and Means received testimony in support of the measure on April 13, 1973, part of which was printed in the RECORD on October 25, 1973. On Wednesday, July 31, 1974, the Ways and Means Committee, in executive session, approved H.R. 11785 as part of its general tax reform bill.

Proposed section 2055(e)(3) is a relief provision aimed at reducing the hardship caused by the 1969 enactment of the complex charitable remainder trust rules affecting certain charitable bequests and transfers. As a reform and relief measure whose benefits actually flow to charity, I would hope that it will be liberally construed by both the Treasury Department and the courts to effectuate its purpose of allowing the appropriate relief.

The PRESIDING OFFICER. The bill is open to further amendment.

If there are no further amendments, the question is on the engrossment of the amendments and third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

The title was amended so as to read: "An Act to suspend until the close of June 30, 1975, the duty on certain carboxymethyl cellulose salts, and for other purposes."

OVERSEAS PRIVATE INVESTMENT CORPORATION—CONFERENCE REPORT

Mr. CHURCH. Mr. President, I submit a report of the committee of conference on S. 2957, and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. Nelson). The report will be stated by title.

The assistant legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2957) relating to the activities of the Overseas Private Investment Corporation, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Is there objection to the consideration of the conference report?

There being no objection, the Senate proceeded to consider the report.

(The conference report is printed in the House proceedings of the Congressional Record of July 30, 1974, at pp. 25645–25648.)

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The conference report was agreed to.

ORDER OF BUSINESS

The PRESIDING OFFICER. What is the will of the Senate?

Mr. FULBRIGHT. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, that concludes, for today at least, consideration of bills under the able chairmanship of the distinguished Senator from Louisiana (Mr. Long) and the ranking Republican Member, the distinguished Senator from Utah (Mr. Bennett).

RECESS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate stand in recess until the hour of 2:15 p.m.

There being no objection, at 1:47 p.m., the Senate recessed until 2:15 p.m., whereupon, the Senate reassembled at 2:15 p.m., when called to order by the Presiding Officer (Mr. Helms).

Mr. MANSFIELD. Mr. President, I asked, under the previous order, that the vote occur at 2:15 p.m. on Senate Resolution 380. I ask unanimous consent that the first vote occur at 2:20 p.m.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE PROGRAM

Mr. YOUNG. Mr. President, I ask the majority leader what the schedule is for the rest of the day.

Mr. MANSFIELD. Mr. President, we have a vote coming up shortly on the Proxmire resolution, then a vote on a finance committee bill, and then, hopefully, the consideration of the conference report on housing. If those are disposed of, as I anticipate they will be, it will be the intention of the leadership to ask that the Senate go over until 10 o'clock on Thursday next, at which time ERDA will be the pending business, but in the meantime we will take up the conference reports on Treasury and Post Office, and Public Works and Atomic Energy, and Transportation.

I hope that answers the Senator's question.

ORDER FOR ADJOURNMENT UNTIL 10 A.M. ON THURSDAY

Mr. MANSFIELD. Mr. President, I ask unanimous consent, notwithstanding the previous order, that when the Senate completes its business today it stand in adjournment until the hour of 10 o'clock on Thursday morning next.

The PRESIDING OFFICER. Without objection, it is so ordered.

DISAPPROVAL OF ADVANCE PAYMENT POOL AGREEMENT BETWEEN THE U.S. NAVY AND GRUMMAN AEROSPACE CORP.

The Senate continued with the consideration of the resolution (S. Res. 380) to disapprove an advance-payment pool-agreement between the U.S. Navy and Grumman Aerospace Corp.

The PRESIDING OFFICER (Mr. Helms). The question is on agreeing to the resolution (S. Res. 380). On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Indiana (Mr. Bayh), the Senator from Florida (Mr. Chiles), the Senator from North Carolina (Mr. Ervin), the Senator from Alaska (Mr. Gravel), the Senator from Maine (Mr. Hathaway), the Senator from Hawaii (Mr. Inouye), the Senator from Louisiana (Mr. Johnston), the Senator from Wyoming (Mr. McGee), the Senator from Minnesota (Mr. Mondale), and the Senator from California (Mr. Tunney) are necessarily absent.

Mr. GRIFFIN. I announce that the Senator from Kentucky (Mr. Cook) is necessarily absent.

I also announce that the Senator from New York (Mr. Buckley) is absent on official business.

I further announce that, if present and voting, the Senator from Kentucky (Mr. Cook) would vote "yea."

The result was announced—yeas 53, nays 35, as follows:

[No. 361 Leg.]

YEAS—53

Abourezk
Aiken
Allen
Bartlett
Beall
Bellmon
Bible
Biden
Brock
Brooke
Burdick
Byrd, Robert C.
Case
Church
Clark
Cotton
Cranston
Dole
Domenici
Eagleton
Fannin
Fulbright
Goldwater
Hart
Hartke
Haskell
Hatfield
Hughes
Humphrey
Kennedy
Magnuson
Mansfield
Mathias
McClure
McGovern
Metcalf
Metzenbaum
Montoya
Moss
Muskie
Nelson
Packwood
Pastore
Pearson
Pell
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Stevenson
Symington
Weicker

NAYS—35

Baker
Bennett
Bentsen
Byrd, Harry F., Jr.
Cannon
Curtis
Dominick
Eastland
Fong
Griffin
Gurney
Hansen
Helms
Hollings
Hruska
Huddleston
Jackson
Javits
Long
McClellan
McIntyre
Nunn
Percy
Scott, Hugh
Scott, William L.
Sparkman
Stafford
Stennis
Stevens
Taft
Talmadge
Thurmond
Tower
Williams
Young

NOT VOTING—12

Bayh
Buckley
Chiles
Cook
Ervin
Gravel
Hathaway
Inouye
Johnston
McGee
Mondale
Tunney

So the resolution (S. Res. 380) was agreed to.

Mr. PROXMIRE. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

Mr. MANSFIELD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

SUSPENSION OF DUTIES ON CERTAIN CLASSIFICATIONS OF SILK

The Senate resumed the consideration of the bill (H.R. 7780) to extend for an additional temporary period the existing suspension of duties on certain classifications of yarns of silk.

The PRESIDING OFFICER. Under the previous order, the question is on agreeing to the committee amendment to H.R. 7780. The yeas and nays have been ordered, and the clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Indiana (Mr. Bayh), the Senator from Florida (Mr. Chiles), the Senator from North Carolina (Mr. Ervin), the Senator from Alaska (Mr. Gravel), the Senator from Maine (Mr. Hathaway), the Senator from Hawaii (Mr. Inouye), the Senator from Louisiana (Mr. Johnston), the Senator from Wyoming (Mr. McGee), the Senator from Minnesota (Mr. Mondale), and the Senator from California (Mr. Tunney) are necessarily absent.

Mr. GRIFFIN. I announce that the Senator from Kentucky (Mr. Cook) is necessarily absent.

I also announce that the Senator from New York (Mr. Buckley) is absent on official business.

The result was announced—yeas 45, nays 43, as follows:

[No. 362 Leg.]

YEAS—45

Baker
Bartlett
Beall
Bellmon
Bennett
Bentsen
Bible
Brock
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Cotton
Curtis
Dole
Domenici
Dominick
Eastland
Fannin
Goldwater
Griffin
Hansen
Helms
Hruska
Huddleston
Long
Mansfield
McClellan
McClure
Metcalf
Moss
Packwood
Pearson
Randolph
Roth
Scott, Hugh
Scott, William L.
Sparkman
Stafford
Stennis
Stevens
Talmadge
Thurmond
Tower
Young

NAYS—43

Abourezk
Aiken
Allen
Biden
Brooke
Case
Church
Clark
Cranston
Eagleton
Fong
Fulbright
Gurney
Hart
Hartke
Haskell
Hatfield
Hollings
Hughes
Humphrey
Jackson
Javits
Kennedy
Magnuson
Mathias
McGovern
McIntyre
Metzenbaum
Montoya
Muskie
Nelson
Nunn
Pastore
Pell
Percy
Proxmire
Ribicoff
Schweiker
Stevenson
Symington
Taft
Weicker
Williams

NOT VOTING—12

Bayh
Buckley
Chiles
Cook
Ervin
Gravel
Hathaway
Inouye
Johnston
McGee
Mondale
Tunney

So the committee amendment was agreed to.

The PRESIDING OFFICER (Mr. HELMS). The bill is open to further amendment.

Mr. CANNON. Mr. President, I send my amendment to the desk and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. CANNON. Mr. President, I ask unanimous consent that further reading of the amendment may be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendment will be printed in the RECORD.

The amendment, ordered to be printed in the RECORD, is as follows:

At the end of the bill insert the following new section:

SEC. . AMENDMENT TO WAGERING TAX.

(a) IN GENERAL.—Section 4401 of the Internal Revenue Code of 1954 (relating to imposition of tax on wagers) is amended by adding at the end thereof the following new subsection:

"(d) EXCEPTION.—The tax imposed by subsection (a) does not apply to a wager placed with a licensed person if a tax on such wager (or the proceeds therefrom) is imposed by the State or political subdivision under the laws of which such person is licensed. For purposes of this subsection the term 'licensed person' means a person who is licensed under the laws of a State or a political subdivision thereof to engage in one or more activities with respect to wagers and who, solely by reason of such activities, is liable for the payment of a special tax under section 4411.".

(b) EFFECTIVE DATE.—The amendment made by this section applies to wagers placed more than 30 days after the date of enactment of this Act.

Mr. CANNON. Mr. President, I submit this amendment on behalf of myself and the Senator from the State of Nevada (Mr. BIBLE).

Mr. President, the State of Nevada has a highly regulated and licensed gaming industry. For many years the Federal Government has required bookmakers to pay a Federal tax of 10 percent on wages. This tax money has generated revenue for the Federal Treasury and has provided funds for the enforcement of laws prohibiting illegal gaming operations.

In 1968 the Supreme Court handed down two key decisions dealing with gambling and self-incrimination by bookmakers in failing to pay the tax—*Marchetti* v. *United States* 390 U.S. 39 (1968) and *Grosso* v. *United States* 390 U.S. 63 (1968). The effect of these rulings was to disallow the prosecutorial function of the tax leaving the legal gaming operation in the State of Nevada as the only taxpayer complying with the 10-percent tax. Only a dozen operators are affected, all of them legally engaged in my State.

Illegal gaming exists in the State of Nevada as it does in other States. Unfortunately at the present time illegal operations which pay no taxes have an advantage over tax-paying, policed legal games since the unlicensed operations are not paying the tax. My amendment will eliminate the Federal tax and will allow the legal games to compete more fairly with the illegal operations, thus driving out the illegal game. I have had ongoing discussions with Treasury Department representatives concerning this inequity which discriminates in favor of the tax-avoiding illegal operator. They agree a technical change should be made to assist the State in the enforcement of its gaming laws and to continue its efforts and the Nation's efforts in eliminating illegal gaming. For these reasons I seek to make this minor adjustment in the excise tax to remedy a problem which was never intended.

Mr. President, at the present time there is no Federal tax on legalized lotteries, horseracing, off-track betting sanctioned by State statute or other forms of legalized wagering. My amendment would simply make these Federal tax laws affecting gambling uniform and equitable.

Mr. BIBLE. Mr. President, I rise in support of the amendment and to urge its acceptance by the Senate.

This amendment offered by my colleague Senator CANNON and myself would modify existing law so as to exempt from the 10-percent Federal excise tax on wagers placed with a licensed person where the State involved imposes a tax on that wager—or the proceeds therefrom. Its effect would be to exempt wagers placed with State-licensed wagering enterprises such as exist in my State of Nevada, which are—I understand—virtually the only officially licensed and regulated wagering operations in the Nation that remain subject to the present tax.

This change in the law is already long overdue and is needed to overcome an undesirable and certainly unintended result of the present excise tax as it is applied in Nevada. The plain fact is that the present 10-percent excise tax on an entirely lawful wager has the effect of driving the wagering public in a State like Nevada away from licensed, legitimate, closely controlled gaming enterprises and into the hands of illegal gambling operators. In other words, the present 10-percent tax on law-wagers makes it difficult for licensed wagering businesses to compete with illegal gamblers.

Needless to say, this should not be the end result of any Federal tax statute. This amendment will correct that situation. Also, I believe that as a matter of policy the Congress should avoid imposing a tax on wagers already subject to tax. In Nevada, the State government imposes a substantial gross receipts tax and a table tax on the wagering enterprises affected by this amendment. Both county and city governments impose sizable license fees and table taxes as well. This amendment will not only remove a present incentive to the betting public to seek out illegal betting operations. It will also—by improving the competitive position of the licensed operators—help generate additional State taxes to help meet the expense of State government.

As I have said, parimutuel wagering operations, which are State-licensed operations, are already exempt from the excise tax in all of the States, as are State-operated lotteries. Such activities provide sizable support for the operation of the State governments involved. The same is true in the case of State-licensed wagering enterprises, and I submit that those enterprises too should be excepted from the Federal wagering tax.

I urge acceptance of the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Nevada.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

AMENDMENT NO. 942

Mr. STEVENSON. Mr. President, I send to the desk my amendment, No. 942, and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

At the end of the bill, add a new section as follows:

GIFT TAX TREATMENT OF POLITICAL CONTRIBUTIONS

SEC. . (a) Section 2503(b) of the Internal Revenue Code of 1954 (relating to exclusions from gifts) is amended by adding at the end thereof the following new sentence: "Gifts made to different political committees which make expenditures (including transfers of funds and contributions by a committee) for the purpose of influencing the nomination or election of any candidate for elective office shall for purposes of this subsection be deemed to have been made to that candidate unless the donor establishes to the satisfaction of the Secretary or his delegate that—

"(1) at the time he made the gift he could not have been reasonably expected to know which candidate would benefit from his gift, and

"(2) at no time did he direct, request, or suggest to the committee, or to any person associated with that committee, that a particular candidate should receive any benefit from his gift.".

(b) The amendment made by subsection (a) shall apply with respect to gifts made on or after the date of enactment.

Mr. STEVENSON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. STEVENSON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STEVENSON. Mr. President, I withdraw my amendment.

The PRESIDING OFFICER. The amendment of the Senator from Illinois is withdrawn.

The bill is open to further amendment; if there be no further amendment to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The bill having been read a third time, the question is, Shall it pass?

The bill (H.R. 7780) was passed.

The PRESIDING OFFICER. Without objection, the title will be appropriately amended.

TAX AND TARIFF LEGISLATION—AUTHORIZATION FOR PRINTING AND CORRECTING CERTAIN BILLS PASSED TODAY AND APPOINTMENT OF CONFEREES

Mr. LONG. Mr. President, I ask unanimous consent that the bills—H.R. 6191, 7780, 11251, 11830, 12035, and 13631 be printed with the amendments of the Senate numbered, and that in the engrossment of the amendments of the Senate to the bill the Secretary of the Senate be authorized to make all necessary technical and clerical changes and corrections, including corrections in section, subsection, and so forth, designations, and cross references thereto.

Mr. President, I move that the Senate insist on its amendments to the bills (H.R. 6191, 7780, 11251, 11830, 12035, and 13631) and ask for conferences with the House thereon, and that the Chair appoint the conferees on the part of the Senate.

The PRESIDING OFFICER. Does the Senator ask unanimous consent that all be acted upon en bloc?

Mr. LONG. Yes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Without objection, the motion is agreed to, and the chair appoints the following conferees: Senators LONG, TALMADGE, HARTKE, BENNETT, and CURTIS.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Hackney, one of its reading clerks, announced that the House has passed the bill (H.R. 14214) to amend the Public Health Service Act and related laws, to revise and extend programs of health revenue sharing and health services, and for other purposes, in which it requests the concurrence of the Senate.

The message also announced that the House has passed the bill (S. 1728) to increase benefits provided to American civilian internees in Southeast Asia, with amendments in which it requests the concurrence of the Senate.

The message further announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 15544) making appropriations for the Treasury Department, the U.S. Postal Service, the Executive Office of the President, and certain independent agencies, for the fiscal year ending June 30, 1974, and for other purposes; that the House recedes from its disagreement to the amendments of the Senate numbered 3, 4, 7, 12, 14, 16, 19, 20, 22, 23, 24, 26, 28, 37, 38, 45, and 51 and concurs therein; that the House recedes from its disagreement to the amendments of the Senate numbered 1, 25, 33, 35, 43, 44, and 52 and concurs therein, each with an amendment in which it requests the concurrence of the Senate.

The message also announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 15155) making appropriations for public works for water and power development, including the Corps of Engineers—Civil, the Bureau of Reclamation, the Bonneville Power Administration and other power agencies of the Department of the Interior, the Appalachian regional development programs, the Federal Power Commission, the Tennessee Valley Authority, the Atomic Energy Commission, and related independent agencies and commissions for the fiscal year ending June 30, 1975, and for other purposes; that the House recedes from its disagreement to the amendment of the Senate numbered 19 and concurs therein; that the House recedes from its disagreement to the amendments of the Senate numbered 1 and 5 and concurs therein, each with an amendment in which it requests the concurrence of the Senate.

The message further announced that the House has disagreed to the amendments of the Senate to the bill (H.R. 15581) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1975, and for other purposes; that the House agrees to the conference requested by the Senate on the disagreeing votes of the two Houses thereon; and that Mr. NATCHER, Mr. STOKES, Mr. TIERNAN, Mr. CHAPPELL, Mr. BURLISON of Missouri, Mr. MCKAY, Mr. ROUSH, Mr. MAHON, Mr. MYERS, Mr. MCEWEN, Mr. COUGHLIN, Mr. YOUNG of Florida, and Mr. CEDERBERG were appointed managers of the conference on the part of the House.

The message also announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 15405) making appropriations for the Department of Transportation and related agencies for the fiscal year ending June 30, 1975, and for other purposes; that the House recedes from its disagreement to the amendment numbered 18 and concurs therein; that the House recedes from its disagreement to the amendments of the Senate numbered 8, 16, 26, 28, 29, and 30, and concurs therein, each with an amendment in which it requests the concurrence of the Senate.

The message further announced that the House agrees to the amendments of the Senate to the bill (H.R. 14715) to clarify existing authority for employment of White House Office and Executive residence personnel, and for other purposes, with amendments in which it requests the concurrence of the Senate.

The message also announced that the House disagrees to the amendments of the Senate to the bill (H.R. 15323) to amend the Atomic Energy Act of 1954, as amended, to revise the method of providing for public remuneration in the event of a nuclear incident, and for other purposes; agrees to the conference requested by the Senate on the disagreeing votes of the two Houses thereon; and that Mr. PRICE of Illinois, Mr. HOLIFIELD, Mr. YOUNG of Texas, Mr. RONCALIO of Wyoming, Mr. MCCORMACK, Mr. HOSMER, Mr. ANDERSON of Illinois, Mr. HANSEN of Idaho, and Mr. LUJAN were appointed managers of the conference on the part of the House.

HOUSE BILL REFERRED

The bill (H.R. 14214) to amend the Public Health Services Act and related laws, to revise and extend programs of health revenue sharing and health services, and for other purposes, was read twice by its title and referred to the Committee on Labor and Public Welfare.

ENERGY REORGANIZATION ACT OF 1974

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the unfinished business be laid aside temporarily, and that the Senate turn to the consideration of Calendar No. 944, S. 2744, that it be laid before the Senate and made the pending business.

The PRESIDING OFFICER. The bill will be stated by title.

The legislative clerk read as follows:

A bill (S. 2744) to reorganize and consolidate certain functions of the Federal Government in a new Energy Research and Development Administration and in a Nuclear Energy Commission in order to promote more efficient management of such functions.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Government Operations with an amendment to strike out all after the enacting clause and insert:

SHORT TITLE

SECTION 1. This Act may be cited as the "Energy Reorganization Act of 1974".

DECLARATION OF PURPOSE

SEC. 2. (a) The Congress hereby declares that the general welfare and the common defense and security require effective action to develop, and increase the efficiency and reliability of use of, all energy sources to meet the needs of present and future generations, to increase the productivity of the national economy and strengthen its position in regard to international trade, to make the Nation self-sufficient in energy, to advance the goals of restoring, protecting, and enhancing environmental quality, and to assure public health and safety.

(b) The Congress finds that, to best achieve these objectives, improve Government operations, and assure the coordinated and effective development of all energy sources, it is necessary to establish an Energy Research and Development Administration to bring together and direct Federal activities relating to research and development on the various sources of energy, to increase the efficiency and reliability in the use of energy, and to carry out the performance of other functions, including the Atomic Energy Commission's military and production activities: *Provided,* That, in establishing an Energy Research and Development Administration to achieve these objectives, the Congress intends that no energy technology be given an unwarranted priority.

(c) The Congress further declares and finds that it is in the public interest that the licensing and related regulatory functions of the Atomic Energy Commission be separated from the performance of the other functions of the Commission, and that this separation be effected in an orderly manner, pursuant to this Act, assuring adequacy of technical and other resources necessary for the performance of each.

(d) The Congress further declares that it is in the public interest and is hereby stated to be the policy of Congress that small business concerns be given an opportunity to participate, insofar as is possible, in a fair and equitable proportion of grants, contracts, purchases, and other Federal activities relating to research, and development, and demonstration of sources of energy efficiency and utilization of energy and conservation of energy.

TITLE I—ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION

ESTABLISHMENT

SEC. 101. There is hereby established an independent executive agency to be known as the Energy Research and Development Administration (hereinafter in this Act referred to as the "Administration").

OFFICERS

SEC. 102. (a) There shall be at the head of the Administration an Administrator of Energy Research and Development (hereinafter in this Act referred to as the "Administrator"), who shall be appointed from civilian life by the President by and with the advice and consent of the Senate. A person may not be appointed as Administrator within five years after release from active duty as a commissioned officer of a regular component of an Armed Force. The Administrator shall receive compensation at the rate now or hereafter prescribed for offices and positions at level II of the Executive Schedule (5 U.S.C. 5313). The Administration shall be administered under the supervision and direction of the Administrator, who shall be responsible for the efficient and coordinated management of the Administration.

(b) There shall be in the Administration a Deputy Administrator, who shall be appointed by the President, by and with the advice and consent of the Senate, and who shall receive compensation at the rate now or hereafter prescribed for offices and positions at level III of the Executive Schedule (5 U.S.C. 5314). The Deputy Administrator shall have special responsibility, subject to the Administrator's authority, for international cooperation in all energy and related environmental research and development.

(c) The President shall appoint the Administrator and Deputy Administrator from among individuals who, by reason of their training and experience are specially qualified to manage a full range of energy research and development programs.

(d) There shall be in the Administration six Assistant Administrators, one of whom shall be responsible for fossil energy, another for nuclear energy, another for environment and safety, another for conservation, another for solar, geothermal, and advanced energy systems, and another for defense programs. The Assistant Administrators shall be appointed by the President, by and with the advice and consent of the Senate, and shall receive compensation at the rate now or hereafter prescribed for offices and positions at level IV of the Executive Schedule (5 U.S.C. 5315). The President shall appoint each Assistant Administrator from among individuals who, by reason of training and experience, are specially qualified to manage the energy technology area assigned to such Assistant Administrator.

(e) There shall be in the Administration a General Counsel who shall be appointed by the Administrator and who shall serve at the pleasure of and be removable by the Administrator. The General Counsel shall receive compensation at the rate now or hereafter prescribed for offices and positions at level V of the Executive Schedule (5 U.S.C. 5316).

(f) There shall be in the Administration not more than eight additional officers appointed by the Administrator, who shall serve at the pleasure of and be removable by the Administrator and shall receive compensation at the rate now or hereafter prescribed for offices and positions at level V of the Executive Schedule (5 U.S.C. 5316).

(g) The Division of Military Application transferred to and established in the Administration by section 104(d) of this Act shall be under the direction of a Director of Military Application, who shall be appointed by the Administrator and who shall serve at the pleasure of and be removable by the Administrator and shall be an active commissioned officer of the Armed Forces serving in general or flag officer rank or grade. The functions, qualifications, and compensation of the Director of Military Application shall be the same as those provided under the Atomic Energy Act of 1954, as amended, for the Assistant General Manager for Military Application.

(h) Officers appointed pursuant to this section shall perform such functions as the Administrator shall specify from time to time.

(i) The Deputy Administrator (or in the absence or disability of the Deputy Administrator, or in the event of a vacancy in the office of the Deputy Administrator, an Assistant Administrator, the General Counsel or such other official, determined according to such order as the Administrator shall prescribe) shall act for and perform the functions of the Administrator during any absence or disability of the Administrator or in the event of a vacancy in the office of the Administrator.

RESPONSIBILITIES OF THE ADMINISTRATOR

SEC. 103. (a) The responsibilities of the Administrator shall include, but not be limited to—

(1) exercising central responsibility for policy planning, coordination, support, and management of research and development programs respecting all energy sources, including assessing the requirements for research and development in regard to various energy sources in relation to near-term and long-range needs, policy planning in regard to meeting those requirements, undertaking programs for the optimal development of the various forms of energy sources, managing such programs, and disseminating information resulting therefrom;

(2) encouraging and conducting research, development and demonstration of commercial feasibility and practical application of the extraction, conversion, storage, transmission, and utilization phases related to the development and use of energy from fossil, nuclear, solar, geothermal, and other energy sources; including such nonnuclear research and development programs as may hereafter be authorized by the Congress;

(3) engaging in and supporting environmental, biomedical, physical, and safety research related to the development of energy sources and utilization technologies;

(4) taking into account the existence, progress, and results of other public and private research and development activities, including those activities of the Federal Energy Administration relating to the development of energy resources using currently available technology in promoting increased utilization of energy resources, relevant to the Administration's mission in formulating its own research and development programs;

(5) participating in and supporting cooperative research and development projects which may involve contributions by public or private persons or agencies, of financial or other resources to the performance of the work;

(6) developing, collecting, distributing, and making available for distribution, scientific and technical information concerning the manufacture or development of energy and its efficient extraction, conversion, transmission, and utilization;

(7) encouraging and conducting research and development in energy conservation, which shall be directed toward the goals of reducing total energy consumption to the maximum extent practicable, and toward maximum possible improvement in the efficiency of energy use. Development of new and improved conservation measures shall be conducted with the goal of the most expeditious possible application of these measures; and

(8) encouraging and participating in international cooperation in energy and related environmental research and development.

(b) In carrying out his responsibilities under this Act, the Administrator shall consult with the Administrator of the Small Business Administration and take the appropriate action to help assure that small business concerns receive an opportunity to participate in a fair and equitable proportion of grants, contracts, purchases, and other Federal activities relating to research, development, and demonstration of sources of energy, efficiency and utilization of energy and conservation of energy.

ABOLITION AND TRANSFERS

SEC. 104. (a) The Atomic Energy Commission is hereby abolished. Sections 21 and 22 of the Atomic Energy Act of 1954, as amended (42 U.S.C. 2031 and 2032) are repealed.

(b) All other functions of the Commission, the Chairman and members of the Commission, and the officers and components of the Commission are hereby transferred or allowed to lapse pursuant to the provisions of this Act.

(c) There are hereby transferred to and vested in the Administrator all functions of the Atomic Energy Commission, the Chairman and members of the Commision,

and the officers and components of the Commission, except as otherwise provided in this Act.

(d) The General Advisory Committee established pursuant to section 26 of the Atomic Energy Act of 1954, as amended (42 U.S.C. 2036), the Patent Compensation Board established pursuant to section 157 of the Atomic Energy Act of 1954, as amended (42 U.S.C. 2187), and the Divisions of Military Application and Naval Reactors established pursuant to section 25 of the Atomic Energy Act of 1954, as amended (42 U.S.C. 2035), are transferred to the Energy Research and Development Administration and the functions of the Commission with respect thereto, and with respect to relations with the Military Liaison Committee established by section 27 of the Atomic Energy Act of 1954, as amended (42 U.S.C. 2037), are transferred to the Administrator.

(e) There are hereby transferred to and vested in the Administrator such functions of the Secretary of the Interior, the Department of the Interior, and officers and components of such department—

(1) as relate to or are utilized by the Office of Coal Research established pursuant to the Act of July 1, 1960 (74 Stat. 336; 30 U.S.C. 661–668);

(2) as relate to or are utilized in connection with fossil fuel energy research and development programs and related activities conducted by the Bureau of Mines "energy centers" and synthane plant to provide greater efficiency in the extraction, processing, and utilization of energy resources for the purpose of conserving those resources, developing alternative energy resources, such as oil and gas secondary and tertiary recovery, oil shale and synthetic fuels, improving methods of managing energy-related wastes and pollutants, and providing technical guidance needed to establish and administer national energy policies;

(3) as relate to or are utilized for underground electric power transmission research; and

(4) as relate to the acquisition, production, distribution, and storage of helium.

(f) There are hereby transferred to and vested in the Administrator such functions of the National Science Foundation as relate to or are utilized in connection with—

(1) solar heating and cooling development; and

(2) geothermal power development.

(g) To the extent necessary or appropriate to perform functions and carry out programs transferred by this Act, the Administrator and Commission may exercise, in relation to the functions so transferred, any authority or part thereof available by law, including appropriation Acts, to the official or agency from which such functions were transferred.

(h) In the exercise of his responsibilities under section 103, the Administrator shall utilize to the fullest extent practicable the technical and management capabilities of other executive agencies having facilities, personnel, or other resources which can assist or advantageously be expanded to assist in carrying out such responsibilities. The Administrator shall consult with the head of each agency with such facilities, personnel, or other resources and assign, with their consent, responsibility for specific programs or projects in energy research and development **as appropriate:** ***Provided,*** That (1) such assignments shall be in addition to and not detract from the basic mission responsibilities of the agency, and (2) such assignments shall be carried out under the policy guidance of the Administrator.

TRANSFER OF PERSONNEL AND OTHER MATTERS

Sec. 105. (a) Except as provided in the next sentence, the personnel employed in connection with, and the personnel positions, assets, liabilities, contracts, property, records, and unexpended balances of appropriations, authorizations, allocations, and other funds employed, held, used, arising from, available to or to be made available in connection with the functions and programs transferred by this Act, are, subject to section 202 of the Budget and Accounting Procedures Act of 1950 (31 U.S.C. 581c), correspondingly transferred for appropriate allocation. Personnel positions expressly created by law, personnel occupying those positions on the effective date of this Act, and personnel authorized to receive compensation at the rate prescribed for offices and positions at levels II, III, IV, or V of the Executive Schedule (5 U.S.C. 5313–5316) on the effective date of this Act shall be subject to the provisions of subsection (c) of this section and section 301 of this Act.

(b) Except as provided in subsection (c), transfer of nontemporary personnel pursuant to this Act shall not cause any such employee to be separated or reduced in grade or compensation for one year after such transfer.

(c) Any person who, on the effective date of this Act, held a position compensated in accordance with the Executive Schedule prescribed in chapter 53 of title 5 of the United States Code, and who, without a break in service, is appointed in the Administration to a position having duties comparable to those performed immediately preceding his appointment shall continue to be compensated in his new position at not less than the rate provided for his previous position.

ADMINISTRATIVE PROVISIONS

Sec. 106. (a) The Administrator is authorized to prescribe such policies, standards, criteria, procedures, rules, and regulations as he may deem to be necessary or appropriate to perform functions now or hereafter vested in him.

(b) The Administrator shall engage in such policy planning, and perform such program evaluation analyses and other studies, as may be necessary to promote the efficient and coodinated administration of the Administration and properly assess progress toward the achievement of its missions.

(c) Except as otherwise expressly provided by law, the Administrator may delegate any of his functions to such officers and employees of the Administration as he may designate, and may authorize such successive redelegations of such functions as he may deem to be necessary or appropriate.

(d) Except as provided in section 102 and in section 104(d), the Administrator may organize the Administration as he may deem to be necessary or appropriate.

(e) The Administrator is authorized to establish, maintain, alter, or discontinue such State, regional, district, local, or other field offices as he may deem to be necessary or appropriate to perform functions now or hereafter vested in him.

(f) The Administrator shall cause a seal of office to be made for the Administration of such device as he shall approve, and judicial notice shall be taken of such seal.

(g) The Administrator is authorized to establish a working capital fund, to be available without fiscal year limitation, for expenses necessary for the maintenance and operation of such common administrative services as he shall find to be desirable in the interests of economy and efficiency. There shall be transferred to the fund the stocks of supplies, equipment, assets other than real property, liabilities, and unpaid obligations relating to the services which he determines will be performed through the fund. Appropriations to the fund, in such amounts as may be necessary to provide additional working capital are authorized. The working capital fund shall recover, from the appropriations and funds for which services are performed, either in advance or by way of reimbursement, amounts which will approximate the cost incurred, including the accrual of annual leave and the depreciation of equipment. The fund shall also be credited with receipts from the sale or exchange of its property, and receipts in payment for loss or damage to property owned by the fund.

(h) Each department, agency, and instrumentality of the executive branch of the Government is authorized to furnish to the Administrator, upon his request, any information or other data which the Administrator deems necessary to carry out his duties under this title.

PERSONNEL AND SERVICES

Sec. 107. (a) The Administrator is authorized to select, appoint, employ, and fix the compensation of such officers and employees, including attorneys, pursuant to section 161d. of the Atomic Energy Act of 1954, as amended (42 U.S.C. 2201(d)) as are necessary to perform the functions now or hereafter vested in him and to prescribe their functions.

(b) The Administrator is authorized to obtain services as provided by section 3109 of title 5 of the United States Code.

(c) The Administrator is authorized to provide for participation of military personnel in the performance of his functions. Members of the Army, the Navy, the Air Force, or the Marine Corps may be detailed for service in the Administration by the appropriate military Secretary, pursuant to cooperative agreements with the Secretary, for service in the Administration in positions other than a position the occupant of which must be approved by and with the advice and consent of the Senate.

(d) Appointment, detail, or assignment to, acceptance of, and service in, any appointive or other position in the Administration under this section shall in no way affect the status, office, rank, or grade which such officers or enlisted men may occupy or hold, or any emolument, perquisite, right, privilege, or benefit incident to or arising out of any such status, office, rank, or grade. A member so appointed, detailed, or assigned shall not be subject to direction or control by his Armed Force, or any officer thereof, directly or indirectly, with respect to the responsibilities exercised in the position to which appointed, detailed, or assigned.

(e) The Administrator is authorized to pay transportation expenses, and per diem in lieu of subsistence expenses, in accordance with chapter 57 of title 5 of the United States Code for travel between places of recruitment and duty, and while at places of duty, of persons appointed for emergency, temporary, or seasonal services in the field service of the Administration.

(f) The Administrator is authorized to utilize, on a reimbursable basis, the services of any personnel made available by any department, agency, or instrumentality, including any independent agency of the Government.

(g) The Administrator is authorized to establish advisory boards, in accordance with the provisions of the Federal Advisory Committee Act (Public Law 92–463), to advise with and make recommendations to the Administrator on legislation, policies, administration, research, and other matters.

(h) The Administrator is authorized to employ persons who are not citizens of the United States in expert, scientific, technical, or professional capacities whenever he deems it in the public interest.

POWERS

Sec. 108. (a) The Administrator is authorized to exercise his powers in such manner as to insure the continued conduct of research and developemnt and related activities in areas or fields deemed by the Administrator to be pertinent to the acquisition of an expanded fund of scientific, technical, and practical knowledge in energy matters. To this end, the Administrator is authorized to make arrangement (including contracts, agreements, and loans) for the conduct of research and development activities with private or public institutions or persons, including participation in joint or cooperative projects of a research, developmental, or experimental nature; to make payments (in lump sum or installments, and in advance or by way of reimbursement, with necessary adjustments on account of overpayments or underpayments); and generally to take such steps as he may deem necessary or appropriate to perform functions now or hereafter vested in him. Such functions of the Administrator under this Act as are applicable to the nuclear activities transferred pursuant to this title shall be subject to the provisions of the Atomic Energy Act of 1954, as amended, and to other authority applicable to such nuclear activities. The nonnuclear responsibilities and functions of the Administrator referred to in sections 103 and 104 of this Act shall be carried out pursuant to the provisions of this Act, applicable authority existing immediately before the effective date of this Act, or in accordance with the provisions of chapter 4 of the Atomic Energy Act of 1954, as amended (42 U.S.C. 2051–2053).

(b) Except for public buildings as defined in the Public Buildings Act of 1959, as amended, and with respect to leased space subject to the provisions of Reorganization Plan Numbered 18 of 1950, the Administrator is authorized to acquire (by purchase, lease, condemnation, or otherwise), construct, improve, repair, operate, and maintain facilities and real property as the Administrator deems to be necessary in and outside of the District of Columbia. Such authority shall apply only to facilities required for the maintenance and operation of laboratories, research and testing sites and facilities, quarters, and related accommodations for employees and dependents of employees of the Administration, and such other special-purpose real property as the Administrator deems to be necessary in and outside the District of Columbia. Title to any property or interest therein, real, personal, or mixed, acquired pursuant to this section, shall be in the United States.

(c) (1) The Administrator is authorized to provide, construct, or maintain, as necessary and when not otherwise available, the following for employees and their dependents stationed at remote locations:

(A) emergency medical services and supplies;

(B) food and other subsistence supplies;

(C) messing facilities;

(D) audiovisual equipment, accessories, and supplies for recreation and training;

(E) reimbursement for food, clothing, medicine, and other supplies furnished by such employees in emergencies for the temporary relief of distressed persons;

(F) living and working quarters and facilities; and

(G) transportation for school-age dependents of employees to the nearest appropriate educational facilities.

(2) The furnishing of medical treatment under subparagraph (A) of paragraph (1) and the furnishing of services and supplies under paragraphs (B) and (C) of paragraph (1) shall be at prices reflecting reasonable value as determined by the Administrator.

(3) Proceeds from reimbursements under this section shall be deposited in the Treasury and may be withdrawn by the Administrator to pay directly the cost of such work or services, to repay or make advances to appropriations or funds which do or will bear all or a part of such cost, or to refund excess sums when necessary; except that such payments may be credited to a service or working capital fund otherwise established by law, and used under the law governing such funds, if the fund is available for use by the Administrator for performing the work or services for which payment is received.

(d) The Administrator is authorized to acquire any of the following described rights if the property acquired thereby is for use in, or is useful to, the performance of functions vested in him:

(1) copyrights, patents, and applications for patents, designs, processes, specifications, and data;

(2) licenses under copyrights, patents, and applications for patents; and

(3) releases, before suit is brought, for past infringement of patents or copyrights.

(e) Subject to the provisions of chapter 12 of the Atomic Energy Act (42 U.S.C. 2161–2166), and other applicable law, the Administrator shall disseminate scientific, technical, and practical information acquired pursuant to this title through information programs and other appropriate means, and shall encourage the dissemination of scientific, technical, and practical information relating to energy so as to enlarge the fund of such information and to provide that free interchange of ideas and criticism which is essential to scientific and industrial progress and public understanding.

(f) The Administrator is authorized to accept, hold, administer, and utilize gifts, and bequests of property, both real and personal, for the purpose of aiding or facilitating the work of the Administration. Gifts and bequests of money and proceeds from sale of other property received as gifts or bequests shall be deposited in the Treasury and shall be disbursed upon the order of the Administrator. For the purposes of Federal income, estate, and gift taxes, property accepted under this section shall be considered as a gift or bequest to the United States.

COUNCIL ON ENERGY POLICY

SEC. 109. (a) The Congress finds and declares that—

(1) there are many Federal agencies, created at different times and for different purposes to handle specialized problems, all directly or indirectly involved in the establishment of energy policy;

(2) there is no comprehensive national energy policy but instead Federal energy activities consist of a myriad of laws, regulations, actions, and inactions resulting in narrow, short range, and often conflicting decisionmaking by individual agencies without adequate consideration of the impact on the overall energy policy, not future national energy needs; and

(3) as a consequence of not having a comprehensive national energy policy, the Nation faces mismanagement of energy resources, unacceptably high adverse environmental impacts, inadequate incentives for efficient utilization and conservation of energy resources, shortages of supply, and soaring energy prices.

(b) Therefore, it is declared to be the purpose of the Congress to protect and promote the interest of the people of the United States as energy users by establishing a Council on Energy Policy to serve as a focal point for—

(1) the collection, analysis, and interpretation of energy statistics and data necessary to formulate policies for wise energy management and conservation and to anticipate social, environmental, and economic problems associated with existing and emerging energy technologies;

(2) the coordination of all energy activities of the Federal Government, and provision of leadership to State and local governments and other persons involved in energy activities; and

(3) the preparation, after consultation with other interested organizations and agencies, of a long-range comprehensive plan (hereinafter referred to as the "energy plan") for energy development, utilization, and conservation to foster improvement in the efficiency of energy production and utilization, reduction of the adverse environmental impacts of energy production and utilization, conservation of energy resources for the use of future generations, reduction of excessive energy demands, and development of new technologies to produce clean energy.

(c) (1) The policies, regulations, and public laws of the United States shall be interpreted and administered to the fullest extent possible in accordance with the policies set forth in this section; and

(2) All agencies of the Federal Government shall to the fullest extent possible—

(A) utilize a systematic interdisciplinary approach which will insure the integrated use of both physical and social sciences in producing, conserving, and utilizing the Nation's energy resources;

(B) submit prior to the review process established pursuant to the Budget and Accounting Act of 1972, as amended, to the Council on Energy Policy established by this section for comment all legislative recommendations and reports, to the extent that such recommendations and reports deal with or have a bearing on energy matters;

(C) gather data and information pursuant to guidelines promulgated by the Council on Energy Policy; develop analytical techniques for the management, conservation, use, and development of energy resources, and make such data available to the Council on Energy Policy;

(D) recognize the worldwide and long-range character of energy concerns and, where consistent with the foreign policy of the United States, lend appropriate support to initiatives, resolutions, and programs designed to foster international cooperation in anticipating and resolving energy-related problems;

(d) There shall be established in the Executive Office of the President, a Council on Energy Policy (hereinafter referred to as the "Council"). The Council shall be composed of three members who shall be appointed by the President to serve at his pleasure by and with the advice and consent of the Senate. The President shall at the time of nomination designate one of the members of the Council to serve as Chairman. Each member shall be a person, who as a result of his training, experience, and attainment, is well qualified to analyze and interpret energy trends and information of all kinds; to apprise programs and activities of the Federal Government in light of the energy needs of the Nation; to be conscious of and responsive to the environmental, social, cultural, economic, scientific, and esthetic needs and interests of the Nation; and to formulate a national energy plan and recommend national policies with respect to wise energy management.

(e) (1) The Council shall serve as the principal adviser to the President on energy policy and shall exercise leadership in the formulation of Government policy concerning domestic and international issues relating to energy.

(2) The Council shall make recommendations to the President and the Congress for resolving conflicts between the policies relating to energy of different Federal agencies and recommend measures to improve the implementation of Federal energy policies or the management of energy resources with particular emphasis upon policies and activities involving two or more departments or independent agencies.

(3) The Council shall develop within eighteen months after the date of enactment of this Act and thereafter shall annually update an energy plan for energy development, utilization, and conservation in the United States to carry out the purposes as stated in subsection (b) of this section. Copies of such plans shall be distributed on

January 1 of each year to the President, to the Congress, and to all Federal and State agencies concerned with energy, and upon request to local agencies and nongovernmental entities.

(4) The Council shall promptly review all legislative recommendations and reports sent to Congress to the extent that such recommendations and reports have a bearing on energy matters, and it shall send to the President and the involved Federal agency a statement in writing of its position and the reasons therefor.

(5) The Council shall keep Congress fully and currently informed of all of its activities. Neither the Council nor its employees may refuse to testify before or submit information to Congress or any duly authorized committee thereof.

(6) The Council shall conduct public hearings on the energy plan and may hold public hearings when there is substantial public interest in other pending matters.

(7) In carrying out its collection, analysis, and interpretation of energy statistics function, the Council shall, as quickly as possible and after appropriate study, promulgate guidelines for the collection and initial analysis of energy data by other Federal agencies, after published notice in the Federal Register and opportunity for comment. Such guidelines shall be designed to make such data compatible, useful, and comprehensive. Where relevant data is not now available or reliable and is beyond the authority of other agencies to collect, then the Council shall recommend to the Congress the enactment of appropriate legislation. Pending congressional consideration, the Council may gather such data directly. The Council shall have the power to require by special or general orders any person to submit in writing such energy data as the Council may prescribe. Such submission shall be made within such reasonable period and under oath or otherwise as the Council may direct.

(f) (1) In exercising its powers, functions, and duties, the Council shall—

(A) consult with the Interagency Energy Advisory Committee established under subsection (g) of this section and with representatives of science, industry, agriculture, labor, conservation organizations, State and local governments, and other groups, as it deems advisable; and

(B) employ a competent, independent staff which shall utilize, to the fullest extent possible, the services, facilities, and information (including statistical information) of public and private agencies and organizations, and individuals, to avoid duplication of effort and expense, thus assuring that the Council's activities will not unnecessarily overlap or conflict with similar activities authorized by law and performed by other agencies.

(2) Members of the Council shall serve full time and the Chairman of the Council shall be compensated at the rate provided for level II of the Executive Schedule Pay Rates (5 U.S.C. 5313). The other members of the Council shall be compensated at the rate provided for level IV of the Executive Schedule Pay Rates (5 U.S.C. 5315).

(3) The Council may employ such officers and employees as may be necessary to carry out its functions. The Council may also employ and fix the compensation of such experts, consultants, or contractors to conduct detailed studies as may be necessary for the carrying out of its functions to the same extent as is authorized under section 3109 of title 5, United States Code (but without regard to the last sentence thereof).

(g) (1) There is also created in the Executive Office of the President an Interagency Energy Resources Advisory Committee (hereinafter in this section referred to as the "Energy Committee"). The Energy Committee shall be composed of the Chairman of the Council, the Secretary of the Interior, the Administrator of the Federal Energy Administration, the Administrator of the Energy Research and Development Administration, Secretary of State, the Secretary of the Treasury, Director, Office of Management and Budget, and such other officials of the Federal Government as the President may designate. The Chairman of the Energy Committee shall be selected by its members.

(2) It shall be the duty and function of the Energy Committee to assist the Council in insuring communication and coordination among Energy Committee member agencies in the development and implementation of energy resources, and in such other matters as the Council may determine.

(3) The Chairman of the Energy Committee may not refuse to testify before the Congress or any duly authorized committee thereof regarding the activities of the Energy Committee or other matters concerning interagency coordination of energy policy and activities.

(4) This subsection (g) shall be effective no later than sixty days after the enactment of this Act or such earlier date as the President shall prescribe and publish in the Federal Register, and shall terminate upon enactment of a permanent department responsible for energy and natural resources or two years after such effective date, whichever shall occur first.

(h) The Council shall prepare and submit to the President and the Congress on or before January 1, 1975, and annually thereafter, an energy report to accompany the energy plan. This report shall include—

(1) an estimate of energy needs of the United States for the ensuing ten-year period to meet the requirements of the general welfare of the people of the United States and the commercial and industrial life of the Nation;

(2) an estimate of the domestic and foreign energy supply on which the United States will be expected to rely to meet such needs in an economic manner with due regard for the protection of the environment, the conservation of natural resources, and the implementation of foreign policy objectives;

(3) current and foreseeable trends in the price, quality, management, and utilization of energy resources and the effects of those trends on the social, environmental, economic, and other requirements of the Nation;

(4) a catalog of research and development efforts funded by the Federal Government to develop new technologies, to forestall energy shortages, to reduce waste, to foster recycling, and to encourage conservation practices; and recommendations for developing technology capable of improving the quality of the environment, increasing efficiency, and protecting employee health and safety in energy industries;

(5) recommendations for improving the energy data and information available to the Federal agencies by improving monitoring systems, standardizing data, and securing additional needed information;

(6) a review and appraisal of the adequacy and appropriateness of technologies, procedures, and practices (including competitive and regulatory practices), employed by Federal, State, and local governments and nongovernmental entities to achieve the purposes of this section; and

(7) recommendations concerning the level of funding for the development and application of new technologies, as well as new procedures and practices which the Council may determine to be required to achieve the purposes of this section and improve energy management and conservation together with recommendations for additional legislation, including the preparation of the reorganization recommendations required by section 110 of this Act.

(i) (1) Copies of any communications, documents, reports, or information received or sent by any member of the Council shall be made available to the public upon identifiable request, and at reasonable cost, unless such information may not be publicly released under the terms of paragraph (2) of this subsection.

(2) The Council or any officer or employee of the Council shall not disclose information obtained under this section which concerns or relates to a trade secret referred to in section 1905 of title 18, United States Code, except that such information may be disclosed in a manner designed to preserve its confidentiality—

(A) to other Federal Government departments, agencies, and officials for official use upon request;

(B) to committees of Congress having jurisdiction over the subject matter to which the information relates;

(C) to a court in any judicial proceeding under court order formulated to preserve the confidentiality of such information without impairing the proceedings; and

(D) to the public in order to protect their health and safety after notice and opportunity for comment in writing or for discussion in closed session within fifteen days by the party to whom the information pertains (if the delay resulting from such notice and opportunity for comment would not be detrimental to the public health and safety).

In no event shall the names or other means of identification of injured persons be made public without their express written consent. Nothing contained in this section shall be deemed to require the release of any information described by subsection (b) of section 552, title 5, United States Code, or which is otherwise protected by law from disclosure to the public.

(j) (1) The Comptroller General of the United States shall continuously monitor and evaluate the operations of the Council including its reporting requirements. Upon his own initiative or upon the request of a committee of the Congress or, to the extent personnel are available, upon the request of a Member of Congress, the Comptroller General shall (A) conduct studies of existing statutes and regulations governing Federal energy programs, (B) review the policies and practices of Federal agencies administering such programs, (C) review and evaluate the procedures followed by such agencies, in gathering, analyzing, and interpreting energy statistics, data, and information related to the management and conservation of energy, including but not limited to data related to energy costs, demand, industry structure, environmental impacts, and research and development, and (D) evaluate particular projects or programs. The Comptroller General shall have access to such data from any public or private source whatever, notwithstanding the provisions of any other law, as is necessary to carry out his responsibilities under this section and shall report to the Congress at such time as he deems appropriate with respect to Federal energy programs, including his recommendations for such modifications in existing laws, regulations, procedures, and practices as will, in his judgment, best serve the Congress in the formulation of a national energy policy.

(2) In carrying out his responsibilities as provided in paragraph (1) of this subsection, the Comptroller General shall give particular attention to the need for improved coordination of the work of the Federal Government related to energy policies and programs and the attendant need for a control source of energy statistics and information.

(3) The Comptroller General or any of his authorized representatives in carrying out

his responsibilities under this section shall have access to any books, documents, papers, statistics, data, information, and records of any private organization relating to the management and conservation of energy, including but not limited to energy costs, demand, supply, reserves, industry structure, environmental impacts, and research and development. The Comptroller General may require any private organization to submit in writing such energy data as he may prescribe. Such submission shall be made within such reasonable period and under oath or otherwise as he may direct.

(4) To assist in carrying out his responsibilities, the Comptroller General may sign and issue subpenas requiring the production of the books, documents, papers, statistics, data, information, and records referred to in paragraph (3) of this subsection.

(5) In case of contumacy, or refusal to obey a subpena of the Comptroller General issued under this section, by any person who resides, is found or transacts business within the jurisdiction of any district court of the United States, such district court shall, upon the request of the Comptroller General, have jurisdiction to issue to such person an order requiring such person to comply forthwith. Failure to obey such an order is punishable by such court as a contempt of court.

(6) Reports submitted by the Comptroller General to the Congress shall be available to the public at reasonable cost and upon identifiable request, except that the Comptroller General may not disclose to the public any information which could not be disclosed to the public by the Council under the provisions of subsection (1)(2) if the information were held by the Council.

(k)(1) There are authorized to be appropriated to carry out the provisions of this section not to exceed $1,000,000 for fiscal year ending June 30, 1975, $2,000,000 for fiscal year ending June 30, 1976, and $4,000,000 for each fiscal year thereafter.

(2) All sums appropriated under this section shall remain available for obligation or expenditure in the fiscal year for which appropriated and in the fiscal year next following.

FUTURE REORGANIZATION

SEC. 110. (a) Not later than January 31, 1975, the President shall transmit to the Congress his recommendations for such organizational arrangements for the management of energy and natural resources by the Federal Government as he deems advisable. Such recommendations shall include—

(1) the appropriate organizational arrangements for long-term implementation of the functions of the Energy Research and Development Administration and of the Federal Energy Administration, and the energy related functions of the Department of the Interior,

(2) the appropriate means for improving coordination among the energy activities of the Federal Government, and

(3) the appropriate organizational arrangements to coordinate energy functions with other natural resources management functions of the Federal Government.

(b) This report shall replace and serve the purposes of the report required by section 15(a)(4) of the Federal Energy Administration Act.

COORDINATION WITH ENVIRONMENTAL EFFORTS

SEC. 111. The Administrator is authorized to establish programs to utilize research and development performed by other Federal agencies to minimize the adverse environmental effects of energy projects. The Administrator of the Environmental Protection Agency, as well as other affected agencies and departments, shall cooperate fully with the Administrator in establishing and maintaining such programs, and in establishing appropriate interagency agreements to develop cooperative programs and to avoid unnecessary duplication.

TITLE II—NUCLEAR SAFETY AND LICENSING COMMISSION

ESTABLISHMENT AND TRANSFERS

SEC. 201. (a) There is established an independent regulatory commission to be known as the Nuclear Safety and Licensing Commission which shall be composed of five members, each of whom shall be a citizen of the United States. The President shall designate one member of the Commission as Chairman thereof to serve as such during the pleasure of the President. The Chairman may from time to time designate any other member of the Commission as Acting Chairman to act in the place and stead of the Chairman during his absence. The Chairman (or the Acting Chairman in the absence of the Chairman) shall preside at all meetings of the Commission and a quorum for the transaction of business shall consist of at least three members present. Each member of the Commission, including the Chairman, shall have equal responsibility and authority in all decisions and actions of the Commission, shall have full access to all information relating to the performance of his duties or responsibilities, and shall have one vote. Action of the Commission shall be determined by a majority vote of the members present. The Chairman (or Acting Chairman in the absence of the Chairman) shall be the official spokesman of the Commission in its relations with the Congress, Government agencies, persons, or the public, and, on behalf of the Commission, shall see to the faithful execution of the policies and decisions of the Commission, and shall report thereon to the Commission from time to time or as the Commission may direct. The Commission shall have an official seal which shall be judicially noticed.

(b)(1) Members of the Commission shall be appointed by the President, by and with the advice and consent of the Senate.

(2) The President in selecting the members of the Commission, shall have due regard to a fair representation of expertise in nuclear safety technology, health science, and environmental science.

(3) Appointments of members pursuant to this subsection shall be made in such a manner that not more than three members of the Commission shall be members of the same political party.

(c) Each member shall serve for a term of five years, each such term to commence on July 1, except that of the five members first appointed to the Commission, one shall serve for one year, one for two years, one for three years, one for four years, and one for five years, to be designated by the President at the time of appointment.

(d) Such initial appointments shall be submitted to the Senate within sixty days of the signing of this Act. Any individual who is serving as a member of the Atomic Energy Commission at the time of the enactment of this Act, and who may be appointed by the President to the Commission, shall be appointed for a term designated by the President, but which term shall terminate not later than the end of his present term as a member of the Atomic Energy Commission, without regard to the requirements of subsections (b) (2) and (3) of this section. Any subsequent appointment of such individuals shall be subject to the provisions of this section.

(e) The Chairman shall receive compensation at the rate now or hereafter prescribed for offices and positions at level II of the Executive Schedule (5 U.S.C. 5313). Other members shall receive compensation at the rate now or hereafter prescribed for offices and positions at level III of the Executive Schedule (5 U.S.C. 5314).

(f) Any member of the Commission may be removed by the President for inefficiency, neglect of duty, or malfeasance in office. No member of the Commission shall engage in any business, vocation, or employment other than that of serving as a member of the Commission.

(g) There are hereby transferred to the Commission all the licensing and related regulatory functions of the Atomic Energy Commission, the Chairman and members of the Commission, the General Counsel, and other officers and components of the Commission—which functions officers, components, and personnel are excepted from the transfer to the Administrator by section 104 (c) of this Act.

(h) In addition to other functions and personnel transferred to the Commission, there are also transferred to the Commission—

(1) the Advisory Committee on Reactor Safeguards, the Atomic Safety and Licensing Board Panel, and the Atomic Safety and Licensing Appeal Panel;

(2) all personnel whose primary responsibility is research related to confirmatory assessment of the safety of reactors licensed under the provisions of the Atomic Energy Act of 1954 as amended, and of this Act, with the exception of such personnel as the Director of the Office of Management and Budget determines are necessary to assist in reactor developmental research.

LICENSING AND RELATED REGULATORY FUNCTIONS RESPECTING SELECTED ADMINISTRATION FACILITIES

SEC. 202. Notwithstanding the exclusions provided for in section 110a, or any other provisions of the Atomic Energy Act of 1954, as amended (42 U.S.C. 2140(a)), the Nuclear Safety and Licensing Commission shall, except as otherwise specifically provided by section 110b. of the Atomic Energy Act of 1954, as amended (42 U.S.C. 2140(b)), or other law, have licensing and related regulatory authority pursuant to chapters 6, 7, 8, and 10 of the Atomic Energy Act of 1954, as amended, as to the following facilities of the Administration:

(1) demonstration Liquid Metal Fast Breeder reactors when operated as part of the power generation facilities of an electric utility system, or when operated in any other manner for the purpose of demonstrating the commercial feasibility of such a reactor for a power generation system;

(2) other demonstration nuclear reactors—except those in existence on the effective date of this Act—when operated as part of the power generation facilities of an electric utility system, or when operated in any other manner for the purpose of demonstrating the commercial feasibility of such a reactor for a power generation system;

(3) facilities used primarily for the receipt and storage of high-level radioactive wastes resulting from activities licensed under such Act; and

(4) Retrievable Surface Storage Facilities and other facilities authorized for the express purpose of subsequent long-term storage of high-level radioactive waste generated by the Administration, which are not used for, or are part of, research and development activities.

OFFICE OF NUCLEAR SAFETY RESEARCH

SEC. 203. (a) There is hereby established in the Nuclear Safety and Licensing Commission an Office of Nuclear Safety Research under the direction of a Director of Nuclear Safety Research who shall be appointed by the Commission, who shall report directly to the Commission, and who shall serve at the pleasure of and be removable by the Commission. The Director shall receive compensation at the rate now or hereafter prescribed for officers and positions at level IV of the Executive Schedule (5 U.S.C. 5315).

(b) Subject to the provisions of this Act, the Director of Nuclear Safety Research shall engage in or contract for research which the Director recommends and the Commission deems necessary for the discharge of the licensing and related regulatory functions of the Commission.

(c) In order to carry out the provisions of subsection (b) of this section, the Administrator of the Energy Research and Development Administration and the head of every other Federal agency shall—

(1) cooperate with respect to the establishment of priorities for the furnishing of such research services as requested by the Commission for the conduct of its functions;

(2) furnish to the Commission, when requested, on a reimbursable basis, through its own facilities or by contract or other arrangement, such research services as the Commission deems necessary for the conduct of its functions; and

(3) consult and cooperate with the Nuclear Safety and Licensing Commission on research and development matters of mutual interest including the provision of information on, and of physical access to, Administration facilities for the sole purpose of assisting the Commission to acquire the expertise necessary to perform its licensing and regulatory functions, as provided in this Act.

(d) Nothing in subsections (a) and (b) of this section or section 201 of this Act shall be construed to limit in any way the functions of any office of the Administration relating to the safety of activities within the jurisdiction of the Administration.

BUREAU OF NUCLEAR MATERIALS SECURITY

SEC. 204. (a) There is hereby established in the Nuclear Safety and Licensing Commission a Bureau of Nuclear Materials Security under the direction of a Director of Nuclear Materials Security, who shall be appointed by the Commission, who shall report directly to the Commission, and who shall serve at the pleasure of and be removable by the Commission. The Director shall receive compensation at the rate now or hereafter prescribed for officers and positions at level IV of the Executive Schedule (5 U.S.C. 5315).

(b) Subject to the provisions of this Act, the Director of Nuclear Materials Security shall—

(1) recommend regulations relating to safeguarding against threats, thefts, and sabotage involving special nuclear materials, high-level radioactive wastes, and nuclear facilities resulting from all activities licensed under the Atomic Energy Act of 1954, as amended;

(2) enforce such regulations which are promulgated by the Commission;

(3) monitor, test, and recommend upgrading internal accounting systems for special nuclear materials licensed under the Atomic Energy Act of 1954, as amended;

(4) develop, in consultation and coordination with the Energy Research and Development Administration, contingency plans for dealing with threats, thefts, and sabotage relating to special nuclear materials, high-level radioactive wastes and nuclear facilities resulting from all activities licensed under the Atomic Energy Act of 1954, as amended;

(5) conduct a thorough review of the desirability and feasibility of establishing a security agency within the Bureau to execute some or all of the functions of the Bureau, and report his recommendations to the Commission within one year of the effective date of this Act; and such report shall be transmitted to the Congress by the Commission as soon as it is received; and

(6) engage in or contract for research which the Director of Materials Security deems necessary for the discharge of the functions of the Bureau.

(c) Nothing in this section shall be construed to limit in any way the functions of any office of the Energy Research and Development Administration relating to the safeguarding of special nuclear materials, high-level radioactive wastes and nuclear facilities resulting from all activities within the jurisdiction of the Administration pursuant to this Act.

NONCOMPLIANCE

SEC. 205. (a) Any individual director, officer, or employee of a firm constructing, owning, operating, or supplying the components of any facility or activity which is licensed or otherwise regulated pursuant to the Atomic Energy Act of 1954 as amended, or pursuant to this Act, who obtains information reasonably indicating that such facility or activity or basic components supplied to such facility or activity—

(1) fails to comply with the Atomic Energy Act of 1954, as amended, or any applicable rule, regulation, order, or license of the Commission, or

(2) contains a defect which could create a substantial safety hazard,

shall immediately notify the Commission of such failure to comply, or of such defect, unless such person has actual knowledge that the Commission has been adequately informed of such defect or failure to comply.

(b) Any person who knowingly fails to provide the notice required by subsection (a) of this section shall be subject to a civil penalty in an amount equal to the amount provided by section 234 of the Atomic Energy Act of 1954, as amended.

(c) Any person who knowingly and willfully fails to provide the notice required by subsection (a) of this section shall be subject to a criminal penalty of a fine not to exceed $50,000 or imprisonment of not more than one year, or both.

(d) The requirements of this section shall be prominently posted on the premises of any facility licensed or otherwise regulated pursuant to the Atomic Energy Act of 1954, as amended.

(e) The Commission is authorized to conduct such reasonable inspections and other enforcement activities as needed to insure compliance with the provisions of this section.

INFORMATION AND STUDIES

SEC. 206. (a) The Commission shall accept requests made in good faith for relevant studies or reports from any party to a licensing proceeding or rulemaking hearing. If such studies or reports are existing, the Commission shall make them available to the requesting party in a timely manner, subject to appropriate provisions of existing law regarding public disclosure. If such studies or reports must be especially prepared, the Atomic Safety and Licensing Board shall determine, subject to review under normal Commission review procedures, if such studies or reports are reasonably necessary for the requesting party to present its position in the proceeding or hearing, and are in the public interest. The requesting party shall be promptly notified of any determination by the Board or by the Commission.

(b) When it has been determined that studies or reports must be especially prepared at the request of a party, the Commission shall prepare such studies or reports, request them to be prepared by other Federal agencies, or have them prepared by contract. Such studies or reports shall be funded by the Commission: *Provided,* That the Commission shall seek contributions or reimbursement, in whole or in part, to the extent that the party requesting such studies or reports is financially capable of providing such contributions or reimbursement.

(c) When the Commission, in making a determination under subsection (a) of this section, shall be of the opinion that such determination involves a controlling question of law as to which there is substantial ground for difference of opinion and that an immediate appeal from the determination may materially advance the ultimate termination of the litigation, it shall so state in writing in such determination. The Court of Appeals for the District of Columbia may thereupon, in its discretion, permit an appeal to be taken from such determination, if application is made to it within ten days of the time the requesting party is notified of the determination of the Commission: *Provided, however,* That application for an appeal hereunder shall not stay proceedings of the Commission unless the Commission or the court of appeals or a judge thereof shall so order.

(d) Studies and reports made available by the Commission pursuant to this section shall be offered as part of the record of the proceeding or hearing.

ABNORMAL OCCURRENCE REPORTS

SEC. 207. The Commission shall submit to the Congress each quarter a report listing for that period any abnormal occurrences at any facility or activity which is licensed or otherwise regulated pursuant to the Atomic Energy Act of 1954 as amended, or pursuant to this Act. Each such report shall contain—

(1) the date and place of each occurrence;

(2) the nature of each incident;

(3) the cause or causes of each; and

(4) any action taken to prevent reoccurrence;

the Commission shall also provide as wide dissemination to the public of the information specified in clauses (1) and (2) of this section as reasonably possible within five days of its receiving information of each abnormal occurrence and shall provide as wide dissemination to the public as reasonably possible of the information specified in clauses (3) and (4) as soon as such information becomes available to it.

OTHER OFFICERS

SEC. 208. (a) The Commission shall appoint a Director of Nuclear Reactor Safety who shall report directly to the Commission, who shall serve at the pleasure of and be removable by the Commission and who shall receive compensation at the rate now or hereafter prescribed for officers and positions at level IV of the Executive Schedule (5 U.S.C. 5315).

(b) There shall be in the Commission not more than nine additional officers appointed by the Commission who shall serve at the pleasure of and be removable by the Commission and who shall receive compensation at the rate now or hereafter prescribed for officers and positions at level V of the Executive Schedule (5 U.S.C. 5316).

TITLE III—MISCELLANEOUS AND TRANSITIONAL PROVISIONS

TRANSITIONAL PROVISIONS

SEC. 301. (a) Except as otherwise provided in this Act, whenever all of the functions or programs of an agency, or other body, or any component thereof, affected by this Act, have been transferred from that agency, or other body, or any component thereof by this Act, the agency, or other body, or component thereof shall lapse. If an agency, or other body, or any component thereof, lapses pursuant to the preceding sentence, each position and office therein which was expressly authorized by law, or the incumbent of which was authorized to receive compensation at the rate prescribed for an office or position at level II, III, IV, or V of the Executive Schedule (5 U.S.C. 5313–5316), shall lapse.

(b) All orders, determinations, rules, regulations, permits, contracts, certificates, licenses, and privileges—

(1) which have been issued, made, granted, or allowed to become effective by the President, any Federal department or agency or official thereof, or by a court of competent jurisdiction, in the performance of functions which are transferred under this Act,

(2) which are in effect at the time this Act takes effect,

shall continue in effect acocrding to their terms until modified, terminated, superseded, set aside, or revoked by the President, the Administrator, the Commission, or other authorized officials, a court of competent jurisdiction, or by operation of law.

(c) The provisions of this Act shall not affect any proceeding pending, at the time this section takes effect, before the Atomic Energy Commission or any department or agency (or component thereof) functions of which are transferred by this Act; but such proceedings, to the extent that they relate to functions so transferred, shall be continued. Orders shall be issued in such proceedings, appeals shall be taken therefrom, and payments shall be made pursuant to such orders, as if this Act had not been enacted; and orders issued in any such proceedings shall continue in effect until modified, terminated, superseded, or revoked by a duly authorized official, by a court of competent jurisdiction, or by operation of law. Nothing in this subsection shall be deemed to prohibit the discontinuance or modification of any such proceeding under the same terms and conditions and to the same extent that such proceeding could have been discontinued if this Act had not been enacted.

(d) Except as provided in subsection (f)—

(1) the provisions of this Act shall not affect suits commenced prior to the date this Act takes effect, and

(2) in all such suits proceedings shall be had, appeals taken, and judgments rendered, in the same manner and effect as if this Act had not been enacted.

(e) No suit, action, or other proceeding commenced by or against any officer in his official capacity as an officer of any department or agency, functions of which are transferred by this Act, shall abate by reason of the enactment of this Act. No cause of action by or against any department or agency, functions of which are transferred by this Act, or by or against any officer thereof in his official capacity shall abate by reasons of the enactment of this Act. Causes of actions, suits, actions, or other proceedings may be asserted by or against the United States or such official as may be appropriate and, in any litigation pending when this section takes effect, the court may at any time, on its own motion or that of any party, enter any order which will give effect to the provisions of this section.

(f) If, before the date on which this Act takes effect, any department or agency, or officer thereof in his official capacity, is a party to a suit, and under this Act any function of such department, agency, or officer is transferred to the Administrator or Commission, or any other official, then such suit shall be continued as if this Act had not been enacted, with the Administrator or Commission, or other official, as the case may be, substituted.

(g) Final orders and actions of any official or component in the performance of functions transferred by this Act shall be subject to judicial review to the same extent and in the same manner as if such orders or actions had been made or taken by the officer, department, agency, or instrumentality in the performance of such functions immediately preceding the effective date of this Act. Any statutory requirements relating to notices, hearings, action upon the record, or administrative review that apply to any function transferred by this Act shall apply to the performance of those functions by the Administrator or Commission, or any officer or component.

(h) With repect to any function transferred by this Act and performed after the effective date of this Act, reference in any other law to any department or agency, or any officer or office, the functions of which are so transferred, shall be deemed to refer to the Administration, the Administrator or Commission, or other office or official in which this Act vests such functions.

(i) Nothing contained in this Act shall be construed to limit, curtail, abolish, or terminate any function of the President which he had immediately before the effective date of this Act; or to limit, curtail, abolish, or terminate his authority to perform such functions; or to limit, curtail, abolish, or terminate his authority to delegate, redelegate, or terminate any delegation of functions.

(j) Any reference in this Act to any provision of law shall be deemed to include, as appropriate, references thereto as now or hereafter amended or supplemented.

(k) Except as may be otherwise expressly provided in this Act, all functions expressly conferred by this Act shall be in addition to and not in substitution for functions existing immediately before the effective date of this Act and transferred by this Act.

INCIDENTAL DISPOSITIONS

SEC. 302. The Director of the Office of Management and Budget is authorized to make such additional incidental dispositions of personnel, personnel positions, assets, liabilities, contracts, property, records, and unexpended balances of appropriations, authorizations, allocations, and other funds held, used, arising from, available to or to be made available in connection with functions transferred by this Act, as he may deem necessary or appropriate to accomplish the intent and purpose of this Act.

DEFINITIONS

SEC. 303. As used in this Act—

(1) any reference to "function" or "functions" shall be deemed to include references to duty, obligation, power, authority, responsibility, right, privilege, and activity, or the plural thereof, as the case may be; and

(2) any reference to "perform" or "performance", when used in relation to functions, shall be deemed to include the exercise of power, authority, rights, and privileges.

AUTHORIZATION FOR APPROPRIATIONS

SEC. 304. (a) Except as otherwise provided by law, appropriations made under this Act shall be subject to annual authorization.

(b) Beginning in fiscal year 1976, and in every fiscal year thereafter, in the absence of a specific nonnuclear energy research and development policy enacted by Congress for the Administration, of the amounts appropriated for the nondefense programs of the Administration, not less than 7 per centum shall be available for each of the research and development functions assigned to each of the nondefense Assistant Administrators under subsection 102(d) of this Act.

(c) Authorization of appropriations to the Commission shall reflect the need for effective licensing and other regulation of the nuclear power industry in relation to the growth of such industry.

COMPTROLLER GENERAL AUDIT

SEC. 305. (a) Section 166. "Comptroller General Audit" of the Atomic Energy Act of 1954, as amended, shall be deemed to be applicable, respectively, to the nuclear and nonnuclear activities under title I and to the activities under title II.

(b) The Comptroller General of the United States shall audit, review, and evaluate the implementation of the provisions of title II of this Act by the Nuclear Safety and Licensing Commission—

(1) Not less than fifty-four months nor more than sixty months after the effective date of this Act, the Comptroller General shall prepare and submit to the Congress a report on his audit, which shall contain, but not be limited to, the following:

(A) an evaluation of the effectiveness of the licensing and related regulatory activities of the Commission and the operations of the Office of Nuclear Safety Research and the Bureau of Nuclear Materials Security;

(B) an evaluation of the effect of such Commission activities on the efficiency, effectiveness, and safety with which the activities licensed under the Atomic Energy Act of 1954, as amended, are carried out;

(C) recommendations concerning any legislation he deems necessary, and the reasons therefor, for improving the implementation of title II.

(2) Copies of the report shall be furnished to the Chairman, Nuclear Safety and Licensing Commission, the chairman of the Senate Committee on Government Operations, the chairman of the Committee on Government Operations of the House of Representatives, and the chairman of the Joint Committee on Atomic Energy.

REPORTS

SEC. 306. (a) The Administrator shall, as soon as practicable after the end of each fiscal year, make a report to the President for submission to the Congress on the activities of the Administration during the preceding fiscal year. Such report shall include a statement of the short-range and long-range goals, priorities, and plans of the Administration together with an assessment of the progress made toward the attainment of those objectives and toward the more effective and efficient management of the Administration and the coordination of its functions.

(b) During the first year of operation of the Administration, the Administrator, in collaboration with the Secretary of Defense, shall conduct a thorough review of the desirability and feasibility of transferring to the Department of Defense or other Federal agencies the functions of the Administrator respecting military application and restricted data, and within one year after the Administrator first takes office the Administrator shall make a report to the President, for submission to the Congress, setting forth his comprehensive analysis, the principal alternatives, and the specific recommendations of the Administrator and the Secretary of Defense.

(c) The Commission shall, as soon as practicable after the end of each fiscal year, make a report to the President for submission to the Congress on the activities of the Commission during the preceding fiscal year. Such report shall, in layman's language, include a statement of the short-range and long-range goals, priorities, and plans of the Commission as they relate to the relative benefits, costs, and risks of commercial nuclear power. Such assessment shall be based on a complete accounting of the Commission's activities and findings in the following areas—

(1) insuring the safe design of nuclear powerplants and other licensed facilities;

(2) investigating abnormal occurrences and defects in nuclear powerplants and other licensed facilities;

(3) safeguarding special nuclear materials at all stages of the nuclear fuel cycle;

(4) investigating suspected, attempted, or actual thefts of special nuclear materials in the licensed sector and developing contingency plans for dealing with such incidents;

(5) insuring the safe, permanent disposal of high-level radioactive wastes through the licensing of nuclear activities and facilities;

(6) protecting the public against the hazards of low-level radioactive emissions from licensed nuclear activities and facilities.

INFORMATION TO COMMITTEES

SEC. 307. Except as provided in section 304 (b) of this Act, the Administrator shall keep the appropriate congressional committees fully and currently informed with respect to all of the Administration's activities.

TRANSFER OF FUNDS

SEC. 308. The Administrator, when authorized in an appropriation Act, may, in any fiscal year, transfer funds from one appropriation to another within the Administration: *Provided*, That no appropriation shall be either increased or decreased pursuant to this section by more than 5 per centum of the appropriation for such fiscal year.

CONFORMING AMENDMENTS TO CERTAIN OTHER LAWS

SEC. 309. Subchapter II (relating to Executive Schedule pay rates) of chapter 53, title 5, United States Code, is amended as follows:

(1) Section 5313 is amended by striking out "(8) Chairman, Atomic Energy Commission." and inserting in lieu thereof "(8) Chairman, Nuclear Safety and Licensing Commission.", and by adding at the end thereof the following:

"(22) Administrator of Energy Research and Development.".

(2) Section 5314 is amended by striking out "(42) Members, Atomic Energy Commission." and inserting in lieu thereof "(42) Members, Nuclear Safety and Licensing Commission.", and by adding at the end thereof the following:

"(60) Deputy Administrator, Energy Research and Development Administration.".

(3) Section 5315 is amended by striking out paragraph (50), and by adding at the end thereof the following:

"(99) Assistant Administrators, Energy Research and Development Administration (6);

"(100) Director of Nuclear Reactor Safety, Nuclear Safety and Licensing Commission;

"(101) Director of Nuclear Materials Security, Nuclear Safety and Licensing Commission;

"(102) Director of Nuclear Safety Research, Nuclear Safety and Licensing Commission."

(4) Section 5316 is amended by striking out paragraphs (29), (69), and (102), by striking out "(62) Director of Regulation, Atomic Energy Commission."; by striking out "(81) General Counsel of the Atomic Energy Commission," and inserting in lieu thereof "(81) General Counsel of the Nuclear Safety and Licensing Commission.", and by adding at the end thereof the following:

"(133) General Counsel, Energy Research and Development Administration.

"(134) Additional officers, Energy Research and Development Administration (8).

"(135) Additional officers, Nuclear Safety and Licensing Commission (9).".

SEPARABILITY

SEC. 310. If any provision of this Act, or the application thereof to any person or circumstance, is held invalid, the remainder of this Act, and the application of such provision to other persons or circumstances, shall not be affected thereby.

EFFECTIVE DATE AND INTERIM APPOINTMENTS

SEC. 311. (a) This Act shall take effect one hundred and twenty days after the date of its enactment, or on such earlier date as the President may prescribe and publish in the Federal Register; except that any of the officers provided for in title I of this Act may be nominated and appointed, as provided by this Act, at any time after the date of enactment of this Act. Funds available to any department or agency (for any official or component thereof), any functions of which are transferred to the Administrator and the Commission by this Act, may, with the approval of the President, be used to pay the compensation and expenses of any officer appointed pursuant to this subsection until such time as funds for that purpose are otherwise available.

(b) In the event that any officer required by this Act to be appointed by and with the advice and consent of the Senate shall not have entered upon office on the effective date of this Act, the President may designate any officer, whose appointment was required to be made by and with the advice and consent of the Senate and who was such an officer immediately prior to the effective date of this Act, to act in such office until the office is filled as provided in this Act. While so acting, such persons shall receive compensation at the rates provided by this Act for the respective offices in which they act.

TITLE IV—SEX DISCRIMINATION

SEC. 401. No person shall on the ground of sex be excluded from participation in, be denied a license under, be denied the benefits of, or be subjected to discrimination under any program or activity carried on or receiving Federal assistance under any title of this Act. This provision will be enforced through agency provisions and rules similar to those already established, with respect to racial and other discrimination, under title VI of the Civil Rights Act of 1964. However, this remedy is not exclusive and will not prejudice or cut off any other legal remedies available to a discriminatee.

Mr. RIBICOFF. Mr. President, the bill before us today—S. 2744, the Energy Reorganization Act of 1974—seeks to meet two urgent energy needs of the Nation.

First, it consolidates the Federal Government's fragmented and uncoordinated energy research and development functions into a new Energy Research and Development Administration—ERDA. The mission of this new independent executive agency will be to develop the energy technologies necessary to give us the capability to attain energy self-sufficiency by as early as 1984.

Second, it upgrades the regulation of our most developed and also our most dangerous alternative source of energy—nuclear power—through the establishment of a Nuclear Safety and Licensing Commission—NSLC. The mission of this new independent regulatory agency will be to protect the Nation's health and environment by ensuring the safety and the security of the nuclear industry and of the weapons-grade and other radioactive materials that are part of its fuel cycle.

Both ERDA and NSLC are formed from functions and personnel transferred from the Atomic Energy Commission—AEC—which is abolished by the act. This reorganization serves the additional purpose of separating the regulatory functions of the AEC from its developmental and promotional functions—a response to growing criticism that there is a basic conflict between the AEC's regulation of the nuclear power industry and its development and promotion of new technology for the industry.

THE ENERGY DILEMMA

Mr. President, at first glance, the energy emergency of last winter seems to have disappeared as quickly as have the long lines of cars at gasoline stations across the country. The lifting of the oil embargo can too easily be translated into restoration of the easy, plentiful supplies of gasoline and fuel oil that we experienced before the October Middle East war, albeit at higher prices. But the facts are that we are drawing down on inventories at an alarming rate, and that the Nation still hangs by the thread of Arab indulgence for full satisfaction of our basic energy needs.

At best, the energy emergency of those dark, cold days of winter has been transformed into an energy dilemma which is muted by the beguiling sun and warmth of summer. The persistent, long-term dimensions of this dilemma cannot be denied, however.

The Nation's oil imports grew by one-third last year, and we must now look to foreign sources of oil to meet 16 percent of our energy needs. This dilemma can be traced to deficiencies and imbalances in Federal efforts to develop alternative sources of energy and to make more efficient use of available resources and supplies.

Last winter and spring, Congress acted swiftly to establish the organization and authorities needed to deal with the immediate energy emergency. I was pleased to join with Senator JACKSON in introducing legislation to establish the Federal Energy Administration—FEA. That bill, as reported by the Government Operations Committee and finally enacted by Congress, established an interim agency to manage the allocation and conservation programs under the sweeping emergency authorities granted to the President in the Emergency Petroleum Allocation Act and the National Energy Emergency Act.

Now, by means of this bill before the Senate today, the Government Operations Committee has reported a measure to establish a comprehensive, permanent Federal energy research and development organization to explore all possible solutions to our long-term energy needs, as well as a new regulatory agency to oversee the burgeoning nuclear power industry.

This twofold approach acknowledges and remedies basic deficiencies in Federal energy efforts.

First, in the absence of a comprehensive Federal energy research and development organization, R. & D. efforts in the energy area have lagged behind other Government R. & D. In fiscal 1973, Federal funding of energy R. & D. was $672 million, representing less than 4 percent of all Federal R. & D. This increased to $1 billion or 5.6 percent of Federal R. & D. in fiscal 1974, and is expected to reach about $2 billion, or 9 percent, in the current fiscal year—most of which will be administered by ERDA.

Second, in the absence of a centralized nonnuclear energy R. & D. effort, the vast majority of Federal energy resources has been committed to the development of nuclear power in the Atomic Energy Commission. Until the onset of the energy emergency last year, nonnuclear energy R. & D. was largely neglected, especially coal gasification and liquefaction and the development of such clean, renewable sources as solar and geothermal energy—even the winds, tides, and thermal currents. Over the past 3 fiscal years, Federal spending on civilian nuclear—fission—R. & D. has continued to grow, but its percentage of total energy R. & D. funding has dropped from 60 to 40 percent as spending in nonnuclear areas has increased.

Third, as a result of the heavy Federal emphasis on commercial nuclear power, the development of the nuclear power industry has been managed by the same agency responsible for regulating it. While this arrangement may have been necessary in the infancy of the atomic era after World War II, it is clearly not in the public interest to continue this special relationship now that the industry is well on its way to becoming among the largest and most hazardous in the Nation. In fact, it is difficult now to determine in the organizational scheme of the AEC where the Commission ends and the industry begins. The result has been growing criticism of the safety of nuclear power reactors, and reluctant acknowledgement by the AEC of the inadequacy of its present system for safeguarding nuclear materials from theft and subsequent manufacture into atomic bombs.

KEY PROVISIONS OF S. 2744

Mr. President, S. 2744 seeks to remedy each of these deficiencies by separating the developmental from the regulatory functions of the AEC and transferring them into separate, new agencies—one, to explore all energy technologies—nonnuclear and nuclear—the other to independently regulate the nuclear industry.

The bill, as reported by the Government Operations Committee, contains several substantial improvements over the bill which was introduced at the request of the administration. As chairman of the Subcommittee on Reorganization, Research, and International Organizations, which originally considered the bill, I offered several amendments, which are now part of the measure, to safeguard against a pronuclear bias in ERDA and to promote effective, balanced regulation of the nuclear industry in NSLC.

Section IV of the committee report on S. 2744 details these and other major differences between the bill as introduced and as reported. I ask unanimous consent that the comparison be printed at this point in the RECORD.

There being no objection, the comparison was ordered to be printed in the RECORD, as follows:

IV. MAJOR DIFFERENCES BETWEEN S. 2744 AS INTRODUCED AND S. 2744 AS REPORTED

ERDA

1. Qualifications for key officers

As introduced: No provision.

As reported: Requires Administrator and Deputy Administrator to be specially qualified to manage a full range of energy R. & D. programs; Assistant Administrators must be specially qualified to manage the energy technology area to which they are appointed. Administrator may not be appointed within 5 years of release from active military duty as a commissioned officer.

2. Unwarranted energy priority

As introduced: No provision.

As reported: States congressional intent that no energy technology be given an unwarranted priority.

3. Non-nuclear R. & D. policy.

As introduced: No provision.

As reported: Makes Administrator responsible for programs authorized under a nonnuclear research and development policy enacted by Congress. In the absence of such a policy, each nondefense Assistant Administrator receives minimum funding of 7 percent of total ERDA funding, excluding funds for defense programs at ERDA.

4. Conservation

As introduced: Established an Assistant Administrator for Environment, Safety and Conservation.

As reported: Establishes a separate Assistant Administrator for Conservation in addition to one for Environment and Safety.

5. Transfer from EPA

As introduced: Required the transfer from EPA to ERDA of functions relating to development of alternative automotive power systems and of technologies for emission controls on stationary sources.

As reported: Strikes the transfer and provides for cooperation between the two agencies to prevent duplication stemming from EPA's regulatory functions and ERDA's development and demonstration functions in these two R. & D. areas.

6. Energy agency coordination

As introduced: No provision.

As reported: Establishes a Cabinet-level Interagency Energy Resources Committee in the Executive Office of the President to assist the Council on Energy Policy to coordinate the operations of ERDA, the Federal Energy Administration, the Department of the Interior and other Federal agencies pending congressional enactment of a long-term reorganization measure involving the principal energy agencies. The President is required to submit his recommendations for such a long-term reorganization by the end of 1975.

7. Energy Policy Council

As introduced: No provision.

As reported: Establishes a permanent three-member Council on Energy Policy in the Executive Office of the President to establish a comprehensive national energy policy, to coordinate all Federal energy activities on a long-range basis, and to submit a comprehensive energy plan, including research and development activities.

NSLC

1. Commission

As introduced: Designated present members of the AEC as members of the new nuclear regulatory commission without the need for Senate confirmation of present AEC commissioners.

As reported: Requires appointment and confirmation of all members of a newly established Nuclear Safety and Licensing Commission, and requires political balance and technical qualifications for NSLC members who are not presently AEC Commissioners.

2. Organization

As introduced: Retained present organization of the AEC regulatory side in which a single Director supervises, and reports to the Commission on, all licensing and other regulatory activities.

As reported: Provides for three coequal Directors, each with direct and independent access to the Commission, and each responsible for separate operations relating to nuclear reactor safety, nuclear materials security and nuclear safety research.

3. Licensing

As introduced: Extended Commission licensing authority to include (1) future demonstration reactors operated by ERDA as part of an electric utility system and (2) future facilities for disposing of commercial high-level radioactive wastes.

As reported: Further extends NSLC licensing authority to cover any ERDA demonstration reactors and any long-term, high-level radioactive waste disposal facilities, except those in existence when the act takes effect.

4. Research

As introduced: Provided for cooperation by ERDA in setting priorities for conducting safety research for the Commission in ERDA facilities.

As reported: Establishes an Office of Nuclear Safety Research in the Commission with its own Director and safety research personnel who are guaranteed access to ERDA research facilities.

5. Safeguards

As introduced: Retained present AEC system in which functions for safeguarding nuclear materials and facilities are dispersed with reactor-safety functions in three separate directorates.

As reported: Establishes a Bureau of Nuclear Materials Security to pull together all safeguards functions under a separate Director who reports directly to the Commission.

6. Technical assistance

As introduced: No provision.

As reported: Requires Commission to provide existing technical reports to any party to a licensing or rulemaking proceeding, including citizen intervenor groups, and to respond to good-faith requests for relevant new studies. Appeal of an adverse ruling can be taken directly to the court of appeals without unduly delaying the Commission proceeding.

7. Notification of defects

As introduced: No provision.

As reported: Establishes civil and criminal penalties for officers and employees of licensed nuclear firms, or of firms supplying basic components to licensed firms or constructing licensed facilities, who fail to notify the Commission of noncompliance with regulations or of any potentially hazardous defect.

8. Reporting abnormal occurrences

As introduced: No provision.

As reported: Requires the Commission to make quarterly reports to Congress on full details of abnormal occurrences at licensed nuclear facilities and to widely disseminate initial information to the public within 5 days of learning of each abnormal occurrence.

9. Annual report

As introduced: No provision.

As reported: Requires the Commission to file an annual report which includes the relative benefits, costs and risks of commercial nuclear power based on an assessment of safety and safeguards questions.

ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION

Mr. RIBICOFF. Mr. President, the act establishes ERDA from the transfer of the extensive technical staff and national laboratories of the Atomic Energy Commission—AEC—and of certain research and development programs from the Department of the Interior and the National Science Foundation. It will be headed by a single administrator and a deputy administrator, appointed by the President with the advice and consent of the Senate, who will exercise broad functions to explore and develop all possible sources of energy.

In addition to providing four separate assistant administrators to manage the fossil, advanced energy, civilian nuclear, and military nuclear R. & D. programs, the organization is structured to include major research and development efforts, under the management of two separate assistant administrators, devoted exclusively to conserving and to insuring the safety and environmental quality of all energy sources.

The committee firmly believes that one advantage of organizing on the basis of energy sources is that it provides within an agency a means for assuring balance and meaningful priority setting among the competing energy technologies.

ERDA's top management will review the alternative concepts and set program priorities among alternative technologies. The line assistant administrators will sponsor their technologies in this process. The ERDA administrator and deputy administrator will be supported by a strong and independent analytic staff to provide assessments on developing technologies. ERDA R. & D. decisions will form an important input to the administration in setting priorities and developing energy strategies.

The substantial input of AEC resources and personnel into the new ERDA caused concern in the committee that nuclear energy personnel and nuclear energy funding might dominate the missions and directions of the new agency.

The committee in no way wishes to derogate the resources or personnel of the Atomic Energy Commission. Current AEC employees represent, along with NASA employees, the greatest concentration of scientific and engineering brainpower in the Federal Government—perhaps in the Nation at large. The committee has no doubt that current AEC employees will faithfully seek to fulfill whatever mission they are assigned in ERDA, whether it be the new fast breeder reactor or new windmills. The committee has simply designed ERDA so that its nonnuclear missions are fairly represented and funded along with the nuclear mission of the new agency.

Specifically, the provisions added by the committee to insure this are:

First. A statement of congressional intent that there shall be no unwarranted priority given to any energy technology in ERDA—section 2.

Second. Qualifications requiring that the administrator and deputy administrator of ERDA be specially qualified to manage a full range of R. & D. programs; and that the assistant administrators, who will actually manage the programs, be specially qualified in the technologies to which they are assigned—section 102.

Third. Establishing a separate assistant administrator for conservation so that energy conservation gets separate attention and is not grouped with environment and safety—section 102.

Fourth. Establishing a Council on Energy Policy, similar to the Council on Environmental Quality, to draw up a national energy policy, including R. & D., and to promote interagency cooperation in energy areas; a Cabinet-level Interagency Energy Resources Committee will assist the Council—section 109. There is also a provision permitting the administrator to draw upon energy R. & D. capabilities of other agencies, such as NASA, NSF, the Department of Commerce, and the Department of Transportation, which are not transferred to ERDA—section 104.

Fifth. Making the administrator responsible for carrying out programs authorized under a nonnuclear energy R. & D. policy enacted by Congress—section 103—and requiring that each nondefense assistant administrator will receive at least 7 percent of total civilian energy R. & D. funding in the absence of such a policy—section 304. S. 1283, the "National Energy Research and Development Policy Act," prescribes a nonnuclear R. & D. policy. It has passed the Senate and may soon reach the floor of the House.

A great deal of flexibility is provided to the administrator in carrying out the programs. ERDA will use transferred AEC and Bureau of Mines labs, as well, as outside contractors, universities, and private research institutions to carry out the elements of the programs in achieving objectives.

The ERDA approach to developing safe, efficient energy sources will involve the energy industry to the maximum extent possible and will supplement existing and planned R. & D. by private industry. Once technology has been developed to assess its feasibility, industry will be encouraged to take the lead in further development and in applying it on a commercial scale. Therefore, ERDA's strategy should be to encourage independent energy R. & D. by working closely with industry in the development of technology to facilitate a rapid, smooth transfer. In this regard, jointly funded Federal and private projects should be encouraged.

NUCLEAR SAFETY AND LICENSING COMMISSION

The act establishes NSLC from the transfer of the present Regulatory Division of the AEC and the transfer of safety research personnel from the development side of the AEC. There is a revised regulatory organization to promote well-balanced and closely supervised regulation of the burgeoning nuclear power industry. The commission will take the AEC's present form of four members and a chairman, but Senate confirmation of all NSLC commissioners is required, as is political balance and technical qualifications among those nominated who are not now serving on the Atomic Energy Commission.

Effective regulation will be no easy task for the new independent regulatory commission. Current projections of industry growth are for the current 43 reactors producing 6 percent of the Nation's electricity to proliferate into 1,000 reactors generating 60 percent of our electricity by the year 2000. During that period, our investment in licensed nuclear powerplants will have grown from $20 billion to $1 trillion.

Furthermore, plutonium to fuel the reactors will be generated by the reactors themselves at a rate of 660,000 pounds annually in the year 2000 for the United States—and 2.2 million pounds a year for the world at large. This presents security problems of enormous scope, because it is conceded by the AEC that 44 pounds of plutonium in the hands of skilled terrorists could result in an atomic bomb that poses a "credible threat." There was testimony that only half that amount is needed for fashioning such a bomb.

Thus, the task awaiting the new Nuclear Safety and Licensing Commission is considerable. It will require strong, effective regulation to keep pace with the industry, and to insure its safe development. Already the number of licenses issued for nuclear reactors is doubling every 2 or 3 years.

Unfortunately, the present Regulatory Division of the AEC, from which nearly all of the new commission's personnel and functions are drawn, has been weak and undernourished in relation to the vast resources of the development side of the AEC.

The committee amendments to title II are designed to guarantee that the new commission will have the strength and autonomy to carry out its awesome safety, health and environmental responsibilities—given its limited resources in relation to the size of the nuclear industry and of the nuclear-development component of ERDA.

Specifically, the provisions added by the committee to insure this are:

First. Extending the nuclear licensing authority to cover certain ERDA demonstration reactors and high-level radioactive waste storage facilities when their purpose will lead to commercial, as distinguished from R. & D., use. This will permit NSLC earlier access to, and greater expertise in, new nuclear technology than is now possible for the AEC Regulatory Division—section 202.

Second. Requiring the commission to comply with good-faith requests for relevant technical studies by citizen groups intervening in nuclear licensing and rulemaking cases. The commission will provide existing studies or undertake new ones, as necessary. An expedited process for appealing adverse rulings by the commission on requests for studies will prevent delays in the licensing process—section 206.

Third. Facilitating closer monitoring of the nuclear power industry by requiring the nuclear industry, its components suppliers, and all employees to make prompt reports to the commission of defects and noncompliance with the Atomic Energy Act—section 205.

Four. Requiring the commission to make prompt reports to the public and to Congress of all abnormal occurrences in licensed facilities—section 207. It is also required—by section 306—to file an annual report giving an assessment of relative benefits, costs, and risks of commercial nuclear power based on the previous year's experience in dealing with specific safety and safeguards problems.

Five. Upgrading the present position of AEC Director of Regulation from a level V to a level IV on the Executive Schedule and changing the title to Director of Nuclear Reactor Safety—section 208. In this way the former top regulatory position is assigned to the new commission's largest and most challenging line responsibility: licensing and otherwise insuring the safe regulation of nuclear power reactors.

Six. Upgrading the safeguards function of NSLC by establishing a separate, coequal Bureau of Nuclear Materials Security under a director who will be responsible for safeguarding against sabotage and theft, the commercial facilities and the potentially explosive nuclear materials that will come into common use in the nuclear fuel cycle—section 204.

Seven. Establishing a third separate and coequal Office of Nuclear Safety Research to give the Federal regulators of the nuclear power industry, for the first time, an inhouse research capability that is independent of the Federal policies and programs which promote the development of the industry—section 203. The research personnel will be transferred from an office on the development side of AEC, the Division of Reactor Safety Research, which now does research exclusively for the Regulatory Division—section 201.

Eight. Adding nine unspecified officers to be compensated at level V of the Executive Schedule, who will serve under the directors to head various regulatory directorates and fill other key policy positions. The individuals in these executive level positions will be appointed and be removable by the commission.

Under the new regulatory organization, NSLC will have a bipartisan, technically qualified commission, which will directly supervise a balanced three-part regulatory organization. The high-level position of director of regulation is eliminated, thereby allowing the heads of the three key programs—safety, safeguards, and research—direct access to the commission and a freer interplay of regulatory proposals and priorities at the commission level than is now possible in the present system. Each director is appointed by and serves at the pleasure of the commission.

The committee intends that the chairman of the NSLC will see to the faithful execution of the commission's policies and decisions and will coordinate and supervise the tripartite regulatory organization accordingly.

This system parallels the balanced organization provided for ERDA in which six coequal assistant administrators, who run the R. & D. programs, will report directly to the administrator. The high-level position of AEC General Manager is likewise eliminated to permit free access to the Administrator.

Under the original bill, title II would have simply renamed the AEC the Nuclear Energy Commission, and retained the Regulatory Division intact, without modification. This would have perpetuated the present system in which a director of regulation supervises three directorates—for regulations, licensing, and inspection—thereby exercising nearly all the regulatory functions of the commission. This system has its purpose in the present AEC, where the Commissioners exercise developmental responsibilities of a magnitude in terms of dollars, manpower and physical resources that outweigh the regulatory operations and facilities many times over. But it has no place in the new NSLC, in which the commissioners exercise only regulatory responsibilities.

The revised organization is intended to give balance to the new commission so that no one regulatory area is stressed to the detriment of another. The commission is in a position to weigh priorities and make decisions accordingly. In particular, safety and safeguards are given equal recognition within the organization.

A recent internal AEC study found the present system of safeguarding the relatively small quantities of explosive radioactive materials in the private sector to be entirely inadequate to prevent theft and subsequent manufacture into terrorists' bombs. A reason given was that safeguards in the Regulatory Division was not getting the same priority attention as reactor safety.

The committee agrees that reactor safety and materials safeguards are of equal importance in terms of public health and safety and of the future of the nuclear power industry. A serious mishap in either area could be catastrophic for both the Nation and the industry.

TITLE, PURPOSE

Section 1 states that this act may be cited as the Energy Reorganization Act of 1974.

Section 2 sets forth a congressional declaration that the general welfare and the common defense and security require effective action to develop all energy sources and increase the efficiency and reliability of energy use. It also states a congressional finding that, to best achieve the objectives of this act, it is necessary to establish an Energy Research and Development Administration—ERDA—to bring together and direct Federal activities relating to research and development on the various sources of energy.

There is a proviso expressing congressional intent that in establishing ERDA to achieve these objectives, no energy technology should be given an unwarranted priority. This proviso is intended to be responsive to concerns that ERDA—because the vast majority of its personnel, facilities and funding are derived from the AEC—may give an unwarranted priority to development of nuclear power to the detriment of competing energy technologies. The committee acknowledges this as a legitimate concern and adds this proviso to supplement organizational safeguards provided elsewhere in the act to prevent a pronuclear bias in ERDA.

There is an additional congressional declaration and finding that it is in the public interest to separate the regulatory from the other—developmental—functions of the AEC in an orderly manner pursuant to the transfers contained in the act.

Finally this section declares the policy of Congress that small business concerns be given an opportunity to participate, insofar as is possible, in a fair and equitable proportion of grants, contracts, purchases, and other Federal activities relating to research, development and demonstration of sources of energy, efficiency and utilization of energy, and conservation of energy.

TITLE I—ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION

ESTABLISHMENT

Section 101 establishes the Energy Research and Development Administration as an independent executive agency.

OFFICERS

Section 102 prescribes the top officer positions of ERDA. It provides that the administration will be headed by an administrator appointed from civilian life by the President by and with the advice and consent of the Senate, to be compensated at the level II rate of the Executive schedule. No individual can be appointed administrator within 5 years after release from active duty as a commissioned officer in the armed services. He will be responsible for the efficient and coordinated management of the administration.

The section also provides for a deputy administrator to be appointed by the President with Senate confirmation, and to be compensated at level III of the Executive schedule. He will have special responsibility on behalf of the administrator for international cooperation in all energy and related environmental research and development.

The President is required to appoint the administrator and deputy administrator from among individuals whose training and experience makes them specially qualified to manage a full range of energy research and development programs. By adding this provision, the committee seeks to help insure that there is no unwarranted bias in favor of any single energy technology at the highest administrative and policymaking levels of ERDA. It is the intention of the committee that, to the fullest extent practicable, the President shall appoint capable managers to the two top ERDA posts whose backgrounds are not identified with a single energy technology. For example, a person whose background in major part is limited to nuclear power technology, would not qualify. Every effort should be made by the President to find energy R. & D. generalists for these positions.

This section also provides for appointment by the President, with Senate confirmation, of six assistant administrators responsible respectively for, first, fossil energy; second, nuclear energy; third, environment and safety; fourth, conservation; fifth, solar, geothermal, and advanced energy systems; and sixth, defense programs. These appointees will be compensated at level IV of the executive schedule. The President is required to appoint individuals whose training and experience specially qualify them to manage the energy technology area to which each is assigned. The specialized qualifications for appointment of the assistant administrators, in conjunction with the generalist qualifications for the appointment of the administrator and deputy administrator, are intended to give the new agency the necessary balance between specialized, resourceful R. & D. programs and a general, fair ordering of R.& D. priorities based on the results of these programs.

The committee added an additional

assistant administrator for conservation by splitting off the conservation functions from an original assistant administrator for environment, safety, and conservation. The committee believes that energy conservation is a vital, separate element in the Nation's search to achieve self-sufficiency; also, that it is not necessarily linked to environmental and safety programs.

The committee recognizes that each assistant administrator in charge of an energy technology area will be responsible for assuring that his programs result in maximum conservation of energy. At the same time, it is essential that the administrator can turn to the assistant administrator for conservation to evaluate these various conservation efforts and to conduct independent R. & D. programs, as the administrator deems necessary, to promote energy efficiencies in all areas.

Similarly, the committee recognizes that each assistant administrator will be responsible to assure that their programs are environmentally sound and will not impact adversely on public health and safety. It is important, however, that the administrator has an objective source of expertise in environmental, health and safety matters to assist him in overseeing the full range of ERDA programs. It is the intent of this committee that the assistant administrator for environment and safety should provide this independent expertise and program assessment capability to the administrator. The committee intends that some health, public safety, environmental, and control technology R. & D. be undertaken by the assistant administrator for environment and safety. He should have more than just a coordination role which allows funds to flow to the other assistant administrators.

It also should be noted that the committee changed the designations of two of the assistant administrators to make their missions clear. The assistant administrator for research and advanced energy was changed to assistant administrator for solar, geothermal, and advanced energy systems. The committee believes that solar and geothermal, as potentially renewable, clean sources of energy, represent the wave of the future and should be given the same prominence in the ERDA organizational structure as fossil and nuclear energy. The assistant administrator for national security was changed to assistant administrator for defense programs to make clear that his responsibilities were related to the nuclear weapons program, not to overall national security matters.

This section also provides for the appointment of a general counsel by the administrator, who will serve at the pleasure of the administrator and be compensated at level V. The administrator is authorized to appoint not more than eight additional officers who will be compensated at level V and who will serve at the pleasure of and be removable by the administrator.

The section also provides for appointment by the administrator of a director of military application to head the Division of Military Application. It also authorizes the administrator to specify other functions for ERDA officers and to establish an order of succession beyond the deputy administrator.

RESPONSIBILITIES OF THE ADMINISTRATOR

Section 103 describes responsibilities of the administrator and provides for consultation with the administrator of the Small Business Administration in carrying out his responsibilities.

It prescribes eight categories included in the administrator's responsibilities:

First. Exercising central responsibility for policy planning, coordination, support, and management of research and development programs respecting all energy sources. The intention of the committee in this paragraph is to make clear that the ERDA Administration is the lead Federal official with respect to all elements of near-term and long-range energy research and development programs ergy research and development programs.

Second. Encouraging and conducting research, development, and demonstration of commercial feasibility and practical applications of all aspects of energy including such nonnuclear research and development programs as may hereafter be authorized by the Congress.

This is intended to make reference to nonnuclear R. & D. policy legislation presently under active consideration in Congress. The committee anticipates that those functions will be assigned to the ERDA administrator and would become principal responsibilities of the Agency.

Third. Engaging in and supporting environmental, biomedical, physical, and safety research related to the development of energy sources and utilization technologies. The committee also intends that the administrator—presumably through the assistant administrator for solar, geothermal, and advanced energy systems—originally research and advanced energy systems—will assume an important responsibility for fundamental research, including the further development of the AEC's physical research program. This has been a long-range basic research effort to further man's understanding of the natural laws and phenomena governing matter and energy.

Fourth. Taking into account the existence, progress, and results of other public and private research and development activities, including those activities of the Federal Energy Administration relating to the development of energy resources using currently available technology in promoting increased utilization of energy resources, relevant to ERDA's mission in formulating its own research and development programs. This relates to FEA's role in encouraging the application of existing technology to promote increased utilization of energy resources. It is consistent with the committee's intention to make clear the ERDA Administrator's primary role in Federal energy R. & D.

Fifth. Participating in and supporting cooperative research and development projects which may involve public or private outside contributions.

Sixth. Developing, collecting, distributing, and making available for distribution, scientific and technical energy information.

Seventh. Encouraging and conducting research and development in energy conservation, which shall be directed toward the goals of reducing total energy consumption to the maximum extent practicable, and toward maximum possible improvement in the efficiency of energy use.

Eighth. Encouraging and participating in international cooperation in energy and related environmental research and development. The deputy administrator will exercise this special responsibility on behalf of the administrator.

The section also requires that the ERDA administrator take appropriate affirmative action to help assure that small businesses may participate in a fair and equitable proportion of grants, contracts, purchases from ERDA and other energy-related agencies. This includes consultation and cooperation with the Administrator of the Small Business Administration.

ABOLITION AND TRANSFERS

Section 104 abolishes the Atomic Energy Commission and transfers its nonregulatory functions to the ERDA administrator and its regulatory functions to the Nuclear Safety and Licensing Commission. There are also transfers to ERDA from the Department of the Interior and the National Science Foundation.

The committee chose the course of abolishing the AEC and transferring its regulatory functions to NSLC rather than renaming the AEC and retaining its regulatory functions in the redesignated commission, as provided in the original bill. The committee's intent was to provide for political balance on the new commission in the same manner as now provided by law for other Federal regulatory agencies. This abolition-and-transfer course will also allow for Senate confirmation on all appointments to the commission, including present members of the AEC who are selected by the President to serve on the new commission. The original bill, by not abolishing an agency whose functions are to be completely transferred, would have permitted present AEC Commissioners automatically to become members of the new commission.

It preserves and includes in the transfer from AEC to ERDA, the General Advisory Committee, the Patent Compensation Board, and the Divisions of Military Application and Naval Reactors; and it preserves the relationship with the Military Liaison Committee.

The transfer of the Office of Coal Research from the Department of the Interior involves research and development involving principally the conversion of coal to other energy forms, such as liquid hydrocarbons, clean fuel gas, substitute pipeline gas, and direct electric power.

The transfer of energy R. & D. functions from DOI's Bureau of Mines involves six of the laboratories and centers, which are engaged primarily in energy R. & D. on the production, conversion and utilization of fossil fuels. A pilot synthane plant for coal gasification will also be transferred to ERDA. The intent of the committee is for the Bureau of Mines to continue R. & D. in mining and metallurgy areas, some of which is energy related. Also transferred to ERDA from Interior are the underground electric power transmission and the helium programs.

The transfers from NSF to ERDA involve solar heating and cooling development and geothermal power development. These transfers will not affect NSF's authority to conduct basic applied research related to proof-of-concept experimentation prior to the development and demonstration stage.

This section also authorizes the administrator to exercise transferred R. & D. functions and requires him to utilize to the fullest extent practicable the capabilities of other agencies, to consult with the heads of other agencies, and to assign to them specific programs or projects in energy R. & D. as apppropriate. Projects or programs so assigned to other agencies are to be carried out under the policy guidance of the administrator. Such assignments must be with the consent of the concerned agency and shall be in addition to, and not detract from, its basic mission responsibilities.

TRANSFER OF PERSONNEL AND OTHER MATTERS

Section 105 contains mostly technical provisions relating to transfer of personnel and other matters, including specification of assets, liabilities, records, appropriations being transferred; restriction against reductions in grade or compensation for 1 year after transfer by this act; provision for compensation of transferred supergrades at level of previous position if duties of new position are comparable.

ADMINISTRATIVE PROVISIONS

Section 106 contains technical administrative provisions, including authorization of the administrator to set policies and regulations, engage in policy planning studies, delegate functions, organize ERDA internally consistent with the act, establish field offices, prescribe a seal, defray administrative expenses, and seek data from other agencies.

PERSONNEL AND SERVICES

Section 107 contains technical provisions relating to personnel and services, including authorization of the administrator to employ officers and fix compensation, hire consultants, hire military personnel, pay travel expenses of temporary personnel, reimburse other agencies for personnel loaned to ERDA, establish advisory boards and hire noncitizens.

POWERS

Section 108 sets forth the basic statutory powers of the administrator, including authorization of the administrator to make grants for energy R. & D. by private and public institutions, acquire research facilities, provide facilities and services for ERDA employees at remote locations, acquire copyrights and patents, disseminate technical information subject to the Freedom of Information Act and other applicable law.

COUNCIL ON ENERGY POLICY

Section 109 substantially incorporates the language of S. 70, the Energy Policy Act of 1973, which passed the Senate on May 10, 1973. This proposal also passed the Senate on December 10, 1973, as section 3 of S. 2176, the National Fuels and Energy Conservation Act of 1973, and again on March 13, 1974, as title II of the Federal Energy Emergency Administration Act.

This section would establish a three-member Council on Energy Policy in the Executive Office of the President to supervise the collection and analysis of energy information, coordinate the energy activities of the Federal Government and prepare a long-range comprehensive plan for energy development, utilization, and conservation. The council would be assisted by an Interagency Resources Advisory Committee composed of the principal agencies with energy responsibilities. It would provide a single place for Congress and the President to seek energy information and policy recommendations. It assures that a single entity would have responsibility for examining the overall energy picture.

The Council on Energy Policy would provide sophisticated analyses of policy alternatives and would formulate recommendations for national energy policy. It would be responsive to both the President and the Congress. The council would not assume the duties of existing agencies such as the Federal Energy Administration or the Energy Research and Development Administration, but rather it would be a policy adviser, such as the Council of Economic Advisers or the Council on Environmental Quality. In addition, once the policy choices have been made within the executive or legislative branches, the Council would formulate the energy plan to serve as a basic blueprint for other agencies to better carry out their assigned tasks in a coordinated fashion. The Council also would publish an annual energy report.

RECOMMENDATIONS FOR REORGANIZATION

Section 110 requires that not later than January 31, 1975, for the timely consideration of the 94th Congress, the President shall recommend to the Congress such further reorganizations in the energy and natural resources fields as he deems advisable. These recommendations are required to give consideration to coordination among energy agencies and to the relationship between energy and other natural resource matters.

Despite the accomplishments in energy reorganization, which have already been made both by statute and by executive reorganization, much more remains to be done. The more important parts of Federal energy responsibilities have been dealt with, but organization must be evolutionary and dynamic. The complexity of energy problems and the rapidly developing energy situation have dictated an incremental approach to energy reorganization.

COORDINATION WITH ENVIRONMENTAL EFFORTS

Section 111 authorizes the administrator to utilize R. & D. by other Federal agencies to minimize adverse environmental effects of energy projects. The Administrator of the Environmental Protection Agency and heads of other agencies are directed to cooperate with the ERDA administrator, to develop interagency agreements in this effort, and to avoid unnecessary duplication.

The committee feels strongly that the Energy Research and Development Administration should have a strong capability to analyze environmental aspects of energy projects. The committee felt, however, that this capability should be built from within the agency with its own manpower and funds. For this reason, the committee accepted the amendment of Senators MUSKIE and JAVITS to delete the provision transferring the Environmental Protection Agency's energy research programs to the Energy Research and Development Administration. These programs are an integral part of the Agency's regulatory activities and must remain so.

TITLE II—NUCLEAR SAFETY AND LICENSING COMMISSION

ESTABLISHMENT AND TRANSFERS

Section 201 establishes the Nuclear Safety and Licensing Commission as a new independent regulatory commission. It replaces the Atomic Energy Commission which is abolished in section 104.

This section provides the same membership and the same rules for transacting routine business as presently in the AEC. Each of the five members shall be U.S. citizens, shall have equal responsibility and authority and full access to information and shall have one vote. The chairman shall be designated from among the members by, and serve at the pleasure of, the President; shall preside at meetings of, be the official spokesman for, and see to the faithful execution of the policies and decisions of the Commission. A quorum of three is required to transact business, and action shall be taken by majority vote of members present. There is also provision for an official seal of the Commission.

The committee believes that the organization of the Commission—under a chairman who is specifically authorized to see to, and report periodically on, the faithful execution of its policies and decisions—allows for effective coordination and supervision of the three major line functions of the NSLC. As reported by the committee, the bill establishes three basic, coequal divisions—safety, safeguards, and research—each under a director having direct access to the Commission.

The section also provides for appointment, confirmation, technical qualifications, and political balance among the Commission members.

It includes provisions for:

First. Appointment by the President with the advice and consent of the Senate.

Second. Requiring the President, in selecting the members, to have a due regard to fair representation of expertise in nuclear safety technology, health science, and environmental science. The committee intends that to the greatest extent practicable, each of these three technical specialities should be represented by three members on the commission, with the exception of present AEC members who are appointed by the President to serve on the NSLC.

Third. Requiring that not more than three members of the commission shall be members of the same political party. This is intended to correct the anomalous situation in which the AEC is the only Federal regulatory commission on which neither bipartisanship nor fair representation of interests is required. At present, all five AEC Commissioners are Republicans.

This section also provides that the terms of the five members shall be staggered from 1 to 5 years by the President when he makes initial appointments to the commission, and that such initial appointments shall be submitted to the Senate within 60 days of the signing of the act. It also specifically exempts present members of the AEC from the political balance and technical requirements. Present AEC Commissioners may be appointed to the NSLC and confirmed by the Senate for a period not to exeed the unexpired portion of their present term. Any subsequent appointment of such individuals would be subject to Senate confirmation on the basis of technical and political balance requirements cited above.

Compensation of the NSLC chairman is set at executive level II—$42,500 a year—and of the four other members at level III—$40,000 a year—the same salary schedules as presently provided for the Chairman and members of the AEC. It should be noted that these are higher levels than provided the chairmen and members of other regulatory bodies, which are usually at level III and IV respectively. The committee supports these higher pay grades for NSLC members, because of the awesome responsibilities involved in regulating what is potentially the world's most hazardous technology. There is also a provision for removal by the President for inefficiency, neglect or malfeasance and barring members from engaging in business or other outside interests.

This section transfers to the new commission all the licensing and related regulatory functions of the AEC, its Chairman, members, general counsel, and other officers and components—all of which are expected from the transfer to the ERDA administrator in section 104. The functions relate specifically to all facilities, materials, and activities in the civilian nuclear industry which are now under the jurisdiction of the regulatory side of the AEC. It specifies the transfer of certain functions and personnel to NSLC, including the Advisory Committee on Reactor Safeguards, the Atomic Safety and Licensing Board Panel and the Atomic Safety and Licensing Appeal Panel. Each of these is essential to the NSLC's effective operation, and the committee wanted to insure their complete transfer to the new commission.

Also transferred to the commission are all AEC research personnel whose primary responsibility is confirming the safety of reactors licensed under the Atomic Energy Act. There is an exception, however, which permits the Office of Management and Budget to determine how many such individuals should not be transferred, because they are needed to assist in ERDA's reactor development program.

It should be stressed, however, that this paragraph is intended to provide the personnel needed to give the regulators to nuclear power their first in-house research capability to determine for themselves the safety of the reactors they license and inspect. Its intent is to sharply modify the present heavy dependence of the nuclear regulators on the development and promotional side of the AEC for safety research. One of the basic purposes of this act is to separate the regulatory functions of the AEC from its developmental and promotional functions, and this is intended as a key provision to carry out that purpose. The quality and number of researchers transferred by OMB to NSLC should reflect that purpose.

The increasing numbers of defects, abnormal occurrences, and shutdowns being reported in nuclear powerplants—nearly half of them attributed by the AEC to possible design or fabrication deficiences—point up the need for the transfer of safety research personnel to the new regulatory commission. By transferring safety research personnel to NSLC, the committee clearly intends, however, to establish in NSLC the capability to manage or conduct its own research, to the extent the commission considers necessary. The intent is not to limit NSLC to evaluating research performed for it by ERDA or other outside contractors.

LICENSING AND RELATED REGULATORY FUNCTIONS RESPECTING SELECTED ADMINISTRATION FACILITIES

Section 202 extends the licensing and related regulatory authority of NSLC beyond the present provisions of the Atomic Energy Act to include certain reactors and waste storage facilities that will be owned and operated by ERDA. The committee intends this subsection to be a major enhancement of the new regulatory commission's authority, enabling it to develop early expertise in new generations of nuclear technology as they approach commercial application.

NSLC's licensing authority under the Atomic Energy Act is extended to include any nuclear power reactors to be built by ERDA or with ERDA financial assistance for the express purpose of demonstrating the commercial feasibility of such a power reactor concept for the generation of electricity in an electric utility system.

Such reactors comprise demonstration reactors using the LMFBR—fast breeder—technology, demonstration reactors using any other power reactor concepts, except those which are already in existence, and experimental reactors of significant size which may not generate electricity but which are integral elements of demonstration programs which seek to establish the commercial feasibility of new power reactor concepts.

This section also provides NSLC the authority and responsibility for licensing and related regulation of retrievable surface storage facilities and other facilities for long-term storage of high-level radioactive wastes. These provisions anticipate the time, probably in the 1980's, when commercial nuclear power reactors will generate more high-level radioactive waste materials than reactors in the Government sector, including those used in the weapons program. At present, most of the wastes which are leaking from temporary tanks in AEC storage facilities are from the weapons programs. The committee intends that new facilities now being planned for long-term storage of commercial wastes will meet the strict licensing standards of NSLC.

OFFICE OF NUCLEAR SAFETY RESEARCH

Section 203 establishes an Office of Nuclear Safety Research to manage or conduct, with its own personnel, the necessary research for the commission to discharge its licensing and related regulatory functions. Although NSLC can contract out to ERDA for the performance of some safety research, the committee clearly intends that the Office of Nuclear Safety Research shall provide NSLC with the capability to independently confirm the safety and security of commercial reactors and other nuclear facilities subject to licensing and inspection by the commission.

The office is designed to replace the present system in which the regulatory division of the AEC is wholly dependent upon the development side of the AEC for the research personnel and facilities needed to conduct regulatory safety research.

The committee recommends that the vast majority of the 54 personnel now in the AEC Office of Reactor Safety Research should be transferred to NSLC. The fiscal year 1975 budget for the new Office of Nuclear Safety Research is estimated at $53 million to cover research performed either by ERDA or NSLC personnel.

The office is established under a Director of Nuclear Safety Research who is appointed and removable by the Commission. The Director is provided compensation at level IV, and he is guaranteed direct access to the Commission. The Director shall engage in or contract for research which he recommends and the Commission deems necessary to carry out the licensing and other regulatory functions of the Commission.

ERDA and other agencies shall cooperate in the establishment of priorities for furnishing research services to NSLC. The committee intends that this will involve placing NSLC-required research projects ahead of their own if such priority is warranted by safety considerations in the public interest. There are also provisions insuring cooperation from ERDA and other agencies in the actual furnishing of research to NSLC and in permitting access to facilities and information.

BUREAU OF NUCLEAR MATERIALS SECURITY

Section 204 establishes a new Bureau of Nuclear Materials Security to carry out all of the Commission's line functions relating to the safeguarding of licensed nuclear materials and facilities against threats, thefts, and sabotage. At present, these functions are now carried out by safeguards personnel who are combined with reactor safety, environmental and antitrust personnel in three regulatory directorates of the AEC. The committee clearly intends to separate the safeguars personnel and organize them into a high-level unit that can effectively exercise all functions needed to protect the public from the hazards inherent in the planned proliferation of explosive and toxic nuclear materials in the nuclear power industry. The committee clearly does not intend to establish a unit limited to only policy advisory functions.

The Bureau shall be headed by a Director of Nuclear Materials Security who is appointed and subject to removal by the Commission, who is to be compensated at level IV, and who is guaranteed direct access to the Commission.

This subsection is intended to clearly establish the authority of the Director as the chief officer responsible for carrying out all the safeguards responsibilities and directives on behalf of the Commission, including regulations, licensing, inspections, and enforcement. The Director shall recommend regulationsf or safeguarding against threats, thefts, and sabotage involving special nuclear materials, high-level radioactive wastes, and nuclear facilities resulting from all activities licensed under the Atomic Energy Act.

The committee clearly intends to bring under the jurisdiction of the Director any nuclear materials at any stage of the nuclear fuel cycle which, if diverted by misguided individuals, would constitute a substantial hazard to the public, either on the basis of their explosiveness or toxicity. The same standard applies to protecting licensed nuclear facilities from sabotage. The Director is the one Federal officer below the Commission to whom the Nation should look for the physical protection of the licensed nuclear industry.

The Director shall enforce safeguards regulations which are promulgated by the Commission, generally upon his recommendation.

The recent Rosenbaum report, prepared for the AEC by a team of outside consultants, found the present safeguards system under current AEC regulations to be entirely inadequate to meet the threat of theft of potentially explosive materials and the subsequent clandestine manufacture of bombs. In the committee's view, there is no justification whatever for the failure to utilize currently available safeguards technologies in the commercial sector. The fact that current AEC regulations result in commercial facilities and shipments not being as well guarded as weapons facilities and shipments is viewed by the committee with great concern.

The Director is responsible for monitoring, testing and upgrading internal accounting systems for special nuclear materials used in the licensed industry. This function relates primarily to safeguarding against internal diversion of materials from fuel facilities and reactor sites. If successfully diverted by an employees or infiltrator, even in small amounts over a period of time, these materials could be fashioned by reasonably skilled individuals into nuclear bombs or deadly dispersal devices.

The Rosenbaum report laid particular emphasis on the inadequacy of the present internal accounting systems in the nuclear industry. The Director will have as one of his most urgent tasks the evaluation and upgrading of this system so that there can be reasonable assurance that sneak-thief diversion can be prevented or can be detected if they do occur.

The Director of Nuclear Materials Security is required to develop contingency plans in consultation and coordination with his counterpart in ERDA for dealing with nuclear threats, thefts, and sabotage in the licensed nuclear industry. This acknowledges the obvious connection between safeguarding weapons-grade and toxic nuclear materials, whether they are used in the test reactor and weapons programs of ERDA or in the nuclear power industry regulated by NSLC. If successfully diverted from either sector, they spell serious danger for the public at large. Therefore, the Director of the new Bureau of Nuclear Materials Security in NSLC should work closely with the Director of the ERDA Division of Safeguards and Security which will be transferred from the development side of the AEC by this act.

The need for coordinated contingency planning is essential to developing an effective and comprehensive Federal response to suspected or actual nuclear thefts and to blackmail demands. It is particularly important that there be full coordination not only between responsible authorities in ERDA and NSLC, but with other concerned agencies as well, including the Department of Defense, FBI, and CIA. The Rosenbaum report recommended interagency agreements to work out these arrangements.

The Director is required to conduct a thorough review of the desirability and feasibility of establishing a security agency within the Bureau to execute some or all of its safeguards functions. His report will be made within 1 year to the Commission, which will submit it to Congress as soon as it is received.

The committee intends that this report should explore every facet of the present industrial safeguards system. It should evaluate the adequacy of present safeguards and project ahead as to the capacity and the determination of the industry to institute new measures needed to keep pace with the projected proliferation of weapons-grade materials.

The Rosenbaum report recommended the establishment of a Federal nuclear protection and transportation service to immediately tighten security at licensed nuclear facilities and in the transporting of materials from one facility to another.

The Director is authorized to engage in or contract for research in the safeguards area.

It is intended that this research, involving such elements as detection and alarm systems, materials inventory and accounting systems, and transportation technology, will be performed at the Director's request by the Office of Nuclear Safety Research in NSLC. The research director will have the option to engage in the research with NSLC personnel, or to contract out to ERDA or other outside facilities.

This section also provides that the safeguards functions of NSLC in the licensed sector in no way limits safeguards functions exercised by ERDA in the weapons, test reactor, and other nonregulatory areas.

NONCOMPLIANCE

Section 205 requires officers and employees of licensed nuclear facilities, or of firms supplying components to, or constructing, these facilities, to report knowledge of safety defects or of noncompliance with NSLC regulations, or face civil or criminal penalties.

The committee intends by this provision to upgrade the system of detecting and anticipating the defects that increasingly have plagued the nuclear power industry and threatens its safety record on a daily basis. The application of this provision to component suppliers is intended to benefit electric utilities in particular, which usually have no way of knowing that a sealed, prefabricated part is defective until it triggers a shutdown costing tens of thousands of dollars a day in lost generating capacity. Details on operating experience of nuclear power plants and on the nature of the most common defects and abnormal occurrences can be found on pages 67–70 of the committee report.

The Atomic Energy Act contains no similar provision requiring the reporting of defects and noncompliance, subject to civil or criminal penalties. This provision is patterned closely after sections 15, 20, and 21 of the Consumer Product Safety Act. The committee believes that the unquestioned health and safety considerations implicit in the NSLC's need for information relating to nuclear defects is at least as imperative as the Consumer Product Safety Commission's need for such information in the product safety area.

This section requires any director, officer, and employee of any licensed nuclear facility, or of any firm constructing or supplying components to such a facility, to report immediately to the Commission information reasonably indicating, first, failure to comply with the Atomic Energy Act or regulations of the NSLC, or second, any defect which could cause a substantial safety hazard, unless he actually knows the Commission already has been informed. The committee intends, and the provision so states, that only "basic" components are covered by this requirement to report defects, as distinguished from incidental components unrelated to the safety of a nuclear facility.

Knowing violation is subject to a civil penalty of $5,000 for each violation, not to exceed $25,000; knowing and willful violation is subject to a criminal penalty not to exceed a fine of $50,000 or 1-year imprisonment, or both.

Posting of this provision is required in licensed nuclear facilities, and there is authority to conduct reasonable inspections and other enforcement activities to insure compliance.

INFORMATION AND STUDIES

Section 206 permits any participant in a licensing or rulemaking hearing to make good faith requests for relevant studies or reports from the Commission. This is designed to assure that an intervenor will not have a vehicle for delaying a hearing by presenting frivolous requests for reports and then seeking repeated appeals of the Commission's denials of such requests.

If the requested studies or reports are in existence, they would be made available to the requesting party in a timely manner. If they are not in existence and must be prepared in response to the request, this section sets out the criteria and procedures which govern whether they should be prepared and made available.

The Atomic Safety and Licensing Board will determine "if such studies or reports are reasonably necessary for the requesting party to present its position in the proceeding or hearing, and are in the public interest." Rights under the remainder of the section are predicated on this determination. Under subsection (a), the requesting party must be promptly notified of the Board's determination, and the determination may be reviewed under normal procedures by the Commission.

The Commission can obtain reimbursement of its costs of preparation where the party possesses the necessary financial resources. This provision would not be used to bankrupt citizens groups, but to obtain reimbursement where a party is clearly able to pay, such as a utility.

When the Commission shall be of the opinion that a determination involves a controlling question of law as to which there is a substantial ground for difference of opinion and that an immediate appeal from the determination may materially advance the ultimate termination of the litigation, it shall so state in writing in its determination.

The determination with respect to allowing such an appeal would normally advance the ultimate termination of the litigation, it shall so state in writing in its determination.

The determination with respect to allowing such an appeal would normally be made by the Atomic Safety and Licensing Appeal Board upon application to it. The court of appeals for the District of Columbia may, thereupon, in its discretion, permit an appeal to be taken from such determination, upon application within ten days of the time the requesting party is notified of the determination of the Commission. Application for an appeal would not operate to stay proceedings of the Commission unless the Commission or the court of appeals or a judge thereof so ordered.

The report in question must be available for inclusion in the RECORD but will only be received in evidence if it is relevant, material, and reliable. The authors and others who worked on preparing it would, of course, be available for cross-examination in the hearing if the report were received in evidence.

This section is designed to be responsive to the very real difficulty that AEC intervenors have in presenting an effective case when technical experts and data are unavailable or available only in a limited manner through the AEC. As a practical matter, the vast majority of experts in nuclear engineering are employed either by the AEC, its contractors or the electric power industry.

ABNORMAL OCCURRENCE REPORTS

Section 207 requires the Commission to make quarterly reports to Congress on full details of abnormal occurrences at licensed nuclear facilities and to widely disseminate initial information to the public within 5 days of learning of each incident. Specifically, the initial public reports must include the date, place, and nature of each abnormal occurrence. In addition, the quarterly congressional reports must state the cause and any action taken to prevent recurrence of each incident.

The Commission's abnormal occurrence reports should cover all licensed nuclear facilities and activities. In June, the AEC issued its first annual report on abnormal occurrences, and it covered only those incidents which took place at nuclear powerplants. The intention of this provision is to require materials unaccounted for and faulty alarm and detection systems in licensed nuclear fuel facilities to be included in abnormal occurrence reports. Similarly, mechanical breakdowns, leaks, and lost shipments in the course of transporting licensed nuclear materials should also be the subject of these reports. Also, abnormal occurrences at high-level radioactive waste-disposal facilities, at such time as they come under the licensing provisions of this act, should be included in these reports. There should also be uniform criteria as to what constitutes abnormal occurrences.

OTHER OFFICERS

Section 208 provides for the appointment of a director of nuclear reactor safety and for nine unspecified executive-level officers.

The director of nuclear reactor safety, who is appointed by, reports directly to, and is removable by, the Commission, is intended to succeed the AEC Director of Regulation who now is compensated at level V. The new Director is elevated to level IV. He will continue to supervise the existing directorates of regulations, licensing and enforcement as they pertain to the safety of nuclear powerplants and other facilities in the licensed industry. As such, he will remain the chief officer beneath the Commission responsible for safety. The other two Directors will be the chief officers on behalf of the Commission for Safeguards and Research, respectively.

This section provides for not more than nine additional officers in NSLC at level V on the Executive Schedule, who shall be appointed and removable by the Commission.

The committee readily acknowledges that this represents a higher rate of Executive Schedule officers in the NSLC than in any other regulatory agency, but believes that the unprecedented magnitude, complexity and potential hazards of the nuclear power industry require individuals of policymaking caliber in the key regulatory positions. In determining how to proceed with nuclear power in ways that confine risks and costs to acceptable levels, they will have to recommend innovative policies to their immediate superiors and to the Commission itself.

TITLE III—MISCELLANEOUS AND TRANSITIONAL PROVISIONS

TRANSITIONAL PROVISIONS

Section 301 contains, with one exception, customary transitional and savings provisions to preserve the rights of litigants during the period of transfer and to extend the applicability of orders and regulations during the transition.

The exception is a subsection which provides that, except as otherwise provided in the act, whenever all of the functions of an agency, or other body, or of any component thereof, have been transferred by title I of this act, the agency or other body or component shall lapse.

Specifically, the effect of this subsection will be to allow the position and the office of General Manager of the AEC to lapse. The commitee intends to replace the coordinating function of the General Manager with the balanced organization in which tax coequal Assistant Administrators report directly to the Administrator and the Deputy Administrator. The removal of this high-level position should upgrade the role of ERDA's two highest officers and permit a healthy interplay of ideas and priorities among the program managers in relation to these highest positions.

Similarly, the committee established in title II a balanced organizational structure in NSLC by eliminating the intermediary position of Director of Regulation and permitting three coequal program Directors to report directly to the Commission. The committee's intention is to upgrade the role of the Commission in its exercise of exclusively regulatory responsibilities by insuring fullest possible access to all available information within the organization on the safety and security of the nuclear power industry.

INCIDENTAL DISPOSITIONS

Section 302 authorizes the Director of the Office of Management and Budget to make such additional incidental dispositions of personnel, personnel positions, assets, liabilities, contracts, property, records, appropriations, et cetera, as may be necessary to carry out the intent and purpose of this act.

DEFINITIONS

Section 303, to avoid repitious references, defines "function," "functions," "perform," and "performance" to include such terms as duties, obligations, powers, authorities, responsibilities, rights, privileges, and activities, and the exercise thereof.

AUTHORIZATION FOR APPROPRIATIONS

Section 304 provides for annual authorization of appropriations for both ERDA and NSLC, with provision for minimum funding of ERDA nonnuclear programs under certain circumstances and with special guidance on the funding of NSLC.

Appropriations made under this act shall be subject to annual authorization, but in the absence of a specific nonnuclear energy R. & D. policy enacted by Congress, at least 7 percent of the nondefense appropriations of ERDA be spent in each of the five civilian-energy categories.

The committee arrived at the 7-percent figure by determining the proposed budget authority for the smallest of the above R. & D. categories and establishing that as the floor for any ERDA R. & D. civilian program run by an assistant administrator. Conservation funding as proposed in the fiscal year 1975 budget is 7.1 percent of the total civilian energy R. & D. program, and this is the smallest of the above categories.

This subsection would become inoperative at such time as a nonnuclear R. & D. bill passes Congress and is signed into law. Such a bill, S. 1283, the National Energy Research and Development Policy Act, has passed the Senate and soon may reach a vote in the House.

The committee's intent is to be responsive to legitimate concerns that, in the absence of a specific nonnuclear R. & D. policy to guide it, ERDA will have a built-in, pronuclear bias.

There is a provision that authorizations for NSLC shall reflect the need for effective licensing and other regulation of the nuclear power industry in relation to the growth of the industry. This reflects the committee's strong belief that the NSLC can effectively regulate the nuclear power industry only if it is given the resources needed to keep pace with the enormous projected expansion of the industry.

In fiscal year 1974, the AEC Regulatory Division, from which NSLC is mostly derived, had an operating budget of $54 million to oversee 43 operating nuclear powerplants worth an estimated $20 billion. By the year 2000, it is projected that there will be 1,000 operating powerplants worth $1 trillion, generating 60 percent of the Nation's electricity and posing health, safety, and security problems of potentially cataclysmic proportions.

COMPTROLLER GENERAL AUDIT

Section 305 provides for audits by the Comptroller General of both ERDA and NSLC. It applies to both nuclear and nonnuclear activities the present provisions of section 166 of the Atomic Energy Act for audit and access to records by the Comptroller General with respect to contracts. It also provides that the Comptroller General shall audit and review the operations of the Nuclear Safety and Licensing Commission to the extent necessary to provide Congress with a comprehensive evaluation of the efficiency and effectiveness of its operations under title II. The importance of the activities of the NSLC in safeguarding public health and safety from the dangers of nuclear energy, merits the independent, unbiased review available through the GAO.

REPORTS

Section 306 requires annual reports by both ERDA and NSLC, and a 1-year study relating to the possible future transfer of the nuclear weapons program.

Subsection (a) requires the administrator to transmit to the President for submission to the Congress an annual report on his agency's activities. The commission is required to file a similar report, but wth the additional requirement of stating the relative benefits, costs, and risks of commercial nuclear power in relation to activities and findings dealing with overall reactor safety, specific abnormal occurrences and defects, safeguarding of nuclear materials and facilities, high-level radioactive waste disposal and low-level radioactive emissions.

Another provision requires the administrator, in collaboration with the Secretary of Defense, to conduct a thorough review of the desirability and feasibility of transferring to the Department of Defense or other Federal agencies the functions of the administrator respecting military application and restricted data. This review is to be made, and a report sent to the President for submission to the Congress, within 1 year after the administrator takes office. The report will set forth the administrator's comprehensive analysis, the principal alternatives, and the specific recommendations of the administrator and the Secretary of Defense.

INFORMATION TO COMMITTEES

Section 307 provides that the administrator shall keep the appropriate congressional committees fully and currently informed with respect to all of the administration's activities.

TRANSFER OF FUNDS

Section 308 permits the administrator, when authorized in an appropriation act, to make transfers of funds from one appropriation to another within his agency, but no appropriation shall be either increased or decreased by more than 5 percent.

CONFORMING AMENDMENTS TO CERTAIN OTHER LAWS

Section 309 is a technical, conforming amendment covering the Executive Schedule compensation pertaining to this act.

SEPARABILITY

Section 310 is a standard separability provision that avoids the invalidation of the remaining provisions of this act in the event that a single provision is found to be invalid.

EFFECTIVE DATES AND INTERIM APPOINTMENTS

Section 311 provides effective dates and a system of interim appointments for both ERDA and NSLC. It provides that this act shall take effect 120 days after its enactment for both agencies. The 120-day period will allow sufficient time for the complex tasks of arranging and staffing the wholly new organizations and of preparing such rules, regulations, and orders as may be necessary for a smooth transition.

TITLE IV—BAR AGAINST SEX DISCRIMINATION

Section 401 bars sex discrimination in connection with any license, activity, or Federal assistance under this act.

CONCLUSION

Mr. President, the long-term energy shortage and the projected rapid growth of the nuclear power industry warrant speedy enactment of the Energy Reorganization Act.

Unless we establish the organizations now to deal effectively with long-term research and development in all energy areas, and with the need for tighter regulation of commercial nuclear power, we will be headed for an uncertain, indeed menacing, rendezvous with the 21st century.

The so-called nuclear alternative is by no means certain—either in terms of meeting our future energy or our health and safety needs. We must legislate effectively to permit the exercising of other energy options and, in the meanwhile, do everything humanly possible to insure the safety and the security of nuclear power so long as we have to depend upon it.

S. 2744, as reported, fulfills that double challenge. I urge its passage without delay.

Mr. PERCY. Mr. President, the bill on which we begin debate today would carry forward the progress already made by Congress toward a much-needed consolidation and reform of the Federal Government's energy organizations.

Earlier this year, the Congress enacted the Federal Energy Administration Act, which brought together many of the scattered elements of Government concerned with energy production, conservation, allocation, and control.

The bill before the Senate today would consolidate into a single agency, the Energy Research and Development Administration—ERDA—most of the disparate Government programs related to research and development of all energy sources.

It would also take another much-desired step toward organizational reform in the Federal energy establishment by creating a Nuclear Safety and Licensing Commission—NSLC. The bill would separate between two agencies the inherently conflicting roles of nuclear energy development and nuclear energy regulation. These two present functions of the Atomic Energy Commission would be divided between the new ERDA and NSLC.

Still to be accomplished by the Congress in this series of organizational reforms is the broader and more permanent consolidation of energy functions with other natural resource functions into a Department of Energy and Natural Resources—DENR. Hearings have been held on the DENR legislation in this Congress, and it is my hope that the next Congress will give priority consideration to this more comprehensive proposal which will close the circle of energy agency reform.

ERDA'S MISSION

S. 2744, the bill before the Senate today, would create an Energy Research and Development Administration—ERDA—by combining energy R. & D. functions presently carried on by the Atomic Energy Commission, the Department of the Interior, and the National Science Foundation.

ERDA's mission would be to develop technologies for efficiently using fossil, nuclear, and advanced energy sources such as solar, geothermal, oil shale, and hydrogen, in a manner consistent with sound environmental and safety practices.

All over the country today, at universities, in laboratories, and in industry, the scientific and technical community is anxiously watching our actions in the Senate on this bill. For the past year, and particularly since the Arab oil embargo of last winter, research and development projects in coal gasification and liquefaction, shale oil extraction, solar heating and cooling, high energy physics, and many other energy projects, as well as numerous basic research programs, have been "hanging fire" in anticipation of this bill's enactment. The establishment of ERDA, and the consequent funding emphasis that energy R. & D. will enjoy, is a long-awaited event in the scientific community.

Commitments to these projects have been postponed while waiting for Congress to act on this bill, and the result of our delay will be a delay in demonstrating the commercial feasibility of many new energy sources. I urge the Senate to enact this bill now, so that the Nation's massive commitment to energy R. & D.—to providing adequate sources of energy to meet our needs in the 1980's and 1990's—can get moving in earnest.

MISSION OF NSLC

The second agency created by S. 2744, the Nuclear Safety and Licensing Commission—NSLC—would be a purely regulatory body for the nuclear power industry. Its purpose would be to assure the absolute protection of the public from the dangers inherent in the development of nuclear energy. This mission would be undiluted by any conflicting interest in promoting nuclear power while at the same time regulating it.

The Committee on Government Operations has concentrated a major portion of its efforts toward designing a meaningful regulatory structure for the nuclear industry. The bill as reported contains significant improvements to assure that the NSLC adequately emphasizes reactor safety, safeguards against nuclear theft and blackmail, and the rights of citizens living near prospective nuclear installations.

This is a strong bill. The NSLC sections provide for a special Office of Nuclear Safety Research; a separate Bureau of Nuclear Materials Security; civil and criminal penalties for failure to report safety defects; full information disclosure to intervener groups; and immediate public disclosure of abnormal occurrences at nuclear facilities. These provisions will make NSLC a strong regulatory agency with the mission and the powers necessary to regulate an energy source of such vast potential danger.

Having carefully reviewed the organizational changes we made in committee, I do not now consider the administrative authorities provided to the Chairman of the NSLC adequate enough to assure the efficient functioning of the Commission's staff. The committee's amendments created three strong coequal organizations within NSLC, each of whose chief officers has the title of Director and each of whom is paid at the executive level IV.

The Chairman of the Commission should be given additional authorities of a purely administrative nature, such as the appointment and supervision of personnel, the distribution of business among personnel, and the use and expenditure of funds, so that the policies of the Commission can be carried out more efficiently. Such an amendment would be entirely consistent with the responsibilities of the Chairmen of nine other Federal regulatory commissions. I intend to offer this amendment at the appropriate time.

COUNCIL ON ENERGY POLICY

There is one section of this bill which gives me particular concern. That is section 109, which creates a Council on Energy Policy and an Interagency Energy Resources Advisory Committee in the Executive Office of the President. These two directly duplicating and conflicting advisory bodies are just so much extra baggage in a bill that otherwise makes good organizational sense. The absurdity of this provision is magnified by the fact that on June 14 of this year the President established by directive a Committee on Energy in the Executive Office of the President, chaired by Treasury Secretary Simon.

It is foolish for us to continue to load the Executive Office of the President with "coordinators" and "policy advisers." The President should rely for advice on the heads of executive agencies, who have been given the statutory responsibility for implementing policy. Certainly there should be no more than one White House energy advisory group. I suggest that during consideration of this bill in debate, we devote careful attention to this problem.

Before closing, Mr. President, I wish to call attention to the fine work of the Government Operations Committee on this bill, and particularly to the leadership of Senator RIBICOFF, the very able chairman of the Subcommittee on Reorganization, Research, and International Organization, who is serving as floor manager. He has been chiefly responsible for the excellent changes in this bill which have strengthened immeasurably the Nuclear Safety and Licensing Commission.

As always, we are deeply indebted to our chairman, Senator ERVIN, for his leadership, and to Senator JACKSON for his expert guidance on energy matters.

On the minority side, I wish to acknowledge especially the exceptional contribution of Senator JAVITS, the ranking minority member of the Subcommittee on Reorganization, as well as the constructive assistance of Senators ROTH, GURNEY, and BROCK.

Mr. President, I urge the Senate to act quickly to enact S. 2744. The full development of America's energy research and development programs, as well as the effective regulation of the nuclear power industry, depend on our actions here today.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that at the conclusion of the transaction of routine morning business on Thursday next, the unfinished business be laid aside temporarily and that the Senate then proceed to the consideration of the pending bill, Calendar No. 944, S. 2744.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I yield to the distinguished Senator from Alabama for the purpose of presenting a conference report.

HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1974—CONFERENCE REPORT

Mr. SPARKMAN. Mr. President, I submit a report of the committee of conference on S. 3066, and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. HELMS). The report will be stated by title.

The legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 3066) to consolidate, simplify, and improve laws relative to housing and housing assistance, to provide Federal assistance in support of community development activities, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Is there objection to the consideration of the conference report?

There being no objection, the Senate proceeded to consider the report.

(The conference report is printed in the House proceedings of the CONGRESSIONAL RECORD of August 12, 1974, at pages 27744–27791).

Mr. SPARKMAN. Mr. President, the conference committee has completed its work and has reconciled, by unanimous vote lacking one, all of the differences between the legislation of the two Houses on the Housing and Community Development Act of 1974, S. 3066. I may say that the one dissenting vote was by one of the House conferees. The Senate conferees unanimously signed the report.

This is one of the near record-breaking conferences. We were in conference more than a month, trying to work out the differeces between the two bills. These are very important measures, massive measures. I am glad to be able at this time to submit to the Senate the report on the conference activity and to urge that the report be approved.

Mr. President, this is a bill of great significance. It is probably the most important piece of legislation on housing since the passage of the National Housing Act of 1934, which initiated the Federal Housing Insurance program, and the most important legislation on community development since the passage of the Housing Act of 1949, which first authorized the Urban Renewal program. Every one of the 6 to 10 landmark laws passed by Congress over the last 40 years has been either amended or rewritten by this bill.

It is a comprehensive bill containing either new law or amendments to existing law of practically the whole range of programs administered by the Department of Housing and Urban Development, as well as the housing and financing programs of the Farmers Home Administration, the Federal Home Loan Bank Board, the Federal National Mortgage Association, and the Federal Home Loan Mortgage Corporation.

It contains many significant reforms and policy changes with respect to the Federal Government's programs of assistance to meet the Nation's housing needs and to help improve and upgrade the quality of living within the Nation's cities. The impact of this new legislation will be felt over a wide spectrum of the Nation's consumers, housing practitioners, State and local governments, and last but not least, the Nation's taxpayers who, as a result of changes in this law, will get more value for their dollar with respect to the Federal contribution toward meeting the national goal of a decent home and suitable living environment for all Americans.

The bill is voluminous, partly because we have had no major housing bill since 1970. It is the result of 4 years of effort to consolidate and rewrite existing laws. In fact, we passed a basic consolidation bill in 1972, but it failed to pass the House of Representatives. We started again in 1973 and have been at it ever since with weeks of hearings and long markup sessions and, finally, more than a month of hard, tedious conference sessions to get where we are today.

Mr. President, as always this is a compromise bill. The Senate won on some and lost on other issues. On balance, I believe it is a fair product with most of the best features of the Senate bill combined with the best features of the House bill.

The Senate conferees regretted having to concede on several provisions which we believed were sound. For example, we conceded to the House on the provisions in the Senate bill which would have consolidated and revised the mortgage insurance authorities in the National Housing Act. The House claimed it was about to make a thorough study of these provisions and was not prepared to consider changes at this time. We did not understand the reason for a delay in view of the long period of time that such a proposal has been pending before the Congress. Part of the consideration in the Senate's recession was a promise by the House to proceed promptly with its study and to be prepared to take up the matter next year.

There were many other matters of less significance against which the House remained adamant, and the Senate had no choice but to recede. This is the nature of a conference, and I believe the Senate conferees had no serious regrets on the final bill agreed to.

Mr. President, I want to reflect a little with the Members of the Senate on what I believe is a basic change taking place in the nature of Federal programs of assistance related to housing and community development. Thus, passage of the bill might be considered as the turning point in bringing about these changes.

Change is always traumatic for some people. The changes in direction proposed by this bill have already disturbed many segments of the housing and community development complex. The Congress has been the recipient of many complaints about where the legislation is leading us; some of it, I believe, out of fear of the untried but others out of genuine concern that the administration proposal represents an abandonment of housing goals. The conference reflected the strong division of opinions among constituents and users of the housing programs. Our committee attempted to spotlight the issues and thrash out the problems before we completed our bill.

I assume the House did the same. Despite this, the two bodies came to the conference with a wide difference on the basic philosophy of the nature of future Federal programs.

The House bill, largely influenced by the administration, was developed with reliance upon two basic programs—a community development program which represented a consolidation of all 10 existing urban renewal and similar programs, and a leasing housing program called section 23 housing. The community development program was patterned after the administration's Better Communities Act proposed to Congress by President Nixon as part of his revenue sharing package. The theme of this package was to allocate Federal funds to communities based on an arbitrary formula dominated by a population criterion. The House bill modified the original BCA proposal but retained many of its concepts.

The Senate, on the other hand, developed a community development program with strong emphasis on requirements in the law to insure that the Federal funds would be spent to meet national objectives. The conferees worked hard to reconcile these two positions, and I believe accomplished a reasonable middle position.

On the housing side, the Senate agreed to support the HUD Secretary request for authority to carry out two of his primary programs. One, a 2-year expansion of an experimental housing allowance program which the administration has proposed as its long-range plan for providing Federal assistance to help meet the housing needs of low-income families and the other, a leasing program to provide subsidies directly to low-income families in housing financed largely by private enterprise. In adopting these programs the Senate made several significant changes in the leasing program to make it work.

However, we did not agree that these programs were to be the only ones available. The Senate rewrote the old FHA section 235 homeownership program and the FHA section 236 rented programs and extended them 2 years. It was our intention that these programs would continue at tandem with the administration's new section 23 leasing program. If, in the future section 23 proved itself it was our intention to phase out the FHA section 236 and thus continue with assistance program under section 235 and a rental assistance program under section 23.

When we met in conference one of the important issues before the conferees was the resolution of this issue. I believe that the final agreement was an excellent compromise to continue the homeownership assistance program at a reduced level of funding until June 30, 1976, as well as the rental assistance program up to that date primarily to fill the gap not filled by the newly established leasing program.

Our final agreement in the bill is a strong combination of housing and community development working together to meet the Nation's needs. I believe they will work together and in expect the Secretary to tie them together and make them work as intended.

The community development title is, I believe, among the most important pieces of urban legislation considered by the Congress during the past two decades. The new community development program is significant because: First, it incorporates the lessons we have learned from the past, particularly from the urban renewal and model cities programs, for broadening and improving our future development efforts; second, it increases local government responsibility—and opportunity—for shaping their future development; and third, it changes the Federal role in community development—focusing it on the review and monitoring of programs and away from project detail.

The most difficult question faced by the conferees was the distribution of funds. How should funds for building our communities be distributed equitably when the need almost everywhere far exceeds the amounts available?

The Senate bill sought to provide equity chiefly through maintaining community efforts already underway and by giving the Secretary discretion to make and vary entitlements, according to demonstrated needs.

The House bill sought to provide equity chiefly through a distribution formula based on the statistics of population, poverty, and overcrowding.

The conferees discussed this distribution question at considerable length.

They resolved it by adopting a formula approach, a hold-harmless approach that phases out in 6 years, and because there were general dissatisfactions with the formula adopted, the conferees agreed that a study and a full review of the distribution of funds should be made after 3 years before new funds are authorized for the program.

A second question that the conferees decided concerned how funds should be spent. Both bodies of the Congress rejected the revenue sharing approach suggested by the administration in its Better Communities Act. The conferees adopted a block grant program that consolidates 10 programs and requires each community to submit 1 application instead of the many previously required. The conferees agreed that the primary objective of the block grant program was the objective stated in the Senate bill.

Accordingly, the conferees agreed that funds should, to the maximum extent feasible, be targeted to benefit low- and moderate-income persons and deteriorating areas. They also agreed that funds should be used primarily for revitalizing cities through hardware programs. Expenditures for software programs, while authorized, would be limited, particularly when other Federal assistance is available.

Mr. TOWER. Mr. President.

Mr. JACKSON. Will the Senator yield?

The PRESIDING OFFICER (Mr. BROCK). The Senator from Texas is recognized.

Mr. TOWER. Mr. President, this is indeed an historic day. Never in our history has such an all encompassing piece of housing and community development legislation gone so far in the legislative process. We have had major acts that have dealt with the many different housing programs, and we have had landmark legislation at different times in the urban renewal and community development areas. Never have we had a conference report that would make such major and progressive changes in both the housing and community development areas.

This moment has not been reached without tremendous effort by many Members of this body and of the House. Last July, we started hearings on this measure and continued them in October. Thereafter, we spent several months marking up the bill, and on March 11, 1974, the Senate, by a vote of 76 to 11, overwhelmingly approved it. Likewise, the House spent considerable time on a measure, H.R. 15361, which was similar, in many respects, to ours.

Mr. President, on March 11, when we were considering S. 3066 on this very floor, I remarked that I was going to vote for the bill because it would go a long way in solving many of the problems our urban and rural communities are facing today. Additionally, there were some extremely important housing provisions that would have been of utmost help to middle- and low-income families. But, at that time, I did express a very serious concern about several provisions of the bill, especially those dealing with the community development program. I stated at that time, that it was my hope that the conference between the House and Senate would resolve some of the difficulties that I had with the bill.

When we have a bill as large and as comprehensive as this, it is difficult to embrace overwhelmingly each and every provision, and there are many with which I am not pleased. But I think the conference committee has done a tremendous job in reporting this bill. I would be the first to admit it was not easy. This has been the longest conference on any housing measure since the Housing Act of 1937.

While we had our difficult moments, my colleague, the distinguished senior Senator from Alabama (Mr. SPARKMAN) as chairman of the conference, kept us together and working daily for 4½ weeks so that we could get this bill sent to the President at the earliest possible time.

I mentioned that there were some provisions in this bill that I would have preferred to see deleted. I know that my colleagues on the conference committee feel similarly about some of the issues contained in the report; and I am sure that they will share their thoughts with us today. I should like also to make note that there are many House conferees who do not like some of the provisions that the Senate conferees insisted upon. But the very nature of a conference is give-and-take. It is compromise. It is going forward on some issues and retreating on others. I think the many excellent, progressive provisions in the Housing and Community Development Act of 1974 far outweigh the few undesirable provisions contained therein. I think that the Members of this body should support this report as well.

I shall not go into detail in commenting on the provisions of the report. It is far too voluminous, and for the most part, it speaks for itself. There are some parts of this bill that I think are exceptionally meritorious.

The community development block grant program replaces several existing categorical programs. What will now occur is that a community will not have to go through the agonizing, painstaking process of making several applications to HUD and then waiting and hoping that there will be enough money to fund the particular project. It is hoped that this hit-and-miss style of grantsmanship is over. Under the new program, a community will prepare a long-range and a short-range plan. It will decide its own priorities through its own citizen input. Its planning and programing will not be dictated by Federal officials outside the community. The community will be assured of adequate funding not only for 1 year, but for several years.

Funding under this program will be based on a formula which is designed to reflect what is needed in the community. No one denies that the formula is not perfect, and it is our intention to review it periodically, and change it if necessary. Smaller cities, if they have received HUD funds in the past, will continue to do so for a period of time. Thereafter, they can apply directly to HUD for any funds they might need.

It must also be remembered that the communities do not have a completely free hand in spending the funds. They cannot ignore the mandate of existing civil rights acts, and the main thrust of their programs must be to upgrade neighborhoods and provide lower income families with better housing and other services.

In addition to this new community development program, we have authorized a new housing assistance program. In essence, HUD would provide a subsidy to certain low-income families which would be equal to the difference between a certain percentage of their income and the fair market rental of a housing unit in the area. It is hoped that this progrm will not necessarily tie a family to a particular project, and that it will enable a person to live almost anywhere in the community. This has obvious advantages in that a person can live closer to work and near shopping, recreation, and other services that might have been denied him in the past.

In addition to this progrm, we also have increased the FHA mortgage limits so that they are more in line with current prices of homes. We have also made many improvements in the home improvement loan and mobile home loan program. For the first time, we are requiring HUD to promulgate regulations for the safe construction of mobile homes.

Mr. President, there are many other important provisions of this bill such as fair housing with respect to sex, and the elderly housing program, but I shall not list them all. Suffice it to say that it is probably very difficult for us, standing here today, to perceive the importance of this legislation. Its true effects will not be felt for years to come.

I do not live under the delusion that this is the panacea for our cities' ills. Mere dollars and finely tuned programs will never completely solve these problems. There has to be a certain will and concerted effort on the part of a community's residents that improvement of a part of their community will benefit all. But I do think that the programs contained in the Housing and Community Development Act of 1974 will offer some of the best tools ever for solving the many problems that our local officials daily wrestle with.

Mr. President, I think, on the original bill that the Senate passed, if that bill had gone to the desk of the President, there would have been a high probability that it would have been vetoed. I think most of the objectionable provisions in terms of the administration's view have been resolved in conference. I think that this is a bill that our President can sign with pride and with satisfaction. I trust that the Senate will enact this conference report and that this bill will go to the President's desk as soon as possible.

Mr. AIKEN. Mr. President, I would like to ask a question of either the Senator from Alabama or the Senator from Texas. Does the amount carried in this bill bring it below the ceiling which was acceptable to the executive branch, in order to avoid a veto?

Mr. SPARKMAN. Mr. President, I believe I will let the Senator from Texas answer that.

Mr. TOWER. Mr. President, I think I can answer that question in the affirmative. It is my belief that the administration, although there may be some minor aspects of the bill of which they do not approve or would rather not have, is virtually certain to sign this bill. The Secretary of HUD seems to be satisfied with it, and as I stated earlier in my remarks, we have removed most of the features that were objectionable to the administration, to the extent that, had they remained in the bill, they would have invited a veto. So I think this is a veto-proof bill.

Mr. SPARKMAN. I would like to say, too, with reference to the amount involved, that it is very close to the figure which the administration indicated would be acceptable, and we think it is acceptable.

Let me add to what the Senator from Texas has said that the Secretary of HUD called me and told me that he thought we had produced a fine bill. He was pleased with it, and congratulated us upon it.

Mr. AIKEN. Let me ask another question. Is this the legislation which previously had an appropriation of some $225 million for rural water systems, which HUD did not spend, and which funds were transferred to the appropriation for the Department of Agriculture?

Mr. SPARKMAN. We do not have any of that in this bill.

Mr. TOWER. I think that relates to the Farmers Home Administration.

Mr. AIKEN. Farmers Home?

Mr. TOWER. The Farmers Home Administration, and we have nothing to do with that.

Mr. SPARKMAN. Yes; it was not in this bill.

Mr. AIKEN. HUD has nothing to do with rural dwellings?

Mr. SPARKMAN. Yes, we have rural housing and community development, and all of that. We recognize the fact that some areas might not be—I would not call them rural, I would call them cities, because I grew up in a real rural section. Where such non-metropolitan communities have problems similar to urban centers we provide a program that will take care of housing and community facilities, and that is about the only time we lap over.

Mr. AIKEN. But were any of the previous programs or appropriations for HUD transferred to the Department of Agriculture, or any branch of the Department of Agriculture?

Mr. SPARKMAN. I cannot state what that was, because we did not touch rural water and sewers in this bill.

Mr. AIKEN. The committee has never had it all?

Mr. TOWER. No, it was not in this bill.

Mr. SPARKMAN. No.

Mr. MANSFIELD. Mr. President, I ask for the yeas and nays on the conference report.

The yeas and nays were ordered.

Mr. SPARKMAN. I am sure the Senator realizes that there are two related programs; one is under HUD and the other is the Farmers Home Administration.

Mr. AIKEN. But the Senator from Alabama is aware of the fact that there was a transfer of some $225 million which had previously been charged to a HUD program, that was this year put in the agricultural appropriation bill, and which resulted in a veto of the agriculture appropriation bill.

Mr. SPARKMAN. I believe the way we have it worked out in this bill it will be satisfactory.

Mr. AIKEN. I am in favor of the work the committee is trying to do here, but I am not in favor of transferring appropriations from one program to another in the manner reported to me.

Mr. SPARKMAN. That is not touched in this bill.

Mr. AIKEN That is what I wanted to find out.

Mr. TOWER. That is not touched. There is no authority for any transfer of funds from HUD to the Department of Agriculture in this bill.

Mr. AIKEN. Then HUD has nothing further to do with rural housing or rural water programs?

Mr. TOWER. HUD programs can be utilized with respect to rural housing, but for the most part, rural water programs are under the jurisdiction of the Farmers Home Administration.

Mr. AIKEN. Then that answers my question.

Mr. SPARKMAN. I think the best way to answer that is this: There are what a good many people call small towns or small cities. When I was growing up they were big cities; maybe as large as 25,000 population. But they meld into the rural programs, and HUD and the Department of Agriculture have worked together on solving these problems.

Mr. AIKEN. Oh, I am in favor of the work which these appropriations will bring about. I am not in favor of bringing about a veto of the agriculture appropriation bill, which this year had large increases in the interests of the consumers and welfare programs.

Mr. SPARKMAN. I do not think the Senator will find anything in this bill of that nature.

Mr. AIKEN. I hope not, but that is why I asked the question now, to make it clear that there was no transfer.

Mr. SPARKMAN. None.

Mr. AIKEN. Of any funds or any appropriations from this agency to another.

Mr. SPARKMAN. That is right.

Mr. AIKEN. I thank the Senator, however, I have just been handed a copy of the Senate Appropriation Committee report on H.R. 15472—the agriculture appropriation bill and on page 44 of the report, the committee points out that $225 million of HUD water and sewer grants were transferred to the Farmers Home Administration as in the House bill. Unfortunately this transfer was a principal reason for the veto of H.R. 15472. I ask the text of the committee report be printed at this point.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

RURAL WATER AND WASTE DISPOSAL GRANTS

1974 New budget (obligational) authority	[1] $30,000,000
1975 Budget estimate—New obligational authority	—0—
House bill—New obligational authority	[3] (225,000,000)
Committee recommendation—New obligational authorty	[3] (225,000,000)

[1] In addition to this amount $120,000,000 in unexpended balance was carried forward from prior year appropriation.

[2] Budget proposed to obligate $20,000,000 in fiscal 1975 from unobligated balance to be carried over from fiscal 1974. All funds were released however in May 7, 1974.

[3] To be derived by transfer from unobligated funds of Housing and Urban Development.

Section 306 of the Consolidated Farm and Rural Development Act provides appropriation authority for grants for the preparation of comprehensive plans which coordinate the development of water and waste disposal systems in rural areas. Grants made under this authority may not aggregate more than $30 million in any fiscal year.

Section 306 also provides appropriation authority for grants for the development costs of water and waste disposal projects in rural areas. Grants made under this authority may not aggregate more than $300 million in any fiscal year.

For the Rural Water and Waste Disposal Grant Program of the Farmers Home Administration, the Committee concurs with the action taken by the House in transferring $225 million of frozen Housing and Urban Development Water and Sewer Grant funds for the implementation of this program. This Committee has repeatedly stressed the obvious fact that the rural areas of our country cannot be adequately or effectively developed until such times as these areas, including the smaller towns and municipalities, can develop basic municipal facilities providing water and sewer services.

The funds involved in this recommendation were appropriated for HUD Water and Sewer Programs for fiscal 1972. Since that time this program has been terminated by the Administration. It is appropriate that the funds now be transferred to the Farmers Home Administration for further implementation of the Water and Sewer Program which is so desperately needed throughout the country.

The PRESIDING OFFICER (Mr. HELMS). The Senator from Wisconsin is recognized.

Mr. PROXMIRE. Mr. President, first I wish to express my admiration and gratitude to the distinguished Senator from Alabama (Mr. SPARKMAN), the chairman of the committee and the chairman of the conferees, for what I think is one of the most diligent jobs I have seen since I have been in the Senate. This was a bill which required many months of hearings, and the longest markup session I have ever seen. This markup was not accomplished in a few hours, or even in a few days; it took week after week to markup the bill. Then it went to conference, and, as the Senator from Texas knows, who did such a fine job as the ranking Republican representative in conference and on the committee, we had a 4½-week conference. So it was a large housing bill.

Nevertheless, it was with considerable reluctance that I signed the conference report on the Housing and Urban Development Act of 1974. The Senate passed a comprehensive housing bill earlier this year which fully addressed the housing needs of the American people including the needs of low- and moderate-income families. The Senate bill continued with some modification and improvement the housing subsidy programs for low- and moderate-income families including public housing, the homeownership program under section 235, and the rental assistance program under section 236. These are the programs which the administration has frozen since January of 1973—that is, the former administration.

In contrast to the Senate bill, the House bill reflected the former administration's official line that our housing subsidy programs were unfair, unworkable, and inefficient. Despite months of study, HUD was unable to produce any creditable evidence to substantiate these claims. Nonetheless, the House bill went along with the former administration in discontinuing these programs. Instead, the House bill adopted as the exclusive housing program the current administration approach of channeling virtually all housing assistance programs through the leased housing program under section 23 of the Public Housing Act. It may be that the section 23 program is a sound and workable program in some communities, but it has never been adequately tested on a nationwide scale. There is no evidence that it can produce the volume of annual housing needed to meet the needs of low- and moderate-income families. It is difficult to understand why the Department of Housing and Urban Development wants to abandon the options it has under present law in favor of a single program that may prove to be unworkable.

After a long and protracted conference, the Senate conferees agreed to retreat from the Senate bill. Instead of authorizing full-funding for the low and moderate income housing subsidy programs, the conference report continues them on a limited basis for a limited period subject to the future appropriation of funds.

Now that we have a new team in the White House, and a President who has announced his intention to work as a cooperating partner with Congress—and I think we were all impressed with the speech of the President last night, and that this was his main theme; he offered to cooperate instead of being an adversary—I would hope that the new administration would reexamine its position on housing for the poor. Our national housing needs are too severe to become embroiled in controversy between the Congress and the administration. Moreover, the present state of our economy is extremely shaky. We need all the housing we can get in order to combat unemployment and head off a possible recession later in the year. Housing is the one area in our economy where there is excess capacity and unemployed resources.

Here is an area where we can move ahead without inflationary pressure. We are now down to only 1.5 million housing starts, compared to 2.1 million last year—a 600,000 drop. Employment has dropped by over 1 million. Unemployment in housing is over 10 percent. We had testimony before the Committee on Banking, Housing and Urban Affairs just the other day, very competent testimony, that the expectation is that housing starts may drop to as low as 1 million by the end of the year.

This would mean an additional 600,000 people out of work by itself. It would mean unemployment would go to 6 percent, and with the indirect consequences to 7 percent.

Now, as I say, this is one area where we can move ahead with private money constiuting $20 for every dollar of Federal money that is involved, so Federal spending would be minimized and mainly constitute loans; and where we could, because we have idle resources, put people to work and solve the problem that puzzles some of how we can keep the economy moving without an inflationary impact.

Mr. President, despite the considerable compromise made by the Senate conferees, the 1974 housing bill still contains some of the tools needed to do the job if the administration will only use them. I hope, therefore, that the new administration will reactivate the housing programs that were illegally suspended and fully use the authority Congress has provided in the 1974 housing bill. To do less is to deny the housing that is so desperately needed by those who are still required to live in substandard or overcrowded housing. To do less is to aggravate unemployment without any really effective impact on our serious inflation problems.

Mr. President, I yield the floor.

Mr. BROOKE. Mr. President, I commend the distinguished chairman of the Committee on Banking, Housing and Urban Affairs, the Senator from Alabama (Mr. SPARKMAN), for the very effective job he has done as the leader on the field of housing over many years and, particularly, in the drafting of the legislation which we consider today.

I think the Senate bill was more than 300-odd pages, and I think it took us some 26 days to markup in the committee.

As has already been said, we were in conference for approximately a month, but with the able leadership the Senator from Texas (Mr. TOWER) as the ranking member, together with the assistance of a very devoted staff, particularly Carl Coan, who is the chief of staff for housing, and others who worked so diligently on this bill, we have come up with an omnibus housing bill the likes of which we have never had before in the history of this Nation.

The conference report on the Housing and Community Development Act of 1974 (S. 3066), which the Senate takes up today, is the most important housing legislation to be considered by this body in recent years. With the passage of this bill, the Congress will effect the most comprehensive revision of our Nation's housing and community development laws which has ever been undertaken.

The passage of such legislation could not be more timely. The housing industry is now experiencing its worst recession in years—new housing starts have plummeted to an annual rate of 1.5 million units, and there is no improvement on the horizon.

The bill is expected to provide some $2.1 billion in housing assistance for low- and moderate-income families. It will also authorize appropriations of $2.55 billion to finance community development activities at the local level in fiscal year 1975 and approximately $3 billion per year for these activities in fiscal years 1976 and 1977.

The need for these funds is acute. The moratorium imposed on housing assistance programs in January of 1973 has caused production of housing for low-income families to come to a grinding halt. The same is true of our Urban Renewal, Model Cities, and other Community-Development programs. We must reverse this trend; we must get on with the task of eliminating slums and blight and providing decent housing.

NEW LEASING PROGRAM

The bill, which we are considering today, institutes a new program to provide assistance to low-income families who lease housing in private accommodations. I have worked both in the housing subcommittee and in the conference committee to assure that the leasing program, which the Administration supports, can be used by State housing finance agencies to provide a significant amount of new housing or for low- and moderate-income families. This new program will permit the States, through their housing finance agencies, to provide quality housing which is economically integrated. I expect that the Massachusetts Housing Finance Agency, which has led the Nation in this field, will be able greatly to expand its operations by utilizing this new leasing program.

While I support the new leasing program, I realize that it, like any program, is subject to abuse. The Secretary of Housing and Urban Development will have to monitor this program closely to assure that the housing needs of large, low-income families are not neglected.

The conference report also reflects my view and that of the other conferees that the leasing program should not be regarded as a replacement for the traditional public and subsidized housing programs. The leadtime on any new housing program is bound to be many months, and there is an urgent need for more housing production now. We expect the Secretary to move ahead to provide more housing under our existing programs.

COMMUNITY DEVELOPMENT BLOCK GRANTS

The bill also consolidates the urban renewal, model cities, water and sewer, and other categorical grant programs administered by HUD into a single community development block grant. This should eliminate redtape and lead to greater innovation at the local level. However, it is not the intention of the conferees that block grant funds should be treated like general revenue sharing money. These funds must be spent principally to eliminate slums and blight and to improve the physical environment of low- and moderate-income families. As a member of the Committee on Banking, Housing and Urban Affairs and of the HUD Appropriations Subcommittee, I shall work to see that the Congress, through the General Accounting Office, closely monitors the spending of these funds to assure that congressional intent is being carried out.

The conference report adopts the formula for distributing community development funds which was contained in the House bill. This formula does not truly reflect need. However, the Senate conferees agreed to retention of this formula only because: First, the "hold harmless" provisions of the bill protect present grant recipients from cuts in their grants over the next 3 years and, second, the Congress will review and revise the formula after 3 years and before authorizing further funding.

PUBLIC HOUSING

The bill completely revises the U.S. Housing Act of 1937, our public housing law. It provides for up to $500 million operating subsidies for public housing in fiscal year 1975 and $560 million in fiscal year 1976. These funds are desperately needed to maintain our existing stock of some 1 million public housing units. Under the bill's provisions, HUD is required to distribute operating subsidies on the basis of objective measurement of need.

I am sorry to have to call to the attention of the Senate the fact that the new public housing law also contains some provisions from the House bill, which the House conferees insisted upon, but which move in the wrong direction, in my opinion. Among these are a provision requiring local housing authorities to pass over low income families on the list of public housing because their incomes are too low and to select for admission instead, families which have higher incomes. The rationale for this procedure is that it will provide more rental income to local housing authorities, but I do not believe that the few extra dollars collected can justify the inequities which will result from this procedure. No one has ever shown that low income per se makes a family a less good tenant. Moreover, I believe the Supreme Court's decisions clearly show that the income range requirement contained in this bill will be found to violate the equal protection and due process clauses in the U.S. Constitution. This would be particularly true in cities where the income characteristics of public housing tenants are such that the range requirements will work to postpone indefinitely the day when the lowest income applicants will be admitted to public housing. At the very least, the income range requirement can be expected to be declared unconstitutional because it attaches additional burdens to the poorest applicants and because it will exclude an entire group, the very neediest, from new admissions in most cities.

The bill also contains changes in the so-called Brooke amendments which control the rents paid by public housing tenants. The effect of these changes will be to raise the rent paid by many public housing tenants, particularly those on welfare, at a time when inflation is already working severe hardships on these families' budgets. The additional rental income generated for local housing authorities is not, in my opinion, sufficient justification for the inclusion of these provisions.

MORTGAGE CREDIT

The bill contains a number of provisions designed to increase the availability of mortgage credit to finance the construction and purchase of housing. To me, the most important one deals with real estate lending by national banks. This provision substantially changes section 24 of the Federal Reserve Act, which presently limits real estate loans made by national banks to an aggregate sum not in excess "of the amount of the capital stock of such association paid in and unimpaired plus the amount of its unimpaired surplus fund, or in excess of 70 percent of the amount of its time and savings deposits, whichever is greater." While most large banks do not make real estate loans in an amount which approaches 70 percent of their time and savings deposits, commercial banks located in many small communities are limited severely in making real estate loans because of this restriction. This is especially true of those communities where there are no thrift institution competitors, or where the demand for commercial bank real estate lending is substantial. Accordingly, this provision would remove the 70-percent limitation contained in section 24, and thereby foster increased housing loans, especially on the part of small banks located out of the major money centers and serving vital community housing needs.

I am particularly gratified by the passage of this provision because it represents the culmination of several years of work. I introduced a bill in the 92d Congress which was very similar to this provision of the conference report, and I reintroduced that bill as S. 2175 in this Congress. The inclusion of this provision in the report is a significant step toward increasing the real estate lending capacities of our Nation's financial institutions.

LOCAL OBJECTIONS TO ASSISTED HOUSING

The bill contains a provision similar to the provision which was in the House bill permitting local governments to object to an application to provide federally assisted housing on the grounds that the proposed housing is not consistent with a local housing plan. The conference report makes clear that the community's objection to federally assisted housing is advisory only, and that HUD will make final determination as to whether Federal housing assistance will be provided.

MISCELLANEOUS PROVISIONS

The bill contains a number of other provisions in which I take particular interest. Among these are: First, a provision permitting HUD to compensate purchasers of FHA-insured homes which have major defects which should have been spotted by the FHA appraiser; second, a training and fellowship program to assist minority and other disadvantaged students to pursue studies in the field of urban development. This provision will permit funding for work-study programs, the kind presently underway at the MIT-Harvard Joint Center on Urban Studies; third, an urban homesteading program to encourage the rehabilitation of one to four-family dwellings in inner city neighborhoods which have been abandoned; fourth, establishment of an Office of Security under the Assistant Secretary for Housing Management at HUD and provision of funds to promote security systems in public housing and housing for the elderly.

Mr. President, I support the conference report on S. 3066, and I urge its passage by the Senate. I am hopeful that the House will approve the report in the near future and that it will be among the first bills enacted under our new President.

Mr. President, last night we heard that new President state his priorities and ask the Congress to consider a cutback in Federal spending. I agree with the President's position. I believe that the Congress must cut back spending if we are to curb inflation and to turn our economy around.

I support the President's position of moving for a balanced budget in 1976. But I reiterate, Mr. President, that it is a question of priorities, and I ask the new President to consider seriously the need for money for housing which has been so long delayed. If there has ever been any area which has been neglected, it has been in housing.

We have promised the American people for years and years a decent home for every family. We have not lived up to that promise and even today we are far from keeping it. There are people in this country living in terrible conditions, and many inner-city areas are continuing to deteriorate.

I hope that we will get the support of the administration so that we will not have to cut back in the Appropriations Committee on the authorizations set forth in this bill. We have pruned it back as far as we possibly can. We need this money, particularly in public housing where, with the inflated operating costs which we are experiencing today, we are not able to provide housing which allows people to live in decency or even within the normal standards under the housing codes and regulations of the various cities and towns in which we find public housing.

So again, Mr. President, I think that this is an important piece of legislation, perhaps one of the most important pieces of legislation to be passed by this Congress.

I hope that it will be supported in the appropriation process after it has been signed into law by our new President, Gerald Ford.

THE HOUSING AND COMMUNITY DEVELOPMENT ACT CONFERENCE REPORT WEAKENS THE NATIONAL ENVIRONMENTAL POLICY ACT

Mr. JACKSON. Mr. President, for two successive Congresses we have seen the National Environmental Policy Act of 1969 eroded through the covert activity of development interests and through the virtual abdication of those within the executive branch charged with the responsibility of insuring NEPA's implementation.

In the 92d Congress, we were forced to accept without debate and discussion a NEPA provision inserted at the last moment in the conference report of the Water Pollution Control Act Amendments of 1972. This provision, which exempted virtually all of the Environmental Protection Agency's water pollution control activities from NEPA's environmental impact statement requirements, was drafted in the conference committee, inserted in the conference report, and sent to the Senate as fait accompli. Neither the full House nor the Senate had an opportunity to explore and debate the ramifications of this wide-ranging exemption which overruled a long line of court cases holding to the contrary. We did not have the opportunity to amend the exemption or even to vote it up or down. Hidden behind the skirts of a major conference report, this wholly new provision, absent from either of the original bills, became law with virtually no public attention or policy analysis.

Now, in the 93d Congress, we are being asked to accept a provision in S. 3066 that would allow the Department of Housing and Urban Development to wash its hands of any responsibility under NEPA to account for the environmental impact of 10 different urban development programs which clearly have profound effects on our environment. S. 3066 would consolidate these programs in a new and untested block grant system and then provide HUD with total immunity from any responsibility to prepare environmental impact statements.

Once again we are faced with a NEPA exemption which is absolutely contrary to court decisions. Once again the exemption has been thrust upon the Senate without benefit of study and debate. S. 3066, as we passed it in the Senate, made no reference to NEPA whatsoever. The NEPA exemption first appeared in H.R. 15361, which the House passed 3 months after we had acted on S. 3066. By receding to the House provision, the Senate conferees are asking this body to once again accept without debate, without amendment, and without even an opportunity to vote on the issue, an amendment by implication to NEPA.

The Senate has always abhorred amendment and repeal by implication. In fact, the "Cordon Rule" was adopted for the express purpose of avoiding the repeal of organic laws by burying and disguising the true intent of a provision in a complex piece of legislation. Each time we permit NEPA to be subverted, avoided, or exempted by unilateral actions of a conference committee, we are in part repealing the thrust of the only environmental law which serves as a basic mandate to all Federal agencies. Therefore, the intent, if not the wording, of the Cordon Rule is violated, and the very harm the rule was intended to avoid is sanctioned by the exigencies of enacting crucial legislation.

Proponents of this NEPA exemption would argue that the force and effect of NEPA is not changed, that the responsibility has simply been transferred from HUD to the State and local governments. This glib response ignores the fact that the most basic purpose of NEPA was to hold the Federal Government responsible for maintaining the quality of our environment. Each Federal agency was to be required to meet that responsibility, in part, through the preparation of environmental impact statements. Let no one be mistaken that this exemption, by permitting the delegation of the impact statement responsibility, denies the most basic purpose of NEPA: the requirement of Federal accountability.

The proponents argue that the new block grant program might somehow be threatened by the requirement that HUD fulfill its NEPA responsibilities. This argument is patently ridiculous. In a line of decisions the Federal courts have held that the LEAA block grants are not exempt from NEPA. Those grants most assuredly did not grind to a halt because of these decisions. Surely, if NEPA responsibilities can be met in the FEAA block grants, they can be met in these HUD block grants.

The proponents argue that the State and local governments are better able to assess the environmental implications of the projects funded through the proposed block grant program. They assert that this delegation of authority will assure environmental assessments will be incorporated into project planning rather than determined after the plans are completed and set. This argument is more impressive. It is deserving of serious consideration—and that, Mr. President, is just the problem. My objection is not with the substance of the argument, but with the fact that it has not received the serious consideration it should. State and local governments may be capable of doing an adequate job of environmental assessment; this might be particularly true in the case of HUD, given its past, spotty record of NEPA performance. Yet, where is the analysis which supports this argument? There has been no in-depth study or evaluation of the capacity of State and local governments to assume the most basic NEPA responsibility. At least seven States have enacted "little NEPAs" during the past 4 years, yet there was apparently no effort to evaluate the effectiveness of these existing programs prior to proposing this transfer of NEPA responsibility. Certainly those of us in the Senate did not have this opportunity.

Mr. President, the State certification procedure provided in the exemption is repugnant to the law as interpreted by the Federal courts. Two critical points bearing on block grants have been decided by the Circuit Courts: first, NEPA does apply to block grants administered by the States; and, second, Federal agencies may not delegate their full responsibilities for drafting environmental impact statements to State or local governments. In accepting the exemption, we undermine the rationale of a long line of well-reasoned judicial decisions which have heretofore provided a stable base for administering the National Environmental Policy Act. By reopening the question through legislative action we have injected an additional element of uncertainty in the administration of the law.

Mr. President, I ask unanimous consent that there be printed at the end of my statement a memorandum of law, compiled by James W. Curlin, Congressional Research Service, which explores the legal implications of the State certification provisions in more detail.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. JACKSON. It is, of course, the prerogative of the Congress to overrule the courts by in effect amending NEPA. But it is advisable or necessary for such a step to be taken in this instance? I firmly believe it is not.

The block grant program proposed in S. 3066 is the first effort to convert existing categorical grant-in-aid programs to State and locally administered block grants. The intent to expand the block grant system to a myriad of Federal categorical programs is a well publicized goal of the administration, and I sense it has significant support within Congress. Granted, there are notable benefits to be derived from reducing Federal red tape, but the no-strings-attached concept must stop short of delegating the Federal responsibility for assuring that environmental factors are considered in governmental decisions and that everything reasonable is done to preserve the environment. Because this program may be the first of many large-scale block grant programs, doesn't it follow that we should move cautiously and deliberately before relinquishing control of Federal environmental oversight?

Such care is particularly important in that the activities involved in the ten categorical development programs which would be subsumed under the proposed block grant programs are among the most environmentally significant of all of HUD's activities. Of the 75 environmental impact statements filed by HUD through March 13, 1974, for program-oriented actions, 73 percent have dealt with projects included in the 10 categorical programs scheduled for consolidation under the legislation.

It is apparent that environmental planning has been given a low priority within HUD. One indicator of this is the low percentage of environmental impact statements filed by HUD since enactment of NEPA. Of the over tens of thousands of projects administered through HUD, only 75 environmental impact statements were prepared—and a number of these were the result of direct challenges to the agency for failing to comply with the law. Numbers alone tell only part of the story; the general quality of HUD environmental impact statements has also been challenged. One must question the premise that an agency, which itself cannot perform adequate environmental assessments, is capable of administering a certification system which transfers a similar responsibility to State and local governments. Surely delegation of NEPA responsibility should not occur unless absolutely necessary. Arguments of convenience or the desire to avoid responsibility should not suffice.

As author of NEPA, I remain convinced that there exists sufficient flexibility within its provisions to meet the exigencies of block grant programs. When forced by the courts to fully meet the NEPA mandate, numerous Federal agencies, most particularly the AEC and the Corps of Engineers, have responded well and, together with the Council on Environmental Quality, have successfully pioneered in the development of flexible methods of meeting that mandate. Despite HUD's disappointing performance under NEPA, this should not be reason for dismissing the Department from the responsibility to perform at all. Rather, we should vigorously reassert HUD's responsibilities; and, by doing so, clearly inform the Department that it cannot avoid them.

I believe that if this were done, HUD

would provide real leadership in reconciling block grant administration with NEPA. Through a series of procedures, such as providing overall block grant impact statements and a limited number of project impact statements where determined necessary during annual reviews of the grant activities, both the fundamental needs of our society—community development and environmental protection—could be met.

On July 29, 1974, I wrote the chairman of the Senate Conferees, Senator SPARKMAN, to offer the services of the Interior Committee—the committee which has jurisdiction over NEPA—should the task of reconciling NEPA and block grants prove too difficult. I said:

> As Chairman of the Interior Committee, I assure you that should HUD and CEQ fail to develop block grant NEPA procedures, the Committee, either by itself or jointly with your Committee, would carefully review the reasons for such failure, and consider administrative or, if necessary, legislative remedies.

I believe this—the full legislative process, including consideration by the committee with the proper jurisdiction and expertise—is the only wise method to proceed on such a fundamental change in law.

It is now too late to give this exemption the full legislative consideration it deserves. Yet, I am also disturbed about the practical problems connected with the implementation of the exemption provision. I believe these problems raise serious questions about the efficacy of this provision. Are the State and local governments to assume the burden of defending NEPA cases in the courts or will the Attorney General continue to do so? If the State and local governments have the responsibility, there is no provision for funding the legal defense of a program which will most certainly engender much litigation on the local level. How are State and local governments to provide the expertise needed to perform sound environmental assessments and draft adequate impact statements? If HUD was unable to do this with the vast resources of a Federal agency, can one expect a small municipal government to have the necessary capability? There is no acknowledgment of these practical and real problems in either the House committee report or in the conference report. To me this is additional evidence that little in-depth consideration was given to the proposal after introduction.

I hope that this will be the last time we are confronted with an "11th hour" decision on a provision which would erode the effectiveness of NEPA without having the benefit of study and full debate in the Senate. Unfortunately, I doubt that this will be the case. There are forces which would diminish the effectiveness of NEPA at every opportunity. They accomplish indirectly what they cannot accomplish directly. NEPA is particularly susceptible to erosion through case-by-case exemption. So by burying such exemptions deep in the body of legislative language, by selective and timely incorporation of such provisions in bills which have already passed one house of Congress, and by clever drafting in conference committee, the erosion process is hastened.

Mr. President, these are not idle thoughts. I have just learned that the Public Works Committee in the House has reported the Federal Mass Transportation Act of 1974 which contains a provision which totally exempts all projects under the bill from the impact statement requirements of NEPA. I suppose this could be the prelude to the absurdity of proposed NEPA exemptions for the Federal highway program and other similar development programs which have severe environmental impacts.

Mr. President, I believe it is time for those of us who believe in the environmental cause to express our outrage over the perversion of the legislative process which this strategy represents. We must reassert the importance of the National Environmental Policy Act to that cause. We must dedicate ourselves to the constant and vigilant effort of insuring that these backdoor amendments to NEPA end with this conference report.

Mr. President, with profound regret I can only conclude that this is a particularly ugly stain on the environmental record of Congress.

Mr. President, I ask unanimous consent that the letter to which I referred be inserted in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
Washington, D.C., July 29, 1974.

HON. JOHN SPARKMAN,
U.S. Senate,
Dirksen Senate Office Building,
Washington, D.C.

DEAR JOHN: I wish to express my deeply-held reservations concerning the treatment of the National Environmental Policy Act (NEPA) in H.R. 15361. I urge you and your fellow conferees not to accept the House amendment. Certainly, such a fundamental change in the implementation of NEPA should be considered in full by the Committee on Interior and Insular Affairs which has jurisdiction over the Act and by the full Senate in a context other than on arf up or down vote on a conference report.

Both S. 3066 and H.R. 15361 shift the emphasis in HUD community development programs from categorical grants to a block grant system of Federal assistance. This system would clearly provide greater program development and evaluation responsibility to State and local governments. It is, therefore, argued that the NEPA responsibilities should also be delegated downward to State and local government.

Whether this argument is sensible may be open to debate; however, it clearly flies in the face of existing law. I believe that existing case law requires that block grants to States must fully meet the requirements of NEPA and that the appropriate Federal agency cannot delegate responsibility for the final environmental impact statement to any State or local agency. I am enclosing for your reference a memorandum of law on these points prepared by Mr. James Curlin of the legislative Reference Service.

It is, of course, the prerogative of the Congress to overrule the courts by in effect amending NEPA. But is it advisable for such a step to be taken in this instance? I firmly believe it is not.

The activities involved in the ten categorical development programs which would be subsumed under the block grants proposed by S. 3066 and H.R. 15361 are among the most environmentally significant of all of HUD's activities. Of the 75 environmental impact statements filed by HUD through March 13, 1974, for program-oriented actions, 73 percent have dealt with projects included in the 10 categorical programs scheduled for consolidation under the legislation. Surely, delegation of NEPA responsibilities for such critically important activities should not occur unless absolutely necessary. Arguments of convenience alone should not suffice.

As author of NEPA, I remain convinced that there exists sufficient flexibility within its provisions to meet the exigencies of block grant programs. When forced by the courts to fully meet the NEPA mandate, numerous Federal agencies, most particularly the AEC and the Corps of Engineers, have responded well and, together with the Council on Environmental Quality, pioneered in the development of flexible methods of meeting that mandate. It is widely known that to date the performance of HUD under NEPA has not been of the highest quality. Yet, this should not be reason for dismissing the Department from the responsibility to perform at all. Rather, we should vigorously reassert HUD's responsibilities; and, by doing so, clearly inform the Department that it cannot avoid them.

Once this occurs, I am hopeful that HUD will provide real leadership in reconciling block grant administration with NEPA. Through a series of procedures, such as providing overall block grant EIS's and a limited number of project EIS's where determined necessary during an annual review of the grant activities, both the fundamental needs of our society—community development and environmental protection—can be met.

As Chairman of the Interior Committee, I assure you that should HUD and CEQ fail to develop block grant NEPA procedures, the Committee, either by itself or jointly with your Committee, would carefully review the reasons for such failure, and consider administrative or, if necessary, legislative remedies.

I urge the conference not to adopt the NEPA amendment. It could serve as a wide-ranging and, without further efforts to reconcile NEPA and block grant requirements, truly unfortunate precedent. Such a precedent should be, in its own right, the subject of the full process of legislative consideration, including hearings, amendments, and floor consideration other than on a conference report.

Sincerely yours,
HENRY M. JACKSON,
Chairman.

EXHIBIT 1

THE LIBRARY OF CONGRESS,
CONGRESSIONAL RESEARCH SERVICE,
Washington, D.C.

ADMINISTARTION OF NEPA AT THE STATE AND LOCAL LEVELS AS PROPOSED IN SECTION 104 OF THE HOUSING AND URBAN DEVELOPMENT ACT OF 1974 (H.R. 15361)

For Senate Committee on Banking, Housing and Urban Affairs, By James W. Curlin, Specialist in Environmental Policy, Environmental Policy Division, July 3, 1974

APPLICATION OF THE NATIONAL ENVIRONMENTAL POLICY ACT OF 1969 TO BLOCK FEDERAL GRANTS TO STATES

The National Environmental Policy Act of 1969 (NEPA) requires that all "major Federal actions significantly affecting the quality of the human environment" be accompanied by an environmental impact statement which discloses the anticipated effects to the proposed action on environmental quality. 42 USC 4332(2)(c). Courts have interpreted NEPA broadly to apply to almost all actions of the Federal Government which involves either new or continuing activities undertaken directly or supported in whole or in part through Federal contracts, grants, subsidies, loans, leases, permits, license certificates or entitlements; and making modification, or establishment of regulations, rules, procedures and policy. Guidelines of the Council on Environmental Quality (CEQ) have adopted the courts' collective definitions of the threshold of NEPA applicability with the exception of general revenue sharing funds distributed under the State and Local Fiscal Assistance Act of 1972 (31 USC 1221 *et. seq.*). 40 CFR 1500 5(a).

The shift in emphasis from the categorical grant approach of Federal financing to a system of block grants administered primarily by the States and local governments is a significant departure from the traditional project clearance system within the Federal agencies. Its full effect on NEPA and environmental review process is yet to be determined.

The seminal decision on the applicability of NEPA to block grants dealt with a project funded under the Omnibus Crime Control and Safe Streets Act of 1968 (42 USC 3701 *et. seq.*) which is administered by the Law Enforcement Administration Agency (LEAA). *Ely v. Velde* (*Ely I*), 451 F. 2d 1130, 3 ERC 1280 (4th Cir. 1971). In *Ely I* the Court held that NEPA applied to the construction of a State prison medical facility funded in part with an LEAA block grant. LEAA argued that it was prohibited from complying with either NEPA or NHPA when approving block grants under the Safe Streets Act because it was disabled from imposing any conditions not found in the Act itself as a result of the mandatory language which specified that:

"The [LEAA] *shall make grants* under this chapter to a State planning agency if such agency has on file with the [LEAA] an approved comprehensive state plan . . . which conforms with the purposes and requirements of this chapter." (Emphasis added). 42 USC 3733.

LEAA's argument relied heavily on what it termed a "hands off" approach to Federal financial assistance to the States embodied in further restrictions imposed by Sec. 3757 of the Act, which provides that grant funds can be withheld only if LEAA finds that there has been a "substantial failure" of the grantee to comply with (1) the Safe Streets Act, (2) regulations and guidelines promulgated by the LEAA, or (3) the State comprehensive plan itself. According to the Agency, these two cited sections were the only criteria which LEAA could consider in awarding a grant to the States.

In rejecting the argument that compliance with NEPA and NHPA was precluded by the Safe Streets Act, the Court noted that:

"The genesis of the "hands off" approach lies in considerations more subtle than a simple desire to give the states more latitude in the spending of federal money. The dominant concern of Congress apparently was to guard against any tendency towards federalization of local police and law enforcement agencies." 3 ERC 1284.

The Court concluded that Congress did not intend to forbid LEAA from considering NEPA and NHPA since the inclusion "of enough information to assess the environmental and cultural impact of the proposed plan or grant, would not remotely approach the apprehended control over any police force or other law enforcement agency." 3 ERC 1284.

In subsequent litigation concerning the issue of voluntary withdrawal of the contested project from within the scope of the LEAA block grant by the State of Virginia (*Ely II*), the Court restated its original decision in *Ely I*, that:

". . . the proposed federal contributions to the center's financing was subject to NHPA and that it constituted a major federal action within the meaning of NEPA . . . also . . . that the unfettered nature of block grants apportioned to the states by the . . . LEAA . . . did not exempt federal participation from the requirements of either NEPA or NHPA." *Ely v. Velde* (*Ely II*), 6 ERC 1558 (4th Cir. 1974).

Both the Housing and Community Development Act of 1974, S. 066, and the Housing and Urban Development Act of 1974, H.R. 15361, which have been passed by their respective Houses, contain similar block grant provisions for financing community development programs. *See* S. 3066. Chap. III; and H.R. 15361, Chap. I. The proposed block grants under the pending legislation would consolidate 10 categorical development programs administered by HUD:

". . . the Public Facilities Loan Program authorized by Title II of the Housing Amendments of 1955; the Open Space Program authorized by Title VII of the Housing Act of 1961; the Planning Advance Program authorized by Sec. 702 of the Housing Act of 1954; the Water-Sewer, Neighborhood Facilities and Advanced Land Acquisition Programs authorized under Title VII of the Housing and Urban Developmen Act of 1965; the Urban Renewal, Code Enforcement and Neighborhood Development Programs authorized by Title I of the Housing Act of 1949; and the Model Cities Program authorized by Title I of the Demonstration Cities and Metropolitan Development Act of 1966." *S. Rpt.* 93–693, p. 48, 93rd Cong., 2nd Sess., 1974.

The categorical programs which are to be consolidated in the Community Development Block Grants often have the greatest potential environmental impact of all HUD administered activities. Of the 75 environmental impact statements filed by HUD through March 31, 1974, for program-oriented actions, 73 percent have dealt with projects included in the 10 categorical grant programs scheduled for consolidation. *List of Environmental Impact Statements,* HUD, Mar. 31, 1974. Of the 45 Federal cases filed against HUD for noncompliance with NEPA, approximately one-third dealt with the same categorical programs—particularly urban renewal.

The *Ely* cases clearly apply to the block grant activities proposed in the housing bills. Records indicate (*Supra*) that the HUD projects proposed for consolidation in the block grant program tend to have significant potential for affecting environmental quality and are often controverted. Thus, the administration of the block grant program with regard to the requirements of NEPA will largely determine the performance of HUD's environmental obligations. While the *Ely* cases require that Federal block grants provided to the States for broadly-discretionary administration by the States must comply with NEPA, those cases do not distinguish clearly the responsibilities of each party for performing the environmental assessment and drafting the environmental impact statement.

DELEGATION OF FEDERAL RESPONSIBILITY TO THE STATES FOR DRAFTING ENVIRONMENTAL IMPACT STATEMENTS

To what extent Federal agency may delegate its responsibility for preparing environmental impact statements to the States continues to be litigated two years after the initial decision in *Greene County Planning Board v. FPC,* 455 F. 2d 412, 3 ERC 1595 (2d. Cir. 1972) *cert. denied* 409 U.S. 849 (1972). The Court in *Greene County* held that the Federal agency responsible for the major Federal action may not delegate to a State agency the duty of preparing the environmental impact statement required under Section 102(2)(c) of NEPA. In so holding the Court stated:

"The Federal Power Commission has abdicated a significant part of its responsibility by substituting the statement of PASNY for its own. . . . The danger of this procedure, and one obvious shortcoming, is the potential, if not likelihood, that the applicant's statement will be based upon self-serving assumptions." 3 ERC 1599.

Under the FPC procedure litigated in *Greene County,* the license applicant for a "major project" was required to file a detailed statement of environmental impact, which included the components of an environmental impact statement required by Sec. 102(2)(c) of NEPA, for all "contested" applications. The Commission retained the responsibility for drafting impact statements for all "non-contested" applications. Under the "contested" protocol, the FPC's sole function was to review the statement as to form and circulate it among Federal agencies for comment.

The pre-*Greene County* procedure adopted by the FPC is the extreme end of the spectrum of delegation of Federal responsibility to non-Federal entities. FPC did not participate in any substantive way in the formulation of the impact statement, reserving for itself only a review function.

A series of cases dealing with NEPA procedures administered by the Federal Highway Administration (FWHA) have dealt with various degrees of NEPA delegation to State highway agencies for federal aid highway and interstate highway projects.

Cases decided within the Second Judicial Circuit—the *Greene County* Circuit—tend to disallow any environmental impact statement which is not prepared and written by the Federal agency staff. *See I–291 Why? Association v. Burns,* — F. Supp. —, 6 ERC 1275, 1290 (D. Conn. 1974), transmittal of an EIS from a State agency to the regional office of FHWA already printed and bound "is hardly conducive to the detailed review which would be required to transform the . . . final 'draft' into the FHWA's own final EIS;" *Conservation Society of Southern Vermont, Inc. v. Secretary,* 362 F. Supp. 627, 631, 5 ERC 1683, 1686 (D. Vt. 1973), not only did the State prepare and draft the final EIS, but "the comments on it by the [FHWA] reviewing board were merely perfunctory, the equivalent of an agency rubber stamp;" *Committee to Stop Route 7 v. Volpe,* 346 F. Supp. 731, 741, 4 ERC 1329, 1335 (D. Conn. 1972), "the very same danger of self-serving assumptions that concerned the Court in *Greene County* is present . . . Federal officials must prepare the final version of the impact statement as required by the plain wording of NEPA." The only other court outside the Federal Circuit to support the *Greene County* rationale is the Eastern District of Wisconsin, within the Seventh Judicial Circuit which has not yet decided the issue of delegation on appeal *Northside Tenants' Rights Coalition v. Volpe,* 346 F. Supp. 244, 4 ERC 1376 (E. D. Wisc. 1972).

Other courts have found that the same FWHA procedure of delegating the responsibility for preparing and drafting EIS to the States may be distinguished from *Greene County* and is permissible if the Federal agency "reviews, modifies and adopts the EIS as its own, or otherwise extensively participates" in formulating the EIS. *Iowa Citizens v. Volpe,* — F. 2d — 6 ERC 1088, 1091 (8th Cir. 1973). *See, Life of the Land v. Brinegar,* — F. 2d — 5 ERC 1780, 1784 (9th Cir. 1973), "the applicable Federal agency must bear the responsibility for the ultimate work product . . . [and] actively participate in all phases of the EIS preparation process . . . more or less [as] a joint effort . . . [with] continued active examination thereof;" *Citizens Environmental Council v. Volpe,* — F. 2d — 5 ERC 1989, 1990 (10th Cir. 1973), the impact statement was prepared "in consultation with state, federal and private agencies . . . The Secretary of

Transportation did not simply 'rubber stamp' the State's work . . . He reviewed it and adopted it as his own;" *See also, Finish Allatoona's Interstate Right, Inc.* (*FAIR*) *v. Volpe,* 355 F. Supp. 933, 5 ERC 1205 (N. D. Ga. 1973).

The Eighth Circuit Court found further justification for "the delegation of the physical act of gathering the information necessary for the preparation of . . . EIS to the state highway departments" in the acquiescence of CEQ to the instituted procedure and the knowledge of Congress which has reviewed the FWHA procedure in hearings. *Iowa Citizens v. Volpe,* — F. 2d — 6 ERC 1088, 1091 (8th Cir. 1974).

The thrust of the cases as applied to HUD activities seems to support a basis for delegating the responsibility for collecting data, evaluating the environmental impact of the project, preparing at least the draft EIS, so long as HUD consults, reviews, modifies and otherwise "actively participates" in the environmental assessment process and adopts the EIS as its own. Mere certification or "rubber stamping" is not enough under the statutes without legislative revision.

Notwithstanding active Federal participation, one could expect difficulties within the Second Circuit which has steadfastly held that the "self-serving" bias of a State agency establishes practical limits to the delegation of Federal responsibility under NEPA.

DECLARATION THAT PROJECTS ARE "NON-FEDERAL" BY A STATE TO AVOID THE REQUIREMENTS OF NEPA

The touchstone of whether NEPA shall apply to a specific project is first, whether the project is a "Federal action", and second, whether it is "major" and "significantly affects the human environment." Federal-State grant programs and shared financing have raised the issue of whether a State may designate part of a comprehensive project as a "State funded project" for the purpose of avoiding NEPA.

The question arose first in the *San Antonio Expressway* case in which Texas attempted to excise the "middle segment" of a three-segment highway project which had run afoul of NEPA and Sec. 4(f) of the Department of Transportation Act and declare it a "State project" for the purpose of Federal law. *San Antonio Conservation Society v. Texas,* 446 F. 2d 1013, 2 ERC 1871 (5th Cir. 1971), accord, *Sierra Club v. Volpe,* 351 F. Supp. 1002, 4 ERC 1804 (N. D. Calif. 1972). The Fifth Circuit Court held that a State could be enjoined from constructing a highway in violation of NEPA, and the Department of Transportation Act even though the State disassociated the controversial highway segment from Federal financing and offered to return the Federal monies spent to date. In so holding, the Court stated:

"The North Expressway is now a Federal project, and it has been a Federal project since the Secretary . . . authorized federal participation in the project . . . As such, the North Expressway is subject to the laws of Congress, and the State as a partner in the construction of the project is bound by those laws." 2 ERC 1881.

Texas had argued in an application to the Supreme Court for stay of an order enjoining the project which was issued by the District Court, and a petition for certification prior to the Circuit Court decision, that:

"In all candor, it must be admitted that in the event the Secretary . . . or the Courts, should rule that federal law prohibits federal participation in the "North Expressway construction project, other eligible projects will be submitted to take up available federal spending." *Cert. denied. San Antonio Conservation Society v. Texas,* 400 U.S. 968, 2 ERC 1083 (1970).

This stipulation by the State led the Fifth Circuit Court to conclude that: "The State may not subvert that principle [Federal supremacy] by a mere change in bookkeeping or by shifting funds from one project to another." 2 ERC 1882.

The Fifth Circuit decision in *San Antonio Expressway* seemed to be founded on a theory of "once a Federal project, always a Federal project," although the factual setting—exercising the central segment of a three segment project—could probably not have been resolved in any other rational way. Subsequently, Congress overruled the Court by legislative fiat and terminated the Federal-State contract on the San Antonio North Expressway. *Federal Aid Highway Act of 1973,* P.L. No. 93–87, 87 Stat. 250, Sec. 154.

The Fourth Circuit Court in *Ely II* confronted the issue of withdrawal of a project by a State to avoid the requirements of NEPA which was made applicable by participation in the LEAA block grant program. *Ely* v. *Velde* (*Ely II*), 6 ERC 1558 (4th Cir. 1974). The factual setting involved a prison reception and medical facility to be constructed in a historic section of Louisa County, Virginia, which was to be funded through an LEAA block grant under the Safe Streets Act. Upon the determination that NEPA and NHPA applied to projects partially funded by Federal block grants (*See Ely* v. *Velde* (*Ely I*)), 451 F. 2d 1130, 3 ERC 1280 (4th Cir. 1971), the State requested withdrawal of Federal funds for the center and announced their intentions to reallocate the approved grant funds to other programs within the penal system. The State's strategy was predicated on an assumption that by divesting the project of Federal support, construction contracts could be let unencumbered by Federal environmental requirements through the use of State funds.

The Court in holding that the prison facility could be excised from the LEAA block grant and considered a State project, distinguished the case from *San Antonio Expressway* (*Supra*) on the basis that:

"Unlike the segment of a highway whose location has been approved, the construction of the center does not involve an *inseparable relationship* with other federally financed segments." (Emphasis added) 6 ERC 1560.

The court further held that the proposed prison facility

". . . had not become an irrevocable federal project at the time the state withdrew its request for funds for the following reasons: (1) construction had not then begun; (2) no part of the federal grant was ever spent on any phase of the project; (3) unlike highways, no other federal project is closely related to construction of the center, nor is its construction an indespensable part of a larger project in which the Federal Government is participating." 6 ERC 1561.

While permitting the State to withdraw the project from the LEAA block grant program, the Court held that:

". . . the state cannot retain the fruits of federal partnership in this venture by transferring the funds to other projects . . . [and] the state independently can construct the center . . . by renouncing federal aid, but it cannot couple its renunciation with retention of the federal aid," 6 ERC 1561.

In arguing against the proposition that it must repay the funds designated for the project, the State hypothesized that if the project had not been proposed at all it would have received the full amount of the block grant because funds were apportioned among the states on the basis of population and not on a project by project basis. The Court considered this argument to be irrelevant because

". . . a block grant is not the same as unencumbered revenue sharing, for the grant comes with strings attached . . . [and] the state voluntarily requested federal participation in the center and in this manner obtained construction funds conditioned upon compliance with NEPA and NHPAA." 6 ERC 1560.

As a practical matter, the question of separability and withdrawal of controversial projects from community development block grants under the proposed Housing Bills will probably arise frequently during the initial implementation of the program. Read together, the *Ely II and San Antonio Expressway* cases suggested that withdrawal of a project from a community development program with the intent of funding the project with non-Federal funds may depend on whether it is "inseparable" or an "indispensable part" of other Federally financed segments of the program. Whether a project can be withdrawn and later completed with non-Federal money may depend not only on its "separability" or "indispensability" but also on whether Federal money has already been spent on the project and its stage of planning or development.

If the test for withdrawal from Federal funding is met, *Ely II* rationale would require that the State or local government select one of two alternatives: (1) proceed with construction after reimbursing HUD for funds allocated to the project; or (2) abandon development of the project without reimbursement to HUD.

APPOINTMENT OF NON-FEDERAL OFFICIAL AS FEDERAL AGENT TO FULFILL THE REQUIREMENTS OF NEPA

The delegation of responsibility for complying with the NEPA to the State or local officials is well within the powers of Congress. It is established that the powers of the States and Federal Governments may be pooled for cooperative action where there is a common concern. *Hoke v. U.S.,* 227 U.S. 308, 322 (1912); *Duncan v. Madigan,* 278 F. 2d 695 (9th Cir. 1960). There are numerous instances where the Federal and State Governments have entered into contractual arrangements through legislation to implement public policy and there are no barriers to such agreements so long as the essence of sovereign statehood remains unimpaired.

Steward Machine Co. v. Davis, 301 U.S. 548, 597 (1936); *Carmichael v. Southern Coal & Coke,* 301 U.S. 495, 526 (1936); *Prudential Insurance Co. v. Benjamin,* 328 U.S. 408, 434 (1945); *Interior Airways, Inc. v. Wien Alaska Airlines, Inc.,* 188 F. Supp. 107 (D. Alas. 1960); *State of California v. U.S.,* 151 F. Supp. 570 (N. D. Calif. 1959).

In contrast, municipal and county governments are bodies politic invested with specific powers by the States and are considered agencies or branches of the State government. 56 *Am. Jur.* § 4. Since local governments derive their powers from the States, the problem of delegating NEPA responsibilities to local institutions may be regarded as one.

Over 350 NEPA-related suits have been filed in the Federal Courts to present. Should the States assume responsibility for the administration of NEPA environmental impact statements, they would be asked to waive their immunity from suit in Federal courts provided by the Eleventh Amendment of the United States Constitution. States can waive their sovereign and constitutional immunity by functioning in an area regulated by congressional power, such as the National Environmental Policy Act. *Parden v. Terminal R. of Alabama,* 377 U.S. 184 (1964); *Petty v. Tennessee-Missouri Bridge Comm.,* 359 U.S. 275 (1959); *Chesapeake Bay Bridge & Tunnel Dist. v. Lauritzen,* 404 F. 2d 1001 (4th Cir. 1969). The waiver of sovereign and constitutional immunity requires express language or overwhelming implication from the words so as to have no other reasonable construction. *Murray v. Wilson Distilling Co.,* 213 U.S. 151, 171 (1909); *Ford Motor Co. v. Department of Treasury,* 323 U.S. 459, 468 (1945); *Delong Corporation v. Oregon State Highway Com'n.,* 233 F. Supp. 7, 17 (D. Ore. 1964); *Dave v.*

Commonwealth of Pennsylvania, 344 F. Supp. 1337, 1346 (E. D. Pa. 1972).

Courts have determined, however, that counties, cities and other lesser governmental units of the States are not within the immunity of the Eleventh Amendment. *County of Lincoln v. Luning*, 133 U.S. 529 (1890); *Hopkins v. Clemson Agricultural College*, 221 U.S. 890 (1911); *Graham v. Folsom*, 200 U.S. 248 (1906); *Brown v. Marshall County Kentucky*, 394 F. 2d 498 (6th Cir. 1968); *Adams v. Harris County, Texas*, 316 F. Supp. 938 (S.D. Tex. 1970). In either event, the specific language of Sec. 104(2)(D) proposed in the House bill (H.R. 15361) as a condition for the State or local official to act as "a responsible Federal official" for the purpose of NEPA, specifically provides for Federal court jurisdiction to attach to the activities assumed by the acting official.

While there may be no legal barrier to the delegation of NEPA responsibilities to the State or local governments by statutory enactment, there are practical problems in administering the program at the State-local level: (1) environmental assessment requires "interdisciplinary" staffs of specialists in order to comply with the Act, therefore, State and local governments must be provided with sufficient funds to support competent professional staffs; (2) if Community Development Grants are evaluated for environmental impact at the local or State level and Assisted Housing is evaluated at the HUD level, the two programs not being mutually exclusive may lead to confusion in administering NEPA environmental assessments and could prompt interlocking litigation against both local and Federal officials for failure to recognize the cumulative impact of the related programs; and (3) the question of who is to defend local officials when NEPA suits are filed against them as agents of the Federal Government is left in doubt, will the Justice Department continue to defend suits brought against the Community Development Grant Program, or will the State-local governments be expected to handle such specialized suits with their existing legal staffs?

Mr. JACKSON. Mr. President, I have a question. In my statement I noted that the Federal Mass Transportation Act of 1974, reported by the House Public Works Committee, contains a provision which totally exempts all projects under the bill from the NEPA impact statement requirement. I believe the counterpart measure in the Senate was jointly referred to the Public Works Committee and, I would say to the distinguished floor leader, my good friend from Alabama, to his committee.

In light of this conference report, may I ask what his intentions are concerning the treatment of NEPA in the mass transit bill?

Mr. SPARKMAN. Mr. President, I want to assure my colleague and very good friend that the Committee on Banking, Housing, and Urban Affairs will give full consideration to the treatment of NEPA before acting on the mass transit bill sent over by the House of Representatives.

It is not the intention of our committee to act hastily on so important a matter.

I may say that so far as the language in this conference report is concerned, it is, in effect, the language that the House had in its bill. The House had clearance from the Executive Office of the President, the Council on Environmental Quality, on this language, in which they state that it is adequate in every way, that it is stated well, and that every provision is carried in the bill. It is signed by Russell W. Peterson, Chairman of the Council on Environmental Quality. That was the letter that was made available to us by the House conferees. The letter, as I said, is dated June 12, 1974.

Mr. President, I ask unanimous consent to have the letter printed in the RECORD.

COUNCIL ON ENVIRONMENTAL QUALITY,
Washington, D.C., June 12, 1974.
Hon. HENRY S. REUSS,
House of Representatives,
Washington, D.C.

DEAR MR. REUSS: This letter responds to the questions which you asked on May 28, during the Banking and Currency Committee debates on H.R. 14990, concerning the Council's views on the application of the National Environmental Policy Act ("NEPA") to actions taken under the community development block grant provisions.

The Council supports the amendment proposed by HUD and adopted by the Committee. Its language was developed in consultation with the CEQ. We believe that the amendment, in the form adopted by the Committee, will provide an efficient and effective means for environmental reviews of major actions, consistent with Federal environmental standards. At the same time it preserves the essential policy of the principal bill, that of encouraging a larger role for local governments in making project decisions.

Several elements of the NEPA approach embodied in the amendment are important and should be noted.

1. *Retention of NEPA's applicability to major project actions.* The Committee language contemplates continued applicability of the NEPA to major project actions with significant environmental effects, although the responsibility for environmental analysis is, as with other aspects of project design and approval, transferred to the localities.

Local officials will be required to meet the same standards as Federal officials acting in a similar capacity. We believe this approach is better than an attempt to define a whole new set of procedures for environmental review under new Federal, State or local laws which would otherwise require a substantial period for legislation, testing and revision before they worked as effectively as the NEPA. We also think the use of NEPA provides an element of uniform guidance that would not be possible if States or localities themselves were required without direction to simply establish their own environmental review laws and procedures.

2. *Required completion of NEPA review before funding and construction.* The language adopted by the Committee requires completion of the environmental impact review process pursuant to the NEPA, prior to the release of Federal funds (subsection (G)(1)) and prior to the commitment of funds by the applicant to construction (subsection (G)(2)). Reviews will be undertaken on all projects which may have an environmental effect and impact statements will be prepared and circulated on those having major environmental impacts according to regulations to be issued by HUD after consultation with CEQ.

3. *Enforcement.* It is clearly stated in the provisions adopted by the Committee that applicants are subject to the jurisdiction of Federal courts where NEPA issues arise in court actions brought against a proposed project. At the same time, we contemplate that the regulations adopted will provide for minimizing the amount of duplication of environmental review at local, State and Federal levels by combining efforts and reducing paper work.

4. *Local Environmental Analysis.* We believe that the capacity of localities to undertake environmental impact analysis of major undertakings is a very significant development in recent years. H.R. 14990 builds on this healthy trend, not simply through the NEPA provisions, but through its reliance on localities for a high level of analytical judgment on the impacts of proposed projects on the community.

5. *HUD Review Period.* The bill provides for a 15-day grace period after HUD receives a locality's certification of completion of all necessary environmental impact reviews. This period would be in addition to the normal time allowed for review and comment on final impact statements under NEPA procedures. The purpose of the 15 days is to provide those who may wish to challenge the certification with an opportunity to do so prior to release of funds.

We believe that these measures will contribute to improved project decision making by localities, while at the same time preserving the valuable environmental procedures established by the NEPA.

We appreciate your concern for the environmental aspects of the bill and hope you will feel free to call on us and on HUD if you have further comments or inquiries.

Thank you for your concern in this matter.

Sincerely,

RUSSELL W. PETERSON,
Chairman.

Mr. JACKSON. Mr. President, the Council on Environmental Quality was a bit split on this matter, but it is a clear abdication of responsibilities which the Council has to implement the provisions of the National Environmental Policy Act.

I am concerned now—although I am going to vote reluctantly for the conference report, because of other excellent provisions in the conference report and because of my high regard for the chairman of the committee—I am concerned that we do not go down the road we have started to build here, to provide case-by-case exemptions under the National Environmental Policy Act. If we do, we are just going to kill the National Environmental Policy Act gradually. I think this would be a tragic mistake, because the States are not in a position to assume full responsibility to protect the quality of our environment. If there were in existence in all 50 States a means by which they could do this job, I would consider supporting that effort on an experimental basis, at least.

What I hate to see is a course of action here which will provide a precedent for other programs, and I mention specifically the one that may be coming over soon—the Federal Mass Transit Act—which will be before the Committee on Banking, Housing and Urban Affairs and the Public Works Committee.

I must say that while I am not going to make a move on this conference report now, I just want to indicate that I certainly intend, if the course is followed in that bill to exempt mass transit from NEPA, to undertake appropriate action on the floor of the Senate, so the Senate can work its will.

I know that the Senator from Alabama did his very best. Of course, this exemption was not in the Senate-passed bill. It was in the House bill.

I just want to make very clear my position on this matter. I will defer any action against the conference report, in the interests of the other provisions. But I wanted to say that I intend to put up a vigorous fight on this issue in connection with the mass transit bill and other future efforts to legislate NEPA exemptions.

Mr. SPARKMAN. Let me ask the Senator from Washington this question, to see if I understand clearly: Is it the Senator's idea that the Secretary of HUD should have been given the sole responsibility of providing the environmental study and report?

Mr. JACKSON. Yes; he can delegate this authority within the agency.

Mr. SPARKMAN. It is the Senator's feeling that he could not delegate it to the mayor or the Governor?

Mr. JACKSON. No; the local government can be involved; but the real point here is that the ultimate responsibility rests with the Federal Government. Only seven States have "little NEPA's," so to speak. In the meantime, we need Federal accountability. It is in this area where I think the environmental damage can be done.

As the Senator from Alabama knows, I am not one of these either-or types. I believe that we must have economic growth, economic development, and—I emphasize the conjunctive—quality life, a good environment. I do not think it is either-or. I do not think it is disjunctive. I do not think it is the question in this country of saying if we have this project we must ruin the environment. The project can be designed so that we have a good environment. We have the expertise and the technical know-how to do both. This is what I want to emphasize.

As the author of the National Environmental Policy Act, I have made this point over and over again. I know that some people say that you cannot have a development program that is viable and effective unless you forego the NEPA requirements. I point out to my good friend that I led the fight for the Alaska pipeline. The country has never understood the point I made. I think that if one took a poll, the country would say that the Alaska pipeline was held up because of the National Environmental Policy Act. This is not true. The Alaska pipeline was stopped in the courts because the administration would not listen to the recommendations made by my legal staff and the Committee on Interior and Insular Affairs, that the administration did not have authority to grant a right-of-way wider than 50 feet, and they would not listen to the need for an amendment.

The District Court in the District of Columbia held that the impact statement submitted in connection with the pipeline met the act's requirements, and they approved it. The circuit court unanimously ruled that the Secretary did not have authority to grant a right-of-way beyond 50 feet.

I wanted to make that point, because it has been said over and over that we had a holdup on the development of the oil from Prudeau Bay and that this delay was brought about because of NEPA. That is not true. That was not the reason for the delay. The reason for the delay was the failure to comply with the provision of the Mineral Leasing Act, and that provision concerned rights-of-way.

The developmental agencies—the Federal Power Commission, the Atomic Energy Commission, the Corps of Engineers—have had a very difficult job. Yet, they all have been able to implement the provisions of NEPA. At the outset, I say to the Senator, they said they could not do it. NEPA is an action-forcing device. It is not complicated. It is the commonsense approach, in which the agencies are called upon to study all possible alternative courses that can be followed and what the environmental impact will be in connection with those options.

It requires, too, that consideration be given to the economy, the economics of it. Some people have said that is not to be considered. As the author, I made it very clear that we are to consider both; that NEPA was not either-or; that it was the economy and the environment; that what we seek through the environmental impact statement device is a means by which we can reconcile what at times are conflicts, and that there are ways to reconcile these differences.

I wanted to make this general statement because there has been a good deal of misunderstanding that NEPA is a roadblock to Federal programs. If there is the right leadership within the agencies, the job can be done. NEPA is now being implemented by the major agencies of the Federal Government.

I thank the Senator.

Mr. President, I ask unanimous consent to have printed in the RECORD the memorandum which was given to the conference by the AFL–CIO, which was addressed to Mr. Andrew J. Biemiller.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

MEMORANDUM

To: Andrew J. Biemiller.
From: Henry B. Schechter.
Subject: "New Federalism" in the Housing and Urban Development Act of 1974.

JULY 19, 1974.

A fundamental issue regarding the administration of Federal programs is raised by Section 104(g)(1) of H.R. 15361, the House version of the Housing and Urban Development Act of 1974, which is now in conference.

Section 104 deals with the application requirements for a community development block grant. Sub-section (g)(1), authorizes the Secretary of HUD to provide, by regulation, for the release of funds to applicants "who assume all the responsibilities for environmental review, decision-making and action" pursuant to the National Environmental Policy Act of 1969. In effect, this section would provide a legal basis for the delegation to localities of the review of environmental impact statements required by the National Environmental Policy Act to localities. HUD would be absolved of the responsibility.

Since environmental impacts of large community development construction projects often spill over local jurisdictional boundaries, local responsibility for environmental protection procedures would tend to weaken the effectiveness of legislation which the AFL–CIO has strongly supported.

In a broader context, this provision raises the issue of the abdication of Federal responsibility for the implementation of Federal programs in accordance with legislative requirements. If a precedent with respect to environmental protection requirements is established, the same principle might be applied to other requirements such as the Davis-Bacon provisions of the Community Development and other programs.

Effective enforcement of requirements that are a prerequisite for Federal program funding cannot be maintained if the function is delegated to hundreds of local governments. If the Congress cannot look to the Federal official who has responsibility for the disbursement of funds to carry out the responsibilities for enforcing requirements, it becomes a practical impossibility to exercise oversight over such enforcement. The Congress cannot deal with hundreds of local officials to whom such responsibilities could legally be delegated under provisions such as Section 104(g)(1).

A comparable position does not appear in the Senate version (S. 3066) of the Housing and Urban Development Act, which is now in conference. It will be an item on the conference agenda during the week of July 22.

In line with its established policy position favoring effective environmental protection measures, the AFL–CIO would have to oppose enactment of Section 104(g)(1) of H.R. 15361.

Mr. SPARKMAN. I thank the Senator from Washington.

Mr. HARRY F. BYRD, JR. Mr. President, will the Senator from Alabama yield?

Mr. SPARKMAN. I yield.

Mr. HARRY F. BYRD, JR. The Senator from Virginia is trying to get an understanding of the difference between the conference report and the measure which was before the Senate.

As I understand, the Senate bill provided for an authorization of something over $9 billion for 2 years, and this bill provides for an authorization of approximately $11 billion for 3 years. Is that correct?

Mr. SPARKMAN. That is correct.

Mr. HARRY F. BYRD, JR. In regard to the expansion of the experimental housing allowance program, as I understand this program, cash payments would be made to individuals on the poverty level to buy homes. Is that basically correct?

Mr. SPARKMAN. It might be that help could be given to buy, but that is not the general purpose of it. It is to help in rentals.

Mr. HARRY F. BYRD, JR. Then, it is different from the legislation which passed the Senate, if that is the case.

Mr. SPARKMAN. No; I think it is virtually the Senate language that was incorporated in the conference report.

There is a provision for homeownership, but it is a very small part. It is minimal. It is primarily for rental.

Mr. HARRY F. BYRD, JR. There is $43 million involved.

Mr. SPARKMAN. Forty-three million dollars for rental.

Mr. HARRY F. BYRD, JR. There is a provision in the bill, as I understand it, for homeownership.

Mr. SPARKMAN. I am reminded that the $43 million covers the whole program, rental and homeownership.

Mr. HARRY F. BYRD, JR. Then the entire $43 million could be used for homeownership?

Mr. SPARKMAN. No; in fact, I repeat, the homeownership under that will be minimal. The program is already in progress on an experimental basis, and is chiefly a rental program.

Mr. HARRY F. BYRD, JR. I understand——

Mr. SPARKMAN. It has been now underway for about a year, now.

Mr. HARRY F. BYRD, JR. I understand, but it is a program that the Senator says is in effect——

Mr. SPARKMAN. As an experiment.

Mr. HARRY F. BYRD, JR. As an experiment. And this would continue it.

Mr. SPARKMAN. It would continue it.

Mr. HARRY F. BYRD, JR. It would permit, or it would take tax funds from the taxpayers, many of whom cannot buy homes themselves, and give that money to other people to buy homes with. Is that not correct?

Mr. SPARKMAN. The Senator is correct, except that I regret that he continues to use the term "buy." It is almost entirely for rental purposes.

Mr. HARRY F. BYRD, JR. But it states here, "homeownership." That is why I am using the language in the bill.

Mr. SPARKMAN. Homeownership is allowed, but the amount of it that has been used and will be used is negligible.

Mr. HARRY F. BYRD, JR. May I ask why that was not taken out of the bill?

Mr. SPARKMAN. The administration asked for this experimental program, including both rental and ownership authority.

Mr. HARRY F. BYRD, JR. The administration asks for a lot of unjustified programs, but the Senate can take them out.

Mr. SPARKMAN. We were told all the way through that it was almost exclusively a rental program.

Mr. HARRY F. BYRD, JR. But we still do not know, when we have come right down, to vote, how much money is going to be spent for this.

Mr. SPARKMAN. Does the Senator mean for the whole program?

Mr. HARRY F. BYRD, JR. For the homeownership.

Mr. SPARKMAN. There is no way we can say how much. I would say it would be very little, approaching zero.

Mr. HARRY F. BYRD, JR. If it approaches zero, it seems to me it would have been very wise to have taken it out, because we are saying to the taxpayers, people who cannot buy their own homes, "You pay us money into the Government in taxes, and we are going to give that money to other people so that they can buy homes."

Mr. SPARKMAN. Well, there might be a family—I am just giving this as an example. There might be a family occupying a home on a rental basis and getting this help. Perhaps they had some income that they could devote to a home purchase. Under certain circumstances, the Government could supplement their funds and make it possible to make those payments on a home purchase, rather than on a home rental.

Mr. HARRY F. BYRD, JR. That is right, and this would be a cash payment to those individuals.

Mr. SPARKMAN. That is the way the program has been designed.

Mr. HARRY F. BYRD, JR. May I ask the Senator from Alabama for his view of that program?

Mr. SPARKMAN. We say this is an experimental housing assistance program. The money would go, if it is in a home purchase, to the mortgagee for his benefit.

Mr. HARRY F. BYRD, JR. But it is for the benefit of the individual.

Mr. SPARKMAN. The Senator is right. I believe the Senator will recall that we had a colloquy——

Mr. HARRY F. BYRD, JR. We had a colloquy on March 11, 1974, page 6181.

Mr. SPARKMAN. I believe I stated in that colloquy that I do not particularly approve of this program. I did not approve of it when President Nixon first announced the program, probably a year and a half or 2 years ago. I said then that I did not believe in it, I did not believe it was handled satisfactorily, and that in order to carry it out on a big scale, there would be built up a new bureaucracy.

Mr. HARRY F. BYRD, JR. I think the Senator from Alabama is correct. That is why I am wondering why the conferees and why the Senate committee did not knock it out.

Mr. SPARKMAN. The administration had started this program and was carrying it on. They asked that we allow them to continue it until they had 3 years, until they had tried it sufficiently to determine whether or not it was a feasible program. Their intent is to demonstrate how persons can best be assisted in meeting their housing costs, whether they be renters or homeowners. That does not mean——

Mr. HARRY F. BYRD, JR. Now it has gone for 2 years. This authorizes it for another 3 years, does it not?

Mr. SPARKMAN. I was not aware that it had run for 2 years. I knew it had run for 1 year. This gives them a 3-year extension.

This was started originally as a research program. It was simply put on——

Mr. HARRY F. BYRD, JR. Was this experiment ever authorized by legislation? That is another reason, it seems to me, for knocking it down.

Mr. SPARKMAN. When they came to us, they said it was going and they thought it would be a profitable thing; we gave them an extension.

Mr. HARRY F. BYRD, JR. But when many of the taxpayers themselves are unable to buy their own homes, why their funds should be taken and given to somebody else to buy his home, is a situation I cannot understand.

Mr. SPARKMAN. It would not be giving them money, any more money to buy their homes than would be given under the same program for them to rent a home. It is possible that there is a home that could be bought at a reasonable price.

As I said a few minutes ago, maybe, and I am just assuming these cases, the occupant might have a small income that he can put with it and, in this way, be enabled to become a homeowner rather than a home renter.

Mr. HARRY F. BYRD, JR. How about the man in the $10,000 bracket who has a couple of children, and he can barely get by. He does not own his own home. Can he come here and say, "Look I just need a little bit more? Could I get just a little bit more?"

Mr. SPARKMAN. It does not seem to me that a person with a $10,000 income could qualify.

Mr. HARRY F. BYRD, JR. What is the qualifying level?

Mr. SPARKMAN. I do not know specifically. I feel quite certain that a $10,000 income person could not qualify.

Mr. HARRY F. BYRD, JR. It occurs to me that the time has come to knock down some of these unwise—as the chairman, the able Senator from Alabama, feels—unwise programs. It is time for the Congress to knock these down, rather than saying, "Well, the administration wants it, so if they want it and it is an on-going program, we ought to go ahead and give it to them."

Mr. SPARKMAN. On an experimental basis only.

Mr. HARRY F. BYRD, JR. It has already been experimented with, and this gives them 3 more years.

Mr. SPARKMAN. Well, only for a limited time—the time needed to conduct the experiment.

Mr. HARRY F. BYRD, JR. I thank the Senator.

Mr. TAFT. Mr. President, at the outset, I should like to express my personal appreciation and thanks to the chairman, the Members, and the staff of the committee for their many courtesies to me in connection with the consideration of this legislation. Having been a member of the committee chaired by the distinguished Senator from Alabama during the time when much of the work was done on the bill, I had a very real interest in it and had a number of amendments which I had put in, or ideas that I attempted to introduce, along with the help of others, that were at stake in this conference. I particularly want to thank the chairman and the members for the work that they did in that connection.

I have a statement in some detail which I expect to put in the RECORD today, but I shall abbreviate my remarks here.

I particularly want to commend the conference committee for its work on the provisions under which communities, in the community development portion of the bill, are directed to give maximum feasible priority to activities which will help prevent or eliminate slums or benefit low- and moderate-income families.

I know how very keenly interested the distinguished Senator from Massachusetts (Mr. BROOKE) was in that particular section and how hard he fought in the conference with the help of others, to keep it.

I also want to express deep approval of the conferees' decision to maintain a separate existence for the section 312 rehabilitation loan program. An amendment to that effect was sponsored by the distinguished Senator from California (Mr. CRANSTON) and myself. The principle has indeed been maintained.

I should like to make clear that I do not think this should be considered as eliminating use of more generally available funds for section 312 type activities. I am also pleased that the conferees did not require communities to be penalized if they use more than one source of funds for rehabilitation, through means such as a deduction from community development funds of amounts used under section 312. I think that would have played down what has turned out to be a very effective program in many of the cities in my own State.

I also want to express appreciation for the conferees' recognition in the managers' statement that a few cities such as Cleveland would be treated particularly harshly because of unusual funding patterns in the recent past. The Senate accepted my amendment to deal with this problem, and the distinguished Representative from Ohio, Mr. **WILLIAM STANTON**, I know, worked very hard in the conference to bring this problem to the attention of the conferees and to get into the report language that I think is extremely helpful. This language makes reference to section 107(a)(6) of the bill, where the Secretary is given authority to distribute discretionary community development funds.

This particular funding problem arises because of the fact that certain cities, very few in number but nevertheless involving a considerable amount of money, received considerable funds and sometimes delayed funds in fiscal 1973, when most other cities were at a low funding level. The "hold harmless" entitlement for community development funds is based upon the prior 5 years and does not include the fiscal year 1973, as I understand it. The manager's statement makes this very clear, with language as follows:

> The conferees wish to direct the attention of the HUD Secretary to (6) above, which provides an additional source of grant funds (to that provided by the special transition fund) for communities which may not receive an adequate level of funding as a result of the bill's allocation and distribution provisions. Some communities, for example, will experience substantial cutbacks from their relatively high program levels in the latter years of the FY 1963–FY 1972 period; others, such as Cleveland, Ohio, and Cambridge, Mass., will have reduced entitlements under the new program primarily as a result of unique local problems (decertification from HUD funding in one instance, and the failure of the Federal Government to complete its planned development in a renewal area in the other). The conferees expect the Secretary to give sympathetic consideration to funding requests from such communities in distributing both special transition grants and discretionary grants under (6) above.

I appreciate the attention of the conferees to this problem, which I think could have created a rather severe hardship, and I hope that the course followed by the Secretary will be responsive to the concerns expressed by the conferees.

So, Mr. President, I am extremely pleased that final action is imminent on S. 3066, the Housing and Community Development Act of 1974.

This legislation is the product of several years' worth of virtual blood, sweat, and tears on the part of many people. I think that all of those who were most involved in its genesis had serious doubts at times that the 93d Congress could bring the legislation to fruition. Certainly I had these doubts. I congratulate the conferees for taking the last, extremely difficult step of reconciling the vastly different House and Senate bills.

As is likely to be the case with any legislation involving such fundamental compromises, nobody is totally pleased with the end product. While I have some serious reservations about parts of the bill, I do not share the opinion of some of that the Senate conferees unconscionably "caved in." Realistically speaking, it is uncertain how much more of the Senate bill could have been insisted upon without jeopardizing the entire bill. In my judgment, the other body definitely would not override a Presidential veto should one occur.

Thus, although the matter necessarily remains one for conjecture, I am inclined to believe that considerably more insistence on the Senate provisions might have meant no bill at all. The result, in turn, would have been continued stalemate and lack of direction in our housing and urban development programs. Bearing in mind the possibilities for improving it through amendments during the next Congress, this bill is a much better alternative.

The consolidation of 10 existing Federal urban programs into one community development block grant program is certainly a major step forward. From the cities' standpoint, title I should mean less Federal redtape, more flexibility, and a program structure which encourages unified planning and program development rather than splintered policies designed to fit neatly into Federal categorical grant guidelines. Furthermore, as I indicated, I am pleased that the conferees, encouraged by Senator **BROOKE** and others, accepted language based on my amendment to the Senate bill which directs communities to give "maximum feasibility priority" to activities which will help prevent or eliminate slums or benefit low- and moderate-income families. HUD could approve an application inconsistent with this directive only where it determines that the program would meet other specific needs having a particular urgency.

While this language is not nearly as strong as my original language, it provides a clear Federal directive that community development is generally to be used for purposes similar to those of the programs replaced, which consisted of 86 percent in terms of fiscal 1972 funding of urban renewal and model cities. If sensibly administered it should help assure that community development does not become something akin to a duplication of the general revenue-sharing program, in which expenditures for slum clearance, golf courses, housing and neighborhood preservation and monuments to local heroes are not assigned priorities in terms of Federal law. The conference bill's approach will allow localities the increased flexibility they need, while rejecting the Nixon administration's proposed abandonment of the traditional Federal obligation to require communities using Federal funds to address their difficult problems even when this is not politically popular.

I am also pleased, as I stated, that the conferees accepted the Taft-Cranston amendment to keep the section 312 rehabilitation loan program alive. This was argued against in conference on the grounds that communities would also be able to use community development money for housing rehabilitation. Once again, I think that "double usage" of this type would be fine and I hope that communities do use both sources, because there is hardly anything more important for our cities than to develop strong neighborhood preservation programs which include extensive housing rehabilitation efforts. These efforts can stave off slums and thus the need for disruptive and costly comprehensive urban renewal. The conferees recognized this argument, the past success of the section 312 program, the fact that section 312 was the only housing program proposed to be consolidated into community development bloc grants and the problem of restrictive State constitutional provisions which cast legal question upon the ability of localities in many States, including Ohio, to use community development money for rehabilitation loans. I hope that these arguments will be recognized again next year, when Congress will have to act to extend the program.

One of the provisions of the conference community development proposal which concerns me most is the limitation on funding for "software" activities, such as education and drug abuse programs. This limitation is so strict that it seems likely to kill model cities-type activities almost totally, rather than just minimizing the abuses. The "phase-down" after 3 years of communities' eligibility for funding based on past levels is also a problem, because the so-called objective formula generally does not seem to direct the money to the areas of greatest need as well as the past "grantsmanship" system. I hope that the committee will reexamine the effects of the phase-down again, before it actually begins. The community development program should not drain money from our problem-ridden inner cities, rather than helping them further.

The housing provisions of the bill allow more emphasis to be placed on the revised section 23 leased housing program than many of my colleagues would like. However, significant compromises have been made which should make this program much more attractive to both public and private developers than HUD's original proposal. HUD originally proposed to limit subsidies to 20 percent of a project's units, forbid FHA insurance in connection with section 23 projects, and forbid payments to owners for any unoccupied units. The first two of these restrictions largely have been eliminated, while the last has been compromised.

Furthermore, the section 235, 236, and conventional public housing programs technically have been continued. I would hope that the administration would use these programs, at least to the extent that section 23 proves unable to do the job. This would mean definite use of section 235 where appropriate, since the homeownership program has purposes substantially different from the section 23 leasing program.

I realize, however, that this administration may be disinclined to use the programs at the present time. Under the circumstances, the conferees' action to improve the programs and allow them to remain available for use now or in the future seems to be the closest position to that of the Senate which could be enacted.

Other provisions of this bill, such as those to assist the ailing conventional mortgage market; revitalize FHA; improve rural housing, comprehensive planning and financial institutions law; and require HUD adoption and enforcement of mobile home safety standards; are extremely important. As an original sponsor with Senator CRANSTON of legislation to couple use of coinsurance with delegation of FHA processing to lenders, which we proposed 18 months ago, I will be following that demonstration program with great interest. I believe it may have the potential for cutting FHA redtape, taking some of the work burden off FHA area offices and increasing the Agency's viability without compromising its insurance functions. I also appreciate the conferees' acceptance of many of my other amendments, mostly offered with Senator CRANSTON, including amendments which change the national housing goal to emphasize housing and neighborhood preservation; provide for FHA guarantees of mortgage extensions so that rehabilitation can be done without increasing a landlord's monthly housing payments; expand the home improvement loan guarantee program for small apartments; expand the allowable use of rent supplements in section 236 projects for the elderly; and help to shape the new "urban homesteading" program in which abandoned housing is donated to "homesteaders" willing to live in it and rehabilitate it.

Truly, this bill is not all things to all people in the housing and urban development field. I have indicated reservations about parts of it. Nevertheless, the Housing and Community Development Act of 1974 should provide the basis for commencing steady and sustained efforts once again toward that elusive goal of a decent home and a suitable living environment for every American family.

Mr. President, I would like to call the Senate's attention to section 311 of the bill, S. 3066, dealing with FHA-insured refinancing. I understand that the managers' statement does not describe the conferees' action accurately. I would like to clarify this matter, with an explanation I have discussed with the bill's managers.

First, the managers' statement indicates that in the case of refinancing of an existing project, HUD must prescribe such terms and conditions as determined necessary to assure that: First, refinancing is used to lower monthly debt service only to the extent needed to assure the continued economic viability of the project; and second, during the mortgage term, no rental increases may be made except those necessary to offset actual and reasonable operating expenses or other increases approved by HUD. The conference bill clearly applies these restrictions on refinancing of multifamily projects only to projects located in older, declining areas, where the need for both these restrictions and efforts to foster extensions in the life of existing housing through refinancing is likely to be greater.

Second, the managers' statement does not explain what was done with the Senate's provisions authorizing refinancing of home mortgages under certain conditions. The Senate conferees receded on their home mortgage refinancing provisions only after HUD spokesmen argued that the existing statutory authority for home mortgage refinancing is adequate that existing authority was left intact by S. 3066.

Mr. TAFT. Mr. President, I have just three brief questions for the managers of the bill, and I would appreciate any comment they might have upon them.

First of all, as to the section 312 rehabilitation loan program, there is an extension of 1 year in the bill, while the other housing programs are extended for longer periods. Is it the intent of the managers that the fullest consideration should be given to a further extension of this program in the next Congress?

Mr. SPARKMAN. Mr. President, let me say to the distinguished Senator from Ohio, who was a very valuable member of our committee, particularly in the field of housing, that it most certainly is the intent of the managers that the Congress give full consideration to extending the rehabilitation loan program, if needed. This has been a successful program, and I am certain that many of our colleagues will want assurances that it will continue, either under local auspices or under the present Federal arrangements.

Mr. TAFT. I thank the distinguished manager. Let me ask, while the Senator is on his feet, a further question: The phasedown of hold harmless eligibility for community development funding is to begin in fiscal 1978. A report projecting the effects of the phasedown is due by March 31, 1977. Once again, is it the intent of the managers that the contents of this report and other relevant information would be reviewed thoroughly to determine whether legislative changes are necessary, prior to the time the phasedown is to take effect?

Mr. SPARKMAN. I can answer that question clearly in the affirmative. As I said in my opening remarks the conferees were not fully satisfied with the proposed formula—many important factors are not included and others are not adequately measured. We intend that the study look at the distribution question afresh and that the Secretary give us his best recommendations about how funds should be distributed in accordance with needs and capacities, to meet the objectives of this act.

Mr. TAFT. I thank the Senator. Finally as I mentioned, the conference report includes very important language, based on my amendment, which directs communities to afford maximum feasible priority to activities which will benefit low- or moderate-income persons or aid in the prevention or elimination of slums and blight. This requirement can be the subject of certification initially, but other types of programs may be approved only where a community certifies and HUD determines that they will satisfy other needs of "a particular urgency." Am I correct in assuming that compliance with the program's requirements under this exception clause requires a front-end HUD determination that the program to meet other needs "of a particular urgency" is acceptable, rather than simply a community certification?

Mr. SPARKMAN. Mr. President, I believe that the conferees intended that the Secretary make a determination with respect to such activities as referred to by my colleague before making a grant to a locality. The statute says that the applicant must certify and the Secretary must determine that the activities have a particular urgency. In the context of the statute, this would require the Secretary to make his determination when the application is received and before the grant is made.

Mr. TAFT. I thank the distinguished Senator very much for his very helpful explanatory replies, and I again, before yielding the floor, wish to express my personal appreciation to him, the other members of the committee, and the staff for the very hard, long work that has gone into this bill.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. JAVITS. Mr. President, I shall be brief. I, too, would like to join with all my other colleagues who have said the same thing respecting the nature of this landmark bill and the remarkable work that was done by the Senator from Alabama (Mr. SPARKMAN) as chairman, the Senator from Texas (Mr. TOWER) as the ranking Republican member, the Senator from Tennessee (Mr. BROCK), the Senator from Massachusetts (Mr. BROOKE), and other Senators who have been concerned with the measure.

I wish to call special attention, Mr. President, to a number of matters here. First and foremost, I am deeply gratified that the National Institute of Building Sciences, a measure which I have sponsored for a number of years, is included.

This is essentially small business. It is astounding that building does not have big business units, and even the biggest builders are relatively small businessmen. Therefore, the absence of adequate research and development has been very noticeable in this field, and the real effort that is now being made to make up for it through the National Institute of Building Sciences which will deal with the development and promulgation of national standards relating to the building field as well as the materials which are used, as well as the evaluation of existing and new technology, and the central source of technical data and other information which is ascertained through these R. & D. programs.

I really think that historically it may be one of the most important achievements in this bill, although the amounts involved are not great, $5 million a year.

The other thing I would like to call very special attention to is the way in which the committee dealt with a very knotty problem of a new program, a leasing program, section 23, concerned with low and moderate income but above the public housing level.

The thing that worried us in the cities was that the two basic programs which had been responsible for most new construction, to wit, section 235 and 236 programs, would not be continued but would immediately be displaced by section 23, the leasing program, although there was no experience, no regulation, and no money.

It is, therefore, very gratifying that the committee has allowed a period of time in which the slack can be taken up by keeping the work under these two sections, 235 and 236, operative and, I would assume, Senator SPARKMAN and Senator BROCK will so advise us, that the committee will feel its obligation to monitor the situation so that again we do not run the peril of simply dropping everything before section 23 is ready, but really giving a full opportunity for the phasein which the committee obviously had in mind.

I yield to the Senator from Alabama.

Mr. SPARKMAN. Let me say to the Senator from New York, I think he draws the proper conclusion. Actually we discussed, at length, this matter of trying to phase section 236 with the new section 23 program. We worked out the best solution we could get in the conference. I have high hopes that the two will work together to provide an adequate rental assistance program. When it is decided to phaseout one, the other will take over, while the section 235 program will take care of home ownership needs.

Mr. JAVITS. It will be ready, splendid.

Mr. President, I will cover the rest of the subject briefly. We are gratified with the bloc grants consolidation only because it does have a hold-harmless provision and a provision for review. Otherwise it could have been very threatening in terms of urban renewal, model cities, and water and sewer program.

We are also gratified that existing public housing was recognized as well as the need for some operating subsidies. Indeed, it was very badly needed. This bill, as it were, came to the rescue.

Personally, I am deeply interested in rehabilitation of housing, and I hope, I shall do my utmost to help with this, that the provisions contained in the conference report and in the law will be used to the maximum extent.

Finally, we wish to call attention to the urban homesteading provisions and the possibilities which they open in respect to the loan porgram.

May I say it is really very gratifying to people like myself, when it comes to housing there is an understanding of its basic importance to our people by those who have normally conservative views about money, with a recognition—Senator BROCK and I have discussed this personally on a number of occasions—that it is not inflationary because it represents a contribution to the tangible assets of the country far exceeding the cost, because what goes into it is what the occupant or the owner puts up, and then the improvements, and then the social conditions of that occupant or owner improve so that together we increase our real wealth as against whatever guarantees, et cetera, we undertake rather than reducing it.

I think that is a critically important element which the country should understand and which is certainly recognized by the Banking Committee.

I thank the Chair and I yield the floor.

Mr. BROCK. Mr. President, I think it would be well to just respond to the remarks made by the Senator from New York because I think he brings into focus the process by which a number of us have come to support this particular legislation.

It is an enormously complicated, complex, extensive, and expensive piece of legislation by, in my opinion, it represents an investment that could be well rewarded in the future, not only in social terms, but in economic and human terms as well, which are the more important.

I would like to pay my respects to the Senator from New York because a number of his ideas have been incorporated in this legislation, and I am very grateful for that fact.

I do not think in the 12 years I have served in the two bodies of Congress that I have been involved in a more difficult or more extended conference. The issues were well and thoroughly and sometimes hotly debated. We had rather severe disagreements between House and Senate conferees, and yet we have a product of which, I think, virtually all of us are very proud.

Every bill is a compromise, but this one is perhaps more a product of compromise than almost any I have worked on, and I think it is a very good product.

It is testimony to the ability of people of differing approaches and of differing philosophies who can work together.

I know a bill is usually weighed in its quantitative terms by the number of houses to be built and the number of dollars to be invested. But I would think in this particular instance I would rather prefer to look at it as the product of the people who worked so long and so hard on so complicated a matter I would pay particular respect to the chairman of our committee who also chaired the conference, the Senator from Alabama (Mr. SPARKMAN), because I have served with him for these 3 years now, and I have never known a man who is more gracious, gentlemanly and honest in his dealings with his colleagues, and who is more effective in achieving the desired result, and that is the product we have before us now.

It has been a long battle. We began this over 2 years ago, and we finally have the end product before both bodies and ready for signature by the President.

I would pay my respects to the Senator from Texas (Mr. TOWER) for his continuing contribution. The Senator from Massachusetts (Mr. BROOKE) was enormously effective in defending his cause, and usually with some degree of success.

The Members of the House delegation; the chairman of the subcommittee, Mr. BENNETT; the gentleman from Michigan, Mr. BROWN; the gentleman from Ohio, Mr. ASHLEY; were tremendous. I do not think there is any other word for it.

My staff was unique. I think one of the things most interesting in this whole process is the contribution made by the administration officials, not only the Secretary, but particularly Jim Mitchell and Sol Mosher who were diligent in the extreme, working with the two committees to achieve a bill that would be acceptable to the administration, but, more importantly, one that would work.

In terms of its component parts, this bill establishes new techniques for dealing with housing, techniques which I have great hope for. Under section 23 and the related programs we are attempting a brand new approach, an approach that I hope will be simpler for the others who have to deal with it and a more efficient program for those who have to pay for it.

In our community development, we have established an enormously new concept of Federal support, one which tends toward the block grant concept of leaving to the community as much discretion, as much flexibility, as we can possibly do.

As far as I am concerned, perhaps the flexibility is not as adequate as I would like, but it goes a long way beyond anything we have done in the past.

I think it is important to recognize that the people of this country are going to make the programs work or they will not work at all. To the extent we have faith in our mayors and local officials and, in turn, most of all in our citizenry, these programs will be effective in dealing with poverty and housing and inadequate community development, urban blight and all the rest.

May I say, I have particular gratitude for the members of the conference who sustained a position that I have been fighting for for some months now by keeping in the bill a major new safety legislation, consumer legislation for the mobile home owner, to give to the Secretary of Housing and Urban Development the authority and the responsibility of supervising the sale and the construction of mobile homes.

That is a major component of our housing market today. Over 90 percent of our low-cost housing comes in the form of mobile homes.

Too often people have been placed in the position of buying a product which simply was not safe by any standard in terms of fire, in terms of damage from tornado or wind storm, in terms of egress and access in any emergency circumstance.

I authored this bill some time ago and, as I say, I am particularly grateful that the conferees have recognized the need for additional protection for the homeowner of this particular type of housing.

Finally, I want to pay my respects and express my thanks to the conferees for including a major new section in the area of civil rights as it pertains to women.

We have had just far too many examples in recent years of women who simply could not afford adequate housing because, under current lending practices their incomes were not counted as part of the family's income.

That is ridiculous. It is bad business, it is bad policy, it is bad economics, it is bad politics. It has nothing to do with it.

This bill, by adopting the amendment which I authored, is amending the Civil Rights Act, by adopting the amendment offered by the gentleman from Massachusetts amending the Housing Act deals with the problem of a guarantee of equality in mortgage credit for women as well as men.

I am just delighted that Congress has finally taken a step that I consider to be long, long overdue. I think it is going to benefit not only the families of this country, but the business community as well. I think a lot more people will get decent housing as a result.

I would urge Congress to proceed now to address the problem of consumer credit for women, because we have acted in the Senate, but the House has not, and having done that, I think we will have gone a long way toward giving that half of the population the equity which they obviously deserve.

Mr. President, I support this legislation. I think it is responsible, I think it is constructive, I think it will go a long way toward dealing with some of the really fundamental problems that beset the American people.

I again express my thanks to the distinguished Senator from Alabama for an exquisite and remarkable job.

Mr. TOWER addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas is recognized.

Mr. TOWER. Mr. President, in the Senator's recitation of people who made major contributions to the completion of this conference report, the distinguished Senator from Tennessee in his modesty omitted himself. May I say that he was an invaluable member of the conference, he did his homework well and made a major contribution to it.

On the occasions when I was not able to attend the conference committee, I always felt complete confidence when I put my proxy in him.

I would like to address myself briefly to the distinguished Senator from Alabama for the purpose of establishing some legislative history, so that this is in the way of a clarifying question so that there is no mistake about legislative intent.

As the Senator knows, there was a difference between the Senate- and House-passed versions of S. 3066. The House language which permitted the subcontracting of "servicing" by sellers to the Federal Home Loan Mortgage Corporation was adopted. Pursuant to this amendment, will FHLMC continue as a true secondary market facility designed to provide liquidity for primary investors or will it serve mortgage originators who originate mortgage for the purposes of passing them on ultimately to FHLMC?

As the Senator from Alabama knows, he and I have recently sent a letter to the Comptroller General of the United States asking him to look into the whole area of secondary mortgage markets.

Mr. SPARKMAN. Well, I am glad the Senator asked that question because it is one of interest to all of us. The question refers to the "conduit" problem. The conferees recognized this possibility and sought to guard against it by including language in the conference report expressing their concern for this practice. I hope this report language makes it clear that the FHLMC has adequate administrative authority to control eligible sellers who might abuse this authority. The Congress does not intend a change in the law to allow noninsured, nonsupervised private companies to sell to FHLMC directly or indirectly—and we expect FHLMC, through regulations and other administrative policies, to insure that such sales through conduiting are not abused. If FHLMC does find that such abuses have occurred, we fully expect FHLMC to take whatever corrective action is necessary.

They have the power to do it and shall expect them to act accordingly.

Mr. TOWER. That very satisfactorily answers my question and I thank my distinguished friend from Alabama.

Mr. SPARKMAN. Well, I thank the Senator from Texas.

By the way, while I am on my feet, I want to pay my respects particularly to the Senator from Texas, who is the ranking minority member on the committee. Through the years I have been on this committee, ever since January 1947, I have had the privilege of working with minority members of the committee. A couple of times they were the ranking majority members and I was the ranking minority member. But, nevertheless, we always worked well together.

I pay my respects to all of them, starting out probably with Senator Tobey, way back, and I suppose next came the Senator from Indiana (Mr. Capehart).

Then came Senator BENNETT, I believe; then Senator TOWER. In every instance I found the greatest cooperation and help. That has been true of all of the members of the committee. I compliment and commend every member of our committee for the excellent work that they have done.

Senator BROCK has been a tower of strength at all times. He has clear vision. I do not always agree with him, but we usually find a happy meeting ground. I commend him.

Furthermore, I want to commend the members of the staff. I do not believe any committee ever had a stronger staff than our committee has had. The work that has been done with the staff members helping us, and particularly the staff members of the Housing Subcommittee, has been remarkable.

I have often said that Carl Coan knows more about housing than anybody else in the United States. I guess he has been at it longer than any other person. His time in the field of housing goes back many, many years. He also has a very able staff.

Bob Malakoff is a wonderful staff member. Randy Higgins and Doris Thomas are wonderful staff members. Sometimes I believe Doris Thomas knows more about housing than Carl does. I say that facetiously, but Doris is a real expert on housing and housing information.

I want to pay respect to Tommy Brooks, and all of the other members of the Senate staff who have been connected with this.

Senator BROOKE has a fine staff member in Jerry Buckley.

There are others I could name, but I pay my respects to all of them. They have had a wonderful spirit and cooperation all the way through. Very few people can imagine what a massive job writing this bill was, and then getting it through the Senate. We had no particular trouble in getting it through the Senate. But then it was waiting for the House to develop their bill, as they did, and then going to conference and spending more than a month in conference.

By the way, I notice that the conference report, which was printed in yesterday's RECORD by the House, contains 48 pages of fine print—just the conference report. I think that is a pretty good indication of the massiveness of this whole program.

Senator BROOKE, as has been said, has been a source of great strength. He has shown interest in good housing programs, particularly for the lower income people.

We are all interested in those, but Senator BROOKE has been a dedicated devotee, I should say, to the lower and middle income housing programs.

We are all indebted to the entire membership of the committee, and to the entire staff.

Mr. TOWER. Will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. TOWER. I thank the Senator for his kind remarks. I think we have had a splendid, cooperative relationship. It is due to the good nature and the good will of the Senator from Alabama, who believes it is more important to get constructive legislation than it is to make partisan issues.

In that spirit, I think we have had a productive committee and it is due to his very splendid leadership.

I would like to further say that I view with very mixed emotions his ultimate departure from the chairmanship of the Foreign Relations Committee.

Mr. SPARKMAN. I am going to stay on the committee.

Mr. TOWER. I understand that.

Mr. SPARKMAN. And I will retain my interest in housing.

Mr. TOWER. But I regret he will have to give up his chairmanship of our committee.

I do feel reassured knowing that the legislative implementation of the foreign policy of the United States will repose in his capable hands, but he will be a great loss as chairman and leader of our committee. We are delighted that his presence will still be manifested upon us.

Mr. SPARKMAN. I thank the Senator from Texas.

Mr. HUMPHREY. Mr. President, I rise to support the bill which has been reported by the conference committee and I will vote for its passage. I believe that the members of the conference committee have done an outstanding job in resolving significant disagreements about the direction which our community development and housing programs should take in the future. It is clear to me that many of the concerns which several of my colleagues and I expressed in our letter to the chairman of the conference which printed in the RECORD of July 18, about the Housing and Community Development Act of 1974, have been given serious consideration and favorable decision. I have been working closely with a group of mayors from cities across the country to get a good community development bill. In fact, the mayor of the city of Minneapolis, Al Hofstede, collected 32 signatures of his fellow mayors on a petition expressing many of the same concerns that we here in the Senate have voiced throughout the consideration and development of this legislation.

I would like in the few minutes allowed to me, to clarify the provisions of the bill reported by the Conference, in order to make sure that the Congress intends to be fair with local communities and to move forward immediately to provide housing for our families and bolster the housing market which has been seriously, if not fatally, affected by current unprecedented economic conditions.

May I address my remarks to the Senator from Alabama, relating first to the investigation of the effectiveness of 235 and 236 housing subsidy programs as a preparation for the development of the bill passed by the Senate.

I know that his committee investigated the effectiveness of the 235–236 housing subsidy programs as a preparation for the development of the bill passed by the Senate. I m told that the difficulties with the programs arose from a lack of adequate administrative tools, in the Department of Housing and Urban Development, to assure proper execution of the programs. In other words, that there is nothing inherently wrong with the programs. Is it the intent of the Congress that before these programs are set to expire in 2 years, that another investigation will be conducted to assess their effectiveness; so that if needed, they may be further extended?

Mr. SPARKMAN. Let me say this: The Committee on Banking, Housing and Urban Affairs hold hearings almost annually—in fact, I think I can say annually—to review all of our housing programs. Our review this session showed that these programs to which the Senator has referred, sections 235 and 236, do work, when properly administered.

The new housing bill acknowledges this conclusion by reauthorizing these programs for another 2 years. I want to assure my colleagues that the committee will continue to review sections 235 and 236 programs and to approve them so long as they are needed and Congress continues them as law.

Mr. HUMPHREY. I thank the chairman.

Mr. SPARKMAN. We were able this time, with considerable difficulty in the conference, to have them continued over a 2-year period. The authorization provided is not entirely satisfactory, but is the best that we could work out at this time. I hope that those programs will continue to demonstrate that they are good programs, in spite of some of the things that have been said about them, and that in the future we may be able to continue them still further.

Mr. HUMPHREY. I thank the chairman very much.

Mr. President, a second question: I have some serious doubts about the amount of housing that is likely to be constructed under the new section 23 program. I have talked with developers and builders and they have indicated to me serious doubts about the incentive provided by the program where at last initially the Secretary of Housing and Urban Development will give priority to those projects having 20 percent or less in subsidized units. Is it true that this 20-percent priority is advisory only, and that if it does not stimulate significant construction activity, that the Secretary may change the priority and authorize projects having up to 100-percent subsidized units?

Mr. SPARKMAN. The 20 percent refers to a discretionary program. It is a priority arrangement, for which the Secretary has discretionary authority.

I hope that we will have the success under section 23 that we hope to have. Congress intends to give the Secretary every opportunity to make this program work. But at the same time, the Congress has enacted other programs to insure that we get needed housing, should section 23 not work as it is hoped and believed.

Mr. HUMPHREY. Am I correct in understanding that the Secretary may change the priority and authorize projects having up to 100 percent subsidized units?

Mr. SPARKMAN. He may.

Mr. HUMPHREY. I agree with the question of housing for the elderly has been asked, but let me just state it and get a quick response.

We in Congress have always been especially concerned with the housing which is available to elderly persons and families. We have regularly enacted special programs to assure that elderly housing is constructed. Is it true that under this bill the Secretary may authorize projects for elderly housing with a 100 percent unit subsidy? And this also applies to projects having less than 50 total units?

Mr. SPARKMAN. The Senator is correct.

May I say, in that connection, that I feel that we have worked out a very fine program for housing for the elderly.

Mr. HUMPHREY. I concur in that. The purpose of the question was merely to get good, solid legislative intent.

Mr. SPARKMAN. And we had strong support from both the Senate and the House conferees.

Mr. HUMPHREY. I am concerned about a continuous level of funding for cities who now have, under urban renewal a successful community development effort.

I addressed a letter to the Senator from Alabama on this, together with a petition signed by a number of mayors throughout the United States, led by the distinguished mayor of the city of Minneapolis, Mr. L. Hofstadt. He had collected 32 signatures of his fellow mayors, expressing their concern about the matter of urban renewal and community development effort.

I understand that in this bill, these cities will be protected for only the first 3 years and that the "hold harmless" agreement in the bill will be phased out from the fourth through the sixth year. Is it the intention of Congress that this will be re-reviewed during the third year to determine whether that provision in the law should be changed or extended?

Mr. SPARKMAN. The Senator is correct. We did work out an agreement for a hold harmless program for 3 years, but that does not necessarily terminate the program, because it was made clear that we will restudy it and consider new recommendations.

I may say to the Senator that I am hopeful—expectant—that we can extend it beyond that time.

Mr. HUMPHREY. I thank the chairman.

Mr. SPARKMAN. I strongly support the hold harmless provision.

Mr. HUMPHREY. I understand that in creating this new community development program, Congress intends that the cities shall use this money to eliminate blight and slums and to benefit low- and moderate-income persons. Is it the intention of Congress that the Secretary of Housing and Urban Development shall make a continuous in-depth study and report to Congress on the progress being made by cities to achieve those goals?

Mr. SPARKMAN. Yes. We did not simply express that as a hope in the report. It is a statutory requirement.

Mr. HUMPHREY. So that we will have the action by the Secretary.

Mr. SPARKMAN. That is correct.

Mr. HUMPHREY. As I have indicated, I have worked very closely with mayors and other local government officials all during my public life. During my service as Vice President, I served as the contact with the mayors and the local government officials.

Mr. SPARKMAN. I believe the Senator had a distinguished career as a mayor.

Mr. HUMPHREY. I had a career, at least, as a mayor. I thank the Senator.

Mr. SPARKMAN. I believe the first time I met the Senator was in his office as mayor.

Mr. HUMPHREY. That is correct. I recall the occasion; and may I say that the Senator from Alabama honored us with his presence and his message.

These mayors have expressed great concern to me that there should be funds available and a mechanism to take care of the transition from the present urban renewal program to the new community development grant. Is this provided for in the bill and if so, how much money is being authorized for this purpose?

Mr. SPARKMAN. Yes. The Senator will see in the report that we provide at least $300 million for the purpose of transition and other problems.

Mr. HUMPHREY. Very good.

These programs, of course, cannot be effective unless the Congress appropriates money and the administration spends that money. Am I correct in my calculations that the total amount available for the 235–236 programs under this legislation will be $525 million? And that this total is composed of about $450 million that is now available to the Secretary of Housing and Urban Development because our prior actions here in the Congress and an additional $75 million that represents new money?

Mr. SPARKMAN. The Senator is correct. His figures are correct.

May I say that the totals that we set out there reflect the great housing needs of our Nation.

Mr. HUMPHREY. That is going to be very helpful. I thank the Senator.

According to the information provided me by the staff, the administration has completely stopped the activity under the 235 homeownership program. Is it the intent of the committee that new commitments should be made immediately so that low-income families can purchase housing without any further delays?

Mr. SPARKMAN. Yes; in January 1973, I believe, the President issued an edict, which the Senator may recall, that eliminated, among other programs, the 235–236 program. I must say, regretfully, that that was one of the greatest adversities that ever occurred in the field of housing, and the result is still showing. In fact, it is showing its full effects this year. I believe that housing starts are now down to approximately 1.2 million. That is the report I have. Housing starts should be 2.6 million. This gap is going to tell on us within a few years.

Mr. HUMPHREY. I surely feel that the Senator is absolutely correct as to what is needed in housing. I believe that this bill will go a long way to help.

Mr. SPARKMAN. I do not believe I responded to the Senator's entire question. I think he asked me about the continuance of the homeownership program.

Mr. HUMPHREY. Yes.

Mr. SPARKMAN. We do intend that that program shall be continued. We know it is good, and it has meant much to homeownership in this country.

Mr. HUMPHREY. I am very grateful for that reassurance. One serious problem that all of us are aware of has been the administration's actions in impounding funds for the housing and community development programs. We recently took steps to put this practice under the supervision of the Congress in the Budget Review Act. Am I correct that the funds to be authorized by this bill will be subject to the requirements of that act?

Mr. SPARKMAN. The Budget Reform Act?

Mr. HUMPHREY. Yes.

Mr. SPARKMAN. That is true, and I think we will see impoundment in these fields come to an end.

Mr. HUMPHREY. I have been particularly concerned in the provision governing the production of housing for our low- and moderate-income families that the level of production will not fall, due to the use of the section 23 program, at the expense of the 235–236 programs. We have had a good record of production under the latter two programs before their operation was suspended. As I indicated before, I have doubts about whether the section 23 program has a sufficient incenteive to stimulate production of new and badly needed housing. Is it the intent of Congress that the Secretary should use both programs and particularly, if the section 23 program fails to create activity, that the Secretary can utilize the 236 pprogram?

Mr. SPARKMAN. The answer to that question, of course, is in the affirmative.

Let me say this, further, with reference to the impoundment of funds. There have been rather large amounts—in fact, to my way of thinking, tremendous amounts—of funds impounded. Those funds, already impounded will also be subject to the provisions of the Budget Reform Act.

Mr. HUMPHREY. Very good. With the economic conditions that currently prevail in this country, the rising prices for materials and labor, the shortage of materials, of oil and electricity, many of the projects built in prior years are unable to meet operating costs. Does this legislation have any provision for dealing with the inflation in operating costs?

Mr. SPARKMAN. Yes; we have written in provisions that we hope will be effective in that field. For example, the first year, the present fiscal year, $500 million is made available for operating costs in public housing; in the following year, $560 million.

Mr. HUMPHREY. In connection with operating costs which these subsidized projects must pay, will the notion of operating cost assistance be broadly interpreted so that improvements or additions that a particular project may need to continue its subsidized existence will be allowable?

Mr. SPARKMAN. I would not say that we have completely solved that problem. That is always a problem with us. But we have made some progress forward on it, and I am hopeful that as time goes on, we will be able to get to a satisfactory level.

Mr. BROOKE. Mr. President, will the Senator yield for a question?

Mr. HUMPHREY. I yield.

Mr. BROOKE. Is the Senator concerned about whether we are improving the quality of life in public housing?

Mr. HUMPHREY. That is correct.

Mr. BROOKE. So that, in addition to operating costs, there will be some money for improvements, some repair money?

Mr. HUMPHREY. That is right—to take care of necessary repairs; that because these costs are inflated today, there will be within this fund sufficient moneys, or at least some moneys, that are designed to take care of those modifications, repairs, and improvements.

Mr. BROOKE. To answer the Senator's question, there is money to take care of some of it to some degree. Of course, we would like to have more; as with everything else, we could spend more money on that. But there is money to improve the quality of living in public housing projects. There is also some money for security purposes. Particularly in the case of the elderly, we are concerned with security. So there is money in there for security as well.

There is money, also, to take care of the inflated price of heating fuel oil which was a real problem for us this year. For instance, in the New York City Housing Authority each 1-cent increase in the price of heating fuel added $1 million to that housing authority's budget. Similar increased costs have been incurred by housing authorities all over the country because of inflated energy costs.

Mr. HUMPHREY. I thank the Senator.

Mr. SPARKMAN. I ask if the Senator's question involves some FHA programs, as well as public housing.

With reference to public housing, I just want to offer this: As long as ED BROOKE is a member of our committee or a Member of this body, we can be assured that public housing and, indeed, all housing for lower-income groups will be given adequate attention, and he will be in there fighting for it.

Mr. HUMPHREY. That is my main concern.

Mr. BROOKE. I think the Senator.

We have come a long way. We have raised operating subsidies from $280 in fiscal year 1974 to $500 million in fiscal year 1975. We had hoped to get $600 million, but we compromised on no more than $500 million in fiscal year 1975 and $560 million in fiscal year 1976, which we hope the Secretary of Housing and Urban Development will spend. If he does, we feel that the housing authorities can pay their operating costs and not have the great deficits they have experienced in the past. At the same time, we hope to see an improvement in the quality of living in public housing.

Mr. SPARKMAN. He is the one who was able to convince the conferees of the need for higher levels of operating subsidies in public housing.

Mr. HUMPHREY. I want to thank the Senator from Massachusetts, as well as the Senator from Alabama.

Mr. SPARKMAN. He did not just stop with the committee. He went to see the President and insisted on it.

Mr. HUMPHREY. We have seen so many places in America where public housing projects actually become slum projects. I want to be sure that we give adequate attention to it.

Mr. President, the bill provides $1.25 billion in new public housing contract authority for the development of new housing. Almost all of this new authority will be utilized by the Department of HUD for the revised section 23 housing program, estimated to produce about 400,000 new housing units over the next 2 years. Only $75 million of this total authority is earmarked for development under the traditional public housing approaches—only 37,000 housing units. This emphasis on the revised section 23 program has been authorized, at the insistence of the administration, despite the fact that almost all of the major interests concerned with housing—the private builder, the financing community, the low-income tenant, and the local housing authority—have expressed misgivings about its workability.

Mr. President, we are placing almost all of our housing effort for low-income families in one untried and untested housing program. In this situation, I believe it is incumbent on the Congress to closely monitor the activity under the section 23 program—to see if it is working—to see if it is serving the families it is intended to serve—to see if it is producing quality housing—to see if attention is being given to the management, as well as to the initial production. I recommend that the appropriate congressional committees insist that the Secretary of HUD report on a regular basis to enable them to make these judgments—and to take alternative action, if necessary, to assure a high momentum of new housing activity for lower income families over the next 2 years. I recommend that such reports be presented to the Congress every 6 months beginning with the passage of the act.

In particular, I urge that the Congress look carefully at these aspects of the section 23 program:

How much housing is being built under the new program?

How much is it costing related to the cost of the traditional housing assistance programs?

Is housing being developed for large families, as well as elderly?

Is housing being developed to meet needs in all areas of the Nation—large metropolitan cities, as well as suburban and rural areas?

How are the income limits—80 percent of median income—and the fair market rents working in various areas of the Nation, relative to housing needs?

Are housing developers, private and public, showing interest in developing under the program?

Are financing institutions showing interest in supporting section 23 housing obligations?

What quality of housing is being produced under the program?

What is the level of administrative paperwork involved? How are the HUD area offices carrying out their responsibilities?

What role is the local housing authority performing in terms of protecting the interests of the local community and the lower income family?

How does the applicant and resident in the new section 23 housing feel about how the program is working?

Is attention being given to the concerns of tenants and the management and maintenance of the housing? Who is carrying out the management function?

These are all important and legitimate congressional concerns—and should be the basis for early and continuing reports by the Secretary of HUD.

Again, I thank the distinguished chairman and my colleagues.

Mr. WEICKER. Mr. President, I rise in support of the conference report of the Housing and Community Development Act of 1974. As a member of the Committee on Banking, Housing and Urban Affairs, I am well aware of time and effort committed to the adoption of an omnibus housing bill this year. I commend the chairman for his leadership and resolve as he guided this critical bill through the long and difficult legislative process.

In January 1973, the administration abandoned all subsidized housing programs, condemning them as wasteful and inefficient. Since that time, more and more Americans are seeking decent housing, and discovering that this depressed industry is producing fewer homes at sky-high prices, with little or no mortgage financing available.

In place of the existing subsidy programs, the Department of Housing and Urban Affairs has advocated the adoption of a revised section 23 leasing program, for both existing housing and new construction. While the revised section 23 leasing program will promote housing opportunities for low-income families, this program will not provide the necessary stimulus for increased housing production. As in the case of the housing allowance or rent supplement programs, the revised section 23 leasing program will help to supplement the income levels of needy families. As part of an overall housing strategy, I believe the program is sound. However, to make it the "only game in town," as HUD advocates, is a dangerous gamble.

To reach the level of production required to meet our physical housing needs will require the continuation of traditional public housing, the subsidy programs, and a greater role by State governments.

In 1968, Congress established the national housing goal: construction or rehabilitation of 2.6 million housing units per year. A moratorium, coupled with a tight monetary policy has driven housing starts down to 1.5 million units for 1974. This comes at a time when the Joint Center for Urban Studies at MIT and Harvard estimates that 23 million units need to be constructed in the next decade.

In my own State of Connecticut, State officials have set a goal of approximately 30,000 housing units per year.

These goals are not visionary rhetoric, but realistic assumptions about the national need for decent, sanitary housing for all.

I am convinced we will not be able to meet these housing goals without some form of production incentives. In this regard, I am extremely pleased the conference report retained essential features of an amendment I introduced designed to strengthen the activities of State housing finance agencies. This program provides State housing and development agencies the option to float taxable bonds, with a Federal interest subsidy, the proceeds of which may be used to make mortgage loans at below market interest rates.

A total bond authority of $3.5 billion is authorized by this provision. Such an infusion of "front-end" construction money will lead to the development of over 100,000 homes for low, moderate and middle income families.

It is important to note that section 802(a) requires the Secretary of Housing and Urban Development to encourage maximum participation of Housing and Urban Development to encourage maximum participation by private and nonprofit developers in activities assisted under this program. Clearly, a strong and active commitment by the private sector, as well as Government, is the prerequisite to a decent home and a suitable living environment for all Americans.

For the first time, Congress has provided direct Federal assistance to these State agencies, in an attempt to encourage their formation and effective operation. To date, 33 States have created State housing finance agencies, whose public mandate is to finance or assist in the construction or rehabilitation of housing for low and moderate income families. I am greatly impressed by the enthusiasm and expertise at the State level on housing issues.

This approach envisions a new partnership between the Federal and State governments—a partnership which gives the States the power to select the ways within broad categories that Federal resources will be effectively allocated in order to best meet the housing needs unique to their particular area.

Section 802 of the conference report represents a workable compromise between the Senate language and the House provisions sponsored by Congressman REUSS of Wisconsin.

This compromise proposal retained the Senate's provisions concerning interest reductions and its authorization levels for fiscal years 1975 and 1976 and its emphasis on the development of State housing finance agencies. The conference report did, however, separate the interest subsidies and the Federal guarantee on State bonds. Unlike the Senate version, State housing obligation can be guaranteed only when they are incurred in connection with slum revitalization. The Federal interest subsidy will be available on any taxable bond issued by a State agency, which is designed to provide housing or related facilities or promote sound growth and development of neighborhoods.

In regard to title I, the community development program, I am deeply concerned with certain key provisions of this title. My reservations focus on the allocation and distribution of community development funds. By adopting the House-passed allocation formula, with a phaseout of the hold-harmless provision after the third year of the program, many cities in the Northeast will be gravely affected. For example, the city of New Haven will suffer a drastic cutback in Federal assistance from $17 million to $2.6 million in the fifth year of the program. This is not an isolated case. The following list of funding levels at the first and fifth years of the program for several Northeast cities will clearly illustrate the widespread and drastic nature of the cutbacks in Federal assistance.

Funding levels

(In thousands of dollars)

	Year one	*Year six*
Connecticut (11)		
Bridgeport	4, 107	2, 613
Bristol	1, 060	642
Danbury	1, 198	631
Hartford	10, 275	3, 283
New Britain	4, 181	1, 184
New Haven	17, 078	2, 646
West Haven	727	624
New London	6, 418	465
Norwich	1, 478	570
Stamford	2, 034	1, 376
Waterbury	5, 679	1, 607
Massachusetts (13)		
Cambridge	4, 119	1, 601
Boston	23, 687	11, 860
Lynn	3, 234	1, 317
Malden	4, 561	694
Fall River	5, 470	1, 654

Funding levels—Continued

(In thousands of dollars)

Massachusetts (13)—Continued		
Haverhill	1, 976	615
Lawrence	1, 637	1, 021
Lowell	3, 461	1, 445
New Bedford	10, 125	1, 766
Pittsfield	1, 339	666
Holyoke	2, 943	883
Springfield	9, 109	2, 571
Worcester	6, 038	2, 429
New York (15)		
Albany	2, 090	1, 793
Schenectady	1, 477	996
Troy	1, 414	984
Binghamton	5, 414	926
Buffalo	11, 716	7, 665
Niagara Falls	1, 579	1, 267
Elmira	1, 609	681
Mt. Vernon	2, 596	1, 127
White Plains	3, 712	594
Yonkers	5, 245	2, 623
Poughkeepsie	10, 831	505
Rochester	14, 613	4, 505
Syracuse	11, 852	3, 070
Rome	1, 523	646
Utica	1, 551	1, 408
Rhode Island (2)		
Pawtucket	5, 901	1, 167
Providence	7, 143	3, 457

While the House bill adequately recognizes the real and growing needs of the suburbs, it does so, all too often, at the expense of the central cities.

I would further like to draw attention to a critical Senate provision concerning future authorizations. As of March 31, 1977, the Secretary of HUD is directed to report to the Congress with recommendations for modification or expanding of the allocation and funding provisions of the community development program, and also to conduct a study to determine the measurement of community development needs, goals, and capacities by objective standards. Furthermore, it is stated that before Congress reauthorizes any funds, a systematic study and review of the distribution of funds should be conducted.

I welcome this thorough reevaluation of the program's funding and allocation. Hopefully, more refined statistical criteria will be developed to more accurately identify the needs of our cities.

Finally, a matter of utmost concern is the deletion, in conference, of a Senate amendment requiring communities to make provisions for the relocation of all families displaced by community development activities and to replace, on a one-for-one basis, housing units demolished or removed by such governmental action. This provision is similar to section 105(h) of the existing urban renewal law. This important principle, commonly referred to as the "One for One" amendment, has guided efforts to relocate and house families displaced by governmental action. The logic of this proposal is simple and compelling. If you tear down, you must rebuild.

I am aware of the Uniform Relocation Assistance and Real Property Aquisition Policies Act of 1970 which made substantial changes in relocation benefits available to persons and business concerns displaced by HUD activities.

However, the statute does not specifically address the issue of replacement housing. Specifically, section 205 (c) states that:

> Prior to displacement (of persons by Federal programs) there must be available in areas not generally less desirable in regard to public utilities and public and commercial facilities and at rents or prices within the financial means of families and individuals displaced, decent, safe and sanitary dwellings . . . equal in number to the number of and available to such displaced persons who require such dwellings and reasonably accessible to their places of employment.

Thus, it gives assurances to the families and individuals displaced, that decent, safe, and sanitary housing will be available. Yet, how can such assurances be made, especially in housing markets of a low-income rate, without a public mandate to replace those housing units that are torn down by the Federal bulldozer? I am afraid that the Uniform Relocation Act will fail to adequately protect the interests of displaced families and preserve the existing housing stock in our central cities.

In a working paper by the Department of Housing and Urban Development on one-for-one replacement housing, all cities, in its sample, were "apparently in full compliance with the provisions of section 105(h)." However, the Federal housing programs were in full operation during the period under review by this study. With the condition of the housing market today, the need for the one-for-one amendment is compelling. Virtually no construction and rehabilitation is compelling. Virtually no construction and rehabilitation is taking place in the inner city. We need a driving force for such action by local housing authorities.

At this time, I want to put both HUD and my colleagues on notice that I intend to closely monitor the administration of this act, and offer such strengthening amendments as are warranted in the future.

Mr. President, despite these concerns, I am most heartened by the prospects that an omnibus housing bill will be signed into law. Hopefully, the enactment of the Housing and Community Development Act of 1974 will get the Federal Government moving again in our efforts to provide a decent roof over every American's head.

HOUSING FOR HANDICAPPED

Mr. DOLE. Mr. President, it is gratifying to see that the Senate is today considering final passage of the conference report on the comprehensive housing bill. I would especially like to express my support for the provision concerning housing for the handicapped and elderly.

My interest in improving housing for handicapped and elderly people is longstanding, and my interest led to the introduction of S. 1579, the bill for the demonstration of housing for the handicapped.

In the months of the committee's consideration of the Housing Act, my contacts with the committee led to the inclusion of a specific provision for the handicapped. In addition, a colloquy between the junior Senator from Kansas and the managers of the Housing bill clarified the inclusion of handicapped people together with elderly people under housing programs in this act.

The consequent $800-million home loan program for elderly and handicapped people should be of great benefit. In addition, the provision for low-income housing for the elderly and handicapped will be beneficial. I believe these programs will be most helpful to handicapped people in Kansas and other States.

Mr. President, I am happy to support this measure and hope that every Senator will join me in my support.

Mr. WILLIAMS. Mr. President, I would like to commend the chairman, the Senator from Alabama (Mr. SPARKMAN) for the leadership he has provided in bringing this comprehensive housing bill, S. 3066, through a long and difficult conference.

I expect this bill to provide desperately needed assistance to our troubled housing industry and to our sagging mortgage markets. I am hopeful that it will also provide significant aid to low- and moderate-income families who are chronically at the bottom of the heap in the search for decent housing.

I am quite pleased that the final version of the Housing and Community Development Act of 1974 includes a measure which I introduced to revive the very successful section 202 program under which the Federal Government makes direct loans to sponsors of construction of housing for the elderly and handicapped.

The renewal of the section 202 housing program for the elderly and handicapped is a deeply gratifying victory. For 5 years I have been fighting to restore this program to full operation, and I am delighted that both the House and Senate conferees have agreed to reconstitute in a new and improved form.

The 202 program ran into trouble beginning in 1969 because of its impact on the annual Federal budget. By making some important changes in the financial structure of 202, we have put together a program that, to a large extent, will avoid budgetary criticisms and, at the same time, will renew a badly needed program of new construction specifically geared for older Americans.

The revised section 202 program will operate in the following manner:

First. The Secretary of Housing and Urban Development is authorized to borrow from the Treasury up to $800 million to make direct Government loans to eligible sponsors. This authority is available in addition to the over $100 million that has accumulated in the old section 202 revolving fund. The financing of these loans will not be reflected in the budget.

Second. Sponsors may be nonprofit groups, limited-dividend developers, consumer cooperative organizations, and public agencies.

Third. The loans to the eligible sponsors will be made at the prevailing Government interest rate plus an amount to cover administrative costs on the loans. Thus, sponsors will benefit from the lower interest rates available because of the Government's borrowing power, and there will be no cost to the Government.

Fourth. The revised section 23 leasing program will be available to all 202 units. This program of rental assistance payments will mean that tenants will not have to pay more than 25 percent of their income for rent, and will make 202 housing available to the very low income elderly.

If the full $800 million is made available, it would finance construction of an estimated 45,000 units of section 202 housing. This would equal the total number of units built under section 202 in the full course of its history since enactment in 1959. Hundreds of thousands of elderly persons are now on waiting lists for this type of housing throughout the country, and I am optimistic that the renewal of the 202 program represents a significant step towards meeting their needs.

As chairman of the Subcommittee on Housing for the Elderly of the Special Committee on Aging, I have had many opportunities to visit housing built under the 202 program. I have found, without exception, that these projects were well conceived, well executed, and well run. They succeed admirably in meeting the special needs of the elderly, and I have been told by hundreds of tenants of these projects how pleasant life there can be. Furthermore, I would point out that there has never been a default on repayment of a loan made under the 202 program. Renewal of this program through this legislation could have a great positive impact on the lives of thousands of elderly Americans.

There is another section of this omnibus bill which I originally introduced, and which I am pleased is in the final version we agreed upon in conference. This section would amend the Federal Highway Act of 1973, and the Urban Mass Transportation Assistance Act, which now contain provisions prohibiting Federal mass transit assistance to bus companies, unless the applicant agrees not to engage in certain types of charter bus service. The Congress passed similar modifying legislation last year, but President Nixon vetoed it.

If the provisions of existing law are enforced, almost half of the publicly owned bus companies in the United States would have to choose between giving up their charter services, which often are the most solvent part of their operations, or foregoing Federal mass transportation assistance. In New Jersey alone, this has jeopardized a grant application of $60 million to purchase 1,845 buses for Transport of New Jersey—our State's largest transportation system.

The amendments contained in this legislation would remove the existing prohibition, but would also require companies seeking assistance to enter into agreements with the Department of Transportation to insure that competing private companies are not foreclosed from their charter service by firms receiving Federal aid.

Mr. President, one significant feature of S. 3066, which I would like to comment upon, is the creation of a new community development program which consolidates the urban renewal, open space, model cities, and other categorical programs into a single block grant effort. The primary objective of this title is the development of viable urban communities by providing decent housing and a suitable living environment and expanding economic opportunities principally for persons of low and moderate income.

The bill provides $2.5 billion for community development in fiscal year 1975, $2.95 billion in fiscal year 1976, and $2.95 billion in fiscal year 1977. Communities which have participated in the programs in the past will receive a hold-harmless amount. Communities with populations of over 50,000 will also be assigned an entitlement which is based upon a formula which takes into account population, housing overcrowding, and poverty. Over the 3-year period a local government whose formula entitlement exceeds its hold-harmless amount will be phased into its formula entitlement.

Before the conclusion of the 3-year period for which funds are authorized, the Secretary of HUD is directed to report his recommendations to Congress on adjustments to the hold-harmless and formula entitlements. I would expect the Secretary's recommendations to be substantial. My experience with the Elementary and Secondary Education Act has indicated that a distribution of funds based solely upon a formula is fraught with many pitfalls. Existing Federal indices of poverty, for example, are not sufficiently flexible to meet the needs of an enduring community development allocation formula. The existing OMB poverty criteria do not reflect regional variations in income levels beyond a general distinction between farm and nonfarm areas. Furthermore, the current OMB criteria are not particularly well suited for use in a community development formula because they are based solely on the cost of food for a family of a given size. They do not take into account variations in housing costs, which certainly ought to be of prime concern in developing a working community development formula, nor do they take into account variations in transportation costs, medical costs, or the cost of other necessary services.

I would like to make it clear that the Senate conferees agreed to accept the concept of a distribution of funds based in part upon a formula only with the firm understanding that HUD would be directed to develop solid, relevant data for use in the allocation process after 1977.

Our housing and community development efforts have been in disarray for the past several years. I am optimistic that this new legislation will help provide sorely needed construction of housing for low-income persons, and that it will provide relief for our tight mortgage credit markets.

Mr. SPARKMAN. Mr. President, I ask unanimous consent that the requirement of printing the report as a Senate report be waived.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SPARKMAN. Mr. President, as far as I know, we are ready to vote.

I move the adoption of the conference report.

The PRESIDING OFFICER. The question is on the adoption of the conference report. The yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Indiana (Mr. BAYH), the Senator from Florida (Mr. CHILES), the Senator from North Carolina (Mr. ERVIN), the Senator from Arkansas (Mr. FULBRIGHT), the Senator from Alaska (Mr. GRAVEL), the Senator from Maine (Mr. HATHAWAY), the Senator from Hawaii (Mr. INOUYE), the Senator from Louisiana (Mr. LONG), the Senator from Wyoming (Mr. MCGEE), the Senator from Minnesota (Mr. MONDALE), and the Senator from California (Mr. TUNNEY) are necessarily absent.

Mr. GRIFFIN. I announce that the Senator from Utah (Mr. BENNETT), the Senator from Kentucky (Mr. COOK), the Senator from Colorado (Mr. DOMINICK), and the Senator from Illinois (Mr. PERCY) are necessarily absent.

I also announce that the Senator from New York (Mr. BUCKLEY) is absent on official business.

I further announce that, if present and voting, the Senator from Kentucky (Mr. COOK) and the Senator from Illinois (Mr. PERCY) would each vote "yea."

The result was announced—yeas 84, nays 0, as follows:

[No. 363 Leg.]

YEAS—84

Abourezk
Aiken
Allen
Baker
Bartlett
Beall
Bellmon
Bentsen
Bible
Biden
Brock
Brooke
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Case
Church
Clark
Cotton
Cranston
Curtis
Dole
Domenici
Eagleton
Eastland
Fannin
Fong
Goldwater
Griffin
Gurney
Hansen
Hart
Hartke
Haskell
Hatfield
Helms
Hollings
Hruska
Huddleston
Hughes
Humphrey
Jackson
Javits
Johnston
Kennedy
Magnuson
Mansfield
Mathias
McClellan
McClure
McGovern
McIntyre
Metcalf
Metzenbaum
Montoya
Moss
Muskie
Nelson
Nunn
Packwood
Pastore
Pearson
Pell
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Scott, Hugh
Scott, William L.
Sparkman
Stafford
Stennis
Stevens
Stevenson
Symington
Taft
Talmadge
Thurmond
Tower
Weicker
Williams
Young

NAYS—0

NOT VOTING—16

Bayh
Bennett
Buckley
Chiles
Cook
Dominick
Ervin
Fulbright
Gravel
Hathaway
Inouye
Long
McGee
Mondale
Percy
Tunney

So the conference report was agreed to.

Mr. SPARKMAN. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

Mr. WILLIAMS. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ORDER FOR ADJOURNMENT TO 10 A.M. THURSDAY

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until the hour of 10 a.m. on Thursday.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECOGNITION OF SENATOR ROBERT C. BYRD, SENATOR HUGH SCOTT, AND SENATOR GRIFFIN ON THURSDAY, AUGUST 15, 1974

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that after the two leaders or their designees have been recognized under the standing order on Thursday, the following Senators be recognized, each for not to exceed 15 minutes, and in the order stated: Mr. ROBERT C. BYRD, the Senator from Pennsylvania (Mr. HUGH SCOTT), and the Senator from Michigan (Mr. GRIFFIN).

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR TRANSACTION OF ROUTINE MORNING BUSINESS ON THURSDAY, AUGUST 15, 1974

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that after recognition of Senators on Thursday under the order previously entered, there be a period for the transaction of routine morning business of not to exceed 15 minutes, with statements limited therein to 5 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

ENERGY REORGANIZATION ACT OF 1974

Mr. ROBERT C. BYRD. Mr. President, I request that the Senate now proceed to the consideration, without any intention of taking any action thereon today, of Calendar No. 944, S. 2744.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the immediate consideration of the bill.

The Chair is informed that it has been taken up once today and been put over until Thursday.

Mr. ROBERT C. BYRD. Very well.

Mr. President, I ask that the bill be again taken up at this time.

The PRESIDING OFFICER. The clerk will report.

The second assistant legislative clerk read as follows:

> Calendar No. 944, S. 2744, a bill to reorganize and consolidate certain functions of the Federal Government in a new Energy Research and Development Administration and in a Nuclear Energy Commission in order to promote more efficient management of such functions, reported with an amendment.

SENATOR BARRY GOLDWATER RECOMMENDED FOR OFFICE OF VICE PRESIDENT OF THE UNITED STATES

Mr. FANNIN. Mr. President, for the second time within 1 year's time our country is in search of a new Vice President. The first search ended in the House of Representatives, and Gerald Ford was indeed an excellent choice. Now he is our President, and the speech he gave last night demonstrates that he will be a dynamic leader.

It occurs to me that the current search for a Vice President could well lead to this Chamber, to the U.S. Senate, and I would like to suggest that the right man for the job is my good friend and colleague from Arizona, BARRY GOLDWATER.

Just one decade ago, Senator GOLDWATER was the choice of our party, the Republican Party, for the Presidential nomination. He waged a vigorous and a thoroughly honest campaign for the office. Those of us who engaged in that campaign of 1964 knew in our hearts that BARRY GOLDWATER was right, but those of us who understood the political climate of the times also knew that we were fighting an extremely tough and uphill battle.

BARRY GOLDWATER never wavered in that campaign. He never sacrificed principle in an effort to sway voters. He did not make any promises that could not be kept. He called things as he saw them, and that is not always the politically expedient course of action.

Time has proven that my colleague from Arizona was right on many of the proposals which were scorned by his opponents in 1964.

BARRY GOLDWATER is Mr. Integrity. He is the kind of man who could work side-by-side, hand-in-hand, with President Ford. He is candid, he is courageous, he never ducks tough problems, he always bears more than his share of responsibility.

It has been my good fortune to know BARRY GOLDWATER since childhood. We went to grammar school together in Phoenix.

All though our school years it was BARRY GOLDWATER who was the leader, the pacesetter for his fellow students.

In everything he has undertaken he has excelled.

He was an extremely successful businessman.

He was an outstanding pilot both in the Air Corps during World War II and in private aviation, with over 37 years of service in the military activities of our Nation. He has flown just about every type of aircraft known to man, including helicopters. He was a founder of the Air National Guard in Arizona. These are just a few of his many outstanding accomplishments.

BARRY GOLDWATER knows as much about the military as any man in this Congress. This would add a great dimension to the Ford administration.

In politics, BARRY GOLDWATER was one of the original reform candidates who brought clean and progressive government to the city of Phoenix. He served on the city council at a time when the government of the municipality made tremendous progress.

Then, in 1952, it was GOLDWATER who defeated the then-majority leader of the U.S. Senate in a major political upset. He earned that victory.

He quickly became Mr. Conservative, a much sought speaker and writer throughout the Nation.

Even in his leisure time, BARRY GOLDWATER has been a man of achievement and excellence. He is well known for his marvelous photography and for his dedication to amateur radio.

The name GOLDWATER is admired and respected across this land. He has worked to help the minorities, especially our Indian citizens, to attain a better life.

He would make a great Vice President.

THE VICE-PRESIDENCY

Mr. ROTH. Mr. President, when great problems emerge in this country we are usually successful in finding the right man to come forward to help solve them. Today no greater problems exist than the state of the economy and confidence in the integrity of Government. In President Ford we have the right man to address these problems, as he so eloquently demonstrated in his speech to the joint session of Congress. But President Ford will have his hands full in many other areas as well and he needs the help of a Vice President who is by nature intelligent and experienced, dedicated to fiscal integrity and honesty and openness in Government.

I believe that President Ford and the country need:

A man of established high competence in Government and business;

A man of tried and tested integrity;

A man with depth experience in Washington politics;

A man who is trusted by the public and by the leaders of both parties;

A man who is known in the Congress, whose experience in the Senate and is desirable in light of President Ford's background is to be preferred;

A man of political experience, but without political ambition;

A man who would not thirst for power, but who is capable of assuming the power of the Presidency;

A man who would be applauded by honest conservatives and honest liberals alike;

A man who would have no fear of the rigorous investigation the House and Senate must perform;

A man who could be confirmed quickly with a minimum of controversy and conflict;

A man capable of assuming the responsibilities of the Presidency, but devoid of any desire to perpetuate himself in public office;

A man who would be willing to serve, but unwilling to engage in any grab for power;

A man who is vigorous enough to make a real contribution as Vice President, capable of assuming the Presidency, but uninterested in any scramble for the Presidential or Vice Presidential nominations in 1976.

I believe in Delaware's former Senator John Williams we have such a man—a man like Mr. Ford of impeccible integrity. Senator Williams, long known as the watchdog of the Senate, is well known for his fierce devotion to integrity in Government and for his strong beliefs in individual freedom.

Senator Williams is known for his scrupulous fairness, and he demanded that the same standards be lived up to regardless of party. He is indeed a man of the hour and should be brought back into Government as our Vice President. He enjoys the respect of the most ardent partisans of both parties, and his integrity and experience would insure him the respect of the American people.

Former Senator John Williams was the

foremost advocate of fiscal responsibility during his years of public service.

As a former member of the Joint Committee on Reduction of Federal Expenditures, John Williams initiated congressional efforts in 1968, 1969, and 1970 to limit Federal spending. In fact, John Williams was in a large part responsible for this country's last balanced budget in 1969.

John Williams is also keenly aware of the political difficulties that many Members of Congress see in reducing Federal spending, but he is even more aware of the political and economic dangers of domestic inflation fed by excessive Federal spending.

With inflation our No. 1 problem, and with controlling Federal spending our No. 1 priority, the new Vice President's No. 1 responsibility should be as the administration's advocate of fiscal stability. And I believe that a former Member of Congress, John Williams, is the logical choice to help get this country on the road toward fiscal efficiency and toward restoring confidence in the integrity of Government.

ORDER FOR RECOGNITION OF SENATOR HARRY F. BYRD, JR., ON THURSDAY

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that following the recognition of Mr. GRIFFIN on Thursday, Mr. HARRY F. BYRD, JR., be recognized for not to exceed 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, there will be no further rollcall votes today.

When the Senate adjourns today, it will adjourn over until Thursday and will convene at the hour of 10 a.m.

After the two leaders or their designees have been recognized under the standing order, the following Senators will be recognized, each for not to exceed 15 minutes, and in the order stated: Mr. ROBERT C. BYRD, Mr. HUGH SCOTT, Mr. GRIFFIN, and Mr. HARRY F. BYRD, JR.

There will then be a period for the transaction of routine morning business of not to exceed 15 minutes, with statements limited therein to 5 minutes.

On Thursday, the following conference reports will be taken up: Transportation appropriations, Public Works appropriations, and Treasury, Postal Service appropriations. Other conference reports may be called up during the day. In addition thereto, the bill, S. 2744, ERDA, will be under consideration. Other calendar measures cleared for action may be called up at any time. Rollcall votes may occur.

ADJOURNMENT TO 10 A.M. THURSDAY, AUGUST 15, 1974

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in adjournment until the hour of 10 o'clock a.m. Thursday.

The motion was agreed to; and at 5:50 p.m. the Senate adjourned until Thursday, August 14, 1974, at 10 a.m.

NOMINATIONS

Executive nominations received by the Senate August 13, 1974:

DEPARTMENT OF STATE

Jack B. Kubisch, of Michigan, a Foreign Service officer of the class of Career Minister, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Greece, vice Henry J. Tasca, resigning.

Richard L. Sneider, of New York, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Korea.

HOUSE OF REPRESENTATIVES—*Tuesday, August 13, 1974*

The House met at 12 o'clock noon.

Father E. Carl Lyon, St. John the Baptist Catholic Church, Silver Spring, Md., offered the following prayer:

Heavenly Father give us the grace to become people in love, a love that is the strongest force in the world; stronger than hate; stronger than evil; stronger than death.

Give us that love that embraces all peoples regardless of creed, color, or race and teaches us that all peoples are just as real as we are, just as prone to mistakes as we are, just as nice as we are.

Give us the love that knows not anger, nor revenge, nor wrath, nor rancor; a love that enables us to look into the hearts of people, hearts that are hungry for joy, hungry for happiness, hungry for consolation.

We ask this in the name of Your Son Jesus Christ. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Marks, one of his secretaries, who also informed the House that on August 10, 1974, the President approved and signed bills of the House of the following titles:

H.R. 10309. An act to amend the act of June 13, 1933 (Public Law 73-40), concerning safety standards for boilers and pressure vessels, and for other purposes; and

H.R. 13264. An act to amend the provisions of the Perishable Agricultural Commodities Act, 1930, relating to practices in the marketing of perishable agricultural commodities.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Arrington, one of its clerks, announced that the Senate had passed with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 342. An act to authorize the District of Columbia to enter into the Interstate Agreement on Qualification of Educational Personnel.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 11864) entitled "An act to provide for the early commercial demonstration of the technology of solar heating by the National Aeronautics and Space Administration and the Department of Housing and Urban Development, in cooperation with the National Bureau of Standards, the National Science Foundation, the General Services Administration, and other Federal agencies, and for the early development and commercial demonstration of technology for combined solar heating and cooling."

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 3717. An act to extend the Emergency Petroleum Allocation Act of 1973.

REV. E. CARL LYON

(Mr. GUDE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GUDE. Mr. Speaker, our guest minister today, the Reverend E. Carl Lyon, is the pastor of St. John the Baptist Catholic Church in Silver Spring, Md., and, indeed, founded the parish 14 years ago. He was recently appointed vicar of lower Montgomery County—in which post he will represent the archbishop in the six parishes comprising that area.

Father Lyon was born in Indian Head, Md., and was graduated by St. Johns College, Annapolis, in 1934. For 4 years, he worked as a social worker and a salesman, entering St. Mary's Seminary in Baltimore in 1938. He was ordained in Baltimore in 1945.

Since then, he has served as an assistant at Holy Comforter here, assistant at Blessed Sacrament, also here in Washington, and in recent years as pastor at St. John the Baptist.

It is with great pleasure that I welcome Father Lyon as our guest minister.

PERMISSION FOR COMMITTEE ON RULES TO FILE CERTAIN PRIVILEGED REPORTS

Mr. MURPHY of Illinois. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight to file certain privileged reports.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

A DOMESTIC SUMMIT

(Mr. SIKES asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. SIKES. Mr. Speaker, several days ago I introduced in the House the concurrent resolution adopted in the Senate calling for a domestic summit for the purpose of designing a plan of action to confront the serious economic problems that confront our Nation.

The President of the United States last evening called for such a national meeting and I applaud his call for action.

I propose today that officials of local government also be represented at this important meeting. Specifically, I urge that the chairman of the Governor's Conference, the president of the U.S. Conference of Mayors, the president of the National League of Cities and the president of the National Association of Counties also be present at the domestic summit table.

Mr. Speaker, we must be certain that the people's voice is heard at this summit meeting. The presence of the representatives of local government, the government closest to the people, will help to achieve our goals.

THE PRESIDENT'S PROPOSALS FOR A MONITORING AGENCY

(Mr. PATMAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PATMAN. Mr. Speaker, last night, President Ford asked the Congress to approve a revival of the Cost of Living Council as a monitoring agency on prices and wages.

It is my intention to introduce legislation today to accomplish these purposes. The bill (H.R. 16397) I will introduce was sent to the Congress in a message from former President Nixon in a speech in Los Angeles on July 25.

Mr. Speaker, the Banking and Currency Committee will move immediately on this legislation and it is my present intention to hold hearings tomorrow, Wednesday, and to mark up the bill in the same session.

As I have stated previously, it would be a mistake to consider a monitoring agency as any kind of cure-all for what troubles the economy. However, the President has asked for this tool and I have no objection to this proposal so long as the Congress and the American public understand its limited value as a possible jawboning vehicle.

This legislation will be moved expeditiously as evidence of the Congress desire for mutual cooperation with the President. I think all of us in the Congress want to give early consideration to the President's proposals.

THE ANTI-INFLATION ACT OF 1974

(Mr. J. WILLIAM STANTON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. J. WILLIAM STANTON. Mr. Speaker, on April 3 of this year I introduced before our Committee on Banking and Currency a bill called the Anti-Inflation Act of 1974. Basically, what this bill was to do was to continue the Cost of Living Council, stripping it of its authority on price and wage controls, but for monitoring and reporting purposes only.

Today, our distinguished chairman has announced that we will have hearings tomorrow morning. In line with that, I will reintroduce this bill this afternoon, and sincerely hope that when the subject comes before our committee tomorrow, our distinguished chairman will consider it along with the bill he introduced.

APPOINTMENT OF CONFEREES ON H.R. 15581, DISTRICT OF COLUMBIA APPROPRIATIONS, 1975

Mr. NATCHER. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 15581) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1975, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky? The Chair hears none, and appoints the following conferees: Messrs. Natcher, Stokes, Tiernan, Chappell, Burlison of Missouri, McKay, Roush, Mahon, Myers, McEwen, Coughlin, Young of Florida, and Cederberg.

ELEVENTH ANNUAL REPORT ON SPECIAL INTERNATIONAL EXHIBITIONS—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, referred to the Committee on Foreign Affairs:

To the Congress of the United States:

As required by law, I transmit to the Congress the Eleventh Annual Report on Special International Exhibitions conducted during fiscal year 1973 under the authority of the Mutual Educational and Cultural Exchange Act of 1961 (Public Law 87-256).

This report covers exhibitions presented abroad by the U.S. Information Agency at international fairs and under East-West Cultural Exchange agreements, as well as exhibitions and labor missions presented abroad by the Department of Labor.

GERALD R. FORD.

THE WHITE HOUSE, *August 13, 1974.*

COMMUNICATION FROM THE CLERK OF THE HOUSE

The SPEAKER laid before the House the following communication from the Clerk of the House of Representatives:

WASHINGTON, D.C.
August 13, 1974.

Hon. CARL ALBERT,
The Speaker, House of Representatives.

DEAR MR. SPEAKER: I have the honor to transmit herewith a sealed envelope from the White House, received in the Clerk's Office at 10:00 P.M. on Monday, August 12, 1974, and said to contain H.R. 5094, An Act to amend title 5, United States Code, to provide for the reclassification of positions of deputy United States marshal, and for other purposes, and a veto message thereon.

With kind regards, I am,

Sincerely,

W. PAT JENNINGS,
Clerk, House of Representatives.

RECLASSIFICATION OF POSITIONS OF DEPUTY U.S. MARSHAL—VETO MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 93-336)

The SPEAKER laid before the House the following veto message from the President of the United States:

To the House of Representatives:

I am today returning to the Congress without my approval H.R. 5094, a measure that would require the reclassification and upgrading of deputy United States marshals.

A bill substantially similar to this legislation was passed by the Congress and then pocket vetoed by President Nixon in October, 1972. Since that time various departments of the executive branch have consistently argued that such legislation would be unwise and discriminatory.

That opposition has been based upon the view that by singling out deputy United States marshals for significant salary increases, the Government would be creating serious pay inequities with other Federal law enforcement personnel, thus violating fundamental principles of fairness. In addition, H.R. 5094 would severely disrupt existing grade and pay relationships among the deputy marshals themselves. In some cases, under this legislation, junior marshals would be paid $1,150 a year more than their senior colleagues. Some deputies doing identical work would be placed in different pay grades, while deputies performing different jobs would be placed in the same pay grade.

I fully appreciate the fine service performed by our deputy U.S. marshals, and I am aware that the Congress was prompted by a desire to ensure that their pay matched the increasing responsibilities they have assumed in recent years.

But I also believe that this legislation would run directly counter to the principle of equal pay for equal work that underlies our civil service system. Our policy has been and must continue to be one of fundamental fairness to all Federal employees. For that reason, I am returning this legislation without my approval.

GERALD R. FORD.

THE WHITE HOUSE, *August 12, 1974.*

The SPEAKER. The objections of the President will be spread at large upon the Journal.

MOTION OFFERED BY MR. HENDERSON

Mr. HENDERSON. Mr. Speaker, I move that the message, together with the accompanying bill, be referred to the Committee on Post Office and Civil Service, and ordered to be printed as a House document.

The motion was agreed to.

CALL OF THE HOUSE

Mr. DICKINSON. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. O'NEILL. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 478]

Andrews, N.C.
Ashley
Blatnik
Brasco
Brinkley
Brown, Mich.
Broyhill, Va.
Burke, Calif.
Carey, N.Y.
Chappell
Chisholm
Clark
Collier
Conte
Conyers
Davis, Ga.
Diggs
Dingell
Drinan
Dulski
Esch
Fascell
Flynt
Ford
Fraser
Giaimo
Gray
Gubser
Gunter
Hansen, Wash.
Harsha
Hawkins
Hébert
Hogan
Holifield
Jones, Tenn.
Kemp
Landrum
Long, Md.
McSpadden
Macdonald
Mitchell, Md.
Obey
Passman
Podell
Powell, Ohio
Rarick
Reid
Robison, N.Y.
Rooney, N.Y.
Sarbanes
Smith, N.Y.
Stephens
Stuckey
Teague
Thornton
Udall
Widnall
Wiggins
Williams
Young, Ga.

The SPEAKER. On this rollcall 373 Members have recorded their presence by electronic device, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

CONTINUITY OF U.S. FOREIGN POLICY

Mr. FASCELL. Mr. Speaker, I ask unanimous consent that the Committee on Foreign Affairs be discharged from further consideration of the resolution (H. Res. 1310) relating to the continuity of United States foreign policy and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. RES. 1310

Resolved, That Gerald R. Ford having recently assumed the Presidency of the United States, the U.S. House of Representatives does hereby make known to all foreign nations that it joins the President in his determination to assure and to provide for the continuity of the foreign policy objectives of the United States.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

The resolution was agreed to.

A motion to reconsider was laid on the table.

CONFERENCE REPORT ON H.R. 15544, TREASURY DEPARTMENT, U.S. POSTAL SERVICE, EXECUTIVE OFFICE OF PRESIDENT AND CERTAIN INDEPENDENT AGENCIES APPROPRIATIONS, 1975

Mr. STEED. Mr. Speaker, I call up the conference report on the bill (H.R. 15544) making appropriations for the Treasury Department, the U.S. Postal Service, the Executive Office of the President, and certain independent agencies for the fiscal year ending June 30, 1975, and for other purposes, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of August 6, 1974.)

Mr. STEED (during the reading). Mr. Speaker, in view of the fact that the statement was printed in full in the CONGRESSIONAL RECORD on Tuesday, August 6, 1974, I ask unanimous consent that further reading of the statement be dispensed with.

The SPEAKER pro tempore (Mr. ROSTENKOWSKI). Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. STEED. Mr. Speaker, we bring this conference report here today providing for a total new operational authority of $5,561,169,000, which is $57,027,000 under the budget. It is $57,375,000 over the amount passed in the original House version, and $4,339,000 under the figure as approved by the other body. Of this amount the increase over the House figure of $41,350,000 came about because of the additional budget amendments that came up after the House had acted on the bill. Therefore we did not have an opportunity to consider them in our version.

We believe this is as good and as tight a bill as it is possible to provide because of the nature of the agencies that are covered in this bill.

There are two or three matters that I would like to touch on as we present this. As you know, most of the Executive Offices of the President are included in this bill. We had some difficulty in the original version because of the lack of proper legislative authority. I think we have managed to provide amendments here that will take care of the situation, even though the legislation which is now in its final stages of enactment may not clear in time to provide the legal authority we had hoped for in the beginning. I am sure all the Members are aware of that.

There are two items in the bill that we did not have in the House bill. One is the provision for the new home on the Naval Observatory grounds for the Vice President which will have to be renovated. The other is the $500,000 transition allowance that is standard every time we make a change in the Presidency. We have all that covered in the bill. I think even though we have had a changing of the guard in the Executive area, we have all the funding facilities here that that situation would bring about.

There is another matter that I would like to refer to, that is in regard to the U.S. Customs Service. We have increased the amount of money for the Customs Service. When this bill passed the House it carried language that spelled out very clearly that the proposed transfer or reassignment of certain functions or activities of the U.S. Customs Service to the Immigration and Naturalization Service did not have our approval and was not to be implemented. We did not agree that the Office of Management and Budget had the legal authority to make such changes in the basic law. The other body has agreed with our position very strongly. I want the record to be very clear that it is the very positive intent of the Congress that the jurisdiction of the U.S. Customs Service not be meddled with.

In another area, we have made some substantial changes in the General Services Administration part of the bill. This has given us some difficulty this year, because Congress enacted a new public building law; but I think we have everything in good balance now. I believe everybody is well pleased with the way it stands.

Members will notice that the report indicates a reduction of $681,998,000 below last year. This looks like a very substantial saving, but it is really not, because the funds for a lot of the General Services activities now come from rentals paid by all agencies of the Government; so this $681,998,000, while not in this bill, is scattered throughout all the other appropriation bills, because the funding of it is now through the rental process.

One of the reasons for adopting this system is that it gives us now a firm reading on the space requirements and the space use by all agencies of the Government which is something we have not had heretofore.

Mr. VANIK. Mr. Speaker, will the gentleman yield?

Mr. STEED. I yield to the gentleman from Ohio.

Mr. VANIK. Mr. Speaker, earlier this year I raised some questions about the Government's executive interchange program. I want to express my appreciation to the chairman of the subcommittee, the gentleman from Oklahoma who has been extremely sensitive to the problems I have raised. I am grateful for the committee's activities in this area.

In connection with the consideration of the conference report on H.R. 15544, the Treasury, Post Office, and Civil Service appropriation, one particular amendment has been returned to the House in technical disagreement. It is amendment No. 38, a section appropriating funds for the civil service to fund the President's Commission on Personnel Interchange.

As you recall, Mr. Speaker, I raised the point of order that this program had not been properly authorized by the House, thereby precluding appropriations. That point of order was sustained by the distinguished chairman of the Appropriations Subcommittee (Mr. STEED) and $353,000 was consequently deleted from the civil service budget. That amount, however, was reinstated in the Senate civil service appropriations and returns today for a mandatory vote under the rules of the House.

During the discussion of this section in the other body, a letter from the General Accounting Office was introduced into the RECORD indicating that under existing statutes, if very broadly interpreted, the general civil service authorization was sufficient to fund the interchange program. The Comptroller General stated that the personnel interchange program, despite a lack of specific authorization, could legally and properly be funded by Congress.

I regret this decision very much. I feel that dependence upon such a ruling is not adequate to protect the rights of the House. This precedent can unfortunately allow this body to fund any of hundreds of programs that come before us despite a complete lack of proper, specific authorization by the House. In fact, Mr. Speaker, such a ruling, it seems to me, encourages the executive branch to continue its practice of creating programs through Executive order with no study, no hearings, and no other specific authorization by either body of the Congress.

In this particular case, the General Accounting Office is hard at work on a complete review of the program and will report their results to me sometime in October. Several previous GAO studies on potential conflict of interest situations by individual interchange program participants have resulted in referrals to the Justice Department.

It is my intention to work with the authorizing committees in both the House and the Senate to fully review this program in order to determine whether it is in the national interest to continue funding. There appears to be consensus in both bodies that such a study is long overdue.

Fundamentally, the Congress must ask whether the objectives of this program—to allow business executives a short-term experience in government, does not in itself create inevitable conflicts of interest since each participant maintains financial connections with the employer-company from which he is on leave.

Another possibility for conflicts of interest is the Federal Government's agreement to pay for three trips to the home company during the employee's 1-year leave of absence.

At a minimum, Mr. Speaker, an appearance of conflict of interest is at stake in many of the instances so far reviewed. It would seem to me that any appearance of conflict must be avoided. I would hope that other means could be developed in the private sector to help increase awareness by their executives of the legislative and executive branches of our Government.

The American people are acutely aware of the potential for Government-business conflicts of interest and we must be sensitive to any program which even appears to breed such conflict. In my judgment this program most certainly falls into this category.

I wish to express my deep appreciation to the chairman of the subcommittee, my distinguished colleague from Oklahoma (Mr. STEED). He has been extremely sensitive to the problems which I have raised. His in-depth knowledge and counsel on this matter has demonstrated, once again, his superb grasp of the most minute details of the legislation which he so successfully shepherds through the House. I appreciate also the assistance of the subcommittee's unrivaled counsel and my good friend, Tex Gunnels.

I pledge to continue to work on this problem with my colleagues until it is properly resolved in the next Congress. The GAO study should begin to provide the Congress with the depth of information necessary to begin this difficult process.

Therefore, while I personally object to the continuation of the program on both technical and substantive grounds, I will not object to agreement to the Senate amendment in this regard.

Mr. GROSS. Mr. Speaker, would my friend, the gentleman from Oklahoma, yield?

Mr. STEED. Yes, I will be happy to yield to the gentleman from Iowa.

Mr. GROSS. I note on page 6 of the conference report that the cost of administering the public debt went up $3½ million as between the House figure and the Senate figure. In other words the conference increased it by $3½ million to $88,500,000.

I can remember not too long ago—and I am sure the gentleman from Oklahoma can remember—when the administration of the Bureau of Public Debt cost $10 or $15 million. Was this $3½ million increase made necessary by some unusual development? What accounts for it?

Mr. STEED. I say to the gentleman that most of this is what we consider more or less automatic cost. Postage is a very big item; automatic pay raises; but actually, most of this whole $88,500,000 is dictated by the volume of work done and the fees that are owed because of the refinancing of the national debt. We owe the Federal Reserve banks and the commercial banks throughout the country which act as agents for the Debt Management Bureau.

So the number of people we have employed has not gone up. These are more or less automatic costs that are brought on by the automatic increases that the refinancing of the debt imposes upon us.

Mr. GROSS. So debt, deficit, and inflation are all feeding upon themselves.

Mr. STEED. Mr. Speaker, along with the gentleman from Iowa, I sometimes am surprised that people do not understand or realize how much money it costs to owe the national debt, and that this annual cost now is $88,500,000. If the debt increases and the volume of refinancing continues, this appropriation has to go up.

So, that is a lot of money to pay to keep up with how much we owe.

Mr. GROSS. If the gentleman will yield further, what is the cost of the interest on the Federal debt this year?

Mr. STEED. The latest estimate we had is $31 billion. That is subject to variation as to the interest rates they pay when they refinance that part of the debt which comes due and payable each year. It could be a little under that or it could be perhaps half a million dollars more.

Mr. GROSS. I recall reading a few days ago that the debt in this country at the time of President Thomas Jefferson—patron saint of the Democratic Party—was some $20 million. He succeeded, before leaving office, in paying off practically all that debt.

The operating cost of the Government in Jefferson's day, the total operating cost of the Federal Government, was about $9 million.

We have come a "fur piece" since the time of Jefferson, would the gentlemen agree?

Mr. STEED. Yes, and since we are approaching the Bicentennial year, it might be interesting to the gentleman from Iowa to call his attention to the fact that we have a lot of care and attention to these deficits we run, but back in the time of President Andrew Jackson, the Nation had a surplus and it created a crisis, which they still have not deceided whether that surplus was properly disposed of or not.

I think it was prorated out to the several States at the time. Since then, the Government wanted to get the money back and it never did, so it is one of those interesting and unsolved pieces of American history.

Mr. GROSS. If the gentleman will permit me, I would hope the Democrats of today would work as assiduously as did the Democrats of that day in retiring the Federal debt.

Mr. STEED. Thinking about the crisis that having a national surplus created back in those days, I am sure the gentleman would join with me in saying that is the kind of crisis we could use some of today, instead of the ones we have been having.

Mr. GROSS. I note on page 7 of the conference report that the Senate provided $1,000 for official entertainment for the Council on International Economic Policy.

I wonder whether the gentleman thinks that will be sufficient for the entertainment of the Council on International Economic Policy, whatever that may be.

Mr. STEED. I would hope so. They did not indicate that they needed any more than that. I would think they need some money because they deal with representatives of foreign governments and should be able to perform in our country on the same basis as foreign governments do when we are in theirs.

Mr. GROSS. I thank the gentleman.

Mr. STEED. Mr. Speaker, I include at this point a breakdown of the appropriations contained in this conference report:

TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT BILL, 1975

Agency	Appropriations, fiscal year 1974	Fiscal year 1975 estimate (amended) [1]	Passed House	Passed Senate	Conference action	Conference action compared with—			
						1974 appropriation	1975 estimate	House	Senate
TITLE I—TREASURY DEPARTMENT									
Office of the Secretary: Salaries and expenses	$18, 842, 000	$28, 100, 000	$21, 600, 000	$26, 500, 000	$25, 850, 000	$7, 008, 000	−$2, 250, 000	+$4, 250, 000	−$650, 000
Federal Law Enforcement Training Center:									
Salaries and expenses	2, 250, 000	3, 200, 000	3, 100, 000	3, 100, 000	3, 100, 000	+850, 000	−100, 000		
Construction		18, 915, 000	18, 915, 000	18, 915, 000	18, 915, 000	+18, 915, 000			
Total, Federal Law Enforcement Training Center	2, 250, 000	22, 115, 000	22, 015, 000	22, 015, 000	22, 015, 000	+19, 765, 000	−100, 000		
Expenses for Economic Stabilization (liquidating functions)		2, 560, 000		2, 000, 000	2, 000, 000	+2, 000, 000	−560, 000	+2, 000, 000	
Bureau of Accounts	82, 078, 000	102, 576, 000	85, 000, 000	100, 000, 000	100, 000, 000	+17, 922, 000	−2, 576, 000	+15, 000, 000	
Government losses in shipment	800, 000	600, 000	600, 000	600, 000	600, 000	−200, 000			
Bureau of Alcohol, Tobacco, and Firearms	79, 948, 000	95, 299, 000	87, 500, 000	94, 639, 000	92, 000, 000	+12, 052, 000	−3, 299, 000	+4, 500, 000	−2, 639, 000
U.S. Customs Services	241, 700, 000	287, 422, 000	283, 000, 000	284, 800, 000	284, 800, 000	+43, 100, 000	−2, 622, 000	+1, 800, 000	
Bureau of the Mint:									
Salaries and expenses	25, 290, 000	33, 000, 000	30, 000, 000	32, 000, 000	32, 000, 000	+6, 710, 000	−1, 000, 000	+2, 000, 000	
Construction of Mint facilities		11, 800, 000					−11, 800, 000		
Total, Bureau of the Mint	25, 290, 000	44, 800, 000	30, 000, 000	32, 000, 000	32, 000, 000	+6, 710, 000	−12, 800, 000	+2, 000, 000	
Bureau of the Public Debt	80, 880, 000	89, 653, 000	85, 000, 000	88, 500, 000	88, 500, 000	+7, 620, 000	−1, 153, 000	+3, 500, 000	
Internal Revenue Service:									
Salaries and expenses	37, 087, 000	41, 500, 000	40, 000, 000	41, 000, 000	41, 000, 000	+3, 913, 000	−500, 000	+1, 000, 000	
Accounts, collection, and taxpayer service	610, 683, 000	721, 025, 000	705, 000, 000	712, 600, 000	712, 600, 000	+101, 917, 000	−8, 425, 000	+7, 600, 000	
Compliance	664, 430, 000	807, 940, 000	780, 000. 000	791, 000, 000	791, 000, 000	+126, 570, 000	−16, 940, 000	+11, 000, 000	
Total, Internal Revenue Service	1, 312, 200, 000	1, 570, 465, 000	1, 525, 000, 000	1, 544, 600, 000	1, 544, 600, 000	+232, 400, 000	−25, 865, 000	+19, 600, 000	
Federal Tax Lien Revolving Fund		500, 000	500, 000	500, 000	500, 000	+500, 000			
Office of the Treasurer	13, 200, 000	15, 500, 000	14, 000, 000	14, 000, 000	14, 000, 000	+800, 000	−1, 500, 000		
U.S. Secret Service	69, 550, 000	83, 075, 000	77, 000, 000	79, 300, 000	79, 300, 000	+9, 750, 000	−3, 775, 000	2, 300, 000	
Total, title I, Treasury Department, new budget (obligational) authority	1, 926, 738, 000	2, 342, 665, 000	2, 231, 215, 000	2, 289, 454, 000	2, 286, 165, 000	+359, 427, 000	−56, 500, 000	+54, 950, 000	−3, 289, 000
TITLE II—UNITED STATES POSTAL SERVICE									
Payment to the Postal Service Fund	1, 698, 000, 000	1, 552, 607, 000	1, 550, 000, 000	1, 550, 000, 000	1, 550, 000, 000	−148, 000, 000	−2, 607, 000		
TITLE III—EXECUTIVE OFFICE OF THE PRESIDENT									
Compensation of the President	250, 000	250, 000	250, 000	250, 000	250, 000				
Council of Economic Advisers	1, 414, 000	1, 607, 000	1, 600, 000	1, 600, 000	1, 600, 000	+186, 000	−7, 000		
Council on International Economic Policy	1, 376, 000	1, 800, 000	1, 600, 000	1, 600, 000	1, 600, 000	+224, 000	−200, 000		
Disaster Relief	400, 000, 000					−400, 000, 000			
Domestic Council	1, 100, 000	1, 331, 000	1, 250, 000	1, 250, 000	1, 250, 000	+150, 000	−81, 000		
Economic Stabilization Activities	75, 395, 000					−75, 395, 000			
Emergency fund for the President	1, 000, 000	1, 000, 000				−1, 000, 000	−1, 000, 000		
Unanticipated personnel needs				1, 000, 000	500, 000	+500, 000	+500, 000	+500, 000	−500, 000
Executive Residence	1, 433, 000	1, 695, 000	1, 695, 000	1, 695, 000	1, 695, 000	+262, 000			
Official residence of the Vice President, operating expenses				315, 000	315, 000	+315, 000	+315, 000	+315, 000	
Expenses of Management Improvement	350, 000	500, 000				−350, 000	−500, 000		
National Commission on Productivity	885, 000	2, 500, 000	1, 500, 000	2, 500, 000	2, 000, 000	+1, 115, 000	−500, 000	+500, 000	−500, 000
National Security Council	2, 802, 000	2, 932, 000	2, 900, 000	2, 900, 000	2, 900, 000	+98, 000	−32, 000		
Office of Management and Budget	19, 400, 000	23, 400, 000	19, 400, 000	22, 500, 000	21, 000, 000	+1, 600, 000	−2, 400, 000	+1, 600, 000	−1, 500, 000
Office of Telecommunications Policy	2, 126, 000	9, 512, 000	9, 400, 000	7, 500, 000	8, 450, 000	+6, 324, 000	−1, 062, 000	−950, 000	+950, 000
Special Action Office for Drug Abuse Prevention:									
Salaries and expenses	5, 000, 000	7, 000, 000	3, 000, 000	3, 000, 000	3, 000, 000	−2, 000, 000			
Pharmacological research	20, 000, 000		4, 000, 000	4, 000, 000	4, 000, 000	−16, 000, 000			
Special fund	26, 000, 000	11, 000, 000	11, 000, 000	11, 000, 000	11, 000, 000	−15, 000, 000			
Total, Special Action Office for Drug Abuse Prevention	51, 000, 000	18, 000, 000	18, 000, 000	18, 000, 000	18, 000, 000	−33, 000, 000			
Special Assistance to the President	692, 000	920, 000	910, 000	910, 000	910, 000	+218, 000	−10, 000		
Special Projects	414, 000					−414, 000			
White House Office	11, 260, 000	16, 510, 000	16, 367, 000	16, 367, 000	16, 367, 000	+5, 107, 000	−143, 000		
Total, title III, Executive Office of the President, new budget (obligational) authority	570, 897, 000	81, 957, 000	74, 872, 000	78, 387, 000	76, 837, 000	−494, 060, 000	−5, 120, 000	+1, 965, 000	−1, 550, 000
TITLE IV—INDEPENDENT AGENCIES									
Administrative Conference of the United States	600, 000	755, 000	750, 000	750, 000	750, 000	+150, 000	−5, 000		
Advisory Commission on Intergovernmental Relations	1, 106, 000	1, 101, 000	1, 050, 000	1, 075, 000	1, 075, 000	−31, 000	−26, 000	+25, 000	
Advisory Committee on Federal Pay	130, 000	130, 000	130, 000	130, 000	130, 000				
Civil Service Commission:									
Salaries and expenses:									
Appropriation	71, 234, 000	91, 526, 000	89, 647, 000	90, 000, 000	90, 000, 000	+18, 766, 000	−1, 526, 000	+353, 000	
By transfer	(15, 016, 800)	(18, 698, 000)	(18, 698, 000)	(18, 698, 000)	(18, 698, 000)	(+3, 681, 200)			
Government payment for annuitants, employees health benefits	163, 114, 000	264, 817, 000	264, 817, 000	264, 817, 000	264, 817, 000	+101, 703, 000			
Payment to civil service retirement and disability fund	881, 905, 000	882, 287, 000	882, 287, 000	882, 287, 000	882, 287, 000	+382, 000			
Federal Labor Relations Council	777, 000	980, 000	975, 000	975, 000	975, 000	+198, 000	−5, 000		
Intergovernmental personnel assistance	10, 000, 000	15, 000, 000	15, 000, 000	15, 000, 000	15, 000, 000	+5, 000, 000			
Total, Civil Service Commission	1, 127, 030, 000	1, 254, 610, 000	1, 252, 726, 000	1, 253, 079, 000	1, 253, 079, 000	+126, 049, 000	−1, 531, 000	+353, 000	

See footnotes at **end of table.**

TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT BILL, 1975—Continued

Agency	Appropriations, fiscal year 1974	Fiscal year 1975 estimate (amended)[1]	Passed House	Passed Senate	Conference action	Conference action compared with—			
						1974 appropriation	1975 estimate	House	Senate
TITLE IV—INDEPENDENT AGENCIES—Continued									
Commission on the Review of the National Policy Toward Gambling	$250,000	$1,281,000	$250,000	$1,000,000	$1,000,000	+$750,000	−$281,000	+$750,000	
Committee for Purchase of Products and Services of the Blind and Other Severely Handicapped	240,000	252,000		252,000	252,000	+12,000		+252,000	
General Services Administration:									
Public Buildings Service:									
Operating expenses	500,232,000					−500,232,000			
Repair and improvement of public buildings	103,683,000					−103,683,000			
Construction, public buildings projects	2,572,000					−2,572,000			
Sites and expenses, public buildings projects	500,000					−500,000			
Payments, public buildings purchase contracts	7,300,000					−7,300,000			
Expenses, U.S. court facilities	7,000,000					−7,000,000			
Disposal of Surplus Real and Related Personal Property		7,727,000	7,200,000	7,200,000	7,200,000	+7,200,000	−527,000		
Federal Buildings Fund (limitation)		(980,000,000)	(871,875,000)	(1,044,925,000)	(1,008,870,700)	(+1,008,870,700)	(+28,870,700)	(+136,995,700)	(−$36,054,300)
Total, Public Buildings Service	621,287,000	7,727,000	7,200,000	7,200,000	7,200,000	−614,087,000	−527,000		
Federal Supply Service	101,950,000	188,158,100	165,500,000	165,500,000	165,500,000	+63,550,000	−22,658,000		
National Archives and Records Service:									
Operating expenses	41,080,000	56,064,000	50,500,000	50,000,000	50,500,000	+9,420,000	−5,564,000		+500,000
Records declassification	1,085,000		1,305,030	1,305,000	1,305,000	+220,000	+1,305,000		
Total, National Archives and Records Service	42,165,000	56,064,300	51,805,000	51,305,000	51,805,000	+9,640,000	−4,259,000		+500,000
Automated Data and Telecommunications service	7,100,000	8,278,000	7,000,000	7,000,000	7,000,000	−100,000	−1,278,000		
Property Management and Disposal Service	38,200,000					−38,200,000			
Preparedness Activities:									
Office of Preparedness, Salaries and Expenses	5,096,000	7,999,000	7,650,000	7,650,000	7,650,000	+2,554,000	−349,000		
Defense Mobilization Functions of Federal Agencies	3,260,000	3,841,000	3,000,000	1,500,000	1,500,000	−1,760,000	−2,341,000	−1,500,000	
Total, Preparedness Activities	8,356,000	11,840,000	10,650,000	9,150,000	9,150,000	+794,000	−2,690,000	−1,500,000	
General Activities:									
Salaries and expenses, Office of the Administrator	2,950,000					−2,950,000			
General Management and Agency Operations, Salaries and Expenses		16,095,000	10,200,000	10,650,000	10,650,000	+10,650,000	−5,445,000	+450,000	
Federal Management Policy, Salaries and expenses		1,820,000	1,600,000	1,730,000	1,730,000	+1,730,000	−90,000	+130,000	
Indian tribal claims	2,290,000		2,523,000	2,523,000	2,523,000	+233,000	+2,523,000		
Allowances and office staff for former Presidents	60,000	99,000	60,000	60,000	60,000		−39,000		
Administrative and Staff Support Services, Salaries and Expenses (Administration Operations Fund)	(46,407,000)	(48,218,000)	47,978,000	47,978,000	47,978,000	+47,978,000	+47,978,000		
Total, General Activities	5,300,000	18,014,000	62,361,000	62,941,000	62,941,000	+57,641,000	+44,927,000	+580,000	
Total, General Services Administration	824,358,000	290,081,000	304,516,000	303,096,000	303,596,000	−520,762,000	+13,515,000	−920,000	+500,000
U.S. Tax Court: Salaries and expenses	5,818,000	6,457,000	6,285,000	6,285,000	6,285,000	+467,000	−172,000		
Department of Defense:									
Civil Defense:									
Operation and maintenance	60,000,000	64,300,000	60,000,000	63,400,000	63,400,000	+3,400,000	−900,000	+3,400,000	
Research, shelter survey and marking	22,000,000	22,000,000	22,000,000	18,600,000	18,600,000	−3,400,000	−3,400,000	−3,400,000	
Total, Civil Defense, Department of Defense	82,000,000	86,300,000	82,000,000	82,000,000	82,000,000		−4,300,000		
Department of Health, Education, and Welfare:									
Health Services and Mental Health Administration:									
Emergency health	6,000,000					−6,000,000			
Total, title IV, independent agencies, new budget (obligational) authority	2,047,532,000	1,640,967,000	1,647,707,000	1,647,667,000	1,648,167,000	−399,365,000	+7,200,000	+460,000	+500,000
Grand total, titles I, II, III, and IV, new budget (obligational) authority	6,243,167,000	5,618,196,000	5,503,794,000	5,565,508,000	5,561,169,000	−681,998,000	−57,027,000	+57,375,000	−4,339,000

[1] Includes budget amendments of $41,350,000 not considered by the House.

Mr. STEED. Mr. Speaker, I yield such time as he may consume to the gentleman from California (Mr. ROYBAL).

Mr. ROYBAL. Mr. Speaker, I rise in support of the conference report to H.R. 15544, the Treasury, Postal Service and general government appropriations bill. I commend my colleague, the gentleman from Oklahoma (Mr. STEED) and the other members of the subcommittee for the effort they have put into this legislation.

During hearings before our subcommittee, we learned that GSA and the Department of Agriculture planned a joint procurement of 5 computer systems equipped to serve 3,000 remote terminals. The system, known as FEDNET, was designed to be used on a shared time basis by these agencies. There was also some evidence that GSA planned to involve other agencies in the use of the system.

The shared use of computers by many Government agencies raises the potential of a national data bank and the massive invasion of an individual's privacy.

In response to questions of the subcommittee, GSA Administrator Arthur Sampson admitted that he had not studied the privacy question.

We requested Mr. Sampson to suspend further implementation of the acquisition pending an evaluation of the privacy question. Our action was backed by similar requests from OMB, from the then Vice President and now President Ford and the Office of Telecommunications.

Mr. Sampson acceded to our request during the hearing. Yet, 3 weeks later we learned that GSA had published procurement specifications and had put them out for bids. At that point, I introduced an amendment to H.R. 15544 which prohibited funds contained in the bill from being used to acquire FEDNET or a successive system.

The other body, however, made the House prohibition even more restrictive.

The action of the House conferees in receding to their language insures that the intent of the House will not be subverted by back door funding. The language of the House-passed bill only prohibited funds contained in this legislation from being used for the procurement of FEDNET or its successor. It did not reach GSA's revolving computer fund established under section 111 of the Federal Property and Administrative Services Act. However, the other body's provision does prohibit the use of money in the revolving fund and the action of the conferees in accepting this langauge insures that the intent of the House will be carried out.

Mr. STEED. Mr. Speaker, I yield such time as he may consume to the gentleman from Ohio (Mr. MILLER).

Mr. MILLER. Mr. Speaker, I rise in support of the conference report H.R. 15544, making appropriations for the Treasury Department, U.S. Postal Service, Executive Office of the President, and certain independent agencies.

The chairman of the committee, the gentleman from Oklahoma (Mr. STEED), has worked steadily with our ranking minority Member on this side, the gentleman from New York (Mr. ROBISON), who is not able to be here today, and I believe they have cranked out a conference report we can be proud of, because it is a conference report that is below the budget by some $57,027,000.

A few minutes ago, in the colloquy between the gentleman from Iowa and the chairman of the committee, they were discussing the Bureau of the Public Debt. I would like to make it clear that the Bureau of the Public Debt does roll over our national debt, working on it continuously, by issuing savings bonds, Treasury bills, and Treasury notes, and they anticipate in this fiscal year 1975 to be issuing some 157 million new certificates. I believe that should be an indication to this Congress as to what direction we are going.

Mr. Speaker, we now have a huge public debt and a debt limitation of something just under $500 billion. As a matter of fact, in the year 1962, if my memory serves me correctly, we had a budget of some $100 billion. In 9 years, by 1971, we had a budget of $200 billion. In 1975 we wind up with a budget of over $300 billion, each year going beyond the revenues that we take in.

Mr. Speaker, I want to commend the chairman of our committee for his work not only on the bill but in the conference.

At this time, Mr. Speaker, I yield 5 minutes to the gentleman from Iowa (Mr. GROSS).

Mr. GROSS. Mr. Speaker, the conference report on H.R. 15544 provides an opportunity to review for the record the finances of the U.S. Postal Service.

A gleaning of the hearings of the House Committee on Appropriations and its Subcommittee on Postal Service, reveals a business in serious financial difficulty.

On April 9, in testimony before the Appropriations Committee, Ralph Nicholson, Senior Assistant Postmaster General, Finance Group, estimated net income of the U.S. Postal Service for fiscal year 1975 to be $44 million. However, on July 9, 1974, just 3 months later, in testimony before the Subcommittee on Postal Service, Mr. Nicholson said he believed the Postal Service would have a deficit of $475 million in fiscal year 1975.

Therefore, in a matter of 3 short months, Nicholson went from estimating a surplus of $44 million to predicting a deficit of $475 million, a miscalculation of $519 million.

This bit of financial prognosticating raises some serious questions on the ability of the Postal Service to reasonably project its income and expenses.

As recent as June 27, 1974, the Postal Service borrowed $500 million from the Federal Financing Bank. The purpose of this loan was for operating expenses. It is a 1-year—9.3-percent issue. Therefore, the principal, plus about $46 million interest is due in fiscal year 1975, or it must be refinanced. And, the prospect is that it will be necessary for this issue to be refinanced because of the estimated deficit of $475 million.

Further, the Postal Service expects to borrow another $500 million in fiscal year 1975, which will bring the long term debt to $1.2 billion.

In addition, the investment picture of the Postal Service is even less heartening. To illustrate, investments of the Postal Service in 1972 totaled at $1.3 billion; 1973, $1 billion; and 1974, $986 million.

However, the Assistant Postmaster General For Finance, Richard Gould, in testimony before the Appropriations Committee said that at the end of 1974, investments would be around $400 million. These investments are in special short-term issues of the Treasury. Mr. Nicholson, also a witness, added that—

> This cash or these investments are not necessarily, in fact they are not, unencumbered dollars. These are dollars that are needed to liquidate prior commitments. They are temporarily in our hands, but they are not free dollars that we have any volitional control over.

Postmaster General Klassen was asked if this were a full-fledged business operation, would he not think his working capital was pretty low? He answered, "it would be in damned bad shape."

Therefore, from June 30, 1972, to December 31, 1974, investments will have decreased $970.2 million. And, I repeat, the $400 million dollars remaining in investments are dollars previously committed.

This means that the Postal Service will have for all practical purposes, no investment portfolio at the end of 1974.

The Postal Service's budget for fiscal year 1974 shows an estimated cash position to be $513 million, and for fiscal year 1975, $480.2 million. Further, payroll costs are running $400 million every 2 weeks. Therefore, cash on hand is enough to take care of one 2-week payroll, but that is all. In the words of Nicholson, "I think the cash available is seriously short."

It is for this reason the Postal Service borrowed $500 million on June 27, 1974, from the Federal Financing Bank, for operating expenses. And, the current financial picture is such that it would not be too surprising to see the estimated $500 million borrowing for 1975 to also be for operating expenses rather than for the stated purpose of capital expenditures.

Accordingly, we can probably expect to see all of the following developments in fiscal year 1975:

First. Another postal rate increase, possibly boosting first class mail 2 or 3 cents;

Second. The scheduled additional borrowing of $500 million will result in money for operating expenses, rather than capital expenditures;

Third. The Postal Service will refinance the $500 million loan it borrowed in June 1974 form the Federal Financing Bank. Further, it will probably be refinanced at a higher rate of interest rather than at a lower rate of interest as reported by Postal Service officials;

Fourth. A new labor contract in 1975 will significantly add to Postal Service expenses. The 1972 contract was estimated to be $1.4 billion. Cost of living costs, according to figures in the appropriations hearings, account for an additional $416.2 million;

Fifth. Postal Services will be reduced; and

Sixth. The Congress will be requested to appropriate more money under the provision, "transitional expenses."

Mr. Speaker, the Post Service is in bad financial shape and, I am afraid, things are going to become worse. I hope my projections are overstated, but unless some drastic changes are taken by Postal Service management to contain costs and reverse its penchant for spending, the Congress can expect to see more red ink in the future. In fiscal year 1974 alone, the taxpayers subsidized the new Postal Service to the tune of almost $2 billion—that is the difference between postal receipts and expenses. This is as much as the cost of the old Post Office operation in the 25-year period from 1946 to 1971.

Mr. Speaker, I say to the members of this subcommittee which handles these appropriations to the House Post Office and Civil Service Committee and to the Members of the House—for I will not be here next year—that they must give serious consideration to taking this operation back under the full and direct control of Congress.

Mr. ADDABBO. Mr. Speaker, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from New York.

Mr. ADDABBO. I thank the gentleman for yielding.

Mr. Speaker, I wish to commend the gentleman for bringing this to the attention of the House. I fully agree with him. With all the money that has been spent, it has been spent on the upper echelons, the supergrades, and not for the service to the American people. I believe the faster the Committee on Post Office and Civil Service gets the Post Office back under its rein to reduce wasteful spending, watching the line items which can be done, without taking full control but watching every dollar that the supergrades receive and then putting greater concentration on the lower grades, we will be getting proper service to the American people.

Mr. GROSS. The gentleman from New York (Mr. ADDABBO) formerly served on the Post Office and Civil Service Committee and I know of his real interest in this matter. I thank him for the observations he has made.

Mr. Speaker, I include the following editorial from today's Washington Post pertaining to the sad situation in the postal system.

[From the Washington Post, Aug. 13, 1974]

COMPLAINTS ON KLASSEN'S STYLE RISE

(By Jack Anderson)

The clamor last week for Richard Nixon to evacuate the White House was accompanied by a more modest demand that Ted Klassen leave the Postal Service.

Several Postal Union officials, having read our exposes of the Postmaster General, have called for his resignation. They have now been joined, significantly, by Rep. Morris Udall (D-Ariz.), a powerful member of the House Post Office Committee.

In response to all this pressure, Klassen decided to give himself a raise. He cajoled the board of governors into sweetening his expense allowance and guaranteeing him a $15,000 annual retirement if he should choose to step down.

Earlier this year, after we started writing about his mismanagement, he wangled a job security clause in his new contract. The board of governors amazingly agreed to pay him a full $60,000 a year salary until 1977 if he should be fired.

In other words, the taxpayers will be stuck with paying Klassen no matter what he does—$60,000 a year if he hangs on, $60,000 a year if he is fired or $15,000 a year if he resigns.

Meanwhile, the FBI is investigating our charges against Klassen, particularly a report that he received a $22,917 fee from a postal contractor.

As long as he holds out in his postal penthouse above Washington's fashionable L'Enfant Plaza, however, he is continuing unabashedly to live in the high style we have described in previous columns.

His latest extravagance is a carpeted and paneled stairwell for his rare walks between the 10th and 11th floors. He usually travels the distance in the fanciest executive elevator in town, which lifts him grandly from his reception room up to his penthouse.

There have been occasions, however, when he has been obliged to use the back stairs. Not one to trod on ordinary, barren steps, he has now installed plush carpeting, aluminum paneling and globe wall lights in the stairwell between the two floors.

We have already reported that the Postmaster General spent $302,200 to furnish his 10th-floor suite and an even more staggering $528,360 to outfit the penthouse for the Board of Governors. They rarely use it, so he has simply added it to his lavish domain.

Visitors enter Klassen's office through two sets of walnut doors, one emblazoned with the Post Office seal. Total cost: $3,671. The receptionist's desk cost $1,576, and Klassen's personal secretary sits at a cheaper $1,014 model.

His own desk, for traditional reasons, was hauled in from his former headquarters. But he has a convertible couch costing $1,143, seven chairs totalling $5,748, a $1,141 conference table and a $194.50 telephone table. His carpet cost the taxpayers $11,666 and the draperies came to $5,999. Not far away is a pantry, which cost the taxpayers another $5,280.

Upstairs, the food from the pantry can be prepared in a fabulous $50,000 kitchen, which we mentioned in an earlier article. Despite our stories about his extravagance, he treated himself to some new dinnerware on May 15, selecting $6,147.25 worth of china, crystal, holloware and flatware.

He ordered nothing but the best, of course. He bought a tea cup and saucer set for $13.50 each, cream pitchers that cost $59.70 apiece and sugar bowls that ran up to $53.23 apiece. He paid an incredible $229.52 for two water pitchers.

The other offices in the Postmaster General's complex are equipped with four settees totaling $3,297, two sofas costing $3,349, eight conference tables running $11,660 and 20 chairs for the tables costing $9,642. There is also a $1,835 drum table, two credenzas worth $2,644 and 14 lounge chairs costing $5,559. Above it all hangs a $3,718 chandelier.

There is no chandelier in the bathroom. But it contains an impressive $800 marble countertop.

The L'Enfant Plaza Building, which houses postal brass, was purchased for $30 million. It has cost the taxpayers another $8 million to bring the new postal headquarters up to Klassen's standards.

Because the building was purchased "as is," all repairs must be paid by the Postal Service. Already, $357,500 has been laid out for additional architectural and engineering work. Now a leaky garage is going to cost another $150,000 to repair.

The mails may be moving slower, and postal workers may have difficulty keeping up with the cost of living, but Ted Klassen has it made.

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. ALEXANDER. Mr. Speaker, as we consider today the appropriation for the U.S. Postal Service, I feel compelled to express my concern, as I have many times since I came to Congress 6 years ago, with the service we are getting in return for the expenditure of taxpayers' money.

We have seen postal rates raised, yet we can discern no measurable improvement in service, particularly in the countryside. There has been an increasing tendency in the Postal Service to centralize its operation in large cities and a corresponding tendency to help pay for these expenditures for buildings and equipment through reductions of manpower and services needed in the heartland of this Nation.

This tendency to shortchange those Americans who have chosen the countryside as their home is evident throughout our Government and its sprawling bureaucracy.

In order that I might better gage the level and quality of services rendered by the Postal Service in the First Congressional District of Arkansas, I have appointed a 22-member Congressional Advisory Committee, with representation from all 21 counties that comprise my district, including individuals from businesses, personal users, and former employees of the Postal Service.

I shall utilize this committee to advise me of areas that need the most improvement, as well as soliciting their views on substantive changes in current national postal policies, particularly those that are potentially a hindrance to the growth and development of nonmetropolitan areas.

As we consider spending some $1,550,000,000 of taxpayers' mon for the "service" of mail handling and delivery, I urge my colleagues to consider changes in the present system and status of the Postal Service as a quasi-independent agency.

Mr. Speaker, from the service we are getting today, it is quite evident that the ZIP code has lost its zip.

Mr. STEED. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

A motion to reconsider was laid on the table.

AMENDMENTS IN DISAGREEMENT

The SPEAKER. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 1: Page 2, line 7, insert: "and not to exceed $10,000 for official and representation expenses".

MOTION OFFERED BY MR. STEED

Mr. STEED. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. STEED moves that the House recede from its disagreeemnt to the amendment of the Senate numbered 1 and concur therein with an amendment, as follows: In lieu of the matter inserted by the Senate, insert the following: "and not to exceed $10,000 for official reception and representation expenses".

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 3: Page 2, line 10: Strike out "services as authorized by 5 U.S.C. 3109" and insert: "unforeseen emergencies of a confidential character, to be allocated and expended under the direction of the Secretary of the Treasury and to be accounted for solely on his certificate, and of which $3,600,000 shall be for repairs and improvements to Treasury buildings and shall remain available until expended."

MOTION OFFERED BY MR. STEED

Mr. STEED. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. STEED moves that the House recede from its disagreement to the amendment of the Senate numbered 3 and concur therein.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 4: Page 3, line 5, insert:

EXPENSES FOR ECONOMIC STABILIZATION (LIQUIDATING FUNCTIONS)

For expenses necessary to enable the Secretary of the Treasury to terminate and provide for an orderly phaseout by December 31, 1974, of the economic stabilization activities conducted under the Economic Stabilization Act of 1970, as amended, including services as authorized by 5 U.S.C. 3109, but at rates for individuals not to exceed the per diem equivalent of the rate for GS-18 $2,000,000: *Provided*, That advances, repayments or transfers may be made to any department or agency for expenses of such termination.

MOTION OFFERED BY MR. STEED

Mr. STEED. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. STEED moves that the House recede from its disagreement to the amendment of the Senate numbered 4 and concur therein.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 7: Page 4, line 7, strike: "as authorized by 5 U.S.C. 3109" and insert: "of expert witnesses at such rates as may be determined by the Director;".

MOTION OFFERED BY MR. STEED

Mr. STEED. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. STEED moves that the House recede from its disagreement to the amendment of the Senate numbered 7 and concur therein.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 12: Page 5, line 16, strike out: "services as authorized by 5 U.S.C. 3109" and insert: services of expert witnesses at such rates as may be determined by the Commissioner;.

MOTION OFFERED BY MR. STEED

Mr. STEED. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. STEED moves that the House recede from its disagreement to the amendment of the Senate numbered 12 and concur therein.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 14: Page 6, line 3, strike out: "as authorized by 5 U.S.C. 3109," and insert: "of expert witnesses at such rates as may be determined by the Commissioner;".

MOTION OFFERED BY MR. STEED

Mr. STEED. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. STEED moves that the House recede from its disagreement to the amendment of the Senate numbered 14 and concur therein.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 16: On page 6, line 16, strike "as authorized by 5 U.S.C. 3109" and insert in lieu thereof: "of expert witnesses at such rates as may be determined by the Commissioner;".

MOTION OFFERED BY MR. STEED

Mr. STEED. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. STEED moves that the House recede from its disagreement to the amendment of the Senate numbered 16 and concur therein.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 19: On page 7, line 19, after "Vice President of the United States" insert: "and for the utilization of the Executive Protective Service to provide security at the official residence of the Vice President.".

MOTION OFFERED BY MR. STEED

Mr. STEED. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. STEED moves that the House recede from its disagreement to the amendment of the Senate numbered 19 and concur therein.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 20: On page 8, line 4, insert: "entering into contracts with the Department of State for the furnishing of health and medical services to employees and their dependents serving in foreign countries;".

MOTION OFFERED BY MR. STEED

Mr. STEED. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. STEED moves that the House recede from its disagreement to the amendment of the Senate numbered 20 and concur therein.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 22: On page 9, line 15, strike "services as authorized by 5 U.S.C. 3109" and insert: "personnel services without regard to the provisions of law regulating the employment and compensation of persons in the Government service, $1,600,000."

MOTION OFFERED BY MR. STEED

Mr. STEED. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. STEED moves that the House recede from its disagreement to the amendment of the Senate numbered 22 and concur therein.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 23: On page 9, line 18, insert: "of which an amount not to exceed $1,000 may be expended for official entertainment.".

MOTION OFFERED BY MR. STEED

Mr. STEED. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. STEED moves that the House recede from its disagreement to the amendment of the Senate numbered 23 and concur therein.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 24: On page 10, line 4, insert: "but at rates for individuals not to exceed the per diem equivalent of the rate for grade GS-18; and other personal services without regard to the provisions of law regulating the employment and compensation of persons in the Government service;".

MOTION OFFERED BY MR. STEED

Mr. STEED. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. STEED moves that the House recede from its disagreement to the amendment of the Senate numbered 24 and concur therein.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 25: On page 10, line 10, insert the following:

UNANTICIPATED PERSONNEL NEEDS

For expenses necessary to enable the President to meet unanticipated personnel needs and to pay administrative expenses incurred with respect thereto, as authorized by law, $1,000,000.

MOTION OFFERED BY MR. STEED

Mr. STEED. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. STEED moves that the House recede from its disagreement to the amendment of the Senate numbered 25 and concur therein with an amendment, as follows: in lieu of the matter inserted by the Senate, insert the following:

"UNANTICIPATED PERSONNEL NEEDS

"For expenses necessary to enable the President to meet unanticipated personnel needs for emergencies affecting the national interest, security, or defense which may arise at home or abroad during the current fiscal year and to pay administrative expenses incurred with respect thereto, as authorized by law, $500,000."

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 26: On page 10, line 20, insert: "and official entertainment expenses of the President,".

MOTION OFFERED BY MR. STEED

Mr. STEED. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. STEED moves that the House recede from its disagreement to the amendment of the Senate numbered 26 and concur therein.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 28: On page 11, line 6, insert the following:

FEDERAL ENERGY OFFICE

SALARIES AND EXPENSES

No part of any appropriation contained in this or any other Act for the regulatory functions of the Federal Energy Administration under authority of Public Law 93-159, shall be obligated or expended beyond the expiration date of that Act except with explicit approval of the appropriations committees.

MOTION OFFERED BY MR. STEED

Mr. STEED. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. STEED moves that the House recede from its disagreement to the amendment of the Senate numbered 28 and concur therein.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 33: On page 13, line 8, insert: "as authorized by law,".

MOTION OFFERED BY MR. STEED

Mr. STEED. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. STEED moves that the House recede from its disagreement to the amendment of the Senate numbered 33 and concur therein with an amendment, as follows: In lieu of the matter inserted by the Senate, insert the following: "services as authorized by 5 U.S.C. 3109, but at rates for individuals not to exceed the per diem equivalent of the rate for grade GS–18, compensation for one position at a rate not to exceed the rate of level II of the Executive schedule, and other personal services without regard to the provisions of law regulating the employment and compensation of persons in the Government service."

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 35: On page 13, line 20, strike "$16,367,000" and insert in lieu thereof: "including hire of passenger motor vehicles, and official entertainment expenses of the President, $16,367,000: *Provided*, That not to exceed $10,000 shall be available for allocation within the Executive Office of the President for official reception and representation expenses.".

MOTION OFFERED BY MR. STEED

Mr. STEED. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. STEED moves that the House recede from its disagreement to the amendment of the Senate numbered 35 and concur therein with an amendment, as follows: In lieu of the matter stricken and inserted by the Senate, insert the following: "including not to exceed $3,850,000 for services as authorized by 5 U.S.C. 3109, at such per diem rates for individuals as the President may specify and other personal services without regard to the provisions of law regulating the employment and compensation of persons in the Government service; hire of passenger motor vehicles, newspapers, periodicals, teletype news service, and travel (not to exceed $100,000); and not to exceed $10,000 for official entertainment expenses to be available for allocation within the Executive Office of the President; $16,370,000."

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 37: Page 15, line 1, insert the following: "not to exceed $2,500 for official reception and representation expenses;".

MOTION OFFERED BY MR. STEED

Mr. STEED. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. STEED moves that the House recede from its disagreement to the amendment of the Senate numbered 37 and concur therein.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 38: Page 15, line 6, strike out "$89,647,000" and insert: "$90,000,000".

MOTION OFFERED BY MR. STEED

Mr. STEED. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. STEED moves that the House recede from its disagreement to the amendment of the Senate numbered 38 and concur therein.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 43: On page 20, line 10, strike out "$25,000,000 shall be available for obligation in fiscal year 1976" and insert: "$121,450,000 of the amounts merged with the fund pursuant to section 210(f)(3) of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 490(f)(3)) of which (a) not to exceed $89,856,000 for the construction of buildings as authorized by law including construction projects at locations and at maximum construction improvement costs (including funds for sites and expenses) as follows:

Alabama:	
Mobile Federal Office Building	$224,000
Alaska:	
Fairbanks Federal Office Building and Parking Facility	638,500
Anchorage Court House, Federal Office Building, and Park Facility	2,000,000
Alaska Highway Border Station	839,000
Juneau Post Office and Court House	12,000
Petersburg Federal Office Building and Post Office	25,000
Arizona:	
Nogales Border Station #2	2,670,000
Arkansas:	
Batesville Post Office, Court House, and Federal Office Building	86,000
Fayetteville Court House and Federal Office Building	89,000
California:	
Los Angeles Federal Office Building and Multi-Parking Facility	1,981,000
San Diego Border Station	1,724,000
Hawthorne Federal Office Building	92,000
Santa Rosa Federal Office Building	235,000
Santa Ana Federal Office Building	18,000
San Diego Federal Building	225,000
Calexico Border Station	88,000
Connecticut:	
New Haven Federal Office Building	877,000
Delaware:	
Wilmington Court House, Customs Court, and Federal Office Building	151,000
District of Columbia:	
South Portal Site Federal Office Building	10,631,300
James Forrestal Federal Office Building	170,700
Department of Labor Building	11,083,600
J. E. Hoover Federal Bureau of Investigation Building	514,000
Florida:	
Orlando Courthouse and Federal Office Building	99,000
Tampa Motor Pool	15,000
West Palm Beach Post Office and Courthouse	31,000
Georgia:	
Atlanta, Richard B. Russell Federal Office Building	700,000
Augusta Post Office and Federal Office Building	$99,000
Griffin Post Office and Federal Office Building	176,000
Rome Post Office and Courthouse	106,000
Waycross Courthouse and Federal Office Building	19,000
Hawaii:	
Honolulu Federal Office Building	115,000
Idaho:	
Sandpoint Federal Office Building	16,000
Illinois:	
Chicago Federal Supply Center and Parking Facility	312,000
Chicago Federal Archives and Records Center	15,000
Chicago Federal Office Building	1,194,000
Alton Courthouse and Federal Building	50,000
Carbondale Federal Office Building	261,000
Indiana:	
Indianapolis Federal Office Building	15,000
Indianapolis Post Office and Courthouse	10,000
Iowa:	
Iowa City Post Office and Federal Office Building	12,000
Kansas:	
Topeka Courthouse and Federal Office Building	662,500
Kentucky:	
Covington, Internal Revenue Service Center	79,000
Frankfort Courthouse and Federal Office Building	67,000
Louisville Federal Office Building	53,000
Louisiana:	
Houma A. J. Ellender Post Office and Federal Office Building	160,000
New Orleans Courthouse and Federal Office Building	30,000
Maryland:	
Baltimore, E. A. Garmatz Federal Office Building	22,000
Massachusetts:	
New Bedford, Hastings Keith Federal Building	204,000
Michigan:	
Ann Arbor, Federal Office Building	322,000
Detroit, Patrick V. McNamara Federal Office Building	49,000
Grand Rapids, Courthouse and Federal Building	57,000
Saginaw, Federal Office Building	448,000
Mississippi:	
Aberdeen, Federal Office Building	$54,000
Hattiesburg, Federal Office Building	69,000
Oxford, Courthouse, Post Office, and Federal Office Building	82,000
Nebraska:	
Lincoln, Courthouse, Federal Office Building, and Park Facility	67,000
New Hampshire:	
Manchester Federal Office Building	456,000
New Mexico:	
Gallup Federal Office Building	137,000
New York:	
Buffalo Federal Office Building	950,000
Champlain Border Station	262,000
Hyde Park, F. D. Roosevelt Library Extension	65,000
New York, Customs Courthouse and Federal Office Building	113,500
Rochester, Customs Courthouse and Federal Office Building	70,000
New York, Foley Square Courthouse Annex	737,000

North Carolina:	
Winston-Salem, Courthouse and Federal Office Building	$839,000
Ohio:	
Akron, Courthouse, Federal Office Building and Parking Facility	43,000
Akron, Post Office	13,000
Columbia, Federal Office Building	861,000
Dayton, Courthouse and Federal Office Building	42,000
Mansfield, Post Office and Federal Office Building	348,000
Oklahoma:	
Oklahoma City, Federal Office Building	603,000
Oregon:	
Eugene, Courthouse and Federal Office Building	30,000
Portland, Federal Office Building	12,000
Pennsylvania:	
Philadelphia, J. A. Byrne Courthouse and W. J. Greene, Jr., Federal Office Building	10,624,000
Williamsport, Courthouse and Federal Office Building	335,000
Puerto Rico:	
San Juan, Courthouse and Federal Office Building	25,000
Rhode Island:	
Providence, Post Office and Federal Office Building	38,000
South Carolina:	
Columbia, Courthouse, Federal Office Building, Parking Facility and Vehicle Maintenance Facility	955,000
Florence, John L. McMillan Federal Building and Courthouse	327,000
South Dakota:	
Huron, Post Office and Federal Office Building	470,000
Rapid City, Courthouse and Federal Office Building	31,000
Tennessee:	
Nashville, Courthouse and Federal Office Building	130,000
Texas:	
Dallas, Courthouse and Federal Office Building	31,000
McAllen, Border Patrol Sector Headquarters	22,000
Marfa, Border Patrol Headquarters	136,000
Midland, Post Office, Courthouse, and Federal Office Building	135,000
San Antonio, Courthouse and Federal Office Building	594,000
San Antonio, Post Office	73,000
Vermont:	
Norton, Border Station	10,000
Brattleboro, Post Office, Court House, and Federal Office Building	10,000
Virginia:	
Quantico, Federal Bureau of Investigation Academy	555,000
Roanoke, R. H. Poff Federal Office Building	37,000
Virgin Islands:	
Charlotte Amalie, Courthouse and Federal Office Building	45,000
Washington:	
Blaine, Peace Arch Border Station	3,081,000
Seattle, Federal Office Building	2,503,600
Seattle, Federal Center South	2,878,000
West Virginia:	
Morgantown, Post Office and Federal Office Building	200,000
Elkins, Post Office, Courthouse, and Federal Office Building	454,000
Wisconsin:	
Madison, Courthouse and Federal Office Building	680,000
Including a reserve for the Federal Office Building, Athens, Georgia, the Post Office and Court House, Moscow, Idaho, the Philip J. Philbin Federal Building and Post Office, Fitchburg, Massachusetts, the Customs Court and Federal Office Building Annex, New York, New York, the Post Office and Federal Office Building, Denton, Texas, and the Winston Prouty Federal Building, Essex Junction, Vermont	$10,803,000
Funds for contractor's claims and judgments rendered by U.S. Courts related to site acquisition and contract appeals, also relocation cost	9,057,300
Total	89,856,000

Provided, That the immediately foregoing limits of cost may be exceeded to the extent that they apply to construction projects previously included in the appropriation, Construction, Public Buildings Projects, to the extent that savings are affected in other such projects, but by not to exceed 10 per centum of the amounts previously appropriated for such projects under such appropriation; (b) not to exceed $700,000 for repair and improvement of public buildings; (c) not to exceed $5,245,000 for additional court facilities; (d) not to exceed $16,149,000 for construction services of on-going construction projects; and (e) $9,500,000 for the completion of buildings management projects, including charges for work for other agencies begun in prior years but not yet completed and $2,571,000 to be deposited in the Treasury as miscellaneous receipts:

MOTION OFFERED BY MR. STEED

Mr. STEED. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. STEED moves that the House recede from its disagreement to the amendment of the Senate numbered 43 and concur therein with an amendment, as follows: In lieu of the matter stricken and inserted by the Senate, insert the following: $101,589,700 of the amounts merged with the fund pursuant to section 210(f)(3) of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 490(f)(3)) of which (a) not to exceed $69,995,700 for the construction of buildings as authorized by law including construction projects at locations and at maximum construction improvement costs (including funds for sites and expenses) as follows:

Alabama:	
Mobile Federal Office Building	$224,000
Alaska:	
Fairbanks Federal Office Building and Parking Facility	638,500
Anchorage Court House, Federal Office Building, and Park Facility	2,000,000
Alaska Highway Border Station	839,000
Juneau Post Office and Court House	12,000
Petersburg Federal Office Building and Post Office	25,000
Arizona:	
Nogales Border Station #2	2,670,000
Arkansas:	
Batesville Post Office, Court House, and Federal Office Building	86,000
Fayetteville Court House and Federal Office Building	89,000
California:	
Los Angeles Federal Office Building and Multi-Parking Facility	1,981,000
San Diego Border Station	1,724,000
Hawthorne Federal Office Building	$92,000
Santa Rosa Federal Office Building	235,000
Santa Ana Federal Office Building	18,000
San Diego Federal Building	225,000
Calexico Border Station	88,000
Connecticut:	
New Haven Federal Office Building	877,000
Delaware:	
Wilmington Court House, Customs Court, and Federal Office Building	151,000
District of Columbia:	
South Portal Site Federal Office Building	10,631,300
James Forrestal Federal Office Building	170,700
Department of Labor Building	514,000
Florida:	
Orlando Courthouse and Federal Office Building	99,000
Tampa Motor Pool	15,000
West Palm Beach Post Office and Courthouse	31,000
Georgia:	
Atlanta, Richard B. Russell Federal Office Building	700,000
Augusta Post Office and Federal Office Building	99,000
Griffin Post Office and Federal Office Building	176,000
Rome Post Office and Courthouse	106,000
Waycross Courthouse and Federal Office Building	19,000
Hawaii:	
Honolulu Federal Office Building	115,000
Idaho:	
Sandpoint Federal Office Building	16,000
Illinois:	
Chicago Federal Supply Center and Parking Facility	312,000
Chicago Federal Archives and Records Center	15,000
Chicago Federal Office Building	1,194,000
Alton Courthouse and Federal Office Building	50,000
Carbondale Federal Office Building	261,000
Indiana:	
Indianapolis Federal Office Building	15,000
Indianapolis Post Office and Courthouse	10,000
Iowa:	
Iowa City Post Office and Federal Office Building	12,000
Kansas:	
Topeka Courthouse and Federal Office Building	662,500
Kentucky:	
Covington, Internal Revenue Service Center	79,000
Frankfort Courthouse and Federal Office Building	67,000
Louisville Federal Office Building	53,000
Louisiana:	
Houma, A. J. Ellender Post Office and Federal Office Building	160,000
New Orleans Courthouse and Federal Office Building	30,000
Maryland:	
Baltimore, E. A. Garmatz Federal Office Building	22,000
Massachusetts:	
New Bedford, Hastings Keith Federal Building	204,000
Michigan:	
Ann Arbor, Federal Office Building	322,000
Detroit, Patrick V. McNamara Federal Office Building	49,000

Michigan—Continued	
Grand Rapids, Courthouse and Federal Building	$57,000
Saginaw, Federal Office Building	448,000
Mississippi:	
Aberdeen, Federal Office Building	54,000
Hattiesburg, Federal Office Building	69,000
Oxford, Courthouse, Post Office, and Federal Office Building	82,000
Nebraska:	
Lincoln, Courthouse, Federal Office Building, and Park Facility	67,000
New Hampshire:	
Manchester Federal Office Building	456,000
New Mexico:	
Gallup Federal Office Building	137,000
New York:	
Buffalo Federal Office Building	950,000
Champlain Border Station	262,000
Hyde Park, F. D. Roosevelt Library Extension	65,000
New York, Customs Courthouse and Federal Office Building	113,500
Rochester, Customs Courthouse and Federal Office Building	70,000
New York, Foley Square Courthouse Annex	737,000
North Carolina:	
Winston-Salem, Courthouse and Federal Office Building	839,000
Ohio:	
Akron, Courthouse, Federal Office Building and Parking Facility	43,000
Akron, Post Office	13,000
Columbia, Federal Office Building	861,000
Dayton, Courthouse and Federal Office Building	42,000
Mansfield, Post Office and Federal Office Building	348,000
Oklahoma:	
Oklahoma City, Federal Office Building	603,000
Oregon:	
Eugene, Courthouse and Federal Office Building	30,000
Portland, Federal Office Building	12,000
Pennsylvania:	
Philadelphia, J. A. Byrne Courthouse and W. J. Greene, Jr., Federal Office Building	10,624,000
Williamsport, Courthouse and Federal Office Building	335,000
Puerto Rico:	
San Juan, Courthouse and Federal Office Building	25,000
Rhode Island:	
Providence, Post Office and Federal Office Building	38,000
South Carolina:	
Columbia, Courthouse, Federal Office Building, Parking Facility and Vehicle Maintenance Facility	955,000
Florence, John L. McMillan Federal Building and Courthouse	327,000
South Dakota:	
Huron, Post Office and Federal Office Building	470,000
Rapid City, Courthouse and Federal Building	31,000
Tennessee:	
Nashville, Courthouse and Federal Office Building	130,000
Texas:	
Dallas, Courthouse and Federal Office Building	31,000
McAllen, Border Patrol Sector Headquarters	$22,000
Marfa, Border Patrol Headquarters	136,000
Midland, Post Office, Courthouse, and Federal Office Building	135,000
San Antonio, Courthouse and Federal Office Building	594,000
San Antonio, Post Office	73,000
Vermont:	
Norton, Border Station	10,000
Brattleboro, Post Office, Court House, and Federal Office Building	10,000
Virginia:	
Quantico, Federal Bureau of Investigation Academy	555,000
Roanoke, R. H. Poff Federal Office Building	37,000
Virgin Islands:	
Charlotte Amalie, Courthouse and Federal Office Building	45,000
Washington:	
Blaine, Peace Arch Border Station	3,081,000
Seattle, Federal Office Building	2,503,600
Seattle, Federal Center South	2,878,000
West Virginia:	
Morgantown, Post Office and Federal Office Building	200,000
Elkins, Post Office, Courthouse, and Federal Office Building	454,000
Wisconsin:	
Madison, Courthouse and Federal Office Building	680,000
Total	69,995,700

Provided, That the immediately foregoing limits of cost may be exceeded to the extent that they apply to construction projects previously included in the appropriation, Construction, Public Buildings Projects, to the extent that savings are affected in other such projects, but by not to exceed 10 per centum of the amounts previously appropriated for such projects under such appropriation; (b) not to exceed $700,000 for repair and improvement of public buildings; (c) not to exceed $5,245,000 for additional court facilities; (d) not to exceed $16,149,000 for construction services of on-going construction projects; and (e) $9,500,000 for the completion of buildings management projects, including charges for work for other agencies begun in prior years but not yet completed and $2,571,000 to be deposited in the Treasury as miscellaneous receipts

Mr. STEED (during the reading). Mr. Speaker, in view of the fact that this is a motion that has been printed in full in the Record, as well as in the conference report, I ask unanimous consent that the motion be considered as read and printed in the Record.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 44: Page 24, line 23, strike out the following: "*Provided further*, That any revenues and collections and any other sums accruing to this Fund, excluding reimbursements under section 210(f)(6) of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 490(f)(6)), in excess of $871,875,000 shall be deposited in miscellaneous receipts of the Treasury of the United States."

MOTION OFFERED BY MR. STEED

Mr. STEED. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. Steed moves that the House recede from its disagreement to the amendment of the Senate numbered 44 and concur therein with an amendment, as follows: In lieu of the matter stricken by the Senate, insert the following: ": *Provided further*, That any revenues and collections and any other sums accruing to this Fund, excluding reimbursements under section 210(f)(6) of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 490(f)(6)), in excess of $1,088,870,700 shall be deposited in miscellaneous receipts of the Treasury of the United States."

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 45: On page 27, line 7, insert the following: "and acceptance and utilization of voluntary and uncompensated services,"

MOTION OFFERED BY MR. STEED

Mr. STEED. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. Steed moves that the House recede from its disagreement to the amendment of the Senate numbered 45 and concur therein.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 51: Page 31, line 7, insert: "or under section 111 of the Federal Property and Administrative Services Act of 1949."

MOTION OFFERED BY MR. STEED

Mr. STEED. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. Steed moves that the House recede from its disagreement to the amendment of the Senate numbered 51 and concur therein.

The motion was agreed to.

The SPEAKER. The Clerk will report the last amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 52: Page 31, line 18 insert:

Sec. 4. Not to exceed 2 per centum of any appropriations made available to the General Services Administration for the current fiscal year by this Act may be transferred to any other such appropriation, but no such appropriation shall be increased thereby more than 2 per centum: *Provided*, That such transfers shall apply only to operating expenses, and shall not exceed in the aggregate the amount of $2,000,000.

MOTION OFFERED BY MR. STEED

Mr. STEED. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. Steed moves that the House recede from its disagreement to the amendment of the Senate numbered 52 and concur therein with an amendment, as follows: In lieu of the matter inserted by the Senate, insert the following:

"Sec. 4. Not to exceed 2 per centum of any appropriations made available to the General Services Administration, excluding the Federal Buildings Fund, for the current fiscal year by this Act may be transferred to any other such appropriaion, but no such appropriation shall be increased thereby more than 2 per centum: *Provided*, That such transfers shall apply only to operating expenses, and shall not exceed in the aggregate the amount of $2,000,000."

The motion was agreed to.

A motion to reconsider the votes by which action was taken on the several motions was laid on the table.

GENERAL LEAVE

Mr. STEED. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the conference report just agreed to and that I may include certain statistical material.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

CONFERENCE REPORT ON H.R. 15155, PUBLIC WORKS APPROPRIATIONS, 1975

Mr. EVINS of Tennessee. Mr. Speaker, I call up the conference report on the bill (H.R. 15155) making appropriations for public works for water and power development, including the Corps of Engineers—Civil, the Bureau of Reclamation, the Bonneville Power Administration and other power agencies of the Department of the Interior, the Appalachian regional development programs, the Federal Power Commission, the Tennessee Valley Authority, the Atomic Energy Commission, and related independent agencies and commissions for the fiscal year ending June 30, 1975, and for other purposes, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of August 8, 1974.)

Mr. EVINS of Tennessee (during the reading). Mr. Speaker, I ask unanimous consent to dispense with further reading of the statement.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

The SPEAKER. The Chair recognizes the gentleman from Tennessee (Mr. EVINS).

Mr. EVINS of Tennessee. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, we bring you today the conference report (93–1274) on the Public Works-AEC appropriation bill for fiscal year 1975.

As I stated when the bill was being considered by the House on June 6, 1974, this is a significant bill—an important bill—a bill which touches the lives of virtually all Americans.

The bill represents a substantial investment in the future of America and in the future needs of our country.

This bill is an investment which will pay rich dividends in service for our people and in economic benefit to the Nation. It places the highest priority on those projects which will move electric power on the line at the earliest time possible, in view of the energy crisis.

Let me briefly summarize the action to date on this bill. When this bill passed the House on June 6, 1974, it was passed by a vote of 374 to 21. The bill passed the Senate on August 1, 1974, by a vote of 78 to 17.

We are recommending a total of $4,505,472,000, agreed to by the conferees. This amount is $30,062,000 above the House bill and $62,731,000 below the Senate bill.

The House considered budget requests totaling $4,412,251,000. The Senate considered budget requests totaling $4,526,826,000, because two budget amendments amounting to $114,575,000 were received after action had been taken by the House on the bill.

The House bill as passed allowed $4,475,410,000. The Senate bill provided $4,568,203,000.

Conference action is $21,354,000 below the budget estimate, $30,062,000 over the House bill, and $62,731,000 below the recently passed Senate bill.

Again, the conference action is $21,354,000 below the budget estimates.

Further, the conference action is $562,574,000 above the appropriations for 1974. Concerning the increases over 1974, $433,704,000 is for AEC principally for the increased cost for producing enriched uranium and because the projected revenues collected for future sales of this product are $142 million below the amount received in 1974.

An amount of $94,533,000 is for the Bureau of Reclamation; and $96,086,000 for other agencies. These increases are offset by a decrease for the Corps of Engineers of $61,749,000.

I will insert at this point in the RECORD a table outlining the conference action by appropriation item compared with the 1974 appropriation, the 1975 budget request, and the actions of the House and Senate.

CONFERENCE SUMMARY—PUBLIC WORKS-AEC APPROPRIATION BILL, 1975

[In dollars]

						Increase (+) or decrease (−), conference action compared with—			
Agency and item (1)	New budget (obligational) authority, fiscal year 1974 (2)	Budget estimates of new (obligational) authority, fiscal year 1975 (3)	House bill (4)	Senate bill (5)	Conference allowance (6)	New budget (obligational) authority, fiscal year 1974 (7)	Budget estimates of new (obligational) authority fiscal year 1975 (8)	House bill (9)	Senate bill (10)
TITLE I—ATOMIC ENERGY COMMISSION									
Operating expenses	[1] [9] 916,378,000	[6] 1,461,633,000	1,428,760,000	1,433,960,000	1,411,960,000	+495,582,000	−49,673,000	−16,800,000	−22,000,000
Plant and capital equipment	[2] 392,583,000	[7] 342,755,000	317,655,000	337,705,000	330,705,000	−61,878,000	−12,050,000	+13,050,000	−7,000,000
Total, title I, new budget (obligational) authority, Atomic Energy Commission	1,308,961,000	1,804,388,000	1,746,415,000	1,771,665,000	1,742,665,000	+433,704,000	−61,723,000	−3,750,000	−29,000,000
TITLE II—DEPARTMENT OF DEFENSE—CIVIL									
DEPARTMENT OF THE ARMY									
Corps of Engineers—Civil									
General investigations	56,142,000	59,300,000	61,542,000	67,847,000	65,284,000	+9,142,000	+5,984,000	+3,742,000	−2,563,000
Construction, general	873,589,000	927,500,000	988,533,000	985,838,000	973,681,000	+100,092,000	+46,181,000	−14,852,000	−12,157,000
Flood control, Mississippi River and tributaries	264,600,000	130,000,000	150,000,000	166,618,000	161,948,000	−102,652,000	+31,948,000	+11,948,000	−4,670,000
Operation and maintenance, general	[4] 426,625,000	445,000,000	440,877,000	455,877,000	446,577,000	+19,952,000	+1,577,000	+5,700,000	−9,300,000
Flood control and coastal emergencies	[5] 107,000,000	15,000,000	15,000,000	15,000,000	15,000,000	−92,000,000			
General expenses	[9] 35,083,000	39,100,000	38,800,000	38,800,000	38,800,000	+3,717,000	−300,000		
Special recreation use fees	700,000	300,000	300,000	1,000,000	700,000		+400,000	+400,000	−300,000
Total, title II, new budget (obligational) authority, Department of Defense—Civil	1,763,739,000	1,616,200,000	1,695,052,000	1,730,980,000	1,701,990,000	−61,749,000	+85,790,000	+6,938,000	−28,990,000

Footnotes at end of table.

CONFERENCE SUMMARY—PUBLIC WORKS-AEC APPROPRIATION BILL, 1975—Continued

[In dollars]

						Increase (+) or decrease (−), conference action compared with—			
Agency and item (1)	New budget (obligational) authority, fiscal year 1974 (2)	Budget estimates of new (obligational) authority, fiscal year 1975 (3)	House bill (4)	Senate bill (5)	Conference allowance (6)	New budget (obligational) authority, fiscal year 1974 (7)	Budget estimates of new (obligational) authority fiscal year 1975 (8)	House bill (9)	Senate bill (10)
TITLE III—DEPARTMENT OF THE INTERIOR									
BUREAU OF RECLAMATION									
General investigations	16,850,000	17,030,000	18,536,000	19,651,000	19,427,000	+2,577,000	+2,397,000	+891,000	−224,000
Construction and rehabilitation	194,275,000	233,784,000	261,160,000	[11] 247,490,000	244,123,000	+49,848,000	+10,339,000	−17,037,000	−3,367,000
Upper Colorado River Storage project	25,026,000	29,816,000	24,251,000	24,771,000	24,621,000	−405,000	−5,195,000	+370,000	−150,000
Colorado River Basin project	13,500,000	17,950,000	28,000,000	22,600,000	23,000,000	+9,500,000	+5,050,000	−5,000,000	+400,000
Colorado River Basin project (appropriation to liquidate contract authorization)	(52,500,000)	(31,300,000)	(32,800,000)	(32,800,000)	(32,800,000)	(−19,700,000)	(+1,500,000)		
Colorado River Basin Salinity Control project		[12] 94,575,000		[14] 27,650,000	27,650,000	+27,650,000	−66,925,000	+27,650,000	
Operation and maintenance	[10] 89,000,000	94,000,000	97,000,000	97,000,000	97,000,000	+8,000,000	+3,000,000		
Loan program	18,422,000	12,025,000	13,825,000	13,825,000	13,825,000	−4,597,000	+1,800,000		
Emergency fund	600,000	1,000,000	600,000	600,000	600,000		−400,000		
General administrative expenses	[9] 18,320,000	20,500,000	20,300,000	20,300,000	20,300,000	+1,980,000	−200,000		
Total, Bureau of Reclamation	375,993,000	520,680,000	463,672,000	473,887,000	470,546,000	+94,553,000	−50,134,000	+6,874,000	−3,341,000
ALASKA POWER ADMINISTRATION									
General investigations	513,000	554,000	540,000	540,000	540,000	+27,000	−14,000		
Operation and maintenance	756,000	764,000	760,000	760,000	760,000	+4,000	−4,000		
Total, Alaska Power Administration	1,269,000	1,318,000	1,300,000	1,300,000	1,300,000	+31,000	−18,000		
BONNEVILLE POWER ADMINISTRATION									
Construction	97,500,000	[8] [13] 128,444,000	108,000,000	129,000,000	128,000,000	+30,500,000	−444,000	+20,000,000	−1,000,000
Operation and maintenance	[9] 35,133,000	38,723,000	38,500,000	38,500,000	38,500,000	+3,367,000	−223,000		
Total, Bonneville Power Administration	132,633,000	167,167,000	146,500,000	167,500,000	166,500,000	+33,867,000	−667,000	+20,000,000	−1,000,000
SOUTHEASTERN POWER ADMINISTRATION									
Operation and maintenance	900,000	950,000	946,000	946,000	946,000	+46,000	−4,000		
SOUTHWESTERN POWER ADMINISTRATION									
Construction	465,000	630,000	620,000	620,000	620,000	+155,000	−10,000		
Operation and maintenance	[9] 5,287,000	5,817,000	5,795,000	5,795,000	5,795,000	+508,000	−22,000		
Total, Southwestern Power Administration	5,752,000	6,447,000	6,415,000	6,415,000	6,415,000	+663,000	−32,000		
Total, title III, new budget (obligational) authority, Department of the Interior	516,547,000	696,562,000	618,833,000	650,048,000	645,707,000	+129,160,000	−50,855,000	+26,874,000	−4,341,000
TITLE IV—INDEPENDENT OFFICES (EXCLUDING AEC)									
Appalachian Region Commission: Salaries and expenses	1,492,000	1,740,000	1,740,000	1,740,000	1,740,000	+248,000			
Appalachian regional development programs (funds appropriated to the President)	270,000,000	293,500,000	293,500,000	293,500,000	293,500,000	+23,500,000			
Delaware River Basin Commission:									
Salaries and expenses	69,000	78,000	77,500	77,500	77,500	+8,500	−500		
Contribution to the Delaware River Basin Commission	242,000	238,000	238,000	238,000	238,000	−4,000			
Total, Delaware River Basin Commission	311,000	316,000	315,500	315,500	315,500	+4,500	−500		
Federal Power Commission: Salaries and expenses	[9] 28,500,000	32,393,000	32,100,000	32,100,000	32,100,000	+3,600,000	−293,000		
Interstate Commission on the Potomac River Basin: Contribution to Interstate Commission on the Potomac River Basin	34,000	34,000	52,000	52,000	52,000	+18,000	+18,000		
Susquehanna River Basin Commission:									
Salaries and expenses	71,000	78,000	77,500	77,500	77,500	+6,500	−500		
Contribution to Susquehanna River Basin Commission	150,000	150,000	150,000	150,000	150,000				
Total, Susquehanna River Basin Commission	221,000	228,000	227,500	227,500	227,500	+6,500	−500		
Tennessee Valley Authority: Payment to Tennessee Valley Authority fund	45,676,000	74,600,000	77,400,000	77,400,000	77,400,000	+31,724,000	+2,800,000		
Water Resources Council: Water resources planning	7,417,000	6,865,000	9,775,000	10,175,000	9,775,000	+2,358,000	+2,910,000		−400,000
Total, title IV, new budget (obligational) authority, independent offices	353,651,000	409,676,000	415,110,000	415,510,000	415,110,000	+61,459,000	+5,434,000		−400,000
Total, new budget (obligational) authority, titles II, III, and IV (excluding AEC)	2,633,937,000	2,722,438,000	2,728,995,000	2,796,538,000	2,762,807,000	+128,870,000	+40,369,000	+33,812,000	−33,731,000

See footnotes at end of table.

CONFERENCE SUMMARY—PUBLIC WORKS-AEC APPROPRIATION BILL, 1975—Continued

[In dollars]

Agency and item (1)	New budget (obligational) authority, fiscal year 1974 (2)	Budget estimates of new (obligational) authority, fiscal year 1975 (3)	House bill (4)	Senate bill (5)	Conference a'lowance (6)	Increase(+) ordecrease(−),conferenceaction compared with— New budget (obigatonal) authority, fiscal year 1974 (7)	Budget estimates of new (obligational) authority fiscal year 1975 (8)	House bill (9)	Senate bill (10)
Total, new budget (obligational) authority, titles I, II, III, and IV	3, 942, 898, 000	4, 526, 826, 000	4, 475, 410, 000	4, 568, 203, 000	4, 505, 472, 000	+562, 574, 000	−21, 354, 000	+30, 062, 000	−62, 731, 000
Memoranda:									
Appropriations to liquidate contract authorizations	(52, 500, 000)	(31, 300, 000)	(32, 800, 000)	(32, 800, 000)	(32, 800, 000)	(−19, 700, 000)	(+1, 500, 000)		
Total appropriations, including appropriations to liquidate contract authorizations	(3, 995, 398, 000)	(4, 558, 126, 000)	(4, 508, 210, 000)	(4, 601, 003, 000)	(4, 538, 272, 000)	(+542, 874, 000)	(−19, 854, 000)	(+30, 062, 000)	(−62, 731, 000)

[1] Includes $11,300,000 appropriated in Supplemental Appropriation Act, 1974.

[2] Includes $30,000,000 appropriated in Supplemental Appropriation Act, 1974.

[3] Includes $14,600,000 appropriated in Supplemental Appropriation Act, 1974 and $100,000,000 included in Second Supplemental Appropriation Act, 1974.

[4] Includes $17,500,000 appropriated in Supplemental Appropriation Act, 1974.

[5] Includes $100,000,000 appropriated in Supplemental Appropriation Act, 1974.

[6] Excludes $1,043,790,000 considered in Energy Research and Development Act, 1975.

[7] Excludes $463,970,000 considered in Energy Research and Development Act, 1975.

[8] Excludes $5,500,000 contained in Energy Research and Development Act, 1975.

[9] Includes pay costs contained in Second Supplemental Appropriation Act, 1974, as follows:

Atomic Energy Commission: operating expenses	$11, 200, 000
Corps of Engineers: general expenses	2, 200, 000
Bureau of Reclamation: general administration expenses	1, 200, 000
Bonneville Power Administration: operation and maintenance	1, 833, 000
Southwestern Power Administration: operation and maintenance	67, 000
Federal Power Commission: salaries and expenses	1, 500, 000

[10] Includes $7,000,000 included in Second Supplemental Appropriation bill, 1974.

[11] Excludes $21,450,000 transferred to Colorado River Basin Salinity Control Projects Appropriation.

[12] Includes $94,575,000 budget amendment not considered by the House (S. Doc. 93–95) and $21,450,000 budget estimate under the construction and rehabilitation appropriation account.

[13] Includes $20,000,000 budget amendment not considered by the House (H. Doc. 93–306).

[14] Provides annual incremental funding in lieu of lump-sum, one-time appropriation:

Mr. Speaker, the largest amount in the bill is for the Atomic Energy Commission. The AEC total is $1,742,665,000 which is $61,723,000 under the budget request for 1975.

A total of $1,701,990,000 is included in the bill for the Corps of Engineers.

For the Bureau of Reclamation we are recommending a total of $470,546,000 in this conference report.

Mr. Speaker, for several years my subcommittee has advised the House that this Nation was facing a growing water and energy crisis. The energy crisis is upon us, and a water crisis, in my opinion, is near. We must meet these problems head on with a more deliberate planning and construction schedule for the Corps of Engineers, the Bureau of Reclamation, and allied power agencies. Continued slowdowns and stretchouts will only result in loss of project benefits and escalating higher projected costs.

This committee again wants to reiterate its strong feeling that an increased effort must be made to continue orderly national water resource and energy programs in the national interest.

There are three, and only three, specific items I would like to bring to the attention of the House at this time.

In arriving at the amount proposed for the operating expenses appropriation of the Atomic Energy Commission amendment No. 1, the conferees found that certain changes had occurred in the 2 months since the House passed this bill on June 6, 1974.

For one thing, the AEC will be unable to purchase the amount of power they originally contemplated to operate the three gaseous diffusion plants producing enriched uranium. In addition, the AEC had unobligated balances remaining at June 30 above the amounts contemplated in either the House or Senate bills. These are the principal reasons that the conferees agreed to an amount below both the House- and Senate-passed version of the bill and the item is therefore reported in technical disagreement.

The next item I want to bring to the attention of the House is amendment No. 5 which relates to the planning and construction activities of the Corps of Engineers. The House passed bill provided a total of $988,533,000, the Senate provided $985,838,000. The conferees agreed on $973,681,000. This appropriation is also reported in technical disagreement principally because it is below both the House and Senate passed bills, due to slippage in projects due to litigation, local cooperation or other factors.

The final item I wish to discuss is amendment No. 19 which is a new appropriation added by the Senate for the international salinity control projects, Colorado River. We are reporting this item in technical disagreement. This appropriation is authorized by Public Law 93–320 of June 24, 1974. The President's budget was based upon delegating the bulk of the work to the Secretary of State acting through the U. S. section of the International Boundary and Water Commission. The President's budget also included $21,450,000 under the Bureau of Reclamation's construction and rehabilitation appropriation for associated work on the all American canal system, lining the Coachella Canal. After the House completed action on this bill, the Public Law 93–320 was enacted delegating all authority to the Secretary of the Interior. A budget amendment was transmitted to the Senate which was considered in their bill, but not in the House.

The conferees have agreed with this item as proposed by the Senate which will fund this project on an incremental basis as are the other projects included in the bill.

In summary, Mr. Speaker, this is a good bill. We have made adjustments in many instances and rearranged priorities in a number or areas.

Certainly, the committee hopes that, at an early date, our fiscal situation will permit a more adequate funding of our water resource program. In my opinion high priority must be given the urgent water resource program or we will be faced with a very costly inefficient crash program in the years ahead to meet essential water supply, electric power, water quality and flood control requirements.

It is the hope of my committee that the needed and necessary projects which are carried in this report will be built in the public interest—and at the earliest time possible.

We recommend approval of this report.

Mr. EVINS of Tennessee. Mr. Speaker, I yield such time as he may consume to the distinguished ranking minority member, the gentleman from Wisconsin (Mr. DAVIS).

Mr. DAVIS of Wisconsin. Mr. Speaker, I thank the chairman of my committee for yielding.

Mr. Speaker, it is not my purpose to oppose the conference report. There are good things in this bill, and there are many expressed items of judgment of which I highly approve.

However, a concern for orderly procedure, along with the confidence of my colleagues, does cause me to point out that I did reserve judgment with respect to amendment No. 7, relating to flood control on the Mississippi River and its tributaries, and also with respect to the language relating to amendment No. 11, which is under the heading of the revolving fund for the Corps of Engineers.

Mr. Speaker, I could not agree with amendment No. 7 because in my opinion it destroys the confidence of the House in the members of our committee and gives some credence to the charge that we so frequently hear that these projects are not evaluated and compared but are what is generally referred to as "pork" distributed in accordance with committee membership and the influence of the individual Members of the two bodies of the Congress.

Last year in the final supplemental appropriation bill, without any hearings at this end of the Capitol at all, $100 million was made available for these appropriations. This year, although the budget submission had been increased over what it had previously been—and I am referring to the traditional annual budget—the House added $20 million in a rather loosely allocated fashion; the Senate added another $16 million, likewise in a rather loosely allocated fashion. The conferees accepted three-quarters of the increase. So we end up $32 million over the budget, with little in the way of hard justification in committee hearings, but more in accordance with the expressed desires of individual Members of the two Houses of Congress.

There is a second item of concern to me, and that is the language which appears on page 26 of the conference report and the statement of the managers. It is headed "Administrative Provisions," but it deals with the corps revolving fund. My concern is that the language as here set forth could be interpreted as going beyond the compromise which the conferees asserted was their intent. It could be interpreted as prejudging the national dredging study which has been going on for a couple of years now and is scheduled to be made available to the committees and to the Congress within the next 6 or 8 weeks.

I have been concerned over the years that the Corps of Engineers, through the revolving fund, was intent on building up an in-house capability beyond what we in the Congress have indicated we want and in direct competition and detriment to the private dredging industry. There are few areas, in my opinion, where competitive bidding through private industry is not the preferred way for accomplishing the work that can be done and should be done.

This concept is in direct conformance with the report on the General Accounting Office. It is in direct conformance with the expressed views of the gentleman from California (Mr. JOHNSON) and the gentleman from Ohio (Mr. HARSHA) at the time that the Water Development Act of 1974 passed the House earlier this year. It is in conformance too, with the language of the reports of our committee in recent years.

The concern which I have and the language that does bother me in the light of the history is that which says:

> Following the completion of the dredge study the Committee of Conference authorizes the Corps of Engineers to proceed with such modification and modernization of existing Corps' hopper dredges in a scheduled and orderly manner as the Corps deems appropriate in the public interest.

I would just like to confer with the chairman of the committee on this matter for a minute if I might.

I am concerned that this language could be interpreted as prejudging the national dredging study and the report which we are scheduled to receive. It might also be interpreted as indicating to the corps that only annually do we propose to consult with them with respect to their modernization and modification program with respect to the hopper dredges.

The language says:

> The Conferees direct the Corps of Engineers to continue to report on the hopper dredge modifications and work performed by private industry to the Committees on Appropriations of the House and Senate annually.

As the chairman of the committee will recall, it has been our practice that such modifications and related work—modifications and modernizations—are to be submitted to us. The proposals are to be submitted to us coincidentally with the plans. Then we have discussed the matter with them and have provided clearance from time to time.

Are we to interpret the language that says annually that we do not any longer expect the Corps of Engineers to come to us with their proposals, and consult with us before these funds are expended in connection with those dredges?

Mr. EVINS of Tennessee. As the gentleman is aware a moratorium was imposed on the Corps of Engineers' modification and modernization of hopper dredges about 2 years ago pending the completion of a study on the dredge problem. In the conference report, we have said in effect that the corps is to report to us annually in the annual appropriation requests. Since there are supplementals and the corps is in touch with our staff in connection with this problem almost daily, I am sure it is not the intent to limit it to once a year. We may call upon the Corps of Engineers for information at any time for such information the committee desires.

Mr. DAVIS of Wisconsin. Then it is the intent of the chairman that we would no longer expect them in individual cases to present their proposals to us, and give us an opportunity to look them over as we have been doing in connection with them, and as we have done in at least two specific instances that I am aware of.

Mr. EVINS of Tennessee. I think the gentleman is correct. We can call upon the Corps of Engineers at any time for a report and they would respond at that time.

Mr. DAVIS of Wisconsin. Then the gentleman does not interpret the language here of doing this annually as in any way interrupting our usual process here?

Mr. EVINS of Tennessee. No. I think this is merely a reaffirmation that they must report to us at least annually. This does not exclude the corps from reporting to us periodically at such times as we might feel necessary. So I would say to the gentleman that I am in agreement with him that the Congress, and the Committee on Appropriations is not excluded from securing any information we desire from the corps at any time on the progress of modernizing and updating the dredges. Certainly we want them to give us a full report annually during the appropriation review.

Mr. DAVIS of Wisconsin. I am also a little bit concerned, Mr. Speaker, that the language which says following the completion of the dredge study the corps is authorized to proceed with modification and modernization. My fear is that this is in effect telling them that without regard to what the dredge study might recommend, that they are still to proceed and go ahead with it.

Mr. EVINS of Tennessee. If the gentleman would yield further. I think it is intended that they would follow such recommendations which might result from the dredge study. We expect the corps to regard the report and to follow its recommendations. We are merely saying that after the report is completed they can move forward if in their judgment modifications to the hopper dredges are necessary, needed, and in the public interest.

Mr. DAVIS of Wisconsin. I am glad to have the chairman's interpertation of this. I must say that I do feel much better about it after this colloquy, because I did have a legitimate concern, I believe, with the way in which some of the language in this statement of the managers could be interpreted by the corps.

Mr. Speaker, I urge the adoption of the conference report. In spite of the reservations which I have expressed, I think by and large it accomplishes what our colleagues in the House of Representatives wanted us to accomplish.

Mr. EVINS of Tennessee. Mr. Speaker, I yield such time as he may require to the distinguished gentleman from Mississippi (Mr. WHITTEN).

Mr. WHITTEN. Mr. Speaker, I rise in support of this conference report and as a member of the subcommittee wish to commend the chairman, Hon. JOE EVINS of Tennessee as well as the other members of the committee, for the very splendid job that has been done. I agree with him that the corps should keep the committee fully informed.

Mr. Speaker, the conference has approved unanimously the projects of particular interest to my district as follows:

YAZOO BASIN

Upper auxiliary channels.—This project, an essential part of the Flood Control Act of 1946, has been delayed for numerous assigned reasons. The project must be begun and completed since it is essential to the overall flood control plan.

The committee therefore directs that, if, in the opinion of the Corps of Engineers, substantial agreement is not reached by July 1, 1974, the corps shall proceed with location, planning, land acquisition and construction as it may determine, provided, however, that any plan shall provide not less than 90 percent of the relief to the upper delta and provided in the original plan—plan A—and provided further that no gate, lock or other obstruction to retard the flow of water generally southward, shall be planned or built.

Tallahatchie County Road, Mississippi.—Within the funds available for the Yazoo Basin, $50,000 shall be available for necessary reconstruction of the Tallahatchie County Road along Phillips Cut-off, made by the Corps of Engineers, so as to provide an appropriate grade to prevent further flooding until the flood control plan for the upper Yazoo basin is completed.

Streambank erosion control evaluation and demonstration.—The committee recommends a total of $2,000,000 to initiate works in the delta and hill areas of the Yazoo River Basin generally in accordance with the recommendations of the Chief of Engineers in his report dated September 23, 1972—as provided in Public Law 93–251, 88 Stat. 22, providing for demonstration projects.

Ascalmore, Tippo, and Opossum Bayou, Mississippi.—A total of $2,350,000 is included in the bill for completing plans and for construction on Ascalmore, Tippo, and Opossum Bayous.

Recreation.—The corps should develop the necessary recreation facilities at Clear Creek, Sardis Reservoir, with the State of Mississippi Park Service, including a boat ramp, and provide also for a boat ramp on the Southeast side of Enid Reservoir.

The committee provided in the bill the following language to continue the experiment on North and South Tillatoba and Hunter Creeks in Tallahatchie County:

> *Provided*, That not less than $250,000 shall be available for bank stabilization measures as determined by the Chief of Engineers to be advisable for control of bank erosion of streams in the Yazoo Basin, including the foothill area, and where necessary such measures shall complement similar works planned and constructed by the Soil Conservation Service and be limited to the areas of responsibility mutually agreeable to the District Engineer and the State Conservationist.

This will help greatly in supporting the hill-delta project which I introduced and got included in the omnibus bill. In this bill we provide $2,000,000 to be used in an attempt to prevent the soil in the creek bottoms of the hills from washing away into the delta, filling up the streams from Yazoo City to Memphis, thereby causing delta flooding.

RESERVOIRS

Recreation was not included in the original construction funds for Arkabutla, Enid, Sardis, and Grenada Reservoirs. However, since this activity is an economic asset to the area, $1,445,000 was provided for further recreation development of the four reservoirs.

The committee explored fully to see if there was any authority to provide Federal aid for the construction of bridges in Tate County from Senatobia to Arkabutla, and a crossing from Oxford to Harmontown in Lafayette County, but we found such an authority does not exist. In both cases, the Federal Government paid for road damages years ago, and the counties executed a complete release.

As a part of the Tate County settlement for road damages, the Federal Government granted an easement to the county for a public road which was subject to, among other provisions, the following in 1949:

> Article 5. Inspection—The County shall have the right to inspect the work performed hereunder by the Government at any time during its progress. Upon completion of the work, the parties shall make a joint inspection thereof beginning at the time and place appointed by the Government, such time to be not less than 10 nor more than 30 days after the road is completed. If the road is found to have been satisfactorily completed in accordance with the plans and specifications therefor, it shall be accepted by the County and all responsibility of the Government with respect thereto shall cease.

The easement was again granted in 1954, subject to the following provisions and conditions:

> 1. That the construction use, and maintenance of said road, including culverts and other drainage facilities, shall be performed without cost or expense to the Grantor, except as provided in aforesaid Contract No. DA-22-052-eng-24, under the general supervision and subject to the approval of the officer having immediate jurisdiction over said premises.
>
> 2. That the Grantor, U.S. Government, shall not be responsible for the maintenance and/or repairs to said road, but it shall be the duty of the Grantee, Tate County, to maintain said road and all improvements, structures, and appurtenances thereto in good condition and make all necessary repairs thereto.
>
> 3. That any property of the Grantor damaged or destroyed by the Grantee incident to the use and occupation of the said premises shall be promptly repaired.

Mr. Speaker, these dams and reservoirs were built before I came here. Looking back, the compensation paid to the counties was grossly inadequate even then. I have introduced legislation to reopen these settlements; however, in view of the releases by the counties affected, I cannot be too optimistic about our prospects of reopening the matter even though I believe it proper.

TENNESSEE-TOMBIGBEE NAVIGATION

For construction, including the divide cut, we have provided $37,900,000, an increase of $7,900,000. We also directed that funds for land acquisition for the canal shall proceed at not less than the rate of acquisition of land to provide for railroad or highway relocation. Further, the corps should acquire only such land as is essential to the project and should make every effort to make payments for land acquired in an expeditious manner.

Further, we directed that, within available funds, the Corps of Engineers make a study and prepare a report on the feasibility of designing the Amory Lock so that the west fork of the Tombigbee River will not be excluded in the water transportation system design of the Tennessee-Tombigbee navigation project. Provided, that this study shall in no way slow down construction of the Tennessee-Tombigbee Navigation Waterway.

In addition, we included $33,000 for investigations.

BEAR CREEK

The committee increased the funds for Bear Creek to $5,445,000. For Tombigbee River and tributaries, $700,000 is available for use in the coming fiscal year.

APPALACHIA

For the Appalachian development program, which covers 13 States and is so vital to the 10 eastern counties of my district, the bill provides $293,500,000, of which $160,000,000 is for highways, $125,000,000 for area development programs, and $8,500,000 for research, demonstration, and local development districts.

OTHER ITEMS OF INTEREST

Mr. Speaker, other items from our Appropriations Committee, which are vital funds for a continuation of construction on the Natchez Trace which my colleagues were good enough to revive after northeast Mississippi was added to our district. Much of the funds has gone to bridge construction, for with bridges we will eventually get the highways.

Mr. Speaker, I am thankful to my colleagues for their support of these projects. Truly they are essential to my entire area, just as similar projects are vital to the whole Nation.

Again, the more we owe, the greater our problems, the more imperative it is that we look after our own country, on which all else depends.

If we leave our children a rich land, then they can make a fine future for themselves. On the other hand we could leave them all the money in the world and a worn out land and they would have nothing on which to build.

Mr. EVINS of Tennessee. Mr. Speaker, I yield such time as he may require to the distinguished gentleman from Washington (Mr. McCORMACK).

Mr. McCORMACK. Mr. Speaker, I want to take this opportunity to congratulate the chairman of the Public Works Subcommittee, Mr. EVINS, and other members of the subcommittee and full committee on appropriations for another year's diligent labor in preparing the funding of many conservation, reclamation, hydroelectric, flood control, and multipurpose projects for the Pacific Northwest.

Mr. Speaker, Chairman EVINS has shown great and sympathetic understanding and concern for these projects in the Pacific Northwest, bringing a quality of life and a more plentiful food supply for the people of this Nation, and a high degree of self-sufficiency in energy production through hydroelectric dams on the Columbia and Snake Rivers in the State of Washington.

I thank the chairman and the members of the committee for their support.

Money spent for reclamation and production of food is some of the least inflationary money we can spend, and one of the best investments we can make in strengthening this country and its people.

I want to clarify one point with respect to the conference report with the chairman, if I may. This year the Office of Management and Budget requested money that had been previously specifically appropriated by the Congress for the Second Bacon Siphon and Tunnel on the Columbia Basin be used instead for development of projects within the basin itself. In the conference committee report it says on page 27:

> The Committee of Conference directs that the funds previously appropriated for the Bacon Siphon and Tunnel No. 2, $1,055,000, be utilized for the purposes the funds were originally provided and the Conferees specifically prohibit the proposed transfer of these funds for any other purpose. Additional funds required for other aspects of the Columbia Basin, Washington project should be requested of the Congress if needed.

So, as I understand it, the $1,055,000 that has been previously appropriated for the Second Bacon Siphon and

Tunnel is, under this conference report, is to be used exclusively for that project; for the Second Bacon Siphon and Tunnel.

Mr. EVINS of Tennessee. Mr. Speaker, the gentleman's interpretation is correct.

Mr. McCORMACK. I understand the impact of this provision is to reduce by $1,055,000 the appropriation for the balance of the projects in the Columbia Basin.

Mr. EVINS of Tennessee. If the gentleman will yield. There is a total of $74,900,000 in the bill for the Columbia Basin project. The conference report provides that the $1,055,000 previously appropriated should be used only for the Bacon Siphon and Tunnel No. 2. If there is a need for additional funds for the Columbia Basin project the committee would consider such additional needs in any supplemental request we receive for that purpose.

Mr. McCORMACK. I thank the chairman. I appreciate his support. I will be working with the Bureau of Reclamation and the subcommittee to provide additional appropriations required for completion of all portions of the Columbia Basin project.

Mr. EVINS of Tennessee. Mr. Speaker, I yield for a question to the distinguished gentleman from California (Mr. WALDIE).

Mr. WALDIE. Mr. Speaker, I thank the chairman for yielding.

On page 25 of the report there is a reference to Lock and Dam No. 26, Mississippi River, and there is some language concerning it—and this is at the top of the page, on amendment No. 6. There is language there concerning that lock and dam. The only question I have to ask the chairman is, there is pending litigation involving that project and I ask, am I correct in my belief that the language is in no way intended to interfere in any respect with the pending litigation?

Mr. EVINS of Tennessee. No, it is not. The gentleman is correct in his interpretation.

Mr. WALDIE. I appreciate that.

Mr. EVINS of Tennessee. Mr. Speaker, I yield to the gentlewoman from New York (Ms. ABZUG).

Ms. ABZUG. Mr. Speaker, I want to thank the chairman and Mr. ROBISON, and the members of the committee for including in the conference report funding for several much-needed and long-delayed projects in the New York area.

The conference report includes almost $8 million for projects to deepen and dredge the harbors and channels of the New York City waterways. This will have an immediate impact on the ability of shipping to offload the cargo quickly and more efficiently and it will allow the more rapid handling of the larger cargo ships that are now being built.

The appropriation of $4 million for the Rockaway Beach erosion project will enable work to start immediately on this urgently needed program. The problem of beach erosion has become so serious that last summer the city of New York was forced to close 25 blocks of beach to the public.

My greatest satisfaction, however is derived from one of the $330,000 allocated to commence construction on the New York Harbor collection and removal of drift project. The history of this project, first recommended by the Corps of Engineers in the 1960's, has been long and arduous. Despite widespread agreement on the need for cleaning up New York Harbor and the recognition that New York City did not have the capacity to handle this problem alone, the project was stymied by the failure of the Secretary of the Army and the former President to grant approval as was required by the 1970 act. With the cooperation of many members of the New York delegation, and Mr. Grover, my colleague on the Public Works Committee, and with the invaluable assistance of Representative BLATNIK, chairman of the House Committee on Public Works, and Representative ROBERTS, chairman of the Subcommittee on Water Resources, we were successful in having included in the Water Resources Act of 1974 a $14 million authorization for the harbor project. Since that time I have been working with the Army Corps of Engineers to expedite commencement of the work on this project.

The New York Harbor Collection and Removal of Drift project is not a local project in the sense that it will benefit only New York or even the New York-New Jersey area. Drift, sunken vessels, deteriorated waterfront structures and other debris in the harbor pose serious safety hazards to public and private shipping, causing millions of dollars of damage each year. When one considers that 10 percent of the international shipping passes through this harbor each year, one can appreciate the vital national significance of the project. New York has undertaken a significant local commitment of its tax dollars on this program and has already spent over $14 million on the removal of deteriorated piers.

The $330,000 will be sufficient to complete the design and planning phases of this program so that by next year actual construction can begin. Despite my disappointment that construction cannot be started sooner I am still hopeful that, with an adequate appropriation in next year's bill, we will be able to clean up the debris in at least part of the harbor—the area surrounding the Statue of Liberty and most visible to tourists—in time for our Nation's Bicentennial celebration.

Mr. Speaker, my only wish is that the rest of this conference report was as worthy of support as the essential public works projects that are provided for.

It is indeed unfortunate that these two basically unrelated appropriations—Public Works and the Atomic Energy Commission—must be considered as a whole because I, and many other members, would like the opportunity of voting "yes" on the public works appropriation and "no" on the AEC appropriation.

In April of this year I voted no on the AEC authorization bill because of the huge amounts of money being authorized for weapons, for nuclear weapon testing, for the nuclear Navy-Trident program, and for fission reactors. In that authorizing legislation the Joint Committee on Atomic Energy even went beyond what the AEC had requested for its budget in these fields.

As I understand it, the Joint Committee authorized $874,497,000 for weapon programs which is broken down to include weapons production and surveillance; research and development; testing of atomic weapons and special test detection activities. The authorizing legislation also included $170,300,000 for the nuclear Navy-Trident program. In fact, the Joint Committee recommended an overall $3.6 billion authorization for all of the AEC programs. Of this $3.6 billion, $1.531 was for military purposes.

But then, Mr. Speaker, an interesting thing happened. This Congress, in response to the very real energy crisis, separated from all department and agency budgets those sections of the budget dealing with energy research and development. Among those appropriations separated out was approximately half of the AEC authorization, that is those sections related to energy production and research.

Thus it is sad to say that the remaining AEC appropriation that we will be voting on today, is predominately defense oriented. I do not favor this section of the bill.

It is truly sad that these two basically unrelated matters must be so inextricably linked in this appropriation bill.

Mr. GONZALEZ. Mr. Speaker, will the gentleman yield?

Mr. EVINS of Tennessee. I yield to the distinguished gentleman from Texas (Mr. GONZALEZ).

Mr. GONZALEZ. Mr. Speaker, I thank the distinguished chairman for yielding to me.

I take this opportunity also to add my voice to those who have preceded me in complimenting the chairman and the members of the subcommittee for an excellent job once again rendered the people of this country.

So often we have been attacked, and I mean those of us in the Congress, just on general terms when this public works appropriation bill has been referred to as a pork barrel.

This has been done suitably on occasions by politicians who are demagogic, trying to make a point on expenditures; but I cannot let this opportunity pass, Mr. Speaker, without pointing out that in the 20th District, which I have the honor of representing, what these expenditures have meant in the case of flood control moneys has been in terms of lives and property. This past week we had serious flood damage in the city of San Antonio. Had this same level of rainfall and the same circumstances transpired 3, 5 or 10 years ago, it would have resulted in the loss of lives. Thanks to the work of the Corps of Engineers which were funded by this subcommittee, this was avoided.

I am happy to say that this is a practical and most realistic illustration of how we have added to the substance and the well-being and have not spent the substance of the Nation for nothing.

Mr. EVINS of Tennessee. Mr. Speaker, I thank the gentleman for his contribution.

Mr. KEMP. Mr. Speaker, I rise in support of this joint House-Senate conference committee rivers and harbors and flood control appropriations bill, H.R. 15155.

It is important to the people of western New York and the Nation.

Federal funding assistance to aid in the planning and construction of works of improvement—such as those funded by this bill—is a form of Federal aid as longstanding as our Nation itself. It is an important aspect of the Federal-State-local cooperation which has pervaded our sense of national unity.

These public works are designed to carry out important human resource and environmental objectives. This helps us protect against the ravages of floods, to improve navigation for both commercial and recreational uses, to enhance crucially needed water supplies for municipalities, to reduce losses to our economic well-being, and to alleviate the human misery which accompanies any failure to come to grips with these problems.

I have seen the effects of flooding. I have seen homes—into which families had put their life savings—destroyed in only a few hours because there were not structures and devices to hold back the water or rechannel it away from populated areas.

I have seen the water supplies of entire areas endangered by the contamination which arises from such disasters.

During this period when it is evident that the Federal Government must cut out the less-important, lower priority activities it too often has funded I think few could disagree with the conclusion that here—working toward the construction of protective public works structures—is where we should be spending our money.

There are several important projects in this bill affecting the people of western New York. I have testified and urged the Committee on Appropriations to fund these vital projects.

I am thankful to the distinguished chairman of the Committee on Appropriations, Mr. MAHON of Texas, and the ranking minority member, Mr. CEDERBERG of Michigan—and to all the members and staff of that committee—for their assistance in getting these proposed fundings to the floor today. I am particularly thankful to Mr. ROBINSON of New York for his efforts in the conference committee to secure Senate acceptance of the House language providing $135,000 in planning funds for Ellicott Creek.

BUFFALO RIVER DRAINAGE AREA AND TONAWANDA CREEK

The bill provides $275,000 for a comprehensive flood control and wastewater management investigation in the Buffalo River drainage area, which includes watersheds of Cayuga and Cazenovia Creeks, portions of Cheektowaga, West Seneca, Lancaster, and Buffalo, and much of the towns of Aurora, Elma, Colden, Marilla, Wales, Bennington, Sheldon, and Java.

This is an increase over the amount requested in the budget message, but it is critically needed and the committee's judgment reflects that.

Of the $275,000 investigation, $100,000 is to be earmarked to complete the unfinished Tonawanda Creek flood control study.

NIAGARA RIVER AND FALLS AND THE ST. LAWRENCE SEAWAY

The bill provides an additional $25,000 for investigations for improved navigation on the Niagara River and improvement of Niagara Falls.

It also contains an additional $10,000 for the study of additional locks on the St. Lawrence Seaway, our avenue of commerce and trade between the Great Lakes and the Atlantic—a crucially important matter for the economic health of the entire Great Lakes area.

OTHER PROJECTS

The bill provides $120,000 for planning navigation improvement projects in Cattaraugus Harbor, $100,000 for flood control planning on Scajaquada Creek, and $135,000 for additional flood control planning on Ellicott Creek.

ELLICOTT CREEK

Because of the substantial importance of the project for the citizens of western New York, I want to spend a few moments discussing the Ellicott Creek project in detail.

Ellicott Creek is the largest tributary of Tonawanda Creek and drains an area of approximately 110 square miles in Erie, Genesee, and Wyoming Counties. The Ellicott Creek Basin includes all of the villages of Alden and Williamsville and parts of 2 cities, one other village, and 10 towns.

Portions of the lower basin—notably the towns of Amherst and Lancaster—are subject to periodic flooding—sometimes of an extensive nature.

The Flood Control Act of 1970—the year before I came to the Congress—authorized $19.07 million for a project for flood control and other purposes on Ellicott Creek, including a dam and reservoir at Sandridge and minor channel improvements downstream. The language of that act required, however, that the entire project be completely restudied, that all alternatives be investigated, and that the findings of this restudy be reported back, together with recommendations, to the Congress before any work can commence on the project.

Because of the potentially adverse environmental impact and because of the projected dislocation of families, the Sandridge Dam and Reservoir project came under intense criticism. I expressed that in my testimony to the committee on May 17, 1971. I also joined with my colleague from New York (Mr. CONABLE) and others in recommending that other alternatives be explored. As a result of the call for further evaluation of alternatives to the Sandridge Dam and Reservoir, the Committee on Appropriations recommended $150,000 for a plan formulation study for the creek.

In May of the following year—1972—I again testified before the Subcommittee on Public Works of the Committee on Appropriations. In an effort to get things moving—in light of the intensifying impasse on Sandridge Dam and Reservoir—I requested the committee to add to existing authority new language permitting the U.S. Army Corps of Engineers to both initiate design and move forward with construction of the minor channel improvement elements of the project in the lower reaches of the creek in the town of Amherst, west of Sweethome Road, while it thoroughly reexamined the major components of the upstream improvements needed. I submitted language to accomplish that result.

I also requested that, if my suggested language were included in the bill, the committee recommend appropriation of the funds in fiscal year 1973 for these minor channel improvements. The language was included in the Rivers and Harbors Act of 1972, but that bill was vetoed—for other reasons—by the President and that veto was sustained. Thus, no money was appropriated for minor channel improvements.

Despite the examination of over 30 concepts to provide flood control and other benefits on the creek—examined by the corps and by residents along the creek through a series of public meetings—we were after that veto "back to the drawing board."

As a result of those extensive examinations, however, four possible ways of dealing with the flood control problem emerged: Sandridge Dam and Reservoir, with minor channel improvements; or, Bowmansville Lake; or major channel improvements in Amherst; or, a diversion channel, also in Amherst.

The diversion channel alternative was the only one to receive strong support from environmentalists, including approval of the Environmental Protection Agency—EPA—an approval not lightly given. Support for this project was strong—and remains strong today—because construction of the scenic, grass-lined, gradually sloped diversion channel offered the most flood control benefits while causing the least disruption to the environment and wildlife or to the many residents along the creek.

In the summer of 1973 I made a statement before the Subcommittee on Water Resources of the House Committee on Public Works, the authorizing committee. I asked for language to be included in the pending Rivers and Harbors Act which would authorize the corps to undertake certain remedial flood control measures compatible with the diversion channel plan contained in the report of the district's engineer in Buffalo, dated August 1973.

That language was included, as section 14, in the Rivers and Harbors Act, and it became law on March 7, 1974. It gave specific authority to the corps to commence construction on the downstream works, while the Federal, State, and local interests continued the debate on upstream improvements.

The text of section 14 is as follows:

> SEC. 14. The project for the Sandridge Dam and Reservoir, Ellicott Creek, New York, for floor protection and other purposes as authorized by the Flood Control Act of 1970, is hereby modified to authorize the Secretary of the Army, acting through the Chief of Engineers, to undertake remedial flood control measures to alleviate flooding in the reach between Stahl Road and Niagara Falls Boulevard that are compatible with the diversion channel plan contained in the report of the district engineer, United States Army Engineer District, Buffalo, dated August 1973, such work to be subject to the items of local cooperation required for similar projects and such work to be limited to areas downstream from Sweetheme Road in the town of Amherst, New York, and such other areas as the Secretary may deem necessary. The work authorized by this section shall be compatible with the authorized project and any alternatives currently under study pursuant to the Flood Control Act of 1970.

During this period, the Buffalo District of the Corps of Engineers moved to finalize its report on Ellicott Creek, recommending authorization for construction of the diversion channel in Amherst. But, in light of strong support from the State government of New York for the Sandridge Dam and Reservoir alternative, it was unclear as to what would be the position of the new Governor, Malcolm Wilson. Therefore, on June 18, 1974, the Buffalo District of the corps solicited the State's official position.

On July 16, Governor Wilson responded. The State withdrew its support of the Sandridge Dam and Reservoir alternative, indicating:

> The State is no longer committed to the project as authorized by Congress in 1970. With the passage of time the additional multipurpose benefits associated with this $31 million alternative would appear to be marginal at best and cannot justify the disruption of the 82 families living in the upstream area or the drastic alteration of the area's land use which the reservoir would require for what is primarily a local flood control problem.

The State did not, however, go so far as endorsing the diversion channel.

While the project for upstream improvements was being held up—due to a lack of State assurances of local cooperation—I moved, nonetheless, to insure the continuation of planning on needed downstream improvements.

Inasmuch as congressional action on downstream works was not foreseen at the time the Federal budget for fiscal year 1975 was prepared last winter, the administration did not recommend planning funds for Ellicott Creek. In light of congressional approval of modified authority, as contained in section 14 of the Rivers and Harbors Act enacted in March, however, I called upon the Committee on Appropriations to include the needed $135,000 in the public works appropriations bill now before us. They did so, and the House-passed bill contained the full $135,000.

As a result of the State's failure to provide assurances of local cooperation on the upstream work, and in light of testimony by the corps on the feasibility of downstream improvements without agreement on upstream work, the Senate Committee on Appropriations knocked out the $135,000, and the bill passed the Senate in that form. I called upon members of the conference committee to restore these planning funds in conference. They were fully restored. They are the bill before us.

Where does this leave us?

First, because State assurances have not been given as to the diversion channel, it means that plan cannot go forward. I personally think the failure to provide those assurances is regretful. I think the diversion channel is still the best plan, and I do not believe an 11th hour search for another will produce one. The people support the diversion channel and it should be constructed. The State should provide assurances of local cooperation.

Second, the corps has indicated that it does not believe the downstream improvements to be prudent until agreement is reached on the upstream project. The corps cites two reasons: First, downstream channel improvements without upstream flow augmentation—an ability to hold back flood waters—could result in severe streambank erosion downstream. We certainly do not want to construct works which merely shift a problem from one area on a creek to another, from one group of residents to another; and second, without including the benefits provided by upstream improvements, the cost feasibility of downstream work is questionable. This is why we need agreement on the upstream works.

Third, it means we do not have to wait until next year's public works appropriations bill for the corps to start its planning on downstream works. It means keeping this project on schedule.

Fourth, the modified authorization states that the downstream works must be compatible with the diversion channel. As I read this language—and it was my intent which underlay it—it expresses the strongest preference for the diversion channel.

But what would happen if another alternative was unanimously agreed upon by Federal, State, and local authorities and agreed to by the residents along the creek?

It would mean that planning on downstream improvements would still be in order, even if in conjunction with a yet unforeseen alternative, provided those downstream improvements were also compatible with—consistent with—a diversion channel.

In conclusion on this project, we cannot turn a spade of earth, but we can commence planning on downstream works and we can do that now, without waiting further. We have an important task before us—to obtain either State assurances with respect to the diversion channel or to devise another alternative which will do the job and be acceptable to citizens of the area. Obtaining State assurances on the diversion channel is preferable. The language of section 14 of the Rivers and Harbors Act and the provision of the planning funds contained in the bill now before us keep us on track and contribute mightily to getting this job done.

Mr. GILMAN. Mr. Speaker, while I rise in support of the conference report on the 1975 Public Works Appropriations, I am compelled to express my objections to the elimination of all funds for the acquisition of Tocks Island Lake and Delaware River Gap National Recreation Area properties.

I am a cosponsor of Mr. McDADE's amendment to this appropriation bill committee report which was intended to serve as notice to the Army Corps of Engineers that the Congress was not prepared to fund the construction of the Tocks Island Dam. It was not my intention, however, that the corps' land acquisitions should come to a screeching halt. As a matter of fact, I fully supported the House version of the public works appropriation bill, which would have made available a sum of approximately $8.5 million, but restricted those funds only to acquisition purposes.

A cessation of land acquisition in the Tocks project at this time is a grave mistake. In order to understand the magnitude of such a mistake, one must look to the acquisition process.

We are essentially speaking of two separate, concentric parcels of property, both being purchased by the Army Corps of Engineers. The corps is purchasing the land that would be flooded by the Tocks Island Lake and is also acting as the agent for the National Park Service in purchasing land for the Delaware River Gap National Recreation Area. When the Army Corps of Engineers set out to purchase these properties they did so with the understanding that the total acquisition would be funded through to completion, regardless of the outcome of any disputes over the creation of the Tocks Island Lake. This was a reasonable assumption.

In seeking to extend every possible consideration to project area residents, the corps undertook to negotiate first with those property owners for whom relocation would be a considerable personal hardship. Land purchases were, therefore, scattered about the project area in an unusual configuration. Even today, with acquisitions for the lake and for the recreation area both nearly two-thirds complete, the acquisition maps look like a checkerboard. There can be little question about the simple fact that the National Park Service cannot put this land to any productive use as it now exists. But that is only the practical side of the argument; there is also a personal side.

For some time the owners of the other third of the property have been resigned to the fact that they will have to relocate. They are prepared, and in many cases anxious to make the imminent move. But with the Government lacking the funds to purchase their property or make a relocation payment, they are left in a quandary. Furthermore, so many of their neighbors have moved that community services and utilities have been severely cut back.

Land acquisitions in both areas are nearly complete. In the Tocks Island

Lake area, 1,759 tracts have been purchased at a cost of over $40 million with only 900 tracts remaining to be acquired. In the Delaware River Gap National Recreation Area, over 4,000 tracts have been purchased at a cost of over $45 million. Only 636 tracts remain. If we delay in completing this project, the appraised valuation of these properties will likely climb higher and higher.

Accordingly, I urge my colleagues to oppose the construction of the Tocks Island Dam until we have resolved the environmental problems entailed in this proposal and to pursue the search for alternatives as Congress has mandated in this year's appropriation measure.

In the interim, let us find a way to continue with the land acquisition, in order to complete this national recreation area which will benefit the entire region.

Mr. DORN. Mr. Speaker, I urge overwhelming approval of the conference report on public works appropriations for fiscal year 1975. This $4.5 billion bill is vitally needed for the continued orderly development of our nation's energy resources.

Mr. Speaker, I am especially pleased that the conference report includes $2.125 million this year for construction of the Richard B. Russell Dam and Lake on the Savannah River. This appropriation means that construction can begin this year, and culminates years of long, hard work by supporters of the Trotters Shoals project, renamed by Congress to honor the late Senator Richard B. Russell. It is an historic occasion.

Mr. Speaker, back in 1966 our Public Works Committee recommended, and the Congress approved, that the Trotters Shoals project be authorized. There followed years of effort in securing the necessary clearance by budget officials, by environmental officials, and of course the funding by Congress. Now, with the $2.125 million appropriation for this year included in this conference report, I am confident that we will see this year the actual start of construction. This is an extremely significant event for the entire Southeastern United States, as the Russell project, when completed, will provide badly needed additional hydroelectric power resources.

Cost of the Russell project is now estimated at $178,000,000. When completed some 7 years after the start of construction, the project will produce, initially, 300,000 kilowatts of hydroelectric power. The project will also provide fishing, boating, and general recreation facilities to accommodate ultimately 4.5 million visitors annually. The positive effect on the entire upper Savannah River area will be tremendous. The entire Southeast will benefit from enhanced energy supplies and recreation opportunities. The damsite is located on the Savannah River about 29.9 miles below Hartwell Dam, and 37.4 miles above Clark Hill. The 26,650 acre lake will extend into Abbeville and Anderson Counties, in our congressional district, as well as into Georgia.

Mr. Speaker, the start of construction on the Russell—Trotters Shoals—project will be the culmination of one of the most hard-fought and interesting chapters in the history of American public works. Prior to 1966, further development of the upper Savannah River was completely stymied. The deadlock affected not only the proposed Corps of Engineers project on the Savannah at Trotters Shoals but also a billion-dollar nuclear power generation facility proposed by Duke Power Co. for a tributary of the Savannah River at Keowee Toxaway. All industrial and public and private power development on the Savannah was halted due to the uncertainty.

Construction of the Duke power development at Keowee Toxaway was contingent on FPC approval. Certain public-power advocates intended to litigate the Keowee-Toxaway project before the FPC and in the courts if necessary. The resulting delay would have forced cancellation of the plans for Keowee Toxaway. As a member of the Public Works Committee, I recommended a compromise arrangement whereby public-power advocates would withdraw their opposition to the Keowee-Toxaway development if we would include in public works legislation the authorization to build the Corps of Engineers dam at Trotters Shoals. Another part of the arrangement was that the bill authorizing Trotters Shoals would also authorize a Duke facility at Middleton Shoals in Anderson County.

Mr. Speaker, I was flattered that supporters of Trotters Shoals accepted my word that Trotters Shoals would be included in the law if they withdrew their objection to the Duke Power development at Keowee-Toxaway and Middleton Shoals. I accept full responsibility for this successful compromise, which will result in a total investment in South Carolina of over a billion dollars.

Mr. Speaker, the implications of this compromise with respect to the energy crisis that developed in the seventies are clear. Had we in the Congress not moved ahead to authorize the project at Trotters Shoals and to make possible the project at Keowee-Toxaway, the electric power situation today in the Southeast would indeed be uncertain. As this episode unfolded, however, we have seen construction of the Keowee-Toxaway project, and today can see with assurance the future construction of the Russell (Trotters Shoals) project. As a result, our area is second to none in power generating facilities, in recreational facilities, and in economic progress. Mr. Speaker, the Russell Dam and Lake will greatly improve the environment and ecology. At the present time this area is a wasteland, inaccessible and subject to violent flooding by sudden release of avalanches of water from Hartwell Dam. A constant level lake of 26,000 acres of pure water will replace a desolate environmental monstrosity.

Again, Mr. Speaker, I urge approval today for the public works appropriation conference report now before the House, as funds included in this bill will assure a prompt start to construction of the Richard B. Russell project on the Savannah River.

Ms. HOLTZMAN. Mr. Speaker, I cannot support this conference report which is in reality a defense bill camouflaged as public works legislation. Over half of the $4.5 billion appropriated under this report will be channeled into defense projects.

To vote "yes" on this legislation would cost New Yorkers more than we would get: First, in the loss of purchasing power because this bill will fuel the already raging inflation; second, by paying hard-earned tax dollars for wasteful defense projects.

Many of the weapons and defense-related projects in this legislation would be considered unnecessary and wasteful under ordinary circumstances. Under the present extraordinary circumstances of runaway inflation, allocating $2.4 billion to these projects is simply irresponsible.

We have just passed a $90 billion defense bill. We already have an overwhelming nuclear weapons capacity, including more than 6,000 missiles. Nonetheless, this bill provides an additional $2.4 billion for defense, including $188 million for materials for weapons programs and $702 million for production of additional nuclear weapons. Finally, we find $8 million as a further commitment to the Trident submarine and missile program—an obsolescent program for which we have already appropriated more than $2 billion and which will cost us in the end more than $13 billion.

It is unfortunate that allocations for badly needed public works projects have been included in this conference report almost as an afterthought. I would like my State of New York to receive that $18.9 million which the conference report provides for projects in New York Harbor, East Rockaway Inlet, Fire Island Inlet, among others. But the money appropirated for public works projects in New York amounts to less than one half of 1 percent of the total amount appropriated in the conference report. This legislation will result in taking more money from the pockets of New York housewives, consumers, wage earners and persons on social security than the public works section would provide to New York.

We simply cannot have a knee-jerk reaction to any and all defense outlays. New York has already suffered a loss of education funds and housing funds, to cite just two examples. As long as Congress continues to support increased defense appropriations we in New York will be forced to neglect desperately needed domestic programs, and the plight of urban dwellers and all consumers will be compounded.

Mr. EVINS of Tennessee. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER. The question is on the conference report.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. STEIGER of Wisconsin. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 376, nays 18, not voting 40, as follows:

[Roll No. 479]

YEAS—376

Abdnor
Abzug
Adams
Addabbo
Alexander
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Arends
Armstrong
Ashbrook
Ashley
Aspin
Badillo
Bafalis
Baker
Barrett
Bauman
Beard
Bell
Bennett
Bergland
Bevill
Biaggi
Bingham
Blackburn
Boggs
Boland
Bolling
Bowen
Brademas
Bray
Breaux
Breckinridge
Brooks
Broomfield
Brotzman
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill, N.C.
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Byron
Camp
Carney, Ohio
Carter
Casey, Tex.
Cederberg
Chamberlain
Chappell
Chisholm
Clancy
Clark
Clausen, Don H.
Clawson, Del
Clay
Cochran
Cohen
Collins, Ill.
Conlan
Corman
Cotter
Coughlin
Cronin
Culver
Daniel, Dan
Daniel, Robert W., Jr.
Daniels, Dominick V.
Danielson
Davis, S.C.
Davis, Wis.
de la Garza
Delaney
Dellenback
Dellums
Denholm
Dent
Derwinski
Devine
Dickinson
Donohue
Dorn
Downing
Drinan
Duncan
du Pont
Eckhardt
Edwards, Ala.
Edwards, Calif.
Eilberg
Erlenborn
Esch
Eshleman
Evans, Colo.
Evins, Tenn.
Fascell
Findley
Fish
Fisher
Flood
Flowers
Foley
Forsythe
Fountain
Fraser
Frelinghuysen
Frey
Froehlich
Fulton
Fuqua
Gaydos
Gettys
Giaimo
Gibbons
Gilman
Ginn
Goldwater
Gonzalez
Goodling
Grasso
Green, Oreg.
Green, Pa.
Griffiths
Gross
Grover
Guyer
Haley
Hamilton
Hammerschmidt
Hanley
Hanna
Hanrahan
Hansen, Idaho
Harrington
Harsha
Hastings
Hays
Hechler, W. Va.
Heinz
Helstoski
Henderson
Hicks
Hillis
Hinshaw
Hogan
Holt
Horton
Hosmer
Howard
Huber
Hudnut
Hungate
Hunt
Hutchinson
Ichord
Jarman
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jordan
Karth
Kastenmeier
Kazen
Kemp
Ketchum
King
Kluczynski
Koch
Kuykendall
Kyros
Lagomarsino
Latta
Leggett
Lehman
Lent
Litton
Long, La.
Lott
Lujan
Luken
McClory
McCloskey
McCollister
McCormack
McDade
McEwen
McFall
McKay
McKinney
Macdonald
Madden
Madigan
Mahon
Mallary
Mann
Martin, Nebr.
Mathias, Calif.
Mathis, Ga.
Mayne
Mazzoli
Meeds
Melcher
Metcalfe
Mezvinsky
Michel
Milford
Miller
Mills
Minish
Mink
Minshall, Ohio
Mitchell, Md.
Mitchell, N.Y.
Mizell
Moakley
Mollohan
Montgomery
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Moss
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers
Natcher
Nedzi
Nelsen
Nichols
Nix
Obey
O'Brien
O'Hara
O'Neill
Owens
Parris
Patman
Patten
Pepper
Perkins
Pettis
Peyser
Pickle
Pike
Poage
Powell, Ohio
Preyer
Price, Ill.
Price, Tex.
Pritchard
Quie
Quillen
Railsback
Randall
Rangel
Regula
Reuss
Rhodes
Riegle
Rinaldo
Roberts
Robinson, Va.
Rodino
Roe
Rogers
Roncalio, Wyo.
Rooney, Pa.
Rose
Rosenthal
Rostenkowski
Roush
Rousselot
Roy
Roybal
Runnels
Ruth
Ryan
St Germain
Sandman
Sarasin
Sarbanes
Satterfield
Scherle
Schneebeli
Schroeder
Sebelius
Seiberling
Shipley
Shoup
Shriver
Shuster
Sikes
Sisk
Skubitz
Slack
Smith, Iowa
Smith, N.Y.
Snyder
Spence
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Steele
Steelman
Steiger, Ariz.
Stokes
Stratton
Stubblefield
Studds
Sullivan
Symington
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Teague
Thompson, N.J.
Thomson, Wis.
Thone
Tiernan
Towell, Nev.
Treen
Udall
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Veysey
Vigorito
Waggonner
Waldie
Walsh
Wampler
Ware
Whalen
White
Whitehurst
Whitten
Wiggins
Wilson, Bob
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Winn
Wright
Wyatt
Wylie
Wyman
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Ill.
Young, S.C.
Young, Tex.
Zablocki
Zion
Zwach

NAYS—18

Biester
Cleveland
Collins, Tex.
Conable
Conte
Crane
Frenzel
Gude
Heckler, Mass.
Holtzman
Landgrebe
Maraziti
Martin, N.C.
Ruppe
Steiger, Wis.
Traxler
Wolff
Wydler

NOT VOTING—40

Blatnik
Brasco
Brinkley
Broyhill, Va.
Carey, N.Y.
Collier
Conyers
Davis, Ga.
Dennis
Diggs
Dingell
Dulski
Flynt
Ford
Gray
Gubser
Gunter
Hansen, Wash.
Hawkins
Hébert
Holifield
Jones, Tenn.
Landrum
Long, Md.
McSpadden
Matsunaga
Passman
Podell
Rarick
Rees
Reid
Robison, N.Y.
Roncallo, N.Y.
Rooney, N.Y.
Stephens
Stuckey
Thornton
Widnall
Williams
Young, Ga.

So the conference report was agreed to.

The Clerk announced the following pairs:

Mr. Rooney of New York with Mr. Blatnik.

Mr. Hébert with Mr. Gray.

Mr. Jones of Tennessee with Mr. Passman.

Mr. Long of Maryland with Mr. Diggs.

Mr Young of Georgia with Mr. Davis of Georgia.

Mr. Podell with Mr. Rees.

Mr. Carney of New York with Mr. Widnall.

Mr. Dingell with Mr. Holifield.

Mr. Flynt with Mr. Roncallo of New York.

Mr. Ford with Mr. Gubser.

Mr. Rarick with Mr. Broyhill of Virginia.

Mr. Reid with Mr. Brinkley.

Mr. Gunter with Mr. Collier.

Mr. Hawkins with Mr. Dennis.

Mr. Landrum with Mr. Dulski.

Mr. Matsunaga with Mr. Conyers.

Mr. Stephens with Mrs. Hansen of Washington.

Mr. Stuckey with Mr. McSpadden.

Mr. Thornton with Mr. Robison of New York.

The result of the vote was announced as above recorded.

AMENDMENTS IN DISAGREEMENT

The SPEAKER. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 1: On page 2, line 19, strike "$1,428,760,000" and insert "$1,433,960,000".

MOTION OFFERED BY MR. EVINS OF TENNESSEE

Mr. EVINS of Tennessee. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. EVINS of Tennessee moves that the House recede from its disagreement to the amendment of the Senate numbered 1 and concur therein with an amendment, as follows: In lieu of the sum named in said amendment insert the following: "$1,411,960,000."

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 5: On page 5, line 17, strike "$988,533,000" and insert "$985,838,000".

MOTION OFFERED BY MR. EVINS OF TENNESSEE

Mr. EVINS of Tennessee. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. EVINS of Tennessee moves that the House recede from its disagreement to the amendment of the Senate numbered 5 and concur therein with an amendment, as follows: In lieu of the sum named in said amendment insert the following: "$973,681,000."

The motion was agreed to.

The SPEAKER. The Clerk will report the last amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 19: On page 12, line 4, insert:

COLORADO RIVER BASIN SALINITY CONTROL PROJECTS

For construction, operation and maintenance of projects authorized by the Act of June 24, 1974, Public Law 93-320, to remain available until expended, $27,650,000.

MOTION OFFERED BY MR. EVINS OF TENNESSEE

Mr. EVINS of Tennessee. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. EVINS of Tennessee moves that the House recede from its disagreement to the amendment of the Senate numbered 19 and concur therein.

The motion was agreed to.

A motion to reconsider the votes by which action was taken on the conference report and the several motions was laid on the table.

GENERAL LEAVE

Mr. EVINS of Tennessee. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the conference report on the bill H.R. 15155 just agreed to, and to include extraneous material and tables.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

APPOINTMENT OF CONFEREES ON H.R. 15323, TO AMEND THE ATOMIC ENERGY ACT OF 1954

Mr. PRICE of Illinois. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 15323) to amend the Atomic Energy Act of 1954, as amended, to revise the method of providing for public remuneration in the event of a nuclear incident, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Illinois? The Chair hears none, and appoints the following conferees: Messrs. Price of Illinois, Holifield, Young of Texas, Roncalio of Wyoming, McCormack, Hosmer, Anderson of Illinois, Hansen of Idaho, and Lujan.

CONFERENCE REPORT ON H.R. 15405, DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS, 1975

Mr. McFALL. Mr. Speaker, I call up the conference report on the bill (H.R. 15405) making appropriations for the Department of Transportation and related agencies for the fiscal year ending June 30, 1975, and for other purposes, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of August 8, 1974.)

Mr. McFALL (during the reading). Mr. Speaker, I ask unanimous consent that the further reading of the statement be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. McFALL. Mr. Speaker, the conference agreement on the transportation appropriations bill is a good one. The final agreement is about a quarter of a billion dollars less than the budget request. The House conferees worked hard to achieve this 7-percent reduction. I particularly want to thank the distinguished ranking minority Member, Mr. Conte. The reductions achieved would not have been possible, however, without the efforts and cooperation of Senator Robert C. Byrd and the other Senate conferees.

The $3,288,504,000 of new budget authority included in the bill is $256,499,552 less than the budget request. In addition, appropriations to liquidate contract authorizations have been reduced by $132,523,000. The net effect of these actions on current year expenditures is a reduction of about $220 million below the budget.

The bill is $106,265,000 more than when it left the House. This increase, however, is accounted for by the fact that the bill as passed by the House contained no funds for Amtrak. As you will recall, funding for Amtrak was deleted on a point of order because the authorization bill had not yet passed. The conference agreement would provide over $130 million for Federal grants to Amtrak.

There are a couple of other items which I know you are interested in. The conference agreement maintains the same language agreed to by the House with respect to the Federal Aviation Administration's flight service stations. Under this language no flight service stations will be closed this year.

The item which was the most difficult to resolve was the 3½-percent across-the-board reduction inserted by the other body. That amendment, as passed by the other body, resulted in a reduction of about $119 million. In conference we made some significant changes to this amendment. Instead of applying an across-the-board reduction, we reduced certain individual appropriations by about $80 million and applied the 3½-percent reduction to selected appropriations to achieve an additional $39 million reduction. Therefore, we made the same total reduction in a selective rather than general manner.

In summary, I think it is important to point out that this bill is $256.5 million below the budget.

Mr. Speaker, I urge that the conference report be agreed to. I will insert a table in the Record giving the conference figures in detail:

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY, DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATION BILL, 1975

[Note.—All amounts are in the form of "appropriations" unless otherwise indicated]

Agency and item	New budget (obligational) authority, fiscal year 1974	Budget estimates of new (obligational) authority, fiscal year 1975	New budget (obligational) authority recommended in the House bill	New budget (obligational) authority recommended in Senate bill	Conference agreement excluding percentage reduction	Additional conference reduction of 3 percent	Total conference action	Total conference action compared with—			
								New obligational authority, 1974	Budget estimate, 1975	House bill	Senate bill
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
TITLE I											
DEPARTMENT OF TRANSPORTATION											
Office of the Secretary											
Salaries and expenses	$31,475,000	$32,100,000	$31,300,000	$31,000,000	$31,000,000	−$1,085,000	$29,915,000	−$1,560,000	−$2,185,000	−$1,385,000	−$1,805,000
By transfer	(3,000,000)							(−3,000,000)			
Interim operating assistance	39,800,000							−39,800,000			
By transfer	(35,000,000)							(−35,000,000)			
Transportation planning, research, and development	28,000,000	[1] 39,100,000	28,000,000	32,500,000	28,000,000	−980,000	27,020,000	−980,000	−12,080,000	−980,000	−5,480,000
By transfer	(1,000,000)							(−1,000,000)			
Grants-in-aid for natural gas pipeline safety	1,175,000	1,200,000	1,200,000	1,200,000	1,200,000	−42,000	1,158,000	−17,000	−42,000	−42,000	−42,000
Consolidation of departmental headquarters	800,000							−800,000			
Total, Office of the Secretary	101,250,000	72,400,000	60,500,000	64,700,000	60,200,000	−2,107,000	58,093,000	−43,157,000	−14,307,000	−2,407,000	6,607,000

Footnotes at end of table.

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY, DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATION BILL, 1975 —Continued

[Note.—All amounts are in the form of "appropriations" unless otherwise indicated]

Agency and item (1)	New budget (obligational) authority, fiscal year 1974 (2)	Budget estimates of new (obligational) authority, fiscal year 1975 (3)	New budget (obligational) authority recommended in the House bill (4)	New budget (obligational) authority recommended in Senate bill (5)	Conference agreement excluding percentage reduction (6)	Additional conference reduction of 3 percent (7)	Total conference action (8)	Total conference action compared with— New obligational authority, 1974 (9)	Budget estimate, 1975 (10)	House bill (11)	Senate bill (12)
TITLE I—Con.											
DEPT. OF TRANS.—Con.											
Coast Guard											
Operating expenses	$584, 900, 000	$622, 970, 000	$617, 579, 448	$620, 444, 448	$618, 144, 448		$618, 144, 448	+$33, 244, 448	−$4, 825, 552	+$565, 000	−$2, 300, 000
Appropriation for debt reduction	−171, 994	−179, 448	−179, 448	−179, 448	−179, 448		−179, 448	−7, 454			
Subtotal, operating expenses	584, 728, 006	622, 790, 552	617, 400, 000	620, 265, 000	617, 965, 000		617, 965, 000	+33, 236, 994	−4, 825, 552	+565, 000	−2, 300, 000
Acquisition, construction and improvements	75, 500, 000	114, 100, 000	111, 307, 000	112, 307, 000	112, 307, 000	−$3, 931, 000	108, 376, 000	+32, 876, 000	−5, 724, 000	−2, 931, 000	−3, 931, 000
Alteration of bridges	4, 000, 000	6, 800, 000	6, 800, 000	6, 800, 000	6, 800, 000	−238, 000	6, 562, 000	+2, 562, 000	−238, 000	−238, 000	−238, 000
Retired pay	86, 750, 000	95, 850, 000	95, 850, 000	95, 850, 000	95, 850. 000		95, 850, 000	+9, 100, 000			
Reserve training	26, 770, 000	30, 200, 000	29, 000, 000	29, 000, 000	29, 000, 000	−1, 015, 000	27, 985, 000	+1, 215, 000	−2, 215, 000	−1, 015, 000	−1, 015, 000
Research development, test, and evaluation	14, 000, 000	21, 000, 000	17, 500, 000	17, 500, 000	17, 500, 000	−613, 000	16, 887, 000	+2, 887, 000	−4, 113, 000	−613, 000	−613, 000
State boating safety assistance	3, 500, 000	7, 500, 000	6, 000, 000	6, 000, 000	6, 000, 000	−210, 000	5, 790, 000	+2, 290, 000	−1, 710, 000	−210, 000	−210, 000
Pollution fund (special fund)		10, 000, 000		10, 000, 000					−10, 000, 000		−10, 000, 000
Total, Coast Guard	795, 248, 006	908, 240, 552	883, 857, 000	897, 722, 000	885, 422, 000	−6, 007, 000	897, 415, 000	+84, 106, 994	−28, 825, 552	−4, 442, 000	−18, 307, 000
Federal Aviation Administration											
Operations	1, 282, 500, 000	1, 385, 500, 000	1, 363, 000, 000	1, 379, 500, 000	1, 375, 500, 000		1, 375, 500, 000	+93, 000, 000	−10, 000, 000	+12, 500, 000	−4, 000, 000
Facilities, engineering, and development	11, 500, 000	13, 000, 000	12, 000, 000	12, 500, 000	12, 250, 000	−429, 000	11, 821, 000	+321, 000	−1, 179, 000	−179, 000	−679, 000
Facilities and equipment (Airport and Airway Trust Fund)	250, 000, 000	250, 000, 000	241, 100, 000	242, 221, 000	235, 521, 000	−8, 243, 000	227, 278, 000	−22, 722, 000	−22, 722, 000	−13, 822, 000	−14, 943, 000
Research, engineering and development (Airport and Airway Trust Fund)	62, 095, 000	70, 000, 000	55, 000, 000	70, 000, 000	60, 000, 000	−2, 100, 000	57, 900, 000	−4, 195, 000	−12, 100, 000	+2, 900, 000	−12, 100, 000
Grants-in-aid for airports (Airport and Airway Trust Fund):											
Planning grants		13, 000, 000		4, 500, 000					−13, 000, 000		−4, 500, 000
Development grants (appropriation to liquidate contract authorization)	(200, 000, 000)	(280, 000, 000)	(280, 000, 000)	(280, 000, 000)	(280, 000, 000)		(280, 000, 000)	(+80, 000, 000)			
Operation and maintenance, National Capital Airports	14, 742, 000	16, 500, 000	16, 000, 000	16, 000, 000	16, 000, 000	−560, 000	15, 440, 000	+698, 000	−1, 060, 000	−560, 000	−560, 000
Construction, National Capital Airports	3, 000, 000	7, 200, 000	4, 200, 000	7, 200, 000	5, 700, 000	200, 000	5, 500, 000	+2, 500, 000	−1, 700, 000	+1, 300, 000	−1, 700, 000
Total, Federal Aviation Administration	1, 623, 837, 000	1, 755, 200, 000	1, 691, 300, 000	1, 731, 921, 000	1, 704, 971, 000	−11, 532, 000	1, 693, 439, 000	+69, 602, 000	−61, 761, 000	+2, 139, 000	−38, 482, 000
Federal Highway Administration											
Limitation on general operating expenses	(119, 047, 000)	(138, 000, 000)	(127, 200, 000)	(131, 200, 000)	(129, 200, 000)		(129, 200, 000)	(+10, 153, 000)	(−8, 800, 000)	(+2, 000, 000)	(−2, 000, 000)
Motor carrier safety	5, 600, 000	6, 330, 000	6, 130, 000	6, 130, 000	6, 130, 000	−215, 000	5, 915, 000	−415, 000	−415, 000	−215, 000	−215, 000
Highway safety research and development	7, 500, 000	10, 640, 000	9, 000, 000	9, 000, 000	9, 000, 000	−315, 000	8, 685, 000	+1, 185, 000	−1, 955, 000	−315, 000	−315, 000
Highway beautification:											
Appropriation	1, 020, 000	1, 107, 000	1, 000, 000	1, 000, 000	1, 000, 000	−35, 000	969, 000	−55, 000	−142, 000	−35, 000	−35, 000
Appropriation to liquidate contract authorization	(30, 000, 000)	(37, 000, 000)	(25, 000, 000)	(25, 000, 000)	(25, 000, 000)		(25, 000, 000)	(−5, 000, 000)	(−12, 000, 000)		
Highway-related safety grants (appropriation to liquidate contract authorization)	(7, 000, 000)	(14, 000, 000)	(12, 000, 000)	(12, 000, 000)	(12, 000, 000)		(12, 000, 000)	(+5, 000, 000)	(−2, 000, 000)		
Rail crossings—demonstration projects	14, 000, 000	12, 600, 000		6, 000, 000	3, 000, 000	−105, 000	2, 895, 000	−11, 105, 000	−9, 705, 000	+2, 895, 000	−3, 105, 000
Railroad-highway crossing demonstration projects	6, 000, 000							−6, 000, 000			
By transfer	(2, 218, 000)		(8, 000, 000)	(15, 500, 000)	(11, 000, 000)		(11, 000, 000)	(+8, 782, 000)	(+11, 000, 000)	(+3, 000, 000)	(−4, 500, 000)

								Total conference action compared with—			
Agency and item	New budget (obligational) authority, fiscal year 1974	Budget estimates of new (obligational) authority, fiscal year 1975	New budget (obligational) authority recommended in the House bill	New budget (obligational) authority recommended in Senate bill	Conference agreement excluding percentage reduction	Additional conference reduction of 3½ percent	Total conference action	New obligational authority, 1974	Budget estimate, 1975	House bill	Senate bill
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Rural highway public transportation demonstration program		$10,000,000	$10,000,000	$10,000,000	$10,000,000	−$350,000	$9,650,000	+$9,650,000	−$350,000	−$350,000	−$350,000
Territorial highways (appropriation to liquidate contract authorization)	($2,500,000)	(1,600,000)	(4,000,000)	(4,000,000)	(4,000,000)		(4,000,000)	(+1,500,000)	(+2,400,000)		
Darien Gap Highway	5,000,000	35,000,000	20,000,000	20,000,000	20,000,000	[2] −490,000	19,510,000	+14,510,000	−15,490,000	−490,000	−490,000
Reduction in appropriation					+6,000,000		−6,000,000	−6,000,000	−6,000,000	−6,000,000	−6,000,000
Alaska Highway		[3] 5,000,000		5,000,000	5,000,000	−175,000	4,825,000	+4,825,000	−175,000	+4,825,000	−175,000
Inter-American Highway	56,000							−56,000			
Federal-aid highways (trust fund—appropriation to liquidate contract authorization)	(4,315,900,000)	(4,583,000,000)	(4,573,840,000)	(4,577,840,000)	(4,575,840,000)		(4,575,840,000)	(+259,940,000)	(−7,160,000)	(+2,000,000)	(−2,000,000)
Highway safety construction programs (trust fund—appropriation to liquidate contract authorization)		[5] (110,000,000)	(110,000,000)	(110,000,000)	(110,000,000)		(110,000,000)	(+110,000,000)			
Right-of-way revolving fund (trust fund—appropriation to liquidate contract authorization)		(40,000,000)	(20,000,000)	(20,000,000)	(20,000,000)		(20,000,000)	(+20,000,000)	(−20,000,000)		
Forest highways (appropriation to liquidate contract authorization)	(8,000,000)	(12,450,000)	(12,450,000)	(12,450,000)	(12,450,000)		(12,450,000)	(+4,450,000)			
Public lands highways (appropriation to liquidate contract authorization)	(3,000,000)	(8,270,000)	(8,270,000)	(8,270,000)	(8,470,000)		(8,270,000)	(+5,270,000)			
Baltimore-Washington Parkway		10,700,000	4,000,000	1,600,000	1,600,000	−56,000	1,544,000	+1,544,000	−9,156,000	−2,456,000	−56,000
Total, Federal Highway Administration	39,176,000	91,377,000	50,130,000	58,730,000	49,730,000	−1,741,000	47,989,000	+8,813,000	−43,388,000	−2,141,000	−10,741,000
National Highway Traffic Safety Administration											
Traffic and highway safety	75,892,000	84,500,000	71,350,000	80,040,000	73,445,000	−2,571,000	70,874,000	−5,018,000	−13,626,000	−476,000	−9,166,000
By transfer	(10,000,000)							(10,000,000)			
State and community highway safety (appropriation to liquidate contract authorization)	(100,000,000)	(99,763,000)	(96,000,000)	(96,000,000)	(96,000,000)		(96,000,000)	(−4,000,000)	(−3,763,000)		
Total, National Highway Traffic Safety Administration	75,892,000	84,500,000	71,350,000	80,040,000	73,445,000	−2,571,000	70,874,000	−5,018,000	−13,626,000	−476,000	−9,166,000
Federal Railroad Administration											
Office of the Administrator	2,900,000	4,340,000	3,800,000	3,800,000	3,800,000	−133,000	3,667,000	+767,000	−673,000	−133,000	−133,000
By transfer	(200,000)							(−200,000)			
Railroad safety	9,237,000	10,220,000	10,170,000	10,170,000	10,170,000	−356,000	9,814,000	+577,000	−406,000	−356,000	−356,000
By transfer	(111,000)							(−111,000)			
Grants-in-aid for railroad safety	1,500,000	1,000,000	1,000,000	1,000,000	1,000,000	−35,000	965,000	−535,000	−35,000	−35,000	−35,000
Railroad research, development	30,450,000	64,240,000	50,000,000	50,000,000	50,000,000	−1,750,000	48,250,000	+17,800,000	−15,990,000	−1,750,000	−1,750,000
By transfer	(6,000,000)							(−6,000,000)			
Grants to National Railroad passenger Corporation	148,000,000	143,000,000	(*)	143,000,000	135,000,000	−4,725,000	130,275,000	−18,825,000	−12,725,000	+130,275,000	−12,725,000
Recission of unobligated balance	−9,100,000							+9,100,000			

Footnotes at end of table.

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY, DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATION BILL, 1975—Continued

[Note.—All amounts are in the form of "appropriations" unless otherwise indicated]

Agency and item	New budget (obligational) authority, fiscal year 1974	Budget estimates of new (obligational) authority, fiscal year 1975	New budget (obligational) authority recommended in the House bill	New budget (obligational) authority recommended in Senate bill	Conference agreement excluding percentage reduction	Additional conference reduction of 3½ percent	Total conference action	Total conference action compared with—New obligational authority, 1974	Total conference action compared with—Budget estimate, 1975	Total conference action compared with—House bill	Total conference action compared with—Senate bill
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
TITLE I—Con. DEPART. OF TRANS.—Con.											
Payment to the Alaska railroad revolving fund		$6,500,000	$4,000,000	$6,500,000	$6,250,000	−$219,000	$6,031,000	+$6,031,000	−$469,000	+$2,031,000	−$469,000
Total, Federal Railroad Administration	$184,087,000	229,300,000	68,970,000	214,470,000	206,220,000	−7,218,000	199,002,000	+14,915,000	−30,298,000	+130,032,000	−15,468,000
Urban Mass Transportation Administration											
Urban Mass Transportation Fund:											
Administrative expenses	5,000,000	9,300,000	7,000,000	6,000,000	6,000,000	−210,000	5,790,000	+790,000	−3,510,000	−1,210,000	−210,000
Research, development, and demonstrations and university research and training	35,050,000	79,000,000	51,130,000	58,750,000	45,130,000	−1,580,000	43,550,000	+8,500,000	−35,450,000	−7,580,000	−15,200,000
Appropriation to liquidate contract authorization	(380,000,000)	(490,000,000)	(400,000,000)	(400,000,000)	(400,000,000)		(400,000,000)	(+20,000,000)	(−90,000,000)		
Total, Urban Mass Transportation Administration	40,050,000	88,300,000	58,130,000	64,750,000	51,130,000	−1,790,000	49,340,000	+9,290,000	−38,960,000	−8,790,000	−15,410,000
St. Lawrence Seaway Development Corporation											
Limitation on administrative expenses	(846,000)	(886,000)	(886,000)	(886,000)	(886,000)		(886,000)	(+40,000)			
Total, title I, Department of Transportation	2,859,540,006	3,229,317,552	2,884,237,000	3,112,333,000	3,031,118,000	−32,966,000	2,998,152,000	+138,611,994	−231,165,552	+113,915,000	−114,181,000
TITLE II RELATED AGENCIES											
National Transportation Safety Board											
Salaries and expenses	8,255,000	9,536,000	9,450,000	9,450,000	9,450,000		9,450,000	+1,195,000	−86,000		
Civil Aeronautics Board											
Salaries and expenses	15,537,000	17,283,000	17,150,000	17,150,000	17,150,000		17,150,000	+1,613,000	−133,000		
Payments to air carriers	73,265,000	69,828,000	69,828,000	67,728,000	67,728,000		67,728,000	−5,537,000	−2,100,000	−2,100,000	
Total, Civil Aeronautics Board	88,802,000	87,111,000	86,978,000	84,878,000	84,878,000		84,878,000	−3,924,000	−2,233,000	−1,100,000	
Interstate Commerce Commission											
Salaries and expenses	40,590,000	43,300,000	43,000,000	43,000,000	43,000,000		43,000,000	+2,410,000	−300,000		
The Panama Canal											
Canal Zone Government:											
Operating expenses	60,000,000	64,065,000	62,700,000	62,700,000	62,700,000	−2,195,000	60,505,000	+505,000	−3,560,000	−2,195,000	−2,195,000
Capital outlay	3,500,000	6,500,000	6,000,000	6,000,000	6,000,000	−210,000	5,790,000	+2,290,000	−710,000	−210,000	−210,000
Panama Canal Company:											
Limitation on general and administrative expenses	(22,331,000)	[3] (25,780,000)	(23,837,000)	(23,837,000)	(23,837,000)		(23,837,000)	(+1,506,000)	(−1,943,000)		

Footnotes at end of table.

Agency and item (1)	New budget (obligational) authority, fiscal year 1974 (2)	Budget estimates of new (obligational) authority, fiscal year 1975 (3)	New budget (obligational) authority recommended in the House bill (4)	New budget (obligational) authority recommended in Senate bill (5)	Conference agreement excluding percentage reduction (6)	Additional conference reduction of 3½ percent (7)	Total conference action (8)	Total conference action compared with—			
								New obligational authority, 1974 (9)	Budget estimate, 1975 (10)	House bill (11)	Senate bill (12)
Total, the Panama Canal	63, 500, 000	70, 565, 000	68, 700, 000	68, 700, 000	68, 700, 000	−2, 405, 000	66, 295, 000	+2, 795, 000	−4, 270, 000	−2, 405, 000	−2, 405, 000
United States Railway Association											
Administrative expenses	12, 000, 000							−12, 000, 000			
By transfer	(6, 000, 000)							(−6, 000, 000)			
Washington Metropolitan Area Transit Authority											
Federal contribution	[9] 111, 345, 000	[10] 87, 424, 000	[11] 72, 124, 000	72, 124, 000	72, 124, 000	−2, 524, 000	69, 600, 000	−41, 745, 000	−17, 824, 000	−2, 524, 000	−2, 524, 000
Interest subsidy	12, 728, 000	17, 750, 000	17, 750, 000	17, 750, 000	17, 750, 000	−621, 000	17, 129, 000	+4, 401, 000	−621, 000	−621, 000	−621, 000
Total, Washington Metropolitan Area Transit Authority	124, 073, 000	105, 174, 000	89, 874, 000	89, 874, 000	89, 874, 000	−3, 145, 000	86, 729, 000	−37, 344, 000	−18, 445, 000	−3, 145, 000	−3, 145, 000
Total, title II, related agencies	337, 220, 000	315, 686, 000	298, 002, 000	295, 902, 000	295, 902, 000	−5, 550, 000	290, 352, 000	−46, 868, 000	−25, 334, 000	−7, 650, 000	−5, 550, 000
TITLE III											
GENERAL PROVISIONS											
Department of Transportation											
Federal Aviation Administration: Grants-in-aid for airport development (limitation on obligations)	(300, 000, 000)	(310, 000, 000)	(310, 000, 000)	(310, 000, 000)	(310, 000, 000)		(310, 000, 000)	(+10, 000, 000)			
Federal Highway Administration: Highway beautification (limitation on obligations)	(50, 000, 000)	(50, 027, 000)	(40, 000, 000)	(50, 000, 000)	(45, 000, 000)		(45, 000, 000)	(−5, 000, 000)	(5, 027, 000)	(+5, 000, 000)	(−5, 000, 000)
Territorial highways (limitation on obligations)	(4, 000, 000)	(4, 600, 000)	(4, 600, 000)	(4, 600, 000)	(4, 600, 000)		(4, 600, 000)	(+600, 000)			
Forest highways (limitation on obligations)	(18, 000, 000)							(−18, 000, 000)			
Public lands highways (limitation on obligations)	(10, 000, 000)							(−10, 000, 000)			
National Highway Traffic Safety Administration: State and community highway safety (limitation on obligations)	[12] (80, 000, 000)	[12] (148, 000, 000)	[12] (100,000,000)	[12] (121,000,000)	[13] (100,000,000)		[12] (100,000,000)	(+20, 000, 000)	(−48,000,000)		(−21,000,000)
Urban Mass Transportation Administration: Urban mass transportation fund (limitation on commitments)	(985, 550, 000)	(1, 351, 000, 000)	(1,321,750,000)	(1,708,870,000)	(1,445,250,000)		(1,445,250,000)	(+459, 700, 000)	(+94, 250, 000)	(+123,500,000)	(−263,620,000)
Subtotal, limitations on obligations	(1,447,550,000)	(1, 863, 627, 000)	(1,776,350,000)	(2,194,470,000)	(1,904,850,000)		(1,904,850,000)	(+457, 300, 000)	(+41, 223, 000)	(+128,500,000)	(−289,620,000)
3½ percent reduction in obligations				(−76, 806, 450)	(11)						(+76, 806, 450)
Total, limitation on obligations	(1,447,550,000)	(1, 863, 627, 000)	(1,776,350,000)	(2,117,663,550)	(1,904,850,000)		(1,904,800,000)	(+457, 300, 000)	(+41, 223, 000)	(+128,500,000)	(−212,813,550)
Subtotal, titles I, II, and III, new budget (obligational) authority	3, 196, 760, 006	3, 545, 003, 552	3, 182, 239, 000	3, 408, 235, 000	3, 327, 020, 000	−38, 516, 000	3, 288, 504, 000	−91, 743, 994	−256, 499, 552	+106, 265, 000	−119, 731, 000

Footnotes at end of table.

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY, DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATION BILL, 1975—Continued

[Note.—All amounts are in the form of "appropriations" less otherwise indicated]

Agency and item	New budget (obligational) authority, fiscal year 1974	Budget estimates of new (obligational) authority, fiscal year 1975	New budget (obligational) authority recommended in the House bill	New budget (obligational) authority recommended in Senate bill	Conference agreement excluding percentage reduction	Additional conference reduction of 3½ percent	Total conference action	Total conference action compared with— New obligational authority, 1974	Budget estimate, 1975	House bill	Senate bill
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
TITLE III—Con.											
GENERAL PROVISIONS—Con.											
Department of Transportation—Con.											
3½ percent reduction in new budget (obligational) authority				−119,288,225	([13])						+119,288,225
Total, titles I, II, and III, new budget (obligational) authority	3,196,760,006	3,545,003,552	3,182,239,000	3,288,946.775	3,327,020,000	−38,516,000	3,288,504,000	+91,743,994	−256,499,552	+106,265,000	−442,775
Consisting of—											
Appropriations:											
Fiscal year 1974	(3,106,400,066)							(−3,106,400,066)			
Fiscal year 1975	(90,360,000)	(3,476,979,552)	(3,129,515,000)	(3,238,067,775)	(3,274,296,000)	(−36,671,000)	(3,237,625,000)	(+3,147,265,000)	(−239,354,552)	(+108,110,000)	(−442,775)
Fiscal year 1976		(68,024,000)	(52,724,000)	(50,879,000)	(52,724,999)	(−1,845,000)	(50,879,000)	(+50,879,000)	(−17,145,000)	(−1,845,000)	
Memoranda:											
Appropriation to liquidate contract authorizations	(5,046,400,000)	(5,676,083,000)	(5,541,560,000)	(5,541,560,000)	(5,543,560,000)		(5,543,560,000)	(+497,160,000)	(−132,523,000)	(+2,000,000)	(−2,000,000)
Appropriations for debt reduction	(171,994)	(179,448)	(179,448)	(179,448)	(179,448)		(179,448)	(+7,454)			
Grand total	(8,243,332,000)	(9,221,266,000)	(8,723,978,448)	(8,834,686,223)	(8,870,759,448)	(−38,516,000)	(8,832,243,448)	(+588,911,448)	(−389,022,552	(+108,265,000)	(−2,442,775)

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[1] Excludes $6,4000 which was considered in connection with the Energy Research and Development Appropriations bill.

[2] The additional percentage reduction on Darien Gap Highway was taken on the amount remaining following the reduction of appropriation.

[3] Submitted as a budget amendment on July 10, 1974, S. Doc. No. 93–94.

[4] Excludes requested amount for "highway safety construction programs," listed separately.

[5] Budget includes this amount under the appropriation for "Federal-aid-highways."

[6] Deleted in the House due to lack of authorization.

[7] Includes budget amendment at $1,065,000 submitted on June 21, 1974, S. Doc. No. 93–87.

[8] Includes budget amendment of ($1,943,000) submitted on June 21, 1974, S. Doc. No. 93–87.

[9] Includes $90,360,000 advance appropriation for fiscal year 1975.

[10] Includes $68,024,000 advance appropriation for fiscal year 1976.

[11] Includes $52,724,000 advance appropriation for fiscal year 1976.

[12] Also includes obligations for Federal Highway Administration, highway related safety grants.

[13] The corresponding conference reductions are shown in column (7) and reflected in column (8).

Mr. ICHORD. Mr. Chairman, will the distinguished gentleman from California yield?

Mr. McFALL. I will be glad to yield to my friend, the gentleman from Missouri.

Mr. ICHORD. Mr. Speaker, as the distinguished gentleman from California knows, I have been greatly concerned that the conference committee may have inadvertently reversed the position of the House, and I would state that the House has shown its position very clearly on this big-brother-type rulemaking on the part of the executive, where the executive insists upon protecting the public, even if it kills the public.

Perhaps my concern is unwarranted, but I think it is necessary to make some legislative history on this matter. The gentleman from California knows that the administration budget request included an item of $32 million to be used as incentive grants for States to pass mandatory seatbelt laws, in other words, $32 million for the purpose of lobbying State legislatures to pass a law to make it a crime not to wear seatbelts.

The gentleman from Oklahoma (Mr. STEED) in the House Committee on Appropriations adopted an amendment reading as follows:

> None of the funds provided under this Act shall be available for the planning or execution of programs for incentive grants for mandatory seat belt legislation. . . .

The amendment made it clear that no money was to be used for mandatory seatbelt legislation to entice the States to pass such legislation. The House committee provided $100 million for highway safety and highway safety-related grants.

In the Senate, the Senate Committee on Appropriations adopted an amendment striking the language put in by the gentleman from Oklahoma (Mr. STEED) and appropriated $121 million for safety programs.

The conference committee accepted that amendment of the Senate, which is amendment No. 33, deleting language proposed by the House which would have prohibited the use of funds for incentive grants for mandatory seatbelt legislation. However, the conference committee also adopted $100 million, the House amount, rather than the Senate amount of $121 million.

I would also note that the Senate committee report provided $5 million for such incentive grants.

I talked to the gentleman from California and the members of the staff, and they assured me that no money is to be used by DOT under this conference report for incentive grants. Is that correct?

Mr. McFALL. That is absolutely correct.

Mr. ICHORD. I would also like to ask the distinguished gentleman from Massachusetts, because I do not want to read in the newspapers where DOT has spent $32 million lobbying State governments to make it a crime not to wear seatbelts. Is the understanding of the gentleman from Massachusetts the same as the understanding of the gentleman from California?

Mr. CONTE. Definitely so. I might state, if the gentleman from Missouri will yield, that in conference I tried to carry out the wishes of the House to keep the language in the bill. The Senate conferees wanted the language out. However, I want it completely understood that when we agreed to take the House language out that this $5 million which the Senate had included would be deleted and there would be no funds for incentive payments to the States to adopt mandatory seatbelt laws. I said I do not want to come in here next year and find out that one penny was spent for incentive payments to States. I was reassured by all members of the conference that this was their intent, and it should be a message to DOT, also.

Mr. ICHORD. I thank the gentleman for his remarks.

Mr. McFALL. I am glad the gentleman from Missouri (Mr. ICHORD) has asked this question so that we could have this colloquy to clearly establish this as a fact.

The history is that the budget request was for $32 million for incentive grants to States to pass laws which would make the use of seatbelts mandatory. This was omitted with the language the gentleman described. Actually, the language probably was not necessary, because we did not provide the money.

I want to assure the gentleman that by striking out the $5 million which was added by the Senate, there is no money for incentive grants for mandatory seatbelt use. I know there will be no money expended by the Department of Transportation for this purpose.

Mr. CONTE. Mr. Chairman, will the gentleman yield?

Mr. McFALL. I yield to my friend, the gentleman from Massachusetts (Mr. CONTE).

Mr. CONTE. Also at this point I would like to ask the chairman of the committee a question. One of the things that happened after the bill left the House was that the Senator from West Virginia (Mr. BYRD) offered an amendment to cut the bill 3½ percent across the board. I always opposed these types of amendments in this House when they were offered by our late lamented friend, the gentleman from Ohio (Mr. BOW). I think we should not have across-the-board cuts. I think that we should have selective cuts. But when we got to the conference we found we were in a tremendous bind because of this 3½-percent cut.

I think the gentleman from West Virginia (Mr. ROBERT C. BYRD) realizes the bind we were in. As a result we excluded some of the agencies from this cut, but we did not exclude the Panama Canal Zone. Since the bill has come out of the conference I have received a call from the Governor of the Panama Canal Zone saying that they will have to release some of the firemen and others involved in the performance of essential duties because of this 3.5-percent cut.

I was going to offer a motion to send this back to the conference, but I have spoken to the chairman and I think we have worked out a solution. That is the question I want to propound to the chairman. Does the gentleman think they can get this money, which will not come out of the General Treasury but rather out of the receipts that come from the Panama Canal Zone? Does the gentleman feel they can get this money in a supplemental budget?

Mr. McFALL. I believe so. The gentleman has brought up a very important point. I am sorry we did not exempt the Canal Zone. This is the first time I have ever had to repair the damage done by an across-the-board cut. I know the gentleman from Massachusetts agrees with me it is a most difficult task to accomplish.

We did exempt some of the agencies which would have been seriously damaged by this cut.

The best way we can do it, I believe, is to assure the Canal Zone and General Parker that we will try to take care of it at the first opportunity in the supplemental bill.

Mr. CONTE. Mr. Speaker, will the gentleman yield further?

Mr. McFALL. I yield to the gentleman from Massachusetts.

Mr. CONTE. I want to thank the gentleman, because he has always been fair and I know he wants to do the right thing here. If my colleagues will notice here, the gentleman from Alabama (Mr. EDWARDS) and I excepted to amendments numbered 29 and 30. Those are the amendments that have to do with the $6.3 million for the completion of the Morgantown project at West Virginia University. We want it completely understood—and I imagine the gentleman from Alabama will speak on this on his own—that we feel that even though there is $6.3 million in the bill, UMTA should make an agreement before spending these funds and that this is the end of the project. Otherwise, they should use the money to dynamite or otherwise dismantle the project. I just do not feel that the taxpayers should be saddled with another $50 million, which would be the minimum cost for the additional three stations which the University of West Virginia wants.

We want to make it crystal clear that this is the end of the project.

Mr. McFALL. Mr. Speaker, if the gentleman will yield to me to reply, the reason these two amendments are in technical disagreement is because the final sum is below both the House and the Senate figures. The money for financing the project is the same amount in both bills, so the $6.3 million was not in conference. The language in the House report required an agreement within 30 days concerning the future of the project.

The Senate report language merely deleted the 30-day requirement. There is no way that we can reach the Senate language in this conference report and there is no way the Senate can reach the House report language. There is no language in the conference report with reference to this project and because the sums of money were identical, the money itself was not in question in the conference. I would hope that some kind of a fair agreement is made with the University of West Virginia for the completion of this project in accordance with the language of the House report.

As far as the 30-day requirement is concerned, perhaps we were too stringent in our requirement, but this matter ought to be brought to some kind of a reasonable conclusion, in a very short and expeditious period of time.

Mr. EDWARDS of Alabama. Mr. Speaker, will the gentleman yield?

Mr. McFALL. I yield to the gentleman from Alabama.

Mr. EDWARDS of Alabama. I agree with what the gentleman from Massachusetts said about this project. I believe that this House is saying to DOT that whatever they do, they should not go forward spending this money until they know where they are going down the road and what lies ahead. If we do not make that clear to them here, then under the terms of the bill as written and under the terms of the Senate committee report, this will just be another step down the road toward another $50 or $60 million.

So I want to make my own voice loud and clear in this Chamber and to DOT that they should not do anything with this money until they know what is in store down the road.

Mr. McFALL. Mr. Speaker, I agree with the gentleman from Alabama and I am sure the gentleman from Massachusetts (Mr. CONTE) also agrees. I believe it is the intent of the subcommittee that this be done.

Mr. JARMAN. Mr. Speaker, will the gentleman yield?

Mr. McFALL. I yield to the gentleman from Oklahoma (Mr. JARMAN).

Mr. JARMAN. Mr. Speaker, I would like to commend the gentleman from California (Mr. McFALL) and his fellow conferees for guiding this bill providing funds for Amtrak to final consideration in a timely fashion. At this time, as the chairman of the Transportation and Aeronautics Subcommittee of the Commerce Committee, I must point out for the record that the National Railroad Passenger Corporation has indicated in testimony to our subcommittee that in order to provide the kind of service needed by the public, $200 million or very close to that figure will be required in appropriations this fiscal year.

As the distinguished gentleman from California (Mr. McFALL) mentioned in a colloquy at the time of original House passage of H.R. 15405, Amtrak is going to be successful and has to be successful. We must have an attractive and modern nationwide rail passenger service as part of a balanced transportation system.

I would like to point out that the ridership of Amtrak's trains has gone up 32 percent in the first 6 months of 1974. At the same time, the Corporation has been hit by the increased costs of diesel fuel, the inflationary costs of labor and materials for the repair and maintenance work of its fleet of equipment, the costs of new State-supported rail services in New York, in Michigan, and possibly in other States, and the added costs of meeting Interstate Commerce Commission's standards for the adequacy of intercity rail passenger service. All of these factors are adding costs to the operation of the nationwide system and they are costs that were unforseen when the original budget request we are voting on this afternoon was prepared.

Mr. McFALL. Mr. Speaker, I would like to mention at this time that we expect a supplemental request from Amtrak. Members of the House who are listening to this debate should understand that the $130 million that the Congress is appropriating at this time is not sufficient to operate Amtrak.

Their request was for $143 million, and we can expect that they will have to request a supplemental appropriation.

Mr. THONE. Mr. Speaker, will the gentleman yield?

Mr. McFALL. I yield to the gentleman from Nebraska.

Mr. THONE. Mr. Speaker, I would like to bring up a subject with the gentleman from Massachusetts (Mr. CONTE).

Page 5 of the conference report, amendment No. 16, pertains to a matter of $3 million for railroad crossings and demonstration projects. Is it my understanding that this $3 million is designated for that outstanding project in Lincoln, Nebr.?

Mr. CONTE. Mr. Speaker, let me state to the gentleman from Nebraska that originally this was earmarked in the Senate by Senator HRUSKA for Lincoln, Nebr. The conferees felt that it was establishing a very bad precedent to earmark funds for a specific project, but I can assure the gentleman that it was the intent of all of us that this $3 million was for Lincoln, Nebr.

I might say here that no one has worked harder for this project than the gentleman from Nebraska.

Mr. THONE. Mr. Speaker, I thank the gentleman from Massachusetts.

Mr. FINDLEY. Mr. Speaker, will the gentleman yield?

Mr. CONTE. Mr. Speaker, I yield to my friend from Illinois (Mr. FINDLEY).

Mr. FINDLEY. Mr. Speaker, I am sure the gentleman will also verify that the railroad relocation demonstration project in Springfield, Ill., is adequately provided for in this bill. Am I correct?

Mr. CONTE. Yes, we took care of that project for the gentleman, and we made up the difference from some farm subsidy money that the gentleman saved.

Mr. YATES. Mr. Speaker, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from Illinois.

Mr. YATES. Has not the committee taken care of all the grade crossings in the bill in the same way?

Mr. CONTE. Yes, all of those grade crossings authorized by section 163 of the Federal-Aid Highway Act.

Mr. FRENZEL. Mr. Speaker, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from Minnesota.

Mr. FRENZEL. Mr. Speaker, I would like to ask a question of the distinguished chairman of the subcommittee. When this bill was first considered, the Appropriations Subcommittee removed the budgeted item of something over $10 million for the Broomfield PRT development program. As I understand it, the Senate had a small sum in its bill for that operation, but the conference committee deleted not only that figure, but a $4½ million carryover figure.

Would this action prevent the UMTA from going forward with phase I of the Broomfield project?

Mr. CONTE. Mr. Speaker, I yield to the gentleman from California to respond to that question.

Mr. McFALL. Mr. Speaker, may I restate what I think the facts are for the gentleman from Minnesota?

There was a $10.6 million request on the part of the Department of Transportation for the Broomfield project in Colorado.

In our action, we deleted all the money, but we told them in the report that they could go ahead and use $1.5 million in carryover funds to do three studies for the project. As the gentleman from Massachusetts (Mr. CONTE) will substantiate, we felt that they should be able to go ahead with the studies, but we did not feel that any funds should be used for guideway construction or the next phase of the project which had been planned for May of 1975, just before the end of the fiscal year, before we had an opportunity to see what those three studies would produce.

We felt that this was the best way to go about this kind of a PRT project. The Senate committee agreed with us, but the Senators from Colorado were able to get into the bill on the floor the $10.6 million for the project.

We omitted all of the money for the project, but there is still $1.5 million left in carryover funds which the Department of Transportation and UMTA may utilize for these three studies, as we originally intended in the House.

Mr. FRENZEL. I thank the gentleman for that explanation. I would like to inquire further: If phase 1 is successful, other things being equal, is it likely that the committee will look with favor on the development of phase 2? In other words, what I am asking is this: The deletion of the $10 million figure is not necessarily prejudicial to the development of the whole program, is it?

Mr. McFALL. If the gentleman will continue to yield, there is nothing prejudicial in our determination of this. I would say to the gentleman that we would not prejudice what these studies will turn up. We look at the description of the project justification with some amazement and really wonder whether or not they can do what they say they intend to do.

The 14,000-seat-per-hour capability would be a large task for a fixed-rail mass transportation system of the Metro caliber. It probably would be more difficult for a personal rapid transit system, and the committee members wonder whether or not it can be done. We would like to see what these studies turn up as to whether or not it is possible to do this with this kind of project.

Mr. FRENZEL. I thank the gentleman.

If the gentleman will continue to yield for just a few minutes, I was disappointed at the size of the P.R. & D. budget, but I must compliment both of the gentlemen because not only have the gentlemen cut the budget, but they have restrained the increase over last year to a tiny amount, about 3 percent. The gentlemen are to be congratulated, even though they have been a little tough on transit.

Mr. McFALL. I thank the gentleman for his comments.

Mr. CONTE. Mr. Speaker, I would like to make a comment on what the gentleman from Minnesota said.

I strongly support mass transit research and development.

The reason why we cut the $10.6 million out is that we did not want to get into another situation such as in Morgantown. The system they are developing in Denver was just one step ahead of the one in Morgantown.

Mr. EDWARDS of Alabama. Mr. Speaker, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from Alabama.

Mr. EDWARDS of Alabama. Following that just a step further, I have a very strong feeling that the committee knows and Members of the House know we ought not to be going into research and development and demonstration projects of this type until we have made a full test of the test facilities in Pueblo, Colo. This has been the fallacy all along in Morgantown and could be in Denver, if we are not careful.

If what the gentleman from Massachusetts says is correct, I would go a step further and say that before I am going to be very happy about putting demonstration projects in Denver, I want to see how the operation at Pueblo goes and know what we are talking about and know where our money is going.

Mr. CONTE. The gentleman is absolutely correct.

We have the test site out there. Once we have the vehicle out there, if it works, then we can use the vehicle in any of the large cities of the United States.

I want to mention that this conference report is $256 million below the budget. I think it will be one of the best economy appropriation bills passed by this House.

Mr. KAZEN. Mr. Speaker, will the gentleman yield?

Mr. McFALL. I will be glad to yield to the gentleman from Texas.

Mr. KAZEN. Mr. Speaker, when this bill was being considered on the floor of the House, an amendment was passed which provided that no funds would be available for discontinuing flight service stations. Is that provision still in the bill?

Mr. McFALL. That is correct. I will reemphasize what I said in my opening statement.

The conference report maintains the same language agreed to in the House with respect to FAA flight service stations. Under this language no flight service stations will be closed this year.

Mr. DON H. CLAUSEN. Mr. Speaker, will the gentleman yield?

Mr. McFALL. I will be glad to yield to the gentleman from California.

Mr. DON H. CLAUSEN. Mr. Speaker, I would like to ask the chairman of the committee this:

I am referring to amendment No. 35, which substitutes the language, "the Urban Mass Transportation Act of 1964, as amended," as proposed by the Senate for the language, "Urban Mass Transportation Fund" as proposed by the House.

What is the significance of this? If there were to be some additional funding mechanism developed, would this more properly identify what we are attempting to accomplish as we are dealing with the mass transportation legislation now?

Mr. McFALL. That is correct. If there is some legislation passed, this language could be utilized, and if it is not passed, this is certainly correct.

Mr. DON H. CLAUSEN. Some of us have suggested the possibility of using the Urban Mass Transportation Trust Fund.

Mr. EDWARDS of Alabama. Mr. Speaker, will the gentleman yield?

Mr. McFALL. I yield to the gentleman from Alabama.

Mr. EDWARDS of Alabama. Mr. Speaker, I think we ought to at least make note here of the fact that on the limitation on commitments for urban mass transit, which is amendment No. 36, the budget for capital facilities grants for mass transit which came over from the administration was in the amount of $1.225 billion. The House went along with that figure, and the Senate came in with $1.600 billion.

When we worked all of this out in conference, we ended up with about $125 million over the budget on this item.

Mr. Speaker, this is a limitation on contract authority. It is not cash out of the till, so to speak.

However, I think this House ought to know what we did. The Senators insisted that we go $125 million over the budget on contract authority for urban mass transit. I excepted to that in the conference report, and I just wanted to mention this matter here in the House.

Mr. LEGGETT. Mr. Speaker, I rise to express my apprehensions about the potential results of the move which would slash some 3½ percent from appropriations for the Canal Zone Government.

I believe that the statutory arrangement under which the Canal Zone Government receives funds appropriated by the Congress and then repays those funds from its revenues at the end of the fiscal year is a good arrangement. By restricting the Panama Canal Company from funding governmental functions directly from Panama Canal Company revenues, we are allowing the Congress to exercise strong oversight over the operations of the Canal Zone Government and the Panama Canal Company and we are following the fiscally responsible course of providing an incentive for the Canal Zone Government to keep its budget lean since it must have its appropriations refunded by canal revenues.

But I would ask my colleagues to consider those items for which appropriations are asked by the Canal Zone Government in H.R. 15405. To the best of my judgment there are no frills or unnecessary expenses in the Canal Zone Government budget, especially the portion of the budget for operating and administrative expenses. Canal Zone Government appropriations are strictly for civil functions such as police and fire protection, the judicial system, education, and the like, and other expenses such as health and sanitation, and finally, for expenses for the Governor's Office and general government expenses. The very functions included under this appropriation are those which contribute to the maintenance of law and order and maintenance of the health and welfare of the people of the Canal Zone. A cut in appropriations for these functions is tantamount to a reduction in police protection, a lessening of fire protection, and a potential decrease in the quality of education for children in the Canal Zone. The small increase in funds which the Canal Zone Government requested this year was due almost solely to an increase in wages for personnel who perform the various civil and health and welfare functions in the Canal Zone. Again, as I understand it, the fiscal year 1975 request for the Canal Zone Government contemplates for the most part no expansion of services, but rather is an effort to maintain the present level of services.

Mr. Speaker, the Canal Zone Government may be able to continue without the cut, some $300,000, for capital projects; but it cannot continue well without certain absolutely important essentials which are the essence of government itself.

There is a second point to be made here. Not only are the services which would suffer from an appropriations cut as important in the Canal Zone as they are in any other city in this Nation, the level of these services has a potential international impact because: First, the services provided by the Canal Zone Government are also extended to the Republic of Panama on occasions when that nation has desperate need of those services, such as fire protection, in the Panamanian terminal cities of Panama City and Colon; and second, the services we are discussing here are integral to the defense of the Canal Zone and ultimately the canal in the event of any civil strife occurring within the Canal Zone or as a result of friction between the United States and the Republic of Panama. At a time when treaty negotiations are being conducted and when the potential for conflict, however low, remains a possibility, it is important to remember this second aspect of governmental services in the Canal Zone.

In short, I believe that some consideration ought to be given to restoring the $2.5 million which has been proposed to be cut from the appropriations of the Canal Zone Government.

Mr. McFALL. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER. The question is on the conference report.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. SCHERLE. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 394, nays 3, not voting 37, as follows:

[Roll No. 480]

YEAS—394

Abdnor
Abzug
Adams
Addabbo
Alexander
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Arends
Armstrong
Ashley
Aspin
Badillo
Bafalis
Baker
Barrett
Bauman
Beard
Bell
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Blackburn
Boggs
Boland
Bolling
Bowen
Brademas
Bray
Breaux
Breckinridge
Brooks
Broomfield
Brotzman
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill, N.C.
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Byron
Camp
Carney, Ohio
Carter
Casey, Tex.
Cederberg
Chamberlain
Chappell
Chisholm
Clancy
Clark
Clausen, Don H.
Clawson, Del
Clay
Cleveland
Cochran
Cohen
Collins, Ill.
Collins, Tex.
Conable
Conlan
Conte
Conyers
Corman
Cotter
Coughlin
Cronin
Culver
Daniel, Dan
Daniel, Robert W., Jr.
Daniels, Dominick V.
Danielson
Davis, S.C.
Davis, Wis.
de la Garza
Delaney
Dellenback
Dellums
Denholm
Dennis
Dent
Derwinski
Devine
Dickinson
Donohue
Downing
Drinan
Duncan
du Pont
Eckhardt
Edwards, Ala.
Edwards, Calif.
Eilberg
Erlenborn
Esch
Eshleman
Evans, Colo.
Evins, Tenn.
Fascell
Findley
Fish
Fisher
Flood
Flowers
Foley
Ford
Forsythe
Fountain
Fraser
Frelinghuysen
Frenzel
Frey
Froehlich
Fulton
Fuqua
Gaydos
Gettys
Giaimo
Gibbons
Gilman
Ginn
Gonzalez
Goodling
Grasso
Green, Oreg.
Green, Pa.
Griffiths
Grover
Gude
Guyer
Haley
Hamilton
Hammerschmidt
Hanley
Hanna
Hanrahan
Hansen, Idaho
Hansen, Wash.
Harrington
Harsha
Hastings
Hays
Hechler, W. Va.
Heckler, Mass.
Heinz
Helstoski
Henderson
Hicks
Hillis
Hinshaw
Hogan
Holifield
Holt
Holtzman
Horton
Hosmer
Howard
Huber
Hudnut
Hungate
Hunt
Hutchinson
Ichord
Jarman
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jordan
Karth
Kastenmeier
Kazen
Kemp
Ketchum
King
Kluczynski
Koch
Kuykendall
Kyros
Lagomarsino
Landgrebe
Latta
Leggett
Lehman
Lent
Litton
Long, La.
Long, Md.
Lott
Lujan
Luken
McClory
McCloskey
McCollister
McCormack
McDade
McEwen
McFall
McKay
McKinney
Macdonald
Madden
Madigan
Mahon
Mallary
Mann
Maraziti
Martin, Nebr.
Martin, N.C.
Mathias, Calif.
Mathis, Ga.
Matsunaga
Mayne
Mazzoli
Meeds
Melcher
Metcalfe
Mezvinsky
Michel
Milford
Miller
Mills
Minish
Mink
Minshall, Ohio
Mitchell, Md.
Mitchell, N.Y.
Mizell
Moakley
Mollohan
Montgomery
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Moss
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers
Natcher
Nedzi
Nelsen
Nichols
Nix
Obey
O'Brien
O'Hara
O'Neill
Owens
Parris
Patman
Patten
Pepper
Perkins
Pettis
Peyser
Pickle
Pike
Poage
Powell, Ohio
Preyer
Price, Ill.
Price, Tex.
Pritchard
Quie
Quillen
Railsback

Randall
Rangel
Rees
Regula
Reuss
Rhodes
Riegle
Rinaldo
Roberts
Robinson, Va.
Rodino
Roe
Rogers
Roncalio, Wyo.
Roncallo, N.Y.
Rooney, Pa.
Rose
Rosenthal
Rostenkowski
Roush
Rousselot
Roy
Roybal
Runnels
Ruppe
Ruth
Ryan
St Germain
Sandman
Sarasin
Sarbanes
Satterfield
Scherle
Schneebeli
Schroeder
Sebelius
Seiberling
Shipley
Shoup
Shriver
Shuster
Sikes
Sisk
Skubitz
Slack
Smith, Iowa
Smith, N.Y.
Snyder
Spence
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Steele
Steelman
Steiger, Ariz.
Steiger, Wis.
Stratton
Stubblefield
Studds
Sullivan
Symington
Talcott
Taylor, Mo.
Taylor, N.C.
Teague
Thompson, N.J.
Thomson, Wis.
Thone
Tiernan
Towell, Nev.
Treen
Udall
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Veysey
Vigorito
Waggonner
Waldie
Walsh
Wampler
Ware
Whalen
White
Whitehurst
Whitten
Wiggins
Wilson, Bob
Wilson, Charles H., Calif.
Winn
Wolff
Wright
Wyatt
Wydler
Wylie
Wyman
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Ill.
Young, S.C.
Young, Tex.
Zablocki
Zion
Zwach

NAYS—3

Crane
Gross
Symms

NOT VOTING—37

Ashbrook
Blatnik
Brasco
Brinkley
Broyhill, Va.
Carey, N.Y.
Collier
Davis, Ga.
Diggs
Dingell
Dorn
Dulski
Flynt
Goldwater
Gray
Gubser
Gunter
Hawkins
Hébert
Jones, Tenn.
Landrum
McSpadden
Passman
Podell
Rarick
Reid
Robison, N.Y.
Rooney, N.Y.
Stephens
Stokes
Stuckey
Thornton
Traxler
Widnall
Williams
Wilson, Charles, Tex.
Young, Ga.

So the conference report was agreed to.

The Clerk announced the following pairs:

Mr. Hébert with Mr. Ashbrook.

Mr. Rooney of New York with Mr. Robison of New York.

Mr. Dingell with Mr. McSpadden.

Mr. Hawkins with Mr. Collier.

Mr. Carey of New York with Mr. Davis of Georgia.

Mr. Passman with Mr. Broyhill of Virginia.

Mr. Young of Georgia with Mr. Brinkley.

Mr. Stephens with Mr. Dorn.

Mr. Stokes with Mr. Gray.

Mr. Dulski with Mr. Goldwater.

Mr. Flynt with Mr. Thornton.

Mr. Diggs with Mr. Blatnik.

Mr. Gunter with Mr. Gubser.

Mr. Jones of Tennessee with Mr. Reid.

Mr. Landrum with Mr. Charles Wilson of Texas.

Mr. Podell with Mr. Widnall.

Mr. Stuckey with Mr. Williams.

Mr. Rarick with Mr. Traxler.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

The SPEAKER. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 8: On page 7, line 15, strike "$241,000,000" and insert "$242,221,000".

MOTION OFFERED BY MR. M'FALL

Mr. McFALL. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. McFall moves that the House recede from its disagreement to the amendment of the Senate numbered 8 and concur therein with an amendment, as follows: In lieu of the sum stricken and inserted by said amendment, insert: "$235,521,000".

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 16: Page 11, line 22, insert:

RAIL CROSSINGS—DEMONSTRATION PROJECTS

For payment of obligations incurred in carrying out the provisions of title 23, United States Code, section 322, to remain available until expended, $6,000,000, of which $4,560,000 shall be derived from the Highway Trust Fund.

MOTION OFFERED BY MR. M'FALL

Mr. McFALL. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. McFall moves that the House recede from its disagreement to the amendment of the Senate numbered 16 and concur therein with an amendment, as follows: In lieu of the matter inserted by said amendment, insert the following:

RAIL CROSSINGS—DEMONSTRATION PROJECTS

For payment of obligations incurred in carrying out the provisions of title 23, United States Code, section 322, to remain available until expended, $3,000,000, of which $2,000,000 shall be derived from the Highway Trust Fund.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 18: On page 12, line 9, insert: "by transfer".

MOTION OFFERED BY MR. M'FALL

Mr. McFALL. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. McFall moves that the House recede from its disagreement to the amendment of the Senate numbered 18 and concur therein.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 26: Page 17, line 6, insert:

GRANTS TO THE NATIONAL RAILROAD PASSENGER CORPORATION

To enable the Secretary of Transportation to make grants to the National Railroad Passenger Corporation, $143,000,000, to remain available until expended, of which $127,800,000 shall be available only upon the enactment into law of authorizing legislation by the Congress.

MOTION OFFERED BY MR. M'FALL

Mr. McFALL. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. McFall moves that the House recede from its disagreement to the amendment of the Senate numbered 26 and concur therein with an amendment, as follows: In lieu of the matter inserted by said amendment, insert the following:

GRANTS TO THE NATIONAL RAILROAD PASSENGER CORPORATION

To enable the Secretary of Transportation to make grants to the National Railroad Passenger Corporation, $135,000,000, to remain available until expended, of which $119,800,000 shall be available only upon the enactment into law of authorizing legislation by the Congress.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 28: Page 19, line 2: Strike $7,000,000 and insert: $6,000,000, to remain available until expended: *Provided, however,* That there be a 3.5 per centum reduction is new budget authority (obligational) across the board of the total appropriations contained in this Act."

MOTION OFFERED BY MR. M'FALL

Mr. McFALL. The Speaker, I offer a motion.

The Clerk read as follows:

Mr. McFall moves that the House recede from its disagreement to the amendment of the Senate numbered 28 and concur therein with an amendment, as follows: In lieu of the matter stricken and inserted by said amendment, insert the following: "$6,000,000: *Provided, however,* That there be a 3.5 per centum reduction in new budget (obligational) authority across the board of the total appropriations contained in this Act except for the appropriations for Coast Guard, operating expenses; Coast Guard, retired pay; Federal Aviation Administration, operations; National Transportation Safety Board, salaries and expenses; Civil Aeronautics Board, payments to air carriers; Interstate Commerce Commission, salaries and expenses; and except for all limitations: *Provided further,* That the appropriation for Darien Gap Highway is reduced by an additional $6,000,000."

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 29: page 19, line 12, strike "$51,130,000" and insert: $58,750,000".

MOTION OFFERED BY MR. M'FALL

Mr. McFALL. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. McFall. moves that the House recede from its disagreement to the amendment of the Senate numbered 29 and concur therein with an amendment, as follows: In lieu of the matter stricken and inserted by said amendment, insert the following: "$45,130,000."

The motion was agreed to.

The SPEAKER. The Clerk will report the last amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 30: Page 19, line 13, strike "$47,880,000" and insert: $55,500,000".

MOTION OFFERED BY MR. M'FALL

Mr. McFALL. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. McFall moves that the House recede from its disagreement to the amendment of the Senate numbered 30 and concur therein with an amendment, as follows: In lieu of the matter stricken and inserted by said amendment, insert the following: "$41,880,000".

The motion was agreed to.

A motion to reconsider the votes by which action was taken on the several motions was laid on the table.

GENERAL LEAVE

Mr. McFALL. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and to include pertinent material and tables, on the conference report just agreed to.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

PERMISSION FOR COMMITTEE ON RULES TO HAVE UNTIL MIDNIGHT, WEDNESDAY, AUGUST 14, 1974, TO FILE A PRIVILEGED REPORT

Mr. SISK. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tomorrow night to file a privileged report.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

PROVIDING FOR CONSIDERATION OF H.R. 16168, AUTHORIZING APPROPRIATIONS FOR THE DEPARTMENT OF STATE

Mr. SISK, from the Committee on Rules, reported the following privileged resolution (H. Res. 1311, Rept. No. 93–1281), which was referred to the House Calendar and ordered to be printed:

H. RES. 1311

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 16168) to authorize appropriations for the Department of State, and for other purposes. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Foreign Affairs, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit. After the passage of the bill H.R. 16168, the Committee on Foreign Affairs shall be discharged from the further consideration of the bill S. 3473, and it shall then be in order in the House to move to strike out all after the enacting clause of the said Senate bill and insert in lieu thereof as one amendment in the nature of a substitute the texts of the bills H.R. 16168 and H.R. 15046 as passed by the House.

PROVIDING FOR CONSIDERATION OF H.R. 16032, AUTHORIZING SECRETARY OF THE TREASURY TO CHANGE ALLOY AND WEIGHT OF 1 CENT PIECE, AND AMENDING THE BANK HOLDING ACT AMENDMENTS OF 1970. AND AUTHORIZING GRANTS TO EISENHOWER COLLEGE

Mr. SISK, from the Committee on Rules, reported the following privileged resolution (H. Res. 1312, Rept. No. 92–1282), which was referred to the House calendar and ordered to be printed:

H. RES. 1312

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 16032) to authorize the Secretary of the Treasury to change the alloy and weight of the one-cent piece and to amend the Bank Holding Act Amendments of 1970 to authorize grants to Eisenhower College, Seneca Falls, New York. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency. the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

PROVIDING FOR CONSIDERATION OF H.R. 12859, AMENDING THE FEDERAL AID HIGHWAY ACT OF 1973

Mr. SISK, from the Committee on Rules, reported the following privileged resolution (H. Res. 1313, Rept. No. 93–1283), which was referred to the House Calendar and ordered to be printed:

H. RES. 1313

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 12859) to amend title 23, United States Code, the Federal-Aid Highway Act of 1973, and other related provisions of law, to establish a unified transportation assistance program, and for other purposes. After general debate, which shall be confined to the bill and shall continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Public Works, the bill shall be read for amendment under the five-minute rule. It shall be in order to consider the amendment in the nature of a substitute recommended by the Committee on Public Works now printed in the bill as an original bill for the purpose of amendment under the five-minute rule, and all points of order against sections 6, 7, and 8 of said substitute for failure to comply with the provisions of clause 7, rule XVI are hereby waived. At the conclusion of such consideration, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the committee amendment in the nature of a substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

EXPORT ADMINISTRATION ACT AMENDMENTS OF 1974

Mr. SISK. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 1234 and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. RES. 1234

Resolved, That upon the adoption of this resolution it shall be in order to move, clause 7 of rule XIII to the contrary notwithstanding, that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 15264) to further amend and extend the authority for regulation of exports. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

The SPEAKER. The gentleman from California is recognized for 1 hour.

Mr. SISK. Mr. Speaker, I yield 30 minutes to the gentleman from Tennessee (Mr. QUILLEN), pending which I yield myself such time as I may consume.

Mr. Speaker, a reading of the resolution makes it clear that it provides for 1 hour debate on H.R. 15264, which would amend and extend the authority for the regulation of exports.

There is a waiver of points of order providing that all points of order are waived against clause 7, rule XIII, of the Rules of the House of Representatives. That deals with the matter of cost estimates which were not filed in line with the Rules of the House. Therefore, this resolution provides for a waiver in that case.

As indicated, this particular bill amends, and to a substantial extent broadens, the authority in connection with the control of exports from this country.

Mr. Speaker, in this particular instance I wish to commend the Committee on Banking and Currency, and particularly my good friend from Ohio (Mr. ASHLEY) for the work that the committee has done in connection with this bill.

Mr. Speaker, I am here today urging the adoption of this resolution to provide for consideration of this bill.

However, Mr. Speaker, I want to make it clear at this point that I, of course, cannot support the bill in its present form. If, in fact, it is not amended, then I, of course, would vote against the bill.

I do support the rule, and as I say, urge the adoption of the resolution to permit a discussion of what I think is a very vital subject.

It is my opinion that we do need the Export Control Act and that there are considerations that should be taken up in connection with any further expansion of authority under the proposal.

I realize, of course, that there will be amendments offered of various kinds, as I understand. Also, I think the House will be faced, in consideration of this legislation, with certainly the need to extend at least the present act for the next 2 years, I would hope. However, as I have already indicated, there are, in my opinion, matters that are of grave concern to this country, particularly as they concern international trade and its possible effects upon our crediblity in the field of exports, especially in connection with foreign contracting and the manner of assurance given to countries to whom we will be selling from time to time.

These are all questions that I think we have a right to listen to. I think, too, that we should give the Committee on Banking and Currency an opportunity to discuss their findings in connection with the hearings.

I know, of course, that the gentleman from Ohio (Mr. ASHLEY) is prepared to do that. As I say, I would hope that those who are concerned, particularly in connection with raw products which we export in great quantity from this country, know that we can be substantially affected by the legislation. Therefore, those who are concerned, I think, certainly should be prepared to give a proper hearing to the committee to explain the reason for these changes.

There are some who feel, for example, that this legislation could be used in such a way as to literally become a price-fixing or price-ceiling mechanism. Certainly there is concern to that extent because for the first time certain matters in connection with pricing policy could be recognized in connection with a determination as to whether, in fact, there was the possibility of a scarcity; the impact, for example, upon pricing; the effects upon possible carryovers; what is a reasonable carryover? These are all matters that, as I say, I think are of grave concern. I think they particularly have to be weighed in the light of their possible effects upon our balance of payments and upon the fact of whether we will or can expect to have a favorable trade balance in this country.

Therefore, Mr. Speaker, I simply wanted to call the attention of the Members who are here to the fact that this is a vital and important piece of legislation, and one which I think all of us in this country have to be concerned about because of the possible impact upon the value of the dollar, upon our balance-of-trade payments, upon the implication of the extent to which such a vehicle might be used to reinstate price control in this country.

Therefore, Mr. Speaker, I would like to conclude by asking the House to approve the resolution and to permit the debate to proceed. At that time we can make such decision as, in the wisdom of the House, I am sure we will make.

Mr. QUILLEN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the able gentleman from California (Mr. SISK) has explained thoroughly the provisions of the resolution.

I am concerned about the protection of American business and American labor when the bill is debated on the floor of the House. Whatever our opinions might be regarding the bill, I see no objection to proceeding with the debate and I see no objection to the rule.

Mr. Speaker, I yield 5 minutes to the gentleman from Illinois (Mr. FINDLEY).

Mr. FINDLEY. Mr. Speaker, I want to say "Amen" to everything the gentleman from California (Mr. SISK) has said about this bill.

If we will think back over the past year, I am sure a good many of us will realize that this bill to revise and extend the Export Administration Act has actually been on the House Calendar and its consideration delayed time and again. That was not just an accident. It reflected the deep concern on the part of the leadership of this body as to the effect of the amendments which are proposed in the legislation.

Even though this is the last item of business to be considered today, I hope no Member will make the wrong assumption, the assumption that this is of minor importance to the Nation. If we will think for just a moment about the importance of foreign trade, especially in these days when we are pinched for energy resources and depend so heavily on foreign sources for petroleum, we will recognize that fact.

In nonagricultural trade in the last fiscal year we had a deficit of more than $9 billion, but when we consider agricultural trade, we find we had a plus. We find a surplus to the extent of about $11.8 billion. Agriculture, in effect, provided the Nation with a $2.8 billion surplus in trade for the year. Think, for example, what the situation would be if we did not have the advantage of the agricultural trade surplus to help provide the wherewithal to bring the products we do need from overseas.

What will be the effect of the language in this bill if we adopt it without amendment? I draw the Members' attention to the language on page 2 of the bill, toward the bottom of the page. This is very general language, language which would give to the Secretary of Commerce the authority to impose export controls whenever he sees a "present or prospective" domestic inflationary effect. Now, what language could be broader than that?

It is small wonder that the agribusiness sector—and other leaders of our Nation view this with such concern, wondering just where this legislation would leave our Nation in dealing with the customers abroad who want to look to us as reliable suppliers of agricultural products.

Mr. Speaker, it is my understanding that the gentleman from California (Mr. HANNA) will offer an amendment in the nature of a substitute, which will have the effect of taking out all of the amendatory changes in this bill and simply extend for 2 years the Export Administration Act which is now on the books. In my view, that is the wise course to take. The present statute is understood by business interests of the Nation. They know what to expect; they know what they can do and what they cannot do.

In my opinion, it does deal with the need adequately to protect our strategic interests.

I understand the gentleman from Georgia does have an amendment or perhaps two amendments to offer in that field, but as I understand it, the defect here is more one of administration than of legislation language.

Mr. Speaker, I hope that my colleagues in this body will see fit to support the gentleman from California (Mr. HANNA) when he offers his amendment in the nature of a substitute.

Mr. ANDERSON of Illinois. Mr. Speaker, will the gentleman yield?

Mr. FINDLEY. I yield to the gentleman from Illinois.

Mr. ANDERSON of Illinois. Mr. Speaker, I thank the gentleman from Illinois for yielding.

I want to congratulate the gentleman on the remarks he has just made. I would certainly like to associate myself with them.

The gentleman mentioned the very interesting fact that if we take into consideration the agricultural commodities that were exported last year, we find that what might have been a deficit in our merchandise balance of trade became, in fact, as he said, about an $11 billion surplus.

Would the gentleman not agree that that figure is probably equal to what our petroleum import bill was in 1973? In other words, in effect we were able to pay for those petroleum imports because of what we were able to do with regard to export of agricultural commodities.

Mr. FINDLEY. Yes; and let me speak in further comment on that point. If we can believe today's headlines, the requirements we will have for petroleum products abroad in the coming year will be far beyond those of this past year. What we ought to be doing is considering measures to strengthen confidence in the United States as a reliable source of supply, instead of voting legislation which puts reliability in doubt.

Mr. QUILLEN. Mr. Speaker, I yield 5 minutes to the distinguished gentleman from Iowa (Mr. MAYNE).

Mr. MAYNE. Mr. Speaker, I thank the gentleman for yielding. I want to concur in the remarks made by the distinguished gentlemen from Illinois (Mr. FINDLEY and Mr. ANDERSON), alerting the House to the danger that this bill as presently drawn is very apt to seriously cripple American agricultural exports and thereby endanger our balance of trade position which is so heavily dependent upon the $11 billion favorable agricultural trade balance.

Mr. BLACKBURN. Mr. Speaker, will the gentleman yield?

Mr. MAYNE. I yield to the gentleman from Georgia.

Mr. BLACKBURN. Mr. Speaker, I appreciate the gentleman yielding, because the gentleman from Illinois earlier pointed out the fear that he expressed by reason of the language in the present bill which changes the existing language dealing with the sale of agricultural products abroad.

I would like to call the attention of the Members to the fact that the amendment that I propose to offer will retain the present language in the law which gives the Secretary of Agriculture veto power over exports controls over agricultural products.

You will recall several years ago when they stopped the exportation of cowhides, and there were some other agricultural products, we passed a bill to deal with that specific problem. My amendment retains the language we adopted several years ago. I believe it will protect the gentleman from Iowa.

Mr. MAYNE. The language which is so very dangerous in the bill as drawn appears at the top of page 2, the three lines which state:

> (b) Section 3(2)(A) of the Export Administration Act of 1969 is amended by striking out "and" inserting in lieu thereof "or" and by striking out "abnormal".

This makes it much more likely that exports will be limited because it gives much broader latitude for such limitations. Under the present act, which is, I think, understood by all, section 3(2)(A) establishes as a policy of using export controls to protect the domestic economy only when two things are shown, and both must be shown: First, that there is an excessive drain of scarce materials and, second, to reduce the serious inflationary impact of abnormal foreign demand.

Therefore there are these two criteria which must be met, and with regard to the second criterion, serious inflation must result from abnormal foreign demand.

The committee bill would amend this language under which we have been operating by substituting the word "or" for "and", so you only have to have one of these criteria instead of two, and then it strikes the word "abnormal". This would in effect permit imposition of export controls if either the short supply or foreign demand criteria were met. It would also loosen the second criterion by permitting imposition of export controls if serious inflation results from foreign demand rather than an abnormal or unusual foreign demand situation.

I, therefore, at the appropriate time will offer an amendment to strike this offending language, which seems to me would greatly endanger our agricultural exports. The damage which was done a year ago, with an unwise embargo on soybean exports for some 4 days, has not yet been completely cured. We have not completely recovered from that because the Japanese and other customers who had come to look upon us as a reliable source of soybeans and other agricultural exports were given reason to wonder whether we would keep our commitments, whether we were reliable. It greatly disrupted the orderly marketing of agricultural exports which are important, not just to the farmers of our country, but are important as a great national asset which is the one thing which has been keeping our balance of trade in a favorable balance. This will be brought up at an appropriate time. I do not oppose the rule.

Mr. Speaker, I reserve the balance of my time.

Mr. SISK. Mr. Speaker, I yield 5 minutes to the gentleman from Pennsylvania (Mr. DENT).

Mr. DENT. Mr. Speaker, this act, of course, has to be studied over its long years of operation before one can really make a decision. I have never opposed it before. I think the time has come to do many new things in this country. I think there are many changes that will have to be made. We keep going along the same old road, tooting the same old horn, making the same old turns, thinking we will get to some different place, but we always end up at the same destination—more unemployment, less standing of the American dollar in the world market, inflation beyond the dreams of any person 10 years ago, shortages at home of the most common type of products that in the early beginings of this country were the first things we were able to produce, and now with all of our technology we are not able to produce. Why? We have, without a doubt, the most antiquated, the most bankrupt, and the most illogical philosophy of trade that was ever foisted upon the Nation by its leaders and by those who are firmly and first interested in the welfare of their individual concerns, with little or no rhyme or reason or purpose to the policies and philosophies or practices they indulge in.

For instance, ever since the beginning of this great Republic, every President, until this modern type of international thinking came into play starting back in 1934, and even some of those after that date, has warned against one single item that has been ignored by our chief administrators and executives and the Congress of the United States willy-nilly, because their ears are closed and their eyes are blinded to the facts and the truth of everyday life.

It was put best I believe by Franklin D. Roosevelt. Although he has been drummed into my ears and into the ears of the American people as being a great free trader, the one warning he gave that has been ignored and which is being ignored today and which is ignored each time there is anything dealing with foreign trade that comes up on this floor is this. He said:

> The exact science of foreign trade must never be blended with the inexact science of foreign policy.

And what is the warp and woof of this legislation? Let me read it to the Members: The act authorizes the regulation of exports for three purposes: national security, short supply—and that is commendable and right, but what is the overwhelming interest that is given to these two? These are based then upon the third premise, which is the destructive note in the entire trade of the United States with foreign countries, and that is the third premise, foreign policy.

Foreign policy can never be tracked down or trailed. We cannot outline it. Every man and woman in this room knows we cannot because it changes like the will-of-the-wisp and cannot be traced upon a graph that says tomorrow it shall be thus and the day after it shall be thus. We know it and everyone knows it.

The strategic materials of this country are now in a very dangerous situation on those particular items that this Congress at an earlier date indicated as strategic when we learned in our fight for our very existence that unless we provided at least a 5-year supply of those strategic materials and, there were 23 minerals and many nonmineral materials and products, we would in case of another world conflagration find ourselves in position of being unable to catch up in time to save this Nation and its people.

But what have we done by Executive order? We have reduced, out of the 91 total strategic materials and products that have been required under the strategic stockpiling of this Nation, reduced 54 of them to the ultimate goal to be reached within the 3-year period from hence, reduced to zero those products that we cannot do without.

I say to the Members, go ahead and vote. Go ahead and vote because that has been the habit. We do not stop to think. When people tell us we are a bad Congress, in this respect we are a bad Congress. We are not looking at the past and learning a lesson from it. We walk right into the future and walk more dangerously and more closely to the precipice of disaster than at any time in our history. This Congress will go down in history as the worst Congress in the whole time of our Nation unless we at this moment quit giving out the same old cliches and start looking at truth.

We have the greatest manpower unemployment at any time in our history. No one can tell me it is any better now than it was in the Depression because I went through the Depression. I was a young married man with a chlid when that Depression hit. I knew what it was. But those of us who were poor and working in plants at that time were not really poor because we really owned something. We had a table and a stove and a chair and a bed. We owned them. But today who owns anything? Hardly any American family owns it own refrigerator and few if any of the younger people own their own homes. They are strapped with $30,000 or $40,000 or $50,000 homes and they are paying 8 to 12 percent interest. Can the Members imagine what a depression will do to that group? It will disillusion these young people and our middle aged and our older Americans who have no more than a few pennies left out of their pay checks no matter how hard they try to make them stretch.

Inflation stops us. Why? Because we are tied to the cult of international trade with or without rhyme and with or without justice and with or without reason.

We talk about agricultural products. Why do we suffer so much today because of a lack of agricultural products? We are suffering so much that now we have to pay $1.59 for 2 pounds of navy beans and $2.49 for 10 pounds of potatoes. Why? The same farmers produce the agricultural products who produced them in earlier years. What causes that increase? It is trade, international trade.

I include the following:

SCHEDULES OF ELIMINATION OF STOCKPILES, THE RESULT OF EXPORT CONTROLS—ADMINISTRATION ACTIONS

SUMMARY OF GOVERNMENT INVENTORIES, OBJECTIVES, EXCESSES AND BALANCE OF DISPOSAL AUTHORIZATIONS—BASIC STOCKPILE MATERIALS, JUNE 30, 1973

[Market value in millions]

Commodity	Unit	Objective	Total inventory [1]	Market value [2]	Uncommitted excess [3]	Market value [2]	Balance of disposal authorization
1. Aluminum	Short ton	0	965, 140	$482. 6	965. 140	$482. 6	[4] 757, 646
2. Aluminum oxide, abrasive grain	Short ton	17, 200	50, 905	15. 8	33, 705	10. 4	0
3. Aluminum oxide, fused, crude	Short ton	0	352, 332	47. 6	352, 332	47. 6	103, 237
4. Antimony	Short ton	0	43, 421	62. 1	43, 421	62. 1	2, 721
5. Asbestos, amosite	Short ton	0	58, 045	10. 0	53, 045	10. 0	39, 645
6. Asbestos, chrysotile	Short ton	1, 100	11, 739	5. 9	10, 639	5. 3	783
7. Bauxite, metal grade, jamaica	Long dry ton	4, 638, 000	8, 858, 881	88. 6	4, 220, 881	42. 2	1, 370, 077
8. Bauxite, metal grade, surinam	Long dry ton	0	5, 300, 000	58. 3	5, 300, 000	58. 3	0
9. Bauxite, refractory	Long calcined ton	0	173, 000	10. 6	173, 000	10. 6	0
10. Beryl ore	Short ton	0	17, 988	6. 4	17, 988	6. 4	0
11. Beryllium copper master alloy	Pound	0	14, 773, 731	39. 9	14, 773, 731	39. 9	0
12. Beryllium metal	Short ton	88	229	32. 1	141	19. 7	0
13. Bismuth	Pound	95, 900	2, 100, 061	10. 2	2, 004, 161	9. 8	1, 061
14. Cadmium	Pound	4, 446, 500	8, 595, 053	32. 0	4, 088, 553	15. 3	2, 535, 053
15. Castor oil:							
(a) Castor oil	Pound	0	0	0	0	0	0
(b) Sebacic acid	Pound	0	5, 009, 697	7. 9	5, 009, 697	7. 9	0
16. Chromite, chemical grade	Short dry ton	8, 400	568, 834	17. 0	560, 434	16. 8	318, 834
17. Chromite, metallurgical	Short dry ton	444, 710	3, 438, 832	114. 5	2, 994, 122	92. 6	930, 539
18. Chromium, ferro, high carbon	Short ton	11, 476	402, 694	185. 2	391, 218	180. 0	0
19. Chromium, ferro, low carbon	Short ton	0	318, 893	223. 2	381, 893	223. 2	0
20. Chromium, ferro, silicon	Short ton	0	58, 356	21. 8	58, 356	21. 8	0
21. Chromium, metal	Short ton	0	7, 380	20. 4	7, 380	20. 4	3, 605
22. Chromite, refractory	Short dry ton	54, 000	1, 111, 201	34. 2	1, 057, 201	32. 5	711, 241
23. Cobalt	Pound	11, 945, 000	63, 916, 014	191. 1	51, 971, 014	155. 3	25, 716, 013
24. Columbium concentrates	Pound	0	5, 208, 734	9. 7	5, 208, 734	9. 7	3, 420, 198
25. Columbium carbide powder	Pound	16, 000	21, 372	. 4	5, 372	. 1	1, 372
26. Columbium, ferro	Pound	748, 000	930, 000	2. 7	182, 000	. 5	0
27. Columbium, metal	Pound	36, 000	44, 851	. 5	8, 851	. 1	0
28. Copper:							
(a) Copper oxygen free, high conductivity	Short ton	0	60, 112	76. 9	60, 112	76. 9	0
(b) Other	Short ton	0	191, 480	229. 8	191, 480	229. 8	0
29. Cordage fibers, abaca	Pound	0	25, 000, 000	6. 7	25, 000, 000	6. 7	25, 000, 000
30. Cordage fibers, sisal	Pound	0	103, 797, 797	22. 3	103, 797, 797	22. 3	103, 797, 797
31. Diamond dies, small	Piece	7, 900	25, 473	1. 0	17, 573	. 7	0
32. Diamond, industrial, crushing bort	Carat	0	40, 217, 479	85. 3	40, 217, 479	85. 3	16, 517, 479
33. Diamond, industrial, stones	Carat	0	23, 161, 632	174. 2	23, 161, 632	174. 2	3, 161, 634
34. Feathers and down	Pound	1, 938, 000	2, 411, 380	9. 7	473, 380	1. 9	[5] 2, 411, 380
35. Fluorspar, acid grade	Short dry ton	0	890, 000	73. 2	890, 000	73. 2	0
36. Fluorspar, metallurgical grade	Short dry ton	159, 000	411, 788	28. 2	252, 788	17. 3	0
37. Graphite, natural, ceylon	Short ton	3, 100	5, 499	1. 2	2, 399	0. 5	0
38. Graphite, natural, malagasy	Short ton	8, 200	17, 939	4. 4	9, 739	2. 4	83
39. Graphite, natural, other than C & M crystalline	Short ton	0	2, 802	0. 4	2, 802	0. 4	0
40. Iodine	Pound	0	8, 011, 814	17. 4	8, 011, 814	17. 4	0
41. Jewel bearings	Piece	62, 740, 000	61, 319, 811	20. 0	0	0	0
42. Lead	Short ton	65, 100	1, 007, 666	332. 5	942, 566	311. 0	477, 666
43. Manganese, battery grade, natural ore	Short dry ton	10, 700	308, 350	23. 8	297, 650	22. 9	173, 350
44. Manganese, battery grade, synthetic dioxide	Short dry ton	0	15, 421	7. 2	15, 421	7. 2	13, 521
45. Manganese ore, chemical grade, type A	Short dry ton	12, 800	146, 586	11. 7	133, 786	10. 7	111, 914
46. Manganese ore, chemical grade, type B	Short dry ton	12, 800	100, 238	8. 0	87, 438	7. 0	65, 238
47. Manganese ore, metallurgical	Short dry ton	750, 500	6, 447, 584	158. 0	5, 697, 084	134. 8	3, 841, 984
48. Manganese, ferro, high carbon	Short ton	200, 000	1, 153, 661	206. 5	953, 661	170. 7	553, 661
49. Manganese, ferro, low carbon	Short ton	0	0	0	0	0	0
50. Manganese, ferro, medium carbon	Short ton	10, 500	28, 921	11. 6	18, 421	7. 4	0
51. Manganese, silicon	Short ton	15, 900	23, 574	5. 3	7, 674	1. 7	0
52. Manganese metal, electrolytic	Short ton	4, 750	20, 083	13. 0	15, 333	9. 6	5, 783
53. Mercury	Flask	42, 700	200, 105	51. 2	157, 405	40. 3	0
54. Mica, muscovite block, stained and better	Pound	1, 600, 000	10, 817, 815	41. 5	9, 217, 815	31. 1	5, 632, 415
55. Mica, muscovite film, 1st and 2d qualities	Pound	413, 000	1, 469, 166	16. 5	1, 056, 166	11. 5	103, 321
56. Mica, muscovite splittings	Pound	2, 200, 000	34, 013, 340	39. 1	31, 813, 340	36. 4	15, 013, 340
57. Mica, phlogopite block	Pound	51, 000	153. 519	0. 05	102, 519	0. 02	102, 519
58. Mica, phlogopite splittings	Pound	200, 000	4, 160, 546	5. 0	3, 960, 546	4. 8	3, 210, 546
59. Molybdenum:							
(a) Molybdenum disulphide	Pound	0	23. 250, 426	40. 0	23, 250, 426	40. 0	6, 135, 426
(b) Molybdenum, ferro	Pound	0	7, 000, 978	15. 5	7, 000, 978	15. 5	0
(c) Molybdenum oxide	Pound	0	11, 050. 177	21. 2	11, 050, 177	21. 2	450. 177
60. Nickel	Short dry ton	0	0	0	0	0	0
61. Opium							
(a) Opium, gum	Pound	0	102, 088	13. 4	102, 088	13. 4	0
(b) Opium, salt	Pound	0	39, 514	8. 3	39, 514	8. 3	0
62. Platinum group metals, iridium	Troy ounze	1, 800	17, 172	3. 8	15, 372	3. 4	184
63. Platinum group metals, palladium	Trov ounze	328, 500	1, 254, 994	95. 4	926, 494	70. 4	0
64. Platinum group metals, platinum	Troy ounze	187, 500	452, 645	69. 0	265, 145	40. 4	0
65. Pyrethrum	Pound	0	0	0	0	0	0
66. Quartz crystals	Pound	209, 000	4, 120, 143	47. 3	3, 911, 143	44. 9	3, 800, 143
67. Quinidine	Ounce	1, 059, 000	1, 800, 356	6. 0	741, 356	2. 5	0
68. Quinine	Ounce	779, 500	3, 548, 111	8. 7	2, 768, 611	6. 8	0
69. Rubber	Long ton	0	222. 652	207. 0	222, 652	207. 0	102, 469
70. Rutile	Short dry ton	0	56, 407	11. 8	56, 407	11. 8	17, 385
71. Sapphire and ruby	Carat	0	16, 305, 502	0. 2	16, 305, 502	0. 2	0
72. Shellac	Pound	0	0	0	0	0	0
73. Silicon carbide	Short ton	0	196, 453	40. 3	196, 453	40. 3	0
74. Silver (tine)	Troy Ounce	21, 663, 000	139, 500, 000	373. 9	117, 837, 000	315. 8	0
75. Talc, steatite block and lump	Short Ton	0	1, 180	0. 4	1, 180	0. 4	980
76. Tantalum carbide powder	Pound	2, 900	28, 688	0. 5	25, 788	0. 4	0
77. Tantalum metal	Pound	45, 000	201, 133	6. 5	156, 133	5. 1	0
78. Tantalum minerals	Pound	312, 000	3, 629, 065	29. 9	3, 317, 065	27. 3	719, 799
79. Thorium	Short ton	0	1, 761	20. 9	1, 761	20. 9	1, 729
80. Tin	Long ton	40, 500	249, 021	1, 220. 2	208, 521	1, 021. 7	43, 400

Commodity	Unit	Objective	Total inventory[1]	Market value[2]	Uncommitted excess[3]	Market value[2]	Balance of disposal authorization
81. Titanium sponge	Short ton	0	24, 964	$94. 7	34, 964	$94. 7	19, 963
82. Tungsten carbide powder	Pound	0	2, 032, 833	13. 5	2, 032, 833	13. 5	132, 838
83. Tungsten, ferro	Pound	0	2, 140, 912	9. 6	2, 140, 912	9. 6	2, 140, 912
84. Tungsten, metal powder, carbon reduced	Pound	0	716, 910	3. 2	716, 910	3. 2	170, 562
85. Tungsten, metal powder, hydrogen reduced	Pound	0	1, 297, 821	6. 4	1, 297, 821	6. 4	101, 964
86. Tungsten ores and concentrates	Pound	4, 234, 000	122, 220, 968	330, 0	117, 986, 968	318. 6	100, 695, 217
87. Vanadium:							
(a) Vanadium, ferro	Short ton	0	0	0	0	0	0
(b) Vanadium pentoxide	Short ton	0	540	3. 1	540	3. 1	0
88. Vegetable tannin extract, chestnut	Long ton	4, 400	23, 823	8. 2	19, 432	6. 6	14, 332
89. Vegetable tannin extract, quebracho	Long ton	0	180, 647	63. 7	180, 647	63. 7	130, 047
90. Vegetable tannin extract, wattle	Long ton	0	29, 724	10. 1	29, 724	10. 1	20, 224
91. Zinc	Short ton	202, 700	797, 114	328. 9	594, 414	245. 2	237, 114

[1] Total inventory consists of stockpile and nonstockpile grades and reflects uncomm tted balance.

[2] Market values are estimated from prices at which similar materials are being traded; or in the absence of trading data, at an estimate of the price which would prevail in the market. Prices used are unadjusted for normal premiums and discounts relating to contained qualities or normal freight allowances. The market values do not necessarily reflect the amount that would be realized at time of sale.

[3] Uncommitted excess excludes the unshipped sales. Includes material for which congressional disposal authorization has been requested. The list of proposed stockpile disposal legislation for the release of various materials is shown on p. 18.

[4] Committed for sale but undelivered under long-term contracts.

[5] Balance available due to rotation in order to prevent deterioration.

Mr. SISK. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER pro tempore (Mr. McFALL). The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. LANDGREBE. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergent at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 387, nays 9, not voting 38, as follows:

[Roll No. 481]

YEAS—387

Abdnor
Abzug
Adams
Addabbo
Alexander
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Arends
Armstrong
Ashbrook
Aspin
Badillo
Bafalis
Baker
Barrett
Bauman
Beard
Bell
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Blackburn
Boggs
Boland
Bolling
Bowen
Brademas
Bray
Breaux
Breckinridge
Brooks
Broomfield
Brotzman
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill, N.C.
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Byron
Camp
Carney, Ohio
Carter
Casey, Tex.
Cederberg
Chamberlain
Chappell
Chisholm
Clancy
Clark
Clausen, Don H.
Clawson, Del
Clay
Cleveland
Cochran
Cohen
Collins, Ill.
Collins, Tex.
Conable
Conte
Corman
Cotter
Coughlin
Crane
Cronin
Culver
Daniel, Dan
Daniel, Robert W., Jr.
Daniels, Dominick V.
Danielson
Davis, S.C.
Davis, Wis.
de la Garza
Delaney
Dellenback
Dellums
Denholm
Dennis
Dent
Derwinski
Devine
Dickinson
Donohue
Dorn
Downing
Drinan
Duncan
du Pont
Eckhardt
Edwards, Ala.
Edwards, Calif.
Eilberg
Erlenborn
Esch
Eshleman
Evans, Colo.
Evins, Tenn.
Fascell
Findley
Fisher
Flood
Flowers
Ford
Forsythe
Fountain
Fraser
Frenzel
Frey
Froehlich
Fulton
Fuqua
Gaydos
Gettys
Giaimo
Gibbons
Gilman
Ginn
Goldwater
Gonzalez
Goodling
Grasso
Green, Oreg.
Green, Pa.
Griffiths
Grover
Gude
Guyer
Hamilton
Hammerschmidt
Hanley
Hanna
Hanrahan
Hansen, Wash.
Harrington
Harsha
Hastings
Hays
Hechler, W. Va.
Heckler, Mass.
Heinz
Helstoski
Henderson
Hicks
Hillis
Hinshaw
Hogan
Holifield
Holt
Holtzman
Horton
Hosmer
Howard
Huber
Hudnut
Hungate
Hunt
Hutchinson
Ichord
Jarman
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jordan
Karth
Kastenmeier
Kazen
Kemp
Ketchum
King
Kluczynski
Koch
Kuykendall
Kyros
Lagomarsino
Landgrebe
Latta
Leggett
Lehman
Lent
Litton
Long, La.
Long, Md.
Lott
Lujan
Luken
McClory
McCloskey
McCormack
McDade
McEwen
McFall
McKay
Macdonald
Madden
Madigan
Mahon
Mallary
Mann
Maraziti
Martin, Nebr.
Martin, N.C.
Mathias, Calif.
Mathis, Ga.
Matsunaga
Mayne
Mazzoli
Meeds
Melcher
Metcalfe
Mezvinsky
Michel
Milford
Miller
Mills
Minish
Mink
Minshall, Ohio
Mitchell, Md.
Mitchell, N.Y.
Mizell
Moakley
Mollohan
Montgomery
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Moss
Murphy, Ill.
Murtha
Myers
Natcher
Nedzi
Nelsen
Nichols
Nix
Obey
O'Brien
O'Hara
O'Neill
Owens
Parris
Patman
Patten
Pepper
Perkins
Pettis
Peyser
Pickle
Pike
Poage
Powell, Ohio
Preyer
Price, Ill.
Price, Tex.
Pritchard
Quie
Quillen
Railsback
Randall
Rangel
Rees
Regula
Reuss
Rhodes
Riegle
Rinaldo
Roberts
Robinson, Va.
Rodino
Roe
Rogers
Roncalio, Wyo.
Roncallo, N.Y.
Rooney, Pa.
Rose
Rosenthal
Rostenkowski
Roush
Rousselot
Roy
Roybal
Runnels
Ruppe
Ruth
Ryan
St Germain
Sandman
Sarasin
Sarbanes
Satterfield
Schneebeli
Schroeder
Sebelius
Seiberling
Shipley
Shoup
Shriver
Shuster
Sikes
Sisk
Skubitz
Slack
Smith, N.Y.
Spence
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Steele
Steelman
Steiger, Ariz.
Steiger, Wis.
Stokes
Stratton
Stubblefield
Studds
Sullivan
Symington
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Teague
Thompson, N.J.
Thomson, Wis.
Thone
Tiernan
Towell, Nev.
Traxler
Treen
Udall
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Veysey
Vigorito
Waggonner
Waldie
Walsh
Wampler
Ware
Whalen
White
Whitehurst
Whitten
Wiggins
Wilson, Bob
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Winn
Wolff
Wright
Wyatt
Wydler
Wylie
Wyman
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Ill.
Young, Tex.
Zablocki
Zion
Zwach

NAYS—9

Conlan
Foley
Gross
Haley
McCollister
Scherle
Smith, Iowa
Snyder
Young, S.C.

NOT VOTING—38

Ashley
Blatnik
Brasco
Brinkley
Broyhill, Va.
Carey, N.Y.
Collier
Conyers
Davis, Ga.
Diggs
Dingell
Dulski
Fish
Flynt
Frelinghuysen
Gray
Gubser
Gunter
Hansen, Idaho
Hawkins
Hébert
Jones, Tenn.
Landrum
McKinney
McSpadden
Murphy, N.Y.
Passman
Podell
Rarick
Reid
Robison, N.Y.
Rooney, N.Y.
Stephens
Stuckey
Thornton
Widnall
Williams
Young, Ga.

So the resolution was agreed to.

The Clerk announced the following pairs:

Mr. Hébert with Mr. Ashley.

Mr. Rooney of New York with Mr. Reid.

Mr. Dingell with Mr. Gubser.

Mr. Hawkins with Mr. Brinkley.

Mr. Carey of New York with Mr. Murphy of New York.

Mr. Passman with Mr. Stuckey.

Mr. Young of Georgia with Mr. Hansen of Idaho.

Mr. Stephens with Mr. Broyhill of Virginia.

Mr. Dulski with Mr. Collier.

Mr. Flynt with Mr. McSpadden.

Mr. Diggs with Mr. Fish.

Mr. Gunter with Mr. Frelinguysen.

Mr. Jones of Tennessee wtih Mr. McKinney.

Mr. Podell with Mr. Widnall.

Mr. Rarick with Mr. Thornton.

Mr. Landrum with Mr. Robison of New York.

Mr. Davis of Georgia with Mr. Blatnik.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. ASHLEY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 15264) to further amend and extend the authority for regulation of exports.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Ohio.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 15264, with Mr. GIBBONS in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Ohio (Mr. ASHLEY) will be recognized for 30 minutes, and the gentleman from Georgia (Mr. BLACKBURN) will be recognized for 30 minutes.

The Chair recognizes the gentleman from Ohio (Mr. ASHLEY).

Mr. ASHLEY. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, the Export Administration Act of 1969 authorizes curtailment or prohibition of exports from the United States of any articles, materials, or supplies, including technical data, in accord with policy declarations specified in section 3 of the act—short domestic supply, foreign policy, and national security.

Continuing authority to administer export controls is needed to carry out national objectives under all three of these statutory policy purposes. First, we still need to control exports of commodities and technical data in the interest of U.S. national security. Although over the past few years we have experienced improved relations with Eastern Europe and the People's Republic of China, we still cannot allow these countries uncontrolled access to our strategically oriented products and technology. Second, it is still in the interest of both national security and U.S. foreign policy to maintain strict embargoes on trade with North Vietnam and North Korea. Moreover, the foreign policy authority under the act is used to control exports of paramilitary items to the Middle East and to implement U.N. Security Council Resolutions concerning trade with Southern Rhodesia, South Africa, and the Portuguese African territories, and to control exports of crime control and detection equipment to the Communist countries.

Finally, the development of worldwide commodity shortages during the past 2 years has made it necessary for the United States to curtail exports of certain commodities in the interest of preserving domestic supplies. Export controls are currently in effect on ferrous scrap, petroleum and certain petroleum products. A broad range of other commodities have been in a very tight international demand/supply situation, and international shortages of these or other commodities can reasonably be expected to persist in greater or lesser degree for the foreseeable future. It is essential that we extend and amend the authority to impose controls when necessary to deal with critical short supply problems.

Having concluded that the authority contained in this act should be extended, we have also considered the need for certain amendments designed to equip us to deal more readily with the current domestic and international trade situation. Statutory authority such as this, which was initially enacted 25 years ago, needs to be updated periodically to reflect the changes in the world and in our Nation. H.R. 15264 incorporates amendments which I shall discuss in the order they appear in the bill.

Section 1(a) of the bill would add a new declaration indicating that it is the policy of the United States to use export controls "to the exent appropriate to retaliate against a nation or group of nations which have unreasonably restricted U.S. access to their supply of a particular commodity." Implementation of such a policy by the President should be confined to situations in which attempts have first been made to resolve the situation through international negotiations which have not proved productive, and only when such retaliatory action would be effective, when the nation or group of nations for which export controls might be applied would be otherwise unable to satisfy their needs for the restricted commodity from sources of supply other than the United States.

Section 1(B) of the bill would amend section 3(2)(A) of the Export Administration Act of 1969 to indicate that it is the policy of the United States to use export controls to the extent necessary to protect the domestic economy from the excessive drain of scarce materials or to reduce the serious inflationary impact of foreign demand.

The authority to control exports in fulfillment of this policy should be implemented within the context of an international economic policy that places long-term priority on the maintenance of an open international trading system with a minimum of governmental interference. A principal objective of monitoring and control activity, in addition to avoidance of shortages and mitigation of the effects of unavoidable shortages, should be deterrence of disruptive speculative market behavior likely to give rise to a need for export controls. Consequently, the manner in which export licenses are allocated should function as a disincentive to disruptive market participation.

Export controls, when required, should be imposed in a timely manner, with consideration of the impact of the controls upon sectors of the domestic economy and upon traditional foreign purchasers. Embargoes should be avoided except in extraordinary circumstances and quantitative limitations should be imposed sufficiently early to effectively cushion adverse effects on the domestic economy and at a level that would minimize the disruptive effects on historical supply relationships.

Implementation of this policy should be applied on an equitable basis to any product or industry sector on the basis of objective economic criteria. To the extent feasible, the imposition of export limitations should be preceded by consultations with the principal importing countries affected by such limitations. Formal monitoring and international consultation with respect to the export of a given commodity should be based on: a large or rapid increase in exports, either actual or prospective, in relation to available domestic supplies; a large or rapid increase in domestic price levels that is attributable in part to export demand; the impact of existing short supply and/or inflationary pressures upon particular U.S. industries and the economy, and whether available data suggest a trend toward mitigation or exacerbation of current pressures.

Export limitations should be based on: the elasticity of supply for the product; the impact of actual or threatened shortages on the ability of affected sectors of the economy to maintain a reasonable level of operations, including the effects of such shortages on production, capacity, utilization, employment, and operating margins; the extent to which the unrestricted export of recyclable waste materials increases domestic dependence upon foreign source raw materials and products which are made from such materials and prompts the increased domestic use of energy for the production of goods from virgin materials.

Section 2 of the bill would amend existing law to provide that the Secretary of Commerce, in consultation with appropriate technical advisory committees, shall investigate which materials or commodities shall be subject to export controls because of the present or prospective domestic inflationary impact or short supply of such material or commodity in the absence of any such export control. The Secretary is required to develop forecast indices of the supply and demand for such materials and commodities to help assure their availability on a priority basis to domestic users at stable prices.

The section further provides that implementation of export controls for the purpose of rectifying conditions of domestic short supply or inflationary impact shall not be exercised with respect to any agricultural commodities without the approval of the Secretary of Agriculture. These are provisions which were contained in H.R. 8547, which was passed by the House on September 6, 1973. The continuing need for this legislation is underscored by a subsequent report of September 15, 1973, of the Office of Organization and Management Systems of the Department of Commerce, which confirmed the need for additional, more sophisticated informational inputs.

Section 3 of the bill would provide a new section 6 to the Export Administration Act of 1969, a petition procedure for short supply export controls and monitoring. Under these provisions any person who represents a substantial segment of an industry which processes any material or commodity may transmit a written petition to the Secretary of Commerce requesting the imposition of controls or the monitoring of exports or both in order to effectuate the policy declaration with respect to short supply. Within a period of 75 days or less, under these provisions, notice of the petition would be published in the Federal Register, hearings would be held and the Secretary would be required to either institute monitoring, controls, or publish in the Federal Register a detailed statement of his reasons for not instituting such monitoring or control.

The application and implementation of the short supply policy declaration contained in the Export Administration Act have been uneven. In some instances, controls have been imposed for reasons and under conditions which are not consistent with the policy criteria of the statute as interpreted by the Department of Commerce in public testimony. In other instances, industries which have requested the imposition of controls and have been denied such relief appear to have been in a situation in which the stated criteria of scarcity, inflationary impact, and foreign demand have been met. Hence, the need for systematic procedures.

Section 3 of the bill would further provide a new section 7 of the act, a petition procedure for hardship relief from export controls, which the committee believes appropriate and necessary to guide and direct the Secretary of Commerce more closely in his consideration of granting relief from export controls.

The committee recognizes that the licensing program may in certain situations work a hardship on domestic manufacturers and their employees. For example, one domestic manufacturer, American Motors, stated that, as a result of export controls on scrap steel, its continued domestic production of a major consumer product has been endangered, with potential dislocation of the economy and employment. A critical component of this manufacturer's final product is provided by its facility in Canada in compliance with the terms of the United States-Canada Automotive Products Agreement of 1965. This component, the engine block, is produced in part from scrap steel exported from the United States, which scrap is presently subject to controls. Relief in the past has been unavailable to the manufacturer, and there has existed a threat that the manufacturer's American production lines would be closed as a consequence of the export control program.

Section 4 of H.R. 15264 would amend the enforcement provisions of the Export Administration Act of 1969 by inserting a new provision expressly requiring U.S. firms and individuals to report within 60 days to the Secretary of Commerce any written understanding which would be likely to result in the export to a Communist territory of U.S.-origin technical data which is not generally available.

The Department of Commerce and, indeed, the Government as a whole may not be aware of the nature of these agreements or contracts to export technology until the time when the U.S. company applies for an export license. This makes it difficult for the Department of Commerce and other concerned agencies to discharge properly and effectively their export control responsibilities. Early notification that U.S. firms have undertaken to exchange technology with a Communist country would permit the Government to consider in a timely fashion the broad East-West trade policy implications of a contemplated transaction involving the exchange of technical data.

Correspondingly, the Department's administration of export controls would be facilitated by early notice of agreements or contracts involving the possible transfer of technology. The awareness of such contemplated transfers would enable the Department to make broad early judgments respecting the national security implications and to deal with the U.S. party to the transaction as appropriate, to minimize the risk that significant strategic technology will inadvertently seep to the Communist country in question. Such unauthorized transfers are of concern to the Department of Commerce and other agencies with responsibilities for national security.

The Subcommittee on International Trade heard witnesses who alleged that important technical secrets which would endanger national security were being exported to Russia. The preponderance of testimony from expert public witnesses as well as from representatives of the Departments of Defense, State, and Commerce, indicated that this has not been the case. The subcommittee also heard business witnesses who believe that their ability to export common technology abroad has been unnecessarily restricted and that overseas markets have been lost to Western European and Japanese producers as a result. The Departments of Defense, Commerce, and State testified that with new reporting requirements the act would give the better control of exports to protect national security.

As my colleagues are aware, when the legislation is open for amendment, there will be offered an amendment in the nature of a substitute which would declare it no longer the policy of the United States to trade with the countries of Eastern Europe and the Soviet Union and China. The amendment also would repeal provisions of the act under which relevant executive agencies, with input from experts from the private sector, assess the strategic significance of such products as computer systems, telecommunications equipment, machine tools, semiconductors, and electronic instrumentation. In its place it would place the responsibility for such assessments with a group of 20 members from 10 committees of the Senate and House.

The sponsors of the amendment contend that there is a massive outflow of highly sophisticated strategic equipment and technology from the United States to the Communist nations. The fact is that U.S. technology and commodities capable of contributing significantly to the military potential of the Communist countries to the detriment of our national security may not be exported to those countries without an export license issued by the Department of Commerce. Licenses for such products are not issued.

In determining what technologies and commodities should be controlled and what export transactions shall be approved or denied, the Department of Commerce consults with all of the other executive departments and agencies concerned with our national security and our foreign policy. The Department of Defense is thus the principal national security adviser and plays a principal role in export control work. Over the past 2½ years, as a result of such interagency consultative procedures, some 324 license applications were denied. In contrast to these denials, the Department of Defense objected to the issuance of a license in 13 cases in which it did not feel sufficiently strong about its objection to indicate that it would take the matter to a higher echelon. The Department of Defense appealed approval in four cases. In three of these its objection was sustained, and in only one case was it overridden by the White House.

This consultative practice precludes, the possibility that massive transfers of technology and capital equipment of military significance to the Soviet Union and other Communist countries can occur. Hence, the amendment which I have described out to be defeated.

Section 5 of the bill would amend the Export Administration Act of 1969 by extending the act to June 30, 1976. This extension for 2 years will help assure a close and careful review of the administration of the act. I believe this is necessary in light of the policy and procedural changes indicated in H.R. 15264 and the need to make an early appraisal of their impact.

Mr. Chairman, this is vital legislation which incorporates much needed amendments in light of changing circumstances in the domestic and world economy. I urge its adoption.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY. Yes, I yield to the gentleman from Illinois.

Mr. FINDLEY. I thank the gentleman for yielding.

A number of us are concerned about the effect this legislation may have on our agricultural exports, many of which are contracted for. I want to cite just an illustration of the problem that may arise. Let us assume that a bona fide contract has been made between a U.S. shipper and a foreign purchaser, and then subsequent to the signing of the contract the Secretary of Commerce, with the approval of the Secretary of Agriculture, decides to impose a restriction on shipments of that commodity. What will happen to this bona fide contract; can the parties have confidence that it will be fulfilled, or does this raise a question mark?

Mr. ASHLEY. It raises a question. I have got to say to the gentleman that if our domestic shortage is so severe that the curtailment of exports of a commodity is a total embargo, that is to say, if that would be necessary in order to protect our domestic requirements, then that contract would not have full force.

Mr. FINDLEY. So it raises doubt as to the reliability of the United States in fulfilling the agricultural requirements of foreign countries?

Mr. ASHLEY. Let me say this is true of every single country that exports anything. They are faced with very much the same requirements at home, perhaps of a different character, but they put their requirements at home ahead of their requirements to export, and when it is necessary for them to curtail their exports, they take precisely the same approach as we take.

Mr. FINDLEY. But I see nothing in this bill that takes into account the importance to the American people of these dollar markets abroad, which came to $21 billion last year.

Think of the employment and inflationary effect on the market if these sales are impaired.

Mr. ASHLEY. The gentleman has not read the bill and he cannot have read the report to make such a statement, because we make it very clear our export control policy is based upon two premises, one of which is to the maximum extent possible that export trade as a matter of national policy shall be unimpeded. We say at the same time that when our domestic economy is suffering from such severe shortages that export controls are necessary, this must be realized as a fact of life. So that we have two principles that, generally speaking, have not been in conflict in the past. But because we have in recent years, for a whole variety of reasons, come up with domestic shortages now, these two worthwhile, parallel or nonconflicting policies have collided, and it is quite understandable that agricultural interests the gentleman represents should say: "Well, we want special rules for agriculture."

It is OK to embargo or curtail the exportation of ferrous scrap, but not our agricultural commodities.

What we are trying to do, as I said to my good friend, the gentleman from Illinois, is to strike as decent a balance as is humanly possible to accommodate our export interests. The gentleman knows me well enough to know that I am desperately concerned with the fact that we are going to pay as a nation $22- or $23 billion for petroleum as against $8 billion last year. Where does the difference come from? It has got to come from increased ability to sell abroad in foreign markets. I understand that, but, again, as the President said some months ago, when we have competing demands, foreign demands for U.S. commodities and products, and domestic requirements for these same commodities and products, the latter must prevail.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY. I yield to the gentleman from Illinois.

Mr. FINDLEY. I assure the gentleman that repeatedly over the last year that this bill has been pending before the House, I have heard voices of concern from responsible people in the agribusiness field who are convinced that the language in the proposed act would severely undercut confidence in the United States as a reliable supplier.

This act will put these contracts under risk. When I say they risk, I mean we risk because of the importance in balance of trade of agricultural surplus to our national interest. Without this trade surplus, think where we would be today.

Mr. ASHLEY. These interests, however, really want unimpeded ability to export American products regardless of what may be desperately needed domestically, and that we cannot give them.

Mr. FINDLEY. What they want is the ability to make a reliable contract which will build and maintain trade with the customer overseas.

I will just add the final comment. The Export Administration Act now on the statute books is a known quantity. Our export trade has adjusted satisfactorily to its provisions. The agri-business community has found a way to deal with it successfully. I would urge my colleagues to go along with the offer of the gentleman from California (Mr. HANNA) to extend the existing law rather than to run the risk of undermining the ability of American agribusiness to act as a supplier in world commerce.

Mr. SMITH of Iowa. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY. I yield to the gentleman from Iowa.

Mr. SMITH of Iowa. Mr. Chairman, I would like to ask the gentleman, how does an embargo make additional products available? Is it not true that all it does it to try to change the price level, because these products are available in the United States anyway? So the only purpose of the embargo would be to try to require the U.S. producers to take less than the world market value less the cost of handling and transportation.

Mr. ASHLEY. What we are talking about is more than that. We know the embargo does not increase the supply. Nobody can possibly make that claim.

Mr. SMITH of Iowa. Then what is the purpose of the embargo?

Mr. ASHLEY. It is to be applied in cases where we have a very limited supply of a commodity which is needed domestically. The gentleman has got to know if we have a limited amount of anything and if we send half of it abroad, and if it was just enough to take care of our domestic needs before, then we would have only half enough to take care of our domestic needs.

Mr. SMITH of Iowa. But the soaring world prices do not cause it to go abroad. Our processors have access to it here and at a cheaper price than abroad.

Mr. ASHLEY. I do not agree with the gentleman. All that happens is we do have an escalating price reflecting demand for a short supply commodity. The price is bid up. The foreign interests will claim some of it, leaving us with an ever more positive shortage than we had before.

Mr. BURLISON of Missouri. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY. I yield to the gentleman from Missouri.

Mr. BURLISON of Missouri. Mr. Chairman, I appreciate the gentleman yielding.

Mr. Chairman, I would like to ask the gentleman from Ohio if he agrees there is a provision in the bill now which provides for approval of the Secretary of Agriculture for the application of any export controls and also that the provision is included in the present legislation?

Mr. ASHLEY. The gentleman is entirely right. By way of indicating an understanding of the concerns of our agricultural factors we have included in the legislation a provision that it not be within the authority of the Secretary of Commerce to embargo agricultural products or curtail their export, but instead there must be the approval for this action by the Secretary of Agriculture.

Mr. BURLISON of Missouri. Is it true that in the bill before us at this time there is a provision that any substantial segment of an industry may require by the petition process a monitoring or imposition of export controls?

Mr. ASHLEY. Yes. The bill specifically provides that, for a petition procedures wherein a particular sector can request either controls or monitoring.

Mr. BURLISON of Missouri. If the gentleman will yield further, is this a provision which permits obviating the approval by the Secretary of Agriculture, or does this procedure include that requirement?

Mr. ASHLEY. This is concomitant with that.

Nothing undermines the authority that we have given the Secretary of Agriculture with respect to his approval.

Mr. BURLISON of Missouri. Would the gentleman agree that in July of 1973 when the Administration applied export controls on soybeans that the approval given by the Secretary of Agriculture at that time was merely a pro forma approval and that he actually at that time was voicing opposition to the imposition of export controls?

Mr. ASHLEY. My view of the actions taken by the Secretary at that time is that the action was so long in coming that it really turned out to be counterproductive, very counterproductive, with enormous dislocations in our agricultural sector.

Mr. BURLISON of Missouri. And the gentleman from Ohio then is saying that under this legislation, if he will yield further, that the 1973 export controls on soybeans would not have occurred, and that if a similar situation existed at this time, the embargo would not be levied.

Mr. ASHLEY. Let me say, all the bill provides for is a series of procedures that very carefully, but realistically, we can expect to prevent that situation from occurring in the future. We have really sought to be responsive to the problems that action created at that time. We have analyzed it and we have sought in the legislation to establish procedures which, as I say, we are confident will protect the American economy from the kind of situation in the future, should we fall into a situation of short supply, as was the situation at that time.

Mr. BURLISON of Missouri. I thank the gentleman for yielding.

Mr. BLACKBURN. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I think it well that we remind ourselves of what was the original purpose of the Export Control Act and review for a moment the actual functioning of the Export Control Act, the current rules and regulations as they are interpreted by the Secretary of Commerce, and ask ourselves, is the Export Administration Act performing the function for which it was intended originally? Is it performing the function that we want it to perform at the present time? If it is not performing the functions that we feel it should be performing, then it is incumbent upon us to amend the bill so as to instruct the Secretary of Commerce as to how we want the act administered.

This would apply to not only industrial goods, not only to goods embodying sophisticated American technology, or capital goods for production purposes, but it would also involve the interpretation of the bill for the administration of exports of farm products.

When I first started looking into the administration of the bill, I became impressed by one thing. The administrators of this bill are putting heavy emphasis in the bill on the desire, and the understandable desire on the part of Congress, to increase exports from American industry.

Certainly, I agree with that general proposition; but they are very badly ignoring, in fact, I think they are dangerously ignoring today the requirements in the bill that the military security, the military needs of the United States, must be given a priority consideration.

Now, one of the weaknesses in this bill as it is now being administered is the requirement that the Secretary of Commerce shall consult with industry representatives over the kinds of goods and the kinds of technology that will be exported from this country to the Iron Block countries. Well, now, is that not a happy arrangement?

Here, the Secretary of Commerce goes to an industry representative who may himself be sitting on a $5 or $10 million contract which he is most anxious to provide for the Soviet Union. The Secretary of Commerce says, "Well, do you think we should sell these computers," or, "Do you think we should sell a truck factory to the Soviet Union, to be the most modern and efficient manufacturing truck facility anywhere in the world," or, "Do you think we should sell and build in the Soviet Union, 90 percent financed by American capital, the biggest and most sophisticated fertilizer plant in the world?"

Well now, amazingly enough, the industry representatives have come to the conclusion, "Yes, indeed, we should sell these goods to the Soviet Union."

In fact, one of the first articles which were sold when this great area of détente burst upon the public scene was a series of ball bearing machines.

The reason they wanted to buy those ball bearing machines is because they could not buy a comparable machine anywhere else in the world. More significantly, of the ball bearing machines that exist in this country, that kind of machine, 90 percent of its production goes into missile guidance systems in our defense mechanism. I do not think that is the kind of goods we ought to be selling to the Soviet Union.

Yet, under the current operation of the Export Administration Act, when it was founded its original purpose was to stop that kind of goods from being sold to the Soviet Union. We are finding under the current administration of the bill that that kind of goods are being sold to the Soviet Union with absolute impunity.

What I am proposing is that, if we are going to make this bill again operative, make it serve the purpose for which it was intended to serve in the beginning, we are going to have to make some changes in the bill. That is the reason I am going to propose an amendment.

One of the things my amendment will do will be to provide that we do away with these industry representatives and their consultations with the Secretary of Commerce. We are going to substitute in lieu thereof Members of Congress, who will be consulted before licenses are granted for the export of American technology and American capital goods. After all, let us not forget that there are differing roles between us and industry representatives.

An industry representative has to report to his stockholders and to his board of directors. His main concern is going to be, "This year, our sales were $10 million or $5 million or $30 million more than they were during the previous year."

Members of the committee, our responsibility is not limited to the board of directors or the stockholders of a particular corporation. Our responsibility as Members of Congress is to the whole American public and to the security of the American people.

Furthermore, one of the provisions that I am putting in my amendment is a requirement that the Secretary of Commerce must give great weight to the possible economic consequences of the goods and capital equipment which are being sold to the Soviet Union. Let me remind my colleagues—let me remind all those in this Chamber—that when the Soviets have the benefit of advanced American technology—and that is what they are buying, the very best and very latest in American capital goods; have no doubt about that—when they buy the latest and most advanced American technology, which they can never develop on their own resources, with the benefit of the nonfree and slave labor they will be able to undermine every American market in the world, including our own domestic markets. Today, the Soviet Union is selling tractors in Mississippi for something like two-thirds the cost of American tractors of comparable size and design.

Do we have any doubt for 1 minute that they will use the benefit of this nonfree labor and slave labor? Let us not forget that no Soviet laborer belongs to a free labor union. No Soviet workingman can change from one employment to another in order to obtain the highest level of pay for his talents, energies, and ambitions. He works where the state tells him to work. He is paid the wages the state tells him he will be paid. He lives where the state tells him he will live. Not only do they have nonfree labor, they have slave labor.

The testimony before the committee showed without any dispute from any source that the Soviets use slave labor constantly, not only in the manufacture of their military hardware, but they use slave labor in the production of their domestic industry production as well.

Mr. KEMP. Mr. Chairman, will the gentleman yield?

Mr. BLACKBURN. I will be happy to yield to the gentleman from New York.

Mr. KEMP. Mr. Chairman, I appreciate the gentleman's yielding. I rise in support of the gentleman's amendment to give the Congress a greater role in the export policy of this Nation, and I am pleased to be a cosponsor.

With regard to the gentleman's statement that this Soviet socialized labor might be used to undercut American products, American jobs, and American industries is it true, the Soviets are building a comparable product to the Fiat 124 that might be sold in the United States, undercutting the price in the United States for the Italian Fiat product?

Mr. BLACKBURN. The fact of the matter is that the Fiat Co. cooperated with the Soviet Union and built a modern factory. Today the Soviets are selling Fiats built in the Soviet factory at a considerably lesser price than that at which the Fiat Co. can sell their own automobiles in Italy.

We have a perfect example. We cannot be surprised that Ford trucks are being sold in the United States manufactured at the Kama River site.

Mr. KEMP. Mr. Chairman, I appreciate the gentleman's yielding. I want to associate myself with his remarks, and I strongly support the Blackburn-Dent amendment. I am alarmed at the export of American technology to the Soviet Union, it seems to me that in the long run it could well threaten our very national security by helping Russia to develop weapons that would give them a strategic edge.

Mr. MAYNE. Mr. Chairman, will the gentleman yield?

Mr. BLACKBURN. I yield to the gentleman from Iowa.

Mr. MAYNE. Insofar as the gentleman seemed to suggest that the Soviet Union in Eastern Europe was using slave labor and that considering the state of agriculture as it exists in that area the Soviet Union could successfully compete with American agriculture, I would have to strongly dissent from that view because I think all of the information we have available is to the effect that American agriculture's productivity is unmatched anywhere in the world.

Slave labor or not, the Iron Curtain countries cannot match us in producing the food and fiber needed to feed the world. The record of the American farmer, with our mechanization and other efficient procedures, shows, by every recognized international measuring stick, that we can outcompete them and outproduce them right down the line.

I am apprehensive that the gentleman from Georgia's amendment is going to seal off American agriculture from markets that we would otherwise be able to enter selling on a competitive basis in Eastern Europe as well as everywhere else in the world.

There is no limit to the ability of the American farmers' genius to outproduce and undersell food and fiber on an efficient basis.

Mr. BLACKBURN. I certainly agree with the gentleman on the ability of the American farm producer to compete favorably with any producer anywhere in the world.

I hasten to assure the gentleman and all of my colleagues here who do represent primarily farming areas that my amendment is not going to curtail the export of agricultural products. My amendment will continue the existing law which we adopted here on the floor about 2 years ago when there was an exporting ban on the sales of hides.

I think the gentleman from Iowa (Mr. SMITH) will recall that amendment. We adopted it, and my amendment will perpetuate that language in the law.

Let me assure the gentleman and assure my other colleagues concerned about this particular problem that the language in the Ashley bill will make it far easier to impose embargoes on farm goods than will my amendment, because the language that is in the bill now before the floor has very general provisions in it that the Secretary of Commerce can stop the sale wherever he feels it will affect prices domestically. Therefore, in effect, the bill that is being offered could very easily be a price-control mechanism for farm products.

Mr. ASHLEY. Mr. Chairman, will the gentleman yield?

Mr. BLACKBURN. I will be happy to yield to the gentleman from Ohio.

Mr. ASHLEY. Is it not a fact that there is no such authority to impose export restraint on agricultural products as a price-fixing mechanism unless we are under a broad Presidentially invoked mandate, that is to say, unless we are under a system of wage and price controls?

Mr. BLACKBURN. To answer the gentleman, the danger that I see is that there is a provision in here to the effect that the Secretary of Commerce, in consultation with appropriate U.S. departments and agencies, shall develop forecast indices of the domestic supply and demand, and to the extent necessary foreign supply and demand to help assure their availability on a priority basis to domestic users at stable prices.

Now, there is reference specifically to prices on farm products in the bill, as I interpret it.

Mr. ASHLEY. Mr. Chairman, will the gentleman be kind enough to yield?

Mr. BLACKBURN. Mr. Chairman, I have other requests from other Members, so I will yield only briefly to the gentleman from Ohio.

Mr. ASHLEY. Mr. Chairman, only if there is a situation of short supply, not on the basis of price alone, could there be a total embargo of agricultural commodities. It is not for price alone, but only if there is a prospective shortage that is affecting the domestic economy.

Mr. BLACKBURN. Mr. Chairman, I think we are probably giving different interpretations to the language here. I think under the gentleman's proposal it would be far easier to impose such embargoes.

Mr. ICHORD. Mr. Chairman, will the gentleman yield?

Mr. BLACKBURN. I yield to the gentleman from Missouri.

Mr. ICHORD. Mr. Chairman, I would like to point out to the Members of the House that the amendment offered by the gentleman in the well, I think, is indispensable because it contains the provision of the Jackson amendment that was added to H.R. 14592, which is now Public Law 93-365.

The gentleman from Ohio says that we have adequate national security procedures. I believe the gentleman from Ohio has overlooked the fact that this bill inadvertently repeals the Jackson amendment.

Now, it is true that the Jackson amendment did establish a procedure whereby if the Secretary of Defense recommended against a shipment to a COCOM country, then the President could override that recommendation, but in overriding the recommendation, Congress would be given 60 days to review that particular shipment of technology or goods to one of the COCOM countries.

If the gentleman from Ohio is suffering under the delusion that we are not shipping goods and technology which are detrimental to the security interests of this country, I would like to state that I have in my hand a classified document and I will gladly show this to the gentleman; I do not see why it is classified—the document shows 46 COCOM requests which were approved over the objection of the Department of Defense. I hope the gentleman from Ohio will look this list over before he opposes the amendment offered by the gentleman from Georgia.

Mr. BLACKBURN. Mr. Chairman, I appreciate the gentleman's observation, because the last part of my remarks is to point out that in the Military Procurement Act which we passed several months ago there was adopted a provision which would give the Secretary of Defense a stronger voice in the approval or disapproval of the export of technology or capital goods to the iron bloc countries.

The Military Procurement Act is not the proper vehicle for granting such authority; this is the proper vehicle, the Export Administration Act. So the Senator from Washington, Mr. JACKSON, did offer an amendment in the Senate which was adopted unanimously and which does give the proper mechanism for the control and the proper voice, in my opinion, in the Department of Defense over the export of such high technology goods.

Mr. Chairman, I do appreciate the gentleman's observations.

Mr. SCHERLE. Mr. Chairman, will the gentleman yield?

Mr. BLACKBURN. I yield to the gentleman from Iowa.

Mr. SCHERLE. Mr. Chairman, I do appreciate the gentleman's yielding.

I respectfully but heartily disagree with the statements of my colleague, the gentleman from Ohio (Mr. ASHLEY), in the colloquy that just took place a moment ago concerning the regulation of prices of agricultural commodities.

The gentleman mentioned that there had to be positive proof of a shortage. There was no positive proof last year when the embargo was put on soybeans. When soybeans reached the price of between $10 and $12 a bushel, the Government intervened immediately, not to control the commodity but to control the price.

This House should not be misled by the fact that this move was basically to control a commodity. Historically, governments, when they have a surplus, will dump the surplus on the market to depress the markets. When they have a shortage, they will control foreign markets and also restrict the price.

So I think we had better be very careful in this matter.

Mr. BLACKBURN. Mr. Chairman, I think the gentleman is making a valid observation.

The existing law before us, which was adopted several years ago and which I would continue in my amendment, would not allow the prohibition against exports unless an actual short supply exists.

In the law which is being proposed, predictions of shortages can be made. As we know in the last few days predictions of surpluses and predictions of shortages seem to be changing daily as we get new figures in from the Department of Agriculture, and I do not think we should be gambling with the future of our farm communities.

Mr. SMITH of Iowa. Mr. Chairman, if the gentleman will yield, the fact is it removes "abnormal." Previously it was the policy to reduce the serious inflationary impact of abnormal foreign demand, and now, by taking that out, it is possible to impose it to prevent normal foreign demand from increasing inflation.

Mr. BLACKBURN. I agree with the gentleman.

Mr. PRICE of Texas. Mr. Chairman, will the gentleman yield?

Mr. BLACKBURN. I yield to the gentleman from Texas.

Mr. PRICE of Texas. Mr. Chairman, I would like to say that Secretary Schlesinger appeared before the Committee on Armed Services and said he was not so concerned about how many ICBM's the Russians had, but he was alarmed at the rate our country was exporting technical materials to the Soviet Union. If there is anything that will beat us in the long run, and it will be our own fault, it is because we have exported such technologies that will enable the Russians to bring about weapons to cause our destruction.

It seems strange today that in our agricultural area that people want to say that when wheat gets short this fall in our country that you are depriving the farmer of his export market that he was trying to build up for so many years in cotton, millet, corn, soybeans, but still you want to let the truck manufacturer send trucks over there at high prices and let the fertilizers and chemicals go over there that the farmers need so desperately here to raise their crops, so that we could have cheaper products for the consumers.

It seems to me that we are permitting a double standard to apply when we let the manufactured goods go and make the farm products make up the difference in our deficit in overseas shipments, let the agricultural products pay for it.

Mr. BLACKBURN. Mr. Chairman, the Export Administration Act of 1969 Amendments of H.R. 15265, merely compound the dangerous defects contained in the law which it seeks to amend: The Export Administration Act of 1969.

Like the present law, H.R. 15264 fails to respond to the following urgent need:

First. Prevent export and re-export of American technology, capital equipment, scientific accomplishments and agricultural commodities to nonmarket economy countries and unfriendly governments.

Second. Prevent export of such products by American subsidiaries operating abroad to nonmarket economy countries and unfriendly governments.

Third. Protect American labor and industry against unfair competition from the nonfree and slave labor of the Soviet Union and the Warsaw-pact regimes.

Fourth. Assure that the security of the United States is not endangered by transfer of U.S. technology and capital equipment to those Communist regimes.

Fifth. Reassert the constitutionally assigned congressional responsibility to regulate foreign commerce.

That this need is great should be apparent even to the most cursory observers of the history of world communism and of the manner in which Communist leaders continue to pursue the Communist objective of world domination.

Adm. Elmo Zumwalt, Chief, U.S. Naval Operations, recently reminded us of this critical fact of life:

Addressing the Communist leaders of the Warsaw Pact nations, Soviet Communist Party Secretary Leonid Brezhnev has stated:

> We Communists have got to string along with the capitalists for awhile. We need their agriculture and their technology. But we are going to continue massive military programs and by the middle 80's, we will be in a position to return to a much more aggressive foreign policy designed to gain the upper hand in our relationship with the West.

Dr. Malcolm R. Currie, Director, Defense Research and Engineering, has put it this way:

> The Soviets have become critically aware that their great deficiency is not in scientific knowledge but rather in production technology. They apparently feel that they can neither close pivotal gaps in their military capability nor gaps in their general economic growth, both domestically and worldwide until they acquire a manufacturing technology comparable to ours.

Secretary of Defense James Schlesinger has expressed concern that, should the U.S.S.R. marry technologies emerging from its research and development program to the throw weight and numbers of Soviet ICBM's allowed under SALT I, "They would develop a capability that was preponderant relative to that of the United States."

Despite these warnings, the outrush of U.S. technology and capital goods to the Soviet Union and the Warsaw Pact countries has been intensified.

During the past year, the Soviet Union imported $1.2 billion worth of U.S. goods. The Soviet Union exported to the United States $235 million worth of goods. Thus, the Soviet balance of trade with the United States is running about 5½ to 1 in favor of the United States.

It takes little more than common business judgment to appreciate that such imbalance cannot long continue. Worse, Soviet inability to pay the yawning difference between their imports and exports with us remains a matter of serious question.

These warnings, these facts, have been underscored by some disturbing testimony before our Subcommittee on International Trade.

Mr. Anthony C. Sutton, former research fellow, Hoover Institution on War, Revolution, and Peace, Stanford University, reported:

> Looking at the spectrum of evidence available, I conclude that there is no substantive evidence of a willingness on the part of the Soviet Union to live in a truly free and peaceful world. If "détente" is measured by individual freedom, then it is a failure.
>
> The paradox that we face is that we provide the technical means to build the Soviet military industrial complex and this encourages the Soviets to both repress their own people and pursue their overseas objectives.

As Mr. Sutton noted:

> This is also the view of Andrei Sakharoff the Russian atomic physicist.

To this observation, I would add:

The Nobel Prize-winning Russian author, the now-exiled Alexander Solzhenitsyn, has certainly made this abundantly clear.

More recently, the manner in which Soviet leaders repress freedom among their subjects has been demonstrated in two highly publicized ways:

First. At the moment when, from Moscow, the American people were receiving carefully staged accounts of how well the latest Nixon-Brezhnev summit meeting was going; of how highly dedicated Brezhnev was to the concept of peace and freedom and friendship, top level commentators and correspondents for the three U.S. commercial television networks were abruptly cut off the air—not once, but repeatedly—when they tried to report back to the American people on the repressions and pressures imposed by the Brezhnev regime upon the drive for Soviet freedom of which, at that moment, Andrei Sakharoff was the focal point.

Second. We have this month's revelation of Secretary of Commerce Dent's concern over the effort to acquire, via import from the United States, the most modern and sophisticated of U.S. criminal technology and detection equipment. As Secretary Dent realizes, the Kremlin could be expected to use this equipment in furtherance of its police state tactics against Soviet citizens suspected of dissidence.

To permit the shipment of such ultrasophisticated criminal surveillance gadgetry to the leaders of the Kremlin, is, as our colleague from Ohio, Mr. VANIK, has put it, "analogous to selling gas chambers to Hitler." Similarly, to permit them technology and capital goods with military application is analogous to shipping scrap iron to Japan before Pearl Harbor. Permit me these further quotations from testimony by Mr. Antony Sutton before our International Trade Subcommittee:

> The Soviet military-industrial complex is . . . dependent on technology transferred from the West, mainly from the United States. No distinction can be made between civilian and military technology and all transferred technology has some military impact.

Mr. Sutton, author of three volumes on "Western Technology and Soviet Economic Development," has entered serious documentation of this statement into the record of the hearings by our Subcommittee on International Trade.

I quote these excerpts:

> The entire ball-bearing capacity of the Soviet Union is of Western origin.
>
> The greater part of Soviet military truck production except some specialized vehicles originates in two key production units: the Gorki plant and the ZIL plant with their subsidiary assembly and production units. These units produce civilian and military vehicles and about 65 percent or so of the parts are interchangeable between the military and civilian units.
>
> The Gorki plant was built from scratch by Henry Ford in the early 1930s and has had foreign equipment continuously throughout the decades down to the present. Gorki produces the GAZ range of military vehicles including missile carriers, patrol vehicles, jeeps and tow vehicles. The ZIL plant is the former Tsarist AMO plant considerably rebuilt and expanded over the years. It was first rebuilt in the early 1930s by A. J. Brandt of Detroit with equipment from Hamilton Foundry and Budd Company. The last production equipment I traced from the U.S. to the ZIL plant was in 1970 in the middle of the Vietnamese War. The ZIL plant and its assembly plants in the same group produce military trucks and chassis for rocket launchers, personnel carriers and so on. . . .
>
> Under the Nixon Administration U.S. firms are building the Kama truck plant. This will be the largest producer of ten ton trucks in the world—100,000 per year. . . . The Administration is aware that the Kama plant has military potential.

Turning to U.S.-supplied Soviet merchant ships, Mr. Sutton has testified:

> The only real complete source of data for these ships is the Soviet Register of Shipping. The following are some of the major findings based on an exhaustive analysis of this Register:
>
> 68 percent of Soviet merchant ships were built in the West;
>
> 80 percent of diesel engines were built in the West;
>
> 20 percent of engines were built in the USSR but under Western licensing.

Avraham Shifrin, former Soviet Red Army Major and Chief Legal Adviser, Contracts Division, Ministry of War Equipment, U.S.S.R., told our subcommittee:

> Each day, I saw how the USSR used the technical achievements of the U.S. and other Western nations to create weapons for the destruction of those same nations.
>
> I heard many discussions of how to cheat the U.S. out of strategic military equipment.
>
> The USSR has obtained U.S. materials for supersonic aviation, for the earliest Soviet missiles, and for building the first aerodynamic wind tunnels for testing models of supersonic military aircraft.
>
> Foreign tools are bought only when the Soviet attempt to copy fails. In such a way, there was "bought" in England a complex of machines for production of very high temperatures. It played a crucial role in production of the Soviet H-bomb.
>
> The Soviet system includes special R and D bureaus which use prisoners exclusively.
>
> Additionally, political prisoners are widely used in subsidiary work in the military industry and in military construction.
>
> Nothing better dramatizes the use of prisoners to develop the Soviet war machine than the fact that the Soviet Union's most powerful fighter aircraft, the Tupolev, was invented by Tupolev while he, himself, was a political prisoner—or the fact that the chief constructor of the Soviet Union's ICBM missiles, Korolev, began his missile work and inventions while in a concentration camp.

That the results of Soviet combining of U.S. technology with this tightly controlled cheap labor force has already begun is quite evident. For example:

Soviet tractors have recently been introduced into the American market—selling for $7,500, half the price of comparable U.S.-made tractors.

Lada, the Soviet automobile built by

a factory planned and constructed for the U.S.S.R. by Fiat of Italy, compares, roughly, with the Fiat 124. It will sell in the United States for a price well below the Fiat 124.

Clearly, privately owned American industry and well-paid, well-organized American workers could not hope to produce goods at a price approaching the competitive with goods produced under these tightly State-controlled Soviet conditions.

In our own enlightened self-interest, it is high time we stopped playing this deadly game of Russian roulette.

It is the Congress that is charged with the responsibility of regulating foreign commerce. Yet, administration of the Export Control Act has been delegated to the Secretary of Commerce with slight interference from Congress. Under existing law, the Secretary is required to consult with representatives of industry before deciding if transfer of American goods or technology is in the best interest of American industry.

He is also required to consult with the Secretary of Defense to determine if transfer of such technology to Communist bloc countries represents a threat to American security. The Secretary of Defense is motivated by the desire to maintain a strong defense. But, frequently, his counsel is outweighed by industry leaders' desire for profits for their companies and by the desire of the Secretary of Commerce to improve our balances of trade and payments.

To remedy this condition, the National Protection Act would require that a committee of representatives from key congressional committees consult with the Secretary of Commerce before final determination of those items that may be exported to Communist bloc countries without endangering Western markets or Western security. This, certainly, is a mild provision. But it would regain from industrial leaders the congressional responsibility to determine what trade, truly, is in our national interest.

Lately, we have heard much about the need for Congress to reassert its constitutional assigned responsibility vis-a-vis the executive branch. Here is a golden opportunity for Congress to do so in the critical interest of national protection.

Mr. Chairman, that is why, after considerable research, study, and deliberation, I drafted the National Protection Act. In collaboration with our colleague from Pennsylvania (Mr. DENT), I ask this body to heed the warning of the experts and the lessons of history. Having done so, I ask you to vote to accept the National Protection Act (H.R. 15657).

Mr. ASHLEY. Mr. Chairman, I yield 5 minutes to the gentleman from California (Mr. REES).

Mr. REES. Mr. Chairman and members of the committee, this legislation is absolutely necessary if this country is to survive economically in the second half of the 20th century. We have inflation now, and it is the worst inflation we have had perhaps in this century, and one of the reasons for this, I think, is that we have not had the correct approach to the international market. We have been thinking about inflation as something which is restricted to the United States, and having no relationship to the rest of the world.

The gentleman from Texas was talking about the farmers, and that this bill is discriminatory against the farmers. But this is not discriminatory against the farmers. We are saying to him that we can export if it falls within several criterion. If there is a serious domestic shortage, if there is a terrible inflationary impact on that commodity, whether it be an agricultural commodity or a truck, or whatever it is, that then the Secretary of Commerce can put on the export controls. I think this is reasonable.

You know, with a certain tax gimmick that the Congress passed, I believe a year or two ago, called a DISC corporation, it makes it a lot easier for the producer of a commodity to export that than is to sell it in the United States because if it is sold here in the United States there is a tax liability of something like 52 percent. But if you get a tax break from a DISC corporation the tax runs around 25 percent.

So that if we do not have export controls it will be cheaper to export scarce commodities to other countries than it will be to sell those commodities here in this country. As a result, we will face in our domestic economy a series of shortages all throughout our economy.

People were complaining because they say the Russians are selling tractors in Mississippi. It is not because of the price, it is because we are not manufacturing enough tractors right now, and so the Russians are coming in and selling some tractors.

When we talk about agricultural commodities, if we find the price going way up on wheat, are you going to put that price on the American housewife, so that when she goes out and buys some bread she has to pay that because you are going to export all of the wheat and not have any wheat here for the domestic market?

This is what has been said by the gentleman from Georgia. We should not have these export controls. They might be dangerous. And some of the farm constituents may say, "Oh, my goodness, you cannot put any restriction on the farmers," despite the fact that this bill deals with all commodities and manufactured goods that are exported by this country.

Now we start talking about Communist countries. If we read the law, the law on the policy says that:

> . . . to restrict the export of goods and technology which would make a significant contribution to the military potential of any other nation or nations which would prove detrimental to the national security of the United States.

This is repeated again about the national security of the United States. It is repeated three or four times in the actual act. So if there is a commodity which is felt by the Department of Commerce, in consultation with these other departments, to be a threat to our national security, this is one of the purposes of the law. It is right in here. This is what the Secretary can do if he feels that this is detrimental.

There is discussion about the Fiat plant. It was very familar with the Fiat plant project. I do not know who is buying 1965 Fiats outside the Soviet bloc. I doubt if any Western country is buying 1965 Fiats, and that is what they are producing in the Soviet Union. I guess if one wanted a 1965 Fiat, he could always import one; but I suspect that Fiat is doing very well in its markets with 1974 Fiats. I doubt that the export of Fiats goes any place other than to a few countries like Czechoslovakia, Rumania, Poland, and the other Eastern Bloc countries. I think that we have to develop good trade with Communist countries.

There are all different types of Communist countries. Some of them have actually experimented, like Yugoslavia, with the American economy, and I think this is good, because we have had trade relationships. If we sell our technology, that means that they are dependent on the United States for future technology. We could sell a 360 computer, and by the time they tear that down and copy it, we will be about five generations ahead of that 360 computer.

I think this restriction bringing us back to the cold war is bad, especially in the concept of President Ford's speech of last night. The administration is for the opening up of the Export Control Act, and they are opposed to these restrictions that are being proposed here on the floor of the House. So I think if we believe in trying to protect the American consumer and the American businessman who is being plagued with the short supply, it is absolutely necessary that we pass this bill in its present form.

The CHAIRMAN. The time of the gentleman has expired.

Mr. ASHLEY. Mr. Chairman, I yield 2 additional minutes to the gentleman from California.

Mr. REES. I thank the gentleman.

Mr. BERGLAND. Mr. Chairman, will the gentleman yield?

Mr. REES. I yield to the gentleman from Minnesota.

Mr. BERGLAND. I thank the gentleman for yielding.

In reading the committee report, it says that it shall be the policy of the United States to use export controls to reduce the serious inflationary impact of foreign demand.

My question of the gentleman is, what consitutes an inflationary price? Who decides what an inflationary price might be?

Mr. REES. This would be up to the Secretary, as it is now. What the law says is, to reduce the serious inflationary impact of an abnormal foreign demand. All we do is strike out "abnormal." But the Secretary has had the power to define what "abnormal demand" is, and "inflationary price" is in the law right now.

Mr. BERGLAND. If the gentleman will yield further, does he suppose that when the Secretary is in the process of determining what constitutes an inflationary impact, that he would take into account the doubling of costs that have gone into the production of crops in the last 2 years?

Mr. REES. Yes. It is in the bill. If the gentleman will look at the bill and look at about page 5, "Petition Procedure for Short Supply Export Controls and Monitoring," and if he will go further to page 6, "Petition Procedure for Hardship Relief from Export Controls," here is a whole process that we mandate upon the Secretary.

If our farmers are aggrieved, and they feel that they are being hurt, they can go to the Secretary, and the Secretary shall within so many days give a specific answer. This is the new language we put in this bill, so that a businessman or a farmer can get a square break, and I do not think they are getting it right now.

Mr. BERGLAND. If the gentleman will yield further, I might say that 2 years ago a farmer could grow wheat for $2 and make a few pennies a bushel, but today it takes $4 for him to break even. The trouble is that there might be those who say that $4 wheat is inflationary.

Mr. REES. The industry committee could petition the Secretary and have a hearing.

Mr. YOUNG of South Carolina. Mr. Chairman, will the gentleman yield?

Mr. REES. I yield to the gentleman from South Carolina.

Mr. YOUNG of South Carolina. Mr. Chairman, I thank the gentleman from California for yielding.

I did not quite understand what he said about Russian tractors. Was it the high price, and he said American tractors would lower the price? I did not quite understand.

Mr. REES. I said I think the reason why some Russian tractors are selling is that there is a short supply domestically of American tractors. I used to export tractors. I can tell the gentleman our domestic tractor is a great deal better than the Russian tractor.

Mr. YOUNG of South Carolina. They are not as cheap as the Russian tractor.

Mr. BLACKBURN. Mr. Chairman, I yield 5 minutes to the gentleman from Minnesota (Mr. FRENZEL).

Mr. FRENZEL. Mr. Chairman, I rise in support of the Export Administration Act as reported out by the Banking and Currency Committee. The committee held lengthy hearings and reported out a balanced bill. The bill improves upon our present export control procedure in several ways.

In addition to extending the authority for 2 years, it will require that companies which sign protocols or trade agreements with any controlled countries must inform the Commerce Department within 60 days after signing. This will enable the Department to monitor trade activities with nonmarket economies more closely, and thereby prepare more adequately to evaluate export applications.

The bill also provides that it shall be the policy of the United States to use export controls to retaliate against any nation or group of nations who unreasonably restrict U.S. access to their supply of a particular commodity.

The Secretary of Commerce also is given authority to establish, either at his own direction, or at the urging of a substantial segment of any industry, technical advisory committees to evaluate technical matters, licensing procedures, worldwide supply, et cetera. In addition, the committee has added a petition procedure which can be used by any industry or segment of the economy to request that the Secretary of Commerce initiate monitoring of certain commodities or grant hardship relief from export controls.

I would prefer to direct my discussion today to some of what I think are mischievous amendments which will be directed at the bill. Mr. Chairman, we have heard some testimony ably presented by the gentleman from Georgia that the bill needs to be tightened up because important technology is escaping this country to be of great assistance to our enemies. I think this committee should know that at least four departments of our executive branch and the Committee on International Economic Policy all testified before our committee that it simply was not true.

The Department of the Treasury, represented by an Under Secretary later to become an Assistant Secretary, made this testimony. The Department of State made the same kind of testimony. And let me quote from Mr. Sonnenfeldt's testimony. Mr. Sonnenfeldt, just lately off of the National Security Council, said:

> I am not aware of any American export to the Soviet Union which in terms of its sophistication and technology could not be acquired elsewhere.

Then we had the Department of Defense in, and a gentleman by the name of Shields, who is an Assistant Secretary for International Security, made exactly the same kind of statement. He said:

> We have not shipped anything to Russia which would not be available to them if they chose to make the effort to obtain it elsewhere.

Then we got the Department of Commerce in and said:

> Do you allow any of this important technology to escape?

And Secretary Dent said the Department of Commerce had not licensed any technical data to the U.S.S.R. that are not available from other sources or would contribute to their military potential in a way that would be detrimental to our national security. Such policies would be contrary to our policies and the language of the act.

So it seems to me today through the mechanism of the Blackburn amendment that we are having a red herring waved before us. We are being taken advantage of. Through our dislike of the Russian system, we are being taken advantage of.

Mr. Chairman, the committee heard considerable testimony on the subject of national security. There has been criticism that the committee did not heed the testimony of various witnesses in the drafting of this legislation. The criticism has originated from a small minority of the committee. I think that the committee went out of its way to consider the views and arguments so ably represented by my colleague from Georgia.

While I respect his views, I believe that the facts presented to the committee do not support his position. Four Departments of our Government testified that the existing procedures are satisfactory to protect our country from unwise export of military technology to potential enemies. They also stated that no materials have been sent to Communist countries.

The act gives ample authority to the executive branch, including the Department of Defense, to scrutinize and control the export of strategic goods and technology. In the testimony before the committee, in separate contacts with personnel in the Departments of Commerce and Defense, the Council on International Economic Policy, and the National Security Council, I have found no evidence that the Congress is leaving this situation to chance. Nor that the procedure is a weak one. I think the amendments proposed to tighten the national security sections of this act will cost this Nation dearly in the pursuit of détente with the controlled countries and in achieving better relations with all nations.

Mr. Chairman, the committee bill, I believe, adequately responds to some of the past problems with our export control procedure. Some of my colleagues would like to turn the entire act into something worse than a hybrid of the Burke-Hartke bill and the Trading with the Enemy Act. Considering the fact that this act is also concerned with the questions of short supply and domestic economic stability, that sort of action by this House would be a mistake. I urge my colleagues to oppose the Blackburn substitute and the so-called Jackson amendment, and to support the committee bill.

Mr. ANNUNZIO. Mr. Chairman, will the gentleman yield?

Mr. FRENZEL. I yield to the gentleman from Illinois.

Mr. ANNUNZIO. Mr. Chairman, I would like to ask the gentleman as one of the sponsors of this legislation if he would tell me as briefly as possible how this legislation helps the American consumer? When does the mechanism in the legislation help the American consumer?

Mr. FRENZEL. I thank the gentleman for putting me on a totally different track. However, what the bill does is enable the Secretary of Commerce, after consultation with other groups, to establish export controls when abnormal or unusual foreign demand siphons off American products at a higher price. Unrestricted exports under these conditions drive up the price of the product in the American market so the American consumer has to pay more.

Under these conditions the Secretary or the President can establish controls to keep the products at home and assure a larger supply and lower price, or hold down the price to the American consumer.

Mr. ANNUNZIO. Does this also include strategic materials?

Mr. FRENZEL. It does indeed.

Mr. ANNUNZIO. I thank the gentleman.

Mr. FRENZEL. I thank the gentleman for his contribution.

Mr. MAYNE. Mr. Chairman, will the gentleman yield?

Mr. FRENZEL. I yield to the gentleman and I hope he will remember I have a limited time.

Mr. MAYNE. Mr. Chairman, I thank the gentleman for yielding.

I think the gentleman must have misspoken himself when he said the committee bill retains the requirement that exports can be limited only when there is shown to be abnormal foreign demand. It is the fact that this requirement is eliminated which is causing those who are interested in agriculture to be so concerned. That is exactly what we are concerned about. We think your bill leaves out the word "abnormal" and, we want very much to leave it in.

Mr. FRENZEL. The gentleman is correct. He has made an accurate analysis of my statement.

Again, I would like to repeat. There is no security problem. This law has operated for many years and one of its purposes is to protect our security. We want to protect our security, and so do all the agencies who make determinations as to what jeopardizes the country's defense.

The gentleman from Missouri indicated we had inadvertently repealed some law which referred to military procurement. I think, at least my impression is, that that particular law, and I hope I am not mistaken—is unchanged by our action.

The CHAIRMAN. The time of the gentleman has expired.

Mr. BLACKBURN. Mr. Chairman, I yield the gentleman 1 additional minute.

Mr. FRENZEL. That particular law related to military procurement appropriations which we just passed. The Jackson amendment in the bill just referred to material developed through military appropriations. This bill does not contain that. We do not hurt that bill at all. We simply maintain a system we have had in effect for a long period of time.

Mr. ICHORD. Mr. Chairman, will the gentleman yield on that point?

Mr. FRENZEL. I yield to the gentleman.

Mr. ICHORD. I think the problem arises because the Committee on Banking and Currency, the gentleman's committee, reported out this bill about the same time the Congress adopted Public Law 93-365, therefore the amendment of Senator JACKSON was not taken into consideration by the committee.

Mr. FRENZEL. The gentleman is correct. We did not feel we needed his amendment, and his amendment as it stands on the procurement bill will not be repealed. We think this system is perfectly adequate to protect the country and the Department of Defense.

Mr. ICHORD. I suggest to the gentleman that we have members of the Committee on Armed Services who feel it does repeal the Jackson amendment.

Mr. ASHLEY. Mr. Chairman, I yield 3 minutes to the gentleman from Washington (Mr. FOLEY).

Mr. FOLEY. Mr. Chairman, I have great respect for my distinguished friend, the gentleman from Ohio, the chairman of the subcommittee and for all the members of the subcommittee; but it is very clear from the debate that there are many, many Members of this House, who are deeply troubled by this bill.

It is my understanding that another member of the committee, Mr. HANNA of California, will offer an amendment shortly to allow a simple extension of 2 years until September 30, 1976, of the existing law.

I hope that the members of the committee will support the Hanna amendment, so that there can be further effort to address some of the serious concerns so many members have. The existing law protects the right of the Secretary of Commerce to restrict exports if there is any abnormal foreign demand. As has been pointed out, shortages brought about by abnormal foreign demand is presently a ground for imposing export controls.

Under the terms of this bill, however, controls could be triggered by any foreign demand deemed by the Secretary to have substantial inflationary effects whether such demand were abnormal or ordinary and whether real shortages were threatened or not.

Why are we concerned in agriculture? To give the example, of wheat we will produce this year: 1.8 billion bushels of wheat, three times more bushels than we can use in the United States. Almost a billion bushels should be exported. Wheat markets abroad were responsible, along with other agricultural exports, for realizing $21 billion in sales and a net balance of trade of $11 billion last year.

We have a $9 billion deficit on the nonagricultural side.

It is the agricultural sector of our economy that is responsible for the positive balance of trade last year and that offers some hope that this favorable balance will continue, allowing us to pay for these enormous fuel imports that are expected to total $25 billion this year; we must do everything possible to protect our agricultural exports. They are too major a source of our foreign exchange and are critically needed so that we can meet our fantastic fuel and energy import costs.

I plead with the members of the committee not to adopt language which we believe will seriously threaten agricultural markets abroad. Foreign nations and their people are understandably sensitive to anything that interrupts their food supplies. Japan has imported over 90 percent of its soybeans from the United States. There, it is human food, and is involved in almost every meal a Japanese family eats.

When we embargoed our soybeans to Japan in July 1973, we threatened to cut off the very lifeline of the Japanese family's food. It caused violent reaction in Japan and threatened all our agricultural markets in that country. Such actions or the fear of such actions will lead inevitably to Japan and other major trading partners seeking other sources of more reliable supply.

This bill will engender such fears. It could lead to ill advised and dangerous restraints on exports thus weakening our economy and inviting retaliation.

Mr. Chairman, I hope the members of the committee will vote for a 2-year extension of the present act.

Let us take the time to legislate wisely and carefully in this critical area.

Mr. BLACKBURN. Mr. Chairman, I yield such time as he may consume to the gentleman from Pennsylvania (Mr. JOHNSON).

Mr. JOHNSON of Pennsylvania. Mr. Chairman, before the House today is a very necessary piece of legislation, H.R. 15264—which would further amend and extend, to June 30, 1976, the authority for regulation of exports.

This authority extends the Export Administration Act of 1969, whereby the President was provided with the authority to prohibit or curtail exports from the United States. The act authorizes the President to delegate his authority to other departments, agencies, and officials of the executive branch; and it has been delegated to the Secretary of Commerce.

The continued control of the export of certain goods is necessary for three reasons—national security, the effective operation of American foreign policy, and a national shortage of some materials and commodities.

The prohibition of the export of highly technological goods is sometimes essential to the continued maintenance of national security. Although relations between the United States and the Communist nations have become considerably more cordial, the United States cannot yet allow unlimited access to strategically useful goods by these nations without endangering its national security. With 14 other countries, the United States participates in an international strategic control system, known as COCOM. The member States of COCOM regulate the trade of certain commodities and advanced technologies which have a significant strategic potential. The commodities which are under the license control of the Department of Commerce for reasons of national security are, with relatively few exceptions, internationally controlled as well through the COCOM structure. Statutory authority to regulate exports is necessary to continued American participation in this international effort.

The prohibition of exports is sometimes an effective device which our Government can utilize to motivate a foreign government to discontinue a detrimental policy. The Export Administration Act permits the Government to prohibit virtually all exports to those countries with whom our relations are unfriendly—North Vietnam, North Korea, and Cuba.

In recent months, we have become well aware of shortages and potential shortages in the United States of certain materials and commodities. Accordingly, the authority to control the export of items which are in short supply is vital—to conserve our natural resources, to combat domestic inflation, and to insure that American industries have an adequate supply of the raw materials which they need in production. H.R. 15264 improves the Export Administration Act of 1969 by requiring that the Secretary of Commerce determine which materials and commodities shall be subject to export controls and develop forecast indexes of the international supply of and demand for such items, so as to be able to impose export controls before serious national shortages develop. The bill also provides procedures by which representatives of an industry can petition the Secretary of Commerce to implement export controls or to remove export controls, if they should prove to be harmful. These three amendments to the Export Administration Act of 1969 should help to make the use of export controls more timely and effective.

The bill now before the House improves the Export Administration Act in another important way. Section 4 of the bill amends the act by requiring American citizens, residents, and firms to report within 60 days to the Secretary of Commerce any written understanding which would be likely to result in the export to a Communist country of American technical data which is not generally available. This would allow the Department of Commerce ample time, which it does not presently have, to make a competent and timely assessment of the implications of a prospective transfer of American technology to a Communist country. Also, the risk that significant strategic technology could be inadvertently and unlawfully leaked to Communist countries would be minimized.

Finally, H.R. 15264 contains two significant statements of American policy. The first, contained in section 1(a) of the bill, would add a new declaration to the Export Administration Act which indicates that it is the policy of the United States to use export controls, when such action would be appropriate, to retaliate against a nation or a group of nations which has unreasonably restricted American access to their supply of a particular commodity. In making known our willingness to use export controls, we discourage other nations from ever attempting such a restriction and lessen the likelihood that export controls shall ever have to be actually used in a retaliatory manner.

The second policy statement, contained in section 1(c) of the bill, would add a new clause to the Export Administration Act which indicates that the United States will attempt to alleviate world shortages of particular commodities by cooperating, whenever possible, with the major suppliers and consumers of such commodities rather than by taking unilateral actions. In a world of ever-growing interdependence among nations, there is indeed no more effective policy than to cooperate with other nations in seeking solutions to problems of a global scope.

The authority to regulate exports remains essential—essential to the security of our Nation, essential to a productive foreign policy, and essential to the health of the American economy. The House should not delay in passing the bill now before it.

Mr. BLACKBURN. Mr. Chairman, I yield such time as he may consume to the gentleman from Iowa (Mr. MAYNE).

Mr. MAYNE. Mr. Chairman, I certainly want to join in the remarks just made by the gentleman from Washington (Mr. FOLEY). He has very clearly pointed out the great need for us to maintain an expanding American agricultural export situation.

U.S. agricultural exports in fiscal year 1973–74 amounted to $21.3 billion. I am proud to say that currently, my own great State of Iowa has a $1.4 billion agriculture export trade business. Agricultural trade contributed a net of $11.8 billion to the Nation's international balance. It is obvious that without agriculture's performance, our overall trade balance the past year would have been far in the red instead of a positive balance of $2.8 billion. Television sets, textiles, oil, aluminum, and other products are pouring into the United States and we are only able to pay for these goods in the international marketplace through our agricultural exports. In addition, many new jobs are created by increased farm exports. For every $100 million increase in grain exports, it is estimated that more than 3,100 jobs are generated in warehousing, transportation, and trade. This means farm exports in 1973 provided over 100,000 jobs off the farm.

These are just some of the reasons we in the agricultural areas are deeply concerned about language in the committee bill which would make it easier to impose export controls on agricultural products. In the committee bill, by removing the word "abnormal," and by eliminating one of the two present demands which are in the present legislation, we will open the door to very serious interference with agricultural exports. When we passed the 1969 act, the congressional intent was very clear, that export controls would only be imposed as a very last resort. Surely the erroneous "$1 loaf of bread" scare by the American Bakers Association last year serves as a vivid reminder of the type of unjustified clamor that we have heard calling for export controls on agricultural products.

It seems to me that the criteria for such a determination should certainly be sufficiently restrictive to preclude hasty and perhaps unwarranted imposition of export controls. Certainly, both the requirements that are presently in the law should be maintained.

First, that export controls to protect the domestic economy can only be applied when there is an excessive drain of scarce materials; and second, in addition to that, when it is to reduce the serious inflationary impact of abnormal foreign demand.

Certainly, these are situations which result from abnormal foreign demand conditions. With a policy designed to let markets work and encourage greater farm output, American farmers will have no problem meeting normal foreign demand requirements.

I, too, am going to support this motion for a simple extension of the present bill, which has been used since 1969 to control exports where such controls were deemed absolutely necessary. But, I and my colleagues in agriculture are extremely concerned that the committee bill will result in these controls on exports being used to the great detriment, not only of agriculture, but of our entire national economy.

So, I hope that when that amendment is offered, it will have wide support.

Mr. Chairman, I thank the gentleman from Georgia for yielding to me.

Mr. DERWINSKI. Mr. Chairman, in the past year this body has considered extensively the Trade Reform Act, Eximbank loans and various other measures that have dealt in some manner with the trading relationship between the United States and the Soviet Union. Today we consider with this supplement (H.R. 15264) to Congressman ASHLEY's bill probably the most vital aspect of any dealings with the Soviet Union. We are weighing nothing less than our own national survival as it relates to the secure defense and continued economic viability of the United States.

All trade must consist of mutually advantageous agreements. Whether this has taken place in such arrangements as the wheat deal or the transfer of entire productive processes in the form of complete plants is of course highly questionable. Rather than trade, many of our deals really have consisted of aid as we have salvaged the Soviets from their regular agricultural disasters and provided them with the kind of productive efficiency that is stifled under their own ideological strictures. I say aid both because we have not received comparable goods in return and because their purchases have been on credit at abysmally low interest rates in effect subsidized by the American public.

But, Mr. Chairman, as deplorable as some of the previous agreements may have been from an economic point of view, we must take even greater exception to them as they directly threaten our own national interest. To the extent that we prop up or assist the leaders in the Soviet Union, we not only help them maintain their own oppressive regime, but also provide them with a greater capacity to export their totalitarian system. To the extent that the Soviet Union advances technologically and as this is inevitably incorporated into their military operations all Americans become less secure.

Just this week our Commerce Department announced that special export controls would be placed upon the exportation of sophisticated police devices to the Soviet Union. Enormous pressure came to bear upon the Department and the administration when it was revealed last week that numerous pieces of crime detection equipment would be displayed at an exhibit in Moscow and available for purchase by the KGB or Soviet secret police. These numerous devices consisting of voice-print analysis, lie detectors and various new identification systems would be used for "personal surveillance." This properly elicited a horrified reaction from many people. With the recent publication of Alexander Solzhenitsyn's "Gulag Archipelago," nearly everyone has become intimately aware of the pervasive presence of the KGB agents in the lives of Soviet citizens. To provide the Kremlin leaders with more efficient means of suppressing her people would seem almost to make us accomplices in the crimes of this totalitarian regime.

Mr. Chairman, can we now be any less vigilant in protecting our own national security and our economic well-being as we are in manifesting our concern with the plight of political prisoners in the Soviet Union? Should we not be even more concerned about the transfer of technology that increases the capabilities of the Soviet military machine than we are about advanced police techniques for maintaining an Orwellian watch over the Russian people? Is there any reason why we should, through our trade arrangements with the Soviets, do anything that can increase their totalitarian capabilities whether within the U.S.S.R. or abroad? Quite obviously this legislation is vitally needed if we are to close an enormous gap in our strategic and economic national interest.

In a nearly infinite number of instances products and production processes that are currently being allowed to pass to the Soviet Union from the United States clearly portend great dangers for us in the future. For example, through years of research and extensive investment the United States has reached the point of absolute supremacy in the field of computer technology. To a large extent, the United States has been able to maintain a substantial lead in many vital areas of national defense precisely because of our ability to work complicated equations on our most advanced computers. Computer technology underlies the most important work in the strategic area today. Guidance systems in missiles, early warning devices, ABM installations, communications and intelligence operations are just a few examples of areas where a direct correlation exists between computer efficiency and national defense.

In desiring to order certain models of computers from the United States the Soviets have asserted that such equipment will be used for their domestic activities—such as in high school or the production of consumer goods. Computers used to figure out inventory control in a department store can also be used by the military to keep track of their own activities. Moreover, the kinds of advanced computers requested have programing capacities which greatly exceed their alleged innocent purposes. The Soviets quite naturally want to calculate the trajectories on their missiles more than simply fulfill consumer needs more effectively.

Mr. Chairman, we have all become aware of the tragic fact that through the previous sale of computers to the Soviet Union we probably contributed to a reduction of about 2 years in the amount of time the Kremlin needed to develop their MIRV capabilities. Due to this surprising advance in strategic weapons the agreements reached in the SALT I negotiations have been severely compromised. While on the one hand we tried to reduce the arms race we have with the other hand provided the Soviets with the capacity to increase their military capabilities.

Many Members have complained in the past about the amount of money that our Government has deemed fit to spend on the security of this Nation. If we continue to make available to the Soviet Union equipment that promotes their military capabilities then undoubtedly the arms race will continue to spiral our costs upward. Once the United States expends great sums of money in order to achieve technological breakthroughs, it then becomes the height of folly to make such advances available to our adversaries at a small fraction of our own investment.

Despite all of the rhetoric of détente, very few people can observe the evidence of the past year and deny that the leaders of the Kremlin remain devoted to their Communist ideology and that the struggle between them and the nations of the free world continues. The actions of the Soviet Union in fomenting the war in the Middle East last October, promoting and exploiting the oil embargo, and imprisoning scores of other dissidents and in numerous other daily examples provide proof that détente at best means mutual respect and not a harmonizing of political systems or objectives.

We must remain cognizant of our own national interest and security. We must recognize that the adversary relationship between the Soviet Union and the United States continues. This does not mean the rivalry must erupt into military warfare between our two countries. But the absence of direct open conflict between us should not lull us into the false notion that we can deal in our trading relations with the Soviet Union just as we do with any other country in the world. Our own national security must remain our foremost consideration in any agreements with the Soviets. For this reason I believe that it is vitally important that the legislation presently before us become an integral part of the framework of our future commercial relations with the Communist world.

Mr. GAYDOS. Mr. Chairman, I will support the amendment that will be offered by the gentleman from Georgia (Mr. BLACKBURN).

The greatly increased costs for oil imports which this country is experiencing and will continue to experience in the future clearly indicate the need for increased exports to pay for these imports. But in our zeal to increase our exports to acquire the necessary foreign exchange to pay for our costly imports of oil, I am concerned that we will be so preoccupied with the present that we will ignore the long-run impact of our actions.

Because of our needs for increased exports, it is a tantalizing proposition to accelerate our exports to Russia. We have seen our exports to the Soviets increase from $162 million in 1971 to $550 million in 1972 and to $1,189 million in 1973.

The purpose of the amendment is to require a degree of circumspection in analyzing future trade with Russia and other non-market economies so as to prevent the forfeiture of our position as the leading free world power in order to meet our current international trade problems.

In evaluating the result of our exports to Russia, we must consider the fact that Russia engages in bilateral rather than multilateral trade. What this means is that our exports to Russia will not return to us the necessary capital with which to pay for Middle East oil. Instead, we will receive other raw materials or else a promise of natural gas, ammonia, or other products to be delivered sometime in the future. This will be of no help to us in paying for our oil imports.

I think it is most important that we bear in mind that Soviet strategy is to engage in bilateral trade for the sole object of developing its military and industrial capacity. The policy of multilateral trade, which is followed by the free world countries, is anathema to the Soviets. Multilateral trade is based on the principle of interdependence among the various countries. Accordingly, the currencies of the free world countries are readily convertible from one country to another.

For this reason, we must be on guard and not be deceived into believing that increased exports to Russia are going to aid us in obtaining the necessary capital to pay for our oil imports.

But let us go one step further and see what we will get back for our exports to Russia:

First. Raw materials? Yes, we may import some raw materials that we need but delivery of some of these will come at some time in the future when the value of the dollar will be even less than it is today. But what guarantee do we have that the rulers of Russia at that time will live up to the commitments of the present occupants of the Kremlin? Russia's repudiation of World War I debts as well as its current efforts at chiseling down its World War II lend-lease obligations do not give rise to an overflowing optimism on their fulfilling any current obligations they might undertake.

Second. Finished goods such as automobiles, tractors, and airplanes? Already we read reports on Russian tractors being sold in the United States at prices substantially less than comparable American models. We also read about the export of Russian-made automobiles to Western Europe, and if our aviation industry should be deceived into building aircraft factories in Russia, then what happens to our domestic aviation industry when Russia exports American-designed, Russian-produced planes to the rest of the world, including the United States?

We do not know the clear answer to these questions now, but based on recent history, I am not willing to allow the situation to exist where these questions could arise. The existence of the slave labor force combined with an economy where price has no relevance to actual cost means that the price of Russian exports is determined solely by the need to export in order to improve the military and industrial potential of the Soviet regime.

Third. Technology? While many experts admit that the Russians lead us in certain areas of technology, the fact remains these are in the area of clear-cut military technology. What are the chances that Russia will ever agree to transfer to us this technology? Absolutely none.

But the worst possible development would be that through the export of our sophisticated computer technology, integrated circuits and other highly developed technology, we enable Russia to take a giant step forward and attain absolute worldwide military supremacy. This would be an international disaster for all the countries of the free world, and it is my sincere belief that no member of this House would want this to happen.

But unless we address the potential problems at this time and revise our attitude toward exports, we run the risk that we will end up exporting the freedoms of our own citizens as well as those of other countries in exchange for the repressive regime of Soviet Russia.

Even in the case of exporting agricultural products to Russia, exports which will not come back to haunt us such as sophisticated computers, our recent grain deal cautions us to go slowly. As our former colleague and more recent Secretary of Defense, Melvin Laird, recently stated:

> The Russians bargained the socks off our business people in the wheat deal, and they will bargain the socks off us again on anything else.

This amendment meets these considerations head on, in that it would subordinate the encouragement of exports to the more paramount consideration of the national security of the United States, as well as the protection of the economy from unfair competition from U.S. exports being used in combination with the slave or semislave labor of nonmarket economies. Furthermore, it would make the policy of the United States that of encouraging trade with all market economy countries and friendly nations—except nonmarket economy countries—rather than with all countries with which we have diplomatic or trade relations except those countries which the President has determined trade would be against the national interest. Thus, trade with nonmarket economies would be a secondary consideration and subordinate to our trade relations with the other free world nations.

Finally, this amendment would enable the Congress to regain some of its constitutional power over foreign commerce in that it would require that the decision to initiate or continue existing export controls shall be subject to review and consultation with representatives of certain committees of both the House and the Senate, instead of allowing the decision to be made solely on the recommendation of executive agencies and representatives of private industry. Our future trade policy toward Russia, Communist China, and other Communst satelite countries has such grave ramifications for the future of both the United States as well as our trading partners of the free world that its decisions cannot be based solely on the profit motives of a segment of American industry. It is indispensible that the long-range impact be the sole criterion for such trade, and only the Congress should be charged with such awesome responsibility, responsibility which is mandated to Congress by the Constitution.

I most sincerely urge my colleagues to strongly support this amendment.

Mr. WOLFF. Mr. Chairman, in principle, I support an extension and broadening of the Export Administration Act. I submit, however, that the bill before us today takes only a half-way step toward protecting domestic supplies, particularly from the boom in export demand.

While this legislation broadens the intent of the Act to protect the domestic economy from "the serious inflationary impact of foreign demand" and world shortages of particular commodities, it does not bind either the Secretary of Commerce or the Secretary of Agriculture to insure Americans adequate supplies at reasonable costs. Thus, while this bill openly recognizes the need for monitoring supply and demand, it does not include a mechanism to prevent depletion of our supplies by excessive export demand. This is a particularly serious shortcoming in terms of the availability and cost of our agricultural commodities.

When this legislation was being considered by the Banking and Currency Committee, I testified in regard to legislation I introduced, H.R. 10844, known as the Export Priorities Act, which addresses itself specifically to the problem of uncontrolled exports of agricultural commodities. I introduced H.R. 10844 due to my concern over unconscionably high food prices facing the American consumer and the possibility of severe shortages of certain essential commodities, in particular wheat and feed grains. I felt that this country could not suffer the burden of another Soviet wheat deal, one of the largest, most mismanaged, irresponsible and costly export agreements in our history. My export priorities bill would provide for a more orderly market for our food supplies by requiring the Secretary of Agriculture to pinpoint exactly what amount could be exported through a public forecast of domestic supply and need and it would establish an export licensing and allocation system. A public forecast of the supply and demand for all agricultural commodities is essential due to USDA's past track record of miscalculation and due to the responsibility we have, both to the American consumer and needy nations abroad, as a major food supplier. An export licensing and allocation system, lodged with the Secretary of Commerce, is necessary, not only to protect supplies needed for domestic consumption, but to protect traditional markets overseas and new markets that may arise as a result of hardship. It is also essential to prevent repeats of massive, uncontrolled agreements, like the Russian wheat deal.

In contrast to the provisions set forth in my bill, the measure before us today requires forecasts of supply and demand only for those commodities which are already in short supply or expected to run short. This to me is the type of bandaid approach vigorously opposed by the administration. It is also practically useless for protecting our food supplies. Who would have thought, for instance, that we would have run short of wheat when we harvested the largest crop in history last year? If the administration is not required to forecast supply and demand for all food commodities, we will be compelled to continue to rely on the predictions of the Department of Agriculture, playing guessing games with our most essential commodity.

In addition, this legislation would have us continue to rely on USDA for controlling food exports which are threatened by short supply or inflationary impact. This is the same Department which consistently relies on lifting import quotas deferring announced export sales and juggling figures around, rather than on adopting an intelligent approach to allocating our food supply. This is the same Department which ignored the economic disaster caused by the Russian wheat deal and which ignored the severe shortages of soybeans, cottonseed oil and meal which finally compelled them to adopt hastily contrived export controls that alienated traditional trading partners like Japan.

Mr. Chairman, for a number of agricultural commodities during this crop year, the writing is already on the wall. The July drought in the heart of the grain belt has severely reduced harvest prospects for corn, soybeans, the grain sorghum corp and has further reduced wheat production. Already there is talk of possible shortages and a virtual certainty of increased food costs.

We cannot afford to play guessing games with or misallocate our food supply. We cannot expect the American people to tolerate another year of unprecedented food costs and short supplies.

I do not advocate export controls lightly; since first coming to Congress, I have sought to broaden our free enterprise system and broaden the free market. However, I think we are kidding ourselves in maintaining that a free market situation as regards agricultural exports actually exists when our largest sales have gone to nonmarket states, like the Soviet Union, where unified state monopolies are set up against individual U.S. traders. We do not have a free market situation when massive export agreements benefit few at the expense of many; and we do not have a free market when traditional trading partners are denied access to exports because of scarcity, or because other nations are building up their own stock of food reserves at our expense.

I might add, Mr. Chairman, that the United States is almost alone among the major food producers of the world in not restraining food exports. Canada, Argentina, and Australia have created wheat boards, and these countries plus the Common Market countries have moved to control exports. There are so many unpredictable or difficult to control factors influencing food supplies and prices, like the weather, the availability of fuel supplies, and inflation, surely we should introduce some measure of restraint over those factors, like exports, which we can control.

It is my belief that the Export Administration Act needs some responsible and thorough revision, and not the patchwork we have here. Congress must exact assurances from the administration that the supply of our essential commodities will remain sufficient to meet domestic needs at reasonable costs. From past experience, it is my belief that the only way we will get these assurances is to mandate them by law. It is with this in mind that I will continue to push for consideration of legislation like my Export Priorities Act, which establishes the mechanisms needed to restrain exports of our most vital commodity.

Mr. OWENS. Mr. Chairman, the telling impact of our continuing struggle with inflation was again brought home to the people of Utah by two announcements last week. First, the Department of Labor advised that in July the wage price index for farm products, processed food and feeds rose at the annual rate of 76.8 percent. At the same time, the Department of Labor informed the public that its previous promise of a record corn crop had been shattered by a drought. These developments highlight the importance of the Congress acting quickly and favorably on measures offering a positive means to counter that inflation. H.R. 15264, which amends and extends the authority for the regulation of exports, is such a measure and it deserves our support.

The authority to control exports of commodities demonstrated to be in short supply is becoming of increased importance to our national economy. Indeed, I submit that the authority to preserve adequate supplies for our domestic economy is indispensable as are the roles of the public and Congress in watching over and insuring the effectiveness of that process.

Our current export controls are usually untimely and selected for the wrong products. The decisions are made by Executive order or agency action, not that of the Congress. The unfortunate impact on the American consumer of the Government's handling of exports of wheat, feed grains, logs, lumber, soybeans, cattle hides, fertilizer, and ferrous scrap over the last 2 years makes this only too clear. Unfortunately, I fear the administration's current handling of corn, propane, and other commodities promise to do likewise.

Beginning in the latter part of 1972 and accelerating in the latter part of 1973, unrestricted exports in these several pivotal materials and commodities accelerated the increase in the domestic price of home construction, food, and other consumer products. More important than these, in terms of inflationary impact, were the sales of wheat and food grains to the U.S.S.R. and exports to Japan of softwood logs for ultimate use in home construction.

The conclusions of the Senate Permanent Subcommittee on Investigations in its July 29, 1974, report concerning the grain transactions, point to results which we are now living with in the State of Utah and across the country. The subcommittee found that the sales did have an impact, much greater than Secretary Butz or other Government officials anticipated. The grain sales created a shortage in domestic supplies. This shortage drove up the price of bread and flour-based products. More importantly, the shortage resulted in increases in the price of feed grains. These increases meant it became more expensive to feed livestock. Accordingly, these increased expenses were reflected in the Nation's grocery stores as consumers paid more—substantially more for beef, pork, poultry, eggs, and dairy products.

Not only did the committee condemn the inefficiency and bad judgment for the lack of export controls, but it denounced the extant mechanisms for subsidizing more exports.

Ironically, while domestic consumer groups were urging the Departments of Agriculture and Commerce to control exports or at least institute reporting requirements and forecasting, the Department of Commerce was contending that in order for there to be an application of controls, the commodity in question must be in short supply domestically and at the same time under serious inflationary pressure, with this short supply and inflationary pressure attributable to "abnormal" foreign demand.

What distresses me today is that consumer confidence and probably their pocketbooks are now about to be dealt another blow by inept government administration. Record corn crops were still predicted by the Department of Agriculture even though it had backed off in its estimates before the impact of the drought that now grips the Nation's corn and wheat belts.

At a minimum, the data problem and the unreliability of the Department of Agriculture have been demonstrated. Then there is the matter of commodity speculators, which now include large commodity producers, who dabble in the future's trade. They tend to overreact in anticipation of crop failures, pushing food prices higher. The effects of actual weather impact spells additional trouble because corn is the most important feed ingredient in producing beef, pork, poultry, eggs, and milk. Government economists were counting on a bumper crop this year to end sharply rising food costs. It took last year's food crisis for the public to learn the importance of the fact that feed generally accounts for 60 to 70 percent of the total cost of producing meat poultry, and the like. Putting aside high food prices over the last 2 years due to shortages of wheat and soybeans, corn has a more critical position because unlike soybeans and wheat, increases in corn prices pull up prices of other feeds.

The situation is dangerous. Moreover, for corn, there is still heavy demand from abroad. Only last week Italy ordered 1 million bushels of U.S. corn. International dealers are predicting that as soon as foreign buyers receive the latest estimate on probable U.S. corn production, they will rush to place corn orders fearing eventual U.S. Government action. Meanwhile, other countries continue to order massive quantities of wheat and soybeans in the face of reduced production forecasts.

There are further inconsistencies within the Government. At the time when congressional committees are concluding that a national export policy is needed to assure adequate domestic supplies on the grounds of nutrition and prices paid by low- and middle-income families, the State Department is urging the President to increase direct food aid abroad to $1.6 billion, which he conceivably could do without consulting the American public or their representatives in Congress.

The people of my State are wondering just at what point the three branches of the Government will gather accurate data, coordinate objectives, and act on it in the public interest. I must admit my doubts in this regard when I see the Department of Commerce raise the export quota for propane about 50 percent while private industry is estimating shortages of propane for the winter. The Department of Commerce admitted that it was using FEA figures and has no idea whether actual exports will go up or down. The bill before us will certainly help.

The bill sent to the floor of the House by the Banking and Currency Committee, not only extends the authority for exports to June 30, 1976, but the bill amends existing law to provide that the Secretary of Commerce, after consultation with technical advisory committees, must develop forecast indexes of the supply and demand for materials and commodities that need to have export controls due to shortages or domestic inflationary impact. The Secretary is authorized to appoint technical advisory committees, composed of industry and government representatives, to evaluate worldwide availability of commodities threatened by inflation or short supply.

With respect to agricultural commodities, the bill specifies that export controls must have prior approval from the Secretary of Agriculture. The legislation also establishes a new petition procedure by which any person representing a substantial segment of an industry may request export monitoring or imposition of controls. The Secretary of Commerce would be required to make a decision within 75 days.

It is the intent of the drafters of this bill that export regulations implementing these policies reflect that foreign demand needs not be the major cause of serious inflation in the price of a commodity as a condition to permit the use of export controls. It is sufficient that such demand be a significant factor in causing inflation in the price.

Export controls, when required, should be imposed in a timely manner, with consideration of the impact of the controls upon sectors of the domestic economy and upon traditional foreign purchasers. Embargoes should be avoided except in extraordinary circumstances and quantitative limitations should be imposed sufficiently early to effectively cushion adverse effects on the domestic economy and at a level that would minimize the disruptive effects on historical supply relationships. Implementation of this policy should be applied on an equitable basis to any product or industry sector on the basis of objective economic criteria.

Although short supply control decisions affect a wide variety of domestic interest groups, including the general public, consultation on export controls in the past has been largely limited to the views of commodity exporters and has excluded domestic interest groups ranging from producers to consumers. Economic groups affected by supply shortages should be involved. Under this bill they will be.

Finally, I agree with the committee when they point out that a principal objective of monitoring and control activity, in addition to avoidance of shortages and mitigation of the effects of unavoidable shortages, should be deterrence of disruptive speculative market behavior likely to give rise to a need for export controls. Consequently, the manner in which export licenses are allocated should function as a disincentive to disruptive market participation. Such behavior is one of the reasons that I have also urged the adoption by the House of the excellent Commodities Exchange Act reported by the Senate Agriculture and Forestry Committee.

Some argue that export controls are alien to free enterprise principles. I believe that this is not always the case. The remedies of international trade are such that even in normal times international markets are anything but perfectly competitive due to Government regulations, tariffs, quotas, and so forth. Monetarists, particularly international monetarist, theories which assume such an existing perfectly competitive international market are, to that extent inherently unrealistic and can only aggravate present conditions.

For these are not normal times. Inflation, by any definition, identifies distortive and dislocation developments at work in markets. Measures neutralizing these elements are necessary before measures predicated on normal market conditions can be validated. It is therefore perfectly consistent with free enterprise and antitrust principles to advocate select export controls consistent with the objective of reducing shortages/increasing supplies and thus attenuating demand. This legislation before us, H.R. 15264, will I hope insure the timely but thoughtful and impartial application of export controls to the right commodities and products. As such, it will be an integral part of a national anti-inflation program.

The CHAIRMAN. The Clerk will read.

The Clerk reads as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) paragraph (2) of section 3 of the Export Administration Act of 1969 (50 U.S.C. App. 2402(2)) is amended by striking out "and" immediately before "(C)" and by inserting immediately before the period at the end thereof the following: ", and (D) to the extent appropriate to retaliate against a nation or group of nations which have unreasonably restricted United States access to their supply of a particular commodity".

(b) Section 3(2)(A) of the Export Administration Act of 1969 is amended by striking out "and" and inserting in lieu thereof "or" and by striking out "abnormal".

(c) Paragraph (3) of section 3 of the Export Administration Act of 1969 is amended by striking out "and" immediately before "(B)" and by inserting immediately before the period at the end thereof the following: ", and (C) to deal with world shortages of particular commodities, whenever feasible, through international cooperation with the major suppliers and consumers of such commodities, rather than by taking unilateral actions".

AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. HANNA

Mr. HANNA. Mr. Chairman, I offer an amendment in the nature of a substitute.

The Clerk read as follows:

Amendment in the nature of a substitute offered by Mr. HANNA: Strike out all after line 2 on page 1 and insert in lieu thereof the following:

Section 16 of the Export Control Administration Act of 1969 is amended by striking out "1974" and inserting in lieu thereof "1976".

(By unanimous consent, Mr. HANNA was allowed to proceed for 5 additional minutes.)

The CHAIRMAN. The gentleman from California is recognized for 10 minutes in support of his amendment.

Mr. HANNA. Mr. Chairman, I thank the Chair and the House for the courtesy.

It is not easy for me to take the well in the particular matter that I am found with here today because I have labored hard along by the side of the chairman of the subcommittee in trying to bring legislation to some real problems that exist in the area of the mixture of our economic problems and our export policies. I supported the bill in the subcommittee, and with some exception, the bill that is before us when it was before the full committee.

I tell the Members, as I reflect upon my experience here in the House and in other legislative halls, I have found that when we are going to deal with a matter that cuts across competing interests and is a matter of extreme importance, we must arrive at a consensus in order to have meaningful legislation.

It is obvious that we have not arrived at a strong consensus. Therefore, what happens? If we bring legislation—and the Members and I have seen this happen time and time again—if we bring legislation to this floor without a strong consensus, that legislation leaves the floor looking like a lace curtain. It is the worst way to provide legislative guidance in a very complex, important field.

It was my feeling, therefore, after discovering where some of the concerns existed and the reality of those concerns, that the best thing we could do at the present moment would be to go ahead and extend the law. Let us do this on a simple, straight basis and keep it clean because if we do not do that, we will have to accede to one special interest as against another special interest, and we will end up with a kind of small Christmas tree arrangement.

If we will make up our minds here that this is an area in which we have to bring a greater and wider concern to bear upon the problem, I think that we can, as the representatives of the people, do a much better job for all of the interests of all the people.

It is not good to set up legislation which puts the consumer against the farmer or puts the manufacturer against the farmer or puts the consumer against the manufacturer. If we are going to have legislation which affects one part, the important part, of our economy, and if we make a point of pitting one against the other, then I suggest to the Members that we should stop to think soberly that perhaps we are not pursuing the right course.

Let me emphasize that at the present time the phenomenon that is now being visited upon us from the world scene is brand new. It is something that has never occurred in the lifetime of any American at any stage of history, or for that matter, to any citizen of the world, wherever he might be.

This is to suggest that some of the things that we are concerned about are deriving from conditions of first moment, and that also should give us pause. We need more time to be sure we, first, really know what is happening and, second, that our efforts to affect what is happening is constructive and effective. Right now we cannot be sure of either.

Let me suggest that one of the things that has bothered me for the last 4 years has been the fact that the United States does not have a clearly enunciated, well defined policy for international trade. The United States does not have a well described or a well arrived at policy about technology transfer.

How many of the Members of this House have read the excellent report from the subcommittee chaired by the gentleman from Wisconsin (Mr. ZABLOCKI) on this problem of technology transfer? How many of the Members sitting here have read the excellent report from the hearings held by the Subcommittee on Science on technology transfer?

Mr. Chairman, we are just beginning to develop the broad base for the necessary information that this House should have that we can act intelligently on the long-range interests of the United States in this whole new world economy.

Where is the mechanism available in this administration, in any agency of this Government, for getting the data, the information about the interplays between the various economies so that we will know and so that we can make decisions about what the requirements are for world markets as against what the requirements are for domestic markets, and what the available basic materials are to support our industrial activities as against the demands for the output of our activities?

Where do we have solid, dependable, observable information?

This is something that this administration has a great opportunity to start, along with an effort to arrive at an expression of a sensible international trade policy, which does not now exist.

Against that framework, we can then make decisions. We have no framework of reference available to us now to be sure that we are doing what is right and sensible.

Yes; the present law perhaps needs some strengthening. Yes; perhaps it does not address, as strongly as some of us might require, the concerns we have, whether those concerns are about the relationship between our country and the Soviet countries or whether that concern is for the farmer and his ongoing markets, or whether the concern is for the consumer and his having availability to the basic things he needs in life.

Mr. Chairman, I can understand those concerns. But I am just saying that this House today, under the existing circumstances, is not the place, the time, or the method to arrive at a sound and predictably sensible answer that will serve the needs that are expressed in these concerns.

That is why I am suggesting that we back off and "cool it," in a sense, and have the benefit of a cross-pollenization in this House so that we do have a very sound input from agriculture as to its interests, and so that we have a sound input from all of the elements regarding security and their concerns.

Just so the Members will understand the present law, let me remind them that not only is it true, as some Member suggested—I think it was the gentleman from Minnesota (Mr. FRASER)—that we have the testimony of the Department of Defense, the Department of State, and the Department of Commerce to the effect that at the present time they did not see any serious erosion in our position of security nor any flows of very important technical matters associated with our security that were being demonstrated under the present act, but let me assure the Members that there are some very strong authorization provided in the present Export Control Act. These powers are exercised by a review board which includes the Secretary of Defense. This review board decides on the issuance of a license to export which is the first point of control—and the most important step.

There are a series of questions by a review body, a mixed panel, and I will just read a few of the questions.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. HANNA. Let me finish this particular point.

They ask questions such as:

> What is the normal use in the United States and elsewhere in the free world?

Of course, this is on a commodity that is being licensed, and this is the first step where you get a license.

Another question:

> Is the item designed for military purposes? Is the intrinsic nature of the commodity or data such as to make it of significant use to the military?
>
> If the item has both military and civilian uses, is the intended end-use peaceful in nature?
>
> Is the prospective foreign end-user engaged in peaceful or military-oriented work?
>
> Does the item incorporate advanced or unique technology of strategic significance that could be extracted?
>
> Is there a shortage of the item in the area of destination that affects the military potential?
>
> Are comparable commodities or data available to the country of destination outside the United States? If COCOM controlled, are they available outside the COCOM countries?

This review, I think taken in conjunction with the Department of Defense and other agencies, amply assures that the national security of the United States is being properly protected. In fact, there are representatives from many different agencies and departments and, in fact, there is even a representative from the CIA.

The CHAIRMAN. The time of the gentleman has expired.

(On request of Mr. ROUSSELOT, and by unanimous consent, Mr. HANNA was allowed to proceed for 2 additional minutes.)

Mr. HANNA. I thank the gentleman for the additional time, and I yield to the gentleman.

Mr. ROUSSELOT. Would the gentleman explain to us the effect of his amendment on the Reuss amendment that was passed in committee, which would put this agency and this law, part of it, under the budget control?

Mr. HANNA. The effect of my amendment would be to maintain the law in its present form. To the extent that the amendment the gentleman referred to changed the present law, by the bill that is now before us, it would not be operative if my amendment passes.

Mr. ROUSSELOT. Would the gentleman be receptive to the reintroduction of that concept?

Mr. HANNA. The gentleman has already expressed his feelings, and that is that, given the time of day and the temper of this House, the best thing we can do at the present time is to pass a simple extension. And I hope we will do it.

Mr. REES. Mr. Chairman, if the gentleman will yield, I was going to state that the budget control amendment that the gentleman from Wisconsin (Mr. REUSS) offered, was to the export-import bill, the export control is under the Department of Commerce, and the Department of Commerce is under the regular budget.

Mr. HANNA. Let me conclude by saying that I hope that the committee will accept this very simple approach, that we can with some confidence go ahead and extend the law for 2 years. We are in a lot of trouble, but let us be sure we know what the dimensions of those troubles are, and that we are sure of the dimensions of that which is being proposed.

I do not think we can arrive at a decision between now and 9 o'clock, or however long we want to stay this evening.

AMENDMENT OFFERED BY MR. BLACKBURN AS A SUBSTITUTE FOR THE AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. HANNA

Mr. BLACKBURN. Mr. Chairman, I offer an amendment as a substitute for the amendment in the nature of a substitute.

PARLIAMENTARY INQUIRY

Mr. REES. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. REES. Mr. Chairman, my parliamentary inquiry is this: My understanding is that the amendment that has been offered by the gentleman from California (Mr. HANNA) is in the nature of a substitute, and therefore if the amendment offered by the gentleman from Georgia (Mr. BLACKBURN) is also in the nature of a substitute, I would question whether it would be permissible.

The CHAIRMAN. Does the gentleman from Georgia offer this as a substitute amendment for the amendment offered by the gentleman from California (Mr. HANNA)?

Mr. BLACKBURN. Yes; I do, Mr. Chairman.

The Clerk read as follows:

Amendment offered by Mr. BLACKBURN as a substitute for the amendment in the nature of a substitute offered by Mr. HANNA: Strike out all after the enacting clause and insert in lieu thereof the following:

That this Act may be cited as the "National Protection Act".

SEC. 2. Section 2 of the Export Administration Act of 1969 (50 U.S.C. App. 2401) is amended by striking out paragraphs (3) and (4).

SEC. 3. Section 3 of the Export Administration Act of 1969 (50 U.S.C. App. 2402) is amended—

(1) in paragraph (1) thereof by striking out "countries with which we have diplomatic or trading relations, except those countries with which such trade has been determined by the President to be against the national interest" and inserting "market economy countries and friendly nations (except nonmarket economy countries)";

(2) in paragraph (2) thereof by inserting "unfair competition or" immediately before "the excessive drain", by striking out "significantly", by striking out "and to fulfill its international responsibilities", by striking out "and" immediately before "(C)", and by inserting immediately before the period at the end thereof the following: ", and (D) to the extent appropriate to retaliate against a nation or group of nations which have unreasonably restricted United States access to their supply of a particular commodity";

(3) in paragraph (3) thereof by striking out "and" immediately before "(B)" and by inserting immediately before the period at the end thereof the following: ", and (C) to deal with world shortages of particular commodities, whenever feasible, through international cooperation with the major suppliers and consumers of such commodities, rather than by taking unilateral actions";

(4) in paragraph (5) thereof by inserting "either military or economic potential of those governments which may threaten the security or economy of the United States or which has the effect of furthering or supporting" immediately after "furthering or supporting";

(5) in paragraph (6) thereof by striking out "representatives of appropriate United States Government agencies and qualified experts from private industry." and inserting "two members (who may not be from the same political party) of each of the following committees: the Committee on Armed Services of the House of Representatives and the Committee on Armed Services of the Senate, the Committee on Banking and Currency of the House of Representatives and the Committee on Banking, Housing and Urban Affairs of the Senate, the Committee on Internal Security of the House of Representatives and the Committee on the Judiciary of the Senate, the Committee on Interstate and Foreign Commerce of the House of Representatives and the Committee on Commerce of the Senate, and the Committee on Science and Astronautics of the House of Representatives and the Committee on Aeronautical and Space Sciences of the Senate."; and

(6) by adding at the end thereof the following new paragraph:

"(7) It is the policy of the United States that the encouragement of exports is a secondary consideration and that the primary concerns of the United States are national security considerations and considerations regarding possible harm to the American economy from unfair competition arising out of United States exports used in combination with slave and semislave labor within nonmarket economy countries.".

SEC. 4. Section 4 of the Export Administration Act of 1969 (50 U.S.C. App. 2403) is amended—

(1) by amending subsection (a) to read as follows:

"(a) The Secretary of Commerce is authorized and directed to carry out this Act and to effectuate the policies enumerated in section 3.";

(2) by striking out subsections (b) and (d);

(3) by redesignating subsections (c) and (e) as subsections (b) and (c) respectively; and

(4) by adding at the end thereof the following new subsection:

"(d)(1) The Congress finds that the defense posture of the United States may be seriously compromised if the Nation's goods and technology are exported to a controlled country without an adequate and knowledgeable assessment being made to determine whether export of such goods and technology will significantly increase the military capability of such country. It is the purpose of this section to provide for such an assessment and to authorize the Secretary of Defense to review any proposed export of goods or technology to any such country and, whenever he determines that the export of such goods or technology will significantly increase the military capability of such country, to recommend to the President that such exports be disapproved.

"(2) Whenever a request for a license or other authority is required by any person to export any goods or technology to any controlled country, the appropriate export control office or agency to whom such request is made shall notify the Secretary of Defense of such request, and such office may not issue any license or other authority pursuant to such request prior to the expiration of the period within which the President may disapprove such export, or prior to the expiration of the period within which the Congress may disapprove an action of the President, if applicable. The Secretary of Defense shall carefully consider all notifications submitted to him pursuant to this subsection and, not later than thirty days after notification of the request, shall—

"(A) recommend to the President that he disapprove any request for the export of any goods or technology to any controlled country if he determines that the export of such goods or technology will significantly increase the military capability of such country;

"(B) notify such office or agency that he will interpose no objection if appropriate conditions designed to achieve the purposes of this Act are imposed; or

"(C) indicate that he does not intend to interpose an objection to the export of such goods or technology.

If the President notifies such office or agency, within thirty days after receiving a recommendation from the Secretary, that he disapproves such export, no license or other authorization may be issued for the export of such goods or technology to such country.

"(3) Whenever the President exercises his authority under this subsection to modify or overrule a recommendation made by the Secretary of Defense pursuant to this section, the President shall submit to the Congress a statement indicating his decision together with the recommendation of the Secretary of Defense. The Congress shall have a period of sixty calendar days of continuous session of both Houses after the date on which the statement is transmitted to the Congress to disapprove the action of the President by adopting a concurrent resolution disapproving the application for the export of such goods, technology or techniques.

"(4) In determining whether the export of any goods or technology to any controlled country will significantly increase the military capability of such country, the Secretary of Defense shall take into account all potential end uses, and the likelihood of an end use other than the end use indicated by the applicant for the export of such goods or technology.

"(5) Effective on July 1, 1974, the removal of any category of goods or technology requiring an export license or other authorization shall require the approval of the President.

"(6) The President is authorized, on behalf of the United States, to agree to any modification of the so-called COCOM international lists (or interpretations thereof) if he determines that such modification would not result in a significant increase in the military capability of any controlled country.

"(7) As used in this subsection—

"(A) the term 'goods and technology' includes but is not limited to—

"(i) machinery, equipment, durable goods, and computer software;

"(ii) any license or other arrangement for the use of any patent, trade secret, design, or plan;

"(iii) the so-called know-how or knowledge of any individual, firm, corporation, or other entity;

"(iv) assistance in planning and joint venture arrangements; and

"(v) arrangements under which assistance is provided in developing a manufacturing capability, including so-called turnkey arrangements;

"(B) the term 'export control office' means any office or agency of the United States Government whose approval or permission is required pursuant to existing law for the export of goods or technology; and

"(C) the term 'controlled country' means the Soviet Union, Poland, Romania, Hungary, Bulgaria, Czechoslovakia, the German Democratic Republic (East Germany), and such other countries as may be designated by the Secretary of Defense.

"(8) The Secretary of Defense shall submit to the Congress a written report on his implementation of this section not later than thirty days after the close of each quarter of each fiscal year. Each such report shall, among other things, identify each instance in which the Secretary recommended to the President that exports be disapproved and the action finally taken by the Executive branch on the matter.

"(9) Whenever the President exercises his authority under subsections (5) and (6) he shall, having first solicited the recommendation of the Secretary of Defense, transmit his decision, together with the recommendation of the Secretary of Defense, to the Congress. The review and disapproval provisions of subsection (3) shall be applicable to actions taken under subsections (5) and (6).

"(10) The authority granted to the President in paragraphs (3), (5), and (6) shall be nondelegable."

SEC. 5. (a)(1) The first sentence of section 5(a) of the Export Administration Act of 1969 (50 U.S.C. App. 2404(a)) is amended by inserting immediately before the period at the end thereof the following: ", and from two members (who may not be from the same political party) of each of the following committees: the Committee on Armed Services of the House of Representatives and the Committee on Armed Services of the Senate, the Committee on Banking and Currency of the House of Representatives and the Committee on Banking, Housing and Urban Affairs of the Senate, the Committee on Internal Security of the House of Representatives and the Committee on the Judiciary of the Senate, the Committee on Interstate and Foreign Commerce of the House of Representatives and the Committee on Commerce of the Senate, and the Committee on Science and Astronautics of the House of Representatives and the Committee on Aeronautical and Space Sciences of the Senate".

(2) The second sentence of such section 5(a) is repealed.

(b)(1) The first sentence of section 5(b) of the Export Administration Act of 1969 (50 U.S.C. App. 2404(b)) is amended by inserting ", except in cases which involve national security or threat to the national economy, or both" immediately before the period at the end thereof.

(2) The second sentence of such section 5(b) is repealed.

(c) Section 5(c) of the Export Administration Act of 1969 (50 U.S.C. App. 2404(c)) is repealed.

SEC. 6. Section 14 of the Export Administration Act of 1969 is amended by striking out "1974" and inserting in lieu thereof "1977".

Mr. BLACKBURN (during the reading). Mr. Chairman, I ask unanimous consent that further reading of the amendment be dispensed with and that it be printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. BLACKBURN. Mr. Chairman, the gentleman from California (Mr. HANNA) just made a very persuasive argument that perhaps the amendments that are being offered here will not be given sufficient time for consideration by the House, and perhaps we should adopt a simple extension of the existing law. But, Mr. Chairman, let me reemphasize again that the functioning of the present law is not an effective functioning. We are seeing a tremendous outflow of American technology and American capital goods for production of war goods in some instances. A 10-ton truck can haul troops from the front as easily as it can haul corn crops or potatoes from the fields.

But I think the most important thrust of this amendment that I am offering today from our standpoint, from a legislative standpoint, is the substitution of Members of Congress for these trade councils of industry personnel who are today making the recommendations to the Secretary of Commerce for the approval or disapproval of licenses for the export of American goods.

As I understand the Constitution, the original duty, the original responsibility for the regulation of commerce among the nations rests with the Congress. We had a great deal of talk in recent—I was going to say weeks or months, but maybe hours might be more appropriate, about the degree to which the Congress has delegated its responsibilities to the Chief Executive, about the misshaping of our American system of government by the constant erosion of congressional power where the Congress has voluntarily given away one sphere of its authority after another until today we are little more than a responsive body to the Chief Executive.

My amendment puts the Congress back in a very active role in the regulation of Congress as it relates to the export of American technology on American capital business, and I think that is where Congress belongs.

I agree with the gentleman from California. Maybe we are emerging into a new era of knowledge and understanding as to just where we are in relation to other countries and the other nations' needs for technology and farm goods, or what-have-you. But let me suggest this, that the Members of Congress, because of their need and their responsiveness to their constituents, are probably going to be far more alert to meeting the true needs and the true demands of the American public than will the bureaucrat who is totally insulated from the elective process.

I, for one, do not shirk from the responsibility of being involved in the approval process of export licenses. I think we should be more directly involved. Then if the American public wants to complain about the kinds of goods that are being exported, they can come to the Members and to me, and we have to answer to them every 2 years. And I suspect they will find far more responsive answers from the Members and from me than they will ever find from the bureaucrats in any agency of the Government.

So, Mr. Chairman, I have in "Dear Colleague" letters, signed both by myself and many of my colleagues, outlined the purpose of the National Protection Act which was originally sponsored by my colleague, the gentleman from Pennsylvania (Mr. DENT) and myself. We have outlined in correspondence how we expect the bill to operate and what our purposes are, and I see no need to belabor it with a great deal of debate at this point.

I think it is an entirely proper vehicle for the Congress once again to reestablish itself in an active role as an active mechanism in the regulation of the commerce in the United States and the exports of the United States.

Mr. Chairman, I yield back the balance of my time.

Mr. ICHORD. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Georgia primarily because it writes into the Export-Import Control Act section 709 of Public Law 93-365, which is referred to as the Jackson amendment, which is the place where the Jackson amendment should be.

I support the amendment because as the gentleman from Georgia has pointed out the present procedures to protect the national security of this country are not working and this is the time that Congress should review the functioning of the Export Control Administration Act.

When Director Colby of the CIA appeared before the Armed Services Committee, of which I am a member, his very first words were these:

> Détente does not mean that the Russians have had a change of heart.

Later on Secretary Schlesinger appeared before the committee and he said substantially the same thing. He said:

> Détente does not mean that the Russians have changed their objective.

Still later Secretary Currie, Secretary of Research and Development appeared before the Armed Services Committee and testified at length. He said:

> Détente means that the Russians are going after our technology.

I strongly support the policies of our Secretary of State, Secretary Kissinger. Détente to me means a relaxation of tensions between two powers. I think we do need a relaxation of tensions between the United States and the Soviet Union but I feel very greatly that many Americans and many Members in this House and particularly many employees of the executive agencies have a different meaning of détente than does Secretary Kissinger, because I have heard Secretary Kissinger say that he agreed with Secretary Schlesinger that the Russians are going after the technology held by the United States.

Dr. Currie pointed out that the superiority of the United States lies in technology which is spread throughout our entire industrial base, that is the ability to conceive and fashion a given weapon system and then produce it in large numbers. This is the technology and industrial techniques which the Soviet Union is going after.

This amendment offered by the gentleman from Georgia will definitely make effective section 709 proposed by Senator Jackson.

I would point out to the gentleman from Ohio that in the past several months there have been 46 applications for export licenses, 46 COCOM exception requests that have been approved even though they were opposed by the Department of Defense. If the amendment offered by the gentleman from Georgia is adopted we will have the Secretary of Defense reviewing each application to ship goods and technology to a COCOM country and make a determination as to whether it will significantly increase the military capability of the recipient country.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent Mr. ICHORD was allowed to proceed for an additional 3 minutes.)

Mr. ICHORD. Discretion is still retained in the President of the United States. He can overrule the objection of the Secretary of Defense, but if he does so, the matter then comes to Congress where Congress will have the opportunity to look at this veto by the President to see if they want to restore the objection of the Secretary of Defense.

Now, this is the first time that we have ever set up any procedures giving Congress some voice over these matters. For this reason I certainly agree with the gentleman from Georgia. This is the time to establish the policy. The present procedures are not working. This procedure established by the gentleman from Georgia and the gentleman from Pennsylvania (Mr. DENT) will give Congress some say-so. It will give Congress 60 days by which they can disapprove the overriding of the recommendations of the Secretary of Defense.

I think this is the proper procedure that we should use in approaching these difficult matters of trade with the Soviet Union. I submit it will still give Secretary Kissinger the flexibility that he needs in order to promote détente with the Soviet Union.

In the last few years there has been a dramatic paring of the list of items which are subject to export control. In spite of this paring the number of requests for export licenses has risen sharply and continues to rise. Because the interest of the Soviet Union and its allies is not so much in our products, but in the technology which is embodied in those products and which is used to make those products, many of these requests for export licenses involve areas of U.S. leadership which are important to our military posture. Many of them have been developed as a direct or indirect result of research and development programs or procurement programs financed by the Department of Defense.

Let me now bring to your attention some specific examples of things that the Soviet bloc nations are attempting to purchase. Computers play an important role throughout the entire defense establishment. The best estimate currently available from the Commerce Department's own independent technical advisers is that we are at least 10 years ahead of the Soviets in computer capability, and that they show no signs of closing the gap. Five years ago they were also 10 years behind us.

In the middle of the 1960's the Soviet Union decided to build its own family of third generation computers, an almost exact copy of the IBM "series 360" computers. The original Soviet goal was to begin production in 1970, and to produce 12,000 to 15,000 third generation computers during the ninth 5-year plan—1971-75. As of today, however, they have produced less than 100 and almost all of these are of the smallest type. Without substantial Western assistance, the Soviets will probably not be able to produce more than 1,000 computers of this type by the end of 1975, almost all of these will be, once again, of the smallest model. It seems unlikely that the Soviets can meet their 1975 goal before 1980, at the earliest. IBM introduced the 360 series in 1964 complete with software, peripherals, and maintenance capabilities beyond anything the Soviets are presently close to having.

There is only one way the Soviet Union can hope to close the widening gap in computer technology, and that is for us to give them the technology. One of our largest computer companies recently signed a protocol of intent with the Soviet Union which calls for the joint development of a new generation of large high-speed computers. This protocol also calls for the American company to create a new plant in the Soviet Union for the manufacture of the most modern peripheral devices. This plant, if built, would be one of the largest in the world. The ventures called for in this protocol—and there are many other parts of the proposal—would move the Soviet Union from a place 10 years behind the United States to one of world leadership in computers.

Let me turn now to integrated circuitry. The largest single problem the Soviets face in moving into volume production of third generation computers is their inability to produce sufficient quantities of reliable integrated circuits. Integrated circuits are critical components in almost all of our high-technology military systems. They were first developed for the Minuteman missile program, largely with research and development funds appropriated for the Air Force in bills such as this one. Until 1967 the vast majority of all integrated circuits produced in this country went into military systems. It is important to realize that the technology of integrated circuits lies not in the circuits themselves, but in the production line on which they are produced.

About a year and a half ago one of our largest manufacturers of integrated circuits signed a contract with one of the countries of the Soviet bloc to set up a complete turn-key production line to make metal oxide silicon—MOS—integrated circuits for hand calculators. This contract also calls for this American company to transfer any new knowledge and techniques that are developed for the production of these circuits within the next 5 years. The production for integrated circuits for hand calculators sounds like an ordinary commercial transaction. But these types of integrated circuits have significant military and strategic applications. Within the next 10 years the electronics used in our weapons systems will be dominated by a form of MOS technology directly derived from today's base. This technology will become more and more attractive for military systems because it consumes very little power and permits a maximum number of electronic functions in a given space. Approval of such a plant would have far-ranging impact in areas such as strategic missile accuracy, cryptologic activities, and antisubmarine warfare.

Because of the active advocacy of this proposal by one of the Government departments, it was more than a year and a half before the Commerce Department finally turned down the application for export. It was, in fact, turned down only in the last few weeks. The argument for exporting this plant was based partly on the idea that the plants had no real military potential—even though the Defense Department strongly argued otherwise. Fundamentally, supporters of this plan claimed that the integrated circuits produced would be used only in civilian-type calculators—as if an American company could somehow control the end use of the products of a plant located behind the Iron Curtain.

This sort of argument about end-use controls may seem absurd to you, as it does to most technical specialists, but it is the basis on which most of high technology to Warsaw Pact nations are allowed to proceed. That is, it is very often agreed that if we could not control its end use, the military implications of giving a particular high technology to the Communists would be unacceptable because of its military potential. Nevertheless, such items are exported on the basis that we can indeed control their end use.

An elaborate, expensive, time-consuming system has been set up in which Communist buyers of equipment have to sign a paper saying that they will not use the products for other than the intended use, as if such a signature could possibly make any difference. But such "end-use controls" do not restrict the Communists; they only delude us into thinking that we can export technology of significant military use to the Communist nations and still be assured that they will use it only for peaceful purposes.

It is the intent of this provision in section 709 of Public Law 93-365 that while the Secretary of Defense is determining whether the export of goods, technology, or techniques will significantly increase the military capability of a Warsaw Pact nation, he will give no special weight to the claimed end use, regardless of what papers the Communists have signed, but will assume that once goods, technology, or industrial techniques are behind the Iron Curtain they will be used for whatever purposes, including military purposes, the Communist nations desire to use them for.

Until the enactment of section 709 of Public Law 93-365, the Secretary of Defense played no legal role in determining which items of technology could be exported to the Soviet bloc. In practice, the Department of Defense frequently serves as an advisor to the Commerce Department in such matters. Because of the intense Russian interest in acquiring our most advanced technology, because of the already large and rapidly growing volume of applications for licenses to export high technology, because governmental expertise in these matters resides overwhelmingly in the Department of Defense, and because of the responsibilities of the Secretary of Defense in safeguarding our Nation, it is important that we strengthen the role of the Secretary of Defense in reviewing the proposed export of goods, technology, or industrial techniques to Soviet bloc nations whenever he has sound reasons to believe that the export of such goods, technology, or techniques will significantly increase the military capability of such a country.

It is for these reasons that I believe it is absolutely imperative that we retain in the statutes the provision of law recently enacted by the Congress in Public Law 93-365, which gives the Secretary of Defense an opportunity to make his views known in the highest circles of Government before any of our technology which will enhance the military capability of the recipient nation, can be exported from our country. I submit that if section 6 of H.R. 15264 is not amended by the Blackburn amendment or some other amendment, section 709 of Public Law 93-365 will be repealed. This must not be permitted to happen. I urge the committee to support the Blackburn amendment.

Mr. KOCH. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to the amendment of my good friend, the gentleman from Georgia (Mr. BLACKBURN). We serve on the same committee. I think that we have the same ultimate goals and those goals are to extend liberty and democracy and freedom all across the world, wherever possible, and to use the best peaceful mechanisms to do that.

I think that the amendment that the gentleman proposes goes too far, because I believe it will not accomplish the purposes that we both have in mind. I do not think it is helpful to have as established policy, which is in effect what his amendment would do, that it is no longer our policy to engage in trade with Communist countries.

Mr. BLACKBURN. Mr. Chairman, will the gentleman yield?

Mr. KOCH. I yield to the gentleman from Georgia.

Mr. BLACKBURN. I think there is an effort being made inadvertently to misread the purpose of my amendment. I am all for trade. Anything that we can sell the Soviet that has no military value and does no harm to this country, I would be glad to sell to them. In fact, I would prefer to sell to them for cash.

I am simply saying our present policies are not as restrictive as they should be, so I do have to object to the language that says I am opposed to trade. That is not the purpose of my amendment.

Mr. KOCH. Mr. Chairman, I do not doubt what the gentleman has just expressed is what the gentleman intends; but I do not believe that is what the amendment does. I believe the language of the amendment indicates that it is our purpose to have diplomatic and trade relations only with marketing countries and friendly nations. In fact, if we read it through, the implication is that it is not our intention to have such relations with what we term nonmarket countries and those we do not consider to be friendly nations.

Now, I happen to be someone who does not have any sympathy for the Soviet Union for a whole host of reasons; the basic reason being that it is a totalitarian country and I deplore totalitarian countries for what they do to their own peoples. I also believe that the Soviet Union is a military threat to other countries.

I do not take that country's position vis-a-vis the Democratic countries in this world lightly. As I said I consider the U.S.S.R. to be a threat, but what I am saying is that what we should do is approach this in a reasonable way. I do not believe it is reasonable, for example, to cut off all trade with the Soviet Union, and the satellite Communist countries such as Poland, Romania and Yugoslavia.

I suspect, based on what my good friend from Georgia (Mr. BLACKBURN) has said, that he does not believe that would be reasonable either. But, what he is saying is that he wants to cut off certain trade with the Soviet Union.

I believe what we should do is approach this matter in such a way as to accomplish our goal. Our goal is to compel the Soviet Union, by world opinion, by pushing here and pushing there in an economic and peaceful way, to do some of the things it would not otherwise do, always recognizing that if we push too hard, the danger lies that we will defeat our ultimate goal.

Mr. ICHORD. Mr. Chairman, will the gentleman yield?

Mr. KOCH. I yield to the gentleman from Missouri.

Mr. ICHORD. Mr. Chairman, as I understand the gentleman in the well, he is concerned that the amendment of the gentleman from Georgia may remove the flexibility of the executive in dealing with the Soviet Union and enhancing détente.

What particular language in the amendment is the gentleman concerned with? I cannot see that language which unduly restricts the flexibility of the executive.

Mr. KOCH. The language I have particular reference to is—and I hope that the numbers I am now reading relate to the ones in the bill, but I am now reading from the gentleman's original bill, which is in fact the amendment:

> (1) in paragraph (1) thereof by striking out "countries with which we have diplomatic or trading relations, except those countries with which such trade has been determined by the President to be against

the national interest" and inserting "market economy countries and friendly nations (except non-market economy countries)".

The thrust of that amendment is what I have said it to be.

Mr. FRENZEL. Mr. Chairman, will the gentleman yield?

Mr. KOCH. I yield to the gentleman from Minnesota.

Mr. FRENZEL. Mr. Chairman, I think the change of the amendment which is so difficult is that it gives the Secretary of Defense a veto over the President.

Mr. KOCH. I agree with the gentlemen. There is a second area which I want to get into.

The CHAIRMAN. The time of the gentleman from New York has expired.

(By unanimous consent Mr. KOCH was allowed to proceed for 3 additional minutes.)

Mr. KOCH. Mr. Chairman, my second point is this: the principal thrust of this section of the amendment is the implication that the executive agencies, including the Department of Defense, are incompetent to assess high technology products in terms of national security. This amendment would establish a framework in which a small number of Members of the Senate and House, including such unlikely participants as the members of the Senate Judiciary Committee, would decide what constitute strategic exports with significant military potential.

Not only is this an usurpation of the Executive function contrary to the Constitution, it is totally unworkable.

Over the last 2 years, for example, the Department of Defense was involved in consultations concerning 3,000 applications for export licenses. This administrative burden, under the amendment of the gentleman from Georgia, would be undertaken by 20 Members of the House and Senate. Does anyone here today really expect that such a task could be carried out by a conglomeration of participants from 10 different committees of the House and Senate?

Under long-standing administrative procedures involving several executive departments and independent agencies, the national security interests of the United States are fully protected. Regular consultations involving the Atomic Energy Commission, the Departments of Agriculture, Commerce, Defense, State, Treasury, and NASA and the CIA assure that no products which would significantly enhance the military potential of unfriendly nations are allowed.

Mr. DENT. Mr. Chairman, will the gentleman yield?

Mr. KOCH. Of course I yield to the gentleman from Pennsylvania.

Mr. DENT. Mr. Chairman, as I understand it, the gentleman says that if we pass this so-called substitute, that we would be doing something which might curtail trade with Russia, and we do not want to curtail trade with Russia. Is that correct?

Mr. KOCH. That is not exactly what I said. It is close to it, but not exactly. Yes, I am for trade with the Soviet Union. Yes, I am also for restricting that trade so as to accomplish the goals I mentioned—to have freedom of emigration apply in the Soviet Union and more freedoms in their own country for their citizens, and to make certain that we do not ever place them in a superior military posture as a result of giving them items which are adverse to our national security, and helpful to them.

But what I am also saying is that we have to do that in a way that makes sense. The bill before us does it in a way that makes sense, whereas the amendment is far too restrictive and will defeat our goals and purposes.

Mr. ZWACH. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman and members of the committee, I rise in support of the Hanna amendment.

I think we are in this country very, very fortunate, and we do not realize how significant this is and how fortunate we are in that we have adequate food supplies in this country and we do not have to depend upon others.

The reason that we, in the production of food, are so concerned about this bill is that we have opened the gates wide to the production of food. We would have seen the miracle of outpouring had we had a little cooperation from above with regard to rain.

In any event, we have to export two-thirds of our wheat, two-thirds of our rice, one-half of our soybeans, one-fourth of our corn. All of it goes to export.

The fear here is twofold: First of all, we scared the life out of our customers when we embargoed soybeans when it was not necessary. A crisis went through the people of the world who relied on America for their supply of food. That is what happened. They had completely relied on our productive capacity for a permanent food supply.

By adopting this, we will send another shock wave through the producers who think that this is going to be an effort to try to use it as a price-control mechanism to knock down the price of farm products.

It is best if we will just extend this act. It is bad enough for agriculture producers that way. Let us not add these other amendments. Let us not rock the boat with regard to foreign customers and producers in America.

Mr. DERWINSKI. Mr. Chairman, will the gentleman yield?

Mr. ZWACH. Yes, I will yield to the gentleman from Illinois.

Mr. DERWINSKI. I wish, for the record, to emphasize that as I understand the Blackburn substitute, that, in and of itself, as it applies to agricultural products, it is the same as the Hanna amendment. What the Blackburn substitute does is that it reaches those items that have military utility. It would not in any way create any of the problems that the gentleman is properly concerned about.

Mr. ZWACH. I would prefer to extend the act in the shape that it is in. I think it will affect less our foreign purchasers and our domestic producers.

Mr. MAYNE. Mr. Chairman, will the gentleman yield?

Mr. ZWACH. I yield to the gentleman from Iowa.

Mr. MAYNE. I certainly want to commend the gentleman from Minnesota for his very keen analysis of this situation. I, too, support the Hanna amendment. I think what we need here is a simple extension of the law as it is.

There are many complexities and refinements contained in the Blackburn amendment, which, although I am very indebted to the gentleman from Georgia for endeavoring to explain them to me, I still do not fully comprehend.

I do understand the Hanna amendment. I think we should keep this clean and simple and just extend the bill by voting down the Blackburn amendment and then voting for the Hanna amendment, so that we can be sure our farmers' right to export their products will not be subject to more drastic restrictions than exist in the present 1969 act.

Mr. ZWACH. I thank the gentleman for his contribution.

Mr. SCHERLE. Mr. Chairman, will the gentleman yield?

Mr. ZWACH. I yield to the gentleman from Iowa.

Mr. SCHERLE. I thank my colleague, the gentleman from Minnesota, for this time.

I called the Department of Agriculture just a few minutes ago, and asked them that when the soybean embargo went on last year, how many bushels of soybeans did we have in reserve. Their reply was between 240 and 265 million bushels. The price at that time was $11 a bushel. As soon as the embargo was put into effect the price to the producer was cut in half, when the embargo was lifted, we still had 60 million bushels of soybeans—enough to supply all our needs—far in excess of that which the Department of Agriculture needed for domestic consumption. This regulation was used to lower the price rather than the commodity.

We had a 24-percent increase in 1973 in production. Yet this was a means to control prices and not to control commodities.

Mr. Chairman, I compliment my friend, the gentleman from Minnesota, for his statement.

Mr. ZWACH. I thank the gentleman.

Mr. BURLISON of Missouri. Mr. Chairman, will the gentleman yield?

Mr. ZWACH. I yield to the gentleman from Missouri.

Mr. BURLISON of Missouri. Mr. Chairman, I appreciate the gentleman yielding and rise in support of the Hanna amendment. I am opposed to the committee bill because it makes the farm producer unduly vulnerable to consumer pressures to maintain low retail prices at the expense of the farm producer by restricting exportation of farm commodities.

In June or July of 1973, under present law, an export ban was placed upon soybeans. The procedure requiring the Secretary of Agriculture to approve the ban before implementation by the Secretary of Commerce was followed. Many of us strongly objected to the action at that time. No sooner had the action been taken than the Secretary of Agriculture admitted that it was a mistake, in that our foreign soybean market was disrupted without a commensurate benefit to our domestic consumers.

Consistently since the export ban was

lifted a few months after its application, the Secretary of Agriculture and his spokesman within the Department of Agriculture have continued to emphasize the impropriety and unwiseness of the export ban, clearly indicating that should a situation similar to the summer of 1973 again present itself that the Secretary would adamantly stand his ground in opposition to the imposition of the export embargo. It is for this reason that I am willing to support a continuation for 2 years of the present legislation. I urge the House to accept this extension through passage of the Hanna amendment and to reject the committee bill.

Mr. HANNA. Mr. Chairman, will the gentleman yield?

Mr. ZWACH. I yield to the gentleman from California.

Mr. HANNA. Mr. Chairman, I thank the gentleman very kindly for his remarks. I want to assure the gentleman that I am very strongly in favor of just a simple extension.

I think my position is taken with as good an intention as that which the gentleman from Georgia has. The complexity of his language raises some very important questions in my mind. I hope that the consideration of his amendment will be delayed until after the other amendments are considered.

Mr. ZWACH. Mr. Chairman, I thank the gentleman for his contribution.

Mr. REES. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I wish to ask the gentleman from Georgia (Mr. BLACKBURN) some questions concerning his amendment.

What the gentleman's amendment does is to strike out two of the findings of Congress. That is stated in the beginning of the amendment. One of them is that there can be an unwarranted restriction of exports from the United States, and Congress does not like an unwarranted restriction of exports from the United States. The amendment is that section 2 of the Export-Import Act is amended by striking out paragraphs 3 and 4.

So the gentleman starts right off probably getting the farmers irked, because they do not like unwarranted restrictions on the export of farm products.

The gentleman strikes out finding No. 4 where we are trying to get more certainty in our export policy.

I am wondering what the purpose of those two restrictions are.

Mr. Chairman, while the gentleman is considering his answer, I will make this observation: Under the gentleman's substitute all licenses for export of goods to nonmarket economies must be approved by the Secretary of Defense. "Goods" is not specifically defined in the gentleman's substitute. The language is that, as used in this subsection, the terms, "goods and technology," includes but is not limited to certain items.

So every export license, whether it be for wheat or ball bearings, or whatever it might be, has to be approved by the Secretary of Defense.

Mr. BLACKBURN. Mr. Chairman, will the gentleman yield so I can respond to some of the dialog we are being exposed to here?

Mr. REES. I yield to the gentleman from Georgia.

Mr. BLACKBURN. Mr. Chairman, first of all, the language the gentleman is referring to which gives the authority to the Secretary of Defense clearly relates to defense-oriented goods and technology.

Mr. REES. It does not say that.

Mr. BLACKBURN. The whole restrictive nature of my amendment goes only to the nonmarket economies. So let us not broaden the language of my bill and make it include things which it does not include.

The restrictions I have imposed in my bill apply to and are limited to the nonmarket economies. That is the only place in which I have a concern.

Mr. REES. Mr. Chairman, if the gentleman will yield further, it states here: The purpose of this section is to provide for such an assessment and authorize the the Secretary of Defense to review any proposed export of goods and technology to any such country.

Mr. BLACKBURN. Mr. Chairman, will the gentleman yield so that I may respond?

Mr. REES. I yield to the gentleman from Georgia.

Mr. BLACKBURN. When the gentleman says "to any country"——

Mr. REES. I say, "any nonmarketing country."

Mr. BLACKBURN. All right. Mr. Chairman, that is the point I want to make sure was made clear to the Members.

Mr. REES. Mr. Chairman, perhaps the gentleman can explain the term, "any nonmarketing country."

Mr. BLACKBURN. We restrict this language to a controlled country, and this was really the Jackson amendment that was adopted in the Senate to implement the language.

Mr. REES. So it is anything, it is not specific, it is whatever you want, because you do not pin down the definition.

Mr. BLACKBURN. It says it must significantly increase the military capability of such country, and I do not think that soybeans and wheat will be contributing to the military capability. We are overlooking the limiting language.

Mr. REES. The gentleman mentions soybeans and wheat. Let me ask the gentleman: In the law it states that the findings of the Secretary should be subject to review and consultation with representatives of appropriate U.S. Government agencies, and qualified experts from private industry. The gentleman strikes that language and puts in this language that a committee of the Congress is to look at the findings.

One needs qualified people from private industry, and advice from four or five different agencies that should be looking into this, and you strike that language and put in that the conglomerate committee of the Congress shall look at it, and all they can probably do is overly confuse the situation. That is on page 6, section 3.

Mr. BLACKBURN. Will the gentleman yield?

Mr. REES. Certainly I yield to the gentleman.

Mr. BLACKBURN. The advisory councils that are functioning today are not doing any sort of a job with regard to prohibiting or stopping the export of American technology. We have promoted the sale and license of a computer to Poland, and we have installed and sold a ball bearing factory to the Soviet Union. If the current committees were functioning effectively my attitude would be different.

Mr. ASHLEY. Mr. Chairman, I wonder if we can get some agreement on a limitation of time?

Mr. Chairman, I move that all debate on the amendment offered as a substitute for the Hanna amendment and all amendments to the substitute conclude at 6 o'clock.

The motion was agreed to.

The CHAIRMAN. The Chair will recognize the Members who were standing at the time the limitation of debate was made for three-quarters of a minute each.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania (Mr. DENT).

Mr. DENT. Mr. Chairman, as cosponsor, I want to support the Blackburn amendment. I want to say that it does not do any harm whatsoever because it will be attached to the Hanna amendment. At least if we go along now, we go along in the same rut that has caused all the trouble we are in now.

If there were no situations, why would we be in this particular kind of situation we are in now? At least we will have some differences in the two proposals and the substitute would at least give us something as an alternative procedure for a least 2 years. It cannot do any harm. It was completely wrong, and we know that the present method is not working right. We know that nuclear weapons are being proliferated all over the world. We know that the United States of America has fallen victim now to the pressures of practical international blackmail, regardless of what the committee does or anybody else does. Until recently, direct export of U.S. computers was restricted by export control regulations. Even so, the origin of today's Soviet system can be traced to the United States. Following World War II, the Soviet Union received computers almost entirely from West European plants of IBM.

The earliest American computer sale to the Soviet Union that can be traced was a model 802 National-Elliott sold in 1950 by Elliott Automation, Ltd., of the United Kingdom. National-Elliott is a General Electric subsidiary.

In 1966, Standard Cables and Telegraph, Ltd., installed a standard 7 by 8 instrument landing system at Moscow's D. Sheremetyeva Airport. Standard Cables was then a subsidiary of ITT.

In 18 months during 1964–65, Elliott Automation delivered five Model 503 computers to the U.S.S.R. The Elliott 503 ranged in price from $179,000 to more than $1 million, depending on its size.

By the end of 1969, General Electric-Elliott Automation sales to Communist countries were four times greater than in 1968.

This market accounted for one-third of General Electric-Elliott's computer exports. Other G.E. machines, including a model 400 made in France by Compagnie des Machines Bull, were also sold to the U.S.S.R.

Olivetti-General Electric of Milan, Italy, also has been a major U.S.S.R. supplier of G.E. computers.

In 1967, Olivetti delivered $2.4 million worth of data processing systems to the U.S.S.R. This was in addition to model 400 and model 115 machines already sold.

In 1967, English Electric sold the U.S.S.R. its System Four Machine with microcircuits. This machine incorporated RCA patents. It was similar to the RCA Spectra 70 series.

Over the years, the U.S.S.R.'s largest single supplier of computers has been International Computers and Tabulation, Ltd. of the United Kingdom. The latter also licenses RCA technology. It has supplied at least 27 of 33 large computers to the Soviet Union.

In November 1969, five of the firm's 1900 series computers valued at $12 million, went to the U.S.S.R.: These were large, high-speed units with integrated circuits. Without question, they were well in advance of anything the Soviets were able to manufacture in the computer field; even by copying previously imported technology.

In 1968, a second-generation Control Data Corp. 1604 System was installed at the Dubna Soviet Nuclear Facility near Moscow.

In 1972, Control Data sold the Soviet Union a third-generation CDC 6200 system computer.

For these systems, Control Data's operating statement has improved by about $3 million in sales over the past 3 years. And the Soviet Union has gained 15 years in computer technology.

As 1969 ended, it was estimated that Western computer sales to all of Communist Europe and the U.S.S.R. were running at $40 million per annum. In great part, three came from American subsidiaries.

These machines are capable of solving military and space problems. But, being machines, they cannot distinguish between military and civilian problems. There is no way that a Western firm or government can prevent Soviet use of computers for military work.

In 1970–71, came the ultimate insult:

The Soviets indicated that if International Computers, Ltd., of Great Britain was allowed to sell two big, fast, highly-sophisticated 1906A computers, American scientists would be allowed to participate in further research at the Serpukhov Institute of High Energy Physics. They key equipment at Serpukhov, including the bubble chamber, had come from the West.

The Soviets gave "ironclad" guarantees not to use these new British—RCA—1906A computers for military research. Personal intervention by President Nixon forced a relaxation of U.S. opposition to the British sale. But, gentleman, Mr. Nixon had not yet indicated how he proposes to prevent the Soviets from using the 1906A for military purposes against us.

Business Week of April 28, 1973, published word that the Soviet Union had contracted for an IBM third-generation 370 computer system. The price: A reported $10 million.

According to the Washington Post of July 6, 1973, and the Wall Street Journal of August 3, 1973, James Binger, chairman, Honeywell Inc., Minneapolis, told a Moscow news conference his firm had begun negotiation with the Soviet government on two contracts involving several million dollars.

During a recent aviation-space industries exhibition, Soviet interests were noted. U.S. companies at the exhibition included: Westinghouse Electric Corp., Bendix Corp., Collins Radio Co., Texas Instruments, Inc., Boeing Corp., United Aircraft Corp., Lockheed Aircraft Corp., and Raytheon Corp.

U.S. News & World Report of January 28, 1974, said International Business Machines and the Univac Division of Sperry-Rand were competing in two areas for contracts for two data systems for Soviet aviation.

Red Star, the official organ of the Soviet Army used the Remington-Rand Univac computer to illustrate an article on Soviet computers with captions translated into the Russian language.

In Science magazine of February 8, 1974, Mr. Wade B. Holland, editor, Rand Corp. Soviet Cybernetics Review, stated:

> There are no rigid standards. Getting a license to export depends on how much weight you can throw or whether your timing is right, like if Nixon has just made a visit to Moscow.

Even as I am worried about the export of computer technology to the Soviet war machine, I am worried about export of precision grinding machines for manufacture of precision miniature ball bearings.

Ball bearings are an integral part of many weapons systems; there is no substitute. The entire Soviet ball bearing production capability is of Western origin. All Soviet tanks, all Soviet military vehicles, run on ball bearings manufactured on Western equipment—or on copies of Western equipment.

All Soviet missiles, all Soviet related systems—including guidance systems—have bearings manufactured on Western equipment—or on Soviet duplicates of Western equipment.

Bryant Chucking Grinding Co., Springfield, Vt., has been a major supplier of ball bearings processing equipment to the Soviet Union.

In the 1930's, when the U.S. Government and corporations were providing massive infusions of industrial technology into the Soviet Union, Bryant shipped 32.2 percent of its output to the U.S.S.R. In 1934, Bryant shipped 55.3 percent of its output to the U.S.S.R.

In 1959, under the then slightly relaxed restrictions commensurate with Khrushchev-decreed "peaceful coexistence," Bryant was able to sell 46 Centalign B machines to the U.S.S.R. In 1960, the U.S.S.R. placed an order for 45 similar Bryant machines. The U.S. Department of Commerce indicated willingness to grant Bryant an export license. Bryant accepted the order. It was not filled, however, because of Defense Department objections that the machines would be used for production of bearings utilized in strategic components for Soviet military end items.

The Bryant-Commerce Department effort to export the Bryant machinery resulted in an investigation by the U.S. Senate Subcommittee on Internal Security. The subcommittee's report stated:

> We are now concerned . . . the decision to grant the license was a grave error.

Yet, in 1972, the Commerce and State Departments approved Bryant's export to the Soviet Union of 164 precision grinding machines of a new-generation so sophisticated as to be able to manufacture miniature ball bearings to tolerance of 25th millionth of an inch.

If this, in itself, is not a bit chilling to those who recognize the importance of such precision equipment in the hands of the Soviet Union permit me to add the information that while, in that manner, the Soviet's war machine gained 164 of these machines; while the United States, reportedly has never owned more than 77 of them.

Recent reports about agreements signed by General Dynamics Corp., with the Soviet State Committee for Science and Technology are also disturbing. The 5-year agreement for scientific and technological cooperation covers such defense-related fields as ships and shipbuilding, telecommunications equipment, asbestos mining and processing, commercial and special purpose aircraft, computer-operated microfilm equipment, and navigations and water buoys.

Also upsetting is Fairchild Corp's agreement with Communist Poland for sale of U.S. integrated circuit technology used extensively in modern weapons systems and in third-generation computers.

The February 1974 issue of Armed Forces Journal International reports this: The Soviets are asking major U.S. aerospace firms—Boeing, Lockheed, McDonald-Douglas—to sell them, on a major scale, the manufacturing technology and managerial expertise to build widebodied commercial jet liners.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois (Mr. DERWINSKI).

Mr. DERWINSKI. Mr. Chairman, both the bill brought to the floor and the so-called Hanna amendment disregard the fact that the Soviet Union is inclined to wage economic warfare by means of embargoes and the breaking of international agreements. This Blackburn substitute is a necessary practical way to address the economic facts of life. For those farm-State Members whom I have heard here this afternoon, remember, you have all of the protection under the Blackburn substitute as you would under the so-called Hanna amendment. Do not be misled by oratory. Stay with the Blackburn substitute. It is the answer both to the military misuse by the Soviet Union as well as the desire of our farmers to export to legitimate markets.

(By unanimous consent, Mr. MITCHELL of Maryland yielded his time to Mr. ASHLEY.)

(By unanimous consent, Messrs. SCHERLE, YOUNG of South Carolina, and

SARASIN yielded their time to Mr. ROUSSELOT.)

The CHAIRMAN. The Chair recognizes the gentleman from California (Mr. ROUSSELOT).

Mr. ROUSSELOT. Mr. Chairman, I rise in support of the Blackburn amendment to substitute the provisions of the National Protection Act for H.R. 15264, the Export Administration Act amendments.

The Blackburn substitute would make it the policy of the United States to encourage trade with all "market economy countries and friendly nations except nonmarket economy countries." It would also declare it to be the policy of the United States that the encouragement of exports is a secondary consideration, and that "the primary concerns of the United States are national security considerations and considerations regarding possible harm to the American economy from unfair competition arising out of the U.S. exports used in combination with slave and semislave labor within nonmarket economy countries."

In addition, the Blackburn substitute would allow Members of Congress to participate in the determinations which are made to subject, or continue to subject, items to export controls. Under article I, section 8, of the Constitution, Congress has the responsibility "to regulate commerce with foreign nations," and it is this important prerogative that the Blackburn substitute is attempting to restore.

The legislation reported by the Banking and Currency Committee ignores important testimony which was given before the International Trade Subcommittee on the issue of American products being used to expand the Soviet war machine.

In his statement before the subcommittee, Anthony C. Sutton, who until late last year was a research fellow at the Hoover Institution on War, Revolution, and Peace at Stanford University, presented testimony that—

> The Soviet military-industrial complex is dependent on technology transferred from the West and mainly from the United States.

He further stated that:

> I can make no distinction between civilian and military technology, because all transferred technology has some military impact. Therefore, the term "peaceful trade" in regard to Soviet trade is grossly misleading and should be abandoned. The crux of the problem at issue is technical transfers through the medium of Soviet trade and the use of these technical transfers for military purposes.

Mr. Sutton gave examples of four industrial sectors where he has done considerable work and which have military applications:

> First, if I may summarize, Soviet merchant marine technology mostly originates in the West. For example, I identified 44 types of Soviet marine diesel engines, and in every case except two, I was able to make a positive identification of the Western origin. The other two are open; I just could not make the identification. They may be Soviet; they may be Western; I do not know. Generally, about 68 percent of Soviet merchant ships have been built completely in the West; that is engine plus the hull. About 80 percent of the main diesel engines in Soviet ships have been built in the West. The remaining 20 percent have been built in the Soviet Union with Western technical assistance and Western design. Merchant ships are, of course, used for military purposes, such as the supply to North Vietnam and the supply of weapons to the Middle East.
>
> In computers, I can identify no significant Soviet indigenous computer technology. This conclusion is confirmed by Professor Judy at the University of Toronto and Professor Reiter at the Israel Institution for Technology.
>
> My third example is ball bearings technology. It is absolutely essential for weapons systems and originates in the West. The Soviet ability to miniaturize its missile equipment required miniature ball bearings. The equipment to enable mass production of these precision bearings came from the United States. A congressional subcommittee just a decade ago termed the export of these machines to be a "life or death matter for America." However, the Nixon administration has allowed the equipment to go forward.
>
> In military trucks—this is my fourth example—I have identified Western construction of Soviet plants producing military models. I can tie this right down to the precise military model involved. At the moment, U.S. firms are building in the Soviet Union the world's largest plant for 10-ton trucks that will produce about 100,000 trucks a year. The administration has stated that this plant does have a military end use.

Further testimony on this point was given by Mr. Avraham Shifrim, who emigrated from Russia in 1970. In 1952, Mr. Shifrim was the Chief Legal Adviser in the Contracts Division of the Ministry of War Equipment of the U.S.S.R., and he gave a first-hand account of the military implications of American exports to Russia.

> The USSR plants, R and D Bureaus and laboratories, are equipped with the machinery and tools from all the countries of the world: For example: U.S.A., West Germany, Belgium, Italy, Canada. Some Soviet machine tools are also used, but the management of the industrial plants tries to get from the ministry only imported capital equipment and instruments. The officers of the Division of Supplies are bribed to get them. Soviet tool manufacturing plants build the prototypes of the American, German and other capital equipment without buying the patents. For example, the tool named "DIP" is copied from an American lathe which is used to produce large parts. It is interesting to uncode the name of the tool. "DIP" means "to chase and surpass." Foreign firms selling equipment to the USSR frequently supply blueprints in advance followed by their equipment. In the USSR, using these drawings, they try to produce similar tools. They buy it only in case of urgent need for a tool, or if the attempt to copy turns into failure. In such a way, there was "bought" in England an assembly of machines for production of very high temperatures. It played a crucial role in production of the Soviet H-bomb.
>
> Buying equipment, tools and strategic materials from the U.S. and Europe is accomplished frequently through intermediary firms in Switzerland, Norway, Sweden, Finland and Italy. These intermediaries buy in the U.S. what the U.S. forbids for export to the USSR. These intermediaries sell these products, for profit, to the Soviet Union.
>
> It would be good here to tell an anecdote which I heard in the Ministry of War Equipment: "We have a very clear Finance Minister. Terrorists wanted to poison him, but he bought out all the poison in the country. But he was still poisoned, said another. Where did they get the poison? Answer: The terrorists offered the Finance Minister a double price for the poison. He resold it."
>
> The USSR obtained from the U.S. materials for supersonic aviation, for their earliest missiles, for building the first aerodynamic wind tunnels, for testing models of supersonic military aircraft. I saw and authorized agreements for purchasing strategic products through Norway, Italy, Switzerland and Sweden. In my presence, many times, there were discussions of ways of purchasing and cheating the U.S. with the purpose of obtaining strategic military equipment. I'm also aware of the fact that a number of technological secret patents of the U.S. and Germany were stolen. They were smuggled out and used in the military industry of the USSR. In 1953, I heard many times, from researchers, engineers, and heads of R and D bureaus complaints that they could not fill state orders for urgent work for the military industry. The reason was that USSR instruments were defective and foreign instruments were awaited.
>
> In 1971, I heard the same complaints from friends still working in the military industry; particularly, in R and D bureaus and laboratories for lasers and nuclear energy. My friends told me that, without imported equipment (especially from the U.S. and Germany), they simply could not work—for the figures given by Soviet instruments are not accurate. From prominent investors and armaments builders I heard many times that it was impossible for Soviet industry to produce a number of parts and components; particularly, precision miniature ball-bearings. Without such components, there can be no production of modern sophisticated weapons.

Mr. Shifrim also gave testimony on the fact that Western technology and capital equipment, imported from the United States and Western Europe, are being used in Russian slave-labor camps, and that:

> Political prisoners, with sorrow and indignation, look at this as direct participation of the West in the exploitation of slave labor.

As an example, he pointed out that:

> The Soviet Union's most powerful fighting aircraft, the Tupolev, was invented by Tupolev while he, himself, was a political prisoner.

In his concluding remarks, Mr. Shifrim exphasized that any technical help from the United States "increases the military might of the U.S.S.R.," and he characterized it as "a policy of suicide."

The Blackburn substitute would assure that the security of the United States is not endangered by the transfer of U.S. technology and capital equipment to Communist countries, and it would protect American labor and industry against unfair competition from the nonfree and slave labor of the Soviet Union and the Warsaw Pact nations. It sets up a procedure to require that a proposed export license to a controlled country—defined in the legislation as the Soviet Union, Poland, Romania, Hungary, Bulgaria, Czechoslovakia, the German Democratic Republic—East Germany—and such other countries as may be designated by the Secretary of Defense—shall be reviewed by the Secretary of Defense. If he determines that the export of such goods or technology will significantly increase the military capability of such country, the Secretary shall recommend to the President that such exports be disapproved. If the President should modify or overrule the Secretary's recommendations, then the whole issue comes to the Congress which may by concurrent resolution disapprove of the action of the President.

Another concern was brought out in the hearings in testimony given by representatives of the scrap iron and steel industry, and other representatives from private industry. These witnesses questioned if the Export Administration is currently being administered in the best interests of our domestic needs and economy. I believe the problem was well stated in the testimony of Richard B. Scudder, chairman of the board of Garden State Paper Co.:

> It is apparent that the Department of Commerce construes the authority in the act to be limited, while this subcommittee and the Senate committee feel that the Secretary of Commerce has all the power that is necessary to effectively administer the act in the public interest.

It is through the Blackburn substitute that the will of Congress can be clarified on all issues relating to export controls. The Blackburn proposal would deal with this problem directly by providing that two members from each of the following committees would participate in the decisionmaking process on export controls: the Committee on Armed Services in the House and the Senate; the Banking Committees in the House and Senate; the House Internal Security Committee; the Senate Judiciary Committee; the Commerce Committees of the House and Senate; and the Science Committees of the House and Senate.

Congress has a clear constitutional responsibility to regulate foreign commerce and to consider all aspects relating to our national interests with regard to exports, and the Blackburn substitute offers us the opportunity to reassert that prerogative.

A vote for the Blackburn substitute is a vote for congressional responsibility, and I strongly urge that it be adopted.

The CHAIRMAN. The Chair recognizes the gentleman from New York (Mr. WOLFF).

Mr. WOLFF. Mr. Chairman, I rise in support of the Blackburn amendment. I do not think we can afford to tie in with the sale of commodities, our Nation's security, or its principles.

When Mr. Khrushchev made the statement he did about "burying this Nation," he did so intending to bury us economically. Though the names have since changed the policy he articulated has not. Therefore, I feel very strongly this amendment should be supported to protect the technology necessary for the security of our Nation.

The CHAIRMAN. The Chair recognizes the gentleman from Iowa (Mr. GROSS).

Mr. GROSS. Mr. Chairman, I should like to ask if the House Committee on Agriculture is among the numerous committees that are providing membership on the advisory board?

Mr. HANNA. If the gentleman will yield, I am sure that the present law very clearly sets out that there is the Department of Agriculture.

Mr. GROSS. I am thinking in terms of the Blackburn amendment.

Mr. BLACKBURN. Mr. Chairman, if the gentleman will yield, the Blackburn amendment will continue the existing law which gives the Secretary of Agriculture the power to disapprove curtailments of agricultural exports except in times of clear national shortage.

Mr. GROSS. But is the Committee on Agriculture represented with two representatives?

Mr. BLACKBURN. Not with regard to the export of technology or capital goods.

Mr. GROSS. If not, why not?

Mr. BLACKBURN. That section is intended to deal with technology and machinery exports, it does not deal with agriculture.

The CHAIRMAN. The Chair recognizes the gentleman from Arizona (Mr. CONLAN).

Mr. CONLAN. Mr. Chairman, this legislative substitute by Mr. BLACKBURN that is now before us is vitally needed because in the past few years the zeal for increased trade with the Communist bloc nations has far outstripped our concern with our own national security. In order to safeguard the strategic advantages our advanced technology provided us, we once had an effective Office of Export Control. But in the past 2 years the staff of this Agency has been nearly cut in half and export restrictions have been summarily removed from all but about 70 items.

What kinds of items am I talking about that are of substantial strategic value to the Soviet Union? In the next few months the first trucks will begin rolling off the assembly line at the huge Kama River truck plant located 500 miles east of Moscow. This enormous production complex was built with the machinery and know-how of 68 American firms. The trucks being produced will be of immediate military value to the Soviet Union as they continue to send such equipment to their allies in Southeast Asia and the Middle East. For over a decade now the North Vietnamese have been using Soviet-built trucks as the main source of supplying their armies occupying parts of Laos, Cambodia, and the Republic of Vietnam. The Soviets have always been able to produce trucks, but they never have been able to achieve the efficiency embodied in the entire productive process that American corporations have.

Another example of the kind of trading agreement that may take place unless we enact the measure before us concerns the aircraft industry. The Soviets have made several overtures on the possible purchase of some major planes produced by our aerospace industry, such as the 747 jumbo jet or the L-1011. Through the acquisition of these planes, produced by the same companies which manufacture our military aircraft, the Soviets hope to gain the knowledge necessary to build production facilities comparable to our own. If they are able to build such plants the Soviets, with their arbitrarily suppressed wage rates, could become competitive in the world commercial aircraft market for the first time. Moreover, they could use the same plants and techniques for the production of giant military cargo planes. A Business Week article earlier this year pointed out several examples of the direct correlation between commercial and military equipment in airplanes:

> Aircraft engines, computers, integrated circuitry telecommunications equipment, navigation systems and avionics are very similar in both military and civilian aircraft. Less obvious, perhaps are the similarity in production instruments, tooling and other manufacturing equipment.

In numerous other areas the Soviets have already acquired advanced technology from the United States that directly boosts their own military capabilities. In the sales of miniature ballbearing machinery we have provided the Soviets with a vital element in the construction of sophisticated military equipment. Similarly the sale of advanced third and even fourth generation computers to the Communist military industrial complex helps sustain the kind of research and development in military goods that directly threaten our own national security.

Despite our program of rather well disguised technological assistance the United States still enjoys a significant lead in most technical fields. But, Mr. Chairman, unless the substitute presently before us is approved, this last great bastion of American supremacy may be breached. We must not continue a program of military assistance to the Soviet Union or any other Communist countries which threaten our national security and the peace of the world.

Just this week some very important testimony on the military capabilities of the Soviet Union was released by Senator PROXMIRE's Joint Economic Committee. Central Intelligence Director William E. Colby informed the committee in some secret testimony last April that the United States currently enjoys an across-the-board technological lead over the Soviet Union. But he also strikingly pointed out that Soviet military spending, especially on research and development, has been rising steadily in recent years. Most significantly, as the New York Times reported last Monday, July 22, 1974:

> The C.I.A. estimated that the Soviet defense effort of 25 billion rubles in 1973 was the equivalent of about $80-billion.
>
> By comparison, defense spending by the United States totaled about $76-billion in the fiscal year 1973.

Therefore we now discover that despite the rhetoric or détente, Soviet military spending has surpassed that of the United States even though we have twice as large a gross national product. Not only we ignored the Soviet emphasis on military spending, but also have been largely oblivious to much of the Kremlin's military maneuvering. In an analysis earlier this month in the New York Times, Drew Middleton pointed out numerous examples of Soviet military expansion throughout the world. He summarized the present situation as follows:

> There has been no evidence since 1972 of and reductions in Soviet military strength. The consensus among American experts is that high force levels will continue to be a basic feature of Moscow's planning and that Soviet leaders agree that military force, active of potential, is an effective instrument of policy.

The rulers in the Kremlin can, and indeed have, allocated enormous amounts of their resources to their military program. But it defies all logic why the United States through our trade or other policies should assist them in their endeavors. Since no other nation in the world can represent a credible threat to their security, the Soviet military actions should be an ominous warning to ourselves. To the extent that we provide advanced technology to the Soviets that is related to the activities of their military establishment we directly undermine our own national defense. The more rapidly the Communist powers are able to close the present technological gap with the United States the sooner we will be compelled to allocate more of our own resources to the continued defense of our Nation. With the adoption of the substitute bill now before us, we can limit the costly and dangerous technological drain that has become increasingly pervasive in our trade negotiations. We must not allow the shortsighted desire for quick profits or a paper surplus in our balance of trade to supplant considerations of our own national security. In other words, we dare not sell them the rope with which they propose to hang us.

Mr. McKINNEY. Mr. Chairman, will the gentleman yield?

Mr. CONLAN. I yield to the gentleman from Connecticut.

Mr. McKINNEY. Mr. Chairman, the Subcommittee on International Trade has spent a great amount of time and interviewed innumerable witnesses in its efforts to improve the Export Administration Act of 1969. Our subcommittee initially held hearings on March 21, 22, 23, and May 15 of 1973. Those hearings resulted in legislation, H.R. 8547, a bill to amend the Export Administration Act of 1969 to protect the domestic economy from excessive drain of scarce materials and commodities and to reduce the serious inflationary impact of abnormal foreign demand. H.R. 8547 was adopted by the committee and subsequently was passed by the House of Representatives on September 6, 1973. However, final action on the bill was not taken by the Senate. As a result, once again on April 22, 23, 24, 25, 26, 29, 30, May 1 and 2 of 1974, our subcommittee again held hearings on U.S. international economic policy which resulted in H.R. 15264.

I would at this time like to discuss the amendments made by our committee to the Export Administration Act of 1969 and the rationale behind them. Section 1 (b) of the bill would amend section 3(2) (a) of the Export Administration Act of 1969 to read:

> It is a policy of the United States to use export controls (a) to the extent necessary to protect the domestic economy from the excessive drain of scarce materials or to reduce the serious inflationary impact of foreign demand.

The change made was to strike "and" adding "or". When Mr. Peter Flanigan testified before our committee, he indicated that the administration felt that its authority to implement export controls was based on having two factors present: First, an excessive drain of scarce materials; and second, a need to reduce inflationary impact of foreign demand. Our committee has changed it. If either one of those two factors is present, the administration is empowered to act. This is a key point and a point which was much disputed in early 1973 when price controls were dropped and a rush on the part of foreign purchasers to buy materials and commodities available in the United States expanded at such a rate that we were experiencing short supplies and thus, increased prices in our domestic market.

In Section 3(2), we added a new subparagraph "d" which reads:

> To the extent appropriate to retaliate against a group of nations which have unreasonably restricted United States' access to their supply of a particular commodity.

This section was suggested by Secretary Dent and the committee accepted that suggestion in order to clarify congressional intent with respect to the authority granted in the 1969 act. Apparently, the administration felt it was unclear whether or not the 1969 act allowed the United States to retaliate against nations which were preventing U.S. access to foreign commodities. We have therefore spelled it out and there should be no misunderstanding in the future.

In subsection 3 the committee added a new subparagraph "c" which reads:

> To deal with worldwide shortages of a particular commodity, whenever feasible, through international cooperation with the major suppliers and consumers of such commodities rather than by taking unilateral action.

This section was also suggested by Mr. Flanigan, to reaffirm the U.S. willingness to act as a responsible world trading partner. The United States is most desirous of dealing with worldwide commodity shortage problems within the context of the international community and will make every effort to cooperate as long as our trading partners resist unilateral actions which may be in their best interests but not in ours. However, let me stress that this provision, coupled with the provision in section 3, subparagraph 2, demonstrates our committee's intention that while the United States wishes to cooperate, we will not be a "patsy" and allow foreign nations to secure concessions from us while they deny concessions to us.

In section 4, a new subsection "e(1)" is added which reads:

> The Secretary of Commerce in consultation with appropriate United States Departments and Agencies, and any appropriate technical advisory committee established under Section 5(c)2, shall undertake an investigation to determine which materials or commodities shall be subject to export controls because of the present or prospective domestic inflationary impact or short supply of such materials or commodities in the absence of any such export control. The Secretary shall develop forecast indices of the domestic supply and demand and to the extent necessary, foreign supply and demand for such materials and commodities to help assure their availability on a priority basis to domestic users at stable prices.

This section resulted from the committee's efforts to establish what might be called a domestic level of necessity for vital commodities. Let me explain further. The Soviet wheat deal provides a classic illustration of the type of situation the committee was grappling with. It is probably a fair assumption to make that the United States was had by the Soviet Union on the wheat deal. How did it happen? The Department of Agriculture, which had authority to oversee the wheat deal, had no up-to-date information as to what our domestic need for wheat would be and no idea of the extent of the Soviet purchases. As a result, the Soviet Union traded on the market for our wheat and quite successfully cornered that market before we realized that they were cutting into supplies that we would need for domestic purposes. We have seen this phenomena, not only in the area of agricultural policy, but also in the ferrous scrap business, timber business, and so forth. Our subcommittee spent a great deal of time discussing and seeking advice on this problem. What we are recommending is, No. 1, that the Secretary of Commerce establish a more effective forecast and monitoring system on domestic supply of a commodity and the demand for that commodity. Also, to establish what the foreign supply and demand for materials and commodities would be so that we will have a clear idea of what we can afford to export and what we will need to import.

The other point stressed in this section by the committee was that export controls can be implemented, not only when an actual shortage exists, but by using these forecast indices, controls can be utilized to head off a prospective short supply or potential price increases. It is ridiculous that we have to wait until prices are shooting through the ceiling, or when we cannot get a product. It is absolutely essential that the Department of Commerce and the Department of Agriculture develop an efficient reporting system which will establish a level of domestic necessity for materials and commodities. Only then can we prevent what happened last year; higher prices for the American consumer because American products and commodities were shipped overseas in amounts far too great. We want an early-warning system.

Let me illustrate the problem faced by industry, by quoting from the statement of Mr. Charles T. Sheehan, vice president, Government Affairs, Cast Metal Federation. In response to a question by Mr. Ashley, Mr. Sheehan stated:

> In 1970 when we came to the Department of Commerce to request that they take some action under the Export Administration Act, there had been an escalation in the price of scrap because of substantial exports amounting to only some 50%, the Commerce Department began and did establish some reporting requirements to collect data. By the time the data was collected, the problem had faded away. A month or two after that, they dropped the reporting requirements. Last year when we came back in early 1973 because of a similar export problem, it took several months before they reinstituted the reporting requirements. Really what the foundry industry and the cast iron pipe research association is asking is for a setting up of a permanent system within the Department of Commerce for the collection of data, the gathering and analyzing of this data, from industry. And for that type of technical advisory committee which would permit these groups here to get together under the auspices of the Department of Commerce to discuss economic problems.

Let me also add at this point that this formal monitoring and consultation with respect to the export of a given commodity should be based on the following criteria: First, a large and rapid increase in exports; second, a large and rapid increase in domestic price level, that is at least in part attributable to export demand; and third, other information which would assist in determining the causes and probable duration of existing short supply and/or inflationary pressures and their impact upon *particular* U.S. industries and the economy. Our hearings on this legislation indicated that the imposition of export controls by the Department of Commerce were uneven. In some instances they were granted where there was not compelling evidence of need. In other instances where industries had petitioned and demonstrated a need, controls were not implemented. Also, the gathering of data which would allow for enlightened decisionmaking on the part of the Department of Commerce was, at best, sketchy. Our committee is proposing that there must be a permanent up-to-date professional reporting system and far more aggressive effort on the part of the Department of Commerce to cooperate and to consult with affected industries.

In addition, Mr. Chairman, this legislation adds two additional sections. Section 6 establishes a petition procedure for short supply export controls and monitoring. Section 7 establishes a petition procedure for hardship relief from hardship controls. I think these two sections are also necessary and the need for them was highlighted in testimony before the Committee. These two sections relate to what I was discussing previously about the uneven implementation of controls and the need for consultation with affected industries.

In conclusion, it is my firm belief that this piece of legislation should be enacted by the House of Representatives. Our committee is providing the framework by which American exporters can gain and develop foreign markets. Such a development is absolutely essential if the United States is to maintain a favorable balance of trade in the coming years. There will be proposals before the House that wish to restrict the exportation of American products. I would say to my colleagues that one must consider this simple fact. If this Congress so hampers American industry that we cannot export our products, all we would have done is to allow other nations, Japan, West Germany, et cetera, to fill the gap and I would ask my fellow colleagues, is that in the interest of our country? Do we want American computers sold in the international market or do we want West German computers sold? We can no longer pretend that the United States is in the same trading position it was 25 years ago. Foreign nations are developing and have developed complex technology and they have the ability to compete with the United States most aggressively.

Now, Mr. Chairman, I think it is clear to see that the committee in two different hearings has tried to clearly answer the objections of industry, and the Congress.

To pass the Blackburn amendment at a time of détente at a time of a desperate shortage in the balance of payments, at a time when the world becomes increasingly more interdependent is pure folly.

Mr. Chairman, I urge, in closing, that the committee of the whole pass the bill which the Banking and Currency Committee has labored over so long. Let us not kill American jobs, the America balance of trade. Let us move on to the future.

(By unanimous consent, Mr. SEBELIUS yielded his time to Mr. MAYNE).

The CHAIRMAN. The Chair recognizes the gentleman from Iowa (Mr. MAYNE).

Mr. MAYNE. Mr. Chairman, representing an agricultural constituency I am of course very concerned that we would be able to continue to increase productivity and feed not only the American people but also to the extent possible produce food and fiber for the rest of the world.

This is in our national interest as well as in the interest of the agricultural sector. What we are trying to accomplish here is to avoid the very damaging language of the committee bill. It seems to me that the approach made by the gentleman from California (Mr. HANNA) is a very clean-cut one and a single one, which will give us a known quantity and extend for 2 years the present bill.

I am very uncertain about whether we want to combine in this bill an attack on other countries which may very well become excellent customers of ours. There have been many developments in recent years. I think we becloud the issue in the Blackburn amendment when it attacks many potential customers. I therefore oppose the Blackburn amendment and support the Hanna amendment which will extend the present law for a period of 2 years.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. MAYNE. I yield to the gentleman from Illinois.

Mr. FINDLEY. I would like to congratulate the gentleman from Iowa on the position he has taken.

Mr. MAYNE. I would urge that my colleagues vote against the Blackburn amendment and for the Hanna amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Missouri (Mr. ICHORD).

Mr. ICHORD. Mr. Chairman, on August 5 the President signed into law a bill containing a provision emanating from the House and the Senate Armed Services Committees which would protect the security interests of our country.

In an exchange between myself and the gentleman from Georgia (Mr. BLACKBURN) I contended that the committee bill does repeal that provision known as the Jackson amendment.

The amendment of the gentleman from Georgia will write the Jackson amendment into the Export Administration Act.

The gentleman from Missouri (Mr. FRENZEL) says the bill does not repeal the Jackson amendment, but at the same time he objects to the amendment of the gentleman from Georgia because it does contain that provision. I cannot understand the rationale of his argument. The Blackburn amendment should be adopted.

(By unanimous consent, Mr. HEINZ yielded his time to Mr. BROWN of Michigan.)

Mr. BROWN of Michigan. Mr. Chairman, by adopting the Blackburn amendment we will turn the clock back to pre-1969. It was in 1969 when the present law then termed the Export Control Act was adopted. There had been no changes prior to that time since the adoption of the Act in 1947, I believe, shortly after World War II. We found at that time that is in 1969, that the exercise of authority with respect to strategic goods was so stringently applied that practically no exports which could be considered in any way strategic, were going out of this country. We, therefore, in the amendments of 1969 adopted the availability elsewhere test as a factor bearing upon the issue of the "strategicness" of goods. This is a proper and sensible test.

What we will do by adoption of the Blackburn amendment is return to the earlier, over-zealous application of control over so-called strategic items and make the Secretary of Defense a kind of see-all, know-all, rule-all, with respect to all goods and technology. This amendment would require that all goods and technology for which a license is required be submitted to the Secretary of Defense to determine whether or not he wishes to disapprove of their export based upon his sole determination that such items would add a significant military capability to the recipient of those goods.

If we need some change in the administration of the act we should accomplish it through our oversight function and not by these regressive statutory amendments.

The CHAIRMAN. The Chair recognizes the gentleman from California (Mr. SISK).

Mr. SISK. Mr. Chairman, I rise in opposition to the Blackburn substitute. With all due respect to the gentleman from Georgia and his intent, it seems to me, is that we are setting up an administrative monstrosity in connection with 20 Members of Congress that would have to be brought into the act to make decisions. I would hope more study is given to this particular approach, because I think there are real fears that it could hurt foreign sales, which we need so badly. I think the Hanna amendment is a better choice.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois (Mr. CRANE).

Mr. CRANE. Mr. Chairman, I rise in support of the amendment of the gentleman from Georgia (Mr. BLACKBURN). It seems to me that very recently in the trade reform legislation this Congress chose to assert itself in the area of trade with respect to the Vanik-Mills amendment.

I think this particular amendment reasserts a responsibility that the Congress clearly has.

I want to remind some of my colleagues of the testimony before the subcommittee by Abraham Shipman, former Soviet adviser, about tanks used by the Syrians against the Israelis in the Yom Kippur war. Those were tanks manufacturered in the Soviet Union against the United States.

The CHAIRMAN. The Chair recognizes the gentleman from New Jersey (Mr. Hunt).

Mr. HUNT. Mr. Chairman, I rise in support of the Blackburn amendment. Listening to the discussion today, it appears to me we have talked long and loud in this Chamber about abrogating our rights in Congress to the President and the Federal agencies. The Blackburn amendment seeks to remedy this situation and also seeks to return the power to the Congress. There is ardent discussion about it, and a vote for the Blackburn amendment will rectify the unclear language in this bill.

If this law which is currently in effect were so good, why are we spending 3 hours on the floor here today to try to modify it? It would appear to me that the Secretary of Defense should have some export control as to what technology and machinery is supplied to the Russians or any other Communist country.

The CHAIRMAN. The Chair recognizes the gentleman from Indiana (Mr. Bray).

Mr. BRAY. Mr. Chairman, I rise in support of the Blackburn amendment. We had something similar to this on the floor on July 29 on the military authorization conference report. This is generally a continuation of what we did then. This would in no way prohibit or stop the export of American agricultural products. This amendment would tend to stop the export of technology which could be very valuable to an enemy and this amendment would be of benefit to American labor and business.

The CHAIRMAN. The Chair recognizes the gentleman from New York (Mr. Smith).

Mr. SMITH of New York. Mr. Chairman, I rise in support of the Blackburn-Dent amendment. I think it is time that the Members of Congress resume some of the decisionmaking powers as to whether we should sell some of our technological advances and equipment to some of the other nations in the world when there may be a question about the possible hostile military use of such technology and equipment.

(By unanimous consent, Mr. Peyser yielded his time to Mr. Frenzel.)

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota (Mr. Frenzel).

Mr. FRENZEL. Mr. Chairman, I would like to introduce into the Record a letter from Secretary of Commerce Dent to the gentleman from Arizona (Mr. Rhodes) the minority leader, expressing the administration's opposition to the Blackburn-Dent substitute for the Export Administration Act.

Among other things, Secretary Dent indicates that the sponsors of that amendment allege that there is a need for Congress to reassert its responsibilities. He says that it should be noted that a list of licenses issued by the Department of Commerce is published on a daily basis. The Export Administration Act requires the Secretary of Commerce to issue reports to the Congress.

Mr. Chairman, this Blackburn substitute dries up overseas agricultural markets, gives the Secretary of Defense a veto over the President, deprives Americans of jobs export-related and eliminates a chance to improve our balance of trade at a time when we have a $25 billion oil import situation.

It inhibits growth of détente, and is antitrade, antibusiness, antiagriculture. It should be soundly defeated today.

Mr. Chairman, the letter from Secretary of Commerce Dent follows:

The Secretary of Commerce,
Washington, D.C., July 12, 1974.

Hon. John J. Rhodes,
House of Representatives,
Washington, D.C.

Dear Mr. Rhodes: I am writing you to express our strong opposition to the enactment of H.R. 15086, "the National Protection Act of 1974," a Bill introduced by Congressmen Ben Blackburn and John Dent, which would be offered as a substitute for H.R. 15264 to extend and amend the Export Administration Act of 1969. The principal objective of this Bill is to prevent what its sponsors perceive to be a massive outflow of highly sophisticated strategic equipment and technology from the U.S. to the Communist nations.

I want to assure you that under national security provisions of the Export Administration Act of 1969 and the policies under which these provisions are administered, the national security interests of the United States are fully protected. I believe the amendments to the national security provisions of the Act contemplated by H.R. 15086 to be undesirable and unnecessary.

First, under the export controls administered by the Department of Commerce, a list has been established that includes any commodity or technology which if exported to Communist countries might have an adverse impact on our national security. None of the items on this list may be exported to such countries without a license from this Department.

Second, any export that would contribute significantly to the military potential of a Communist country is not licensed. In considering whether or not to issue an export license, considerable attention is given to all the particulars of the proposed transaction, in consultation with representatives of other Federal agencies, including the Department of Defense. If there is any disagreement among the agencies involved, the agency concerned is given the opportunity to raise the issue to the highest levels, including the President.

Third, in answer to the contention that such amendments are also required to protect United States labor and industry from unfair communist competition, I would point out that there is ample statutory authority to safeguard American firms and workers from any unfair competitive advantage which might result from imports from Communist countries. To name but a few; the provisions of the Antidumping Act, the countervailing duty provisions, and the unfair trade practices provisions in the Tariff Act.

Fourth, there are those who believe that any trade whatsoever with Communist countries is harmful to United States security and economic interests. I do not question their sincerity and patriotism, but I must strongly disagree. In my opinion, closer commercial ties between the United States and the Communist world substantially contribute to the development of peaceful relations. Moreover, U.S. exports of $2.5 billion to those countries during 1973 reflect a balance of trade ratio of 5 to 1 in favor of the United States. These exports have meant jobs for American workers and have contributed to the prosperity of the American firms who employ them.

Finally, the sponsors of H.R. 15086 allege that there is a need for Congress to reassert its responsibilities. It should be noted that a list of licenses issued by the Department of Commerce is published on a daily basis. Moreover, the Export Administration Act requires the Secretary of Commerce to issue detailed quarterly reports to the Congress on the administration of export controls and his licensing policies thereunder.

In short, I believe that the enactment of H.R. 15086 is not only totally unnecessary but would actually be detrimental to the national interest. I urge you to vigorously oppose the enactment of this bill.

Sincerely,

Frederick B. Dent,
Secretary of Commerce.

The CHAIRMAN. The Chair recognizes the gentleman from Idaho (Mr. Symms).

Mr. SYMMS. Mr. Chairman, I rise in support of the Blackburn-Dent amendment. I represent a district which exports a great deal of agricultural products. The Blackburn amendment has the same protection for agriculture as the Hanna amendment which we are going to vote upon after we vote on the Blackburn amendment.

Mr. Chairman, we favor agriculture exports but we are tired of fattening the Russian Bear while we pluck the American Eagle.

It is pathologically irrational for us to spend nearly $100 billion to build our defenses to oppose the Soviet Union at a time when we are giving them technological material, which is helping them build their defenses.

Mr. Chairman, I join my distinguished colleagues in urging the adoption of the Blackburn-Dent amendment as a substitute for the Export Administration Act now under consideration. We must act now with the decisiveness which this proposal embodies if we are to terminate the inexcusable and potentially disastrous flow of American technology to the Soviet Union and other Communist countries.

I do not object to genuine reciprocal trading arrangements with any nations of the world. But thus far many of our commercial agreements, in particular with the Soviet Union, have consisted largely of concessionary deals which have often disregarded both our own national security and economic well-being. Americans have sold not only massive amounts of our food supplies but also our advanced computer technology and entire productive processes to the Soviet Union. We have not in these "sales" received any economic benefits as usually characterizes trade between nations. Instead extremely liberal credit arrangements have been worked out at a time when American consumers suffer from record high interest rates on all forms of loans.

A report issued on July 28, 1974, by the Senate Permanent Investigations Subcommittee revealed numerous misjudgments made in the sale of American grain to the Soviet Union. These transactions undoubtedly created product shortages and higher prices for American consumers. No such lucrative agricultural sale will be duplicated in the future, but in order to prevent similar economic disaster to American industry, we need the passage of this act which will stem the generous flow of American technology to the Soviet Union.

In a strictly competitive sense, American industry and labor risk grave dangers if they do not thoroughly familiarize themselves with the nature of Soviet industry and the potential role our export policies may play in the future. On their own, the Marxist managers have never been able to produce nearly as effectively as the free nations because of their failure to provide proper incentives to stimulate either ingenuity or industriousness. But by transferring the fruits of American creativity to the Soviet Union, we provide the rulers of the Kremlin with the capability of maintaining their military-industrial complex at a level of production which they could not attain within their own system. In the course of the debate today on the floor, each Member of this body must ask whether he can honestly say to himself and the constituents he represents that it is in the interest of the United States to either bail out the Soviet Union from their economic ineptitude or to modernize their facilities which pose a direct threat to our own national security.

The Soviet Union poses a potentially serious economic threat to the United States because of the nature of their political system. While they have been enthusiastically accepting the benefits which our free enterprise system has made available, they have not reflected any disposition to increase the liberty of the people within their own country. As such they have maintained rigid ideological views of management and labor. Just as they suppress any political dissidents in their country, so also they refuse to consider workers as anything more than an economic resource. Whether they use the estimated 1 million political prisoners directly in the Soviet factories or other Soviet citizens, the economic tsars in the Kremlin provide a kind of compensation that can only be characterized as slave labor. Consequently when we transfer entire productive processes to the Communists, such as the Kama River truck plant nearing completion, we may find our own machines producing competitive products at a lower cost because of the drastic wage differential between our two countries. American workers, as with free workers throughout the world, are much more productive than those simply working for the benefit of the state. But since productivity is integrally related to the machinery which workers use, this efficiency may be used against us when joined with a labor pool that survives at a subsistence level. The machinery we supply the Russians may prove our undoing in future sales in international markets and therefore reduce our exports which will lead to a loss of American jobs.

Probably an even greater danger to the United States than the potential competition of the Soviet Union is the use to which their newly acquired productive processes may be directed. Although we have had some additional cordial contact with the Soviet leaders and negotiated several agreements concerning the limitation of armaments, the fact remains that the U.S.S.R. and her allies continue to represent the only significant threat to our own national security in the world today. In recognition of that threat, the House has just passed last week the largest defense budget in our history. The Communist leaders, whether in Moscow, Peking or elsewhere, have never abandoned their own ideals or aspirations which clash directly in almost all important respects with our own basic commitments. Therefore, to provide the nearly unlimited flow of technological assistance to the Soviet Union, which is what our trade policy has degenerated into, we build up the very nation which directly threatens us.

The direction the Soviet rulers continue to push their economy in is obvious in several recent reports. The Christian Science Monitor on July 24, 1974 pointed out that even—

> Pravda disclosed that the output of consumer goods in some of the largest enterprises of Ukrainian heavy industry amounted to less than one percent of the total.

Where the Soviets are directing their industry is evident in their continually escalating military spending and unlike the United States they do not have to allocate as much of their defense budget to manpower. The August 5, 1974 edition of Newsweek reports that the military budget of the Soviet Union will steadily rise to $93 billion by 1975 while that of the United States is expected to be approximately $86 billion that same year. The report notes—

> The bulk of the Soviet increase will go to replace existing ICBM's and to develop a new generation of missiles for future use.

Those new missiles can only be regarded as threatening our own security. Yet without the passage of this legislation we will continue to export to the Soviet Union precision ball bearing grinding machines, computer technology and other ingredients that are vital in the production of modern weapons of war.

If we had had the restrictions contained in the National Protection Act several years ago we probably now would not have to be spending as much money as we are now on our national defense. But by transferring military technological assistance through alleged peaceful trade, we have contributed to the Soviet development of MIRV's and thereby necessitated greater outlays by ourselves to counter a growing Soviet strategic threat. The Soviet consumer has not benefited from this trade policy and obviously the American taxpayer and borrower have suffered as well. With the passage of this legislation we can and must bring an abrupt halt to this indefensible export policy.

(By unanimous consent Mr. FOLEY yielded his time to Mr. HANNA.)

The CHAIRMAN. The Chair recognizes the gentleman from California (Mr. HANNA).

Mr. HANNA. Mr. Chairman, members of the committee, I hope the committee will oppose the Blackburn amendment. The amendment is making some very important changes in the policy of the United States. It changes the policy to say that we shall not trade with any of the Soviet bloc countries. It changes policy to say that we shall use our trade as a weapon in economic warfare and make that an expressed, open policy.

If the Members think this is not going to affect trade for agriculture and everything else, they do not understand the complexities and interactions of trade.

Mr. Chairman, I would suggest that we vote this down and give this matter the study and respect for the good of the Union which it deserves.

The CHAIRMAN. The Chair recognizes the gentleman from Georgia (Mr. BLACKBURN) for 45 seconds.

Mr. BLACKBURN. Mr. Chairman, I just want to address myself to one issue raised by the gentleman from Iowa (Mr. GROSS) as to whether agriculture is included with respect to that committee. That particular committee is only intended to concern itself with the export of technology and capital goods. That would not involve agricultural technology at all.

My amendment continues the existing language, which is a protection we voted for on behalf of the American farmer two years ago, and one which I think most of the people from the farm States are concerned about.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio (Mr. ASHLEY) for 1½ minutes to close debate.

Mr. ASHLEY. Mr. Chairman, I cannot imagine a more deliberate affront that could be rendered by this body to President Ford than to adopt this amendment.

The President committed himself last night to continuing the foreign policy of the United States, a foreign policy which, under President Nixon, has engendered great pride, both in this country and throughout the world.

If this amendment is adopted, what it is saying to the Communist countries is that it is no longer United States policy to trade with Poland, Yugoslavia, Czechoslovakia, Romania, and the Soviet Union. There will be no trade with these countries. That is what this amendment says.

On page 2, line 6, it says—

> (1) in paragraph (1) thereof striking out 'countries with which we have diplomatic or trading relations, except those countries with which such trade has been determined by the President to be against the national interest' and inserting 'market economy countries and friendly nations—except nonmarket economy countries'.

This is a deliberate slap at the President of the United States, and I should think that those who support it should be ashamed of themselves.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia (Mr. BLACKBURN) as a substitute for the amendment in the nature of a substitute offered by the gentleman from California (Mr. HANNA).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. BLACKBURN. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 142, noes 246, not voting 46, as follows:

[Roll No. 482]

AYES—142

Archer
Armstrong
Ashbrook
Bafalis
Baker
Bauman
Beard
Bennett
Bevill
Biaggi
Blackburn
Bray
Broyhill, N.C.
Broyhill, Va.
Buchanan
Burgener
Burleson, Tex.
Butler
Byron
Camp
Carter
Casey, Tex.
Chappell
Clancy
Clark
Clausen, Don H.
Clawson, Del
Cleveland
Cochran
Collins, Tex.
Conlan
Crane
Daniel, Dan
Daniel, Robert W., Jr.
Davis, S.C.
Dent
Derwinski
Devine
Dickinson
Dorn
Downing
Duncan
Fish
Flood
Flowers
Fountain
Frey
Froehlich
Fuqua
Gaydos
Gilman
Ginn
Goldwater
Goodling
Gross
Grover
Guyer
Hanrahan
Hansen, Wash.
Hechler, W. Va.
Henderson
Hillis
Hinshaw
Holt
Hudnut
Hunt
Hutchinson
Ichord
Jarman
Jones, Okla.
Kemp
Ketchum
King
Kuykendall
Lagomarsino
Landgrebe
Lott
Lujan
McClory
McDade
Mahon
Mann
Martin, N.C.
Mathis, Ga.
Mazzoli
Miller
Mink
Mitchell, N.Y.
Mizell
Montgomery
Moorhead, Calif.
Myers
Nichols
Parris
Pike
Poage
Powell, Ohio
Price, Tex.
Quillen
Randall
Robinson, Va.
Rogers
Rousselot
Runnels
Ruth
Sandman
Satterfield
Scherle
Sebelius
Shipley
Shoup
Shuster
Sikes
Smith, N.Y.
Snyder
Spence
Steele
Steiger, Ariz.
Stratton
Stubblefield
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Towell, Nev.
Treen
Waggonner
Walsh
Wampler
White
Whitten
Wilson, Bob
Wilson, Charles H., Calif.
Winn
Wolff
Wydler
Wyman
Yatron
Young, Alaska
Young, Fla.
Young, S.C.
Zion

NOES—246

Abdnor
Abzug
Adams
Addabbo
Alexander
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Ashley
Aspin
Badillo
Barrett
Bell
Bergland
Biester
Bingham
Boggs
Boland
Bolling
Bowen
Brademas
Breaux
Breckinridge
Brooks
Broomfield
Brotzman
Brown, Calif.
Brown, Mich.
Brown, Ohio
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burlison, Mo.
Burton, John
Burton, Phillip
Carney, Ohio
Cederberg
Chamberlain
Chisholm
Clay
Cohen
Collins, Ill.
Conable
Conte
Corman
Cotter
Coughlin
Cronin
Culver
Daniels, Dominick V.
Danielson
Davis, Wis.
de la Garza
Delaney
Dellenback
Dellums
Denholm
Dennis
Donohue
Drinan
du Pont
Eckhardt
Edwards, Ala.
Edwards, Calif.
Eilberg
Erlenborn
Esch
Eshleman
Evans, Colo.
Evins, Tenn.
Fascell
Findley
Fisher
Foley
Ford
Forsythe
Fraser
Frelinghuysen
Frenzel
Gettys
Giaimo
Gibbons
Grasso
Green, Oreg.
Green, Pa.
Griffiths
Gude
Haley
Hamilton
Hammerschmidt
Hanley
Hanna
Harrington
Harsha
Hastings
Hays
Heinz
Helstoski
Hicks
Hogan
Holifield
Holtzman
Horton
Hosmer
Howard
Hungate
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, N.C.
Jordan
Karth
Kastenmeier
Kazen
Kluczynski
Koch
Kyros
Latta
Lehman
Lent
Litton
Long, La.
Long, Md.
Luken
McCloskey
McCollister
McCormack
McEwen
McFall
McKay
McKinney
Macdonald
Madden
Madigan
Mallary
Maraziti
Martin, Nebr.
Mathias, Calif.
Matsunaga
Mayne
Meeds
Melcher
Metcalfe
Mezvinsky
Michel
Milford
Mills
Minish
Mitchell, Md.
Moakley
Mollohan
Moorhead, Pa.
Morgan
Mosher
Murphy, Ill.
Murtha
Natcher
Nedzi
Nelsen
Nix
Obey
O'Brien
O'Hara
O'Neill
Owens
Patman
Patten
Perkins
Pettis
Peyser
Pickle
Preyer
Price, Ill.
Quie
Rangel
Rees
Regula
Reuss
Rhodes
Riegle
Rinaldo
Roberts
Rodino
Roe
Roncalio, Wyo.
Roncallo, N.Y.
Rooney, Pa.
Rose
Rosenthal
Rostenkowski
Roush
Roy
Roybal
Ruppe
Ryan
St Germain
Sarasin
Sarbanes
Schneebeli
Schroeder
Seiberling
Shriver
Sisk
Skubitz
Slack
Smith, Iowa
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Steelman
Steiger, Wis.
Stokes
Studds
Sullivan
Symington
Thompson, N.J.
Thomson, Wis.
Thone
Tiernan
Traxler
Udall
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Veysey
Vigorito
Waldie
Ware
Whalen
Whitehurst
Wiggins
Wilson, Charles, Tex.
Wright
Wyatt
Wylie
Yates
Young, Ill.
Young, Tex.
Zablocki
Zwach

NOT VOTING—46

Arends
Blatnik
Brasco
Brinkley
Carey, N.Y.
Collier
Conyers
Davis, Ga.
Diggs
Dingell
Dulski
Flynt
Fulton
Gonzalez
Gray
Gubser
Gunter
Hansen, Idaho
Hawkins
Hébert
Heckler, Mass.
Huber
Jones, Ala.
Jones, Tenn.
Landrum
Leggett
McSpadden
Minshall, Ohio
Moss
Murphy, N.Y.
Passman
Pepper
Podell
Pritchard
Railsback
Rarick
Reid
Robison, N.Y.
Rooney, N.Y.
Stephens
Stuckey
Teague
Thornton
Widnall
Williams
Young, Ga.

So the substitute amendment for the amendment in the nature of a substitute was rejected.

The result of the vote was announced as above recorded.

Mr. MITCHELL of Maryland. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to the Hanna amendment.

As my colleagues are aware, there is a longstanding and substantial body of law which the Congress has designed to deal with problems arising in connection with imports. In addition to the various trade agreement acts, one can go back, for example, to the Antidumping Act of 1921.

This body of law recognizes that problems may arise as a result of the unrestricted import of a given product or commodity. Congress has wisely dealt with this situation, without which we all know disruptive effects on our economy would certainly have occurred and prevented the achievement of our unparalleled standard of living.

No such comparable body of law exists to deal with problems arising from unrestricted exports, in contrast to imports. We have been, and still are, a Nation of great abundance. Nevertheless, we are fast becoming more fully integrated in an increasingly interdependent world.

The committee recognized that the vague and unsystematic criteria which have prevailed until now with respect to exports will no longer suffice.

It is for this reason that the committee devoted extensive time to the development of more explicit guidelines for the administration of export controls, both in terms of substantive policy and in terms of procedures for the implementation of those policies.

These guidelines are contained in the legislation and in the committee report. They are essential if we are not to become a victim of excessive drains of scarce materials and the arbitrary application of vague policy which would prospectively discriminate in favor of one economic sector over another.

It is on this basis that I urge my colleagues to reject the amendment.

Mr. PEYSER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I take the floor at this time to speak in opposition to the Hanna amendment. I would like to direct myself specifically to the question dealing with agriculture. Many Members have expressed great concern over what can happen to agriculture if there is a change in the laws governing exports.

I think it is absolutely necessary that the provision of the committee bill remain intact, because we are in a situation today in this country where it very well may be that the Secretary of Agriculture may have to use the authorities that are developed under this bill for the protection of the American people and for the protection of our own economy.

I am well aware of the balance of trade implications, if there is any cutting in exports; but I am also aware of what the impact can be on our own people if we do not have the power to act before a crisis exists.

We are going to be short on corn in this country this year by at least 400 million bushels on the domestic market.

We heard the President last night say that inflation in our country and increasing costs are one of the things we have to fight. I agree completely. If we do not have an adequate situation on feeding existing for our cattle, beef prices are going to start zooming in this country as well as poultry and pork and they are going to start moving in the next 2 or 3 months. It may very well be that there is a need to change the pattern of export on corn or to have perhaps a moratorium, a brief moratorium of 30 or 60 or 90 days. I am not saying that is the answer; but this is a potential that should be available if we are concerned about what is going to happen to the consumer. In this case, if the price of beef goes up, it is not going to hurt the consumer, it is going to hurt the producer of beef, because as the problem develops, as the price rises and the consumer resistance is so great that they will not buy, we are going to be right back in the situation where we were a year ago. I think it is in the best interest of agriculture to have this committee bill.

Mr. BERGLAND. Mr. Chairman, will the gentleman yield?

Mr. PEYSER. I yield to the gentleman from Minnesota.

Mr. BERGLAND. I thank the gentleman for yielding. The gentleman has said he judges the corn crop to be 400 million bushels short of demand. From whom does the gentleman get his information?

Mr. PEYSER. This information came from the Department of Agriculture in talking with them of their estimate now of 4,900 million total bushels available, with export anticipated between 700 million and 900 million and our own consumption needs. On that basis, we will be approxmiately 400 million bushels short in this year, if these figures hold.

Our own consumption needs on that basis will be approximately 400 million short in this year if these figures hold.

Mr. BERGLAND. Mr. Chairman, if the gentleman will yield further, I would challenge the Department of Agriculture or anyone else to determine with any degree of reliability the rate at which corn will be fed to the livestock of the United States. The price impact dictates that more and more cattle producers will be feeding more on roughage and grass and less on corn. I do not agree with the contention that we will be running short.

Mr. PEYSER. Let me say to the gentleman that if that is correct and the Department of Agriculture were wrong on this, then I would see no harm at all in the committee bill because it would not in any way affect this. There would be no problem, so I find nothing wrong with the gentleman's statement.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. PEYSER. I yield to the gentleman from Iowa.

Mr. GROSS. Mr. Chairman, some time ago the Committee on Agriculture made an investigation of food prices in New York City. It found, as I remember the report, that some foods, simply being exported from the United States into Fun City, and crossing the Hudson River, practically doubled in price.

Mr. PEYSER. I appreciate the gentleman's comments.

Mr. GROSS. Does the gentleman think we need an export bill for New York City?

Mr. PEYSER. I thank the gentleman for his comment.

Mr. Chairman, I would like to close by saying that I think the Hanna amendment should be defeated and the committee amendment supported for the good of the entire country and not just the agriculture interests.

Mr. ASHLEY. Mr. Chairman, I ask unanimous consent that all debate on the Hanna amendment and all amendments thereto close at 7:10 p.m.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The CHAIRMAN. Members standing at the time the request was made will be recognized for 1½ minutes each.

The Chair recognizes the gentleman from California (Mr. Rees).

AMENDMENT OFFERED BY MR. REES TO THE AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. HANNA

Mr. REES. Mr. Chairman, I offer an amendment to the amendment in the nature of a substitute.

The Clerk read as follows:

> Amendment offered by Mr. Rees to the amendment in the nature of a substitute offered by Mr. Hanna: At the end of the amendment insert the following:
>
> (b) Section 3(2) (A) of the Export Administration Act of 1969 is amended by striking out "and" and inserting in lieu thereof "or".

Mr. REES. Mr. Chairman, I do not think there is opposition to the amendment.

When the administration first wanted to amend the act, they wanted to do two things. One is to extend it for 2 years, and the other was to broaden the criteria to be used in determining whether there should be an export control.

Right now the text says:

> It is the policy of the United States to use export controls to the extent necessary to protect the domestic economy from an excess of drainage of scarce material and to reduce the serious inflationary impact of abnormal foreign demand.

This would merely change "and" to "or," so that they could use either one of those tests as the tests used to find out if they should have export control.

This in no way affects agriculture or it does not attach itself to any of the language affecting agriculture that we have been discussing. It merely allows a one-pronged test, now they have to make two findings, some of which can be contradictory in nature.

Therefore, Mr. Chairman, I ask for an "aye" vote on my amendment.

Mr. ASHLEY. Mr. Chairman, will the gentleman yield?

Mr. REES. I yield to the gentleman from Ohio.

Mr. ASHLEY. It is a fact that there was no opposition to this by the committee, and it is supported by the administration.

Mr. MAYNE. Mr. Chairman, I rise in opposition to this amendment. This is precisely what we were talking about several times earlier. This does greatly increase the danger of controls on agricultural exports because whereas now there are two requirements which must be met before the Secretary can limit exports, this amendment by changing "and" to "or" would allow the Secretary to eliminate one of those requirements.

This insertion of the word "or" rather than "and" will greatly increase the likelihood that export controls can be invoked.

Mr. Chairman, I very much hope that the Members of the committee will vote against this very harmful amendment.

Mr. REES. Mr. Chairman, will the gentleman yield?

Mr. MAYNE. I yield to the gentleman from California.

Mr. REES. It does not in any way affect the protections afforded by section 4(e), which has to do with what findings must be made before they can declare export controls on agricultural products.

That was the section that was knocked out of the original bill, and the "and-or" does not affect that at all.

All we are talking about is the policy section. The statutory protection for agriculture is still in the act.

Mr. MAYNE. I still say that this will eliminate the double protection by removing one. When you say "or" rather than "and," it removes one of those requirements.

The CHAIRMAN. The Chair recognizes Mr. Smith from Iowa for 1½ minutes.

(By unanimous consent, Mr. Scherle yielded his time to Mr. Smith of Iowa).

Mr. SMITH of Iowa. Mr. Chairman, I am opposed to the Rees amendment, and I am for the Hanna substitute. The Rees amendment makes the threat of export controls greater. It is the threat of controls that is the difficulty. I wonder how long it will take some people to understand that Government controls are in the long run inflationary.

Export controls are inflationary. Price controls are inflationary. Any kind of Government controls are inflationary, in the long run. There may be a short period of time when they can hold things more stable, but in the long run, they are inflationary.

The very threat that there may be export controls applied is the bad thing.

For example, take wheat. Last spring wheat went to $6 a bushel when the foreign buyers thought we were going to apply export controls. As soon as they found the threat was gone, it went down to $1.50 a bushel. Why? Because they had 130 million bushels bought in excess of needs.

It is the hoarding and disruption of the market system that causes the difficulty with these kinds of controls.

In addition to that, I might point out that we need credit and much larger inputs in the industries where a shortage exists.

When we come to a shortage, such as in corn, which was mentioned a minute ago, we may need to irrigate more land if we want to have more corn.

When there is a threat of export controls preventing a price to cover higher costs, what banker is going to lend more money to irrigate more land or to pay three times as much for fertilizer as was paid last year?

Reducing the incentive to expand is in and of itself inflationary, and could cause the disruption of the whole system.

In addition to that, it causes disruption of the transportation system. Last winter they were shipping wheat as fast as they could ship it when there was a threat of export controls but after the threat of export controls vanished, they did not have enough to fill the boxcars in this country.

Mr. BLACKBURN. Mr. Chairman, will the gentleman yield.

Mr. SMITH of Iowa. I yield to the gentleman from Iowa.

Mr. BLACKBURN. Mr. Chairman, I appreciate the gentleman's yielding, and I wish to associate myself with the gentleman's remarks.

I urge the rejection of the Rees amendment and the adoption of the Hanna amendment as it now exists.

Mr. SMITH of Iowa. Mr. Chairman, I want to mention this also for the benefit of some of the Members here who are interested in coal: We ship over $1 billion worth of coal a year. Some people now want to put export controls on coal.

The only reason we are producing this much coal is because we have some foreign customers, and to come along today and say that as of today there will be no more shipments of coal overseas is drastic, and it deflates the very base, as a matter of fact, on which we produce in order to have goods to ship overseas. This is inflationary in the long run.

Mr. Chairman, the best thing we can do is to extend for 2 years the existing law, which in fact is not needed because there is an Executive order under the 1917 law, which covers strategic materials.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California (Mr. REES) to the amendment in the nature of a substitute offered by the gentleman from California (Mr. HANNA).

The amendment to the amendment in the nature of a substitute was rejected.

The CHAIRMAN. The Chair recognizes the gentleman from Texas (Mr. YOUNG).

AMENDMENT OFFERED BY MR. YOUNG OF TEXAS TO THE AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. HANNA

Mr. YOUNG of Texas. Mr. Chairman, I offer an amendment to the amendment in the nature of a substitute.

The Clerk read as follows:

Amendment offered by Mr. YOUNG of Texas to the amendment in the nature of a substitute offered by Mr. HANNA: At the end of the amendment insert the following new section:

"SEC. 2. Section 4(b)(1) of the Export Administration Act of 1969 is amended by adding at the end thereof the following: "In curtailing the exportation of any articles, materials, or supplies to effectuate the policy set forth in section 3(2)(A) of this Act, the President is authorized and directed to allocate a portion of export licenses on the basis of factors other than a prior history of exportation"."

Redesignate succeeding sections accordingly.

Mr. YOUNG of Texas. Mr. Chairman, as was read, this is a very simple amendment. It simply seeks to extend the President's power in authorizing the licensing of people for exportation purposes.

It has nothing to do with a limitation on the amount to be exported or anything of that nature. It simply goes to breaking a monopoly that has been developed in connection with the exportation chiefly of scrap metal.

Mr. ASHLEY. Mr. Chairman, will the gentleman yield?

Mr. YOUNG of Texas. I yield to the gentleman from Ohio.

Mr. ASHLEY. Mr. Chairman, I am pleased to support the gentleman's amendment, and I wish to say it is acceptable to the committee.

It is designed, as I understand it—and I think I do—to diminish the development of monopolies in connection with the granting of export licenses for reasons of short supply. This is consistent with the present legislation, and I am pleased to accept the amendment.

Mr. BLACKBURN. Mr. Chairman, will the gentleman yield?

Mr. YOUNG of Texas. I yield to the gentleman from Georgia.

Mr. BLACKBURN. Mr. Chairman, I am happy to accept the amendment. We have no objection to the gentleman's amendment on this side of the aisle.

Mr. FRENZEL. Mr. Chairman, I move to strike the last word.

I wonder if the gentleman from Texas would answer a question. I simply want to establish the fact that the gentleman's amendment makes no effort to allow the Department of Commerce, acting for the President, to conduct any auction of export licenses.

The committee was very firm, I believe, on this point, in response to the request of the Department of Commerce. We do not care about setting up some different kind of allocation, but I hope the gentleman did not have auction sales in mind.

Mr. YOUNG of Texas. Mr. Chairman, if the gentleman will yield, I will assure the gentleman that I did not.

Mr. FRENZEL. Mr. Chairman, I thank the gentleman for establishing that point.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas (Mr. YOUNG) to the amendment in the nature of a substitute offered by the gentleman from California (Mr. HANNA).

The amendment to the amendment in the nature of a substitute was agreed to.

AMENDMENT OFFERED BY MR. VANIK TO THE AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. HANNA

Mr. VANIK. Mr. Chairman, I offer an amendment to the amendment in the nature of a substitute.

The Clerk read as follows:

Amendment offered by Mr. VANIK to the amendment in the nature of a substitute offered by Mr. HANNA: On page 3, immediately after line 7, insert the following new subsection:

"(b) Section 4 of the Export Administration Act of 1969 (50 U.S.C. App. 2403) is amended to include the following new subsection:

"(f)(1) The Secretary of Commerce, after consulting with the Secretary of the Treasury, the Attorney General, and the Secretary of State, shall establish regulations for the licensing of exports of all police, law enforcement, or security equipment manufactured for use in surveillance, eavesdropping, crowd control, interrogations, or penal retribution.

"(2) Any license proposed to be issued under this subsection shall be reviewed by the Attorney General and shall be submitted to the Congress. The Congress shall have a period of sixty calendar days of continuous session of both Houses after the date on which the license is transmitted to the Congress to disapprove the issuance of a license by the adoption in either House of a resolution disapproving the proposed license.

"(3) The Secretary of Commerce, with the concurrence of the Secretary of the Treasury, the Attorney General, and the Secretary of State, may by regulation exempt individual countries and specific categories of police, law enforcement, or security equipment from the congressional review and disapproval authority set forth in paragraph (2) if he finds and determines export of the equipment would not threaten fundamental human and civil liberties."

On page 3, line 8, strike "(b)" and insert "(c)".

Mr. VANIK. Mr. Chairman, the amendment I am offering to the Export Administration Act (H.R. 15264) is designed to regulate the export of American made police-type equipment. Examples of such equipment include dart guns, "Stun guns," psychological stress monitoring devices, voice print identification equipment, and other sophisticated police-related equipment.

Mr. Chairman, my concern over the present export controls of this equipment was motivated by information that the Soviet Union, sponsoring an International Criminology Convention starting August 14, planned to exhibit a wide variety of police devices and equipment that are made in America.

All of us are familiar with the horrible plight of some Russian dissenters, particularly after the emigration of Alexander Solzhenitsyn and the publication of his book, "The Gulag Archipelago." Dissent in that country, as well as other countries in this world, is not tolerated. The persons who voice dissent are often the subject of cruel repression and police state tactics in order to silence them. The fundamental human rights that most of us take for granted are invaded or denied outright. Personal privacy and simple human decency go by the wayside as conversations are overheard, family members followed and harassed, and persons thrown into confinement on the most trumped-up of charges.

Mr. Chairman, it appears that the equipment that several American manufacturers sought to exhibit at the Soviet Union's "Krimtekhnika" trade fair could, or would, have been used for exactly these kinds of human oppression. It would have been a terrible abuse of American technology if this equipment, stamped "Made in America," was used to suppress human freedoms and support police state countries anywhere in the world.

After I learned of the apparent ease with which American police equipment could be exported, I wrote to the Department of Commerce and also to the Secretary of State inquiring into the propriety of such exports. In response to my letter, Secretary Dent initiated a change of the existing export regulations to require potential exporters of police-type equipment to possess a valid export license if those products might be sold to any of the several Communist countries.

The Assistant Secretary of State also replied to my letter, concurring with the change in the Department of Commerce's regulations.

Mr. Chairman, I offer this amendment today despite this quick and responsible reaction by the Department of Commerce for several reasons: the Department of Commerce regulations apply only to the "U.S.S.R., Eastern Europe, and the People's Republic of China." We must not allow American-made police equipment to be exported to any country where the rights and freedoms of its people are clearly being abused and neglected. Can we in good conscience allow export of Mace, or lie detectors, or covert listening devices, or dart guns, to South Korea, for instance? Can we be sure that police equipment destined for South Vietnam will be used for legitimate crime control rather than political harassment and detention? Could such exports to certain South American countries serve to increase the cruelty that has been shown to political prisoners?

Although Secretary Dent has acted very admirably in this situation, we have no guarantee that a succeeding Secretary may not reverse the regulations using the same administrative procedure that brought about this change. The statutory language of my amendment would preclude such an administrative revocation.

An amendment identical to the one I offer today was accepted unanimously by the other body on July 31. As 1 of the 53 cosponsors of the House bill, I urge my colleagues to vote in favor of this amendment.

Mr. ASHLEY. Mr. Chairman, I must rise in opposition to the amendment offered by the gentleman from Ohio (Mr. VANIK) although the amendment might, for one reason or another, have a superficial appeal.

Let me state that the Department of Commerce, with the support of and at the request of the Department of State, placed under export license control a broad range of crime control and detection instruments for Communist destinations. This has already been taken care of. The amendment offered by the gentleman from Ohio (Mr. VANIK) would broaden this control policy to all countries. The amendment that would fasten on the Congress the obligation on a case-by-case basis, to decide whether antihijacking and other crime detection electronic devices shall be approved for export to a particular country.

I say that this is the wrong way to go about this. If we do it for this product area, with these few articles, where will we stop?

The amendment should be defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio (Mr. VANIK) to the amendment in the nature of a substitute offered by the gentleman from California (Mr. HANNA).

The amendment to the amendment in the nature of a substitute was rejected.

The CHAIRMAN. The Chair recognizes the gentleman from Indiana (Mr. LANDGREBE).

Mr. LANDGREBE. Mr. Chairman, I rise in support of the amendment in the nature of a substitute offered by the gentleman from California (Mr. HANNA).

AMENDMENT OFFERED BY MR. SARASIN TO THE AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. HANNA

Mr. SARASIN. Mr. Chairman, I offer an amendment to the amendment in the nature of a substitute.

The Clerk read as follows:

Amendment offered by Mr. SARASIN to the amendment in the nature of a substitute offered by Mr. HANNA: At the end of the amendment in the nature of a substitute, insert the following new section:

SEC. —(a) The Comptroller General of the United States shall conduct a continuing review of the effectiveness of procedures implemented by the Secretary of Commerce under the Export Administration Act of 1969 to carry out the policies set forth in section 3(2)(A) of such Act. In carrying out such review the Comptroller General shall consider, among other relevant factors—

(1) current and projected domestic shortages of commodities, export levels of these commodities, the impact on domestic prices and employment of such shortages, and anticipated domestic and foreign demand for such commodities; and

(2) the need for additional export controls of commodities in short supply, the time and manner in which such controls should be implemented, and the recommended duration of any such controls.

(b)(1) The Comptroller General shall transmit to the Committee on Banking and Currency of the House of Representatives and the Committee on Banking, Housing and Urban Affairs of the Senate reports from time to time setting forth the results of the review required by subsection (a).

(2) In addition, the Comptroller General shall transmit to the Committee on Banking and Currency of the House of Representatives and the Committee on Banking, Housing and Urban Affairs of the Senate a special report whenever he determines that there is a domestic shortage of any commodity which, together with exports of that commodity, threatens domestic price stability of that commodity or employment related to that commodity. Such report shall contain the Comptroller General's estimate of the extent of the domestic shortage of that commodity, the current and projected export levels, and the projected domestic price and employment impact at projected export levels. The Comptroller General shall include such recommendations for legislative or administrative actions as he deems appropriate.

Mr. SARASIN. Mr. Chairman, I am offering an amendment to the Export Administration Act amendments designed to help Congress deal more effectively with the inflation and unemployment facing our Nation.

Unchecked and unaudited exportation in the worldwide market has created economic dislocation and domestic hardship in the United States. The inflation and unemployment which threatens our domestic economy was influenced by our tendency to overexport domestic supplies of commodities selling at a premium abroad.

Congress has continually been forced into a position of reacting to a crisis already upon us. Instead, we need sufficient infloration to make reasoned decisions to avoid future grain deal miscalculations or petrochemical shortages. The amendment directs the Government Accounting Office—GAO—and the Comptroller General of the United States to monitor the exportation of key commodities and project the potential effects of export policies on the domestic economy.

GAO will review the data and reports submitted by the Department of Commerce, Agriculture, or any other Federal department or agency concerning the present and future status of short supply commodities. In this way, Congress will receive an informed assessment of the domestic and foreign demand of certain agricultural commodities, scrap metals, and petrochemicals. Furthermore, the prices of these commodities, both home and abroad, and the employment factors will be considered in recommendations made to Congress. The amendment also calls upon GAO to assess the need for additional export controls of a commodity in short supply although the amendment is not designed to have any effect on exports in itself. GAO and the Comptroller General will insure that Congress receives information to make rational decisions if the export levels of certain short supply materials or products threaten our domestic economy.

Under normal circumstances, the Comptroller General will provide Congress with an assessment of the short supply commodity situations once or twice a year. In a crisis situation, he is also directed to issue emergency reports if the exportation of a commodity threaten domestic prices or employment stability. The amendment does not propose that the Comptroller General or GAO duplicate the information gathering activities of Federal departments and agencies. Instead, they are directed to monitor the assessment of short supply commodities. They will seek independent information only if they find fault with the data provided concerning the quantities necessary to meet domestic consumption, exportation and to provide carryover for disaster relief.

I am pleased to say that many of my colleagues, the Comptroller General, Mr. Elmer Staats, and various groups such as the American Bakers Association, the Organization of Plastics Processors, and the Cast Iron Pipe Research Association have endorsed the amendment.

We recognize that the overexportation and lack of information in the past few years must stop. We cannot afford to continue to assume the domestic costs of a massive wheat sale, for instance. In 1972, the price of wheat rose from $1.65 a bushel before the Soviet wheat deal, to $4 a bushel after the sale was completed. The Government subsidy for the difference between $1.65 and $4 came from each taxpayer's pocket. While no shortage existed at the time of the deal, the information as to the actual amount of wheat being sold was not adequate and after 2 months of the policy the price of wheat had doubled.

As another example, the oil squeeze resulted in the shortage of petrochemical feedstocks. I can personally testify to the adverse effects on many industries in my district. According to the Cost of Living Council a 15-percent decrease in the domestic petrochemical supply could saddle the Nation with 1.6 to 1.9 million lost jobs. We can no longer countenance the chain of events which lead to these severe shortages. Increased exportation of plastics resins and petrochemical feedstocks was followed by the termination of domestic price controls. As a result, the wholesale price index for 10 plastic resins increased 27.6 percent in 2 months. Sample increases in the same 2-month period included a 35.7-percent increase in the wholesale price of polyvinyl chloride resin and a 49.4-percent increase for general purpose polystyrene resin. Yet, nothing was done to increase the domestic supply of plastic resin and other petrochemical feedstocks.

We need reliable information as to the supply and demand of short supply materials. We can secure such an assessment if GAO and the Comptroller General review the reports and the data from the concerned Federal agencies and departments, and assess the implementation of an export control policy. We are not creating a new agency or duplicating the present efforts but insuring that Congress receives the necessary information to make rational decisions. We must take steps now, to fight against the inflation and unemployment that plagues our Nation.

Mr. SISK. Mr. Chairman, I rise in opposition to the amendment.

Mr. SISK. Mr. Chairman, unfortunately, I have not actually seen the amendment, but it sounds to me as though we are attempting to incorporate into the Hanna substitute some of the provisions that have caused grave concern in connection with the original bill. I would hope, Mr. Chairman, that the committee, in its wisdom, would see fit to vote against the amendment.

As I said, I have, unfortunately, not had ample time to read it, but the best I can interpret it as is an attempt, again I say, to strap onto the administering agency additional requirements in connection with the matter of assessment of scarcities, and so on, which are, as I say, the prime concern that many of us have about the original bill. Therefore, I simply would urge that the amendment be rejected.

Mr. SARASIN. Mr. Chairman, will the gentleman yield?

Mr. SISK. I yield to the gentleman from Connecticut.

Mr. SARASIN. I thank the gentleman for yielding.

I point out to the gentleman that there is no attempt here to require the agency to do much more than it certainly is capable of doing now. It will provide relevant information so that we can act.

The CHAIRMAN. The Chair recognizes the gentleman from Georgia (Mr. BLACKBURN).

Mr. BLACKBURN. Mr. Chairman, it is with reluctance that I rise in opposition to the amendment offered by my very dear colleague, the gentleman from Connecticut.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Connecticut (Mr. SARASIN) to the amendment in the nature of a substitute offered by the gentleman from California (Mr. HANNA).

The amendment to the amendment in the nature of a substitute was rejected.

The CHAIRMAN. The Chair recognizes the gentleman from Kansas (Mr. SEBELIUS).

(By unanimous consent, Messrs. MIZELL and WINN yielded their time to Mr. SEBELIUS).

Mr. SEBELIUS. Mr. Chairman, I am for the Hanna substitute and I appreciate the opportunity to discuss H.R. 15264, the Export Administration Act amendments of 1974.

In essence, this bill liberalizes the conditions which could trigger Federal controls upon our Nation's exports. It also sets up procedures for food processors and other groups to petition for Federal action. Considering yesterday's crop estimate by the Department of Agriculture, the rise in food prices and the coming election. I would also think this bill represents the kind of offer my urban and consumer oriented colleagues cannot refuse.

Despite the apparent logic of this bill and despite its obvious political appeal, I urge my colleagues to consider several facts.

I realize it is difficult for the American housewife to understand why this country, in a time of rising food prices, should continue a policy of exporting farm products. The reason is that our farm production far exceeds what the consumer uses. I have the privilege of representing the largest wheat producing district in our Nation and the greatest wheat producing area in the world. What we use here at home represents only 35 percent of our total supplies.

Export controls will break the wheat market. If we break the wheat market we put the wheat grower in a position where he faces a loss of income at the same time be must somehow pay for unprecedented production costs. The practical effect of this bill would be to send wheat prices tumbling just at the time when farmers are holding their grain in the hope the price will reach levels that will enable them to pay for soaring production costs.

In addition, I do not think it is parochial speculation in stating that this bill will not provide answers to the consumer's food price problem. The answer to our food price problem is production and the way to produce is to provide incentive for the farmer to produce. We even have a current example.

Several months ago the American Baker's Association claimed throughout the Nation's press that if export controls were not imposed, the American consumer would soon experience bread prices at the dollar-a-loaf level. As I said at the time, these claims and the orchestration of this misinformation proved most unfortunate. The threat of export controls, along with several other market factors, put the wheat producer on a roller coaster ride that eventually saw his price reduced by 50 percent. What happened to the price of a loaf of bread? It stayed the same or increased.

Who profited by this export control exercise? It was not the consumer. It certainly was not the farmer. It is rather obvious who profited and it is rather obvious who will profit if we pass this legislation.

We grow wheat in my country but let us talk about other crops. Domestic use of rice accounted for 38.5 percent of the 1973 supply. In corn, domestic use accounted for 74 percent; in cotton, only 44 percent and in soybeans, only 56 percent. In fact, we are not talking about tinkering with our export control machinery to guard against inadequate supplies of farm products, we are talking about export controls largely because of those who fail to purchase necessary requirements because they think the price is too high.

Now I have made the statement this bill will not provide relief to the consumer's food price problem, but I want to make it clear these amendments will directly affect the consumer. Unfortunately, the effect will not be what the consumer wants.

We are all familiar with the rising cost of fuel imports. Oil imports last year cost a total of $9.3 billion. Yet, the United States paid for this cost with agricultural exports exceeding agricultural imports in the amount of $11.8 billion. The difference was the $2.8 billion in U.S. trade surplus for fiscal year 1974. What I am saying is this, we will be successful in paying for the increased cost of oil imports only if the farmer has the freedom to market at home and abroad. Our farm exports foot the Nation's oil bill.

The laboring man should also beware of just how closely the future of every American working man is tied to the farmer's future. Approximately 450,000 nonfarm jobs are directly or indirectly related to assembling, processing and distributing agricultural commodities for export.

I have one more point that I feel should be stressed. A short time ago many of us in this body signed a declaration on food and population to be submitted to the United Nations pledging the assistance of the United States to prevent world hunger and famine.

That declaration has been signed by more than 50 Members of Congress and 1,500 representatives from over 100 countries. It states the United States will support a worldwide effort to increase food production.

The best answer to the world food problem is production. The farmer will be able to produce only if he receives a fair return at the marketplace. If we make it easier to impose export controls and put this decision-making power in the hands of folks who do not represent the farmer, we once again are traveling down the road to Government-controlled markets, depressed prices and decreased production.

We are also telling our trade partners throughout the world that if they enter into long-range contracts with the United States that contract depends, in part, on domestic prices and the political situation.

Mr. Chairman, the present Export Administration Act has served the national interest. The mechanics of the existing law have worked quite well. Provisions in the present law cover export controls should that eventuality be required. I might add that no farmer or farm organization or those of us in the Congress who are privileged to represent rural areas will oppose export controls if they are truly needed. But we are not talking about a supply problem here, we are talking about a price problem.

The farmer today has gained increased access to foreign markets. With these markets we have been able to end decades of farm subsidy programs and witness the dawn of a new era where the farmer may be able to get a fair return at the marketplace.

We have just come through a period in which we witnessed the devastating result of controls in our economy. These controls have nearly ruined the livestock industry. It is most ironic that after disrupting the entire beef industry with blame, boycotts, controls, we found it necessary to enact emergency legislation to keep producers in business.

Let us not repeat this mistake. Export controls on farm products are counterproductive. They do not result in lower food prices. They do result in lower farm prices and they do result in decreased production. In my congressional district today, farmers have millions of bushels of grain in on-farm storage. Even with soaring production costs, shortages, and drought, we have the capability of feeding this Nation and helping to feed a troubled and hungry world.

The CHAIRMAN. The Chair recognizes the gentleman from Texas (Mr. POAGE).

Mr. POAGE. Mr. Chairman, if we could move in this House as rapidly as we can forget, we would have been adjourned 2 hours ago.

It has been only a few weeks that almost all of us agreed that price controls were not productive and they were something that did not belong as a part of our Government. Now we are called upon to adopt a price control bill.

There is no other purpose in this bill than to control prices and to immediately force farm prices down. This is occurring at the very time when we need incentives to get additional agricultural production, and even if there was never any application of it by the agencies, the very threat of its existence must necessarily force thousands of farmers out of production because they will not be able to get the credit to make next year's crop.

There has to be stability in agriculture if we are going to have production. When we vote against the Hanna amendment, we are voting against stability. When we vote for this bill, we are voting for price controls. I do not believe this House wants to adopt a price control bill in a bag—especially a bill which nobody can even know what the controls will be or when they will be imposed. I urge you to support the Hanna substitute.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois (Mr. ANDERSON).

Mr. ANDERSON of Illinois. Mr. Chairman, I rise in support of the amendment in the nature of a substitute offered by the gentleman from California (Mr. HANNA), simply because I believe that export controls are not the answer to the problem of inflation, which is public enemy No. 1, as we heard from the President last night.

Limiting agricultural exports would be akin to killing the goose that laid the golden egg. Notwithstanding the current spiral of prices the American consumer continues to pay a smaller percentage of his income for food than any other consumer in the industrialized world. He does so in large measure because the agricultural sector of the U.S. economy is a major competitor in the world marketplace. The competitive pressures of international trade in agricultural commodities has made the U.S. farmer and agribusinessman the most efficient and productive major component of our economy. To begin to curtail his production for the world market—now 25 percent of his sales—would in the long run undermine his efficiency, cut his production and raise the price of his product in the domestic market.

Proposals to limit exports because of anticipated domestic price increases are nothing more than indirect price controls and they will have the same effect. Deprived of the international market where he can receive a relatively higher price than he can in the domestic market the agricultural producer is not simply going to divert his production to the domestic market. In the long run under such conditions he will cut production. Faced with a lower price for his commodity but the same costs of production, rational behavior demands production cutbacks. That is exactly what happened under the wage price controls we have discarded.

In effect these proposals sow the seed of their own destruction. Reacting to reports of disminished crops, and as a result a diminished supply of agricultural commodities for the domestic market, they would raise the barrier to export and seemingly shore up domestic supply. It is possible that for the existing crop year this policy might meet with some success. But in ensuing crop years the threat of Government intervention sealing off the world market in times of bad harvests would raise a significant disincentive to attempts to increase production. And in the long run the curtailment of supply can mean only one thing—higher prices.

Moreover, in the context of the balance of payments it is not an overstatement to state that unless we continue to aggressively expand our agricultural exports we will go broke paying for rapidly increasing amounts of petroleum we must import. The following figures suggest why. With many major oil producing nations having raised their prices by as much as 200 percent the 1974 U.S. petroleum import bill could rise by more than $12 billion—more than four times the 1970 level. Because of our increasing lack of competitiveness in labor intensive products and many consumer goods, and because of the growing technological sophistication of our competitors, it is unlikely that this rising oil deficit can be offset by increases in the export of traditional industrial products.

It can be plausibly argued, however, that by continuing to expand farm exports to the maximum degree possible we can begin to absorb this dollar outflow. Just prior to the oil embargo the U.S. trade account was almost in balance for 1973—an abrupt reversal from the $6.5 billion deficit the year before. A very large share of the turn-around is accounted for by the surge in agricultural exports. Comparing the actual trade figures with what they would have been had farm exports increased only at the same rate as total exports gives you an idea of how crucial they are to our overall balance of payments. A 31-percent annual rate of growth (total exports) as opposed to the actual 64.2-percent rate would have resulted in a fall in farm exports of more than $3 billion.

The CHAIRMAN. The Chair recognizes the gentleman from Washington (Mr. MEEDS).

Mr. MEEDS. Mr. Chairman, I rise in support of H.R. 15264, the bill to amend the Export Administration Act. I particularly want to draw attention to sections 2 and 6 of the measure, which are designed to help the United States deal with exports of short supply commodities.

As the committee report indicates clearly, our country in the past 2 years has been plagued by scarcities in commodities such as softwood logs, soybeans, scrap steel, and other goods. H.R. 15264 provides that the Secretary of Commerce shall develop forecasts of commodities which may become in short supply, and following a formal petition by affected parties, he could impose controls.

In the Pacific Northwest of the United States we have been concerned for many years about shortages in softwood logs. Owners and employees of smaller sawmills and plywood mills are having to pay higher and higher prices for fewer logs. At the same time, we are suffering a serious trade imbalance as we continue to export raw materials and import finished forest products.

The July 15, 1974, issue of Forbes magazine details the situation in dollar terms. Last year we exported $3.1 billion worth of forest products and imported $4.5 billion worth of products, chiefly lumber, paper, and market pulp from Canada, and tropical hardwoods. But there is more to the story.

Between 1955 and 1972 our exports of softwood logs—unprocessed logs—increased from 166 million board feet to 3.1 billion board feet. Yet our lumber imports increased during this period from 3.6 billion board feet to 9.4 billion board feet. Twenty new pulp and paper mills have been built in British Columbia in the past two decades, and they serve primarily the American market.

The U.S. Forest Service is projecting massive increases in American and world wood consumption over the next 30 years. The actual level of consumption will be affected by prices, but there can be no doubt that under the most conservative estimate, we are not going to have enough wood domestically grown to meet our own needs. This situation will be made worse by conditions on the industry-owned timberlands in the Pacfic Northwest, the Forest Service maintains. They say that between 1970 and 2000, there will be a decline of 73 percent in the annual harvests on industry-owned lands in western Oregon, and a 58-percent decline in western Washington. The agency is forecasting a loss of 55,000 jobs in the wood products industries of this Douglas-fir region.

In response to the log export controversy, the governors of Washington, Oregon, and Idaho last year hired the Stanford Research Institute to write a report on the timber situation and what should be done. Release in April of 1974, the report recommended a sharp cutback in the exporting of short supply softwood logs. I support this recommendation.

Mr. Chairman, as we debate H.R. 15264 here this afternoon, Members should know that the U.S. Forest Service today released a long range series of alternatives for our public forests. How we manage the people's forests will depend a great deal on supplies of timber from other sources and on how much money we are willing to spend on growing trees. By implementing export controls on softwood logs and chips, we could, in the long run, be able to improve our balance of trade by exporting more finished products which would have a higher value than unprocessed materials.

Sections 2 and 6 of this bill provide a fair and workable method of assuring against shortages in a basic area of our economy.

(By unanimous consent, Mr. MEEDS yielded his time to Mr. HAYS).

The CHAIRMAN. The Chair recognizes the gentleman from South Carolina (Mr. YOUNG).

Mr. YOUNG of South Carolina. Mr. Chairman, I support the gentleman from California in his amendment. I think, as my colleague from Iowa pointed out awhile ago, that when the export controls were put on soybeans, the price of soybeans dropped from $11 to $6.

There was also a threat when the cotton crop was short to put export controls on the cotton that could leave this country. Automatically the price of cotton started down under this threat.

On the farm, we have had a survival of the fittest. In order to get world markets and strengthen our support markets, we on the farm have contributed 1 cent a bushel to foreign market sales for soybeans. We have contributed $1 a bale for cotton to help with our export of cotton, all into the world markets.

We do not have many farmers left. If we destroy now our ability to sell in the world market, we will even have less farmers left to produce not only the food for this country, but the food for the world.

Now, how much farming can be done in the urban areas? I do not think very much.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois (Mr. FINDLEY).

Mr. FINDLEY. Mr. Chairman, I rise in support of the Hanna amendment. In an earlier colloquy, Mr. ASHLEY acknowledged that if the legislation now before us is enacted, it will be a cloud over every contract for agricultural exports.

The Hanna substitute would remove that cloud. If the Hanna substitute is voted down, those of us who have deep concern for the development and maintenance of our expanding foreign trade, which is so important to all of us, will have no choice but to deal with the problem piecemeal. We will have to offer amendment after amendment, and it will take about five amendments to clear away this cloud which would otherwise hang over the contracts for foreign sales.

Therefore, I urge my colleagues to shorten the evening and do themselves a great favor by supporting the Hanna substitute.

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota (Mr. BERGLAND).

Mr. BERGLAND. Mr. Chairman, I rise in support of the Hanna substitute.

The CHAIRMAN. The Chair recognizes the gentleman from South Dakota (Mr. ABDNOR).

Mr. ABDNOR. Mr. Chairman, the committee amendments to the current Export Administration Act causes me great concern. I favor the Export Administration Act under which we have operated the last few years. Recently it has provided for necessary restraints on such products as police equipment for the Soviet Union. The language adopted by the committee in their amendments, however, could place the American farmer and consumer at a great disadvantage. The new procedure whereby a substantial segment of an industry could petition the Secretary of Commerce to impose controls is especially dangerous when considered under the new criteria for imposition of controls. For example, as the committee report states:

> Foreign demand need not be the major cause of serious inflation in the price of a commodity as a condition to permit the use of export controls.

In other words, if this law had been in effect last year, the American Bakers Association may have been able to successfully petition the Secretaries of Commerce and Agriculture to impose controls on wheat exports. At that time ABA contended bread would soon be $1 a loaf if we did not implement controls. We did not implement controls, and bread is not $1 a loaf. If these controls had been implemented, many farmers might have foregone planting of marginal acreage, and this would have limited production and eventually forced prices upward.

We are all consumers, and there are very few of us farmers in Congress. However, I can guarantee if Congress passes laws which hamper production, prices will go up. In election years, it is all too easy to produce rhetoric, and I fear that shortsightedness on the part of slick politicians and bureaucrats could ultimately deter production and thereby hurt the consumer.

If by imposition of controls, we drive our overseas markets to other suppliers, it would have a tremendous adverse effect on our agricultural economy. Take our wheat farmers, for example. Out of the total supply of 6,738 million bushels of wheat produced or projected to be produced from the years 1972–74, we exported a total of 3,333 million bushels, or nearly 50 percent. The effect of placing unnecessary controls and losing these markets could ruin our agricultural economy which is the area that has been able to effectively ease our balance-of-payments deficit.

There are sufficient and adequate means by which the Department of Commerce can presently place export controls on agricultural commodities, and I believe it would be in the best interests of the consumer and the agricultural community to adopt the Hanna substitute.

The CHAIRMAN. The Chair recognizes the gentleman from California (Mr. HANNA).

Mr. HANNA. Mr. Chairman, I just want to thank the members of the committee for their support. I also wish to commend the committee for its commitment in studying this important matter. I hope the country will move with the moving world, and that we will get the kind of bill we can all live with.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio (Mr. ASHLEY) to close debate.

Mr. ASHLEY. Mr. Chairman, since I only have a moment, let me say that the issue is not price controls. The issue is whether we are going to have a dual test with respect to the application of export controls. Apparently, we are. Apparently, we are going to have a test for agriculture which is so stringent that this sector, in effect, will be exempt from export controls regardless of what conditions are for the rest of the country. We will have another test for all other products and commodities that are subject to export.

Mr. Chairman, the Hanna amendment continues the requirement in the present law which requires the Secretary of Agriculture to stand idly by, taking no action whatsoever, until the moment arrives when domestic supply is no longer adequate to meet domestic demand. The amendment, in short, prevents the Secretary of Agriculture from taking the very action necessary to prevent a domestic shortage. It is an amendment, Mr. Chairman, that most certainly, in my view, should be defeated.

The committee bill is one on which we have spent 18 months. I appreciate the gentleman from California's suggestion that the committee return for another 18 months. I am sure that would please the agricultural interests in this country. I simply will close by saying that there are some other interests to be considered.

Mr. BLACKBURN. Mr. Chairman, although I regret that my amendment was defeated, as it would have provided specific requirements and guidance for the administration of this act in order to assure our national well-being, I still feel that the support that I received demonstrates the concern among my colleagues with the permissive way in which strategic and potentially military goods and technology are being treated.

I object to the fact that the committee bill does not address this matter effectively. True, reporting would be required for transactions involving the exportation of technical goods not generally available to Communist countries. But I would not want it misunderstood that the Congress felt that such a reporting scheme would be adequate protection of our national security.

To me, given the fact that there is substantial sentiment in the Congress to impose protective restrictions on the exportation of goods and technology which could well come back to haunt us in the future, a straight extension of the authority of this act is preferable. The Department of Commerce has been put on notice that the Congress has these concerns and that comprehensive reviews of this legislation in the future will include provision for our national protection.

Accordingly, I will vote to support the Hanna substitute.

The CHAIRMAN. The question is on the amendment in the nature of a substitute, as amended, offered by the gentleman from California (Mr. HANNA).

The question was taken; and the Chairman announced that the ayes appeared to have it.

RECORDED VOTE

Mr. ASHLEY. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 258, noes 131, not voting 45, as follows:

[Roll No. 483]

AYES—258

Abdnor
Alexander
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Archer
Armstrong
Ashbrook
Aspin
Baker
Bauman
Beard
Bell
Bennett
Bergland
Bevill
Blackburn
Bowen
Bray
Breaux
Brooks
Broomfield
Brown, Ohio
Broyhill, N.C.
Broyhill, Va.
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burleson, Tex.
Burlison, Mo.
Butler
Byron
Camp
Carter
Casey, Tex.
Cederberg
Chamberlain
Chappell
Clark
Clausen, Don H.
Clawson, Del
Cleveland
Cochran
Cohen
Collins, Tex.
Conable
Conlan
Corman
Crane
Culver
Daniel, Dan
Daniel, Robert W., Jr.
Daniels, Dominick V.
Danielson
Davis, S.C.
Davis, Wis.
de la Garza
Dellenback
Denholm
Dennis
Dent
Derwinski
Devine
Dickinson
Dorn
Downing
Duncan
du Pont
Edwards, Ala.
Erlenborn
Eshleman
Evans, Colo.
Evins, Tenn.
Fascell
Findley
Fish
Fisher
Flood
Flowers
Foley
Forsythe
Fountain
Fraser
Frelinghuysen
Frey
Fulton
Fuqua
Gaydos
Gettys
Gibbons
Gilman
Ginn
Goldwater
Gonzalez
Goodling
Gross
Grover
Guyer
Haley
Hamilton
Hammerschmidt
Hanna
Hansen, Wash.
Harsha
Hays
Hechler, W. Va.
Henderson
Hillis
Hinshaw
Hogan
Holifield
Holt
Hosmer
Hudnut
Hungate
Hunt
Hutchinson
Ichord
Jarman
Johnson, Calif.
Johnson, Colo.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Kazen
Kemp
Ketchum
Kuykendall
Lagomarsino
Landgrebe
Latta
Lent
Litton
Long, La.
Long, Md.
Lott
Lujan
McClory
McCloskey
McCollister
McCormack
McEwen
McFall
McKay
Madigan
Mahon
Mallary
Martin, N.C.
Mathias, Calif.
Mathis, Ga.
Matsunaga
Mayne
Melcher
Mezvinsky
Michel
Milford
Miller
Mills
Mitchell, N.Y.
Mizell
Mollohan
Montgomery
Moorhead, Calif.
Morgan
Mosher
Murtha
Myers
Natcher
Nichols
Nix
O'Brien
Perkins
Pettis
Pickle
Poage
Powell, Ohio
Preyer
Price, Tex.
Quie
Quillen
Railsback
Randall
Regula
Rhodes
Roberts
Robinson, Va.
Roncalio, Wyo.
Roncallo, N.Y.
Rooney, Pa.
Rose
Roush
Rousselot
Roy
Runnels
Ruth
Ryan
Sandman
Satterfield
Scherle
Schneebeli
Sebelius
Shipley
Shoup
Shriver
Sikes
Sisk
Skubitz
Slack
Smith, Iowa
Smith, N.Y.
Snyder
Spence
Staggers
Steed
Steelman
Steiger, Ariz.
Steiger, Wis.
Stubblefield
Symington
Symms
Talcott
Taylor, Mo.
Thomson, Wis.
Thone
Towell, Nev.
Traxler
Treen
Udall
Ullman
Vander Jagt
Vander Veen
Veysey
Vigorito
Waggonner
Walsh
Wampler
Ware
White
Whitehurst
Whitten
Wiggins
Wilson, Bob
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Winn
Wright
Wyatt
Wyman
Yatron
Young, Alaska
Young, Fla.
Young, Ill.
Young, S.C.
Young, Tex.
Zablocki
Zion
Zwach

NOES—131

Abzug
Adams
Addabbo
Anderson, Calif.
Annunzio
Ashley
Badillo
Bafalis
Barrett
Biaggi
Biester
Bingham
Boggs
Boland
Bolling
Brademas
Breckinridge
Brotzman
Brown, Mich.
Burke, Mass.
Burton, John
Burton, Phillip
Carney, Ohio
Chisholm
Clancy
Clay
Collins, Ill.
Conte
Conyers
Cotter
Coughlin
Cronin
Delaney
Dellums
Donohue
Drinan
Eckhardt
Edwards, Calif.
Eilberg
Esch
Ford
Frenzel
Froehlich
Giaimo
Grasso
Green, Oreg.
Green, Pa.
Griffiths
Gude
Hanley
Hanrahan
Harrington
Hastings
Heinz
Helstoski
Hicks
Holtzman
Horton
Howard
Johnson, Pa.
Jordan
Karth
Kastenmeier
Kluczynski
Koch
Kyros
Lehman
Luken
McDade
McKinney
Macdonald
Madden
Mann
Mazzoli
Meeds
Metcalfe
Minish
Mink
Mitchell, Md.
Moakley
Moorhead, Pa.
Murphy, Ill.
Nedzi
Obey
O'Hara
O'Neill
Owens
Parris
Patman
Patten
Peyser
Pike
Price, Ill.
Pritchard
Rangel
Rees
Reuss
Riegle
Rinaldo
Rodino
Roe
Rogers
Rosenthal
Rostenkowski
Roybal
Ruppe
St Germain
Sarasin
Sarbanes
Schroeder
Seiberling
Shuster
Stanton, J. William
Stanton, James V.
Stark
Steele
Stokes
Stratton
Studds
Sullivan
Taylor, N.C.
Thompson, N.J.
Tiernan
Van Deerlin
Vanik
Waldie
Whalen
Wolff
Wydler
Wylie
Yates

NOT VOTING—45

Arends
Blatnik
Brasco
Brinkley
Brown, Calif.
Carey, N.Y.
Collier
Davis, Ga.
Diggs
Dingell
Dulski
Flynt
Gray
Gubser
Gunter
Hansen, Idaho
Hawkins
Hébert
Heckler, Mass.
Huber
Jones, Tenn.
King
Landrum
Leggett
McSpadden
Maraziti
Martin, Nebr.
Minshall, Ohio
Moss
Murphy, N.Y.
Nelsen
Passman
Pepper
Podell
Rarick
Reid
Robison, N.Y.
Rooney, N.Y.
Stephens
Stuckey
Teague
Thornton
Widnall
Williams
Young, Ga.

So the amendment in the nature of a substitute as amended was agreed to.

The result of the vote was announced as above recorded.

The CHAIRMAN. Under the rule, the committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. GIBBONS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (H.R. 15264) to further amend and extend the authority for regulation of exports, pursuant to House Resolution 1234, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mr. SCHERLE. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 379, nays 6, not voting 49, as follows:

[Roll No. 484]

YEAS—379

Abdnor
Abzug
Adams
Addabbo
Alexander
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Armstrong
Ashbrook
Ashley
Aspin
Badillo
Bafalis
Baker
Barrett
Bauman
Beard
Bell
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Blackburn
Boggs
Boland
Bolling
Bowen
Brademas
Bray
Breaux
Breckinridge
Brooks
Broomfield
Brotzman
Brown, Mich.
Brown, Ohio
Broyhill, N.C.
Broyhill, Va.
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Byron
Camp
Carney, Ohio
Carter
Casey, Tex.
Cederberg
Chamberlain
Chappell
Chisholm
Clark
Clausen, Don H.
Clawson, Del
Clay
Cleveland
Cochran
Cohen
Collins, Ill.
Collins, Tex.
Conable
Conlan
Conte
Conyers
Corman
Cotter
Coughlin
Crane
Cronin
Culver
Daniel, Dan
Daniel, Robert W., Jr.
Daniels, Dominick V.
Danielson
Davis, S.C.
Davis, Wis.
de la Garza
Delaney
Dellenback
Dellums
Denholm
Dennis
Dent
Derwinski
Devine
Dickinson
Donohue
Dorn
Downing
Drinan
Duncan
du Pont
Eckhardt
Edwards, Ala.
Edwards, Calif.
Eilberg
Erlenborn
Esch
Eshleman
Evans, Colo.
Evins, Tenn.
Fascell
Findley
Fish
Fisher
Flood
Flowers
Foley
Ford
Forsythe
Fountain
Fraser
Frenzel
Frey
Froehlich
Fulton
Fuqua
Gaydos
Gettys
Giaimo
Gibbons
Gilman
Ginn
Goldwater
Gonzalez
Goodling
Grasso
Green, Oreg.
Green, Pa.
Griffiths
Gross
Grover
Gude
Guyer
Haley
Hamilton
Hammerschmidt
Hanley
Hanna
Hanrahan
Harrington
Harsha
Hastings
Hays
Hechler, W. Va.
Heinz
Helstoski
Henderson
Hicks
Hillis
Hinshaw
Hogan
Holifield
Holt
Holtzman
Horton
Hosmer
Howard
Hudnut
Hungate
Hunt
Hutchinson
Ichord
Jarman
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jordan
Karth
Kastenmeier
Kazen
Kemp
Ketchum
Kluczynski
Koch
Kuykendall
Kyros
Lagomarsino
Landgrebe
Latta
Lehman
Lent
Litton
Long, La.
Long, Md.
Lott
Lujan
McClory
McCloskey
McCollister
McCormack
McDade
McEwen
McFall
McKay
McKinney
Macdonald
Madden
Madigan
Mahon
Mallary
Mann
Maraziti
Martin, N.C.
Mathias, Calif.
Mathis, Ga.
Matsunaga
Mayne
Mazzoli
Meeds
Melcher
Metcalfe
Mezvinsky
Michel
Milford
Miller
Mills
Minish
Mink
Mitchell, N.Y.
Mizell
Moakley
Mollohan
Montgomery
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Murphy, Ill.
Murtha
Myers
Natcher
Nedzi
Nichols
Nix
Obey
O'Brien
O'Hara
O'Neill
Parris
Patman
Perkins
Pettis
Peyser
Pickle
Pike
Poage
Preyer
Price, Ill.
Price, Tex.
Pritchard
Quie
Quillen
Railsback
Randall
Rangel
Rees
Regula
Reuss
Rhodes
Riegle
Rinaldo
Roberts
Robinson, Va.
Rodino
Roe
Rogers
Roncalio, Wyo.
Roncallo, N.Y.
Rooney, Pa.
Rose
Rosenthal
Rostenkowski
Roush
Rousselot
Roy
Roybal
Runnels
Ruppe
Ruth
Ryan
St Germain
Sandman
Sarasin
Sarbanes
Satterfield
Scherle
Schneebeli
Schroeder
Sebelius
Seiberling
Shipley
Shoup
Shriver
Shuster
Sikes
Sisk
Skubitz
Slack
Smith, Iowa
Smith, N.Y.
Snyder
Spence
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Steele

Steelman
Steiger, Ariz.
Stokes
Stratton
Stubblefield
Studds
Sullivan
Symington
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Thompson, N.J.
Thomson, Wis.
Thone
Tiernan
Traxler
Treen
Udall
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Veysey
Vigorito
Waggonner
Waldie
Walsh
Wampler
Ware
Whalen
White
Whitehurst
Whitten
Wiggins
Wilson, Bob
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Winn
Wolff
Wright
Wyatt
Wydler
Wylie
Wyman
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Ill.
Young, S.C.
Young, Tex.
Zablocki
Zion

NAYS—6

Clancy
Luken
Mitchell, Md.
Owens
Patten
Steiger, Wis.

NOT VOTING—49

Arends
Blatnik
Brasco
Brinkley
Brown, Calif.
Carey, N.Y.
Collier
Davis, Ga.
Diggs
Dingell
Dulski
Flynt
Frelinghuysen
Gray
Gubser
Gunter
Hansen, Idaho
Hansen, Wash.
Hawkins
Hébert
Heckler, Mass.
Huber
Jones, Tenn.
King
Landrum
Leggett
McSpadden
Martin, Nebr.
Minshall, Ohio
Moss
Murphy, N.Y.
Nelsen
Passman
Pepper
Podell
Powell, Ohio
Rarick
Reid
Robison, N.Y.
Rooney, N.Y.
Stephens
Stuckey
Teague
Thornton
Towell, Nev.
Widnall
Williams
Young, Ga.
Zwach

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Murphy of New York for, with Mr. Moss against.

Until further notice:

Mr. Hébert with Mr. Arends.

Mr. Rooney of New York with Mr. Robison of New York.

Mr. Teague with Mr. Widnall.

Mr. Reid with Mr. Blatnik.

Mr. Podell with Mr. Collier.

Mr. Carey of New York with Mr. Davis of Georgia.

Mr. Hawkins with Mr. Frelinghuysen.

Mr. Diggs with Mr. Gray.

Mr. Dulski with Mr. Leggett.

Mr. Gunter with Mr. Gubser.

Mr. Flynt with Mr. Hansen of Idaho.

Mr. Landrum with Mr. Powell of Ohio.

Mr. Dingell with Mr. Towell of Nevada.

Mr. Jones of Tennessee with Mr. Nelsen.

Mr. Pepper with Mr. Martin of Nebraska.

Mr. Passman with Mr. Zwach.

Mr. Young of Georgia with Mr. King.

Mr. McSpadden with Mrs. Heckler of Massachusetts.

Mr. Rarick with Mr. Williams.

Mr. Stephens with Mrs. Hansen of Washington.

Mr. Stuckey with Mr. Huber.

Mr. Thornton with Mr. Minshall of Ohio.

Mr. Brinkley with Mr. Brown of California.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. ASHLEY. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate bill (S. 3792) to amend and extend the Export Administration Act of 1969, and ask for its immediate consideration.

The Clerk read the title of the Senate bill.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The Clerk read the Senate bill, as follows:

S. 3792

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Export Administration Amendments of 1974".

SHORT SUPPLY POLICY

SEC. 2. Section 3(2)(A) of the Export Administration Act of 1969 is amended by striking out "abnormal".

MONITORING

SEC. 3. (a) Section 4 of the Export Administration Act of 1969 is amended by redesignating subsections (c) through (e) thereof as subsections (d) through (f), respectively, and by inserting after subsection (b) a new subsection (c) as follows:

"(c)(1) To effectuate the policy set forth in section 3(2)(A) of this Act, the Secretary of Commerce shall monitor exports, and contracts for exports, of any article, material, or supply (other than a commodity which is subject to the reporting requirements of section 812 of the Agricultural Act of 1970) when the volume of such exports in relation to domestic supply contributes, or may contribute, to an increase in domestic prices or a domestic shortage, and such price increase or shortage has, or may have, a serious adverse impact on the economy or any sector thereof. Information which the Secretary requires to be furnished in effecting such monitoring shall be confidential, except as provided in paragraph (2) of this subsection.

"(2) The results of such monitoring shall, to the extent practicable, be aggregated and included in weekly reports setting forth, with respect to each article, material, or supply monitored, actual and anticipated exports, the destination by country, and the domestic and worldwide price, supply, and demand. Such reports may be made monthly if the Secretary determines that there is insufficient information to justify weekly reports."

(b) Section 10 of the Act is amended—

(1) by inserting "(a)" after "SEC. 10."; and

(2) by adding at the end thereof the following:

"(b)(1) The quarterly report required for the first quarter of 1975 and every second report thereafter shall include summaries of the information contained in the reports required by section 4(c)(2) of this Act, together with an analysis by the Secretary of Commerce of (A) the impact on the economy and world trade of shortages or increased prices for articles, materials, or supplies subject to monitoring under this Act, (B) the probable duration of such shortages or increased prices, (C) the worldwide supply of such articles, materials, and supplies, and (D) actions taken by other nations in response to such shortages or increased prices.

"(2) Each such quarterly report shall also contain an analysis by the Secretary of Commerce of (A) the impact on the economy and world trade of shortages or increased prices for commodities subject to the reporting requirements of section 812 of the Agricultural Act of 1970, (B) the probable duration of such shortages or increased prices, (C) the worldwide supply of such commodities, and (D) actions being taken by other nations in response to such shortages or increased prices. The Secretary of Agriculture shall fully cooperate with the Secretary of Commerce in providing all information required by the Secretary of Commerce in making such analysis.".

(c) Section 5(a) of such Act is amended—

(1) by striking out "hereunder' in the first sentence and inserting in lieu thereof the words "or monitored under this Act"; and first sentence the following: "Such departments and agencies shall fully cooperate in rendering such advice and information.".

(d) Section 5(a) of the Act is further amended by adding the following at the end thereof: "In addition, the Secretary of Commerce shall consult with the Federal Energy Administration to determine whether monitoring under section 4 of the Act is warranted with respect to exports of facilities, machinery, or equipment normally and principally used, or intended to be used, in the production, conversion, or transportation of fuels and energy (except nuclear energy), including, but not limited to, drilling rigs, platforms and equipment; petroleum, refineries, natural gas processing, liquefication and gasification plants; facilities for production of synthetic natural gas or synthetic crude oil; oil and gas pipelines, pumping stations, and associated equipment; and vessels for transporting oil, gas, coal, and other fuels.".

INTERNATIONAL COOPERATION TO SECURE ACCESS TO SUPPLIES

SEC. 4. (a) Section 2 of the Export Administration Act of 1969 is amended by adding at the end thereof the following new paragraph:

"(5) Unreasonable restrictions on access to world supplies can cause worldwide political and economic instability, interfere with free international trade, and retard the growth and development of nations."

(b) Section 3(3)(A) of such Act is amended by striking out "with which the United States has defense treaty commitments".

(c) Section 3(5) of such Act is amended—

(1) by striking out the word "and" immediately preceding clause (B); and

(2) by striking out the period at the end thereof and inserting in lieu thereof a comma and the following: "and (C) to foster international cooperation and the development of international rules and institutions to assure reasonable access to world supplies.".

HIGH TECHNOLOGY EXPORTS

SEC. 5. (a) Section 4 of the Export Administration Act of 1969, as amended by section 3 of this Act, is amended by adding at the end thereof the following new subsection:

"(g) Any export license application required by the exercise of authority under this Act to effectuate the policies of section 3(1)(B) or 3(2)(C) shall be approved or disapproved not later than ninety days after its submission. If additional time is required, the Secretary of Commerce or other official exercising authority under this Act shall inform the applicant of the circumstances requiring such additional time and give an estimate of when his decision will be made."

(b) Section 5(c)(1) of such Act is amended by striking out the next to the last sentence thereof and inserting in lieu thereof the following: "Each such committee shall consist of representatives of United States industry and Government, including the Departments of Commerce, Defense, and State, and, when appropriate, other Government departments and agencies.".

(c) Section 5(c) of such Act is amended by adding at the end thereof the following new paragraph:

"(5) To facilitate the work of the technical advisory committees, the Secretary of Commerce, in conjunction with other departments and agencies participating in the administration of this Act, shall disclose to each such committee adequate information, consistent with national security, pertaining to the reasons for the export controls which are in effect or contemplated for the grouping of articles, materials, and supplies with respect to which that committee furnishes advice.".

(d) Not later than one year after the date of enactment of this Act, the Secretary of Commerce shall include in a quarterly report under section 10 of the Export Administration Act of 1969 an accounting of actions taken to expedite the processing of export license applications as required under section 4(g) of the Export Administration Act of 1969.

OPPORTUNITY TO COMMENT ON LICENSING

SEC. 6. Section 5(b) of the Export Administration Act of 1969 is amended—

(1) by inserting "(1)" after "(b)" and

(2) by adding at the end thereof the following:

"(2) Upon imposing quantitative restrictions on exports of any article, material, or supply to carry out the policy stated in section 3(2)(A) of this Act, the Secretary of Commerce shall publish a notice in the Federal Register inviting all interested parties to submit written comments within fifteen days from the date of publication on the impact of such restrictions and the method of licensing used to implement them.".

TECHNICAL AND CONFORMING CHANGES

SEC. 7. Section 4(d) of the Export Administration Act of 1969, as redesignated by section 3 of this Act, is amended to read as follows:

"(d) Nothing in this Act or the rules or regulations thereunder shall be construed to require authority or permission to export, except where required by the President to effect the policies set forth in section 3 of this Act.".

HARDSHIP RELIEF

SEC. 8. The Export Administration Act of 1969 is amended by inserting after section 4 the following new section:

"PROCEDURES FOR HARDSHIP RELIEF FROM EXPORT CONTROLS

"SEC. 4A, (a) Any person who, in his domestic manufacturing process or other domestic business operation, utilizes a product produced abroad in whole or in part from a commodity historically obtained from the United States but which has been made subject to export controls, or any person who historically has exported such a commodity, may transmit a petition of hardship to the Secretary of Commerce requesting an exemption from such controls in order to alleviate any unique hardship resulting from the imposition of such controls. A petition under this section shall be in such form as the Secretary of Commerce shall prescribe and shall contain information demonstrating the need for the relief requested.

"(b) Not later than thirty days after receipt of any petition under subsection (a), the Secretary of Commerce shall transmit a written decision to the petitioner granting or denying the requested relief. Such decision shall contain a statement setting forth the Secretary's basis for the grant or denial. Any exemption granted may be subject to such conditions as the Secretary deems appropriate.

"(c) For purposes of this section, the Secretary's decision with respect to the grant or denial of relief from unique hardship resulting directly or indirectly from the imposition of controls shall reflect the Secretary's consideration of such factors as—

"(1) Whether denial would cause a unique hardship to the applicant which can be alleviated only by granting an exception to the applicable regulations. In determining whether relief shall be granted, the Secretary will take into account:

"(A) ownership of material for which there is no practicable domestic market by virtue of the location or nature of the material;

"(B) potential serious financial loss to the applicant if not granted an exception;

"(C) inability to obtain, except through import, an item essential for domestic use which is produced abroad from the commodity under control;

"(D) the extent to which denial would conduct to the particular detriment of the applicant, with other national policies including those reflected in any international agreement to which the United States is a party;

"(E) possible adverse effects on the economy (including unemployment) in any locality or region of the United States; and

"(F) other relevant factors, including the applicant's lack of an exporting history during any base period that may be established with respect to export quotas for the particular commodity.

"(2) The effect a finding in favor of the applicant would have on attainment of the basic objectives of the short supply control program.

In all cases, the desire to sell at higher prices and thereby obtain greater profits will not be considered as evidence of a unique hardship, nor will circumstances where the hardship is due to imprudent acts or failure to act on the part of the appellant.".

INTERAGENCY REVIEW

SEC. 9. Section 4 of the Export Administration Act of 1969, as amended by sections 3 and 4 of this Act, is amended by adding at the end thereof the following new subsection:

"(h)(1) The Congress finds that the defense posture of the United States may be seriously compromised if the Nation's goods and technology are exported to a controlled country without an adequate and knowledgeable assessment being made to determine whether export of such goods and technology will significantly increase the military capability of such country. It is the purpose of this section to provide for such an assesment and to authorize the Secretary of Defense to review any proposed export of goods or technology to any such country and, whenever he determines that the export of such goods or technology will significantly increase the military capability of such country, to recommend to the President that such exports be disapproved.

"(2) Whenever a request for a license or other authority is required by any person to export any goods or technology to any controlled country, the appropriate export control office or agency to whom such request is made shall notify the Secretary of Defense of such request, and such office may not issue any license or other authority pursuant to such request prior to the expiration of the period within which the President may disapprove such export, or prior to the expiration of the period within which the Congress may disapprove an action of the President, if applicable. The Secretary of Defense shall carefully consider all notifications submitted to him pursuant to this subsection and, not later than thirty days after notification of the request, shall—

"(A) recommend to the President that he disapprove any request for the export of any goods or technology to any controlled country if he determines that the export of such goods or technology will significantly increase the military capability of such country;

"(B) notify such office or agency that he will interpose no objection if appropriate conditions designed to achieve the purposes of this Act are imposed; or

"(C) indicate that he does not intend to interpose an objection to the export of such goods or technology.

If the President notifies such office or agency, within thirty days after receiving a recommendation from the Secretary, that he disapproves such export, no license or other authorization may be issued for the export of such goods or technology to such country.

"(3) Whenever the President exercises his authority under this subsection to modify or overrule a recommendation made by the Secretary of Defense pursuant to this section, the President shall submit to the Congress a statement indicating his decision together with the recommendation of the Secretary of Defense. The Congress shall have a period of sixty calendar days of continuous session of both Houses after the date on which the statement is transmitted to the Congress to disapprove the action of the President by adopting a concurrent resolution disapproving the application for the export of such goods, technology or techniques.

"(4) In determining whether the export of any goods or technology to any controlled country will significantly increase the military capability of such country, the Secretary of Defense shall take into account all potential end uses, and the likelihood of an end use other than the end use indicated by the applicant for the export of such goods or technology.

"(5) Effective on July 1, 1974, the removal of any category of goods or technology requiring an export license or other authorization shall require the approval of the President.

"(6) The President is authorized, on behalf of the United States, to agree to any modification of the so-called COCOM international lists (or interpretations thereof) if he determines that such modification would not likely result in a significant increase in the military capability of any controlled country.

"(7) As used in this subsection—

"(A) the term 'goods and technology' includes but is not limited to—

"(i) machinery, equipment, durable goods, and computer software;

"(ii) any license or other arrangement for the use of any patent, trade secret, design or plan;

"(iii) the so-called know-how or knowledge of any individual, firm, corporation, or other entity;

"(iv) assistance in planning and joint venture arrangements; and

"(v) arrangements under which assistance is provided in developing a manufacturing capability, including so-called turnkey arrangements;

"(B) the term 'export control office' means any office or agency of the United States Government whose approval or permission is required pursuant to existing law for the export of goods or technology; and

"(C) the term 'controlled country' means the Soviet Union, Poland, Romania, Hungary, Bulgaria, Czechoslovakia, the German Democratic Republic (East Germany), and such other countries as may be designated by the Secretary of Defense.

"(8) The Secretary of Defense shall submit to the Congress a written report on his implementation of this section not later than thirty days after the close of each quarter of each fiscal year. Each such report shall, among other things, identify each instance in which the Secretary recommended to the President that exports be disapproved and the action finally taken by the executive branch on the matter.

"(9) Whenever the President exercises his authority under subsections (5) and (6) he shall, having first solicited the recommendation of the Secretary of Defense, transmit his decision, together with the recommendation of the Secretary of Defense, to the Congress. The review and disapproval provisions of subsection (3) shall be applicable to actions taken under subsections (5) and (6).

"(10) The authority granted to the President in subsections (5) and (6) of this section shall be nondelegable."

EXPORT FEES AND LICENSES

SEC. 10. Section 4 of the Export Administration Act of 1969, as amended by sections 3, 4, and 9 of this Act, is amended by adding at the end thereof the following:

"(i) In imposing export controls to effectuate the policy stated in section 3(2)(A) of this Act, the President's authority shall include, but not be limited to, the imposition of export license fees and the auction of export licenses.

"(j)(1) The Secretary of Commerce, after consulting with the Secretary of the Treasury, the Attorney General, and the Secretary of State, shall establish regulations for the licensing of exports of all police, law enforcement, or security equipment manufactured for use in surveillance, eavesdropping, crowd control, interrogations, or penal retribution.

"(2) Any license proposed to be issued under this subsection shall be reviewed by the Attorney General and shall be submitted to the Congress. The Congress shall have a period of sixty calendar days of continuous session of both Houses after the date on which the license is transmitted to the Congress to disapprove the issuance of a license by the adoption in either House of a resolution disapproving the proposed license.

"(3) The Secretary of Commerce, with the concurrence of the Secretary of the Treasury, the Attorney General, and the Secretary of State, may by regulation exempt individual countries and specific categories of police, law enforcement, or security equipment from the congressional review and disapproval authority set forth in paragraph (2) if he finds and determines export of the equipment would not threaten fundamental human and civil liberties."

PRESIDENTIAL REVIEW

Sec. 11. The Export Administration Act of 1969 as amended is further amended by inserting after section 4A as added by this bill, the following new section:

"Sec. 4B. The President is directed to review all laws, regulations issued thereunder by the Atomic Energy Commission, the Department of Commerce, and other Government agencies, governing the export and reexport of materials, supplies, articles, technical data or other information relating to the design, fabrication, development, supply, repair or replacement of any nuclear facility or any part thereof, and to report within six months to the Congress on the adequacy of such regulations to prevent the proliferation of nuclear capability for nonpeaceful purposes. The President is also directed to review domestic and international nuclear safeguards and to report within six months to the Congress on the adequacy of such safeguards to prevent the proliferation, diversion or theft of all such nuclear materials and on efforts by the United States and other countries to strengthen international nuclear safeguards in anticipation of the Review Conference scheduled to be held in February 1975 pursuant to Article VIII, section 3 of The Treaty on the Non-Proliferation of Nuclear Weapons."

EXPIRATION DATE

Sec. 12. Section 14 of the Export Administration Act of 1969 is amended by striking "July 30, 1974" and inserting in lieu thereof "June 30, 1977".

REVIEW BY COMPTROLLER GENERAL

Sec. 13. (a) The Comptroller General of the United States shall conduct a continuous review of the effectiveness of procedures implemented by the Secretary of Commerce pursuant to the provisions of section 4 of the Export Administration Act of 1969. In carrying out such review the Comptroller General shall consider, among other relevant factors—

(1) current and projected domestic shortages of key commodities, export levels of these commodities, the impact on domestic prices and employment of such shortages, and anticipated domestic and foreign demand for such commodities; and

(2) the need for additional export controls of commodities in short supply, the time and manner in which such controls should be implemented, and the recommended duration of any such controls.

(b)(1) The Comptroller General shall transmit to the Congress regular reports setting forth the results of the review required by subsection (a).

(1) In addition, the Comptroller General shall transmit without delay to the Congress a special report whenever he determines that there is a domestic shortage of any commodity which, together with exports of that commodity, threatens domestic price stability of that commodity and/or employment related to that commodity. Such report shall contain the Comptroller General's estimate of the extent of the domestic shortage of that commodity, the current and projected export levels, and the projected domestic price and employment impact at projected export levels. The Comptroller General shall include such recommendations for legislative or administrative action as he deems appropriate.

(c) Notwithstanding the provisions of any other law, in carrying out such functions, the Comptroller General is authorized to request, and any department, agency or instrumentality of the Federal Government is directed to furnish, such information as is necessary to carry out the functions provided for under this section, including estimates of the quantity of any commodity necessary for (1) domestic consumption, (2) exports, and (3) reasonable carryover, including disaster relief assistance or other emergency situations.

AMENDMENT TO MINERAL LEASING ACT OF 1920

Sec. 14. Section 28(u) of the Mineral Leasing Act of 1920 (30 U.S.C. 185) is amended by inserting immediately after "quantity and quality of petroleum available to the United States" the following: "or result, directly or indirectly, in any increase in the price thereof to the United States petroleum purchaser".

AGRICULTURAL COMMODITIES

Sec. 15. Section 4(f) of the Export Administration Act of 1969, as redesignated by section 3 of this Act, is amended by inserting "(1)" immediately after "(f)", and by adding at the end thereof the following:

"(2) Within ninety days after the beginning of the crop year the Secretary of Agriculture shall determine which commodities, if any, subject to the reporting requirements of section 812 of the Agricultural Act of 1970, are likely to be in short supply. A Commodity shall be determined to be in short supply if the Secretary of Agriculture estimates that the total quantity of the commodity that will be produced in the crop year will be insufficient to provide for anticipated domestic consumption, commercial exports, programed food assistance commitments, disaster relief assistance and other emergency assistance, and a reasonable carryover at the end of the crop year. The Secretary of Agriculture with the concurrence of the Secretary of Commerce shall submit his findings to Congress together with a plan or plans to cope with the anticipated shortage."

ECONOMIC POLICY ACTIONS

Sec. 16. (a) Section 3 of the Export Administration Act of 1969, as amended by section 4 of this Act, is amended by adding at the end thereof the following new paragraph:

"(7) It is the policy of the United States to use export controls to secure the removal by foreign countries of restrictions on access to supplies (a) where such restrictions which have or may have a serious domestic inflationary impact, have caused or may cause a serious domestic shortage, or have or may have a serious adverse effect on employment in the United States, or (b) where such restrictions have been imposed for purposes of influencing the foreign policy of the United States. In effecting this policy, the President shall make every reasonable effort to secure the removal or reduction of such restrictions, policies or actions through international cooperation and agreement before resorting to the imposition of controls on the export of materials from the United States: *Provided*, That no action shall be taken in fulfillment of the policy set forth in this subsection to restrict the export of medicine and medical supplies."

(b) Section 4 of such Act, as amended by sections 3, 4, 9, and 10 of this Act, is amended by adding at the end thereof the following new subsection:

"(k) Before exercising the authority conferred by this Act to implement the policy set forth in section 3(7), the President shall—

"(1) request and receive from the Tariff Commission its views on the probable impact on the domestic economy of such exercise of authority: *Provided, however*, That such views are transmitted to the President within thirty days of the request therefor; and

"(2) consult with the appropriate committees of the Congress with respect to such exercise of authority."

MOTION OFFERED BY MR. ASHLEY

Mr. ASHLEY. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. Ashley moves to strike out all after the enacting clause of the bill S. 3792 and to insert in lieu thereof the provisions of H.R. 15264, as passed, as follows:

Section 16 of the Export Control Administration Act of 1969 is amended by striking out "1974" and inserting in lieu thereof "1976".

Sec. 2. Section 4(b)(1) of the Export Administration Act of 1969 is amended by adding at the end thereof the following: "In curtailing the exportation of any articles, materials, or supplies to effectuate the policy set forth in section 3(2)(A) of this Act, the President is authorized and directed to allocate a portion of export licenses on the basis of factors other than a prior history of exportation."

The motion was agreed to.

The Senate bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill (H.R. 15264) was laid on the table.

GENERAL LEAVE

Mr. ASHLEY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and include extraneous matter, on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

AMENDMENTS TO THE FEDERAL MASS TRANSPORTATION ACT OF 1974

(Mr. MOORHEAD of Pennsylvania asked and was given permission to address the House for 1 minute, to revise and extend his remarks, and include extraneous matter.)

Mr. MOORHEAD of Pennsylvania. Mr. Speaker, on behalf of the gentleman from Minnesota (Mr. Frenzel) and myself, I insert in the Record possible amendments to H.R. 12859, the Federal Mass Transportation Act of 1974. I believe that these amendments would greatly improve the effectiveness of this important piece of legislation. The Public Works Committee is to be commended for its sincere and thorough efforts in producing this landmark legislation, but the bill that the committee reported lacks incentives for attracting riders from private automobiles to public transportation in the most cost-effective manner. That important national goal should be incorporated into any major public mass transportation legislation. I am inserting these amendments into the RECORD so that they may be introduced if the Public Works Committee agrees that they will improve the effectiveness of this important bill.

AMENDMENTS TO H.R. 12859, AS REPORTED, OFFERED BY MR. MOORHEAD OF PENNSYLVANIA

Page 43, strike out line 21 and all that follows down through and including line 14 on page 47 and insert in lieu thereof the following:

"(a)(1) The Secretary is authorized to make grants to assist States and their political subdivisions in financing the construction and operation of facilities and equipment for use in providing public mass transportation service in, to and from urbanized areas. On July 1 of each fiscal year, the Secretary shall apportion the sums authorized to be appropriated for this subsection for such fiscal year among the States on the basis of a formula under which each State will be entitled to receive an amount equal to the sum of—

"(A) one-half of the total amount so apportioned multiplied by the ratio which the population of those urbanized areas in each State, as designated by the Bureau of the Census, bears to the total population of all urbanized areas in all the States as shown by the latest available Federal census, and

"(B) one-half of the total amount so apportioned multiplied by the ratio which the total number of workers using public mass transportation systems and services in travel to work in those urbanized areas in each State bears to the total number of workers using public mass transportation systems and services in travel to work in all the urbanized areas in all the States, as shown by the latest available Federal census.

"(2) On or before July 1, 1977, the formula factor in paragraph (1)(B) above shall be replaced by a factor to be developed by the Secretary which reflects, among such other measures as may be determined by the Secretary, the proportion of total annual weekday person trips carried by public mass transportation systems and services in those urbanized areas in each State as compared to the proportion of total annual weekday person trips carried by public mass transportation systems and services in all urbanized areas in all the States. This 'market share' of total weekday person trips carried by public mass transportation shall be based on data collected by the Secretary as provided by section 515 of this chapter.

"(3) The Secretary is authorized to make grants under this section to designated recipients in accordance with the procedures of this section. The Governor and responsible local officials, in accordance with the process required under section 502 and with the concurrence of the Secretary, shall designate a recipient to receive and dispense the funds under this section. Each such designated recipient shall be a State agency or local public body and shall be composed of representatives of the State and duly elected officials of general units of local governments, or their designees, except that in any case in which a State is responsible under State law for financing construction, and operation, directly by lease, contract, or otherwise of public transportation services, the State shall be the designated recipient to receive and dispense funds under this section.

"(4) Funds apportioned to any State under this section that are attributable to urbanized areas of 400,000 population or more shall be made available for expenditure in such urbanized area for projects and programs approved under section 505 of this chapter on the basis of a formula under which each urbanized area over 400,000 population will be entitled to receive an amount equal to the sum of—

"(A) one-half of the total amount so apportioned to such State multiplied by the ratio which the population of such urbanized area over 400,000 population, as designated by the Bureau of the Census, bears to the total population of all urbanized areas in such State as shown by the latest available Federal census, and

"(B) one-half of the total amount so apportioned to such State multiplied by the ratio which the total number of workers using public mass transportation systems and services in travel to work in such urbanized areas over 400,000 population bears to the total number of workers using public mass transportation systems and services in travel to work in all the urbanized areas in such State, as shown by the latest available Federal census.

"(b)(1) Within two years of the date of enactment of this chapter, the Secretary shall establish a Public Mass Transportation Performance Incentive Fund. The amounts available for this fund shall be allocated by the Secretary to the States for urbanized areas whose efficiencies of operation compare favorably with national averages for operating efficiencies of all public mass transportation systems and services and allocated so as to encourage improved operating efficiencies of public mass transportation systems and services.

"(2) In making grants each year under this section, the Secretary shall develop and use criteria for measuring public mass transportation performance, efficiency, and cost-effectiveness which shall include the operating cost per passenger carried in each urbanized area compared to the national average of such costs for the same time period. Determinations of operating costs and other performance criteria shall be made by the Secretary based on data collected according to the provisions of section 515 of this chapter.

Page 47, line 19, strike out "areas which are within subsection (b) of this section." and insert in lieu thereof "areas."

Page 47, line 21, strike out "such subsection (b)" and insert in lieu thereof "subsections (a) and (b)".

AMENDMENT TO H.R. 12859, AS REPORTED, OFFERED BY MR. MOORHEAD OF PENNSYLVANIA

Page 62, strike out line 2 and all that follows down through and including line 3 on page 63 and insert in lieu thereof the following:

"(a) Within one year of the date of enactment of this section, the Secretary shall, within the Office of the Secretary, develop, test, and prescribe a system for reporting urban mass transportation financial and operating data and information by uniform categories and a uniform system of accounts and records, and to insure factual accuracy, timeliness, and objectivity in identifying, collecting, and reporting such data and information. Such data and reporting system shall be in full operation within two years of the date of enactment of this section.

"(b) The Secretary is authorized to require annual, periodic, or special reports (1) from public or private properties which are engaged in the provision of intraurban area transport services, and (2) from local public bodies which are responsible for regulating or otherwise supervising such properties.

"(c) Periodic or special reports or information duly required by the Secretary under the provisions of this section shall be submitted under oath. In case of failure or refusal on the part of any property or local public body to keep accounts and records in the form and manner prescribed and to provide accurate and timely reports or information duly required by the Secretary, such property or public body shall be declared by the Secretary ineligible for any Federal financial assistance as provided under this Act. Such properties or local public bodies shall remain ineligible for such assistance until found to be in compliance with all requirements by the Secretary.

"(d)(1) The Secretary shall report to the Congress annually on the conduct of the functions under this section and the effectiveness of its data identification, collection, analysis, and reporting procedures, together with such recommendations for legislation as he may deem appropriate.

"(2) Except as otherwise provided by law, the Secretary shall make public all reports, orders, decisions, rules, and regulations issued by him on the status and performance of urban transport systems and services.

"(e) None of the provisions in this section shall be construed to authorize the Secretary to regulate in any manner the operation of any public mass transportation service or system, but nothing in this subsection shall be construed to negate the obligation of the Secretary to take such actions as may be necessary to require compliance by the properties or local public bodies involved with duly authorized undertakings by the Secretary.

"(f) The Secretary is authorized to appoint, without regard to the civil service provisions of title 5, United States Code, such advisory committees as shall be appropriate for the purpose of consultation with and advice to the Secretary in performance of his functions. Members of such committees, other than those regularly employed by the Federal Government, while attending meetings of such committees or otherwise serving at the request of the Secretary, may be paid compensation at rates not exceeding those authorized for individuals under section 9 of the Department of Transportation Act, and, while so serving away from their homes or regular places of business, may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in the Government service employed intermittently.

"(g) The activities of the Secretary under this section shall not be subject to the provisions of chapter 35 of title 44, United States Code.

AMENDMENT TO H.R. 12859, AS REPORTED, OFFERED BY MR. MOORHEAD OF PENNSYLVANIA

Page 72, line 10, strike out "$1,450,000,000" and insert in lieu thereof "$1,200,000,000".

Page 72, line 11, strike out "$1,870,000,000" and insert in lieu thereof "$1,500,000,000".

Page 72, line 12, strike out "$2,040,000,000" and insert in lieu thereof "$1,800,000,000".

Page 72, line 12, strike out "$1,910,000,000" and insert in lieu thereof "$2,100,000,000".

Page 72, line 13, strike out "$1,790,000,000" and insert in lieu thereof "$2,400,000,000".

Page 72, line 14, strike out "$1,740,000,000" and insert in lieu thereof "$2,700,000,000".

Page 72, lines 17 and 18, strike out "not to exceed $365,000,000 for the fiscal year 1975, $400,000,000 for the fiscal year 1976, $445,000,000" and insert in lieu thereof "$300,000,000".

Page 72, line 19, strike out "$500,000,000" and insert in lieu thereof "$300,000-000".

Page 72, line 20, strike out "$560,000,000" and insert in lieu thereof "$400,000,000".

Page 72, lines 20 and 21, strike out "$610,000,000" and insert in lieu thereof "$400,000,000".

Page 72, line 24, strike out "$205,000,000" and insert in lieu thereof "$750,000,000".

Page 73, line 1, strike out "$670,000,000" and insert in lieu thereof "$850,000,000".

Page 73, lines 1 and 2, strike out "$1,100,000,000" and insert in lieu thereof "$950,000,000".

Page 73, line 2, strike out "$1,155,000,000" and insert in lieu thereof "$1,050,000,000".

Page 73, line 3, strike out "$1,200,000,000" and insert in lieu thereof "$1,150,000,000".

Page 73, line 4, strike out "$1,070,000,000" and insert in lieu thereof "$1,250,000,000".

Page 73, after line 24, insert the following new paragraph:

(g) There is authorized to be appropriated to carry out section 515 of title 23 of the United States Code not to exceed $8,000,000 for fiscal year 1975, $9,000,000 for fiscal year 1976, $10,000,000 for fiscal year 1977, $11,000,000 for fiscal year 1978, $12,000,000 for fiscal year 1979, and $13,000,000 for fiscal year 1980.

Page 74, line 21, strike out "(b)" and insert in lieu thereof "(a)".

AMENDMENT TO H.R. 12859, AS REPORTED, OFFERED BY MR. MOOREHEAD OF PENNSYLVANIA

Page 58, strike out line 3 and all that follows down through and including line 2 on page 59, and insert in lieu thereof the following:

"§ 512. The Federal share and maintenance of effort

"(a) The Federal share payable on account of any project financed with funds made available under this chapter shall be 70 per centum of the cost of the project. The remainder of the cost of the project shall be provided from sources other than Federal funds.

"(b) Federal funds available for expenditure for public mass transportation projects under this section shall be supplementary to and not in substitution for, except in cases of severe financial hardship as determined by the Secretary, the average amount of State and local government funds, and operating and other revenues, expended on the operation of public mass transportation service in the area involved for the two fiscal years preceding the fiscal year for which the funds are made available; but nothing in this sentence shall be construed as preventing State or local tax revenues in the area involved from being credited (to the extent necessary) toward the non-Federal share of the cost of the project for purposes of the preceding sentence.

Mr. FRENZEL. Mr. Speaker, I commend the gentleman from Pennsylvania (Mr. MOORHEAD) on his thoughtful amendments to the Public Works Committee's mass transit bill.

The committee's bill is basically a good one, although perhaps overly expensive at this time of raging inflation, but Mr. MOORHEAD's amendments greatly improve it. The Moorhead formula provides the first real incentive to State and local governments to improve ridership of transit systems. In addition the Moorhead data system would provide information sooner and more accurately.

INFLATION IS OUR NO. 1 PROBLEM

(Mr. NICHOLS asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. NICHOLS. Mr. Speaker, the Nation's No. 1 problem is now inflation. In every phase of our economy we find rising prices and in many cases the rate increases are without parallel.

In a recent announcement, one of the world's largest corporations, General Motors, announced the highest price increases of their automotive history. The reason for these increases is almost totally due to the increased costs of materials.

But GM is not the only company facing increased prices. Smaller companies are also faced with the same prices for their materials and unfortunately, these smaller companies are not so well prepared to meet the rising costs.

I recently received a letter from an Alabama company which requests my help in easing this inflationary trend. This Alabamian lists price increases to his firm that range from a low of 18.8 percent over an 8-month period for one product, to a high of an astounding 128 percent over 9 months for another production material.

I am submitting to the RECORD of the Congress a copy of the letter which my friend sent to me for all Members to read and realize the tremendous price increases which face our Nation's companies. I would especially like to draw attention to the fact that the price increases in this letter are for the most part for steel products.

In view of the price increases which my friend has brought to my attention I would like to suggest that this Congress and the Department of Commerce look into this country's policy of exporting supplies of scrap metal which are in high demand but in low supply.

I feel it is our responsibility to search every means possible to end the inflation which face us all. No stone should be left unturned.

BUSH HOG,
Selma, Ala., August 2, 1974.

Hon. BILL NICHOLS,
Longworth House Office Building,
Washington, D.C.

DEAR BILL: Price increases in our industry have become so alarming I have decided to write to you and fill you in on some of our problems. These are problems that will also face the farmer that will eventually kill the goose for everyone.

We are constantly harassed with increases which have created an adverse cost variance and reduced our profit margin to a point where I am quite concerned how long we can continue at this accelerated rate of inflation.

It seems to me that unless we start relating to our congressman to take a strong look at what is occurring, we will encounter very serious reaction from our customers through buying resistance and possibly a very serious decline in the economy due to run away inflation.

Basically speaking, with minor exceptions our procurement is integrated with [steel] an example bearings, universal assemblies, gears, drive shafts and castings.

I realize that figures are boring, but I am listing certain items by random sampling which is indicative of the aforementioned problems.

Red Enamel, January 1974 at $3.64 per gallon, July 1974 at $4.48 per gallon, 23 percent increase.

Solvents, January 1974 at $0.57 per gallon, July 1974 at $0.86 per gallon, 29 percent increase.

Welding Wire, January 1974 at $35.38 cwt., July 1974 at $53.91 cwt., 52.8 percent increase.

H.R. Sheets, January 1974 at $9.025 cwt., July 1974 at $11.875 cwt., 31.5 percent increase.

H.R. Plates, February 1974 at $10.30 cwt., July 1974 at $12.95 cwt., 25.7 percent increase.

Merchant Flats from ¼'' up to ½'' thickness and up to 3'' width:

5/16'' x 2½'', November 1973 at $10.41 cwt., July 1974 at $23.81, 128 percent increase.

½'' x 2½'', November 1973 at $10.21 cwt., July 1974 at $20.30, 99 percent increase.

⅜'' x 3'', November 1973 at $10.33 cwt., July 1974 at $21.24, 106 percent increase.

⅜'' x 2'', November 1973 at $10.97 cwt., July 1974 at $20.51, 87 percent increase.

The above due to mills not rolling, had to obtain billets to be converted to thin thickness flats.

Bar Size Angles, December 1973 at $11.07 cwt., July 1974 at $13.76 cwt., 18.8 percent increase.

Structural Size Angles, February 1974 at $10.39 cwt., July 1974 at $14.34, 38 percent increase.

Castings 30 percent increase from January 1974 to July 1974.

Bearings 16 percent increase from January 1974 to July 1974.

Gears 14 percent increase from January 1974 to July 1974.

Universal Assemblies 26 percent increase from January 1974 to July 1974.

Unless there is some action taken to stabilize prices and stop this insidious run away inflation, I am afraid we are in serious trouble.

Sincerely yours,

EARL GOODWIN.

P.S. Wage and price control as we had it will not be the answer.

PRESIDENT GERALD R. FORD SHOULD GRANT AMNESTY TO VIETNAM WAR RESISTERS

(Mr. KOCH asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. KOCH. Mr. Speaker, yesterday, the president of the American Bar Association, Mr. Chesterfield Smith, opened the A.B.A.'s annual meeting with a call for amnesty for Vietnam draft resisters. I concur in Mr. Smith's plea, as does the majority of the American people polled recently on the question of amnesty. In response to this overwhelming sentiment, I submit that President Ford might pursue the unsuccessful effort of his predecessor to bring the country together by extending amnesty to draft resisters.

Let me explain why the extension of amnesty is an appropriate action for the Ford administration. As you know, I suggested the need for amnesty in December of 1969, and introduced the first amnesty legislation in the Congress 2½ years ago. At that time, the Vietnam war was in full force, and emotions excited by the war prompted significant opposition of the granting of amnesty. With the coming of the cease-fire in January 1973 and the increasingly general acknowledgement that our involvement in Indochina was both a mistake of gargantuan proportions and a violation of the Constitution, the granting of amnesty became a viable and appropriate action. The time had come to demonstrate that the American people could forgive those who refused to participate in a war which they considered immoral.

And indeed, such was the feeling of a majority of American citizens. A Gallup poll demonstrates that on March 5, 1973, 78 percent of those polled would allow draft resisters to return to the United States, either unconditionally or with certain prerequisites. Also, last March, NBC–TV aired the film "Duty Bound," which shows a trial of a young draft exile who has turned himself in. The viewers of "Duty Bound" were asked to mail in their verdicts of "guilty" or "not guilty," thus indicating whether or not they were inclined to amnesty. When the show was first aired last March, two-thirds of the respondents returned verdicts of "not guilty." Today, the support for amnesty is even stronger. Following the rerun of "Duty Bound" on May 26, 1974, three-fourths of the 2,225 respondents favored "not guilty" verdicts. It is especially significant that the greatest opinion change occurred in the southern region, where "not guilty" verdicts increased from 47.3 percent a year ago to 61 percent this year. If the amnesty issue is considered solely from the statistical point of view, the time for amnesty has certainly come.

Not only has a large majority of Americans endorsed amnesty; many prominent citizens, who may once have supported the war, have now joined the advocates of amnesty. Yesterday, the president the American Bar Association, Mr. Chesterfield Smith, told the ABA's annual meeting:

> A citizen of a free country should not be forced to fight in a war that neither he nor his elected representatives chose to initiate or declare.

He consequently advocated amnesty for resisters and those with tainted discharges. Smith said:

> We did not as a nation through our Congress declare that war. Shall we punish forevermore those who from conscience protested their own forced involvement?

I do not believe that we should. In fact, the granting of amnesty is now long overdue. When former President Nixon took office, in 1969, there was an ongoing war in Vietnam. Although the establishment of a cease-fire 4 years later provided the opportunity for the extension of amnesty, such an action was regrettably not taken. President Gerald R. Ford, on the other hand, was not in the executive branch during the Vietnam war. At the beginning of his administration, the granting of amnesty would be a fitting gesture to demonstrate that the slate has been wiped clean, and the era of Vietnam has been brought to a close.

The extension of amnesty would be an appropriate initial act for the Ford administration in yet another way. When former President Nixon entered office, he promised to "bring us together." Our country has been torn apart by the twin tragedies of the Vietnam war and the Watergate scandals. Gerald Ford's assumption of the Presidency marks the end of the traumatic and divisive impeachment process. President Ford can also truly "bring us together" by granting conditional amnesty to those who refused to serve in the Vietnam war.

In conclusion, I wish to address myself to those who have suggested linking amnesty for Vietnam war resisters and amnesty for former President Richard M. Nixon. Everyone who has expressed himself to me on the subject bitterly resents associating the war resisters who defended the Constitution with the man who debased it.

SAVE DIAL-A-RIDE

The SPEAKER pro tempore (Mr. Mazzoli). Under a previous order of the House, the gentleman from New Jersey (Mr. Forsythe) is recognized for 5 minutes.

Mr. FORSYTHE. Mr. Speaker, the conference report on the Department of Transportation Appropriations Bill for 1975 includes a provision that is of special importance to thousands of my constituents, many of them retired.

As many of my colleagues know, the Federal Government, in cooperation with the State of New Jersey, has been conducting an experimental, demand activated bus-taxi transportation system in southern New Jersey.

Known as Dial-A-Ride, the system provides door-to-door delivery and pick-up of commuters in the communities of Cherry Hill, Haddonfield, and Lawnside in the Sixth Congressional District.

For many individuals, especially the elderly, it is the only means of transportation that is available. It has proven to be a successful and viable method of providing convenient service, complementing the Lindenwold High Speed rail line between Philadelphia and South Jersey.

As with all experimental programs, the Federal Government's role of providing speed money must come to an end.

However, the communities involved, the county of Camden, and the New Jersey Department of Transportation all agree that Dial-A-Ride is worthy of retention with Federal assistance.

Therefore, the State government and the county and local governments are now devising a way to make continuation of Dial-A-Ride possible without the assistance of the Federal Government.

Unfortunately, Federal funding is scheduled to expire on October 1, and there is not time for these plans to be completed, a new operating agency established, and the necessary funding made available locally.

The $500,000 included in the conference report that we are considering today will provide the cushion that is needed for these plans to be completed.

In my view, it is a small sum when one compares it to the long-term future benefits that it will make possible.

I am grateful to our Senator from New Jersey, Hon. Clifford P. Case, for helping to include this appropriation in the bill approved by the Senate and in the conference committee.

I am hopeful that it will be given the full support of my colleagues in the House.

VIETNAM—GENERAL MURRAY'S DISSENT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey (Mr. Frelinghuysen), is recognized for 15 minutes.

Mr. FRELINGHUYSEN. Mr. Speaker, the tendency of Congress to enact wholesale cuts in foreign military and economic assistance was demostrated again last week, when this body, in its wisdom, chose to reduce the MASF funding for Vietnam by $300 million. At a time when inflation at home is widely regarded as the No. 1 problem facing the country and our new President, such actions are undoubtedly appealing—particularly in an election year. While this trend may be understandable, it is also, in my judgment, a dangerous one, as it threatens to undermine the very significant foreign policy gains of the past 5 years.

Both Congress and the new administration are now faced with major, indeed critical, decisions about assistance to Vietnam. These decisions may well determine the future course of events in Southeast Asia, as well as the U.S. position there and elsewhere in the world. It would be shortsighted in the extreme to jeopardize the long-term prospects for peace on the basis of presumed, and in my opinion false, "economics."

In this connection, Mr. Speaker, I should like to call attention to an unusual "on-the-record" interview which appeared on page 26 of the New York Times of August 9. The interviewee was Maj. Gen. John E. Murray, U.S. Defense Attaché and the highest ranking U.S. military officer in South Vietnam. General Murray was reported to have angrily denounced the military aid cuts which were passed by this body last week and which, if sustained by the Senate, would impose a $700 million ceiling on MASF funding for Vietnam during this fiscal year.

Even without this cut, General Murray has noted, ammunition shortages have increased casualties among South Vietnamese Government forces—ARVN—which have given an excellent account of themselves ever since the sudden and massive U.S. troop withdrawal in 1973. The South Vietnamese "are sacrificing blood for lack of ammunition," General Murray charges and the comments of other U.S. military observers quoted in the Times article bear out that contention.

When I was in Vietnam last February, I met with General Murray and members of his staff. I came away, even then, convinced that the supply situation was much more critical than many of us, including myself, had supposed. The fiscal year 1974 MASF request to Congress was, I learned, based on prices prevailing in early 1973, which failed to take into account the effects of worldwide inflation on fuel and particularly ammunition costs.

I asked General Murray to send me additional detailed information on this subject. This was subsequently cabled to me in the form of a DAO message and has been included, in its entirety, in my report of last May to the Committee on Foreign Affairs. Let me quote one small paragraph from that message which may help to place General Murray's comments in better perspective:

> Ammunition is the most important of all requirements. Price increases vary with items from 13 to 95 percent. The nine most important items, that is, about half the ammunition program, would have cost $142.7 million at programmed prices, but present cost, due to inflation, is $178.2 million (a 24-percent increase).

In other words, the amount of ammunition which could be purchased under the original DOD request was decreasing rapidly even before last week's House action.

In the meantime, there have been certain ominous signs from Hanoi—with two home-based North Vietnamese divisions having been placed on "alert" status. Given this set of circumstances, including a changeover in Government in Washington, which Hanoi's leaders could misinterpret as an indication of internal weakness, the General's concern is more than understandable. It is also a matter which should be of concern to all Members of this body.

There are, as the Times points out, two conflicting theories about how to achieve peace and stability in Vietnam. One is that a "reduction in aid would force Mr. Thieu to look for a political settlement." Some Members who voted for the cuts of last week were evidently swayed by that argument. "The contrary view holds that the Communists will simply be emboldened now and tempted to exploit a weakened military situation on the Government's side."

Let me record, Mr. Speaker, my adherence to this latter view, which I believe is the valid one. It is particularly important at this critical juncture to discourage the Hanoi leadership from undertaking an all-out, countrywide offensive, which would have disastrous, worldwide repercussions. This is clearly the wrong moment, in my judgment, to upset the delicate military balance which has been achieved—however imperfectly—by supplying less than circumstances require. By such action—and I wish to emphasize this point—we shall not be contributing toward peace in Vietnam. We shall, on the contrary, be continuing to the likelihood of renewed and protracted hostilities.

Mr. Speaker, the time is late and in the light of last week's developments these remarks are necessarily directed at Members of the other body who have not yet acted on this measure. I urge them to weigh the long-range implications of their pending decisions and to consider the points raised in the Times article which I include in the RECORD at this time.

The article follows:

U.S. GENERAL IN SAIGON ASSAILS AID CUT

(By David K. Shipler)

SAIGON, SOUTH VIETNAM, Aug. 8.—Maj. Gen. John E. Murray, the highest-ranking United States military officer in South Vietnam, today angrily denounced recent Congressional cuts in military aid to Saigon, contending that shortages of ammunition had already caused increased casualties among South Vietnamese Government forces.

"They've sacrificing blood for the lack of ammunition," the general said in an unusual on-the-record interview. This was the first public comment on the Congressional cuts by anyone close to the military situation in South Vietnam.

General Murray, the United States defense attaché here, oversees the American military aid program, which last year provided $1.2-billion worth of weapons, ammunition, fuel and technical help to South Vietnam. This week, the House voted to cut this year's program to $700 million.

AID CONTROVERSIAL

In the popular drive for American disengagement from Indochina, the military aid program has been controversial, especially because it has appeared to provide President Nguyen Van Thieu with the power to resist political compromise with the Communists as prescribed by the Paris truce agreement.

In voting for the cuts, some Congressmen said they hoped a reduction in aid would force Mr. Thieu to look for a political settlement. The contrary view holds that the Communists will simply be emboldened now and tempted to exploit a weakened military situation on the Government's side.

General Murray stopped short of predicting all-out defeat for the South Vietnamese Army.

"I'm not telling you that the ARVIN are not going to hack it. A year and half ago there was a lot of betting that they weren't going to make it. But they made it. They made it because of their generalship, their leadership and their valor."

"I've told them they've got to tighten their belts," he said, "and they are belting those that don't."

ECONOMIES FELT IN FIELD

According to military men who follow the situation closely, the economy measures have already been felt adversely on the battlefield. For one thing, the South Vietnamese have been trained by the Americans, who are used to having plenty of ammunition and air power.

One American military man observed that the American style of attack—"stay back and shell, shell, shell"—would have to be changed. "Retraining the troops is going to be a big problem," he said.

Another officer noted that if an American commander went into an area and started taking heavy casualties, "he'd withdraw and call in artillery and B–52's and plaster the place. But now the ARVIN has to stay in there—and they die."

One military observer said he was convinced that a recent successful Communist attack in an area west of Ben Cat, 25 miles north of Saigon, could have been repulsed if it had not been for the ammunition shortage.

One commander has begun sending his men out with fewer hand grenades. The Air Force cannot use the lethal, and expensive, cluster-bomb units very often. According to American mechanics for Northrop Aviation, which is servicing the new F–5E jet fighters, now being delivered. The Air Force has not yet sent any into combat, partly for fear of losing them.

The aid cutbacks are likely to affect also the American civilian contractors who provide vital technical expertise for the South Vietnamese armed forces.

General Murray's feels that the South Vietnamese need the help because no matter what Congressmen or the public might like to think, the Vietnam war is still on and the casualties are heavy.

"Arvin has 31,000 people in hospitals now—the highest since the cease-fire," he said. "You see the funerals up and down the streets."

OUR DYING SEAS?

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. TALCOTT) is recognized for 5 minutes.

Mr. TALCOTT. Mr. Speaker, over the past several years our national priorities have been reordered to meet the requirements of changing times and conditions and new knowledge. Commendably, one of these changes refocused America's attention on our precious natural resources and the vital need to preserve and protect our environment which had been despoiled tragically in some parts of our country and planet. In a short period of time many areas of this Nation have been reclaimed and others preserved from desecration.

Unfortunately, we have not yet accorded equal attention to possibly our greatest, most scenic and important resource—the oceans and the delicate life cycle these bodies support. The great body of water which sustains life in the seas has, ironically, "hidden" the requirements for environmental preservation in this part of our planet and too few have realized that degradation of the oceans and their inhabitants is occurring at alarming rates and must not be tolerated further.

Environmentalists realize that the entire life cycle is only "as strong as its weakest link" and that this cycle can be destroyed if just one link is broken. Today, we are in the gravest danger of having this cycle ruptured. Just off our coasts foreign fleets are literally "vacuuming" millions of tons of fish from the seas and the ocean floor and, thus, drastically, tragically, upsetting the delicate balance of nature. We cannot act too soon to stop this irresponsible disregard for conservation which could destroy whole species of fish and quite possibly make "dead seas" of our oceans.

The Commerce Committee of the other body has recently approved legislation which would extend the territorial limits of the United States out to 200 miles from our coastline. I believe it is imperative that the House of Representatives move expeditiously to enact similar legislation which I, and other concerned Members, have introduced. When such legislation is enacted it will become this Nation's responsibility to protect the offshore area from the ravaging fish practices of foreign fleets manned by men who evidently have not been schooled in the basics of conservation. Unless we take such action very soon the "links" in this ecosystem will be weakened and should they ever be broken no amount of rhetoric, handwringing, or belated legislation will be capable of mending this cycle back together.

One species of fish has already suffered depletion from the uncaring practices of marauding foreign fleets. Whole schools of anadromous fish—fish born in fresh water that migrate to salt water and then return to fresh water to spawn—have been scooped up by foreign fishermen in the open seas off our coastline before these fish could return to America's inland waters to spawn. I addressed myself to this disturbing development many times and I am pleased that the Federal program for the conservation of anadromous fish has recently passed the Congress. This is a step in the right direction, but I reiterate strongly that these stopgap measures cannot and should not be relied upon to protect our oceans and resources. We must look under the ocean surface and view the whole picture and then act responsibly before it is too late to act at all.

CONFERENCE REPORT RECOGNIZES THE IMPORTANCE OF THE HENNEPIN CANAL

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. RAILSBACK), is recognized for 5 minutes.

Mr. RAILSBACK. Mr. Speaker, several months ago, when the public works bill was being debated on the House floor, I pointed out how valuable the La Moine Valley and Hennepin Canal projects and the Mississippi River surveys are to residents of Illinois. Unfortunately, however, the bill, as passed by this body, did not provide funds for them.

I therefore contacted the Senate Public Works members, urging them to approve adequate funding, and also contacted the various conferees when the legislation went to conference. I know my good friend and colleague BOB MICHEL did so also.

While we were disappointed not all the projects had funds approved for them, we were certainly gratified that the conference report before us today authorizes necessary funds for the Hennepin Canal.

This canal, which stretches nearly 100 miles across northwestern Illinois, has the potential for a great historic area. The funds approved will enable work to begin on bridges, fencing, hydraulic structures, culverts, and ditches. This is very encouraging to me, and I would like to commend the conferees for recognizing the importance of the Hennepin Canal. In addition, I urge immediate enactment of this legislation.

MILLER INTRODUCES COST OF LIVING COUNCIL BILL

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. MILLER) is recognized for 5 minutes.

Mr. MILLER. Mr. Speaker, last evening President Ford stood before this body and the Nation and pledged to wage an aggressive war against inflation. While it will take some time for his new administration to develop a comprehensive anti-inflation policy, I believe he singled out a major culprit for today's unprecedented cost of living—excessive Government spending. Fiscal restraint may not be the most politically attractive posture to assume in this election year, but it is the essential ingredient in the formula for curbing inflation and cutting high interest rates.

I applaud President Ford for leveling with the American people and telling the Congress that unless we put our own financial house in order there can be little realistic hope for economic stability.

In response to calls by many of my colleagues, President Ford announced he would convene a domestic summit conference to bring together our collective wisdom and energies in searching out other appropriate remedies to inflation. With this positive commitment, the new administration visibly assigns top priority to this critical problem solving area.

The President also agreed to the creation of a cost of living council to monitor wages and prices and expose abuses. To do this he asked the Congress to pass the necessary legislation, unencumbered by riders, to reactivate the Cost of Living Council. Because of the importance of this concrete proposal, I am today introducing a bill to create a Cost of Living Council to reduce the Federal Government's inflationary impact and encourage private parties, State and local governments to develop policies and practices that are less inflationary.

I am pleased Chairman PATMAN of the Banking and Currency Committee announced today that hearings will be held on this legislation this week. I hope the committee will proceed with all deliberate speed so that a bill can reach the President's desk by Labor Day.

As the President stated, the time to begin our fight against inflation is now. I hope the Congress will fully respond to the President and cooperate with him during this critical time in our Nation's history.

PROPOSED AMENDMENTS TO FEDERAL MASS TRANSPORTATION ACT OF 1974

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. HARSHA) is recognized for 10 minutes.

Mr. HARSHA. Mr. Speaker, H.R. 12859, the Federal Mass Transportation Act of 1974 has been granted a rule and will be considered on the floor tomorrow. While I support the purposes to be served by this measure, the legislation, as reported, contains a number of serious flaws and defects which must be corrected if enactment is our aim. To make such improvements, my colleagues on the committee and I intend to offer a series of amendments which I would like to bring to the notice of my colleagues at this time.

Our amendments follow:

AMENDMENT TO H.R. 12859, AS REPORTED

Page 43, strike out line 21 and all that follows down through and including the period in line 17 on page 44, and insert in lieu thereof the following:

"(a)(1) The Secretary is authorized to make grants to assist States and their political subdivisions in financing the construction and operation of facilities and equipment for use in providing public mass transportation service in, to, and from those urbanized areas of two million population or more as shown by the latest available Federal census, those urbanized areas which include any city which on the date of enactment of this section has a major fixed guideway system for public mass transportation operating on a regularly scheduled basis, and those urbanized areas which include any city which before such date has received a grant under the Urban Mass Transportation Act of 1964 to begin construction of a major fixed guideway system."

Page 44, line 22, strike all after "In" down through and including page 45, line 11.

AMENDMENTS TO H.R. 12859, AS REPORTED

Page 43, line 16, strike out "or operation".

Page 43, line 23, strike out "and operation".

Page 46, line 4, strike out "and operation,".

Page 46, line 10, strike out "and operation".

Page 47, line 24, strike out "and operation".

Page 57, strike out lines 3 through 6, inclusive, and reletter the succeeding subsection accordingly.

Page 57, line 10, strike out "or operation".

Page 58, line 4, strike out "(a)".

Page 58, strike out line 8 and all that follows down through and including page 59, line 2.

Page 64, lines 22 and 23, strike out "or operating assistance for bus operations".

Page 65, lines 24 and 25, strike out "facilities, equipment, and operations" and insert in lieu thereof "facilities and equipment".

Page 67, line 5, strike out "or operation".

AMENDMENT TO H.R. 12895, AS REPORTED

Page 58, lines 10 and 11, strike out "50 per centum" and insert in lieu thereof "one third".

AMENDMENT TO H.R. 12859, AS REPORTED

Page 52, after line 6, insert the following:

"(f) The Secretary shall not approve any program or project under this chapter which provides for Federal financial assistance for the operation of facilities or equipment for use in providing public mass transportation service unless such program or project will provide service improved over that being provided on the date of enactment of this chapter, or on the date of application for such assistance, whichever is the better."

AMENDMENT TO H.R. 12859, AS REPORTED

Page 72, strike out lines 10 through 14, inclusive, and insert in lieu thereof the following:

"United States Code not to exceed $2,925,000,000 for the period beginning with fiscal year 1975 and ending with fiscal year 1977, both years inclusive, and $4,000,000,000 for the period beginning with the fiscal year 1978 and ending with fiscal year 1980, both years inclusive. Funds authorized by this subsection shall remain available for obligation for two fiscal years after the period for which authorized."

Page 72, strike lines 17 through 21, inclusive, and insert in lieu thereof the following:

"States Code not to exceed $220,000,000 for the fiscal year 1975, $245,000,000 for the fiscal year 1976, $270,000,000 for the fiscal year 1977, $295,000,000 for the fiscal year 1978, $320,000,000 for the fiscal year 1979; and $345,000,000 for the fiscal year 1980."

Page 72, strike out line 24, and page 73, strike out lines 1 through 4, inclusive, and insert in lieu thereof the following:

"States Code not to exceed $840,000,000 for the period beginning with fiscal year 1975 and ending with fiscal year 1977, both years inclusive, and $1,040,000,000 for the period beginning with fiscal year 1978 and ending with fiscal year 1980, both years inclusive. Funds authorized by this subsection shall remain available for obligation for two fiscal years after the period for which authorized."

Page 73, strike out lines 7 through 11, inclusive, and insert in lieu thereof the following:

"Code not to exceed $45,000,000 for the fiscal year 1975, $50,000,000 for the fiscal year 1976, $80,000,000 for the fiscal year 1977, $90,000,000 for the fiscal year 1978, $115,000,000 for the fiscal year 1979, and $120,000,000 for the fiscal year 1980."

AMENDMENT TO H.R. 12859, AS REPORTED

Page 73, strike out lines 14 through 17, inclusive, and insert in lieu thereof the following: "ceed $30,000,000 for the fiscal year 1975, $30,000,000 for the fiscal year 1976, $30,000,000 for the fiscal year 1977, $30,000,000 for the fiscal year 1978, $30,000,000 for the fiscal year 1979, and $30,000,000 for the fiscal year 1980."

AMENDMENT TO H.R. 12859 AS REPORTED

Page 73, strike out lines 20 through 24, inclusive, and insert in lieu thereof the following: "exceed $5,000,000 for the fiscal year 1975, $5,000,000 for the fiscal year 1976, $5,000,000 for the fiscal year 1977, $5,000,000 for the fiscal year 1978, $5,000,000 for the fiscal year 1979, and $5,000,000 for the fiscal year 1980."

AMENDMENT TO H.R. 12859, AS REPORTED

Page 52, strike out line 18 and all that follows down through and including line 14 on page 53.

Reletter succeeding subsections and references thereto accordingly.

FEDERAL ENERGY ADMINISTRATION—FRIEND OR FOE?

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Arkansas (Mr. Alexander) is recognized for 5 minutes.

Mr. ALEXANDER. Mr. Speaker, I read with dismay this morning of the resignation of the Director of the Consumer Office of the Federal Energy Administration. His comments revealed what I have felt to be the case at FEA for quite some time.

The Federal Energy Administration, which we optimistically hoped would straighten out our energy woes, has been unresponsive to consumer interests.

An amendment, which I sponsored to the very legislation that created FEA, and which would have brought relief to the thousands of Americans in the countryside who rely on propane for heating and cooking, has purposely been ignored by FEA.

As the departing FEA consumer office chief, Dr. Lee Richardson so aptly put it:

> The plights of many groups—volunteers, the elderly, the rural poor, the big city tenants . . . among others—have been ignored by FEA.

Mr. Speaker, the elderly and rural poor that he mentioned are that group of Americans who were overburdened last winter by skyrocketing propane costs. And unless FEA responds to the congressional intent of my amendment, which is crystal clear, next winter will bring more of the same for Americans who live in the heartland of this Nation.

Mr. Richardson's reasons for resignation must be accurate. Had FEA listened to its consumer office on this issue alone, it would have long ago set out to relieve users of propane.

Mr. Sawhill stated that Mr. Richardson had access to the administrator's office. Mr. Speaker, to have access to the FEA administrator's office is no good whatsoever if our suggestions fall on deaf ears.

FEDERAL RESERVE GOVERNOR BRIMMER SUPPORTS CREDIT ALLOCATION, BURNS OPPOSES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Wisconsin (Mr. Reuss) is recognized for 15 minutes.

Mr. REUSS. Mr. Speaker, the Credit Allocation Incentive Act (H.R. 15709), introduced last June 28, empowers the Federal Reserve to channel credit to the Nation's priority needs, such as productive capital investment, low- and middle-income housing, State and local governments, and small business, and away from speculative and inflationary uses.

Since informed debate is much needed on this important issue, I make public two letters to me on the Credit Allocation Incentive Act, one from Federal Reserve Board Governor Andrew Brimmer in support of the bill, and one from Federal Reserve Board Chairman Arthur Burns in opposition to it:

August 5, 1974.

Hon. Henry S. Reuss,
House of Representatives,
Washington, D.C.

Dear Congressman Reuss: I am responding to your letter of July 10, 1974. You asked me (along with other Board Members) to comment on the legislation which you have introduced designed to empower the Federal Reserve Board to influence explicitly the sectoral distribution of bank credit. In a letter of July 29, 1974, Chairman Burns responded on behalf of the other Board Members. It was indicated that I would respond separately since I did not share the position adopted by the majority of the Board.

First of all, I wish to applaud your effort to provide the Federal Reserve with additional instruments which would enable the Board to cope more effectively with the distortion in the sectoral distribution of bank credit which typically occurs during periods of monetary restraint. I have also been troubled by the same range of difficulties which have concerned you. In fact, as long ago as April, 1970, I suggested that the Board be given authority to establish supplemental reserve requirements on bank assets. Such supplemental reserves would have been set on a differential basis—thus allowing the Board to encourage banks to channel funds into areas of high national priority and to discourage bank credit lending in areas of lesser importance. In the Spring of 1971, the Subcommittee on Financial Institutions of the Committee on Banking, Housing, and Urban Affairs of the U.S. Senate held hearings on a bill containing many of the features of the proposal which I advanced. At that time, the majority of the Board also objected to being granted such authority. In appearing before the Subcommittee, I favored the idea; I still favor a similar attack on the problem.

Your proposed legislation is superior to the earlier approach because it would provide for the establishment of a system of both supplementary reserves and credits. This provision would endow the Board with a great deal of flexibility, and it would also deal with some reservations raised with respect to the earlier proposal.

The general nature of the problem on which you focus is widely understood. As you know, in a number of papers, I have documented the adverse effects of monetary restraint on sectoral credit flows. One of these was presented at the Annual Meeting of the American Finance Association in December, 1972. Another was presented at the American Economic Association Annual Meeting last December. I have enclosed copies of these papers for your information.

In essence, during a period of substantial monetary restraint, the resulting higher costs and lesser availability of bank credit strike different sectors of the economy most unevenly. In general, banks show a strong preference for lending to long-standing business customers (particularly large corporations) while other potential borrowers receive a reduced share of the available funds. At the same time, there is typically a sharp shift in the flow of funds away from housing, State and local governments, small business, finance companies, and farmers. In contrast, business borrowers are affected to a much lesser extent—although the cost of funds to them does rise substantially.

Operating under your proposal, the Federal Reserve could provide a genuine incentive for banks to concentrate on socially desirable lending. It is true that, within the framework established by the bill, the Board would have a great deal of discretion to vary supplemental reserve requirements. However, no central bank credit would flow into particular sectors. Instead, by varying the structure of supplemental reserves or credits, the Board could induce banks to respond more explicitly to the high priority financing needs of the economy.

Over the last four years, during which I have been calling attention to the need for authority similar to that which you propose to give the Federal Reserve, I have encountered a number of reservations. These have been raised within the Federal Reserve System as well as by observers on the outside. Some of these were expressed by the majority of the Board in Chairman Burns' letter of July 29. I see no need to respond in detail to those reservations at this time. I would simply say that they do raise a number of issues on which you and your Committee ought to focus. For my part, while I recognize the basis of the reservations, I personally think that the benefits which would accrue from implementing the proposal outweigh the types of costs which others have identified. In a paper I gave in April, 1970, I did address myself to some of the (similar) objections which had been expressed at that time. Many of these reservations involve mainly technical issues. Consequently, the application of a reasonable amount of first-rate staff talent should result in their resolution. I also enclose a copy of that paper for your information.

In passing, I should note that the use of differential reserve requirements to influence sectoral credit flows is quite common among some foreign central banks. This is especially so among banks in developing countries. I summarized the experience of some of those foreign institutions in a paper which I delivered in Jamaica in 1970. I have also enclosed a copy of that paper.

Again, I applaud your efforts to have the Federal Reserve given additional instruments to deal more effectively with the adverse shifts in credit flows associated with monetary restraint.

Sincerely yours,
Andrew F. Brimmer.

July 29, 1974.

Hon. Henry S. Reuss,
House of Representatives,
Washington, D.C.

Dear Mr. Reuss: The Board welcomes the opportunity to comment on H.R. 15709, a bill which would amend the Federal Reserve Act to permit the Federal Reserve Board to allocate credit so as to serve national priority needs.

We recognize that monetary policy can have a differential impact on particular types of credit flows and, accordingly, that there is a continuing need to explore ways to minimize unwanted selective effects of general monetary restraint. The Board believes, however, that it would be inappropriate to grant the central bank discretionary power to allocate credit according to its judgment of national priority needs. The determination of national priority needs—that is, whether more or less credit should flow to housing, small business, agriculture, and so on—is highly important in a democracy, but it is unwise for a central bank to become involved in such questions. This responsibility may conflict with the critically important responsibility of providing the money and credit needed to promote economic growth with a minimum of inflation. We believe that the discretion of the central bank should be confined, in the main, to such matters of general monetary policy.

H.R. 15709, which would allow the Board to impose supplemental reserves and credits on member bank assets, would pose serious problems for monetary policy. These problems are analyzed in detail in several papers by the Board's staff in our publication *Federal Reserve Staff Study: Ways to Moderate Fluctuations in Housing Construction,* a copy of which we have enclosed for your convenience. A particularly troublesome problem would be that the imposition of reserve requirements and credits such as you have proposed would reduce the precision of Federal Reserve control over the stock of money and bank credit, since shifts in the level of required reserves would result from changes in the composition of bank asset portfolios.

Furthermore, the restructuring of member bank portfolios induced by these differential requirements would probably have only minimal effects on the flow of funds among the various sectors of the economy. To the extent that member banks sought more of any asset that qualified for a reserve credit, the yield on that asset would tend to decline and other lenders would tend to withdraw from that market. For those assets on which supplemental reserve requirements were applied, the costs of funds to borrowers at member banks would rise—and these borrowers would try to satisfy their credit needs from other sources. Thus, shifts in bank credit demands and supplies would tend to offset the effects that supplemental reserves and credits would have in changing member bank asset preferences.

Supplemental reserve requirements and credits on assets would also cause serious administrative problems for the Federal Reserve System. Member banks would have to devote large amounts of additional resources in order to supply detailed asset data. If reserve requirements on assets were to be calculated on a comparable basis with those on liabilities, such data would be needed on a daily basis. If the reserve credit or supplement were to apply over the entire life of an asset, as might be necessary, records would have to be kept for each and every asset on a bank's books over the life of those assets. There would also be enormous problems encountered in translating phrases such as "useful capital investment" into defensible operational categories of bank loans.

Finally, since the added costs implied by the reserve requirements on various assets and the need for additional detailed data would apply only to member banks, the competitive disadvantage of membership in the Federal Reserve System would be increased, thus aggravating an already serious problem. Even if the bill were extended to all commercial banks, these banks would be placed at a competitive disadvantage vis-a-vis other financial institutions. To avoid such effects, nonmember banks and nonbank institutions would need to be subjected to comparable incentives and disincentives.

In light of these considerations, the Board opposes the enactment of H. R. 15709. However, we recognize that our financial markets may not provide adequate supplies of credit for high priority uses, as judged by Congress. There are a number of Federal agencies that already exist for this purpose whose activities have proven constructive. For example, agencies such as the Federal Home Loan Bank System, FNMA, and GNMA have provided massive assistance to the housing industry in times of need. Further consideration should be given to encouraging additional lending to the mortgage market from private sources through a tax credit for interest income on residential mortgages. There are other Federal credit agencies that furnish credit to farmers and to small businesses, and still others that make loans to students. These agencies have performed a vital service in rechanneling credit flows to high priority uses.

If the Congress should conclude that certain national priority needs deserve more ready access to sources of credit than now exist, we believe that the most direct, and probably also the best, means of accomplishing this objective would be to expand the scope of operations of existing Federal credit agencies in those areas, and to create new entities where they are needed. In the special area of housing and mortgage credit, the Board would suggest consideration of the several recommendations it made in its report to Congress in March 1972.

I hope that these comments, which represent the thinking of the Board, will be helpful to you and the House Committee on Banking and Currency. Governor Brimmer, however, has arrived at different conclusions, and I have suggested that he write you directly.

Sincerely yours,

Arthur F. Burns.

PUBLIC WORKS COMMITTEE WINS HOUSE SOFTBALL CHAMPIONSHIP

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Minnesota (Mr. Blatnik) is recognized for 5 minutes.

Mr. BLATNIK. Mr. Speaker, down through the years in the history of the great sport of baseball—and its junior offspring, softball—many great teams have come and gone. One thinks back to the time of the Chicago Cubs of Tinker to Evers to Chance, the Miracle Braves in 1914, the Yankees of Murderers' Row in 1927, Bobby Thompson and his dramatic home run in the last inning in the last game on the last day of the season against the Brooklyn Dodgers, and such immortal figures as Hank Aaron, Willie Mays, Babe Ruth, Ty Cobb.

But the House, itself, has its own miracle team. Last year a neophyte Public Works team made its entry into the House Softball League and struggled valiantly, but in vain, to capture the championship.

This year, with coolness, calmness and steadiness, with their eye always on the target, inspired by the famous saying—keep your eye on the donut and not on the hole—our Public Works team moved forward until last night they scored a glorious victory by winning the championship game over Jim Hastings' team by a score of 5 to 1.

On behalf of all the members of the Public Works Committee, and all those on the staff who rooted for them but were not active participants, my congratulations go out to all the team members—and in particular to Machele Miller, to Cathy Evans and to Roger Furey.

While it is true that it matters not whether you win or lose, but how you play the game—first place is always better than second, and I am certainly proud of our first place champions.

DANGEROUS TRACK AND THE NEED FOR REHABILITATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Wisconsin (Mr. Aspin) is recognized for 10 minutes.

Mr. ASPIN. Mr. Speaker, last week our Nation's rail system received another serious setback with the closing of an important segment of the Amtrak system because of deteriorated track conditions on some Penn Central-owned trackage in Indiana. The Federal Railroad Administration ordered that rail travel cease due to the danger of traveling on such hazardous track. I fear this latest development is only the "tip of the iceberg" in that many other segments of track and roadbed are in equally poor condition and it is probably just a matter of months before we witness further gaps develop in the Amtrak system. Perhaps the most frightening aspect of this problem is the possibility that a major train accident may occur because of bad track. We have already witnessed a rash of train derailments and track related accidents this year.

In an attempt to remedy this situation I introduced legislation on June 20 to establish a new Federal corporation that would take over, rehabilitate, and maintain the Nation's rail lines. Participation in this new system would be voluntary—no railroad company would be forced to join and in the event they decided to become part of the system the actual "carriage" or transportation function would remain the responsibility of the individual railroad. The "user" charge I have included is a significant incentive to join the system since most railroads now pay considerably more in equivalent costs.

In order to give my colleagues a better idea of the legislation, I am placing one of the two companion measures in the Record:

H.R. 15504

A bill to amend the Internal Revenue Code of 1954 to provide for a tax on the transportation of property by rail, motor vehicle, or water.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Railroad Revenue Act of 1974".

Sec. 2. (a) Subchapter C of chapter 33 of the Internal Revenue Code of 1954 (relating to transportation by air) is amended by adding at the end thereof the following new part:

"PART IV—TRANSPORTATION OF PROPERTY BY RAIL, MOTOR VEHICLE, OR WATER

"Sec. 4383. Imposition of tax.

"SEC. 4383. IMPOSITION OF TAX.

"(a) In General.—There is hereby imposed upon the amount paid for the transportation of property within the United States by rail, motor vehicle, or water, a tax equal to 1 percent of the amount so paid for a non-renewable six year period. In the case of property transported—

"(1) from a point outside the United States to a point within the United States, or

"(2) from a point within the United States to a point outside the United States,

the tax imposed shall apply to the amount paid for that part of the transportation which takes place within the United States.

"(b) Application of Tax.—The tax imposed by subsection (a) shall apply to amounts paid—

"(1) to a carrier engaged in the transportation of property for hire, including amounts paid to a freight forwarder, express company, or similar person, but not including amounts paid by a freight forwarder, express company, or similar person for transportation with respect to which a tax has previously been paid under this section: and

"(2) for all expenses of the private carriage of property, including labor, fuel, maintenance, and depreciation, whether paid directly or as lease rentals.

"(c) By Whom Paid.—

"(1) In general.—Except as provided in paragraph (2), the tax imposed by subsection (a) shall be paid by the person making the payment subject to the tax.

"(2) Payments made outside the United States.—If a payment subject to tax under subsection (a) is made outside the United

States and the person making such payment does not pay such tax, such tax—

"(A) shall be paid by the person to whom the property is delivered in the United States by the person furnishing the last segment of taxable transportation in respect of which such tax is imposed, and

"(B) shall be collected by the person furnishing the last segment of such taxable transportation."

(b) The table of parts for such subchapter C is amended to read as follows:

"Subchapter C—Transportation

"Part I. Transportation of persons by air.
"Part II. Transportation of property by air.
"Part III. Special provisions relating to taxes on transportation by air.
"Part IV. Transportation of property by rail, motor vehicle, or water."

(c) The heading for part I of such subchapter C is amended to read as follows:

"PART I—TRANSPORTATION OF PERSONS BY AIR"

(d) The heading for part II of such subchapter C is amended to read as follows:

"PART II—TRANSPORTATION OF PROPERTY BY AIR"

(e) The amendments made by this section shall apply to transportation beginning 60 days after the date of the enactment of the Federal Aid Railroad Act of 1974.

THE FIGHT AGAINST INFLATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. McFALL) is recognized for 5 minutes.

Mr. McFALL. Mr. Speaker, Walter Heller, one of the Nation's foremost economists, wrote an open letter to President Ford yesterday morning discussing the considerations that should be weighed in the formulation of a new economic policy.

Mr. Heller is particularly well qualified to make such recommendations. He was Chairman of the Council of Economic Advisers under Presidents Kennedy and Johnson, and he is one of our foremost practitioners of practical economics. He is currently president of the American Economic Association, and he participated in the Capitol Economic Conference sponsored by the Democratic Steering and Policy Committee last June 27.

He notes that President Ford has a priceless opportunity to start from scratch, beholden to no one, free to shuck off the stigma of any previous economic policy, and to set about rebuilding public confidence in the Government role in economic leadership.

Mr. Heller points out that there is no quick fix for our deep and tangled economic problems, that they will not yield to any single action or one-dimensional approach. He cautions the President, therefore, against excessive reliance on the "old time religion" and other economic panaceas of the past.

Mr. Heller notes that simple adherence to the policies of tight budgets and tight credit would cause sustained and heavy unemployment.

The fight against inflation must be moderated and tempered by the need to encourage economic recovery. Otherwise, he notes, we will stunt productivity and raise the unit costs of goods, and that will translate into permanently higher prices for consumers.

Making such delicate judgments of balance and proportion will not be easy. Therefore, I was encouraged to hear President Ford call for an economic summit—an idea that had earlier been proposed by Senator MANSFIELD—so that business, labor, the administration, and Congress can get together and open up a meaningful dialog on future courses of economic action.

Mr. Heller also called for the establishment of a monitoring agency to keep watch on wages, prices, impending shortages, and other economic activity. The President is already moving in that direction; last night he called for the reactivation of the Cost-of-Living Council, without wage-price control authority. The Council's function would be to focus public attention on powerful business and union activities and on other sectors that do not respond to free market competition.

Finally, Mr. Heller pointed out that we must take action to increase supplies and to find ways to assure credit to housing, small business, municipal borrowers, and others who suffer most from super-tight credit policies.

Altogether, I think that Mr. Heller gave an excellent summary of the problems facing us and outlines useful and practical approaches toward meeting them.

I insert the entire letter from yesterday's Wall Street Journal into the RECORD.

[From the Wall Street Journal, Aug. 12, 1974]

AN OPEN LETTER TO PRESIDENT FORD

(By Walter H. Heller)

As you enter the presidency, the No. 1 problem on your domestic docket is inflation. In tackling it you have an opportunity that has come only once in the lifetime of this republic, one that enables you to make a good beginning, backed by the will, the support and the hopes of the vast majority of Americans.

It's an odds-on bet the present corps of economic advisers—Messrs. Rush, Simon, Greenspan and Ash—will recommend that you use that priceless opportunity to maintain unflinching adherence to the "old-time religion," to the catharsis of tight money and budget cutting.

But before you accept that counsel and the appealing Rock of Gibraltar image it implies, you should take a fresh hard look at the inflation problem, bearing in mind that new options open up to restore credibility and integrity to the White House. No one excepts you to find a quick, magic cure for inflation—there are none. But people rightfully expect you to ask the tough, searching questions that will reveal the true risks and rewards of present policies and point the way to a broader and better balanced anti-inflation program.

A nagging question pops up at the outset: Why should the economic game plan that failed so miserably in 1968–71 work in 1974–75? Tightening the fiscal and then the monetary screws generated 6% unemployment and the depression of 1970, yet failed to subdue inflation. But, you will be told, that's because "we failed to stay the long course."

At that point, it's fair to ask how deep a valley of disinflation lies ahead of us under present policy. What the President, the Congress and the public need is a candid calculation—free of self-delusions and false optimism—of the projected benefits and costs of monetary-fiscal austerity:

How much inflation will it squeeze out of the economy, and by when?

How much will it cost in lost jobs, output and profits and in business and financial failures?

A PARTIAL, CHILLING ANSWER

Careful econometric studies by James Tobin (in the latest Brookings papers) and by Otto Eckstein of Data Resources provide a partial and chilling answer. They agree that the cost of simply adhering to severe monetary and fiscal restraint to check inflation will be sustained and heavy unemployment. Mr. Eckstein calculates that it would take at least two years of 8% unemployment to beat inflation back to a 4% rate. I think you will agree with them, Mr. President, this would be "overkill" and that the financial system would collapse before we cracked inflation.

That raises a closely allied question: Given the kind of inflation we are suffering today, are demand-suppressing measures enough? Are they the right medicine for this inflation? I don't mean to say that understanding how the inflation genie got out of the bottle necessarily tells us how to get it back in. But surely the medicine—and the dosage—should be different if inflation is merely a lingering legacy of demand-pull forces than if specific supply crunches and cost push forces are the villains.

The plain fact is that 1974 inflation, born of 1973's combinations of excessive demand and commodity crunches, is rapidly maturing into a new spiral of wages chasing prices and prices chasing wages—into a self-propelling price-wage spiral all too reminiscent of 1969–70 and all too resistant to a monetary-fiscal squeeze. The result? Further turns of the monetary and fiscal screws will wring less and less inflation and more and more life blood out of our economic recovery.

This is becoming painfully evident as the first-half slide turns into second-half torpor. Every day new cracks are appearing in the facade of economic strength behind which the ordained optimists have been hiding. A first step toward more realistic policy must be to recognize the 1974 slump for what it is. Not merely an "energy spasm", "a shortages economy" or a pause that refreshes, but a costly stagnation arising out of a shortfall in aggregate demand.

Let's drop the debate over whether it deserves the label "recession" and redirect our attentions to the real problems: How far below our output and employment potential are we prepared to drive the economy by policies to cut demand? And in view of the limits of demand management policy in subduing the new inflation, what measures to curb cost-push pressures and to improve supply management should now be considered?

Here above all, Mr. President, you are in a unique position to de-escalate the inflationary spiral. Labor, justifiably aggrieved about the erosion of its real earnings, is stepping up its demands. Business, also pointing to inflation inroads and citing huge capital needs, is pushing up prices and profit margins. Now is the time, backed by a floodtide of goodwill, to practice not just the politics but the economics of reconciliation. Now is the time to bring business and labor together in a dialog, leading under your guidance to economic detente for the benefit of the American consumer.

That will mean reaching out to bring labor back into the fold. It will require evidence that the strong pro-business bias of recent White House economics will become not a pro-labor but a pro-public bias. And it will also require a liberal (or even conservative) dash of "reasoning together" and "ask not . . ." spirit that semes to underlie your early words and actions as President.

NOT AN EASY TASK

Translating this new mood into specific initiatives to defuse the price-wage spiral won't be easy, especially after the unfortunate discrediting of wage-price controls under the inept freezes and phases of recent history. But without some kind of a wage-price watchdog and a new set of even-handled wage price guides—backed not just by powers of inquiry and publicity but by powers of suspension (and in outrageous cases even by rollbacks) the outlook for inserting a circuit-breaker in the new round of cost-push inflation will remain bleak. Building on the base of the Bentsen-Nixon proposals for wage price monitoring agency, the White House and Congress can forge this missing link in the anti-inflation chain.

This may go against your free-market instincts, Mr. President. But it shouldn't. Monitoring would be focused on those powerful unions and business units that wield excessive market power, those areas of the economy where competition is a poor policeman; in other words, government presence would be a stand-in for the forces of competition.

For the longer pull, much of the relief from stubborn inflation must come from the supply side. An intensive review of government policy to enlarge critical supply capacities, increase productivity, and monitor emerging supply crunches is long overdue.

In light of our traumatic experience with shortages in the last couple of years, you should call for a thorough exploration of the potentials for supply management. This should range all the way from better information devices like shortage alerts and prompt export reports or even licensing to the use of special financial aids (without building new tax shelters) and the milder forms of credit rationing.

Rationing of credit by price alone is channeling too much of our limited financial resources into speculative investment in land, inventories and foreign exchange to the detriment of investment in productive capital. And, as always, super-tight credit is squeezing small business, housing and municipal borrowers. To curb such inequities and channel more credit into productive uses, Federal Reserve policy could, where feasible, apply more seletcive methods of supplying credit.

And a gradual phaseout of the Regulation Q ceiling that shortchanged small savers and distorts the flow of financial resources is clearly in order. These moves facilitate a gradual retreat from excessive tightness that is needed to permit a moderate economic expansion.

A government that is dead serious about fighting inflation ought also, at long last, under your leadership, to put an end to the laws, regulations and practices that make government an accomplice in many cost and price-propping actions, running from over-regulation of transportation rates and under-enforcement of antitrust laws to fair trade laws and the Davis-Bacon Act—not to mention maritime subsidies, import quotas and the Buy America Act. Such actions will step on the toes of articulate well-heeled pressure groups—but now is the time, under your leadership, to take those political risks.

SUPPLY SIDE OF EQUATION

While dealing with the supply side of the equation, let me emphasize how important it is not to undermine some of our natural defenses against inflation by stopping expansion dead in its tracks. For if we do, we would deny ourslves the short-run productivity offsets to rising costs that we normally reap from a rising volume of sales and output. The longer we stunt productivity by choking off recovery, the more likely it is that lower productivity growth and hence higher unit costs will be built into conventional markups.

Further, remember that investment, innovation and risk-taking thrive in an atmosphere of expansion and wither in an atmosphere of stagnation. Super-tight credit undermines the health of equity markets, pushes money cost skyward, and threatens profits and financial stability. In the face of a policy of calculated stagnation, no program of tax gimmicks or special incentives will be able to induce the increases in capital spending the nation needs to boost productivity, expand supplies and ease price pressures.

Finally, Mr. President, in formulating your anti-inflationary program, be sure to take it out of the narrow context of economic gains and losses into the broader perspective of its social impact and consider the inequities and unfairness that it could generate. Out of these inequities grow a sense of grievance and alienation, and undermining of morale and social cohesion that may be inflation's greatest cost.

A telling reason why so many segments of our society have rejected current policies—have indeed felt they add up to an anti-them instead of an anti-inflation program—is that they are its victims rather than its beneficiaries.

Monetary policy boosts their housing costs. Budget policy has been squeezing social programs while enlarging defense outlays. And tax policy has thus far shown too little concern for those who are being short-changed by inflation.

DISTRIBUTING BENEFITS AND BURDENS

A truly balanced attack on inflation would couple the restraints of fiscal and monetary policy with measures to redress the grievances of skyrocketing fuel and food prices. I urge you to consider as an integral part of a compassionate anti-inflation program not only more generous unemployment benefits, food stamps and housing allowances but relief from payroll taxes for the working poor and increases in personal income tax exemptions and low income allowances. Distributing the benefits and burdens of economic policy more fairly will facilitate a more sustained battle against inflation.

If we simply declare total war against inflation without weighing the resulting manifestations of the human and financial landscape, experience tells us that we will invite an eventual public backlash. This is a plea, not to be soft on inflation, but to strike a sensible balance between benefits and costs in your anti-inflationary program, thereby staying between the bounds of economic and political tolerance rather than risking repudiation of the battle before it is won.

Just one final thought, I realize that if you follow the foregoing counsels, it will enhance the prospects of your continuation in the presidency after 1976. But in the belief that partisanship stops at inflation's edge, that's a risk I'll have to take.

STATEMENT REGARDING ADMINISTRATION COMMENTS ON HOUSE AMENDMENT TO S. 3698

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. Price) is recognized for 15 minutes.

Mr. PRICE of Illinois. Mr. Speaker, members will recall, on July 31 of this year, this body considered legislation reported out by the joint committee to strengthen the congressional review for international agreements for peaceful nuclear cooperation. I refer specifically to H.R. 15582 and the companion bill, S. 3698, which is now scheduled for a Senate-House conference. We accepted by a narrow 194 to 191 vote an amendment in place of the committee-reported language.

I would like at this time to place into the Record copies of three letters I have since received from the Atomic Energy Commission, the Department of State, and the Department of Defense, commenting on the amendment. Each of these agencies expresses considerable concern about the effect of that amendment.

The Commission questions the constitutionality of the amendment and expresses fears that the rigidity and uncertainty of the procedure might lead foreign nations seeking nuclear technology to turn to other sources. Furthermore, the Commission feels the potential for veto by inaction will serve as a disincentive to negotiation of such agreements.

The State Department fears the amendment will undermine the negotiation authority of the executive branch, and could, in addition, increase the hazard of proliferation of nuclear weapons by leading countries seeking peaceful nuclear technology to turn to nations whose safeguards are not as stringent as ours. The Department is also concerned that delays in approving changes in agreements to increase authorized quantities of materials for transfer may result in cutbacks in power supply for the nations involved. More significantly, the Department is also concerned about the risk of lapses in military information exchange programs, with resultant risks to the national security.

The Defense Department is likewise concerned about possible lapses in military agreements due to failure of Congress to approve extension expeditiously, with consequential disruptions in the stability of NATO.

I would like at this time to enter these letters into the Record:

Atomic Energy Commission,
Washington, D.C. August 5, 1974.

Hon. Melvin Price,
Chairman, Joint Committee on Atomic Energy, Congress of the United States.

Dear Mr. Price: The Commission has reviewed with concern the provisions of a bill (S. 3698, as amended), passed by the House of Representatives on July 31, 1974, in lieu of H.R. 15582, to amend subsection 123.d. of the Atomic Energy Act of 1954, as amended. We believe that the provisions of that bill, unlike S. 3698 as passed by the Senate on July 10, 1974, would seriously hinder the ability of this Government to maintain effective ongoing programs of cooperation in the civil and military uses of atomic energy, without really enhancing Congressional scrutiny of future agreements for cooperation beyond that provided in the bill as passed by the Senate.

The present provisions of section 123 of the Atomic Energy Act were designed to assure that the Congress, through the Joint Committee on Atomic Energy, had an opportunity to review for a specified 30-day period, all proposed agreements for cooperation in the civil uses of atomic energy. In the case of military agreements, that section provides a more stringent procedure; thus, military agreements are subject to a 60-day review period with the provision that the Congress, by concurrent resolution, may prevent such a military agreement from becoming effective. These procedural mechanisms have, as a practical matter, functioned smoothly; moreover, they have provided the Joint Committee and the Congress with an opportunity to consider these agreements prior to their entry into force, while at the same time permitting the United States to maintain continuing but controlled programs of international cooperation in the field of atomic energy.

Legislation introduced this year (H.R. 15582, S. 3698) would expand the scope of subsection 123.d. in order to require review by the full Congress of certain agreements for cooperation in the civil uses of atomic energy (i.e., those which entail the export of reactors capable of producing more than five thermal megawatts, or of special nuclear material to be used in connection with a reactor of that capability) as has been the case with respect to agreements in the military applications of atomic energy. As passed by the Senate, S. 3698 contained further measures designed to assure each house of the Congress that it would have an adequate opportunity for careful and timely review and decision.

In light of the widely expressed Congressional view as to desirability of fuller scrutiny by the Congress of agreements entailing cooperation in civil nuclear power programs, and the Commission's own view that this important foreign relations program of the United States should have the support of the Congress, we have not opposed the enactment of S. 3698, as passed by the Senate, or H.R. 15582 as originally proposed.

The Commission believes that the procedures which are required by the bill as passed by the Senate would provide Congress with a review mechanism which should satisfy its recently stated concerns. The mechanism provides for careful review by the Joint Committee on Atomic Energy, and for a final review by the Congress as a whole following receipt of a report by the Joint Committee accompanied by a committee recommendation in the form of a proposed concurrent resolution as to approval or disapproval by the Congress. The procedure also pays recognition to the needs of the agencies in that it assures the timely review and decision which is essential if this Government is to be able to encourage other governments to seek nuclear power program support from the United States.

In contrast, S. 3698, as enacted by the House of Representatives on July 31, would establish a mechanism for entry into force of agreements for cooperation which raises serious problems by reason of its requirement that an international agreement of the type under consideration cannot enter into force until it is specifically approved by Act of Congress.

The requirement introduced by the House action can be looked upon as a nullification of the provisions of sections 53, 54, 103, and 104 which authorize certain international cooperation. Indeed, those provisions encourage the Executive to develop international cooperative arrangements provided this is done in accordance with the special procedures set forth in the Act. Heretofore, the procedures, while imposing unique restraints on international cooperation, have offered a mechanism which avoided the cumbersomeness and uncertainty of the treaty-making procedures but operated in a manner which assured both houses of the Congress a full role in the review and decisionmaking process.

The introduction of a requirement for an Act of Congress, or any procedure by which agreements negotiated in accordance with the special protection specified by the Congress can be thwarted through inaction, tends to remove the incentive now offered by the Act for following that procedure. Indeed, it is difficult to see how the overlaying of the existing stringent statutory regime with the requirement of an Act of Congress for each such agreement, as well as any modification thereof, could contribute to the efficiency of the total governmental process. Certainly, an opportunity for Congressional disapproval within a specified time, long enough to permit Congressional review of and decision on such agreements, fully protects the Congress against the possibility that the Executive agencies might embark on a program in this area contrary to the wishes of the Congress. This, it would appear, was the view of the House in passing the AEC omnibus bill (H.R. 15416) on August 1, 1974, following rejection of an amendment similar to that inserted in S. 3698 as passed by the House.

The House bill (S. 3698, as amended) also raises a serious constitutional question in that it has the effect of permitting one house of the Congress to nullify the efforts of an international negotiation undertaken pursuant to explicit statutory authorization, the results of which were satisfactory to both the President and the other house.

In conclusion, the Atomic Energy Commission believes that, if any further procedures are required, S. 3698, as passed by the Senate, provides for a Congressional review and decision mechanism which adequately meets all of the stated Congressional concerns. In contrast, S. 3698 as passed by the House introduces a requirement that could well encourage potential foreign partners to develop new nuclear partnerships with sources in other countries, thus jeopardizing the unique influence the United States has had for steering international nuclear power cooperation in the direction that is most consistent with our goal of international peace and security.

Sincerely,

DIXY LEE RAY,
Chairman.

DEPARTMENT OF STATE,
Washington, D.C., August 6, 1974.

Hon. MELVIN E. PRICE,
Chairman, Joint Committee on Atomic Energy, Congress of the United States, Washington, D.C.

DEAR MR. CHAIRMAN: The Department of State has considered with concern the amendments to section 123.d of the Atomic Energy Act of 1954, as amended, as passed by the Senate on July 10, and by the House with an amendment on July 31 (S. 3698). The Senate bill establishes a specific period of time within which full congressional review of agreements for international cooperation in atomic energy is to take place, i.e., within 60 days of the date such an agreement is submitted to the Congress. This provides more than ample opportunity for the Congress to act prior to the entry into force of any agreement for cooperation. In contrast, the House amendment would leave consideration by the Congress completely open-ended. We believe that enactment of the House amendment would be seriously detrimental to the security and foreign policy interests of the United States.

The procedure for a sixty-day period for Congressional review, with an opportunity for Congress to disapprove the proposed agreement, already exists under present law with respect to agreements for military cooperation. The Senate bill modifies that procedure by requiring the Joint Committee on Atomic Energy to report its findings and recommendations to the full Congress within the first thirty days of the sixty-day period. It also extends this modified procedure to apply to most agreements for civil cooperation.

Twenty years of experience with military cooperation agreements has demonstrated the effectiveness of the above-described procedure in assuring the Congress a meaningful participation in and oversight of the conclusion of nuclear cooperation agreements. The new requirement for a report to the full Congress by the Joint Committee will further strengthen the ability of Congress to exercise its responsibilities.

By contrast, the House amendment poses a grave threat that important programs of international cooperation will be disrupted, not because of Congressional opposition, but because of the uncertainty and risk of Congressional inaction inherent in an open-ended review procedure.

The negotiation of agreements for cooperation under the Atomic Energy Act is often a lengthy, and frequently a delicate, diplomatic task. It is important that both parties to a negotiation work within stable and relatively predictable constitutional and statutory requirements on both sides for successfully bringing into effect the agreement under discussion. This is especially so in this case, where complex technologies requiring long lead times are involved and where critical decisions which may well have basic long-range effects upon a nation's future economic development and strategic position must be made and implemented in a timely manner. The existing provisions of Section 123 reflect these considerations.

Since S. 3698 as passed by the House places no time limit for congressional action, the potential for lengthy delay is obvious and can have serious foreign policy and national security consequences. For example, amendments to existing agreements for cooperation in civil uses often increase authorized quantities of materials to be transferred to a foreign country for power reactors needed to generate adequate electricity for the nation's people. Thus, delay can result in cutbacks in the power supply of a country with substantial adverse effects on its economy and well-being and, consequently, a harmful impact in our foreign relations with that country. A 60-day period in which the Congress can act has no such drawback.

In addition, agreements for military cooperation with some of our NATO allies are of limited duration in order to permit periodic review by the parties of the continued desirability of particular arrangements for cooperation. When such review, including consultations with the Congress, results in a decision that a particular program should be continued, it is imperative that procedures for renewing the agreement do not involve a serious risk that ongoing programs of importance to our national security, and that of our allies, will lapse. Such a risk is unavoidable under the House amendment.

The uncertainties a foreign government faces when choosing the United States as its supplier of nuclear technology and materials is another matter of special concern from a foreign policy perspective. In addition to the delay discussed above, enactment of the House amendment would be perceived by some governments as a signal that Congress may not act at all. The effectiveness of our representatives, who would be perceived as lacking in adequate authority to speak for the United States Government, would be seriously undercut. The problem of uncertainty would also lead foreign governments to be less able to rely upon the representations made in the course of negotiations on the terms of an agreement pending congressional action. And perhaps most importantly, such uncertainties would lead some foreign governments to choose to do business with suppliers other than the United States.

Our most serious concern with the House amendment is the risk it poses for nuclear proliferation, which would have an obvious and adverse impact on the security and foreign policy of the United States. Our approach to the problem of proliferation in connection with civil uses of atomic energy is to require legal guarantees as a condition of supply and to apply stringent safeguards to all technology, materials, and products of the technology or materials we export. If the potential for delay and the numerous uncertainties described above come to pass by virtue of the enactment of the House amendment, the likelihood inevitable increases that foreign governments will turn to other suppliers who may not be as rigorous as the United States in applying safeguards. The gravity of the potential consequences of such an eventuality render the risk unacceptable to the United States.

We respectfully urge that the comments expressed above be given the most careful consideration before final congressional action in S. 3698.

Cordially,

LINWOOD HOLTON,
Assistant Secretary for Congressional Relations.

GENERAL COUNSEL OF THE
DEPARTMENT OF DEFENSE,
Washington, D.C., August 8, 1974.

Hon. MELVIN E. PRICE,
Chairman, Joint Committee on Atomic Energy, Congress of the United States, Washington, D.C.

DEAR MR. CHAIRMAN: The amendment to H.R. 15582 which was adopted by the House of Representatives on July 31, 1974, is a source of concern to the Department of Defense. As so amended, section 123.d. of the Atomic Energy Act of 1954, which relates to agreements for military cooperation, would be substantially revised to the detriment of the security interests of the United States.

Under the present law, section 123.d. requires all proposed agreements for military cooperation to be submitted to the Congress for review and to lie before the Congress for a 60-day period while Congress is in session. The agreement enters into force after the end of that period if Congress does not disapprove the agreement by concurrent resolution during that period. As revised by H.R. 15582, as amended, a proposed agreement for military cooperation would not, however, enter into force unless and until specifically approved by an Act of Congress.

Insofar as I am aware, the existing statutory procedure has been deemed over the years to provide the Congress with a meaningful voice in determining the parameters of military cooperation in nuclear matters.

As you know, the Department of Defense has kept the Joint Committee fully and currently informed with respect to all matters within the Department of Defense relating to the development, utilization and application of atomic energy. The continuing and fruitful dialogue between the Department of Defense and the Joint Committee has enabled the Department of Defense to enter into negotiations with our Allies for agreements for military cooperation in the confidence that the terms and conditions proposed by the representatives of the United States would be acceptable to the Congress, and that such agreements would enter into force 60 days after they had been submitted to the Congress for review. The existing statutory procedure has permitted our negotiators not only to speak authoritatively for the United States Government during the negotiation of the initial agreements for cooperation, but also with respect to renewals of the duration thereof. When reviews of expiring agreements result in a decision after consultation with the Joint Committee that a particular agreement should be continued, the existing statutory procedure provides a high degree of assurance that the agreement proposed to be renewed will in fact be renewed without interruption to ongoing programs of importance to our national defense.

In contrast, the House Amendment would create a substantial risk that these important programs would be disrupted—not because of any change in the relationships between the Department of Defense and the Joint Committee, but because of the uncertainty of the timing of the required affirmative action by the Congress. To take the case, for example, of the agreement for military cooperation with the United Kingdom which is scheduled to expire on December 31, 1974, it is not anticipated that the Congress would oppose the renewal of that agreement. The Congress might, however, fail for a variety of reasons to enact timely legislation specifically approving the renewal of the agreement. If so, we would be unable as of January 1, 1975, to continue to exchange information with the United Kingdom of critical importance to the maintenance of the deterrent strength of the North Atlantic Treaty Alliance. The potential consequences of delay or inaction on the part of the Congress under the House Amendment could, therefore, have grave destabilization effects.

I accordingly urge that the House Conferees assess the foregoing comments when they meet with the Senate Conferees to resolve the differences between H.R. 15582 and S. 3698.

Sincerely,

MARTIN R. HOFFMANN.

DESERVED TRIBUTE TO GEN. HENRY McMILLAN

(Mr. SIKES asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. SIKES. Mr. Speaker, Maj. Gen. Henry W. McMillan, adjutant general of the State of Florida, is a man of whom all Floridians are proud.

General McMillan has held the post of adjutant general since 1962. Presently, he also is serving as president of the National Guard Association of the United States, an organization representing almost a half million guardsmen. Prior to his election to this post in 1972, he was president of the Adjutant Generals Association of the United States.

General McMillan had 25 years of service with the U.S. Internal Revenue Service before leaving to become adjutant general.

As a member of the Florida National Guard, he holds the record for time in service for the State of Florida, with more than 44 years of military service to his credit. Deservedly popular because of his accomplishments and his personality, he nonetheless has exercised his responsibilities with a firm hand and is credited with developing one of the strongest National Guard organizations in the United States.

Born August 12, 1911, in Osyka, Miss., General McMillan moved to Florida at the age of 10. He enlisted in the 124th Infantry of the Florida National Guard in February 1929 and has held all enlisted ranks. In February 1934, he was commissioned as a second lieutenant, promoted to first lieutenant in March 1935 and captain in January 1937.

He was ordered to Federal service in 1940. As the commanding officer of the 1st Battalion, 124th Infantry, he was promoted to major in April 1941 and lieutenant colonel in July 1941. In August 1942, he became executive officer, 124th Infantry, and commanding officer in November 1943.

In January 1944, he received special assignment as Chief, U.S. Military Mission to the Republic of Paraguay. He was promoted to colonel August 1944. He served in Paraguay until May 1946 and was part of the task force that established the military portion of the Organization of American States.

In 1946, he rejoined the Florida National Guard and served as chief of staff of the 51st Infantry Division until February 1952, when he was assigned as assistant division commander. He was federally recognized as a brigadier general in November 1952. He was later assigned as commanding general of the 51st Infantry Division and federally recognized as major general in October 1961. In April 1962, he was appointed to his present position as adjutant general for the State of Florida.

In the National Guard Association, he has served in many important capacities and has been one of that organization's outstanding leaders for many years.

He had been a member of the Finance Committee from 1962 until his election as president of NGAUS in 1972, and chairman of that committee since 1964. The committee is responsible for the financial affairs of the association.

He is also a former chairman of the Army Reserve Forces Policy Committee, an official advisory committee of the Secretary of Army.

He lists among his awards and decorations the following: Legion of Merit with Oak Leaf cluster; Army Commendation Medal; American Defense Service Medal; American Campaign Medal; World War II Victory Medal; Armed Forces Reserve Medal with two Hourglasses; Order of Merit and Order of Defense of the Republic (Paraguay); Florida Distinguished Service Medal; Florida Service Ribbon with Silver cluster; Florida Active Service Ribbon with two silver clusters, and the National Guard Association of the U.S. Distinguished Service Medal.

He also is active in civic work as chairman, Governor's Advisory Committee on Cold War Education; Steering Committee on the Mental Health Advisory Planning Council; Florida State Chamber of Commerce Military Affairs Committee; Executive Council, Boy Scouts of America; American Legion, Florida Council of 100; Phi Kappa Tau Fraternity.

Truly, General McMillan is one of Florida's outstanding military leaders and he plays an important role in the Nation's defense posture. It is because of men such as he that the National Guard stands ready at all times to bear arms in defense of our freedom. Florida's congressional delegation is proud to salute a man of General McMillan's caliber and to acknowledge with pride his services to our State and Nation.

THE EXPERIMENTAL BREEDER REACTOR II: 10TH ANNIVERSARY CELEBRATION

(Mr. PRICE of Illinois asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. PRICE of Illinois. Mr. Speaker, I would like to call to my colleagues' attention that tomorrow—August 14—will mark the 10th anniversary of the first power operation of the experimental breeder reactor–II, EBR–II. The ERB–II, located at the AEC's National Reactor Testing Station in Idaho, is presently the only operating liquid metal-cooled fast breeder reactor, LMFBR, in the United States. It has been a key facility for developing breeder technology in this country.

The EBR–II is operated for the AEC by the Argonne National Laboratory, which I am proud to note is headquartered in my home State of Illinois. Argonne has long been involved in research and development of nuclear reactors, and designed and built EBR–II as an outgrowth of its work with EBR–I, the world's first breeder reactor.

EBR–II was designed as a sodium-cooled fast breeder reactor with a full-power output of 62.5 megawatts thermal. The reactor was brought to "wet" criticality, with the core submerged in liquid sodium, in November 1963. Power operation experiments with the complete system, including the turbine-generator, were begun in August 1964, and in March 1965 the reactor achieved a power level of 45 megawatts thermal. The power level was eventually raised in 1970 to the full design level of 62.5 thermal megawatts. The present electrical output of 16.5 megawatts—16,500 kilowatts—is fed into the power grid of the National Reactor Testing Station.

The original purpose of EBR–II was to demonstrate the feasibility of using a liquid metal cooled fast nuclear reactor and its auxiliary systems as a power station. A full decade of operation has amply carried out this objective. More recently, the reactor has admirably served as the Nation's primary fast flux irradiation facility for testing the fuels and materials being developed for the commercial breeder reactors. In addition, the EBR–II has provided valuable information on fast reactor physics, safety, instrumentation and components. About 1,400 full power days of operation have been accumulated with the plant, and substantial amounts of electrical energy have been provided to the NRTS power grid.

The technology and experience which has been flowing from the EBR–II program is a vital element of the overall U.S. program to develop the fast breeder reactor as a viable option for generating electric power in the 1980's and beyond. While current commercial reactors have many advantageous characteristics, the breeder reactors are essential if the full potential of nuclear power as an energy source is to be achieved. The cost of power from the more efficient breeders will be relatively insensitive to the cost of uranium; this will permit the effective use of low-grade as well as high-grade uranium ores. By using the breeder process, uranium can provide us with ample supplies of low-cost energy for centuries to come with minimal environmental impact.

I understand that a major program—including an open house and tour—is planned for tomorrow to celebrate the successful accomplishment of a full decade of operation of the EBR–II. Regrettably, I personally will be unable to be present, but the Joint Committee will be ably represented at the ceremonies by the gentleman from Idaho, Congressman ORVAL HANSEN. I have asked Mr. HANSEN to deliver the following congratulatory message from the committee to Dr. Robert Sachs, Director of the Argonne Laboratory.

DR. ROBERT G. SACHS,
Director, Argonne National Laboratory, Argonne, Ill.:

On behalf of the Joint Committee on Atomic Energy I want to extend my congratulations to all Argonne National Laboratory personnel who have been responsible for the 10 years of safe and reliable operation of the EBR–II.

The efforts which have been devoted to this program have been truly pioneering in nature, and represent a major contribution towards reaching this nation's objective of achieving large scale commercial utilization of the breeder reactor—which is essential to meeting our future energy needs.

Keep up the good work.

MELVIN PRICE,
Chairman,
Joint Committee on Atomic Energy.

AMENDMENT TO H.R. 13565

(Mr. UDALL asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. UDALL. Mr. Speaker the bill H.R. 13565 the Nonnuclear Energy Research and Development Act of 1974, is a vital element of the necessary legislation for Project Independence. This bill provides the program guidance, the congressionally defined policies and provisions and the authorization authority for the critically important Federal program in nonnuclear energy research and development.

The bill was reported by the Committee on Interior and Insular Affairs in June. However, due to a jurisdictional dispute with the Committee on Science and Astronautics, further action has been delayed. For the past few weeks, members of these two committees have been working to fashion an acceptable compromise, and I am happy to report that we have reached what I believe to be an arrangement satisfactory to all concerned.

The changes which have been agreed to by Chairman TEAGUE and Mr. McCORMACK of the Science and Astronautics Committee and by Chairman HALEY and myself, are embodied in the text of the proposed substitute bill which follows, printed in full. I shall request the Committee on Rules to make this in order as an amendment in the nature of a substitute to be offered by myself. It, of course, will be subject to amendment so that the full House can work its will.

Now that a satisfactory agreement has been reached, I am looking forward to reconsideration by the Committee on Rules, and swift passage by the full House. The text of the amendment follows:

AMENDMENT IN THE NATURE OF A SUBSTITUTE TO H.R. 13565

That this Act may be cited as the "Federal Nonnuclear Energy Research and Development Act of 1974".

FINDINGS

SECTION 1. The Congress hereby finds that—

(a) The Nation is suffering from a shortage of environmentally acceptable forms of energy.

(b) The problems which create and maintain this energy shortage are substantially technological in nature, and require for their solution a comprehensive program of energy research and development.

(c) A major reason for this energy shortage has been our failure to organize and formulate a vigorous, comprehensive research and development strategy designed to assure the wise planning and effective conduct of a cohesive, fully dimensioned national research and development program.

(d) The Nation's energy needs can be met if a national commitment is made now to dedicate the necessary financial resources, to enlist our scientific and technological capabilities, and to accord the proper priority to developing new nonnuclear energy options to serve national needs, conserve vital resources, and protect the environment.

(e) The Energy Reorganization Act of 1974 provides for a coalescence of national energy research and development functions in the executive branch, and for thorough, centrally directed exploration and development of all potentially beneficial energy sources and energy utilization techniques, including research and development for the conservation of energy.

(f) The urgency of the Nation's energy challenge will require commitments similar to those undertaken in the Manhattan and Apollo projects; it will require that the Nation undertake, at a minimum, a ten-year $20,000,000,000 research development and demonstration program including a greatly expanded effort in nonnuclear energy technologies.

(g) In undertaking such program, full advantage must be taken of the existing technical and managerial expertise in the various energy fields within Federal agencies and in the private sector.

GENERAL POLICY

SEC. 2. (a) It is the policy of the Congress to establish and vigorously conduct a centralized, comprehensive, national program of basic and applied research and development, including demonstrations of practical applications, of all potentially beneficial energy sources and utilization of technologies, within the Energy Research and Development Administration as provided for in the Energy Reorganization Act of 1974. In carrying out this program, the Administrator shall be governed by the terms of this Act with respect to all nonnuclear aspects of the research, development, and demonstration program, and the policies and provisions of the Atomic Energy Act of 1954, as amended, shall continue to apply to nuclear research, development, and demonstration projects. The implementation and conduct of research, development, and demonstration programs in specific nonnuclear technologies shall be carried out through or in conjunction with existing or future programs (including those established by the Solar Heating and Cooling Act of 1974, and the Geothermal Energy Research, Development, and Demonstration Act of 1974 and similar legislation to be enacted).

(b) The Administrator (as defined in section 11) shall—

(1) aggressively pursue research and development programs in a wide range of nonnuclear energy technologies in order to insure adequate, reliable, economical, and environmentally acceptable energy sources and systems to support the essential needs of modern society;

(2) develop the technology and information base necessary to support development of the widest possible range of options available for future energy policy decisions;

(3) investigate the capability for and, in general, the option of energy self-sufficiency for the United States through the development of socially and environmentally acceptable methods for the utilization of domestic nonnuclear energy sources;

(4) pursue the development of new energy sources in such a way as to encourage the fullest possible private participation and to shift the burden of spending to the private sector as early in the development process as is possible;

(5) as he deems advisable, consult with representatives of science, industry, agriculture, labor, conservation organizations, State, and local governments, as well as with all appropriate Federal Government agencies;

(6) pursue research and development of nonnuclear energy sources in such a way as to facilitate the commercial availability of adequate supplies of energy to all regions of the United States;

(7) include, to the greatest extent practicable, in Federal research and development programs authorized by this Act, small businesses and individual inventors;

(8) examine and if feasible implement methods by which Federal research and development expenditures authorized by this Act, are utilized to broaden the base of ownership of energy industry capital;

(9) to the degree feasible to provide for a program for the international exchange of energy and energy related technologies and information.

(c) Public access to information: The Administrator shall promptly make all records available for public inspection and for copying at reasonable rates, upon any request for records which (A) reasonably describes such records, and (B) is made in accordance with published rules stating the time, place, fees to the extent authorized by statute, and procedure to be followed. For purposes of this subsection, the term "records" includes records as used in section 552 of title 5 of the United States Code and all communications, documents, reports, information, and physical objects received or transmitted by the Administrator or his employees under this Act, except for foreign policy and national defense matters exempted by section 552(b)(1) of title 5 of the United States Code and for trade secrets, know how, and proprietary information exempted by section 7 of this Act and by section 552(b)(4) of title 5 of the United States Code.

GOVERNING PRINCIPLES

SEC. 3. The Congress authorizes and directs that, to the fullest extent possible, the Federal program in research and development authorized by this Act shall be designed and executed according to the following principles:

(a) Energy conservation shall be a primary consideration in the design and implementation of the Federal non-nuclear energy program. For the purposes of this Act, energy conservation means both improvement in efficiency of energy production and use and reduction in energy waste.

(b) The environmental and social consequences of a proposed technological undertaking shall be analyzed and considered in evaluating its potential. Consistent with the requirements of this Act, the Administrator shall perform technology assessments where necessary and assign priority to those technologies which, while offering a substantial potential yield of useful energy, minimize the aggregate economic, environmental, and social costs.

(c) Any program for the development of a technology which may require significant consumptive use of water after the technology has reached the stage of commercial application shall include thorough consideration of the impacts of such technology on water resources pursuant to the provisions of section 10. For any energy technology requiring significant water use, the availability of an adequate water supply for a demonstration project shall be a precondition of Federal assistance to that project, and the availability of an adequate water supply for commercial application shall be a precondition of Federal assistance in projects of commercial application.

(d) Federal involvement in energy research development, and commercial application shall be limited, consistent with other responsibilities under this Act, to those areas where there is the least likelihood that the private sector will achieve the desired goal without Federal assistance. Factors to be considered in evaluating this likelihood include, but are not limited to—

(1) the degree of risk in the proposed undertaking;

(2) the magnitude of the capital investment involved;

(3) the potential for recapturing development costs in the open market; and

(4) the availability of risk capital to interested non-Federal entities.

(e) In determining the Federal energy research and development policy, a high priority and heavy emphasis shall be assigned to those energy sources which are renewable

DUTIES OF ADMINISTRATOR

SEC. 4. The Administrator shall—

(a) review the current status of nonnuclear energy resources and current nonnuclear energy research and development activities, and give consideration to research and development being conducted by Federal and non-Federal entities;

(b) formulate comprehensive nonnuclear energy research and development strategies for the Federal Government designed to advance the policies set forth in this Act and other relevant legislation; and submit such strategies of the Speaker of the House of Representatives and the President pro tempore of the Senate, and to the appropriate committees of the House of Representatives and the Senate not later than 18 months after the enactment of this Act.

(c) conduct a study, the final results of which shall be submitted to the Congress within twelve months after the date of enactment of this Act, to determine the amount of scientific, technical, and other manpower necessary to adequately implement an effective national energy research and development program, including recommendations of action necessary for the training and locating of any needed qualified personnel;

(d) in allocating Federal moneys authorized by this Act, give consideration to all nonnuclear energy technologies, including but not limited to conservation measures, including increases in the efficiency of energy production, transmission, improved drilling techniques, and use as well as reduction of energy waste, opportunities for reuse and recycling, basic materials research, coal gasification and liquefaction, including solvent refining, means by which the combustion of coal may be made environmentally acceptable, oil and gas recovery, oil shale, solar power, wind power, ocean thermal gradients; geothermal power, and hydrogen gas systems; and

(e) in conducting Federal research and development programs in the technologies set forth in subsection (d) above, give emphasis to—

(1) the full range of energy conservation technologies including but not limited to—

(A) productive use of waste through the reuse of agricultural wastes, garbage, and sewage through combustion and conversion. Conversion technologies to be investigated shall include pyrolysis, chemical reduction and bioconversion, and use of waste heat from industrial, residential, and commercial sources.

(B) electrical generation and transmission through (i) improvements in the efficiency of generation through advances in gas turbine technologies, combined cycles, magnetohydrodynamics, and commercial fuel cells; (ii) storage systems to allow more efficient load following, including the use of inertial energy storage system; and (iii) improvements of cryogenic methods.

(C) reuse and recycling: through a vigorous attempt to discover new opportunities and technologies for reuse and recycling of consumer products and in industrial processes or materials.

(D) advanced urban and architectural design: through total systems approaches to energy use in the residential and commercial sectors, improvements in home design and insulation technologies, small thermal storage units and increased efficiency in electrical appliances and in lighting fixtures.

(E) transportation through advanced urban design and traffic systems, improvements in automobile design for increased efficiency and lowered emissions, including investigation of the full range of alternatives to the internal combustion engine, and systems of efficient public transportation.

(2) solar energy systems, including but not limited to—

(A) residential and commercial heating, cooling, and in particular combined heating and cooling systems;

(B) central power stations;

(C) low cost, stable, photovoltaic cells;

(D) production of synthetic fuels; and

(E) the utilization of wind power.

(3) geothermal energy resources, including but not limited to—

(A) improved methods and techniques for resource assessment of geothermal energy; and

(B) methods for extracting energy from currently unexploited forms of geothermal energy resources.

(4) coal resources including but not limited to—

(A) the acceleration of the commercial demonstration of facilities to produce gas from coal;

(B) the improvement of coal liquefaction and solvent-refining technology;

(C) the development and application of magnetohydrodynamics; and

(D) the accumulation of a wide range of options for making the direct utilization of coal or coal derivatives environmentally acceptable, including stack gas cleanup, fluidized bed combustion and precombustion coal cleaning technologies, and in situ coal gasification.

(5) Oil and gas resources including but not limited to—

(A) the improvement of methods for secondary and tertiary recovery;

(B) the improvement of methods for the prevention of marine oilspills, and methods for spill cleanup.

(6) The acceleration of the commercial demonstration of the production of oil from shale by all possible technologies including in situ technologies.

FORMS OF FEDERAL ASSISTANCE

SEC. 5. (a) (1) In developing proposals pursuant to this Act, the Administrator may utilize various forms of Federal assistance and participation which may include but are not limited to—

(A) joint Federal-industry experimental, demonstration, or commercial corporations consistent with the provisions of subsection (b) of this section;

(B) contractual arrangements with, or grants to, non-Federal participants;

(C) contracts for the construction and operation of federally owned facilities;

(D) Federal purchases or guaranteed price of the products of demonstration plants or activities consistent with the provisions of subsection (c) of this section;

(E) Federal loans to conduct demonstrations of new technologies; and

(F) incentives, including financial awards, to individual inventors, such incentives to be designed to encourage the participation of a large number of such inventors.

(b) Joint Federal-industry corporations proposed pursuant to this Act shall conform to the following guidelines:

(1) Each such corporation is authorized to design, construct, operate, and maintain one or more experimental, demonstration or commercial-size facilities, or other operations which will ascertain the technical, environmental, and economic feasibility of a particular energy technology. In carrying out this function, the corporation shall be empowered, either directly or by contract, to utilize commercially available technologies, perform tests, or design, construct, and operate pilot plants as may be necessary for the design of the full-scale facility.

(2) Each corporation shall have—

(A) a Board of nine directors consisting of individuals who are citizens of the United States, of whom one shall be elected annually by the Board to serve as Chairman. The Board shall be empowered to adopt and amend bylaws. Five members of the Board shall be appointed by the President of the United States, by and with the advice and consent of the Senate, and four members of the Board shall be appointed by the President on the basis of recommendations received by him from any non-Federal entity or entities entering into contractual arrangements to participate in the corporation;

(B) a President and such other officers and employees as may be named and appointed by the Board (the rates of compensation of all officers and employees shall be fixed by the Board); and

(C) the usual power conferred upon corporations by the laws of the District of Columbia.

(3) An appropriate time interval shall be established for the term of Federal participation in the corporation at the expiration of which the Board of Directors shall take such action as may be necessary to dissolve the corporation or otherwise terminate Federal participation and financial interests. In carrying out such dissolution, the Board of Directors shall dispose of all physical facilities of the corporation in such manner and subject to such terms and conditions as the Board determines are in the public interest, and a share of the appraised value of the corporate assets proportional to the Federal participation in the corporation, including the proceeds from the disposition of such facilities, on the date of its dissolution, after satisfaction of all its legal obligations, shall be made available to the United States and deposited in the Treasury of the United States as miscellaneous receipts. All patent rights of the corporation shall, on such date of dissolution, be vested in the Administrator: *Provided*, That Federal participation may be terminated prior to the time established in the authorizing Act upon recommendation of the Board of Directors.

(4) Any commercially valuable product produced by demonstration facilities shall be disposed of in such manner and under such terms and conditions as the corporation shall prescribe. All revenues received by the corporation from the sale of such products shall be available to the corporation for use by it in defraying expenses incurred in connection with carrying out its functions under this title.

(5) The estimated Federal share of the construction, operation, and maintenance cost over the life of each corporation shall be determined to facilitate the congressional authorization of the full amount at the time of establishment of the corporation.

(6) The Federal share of the cost of each such corporation shall reflect (A) the technical and economic risk of the venture, (B) the probability of any financial return to the non-Federal participants arising from the venture, (C) the financial capability of the potential non-Federal participants, and (D) such other factors as the Administrator may set forth in proposing the corporation: *Provided*, That in no instance shall the Federal share exceed 90 per centum of the cost.

(7) (A) Prior to the establishment of any joint Federal-industry corporation pursuant to this Act, the Administrator shall submit to the Speaker of the House of Representatives and the President pro tempore of the Senate, and to the appropriate committees of the House of Representatives and the Senate a report setting forth in detail the consistency of the establishment of the corporation with the principles and directives set forth in section 3 and this section, and the proposed purpose and planned activities of the corporation.

(B) No such corporation shall be established unless previously authorized by specific legislation enacted by the Congress.

(c) Competitive systems of price supports proposed pursuant to this Act shall conform to the following guidelines:

(1) The Administrator shall determine the types and capacities of the desired full scale, commercial size facility, or other operation which would demonstrate the technical, environmental, and economic feasibility of a particular nonnuclear energy technology.

(2) The Administrator may award planning grants for the purpose of financing a study of the full cycle economic and environmental costs associated with the demonstration facility selected pursuant to subsection (1) of this section. Such planning grants may be awarded to industrial entities, Federal agencies, government laboratories, universities, or nonprofit organizations.

(3) Following the completion of the studies pursuant to the planning grants awarded under subsection (2) of this section, the Administrator shall invite bids from all interested parties to determine the minimum amount of Federal price support needed to construct the demonstration facility. The Administrator may designate one or more competing entities, each to construct one commercial demonstration facility. Such designation shall be made on the basis of those entities' (A) commitment to construct the demonstration facility at the minimum level of Federal price supports, (B) detailed plan of environmental protection, and (C) proposed design and operation of the demonstration facility.

(4) The estimated amount of the Federal price supports of the demonstration facilities' product over the life of such facilities shall be determined by the Administrator to facilitate the congressional authorization of the full amount of such support amounts at the time of the designation of the successful bidders.

REPORTS TO CONGRESS

SEC. 6. (a) The Administrator shall submit to the Speaker of the House of Representatives and the President pro tempore of the Senate, and to the appropriate committees of the House of Representatives and the Senate, no later than sixty days from the end of each fiscal year a report detailing his organization's activities carried out pursuant to this Act during said fiscal year. The Administrator shall keep the appropriate committees of the Congress fully and currently informed of his activities, pursuant to this Act. Neither the Administrator nor any employee may refuse to testify or submit information to the Congress or any duly authorized committee thereof.

(b) The Administrator shall also submit to the Speaker of the House of Representatives and the President pro tempore of the Senate and to the appropriate committees of the House of Representatives and the Senate, an annual research and development program report in which short-range, intermediate-range, and long-range Federal nonnuclear energy research and development plans and individual expenditures of moneys authorized for Federal nonnuclear research and development are set forth in detail. The report shall be submitted to the Congress no later than ninety legislative days prior to each fiscal year. The report shall include a statement setting forth the following:

(1) the anticipated research, development, and application objectives to be achieved by the proposed program;

(2) the economic, environmental, and societal significance which the proposed program may have;

(3) the total estimated cost of individual program items;

(4) the estimated relative financial contributions of the Federal Government and non-Federal participants in the research and development program;

(5) the relationship of the proposed program to any Federal national energy or fuel policies; and

(6) the relationship of any short term plans and individual program expenditures to long-range programs and goals.

PATENT POLICY

SEC. 7. (a) (1) (A) Any research, development, demonstration, or projects contracted for, sponsored, or cosponsored by the Government pursuant to this Act shall require as a condition of Federal participation that all information—whether patented or unpatented, in the form of trade secrets, know-how, proprietary information or otherwise—resulting in whole or in substantial part from federally assisted research (hereinafter referred to as "resultant technology") shall receive the widest practicable dissemination to the general public, including, but not limited to, nongovernmental United States interests capable of bringing about further development, utilization, and commercial application of such results.

(B) Every contractor performing any work under such federally assisted research authorized by this Act shall fully and completely identify any resultant technology to the Administrator promptly after discovery thereof.

(C) Such resultant technology shall promptly be made available to the public through licensing, dedication, or publication or otherwise as provided by law.

(2) (A) (i) The United States shall acquire throughout the world any resultant technology, and shall acquire title to any patents issuing in respect thereof unless the Administrator waives all or any part of the rights of the United States to such invention in conformity with the provisions of subsection (a) (2) (A) (ii) of this section: *Provided, however*, That in order to stimulate prompt and effective use of the resultant technology developed by the contractor—

(a) every contractor shall receive a royalty free, nonexclusive license to any United States patent issuing on the resultant technology, such license to be for the term of such patent, except that it shall be subject to revocation by the Administrator commencing five years after issuance of the patent if any person then requests an exclusive license and the Administrator determines that it would be in the public interest to grant such license pursuant to the provisions of subparagraphs (a) (2) (C) and (a) (2) (D) of this section, and

(b) The Administrator may, in his discretion, at the time of awarding of the contract, grant all patent rights outside the United States to the contractor subject to a royalty free, nonexclusive license to the Government together with the right to grant sublicenses for governmental purposes, under the conditions that and in return for the contractor's agreement to (1) file at the contractor's expense United States patent applications corresponding to the foreign applications and (2) transfer title to such United States patent applications and any patent issuing thereon to the Government at such times as the Administrator designates.

(ii) Under such regulations in conformity with this subsection as the Administrator shall prescribe, he may, upon request by the applicant, waive all or any part of the rights of the United States under this section with respect to any invention or class of inventions made or which may be made by the applicant in the performance of any work required by any contract or grant if the interests of the United States and the general public will be served thereby and the Administrator determines after opportunity for an on-the-record adjudicatory public hearing held in accordance with the provisions of the Administrative Procedure Act, that—

(a) at the time of awarding the contract or grant,

(1) the participation of the applicant is necessary for the expeditious development or commercial application of the resultant technology and the applicant's participation is conditioned upon obtaining a waiver;

(2) there is a reasonable basis to believe that the effect of the waiver will substantially lessen competition, or tend to create a monopoly, in any line of commerce in any section of the country;

(3) the public interest will be served by such waiver in view of the applicant's intentions, plans, and ability itself to utilize the invention;

(4) the applicant, in furtherance of its established commercial position not substantially based on Government funded research, has a substantial investment of technical or financial resources in research and development directly related to the work to be done under the contract or grant;

(5) the contract or grant is not for the operation of a Government-owned facility, not for coordinating or directing the work of others, nor for the creation, development, or improvement to the point of practical application of any product, process, or method which either is intended for use by the general public or is or will be required for use by law; and

(6) the contract or grant is not in a field of technology in which the Government has been the principal developer; or

(b) after the identification of the invention,

(1) private risk capital is necessary for the development and commercialization of the resultant technology and is likely to be forthcoming only upon the grant of such waiver; and

(2) the provisions of (3) through (6) of subsection (a) (2) (A) (ii) and (a) (2) (C) (iv) of this section have been satisfied.

(iii) Any waiver granted pursuant to the provisions of subsection (a) (2) (A) (ii) of this section shall be made upon such terms and conditions as the Administrator shall determine to be required for the protection of the interests of the United States and the general public, including such conditions as are required to insure that the requirements of subparagraphs (a) and (b) of subsection (ii) will be satisfied. Any waiver pursuant to subsection (ii) shall be made subject to the same restrictions as are applicable to exclusive and partially exclusive licenses under subsection (a) (2) (D) of this section.

(B) The Administrator shall license, after due notice thereof, all patents to which the United States is entitled pursuant to this Act to all qualified applicants therefor, on nonexclusive and nondiscriminatory terms and under reasonable conditions, except as provided by subparagraph (C) of this paragraph. The Administrator shall make a determination, case by case, as to whether to effectuate the purposes of this Act patent licenses shall be granted on a royalty free basis or upon a basis of charges designed to cover part or all of the costs of the Federal research.

(C) The Administrator may license patents to which the United States is entitled pursuant to subparagraph (A) of this paragraph, on an exclusive or partially exclusive basis, subject to the provisions of this subparagraph and subparagraph (D) of this paragraph. The Administrator may grant such a license, if he determines, after opportunity for an on-the-record public proceeding conducted in accordance with the provisions of the Administrative Procedure Act, that—

(i) the availability of nonexclusive licensing pursuant to subparagraph (B) of this paragraph has in fact failed to result in substantial utilization of the invention;

(ii) exclusive or partially exclusive licensing is a necessary incentive to call forth risk capital and expenses to bring the invention to the point of practical or commercial application;

(iii) the public interest will be served by the proposed license, in view of the applicant's intentions, plans, and ability himself to utilize the invention; and

(iv) the grant of such license will not tend unduly to lessen competition nor to increase concentration in any section of the country in any line of commerce to which the technology relates.

(D) Any exclusive or partially exclusive license granted pursuant to subparagraph (C) of this paragraph—

(i) shall provide for the reservation of an irrevocable, nonexclusive, royalty-free, unrestricted right throughout the world to make, have made, use, and sell the invention, by or on behalf of the United States (including any governmental agency and any corporation established pursuant to this Act), any State or subdivision or instrumentality thereof, and any foreign government pursuant to any existing or future treaty or agreement of the United States;

(ii) shall provide for the licensee to provide written reports to the Administrator, upon his request, at reasonable intervals, concerning the utilization that is being made or is intended to be made of the invention, and such other information as the Administrator may, in his discretion, determine is necessary to affecuate the purposes of this Act or otherwise protect the public interest;

(iii) shall provide for termination of the exclusive or partially exclusive rights of the licensee three years after the grant of the license, and at any three-year interval thereafter, if the Administrator determines, in an on-the-record adjudicatory public hearing conducted in accordance with the provisions of the Administrative Procedure Act preceding the expiration of such three-year period, that the licensee did not take effective steps to implement the intentions and plans referred to in subparagraph (C) (iii) of this paragraph; that such plans have not in fact resulted, or within a reasonable time thereafter will not result, in substantial utilization of the licensed invention; or that such exclusively has tended substantially to lessen competition or to increase concentration in any section of the country in any line of commerce to which the subject matter of the invention relates: *Provided, however,* That the Administrator shall hold such a hearing and make such a determination at any three-year interval after the grant of the license, upon the written request therefor by any interested person: *Provided, further,* That in any such proceeding, the licensee, on the basis of a showing by him, shall have the burden of demonstrating compliance with the provisions of this subdivision.

(iv) shall provide that the Administrator may grant a nonexclusive, nondiscriminatory, unrestricted and reasonable license to all qualified applicants therefor, upon terms reasonable under the circumstances if the Administrator determines that the granting of such a license is necessary to fulfill health, safety, energy, or other public needs, or when Government regulations require use of the technology; and

(v) may contain such other terms and conditions as the Administrator, in his discretion, determines are necessary or appropriate to effectuate the purposes of this Act or otherwise protect the public interest.

(b) (1) Whenever a participant in any program, contract, or energy research and development project pursuant to this Act holds background patents, trade secrets, knowhow, or proprietary information which will be employed in the proposed program, contract, or research and development project (hereinafter referred to as "background technology") the Administrator shall consider in determining whether to acquire rights to background technology (A) the participation of industry, (B) the equitable protection for privately developed technology, and (C) the commercial availability of research results. Where a background agreement is determined to be appropriate, the agreement shall provide that when the program, contract, or energy research and development project reaches the stage of commercial application, any of the participant's previously developed background technology will be made available to any qualified applicant upon a finding by the Administrator that the background technology is necessary to achieve commercial application of the energy process or system developed under this Act.

(2) (A) Agreements pursuant to subsection (b) (1) shall provide that such background technology be made available on reasonable and nondiscriminatory license terms, including suitable agreements on confidentiality, which appropriately compensate the participant on the basis of the relative significance of his background technology, and his share of costs, to the achievement of the commercial viability of the total energy process or system.

RELATIONSHIP TO ANTITRUST LAWS

Sec. 8. (a) Nothing in this Act shall be deemed to convey to any individual, corporation, or other business organization immunity from civil or criminal liability, or to create defenses to actions, under the antitrust laws.

(b) As used in this section, the term "antitrust law" means—

(1) the Act entitled "An Act to protect trade and commerce against unlawful restraints and monopolies", approved July 2, 1890 (15 U.S.C. 1 et seq.), as amended;

(2) the Act entitled "An Act to supplement existing laws against unlawful restraints and monopolies, and for other purposes", approved October 15, 1914 (15 U.S.C. 12 et seq.), as amended;

(3) the Federal Trade Commission Act (15 U.S.C. 41 et seq.), as amended;

(4) sections 73 and 74 of the Act entitled "An Act to reduce taxation, to provide revenue for the Government, and for other purposes", approved August 27, 1894 (15 U.S.C. 8 and 9), as amended; and

(5) the Act of June 19, 1936, chapter 592 (15 U.S.C. 13, 13a, 13b, and 21a).

ENVIRONMENTAL EVALUATION

Sec. 9. (a) The Council on Environmental Quality is authorized and directed to carry out a continuing analysis of the effect of application of nonnuclear energy technologies to evaluate—

(1) the adequacy of attention to energy conservation methods, and

(2) the adequacy of attention to environmental protection and the environmental consequences of the application of energy technologies.

(b) The Council on Environmental Quality, in carrying out the provisions of this section, may employ consultants or contractors and may by fund transfer employ the services of other Federal agencies for the conduct of studies and investigations.

(c) The Council on Environmental Quality shall hold annual public hearings on the conduct of energy research and development and the probable environmental consequences of trends in the development and application of energy technologies. The transcript of the hearings shall be published and made available to the public.

(d) The Council on Environmental Quality shall make such reports to the President, the Administrator, and the Congress as it deems appropriate concerning the conduct of energy research and development. The President as a part of the annual Environmental Policy Report required by section 201 of the National Environmental Policy Act (83 Stat. 854) shall set forth the findings of the Council on Environmental Quality concerning the probable environmental consequences of trends in the development and application of energy technologies.

WATER RESOURCE EVALUATION

Sec. 10. (a) The Water Resources Council shall undertake assessments of water resource requirements and water supply availability for any nonnuclear energy technology and any probable combinations of technologies which are the subject of Federal research and development efforts authorized by this Act, and the commercial development of which could have significant impacts on water resources. In the preparation of its assessment, the Council shall—

(1) utilize to the maximum extent practicable data on water supply and demand available in the files of member agencies of the Council;

(2) collect and compile any additional data it deems necessary for complete and accurate assessments;

(3) give full consideration to the constraints upon availability imposed by treaty, compact, court decree, and existing water rights previously granted pursuant to State law;

(4) assess the effects of development of such technology on water quality;

(5) include estimates of cost associated with production and management of the required water supply, and the cost of disposal of waste water generated by the proposed facility or process;

(6) assess the environmental, social, and economic impact of any change in use of currently utilized water resource that may be required by the proposed facility or process;

(7) consult with the Council on Environmental Quality; and

(8) provide an assessment to the Administrator as to the availability of an adequate water supply for such proposed undertakings.

(b) Upon completion of each assessment, and at least ninety days before submission of each report to the Administrator, notice of completion shall be printed in the Federal Register and the report shall be made freely available to the general public for comment and evaluation.

(c) The Council shall include a broad survey and analysis of regional and national water resource availability for energy development in the biennial assessment required by section 102(a) of the Water Resources Planning Act (Public Law 89–80).

THE ADMINISTRATOR

Sec. 11. For the purposes of this Act, the term "Administrator" means the Administrator of the Energy Research and Development Agency upon the creation of such agency by law.

APPROPRIATION AUTHORIZATION

Sec. 12. There are authorized to be appropriated to the Administrator—

(a) to carry out the purposes of this Act, in fiscal years 1976, 1977, 1978, 1979, and 1980 such sums as the Congress may hereafter authorize by law, no more than $500,000 of which shall be made available by fund transfer in each fiscal year to the Council on Environmental Quality for the purposes authorized and directed by section 9, and no more than $1,000,000 of which shall be made available by fund transfer in each fiscal year to the Water Resources Council for the purposes authorized and directed by section 10;

(b) for expenses incurred in administering this Act, including such amounts as may be expended for consulting services and including funds transferred to other Federal agencies in compensation for personal services, such funds as may be necessary in each fiscal year.

(c) Notwithstanding subsection (a) of this section, no appropriation shall be made to the Administrator under this Act or the Energy Reorganization Act of 1974 in connection with any demonstration project entailing an estimated Federal cost in excess of $10 million, or in connection with a Federal loan in excess of $5 million, unless previously authorized by legislation enacted by the Congress; and no joint Federal industry corporation shall be established unless previously authorized by legislation enacted by the Congress.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. Martin of North Carolina) to revise and extend their remarks and include extraneous matter:)

Mr. Forsythe, for 5 minutes, today.

Mr. Frelinghuysen, for 15 minutes, today.

Mr. Talcott, for 5 minutes, today.

Mr. Railsback, for 5 minutes, today.

Mr. McKinney, for 5 minutes, today.

Mr. Miller, for 5 minutes, today.

Mr. Harsha, for 10 minutes, today.

Mr. Kemp, for 10 minutes, today.

(The following Members (at the request of Mr. Luken) to revise and extend their remarks and include extraneous matter:)

Mr. Koch, for 5 minutes, today.

Mr. Gonzalez, for 5 minutes, today.

Mr. Alexander, for 5 minutes, today.

Mr. Reuss, for 15 minutes, today.

Mr. Blatnik, for 5 minutes, today.

Mr. Aspin, for 10 minutes, today.

Mr. McFall, for 5 minutes, today.

Mr. Price of Illinois, for 15 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the Appendix of the Record, or to revise and extend remarks was granted to:

Mr. Dent to include extraneous matter in his remarks made today.

(The following Members (at the request of Mr. Martin of North Carolina) and to include extraneous material:)

Mr. Coughlin.

Mr. Myers.

Mr. Martin of North Carolina in two instances.

Mr. Goodling.

Mr. Nelsen.

Mr. J. William Stanton.

Mr. Wyman in two instances.

Mr. Gude in five instances.

Mr. Anderson of Illinois in two instances.

Mr. Steiger of Wisconsin.

Mr. Young of Illinois in two instances.

Mr. Derwinski in three instances.

Mr. Symms.

Mr. Huber.

Mr. Heinz.

Mr. Price of Texas.

Mr. Steiger of Arizona.

(The following Members (at the request of Mr. Luken) and to include extraneous matter:)

Mr. Obey in four instances.

Mrs. Schroeder in two instances.

Mr. Gonzalez in three instances.

Mr. Rarick in three instances.

Mr. Anderson of California in two instances.

Mr. Aspin in 10 instances.

Mr. Vander Veen.

Mr. Barrett.

Mr. Leggett.

Mr. Won Pat.

Mr. Culver.

Mr. Fascell.

Mr. Dent.

Mr. Rangel in 10 instances.

Mr. O'Neill.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 3717. An act to extend the Emergency Petroleum Allocation Act of 1973; to the Committee on Interstate and Foreign Commerce.

ENROLLED BILLS SIGNED

Mr. HAYS, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 11108. An act to extend for 3 years the District of Columbia Medical and Dental Manpower Act of 1970; and

H.R. 12832. An act to create a Law Revision Commission for the District of Columbia, and to establish a municipal code for the District of Columbia.

ADJOURNMENT

Mr. LUKEN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 7 o'clock and 46 minutes p.m.), the House adjourned until tomorrow, Wednesday, August 14, 1974, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2652. A letter from the Assistant Secretary of Defense (Comptroller), transmitting a report on the value of property, supplies, and commodities provided by the Berlin Magistrate, and under the German Offset Agreement for the quarter ended June 30, 1974, pursuant to section 720 of Public Law 93–238; to the Committee on Appropriations.

2653. A letter from the Administrator, Agency for International Development, Department of State, transmitting a special review of Egypt's defense expenditures, pursuant to section 620(s) of the Foreign Assistance Act of 1961, as amended [22 U.S.C. 2370(s)]; to the Committee on Foreign Affairs.

2654. A letter from the Chairman, Federal Power Commission, transmitting a copy of volume II of the National Gas Survey, "Supply Task Force Reports"; to the Committee on Interstate and Foreign Commerce.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. MURPHY of Illinois: Committee on Rules. House Resolution 1311. Resolution providing for the consideration of H.R. 16168. A bill to authorize appropriations for the Department of State, and for other purposes. (Rept. No. 93–1281). Referred to the House Calendar.

Mr. MATSUNAGA: Committee on Rules. House Resolution 1312. Resolution providing for the consideration of H.R. 16032. A bill to authorize the Secretary of the Treasury to change the alloy and weight of the 1-cent piece and to amend the Bank Holding Act Amendments of 1970 to authorize grants to Eisenhower College, Seneca Falls, N.Y. (Rept. No. 93–1282). Referred to the House Calendar.

Mr. YOUNG of Texas: Committee on Rules. House Resolution 1313. Resolution providing for the consideration of H.R. 12859. A bill to amend title 23, United States Code, the Federal-Aid Highway Act of 1973, and other related provisions of law, to establish a unified transportation assistance program, and for other purposes. (Rept. No. 93–1283). Referred to the House Calendar.

Mr. POAGE: Committee on Agriculture. H.R. 9054. A bill to amend the act entitled "An Act to authorize the Secretary of Agriculture to execute a subordination agreement with respect to certain lands in Lee County, S.C."; with amendment (Rept. No. 93–1284). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. PATMAN (for himself and Mr. Reuss):

H.R. 16397. A bill to establish a cost-of-living task force; to the Committee on Banking and Currency.

By Mr. ADDABBO:

H.R. 16398. A bill to create a national system of health security; to the Committee on Ways and Means.

By Mr. ANDERSON of Illinois:

H.R. 16399. A bill to provide for the monitoring of the economy for the purpose of controlling inflation; to the Committee on Banking and Currency.

By Mr. ASPIN (for himself and Mr. Cotter):

H.R. 16400. A bill to prohibit the military departments from using dogs in connection with any research or other activities relating to biological or chemical warfare agents; to the Committee on Armed Services.

By Mr. BINGHAM:

H.R. 16401. A bill to amend the Federal law relating to the care and treatment of animals to broaden the categories of persons regulated under such law, to assure that birds in pet stores and zoos are protected, and to increase protection for animals in transit; to the Committee on Agriculture.

By Mr. BROWN of California (for himself, Ms. Abzug, Mrs. Burke of California, Mr. Frenzel, Mr. Hanna, Ms. Holtzman, Ms. Mink, Mr. Obey, Mr. Pickle, Mr. Podell, Mr. Ryan, Mrs. Schroeder, Mr. Stark, Mr. Stokes, Mr. Thompson of New Jersey, and Mr. Waldie):

H.R. 16402. A bill to permit nonimmigrant foreign students to be employed during school vacations with the approval of the individual's school; to the Committee on the Judiciary.

By Mr. CEDERBERG:

H.R. 16403. A bill to provide for the establishment of a national advisory commission to develop a national plan for the control of epilepsy and its consequences; to the Committee on Interstate and Foreign Commerce.

By Mr. COUGHLIN (for himself, Mr. Crane, Mr. Devine, Mr. Flowers, Mr. Nedzi, Mr. Tiernan, Mr. Danielson, Mr. Derwinski, Mr. du Pont, Mr. Eilberg, Mr. Esch, Mr. Eshleman, Mr. Froehlich, Mrs. Grasso, Mr. Hanrahan, Mr. Hechler of West Virginia, Mr. Hinshaw, Mr. Hunt, Mr. Jones of North Carolina, Mr. Martin of North Carolina, Mr. Moakley, Mr. Murtha, Mr. Podell, Mr. Roncalio of Wyoming, and Mrs. Schroeder):

H.R. 16404. A bill to amend the Internal Revenue Code of 1954 and certain other provisions of law to provide for automatic cost-of-living adjustments in the income tax rates, the amount of the standard, personal exemption, and depreciation deductions, and the rate of interest payable on certain obligations of the United States; to the Committee on Ways and Means.

By Mr. COUGHLIN (for himself, Mr. Crane, Mr. Devine, Mr. Flowers, Mr. Nedzi, Mr. Tiernan, Mr. Waldie, Mr. Whitehurst, and Mr. Won Pat):

H.R. 16405. A bill to amend the Internal Revenue Code of 1954 and certain other provisions of law to provide for automatic cost-of-living adjustments in the income tax rates, the amount of the standard, personal exemption, and depreciation deductions, and the rate of interest payable on certain obligations of the United States; to the Committee on Ways and Means.

By Mr. KYROS (for himself, Mr. Boland, Mr. Corman, Mr. Roybal, Mr. Pritchard, Mr. Wyman, Mrs. Grasso, Mr. Eilberg, Mr. Conyers, Mr. Podell, Mr. Drinan, Mr. Murtha, Mr. Froehlich, Mrs. Burke of California, Mr. Lehman, Mr. Matsunaga, Mrs. Collins of Illinois, Mr. Pepper, Mr. Murphy of New York, Mr. Nix, Mr. Yates, Mr. Mazzoli, Mr. Fauntroy, Mr. Edwards of California, and Mr. Sarbanes):

H.R. 16406. A bill to provide for the establishment of a national advisory commission to develop a national plan for the control of epilepsy and its consequences; to the Committee on Interstate and Foreign Commerce.

By Mr. KYROS (for himself, Mr. Melcher, Mr. Burgener, Mr. Moakley, Mr. Hechler of West Virginia, Mr. Tiernan, Mr. Roe, Miss Holtzman, Mr. Murphy of Illinois, Mrs. Hansen of Washington, Mr. Brown of Michigan, Mr. Conte, Mr. Grover, Mr. Fuqua, Mr. Hicks, Mr. King, Mr. Collier, Mr. Thompson of New Jersey, Mr. Hosmer, Mr. Ford, Mr. Winn, Mrs. Mink, Mr. Ketchum, Mr. Broyhill of Virginia, and Mr. Edwards of Alabama):

H.R. 16407. A bill to provide for the establishment of a national advisory commission to develop a national plan for the control of epilepsy and its consequences; to the Committee on Interstate and Foreign Commerce.

By Mr. KYROS (for himself, Mr. Patten, Mrs. Holt, Mr. Railsback, Mr. Benitez, Mr. Harrington, Mr. Vander Jagt, Mr. Quie, and Mr. Stokes):

H.R. 16408. A bill to provide for the establishment of a national advisory commission to develop a national plan for the control of epilepsy and its consequences; to the Committee on Interstate and Foreign Commerce.

By Mr. LONG of Maryland:

H.R. 16409. A bill to increase civil service retirement annuities of certain employees who retired before July 18, 1966, with reduced annuities; to the Committee on Post Office and Civil Service.

By Mr. J. WILLIAM STANTON (for himself, Mr. Widnall, Mr. Johnson of Pennsylvania, Mr. Hillis, Mr. Brown of Michigan, Mr. Thomson of Wisconsin, Mr. Broomfield, Mrs. Heckler of Massachusetts, Mr. Wylie, and Mr. Frenzel):

H.R. 16410. A bill to provide for the monitoring of the economy, and for other purposes; to the Committee on Banking and Currency.

By Mr. ANDERSON of California:

H.R. 16411. A bill to amend the Coastal Zone Management Act (Public Law 92–583) in order to allow State approval prior to oil drilling operations seaward of a marine sanctuary established by said coastal State, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. LITTON (for himself, Mr. Froehlich, Mr. Edwards of California, Mr. Moakley, Mr. Mayne, Mr. O'Hara, Mr. Symms, Mr. Tiernan, Mr. Mathis of Georgia, Mr. Nedzi, Mr. Yates, Mr. Mann, Mr. Badillo, Mr. Stark, and Mr. Benitez):

H.R. 16412. A bill to amend the Internal Revenue Code of 1954 to restrict the authority for inspection of tax returns and the disclosure of information contained therein, and for other purposes; to the Committee on Ways and Means.

By Mr. MILFORD (for himself, Mr. Hanrahan, Mr. Rarick, Mr. Casey of Texas, Mr. Ware, Mr. Duncan, Mr. Huber, Mr. Walsh, Mr. Collins of Texas, Mr. Treen, Mr. Landgrebe, Mr. Winn, Mr. McKinney, Mr. Young of Florida, Mr. Martin of North Carolina, Mr. Ketchum, Mr. Derwinski, Mr. Montgomery, Mr. Won Pat, Mrs. Burke of California, Mr. McSpadden, Mrs. Collins of Illinois, and Mr. Mayne):

H.R. 16413. A bill to amend section 13 (c) of the Fair Labor Standards Act of 1938 to exempt from the child labor provisions of such act certain individuals employed at public sporting or recreational events; to the Committee on Education and Labor.

By Mr. MILLER:

H.R. 16414. A bill to establish a cost-of-living council to monitor the economy and restrain inflation, and for other purposes; to the Committee on Banking and Currency.

By Mr. MOAKLEY (for himself, Mr. Brown of California, Mr. Waldie, Mr. Rosenthal, Mr. Harrington, Mr. White, and Mr. Gunter):

H.R. 16415. A bill to authorize the acquisition of certain property in the District of Columbia for the purpose of providing living quarters for congressional interns and pages of the Senate and the House of Representatives, and for other purposes; to the Committee on Public Works.

By Mr. ST GERMAIN:

H.R. 16416. A bill to amend the act entitled "An Act to authorize the operation of stands in Federal buildings by blind persons, to enlarge the economic opportunities of the blind, and for other purposes", approved June 20, 1936, in order to permit such persons to participate in the sale or exchange of chances for any lottery conducted by an agency of a State acting under authority of State law; to the Committee on Education and Labor.

By Mr. VANDER VEEN (for himself, Ms. Burke of California Mr. Kyros, Mr. Phillip Burton, and Mr. Waldie):

H.R. 16417. A bill to amend the Comprehensive Employment and Training Act of 1973 to establish a public employment program for areas of severe unemployment; to the Committee on Education and Labor.

By Mr. HASTINGS (for himself, Mr. Kemp, Mr. Mann, and Ms. Holtzman):

H.J. Res. 1109. Joint resolution to salute Chautauqua Institution on the occasion of its 100th anniversary; to the Committee on the Judiciary.

By Mr. WHITE (by request) (for himself and Mr. Young of Alaska):

H.J. Res. 1110. Joint resolution transferring to the State of Alaska certain archives and records in the custody of the National Archives of the United States; to the Committee on Post Office and Civil Service.

By Mr. HANRAHAN (for himself, Mr. Addabbo, Mr. Archer, Mr. Bafalis, Mr. Biaggi, Mr. Boland, Ms. Burke of California, Mr. Carey of New York, Mr. Coughlin, Mr. Delaney, Mr. Dellenback, Mr. Derwinski, Mr. Edwards of California, Mr. Eilberg, Mr. Fish, Mr. Frelinghuysen, Mr. Frenzel, Mr. Grover, Mr. Gude, Mr. Guyer, Mr. Hays, Mr. Hunt, Mr. Ichord, Mr. Kemp, and Mr. King):

H. Con. Res. 599. Concurrent resolution expressing the sense of the Congress with respect to the imprisonment in the Soviet Union of a Lithuanian seaman, who is a U.S. citizen, and who unsuccessfully sought asylum aboard a U.S. Coast Guard ship; to the Committee on Foreign Affairs.

By Mr. HANRAHAN (for himself, Mr. Koch, Mr. Lagomarsino, Mr. Mayne, Mr. Murtha, Mr. Nix, Mr. Rodino, Mr. Roe, Mr. Sandman, Mr. Sarasin, Mr. Sarbanes, Ms. Schroeder, Mr. Treen, Mr. Walsh, and Mr. Yates):

H. Con. Res. 600. Concurrent resolution expressing the sense of the Congress with respect to the imprisonment in the Soviet Union of a Lithuanian seaman, who is a U.S. citizen, and who unsuccessfully sought asylum aboard a U.S. Coast Guard ship; to the Committee on Foreign Affairs.

By Mr. FASCELL (for himself, Mr. Morgan, Mr. Frelinghuysen, Mr. Buchanan, Mr. Zablocki, Mr. Charles Wilson of Texas, Mr. Riegle, Mr. Yatron, Mr. Bingham, Mr. Wolff, Mr. du Pont, Mr. Winn, Mr. Burke of Florida, Mr. Biester, Mr. Whalen, Mr. Gilman, Mr. Guyer, Mr. Lagomarsino, and Mr. Nix):

H. Res. 1310. Resolution relating to the continuity of U.S. foreign policy; to the Committee on Foreign Affairs.

By Mr. KETCHUM (for himself, Mr. Steele, and Mr. Coughlin):

H. Res. 1314. Resolution expressing the sense of the House regarding the reclassification of servicemen listed as missing in action in Southeast Asia to presumptive finding of death status; to the Committee on Armed Services.

By Mr. LITTON:

H. Res. 1315. Resolution expressing the sense of the House of Representatives concerning the need for immediate and substantial public investments in agriculture research and technology for the express purpose of increasing food production; to the Committee on Agriculture.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII,

Mr. BRADEMAS introduced a bill (H.R. 16418), for the relief of Mrs. Mary Saxton (Mary Nuku); to the Committee on the Judiciary.

By Mr. ROUSSELOT:

H. Res. 1316. A resolution commending Philip M. Knox, Jr., for his services to the annual congressional baseball event; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

471. By the SPEAKER: Petition of the Tulsa Chapter, Order of AHEPA, Tulsa, Okla., relative to Cyprus; to the Committee on Foreign Affairs.

472. Also, petition of the city council, Trenton, Mich., relative to campaign finance reform; to the Committee on House Administration.

HOUSE OF REPRESENTATIVES—*Wednesday, August 14, 1974*

The House met at 12 o'clock noon.

The Chaplain, Rev. Edward G. Latch, D.D., offered the following prayer:

Behold the fear of the Lord, that is wisdom; and to depart from evil is understanding.—Job 28: 28.

Eternal God, who givest to us the gift of life and who dost keep alive within us the desire to live, we pray for the guidance of Thy spirit, the wisdom of Thy mind, and the love of Thy heart as we live through these demanding days. Keep us diligent in our work, just and upright in our dealings, filled with courage, full of compassion, and fruitful in all good deeds.

Look with loving mercy upon our Nation. Guide our people into a better understanding of Thy will, into a higher spirit of unity, and into a deeper concern for others; that with one mind and heart we may serve Thee and our country without fear or favor and with faith and fortitude.

Thus may our Nation and all nations dwell together in peace; to the glory of Thy holy name and the good of all Thy children. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Arrington, one of its clerks, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2957) entitled "An act relating to the activities of the Overseas Private Investment Corporation."

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 3066) entitled "An act to consolidate, simplify, and improve laws relative to housing and housing assistance, to provide Federal assistance in support of community development activities, and for other purposes."

The message also announced that the Senate had passed with amendments in which the concurrence of the House is requested, bills of the House of the following titles:

H.R. 6191. An act to amend the Tariff Schedules of the United States to provide that certain forms of zinc be admitted free of duty;

H.R. 7780. An act to extend for an additional temporary period the existing suspension of duties on certain classifications of yarns of silk;

H.R. 11251. An act to amend the Tariff Schedules of the United States to provide for the duty-free entry of methanol imported for use as fuel;

H.R. 11830. An act to suspend the duty on synthetic rutile until the close of June 30, 1977;

H.R. 12035. An act to suspend until the close of June 30, 1975, the duty on certain carboxymethyl cellulose salts;

H.R. 13631. An act to suspend for a temporary period the import duty on certain horses; and

H.R. 13871. An act to amend chapter 81 of subpart G of title 5, United States Code, relating to compensation for work injuries, and for other purposes.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 6191) entitled "An act to amend the Tariff Schedules of the United States to provide that certain forms of zinc be admitted free of duty," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. Long, Mr. Talmadge, Mr. Hartke, Mr. Bennett, and Mr. Curtis to be the conferees on the part of the Senate.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 7780) entitled "An act to extend for an additional temporary period the existing suspension of duties on certain classifications of yarns of silk," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. Long, Mr. Talmadge, Mr. Hartke, Mr. Bennett, and Mr. Curtis to be the conferees on the part of the Senate.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 11251) entitled "An act to amend the Tariff Schedules of the United States to provide for the duty-free entry of methanol imported for use as fuel," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. Long, Mr. Talmadge, Mr. Hartke, Mr. Bennett, and Mr. Curtis to be the conferees on the part of the Senate.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 11830) entitled "An act to suspend the duty on synthetic rutile until the close of June 30, 1977," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. Long, Mr. Talmadge, Mr. Hartke, Mr. Bennett, and Mr. Curtis to be the conferees on the part of the Senate.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 12035) entitled "An act to suspend until the close of June 30, 1975, the duty on certain carboxymethyl cellulose salts," disagreed to by the House; requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. Long, Mr. Talmadge, Mr. Hartke, Mr. Bennett, and Mr. Curtis to be the conferees on the part of the Senate.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 13631) entitled "An act to suspend for a temporary period the import duty on certain horses," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. Long, Mr. Talmadge, Mr. Hartke, Mr. Bennett, and Mr. Curtis to be the conferees on the part of the Senate.

ELECTION OF MEMBERS TO THE STANDING COMMITTEE ON THE BUDGET

Mr. TEAGUE. Mr. Speaker, I offer a privileged resolution (H. Res. 1317) and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. Res. 1317

Resolved, That the following-named Members be, and they are hereby, elected members of the standing Committee on the Budget of the House of Representatives: Al Ullman, Oregon, Chairman; Jamie L. Whitten, Mississippi; Richard Bolling, Missouri; Thomas P. O'Neill, Jr., Massachusetts; Martha W. Griffiths, Michigan; Jim Wright, Texas; Thomas L. Ashley, Ohio; Robert N. Giaimo, Connecticut; Neal Smith, Iowa; James Burke, Massachusetts; James G. O'Hara, Michigan; Robert L. Leggett, California; Brock Adams, Washington; Parren J. Mitchell, Maryland.

The resolution was agreed to.

A motion to reconsider was laid on the table.

ELECTION OF MEMBERS TO THE STANDING COMMITTEE ON THE BUDGET

Mr. ANDERSON of Illinois. Mr. Speaker, I offer a privileged resolution (H. Res. 1318) and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. Res. 1318

Resolved, That the following-named Members be, and are hereby elected members of the House Committee on the Budget: John J. Rhodes, Elford A. Cederberg, Joel T. Broyhill of Virginia, Robert H. Michel, Delbert L. Latta, Herman T. Schneebeli, James T. Broyhill of North Carolina, Del Clawson, and James F. Hastings.

The resolution was agreed to.

A motion to reconsider was laid on the table.

END U.S. MILITARY AND ECONOMIC AID TO TURKEY

(Mr. KOCH asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. KOCH. Mr. Speaker, the AP reports from Cyprus indicate that the Turkish military forces have surrounded Nicosia and are occupying the airport. Other reports this week indicate pillaging of Greek Cypriot towns, raping of Greek Cypriot women, and the killing of Greek Cypriot civilians by the Turkish invading forces.

I believe it is incumbent upon the United States to end its military and economic aid of the Turkish Government, which refuses to enter into peaceful and bona fide negotiations. We cannot support this Government which insists on disposing of this dispute by aggression and the use of military force.

It is regrettable that Secretary of State Kissinger has provided encouragement to the Turkish Government by some of his statements. I urge that he reconsider and that we forthwith end our support of the Turkish Government until it withdraws its invading forces.

TURKISH HEGEMONY IN CYPRUS

(Mr. BADILLO asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BADILLO. Mr. Speaker, during the past few hours Turkey has resumed its military action on Cyprus. Reports indicate that Turkish planes have attacked the capital city of Nicosia and that Turkish tanks advanced toward the city of Famagusta.

The Geneva peace talks have tragically collapsed and it is apparent that U.S. diplomatic efforts have failed to end the bloodshed on Cyprus and that we have been unable to prevent the attempted takeover of this island nation by Turkey.

Particularly disturbing, Mr. Speaker, is the fact that the Turkish Armed Forces which invaded Cyprus last month are using arms and ammunition supplied by the United States. The Turkish planes which have attacked Nicosia and other Cypriot towns today and which led the ill-conceived invasion last month are American-built phantom jet fighter aircraft.

Clearly the shocking aggression by Turkey against Cyprus was committed with the unwarranted and illegal use of American-supplied military equipment under the U.S. bilateral military assistance program with Turkey. It has been reported that five Finnish soldiers and four British soldiers, part of the U.N. force—not to mention countless Cypriots—were wounded in the bombing raids and we must understand that these sorties were carried out by U.S.-supplied planes.

Inasmuch as all of Secretary Kissinger's diplomatic initiatives have apparently not succeeded, it is now imperative that the President take decisive action to halt all U.S. military and economic assistance to Turkey until such time as all Turkish troops are withdrawn from Cyprus and Turkey ceases its unwarranted aggressive actions in the Mediterranean.

A LAYMAN'S LOOK AT THE LAW

(Mr. YOUNG of Texas asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. YOUNG of Texas. Mr. Speaker, many fine things originate in the Southwest. We have here from Victoria, Tex., a book presenting a layman's look at the law entitled "It's the Law!" published by the Naylor Co., book publishers of the Southwest. This book was authored by Mr. A. B. J. Hammett, nationally known in the financial world as banker and industrialist. He is also a successful newspaper publisher, writer and historian. He was elected to the prestigious Wisdom Hall of Fame in 1971, and in 1973 he received the American Bicentennial Human Resources Award of the United States of America.

This book has received many fine reviews by prominent individuals in the law profession. Among them are the statements of Mr. Vince Taylor, former assistant attorney general of Texas, law professor, and author. He describes the book as "easy, interesting reading of court proceedings, and incidents based on actual facts." Mr. C. N. Rothe, assistant criminal district attorney, San Antonio, Tex., states that this publication, "gives the layman specific examples and a fine idea of situations encountered in day-to-day living as viewed by the law." Others who have reviewed this book favorably are Mr. Robert G. Storey, past president, American Bar Association, and Mr. John H. Wood, Jr., U.S. district judge, western district of Texas.

I would like to add my commendation of Mr. Hammett for giving the layman a look at the law in a manner he can understand.

PERSONAL EXPLANATION

(Mr. HINSHAW asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HINSHAW. Mr. Speaker, during the debate and voting on the Federal Election Campaign Act Amendments of 1974 on August 8, the Congressional Record shows that I was present from the first quorum call, No. 461, to the final rollcall, No. 470, and discloses that I voted "yea" or "nay" on rollcalls 462 through 469. However, the Record erroneously indicates that I did not vote for final passage on rollcall 470.

The Clerk's official printout detailing my activities for the day shows that I utilized the same voting station, VS. 07 for the final three recorded votes. The printout further shows that I voted on rollcalls 468 and 469 and also that I only inserted my voting card on rollcall 470 at 18:54:29. However, the jam-up of votes at time of final passage may have caused the computer to not accurately list all the votes.

Regardless of the reason for this failure, had my vote been properly recorded on rollcall 470, it would have been a "yea" vote in favor of the Federal Election Campaign Act of 1974.

APPOINTMENT OF CONFEREES ON H.R. 15842, INCREASING COMPENSATION FOR DISTRICT OF COLUMBIA POLICEMEN, FIREMEN, AND TEACHERS

Mr. DIGGS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 15842), to increase compensation for District of Columbia policemen, firemen, and teachers, to increase annuities payable to retired teachers in the District of Columbia, to establish an equitable tax on real property in the District of Columbia, to provide for additional revenue for the District of Columbia, and for other purposes, with a Senate amendment thereto, disagree to the Senate amendment, and request a conference with the Senate thereon.

The SPEAKER. Is there objection to the request of the gentleman from Michigan? The Chair hears none, and appoints the following conferees: Messrs. Diggs, Fraser, Stuckey, Dellums, Rees, Mazzoli, Nelsen, Harsha, Broyhill of Virginia, and Gude.

CONFERENCE REPORT ON S. 2510, OFFICE OF FEDERAL PROCUREMENT POLICY

Mr. HOLIFIELD. Mr. Speaker, I call up the conference report on the Senate bill (S. 2510) to create an Office of Federal Procurement Policy within the Executive Office of the President, and for other purposes, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the Senate bill.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of August 7, 1974.)

Mr. HOLIFIELD (during the reading). Mr. Speaker, I ask unanimous consent that the further reading of the statement be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. HOLIFIELD. Mr. Speaker, I yield myself a very brief period of time.

Mr. Speaker, I am privileged to report to the House on the successful outcome of the conference with the other body on S. 2510, the bill to establish an Office of Federal Procurement Policy within the Executive Office of the President and for other purposes. The conference was held on August 6, 1974. All conferees signed the report and the statement.

I wish to express my appreciation to Representatives St Germain, Fuqua, Horton, and Erlenborn for the time they gave as House conferees and their dedicated work in helping to resolve the differences between the House and the Senate bills.

The substance of the House bill, I am pleased to report, is preserved in the conference substitute. All changes accepted by the conferees to resolve differences are consistent with the purposes of the House bill.

As the Members will recall, the Senate and House bills established an Office of Federal Procurement Policy to provide Government-wide direction of policy for procurement by the executive agencies and Government grantees. The Senate bill placed the Office of Federal Procurement Policy in the Executive Office of the President. The House bill placed it within the Office of Management and Budget, a component of the Executive Office. The conference substitute adopts the provision of the House bill in locating the Office of Federal Procurement Policy in the Office of Management and Budget. This accords with the strong preference of the administration and the Commission on Government Procurement and, in the judgment of the conferees, will give the new Office the prestige and leverage required to accomplish its mission.

The conference substitute designates the head of the new Office as Administrator for Federal Procurement Policy. The conferees accepted this provision from the Senate bill in lieu of a provision in the House bill making him an Associate Director for Procurement Policy of the Office of Management and Budget. The conferees agreed to authorize compensation for the Administrator at executive level IV, $38,000, as provided in the House bill rather than executive level III as provided in the Senate bill.

Retained from both the Senate and House bills was the provision for appointment of the Administrator by the President with the advice and consent of the Senate. I may point out that the Administrator will be the only official in the Office of Management and Budget below the level of the Director and Deputy Director who will be subject to Senate confirmation.

The conference substitute incorporates a declaration of congressional policy to promote economy, efficiency and effectiveness in Government procurement. This is substantially the same as the declaration contained in the Senate bill and approved by the House in the 91st Congress as a part of Public Law 91–129, the act establishing the Commission on Government Procurement.

The Senate bill included a provision which required the Administrator to give advance notice of any proposed major policy change to the Senate and House Committees on Government Operations and made the proposed change subject to disapproval by resolution of either House. In place thereof the conferees agreed to accept a modified version providing simply for 30 days' advance notice to the congressional committees, eliminating the provision for congressional disapproval but allowing a waiver by the President of the notice requirement in emergency situations.

The House bill provided for continuing authorization of appropriations without specifying a yearly sum or a time limit. The Senate bill authorized $4 million for the first fiscal year and appropriations in unspecified sums for the 4 years thereafter. The conferees agreed to accept the Senate provision with a modification to reduce the authorization for the first fiscal year from $4 million to $2 million. In consequence, at the end of 5 years the Administrator will have to come before the appropriate committees of Congress for a new authorization of appropriations, at which time there can be a new evaluation by the Congress of the past accomplishments and continued justification and needs of the office.

The conference substitute includes other changes to accommodate a number of special provisions in the Senate bill. These include: First, a direction that the Administrator make a study of nonappropriated fund activities; second, a limitation on the authority of the Administrator to delegate to other agencies his basic policy-making responsibility under the act; third, a requirement that the Administrator keep the Congress and its committees fully and currently informed of the major activities of the office; and fourth, a provision that the Administrator make formal meetings to establish procurement policies "open to the public" on 10 days' advance notice. In all other respects, except as to minor matters of form and language, the conference substitute conforms to the House bill.

This was, in my judgment, a very successful conference. In resolving differences, we have kept in mind legitimate requests of the administration and arrived at a substitute which retains all important features of the House bill. If the House approves this report, I am confident that the bill can be sent to the President within a few days, and we will have given effect to a key recommendation of the Commission on Government Procurement, thereby providing the mechanism for carrying out other important recommendations of the Commission.

I ask the Members to support the conference report.

Mr. HOLIFIELD. Mr. Speaker, I now yield such time as he may consume to the gentleman from New York (Mr. Horton).

Mr. Speaker, I am pleased to agree with Chairman Holifield's statement that this conference bill reflects, in all major respects, the OFPP bill passed by the House on July 15, 1974. There are no significant additions or deletions from the House bill.

I would like to comment briefly on a few of the points in the conference bill:

The Senate conferees accepted the House position that the OFPP should be a part of the Office of Management and Budget. The only change we were asked to accept in this matter was a new title for the head of the Office; he is to be known as the "Administrator for Federal Procurement Policy." The Administrator was made an executive level IV as in the House bill so he will be comparable to the associate directors of OMB, who are the principal line officers of that organization. We except the Administrator, working under the direction and supervision of the OMB Director, to bring the full resources of his Office and other appropriate resources of OMB to bear on reforming the Federal procurement system.

The conference bill includes a declaration of policy provision comparable to that found in the Senate bill. The declaration of policy provision in the Senate bill was the same as that contained in Public Law 91–129, which established the Commission on Government Procurement.

The Senate conferees receded from their provision authorizing congressional vetoes of major procurement policies and recommendations. Instead, the conference bill requires the Administrator to notify the Congress of major procurement policies and regulations 30 days before they would take effect, with an appropriate waiver provision for emergencies.

The conference bill includes modified Senate provisions emphasizing the desire of the Congress that major procurement policies be made openly and with as much public participation as is practicable. The Administrator will designate those formal meetings called to finalize major procurement policies and regulations which should be opened to the public and will provide appropriate procedures to be followed in the conduct of such meetings.

Finally, the conference bill has a modified authorization of appropriations section. The House bill authorized such funds as may be appropriated for an indefinite period of time. In our report, we estimated a cost of approximately $1 million a year. The Senate bill authorized $4 million for the first fiscal year and such sums as may be appropriated for the next 4 fiscal years. The conference bill authorizes $2 million for the first fiscal year and such sums as may be appropriated only for the next 4 years.

The conference bill deserves enactment. It meets the objectives of the Commission on Government Procurement. It will serve, as the Commission felt it should, as the cornerstone of our efforts to create an effective and viable Federal procurement system. The Office will provide the necessary coherence and direction for future Federal procurement policy. The benefits to be gained from this legislation will redound to the efficiency and effectiveness of all Federal programs, to those who work under Federal contract or receive Federal assistance, and ultimately to all Federal taxpayers.

Mr. Speaker, I urge acceptance of the conference report.

Mr. HOLIFIELD. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER. The question is on the conference report

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. WYDLER. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 389, nays 1, answered "present" 2, not voting 42, as follows:

[Roll No. 485]

YEAS—389

Abdnor
Abzug
Adams
Addabbo
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Ashbrook
Ashley
Aspin
Badillo
Bafalis
Baker
Barrett
Bauman
Beard
Bell
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Blackburn
Blatnik
Boggs
Boland
Bolling
Bowen
Brademas
Bray
Breaux
Breckinridge
Brinkley
Brooks
Broomfield
Brotzman
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill, N.C.
Broyhill, Va.
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Byron
Camp
Carney, Ohio
Carter
Casey, Tex.
Cederberg
Chamberlain
Chappell
Chisholm
Clancy
Clark
Clausen, Don H.
Clawson, Del
Clay
Cleveland
Cochran
Cohen
Collins, Ill.
Collins, Tex.
Conable
Conlan
Conyers
Corman
Cotter
Coughlin

Crane
Cronin
Culver
Daniel, Dan
Daniel, Robert W., Jr.
Daniels, Dominick V.
Danielson
Davis, S.C.
Davis, Wis.
de la Garza
Delaney
Dellenback
Denholm
Dennis
Dent
Derwinski
Devine
Dickinson
Diggs
Donohue
Dorn
Downing
Drinan
Duncan
du Pont
Eckhardt
Edwards, Ala.
Edwards, Calif.
Eilberg
Erlenborn
Esch
Eshleman
Evans, Colo.
Evins, Tenn.
Fascell
Fish
Fisher
Flood
Flowers
Flynt
Foley
Ford
Forsythe
Fountain
Fraser
Frelinghuysen
Frey
Froehlich
Fulton
Fuqua
Gaydos
Gettys
Giaimo
Gibbons
Gilman
Ginn
Goldwater
Gonzalez
Goodling
Green, Oreg.
Green, Pa.
Griffiths
Gross
Gude
Guyer
Haley
Hamilton
Hammerschmidt
Hanley
Hanna
Hanrahan
Hansen, Wash.
Harrington
Harsha
Hastings
Hays
Hechler, W. Va.
Heckler, Mass.
Heinz
Helstoski

Henderson
Hicks
Hillis
Hinshaw
Holifield
Holt
Holtzman
Horton
Hosmer
Howard
Hudnut
Hungate
Hunt
Hutchinson
Ichord
Jarman
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jordan
Karth
Kastenmeier
Kazen
Kemp
Ketchum
Kluczynski
Koch
Kyros
Lagomarsino
Latta
Leggett
Lehman
Lent
Litton
Long, La.
Long, Md.
Lott
Lujan
Luken
McClory
McCloskey
McCollister
McCormack
McDade
McEwen
McFall
McKay
McKinney
Madden
Madigan
Mahon
Mallary
Mann
Maraziti
Martin, Nebr.
Martin, N.C.
Mathias, Calif.
Mathis, Ga.
Matsunaga
Mayne
Mazzoli
Meeds
Melcher
Metcalfe
Mezvinsky
Michel
Milford
Miller
Mills
Minish
Mink
Minshall, Ohio
Mitchell, N.Y.
Mizell
Moakley
Mollohan
Montgomery
Moorhead, Calif.
Moorhead, Pa.

Morgan
Mosher
Moss
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers
Natcher
Nedzi
Nelsen
Nichols
Nix
Obey
O'Brien
O'Hara
O'Neill
Owens
Parris
Patman
Patten
Pepper
Perkins
Pettis
Peyser
Pickle
Pike
Poage
Podell
Powell, Ohio
Preyer
Price, Ill.
Price, Tex.
Pritchard
Quie
Quillen
Railsback
Randall
Rangel
Rees
Regula
Reuss
Rhodes
Rinaldo
Roberts
Robinson, Va.
Rodino
Roe
Rogers
Roncalio, Wyo.
Roncallo, N.Y.
Rooney, Pa.

Rose
Rosenthal
Rostenkowski
Roush
Roy
Roybal
Runnels
Ruppe
Ruth
St Germain
Sandman
Sarasin
Sarbanes
Satterfield
Scherle
Schneebeli
Schroeder
Sebelius
Seiberling
Shoup
Shriver
Shuster
Sikes
Sisk
Skubitz
Slack
Smith, N.Y.
Snyder
Spence
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Steele
Steelman
Steiger, Ariz.
Steiger, Wis.
Stephens
Stokes
Stratton
Stubblefield
Studds
Symington
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Teague

Thompson, N.J.
Thomson, Wis.
Thone
Thornton
Tiernan
Towell, Nev.
Traxler
Treen
Udall
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Veysey
Vigorito
Waggonner
Waldie
Walsh
Wampler
Ware
Whalen
White
Whitehurst
Whitten
Widnall
Wiggins
Wilson, Bob
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Winn
Wolff
Wright
Wyatt
Wydler
Wylie
Wyman
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Ill.
Young, S.C.
Young, Tex.
Zablocki
Zion
Zwach

NAYS—1

Landgrebe

ANSWERED "PRESENT"—2

Findley
Ryan

NOT VOTING—42

Alexander
Arends
Armstrong
Brasco
Carey, N.Y.
Collier
Conte
Davis, Ga.
Dellums
Dingell
Dulski
Frenzel
Grasso
Gray

Grover
Gubser
Gunter
Hansen, Idaho
Hawkins
Hébert
Hogan
Huber
Jones, Tenn.
King
Kuykendall
Landrum
McSpadden
Macdonald

Mitchell, Md.
Passman
Rarick
Reid
Riegle
Robison, N.Y.
Rooney, N.Y.
Rousselot
Shipley
Smith, Iowa
Stuckey
Sullivan
Williams
Young, Ga.

So the conference report was agreed to.

The Clerk announced the following pairs:

Mr. Hébert with Mr. Arends.
Mr. Rooney of New York with Mr. Grover.
Mr. Shipley with Mr. Passman.
Mr. Jones of Tennessee with Mr. Rarick.
Mr. Dingell with Mr. Reid.
Mrs. Grasso with Mr. Gubser.
Mr. Hawkins with Mr. Hogan.
Mr. Carey of New York with Mr. King.
Mr. Dellums with Mr. Gray.
Mr. Gunter with Mr. Collier.
Mr. Mitchell of Maryland with Mr. Dulski.
Mr. Landrum with Mr. Conte.
Mr. Macdonald with Mr. Davis of Georgia.
Mrs. Sullivan with Mr. Frenzel.
Mr. Smith of Iowa with Mr. Hansen of Idaho.
Mr. Young of Georgia with Mr. Robison of New York.
Mr. Alexander with Mr. Williams.
Mr. McSpadden with Mr. Huber.
Mr. Riegle with Mr. Kuykendall.
Mr. Stuckey with Mr. Rousselot.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PROVIDING FOR CONSIDERATION OF H.R. 9989, REAL ESTATE SETTLEMENT PROCEDURES ACT OF 1974

Mr. BOLLING. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 1252 and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. RES. 1252

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 9989) to further the national housing goal of encouraging homeownership by regulating certain lending practices and closing and settlement procedures in federally related mortgage transactions to the end that unnecessary costs and difficulties of purchasing housing are minimized, and for other purposes. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

The SPEAKER. The gentleman from Missouri (Mr. BOLLING) is recognized for 1 hour.

Mr. BOLLING. Mr. Speaker, I yield 30 minutes to the gentleman from California (Mr. DEL CLAWSON), pending which I yield myself such time as I may consume.

Mr. Speaker, this is an open rule with 1 hour of general debate. It is a straightforward rule, and I know of no controversy on it. There is some controversy on the bill made in order, the Real Estate Settlement Procedures Act of 1974, but knowing of no controversy on the rule, I reserve the balance of my time.

Mr. DEL CLAWSON. Mr. Speaker, as explained, this rule, House Resolution 1252, provides for the consideration of H.R. 9989, the Real Estate Settlement Procedures Act of 1974. It allows 1 hour of general debate and the bill is to be open to amendments.

The purpose of H.R. 9989 is to control settlement costs by regulating the underlying business procedures of which the costs are a function.

This bill tries to solve these problems in three ways: First, prohibiting or regulating abusive practices, such as kickbacks, unearned fees, and unreasonable escrow accounts; second, requiring that home buyers be provided both with greater information on the nature of the settlement process and with an itemized statement of all settlement charges well in advance of settlement; and third, taking steps toward the simplification of the land recordation process, by establishing, on a demonstration basis in various areas of the United States, a model system or systems for the recordation of land parcels in a manner calculated to facilitate and simplify land transfers.

Mr. Speaker, I ask for an aye vote on this rule, so that the House may proceed to consider this bill.

Mr. BOLLING. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

PROVIDING FOR CONSIDERATION OF H.R. 12859, FEDERAL MASS TRANSPORTATION ACT OF 1974

Mr. YOUNG of Texas. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 1313 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 1313

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 12859) to amend title 23, United States Code, the Federal-Aid Highway Act of 1973, and other related provisions of law, to establish a unified transportation assistance program, and for other purposes. After general debate, which shall be confined to the bill and shall continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Public Works, the bill shall be read for amendment under the five-minute rule. It shall be in order to consider the amendment in the nature of a substitute recommended by the Committee on Public Works now printed in the bill as an original bill for the purpose of amendment under the five-minute rule, and all points of order against sections 6, 7, and 8 or said substitute for failure to comply with the provisions of clause 7, rule XVI, are hereby waived. At the conclusion of such consideration, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the committee amendment in the nature of a substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

The SPEAKER. The gentleman from Texas (Mr. YOUNG) is recognized for 1 hour.

Mr. YOUNG of Texas. Mr. Speaker, I yield 30 minutes to the distinguished gentleman from Ohio (Mr. LATTA), pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 1313 provides for an open rule with 2 hours of general debate on H.R. 12859, the Federal Mass Transportation Act of 1974.

House Resolution 1313 provides that it shall be in order to consider the amendment in the nature of a substitute recommended by the Committee on Public Works now printed in the bill as an original bill for the purpose of amendment. House Resolution 1313 also provides that all points of order against sections 6, 7, and 8 of the substitute for failure to comply with the provisions of clause 7, rule XVI of the Rules of the House of Representatives, the germaneness provision, are waived.

H.R. 12859 deals with two aspects of transit financing: Capital grant programs and operating subsidy grants. The bill divides urban areas into three different categories, with separate grants for each category. The fourth category authorizes the Secretary of Transportation to make construction and operating grants to areas not within urbanized areas. This category covers all areas with a population of less than 50,000.

Mr. Speaker, I urge the adoption of House Resolution 1313 in order that we may consider H.R. 12859.

The germaneness waiver is required because section 6 deals with vehicle weight and width limitations. Section 7 provides for a safety program and section 8 deals with condemnation of property.

Mr. LATTA. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I concur in the statements just made by the able gentleman from Texas (Mr. YOUNG). However, I would like to just recall a couple of the remarks of our new President which he made in this Chamber on August 12, 1974.

The new President said:

> My first priority is to work with you to bring inflation under control. Inflation is Domestic Enemy No. 1. To restore economic confidence the Government in Washington must provide some leadership. It does no good to blame the public for spending too much when the Government is spending too much.

Mr. Speaker, this rule makes in order the expenditure over the next 6 years of $20,374,000,000. The question is whether or not we should spend $20,374,000,000 additional taxpayers' dollars in an overheated economy during the next 6 years. Hopefully, the proponents of this legislation will touch on this today.

I would like to point out that there is a waiver provided for in this rule because sections 6, 7, and 8 deal with nongermane subjects.

Section 6 revises the vehicle weight and width limitations on the Interstate System, and section 7 provides for a demonstration project in Hammond, Indiana, to relocate certain railroad lines for the purpose of eliminating grade crossings. They are proposing to take some $14 million out of the highway trust fund in order to fund this demonstration project.

I hasten to point out, Mr. Speaker, that in my own congressional district we have a lot of problems with grade crossings, and I would just like to have demonstration projects funded in this bill to take care of all of these difficult problems that we have with grade crossings in my district; and I am certain that every other Member of Congress would like to do likewise. But, unfortunately, the only demonstration project provided for here is for Hammond, Ind.

Section 8 also provides for a waiver to simplify the procedures for donating property to a Government agency.

Since these particular items are nongermane to the rest of this bill, a waiver is required. This rule provides for 2 hours of general debate, and the bill will be open to amendment.

Mr. Speaker, funds in this bill are to be distributed under four separate categories.

Category A presently includes nine urbanized areas which either have or are planning major fixed guideway mass transit systems. The nine cities are New York, Chicago, Philadelphia, San Francisco, Boston, Cleveland, Pittsburgh, Baltimore, and Atlanta. Grants under this category may be used for either capital grants or operating subsidies. Other cities which qualify may move into category A. According to testimony presented in the Rules Committee, about 54 percent of the funds in this bill will be distributed to category A recipients.

Category B includes all urban areas of over 50,000 persons, other than those areas in category A. Funds under category B are to be distributed to these cities based on their percentage of the Nation's urbanized population. Funds distributed under this category may be used for both capital grants and operating subsidies.

Category C provides funds for capital grants only. The funds are to be distributed at the discretion of the Secretary, to category B cities which require additional assistance.

Category D authorizes construction grants and operating subsidies to rural areas. This includes all urban areas with a population less than 50,000. The Secretary is to apportion these funds to the States based on the percentage of rural population in the State.

The Federal share for capital grants will be 75 percent. The Federal share for operating subsidies will be 50 percent.

Mr. Speaker, I yield 1 minute to the gentleman from Iowa (Mr. Gross).

Mr. GROSS. Mr. Speaker, I have asked for this time in order to address a question to the gentleman from Ohio (Mr. Latta), if I may have his attention.

Mr. LATTA. The gentleman has my attention.

Mr. GROSS. Mr. Speaker, in view of the fact that the rule waives points of order against nongermane provisions in this bill, does the gentleman not think the rule ought to be defeated?

Mr. LATTA. Mr. Speaker, if the gentleman will yield, let me advise the gentleman that we did not have the votes in the Committee on Rules to defeat it, and I do not think the votes are here on the floor to defeat the rule.

I think this matter can be taken up under general debate. That is the reason that I think the Committee on Rules in its wisdom granted such a rule.

The gentleman well knows that if the Committee on Rules had not granted waivers of points of order on these particular items they could have gone out on a point of order, without further discussion.

Mr. GROSS. That is right. Those provisions have no place in this bill as it is brought to the floor.

Mr. LATTA. They are nongermane amendments, that is correct.

Mr. GROSS. I thank the gentleman for yielding me this time.

Mr. LATTA. Mr. Speaker, I have no further requests for time, and I reserve the balance of my time.

Mr. YOUNG of Texas. Mr. Speaker, I yield such time as he may consume to the distinguished chairman of the Committee on Rules, the gentleman from Indiana (Mr. Madden).

Mr. MADDEN. Mr. Speaker, first I commend and congratulate Chairman Blatnik, Congressman Robert Jones, and the members of the House Public Works Committee for succeeding in presenting to the Congress a very necessary and long delayed, highly comprehensive mass transit bill for legislative consideration.

During the last quarter of a century, the metropolitan areas of the Nation have literally multiplied in population and inflicted on these areas increasing hardship in the way of transportation problems.

I fully realize it is difficult for Members of Congress who come from rural districts, without highly populated cities within their borders, to comprehend the fact that traffic conditions in highly industrialized metropolitan areas have reached the point where a solution for relief must be found.

I represent an industrial congressional district immediately adjacent to the city limits of Chicago, on the south shore of Lake Michigan. My district has three of the largest steel mills in the Nation—U.S. Steel, Inland, Youngstown—and most of the major oil refineries and dispensers, as well as 50 to 100 other industries, large and small.

The industrial towns of Hammond, Gary, East Chicago, and Whiting are immediately surrounded by a half dozen cities and towns all concentrated in a compact area in northwestern Indiana of over a million people. Immediately adjacent to the north is the city of Chicago, of approximately 5 million people. All traffic in and out of Chicago, coming east from the middle west, and from the east going to the middle west, traverses the Calumet region of Indiana.

This region, over the last 25 years, has almost tripled in population, and the population continues to grow.

Porter County, immediately east of my congressional district, has tripled in population and added more to our traffic problems in and out of the city of Chicago.

The Calumet region, and particularly the city of Hammond, is a network of approximately a dozen railroads coming into and going out of the city of Chicago. There are 120 rail and roadway grade crossings in the city of Hammond, Ind. Nearly 50 trains roll through the city on an average day, a high percentage of which are freight trains made up of 150 to 200 boxcars.

They impede police on emergency calls.

They delay firefighters and ambulances.

They frustrate and enrage commuters, shoppers, shippers, and workers going to and from work.

They are increasingly a millstone around the economic neck of the city.

If this legislation is enacted into law, for the first time in more than 60 years the Calumet region, and particularly the city of Hammond, will be within reach of a solution to its oldest problem—traffic congestion.

The Governor of Indiana, the Indiana Highway Department, the industries, the chambers of commerce of Hammond, Gary, East Chicago, Whiting, and other cities including all labor groups are united and cooperating in this effort to secure Federal aid on a traffic congestion problem that annually increases and will eventually impede the progress and business operation of the No. 1 industrial area in America, the Calumet region of Indiana.

I wish to commend the subcommittee of the Public Works Committee, under the chairmanship of Congressman Jones, for coming to Hammond and the Calumet region at the time they visited the city of Chicago, and holding hearings on the mass transit problems of northwest Indiana. During the afternoon of the hearings, the members could personally observe the long lines of congested traffic. And, incidentally, on one railroad located adjacent to the hearing room, half a dozen long freight trains plowed their way through the city at a snail's pace of 10 to 12 miles an hour, blocking numerous crossings and traffic intersections, all to the astonishment of the visiting Congressmen.

This special rail relocation demonstration project, including other mass transit solutions, has the endorsement of all industry, business, chambers of commerce, and citizens who have been seriously striving over the years to relieve the city of Hammond and adjoining communities from the most concentrated traffic bottleneck in America.

This project will condemn no property, and will ease the burdens in every part of the community. It will more fully utilize already constructed overpasses and add the functioning of new overpasses at principal intersections and underground pedestrian crossings.

Railroad track relocation in Hammond is endorsed by the Northwest Indiana Planning Commission as a "good start" for the 25-year program envisioned necessary to improve railroad traffic patterns throughout the region. Outlying traffic problems in this industrial area can be solved only after the Hammond traffic hub has been stabilized.

This bill has the support of five railroads. The Erie-Lackawanna, Chesapeake and Ohio, and Norfolk and Western would all redirect traffic; the Penn Central and Indiana Harbor Belt own the tracks which much of the redirected traffic would utilize.

It will eliminate 40 percent of current grade crossing traffic problems, including:

Schoolbuses and public conveyances dodging around lowered crossing gates; 30,000 elementary, junior high, and high school pupils sneaking around, over, and under trains stopped at crossings; 95 persons killed or injured in 70 railcar accidents in the last 6 years; 262 ambulance delays for a total of 719 minutes in 1973; 53 fire truck delays for a total of 130.5 minutes in 1973; 24 hours, 38 minutes of derailment delay in 1973; 242 hours, 18 minutes of derailment tieup already in 1974; and uncounted hours of commuter, jobholder, shopper tieup daily.

Mr. Speaker, the Public Works Committee, after many months of hearings, markups, and testimony representing all segments of our economy, partitioned our urban traffic problems into four categories: A, B, C, and D. On page 24 of the committee report, information as to the classification and function of each category is explained in detail.

Mr. Speaker, I have received a great number of letters and petitions supporting this mass transit legislation. But I particularly want to include with my remarks a letter from the Amalgamated Transit Union, signed by Dan V. Maroney, international president, endorsing H.R. 12859, the Federal Mass Transportation Act of 1974.

The letter follows:

AMALGAMATED TRANSIT UNION,
Washington, D.C., August 9, 1974.

To All Members of House of Representatives.

DEAR MR. CONGRESSMAN: H.R. 12859, the Federal Mass Transportation Act of 1974, is scheduled for debate and vote by the House on Wednesday, August 14. The Amalgamated Transit Union strongly supports and urges prompt enactment of this vital legislation by the House.

In addition to providing capital grant assistance, and research and development programs, H.R. 12859 provides much needed Federal operating assistance. Particularly, the bill specifically provides financial assistance to urban areas constructing high cost, rail rapid or fixed guideway transit systems. Enactment of the bill will go a long way toward providing the Nation's urban areas with a reasonable and practical alternative to the use of private auto for urban transportation needs.

H.R. 12859 continues anti-discrimination provisions, prevailing wage, and employee protections contained in the Urban Mass Transportation Act of 1974.

We respectfully but strongly urge that you support enactment of H.R. 12859 as reported, and oppose any disabling amendments.

Respectfully,

DAN V. MARONEY,
International President.

Mr. YOUNG of Texas. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. GROSS. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 370, nays 21, not voting 43, as follows:

[Roll No. 486]

YEAS—370

Abdnor
Abzug
Adams
Addabbo
Alexander
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Ashley
Aspin
Badillo
Bafalis
Baker
Barrett
Bauman
Beard
Bell
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Blatnik
Boggs
Boland
Bolling
Bowen
Brademas
Bray
Breaux
Breckinridge
Brinkley
Brooks
Broomfield
Brotzman
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill, Va.
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Byron
Carey, N.Y.
Carney, Ohio
Carter
Casey, Tex.
Chamberlain
Chappell
Chisholm
Clancy
Clark
Clausen, Don H.
Clawson, Del
Cleveland
Cochran
Cohen
Collins, Ill.
Conable
Conlan
Conte
Conyers
Corman
Cotter
Crane
Cronin
Culver
Daniel, Dan
Daniel, Robert W., Jr.
Daniels, Dominick V.
Danielson
Davis, S.C.
de la Garza
Delaney
Dellenback
Dellums
Denholm
Dennis
Dent
Derwinski
Devine
Dickinson
Diggs
Donohue
Dorn
Downing
Drinan
Duncan
du Pont
Eckhardt
Edwards, Ala.
Edwards, Calif.
Eilberg
Erlenborn
Esch
Eshleman
Evans, Colo.
Evins, Tenn.
Fascell
Findley
Fish
Fisher
Flood
Flowers
Flynt
Ford
Forsythe
Fountain
Fraser
Frelinghuysen
Frenzel
Frey
Froehlich
Fulton
Fuqua
Gaydos
Gettys
Giaimo
Gibbons
Gilman
Ginn
Goldwater
Gonzalez
Green, Oreg.
Green, Pa.
Griffiths
Gude
Guyer
Haley
Hamilton
Hammerschmidt
Hanley
Hanna
Hanrahan
Hansen, Wash.
Harrington
Harsha
Hastings
Hays
Hechler, W. Va.
Heckler, Mass.
Heinz
Helstoski
Henderson
Hicks
Hillis
Hinshaw
Holifield
Holt
Holtzman
Horton
Howard
Hudnut
Hungate
Hunt
Hutchinson
Ichord
Jarman
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jordan
Karth
Kastenmeier
Kazen
Kemp
Ketchum
King
Kluczynski
Koch
Kuykendall
Kyros
Lagomarsino
Latta
Leggett
Lehman
Lent
Litton
Long, La.
Long, Md.
Lott
Lujan
Luken
McClory
McCloskey
McCollister
McCormack
McDade
McFall
McKay
McKinney
Madden
Madigan
Mahon
Mallary
Mann
Maraziti
Martin, Nebr.
Martin, N.C.
Mathias, Calif.
Mathis, Ga.
Matsunaga
Mayne
Mazzoli
Meeds
Melcher
Metcalfe
Mezvinsky
Michel
Milford
Miller
Mills
Minish
Mink
Minshall, Ohio
Mitchell, N.Y.
Mizell
Moakley
Mollohan
Montgomery
Moorhead, Calif.
Moorhead, Pa.
Morgan
Moss
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers
Natcher
Nedzi
Nelsen
Nichols
Nix
Obey
O'Brien
O'Hara
O'Neill
Parris
Patman
Patten
Pepper
Perkins
Pettis
Peyser
Pickle
Pike
Poage
Podell
Powell, Ohio
Preyer
Price, Ill.
Price, Tex.
Pritchard
Quie
Quillen
Railsback
Randall
Rangel
Rees
Regula
Reuss
Rhodes
Rinaldo
Roberts
Rodino
Roe
Rogers
Roncallo, N.Y.
Rooney, Pa.
Rose
Rosenthal
Rostenkowski
Roush
Roy
Roybal
Runnels
Ruppe
Ryan
St Germain
Sandman
Sarasin
Sarbanes
Schneebeli
Schroeder
Seiberling
Shoup
Shriver
Shuster
Sikes
Sisk
Skubitz
Slack
Smith, Iowa
Smith, N.Y.
Snyder
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Steele
Steelman
Steiger, Ariz.
Steiger, Wis.
Stephens
Stubblefield
Studds
Sullivan
Symington
Talcott
Taylor, Mo.
Taylor, N.C.
Teague
Thompson, N.J.
Thomson, Wis.
Thone
Thornton
Tiernan
Towell, Nev.
Traxler
Treen
Udall
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Veysey
Vigorito
Waggonner
Waldie
Walsh
Wampler
Ware
Whalen
White
Whitten
Widnall
Wiggins
Wilson, Bob
Wilson, Charles H. Calif.
Wilson, Charles, Tex.
Winn
Wolff
Wright
Wyatt
Wydler
Wylie
Wyman
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Ill.
Young, Tex.
Zablocki
Zion
Zwach

NAYS—21

Ashbrook
Blackburn
Burleson, Tex.
Camp
Collins, Tex.
Davis, Wis.
Goodling
Gross
Hosmer
Landgrebe
Robinson, Va.
Rousselot
Ruth
Satterfield
Scherle
Sebelius
Spence
Stratton
Symms
Whitehurst
Young, S.C.

NOT VOTING—43

Arends
Armstrong
Brasco
Broyhill, N.C.
Burke, Mass.
Cederberg
Clay
Collier
Coughlin
Davis, Ga.
Dingell
Dulski
Foley
Grasso
Gray
Grover
Gubser
Gunter
Hansen, Idaho
Hawkins
Hébert
Hogan
Huber
Jones, Tenn.
Landrum
McEwen
McSpadden
Macdonald
Mitchell, Md.
Mosher
Owens
Passman
Rarick
Reid
Riegle
Robison, N.Y.
Roncalio, Wyo.
Rooney, N.Y.
Shipley
Stokes
Stuckey
Williams
Young, Ga.

So the resolution was agreed to.

The Clerk announced the following pairs:

Mr. Hébert with Mr. Arends.

Mr. Rooney of New York with Mr. Roncalio of Wyoming.

Mr. Burke of Massachusetts with Mr. Grover.

Mr. Jones of Tennessee with Mr. Gubser.

Mr. Hawkins with Mr. Broyhill of North Carolina.

Mr. Gunter with Mr. Coughlin.
Mr. Dingell with Mr. Collier.
Mr. Young of Georgia with Mr. Cederberg.
Mr. Riegle with Mr. Hansen of Idaho.
Mr. Foley with Mr. McEwen.
Mr. Reid with Mr. Huber.
Mrs. Grasso with Mr. Owens.
Mr. Passman withh Mr. Robison of New York.
Mr. Mitchell of Maryland with Mr. Gray.
Mr. Stokes with Mr. Shipley.
Mr. Macdonald with Mr. Davis of Georgia.
Mr. Landrum with Mr. Mosher.
Mr. Rarick with Mr. Hogan.
Mr. Stuckey with Mr. Dulski.
Mr. McSpadden with Mr. Clay.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

REAL ESTATE SETTLEMENT PROCEDURES ACT OF 1974

Mr. BARRETT. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 9989) to further the national housing goal of encouraging homeownership by regulating certain lending practices and closing and settlement procedures in federally related mortgage transactions to the end that unnecessary costs and difficulties of purchasing housing are minimized, and for other purposes.

The SPEAKER. The question is on the motion offered by the gentleman from Pennsylvania (Mr. Barrett).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 9989) with Mr. Culver in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Pennsylvania (Mr. Barrett) will be recognized for 30 minutes, and the gentleman from Georgia (Mr. Blackburn) will be recognized for 30 minutes.

The Chair now recognizes the gentleman from Pennsylvania (Mr. Barrett).

Mr. BARRETT. Mr. Chairman, the chairman of the Committee on Banking and Currency, the gentleman from Texas (Mr. Patman), will not be able to be here to handle this bill today because he is handling hearings on President Ford's proposed legislation to create a Cost-of-Living Council. For that reason, Mr. Chairman, I will be handling the bill.

Mr. Chairman, H.R. 9989 the Real Estate Settlement Procedures Act of 1974 is the product of some 2 years of consideration on matters relating to the high cost and complexities of residential real estate transactions by the Subcommittee on Housing of which I am chairman. The 1972 housing bill which was not granted a rule by the Rules Committee contained a title somewhat similar to the provisions contained in H.R. 9989. I strongly endorse most of the provisions of the bill presently before us, but strongly oppose the provision contained in section 102(c). Section 102(c) repeals the provision that was contained in the Emergency Home Finance Act of 1970 which directed the Secretary of Housing and Urban Development and the Administrator of Veterans Affairs to prescribe standards governing the amounts of settlement costs allowable in connection with the financing of FHA and VA housing. If this provision is repealed as is contemplated under H.R. 9989, it would deprive the Secretary of Housing and Urban Development of authority that he can use to keep the cost of real estate settlement transactions from being exorbitantly high.

The Housing Subcommittee in its numerous hearings on this matter has received evidence that real estate settlement costs have been abnormally high in many areas of this country. It will be argued that the HUD Secretary has not used this authority and the present occupant of that office will not in all likelihood use that authority. But let me point out that the possibility that the Secretary might prescribe standards has had a dramatic effect in many areas of the country in changing and reforming real estate settlement transaction procedures and in reducing the exorbitant costs and even simplifying these procedures. If we take this authority away from the Secretary, I fear that the various interested groups such as the bar associations, realtors, title companies will go back to their old ways of gouging the public. I would urge all members to vote for the Stark amendment, which would knock out section 102(c) when it is offered later on today.

Mr. Chairman, I would strongly endorse all of the other provisions of the bill since they will provide for greater information concerning real estate settlement matters, advanced disclosures, settlement costs prior to the actual closing and limitations on the amount of funds in escrow accounts.

Mr. Chairman, I include at this point a letter which was sent to Chairman Patman by the AFL–CIO concerning this legislation:

American Federation of Labor and Congress of Industrial Organizations,
Washington, D.C., August 9, 1974.

Hon. Wright Patman,
U.S. House of Representatives,
Washington, D.C.

Dear Congressman Patman: The AFL–CIO has consistently supported legislation to reduce excessive costs and abuses involved in home purchasing. Excessive settlement costs represent a burdensome cash outlay in addition to down payment, points, moving costs and the get-settled expenses American families must bear in undertaking the biggest purchase of their lives.

H.R. 9989, which comes to the House floor this week, deals with this problem and, except in one respect, is good legislation. As now written, the bill contains language which would repeal the provision in present law which gives the Department of Housing and Urban Development authority to regulate settlement charges in home purchases. We strongly urge the retention of this authority as a "stick in the closet" to inhibit further excessive closing charges. To achieve this end, we urge that you support the proposed amendment that would retain this authority in HUD and help prevent further increases in housing costs.

To this end we join with the many other consumer-oriented organizations and advocates who support this amendment and the retention of this potentially useful tool.

Sincerely yours,
Andrew J. Biemiller,
Director,
Department of Legislation.

Mr. Chairman, I now yield such time as he may consume to the gentleman from Georgia (Mr. Stephens), to explain this bill.

Mr. STEPHENS. Mr. Chairman, I want to express my appreciation to the chairman of our Housing Subcommittee, the gentleman from Pennsylvania (Mr. Barrett), for his generosity in permitting me to proceed now to try to explain the terminology and the effect of H.R. 9989.

Mr. Chairman, during the past 4 years, the Congress, the VA, HUD, the Federal Home Loan Bank Board, and affected professions have undertaken an extensive examination of the real estate settlement process and its costs. We have examined the problems in numerous hearings in which many witnesses from the public and private sectors have testified. We have received reports from HUD, the VA and the Federal Home Loan Bank Board. They recommended that certain steps be taken at the Federal level to help keep settlement costs to reasonable levels. So, I believe the time has come for us to act.

H.R. 9989, the Real Estate Settlement Procedures Act, is the bill which I and 16 other members of the Committee—Representatives Blackburn, Brasco, Brown, Burgener, Crane, Frenzel, Gettys, Gonzalez, Hanley, Hanna, Rees, Roncallo, Stanton, Widnall, Wylie, and Young—introduced last year. The provisions contained in H.R. 9989 are virtually identical to the provisions of title IX of H.R. 16704, the Housing and Urban Development Act of 1972, that were approved by a bipartisan 28 to 8 vote of the full Banking Committee in September of 1972. These provisions are also directly responsive to all of the recommendations for Federal action contained in the 1972 HUD–VA report.

Among other things, the bill would provide:

First, strong civil and criminal penalties against kickbacks and referral fees;

Second, advance disclosure of settlement costs to home buyers on a uniform settlement sheet to be developed by HUD;

Third, a requirement that lenders give applicants for home mortgage loans a special information booklet that will explain the settlement process and its costs;

Fourth, limitation on the amounts lenders can require home buyers to pay into escrow accounts;

Fifth, that HUD establish on a demonstration basis various model land recordation systems to deal with what the HUD–VA report found to be the "root problem involved in reducing costs"—reform and reorganization of public land records;

Sixth, requires disclosure of present owner, date of purchase, seller and previous selling price of real estate;

Seventh, prohibits fee for Truth-in-Lending and uniform settlement statement;

Eighth, prohibits seller, as condition of sale, from stipulating that title insurance be obtained from a particular title company and provides penalty for violation equal to three times all charges for title insurance; and

Ninth, requires study by Federal Reserve Board concerning payment of interest escrow accounts.

Virtually all of the witnesses who testified in the hearings held by the Housing Subcommittee over the past 2 years agreed that all these provisions are necessary and desirable.

In addition, as part of section 102 as

amended, H.R. 9989 would repeal section 701 of the Emergency Home Finance Act of 1970. This provision was the only subject of dispute. This dispute was whether or not section 701 of the 1970 act authorizes HUD to regulate the rates and charges for settlement services in FHA and VA assisted transactions.

The committee decided to repeal section 701 by a vote of 18 to 12.

When section 701 was mentioned in the 1970 debates, it was positively asserted that its provisions did not mean rate regulation. In arguing for retention of section 701 of the Emergency Home Finance Act, supporters of such interpretation have made a number of erroneous or unsupportable statements that should not go unchallenged. In spite of their allegations, let me point out as follows:

First. Repeal of section 701 would not erase the only Federal authority in existence to deal with unreasonable or exorbitant settlement charges. HUD had that power before section 701. HUD has the power now under section 701. HUD will have this power if section 701 is repealed;

Second. Section 701 was never intended to give HUD rate regulatory authority for settlement costs in FHA and VA transactions;

Third. Section 701 does not offer home buyers any realistic possibility of effecting any savings in settlement costs;

Fourth. The mere existence of section 701 on the statute books has not served to motivate States to adopt settlement reform legislation and has, in fact, had a retarding effect on State reform;

Fifth. Repeal of section 701 will in no way indicate that the Federal Government is no longer interested in settlement reform; on the contrary, it is passage of H.R. 9989 that will indicate congressional interest in dealing with the root causes of unnecessarily high settlement charges; and

Sixth. The fact that section 701 has never been implemented by HUD to regulate rates and charges in the real estate settlement area does not reflect political pressure. Assistant Secretary Lubar said it reflects HUD's realization that such regulation would be unwise, unworkable and "could only be achieved at very high administrative costs, widely out of proportion to the benefits that would be received by consumers."

For a more detailed analysis of this see my remarks on page 25556 of the Congressional Record of July 29, 1974.

I hope that all Members of the House will support H.R. 9989, as approved by the committee, and the committee's decision to repeal section 701 of the Emergency Home Finance Act of 1970 because the purpose of section 701 has been twisted out of the context of the intent of Congress.

What has not been disputed is that any attempt to develop a system of Federal rate regulation in this area would be unworkable.

After attempting to develop such a scheme, Assistant Secretary of Housing and Urban Development Sheldon Lubar testified, as quoted above, that HUD's experience had demonstrated that "even if it could be concluded that Federal regulation of settlement costs was workable at all, such regulation could be achieved at only very high administrative cost, widely out of proportion to the benefits that would be received by consumers." He told the subcommittee that HUD believed repeal of section 701 was "vital" to any legislative package on settlement costs. This same view was expressed by the chairman of the Federal Home Loan Bank Board, Thomas R. Bomar, who described Federal rate regulation of settlement costs as "merely symptomatic treatment" that was "likely to create a bureaucratic monstrosity" and lead to "serious distortions and instabilities in the marketplace."

Consumer witnesses who testified in recent hearings concluded that Federal rate regulation was not a desirable approach. For example, Alan Morrison, who represented Ralph Nader's Public Citizen Project, while he did not go so far as to urge repeal of section 701, did tell the subcommittee that:

> There is no evidence so far that indicates that mandatory price regulation by the Federal Government is required.

Thus, I believe that we have in H.R. 9989, as amended, a series of consumer-oriented proposals that would not only be of great benefit to millions of home buyers, but should also receive the support of a great majority of the members of this committee and the House of Representatives.

After examining alternative proposals that have been suggested—particularly the proposal that lenders bear certain settlement costs presently paid for by the borrower or the seller—there are three substantive amendments that I proposed to H.R. 9989, all of which were accepted by the Banking Committee.

First, I agreed to Mrs. Sullivan's proposal to expand the coverage of my bill to include the individual units of cooperatives and condominiums.

Second, the requirement in H.R. 9989 that advance disclosure of settlement costs be made at least 10 days before settlement is too rigid. The proposal of Mrs. Sullivan to have this disclosure made at the time of the loan commitment is more reasonable and would be of greater value to home buyers. I would, however, also place some discretion in the hands of HUD and the Federal Reserve Board to prescribe the time for disclosure in those instances where there is no loan commitment. This is amendment No. 2.

Third, we revised substantially the provision in H.R. 9989 calling upon HUD to monitor the implementation of the provisions of the bill and to report back to the Congress on what further legislative action is needed in this area. This was amendment No. 3. This would specifically call upon HUD for its recommendations on the desirability of having lenders bear certain settlement costs. Such a report is an absolute prerequisite if the Congress is to consider seriously such a far-reaching proposal. HUD's 1972 report on the problems in the real estate settlement process proved to be the basis for settlement cost legislation we are presently considering and I believe that an economic and statistical analysis of the lender pay proposal by HUD must be the basis for any future congressional consideration of this proposal.

I believe H.R. 9989, as improved by amendments accepted by the committee, represents a reform package that can provide immediate assistance to the American homebuying public and will direct that the first steps in basic reform of local land recordation be taken by HUD.

In conclusion, let me point out two thoughts for your consideration:

First. If the House adopts H.R. 9989 as amended, we can rightfully say we have a genuine reform bill and we can refute some of the careless accusations that the House is not interested in reform; and

Second. We can say we are consistent with the principles of keeping or returning control to local governments as evidenced by revenue sharing and the housing bill we have passed. In the report on the housing bill, the committee boasted that under the new community development concept, "local elected officials, rather than special-purpose agencies, would have principal responsibility for determining community development needs, establishing priorities, and allocating resources." Let us not, against those principles, inject the Federal Government into ratemaking in professions and businesses, an area which has always been the prerogative of local areas.

Mrs. SULLIVAN. Mr. Chairman, will the gentleman yield?

Mr. STEPHENS. I will be glad to yield to the gentlewoman from Missouri.

Mrs. SULLIVAN. I would like to pose a question to the gentleman. I think the gentleman from Georgia does have a fine piece of legislation, very much in the public interest, except for the question of whether we should retain in existing law HUD authority to establish maximum settlement charges, where necessary, for FHA- and VA-related mortgage loan transactions.

My question is, Will the gentleman support his bill, H.R. 9989, if the House, in its wisdom, decide to pass the bill with the only change being the retention of HUD authority, instead of the repeal of that authority?

Mr. STEPHENS. I will say this in reply, that it is a good bill. It was a good bill when it came out of the committee, and I would be prepared to support it if, in the wisdom of the House, the House does not agree with me.

I would like to pose the same question to the gentlewoman. If it comes out the other way, will the gentlewoman support the good features of this bill by voting for the bill?

Mrs. SULLIVAN. I will support it because I too have introduced legislation containing similar provisions, except, of course, the proposal to eliminate HUD's authority to regulate maximum settlement charges for FHA and VA mortgage transactions.

Mr. STEPHENS. I would like to acknowledge the great work done in this field by the gentlewoman.

I have said that the gentlewoman and

I, in this bill, are not very far apart. The gentlewoman has shown great leadership in this. I hope we can resolve this.

The only difference we really have is this, that the gentlewoman interprets section 701 to mean that legal fees will be regulated by the Federal Government. I say that if the Government intended to do that, far from interpreting it in that way, we had better get this matter out of the way because it was never intended for legal fees to be regulated out of Washington.

We cannot regulate the legal fees that people charge in Athens, Ga., on the same fair basis that we could in Missouri, New York, Washington, Maryland, or any other place. That is the only difference we have.

Mrs. SULLIVAN. Mr. Chairman, will the gentleman yield further?

Mr. STEPHENS. I yield to the gentlewoman from Missouri.

Mrs. SULLIVAN. Mr. Chairman, those regulations are to be used only when necessary, when settlement costs are found to be excessive.

Mr. STEPHENS. We have that. We have that provision in the law right now.

Mrs. SULLIVAN. The gentleman is correct. HUD was given this authority in section 701 of the Emergency Home Finance Act of 1970.

Mr. STEPHENS. Mr. Chairman, I know exactly what the gentlewoman is talking about. I have not said that the x number of dollars charged by lawyers should be regulated. That is why I am trying to keep this in line.

Mrs. SULLIVAN. Mr. Chairman, if the gentleman will yield further, he does not have to use x number of dollars. HUD can regulate where it is necessary and where excessive charges are made under the authority of section 701 which I just referred to.

I think it has been proven that because this feature is in the law now, some States have come to the realization that they should be enacting laws to correct this. That is why we feel that HUD's authority must be retained in the law in order to prompt the States to correct abusive practices instead of letting the Federal Government assume sole responsibility in this area.

Mr. STEPHENS. Mr. Chairman, if this section 701 which we have had has produced any State regulation, I have not heard of it.

In the second place, it is my recollection that in the State of New York they have made an attempt for the last 6 years to try to get a kickback passed through, and this has not forced them to do anything. I think one of the reasons for that is that they are going to wait and see whether we will preempt and then they will not have to take a stand on it.

Mr. BLACKBURN. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I think a very brief historic review of the events that have brought us to this particular legislation would be in order at this time.

As the Members will recall, in 1970 and 1971 there was a series of articles printed in the local papers here in the Metropolitan Washington area which exposed a series of abuses which were quite common in practice involving the real estate business.

For example, it was found that some real estate men would habitually receive kickbacks from the lawyers who were handling closing costs.

We found that some realtors would expect to be paid "finder's fees" by the insurance companies or the mortgage bankers who would handle the majority of their business.

We found that the fees that were being charged for services in many instances were unreasonable, and the reason that they were unreasonable is because the person charging the fee was not keeping the fee for his own use, but was dividing it with a number of participants in the transaction, and this division was unknown to the purchaser of the property.

As a result of these abuses which, in my opinion, were largely limited to the Metropolitan Washington area, a great deal of pressure did develop on the Congress to pass legislation. I felt at the time it was primarily a local problem, and that the bar associations in the local jurisdictions involved would deal with the problems promptly and effectively. As a matter of fact, the bar association did move to discipline those lawyers who were acting in an unethical manner, and these practices were terminated.

But in the Housing Act of 1970 we included section 701, in which dialog on the floor we established that it was never the purpose of section 701 of that Housing Act to grant to the Department of Housing and Urban Development an authority which they had never held before, and that would be an authority to regulate the charges of lawyers in the differing jurisdictions about our country.

We have to recognize that the services that are rendered by a lawyer in one jurisdiction may be far more complicated and his obligations may be far heavier, his personal responsibilities, his liabilities may be far greater in some jurisdictions than they are in others. It is because of the differing procedural aspects of handling closings of real estate, and because of the differing obligations of the lawyers involved, that it is absolutely impossible to establish any uniform Federal system of regulating closing costs, and we felt that by passing 701 and allowing the Department of Housing and Urban Development to merely monitor these charges, it would be sufficient. But shortly after we passed that Housing Act, we found that the Department of Housing and Urban Development was proposing to issue regulations which would have the effect of regulating legal fees throughout the United States.

At that time I called the dialog between myself and the gentleman from Texas, the chairman (Mr. PATMAN), to the attention of the Secretary of Housing and Urban Development, and they withdrew the regulations. But still the question has remained unanswered as to what extent the Federal Government should be involved in transactions primarily between private parties; that is, purchasers of real estate, sellers of real estate, and the mortgage bankers, or the savings and loan institutions who themselves handle real estate financing transactions.

This bill has been drawn in order to put at rest once and for all the proper role of the Federal Government in these private transactions involving real estate. What we are saying in effect is, we are outlawing in very clear and unequivocal language unethical practices which allow someone involved in a real estate closing, whether he be a lawyer or realtor, or anyone else to charge the purchaser of the property or the seller of the property a fee for services that are not rendered, and then perhaps to turn around and pay part of that fee to some other party who is not performing any useful function with regard to the closing.

This, of course, will help the home buyer to keep from being charged for services that are not necessary and that are not rendered.

When we discussed this, when the matter was before the committee, we had to consider whether or not we should put HUD in the business of regulating legal fees around the country, and the decision was made by the committee—and I think properly so—that such course would require such a massive bureaucracy. I think the committee followed the proper course of action when it rejected that role.

So what we did do was to make illegal certain practices which were found to occur in the past by eliminating the illegal kickbacks and the so-called finder's fees.

Second, we felt that the general public should be better advised as to just what are closing costs. We found that many members of the general public thought that every dime that they spent at the time of the closing went to the lawyer. In truth and in actuality, those individuals who have handled real estate closings know that the lawyer's fee is usually one of the smallest parts of the whole transaction.

Most of the money paid at time of closing will go into escrow for future taxes and a great deal of the money will go into escrow for insurance purposes, certain fees have to be paid for survey purposes, and the lawyer actually would get relatively little. So we felt in this bill one of the things which we would do was attempt to educate the public by compelling the person arranging for the closing to advise the buyer well in advance of the transaction as to exactly what he was going to be paying at the time of the closing and exactly how much those costs would be and for the purpose.

Third, in the bill we all recognize that title recordation and title searches are some of the more antiquated practices in the legal profession. We have developed very sophisticated machines, the computer industry which can very rapidly recall data from a memory bank for the benefit of the public, but the bar associations have never seen fit to utilize these modern technological devices. In this bill, in order to provide more progress in the whole field of real estate recordation and indexing, we have provided authority for the Department of Housing and Urban Development to set up a model recording and recalling system for real estate indexing which would serve as a demonstration for jurisdictions and for bar associations around the country. This model system will in no way be binding on lawyers or bar associations or State jurisdictions, but it is hoped HUD by providing this leadership will set an example that the country can perhaps follow.

At least HUD will have taken a first step in providing leadership in bringing to the real estate industry title business the modern techniques and modern technology of computers and computer systems.

So, Mr. Chairman, I would urge my colleagues to adopt this bill. I would further urge them to resist any efforts to make substantial changes.

Mr. DENNIS. Mr. Chairman, will the gentleman yield?

Mr. BLACKBURN. I yield to the gentleman from Indiana.

Mr. DENNIS. Mr. Chairman, I thank the gentleman from Georgia for yielding.

Mr. Chairman, as I understand it this bill is directed at the kind of things that should be legislated against, but it occurs to me that, both in his philosophy and in my own, they are the type of things that should be left to the States of the Union to regulate, that is, matters relating to real estate law. I wonder if we are not departing from that philosophy.

Mr. STEPHENS. Mr. Chairman, will the gentleman yield?

Mr. BLACKBURN. I yield to the gentleman from Georgia.

Mr. STEPHENS. Mr. Chairman, I would not agree exactly with what the gentleman is saying, but what we are trying to say here is that these are federally supported loans, and in these areas we are talking about we would like to see some uniformity so as to ease the problems of and help the understanding of people all over the United States. The gentleman is generally correct but in these circumstances since they are Federal loans, then we do have a right to be in there, that normally we do not have.

Mr. BLACKBURN. Let me address myself to the gentleman's question and say the attitude he adopts is becoming less and less unusual but we find ourselves in this position, that there are many who argue that section 701 of the Housing Act, to which I referred earlier, does grant to HUD the authority to regulate these things vis-a-vis Federal loans all over the United States. I do not agree. But it came to my attention when HUD was proposing to try to write regulations, I intervened and called the attention of the Secretary to the dialog that took place between Chairman PATMAN and me at the time of the passing of that act.

As a result of that the Secretary of Housing and Urban Development withdrew the regulations, but his attorney said they still feel that this gives them that right. As a result of this contest between HUD and Congress, we felt this legislation should be brought to the floor to settle the matter once and for all as to what authority we did intend to grant to HUD.

Mr. DENNIS. I wonder if under section 106 we are not coming awfully close to regulating the amount of fees after all, because in the statement of the committee in the report it says, in regard to fees and so on, that they are not intended to be included in the prohibitions of the section so long as the payment "bears a reasonable relationship to the value of the goods or services rendered."

But if it does not, the section provides both criminal penalties and for civil suits; so I suppose, now under this section, that anytime anybody feels or claims that he is charged a fee by a lawyer, banker, insurance broker, realtor, or anyone else that he thinks is excessive, he could take it to court and have a jury decide what the reasonable value of the services is; could he not?

Mr. BLACKBURN. I would hope that would not be the case. The burden of proof would be on the plaintiff to prove that transaction. It would not be on the lawyer to prove it was not excessive. If we have a choice between two evils, between HUD setting a fee nationally to be set by law or to be litigated before a jury, I would prefer the jury course of action.

Mr. DENNIS. Well, I agree with the gentleman on that, but I do not know whether either evil is necessary.

Mr. BLACKBURN. I do not like to decide between evils; but sometimes it is necessary.

Mr. TREEN. Mr. Chairman, will the gentleman yield?

Mr. BLACKBURN. I yield to the gentleman from Louisiana.

Mr. TREEN. I thank the gentleman. I have several points I would like to cover. On page 16, referring to section 110, the gentleman touched on this in his remarks about the establishment on a demonstration basis of a model system or systems for the recordation of land parcels, the words I particularly direct attention to are: "The Secretary shall establish and place in operation on a demonstration basis" this model program.

Now, the procedure for registration of deeds and mortgages and so forth in many States, and I know particularly in my State of Louisiana, has a very substantive effect on the title rights and land rights.

It seems to me that the wording of this section is broad enough to give him the authority to go in and actually supersede the registration procedure in a given jurisdiction.

I would hope that is not the intent and we could establish that here, that it would only be voluntary, that the jurisdiction would voluntarily accept a demonstration project which would be consistent with its registration laws and not permit the Secretary to establish and put it in place. That has a far-reaching effect on State laws.

Mr. BLACKBURN. I do not think the gentleman is giving proper emphasis to the phrase that such an operation shall be on a demonstration basis; but we see in the bill, we see he can set it up in various areas of the United States, because we recognize that in different jurisdictions, differing methods and procedures do apply. A system which might be entirely feasible in one section of the country, in my State, for example, might well not be operational in the gentleman's State, because of different concepts of law which originally prevailed and still prevail in real estate transactions; so the real emphasis here, I think, should be on a demonstration basis.

Mr. STEPHENS. Mr. Chairman, will the gentleman yield?

Mr. BLACKBURN. I yield to the gentleman from Georgia.

Mr. STEPHENS. I will say as far as I can understand and in my conversation with other Members who cosponsored this legislation, it is not intended in any way by this section that HUD would do anything other than say this is an experiment for everybody to look at. If we would like to have it adopted, we can adopt it by our own State laws, if we think so. It is a recommendation.

Now, it would be similar to what we did when we suggested that there be a model breakthrough kind of construction. That was to be a demonstration as to the way we could have a breakthrough in building costs, that it did not mean everybody had to build a house in the same way. This is what we mean by this.

Mr. BLACKBURN. I will have to terminate and reserve the balance of my time, because there are others who would like to address themselves to this subject. If I have time, then I will be glad to answer further questions.

Mr. BARRETT. Mr. Chairman, I yield 7 minutes to the gentlewoman from Missouri (Mrs. SULLIVAN).

Mrs. SULLIVAN. Mr. Chairman, may I answer the gentleman from Louisiana first, before I go into my statement?

I have an amendment which I think will take care of the problem which concerns the gentleman. It comes at the very end of the bill and is very short. It says:

> This act does not preclude any additional requirement imposed upon any participant in any residential real estate transaction covered by this act under the law of any State.

State law, where it is consistent with the provisions of this act, would not be preempted.

Mr. TREEN. Mr. Chairman, will the gentlewoman yield?

Mrs. SULLIVAN. I yield to the gentleman from Louisiana.

Mr. TREEN. I appreciate what the gentlewoman is saying. I fail to see how that would prevent or have any bearing on section 110. That is the section suggesting that the Secretary could establish a model system for recording.

Mrs. SULLIVAN. It could establish it, but if the State has a law in this area, the State law would prevail as long as it was as strong as the Federal statute.

Mr. TREEN. I thank the gentlewoman.

Mrs. SULLIVAN. Mr. Chairman, H.R. 9989, the Residential Real Estate Procedures Act of 1974, has been labeled a real estate settlement reform bill. As Chairman PATMAN noted a moment ago, with one very serious exception, it conforms to that description.

But that exception—the existence of

section 102(c) in this bill which repeals HUD's authority to regulate maximum settlement charges for FHA and VA mortgage transactions is so damaging in my view that it makes the rest of the bill totally unacceptable.

I can and do support all of its disclosure requirements and all of its prohibitions against abusive practices. Indeed, for the most part all of the other sections of H.R. 9989 were taken from a bill which I introduced last year.

But section 102(c) turns this bill into a giant step backward in the effort to achieve real settlement reform, something that can only be accomplished by regulation of maximum settlement costs, when necessary.

Because of section 102(c), every consumer-oriented organization that I know of vehemently opposes H.R. 9989 even though they favor most and would accept all of its other provisions. They oppose the bill because 102(c), by eliminating HUD's authority to regulate maximum settlement charges when necessary for FHA and VA mortgage transactions, turns the bill into a shield for the very people responsible for scandalously abusive real estate settlement practices.

In addition, section 102, instead of supporting the bill's basic consumer protection structure, calls for yet another study by HUD of settlement cost problems. It does this despite the fact that the problems have been studied to death by HUD and by many others—the Washington Post, the Government Operations Committee, an ad hoc subcommitee on inter city financing which I chaired, the House Banking and Currency Housing Subcommittee and the full committee itself. It does this despite the fact that HUD long ago concluded that regulation of maximum settlement costs is unquestionably needed—a conclusion that prompted the Department to draft proposed regulations for settlement transactions involving FHA and VA mortgage transactions in six metropolitan areas.

HUD's failure to implement these regulations where it was necessary reflects its complete capitulation to pressures exerted by the settlement industry, rather than to any real inability to act. Approval of section 102, even though all the other provisions of the bill are sound and are needed to protect home buyers and homeowners, ratifies HUD's capitulation and makes the Members of the House equal parties to it.

Why is it that every spokesman for those who provide settlement services testified before the Housing Subcommittee in favor of H.R. 9989 in its present form? Why is it they are all too ready to accept all of the disclosure requirements and the prohibitions of the bill so long as it contains section 102(c) which repeals HUD's authority to regulate maximum settlement charges for FHA and VA mortgage transactions? The answer is obvious to anyone who cares enough to look at the problem without political blinders.

The settlement industry knows that without regulation of settlement costs all the other provisions of the bill are weak—so weak that they probably will be largely ineffective in terms of really protecting consumers against abusive settlement practices. The truth of the matter is that without the means to regulate, there are no teeth in this legislation. What good does it do to provide FHA and VA homebuyers with a means to detect excessive settlement charges if there is no way to prevent excessive charges from being made? All we are doing with H.R. 9989, so long as it contains section 102(c) is to provide home buyers and homeowners with the means to be well informed of the fact that they are being ripped off. If they do not like it, they can rent instead of buy. That is the alternative that will be handed to them.

Admittedly, HUD has never fulfilled its responsibility to implement its authority to regulate charges, something that can only be classed as pathetic in the light of the desperate need for protection against inflated and unnecessary charges for low- and moderate-income FHA and VA borrowers. HUD should use this authority immediately—use it in every area of the country where it is needed.

Two years ago, the Department published its proposed maximum settlement charge regulations for six metropolitan areas. So it is now 2 years late in responding to a congressional mandate to protect the public interest, insofar as FHA and VA home loan borrowers and federally assisted housing programs are concerned. But it is never too late to act, unless the Members of the House approve section 102(c) and thereby cooperate with HUD in its efforts to escape responsibility.

Moreover, it should be recognized that even though HUD has failed to use its authority to regulate settlement costs, the existence of that authority is being felt in a growing number of States. It has been enough to prompt the legislatures of New York, Massachusetts, Connecticut, Maryland, and North Carolina to adopt settlement reform measures. Similar bills are and will increasingly be under consideration in other States.

Action on the State level is occurring, because State legislators are becoming aware that HUD, by a simple administrative decision, can step into the field overnight, and take over a lot of territory that the States could reserve for their own authority in the field of residential real estate regulation. If we adopt H.R. 9989 with section 102 left intact, we will be serving notice to all the States that the pressure is off, that the Federal Government is really no longer concerned with settlement reform, even to protect FHA and VA home buyers, let alone conventional mortgage borrowers.

By the same token, the pressure for State action is being felt by the settlement industry, and this is one of the basic reasons why they want HUD's authority to regulate maximum settlement charges repealed, even though it has not been used. The settlement industry knows that as long as that authority exists, many States will be prompted to act and the opportunity to overcharge and deceive home buyers and homeowners will be curtailed if not completely eliminated in many parts of the country.

If nothing else, this point explains the massive volume of mail that has been directed at Members of Congress by lawyers, by lenders, by real estate developers and agents, by title insurance companies and by others who are desperately trying to preserve what they considered to be their right to victimize the home buying and homeowning public.

Personally, I feel that H.R. 9989, even if section 102 were stricken from it, does not go nearly far enough in protecting the public interest. It is self-evident that if FHA and VA residential mortgage borrowers—the people most in need of help—deserve protection in the form of maximum settlement charge regulation, then conventional mortgage borrowers, who comprise the vast majority of settlement industry customers, need it equally as much. It is a source of bitter disappointment to me that the Banking and Currency Committee did not see fit to expand HUD's authority to regulate conventional as well as FHA and VA settlement transactions. But if we are not prepared at this time to go further, we should at least preserve the authority to regulate what was given to HUD 4 years ago.

Mr. Chairman, there are two other issues with which I am seriously concerned.

Section 103 of the bill directs the Secretary of HUD to develop a standard form for the statement of settlement costs. The section requires that the form shall include all information and data that must be provided under the Truth-in-Lending Act and may be used in satisfaction of the disclosure requirements of that Act.

Section 105 of the bill sets forth the requirements for advance disclosure of settlement costs, using the standard form, and states the penalty for violators. This section allows borrowers under conditions to be prescribed by the Secretary of HUD, to waive the requirement that settlement costs be disclosed at the time the loan commitment is made. It also limits borrowers to bringing a single cause of action, or one separate legal action for failure to make advance disclosure, under both this act and the Truth-in-Lending Act. A borrower can sue under one, but not both acts, when he feels that the disclosure requirements of one or of both acts have been violated.

I wish it to be clearly understood that section 105 does not provide for waiver by the borrower of his substantive rights under the Truth-in-Lending Act, but merely goes to the procedural point, that he must choose to sue under only one of the two acts. I consider it extremely important that this distinction be understood.

Mr. Chairman, the major thrust of H.R. 9989 is to provide residential mortgage borrowers with advance disclosure of settlement costs and settlement information. The advance disclosure requirements pertaining to settlement costs should in no way be unduly blunted by loosely drawn waiver regulations to be developed by the Secretary of HUD, who is required to consult in this matter with the Federal Reserve Board. I am fully aware that there may be instances of hardship requiring waiver but waiver under conditions other than real hardship should not be allowed. The basic thrust of the bill is timely disclosure and everything should be done to provide it.

In this connection, I wish to point out that the Federal Reserve Board has developed and implemented stringent conditions for waiver of disclosure rights under the Truth-in-Lending Act. In the absence of any statement to the contrary in this debate, it is my understanding that the truth-in-lending waiver regulations should be used as a firm guide for regulations on waiver of advance disclosure of settlement costs under H.R. 9989, the Real Estate Settlement Procedures Act of 1974.

Mr. Chairman, section 106 provides prohibitions against the payment of kickbacks and unearned fees among persons providing settlement services. Subsection (c) states that nothing in this section shall be construed as prohibiting the payment of a fee to attorneys for services actually rendered, or by a title insurance company to its duly appointed agent for services actually performed in the issuance of title insurance policies.

One of the most abusive practices now prevalent in settlement transactions is the payment of a title insurance commission to attorneys representing one or more parties involved in settlement transactions. The fact that an attorney can and will cast himself in the role of representing the interests of the lender and the borrower, constitutes an obvious conflict of interest situation. That in itself is bad enough. But the situation is made even worse when such an attorney collects a commission on the issuance of a title insurance policy to the borrower and/or the lender. The attorney has done virtually nothing to earn this fee which can range from 25 percent to 40 percent of the policy premium. Aside from collecting an unearned fee, such an attorney is spreading his conflict of interest situation still further by assuming a third position of being an agent-representative of the title insurance company whose interests do not coincide with those of either the borrower or the lender.

Mr. Chairman, the Virginia State Bar has formally condemned the practice of paying title insurance commissions to attorneys providing legal services in settlement transactions. It is my understanding, in lieu of any statement to the contrary, that the prohibitions contained in section 106 include one, intended to include a prohibition against the payment of title insurance commissions to attorneys who are providing legal services in the same settlement transactions because these would not be fees for services actually rendered.

Mr. Chairman, common decency and justice require that the very least we can do is to adopt H.R. 9989 to give the home buying public the protection it should have through the disclosure requirements and the prohibitions contained in the bill. But we should only do this if we strike section 102(c) and thereby send HUD a message that it is the intent of Congress that it immediately begin using its authority to regulate maximum settlement charges for FHA and VA mortgage transactions.

Furthermore, we should do it with the understanding that the disclosure requirements of the bill can be waived only under conditions which I have described and that the prohibitions against kickbacks and unearned fees extend to the payment of title insurance commissions to attorneys providing legal services in settlement transactions, and that all the prohibitions in this and other sections be stringently applied to achieve maximum benefits and protection for home buyers and homeowners.

ESCROW ACCOUNTS

One of the many deficiencies of this bill is its failure to address the issue of escrow accounts for taxes and insurance in residential real estate mortgage practices. The bill calls for a study by the Federal Reserve Board to determine the feasibility of requiring interest to be paid to the home buyer on the amounts set aside each month toward real estate taxes and casualty insurance. This is a proposal we incorporated into the omnibus housing bill in 1972 as part of an effective approach to real estate settlement abuses, but the 1972 Housing bill died in the Rules Committee.

Immediately thereafter, I turned to the General Accounting Office to make the kind of escrow study which the housing bill would have required the Federal Reserve to make. The GAO did undertake such a study and it was most comprehensive. At the same time, however, it was inconclusive as to the feasibility of requiring interest to be paid on escrow accounts, pointing out that while the larger real estate lending institutions tended to profit significantly from the incomes derived from the temporary use of the interest-free escrow accounts, smaller savings and loans in general did not, because the costs of maintaining these accounts pretty much equaled or even exceeded the revenues received from the use of the escrow money prior to the date when taxes or insurance was due.

Consequently, in revising my real estate settlement reform bill for reintroduction in the 93d Congress, I provided in H.R. 12066 for an option to the home buyer to pay his own taxes and insurance, if he so desired rather than being required to hand over to the lender interest-free each month one-twelfth of the estimated taxes and insurance charges for the year. If the home buyer wanted to allow the lender to continue paying these charges through escrow accounts, then the home buyer would have the right to negotiate with the lender for some share of the interest revenues derived by the lender from investment of the escrow funds. There would be no requirement that the lender had to pay the home buyer interest on his escrow account, but I am sure many lenders would see a competitive advantage in offering or agreeing to pay some interest on escrow moneys.

Let me point out that what we are talking about is a figure in excess of $9 billion a year, according to the GAO study made at my request. That is what the GAO investigators estimated as the total amount of tax and insurance money put aside by home buyers each year in compulsory escrow accounts maintained by the lenders on residential real estate.

Since the GAO study was made, some States have gone ahead and passed legislation requiring interest to be paid on escrow accounts. And interest rates have skyrocketed to such an extent that the revenues derived by lenders from the temporary use of this $9 billion are undoubtedly substantially higher now than they were when the GAO study was made. So I have no objection to a further study being undertaken by the Federal Reserve based on developments since the GAO made its study.

But I am disappointed that the Committee on Banking and Currency did not pursue the option proposed in H.R. 12066 to allow home buyers to have the right to pay their own taxes and insurance as long as they demonstrate the ability and willingness to pay these necessary charges when due. If a home buyer then failed to pay his taxes or insurance when due, the lender would then have the right to step in and pay them and charge a penalty. The lender's interest would be protected, but the home buyer would have an option not now available in most instances.

Mr. BLACKBURN. Mr. Chairman I yield 2 minutes to the gentleman from New Jersey (Mr. WIDNALL).

Mr. WIDNALL. Mr. Chairman, I would like to commend the gentleman from Georgia (Mr. STEPHENS) for his statement on H.R. 9989, and for the many months of hard work it took to bring this bill to the floor of the House. I was one of the original cosponsors of this legislation. I supported it then, and I support it now.

There are many important reforms encompassed in this legislation, as Mr. STEPHENS has pointed out. It recognizes the intelligence of the American home buyer and treats him or her as a mature individual. The bill takes note of the fact that the cloak of the unknown has always been draped over the subject of settlement cost and that some abuses have resulted. However, unlike many other laws we have been prone to pass in recent years, this bill says that we will not regulate a whole industry to get at that small fraction of the industry which has caused abuses. In this bill, we spell out the home buyer's "right to know" and assure him the information necessary to make his own rational judgment concerning his settlement arrangements.

We accomplish this in several ways. We would require that a uniform settlement statement and special information booklet, approved by the Secretary of HUD, be used in all settlement activities starting when an application for a mortgage loan is made. Also, settlement costs would have to be disclosed in advance. Providing this information to the home buyer will certainly add to the understanding of settlement practices and help purify some of its less enlightened traits.

In addition, this bill would provide stringent penalties in cases where there are kickbacks or where unearned fees are charged to a home buyer. For violation of the prohibitions in this bill, both criminal and civil penalties are proposed.

Surely these provisions, along with a limitation on advance escrow payments, will serve to resolve the vast majority of abuses cited by critics of the present system. It would, therefore, seem appropriate to enact this legislation without taking the drastic approach of calling for HUD regulation of all settlement costs. This is especially true since this legislation instructs HUD to report back after evaluation of the operation of these provisions on the necessity of further congressional action.

I urge my colleagues to support this legislation as a well-balanced and rational approach to a serious problem affecting the largest single purchase commitment many people ever make. Let us pass H.R. 9989 and solve the consumer's problems with an industry without destroying the industry or its various components.

Mr. BARRETT. Mr. Chairman, I yield 2 minutes to the gentleman from California (Mr. HANNA).

Mr. HANNA. Mr. Chairman, I thank the chairman of the subcommittee for yielding this time to me.

Mr. Chairman, this legislation that is before us today is the result of compromising the legislative thrust to get at some real problems, as has been pointed out by the gentleman from Georgia (Mr. STEPHENS), and echoed in the remarks of the gentleman from New Jersey (Mr. WIDNALL).

We have found that when we get into a problem that is present across the United States, we are always dealing with a complex situation. There are so many different conditions in a country as large as ours. I point out to the Members, as indicated by the gentleman from Louisiana, that we have there a State where the laws go back to the Napoleonic Code. Out my way in real estate we have the Torrens Titles. This is different from the practices in other States.

So we have some very basic differences upon which to predict real estate transactions, and the costs associated with them will reflect those differences.

So, Mr. Chairman, what we have done in this legislation is take an approach that does not try to go too far and get us mired down trying in our first effort to deal with the distinctions and differences that do exist and yet go far enough to give the basic protections which we think are absolutely necessary in the face of the malpractices and evils which were uncovered by the committee.

I think this House should give a very strong vote of thanks to the gentlewoman from Missouri (Mrs. SULLIVAN), because much of the basis for this legislation was created by her good works. I think that we should be very happy that the gentleman from Georgia (Mr. STEPHENS) and the Members of the committee were able to take the good start that was made and put it into a posture where the legislation will be acceptable everywhere in the United States and will address itself to the basic problems that we hope to solve.

Mr. BARRETT. Mr. Chairman, I yield 2 minutes to the gentleman from California (Mr. STARK).

Mr. STARK. Mr. Chairman, I thank the gentleman.

Mr. Chairman, I would just like to point out that the Federal Housing Administration first came into existence in 1934. That very wise legislation created a need for a uniformity of title insurance and a method of transferring universal loan instruments from State to State. It has greatly increased the liquidity of the mortgage market, enabling people to transfer mortgages back and forth across the country. That liquidity and that ability to transfer mortgages back and forth across the country have further been increased by Fannie Mae, Freddie Mack, and other types of second mortgage markets which have been established.

Mr. Chairman, I point out to my colleagues, those who are attorneys, that no less an authority than Chief Justice Burger, at the American Law Institute, said the following:

> Another important area of law that sooner or later touches the lives of almost every American is the purchase of a home. One can hardly imagine an American who does not wish to own his own home. . . .
>
> However, title and transfer processes cry out for reexamination and simplification. They are unduly complex and therefore unduly expensive. The cost standard should be the reasonable value of the services based on the time required and the degree of responsibility involved.

I submit that without some kind of Federal authority there is no way that we can ever act as a catalyst to urge our lawmakers across the country in the various States to work toward reforms that cannot but help benefit the average home owner and purchaser.

I would point out that on a modest size transaction today the cost is $552 for title insurance, title examination, attorneys' fees, and miscellaneous closing fees such as drawing papers, closing and escrow fees, while the cost of a title to a DC-8 or a 707 airplane, a guaranteed title free of liens, with the examination of all possible encumbrances, is $5.

It seems to me that through Federal regulations we have accorded the airlines, the major banks and the major insuring companies with protection to a title for $5, but we cannot help the low-income people in this country transfer costs on a low-income home as reasonably.

Mr. BLACKBURN. Mr. Chairman, I yield 2 minutes to the gentleman from California (Mr. BURGENER).

Mr. BURGENER. Mr. Chairman, I thank the gentleman from Georgia for yielding me this time.

Mr. Chairman, most everybody here supports the bill. However, the argument will center around whether or not section 701 be repealed in this bill.

Amendments will be offered to do just that, and I would urge that those amendments not be accepted.

The following information might be of some help to the Members, and that is that HUD and the VA did a study in 1972 of the closing costs of FHA and VA transactions. They studied 50,605 of them, and they found the average closing cost was $1,937.

I think it is important to point out that the portion of those closing costs with which section 701 could effectively deal was only $207 of the $1,937, and that about $1,700 of it could not be reached.

So that even if we placed a lot of confidence in what HUD could or would do, it could only address itself to such things as credit reports, surveys, title examination, title insurance, closing fees, and termite inspections, but HUD could do anything about, and probably should not do anything about, such things as recording fees, transfer fees, sales commissions, and in many counties and States, particularly in Maryland, county and State transfer taxes and special local taxes. These are proper subject for local scrutiny and regulation.

I think we ought to, at least as we get into the amending process, not rely very heavily on assurances that section 701, even if retained, would be much of a protection.

I hope and trust the bill will be adopted in its present form.

Mr. BLACKBURN. Mr. Chairman, I yield 1 minute to the gentleman from New York (Mr. HANLEY).

Mr. HANLEY. Mr. Chairman, I rise in support of this legislation. I commend the initiative on the part of the gentleman from Georgia (Mr. STEPHENS). I am aware of the efforts that the gentleman has put into this legislation which, in essence, puts into a better perspective the matter of title and closing costs.

Mr. EDWARDS of California. Mr. Chairman, I will vote "present" on the bill now before us, because my ownership of common stock in a California title company would make my participation in these proceedings inappropriate.

Mrs. BURKE of California. H.R. 9989 as reported by the Banking and Currency Committee appears to be progressive and consumer oriented, but in actuality, it is regressive as it affects the consumer. As presently written this bill can only be characterized as "anticonsumer" legislation.

While this bill does provide for a number of minor reforms such as provisions requiring greater disclosure of settlement charges, and provisions against kickbacks and fee arrangements by lenders in federally related mortgage transactions, its overall effect would be to wipe out the only Federal authority charged with maintaining regulatory controls over settlement costs.

Those who describe H.R. 9989, in its present form, as being a consumer protection bill are guilty of mislabeling. The elimination of HUD's regulatory authority mandated by section 701 of the Emergency Home Finance Act of 1970 is clearly inconsistent with our commitment to further the national housing goal of homeownership.

During 1973 there were more than 568,000 FHA and VA real property transactions in this country. In Los Angeles alone there were more than 25,000 such transactions. As a result of section 701 regulations these buyers saved more than $2.5 million in settlement costs.

Although HUD has refrained from

utilizing the provisions of section 701, the mere existence of these regulations has motivated many States to adopt real estate settlement measures of their own. It has also encouraged the real estate settlement industry to exercise a degree of restraint and self-control in order to eliminate the possibility of governmental controls.

The low- and moderate-income home buyers who most often utilize FHA and VA financing are also the ones most often victimized by excessive settlement charges. They must be protected.

In this period of spiraling inflation and rapidly increasing housing costs the poor- and moderate-income buyer needs more, not less protection from excessive settlement costs.

If the federally assisted home buyer is to be protected section 102(c) of H.R. 9989 must be deleted. I urge my colleagues to join me in supporting the amendment before us today. Without this amendment this bill is totally inadequate and unacceptable.

Mrs. HECKLER of Massachusetts. Mr. Chairman, one of the key issues before us today is whether or not we should continue in law section 701 of the Emergency Home Finance Act of 1970. I will support an amendment to retain this authority, because it provides us with a monitor on settlement costs, and serves as a stimulus to reform of real estate transaction procedures by legislatures, bar associations, and other appropriate organizations.

It is important to delineate just what the effect will be of continuation of section 701. The rate-setting authority contained in that statute would be used only in those areas where settlement charges are excessive, taking into account the requirement of local and State jurisdictions. Section 701 does not authorize a nationwide program of maximum rates for every locality; if it did, I would not support it.

Indeed, I want to make it clear that I do not support the "socialization of law," and I am satisfied that retention of section 701 will not lead us in that direction. In the first place, section 701 would not apply in the vast majority of States, because in most cases the home buyer and seller do receive full value for the charges they pay to attorneys, title insurors, and others. The authority would be applied only in those areas where clear abuse exists, and the committee has determined that flagrant abuses do take place in certain sections of this country, such as the District of Columbia.

At the other end of the spectrum is New England, where settlement costs are low and abuses simply do not occur. We are very fortunate in New England, and I give credit to our attorneys, conveyancers, title insurors, and so forth in that region for leading the way to reform of real estate transactions.

I also want to point out that I do place great value on the services performed by real property attorneys and title insurors. A clear title is critically important in a real estate transaction, and given the patchwork of antiquated recordkeeping systems still in existence in most areas, proving a clear title requires a good deal of time, careful scrutiny, and experience. I believe that home buyers and sellers are generally well served by these professional people, and section 701 is not designed to impinge on them.

It is important to remember that State and local governments also have a responsibility to help lower settlement costs. The simplification and reform of outdated title recording systems, and the reduction of exorbitant recording fees and transfer taxes will go further than any Federal legislation toward the goal of reasonable settlement costs. We in this Chamber can help, however, by retaining section 701 as an impetus to continued reform. State legislatures and county councils should take note of the concern we express here today on behalf of millions of home buyers, and remove these hidden revenue-raising instruments.

Finally, I would like to remind my colleagues that authority to regulate rates under section 701 applies only to settlements involving FHA and VA insured mortgages. These are settlements involving low- and moderate-income home buyers, and I believe that we have a responsibility to provide these people with every protection we can against unscrupulous practices. In view of the Federal participation in insuring the mortgage, I believe that there is a legitimate Federal interest in preventing undue settlement costs.

This is a very limited authority, aimed at controlling specific instances of abuse, and is not intended to provide Government regulation of fees and charges across the board or across the country. It is on this basis that I support the amendment and should the amendment pass I expect wise use of the authority.

Mr. BLACKBURN. Mr. Chairman, I have no further requests for time.

The CHAIRMAN. There being no further requests for time, the Clerk will read.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act shall be referred to as the "Real Estate Settlement Procedures Act of 1973."

DEFINITIONS

Sec. 101. For purposes of this Act—

(1) the term "federally related mortgage loan" includes any loan which—

(A) is secured by residential real property designed principally for the occupancy of from one to four families; and

(B) (i) is made in whole or in part by any lender the deposits or accounts of which are insured by any agency of the Federal Government, or is made in whole or in part by any lender which is itself regulated by any agency of the Federal Government; or

(ii) is made in whole or in part, or insured, guaranteed, supplemented, or assisted in any way, by the Secretary or any other officer or agency of the Federal Government or under or in connection with a housing or urban development program administered by the Secretary or a housing or related program administered by any other such officer or agency; or

(iii) is eligible for purchase by the Federal National Mortgage Association, the Government National Mortgage Association, or the Federal Home Loan Mortgage Corporation, or from any financial institution from which it could be purchased by the Federal Home Loan Mortgage Corporation; or

(iv) is made in whole or in part by any "creditor", as defined in section 103(f) of the Consumer Credit Protection Act of 1968 (15 U.S.C. 1602(f)), who makes or invests in residential real estate loans aggregating more than $1,000,000 per year;

(2) the term "thing of value" includes any payment, advance, funds, loan, service, or other consideration;

(3) the term "title company" means any institution which is qualified to issue title insurance, directly or through its agents, and also refers to any duly authorized agent of a title company;

(4) the term "person" includes individuals, corporations, associations, partnerships, and trusts;

(5) the term "settlement services" includes the following services when provided in connection with a real estate settlement: title searches, title examinations, the provision of title certificates, title insurance, services rendered by an attorney, property surveys, the rendering of credit reports, pest and fungus inspections, and the handling of the closing or settlement; and

(6) the term "Secretary" means the Secretary of Housing and Urban Development.

REPORT OF THE SECRETARY ON NECESSITY FOR FURTHER CONGRESSIONAL ACTION

Sec. 102. (a) The Secretary, after consultation with the Administrator of Veterans' Affairs, the Federal Deposit Insurance Corporation and the Federal Home Loan Bank Board, and after such study, investigation, and hearings as he deems appropriate, shall, within two years from the effective date of this Act, report to the Congress on—

(1) whether, in view of the implementation of provisions of this Act imposing certain requirements and prohibiting certain practices in connection with real estate settlement services, there is any necessity for the establishment of maximum charges for real estate settlement services in connection with the financing of housing constructed, purchased, or rehabilitated with the assistance of federally related mortgage loans; and, if there is such necessity,

(2) whether reasonable and justifiable charges for real estate settlement services can be effectively obtained by means of State or local regulation that meets certain federally established minimum standards, and, if so, what those standards should be.

(b) Section 701 of the Emergency Home Finance Act of 1970 is repealed.

UNIFORM SETTLEMENT STATEMENT

Sec. 103. The Secretary, in consultation with the Administrator of Veterans' Affairs, the Federal Deposit Insurance Corporation, and the Federal Home Loan Bank Board, shall develop and prescribe a standard form for the statement of settlement costs which shall be used (with such minimum variations as may be necessary to reflect unavoidable differences in legal and administrative requirements or practices in different areas of the country) as the standard real estate settlement form in all transactions in the United States which involve federally related mortgage loans. Such form shall conspicuously and clearly itemize the charges imposed upon both the borrower and the seller in connection with the settlement, and shall indicate whether the title insurance premium included in such charges covers or insures the lender's interest in the property, the borrower's interest, or both. Such form shall include all information and data required to be provided for such transactions under the Truth-in-Lending Act and the regulations issued thereunder by the Federal Reserve Board, and may be used in satisfaction of the disclosure requirements of that Act, and shall also include provision for execution of the waiver allowed by section 105(c).

SPECIAL INFORMATION BOOKLETS

SEC. 104. (a) The Secretary shall prepare and distribute special booklets to help persons borrowing money to finance the purchase of residential real estate to better understand the nature and costs of real estate settlement services. The Secretary shall distribute such booklets to all lenders which make federally related mortgage loans.

(b) Each booklet shall be in such form and detail as the Secretary shall prescribe and, in addition to such other information as the Secretary may provide, shall include in clear and concise language—

(1) a description and explanation of the nature and purpose of each cost incident to a real estate settlement;

(2) an explanation and sample of the standard real estate settlement form developed and prescribed under section 103;

(3) a description and explanation of the nature and purpose of escrow accounts when used in connection with loans secured by residential real estate;

(4) an explanation of the choices available to buyers of residential real estate in selecting persons to provide necessary services incident to a real estate settlement.

Such booklets shall take into consideration differences in real estate settlement procedures which may exist among the several States and territories of the United States and among separate political subdivisions within the same State and territory.

(c) Each lender referred to in subsection (a) shall provide the booklet described in such subsection to each person from whom it receives an application to borrow money to finance the purchase of residential real estate. Such booklet shall be provided at the time of receipt of such application.

(d) Booklets may be printed and distributed by lenders if their form and content are approved by the Secretary as meeting the requirements of subsection (b) of this section.

ADVANCE DISCLOSURE OF SETTLEMENT COSTS

SEC. 105. (a) Any lender agreeing to make a federally related mortgage loan shall provide or cause to be provided to the prospective borower, and to any officer or agency of the Federal Government proposing to insure, guarantee, supplement, or assist such loan, at least ten days prior to settlement upon the standard real estate settlement form developed and prescribed under section 103, and in accordance with regulations prescribed by the Secretary, an itemized disclosure in writing of each charge arising in connection with such settlement. For the purpose of complying with this section, it shall be the duty of the lender agreeing to make the loan to obtain or cause to be obtained from persons who provide or will provide services in connection with such settlement the amount of each charge they intend to make. With respect to any charges arising in connection with the settlement, in the event the exact amount of any such charge is not available, a good faith estimate of such charge may be provided.

(b) If any lender fails to provide a prospective borrower with the disclosure as required by subsection (a), it shall be liable to such borrower in an amount equal to—

(1) the actual damages involved or $500, whichever is higher, and

(2) in the case of any successful action to enforce the foregoing liability, the costs of the action together with a reasonable attorney's fee as determined by the court;

except that a lender may not be held liable for a violation in any action brought under this subsection if it shows by a preponderance of the evidence that the violation was not intentional and resulted from a bona fide error notwithstanding the maintenance of procedures adopted to avoid any such error.

(c) The provisions of subsection (a) shall be deemed to be satisfied with respect to any settlement involving a federally related mortgage loan if the disclosure required by subsection (a) is provided at any time prior to settlement and the prospective borrower executes, under terms and conditions prescribed by regulations to be issued by the Secretary after consultation with the Federal Reserve Board, a waiver of the requirement that the disclosure be provided at least ten days prior to such settlement.

(d) With respect to any particular transaction involving a federally related mortgage loan, no borrower shall maintain an action or separate actions against any lender under both the provisions of this section and the provisions of section 130 of the Consumer Credit Protection Act of 1968 (15 U.S.C. 1640).

PROHIBITION AGAINST KICKBACKS AND UNEARNED FEES

SEC. 106. (a) No person shall give and no person shall accept any fee, kickback, or thing of value pursuant to any agreement or understanding, oral or otherwise, that business incident to or a part of a real estate settlement involving a federally related mortgage loan shall be referred to any person.

(b) No person shall give and no person shall accept any portion, split or percentage of any charge made or received for the rendering of a real estate settlement service in connection with a transaction involving a federally related mortgage loan, other than for services actually performed.

(c) Nothing in this section shall be construed as prohibiting (1) the payment of a fee (i) to attorneys at law for services actually rendered or (ii) by a title company to its duly appointed agent for services actually performed in the issuance of a policy of title insurance or (iii) by a lender to its duly appointed agent for services actually performed in the making of a loan, or (2) the payment to any person of a bona fide salary or compensation or other payment for goods or facilities actually furnished or for services actually performed.

(d)(1) Any person or persons who violate the provisions of this section shall be fined not more than $10,000 or imprisoned for not more than one year, or both.

(2) In addition to the penalties provided by paragraph (1) of this subsection, any person or persons who violate the provisions of subsection (a) shall be jointly and severally liable to the person or persons whose business has been referred in an amount equal to three times the value or amount of the fee or thing of value, and any person or persons who violate the provisions of subsection (b) shall be jointly and severally liable to the person or persons charged for the settlement services involved in an amount equal to three times the amount of the portion split, or percentage.

LIMITATION ON RETIREMENT OF ADVANCE DEPOSITS IN ESCROW ACCOUNTS

SEC. 107. No lender, in connection with a federally related mortgage loan, shall require the borrower or prospective borrower—

(1) to deposit in any escrow account which may be established in connection with such loan for the purpose of assuring payment of taxes and insurance premiums with respect to the property, prior to or upon the date of settlement, an aggregate sum (for such purpose) in excess of—

(A) in any jurisdiction where such taxes and insurance premiums are postpaid, the total amount of such taxes and insurance premiums which will actually be due and payable on the date of settlement and the pro rata portion thereof which has accrued, or

(B) in any jurisdiction where such taxes and insurance premiums are prepaid, a pro rata portion of the estimated taxes and insurance premiums corresponding to the number of months from the last date of settlement,

plus one-twelfth of the estimated total amount of such taxes and insurance premiums which will become due and payable during the twelve-month period beginning on the date of settlement; or

(2) to deposit in any such escrow account in any month beginning after the date of settlement a sum (for the purpose of assuring payment of taxes and insurance premiums with respect to the property) in excess of one-twelfth of the total amount of the estimated taxes and insurance premiums which will become due and payable during the twelve-month period beginning on the first day of such month, except that in the event the lender determines there will be a deficiency on the due date he shall not be prohibited from requiring additional monthly deposits in such escrow account of pro rata portions of the deficiency corresponding to the number of months from the date of the lender's determination of such deficiency to the date upon which such taxes and insurance premiums become due and payable.

DISCLOSURE OF PREVIOUS SELLING PRICE OF EXISTING REAL PROPERTY

SEC. 108. (a) No lender shall make any commitment for a federally related mortgage loan unless it has confirmed that the following information has been disclosed in writing by the seller or his agent to the buyer—

(1) the name and address of the present owner of the property being sold;

(2) the date the property was acquired by the present owner (the year only if the property was acquired more than two years previously);

(3) whether any options or contracts to sell are outstanding in regard to the property, and if so, the amount involved in such options or contracts; and

(4) if the seller has not owned the property for at least two years prior to the date of the loan application and has not used the property as a place of residence, the date and purchase price of the last arm's length transfer of the property, a list of any subsequent improvements made to the property (excluding maintenance repairs) and the cost of such improvements.

(b) The obligations imposed upon a lender by this section shall be deemed satisfied and a commitment for a federally related mortgage loan may thereafter be made if the lender receives a copy of the written statement provided by the seller to the buyer supplying the information required by subsection (a).

(c) Whoever willfully provides false information under this section or otherwise willfully fails to comply with its requirements shall be fined not more than $10,000 or imprisoned for not more than one year, or both.

FEE FOR PREPARATION OF TRUTH-IN-LENDING AND UNIFORM SETTLEMENT STATEMENTS

SEC. 109. No fee shall be imposed or charge made upon any other person (as a part of settlement costs or otherwise) by a lender in connection with a federally related mortgage loan made by it (or a loan for the purchase of a mobile home), for or on account of the preparation and submission by such lender of the statement or statements required (in connection with such loan) by sections 103 and 105 of this Act or by the Truth-in-Lending Act.

ESTABLISHMENT ON DEMONSTRATION BASIS OF LAND PARCEL RECORDATION SYSTEM

SEC. 110. The Secretary shall establish and place in operation on a demonstration basis, in representative political subdivision (selected by him) in various areas of the United States, a model system or systems for the recordation of land parcels in a manner and form calculated to facilitate and simplify land transfers and mortgage transactions and reduce the cost thereof, with a view to the possible development (utilizing the information and experience gained under this section) of a nationally uniform system of land parcel recordation.

TITLE COMPANIES

SEC. 111. (a) No seller of property that will be purchased with the assistance of a federally related mortgage loan shall require directly or indirectly, as a condition to selling the property, that title insurance covering the property be obtained from any particular title company.

(b) Any seller who violates the provisions of subsection (a) shall be liable to the buyer in an amount equal to three times all charges made for such title insurance.

LIMITATIONS AND DISCLOSURES WITH RESPECT TO CERTAIN FEDERALLY RELATED MORTGAGE LOANS

SEC. 112. (a) The Federal Deposit Insurance Act is amended by adding at the end thereof the following new section:

"SEC. 24. (a) No insured bank, or mutual savings or cooperative bank which is not an insured bank, shall make any federally related mortgage loan to any agent, trustee, nominee, or other person acting in a fiduciary capacity without the prior condition that the identity of the person receiving the beneficial interest of such loan shall at all times be revealed to the bank. At the request of the Corporation, the bank shall report to the Corporation on the identity of such person and the nature and amount of the loan, discount, or other extension of credit; and the Corporation may make available to the public the information contained in any such report.

"(b) In addition to other available remedies, this secticn may be enforced with respect to mutual savings and cooperative banks which are not insured banks in accordance with section 8 of ths Act, and for such purpose such mutual savings and cooperative banks shall be held and considered to be State nonmember insured banks and the appropriate Federal agency with respect to such mutual savings and cooperative banks shall be the Federal Deposit Insurance Corporation."

(b) Title IV of the National Housing Act is amended by adding at the end thereof the folowing new section:

"SEC. 415. No insured institution shall make any federally related mortgage loan to any agent, trustee, nominee, or other person acting in a fiduciary capacity without the prior condition that the identity of the person receiving the beneficial interest of such loan shall at all times be revealed to the institution. At the request of the Federal Home Loan Bank Board, the insured institution shall report to the Board on the identity of such person and the nature and amount of the loan; and the Board may make available to the public the information contained in any such report."

(c) The Federal Deposit Insurance Corporation or the Federal Home Loan Bank Board as appropriate may by regulation exempt classes or types of transactions from the provisions added by this section if the Corporation or the Board determines that the purposes of this section would not be advanced materially by their application to such transactions.

STUDY CONCERNING PAYMENT OF INTEREST ON CERTAIN ESCROW ACCOUNTS

SEC. 113. (a) The Board of Governors of the Federal Reserve System is authorized and directed to conduct a study of escrow accounts maintained by lenders in connection with mortgage loans which require borrowers to make periodic prepayment of taxes, insurance, and other items with respect to residential real property, in order to determine the feasibility of requiring lenders to pay interest on such accounts. The results of such study shall be transmitted by the Board of Governors to the Congress in the form of a report on or before June 30, 1974.

(b) The report referred to in subsection (a) shall include, but need not be limited to, the following information—

(1) the cost to lenders of maintaining such escrow accounts and the basis for the determination of such cost;

(2) the profit made or loss sustained, if any, by lenders with respect to such escrow accounts and the basis for the determination of such profit or loss;

(3) a comparison of the cost to lenders of maintaining such escrow accounts and the cost of offering other similar account services, such as limited checking and savings accounts;

(4) an estimate of the aggregate amount of moneys kept, on a national basis, and to the extent feasible on a State and regional or other appropriate geographic basis, in such escrow accounts by lenders, including separate totals with respect to the amounts of moneys in such escrow accounts for the payment of taxes, the payment of insurance, and the payment of other items;

(5) an estimate of the extent to which foreclosures have occurred on mortgaged residential property as a result of the failure to establish escrow accounts for the payment of taxes and insurance by the owners of such property;

(6) the value to State and local tax collection agencies of services performed by lenders in having borrowers make periodic prepayment of taxes with respect to residential real property; and

(7) the extent to which lenders make periodic charges to borrowers with respect to residential real property for the search of tax records on such property, and the justification, if any, for such charges.

JURISDICTION OF COURTS

SEC. 114. Any action to recover damages pursuant to the provisions of section 105, 106, or 111 may be brought in the United States district court for the district in which the property involved is located, or in any other court of competent jurisdiction, within one year from the date of the occurrence of the violation.

VALIDITY OF CONTRACTS AND LIENS

SEC. 115. Nothing in this Act shall affect the validity or enforceability of any sale or contract for the sale of real property or any loan, loan agreement, mortgage, or lien made or arising in connection with a federally related mortgage loan.

EFFECTIVE DATE

SEC. 116. The provisions of this Act, and the amendments made thereby, shall become effective one hundred and eighty days after the date of the enactment of this Act.

Mr. BARRETT (during the reading). Mr. Chairman, I ask unanimous consent that the bill be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

COMMITTEE AMENDMENTS

The CHAIRMAN. The Clerk will report the first committee amendment.

The Clerk read as follows:

Committee amendment: On page 1, line 4, strike out "1973" and insert in lieu thereof "1974".

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: On page 2, line 3, after the word "property" insert "(including individual units of condominiums and cooperatives)".

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: On page 5, strike out line 1 and all that follows down through line 24, on page 5, and insert in lieu thereof the following:

REPORT OF THE SECRETARY ON NECESSITY FOR FURTHER CONGRESSIONAL ACTION

SEC. 102. (a) The Secretary, after consultation with the Administrator of Veterans' Affairs, the Federal Deposit Insurance Corporation, and the Federal Home Loan Bank Board, and after such study, investigation, and hearings (at which representatives of consumer groups shall be allowed to testify) as he deems appropriate, shall, not less than three years nor more than five years from the effective date of this Act, report to the Congress on whether, in view of the implementation of the provisions of this Act imposing certain requirements and prohibiting certain practices in connection with real estate settlements, there is any necessity for further legislation in this area.

(b) If the Secretary concludes that there is necessity for further legislation, he shall report to the Congress on the specific practices or problems that should be the subject of such legislation and the corrective measures that need to be taken. In addition, the Secretary shall include in his report—

(1) recommendations on the desirability of requiring lenders of federally related mortgage loans to bear the costs of particular real estate settlement services that would otherwise be paid for by borrowers;

(2) recommendations on whether Federal regulation of the charges for real estate settlement services in federally related mortgage transactions is necessary and desirable, and, if he concluded that such regulation is necessary and desirable, a description and analysis of the regulatory scheme he believes Congress should adopt; and

(3) recommendations on the ways in which the Federal Government can assist and encourage local governments to modernize their methods for the recordation of land title information, including the feasibility of providing financial assistance or incentives to local governments that seek to adopt one of the model systems developed by the Secretary in accordance with the provisions of Section 110 of this Act.

(c) Section 701 of the Emergency Home Finance Act of 1970 (12 U.S.C. 1710, note) is repealed.

Mr. STEPHENS (during the reading). Mr. Chairman, I ask unanimous consent that the committee amendment be considered as read, and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

There was no objection.

AMENDMENT OFFERED BY MR. STARK TO THE COMMITTEE AMENDMENT

Mr. STARK. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. STARK to the committee amendment: Page 6, strike out lines 15 and 16.

Mr. BLACKBURN. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. BLACKBURN. We do not have a copy of the amendment. At this desk we have no copy of the gentleman's amendment, and I understand we are to be served with copies of amendments.

The CHAIRMAN. Does the gentleman have the amendment?

Mr. BLACKBURN. I now have it.

PARLIAMENTARY INQUIRY

Mr. HANNA. Mr. Chairman, before the gentleman proceeds, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. HANNA. Mr. Chairman, I just want to get clear where we are, if I may. There was a unanimous-consent request that the committee amendment be considered as read. That unanimous consent request was granted. As I understand it, however, the committee amendment is now pending because we did not act on the committee amendment.

The CHAIRMAN. The gentleman is correct.

Mr. HANNA. I would think, Mr. Chairman, that we ought to act on the committee amendment.

The CHAIRMAN. The gentleman's amendment is to the committee amendment now pending.

Mr. HANNA. I thank the Chairman.

Mr. STARK. Mr. Chairman, I wish to offer an amendment to H.R. 9989, the Real Estate Settlement Procedures Act of 1974. Before doing so, I would like to commend the gentleman from Georgia for his excellent work in steering this bill through the committee, and the gentlewoman from Missouri, and my colleagues on the committee on the other side of the aisle who moved to help the average home buyer in this country. It is with a great deal of trepidation that I rise to offer this amendment, but I think it is necessary. It is based on a great many years of experience in the mortgage banking and banking business and the business of trying to provide housing for low- and moderate-income families, which all of the Members know is one of the most difficult problems we have in this country today as a result, largely, of inflation.

I think it is important that we all note that when we are talking about settlement costs, when we are talking about a $30,000 house, we are talking about settlement costs, depending on what you include, of $500 to $1,500; and that portion the homeowner pays when he or she tries to purchase a home could very well be anywhere from one-half to 30 to 40 percent of the total downpayment. While it is an insignificant percentage of the total amount paid for the house, it becomes a substantial amount of the amount of cash that the person has to take out of his savings to acquire that home.

So we are dealing with a large consumer expenditure and the largest that most American families ever make.

I submit we are dealing here with one of the largest cash requirements or roadblocks to the average American family in acquiring that home. We are not asking that we give the consumer anything he does not already have. The American consumer now has the protection of the power of HUD to move if it is necessary to regulate maximum settlement charges applied to FHA and VA mortgage transactions. Admittedly that power has not been used. Under Secretary Romney a study was made and regulations were proposed. Unfortunately those regulations never came into being.

Our purpose today is not to quarrel with the operation of HUD. Our purpose today is to decide whether or not it is advisable to keep the authority in Federal hands to use in an emergency. I submit if we had had this type of authority to regulate interest rates and prices and wages, we might not have the inflation we have today.

And if the closing costs soar to the 50 percent to 100 percent increase we have seen in interest rates in the past several months, every Member who has voted against this amendment is going to have to explain to his constituents about why he has not done something about closing costs. We all know how long it will take to put this kind of regulation back in if we do not adopt this amendment today. It is a good emergency power and it should be left in the hands of the housing authority especially if the States themselves do not see fit to regulate real estate closing practices under their jurisdiction.

Mr. STEPHENS. Mr. Chairman, will the gentleman yield?

Mr. STARK. I yield to my friend, the gentleman from Georgia.

Mr. STEPHENS. Mr. Chairman, is it not true that the agencies that would be called upon to issue these regulations say they cannot do it under the section 701?

Mr. STARK. The agencies the gentleman refers to change, as one knows, from administration to administration and from Secretary to Secretary. Without getting into a debate as to which Secretary was better than some other Secretary, I would submit that your statement has not been the unanimous opinion of all the Secretaries, and indeed some have found exactly the opposite.

Mr. STEPHENS. Is it not true the second Secretary who looked at it had the experience of the first Secretary who found it had not worked either?

Mr. STARK. The first Secretary found it should be implemented but left office before that came about.

Mr. BLACKBURN. Mr. Chairman, if the gentleman will yield, I wanted to ask the gentleman whether under section 701 the Secretary is to make a study and make recommendations to the Congress?

The CHAIRMAN. The time of the gentleman from California has expired.

(By unanimous consent, Mr. STARK was allowed to proceed for 2 additional minutes.)

Mr. STARK. I am aware of the study provisions in the bill the gentleman refers to. Without my amendment the Secretary would be absolutely powerless, if he finds in that study that regulations are needed, to control the serious closing cost abuses. We are giving the Secretary that power to use the information he finds in that study.

Mr. STEPHENS. This mitigates against the interpretation the gentleman has placed on the section, this language which shows clearly the only purpose of this section was to authorize the Secretary to monitor certain costs and make a study and report back to the Congress and it did not grant him price or wage control in the legal profession. I call the attention of the gentleman to that.

Mr. STARK. Mr. Chairman, I decline to yield further.

Mr. Chairman, I am sympathetic to the gentleman's concern for the relief of lawyers in this country and the other attorneys who may suffer, but I am far more constrained to be concerned for the poor and the moderate income people who do not have housing.

A vote for this amendment is a vote for the consumer, and it is supported by the labor movement and the consumer movement. A vote against it is to help those poor and struggling title insurance companies and banks in the districts of the gentlemen to help the lawyers whose fees are high enough. It is a consumer issue. I look for my colleagues to support the amendment so we may make housing costs more equitable across the land.

Mr. BROWN of Michigan. I thank the gentleman for yielding.

The gentleman, I know, has some expertise in this field; but does the gentleman not agree that to attempt to set some kind of uniform costs with respect to professional services and things of that nature would be grossly unfair in many different sections of the country?

The CHAIRMAN. The time of the gentleman has expired.

(At the request of Mr. BROWN of Michigan and by unanimous consent, Mr. STARK was allowed to proceed for an additional 2 minutes.)

Mr. BROWN of Michigan. Mr. Chairman, will the gentleman yield further?

Mr. STARK. I will be glad to yield.

Mr. BROWN of Michigan. The gentleman knows that real estate closings are as different as fish and fowl throughout the country and that the costs applicable to those closings are very much different, because there is a great diversity of services performed with respect to real estate closings in different sections of the country with respect to different State laws, with respect to different requirements at the local level.

Mr. STARK. The gentleman is absolutely correct. His experience and his hard work getting housing bills to the floor should be noticed and acclaimed.

The point is that this law is now on the books. This amendment is designed to continue its existence for use where excessive charges are made. And there are abuses in some parts of the country, where costs are excessive because regulatory and legislative inertia and lack of consumer education. In these parts of the country it would act as a big stick behind our soft-spoken words.

Mr. BROWN of Michigan. If the gentleman will yield further——

Mr. STARK. I would be glad to yield.

Mr. BROWN of Michigan. Does not the gentleman agree that a certain amount of incompatibility might exist by giving authority to the Secretary of HUD to do something in this area which he might deem wise if we adopt this law that sets certain standards, certain requirements and limitations and all these things?

Mr. STARK. The gentleman is so used to hearing talk in terms of marital relations in this House the past few days. I would say this law is not as a honeymoon or an engagement, but a good marriage, and leaving it on the books can have a meritorious effect.

Mr. BELL. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of the amendment to retain section 701 of the Emergency Home Finance Act of 1970.

Unless this amendment is adopted, the few proconsumer provisions of the bill will be overwhelmed by the anticonsumer repeal of section 701.

In the real estate settlement industry, there are no natural price competition factors at work.

Prices appear to be based simply on what the traffic will bear.

The consumer, who buys only a few houses in a lifetime, has no basis for comparison.

Even the more sophisticated buyer, who might try to "shop" for prices, will sometimes run into State approved minimum fee schedules which make it literally impossible to bring his closing costs to a reasonable level.

The result today is that many families who have managed to save a downpayment for a home and are on a very "tight" or limited budget are crushed to learn that they cannot buy that home because of exorbitant settlement costs.

If we repeal section 701, we will say to the settlement industry that existing abuses are OK—just do not get any worse.

There are adequate indications that abuses in many areas are outlandish. When we know that something is basically wrong, let us go to the heart of it and correct it. Now is the time for reform. People are tired of paying too much for what they are getting.

We are told, Mr. Chairman, that a substantial portion of settlement costs relates to the risks involved in title search and evaluation.

So let us consider this hypothesis: The pending bill provides for the development and analysis of model land, recording systems.

Let us say that this study will be very successful, thus allowing the implementation of reforms that will greatly reduce the risks associated with title work.

If the risks are reduced, the potential liability of lawyers and insurance companies are also reduced.

And prices should come down commensurately. But what motivation will there be for the industry voluntarily to reduce its prices? Section 701 is the only incentive there is.

Mr. Chairman, there is absolutely no good reason to repeal section 701 and very good reasons not to repeal it.

I, therefore, urge that the amendment be adopted.

Mr. HANNA. Mr. Chairman, I rise to speak against the amendment.

Mr. Chairman and members of the committee, the truth of the matter is that there have been abuses. I think everybody on the committee who has seen the reports and who has been part of the investigation and study knows that there have been abuses. So, we are not debating that.

The question of whether or not at this point in time we continue to keep section 701 in the legislation is predicated upon another set of facts that are equally well demonstrated. That is, that the application of a national approach at this time is not practical or feasible. I remind the Members that within this legislation there are some thrusts that indicate there are problems really here.

There is a section 103 in the bill for uniform settlement statements which says that the Secretary, in consultation with the Administrator of the Veterans' Affairs, the Federal Deposit Insurance Corporation, and Federal Home Loan Bank Board shall develop and prescribe a standard form for the statement of settlement costs.

Why? Because when we went at this problem, we found that there were no standard settlement forms, nor an agreement as to what would be within a settlement, and that has to be arrived at first before we start applying an overall national control.

The second thing that is in the bill, which has been discussed before, is a trial basis for the Secretary to go out and see if there are changes in the varying conditions that now exist in the law, approaches which will bring together a more uniform real estate legal situation in which some kind of national control law would then have some rationality. It simply does not exist now, because there have been so many different strains of real property law which have brought about an entirely different system, and therefore create different kinds of costs in settlement transactions.

So that, as much as it would be desirable, we cannot wave a wand and bring all the kinds of reform that we would like to achieve in here. It cannot be done that way. We have to do it the hard way. We have to do things that are required in step 1 before we can take step 2.

There is no way we can pole vault from where the law is to where some people would like to have it be. We have to go step by step. That is what this legislation seeks to do.

Mr. BURGENER. Mr. Chairman, will the gentleman yield?

Mr. HANNA. I yield to my colleague from California.

Mr. BURGENER. Mr. Chairman, I thank the gentleman for yielding to me, and wish to associate myself with his remarks.

I would like to add one point. The proposer of this amendment alleges high closing costs are a deterrent to ownership. That is true, whether they are too high or are even fair. I would, however, like to point out that in new housing it is not a deterrent.

I have here ads from Maryland, the District of Columbia, Washington, dozens of them, which have offers on new housing for home ownership where closing costs are included in the loan. That does not mean that they are free, because the buyer pays them or the seller or both pay them. We should be concerned about what those are, but we should recognize that in the new housing market, universally across the country, it is not a deterrent to home ownership.

Mr. FRENZEL. Mr. Chairman, will the gentleman yield?

Mr. HANNA. I yield to the gentleman from Minnesota.

Mr. FRENZEL. Mr. Chairman, I commend the gentleman on his reasoned discussion. I agree with him and I hope the Stark amendment is defeated.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. HANNA. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Chairman, I would like to join my colleagues who have indicated their support for the Banking Committee's determination that section 701 of the Emergency Home Finance Act of 1970 should be repealed. I rise in opposition to the Stark amendment. I must state that at the time that the Emergency Home Finance Act of 1970 was considered, no one to my knowledge believed that section 701 was intended to convey any rate regulatory authority to HUD or the VA. On the contrary, the legislative history of section 701 demonstrates conclusively that the section was in no way intended to convey such authority.

One of the things that was very clear in our consideration of section 701 was that it was intended to carry out the recommendations to the Congress made by the Commission on Mortgage Interest Rates. This was made clear by Senator SPARKMAN, who introduced the Emergency Home Finance Act of 1970, and the Banking Committee reports on the bill and section 701. The Commission on Mortgage Interest Rates was composed of 15 members, including 6 members of the House of Representatives—Representatives PATMAN, WIDNALL, SULLIVAN, Brock, OLIN TEAGUE, and Charles M. Teague. Mr. President, the recommendations made by the Commission on Mortgage Interest Rates were very explicit. Those recommendations were as follows:

> With respect to closing costs and other fees collected in connection with mortgage financing, the Commission recommends that FHA and VA: (a) continue the present administrative practice of reviewing such costs to see that they are consistent with the accepted standard in each local area; (b) develop regulations and procedures to assure that prospective borrowers have reliable estimates of such costs within a reasonable time prior to the loan closing; and (c) undertake a joint study for submission to the Congress by mid-1970 recommending steps to reduce and standardize such costs.

Mr. Chairman, I cannot see how anyone can claim that this language in any way recommended that HUD and the VA be given rate regulatory authority to reduce or standardize costs. All that the Commission recommended was that HUD and VA continue their administrative practice of insuring that particular items of settlement costs did not exceed reasonable and customary standards prevailing in the local area where the transaction takes place.

Moreover, in regard to actions that would "reduce and standardize" settlement costs, all that the Commission recommended was that HUD and the VA undertake a joint study to recommend what actions could be taken by the Congress in the 1972 HUD-VA report on "Mortgage Settlement Costs" and I should point out to all my colleagues that all of the recommendations made by HUD and the VA to "reduce and standardize" such settlement costs are embodied in the provisions of H.R. 9989.

For these reasons, I urge support for the repeal of section 701. If we continue to leave section 701 on the books, it can only be the subject of continuous controversy that will divert our efforts to deal with the real problems that are causing unnecessary high settlement costs. I, therefore, urge the defeat of the Stark amendment.

Mr. ADDABBO. Mr. Chairman, will the gentleman yield?

Mr. HANNA. I yield to the gentleman from New York.

Mr. ADDABBO. I thank the gentleman for yielding. The gentleman has mentioned that through this legislation, we move ahead. Then why do we go back, move ahead two steps, try to find reform, and then move back one step in removing section 701, which has given some protection in the past to those who most need it?

Those who are seeking FHA mortgages and those who are seeking the VA mortgages are those who least can afford the high closing settlement costs. They are seeking FHA mortgages and VA mortgages because they have the least amount of money to put down.

In taking away section 701, we subject them to the extraordinary charges. Why do we take two steps forward and one step back?

Mr. HANNA. Simply because, as I said to the gentleman before, that we found we are not in a position to go as far ahead as section 701 was trying to do, because it would create problems in many jurisdictions in the approach on a uniform, single line without a change in the existing law within the very near future.

Mr. ADDABBO. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. Fifty-seven Members are present, not a quorum.

The Chair announces that he will vacate proceedings under the call when a quorum of the Committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

QUORUM CALL VACATED

The CHAIRMAN. One hundred Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to rule XXIII, clause 2, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

Mr. GETTYS. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I rise to support H.R. 9989 as reported by the Banking Committee and in particular to support the retention of section 102(c) in the bill. This section would repeal section 701 of the Emergency Home Finance Act of 1970.

Mr. Chairman, the Banking Committee report on H.R. 9989 describes section 701 as a provision that "has been the subject of much dispute as to whether or not it authorizes HUD to regulate the rates and charges of settlement services in FHA-VA assisted mortgages." I believe that the language of section 701 is very clear that Congress did not intend HUD and VA to exercise rate regulatory authority under this provision. Section 701(a) authorizes HUD and the VA only "to prescribe standards." There is nothing in section 701(a) that authorizes HUD to engage in ratemaking; indeed, the phrase "ratemaking" or "rate regulation" is nowhere to be found in the section or in the legislative history of section 701.

Second, it is important to note that section 701(b), the provision that authorized HUD and the VA to report back to the Congress on mortgage settlement costs, which they did in March of 1972, further clarifies that section 701(a) was not intended to authorize HUD to adopt regulations that would force reductions in charges for settlement services. After authorizing HUD and the VA in subsection (a) to prescribe standards in FHA and VA assisted transactions, the Congress directed these two agencies in subsection (b) to conduct an extensive study and to "make recommendations to the Congress with respect to legislative and administrative actions which should be taken to reduce mortgage settlement costs and to standardize these costs for all geographic areas."

Mr. Chairman, the implication must be clear to all that subsection (a) was not intended to confer any authority "to reduce" or "to standardize" settlement costs. If there had been any intention that subsection (a) was to be utilized as a means of reducing settlement costs, why wasn't that stated in the subsection? Moreover, if that were the intention then subsection (b) would have been drafted to authorize a report on the "further" legislative and administrative actions which should be taken to reduce mortgage settlement costs.

My point is that all of my colleagues should be aware that in repealing section 701 we would not be repealing any rate regulatory authority for FHA-VA transactions. Conversely, by leaving section 701 on the books, we would not be authorizing HUD to engage in rate regulation of settlement costs in FHA and VA transactions. If we do not repeal section 701 we would be leaving on the books an ambiguous and controversial provision that I do not believe can ever be implemented.

The CHAIRMAN. The time of the gentleman has expired.

(On request of Mr. Stark, and by unanimous consent, Mr. Gettys was allowed to proceed for 2 additional minutes.)

Mr. KOCH. Mr. Chairman, will the gentleman yield?

Mr. GETTYS. I yield to the distinguished gentleman from New York.

Mr. KOCH. Mr. Chairman, my good friend, the gentleman from Rock Hill (Mr. Gettys) and I have debated on numerous occasions, and also with respect to this particular bill, and I have great regard for the arguments of the gentleman and the gentleman's logic, and because I have this regard I want to ask the gentleman this question:

If section 701 does not pose the danger that the gentleman says, and if the gentleman believes it really does not give the power to regulate then why is the gentleman so insistent on its removal?

Mr. GETTYS. For the simple reason there is ambiguous and controversial language in the bill, and, therefore, should be removed to eliminate any possible misinterpretation.

Mr. STARK. Mr. Chairman, will the gentleman yield?

Mr. GETTYS. I yield to the gentleman from California.

Mr. STARK. Mr. Chairman, the gentleman in the well knows that if the people of Rock Hill, S.C., who are so well protected by the legal profession and their representation, if that was spread across the country this colloquy would not be necessary.

However, I have to disagree with the gentleman in this case because the Senate report No. 91-761 makes it quite clear it was the legislative intent of this act that costs be regulated as well as standards. At the proper time I will get permission to insert this information in the Record at this point:

The General Counsel of
Housing and Urban Development,
Washington, D.C., May 2, 1974.

Hon. William W. Proxmire,
U.S. Senate,
Washington, D.C.

Dear Senator Proxmire: Attached as requested by Kenneth McLean of your staff, is a copy of the Department's February 4, 1972, legal opinion regarding mortgage settlement costs. This opinion was prepared in conjunction with the Department's report on settlement costs which was mandated by the Congress pursuant to Section 701 of the Emergency Home Finance Act of 1970.

Following issuance of this report and pursuant to its recommendations, the Department issued proposed regulations which established maximum settlement costs for selected geographic areas. One of the prime criticisms of the proposal which was made in comments received from the public was that HUD did not possess the statutory authority for settlement costs ratemaking. Also following publication of the Department's proposed regulations, the Senate sought to remove any ambiguity regarding the authority to set maximum settlement costs when it reaffirmed the Federal role in settlement cost ratemaking. However, the House Subcommittee of the Banking and Currency Committee in its 1972 omnibus housing bill voted to repeal any authority the Secretary may have been given to regulate settlement costs pursuant to Section 701.

At this time, the Department faced with a clear conflict between the Senate and the House is not comfortable that the mandate of Section 701 is sufficiently clear to proceed to settlement costs ratemaking without further Congressional guidance.

Sincerely,

ROBERT R. ELLIOTT,
Acting General Counsel.

MEMORANDUM, FEBRUARY 4, 1972

Memorandum for: Eugene A. Gulledge, Assistant Secretary-Commissioner.

Subject: Report on Mortgage Settlement Costs; Regulation of Maximum Settlement Costs.

In connection with the Report to the Congress on Mortgage Settlement Costs, you have asked our opinion as to whether this Department has the legal authority to set maximums on settlement costs paid by both buyers and sellers in connection with insured mortgage transactions. For the reasons set forth below, in our opinion, HUD does have such legal authority based on Section 701(a) of the Emergency Home Finance Act of 1970, which provides that:

"Sec. 701(a) With respect to housing built, rehabilitated, or sold with assistance provided under the National Housing Act or under chapter 37 of title 38, United States Code, the Secretary of Housing and Urban Development and the Administrator of Veterans' Affairs are respectively *authorized and directed to prescribe standards governing the amounts of settlement costs allowable in connection with the financing of such housing* in any such area. Such standards shall—

(1) be established after consultation between the Secretary and the Administrator;

(2) be consistent in any area for housing assisted under the National Housing Act and housing assisted under chapter 37 of title 38, United States Code; and

(3) be based on the Secretary's and the Administrator's estimates of the reasonable charge for necessary services involved in settlements for particular classes of mortgages and loans." (Italics added.)

From the legislative history of Section 701 it appears that Congress had both buyer settlement costs and seller settlement costs in mind. House Report No. 91–1131 to accompany H.R. 17495 and Senate Report 91–761 to accompany S. 3685 both state:

"It is the committee's intent that the study and recommendations on settlement costs cover not only Government-assisted mortgage transactions but also all residential real estate transactions, *with particular reference to those transactions involving single-family homes where the unsophisticated purchaser or seller is often unfamiliar with the complex details of transferring real estate title.*" (Italics added.)

The paragraph quoted indicates the concern of the Congress with both the buyer and seller. This concern provides an adequate legal basis when coupled with the obvious need to control both sides of the transaction to prevent costs to the seller from increasing as costs to the buyer decrease. Unless both sides are controlled, the true cost to the buyer will be hidden in the sales price.

It is clear also that the authority in the Emergency Home Finance Act includes the authority to prescribe maximums. This is because of the direction of Sec. 701(a) that HUD and VA prescribe "standards governing the amounts of settlement costs *allowable.*" (Italics added.)

The exercise of such authority constitutes rulemaking governed by the Administrative Procedure Act. The standards and maximums must be promulgated as HUD regulations. They must, therefore, in accordance with HUD policy, be adopted through the normal Federal Register procedure, which requires published notice and opportunity for public comment prior to adoption of the final rule. Also, because under Section 701(a)(1), such standards and maximums may be established only after consultation between the Secretary of HUD and the Administrator of the Veterans' Administration, adoption of the final rules probably should be by simultaneous issuance by HUD and VA.

Therefore, procedurally, it would appear necessary first to determine tentative "reasonable charges" for specifically delineated "areas" of the country, in conjunction with VA, and then to publish proposed maximum charges for comment. After consideration of comments, the rules could be adopted on an area by area basis as they are approved. Final approval of maximum reasonable charges would have to be a central office function of HUD and VA to assure a reasonable relationship between the maximums allowed in different areas for similar services.

Some items of settlement costs, such as transfer taxes and recording fees, are charged directly by State and local governing bodies and HUD should not attempt to regulate such charges without further examination of the relevant legal questions. Other items of settlement costs, such as title insurance premiums or attorney's minimum fees are charged by private parties but may be set or approved by States or other public or quasi-public bodies. Any finding by HUD that such privately-charged costs are too high must, of course, be carefully documented to overcome a presumption that they are "reasonable".

It should be noted that any attempt to regulate seller settlement costs, particularly real estate sales commissions, undoubtedly will lead to litigation. Although we believe that such regulation would be supportable on the reasoning discussed above, the questions presented would be novel and there can be no final and absolute legal determination at this time. Regardless of the manner in which the precise legal questions may be presented in litigation, the outcome may well hinge on how well this Department is able to document and justify the basis upon which the maximum allowable charges are established from area to area.

DAVID O. MAXWELL.

COMMENTS ON THE BROCK CLOSING COST BILL (S. 3164) AND THE BROCK LETTER OF APRIL 29, 1974

The Brock bill on closing costs, S. 3164, provides for a number of reforms on which there is little controversy. These include provisions requiring more disclosures of closing charges, prohibiting kick-backs and other unearned fees, and restricting escrow account payments. However, Section 10(c) of the Brock bill would also repeal the authority of HUD and the VA under Section 701(a) of the Emergency Home Finance Act of 1970 to regulate closing charges on FHA-VA mortgage transactions. Senator Brock circulated a letter to Committee members on April 29 in support of his bill. The following comments are in response to some of the issues raised in the Brock letter of April 29.

I. ERRONEOUS ARGUMENTS ON BEHALF OF THE BROCK BILL

A. Legislative history misinterpreted

Senator Brock argues that Congress never intended to authorize the regulation of closing charges under Section 701(a). Therefore, the repeal of Section 701(a) would simply clarify and not reverse congressional intent. The legislative history does *not* support the claim made by Senator Brock that Congress never intended to give HUD and the VA the authority to regulate closing charges. This contention is clearly belied by the express language of the statute and the Senate and House Committee reports. The language of the Act as well as the Committee reports indicate that HUD and the VA are directed to prescribe standards governing the amounts of settlement costs allowable in connection with FHA or VA mortgage transactions. The language of Section 701 and the Committee report follows:

TITLE VII—MISCELLANEOUS

SETTLEMENT COSTS IN THE FINANCING OF FEDERAL HOUSING ADMINISTRATION AND VETERANS' ADMINISTRATION ASSISTED HOUSING

SEC. 701. (a) With respect to housing built, rehabilitated, or sold with assistance provided under the National Housing Act or under chapter 37 of title 38, United States Code, the Secretary of Housing and Urban Development and the Administrator of Veterans' Affairs are respectively authorized and directed to prescribe standards governing the amounts of settlement costs allowable in connection with the financing of such housing in any such area. Such standards shall—

(1) be established after consultation between the Secretary and the Administrator;

(2) be consistent in any area for housing assisted under the National Housing Act and housing assisted under chapter 37 of title 38, United States Code; and

(3) be based on the Secretary's and the Administrator's estimates of the reasonable charge for necessary services involved in settlements for particular classes of mortgages and loans.

(b) The Secretary and the Administrator shall undertake a joint study and make recommendations to the Congress not later than one year after the date of enactment of that Act with respect to legislative and administrative actions which should be taken to reduce mortgage settlement costs and to standardize these costs for all geographic areas.

[Report No. 91–761]

THE EMERGENCY HOME FINANCING ACT OF 1970

Report of the Senate Committee on Banking and Currency

SETTLEMENT COSTS IN THE FINANCING OF FEDERAL HOUSING ADMINISTRATION AND VETERANS' ADMINISTRATION ASSISTED HOUSING

Secion 602 of the bill would implement the recommendations of the Commission on Mortgage Interest Rates with respect to settlement costs on FHA- and VA-assisted housing. It would direct the Secretary of Housing and Urban Development and the Administrator of Veterans' Affairs, after consultation with each other, to prescribe standards governing the amounts of settlement costs allowable in any area in connection with the financing of FHA- and VA-assisted housing. The FHA and VA standards for loans would be consistent with each other and would be based on the Secretary's and the Administrator's estimates of the reasonable charge for necessary services involved in closings.

The Secretary and the Administrator would also be directed to undertake a joint study and to make recommendations to the Congress, no later than 1 year after the enactment of this bill, as to legislative and administrative actions to reduce and standardize settlement costs.

The committee believes that special attention should be given to the question of closing costs associated with mortgage transactions. These costs at times add significantly to the burden of acquiring a home because they come on top of whatever downpayment must be made.

We recognize that institutional practices in different States and localities are the primary determinant of many of the charges made at a mortgage loan closing. Past studies have shown, however, that charges for such things as title insurance, attorney's fees, property surveys, and the like, do vary considerably across the country. Buyers sometimes do not learn of these costs until quite late, and then have no time to shop around for less expensive services.

FHA and VA presently do pay some attention to closing charges, and attempt to protect individual borrowers from having to pay more for a particular service than is generally customary in the local area involved. The committee believes that this practice should be continued and that procedures should be developed to provide helpful information about such charges to prospective borrowers along the lines discussed above in connection with information on borrowing costs.

It is the committee's intent that the study and recommendations on settlement costs cover not only Government-assisted mortgage transactions but also all residential real estate transactions, with particular reference to those transactions involving single-family homes where the unsophisticated purchaser or seller is often unfamiliar with the complex details of transferring real estate title. It is hoped that a thorough study will be made toward developing a simplified method of locally controlled recording and guaranteeing of real estate titles to speed up and reduce the costs of title transfers.

Senator Brock argues that the statutory language means that the Congress simply intended that FHA and VA continue their existing administrative practice of reviewing particular transactions to ensure that the closing charges are reasonable and customary for the local area involved. This interpretation cannot possibly be sustained by a careful reading of the statute and the legislative history. First, it is obvious that the phrase "prescribe standards governing the amounts of settlement costs allowable" contemplates the issuance of regulations to limit settlement costs. "Prescribing standards" goes well beyond HUD's or VA's present practice of reviewing particular transactions to ensure that they are "reasonable and customary". Second, if all Congress intended was to authorize HUD and VA to continue their existing administrative practice to review particular transactions to ensure that closing charges were reasonable and customary, why did Congress pass section 701(a) at all? Senator Brock himself acknowledges in his April 29 letter that this practice does not require specific statutory authorization. Third, the Committee Reports of both the Senate and House clearly indicate that Congress intended that standards be prescribed and that HUD and VA continue their existing practice of reviewing particular transactions to ensure charges were reasonable and customary. The first paragraph of the Senate Report talks about the legislation directing HUD and VA to prescribe standards. The fifth paragraph refers to the existing practice of HUD and VA with respect to reviewing particular transactions to ensure that charges were generally customary in the local area involved, and expresses the Committee's wish that these practices be continued. If the Committee only intended the fifth paragraph of its Report to apply, as Senator Brock contends, then what is the purpose of the first paragraph indicating that HUD and VA are directed to prescribe standards?

B. The Brock bill does not respond to all of the recomendations of the HUD–VA study

Senator Brock contends that his bill, S. 3164, is "directly responsive to *all* of the recommendations for Federal legislative action to reduce settlement costs contained in the 1972 HUD–VA Report." (Italic by Senator Brock) Actually, the HUD–VA Report did not make any recommendations for additional Federal legislation. Instead, the Report contained a number of proposals for administrative implementation under the authority of Section 701 as well as other authorities. The first recommendation of the Report was the establishment of maximum allowable settlement costs for identifiable housing market areas by HUD and VA. This authority would be repealed by the Brock bill. Thus, it is not correct to say that the Brock bill responds to all of the recommendations in the HUD–VA report. The recommendations of the HUD–VA study are as follows:

A. Immediate action at the Federal level

1. HUD and VA will establish maximum allowable charges for all individual settlement cost items paid by both the buyer and seller, except loan discount payments and costs fixed by State and local statutes, for identifiable housing market areas. Government insurance or guarantee will not be issued in any case in which charges exceed any one of the maximums.

2. Other Proposals Designed To Reduce and Standardize Settlement Costs.

(a) HUD and VA will require the use of a single uniform settlement statement for all HUD and VA insured or guaranteed transactions (except loans on mobile homes). This statement will separately itemize buyer and seller costs in order to provide full disclosure and assure that costs reported were actually incurred. Sworn affidavits and certifications will be obtained indicating that each party participating in the transaction or his representative has not received or paid a fee not explicitly authorized by HUD or VA.

The statement will also reflect such information as will insure that the homebuyer shall have been afforded the maximum economies obtainable through reissue rates for title insurance.

(b) HUD and VA will require that buyers and sellers receive detailed estimates of probable individual settlement costs which are applicable to the transaction.

If title insurance is to be used, a further explanation will be required informing the buyer that the mortgagee's title insurance policy protects the lender's interest and an owner's policy, which protects the buyer's interest is available at an additional cost.

(c) The HUD Office of Audit will undertake an audit of selected mortgagees with a view toward providing additional data needed to establish appropriate limits on lender's origination fees and validating data concerning such fees.

(d) HUD and VA will require that initial deposits in the mortgagee's escrow account should be collected so that when the tax bill is paid, only 1/12 of the estimated annual tax bill remains in the escrow account; provided that monthly payment to the mortgagee includes an amount for real estate taxes which represents 1/12 of the annual tax. Both agencies further intend to keep all escrow deposits at a minimum.

(e) HUD and VA will continue to prohibit mortgagees from charging the buyer a fee for the preparation of Truth-in-Lending statements and recommend that the Congress enact legislation prohibiting all fees for the preparation of disclosure statements.

(f) It is proposed that a federally sponsored, computerized land parcel recording system be authorized and funded in selected jurisdictions throughout the country, with a view toward the development of a uniform nationwide system which will simplify procedures and result in reduced costs.

II. REASONS WHY THE AUTHORITY TO REGULATE CLOSING COSTS SHOULD BE RETAINED

A. Additional hearings needed

Congress should not make a final decision on the question of regulating closing charges until it holds additional hearings on the subject and on alternative methods for reducing excessive closing charges. There are three principal approaches for dealing with the closing cost problem. These are:

(1) Disclosure and anti-kickback only. (Brock bill, S. 3164)

(2) Direct regulation of charges (Proxmire bill, S. 2288)

(3) Requiring lenders to pay. (Proxmire bill, S. 3232).

The Committee has not really heard from consumer representatives or independent experts with respect to the closing cost issue or to the alternative methods for reducing excessive charges. Only two witnesses on the consumer side testified before the Committee, and their testimony was delivered on short notice and buried in the general testimony taken on the omnibus 1973 housing bill. Recent testimony before the House Banking Committee indicates that consumer organizations may be shifting their position in favor of requiring the lender to pay closing charges as an alternative to price regulation. The Senate Banking Committee should obtain the benefit of these views before it makes a final decision on the price regulation issue.

B. Authority needed as a club in the closet

Until Congress does make a final decision on the best method for reducing closing charges, the existing regulatory authority under Section 701 should be kept on the books as an effective deterrent. The premature repeal of this authority can weaken the incentive of the States to reform closing cost practices and can encourage those who provide settlement services to increase their charges. If the mere retention of Section 701 has no deterrent value, then why is the real estate settlement industry so anxious for its immediate repeal? The industry itself has testified that HUD has no immediate intention of limiting closing costs by regulation. What harm would be done if the authority is retained on the books for another few months while Congress holds hearings and gives further consideration to the matter?

III. WHY THE BROCK BILL SHOULD BE DEFEATED IF SECTION 10(C) IS RETAINED

If Section 10(c) of the Brock bill is retained, the benefits to consumers from the disclosure and other provisions of the bill would be overwhelmingly offset by the increase in closing charges which would be triggered by the premature repeal of HUD's regulatory authority. One method for testing the validity of this judgment is to look at who supports and who opposes the Brock bill. During recent hearings held by the House Banking Committee, 18 representatives of bar associations, title insurance companies, realtors, mortgage lenders, and other providers of settlement services testified. All 18 supported the Stephens bill which is quite similar to the Brock bill. On the other hand, 7 consumer spokesmen or independent experts testified on the closing cost issue. Not one of the seven supported the approach taken by the Stephens bill. If the Brock-Stephens bill confers such great benefits on consumers, why have consumer organizations not come forward to support this bill?

As a practical matter, consumers would gain very little from the Brock bill. Most of the disclosure provisions in the bill are already included in a bill passed by the Senate last year, the Fair Credit Billing Act, S. 2101. Moreover, many of the reforms proposed could be carried out administratively by HUD and other Federal housing agencies. In its Report on Settlement Costs, HUD and VA have already announced their intentions to administratively implement almost all of the reforms in the Brock bill with respect to FHA–VA transactions. Similar regulations with respect to conventional mortgage transactions could and undoubtedly would be issued by the Federal Home Loan Bank Board, the Federal Home Loan Mortgage Corporation, and the Federal National Mortgage Association. Thus, the benefits to consumers in the Brock bill are largely cosmetic and would be more than offset by the repeal of Section 701.

Mr. GETTYS. I thank the gentleman.

I would say, Mr. Chairman, that the distinguished gentleman from San Francisco, Calif., and the distinguished gentleman from New York have always cooperated with me in understanding the problems of Rock Hill.

I am always delighted to have their comments.

I do not have the material before me to which the gentleman refers, so I cannot comment on it.

Mr. KOCH. Mr. Chairman, I move to strike the requisite number of words.

Mr. MOAKLEY. Mr. Chairman, will the gentleman yield?

Mr. KOCH. I yield to the gentleman from Massachusetts.

Mr. MOAKLEY. Mr. Chairman, some months ago I met in my Boston district office with a number of distinguished members of the Massachusetts Bar Association who were engaged in the conveyance trade. At that time, they vividly pointed out their overwhelming concern about the potential impact of the retention of section 701 in H.R. 9989, the Real Estate Settlement Procedures Act of 1974.

At that time, Mr. Chairman, I indicated that should this provision cause the unwarranted disruption in the conveyance trade in the Commonwealth, I would look into the matter of repeal of this section and perhaps support it.

Clearly the question of whether or not the U.S. Department of Housing and Urban Development should retain this never-used authority is a matter of concern to conveyers and the home buyer.

It is true that HUD has failed to use that authority, but its existence has prompted reform action on the State level and acted as a valuable incentive for beneficial change. In effect, it is a loaded shotgun in the corner, ready for protection of the public interest.

But at the same time, these very able lawyers—many of whom are leaders of State and local bar associations—looked with alarm on the authority section 701 gives HUD because they frankly feared the Department would use it to set maximum settlement charges throughout the Nation, regardless of the level of settlement charges actually in existence.

I am pleased, Mr. Chairman, that HUD Secretary James Lynn has assured me that this, in no way, reflects the intention of the Department and he specifically declared that the Commonwealth would not be among primary areas of concern to HUD should it exercise its authority to regulate maximum settlement charges for FHA and VA mortgages.

Under section 701 of the Emergency Home Finance Act of 1970, HUD was directed to conduct a study of settlement costs in the Nation. It selected 12 counties for this purpose, and one of the 12 was Suffolk County in Massachusetts.

In chapter IV of its report HUD found:

> The practice (of real estate conveyance) in Boston is unique among the areas surveyed. None of the cases studied there reported a charge for title insurance, because of the lack of secondary market activity in this area. Since the mortgage remains in the locality, lenders merely require a title opinion based upon a personal search or an abstract. There was usually one fee for either title examination or attorney services. The attorney is in charge of the closing from the beginning to end, and his fee includes the cost of search, the title opinion and most title-related services. This method of practice is neither very expensive nor very inexpensive. Title related costs are close to the average for the twelve areas.

A schedule in the same chapter shows that title related costs for Suffolk County average $235 and amounted to 1.39 percent of the sales price of the property being purchased in March 1971. The average for the 12 counties was found to be $259, representing 1.44 percent of the sales price. In effect, Suffolk County was slightly below the average of the 12 counties.

Mr. Chairman, if I was still in the Massachusetts State Senate I am afraid I would have to oppose section 701's retention—especially in view of the fine matter in which conveyors in the Commonwealth perform these services. But I am not in the State senate. I am a Congressman, and therefore must vote for what I believe is right for the Nation as a whole.

Clearly, during months and months of congressional hearings, the case was made—rather persuasively I believe—that many States experienced abuses in this area and there did, in fact, need to be some measure instituted to end these abuses.

I am now satisfied—after assurances by HUD—that the Department will not use section 701 in Massachusetts because of the low cost of title-related services and few, if any, abuses in the Commonwealth.

Therefore, Mr. Chairman, I believe that in order to correct these abuses—and since section 701 will have no practical effect in my State because of the outstanding method of practice there—this section should be retained.

I have also received a letter from the General Counsel of the U.S. Department of Housing and Urban Development, Robert Elliott, in which he declares the Department fully supports the full disclosure concept which would enable purchasers to make more informed judgments and to shop around more effectively for settlement cost services, coupled with statutory provisions prohibiting kickbacks.

I believe the four points Mr. Elliott made in his letter show clearly that HUD has intention to establish such cost standards in Massachusetts.

The letter follows:

THE GENERAL COUNSEL OF
HOUSING AND URBAN DEVELOPMENT,
Washington, D.C., August 13, 1974.

Hon. JOHN J. MOAKLEY,
House of Representatives,
Washington, D.C.

DEAR MR. MOAKLEY: This is in response to your recent inquiry regarding the effect that establishing maximum settlement cost standards pursuant to Section 701 of the Emergency Home Finance Act of 1970 would have in the Commonwealth of Massachusetts.

As you may know, the Department has recommended that Section 701 be repealed. Instead, the Department supports the "full disclosure concept" which would enable purchasers to make more informed judgments and to "shop around" more effectively for settlement cost services, coupled with statutory provisions prohibiting kick-backs.

If we were to assume, however, that maximum settlement cost standards were to be established pursuant to Section 701, we would have the following general observations about the impact of such an effort in the Commonwealth of Massachusetts:

1. It would be more difficult to establish maximum settlement cost standards in Massachusetts than elsewhere since, in many cases, attorneys rather than title insurance companies provide necessary title related services. This is because we believe that we must determine the overhead costs of the providers of the settlement services as a necessary part of establishing maximum settlement cost standards. This is more difficult to accomplish if such costs must be determined for the many different sizes and type of legal firms which provide many of these services in the Commonwealth of Massachusetts.

2. Since, in many cases, individual attorneys and law firms provide all necessary title related services in Massachusetts, we can assume that individual purchasers have a significantly better opportunity to negotiate the price to be charged for the provision of such services or to "shop around" for such services if an initial quotation of price is unsatisfactory. This is particularly true since we are informed that the Massachusetts Bar Association has no minimum fee schedules for title related costs.

3. The proposed regulations published for comment on July 4, 1972, contemplated establishing maximum standards for areas where the Secretary determines that excessive fees and charges are being collected. If that approach were taken, a jurisdiction would be subject to maximum standards set by the Secretary if it were found that excessive fees and charges are in fact being assessed. While HUD's *Mortgage Settlement Cost Report* of January 1972 noted that in some cases excessive fees and charges are being collected, the Report does not identify specific areas where exorbitant charges were found to have occurred. We should note that one of the findings of the Report was: "Costs appear to be high in some areas, but unreasonable costs probably occur in fewer areas than may be popularly assumed."

4. Since the HUD *Mortgage Settlement Cost Report* found that 28 out of 51 jurisdictions had higher title-related costs than Massachusetts, HUD probably would not make a determination of whether maximum standards were to be established for Massachusetts until over half of the other states has been considered, assuming that initial priority were given to those areas of the country in which high settlement costs are currently being charged. Establishing such a priority may be necessary since it would appear that HUD would be unable to undertake surveys to determine whether excessive fees and charges are being levied in connection with mortgage settlement at the same time in all areas of the nation.

Sincerely,

ROBERT R. ELLIOTT.

Mr. KOCH. Mr. Chairman, before coming to the Congress I was a practicing lawyer. I am not any more, having given up the practice of law upon my election.

I handled numerous real estate transactions, and I have some familiarity with the fees and the costs that are involved.

I believe that it would be very anticonsumer were we not to support the Stark amendment to put back into this bill the provisions which would permit HUD to fix and regulate closing costs. Closing costs vary from transaction to transaction. But there cannot be anyone in this House who has any familiarity with the real estate business who would say that there have not been numerous cases where the purchaser has been abused by a whole host of people who are involved in closing costs. Whether it be in the survey fees, or title insurance, title searches, or a whole host of closing costs, there have been abuses.

When my good friend, the gentleman from Rock Hill, pointed out that HUD has not used this power that it has had, HUD has been wrong. HUD should have used this power. I suspect that what they were relying on, from my recollection of the testimony, is that simply by having the residual power, it inhibited abuses. Maybe it did, but not enough. I think that they should exercise the power, and I think it is incumbent upon us to be sure that we give them the right to exercise that power.

Just to conclude, if we want to protect the small home buyer, who really is abused too often, the way to do that is to support the amendment offered by the gentleman from California (Mr. STARK).

Mr. ADDABBO. Mr. Chairman, will the gentleman yield?

Mr. KOCH. I yield to the gentleman from New York.

Mr. ADDABBO. I thank the gentleman for yielding.

Is there anything in section 701 which regulates legal fees, the fee that the attorney may charge his client? Is there anything to regulate that in section 701?

Mr. KOCH. Not that I know of.

Mr. ADDABBO. Is it not a fact that section 701 only regulates the charges, the settlement cost the lender may charge the borrower. It has nothing to do with regulating legal or attorney fees; is that correct?

Mr. KOCH. That is my understanding of it.

I will yield to the committee chairman if there is a more expansive definition, but that is my understanding.

Mr. ADDABBO. I thank the gentleman.

Mr. McKINNEY. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, this morning the Committee on Banking and Currency met with the head of the Office on Management and Budget, Mr. Roy Ash, to give the new President of the United States a Cost of Living Council which will have no power at all, but which will be able to advise on unfair and unwise inflationary tendencies. It is my suggestion that this will probably pass the House on Monday with a very wide margin. This is exactly what we are talking about in section 701.

I am not advocating a new Federal bureaucracy. I am not advocating that we spend more money, but I am advocating that we set up and give HUD the power to react to unfair, unwise, and discriminatory closing costs across the country.

Let us face the fact that the average American does not buy many houses. I happen to have been in a business where I did, and I have done it in many States and I have seen what can take place.

Do the Members know that in the City of Washington, for instance, one can buy a house which has been owned by someone for 30 or 40 years and he quite rightfully pays a very large fee to search the title to clear it to get title insurance? Do the Members realize, however, that it is the practice in Washington that should one then go back to the bank because he has improved that property, to the same bank, with the same house, 6 months later, and ask for an increase of his mortgage, that they then investigate the house, and say, "Certainly, we will give it to you," and that then one will pay exactly the same search and title fee that he paid for a 30-year examination?

Mr. STEPHENS. Mr. Chairman, will the gentleman yield?

Mr. McKINNEY. I yield to the gentleman from Georgia.

Mr. STEPHENS. I thank the gentleman for yielding.

Does the gentleman say that would be in Washington that this would happen?

Mr. McKINNEY. Washington, the District of Columbia.

Mr. STEPHENS. The gentleman does not recognize that lawyers have a fee for bringing a title up to date and it is a protection for both the borrower and the lender?

Mr. McKINNEY. It certainly is.

Mr. STEPHENS. That is to see that something did not come in between.

Mr. McKINNEY. But let us not confuse the fact, though, that 6 months before, in order to get title insurance, this house had a clear title, and all they must search for are the mechanics' liens that may have been put on during the improvement.

Now we go on to the fact that most people who buy a house are totally the captives of a system they do not understand and of a system that is designed in essence without any real competition.

What we are talking about here is very simple. The President of the United States has said to the Congress: "I need a weapon whereby I can jawbone the inflation within the United States and adjudicate problems in different areas of the economy."

What we are trying to do here is give HUD a section of the law that exists, which they have not used. But just as in revolutionary days, it is the musket in the volunteer's closet that can be grabbed if it is needed. In fact the way it is written it can only be grabbed in the case of VA and FHA housing, but the fact of the matter is it is there and it can be used to jawbone and it can be used to threaten and it can be used to cajole.

I would suggest to all of the Members that I was in the real estate business and I am not trying to put the lawyers out of business and I am not trying to put my ex-colleagues out of business, but the average home buyer in this country—and I am not talking just about the little man—is somewhat like a sheep led to the slaughter because he has to have the housing and he wants the housing and particularly in this day's economy, once he has found the money—which is almost next to impossible—he is totally at the mercy and totally at the rule of those who give him the money.

Mr. BELL. Mr. Chairman, will the gentleman yield?

Mr. McKINNEY. I yield to the gentleman from California.

Mr. BELL. I thank the gentleman for yielding. I commend the gentleman for his statement. I think his point there of the implied force that this has really goes to the heart of the matter. It certainly does not affect the other good amendments that have come out of this committee and that are in there. It will lend itself to working with them if we put the 701 back in.

Mr. McKINNEY. There is no question about it. As I stated to Mr. Ash this morning, I think we can do with less Federal bureaucracies and we do not want to set one up, but I believe this can be useful to the consumer.

Mr. BROWN of Michigan. Mr. Chairman, I move to strike the requisite number of words.

Mr. BARRETT. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Michigan. I yield to the gentleman from Pennsylvania.

Mr. BARRETT. Mr. Chairman, I would like to see if we can get a consensus of the number of those who want to speak on this amendment.

Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto end at 10 minutes to 3 o'clock.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

Mr. BROWN of Michigan. Mr. Chairman, reserving the right to object, I already have my time. Is that to take effect after I have my time?

The CHAIRMAN. The gentleman in the well has already been recognized for 5 minutes.

Mr. BROWN of Michigan. Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

Mr. BLACKBURN. Mr. Chairman, reserving the right to object we are talking about only 6 minutes for all these gentlemen who are standing. I suggest the request be amended to 5 minutes after 3 o'clock.

Mr. Chairman, I withdraw my reservation of objection.

Mr. BARRETT. Mr. Chairman, I will compromise and withdraw that request. I will amend my request to say, 3 o'clock.

Mr. Chairman, I ask unanimous consent that all debate on this amendment, that is, the Stark amendment, and all amendments thereto close at 3 o'clock.

The CHAIRMAN. Is here objection to the request of the gentleman from Pennsylvania?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan (Mr. Brown) for 5 minutes.

Mr. BROWN of Michigan. Mr. Chairman, first I would like to address myself to the remarks of the gentleman from Connecticut (Mr. McKinney).

Section 701 in the law is not jawboning. It is in no way analogous to what we propose to do with the Cost of Living Task Force. To the contrary; if there is any relationship between the economic stabilization effort such as the Cost of Living Task Force, and this amendment it is that one is the opposite of the other. Any person, any Member of this body who supports the Stark amendment has got to also be willing to say he is willing to give the President the authority to impose wage and price controls, because that is exactly what 701 does with respect to closing costs.

I would suggest that the arguments for this amendment are basically two, with almost a third. One is that it protects consumers. Two, is that it eliminates the possibility and potential for abuses.

The third would be that it holds out the threat, by retention of section 701, it holds out the threat that if either of these things appear to be happening that the Secretary's ability to regulate will cause them not to happen.

I would suggest for the reasons I have just stated that these are not valid reasons for supporting the amendment.

First of all, on the consumer issues, I suggest no one in this House will disagree with the proposition that maximum costs become minimum costs. When we set maximum costs, we can be sure every consumer will be paying them, whether they should or not. If that is protecting the consumer, I will eat your shirt.

Now, in fact, Consumer Advocates have said, especially Alan Morrison representing Ralph Nader's Public Citizen Projects.

> I oppose the creation of a permanent agency to establish maximum costs applicable to all or almost all transactions. Once such bureaucracies get started they have a way of hanging on forever, and soon become dominated by the groups that are supposed to be regulated by them. Moreover, there is no evidence so far that indicates that mandatory price regulation by the Federal government is required, and thus, it seems appropriate to experiment with solutions short of Government price regulation in this field at least for the present.

Now, then, if we decide that the Federal Government should do something, or better, that something should be done in this area, I respectfully suggest that the action should be taken at the State level. I do not think even the sponsor of the amendment would argue that the problem of closing costs is a problem that exists nationwide to the same extent and in the same way in all areas.

Therefore, if some regulatory action is needed, it seems to me it should be State action to regulate these closing costs.

And, I respectfully suggest to my colleagues that the threat of 701, the ability of 701 to be implemented by the Secretary, having that section on the books is a great deterrent to State action, because every State legislator not wanting to deal with this controversial problem will say, "Why should we do something about regulating closing costs? Authority exists in the Federal Government to regulate closing costs."

So the taking of the type of action appropriate to the geographic sections of our country where laws and regulations differ would be hampered and the impetus for legislation by States would be slowed.

Now, what does the administration say about the repeal of 701? Assistant Secretary of HUD, Sheldon Lubar, testified that HUD's experience had demonstrated that:

> Even if it could be concluded that Federal regulation of settlement costs was workable at all, such regulation could be achieved at only very high administrative costs, widely out of proportion to the benefits that would be received by consumers.

He told the Subcommittee on Housing that he believed repeal of section 701 was "vital" to any legislative package on settlement costs.

This same view was expressed by the Chairman of the Federal Home Loan Bank Board, Thomas R. Bomar, who described Federal rate regulation of settlement costs as "merely symptomatic" that was "likely to create a bureaucratic monstrosity" and lead to "serious distortions and instabilities in the marketplace."

(By unanimous consent, Messrs. Barrett and Koch yielded their time to Mr. Stark.)

Mr. STARK. Mr. Chairman, I would like to repeat at this time to my colleagues in the committee that the amendment simply retains the right in HUD to correct abuses through jawboning, if you will and through regulation of maximum settlement charges.

I would like to submit to the Members that the labor unions of this country, and the consumer groups and every one of my colleagues who can put the concerns of the home buying public ahead of other parochial or business interests at this point, support retaining this authority in HUD. I would repeat that voting for the amendment is a vote to give us the weapon to help control ever increasing housing costs. It is a vote for lower housing costs. It is a vote for States' rights. It can be a catalyst to encourage States and municipalities to enact the kinds of laws we all want to see, with the proper kinds of local input.

It is beyond any question a vote for the consumer. It is a vote that will enable so many people—we just recently had an outstanding amendment offered by the gentlewoman from Maryland on another bill to allow people to homestead and acquire foreclosed homes. I hope she recognizes that they could all be foreclosed from acting under her amendment just because of excessive closing costs. This might be an area in which the Secretary could implement or suggest standards that could be meritorious for this.

There are so many ways this could help people all across the country to acquire that home which is the biggest purchase they will ever make.

The question is whether we are going to vote for lower housing costs, whether we are going to vote for the consumer, whether we are going to vote for States rights, as opposed to whether we are going to vote for a few vested interests and have no control over how they deal with that home buyer.

(By unanimous consent, Mr. Frenzel yielded his time to Mr. Blackburn.)

The CHAIRMAN. The Chair recognizes the gentleman from Georgia (Mr. Blackburn).

Mr. BLACKBURN. Mr. Chairman, first of all I want to address myself to the question asked by the gentleman from New York (Mr. Addabbo) as to whether or not attorneys' fees are included within the term "closing costs."

I would call to the attention of the committee the HUD report of 1972, in which they state that the term "closing costs" includes all charges paid at settlement for obtaining the mortgage loan and transferring real estate titles. In the figures, attorneys' fees are clearly included as part of the closing costs. Let me call the attention of the committee to the statement of Mr. Sheldon B. Lubar, when he testified last year before the Committees on Housing and Banking and Currency, in which he states it would be impossible for HUD to regulate those without setting up a very new and expensive bureau.

He states:

> The maximums proposed by the Department were based on an econometric analysis of the various settlement costs which was supposed to determine how high these costs ought to be by comparison with costs in other geographic areas. The expenses that the providers of these services incurred in order to provide the services were not ascertained and therefore were not factored into the proposed maximums. Otherwise, HUD personnel would have been required to get into the internal affairs of the providers of these services in great depth in order to determine these expenses. To undertake such action and to provide the necessary safeguards against arbitrary or unfair results, even for these six metropolitan areas alone, would have required HUD to develop a new and extensive rate-regulating bureaucracy.

Here is the man speaking who will be charged with administering this law in the first place.

Mr. BROWN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. BLACKBURN. I will be happy to yield to the gentleman from Michigan.

Mr. BROWN of Michigan. Mr. Chairman, I thank the gentleman for yielding.

From your just concluded statement it is obvious that you do not want the rates that would apply in New York City to apply everywhere even to small communities in Georgia or Michigan.

Are we going to have HUD, then, establish different rates for different regions or different metropolitan areas in the country, with different maximums?

When the gentleman from California says that this is a consumer bill, I think he is clearly off the track because, as I have said before—and he did not take issue with it—maximum rates become minimum rates. That means that we are imposing upon every consumer the highest acceptable rate that would be applicable in the most affluent area, and I ask everyone if that is in the consumer's interest.

Mr. BLACKBURN. Mr. Chairman, I think the gentleman made a perfectly valid point. I thank him for bringing that point to the attention of this body.

(By unanimous consent, Messrs. FLYNT and GETTYS yielded their time to Mr. STEPHENS.)

The CHAIRMAN. The Chair recognizes the gentleman from Georgia (Mr. STEPHENS).

Mr. STEPHENS. Mr. Chairman, let us look for a minute at what seems to me a great misunderstanding about real estate settlement costs.

When one records the deed in the courthouse, that is a real estate settlement cost. That deed fee that has to be paid is set by the State.

Part of the real estate settlement costs are the prorated city taxes. The prorated city taxes are set by the city, and that is part of the settlement costs.

State and county taxes, prorated, are set by the State and county. That is a settlement cost.

Take fire insurance. Those fees are set by the public bodies, by the State or by an insurance commission. Those are settlement costs. Interest on the loan, which is set by the usury statutes of a State, is part of the settlement costs sometimes.

The transfer tax that has supplanted the old Federal tax on transfer of the property, that is set by the State.

Therefore, what folks are talking about is this: That they are going to regulate. They want a photographer's fee regulated for taking a picture of the home. They want to establish a credit report fee. The charge for that latest credit report is a settlement cost.

They want the real estate fee to be set by Washington, D.C. They want the lawyer's fee set by Washington, D.C., as well as the surveyor's fee.

Are they asking that State taxes be changed? All they are saying is that Washington should sit down here and tell a man, if he is a lawyer, what his fee is going to be. If he is a photographer and is going to take a picture as part of the settlement cost, they want to tell him how much to charge for the picture.

The law, as we passed it in section 701 on the books, has been interpreted as setting the amount of rates. I say we ought not set them in Washington, D.C.

We have heard a number of arguments that section 701 of the 1970 act was never intended to authorize HUD to engage in regulation of settlement costs. I agree 100 percent. I feel strongly that section 701 should be repealed because, in spite of its clear legislative history, there is a danger that some future administration might seize upon it as a basis to promulgate the kind of arbitrary and unfair regulatory scheme that HUD did propose in July of 1972, without taking into consideration whatsoever the differences between what it took to close a real estate loan in Georgia, California, New York, New Jersey, or wherever it might be.

When a man sits down as a lawyer and settles the matter, then settlement costs are his responsibility because the lawyer then takes the deed involved over to the courthouse, sees that the papers are recorded properly, and he gets them back and returns them to the respective parties.

After all, it is argued, the present administration will not implement it and any use of that provision as the basis for rate regulation could be challenged successfully in a law suit.

I feel strongly that section 701 should be repealed because in spite of its legislative history and defects, there is a danger that some future administration might seize upon it as a basis to promulgate the kind of arbitrary and unfair regulatory scheme that HUD proposed in July of 1972. Indeed, we are told by the supporters of section 701 that it should be kept on the books as a "club in the closet" because it could be used by some future Secretary of HUD. This is why we are so concerned.

Because section 701 fails to provide the necessary safeguards that are a prerequisite to any fair system of regulation; because section 701 may be used to force arbitrary reductions in charges that are not based on an examination of the costs and profits of those whose services would be regulated; because implementation of section 701 can only lead to protracted law suits challenging such administration action—I believe section 701 represents a "club in the closet" that Congress should never permit to be used. I cannot condone the use of an unfair and obviously ambiguous law as a "club in the closet." To the extent section 701 might be interpreted as authorizing rate regulation, it is an unwise and unwarranted provision, and it makes no sense to say we ought to leave it on the books despite the fact that it may never be used—perhaps even silently hoping it never will be used.

Moreover, we should not believe that the industry's fear of implementation of section 701 will help keep charges to reasonable levels. Such an argument is totally without merit. The threat of arbitrary Government action can never be effective in reducing charges and represents terrible Government policy.

On the other hand, sections 102 (a) and (b) of H.R. 9989, provisions that direct HUD to monitor the industry's performance under the reform provisions of H.R. 9989 and to report back to the Congress on what further measures need to be taken—including the possibility of an effective and workable scheme of Federal rate regulation—will insure that the industry will do all it can to keep costs in line and to make the antikickback, disclosure and other reform provisions of the bill work.

Finally, even if section 701 is repealed, HUD and the VA will still have and will continue to exercise their authority to prevent excessive or exorbitant charges under their existing administrative regulations whereby they can and do challenge and reject any item of settlement cost that is in excess of the "reasonable and customary" standards prevailing in the local area. This is an important point for all my colleagues to keep in mind, because even if we repeal section 701, this administrative authority would be unaffected.

Thus, passage of H.R. 9989 would provide FHA and VA home buyers the triple protection of: First, dealing with the underlying problems that cause unnecessarily high settlement charges; second, leaving intact HUD and VA authority to protect federally assisted home buyers from charges that exceed "reasonable and customary" levels; and third, authorizing HUD to report back to the Congress on what further measures may be needed to give buyers the protection they deserve.

His duties in his settlement are not just ended right there. Because section 701 fails to provide the necessary safeguards that are prerequisite in the system of regulation, because section 701 may be used to force arbitrary reductions in charges that are not based on the examination of the cost and the profits, which has been done, those services would be regulated.

Mr. Chairman, let me state this as a final conclusion: Even if section 701 is repealed—and I repeat this—HUD and the VA will still have and will continually exercise their authority to prevent excessive or exorbitant charges under existing administrative regulations whereby they can do this now.

The CHAIRMAN. The Chair recognizes the gentleman from New Jersey (Mr. PATTEN).

Mr. PATTEN. Mr. Chairman, I am going to vote against this amendment. I do not yield to any of the Members when they talk about protecting the buyer.

My office handled HOLC loans in 1930 and 1931, and we were allowed $75 to do the whole job so far as closing costs were concerned, and we did all the work. We processed hundreds of VA loans. Millions of veterans were well protected at 4 percent interest and the Government allowed $160 toward the closing costs.

I will guarantee this: Our banks looked over the closing fees, and I will say that anyone who did not use the minimum fee was not allowed back in the bank.

Mr. Chairman, I am proud of the service we gave to our veterans at the time they came out of World War II. I spent a great deal of time during 15 years on this.

I never heard such dirty talk as I have heard on this floor.

Mr. Chairman, I recommend that we oppose the amendment and go along with the committee.

The CHAIRMAN. The Chair recognizes the gentlewoman from Missouri (Mrs. SULLIVAN).

Mrs. SULLIVAN. Mr. Chairman, on the question of lawyer fees that was discussed before, I should like to inform the House that the American Bar Association said in 1972 that it endorsed the HUD authority contained in section 701 to regulate VA and FHA closing costs.

I would like to inform the Members

that a vote for the Stark amendment is a vote to retain HUD's authority on settlement charges applying to FHA and VA mortgages where the need to do so exists. A vote against the Stark amendment is a vote to eliminate HUD's authority to regulate these costs.

Mr. Chairman, all the other provisions of this bill are good, and they should be approved. A vote for the Stark amendment will in no way affect any other section of this bill.

The CHAIRMAN. The Chair recognizes the gentleman from New York (Mr. ADDABBO).

Mr. ADDABBO. Mr. Chairman, maybe I have been reading section 701 wrong, but for the information of my colleagues, it is included on page 16 of the report, and it says that:

> The costs shall
>
> (1) be established after consultation between the Secretary and the Administrator;
>
> (2) be consistent in any area for housing assisted under the National Housing Act and housing assisted under chapter 37 of title 38 * * *.

I repeat, it says:

> shall be consistent in any area * * *.

I am glad that my colleague, the gentleman from Georgia (Mr. BLACKBURN), agreed with me. It does not regulate attorney fees. It regulates what the bank's attorney will charge to the loanee. I agree also with my colleague, the gentleman from New Jersey (Mr. PATTEN), when he asks the question: Who will give the GI a 4-percent mortgage?

They will give him a 4-percent mortgage if they can soak him whatever they want in closing fees and pick up the difference on closing fees. This is what we are talking about. We are regulating it so that the GI can still get the low-interest loan and so that the man with a low down payment who needs an FHA mortgage, which is at a lower interest rate, can still get that lower interest rate and not be soaked what the bank wants to charge him for closing fees.

(By unanimous consent, Mr. SYMMS yielded his time to Mr. WYLIE).

The CHAIRMAN. The Chair recognizes the gentleman from Ohio (Mr. WYLIE).

Mr. WYLIE. Mr. Chairman and Members of the Committee, I reluctantly oppose this amendment.

Of course, we are all for prohibiting abuses in real estate closing transactions for FHA and VA loans. We all want to protect the consumer. Yet I submit that section 701 has not in any way thus far protected the consumer. It has been said that it has protected the consumer in part, but the fact of the matter is that section 701 has never been used by HUD.

A part of the reason it has never been used is because HUD considers it too ambiguous for them to draft regulations in implementation.

HUD tried to implement section 701 after it was passed into law in 1970, with regulations. It proposed maximum allowable charges for six settlement items in FHA and VA transactions in six metropolitan areas. It encountered more comments on these regulations than any other regulations they had ever before proposed. So, after a while, HUD withdrew them because they determined that they lacked the requirements of due process.

HUD has maintained that in order to provide the necessary safeguards in these six proposed areas, it would have to develop a new and extensive rate-regulating bureaucracy without a clear mandate from Congress.

So I submit we ought not to accept the amendment before us. We ought to allow the section which is in the committee bill to take effect, and Congress ought to help HUD establish some guidelines as to allowable charges on settlement cost items.

The CHAIRMAN. The Chair recognizes the gentleman from California (Mr. BELL).

Mr. BELL. Mr. Chairman, the consumer needs this protection now. Closing costs throughout the country in real estate deals have been outlandish. The country is literally crying out for some protection in this area. Hud is making a study of it, and I am certain that HUD, if it were allowed to have this section 701, would not use it improperly, but would use it when they felt it was necessary for the public protection to use it. Only when and if there were some unreasonable costs that had become apparent in a particular situation throughout the country.

I think the amendment offered by the gentleman from California (Mr. STARK) is an amendment for the protection of the consumer.

How many times do we have to have it shown to us that many of these closing settlement procedures are unreasonable in their costs? The time has come to build into our system some teeth to correct some obvious wrongs when they appear.

Mr. ST GERMAIN. Mr. Chairman, I rise in support of H.R. 9989 and specifically to support the provision of the bill that repeals section 701 of the 1970 Emergency Home Finance Act. I believe that section 701 has proved to be very mischievous and offers no realistic possibility of providing any benefits whatsoever to the American home buying public.

It has been argued that section 701 ought to remain on the books as a sort of standby rate regulatory authority that could be exercised by some future HUD administration. I do not believe that this argument has any validity, since section 701 was never intended to convey any authority to regulate rates and charges for FHA and VA settlement services. Any legislation that would have provided such authority, Mr. Chairman, would certainly have been hotly debated both in the Banking Committee and on the floor of the House of Representatives. Certainly, many of us would not have stood by mutely while legislation was being considered that would have given the Federal Government such broad-ranging powers over literally hundreds of thousands of individuals and small businessmen who provide settlement services in FHA and VA transactions.

But the fact of the matter is that there was not a single word of debate in the Senate or in the House of Representatives that section 701 in any way conveyed such broad authority to the Secretary of Housing and Urban Development. I would ask those who support keeping section 701 on the books to cite any statement made on either the floor of the Senate or the House of Representatives to indicate that anyone then believed that section 701 was intended to do anything more than reconfirm HUD's administrative practice of challenging settlement costs in particular transactions that exceeded the "reasonable and customary" levels prevailing in the local area involved. No such statements were ever made because no one ever believed that section 701 was intended to convey rate regulatory authority.

However, we are now told that the section ought to remain on the books as a potential threat of such regulation by the Federal Government. Apart from the fact that I do not believe such "threats" serve any useful purpose, I cannot see how we can use section 701 to threaten a proposed scheme of regulation that was never authorized by the Congress. If my colleagues believe that rate regulation is desirable and necessary, then we should have a concrete proposal for a regulatory scheme that we can review and debate intelligently. Such a scheme would have to include all of the provisions and standards normally included in the other rate regulatory statutes that we have passed such as the Interstate Commerce Act and the Natural Gas Act.

Indeed, section 102(b) of H.R. 9989 would invite the Secretary of Housing and Urban Development to make such recommendations to us and to propose a regulatory scheme that we can then consider. But until Congress approves such a scheme, and comes to grips with the difficult issues raised by placing this sector of the economy under Federal rate regulation, no Member of the House should believe that such regulation can be achieved through the back door by means of section 701. It was never intended to authorize Federal rate regulation and it cannot be used as the statutory basis for such regulation.

Mr. DON H. CLAUSEN. Mr. Chairman, I rise in support of the bill, H.R. 9989 and in opposition to the amendment to repeal section 701 of the Emergency Home Finance Act of 1970.

Since the enactment of the Emergency Home Finance Act, HUD has been studying the feasibility of Federal regulation of settlement costs allowable in connection with federally insuranced housing transactions, and has concluded that such regulation is totally unworkable and impossible to implement in 50 different States containing 3,000 different counties.

In the words of Dale Whitman, who drafted regulations attempting to regulate rates under section 701, such regulation was "shooting in the dark." HUD also concluded that the costs involved would be all out of proportion to consumer benefits.

I believe that our recent experience with wage and price controls affirms the fact that Federal regulation can have disastrous consequences when it places arbitrary limits on charges and prices.

I support, instead, the approach of this bill which is to limit, ban or regulate specific actions or practices on the seller side of the market which are unjustifiable or unnecessarily costly.

The CHAIRMAN. All time has expired.

The question is on the amendment offered by the gentleman from California (Mr. STARK) to the committee amendment.

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. STARK. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 199, noes 202, answered "present" 1, not voting 32, as follows:

[Roll No. 487]

AYES—199

Abzug
Adams
Addabbo
Anderson, Calif.
Andrews, N. Dak.
Ashley
Aspin
Badillo
Barrett
Bell
Bennett
Bergland
Biaggi
Biester
Bingham
Blatnik
Boland
Brademas
Bray
Breaux
Brooks
Brown, Calif.
Burke, Calif.
Burke, Mass.
Burton, John
Burton, Phillip
Carey, N.Y.
Carney, Ohio
Chisholm
Clark
Clay
Cleveland
Cochran
Cohen
Collins, Ill.
Conte
Conyers
Corman
Cotter
Coughlin
Cronin
Culver
Daniels, Dominick V.
Danielson
de la Garza
Delaney
Dellenback
Dellums
Dent
Derwinski
Diggs
Donohue
Drinan
Eckhardt
Edwards, Ala.
Eilberg
Esch
Evans, Colo.
Evins, Tenn.
Flood
Foley
Ford
Fraser
Froehlich
Fulton
Fuqua
Gaydos
Giaimo
Gilman
Gonzalez
Grasso
Green, Pa.
Griffiths
Gross
Grover
Gude
Guyer
Harrington
Hays
Hechler, W. Va.
Heckler, Mass.
Heinz
Helstoski
Hillis
Hinshaw
Holifield
Holtzman
Horton
Johnson, Calif.
Johnson, Colo.
Jordan
Karth
Kastenmeier
Kazen
Kluczynski
Koch
Kyros
Leggett
Lehman
Lent
Litton
Long, Md.
Lujan
Luken
McClory
McCloskey
McCormack
McDade
McEwen
McFall
McKinney
Macdonald
Madden
Madigan
Maraziti
Matsunaga
Mayne
Mazzoli
Meeds
Melcher
Metcalfe
Mezvinsky
Miller
Minish
Mink
Mitchell, Md.
Moakley
Mollohan
Morgan
Mosher
Moss
Murphy, N.Y.
Murtha
Myers
Nedzi
Nix
Obey
O'Hara
O'Neill
Owens
Patman
Perkins
Peyser
Pike
Podell
Price, Ill.
Pritchard
Quillen
Rangel
Regula
Reuss
Rodino
Roe
Roncalio, Wyo.
Roncallo, N.Y.
Rooney, Pa.
Rosenthal
Rostenkowski
Roy
Roybal
Ruth
Ryan
Sarasin
Sarbanes
Schroeder
Seiberling
Shuster
Sisk
Stark
Steele
Steelman
Stokes
Stratton
Studds
Sullivan
Symington
Thompson, N.J.
Tiernan
Traxler
Udall
Van Deerlin
Vander Veen
Vanik
Vigorito
Waggonner
Waldie
Whalen
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Wolff
Wright
Wyatt
Wydler
Yates
Yatron
Young, Tex.
Zablocki
Zion
Zwach

NOES—202

Abdnor
Alexander
Anderson, Ill.
Andrews, N.C.
Annunzio
Archer
Armstrong
Ashbrook
Bafalis
Baker
Bauman
Beard
Bevill
Blackburn
Boggs
Bolling
Bowen
Breckinridge
Brinkley
Brotzman
Brown, Mich.
Brown, Ohio
Broyhill, N.C.
Broyhill, Va.
Buchanan
Burgener
Burke, Fla.
Burleson, Tex.
Burlison, Mo.
Butler
Byron
Camp
Carter
Casey, Tex.
Cederberg
Chamberlain
Chappell
Clancy
Clausen, Don H.
Clawson, Del
Collins, Tex.
Conable
Conlan
Crane
Daniel, Dan
Daniel, Robert W., Jr.
Davis, S.C.
Davis, Wis.
Denholm
Dennis
Devine
Dickinson
Dorn
Downing
Duncan
du Pont
Erlenborn
Eshleman
Fascell
Findley
Fish
Fisher
Flowers
Flynt
Forsythe
Fountain
Frelinghuysen
Frenzel
Frey
Gettys
Ginn
Goldwater
Goodling
Green, Oreg.
Gubser
Haley
Hamilton
Hammerschmidt
Hanley
Hanna
Hanrahan
Harsha
Hastings
Henderson
Hicks
Holt
Hosmer
Howard
Hudnut
Hungate
Hunt
Hutchinson
Ichord
Jarman
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Kemp
Ketchum
King
Kuykendall
Lagomarsino
Landgrebe
Latta
Long, La.
Lott
McCollister
McKay
Mahon
Mallary
Mann
Martin, Nebr.
Martin, N.C.
Mathis, Ga.
Michel
Milford
Mills
Minshall, Ohio
Mitchell, N.Y.
Mizell
Montgomery
Moorhead, Calif.
Moorhead, Pa.
Murphy, Ill.
Natcher
Nelsen
Nichols
O'Brien
Parris
Patten
Pepper
Pettis
Pickle
Poage
Powell, Ohio
Preyer
Price, Tex.
Quie
Railsback
Randall
Rees
Rhodes
Rinaldo
Roberts
Robinson, Va.
Rogers
Rose
Roush
Rousselot
Runnels
Ruppe
St Germain
Sandman
Satterfield
Scherle
Schneebeli
Sebelius
Shoup
Shriver
Sikes
Skubitz
Slack
Smith, Iowa
Smith, N.Y.
Snyder
Spence
Staggers
Stanton, James V.
Steed
Steiger, Ariz.
Steiger, Wis.
Stephens
Stubblefield
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Thomson, Wis.
Thone
Thornton
Towell, Nev.
Treen
Ullman
Vander Jagt
Veysey
Walsh
Wampler
Ware
White
Whitehurst
Whitten
Widnall
Wiggins
Wilson, Bob
Winn
Wylie
Wyman
Young, Alaska
Young, Fla.
Young, Ill.
Young, S.C.

ANSWERED "PRESENT"—1

Edwards, Calif.

NOT VOTING—32

Arends
Brasco
Broomfield
Collier
Davis, Ga.
Dingell
Dulski
Gibbons
Gray
Gunter
Hansen, Idaho
Hansen, Wash.
Hawkins
Hébert
Hogan
Huber
Jones, Tenn.
Landrum
McSpadden
Mathias, Calif.
Passman
Rarick
Reid
Riegle
Robison, N.Y.
Rooney, N.Y.
Shipley
Stanton, J. William
Stuckey
Teague
Williams
Young, Ga.

So the amendment to the committee amendment was rejected.

The result of the vote was announced as above recorded.

The CHAIRMAN. The question is on the committee amendment.

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. BROWN of Michigan. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 274, noes 121, answered "present" 1, not voting 38, as follows:

[Roll No. 488]

AYES—274

Abdnor
Alexander
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Armstrong
Ashbrook
Bafalis
Baker
Barrett
Bauman
Beard
Bergland
Bevill
Biaggi
Blackburn
Blatnik
Boggs
Boland
Bolling
Bowen
Bray
Breaux
Breckinridge
Brinkley
Brooks
Brotzman
Brown, Mich.
Brown, Ohio
Broyhill, N.C.
Broyhill, Va.
Buchanan
Burgener
Burke, Fla.
Burleson, Tex.
Burlison, Mo.
Butler
Byron
Camp
Carter
Casey, Tex.
Cederberg
Chamberlain
Chappell
Clancy
Clark
Clausen, Don H.
Clawson, Del
Cleveland
Cochran
Collins, Tex.
Conable
Conlan
Coughlin
Crane
Cronin
Culver
Daniel, Dan
Daniel, Robert W., Jr.
Davis, S.C.
Davis, Wis.
de la Garza
Delaney
Dellenback
Denholm
Dennis
Dent
Derwinski
Devine
Dickinson
Donohue
Dorn
Downing
Drinan
Duncan
du Pont
Edwards, Ala.
Eilberg
Erlenborn
Esch
Eshleman
Fascell
Findley
Fish
Fisher
Flood
Flowers
Flynt
Forsythe
Fountain
Frelinghuysen
Frenzel
Frey
Froehlich
Fulton
Fuqua
Gettys
Gilman
Ginn
Goldwater
Gonzalez
Goodling
Green, Oreg.
Gross
Grover
Gubser
Guyer
Haley
Hamilton
Hammerschmidt
Hanley
Hanrahan
Hansen, Wash.
Harsha
Hastings
Hays
Heckler, Mass.
Heinz
Henderson
Hicks
Hillis
Hinshaw
Holt
Hosmer
Howard
Hudnut
Hungate
Hunt
Hutchinson
Ichord
Jarman
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jordan
Kazen
Ketchum
King
Kluczynski
Kuykendall
Lagomarsino
Landgrebe
Latta
Lent
Lott
McClory
McCloskey
McCollister
McCormack
McFall
McKay
Macdonald
Mahon
Mallary
Mann
Maraziti
Martin, Nebr.
Martin, N.C.
Mathias, Calif.
Mathis, Ga.
Matsunaga
Mayne
Mazzoli
Melcher
Michel
Milford
Mills
Minshall, Ohio
Mitchell, N.Y.
Mizell
Mollohan
Montgomery
Moorhead, Calif.
Moorhead, Pa.
Mosher
Murphy, Ill.
Murtha
Myers
Natcher
Nelsen
Nichols
Nix
O'Brien
O'Neill
Parris
Patten
Pepper
Perkins
Pettis
Pickle
Poage
Powell, Ohio
Preyer
Price, Tex.
Quie
Quillen
Railsback
Rees
Regula
Rinaldo
Roberts
Robinson, Va.
Rogers
Roncalio, Wyo.
Roncallo, N.Y.
Rooney, Pa.
Rose
Roush
Rousselot
Roy
Runnels
Ruppe
Ruth
St Germain
Sandman
Satterfield
Scherle
Schneebeli
Sebelius
Shoup
Shriver
Shuster
Sikes
Skubitz
Slack
Smith, Iowa
Smith, N.Y.
Snyder
Spence
Staggers
Stanton, James V.
Steed
Steelman
Steiger, Ariz.
Steiger, Wis.
Stephens
Stratton
Stubblefield
Symms
Taylor, Mo.
Taylor, N.C.
Thomson, Wis.
Thone
Thornton
Towell, Nev.
Treen
Ullman
Vander Jagt
Veysey
Waggonner
Walsh
Wampler
Ware
White
Whitehurst
Whitten
Widnall
Wilson, Bob
Wilson, Charles, Tex.
Winn
Wolff
Wydler
Wylie
Wyman
Yatron
Young, Alaska

Young, Fla.
Young, Ill.
Young, Tex.
Zablocki
Zion

NOES—121

Abzug
Adams
Addabbo
Anderson, Calif.
Ashley
Aspin
Badillo
Bell
Bennett
Biester
Bingham
Brademas
Brown, Calif.
Burke, Calif.
Burke, Mass.
Burton, John
Burton, Phillip
Carey, N.Y.
Carney, Ohio
Chisholm
Clay
Cohen
Collins, Ill.
Conte
Conyers
Corman
Cotter
Daniels, Dominick V.
Danielson
Dellums
Diggs
Eckhardt
Evans, Colo.
Evins, Tenn.
Foley
Ford
Fraser
Gaydos
Giaimo
Grasso
Green, Pa.
Griffiths
Gude
Harrington
Hechler, W. Va.
Helstoski
Holifield
Holtzman
Horton
Johnson, Calif.
Johnson, Colo.
Karth
Kastenmeier
Koch
Kyros
Leggett
Lehman
Litton
Long, La.
Long, Md.
Lujan
Luken
McDade
McEwen
McKinney
Madden
Madigan
Meeds
Metcalfe
Mezvinsky
Miller
Minish
Mink
Mitchell, Md.
Moakley
Morgan
Moss
Murphy, N.Y.
Nedzi
Obey
O'Hara
Owens
Patman
Peyser
Pike
Podell
Price, Ill.
Pritchard
Randall
Rangel
Reuss
Rodino
Roe
Rosenthal
Rostenkowski
Roybal
Ryan
Sarasin
Sarbanes
Schroeder
Seiberling
Sisk
Stark
Steele
Stokes
Studds
Sullivan
Thompson, N.J.
Tiernan
Traxler
Van Deerlin
Vander Veen
Vanik
Vigorito
Waldie
Whalen
Wilson, Charles H., Calif.
Wright
Wyatt
Yates
Zwach

ANSWERED "PRESENT"—1

Edwards, Calif.

NOT VOTING—38

Arends
Brasco
Broomfield
Collier
Davis, Ga.
Dingell
Dulski
Gibbons
Gray
Gunter
Hanna
Hansen, Idaho
Hawkins
Hébert
Hogan
Huber
Jones, Tenn.
Kemp
Landrum
McSpadden
Fassman
Rarick
Reid
Rhodes
Riegle
Robison, N.Y.
Rooney, N.Y.
Shipley
Stanton, J. William
Stuckey
Symington
Talcott
Teague
Udall
Wiggins
Williams
Young, Ga.
Young, S.C.

So the committee amendment was agreed to.

The result of the vote was announced as above recorded.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: On page 9, beginning in line 12, strike out "at least ten days prior to settlement" and insert in lieu thereof the following:

at the time of the loan commitment, or if there is no commitment, at a time to be prescribed by the Secretary after consultation with the Federal Reserve Board.

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: On page 9, line 17, immediately after "103" insert ", or upon a form developed and prescribed by the Secretary specifically for the purposes of this section,".

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: On page 11, beginning in line 4, strike out "least ten days prior to such settlement" and insert in lieu thereof "the time specified in subsection (a) above".

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: On page 17, line 15, strike out "27" and insert in lieu thereof "24".

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: On page 18, line 14, strike out "415" and insert in lieu thereof "412".

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the last committee amendment.

The Clerk read as follows:

Committee amendment: On page 19, line 17, strike out "1974" and insert in lieu thereof "1975".

The committee amendment was agreed to.

AMENDMENT OFFERED BY MRS. SULLIVAN

Mrs. SULLIVAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mrs. SULLIVAN: Page 21, immediately after line 13, insert the following new section:

"SEC. 116. This Act does not preclude any additional requirement imposed upon any participant in any residential real estate transaction covered by this Act under the law of any State."

Redesignate the succeeding section accordingly.

Mrs. SULLIVAN. Mr. Chairman, the question may be raised that we could be preempting the rights of States and local governments to adopt and enforce residential real estate settlement reform legislation if we approve H.R. 9989, the Real Estate Procedures Act of 1974.

I think it should be made clear that no preemption of State and local government authority to protect the consumer against abusive real estate settlement practices is intended by this legislation.

The basic purpose of all the substantive sections of H.R. 9989 is to help homebuyers and homeowners by requiring that they be given the means to be informed about the nature of settlement services, abusive practices to be avoided, provided with advance disclosure of settlements and protected by prohibitions against abusive settlement practices.

There is nothing in the bill as it is written and nothing in the legislative history of the measure as it was being considered by the Banking and Currency Committee that in any way suggests that the rights of State and local governments would be preempted by the measure. As a matter of fact, it is the absence of State and local government action that served to spark initiatives by Congress to achieve much needed reforms in the area of residential real estate settlement practices.

I know that every member of the committee who voted for H.R. 9989 would welcome corresponding initiatives by State and local governments to adopt and enforce laws which are similar to, or hopefully even superior to, the provisions of the Real Estate Settlement Procedures Act of 1974 and section 701 of the Emergency Home Finance Act of 1970.

To remove any lingering doubt about this question, I want to offer an amendment in the form of a new section to H.R. 9989 to guarantee the rights of State and local governments to adopt and enforce their own residential real estate settlement measures.

My amendment adopts the design and much of the language of section 111 of Public Law 90-321, the Consumer Protection Act. As such it states that nothing in H.R. 9989 would annul, alter, affect, or exempt the laws of any State or local government dealing with residential real estate settlement procedures, unless this act offers greater protection to the seller or purchaser of residential real estate.

Mr. Chairman, my purpose in offering this amendment is to put to rest any lingering doubt as to whether the bill we are considering today preempts the rights of State and local governments in the area of residential real estate settlement reform and their enforcement. It does not and my amendment will assure that it cannot.

Mr. STEPHENS. Mr. Chairman, will the gentlewoman yield?

Mrs. SULLIVAN. I yield to the gentleman from Georgia.

Mr. STEPHENS. I thank the gentlewoman for yielding.

Mr. Chairman, I have looked at this amendment. I think it is a good amendment. I think it is a good amendment to fit in with the rest of what we have already done on section 701 that says that if we have the States to regulate, we ought not to interfere any more, so I ask that everybody vote for this amendment.

Mr. BROWN of Michigan. Mr. Chairman, will the gentlewoman yield?

Mrs. SULLIVAN. I yield to the gentleman from Michigan.

Mr. BROWN of Michigan. I thank the gentlewoman for yielding.

I will ask the gentlewoman if it is her intention that this language has implied in it the idea of consistency; otherwise a State may adopt additional requirements consistent with this act, because in the bill we do set forth certain things where we establish a uniformity of procedure.

Is it not the gentlewoman's intention that such additional requirements would not be inconsistent with the provisions in the bill?

Mrs. SULLIVAN. I am not responsible for the legal language, but that is exactly what this means.

Mr. BROWN of Michigan. If the gentlewoman will yield further, if that is the gentlewoman's intention that any additional requirements be consistent with the provisions of this bill, then I certainly have no objection, either. I support the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentlewoman from Missouri (Mrs. SULLIVAN).

The amendment was agreed to.

The CHAIRMAN. Under the rule the Committees rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. CULVER, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (H.R. 9989) to further the national housing goal of encouraging homeownership by regulating certain lending practices and closing and settlement procedures in federally related mortgage transactions to the end that unnecessary costs and difficulties of purchasing housing are minimized, and for other purposes, pursuant to House Resolution 1252, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

PARLIAMENTARY INQUIRY

Mr. STARK. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. STARK. Mr. Speaker, I intend to offer a motion to recommit the bill with instructions, and it is my understanding that to do that it will be necessary for the previous motion to be defeated.

The SPEAKER. The Chair is not aware of any motion to recommit at the present time. Following the third reading of the bill, when the question is put on the passage of the bill, then the motion to recommit would be in order.

Mr. STARK. I thank the Chair.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT

Mr. McKINNEY. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. McKINNEY. I am in its present form, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. McKINNEY moves to recommit the bill H.R. 9989 to the Committee on Banking and Currency.

Mr. STEPHENS. Mr. Speaker, I move the previous question on the motion to recommit.

PARLIAMENTARY INQUIRY

Mr. STARK. Mr. Speaker, a parliamentary inquiry.

Mr. Speaker, I had asked to be recognized because I have an amendment to the motion to recommit.

The SPEAKER. A proper amendment will be in order if the previous question is not ordered.

Mr. STARK. Mr. Speaker, a further parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. STARK. Mr. Speaker, if the motion to order to previous question is defeated, will the gentleman from California be able to offer his amendment to the motion to recommit?

The SPEAKER. A permissible amendment to the motion to recommit will be in order if the previous question is defeated.

Mr. STARK. I thank the Chair.

The SPEAKER. The question is on ordering the previous question.

PARLIAMENTARY INQUIRY

Mr. STEPHENS. Mr. Speaker, a parliamentary inquiry. Then we would vote again, if the motion to order the previous question is defeated, on what we had before us earlier.

The SPEAKER. A proper amendment will be in order if the motion on the previous question is defeated.

The gentleman from Georgia has moved the previous question on the motion to recommit.

The question is on ordering the previous question on the motion to recommit.

Mr. STARK. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 237, nays 160, answered "present" 2, not voting 35, as follows:

[Roll No. 489]

YEAS—237

Abdnor
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Armstrong
Ashbrook
Bafalis
Baker
Bauman
Beard
Bevill
Blackburn
Bolling
Bowen
Bray
Breckinridge
Brinkley
Brotzman
Brown, Mich.
Brown, Ohio
Broyhill, N.C.
Broyhill, Va.
Buchanan
Burgener
Burke, Fla.
Burleson, Tex.
Burlison, Mo.
Butler
Camp
Carter
Casey, Tex.
Cederberg
Chamberlain
Chappell
Clancy
Clark
Clausen, Don H.
Clawson, Del
Cleveland
Cochran
Collins, Tex.
Conable
Conlan
Conyers
Coughlin
Crane
Daniel, Dan
Daniel, Robert W., Jr.
Davis, S.C.
Davis, Wis.
Dellenback
Denholm
Dennis
Derwinski
Devine
Dickinson
Dorn
Downing
Duncan
du Pont
Edwards, Ala.
Erlenborn
Eshleman
Fascell
Findley
Fish
Fisher
Flowers
Flynt
Forsythe
Fountain
Frelinghuysen
Frenzel
Frey
Froehlich
Fulton
Fuqua
Gettys
Ginn
Goldwater
Gonzalez
Goodling
Green, Oreg.
Gubser
Guyer
Haley
Hamilton
Hammerschmidt
Hanley
Hanna
Hanrahan
Harsha
Hastings
Hays
Henderson
Hicks
Hillis
Hinshaw
Holt
Hosmer
Howard
Hudnut
Hungate
Hunt
Hutchinson
Ichord
Jarman
Johnson, Pa.
Jones, N.C.
Jones, Okla.
Kazen
Kemp
Ketchum
King
Kuykendall
Lagomarsino
Landgrebe
Latta
Lent
Lott
Lujan
McClory
McCollister
McEwen
McKay
McKinney
Mahon
Mallary
Mann
Martin, Nebr.
Martin, N.C.
Mathias, Calif.
Mathis, Ga.
Mayne
Michel
Milford
Mills
Minshall, Ohio
Mitchell, N.Y.
Mizell
Montgomery
Moorhead, Calif.
Moorhead, Pa.
Mosher
Murphy, Ill.
Myers
Natcher
Nelsen
Nichols
O'Brien
Parris
Patten
Pettis
Pickle
Poage
Powell, Ohio
Preyer
Price, Tex.
Quie
Quillen
Railsback
Randall
Rees
Regula
Rhodes
Roberts
Robinson, Va.
Rogers
Roncallo, N.Y.
Rose
Roush
Rousselot
Roy
Runnels
Ruppe
Ruth
St Germain
Sandman
Sarasin
Satterfield
Scherle
Schneebeli
Sebelius
Shoup
Shriver
Shuster
Skubitz
Slack
Smith, Iowa
Smith, N.Y.
Snyder
Spence
Staggers
Steed
Steele
Steelman
Steiger, Ariz.
Steiger, Wis.
Stephens
Stubblefield
Symington
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Thomson, Wis.
Thone
Thornton
Towell, Nev.
Treen
Ullman
Vander Jagt
Veysey
Waggonner
Walsh
Wampler
Ware
White
Whitehurst
Whitten
Widnall
Wiggins
Wilson, Bob
Winn
Wyatt
Wydler
Wylie
Wyman
Young, Alaska
Young, Fla.
Young, Ill.
Young, S.C.
Young, Tex.
Zion
Zwach

NAYS—160

Abzug
Adams
Addabbo
Alexander
Anderson, Calif.
Ashley
Aspin
Badillo
Barrett
Bell
Bennett
Bergland
Biaggi
Biester
Bingham
Blatnik
Boggs
Boland
Brademas
Breaux
Brooks
Brown, Calif.
Burke, Calif.
Burke, Mass.
Burton, John
Burton, Phillip
Carey, N.Y.
Carney, Ohio
Clay
Cohen
Collins, Ill.
Conte
Corman
Cotter
Cronin
Culver
Daniels, Dominick V.
Danielson
de la Garza
Delaney
Dellums
Dent
Diggs
Donohue
Drinan
Eckhardt
Eilberg
Esch
Evans, Colo.
Evins, Tenn.
Flood
Foley
Ford
Gaydos
Giaimo
Gilman
Grasso
Green, Pa.
Griffiths
Gross
Grover
Gude
Hansen, Wash.
Harrington
Hechler, W. Va.
Heckler, Mass.
Heinz
Helstoski
Holifield
Holtzman
Horton
Johnson, Calif.
Johnson, Colo.
Jordan
Karth
Kastenmeier
Kluczynski
Koch
Kyros
Leggett
Lehman
Litton
Long, La.
Long, Md.
Luken
McCloskey
McCormack
McDade
McFall
Macdonald
Madden
Madigan
Maraziti
Matsunaga
Mazzoli
Meeds
Melcher
Metcalfe
Mezvinsky
Miller
Minish
Mink
Mitchell, Md.
Moakley
Mollohan
Morgan
Moss
Murphy, N.Y.
Murtha
Nedzi
Nix
Obey
O'Hara
O'Neill
Owens
Patman
Pepper
Perkins
Peyser
Pike
Podell
Price, Ill.
Pritchard
Reuss
Rinaldo
Rodino
Roe
Roncalio, Wyo.
Rooney, Pa.
Rosenthal
Rostenkowski
Roybal
Ryan
Sarbanes
Schroeder
Seiberling
Sisk
Stanton, James V.
Stark
Stokes
Stratton
Studds
Sullivan
Thompson, N.J.
Tiernan
Traxler
Udall
Van Deerlin
Vander Veen
Vanik
Vigorito
Waldie
Whalen
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Wolff
Wright
Yates
Yatron
Zablocki

ANSWERED "PRESENT"—2

Edwards, Calif.
Stanton, J. William

NOT VOTING—35

Arends
Brasco
Broomfield
Byron
Chisholm
Collier
Davis, Ga.
Dingell
Dulski
Fraser
Gibbons
Gray
Gunter
Hansen, Idaho
Hawkins
Hébert
Hogan
Huber
Jones, Ala.
Jones, Tenn.
Landrum
McSpadden
Passman
Rangel

Rarick
Reid
Riegle
Robison, N.Y.
Rooney, N.Y.
Shipley
Sikes
Stuckey
Teague
Williams
Young, Ga.

So the previous question on the motion to recommit was ordered.

The Clerk announced the following pairs:

On this vote:

Mr. Hébert for, with Mr. Rooney of New York against.

Mr. Passman for, with Mrs. Chisholm against.

Mr. Landrum for, with Mr. Reid against.

Mr. Jones of Tennessee for, with Mr. Rangel against.

Mr. Collier for, with Mr. Riegle against.

Mr. Williams for, with Mr. Young of Georgia against.

Mr. Rarick for, with Mr. Hawkins against.

Mr. Davis of Georgia for, with Mr. Dulski against.

Mr. Sikes for, with Mr. Gray against.

Until further notice:

Mr. Shipley with Mr. Dingell.

Mr. Byron with Mr. Fraser.

Mr. Gibbons with Mr. Gunter.

Mr. Jones of Alabama with Mr. McSpadden.

Mr. Teague with Mr. Stuckey.

Mr. Arends with Mr. Broomfield.

Mr. Hogan with Mr. Hansen of Idaho.

Mr. Robison of New York with Mr. Huber.

The result of the vote was announced as above recorded.

The **SPEAKER**. The question is on the motion to recommit.

The motion to recommit was rejected.

The **SPEAKER**. The question is on the passage of the bill.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. **SCHERLE**. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 399, nays 2, answered "present" 2, not voting 31, as follows:

[Roll No. 490]

YEAS—399

Abdnor
Abzug
Adams
Addabbo
Alexander
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Armstrong
Ashbrook
Ashley
Aspin
Badillo
Bafalis
Baker
Barrett
Bauman
Beard
Bell
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Blackburn
Blatnik
Boggs
Boland
Bolling
Bowen
Brademas
Bray
Breaux
Breckinridge
Brinkley
Brooks
Brotzman
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill, N.C.
Broyhill, Va.
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Byron
Camp
Carey, N.Y.
Carney, Ohio
Carter
Casey, Tex.
Cederberg
Chamberlain
Chappell
Chisholm
Clancy
Clark
Clausen, Don H.
Clawson, Del
Clay
Cleveland
Cochran
Cohen
Collins, Ill.
Collins, Tex.
Conable
Conlan
Conte
Conyers
Corman
Cotter
Coughlin
Crane
Cronin
Culver
Daniel, Dan
Daniel, Robert W., Jr.
Daniels, Dominick V.
Danielson
Davis, S.C.
Davis, Wis.
de la Garza
Delaney
Dellenback
Dellums
Denholm
Dennis
Dent
Derwinski
Devine
Dickinson
Diggs
Donohue
Dorn
Downing
Drinan
Duncan
du Pont
Eckhardt
Edwards, Ala.
Eilberg
Erlenborn
Esch
Eshleman
Evans, Colo.
Evins, Tenn.
Fascell
Findley
Fish
Fisher
Flood
Flowers
Flynt
Foley
Ford
Forsythe
Fountain
Fraser
Frelinghuysen
Frenzel
Frey
Froehlich
Fulton
Fuqua
Gaydos
Gettys
Giaimo
Gilman
Ginn
Goldwater
Gonzalez
Goodling
Grasso
Green, Oreg.
Green, Pa.
Griffiths
Gross
Grover
Gubser
Gude
Guyer
Haley
Hamilton
Hammerschmidt
Hanley
Hanna
Hanrahan
Hansen, Wash.
Harrington
Harsha
Hastings
Hays
Hechler, W. Va.
Heckler, Mass.
Heinz
Helstoski
Henderson
Hicks
Hillis
Hinshaw
Holifield
Holt
Holtzman
Horton
Hosmer
Howard
Hudnut
Hungate
Hunt
Hutchinson
Ichord
Jarman
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jordan
Karth
Kazen
Kemp
Ketchum
King
Kluczynski
Koch
Kuykendall
Kyros
Lagomarsino
Latta
Leggett
Lehman
Lent
Litton
Long, La.
Long, Md.
Lott
Lujan
Luken
McClory
McCloskey
McCollister
McCormack
McDade
McEwen
McFall
McKay
McKinney
Macdonald
Madden
Madigan
Mahon
Mallary
Mann
Maraziti
Martin, Nebr.
Martin, N.C.
Mathias, Calif.
Mathis, Ga.
Matsunaga
Mayne
Mazzoli
Meeds
Melcher
Metcalfe
Mezvinsky
Michel
Milford
Miller
Mills
Minish
Mink
Minshall, Ohio
Mitchell, Md.
Mitchell, N.Y.
Mizell
Moakley
Mollohan
Montgomery
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Moss
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers
Natcher
Nedzi
Nelsen
Nichols
Nix
Obey
O'Brien
O'Hara
O'Neill
Owens
Parris
Patman
Patten
Pepper
Perkins
Pettis
Peyser
Pickle
Pike
Poage
Podell
Powell, Ohio
Preyer
Price, Ill.
Price, Tex.
Pritchard
Quie
Quillen
Railsback
Randall
Rangel
Rees
Regula
Reuss
Rhodes
Rinaldo
Roberts
Robinson, Va.
Rodino
Roe
Rogers
Roncalio, Wyo.
Roncallo, N.Y.
Rooney, Pa.
Rose
Rosenthal
Rostenkowski
Roush
Rousselot
Roy
Roybal
Runnels
Ruppe
Ruth
Ryan
St Germain
Sandman
Sarasin
Sarbanes
Satterfield
Scherle
Schneebeli
Schroeder
Sebelius
Seiberling
Shoup
Shriver
Shuster
Sikes
Sisk
Skubitz
Slack
Smith, Iowa
Smith, N.Y.
Snyder
Spence
Staggers
Stanton, James V.
Stark
Steed
Steele
Steelman
Steiger, Ariz.
Steiger, Wis.
Stephens
Stokes
Stratton
Stubblefield
Studds
Sullivan
Symington
Symms
Talcott
Taylor, N.C.
Thompson, N.J.
Thomson, Wis.
Thone
Tiernan
Towell, Nev.
Traxler
Treen
Udall
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Veysey
Vigorito
Waggonner
Waldie
Walsh
Wampler
Ware
Whalen
White
Whitehurst
Whitten
Widnall
Wiggins
Wilson, Bob
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Winn
Wolff
Wright
Wyatt
Wydler
Wylie
Wyman
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Ill.
Young, S.C.
Young, Tex.
Zablocki
Zion
Zwach

NAYS—2

Kastenmeier
Landgrebe

ANSWERED "PRESENT"—2

Edwards, Calif.
Stanton, J. William

NOT VOTING—31

Arends
Brasco
Broomfield
Collier
Davis, Ga.
Dingell
Dulski
Gibbons
Gray
Gunter
Hansen, Idaho
Hawkins
Hébert
Hogan
Huber
Jones, Tenn.
Landrum
McSpadden
Passman
Rarick
Reid
Riegle
Robison, N.Y.
Rooney, N.Y.
Shipley
Stuckey
Taylor, Mo.
Teague
Thornton
Williams
Young, Ga.

So the bill was passed.

The Clerk announced the following pairs:

Mr. Teague with Mr. McSpadden.

Mr. Rooney of New York with Mr. Davis of Georgia.

Mr. Landrum with Mr. Gibbons.

Mr. Dingell with Mr. Jones of Tennessee.

Mr. Hébert with Mr. Arends.

Mr. Dulski with Mr. Hansen of Idaho.

Mr. Stuckey with Mr. Huber.

Mr. Young of Georgia with Mr. Thornton.

Mr. Rarick with Mr. Williams.

Mr. Passman with Mr. Broomfield.

Mr. Riegle with Mr. Robison of New York.

Mr. Shipley with Mr. Hogan.

Mr. Reid with Mr. Collier.

Mr. Gunter with Mr. Taylor of Missouri.

Mr. Hawkins with Mr. Gray.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. **BARRETT**. Mr. Speaker, I ask unanimous consent for the immediate consideration of the Senate bill (S. 3164) to provide for greater disclosure of the nature and costs of real estate settlement services, to eliminate the payment of kickbacks and unearned fees in connection with settlement services provided in federally related mortgage transactions, and for other purposes, a bill similar to H.R. 9989 just passed by the House.

The Clerk read the title of the Senate bill.

The **SPEAKER**. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The Clerk read the Senate bill, as follows:

S. 3164

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Real Estate Settlement Procedures Act of 1974".

FINDINGS AND PURPOSE

SEC. 2. (a) The Congress finds that significant reforms in the real estate settlement process are needed to insure that consumers throughout the Nation are provided with greater and more timely information on the nature and costs of the settlement process and are protected from unnecessarily high settlement charges caused by certain abusive practices that have developed in some areas of the country. The Congress also finds that it has been over two years since the Secretary of Housing and Urban Development and the Administrator of Veterans' Affairs submitted their joint report to the Congress on "Mortgage Settlement Costs" and that the time has come for the recommendations for Federal legislative action made in that report to be implemented.

(b) It is the purpose of this Act to effect certain changes in the settlement process for residential real estate that will result—

(1) in more effective advance disclosure to home buyers and sellers of settlement costs;

(2) in the elimination of kickbacks or referral fees that tend to increase unnecessarily the costs of certain settlement services;

(3) in a reduction in the amounts home buyers are required to place in escrow accounts established to insure the payment of real estate taxes and insurance; and

(4) in significant reform and modernization of local recordkeeping of land title information.

DEFINITIONS

SEC. 3. For purposes of this Act—

(1) the term "federally related mortgage loan" includes any loan which—

(A) is secured by residential real property (including individual units of condominiums and cooperatives) designed principally for the occupancy of from one to four families; and

(B) (i) is made in whole or in part by any lender the deposits or accounts of which are insured by any agency of the Federal Government, or is made in whole or in part by any lender which is regulated by any agency of the Federal Government; or

(ii) is made in whole or in part, or insured, guaranteed, supplemented, or assisted in any way, by the Secretary or any other officer or agency of the Federal Government or under or in connection with a housing or urban development program administered by the Secretary or a housing or related program administered by any other such officer or agency; or

(iii) is eligible for purchase by the Federal National Mortgage Association, the Government National Mortgage Association, or the Federal Home Loan Mortgage Corporation, or from any financial institution from which it could be purchased by the Federal Home Loan Mortgage Corporation; or

(iv) is made in whole or in part by any "creditor", as defined in section 103(f) of the Consumer Credit Protection Act (15 U.S.C. 1602(f)), who makes or invests in residential real estate loans aggregating more than $1,000,000 per year;

(2) the term "thing of value" includes any payment, advance, funds, loan, service, or other consideration;

(3) the term "settlement services" includes any service provided in connection with a real estate settlement including, but not limited to, the following: title searches, title examinations, the provision of title certificates, title insurance, services rendered by an attorney, the preparation of documents, property surveys, the rendering of credit reports or appraisals, pest and fungus inspections, services rendered by a realtor, and the handling of the processing, and closing or settlement; and

(4) the term "Secretary" means the Secretary of Housing and Urban Development.

UNIFORM SETTLEMENT STATEMENT

SEC. 4. The Secretary, in consultation with the Administrator of Veterans' Affairs, the Federal Deposit Insurance Corporation, and the Federal Home Loan Bank Board, shall develop and prescribe a standard form for the statement of settlement costs which shall be used (with such minimum variations as may be necessary to reflect unavoidable differences in legal and administrative requirements or practices in different areas of the country) as the standard real estate settlement form in all transactions in the United States which involve federally related mortgage loans. Such form shall conspicuously and clearly itemize all charges imposed upon the borrower and all charges imposed upon the seller in connection with the settlement and shall indicate whether any title insurance premium included in such charges covers or insures the lender's interest in the property, the borrower's interest, or both. Such form shall include all information and data required to be provided for such transactions under the Truth in Lending Act and the regulations issued thereunder by the Federal Reserve Board, and may be used in satisfaction of the disclosure requirements of that Act, and shall also include provision for execution of the waiver allowed by section 6(c).

SPECIAL INFORMATION BOOKLETS

SEC. 5. (a) The Secretary shall prepare and distribute booklets to help persons borrowing money to finance the purchase of residential real estate better to understand the nature and costs of real estate settlement services. The Secretary shall distribute such booklets to all lenders which make federally related mortgage loans.

(b) Each booklet shall be in such form and detail as the Secretary shall prescribe and, in addition to such other information as the Secretary may provide, shall include in clear and concise language—

(1) a description and explanation of the nature and purpose of each cost incident to a real estate settlement, including, where practicable, the average amount of such costs in the region where the settlement is made;

(2) an explanation and sample of the standard real estate settlement form developed and prescribed under section 4;

(3) a description and explanation of the nature and purpose of escrow accounts when used in connection with loans secured by residential real estate;

(4) an explanation of the choices available to buyers of residential real estate in selecting persons to provide necessary services incident to a real estate settlement; and

(5) an explanation of the unfair practices and unreasonable or unnecessary charges to be avoided by the prospective buyer with respect to a real estate settlement.

Such booklets shall reflect differences in real estate settlement procedures which may exist among the several States and territories of the United States and among separate political subdivisions within the same State and territory.

(c) Each lender referred to in subsection (a) shall provide the booklet described in such subsection to each person from whom it receives an application to borrow money to finance the purchase of residential real estate. Such booklet shall be provided at the time of receipt of such application.

(d) Booklets may be printed and distributed by lenders if their form and content are approved by the Secretary as meeting the requirements of subsection (b) of this section.

ADVANCE DISCLOSURE OF SETTLEMENT COSTS

SEC. 6. (a) Any lender agreeing to make a federally related mortgage loan shall provide or cause to be provided to the prospective borrower, to the prospective seller, and to any officer or agency of the Federal Government proposing to insure, guarantee, supplement, or assist such loan, at least fifteen days prior to settlement, upon the standard real estate settlement form developed and prescribed under section 4 and in accordance with regulations prescribed by the Secretary, an itemized disclosure in writing of each charge arising in connection with such settlement. For the purposes of complying with this section, it shall be the duty of the lender agreeing to make the loan to obtain or cause to be obtained from persons who provide or will provide services in connection with such settlement the amount of each charge they intend to make. In the event the exact amount of any such charge is not available, a good faith estimate of such charge may be provided.

(b) If any lender fails to provide a prospective borrower with the disclosure as required by subsection (a), it shall be liable to such borrower in an amount equal to—

(1) the actual damages involved or $500, which ever is greater, and

(2) in the case of any successful action to enforce the foregoing liability, the costs of the action together with a reasonable attorney's fee as determined by the court;

except that a lender may not be held liable for a violation in any action brought under this subsection if it shows by a preponderance of the evidence that the violation was not intentional and resulted from a bona fide error notwithstanding the maintenance of procedures adopted to avoid any such error.

(c) The provisions of subsection (a) shall be deemed to be satisfied with respect to any settlement involving a federally related mortgage loan if the disclosure required by subsection (a) is provided at any time prior to settlement and the prospective borrower executes, under terms and conditions prescribed by regulations to be issued by the Secretary after consultation with the Federal Reserve Board, a waiver of the requirement that the disclosure be provided at least fifteen days prior to such settlement. In issuing such regulations, the Secretary shall take into account the need to protect the borrower's right to a timely disclosure.

(d) With respect to any particular transaction involving a federally related mortgage loan, no borrower shall maintain an action or separate actions against any lender under both the provisions of this section and the provisions of section 130 of the Consumer Credit Protection Act (15 U.S.C. 1640).

PROHIBITION AGAINST KICKBACKS AND UNEARNED FEES

SEC. 7. (a) No person shall give and no person shall accept any fee, kickback, or thing of value pursuant to any agreement or understanding, oral or otherwise, that business incident to or a part of a real estate settlement involving a federally related mortgage loan shall be referred to any person.

(b) No person shall give and no person shall accept any portion, split, or percentage of any charge made or received for the rendering of a real estate settlement service in connection with a transaction involving a federally related mortgage loan other than for services actually performed.

(c) Nothing in this section shall be construed as prohibiting (1) the payment of a fee (A) to attorneys at law for services actually rendered or (B) by a title company to its duly appointed agent for services actually performed in the issuance of a policy of title insurance or (C) by a lender to its duly appointed agent for services actually performed in the making of a loan, or (2) the payment to any person of a bona fide salary or compensation or other payment for goods or facilities actually furnished or for services actually performed.

(d) (1) Any person or persons who violate the provisions of this section shall be fined not more than $10,000 or imprisoned for not more than one year, or both.

(2) In addition to the penalties provided by paragraph (1) of this subsection, any person or persons who violate the provisions of subsection (a) shall be jointly and severally liable to the person or persons whose business has been referred in an amount equal to three times the value or amount of the fee or thing of value, and any person or persons who violate the provisions of subsection (b) shall be jointly and severally liable to the person or persons charged for the settlement services involved in an amount equal to three times the amount of the portion, split, or percentage. In any successful action to enforce the liability under this paragraph, the court may award the costs of the action together with a reasonable attorney's fee as determined by the court.

LIMITATION ON REQUIREMENT OF ADVANCE DEPOSITS IN ESCROW ACCOUNTS

SEC. 8. No lender, in connection with a federally related mortgage loan, shall require the borrower or prospective borrower—

(1) to deposit in any escow account which

may be established in connection with such loan for the purpose of assuring payment of taxes and insurance premiums with respect to the property, prior to or upon the date of settlement, an aggregate sum (for such purpose) in excess of—

(A) in any jurisdiction where such taxes and insurance premiums are postpaid, the total amount of such taxes and insurance premiums which will actually be due and payable on the date of settlement and the pro rata portion thereof which has accrued, or

(B) in any jurisdiction where such taxes and insurance premiums are prepaid, a pro rata portion of the estimated taxes and insurance premiums corresponding to the number of months from the last date of payment to the date of settlement,

plus one-twelfth of the estimated amount of such taxes and insurance premiums which will become due and payable during the twelve-month period beginning on the date of settlement; or

(2) to deposit in any such escrow account in any month beginning after the date of settlement a sum (for the purpose of assuring payment of taxes and insurance premiums with respect to the property) in excess of one-twelfth of the total amount of the estimated taxes and insurance premiums which will become due and payable during the twelve-month period beginning on the first day of such month, except that in the event the lender determines there will be a deficiency on the due date he shall not be prohibited from requiring additional monthly deposits in such escrow account of pro rata portions of the deficiency corresponding to the number of months from the date of the lender's determination of such deficiency to the date upon which such taxes and insurance premiums become due and payable.

ESTABLISHMENT ON DEMONSTRATION BASIS OF LAND PARCEL RECORDATION SYSTEM

SEC. 9. The Secretary shall establish and place in operation of a demonstration basis, in representative political subdivisions (selected by him) in various areas of the United States, a model system or systems for the recordation of land title information in a manner and form calculated to facilitate and simplify land transfers and mortgage transactions and reduce the cost thereof, with a view to the possible development (utilizing the information and experience gained under this section) of a nationally uniform system of land parcel recordation.

REPORT OF THE SECRETARY ON NECESSITY FOR FURTHER CONGRESSIONAL ACTION

SEC. 10. (a) The Secretary, after consultation with the Administrator of Veterans' Affairs, the Federal Deposit Insurance Corporation, and the Federal Home Loan Bank Board, and after such study, investigation, and hearings (at which representatives of consumers groups shall be allowed to testify) as he deems appropriate, shall, not less than three years nor more than five years from the effective date of this Act, report to the Congress on whether, in view of the implementation of the provisions of this Act imposing certain requirements and prohibiting certain practices in connection with real estate settlements, there is any necessity for further legislation in this area.

(b) If the Secretary concludes that there is necessity for further legislation, he shall report to the Congress on the specific practices or problems that should be the subject of such legislation and the corrective measures that need to be taken. In addition, the Secretary shall include in his report—

(1) recommendations on the desirability of requiring lenders of federally related mortgage loans to bear the costs of particular real estate settlement services that would otherwise be paid for by borrowers;

(2) recommendations on whether Federal regulations of the charges for real estate settlement services in federally related mortgage transactions is necessary and desirable, and, if he concludes that such regulation is necessary and desirable, a description and analysis of the regulatory scheme he believes Congress should adopt;

(3) recommendations on the desirability of the Secretary establishing procedures to provide to the borrower and seller all clerical and administrative services incident to or a part of a real estate settlement which may be allowed in connection with the financing of housing constructed, purchased, or rehabilitated with the assistance of Federal related mortgage loans; and

(4) recommendations on the ways in which the Federal Government can assist and encourage local governments to modernize their methods for the recordation of land title information, including the feasibility of providing financial assistance or incentives to local governments that seek to adopt one of the model systems developed by the Secretary in accordance with the provisions of section 9 of this Act.

FEE FOR PREPARATION OF TRUTH-IN-LENDING AND UNIFORM SETTLEMENT STATEMENTS

SEC. 11. No fee shall be imposed or charge made upon any other person (as a part of settlement costs or otherwise) by a lender in connection with a federally related mortgage loan made by it (or a loan for the purchase of a mobile home), for or on account of the preparation and submission by such lender of the statement or statements required (in connection with such loan) by sections 4 and 6 of this Act or by the Truth in Lending Act.

JURISDICTION OF COURTS

SEC. 12. Any action to recover damages pursuant to the provisions of section 6 or 7 shall be brought only in a State court of competent jurisdiction in the State in which the property involved is located within one year from the date of the occurrence of the violation.

VALIDITY OF CONTRACTS AND LIENS

SEC. 13. Nothing in this Act shall affect the validity or enforceability of any sale or contract for the sale of real property or any loan, loan agreement, mortgage, or lien made or arising in connection with a federally related mortgage loan.

EFFECTIVE DATE

SEC. 14. The provisions of this Act, and the amendment made thereby, shall become effective one hundred and eighty days after the date of the enactment of this Act.

MOTION OFFERED BY MR. BARRETT

Mr. BARRETT. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. BARRETT moves to strike out all after the enacting clause of S. 3164 and to insert in lieu thereof the provisions of H.R. 9989, as passed, as follows:

That this Act shall be referred to as the "Real Estate Settlement Procedures Act of 1974".

DEFINITIONS

SEC. 101. For purposes of this Act—

(1) the term "federally related mortgage loan" includes any loan which—

(A) is secured by residential real property (including individual units of condominiums and cooperatives) designed principally for the occupancy of from one to four families; and

(B) (i) is made in whole or in part by any lender the deposits or accounts of which are insured by any agency of the Federal Government, or is made in whole or in part by any lender which is itself regulated by any agency of the Federal Government; or

(ii) is made in whole or in part, or insured, guaranteed, supplemented, or assisted in any way, by the Secretary or any other officer or agency of the Federal Government or under or in connection with a housing or urban development program administered by the Secretary or a housing or related program administered by any other such officer or agency; or

(iii) is eligible for purchase by the Federal National Mortgage Association, the Government National Mortgage Association, or the Federal Home Loan Mortgage Corporation, or from any financial institution from which it could be purchased by the Federal Home Loan Mortgage Corporation; or

(iv) is made in whole or in part by any "creditor", as defined in section 103(f) of the Consumer Credit Protection Act of 1968 (15 U.S.C. 1602 (f)), who makes or invests in residential real estate loans aggregating more than $1,000,000 per year;

(2) the term "thing of value" includes any payment, advance, funds, loan, service, or other consideration;

(3) the term "title company" means any institution which is qualified to issue title insurance, directly or through its agents, and also refers to any duly authorized agent of a title company;

(4) the term "person" includes individuals, corporations, associations, partnerships, and trusts;

(5) the term "settlement services" includes the following services when provided in connection with a real estate settlement; title searches, title examinations, the provision of title certificates, title insurance, services rendered by an attorney, property surveys, the rendering of credit reports, pest and fungus inspections, and the handling of the closing or settlement; and

(6) the term "Secretary" means the Secretary of Housing and Urban Development.

REPORT OF THE SECRETARY ON NECESSITY FOR FURTHER CONGRESSIONAL ACTION

SEC. 102. (a) The Secretary, after consultation with the Administrator of Veterans' Affairs, the Federal Deposit Insurance Corporation, and the Federal Home Loan Bank Board, and after such study, investigation, and hearings (at which representatives of consumer groups shall be allowed to testify) as he deems appropriate, shall, not less than three years nor more than five years from the effective date of this Act, report to the Congress on whether, in view of the implementation of the provisions of this Act imposing certain requirements and prohibiting certain practices in connection with real estate settlements, there is any necessity for further legislation in this area.

(b) If the Secretary concludes that there is necessity for further legislation, he shall report to the Congress on the specific practices or problems that should be the subject of such legislation and the corrective measures that need to be taken. In addition, the Secretary shall include in his report—

(1) recommendations on the desirability of requiring lenders of federally related mortgage loans to bear the costs of particular real estate settlement services that would otherwise be paid for by borrowers;

(2) recommendations on whether Federal regulation of the charges for real estate settlement services in federally related mortgage transactions is necessary and desirable, and, if he concludes that such regulation is necessary and desirable, a description and analysis of the regulatory scheme he believes Congress should adopt; and

(3) recommendations on the ways in which the Federal Government can assist and encourage local governments to modernize their methods for the recordation of land title information, including the feasibility of providing financial assistance or incentives to local governments that seek to adopt one of the model systems developed by the Secre-

tary in accordance with the provisions of section 110 of this Act.

(c) Section 701 of the Emergency Home Finance Act of 1970 (12 U.S.C. 1710, note) is repealed.

UNIFORM SETTLEMENT STATEMENT

Sec. 103. The Secretary, in consultation with the Administrator of Veterans' Affairs, the Federal Deposit Insurance Corporation, and the Federal Home Loan Bank Board, shall develop and prescribe a standard form for the statement of settlement costs which shall be used (with such minimum variations as may be necessary to reflect unavoidable differences in legal and administrative requirements or practices in different areas of the country) as the standard real estate settlement form in all transactions in the United States which involve federally related mortgage loans. Such form shall conspicuously and clearly itemize the charges imposed upon both the borrower and the seller in connection with the settlement, and shall indicate whether the title insurance premium included in such charges covers or insures the lender's interest in the property, the borrower's interest, or both. Such form shall include all information and data required to be provided for such transactions under the Truth-in-Lending Act and the regulations issued thereunder by the Federal Reserve Board, and may be used in satisfaction of the disclosure requirements of that Act, and shall also include provision for execution of the waiver allowed by section 105(c).

SPECIAL INFORMATION BOOKLETS

Sec. 104. (a) The Secretary shall prepare and distribute special booklets to help persons borrowing money to finance the purchase of residential real estate to better understand the nature and costs of real estate settlement services. The Secretary shall distribute such booklets to all lenders which make federally related mortgage loans.

(b) Each booklet shall be in such form and detail as the Secretary shall prescribe and, in addition to such other information as the Secretary may provide, shall include in clear and concise language—

(1) a description and explanation of the nature and purpose of each cost incident to a real estate settlement;

(2) an explanation and sample of the standard real estate settlement form developed and prescribed under section 103;

(3) a description and explanation of the nature and purpose of escrow accounts when used in connection with loans secured by residential real estate;

(4) an explanation of the choices available to buyers of residential real estate in selecting persons to provide necessary services incident to a real estate settlement; and

(5) an explanation of the unfair practices and unreasonable or unnecessary charges to be avoided by the prospective buyer with respect to a real estate settlement.

Such booklets shall take into consideration differences in real estate settlement procedures which may exist among the several States and territories of the United States and among separate political subdivisions within the same State and territory.

(c) Each lender referred to in subsection (a) shall provide the booklet described in such subsection to each person from whom it receives an application to borrow money to finance the purchase of residential real estate. Such booklet shall be provided at the time of receipt of such application.

(d) Booklets may be printed and distributed by lenders if their form and content are approved by the Secretary as meeting the requirements of subsection (b) of this section.

ADVANCE DISCLOSURE OF SETTLEMENT COSTS

Sec. 105. (a) Any lender agreeing to make a federally related mortgage loan shall provide or cause to be provided to the prospective borrower, and to any officer or agency of the Federal Government proposing to loan at the time of the loan commitment or insure, guarantee, supplement, or assist such loan, at the time of the loan commitment, or, if there is no commitment, at a time to be prescribed by the Secretary after consultation with the Federal Reserve Board, upon the standard real estate settlement form developed and prescribed by the Secretary specifically for the purposes of this section, and in accordance with regulations prescribed by the Secretary, an itemized disclosure in writing of each charge arising in connection with such settlement. For the purpose of complying with this section, it shall be the duty of the lender agreeing to make the loan to obtain or cause to be obtained from persons who provide or will provide services in connection with such settlement the amount of each charge they intend to make. With respect to any charges arising in connection with the settlement, in the event the exact amount of any such charge is not available, a good faith estimate of such charge may be provided.

(b) If any lender fails to provide a prospective borrower with the disclosure as required by subsection (a), it shall be liable to such borrower in an amount equal to—

(1) the actual damages involved or $500, whichever is higher, and

(2) in the case of any successful action to enforce the foregoing liability, the costs of the action together with a reasonable attorney's fee as determined by the court;

except that a lender may not be held liable for a violation in any action brought under this subsection if it shows by a preponderance of the evidence that the violation was not intentional and resulted from a bona fide error notwithstanding the maintenance of procedures adopted to avoid any such error.

(c) The provisions of subsection (a) shall be deemed to be satisfied with respect to any settlement involving a federally related mortgage loan if the disclosure required by subsection (a) is provided at any time prior to settlement and the prospective borrower executes, under terms and conditions prescribed by regulations to be issued by the Secretary after consultation with the Federal Reserve Board, a waiver of the requirement that the disclosure be provided at the time specified in subsection (a) above.

(d) With respect to any particular transaction involving a federally related mortgage loan, no borrower shall maintain an action or separate actions against any lender under both the provisions of this section and the provisions of section 130 of the Consumer Credit Protection Act of 1968 (15 U.S.C. 1640).

PROHIBITION AGAINST KICKBACKS AND UNEARNED FEES

Sec. 106. (a) No person shall give and no person shall accept any fee, kickback, or thing of value pursuant to any agreement or understanding, oral or otherwise, that business incident to or a part of a real estate settlement involving a federally related mortgage loan shall be referred to any person.

(b) No person shall give and no person shall accept any portion, split or percentage of any charge made or received for the rendering of a real estate settlement service in connection with a transaction involving a federally related mortgage loan, other than for services actually performed.

(c) Nothing in this section shall be construed as prohibiting (1) the payment of a fee (i) to attorneys at law for services actually rendered or (ii) by a title company to its duly appointed agent for services actually performed in the issuance of a policy of title insurance or (iii) by a lender to its duly appointed agent for services actually performed in the making of a loan, or (2) the payment to any person of a bona fide salary or compensation or other payment for goods or facilities actually furnished or for services actually performed.

(d) (1) Any person or persons who violate the provisions of this section shall be fined not more than $10,000 or imprisoned for not more than one year, or both.

(2) In addition to the penalties provided by paragraph (1) of this subsection, any person or persons who violate the provisions of subsection (a) shall be jointly and severally liable to the person or persons whose business has been referred in an amount equal to three times the value or amount of the fee or thing of value, and any person or persons who violate the provisions of subsection (b) shall be jointly and severally liable to the person or persons charged for the settlement services involved in an amount equal to three times the amount of the portion, split, or percentage.

LIMITATION ON RETIREMENT OF ADVANCE DEPOSITS IN ESCROW ACCOUNTS

Sec. 107. No lender, in connection with a federally related mortgage loan, shall require the borrower or prospective borrower—

(1) to deposit in any escrow account which may be established in connection with such loan for the purpose of assuring payment of taxes and insurance premiums with respect to the property, prior to or upon the date of settlement, an aggregate sum (for such purpose) in excess of—

(A) in any jurisdiction where such taxes and insurance premiums are postpaid, the total amount of such taxes and insurance premiums which will actually be due and payable on the date of settlement and the pro rata portion thereof which has accrued, or

(B) in any jurisdiction where such taxes and insurance premiums are prepaid, a pro rata portion of the estimated taxes and insurance premiums corresponding to the number of months from the last date of payment to the date of settlement,

plus one-twelfth of the estimated total amount of such taxes and insurance premiums which will become due and payable during the twelve-month period beginning on the date of settlement; or

(2) to deposit in any such escrow account in any month beginning after the date of settlement a sum (for the purpose of assuring payment of taxes and insurance premiums with respect to the property) in excess of one-twelfth of the total amount of the estimated taxes and insurance premiums which will become due and payable during the twelve-month period beginning on the first day of such month, except that in the event the lender determines there will be a deficiency on the due date he shall not be prohibited from requiring additional monthly deposits in such escrow account of pro rata portions of the deficiency corresponding to the number of months from the date of the lender's determination of such deficiency to the date upon which such taxes and insurance premiums become due and payable.

DISCLOSURE OF PREVIOUS SELLING PRICE OF EXISTING REAL PROPERTY

Sec. 108. (a) No lender shall make any commitment for a federally related mortgage loan unless it has confirmed that the following information has been disclosed in writing by the seller or his agent to the buyer—

(1) the name and address of the present owner of the property being sold;

(2) the date the property was acquired by the present owner (the year only if the property was acquired more than two years previously);

(3) whether any options or contracts to sell are outstanding in regard to the property, and if so, the amount involved in such options or contracts; and

(4) if the seller has not owned the prop-

erty for at least two years prior to the date of the loan application and has not used the property as a place of residence, the date and purchase price of the last arm's length transfer of the property, a list of any subsequent improvements made to the property (excluding maintenance repairs) and the cost of such improvements.

(b) The obligations imposed upon a lender by this section shall be deemed satisfied and a commitment for a federally related mortgage loan may thereafter be made if the lender receives a copy of the written statement provided by the seller to the buyer supplying the information required by subsection (a).

(c) Whoever willfully provides false information under this section or otherwise willfully fails to comply with its requirements shall be fined not more than $10,000 or imprisoned for not more than one year, or both.

FEE FOR PREPARATION OF TRUTH-IN-LENDING AND UNIFORM SETTLEMENT STATEMENTS

Sec. 109. No fee shall be imposed or charge made upon any other person (as a part of settlement costs or otherwise) by a lender in connection with a federally related mortgage loan made by it (or a loan for the purchase of a mobile home), for or on account of the preparation and submission by such lender of the statement or statements required (in connection with such loan) by sections 103 and 105 of this Act or by the Truth-in-Lending Act.

ESTABLISHMENT ON DEMONSTRATION BASIS OF LAND PARCEL RECORDATION SYSTEM

Sec. 110. The Secretary shall establish and place in operation on a demonstration basis, in representative political subdivision (selected by him) in various areas of the United States, a model system or systems for the recordation of land parcels in a manner and form calculated to facilitate and simplify land transfers and mortgage transactions and reduce the cost thereof, with a view to the possible development (utilizing the information and experience gained under this section) of a nationally uniform system of land parcel recordation.

TITLE COMPANIES

Sec. 111. (a) No seller of property that will be purchased with the assistance of a federally related mortgage loan shall require directly or indirectly, as a condition to selling the property, that title insurance covering the property be obtained from any particular title company.

(b) Any seller who violates the provisions of subsection (a) shall be liable to the buyer in an amount equal to three times all charges made for such title insurance.

LIMITATIONS AND DISCLOSURES WITH RESPECT TO CERTAIN FEDERALLY RELATED MORTGAGE LOANS

Sec. 112. (a) The Federal Deposit Insurance Act is amended by adding at the end thereof the following new section:

"Sec. 24. (a) No insured bank, or mutual savings or cooperative bank which is not an insured bank, shall make any federally related mortgage loan to any agent, trustee, nominee, or other person acting in a fiduciary capacity without the prior condition that the identity of the person receiving the beneficial interest of such loan shall at all times be revealed to the bank. At the request of the Corporation, the bank shall report to the Corporation on the identity of such person and the nature and amount of the loan, discount, or other extension of credit; and the Corporation may make available to the public the information contained in any such report.

"(b) In addition to other available remedies, this section may be enforced with respect to mutual savings and cooperative banks which are not insured banks in accordance with section 8 of this Act, and for such purpose such mutual savings and cooperative banks shall be held and considered to be State nonmember insured banks and the appropriate Federal agency with respect to such mutual savings and cooperative banks shall be the Federal Deposit Insurance Corporation."

(b) Title IV of the National Housing Act is amended by adding at the end thereof the following new section:

"Sec. 412. No insured institution shall make any federally related mortgage loan to any agent, trustee, nominee, or other person acting in a fiduciary capacity without the prior condition that the identity of the person receiving the beneficial interest of such loan shall at all times be revealed to the institution. At the request of the Federal Home Loan Bank Board, the insured institution shall report to the Board on the identity of such person and the nature and amount of the loan; and the Board may make available to the public the information contained in any such report."

(c) The Federal Deposit Insurance Corporation or the Federal Home Loan Bank Board as appropriate may by regulation exempt classes or types of transactions from the provisions added by this section if the Corporation or the Board determines that the purposes of this section would not be advanced materially by their application to such transactions.

STUDY CONCERNING PAYMENT OF INTEREST ON CERTAIN ESCROW ACCOUNTS

Sec. 113. (a) The Board of Governors of the Federal Reserve System is authorized and directed to conduct a study of escrow accounts maintained by lenders in connection with mortgage loans which require borrowers to make periodic prepayment of taxes, insurance, and other items with respect to residential real property, in order to determine the feasibility of requiring lenders to pay interest on such accounts. The results of such study shall be transmitted by the Board of Governors to the Congress in the form of a report on or before June 30, 1975.

(b) The report referred to in subsection (a) shall include, but need not be limited to, the following information—

(1) the cost to lenders of maintaining such escrow accounts and the basis for the determination of such cost;

(2) the profit made or loss sustained, if any, by lenders with respect to such escrow accounts and the basis for the determination of such profit or loss;

(3) a comparison of the cost to lenders of maintaining such escrow accounts and the cost of offering other similar account services, such as limited checking and savings accounts;

(4) an estimate of the aggregate amount of moneys kept, on a national basis, and to the extent feasible on a State and regional or other appropriate geographic basis, in such escrow accounts by lenders, including separate totals with respect to the amounts of moneys in such escrow accounts for the payment of taxes, the payment of insurance, and the payment of other items;

(5) an estimate of the extent to which foreclosures have occurred on mortgaged residential property as a result of the failure to establish escrow accounts for the payment of taxes and insurance by the owners of such property;

(6) the value of State and local tax collection agencies of services performed by lenders in having borrowers make periodic prepayment of taxes with respect to residential real property; and

(7) the extent to which lenders make periodic charges to borrowers with respect to residential real property for the search of tax records on such property, and the justification, if any, for such charges.

JURISDICTION OF COURTS

Sec. 114. Any action to recover damages pursuant to the provisions of section 105, 106, or 111 may be brought in the United States district court for the district in which the property involved is located, or in any other court of competent jurisdiction, within one year from the date of the occurrence of the violation.

VALIDITY OF CONTRACTS AND LIENS

Sec. 115. Nothing in this Act shall affect the validity or enforceability of any sale or contract for the sale of real property or any loan, loan agreement, mortgage, or lien made or arising in connection with a federally related mortgage loan.

Sec. 116. This Act does not preclude any additional requirement imposed upon any participant in any residential real estate transaction covered by this Act under the law of any State.

EFFECTIVE DATE

Sec. 117. The provisions of this Act, and the amendments made thereby, shall become effective one hundred and eighty days after the date of the enactment of this Act.

The motion was agreed to.

The Senate bill was ordered to be read a third time, was read the third time, and passed.

The title was amended so as to read: "to further the national housing goal of encouraging homeownership by regulating certain lending practices and closing and settlement procedures in federally related mortgage transactions to the end that unnecessary costs and difficulties of purchasing housing are minimized, and for other purposes."

A motion to reconsider was laid on the table.

A similar House bill (H.R. 9989) was laid on the table.

GENERAL LEAVE

Mr. BARRETT. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and includes extraneous matter, on the subject of the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

APPOINTMENT OF CONFEREES ON H.R. 6191, AMENDING THE TARIFF SCHEDULES OF THE UNITED STATES ON CERTAIN FORMS OF ZINC

Mr. MILLS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 6191), to amend the Tariff Schedules of the United States to provide that certain forms of zinc be admitted free of duty, with Senate amendments thereto, disagree to the Senate amendments and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas? The Chair hears none and appoints the following conferees: Messrs. Mills, Ullman, Burke of Massachusetts, Schneebeli, and Collier.

APPOINTMENT OF CONFEREES ON H.R. 7780, EXTENDING SUSPENSION OF DUTIES ON YARNS OF SILK

Mr. MILLS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 7780), to extend for an additional temporary period the existing suspension of duties on certain classifications of yarns of silk, with Senate amendments thereto, disagree to the Senate amendments and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas? The Chair hears none and appoints the following conferees: Messrs. MILLS, ULLMAN, BURKE of Massachusetts, SCHNEEBELI, and COLLIER.

APPOINTMENT OF CONFEREES ON H.R. 11251, AMENDING TARIFF SCHEDULES TO PROVIDE FOR DUTY-FREE ENTRY OF METHANOL

Mr. MILLS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 11251), to amend the Tariff Schedules of the United States to provide for the duty-free entry of methanol imported for use as fuel, with Senate amendments thereto, disagree to the Senate amendments and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas? The Chair hears none and appoints the following conferees: Messrs. MILLS, ULLMAN, BURKE of Massachusetts, SCHNEEBELI, and COLLIER.

APPOINTMENT OF CONFEREES ON H.R. 11830, SUSPENSION OF DUTY ON SYNTHETIC RUTILE

Mr. MILLS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 11830), to suspend the duty on synthetic rutile until the close of June 30, 1977, with Senate amendments thereto, disagree to the Senate amendments and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas? The Chair hears none and appoints the following conferees: Messrs. MILLS, ULLMAN, BURKE of Massachusetts, SCHNEEBELI, and COLLIER.

APPOINTMENT OF CONFEREES ON H.R. 12035, SUSPENSION OF DUTY ON CERTAIN CARBOXYMETHYL CELLULOSE SALTS

Mr. MILLS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 12035), to suspend until the close of June 30, 1975, the duty on certain carboxymethyl cellulose salts, with Senate amendments thereto, disagree to the Senate amendments and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas? The Chair hears none and appoints the following conferees: Messrs. MILLS, ULLMAN, BURKE of Massachusetts, SCHNEEBELI, and COLLIER.

APPOINTMENT OF CONFEREES ON H.R. 13631, SUSPENSION OF IMPORT DUTY ON CERTAIN HORSES

Mr. MILLS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 13631), to suspend for a temporary period the import duty on certain horses, with Senate amendments thereto, disagree to the Senate amendments and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas? The Chair hears none and appoints the following conferees: Messrs. MILLS, ULLMAN, BURKE of Massachusetts, SCHNEEBELI, and COLLIER.

HOUR OF MEETING ON THURSDAY, AUGUST 15, 1974

Mr. McFALL. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 a.m. on tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

FEDERAL MASS TRANSPORTATION ACT OF 1974

Mr. BLATNIK. Mr Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 12859) to amend title 23, United States Code, the Federal-Aid Highway Act of 1973, and other related provisions of law, to establish a unified transportation assistance program, and for other purposes.

The SPEAKER. The question is on the motion offered by the gentleman from Minnesota.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 12859, with Mr. SYMINGTON in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Minnesota (Mr. BLATNIK) is recognized for 1 hour, and the gentleman from Ohio (Mr. HARSHA) is recognized for 1 hour.

The Chair recognizes the gentleman from Minnesota (Mr. BLATNIK).

Mr. BLATNIK. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, the matter of public mass transportation is one which has received the attention of the Committee on Public Works for over a year.

Historically, this committee has considered and recommended legislation for several modes of transportation. Over the years we have pioneered in the field of highway transportation and in the improvement of navigation in the inland and coastal waters of the United States. These Highway Acts and River and Harbor Acts have made possible the efficient and economic transportation of people and goods necessary to our economy and our standard of living.

Now, we are faced with a new challenge—that of mobility within the cities and urbanized areas of our Nation. The needs for a solution to this problem have been intensified by future energy conservation requirements and the continuing pressure on our metropolitan areas to meet Federal environmental protection standards.

In developing H.R. 12859, the committee conducted long and intensive hearings here in Washington and throughout the country. During one week in April the committee held public hearings in New York City, Boston, Los Angeles, Atlanta, Chicago, and Sacramento. Inspections of the existing highway networks and public mass transportation systems were held in these and other cities during this period. In addition to the testimony taken during these hearings, questionnaires were sent to more than 200 urbanized areas soliciting information as to the status and transportation needs of these areas.

As a result of these hearings and the massive effort put forth by the committee, today we bring to the floor of the House H.R. 12859, the Federal Mass Transportation Act of 1974. This bill which will be explained in detail by my colleagues on the committee who will follow me is one which I believe will be a landmark in our legislative accomplishments. This is a bill which I believe will compare in stature with the Federal-Aid Highway Act of 1956 and the Federal Water Pollution Control Act, which were also created by the Committee on Public Works and enacted by the Congress.

During my 28 years in Congress and on the Public Works Committee few bills have so involved all of the members of the committee as has H.R. 12859. Each and every member has participated in this bill during the hearings, markup, and caucuses. Each member has contributed to this remarkable legislation, and I wish to express my appreciation to each and every member of the committee. Particular appreciation is owed to the gentleman from Alabama (Mr. JONES) who has exerted tremendous leadership in bringing this bill to the floor today. I would also thank the gentleman from Illinois (Mr. KLUCZYNSKI), chairman of the Subcommittee on Transportation; the gentleman from Ohio (Mr. STANTON); the gentlewoman from New York (Ms. ABZUG); and the gentleman from Ohio (Mr. HARSHA) who as usual has given us a great deal of cooperation in our consideration of this legislation.

I urge your approval of H.R. 12859, as reported, so that the people of our great urbanized areas may understand that relief from traffic congestion and environmental degradation is on its way.

Mr. HARSHA. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania (Mr. SHUSTER), a member of the committee.

Mr. SHUSTER. Mr. Chairman, it would be very tempting for a Member such as myself, who does not represent a large city, to oppose mass transit in any form. In fact, today very good arguments can be made for opposing mass transit. Certainly, the issue of inflation is heavily upon us, and we recognize that spending money, particularly for capital investment, is inflationary and can fuel the flames of this so-called public enemy No. 1.

Further, for those of us who are not from the large cities, we know all too well that mass transit does not do anything for our congressional district. Therefore, why should we support it?

We can argue further that mass transit, while national in scope, is not an interstate problem. It is essentially many regional or local problems across our land.

For these reasons, it indeed is tempting to oppose this bill. But on the other hand, Mr. Chairman, it is very clear to those of us who have worked on the Committee on Public Works that the mass transit problems of our major cities are among the most serious problems in our Nation today.

Indeed our cities are choking. Mass transit, while not an interstate problem, is indeed a national problem.

Further, we recognize that with the energy crunch our Nation has faced and will face, it makes it doubly important that we find ways to conserve energy. Certainly switching from the automobile to mass transit is one such method.

Also we are well aware of the fact that one of the reasons our cities are choking is because of the need for clean air in those cities. We recognize the need for a cleaner environment, and we recognize that mass transit would certainly provide that benefit as one of the secondary gains.

So we look at the reasons why we should oppose mass transit, we look at the problems facing this Nation, and I for one, representing not a large city, nevertheless have to come to the conclusion that we should try to enact a mass transit bill; that we should attempt to get through sound mass transit legislation to deal with the problems facing America today.

Having said that, Mr. Chairman, I see three very serious defects in the bill which is before us today. It is my hope that we are going to be able to remedy these defects, and if we can, I for one certainly shall support mass transit legislation.

First of all, the cost of this legislation, the bill before us, is $20 billion. I understand our friends on the other side may be reducing that figure to $15 billion. Nevertheless, $15 billion is just too much money, given the inflationary problems of our country today.

In fact, we sat here in this Chamber just a few evenings ago and applauded our new President when he said that inflation is public enemy No. 1. It would appear to me, Mr. Chairman, that we are going to have, today and tomorrow, on this floor the first test of whether we simply are going to applaud the words of the new President or whether we are indeed going to follow up our applause with tough action to cut this bill.

It is no secret that the administration has said it will veto anything which substantially exceeds $10 or $11 billion. So I suppose if the majority here wants an issue, it can have an issue.

On the other hand, I like to believe that the majority, along with the minority or most of the minority, wants a mass transit bill. I hope that is true. If we really want legislation instead of an issue, then I hope we will be able to pare this $20 billion or $15 billion down to $10 or $11 billion, to a point which will permit the President to sign it rather than veto it. So this is the first major defect which I hope can be cured.

The second major defect which I believe must be cured is that of operating subsidies. Operating subsidies, in my considered judgment, should be eliminated from this bill for several reasons: First, because they represent a bottomless pit; and second, because there are only limited dollars, and those limited dollars should be spent for capital investment rather than operating subsidies.

The third defect in the bill, in my opinion, is that it does not require local efforts, it does not require local elected officials to make the tough decisions to encourage mass transit, such as local parking taxes, bus lanes, and limited traffic in congested areas. I think this defect must be cured also.

I intend, along with other Members, to offer amendments so that we can end up with a bill we can vote for and one which the President can sign into law.

Mr. Chairman, I urge as this debate proceeds that we attempt together to iron out our differences so that rather than having legislation which is vetoed, we can end up with a legitimate mass transit bill for America.

Mr. BLATNIK. Mr. Chairman, I yield 7 minutes to the distinguished chairman of the subcommittee, the gentleman from Chicago (Mr. KLUCZYNSKI).

Mr. KLUCZYNSKI. Mr. Chairman, I have had the honor of serving in the U.S. House of Representatives since 1950. During that time I have had the privilege of speaking to my colleagues concerning major legislative proposals on numerous occasions. However, rarely have I been as sincerely excited about a bill as I am today about the Federal Mass Transportation Act of 1974.

I have had a long and deep interest in the total transportation needs of our Nation. Much of my congressional efforts have been devoted to developing answers to our transportation problems. I have watched and participated in every highway and mass transportation act since I first arrived in the Congress, and today I am pleased to participate in bringing to the floor of the House of Representatives, a bill which goes a long way toward solving one of the great problems of our day.

A former Under Secretary of Transportation stated the problem and I believe he stated it correctly—

> The harsh consequences which the deficiencies of our urban transportation system have brought down upon us—the daily agony of the commuter; isolation of the poor; jobs, recreation and vital community services which are beyond the practical reach of many; polluted air; and vast hunks of precious land handed over to streets and parking.

H.R. 12859, as reported by the Committee on Public Works, is a comprehensive approach to meeting this problem.

Mr. Chairman, this bill is the culmination of many years of effort. In the Federal Aid Highway Act of 1970, a new Federal-aid highway urban system was authorized. Also included in that act was authority to construct exclusive and preferential bus lanes, bus passenger loading areas and facilities to serve bus and other public mass transportation passengers.

We went still further in the landmark Federal-Aid Highway Act of 1973. For the first time, urban system highway authorizations were made available for both bus and rail public mass transportation capital assistance. Also, all Federal-aid highway system funds were made available for the construction of exclusive bus lanes, preferential traffic control devices, bus shelters, and parking facilities. Up to $200 million of the urban system appropriations could be used for the purchase of buses in fiscal year 1975 and up to $800 million for any transit capital improvement beginning in fiscal year 1976. In addition, substitution of a transit project in an urbanized area for a designated segment of the Interstate Highway System was authorized.

Today, Mr. Chairman, in H.R. 12859, we take the next step—the most important step ever in dealing with traffic congestion and spoiled air. This bill authorizes Federal assistance for public mass transportation across the country in the amount of $20 billion over a period of 6 fiscal years.

The bill provides a procedure which I believe to be fair not only to the major urbanized areas of our country but also to the rural areas of our great Nation. Four categories are established which assure funding to all who can demonstrate a need for assistance—whether such assistance be for capital construction or operating costs.

Other provisions of this bill involve procedures dealing with planning, research, development and demonstrations, training programs, technical studies, reports, and other miscellaneous provisions which my colleagues on the committee will explain in detail.

Mr. Chairman, believe me, I know of the need for this legislation in the large populated areas of our country. I have seen the problem in all our great cities. I have lived with this problem in my own great city of Chicago. Today, we have an opportunity to stop complaining about this situation and start doing something about it. I urge my colleagues in the House to support H.R. 12859, as reported by the Committee on Public Works.

Mr. HARSHA. Mr. Chairman, I yield 5 minutes to the distinguished gentleman from New Hampshire (Mr. CLEVELAND).

Mr. CLEVELAND. Mr. Chairman, I am only going to address one aspect of the problem here before us. I would like, for the record, however, to say that I hope the Members of the House will read the minority and supplemental views that are printed in the report on this bill. I certainly hesitate to take an exception to the remarks by the gentleman who just spoke, the distinguished gentleman from Illinois, my friend, Mr. KLUCZYNSKI. He finds this to be a good bill, and regrettably I found it to be one of the poorest products of the legislative process that I have had an opportunity to observe in my 12 years in Congress, and I have seen some "beauts." I regret to say some of them came from the Committee on Public Works on which I serve and serve with great pride, because it is a good committee with a lot of hardworking members.

But, Mr. Chairman, the problem here is we are shooting blind. I want to say at the outset I have the greatest respect for the staff of the Committee on Public Works, the majority staff and the minority staff. They have treated me uniformly with respect and cooperation. In their fields, I believe many to be as fine staff members as we have anywhere on Capitol Hill, but let me underscore that phrase. That is, within their field. We know what our fields are. Most of the people on the floor of the House at this particular moment are members of the Committee on Public Works.

We have written some fine highway legislation, water resources and pollution legislation, economic development legislation, and I could go on.

We have legislated on behalf of Appalachia. I think we have done a good job as a committee. But if anybody thinks that the Committee on Public Works has either the staff or the expertise to go wading into this mass transit field, they really should look more closely into the record than I think they have. Do not take my word for it, and do not embarrass the staff of the Committee on Public Works by asking them. Let us consider the testimony before the Joint Committee on Congressional Operations. This is a committee composed of five Senators and five Congressmen. I serve on that committee. We have been holding hearings recently on the whole problem that faces Congress of the quantity and quality of information that Congressmen have available to them and the use that congressional committees and individual Congressmen are making of that material.

Of course, the Members know the people we have talked with. We have talked with the Congressional Research Service; we have talked with many of the institutions that are established to inform the Congress, among them the National Academies of Science and of Public Administration and the General Accounting Office. In the course of these hearings, we found out that the Office of Technology Assessment that was recently established by Congress operates to the tune of about $5 million a year. Among their other technological assessments is in this area of mass transit, but they are only midstream in their studies.

I was particularly taken by the testimony of Mr. Richard Royce who identified himself to our committee as a private consultant in environmental and energy problems. He told us he was a former academician and a former Chief Clerk and Staff Director of the Senate Committee on Public Works and is presently a consultant to the House Public Works Committee. I believe his consulting job has been to set up a scientific advisory panel to help advise the Public Works Committee with some of the technical problems confronting us, such as the vast technological problems we face in water pollution, pollution trends, economic development and so on.

I asked him if there was professional expertise in this mass transit field. He replied at some length on this. I will not bore the Members with all his references. First of all, he said he regrets that the studies they have already started would show that fixed rail transit is probably good for only two or three cities in the United States but it is being encouraged by this type of legislation and by the legislation we killed a couple of days ago.

By the way, Mr. Royce said he was delighted that legislation had been killed. In fact, to quote him:

> I think that, although I have been an advocate of mass transit for a long time, I am not at all disappointed that that program failed recently in the House, because I think we need to give some very serious rethinking to the assumptions which are underlying a lot of the applications by the individual cities for mass transit construction grants.

Then he goes on and says, and I am again quoting Mr. Royce in his testimony before the Joint Committee on Congressional Operations:

> I would say there isn't much staff expertise on any of the committees on the House side or the Senate in mass transit, because those committees that have the jurisdiction, banking and currency, are not oriented in transportation, and consequently, our transportation task group is looking at transportation overall, the various modes, and attempting to develop an intermodal policy.

The point I am trying to make is this. I think we are kidding ourselves and we are kidding the American people and we are kidding the other Members of this House if we get up and say this is a good bill and a finished product. I do not think we have the research, the expertise or information aavilable to write a good bill at this time. I do not think our staff has had enough time to acquaint itself with this problem. I just hope in the course of the deliberations on this bill and in the course of the amending process we will reduce the amount of this commitment and take out the operating subsidies, particularly, so that the bill will be more nearly an extension of existing law and will have left to future years—at a time when our committee is honestly prepared to write a proper bill—the ambitious type of program envisioned by this act.

Mr. BLATNIK. Mr. Chairman, I yield 5 minutes to the gentleman from California (Mr. ANDERSON), a member of the committee.

Mr. ANDERSON of California. Mr. Chairman, I rise in support of H.R. 12859, the Federal Mass Transportation Act of 1974, which is landmark legislation designed to place rapid transit on an equal footing with highways.

Several years ago, most people were content with our transportation system, which consisted almost totally of highways. And, admittedly, our highways are indispensable, especially in my home city of Los Angeles.

At the cost of $76 billion we will have created an Interstate Highway System designed to speed people quickly and conveniently to their destinations at a minimal cost to the driver.

AIR POLLUTION

But, today, times have changed: We have been so successful in making the automobile attractive that today the automobile accounts for up to 90 percent of the air pollution in our urban areas—a fact which has led the Environmental Protection Agency to call for "transportation controls," consisting of gasoline rationing, parking fees, a ban on new parking lots, and other measures designed to either discourage or prohibit driving.

These proposed controls may be necessary, according to the scientific community, in order to reduce air pollution to a level which is, at least, nontoxic.

THE ENERGY SHORTAGE

And no longer is gasoline cheap. With the Middle East literally holding the keys to our cars, we are dependent on the oil exporting countries not only for a supply of fuel, but also the price. And as a result, we are subject to international blackmail.

Since oil prices have risen dramatically and since this money is flowing overseas, it has been a prime cause of our imbalance of trade and of the inflation which has staggered our country.

If we want to curb air pollution; if we want to conserve gasoline; and if we are serious in blunting inflation; if we are serious about stopping the tremendous outflow of U.S. dollars, then we will support this bill which would give cities a chance to develop mass transit systems, as an alternative to the automobile.

Mr. Chairman, the bill before us represents a major commitment on the part of the Federal Government to help cities both purchase buses or construct fixed-guideway systems using the vehicles most appropriate to meet local needs. In addition, this proposal would, for the first time, permit the use of Federal money to help operate those systems.

FUNDING LEVELS

First, this proposal authorizes $20 billion over the next 6 years for transit purposes. Admittedly, this amount of money could throw future budgets out of kilter and result in further inflation—an act we want to avoid. But when you consider the transit needs of this country which total $26.9 billion over only the next 5 years, and when you consider the anti-inflationary impact of rapid transit, funding levels in this bill are not out of line.

Mr. Chairman, a dollar spent on rapid transit, first, stays in this country to buy goods and services; it pays somebody's salary who, in turn, pays taxes; it allows us to reduce our dependence on overseas oil; it helps curb air pollution, and it constructs a system to get people to and from work quickly and economically.

Of this $20 billion authorized, 54 percent, or $10.8 billion, would be allocated to cities in category A. Category A includes nine cities—San Francisco, Chicago, Baltimore, New York, Philadelphia, Pittsburgh, Atlanta, Boston, and Cleveland—and any other of the 31 urbanized areas with a population of 600,000 and above, who meet two criteria, and who desire to be placed in category A.

For an urbanized area of 600,000 or more to qualify to move to category A, the voters or local officials must, first, adopt a regional transit plan involving a fixed-guideway system approved by the Secretary of Transportation, and secondly, arrange a method of financing 25 percent of that project.

Category B, which includes all urbanized areas over 50,000, except for those in A, would receive $2.88 billion, or 14.4 percent. These funds would be allocated to these areas automatically, based on population.

The funds in category C, Mr. Chairman, are to be allocated by the Secretary to those areas in "B" which are in need of larger amounts of money to fund their projects.

Mr. Chairman, this categorical approach was arrived at after a great deal of time and effort, study and consultation with transit operators, local officials, and transit experts.

We had to arrive at a solution to meet the needs of cities, such as New York and Chicago, which presently have established systems and need funds for immediate capital improvements and for operating assistance. And, at the same time, we have to meet the equally critical needs of cities such as Los Angeles, Detroit, Houston, Miami, and Buffalo, which would like to develop transit systems.

Both of these needs are equally important and we cannot give precedence to one over the other.

So the committee decided to set up a categorical approach to distinguish among the different needs.

First, category A is designed to meet the construction and operating needs of those cities which presently have a fixed guideway system or have one under construction.

Now, for an area with a population of at least 600,000—which is presently excluded from "A"—that area may elect to transfer to category A and take with it the money it would receive under "B" and "C" for that fiscal year.

This "trigger" provision adds dynamics to the bill to provide for future projects in the major cities.

Certainly, many of the 31 cities which could be eligible to trigger to "A" will elect not to do so. Many will find that the funds they receive under "B" and "C" are adequate to meet their transit needs. But, at least, these cities have a choice.

They can remain in their present category or they can transfer and compete with the other big cities for category A funds which are allocated at the Secretary's discretion.

For example, let me cite the case of Los Angeles.

EFFECT ON THE LOS ANGELES AREA

Under this proposal an area, such as Los Angeles, could begin to construct a rapid transit system designed to meet their needs.

In the past, the Federal Secretary of Transportation has discouraged the local officials from undertaking the construction of a fixed-guideway system because he felt that there was not enough Federal money available for this project and because he believed that a bus system would adequately serve the people.

First, Mr. Chairman, under this bill there is money available and the Los Angeles urbanized area—which includes part of Orange and San Bernardino Counties—stands to receive up to $2 billion in Federal money over a 6-year period.

And, second, part of that money will flow automatically to the area so that local officials may make decisions based on what they—not the Secretary—feel is in the best interests of the people.

Of course, to qualify for Federal assistance, the State and local officials must make a commitment of funds. And I believe that they will assure the State and local share, which must total at least 25 percent of the costs.

The adoption of a 1-cent sales tax in November, coupled with the use of gasoline tax receipts available under propositions 5 and A—which were adopted in June—and fare receipts would result in a local commitment of $2.1 billion over the next 6 years. Part of this money—$1.48 billion—would be used to operate the transit network, thus leaving $615 million to be used as the local share to attract the Federal funds.

As a result, the Los Angeles area would be eligible to receive $1.845 billion in Federal funds over the next 6 years to begin the construction of an advanced, efficient rapid transit network.

This projection, however, is based on two assumptions: First, we must adopt this measure—the Federal Mass Transportation Act—and see it signed into law, thus assuring the people that we are serious in helping them meet their transit needs; and second, the people of Los Angeles must show that they are willing to shoulder part of the costs by adopting the 1-cent sales tax in November.

I am optimistic, Mr. Chairman, because I believe that we in the Congress realize the importance of rapid transit, and that the people in Los Angeles sincerely want a viable alternative to the automobile to relieve both congestion and pollution, and to curb the flow of money to the oil exporting countries.

I urge you to join with me in supporting this bill and giving the urban areas a chance to develop rapid transit systems to meet their local transportation needs.

Mr. BAFALIS. Mr. Chairman, will the gentleman yield?

Mr. HARSHA. I yield to the gentleman from Florida.

Mr. BAFALIS. Mr. Chairman, I oppose enactment of this bill which would provide Federal operating subsidies for mass transit. Operating subsidies in my view are designed to throw money at the symptoms of a problem rather than attack the basic causes of the problem. The fact that the transit industry is now incurring a deficit is an indication of problems, but the deficit, in and of itself, is not the problem.

The problems of mass transit are really the problems of our cities. The deficit and the decline of transit service over the years is attributable in large part to the growth of the suburbs and the increasing dependence of the individual on the automobile as his primary mode of transportation.

The types of actions that are necessary to change this situation and improve transit services are not exceptionally costly. What is needed is for State and community leaders to improve transit while discouraging the use of the automobile through their actions at the State and local level. Steps such as the imposition of local parking taxes, reserving portions of the existing highways exclusively for buses, restricting automobile traffic in certain congested areas of cities, are all actions that fall within the purview of local leaders and are not actions that the Federal Government can effectively accomplish. The Federal role, and one which is effectively being filled, is to provide capital investment funds to expand the capacity of mass transit through a capital grants program.

I strongly object to establishing an operating subsidy program which will not, in my opinion, result in improved transit and may in the long run be counterproductive as it permits State and local officials to look to Washington for solutions that Washington cannot offer.

Mr. BLATNIK. Mr. Chairman, I yield 5 minutes to the gentleman from Texas (Mr. WRIGHT).

Mr. WRIGHT. Mr. Chairman, I take this time simply to elaborate briefly on the basic philosophy of the bill, so eloquently stated by the distinguished gentleman from California (Mr. ANDERSON) and to add a few additional facts as to exactly what the bill provides.

I know some Members must be wondering why it has become suddenly so important for the Congress to take an interest in stimulating a renaissance of public transportation. It is a fair question, and it deserves a fair answer.

The answer is divided into several parts. First, there is a simple question of environmental logistics. It has become imperative to the country that we try to devise means of moving this burgeoning population of ours more efficiently and of reducing the suffocating traffic congestion which increasingly chokes the streets of our cities.

In 1956, when we first authorized the interstate highway program, there were some 63 million automotive vehicles in the country. Today there are some 114 million, more than one for every two persons, man, woman and child.

Obviously, some form of attractive public transportation is the only real alternative to the growing overuse of private vehicles.

The second part of the answer relates to the all-important goal of attaining national energy sufficiency. It is underscored by this very simple fact: a full bus, a bus full of passengers, yields approximately 200 passenger miles per gallon; whereas my automobile that I drive alone to work each day yields approximately 16 passenger miles per gallon.

Obviously, therefore, it is in the interest of the entire Nation, not alone in the interest of the people who live in these congested metropolitan areas, that we find a means of conserving our limited energy and petroleum resources by encouraging public transportation and public use of it.

What will this bill do? It will provide some $20 billion over a 6-year period—in other words, just a bit more than $3 billion a year—in matching grants to cities of this Nation to assist in creating, improving, and maintaining attractive public transportation systems.

Category (a), consisting of nine very large cities confronted with massive immediate needs for intensive capital investments, would receive 54 percent of the total over the 6-year period. Basically, these are the communities with huge local investments in extensive rail systems.

Categories (b) and (c), totaling some 41.4 percent of the authorization contained in the bill over the 6-year period, would be comprised of the 269 other urbanized areas of 50,000 population and above. A portion of that, approximately 14.4 percent of the total amount allocated in the bill, would, through category (b), go to the various States for their allocation to the individual communities on the basis of the population of the urbanized areas in those States, in the ratio which that bears to the total urbanized population of the country.

The bill provides earmarking for each urbanized area of more than 1 million people of its pro rata share under category (b); I happen to feel that there is critical need also among many medium-sized cities and will offer an amendment tomorrow to lower this figure substantially in order that numerous other urbanized areas may be included in the earmarking provision and thus enjoy a basis of knowing how much money they individually can count upon for planning purposes.

The larger portion, category (c), accounting for some 27 percent of the total funds contained in the bill, also would be available to those 269 cities, but committed selectively at the discretion of the Secretary of Transportation.

The theory for making it discretionary to that extent is that the Secretary would be able to see just which systems had developed to the point where they could use additional money effectively. Therefore, he would be authorized to give such systems a second helping.

Then category (d), which will be explained in greater detail by the gentlewoman from New York (Ms. Abzug), will provide some 4.6 percent of the total funds for a rural bus program for the country.

A question has arisen as to why we in the Federal Government should find it desirable, let alone necessary, to subsidize operating expenses. The total amount of money available for subsidization of operating costs, it should be stressed, would probably be about one-fourth of the total contained in the bill.

There are precise limits to the amount that can be used for this purpose in categories (a) and (b). And category (c) is available only for capital investments. Additionally, since there is a more generous matching formula, 75 Federal to 25 local, on capital investments, as opposed to 50 to 50 on operating subsidy, there would seem to be no particular inducement for any community to overextend in operating subsidization.

We shall explore more fully during tomorrow's debate the philosophy of assisting in operating costs. Perhaps it will suffice at this point to report simply that, to the committee's best knowledge and information, there is not a single public community transit system in America today that is not losing money.

Mr. HARSHA. Mr. Chairman, I yield such time as he may consume to the gentleman from California (Mr. Don H. Clausen).

Mr. DON H. CLAUSEN. Mr. Chairman, today, we on the Public Works Committee are presenting another landmark piece of legislation to the House for consideration and acceptance. The Federal Mass Transportation Act of 1974 is directed toward improving the quality of life for all Americans with major emphasis being placed on cleaning up the transportation problems of the larger cities of America and providing a start toward improved public transportation system developments in the urbanized and rural areas of the country.

This is a genuine commitment on the part of the committee and potentially the Congress toward providing the necessary and dedicated funds for mass transit and permit us to move in the direction of the long overdue coordinated, integrated, and balanced total transportation system many of us have been advocating.

I want to associate myself with the remarks of our distinguished chairman, John Blatnik, in praising the determined, dedicated, and dynamic leadership of my good friend and neighbor Bob Jones of Alabama and the ranking Republican, Bill Harsha, of Ohio.

I have personally been involved in hundreds of hours of meetings, discussions, and committee work with these gentlemen. Therefore, I feel qualified to make the statement that their cooperative leadership has provided the opportunity for all members of the Public Works Committee to offer amendments and input to the drafting and writing of the very complex and complicated mass transit bill. Our brilliant staff has worked overtime to pull together the many divergent views in what can best be described as an almost impossible task. The field hearings held in the key areas of the country were of immeasurable benefit to all of us on the Transportation Subcommittee.

Speaking for my fellow Californians, I want to express our deep appreciation to Congressmen Jim Wright of Texas and Jim Stanton of Ohio who took one of their precious weekends away from their families to accompany Bizz Johnson and myself to Sacramento, and the Bay Area for hearings and the evaluation of BART, the Golden Gate Bridge, Highway and Transportation District, and other Bay Area transit systems.

As was anticipated there are some differing opinions on the legislation, and amendments will be offered but there is no division of opinion on the matter of making a positive commitment to mass transit with the 6-year authorization that will permit transportation and traffic engineers, transit and/or people mover manufacturers to have the badly needed finance commitment and also the necessary leadtime for planning and program implementation purposes.

At this point, I would like to make some legislative history relating to project agreements, section 508(b) on page 55 of H.R. 12859, as amended.

Reference is made "to the arrangements or agreements made by the State and appropriate local officials." As a member of the committee involved in lengthy discussion with members and public officials, I want to state very positively what the intent of this section 508 actually is.

The term "appropriate local official" means "those responsible local officials who are elected and directly accountable to the public whom they serve, have jurisdiction over highways and transit, and have the authority and capability to raise necessary local tax revenues. These officials may delegate their authority to act to subordinates or to regional or State associations or agencies."

In addition to the commitment to mass transit for metropolitan and urbanized areas, I am especially pleased to have included in our bill the provision referred to as category "D" of section 501 which sets in motion a public mass transportation service program for the rural areas not within urbanized areas and for communities with less than 50,000 population. During numerous meetings with Chairman Bob Jones, Secretary of Transportation Brinegar and his staff, I strongly urged the inclusion of this provision in the legislative package and I am grateful to the committee for having accepted it.

Also, the section 525 which requires that all mass transit projects shall be planned, designed, constructed, and operated so that all public mass transportation facilities, equipment, and services can effectively be utilized by and accessible to elderly and handicapped persons.

During visits to my congressional district in northern California I held a number of meetings with senior citizens, organizations concerned with the handicapped and retired persons. The rural public mass transportation service and accessibility for the elderly and handicapped were very much on the minds of these people. This is a great and important step forward in meeting this increasing need in our society.

In our committee report, I included some alternative views dealing with the subject of funding mechanisms relating to the operation and maintenance questions. I include them in my statement for my colleagues' information and edification:

> While I realize fully the divided opinions, on operating subsidies, in our committee, I believe a more positive and acceptable alternative compromise solution could be attained if the Public Works Committee, and the Ways and Means Committee would jointly address themselves to additional "funding or revenue mechanisms" designed to help States, metropolitan areas, municipalities and rural areas provide the positive methods of finance for operation, administration and maintenance costs.
>
> I refer to the establishment of a possible trust fund for public or mass transportation systems.
>
> This positive "funding mechanism" would be similar to and could be coordinated with the other two transportation trust funds; namely, airport-airways and the highway trust funds which have proven successful in providing America with the finest air and highway transportation systems in the world.
>
> This suggestion has been advocated by many of us on the committee and does in

fact have broad acceptance throughout the country.

It is entirely consistent with our Public Works Committee position advanced and adopted in our Federal-Aid Highway Act of 1973 and could provide the desired legislative continuity for our previous positions.

We asked that the Dept. of Transportation conduct Public Mass Transportation Studies and report back to the Congress.

Secs. 138(a) and 138(b) stated our committee objectives and they read as follows:

PUBLIC MASS TRANSPORTATION STUDIES

SEC. 138. (a) The Secretary shall, in cooperation with the Governor of each State and appropriate local officials, make an evaluation of that portion of the 1972 National Transportation Report, pertaining to public mass transportation. Such evaluation shall include all urban areas. The evaluation shall include but not be limited to the following:

(1) Refining the public mass transportation needs contained in such report.

(2) Developing a program to accomplish the needs of each urban area for public mass transportation.

(3) Analyzing the existing funding capabilities of Federal, State, and local governments for meeting such needs.

(5) Determining the operating and maintenance costs relating to the public mass transportation system.

(6) Determining and comparing fare structures of all public mass transportation systems.

The Secretary shall, not later than July 1, 1974, report to Congress results of this evaluation together with his recommendations for necessary legislation.

(b) The Secretary shall conduct a study of revenue mechanisms, including a tax on fuels used in the provision of urban mass transportation service, and an additional gasoline tax imposed in urban areas, which could be used now or in the future to finance transportation activities receiving financial assistance from the Highway Trust Fund. Such study shall include an analysis of the magnitude of the various potential sources of user tax revenues, the rates at which such taxes could be levied (including possible differential rates), the mechanisms for collection of such taxes, the incidence of such taxes, and the potential impact on transit usage caused by such taxes. The Secretary shall report to the Congress the findings of his study by no later than the 180th day after the date of enactment of this section.

The Department of Transportation completed that study and filed it with the Congress.

This Document "A Study of Urban Mass Transportation Needs and Financing" should now be evaluated by the Public Works and in particular, the Ways and Means Committee of the House.

Working together as they do on Highway legislation, I believe strongly that a more responsive, responsible and guaranteed long-range method of financing could evolve.

The Ways and Means Committee should hold early hearings for purposes of evaluating the DOT study, inventorying the existing funding mechanisms, determine the extent of the need and consider what additional "Revenue Mechanisms" are required to meet the operation and maintenance needs of our Mass Transportation Systems.

Then the Congress could work in concert with local governments to provide this positive alternative to "operating subsidies" from the General Fund and minimize the competition for moneys needed to build the systems and other General Fund programs.

What is needed is an adequate General Fund capital outlay construction commitment to build the mass transit systems plus the Mass Transportation Trust Fund for operation, administration and maintenance of those systems. **Additional funds are needed** and I believe this is a very fair, equitable and proven method of financing that need and avoiding the "inevitable and continuing political fight" for operating subsidies.

I want to join my colleague from Ohio in expressing my deep concern over the level of funding provided in H.R. 12859. At a time when our country is in deepening financial crisis and when the cost of living is skyrocketing, I think it extremely unwise for us not to exercise the kind of fiscal restraint needed to solve our economic difficulties.

In suggesting this, I am not unmindful of the transportation problems of our cities. Of course we must formulate and approve programs which will provide the means for our urbanized areas to build balanced transportation systems adequate to the needs of our citizens.

But, does this mean that the Federal Government must be prepared to respond to every request by every city for all the funding that it can conceivably use for every project it would like to construct? Obviously, if we are going to promote an orderly and efficient program, it must be one that is calculated to allocate moneys in a prudent, yet responsive manner. If we proceed in this fashion, we will maximize our expenditures and minimize waste and duplication.

I think that is what the American people want in a mass transportation program, or, for that matter, in any Federal program. I am convinced that they are wearied almost to death with the over-promising and underperformance of the Federal Government in program after program. They are losing confidence in their institutions because those of us who have the responsibility for making those institutions work have not been as responsive and responsible as we should have been.

Our Nation's financial resources are limited. As a Nation and as a people, we can't have everything that our eyes light on or that is asserted as a need. For a people who follow such an undisciplined course, there can be only economic disaster ahead. Just last week, the Washington Star reported a Gallup poll which indicated that 48 percent of all Americans blame the Government, rather than business or labor, for inflation.

How right they are!

And, if we continue to fuel the "inflationary fires" through the overfunding of programs such as the one we are considering here today, people's faith in their Representatives and in the institutions we were elected to serve will continue to erode. That is the reason I believe H.R. 12859 should be scaled down so that it comes within the more realistic estimate of needs advocated by my colleague, Congressman HARSHA, and confirmed by the administration. If we do that, I am confident that we will have taken a giant step toward providing a balanced and efficient public mass transportation program for the people of America. And we will have helped bank the inflationary fires in the bargain.

I think that those are the kind of objectives all of us can subscribe to. I hope we can pass an acceptable and meaningful mass transit bill this year. In order to do so, without delay, some amendments directed toward compromise will be offered. I urge my colleagues to accept them and permit us to make this landmark commitment to mass transit within the limits of an acceptable funding level.

Mr. HARSHA. Mr. Chairman, I yield such time as he may consume to the distinguished gentleman from North Carolina (Mr. MIZELL), a member of the committee.

Mr. MIZELL. Mr. Chairman, I am concerned and well aware of the existing mass transit situation which presently faces our country. I am also equally aware of the economic situation our country faces, and overspending in this inflationary period will create havoc to our economy.

I urge that the proposed spending of $20 billion be scaled down to a more rational figure of $10 or $11 billion which will adequately serve this program and the national interest at this time.

Mr. Chairman, I am also opposed to operating subsidies.

Mr. Chairman, while I recognize the fact that the transit industry is not making money and do not necessarily believe that it should be a profitmaking operation, I still strongly oppose the operating subsidy provisions of this bill. I believe as do many people, that mass transit should be viewed as a public service and should where possible be required to pay its way out of the fare box. However, what is at issue today is not whether transit should be publicly supported, but rather who should pay.

Currently, mass transit deficits are being financed through a number of mechanisms, but most frequently by State and local governments out of their general tax revenues. This has two beneficial effects: First, it assures that local officials who are closest to the problems in their respective urban areas are responsible for policies affecting fare levels, levels of transit service, and policies affecting the use of the automobile. Such policies would reflect in the broadest sense the aspirations of their communities and recognize the unique features of their communities. Second, the fact that it is the local community that is paying deficits creates incentives for local officials to find ways to improve transit service.

One of my reasons for strongly opposing the provision of Federal operating subsidies is that such a program would undermine local pressures and local responsibility which, in the long run, are the only factors that can really help improve transit service. First, a program of Federal operating subsidies, of necessity, must be uniform in a number of areas in order to be equitable and, thus, does not recognize different needs of different communities. Second, with the Federal Government paying the bills, the incentives at the local level to improve operations are strongly undermined. I believe that Federal subsidies for mass transit are not desirable and should be stricken.

Mr. HARSHA. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from Iowa (Mr. GROSS).

Mr. GROSS. Mr. Chairman, I thought for a moment that no one was going to be given time to ask any questions and obtain answers from proponents of this $20 billion mass transit bill.

I would like to ask some Member who is conversant with the bill how many of these nine cities have tried to float bond issues or have floated bond issues in the last 2 years to take care of their mass transit needs?

Have any of them made any effort to do that on a basis that would satisfy their needs?

Mr. WRIGHT. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I will be happy to yield to any member of the committee who can answer some of these questions for me.

Mr. WRIGHT. Mr. Chairman, I am not able to answer categorically how many of these cities have floated bond issues in the past year or so, but I can say to the gentleman that six of the nine have made quite massive investments on their own in an effort to cope with the rising costs of transportation. The city of New York, for example, is subsidizing its operating expenses to the tune of some $600 million. The State has attempted to match that to some degree.

This also is true in California, where the most innovative and newest system, the Bay Area Rapid Transit System, is operating at a deficit, despite forecasts to the contrary. That is true in the city of San Francisco; it is true in the State of California as well.

Mr. GROSS. Mr. Chairman, I will ask the gentleman this:

Did Los Angeles, for instance, try to float a bond issue for purposes of mass transit?

Mr. WRIGHT. Los Angeles, I am advised, has voted a $7 billion bond issue.

Mr. GROSS. A $7 billion bond issue for mass transit?

Mr. WRIGHT. Mr. Chairman, if the gentleman will yield to the gentlewomen from California (Mrs. Burke) who is from that area, I am sure she could answer that question.

Mr. GROSS. Mr. Chairman, I will be glad to yield to any Member who would be able to provide some information. I yield to the gentlewomen from California.

Mrs. BURKE of California. Mr. Chairman, I thank the gentleman very much for yielding.

In response to the question concerning the situation in Los Angeles, we have voted a State contribution, which would be a one-half percent sales tax. In November we will have on our ballot a proposition to provide the balance of the moneys that will be necessary.

One of the things that becomes very difficult for Los Angeles—and we are not talking about operating subsidies immediately; we are talking about capital—is that it becomes very difficult for us to ask our local people to make a long-term commitment unless we also have some idea of what kind of Federal contribution there may be.

We anticipate that that Federal contribution will not be the amount provided in this bill, but that it will be much less.

Mr. GROSS. Mr. Chairman, I make the point of order that a quorum is not present.

Mr. HARSHA. Mr. Chairman, will the gentleman withhold his request?

Mr. GROSS. No. I will not withhold my request.

I make the point of order that a quorum is not present.

Mr. HARSHA. Mr. Chairman, if I can find out how much time I have, I will be glad to give the gentleman from Iowa some additional time, but until I know I cannot do that.

Mr. BLATNIK. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. Symington, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 12859) to amend title 23, United States Code, the Federal-Aid Highway Act of 1973, and other related provisions of law, to establish a unified transportation assistance program, and for other purposes, had come to no resolution thereon.

A TRIBUTE TO THE LATE LESLIE CARPENTER

(Mr. BURLESON of Texas asked and was given permission to revise and extend his remarks and include extraneous matter.)

Mr. BURLESON of Texas. Mr. Speaker, the unexpected death of Leslie Carpenter on July 25 was, of course, a shock to all of us who knew him personally.

As many of you will recall, Les Carpenter was a correspondent for a number of newspapers and periodicals and had a long association with the House of Representatives. His wife, Liz, as you also know, was the press secretary to Mrs. Lyndon B. Johnson, and the two families had a long and close association.

At the memorial services at Saint Alban's Church on July 27, eulogies were delivered by three prominent people who were close friends of Les Carpenter and I ask that the tributes by Mr. Jack Valenti, a long-time associate of Lyndon Johnson; Ms. Isabelle Shelton, a well-known journalist here in Washington; and our own colleague, George Mahon, be inserted in the Record:

Tribute to Les Carpenter

(By Jack Valenti)

Though Les' career was bound up in newsprint and he bore the proud and durable title of journalist, he carried in his heart the blithe and mocking spirit of show business. One of his chief joys was to be the Washington correspondent for Variety, the bible of show business.

To people like Carol Channing and all the rest who have those aromatic gifts of talent which give so much pleasure to audiences, Les Carpenter was one of their kind.

I can almost hear Les now telling me not to let this drag, to keep the pacing brisk, and when it seems to sag, tell a funny story.

I remember Les relishing a conversation he had with Abel Breen, the late fabled editor of Variety. Abel told Les it was easy to write a show biz story for Variety: "Just get your facts straight, down two martinis fast and you'll be surprised what a great story you'll have". Les reckoned as how Abel was no mean shakes of a philosopher and mentor.

So Les had a foot in each of the worlds of journalism and show business and a heart that spent more time in the one than the other. He knew he was a professional—a man who knew his job and did it with a persistent skill. He understood the gricty underside of politics as well as he knew its glossier summits. And if he climbed the sunnier slopes of show business with great joy it was because to Les there was a happier lilt to make-believe, with its dazzle, its fever, and its zest.

He was a good man, a warm and open man. Mary Margaret and I knew him for so very long and he left too swiftly for us to tell him lately that we loved him. But he knew this and that was his gift to us and to all his friends.

And that is why we shall all bank in our hearts all our unsquandered love for him. But I can hear Les now saying, "Knock it off, don't over-sentimentalize," and for me to remember the adage of show business, "Don't stay on stage too long."

Remarks of Isabelle Shelton, St. Alban's Church, July 27, 1974

We each have our own special memories of Les Carpenter.

In his chosen field of journalism he was a success story. Coming to Washington right out of the World War II Navy, he very quickly—with his beloved Liz—developed a successful news bureau, which in time was to have clients stretching from Austin to Boston, with steps in between. He also covered showbiz, as Washington Representative for *Variety*. He had his own syndicated column, and he was a member of the Standing Committee of Correspondents at the U.S. Capitol—a mark of respect from his peers.

But that really is not what I will remember about Les Carpenter. I will remember his everblooming green thumb, as he crawled around his beloved garden, exorcizing every predator and coaxing every blossom to excel because he loved it so.

I will remember his patiently instructing neophytes like me—who didn't know a pachysandra from a pachyderm—as he turned his garden into one of the loveliest wedding settings I have ever seen, for his adored Christy and her Harvey. Our labors were fumbling, but he was infinitely patient and good-humored as he showed us how to transplant what seemed like 10,000 pachysandras—or was it pachyderms?

I'll remember his wit and humor—and most of all I'll remember his Rock of Gibraltar support of Liz during her frenetic White House years.

When that period was drawing to a close Liz had an overflow crowd at the National Press Club swinging from the rafters as she told us how it had been. She called it her "Swan Song from a Lame Duck".

In one sally directed to Les, she said: "I can't thank you enough, darling, for all that you've done—like earning the living and raising our children. I can't wait to see them again after five years. Les tells me that one is married and the other is in college."

It got a lot of laughs, but it was almost too true to be funny. Les did keep the home fires burning during those years—coping with balky appliances, often acting as both mother and father to Scott and Christy. Liz was concerned about this. We used to talk about it in quiet moments—like just before a White House wedding or while bouncing down the Rio Grande in a rubber raft.

All of us who knew the driving, demanding Lyndon Johnson knew it couldn't have been any other way—for Liz or anyone else at the White House. Les knew it too. He carried the double burden with unfailing grace and good humor—running his busy bureau on the side—and totally supportive of Liz, always.

It was not an easy role for a man—especially back in those dark, benighted 60's, before Liz Carpenter—and I—and several million other women discovered the women's liberation movement.

Yesterday I was privileged to read the letters that Liz and Les exchanged on their recent 30th wedding anniversary—in which they talk of going down "life's lane" together. Liz tells me that this was a phrase they used between them from the early days of their engagement. With Liz's permission, I would like to share the letters with you:

Liz to Les:

My darling partner of Life's Lane.

What a lively time I had today reading back—from Mildred Roesey at the announcement party on Dec. 29, 1943—to your "Leave Requested" posted in the back of our wedding album—yellowed by 30 years and five moves from DeLancey, that shaded apartment and first home, to the Dorchester House and our first child, to McLean Gardens and our second, and then to 4701 Woodway where our roots and hearts settled down (oops—I forget the Kenilworth and the hilarious (?) couch we bought for a dollar).

It has been a great and growing 30 years —but they are just beginning. If you think we spent the best years of our lives in the past—watch out for the next thirty. I love you so much.

Les to Liz:

My dearest Liz—

Life has been mostly a joy ride.

The last 30 years would have been unbearable without you. When I think of the many, many experiences we have had—including, most important, having our Scott and Christy, I feel sorry for everybody else.

I love you very, very, very much, and am so proud of your many achievements. I've reached the point where I don't mind being called "Mr. Liz Carpenter".

I thank God for you every night.

EULOGY FOR LESLIE E. CARPENTER, JULY 27, 1974

(BY GEORGE MAHON)

As I look out over this audience of wonderful people, I say to myself and I say to you what a great tribute to Les and Liz Carpenter.

On Thursday morning of this week Liz Carpenter sat at home talking with a friend about arrangements for this service. It was a time of shock of course and heavy-heartedness for her. Yet as Liz tried to focus on this sad day, a thought crossed her mind which caused her to laugh for a moment, thus identifying a quality of life which we all have recognized in the Carpenters.

Liz explained her reaction in these words: "I do not suppose it would be appropriate. . . ." "But if Les were arranging this, he would want a little humor in the proceedings." To me, in a way, this represents a wonderful quality which we associate with the Carpenters.

For all of us who have known the Carpenters all these years, both Les and Liz, it would be the treasure of our memories that they each brought to us, a perpetual sense of the joy of life, the joy of living, the joy of being in and part of Washington—and of the great human comedy and sometimes human tragedy of public affairs.

What a wonderful contribution, what a wonderful legacy. Les and Liz are inseparable in our minds as they were and are in their own lives.

Intense young people, caring and committed people, it has always mattered to them how their country was governed—and where it was headed. Yet there was another and higher loyalty—a loyalty to the code and honor of the profession they cherished, the profession of newspapering.

It was in that capacity I first knew Les. For myself and for a great many others of my colleagues Les Carpenter in times past stood as the most important correspondent in the Capitol. He reported for the home town or home state newspapers of many of us: Carl Albert, Bob Poage, Wilbur Mills, Bill Fulbright, Omar Burleson, Albert Thomas, Paul Kilday, and a host of others, including, I should certainly mention, Lyndon Johnson.

Les took great pride and satisfaction in seeing his House Members and Senators advance to positions of leadership—including the highest. He rejoiced in success. He sympathized in reverses. Yet as a newsman he was always loyal to his duty of objectivity and truthfulness. And in that loyalty he made us all better public servants.

His time was too brief, but few in Washington had any more effect and influence or any deeper involvement in the affairs of this great city. He saw greatness. He saw smallness. He never was lacking in the laughter which told us he was enjoying it to the fullest.

If the laughter is gone, the legacy is not.

Les—and with him Liz—have always been a part of the best of our lives and they shall always be.

Last month, I sat alone with Les for a time in his backyard garden upon the occasion of their 30th Wedding Anniversary and sing-song.

Les spoke expansively of his success with the flowers and he explained the best technique for growing geraniums.

He won't be tending flowers in his backyard any more because he has departed for another garden but he will be fondly remembered through the years by his multitude of friends here and elsewhere.

May the good and benevolent Lord sustain Liz and all the family at this time of great loss and sorrow—and may God bless us all.

REDUCING FEDERAL PAPERWORK

(Mr. HORTON asked and was given permission to address the House for 1 minute, and to revise and extend his remarks and include extraneous matter.)

Mr. HORTON. Mr. Speaker, today, along with Chairman HOLIFIELD and Congressman YATRON, I am introducing a bill to deal with excessive—and sometimes suffocating—Federal paperwork.

It has been estimated that the Federal Government, American business, and individuals spend more than $36 billion a year on Federal paperwork. The average small businessman, it is reported, will spend more than 2 weeks of nonproductive time each year just filling out Federal forms. There are now more than 5,000 forms used by the Federal Government to collect information, and this figure does not include the multitude of forms used in our tax and banking programs. The Federal paperwork burden today is overwhelming and our mechanisms to control it are in complete disarray. It is a fact also that the amount of paperwork has been growing by leaps and bounds and the expectation is that it will continue to increase.

Congress has long been interested in the Federal paperwork burden, but because of the complexity of the issues involved and the often secondary attention focused on these issues, nothing conclusive has been done since Congress passed the Federal Reports Act in 1942. I commend to my colleagues the recent work of Senator McINTYRE's Subcommittee on Government Regulation of the Senate Select Committee on Small Business in a report entitled, "The Federal Paperwork Burden" (S. Rept. 93-125, April 17, 1973). Members may wish also to look at a report by the House Committee on Post Office and Civil Service (H. Rept. 89-52, February 18, 1965) done almost 10 years ago. Interestingly, it contains many of the same findings as the more recent report by Senator McINTYRE's subcommittee.

Let me outline some of the issues. Our complex Government requires a great deal of information to operate effectively. But at the same time, we must be sure that the Federal paperwork does not smother our society's productive energy. In spite of the immense costs of Federal paperwork, no one really knows the full extent of Federal information requirements. In spite of known duplication of Federal and State tax reporting, we have not made the effort to consolidate tax-information collection. While we recognize the need to hold confidential private information, we have not balanced this objective against other worthy objectives, such as assuring the public's right of access to the Government's information. While we all recognize the need for adequate controls to limit the proliferation of Federal reporting requirements, we have not faced up to the organizational and management issues that would effectively limit these reporting requirements.

My Committee on Government Operations held hearings on related legislation introduced by Congressman YATRON. We were impressed with the scope of the problems and the need for action. With the support of Congressman YATRON and others who are interested in this problem, I have drafted legislation to give us a handle on Federal paperwork. I have talked with the Office of Management and Budget and the General Accounting Office about my proposal and have been told informally that they support it as an appropriate and timely measure. Chairman HOLIFIELD soon will announce hearings on the bill. An identical measure is being introduced in the Senate by Senators BENTSEN, PERCY, and McINTYRE.

My bill would create a bipartisan commission composed of representatives of the House and Senate, the executive branch, State and local governments, and the private sector. The OMB Director and Comptroller General are named members. This high-level task force would have 2 years to formulate recommended changes in Federal information policies and practices in order to:

First, assure that necessary information is made available to Federal officials and those acting on behalf of Federal officials;

Second, minimize the burden imposed by Federal reporting requirements on private citizens, recipients of Federal assistance, businesses, governmental contractors, and State and local governments;

Third, guarantee appropriate standards of confidentiality for information held by private citizens or the Federal Government, and the release thereof;

Fourth, provide that information held by the Federal Government is processed and disseminated to maximize its usefulness to all Federal agencies and the public;

Fifth, reduce the duplication of information collected by the Federal Government and by State and local governments and other collectors of information; and

Sixth, reduce the costs of Federal paperwork.

Mr. Speaker, we need this proposed Commission on Federal Paperwork to deal comprehensively with the very complex issues that make up the Federal paperwork problem. The seriousness of this problem requires that we act now. I hope and expect this bill will be passed this Congress.

MOBILE HOME STANDARDS

(Mr. FREY asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. FREY. Mr. Speaker, approximately 3 years ago I received a call from constituents regarding a problem with their mobile home. I was sure that there was a Federal safety standard to answer the problem and had my legislative assistant check into it. Much to my surprise, I found that there were no minimum national safety standards regarding this important industry. After much research, I introduced the first mobile home safety legislation in the Congress over 2 years ago with 24 cosponsors. The bill did not pass the House in the 92d Congress and I reintroduced it in a modified version in the 93d Congress. I enlisted the aid and support of the junior Senator from Tennessee (Mr. BROCK) in the other body, and mainly due to his efforts the first Frey bill with a few modifications passed the Senate. The Senate House conferees affirmed our desire to have this gap in the law closed by including this measure as part of the House Senate Housing Conference which will be voted on soon. I would like to commend my colleagues on the conference for this action and hope that my colleagues in the House will look favorably upon this measure.

Mobile homes have emerged as an important and unique segment of American housing. With conventional housing costs continuing to skyrocket, we need mobile homes. It was estimated that in 1973 alone there were approximately 600,000 mobile homes produced compared with only 200,000 10 years ago. It is also estimated that approximately 95 percent of all the homes sold today for less than $15,000 are mobile homes. Obviously, we must encourage this industry which fills a need for low cost housing.

However, as in any relatively new and fast-growing industry there are problems. The mobile home industry has done much to police itself and has annually attempted to update its standards. However, these standards are State standards which take time to change and are not uniform. In many areas where adopted, they are not properly enforced. A few States have no standards. Furthermore, there are some problems that are not capable of being solved on a State-by-State basis. The problems of mobile homes from fire, wind and storm are apparent, and need not be recounted. The high cost of insurance for mobile homes speaks more eloquently than statistics which we have found not to be completely reliable.

Mr. Speaker, the passage of this bill brings about a new day for the over 7 million people who live in mobile homes and the legitimate manufacturer of mobile homes. There is no question that as a result of this bill lives will be saved, injuries will be reduced, and costs to the individual owner will be minimized. This is indeed a milestone in the growth of the mobile home industry, and I am proud of the Congress for meeting the challenge.

CHROME EMBARGO AND WINDFALL SOVIET PROFITS

The SPEAKER. Under a previous order of the House, the gentleman from Indiana (Mr. ZION) is recognized for 5 minutes.

Mr. ZION. Mr. Speaker, if the Congress passes H.R. 8005 which will be under consideration shortly and thereby reimposes an embargo on strategic goods from Rhodesia, we will be legislating higher prices for American consumers and windfall profits to the Soviet Union. This is obvious from either the historical precedent we have from the previous experience with the embargo as well as the simple fact that arbitrarily restricting competition inevitably increases prices. At a time of great inflation for the American consumer, we must ask ourselves whether we act responsibly here in the Congress by taking actions which will raise prices for all stainless steel products. With the increased use of antipollution and numerous other products using stainless steel, any price increase of this commodity will have an escalating impact in the years ahead.

In 1967 the United States initially adhered to the embargo declared by the U.N. on all products from Rhodesia. At the time the embargo went into effect the price of metallurgical grade chrome ore—per short ton—of our imports from the Soviet Union stood at $39.87. With the imposition of the embargo, the Congress gave the Soviet Union a tacit monopoly of the market as only Rhodesia represented significant competition in the production of metallurgical grade chrome ore. When the Byrd amendment went into effect in 1971, the Russians had arbitrarily raised their chrome prices to $68.49, approximately a 60-percent increase. By last year through the competition offered once again by the Rhodesian market, the price had declined to $51.73 per ton.

The rulers in the Kremlin undoubtedly would welcome action by this Congress that would reap them a windfall profit on their sales of chrome. Just this past year they demonstrated their ability to price gouge Western nations through the embargo of oil they encouraged in the Middle East. The New York Times reported on June 5, 1974:

> The Soviet Union reaped nearly a billion dollars more in oil revenue than a year earlier, with only a modest increase in exports.

Overall the report notes that the Soviets increased their revenues by $990 million, even though sales only rose from 107 million metric tons to 118.3 million. Prices remained about the same to their Communist allies, and therefore "the extra profits came entirely from non-Communist customers." Even while making professions of support for an absolute boycott of the Dutch by the Arab oil producers, Soviet trade figures have now revealed that their own oil exports increased by one-third to Holland. The Soviet motivation for this becomes obvious when one finds that they simultaneously raised oil prices for the hard-pressed Dutch by almost 350 percent. Other Western European nations suffered similar increases of about 300 percent.

Therefore as we debate the question of whether to repeal the Byrd amendment allowing competition in chrome prices, we must ask whether we want to raise American consumer prices so that the Soviet Union can reap a windfall profit on a chrome monopoly. Most Americans, including many Members of the House, became quite disturbed over the oil embargo last fall and the price rises and inconvenience which this action by the Arab states precipitated. Yet now we are being asked to create an embargo ourselves which will only raise our own prices and provide direct economic aid to the Soviet Union.

Since many other nations, including some black-ruled countries in Africa itself, have broken the embargo against Rhodesia long before the United States exempted several strategic products, there is no reason why we should once again adhere to a policy that has long since proved itself ineffective. We only damage our own economy and aid the Soviet Union by reimposing an embargo on Rhodesia.

DAY OF SHAME

The SPEAKER. Under a previous order of the House, the gentleman from Pennsylvania (Mr. FLOOD) is recognized for 5 minutes.

Mr. FLOOD. Mr. Speaker while we are deeply concerned these days with our own freedoms to govern ourselves, let us not forget that on August 21 falls the sixth anniversary of the Soviet day of shame—a day on which a small, peace-loving Czechoslovakia was deprived of its freedoms by ruthless invaders.

Czechs and Slovaks do not need foreign advice as to how to run their affairs. Their tradition of self-government goes back to the princedom of Great Moravia which was the strongest independent and most highly developed state in Central Europe during the ninth century. Today, the Soviet occupation not only violates the sovereignty of Czechoslovakia but affects the entire European balance of power. The invasion itself was an illegal act of unprovoked aggression and the continuing occupation is an inexcusable violation of international law.

On August 14, 1970, this body passed a Concurrent Resolution No. 817 protesting the occupation of Czechoslovakia. In the following years numerous members of Congress, on both sides of the Hill, issued strong individual protests. It is now established beyond any doubt that the Soviet and Warsaw pact armies were not called by any responsible Czech or Slovak officials. The crushing of the Dubcek government was nothing but an unprovoked act of aggression which must not be forgotten. The illegal occupation of the Czech and Slovak homeland must be ended.

RESOLUTION URGING U.S. CUTOFF IN AID TO TURKS

The SPEAKER. Under a previous order of the House, the gentleman from

Indiana (Mr. BRADEMAS) is recognized for 5 minutes.

Mr. BRADEMAS. Mr. Speaker, yesterday's attack by Turkish jets on Nicosia, the capital of Cyprus, and on United Nations peacekeeping forces and the continued build-up of Turkish troops on the island point up the grave situation in this crucial part of the world.

The time is long overdue for the U.S. Government to exercise stiff pressure on the Government of Turkey to cease its aggression in Cyprus.

The most effective way to do so is to cut off any further U.S. military or economic assistance or military sales to Turkey.

It is outrageous that American taxpayers should be supplying arms to Turkey that are used in attacks upon a friendly country in violation of NATO commitments.

Accordingly, I have introduced on behalf of myself and the gentleman from Maine (Mr. KYROS), the gentleman from Pennsylvania (Mr. YATRON), the gentleman from Maryland (Mr. SARBANES), and the gentleman from Florida (Mr. BAFALIS), House Resolution 1319 calling for a halt to all U.S. economic, military assistance, and military sales to Turkey until all Turkish Armed Forces have been withdrawn from Cyprus.

Mr. Speaker, I am glad to say that 40 other Members of the House have already joined us in cosponsoring this resolution, and I here list the cosponsors so far of House Resolution 1319:

LIST OF COSPONSORS OF HOUSE RESOLUTION 1319

Mr. Hanrahan, Mr. Annunzio, Mr. Dent, Mr. Taylor, Mr. Price of Illinois, Mr. Johnson, Mr. Stanton of Ohio, Mr. Shuster, Mr. Minish, Mr. Adams, Mr. O'Brien, Mr. Cronin, Mr. Hudnut, Mr. Parris, Mr. Sarasin, Mr. Fascell, Mr. Rosenthal, Mr. Froehlich, Mr. Clausen, Mr. Biaggi, Mr. Abdnor, Mr. Rooney of Pennsylvania, Mr. Eilberg, Mr. Ketchum, Mr. Boland, Mr. Badillo, Mr. Rousselot, Mr. Gilman, Mr. Burke, Mr. Conte, Mr. Tiernan, Mr. Walsh, Mr. Seiberling, Mr. Gude, Mr. Young, Mr. Steelman, Mr. Thompson, Mr. King, Mr. Vanik, and Mr. Maraziti.

On noon, August 19, another resolution identical to House Resolution 1319 will be introduced. Those Members of the House who wish to cosponsor the resolution can call Olga Grkavac at extension 56116 by noon of that day.

Mr. Speaker, at this point of the RECORD I insert the text of House Resolution 1319:

Resolved, That it is the sense of the House of Representatives that—

(1) all military, economic, or other assistance, all sales of defense articles and services (whether for cash or by credit, guaranty, or any other means), all sales of agricultural commodities (whether for cash, credit, or by other means), and all licenses with respect to the transportation of arms, ammunitions, and implements of war (including technical data relating thereto) to the Government of Turkey should be suspended on the date of adoption of this resolution; and

(2) the provision of this resolution should cease to apply when the President reports to the Congress that the Government of Turkey has withdrawn all of its armed forces from Cyprus.

DEA AND ITS NEW YORK HEROIN SEIZURE

The SPEAKER. Under a previous order of the House, the gentleman from Illinois (Mr. MURPHY) is recognized for 5 minutes.

Mr. MURPHY of Illinois. Mr. Speaker, I recently interviewed two narcotics agents about the frustrations and rewards of the job and wrote an article for the Chicago Tribune about my findings. In the article, I remarked about the resilience of agents whose job is a battle of wits with the worst elements of our society. The agents may despair on occasion but the experienced agent knows there will be another day and another chance to stop the pushers and dealers.

Agents do not think they are fighting a losing battle. They calmly state:

> Agents have two things going for them, the pusher's greed and the fact that agents can make ten mistakes but the criminal can make only one.

Some of those criminals made that fatal mistake yesterday in New York City. I learned early this afternoon that a shipment of 75 kilos of 95 percent pure European heroin was confiscated from a shipment of Louis XIII furniture arriving from LeHavre, France. The heroin was hidden in hollowed-out furniture panels.

The furniture passed through Customs in June and has been under surveillance of the Federal Drug Enforcement Administration—DEA—since that time. In announcing the arrest of five French citizens and one Argentinian, DEA Administrator John Bartels credited the French National Police, the U.S. attorney's office for the eastern district of New York, and DEA agents with the recovery of the heroin. The bail for three of the men arrested was set at a record $2½ million each. Bartels estimated that the street value of the heroin exceeded $13 million.

Although Bartels had nothing but praise for the narcotics team involved in the seizure, he did express apprehension about future narcotics enforcement efforts now that the Turkish ban on poppy production has been lifted. He described this latest New York interruption of the "French Connection" as only a taste of what can be expected once Turkish poppy production resumes.

This entire episode gives us Members of Congress a great deal to think about. It serves to highlight the desperate need for high-level negotiations with the Turks to prevent another crisis of heroin addiction. As I noted in a July 16 statement before the House Foreign Affairs Committee, this involvement of the highest offices in this land must come now. Weeks and months from now may be too late.

RESTORING CONGRESSIONAL CONTROL OVER LOANS EXTENDED BY EXPORT-IMPORT BANK TO COMMUNIST COUNTRIES

(Mr. ICHORD asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. ICHORD. Mr. Speaker, the bill to extend the authority of the Export-Import Bank (H.R. 15977) will shortly come to the floor of the House for consideration. In view of the events that have taken place in recent months concerning the activities of the Eximbank there is strong sentiment among Members of the Congress to assert some type of congressional control over the Bank. Therefore, I intend to offer an amendment to the bill which restores congressional control over loans extended by the Export-Import Bank to Communist countries. At this time I would like to include a copy of my proposed amendment along with my letter to the Members of the House on August 8, 1974, for easy reference to those who are interested in this subject:

HOUSE OF REPRESENTATIVES,
Washington, D.C., August 8, 1974.

Re: Restoring congressional control over loans extended by the Export-Import Bank to Communist countries.

DEAR COLLEAGUE: One of the major cries raised throughout the country is that the Congress of the United States has surrendered its responsibilities to the Executive Branch. There is some truth in this charge. It is time for the Congress to reassert its constitutional role of overseeing the programs we authorize and fund with the taxpayer's money. The bureaucracy has fallen into the comfortable position of paying little or no attention to the will and wishes of Congress except when they come to us for a new program, the extension of an old program or the appropriation of more money. The House has taken a major step toward reasserting its congressional responsibilities by reserving to either House of Congress the right to disapprove Presidential determinations in connection with the administration of the Trade Reform Act of 1973.

The Export-Import Bank has made it absolutely clear that it will pay no attention to the will of Congress unless we tie them down by law. They have approved loans of $350 million to the Soviet Union since the Mills-Vanik amendment was passed by the House by a vote of 318–80. A sense of the House resolution with 226 co-sponsors instructing them to hold up any further loans to the Soviet Union pending Senate action on H.R. 10710 was ignored.

The enclosed amendment which I intend to offer to Section 3(b) of the Export-Import Bank bill (H.R. 15977) will simply reserve the right to either House of the Congress to disapprove any proposed loan to a Communist country. The right of the President to make the "national interest" determination is preserved as in present law. The Bank would simply be required to report each proposed loan to Congress and if in 30 legislative days neither House of Congress has taken action to disapprove, then the Bank may consummate the transaction which it has proposed. The procedure for congressional disapproval would be that contained in the Executive Reorganization Act, sections 908 through 913 of title 5, United States Code. This procedure provides that once any committee has failed to act on a resolution of disapproval in 20 calendar days, any Member of Congress can call it up for a vote.

I would appreciate your consideration of this matter and your support.

RICHARD H. ICHORD.

AMENDMENT PROPOSED BY MR. ICHORD

Subsection (b) of section 3 of the bill H.R. 15977 (as introduced) is amended by striking lines 6 through 24, on page 3, and inserting in lieu thereof:

"(6) The Bank shall not guarantee, insure, or extend credit, or participate in any extension of credit in connection with the purchase or lease of any product by a Communist country, or any national or agency thereof, or by a foreign country or any agency or national thereof if such product is, to the knowledge of the Bank, principally for use in, or sale or lease to such Communist country, unless and until the Bank has submitted to each House of Congress a statement in explanation of each such transaction and such transaction is not disapproved by a resolution of disapproval adopted by either House of Congress within thirty legislative days after the date on which the Bank has submitted such statement. Such statement shall contain the following:

"(A) A brief description of the purposes of the transaction, the identity of the party or parties requesting Bank financing, the nature of the goods or services to be exported, and the use for which the goods or services are to be exported; and

"(B) A full explanation of the necessity for Bank financing of the transaction, the amount of the financing to be provided by the Bank, the approximate rate at which such financing will be made available, and the period over which such financing will be repaid.

The procedure on introduction, reference, and disposition of any resolution of disapproval by either House of Congress shall, as adapted to the purposes hereof, be as provided in sections 908 through 913 of title 5, United States Code."

MEMORIAL SERVICE FOR SENATOR WAYNE MORSE

(Mr. PEPPER asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. PEPPER. Mr. Speaker, on July 30 in the Washington Cathedral a memorial service was held for the late Senator Wayne Lyman Morse of Oregon, 1900–74. Canon Cave of the National Cathedral officiated. Eulogies were delivered by Senator HATFIELD of Oregon, by me, Bishop Smallwood Williams, George Meany, Joseph L. Rauh, Jr., Senator J. WILLIAM FULBRIGHT, and the Honorable Arthur J. Goldberg, in that ordre. There were prayers and music befitting the occasion. In further honor of this distinguished Senator, this dedicated American, this magnificent advocate, this noble man, and this friend, whom so many of us mourn, I insert a transcript of the memorial service for Senator Morse on this occasion in the body of the RECORD following my remarks:

MEMORIAL SERVICE FOR SENATOR WAYNE LYMAN MORSE OF OREGON, 1900–74

(Tuesday, July 30, Washington Cathedral)

ORGAN PRELUDE

Music of Johann Sebastian Bach.

Sonatina from the Cantata "God's Time if Best."

Sinfonia from the Cantata "I Stand with one foot in the Grave."

Choral Preludes: "When we are in greatest need, deck thyself, O my Soul."

PROCESSION OF THE PARTICIPANTS

CANON JEFFREY CAVE

(In silence.)

OPENING SENTENCES AND PRAYER

(All standing.)

Canon CAVE.

Lord, make us instruments of your peace;
Where there is hatred, let us sow love;
Where there is injury, pardon;
Where there is discord, union;
Where there is doubt, faith;
Where there is despair, hope;
Where there is darkness, light;
Where there is sadness, joy;
Grant that we may not so much seek to be consoled, as to console;
To be understood, as to understand;
To be loved, as to love;
For it is in giving that we receive,
It is in pardoning, that we are pardoned,
And it is in dying that we are born to eternal life.

Oh, God of righteousness, we thank you for the faith we inherit. It gives us the vision of a world where children of God are not ground down in oppression, but lifted up in freedom.

We thank you for the gift of your love. It demands that the human person must not be bound in misery, but liberated in joy.

We thank you for the abundance of the earth. It makes possible a society of persons not equal in poverty, but diverse in wealth.

We thank you for the pricking of conscience. It makes us lay the foundations for such world, not tomorrow, but today.

And, we thank you for Wayne Morse, a faithful and good man. Amen.

Senator HATFIELD. Let us remain standing and join together in responsive reading taken from Psalm 119:

R. Thy word is a lantern unto my feet, and a light unto my paths.

C. I have sworn, and am steadfastly purposed, to keep thy righteous judgments.

R. I am troubled above measure: quicken me, O Lord, according to Thy word.

C. Let the free-will offerings of my mouth please Thee, O Lord; and teach me Thy judgments.

R. My soul is always in my hand; yet do I not forget Thy law.

C. The ungodly have laid a snare for me; but yet I swerved not from Thy commandments.

R. Thy testimonies have I claimed as mine heritage forever; and why? they are the very joy of my heart.

C. I have applied my heart to fulfill Thy statutes always. Even until the end.

ADDRESS, THE HONORABLE MARK HATFIELD

Mr. HATFIELD. Undaunted.

Steadfast.

Unyielding.

Indefatigable.

All these come to mind with the memory of Wayne Morse.

At times like this, we remember what is most lasting about the imprint of a life; we remember what will endure beyond those 73 years given by God to Wayne Morse; we remember what is transcendent of mere politics, and reaches forward to our common destiny and future.

Wayne Morse was a man of the earth.

With his ranch and cattle, he always maintained his roots with the soil.

He treasured Oregon's forests and ranges, battling to preserve their bounty and beauty.

At the bedrock of his career was his commitment to Oregon's land and people.

Wayne Morse cherished his convictions. He clung to them, fought for them, and yielded to them.

Certainly he fought as hard or harder as any in political combat, for he was a relentless pursuer of his causes. But there was a difference. It was not just his political survival which thrust him into his battles. Rather, in a larger way, it was the unquenchable strength of what he believed.

Wayne Morse never thought the point of politics, or for life, was "to get along, you go along." He was freer than most from that perpetual concern with popularity. It was more important for Wayne Morse to stand for his convictions, and to struggle for truth.

Wayne Morse loved the law.

He always remained a tutor of the Constitution to all who would listen.

And it was that love which produced such bristling indignation whenever he felt others were jeopardizing the sanctity of constitutional law. Would that such a jealous love were shared by all given the responsibility of political power.

All these qualities equipped Wayne Morse for the most valued contribution he made to our country: his unceasing drive to bring the nation from war to peace.

That is how Americans will remember him best. For he warned America; he pleaded with her; he tried to alarm her; he wanted to tell America how she was endangering her deepest ideals, and spilling innocent blood.

You could say that he spoke then like a prophet, heralding the truth to ears that rarely were open.

Inexorably, the truth he proclaimed was embraced by more and more others, as the nation began to listen. His zeal was infectuous, both nurtured and shared by Mrs. Morse and family.

He refused to even let age defeat him. Wayne Morse would no more yield to it than to any other foe. So he died fully alive, still in political combat, with his incisive mind and penetratng voice advocating his cause, still preaching constitutional sermons about the law he knew and loved so fervently, and still telling us what he felt in his mind and heart.

It is Tennyson's words which to me would capture the life of Wayne Lyman Morse: "To strive, to seek, to find, and not to yield."

HYMN 471 "ROCK OF AGES"

All sing:

Rock of Ages, cleft for me
Let me hide myself in Thee
Let the water and the blood
From Thy side, a healing flood
Be of sin the double cure
Cleanse me from its guilt and power.

Should my tears forever flow,
Should my zeal no languor know,
All for sin could not atone:
Thou must save, and Thou alone;
In my hand no price I bring
Simply to Thy cross I cling.

While I draw this fleeting breath
When mine eyelids close in death
When I rise to worlds unknown
And behold Thee on Thy throne
Rock of Ages, cleft for me,
Let me hide myself in Thee. Amen

Mr. PEPPER. Canon Cave, members of the family of Senator Morse, and friends: A reading from the 39th Chapter of the Book of Ecclesiasticus:

"He who devotes himself to the study of the law of the Most High will seek out the wisdom of all the ancients, and will be concerned with prophecies; he will preserve the discourse of notable men and penetrate the subtleties of parables; he will seek out the hidden meanings of Proverbs and be at home with the obscurities of parables.

He will serve among great men and appear before rulers; he will travel through the lands of foreign nations, for he tests the good and evil among men.

He will set his heart to rise early to seek the Lord who made him, and will make supplication before the Most High; he will open his mouth in prayer and make supplication for his sins.

If the great Lord is willing, he will be filled with the spirit of understanding; he will pour forth words of wisdom and give thanks to the Lord in prayer.

He will direct his counsel and his knowledge aright, and meditate on his secrets.

He will reveal instruction in his teaching, and will glory in the law of the Lord's covenant.

Many will praise his understanding, and it will never be blotted out; his memory will not disappear, and his name will live through all generations.

Nations will declare his wisdom, and the congregation will proclaim his praise.

If he lives long, he will leave a name

greater than a thousand. It he goes to rest, it is enough for him.

ADDRESS, THE HONORABLE CLAUDE DENSON PEPPER

Mr. Pepper. On the first day of this month, many of us who have gathered here today in this noble edifice, assembled to pay our honor and respect to the late Senator Ernest Gruening.

Among those who came all the way across the continent from his home state of Oregon to join in that appreciation was him whose name we honor today—Senator Wayne Morse.

I shall never forget how we stood and talked together in the robing room, of his great past, of our service together in the Senate, of his hopes for the future, should he be endowed with the opportunity to resume that great career previously cut short.

And, now, too soon it is his name, and his memory which we honor today.

Senator Wayne Morse was a rare man! Rare in so many respects: Rare in keen intelligence, rare in the dynamism of his spirit, rare in his peculiar capacity to be dedicated to a purpose, rare in his courage, rare in his persistence in pursuit of a dream that he entertained.

Wayne Morse, as a Senator, ranged all over the realm of public issues like a knight of the round table jousting with every defender of wrong he could reach, raising his fearful lance in support of every worthy cause that came within the scope of his restless energy.

And, what a record he made! In two respects, I should like to mention that record: One having to do with his participation in the formulation and in the development of the policy of our country in respect to Latin America:

In nineteen hundred and fifty-five, he became Chairman of the Subcommittee on Latin American Affairs of the Senate Foreign Relations Committee.

In 1958, he began a study of the relations of our country wtih our neighbors to the South, and out of that study came the principles of what was later the noble declaration of the Alliance for Progress. A great member of that subcommittee was Senator John F. Kennedy.

When Castro was coming to power in Cuba, it was the voice of Wayne Morse, raised in warning against our country embracing one of his character and the disposition that he was beginning to display. Thereafter, visiting with the President, with the Secretary of State—representing the President, he had a large part in the relations between our country and Latin America, always striving to make the hemisphere stronger, and to make closer the attachments of friendship between our country and theirs.

And, then in the field of education, Wayne Morse had signal distinction. During the time he was Chairman of the Education Subcommittee of the Senate Education and Labor Committee, more legislation affecting education in this country, giving federal assistance to the program of education in our nation was enacted, than ever before in the nation's history, and Wayne Morse was the one who led the passage of that legislation in the United States Senate.

His colleagues have borne eloquent testimony to the contribution that he made in this field. I quote from the remarks of Senator Abe Ribicoff, former Secretary of Health, Education and Welfare in the administration of President Kennedy:

"When the name 'Morse' appears on an educational bill, the present generation of children and children yet unborn will be assured that the bill stands for one man who in my opinion more than any other single individual in the whole history of our nation has helped further the cause of education in the United States."

And Senator Javits:

"The work of the Senior Senator from Oregon in bringing this bill to the floor with the unanimous support of the Committee on Labor and Public Welfare is of such an extraordinary quality that I feel that that alone, whatever else ensues, deserves the highest encomium of which I am capable, but also the entire world of education."

And majority leader, Senator Mansfield, said:

"The title, 'Mr. Education', is a title well-earned by Senator Morse. I thank him from the bottom of my heart, and I congratulate him for his tremendous understanding, knowledge and ability on all matters, but especially on questions involving education."

Every aspect of education:

Elementary and secondary,

Higher education,

Assistance to students needing financial aid in obtaining an education, all this great panorama of education passed under the careful guidance and great leadership of Wayne Morse.

Perhaps, one of the qualities of Wayne Morse that all will remember best is his steadfastness of purpose. Indeed, once he committed himself to a course, he was unshakeable in that position.

It might be said, as was said in an ode from Horace, "were the vault of Heaven to break and fall upon him, its ruins might smite him, undismayed."

He was actuated by the motivation of concern for people, and pursuit of what he thought was his just duty.

And he was moved by what might be the words of Babcock, who said,

"We have hard work to do, loads to lift; Shun not the struggle; Face it. It is God's gift."

We may truly say, as was said by Shakespeare:

"He has borne himself beyond the measure of his own times, doing in the figure of a lamb the feats of a lion."

And we can say,

May God long preserve the memory and the spirit of Wayne Morse; for, as his friend said to Hamlet,

We know "we shall not see his like again."

A REMINISCENCE: BISHOP SMALLWOOD WILLIAMS

Bishop Williams. Canon Cave, distinguished guests, ladies and gentlemen, and members of the family:

In my considered judgment, the late Senator Wayne Morse was one of the greatest Senators to have sat in the United States Senate.

He was not only interested in the citizens of the State of Oregon, which sent him to the U.S. Senate for twenty-four years, but his profound humanitarianism gave him a great consideration for the poor, the disenfranchised, the disinherited, and the underprivileged everywhere.

The hungry children of our nation's capitol loved him for his great concern which led him through legislative action to secure a lunch and milk program for public school children, liberal welfare, public assistance, and family aid legislation.

He was an intrepid determined fighter for civil rights, civil liberties, and integration for all citizens of the United States of America.

He was a fierce fighter against all forms of discrimination and second class citizenship in our nation. His powerful voice, and wise counsel, and impressive presence, and liberalism in the Fifties helped to make possible the civil rights legislation for the Sixties.

Senator Morse was a very friendly person. He would invite me to have breakfast with him, in the U.S. Senate dining room, back in the Fifties, before the days of integration. The Senate dining room at that time was a lily-white situation. The usual only visible blacks were waiters and servants.

The presence of a black guest would always attract undue attention. The Senator, while conversing and eating unhurriedly, would look up and notice some of his distinguished colleagues from various parts of the country who did not share his views on racial integration.

He would politely rise, as the Southern Senator from Louisiana passed, and he would warmly address his colleague and say:

"Senator, I want you to meet my good friend, Bishop Smallwood Williams."

The Senator would blush red, and shake my hand, acknowledge the introduction, and later the Senator from Georgia would pass. He would repeat the introduction with similar results; so, finally, one of the Southern Senators gave Senator Morse what I considered at that time a left-handed compliment. The Senator with the different racial philosophy from Senator Morse said:

"I differ with his racial views. However, one thing I would say about Wayne Morse—he practices what he preaches."

And may I profoundly add, not only did he practice what he preached, but we honor him today because he preached what he practiced.

For his strenuous effort and others like him; America is the bastion of the free world, and it is a better place to live; a more pragmatic example of human freedom and dignity, which our Declaration of Independence and Constitution proclaims.

Senator Wayne Morse leaves this nation a great legacy of liberalism and determinism, which his contemporaries cannot ignore, and history should not omit.

In spite of the political turbulence of our times, this nation is better because a man named Wayne Morse lived and worked here tirelessly, throughout his life, for the causes in which he believed.

May God ever bless his memory, family, and friends. Amen.

ADDRESS, GEORGE MEANY

Mr. Meany. I came to know Wayne Morse early in his years of public service on the War Labor Board, during World War Two.

That Board was a solid example of the ability of free men to govern themselves, uncoerced, in the service of their country in the time of searching trial.

As a public member, the character, wisdom and diligence of Wayne Morse helped to make it possible for labor and management to measure up to that test. Yet, he never demanded or expected that either would yield, for a moment, their duty to advance most vigorously the rights and interests of those they were there to represent.

Our respect for Wayne Morse grew with familiarity over the years, as he involved himself deeply in the processes of collective bargaining, as one of the nation's leading arbitrators and mediators of labor-management disputes. His fairness, integrity and dedication to free and voluntary paths to industrial peace were above question by either side of the many controversies he helped to resolve.

His contribution to human rights in industrial life, as well as political life, will endure far beyond his time.

That respect and regard continued to grow in the course of his political career, and it survived frequent differences on issues and approaches to issues. A powerful advocate and a formidable adversary, he was one whom we always wanted to have on our side. His force always exceeded his solitary vote in the Senate, for he was willing to step forward from the pack, to lead and to fight, and he fought from conviction, not from any awe of persons or institutions.

He was a friend of labor, not because he was beholden to labor, but because his largeness of heart and mind made him a champion of the plain people, the advocate of the little man surrounded by forces and aspirations beyond his reach.

He played the game on the top of the table, without guile or petty artifice. But, he brought to that great game of politics and legislation, a spirit of steel and a will of iron. He knew full well that when the battle of the common man is to be fought, any weakness of will or slackness of mind must succumb before the interest and odds against it.

He gave as much of himself to the people of the District of Columbia, who lacked the political voice or power to reward him in any way for his fidelity, as he gave the nation, when larger issues called him forth.

Wayne Morse perceived and understood the vital link between education and human progress. That great series of acts of Congress, which vastly enlarged the federal role in support of the expansion of educational opportunity during the years of Lyndon Johnson's Presidency bear the strong marks of his concern.

How often since he left the Senate, and issues and causes languished for lack of a courageous and stalwart champion, have we said among ourselves, "If we only had a Wayne Morse to lead this fight for us on the Hill?" But the only Wayne Morse was Wayne Morse himself.

We had hoped that in the fall we would be able to help return Wayne Morse in full voice to the Senate where he belonged, and where he is needed; but it was not to be. Now, we shall not see his like again. The Senate, the nation and the people have lost a great champion of justice, and we are all the poorer for that irreplaceable loss.

ADDRESS, JOSEPH L. RAUH, JR.

Mr. RAUH. Canon Cave, friends, family of Wayne Morse:

I think I speak this morning not for myself, but for all those in the civil rights movement who worked with Wayne Morse: For those of us who had the privilege of working closely with him; for Clarence Mitchell, Roy Wilkens; but, really, above all, for the millions of people whose rights exist today because of Wayne Morse, and who probably do not even know his name:

Justice Brandeis once wrote, "If we would guide by the light of reason, we must let our minds be bold."

More than any other public leader of our lifetime, Wayne Morse lived by this Brandeis injunction. There is no time within memory when he failed to let his mind be bold. Over and over again in the thirty years of our friendship and collaboration, it was Wayne Morse who raised the banners toward new goals of equality and civil freedom.

Once the goals were set, no force on earth could move him from his appointed course.

It was Wayne Morse in the late Forties and Fifties, who outlined the constitutional bases, for the broad civil rights laws of the Sixties. Only too often in that period he knocked unsuccessfully at the Senate clubhouse door with its ever-present sign, "No Civil Rights legislation wanted."

It was Wayne Morse who helped keep the civil rights goals alive in Nineteen Fifty-Seven, by voting against the watered down civil rights bill of that year, and eloquently reaffirming the true needs of minority Americans. And, I suppose I may say, like so many others would say, I was one of those who advised him to vote for the bill.

It was Wayne Morse who helped stop the 1958 Congressional onslaught on the civil liberties decisions of the Warren Supreme Court.

Indeed, my favorite mind's-eye picture of Wayne is at four a.m. on an August Sunday morning in 1958, with books piled high on his desk, and a "they shall not pass" look on his face. The drive for the last of the anti-court bills lapsed in the face of that threatened end of the session filibuster.

It was Wayne Morse who kept the goal of true Home Rule for the District of Columbia alive in the Fifties and Sixties, while others berated him for not accepting unworkable substitutes. Every Washingtonian should thank God for Wayne Morse, as they cast their first Home Rule vote this fall.

Often, Wayne Morse stood alone. Where others sought refuge in the crowd, he had the courage to take the stand, undaunted by the absence of colleagues or other supporters. For those who knew him, Tonkin Gulf was not a surprise, but an inevitability.

As so many have said this morning before me, we shall not see the likes of this fierce warrior for justice soon again. Almost alone among public figures, his courage never once left him faltering or hesitant. Wrong he may, on occasion, no doubt, have been, but lacking in boldness he never was.

At a time when too many would hide in the changeless center, Wayne Morse is our reminder, forever, that one man with unlimited courage can move mountains of apathy and despair.

We shall miss him more and more.

HYMN 519, "EBENEZER"

All sing:

Once to ev'ry man and nation
Comes the moment to decide,
In the strife of truth with falsehood,
For the good or evil side;
Some great cause, God's new Messiah,
Off'ring each the bloom or blight,
And the choice goes by forever
Twixt that darkness and that light.

Then to side with truth is noble,
When we share her wretched crust,
Ere her cause bring fame and profit
And 'tis prosp'rous to be just;
Then it is the brave man chooses,
While the coward stands aside,
Till the multitude make virtue
Of the faith they had denied.

By the light of burning martyrs
Jesus' bleeding feet I track,
Toiling up new Calveries ever
With the cross that turns not back;
New occasions teach new duties,
Time makes ancient good uncouth;
They must upward still and onward
Who would keep abreast of truth.

Though the cause of evil prosper
Yet 'tis truth alone is strong;
Though her portion be the scaffold,
And upon the throne be wrong.
Yet that scaffold sways the future,
And, behind the dim unknown,
Standeth God within the shadow
Keeping watch above his own.

ADDRESS, THE HONORABLE JAMES WILLIAM FULBRIGHT

Mr. FULBRIGHT. Canon Cave and friends: To Wayne Morse our country is deeply indebted.

The cirmustances presently confronting our nation serve to emphasize the importance to the preservation of our democratic system of government of men with the personal integrity, the dedication and the courage of Wayne Morse.

Although he enjoyed personal friendships as others do, he always gave one the impression that the welfare of all the people he represented so ably was his primary concern and he was relentless in his pursuit of that objective.

He was willing, as few men are, to be aggressive and abrasive to his colleagues, or to Presidents, when he believed the peoples' interest required it. Few men have equalled his devotion to the Senate and to the country!

Some Senators distinguished themselves as great advocates; others, as far-sighted critics of national policy. Wayne Morse was both: A remarkably knowledgeable and skillful legislative manager, especially in the fields of labor and education, and an equally distinguished critic of mistaken policies, especially in our foreign relations.

As a legislator, he was brilliant and indefatigable. As one who usually agreed with Wayne Morse in debate, but occasionally did not, I can state, unequivocally, that I greatly preferred having him on my side. He was in the classic sense of the term a great debator, a gifted practioner of an art form now in decline. While Senators increasingly have taken to the media, and to the techniques of public relations, Wayne Morse retained an old-fashioned faith in government by discussion, and the place for that discussion, in his view, was the Senate floor. It was preeminently his forum, where he brought to bear his extraordinary gifts of knowledge, logic, and tenacity.

Wayne Morse and I served together on the Foreign Relations Committee for fourteen years, from 1955 until 1969. There, especially, I appreciated his remarkable energy and foresight.

Whereas, many Senators made it a practice to appear only occasionally in the committee, to make a point or advance a particular cause, Senator Morse was there most of the time, listening, questioning, probing, and in so doing, educating—educating his colleagues, and educating the American people.

Above all, in foreign relations, he was far-sighted. He was ahead of most of us in appreciating the defects of our bi-lateral foreign aid programs. He was one of the architects of the Alliance for Progress, and, under his chairmanship, the Foreign Relations Committee on Inter-American Affairs was uniquely creative and influential.

To his enduring fame and credit, Senator Morse perceived the tragic folly of the Vietnam War before virtually anyone else. His vote against the Tonkin Resolution in 1964, one of only two in the Senate, along with his then unheeded efforts to apprise the Senate of the facts of that episode, stand as a landmark of courage and prescience in the Senate.

We have heard a great deal in recent years about the need to strengthen the Senate by means of new rules of procedure and reorganized committees. For my part, I can think of a much more effective means of strengthening and rejuvenating the Senate: Elect more Senators like Wayne Morse of Oregon.

ADDRESS, THE HONORABLE ARTHUR J. GOLDBERG

Mr. GOLDBERG. There was a man—He was a zealot! He railed against injustice, immorality and abuse of power.

He had the courage to be alone and apart, in defense of principles. Just like the tree planted by the water, where principles were involved, he could not be moved.

He alienated and challenged the establishment on occasion. He even chided his most intimate friends for lapses from what he regarded to be the true faith.

Critics were prone to say that he was too self-righteous, that he wore a hair-shirt, that he was intolerant of human failings, and that his deep-felt convictions were to strongly expressed, too single-mindedly held, and too passionately argued.

Yet, his heart was filled with love, notwithstanding, that he often felt that he had to speak in words of condemnation.

He was a maverick, a mugwump. The man I have described is Jeremiah, Ezekial, Isaiah, or Micah, prophets in Israel.

Is it not remarkable how many of the qualities of the Hebrew prophets Senator Wayne Morse possessed? I would not presume to characterize Wayne Morse as a prophet in the biblical sense. The prophets of the Old Testament were divinely inspired.

Yet, it cannot be gainsayed that Senator Morse, like the prophets of old, was a zealot—for integrity, morality, justice, the rule of law, peace, and steadfast adherence to basic principles.

There is an old Jewish tradition, tracing back to the prophet Isaiah, that in every age there are 36 just men, which in Hebrew is called—they're called the "Lamitvov". According to this tradition, if just one of them were lacking, the suffering of man would multiply.

Lamitvov, the legend says, are the hearts of the world multiplied; and into them, as into one receptable, pour all of our grievances against injustice and inequity. The teaching of this legend is that *one man* is indispensable, and Wayne Morse was!

For Wayne Morse's career and good works proves the essential truth of this legend: Absent Wayne Morse and his great contributions to the cause of the poor, the oppressed, the wage-earner and those discriminated against, the suffering of mankind would, indeed, have multiplied!

The Lamitvov tradition is a legend. But, to paraphrase the poet, more things are wrought by legends that men dream of.

If Wayne Morse dissented from public policies contrary to the public interest, as he frequently did, if he championed social and economic justice, as he frequently did, if he fought for the elimination of illiteracy, of prejudice and racial bigotry, as he did, if he loved peace—hated war—abjured violence and discord at home and abroad, as he did, Senator Morse was giving expression to the highest patriotism, best defined by Adlai Stevenson in these words:

"What do we mean by patriotism in the context of our times?

A patriotism that puts country ahead of self;
A patriotism which is the steady dedication of a lifetime.
These are words that are easy to utter,
But this is a mighty assignment.
For it is often easier to fight for principles,
Than to live up to them."

"When an American says he loves his country

He means not only that he loves the New England hills,
The prairies glistening in the sun,
The wide and rising plains,
The great mountains and ranges and virgin forests of the far west,
He means that he loves an inner air,
An inner light in which freedom lives
And in which a man can draw a breath of self-respect."

I don't know whether Adlai Stevenson was conscious of this, but he was paraphrasing the words of the first Chief Justice of the United States, John Jay, who spoke of the "Free Air of American Life."

If I were to have a capsule of Wayne Morse, I would say he took one again from the founding fathers.

His slogan was theirs: "Do not tread on me and our liberties." That to me is the essence of Wayne Morse.

Like another great American, he conceived that those who won our independence believed liberty to be the secret of happiness, and courage to be the secret of liberty.

They believed, as he did, that the greatest menace of freedom is an inert people; that public discussion is a political duty; that this should be a fundamental principle of all American government.

They recognized the risk to which all human institutions are subject; But they knew, as he did, that order cannot be secured merely through fear of punishment for its infraction; that it is hazardous to discourage thought, hope and imagination; and that fear breeds repression, that repression breeds hate, that hate menaces stable government; that the path of safety lies in the opportunity to discuss freely supposed grievances and proposed remedies, and that the fitting remedy for evil counsels is good ones. These convictions held by the founding fathers—and Wayne Morse, perhaps represent a lesson to us, and a teaching for our present travails.

In mourning Wayne Morse's passing, we, his friends and distinguished colleagues who are gathered here today salute this indomitable combat soldier for liberty, freedom, justice and peace.

To these great ends he dedicated his life and, in so doing, left an enduring profile in courage.

PRAYERS

For the departed and those who mourn, for Oregon, for our country, the Lord's prayer.

Canon CAVE. As the service draws to a close, shall we stand for the prayers:

"Almighty God, our Heavenly Father, in whose hands are the living and the dead, we give Thee thanks for all Thy servants who have spent their lives in the service of our country, especially Thy servant, Wayne. Grant to him Thy mercy, and the light of Thy presence, and give to us such a lively sense of Thy righteous will that the work Thou hast begun in him may be perfected through us." Amen.

Let us pray for Oregon:

"O, God, author of all majesty, how bright is Thy glory, upon the land of Oregon. Blessed be the trees upon their hills, the valleys in their verdure, and the dry places waiting their turn of fertility. Praised be to Thee for the precious gift of rain, drawn in to Heaven from the sea, caught again upon the snowy peaks, returning fruitfully down the strong rivers, giving life to Thy people in their orchards and city places. May their lives likewise be lifted to Thee and blessed, and sent again to do Thy service upon earth; so may the land be renewed, and the souls of Thy servants, through Jesus Christ, our Lord." Amen.

Let us pray for our country:

"Almighty God, who hast given us this good land for our heritage; we humbly beseech Thee that we may always prove ourselves a people mindful of Thy favor and glad to do Thy will. Bless this land with honorable industry, sound learning, and pure manners. Save us from violence, discord, and confusion; from pride and arrogance, and from every evil way. Defend our liberties, and fashion into one united people the multitudes brought hither out of many kindreds and tongues. Fill with the spirit of wisdom those to whom we entrust the authority of government, that there may be justice and peace at home, and that, through obedience to Thy law, we may show forth Thy praise among the nations of the earth. In the time of prosperity, fill our hearts with thankfulness; and in the day of trouble, suffer not our trust in Thee to fail; all of which we ask through Jesus Christ, our Lord." Amen.

All pray: "Our Father, who art in Heaven, hallowed be Thy Name. Thy kingdom come. Thy will be done. On earth as it is in Heaven. Give us this day our daily bread. And forgive us our trespasses, as we forgive those who trespass against us. And lead us not into temptation, but deliver us from evil, for Thine is the kingdom, and the power, and the glory, forever and ever." Amen.

BENEDICTION, CANON CAVE

Canon CAVE. "The peace of God which passeth all understanding, Keep your hearts and minds in the knowledge and love of God, And of His Son, Jesus Christ our Lord, and the blessing of God almighty, the Father, the Son, and the Holy Ghost, be amongst you and remain with you always." Amen.

POSTLUDE

Choral Prelude "We Believe in One God," by Johann Sebastian Bach.

INTERVIEW OF HON. CARL VINSON IN AIR FORCE MAGAZINE

(Mr. PRICE of Illinois asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. PRICE of Illinois. Mr. Speaker, in the August issue of Air Force magazine is an interview with the former chairman of the House Armed Services Committee, the Honorable Carl Vinson. I am sure that many of my colleagues here in the House remember Carl Vinson for his devoted service to his district and to his country in this Chamber until his retirement just 10 years ago.

Mr. Speaker, Carl Vinson gave over 50 years of distinguished, and may I add, exceptional service to the people of the Nation. I am proud of my personal association with Carl Vinson on the Armed Services Committee, and I am confident that my colleagues will find his thoughtful view expressed in retirement as useful and enlightening as they were when expressed in active public service.

I include the interview at this point in the RECORD.

THE VIEW FROM MILLEDGEVILLE, GA.

(By Louis R. Stockstill)

("Intelligence, and reflection, and judgment rest in old men, and if there had been none of them, no states could exist at all."

The words are those of Cicero, and we find them marvelously appropriate to introduce the following interview with Carl Vinson, the eldest elder stateman extant in the field of national security. Readers of this magazine will remember the interviewer, Lou Stockstill, best for his article "The Forgotten Americans of the Vietnam War," in our October 1969 issue, which told for the first time of the shameful treatment of American POWs in Southeast Asia and set off a series of reverberations that eventually resulted in the return of those who survived. In his former capacity as editor and congressional correspondent of the Armed Forces Journal, Stockstill came to know Carl Vinson well, as a news source and as a friend.

We thought it appropriate that Stockstill go to Milledgeville, Ga., to see how the first and longtime Chairman of the House Armed Services Committee now views the kinds of problems he had been so adept at solving in years past.—The Editors.)

Q. Mr. Chairman, after more than fifty years in the House of Representatives, you have now been in retirement for ten years. Still, I imagine that in your leisure time, you continue to reflect on many of the current issues of national defense.

A. Now, Lou, you know that an old man, out of public office for ten years, should be seen very little, if at all, and heard even less.

Q. In you case, Mr. Vinson, I doubt that ever will be true. Many of our present leaders and members of our armed forces would consider themselves fortunate if they could benefit from your wisdom and know some of your thoughts about the trends and issues that affect our military posture.

A. Well, naturally, I continue to be very interested in matters affecting our armed forces and the security of the United States. But you have to remember that I no longer have any close, personal knowledge of most of these matters. I try to keep informed about what's going on. I read four daily newspapers, I read the New York Times's weekly news round-up, and I watch the major national news programs on TV every night. But that's about the extent of my knowledge. If you keep that in mind, I'll try to answer your questions. Now, what is your first question?

Q. One of the big questions remaining from the Vietnam War has to do with men who evaded the draft and refused to serve, or who deserted military service and fled to another country. How do you feel about amnesty for these men?

A. I strongly oppose any general amnesty. We should never encourage the idea that military service is something that can be shunned at the whim of the individual. When a man evades the draft or deserts his uniform, it means another young man has to take his place and perhaps fight, or be wounded, or even killed. And it would be unfair to these other young men to allow those who shirked their responsibility to go scot free.

Q. Do you favor some provisional amnesty that would give them, so to speak, a second chance? Recently a former Secretary of the Army told a congressional committee that these men all had one thing in common—they were all young and they all made a mistake.

A. I heard that testimony, too. Perhaps they were young and made a mistake, but from what I've seen of those being interviewed on TV, few acknowledge or even know they made a mistake. Their attitude is not one to encourage widespread support for amnesty.

I think every case will have to be considered on its merits, and if the man owes a debt to society, he must pay it. Unless we deal firmly with this problem, we will only encourage disrespect for our armed forces and for the millions of young men who have served their country honorably.

Q. This might be an appropriate place to discuss the efforts that are being made to man the services with an all-volunteer force. Do you believe this program will be successful?

A. No, I do not. From what I gather to be the case even if we get all of the men we need, they won't all be of the caliber we need.

The profession of arms is an honorable profession, and money alone won't fill the ranks. You can't buy patriotism, and you can't buy loyalty. And from what I've been reading lately about the thousands of dollars in bonuses that are being offered for reenlistment and to keep medical officers and other specialists, it seems to me that the costs are getting entirely out of hand.

But even if we can afford the dollar costs, we can't afford the risk of filling the ranks of the armed forces with men who are not fully qualified, men who are not high school graduates, or who are below average in intelligence.

Sooner or later I think we'll have to go back to the draft. And I hope we don't wait until it's too late. I think Congress should reinstate the draft right now.

Q. The Secretary of Defense has stated that the maximum attributable cost of the volunteer force during Fiscal Year 1975 will be about $3.7 billion; the total military manpower price tag is almost $32 billion, however—or more than one-third of the entire Defense Department budget for the coming fiscal year. What effect do you think these growing manpower costs are having on other Defense Department programs?

A. They are bound to have a profound effect. Weapons costs never stop going up, and if you have to set aside billions of dollars for your payroll, then obviously, in a tight-money situation, you'll have less to spend on weapons and other programs.

And, of course, we are facing another tight-money situation. After every war, our defense expenditures have always been tightened up. The same pattern is shaping up again. The actual dollar outlays may be greater, but what we can buy with the money is a lot less.

Q. Do you find this alarming?

A. Yes, I do. Russia is our major potential adversary, and the Soviet Union's weapons have become more and more sophisticated and she is constantly improving her arsenal. We cannot afford to let Russia overtake us. We have to improve our bomber force, and we must keep our missile superiority, and we must improve our submarine force and constantly moderize and strengthen our Navy so that we'll continue to be second to none.

Q. Do you think the Strategic Arms Limitation effort and the present policy of détente will enable us to reduce our Defense expenditures?

A. Well, let me say this. We must strive to use every means at our command to create a more peaceful world. But our leaders can only go to the conference table with confidence as long as we are as strong as or stronger than any potential adversary. Any reductions we might make must be made only when we are absolutely sure that we are not lessening our safeguards.

Q. Mr. Chairman, there has been some recent talk in Washington about a possible move within the Defense Department to reorganize the armed forces and perhaps change some of the present roles and missions. Would you encourage a new look at the present structure of the services?

A. I don't know of any particular need to look at it, but I don't know all of the background. I do know that the present organization and present roles and missions were hammered out in the Eisenhower Administration, and they are well defined and well understood. There's no harm in reviewing the structure from time to time, of course, but changes should not be made unless they offer strong, justifiable improvements.

If anything needs to be reviewed today, I think it might be the ratio of fighting men to the ratio of support forces. If we need to revitalize the services, we should probably tighten up the support structure.

When we created the Air Force, for example, we created it so we would have a superior force of pilots capable of performing all essential air missions. I think we may have gotten too far away from that concept, and that the Air Force could possibly strengthen its rated-officer structure and pare back in some of the areas that are not directly related to its primary combat missions.

And the same thing holds true for the other services, as well.

Q. With respect to Air Force pilots, you probably are aware there have been some drastic changes in the methods of determining eligibility for flight pay, and that this matter is still under study and revision in the Congress. What is your reaction to this? [The new flight pay bill was signed into law on May 31 and became effective June 1.—The Editors]

A. Unquestionably, we have to pay pilots a premium. It costs millions to train them, and once they're trained, we have to make every effort to keep them in uniform. I'm not familiar with the changes or proposed changes in flight pay, but I would say this:

If changes are made, they must be designed to increase the attractions of a military career in flying and to improve the pilot retention rate. Any change that won't enhance these two goals won't be worth making.

And, from my experience, I would say that that principle applies across the board to most armed forces manpower needs. It applies particularly in areas of highly specialized training where the government foots the training costs.

Q. Mr. Chairman, I know you have been concerned about the effect of the recent energy crisis on our military preparedness, specifically as it related to the petroleum reserves set aside for defense use. Could you comment on this and on any related concerns you have about future energy needs as they apply to the armed forces?

A. This is a subject I'm glad to talk about. The fate of these special petroleum reserves has worried me a great deal the last few months.

The Administration wanted to start pumping this oil. They wanted to pump out more than we took out during all of WW II—as much as 200,000 barrels a day, compared with 64,000 barrels a day that we used during the war.

Of course, it's up to Congress to decide this issue. But, personally, I opposed it and will continue to oppose it. And I hope and trust that the Congress will insist on keeping this oil right where it is—in the ground.

These reserves were set aside for defense needs in wartime. If we allow this oil to be used for every kind of emergency, we run a grave risk of eventually having no backup supply in some future time of national danger.

Petroleum shortages, in a situation like the crisis we just weathered, may hamper us and hold us back and cut out Sunday driving, but unless they threaten our national survival, we must hold onto our defense reserves.

It's an old saying, but I'll repeat it, anyway. You can't eat your cake and have it. If we draw on these reserves now, they won't be there when we really need them.

Q. Do you foresee any steps we should be taking to improve the long-range energy requirements of the armed forces?

A. Well, one thing everyone learned from the recent crisis is that we can no longer afford to depend on foreign nations to fulfill our energy needs. We have to move ahead rapidly in achieving maximum independence. We must make every effort to increase all of our energy resources and output.

Personally, I think we should launch a new, all-out effort to capitalize on the pioneering success we had in harnessing the atom. We all know what the Manhattan Project achieved. And I think that a similar effort could produce atomic power for all of our naval vessels and that we could still produce an atomic-powered aircraft engine.

The nation that put the first man on the moon certainly has the ability to solve the problem of repackaging the atom.

One way that we could go about it would be to set up a program that would assure the utilization of all of the magnificent brainpower that is now being drained out of the space program. These scientists and engineers already have demonstrated that they can do the impossible. If we gave them whatever additional experts they might require and reorganized them into a task force charged with finding new answers to our energy needs, I believe they might amaze us, all over again.

But no matter what form the effort takes, we shouldn't delay a minute in getting on top of this problem. Every potential means of improving our energy resources must be thoroughly explored and exploited, not only for the benefit of the military but for the benefit of every citizen of the nation.

Q. Two final questions, Mr. Chairman: First, how do you view the performance of the House Committee on Armed Services since your retirement?

A. The Committee has done an outstanding job. The membership has changed substantially since I left, but I think that the late Mendel Rivers made a great record as Chairman, and I think Eddie Hébert has demonstrated that he may be the finest Chairman the Committee has ever had.

You know, Eddie was always one of the hardest working, most knowledgeable, and most thorough subcommittee Chairmen who ever served under me. He proved himself long ago when he first headed the Investigating Subcommittee, and he continues to demonstrate superior qualities of leadership.

It has pleased me to see the Committee continue its longstanding policy of nonpartisanship. When it comes to the defense of our country, no issue must ever be decided in a partisan atmosphere.

The ranking Republicans on the Committee, Bill Bray and Les Arends, and the senior Democrats, Mel Price and O. C. Fisher, have always been stalwart believers in this philosophy and I know they have given Chairman Hébert strong support in maintaining this essential method of examining our defense requirements.

Some of the other members who started out as freshmen congressmen when I was Chairman, who impressed me at the time, and who continue to impress me with the caliber of their endeavors, are still there—Charley Bennett, Sam Stratton, Otis Pike, Bob Wilson, and Dick Ichord. They are all strong men, and as long as the Committee has leaders like them, it will continue to make a fine record.

Some of the outstanding members, like Les Arends, O. C. Fisher and Charley Gubser are retiring at the end of this Congress, but

I have faith that their replacements will try to serve the interests of their country, with the same honesty and integrity that these men and the long line of their predecessors have always exhibited.

The Committee has a proud heritage. It is respected and admired. If those who now serve on the Committee, or who join it in the future, want to take pride in their service, they will continue to uphold and build on the Committee's reputation for hard work and no nonsense.

Q. Do you have any advice for the newer members of the Committee?

A. If I were in a position to advise them, the most important message I could pass along would be this: Never allow geographic concerns, or narrow constituent concerns, or private or political or vested interests, or any such interests to influence your vote on issues of national security. Your main concern, always, must be the welfare of the United States of America.

GET ON OUT HERE

(By Lou Stockstill)

The 300-acre Vinson home, River Ridge Farm, sits astride an unnumbered state highway four miles south of Milledgeville, the old, pre-Civil War capital of Georgia.

The rolling, well-maintained road is bordered with a heavy carpet of red clover, towering pines, and green pastures. As you leave the outskirts of Milledgeville, a signpost identifies the road as Vinson Highway.

But when you reach the farm, there's nothing to indicate that it belongs to one of Georgia's most illustrious sons. A thick privet hedge marches along the road in front of the half-moon driveway curving up to the house. Tall magnolia, nandina, dogwood, and other trees and shrubs enfold and dwarf the spacious white frame residence so that it appears deceptively small and inconspicuous. Most travelers would pass it by without paying it much attention—a fact that suits the man who lives there.

He has always walked apart from the common herd, and guarded his privacy with zeal. Retirement has not changed him. Unlike many former colleagues who have retired or been defeated but continue to haunt the halls of Congress, Carl Vinson has never been back inside the US Capitol since he stepped down as Chairman of the House Committee on Armed Services ten years ago.

Of course, friends from "Washington City" come to Milledgeville. Recent visitors have included Mel Laird and Bryce Harlow, before they left the White House as senior advisers to the President; House Armed Services Committee Chairman F. Edward Hébert; the Secretary of the Navy; the Chief of Naval Operations; former Sen. Margaret Chase Smith; and Rep. and Mrs. Bob Sikes.

He welcomes these visitors and the chance to hear first-hand news about the Congress and official Washington. But in the quiet days when there are no visitors, he keeps busy on the farm and with his office in town and his correspondence, and he is content.

For my first interview with Mr. Vinson, I was late—not by the clock, but by his own personal timetable, which has built-in pitfalls even for the wary.

Before I left Washington, I had talked with him on the telephone. He had reserved a room for me at the Holiday Inn, about two miles on the other side of Milledgeville from the farm. And he had told me to telephone him when I arrived.

From previous experience, I knew this did not mean thirty minutes or an hour after my arrival, but the instant I checked in. So I quickly placed the call.

"All right, Lou," he said, "now you go through town and stop and see Till and then come on out to the farm."

"Till" is a former assistant of Mr. Vinson's who also is retired. He and his family live in Mr. Vinson's former townhouse on Montgomery Street, where Mr. Vinson grew up, just around the corner from Georgia College. It's about a ten-minute drive from the Holiday Inn, and I was there is less than fifteen minutes.

Till and I chatted for another ten minutes, and then the telephone rang. We both smiled in the knowledge of what it foreboded. And we were not wrong. It was Mr. Vinson.

"Where is Lou?" he wanted to know. "Right here," Till said. "Well, tell him to get on out here," Mr. Vinson commanded, "I'm waiting for him."

Those who know Mr. Vinson best are familiar with his idiosyncracies and find them amusingly endearing. I would be treated to others over the next three days. When a man has served in the House of Representatives for more than half a century (longer than anyone in our history) and chaired a major congressional committee for thirty years (also a record), it is difficult not to become a little imperious.

I got on out.

We spent the afternoon reminiscing and talking about current activities of old friends, what they're up to and what the government is up to. And then we drove back into Milledgeville for an early dinner.

Mr. Vinson has never driven a car, has never learned to drive. And he tends to be suspicious of the competence of those who do sit behind the wheel.

As we headed back into Milledgeville, I waited for my first instructions. They were not long in coming.

"Now, Lou," he said, "you're driving too fast. You'd better slow down or you'll get a citation."

I was doing thirty-five in a forty-mph zone, so I slowed down.

During dinner I had no need to outline my planned schedule for the interview that had brought me to Milledgeville. Mr. Vinson, as I had anticipated, already had thought out an agenda:

"Now, we'll go back to the farm after dinner, and watch the evening newscasts, and then we can talk until time to go to bed. And in the morning you can come back out and I'll try to answer some of your questions. And that's the routine we'll follow."

And so it was. We spent mornings on the interview. But in the evening, we watched the TV news programs. And then, until 10:00 or 10:30 each night, we discussed the people and events in the news and then rambled through a great many other topics.

The conversation frequently ranged back in time. Mr. Vinson talked about his family. His grandfather helped survey the state in its infancy. An uncle served in the Georgia legislature before the Civil War. He is particularly proud of two present-day members of the family: a nephew, Army Maj. Gen. Wilbur Vinson, who commands the Southern European Task Force, headquartered in Italy; and a great nephew, Sam Nunn, who represents Georgia in the United States Senate.

Mr. Vinson talked about some of his own campaigns for the Congress.

He recalled the events involved in his first race for the US House of Representatives, sixty years ago. His memory at any age would be remarkable, but at ninety years and six months, it is little short of phenomenal.

Remembering that first campaign in 1914, he talked about a speech he made in August "at noon" on a "wet, gray day." He recalled the first words he spoke and the effect they had on his audience. And he recited the names of all of the counties he carried to win the race, as well as those he lost.

As he talked about his early days in Washington City, he remembered vivid and specific details about the numerous rooming houses, boarding houses, and hotels where he lived as a bachelor (their names, locations, the amount of his rent, and the names of others who lived there). He still remembers the exact price he paid for the modest frame house he bought in Chevy Chase after his marriage in the depression years.

He recalled the automobile trips he and Mrs. Vinson made to Georgia in those years (with "Mary" at the wheel). "There were only two small paved stretches of road the entire distance, and one of them was paved with brick. The trip took four days each way."

Sometimes the memories crowded in thick and fast. They were well larded with humorous anecdotes.

On his first visit to the White House after John F. Kennedy became President: "He told me to sit down and motioned to a rocker. I said, 'Mr. President, I know the Executive and the Legislative are coequal branches of government, but in the old days when I came to see the President I always stood in front of the desk. It's easier to end an interview if only one person is seated.' And President Kennedy laughed and told me, 'Well, in that case you sit and I'll stand.' "

In another discussion, I mentioned to Mr. Vinson that I had never seen him angry. "Well," he said, "anger is an emotion no man can afford."

He remembered a House colleague who had been elevated to the chairmanship of another committee and who came to ask advice about how to keep the committee members in line. "I told him to get a copy of the House Armed Services Committee rules and just follow them to a 'T,' and he wouldn't have any trouble."

But before long, Mr. Vinson said, the colleague was back, bemoaning the fact that his committee members had all but wrested his powers right out of his hands. "Your rules didn't help a bit," he complained.

Mr. Vinson told him. "It wasn't my rules that did it. The trouble is, you got all of your members mad at you. I never let more than four or five of my members get mad at me at any one time."

During the evenings I spent with Mr. Vinson, we both laughed a great deal. He has always had a marvelous sense of humor.

Sometimes as we talked and laughed, from the comfort of the two big, over-stuffed rocking chairs on his enclosed back porch, it was difficult for me to remember that I was sitting with a man who was a powerful influence in the nation when I was still a schoolboy; a man who has personally known nine Presidents of the United States; who is the only living member of the historic Aircraft Board, appointed by President Calvin Coolidge, that blueprinted the future of American commercial and military aviation.

I have known Carl Vinson for twenty-four years. Most of the time, I would find myself thinking of him as a contemporary. And I would momentarily forget that this is a man who also knew Billy Mitchell, who argued with Herbert Hoover, who battled with Dwight Eisenhower, and who served as mentor to such fledgling congressmen as Lyndon Johnson and "Scoop" Jackson—a man who was the architect of the two-ocean navy and who played a major role in the development of almost every aspect of America's present-day military might.

But then I would remember. And I would be grateful that AIR FORCE Magazine had given me this opportunity to once again spend some time with a great American who, only incidentally, is an old friend.

AMENDMENT TO H.R. 12859

(Mr. ROUSH asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. ROUSH. Mr. Speaker, pursuant to rule XXIII, clause 6, of the Rules of the House of Representatives I submit the following amendment, for printing in the RECORD, to H.R. 12859:

On page 57, line 18, after the period insert "provided, however, that such provision shall not prohibit the leasing of railway rights of way, the use of which have been abandoned as provided by law, to state and local units of government for recreation purposes."

THE CRISIS OF INFLATION

(Mr. BEARD asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. BEARD. Mr. Speaker, despite the passing of the tragedy of Watergate from the center of the public stage, it is clear that we will have no respite from pressing problems. It is obvious that the most serious of these is continuing, rampant inflation. We must deal with this problem above all others. To fail to do so invites imminent national disaster.

Mr. Speaker, inflation is literally consuming us. The value of each individual's paycheck is shrinking at such a rate that visions of women carrying bushel baskets of bills to the grocery store—as happened when the German mark plummeted in the fading days of the Weimar Republic—do not seem farfetched. Each month, the cost of living goes up. This affects each of us, from the Tennessee farmer who has to spend more for his feed, to the California truckdriver who has to spend more for his fuel, to the New York housewife who has to spend more for her groceries. Mr. Speaker, we are being engulfed by wave after wave of inflation and the time has come to put a stop to it before it literally destroys us.

I believe that we have reached the point in our economic history where we must admit the crisis we are in, and at which point we must begin to remedy the situation. I am today introducing legislation which will, if enacted, greatly restrain Federal spending and which would require a mandatory reduction of our huge national debt. My bill prohibits Federal expenditures in excess of Federal revenues, except in time of war, and requires the Government to use a portion of those revenues to retire a portion of the national debt annually.

Many of my liberal colleagues will say this is an extreme measure, impractical and absurd in these days of sophisticated, post-Keynesian economic theory. Mr. Speaker, this is extreme, but I believe our economic system is virtually in extremis and that the times demand a measure such as this.

Basically, my bill provides that: Expenditures of the Government during each fiscal year, including reduction of the public debt, shall not exceed its revenues for such year except: First, in time of war declared by the Congress; or second, during a period of grave national emergency declared by the Congress by a concurrent resolution which has passed each House by the affirmative vote of at least two-thirds of the authorized membership of that House.

The public debt limit is hereby reduced as follows: Effective October 1, 1974, by an amount equal to 2 percent of the net revenue of the United States for the fiscal year ending September 30, 1975; followed reductions of 3 percent of revenues in fiscal 1976, 4 percent of revenues in fiscal 1977, and 5 percent of revenues in each fiscal year thereafter.

The bill also would require that the budgets submitted annually by the President be prepared, on the basis of the best estimates then available, in such a manner as to insure compliance with the first section of this act.

Notwithstanding any obligational authority granted or appropriations made, except such with respect to the legislative and judicial branches of the Government, the President shall from time to time during each fiscal year take such action as may be necessary—by placing funds in reserve, by appointment of funds, or otherwise—to insure compliance with the first section of this act.

Section 4 of my bill would prohibit the Congress from passing appropriations which would result in expenditures by the Government during any fiscal year in excess of its revenues—as such revenues have been estimated in the budget submitted by the President—except in these cases:

First, to the extent of any additional revenues of the Government for such fiscal year resulting from tax legislation enacted after submission of the budget for such fiscal year;

Second, in time of war declared by the Congress; or

Third, during a period of grave national emergency declared in accordance with the first section of this act, with the proviso that such excess expenditures may be made only during the actual period of grave emergency.

Mr. Speaker, I recognize that this bill does not represent a popular solution to our economic ills, for it requires us to pare Federal spending to the bare minimum. In doing so, each of us will lose not only programs we believe are in the true national interest, but also on our "pet projects," a dam here, a road there, a post office somewhere else. The harsh realities of our sad situation must become apparent to all of us. We are walking along an economic abyss. I feel that enactment of this legislation will prevent us from falling into that abyss and will, indeed, put us on the road to true economic health and stability.

Mr. Speaker, I insert the text of my bill at this point in the Record:

H.R. —

A bill to provide that Federal expenditures shall not exceed Federal revenues, except in time of war or grave national emergency declared by the Congress, and to provide for systematic reduction of the public debt

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the expenditures of the Government during each fiscal year, including reduction of the public debt in accordance with the provisions of section 2, shall not exceed its revenues for such year except—

(1) in time of war declared by the Congress; or

(2) during a period of grave national emergency declared by the Congress by a concurrent resolution which has passed each House by the affirmative vote of at least two-thirds of the authorized membership of that House.

Sec. 2. Section 21 of the Second Liberty Bond Act, as amended (31 U.S.C. 757b), is amended by inserting "(a)" after "Sec. 21.", and by adding at the end thereof the following:

"(b) The public debt limit set forth in subsection (a) is hereby reduced as follows:

"(1) Effective on October 1, 1975, by an amount equal to 2 percent of the net revenue of the United States for the fiscal year ending September 30, 1975;

"(2) Effective on October 1, 1976, by an amount equal to 3 percent of the net revenue of the United States for the fiscal year ending September 30, 1976;

"(3) Effective on October 1, 1977, by an amount equal to 4 percent of the net revenue of the United States for the fiscal year ending September 30, 1977;

"(4) Effective on October 1, 1978, and October 1 of each year thereafter, by an amount equal to 5 percent of the net revenue of the United States for the fiscal year ending on September 30, of the preceding year."

Sec. 3. (a) The Budget submitted annually by the President pursuant to section 201 of the Budget and Accounting Act, 1921, as amended, shall be prepared, on the basis of the best estimates then available, in such a manner as to insure compliance with the first section of this Act.

(b) Notwithstanding any obligational authority granted or appropriations made except such with respect to the legislative and judicial branches of the Government, the President shall from time to time during each fiscal year take such action as may be necessary (by placing funds in reserve, by apportionment of funds, or otherwise) to insure compliance with the first section of this Act.

Sec. 4. The Congerss shall not pass appropriations measures which will result in expenditures by the Government during any fiscal year in excess of its estimated revenues for such year (as such revenues have been estimated in the budget submitted by the President), except—

(1) to the extent of any additional revenues of the Government for such fiscal year resulting from tax legislation enacted after the submission of the budget for such fiscal year; or

(2) in time of war declared by the Congress; or

(3) during a period of grave national emergency declared in accordance with the first section of this Act; but, subject to paragraph (1) of this section, appropriations measures which will so result in expenditures in excess of estimated revenues may be passed by the Congress only during such a period of grave national emergency.

Sec. 5. This Act shall apply only in respect of fiscal years beginning after October 1, 1975.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. Shipley (at the request of Mr. O'Neill), for today and Thursday, August 15, on account of death in the family.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. Vanik, for 20 minutes, today, to revise and extend his remarks and include extraneous material.

(The following Members (at the request of Mr. Martin of North Carolina) to revise and extend their remarks and include extraneous material:)

Mr. Zion, for 5 minutes, today.

(The following Members (at the request of Mrs. Boggs) and to revise and extend their remarks and include extraneous matter:)

Mr. Flood, for 5 minutes, today.

Mr. Gonzalez, for 5 minutes, today.

Mr. Brademas, for 5 minutes, today.

Mr. Murphy of Illinois, for 5 minutes, today.

Mr. Badillo, for 15 minutes, on August 20.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. St Germain to revise and extend his remarks on the amendment to section 701 immediately preceding vote on Stark amendment.

Mr. Don H. Clausen, to insert his remarks during debate on Stark amendment on H.R. 9989.

(The following Members (at the request of Mr. Martin of North Carolina) and to include extraneous material:)

Mr. Findley.

Mr. Ashbrook in four instances.

Mr. Roncallo of New York.

Mr. Anderson of Illinois.

Mr. Hanrahan.

Mr. Zwach.

Mr. Walsh.

Mr. Frenzel in three instances.

Mr. Frelinghuysen.

Mr. Hosmer in two instances.

Mr. Bell in two instances.

Mr. Regula.

Mr. Symms.

Mr. Derwinski in three instances.

Mr. Conte.

Mr. Ketchum in two instances.

Mr. Conable in two instances.

Mr. Baker.

Mr. Gilman.

Mr. Cronin.

(The following Members (at the request of Mrs. Boggs) and to include extraneous matter:)

Mr. Tiernan.

Mr. Rose.

Mr. Bowen.

Mr. Waldie in two instances.

Mr. Hamilton.

Mr. Gonzalez in three instances.

Mr. Rarick in three instances.

Mr. Anderson of California in two instances.

Mr. Won Pat.

Mr. Minish.

Mr. Yatron.

Mr. Litton.

Mr. Stokes in two instances.

Mr. Carey of New York.

ENROLLED BILL SIGNED

Mr. HAYS, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 7218. An act to improve the laws relating to the regulation of insurance companies in the District of Columbia.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 2957. An act to amend the title of the Foreign Assistance Act of 1961 concerning the Overseas Private Investment Corporation to extend the authority for the Corporation, to authorize the Corporation to issue reinsurance, to terminate certain activities of the Corporation, and for other purposes.

BILLS PRESENTED TO THE PRESIDENT

Mr. HAYS, from the Committee on House Administration, reported that that committee did on August 13, 1973, present to the President, for his approval, bills of the House of the following title:

H.R. 11108. An act to extend for 3 years the District of Columbia Medical and Dental Manpower Act of 1970; and

H.R. 12832. An act to create a Law Revision Commission for the District of Columbia, and to establish a municipal code for the District of Columbia.

ADJOURNMENT

Mrs. BOGGS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 24 minutes p.m.), under its previous order, the House adjourned until tomorrow, Thursday, August 15, 1974, at 11 o'clock a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2655. A letter from the Secretary of the Army, transmitting to amend title 10, U.S. Code, and the Military Selective Service Act to permit the assignment of members of the armed forces who have completed basic training and training in a military specialty as is prescribed by the Secretary concerned to oversea areas free from hostile fire, and to permit the release of Reserve component enlistees from their initial active duty for training upon completion of basic training and training in a military specialty as is prescribed by the Secretary concerned; to the Committee on Armed Services.

2656. A letter from the Secretary of the Interior, transmitting the report on activities carried on by the Geological Survey outside the national domain during the period January 1 to June 30, 1974, pursuant to 42 U.S.C. 31(c); to the Committee on Interior and Insular Affairs.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. HALEY: Committee on Interior and Insular Affairs. H.R. 13157. A bill to provide for the establishment of the Clara Barton National Historic Site, Md.; John Day Fossil Beds National Monument, Oreg.; Knife River Indian Villages National Historic Site, N. Dak.; Springfield Armory National Historic Site, Mass.; Tuskegee Institute National Historic Site, Ala.; and Martin Van Buren National Historic Site, N.Y.; and for other purposes; with amendment (Report No. 93–11285). Referred to the Committee of the Whole House on the State of the Union.

Mr. HALEY: Committee on Interior and Insular Affairs. H.R. 14217. A bill to provide for increases in appropriation ceilings and boundary changes in certain units of the National Park System, to authorize appropriations for additional costs of land acquisition for the National Park System, and for other purposes; with amendment (Rept. No. 93-1286). Referred to the Committee of the Whole House on the State of the Union.

Mr. STAGGERS: Committee on Interstate and Foreign Commerce, H.R. 16102. A bill to amend the Emergency Daylight Saving Time Energy Conservation Act of 1973 to exempt from its provisions the period from the last Sunday in October 1974, through the last Sunday in February 1975; with amendment (Rept. No. 93–1287). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ARCHER (for himself and Mr. Corman):

H.R. 16419. A bill to amend the Tariff Schedules of the United States with respect to the rate of duty on bale ties of baling cotton, and for other purposes; to the Committee on Ways and Means.

By Mr. DOMINICK V. DANIELS (for himself, Mr. Esch, Mr. Peyser, Mr. Perkins, Mr. Quie, Mr. Gaydos, Mr. Meeds, Mr. Phillip Burton, Mrs. Grasso, Mr. Dent, Mr. Badillo, Mr. Steiger of Wisconsin, Mr. Forsythe, Mr. Sarasin, Mr. Thompson of New Jersey, Mr. Brademas, Mr. Hawkins. Mr. Ford, Mrs. Mink, Mr. Clay, Mrs Chisholm, Mr. Biaggi, Mr. Lehman Mr. Benitez, and Mr. Rodino):

H.R. 16420. A bill to provide for the development and implementation of programs for youth camp safety; to the Committee on Education and Labor.

By Mr. DOMINICK V. DANIELS (for himself, Mr. Dellums, Mr. Derwinski, Mr. Eilberg, Mr. Fraser, Mr. Helstoski, Mr. Howard, Mr. McKinney, Mr. Metcalfe, Mr. Nix, Mr. Rosenthal, Mr. Roybal, Mr. Sarbanes, Mr. Steele, and Mr. Veysey):

H.R. 16421. A bill to provide for the development and implementation of programs for youth camp safety; to the Committee on Education and Labor.

By Mr. FINDLEY (for himself, Ms. Holtzman, Mr. Scherle, and Mr. Hawkins):

H.R. 16422. A bill to terminate age discrimination in employment; to the Committee on Education and Labor.

By Mr. HOLIFIELD (for himself and Mr. Horton):

H.R. 16423. A bill to provide for the resolution of claims and disputes relating to Government contracts awarded by executive agencies; to the Committee on the Judiciary.

By Mr. HORTON (for himself, Mr. Holifield, and Mr. Yatron):

H.R. 16424. A bill to establish a Commission on Federal Paperwork; to the Committee on Government Operations.

By Mr. PATMAN (for himself, Mr. Barrett, Mr. Reuss, Mr. Ashley, Mr. Moorhead of Pennsylvania, Mr. Stephens, Mr. Minish, Mr. Hanna, Mr. Gettys, Mr. Annunzio, Mr. Rees, Mr. Hanley, Mr. Koch, Mr. Cotter, Mr. Moakley, Mr. Stark, Mrs. Boggs, Mr. Widnall, Mr. Johnson of Pennsylvania, Mr. J. William Stanton, Mr. Brown of Michigan, Mr. Wylie, Mrs. Heckler of Massachusetts, Mr. McKinney, and Mr. Frenzel):

H.R. 16425. A bill to provide for the monitoring of the economy, and for other purposes; to the Committee on Banking and Currency.

By Mr. PATMAN (for himself, Mr. Roncallo of New York, Mr. Burgener, Mr. Rinaldo, and Mr. Treen):

H.R. 16426. A bill to provide for the monitoring of the economy, and for other purposes; to the Committee on Banking and Currency.

By Mr. SLACK:

H.R. 16427. A bill to provide for protection of franchised dealers in petroleum products; to the Committee on Interstate and Foreign Commerce.

By Mr. WYMAN:

H.R. 16428. A bill to provide for the development of a long range plan to advance the national attack on arthritis and related musculoskeletal diseases and for arthritis training and demonstration centers, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. BEARD:

H.R. 16429. A bill to provide that Federal expenditures shall not exceed Federal revenues, except in time of war or grave national emergency declared by the Congress, and to provide for systematic reduction of the public debt; to the Committee on Ways and Means.

By Mr. ST GERMAIN:

H.R. 16430. A bill to establish the National Commission on Electronic Fund Transfers; to the Committee on Banking and Currency.

By Mr. STEELE:

H.R. 16431. A bill to amend section 402 of title 23, United States Code, relating to highway safety programs; to the Committee on Public Works.

By Mr. TIERNAN:

H.R. 16432. A bill to amend the Federal Energy Administration Act of 1974 to provide that the Federal Energy Administration conduct a national media campaign promoting increased residential insulation; to the Committee on Government Operations.

By Mr. TIERNAN (for himself, Ms. ABZUG, Mr. BUCHANAN, Mrs. COLLINS of Illinois, Mr. DERWINSKI, Mr. EILBERG, Mr. FROEHLICH, Mr. HARRINGTON, Mr. MOAKLEY, Mr. PEPPER, Mr. PODELL, Mr. QUIE, Mr. RIEGLE, Mr. RODINO, Mr. ROYBAL, Mrs. SCHROEDER, Mr. STARK, Mr. STOKES, and Mr. SYMINGTON):

H.R. 16433. A bill to direct the National Bureau of Standards to prepare building insulation standards; to the Committee on Science and Astronautics.

By Mrs. SCHROEDER (for herself and Mr. RINALDO):

H. Con. Res. 601. Concurrent resolution to provide for the printing of copies of the Constitution of the United States in Spanish; to the Committee on House Administration.

By Mr. STEELE:

H. Con. Res. 602. Concurrent resolution expressing the sense of the Congress that the President, acting through the U.S. Ambassador to the United Nations Organization, take such steps as may be necessary to place the question of human rights violations in the Soviet-occupied Ukraine on the agenda of the United Nations Organization; to the Committee on Foreign Affairs.

By Mr. BRADEMAS (for himself, Mr. KYROS, Mr. YATRON, Mr. SARBANES, and Mr. BAFALIS):

H. Res. 1319. Resolution expressing the sense of the House regarding the halt of U.S. economic and military assistance to Turkey until all Turkish Armed Forces have been withdrawn from Cyprus; to the Committee on Foreign Affairs.

By Mr. CRONIN:

H. Res. 1320. Resolution expressing the sense of the House of Representatives with respect to suspending assistance to Turkey until it withdraws all of its armed forces from Cyprus; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII,

Mr. FISHER introduced a bill (H.R. 16434) for the relief of Carla K. Finch, which was referred to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII,

473. The SPEAKER presented a petition of William Moyer, Pontiac, Ill., relative to redress of grievances; to the Committee on the Judiciary.

EXTENSIONS OF REMARKS

NEW HAMPSHIRE'S TUTTLE FARM

HON. NORRIS COTTON

OF NEW HAMPSHIRE

IN THE SENATE OF THE UNITED STATES

Tuesday, August 13, 1974

Mr. COTTON. Mr. President, we New Hampshirites take what I consider to be justifiable pride in recognizing in a special way that the basic principles which provided strength for our land in its early days are the same principles which have sustained us through the years and the same principles upon which we must rely to remain strong in the future.

A good example of what I am talking about can be found in my State at the 342-year-old Tuttle farm, apparently the oldest farm in the United States, where today an 11th generation family is proving that quality and "honest salesmanship" are still a fundamental combination for those who would find success in their chosen fields of endeavor.

The Wall Street Journal recently published a front-page article on New Hampshire's Tuttle farm and I ask that it be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

ONE FAMILY'S FARM—SINCE 1632, A TUTTLE HAS TILLED SAME LAND, ADJUSTING TO CHANGE

(By Liz Roman Gallese)

DOVER, N.H.—Like his great-great-granduncle and namesake a century before him, William Penn Tuttle III returned to the family farm only after a fling at life in the big city. He drove a taxi, sold used cars and was a salesman for Campbell Soup Co. in Boston for a year after graduating from Tufts University with a degree in sociology.

"I had never spent time in the city, so it seemed exciting and challenging," says Bill, a 27-year-old bachelor. "But it turned out to be just a bunch of people I couldn't stand." Nor could he stand the city's long theater and restaurant lines and the traffic jams. "It got so I hated getting up in the morning to get where I was going," he says.

So he went home, to the Tuttle family's rolling vegetable farm here on either side of State Highway 16. "I was dumbfounded, absolutely dumbfounded, when he walked in that spring morning," says 53-year-old Hugh Clarke Tuttle, who for years had been heartsick over his son's disinterest in the farm. "I thought he had a tiff with his boss, and for a year I didn't believe he'd stay."

Bill's homecoming means that the Tuttle farm—which dates back to 1632 and is apparently the oldest farm in the U.S. still owned and operated by the same family—will continue at least through the 11th generation.

A NEW ERA

It also signals a new era for the farm. Whereas the entry into commercial farming assured the farm's survival into the 20th Century, Bill is busy building it for the 21st. He's expanding the number of products sold in its retail store, called Tuttle's Red Barn. And he's using sophisticated marketing, advertising and cost-cutting techniques in an effort to increase sales and profit. The farm itself is going through a transition, from sole proprietorship to family corporation.

While its 245 acres are less than the 385-acre national average for farms, sales have more than doubled to more than $200,000 expected this year from $72,000 two years ago. That puts the Tuttle farm in the top 10% of U.S. farms—those with annual sales of more than $40,000 that produce 61% of the nation's food, according to the U.S. Department of Agriculture. (Of the nation's 2.8 million farms, only one million are "commercially productive"; at least one million are small, part-time enterprises with under $2,500 in annual sales, the department says.)

Moreover, the Tuttle farm earlier this year received one of 14 annual Ford Motor Co. "Ford Farm Efficiency Awards." "Hugh Tuttle has an overall high-quality, efficient, well-run operation," says Cliff Ganschow, editor of the "Ford Almanac," an independent publication that makes the selections. "He's representative of a really top food producer, but he's got a perspective that makes him special."

ROOTS IN HISTORY

That perspective is rooted deep in the farm's 342-year history, which dates back almost to the beginning of Colonial times. Its history has closely paralleled that of the nation's farming industry. "For centuries, farms were self-sufficient," says Wayne Rasmussen, Agriculture Department historian. "Horse-drawn farming came in during the Civil War, signaling the beginning of commercial farming, or producing for a market. Machine farming came in after World War II, 1954 being the first year that tractors outstripped horses.

"Those changes prompted the death of most 17th and 18th Century farms, as they were forced to merge to justify the efficient use of improved methods." Since the 1935 high of 6.8 million farms, 20,000 to 30,000 have folded each year.

That the Tuttle farm survived is a testament to its Quaker tradition, its sense of timing, and its people. The Tuttle story, pieced together from historical records, old albums and family memories, began in Bristol, England. King Charles I granted an apprentice barrel maker—John Tuttle, or "Immigrant John," as he's now called—the right to about 20 acres on "Hilton's Point," a nine-year-old settlement between the Cochero and Bellamy Rivers. John emigrated on the ship Angel Gabriel, and like most early settlers, he lived as a subsistence farmer.

Life was difficult. "The new land had everything going for it after crowded 17th-Century England, but only the tough survived," Hugh says. "The climate was poor, the primeval forest thick, the top soil only two to three inches."

CLEARING THE FOREST

Three centuries later, to learn just how difficult, Hugh himself cleared a virgin patch of forest, treated it with lime and manure—and plowed crops under for four years. "I started planting buckwheat, which grows anywhere. But it still took six years before the topsoil built up to the minimum needed. I don't know how my ancestors did it," he says.

By the second or third generation, the Tuttles had become Quakers. That was a key factor in the farm's survival because by Quaker tradition the youngest son inherited the farm, along with the responsibility of feeding old parents, grandparents and maiden aunts. (Older sons got $100 and were told to go seek their fortune.) "The patriarch demanded ironfisted obedience. Thus, as soon as the youngest was old enough, he damn well knew he'd get the farm," Hugh says.

So stern were they that when Joseph, of the sixth generation, found his daughter with a farmhand, he sentenced her for life to a back bedroom with "passing and repassing privileges." Family members couldn't talk to her; meals were sent up on a tray.

"Captain John," son of the immigrant, first prevented the farm's breakup. An almost legendary figure, he held such town posts as judge, clerk, selectman, treasurer, and captain of the military company in charge of fighting Indians. When his son died at age 26, he demanded that the farm go to his grandson, rather than to the offspring of the man his son's widow had remarried.

Very little is known about the 18th Century Tuttles. Town records were destroyed at least three times by fire. And early graves were unmarked for fear that Indians would see how depleted were the settlers' numbers or that they would rob treasures and scalps. It's known that Eliah, of the fourth generation, replaced the old log cabin in the late 1700s with a fine white house, occupied today by Hugh's father. It's suspected that the Tuttles were either rebels or pacificists (in line with Quaker tradition) during the American Revolution.

In the 19th Century, Joseph's eldest son, William Penn Tuttle (the current Bill's namesake and now referred to as "Uncle William"), was an eccentric innovator, or a "man ahead of his time," as the Tuttles now say. He left the farm at 21, spent 30 years in the sawmill business in Milton, N.H., and spent whatever money he made. After the death of his younger brother in 1874, he returned to the farm, anxious to test some farfetched ideas.

He built the first greenhouses in the county, possibly introduced the horse-drawn plow, and began selling a few surplus items to passersby. Just to prove he could do it, he grew crops considered exotic at the time—grapes, horseradish, potatoes and cranberries. "People came for miles to see them," Hugh says. "He had to dump the grapes, but he picked them just to see how many he could grow."

"THEE GO AHEAD"

Such ventures were hardly profitable. By the time he died in 1911, Uncle William had expended three wives' dowries, driven the farm into disrepair and nearly outlived his younger brother's son, to whom he wanted the farm returned. But in 1909 when his 18-year-old grandnephew, William Penn Tuttle II (called "Penn"), approached him with the idea of selling the farm's produce to independent grocers, Uncle William spotted the novelty and chuckled. "Thee go ahead and see what thee can do," he said.

That first season Penn did $700 of wholesale business, ushering in the farm's new commercial era. A consummate businessman, he kept accurate records and had one of the first telephones in the area installed to sell products. He hauled them personally at first by wagon and later in one of the first farm trucks in the area. He believed strongly in standing behind only the finest products. "The secret is honest salesmanship," he wrote in a family album. "I charge fancy prices, but customers gladly pay for my service."

As his business expanded to surrounding towns, Penn expanded the farm, adding about 100 acres, a new barn, a new house and two greenhouses. By 1930 he was growing 25 vegetable varieties on 20 tillable acres.

By the 1950s, however, the Tuttle farm was being hurt by the spread of supermarkets, which were unwilling to pay top dollar for superior produce. But rather than fold, it began in 1956 to sell directly to consumers. "It was a desperation move," says Hugh, who by then had taken over from his father. "We had to jump someway, and a roadside stand seemed logical because we had built up a clientele."

To make it work, Hugh hired an experienced manager to advise him on price markups, display of products and the handling of customers. He bought an adjoining 39-acre farm, adding 10 tillable acres to his land. His wife, Joan, tended the store. And they managed to eke out a modest living. Sales from the stand totaled $50,000 between 1956 and 1969.

A BREAK IN TRADITION

That it survived is a tribute to Hugh, Penn's second son. (His eldest died in an accident; his youngest is a prep-school administrator. The Quaker tradition of the youngest son's inheriting the farm broke with Penn, who was the older of two sons.) From the beginning, Hugh wanted to be a farmer. "A great uncle asked me when I was five where I'd be going to school. I said I wouldn't be going, that I would become a farmer," he recalls.

Hugh's mother, an educated woman from Brookline, Mass., encouraged his older brother to attend Harvard. Hugh followed, but left after three years, in 1943, to return to the farm. Tall, well-built and ruddy, Hugh is a man in love with the soil. "My soul is at ease—I have no trouble sleeping, I'm home with my family, I commute only 100 yards. I die a little in the fall when my plants die, but I'm reborn each spring."

In some ways, he's downright old-fashioned. He introduced irrigation only after he was forced to draw water from town hydrants during a disastrous drought in 1953. (The farm now has four ponds.) "Until then we thought irrigation was merely drought insurance. Now we see it as a production tool," he says.

Likewise, he didn't bring in tractors until he expanded the farm in the 1950s. "My father and I both loved working with horses," he says. "We felt that tractors posed serious problems in New England—they go so fast it's hard to spot rocks, for one."

(Hugh isn't adverse to some change. He experiments with plant varieties, having added Danish lettuce, seedless cucumbers and other items to his line, and he donated his $2,000 Ford award to the state university for greenhouse vegetable research. He's also a community activist, having spent years in state agricultural organizations and in local and state politics. He's currently a bank trustee and director of the largest utility in the state.)

Hugh couldn't have been more overjoyed by his son's homecoming. For years he has forgone capital improvements, convinced that the farm would finally die. "I couldn't see a small New Hampshire farm bucking the trend nor did I want to pass on a dead horse to my son," he says.

Today, Tuttle's farm is anything but dead. Its 60 tillable acres include 20 acres of corn, five acres of beans, four acres of peas, two acres of strawberries, 2½ acres of tomatoes, 1½ acres of lettuce, and smaller quantities of 69 other vegetables. Fourteen field hands work six months a year, planting every week from April to July, harvesting from May through October. Nine salespeople man the Red Barn six days a week, setting out just-washed produce in wooden bins, distinguishing Tuttle products with signs that say "Our Own." More than 500 customers stop by the store each day; on peak weekends as many as 1,500 come.

While incorporating the old Tuttle philosophy of selling only the finest produce at higher prices, Bill has expanded it in the past two years. Aiming to build a complete produce center, he began buying supplementary fruits and vegetables directly from the New England Produce Center near Boston, to which he personally drives 60 miles three mornings a week to start shopping at 5 a.m. Those items accounted for 17% of last year's $122,000 gross and will make up an even bigger percentage this year.

Father and son are expanding in other ways: They've added a cooler and two green houses and have expanded the stand and parking lot. Next year they'll begin planting on five rented acres. Tuttle's advertising budget has jumped to $4,000 for thrice-weekly ads in local papers, up from once every two weeks. Merchandising techniques now include putting corn near the back so that customers have to pass by other vegetables, giving away samples of fried eggplant and stocking collard greens to attract Southerners from a nearby Air Force base. On tap for the future may be an expanded houseplant business, a "pick-your-own-strawberries" operation, and a line of homemade baked goods.

THE CATTLE LOSE OUT

Such expansion spells death for certain farm operations, such as its small herd of Angus cattle. "I always thought a farm should have some animals to look like a farm, but they aren't economically feasible anymore," Hugh says. The family also abhors the Red Barn's three checkout counters and cash registers, which cut down the store's former personal touch ambience. "It's becoming a super tourist attraction," mourns Hugh's 22-year-old daughter Becky. Over Bill's protest, she persuaded her father not to buy corn when Tuttle's isn't available. "It's terrible—and would downgrade ours," she says.

Expanded operations also mean more problems. Increasingly, Hugh has had to contend with more and more government regulations. One proposed federal rule, defeated last year after farm groups lobbied against it, would have required that he post a sign each time he sprayed his fields with pesticides. "That would have meant 696 signs and, by town law, a permit for each one," he shudders. A new law that required a minimum wage for farm workers will force up prices within four years, Hugh says.

Yet the farm is going forward. While it comfortably feeds one family now—Hugh's annual profit is about $15,000 to $20,000—he hopes it will soon feed two and possibly three future families: Bill's and Becky's, as Hugh feels she'll settle here, and maybe even Lucy's. His 29-year-old daughter is coming home this month to take agricultural courses at the University of New Hampshire after teaching in Paris for seven years. He has no intention of dividing the farm among his children. "This farm must be operated as a whole to survive economically," Hugh says. "If it were split, it would die."

COST-OF-LIVING ADJUSTMENT ACT

HON. LAWRENCE COUGHLIN

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. COUGHLIN. Mr. Speaker, there is perhaps no more troublesome problem confronting the Nation today than inflation. Inflation works insidiously to erode the purchasing power of the American worker's paycheck, depriving him and his family of the hard-earned fruits of his labor and real economic gain. Unfortunately, the roots of this problem are complex and it will take a long time to bring inflation under control.

However, the dilemma of inflation is neither so intractable nor so hopeless that Congress should wait it out on the sidelines. In addition to the obvious necessity of holding down Government spending, there are prudent steps which can be taken now to ease the burden of the soaring cost of living on the beleaguered taxpayer.

I am introducing today legislation which I believe will go a long way toward providing the taxpayer with not only the tax relief he desperately needs but also the equitable treatment to which he is entitled. This bill, the Cost-of-Living Adjustment Act, is based on the "indexing" concept and would require automatic annual adjustments in the income tax rates, the amount of standard deduction, personal exemption, corporate surtax exemption, depreciation, capital gains, interest on certain United States obligations, and their redemption value to reflect changes in the cost of living as measured by the consumer price index. While not a panacea for inflation, this legislation would eliminate much of the inequity of our present tax system caused by inflation.

I am pleased to be joined in sponsoring this bill by Congressmen **SAMUEL L. DEVINE** and **PHILIP M. CRANE**, both of whom have introduced this measure previously in the House, and **LUCIEN N. NEDZI**, **ROBERT O. TIERNAN**, and **WALTER FLOWERS** as well as 22 cosponsors of both parties who reflect a wide diversity of political viewpoints. I believe the broad bipartisan support for this proposal is testimony to its fundamental equity and good sense. The same measure has been introduced in the Senate by Senator **JAMES L. BUCKLEY** and is attracting bipartisan support in that body.

Indexing is not a new concept. This legislation amounts to a broader application of the existing policy of automatically escalating Civil Service and military retirement and, most recently, social security payments to keep pace with changes in the cost of living. The indexing concept has been applied more extensively abroad. Last year Canada adopted a system which ties tax liability to price increases and Brazil is experimenting with a broad indexing system which encompasses wages.

In the United States, the Consumer Price Index has risen by 50 percent in the last 10 years. Inflation has increased by 10 percent in the last year alone and recent predictions are that it will rise even faster in the months ahead. While it is clear that inflated prices hit the American consumer hard, it is less immediately apparent that the Federal Government actually reaps an inflationary advantage owing to the present progressive tax structure. Spiraling wages edge the American taxpayer into higher and higher tax brackets so that he is forced to pay a steadily greater effective tax although his actual purchasing power may stay the same or decline. The result is a windfall to the Federal Treasury.

The following example illustrates the point: a family whose income was $10,000 20 years ago would need to have an income of nearly $20,000 today just to maintain purchasing power at a constant level. Yet, at $20,000, a higher rate of taxation is paid than at $10,000 with the result that the taxpayer is worse off in real terms and the Federal Government has received added income. If inflation rises by x percent, tax revenues flowing to the Treasury rise by something more than x percent.

I do not believe this "hidden tax" was ever intended and it is time to eliminate it by taxing real income instead of inflated dollar income. Since the basic tax rate tables last underwent general revision in 1964, the equitable approach would be to make cost-of-living adjustments in the tax rates retroactive to that date so that the tables would reflect immediately the substantial increase in the consumer price index over the last 10 years. Although the idea is appealing and theoretically sound, it would cost the Treasury in excess of $50 billion in lost revenue. Prospective automatic annual cost-of-living adjustments in the tax rates would therefore appear to be the only feasible approach.

Each year numerous bills are introduced in the Congress to increase the standard deduction and personal exemption in recognition of the continuous erosion of their value due to inflation. A standard deduction and personal exemption which do not accurately reflect increases in the cost of living result in an increasingly larger taxable personal income as wages go up, although real income may not rise at all. The Cost-of-Living Adjustment Act would eliminate the need to review these items by adjusting the standard deduction and personal exemption automatically to reflect yearly increases in the consumer price index. For example, if the CPI were to increase by 10 percent in 1974, the current personal exemption of $750 would automatically increase to $825 for taxes paid on income earned this year. Similarly, the present standard deduction of $2,000 would be raised to $2,200 under these conditions.

Under this proposed legislation, the indexing tool would be applied, in addition, to a number of other key elements of the Tax Code. Like individuals, corporations are subject to the "hidden tax" arising from inflation. Businesses forced to compute depreciation allowances on the basis of past expenses without reference to the impact of inflation on replacement costs pay a greater tax than if their depreciation were to be measured in real terms.

Under the Cost-of-Living Adjustment Act, allowances for depreciable assets would be adjusted automatically to reflect increases in the CPI in order to determine realistic deductions for depreciation. The existing $25,00 corporate surtax exemption would likewise be increased automatically on the basis of changes in the CPI. In addition, the cost basis of an asset would be adjusted automatically to reflect changes in the purchasing power of the dollar so that individuals would pay capital gains tax only on real gains rather than illusory dollar gains owing to inflation.

In its borrowing operations as well, the Federal Government reaps a huge advantage by paying a rate of interest on its obligations which is less than the rate of inflation. The result is that the investor is denied a real return on his investment which itself is worth only a fraction of its initial value at maturity. The Cost-of-Living Adjustment Act would provide for indexing of the Government's future borrowing operations by adjusting automatically the rate of interest on U.S. savings bonds and certificates annually to reflect CPI increases and by raising their redemption value by the same ratio. These adjustments would apply to all other U.S. obligations having a maturity of 1 year or more, thus making them not only a safe investment but a profitable one as well.

Mr. Speaker, the Wall Street Journal discussed this proposal and expressed a favorable view of it in an editorial which was published on April 6, 1974. I ask that it be printed in the RECORD at this point.

[From the Wall Street Journal, May 6, 1974]

DE-INDEXING THE GOVERNMENT

As the nation anguishes over double-digit inflation rates, there is naturally a hue and cry for the government to do something about it. As much as the politicians would like to respond, there is a serious barrier, the government itself. That is, the government has built-in incentives to inflate, almost invisible incentives that silently overwhelm whatever good intentions the politicians might have.

In a way, government revenues are tied to the Consumer Price Index. The Treasury is on an escalator, not only compensated for any losses incurred through inflation, but rewarded by it. Milton Friedman has drawn quite a bit of fire for his proposal for Brazilian-type indexing, which would give everyone in the nation salary increases as the Consumer Price Index rose. But it has nearly escaped attention that, to an extent unique in American society, the federal government's income is already indexed.

With progressive taxes, for example, the faster the rate of inflation the faster taxpayers are pushed into higher tax brackets. The higher rate applies not only to gains in real income but to gains that merely represent inflation, and thus the real rate of taxation constantly rises as inflation proceeds. Similarly, the capital gains tax cuts into real capital by taxing inflation-caused gains. The government's debt manages to draw a subsidy from those who hold it. And with this inflation-caused revenue pouring into federal coffers, the politicians have more dollars to pass out in government goodies or tax "cuts." Nobody pays much attention to this rather diabolical taxing system when the annual rate of inflation is 2% or 3%. But at current inflation rates, it becomes painfully obvious that the government has all the cards stacked in its favor.

At a 10% annual inflation rate, for example, the wage earner whose gross income is $15,000 today will rapidly be pushed into higher and higher tax brackets even though his real gross income remains unchanged. At that rate, in 20 years his annual salary, if his increases merely offset inflation, would be $103,210, which puts him in the 70% tax bracket.

Similarly, a couple that buys a house today for $15,000 would, at a 10% annual inflation rate, need to sell it for $103,210 to recoup the original real investment after 20 years. At this point they would owe the government tax on a "capital gain" of $88,210. The same occurs with a share of stock.

Historically, the government has also done wonderfully by borrowing from the public. The money you get back from savings bonds purchased in 1945 will buy a third as much now as then. At the current inflation rate, holders of Treasury securities are losing interest and capital. Only the government gains.

All of this makes life wonderful for politicians, in ways that even they may not entirely recognize. Every few years, for example, they get to "increase" Social Security benefits, reaping political mileage from their munificence. Also, they can "cut" taxes, and extract political mileage from that. Some congressional liberals are right now proposing to increase the personal exemption to $850 from $750. Whatever one thinks of the timing of this in terms of economic management, it is a very small bone indeed from the public sector to those it has been systematically robbing.

Senator James Buckley has introduced legislation that would take the government off this escalator, ending the charade once and for all. His proposal, leaning in part on Mr. Friedman's indexing but also supported by Senators Proxmire and McGovern, would tie to the CPI federal tax brackets, personal exemptions, asset depreciation and capital gains, and new issues of Treasury securities.

By automatically adjusting all these items to compensate for inflation, the government would forego its inflation dividend. Its income would rise only as the nation's real income rises. No longer would all the goodies that pour from the Capitol's cornucopia be financed by a perpetual tax increase most Americans are not even aware of. If Congress wanted to spend more, it would have to come out in the open and ask that taxes be boosted.

If the government were kicked off its escalator, "de-indexed," the rest of the economy would not have to be indexed as Mr. Friedman suggested. Once the government is no longer rewarded by inflation, but is stung like everyone else, we can be confident that the politicians will have every incentive to wring inflation out of the economy.

THE CONNECTICUT INTERN PROGRAM

HON. LOWELL P. WEICKER, JR.

OF CONNECTICUT

IN THE SENATE OF THE UNITED STATES

Tuesday, August 13, 1974

Mr. WEICKER. Mr. President, this is the fourth consecutive year that I, along with Congressman STEWART MCKINNEY, Congressman ROBERT STEELE, and Congressman RON SARASIN, have sponsored a unique intern program for young people from the State of Connecticut. Throughout this 4-year span, 1,200 high school-aged students have had the opportunity to come to Washington to view all aspects of their Government firsthand. This summer's 5-week program has come to a conclusion and I asked each of the students to write a brief essay on their experiences. I have read these essays and chosen one that demonstrates a firm grasp of the workings—both good and bad—of our system of government.

Mr. President, I ask unanimous consent that this essay be printed in the Extensions of Remarks.

There being no objection, the essay was ordered to be printed in the RECORD, as follows:

WASHINGTON: A LEARNING EXPERIENCE

(By Susan E. Zadravetz of Fairfield, Conn.)

The opportunity to visit Washington, D.C. under the Connecticut Intern Program was a learning experience. It provided me with a chance to meet many different people my age who are concerned about the makings of our nation. It also gave me a new and better understanding on the functions of the government.

The program offered the chance to visit many important and interesting places in a great city. Although it was impossible to see everything, the program was well-balanced. It was not only enjoyable but educational. The group of interns could not have been topped.

The speakers that were scheduled provided a wide range of issues to be discussed. By listening to the voice of experience, it has taught me the real feelings and priorities that are held by these important people, especially by influential government leaders.

The feelings expressed are those of concern for the future of America. As the system works, people elect leaders. A leader is one who personifiies institutions, causes administrative processes to function and is the symbol of national goals and ideals. Americans have highly symbolized the expectations of their leader. He affects their images of authority, legitimacy, leadership and concerns.

He is invested with power, the power that comes from the democratic society. Power can be used or abused. If used properly, success and prosperity prevail. However, the abuse of power can explode our national and political life and will explode fraudulent perception of American realities.

Today we are faced with the corruption of Watergate, the anguish of a constitutional crisis which focuses on the nature and power of the presidency in an imperial democracy. The abuse of power has led to an erosion of authority producing a lack of confidence in the power of the President.

This corruption is due to the lack of responsibility among the leader and those governed. The society of today has different values and the principles of freedom are no longer considered in American life. A moralistic society has been replaced with a materialistic one.

However, recently there has been a greater awareness. a greater concern for the need for reorganization. If the American people want a renewal they will have to sacrifice and change their ways from selfishness and isolation to concern and involvement. Once they are involved they shall truly know the man they should support and elect as a leader; a man with the qualities not only of leadership but trustworthiness, sincerity and the ability to be human.

In order that this goal be accomplished the American society must unite and work together. Then only after this revision can we be able to see democracy becoming reality again.

As a concerned young American, I willingly involve myself in that which affects me now and in the future. I also believe in the intelligence and human values that still remain in the minds and hearts of the American people.

Only by this program have I come to realize the tremendous importance of each person's place in the world and how we can build a truly great country.

The program has had great beginnings, and I hope that others will have the opportunity to experience this in the future.

PRESIDENT FORD SETS OUR GOALS

HON. C. W. BILL YOUNG

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. YOUNG of Florida. Mr. Speaker, last night we assembled in this Chamber to hear our former colleague, now President of the United States, Gerald R. Ford accept the challenge of his new responsibilities, and in turn, challenge us to work with him to fight inflation and keep America the strongest Nation in the world.

President Ford said, quite accurately, that we have a lot of work to do, and that our first priority must be to stop our raging inflation. He said that we must have a balanced budget, and that we must cut Federal spending. Since these are goals which I have long advocated as a primary means of fighting inflation, I look forward to working with our President for a greater fiscal responsibility on the part of the Congress and the administration.

The President also issued a verbal invitation to Members of Congress, Senate leaders, and top business and labor officials to participate in a "domestic summit" on the economy. He personally will preside over this effort to map out a concerted attack on the causes of inflation. As one who had introduced a resolution in the House calling for such a summit, I am delighted that President Ford has acted so swiftly and with the weight of his office behind the offer. We urgently need a coherent and coordinated plan for dealing with the economy, and we need it now. Every week of delay is another week that Americans must suffer ever-increasing prices.

Plain speaking, honesty, and a balance between cooperation and compromise have always been President Ford's hallmark. Last night, he displayed these characteristics to us once again, and to the expectant Nation. He made it clear that America will continue to work for peace from a position of strength, and that he personally will lead the drive to deal with our most troublesome domestic problem.

Mr. Speaker, President Ford has said to us that, with the grace of God and the backing of all Americans, it is time to roll up our sleeves and get down to work. I hope my colleagues share my own willingness and enthusiasm for this effort. As the President said, "Let's get on with it."

PROCLAMATION

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. DERWINSKI. Mr. Speaker, one of the memberships which I cherish the most is that of the brotherhood of Alpha Delta Gamma National Fraternity. This year marks the 50th Anniversary of the founding of that fraternity.

This golden anniversary celebration is being coordinated by the Alpha chapter at Loyal University, my alma mater.

I insert at this point the official proclamation by the national president, Benjamin Aranda III, which briefly restates the history and accomplishments of the fraternity that has so inspired its members to pursue its ideals not only during their school days but in whatever walk of life that they follow.

The proclamation follows:

PROCLAMATION

Whereas, eight men banded together for the first time on October 10, 1924, to form a new Fraternity Order founded upon the highest of Christian ideals of true manhood and sound learning and fired by the unity of fraternal brotherhood; and

Whereas, Alpha Delta Gamma has, since its foundation taught its sons to be responsive, authentic and real in the world in which they live so that each might become an example to one another and "to the world of men around us" of our sacred ideals; and

Whereas, the year one thousand nine hundred and seventy-four represents the fiftieth year of our Order which has grown to over seven thousand men on twenty college campus because of the love and dedication given freely by our Founding Fathers at Alpha Chapter, by the founding fathers of each new active chapter, by the numerous past National Officers of our Fraternity, and by the countless individual brothers; and

Whereas, the Golden Anniversary year is an appropriate occasion to pause and render the Fraternity's thanks to these men whose idealism has made it grow and flourish

Now therefore be it resolved that the year one thousand nine hundred seventy-four be hereby declared the Golden Anniversary year of Alpha Delta Gamma National Fraternity and that said Order meet in National Convention assembled in Chicago, Illinois, the City of its birth, August 21–24, 1974, to honor its past leaders and to enjoy the fellowship of each and every member of the Fraternity who can possibly attend and to join in one family in the celebration of our Fraternity's Golden Anniversary.

COMMUNISTS HOLD OLD BATTLEFIELDS

HON. ROBERT PRICE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. PRICE of Texas. Mr. Speaker, having read the following article appearing in the Washington Post which I include at this time, I must ask—is this peace with honor?

[From The Washington Post, Aug. 6, 1974]

GIs' VIETNAM TERRAIN ABANDONED—COMMUNISTS HOLD OLD BATTLEFIELDS

SAIGON, Aug. 5.—Two years after American troops stopped fighting major battles in the Vietnam war, almost all their famous battlefields are in the hands of the Communists.

Hamburger Hill at the edge of the Ashau Valley, where one officer ordered 12 charges up the slopes for a "gallant victory," lies far behind Communist lines.

Khesanh is a North Vietnamese airfield and missile ground. Conthien is a Vietcong political stronghold.

U.S. commanders during the Vietnam war turned out to be mistaken in their belief that the Communists never fought to hold land. Today, the Communists control more land than they did in 1965 when the Marines landed at Danang.

Only one of the famous American battlefields of Vietnam, a coastal enclave around Chulai Base, 335 miles north of Saigon, can be visited by Westerners today, but it is surrounded on three sides by the Vietcong.

American troops entered the "Iron Triangle" Communist stronghold 15 miles north of Saigon in 1967 for a highly publicized victory, but now the area is dominated by the Communists again.

War Zone C, 60 miles northwest of Saigon and the target for operation Junction City in 1967—another "victory" which claimed 282 American lives—today is a major North Vietnamese army recreation and rest area.

The first American battlefield stand was made by the 1st Cavalry Division in the Iadrang Valley of the Central Highlands, 280 miles north of Saigon, against the best of the North Vietnamese army in November 1965.

The Americans claimed victory but the valley today is firmly under control of North Vietnamese forces.

The last American stand came in the summer of 1972 at Artillery Base Pace, 75 miles northwest of Saigon. It also lies deep behind Communist lines now. The Vietcong's de facto capital, Locninh, is close by.

In 1967, U.S. paratroopers fought their way up Dakto Hill, losing 325 men.

The troops ate hot Thanksgiving meals that November even as the battle raged, but the Communists eventually won the hill and control it today.

THE SECRET HISTORY OF THE BIRTH OF THE NATION

HON. GEORGE A. GOODLING

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. GOODLING. Mr. Speaker, it gives me great pride to reflect on the realization that this great country of ours had its birth in my congressional district. The birthdate was November 15, 1777, and the place was York, Pa.

This fact is little known, but the records of history provide convincing evidence that this is so. Just recently J. F. Rauhauser, Jr., Esquire, of York, Pa., wrote an article titled "The Secret History of the Birth of the Nation," which reveals the circumstances that attended this great event. Mr. Rauhauser prepared this article in conjunction with his position as president of the York County Bicentennial Commission, Inc., in York, Pa.

Throughout America efforts are going forward to prepare for our Bicentennial celebration in 1976. Toward the end of joining in this effort, I am inserting into the CONGRESSIONAL RECORD Mr. Rauhauser's article, and I commend it to the attention of my colleagues. They will, I feel confident, be impressed with this documentation of the truth that York, Pa., is the real birthplace of the United States of America.

The article follows:

THE SECRET HISTORY OF THE BIRTH OF THE NATION

The facts are unassailable and the law irrefutable.

In fact, and by law, The United States of America was created—born, if you will—on November 15, 1777, in Yorktown, Pennsylvania.

Not in Boston; nor even in Philadelphia.

Not on July 4, 1776 by the Declaration of Independence; nor yet by the Constitutional Convention on September 17, 1787.

But instead, The United States of America first came into being, as a sovereign independent nation, by action of the Continental Congress, duly convened in the colony of Pennsylvania, and in the town of York, which thus became the nation's first capital.

It happened this way.

Representatives of the thirteen colonies, sitting as the Second Continental Congress in Philadelphia, received news that a great force under British General Howe was approaching that city. Bundling their public papers into guarded wagons, the representatives agreed, on September 18, 1776, to move to the town of Lancaster just east of the Susquehanna River. A brief entry in the Journals of the Continental Congress indicates some members of Congress did stop in Lancaster on September 27, but it was then quickly decided "to repair to the town of York, in Pennsylvania," thus affording to the Congress the added protection of the broad expanses of that river. Congress thereafter convened in York from September 30, 1777 until June 1778, when it returned to Philadelphia, only then evacuated by the British.

Among the Resolutions adopted by the Congress on July 2, 1776, before it left Philadelphia, was one which proposed that a plan for the permanent binding together or confederation of the 13 newly independent colonies should be prepared. John Dickinson of Pennsylvania, as Chairman, and delegates from each of the other colonies served on the committee to carry out this resolve. A draft of the Articles of Confederation was shortly submitted to the delegates, but only limited consideration was given to the matter until it was taken up in almost daily debate after the Congress convened in York.

Then it was, on November 15, 1777 that the Articles of Confederation were officially adopted. Then it was that the participating colonies agreed ". . . hereby severally (to) enter into a firm league of friendship with each other, for . . . common defense, the security of . . . liberty and . . . mutual and general welfare. . . ."

By Article I it was established that "The stile of this confederacy shall be 'The United States of America'."

Until that moment The United States of America did not exist.

True it is that the 13 colonies declared their separate independence from Great Britain on July 2, 1776 in Philadelphia, but in that same Declaration of Independence they solemnly declared themselves to be "free and independent states" with the right retained by each to do "all acts and things which independent states may of right do." That Declaration did not create a union of any sort. It created 13 independent states.

True it is that each independent state or colony thereafter had to ratify the act of its authorized delegates in the adoption of the Articles of Confederation, but, by definition, the term ratification gives assent as of the time of the original event. The original event was the adoption of the Articles on November 15, 1777, in York, Pennsylvania, which created The United States of America.

True it is, also, that the present Constitution of the United States of America was adopted in Philadelphia on September 17, 1787, but its preamble states the purpose for its adoption to have been "to form a more perfect union," or, in other words, to improve on the union that theretofore existed.

In brief, The United States of America was officially created on November 15, 1777 and thereafter, upon ratification, operated throughout the American Revolution under the Articles as its First Constitution. The experience gained under the first charter dictated the necessity of having a government with more centralized power. And although the delegates met in Philadelphia for the avowed purpose of improving, by amendment, The Articles of Confederation, they did in fact adopt an entirely new and second Constitution.

It is perhaps a little known, infrequently told, almost secret history. But it is true,—in fact and in law.

It happened in Pennsylvania.

In the Capital City of Yorktown.

On November 15, 1777.

Then and there The United States of America was born.

BANKS: DANGERS OF "RECKLESS" GROWTH

HON. JONATHAN B. BINGHAM

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. BINGHAM. Mr. Speaker, George A. Mooney, chairman of the Washington Heights Federal Savings and Loan Association and a former New York State superintendent of banks, recently called attention to the dangers of reckless growth in the banking industry.

Mr. Mooney points out that one of the tenets of the mutual thrift industry has been measured but consistent growth; and that if pressures for rapid growth, such as those that led to the debacle at Franklin National, are brought to bear on savings and loan institutions, a similar tragedy could result.

For the benefit of my colleagues, and other readers of the RECORD, I include herewith Mr. Mooney's letter to the editor which appeared in the July 24 edition of the New York Times:

BANKS: THE DANGERS OF "RECKLESS" GROWTH

NEW YORK, *July 13, 1974.*

TO THE EDITOR: We agree with your recent editorial "Drowsy Watchmen." It is a serious indictment of the structure and supervision of the structure and supervision of our financial institutions that the developing problems of Franklin National Bank were not resolved before the institution reached its present extreme circumstances.

As a former New York State Superintendent of Banks, I can attest to the extreme difficulties faced by regulatory agencies when an institution shows signs of weakness. Such a situation presents classic Hobson's-like choices where the banking authorities are expected to intervene to correct inadequate management, yet risk making the bank's problems worse by the act of intervening. All the more reason, therefore, why we should be ever watchful that the structure of financial institutions, as well as the response of the regulators, operate to insure stability and conservative management.

The Franklin case dramatizes recent drastic changes in the banking industry, perhaps without adequate consideration of possible consequences. For example, has not the bank holding company form of organization, which Franklin adopted, encouraged commercial banks recklessly to expand and diversify their activities beyond their traditional area of competence?

The holding company concept undoubtedly enabled Franklin to mushroom, but in the process sound management was sacrificed. Regulatory agencies should reverse this trend before the entire banking system is permanently weakened, and encourage the return of commercial banking to serving the financial needs of business.

Along these lines, and of direct interest to us in the mutual thrift industry (savings banks and savings and loan associations), is the issue of converting mutual (depositor-owned) thrift institutions into stockholder-owned organizations. Federal policymakers are leaning strongly toward legalizing such conversions on the theory that the stockholder form of ownership will make it easier for thrift institutions to grow rapidly.

One of the principal causes of the Franklin debacle was its "frantic race for growth." It would be tragic to subject the thrift industry to stockholder pressure for growth and increased profits.

Regulatory bodies should encourage commercial banks to lend to business and the mutual thrift industry should continue meeting the nation's housing needs. Financial institutions should not engage in speculative and risky enterprises in the name of growth.

GEORGE A. MOONEY.

FRANKFORT WEDS OLD AND NEW

HON. GEORGE M. O'BRIEN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. O'BRIEN. Mr. Speaker, Frankfort, Ill., is a picturesque community in my district where each summer, the 2,300 residents hold a gala homecoming celebration.

Although not indigenous to Illinois, the annual homecoming is a popular event throughout the State. It is a time when old and new residents get together for a grand scale reunion, a time for renewing old friendships and making new ones. These events serve another purpose too. They provide a good time and help raise money for civic projects.

Each town celebrates its homecoming a little differently, but one characteristic is common to all. Every homecoming is a time for reflecting on a town's history and looking forward to its future. In Frankfort, the two are closely intertwined.

The township lies on the border of Cook County and is often termed the summit of this part of Illinois. It was once said to be the highest point between Chicago and the Mississippi River.

The first white man to tread the virgin prairie there was William Rice in 1828. Three years later he returned with three fellow pioneers to found the first permanent settlement. They were soon forced to flee the region when Black Hawk and his warriors took to the warpath. At the close of the Indian uprising, Rice returned with one of his original companions, John McCovney and set about the task of settling the rich farm land.

The population of the region grew steadily and in 1855 the village of Frankfort was laid out by S. W. Bowen about 12 miles from Joliet. This was the same year the Michigan Central Railroad built a cutoff through the township giving the village new status as a grain shipping center. Enterprising citizens opened new stores and soon schools and churches were built to accommodate the growing population.

Over the years, Frankfort has succeeded in wedding the best of its old traditions with new ones. Rustic shops and homes have been maintained and restored within the village along with smart new stores. Around the village proper, tastefully designed modern developments rise out of waving fields of grain.

Today when so many communities in our Nation are suffering from too much or too little development, Frankfort stands as a showcase where tradition and progress blend perfectly. This success would not have been possible were it not for the people of Frankfort who have proven time and again that they have the unusual ability to look forward without losing sight of their rich past.

I am sure that when the homecoming is held next month it will be a great success, thanks to their efforts and I want to take this opportunity to congratulate the citizens of Frankfort for the hard work they have put in to make it possible.

OWEN COUNTY, IND., RESIDENTS PETITION NATION'S LEADERS

HON. JOHN T. MYERS

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. MYERS. Mr. Speaker, I hear almost daily from persons who express a sense of frustration over actions taken by their Government. There is a feeling among many that Washington is out of touch with the people. I call your attention today to a letter directed to the House of Representatives and signed by nearly 1,800 readers of the "Owen Valley Eagle", a newspaper published in Owen County, Ind. Richard Whitaker, editor, forwarded the signed letters to me with the hope that all Members of the House will take note of their sense of frustration.

LETTER TO THE U.S. HOUSE OF REPRESENTATIVES

The goal is 5,000 signatures on this letter by July 27, 1974 so you can express the feeling of many in Owen County to the House of Representatives. It is not in the category of doomsayers or disciples of despair that we write you. It is a genuine concern and worry that any average American citizen has for his country.

More than half of the American citizens have an intelligence quotient equal, or superior to anyone in Washington.

Patriotism is not dead in the majority of American citizens. It is the leaders of this nation, dealing a cold deck of deceit, graft and apathy, which the Americans are not buying.

Support the president signs are everywhere. He has had the support of the American people as have the other leaders of this nation. It is now time for the president, the supreme court, the senators and representatives of congress to start supporting and backing the American citizens who want a sound and stable government.

The simple truths and raw reality confronting this nation must be faced squarely or the consequences of unbelievable magnitude will engulf this country completely.

Inflation is running rampant and if not checked will lead to depression, then chaos, then destruction. A mentally weak and starving nation has no bond, this the communists know, they are waiting.

The Communist Movement is thriving, infiltrating our government ready to pounce at the first moment of opportunity. Through lack of leadership we have lost two wars to the communists and blundered every deal ever conducted with them.

The Supreme court took prayers out of the schools. Prayers have now been replaced with drugs and the leaders of this nation condone and tolerate it or action would be taken.

Drugs which are mushrooming to the point of no return must stop before the youth of the nation are swallowed up, into a mass of senseless humanity. The morals and ethics in which this country has followed for years will be lost in oblivion. A demoralized nation will not fight, we must be prepared, Physically and mentally. A nation not willing to

fight for freedom has little time left to enjoy freedom. The balance between freedom and slavery is juggled by the majority of the 535 leaders of this government who are seeking personal gain and false prestige.

The shaky leadership can be noted with the results of the primary election this year, justifying the lost confidence the American people have.

Too long the leaders of this nation have toyed with destiny, endangering our heritage, traditions, principles, and our very freedom. Greed and corruption must now be replaced with honesty and logic, Patriotism again restored.

Mr. Politician, the American citizen not only gave you his vote but entrusted unto you their faith, hope, future, and even their very life. You are making a mockery of this sacred trust.

Mr. Politician, your debt is not only to the present and future, but to the brave men whose blood and bodies fill the soil and seas on a thousand different battle sites throughout the world. These men bought our freedom and the obligations to them must never be forgotten. You have failed them as a common traitor.

Shape up Mr. Politician and stop horsing around with my country.

NATIONAL HEALTH INSURANCE

HON. WILLIAM LEHMAN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. LEHMAN. Mr. Speaker, among the problems and complexities of a national health program, there is one aspect on which we must never fail to concentrate—the quality of care to be provided. The Ways and Means Committee, as it considers the vital national health insurance legislative program, will have to include safeguards to assure that minimal health care standards are met, and that the health insurance premiums our citizens pay do not go for inadequate services.

At present, there is apparently a lack of attention to the protection of the rights of patients, especially those in long-term care facilities. H.R. 11871, legislation which I have sponsored to provide a nursing home patient's bill of rights, recognizes that quality care, particularly in long-term care facilities, encompasses a basic understanding of and respect for the patient as an individual and a citizen. The measure mandates a bill of rights for patients in institutions and instructs nursing and convalescent homes to implement this bill of rights by appropriate staff training.

This bill of rights guarantees the patient's basic rights to exercise his civil and religious liberties; to be fully informed of his medical condition; to participate in the planning of all medical treatment; to receive fair, courteous, and adequate medical care; to be free from mental or physical abuse; to have private and unrestricted communication with any person; and to present grievances to the facility or government officials without fear of reprisal.

It is imperative that Congress be responsible for the protection of basic human rights in any health insurance program it adopts. This instrument must be an integral part of the standards of any health facility receiving continuing Federal assistance.

This portion of national health insurance legislation would not involve any additional expense for either the Federal Government or the nursing facility. It only requires a recognition of and respect for nursing home patients as human beings.

A TURNING POINT IN THE NORTH-SOUTH ECONOMIC RELATIONSHIP

HON. JOHN C. CULVER

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. CULVER. Mr. Speaker, together with several other congressional colleagues I have been pleased since its inception to serve on the Trilateral Commission. This is a unique venture seeking to draw on citizens in the professions and in leadership in Western Europe, Japan, and North America. During the past weeks the Commission has issued a series of reports on major themes in the transnational relationships between these areas of the world community.

One of the most significant and thought-provoking of these is entitled "A Turning Point in North-South Economic Relationships." Not only does this report, prepared by Prof. Richard Gardner of Columbia University, Saburo Okita of Japan, and B. J. Udink of the Netherlands, closely analyze the gathering crisis in North-South relations; it also advances a series of proposals for coming to grips with the intertwined issues of energy prices, food, and fertilizer shortages, and the twin stresses of both inflation and recession.

Mr. Speaker, I ask unanimous consent to have printed in the RECORD a brief summary of the report, an article on it by Edwin Dale of the New York Times, and an editorial also from the New York Times.

The material follows:

A TURNING POINT IN NORTH-SOUTH ECONOMIC RELATIONS: SUMMARY OF THE REPORT

(By Richard Gardner, B. J. Udink, Akira Onishi, April 1974)

The time has come for new policies and new actions by the governments of the Trilateral region in their relations with developing countries. There is a crisis in North-South relations that requires two kinds of responses from the Trilateral governments:

First, there is need for a general restructuring of North-South economic relations for the purpose of creating a more just and workable world economic order. Such a new economic order should include, among other things, greater attention by both developed and developing countries to their growing interdependence, greater respect for the equal rights of all members of the world community under international law, the abolition of "spheres of influence," greater recognition of the differing needs and capabilities of different developing countries, the pursuit of cooperation rather than confrontation, the focusing of development efforts on the poorest segment of populations in developing countries, new rules and arrangements governing access to supplies as well as access to markets, and a restructuring of international economic institutions in the light of new political and economic realities. We propose to deal with the extremely complex questions involved in this restructuring in a later report to be issued early in 1975.

Second, there is need to deal with the desperate plight of nearly one billion people in some 30 resource-poor developing countries whose governments cannot pay the increased bills for oil, food, fertilizer, and other products. At least $3 billion in extra concessional aid must be found for these countries in 1974–75 to avoid economic disaster. This situation calls for an extraordinary act of cooperation between the countries of the Trilateral region and the oil exporting countries of OPEC. The former bear a special responsibility because they have a vastly greater total national income and the latter bear a special responsibility because of the dramatic increase in their export earnings and therefore in their capacity to invest sums abroad. We believe it would be reasonable for the Trilateral world as a whole to provide about $1.5 billion of this total, with the OPEC countries providing the other $1.5 billion. In response to the appeal of the Secretary-General of the United Nations, contributions to this special emergency effort could be made through bilateral or multilateral channels and could take the form of cash, concessional sales of food, fertilizer and oil, and the cancellation or postponement of debt repayment. The Soviet Union should be invited to participate in this emergency assistance effort in the light of its considerable economic capabilities and the fact that it has benefited on the whole from the recent increase in raw material prices.

AID TO POOR LANDS URGED BY EXPERTS

(By Edwin L. Dale, Jr.)

WASHINGTON, June 9.— A report prepared by three economic experts proposes that the industrial nations of Europe, North America and Japan join the oil-producing nations in contributing $3-billion to aid some 30 poor countries that have been hard hit by higher oil and food prices.

Under the proposal, the emergency relief would be provided in 1974 and 1975, with the oil-producing nations giving half the aid and the industrial nations the other half. The aid could be in money or food or, from the oil countries, in the form of easy credit terms for oil sales.

The proposal is the highlight of a 23-page report prepared for the Trilateral Commission, an organization established last year of leading citizens and some government officeholders from Europe, North America and Japan. The report, which was made available to The New York Times, was written by Richard N. Gardner of the United States, Saburo Okita of Japan and B. J. Udink of the Netherlands. All have held government positions and have otherwise been involved in internatonal economic affairs.

"FOURTH WORLD"

The report says: "The plight of the 'fourth world' countries cannot wait for a general restructuring of the international economic order—a task that may take years. Without emergency measures in the next few months, the shortage of food, energy and other essential supplies will bring mass starvation, unemployment and increased hardship for millions already at the economic margin."

The report refers to the industrial countries of Europe, North America and Japan as the "trilateral world" and says: "We must not allow the plight of the non-oil producing developing countries to worsen while the trilateral world and the [oil-producing] countries argue about who is to blame for the present crisis, nor will anything be gained by controversies about what is a 'fair' price for oil."

Urging an "extraordinary act of cooperation" that would not strain the finances of either the trilateral world or the oil countries, the report says:

"Time is now of the essence. The full impact of the plight of the developing countries has not registered so far because financial settlements for oil are made quarterly and bills for oil shipped at the new high prices are only just coming due.

"CRUNCH" THIS SUMMER

"The 'crunch' will come this summer when accounts for the second quarter of the year have to be settled," the report says.

The report suggests that the industrial countries divide their $1.5-billion contribution according to the formula of their shares in the World Bank's International Development Association. This would mean one-third for the United States, or $500-million. No specific suggestion was made as to how the oil-producing countries should share their $1.5-billion contribution.

The 50-50 sharing of responsibility "should be accepted as an ad hoc measure appropriate only to the present emergency and without prejudice to burden-sharing arrangements for the longer term, the report says.

Collective Crisis

These are the days in which seemingly melodramatic forebodings for the world assume the harsh reality of official statistics, of sober projections by reasonable and soft-spoken professionals not given to excesses of doomsaying. Thus, a task force of economists from North America, Western Europe and Japan have concluded that in the coming months of summer, "the lives and fortunes of large numbers of human beings hang upon the outcome of decisions taken by a small handful of national leaders."

Their reference, in the first report from the privately organized Trilateral Commission, is to an international economic "explosion" triggered by; a fourfold increase in oil prices; higher costs and shortages of food and fertilizer, and acute inflation and danger of recession in the industrialized world—all coinciding now at a moment when national leadership of the non-Communist world is in a state of visible disarray.

Drawing on the estimates of the World Bank and other global financial institutions, these experts propose urgent cooperative efforts between the industrial world and the oil-producing countries to provide a minimum of $3 billion in concessional aid for some thirty countries poor in resources and with populations totaling nearly one billion people, which otherwise face economic disaster—not within the decade, but *within the next two years.*

These countries are confronted with import bills of $15 billion in excess of their previous projections because of higher costs of oil, food, and fertilizer. Just this excess is double the total amount of development assistance they now receive from all the industrial nations. With each passing month, this problem will only grow more acute, as the oil bills come in and the balance of payments of many rich and poor countries alike grow more lopsided.

Two of the Trilateral Commission's specific recommendations deserve special consideration. First is for the immediate opening of high-level negotiations between the oil-producing countries and the governments of Europe, North America and Japan as a group to devise the ways in which the concessional aid can be divided. The commission experts suggest an equal division—$1.5 billion from each group—through various financial means and postponement of debt repayments.

More tentatively, but with far more profound implications, the Trilateral task force suggests that the Soviet Union be encouraged to participate in this emergency aid program. International financial planners have grown accustomed to leaving the Soviet Union out of their calculations and programs, on the basis of clear historical and ideological experience. But the Russians have become increasingly integrated in fact, if not institutionally, in the world trading economy, and have actually received considerable financial benefit from the increase in raw material prices.

President Nixon's meeting with the Soviet leaders late this month would be an ideal occasion to press for agreements by which Moscow would participate with the other industrial capitals in *ad hoc* arrangements to ease the immediate burdens of the developing nations.

COLLECTIVE INTEREST

Only gradually is the reality sinking in that burdensharing between rich and poor nations is not merely a moral imperative or humanitarian preoccupation of idle dreamers; it is the only means of insuring survival of the world economic order.

Much has been made of the potential for confrontation between oil producers and oil consumers, which then can be extended to all producers of raw materials against their industrial customers. Among other academic and government study groups in several countries, the Trilateral Commission is grappling with finding the means for implementing a new economic structure adequately to reflect the interests of both rich nations and poor.

The most useful concept so far is the bargain that can be struck to provide long-term and secure access to what each nation needs. Access to supplies, which the industrial nations need, is traded for access t what the producers of raw materials need: access to markets at stable and remunerative prices, access to technology and investment capital, access to a greater share of decision-making in international economic institutions.

However they are posed, the problems that confront a "small handful of national leaders," both for the short and long term, demand a new perspective, a strength of vision far beyond what today's men of power have yet been able to summon in their definitions of national interest.

EPA AND DDT

HON. ROBERT J. HUBER

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. HUBER. Mr. Speaker, I consider it a sad irony that in the name of environmental protection we have enacted rules and regulations that have actually destroyed much of our environment. I refer in particular to the Environmental Protection Agency's decision to ban the use of DDT. This policy was enacted in spite of the fact that the hearing examiner, Edmund Sweeney, recommended that the use of DDT be continued for essential purposes. Nevertheless, the EPA was swayed by the public relations of the liberally dominated environmental groups and made an expedient decision that would prove popular, it banned the use of DDT. The result of bending to this public pressure is that since 1972 we have seen thousands and thousands of acres of forest land on the east and west coasts destroyed by the gypsy moth and the tussock moth, two insects whose activities had previously been controlled by the use of DDT.

A recent article in the August 5, 1974, issue of American Medical News discussed some of the comments Dr. Thomas Jukes, a medical biochemist at the University of California, made on this topic. I think it is worth noting that Dr. Jukes quotes one scientist as observing that—

> Except for antibiotics, it is doubtful that any material has been found which protects more people against more diseases over a large area than does DDT.

I believe careful attention should be paid to Dr. Jukes' remarks, particularly by those at EPA who foisted the ban on DDT upon us. Therefore, I am inserting the article entitled "End of Curbs on DDT Proposed" for the benefit of my colleagues and for the benefit of those at EPA who will take the time to analyze and reflect upon it:

[From the American Medical News, August 5, 1974]

End of Curbs on DDT Proposed

A plea to end the ban on the insecticide DDT is voiced in the July 29 issue of the *Journal of the AMA.*

The decision of William Ruckelshaus, then head of the Environmental Protection Agency, to ban DDT in 1972 was "political rather than scientific," charges Thomas H. Jukes, PhD, DSc, medical biochemist at the U. of California at Richmond, Calif.

"Let us hope that DDT will find its place again as a public health measure for uses that are essential in the control of noxious insects," declares Dr. Jukes.

He points to the gypsy moths that "have ruined many square miles of woodland in the eastern United States" in the last three years, leaving denuded forests that "are an ecological disaster." And, in the Pacific Northwest, the tussock moth, a similar insect, has "destroyed thousands of square miles of magnificent Douglas fir forests, one of the last great timber reserves in the United States." EPA refused to allow DDT to be used against these moths in 1973, and the substitute measures were ineffective, he says.

Hearings were held on DDT for nine months in 1971 and 1972. The hearing examiner, Edmund Sweeney, reviewed the 9,000 pages of testimony and recommended that the use of DDT be continued for essential purposes. However, Ruckelshaus ignored Sweeney's recommendations and findings of fact and banned DDT, Dr. Jukes writes.

The California scientist reviews the major complaints against the insecticide. DDT is stored in body fat, but there has been no indication that this causes harm, he writes. It is present in small quantities in breast milk, but no harm to infants has been noted. There is absolutely no real evidence that DDT causes cancer, Dr. Jukes says.

Dr. Jukes quotes one scientist who said: "Except for antibiotics, it is doubtful that any material has been found which protects more people against more diseases over a large area than does DDT. Most of the peoples of the globe have received some measure of benefit from this compound, either directly by protection from infectious diseases and pestiferous insects, or indirectly by better nutrition, cleaner food, and increased disease resistance."

The World Health Organization has stated that more than 960 million people who used to be subject to endemic malaria are now free of this sickness. WHO noted that there have been no detectable ill effects in spraymen who have worked for years in malaria eradication.

In 1970, the AMA Councils on Occupational Health and on Environmental and Public Health stated that it was an established fact that pesticide handlers who have been studied with great care for 30 years have DDT concentrations in fat up to 50 times that of the general population, yet "Careful research has shown no interference with their health despite long-continued exposure. Injuries to humans have been observed only in persons who accidentally receive acute massive doses."

EXPERIMENTAL AIRCRAFT ASSOCIATION—A VALUED FRIEND

HON. WILLIAM A. STEIGER

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. STEIGER of Wisconsin. Mr. Speaker, each year the city of Oshkosh has the privilege to play host for the Experimental Aircraft Association's convention.

The annual convention draws people from throughout the country and the world—this year 255 overseas visitors from 23 countries registered—to Oshkosh, where they set up their own community at the city's Wittman Field. Attendance in the first 6 days of EAA activities reached a record 250,000 persons and airplane landings and takeoffs in those 6 days broke the record set in the full 7 days of the 1973 convention.

Wittman Field was the busiest airport in the United States during the July 31–August 6 EAA convention. The people of Oshkosh and the members of the EAA can take pride in that fact, but more important, they can take pride in the smooth, successful way in which the convention was again conducted.

The August 6 Oshkosh Daily Northwestern paid tribute to the EAA, its convention and what it means to the people of Oshkosh in two editorials. I commend the editorials to your attention:

EAA: Successful as a Community

With the Experimental Aircraft Association convention winding up today, it is appropriate to look over the past week for an over-all view.

While the numbers, reported daily, are overwhelming—in aircraft registered, in takeoffs and landings, and in people watching and imbibing aviation techniques and lore—the numbers alone are inadequate to convey the story of the past week.

What is most intriguing is that with these vast numbers, of people and of planes, everything runs smoothly. From thousands of miles they come to Oshkosh, and for one week create a new community.

What allows a new community to come to life each year in August at Wittman Field, to function smoothly, to accomplish its goals, and to pack off without confusion?

It is, obviously, the genius for organization which the EAA leadership has demonstrated over the years.

It is more than that, however. This week-long community functions smoothly because each individual member of that community wills it to function. Each visitor to Oshkosh this past week has a particular interest in aviation, it is true.

But it is more than a common interest which makes it function. Fifty thousand football fans share a common interest, but after they leave the stadium, it is a mess. Chaos is a hallmark of some gatherings, both during and after the event.

Yet at the EAA grounds, everything is orderly without being regimented. It is perhaps the most impressive thing about the EAA convention to an outsider. Here are thousands of people, and all take care so that their interests are subordinate to the total welfare of the community.

Perhaps some anthropologist will find the EAA a subject for study. It would be interesting for a professional to identify the elements that make this community the success that it is.

Whatever it is that motivates those masses of individual EAA members to make their one-week community successful might be applied to other communities.

A Valued Friend

Most Oshkosh residents feel comfortable having the Experimental Aircraft Association here each year. It is a happy accommodation of this city with the thousands of visitors to EAA.

One of the things Oshkosh looks forward to is the evening air show which daily highlights activities at Wittman Field.

This year's shows have been outstanding. The lusty sounds of the Warbirds in formation over Oshkosh had a certain romanticism about them. Air show spectators were treated to magnificent aerobatics and demonstrations. It fired the imagination of many a youngster.

The air show is only the visible part of what the EAA convention is doing, and of what it means to Oshkosh.

As each year passes the community and the EAA are becoming more closely associated. Hopefully this friendship will grow and continue for many more years.

REVIVE COST OF LIVING COUNCIL

HON. JOHN B. ANDERSON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. ANDERSON of Illinois. Mr. Speaker, today I am introducing for appropriate reference the "Economic Monitoring and Inflation Control Act of 1974." I am introducing this bill pursuant to President Ford's request last night that—

> Before your Labor Day recess, Congress should reactivate the Cost of Living Council through passage of a clean bill, without reimposing controls, that will let us monitor wages and prices to expose abuses.

I commend President Ford on designating inflation control as the first priority of his administration. In the President's words:

> Inflation is our domestic public enemy No. 1. To restore economic confidence, the government in Washington must provide leadership.

I am certain that the public fully expects such leadership from Government in combating inflation, and that the Congress stands ready to cooperate with the President in providing that economic leadership for the country.

In this regard, I commend the President on accepting the suggestion that he convene a domestic summit on the economy, bringing together Members of Congress, his own economic consultants, and some of the best economic brains from labor, industry, and agriculture. The purpose of this summit would be to devise a bipartisan action plan for stability and growth in the American economy. I further commend the President on his pledge to convene the summit at an early date, to conduct it in full public view, and to personally preside over it. The President's emphasis on the need for such a summit is a refreshing and candid recognition that there are no easy or pat solutions to our economic problems. In the President's words, the American people "are as anxious to get the right answers as we are."

While the administration is devising a bipartisan action plan for the economy at this forthcoming summit, it is nevertheless important in the interim that certain immediate steps be taken. I share the President's hope that before we break for the Labor Day recess on August 22, this Congress can process and send to the President's desk a clean bill to reactivate the Cost of Living Council to closely monitor wages and prices and expose abuses with a view to curbing inflation, without the reimposition of wage and price controls.

The legislation which I am introducing today is aimed at implementing that goal. Under my "Economic Monitoring and Inflation Control Act," the President would be granted the necessary authority which would in turn be delegated to a new Cost of Living Council. This authority would carry through December 31, 1975. It is my hope that the House committee to which this bill is referred would initiate immediate hearings on this and related proposals with a view to meeting the President's deadline. At this point in the RECORD, Mr. Speaker, I include the full text of my bill:

H.R. 16399

A bill to provide for the monitoring of the economy for the purpose of controlling inflation

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Economic Monitoring and Inflation Control Act of 1974".

PRESIDENTIAL AUTHORITY

SEC. 2. (a) To carry out the purposes of this Act, the President shall—

(1) monitor compliance with commitments made pursuant to the Economic Stabilization Act of 1970, as amended;

(2) review the programs and activities of Federal departments and agencies and the private sector which may have adverse effects on supply and cause increases in prices and make recommendations for changes in such programs and activities to increase supply and restrain prices;

(3) review industrial capacity, demand, and supply in various sectors of the economy, working with the industrial groups concerned and appropriate governmental agencies to encourage price restraint;

(4) work with labor and management in the various sectors of the economy having special economic problems as well as with appropriate Government agencies, to improve the structure of collective bargaining and the performance of those sectors in restraining prices;

(5) improve wage and price data bases for the various sectors of the economy to improve collective bargaining and encourage price restraint;

(6) conduct public hearings when appropriate to provide for public scrutiny of inflationary problems in various sectors of the economy;

(7) focus attention on the need to increase productivity in both the public and private sectors of the economy; and

(8) monitor the economy as a whole, including such matters as wages, costs, productivity, prices, sales, profits, imports and exports.

(b) Nothing in this Act authorizes the continuation, imposition, or reimposition of any mandatory economic controls with respect to prices, rents, wages, salaries, corporate dividends, interest rates, or any similar transfers.

ACQUISITION OF ECONOMIC INFORMATION

SEC. 3. (a) For purposes of carrying out this Act, the President may by regulation, order, or otherwise obtain such information from, require such reports and the keeping of such records by, make such inspections of the books, records and other writings, premises, or property of, and take the sworn testimony of, and administer oaths and affirmations to, any person as may be necessary or appropriate. The authority to obtain information under this subsection or section 6 of this Act does not extend to copies of disclosures to departments or agencies of the United States excepted from disclosure under subsection (b) of this section.

(b) For purposes of carrying out this Act, the President may request from any department or agency of the United States, and that department or agency shall provide him, economic information except:

(1) information, the disclosure of which to another Federal agency is expressly prohibited by law, or

(2) trade secrets, commercial, financial, or demographic information which is privileged or confidential and obtained by an agency from a person for statistical or law enforcement purposes, the disclosure of which to another Federal agency would frustrate development of accurate statistics or proper law enforcement.

(c) For purposes of carrying out this Act, the President may request economic information from State and local governments, including agencies and instrumentalities thereof.

DELEGATION

SEC. 4. (a) The President is hereby authorized to reestablish the Cost of Living Council (hereinafter referred to as the "Council"), for the purposes of carrying out this Act.

(b) The Council shall be composed of the following members: The Secretary of the Treasury, the Secretary of Agriculture, the Secretary of Commerce, the Secretary of Labor, the Secretary of Health, Education, and Welfare, the Secretary of Housing and Urban Development, the Director of the Office of Management and Budget, the Chairman of the Council of Economic Advisers, the Counselor to the President for Economic Affairs, the Special Assistant to the President for Consumer Affairs and such others as the President may, from time to time, designate.

(c) The Secretary of the Treasury shall serve as Chairman of the Council and the Chairman of the Council of Economic Advisers shall serve as Vice Chairman. The Chairman of the Board of Governors of the Federal Reserve System shall serve as adviser to the Council.

(d) There shall be a Director of the Cost of Living Council who shall be appointed by the President, by and with the advice and consent of the Senate, and who shall be compensated at the rate prescribed for Level III of the Executive Schedule by section 5314 of Title 5 of the United States Code.

(e) The Council is authorized to employ such personnel as the President deems necessary to carry out the purposes of this Act, and the President may require the detail of employees from any executive agency to carry out the purposes of this Act.

(f) The President is authorized to appoint, without regard to the civil service laws, such advisory committees as he deems appropriate for the purpose of consultation with and advice to the President in the performance of his functions under this Act. Members of advisory committees, other than those regularly employed by the Federal Government, while attending meetings of such committees or while otherwise serving at the request of the President may be paid compensation at rates not exceeding those authorized for individuals under section 5332 of title 5, United States Code, and, while so serving away from their homes or regular places of business, may be allowed travel expenses, including per diem as authorized by section 5703 of title 5, United States Code, for persons in the Government service employed intermittently. Committees established under this Act which are composed of members representative of labor and management or labor, management, and the general public to provide advice on methods of improving labor-management relations or the collective-bargaining process or assuring wage and salary settlements consistent with gains in productivity and the goals of stabilizing the economy and facilitating development of the Nation's energy reserves are exempt from the provisions of section 10 of the Federal Advisory Committee Act.

(g) (1) Under such regulations as the President may prescribe, officers and employees of the Government who are appointed, without a break of service of one or more workdays, to any position for carrying out functions under this Act are entitled, upon separation from such position, to reemployment in the position occupied at the time of appointment or in a position of comparable grade and salary.

(2) An officer or employee who, at the time of his appointment under paragraph (1) of this subsection, is covered by section 8336(c) of title 5, United States Code, shall continue to be covered thereunder while carrying out functions under this Act.

EXPERTS AND CONSULTANTS

SEC. 5. Experts and consultants may be employed, as authorized by section 3109 of title 5, United States Code, for the performance of functions under this Act, and individuals so employed may be compensated at rates not to exceed the per diem equivalent of the rate for grade 18 of the General Schedule established by section 5332 of title 5, United States Code. Such contracts may be renewed from time to time without limitation. Service of an individual as an expert or consultant under this section shall not be considered as employment or the holding of an office or position bringing such individual within the provisions of section 3323(a) of title 5, United States Code, section 872 of the Foreign Service Act of 1946, or any other law limiting the reemployment of retired officers or employees.

ECONOMIC IMPACT REVIEW OF FEDERAL PROGRAMS AND ACTIVITIES

SEC. 6. Subject to the policy guidance and direction of the President, the head of an agency exercising authority under this title may review and appraise the various programs and activities of the departments and agencies of the United States in light of the policy set forth in section 2 of this Act for the purpose of determining the extent to which those programs and activities are contributing to the achievement of that policy and make recommendations to the President with respect thereto.

REPORTS

SEC. 7. (a) In transmitting the Economic Report required under section 3(a) of the Employment Act of 1946 (15 U.S.C. 1022), the President shall include a section describing the actions taken under this Act during the preceding year and giving his assessment of the progress attained in achieving the purposes of this Act. The President shall also transmit quarterly reports to the Congress not later than thirty days after the close of each calendar quarter describing the actions taken under this Act during the preceding quarter and giving his assessment of the programs attained in achieving the purpose of this Act.

(b) In carrying out his authority under this Act, the President shall study and evaluate the relationship between excess profits, the stabilization of the economy, and the creation of new jobs. The results of such study shall be incorporated in the reports referred to in subsection (a) of this section.

FUNDING

SEC. 8. (a) There are authorized to be appropriated to the President, to remain available until expended, such sums as may be necessary to carry out the provisions of this Act.

(b) The President may accept and use in furtherance of the purposes of this Act money, funds, property, and services of and kind made available for such purposes by gift, devise, bequest, grant, or otherwise.

EXPIRATION

SEC. 9. The authority to issue and enforce orders and regulations under this Act expires at midnight December 31, 1975, but such expiration shall not affect any action or pending proceeding, civil or criminal, not finally determined on such date, nor any action or proceeding based upon any act committed prior to January 1, 1976.

BRANDED BY THE NUMBERS

HON. ROBERT L. LEGGETT

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. LEGGETT. Mr. Speaker, on May 30, I introduced H.R. 15099, a bill which would prohibit the use of separation program number—SPN—codes on discharge certificates, require that the Department of Defense make active efforts to replace all discharge papers that they have issued bearing those codes, and establish regional discharge review centers to provide accessibility to veterans who wish to pursue appeals. While the Department of Defense has not yet commented on this proposal, I have already received overwhelming public response since its introduction, all of it favorable. It has been said time and again that one of the major strengths of our Armed Forces is the high level of education of our military men; it only follows that our newest veterans would also be relatively well-educated. These veterans know that they are being hurt by the present system, and they know that it is up to the Congress to do something about it.

Every day that we fail to correct the inequities addressed by my proposals more and more young lives are wrecked by the insidious numbers that are literally time bombs which are being carried around by thousands of veterans. A recent article in Penthouse magazine, "Branded by the Numbers," brings this problem from the abstract to the very real terms in which today's veterans must deal with it. I would like to insert that article into the RECORD at this point so that every Member may acquaint himself with the kind of tragedies that daily haunt the lives of thousands of young men:

BRANDED BY THE NUMBERS

In July 1967, Thomas Aiken, an impoverished seventeen-year-old, enlisted in the army because, as he explains, "I wanted to better my life."

Aiken, a gangling black youth from New York City, arrived in Vietnam just in time for the 1968 Tet Offensive, in which 4,285

American soldiers were killed and 12,985 seriously wounded. He served as an infantryman in the First Cavalry Division, fighting to relieve the siege of Khe Sanh. He had already received a recommendation for a Bronze Star and several other medals when shrapnel from a Viet Cong booby trap wounded him in the right eye, arms, and chest. Eventually he was evacuated to a Massachusetts army hospital for a three-month recovery.

While he recuperated, the piece of shrapnel that remained in his right eye continued to trouble him. Nevertheless, he was transferred to Fort Gordon, Georgia, to await further orders to return to Vietnam. Like many other wounded veterans, Aiken discovered that his "profile," an army designation recognizing his injuries and prohibiting him from hard work, was more a bother than a help. Sergeants kicked his bunk and pulled him out of bed, accusing him of "dogging it." Officers, he says, challenged him, knowing he wouldn't strike them.

After several months, Aiken, his eye still bothering him, had had his fill. "After a while," he remembers, "I felt like I was losing my mind, and that if I didn't get away from the army and that kind of life, I was really afraid that I would go crazy, hurt somebody, or myself. So I had to leave and get back to my family in Queens so I could get my mind back together."

Requests for leaves were refused, so Aiken went absent without leave (AWOL) three times. After being court-martialed, Aiken reluctantly accepted, in July 1970, an "undesirable discharge" that would allow him to leave the army early. The vision in his right eye had already begun to deteriorate.

For the next two years, he applied repeatedly for medical treatments and benefits to the Veterans Administration office in New York. He was rejected, he was told, because of his undesirable discharge.

Lacking proper medical treatment, Aiken lost his right eye in March 1973. Meanwhile he was finding that his undesirable discharge was also turning off potential employers. He says he has looked "everywhere" and still has no steady job.

If Aiken's experience were unusual, it could perhaps be dismissed as yet another unfortunate footnote to an unfortunate war. But hundreds of thousands of other Vietnam veterans were also discharged with what they have ruefully come to call "bad papers"—less-than-honorable and even honorable discharges that contain bad code numbers, called Separation Program Numbers (SPNs). The SPNs may reveal adverse information about a man—for instance, whether he was a "homosexual" or a "bed wetter."

Most experts agree that the number of bad papers awarded by the armed forces to Vietnam veterans is unprecedented. According to the Defense Department more than 500,000 men, roughly 6 percent of the 8.2 million Vietnam-era veterans, have other-than-honorable discharges. "More than 286,000 of these troops were discharged in the last four years, during one of the rockiest employment periods in American history," says Congressman Edward I. Koch (D–NY), who has introduced legislation to alleviate the bad papers problem.

Vietnam veterans with less-than-honorable discharges include about 275,000 with general discharges ("under honorable conditions"), 191,000 with undesirable discharges ("under conditions other than honorable"), 33,000 with bad-conduct discharges, and 3,500 with dishonorable discharges. Thus, more than half a million young men are bearing millstones that will weigh heavily on them through their lives. The only "papers" that afford a Vietnam veteran an even break in civilian society is an honorable discharge with a benign SPN.

Altogether, 888,000 Vietnam-era veterans, by Defense Department estimates, carry discharges with "adverse" SPN codes. The codes were awarded by their commanding officers at their last duty stations before discharge, allegedly as a reason for their separation from the armed services. Some experts contend that the number of adverse SPN victims is actually much higher than the Pentagon's estimate of 12 percent of Vietnam-era veterans. There are, after all, more than 500 SPN numbers (see next page for a listing of SPN codes), and every veteran has one. "Who knows what 'adverse' is from the Defense Department's point of view?" asks Koch, who estimates the adverse SPN total to be "comfortably higher" than 12 percent of all Vietnam-era veterans. Adversity is, after all, in the eyes of the beholder, and if the VA or a potential employer, lender, or school thinks a SPN code is adverse, it *is* adverse.

Certainly, many so-called nonadverse SPN categories are potentially harmful. Some, like "homosexual," are plainly negative, while others are couched in dangerous bureaucratic Newspeak that could turn off a potential employer, SPN 243 is one example: "Resignation in lieu of board action when based on unfitness." Others are ominously ambiguous: SPN 288, "Habits and traits of character manifested by antisocial and immoral trends"; SPN 480, "Personality disorder."

The Defense Department has moved belatedly to eradicate the SPN system, but questions remain about the procedure and how it will help previously victimized men.

In their own way, bad papers are the most insidious of all the veterans' problems. Modern medical technology repairs shattered bodies, time may heal devastated souls. Addicted veterans kick their habits or die. But the veterans bearing bad papers are like the character "Joe Btsfplk" in the "Li'l Abner" comic strip—there's always a dark rain cloud hovering over their heads.

These veterans find the VA and other government agencies unsympathetic to their problems, job doors slammed in their faces, and benefits of all sorts denied them. Most know of no procedure that would help solve their problems with bad papers. Many of these veterans, particularly those with dependent families, wonder where their next meal is coming from. They question incessantly their lack of acceptance by friends and families they left behind when they went to Vietnam, and by a civilian society that considers their bad papers the kiss of death.

Why the unprecedented number of bad papers? While World War II statistics are "in the process of being compiled," the Defense Department does have comparable bad-discharge figures from the Korean War. In Korea, 142,634 veterans, only 2.5 percent of the 5.7 million who served, received other-than-honorable discharges, as opposed to 6 percent of Vietnam-era veterans. (The SPN system was initiated in the mid-Fifties, after the Korean War.)

One probable reason for all the bad papers awarded Vietnam veterans is that our troops did not "win" the war. The fault must have been theirs—not their commanders' or the war's itself. It's always easier to blame the troops.

Carl McCarden, former head of the New York Mayor's Office for Veterans' Action, has his own explanation for the bad papers: "It's probably all part of the failure of leadership, the badly reported internal dissension in Vietnam. Lifers were administering bad papers to draftees, careerists to dissenters. It was the ultimate weapon one group had over the other."

The actual number of victims of bad papers does not reveal the total number of casualties they cause. The continuously festering wounds manifest themselves in fractured families, depression, raging frustration, alcoholism, drug abuse, and suicide.

Ernie P., a young veteran who loaded bombers at Ton Son Nhut Air Base in Vietnam, relates: "I was released from the air force with an undesirable discharge. The reason for this was that I was involved with another serviceman. I need not tell you the extent of the situation. I live every day as a prisoner within myself and it's finally getting to me. I don't want my wife and children to suffer for my mistake, but they are, because I can't get a mortgage loan from the VA. I live in fear that one day my family will find out what my SPN says about me."

For months, Eddie Aldarondo of the Bronx couldn't decide which had hurt him more—the drug habit he picked up while in the army or the bad discharge he received as a result of the drug habit and subsequent AWOL offense. Now he knows. Once and for all, Eddie has kicked his drug habit, but his bad papers linger on to impede his civilian life.

Eddie's bad papers are an undesirable discharge ("Under conditions other than honorable") with an adverse SPN code, 246, "Discharge for the good of the service."

Determined to escape from the South Bronx neighborhood where he grew up, an area rife with drugs, gangs, and crime, the short, muscular Puerto Rican youth enlisted in the army at the age of seventeen, immediately after his high school graduation. After one year of training at Fort Sam Houston, Texas, Eddie was legally old enough to be sent to Vietnam, and after September 1971 he served as a medic in the Seventh Regiment of the First Division.

For one long month, Eddie saw action at Ben Hua, Fire Base Mace, and "in the brush" near the Cambodian border. He smiles proudly as he recalls the wounded men he helped. "No one ever died on me."

Eddie caught malaria while on patrol, however, and developed chronic hepatitis while recuperating in Japan. In December 1971, he was sent to St. Albans Military Hospital in Queens to recuperate further and await orders to return to Vietnam.

Growing up, Eddie had seen drugs on the streets all around him but had never really smoked grass until he was sent to Fort Sam Houston. "The drugs were everywhere man, everywhere I went in the army," Eddie recalls, and he began smoking grass. In Vietnam, when he joined his unit on patrol, he was introduced to his fellow platoon members and "their belongings"—pure Laotian heroin that most of the men smoked incessantly. Eddie joined them.

In Japan, he snorted heroin and at St. Albans Hospital, as Representative Mario Biaggi (D-NY) later charged, drugs were everywhere. Eddie realized he was rapidly developing a deep drug habit. He would get up in the morning and immediately begin thinking about a fix. But turning himself in meant sure punishment, he felt, not to mention inadequate treatment.

Visiting Eddie at St. Albans, a friend who was a former army drug addict told him about the DMZ, a drug-treatment facility for addicted veterans located in the South Bronx. At the DMZ, his friend said, no questions were asked. In April 1972 Eddie went AWOL from St. Albans to enter the DMZ. During his five months at that facility, Eddie remained an AWOL and successfully kicked his drug habit.

Eddie was one of five AWOLs at the DMZ, and a program director arranged for the young men to turn themselves in at Fort Dix. Eddie was given the impression that he would be granted a general discharge from the army, leaving him eligible for veterans' benefits. He found himself faced with an unanticipated choice, however. He could remain in the army and fight a proposed undesirable discharge, or take the undesirable and "freedom."

"I was doing too well at the DMZ to go back into the army and start getting into trouble all over again, so I took the bad discharge," Eddie says.

A month after he received the discharge on October 30, 1972, Eddie applied for VA benefits. Months later, a letter from the VA matter-of-factly informed Eddie of conditions entitling a veteran to receive benefits. Although Eddie met all these condtions, the letter concluded that "your claim has been disallowed because the evidence on your record indicates that you were separated from the service under conditions which preclude entitlement."

"It's a contradiction," Eddie complains. The French statesman Georges Clemenceau said it differently many years ago: "Military justice is to justice as military music is to music."

Legally, the VA can forbid benefits only to conscientious objectors, deserters, and the 3,500 dishonorably discharged veterans. Veterans with undesirable and bad-conduct discharges, however, are often informed they are due no benefits until they get their discharges upgraded. This is a lie. It is up to a VA review board to decide whether the offense was sufficient reason for denial of educational benefits, pensions, home loans, medical and dental assistance, and even certain burial rights. But the VA review boards seldom rule in favor of the veteran.

A Ralph Nader study group found that only 91 of 1,305 applicants with bad discharges surveyed during a five-month period in 1972 were approved for education benefits. Of the nearly 100 veterans with bad papers *Penthouse* interviewed, only twenty said they were approved. No wonder so many former troops steer clear of the VA altogether, accounting perhaps for the low number of applicants seeking to upgrade their discharge papers.

This VA authority seems patently illegal to Robert Wilson, a lawyer and discharge-upgrading counselor for the New York Mayor's Office for Veterans' Action. "I'd love to challenge the VA in court," says Wilson, displaying Subsection 3103(A) of Title 38 of the U.S. Code. Approved by Congress in 1971, the subsection lists the following as "Certain Bars to Benefits": "The discharge or dismissal by reason of the sentence of General Court-Martial of any person from the Armed Forces or the discharge of any such person on the ground that he was a conscientious objector . . . or a deserter."

Most veterans with bad papers do not fit into any of these categories and Wilson asks: "Congress gives the VA the right to administer the law, but where does it give them the right to change it?"

Other federal, state, and local government agencies perpetuate this discrimination against men with bad discharges. The rule seems to be that many "generally" discharged veterans (the great mass af bad-papers recipients) and just about all veterans with bad conduct, undesirable, and dishonorable discharges are not eligible for federal civil-service jobs, social security, or even unemployment compensation. According to the Nader study, over the five-month period surveyed in 1972, the U.S. Labor Department approved only 600 of 4,000 applicants with bad papers for unemployment compensation. Moreover, many states and cities have specific ordinances barring veterans with less-than-honorable discharges from government jobs.

In the private sector, jobs are the most common problem for veterans with bad papers. Most potential employers routinely ask to see the Veteran's "Report of Separation from Active Duty" (DD214). issued to each veteran upon discharge. It's a harmless-looking bureaucratic form with thirty-four categories of personal information. Some information, like the name and place of residence, is indeed harmless.

But camouflaged on the DD214 are all kinds of negative signals to the potential employer, signals of which the veteran may be unaware. The certificate reveals whether the discharge was less-than-honorable, the veteran's SPN number, whether he is considered worthy of reenlistment, and any offense he may have committed while in the service. Each negative entry is also a potential stumbling block to home loans, life and medical insurance, mortgages, bonding, and consumer credit.

For example, Stanley Days of Bridgeport, Connecticut, would seem to have more than his share of problems, with three small children and no job. What he considers his biggest problem, though, is the general discharge and negative reenlistment code he received from the navy.

Days enlisted in the navy in 1965 and served for seven months in 1966 as an aviation structural mechanic aboard the aircraft carrier *Kitty Hawk* in the Gulf of Tonkin. He served meritoriously in the Seventh Fleet and had no real problems with the navy, he says, until he was transferred to his next duty station, Sanford Naval Air Station in Florida, in 1968.

"I just couldn't get along with the dude in charge of me at Sanford," says Days. "He only had one stripe on me but he was always getting on me. I don't want to use this as an excuse, but he was a real cracker and I don't think he liked blacks. Of course, whites had trouble there, too. Sanford was really full of petty stuff."

Days became increasingly disgusted with the navy and what he considered the harassment he was receiving. When he discovered that the girl he had been dating (later to be his wife) was pregnant and his request for a leave was denied, he went AWOL. After two months AWOL he was arrested and taken to a Brooklyn naval facility where he was busted from seaman to recruit, fined, and confined to a Brooklyn brig for three months.

To Days, the penalty seemed so out of proportion to the offense that he just "gave up all my hopes of ever being anything in the navy and got determined to get out as soon as I could." A few weeks after he left the brig, he went AWOL again.

When he returned to the Brooklyn base, Days chose to receive a general discharge rather than stay and face a court-martial hearing. He was given the impression by his counsel that the general discharge wouldn't hurt him as a civilian. He wasn't aware of the negative reenlistment code on his record.

Unlike many other Vietnam veterans, Days had what seemed to be a marketable civilian skill. A veteran capable of repairing planes and helicopters should have been in demand as the war continued to heat up. But Days was turned down for jobs at many firms because, he says, personnel people told him they were leery of hiring veterans who had less-than-honorable discharges. They feared it might endanger their heavy load of government contracts.

The severe consequences of bad discharges contrast sharply with the comparative casualness with which they are often awarded. The navy, marines, and coast guard will automatically administer a general discharge to any man who doesn't measure up to certain standards of proficiency and conduct, and the serviceman has no opportunity to appeal while in the service. The army and air force may give general discharges to troops whose "characterization" is deemed "unsatisfactory."

"The general discharge was given in a lot of cases where there is no real offense involved, but where the soldier just doesn't measure up to certain standards," says Gordon Jenkins, chief of armed forces claims for the Veterans of Foreign Wars. "Although general and undesirable discharges are not supposed to be punitive in nature, they certainly are in the sense that they scare off potential employers once the man is a civilian."

In Vietnam some general and all undesirable discharges (both termed "administrative" by the armed services) were awarded at battalion- or division-level administrative hearings. Bad-conduct and dishonorable discharges, termed "punitive" by the armed forces, were meted out at courts-martial. The difference is significant because experts on veterans affairs insist that the soldier confronted with an administrative discharge has fewer rights than one facing court-martial, although by definition his offense was much less serious.

As Congressman Koch said: "At an administrative hearing in Vietnam, the accusers could establish guilt solely by preponderance of evidence—not by the 'beyond a reasonable doubt' rule of courts-martial and civilian criminal courts." This means that if a soldier is charged with possession of three sticks of marijuana, he can be found guilty at an administrative hearing solely on the basis of circumstantial evidence.

And while courts-martial decisions and sentences can be appealed, there is no provision for appealing the findings of an administrative hearing within military courts after military review.

There is something so ominous about the term "court-martial," however—bearing as it does, connotations of prison sentences and stiff fines—that many soldiers in Vietnam elected to have administrative hearings when confronted with the possibility of a court-martial. Many others waived their rights to hearing and counsel altogether, and took whatever bad discharge the hearing served up.

Harry Espada, a veteran from Spanish Harlem, found himself in such a situation, took the "easy way out," and regrets his decision. After serving honorably in Vietnam, Harry ran afoul of his superiors at Fort Gordon, Georgia, where he was biding time while awaiting discharge from the army. There were many problems in Harry's family, not the least of which was his mother's frequent hospitalization for a colon disorder, and Harry repeatedly requested an emergency leave. When it was denied, he finally went AWOL.

After he returned to base, he received an Article 15 (an administrative punishment) and spent time in the stockade. Things went from bad to worse. His family's problems continued, and Harry went AWOL twice more. His company commander gave him a choice between "an undesirable discharge" or "worse"—a court-martial. Harry might have been acquitted, given his family situation, but he chose the undesirable discharge and an early out from the service. Now he wonders how he's going to feed his two small children. His wife got fed up with his job problems and left him. So now it's just Harry, who is twenty-seven but looks ten years older, the two small kids, and the coffee he absentmindedly stirs in a Times Square coffee shop.

Harry is angry, ready to explode—but at whom? at what? "I get the big runaround from everybody—the VA, companies, banks. They either turn me down right off the bat or give me the runaround. Sometimes I get angry enough to rip someone off, but I try to control it. That'll get me nowhere faster than I'm heading there. But the other guys —they're into ripping off now."

Certainly this kind of frustration often explodes into crime. By 1973, according to *Penthouse* research, 32 percent of the federal prison population were veterans, 11 percent of whom had served in Vietnam. The Vietnam-era Veterans National Resource Project estimates that 20 to 35 percent of all prison inmates (local, state, and federal) are Vietnam-era veterans with less-than-honorable discharges. In California, 25 percent of the penal institution inmates are Vietnam-era veterans with bad papers. In Newark, New Jersey, the figure is 35 percent.

Many veterans have bad papers because they swallowed one of the biggest lies of the war in Vietnam, a rumor so common that even the *Army Times*, a newpaper that often reflects army views, editorialized against believing it: that after six months, general and undesirable discharges would revert to honorable. The rumor was absolutely false, but for their own reasons—to prunedown units, to unload "troublemakers," to get rid of troops with low IQs, perhaps because they swallowed it themselves—many officers and psychiatrists perpetuated it.

"That's what the army shrink told me," recalls Artie Fishman, an otherwise sophisticated New Yorker who served as an artillery gunner in the Fourth Army Division near Dak To. Fishman was referred to a battalion psychiatrist after he began exhibiting signs of "antisocial" behavior.

His symptoms included subscribing to *Ramparts* magazine, having the temerity to discuss the validity of the war, and not always aiming his mortar at a town he knew to be occupied by civilians.

Fishman accepted the psychiatrist's offer of a general discharge in exchange for an early out from Vietnam. His discharge has yet to revert to "honorable." Three years after he came home, he applied for a job as a taxi driver in New York and was told to account for his "bad military record." Fishman got the message: he'd been screwed.

But veterans with less-than-honorable discharges aren't the only ones to suffer with bad papers. Representative Koch estimates that in the last five years more than 90,000 *honorably* discharged veterans have received negative SPN numbers. In fiscal year 1973, 17,196 honorably discharged veterans received arbitrary, negative codes.

Why? What's the purpose of stigmatizing a man who managed to keep his nose clean against all odds in Vietnam? Lt. Gen. Leo E. Benade, Deputy Assistant Secretary of Defense, in a letter to Congressman Koch, wrote: "The specific nature of the service may have been honorable but the potential for future services is limited by the reason for discharge."

And what offenses might an honorably discharged veteran have committed to merit a negative SPN? Probably nothing more serious than alienating a unit commander somewhere along the line. But the consequences can be serious. One veteran wrote to Koch that he was "discharged under honorable conditions but as 'unsuitable for further military service.' This has actually proven to mean unsuitable for civilian employment as well."

Computer and human error are inevitable in the complex SPN system, where codes are bandied about casually and changed frequently, and many honorable dischargees have suffered unjustly as a result. Foul-ups are easily made and hard to correct.

In theory, SPNs are confidential. But until recently, they were readily available in published armed forces regulations and widely distributed by newspapers and in manuals of groups like the VFW and even in the Red Cross. Some employers have obtained SPNs directly from the Defense Department, although the Pentagon denies this.

According to the *Washington Post*, 85 percent of the personnel departments of big corporations surveyed throughout the country have SPN lists. To avoid this situation, the Defense Department has periodically revised the SPN listings. But this has only complicated matters further. One veteran with an "early out" SPN was shocked to find a personnel interviewer confusing it with a "homosexual" SPN on a new listing. His job application was rejected.

Koch and Wisconsin Representative Les Aspin have been exerting pressure on the Defense Department over a three-year period to have the SPN codes dropped, pressure increased by a federal court ruling earlier this year. On March 23, 1974, Secretary of Defense James Schlesinger reacted: Henceforth no SPNs and reenlistment code numbers would be affixed to discharge certificates; and further, veterans could request eradication of past SPNs.

But there is reason to doubt Schlesinger's ability to do away with SPNs. Since many veterans aren't even aware of their own codes, it's unlikely they would request eradication. And reviewing the SPNs of a possible 8.2 million Vietnam-era veterans would involve enormous expense. At this time, Schlesinger has not answered some important questions: How and where will SPNs be eradicated? How will veterans be contacted? Will only SPNs on administrative discharges be affected, or all SPNs?

By April, when this article was written, Schlesinger was playing his cards close to the vest, promising some clarification by early May. But many experts are leery of a Pentagon staff proposal that SPNs be eradicated arbitrarily from Washington. "Eradication would be left in the hands of the same people who propagated the SPN system for years," says former marine colonel William Corson, who has written extensively about the treatment of returning veterans.

There is another reason to doubt Pentagon sincerity, given veterans' experiences with an earlier gesture of "good will." In January 1971, Melvin Laird, then secretary of defense, responded to press reports of increasing drug usage in Vietnam with a dictum that was widely praised in the press. All bad discharges for drug usage, Laird announced, were to be "reviewed for recharacterization." It was a great idea, but a failure. Nationally, only 19 percent of drug discharges have been upgraded, according to the VFW. Until recently, veterans like Tom W. were still being spewed out of the army bearing SPN 384, "Drug Abuse," on their DD214s.

Tom spent thirteen months on a destroyer off Vietnam during the Tet Offensive of 1968, receiving enthusiastic performance evaluations by all his superiors. Since his discharge, however, he has been denied jobs by six firms and had to drop out of college when he discovered that he probably could never be accredited as a teacher.

Once, while on leave, Tom, who was not a regular drug user, experimented with marijuana and LSD. He later felt guilty and reported it in confidence to his chaplain and base psychiatrist. That confidence was broken, Tom says, and he ended up with SPN 384, and an undesirable discharge.

When he finally discovers his problem, the veteran tagged with a bad discharge or an adverse SPN code is apt to find himself lost in a Kafkaesque maze. There is no one to turn to for an explanation, no one to offer help, indeed, no one even at whom to lash out. "You feel like slugging someone," explains Harry Espada. "But who? A counselor? It's not his fault. The VA? That won't accomplish anything. The whole army? How can you do that?"

For Harry and the others, changing bad papers is an almost hopeless task. (See box p. 61). Experts in discharge upgrading say that by mid-1973 they began to have more success in their efforts. But in 1973 there was only a 16 percent success rate for veterans with bad discharges who applied to have them upgraded. Of the 16 percent who were successful, only 19 percent were veterans with drug-related discharges, and only 11 percent held other than less-than-honorable discharges. And the 16 percent success rate applies only to the several thousand Vietnam veterans with the desire and wherewithal to go through the entire upgrading process. For nondrug cases it can take up to eighteen months, involves the securing of numerous character references and endless army documents, as well as going to Washington.

The great majority of veterans with bad papers, counselors agree, don't even know that their discharges can be upgraded. Many others, when informed of the problems involved, never return to their counselors. They fear yet another bureaucratic merry-go-round.

All kinds of hidden expenses are involved. In New York, the veteran must pay ten dollars to the police department merely to secure evidence that his post-Vietnam crime record has been spotless. Then, for the veteran unable to secure representation from one of the old-line veterans organizations, there's enormous legal fees. The going legal rate in New York, including the trip to Washington, is $1,500.

For a West Coast veteran, the cost of coming to Washington and facing the Discharge Review Board (the navy's board is called "Board of Correction of Military Records") is usually prohibitive. And it's all for nothing in 84 percent of the cases. For years, the Defense Department has been talking about regionalizing the review centers. So far, it's been nothing but talk.

Because their government is failing them, veterans themselves are moving to cope with the discharge-upgrading problem. An evolving network of coast-to-coast veterans' self-help organizations has given discharge counseling of a high priority in solving veterans' problems (see page 64 for list of organizations offering discharge counseling). So far, however, these projects have succeeded in doing little more than increasing the backload of cases awaiting appeal.

In the meantime, the armed forces continue to issue an increasing number of bad papers. One general-discharge category, "For the good of the service," rose from 450 men in fiscal year 1969 to 25,000 in fiscal year 1973. According to the *Army Times*, bad discharges of all types rose as the armed forces began pruning down to the volunteer army in 1972.

The bad-discharge system gives the volunteer army an excellent opportunity to unload "low quality" recruits, particularly blacks. Congressman Koch has written that "if the military pursues aggressive recruiting of the poor to meet its recruitment quotas and then blithely gets rid of those who can't measure up through unfair administrative procedures, more unknowing men and women will be sent back to civilian life worse off than when they came in."

Many veterans experts say that the solution to the bad-papers problem is a system in which all veterans would receive a simple certificate that notes only where and when they served and for how long. Whatever adverse comments the military wanted to make would be kept within the military. There would be no DD 214s.

Under such a system, the veteran would be assured that once he reentered civilian life, his service record would be kept completely confidential, a system employed by almost every other country in the world.

But veterans need immediately a significant change of attitude on the part of the Pentagon and the Veterans Administration. Instead of hiding behind bureaucratic excuses and refusing to deal affirmatively with the bad-papers problems, instead of applying negative labels to those who fought the war in Vietnam, they should be rewarding them for fighting in it at all. One conclusion is inescapable: there will be no peace for those who served in Vietnam until the destructive effects of bad papers are eliminated.

H.R. 15264

HON. J. WILLIAM STANTON

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. J. WILLIAM STANTON. Mr. Speaker, in debating the Export Control Act today, I wish to stress that my own

State of Ohio is a large exporter of agricultural commodities. Many of these exporters are members of the American Farm Bureau Federation. I submit for the RECORD a recent letter I received from Mr. John C. Datt, Director of Congressional Relations, American Farm Bureau Federation:

AMERICAN FARM BUREAU FEDERATION,
Washington, D.C., July 31, 1974.
Hon. J. WILLIAM STANTON,
The House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN STANTON: H.R. 15264, a bill to amend and extend the Export Administration Act of 1969, is likely to reach the floor of the House later this week. This bill, if enacted, would increase the authority of the Executive Branch to impose export controls on agricultural, and other commodities.

On January 17, 1974, the elected voting delegates of the member State Farm Bureaus adopted the following policy:

"We encourage action at both domestic and international levels to ensure farmers the right to offer their produce for sale on world markets. We oppose any proposal to limit or control exports of U.S. agricultural commodities."

We represent 2.3 million member families and oppose agricultural export controls for the following reasons:

(1) Farmers and nonfarmers alike benefited from an upsurge in agricultural exports to an all-time high of over $20 billion during the 1973–74 fiscal year. Increased output—made possible by export sales—means lower average production costs on farms. This leads to higher incomes for farmers and lower food costs for consumers. A high level of agricultural exports has a favorable effect not only on the net incomes of the producers of the commodities exported but also on the incomes of producers of other farm commodities and the incomes of workers employed in transportation and other export-related industries. The dollars earned by commercial exports are critically important to our country's international balance of payments. Further increases in agricultural exports will be needed in the years ahead to pay for expanding imports of petroleum and other essential raw materials.

(2) Export controls, like price ceilings, deal with the *symptoms* of inflation and divert attention from the need for a direct attack on our economic problems through effective action to reduce excessive government spending.

(3) Export controls involve the compulsory allocation of supplies by government. They cannot do this job as well as market prices. Such controls also are an instrument for politicizing foreign trade policies. They can lead to the allocation of exports for diplomatic and strategic objectives not related to economic efficiency. Politicized trade policies make it impossible for our country and others to gain the full benefits inherent in mutually advantageous trade conducted with a minimum of restrictions.

(4) The imposition of export controls on certain agricultural commodities in 1973 was a disastrous mistake. The long-run result will be a loss of some hard-won markets; many foreign buyers confronted by broken sales contracts have lost faith in the dependability of the U.S. as a source of supplies. As a result, the effectiveness of U.S. representatives in international trade negotiations has been reduced, and it will be harder to persuade foreign countries to lower their barriers to imports of our commodities.

We also oppose export controls on fertilizers, a nonagricultural commodity but one of great concern to American farmers and ranchers. Government price controls were the primary cause of recent shortages of fertilizers. They encouraged exports and reduced imports of fertilizer materials. Export controls on fertilizers would be undesirable because they would lead to foreign retaliation against our agricultural exports and reduce our fertilizers imports.

The Export Administration Act of 1969 should be extended in order to authorize control over exports of certain strategic materials and technology related to the security of the United States. However, we urge you (1) to vote for revision of the Export Administration Act of 1969 to make it abundantly clear that this Act shall not provide authority for imposing export controls on agricultural commodities and (2) to vote against all proposals to impose export controls on fertilizers.

Your support of our position on these issues will be of benefit to urban consumers as well as farmers and ranchers and will be much appreciated.

Sincerely,
JOHN C. DATT,
Director, Congressional Relations.

REPORT ON GREECE IN THE CYPRUS CRISIS

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. BIAGGI. Mr. Speaker, the eyes of the world continue to focus apprehensively on Cyprus. For weeks the nations of Turkey and Greece have been engaged in open warfare on the island, and the results have already threatened the structure of peace in the world.

Efforts continue to be made to get both sides to negotiate toward reaching a viable settlement of their dispute. I contend that a necessary prerequisite for this agreement is Turkey's complete withdrawal of troops from the island of Cyprus.

It is the responsibility of this Nation as well as all other nations in the world who desire peace to work toward the obtaining of a lasting peace in this troubled area of the world. We must do so before this develops into a major world crisis.

Recently an assistant of mine, Elaine Zessi completed a vacation in Greece. Just prior to her scheduled departure from Greece, the Cyprus problems began and she joined hundreds of other Americans who were forced to remain behind in Greece. Elaine, in the following article describes the transformation of the Greek nation from peace to wartime, and the effect which this had on the American citizens who were forced to remain behind.

CYPRUS CRISIS

(By Elaine Zessi)

During the recent Cyprus crisis, Athens, Greece, could only be described as chaotic, a city totally disrupted of all her civic, private and social institutions. All phases of everyday life were radically rearranged all within a 24-hour period. Soon the peace and calmness of tourist loaded, and fun loving Athens was changed into an expose of national panic, confusion brought about by a full fledged military mobilization and a complete breakdown of communications.

The news of the fighting in Cyprus and the deposing of the government of Archbishop Makarios came suddenly and as a complete shock to the citizens of Athens. On the day it was announced that Turkey had invaded Cyprus, the airport, as all channels of transportation were cloaked in confusion. From the airplane window, as my flight was being recalled to land, I could see the city of Athens being mobilized for total war. The sight of this great city being mobilized was indeed a frightening experience. One could not help but feel a sense of fear and sadness as we observed thousands of young men being abruptly taken from their customary routines and marched off to war and an uncertain fate.

The breakdown of communications was even more frightening. At one point it took 20 to 40 hours before a call could be placed to the United States. The idea of losing immediate contact with the United States was a matter which intensified the fears of most of the stranded American tourists, such as myself.

The United States Embassy soon became a meeting place for many of the American tourists. Although the staff at the Embassy was extremely pleasant, and tried to be helpful, there was in reality very little which could be done for anyone.

The mood of the Greek citizenry was one of both sadness and fear. In the streets young men were seen kissing their wives, girlfriends, children and mothers good bye as they were preparing for induction into the armed forces. It was interesting to note that although many of these men loved their country and her rich heritage, they nonetheless expressed in subtle ways their resentment about entering a war under the leadership of a Government with whom they did not fully accept or believe. It was evident to many objective observers that a country—without a sense of freedom and a sense of total acceptance of its government was not a country effectively ready to engage in war or face any other kind of national crisis. The humiliation of the Greek people seemed to intensify as the news of the Turkish slaughters of innocent Cypriots became known.

Yet, domestic changes were soon to take place in Greece as well. The Caramanlis government, a more democratic and accepted one, returned to power. The response of the people of Athens was demonstrated in spontaneous street celebrations. Thousands of people poured into the streets expressing their uncontrolled joy of this long awaited return to democracy. Ironically, at this time the country was still in the midst of a national crisis, still facing the threat of war with Turkey, yet her citizens were still dancing in the streets, knowing that they would no longer be forced to live under military rule. Here was a classic example of what a return to freedom can do for a nation which has been deprived of it.

It remains the hope of all Greeks as well as those here in the United States that the people of Cyprus can too enjoy a return to freedom as well as the fundamental rights of self determination. Only after the Turks withdraw from Cyprus can this great goal be achieved.

COMPUTER WOES

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. DERWINSKI. Mr. Speaker, Rev. Andrew Greeley, in a feature article in the Chicago Tribune's Perspective section of August 6, wove an interesting comparison between the public relations of Amtrak and the good old precinct captain.

I believe that it merits the attention of present day political activists and observers who may have followed the virtues of practical politics as practiced by a good precinct captain. The article follows:

Call Your Precinct Captain

(By Andrew Greeley)

In the bad old days of machine politics—put out of business most everywhere but in Chicago—the precinct captain was a man with clout, a man who knew the right people, a man who could get things done for you. Some of the things might be illegal [a little bribe of a zoning board here and there], some quite legal [getting your sidewalks shoveled in winter or your garbage picked up]; but the precinct captain was a man who knew how the system worked and could make it work for you.

Nobody can make the system work anymore.

You have an Amtrak reservation. Every day for a week your secretary calls Amtrak and asks where the ticket is. And each day Amtrak says they're mailing it today. It never comes. Finally, on the day of your trip, you show up at the station and try to buy the ticket. They tell you that you can't have it. They can't sell you your own reservation because they're protecting your space for you or from you or from an angry computer.

What do you do? If you know someone in the Office of Transportation you get on the horn, raise Cain, and, after hours of delay, they sell you your ticket and you just barely make the train. If you don't know someone, you rent a car.

Your gas company's computer has been billing you for $500 that you don't owe them. You write polite letters, nasty letters, pleading letters, threatening letters. The computer keeps snarling at you. You're all right if you know a vice president of the gas company. If you don't, prepare for the bailiff to arrive at the door to take your car away from you—and for the IRS agent who will be right behind to bill you for that extra $500 in income.

Have you tried lately to get a check from Social Security, have one of the big three fix a brand-new lemon, plead for the delivery of furniture, obtain a loan from the Small Business Administration, get thru customs at Kennedy Airport on a Sunday afternoon, have a telephone installed, obtain a transcript of your academic credits, have someone persuade a mail order company to accept back damaged goods, register at a hotel even with a guaranteed reservation, reason with an IRS man bent on meeting his quota, file an insurance claim?

Like I say, no one can make the system work anymore.

Of course, if you're someone really important, you simply get on the phone to the vice president or the deputy director of the institution involved; there is some chance that he can make the system work for you. Tho you have to be someone very, very important to get that car door put back on that came off during your first solo flight.

But most of us are not all that important. It's not that we want the system to give us something we don't have a right to. We simply want it to do what it is supposed to do. But it won't unless you have clout or know someone with clout.

So everyone needs an all-purpose precinct captain who has contacts in the large bureaucratic structures. We need a whole new occupational category—the professional precinct captain who can deliver all the things we're supposed to be entitled to. If a man is good at the job, he could make a fortune; if he's not good then he'd have to go back to working for the bureaucracies.

There was one really nice thing about the old-time precinct captain: you had something he wanted—your vote. So he dang well had to keep you happy. But the clerk in the government or the large corporation or the mammoth public school system is completely independent of you. So long as he keeps all the rules in his book, he's got a job till 65, no matter what he does to you. You've got nothing he has to have.

So he gives you another number to call, another form to fill out, another window to go to. And you get this after you've stood patiently in line for 15 minutes or waited till he deigns to acknowledge that you are not, after all, invisible and he has seen you standing there.

That's when you call your precinct captain.

POWER TO THE PEOPLE

HON. ANCHER NELSEN

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. NELSEN. Mr. Speaker, the phrase "power to the people" has been a popular one over the past few years and it customarily refers to political power. Today, however, I am talking about a different kind of power and that is electric power which we all use all day, every day. In recent weeks I have placed in the Record several articles dealing with our need to maximize the use of coal if we truly want to become independent of foreign sources of fuels by 1980. Today I would like to bring to the attention of my colleagues an article that appeared on the front page of the business and finance section of Sunday's New York Times regarding the problems utilities are having in obtaining funds to update and expand their plants and the long-term effects this will have on the supply of power to our constituents.

This article is alarming, Mr. Speaker, for anyone who is looking a few years down the road. I know the article is accurate because recently a small, investor-owned utility company that serves part of my District had to pay 10 percent for $17 million worth of bonds, and a larger, Minnesota-based utility paid a 10.36 percent dividend rate on a $25 million issue of preferred stock. Some of my colleagues know of similar cases in their areas, I am sure.

The article concludes on a particularly grim note that in the future:

> The facilities will not be existing to meet the demand.

And in case anyone thinks that is an alarmists' statement the last sentence of the article points out that since the first of the year utility companies have canceled over $2 billion in spending for plant and equipment.

Utilities Face a Worsening Money Pinch

(By Reginald Stuart)

For decades the nation's private electric power companies have been admired by investors for offering dependable returns on investments and by consumers for usually dependable service and cheap prices. The good times have ended though, at least for a while, and the industry is in a state of shock.

For most of the nation's estimated 275 private utilities serving more than 58 million people the prospects are that things will get worse before they get better, with the investing and consumer public both suffering some losses.

Inflation, high interest rates, the decline in consumer demand, environmental actions by the Federal Government and courts, escalating fuel costs and alleged regulatory lags in various states have been cited generally as the basic issues for the industry.

"If these problems are not solved, the country will be in for difficult times in terms of its electrical energy supply," said Prall Culviner, vice president of the Edison Electric Institute, the nation's major organization of investor-owned electric utilities.

For the consumer, the impact of the multitude of problems at utilities has become a conundrum with an edge.

After months of being virtually ordered to cut back on use of electricity, individual citizens and big businesses did indeed do so, in a big way. Demand fell 0.7 percent in the first quarter to 416.7 billion kilowatt hours, despite the fact that the industry was serving 1.86 million more customers. Annual growth of 6 to 7 per cent has been traditional.

But the use decline only spurred utilities to seek—and gradually get—rate increases.

The news for investors has been just as gloomy. Since April 22, the day before the Consolidated Edison Company announced omission of a dividend payment, the value of the average utility share has declined by more than 20 per cent, although the decline in the stock market as a whole has been less than 10 per cent.

In bonds, the problem of generally high interest rates has been exacerbated as rating agencies dropped or downgraded ratings for utility debt. Some 17 companies have been derated so far this year.

The bulk of the electric companies, which once often flashed triple-A ratings and sorted yields of perhaps 9.5 per cent, now carry single A ratings and pay 11 per cent or more at times—if buyers can be found.

On July 17 Georgia Power could find no bidders for its $130-million in bonds or its $60-million in preferred stock.

It took a special arrangement with the Securities and Exchange Commission to put the deal on a negotiable basis and clear the way for the bond sale.

Philadelphia Electric had planned a $100-million common stock offering for mid-September, but that has been postponed.

The common stock of a number of electric utilities is selling at less than half of book value, diluting further the value of stocks previously sold.

"It's like a funeral," said a utilities analyst on Wall Street, referring to the weekly cocktail hours various utility companies have for big investors, bankers and analysts each Wednesday at the Wall Street Club in the financial district.

"There was a time when the bankers, for example, used to come to these parties and try to get in on some of the good deals. But now the bankers are sitting in their offices waiting for the utilities to come to see them."

Money is the big problem. Electric utilities had record operating revenues for the first quarter of this year of $8.5-billion, up 13.2 per cent from the 1973 period, according to the Edison Institute. But earnings declined. Federal Power Commission figures put first-quarter profits at $1,278-billion, down from $1,288-billion.

Another element in the problem equation is the crisis of confidence prompted by the Con Edison dividend decision this spring.

"Despite the fact that more than 20 major electric utilities have raised their dividend in the first half of 1974," said Richard Toole, analyst for Bache & Co., "the one negative action by Con Ed has created a new element of risk in utility investing.

"Even the partial dividend restoration by

Con Ed to 20 cents in the third quarter failed to bring the group out of its fall from favor."

The total vitality of the electric utility is heavily dependent on its ability to provide a good rate of return on investments and on equity.

Traditionally, utilities themselves have provided only about 35 per cent of the funds needed for operations and construction.

According to an in-house study by the Irving Trust Company of "predominantly" electric companies, utilities had planned $18.1-billion in construction this year, with 67 per cent of that money to come from outside sources.

As of Aug. 1, only $5.5-billion of that financing had been completed, leaving 60 percent for the rest of the year. The picture in common stocks is even worse, with shares providing only 15 per cent of the total financing to date compared with 35 per cent for 1973.

To increase their base of financial support—the electric bill—the utilities have stepped up efforts to get rate increases approved by utility regulatory commissions, a very unpopular group in the industry and among the industry's stock market suporters.

"It's a matter of the realists versus the idiots," said Norman Kelley, analyst for the securities firm of W. H. Reaves & Co., Inc.

Recently, Reaves issued an updated report on utilities, something most of the houses have done, in which it said:

"The Consolidated Edison situation is a warning to regulators throughout the country of what may happen in the event of unexpected adversity when a company has been held too close to the edge for too long. It is also a reminder of the problems that result when 'rule or ruin' pressure groups are permitted to exercise unreasonable power (an apparent reference to environmentalists) and when local taxes are exorbitant."

So far this year utilities have received approval of 82 applications for rate increases for an estimated $1.2-billion, and they have pending another 169 applications worth $2.7-billion.

But company officials say the increases are inadequate and accuse regulators of "regulatory lag." The lag, between the time a rate increase is requested, and the time it is acted upon, ranges from several months to a year in some states.

Lobbying efforts have been building up in two camps—consumers, who see the regulatory agencies as working in the public interest, and utilities who see the same agencies also protecting shareholder investments and providing the financial ability to grow.

"We are caught in the worst crossfire in the history of regulation," said Paul Rogers, general counsel for the National Association of Regulatory Utility Commissions. "Consumers and environmentalists call it due process when the commissions take time in making decisions, and the utilities call it regulatory lag."

It's a debate of the "too little too late" groups versus the "too much too often," said Mr. Rogers. He noted that in New York and Rhode Island Public Service Commission hearings have had to be suspended because "consumer groups took over."

It has also been politically advantageous to be anti-utility. In Tennessee, Bob Clement, a young Democrat, ousted an 18-year veteran commissioner on the platform of bringing the Tennessee Commission back to the consumer. The same happened this year in an Alabama Democratic primary.

Despite the opposition, the utilities insist that they need increased revenues—in large amounts and in a hurry. They have received substantial support from the Federal Government in recent months, particularly from the Federal Energy Administration which has been writing letters to governors and utility commissioners stressing the need for immediate action.

But this support has not been as consistent as the utilities wish, primarily because of the fluid situation politically in Washington.

The Federal Energy Office recently called off its Aug. 13 rally for Federal officials, utility representatives and members of regulatory commissions. Within hours the meeting was back on, but under the auspices of the Treasury Department on Aug. 16.

With the resignation of Richard Nixon as President coming after that, the likelihood of this forum being changed again has grown.

Probably the only optimistic note for the utilities industry to come from Washington last week was an indication from close associates of President Ford that his economic policy is likely to differ from that of Richard Nixon's, and that utilities are likely to be on the priority list of industries receiving some sort of relief.

State regulatory agencies have allowed greater use of the interim rate increase based on projected use rather than historical experience. And "fuel cost pass on" clauses have softened the impact of escalating fuel costs, especially for coal, which accounted for about 50 percent of the raw material used to produce electric energy last year, and oil, which accounted for another 23 percent.

Even with success at the doorsteps of the regulatory commissions, the problems of the utilities would only be half over.

"What needs to be done is . . . to control inflation," said Mr. Rogers of the regulatory organization. Interest rates must go down, he said, followed by some leveling off in the costs of construction, since the industry is capital intensive.

If there is a rope choking the investor-owned utilities, it is likely to get tighter in the near future before it loosens up. Although energy consumption has declined, industry analysts contend that the conservation feeling is wearing off and that many Americans will probably seek to get warmer next winter to make up for the cold nights of last winter. The analysts feel that industry will continue its expansion and that the demand for electric power will return to its normal growth rate of 6 to 7 per cent annually by early 1975.

Should that be the case, it will happen at a time when the coal stockpiles and energy reserves will likely be at their lowest levels, a national coal mine strike could possibly be in effect and new Federal environmental standards may be on the verge of being implemented to prohibit the use of almost one-third of the coal now being mined for energy purposes in the United States.

Shelved construction programs could add up to future shock in the utility business, if energy needs develop as fast as the companies say. The facilities will simply not be existing to meet the demand.

And the possibility is not as odd as it may first appear. Since the beginning of the year, investor-owned utilities have reported reductions in 1974 spending for plant and equipment totaling more than $2-billion.

SELECTED ELECTRIC UTILITY STOCK PRICES SINCE CON EDISON DIVIDEND OMISSION

Prices rounded to nearest dollar]

	Prices and market value		Prices as of Aug. 8, 1974
	Apr. 22, 1974	Amount (thousands)	
Allegheny Power	$18	$491,256	$16
American Electric	24	1,752,000	17
Baltimore Gas & Electric	22	539,683	15
Central South Western	15	706,770	14
Commonwealth Edison	28	1,385,000	24
Consolidated Edison	18	1,108,000	8
Detroit Edison	16	731,968	10
Duke Power	17	735,267	12
Florida Power & Lighting	21	715,050	18
General Public Utilities	18	775,008	11
Houston Lighting	24	522,048	23
Middle South	14	619,906	12
Ohio Edison	18	516,510	16
Pacific Gas & Electric	23	1,507,000	22
Pacific Power & Lighting	20	461,920	18
Philadelphia Electric	17	890,732	13
Public Service Electric & Gas	19	1,020,000	14
Southern California Edison	19	826,215	18
Southern Co.	16	1,300,000	12
Texas Utilities	18	1,008,000	20
Virginia Electric & Power	14	712,516	9

Source: Bache & Co. Inc.

SELECTED CAPITAL EXPENDITURE CUTBACKS (JANUARY 1974 TO DATE)

	Amount cut (millions)	Period
Arizona Public Service	$63	1974–76
Carolina Power & Light	410	1974–76
Commonwealth Edison	300	1974–78
Consumers Power	160	1974–75
Detroit Edison	74	1974
General Public Utilities	400	1974–76
Niagara Mohawk	141	1974–75
Potomac Electric	345	1974–77
Public Service Colorado	65	1974
Virginia Electric	100	1974

WHAT TO EXPECT FROM THE CONSUMER PRODUCT SAFETY COMMISSION

HON. EARL F. LANDGREBE

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. LANDGREBE. Mr. Speaker, Mr. Richard Simpson, as you know, is Chairman of the Consumer Product Safety Commission, an independent agency created by Congress in 1972. That Commission has been called probably the most powerful independent agency ever created by Congress, and I am inclined to agree with that assessment. Recently, Mr. Simpson gave a speech to the Comstock Club in Sacramento, Calif., in which he listed a number of things that "the public should expect and insist on from the Consumer Product Safety Commission." I would like to quote from this list provided by Mr. Simpson and add a few comments of my own.

The first item on the list is, "You should expect all who come before the Commission to get a fair shake." In one sense of the word "expect," I do expect this, but when one considers the powers the Consumer Product Safety Commission possesses, and the past exercise of those powers, one cannot expect that all will get a fair shake. I offer the example of the ban placed on spray adhesives last fall by the Commission, and the lifting of the ban early this year after the Commission was forced to admit that the evidence needed for such a ban was lacking. The ban was in force approximately 6 months.

Or, take the case of the Marlin Toy Products Co. of Horicon, Wis. That company suffered a great loss simply because some of its products were mistakenly included in the Commission's list of banned products. I would hardly call that a fair shake.

The second item on Mr. Simpson's list is, "You should expect that our regulations are clear and unambiguous."

May I quote from a recent Commission regulation on bicycles?

(a) Retroreflective tire test. (Ref. § 1512.16 (h)).

(1) Apparatus. Arrangements for the reflective intensity measurement shall be as shown in figure 3. A light projector (having a maximum lens diameter of D/500, where D is the distance from the source to the sidewall being measured) capable of projecting light of uniform intensity shall be used to illuminate the sample. The light falling on the sample shall have a color temperature of 2856 K±10% (equivalent to a tungsten filament lamp operated at a color temperature of 2856 K±10% having approximately the relative energy distribution given in table 4). The light reflected from the test surface shall be measured with a photoelectric receiver, the response of which has been corrected for the spectral sensitivity of the average photopic human eye. . . .

(iii) Measurement. Measure the distance from the receiver to the specimen (the minimum diameter of the unmasked reflective strip). Measure the illumination incident on the reflective strip at uniform intervals of no more than 45° around the wheel, with the receiver oriented in the direction of incident radiation. . . . Compute the ratio A for each combination of entrance angle and observation angle listed in table 3 as follows:

$$A=\frac{E_r}{E_s}\times\frac{d^2}{r}$$

The average reflectance factor $\overline{P}$ of the sidewall measured over 0.02 m. (0.79 in.) radial strip shall not be less than:

$$\overline{P}=\frac{100}{1+\left(\frac{\phi}{0.225}\right)^{3/2}}$$

Another item on Mr. Simpson's list of things we should expect from the Consumer Product Safety Commission is, "You should expect us Not to substitute regulation by news release for regulation by law." Here I mention only the Commission's reliance on adverse news releases in the spray adhesives case, the Commission's listing of products on its banned products list which had not in fact been banned officially, and its handling of the Weldex (Houston, Tex.) Co. case.

Perhaps the item on Mr. Simpson's list of what the consumers should expect for the consumer Product Safety Commission that is most certain is "a liberal interpretation of laws we administer—we will not arbitrarily restrict our jurisdiction by narrow interpretation of the law."

Loosely interpreting the law is a habit with the Commission. It has claimed, at various times, power over cigarettes, despite the tobacco exemption written into the Consumer Product Safety Act; and power over firearms ammunition, despite the firearms exemption written into the law. Self-restraint is not something that one may expect from the Commission at all.

Mr. Simpson's last item in the list of things to be expected from the Commission is simply, "You should expect us to be held accountable for our actions as well as our inactions—with *No Copouts*"

Mr. Speaker, that is one thing that I do expect of the Commission and of every other Government bureau established for the purpose of "harassing our people and eating out their substance." I only hope that the entire Congress will hold the Commission responsible for its actions and inactions and pass my bill to eliminate the Commission entirely.

U.S. ARMS SALES POLICY

HON. JOHN H. DENT

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. DENT. Mr. Speaker, it is no secret that when India and Pakistan fought, and when Israel and the Arab nations fought, arms were supplied to all sides by the American Government, and in some instances, by the British and French. This was a great economic aid for the opposing armies since the weapons and ammunition were tranferable.

Right now there is a buyers' market taking shape in arms because of new wealth and old rivalries, and the fierce competition between the United States, Soviet Union, England, France, and West Germany. However, the No. 1 supplier by a good margin is the United States.

In the last 4 years, the U.S. strategic shipments have approached $20 billion in contracts, many of which are financed by Eximbank moneys and other forms of loans. On top of this, there was a giveaway of $8 billion to Israel and Vietnam. This total of $28 billion, over a span of 4 years, was greater than the total amount sold between 1950 and 1970. In the last 12 months, we have sold $8 billion worth of strategic materials.

When such sales are discussed or criticized, they are immediately met with the arguments that the United States needs the balance of payments in order to buy oil and minerals that we require.

Does any Member of Congress believe that we are actually adding to our balance of payments by selling $20 billion worth of any export? Surely, no person in this room is naive enough to believe that we can take off a 40 percent profit on $20 billion worth of products sold in a cutthroat, competitive market. In the end, our sales of military goods cost this Nation much more than the $8 billion because our State Department rushes to the controversy with blank checkbooks. For instance, we recently wrote off a loan to one of the participants of the war in the Mideast and made a gift of more than $200 million with a commitment for further direct and indirect sales and aid.

One country was granted relief money in unknown sums, as well as nuclear capacity. Another was promised major expenditures for internal programs that they could well afford themselves, being one of the most oil rich countries in the world. The string is without end and you can trace much of it back to strategic sales.

How many nations in the world would be equipped for massive military operations if the major countries producing weapons would have placed an embargo on shipments? The proliferation of nuclear information and capabilties is part of the new arms race, regardless of how loudly we invoke the hymn "for energy and peaceful purposes only."

As I understand it, our arms shipments to these countries were for defense uses only. I remember when we outlawed the use of BB guns in my home State years ago. We were assailed by the manufacturers who maintained that the BB gun served many purposes. One stated purpose was that acquainting young Americans with the use of and familiarity with weapons that someday they might have to use to defend our country. Also, the economies of their industry demanded that the sales be maintained.

If we would have followed the same philosophy in economics that we follow in the shipment of arms to foreign countries, we would have given each child a gun instead of making it illegal.

We are still spending, through many agencies, billions of dollars for the developing nations and yet there is convincing proof that military equipment, a nonproductive commodity, is being paid for from the new wealth of these nations.

While thousands face starvation because of inadequate food supplies, their governments are paying inflated prices for weapons. There is no question that new regional arms races have been created which, in turn, feed the demand for new and modern equipment.

At one time the foreign market for strategic materials was limited to second-hand and obsolete weapons. Today, the most highly classified conventional weapons and technology are being sold by the United States. Iran, which is wealthy in oil but still receiving aid in some fashion from this country, will get their weapons delivered simultaneously with those new models that our Armed Forces receive. Iran even made arrangements for coproduction with certain U.S. manufacturers.

Former Secretary of Defense, Melvin R. Laird, who at one time supported the decision of arms sales, has had second thoughts about the matter. Mr. Laird wrote the foreword for a study entitled: "Arms in the Persian Gulf," in which he states:

> While providing armaments to Third World countries may often be a positive short-term measure, it must be accompanied by diplomatic activity so that massive military assistance and/or large weapons sales do not become a standard long-term policy.

Dale R. Tahtinen, the author of the study and an associate of the American Enterprise Institute for Public Policy Research, was appalled at the Iranian supply decision. I feel that this study would be worthwhile reading for my colleagues, especially the following excerpts:

> At this time, the military balance of power in the Persian Gulf leans heavily in Iran's favor, and the gap appears to be widening.

This, however, does not decrease the likelihood of war. In fact, as the last two Arab-Israeli conflicts have demonstrated, the possession of highly sophisticated weapons by potential belligerents in explosive situations enhances the possibility that disagreements will be settled by fighting instead of diplomacy. Furthermore, with the advance military hardware has come greater superpower involvement in the Gulf, and a concomitant increase in the danger of military confrontation between the United States and the Soviet Union (which supplies Iran's rival, Iraq).

This danger would reach a particularly high level if fighting were to erupt between the client states. Thus it seems imperative that the United States should review the pattern of its military policy in the Persian Gulf.

Two international agreements with conventional arms control provisions—the Korean armistice agreements of 1953 and the Indochina ceasefire agreements of 1973—have been repeatedly breached.

Fresh approaches are required. One possibility is a serious attempt to achieve a NATO-wide agreement limiting competition to sell advanced military equipment. This would do much to alleviate the current rush to conclude advantageous deals with Arab states. But in the long run it will be necessary to include the Soviet Union and other Communist states in an agreement on conventional arms transfers.

WHO GOVERNS AMERICA'S PUBLIC SCHOOLS?

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. ASHBROOK. Mr. Speaker, a major battle is shaping up over who governs America's public schools. Lately, we have heard demands for teacher control of American education. Catherine Barrett, past president of the National Education Association, has stated:

> We are the biggest striking force in this country and we are determined to control the direction of education.

I believe it is a serious mistake, however, to think just in terms of teacher power. Active participation in the decisionmaking process by the public is absolutely essential for a successful education program.

Educators cannot force people to support education at any level. People support education with their tax dollars because they perceive it to be in the best interest of the Nation's children. The more we diminish the role of the public the more we create a disinterested public and weaken the cause of education.

Consequently it is with great interest that I read the recent report by James Guthrie, associate professor of education at the University of California. Guthrie's report, entitled "Public Control of Public Schools: Can We Get It Back?" contends that "population growth, urbanism, school district consolidation, and the unionization of teachers have combined subtly, but steadily, to erode the public's control over its schools."

I believe this study is useful reading for anyone interested in the question of who governs America's public schools. Following is the text of the Guthrie report:

PUBLIC CONTROL OF PUBLIC SCHOOLS: CAN WE GET IT BACK?

(By James W. Guthrie)

INTRODUCTION

Who governs America's public schools? Conventional wisdom and democratic ideology hold that the social services crucial to the public's welfare and survival should be subject to the public's will. Schooling is no exception. The United States has a long history of citizen control over public education, but since World War II the balance has shifted markedly. Changes such as population growth, urbanism, school district consolidation, and the unionization of teachers have combined subtly, but steadily, to erode the public's control over its schools. The erosion seems general, although it varies among local school districts.

It has become apparent recently that the public's consciousness has been raised. Numerous citizens groups have been formed expressly to regain a meaure of power and influence over the schools. Through what reforms can these citizens restore control? What are the conditions that led to loss of public power in the first place?

These are the major questions to be treated, after a brief description of the magnitude of the public school enterprise; they are intended to demonstrate that the issue at hand is control of a major portion of the nation's entire public sector. Few outside the education profession realize the awesome extent and range of American education.

THE MAGNITUDE OF PUBLIC SCHOOLING [1]

Once only the children of an elite few were educated, but now elementary and secondary schooling is practically universal in this country. In the 1972–73 school year, there were 51.1 million enrolled children between the ages of five and seventeen. Of this number, 50.8 million were enrolled in grades kindergarten through twelve. More than 90 percent of these were in *public* schools. To serve this school population, almost 3 million classroom teachers and other educational professionals are on the public's payroll. Thus educators and their families now account for a larger segment of our population than the historically powerful farm bloc. Moreover, they are becoming as well organized as agriculture, with all the implications that such capability portends in political influence.

EXPENDITURE

It takes a lot of money to support such an operation. Total 1973 school expenditures were almost $52 billion exclusive of construction costs.[2] This is approximately one half of all local government expenditures. Accordingly Americans spend about as much local money for schools as they do for *all* other local services combined: e.g., fire, police, safety. In addition, the price of education has been increasing rapidly. In 1940 the national average expenditure per pupil in grades kindergarten through twelve was $100. The equivalent figure today is $1,000 per pupil. Even discounting for raging rates of inflation, real dollar increases in school expenditures have escalated fivefold in three decades. These increases outstrip growth in our Gross National Product. Moreover, even though the rate of increase is likely to slow in the next several years, the U.S. Office of Education predicts that public elementary and secondary expenditures will exceed $70 billion by 1982–83. No other major industrialized nation has seen fit to invest so heavily in the public schooling of its youth. Thus, it is somewhat ironic that, in the face of such faith and commitment, the public should increasingly be denied a say in how schools are run.

EROSION OF CITIZEN CONTROL

Our thesis is simple. The public no longer completely controls one of its major institutions, the schools. This loss of power has not been the result of any simple process, or set of recently evolved conspiracies. Moreover, not all parts of this power shift are unique to public education. In some ways, bureaucratization and the blighting concept that "bigger is better" have drained citizen control from many branches of government. But few endeavors are as crucial as schools to the maintenance and cohesion of society. Consequently it is essential to understand the forces eroding the public's ability to shape public education.

POPULATION GROWTH

Early development of America was dominated by small towns and face-to-face communication; close personal contacts were the rule. The school was frequently the focal point for town activity: meetings, government functions, and social events. Each town was legally constituted as a school district with a board of school trustees having widespread responsibilities. They were expected to hire and fire the teachers, maintain the school physical facilities and equipment, order supplies, and keep accounts. Then, there were no professional school administrators to whom such duties could be delegated.

PROLIFERATION OF DISTRICTS

As our population grew and moved westward, the number of school districts proliferated. At the peak of their expansion, in the late 1800's, there were more than 100,000 operating school districts throughout the nation. These were by far the most numerous units of government. Initially, school boards tended to be comprised of three members. In time, the modal number grew to five. By 1900, the ratio of trustees to citizens was one to 200. It was quite possible for a district's trustees to outnumber its teachers or perhaps even its pupils.

"CLEANSING" AND CONSOLIDATION

The transition to the twentieth century was marked by a great cleansing of local government, including education.[3] The "muckrakers" found that schools came in for their share of poor management and corruption. This was particularly true in our largest cities, where schools frequently were under the control of ward-based political machines. Teaching jobs and school construction contracts were a regular part of the widely accepted spoils system.

Reformers had a dramatic impact upon schools then, and their influence is still felt. In order to insulate schools from the "evils" of partisan politics and to gain greater efficiency, a move was begun to consolidate schools into larger districts, to have citywide central school boards, and to rely more heavily on professional school administrators.

The school district consolidation movement has been remarkably effective. By the Fall of 1962, the number of districts had been reduced threefold to only slightly more than 33,000. In the following decade, the number shrunk even further to its present 16,000 (approximate). Thus, one of the largest and perhaps most important local governmental changes in our nation's history—a five or sixfold reduction in public school districts—has gone virtually unnoticed.

Consolidation of school districts, and the consequent reduction in numbers of school boards and school trustees, occurred during a vast population increase, especially of urban population. While large numbers of school districts were being consolidated out of existence, the citizenry grew by approximately 70 million people.

Consequently, where a school board mem-

Footnotes at end of article.

ber once represented about 200 people, today each board member must speak for approximately 3,000 constitutents.

The variation around this mean is wide, and in cities such as New York and Los Angeles, each trustee must translate the will of literally millions of his fellow laymen. In general, school board members are now but a minuscule group relative to the size of their constituency, students, and staff. Their ability to sense and articulate the values and desires of their constituents, and translate them into policy, has correspondingly dwindled.

DEPOLITICIZATION, BUREAUCRATIZATION, AND UNIONIZATION

Turn-of-the-century governmental reformers believed strongly that political machines, bossism, and local corruption were caused by an excess of democracy. By permitting cities to be organized on the basis of subunits and wards, unscrupulous politicians had too many opportunities to rise to power. The answer was to centralize many governmental functions into city wide systems. Thus the reformers hoped to attract higher caliber public servants by increasing the visibility, responsibility, and honor attached to public service. In large measure, for municipal services, these reform efforts were successful.

Education in particular was to be insulated from partisan politics. Ward school districts gave way to centralized city school boards that were held separate from city councils, the mayor's office, or other bodies of general government. Schools were to have their own special government outside the sphere of politics.

Further, separate election procedures and qualifications were established for school board members. In many places, school trustee candidates were prohibited from running as members of a political party. Furthermore, school board elections were moved to "off years" and "off months" so as not to coincide with other elections. In addition, school boards were given their own taxing power, presumably free from even the slightest taint of partisanship.

THE BUSINESS MODEL

To ensure further that schools were not tied to petty political wheeling and dealing, reformers advocated the appointment of "professional" school managers, trained experts in the operation of schools. Schools were to model themselves after businesses. All decisions were to be based on expert managerial judgment, and managers were to meet criteria of efficiency and productivity. Once they had evolved broad "corporate strategy," school board members were not supposed to interfere in the running of schools any more than a group of stockholders or business board members would think of telling a plant foreman or manager how to fix a broken machine. The new ideology drew a line between policy setting and administration, and laymen were not to cross over into the sacred, politically sanitized realm of professional school administration.

As enrollment increased, the idea of a cadre of trained professional school administrators was attractive for several reasons. The growth of cities combined with the elimination of many small, ward-based city districts, meant that school board members could no longer act as executive officers. Control problems had simply begun to exceed their managerial grasp, and it made good sense for professionals to run the school in accord with board-established policies.

EXPANSION OF STAFF

As numbers of students increased, numbers of teachers, counselors, and other employees increased as well. Such expanded staffs demanded, in turn, more school administrators. Thus, there began to evolve a bureaucracy of school professionals whose ostensible function was to translate board-determined policy into the details of educational practice. One outcome was the interposition of several layers between school board members and the classroom teacher. Such bureaucratic entities include, for example, the superintendent of schools, his immediate staff, and assorted other "central office" personnel concerned with accounting, supplies, curriculum coordination and personnel matters. On individual school sites, the administrative hierarchy may consist of a principal and several intermediaries above the level of teachers and students.

ALIENATION OF TEACHERS

Bureaucracy and bigness have not only reduced the potency of public policy makers, but also severely curtailed teachers' feelings of efficacy. As school systems grew and came under the dominance of expert managers, teachers lost their ability to communicate freely with their employers, school trustees or even with the superintendent and his staff. In most schools, the principal was still available to teachers, but his power had become so severely eroded that he was seldom able to comply with a teacher's request or resolve grievances. The frustration was heightened as city schools became more populated by children from low income households and minority groups whose backgrounds and values were frequently at odds with those of middle-class teachers. Under such circumstances, teacher alienation became more real and more intense. Who would hear the teacher's voice? How could teachers begin to participate in the decisions that affected them so immediately?

The answer was "unions," or unions under a different name. By banding together, threatening to withhold their services and to engage in collective bargaining, teachers became a potent force. Public sector bargaining is frequently illegal, and almost nowhere are teachers granted the statutory authority to strike. Nevertheless, teachers do bargain and, on occasion, strike. The outcome has frequently been complicated by sets of contracts that specify working conditions, transfer procedures, pay, hours of work and classroom duties. Whereas they were once relatively voiceless vassals, teachers' organizational spokesmen frequently are as powerful now as a district's professional administrators. A big city board could not conceivably enact and implement a new policy without the consent of teacher spokesmen. In effect, teachers have been accorded veto power over school board policy making.

The rise in "teacher power" occurred after World War II, when many middle class citizens were moving from cities to suburbs, and minorities in the cities had not yet achieved a high degree of political awareness. Consequently, a political power vacuum was created into which teachers moved. Their ascendancy was aided by the very reforms that in an earlier era had been designed to limit citizen participation and to improve the schools.

PUBLIC'S DWINDLING VOICE

By the beginning of the 1960's, with the efforts at depoliticization, the growth of administrative bureaucracies, and the escalation of teacher power, the public's ability to express its will regarding school policy had become badly diminished.

What difference has it made that lay decision makers now have substantially less authority than they once had? Answers are difficult. There are so few indicators of how schools are performing that it is hard to know if they are doing a better or worse job today than previously. The absence of baseline indicators and a commonly accepted measure is itself symptomatic of the problem. Professional educators have steadfastly resisted means by which school productivity could be measured. Teachers and administrators have rightly recognized that the measurement of school outputs would be a strong lever by which lay policy makers could recapture control of school operation.

SCHOOLS IN MONOPOLIES

School costs provide one of the few available measures of citizens impotence in policy setting. In private sector bargaining, both sides realize that if a wage settlement is so high as to render a manufactured product uncompetitive, it will cost management profits and labor jobs. No such market pressures exist in public sector bargaining. Schools are in effect monopolies whose customers are guaranteed by compulsory attendance laws. Consequently, educational personnel costs have increased faster than overall economic growth and faster than comparable occupations. Moreover, as suggested earlier, few if any gains in productivity have accompanied such salary increases.

UNIFORMITY AND STANDARDIZATION

An additional price of depoliticization appears to halve been uniformity. Under the aegis of professionals, teachers and administrators, schools have become standardized to a remarkable, some say oppressive, degree. Seldom do schools admit to the real diversity of tastes and values among their clients. If a large body of technical knowledge existed to support the rigid prescription of professional behavior, then the exclusion of lay voices regarding the nature of schooling might be better justified. However, in the absence of such scientific underpinnings for schooling, it would seem more reasonable, and ultimately more productive, to permit wider choice in the styles, modes of operation, and instructional strategies of schools.

The promotion of conflict appears to be another consequence of the erosion of lay control. Parents' and other citizens' inability to make their wishes heard provides an incentive to aggregate demands until complaints are sufficiently loud and pressing to be heard. Moreover, because individual teachers and administrators frequently have no power to alter the situation, it may be necessary to escalate the demand all the way to the school board in order to have it acted upon. Small wonder that the media increasingly portray parents petitioning and picketing board members. Citizens fear that they will go unnoticed otherwise.

WHAT CAN BE DONE?

Though by no means a revolution, there is a substantial hint of reform in the air. Many of these change efforts show promise of taking root and appear worthy of careful scrutiny by policy makers. These changes are characterized by two basic features. First, an effort has been made to reduce the size or redefine the basic management unit of schooling so as to restore personal contact and clarify who is responsible for what. Second, lay participation has been increased either by injecting an element of the market place into school decisions or by enlarging the number of citizens who determine how schools should be operated.

Examples of such reforms are to be found in every region of the United States. Because space does not permit a detailed description of each, we will concentrate on two of the more interesting illustrations: a "Voucher" experiment in Alum Rock, California and School Site Governance in Florida.

VOUCHERS

The voucher experiment to assess the consequences of consumer choice in education, is taking place in the Alum Rock school district near San Jose, California. Financial support is provided in part by the federal Office of Economic Opportunity (OEO). The Rand Corporation and other agencies are seeking to determine the degree to which the experiment increases parent satisfaction, diversity of school offerings, teacher morale, and student performance.

In brief, the voucher plan operates as follows. For each child they intend to enroll in public schools, parents are accorded a "coupon" equal to the price of schooling.[5] This chit is then redeemable at the school selected from about two dozen choices. The problem of proximity to a child's home is in part solved by dividing each school building into several subunits (mini schools), each with a different instructional style, tone, or theme. For example, some schools emphasize the 3 R's and basic school offerings. Others have "open classrooms" in which instruction is substantially more informal. Yet other schools may emphasize the dramatic arts, science, or cultural pluralism.

The budget for a particular school (or mini school) is a function of the number of students who choose to attend. Revenues from vouchers purchase the services of teachers, counselors and other staff. (Parent choices are made sufficiently early in the preceding school year to permit orderly staff planning to take place.) If a school's enrollment decreases, it loses revenues and must decrease its staff. Conversely if enrollments increase as a consequence of parent choice, the school obtains added resources. The funds purchase either goods or services; students can be taken for field trips, guest artists and lecturers can be brought to the school, teacher aides and teachers can be hired.

The Alum Rock experiment is only now concluding its second year and it is too early to assess its overall success or failure. However, it is already clear that, when given a choice, parents will choose schools other than those assigned to them. Moreover, if dissatisfied, they will move their children. Consequently, some schools are oversubscribed and others are short of students (and funds), thus providing clear signals as to which schools are judged "good" and those that are in some fashion found wanting. Under these conditions, professional educators appear to intensify their sensitivity to the lay public by whom they are employed.

SCHOOL SITE GOVERNANCE (GOVERNANCE OF INDIVIDUAL SCHOOL PLANTS)

In 1973 the Florida State Legislature adopted a far reaching, but not quite radical, set of reforms intended to reinforce the responsiveness of schools to the public. The Florida Plan in the ideal has several crucial components. First, it declares the individual school site to be the basic unit for educational management, in recognition of the fact that school districts typically are such large units as to mask in their averages the performance of any individual school. Conversely, individual classrooms and teachers are too small as units for evaluation of performance. Today students have more than one teacher during the course of a day or week.

Second, each school site is provided with an elected Parent Advisory Council (PAC), with numbers proportional to the school's enrollment. Among the council's duties are the selection, in cooperation with the school district board of trustees, of the school's principal. Principals are then placed on contract, with renewal substantially influenced by the PAC.

The principal is clearly designated as the manager of the school, and selects the school staff. The principal may take the advice of the PAC regarding kinds and characteristics of teachers, but the actual selection is exclusively the principal's function. Similarly, the PAC can advise with regard to such concerns as curriculum and school discipline.

Each school district is responsible for keeping its fiscal accounts on a school-by-school basis. This permits parents, school personnel, and policy makers to assess the way resources are allocated. (Previously, Florida, and most other states, have had difficulty with funds "leaking" away from uses intended by the legislators or school board.) Under ideal circumstances, money due a school site arrives in a lump sum, with its allocation determined by a principal, school staff, and PAC.

Each school publishes an annual Report of School Progress. This document includes measures of the school's and pupils' performance during the year; it is published in local newspapers, sent home with each student, and prominently displayed in the school building. Under ideal conditions, this Report gathers basic data for districtwide and state needs.

The ultimate objective of the Florida Plan is to permit citizens to have a greater role in policy setting, to provide them with the data necessary for wise judgments, and to make it clear which professionals are responsible for implementing their decisions. As with Alum Rock, it is too soon to determine the degree to which the reforms will make a difference. However, there are hopeful signs. The Legislature permitted a generous phase-in period. In order to comply, each district needed to adopt the slate of reforms for only one of its schools during the initial year of implementation. However, somewhat surprisingly, given the intensity of some of the changes, a number of school district boards mandated that every school within their jurisdiction adopt all the reforms in the first year. Apparently, when provided with the opportunity, such districtwide lay school board members recognized the wisdom of expanding public participation in the control of public schools.

CONCLUSION

In schools as in other forms of governance, each generation must recognize that reform is needed. As we have seen, governmental corruption and population growth led to earlier moves for increasing professionalism, centralization and bureaucracy in the schools. These developments spawned alienation on the part of teachers and loss of responsiveness of schools to the electorate. Now reform efforts are moving toward specification of responsibility, increases in diversity, and expansion of choices for parents and students. Although the outcome is still unclear, the new wave of school reform may demolish at least some of the current roadblocks to improved public education.

FOOTNOTES

[1] The following figures are from *Statistics of Trends in Education 1962–63 to 1982–83* (U.S. Government Printing Office, January 1974).

[2] When non-public schooling and higher education are added, the dollar total is a staggering $89 billion.

[3] The history of this transition is described well be Joseph M. Cronin in *The Council of Urban Schools* (New York: The Free Press, 1973).

[4] The article by Leonard Merewitz and Stephen H. Sosnick, "Public Expenditure Analysis: Some Current Issues," *Public Affairs Report,* 14(5) (Berkeley: Institute of Governmental Studies, University of California, 1973) contains an excellent explanation of the utility of quantitative measures in the assessment of public sector activities.

[5] The experiment was deliberately limited to choices of public schools so as not to risk violation of the First Amendment prohibition regarding separation of church and state.

NOTE TO READERS

The first 12 years of the *Public Affairs Report* have been compiled in two bound volumes:

Harriet Nathan and Stanley Scott, eds. *Emerging Issues in Public Policy: Research Reports and Essays 1966–1972* 200pp 1973 $11.00.

Emerging Issues in Public Policy: Research Reports and Essays 1966–1972. 200 pp 1973 $11.00.

California residents add 6% sales tax; residents of Alameda, Contra Costa and San Francisco counties add 6½% sales tax. Books are available from the Institute of Government Studies, 109 Moses Hall, University of California, Berkeley, California, 94720.

COMPULSORY SEATBELTS AND COERCIVE GOVERNMENT

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. CRANE. Mr. Speaker, it was the belief of the Founding Fathers that the primary function of government was to provide an atmosphere in which men and women would be able to make the important decisions in their own lives without outside interference. One man's right, they believed, ended where another man's right began. Government's function was, in effect, to be a negative one, to oppose those who would interfere with freedom.

Today, however, the most significant interferences with freedom in our society come from government itself. Today, government believes that it is its responsibility to look out for the "good" of its citizens and coerce them into acting in a manner which government believes is appropriate.

Freedom, Justice Brandeis once said, is never taken away except for a good reason. Government has found many allegedly "good" reasons to whittle away our freedoms.

One recent example is the edict of bureaucrats at the Department of Transportation compelling automobile manufacturers to install seat and shoulder harnesses in 1974 cars which must be buckled before the cars will start. Thus, individuals are forced to buckle themselves into their seats—whether they want to or not.

Now, a bill has been introduced by Senators JAMES BUCKLEY and THOMAS EAGLETON to make the seatbelt interlock system optional rather than mandatory. It is ironic that the elected representatives of the people must propose legislation to reverse edicts made by non-elected bureaucrats. This is one example of how our system has been changing.

Senator EAGLETON declared that:

> It is one thing to protect society against the imprudent or criminal acts of an individual. But it is quite another to attempt to protect the individual against himself.

Discussing the Eagleton-Buckley proposal, the Chicago Daily News noted that:

> The philosophical argument is impressive. This is surely a case where the government is saying, "Do this for your own good—or else". . . . The fact that seat belts can save lives is not in dispute. They can and do. They should be used. But failure to use them harms no one except the person who chooses

> not to buckle up. Mandating seat belts puts the government in the business of protecting people from their own folly against their will and charging them for the service, which is precisely what Eagleton called it: "big brotherism."

A year ago I cosponsored similar legislation in the House. Only yesterday, this proposal was attached to the motor vehicle and schoolbus safety amendments and passed by the House. With bipartisan support in the Senate, I am hopeful that this provision will soon become law.

I wish to share with my colleagues the editorial, "The Drive To Unbuckle," from the Chicago Daily News of August 5, 1974, and insert it into the RECORD at this time.

> THE DRIVE TO UNBUCKLE
>
> The grumbling over the 1974 cars—which refuse to start until a seat-and-shoulder harness is fastened—has now reached into Congress. A bill introduced by Senators James Buckley and Thomas Eagleton would make the seat-belt interlock system optional rather than mandatory.
>
> This seems an unlikely pair to collaborate on a Senate bill: the Conservative Republican from New York and the Missouri Democrat who almost was the vice presidential candidate in 1972. But both see the Department of Transportation's requirement of seat-belt interlocks as a prudent measure carried beyond prudence into the area of oppression.
>
> Eagleton put it best. "It is one thing to protect society against the imprudent or criminal acts of an individual," he said. "But it is quite another to attempt to protect the individual against himself."
>
> The philosophical argument is impressive. This is surely a case where the government is say, "Do this for your own good—or else"; the or-else being that your car won't start.
>
> But there is a practical side as well. A new study by the Insurance Institute for Highway Safety says that 41 percent of the drivers of 1974 cars have found a way to bypass the interlock system, so they can start their cars without buckling the belts. In other words, nearly half the drivers have paid for a system they not only don't want, but were determined to avoid. Another survey shows that in Puerto Rico, where the law says everyone must fasten seat belts, only 18 per cent of the drivers do.
>
> The fact that seat belts can save lives is not in dispute. They can and do. They should be used. But failure to use them harms no one except the person who chooses not to buckle up. Mandating seat belts puts the government in the business of protecting people from their own folly against their will and charging them for the service, which is precisely what Eagleton called it: "big brotherism."
>
> The Senate would do well to recall what happened in another notable instance of government telling the people what was good for them. It was called Prohibition, and it didn't work.

THE WILLARD HOTEL

HON. THOMAS P. O'NEILL, JR.

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. O'NEILL. Mr. Speaker, were it located in any number of other cities across the Nation, the Willard Hotel would be a prized historical site. Located as it is in Washington, D.C., however, the Willard stands precariously, boarded up, and awaiting demolition.

Recognizing the immense historical value of the Willard, the Pennsylvania Avenue Development Corp. has thrown its weight behind restoration and preservation of the Willard.

For at least four Presidents made the Willard their home. Andrew Johnson received word of his acquittal by the Senate while at the Willard. Jenny Lind, Mark Twain, Buffalo Bill, and countless other American celebrities lodged there.

Should we allow this classic structure to be razed in order to make room for an office building? By our inaction, we are saying "yes." As the situation currently stands, the Willard is doomed for destruction. Unless Congress acts, this hotel will become a thing of the past.

My able colleague from Massachusetts, JOE MOAKLEY, has proposed what appears to be a sensible solution to the problem of the Willard's future. He suggested in legislation filed yesterday that Congress acquire the Willard for its own use.

Joe's suggestion deserves the prompt and thorough consideration that I know will be forthcoming.

NACO—NO NEED FOR FEDERAL LAND USE LEGISLATION

HON. SAM STEIGER

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. STEIGER of Arizona. Mr. Speaker, on June 11, 1974, the House of Representatives wisely rejected an attempt to pass Federal land use legislation. The opponents of this legislation pointed out at that time that the more people studied and understood this legislation, the more disillusioned they would become with this concept of Federal planning of land use.

From the indications that I have been receiving from people across the Nation, this is, in fact, what is happening.

The most recent evidence of this is the position taken by the National Association of Counties at their annual convention last month in Miami. At this convention, NACO—who had previously been listed as supporting Mr. UDALL's land use bill—approved a new section to their land use plank which states that NACO believes there is no need for Federal land use legislation.

I applaud this action by NACO—better late than never.

I enclose the language of this newly adopted section:

> NATIONAL LAND USE POLICY LEGISLATION
>
> There is a critical need to promote sound planning for and management of land on the state, county and city level.
>
> The National Association of Counties supports land use legislation at the state and local level, developed and implemented by local governments. There is no need for federal land use legislation. However, should any federal land use legislation be enacted, it should include the following essential provisions:
>
> A requirement that there be the broadest possible role for county and other local units of general purpose governments in the development of state land use guidelines and criteria and that these guidelines and criteria be established by legislation, not by administrative regulations.
>
> A requirement for the use of counties to the maximum extent possible for the detailed planning and implementation of state land use plans.
>
> A mandatory allocation of federal funds by the state to general purpose local governments for planning and implementation.

ON SOVIET ARMING OF SYRIA

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. BIAGGI. Mr. Speaker, in these important moments of political transition in the United States, it is essential that we reiterate to the nations of the volatile Middle East, our commitment to peace as well as our particular interest in the safeguarding of Israel's security.

In the past 10 months, the Soviet Union has provided Syria with more than $2 billion worth of modern weapons, thus putting Syria in an excellent position to launch an independent war against Israel without the cooperation or assistance of Egypt. This new influx of arms into Syria has dangerously shifted the crucial balance of power in the Middle East.

Israeli Defense Minister Shimon Peres warned recently that Syria is bent on launching a new war against Israel:

> The Soviet Union has increased Syria's arsenal of heavy guns, including long range 180 mm pieces, and supplied her with SCUD ground to ground missiles.

Further Defense Minister Peres warned, as a result of the Soviet arms deliveries, the Syrian air force is now more than 25 percent stronger than it was on the eve of the Yom Kippur war. Syria's antiaircraft missile defense system is some 20 percent stronger. The Syrian tank force now stands at 2,000 irrespective of the fact that Israel destroyed over 1,000 of Syria's tanks during the last war.

This new military buildup of Syria has understandably alarmed the citizens of Israel as well as putting unusual strains on the country reservists, which has done still further damage to the already ragged Israeli economy.

It is crucial that the arms deliveries which were agreed upon in principle during former President Nixon's recent trip to the Middle East be sent swiftly and in sufficient quantity to Israel. The key to peace in the Middle East remains contingent on a strong Israel, and it remains our responsibility to achieve this objective.

Moreover, we should act before the Middle East situation again explodes into a major world crisis. Therefore, I consider it incumbent on the new President, Gerald Ford, to reaffirm our commitment to preserving the rights of a free Israel.

ISOLATING BLACK SCHOOLS

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. RANGEL. Mr. Speaker, 20 years ago, in Brown against Board of Education, the Warren Court did not address directly the question of interdistrict busing. But the decision mandated desegregation. And desegregation in northern cities will only be achieved if States adopt flexibility and commitment to the concept of integration as their guidelines. Otherwise, city schools will remain black, and suburban schools will remain white, with all the inequities and discrimination and future problems that such a separate and supposedly equal situation has always caused.

The recent Supreme Court ruling will interrupt the Warren Court's surge toward equal opportunity and its siege on injustice. But it will not halt those who continue to believe in Brown's message to America: separate schools are inherently unequal. We simply must solve the problem of black youngsters isolated in the inner city, trapped in ineffective schools. I urge my colleagues to read the following editorial from July 28 New York Times. It details eloquently the potentially tragic consequences of the Supreme Court decision on interdistrict busing for integration.

The article follows:

WRONG WITHOUT REMEDY

In its 1954 decision in *Brown v. Board of Education*, the Supreme Court ruled that "separate but equal" in education was unconstitutional. It has reaffirmed that view in decision after decision during the ensuing twenty years; but this week, in *Bradley v. Milliken*, a Detroit case, despite reaffirming the essence of the Brown decision, the Court clamped tight limits on the remedies it is disposed to grant in order to rectify unconstitutional deprivations suffered by minority school children.

Lower Federal courts had found unconstitutional discrimination against black school children in Detroit. Because of the complicity of the State of Michigan in that discrimination and the racial makeup of the school population of the area—blacks comprise 67 per cent of the Detroit school population but only a little more than 23 per cent of the school population of the entire metropolitan area—the lower courts envisioned a metropolitan-wide solution because a "Detroit only" solution would have been virtually meaningless. The remedy would have involved busing school children across presently existing school district lines.

The Detroit case was the first test of whether the full Court would require interdistrict solutions in order to achieve the constitutional results it had decreed in the Brown case. The decision was critical because most of the remaining school segregation in the United States occurs in big cities. In 1972, one half of all black school children were enrolled in the 100 largest school systems and two thirds of them were enrolled in schools which were more than 80 per cent black.

The essence of the decision rendered by the 5-to-4 majority was that "disparate treatment of white and Negro students occurred within the Detroit school system and not elsewhere, and on the record the remedy must be limited to that system." The Court also relied heavily on the importance of local control of the schools. It sent the case back to the District Court to fashion a remedy within the confines of the city of Detroit.

The decision seems as wrong as a matter of law as it is unfortunate as a matter of social policy. It is clear on the record that the State of Michigan retains plenary control over the schools throughout the state. It retains, for example, authority to consolidate and to merge school districts without the consent of those districts. It provides about a third of the public school budgets throughout the state and its credit is pledged for the construction of all school buildings in the state.

The Fourteenth Amendment imposes the requirement on the state to provide equal treatment to all of its citizens. The state has that power but did not choose to exercise it, so the lower courts decreed a solution that the state might have effected on its own. The aim was equality of educational opportunity for all school children. One tool was the use of school buses to the extent necessary to achieve that aim—not as an ideological exercise but as one of various devices to be used within reasonable bounds.

The Court's majority has now in 1974 shrunk from imposing the same constitutional stringency on large metropolitan areas that it imposed on the South twenty years ago. In so doing, it has cast a long cloud over the future. Judge J. Skelly Wright of the United States Court of Appeals for the District of Columbia said recently, "If the Supreme Court should ever hold that the mandate of Brown applies only within the boundaries of discreet school districts, the national trend toward residential, political and educational apartheid will not only be greatly accelerated, it will also be rendered legitimate and virtually irreversible by force of law."

More to the point, Justice Thurgood Marshall, writing in dissent said, "Unless our children begin to learn together, there is little hope that our people will ever learn to live together." Thus, in refusing to fashion a remedy sufficiently broad to correct the constitutional wrong which it found, the Court's majority has made us all, not just the black children of Detroit, the losers in the long run.

PRESIDENTIAL RESIGNATION

HON. JAMES G. MARTIN

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. MARTIN of North Carolina. Mr. Speaker, this Nation has now passed through a long, trying ordeal. No one has gained by it. But we have to come through it with our Nation and our Constitution intact.

We must now prepare to receive and support new leadership. I firmly believe that Gerald Ford can as President bind the wounds we have inflicted upon ourselves in the course of the sad events which have led to his assumption of the highest office in the land.

The historic statement of resignation by President Nixon must be commended both for its reemphasis on the domestic and foreign policy goals of his administration—and for the dignity of its transfer of authority to achieve those goals to his constitutional successor, Gerald Ford.

This is the time to unite and put aside the divisiveness of the past year and a half. The agenda before our Nation—inflation and Federal deficits, the energy crisis, the maintenance of world peace, and the overriding need to now restore self-confidence—is critical. We must move forward immediately and aggressively under the leadership of the new President and I pledge to him and to our people to assist in doing so.

We need now no spirit of recrimination as we move toward our 200th birthday as a Nation. We need instead a spirit of reconciliation.

EDUCATION RECOMMENDATIONS OF THE NEW YORK INTERRACIAL COLLOQUY

HON. HERMAN BADILLO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. BADILLO. Mr. Speaker, Congress has shown its commitment to the quality of education by including authorization for a comprehensive national reading improvement program in the Elementary and Secondary Education Amendments of 1974. Despite our efforts, however, it is disappointing that the public schools have not produced results commensurate with our expenditures or our expectations. Of increasing concern is the failure of countless children, especially among the poor and the underprivileged, for whom reading remains a mystery rather than a skill.

The New York Interracial Colloquy, of which I am a charter member, seeks solutions for various problems that confront members of minority groups in metropolitan centers. This outstanding organization of educators, businessmen, government officials, clergymen, and other community leaders was formed with the purpose of fostering equality and basic freedoms for all individuals. All races and religions are included in its intergroup friendships which meet for formal and informal discussions of housing, employment, education, and other important subjects.

During the past 2 years the Colloquy's Task Force on the Schools studied the reading methods and results in New York City's schools. The recommendations resulting from this study were adopted by the Interracial Colloquy and were recently issued by the sponsors of the Colloquy: David Hyatt, president of the National Conference of Christians and Jews; Vernon E. Jordan, national director of the National Urban League; John Slawson, vice-president emeritus of the American Jewish Committee; and Roy Wilkins, national director of the National Association for the Advancement of Colored People. Although these recommendations were developed to apply to New York City schools, in light of what we now recognize as a national educational problem they are applicable wherever reading scores are unsatisfactory.

I commend the New York Interracial Colloquy for its dedication to community service in so many areas, and I particularly want to bring to my colleagues' attention the Colloquy's statement on the "Improvement of Reading" by inserting it at this point in the RECORD:

STATEMENT OF THE NEW YORK INTERRACIAL COLLOQUY ON THE IMPROVEMENT OF THE TEACHING OF READING

The importance of literacy to each individual and to society cannot be overestimated. A democratic society cannot function well unless its citizens can read. For all but the most menial jobs, ability to read is indispensable. Nothing that an educational system may do for a student can compensate for failure to teach that person to read.

The problems of improving reading instruction in the public schools are many and complex. We recommend eight measures which, if adopted, would bring considerable improvement.

1. Our first recommendation is that the teaching of reading be given the highest priority in planning and budgeting. A chief goal of the elementary schools should be to teach pupils to read. The attitude of the teachers is of utmost importance in the achievement of this goal. They must agree that all normal children can learn to read and should create an atmosphere in the school that facilitates success in learning to read.

2. The increasing use of methods of instruction that teach children to sound out letters and to decode words indicates widespread recognition of the fallacy of treating English as a non-phonetic language. But old materials and mistaken conceptions of the past persist and affect the teaching of reading.

Our second recommendation is that preference be given to methods of reading instruction that includes intensive phonic instruction for every pupil. The sounds of letters and diphthongs should be mastered at the outset of reading instruction.

3. While middle class children generally receive early assistance at home in learning to read, comparative reading scores have never taken that factor into account. A proper use of comparative testing of the results of teaching beginners to read by different methods cannot be made unless the pupils have similar preparation in learning to read.

We recommend that research be undertaken to determine the results obtained by teaching pupils in lower income areas when various programs are used. Research should compare the results of programs based on intensive-phonics with those that depend primarily on sight words. The findings should be made known to all supervisory personnel.

4. Our fourth recommendation is that, to provide more individualized attention, reading classes be made smaller and that paraprofessional and volunteer assistants be utilized to greater extent in the reading sessions of kindergarten and of the first and second grades. We likewise recommend that all teachers and the assistants who teach reading be given thorough training in the specific method of reading instruction they are to use.

5. We recommend that greatly increased effort be made to enhance each pupil's reading ability with maximal attention given to each pupil who has not made adequate progress, and that promotion to classes requiring increased reading skill be permitted only when adequate reading ability has been achieved.

6. Our sixth recommendation is that all elementary teachers in whose classes the pupils need to read be considered teachers of reading. They should be able to arrange for students who have reading problems to receive remedial reading. Every elementary school teacher should be well trained to teach the reading skills that his or her subject requires.

7. We recommend that high priority be placed upon selecting principals and other top school staff who will assume responsibility for stimulating interest and creating a framework of commitment and accountability for the successful teaching of reading.

8. Graduation from a teachers college apparently terminates the relationship of a newly fledged teacher to those who taught her how to teach reading. The new teacher's failures and successes are not traced, as they should be, to those who trained her for the classroom responsibilities. Consequently professors who teach reading methods have no knowledge of how unsuited the conceptions adopted in the teachers colleges are to the classrooms of today.

Teachers of reading should be required to visit classrooms of their graduates and discuss the teacher's performance with her. This would have the dual advantage of giving the novice professional support and make professors of reading aware of how their theories work in practice.

THE RECONVENING OF THE FIRST CONTINENTAL CONGRESS, SEPTEMBER 5 AND 6, 1974, AT PHILADELPHIA, PA.

HON. WILLIAM A. BARRETT

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. BARRETT. Mr. Speaker, the reconvening of the First Continental Congress on September 5 and 6 in Philadelphia draws closer. It also continues to grow in importance.

To give us some indication of the impact of this early event, I would like to quote this version of an early preamble for a constitution for early America, a preamble which was read on the floor of Carpenters' Hall in 1774. Although the phases will sound old fashioned, the message is clear and current:

> On the fortitude, the wisdom and exertions of this important day is suspended the fate of this new world and unborn millions. To us our venerable progenitors bequeathed the dearbrought inheritance of liberty, to our care and protection they consigned it, and the most sacred obligations are upon us to transmit the glorious purchase, unfettered by power, unclogged with shackles, to our innocent and beloved offspring.

We have been invited by Gov. Milton J. Shapp of Pennsylvania to join with him and the Governors and delegates from the other 12 original States to celebrate the 200th anniversary of the First Continental Congress. I urge us to do this on September 6 to reaffirm our own confidence in and allegiance to our system of government which has sustained us over the years and made us the world's oldest continuing democracy.

LABOR NOT AMONG FAT CATS

HON. ROBERT P. HANRAHAN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. HANRAHAN. Mr. Speaker, the reform of campaign financing is a very big issue right now. Many individuals, including myself, are very concerned over where the money comes from. Labor and big business have always been contributors to elections, but do they abuse it? For the information of my colleagues, I wish to insert the following Chicago Tribune article:

DON'T COUNT LABOR AMONG THE FAT CATS

(By Mike LaVelle)

The response of many conservatives to the fat-cat abuses of Watergate is to point a finger at labor and claim a similar abuse there, but a few things are missing in that analogy.

Labor, through its periodicals, is open and above board with its aims. There are no periodicals released by Big Business stating what its aims are.

Labor is open to public scrutiny, Big Business is cash under the table and dealing behind closed doors.

Union members, by reading their national and local union papers, receive far more information about how their money is being spent than the stockholders of I.T.T. or General Motors.

The real anger of many conservatives, I suspect, stems from the realization that unions can get the volunteers to ring door bells, answer phones, and send out mail, etc. Big Business, not having the troops to champion its causes, has to rely on cold cash.

In the words of the Clayton Act, which was passed by Congress in 1914 and exempted unions from the Sherman antitrust laws, "The labor of human beings is not a commodity or article of commerce. Nothing in the antitrust laws shall be construed to forbid the existence and operation of labor."

The Norris-LaGuardia Act of 1932 and the Wagner Act of 1935 reaffirmed that difference between labor and commerce.

Many of the antilabor conservatives make the charge that the services of volunteers adds up and equal the cash contributions of Big Business. Perhaps they are right, but if they are, so what? If an autoworker wants to answer phones or lick stamps on his own time for the candidate of his choice, that's his own business. If the candidate is not one endorsed by the corporate boards of General Motors and I.T.T., that's their problem.

Granted, abuses exist in labor's methods of supporting candidates. In 1972 many United Auto Worker members supported George Wallace for President. UAW President Leonard Woodcock supported George McGovern, and that's where the UAW money went.

There are means by which a UAW member can withdraw his proportionate amount of money from a candidate whom he doesn't support but it is such a long and tedious process that by the time his complaint is resolved the elections would be over.

Even with such abuses, the labor's political contributions are still collectively more equitable than one man who could write a check for $6 million.

The assault on labor is not coming strictly from conservatives. There are still more liberals who are mad enough at George Meany's neutrality in 1972 that in their passions for revenge they would dismantle labor's political machinery.

The irony is that if those liberal forces [such as Common Cause] are successful, their own candidates who are usually supported by labor will be the ones to suffer.

The liberal Common Cause and the conservative right-to-work groups are a strange alliance. But then perhaps elitist liberals and mossback conservatives have more in common than they care to admit.

I hope labor gets the message and cleans its own house before that alliance strengthens itself any further and attempts to tear that house down.

RESPONSIVE AND COMPASSIONATE MEDICAL CARE

HON. SPARK M. MATSUNAGA

OF HAWAII

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. MATSUNAGA. Mr. Speaker, the June 1974 American Journal of Public Health reports an important study comparing the effectiveness of nurse clinicians to physicians. The nurses' patients received more time of direct care, more instructions for diet and exercise, more diagnostic procedures, and had a better understanding of their illness and their instructions for self-care than the physicians' patients. The nurses' patients also had a shorter average waiting time, saw their nurses more frequently, and enjoyed more frequent home visits. This kind of compassionate, responsive, and comprehensive medical care must be more frequently provided and made available for everyone who needs it.

I have previously introduced legislation which is designed to encourage the more widespread use of nurse clinicians by including them for eligibility for medicare and medicaid reimbursements. This study only emphasizes the importance of mine, and similar, legislation.

I submit excerpts from the article by Dr. Beverly Flynn, entitled "The Effectiveness of Nurse Clinicians' Service Delivery", for inclusion in the Record at this point:

The Effectiveness of Nurse Clinicians' Service Delivery

(By Beverly C. Flynn, MS., Ph. D.)

INTRODUCTION

The practices in the delivery of health services are being reorganized to permit a variety of personnel to provide elements of care usually provided by select groups of professionals after years of education and experience. These practices are in response to problems of the critical shortage and maldistribution of health manpower which face our country today. As training programs evolve to prepare professionals for an extended role in the delivery of health services, increasing consideration is being given to the evaluation of the effectiveness of these professionals' service delivery.

The research presented in this paper pertains to the evaluation of one such training program, a nurse clinician program. This program was a 1-year demonstration project which developed out of the needs of a county hospital's medicine clinic at a midwestern medical center in 1970. The program was sponsored by the school of medicine, school of nursing, and a research organization, the institute. There were three broad goals identified for the program. These goals were related to preparing nurse clinicians, improving the quality of patient care, and utilizing all health personnel effectively. These broad goals were originally intended to have an impact on the medicine clinic. Although objectives for the nurse clinicians' knowledge, skills, and attitudes were written by the program director prior to the enrollment of the trainees, these objectives were flexible due to the evolving nature of this demonstration project. In essence, the program prepared four registered nurses for an extended role in internal medicine. The curriculum combined didactic teaching with the physician preceptor relationship in several patient care settings. These settings were the county hospital's medicine clinic, the neighborhood health center, and three private group practices. The evaluation of the nurse clinician program was planned as an integral part of the program.

* * * * *

The investigator identified four major aspects of the program to be researched. These areas were a description of the nurse clinician program, the effectiveness of the program in terms of the knowledge and skills attained and the attitudes held by the nurse clinicians, the effectiveness of the nurse clinicians' service delivery, and the acceptance of the nurse clinicians. In the evaluation of the program, the investigator was interested in delineating a general approach to examining these major aspects as well as effective measurement devices to be utilized. The research that is presented in this paper incorporates the major area of the effectiveness of the nurse clinicians' service delivery.

The literature review pointed out that there were three research areas relevant to the effectiveness of the nurse clinicians' service delivery. The first area was the health status of patients. The second area was the quantity of health services delivered patients, and the third was the efficiency with which health services are delivered.

The investigator was able to identify three hypotheses related to the effectiveness of the nurse clinicians' service delivery. These hypotheses were: (1) there will be no difference in the health status of the experimental and control patients; (2) the experimental patients will spend more time with the health care provider than the controls; and (3) the experimental patients will spend less time in the medicine clinic than the controls.

* * * * *

HEALTH STATUS OF MEDICINE CLINIC PATIENTS

The results of the patient interviews delineated similarities and differences between the experimental and control patient groups on a variety of indicators relevant to patient health status. These indicators were measures of: patients' knowledge of their disease, effects of their illness on activities of daily living, patients' knowledge of their special exercises or activities; patients' nutritional behavior, patients' special diet behaviors and knowledge, patients' medication-taking behavior and knowledge, and patients' use of other medical care.

The results of the patient interviews did not support the hypothesis that there would be no difference in the health status of the experimental and control patients in the medicine clinic. It should be noted that there frequently were insufficient data to yield an accurate chi square statistic. As a result, some of the data were compared by percentages. These were two indicators of patient health status that were found to have statistically significant relationships. The first indicator was patients' knowledge of their special exercises or activities and Table 1 presents these findings.

There were significantly more of the nurse clinicians' patients than the controls who responded that they were to do special exercises or activities. The majority of both groups, 84 per cent, answered the question about doing special exercises correctly. Even though special activities were not ordered for 84 per cent of the control group, it was interesting to note that there were no essential differences, less than 8 per cent of each group, who lacked knowledge of what the special exercises included. Almost 50 per cent of the nurse clinician patients were found knowledgeable of what their special exercises included. These findings suggested that the nurse clinicians focused more of their teaching and counseling on patient activities and exercises than the physicians who provided care to the control group.

The second indicator of patient health status which had a statistically significant relationship was patients' use of other medical care. Table 2—not reproduced—presents these findings. These results indicated that there were significantly more of the nurse clinicians' patients using other medical care than the controls. The places where patients received other medical care were specialty clinics, private eye doctors, neighborhood health centers, and hospitals. All nine of the clinics mentioned by patients were located at county nospital and were part of the same outpatient department clinic system as the medicine clinic. All hospitalizations occurred at county hospital. These findings showed that medical care delivered in the outpatient clinics at county hospital was quite specialized, in that patients received care from such a wide array of clinics and were still seen regularly at the medicine clinic.

Other indicators did not yield statistically significant relationships but demonstrated some differences in the health status characteristics of the two groups. Eighty-two per cent of the nurse clinicians' patients compared to 68 per cent of the controls were knowledgeable of the complications of their disease. There were some differences between the two patient groups in adhering to a nutritionally balanced diet, or the basic four food groups. Fifty-three per cent of the experimental patients compared to 32 per cent of the controls had milk-deficient diets. In addition, 18 per cent of the experimental patients compared to 32 per cent of the controls had bread-deficient diets. Both patient groups together showed the greatest deficiencies in the milk, vegetable, and fruit food groups, which were found comparable to other studies of similar populations. It was also found that 90 per cent of the nurse clinicians' patients compared to 68 per cent of the controls reported having been ordered a special diet. There was a greater proportion of the experimental patients (84 per cent) taking medications correctly than the controls (63 per cent). Of the medication errors noted, slightly more of the experimental patients took medications that were not ordered, and the control patients tended to omit medications that were ordered and took their medications at the wrong time. It was also found that 24 per cent of the experimental patients compared to 11 per cent of the controls were hospitalized during the time of the study.

It should be clarified that there were no statistical differences between the two patient groups in demographic characteristics and three diagnoses (hypertension, diabetes, and organic heart disease) which were delineated in the criteria for patient referral to the nurse clinicians. The investigator concluded that there were differences in the health status of the two patient populations and these differences were thought to be related to differences in the care provided patients. An examination of the findings from the hospital record review, which will be discussed next, provided additional insights into these deficiencies.

THE QUANTITY OF HEALTH SERVICES DELIVERED MEDICINE CLINIC PATIENTS

An analysis of the data collected by hospital record review provided evidence of significant differences in several indicators of the quantity of health services delivered the two patient groups. The first indicator was the types of laboratory studies ordered for the two patient groups. Table 3 presents these results (not reproduced).

The nurse clinicians ordered significantly more electrocardiogram studies, bacteriology studies, urinalysis studies, and minor X-rays than the physicians caring for the controls. One could speculate that the nurse clinicians were insecure in their new role and depended on external laboratory studies to assist them in decisionmaking related to patient care. Lewis, in his study of nurse clinics, found that nurses ordered routine laboratory tests 3 times more frequently than the physicians. He commented that these tests were not ordered by insecure nurses who lacked clinical judgment, but these studies were part of comprehensive care. However, these findings raised issues on the necessity of subjecting patients to these procedures, costs in terms of the patients' time, and costs in terms of fees for medical care. These issues must be weighed against the actual benefit to patients, as a result of performing laboratory studies.

The second indicator was the therapeutic diets ordered for patients. These results are presented in Table 4 (not reproduced). These findings provided an additional insight into one of the findings from the patient interviews. This was that a greater proportion of the nurse clinician patients were aware that they were to eat a special diet. These results showed that there was a relationship between what the nurse clinicians ordered patients and patient awareness of these orders.

The third indicator was special activities or exercises ordered for patients. These data may be found in Table 5 (not reproduced). Significantly more of the nurse clinician patients, than the controls, were ordered to increase their activities. In addition, there were 18 per cent more of the nurse clinician patients than the controls who were ordered to decrease their activities. These results were also documented in the findings from the patient interviews, that experimental patients were significantly more aware they were ordered special activities or exercises than the controls.

Other indicators did not yield statistically significant relationships but demonstrated some differences in the quantity of health services provided the two patient groups. An analysis of the number of patient visits to the medicine clinic indicated that the nurse clinicians saw their patients at much more frequent intervals during the time of the study. Of the controls, 63 per cent were seen by the physician only one or two times, whereas 68 per cent of the experimental group were seen between five and 10 times by the nurse clinician in the medicine clinic. It was speculated that the nurse clinicians had more time than the physicians to see patients so they scheduled more frequent appointments for their patients. In addition, the nurse clinicians might have been insecure in their new role and depended on frequent patient contact to assure themselves that they were providing appropriate patient care.

An analysis of medications ordered patients demonstrated little difference between the two groups in terms of types of medications ordered. On closer examination of the proportion of patients in each group ordered various types of medications, some differences were observed. The nurse clinicians' patients had been ordered more of all but two types of medications. These findings also supported those found with the patient interviews, that a greater proportion of nurse clinicians' patients took more medications per day than the controls.

In addition to these indicators, there were indicators of health service quantity for the experimental patients that were not available for the controls. These were: home visits were made by the nurse clinicians on three-quarters of their patients and patient referrals were made by the nurse clinicians to 16 community agencies.

In comparing the results of patients' health status with the quantity of health services, it was speculated that the differences in health status were a result of differences in the care provided patients. It was concluded that the nurse clinicians provided a greater quantity of health services to their patients than the physicians caring for the controls.

EFFICIENCY OF HEALTH SERVICE DELIVERY IN THE MEDICINE CLINIC

Analysis of the time costs to patients, as a result of the nurse clinicians' delivery of care, was accomplished through time and motion studies. The results of these studies indicated several differences in patient flow in the medicine clinic and are presented in Figure 1 (not reproduced).

The physicians' patients waited approximately 72 min compared to 34 min for the nurse clinicians' patients before they entered an examining room. Once patients entered the examining room there was only a short wait before the nurse clinician or physician began care. After care was initiated, the nurse clinician spent almost 1 hr in patient care activities compared to physicians, who spent about 40 min in these activities. There appeared to be little difference in the time patients spent waiting before they left the clinic. The two patient populations waited about 30 min before they left the clinic.

Two time periods in these studies are misleading, the time spent waiting before entering an examining room and the time spent with the health care provider. It should be noted that the nurse clinicians scheduled appointments at specified times with patients, whereas the physicians' patients all came to the clinic at the same time, at the beginning of the session. Due to this scheduling, it was not surprising that the nurse clinicians' patients waited less time than physicians' patients.

The finding that the nurse clinicians spent more time with patients compared to physicians could be related to the assumption that the physicians were more skillful in providing care and, therefore, took less time. It should also be noted that the physicians had a larger caseload of patients to care for during the clinic sessions so they might have felt the pressure of time to complete all patient care before the clinic session ended. It was also speculated that the nurse clinicians spent more time with patients due to their focus on teaching and counseling patients in relation to their health problems. The nurse clinicians' patients were found to have more knowledge about the complications of their diseases, more awareness that they were to eat special diets, and more correct behavior in taking their medications than the control patients.

These data provided support for two of the hypotheses which were delineated, that the experimental patients would spend more time with the health care provider than the controls and that the experimental patients would spend less time in the medicine clinic than the controls. However, because the work for the nurse clinicians and physicians was not similar, these results are misleading.

These findings also had other implications. Although it could be stated that since the experimental patients had more contacts with the health care provider and spent less time in the clinic than the controls, the overall costs to patients in terms of time differed by patient group. In other words, these data suggested that costs to the nurse clinicians' patients were much more economical than to the controls. However, other services provided patients by the nurse clinicians implied increased costs to the experimental patients as they experienced more frequent clinic visits, more laboratory studies, and home visitations by the nurse clinicians.

SUMMARY AND CONCLUSIONS

The research that is presented in this paper focused on the effectiveness of the nurse clinicians' service delivery. The general approach and evaluative measures utilized in examining these areas should be applicable in the study of the effectiveness of other health care providers. The investigator found patient interviews effective in obtaining information of patients' perceived health status. The patient questionnaire or similar patient interviews should be administered to patients in other studies to obtain information about their knowledge and behavior relevant to service delivery. Record review was found somewhat difficult as there was lack of standardization in recorded data. Patient records need to be revised and standardized so that data collection relevant to patient indicators are reliable. The efficiency with which services are delivered should be studied in other training programs. However, comparisons with other health care providers should be based on similar work circumstances. Cost analysis of service delivery, which was not researched in this investigation, should be employed in other studies of the effectiveness of health care providers.

The findings relevant to the effectiveness of the nurse clinicians' service delivery did not support the hypothesis that there would be no difference in the health status of the experimental and control patients. It was found that significantly more of the patients cared for by the nurse clinicians than the controls reported that they had been told to follow special exercises or activities and reported utilizing other medical care.

Several indicators provided evidence of significant differences in the quantity of health services delivered the two patient groups. The nurse clinicians ordered significantly more laboratory studies for their patients than physicians caring for the controls. In addition, the nurse clinicians ordered significantly more low salt diets and increased activities or exercises for their patients. Other indicators were not statistically significant but demonstrated an increased quantity of health services for the nurse clinicians' patients. These were: the experimental patients had more frequent clinic visits, they were ordered more of all but two types of medications, and they were visited in their homes by the nurse clinicians.

Since patients were randomly assigned to control and experimental groups and there were no statistical differences in demographic characteristics or the three diagnoses delineated in the criteria for patient referral to the nurse clinicians, it was speculated that the differences in health status were a result of differences in the care provided patients. It was also concluded that the nurse clinicians provided a greater quantity of health services to their patients than physicians caring for the controls.

Time and motion studies provided misleading support to the hypotheses that the experimental patients would spend more time with the health care provider and less time in the clinic than the controls. Other services provided patients by the nurse clinicians implied increased costs to these patients, or decreased efficiency of health service delivery.

LETTER TO AIR FORCE

HON. LES ASPIN

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. ASPIN. Mr. Speaker, last month when a large number of enlisted men were removed from flying status without notice, I notified the Air Force of this violation of Congress orders. Subsequently, the Air Force adjusted its mistake, and the Military Compensation Subcommittee reexamined the situation.

To be sure there was no misunderstanding of the subcommittee's desire to see no enlisted man lose flight pay without 120 days' notice, I wrote to each of the services and to the office of the Secretary of Defense. Yesterday, my letter to the Air Force and that service's response were printed in those pages. Today I am adding my letter to OSD, a response from Lt. Gen. Leo E. Benade and the memorandum sent by OSD to all the services. It seems that there are very few loopholes, but not all issues are resolved. Remaining is a Comptroller General decision and possibly legislation to insure a permanent solution. We shall have to wait and see.

The Secretaries of the Army and Navy have yet to answer my request for their explanation of how they will protect enlisted flight pay.

The material follows:

JULY 23, 1974.

Lt. Gen. LEO E. BENADE,
Deputy Assistant Secretary of Defense, Military Personnel Policy,
Washington, D.C.

DEAR GENERAL BENADE: Since my letter to you of July 11, the airmen grounded at McClellan AFB have been restored to flying status for the required 120 days. On July 17 Lt. General John W. Roberts, the Air Force's Deputy Chief of Staff, Personnel, explained to Subcommittee #4 what happened at McClellan and described measures he was taking to guarantee future observance of the directive of Congress. It is clear that the Air Force concludes it has sufficient management flexibility to give every enlisted crew member threatened with loss of flight pay 120-days' notice. Even in those few cases where sudden mission or equipment changes might limit notice, the Air Force does not allow exceptions to be made. In all cases that cannot be accommodated by local administrative measures, Air Force headquarters must be notified. Headquarters will then grant temporary overmanning authority so that crew members will always get 120 days' warning.

The subcommittee was asked to grant some exceptions to the 120 day requirement. These were crew members grounded for cause or because of medical disqualification for flying duty. The third exception was for enlisted noncrew members who are assigned flight duties for a period or for a task specified in orders. (Since these categories are the same for officers and enlisted men and because they seem fully justified exceptions, the Subcommittee did not object to them.)

General Roberts has suggested one other exception that could in rare cases, be required. When aircraft are not available, the legal requirement of "frequent and regular aerial flight" might not be met. Since "frequent and regular" are defined by executive order, granting exceptions might be a way of avoiding the perhaps complex procedure to change executive orders. In any event, this one area of exception does not appear to require a legislative solution.

Nevertheless, Chairman Stratton has suggested legislation might be the best way to insure enlisted crew member save-pay for 120 days or some other period. If you think the matter should be considered by Congress, I would like you to tell me what features you wish to see in an enlisted flight pay protection bill.

In addition to your legislation suggestions, would you also comment on the Air Force's interpretations of the 120 day notice requirement? Please send me also whatever instructions or directives on this subject you have sent to the military services. I am sending a letter similar to this one to the Secretaries of the Army and Navy.

Thank you for your assistance,

Sincerely,

LES ASPIN,
Member of Congress.

ASSISTANT SECRETARY OF DEFENSE,
Washington, D.C., August 8, 1974.

Hon. LES ASPIN,
House of Representatives,
Washington, D.C.

DEAR MR. ASPIN: This is in response to your letter of July 23, 1974 concerning the advance notification requirement prior to removal of enlisted crew members from flying duties and is in furtherance of my letter to you, dated July 26, 1974, on the same subject.

In regard to the 96 crew members involved in the reduction of aircraft at McClellan AFB, the following information is applicable:

Twelve members departed PCS prior to July 25, 1974. Ten of these were volunteers for reassignment. Two were non-volunteers, but were notified in October 1973 and December 1973 respectively of reassignment to non-flying duties.

Sixteen are scheduled for involuntary PCS action between now and October 31, 1974. Departure of each is being delayed, unless voluntarily waived, to accord the 120 days notice.

Six members are on voluntary reassignment and flight orders will be rescinded on departure.

Eleven primary crew are being reassigned to bases of preference where they will remain on flying status.

Eighteen are awaiting retirement or separation and will remain on flight status for 120 days advance notice or until separation or retirement, whichever occurs first.

Ten are being involuntarily retrained and effective dates are being delayed, unless voluntarily waived, to accord the 120 days advance notice.

Seven are voluntarily removed from flying status.

Nine are medically disqualified.

Two were previously assigned to nonflying positions at McClellan and are being given the opportunity, if desired, to return to flying duties to accord the required notice.

One optional crew member is on assignment to a flying position, and

Four members have no action pending and will be retained on flying status for the specified 120 day notification period.

Enclosed is a copy of a memorandum to the Military Departments which outlines interim policy to be followed, in regard to the advance notification requirement, pending the staffing and issuance of a DoD Directive generally covering the same matter. It should be noted that exceptions to the 120 day notification policy are authorized when removal from flight status is individually generated by an enlisted crew member by his voluntary actions or inactions. Additional exceptions may be authorized on a case-by-case basis, as approved by the Secretary concerned or his designee, when it is necessary to involuntarily remove an enlisted crew member from flight duty without proper advance notification.

Until an experience factor is gained from the implementation of this policy, as refined in the forthcoming Directive, consideration of legislative relief might be premature. Further, as indicated in my letter of July 26, 1974, the Comptroller General will soon be requested to issue opinions on (a) the legality of authorizing by Executive order continuation of flight pay for enlisted crew members for up to 120 days following termination of flight duties, and (b) the legal ramifications of the Air Force action to authorize temporary overmanning under conditions where abrupt actions might make enlisted crew members excess to authorizations at a given station. Depending on these opinions, there might be no requirement for statutory authority to authorize a modified excusal program for enlisted crew members.

The Comptroller General might well hold that excusal of enlisted crew members from the requirement by competent orders for "frequent and regular" performance of aerial flight, as prescribed by law, is not legally permissible. He might also object to the overmanning action taken by the Air Force. If so, and providing experience shows that a substantial number of Secretarial exceptions are necessitated, wherein involuntary removal from flight duties without proper notice is required because of unforeseen circumstances, then the Committee might wish to consider legislative relief.

Providing there is no objection by Subcommittee No. 4, it is proposed that consideration of legislation be postponed until a response is received from the Comptroller General and an adequate experience factor is gained from implementation of the binding policy guidance, recently announced, and issuance of the DoD Directive in furtherance of this policy. A period of approximately four months appears adequate for these purposes. The subcommittee will be kept informed of developments in this area.

Thank you for your concern in this matter and your thoughtful suggestions.

Sincerely,

LEO E. BENDE,
Lieutenant General, USA, Deputy Assistant Secretary of Defense.

ASSISTANT SECRETARY
OF DEFENSE,
Washington, D.C., July 26, 1974.

Memorandum for the Assistant Secretaries of the Military Departments (M&RA).

Subject. Advance Notification of Removal of Enlisted Personnel from Flight Duty.

Your attention is invited to recent press releases, a House floor statement and OSD and Service testimony on DOPMS in which Congressional concern has been expressed in regard to our proposed handling of instructions contained in House Report No. 93-799 on H.R. 12670. In this report, it was directed that regulations be promulgated to insure that at least 120 days advance notice be provided to enlisted crew members prior to their being involuntarily removed from flying status.

In view of this concern and because of a recent incident in which it was proposed that a significant number of enlisted crew members were to be removed from flight status retroactively, it is deemed imperative that the policy measures outlined below be implemented as expeditiously as possible, pending the processing and issuance of an appropriate DoD Directive which will be fully coordinated with the Services.

Policy guidance is as follows:

Applicability. Policy guidance contained herein applies to the Military Departments and Defense Agencies.

Definitions.

Enlisted Crew Member. An enlisted member of the Armed Forces on competent orders which require the performance of hazardous duty involving frequent and regular participation in aerial flight.

PROPER ADVANCE NOTIFICATION

Receipt of orders by enlisted crew members indicating reassignment to ground duty either by prefix, suffix or other understandable identifier systems or means.

Notification to enlisted crew members in writing and by competent authority of impending removal from flying status or verbal notice of same, providing an appropriate memorandum for the record is made.

Written notification to enlisted crew members of medical disqualification.

POLICY

It is DoD policy that enlisted crew members be accorded at least 120 days advance notification prior to being involuntarily removed from flying status through no fault or action of their own.

Assignments of enlisted crew members will be intensively managed in order to achieve the required advance notification prior to removal from flying status and the loss of flight pay.

Exceptions to the 120 day advance notification policy may be authorized under circumstances in which removal from flight status is individually generated by an enlisted crew member as a result of his voluntary actions or inactions.

Additional exceptions will be made only on a case-by-case basis and approved by the Secretary concerned or his designee, providing such designee is not below the Service headquarters level.

In carrying out this policy, applicable provisions of law, Executive Order 11157, the DoD Pay and Allowances Entitlements Manual, DoD Issuances and Service regulations, as appropriate, will be compiled with.

Reporting. The Services will be prepared to implement a reporting system, under provisions of the forthcoming Directive, which will semiannually indicate the number and type of exceptions granted by the Secretary concerned or his designee.

Request that expedited action be taken by the Services to place the above policy provisions, which have not already been implemented, into effect as soon as possible and that my office (COL William A. McSpadden, X79191) be notified as soon as implementing messages have been released.

LEO E. BENADE,
Lieutenant General, USA, Deputy Assistant Secretary of Defense.

FEEDING THE HUNGRY

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. RANGEL. Mr. Speaker, each year over $100 billion is collected by the Federal Government through taxes and other means, and distributed again through subsidies, grants, and exemptions, Government spending programs, social security, and revenue sharing. To a large degree the poor now reap few of the benefits of this process even though a significant number of them contributed to it by paying taxes. They are brought back into this distribution process only through such stop-gap measures as welfare and the food programs. But, even with the increasing cost of welfare and food programs in recent years, the wealth of the poor sections of the population remains unchanged at the meager level it had attained before the New Deal. Indeed, over the past several years, the plight of the poor has deteriorated.

A major difficulty with the food stamp programs stems from the requirement that in order to qualify, a family has to prove that it is poor. With the food stamp programs as well as all means-tested programs, the programs' very selectivity serves to keep even many eligible people out of the program.

Recently WWRL, a New York City Radio Station, aired an editorial on the recent hearings of the Senate Select Committee on Nutrition and Human Needs. I would like to share that editorial with my colleagues, for it makes the important point that as long as the poor need food assistance, it is imperative that these programs be readily accessible to those who need them the most. It is time for us to do something about this most distressing problem.

The editorial follows:

A BLEAK REPORT

The United States Senate Select Committee on Nutrition and Human Needs is making it plain that any so-called life of ease on relief rolls is an absolute lie.

Ronald Pollack, director of the *Food Research and Action Center of New York,* said that the tragic truth is that we are moving backwards in the struggle to end hunger, poverty and malnutrition.

Food stamps and other aids have not kept step with a galloping inflation. Affluent consumers can "spend down" or drop to buying cheaper items. But the poor have already hit rock-bottom and have no lower place to go.

Some 37 million people are now eligible for food stamps, but only 35.7 per cent are getting them. WWRL feels it is clear that we are not doing right by our poor. Instead of trying to shame them, we should urge them to take full advantage of food stamps.

CONGRESSMAN DANTE FASCELL TESTIFIES BEFORE HOUSE MERCHANT MARINE AND FISHERIES SUBCOMMITTEE IN SUPPORT OF LEGISLATION TO PROTECT DOLPHINS

HON. DANTE B. FASCELL

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. FASCELL. Mr. Speaker, I was pleased to testify recently before the Subcommittee on Fisheries and Wildlife Conservation and the Environment of the House Merchant Marine and Fisheries Committee in support of legislation I have introduced for the protection of dolphins and other marine mammals. The full text of my remarks follows:

STATEMENT OF CONGRESSMAN DANTE B. FASCELL

Mr. Chairman, I appreciate this opportunity to appear before you in support of H.R. 15549, legislation I have introduced to amend the Marine Mammal Protection Act of 1972 to prohibit the issuing of general permits which authorize the taking of marine mammals in connection with commercial fishing operations. I commend you and the Members of your Subcommittee for your continuing concern for the protection of all endangered species, and your leadership in this field.

The Congress made its position clear when it enacted the 1972 Marine Mammal Protection Act, placing a permanent moratorium on most killing of ocean mammals and on the importation of their products. In that act, P.L. 92–522, Congress stated: ". . . marine mammals have proven themselves to be resources of great international significance, esthetic and recreational as well as economic, and it is the sense of the Congress that they should be protected and encouraged to develop to the greatest extent feasible . . ." The protection and preservation of all marine mammals was to be insured.

The hearing today is actually a continuation of the controversial debate which surrounded consideration of the 1972 legislation over whether an exemption should be made and permits allowed for the controlled taking of any marine mammals incidental to commercial fishing, or whether commercial fishing operations should be included under the permanent moratorium on killing and importation of ocean mammals.

Amendments were offered in both the House and the Senate when the 1972 Act was debated which would have prohibited the killing of porpoises and dolphins incidental to tuna fishing operations and placed such operations under the general moratorium. It was argued that such a flat prohibition would speed up research to develop equipment that would eliminate any "taking" incidental to commercial fishing. These amendments were defeated, however.

The two year exemption finally provided by the 1972 Act permitted the taking of marine mammals incidental to commercial fishing operations under regulations prescribed by the Secretary of Commerce. The exemption will expire October 20, 1974. Under the 1972 Act, the taking of mammals incidental to commercial fishing after expiration of the exemption is to be governed by regulations promulgated by the Secretary of Commerce and by permits issued consistent with such regulations. The Department of Commerce has, pursuant to the law, proposed regulations for the issuing of permits, hearings have been held, and a preliminary statement and recommended decision has been issued by the Administrative Law Judge.

At issue now is whether we should continue to allow commercial fishing operations to kill any dolphins or other marine mammals or whether the law should be changed and commercial fishing operations be subject to the general moratorium against any taking of marine mammals.

In my judgment, commercial fishing must be brought under the moratorium so that complete protection of the dolphin and other marine mammals can be insured. We must not allow any threat to continue.

I have introduced H.R. 15549 which adds language to the Marine Mammal Protection Act specifying that no permits may be issued which authorize the taking, incidental or otherwise, of any marine mammals in connection with commercial fishing operations. This would bring commercial fishing under the general moratorium against killing.

The bill would also transfer authority for administration of the Marine Mammal Protection Act as it relates to all species covered under the law to the Secretary of the Interior. The Commerce Department, through NOAA, now has jurisdiction over whales, dolphins, porpoises, seals and sea lions. It is also responsible for promoting fisheries' interests. The Interior Department, which already has partial responsibility under the act, is more oriented toward conservation and wildlife protection, and I feel that jurisdiction over dolphins should be transferred to that Department.

I fully understand that the regulations proposed by the National Marine Fisheries Service, Department of Commerce, are designed to achieve the goal of reducing incidental kill or serious injury of marine mammals to insignificant levels approaching zero mortality.

Techniques have been developed and are available which virtually assure that no dolphins will be accidental victims of commercial fishing. Utilization of these techniques would be required under the regulations proposed for issuing permits.

But is it necessary to issue permits to allow incidental taking in order to make sure that certain techniques are used? Can't we require the use of such equipment—but not allow any killing?

There is widespread support in South Florida for action to prevent the issuing of any permits. A "Save the Dolphin" campaign in Miami has the enthusiastic support of nearly 20,000 students and faculty members from almost every high school in my District who have signed petitions opposing the permit plans. I met with representatives of that group in June of this year, and can personally attest to the sincerity of feeling and the strong opposition to the proposed permit program. The Judge who presided at the hearing on the proposed regulations has noted in his recommended decision that hundreds of letters mostly from school children in Florida have been received.

The World Dolphin Foundation, located in Miami, is also greatly concerned with the proposed permit regulations. In correspondence with the Administrative Judge who conducted the hearing on the proposed regulations the President of the Foundation, Dr. Henry Truby, stated: "Any regulation, federal or otherwise, permitting the killing of so-termed 'wild animals' is anthropologically medieval. Any intentional—or incidental—killing of marine mammals is indefensible, for whatever reason!"

I share the strong position of those in Florida who oppose any action which could endanger the dolphin. The government must not condone any steps which could lead to the killing of even one dolphin or other marine mammal.

Mr. Chairman, if we allow the permit program to proceed, it will undoubtedly pose a threat, limited or otherwise, to the dolphin. I feel strongly that we must not allow such a threat to develop.

The Subcommittee's favorable action on the bill I have sponsored to prohibit the issuing of permits to commercial fishing operations or on other legislation to prohibit any killing of dolphins is urgently needed. I urge your expeditious and favorable action.

RETURN OF KING CAUCUS

HON. JOHN B. ANDERSON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. ANDERSON of Illinois. Mr. Speaker, on June 19, 1974, I stood in this Chamber for a special order to warn of the apparent reemergence of what I termed, "King Caucus" on the other side of the aisle. I recalled for my colleagues the history of "King Caucus" as he reigned during the early part of this century. It was a situation in which the Democratic caucus was in effect the supreme legislative committee in this House because it was the caucus which not only issued binding instructions as to what committees could and could not decide and how Democratic members should vote on the floor, but the caucus also actually engaged in writing legislation.

This year "King Caucus" swung back into the throne. First, the Democratic caucus took it upon itself to hold up a bipartisan committee reform resolution for 4 months for "further study," and then it proceeded to substantially rewrite the reform. In the meantime, the caucus had bound the Rules Committee not to clear the measure for the floor; and when it finally had drastically altered the resolution, it instructed the Rules Committee Democrats to insure that the caucus substitute was made in order under the rule. The upshot of all this is that we still do not have a resolution through the Rules Committee.

The Democratic caucus is also responsible for killing a windfall oil profits tax bill in this session. For it was the caucus decision to force the Rules Committee and Ways and Means chairman to allow for only two amendments to that bill which has thrown the whole matter into a legislative limbo.

Mr. Speaker, on July 29, 1974, the Washington Post carried an excellent article by Mary Russell on the re-emergence of "King Caucus." At this point in the RECORD I include that article and commend it to the reading of my colleagues. The article follows:

GOP FEARS RETURN OF "KING CAUCUS" IN HOUSE NEXT YEAR

(By Mary Russell)

Seventeen Republicans recently took the House floor to warn of "ominous trend"—the re-emergence of the Democratic caucus as a power in the House.

Republicans fear that if the Democrats pick up anywhere near the 50 seats they predict they will in the November elections, the Democrats will attempt to impose "congressional government" on the country.

The Republicans also believe the Democrats will use the Caucus, the party organization to which all House Democrats belong, to formulate party positions and unite Democrats behind them, steamrolling Republicans in the process.

"I am speaking of the trend toward what . . . has (been termed 'congressional government' and the danger that lurks beneath that development: the re-emergence of 'King Caucus,'" third-ranking Republican John Anderson of Illinois said in his floor speech.

Democrats deny the caucus is approaching anything like the "King Caucus" which ruled the House before and during the Wilson administration in the early 1900s by binding members to vote on the floor for any measure approved by a two-thirds vote in the caucus.

But some liberal Democrats do admit it is evolving into what could be a mechanism for obtaining "unity" and "party responsibility" in their disparate ranks, particularly next year when those ranks are likely to be swollen with new members.

"The caucus could serve as an instrument for a more thoughtful process in decision-making," Rep. Philip Burton (D-Calif.) said. "But I don't view it as a monolith running over dissenting views. Its value is in objective discussion leading to collective thinking."

"The caucus is one of the directions we could take for greater party responsibility, putting forward coherent programs and acting on them," said Rep. James G. O'Hara (D-Mich.).

Since 1969, when they persuaded colleagues to start calling regular monthly caucus meetings, liberal Democrats have sought to revive the caucus and nurture it.

Leadership for the revival drive has come from successive chairmen of the liberal Demcratic Study Group. The DSG was born in 1959 out of the resentment of House liberals who found themselves unable to pass legislation because conservative Southerners chaired many major committees and used their power to block liberal proposals.

The idea of reviving the caucus, which had been relatively dormant since the days of "King Caucus," was expressed in a book called "House Out of Order" by Rep. Richard Bolling (D-Mo.). "The place to reform the procedures of the House is . . . in the House Democratic Caucus," he wrote.

It was the liberal Democratic Study Group, growing in numbers, that began putting the reforms into effect through the caucus in the late '60s.

First, when O'Hara was chairman of the DSG, came the regular monthly meetings. Then, while Rep. Don Fraser (D-Minn.) was chairman, the Caucus adopted a DSG-inspired reform forcing a vote on the nomination of any committee chairman if 10 members demanded it. Another proposal limited each member to chairmanship of one subcommittee.

At the start of the current Congress, the biggest reform package was passed while Burton was chairman.

Those reforms required that every standing committee chairman be subject to a vote in the caucus.

They opened committee hearings to the public by stating no committee could close its doors unless it took a public vote to do so before the session started. This had the effect of allowing the public and press for the first time to see how bills were marked up, a process usually done behind closed doors.

And finally a Steering and Policy Committee was created as the arm of the caucus to make recommendations on legislative priorities and party policy. Chaired by the Speaker, it is made up of the leadership and members from regions and at large.

The Vietnam war revived the caucus to instruct Democrats on policy.

In May, 1973, the caucus approved a resolu- by Majority Whip Thomas P. (Tip) O'Neill (Mass.) instructing Democratic members of the Foreign Affairs Committee to report legislation setting a date certain for termination of U.S. military involvements in Indochina.

In May, 1973, the caucus approved a resolution barring the use of funds for the bombing of Cambodia, a decision the House upheld.

This year the caucus has instructed committees twice.

In May it instructed the Rules Committee not to report proposals for floor consideration until a caucus reform unit had a chance to review them.

Later that month, the caucus took action against powerful Ways and Means Committee Chairman Wilbur D. Mills (D-Ark), instructing him to allow votes on tax bill amendments that would end the oil depletion allowance and foreign tax credits for oil companies.

Last week, the Caucus again chipped away at Mills' power, voting to allow the speaker to nominate most of the Democratic members of a new Budget Committee. Traditionally, Ways and Means makes such committee nominations.

It was these actions plus talk by Democrats of imposing "congressional government" next year that alarmed the Republicans.

From the 1920s through the 1960s, the caucus was used to bind members or instruct committees only four times. In the last three years it has been used for that purpose five times—including three times in the past two months.

"There is considerable evidence accumulating that 'King Caucus' is making a comeback, and the Democrats are going to use it as a decision-making instrument," Anderson said.

But Democrats deny that anything like the old "King Caucus" is making a comeback.

First of all, they say, it's hardly a "king;" it's more like a princeling struggling to reestablish its legitimacy. They note Mills has been able to sidetrack the instruction to allow the anti-oil company amendments by simply not bringing up the bill.

Secondly, confusion and resentment over the old 1909 rule allowing a two-thirds caucus vote to bind members to vote a certain way on the floor is causing liberal Democrats to consider dropping it.

To take the place of the "binding" rule in enforcing party responsibility, liberals would rely on the rule empowering the caucus to instruct committee members on procedures for moving legislation through the House.

If a member does not comply with such a caucus instruction, he can be stripped of committee seniority, removed from the committee or expelled from the caucus.

Anderson said because only a majority vote is needed to instruct committees, the "instruction" rule is potentially worse than the "binding" rule, which requires a two-thirds vote. If only the barest quorum of 124 of the 247 House Democrats showed up at a caucus meeting, Anderson said, 63 members could impose their will on the entire 435-member House.

Democrats justify the instruction rule on grounds that it only deals with procedure, not substance.

But in Democratic ranks there remains some doubt as to exactly what role the caucus should play.

Advocating a significant role is Burton, who calls the caucus the "only conceivable mechanism" for achieving consensus among Democrats.

Burton has been described by Congressional Quarterly as having "a keen sense of how to accumulate and use power."

Since giving up the chairmanship of the DSG last year, Burton has maintained his influence, largely through his close ties with its savvy staff director, Dick Conlon.

At the same time he maintains a working relationship with more conservative Democrats such as Wayne Hays (Ohio), the powerful and sometimes vindictive chairman of the House Administration Committee, which holds the purse strings for House committees, Joe Waggonner (La.), leader of the conservative Southerners, and Mills.

One national Democrat, watching the work of Burton and Waggonner, another shrewd power broker, commented, "If you could ever breed those two, I sure would like a pup."

Mills, Waggonner, Hays and Burton recently combined to delay committee reform proposals by gathering enough votes in the caucus to send them to a caucus unit on which Burton serves. Burton was then instrumental in restructuring the reforms in a form more palatable to committee chairmen.

Now sources say Burton wants to run for caucus chairman next year. The present chairman. Rep. Olin Teague (D-Tex), says he will not seek re-election.

Burton denies he is seeking the chairmanship, but he said of the caucus, "It has grown in a manner that's been very constructive. It has truly not confirmed the worst fears. With reasonably wise use, it can improve the responsiveness of the institution with thoughtful solution to problem areas."

Burton's predecessors as chairmen of the DSG, O'Hara and Fraser, are less enthusiastic about the caucus' role.

"Such changes as we make have to be in strengthening the leadership of the party," O'Hara said. "I want the leadership to have a strong role . . . more flexibility, get them involved, give them greater control.

"Congressional power is so dispersed and fragmented, it's difficult to pin responsibility on anybody. So when something goes wrong now, the leadership can wring their hands and say, 'Isn't that awful, but we can't do anything about it. We have no control.' "

O'Hara would have the Speaker name committee chairmen and then have them ratified by the caucus, as a way of giving the leadership more responsibility and control.

"But I'm not for 'King Caucus'," O'Hara said.

Burton said, "The leadership performs best when it's responsive to the Democratic caucus."

Fraser would prefer that the new Steering and Policy Committee play a bigger role. He thinks the caucus is too unwieldly and diffuse to make policy decisions.

Fraser admits that the Steering Committee has not worked well so far. But if it had more staff, and if some members would take it on as a fulltime responsibility, he thinks it could serve as a sort of congressional "cabinet" for the Speaker, formulating policy in a wide number of areas, then coordinating that policy with committee chairmen.

In May, Fraser got 63 colleagues to sign a petition requiring the Steering and Policy Committee to prepare a program on the problem of inflation that could serve as a basis for legislation.

The speaker of the committee responded by calling in a number of top economists to advise them. Then they came but with a series of suggestions which they will seek to pass as a resolution on the floor this week.

Fraser is hopeful, but a little worried. "If they came out with a statement and then nothing happens, it will underscore our ineffectiveness. What they have to do is figure out what's within reach and make it happen, call in people from committees and create such movement."

Burton feels the Steering and Policy Committee should be subject to the caucus too: "It has too many leadership appointees."

One thing the Democrats agree on is the need to achieve agreement in their ranks.

If they pick up a good number of seats in November but then dissolve in disunity and chaos, they fear a public backlash that could elect a Republican President in 1976 and, even worse, return to the Republicans the seats they might lose this year.

In that case, "King Caucus" would occupy a powerless throne.

VIRGINIA RESIDENT URGES LOCAL CITIZENS BE HEARD ON LEGISLATION TO SAVE NEW RIVER

HON. WILMER MIZELL

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. MIZELL. Mr. Speaker, in my efforts to save the New River, I have thought that one of the strongest points of my bill, H.R. 11120, is that it would allow residents of the New River area to be able to present their own opinion on what is best for them.

Mr. Lorne R. Campbell, of Independence, Va., made this point very well when he testified before the House Interior and Insular Affairs Subcommittee on National Parks and Recreation. Mr. Campbell is a prominent attorney, and has served ably as counsel for the New River Chapter of the Izaak Walton League, and as president of that fine organization.

In addition, he is one of the many citizens privileged to live in the beautiful New River area. I am pleased to insert his remarks into the RECORD today:

REMARKS BY LORNE R. CAMPBELL

Mr. Chairman and Members of this Committee: I am Lorne R. Campbell, presently a resident of Ashe County, North Carolina, with my Law Office in Independence, Grayson County, Virginia. For several years, I have represented various conservation organizations and until recently I was associated with the Commonwealth Attorney of Grayson County, each group dedicated in their efforts to save New River from destruction and to protect the people of the Upper New River Valley from the devastation of their lands and their livelihoods.

This Committee holds within its hands their destiny of a river—the life or death of a free-flowing river, one reported to be the second oldest river on this Earth, millions of years old. Geologists have stated that it was the source of the Teays River, a system that evolved into what is now the Mississippi River.

For ten or more frustrating years, we have fought adminstrative bureaucracy. In simple terms, our single goal was for an opportunity for the people of the affected area to be able to personally confront the Administrative Law Judge and to participate personally in those proceedings affecting their lives. No hearings have been held within the affected area. We failed because of the adamant position taken by the Administrative Law Judge to exercise his discretion to hold public hearings at places of his choice and pleasure. This is his prerogative.

Being here before you today pays tribute, in these troubled times, to the political processes of our Government actively, functionally at work. We can stand before you, virtually penniless when compared to the awesome treasury of the American Electric Power Company, and speak on behalf of those who want to be heard and be present in the forum where the fate of their land and their lives is to be determined. We simply ask for appropriate hearings to be held in the areas of New River—Ashe, Alleghany and Grayson Counties. We express our pride for the courage of those members of Congress and of the United States Senate, who, by their faith in our political processes of our Government, tenaciously pursued a course of action that now brings us before you today.

There will probably be presented to you today a petition opposing the inclusion of New River for study for potential consideration as a segment of the Wild and Scenic Rivers System. I make the avowal to you gentlemen that I personally filed the signatures of over 2,000 people opposing the Blue Ridge Project, and I have personal knowledge of the signatures of 3,500 people from West Virginia filed opposing the project before the Federal Power Commmission.

Mr. Chairman, we all know that personal attendance, and individual appearances and expressions are more meaningful than petitions. Personal participation in the political processes of our Government have resulted in the election of you gentlemen to Congress. By the same token, open personal participation in the political problems and policies of our Government should be available to the people—most especially when their lives and livelihoods are being uprooted and their environment destroyed.

Previous hearings at Administrative agency levels were held in Washington for the convenience of the proponents of the project and staff of the Federal Power Commission. Those procedural practices of the agency have been, and are being, challenged by us.

The life or death of New River is in your hands, the welfare of those of this generation and the heritage of coming generations are involved in your consideration of the bill pending before you. Unfortunately, we do not have access to 3.7 million dollars for advertising our position in this and related matters, but we have something greater—we have faith in the political system which, after all, sets the guidelines for the Administrative agencies.

Give us a forum in which to express ourselves—not an overview from a helicopter. Permit us public participation in support of or in opposition to the life or death of New River, and the lives and future of the people of the Upper New River Valley.

We sincerely urge favorable action by you on this bill.

Mr. Chairman, I ask for leave to file, prior to June 13, 1974, certain supplemental data and documents relating to the statements I have made.

A LAW THAT LETS ONLY ONE SIDE LIE

HON. ROBERT P. HANRAHAN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. HANRAHAN. Mr. Speaker, all laws are not reversible even though they should be. The law that makes it a crime for a person to lie to a Federal official is a good example. I wish to insert this Chicago Tribune article for the interest of my colleagues:

A LAW THAT LETS ONLY ONE SIDE LIE

(By William Safire)

WASHINGTON.—The most tyrannous law on the statute books today is Section 1001 of Title 18 of the U.S. Code, which makes it a crime for a person to lie to any federal official. [It is not a crime, of course, for a federal official to lie to any person.]

While most civil libertarians have shyly averted their gazes, this newly discovered prosecutorial treasure has been used in many Watergate cases.

Under Section 1001, any citizen—not under oath, not informed of the danger—who as much as looks cross-eyed at any petty federal bureaucrat or investigator can be hauled before a grand jury and indicted for an offense that carries a jail term of five years.

Since the best way to repeal a bad law is to insist on its equal application to all those who break it, let us consider a couple of recent probable violations of Section 1001 by eminent guardians of the public trust.

On March 10 of this year, a startling story was filed out of Cleveland by United Press International reporter Pete Spudich: "No evidence was produced in the Senate Watergate hearings to support impeachment of President Nixon," Watergate Committee chairman Sen. Sam Ervin [D., N.C.] said Sunday. The story was based on remarks made to several reporters after a speech at Case Western University, in which Ervin agreed with Nixon that an impeachable offense had to be a federal crime.

No evidence to support impeachment, according to Ervin? Even in paraphrase, that was an important judgment, and the senator's surprising exoneration of the President was confirmed by another reporter present, Bud Weidenthal of the Cleveland Press, who wrote that Ervin "also said that he learned nothing during the long Senate investigation that indicated to him that Nixon had committed an impeachable offense."

When panic-stricken aides of Ervin pointed out to him the cold-print accounts of what he had said in Cleveland, the senator realized the magnitude of his gaffe. Although the heavens would not have fallen if he had admitted a mistake, or that he had second thoughts about his statement, he did what most politicians do to cover up a blunder: He claimed he never said it.

On the Senate floor, he told 99 federal officials: "I hereby categorically state that I did not make any such statement. . . ." But at least two experienced reporters, writing independent accounts of what he said, reported just the opposite. Somebody was not telling the truth.

If the person not telling the truth were the only one of the three who had any motives for lying, then the august chairman of the Senate Watergate Committee is in violation of Section 1001 and should be prosecuted.

Another example: On June 27, House Judiciary Committee chairman Peter Rodino told Jack Nelson and Paul Huston of the Los Angeles Times, and Sam Donaldson of ABC, that he believes all 21 Democratic members of the committee would vote to recommend the President's impeachment.

Since that was a boneheaded thing for a man trying to strike an impartial pose to say, chairman Rodino's reaction when he read Nelson's story was predictable. He took to the floor of the House of Representatives and did knowingly and willfully say to 434 federal officials: "I want to state unequivocally and categorically that this statement is not true. There is no basis in fact for it, none whatsoever."

If what Rodino says is true, three respected Washington newsmen are lying in their teeth and filing false reports to their readers and listeners.

But if the only one of the people involved who has a motive to lie has indeed deliberately misled his fellow federal officials, then he is in clear violation of Section 1001, 18 U.S. Code, maximum penalty five years and $10,000.

We had best rid ourselves of Section 1001 before we are forced into the irony of prosecuting those who lie to cover up their blunders as they pursue those who lied to cover up their blunders. After all, no men—not even chairmen—should be "above the law."

NO FURTHER PUNISHMENT

HON. JAMES M. COLLINS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. COLLINS of Texas. Mr. Speaker, I just read an excellent editorial in yesterday's Dallas Times Herald. It was headed up "No Further Punishment." This is especially timely because this same newspaper called for the impeachment of Richard Nixon just a few days earlier.

But as the situation moved forward they also kept pace with this compassionate suggestion.

This past weekend as I watched my television set, I saw an interesting nationwide program on the Public Broadcasting Service network. One part of the program was a panel from Dallas. They were speaking on their reactions regarding the President's resignation and the new Vice President.

I was particularly impressed with the observation of Tom Unis, who is one of the outstanding lawyers in the entire South. The question was asked of whether the President should be called in for further trials or actions.

To this Tom said "no" and his reasoning was that the purpose of a sentence is to punish a man. He said he felt this man had been punished as much as any man in history and the suffering he had in resigning from the Presidency should mark the end of all actions.

I know you will want to read the editorial from yesterday's Dallas Times Herald:

NO FURTHER PUNISHMENT

Richard M. Nixon makes the transition to private citizen carrying the deepest scars of humiliation a President of the United States has ever known.

No other man has ever resigned the presidency.

His punishment is severe and etched into the eternity of history.

It should end with no further pursuit of the man and his family.

The Congress, the Justice Department, the states should waive further prosecution based upon the evidence now at hand. If future conduct as private citizen should demand judgment by his peers, that is something else.

But relieve him of further penalty based upon the sins of Watergate.

Normally, equality of justice is defended and demanded by this newspaper, but it feels that the preponderant mass of this nation's citizens feel that no further punishment should be visited upon this man and his family.

His misdeeds were of political origin—misdeeds that make him suspect of obstructing justice, a liable offense. Some others have been tried and convicted and sentenced to prison terms.

And that makes justification of immunity for Mr. Nixon difficult to defend. But it should be recalled in a spirit of compassion that there is no evidence that he participated in the planning, the conniving that preceded the actual offenses.

The public charges against Mr. Nixon refer to his role in the coverup after the fact. Indeed, he admits to misuse of his power in trying to cover and shield a senseless act that endangered the life of his political party.

It has been done before and, sadly, it probably will be done again in the fire and smoke of a two-party system that breeds chicanery and behind-the-scenes defensive measures when the act is exposed.

Hopefully, under President Gerald R. Ford's honesty-is-the-best-policy inaugural vow, it will disappear.

Meanwhile, it is not valid as law, but a Congressional resolution urging that Mr. Nixon be spared of further Watergate prosecution would be a welcomed end to a period that has wracked the country. It is to be hoped that Special Prosecutor Leon Jaworski will follow the same path.

The country doesn't want blood from Richard Nixon. It wants a rest—and a fresh start.

THE HARLEM CONSUMER EDUCATION COUNCIL

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. RANGEL. Mr. Speaker, it goes without saying that the poor people of this country are systematically and consistently subjected to consumer fraud, harassment, false advertising, and larceny. Though we are all more conscious of consumer reform and law enforcement, these everyday rip-offs of the disadvantaged still take place.

In my home community of Harlem, there is a fighter that is struggling to eliminate this kind of economic oppression. Just a few days ago, Mrs. Florence Rice opened her second consumer education center in Harlem. The organizer of the Harlem Consumer Education Council, Inc., Mrs. Rice has accomplished extraordinary things in improving the lot of the consumer in New York City. An article in July 16 New York Times reported the opening of the consumer center. It is now submitted for the attention of my colleagues.

[From the New York Times, July 16, 1974]

PRAISE FOR HARLEM "PEOPLE'S ADVOCATE" MARKS OPENING OF SECOND CONSUMER OFFICE

(By Charlayne Hunter)

In a small, cramped storefront in Harlem, Federal, state and city officials and a few "arch-enemy friends" joined Florence Rice yesterday in opening her second consumer-education center uptown.

Mrs. Rice, who organized the Harlem Consumer Education Council, Inc., in 1963, and has been active in a range of consumer problems since, was praised as a "pioneer" and "a people's advocate" and as someone who "puts any money she gets back into the community."

In turn, she pledged to continue her battles in the consumer arena, particularly her long-standing ones with the utility companies.

Before the informal opening ceremonies, guests who preferred the heat outside to the heat inside talked about Mrs. Rice and her tireless efforts, often without remuneration, on behalf of poor people.

AIDED BY URBAN COALITION

"Any money she gets she puts back into the community," said Luther Gatling, executive assistant to Eugene Callendar, president of the New York Urban Coalition. Both he and Mr. Callendar said that the coalition had been helping Mrs. Rice for the last year, and that they planned to help her draw up a proposal to some foundations.

"She needs at least $50,000 a year to do just the barebones work in consumer education," Mr. Gatling said.

"She can't get any money because of what she's doing," Mr. Callendar said. "She's a real people's advocate" before the state Public Service Commission and the Federal Trade Commission. "If you have a problem with your phone bill or your gas bill, you don't call Con Ed or the phone company, you call Florence."

Others, who asked not to be identified, said that Mrs. Rice had turned down offers of grants from Consolidated Edison and the telephone company.

IRKED BY DUNNINGS

Mrs. Rice, who over the years has been outspoken at hearings and public forums about billing practices and complaint procedures of the major utility companies, said that she had found that "people in this area"—Upper Manhattan—were "still having to pay exorbitant deposits, and there's a lot of estimate billing and people getting dunning letters saying they've got to pay immediately."

Among those attending the opening at 1956 Amsterdam Avenue at 157th Street were Attorney General Louis J. Lefkowitz, Richard Givens, region Federal Trade Commissioner, and Consumer Affairs Commissioner Elinor Guggenheimer, both of whom pledged their support to Mrs. Rice's efforts.

Also present were representatives of the Public Service Commission, the Telephone Company and Con Edison, which Mrs. Rice described as "my arch-enemy friends."

"We're going to take care of Florence's people," said Waymon Dunn, deputy assistant to the chairman of Con Edison.

"We're going to take care of all the people, honey, because I'm going to send them to you," Mrs. Rice replied.

Mrs. Guggenheimer said, however, that she was "worried about consumer offices that help them do something."

"A lot of them are confusing the consumer about where you can get governmental action, and where you can go and talk to a friend," she said. Florence is education. She isn't saying that she's the complaint resolution center."

One such agency, a branch office of the Manhattan District Attorney's office at 55 West 125th Street, was established last month, specifically to handle cases involving thefts by deceit and defrauding consumers.

ABOUT 122 CASES IN MONTH

Figures released by District Attorney Richard H. Kuh yesterday showed that the agency had handled 122 complaints in its first month, 16 of them involving allegations of crime.

Of that number, 13 are being investigated further on possible charges of harrassment, fraud, false advertising and larcency. The remaining number involving civil problems were referred to "more appropriate agencies," along with WMCA's Call for Action program.

"A starting volume of 30 complaints a week between June 10 and July 9 demonstrates that district attorneys throughout the country should take their offices to the people," Mr. Kuh said in a statement released to the press.

Mr. Kuh estimated that the figure "will spring upward," as more people learn about the office, which is on the 11th floor of the Charles A. Vincent Building on 125th Street near Lenox Avenue. It is open daily from 9:30 A.M. to 6 P.M., and on Saturdays until 1 P.M.

SUPREME COURT BUSING DECISION NOT RACIALLY MOTIVATED

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. ASHBROOK. Mr. Speaker, following the recent Supreme Court decision prohibiting busing across school district lines in Detroit, there have been some charges that the ruling was racially motivated. I consider it a great disservice to attribute this decision to racism.

John Lofton, a nationally syndicated columnist, effectively refutes the contention that being antibusing is synonomous with being antiblack. Citing opinion samples such as the National Opinion Research Center's General Social Survey, Lofton shows "busing is not perceived as a racial issue." The General Social Survey shows that while 83 percent oppose busing from one school district to another, 84 percent favor whites and blacks going to the same school and 85 percent state that it makes no difference to them if a black, with the same income and education, moves into their neighborhood. This strongly suggests that the motivations for opposing busing are not racist motivations.

Following is the text of the Lofton article:

THE BUSING DECISION HAS NO RACIST ROOTS

(By John Lofton)

WASHINGTON.—The Supreme Court's decision banning busing across school district lines in Detroit—and probably most anywhere else too—is certain to be hailed in some quarters as yet one more victory for red-neck racists who hate Negroes.

As a matter of fact, the ink on the ruling had barely dried before Nathaniel Jones, chief counsel for the National Association of Colored People—NAACP—had characterized it as coming "pretty close" to reactivating Dred Scott.

But a calm look at the facts shows that Mr. Jones simply doesn't know what he's talking about.

A recent article in the Public Opinion Quarterly by Jonathan Kelley, assistant professor of sociology at Yale University and senior research associate at the Center for Policy Research, concludes that the subjective motivations for opposing busing are not racist at all.

Based on data from a large countrywide sample from the National Opinion Research Center's General Social Survey, the findings strongly suggest that among the public at large, busing is not perceived as a racial issue.

The survey shows that while 83 percent oppose busing from one school district to another, 84 percent favor whites and blacks going to the same schools. As regards housing, 85 percent said it made no difference to them if a black, with the same income and education, moved into their neighborhood.

In sum, says the article, this evidence strongly suggests that being against busing is not part of the racism syndrome for the majority of our population.

There are also other surveys which refute the idea that being anti-busing is synonymous with being antiblack. An opinion sampling of a New York City municipal workers' union that has been a consistent supporter of civil rights, shows that 63 percent are against busing to achieve integration. This finding was obtained by Columbia University researchers in random interviews with 501 members representing a cross-section of District Council 37 of the American Federation of State, County and Municipal Employes. The local has 105,000 members.

In revealing the results of the poll, taken last summer, the council said in a statement that the social and political attitudes of its members were generally "considerably more liberal than the mainline political spectrum in the United States today." The statement noted that the union has a "generally strong commitment to civil rights and integration."

What distresses me about the statement by Nathaniel Jones is that it gives aid and comfort to the forces of ignorance in our society who equate being opposed to busing with being opposed to black progress.

This is demonstrably untrue. And as chief counsel of the NAACP, Mr. Jones should know this. Unless of course he's indulging in his own brand of racist demagoguery to fire up the troops—in which case we hardly need a poll to tell us what's motivating him.

AID FOR FOREIGN STUDENTS

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 13, 1974

Mr. BROWN of California. Mr. Speaker, there are many pressing problems before Congress at the present time. Inflation must be dealt with, tax reforms must be legislated, and an environmental crisis is developing rapidly. With all these enormous items to be considered, I realize it is difficult to momentarily turn your attention to an issue that only affects 17,000 people—but I ask for that attention, because I feel this to be of an important nature.

The subject I am referring to is that situation brought about by Commissioner Chapman's hasty decision in April 1974, that threw the foreign student work permit distribution into a turmoil. As the months go by, the problem grows worse. A large number of foreign students have no funds to even live on, much less continue school. I wonder how the Commissioner or the Congress can expect these students to have foreseen this change in policy and thereby prepare themselves in advance for a jobless summer. I also wonder how long we can ignore the growing publicity and protest over this issue.

The following articles are a demonstration of this growing concern:

[From the Christian Science Monitor, Aug. 6, 1974]

FOREIGN STUDENTS IN JEOPARDY

(By George Moneyhun)

NEW YORK.—Thousands of foreign students studying in the United States suddenly find themselves without work this summer and facing possible deportation because of a new government edict barring them from jobs.

A strict new policy instituted in April by the U.S. Immigration and Naturalization Service (INS) has drastically cut back the number of international students allowed to take temporary summer jobs this year.

Immigration officials say the new policy aims to give young Americans—minorities and Vietnam veterans in particular—first crack at job opportunities during a period of unusually high unemployment.

Across the country, however, university officials and student groups are attacking the policy as short-sighted and ineffective. They charge that the number of foreign students in this country is so minute that even if all of them found jobs, their impact on unemployment would be nil.

Many of the foreign students have taken jobs without working permits and thus face possible deportation if apprehended.

Skirkumar Poddar, president of the International Students Foundation, a non-profit group formed to help some 17,000 students suddenly faced with economic crisis and the prospect of abandoning their education, says the jobs most of the foreign students seek are those Americans do not want anyway.

"The minorities and Vietnam vets don't want summer jobs, or part-time work," he argues. "They want full-time permanent jobs. The students aren't competing for those."

Mr. Poddar, a native of Bombay and himself a student in Michigan until recently, says officers of the National Restaurant Association told him they have half a million jobs as busboys, dishwashers, and waiters going begging—but Americans don't want them.

Charles McCarthy, a deputy Immigration Service commissioner, says, "There is no provision in the law for foreign students to accept employment. However, over the years, the Immigration Service has recognized that students do fall into economic difficulty, and until this past April, we have generally granted permission for them to accept jobs if they could show it was an economic necessity—that they were in difficulty.

"They have been allowed to work 20 hours a week during semesters and full-time during summers."

This year, however, Mr. McCarthy says, the U.S. Department of Labor recommended to INS officials that they discontinue the practice, noting that in the summer of 1973, some 1 million Americans were unable to find jobs, and that unemployment estimates for this summer were even worse.

Mr. McCarthy stresses that before foreign students are allowed to study here, they must produce evidence that they have funds enough to provide for themselves.

Even with the new ruling, he insists that students who show "an economic necessity due to unforeseen circumstances" are given permission to work. A survey of 64 educational institutions across the U.S., however, made last month by the Institute of International Education, indicates a drop of at least 40 percent in number of foreign students working this summer.

ABOUT 60 PERCENT APPROVED

Of some 8,600 summer work applications that were made, 5,071 or 58.5 percent were approved. Under last year's procedures "virtually all such requests would have been approved," college authorities told the institute, a non-profit organization that administers international scholarships.

Wallace B. Edgerton, president of the education institute, warns that there will be "a decline in the number of foreign students enrolled in American colleges and universities. . . . American higher education is being forced steadily toward an insularity that threatens to deprive students from abroad of an education in this country."

Some 150,000 foreign students are studying on American campuses this year, a relatively small part of the more than 8 million students in U.S. colleges and universities.

Approximately 93,000 of the foreign students have scholarships from their home countries; about 57,000 are "on their own" without any sponsor, and of these, some 38,000 hold on-campus jobs that require no work permit.

Two bills have been introduced in Congress that would amend the Immigration Act to authorize colleges and universities to issue work permits when schools are not in session.

But even if the bills are passed, they will not be in effect soon enough to help students this summer.

[From the New York Times, Aug. 4, 1974]

FOREIGN STUDENTS GET SUMMER AID—BUT BENEFACTORS DEPLORE FEDERAL BAN ON JOBS

(By Pranay Gupte)

BOSTON, August 3.—Help has been received by some of the thousands of foreign students across the country who are experiencing severe financial hardship as a result of a decision by the Federal Government prohibiting them from accepting summer employment.

To ease their hardship, some of these students—mostly young men and women from the developing countries—are being given room and board for the summer by "host families." Others are being lent money by friends or their schools to see them through the vacation period.

And in the last few weeks, Shrikumar Poddar, a wealthy immigrant businessman from Lansing, Mich., has started a new organization called the International Students Foundation to assist foreign students facing financial distress or problems with the United States Immigration and Naturalization Service.

The Immigration Service ruled last May, just as the academic year was about to end at most schools, that foreign students would not be permitted to accept jobs during the summer vacation because such employment would deprive young Americans, particularly minority group members and Vietnam veterans, of job opportunities.

There are some 150,000 foreign students in the United States at present of whom about 20,000 would normally seek summer jobs to defray living expenses.

SOME EXCEPTIONS MADE

Despite its own restrictions on summer employment, the Federal Government has invited 5,000 youths from Western European countries to this country to work and travel as part of an exchange program this summer.

Paul A. Cook of the State Department's Bureau of Educational and Cultural Affairs, explained that plans for this trip had already been completed will before the Immigration Service's decision on summer employment was made.

"It's simply outrageous," Mr. Poddar, the businessman, said in an interview, referring to the Immigration Service's decision. "These students are caught in a bind because they don't have the money to stay here and they don't have the money to go home for the summer."

One of the students that Mr. Poddar's organization is helping is Shree P. Loya, an Indian who is about to receive a master's degree in business administration at Central Missouri State University in Warrensburg, Mo.

"I gave up a graduate assistantship to take up a salesman's job just before the summer vacation," Mr. Loya said. "I needed the money to repay a $7,000 loan I obtained through a charitable organization in India. Now I have neither the job nor my assistantship. What am I going to do?"

Another student, Bulketlo Ponalo, a Rhodesian who attends Dana College in Blair, Neb., said: "Mine is a tense situation, as a result of which I suffer nightmares. I have no one to turn to."

Here in the Boston area, where there is a larger concentration of foreign students than anywhere else in the country, the situation appears to be particularly bad.

Joseph Benton, a manufacturer in Natick, Mass., and his wife, are hosting two Nigerian students for the summer. Mrs. Benton said that their own children were traveling in Europe and so there was ample room in their house.

"But when the news got around that we were hosting students, we began getting all kinds of calls from other foreign students asking whether we'd be able to help some more out," Mr. Benton said.

Immigration Service officials maintain that in instances where foreign students were able to prove that they would be stranded unless they obtain summer jobs, permission for employment was granted. In a report released in Washington today, the agency revealed that about 8,000 foreign students had been given job permits this summer.

But Mr. Poddar contends that these permits were given much too late in the summer employment season and that, anyway, job permits did not mean that the students would actually get jobs. "How many of these 8,000 students can really get worthwhile jobs late in the summer?" he asked.

Mr. Poddar is lobbying in Washington to get Congress to pass an amendment to the immigration law so that the orignal practice of allowing summer employment for foreign students can be reinstated.

A bill for such a provision is pending in the House of Representatives.

Representative Joshua Eilberg, Pennsylvania Democrat who is chairman of the Immigration and Naturalization Subcommittee of the House Judiciary Committee, has indicated that he will hold hearings on the issue soon.

[From the Christian Science Monitor, Aug. 8, 1974]

FOREIGN STUDENTS IN UNITED STATES

The historic role of American universities as alma maters to a long list of leaders and public servants throughout the world appears to be overlooked by a New United States Immigration Service policy drastically restricting summer and part-time jobs for foreign students.

America itself would be a big loser if many of these students are forced to abandon their education here and return home before graduating. Their presence in classrooms and campus life across the country has enriched the education of any number of American students, while the foreign students themselves have gone home with a deeper appreciation and understanding of America. The contribution this process has made to international diplomacy is incalculable.

Of course, Pakistan's Prime Minister Bhutto (University of California) and the Philippines Foreign Minister Romulo (Columbia) probably wouldn't have been affected by a job cutoff.

But a host of lower officials, journalists, and educators of humbler background in their countries might never have made it through.

As U.S. education officials point out, the number of foreign students needing summer or part-time work to help support themselves is minuscule (not more than 20,000) compared to the employment problem in this country. They may be competing for certain jobs with American students—but not for the kind of regular employment needed by Vietnam veterans and minorities whom the government says it is trying to protect. We urge the U.S. Immigration Service to reconsider its policy.

WHY DO WE CONTINUE MAKING LOANS ABROAD?

HON. WILLIAM M. KETCHUM

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. KETCHUM. Mr. Speaker, with interest rates in this country reaching record highs, a great many Americans wonder why we continue to lend money abroad at subsidized rates, or make outright gifts of millions to foreign nations. It is particularly disturbing when funds are sent to the Soviet Union or other Communist nations. Recently, I received a letter from Mrs. Loretta Knowles of Barstow, Calif., which eloquently expresses this frustration, and I urge my colleagues to read it.

The letter follows:

[OPEN LETTER]

BARSTOW, CALIF.,
July 31, 1974.

The PRESIDENT,
Washington, D.C.

DEAR MR. PRESIDENT: Should a citizen respect and support an administration that "gives aid and comfort" to the enemy? One that:

Authorizes a $180 million Export/Import bank loan to the Bank of Foreign Trade of the Soviet Union to help finance $400 million worth of U.S. engineering and equipment for a fertilizer complex;

Or negotiates a Soviet chemical plant project costing up to $600 million;

Or helps pay for redevelopment of old oil fields in the USSR;

Or participates in the construction of huge aircraft and truck manufacturing complexes which are financed by loans and guarantees of the Export/Import bank, which is money out of the pockets of the American taxpayers;

Or one that our present agreement with the Soviet will permit their land and sea based missile forces six times more powerful than our own;

Or one that sells wheat, at bargain prices, on credit to the Soviets costing the American taxpayers $3 billion in higher food costs;

Or one that pays to sweep the mines and open the Suez Canal, saving the Soviets a 6,000 mile trip around the tip of Africa.

If we wanted to live in the Soviet Union we would but we chose to live in the United States of America, the land of the free and the home of the brave. Yet there is nothing brave about an administration which allows the United States to become a second-rate power and one that authorizes a $476 million national debt so that present day citizens and 21st century citizens are already heavily mortgaged to pay for what you consider trade relations but which we consider treason.

Despite executive powers vested in the Office of the Presidency of the United States, no President, as an individual, can unilaterally commit this country to any course of action or inaction that is patently against the best interests of the United States vis-a-vis the interests of any potential adversary. (Senator Robert C. Byrd, Congressional Record, June 25, 1974, pages 20853–20854.

Or is it that whatever the Nixon-Kissinger team has put together—let no man put asunder?

Sincerely,
(Mrs.) LORETTA KNOWLES,
President, Barstow, Calif. Unit,
Women for Constitutional Government.

TOM JUKES AND THE SIERRA

HON. JEROME R. WALDIE

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. WALDIE. Mr. Speaker, several years ago, while back-packing in the Sierra, I met a man at an evening camp who seemed more a part of the mountains than anyone I have ever known.

In what was perhaps one of the most memorable evenings I have ever spent in the Sierra, Prof. Thomas Jukes spoke to me and my two young sons and others in our two camps on the experience and wisdom and lore of the mountains that were uniquely his big reason of an enduring and lengthy love of the Sierra.

Tom has sent me a poem he has written that captures the essence of the mountain man of today.

It should be shared with others who yearn as do I for "a place where there is nothing but rocks, snow and the sky."

The poem follows:

THE DROP-OUT

(By Tom Jukes)

I met a man—
Resting beside a clump of white-bark pines
At about 12,000′, on the east side of the Sierra Nevada,
On the ducked route to Lamarck Col,
At noon on August 15.

He was white-haired, and looked like
A man you might see taking care of a country gas station, or running
A small store. But here he had an ice-ax,
And a well-loaded Kelty knapsack.
He looked tired. He hailed me,
And walked over to ask for news of the high places.

He was glad to see me, he said, because
The only people he had seen that day
Were fishermen and tourists".
How was the pass? I told him it was in fine shape, with a well-tracked
Path up the summit snowbank.

He said that he planned a short
Circular trip; over Lamarck Col,
Down Darwin Canyon, over Alpine Col
And back across Piute Pass. No fishing.

Alpine Col, I thought; is rough and lonely.
It is at the head of a high cirque where no-one goes.
There would be steep snowbanks on the north side.

Yet I said nothing, because I felt
I knew why the man was going there.
Some people rebel by
Showing off before crowds. Some
Drop out, or take drugs.

But there are a few who rebel by
Pitting themselves against Nature,
Alone, in a place where there
Is nothing but rocks, snow
And the sky. No fishermen or tourists.

And then they go back to running a country
Gas station, or taking care of a
Small store.
So all I said was "Good Luck!
Have a good time." And I
Shook hands and bade farewell
To the man I had met under the
Hot noon sun on the talus slope.

On his way, to where
There is nothing but rocks, snow and the sky.
Except that, in the bare granite sand between
The rocks, the yellow hulsea bursts
Into bloom; seeming to live on the
Thin air,

And a spicy smell tells the climber
That blue polemonium is near by,
And fat marmots whistle because
A golden eagle has wheeled high above them.

Where a white-haired man, tired, sweating
And aching, pauses for breath,
Eats a handful of wet snow, and starts
To climb again.

INTERNAL THREATS PROBABLE

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. ASHBROOK. Mr. Speaker, during the past few years our Nation has suffered a serious decline in internal security. A year ago the Subversive Activities Control Board was eliminated. Currently there is a move in Congress to abolish the House Internal Security Committee.

I am deeply disturbed by this trend. Internal subversion by foreign governments still poses a grave danger to our country.

The need for continued vigilance is supported by an editorial in the July 22, 1974, Medina County Gazette. As the editorial contends:

There is no reason to conclude that powerful nations whose aspirations are in conflict with ours have ceased their efforts at both espionage and subversion.

This being the case, and while we would join in deploring senseless witch-hunting, our vote goes for any and every sensible program that will protect us from the international spy, agitator and subversive.

I congratulate the Medina County Gazette for its courageous stand. I urge my colleagues to give this editorial their consideration.

Following is the text of the editorial:

INTERNAL THREATS PROBABLE

Five years ago the House of Representatives quietly dropped the title of the House Un-American Activities Committee. Its successor, the Commitee on Internal Security, was parked well off the legislative freeway with no tasks assigned.

President Nixon, undoubtedly sensitive to the domestic surveillance issue recently abolished the attorney general's list of subversive organizations which has been in existence since 1947.

Concurrently, the House Judiciary Committee is taking a hard look at the 17 national security wiretaps that President Nixon has ordered since 1969. The inference is that some of them may not have been necessary.

None of us is blessed with clairvoyance. Maybe the wiretaps were necessary and maybe they were not. It is a fact that hard judgments on national security matters must be made in the context of the times—sometimes of the hour—and errors of omission can be costly. The House Internal Security Committee did fulfill a useful function during its active era. The subversives list did raise public awareness of a grave danger to our country, and it did help officials to gain public support for programs to counter the threats.

The real question now is whether or not the problems which brought these functions into being still exist.

We believe they do. There is no reason to conclude that powerful nations whose aspirations are in conflict with ours have ceased their efforts at both espionage and subversion.

This being the case, and while we would join in deploring senseless witch-hunting, our vote goes for any and every sensible program that will protect us from the international spy, agitator and subversive.

CONTROLS

HON. STEVEN D. SYMMS

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. SYMMS. Mr. Speaker, now that President Gerald Ford has asked all of us to contribute suggestions to deal with our No. 1 domestic problem—inflation—there are many, I fear, who are urging the reinstatement of the discredited system of wage and price controls.

I would like to call to the attention of our colleagues, Mr. Speaker—and especially to those who have not yet learned the uselessness of wage and price controls as a means of fighting inflation—a perceptive lecture given by the editor of Barron's, Mr. Robert Bleiberg, at Hillsdale College in Michigan.

The conclusion of Mr. Bleiberg's lecture may be summarized in one paragraph. He asked:

What did wage and price controls achieve? Well, let's look at the record. In early May of 1972, Don Conlan, chief economist of the Wall Street brokerage firm of Dean Witter & Co., estimated that wholesale prices at the time were roughly where they would have been without controls. Projecting trends evident prior to August 15, 1971, he reckoned that the Wholesale Price Index in March of 1972 would have stood at 117.5% of the 1967 average. The actual figure was 117.4% observed Mr. Conlan: All that grief and confusion for one tenth of a percentage point improvement over free markets.

Mr. Speaker, I would like to submit this lecture for the RECORD at this time as a valuable guide to what we should not do in the future:

FAREWELL TO WAGE AND PRICE CONTROLS

(By Robert M. Bleiberg)

August 15, 1971, was another Sunday that Americans will long remember. That evening President Nixon, against the best advice of his economic counselors, and in total repudiation of his party's campaign platform, took the unprecedented step of imposing wage and price controls upon the United States in the absence of a war emergency. Today (April 23, 1974), half a dozen freezes and phases and thirty-two months later, the U.S. stands on the brink of decontrol, despite last ditch efforts to extend them on a stand-by basis.

So controls will soon be gone, but, if we are wise, not forgotten. For there are major questions to be asked about this aberration of economic policy, this sudden lurch to port by the ship of state, and there is much to be learned from the answers. Among other questions which we should ask ourselves are these: (1) Why were wage and price controls imposed? (2) Who favored them? (3) How were they administered? (4) What have they achieved? (5) At what cost?

To the first question a measure of historical and philosophic perspective is in order. Long before the New Deal influential economists, despite a persuasive array of evidence to the contrary, had clung to the view that large aggregates of capital, so-called big business, commanded the power to raise or lower prices at will. That is, to administer them. In the early 30's, Berle and Means, in their famous book, *The Modern Corporation and Private Property*, and the Temporary National Economic Committee, endowed this thesis with a measure of statistical plausibility.

Since World War II, similar views have been expressed with eloquence and skill—if remarkably little factual basis—by John Kenneth Galbraith, author of *The Affluent Society, American Capitalism*, and *The Liberal Hour*, as well as others of like persuasion. For a generation or two, by the same token, various arms of government, notably the Federal Trade Commission and the antitrust division of the Department of Justice, have made a career of attacking alleged monopolies. Nor can it be denied that this delusion—namely, that private industry can truly fix prices—is shared not only by bureaucrats but also by quite a few businessmen.

But President Nixon unveiled the New Economic Program in August, 1971, as the same man who in 1968 assured the American people: "The dynamism of our economy is produced by millions of individuals who have the incentive to participate in decision-making that advances themselves and society as a whole. Government can reinforce these incentives, but its over-involvement in individual decisions distorts the system and intrudes with inefficiency and waste." In a campaign speech, Mr. Nixon put the issue in the strongest terms: "The imposition of price and wage controls during peace-time is an abdication of fiscal responsibility. Such controls treat symptoms and not causes. Experience has indicated that they do not work, can never be administered equitably and are not compatible with a free economy."

Several of his key advisers shared these beliefs, in particular, Arthur F. Burns, now chairman of the Federal Reserve Board. And on July 28, 1971, barely three weeks prior to that fateful August 15, Paul W. McCracken, chairman of the President's Council of Economic Advisers, publicly assailed John Kenneth Galbraith, who, in testimony before the Joint Economic Committee, had urged the imposition of wage and price controls. "The difference between Professor Galbraith and the Nixon Administration on this matter is clear," he said. "Believing that the price system contributes nothing to the well-being of the American people, he is prepared to suppress it. Believing that the price system has a major part in the high standard of living and economic satisfaction of the American people, we are determined to strengthen it."

But three weeks later, as noted, along came the New Economic Program and wage and price controls.

NEP, however, was only part of a more sweeping package, and here, in my view, lies the true explanation of the Nixon Administration's sudden about-face. Apart from its impact on the domestic scene, this grotesque package also contained provisions of far-reaching significance abroad. Specifically, the President on August 15 decreed an immediate 10% across-the-board surcharge on most imported goods and services. This, of course, was a unilateral abrogation of commitments incurred by the U.S. in accord with the General Agreement on Tariffs and Trade. Far more basic was Washington's decision to scuttle the Breton Woods Agreement, under which the International Monetary System, for more than a generation, had functioned. That pact required this country, in all circumstances, to exchange one ounce of gold for thirty-five American dollars. With a stroke of the pen, the President violated these solemn obligations, thereby welching on our creditors and setting the International Monetary System adrift on a sea of floating exchange rates.

While future historians may disagree, it strikes me as likely that the White House, by including a wage-price freeze as part of the package deal, was seeking to distract public attention from the fact that it was doing the unthinkable, i.e., reneging on solemn obligations. The ploy (if ploy it was) worked like a charm. To this day, few observers realize what a heavy setback, economic and political, this country suffered when it slammed the gold windows shut.

As to the question of who wanted controls, the answer is simple: with the honorable exceptions of the AFL-CIO, Professor Milton Friedman of the University of Chicago, the First National City Bank, *The Wall Street Journal* and *Barron's*—virtually everybody. Let me quote the reactions of some who were incautious enough to record these for posterity: "A very good and forceful move at a critical time," said the chairman and president of Reynolds Metals Company. "Excellent," said the president of Dow Chemical U.S.A. "Bold, aggressive, decisive," said the chairman of Firestone Tire and Rubber Co.

In the quest for laudatory adjectives, Dr. Pierre A. Rinfret, head of Rinfret Boston Associates, Inc., international financial and consulting firm, and (at the time) chairman of the Rinfret Fund, Inc., virtually cornered the market. "On August 15, 1971, Richard Nixon introduced a daring, dynamic and delightful economic program. With one broadside blast, he attacked the international problem of the dollar, the domestic problem of inadequate capital investment, the problem of jobs in the industrial cities, the inflation, the technological problem, the problem of lagging consumer demand, and last but not least, the confidence problem. No one could ask for more. I praise the program. I support the program. I applaud the program. I have a sense of joy and elation. I am proud of a President who had the courage, stamina and strength to move forward vigorously."

Wall Street shared the exuberance. Indeed, the President's sweeping decrees unleashed a volume of stock buying that broke all records for size and scope. In the Monday session following the Sunday television broadcast, the Dow Jones Industrial Average shot up 32.93 points, a gain that exceeded the previous record set on May 27, 1970. Total volume of 31,730,000 topped the previous peak by almost 3.5 million. The DJI closed that week at 880.91, a figure which, interestingly, is higher than last month's closing price. [March, 1974, ed.]

How were controls administered? In fits and starts, phases and freezes and with an unswerving bias against large corporations. The first freeze lasted ninety days, from mid-August to mid-November, 1971, and was relatively easy to enforce. At the time, one bureaucrat said enthusiastically: "This is an exhilarating experience." The nation was still recovering from the recession of 1969–1970, industry was operating at a relatively low percentage of capacity and prices in many lines were soft. Hence the freeze was more psychological than real.

Phase Two, however, was something else. In the guise of wage and price controls, it really constituted a deliberate, overt restraint on corporate profits. According to the Price Commission's official statement issued on November 12, 1971, "The policies announced herein are designed to achieve a goal of holding average price increases across the economy to a rate of no more than 2½% per year."

Specifically, Phase Two required companies with sales of $100 million or more to pre-notify the Price Commission on proposed price hikes. Unless the Commission advised otherwise within thirty days after notification, the price changes could take effect. Firms with sales of between $50 million and $100 million had to make quarterly reports to the Price Commission on changes in prices, costs and profits. All others, while not required either to pre-notify or report on a regular basis, were subject to the same standards as the rest of industry. More specifically, manufacturers were allowed to increase prices to reflect allowable cost hikes, less gains in productivity. In any case, no company could increase prices if such a move served to raise profit margins above those of a selected base period. For the latter, companies could choose the average of any two of the three fiscal years ending prior to August 15, 1971. Those fiscal years, of course, were years in which the U.S. was plunging into recession; production, trade (and, of course, profits) were relatively depressed. Price controls hitched to such a standard had to work hardship.

So they did, notably after mid-March of 1971, when John B. Connally, then Secretary of the Treasury, had to fork over $5 for eggs Benedict at New York's Hotel Pierre and the White House hit the ceiling. As corporate reports for the March quarter of 1972, which generally showed the first vigorous gain in earnings in five years, began to pour out, the Price Commission launched a crackdown. Applications for higher prices, once approved almost routinely, got much harder to get—contrariwise, the number of rejections surged. In an arbitrary move, American and Continental Can were told to rescind price hikes previously approved and in effect. A score of other companies—Armco Steel, Champion Spark Plug, Simpson Timber, Textron, Woolworth—were ordered to roll back quotations and/or make refunds to overcharged customers. Several food wholesalers were told to refund three times the alleged overcharges, thus, in effect, being hit with triple damages. In other abrupt policy shifts, the Price Commission clamped a freeze on the prices of all companies delinquent in filing reports. Finally, the Internal Revenue Service announced that it would disallow as business expenses prices and wages which exceeded official lids.

Phase Two was followed by Phase Three, which was designed to be less onerous. The Price Commission and Pay Board were replaced by the Cost-of-Living Council. The base period was changed from two out of the three years ending prior to August 15, 1971, to include any fiscal year thereafter. And the reporting regulations were eased. Henceforth, fewer than 1,000 companies, with annual sales exceeding $250 million, had to file quarterly reports on profits and price changes with the Cost-of-Living Council. Another 3,500, with annual sales of $50–250 million, had to keep such records. However, in contrast to Phase Two, no company needed to notify the government in advance of price changes.

Phase Three lasted barely six months. Shortly after it was unveiled a number of untoward events occurred. In early February, the U.S. devalued the dollar for the second time by nearly 10%, a move which unleashed the pent-up mistrust of this country's European creditors, who promptly began to dump their huge dollar holdings—well over $50 billion—in what has come to be known as the third, if unofficial, devaluation. By the end of June, the dollar had depreciated by 20–25% against the strong European currencies and the Japanese yen. As a result, American commodities and finished products, now suddenly cheap, began to look exceedingly attractive. Prices of food and fiber, none of which had been controlled from the outset of the New Economic Program, began to soar. So did the wholesale and retail price indexes.

In sheer desperation, the White House last June unveiled Freeze Two, a sixty-day affair, which, unlike its predecessor, swiftly came to grief. In contrast to mid-1971, inflation was in full swing. Official efforts to clamp a freeze on processed goods and end products, while leaving raw material prices free to rise, yielded what sensible economists had consistently predicted that they would yield: instant shortages. Shortly after the emergence of Freeze Two, its chilling effects had begun to spread far and wide across the economic landscape, up and down the distribution pipeline. Owing to the runaway in feed grains, poultry growers began to slaughter baby chicks, while flour mills, ground between the surging cost of wheat and their own low ceilings, started shutting down. Price controls, as their advocates have claimed all along, do work like magic. They can make things disappear in the twinkling of an eye.

Fortunately, Phase Two, late last summer, was succeeded by Phase Four, which, in turn, now is fast phasing out. While theoretically a return to tighter controls, Phase Four really has been nothing more than a holding action. Since summer, it has been clear to virtually everyone, including the U.S. Chamber of Commerce and the National Association of Manufacturers (both of which organizations, incidentally, enthusiastically applauded the New Economic Program on August 15, 1971) that controls have been a dismal failure. Hence since fall, the Cost-of-Living Council has quietly beaten a retreat, first decontrolling one industry and then another.

What did wage and price controls achieve? Well, let's look at the record. In early May of 1972, Don Conlan, chief economist of the Wall Street brokerage firm of Dean Witter & Co., estimated that wholesale prices at the time were roughly where they would have been without controls. Projecting trends evident prior to August 15, 1971, he reckoned that the Wholesale Price Index in March of 1972 would have stood at 117.5% of the 1967 average. The actual figure was 117.4%. Observed Mr. Conlan: "All that grief and confusion for one tenth of a percentage point improvement over free markets."

For the full thirty-two months of Freezes One and Two, Phases Two, Three and Four, the figures are appalling. In August of 1971, the Consumer Price Index was rising at a rate of roughly 3% per year. In 1973, the cost-of-living officially increased by 8% (and, ask any housewife, in fact perhaps half again as much). In the early months of 1974, the rate of inflation as measured by this index has nearly doubled to an unbelievable so-called double-digit 15%, a figure which seems more appropriate to a banana republic than to our own. As to wholesale prices, the record is even worse. From the end of 1970 to the end of 1971, the U.S. Wholesale Price Index rose from 110.4 (1967=100) to 113.9, or by less than 3%. Twelve months later, the Index stood at 119.1, and twenty-four months later, on January 1, 1974, at 125.5, a rise of over 20% in two years. In January and February of 1974, wholesale prices were advancing at an even more shocking rate.

If the benefits of price and wage controls have been largely illusory, the costs have been very real. There are, of course, many ways to measure cost. In dollars and cents, the direct cost of regulation looks fairly modest. On this score, according to John T. Dunlop, head of the Cost-of-Living Council, five freezes and phases, stretching over more than two and a half years, cost the taxpayer nearly $200 million and U.S. industry an estimated $721 million to $2 billion. The latter estimates look too low—other sources have put the cost to industry at $2 billion per year, or perhaps $5 billion for the whole stretch.

What might be termed the indirect, unexpected costs have been heavier. From the outset, even in a relatively slack economy, controls had begun to create economic distortion. As business activity began to boom throughout the world, prices of commodities bought and sold on a global basis, like the nonferrous metals, began to rise above domestic ceilings, thereby impelling producers to channel their output where it fetched the most and creating artificial shortages at home. Ironically, one of the first moves made by the Cost-of-Living Council under Phase Four last summer was to roll back prices of heating oil and gasoline, steps which, once the Arab oil boycott began to bite, made a bad situation worse.

Apart from aggravating and creating shortages, with all the inconvenience and cost that entailed, controls did perhaps their worst damage on the financial scene, domestic and foreign alike. As to the domestic scene, the harm was inflicted not by the Price Commission, Pay Board or Cost-of-Living Council, but by a little-known, if highly strategic, part of the controls structure known as the Committee on Interest and Dividends. Headed by Arthur Burns, Chairman of the Federal Reserve Board, and comprising such other top officials as the Secretaries of the Treasury and Commerce, CID, as it's called, early on decreed that corporate dividends could increase by no more than 4% per year. In contrast, wages and salaries were allowed to rise by 5½% per year, while consumer prices, in fact, have gone up far more.

This was unfair on the face of it. To make matters worse, it aggravated a distortion of several years' standing. From mid-1967 to mid-1972, the Consumer Price Index advanced by 25.4%, wages of production workers, 35%. In dismal contrast, dividends on the Standard & Poor's five hundred stocks inched ahead by only 5.1%, while payments on the Dow Jones Industrials actually declined 4.5%. Dividends, of course, reflect corporate profits, which until business activity began to pick up in 1972, had been depressed. What the CID decreed, in effect, was that for the first time in history, stockholders should no longer have the privilege of sharing in the fruits of business recovery. Not surprisingly, investors reacted adversely.

In short, by placing a lid for more than two years on what investors could hope to receive in the way of returns, the Committee on Interest and Dividends must shoulder much of the blame for the sorry showing staged by the stock market since late 1972, the slow disintegration of Wall Street, and, perhaps most significant, the clogging of the customary channels by which corporate enterprise taps the nation's savings.

There is a second count to the indictment. Owing largely to the Committee on Interest and Dividends—more specifically, to Arthur F. Burns—the dollar suffered its second and third devaluations. The sequence of events began unfolding in the fall of 1972, when Western Europe, beset by mounting inflationary pressures, moved to tighten credit. By the end of that year, the floating rate of the Bank of England, which stood at 6% in June, had gone to 8%. The Bank of France had increased its discount rate twice, from 5¾% to 7½%. Despite the sharp upward trend of interest rates abroad—one which accelerated in the early months of 1973—the Federal Reserve persistently kept a lid on interest rates at home. Hence the gap between U.S. and foreign interest rates gradually widened to an alarming three hundred basis points, or three full percentage points.

In February of 1973, a great confrontation occurred between Dr. Burns and the commercial banking system. Four banks sought to raise the prime rate from 6% to 6¼%. The Committee on Interest and Dividends reacted angrily. In a not-so-veiled threat of retaliation, it demanded cost and profit data to "justify" the move. Three of the four banks promptly yielded to government pressure and rescinded the boost—shades of what happened under the Johnson Administration—while the fourth held out a few days longer before surrendering.

In a bitter statement on the controversy, First National City Bank of New York charged that CID highhandedness had aggravated the latest sinking spell in the dollar. "Such action is interpreted by foreign holders of dollars as being unresponsive to the needs of controlling inflation. Consequently, artificially holding down interest rates is contributing to the weakness of the dollar overseas . . ." Just a few days later, the dollar was devalued for the second time officially, and continued to sink in the world's foreign exchange markets for several more months.

There is a final point to be made about wage and price controls, one which Dr. von Mises, in *Planning for Freedom*, makes very well. "The superstition that it is possible for the government to eschew the inexorable consequences of inflation by price control is the main peril. For this doctrine diverts the public's attention from the core of the problem. While the authorities are engaged in a useless fight against the attendant phenomena, only few people are attacking the source of the evil, the Treasury's methods of providing for enormous expenditures. While the bureaus make headlines with their activities, the statistical figures concerning the increase in the nation's currency are relegated to an inconspicuous place in the newspapers' financial pages."

Those figures are staggering. From the twelve months ended June 30, 1971, barely six weeks before the New Economic Program was unveiled, to the current fiscal year, the federal budget rose from $211.4 billion to an estimated $274.7 billion. The money stock (currency in circulation and demand deposits), from roughly $228 billion to $269 billion. Time and savings deposits rose from $290 billion to $369 billion. Total bank loans and investments rose from $450 billion to $633 billion.

In short, while pretending to control inflation, the Nixon Administration, aided and abetted by the allegedly independent Federal Reserve Board, has turned the inflationary spigots wide open. Small wonder that despite wage and price controls—or, more accurately, in some measure because of them—the U.S. currency has suffered its worst loss of value in over a century.

THE 184TH ANNIVERSARY OF WEST SIDE SCHOOL

HON. ANGELO D. RONCALLO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. RONCALLO of New York. Mr. Speaker, I call your attention today to the 184th anniversary of the West Side School of Cold Spring Harbor, N.Y. This fine home of learning was erected under the watchful eye of George Washington in 1790, near the present town of Cold Spring Harbor.

Since that day it has been the home of many generations of school children, bent on a good education and on making good friends. It has always been well known for its fine teachers and dedicated staff.

I salute them today and I know you join me in wishing them a continued successful endeavor.

The students of West Side School have themselves I think provided the best tribute possible to the excellence of the school. Let me share with you what they have written of their alma mater:

> Times have changed and our schools with them. From days of George Washington to now, we have always been fortunate enough to have forward looking citizens who have felt it their duty to see that our children receive the best possible education.

HAWAII AND U.S. PACIFIC SURFACE COMMERCE ACT OF 1973

HON. ANTONIO BORJA WON PAT

OF GUAM

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. WON PAT. Mr. Speaker, shipping is the lifeline for millions of Americans living in Guam, Hawaii, American Samoa, and the U.S. trust territory. Because these areas import the overwhelming majority of their supplies from the United States, we depend almost entirely on shipping from this country to supply our needs. For this reason, my colleagues in Congress from Hawaii and I are extremely concerned about the constant threat of shipping strikes which can break our fragile lifeline at any time. To insure continuity of service, we have cosponsored legislation to authorize the continuation of service to our respective areas for 180 days even in the event of a west coast dock strike.

On June 5, 1973, the House Subcommittee on Transportation and Aeronautics heard testimony on such legislation (H.R. 7189) and more recently the Senate passed a similar bill which is now being considered by the House Education and Labor Committee. So that my fellow colleagues in the House can understand our views on this critical issue, I hereby include in the RECORD at this time the text of my testimony in support of H.R. 7189.

Thank you.

The testimony follows:

TESTIMONY OF ANTONIO B. WON PAT, IN SUPPORT OF H.R. 7189

Mr. Chairman, I am pleased to have this opportunity today to present my views on H.R. 7189, the Hawaii and U.S. Pacific Surface Commerce Act of 1973, which I cosponsored with my two distinguished colleagues in the House from Hawaii, Mrs. Patsy Mink and Mr. Spark Matsunaga. Senators Daniel Inouye and Hiram Fong have introduced similar legislation in the Senate.

As you know, the purpose of our measure is to end the unfair and unnecessary stoppage of cargo to and from off-shore American areas during lengthy shipping strikes. The repeated strikes and the constant threat of continued strikes in the West Coast ports hangs like a Damocles sword over the economies of our fellow Americans in the Pacific. Shipping is a life-line for millions of Americans living in Hawaii, Guam, American Samoa and the U.S. Trust Terrtory. To permit the continual and haphazard interference with shipping of even the most basic commodities from the U.S. mainland to these areas is not only unjust and demeaning to the principles of lawful commerce, but it imposes undue hardship on the residents of these areas. These innocent people are exposed to such harsh treatment, despite the fact that they have absolutely nothing whatsoever to do with the cause of the strikes, nor do they have any role in ending these labor disruptions.

Before I proceed further, however, let me state quite clearly that it is not the intent of this legislation to interfere with a duly authorized labor strike, nor do we wish to appear hostile to the vast numbers of honest, hard-working maritime workers who serve this country so well.

However, before another dock strike like the one in 1971, which lasted over four months, is thrust upon us without warning, Congress must act to safeguard off-shore Americans in the Pacific from further needless economic battering. We believe that this action may best be achieved by the legislation now before this Committee, which provides that all cargo from the West Coast ports destined for U.S. ports in the Pacific, as well as all cargo emanating from these same ports and bound for the U.S. West Coast ports, must be processed regardless of a labor disruption which may be in progress.

The need for such legislation is clear: since World War II more than four (4) years of working time have been lost through transportation strikes affecting Guam, Hawaii, American Samoa, and the U.S. Trust Territory, in addition to the economic difficulty caused by these disruptions.

During the 1971–2 strike, for example, Guam was forced to purchase large amounts of food from foreign markets. Additionally, some supplies, such as chlorine gas (for purifying water), had to be shipped in on an emergency basis by U.S. Naval vessels. Moreover, many local residents were unemployed for varying periods of time when local business firms cut back on costs to avoid bankruptcy. Construction companies were hard hit by the lack of building supplies.

As Americans, we on Guam rely heavily on U.S. supplies to maintain our standard of living. So do the over 20,000 military personnel who are stationed on Guam. They and the local population are not satisfied with less than the best—and that means food and other items made only in the U.S.

In order to assure that the consumer on Guam can obtain the American-made goods he wants, regardless of a strike, our merchants are forced to stockpile large amounts of their merchandise as a hedge against a possible strike. Such action, I am certain you understand, is extremely expensive. And the one who must eventually pay the bill for the luxury of stockpiling is, naturally, the consumer. But stockpiling is only a partial solution. Some items, such as perishables, cannot be purchased and stored well in advance. There is only one way in the final analysis to assure our consumers of uninterrupted service—to keep our shipping lines open.

Guam is over 6,500 miles from California. As an island with little locally-grown foodstuffs, or adequate sources of other material we need, a heavy volume of importation from the U.S. is the only way in which we can meet our needs. In 1972, for example, Guam's imports had a total of $156.6 million. Of this total, $63.9 million, or 47%, came from the mainland United States.

As you can see from these statistics, any long-term strike which cuts Guam and other American areas in the Pacific from our U.S. supply sources can only have serious consequences.

When a strike is in progress, what alternatives do we in the Pacific have? We can resort to air-freighting in our supplies from the mainland. This method, which we did use to some extent previously is extremely expensive and slow, as planes simply do not carry large amounts of cargo. Some critical items can perhaps be sent to us on military vessels on a "space available" basis, but the amounts would be minimal. Or, we can turn to foreign countries for our needs during the crisis.

Needless to say, Guam chose the latter alternative and drew heavily on food purchases from other Pacific areas for survival. With the recent devaluation of the dollar, foreign food sources are often no longer competitive, though, with those from the mainland. Thus, the strike-bound consumer may well find himself during the next major shipping strike with not only a limited food supply, but a budget-shattering one as well.

The problems I have just outlined are not inflated for rhetoric's sake. Guam is striving to the utmost to maintain a developing economy. We on Guam want to have the same standard of living enjoyed here on the mainland. To date, we have been successful. But the threat of continued maritime strikes is not conducive to stable living conditions.

Nor does the ever-present threat of lengthy strikes serve to enhance Guam's attractiveness to mainland firms who must rely on ocean commerce to transport their goods to outlying areas. Guam is American, and we want to keep commerce with the U.S. mainland as our major economic goal. Shipping strikes, however, force us to turn elsewhere for our goods, and serve to enrich the pockets of our foreign competitors, instead of our fellow Americans.

Accordingly, Mr. Chairman, I ask that this measure be given favorable consideration by the members of the Committee before Americans who have done no wrong except to rely on U.S. shipping for their supplies suffer yet another needless financial loss.

Thank you.

REMARKS ON THE DEATH OF THEODORE ROOSEVELT McKELDIN

HON. GILBERT GUDE

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Monday, August 12, 1974

Mr. GUDE. Mr. Speaker, Theodore Roosevelt McKeldin, who died Saturday in Baltimore at the age of 73, was Maryland's "Mr. Republican."

As mayor of Baltimore and Governor of the State, he was a pioneer in equal rights, appointing the first woman to the State judiciary, and in civil rights. His prointegration policies in 1964 resulted in threats against his life.

His accomplishments include the setting up of Maryland's most ambitious roads program, the establishment of Patuxent Institution, the construction of Baltimore Harbor Tunnel, and the improvements in the State training schools, as well as the repeal of Maryland's "Jim Crow" law, which segregated blacks from whites on ferries and other intrastate carriers.

An affable and popular man, he was also an energetic man. His workdays as Governor averaged 15 hours and he reformed Maryland's budget, overhauled the State's unemployment and workmen's compensation laws, and acquired new lands for park and recreation.

After losing an attempt at the mayoralty of Baltimore in 1939, he tried again in 1943 and won by 20,000 votes. He was inaugurated Governor in 1951 with a margin of 94,000 votes—the biggest victory in a Governor's race up to that time.

He was an early backer of Dwight D. Eisenhower for President and placed his name in nomination at the 1952 Republican National Convention.

Mrs. Gude and I would like to extend our deepest sympathy to his wife, the former Honolulu Claire Manzer, their son, Theodore, Jr., and their daughter, Mrs. Claire Whitney Siegler.

AMENDMENT TO H.R. 12859, AS REPORTED—OFFERED BY BILL FRENZEL

HON. BILL FRENZEL

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. FRENZEL. Mr. Speaker, when H.R. 12859 is before the House, I intend to offer the following amendment:

Page 62, strike out line 2 and all that follows down through and including line 2 on page 63 and insert in lieu thereof the following:

"(a) Within one year of the date of enactment of this section, the Secretary shall, within the Office of the Secretary, develop, test, and prescribe a system for reporting urban mass transportation financial and operating data and information by uniform categories and a uniform system of accounts records, and to insure factual accuracy, timeliness, and objectivity in identifying, collecting, and reporting such data and information. Such data and reporting system shall be in full operation within two years of the date of enactment of this section.

"(b) The Secretary is authorized to require annual, periodic, or special reports (1) from public or private properties which are engaged in the provision of intraurban area transport services, and (2) from local public bodies which are responsible for regulating otherwise superivsing such properties.

"(c) Periodic or special reports or information duly required by the Secretary under the provisions of this section shall be submitted under oath. In case of failure or refusal on the part of any property or local public body to keep accounts and records in the form and manner prescribed and to provide accurate and timely reports or information duly required by the Secretary, such property or public body shall be declared by the Secretary ineligible for any Federal financial assistance as provided under this Act. Such properties of local public bodies shall remain ineligible for such assistance until found to be in compliance with all requirements by the Secretary.

"(d)(1) The Secretary shall report to the Congress annually on the conduct of the functions under this section and the effectiveness of its data identification, collection, analysis, and reporting procedures, together with such recommendations for legislation as he may deem appropriate.

"(2) Except as otherwise provided by law, the Secretary shall make public all reports, orders, decisions, rules, and regulations issued by him on the status and performance of urban transport systems and services.

"(e) None of the provisions in this section shall be construed to authorize the Secretary to regulate in any manner the operation of any public mass transportation service or system, but nothing in this subsection shall be construed to negate the obligation of the Secretary to take such actions as may be necessary to require compliance by the properties or local public bodies involved with duly authorized undertakings by the Secretary.

"(f) The Secretary is authorized to appoint, without regard to the civil service provisions of title 5, United States Code, such advisory committees as shall be appropriate for the purpose of consultation with and advice to the Secretary in performance of his functions. Members of such committees, other than those regularly employed by the Federal Government, while attending meetings of such committees or otherwise serving at the request of the Secretary, may be paid compensation at rates not exceeding those authorized for individuals under section 9 of the Department of Transportation Act, and, while so serving away from their homes or regular places of business, may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in the Government service employed intermittently.

"(g) The activities of the Secretary under this section shall not be subject to the provisions of chapter 35 of title 44, United States Code."

Page 73, after line 24, insert the following new paragraph:

"(g) There is authorized to be appropriated to carry out section 515 of title 23 of the United States Code not to exceed $8,000,000 for fiscal year 1975, $9,000,000 for fiscal year 1976, $10,000,000 for fiscal year 1977, $11,000,000 for fiscal year 1978, $12,000,000 for fiscal year 1979, and $13,000,000 for fiscal year 1980."

The following letter explains my amendment:

WASHINGTON, D.C., *August 14, 1974.*

DEAR COLLEAGUE: I would like your support for an amendment I intend to offer to improve the data reporting section of H.R. 12859, the Federal Mass Transportation Act.

I am extremely pleased that the Committee agreed to include a data and financial reporting section in this bill. The Committee discovered through its field hearings that we simply lack the uniform, consistent, and comprehensive transit statistics with which to set rational transit policies and programs. As one member of the Committee put it, *without this information we are simply legislating in the dark.*

Unfortunately the data section in H.R. 12859 would operate too slowly. My amendment would simply expedite the collection of this essential data. The Committee Report says of its proposed data reporting system;

"Only if this is accomplished can there be reasonable possibility that mass transportation systems will be adequately conceived and designed, priorities properly recognized, and public funds effectively used."

Yet the language in the current bill does not require that this essential information be made available to the Secretary of Transportation until nearly four years from now. *My amendment would cut this lead time in half.* If we hold to the timetable in the bill over 60% of the funds in this bill will have been expended without the benefit of information which the Committee feels is essential for a well run transit program.

I ask your support for this amendment.

Best regards,

BILL FRENZEL,
Member of Congress.

PRISON—FOR PEACE

HON. BELLA S. ABZUG

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Ms. ABZUG. Mr. Speaker, I was deeply distressed to read some time ago, about a very courageous woman who is in prison as a result of her conscience.

Martha Tranquilli is a quiet, soft spoken, 63-year-old nurse who refused to pay part of her 1971–72 income tax, because she knew the money would go to support the cruel and inhumane war in Indochina. Tragically, Ms. Tranquilli has had to pay dearly for her convictions. On July 19, with all appeals exhausted, she began serving a 9-month prison term for tax fraud. The article below from the Sacramento Bee provides a very indepth and very moving look at Martha Tranquilli and I would like to share it with you:

PRISON—FOR PEACE: WOMAN AWAITS TERM FOR "WAR TAX" REFUSAL

(By Dean Huber)

Prison is the price Martha Tranquilli must pay for her convictions.

A self-styled "peace activist," mild-mannered and soft-spoken Mrs. Tranquilli has been sentenced to nine months in federal prison for "tax fraud" because she refused to pay that portion of her 1971 and 1972 federal income taxes which went to support the war in Southeast Asia.

All appeals exhausted—the Supreme Court refused to hear the case June 17—Mrs. Tranquilli, a nurse by profession, "waits daily" for word that she must start serving her sentence either at Terminal Island or in West Virginia.

Sitting cross-legged on a pillow in the living room of her north area home, Mrs. Tranquilli explained her feelings now.

"I don't want to go to jail—but remembering the reasons why I did it—because I could no longer tolerate giving money for the purposes the government is using it, I would still withhold any portion of my tax money I felt was going for illegal use. So I'm not sorry I did it."

Mrs. Tranquilli has been protesting the war since the late 50s and became a peace activist when the United States dropped the atom bomb during World War II.

"I've never forgiven the country for that," she declared.

Her income tax trial took place in Mississippi where she lived and worked as a nursing supervisor until she moved here last April with one of her sons, Vincent.

"In 1969," she said, "I just felt that I wasn't being heard, that none of us were being heard, and if we were, we were being ignored. So I wrote to Nixon and hold him if the war didn't end by December, I would be forced to withhold the monies that went to the Pentagon to support the war.

"But it took me a year to really get around to doing it. And very frankly, the thought of winding up in prison was the deterrent factor."

When Mrs. Tranquilli filed her returns in 1971, she claimed six peace and freedom organizations and a young black woman she put through college as "dependents."

It was two years before anything happened. Then two Internal Revenue Service men called upon her.

"They were solicitous about my health," she recalled, "and I assured them I would survive in jail. They asked me a lot of questions about why I did it."

The next step was notice that she had been indicted for tax fraud and an order to appear before a federal judge in Greenville, Miss., on April 30, 1973.

A trial was set for May 3 and on May 29 Mrs. Tranquilli was sentenced to nine months in federal prison on the first count and given two years probation on the second count.

There followed the long series of legal maneuvers and appeals which ended this month with the Supreme Court's denial of a hearing.

In spite of the outcome, Mrs. Tranquilli said her "feeling" is that she has accomplished by her act.

The incident has been widely publicized and she has received 400 letters from all over the world, all but two of them in support.

"I don't know how you can explain the feeling you get from the support I've gotten all through this thing," she said.

"It make you feel humble. But I tell myself they're commending the act and not the person."

THE PLIGHT OF SOVIET JEWS

HON. ALPHONZO BELL

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. BELL. Mr. Speaker, Temple Isaiah of West Los Angeles is a congregation of approximately 1,000 families within my constituency. I have learned from my good friend, Rabbi Albert M. Lewis, spiritual leader of Temple Isaiah, and superintendent of its religious schools, that the children and parents of Temple Isaiah have adopted a Jewish family in the city of Leningrad in the Soviet Union.

This adoption project is designed to strengthen the ties between Americans of the Jewish faith with their coreligionists in the Soviet Union. Now that the Soviet Union is interested in a détente with the United States, it is the firm conviction of Rabbi Lewis and his congregation that this adoption project will help open new avenues of communication and understanding between America and the Soviet Union.

I would like to call to the attention of my colleagues the severe problems being faced by this adopted family, Mr. and Mrs. Veniamin Khaikin, and their three children, who applied for exit visas in April 1971:

August 1974: A report on the plight of Mr. and Mrs. Veniamin Khaikin and their three children who are the adopted family of Temple Isaiah.

In April 1974, Temple Isaiah of West Los Angeles, a congregation of close to 1,000 families of the Jewish faith, adopted a family of their coreligionists in Leningrad in the Soviet Union. This family consists of Mr. and Mrs. Veniamin Khaikin and their children, Aya Khaikin, age 10, Danya Khaikin, age 15, and Fira Khaikin, age 20.

In 1968, Mr. Khaikin, who was then employed as a shipbuilding engineer in Leningrad, was notified that his knowledge of the industry would no longer be operational after a 5-year period. He, therefore, waited until April 1971, before he and his family applied for exit visas to Israel. Mr. Khaikin was then discharged from his employment, and Mrs. Khaikin, a registered nurse, was also fired from her work. No visas were forthcoming to the Khaikins, and they were left unemployed since 1971.

In 1973, after a full 5 years had elapsed from Mr. Khaikin's original inquiry in 1968, and 2 years following his first application for the exit visas to Israel, Mr. Khaikan again applied for exit visas for the family and again these were refused.

In March 1974, Mr. Khaikin again applied for these visas, and again was refused. In May 1974, the oldest Khaikin child, Fira, was finally issued an exit visa for herself only and was instructed to leave the Soviet Union.

There is no legitimate reason why Mr. and Mrs. Khaikin and their other two children are being refused exit visas to leave for Israel. They are most anxious to keep their family intact, and should be allowed to leave together for Israel without any further delay.

Even by the most stringent standards, this family is fully eligible for emigration. Mr. Khaikin has recently applied a final time for the exit visas, and was notified that he would have an answer in July of this year. To this day, he has not received this answer.

The families and children of Temple Isaiah have taken their adopted family to their hearts, and have done everything in their power to help this family and to encourage them in their efforts. Children of Temple Isaiah of the same ages as Danya and Aya have sent them many letters. Many photographs of the children in the temple, along with the copies of the children's art work, were sent to the Khaikin family, but to their great sorrow, none of these letters were delivered. The children of Temple Isaiah have also sent gifts totalling $200 to help the Khaikin family in their desperate plight. Hundreds of letters have been sent by parents and children of Temple Isaiah to officials of the Soviet Union, and to representatives of the U.S. Government.

Rabbi Lewis and Temple Isaiah have urged me to express as widely as possible the deep-felt concern of the congregation, parents and children alike, and the many people associated with Temple Isaiah in Los Angeles, regarding the senseless refusal of the Soviet Government to permit the remainder of the Khaikin family to emigrate to Israel, and to be rejoined with their daughter, Fira.

The Universal Declaration of Human Rights, article 13, No. 2, signed and adopted in 1948 by the U.S.S.R. as well as the United States, reads as follows:

I believe that improved relations between the Soviet Union and the United States of America will be better served by allowing this family to emigrate to Israel according to the Declaration of Human Rights.

INFLATION: NO. 1 PRIORITY

HON. JOHN M. ZWACH

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. ZWACH. Mr. Speaker, it was no surprise to anyone when President Ford revealed that inflation was our "domestic public enemy No. 1" and that his first priority would be to bring inflation under control. For the past year and a half, American inflation problems have been overplayed by American Watergate problems. It is high time that strong, new ideas are tried to combat our ever increasing cost of living.

As President Ford pointed out the place to begin is with excess Government spending. I applaud his intentions for a balanced budget in 1976. This is a necessary first step to wise, efficient, controlled Government spending.

Mr. Speaker, Mr. Gordon Duenow, editor of the St. Cloud Times, a daily in my district, wrote an editorial on July 31 on our alarming inflation problems. With your permission I would like to submit it for the RECORD and encourage all the Members to read it. The editorial follows:

INFLATION ALARMING PROBLEM

While impeachment is making big headlines these days, many others are more concerned about inflation. According to a survey by the National Federation of Independent Business, this is the prime concern today of the independent business operator—and by a wide margin. So those trying to make a living on salaries and wages they earn can move over and make more room.

Data from a field survey of 12,000 members for May showed that only 5.3 per cent thought the government was doing an effective job of combating inflation, with 77.1 per cent reporting it was doing a bad job, and the balance undecided.

Among those presumed to know money matters best, the people who run the independent finance firms, 84 per cent felt government efforts in this area quite lacking.

The same thing has been happening to millions of American workers. According to a news release from Northwestern National Life Insurance Company, from May 1973, to May 1974, "real spendable earnings" of a married worker with three dependents dropped 5.6 per cent. In other words, prices are rising faster than wages and salaries and have been for some time.

"What are the people doing about it?" the news release asked. It was reported that "some are worrying a lot, some are arguing with their spouses more often over money problems. And some, probably, are borrowing money to meet expenses."

It appears that others are moonlighting as the most recent figures from the U.S. Bureau of Labor Statistics reveal that seven per cent of all employed men in America hold two or more jobs. Others are self-employed in second jobs.

In fact, more than half a million people were self-employed in non-agricultural secondary jobs during 1970 and 600,000 people, who worked full time, were self-employed in agriculture. Farmers have the highest multiple job-holding rate. But policemen, firemen and security guards are a close second as multiple job holders.

Although inflation's appetite for purchasing-power dollars has increased greatly since then, a study published in 1969 by the Bureau of Labor Statistics reported that four of 10 worked to meet regular household expenses and one in 10 worked to pay off debts.

So while politicians make headlines during impeachment hearings, many of us are much more concerned about the inroads of inflation—and it appears that nothing is being done about that. G.E.D.

WILLIAM P. TSAFFARAS HONORED BY AHEPA

HON. PAUL W. CRONIN

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. CRONIN. Mr. Speaker, it gives me great pleasure to speak to my colleagues today about Mr. William P. Tsaffaras, the supreme president of the Order of AHEPA. Mr. Tsaffaras is a native of the Fifth District of Massachusetts. He was educated in Lowell public schools and in the Holy Trinity Hellenic Parochial School. In addition, he attended Lowell Technological Institute and graduated from Northeastern University and Boston College Law School. Today he is associated with the law firm of Tsaffaras, Tsaffaras and Jeffreys in Lowell as well as being a member of the Massachusetts Bar. In addition, he is a director of the Massachusetts Department of Commerce and Development and is head of the bureau of research and statistics.

Bill Tsaffaras worked his way up through the Order of AHEPA from the Sons of Pericles. Since 1937 he has served his chapter in various offices, including the office of president for three consecutive years. He then became district governor of Bay State District No. 8, and in 1959 and 1960 he served as supreme governor. On the national level he has served as chairman of the convention, supreme counsellor, a member of the supreme board of trustees, supreme treasurer, supreme secretary, supreme vice president, and finally the highest office, supreme president.

However, Bill Tsaffaras has not limited his service to AHEPA. He has been active in the Holy Trinity Church of Lowell and he received the title of Archon Depoutatos from His Holiness, the late Patriarch Athenagoras I.

His whole life has been devoted to others, his community, his State, his church, his country and in each of these commitments he has been a leader, a man who excelled. His election to the supreme presidency of the Order of AHEPA was no surprise to those who have had the privilege of knowing him over the years. His term of office has been one of achievement. I am sure it has been a source of pride to his wife and daughter Gail. It was my honor to join with his family at their table when AHEPA had their congressional dinner here in Washington. Mr. Speaker, this weekend AHEPA will hold its national convention in Boston, Mass., where Bill Tsaffaras will preside. I thank you for allowing me to make the entire membership of the U.S. Congress aware of this good man's contributions to his fellow man.

LT. GEN. A. G. PAXTON

HON. DAVID R. BOWEN

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. BOWEN. Mr. Speaker, this past weekend, one of Mississippi's most distinguished citizens passed away. He was Lt. Gen. A. G. Paxton, of Greenville, Miss., whom I had the distinct privilege to represent here in the House of Representatives.

A leader of the Mississippi Army National Guard and 31st Dixie Division, he was an inspiration to his Nation, his State, and his community. There was hardly a worthwhile enterprise to which Gen. A. G. Paxton was not willing to lend his guiding hand.

A man who knew him as well as anyone was our colleague, Congressman G. V. "SONNY" MONTGOMERY. I would like to share with the Members of the House, the very moving eulogy Representative MONTGOMERY made during the funeral services for General Paxton this past Sunday:

EULOGY TO LT. GEN. A. G. PAXTON BY CONGRESSMAN G. V. "SONNY" MONTGOMERY, AUGUST 11, 1974

General Paxton would appreciate his many friends being present today for this final tribute, but he would not want me or anyone else to engage in solemn or sad remarks. Galla Paxton would prefer that we simply pull the targets, mark and score and be ready to fire again. Furthermore, he would probably feel that our Nation has already suffered enough sadness this weekend.

I am grateful that the Paxton family has given me the opportunity to make these remarks on behalf of General Paxton's many friends, especially those of us who served under his command on active duty and in the National Guard.

They really don't make them like Galla Paxton anymore. I remember about ten years ago when the doctor told General Paxton that he had had a heart attack with which diagnosis Galla did not agree. I called the General to inquire about his health and asked him what he was going to do. His simple reply was "I'm going to change doctors."

Galla Paxton was a very successful businessman, but he always put his country first. When he was ordered to active duty in World War II with the 31st Dixie Division and again during the Korean Conflict when he took that Division on active duty as its commander, he suffered financial losses because he put all his energies into training young men in order that they would have a better chance to survive in combat. Because of this dedication to his nation, his brokerage firm did suffer.

In 1940, then Colonel Paxton was Commanding Officer of the 114th Field Artillery Regiment while the unit was training at Camp Blanding, Florida. I remember one weekend when the Division Commander allowed the troops a long weekend in order to go home to Mississippi to visit with their families. The pay then was around $21 a month and most didn't have enough money to go home. So Colonel Paxton dipped into his own pocket to lend the money to anybody in his regiment if they wanted to go home. He was an outstanding commander because he would do the extra.

General Paxton was a doer and he kept all of us busy in community affairs. He drafted more people to work as volunteers in the Mississippi Heart Association than the Selective Service System in Mississippi was drafting for the military. Because of General Paxton, the Mississippi Heart Association is a growing and viable association that is doing good for the people of our state.

There are so many great things about this dear friend of ours that I hardly know where to start or stop. Of course, we could spend time talking about his dedication to Kappa Alpha Order, or his book "Three Wars and a Flood."

Next to his God and his family, the military was General Paxton's greatest love. His record speaks for itself. One of the most trying times, but yet one of the most rewarding, was when the 31st Dixie Division was ordered to active duty in 1951. The General ended up with the awesome responsibility of training and leading 18,000 young Mississippians and Alabamians for combat in Korea.

I knew the man well and I also know that this experience was probably one of the happiest times of his life. He had his young family with him—his wife Ruth, his daughter Mary Burton, and his son Galla. Galla Boy was a sergeant in the 31st at that time. When the troops would come marching by the General could always spot Galla Boy and he would say to me, "See if the Sarge is in step."

The Division needed a lift when we went on active duty and General Paxton felt that a large marching band would create pride in the Division as was the case. The Army sent in fillers to create a larger band. So we had Yankees wearing Confederate uniforms which, of course, pleased the General.

As I said, they just don't make them like Galla Paxton anymore. Part of the Old South was deeply rooted in him. Part of him was the love and warmth he had for his fellowman. Part of him was his family, especially Ruth who never let him down. Part of him was America, still the greatest nation in the world today. He was always correct when he told me time and again that government regulations were ruining the cotton business, but it was his government right or wrong.

We in this room are all much better persons ourselves for having known Galla Paxton. So we lower the flag, clear our weapons and thank God that a man like him passed our way.

MIKE CALLAS AND THE ASSOCIATED BUILDERS & CONTRACTORS

HON. GOODLOE E. BYRON

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. BYRON. Mr. Speaker, the week of June 27, the Engineering News-Record, the McGraw-Hill's Construction Weekly, featured Mike Callas, of Hagerstown, Md., the president of the Associated Builders & Contractors. Mike has served as president of the ABC for the last 2 years and has supervised the rapid growth of the organization.

The Engineering News-Record states:

> ABC's Growth is easier to measure and, to a large extent, reflects increasing open shop demand. In 1952, when the ABC national office was first staffed, the associated totalled fewer than 200 companies. That number rose to 1,000 by 1962. For the past several years its membership grew by about 25 percent annually to 5,000 in 1972. But the fastest growth occurred between 1972 and 1973 when ABC boosted its ranks by 40 percent.

Mike Callas, as national president of ABC, is credited with much of the responsibility for this rapid growth. He has also been instrumental in providing additional services to the ABC membership such as providing its contractors with programs for sharpening its business and construction skills and an available manpower pool.

I would like to join in commending Mike Callas for these achievements and his well deserved recognition by the Engineering News-Record.

SALUTE TO THE NEW PRESIDENT

HON. ANTONIO BORJA WON PAT

OF GUAM

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. WON PAT. Mr. Speaker, as the Delegate from Guam to this august body, I take great pride and pleasure at this time in requesting permission to insert in the RECORD the text of my letter congratulating President Gerald R. Ford for his elevation to the Nation's highest office.

Although the time I had the privilege to serve in the House with President Ford was all too short, I did have the pleasure of his friendship for a number of years. President Ford has always been generous of his time when it came to listening to the needs of his fellow Americans in the territories, a fact which we greatly appreciate.

I am confident that he will make an outstanding Chief Executive and I am proud to have served in the Congress with such a distinguished former Member of this body.

Thank you.

The letter follows:

AUGUST 12, 1974.

Hon. GERALD R. FORD,
President of the United States, The White House, Washington, D.C.

DEAR MR. PRESIDENT: On behalf of myself and the over 100,000 American citizens of the United States territory of Guam whom I proudly represent in the House of Representatives, I offer you the congratulations and support of your fellow Americans in Guam.

It is said that first impressions count a great deal in our relations with others. From the welcome tone of openness and friendship which you set in your initial statement to the people as President, I am confident that you have taken a major step forward towards healing the divisiveness caused by past problems and have convinced your fellow citizens that your Administration will set the tenor for a better future for America. In this goal, I and my fellow Guamanians stand behind you, ready to assist in any way possible to unite our country behind an effort to resolve the many problems facing us today.

Although the Americans of Guam are unable to express their confidence in you through the usual medium of participation in Presidential elections, except by their votes in Party conventions, I know that their prayers and best wishes for your every success will be with you continuously in the days to come.

May I also assure you, Mr. President, of my personal support for your efforts to bring prosperity and peace to all nations and people of good will.

With continued faith in your ability, I am,

Sincerely yours,
ANTONIO B. WON PAT,
Member of Congress.

SHALLOTTE INLET

HON. CHARLES ROSE III

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. ROSE. Mr. Speaker, the sea plays an important part in the economy of a large portion of my district in North Carolina, particularly in Brunswick County. For a long time those engaged in commercial fishing have been hampered by the closing and blocking of inlets that they were dependent upon to get out to their "farms."

This was particularly true in the case of Shallotte Inlet and Lockwood Folly Inlet. Drifting sand had blocked these inlets so effectively that the large shrimp boats could not get through, not without endangering their craft and risking their lives. The nearest access to the open sea was Southport, a long run to the north for these people.

As a result, in addition to the initial outlay of approximately $75,000, these "farmers of the sea" were being dealt a serious economic blow as the cost of fuel and labor, as well as time lost in getting to the open sea, was forcing them to leave their historical sites to seek cargo as far away as the Gulf of Mexico.

I am happy to announce that the Corps of Engineers in Wilmington has informed my office that dredging operations in Shallotte Inlet are expected to begin in the very near future. Contracts have been awarded as of the 30th of July and it is expected that all work on Shallotte Inlet will be completed by November 15. Actually the corps has assured me that the work will certainly be completed well before that date, but that is the deadline set by the corps for the contract.

This will have a second, and equally important, impact on the economy of lower Brunswick County. I am speaking of the thousands of tourists who add to the county's income. The opening of this inlet will enable recreational boaters to indulge in sports fishing without endangering either themselves or their craft. Brunswick County is blessed with some of the best of a dwindling land, unspoiled beaches. The waters are renowned for the diversity of sports fish to be found offshore.

The corps also assured me this week that the dredge *Merritt* would be working in Lockwood Folley Inlet from December 1st to the 31st. This is, of course, dependent on no objections by residents of the area and the corps will hold public hearings on this project around mid-September.

At the same time the corps will be working on the stabilization of Lockwood Folly Inlet, including stone jetties such as those either constructed at Wrightsville Beach, N.C., or under construction.

In line with this latter project, members of the corps' Wilmington office will meet with their peers in Atlanta in the near future to discuss the funding of the Lockwood Folly Inlet project.

Hopefully, the money will be forthcoming for the completion of this long-awaited project as readily as was the

$69,000 approved for the Shallotte River and Inlet project.

FEA CONSUMER OFFICE CHIEF QUITS, CITES LACK OF INFLUENCE

HON. ROBERT O. TIERNAN

OF RHODE ISLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. TIERNAN. Mr. Speaker, if my memory serves me well, in March of this year, this honorable body of legislators established an Office of Consumer Affairs within the Federal Energy Administration. We created this Agency with the fervent intention to protect the American consumer. Yet, it is my strong belief that our mandate to make the FEA responsive to the consumer viewpoint has been disregarded by the administrators.

In early July, I learned of a plan to cut the staff of the Consumer Agency from 14 to 4. Undoubtedly, this plan would have completely paralyzed and silenced the Consumer Agency so as to nullify the congressional mandate. At that time, I voiced my objection to this plan and urged Mr. Sawhill and Mr. Ash to seriously reconsider the matter. I then received letters from both the FEA and the OMB which led me to believe that the plan to kill the Consumer Office was scratched and that the vitality of the Agency would be maintained.

Was I told the truth? My answer is, "No." I am appalled to now learn that the Director of the Office of Consumer Affairs, Dr. Lee Richardson, has resigned because the FEA has deafened itself to the voice of the American consumer. We, the Members of Congress, enacted legislation to provide a means to express the viewpoint of the American consumer and this congressional mandate has been intentionally ignored. I call this most serious situation to the attention of my colleagues and ask you if we will allow the FEA to neglect the needs of the consumer.

It is the consumer who bears the greatest hardships of the energy shortage. They have had to pay outrageous prices for oil, gas, and electricity, while the large oil companies continue to report skyrocketing profits.

Consumer representatives must be heard and be allowed to participate in the policymaking decisions of the FEA. This is not merely my personal opinion—this is the law.

I would like to include the following article in the RECORD:

[From the Washington Post, Aug. 13, 1974]

FEA CONSUMER OFFICE CHIEF QUITS, CITES LACK OF INFLUENCE

(By Tim O'Brien)

The head of the Federal Energy Administration's consumer office has resigned, charging that energy chief John C. Sawhill never responded to his recommendations, that the office has no influence over policy decisions, and that the plight of consumers is largely ignored by the FEA.

Dr. Lee Richardson, director of the FEA's Office of Consumer Affairs since it was formed five months ago, blasted the energy consumer program in an eight-page letter of resignation dated Aug. 8.

When the FEA consumer office was established last March, it was hailed as a means for representing consumer interests in the agency's decisionmaking structure.

But in his Aug. 8 letter, Richardson said, "The facts of our failure are simple and incredible."

"The office does not now report to the administrator. It literally reports to no one, except that on paper it is one of several miscellaneous units that report to the director for intergovernmental relations."

"The office does not influence FEA decision-making," Richardson wrote. "Never once has the office been asked to assist the administrator on a matter of substance. Never once has the administrator responded to dozens of important reports and recommendations submitted directly to him by the office."

The FEA consumer office was set up after the agency heard growing complaints from consumer groups that energy pricing and distribution regulations were being put into effect without significant input from those most affected—individual energy consumers.

As a result, former FEA chief William E. Simon announced March 13 the formation of the new office, promising that it would play an active role in future policy decisions.

Richardson said the commitments of March 13 "are not being fulfilled."

In an interview yesterday, Richardson said the FEA failed to respond to a number of "extended memos and hard questions we were asking"—the need to justify oil industry profits and price increases, how to better preserve oil industry competition and the need for improved data analysis.

Richardson said "FEA's movements to date on important decisions are on a direct collision course with the best interests of consumers."

"One major misdirection is the FEA subsidization of industry through the theory of the magic profit," he said. He cited a lack of any FEA economic analyses to justify the continuation of a Dec. 19, 1973, decision to raise the price of most domestic crude oil by a dollar a barrel.

"The primary instance of the false magic profit theory is seen in the blind belief that huge multibillion-dollar increases in oil company profits in the first half of 1974 will ultimately produce newer and cheaper supplies of energy," he said. "If such profits are adequate or excessive, FEA doesn't yet know—FEA has not been able to even assemble, much less analyze, the information necessary to begin answering that question."

He also said the agency has not seriously considered reducing retail gasoline price increases granted last March 1. That price rise, he said, is costing drivers about $2 billion a year.

Coincidental with the release of Richardson's letter, the FEA announced plans "to reorganize and strengthen the FEA's consumer affairs program." The consumer office will be combined with the Special Impact Office, Sawhill announced, and the new office will have a staff of 24, including a consumer representative in each of the FEA's 10 regional offices. Until yesterday's announcement, there had been no consumer representatives in the regional offices.

In his resignation letter, Richardson charged that the FEA has been unresponsive to its congressional mandate to protect competition in the energy industry, particularly by failing "to make even perfunctory estimates of what its massive proposals . . . will do to independent (energy companies)."

While the FEA has often promised to deal with energy-related consumer issues, he said, "there has never yet been an instance where any part of FEA's organization has done so. The plights of many groups—volunteers, the elderly, the rural poor, the big city tenants . . . among others—have been ignored by FEA."

Richardson's resignation is effective Sept. 1. He came to the energy administration from the staff of the President's consumer adviser, Virginia Knauer. Energy chief Sawhill thanked Richardson for "serving with distinction in a difficult job."

Lee White, speaking for the Consumer Federation of America, said Richardson's resignation symbolizes "how little concern and attention have been given to the plight of consumers by the administration in its handling of the problems associated with the energy crisis."

Sawhill said Richardson's criticisms were "a little overstated." Responding to the charge that the FEA has no economic analysis to justify its price regulations, Sawhill conceded that the agency has not tried to define what "excessive" oil industry profits would be.

Basically, he said, the industry needs to have a return on investment about equal to the average of American industry, "and they have not attained that in the past." However in the last several months the industry has gone over the average, he said.

Sawhill said Richardson had access to the administrator's office, but that "I've never seen any report that he (Richardson) sent in that had any analytic depth to it."

THE BETHANY NATIONAL BICENTENNIAL COMMITTEE

HON. BARBER B. CONABLE, JR.

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. CONABLE. Mr. Speaker, I would like to bring to the attention of my colleagues in the House of Representatives the activities of the National Bicentennial Committee of the town of Bethany, a small community of 2,000 in Genesee County in my Congressional District. The residents of Bethany formed the Bethany National Bicentennial Committee in September 1973 and are off to a flying start in scheduling a variety of events to mark the Nation's 200th birthday.

A cookbook, spring sing and a youth play, work on abandoned cemeteries and tree planting projects are included in the activities. Establishment of a small memorial park, to be dedicated on Memorial Day, 1976, is the ultimate goal of the community.

Most of the people in this small community are anxious to do their part and are responding in a spirit of patriotism. Boy Scout troops have offered to clean up and beautify the abandoned cemeteries. One cemetery, according to the town historian, has at least one Revolutionary War soldier buried in it. The recipes for the cookbook have been donated by the women of the town and some of these recipes are more than 100 years old. The tree planting project on public property will be done with the help of the town youth. Two hundred trees will be planted, one tree for every year of our country's existence.

I would like to take this opportunity to commend the Bethany program and hope that it would serve as an encouragement for all communities, no matter how small, in commemorating the 200th birthday anniversary of our Nation.

REFLECTION: THE NIXON YEARS

HON. RALPH S. REGULA

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. REGULA. Mr. Speaker, the events of the past week have been historic and overwhelming, both in magnitude and in the speed in which they occurred. I call my colleagues' attention to an editorial that appeared in the Christian Science Monitor on Monday. It is important that we do not forget the many accomplishments of President Richard M. Nixon during his 28 years of public service.

The editorial follows:

THE NIXON YEARS

Though Richard M. Nixon left office under a cloud, his career had been in many respects an exemplary American success story. The storekeeper's son did become president, and along the way he amassed a record of achievement that history will have to weigh against the wrongs that brought his downfall.

Long ago, as a congressional proponent of the Marshall Plan, he hinted at the international statesmanship that culminated in his second-term breakthroughs toward providing the conditions for world peace.

With Henry Kissinger's help, Mr. Nixon risked alienating many of his long-time cold-war supporters by opening America's door to the Communist world. In one year, 1972, his visits to China and Russia led the way to a new era of the nations living together. By 1974 a Moscow summit could seem almost the normal thing.

Then came the triumph of Mr. Nixon's emissary, Dr. Kissinger, in bringing an end to the 1973 Middle East war and laying the groundwork for the difficult continuing negotiations for peace.

These strides forward followed Mr. Nixon's fulfillment of his pledge to end America's military involvement in Vietnam, albeit with deeply controversial methods and timetable.

As the Watergate momentum increased, erosion threatened Mr. Nixon's foreign policy successes. Yet their basic easing of world tensions remains a legacy to the succeeding administration, which must act decisively to prevent further slippage and to move ahead toward lastingly peaceful relations with all. It is to the credit of President Ford that he immediately assured world leaders of his intentions to continue on this path.

Presiding over the visit of the first men to the moon and the return of the last POW from Vietnam, Mr. Nixon led his country during a time that deserves to be remembered for much in addition to the first presidential impeachment proceedings in a century.

Ten years earlier no one would have predicted that Richard Nixon would be in the White House. He had been defeated not only for the presidency but for the governorship of California. The charges of unfair campaign practices lingered over him from his first congressional and senatorial races, as did the Checkers speech about the Nixon fund, and his controversial role in the Hiss case. As Vice-President, he had coped with what he called one of his "six crises," the illness of President Eisenhower. But now he was labeled a "loser."

Yet Mr. Nixon talked and traveled and labored and won his way back to the leadership of his party and of his country. Though his presidential domestic record was weak in comparison with his foreign policy, he did take highly debated steps that could have lasting impact.

For example, Mr. Nixon began to turn away from the Johnsonian "war on poverty" sort of federal program, and toward the revenue-sharing approach—with all the strengths and pitfalls of increasing state and local options in the use of federal aid. He left his influence on the Supreme Court through the appointment of four justices tending toward conservatism and away from the social activism of the Warren court. He ended the draft. If he finally failed to stop inflation, he made a start on a national energy policy.

Less publicized was Mr. Nixon's firm support of more and more federal funding for the arts and humanities, and there is no telling how much this investment may affect the future quality of life in America.

No one can be certain of what history will choose to emphasize among the events of the Nixon years. But it does not condone any of Mr. Nixon's wrongdoing to recall his positive contributions.

AMENDMENT TO MOTOR VEHICLE SAFETY ACT

HON. WILLIAM M. KETCHUM

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. KETCHUM. Mr. Speaker, the House has just taken one of the saner actions of the year in accepting Congressman WYMAN's amendment to the Motor Vehicle Safety Act. The amendment simply stated that new cars do not have to have an ignition interlock system that prevents a car from starting unless seat belts are fastened, or a "sequential warning system" that causes all sorts of noise and lights to start unless the seat belts are on. I am enormously pleased that we have learned it is time to cease strangling our citizens with more and more regulations designed to force them to be good.

I like to think that there are still some freedoms we enjoy in this country that have not been legislated away by "big brother government." One of these should be the right to get into our cars and start the engines without bells ringing, buzzers buzzing, and lights flashing.

The interlock system would keep a car from even starting if it sensed that weight on the front seat was unfastened, while the sequential warning system causes all the alarms to go off. With these outlandish nuisances in effect, you even have to buckle up a grocery bag or the family dog in the front seat in order to turn them off.

Nor do these devices come cheap. The sequential warning system costs at least $70. And then we hear about mandatory air bags which will cost between $200 and $300. Times are hard enough. There is no excuse for saddling the American car buyer with extra costs running to hundreds of dollars for safety devices they do not need or want.

I use seat belts because I believe that in many cases they can save lives. I believe that all our citizens should use them. But I do not think it is the proper role of the Federal Government to step in and force us to use them whether we want to or not. Government should be the people's servant, not a dictator regulating their private lives.

INFLATION: THE DANGERS OF COMPROMISE

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. CRANE. Mr. Speaker, no problem facing the American people represents a greater threat to our long run best interests and stability than that of inflation.

Yet, the problem of inflation will never be solved unless we deal with its causes. The approaches we have taken in the past, such as the imposition of wage and price controls, have not worked, and could never have worked, for they did not deal with the real causes of inflation.

The basic cause of inflation relates to an artificial increase in the money supply, making existing currency worth that much less and enabling Government to spend money which does not, in reality, exist.

Prof. Milton Friedman makes this clear when he notes that—

> The common element in inflation is . . . an increase in money demand accompanying a rapid increase in the quantity of money. In 1848–1857, the increased quantity of money was produced by gold discoveries in California; in 1896–1913, by the perfection of the cyanide process for extracting gold from low-grade ore; in the Civil War and the two World Wars by the creation of money to finance military expenditures; in 1964-present by the Federal Reserve system, partly to help finance large government deficits.

As President Ford begins to confront this problem it is essential that he and his advisers deal with the real causes of inflation. Unfortunately, his stated goal of "compromise," while valid in many areas of public consideration, may be invalid in the economic area. The Wall Street Journal notes that,

> If this candid and plain speaking man means what he says about finding the answers to inflation through agreement and compromise, economic policy is in for a period of drift.

The Journal points out that,

> There is in fact more support for austerity on Capitol Hill than meets the eye, and perhaps skillful involvement of Congress at an early stage will result in lower budget figures . . . the constant danger is that the President will be co-opted, that the Executive itself will slip into the easy but directionless spirit of the Legislative hall. If leadership by compromise is to have any chance at all, the commanding essential is that the President must have an absolutely firm idea of where he wants to go.

Where I hope the President wants to go is back to our traditional ideas of balanced budgets, reduction of debt, and a sound currency which can be relied upon by our own citizens and by men and women throughout the world. I wish to share with my colleagues the editorial, "The Dangers of Compromise," which appeared in the Wall Street Journal of August 14, 1974, and insert it into the RECORD at this time.

THE DANGERS OF COMPROMISE

President Ford's spirit of compromise and conciliation obviously fills the national need for healing, and we are willing to be convinced that it's also the right tactic for dealing with the problems of the economy. But on the latter score we confess to doubts that will have to be stilled.

No democratic system can function without compromise, but if large and complex problems are to be solved there also has to be a sense of direction. In principle we are indifferent to the source of leadership, but in practice it cannot come from Congress, any more than it could come from any other committee of 535 persons. Which means that the guiding concepts must come from the President, that the Executive branch must have a blueprint to sell to or impose upon Congress.

Now, perhaps Mr. Ford has such a blueprint, along with a strategy to sell it with honey instead of vinegar. There are hints of this, for example, in his pledge to personally chair the proposed "economic summit." We certainly hope there is more to these hints than meets the eye. For if this candid and plain speaking man means what he says about finding the answers to inflation through agreement and compromise, economic policy is in for a period of drift.

Envision for a moment what an unguided "summit" would look like. There will be economists arguing for a $10 billion budget cut. There will be economists arguing for a $5 billion tax cut. There will be economists arguing for 5% monetary expansion. There will be economists arguing for a 7% prime rate. There will be management arguing for a larger share of the economic pie for profits to promote supply expansion. There will be labor arguing for a larger share of the economic pie to restore real wages.

In the spirit of compromise, so typified in the habits of the Legislative branch, the answer is: a $2 billion budget cut, a $2 billion tax cut, 6.5% money growth, a prime of 10%, measure X favoring profits at the expense of wages and measure Y favoring wages at the expense of profits. At this point, inflation refuses to abate, even though "everything has been tried."

The next step is wage and price controls, which have never worked anywhere but which satisfy the political urge to do something quickly. The nation is now supposed to be immune from controls because it has learned the lesson, and nearly everyone understands that controls only reduce supplies and thereby intensify inflation. But other nations have learned that lesson time and again, only to return to controls because of the irresistable force of short-run politics. The President's willingness to experiment with jaw-boning and price monitoring agencies is perhaps only a compromise for now, but in the longer run its implications are downright alarming.

Now, we would certainly not argue that this scenario is in any way inevitable. Any legislator knows how to run a committee hearing to come up with the answer he wants, and we rather hope the President will approach the economic summit in this spirit. Similarly, a really good legislative leader knows how to make the compromises that take him where he wants to go. And the time for this kind of leadership may be ripe.

In trying to curb congressional tendencies to spend, the tactics of confrontation have not worked very well. Faced with a torrent of blame for spending, Congress responds by making extravagant proposals, then cutting them back just to the point that makes a possible veto a tough political decision. There is in fact more support for austerity on Capitol Hill than meets the eye, and perhaps skillful involvement of Congress at an earlier stage will result in lower budget figures.

No doubt it is this kind of compromise, and this kind of leadership, that the new President has in mind. It is certainly worth a try, but the constant danger is that the President will be co-opted, that the Executive itself will slip into the easy but directionless spirit of the Legislative hall. If leadership by compromise is to have any chance at all, the commanding essential is that the President must have an absolutely firm idea of where he wants to go.

SUPPORT FOR EXPORT-IMPORT BANK

HON. RICHARD T. HANNA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. HANNA. Mr. Speaker, on June 28, 1974, the Wall Street Journal editorially called for the termination of the Export-Import Bank.

I would like to bring to the attention of my colleagues the response of Mr. Hugh Darling, vice president of the International Division of United California Bank, to this editorial. Mr. Darling raises several vitally important arguments in support of the Export-Import Bank and its operations. I would hope that my colleagues would read Mr. Darling's letter and consider it carefully. The letter follows:

United California Bank,
Los Angeles, Calif., July 23, 1974.

The Editor,
Wall Street Journal,
New York, N.Y.

Dear Sir: Reference is made to the editorial appearing in the Wall Street Journal on June 28th entitled "A Long Look At The Ex-Im Bank". It would appear that while the look might have been long, it may have myopically missed many pertinent facts. The editorial was particularly troublesome inasmuch as it deviated so sharply from the Journal's historical reporting.

I would make first reference to the last paragraph as a magnificient piece of wishful thinking. To imagine that countries substantially reliant on exporting would "follow suit by scrapping these nonsensical subsidies" is an assumption that cannot be supported.

Further points worthy of note:

a) U.S. economic interests have been bettered by an annual dividend of $50 million on $1 billion of stock to the Treasury. In addition to having paid the Treasury a total of $856 million, a reserve of $1.5 billion has been built up.

(b) Since Eximbank borrows their funds in the capital market no use of tax payers money is involved.

(c) Although the editorial dwells heavily on the 7%, it completely ignores the fact that commercial banks have in concert with Eximbank used substantial private funds at normal commercial rates. In addition direct loans, the target for your criticism, represents only 25% of Eximbank's activities.

(d) Competitively, normally term rather than rate decides the decision to buy. Commercial banks could not entertain the term required in many transactions without the assistance of the Eximbank for the longer and later maturities. Without Eximbank, Japan, England, Germany or other countries would step in and win the bid to the detriment of the American producer, balance of trade and balance of payments.

(e) If transactions moved without Eximbank, financing would be required. Eximbank effects this in funding in the same manner the private sector would do—through corporate borrowing. It might also be added that out of a total of $130 billion raised annually in the private capital market, Eximbank borrows $1 billion to finance $12 billion worth of exports in partnership with commercial banks.

(f) Producing for export creates thousands of jobs in the United States that otherwise would not exist, and if the American corporation could not bid competitively and obtain contracts for foreign sales the percentage of unemployed would automatically increase.

(g) If your recommendation to terminate the life of Eximbank was followed this action would also result in the termination of the Foreign Credit Insurance Association in view of the Eximbank coinsuring or reinsuring all FCIA's transactions. This would further adversely affect the export expansion projections of the U.S.

I would respectfully request that the Wall Street Journal consider a further editorial to present the whole story of Eximbank. I believe that when all the relevant facts are put in the balance, reasonable men will see the merit in supporting S. 1890 and H.R. 13838.

Hugh Darling,
Vice President.

THE FINANCIAL PLIGHT OF EISENHOWER COLLEGE

HON. BARBER B. CONABLE, JR.

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. CONABLE. Mr. Speaker, during the past few months the financial plight of Eisenhower College has become known throughout the country. In my home area of New York State, though, it has become a cause of alarm for the media reminded us frequently that the trustees of Eisenhower had predicted in March a need to consider closing the college at the end of the past academic year, unless the operating budget was balanced.

Everyone connected with the college, I know from personal observation, rallied to the cause. The faculty and students were resolute in their determination that the college would live and it proved true, although no one can be sure for how long. Although people generally are reluctant to give to causes which appear unsteady, the faithful contributors to Eisenhower continued to be so and sufficient gifts were raised in a last-gap effort to permit the trustees to announce that the college must and would continue, even at the risk of their underwriting the next year's deficit. Their action was taken greatly out of the show of spirit in support of the college.

Now, this situation is hardly unusual today. Many colleges face extreme financial pressures so, why is Eisenhower College so different?

The New York State Legislature answered this question—after the trustees voted to continue the college—by voting a special $2 million loan, because they could not accept the demise of the national memorial to General Eisenhower which happens to be in New York State. The State is not in a position, nor does it have the responsibility that we in the Congress do, to provide sufficient funds to insure the operational stability of Eisenhower College.

The funds proposed in H.R. 16032 will serve as endowment, providing, thereby, operational stability for the years ahead.

I agree with the New York State Legislature that the national memorial to Dwight Eisenhower should continue and, because it is a highly respected memorial to one of our most distinguished public servants, it is different from other colleges and universities and should be thought of differently—as a memorial rather than as a college. This is not to suggest that it cannot stand comparison as a college of quality. It can. But, it deserves our special funding because it memorializes the 34th President of the United States.

SOCIALIZED MEDICINE BAD FOR AMERICA

HON. JAMES M. COLLINS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. COLLINS of Texas. Mr. Speaker, one of the most controversial issues now involving the medical profession is the trend toward socialized medicine in the United States. At the present time, there are dozens of bills so directed, each professing a different solution to our present health care concerns. One such proposal, Kennedy-Mills, portends the end of the private health care system as we know it today by activating a federally financed program which will aid all citizens and cost the Federal Government approximately $60 billion. Also some Senators have proposed a compulsory insurance system be imposed upon the existing private health insurance. In doing so, employers would be required to pay for their employees' health insurance, and this expense would be passed on to consumers in the form of higher prices.

Let us take a look at national health insurance programs now in operation in Britain and Sweden. Great Britain has had its national health insurance program for the past 25 years. It was reported in the Crisis that in 1969 the United States had 7,144 hospitals, a 4-percent increase since 1960. Britain, however, had no newly built hospitals, but is now concentrating on community health centers. In 1969, it was found that the average stay in a hospital in the United States was 8.3 days compared to a 13.8-day stay in England and Sweden. British and Swedish people even sign up a year in advance for an operation and 7 years for hernias or varicose vein operations. Compare this with 2 to 4 weeks for the United States.

Sweden's average person pays 20 percent of his taxes for "socialized" medical care and at this time there is still a shortage of facilities and doctors to meet the needs of the people. According to the Heritage Foundation, it costs Britain 2,200 million pounds—nearly 6 billion American dollars—a year to maintain their national health insurance program.

We now have more doctors per population than any major European nation. We have 1 doctor for every 597 citizens. Britain has 1 for every 1,059 persons. According to Medical Education in the United States, last June our medical schools graduated 10,391 medical and osteopathic physicians. Our physician population is growing while in Britain, state control of incomes in the medical and dental professions has resulted in the loss of many highly trained men and women.

It is apparent to everyone that one of the biggest advantages of our free enterprise in the United States is the privilege of having a family doctor of our choice. However, according to Perspective, 90 percent of all doctors are employed by the state in Sweden, leaving 10 percent who are in private practice. Thus, virtually all Swedes are treated by government rather than private physicians. In Britain, every patient is required to "contract" with a primary physician. Once a doctor and patient contract, then the contracted physician will contact a needed specialist if needed. A recent survey in England, reported in the Crisis, revealed that fewer than 50 percent of national health insurance patients get to see the specialist of their choice and 42 percent are never even told the name of the specialist they see.

Another important point to bear in mind before deciding on national health insurance is some of the burdensome programs already established by the Federal Government to aid in health care. For instance, medicare and medicaid went into effect in fiscal 1967 as the Federal Government's first step toward the socializing of medicine. In the short 8 years of its existence, the cost of medicare increased by 419 percent, while medicaid increased some 517 percent.

Unless you are a doctor participating in the medicare program, you do not realize the work which he goes through filing claims for his patients. The doctor is given a supplier number and then coding manual. He must file the claim giving the name, address, medium number of the patient, and the patient's Blue Cross and Blue Shield number, if the patient has one, for each claim. He must also give the date of service, description of type of treatment, what kind of visit, office or et cetera, charge for each service, et cetera. If the information is not precise, the patient as well as the doctor may wait weeks and months for reimbursement.

Even after the inherent problems in the medicare and medicaid programs, the Federal Government now wants to go one step further by subjecting our doctors to federally regulated PSRO's which I still oppose. The Federal Government is going to spend $57 million starting July 1, on National PSRO review work.

What the doctors are fighting is the handful of bureaucrats and laymen who insist on hovering over the doctor with HEW's book of regulations which will, in the final analysis, hurt the patient and the kind of treatment a doctor will be able to give.

Is socialized medicine the answer? Take another look at the number of unfavorable aspects about national health insurance. It all boils down to the fact that in the end the Federal Government will be spending more money than it will be saving. National health insurance would decrease the efficiency of our doctors due to an overload in work; it would create a shortage of doctors, because of a lack of incentives; and it would result in overcrowding our hospitals and clinics.

BRITISH ROLE IN SUEZ CANAL CLEARING OPERATIONS

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. HAMILTON. Mr. Speaker, the enclosed statement, describing the role of the British Navy in helping with Suez Canal clearance operations, amends previous comments made by Michael Sterner, former Director of Egyptian Affairs, the Department of State, in testimony before the Subcommittee on the Near East and South Asia on May 8, 1974.

I would like to bring to the attention of my colleagues the very helpful assistance the British have provided in complementing our own efforts in the Suez Canal clearance operations.

DEPARTMENT OF STATE,
Washington, D.C., August 13, 1974.

Hon. LEE H. HAMILTON,
Chairman, Subcommittee on Near East and South Asia, Committee on Foreign Affairs, House of Representatives.

DEAR LEE: The British Embassy read Michael Sterner's testimony before your Committee on US involvement in Suez Canal clearance operations, and were surprised that the British role in these operations was not fully stated. They also noted that the Congressmen had some questions regarding British activities.

The Embassy on July 23 submitted to the Near East Bureau a brief account of their activities in the canal, requesting that this information be passed to your Committee for possible inclusion in the Record.

Complying with their request, I enclose the statement of the British Embassy so that the Record can be set straight and the British role will be known.

I will appreciate your handling this matter in any way you feel appropriate.

Cordially,

LINWOOD HOLTON,
Assistant Secretary for Congressional Relations.

SUEZ CANAL CLEARANCE OPERATION: BRITISH ROLE

The Royal Navy (RN) Task Force consists of a mine countermeasure support vessel, three mine Hunters and members of the fleet clearance diving team (the number has varied from 14 to 20).

The first task undertaken by the RN Force was to find, mark and explode mines laid in the northern approaches to the Canal where such mines were obstructing the entrance to the Canal or needed to be removed to enable the combined RN/USN forces to begin operations.

The main task of the RN Force is to find, mark and identify ordnance on the bed of the Suez Canal. Exploded ordnance is marked and left for recovery by the Egyptian Navy. Unexploded ordnance is exploded or rendered safe and removed and handed over to the Egyptian Navy for disposal in a safe condition. Objects on the sea bed are detected by the sonar fitted in the mine Hunters. Subsequently divers either from the ship or the fleet clearance diving team are directed to the spot where they identify and if necessary counter mine the ordnance.

The RN Force began operations in the second week of April 1974. Operations are expected to continue for several months. By 1 July 1974 the RN Force had cleared over 100 Km of the Canal bed and dealt with some 1500 items of unexploded ordnance.

The financial arrangements for our contribution are that the Ministry of Defence will bear the costs including the pay of personnel which would have been incurred by the Royal Navy units concerned if they had not come to Egypt. The extra costs of the operation are to be provided on grant terms by the Ministry of Overseas Development. These grants will be offset by a corresponding reduction from the $5 million loan fund made available to Egypt in 1972. The Egyptian authorities are making available free of charge a range of local facilities for our forces in Egypt, but we have no knowledge of the costs involved.

THE POST SUPPORTS SAIGON

Hon. PETER H. B. FRELINGHUYSEN

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. FRELINGHUYSEN. Mr. Speaker, on August 11 the Washington Post, long an effective critic of American involvement in Southeast Asia, made a dramatic change in its editorial policy. The editorial board of that influential newspaper has had the intellectual honesty to review the facts of the situation in Vietnam, in an excellent editorial to revise its previous policy concerning U.S. aid to our beleaguered ally.

The Post, quite rightly in my opinion, points to the unfairness of withdrawing of U.S. aid to Saigon at a time when Hanoi is under no such pressure. They point to the importance of maintaining an interest in the fate of Saigon by acting to provide it with such aid, both military and economic, as can be used effectively.

It is my understanding that the Post reversed its traditional stand on Vietnam after the editorial board questioned at great length our envoy to Vietnam, Ambassador Graham Martin. The Ambassador, who has had the misfortune of being misunderstood on occasion in the past, must have conveyed his fundamental points in a convincing way to a difficult and discerning audience. I only wish that every Member of Congress might have an opportunity to hear the Ambassador personally on this critically important subject. Failing that, I commend the Washington Post editorial to my colleagues' attention.

The editorial follows:

Aid for Vietnam

Congress, in its deliberations on aid for South Vietnam, is shying away from the central issue: What is the American interest? For if it matters to the United States whether Saigon fares well or ill, one aid strategy is dictated; and if not, another. To proceed as though the level and kind of aid has no real connection to the goal of American policy is to fly blind.

Like many Americans, we had hoped that the Paris Agreement of 1973 would launch the contending Vietnamese on the path to eventual reconciliation. This would have resolved the American dilemma. But it has not happened. Hanoi and Saigon are still fighting; it looks as though they will for a long time. If one side or the other were clearly at fault, that would be one thing. We accept, however, the judgment of a new Senate Foreign Relations Committee staff study: "Lack of respect for the Agreement is so widespread that it is impossible to apportion responsibility for the continued fighting."

This bears directly on congressional efforts to cut aid. It would be greviously unfair in our view for the United States—by withholding aid—to penalize Saigon alone for a breakdown which is properly the responsibility of both Vietnamese sides. Nor does withholding aid become any fairer in these circumstances when it is described as a way to induce President Thieu to honor the Paris Agreement and to make concessions to his Vietnamese rivals. We have leaned toward this view ourselves in the past. But looking at the record of the last 20 months, we have had second thoughts. We now conclude that it is wrong to try to make Saigon alone observe the agreement, to its political detriment, when Hanoi is under no similar pressure to observe its side of the agreement. Unilateral pressure, furthermore, precludes a new American approach to Moscow and Peking—an approach we believe should be made—to reduce further all outsiders' roles, especially as arms suppliers.

The only correct basis for phasing out aid, we now believe, is a determination that it no longer is important to the United States what happens in South Vietnam. A powerful case for this can be made: the United States has invested an immense amount of blood, treasure and prestige in Vietnam, won that country the opportunity to fend for itself, and now has its own good reason to turn aside. But if this determination is to be made, we Americans owe to ourselves—and to the Vietnamese and to others elsewhere who rely upon us—to make it openly.

To pledge fidelity but to reduce our support progressively or even precipitately is to undermine both interest and honor. If the Congress in its fatigue or wisdom—whatever the mix—is to pare aid this year and to threaten to cut even more next year, it should have the courage to announce that it no longer considers the outcome in Vietnam as a matter of American consequence. To cut aid while claiming that the cut will actually improve Saigon's chances of securing its own salvation is doubletalk. To cut aid while declaring that the *people* of South Vietnam will benefit from the new policies thereby forced upon President Thieu is at best, speculation; in our view, it is too flimsy a foundation for policy.

The alternative approach is, of course, to acknowledge a continuing interest in the fate of Saigon and to act accordingly on aid. This is the course we have come to favor, after having inclined the other way during the past 20 months. What has persuaded us to change our view is largely the prime new fact that a mutually acceptable political solution has seemed progressively to recede from reach. We think that Americans would not like to live in a world where a small nation that had strong reason to rely on American steadfastness had been let down. In that sense, the American "commitment" to Saigon *is* open-ended. To hold otherwise is to advertise one's own unreliability. It can be argued, with all too much merit, that the assurance of American support lets Saigon ignore American efforts to induce changes in its domestic policies and in its attitude toward Hanoi. The answer—surely worth testing—is that Saigon may become more responsive to American advice as it becomes less fearful of American abandonment.

Aid to Vietnam should be offered on the basis of what dollar levels and what forms of aid (economic or military) and what particular programs will enable Saigon to tend effectively to its citizens' security and welfare. This formulation admittedly leaves many loose ends, many unresolved arguments, many uncertainties. There is in the United States an evident shortage of economic and political resources to assure success. And whether the Thieu government can adequately respond is a question bound to trouble any realistic observer. We are convinced, nonetheless, that the principle of American steadfastness deserves to be honored as best we can, even though the particular government benefitting from its application in this instance is far from a model regime. There is where the overriding American interest lies.

THE PLIGHT OF OUR ECONOMY

HON. HUGH L. CAREY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. CAREY of New York. Mr. Speaker, the president of the United Steelworkers of America, Mr. I. W. Abel delivered a fine statement to the Joint Economic Committee today on an issue which touches all of us—the plight of our economy.

In light of the importance of his statement, I include the full text in the Record for the benefit of my colleagues:

Statement by I. W. Abel on the Midyear Economic Review, August 14, 1974

I want to thank the chairman and members of the committee for this opportunity to present the views of the AFL–CIO on national economic developments and trends.

The inauguration of President Ford on August 9 has given the American people and the national economy a psychological lift. The importance of such a boost to the spirit of the American people cannot be overestimated.

However, this psychological boost must be supplemented, quite rapidly, by an economic program designed to solve—not perpetuate—the economic problems that face the American people.

At its meeting in Chicago August 5 and 6, the AFL–CIO Executive Council devoted considerable attention to the sorry state of the national economy. Not since the end of World War II have the American people been faced by an economic situation as serious, as complex or as dangerous. The problem was compounded by misguided policies of the last Administration, by neglect and by widespread public distrust of the government's ability to deal with economic difficulties.

These problems have by no means gone away with Mr. Nixon's resignation. It is our hope that both the Congress and the new Ford Administration, now that the national nightmare is over, will turn their full attention to setting these matters straight.

The AFL–CIO Executive Council declared last February and May that the American economy had been in an inflationary recession since the final months of 1973, and recent government figures bear that out.

The dimensions of the problem are unchallengable:

Inflation is continuing to climb. The average worker's buying power is declining. Unemployment is up and is expected to rise during the coming months. The highest interest rates in 100 years and a money crunch are creating depression conditions in the home-building industry and serious trouble for other parts of the economy.

The recession is continuing and appears to be deeping. A long drawn-out recession, combined with continuing inflation, stares America in the face.

The stepped-up rise of prices was set off by the Russian grain deal in July 1972. The price began to accelerate in the second-half of 1972—during Phase II of the last Administration's so-called stabilization program, a one-sided program of controls on workers' wages and heavily weighted in favor of big business and big banks.

Inflation was aggravated by devaluations of the American dollar and vast exports of farm products and crude materials in short supply, such as steel scrap, copper scrap and even waste paper.

It was aggravated further in 1972, an election year, when the Federal Reserve supplied a rather easy flow of money and credit, at slowly rising interest rates, which encouraged speculation and the build-up of installment and business debt.

Added pressures on the rising prices of key farm products, raw and crude materials, resulted from hectic speculation and profiteering in the essentially unregulated commodity exchanges.

The energy emergency in the autumn of 1973 and the winter of 1973–1974—with the extraordinary rise of prices of oil and petroleum products—added still further to accelerating inflation and the economic woes of the American people.

The last Administration's response to these developing troubles—which it set off and, in large part, encouraged—was to adopt restrictive monetary and fiscal policies in early 1973. By the late winter and early spring of 1974, the government's economic program boiled down to very tight money, sharply rising interest rates and a hold-down on expenditures for essential programs, such as low- and moderate-income housing.

These policies could not possibly curb this rising tide of inflation. But they hit homebuilding first and hardest; residential construction, which declined in 1973, is now in a depression. They were a major factor in throwing the American economy into today's continuing recession. They generated even more inflation by raising costs and prices.

Moreover, these policies, and the money crunch they created, now present the threat of a deeping recession, business failures and high unemployment, while inflation persists.

Take a look at these facts:

Inflation—with its very marked effects on food and fuel prices, which have been spreading to the prices of industrial goods, utilities and services—has had a particularly devastating effect on most retired people and on low- and middle-income families with children. Their living standards have been undermined.

The buying power of the average worker's weekly take-home pay has dropped to about the level of 1965, nine long years ago.

The number of unemployed rose more than 750,000 between October 1973 and July 1974. If unemployment reaches a 6 percent rate, which government economists say is possible by the end of this year, it would mean an additional 650,000 pobless. The way things are going at present, the rise of unemployment may be considerably greater.

In recent months, the real volume of retail sales, after accounting for higher prices, has been about 5 percent below the same period of last year.

A housing shortage has been developing, while both housing starts and building permits have been falling sharply.

Confronted by the highest interest rates since the Civil War, many cities and counties are postponing bond issues and delaying investment in public facilities and services.

Public utilities are cutting back plant expansion programs. Even such large corporations cannot afford today's interest rates, since they are also faced by inflated fuel costs.

These actions by local governments and public utilities mean cuts in heavy construction, reduced orders for machinery, fewer jobs and increasing unemployment.

The monetary policies of the last Administration have brought the American economy to the edge of disaster.

A decisive change is needed to begin to lift the economy out of its present mess and onto the road to balance and health.

A decisive change in economic policies is also essential to maintain the psychological lift of the past few days and restore public confidence in the government's ability to manage economic problems with fairness, equity and justice.

Against this background, it should come as no surprise that workers are reaching for higher wage settlements at the bargaining table. The stepped-up inflation of the past two years leaves them no other choice but to try to stem their losses through negotiations with their employers.

By the time Mr. Nixon stepped down from office the inflation rate was more than double what it was in early 1969.

Over the 12 months that ended in June, the Consumer Price Index shot up 11.1 percent and even higher prices are already inescapable.

During the 12 months through July, wholesale prices climbed 20.4 percent. Wholesale farm prices have turned up and during the past quarter, wholesale prices of industrial goods rose at an annual rate of 30.4 percent. These increases are now on their way to the retail market and the consumer.

In June, the buying power of the average worker's weekly take-home pay was 4.5 percent lower than the year before and nearly 7 percent lower than in October 1972. June was the 15th consecutive month in which the average worker's buying power was below the level of the year before. It stands, as I said earlier, at about the level of 1965.

The Labor Department tells us that during the 12 months ending in July, the average worker's hourly wage rose only 8 percent, and that includes all wage increases, cost-of-living adjustments and the long-delayed rise in the federal minimum wage from $1.60 to $2 an hour.

Wage settlements reached in major collective bargaining contracts during the April-June quarter this year carried an average first-year increase of 9.2 percent, or 7.4 percent over the life of the agreement, plus cost-of-living escalators in many of the agreements.

So workers are still falling short of the 11.1 percent increase in living costs over the past year and are still losing ground.

The incomes and living standards of workers, pensioners and others living on low fixed incomes are being squeezed. But other types of incomes and costs are shooting up sharply.

Even though real economic growth has been declining, corporate after-tax profits jumped 28 percent in the second quarter of this year, according to a preliminary estimate by the First National City Bank of New York. The bank said "the advance appears to be largely, if not entirely, due to rising prices."

That 28 percent profit increase came after a 19 percent increase in the first quarter, when the economy was in the sharpest decline since the recession of 1958. It followed profit boosts of 26 percent in 1973, 25 percent in 1972 and 17 percent in 1971.

The prime interest rate, which the commercial banks charge on loans to the major corporation, jumped from 6 percent in early 1973 and 8¾ percent in the first half of last March to 12 percent at present. That is a rise of 100 percent in the past 18 months and 37 percent in five months.

The tight money—high interest rate policy, enforced by the Federal Reserve, is putting the economy through a wringer. It has pushed the economy to the brink of disaster. A depressed home-building industry, declining national production and increased unemployment have been added to runaway inflation.

This spectacular rise of interest rates is adding sharply to inflationary pressures. It is directly boosting prices throughout the economy, as business passes on increased interest-rate costs. By creating slump conditions, it is depressing productivity and adding to upward pressures on unit costs and prices. In the name of fighting inflation, the Federal Reserve has become an engine of inflation.

These interest rates are boosting the taxpayers' burden. Interest payments on the federal debt rose $5.3 billion between fiscal years 1973 and 1974—much of it due to higher interest rates. It is also increasing the interest-payment burden of state and local governments.

Along with the immediate damage, the Federal Reserve's policy is building higher costs into the economy for many years in the future.

For example, payments on principal and interest for a 25-year, $25,000 mortgage at a 10% interest rate are $227 a month. That is $66 a month more, every month for 25 years, than the same mortgage at 6 percent. So over 25 years, the buyer will pay $68,100 for his $25,000 mortgage, or $19,800 more than he would pay at the 6 percent rate.

The Federal Reserve's goal is to further slow down the economy. If it succeeds, it will increase unemployment, which has already risen from 4.6 percent of the labor force to 5.3 percent since last October. That is an increase from 4.1 million to 4.9 million jobless.

The high-interest squeeze is creating further weakness in the economy, in addition to the depressed state of home-building and weakness in retail sales.

Major cities and counties have found it impossible to float needed bonds issues at current interest rates, resulting in the postponement of improvement in community facilities and services, as well as curbing the growth of job opportunities.

Public utilities, confronted by these interest rates and high fuel costs, are cutting back plant expansion despite the need for additional gas and electricity facilities—adding to the 10.6 percent unemployment rate among construction workers and cutting the expansion of jobs for utility workers.

Such cuts in private and public investment now pose the danger of widespread reductions of the large inventories business accumulated in the past year. The result could be cancellations of orders for goods in the coming months and a general drop in production, working hours and employment.

Moreover, the Federal Reserve policy is discriminatory. It favors the powerful big-city commercial banks, wealthy money lenders and money-laden major corporations. But it hits workers and consumers, home-builders and home-buyers, communities, smaller businesses and even those corporations, like public utilities, that need lower-interest loans. While all of these have been starved for credit, there has been a continuing flow of loans for other purposes, such as foreign loans.

Governor Andrew Brimmer of the Federal Reserve Board reported last month that American banks increased the flow of money to foreign borrowers by $8.5 billion during the first five months of this year.

"Only a small share of the rise in bank loans to foreigners has been associated with export financing," Brimmer said. "Instead, it appears that, with the termination of non-export foreign lending restraints, banks have de-emphasized export financing and intensified their interest in developing other foreign lending and investment opportunities."

Nothing could be clearer than the fact that the tight money—high interest rate policies worked against the interests of the American economy and the American people.

These policies can reduce the rate of inflation only by subjecting the American people to the suffering of a depression or extended recession.

High interest rates and the rising price of homes, plus the phase-out of federal low- and moderate-income housing programs have brought a sharp drop in residential construction since early 1973.

Prices of homes and rents for new apartments have risen sharply. Credit for builders' loans is drying up and available only at very high rates. Moreover, the upward spiral of interest rates, led by the major commercial banks, has resulted in the large-scale withdrawal of funds from savings and loan associations and mutual savings banks, which are the main source of mortgage money.

Housing starts during the first half of this year were 31 percent below the comparable part of 1973, and in 1973, they were 13 percent below 1972.

Price inflation and the cutback in federally assisted home production have also shifted production toward the high end of the price scale. Less than 5 percent of new homes sold are now priced at under $20,000, and less than 30 percent at under $30,000. The median new home sales price is up to about $36,000.

As a consequence, most American families have been priced out of the housing market. It would now require an $18,000 income to meet total homeownership costs on a home with a $30,000 mortgage, which rules out about three-fourths of American families.

The annual rate of 1.6 million housing starts in 1974, so far, is barely keeping pace with the annual increase in households over the past two years. It does not allow for replacement of an estimated 700,000 units lost from the housing supply annually due to demolitions, fire, flood and other causes, and it does not begin to allow for housing to accommodate the mobility and migration of the population. The overall production deficiency creates housing shortages which breed more inflation.

The question of where low- and moderate-income families will find adequate housing has been ignored by the federal government. The rapidly increasing conversion of housing to condominium status is bringing crisis to hundreds of thousands of families that are being displaced because they can't afford to pay the price.

In addition, it is estimated that as much as 25 percent of the housing units sold this year will be condominiums, and that fact is creating new problems for those who can afford to buy them, as well as for those who can't. Many of these people are finding themselves saddled with escalating management and recreational fees under long-term contracts, as well as mortgage payments. There is no adequate consumer protection at federal, state or local government levels.

The housing chaos created by the last Administration has to be cleaned up as quickly as possible.

We urge the new Administration and the Congress to restore residential construction to a level that will meet the needs of the American people by taking these steps:

1. The Administration should use the remaining unused contract authority for housing assistance payments to make new commitments that will support the construction of additional units under the Section 235 home ownership assistance and Section 236 rental housing assistance programs. It should also utilize such additional authority as the Congress may enact in support of conventional low-rent public housing and assisted housing for the elderly.

2. The Congress should enact sufficient additional contractual authority for annual assistance payments under the conventional public housing, Section 235 and Section 236 programs that would permit those programs to be fully implemented during fiscal years 1975 and 1976.

3. The Congress should enact pending legislation that would permit direct loans and housing assistance payments to provide housing for low- and moderate-income senior citizens.

4. The Congress should enact proposed legislation that would provide for middle-income home mortgage financing at lower interest rates than those presently available, through mortgage purchases by the Government National Mortgage Association.

5. The Congress should adopt legislation to protect American families from abrupt displacement from apartment houses being converted to condominiums, and to protect consumers who purchase condominiums against hidden, long-term charges.

The AFL-CIO is convinced that the tight money-high interest policies pursued by the Federal Reserve are a dire threat to the well-being of the American people. We believe that an immediate and thorough change in monetary policy is essential. We trust President Ford will agree.

For our part, we see an urgent need for much lower interest rates, combined with a selective monetary policy based on social and economic priorities. In our view, the extension of available credit should be eased for high-priority objectives and tightened for low-priority purposes.

Therefore, the AFL-CIO:

1. Urges the Congress to take immediate action to direct the Federal Reserve System to allocate available bank credit on a selective basis—to allocate a significant portion of available bank credit, at reasonable interest rates, for such priority purposes as housing, community facilities and expansion of essential public utility plants and to curb the flow of credit for such activities as gambling casinos, land speculation, hoarding, foreign loans and foreign subsidiaries of American companies.

The Federal Reserve System should also be directed to provide a sufficient expansion of money and credit, at lower interest rates, to encourage the needed expansion of economic activity and job opportunities.

2. Urges establishment of a direct lending program by the federal government to provide mortgages at reasonable interest rates for middle-income housing, as well as expansion of government programs for low- and moderate-income housing, which have been curbed in the past two years.

3. Calls on the Congress to establish a fair and equitable means of raising the required volume of federal revenue to meet the government's obligations for maintaining its operations and expanding essential programs.

Elimination of the major loopholes in the federal tax structure and adoption of an excess profits tax can raise as much as $30 billion of additional revenue. Proposals for further tax cuts for business, which Administration and big business spokesmen are advocating, should be rejected.

The average taxpayer will be able to obtain a genuine tax break when everyone pays his fair share of the federal tax burden.

4. Reiterates our request to the Congress to enact government controls on exports of agricultural and other products in short domestic supply—to be maintained until shortages are ended and inflationary pressures on the prices of such products subside.

Effective government regulation of the commodity exchanges, including margin requirements, is needed to curb price-boosting excessive speculation and profiteering.

The government should rebuild America's stockpile reserves of agricultural products and raw materials, which have been depleted in the past two years. The re-establishment of such reserves to adequate levels as rapidly as feasible is necessary to serve as a price-stabilizing factor, as well as for national security and to help meet domestic or foreign emergencies such as floods, shortages or famines.

5. Urges the Congress to appropriate the funds needed for a large-scale public service employment program. Substantial federal grants to the states and local governments are required to create jobs for the unemployed and provide unmet public services.

6. Calls on the Congress to enact a special program of federal grants to states, local governments and federal agencies to accelerate short-term public works construction and repairs in areas of high unemployment.

Mr. Chairman, there is a great deal more to be said about the grave state of the American economy, but I have confined this testimony to those areas where, in labor's view, the greatest dangers lie. These are the areas that we believe most urgently require the immediate attention of this committee and the Congress.

For five years, the economy has been given heavy doses of the wrong medicine. The resulting imbalances and inequities cannot be allowed to continue very much longer.

We in organized labor have great faith in the strength and resiliency of this nation and its institutions, including its economy. But the time has come to return to a sane, humane system of national priorities and to make the policy changes that are necessary to restore the national economy to health.

American workers and the American people are in deep economic trouble, and they are looking to this Congress and President Ford for relief. That relief must come soon, if we are to escape economic chaos.

BUSINESS WEEK SAYS "MONEY IS TOO TIGHT"

HON. JOHN BRADEMAS

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. BRADEMAS. Mr. Speaker, I ask unanimous consent to insert in the RECORD an editorial from the August 1974 issue of Business Week, entitled, "Money Is Too Tight."

The editorial follows:

MONEY IS TOO TIGHT

Last week's hearings before the Joint Economic Committee of Congress put into sharp focus the great economic question that now faces the nation: Can the U.S. slow down its roaring inflation without pitching the country into a major recession? The answer that emerges from the testimony of Administration policymakers and their critics is: Not if the Federal Reserve keeps driving up interest rates without regard to the effect on prices, production, and investment.

Interest rates have reached the point where they are themselves an important contributor to cost increases. Beyond that, shrinking liquidity and a year-long period of no growth in the economy are warning signals that the Fed is not supplying enough credit to enable the economy to use its resources efficiently.

A sluggish economy generates inflationary forces of its own. In the second quarter of 1974, productivity in the private sector was 2% less than a year ago. Compensation per man-hour was up 8.5%, unit labor costs up 19.8%. This trend will continue unless the economy is allowed to grow. Meanwhile, high interest rates have paralyzed the housing industry, and there already are indications of cuts in capital spending in areas where expansion and cost-cutting investment are badly needed.

The Fed is acting as though it were the only agency in the nation with the courage to fight inflation. But it is no longer fighting alone. The Administration is making a serious effort to sweat the federal budget down toward the level of balance. And Congress has finally reformed its own budget-making procedure to put a check on deficit spending. There is reason to hope that from here on fiscal policy will be designed to slow inflation rather than feed it.

It is time for the Federal Reserve to stop playing Horatius at the bridge and let others share the burden of stopping inflation. It should move from excessive restraint to moderation and let the economy breathe again.

THE WILY WIZARD MUST BE CAUGHT

HON. STEVEN D. SYMMS

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. SYMMS. Mr. Speaker, there still remains in this country many vigorous defenders of constitutional and individual freedom. One of the most respected and widely read is Leonard E. Read, president of the Foundation for Economic Education at Irvington-on-Hudson, N.Y. My friend and teacher, Mr. Read, has recently completed an essay on the roots of expansion of authoritarian activities in our Government.

I would like to share this excellent article with my colleagues:

THE WILY WIZARD MUST BE CAUGHT

Who is the "wily wizard" that must be caught? His name is legion, and millions are under his charm. He is, as the dictionary puts it, "clever . . . but understood as wise." It's not only the millions who mistake the wizard's cleverness for wisdom; he believes himself to be wise! Who is he? Unfortunately, there are countless thousands of these wily wizards—charming us into socialism.

First, let us clearly identify this socialism or communism or fascism—call authoritarianism what you will:

Socialism is the state ownership or control of the *means* of production (the planned economy) and/or the state ownership or control of the *results* of production (the welfare state).

Bear in mind that ownership and control amount to the same thing. One really owns whatever he controls, and he controls what he owns. The things a person does not control are not his own!

So, who are the wizards? Who dreams up and imposes wage, price, production, and exchange controls, sets the hours and terms of labor, introduces social security, medicare, food stamps, and countless other phases of the planned economy and the welfare state?

At this point let me challenge a widely held notion. Our plunge into socialism is *not* because of a conspiracy on the part of Russian communists! Those folks on the other side of the Iron Curtain have very little to do with our plight. The real motivators of socialism in America are the wily wizards in our own population. The first question is: How can they be identified? And, next, how can they be caught? These are the questions I shall attempt to answer.

What is the characteristic that earmarks an individual as a wily wizard? It is mankind's most destructive affliction: the little-god syndrome, the utterly nonsensical notion that some philosopher king could, if given the coercive power to do so, run your life and mine better than we can. Unaware of how low he is on the scale of infinite intelligence, he would dictate even our aspirations. He would direct what we think, drink, eat, where we should work and for how much, what and with whom we must exchange, the purposes for which the fruits of our labor are to be spent, what we may or may not buy; in a word, we are to be carbon copies or duplicates of a self-styled god. He and his tribe are the real authors of socialism in America!

It is easily demonstrable that no single person on earth knows how to make a simple wooden lead pencil.[1] How preposterous for any person to believe he can make another individual in his image, let alone 220 million human beings!

Those who have not reflected on this matter are likely to think that no such wily wizards exist, that my contentions are far-fetched. Well, they are not. The wily wizards range from so-called economists and political scientists to political officeholders. They are to be found among educators, clergy, labor officials, and businessmen. And, unless we have stayed away from the polls, the chances are that all of us have voted for many office seekers who are afflicted with wizardry, more or less.

Example: We do not know what is good for us, but the wizard does. For instance, should we drive our old car rather than buy a new one? How does the wizard propose to decide for us? Place a heavy tax on new cars, thus reducing the demand, the enlarged tax making it possible for the government to do more and more things for us that we are unable to do for ourselves. Freedom of choice would be denied to everyone except the wizard.

Is this a conjured-up example? No, it is real, just one of thousands of schemes to run our lives. While all are of the same coercive pattern, no two are any more identical than are the ideas and preferences of any of the rest of us. This example, however, serves to expose the fallacy of all such coercive schemes.

Let us assume that all of the wily wizards had had their varying dictatorial ways, say since 1865. There would be no telephones or power and light or dishwashers or tissue papers or airplanes or thousands of other conveniences. Indeed, there would be no automobiles for them to regulate or control or tax. Why this claim?

Coercion is not a creative force. No idea, discovery, invention, insight, intuitive flash, ever issued from an edict, however well-intended. Creativity is exclusively the outpouring of human energy not in bondage, of men when free to think, to dream, to imagine, to explore the limitless not-yet. Coercion can only inhibit and penalize—nothing more! Testimony? The American experience which witnessed the greatest outburst of creative energy in all history. Why? Human freedom in greater measure than ever before!

What would the wily wizard think were I to turn the tables, that is, accept his "reasoning" and impose it on him?

To repeat, he insists that our priorities are distorted and that, among other things, we should drive old rather than new automobiles, that he knows better than we what our goals and priorities should be. He does not like our penchant for new cars. To achieve his aim, he would tax new cars off the market. Further, the increased revenue would permit government to do for us what we are "unable" to do for ourselves.

Very well! Suppose I do not favor the wily wizard. To get my way, I shall use his method: tax his livelihood to the point of starvation. Life is impossible without livelihood. I would be rid of him as he would be rid of new cars. I'll wager he wouldn't buy his own wizardry when turned on him any more than I buy his when turned on me. What would I have government do with the increased revenue? Let it do for him that which he, starved to death, would be unable to do for himself! What could government do to better his plight in his situation? No more than it can do for me in my situation!

I agree with Dryden—the wily wizard must be caught. But how? Would I really try to get rid of him as he would rid us of new cars? Of course not; no freedom devotee would ever resort to any such primitive means of attaining his ends. As Ortega phrases it, "Lucifer is the patron saint of mere negativistic revolt . . . even though we freely admit that most of the things revolted against deserve to be buried away."

How then should we go about resolving our conflicting and varying value judgments, admittedly at sixes and sevens? No two of us have precisely the same ideas of what ought and ought not to be; indeed, yours and mine are in constant flux; no one except a mummy ever stays put. My answer: dialogue, free and open discussion, you airing your thoughts, I mine. This is the way to emerge in awareness, to gain enlightenment, to discover truth—now and then a glimmer from you, or perhaps from me. *It is this freedom in discourse that assures ascendancy!*

There are two appropriate ways open to freedom devotees—ways that go hand-in-hand. The first is to think through and explain with all the clarity one can command the fallacy of every totalitarian notion that rears its ugly head, those notions put forth by the wily wizards. I have yet to hear or read one of these notions that cannot be laid bare. Does this mean that you and I must go it alone? No, we can and should help each other in this respect.[4]

The second way presents the real challenge, namely making the case for the free market, private ownership, limited government way of life, along with its moral and spiritual antecedents, far and away better than anyone has yet done. My confession and contention: No one of us, here or elsewhere, past or present, has more than scratched the surface in making the case for freedom. To set the stage for my concluding point, here are a few thoughts by the eminent French philosopher, Alexis de Tocqueville:

"The soil is productive less by reason of its natural fertility than because the people tilling it are free. . . . Some nations have freedom in the blood. . . . Other nations, once they have grown prosperous, lose interest in freedom and let it be snatched from them without lifting a hand to defend it, lest they should endanger thus the comforts that, in fact, they owe to it alone. It is easy to see that what is lacking in such nations is a genuine love of freedom, that loyalty aspirations which (I confess) defies analysis. For it is something one must *feel* and logic has no part in it."[5]

Why did Tocqueville confess that freedom is sustained only by a feeling or love, and that logic has no part in it? Simply this: He, as others of us, failed to make a breakthrough. The generally unrecognized fact? Freedom can be supported by logic just as authoritarianism can be dethroned by logic. Nor will freedom ever reign for long in the absence of logical exposition. Mere feelings are fickle products of the emotions, and have no stability. Feelings are subject no less to inanities heard on every hand than to rare wisdom. Feelings come and go with the winds that blow.

The challenge? It is for a few—assured if many try—to achieve a logical explanation of freedom and its wondrous powers for what is good, right, creative—difficult and seemingly impossible as it is. As I see it, such an attainment is a necessary step in the Cosmic Plan; it is our privileged role in the evolution of man, in the emergence of self. The more we emerge or evolve, the greater will be the intellectual demands upon us. This is as it should be. And look upon this challenge not as a troublesome chore but rather as a blessed opportunity, a phase of creation.

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[1] See my "I Pencil." Copy on request.

[4] See *Cliches of Socialism,* 76 attempts to be of help to others. The Foundation for Economic Education, Inc., Irvington-on-Hudson, New York.

[5] See *The Old Regime and the French Revolution* by Alexis de Tocqueville, (Garden City, N.Y.: Doubleday & Company, Inc. 1955) p. 169.

To cite Ortega again: "The only true revolt is creation—the revolt against nothingness." By revolting against nothingness we attain creativity and the wily wizards are caught; their ways become naught!

PROFESSOR FREUND ANALYZES CONSEQUENCES OF NIXON RESIGNATION

HON. ROBERT F. DRINAN

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. DRINAN. Mr. Speaker, President Ford has assured us that "our long national nightmare is over." It remains to be seen, however, what America's political leaders and the American people have learned from the dramatic events of the past few years. In the attached essay from the Boston Globe of August 10, 1974, the distinguished and eminent Paul A. Freund, Carl M. Loeb, professor at the Harvard Law School, assesses the significance of the Nixon resignation for the future of the United States. I commend his incisive observations to all of my colleagues:

THE GREATEST OFFICE: CITIZEN

(By Paul A. Freund)

We have seen—indeed we have shown—that it is possible to bring about a governmental purge without secret trials, without a military coup, by painstaking exposure that at times may have taxed our patience but that in the end produced an informed consensus that was irresistible. And such an ultimate consensus, requiring enormous patience while it is in the making, is the surest guarantee of stability in political life. If due process of law—or what Chief Justice Hughes once referred to approvingly as undue process of law—has its painful aspects, these are the defects of its virtue. No one will doubt this who witnessed the televised proceedings of the House Judiciary Committee.

THE PRESIDENCY

After the purge, what follows? So far as concerns the office of the Presidency, forecasts for the near future are not too hazardous. The lessons of the immediate past are too plain to be ignored. It is when we essay to predict the effects of that past upon the deeper currents in our society that we have to confess to a murkiness of vision. On this deeper level of changing values, only a reckless prophet would venture to predict the future; on this level, historians themselves have difficulty enough postdicting the past.

Every President has his distinctive style, the method of operation most congenial to his temperament and consonant with his experience. That is why blueprints for the management of the office cannot capture the essential reality, at a given time, of the chief executive's role. And yet the teachings of the travail of the past two years will surely not be lost on Presidents for some time to come.

Congenial or not, greater openness is bound to characterize the office. Isolationism is no less fatal as a policy of presidential conduct than it is in foreign affairs. One of the more disquieting disclosures of recent days, having nothing to do with Watergate, was the statement of the recently discharged director of the Office of Economic Opportunity, who was fired because, as it was put in a letter from General Haig, he no longer had the confidence of the President in what was necessarily a confidential relationship. In the entire year during which he held the office, the director said, he had never met the President.

I thought, in contrast, of the eagerness with which Franklin Roosevelt sought out individuals of widely differing views for face-to-face discussions. I recall, in looking through the Roosevelt papers at Hyde Park, a note from F.D.R. to his appointments secretary, reading "I understand that Harold Laski (the British Labor Party publicist and political scientist) is in town. I want to have lunch with him one day next week. Please arrange." On one notable occasion Roosevelt departed from his practice of wide consultation, and he paid dearly for the lapse. After his landslide victory in 1936 he developed his ill-fated court-packing plan in utmost secrecy, consulting only his Attorney General.

The Presidency is a great educational institution, in a double sense. It is a formidable educational experience for a President, and in turn he is, for good or ill, a great educator of the people. Thus, the openness of the office has a twofold aspect: The open door, and the open book. As Roosevelt was hospitable to people and ideas, he made himself accountable and persuasive through his press conferences and fireside chats. Of course the open book must include sealed passages: contingency planning and judgments not yet formed were protected by the juanty parrying of "iffy" questions. Not every President need be as self-confident and zestful in his personal relations as was F.D.R. Humility can be a powerfully winning trait. But there is a difference between the humility that attracts others and the insecurity that alienates oneself.

If a President were to follow a policy of the open door and the open book to the hilt, he would very probably lack the time and serenity necessary for reflection and judgment. He must have lieutenants who can share the burdens and opportunities of communication. These would be men and women of stature, with experience in public life, who could serve particularly as liaison officers with Congress and its committees. But they would not be public reltations specialists. Each would have an assigned substantive field broader than that of a single Cabinet member. Free of departmental administrative responsibility, these assistants could interpret executive policy to the Congress and convey congressional concerns to the President. They would not be wrapped in a cloak of executive privilege or anonymity; on the contrary, they would be individuals of high visibility commensurate with their responsibilities. As a symbol of their relationship to the Congress, their appointment by the President might be made subject to confirmation by the Senate.

Whatever the style and the institutional arrangements of a future President, the office is not likely to diminish in its preeminence. The dynamics of our governmental processes and the demands of world affairs will assure the dominance of the Presidency. In some respects, to be sure, Congress has acted to restore a better balance in the system. The War Powers Act requires the President to secure congressional approval within 90 days after he has committed American troops to armed hostilities abroad. The recent Budget Act sets up a mechanism within Congress for the supervision and control of aggregate expenditures, and limits the President's authority to impound appropriated funds. These are important measures, long overdue, but they hardly fetter and the central powers of the presidential office and they surely do not displace the need for presidential leadership.

Has our recent painful experience demonstrated a need for a constitutional amendment that would simplify and expedite the process of removing a President from office? Some observers, fretting over the immense amount of time and effort spent on the impeachment proceedings, have looked enviously at the parliamentary system, where a mere vote of no confidence dissolves the government in power and forces a special election.

There are, however, a number of objections to importing the British practice. A prime minister does not occupy the same position, either symbolically or actually, as our President, who is more than a first minister, in fact the head of state as well as of government. Moreover, presidential leadership would be threatened by a too easy means of removal. The stability of our government would be jeopardized more severely than theirs, since a prime minister can count on party discipline and on his role as leader of the dominant parliamentary party, while a President could be at the hazard of an unfriendly majority in Congress. Also, a special election means that every member of the House of Commons will have to stand for re-election, while no similar political check has been suggested for members of Congress. It is dangerous to draw one thread from a complex pattern of government and undertake to insert it in a very different pattern.

Impeachment is indeed a protracted process, but that is not a bad attribute for the use of an ultimate weapon. It remains a credible threat, and, as we have witnessed, it can be effective without pursuing it to the very end.

THE NATION

The constitutional crisis has been weathered. The institutions and procedures established by the Constitution have worked, and worked magnificently: a free press, an independent judiciary, the impeachment process, the succession to the Presidency provided in 1967 by the Twenty-fifth Amendment.

What is more problematic, and in the long run more basic, is whether a moral crisis of America as a people has been recognized and surmounted. For the events of Watergate reflect, in caricature to be sure, some of the strains in the national character. We have accepted manipulation as a way of life; we have acquiesced in secrecy when there should have been disclosure; and we have tolerated intrusions into the affairs of individuals when there should have been respect for privacy. All of this moral flabbiness has been magnified on the highest levels of public life. To see it revealed there is like being jolted at the reflection of oneself in a convex mirror at a carnival—an image distorted and grotesque, but recognizable nonetheless.

We have come to accept ourselves as the objects of manipulation instead of the subjects of persuasion, whether in advertising or in politics. In political contests the arduousness of the Lincoln-Douglas debates is replaced by the relaxation of the TV spot commercial and the billboard. The labor and talent go into the medium, which in a bleak sense becomes the message.

The behavioral sciences have joined forces with the physical sciences to enable us to send response-conditioning messages without the inconvenience of passing them through the mind. One is reminded of the citation for an honorary degree conferred by President Eliot of Harvard on Prof. Morton Wheeler: "Distinguished entomologist, who has shown that in the world of insects, too, organized societies can be maintained without the use of reason." Insects, at least, are conditioned by innate instincts, not by the calculated ministrations of their fellows.

If three expressions could be expunged from the language, my candidates would be "stroking," "game plan," and "scenario."

For 40 years we have been living in a psychology of crisis, real or supposed, and so it is understandable that we have come to accept both secrecy and invasions of privacy as a normal order of things. The paradox of "Measure for Measure" is upon us: "There is scarce truth enough alive to make societies secure, but security enough to make fellowships accursed. Much upon this riddle runs the wisdom of the world."

The symbolism is there for everyone to see, in the construction of the new FBI building in Washington, which overshadows and seems to overwhelm the Department of Justice building standing opposite. Wiretapping aroused the press, to be sure, when it was revealed that some of its own members were the victims; nothing so concentrates the mind as the goring of one's own ox. What has been lacking is the power to feel imaginatively what we perceive intellectually, the power to imagine that which we know. Justice Holmes told of a friend who imposed a set of fines on his servant for particular shortcomings: "For want of imagination, five dollars." Since that time costs have gone up appreciably.

Rarely have encomiums been so lavished on the Constitution as in recent weeks, especially during the televised proceedings of the House Judiciary Committee. It remains to be seen how deep and enduring will be this recommitment to the traditions of reason, courage, and justice which animate our national charter. The quality of our government, of our public life, will reflect the attitudes, the culture, of the nation at large. We have experienced an orderly, if painful, transition in our highest public office. More important will be the question whether we will be moved by the whole experience to a clearer appreciation of the values we profess, and a more active insistence upon them in public and private relationships. For it remains true that in a democrary the most important office is that of citizen.

FRENZEL LISTS MEMBERSHIPS

HON. BILL FRENZEL

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. FRENZEL. Mr. Speaker, today I am entering into the Record the board memberships which I now hold.

As previously indicated, I hold membership on no business boards. I have tried to confine my current memberships to projects whose work does not conflict with my congressional duties. Of the boards listed, three are congressional advisory boards for youth groups, two might be described as medical and humanitarian; and three are research or study groups.

The list follows:

1. Distributive Education Clubs of America (Chairman, Congressional Advisory Board).
2. Washington Workshops (Congressional Advisory Board).
3. Close Up (Congressional Advisory Board).
4. National Cystic Fibrosis Research Foundation (Honorary Trustee).
5. Project Concern (Director).
6. Public Services Options (Honorary Board Member).
7. Center for New Democratic Process (Advisory Council).
8. Bicentennial Forum: Boston Examines the American Experiment (Program Advisory Committee).

IRS SHOULD NOT BE POLITICAL ARM OF THE WHITE HOUSE

HON. JERRY LITTON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. LITTON. Mr. Speaker, the traumatic events surrounding the impeachment issue soon will be history. While politicians, political scientists, press, and the public will be discussing the pros and cons of this matter for years to come, what we as responsible Representatives must now do is to take positive steps to see that what has happened does not happen again.

This body must clearly illustrate to the citizens of this Nation that their elected Representatives will, by their actions and not just their words, act to remove the abuses of the Watergate era and restore integrity to government.

Changes in campaign spending laws will go a long way toward eliminating some of the practices used by the Committee to Re-Elect the President which eventually led to the so-called Watergate affair. While this aspect of the Watergate affair bothered many, the attempts by the White House to make the Internal Revenue Service the political arm of the executive branch was equally offensive, if not more so, to many others. We must respond to this abuse in the form of legislative initiatives to assure that the Internal Revenue Service remains at arms length from whoever occupies the White House.

In this regard, it is my understanding that in the next few days, the Treasury Department will provide to the Congress a legislative proposal governing disclosure and inspection of tax returns to tighten safeguards of taxpayer privacy. In advance of this action, I commend the distinguished Commissioner of the Internal Revenue Service, Mr. Donald C. Alexander, for his determination to see that the integrity of the IRS is restored and maintained. However, since this proposal—as is the case of all agency-initiated proposals—has had to undergo the process of compromise in responding to the needs of various interested executive branch agencies, who possibly find it in their best interests to see present practices continued, I must state my candid apprehension as to its possible shortcomings.

In all my years as a private citizen and now as an elected Representative, seldom have I seen a situation where individuals readily give up the powers they possess. This is especially true of our Federal bureaucracy, and I would be both amazed and delighted to see any change in this human condition. My fear is, and there is ample evidence to substantiate it, that rather than give up access to tax data, agencies instead would like to broaden their access. It is for this reason that Congress must thoroughly review this issue and seek legislation which will genuinely insure against any further victimizing of the American taxpayer.

Nothing has meant more to me, save my family and God, than the vow I made to the citizens of my district and this Nation to uphold the Constitution and the personal liberties this document guarantees. High among the basic rights detailed is the right of citizens to be secure in their persons, houses, papers, and effects against unreasonable searches and seizures.

Ever since I have been sworn in, I have been trying to get legislation passed which would accomplish this purpose and block bureaucratic schemes which would lay bare tax information of our citizens. At first I introduced a bill which would stop an Executive order issued by President Nixon to open up the tax returns of 3 million farmers to the Department of Agriculture. Over 100 Members of Congress, representing both rural and urban constituencies, cosponsored this bill with me. With their help and the help of other interested Members, the diligent and unrelenting investigation of House Subcommittee on Foreign Operations and Government Information chaired by Congressman Bill Moorhead, the support of President Ford in his capacity as Chairman of the Domestic Council Committee on Privacy, and the continued concern of a first-rate journalist, Mr. Alan Emory, we were successful in seeing this Executive order rescinded.

I urged then that legislation was needed which would alter current treatment of returns, guaranteeing that your tax return and mine were private and confidential, unless otherwise specified in the law, instead of public record, unless otherwise specified in the law, as is now the case. In October of 1973, I introduced a bill which would accomplish this purpose.

Quick enactment of my bill, coming on top of earlier successful efforts to prevent abuse of confidential information filed by classes of American taxpayers, will make unmistakably clear that the Congress is opposed to "Big Brother" tactics and is in favor of citizens' rights to privacy.

Testifying before a Senate Judiciary Subcommittee 2 weeks ago, Wednesday, July 31, Commissioner of the Internal Revenue Service Donald C. Alexander urged the Congress to tighten the laws permitting access to income tax returns stating that existing statutes, which in fact permit access, are weak and inadequate.

Sworn statements have been provided by ex-Commissioner Randolph W. Thrower and his successor, ex-Commissioner Johnnie M. Walters that, indeed, members of President Nixon's administration had attempted, and in some cases succeeded, to politicize this Government agency.

Further evidence of this abuse of the IRS is amply demonstrated by review of Presidential tape recordings. For example, in a House Judiciary Committee transcript of a March 13, 1973, Presidential tape recording, the President asked John Dean whether he needed "any IRS stuff" and Dean responded by stating:

> There is no need at this hour for anything from IRS, and we have a couple of sources over there that I can go to. I don't have to fool around with Johnnie Walters or anybody—we can get right in and get what we need.

My bill, H.R. 10977, provides firm criteria for the inspection and review of returns, and limits this inspection to tax administration or law enforcement purposes. It specifically details methodology of inspection, and contains provisions for limited inspection of returns by which both the legislative and executive branches can adequately fulfill their constitutional obligations of appointment and review to high government posts.

Current attempts to politicize the IRS are nothing new. This is a bipartisan issue because both Democratic and Republican administrations have suffered from individuals who could not resist the temptation to use the vast, confidential data stored by the Internal Revenue Service, or to obtain favors for political friends or harassment of political enemies. In the late 1950's, ex-Commissioner Joseph Nunan went to jail for accepting bribes and Assistant Attorney General T. Lamar Caudle was convicted with President Truman's appointment secretary, Matthew Connelly. As a result of this scandal, scores of other IRS officials, including the Assistant Revenue Commissioner and Chief Counsel, resigned under fire.

Confidence in our Government and those who govern is near an alltime low. Neither the actions of Richard Nixon nor J. Q. Congressman are held in very high regard. Confidence in our taxing system, always a trademark of the American system and a virtual American monopoly like so many other matters in the Watergate era, is on the wane.

The way to improve the image of Congress with the American people and to restore confidence in both the Government and those who govern is for us to take positive steps to see that what has just happened does not happen again. Seeing to it that the most confidential of records, tax returns, remain confidential would be a big step in the right direction.

RESTORING CONFIDENCE WITH DIXY

HON. LAMAR BAKER

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. BAKER. Mr. Speaker, Dixy Lee Ray, Chairman of the Atomic Energy Commission, recently addressed the 16th annual Public Relations Society of America Institute at the University of Maryland. Richard D. Smyser, editor of the Oak Ridger of Oak Ridge, Tenn., also spoke at the same institute, the theme of which was "The Restoration of Confidence in American Institutions." Dixy Lee Ray accepted the responsibility of restoring confidence in science and technology. We have Richard Smyser to thank for reporting on Dixy Lee Ray's unique approach to making science and technology understandable to more people. I recommend his "Editor's License" editorial which appeared in the July 26 issue of the Oak Ridger. It carries some golden nuggets of thought for all of us. The editorial follows:

Restoring Confidence With Dixy

Two weeks ago I followed Dixy Lee Ray. It was at the 16th Annual Public Relations Society of America Institute at University of Maryland. She spoke on a Wednesday afternoon. I followed on a Thursday morning. Former Supreme Court Justice Tom C. Clark was on in between.

So much of science, Chairman Ray said, is "outside the realm of human experience." That's why the public has trouble understanding science.

There needs to be more science study for those who have no intention of going into science, she said. I thought of the College of Oak Ridge, a liberal arts college with a strong emphasis on science, we had hoped.

The Atomic Energy Commission, she thinks, brought a lot of its credibility troubles on itself. For too long the AEC went around saying, "Trust us. Don't ask a lot of questions. We know what we're doing."

At the same time, she sees nuclear power advocates as sort of latter day Prometheans. It was because Prometheus stole fire from the gods that he was punished so severely.

The discovery of nuclear energy is something of a modern equivalent of Prometheus' feat. And AEC people, she said, often feel punished.

Chairman Ray dislikes scientific jargon. She practices what she preaches. She gives perspective to the evolution of mankind with this example, based on the assumption that the Earth is four and a half billion years old and its time has been compressed into a year:

Jan. 1—Earth is formed.

May—The first single living cell evolves.

Nov. 12—Dinosaurs.

Dec. 26—Mammals.

Dec. 31–10:30 p.m.—First mammal stands on his hind legs.

Dec. 31–11:55 p.m.—The pyramids.

Dec. 31—11:55:57—Columbus.

Jan. 1–12:00:01—The industrial revolution.

More than three-quarters of the creatures of this earth were extinct before man evolved, she says. How or why, who knows?

If it hadn't been for the industrial revolution, man might be extinct today.

She looks around the room. She points to the aluminum frames on the chairs, the synthetic materials in the drapes and carpeting. None of these would have been there 50 years ago.

During the questions and answers she is asked again about nuclear power—its dangers. Plutonium is mentioned.

Plutonium, she agrees, is nothing to fool around with, but she questions whether it is, as many have called it, the most dangerous substance ever.

She conjures two glasses on the speaker's rostrum. One is water with common garden oleander. The other is water with plutonium. Which, if she had to make a choice, would she drink? The plutonium by all means. The oleander would be absorbed and would kill. Plutonium, she said, is dangerous only when it gets into the lungs. It would most likely just go straight through.

One of Chairman Ray's recurring themes is an emphasis on the inevitability of risks. Stress, she suggests, is not just inevitable, but desirable. Throughout nature, it is the organisms that have undergone stress that are most healthy.

She is convincing.

So is former Justice Clark as he exudes faith in the basic goodness of young people if they are only given a chance.

When he was attorney general, he decided he wanted to do some direct personal work in prisoner rehabilitation. He chose a school for delinquent boys in Washington. He announced that he would be there each Saturday and would talk to any youngster who had something to say. On his first call, three showed. But, after conversations, he put two of those three on parole.

"The next weekend I had to stay over Sunday," he recalled with a chuckle.

Justice Clark seriously doubts that prisons solve problems. He thinks also that it might be better for panels of criminologists to decide on sentences for those convicted.

Theme of the institute was: "The Restoration of Confidence In American Institutions." Dixy Lee was restoring confidence in science and technology. Justice Clark was restoring confidence in the courts. (My role was to restore confidence in the media.)

Summing up, the chairman of the sessions, Ray E. Hiebert, director of the University of Maryland college of communications, spoke of three simple themes which ran through the message of each speaker:

1. Work within existing institutions;
2. Involve the people—take people into confidence;
3. Tell the truth.

I almost shouted "Amen!"

PRESERVING THE PAST

HON. WILLIAM F. WALSH

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. WALSH. Mr. Speaker, all too often in this country's great rush toward progress and prosperity, we forget and ignore the values and lessons from the past.

However, there are those among us who are mindful of what can be learned from history and who are dedicated to the preservation of the physical landmarks of the past.

One such person, a resident of my congressional district, recently received national recognition for his role in an historical restoration project in the Finger Lakes city of Geneva, N.Y.

H. Merrill Roenke, Jr. was honored by the National Trust for Historic Preservation for his work on Rose Hill. An article in the May 5, 1974, edition of the Washington Post talked of the honor:

Preservation: Awards for Past Victories

(By Sarah Booth Conroy)

In the brick-paved atrium of Decatur House (itself a 19th-century building saved from ruin by a determined and weathly woman), the National Trust for Historic Preservation on Tuesday will pay tribute to people from across the United States who have stubbornly refused to have their past paved over to make parking lots.

Most of those who will be honored, with awards presented by Mrs. Lyndon Johnson, are the winners of fights long since ended. The names of the buildings they have saved or the preservation problems they have overcome, though, are still well known.

It is perhaps a measure of the slow progress of preservation that the National Trust is just now getting around to honoring these successes of past years with citations for "significant achievements in historic preservation."

Among the honorees:

H. Merrill Roenke, Jr. for restoring Rose Hill east of Geneva, N.Y. and the Geneva Historical District.

Rose Hill is generally admitted to be one of the best of the Greek revival houses. The white Ionic columned building was finished just in time for a visit on Sept. 9, 1839, from President Martin Van Buren to its owner, Martin Kerley Strong, a retired New York City wool broker.

Alice Winchester, retired editor of "Antique" magazine, said, "When I first saw Rose

Hill a dozen years ago, it was fast becoming a beautiful ruin and there seemed little hope of its rehabilitation. Last spring I saw it again, fully restored, furnished, landscaped—an impressive and gratifying sight. The work was done with the knowledge and conscience and at considerable expense: Mr. Roenke, I understand, was the prime mover in the enterprise, raising money, supervising the restoration, and actually participating . . ."

David Brumberg, director of the Geneva Historical Society, said of Roenke, a merchant by profession, "he is both pillar and post" to the society.

Since 1969, Rose Hill has been open to the public from May through October.

Mr. Roenke's contributions to the preservation of history were further chronicled in an article in the May 8, 1974, edition of the Geneva Times. That article follows:

Roenke Helps Preserve History

(By Stella Cecere)

H. Merrill Roenke Jr. of Geneva, chairman of the Rose Hill Restoration Committee, was among eight national winners receiving special awards Tuesday from the National Trust for Historic Preservation.

In recognition of his contribution to Rose Hill Mansion on Rt. 96A, Roenke received the award from Mrs. Lyndon Johnson in ceremonies in Washington, D.C.

As the nation's oldest historic preservation organization, the Trust's yearly award program recognizes "those individuals who have demonstrated significant achievements in local—and or regional preservation." In view of this, Geneva Historical Society Director G. David Brumberg commented that "The award to Mr. Roenke brings honor not only to him personally, but also to the society and to the entire Geneva community."

Brumberg said Roenke was the "driving force" behind the Rose Hill restoration project. He explained that through the generosity of benefactor Waldo Hutchins, work on the mansion was begun in 1966 "and major decisions on how the 1839 Greek Revival mansion was to be restored and furnished were made by Roenke."

Opened last week for its fifth season, Rose Hill today stands as a major attraction in the Finger Lakes region and is regarded as a significant contribution to the architectural legacy of the nation.

Director Brumberg noted, however, that Roenke would be the first to point out the important role played by many other Genevans in the Rose Hill restoration, "including the contractor, the craftsmen, and all those who gave furniture, china and paintings." But it was the intention of Mr. Hutchins, Bromberg said, to involve the community in the interior decoration of Rose Hill. It worked, and the mansion's furnishings represent contributions from over 200 individual donors in this area.

Roenke's citation noted personal contributions far beyond the confines of Rose Hill. He is a past board member and two-term president of the historical society. He served as chairman of Geneva's Historic Fund Committee whose activities were made possible through an anonymous gift. In this capacity, Roenke played a central role in administering the establishment of the local historic district.

Accomplishments here included the saving of an 1815 home (Ludlow House) threatened by demolition and moving it to another site, the purchasing and restoration of two historic row houses endangered by a high rise and the restoration of a porch on the historic Blackwell House at Hobart College.

In addition to local involvement, Roenke has served as consultant to the Steuben County Planning Board (1970) and has spoken before historical societies in Canandaigua, Gorham, Pultneyville and Warwick.

He is a former city councilman and is on the boards of the Geneva Savings Bank, the YMCA, the Rotary Club, and the Ontario County Historical Society. He serves on the advisory board of the Salvation Army and is a vestryman of St. Peter's Church.

A partner in J. W. Smith's dry goods store, Roenke also teaches courses in antiques and rush-and-cane seat weaving in adult education programs at Geneva High School. He and his wife, Marion Guess Roenke, live at 91 St. Clair St.

Rose Hill Mansion opened its fifth season May 1. Coinciding with the observance of National Historic Preservation Week, the traditional Candlelight Open House will take place Sunday from 7:30–9:30 p.m. The public is invited by this ceremony at no charge. Daily hours at Rose Hill are Monday through Saturday from 10 a.m. to 4 p.m. and Sunday from 1–4 p.m.

PAUL S. TAYLOR—OUTSTANDING SCHOLAR, CONSERVATIONIST, AMERICAN

HON. JEROME R. WALDIE

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. WALDIE. Mr. Speaker, in the past few years of service in the House of Representatives, I have had the pleasure of meeting many great men who have given me assistance in gathering important data and advice on the vital issues of the day.

When I needed expert consultation on water reclamation law and policy, Mr. Speaker, I have always turned to Dr. Paul S. Taylor—very likely the most learned authority on this issue in the Nation.

Paul Taylor is presently professor emeritus of economics at the University of California, Berkeley. He formerly served as chairman of the university's departments of economics and international studies.

He has been a member of the University of California faculty since 1922 and has also devoted time and his massive energies to a truly extraordinary number of commissions, governmental agencies, and humanitarian causes.

He is author of several noted books, including the much-honored "American Exodus: A Study in Human Erosion" which he coauthored with his late wife, the great American photographer, Dorothea Lange.

Mr. Speaker, it is my privilege and high honor to place in the CONGRESSIONAL RECORD Professor Taylor's most recent published work, an article in a recent Sierra Club bulletin, "Reclamation and Exploitation," a most incisive look at the 160-acre limitation and reclamation law.

This is an important article, Mr. Speaker, and I hope that the Members of the House study it carefully:

Reclamation and Exploitation

(By Paul S. Taylor)

Ever hear of reclamation law's 160-acre limitation on water deliveries to irrigators? Have you been told that this is "petty political tyranny," inefficient and uneconomic? That because of it the housewife pays more for food in the market? That it is an outmoded myth from bygone times? That it should be eliminated, as the Public Land Law Review Commission, under former Congressman WAYNE ASPINALL, recommended? (More recently, Senator Lee Metcalf of Montana called this body the "National Watered-Down Commission" because the Nixon Administration replaced members friendly to "the 160.")

Or have you heard that the 160 is a true conservation instrument, essential if properly used, for achieving a decent environment, even for preserving a decent rural society from self-destruction? Ever hear that in Imperial Valley, where the law goes unenforced, almost nine out of ten farm workers (87.3 percent) belong to the economic lower class, compared to, say, Iowa, just outside the reclamation belt, where the proportion is less than one in seven (13.6 percent)? Ever hear that the Sierra Club, joined by Friends of the Earth, National Wildlife Federation, and other civic and labor organizations, sees opportunity for using the 160 to check reclamation's current diseconomies, and through public planning to preserve open spaces and a decent physical and social environment?

Each generation defines "conservation" for itself. Today we are witnessing a great revival of public concern for conservation, and an expanding definition of its meaning. The word itself entered popular usage in the early 20th century, but action came earlier. Preservation of rare and scenic sites came first, notably Yellowstone Park. At that time, when men talked of water they spoke of "reclamation"—"irrigation" if too little, or "flood control" if too much. Only later was the word "conservation" used to cover alike preservation of sites and proper use of resources. Today, "environment" and "ecology" are added to "conservation," and Secretary of the Interior Rogers C. B. Morton reminds us that the meaning of environment "must include man himself." In so doing he opens doors and raises more questions than his department answers.

By whatever name you call it, national reclamation policy is a conservation perennial. It could not be otherwise. It seeks to govern the use and misuse of natural resources—millions of irrigated acres of land, more millions of acre-feet of water, and billions of public dollars to store the water and—at a right time and place—to move it to thirsty land. Who decides how much water is to be taken from where, and moved to where? Who pays? Who benefits?

The search for answers began in 1902, when Congress enacted the Reclamation Law. Particular attention was given to the last question; who benefits? Congressman Francis G. Newlands of Nevada explained as the bill was pending that President Theodore Roosevelt had invited members of the House Irrigation Committee of both parties to the White House for consultation. Personally familiar with the extent of large private landholdings in the West, Roosevelt, in Newland's words, ". . . was somewhat in doubt as to whether the bill was sufficiently guarded in the interest of homeseekers. . . . We all wanted to preserve that domain in small tracts for actual settlers. . . . We all wanted to prevent monopoly and concentration of ownership, and the result was that certain changes were made absolutely satisfactory both to the Executive and to the Irrigation Committee. . . ." With these changes, he said, the reclamation law would assure "above all, holding that vast [western] area for the unborn generations . . . in your States of the East . . . the Middle West, and . . . the South, to be held as a heritage for the entire people . . . dedicated forever to American home building, the true foundation of the Republic." These concluding words were greeted with "applause" and the bill became law, reciting that "No right to the use of water for land in private ownership shall be sold for a tract exceeding 160 acres to any one landowner, and no such sale shall be made to any landowner unless he be an actual bona fide resident on such land, or occupant thereof residing in the neighborhood. . . ."

Building on this foundation President Roosevelt in 1908 assembled the first Conference of Governors of the States. Natural resources was its subject, and its title was "Conference on Conservation." In the spirit of the Reclamation Act, the Declaration of the Governors states: "We declare our firm conviction that this conservation of our natural resources is a subject of transcendent importance, which should engage unremittingly the attention of the Nation, the States, and the People in earnest cooperation. We agree that the sources of national wealth exist for the benefit of the People, and that monopoly thereof should not be tolerated."

However, neither a governors' declaration nor even a statutory enactment suffices to ensure adherence to principle and law. Only the other day, 71 years after passage of the Reclamation Act, with its prohibition of water monopoly, the *San Francisco Chronicle* appropriately headlined a story on the law with these words: "The Endless Water War of the 160." To anyone familiar with western history this need be no surprise. As long ago as 1877, the "war" was forecast by the *Visalia* (California) *Delta*, and the questions raised: Who pays? and, Who benefits? In words that serve as text for this phase of a century of western history the *Delta* reported: "No one would believe that shrewd, calculating business men would invest their money on the strength of land rising in value while unimproved, for even the farmer himself has to abandon it who endeavors to add to its value without water. At the same time, purchasers are not lacking who would add it to their already extensive dry domain and the people . . . will find themselves confronted by an array of force and talent to secure to capital the ownership of the water as well as of the land, and the people will at last have it to pay for. . . ."

The forecast came true. In 1947, a Bureau of Reclamation economist testified that the subsidy to water users along the Friant-Kern Canal in California's Central Valley was 75 percent or more of the cost of providing the water. In 1957, six California Congressmen estimated that the *unrepaid* federal subsidy to landowners for watering Central Valley Project lands amounted to $577 an acre, or $92,320 for 160 acres, exclusive of flood-control subsidy. On the entire project, irrigation was allocated 63 percent of cost, but irrigators were asked to repay only 17 percent. On western projects generally, recent estimates place the unrepaid subsidy to irrigators at from $400 to $2,000 an acre, varying from project to project. These subsidies tell who pays, and give half the answer to who benefits. Interior Secretary Harold Ickes rounded out the answer in 1945, corroborating the 1877 forecast of the *Visalia Delta*. The drive to avoid application of "the 160" designed to distribute reclamation benefits among "the many" instead of among "the few," he explained, is simply "the age-old battle over who is to cash in on the unearned increment in land values created by a public investment."

That is how sympathetic administrators up to a generation ago described the issue and pointed the direction in which solution lay. They did not say they wanted public planning of the environment in the reclamation belt, but clearly they were unwilling to leave the outcome to self-serving, large landholding interests. Yet no one has described more realistically how decisions have been made than William E. Warne, former Assistant Commissioner of Reclamation. In 1973 he wrote: "Since June 17, 1902, . . . projects have been undertaken where a sufficient number of representatives and senators desired them and when congressmen who wanted the work done were strategically placed on committees in which authorizations were originating in order to get the necessary action." Aside from engineering considerations, that describes past land-use planning only too well.

Five years ago the Sierra Club took a fresh look at the problem and sought ways of doing something about it. To begin with, the law says that in order to receive water, the owners of "excess lands" above 160 acres must agree to sell the excess at the pre-water price, literally "without reference to the proposed construction of the irrigation works. . . ."

The Sierra Club, concerned to preserve the environment, has proposed taking full advantage of this opportunity. It proposed in 1968 the "federal purchase of excess lands. . . with the understanding that lands so purchased would be sold or leased under open space regulations."

The idea caught on Congressman Robert W. Kastenmeier of Wisconsin introduced a Reclamation Lands Authority Bill to fulfill unrealized potentials of the historic 1902 statute that marked the dawn of the national conservation movement. Support came quickly. Identical bills were introduced in the 92nd Congress by six California Congressmen: George Danielson, Ron Dellums, Don Edwards, John McFall, Edward Roybal, and Jerome Waldie. Four Senators did likewise: Birch Bayh, Alan Cranston, Fred Harris, and Philip Hart. The Interior Committees, then chaired by Congressman Wayne Aspinall and Senator Henry M. Jackson, have so far held no hearings on the bill.

Congressman Kastenmeier sees the public stake in his bill in the broadest terms inviting coalition support. Its purposes he described as three-fold: "One, to enact a long overdue, and long recommended, method for enforcing the public interest provisions of reclamation law; two, to finance public education by grants of revenues created from public water development just as grants of 94 million acres of public lands financed public education at an earlier point in our history; and three, to enable the public itself, through a newly established authority, to plan the environment that public water development creates." The proposal has drawn support from other conservation, civic, and labor organizations, including the National Education Association, and awaits hearings.

The bill's potential for preserving rural open space has been estimated at 900,000 acres in California alone, provided "the 160" is fully enforced. It could curb the inroads being made on prime agricultural land by urban sprawl in critical areas, notably in California and Arizona, where the opportunity for conserving agricultural land is confronted by considerable resistance. Enforcement of "the 160" would also discourage large corporate farm combines from continuing to push for further water reclamation projects, which, for the most part, have proven uneconomical for everyone but them. Finally, by encouraging smaller farms, enforcement of "the 160" would give us a better chance to get away from our present dependence on pesticides and inorganic fertilizers, the use of which seems closely tied to large-farm economies.

In 1962, Senator Paul Douglas, of Illinois, threw light on the paralysis of reclamation policy that nominally, but not actually, governs water development in this country. Commenting on the circumvention of reclamation policy on the California Water Project, he told the Congress: "I think we all know the practical difficulties in such a situation as this. The land is owned at present by a relatively small number of persons and corporations, each one of which owns an enormous amount of land. . . . They are organized, powerful . . . do not wish to have their holdings broken up . . . and . . . can marshal tremendous resources in support of their position and against anyone who tries to stand against them. . . . Those who might benefit from the acreage limitation . . . the small farmers who would come into being . . . if the huge holdings were broken up are persons in the future . . . they lack voices and in a sense are unrepresented."

Republican California Congressman Donald L. Jackson spelled out in 1949 what this means on the Salt River in Arizona, a project initiated a half-century ago and on the boards for expansion. "It is true that under reclamation law," he said, "each individual ownership is entitled to 160 acres of irrigated land. However, in the Salt River area alone, which contains more than two-thirds of the proposed Arizona project, there are 995 ownerships in excess of reclamation law. About 32 percent of the irrigable land in this one area is held in excess ownership.

"True, the Bureau of Reclamation says that the 160-acre law will be enforced. . . . But we know that this law has never been enforced there. There is no reason to believe it will be enforced in the future. Rather, there is every reason to believe that it will not be enforced. . . . If the . . . project should be authorized . . . the idle land now held by the big landowner will immediately increase in value six to ten times. If . . . the large landowner should be forced to sell all but 160 acres, he would, of course, sell at tremendous profit."

Opportunity for public environmental planning was likewise circumscribed by bureaucratic circumvention of the law in the Sacramento Valley. In 1964, the *Sacramento Union* reported "an historic compromise" after endless negotiations. The settlement allows excess land owners, by various devices, to "get the water without having to break up their farms. . . . Thus a battle which has been waged since 1944 when Shasta Dam was built, ended." The *Union* forecast this ricochet: "Similar contracts are also being prepared for use in San Luis Project water." As part of the so-called compromise, the Bureau of Reclamation abandoned all attempts to collect repayment for 19 years' use of project water by the Sacramento diverters.

In 1933, a Secretary of the Interior ruled that the excess-land law does not apply to Imperial Valley, California, although the valley is saved from inundation and served in other ways by the Boulder Canyon Project. There, as noted earlier, nearly nine of ten "farm personnel" belong to the "lower class," and 4.4 percent belong to the "upper class." Half of the irrigated lands of the valley are owned in parcels larger than 160 acres. The secretary's executive assistant, a distinguished water attorney, recorded his opinion contrary to the secretary's ruling previous to its issuance, and subsequently testified before Congress that the law simply "has been ignored." Today the issue is before the Ninth Circuit Court of Appeals. It got there, not through the insistence of the Departments of Interior and Justice, but through the persistence of 123 landless Imperial Valley residents alerted and guided by a Brooklyn physician who had come to the valley to practice medicine.

One could go on and on. The devices destructive of public control over water and land monopoly are infinite, and thoroughly exploited. With their success and spread, opportunity for public planning of open space and the environment recedes.

Why is it so hard to obtain enforcement of the reclamation law at the hands of officials who administer it? Why is law observance relegated as a last resort to the courts, with the initiative and the costs of preserving what the law promised them left so largely to farm families and the landless? Can it be that bureaucrats perceive more clearly than others that "the 160" is indeed—as alleged—no more than "petty political tyranny," and inefficient and uneconomic besides? That it is a burden on consumers? That it is an outmoded myth from long ago? And that wisely in the public interest they relax enforcement to a bare gesture? This is the burden of unending public-relations attacks upon national reclamation policy and law. Can it be true? The questions call for specific answer.

Is "the 160" really "petty political tyranny" imposed upon landowners of more than 160 acres? In 1958, the U.S. Supreme Court listened to argument calling the law formally "a taking of vested property rights both in land and . . . water," and charging that it "discriminate[s] between the nonexcess and the excess landowner." The Court's immediate response was that "We cannot agree. . . . In short, the project is a subsidy, the cost of which will never be recovered in full." The 160-acre law, continued the Court, does not deprive owners of excess lands "of any rights to property or water." In other words, the claim of "petty political tyranny" seeks unsuccessfully to turn the truth bottom-side up.

Does "the 160" render agricultural production inefficient and uneconomical? On September 18, 1971, the *California Farmer* undertook to evaluate the charge that it does. In carefuly chosen words it said: "What happens when irrigation water is introduced into the arid area? Does the 160-acre limitation help or hinder? What does farming become under imposed conditions? Southern Tulare County may not give a final answer, but it is old enough so there is a pattern of farming emerging. . . . Short-term financing has become almost routine. Methods to make agriculture profitable are working. Economies of big production are in evidence. Also, the economies of the small producer are there. Farm planning has been brought to engineering perfection. Production costs have been held if not actually reduced. . . . This has been done even in the face of the accusation that the limitation was throttling, rather than helping agriculture. The limitation rule actually appears to be solving long-term financing for many owners. . . . In this operation, efficiencies usually attributed to large acreages can be met and perhaps surpassed for an owner of less than 160 acres. . . . The barren land of southeast Tulare County is fast becoming a profitable garden with high-quality country living." Here it may be noted that the average irrigated farm in California is 142 acres.

Is "the 160" a burden on consumers, who might fare better with products from much larger producing units? Comparing the market impact of larger with smaller farms, Philip M. Raup, Professor of Agricultural Economics at the University of Minnesota, testified in 1972: "The large farm appears to be efficient, cost-conscious, and the source of much of our efficiency in agricultural production. But . . . if there are only large farms, the potentials for collusion, market sharing, restrictions on entry of new firms, and outright supply control are enormously increased. It is a part of our mythology of large farms that they are efficient. But the key question is: efficient at what? For very large farms, the answer is clear: At the exercise of market power . . . the effects of concentration in agriculture are quite likely to drive up the relative price of food in the long run." And Raup pointed out that "What is now needed is a research effort that will alert communities to the potential environmental costs of large-scale agri-business firms."

With these diversionary allegations examined—tyranny, inefficiency, high production costs, and high market prices—we return to the fundamentals of conservation and wholesome environment. The admonition of the original Governors' Conference on Conservation not to tolerate resource monopoly is not out of date, although in practice it remains in jeopardy. The same is true of the 1902 statutes' preference for public planning of water and land use over private speculation. The Supreme Court's reassurance that the meaning of the 160-acre limitation is that reclamation projects are "designed to benefit people, not land," has a very modern ring. The fate of this principle is uncertain, however, notwithstanding approval by the highest court. As remarked earlier, administrators relax enforcement under pressure.

A conspicuous example is the State Water Project of California. Faced with the prospect that Congress would refuse to exempt Federal Central Valley Project from acreage limitation, *Business Week* reported on March 13, 1944, that "if the big landowners in the valley lose out in this particular fight they have several other proposals to accomplish their end. One of them . . . said to have originated among the big landowners of Fresno County, is for the State of California to take over the Central Valley project, paying the entire bill." Years elapsed, but finally the idea took hold.

In 1960 the voters of California, assured that the project "will pay for itself," approved a $1.75-billion bond issue by a small margin. They were ill-informed that motivation for the state project was to escape acreage limitation; likewise that three of the State's senators and Governor Brown had publicly assured Congress, in Brown's words, that "the State of California will commit itself to invest more than $11 billion . . . over and above the Federal program.' Outlay on the state project already has reached $2.8 billion, not including the huge interest payments this commits the state to make to retire construction costs. In water-receiving districts such as Metropolitan Water District in Southern California, property owners pay for project water whether they receive any or not, and the state's taxpayers, north and south, underwrite the entire bill.

Notwithstanding that Congress—besought to exempt the state project from acreage limitation while allowing joint use of reservoir, pumping, and canal facilities—had debated for six days and refused exemption, administrators signed a federal-state contract minus any provision for acreage limitation.

A decade has elapsed awaiting challenge of the administrators' omission of acreage-limitation law from the contract. It has been left to private citizens to undertake this. Now four Central Valley family farmers have brought suit in San Francisco Federal District Court. Two conservation organizations—the Sierra Club and the North Coast Rivers Association—have asked to intervene in the case on the side of the farmers seeking observance of the law. On August 2, 1973, the presiding judge granted their motion. This is a great step to assure full airing of the conservation and environmental essence of a law that too many, for too long, have assumed was little more than an economic technicality. The Sierra Club, with others, is moving into a key role in two branches of government, to represent the public interest in preservation of a decent environment, practically and effectively.

BANKS: THE DANGERS OF RECKLESS GROWTH

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. BIAGGI. Mr. Speaker, the management of the money and credit markets in this country is partly the responsibilty of the Government, but primarily the responsibility of the Nation's banks. During recent years we have witnessed major bank failures, disruption of basic mortage markets and the tightest credit in history for businessman and consumer alike.

Mr. George A. Mooney, chairman of the Washington Federal Savings & Loan Association of New York recently commented on the situation in a letter to the editor of the New York Times. His remarks, I am sure, will be of immense benefit to my colleagues, and therefore I would like to include them at this point in the RECORD:

[From the New York Times, July 24, 1974]

BANKS: THE DANGERS OF "RECKLESS" GROWTH

To the Editor:

We agree with your recent editorial "Drowsy Watchmen." It is a serious indictment of the structure and supervision of our financial institutions that the developing problems of Franklin National Bank were not resolved before the institution reached its present extreme circumstances.

As a former New York State Superintendent of Banks, I can attest to the extreme difficulties faced by regulatory agencies when an institution shows signs of weaknesses. Such a situation presents classic Hobson's-like choices where the banking authorities are expected to intervene to correct inadequate management, yet risk making the bank's problems worse by the act of intervening. All the more reason, therefore, why we should be ever watchful that the structure of financial institutions, as well as the response of the regulators, operate to insure stability and conservative management.

The Franklin case dramatizes recent drastic changes in the banking industry, perhaps without adequate consideration of possible consequences. For example, has not the bank holding company form of organization, which Franklin adopted, encouraged commercial banks recklessly to expand and diversify their activities beyond their traditional area of competence?

The holding company concept undoubtedly enabled Franklin to mushroom, but in the process sound management was sacrificed. Regulatory agencies should reverse this trend before the entire banking system is permanently weakened, and encourage the return of commercial banking to serving the financial needs of business.

Along these lines, and of direct interest to us in the mutual thrift industry (savings banks and savings and loan associations), is the issue of converting mutual (depositor-owned) thrift institutions into stockholder-owned organizations. Federal policymakers are leaning strongly toward legalizing such conversions on the theory that the stockholder form of ownership will make it easier for thrift institutions to grow rapidly.

One of the principal causes of the Franklin debacle was its "frantic race for growth." It would be tragic to subject the thrift industry to stockholder pressure for growth and increased profits.

Regulatory bodies should encourage commercial banks to lend to business and the mutual thrift industry should continue meeting the nation's housing needs. Financial institutions should not engage in speculative and risky enterprises in the name of growth.

GEORGE A. MOONEY

NEW YORK, *July 13, 1974.*

ADMINISTRATION OPPOSES PROVISION IN MASS TRANSIT BILL TO EXEMPT IT FROM THE NATIONAL ENVIRONMENTAL POLICY ACT

HON. JOHN D. DINGELL

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. DINGELL. Mr. Speaker, H.R. 12859, the Federal Mass Transportation Act of 1974, contains the following provision in section 506:

> The National Environmental Policy Act shall not apply to any project subject to this section.

The "section" to which this sentence refers provides for the approval of plans, specifications, and estimates for public mass transit projects.

Representatives ABZUG, HOWARD, ROE, VANDER VEEN, and TRAXLER objected to this provision in supplemental views in the Public Works Committee report of August 1, 1974.

This is the broadest exemption yet regarding NEPA. In most other bills, the committees have been content to exempt the particular program only from the NEPA requirement for an environmental impact statement. But the Public Works Committee wants to go further.

I am opposed to the committee's action.

Others opposed to the above-quoted anti-NEPA provision are:

Sierra Club, United Auto Workers, League of Women Voters, Izaak Walton League, and Friends of the Earth.

Mr. Speaker, I am glad to see that the administration also opposes this anti-environment provision. The position of the administration is expressed in the following letter which I commend to the attention of the Members of the House of Representatives:

COUNCIL ON ENVIRONMENTAL QUALITY,
Washington, D.C., August 14, 1974.

Hon. JOHN A. BLATNIK,
Chairman, Committee on Public Works, U.S. House of Representatives, Washington, D.C.

DEAR MR. BLATNIK: On July 25, the House Committee on Public Works reported out legislation on mass transit for consideration by the full House. Section 506 of that proposed bill includes language to exempt mass transit projects from the requirements of the National Environmental Policy Act, including the need to prepare and circulate environmental impact statements on major projects. I believe that a careful examination of the record of UMTA to date on NEPA compliance shows that this provision is neither necessary nor desirable. Moreover, as the first proposed exemption of a public works program from NEPA, it would be a dangerous precedent that would be strongly opposed by environmental groups and a large segment of the public.

Since enactment of NEPA four and one half years ago, UMTA has produced impact statements on only nine agency actions, an average of two per year. This would hardly seem to be the basis of a justification for exempting the program from the major law giving the public review over the environmental impact of government actions. There have been one or two complaints filed with the Council over the same period with respect to funding delays being blamed on environmental review within UMTA. To the extent the Committee believes these internal UMTA reviews continue to be a problem, we would be happy to work with UMTA to pin down the cause of the problem and help work out more expeditious procedures.

Environmental impact statements perform a valuable service to the public with respect to new large-scale transit investments. They present the transit proposals to local residents along with an analysis of its environmental impacts and those of alternatives to it. They help the public to understand the relative tradeoffs of bus, rail, and other basic transit modes, and invite public and expert comment on the proposed best method. In short, the NEPA process complements nicely the overall efforts made in your proposed transit bill to move decisions out to the urban areas and the public who will be using the new facilities.

The bill includes language for a type of substitute environmental review to be carried out by the Secretary. Aside from the fact that this procedure runs counter to efforts in the bill to give more decision authority to local officials, it has an even greater weakness. It substitutes a series of vague and subjective standards of review for the precise and well-established procedures of NEPA. As such, it will probably require considerable litigation and project delays in order to develop the necessary specificity of guidance that already exists under NEPA. Meanwhile, it is safe to assume that any lawsuit to be filed under NEPA would simply be shifted to a suit on the adequacy of the new untested procedures.

In summary, it is the opinion of the Council that the NEPA exemption in section 506 of the proposed bill is unnecessary and undesirable and that the substitute provisions outlined in the Act will result in increased delays in the approval and execution of mass transit projects needed to improve the environment in our cities.

Sincerely,

RUSSELL W. PETERSON,
Chairman.

MR. FORD AND CONGRESS

HON. ROBERT P. HANRAHAN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. HANRAHAN. Mr. Speaker, the feelings toward our new President, Gerald R. Ford, have been largely favorable—on both sides of the aisle. Having been minority leader of the House will definitely improve the relations between the White House and the Congress. For my colleagues' benefit, I wish to insert the following Chicago Tribune editorial:

[From the Chicago Tribune, Aug. 12, 1974]

MR. FORD AND CONGRESS

As President Ford sorts out the enormous array of problems confronting him, his first item of business must be to knock down the wall that has arisen between the Presidency and Congress and to restore the sense of cooperation between the two branches of government that was intended by the Founding Fathers.

The Constitutional safeguards they provided were designed to prevent either branch from abusing its powers and dominating the other, but it was not meant that they should be in a constant state of conflict. The hostility between the Nixon Presidency and Capitol Hill was raging long before Watergate, and a return to teamwork has been long overdue.

True, political pressures and national exigencies make a perfect balance of power impossible. But some equilibrium can be achieved, especially if both branches seek it. Mr. Ford, with his sense of fair play and understanding of the workings of the legislative branch, is ideally suited to help bring this about.

His long friendship and close association with many leaders and members of Congress should also serve as a restraint on those in that body who would pull the pendulum in the other direction and try to dominate the Presidency.

There has been a continuing erosion of Congressional powers, but it predates Mr. Nixon by many years and the Congress itself is largely to blame. It surrendered its budget-making prerogatives to the executive decades ago and yielded in areas of foreign and military policy thru such lapses as the Gulf of Tonkin resolution. Mr. Nixon's hostility does not seem so groundless when one considers the large number of political rivals in the Senate who have been more interested in advancing their own Presidential fortunes than in solving the nation's problems.

Mr. Ford has been Congress' best friend in the White House. If its members put aside their partisan concerns and seek to build on that friendship, all of us should be richly rewarded. As President Ford addresses a joint session of Congress tonight, this thought may be assumed to be in the minds of both the speaker and most members of his immediate audience.

MR. FORD AND THE PEOPLE

One of the happiest aspects of President Ford's brief Vice Presidency was his candor and accessibility in dealing with fellow politicians, the public, and the press. He harbored no hostility or fear and viewed no one as his enemy; he was friendly and cheerful and always willing to listen.

If he can preserve that attitude in his new office—even beyond the "honeymoon" that will doubtless be accorded him—he may have one of the most successful Presidencies on record.

One problem inherent in our system is that the President serves both as head of government and as head of state. Tho the Founding Fathers sought to deprive the office of any kingly attributes, many Presidents have adorned themselves with them in the name of their function as head of state.

In the Nixon Presidency, this trend was almost absolute. Whatever Richard Nixon might do, the President could do no wrong. His authority was not to be questioned; no criticism, unkindly word, or [quite often] bad news was to be tolerated. Sensible advice from veteran politicians like Melvin Laird and former newsmen like Herb Klein was ignored. The politicians, the public, the press, and even many of Mr. Nixon's subordinates became enemies. He stopped listening. He slammed shut the door and it sealed his fate.

But a President cannot adequately function as head of government if he sees himself solely as head of state. Politics, like power, flows both ways. Politicians and the press do not serve merely as conduits to transmit Presidential power and the party line to the people; they are there to transmit the public's mood and will to the White House as well, a mood and will a President ignores at his peril.

The essence of good government is communication—an open door that not only permits the people to see inside the Oval Office, but permits its occupant to see outside as well.

Mr. Nixon never seemed to recognize that. Mr. Ford, thru his 25 years in the House and nine years as minority leader, has learned it well. His pledge to continue his policy of openness is one of the most encouraging signs of the new administration.

BEYOND SADNESS LIES THE PRIDE

HON. PAUL FINDLEY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. FINDLEY. Mr. Speaker, Helen K. Copley, chairman of the corporation, the Copley Press, Inc., is the author of an editorial which appeared August 9, in the State Journal-Register, Springfield, Ill. Her comments on the presidential transition are especially timely and I set them forth below:

[From the State Journal-Register, Aug. 9, 1974]

BEYOND SADNESS LIES THE PRIDE

(By Helen K. Copley)

Americans who share this moment of history will reflect the full spectrum of emotion—sadness, disappointment, revulsion, satisfaction, relief and pride—yes, pride.

For all of its bitterness, for all of the cost that it has levied upon our land, the final tally, where The State Journal-Register is concerned, includes a strong measure of pride—pride in our system; pride in the behavior of the great bulk of our legislators, pride in the forebearance of Americans across the land, pride in the energy and resourcefulness of a free and fearless press.

Those are the great ingredients that have brought Watergate to its end and, because of their combined strength, Richard Nixon, as a public official, is gone. His parting does not follow the course we would have preferred; our hope, throughout, being that the total constitutional process would be applied and that every senator and representative would be obliged to record his vote.

But it did not work out that way. The constitutional cycle has been foreshortened and Mr. Nixon is gone, by his own choice. With him, we pray, passes an era where the corruption of power attacked the very roots of the American system.

Mr. Nixon's greatest sin was not his exploitation of those around him. It was his abuse of the great power of his office coupled with a tragic betrayal of the millions of American people who trusted in him.

In the aggregate, the citizens of this land ask for little. Most of them pay their taxes, observe the laws and aspire to be left alone. They respect their leaders, believe in them and sustain them. In return they expect those leaders to behave, if not perfectly, certainly within the reasonable limits of Christian probity. When leaders do not behave properly they may expect no patience and little compromise.

And that describes the sad—the bitter—case of Richard Nixon. Returned to his high office with an election majority of dramatic dimensions, he, like a royal heir, had only the brightest of horizons for his stewardship. Then, amid an array of major accomplishments in behalf of international peace, it became apparent that something was wrong at home. The evidence of just what it was—its enormity—grew but the matter was fully illuminated only this week, when it became clear by the President's own admission that he had violated his trust. That is the truth of it, and the people reacted as they might be expected to react.

Out of it all, there will come many lessons and first among them is the fact that the United States of America is sound and strong. It will survive this crisis and, indeed, will grow stronger from it. The presidency itself, having endured the crucible of the last few months, is a better institution as it passes into the hands of Gerald Ford.

Our hope now is that this dedicated and altogether able man will lead our nation away from the bitterness and rancor of Watergate and into a new era of political morality.

Meanwhile, we will do well to reflect with compassion on Mr. Nixon's family and on all the other innocents whom Watergate has injured, praying that the qualities that have made our nation great will serve as a rock to which all of us who grope for strength today may cling.

LOS ANGELES CENTER RATES TESTS

HON. ALPHONZO BELL

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. BELL. Mr. Speaker, virtually every education bill ever passed has required evaluation of the programs it establishes. We here in the Congress as well as educators across the Nation, want to know what works, and what does not work, so that we can improve our ability to help children learn. But the development of accurate methods of evaluation is itself a difficult undertaking. An acknowledged leader in the field is the Center for the Study of Evaluation at the UCLA Graduate School of Education. This center, which is supported by the National Institute of Education, has developed innovative evaluation techniques for use by education agencies throughout the country.

The outstanding record of the center was recently outlined in an article appearing in the Los Angeles Times which I commend to the attention of my colleagues:

[From the Los Angeles Times, July 24, 1974]

L.A. CENTER RATES TESTS FOR EDUCATORS' USE

(By Carol Mock)

WASHINGTON.—Thanks to tools developed by the Center for the Study of Evaluation at the UCLA Graduate School of Education, elementary school teachers and principals are learning how to choose standardized tests for their students that really measure the skill they are teaching.

In the past, standardized tests, which are given to almost every school child to measure academic and intellectual standing on a national or local level, were never rated to find out if they measure what they claim to measure or if they are suited to the person taking them.

For example, a test may claim to measure reading when it in fact tests maturity. In another instance, the center has found that small type makes a test more difficult for kindergarten children.

The center's ratings of tests have been put together in a book for use by educators who want to choose a specific learning goal for their students—such as "Remembering Information" or "Using Fractions"—and then find the test which best measures that skill.

What the center calls its "Consumer's Guide to Tests" is one of several ways in which it is trying to help teachers and school administrators deal with growing public concern for accountability in education. There is an increasing need for people on the local school level who can evaluate weaknesses in their programs and find ways to deal with them.

Tightened budgets and a variety of teaching innovations are also forcing educators to make tough decisions about the best ways to teach.

The Los Angeles-based research is the only work in the country on test evaluation, which the center defines as determining the kinds of decisions that have to be made, finding and analyzing pertinent information and giving it to the decision-makers.

The stated goals of the center are to teach educators how to make the best decisions about their teaching and programs and to "assure the availability of the resources for effective evaluation practices."

In addition to the books which first came out in 1970 and are now being revised, the center has developed kits and workshops. It is also working on bilingual programs and the tests needed for them.

Marvin C. Alkin, director of the center, told a group of newsmen in Washington that the test evaluation books were forcing test publishers to upgrade their products.

He said publishers complained to him that they had to add research units so they would be in a position to dispute the center's findings and that they now needed training sessions for their salesmen.

"That's exactly what we would have had them do," Alkin said.

One area the center's work does not deal with is bias—sex, racial and cultural—in standardized tests. Such bias automatically gives some groups of students higher scores than others and misleads teachers as to the real needs of their students.

An innocent example of such bias given by Alkin is found in the question "Where is football played?" The correct answer is "on a field", but Alaskan students might say "on a pond" because a frozen pond in the winter is the only place they play the game.

Alkins said that although the center had done some research on the bias question the staff had found it too complicated to incorporate into the rest of their test evaluations.

Although all of the center's present projects are for use in elementary schools, plans have been made to expand to all levels of education. A test evaluation guide for use in junior high and high schools is scheduled to come out this fall.

The government-financed center was established in 1966 along with seven other university-based educational research and development centers and eleven educational laboratories located throughout the country.

GILMAN'S SENIOR CITIZEN CONSULTANT

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. GILMAN. Mr. Speaker, my Washington office recently had the privilege of conferring and working with Mrs. Rue Kingsley, of Goshen, N.Y., who has been appointed senior citizen consultant for our 26th Congressional District. Earlier this year. Mrs. Kingsley was selected by my Senior Citizen Advisory Committee to represent the older Americans in my district, to focus attention on their needs, making their views known and to inform them of pending Federal legislation which could be of benefit.

Following her conferences and internship in Washington, I received the following report from our senior citizen consultant which I thought would be of interest to my colleagues and to those senior citizens who may be interested in some of our national programs:

JULY 19, 1974.

DEAR CONGRESSMAN GILMAN: As Senior Citizen Consultant for the 26th Congressional District, the opportunity to spend a week in Washington with your office staff and with federal officials was highly informative and beneficial.

Permit me to summarize my activities while in Washington:

On June 17, 1974, my husband and I drove to Washington where I began a week of meetings and consultations with representatives of AARP/NRTA, with the Senate Special Committee on Aging, the Administration on Aging, the Senior Citizen Division of the Republican National Committee, the Social Security Administration and the Division of Older Americans Volunteer Programs of ACTION.

These discussions about the many Senior Citizen problems informed me about the AARP/NRTA national health proposals for older and disabled Americans—proposals to expand Medicare from limited coverage for a limited number of people to a comprehensive program of national health insurance for all persons over age 65 and for disabled persons presently covered under Medicare. I share with you the urgency for enactment of national health legislation, especially provisions for catastrophic illness, the latter being a disastrous threat to the economic stability of older persons living on retirement incomes.

In a conference with representatives of the Senate Special Committee on Aging, I learned about H.R. 11105, a proposal to extend for three years Nutrition for the Elderly, a program providing meals in group settings for older persons unable to afford adequate nutrition. I am pleased to learn that this measure has now been enacted (Public Law 93-351).

In my discussions with a representative of the Administration on Aging, I was informed about the advantages of working with the New York State Office for the Aging which, under the Older Americans Act, administers federal funds throughout our State for planning, training, transportation and for establishment or expansion of multipurpose centers for older persons.

Having also reviewed the problems of providing housing for our elderly, I was extremely pleased that during my Washington visit, on June 20th, I was able to personally observe from the Gallery of the House of Representatives, the passage of legislation providing low-interest loans for construction of vitally needed non-profit housing for our older persons. I understand that this measure has now been reported out of the House-Senate Conference Committee.

As in earlier discussions with legislative representatives of AARP/NRTA about the problems encountered by many N.Y. State SSI recipients, the major topic of discussion with officials of the Senior Citizen Division of the Republican National Committee and the Social Security Administration was the implementation of the new Supplemental Security Income Program which nationalizes payments for low-income aged, blind and disabled persons.

I was pleased to learn about the special "strike force", established to locate those who may be eligible but who have not applied for SSI. When located, the number of persons drawing SSI payments nationwide is expected to climb to six million. I was astounded to learn that hundreds of people in our region are not receiving any SSI benefits because they failed to notify the Social Security Administration that payments due had never arrived. As one of my District projects, I intend to enlist some volunteers to help seek out those who may be eligible but who are not receiving benefits.

Although the SSI program is basically sound, some glaring inequities have emerged since becoming effective on January 1, 1974. I was pleased to learn while in Washington about your efforts to correct some of the legislative oversights and to assure that SSI recipients will be eligible for food stamps, for cost-of-living increases in both Federal benefits and State supplements and for limiting the decrease of federal guidelines to 10% instead of the one-third reduction in payments for retarded children living at home.

During the course of my Washington conferences, it was pointed out that another area needing remedial legislation involves the eligibility requirements for SSI benefits which state that the market value of an applicant's home may not exceed $25,000 and insurance policies may not have a total face value of more than $1,500. At a time when escalating costs and soaring real estate values make this criteria unrealistic, it prevents many of our needy aged, blind and disabled from receiving benefits for which they would otherwise be eligible.

My last scheduled meeting during my week in Washington was with an official from ACTION, the agency which now includes the Peace Corps, VISTA and several other volunteer programs. It was gratifying to learn that more than 90% of the total number of volunteers in all of the ACTION programs are senior citizens, with 55% having served for more than three years. The Foster Grandparents program under ACTION was of particular interest to me, since it is specially designed for low income persons, 60 years of age or older, who give needed care to institutionalized children with special physical, mental or emotional handicaps. The economic benefits for the senior volunteers include an annual physical examination, meals, transportation, accident insurance and a stipend of $1.60 per hour. The non-economic benefits reported by Foster Grandparents showed 92% felt less financial worry, 95% reported satisfaction with life, 94% a feeling of being useful to others.

The Rockland County Council for Senior Citizens, Inc., of New City, New York is currently administering such a program. Since there is a continuing need for Foster Grandparents, I am urging interested individuals and members of senior groups to contact your district offices in order to expand this worthwhile program for Orange, Rockland and Ulster counties.

At this meeting, it was also pointed out that the largest volunteer program in terms of the number of participants, is the Retired Senior Volunteer Program (R. S. V. P.), which accounts for 85,600 volunteers nationwide, all older Americans, who work on a variety of community projects, utilizing special skills in hospitals, schools, institutions, poverty areas and wherever the need may arise. The Rockland Community College in Suffern, New York was an active participant in this program last year.

Out of all of the information and knowledge I gleaned about our government's agencies, its Senior Citizens programs and legislation concerning our older Americans, I hope and pray that some action will emanate in easing the burdens of those of us who, in the winter of our lives, are urgently in need of housing, medical facilities, adequate nutrition; so that our tax burdens may be lightened; that we may continue to participate in programs to improve the quality of life and so that we may retain our dignity and pride as members of society.

My week of conferences and internship with your staff in Washington was highly informative. Now, I look forward to being able to apply all of this information to the practical benefit of our senior citizens, as I embark on my work as your liaison with senior citizen groups throughout our 26th Congressional District.

Sincerely,

RUE KINGSLEY,
Senior Citizen Consultant, 26th Congressional District.

UNITED STATES-CHINA RELATIONS

HON. JONATHAN B. BINGHAM

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. BINGHAM. Mr. Speaker, Robert Barnett, director of the Washington Center of the Asia Society, has done some hard thinking about our present and future relations with the People's Republic of China. In an article in the Baltimore Sun of July 24, he has outlined several specific steps the United States should take to advance and solidify the relations between our two countries. Without such action, he points out that détente with China may be forced to depend solely on the "fragile magic of personalities."

I commend this article to the attention of my colleagues who are concerned about the course of our relations with Peking and Taipei:

UNITED STATES-CHINA RELATIONS: BUTTRESSING THE SHANGHAI COMMUNIQUE

(By Robert W. Barnett)

WASHINGTON.—Trust in the Shanghai Communique, as a contract between governments, should be restored. It has been looked upon too much, perhaps, as a private understanding between Secretary Kissinger and Prime Minister Chou En-lai and their principals, whose effective exercise of authority is currently being questioned variously on grounds of failing health, intervention of foreign policy concerns other than Sino-American relations, and the distracting effects of various domestic challenges.

The stabilizing influence of the Shanghai Communique in strategic calculation within the Pacific legion is too important to be allowed to depend upon the fragile magic of personalities.

Secretary Kissinger has recognized this need in telling audiences that "despite periodic accounts of supposed ups and downs in our bilateral relations, there should be no doubt in anyone's mind, that from the United States point of view, we remain firmly on course. . . . No policy of this administration has had greater bipartisan support than the normalization of relations between the United States and the People's Republic of China.

Senator Jackson, recently returned from Peking, now favors full normalization of diplomatic relations between the United States and the People's Republic of China. Ambassador Bruce, soon expected in Washington for consultations, perhaps in connection with another visit by Secretary Kissinger to Peking, will report that he hears fears expressed in Peking of Washington backsliding from Shanghai Communique commitments.

Washington's commitment to détente would be reinforced by seeing that a variety of more or less inconspicuous actions begin to originate in various parts of the government—with respect to Taiwan.

The first of several useful moves could be for the Executive Branch to applaud Senate approval of S. 3473 where, in Section Four, the Formosa Resolution of January 29, 1955 is repealed. This resolution is something other than our Mutual Defense Treaty with the Republic of China which commits the United States to defend a treaty area comprising Taiwan and the Pescadores in case of military attack, and is respected silently in the Shanghai understandings.

The 1955 resolution says that if military activity outside of the treaty area could be construed as intended to threaten the treaty area, the President is authorized to employ American armed forces to oppose it. This resolution gave congressional authority for Washington's support of Taipei during the frightening Quemoy crisis in 1958.

That historic crisis planted seeds of distrust between Peking and Moscow: open Sino-Soviet hostility became apparent just a little while later. That crisis also revealed that Quemoy was, from Peking's standpoint, worthless in itself but was a symbol of Peking's and Taipei's common contention that there is but One China—a strategic linchpin.

When as envisaged in the Shanghai Communique, Chinese on both sides of the Taiwan Strait start talking together, Quemoy, with its massive investment in fortifications and manpower will be a part of the business on their agenda. The Executive Branch should applaud a congressional action which says that the future of the offshore islands is their business and their business alone.

Second, the United States should encourage Taipei—the Republic of China—to differentiate detente, which can present constructive tactical opportunities, from rapprochement, which might have far-reaching strategic consequences. Taipei now stands stiffly aside from the detente with Peking being sought by Washington, Tokyo and in many quarters of South and Southeast Asia. In fact, Taipei condemns moves toward constiffly aside from the detente with Peking and other capitals. It was a petulant anachronism, for example, when Taipei tried to block Tokyo's civil aviation agreement with Peking. Instead, Taipei should recall that even under the almost forgotten Hallstein Doctrine, Bonn traded with the East, and should observe that even President Park of South Korea recognizes that for him to talk with North Korea is necessary within his strategic environment. Washington should inform Taipei plainly that for it not to trade or talk with the People's Republic of China creates a risk of being viewed as a troublemaker within the area, and, in time, a prospect of crippling isolation for itself.

Third, Washington should make for itself frequent opportunity to advertise the substantial reductions of United States military forces on and related to Taiwan and explain that they represent carrying out the general strategic intention of the Shanghai Communique. Doing this would put in context the recent puzzling sale of submarines to Taipei which was, actually, merely completion of a transaction commenced long before the Shanghai understandings.

Senator Jackson may have preempted another move which the Executive Branch should be making—to declare that the longer term American goal, implicit in the language and spirit of the Shanghai Communique, is the establishment of a full scale United States diplomatic establishment in Peking, while preserving something like a United States liaison office in Taipei.

Surfacing this definition of our objective might provoke inconvenient exploration of heretofore intractable questions.

The Shanghai Communique would be reconfirmed significantly, however, in having Washington seem to be declaring that Taiwan should be but another province of One China, with Peking administering China's foreign and defense policies, thus eliminating the Taiwan Strait as an arena for foreign military intervention, while at the same time indicating that the different historical, economic and cultural realities of Taiwan justified political arrangements that allowed differences, and some separateness, for Taiwan.

Both Peking and Taipei might well have objections to any position by Washington, perhaps arguing that it constitutes intervention in China's internal affairs. But so long as the Mutual Defense Treaty of 1954 remains on the books, Washington is entitled to express a view as to what might be done by others to make that treaty irrelevant, unnecessary and obsolete.

Were we to declare this to be our hope and wish, Taipei might act in ways designed to convince the American people that it deserved protection because it had no hostile intent of its own toward anyone.

Meanwhile, Peking might be encouraged to offer to Taipei arrangements which accommodate peacefully the two economic and social systems one to the other, and would credibly end justification for any future United States interference in the internal affairs of China.

A STUDENT REPORTS ON RADIATION HAZARDS

HON. GILBERT GUDE

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. GUDE. Mr. Speaker, I would like to share with my colleagues an interesting paper that has resulted from my summer high school intern program. Thirty-five outstanding high school students from the Eighth District of Maryland have recently completed a 3-week program of seminars, field trips, and individual research. Each intern selected a topic of current interest, conducted a close study of problems and possible solutions, and submitted a paper of his or her findings at the conclusion of the program.

From these, I have chosen one that has been especially timely in light of the energy crisis, and our latest increase in the use of radiation. The paper, written by Celia Goldman and Laurence Kirsch of Walt Whitman Senior High School, is an excellently documented analysis of the dangers of transporting radioactive materials on commercial airlines. This is a field in which few safety guidelines have been outlined. Several bills have been introduced in Congress with reference to possible reforms in this area and I feel that this paper will be a valuable contribution to the 93d Congress.

Running a close second and third to Ms. Goldman's and Mr. Kirsch's paper are two fine papers submitted by Peter Kirsch, of Gaithersburg High School, on the environmental impacts of utilizing oil shale, and an analysis by David Schwab of Walt Whitman High School on the presidential impoundment of funds. The other interns who participated in the program are as follows: Jeffery Anders, of Woodward High School; Barbara Auerbach, of Kennedy High School; David Benenson, of Wheaton High School; Richard Dagen, of Springbrook High School; Dianne Dilenno, of Ursuline Academy; Claude Fecteau, of Good Counsel High School; Geoffrey Gavett, of Springbrook High School; Lori Granger, of Churchill High School; Richard Graves, of Peary High School; Susan Harwood, of Woodward High School; Margaret Horak, of Immaculata Preparatory; Jill Johnson, of Walt Whitman High School; Laurie May, of Paint Branch High School.

Jill Passes, of Georgetown Visitation; Laura Power, of Ursuline Academy; Eric Rechen, of Einstein High School; Anora Reinburg, of Holy Cross; Kenneth Riffle, of Montgomery Blair High School; Maureen Ryan, of Holy Trinity; Henry Schmeltzer, of Landon High School; Kirsten Schroder, of Holton Arms; Marin Scordato of Georgetown Preparatory; Ira Selkowitz, of Einstein High School; Lois Marie Shelton, of Peary High School; Lyn Skillington, of Sherwood High School; Michael Skoler, of Walt Whitman High School; Gary Snyderman of Bethesda Chevy Chase; Wendy Van Cott, of Holton Arms; Eric Young, of Northwood High School; and Robert Zuccaro, of Magruder High School.

The text of the winning paper is as follows:

SAFETY AND HEALTH HAZARDS IN THE TRANSPORTATION OF RADIOACTIVE MATERIALS BY AIR

(By Celia Goldman and Laurence S. Kirsch, Walt Whitman High School)

Every day one-half million Americans travel on 13,000 airline flights, unaware that there is a one out of three chance that their flight is carrying radioactive materials. It has been estimated by the Atomic Energy Commission (whose figures are far more conservative than most) that sixty per cent of these shipments are in some way in violation of the regulations governing transportation of radioactive materials by air. These alarming figures and a recently publicized incident have prompted us to review this situation in terms of the regulations involved, the studies conducted and the hearings held. After evaluating the various aspects of the problem we have constructed several proposals we believe viable in protecting the public from the dangers which now exist in transporting radioactive materials by air.

* * * * *

The "energy crisis" has added to radioactive risks. As research and development of nuclear power is speeded up, more shipments are being made. At the same time, according to the Civil Aeronautics Board, cargo plane service is being phased out. These facts, along with continued rapid discoveries of new radioisotopes, mean that more and more radioactive shipments are being forced onto passenger airliners which carry 200 million passengers per year.

There are certain characteristics of air travel which contribute to the danger of transporting radioactive materials by air. One cannot get out of an airplane if he discovers something hazardous. Airplane crashes are also more likely to be catastrophic than crashes of other vehicles are. The limited space in an airplane restricts possible separation distance between radioactive materials and passengers. In fact, in one series of aircraft (the F-27) radioactive shipments must be placed in the passenger compartment. In addition, planes carrying radioactive shipments are not required to be placarded as other modes of transportation are. Such shipments are not even allowed on passenger trains or buses. Finally, air travel unavoidably exposes people to an amount of cosmic radiation greater than on the ground; it is unfortunate that an avoidable dose is added in the form of radioactive shipments.

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Radioactivity is by nature an insidious and elusive phenomenon. It cannot normally be seen or felt as it ionizes the atoms of which our bodies are composed. The amount of radiation received by the body is a function of intensity, duration and frequency of exposure.

Radiation can affect the body in several ways. It is definitely known to trigger or contribute to sterility, miscarriage, and cancer. Genetic mutations and chromosomal aberrations threaten deformity in future generations. The head of the Airline Flight Attendants (AFA) contends that flight attendants suffer an abnormally high rate of miscarriages and children with birth defects.

In spite of all the radiation standards and limits, many reputable scientists believe that any exposure to radiation is harmful and that no packaging device is foolproof. The National Transportation Safety Board says that all radiation protection criteria depend partially on ". . . value judgments based upon the concept that there may be some degree of risk at any level of exposure. The BEIR report of the National Academy of Science upholds the idea that there is no agreement or proof that there is a threshold below which there is no damage to the human body by radiation. Dr. Karl Z. Morgan, former director of the health-physics division of Oakridge National Laboratory explains that there is always the probability of a proton hitting the body in such a way as to cause damage such as cancer.

Children are generally four times more vulnerable to the effects of radiation than are adults. Radiation often settles in the bone marrow of children and fetuses. Dr. Alice Stewart has demonstrated an increased incidence of childhood cancer and leukemia from exposure to just a single X-ray *in utero*.

The incubation period of radiation-induced cancer can be from five to fifty years. It must be remembered that radiation builds up in the body over the years. Effects of low-dose exposure are not immediately apparent or ever directly traceable to a particular incident. It has only been about twenty-five years since any real exposure to radiation could have occurred. No one actually knows what long-range somatic and especially genetic effects may exist.

* * * * *

There is an amazingly intricate system of regulations governing the transportation of radioactive materials set up by various government agencies. Several of the agencies involved in the transportation of radioactive materials by air include the AEC, DOT, FAA, OHM, HMB, NTSB, and the Postal Service. The standards now in effect have been set by the International Atomic Energy Agency (IAEA), set up in 1956. The original standards set up by the IAEA as revised in 1967 have been accepted either in whole or part by the various member states, including the United States.

The Department of Transportation has the regulatory responsibility for the safe transportation of all hazardous materials, including radioactive materials, by all modes of transportation, except for postal shipments which are regulated by the U.S. Postal Service. However, the direct regulatory authority for each mode of transportation is retained by the various operating administrations of the DOT, in the case of air shipments, the Federal Aviation Administration. The FAA is responsible for conducting inspections and seeing that its regulations are carried out. However, the agency has no power to open shipments to see that the packages fulfill the requirements or are properly documented. The DOT can penalize the carriers for improper handling, but was not given any authority in the Federal Aviation Act of 1958 to penalize the shippers for supplying incorrect documents with a shipment.

The operating administrations have few personnel technically qualified in radiation matters. Thus, most of the technical work is performed by the Office of Hazardous Materials (OHM), which is in the DOT's Office of the Secretary. The purpose of the OHM is to coordinate all matters concerning the transportation of hazardous materials. The OHM works with materials regulations and training programs. It can warn of violations, but cannot punish. The OHM is also the U.S. representative to the IAEA.

The Hazardous Materials Regulation Board (HMRB) was formed in an effort to make the regulations for all modes of transportation consistent. The HMRB is composed of representatives of each of the operating administrations of the DOT and OHM.

The Atomic Energy Commission is by far the most powerful body controlling shipments of radioactive materials. Under the Atomic Energy Act of 1954, the AEC has responsibility for safety in the possession and use, including transportation of, by-product, source and special nuclear materials. A license is required from the AEC to possess and use these materials. (However, certain small quantities and specific products are not subject to any regulations at all.) Thus, the jurisdictions of the AEC and DOT overlap. The AEC also assists and advises the DOT in establishing national safety standards and in reviewing packaging designs, although the rules are actually set by the DOT. The AEC has exempted common carriers from its requirements because of the controls exercised over the carriers by the DOT.

* * * * *

Dr. John W. Gofman, physicist at the University of California at Berkeley, has called the AEC's standards "a public outrage" and "a legalized permit for murder." One of the reasons for the AEC's weakness in the field of safety is its zeal for nuclear research and development, an attitude shared by the White House.

Last January the Office of Management and Budget ordered a reduction of $9.9 million out of a $71 million request made by the AEC for its regulatory functions in Fiscal Year 1974. This cutback in the safety budget precipitated massive resignations on the part of the safety staff. At the same time President Nixon ordered the AEC to speed up the licensing of nuclear power plants. The "energy crisis" was Mr. Nixon's rationale in reducing the licensing and construction time for each power plant from ten years to seven years.

There is a long-standing personal animosity between regulatory leaders and the most powerful members of the AEC, including Dr. Ray who refuses to speak to some of the safety staff. Dr. Ray recently ordered eight power plants to operate at full power instead of somewhat below that level as the regulatory staff had recommended.

The Energy Reorganization Act of 1974 has passed in the House and has been reported out of the Senate Government Operations Committee as S. 2744. This Act will hopefully prove a vital step in controlling nuclear materials by separating the research and development functions from the safety functions of the AEC into two different agencies: the Energy Research and Development Administration and the Nuclear Safety and Licensing Commission respectively.

Members of the Nuclear Safety and Licensing Commission will be ". . . appointed by the President, by and with the advice and consent of the Senate" and with ". . . due regard to a fair representation expertise in nuclear safety technology, health science, and environmental science." Within the Nuclear Safety and Licensing Commission will be an Office of Nuclear Safety Research and a Bureau of Nuclear Materials Security dealing with theft of nuclear materials. It is our recommendation that an Office of Nuclear Transportation Safety also be included. At least, an officer with such duties should be one of the nine additional officers appointed at the Commission's discretion. Finally it is hoped that the new Nuclear Safety and Licensing Commission will not limit its concern to materials directly related to nuclear power, but will also be imbued with a desire to protect the population from radioactive materials, even in the smallest quantities, in all phases of human life.

It should be pointed out that the Joint Committee on Atomic Energy (JCAE) appears to be a puppet of the AEC. In the JCAE's publications room one can find all of the AEC's many pamphlets displayed and for distribution. It was also our experience that the JCAE had only copies of AEC testimony given before other Congressional committees probing transportation of hazardous materials. The JCAE's interest should encompass all points of view on this matter.

In testimony before the Senate Commerce Committee on June 13, 1974 Ralph Nader described the JCAE as follows: "But that Committee, infused with a missionary zeal to promote the nuclear industry, has swept aside all warnings by reputable scientists, browbeaten and harassed critical witnesses and ignored studies of the danger inherent in the proliferation of nuclear power plants." Hopefully the Congress will follow the Energy Reorganization Act with reorganization of its own committee structure relating to atomic energy and safety.

* * * * *

FINAL RECOMMENDATIONS AND CONCLUSIONS

From the research done in this brief three-week period, it has become evident that the actions taken by Congress to control the transportation of radioactive materials by air have been quite insufficient. Hearings have been held and studies have been conducted, but there has been no significant action to control the health aspects of these materials which present such great biological danger to mankind. There are many different directions from which the problem may be approached.

Many people are of the belief that all radiotherapy used by doctors is necessary. However, this notion is not true. The first and most obvious way to have fewer accidents with radioactive materials on airplanes is to transport less of them. Many doctors agree that the American people are subjected to an unnecessarily large amount of radioactivity every year for medical treatments. Dr. Ralph Lapp, a physicist, has proposed that unless we reduce the medical use of X-rays by 50% by the year 2000, we will have 50,000 cancer deaths in the United States by the end of the century. Dr. Arthur Tamplin has said, "I am certain that something like 75% of the medical shipments of radioisotopes could be eliminated without any real reduction in the viability of medical practice in this country." Reducing the number of radioisotopes used in treatments would reduce the amount transported and handled, thus, controlling the source of the problem rather than the symptoms. In order to reduce the amount of radioisotopes used in the United States, two changes must be made: First, it would be necessary to develop new methods of diagnosis and treatment. Secondly, the radioisotope industry must look at itself and examine its motives.

Other measures which would improve the present methods of transporting radioactive materials are as follows:

1. Licensing—There should be more stringent requirements to be met before a shipper is licensed. Also, the carriers themselves should be required to be licensed before they are permitted to carry radioactive materials. The carrier's training program and handling procedure should be thoroughly examined before a license is granted.

2. Training—The carriers, shippers and receivers should have training programs to insure that the effect of "human error" is minimized. Procedures for handling packages or radioactive materials should be standardized to eliminate, or at least lessen, the chance of improper handling. Also, in addition to teaching employees the methods of handling, they should be taught the dangers of radioactivity. If the employees knew the real dangers of the materials which they were handling, this in itself might make them more careful.

3. Study Groups for Further Investigation—Further investigations should be conducted to determine the route the majority of shipments are taking, and to shorten the route if possible. For example, it is very unnecessary to transport an isotope from Los Angeles to New York that is also made in Ohio. Also, possibly more of these materials could either be transported in freight only airplanes or by surface transportation, rather than passenger airplanes. Groups such as ALPA would like to see the transportation of all hazardous materials on passenger aircraft prohibited. Even if transporting radioactive materials on passenger airplanes is absolutely necessary (as the in-

dustry contends), these materials should be put in a separate compartment from baggage and freight.

4. Control by Single Agency of Independent Experts—Radioactive materials are very different than other types of hazardous materials, such as acids, and should be treated as a separate entity. The properties and characteristics of radioactive materials are so complicated that only an agency of experts on these specific materials should be in a position to make decisions. Hopefully, the proposed Nuclear Safety and Licensing Commission would fill this need.

5. The Public's Right to be Informed—The public should have the right to know what dangerous materials are being carried on the same plane as he is, and be given the opportunity to refuse to fly on planes carrying items which may jeopardize his safety. This is especially important to people who have already been exposed to high levels of radiation, or people with a history of cancer. On all other modes of transportation, placards are required to mark vehicles carrying radioactive materials, but not on airplanes. The pilots are always supposed to know whether any hazardous material is on his airplane, but he is under no obligation to tell the passengers. In an important decision in the federal district court in the Southern District of New York, *Fleming v. Delta Air Lines*, 359 F. Supp. 339, the court held that an airline's failure to warn passengers of possible weather hazards, "so that they can choose for themselves" whether they want to leave, would subject the airline to potential liability for injuries suffered on the trip. There should be a similar rule concerning radioactive materials.

Furthermore, there should be no statute of limitations on cases involving exposure to radioactive materials because cancer might take twenty-five years or more to show up.

6. Better Recordkeeping—The airlines should keep better records of both the names and addresses of passengers in case they have to be reached, and shipments to know exactly what material is being shipped where.

7. Immediate Pick-Up of Deliveries—Packages should be picked up immediately after a flight has landed. Again, this would mean that leaks would be detected earlier. There is no reason why packages should be left at airports after being rushed by air because of the material's short halflife.

8. Manpower—All of the agencies involved are tremendously understaffed. More fully qualified inspectors are needed to check shippers and receivers as well as carriers. Also, all shipments should be checked for radioactivity before being loaded, after being loaded, and after being unloaded. This would help minimize the danger by preventing more people from being exposed to any defective package. These checks should be constant, not just spot checks; but in order to carry this out, more inspectors and trained personnel are needed.

9. Higher Appropriations—In order to have more qualified inspectors and to keep more complete records, the government agencies involved need higher appropriations. The present lack of inspectors shows that the money needed is not extra, but is absolutely essential to perform the regulatory functions assigned to the agencies. There should also be a special fund set aside to subsidize studies by the many independent agencies which filled the gaps left by government investigation.

10. Enforcement and Penalties—Enforcement of the rules seems to be one of the weak links in the system. This is partially due to the lack of inspectors. For example, in a special sixty day study by the FAA (quoted earlier in this paper), 240 discrepancies were found in seventy shipments. However, in their 1973 annual report on hazardous materials for the DOT, the year total given was 232 discrepancies. This is a clear indication that many faulty shipments were not discovered because they were never inspected.

The second factor which should be changed is the level of penalties set. At the present time, the AEC can only levy penalties of up to $5000 for each incident. If penalties were much higher, as they should be, everyone involved would be that much more careful. Enforcement is a very important factor which must be changed, because unless the rules are strictly enforced, the private sector will continue to violate them.

This leads to the most basic area that must be corrected. The government is gradually relinquishing more and more of its power to private industry. In this age where shipments of radioactive materials are increasing rapidly, more government involvement is necessary, not less. Unless Congress acts on this urgent matter, there will be more accidents and the public will be exposed to more radiation. The need for action is clear and present. We firmly believe that facilitating the proposals contained in this paper will result in an improvement in the quality of life for the American people and the entire world.

PROF. VICTORIA SCHUCK RETIRES

HON. SILVIO O. CONTE

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. CONTE. Mr. Speaker, colleges all over the country will begin fall classes very shortly and here in the Congress we will be saying goodby to the legions of students who have served us this summer as interns.

I know my colleagues join me in expressing sincere appreciation to our interns for their dedicated hard work. But, not only must we express our thanks to the individual young people, but we owe a debt of gratitude to the many schools and colleges who sponsor congressional internship programs.

It is with deep regret that I note that with the close of summer we will also be saying farewell to a close personal friend of mine, Dr. Victoria Schuck, professor of political science at Mount Holyoke College and director of one of the most successful college internship programs in the Nation.

Professor Schuck retired at the end of this academic year after 25 years at Mount Holyoke College. This summer's contingent is the last group of interns "Vicky" Schuck will send to Washington.

Professor Schuck founded the Mount Holyoke Washington intern program in 1949. It was the first program of its type and, under her able guidance, it came to serve as a model for other such programs at colleges and universities throughout the Nation.

A number of excellent articles have been written regarding Professor Schuck's retirement. At this point, Mr. Speaker, I would like to insert two of these articles in the RECORD so that my colleagues, many of whom have worked closely with her over the past 25 years, can read of Victoria Schuck's many accomplishments. And I would like to add my personal congratulations to Professor Schuck. Her absence will be as keenly felt on Capitol Hill as it will be at Mount Holyoke. I know all of my colleagues will join me in wishing this remarkable and brilliant woman well.

The articles follow:

[From the Holyoke (Mass.) Transcript-Telegram, May 18, 1974]

PROFESSOR SCHUCK WILL RETIRE FROM MOUNT HOLYOKE COLLEGE

Women, politics and the combination of the two.

These are the favorite topics of Professor Victoria Schuck, the famed political science specialist set to retire this year after 25 years of teaching at Mt. Holyoke College.

Since arriving at the school in 1949 with a B.A., M.A., and Ph.D. from Stanford University, Miss Schuck has always been an active participant in local, state and national politics.

A distinguishable figure in American government and administration, she has an exceptionally broad resume of political service.

DISTINGUISHED POSTS

She has been appointed to numerous national and international commissions and committees by governors and presidents. Among the more distinguished posts were President Kennedy's Commission on Registration and Voting Participation.

She also served as a member of the Secretariat of the United Nations Conference which wrote the U.N. charter under President Truman. She has also been vice president and secretary of the American Political "Woman of the Year" by the Mass. Federation of Business and Professional Women's Science Association and in 1968 was voted Clubs.

Professor Schuck is also deeply involved in civic affairs.

After establishing the Urban Studies Dept. at Mt. Holyoke, she served seven years on the Board of Trustees of the University of Massachusetts and was chairman of the committee that spearheaded expansion plans for the growing institution in Amherst. She has held a number of positions locally, among them a member of the South Hadley Planning Board for eight years.

GREAT ACCOMPLISHMENT

But probably one of her greatest academic accomplishments in academic circles was the establishment of the Washington Internship Program, the first of its kind in the country and one that is still a model for colleges and universities nationwide.

Mt. Holyoke presently has 35 to 45 students enrolled in the program each year.

Internships and field work form the basis of her teaching philosophy and "she's an expert on everything," according to her students.

Professor Schuck sees the women's movement as directed at changing the whole nature and character of society; not merely evolving around competition with men.

"We cannot be simply imitators," she says. says.

She believes that not all women in politics are sure they want to be associated with the movement perhaps because they misunderstand its nature and its aim.

But she also sees less apprehension developing as the movement continues.

Having published more than 60 articles, monographs and reviews in professional journals such as the "New Republic," Victoria Schuck brought the academic world into the political arena and in turn the world of politics to the campus.

[From Choragos, May 16, 1974]

AFTER 25 YEARS, AN ACTIVIST DEPARTS

(By Dana Fields)

With her designer suits and her elegant rendering of the English language, you might peg her as a conservative. She, on the other hand, considers herself a radical. After you've known her for a while, you have to concede the fact that Victoria Schuck is probably unlike anyone else you've ever known. She's a woman who is not easily categorized.

Ms. Schuck's biography contains a list of credits that would be a lengthy story in themselves; however, let it suffice to say that with her broad political background, she gives her students a unique education in political theory soundly based in the real workings of government.

A graduate of Stanford University, Ms. Schuck came to Mount Holyoke in 1949, and immediately launched the Washington Internship program, the first of its kind in the country. Did she encounter any problems convincing officials and agencies of the worth of the program?

"Oh yes, it was very revolutionary in the beginning," Ms. Schuck said. "I managed to place four interns originally. When I went in to explain the idea to Jacob Javitz, who was then a Congressman, he was somewhat skeptical; but he decided to give it a try.

"During the '50's, relatively few students joined the program. But each succeeding decade saw more, until now we have from thirty-five to forty-six students each year."

The internship program's biggest problem, one which has yet to be alleviated, is money. Ms. Schuck said that one of her classmates from Stanford, now a well-known heart specialist has been contributing $1,000 a year to the program, and last year the father of one of the interns gave an anonymous "five figure" grant. Still, Ms. Schuck feels that it would detract from the academic value of the experience for students to accept paid positions in lieu of the traditionally unpaid internships.

"Anyone holding a paying job has to produce what the office needs, be it typing or filing," Ms. Schuck said. "But the internship is an academic experience regardless of what the federal budget is for an agency. Interns are always placed with the person nearest the top in an agency—that's where the action is. The student has the opportunity to become part of the agency's policy-determining team."

A student does not have to become part of the internship program to benefit from Ms. Schuck's practical political experience. Her classes always feature field work, which for many students is the main attraction of a "Schuck course."

Ms. Schuck calls field work "the development of the discipline of political science. The extension through empirical theory to behavioralism, rests upon data derived from field work. My aim has been to introduce students to the original data of political science. Of course I consider normative theory important; but it is only a part of political science."

Not surprisingly, Ms. Schuck's favorite topics include women, politics, and the combination of the two. In her writing and in her thinking, her theme is "the free and autonomous woman."

"The women's movement is the most significant of our time," she asserted. "My judgment is that the women's movement is directed at changing the whole nature and character of society. The movement is not merely content to be competitive with men. We discovered in the Twenties that this kind of thing didn't work.

"It is not enough now for women to be able merely to compete with men! We cannot be simply imitators, with the purpose of proving that 'anything you can do, we can do as well.' "

The point is that women must be recognized as possessing special qualities that enable them to bring a unique perspective to jobs traditionally handled by men. And in no way does a woman who takes on what has always been a man's job have to become more masculine.

"No woman has to be 'masculined' in any career," Ms. Schuck asserted. Turning to the situation of women in politics, Ms. Schuck said that of the present women in Congress, "not one whom I know of is masculinized.

"Consider Margaret Chase Smith, who is one of two women ever to be elected to the Senate on her own—she has always been just as feminine as could be. She was the ranking member of the Senate Armed Services Committee, and chairwoman of the Republican Conference, but she was entirely feminine."

Still, not all women in politics are sure they want to be associated with the women's movement, perhaps because of their own misunderstanding of the movement and its aims.

"But young women are eager to identify with the movement; this is particularly true of women in the state legislatures," Ms. Schuck said. "This doesn't mean they have to confine themselves to liberation issues, such as ERA and abortion. They support a wide spectrum of issues.

"A number of women are not sure that in campaigning it's the best thing to be associated with the liberation group. In my judgment, as the movement continues there will be less apprehension about identifying with that group."

Bringing the women's issue home to Mount Holyoke, Ms. Schuck chastised the women's colleges for having been reactionary rather than revolutionary in Feminism.

"Women's colleges have never taken the lead in any aspect of the women's movement. Rather, they have reacted. But I have hope that by concerted action of the women's colleges, we will today seize the opportunity to have a role in directing the women's movement.

"I would like to see a lot of brainstorming in the future," Ms. Schuck continued, "with conferences among the women's colleges about curriculum. Don't misunderstand—I don't look forward to obliterating the traditional disciplines, but rather to utilizing them for this new purpose. In academia, this would mean in part the hiring of more full and part-time women professors, the joint appointment of husband and wife teams.

"The education of women must be more than just consciousness-raising. I would like to regard Mount Holyoke's decision to remain a women's college as a radical decision, not one of maintaining the status quo."

CONTINUING SUPPORT FOR FREE CHINA: CONTINUING PEACE FOR EAST ASIA

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 14, 1974

Mr. ASHBROOK. Mr. Speaker, in a letter published in the New York Times, Prof. John K. Fairbank called on the U.S. Government to open an embassy in Peking and downgrade our present embassy in the Republic of China. Prof. David N. Rowe of Yale University, a well-known expert on China, has written to the New York Times stating why this should not be done.

Several individuals have called for diplomatic recognition of Peking at the cost of giving up diplomatic recognition of Free China. Free China is the hope of the future for the Chinese on Taiwan and on the mainland. We should do nothing to harm that.

At this point I include in the Record the text of Professor Rowe's letter and commend it to the attention of all my colleagues:

Yale University,
New Haven, Conn., August 2, 1974.

To the Editor:

Prof. J. K. Fairbank (letter July 29) disapproves of the idea of two U.S. embassies, one in Taipei and one in Peking, saying that such a policy "would undo the Washington-Peking rapprochement." Instead, he wants a U.S. embassy in Peking and a U.S. office in Taipei "acting like a consulate general," but as an historian he should remember that after recognizing Communist China in 1950 and setitng up diplomatic representation in Peking the British kept a Consulate in Taiwan only to be forced later to close it down under pressure from Mao Tse-tung. This is not a very favorable precedent for the type of dual representation Prof. Fairbank urges.

In very fact, the current posture of the U.S. toward the two rival Chinese regimes is based on an analysis of the world power situation. There seems no doubt, for example, that a major consideration behind the Nixon shift toward rapprochement with Peking was the need to try to bolster it, even if only politically, against the Russian threat from the north. This attempt to take the side of the weaker against the stronger may or may not work in the long run, but it is being tried.

Similarly, in the interests of preventing another war in East Asia, it seems not only logical but absolutely essential to support militarily the Nationalists on Taiwan against the mainland Communists. The Chinese Communists have never been willing to renounce the use of force to solve the "Taiwan question," and have emphatically stated before the United Nations their intent to "liberate" it and that "no force on earth can stop" them from doing so.

For twenty-five years the U.S., in its various contacts with the Mao regime, has constantly tried to get it to agree to settle the "Taiwan question" only by peaceful means, but they have never consented. Nothing in the content or conduct of the Nixon-Mao diplomacy today indicates anything but a continued resolve by Mao and his followers to take over Taiwan by force, liquidate the government there, and bring nearly sixteen million more Chinese under their tyrannical rule.

Therefore, Nixon's policy, aimed at peace, naturally is to keep in force all our various guarantees to the Nationalist government in Taipei, including the Treaty of 1954–55 which guarantees the security of Taiwan and the Pescadores against any attack from any source. If Taipei is to be "de-recognized" and diplomatic relations severed with it, the Treaty goes down the drain, as you don't have treaties of mutual defense with regimes you don't recognize. That would undoubtedly be a signal to the Chinese Communists to unleash a military attack against the Republic of China in an attempt to destroy it and impose their rule on still more Chinese who are totally unwilling to be governed by them.

I agree with Prof. Fairbank about the power of "revolutionary nationalism" as a political sentiment of all Chinese. But human freedom has an even more powerful appeal to them. To support it we must keep on practicing intervention in Chinese affairs. We must stand behind the Nationalists who increasingly provide freedom to the Chinese people today and give it its only viable prospect for the future. We have to go on doing this whether Mao Tse-tung likes it or not.

By the way, how about having two U.S. embassies, one in Bonn and the other in the capital of Communist East Germany? Would that be an "intervention" in the internal affairs of what today does not exist, namely a united German state? Two U.S. embassies on German soil would be possible at least partly because "interventionist" U.S. keeps large military forces on the soil of Europe and thus helps prevent the destruction of West Germany by Communist aggression.

We should continue to do the same thing for Taiwan and the Pescadores. And if other nearby areas come under Chinese Communist threat of attack clearly as part of a military threat to Taiwan and the Pescadores, we should help defend those other areas also, as authorized by Congressional resolve going all the way back to 1955.

David N. Rowe.

HOUSE OF REPRESENTATIVES—*Thursday, August 15, 1974*

The House met at 11 o'clock a.m.

The Chaplain, Rev. Edward G. Latch, D.D., offered the following prayer:

Let not mercy and truth forsake thee: Bind them about thy neck; write them upon the table of thine heart.—Proverbs 3: 3.

Eternal Father, who art the life of our souls and the love which from our birth over and around us lies, with grateful hearts we greet the sunrise of a new day robed in the blooming garb of summer.

Strengthen us for the tasks of this day and sustain us that in all our endeavors on behalf of our country we may not faint nor falter by the way.

In the stress and strain of daily duties may we be channels for Thy grace, with honor bright and hearts pure, playing our full part in the life of our time and when we are called to take a stand may it be for "truth and righteousness and Thee." For Thine is the kingdom, and the power, and the glory forever. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

COMMUNICATION FROM THE CLERK OF THE HOUSE

The SPEAKER laid before the House the following communication from the Clerk of the House of Representatives:

August 15, 1974.

Hon. Carl Albert,
The Speaker,
House of Representatives.

Dear Mr. Speaker: I have the honor to transmit herewith a sealed envelope from the White House, received in the Clerk's Office at 8:30 p.m. on Wednesday, August 14, 1974, and said to contain H.R. 11873, an act to authorize the Secretary of Agriculture to encourage and assist the several States in carrying out a program of animal health research, and a veto message thereon.

With kind regards, I am

Sincerely,

W. Pat Jennings,
Clerk, House of Representatives.

H.R. 11873, ANIMAL HEALTH RESEARCH AUTHORIZATION ACT—VETO MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 93-337)

The SPEAKER laid before the House the following veto message from the President of the United States:

To the House of Representatives:

I am returning today without my approval H.R. 11873, an act authorizing the Secretary of Agriculture to encourage and assist States in carrying out programs of animal health research.

I believe, as do proponents of this bill, that veterinary research has helped to make American livestock the healthiest and most productive in the world. We must continue to maintain high standards of research.

But I also believe that this bill adds little to the existing programs of the Department of Agriculture and other agencies.

We are presently spending over $40 million on programs involving animal health research, and nearly every land grant college and colleges of veterinary medicine in the United States is participating in these programs.

This bill, however, would establish a new categorical grant program that would authorize an expenditure of an additional $47 million annually and would be duplicative of many programs that already exist. The overlapping would be especially true of programs in fish and shellfish research and predator control.

Because this bill would add further to the Federal taxpayers' burdens without significantly meeting national needs and would only add to inflationary pressures within the economy, I feel that I must withhold my approval.

Gerald R. Ford.

The White House, *August 14, 1974.*

The SPEAKER. The objections of the President will be spread at large upon the Journal.

Mr. POAGE. Mr. Speaker, I ask unanimous consent that the President's message and the accompanying bill be referred to the Committee on Agriculture and ordered to be printed as a House document.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

EFFECTIVE IMMEDIATELY

To All Members of the House of Representatives:

All statements for Extensions of Remarks, as well as copy for the body of the Congressional Record must be submitted on the Floor of the House to the Official Reporters of Debates and must carry the actual signature of the Member. Materials will be accepted up to 15 minutes after adjournment of the House. Transcripts still out for corrections must be turned in by 9:00 p.m. to the Office of the Official Reporters of Debates, Room H-132, U.S. Capitol.

Recent abuses necessitate this directive and the Joint Committee on Printing asks your full cooperation with its implementation.

WAYNE L. HAYS,
Chairman, Joint Committee on Printing.

PERMISSION TO FILE CONFERENCE REPORT ON H.R. 15581, DISTRICT OF COLUMBIA APPROPRIATIONS, 1975

Mr. MAHON. Mr. Speaker, I ask unanimous consent that the managers may have until midnight tonight to file a conference report on the bill (H.R. 15581) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1975, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Conference Report (H. Rept. No. 93-1291)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 15581) "making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1975, and for other purposes," having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 9, 12, 13, 14, and 19.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 4, 6, 8, 10, 15, 16, 17, and 18, and agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$77,524,400"; and the Senate agree to the same.

Amendment numbered 7: That the House recede from its disagreement to the amendment of the Senate numbered 7, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$207,748,800"; and the Senate agree to the same.

Amendment numbered 11: That the House recede from its disagreement to the amendment of the Senate numbered 11, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$224,708,500"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 5 and 20.

William H. Natcher,
Louis Stokes,
Robert O. Tiernan,
Bill Chappell, Jr.,
Bill D. Burlison,
Gunn McKay,
J. Edward Roush,
George Mahon,
John T. Myers,
Robert C. McEwen,
Lawrence Coughlin,
Bill Young,
Elford A. Cederberg,
Managers on the Part of the House.

Birch Bayh,
Daniel K. Inouye,
Lawton Chiles,
John L. McClellan,
Thomas F. Eagleton,
Charles McC. Mathias, Jr.,
Henry Bellmon,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 15581) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1975, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

LOANS TO THE DISTRICT OF COLUMBIA FOR CAPITAL OUTLAY

Amendments Nos. 1 and 2: Appropriate $152,600,000, of which $143,600,000 shall be payable to the general fund, as proposed by the Senate instead of $162,600,000, of which $153,600,000 shall be payable to the general fund, as proposed by the House.

GENERAL OPERATING EXPENSES

Amendments Nos. 3 and 4: Appropriate $77,524,400, of which $7,670,900 shall be payable from the revenue sharing trust fund, instead of $76,878,000, of which $7,355,600 shall be payable from the revenue sharing trust fund, as proposed by the House and $78,078,400 as proposed by the Senate. The payment of $7,670,900 from the revenue sharing trust fund is as proposed by the Senate.

Office of the Commissioner.—The conference action deletes $10,000 proposed by the Senate for the Mayor's Committee on International Visitors.

City Council.—The conference action provides $59,100 for staff support for the Council as proposed by the Senate, and deletes $53,100 proposed by the Senate for Council committees.

The conferees are agreed that no residential permit parking program shall be implemented without prior discussion and approval of the appropriate committees of Congress.

Executive Office.—The conference action provides $75,000 for the planning division and $120,000 for community services within the Office of Planning and Management as proposed by the Senate.

The conference action provides $50,200 for manpower planning systems as proposed by the Senate and deletes $24,800 for a comprehensive review and analysis of the present personnel system within the Personnel Office as proposed by the Senate.

The conference action deletes $139,100 proposed by the Senate for the Office of Human Rights. The conferees are agreed that the three-member Commission on Human Rights may be staffed within existing resources.

The conference action provides $69,400 for additional staff and related costs for the Office of Consumer Affairs to enforce consumer goods repair regulations as proposed by the Senate.

The conference action deletes $25,000 proposed by the Senate for bicentennial activities.

Department of Finance and Revenue.—The conference action provides $33,400 for additional staff and ADP equipment rental for programs and data systems and $123,600 for assessment administration as proposed by the Senate.

Office of the Corporation Counsel.—The action deletes $124,800 proposed by the Senate for the restoration of fiscal year 1974 base reductions.

Department of General Services.—The conference action deletes $11,000 proposed by the Senate for a transportation management analyst for materiel management—motor fleet management.

Department of Economic Development.—The conference action deletes $148,600 proposed by the Senate to establish an Office of Business and Economic Development.

Public Library.—The conference action provides $93,300 proposed by the Senate for the following: (1) Special services division—$20.400 for service to institutions and homebound, general program; $16,900 for the Lorton program; $18,700 for services to the blind and physically handicapped; $16,500 for two storefront libraries; and (2) Buildings and grounds—$7,600 for the Special Services Division; and $13,200 for guards for two storefront libraries.

Other independent agencies and offices.—The conference action provides a reduction of $88,600 as proposed by the Senate in community based programs under the Assistant to the Commissioner for Youth Opportunity Services.

The conference action provides $85,000 as proposed by the Senate for rent control program staff and services under the Assistant to the Commissioner for Housing Programs.

The conference action deletes $17,600 proposed by the Senate for the Commission on the Status of Women for conversion of a temporary position to permanent and other costs. The conferees are agreeable to a continuation of that position in a temporary status.

Contributions to Metropolitan Area Agencies.—The conference action provides $26,000 for a metropolitan-wide closed circuit radio service for the blind and handicapped under the Metropolitan Washington Council of Governments as proposed by the Senate.

PUBLIC SAFETY

Amendment No. 5: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment appropriating $207,226,200 instead of $211,529,000 as proposed by the House and $207,527,000 as proposed by the Senate. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Court of Appeals.—The conference action provides $44,600 for law clerks and a secretary for retired judges as proposed by the Senate.

Public Defender Service.—The conference action deletes $63,300 to restore a base reduction and $12,300 to fill an unfunded investigator position as proposed by the Senate.

The conferees note that the 1975 appropriation bill for the District includes for the first time funds for private attorneys who represent indigent defendants in the city's court system, and point out the need for complete coordination of this program with those of the Public Defender Service.

Department of Corrections.—The conference action provides $225,300 to provide funding for unfunded administrative and program positions instead of $450,500 as proposed by the Senate.

Amendment No. 6: Provides that $1,159,800 shall be available for reimbursement to the United States for services provided to the District of Columbia by the offices of the United States attorney and the United States marshal for the District of Columbia as proposed by the Senate instead of $5,732,500 as proposed by the House, a reduction of $4,572,700 in the House allowance to offset overpayments made by the District during fiscal years 1971, 1972, and 1973. Last year both the House and Senate Committees on Appropriations expressed concern over the lack of supportng data for estimates of the reimbursement to be made to the United States Treasury for services provided to the District by the U.S. Attorney's Office and the U.S. Marshal for the District of Columbia. In response to that concern, the U.S. Department of Justice conducted an audit of the expenditures made in providing services for the District Government. The audit report, released in November 1973, concluded that the District Government should reimburse the United States for 53 percent of the annual expenditures of the two Federal offices instead of 75 percent of expenditures, which was the existing reimbursement rate. The change in the District's share of expenditures was tied to the court reorganization authorized by the District of Columbia Court Reform and Criminal Procedure Act of 1970. Reorganization began in February 1971, but the District continued to reimburse the Federal Government at the 75 percent rate through FY 1973. In the opinion of the conferees, the reimbursement rate of 53 percent of expenditures should have gone into effect with the beginning of implementation of court reorganization. That percentage is a more nearly accurate representation of the costs to the Federal Government of handling local cases. Application of the 53 percent rate to the fiscal years referred to results in overpayments of $676,803 in fiscal year 1971, $1,898,363 in fiscal year 1972, and $1,997,528 in fiscal year 1973, a total of $4,572,694.

EDUCATION

Amendments Nos. 7, 8 and 9: Appropriate $207,748,800 of which $6,351,000 shall be payable from the revenue-sharing trust fund, instead of $206,939,000 of which $6,666,300 shall be payable from the revenue sharing trust fund, as proposed by the House and $208,139,000 as proposed by the Senate. The payment of $6,351,000 from the revenue sharing trust fund is as proposed by the Senate. Amendment No. 9 provides that $165,100 shall be payable from the highway fund as proposed by the House instead of $201,200 as proposed by the Senate.

Public schools.—The conference action provides $809,800 for public schools instead of $985,000 as proposed by the Senate, as follows: (1) Special education—$88,700 for the placement and placement review office, and $392,000 for non-categorical regional programs; and (2) Continuing education—$329,100 for the adult education demonstration center, staff and related costs. The conference action deletes $88,600 of the $177,300 proposed for the placement and placement review office, $50,500 for the tuition grant review office and $36,100 for instructional support, summer and Saturday driver education programs as proposed by the Senate.

D.C. Teachers College.—The conference action deletes $142,800 proposed by the Senate for student services, personal counselors and bookstore; and $72,200 for institutional support, additional staff.

RECREATION

Amendment No. 10: Appropriates $14,902,000 as proposed by the Senate instead of $14,852,000 as proposed by the House.

HUMAN RESOURCES

Amendment No. 11: Appropriates $224,708,500 instead of $224,482,000 as proposed by the House and $224,808,500 as proposed by the Senate.

Payment Assistance Administration.—The conference action provides $200,000 for additional staff for the Bureau of Eligibility Determination, and $300,000 to restore part of the base reduction in financial-aid. The increase of $300,000 over the House allowance is to raise benefits to public assistance recipients to 85 percent of the cost of living for February 1973 on January 1, 1975, as recommended by the Senate instead of April 1, as recommended by the House. Part of the increase in benefits will be financed by anticipated savings produced by the city's welfare reform program to be redirected by the Department.

Social Rehabilitation Administration.—The conference action provides a reduction of $927,500 in the amount provided by the House for the UPO–HWC contract under the Office of the Administrator as proposed by the Senate.

The conference action provides $25,000 proposed by the Senate for security guards under the Bureau of Youth Services.

The conference action provides $300,000 for increased foster care rates, Bureau of Family Services, as proposed by the Senate.

The conferees are agreed that the Department of Human Resources should carry out the recommendations of the Congress with regard to (1) increased utilization of group homes and other community based facilities for the care and rehabilitation of delinquent youths and youths in need of supervision and (2) the completion of the Department's comprehensive plan for protective and rehabilitation services to children and review of the plan with the General Accounting Office.

Mental health.—The conference action provides $262,500 proposed by the Senate to increase the funding for new positions at Forest Haven to nine months instead of six months as proposed by the House. The action also provides $37,500 proposed by the Senate to increase the funding for new positions for community care to nine months instead of six months as proposed by the House.

Community health and hospitals.—The conference action provides $29,000 for the rape crisis program, Bureau of Preventive Services, as proposed by the Senate. The conference action deletes $100,000 proposed by the Senate for the school health program, Bureau of Clinical Services. The conferees note that the Department of Human Resources has the largest personnel base in the District of Columbia Government and offer no objection to the staffing of the school health program within existing resources.

HIGHWAYS AND TRAFFIC

Amendments Nos. 12, 13, and 14: Appropriate $24,180,000 and authorize the purchase of 26 passenger motor vehicles as proposed by the House, instead of $24,304,000 and the authorization to purchase 57 passenger motor vehicles, of which 31 shall be for replacement only, as proposed by the Senate.

ENVIRONMENTAL SERVICES

Amendments Nos. 15, 16, 17, and 18: Appropriate $50,347,000 of which $13,090,200 shall be payable from the water fund, $15,596,600 from the sanitary sewage works fund, and $63,300 from the metropolitan area sanitary sewage works fund as proposed by the Senate, instead of $48,258,000 of which $12,819,000 shall be payable from the water fund, $15,024,900 from the sanitary sewage works fund, and $16,300 from the metropolitan area sanitary sewage works fund as proposed by the House.

The conference action provides $85,000 for Administration, $227,800 for the Water Resource Management Administration, $446,400 for sewage collection, $129,800 for wastewater treatment and $1,200,000 for the Solid Waste Management Administration for an intensive clean-up program in the District of Columbia as proposed by the Senate. The conferees expect a marked improvement in the appearance of the city within the coming year and quarterly reports on the use of the funds should be made to the Committees on Appropriations by the Department of Environmental Services outlining specific improvements resulting from the appropriation of these funds.

CAPITAL OUTLAY

Amendment No. 19: Appropriates $204,918,000 as proposed by the House instead of $206,918,000 as proposed by the Senate. The conference action deletes $2,000,000 proposed by the Senate for acquisition of the Shapiro Tract for the Recreation Department.

Amendment No. 20: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate inserting language relating to the location, construction and use of a swimming pool at the Woodrow Wilson High School.

CONFERENCE TOTAL—WITH COMPARISONS

Federal funds

New budget (obligational) authority, fiscal year 1974	$417,717,000
Budget estimates of new (obligational) authority, fiscal year 1975	406,000,000
House bill, fiscal year 1975	389,400,000
Senate bill, fiscal year 1975	379,400,000
Conference agreement	379,400,000
Conference agreement compared with:	
New budget (obligational) authority, fiscal year 1974	−38,317,000
Budget estimates of new (obligational) authority, fiscal year 1975	−26,600,000
House bill, fiscal year 1975	−10,000,000
Senate bill, fiscal year 1975	------------

District of Columbia funds

New budget (obligational) authority, fiscal year 1974	973,126,600
Budget estimates of new (obligational) authority, fiscal year 1975	1,114,094,000
House bill, fiscal year 1975	1,074,124,000
Senate bill, fiscal year 1975	1,077,111,900
Conference agreement	1,073,642,000
Conference agreement compared with:	
New budget (obligational) authority, fiscal year 1974	+100,516,300
Budget estimates of new (obligational) authority, fiscal year 1975	−40,451,100
House bill, fiscal year 1975	−481,100
Senate bill, fiscal year 1975	−3,469,000

William H. Natcher,
Louis Stokes,
Robert O. Tiernan,
Bill Chappell, Jr.,
Bill D. Burlison,
Gunn McKay,
J. Edward Roush,
George Mahon,
John T. Myers,
Robert C. McEwen,
Lawrence Coughlin,
Bill Young,
Elford A. Cederberg,
Managers on the Part of the House.

Birch Bayh,
Daniel K. Inouye,
Lawton Chiles,
John L. McClellan,
Thomas F. Eagleton,
Charles McC. Mathias, Jr.,
Henry Bellmon,
Managers on the Part of the Senate.

PERMISSION TO FILE CONFERENCE REPORT ON H.R. 16027, DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS, 1975

Mr. MAHON. Mr. Speaker, I ask unanimous consent that the managers may have until midnight tonight to file a conference report on the bill H.R. 16027, making appropriations for the Department of the Interior and related agencies for the fiscal year ending June 30, 1975, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

CONFERENCE REPORT (H. REPT. NO. 93–1293)

The Committee of Conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 16027) "making appropriations for the Department of the Interior and related agencies for the fiscal year ending June 30, 1975, and for other purposes," having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment numbered 8.

That the House recede from its disagreement to the amendments of the Senate numbered 2, 4, 5, 13, 28, 30, 31, 32, 33, 35, 45, 48, and 49, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$141,096,000"; and the Senate agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$13,885,000"; and the Senate agree to the same.

Amendment numbered 6: That the House recede from its disagreement to the amendment of the Senate numbered 6, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$101,126,000"; and the Senate agree to the same.

Amendment numbered 7: That the House recede from its disagreement to the amendment of the Senate numbered 7, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$14,047,000"; and the Senate agree to the same.

Amendment numbered 10: That the House recede from its disagreement to the amendment of the Senate numbered 10, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$58,112,000"; and the Senate agree to the same.

Amendment numbered 11: That the House recede from its disagreement to the amendment of the Senate numbered 11, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$26,026,000"; and the Senate agree to the same.

Amendment numbered 12: That the House recede from its disagreement to the amendment of the Senate numbered 12, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$203,575,000"; and the Senate agree to the same.

Amendment numbered 14: That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$67,913,000"; and the Senate agree to the same.

Amendment numbered 19: That the House recede from its disagreement to the amendment of the Senate numbered 19, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$467,000,000"; and the Senate agree to the same.

Amendment numbered 21: That the House recede from its disagreement to the amendment of the Senate numbered 21, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$61,804,000"; and the Senate agree to the same.

Amendment numbered 39: That the House recede from its disagreement to the amendment of the Senate numbered 39, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$306,119,000"; and the Senate agree to the same.

Amendment numbered 41: That the House recede from its disagreement to the amendment of the Senate numbered 41, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$75,402,000"; and the Senate agree to the same.

Amendment numbered 42: That the House recede from its disagreement to the amendment of the Senate numbered 42, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$30,908,000"; and the Senate agree to the same.

Amendment numbered 44: That the House recede from its disagreement to the amendment of the Senate numbered 44, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$120,864,000"; and the Senate agree to the same.

Amendment numbered 46: That the House recede from its disagreement to the amendment of the Senate numbered 46, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$226,217,000"; and the Senate agree to the same.

Amendment numbered 47: That the House recede from its disagreement to the amendment of the Senate numbered 47, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$57,431,000"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 9, 15, 16, 17, 18, 20, 22, 23, 24, 25, 26, 27, 29, 34, 36, 37, 38, 40, 43, 50, and 51.

JULIA BUTLER HANSEN,
SIDNEY R. YATES,
GUNN MCKAY,
CLARENCE D. LONG,
FRANK E. EVANS,
GEORGE H. MAHON,
JOSEPH M. MCDADE,
WENDELL WYATT,
VICTOR V. VEYSEY,
ELFORD A. CEDERBERG,
Managers on the Part of the House.

ALAN BIBLE,
JOHN L. MCCLELLAN,
ROBERT C. BYRD,
GALE W. MCGEE,
JOSEPH M. MONTOYA,
MIKE MANSFIELD,
TED STEVENS,
MILTON R. YOUNG,
MARK O. HATFIELD,
HENRY BELLMON,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 16027), making appropriations for the Department of the Interior and Related Agencies for the fiscal year ending June 30, 1975, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

TITLE I—DEPARTMENT OF THE INTERIOR

Bureau of Land Management

Amendment No. 1: Appropriates $141,096,000 for management of lands and resources instead of $140,696,000 as proposed by the House and $141,126,000 as proposed by the Senate. The net increase of $400,000 over the amount proposed by the House includes increases of $1,000,000 for rangeland management and $200,000 for environmental analyses for energy projects in Wyoming, including the Powder River Basin, and decreases of $700,000 for travel and $100,000 for off-road vehicle management.

Amendment No. 2: Appropriates $6,725,000 for construction and maintenance as proposed by the Senate instead of $6,655,000 as proposed by the House.

Office of Water Resources Research

Amendment No. 3: Appropriates $13,885,000 for salaries and expenses instead of $13,795,000 as proposed by the House and $13,990,000 as proposed by the Senate. The increase of $90,000 above the amount proposed by the House provides an additional $30,000 each for institutes in Guam, the Virgin Islands, and the District of Columbia, making a total program for these institutes of $40,000 each.

Office of Saline Water

Amendment No. 4: Appropriates $3,007,000 for a saline water conversion as proposed by the Senate.

Bureau of Outdoor Recreation

Amendment No. 5: Appropriates $5,210,000 for salaries and expenses as proposed by the Senate instead of $5,010,000 as proposed by the House.

The managers on the part of the House and Senate are in agreement that of the $300,000,000 appropriated for the Land and Water Conservation Fund, $13,000,000 shall be available for the Golden Gate National Recreation Area, California; $18,200,000 shall be available for National Park Service inholdings; $18,550,000 shall be available for specially designated recreation areas, Forest Service (including $400,000 for the Council Bluffs project, Missouri); and $1,000,000 shall be available for Forest Service inholdings and deficiency awards.

The managers on the part of the House and Senate have agreed to language in the Senate report which allows the National Park Service to accept negotiated offers for inholding acquisitions not exceeding $150,000 without referring them to the Committees on Appropriations for prior approval. All proposed acquisitions by eminent domain must receive prior approval of the Committees. The managers emphasize that this new procedure is to be tried this year on an experimental basis and that the Park Service should use utmost caution, keeping the Committees fully informed of all actions on a timely basis. Reports to the Committees should be no less frequent than once each quarter. The Committees will watch carefully the operation of the inholding program under this new procedure.

The managers on the part of the House and the Senate agree that the $10,000,000 provided in both bills for purchase by the Forest Service of lands in the Lake Tahoe basin be used for purchase of such lands in the Lake Tahoe area.

United States Fish and Wildlife Service

Amendment No. 6: Appropriates $101,126,000 for resource management instead of $100,666,000 as proposed by the House and $101,168,000 as proposed by the Senate. The net increase of $460,000 above the amount proposed by the House consists of increases of $690,000 for collection of fishery information necessary to implement the Indian fishing rights decision, Washington, and $150,000 for operation of additional salmon rearing facilities, Washington, and a decrease of $380,000 for travel.

The managers on the part of the House and Senate are in agreement that the travel reduction of $380,000 proposed by the Senate shall be allocated by activity as follows: Habitat Preservation, $73,000; Wildlife Resources, $208,000; Fish Resources, $74,000; Endangered Species, $25,000.

The managers on the part of the House and the Senate are in agreement that within the funds provided in the conference agreement for "Fishery resources" the production level of 4.6 million lake trout per year from the Jordan River National Fish Hatchery be maintained in fiscal year 1975.

Amendment No. 7: Appropriates $14,047,000 for construction and anadromous fish instead of $13,447,000 as proposed by the House and $14,347,000 as proposed by the Senate. The net increase of $600,000 above the amount proposed by the House consists of an increase of $900,000 for additional salmon rearing facilities, Washington; and decreases of $200,000 for visitors facilities, Horicon National Wildlife Refuge, Wisconsin; and $100,000 for canal rehabilitation and flood damage repair, Okefenokee National Wildlife Refuge, Georgia.

National Park Service

Amendment No. 8: Deletes language proposed by the Senate which would provide that $100,000 in operation of the national park system be used for reconstruction of certain streets in Harper's Ferry, West Virginia.

Amendment No. 9: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment providing $209,325,000 for operation of the national park system instead of $209,437,000 as proposed by the House and $209,425,000 as proposed by the Senate. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate. The net decrease of $112,000 below the amount proposed by the House consists of an increase of $388,000 for expanded operation and maintenance at Lake Mead National Recreation Area, Nevada, and a decrease of $500,000 for travel.

Amendment No. 10: Appropriates $58,112,000 for planning and construction instead of $53,466,000 as proposed by the House and $63,290,000 as proposed by the Senate. The net increase of $4,646,000 over the amount proposed by the House consists of increases of $1,900,000 for Constitution Gardens; $1,250,000 for repair and restoration of the C & O Canal; $1,000,000 for visitors' center, Big Horn Canyon National Recreation Area, Wyoming; $500,000 for advance planning; $431,000 for visitors' center improvements, interpretive center planning, and campground development, Theodore Roosevelt National Memorial Park, North Dakota; $115,000 for planning historic building rehabilitation, Harper's Ferry National Historical Park, West Virginia; $25,000 for a feasibility study of Sewall-Belmont House, Washington, D.C.; and decreases of $146,000 for visitors' center and exhibits, Lincoln Home National Historic Site, Illinois; $100,000 for fort stabilization and restoration, Gulf Islands National Seashore; $229,000 for fort reconstruction, Fort Scott

National Historical Site, Kansas; and $100,000 for travel.

The managers on the part of the House and Senate are in agreement that $2,800,000 in current and previous appropriations shall be reprogrammed to carry out the projects detailed above and direct the Department to submit proposals to accomplish the reprogramming to the House and Senate Appropriations Committees for approval at an early date. It is not the intention of the conferees to reprogram any funds previously appropriated for improvements at the Jackson Hole Airport, Grand Teton National Park, Wyoming. These funds were appropriated in FY 1972 specifically for airport runway extension and pertinent facilities, and it was learned only recently that the funds are being redirected to finance general airport improvements. The conferees are disturbed that such a redirection was undertaken without a reprogramming request or without even notifying the House and Senate Appropriations Committees and agree that any future redirection of funds shall require notification to and approval of the House and Senate Appropriations Committees.

Amendment No. 11: Appropriates $26,026,000 for road construction (liquidation of contract authority) instead of $24,126,000 as proposed by the House and $27,500,000 as proposed by the Senate. The net increase of $1,900,000 over the amount proposed by the House consists of increases of $500,000 for construction of the Transpark Highway, Big Horn Canyon National Recreation Area, Wyoming; $700,000 for Constitution Gardens; $900,000 for section 3–C, Natchez Trace Parkway, Mississippi; $500,000 for advance planning; and decreases of $500,000 for section 2–D, Natchez Trace Parkway, Alabama; and $200,000 for planning sections 3–V–2, 3–V–1, 3–U–2, and 3–P–6, Natchez Trace Parkway, Mississippi.

The managers on the part of the House and the Senate are in agreement that the $20,000,000 appropriated for grants-in-aid under preservation of historic properties shall all be provided to the regular grant program, as proposed by the Senate.

Geological Survey

Amendment No. 12: Appropriates $203,575,000 for surveys, investigations, and research instead of $203,195,000 as proposed by the House and $205,044,000 as proposed by the Senate. The net increase of $380,000 over the amount proposed by the House consists of increases of $650,000 for Earth Resources Observation System (EROS); $300,000 for appraisal of mineral potential in Alaska; and a reduction of $570,000 for travel.

Amendment No. 13: Changes the word "administration" to "administrative" as proposed by the Senate.

Mining Enforcement and Safety Administration

Amendment No. 14: Appropriates $67,913,000 for salaries and expenses instead of $67,803,000 as proposed by the House and $68,413,000 as proposed by the Senate. The net increase of $110,000 over the amount proposed by the House consists of an increase of $1,000,000 for completion of the Mine Health and Safety Academy at Beckley, West Virginia, and decreases of $500,000 for technical support and $390,000 for travel.

Amendment No. 15: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment which provides that $1,000,000 under salaries and expenses shall be available until expended. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Bureau of Mines

Amendment No. 16: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment providing $77,863,000 for mines and minerals instead of $77,703,000 as proposed by the House and $76,163,000 as proposed by the Senate. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate. The net increase of $160,000 above the amount proposed by the House consists of increases of $700,000 for planning and design of a Metallurgy Research Center, University of Utah; and $300,000 for mineral appraisal in Alaska; and decreases of $500,000 for mined land investigations and demonstrations—anthracite area; $200,000 for filling mine void areas, Rock Springs, Wyoming; and $140,000 for travel.

Amendment No. 17: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment providing that $27,691,000 for mines and minerals shall remain available until expended instead of $26,991,000 as proposed by the House and $27,791,000 as proposed by the Senate. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Bureau of Indian Affairs

Amendment No. 18: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate which provides that funds under operation of Indian programs may be used for law enforcement on treaty fishing rights tribal use areas.

Amendment No. 19: Appropriates $467,000,000 for operation of Indian programs instead of $467,096,000 as proposed by the House and $466,100,000 as proposed by the Senate. The net decrease of $96,000 below the amount proposed by the House consists of increases of $800,000 for Indian fishing rights, Washington; and $470,000 for hatchery operations at Pyramid Lake, Nevada; and decreases of $400,000 for operation of the Navajo Community College, Arizona; $20,000 for law enforcement, Ute Mountain Ute Tribe, Colorado; $20,000 for law enforcement, Southern Ute Tribe, Colorado; $826,000 for travel; and $100,000 for early childhood education. Included in the amount provided for law enforcement is $30,000 for the Standing Rock Sioux Reservation, North Dakota.

The managers on the part of the House and Senate direct the Bureau of Indian Affairs to provide to the House and Senate Committees on Appropriations an analysis of the need for a program in early childhood education, together with recommendations for carrying out such a program in the future.

Amendment No. 20: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment providing that $470,000 under operation of Indian programs shall be available to assist the Pyramid Lake Paiute Tribe in the operation and maintenance of the Pyramid Lake fishery, instead of $570,000 as proposed by the Senate. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Amendment No. 21: Appropriates $61,804,000 for construction instead of $66,571,000 as proposed by the House and $55,512,000 as proposed by the Senate. The net decrease of $4,767,000 below the amount proposed by the House consists of increases of $800,000 for additional construction costs, Ramah Navajo School, New Mexico; $580,000 for construction of hatchery facilities, Pyramid Lake, Nevada; $300,000 for storm damage repairs, Wapato Indian Irrigation facilities, Washington; $210,000 for planning and design, Sac and Fox Elementary School, Iowa; $180,000 for construction planning, Akiak Day School, Alaska; $171,000 for irrigation system rehabilitation, Washoe Indian reservation, Nevada; $100,000 for construction planning, Heart Butte School, Montana; $100,000 for equipment and furnishings, Rough Rock High School, Arizona; and decreases of $225,000 for dormitory construction, Riverside Indian School, Oklahoma; $1,000,000 for power and irrigation facilities, Colorado River Indian Irrigation project; $2,000,000 for on-farm developments, Navajo Indian Irrigation project; $2,000,000 for construction, San Simon School, Arizona; $83,000 for the Big Springs Water System, Utah; $1,300,000 for school construction, Brockton, Montana; $500,000 for the San Carlos Indian Irrigation project; and $100,000 for travel.

The managers on the part of the House and Senate direct that the Bureau of Indian Affairs, in cooperation with the State of Montana, provide a full and complete assessment of the educational needs to be served by a proposed school in Brockton, Montana. The assessment shall include a statement on the financial capability of the State and local government to provide funding for such a school and also on the funding available from various Federal education programs.

The managers on the part of the House and the Senate are in agreement that a prompt request for construction funds for the Chemawa School, Oregon, be provided once design studies now underway are completed.

The managers on the part of the House and Senate direct the Bureau of Indian Affairs to provide a full and complete assessment of the current and projected Indian educational needs in Oklahoma, including public and Federal schools.

Amendment No. 22: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate which provides that the unobligated balance of $10,300,000 previously appropriated for Mt. Edgecumbe School and four regional dormitories in Alaska shall be available for certain other schools in Alaska.

Amendment No. 23: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate which provides that not to exceed $100,000 appropriated previously for Edgar, Montana, Public School District No. 4 shall be available to the Plenty Coups High School District No. 3, Pryor, Montana.

Amendment No. 24: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate which provides that $580,000 shall be available to assist the Pyramid Lake Paiute tribe for construction relating to restoration of the Pyramid Lake fishery.

Amendment No. 25: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment which provides that not to exceed $100,000 shall be available to assist the Rough Rock School, Arizona, instead of $110,000 as proposed by the Senate. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Amendment No. 26: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate which provides that not to exceed $1,195,000 shall be available to assist the Ramah-Navajo School Board, Inc.

Amendment No. 27: Reported in technical

disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment which provides that not to exceed $100,000 shall be available to assist the Heart Butte School, Montana, instead of $128,000 as proposed by the Senate. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Amendment No. 28: Inserts the word "and" as proposed by the Senate.

Amendment No. 29: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment which provides that not to exceed $1,350,000 shall be available to assist the Ute Indian Tribe of the Uintah and Ouray Reservation, Utah, for the Big Springs Domestic Water System. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The managers on the part of the House and the Senate are in agreement that the Bureau of Indian Affairs shall make a survey of school bus routes under BIA jurisdiction so that a priority list for improving the worst roads can be established.

Office of Territorial Affairs

Amendment No. 30: Appropriates $14,450,000 for administration of territories as proposed by the Senate instead of $14,950,000 as proposed by the House.

Amendment No. 31: Appropriates $61,700,000 for Trust Territory of the Pacific Islands as proposed by the Senate instead of $63,500,000 as proposed by the House.

Amendment No. 32: Provides $700,000 to offset reductions in, or termination of, Federal grant-in-aid programs available to the Trust Territory of the Pacific Islands as proposed by the Senate instead of $2,500,000 as proposed by the House.

The managers on the part of the House and Senate are aware of the many uncertainties in the future of grant-in-aid programs benefitting the Trust Territory of the Pacific Islands. If the funds provided in this appropriation are insufficient to provide for losses from these programs, the Committees on Appropriations of the House and Senate will entertain proposals for additional funding at a future time.

Office of the Solicitor

Amendment No. 33: Appropriates $12,040,000 for salaries and expenses as proposed by the Senate instead of $11,790,000 as proposed by the House.

Office of the Secretary

Amendment No. 34: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment providing $19,454,000 for salaries and expenses instead of $19,629,000 as proposed by the House and $19,504,000 as proposed by the Senate. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate. The decrease of $175,000 below the amount proposed by the House is for travel.

Amendment No. 35: Appropriates $10,523,000 for departmental operations as proposed by the Senate instead of $10,954,000 as proposed by the House.

Amendment No. 36: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate which authorizes expenditure or transfer of funds available to the Department of the Interior for emergency rehabilitation of burned-over areas under its jurisdiction.

Amendment No. 37: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate which provides that $5,000,000 appropriated in Public Law 93–322 shall be used, in part, to initiate design of a magnetohydrodynamics (MHD) test facility to be located in Montana.

TITLE II—RELATED AGENCIES

Department of Agriculture

Forest Service

Amendment No. 38: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate which provides language granting advance authorization to the Forest Service for emergency rehabilitation of burned-over areas.

Amendment No. 39: Appropriates $306,119,000 for forest land management instead of $306,278,000 as proposed by the House and $305,627,000 as proposed by the Senate. The net increase of $492,000 above the amount proposed by the Senate consists of an increase of $500,000 for recreation use, including $150,000 for operation of campgrounds in the White Mountain National Forest, New Hampshire; and a decrease of $8,000 for expanded operation and maintenance in the Chugach National Forest, Alaska.

Amendment No. 40: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate which provides that funds included for fighting and preventing forest fires can also be used for emergency rehabilitation of burned-over lands.

The managers on the part of the House and the Senate point out language in the House report on the fiscal year 1974 appropriation (House Report 93–322, page 32) concerning the Forest Service's request for financing its timber sales to the allowable cut of sound merchantable timber on the national forests. The Forest Service has flaunted the intent of this directive, particularly in Region I and to some extent in Region VI. The problems created by this situation become increasingly confusing and increasingly important. It has a vital importance to the future funding of the Forest Service. Thus, the managers on the part of the House and the Senate ask the appropriate committees of Congress to review this problem and to advise the Appropriations Committees so they can act properly on next year's Forest Service appropriation request.

Amendment No. 41: Appropriates $75,402,000 for forest research instead of $75,487,000 as proposed by the House and $74,860,000 as proposed by the Senate. The net decrease of $85,000 below the amount proposed by the House includes increases of $400,000 for timber, watershed, and wildlife habitat research, Juneau and Fairbanks, Alaska; $315,000 for pinyon-juniper research, Reno, Nevada; $100,000 for Eastern hardwoods research, Asheville, N.C.; $100,000 for research on decline of the Ohia-Lehua forests, Hawaii; and decreases of $400,000 for Western environmental forestry research (Eisenhower Consortium); $150,000 for urban forestry research, Northeastern Pennsylvania; $150,000 for urban forestry research, Syracuse, N.Y.; $250,000 for air pollution research, Delaware, Ohio; and $50,000 for trout habitat research, Blacksburg, Virginia and Franklin, N.C.

Amendment No. 42: Appropriates $30,908,000 for construction and land acquisition instead of $31,459,000 as proposed by the House and $28,692,000 as proposed by the Senate. The net decrease of $551,000 below the amount proposed by the House consists of increases of $425,000 for recreation construction Kyle and Lee Canyon and Lamoille Canyon, Nevada; $165,000 for development of facilities, Trout Pond recreation area, West Virginia; $100,000 for recreation development, Chugach National Forest, Alaska; and decreases of $825,000 for recreation construction, Council Bluffs project, Clark National Forest, Missouri; and $416,000 for laboratory construction, Auburn University, Alabama.

Amendment No. 43: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate which appropriates $10,240,000 for the Youth Conservation Corps, to be available only upon enactment of authorizing legislation.

Amendment No. 44: Appropriates $120,864,000 for forest roads and trails (liquidation of contract authority) instead of $120,464,000 as proposed by the House and $121,275,000 as proposed by the Senate. The increase of $400,000 above the amount proposed by the House is for roads and trails work in the Chugach National Forest, Alaska.

Commission of Fine Arts

Amendment No. 45: Appropriates $171,000 for salaries and expenses as proposed by the Senate instead of $174,000 as proposed by the House.

Department of Health, Education, and Welfare

Health Services Administration

Amendment No. 46: Appropriates $226,217,000 for Indian health services instead of $225,352,000 as proposed by the House and $227,336,000 as proposed by the Senate. The net increase of $865,000 above the amount proposed by the House includes increases of $750,000 for contract care: $250,000 for otitis media; $111,000 for a health clinic, Isleta, New Mexico; $100,000 for leasing of additional village clinics, Alaska; and reductions of $25,000 for the medical care program, Ute Mountain Ute tribe, Colorado; $21,000 for health education; and $300,000 for travel.

The managers on the part of the House and Senate direct the Indian Health Service to look into possible alternate methods, including expanded contract care, of providing health care to Indians in Oklahoma. The Service should try to determine a method that would be both convenient to the patients and less costly to the Federal government.

Amendment No. 47: Appropriates $57,431,000 for Indian health facilities instead of $55,406,000 as proposed by the House and $61,912,000 as proposed by the Senate. The net increase of $2,025,000 above the amount proposed by the House consists of increases of $1,000,000 for construction of the Acoma-Laguna-Canoncito Hospital, New Mexico; $1,000,000 for construction of a community health facility, Lame Deer, Montana; $475,000 for planning and design of a new hospital, Winslow, Arizona; and a decrease of $450,000 for planning of a replacement hospital at Parker, Arizona.

The managers on the part of the House and the Senate recognize that the $1,000,000 provided for construction of the Acoma-Laguna-Canoncito Hospital is not sufficient to complete the project and urge the Department to request a supplemental budget estimate for the balance of the costs involved in this project.

National Foundation on the Arts and the Humanities

The managers on the part of the House and the Senate are in agreement that the reduction of $433,000 in administrative expenses included in both the House and Senate bill for salaries and expenses shall include a reduction of $120,000 for travel.

The managers on the part of the House and the Senate are in agreement that the $14,000,000 included in both the House and Senate bill for matching grants shall consist of $6,500,000 for the Endowment for the Humanities and $7,500,000 for the Endowment for the Arts.

Smithsonian Institution

The managers on the part of the House and Senate are in agreement that the $67,789,000 provided for salaries and expenses by both the House and the Senate includes $800,000 for the National Museum Act. The total amount provided is a reduction of $2,000,000 below the budget estimate. The managers direct the Smithsonian Institution to provide to the Committees on Appropriations of the House and Senate a report providing an allocation of this reduction by program area.

National Gallery of Art

Amendment No. 48: Appropriates $6,623,000 for salaries and expenses as proposed by the Senate instead of $6,673,000 as proposed by the House.

Joint Federal-State Land Use Planning Commission for Alaska

Amendment No. 49: Appropriates $693,000 for salaries and expenses as proposed by the Senate instead of $644,000 as proposed by the House.

Pennsylvania Avenue Development Corporation

Amendment No. 50: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

PENNSYLVANIA AVENUE DEVELOPMENT CORPORATION, SALARIES AND EXPENSES

For necessary expenses, as authorized by section 17 of Public Law 92-578 as amended, $824,000: *Provided,* That the funds appropriated in this paragraph shall be available only upon enactment into law of authorizing legislation.

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

TITLE III—GENERAL PROVISIONS

Amendment No. 51: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate which makes certain exemptions to the log export prohibition.

The managers on the part of the House and the Senate are in agreement that the prohibition against log exports shall only apply to any sale hereafter made of unprocessed timber suitable for domestic manufacture of lumber or plywood from Federal lands west of the 100th meridian in the contiguous forty-eight States. The prohibition does not apply to logs of utility grade or below, which are commonly referred to as fiber logs. Virtually all agree that, in the interest of complete utilization of forest resources, the substitution regulations under this provision should not apply to, or in any way affect the free flow of, these particular materials.

CONFERENCE TOTAL—WITH COMPARISONS

The total new budget (obligational) authority for fiscal year 1975 recommended by the Committee of Conference, with comparisons to the fiscal year 1974 total amount, the 1975 budget estimate, and the House and Senate bills for 1975 follows:

New budget (obligational) authority, fiscal year 1974	$2,592,904,200
Budget estimates of new (obligational) authority, fiscal year 1975 (amended)	3,154,004,710
House bill, fiscal year 1975	3,153,515,310
Senate bill, fiscal year 1975	3,170,394,310
Conference agreement	3,169,162,310
Conference agreement compared with:	
New budget (obligational) authority, fiscal year 1974	576,258,110
Budget estimates of new (obligational) authority, fiscal year 1975 (as amended)	÷15,157,600
House bill, fiscal year 1975	÷15,647,000
Senate bill, fiscal year 1975	−1,232,000
Conference agreement (including Interior portion of the Special Energy Research and Development Appropriation Act)	3,712,328,310
Conference agreement (Including Interior portion of the Special Energy Research and Development Appropriation Act), compared with:	
New budget (obligational) authority, fiscal year 1974	+889,341,110
Budget estimates of new (obligational) authority, fiscal year 1975 (as amended)	−3,309,400
House bill, fiscal year 1975	÷880,000
Senate bill, fiscal year 1975	÷6,668,000

Julia Butler Hansen,
Sidney R. Yates,
Gunn McKay,
Clarence D. Long,
Frank E. Evans,
George H. Mahon,
Joseph M. McDade,
Wendell Wyatt,
Victor V. Veysey,
Elford A. Cederberg,
Managers on the Part of the House.

Alan Bible,
John L. McClellan,
Robert C. Byrd,
Gale W. McGee,
Joseph M. Montoya,
Mike Mansfield,
Ted Stevens,
Milton R. Young,
Mark O. Hatfield,
Henry Bellmon,
Managers on the Part of the Senate.

MAKING IN ORDER CONSIDERATION OF CONFERENCE REPORT ON H.R. 16027, DEPARTMENT OF INTERIOR AND RELATED AGENCIES APPROPRIATIONS, 1975

Mr. MAHON. Mr. Speaker, I ask unanimous consent that it may be in order on Monday next or any day thereafter to consider a conference report on the bill, H.R. 16027, making appropriations for the Department of the Interior and related agencies for the fiscal year ending June 30, 1975, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

INACCURACY OF HOUSE ELECTRONIC VOTING SYSTEM

(Mr. BURKE of Massachusetts asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. BURKE of Massachusetts. Mr. Speaker, I am very disturbed over a situation that has occurred twice over the last 5 days to me, and I believe that something has to be done to prevent a future occurrence.

I am not entirely sure where the problem exists, but since I am not the only Member who has experienced the problem of being present and voting, and having the record of the proceedings indicate otherwise, I would hope that steps are taken to determine whether or not the electronic voting system is operating properly.

More than one Member has had the same problem and in conversation with my colleagues, we have concluded that our cards are either worn out and not recording accurately, or the transmittal of the information to the GPO is inaccurate. Whatever the case may be, Mr. Speaker, I am at a loss to understand why this situation exists, and I believe it is not one to be tolerated—not when a Member is present and voting.

Mr. Speaker, I remember distinctly on both occasions, of being present and voting. To set the record straight, I ask permission to recount these votes at the present time:

Rollcall No. 473—on the matter of extending the best wishes of Congress to President Gerald Ford—present and voting "aye."

Rollcall No. 486—on the matter of the rule providing for the consideration of H.R. 12859, Federal Mass Transportation Act of 1974—present and voting "aye."

Mr. Speaker, I was present in the House Chamber all day yesterday and voted on all six rollcall votes. I hope this is the last time I have to take to the floor on this matter.

CYPRUS CRISIS

(Mr. DERWINSKI asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. DERWINSKI. Mr. Speaker, under the limitations of this 1-minute time period, I wish to express to the Members my views on the Cyprus crisis, and the very adverse effect it is having on the NATO alliance.

I believe that the Turkish military aggression on Cyprus is not only a violation of the NATO agreement, but a shocking misuse of U.S. aid provided under bilateral programs.

It is also my belief that the effect of the continuing Turkish military aggression on Cyprus will destroy the southern flank of NATO and possibly provoke war with Greece. It could also result in Turkish domination over Cyprus which would place the Greek majority on the island under Turkish military control.

Furthermore, when we recognize that the decision of the Turkish Government to resume opium poppy production is clearly adverse to the U.S. effort to combat drug addiction, we must wonder if in any area, Turkey is performing as a responsible ally.

The Greek Government has shown tremendous restraint and has gone more than halfway in the lengthy discussions that have been taking place in Geneva.

It is my opinion that Secretary Kissinger was evidentially misled by Turkish Government officials into thinking that they wanted a peaceful and long-term solution to the political problems on Cyprus. The Secretary must now recognize the damage created by the Turkish military activity and diplomatic treachery. He must rally the other NATO powers to bring pressure to bear on Turkey to withdraw to previous cease-fire lines on Cyprus.

Mr. Speaker, the future of NATO is at stake. This will require more than whirling dervish routine by Secretary Kissinger. The Congress has legislative options at its disposal. One of which could well be the suspension of all aid and economic support to Turkey.

PERMISSION FOR COMMITTEE ON RULES TO FILE A PRIVILEGED REPORT

Mr. BOLLING. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight to file a privileged report.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

CONFERENCE REPORT ON S. 3066, HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1974

Mr. PATMAN. Mr. Speaker, I call up the conference report on the Senate bill (S. 3066) to consolidate, simplify, and improve laws relative to housing and housing assistance, to provide Federal assistance in support of community development activities, and for other purposes, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the Senate bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of August 12, 1974.)

Mr. PATMAN (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the statement be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The SPEAKER. The gentleman from Texas (Mr. PATMAN) and the gentleman from New Jersey (Mr. WIDNALL) will each be recognized for 30 minutes.

CALL OF THE HOUSE

Mr. DERWINSKI. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. O'NEILL. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 491]

Arends
Bell
Biaggi
Blatnik
Brasco
Burke, Calif.
Carey, N.Y.
Chisholm
Clark
Conyers
Davis, Ga.
Dellums
Drinan
Dulski
Eilberg
Esch
Fish
Ford
Fraser
Giaimo
Gray
Gubser
Gunter
Hansen, Idaho
Hansen, Wash.
Harsha
Hébert
Hogan
Huber
Jarman
Johnson, Colo.
Jones, Okla.
Jones, Tenn.
Kuykendall
Landrum
McSpadden
Mayne
Meeds
Minshall, Ohio
Murphy, N.Y.
Passman
Pepper
Powell, Ohio
Price, Tex.
Railsback
Rangel
Rarick
Reid
Robison, N.Y.
Rooney, N.Y.
Shipley
Shuster
Skubitz
Steiger, Wis.
Teague
Thompson, N.J.
Udall
Wiggins
Williams
Wilson, Charles H., Calif.
Young, Ga.
Young, Tex.

The SPEAKER. On this rollcall 372 Members have recorded their presence by electronic device, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

CONFERENCE REPORT ON S. 3066, HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1974

The SPEAKER. The gentleman from Texas (Mr. PATMAN) and the gentleman from New Jersey (Mr. WIDNALL) have each been recognized for 30 minutes.

The Chair now recognizes the gentleman from Texas (Mr. PATMAN).

(Mr. PATMAN asked and was given permission to revise and extend his remarks.)

Mr. PATMAN. Mr. Speaker, I am pleased to present to the House this conference report which represents a great victory for the House conferees. There were some 21 meetings of the conferees on this bill over the past month attempting to do the difficult job of reconciling some 370 items in disagreement.

The conference report contains the new community development block grant program, a new housing assistance program, increase in the FHA mortgage limits, liberalizing of FHA downpayment requirements, strengthening of our rural housing programs, additional funding for the 701 planning program, and liberalizing of the real estate lending authorities of Federal savings and loan associations and national banks.

Mr. Speaker, the conference on this bill, as I have previously stated, was a long and difficult one. I would like to commend all of the House conferees for their patience and persistence in seeking to develop a bill which would meet with the approval of the House.

I believe that this housing and community development bill is one of the finest housing bills that has been presented to the House, and I would, at this point, yield such time as he may consume to the distinguished gentleman from Pennsylvania (Mr. BARRETT), the chairman of the Housing Subcommittee, to explain the major provisions of the conference report.

Mr. BARRETT. Mr. Speaker, the conference report on S. 3066, the Housing and Community Development Act of 1974, is the result of a long series of meetings held by House and Senate conferees over the past several weeks on a most important and far-reaching bill.

Although both the House- and Senate-passed bills dealt with similar HUD programs, there were in fact great differences in approach between the two bills. The conferees dealt with more than 300 substantive differences between the two bills, and I believe that the resolution of these differences was as fair and equitable to both Houses as was humanly possible.

In this statement, I would like to outline the major areas of difference between the House and Senate bills and briefly explain how these issues were resolved.

TITLE I—COMMUNITY DEVELOPMENT

Both the Senate and House bills consolidated a number of HUD categorical programs providing community development assistance to large and small communities throughout the country. Both bills established a system of grant entitlements—the Senate bill generally through a "hold-harmless" approach, under which communities would have been assured of a certain level of funding annually; the House bill through a relatively complex formula—based on population, poverty counted twice, and housing overcrowding—accompanied by hold-harmless provisions generally similar to the Senate bill.

The conferees accepted the House approach with a modification in the treatment of the "model cities" component of the "hold-harmless provisions. Under the conference bill, model cities grant recipients will receive a declining percentage—80, 60, and 40 percent—of their average annual grant under the model cities program for a 3-year period following completion of the community's fifth action year. The conferees believe that this resolution of the model cities issue is fair both to the 147 model cities communities and to the many communities throughout the country which must be assured reasonable access to community development funds.

Both the Senate and House bills contained provisions designed to assure that communities would utilize block grant funds to address high priority national goals and objectives. Although the specific provisions of the two bills differed in significant ways, the thrust of both bills was clearly to channel community development funds toward long-established and identified national goals. The conference report merged these differing provisions to clarify this intent.

Each community applying for block grant funds must—

First, identify its community development needs and objectives in accordance with areawide development planning and national urban growth policy;

Second, formulate a program of activities to meet those needs, together with estimated costs and general location of such activities; and

Third, submit a housing assistance plan (surveying the housing needs of lower-income persons, specifying the number of units or persons to be assisted including the proportion of new, rehabilitated, or existing units, and indicating the general location of housing for lower-income persons; and

Fourth, describe a program of activities designed to eliminate or prevent slums, blight, and deterioration where such conditions or needs exist; and to provide improved community facilities and supporting health, social and similar services where necessary and appropriate.

The Senate bill authorized $2.8 billion in fiscal year 1975 and $3.3 billion in fiscal year 1975, $2.65 billion in fiscal year 1976, and $2.95 billion in fiscal year 1977, with additional special transition grants of $100 million annually for the above fiscal years.

The conference bill authorizes $2.5 billion in fiscal year 1975, $2.95 billion in fiscal year 1976, and $2.95 billion in fiscal year 1977, with special transition grants of $50 million annually for the first 2 fiscal years and $100 million for the third fiscal year.

The conferees believe that these authorization amounts are reasonable and necessary to continue and expand community development activities throughout the country. The bill also requires the HUD Secretary to make timely requests for future program authorizations, together with a reappraisal of the allocation and distribution provisions of the bill.

TITLE II—ASSISTED HOUSING

Title II of the conference bill deals with the full range of HUD programs designed to assist lower-income persons and families obtain improved housing.

LOW-RENT PUBLIC HOUSING

Both the Senate and House bills authorized a new section 23 program providing assistance to lower-income persons for both new and substantially rehabilitated housing and existing housing. The Senate bill authorized this new program as an addition to the conventional low-rent public housing program, while the House bill contemplated substantial reliance on the new program as the principal tool for assisting lower-income persons.

The conference bill contains primarily the House provisions with respect to this new production and leasing program. However, out of a total of $1.225 billion made available for the public housing program the bill provides that at least $150 million will be utilized by HUD to assist public housing agencies directly for housing to be developed and owned by them, with at least 50 percent of the units to be constructed other than through the new production and leasing program. The conferees believe this resolution of a most difficult issue is a reasonable one: HUD will be able to finance conventional public housing construction in those areas where the new program may not work immediately, all local public agencies will be assured a reasonable amount of funding to undertake projects under the new program.

The House bill also established a minimum rent for occupants of low-rent public housing projects regardless of the maximum 25 percent of income rent established in existing law. The House bill set the new minimum rent at the greater of 10 percent of a tenant's gross income or that portion of a welfare payment specified to meet housing costs. The Senate conferees accepted these provisions, with an amendment reducing the 10 percent figure to 5 percent.

The House bill contained a provision excluding from the definition of income any increases in social security benefits received by public housing occupants after June 1974. This provision was applicable also to the sections 235 homeownership and 236 rental assistance programs, the rent supplement program, and the rural housing assistance programs. The conference bill does not contain these provisions despite the strong support of the House conferees. The Senate conferees refused to accept these provisions, primarily on the grounds of their high cost in future Federal subsidy funds and the resulting unfairness to nonsubsidized elderly persons.

LOW-INCOME HOUSING FOR THE ELDERLY AND HANDICAPPED

Both the Senate and House bills reactivated, in slightly different form, the popular program of direct loans for housing for the elderly and handicapped authorized by section 202 of the 1959 Housing Act. The conference bill contains the House provisions concerning this program with two amendments: First, establishing HUD's total borrowing authority for direct loans at $800 million a reduction of $700 million from the House bill; and second, providing that the aggregate amount of loans made in any fiscal year cannot exceed limits established in appropriation acts.

SECTIONS 235 AND 236

The Senate bill continued and expanded both the sections 235 and 236 programs, with various amendments, providing an additional $120 million in contact authority for the section 235 program on July 1, 1975, and an additional $380 million for the section 236 program for fiscal years 1975 and 1976. The House bill merely extended the 235 program for 1 year, with no additional authorization; and extended the section 236 program for 1 year, with an open-end authorization for the program for fiscal year 1975.

The conference bill makes the following provision for these two controversial programs. With respect to the section 235 program, it extends for 1 year after enactment of the bill the authority to use existing appropriated contract authority, and provides for such sums as may be approved in appropriation acts for the balance of fiscal year 1976. With respect to the section 236 program, it authorizes an additional $75 million in contract authority for fiscal year 1975, and extends the program through fiscal year 1976. HUD is expected to approve commitments of available funds for new projects under this program when a community has identified its special housing needs and demonstrated that these needs cannot be met through the new section 23 production and leasing program.

The conferees spent a considerable amount of time in reaching these decisions with respect to these programs. While the provisions of the conference bill go beyond the provisions of the House bill with respect to these programs, the House conferees believe that without this compromise on our part the conference might well have broken up in disagreement. I believe this compromise was necessary to avoid that deadlock in order to assure the resumption of our housing and community development efforts.

LOCAL APPROVAL

Both the Senate and House bills broke sharply with past law by requiring Federal housing assistance funds to be used in accordance with the wishes of local communities. The Senate bill required housing funds to be used in general conformity with State and local housing assistance plans; and directed HUD to resolve conflicts between State and local plans. The House bill required localities with approved housing assistance plans—submitted as part of their community development program applications—to review all applications for housing assistance to determine the consistency of those applications with their plans. HUD was permitted to disregard local objections only where the objection was without merit and the application was plainly consistent with the plan. Localities without housing assistance plans were given 60 days to submit their objections with HUD.

The conference bill retains the House provisions in this critical area, although in slightly modified form.

Within 10 days of receiving an application for housing assistance, HUD is required to notify the locality that the application is under consideration, and provide the locality 30 days to object on the grounds that the application is inconsistent with its housing assistance plan. If the locality objects, HUD may not approve the application unless it determines that the application is consistent with the plan.

If HUD receives no objection during the 30-day consideration period, it may approve the application unless it finds it to be inconsistent with the plan. HUD's determinations with respect to consistency or inconsistency with a particular plan must be made within 30 days after receipt of an objection or within 30 days after the close of the 30-day consideration period.

These local approval provisions were very controversial among Senate conferees. Their constructive amendments to the House provisions should assure that housing projects are not delayed inordinately by communities wishing to avoid their housing responsibilities, and at the same time assure communities which act in good faith that their housing assistance plans will truly govern the location of housing projects. The conferees believe these local approval provisions will result in unified housing and community development activities for the first time.

ALLOCATION OF HOUSING SUBSIDY FUNDS

Both the Senate and House bills, for the first time, provided legislative direction to HUD with respect to the distribution of housing subsidy funds. The Senate bill provided that 75 percent of such funds would be allocated to metropolitan areas, and 25 percent to nonmetropolitan areas. The House bill provided that at least 20 percent was to be allocated to metropolitan areas.

Furthermore, the Senate bill directed HUD to reserve housing assistance funds to meet the housing needs outlined in community development plans. The House bill directed HUD to allocate these funds on the basis of objective criteria, with allocations modified as necessary to fulfill the requirements of approved local housing assistance plans submitted under the community development program.

The conference report contains the House provisions with respect to distribution of funds in accordance with objective criteria and provides that 80 percent of the funds would be allocated to metropolitan areas, with at least 20 percent, but not more than 25 percent, allocated to nonmetropolitan areas.

These provisions represent an extremely important departure from past practice. Communities in every area of the country should be assured of reasonable access to housing assistance funds under these provisions.

TITLE III—MORTGAGE CREDIT

REVISION OF NATIONAL HOUSING ACT

The Senate bill would have completely rewritten the National Housing Act to consolidate and simplify FHA mortgage credit programs. The House bill merely amended existing law. The conference bill contains amendments to existing law only. The basic FHA authorities are extended to July 1, 1977.

The House conferees rejected the consolidation provisions most reluctantly. They were badly needed to simplify the law and its administration, and to eliminate numerous obsolete and duplicating provisions. However, just as pressing is the need to reappraise in the comprehensive manner the entire FHA program and to determine its future role in serving national housing needs. The Housing Subcommittee intends to take on that task early in 1975.

MORTGAGE AMOUNTS

The Senate bill would have established a new system a maximum mortgage limits applicable to FHA mortgages through a prototype procedure. The House bill raised mortgage limits by varying amounts—generally about 36 percent on unsubsidized and 20 percent on subsidized mortgage.

The conference bill accepts these House increases. The most critical increase is in the limit applicable to unsubsidized home mortgages, from $33,000 to $45,000. The conferees believes this increase will serve to reactivate FHA mortgage lending in the many areas in which it is no longer feasible to build under the old limts.

COMPENSATION FOR DEFECTS

The Senate bill contained very controversial provisions extending the compensation for defects provisions of existing law—currently applicable only to the section 235 program—to cover mortgages insured under sections 203(b) and 221 in older and declining areas, and making compensation retroactive to mortgages insured under these programs on or after August 1, 1968. As members recall, similar provisions were contained in a 1973 bill passed by the Senate which the House refused to accept.

The conference bill contains the Senate provisions with three amendments—

First, any determinations by HUD with respect to these provisions are final and not judicially reviewable;

Second, eligiblity for compensation is limited to mortgages insured under sections 203(b) and 221 between August 1, 1968, and January 1, 1973; and

Third, HUD may not provide compensation unless it determines that the defect involved a serious danger to the life or safety of the occupant of the dwelling.

I believe these provisions are a reasonable solution to a most vexing problem. The conferees should be highly commended for their compromise in this area.

TITLE IV—COMPREHENSIVE PLANNING

The Senate bill revised completely the law governing the section 701 comprehensive planning program. The House bill merely extended the program for 1 year with additional funds.

The conference bill accepts the Senate revision of this program, which badly needed simplification and elimination of unnecessary provisions. The conference bill also authorizes an additional $130 million for the program in fiscal year 1975 and an additional $150 million in fiscal year 1976.

The most controversial issue in this title concerned the area of State administration of planning grants with respect to cities of over 50,000 population and regional planning agencies. The Senate bill authorized HUD to make grants to States to assist any governmental unit or combinations of such units if there was mutual State-local agreement with respect to State administration. The conference bill does not contain this Senate provision.

The conferees believe that the law should continue to authorize direct funding of cities of 50,000 population or over and regional agencies. They also agreed that HUD should make every effort to encourage greater coordination of planning efforts by States. However, HUD is expected to fund these recipients directly as permitted by existing law when they desire, if authorized under State law.

TITLE V—RURAL HOUSING

Both the Senate and House bills extended various program authorities administered by the Farmers Home Administration, and made amendments to the law governing those programs. Many of these amendments were similar in the two bills. The conference bill contains generally the amendments originally passed by the House.

The Senate bill expanded the definition of rural areas to places of up to 25,000 population outside metropolitan areas if determined by the Secretaries of Agriculture and HUD that a serious lack of mortgage credit existed. The House bill contained a similar provision, but expanded the definition of rural areas only to include places of up to 15,000 population. The conference bill contains the Senate provisions in this area, except that only places of up to 20,000 population are included.

TITLE VI—MOBILE HOME CONSTRUCTION AND SAFETY STANDARDS

The Senate bill contained a major new authority requiring HUD to establish national standards with respect to the quality, durability, and safety of mobile homes through a National Mobile Home Administration headed by an assistant secretary. The House bill did not contain these provisions.

After considerable study and discussion, the House conferees agreed to the Senate provisions with the following important amendments—

First. Provisions calling for the establishment of a National Mobile Home Administration are deleted, with the bill merely authorizing HUD to carry out this new authority;

Second. HUD is required to consult with the Consumer Product Safety Commission prior to the setting of safety standards;

Third. Provisions relating to manufacturers' warranties are deleted—Congress is now considering separate legislation dealing with such warranties; and

Fourth. Provisions requiring adversary-type administrative proceedings in connection with the issuance of standards are deleted.

The conferees believe these House amendments are constructive additions to the Senate provisions. However, because of the lack of full consideration by the House of this entire area, the Housing Subcommittee intends to monitor very closely HUD's activity under this new authority.

TITLE VII—CONSUMER HOME MORTGAGE ASSISTANCE

The House bill contained very comprehensive provisions revising and expanding the real estate lending powers of Federal savings and loan associations and national banks, and the lending powers of Federal credit unions. The Senate bill contained no similar provisions.

The conference bill contains these important House provisions with the following important amendments—

First. The limit on the amount of single family loans made by savings and loan associations is increased from $45,000 to $55,000; however, the authority of savings and loan associations to allocate only the excess over the $55,000 limit—rather than the full amount of the loan—to the 20 percent of assets requirements is deleted; and

Second. The provision increasing from 20 to 30 years the period during which a savings and loan association must build up reserves to 5 percent of its insured accounts is deleted.

The conferees believe the vast expansion of loans over the $55,000 limit which would have resulted from the House bill's provision was unjustified. This is particularly true at the present time when middle-income families are experiencing such great difficulty in obtaining mortgage credit. With respect to the second amendment above, the conferees urged the Federal Home Loan Bank Board to exercise its discretion to grant extensions of the reserve buildup period in order to strengthen the ability of younger institutions to help meet mortgage needs in their communities.

TITLE VIII—MISCELLANEOUS

NATIONAL INSTITUTE OF BUILDING SCIENCES

The Senate bill authorized the establishment of a nonprofit, nongovernmental institute to develop, promulgate, and evaluate criteria for housing and building regulations. The House bill did not contain these provisions.

The conference bill accepts the Senate provisions. The conferees expect this Institute to be the major force in rationalizing the thousands of building codes and regulations throughout the country which, in many respects add to the cost of housing by preventing the building industry from introducing more efficient and less costly materials and techniques to the construction process. It should be noted that the termination of the urban renewal program, including the workable program provisions by title I of the bill, removes from HUD the authority to impose any particular building code or element thereof on any community. As a result of that conference decision, the expected encouragement of reform in building codes by the new Institute will take on added importance.

SERVICING OF FHLMC MORTGAGES

The House bill specifically permitted the servicing of FHLMC mortgages by HUD-approved mortgagees, clarifying congressional intent in this area. The conferees accepted this provision with the understanding that its adoption does not expand in any way the existing categories of institutions eligible to sell mortgages to FHLMC. The conferees expect the Corporation to utilize this authority in a reasonable manner, making certain that ineligible institutions do not use this authority to sell mortgages to the Corporation through eligible sellers. However, the Corporation is not to so limit this authority as to render congressional intent meaningless.

URBAN HOMESTEADING

Both the Senate and House bills authorized HUD, under slightly varying provisions, to undertake urban homesteading programs in localities requesting such assistance. The conference bill contains generally the Senate provisions in this area, with one important amendment from the House bill: directing HUD, upon the request of a community or State, to provide a listing of all unoccupied one-to-four family residences owned by the Secretary located within their jurisdiction.

LIMITATION ON WITHHOLDING OR CONDITIONING OF HUD ASSISTANCE

The House bill contained a most important provision prohibiting the administrative withholding or conditioning of HUD assistance by reason of the fact that recipients use the proceeds of tax-exempt borrowing to provide local financing. As Members know, this House provision was directed at the proposed OMB A-70 circular, which has since been withdrawn. The conference bill contains this provision.

Mr. Speaker, I wish to commend all of our House conferees for their outstanding work, not only in upholding House provisions in the conference, but in developing reasonable compromises in many areas where Senate conferees insisted on their provisions. Our colleagues on the minority side—Mr. Widnall, of New Jersey, Garry Brown, of Michigan, and Bill Stanton, of Ohio—continued the excellent performances that have come to be expected of them. On the majority side, I believe I speak for all Members in extending special congratulations to Mr. Ashley, of Ohio, whose work over 4 years in the development of this bill has made him truly the House's expert in this critical area. Finally, I wish to thank Mr. Moorhead of Pennsylvania, whose leadership in working out the final compromises on the housing subsidy programs was the catalyst that brought the conference to a close in a way that was acceptable to both the House and Senate conferees.

Mr. ANNUNZIO. Mr. Speaker, will the gentleman yield?

Mr. BARRETT. I yield to the gentleman from Illinois.

Mr. ANNUNZIO. I thank the distinguished gentleman from Pennsylvania, the chairman of the Housing Subcommittee, for yielding, and I wish to commend him and the House committee for an excellent job.

In order to make some legislative history, Mr. Speaker, I am reading from page 134 of the report. As the Members know, I sponsored the code standards amendment, and I want to make some legislative history on what was taken out of title I. The language reads:

> The conferees wish to state that with the repeal of the workable program provisions of the urban renewal law, the HUD Secretary retains no authority to impose any particular model building or safety code, or any element of such a code, on any community, or to condition or withhold grant funds under any program by reason of the failure of any community to adopt such a code. The conferees believe that the development of more effective building standards should be encouraged primarily through the activities of a National Institute of Building Standards, which would be established for that purpose under other provisions of the conference report.

Under previous actions by the Secretary of HUD, where he imposed so-called model building or safety codes, a number of communities were required to make changes in their building codes which amounted to a lessening of safety standards. Typical of such action was to require that codes be changed to allow for the use of aluminum electric wiring. A number of fires have occurred in homes and other housing facilities as a result of the use of such wiring material, the most notable in a New Orleans motel where a number of people lost their lives. The Consumer Product Safety Commission recently outlawed the use of such wiring. Similar lessening of local code requirements in the use of plastic pipe in place of cast iron soil pipe were imposed by the Secretary in total disregard of local concerns and conditions. Under the provisions adopted in this bill the Secretary will no longer be able to lessen the safety provisions of local building, fire, and safety codes.

Mr. Speaker, it is my understanding in the language of this conference report that the Secretary has no authority to override local safety code standards; is that correct?

Mr. BARRETT. The gentleman is absolutely correct.

Mr. ANNUNZIO. Mr. Speaker, I wish to call the Members' attention to page 164. As they know, I was also the sponsor of the amendment to increase the reserve requirements of smaller savings and loan institutions from 20 to 30 years. That was taken out of the bill, and the language reads as follows:

> While the conferees agree with the Board's request that an extension from twenty to thirty years not be mandatory, they urge the Board to grant this extension by general regulatory action, reserving the discretion to deny such an extension in specific cases where the lending practices of a particular institution may be subject to supervisory question. The conferees believe this regulatory action by the Board will strengthen the ability of younger institutions to help meet mortgage needs in their communities and to provide the support essential to a recovery in housing.

Mr. Speaker, for the purpose of legislative history, to be assured that the Board grant the extension of time to smaller institutions, can the Chair assure me that the smaller institutions, with the discretionary powers that the Chairman of the Federal Home Loan Bank Board has, can get an extension of time?

Mr. BARRETT. The gentleman is absolutely right. They can get an extension of time.

Mr. ANNUNZIO. I thank the chairman very much.

This is a conference report I intend to vote for.

Mr. KOCH. Mr. Speaker, will the gentleman yield?

Mr. BARRETT. I yield to the gentleman from New York.

Mr. KOCH. I thank the gentleman for yielding.

Mr. Speaker, during the consideration of the conference report on the Housing and Community Development Act of 1974, I wish to call to the House's attention an inadvertent clerical omission of an important provision which was contained in both the Senate-passed bill (S. 3066) and the bill passed by the House (H.R. 15361). This provision (section 401(c) and section 401(i) of chapter I of S. 3066 and section 306 of H.R. 15361) made possible FHA-insured financing on the resale of cooperative housing dwellings. This amendment would have provided fair and equal treatment for owners of dwellings in cooperatives by allowing purchasers of such dwellings to obtain long-term financing covering the value of the cooperative dwelling purchased. The amount of this new financing would be reduced by the unpaid balance of the blanket cooperative mortgage allocable to that dwelling. Such refinancing on resales is now available on condominiums and single-family homes.

It is regrettable that this technical error has occurred and I wish to establish the House's support for this needed legislation and ask for the help from our distinguished committee chairman to correct this mistake at the first appropriate opportunity by including this provision in any appropriate legislation which is enacted.

Mr. BARRETT. Mr. Speaker, I can assure the gentleman that at the first opportunity which would be appropriate to insert that, the committee would be glad to do it.

Mr. KOCH. I thank the gentleman.

Mr. STARK. Mr. Speaker, will the gentleman yield?

Mr. BARRETT. I yield to the gentleman from California.

Mr. STARK. I thank the gentleman for yielding.

Mr. Speaker, I should like to commend the chairman of the subcommittee for his diligent work on behalf of all of the people in this country in making great strides forward toward solving the housing problem which confronts us all.

The conferees, in their report, have commented upon a provision in this legislation which was accepted overwhelmingly by this body during the housing debate and which I am pleased to see the conferees have adopted. I refer to the specific authorization to the Federal Home Loan Mortgage Corporation to buy and hold loans serviced by HUD-approved mortgagees who are not eligible as sellers to the Mortgage Corporation.

The conferees have commented that

FHLMC may limit the purchase of such loans to a "reasonable percentage" of an eligible seller's total loan activity. I wish to confirm my understanding that by "reasonable" the conferees envisioned something less than a preponderance, but not a minimal or token figure, rather, something in the range of 45 to 55 percent. Would the gentleman confirm my understanding of the intent of the conferees?

Mr. BARRETT. I yield to the gentleman from California (Mr. HANNA) to reply.

Mr. HANNA. Mr. Speaker, am I not correct that the conferees thought it was the better part of wisdom to allow a discretion within the Board itself to establish these limits and that it was not an appropriate thing for us as conferees to set anything in cement? Therefore we have left it in the discretion of the Board.

Mr. BARRETT. The gentleman is correct.

Mr. STARK. Mr. Speaker, if the gentleman would yield further, I did want to reinforce my understanding of that, that while we intended to leave it to the discretion of the Board, this was not to be considered a way for them to in effect eliminate the provision by making the percentage so small as to be meaningless.

Mr. BARRETT. I would agree with the gentleman that a reasonable percentage could be considered.

Mr. STARK. I thank the gentleman.

Mr. MITCHELL of Maryland. Mr. Speaker, will the gentleman yield?

Mr. BARRETT. I yield to the gentleman from Maryland.

Mr. MITCHELL of Maryland. Mr. Speaker, I too want to commend the conferees for the report they have brought forth. I would be less than candid if I did not indicate I still have some concerns about the formula for distribution. However those concerns are more than offset by the many positive features which are now contained in this conference report. I commend the conferees and I thank them for addressing themselves in a very meaningful and positive fashion to this critical problem of housing in America.

Mr. BENNETT. Mr. Speaker, will the gentleman yield?

Mr. BARRETT. I yield to the gentleman from Florida.

Mr. BENNETT. Mr. Speaker, I congratulate the chairman and the committee on their fine report.

I want to make some legislative history briefly. Section 107(a)(4) of this act authorizes a discretionary fund equal to 2 percent of the total of $8 billion in community development block grant funds for use by the Secretary of HUD in making grants in addition to any other grants to which a city may be entitled for a number of special purposes including "innovative community development projects." It appears to me the acquisition and restoration of historic sites is clearly an innovative community development activity under the act but I would like to be assured that an addition to a city's regular grant may be for innovative historic preservation projects and would also be available for assistance for this discretionary fund.

Mr. BARRETT. The gentleman is absolutely correct.

Mr. MOORHEAD of Pennsylvania. Mr. Speaker, will the gentleman yield?

Mr. BARRETT. I yield to the gentleman from Pennsylvania (Mr. MOORHEAD).

Mr. MOORHEAD of Pennsylvania. Mr. Speaker, I rise in support of the conference report and urge my colleagues to approve the Housing and Community Development Act of 1974.

As I told this body on June 30, when the bill originally was approved by the House, this legislation is a bill for large cities; it is a good bill for smaller cities; it is a good bill for rural areas.

It has remained all of these things because your conferees met the Senate in a toe-to-toe conference, steadfastly insisted on the major House provisions and carried the day.

It was not until more than 4 weeks of day and afternoon meetings that the conference logjam was broken with Senate acceptance of a compromise package which kept the House community development language in exchange for some Senate provisions on subsidized housing.

I was proud to author the proposal, but I was even more pleased that in engineering the compromise, your conferees were able to bring back much of the House bill and avoid returning to this floor with outstanding items in dispute.

This legislation is the culmination of almost 3 years' effort.

I do not want to belabor the point but it is a bill which the mayors, Governors, community officials, and constituents in each of your districts are expectantly awaiting.

The other body approved the bill 80 to 0 on Tuesday, let us quickly follow suit. I urge your support for the conference report.

Mr. WIDNALL. Mr. Speaker, I yield myself 7 minutes.

Mr. Speaker, I rise in support of the conference report on S. 3066. While this legislation bears a Senate number, we are proud to say that it is, in most part, a House bill. I wish to commend Chairman PATMAN and our special Housing Subcommittee for diligence and support of the House provisions in what was an extremely long and tedious conference.

Others members deserve praise for their daily sacrifices, over a period in excess of 4 weeks, which were necessary to work out the differences in two bills which were worlds apart. Congressmen ASHLEY and BROWN are to be especially commended for their parts in attaining a viable piece of legislation which will be signed into law by President Ford.

This legislation also exemplifies what can be accomplished when the legislative and executive branches of Government work together and develop rational approaches to serious problems. Secretary Lynn and his staff are to be complimented for the time and effort they invested in seeing that our Government serve the people. It would have been easy for HUD to sit back and allow a bill of this magnitude to sink of its own weight. But, they did not. They sought a bill the President could sign and I am proud to say that for the first time since 1968 we have a major housing and community development package worthy of his signature.

I personally am proud of the part I played in this landmark legislation. Specific provisions which I offered are in this bill and I would like to just touch briefly on some of them. With respect to community development, urban counties are now recognized for equal treatment with metropolitan cities in cases where these counties take on the responsibilities of cities. As an example, in northern New Jersey, this can be of vital importance since many nonmetropolitan cities are massed so closely together that they become a gigantic city with many subparts each heading in a different direction. It is my hope and belief that the urban county provision I sponsored will reduce the patchwork quilt effect of the past.

Also, for the first time, the law would permit community development funds to be used to remove architectural and material barriers which restrict the access and mobility of the elderly and handicapped. Not too long ago, I spent an "Awareness" day in Ridgewood, N.J., designed to familiarize those of us fortunate enough to be nonhandicapped, with the trials and tribulations of those members of our society who are handicapped. I promised, at that time, that I would redouble my efforts to eliminate the barriers we have unthinkingly raised to the elderly and handicapped as we busily created a world suited to the needs of other segments of our population.

With regard to housing assistance programs, I am gratified by the fact that the House prevailed in several specific areas in which I have had keen interest; the leased housing program, special provisions involving the elderly and the handicapped, the preservation of the existing FHA structure pending further study, and the loosening up of mortgage limits and other provisions which have served to reduce the availability of housing to many prospective home purchasers.

The leasing program will provide the prime vehicle for future housing assistance programs. It will perform in essentially the same fashion as the leased housing program originally conceived in 1964 and which was enacted in 1965. It is a vehicle that makes maximum use of the private marketplace, with all of its advantages. Where existing facilities are not adequate, this program will permit the construction of new dwellings or the rehabilitation of older units.

Hopefully, the program will avoid the past pitfalls of concentrating the poor in federally supported projects.

My proposals regarding special consideration for the housing for senior citizens and handicapped persons, through both the section 202 program and through a series of amendments offered to the leasing program including possible tying together, at the local level, the various elements of comprehensive services and housing. Thus, local plans can be integrated to yield a full living environment for such persons. I am indeed pleased that the conferees have seen fit to retain these provisions.

Finally, in the course of subcommittee

deliberations, I was joined by a majority of the Members in moving to withhold extensive revision of FHA programs so that we might give serious concentrated study to the matter at a later date. The Senate bill had already been passed at that time and it provided for a complete revision of the National Housing Act of 1949. It is gratifying to me that the Senate conferees agreed with the House position. Only those amendments which offer to assist the mortgage credit industry and prospective homebuyers are in the conference report. Both the House and Senate Subcommittee on Housing have now stated their concern over the failing service of FHA and their intent to give this matter attention at the earliest practical date. It is a very critical national urgency that we simply must attend to in full measure.

Mr. Speaker, as I indicated earlier, this is a good bill. It is a necessary bill and it is a bill that will be signed. The majority agrees, the minority agrees, the administration agrees and judging from the 84 to 0 vote in the Senate on Tuesday, the Senate agrees. I urge its adoption without further delay.

Mr. WIDNALL. Mr. Speaker, I yield such time as he may consume to the gentleman from Georgia (Mr. BLACKBURN).

Mr. BLACKBURN. Mr. Speaker, I would like to congratulate the House and Senate conferees on their fine, diligent job in adopting this compromise conference report. This bill should contribute greatly toward the solution of the many complex housing problems that face our Nation. As chairman of the House Republican Task Force on Housing, I am especially grateful that the conferees chose to adopt many of the recommendations of the task force. In particular, there are several striking similarities between the conference report and the task force proposals.

COMMUNITY DEVELOPMENT

The conferees wisely decided to adhere to the House grant allocation provisions. Hold-harmless will be kept for 3 years and then phased out over a period of 3 years. A new grant allocation formula will then be put into effect. Based on a formula that counts population, overcrowding, housing, and poverty twice, the conference agreement has evolved a means of enabling community development programs to more fully meet the needs of the entire country. The formula will allow HUD to apportion funds on the basis of need and in a manner which will allow local self-determination.

The conference agreement adopts the less restrictive House application and program requirements. In addition, HUD is granted the authority to waive these requirements for one-shot operations suited to the needs of communities under 25,000 population. In the past, community development has often been reduced to a matter of "gamemanship" in which who applied and when seemed of much greater importance than the need of the political entity concerned. This bill will increase the importance of the basic needs of the community and greatly reduce the dependence on gamemanship and the ability of communities to navigate redtape and bureaucratic mazes.

The program authorizations for the community development programs are close to the task force's recommendations. The $8.6 billion figure is somewhat higher than our recommendation of $8.1 billion, but is nonetheless satisfactory.

SUBSIDIZED HOUSING ASSISTANCE

Under the conference agreement, the major federally subsidized housing program will be the section 23 leasing program. When this program was originated in 1964 by the Republican minority, it was bitterly castigated by HUD and the Johnson administration. In the past decade, this Congress-originated program has become the program that has best survived the criticism and problems of subsidized housing legislation of the sixties. It is the least expensive, most flexible and best hope for rehabilitation. The conferees should be applauded for making section 23 the No. 1 federally assisted housing program.

The conferees did not repeal the Brooke amendment. This well-intentioned, but ill-conceived legislation has rapidly reduced many housing authorities to bankruptcy or close proximity thereto. In the future, if public housing programs are to be sound, zero or negative rents must be eliminated and all tenants must pay a minimum rent.

HOUSING FOR THE ELDERLY

The conferees adopted the House provision reinstating the section 202 direct loan program for the elderly. The task force recommended that a sizable portion of the section 23 units be specifically allocated for the elderly. The section 202 program is an acceptable substitute, but the conferees need not have dropped the House provision requiring that 20 percent of the new section 23 authority be used for elderly or handicapped projects.

The task force recommended that elderly persons should be given relief from excessive tax burdens, especially property taxes. It also recommended adoption of proposals to increase security and safety in federally assisted housing and to provide demonstration models of living arrangements to meet the special and medical needs of the elderly. Although these provisions were not in the conference report, the Ways and Means and Banking and Currency committees should immediately begin consideration of these proposals.

MOBILE HOMES

The conference agreement accepted the Senate provisions not included in the House bill directing HUD to initiate and enforce national standards on the quality and safety of mobile homes. The task force endorsed a similar proposal by Representative LOU FREY. These features are especially important, because more than 7 million Americans now live in mobile homes.

URBAN HOMESTEADING

The conferees adopted the urban homesteading proposal which would allow lower and moderate income individuals to purchase abandoned homes for a nominal fee. The task force also endorsed urban homesteading, which is one of the more promising and innovative ideas for arresting the accelerating abandonment of housing in the inner city.

MATERIALS CRISIS AND ENERGY

The task force also initiated proposals to deal with the impending materials crisis and to reduce energy consumption in residential dwellings. Unfortunately, the conference agreement did not deal with these pressing problems. Hopefully, the appropriate congressional committees will soon look into these areas.

Mr. Speaker, the Congress has not passed an omnibus housing bill since 1970. I urge that we pass this bill and place it on the President's desk for signature. This is a great opportunity to overhaul and streamline our Federal housing programs. Let us not let this opportunity go to waste.

Mr. WIDNALL. Mr. Speaker, I yield 2 minutes to the gentleman from Michigan (Mr. BROWN).

Mr. BROWN of Michigan. Mr. Speaker, I will not take the time of the House to gild the lily by further pridefully praising the conference product we are presenting to the Members here today. However, I would be grossly remiss if I did not take this time to commend the chairman of the subcommittee, the chairman of the full committee, and particularly the gentleman from Ohio (Mr. ASHLEY) and all of the Members on the Democratic and Republican sides, as well as their respective staffs, for what I believe is the legislative highlight of this Congress.

I am convinced there was greater bipartisan legislative effort and greater effort on behalf of those administering the Department of Housing and Urban Development, especially Secretary Lynn and Under Secretary Mitchell, with respect to this legislation than has been exerted on any legislation considered by the Congress this year. Also, I would like to single out and commend you, Mr. Speaker, and the distinguished majority leader, for facilitating the expeditious and orderly consideration of this bill on the House side.

There is much more that I would like to say, but I do not want to take further time of the House because I know the Members are anxious to vote, and vote approvingly. Although I do not wish to further belabor the Members by a general discussion of the bill, there are certain areas and provisions of the bill, regarding which, I think the legislative history should be improved beyond that which appears in the report of the managers of the conference.

These areas involve the provisions with respect to NEPA; the application of the Impoundment Control Act of 1974 to the limited extension of the sections 235 and 236 programs; "Local Approval" and the application of the so-called substantial reasons test; interpretation of the summary plan provisions of the bill to smaller communities; the "extent of poverty" and data upon which such determinate will be based; and, finally, the legislative intent regarding the $150 million set aside for LHA's.

Mr. Speaker, ordinarily I would establish the legislative history with respect to these provisions by participating in a series of colloquies with my counterpart on the majority side of the aisle, the gentleman from Ohio (Mr. ASHLEY), but since I have discussed these items with him and he is aware of the content and substance of the legislative intent I shall hereinafter recite and substantially concur therein, I will save my colleagues in the House from being required to witness such an unnecessary verbal exercise.

First, section 104(h) of S. 3066 provides that the Secretary may provide for the release of funds to applicants who assume responsibilities for compliance with the National Environmental Policy Act and further provides that the Secretary may exercise such authority under regulations after consultation with the Council on Environmental Quality. One might wish to inquire as to whether in such circumstances as determined by the Secretary, such regulations could require grantees of Federal assistance to assume such responsibilities?

The answer is "Yes." Under section 104(h), the Secretary could issue regulations which would require that grantees accept responsibilities under the National Environmental Policy Act. The intent of Section 104(h) was to authorize the Secretary to impose such a requirement in order to develop the machinery and ability in local governments to make environmental reviews. This would parallel the shift of decisionmaking to local governments. This section would also enable the Secretary to avoid injecting review by HUD back into the detailed process of local decisionmaking.

Second, under the provisions of S. 3066 the insuring authority for section 235 is extended to June 30, 1976, but on the expiration of 1 year following the date of enactment, the Secretary shall not enter into new contracts using funds from appropriations acts prior to July 1, 1974. There is in excess of $200 million of such appropriated funds currently available. Further, the section 236 insuring authority is extended until June 30, 1976, and there is expected to be well in excess of $100 million of appropriations available for expenditure under this authority.

Someone is likely to inquire first as to whether the provisions of the Impoundment Control Act of 1974 apply to funds, such as those I have described, which were appropriated prior to enactment of the Impoundment Control Act, and second, whether it is intended to mandate the use of the section 235 and section 236 insuring authority by HUD.

I wish to respond as follows: In our deliberations in the conference, it was our understanding that the Impoundment Control Act of 1974 did not apply to funds appropriated before the date of its enactment. Moreover, I might point out that the Impoundment Control Act expressly provides in section 1001(3) that it does not affect the claims or defenses of any party to litigation concerning any impoundment. That section applies here, since the suspension of the section 235 and section 236 programs has been the subject of a lawsuit in which the U.S. Court of Appeals for the District of Columbia has recently ruled that HUD's suspension of those programs was legal. The conferees had no intention of undoing the results of that litigation, whatever they might be. Also, the limitation imposed, that new contracts not be entered into under section 235 after the expiration of 1 year from enactment of the 1974 act utilizing contract authority approved in earlier appropriations acts, demonstrates that we did not intend to mandate the use of all existing contract authority, but rather that we intended unused authority to expire.

As to the second question, it was the intention of the House conferees, following the language found at page 25 of the House report on H.R. 15361, that the extension of sections 235 and 236 programs was "to enable outstanding commitments under these programs to be met and to provide alternative programs to section 23(h) and public housing should the latter programs appear to be unable to meet adequately the housing needs of lower income families." In other words, except for bona fide commitments and a backup to section 23—new section 8—we would not require HUD to utilize the authority under sections 235 and 236. Further, I note that the report of the managers states that the Secretary is expected to approve commitments of section 236 funds only when a community has demonstrated that identified special housing needs cannot be met through the new section 8 program.

Third, the report of the managers states that in HUD's review of an application for housing assistance, any overruling of a locality's determination with respect to inconsistency with a housing assistance plan should be based upon substantial reasons. Some clarification of the meaning of "substantial reasons" seems necessary.

By way of clarification, I would state that what we had in mind was that the inconsistency must be clearly or plainly evident. This is especially important since it is the communities themselves which develop the housing assistance plans in the first instance, and are therefore in the best position to interpret them and to conclude whether a proposed project or activity is consistent with the plans.

Fourth, in the bill we are requring a 3-year summary plan from all applicants—not just yearly entitlement communities—which prompts an inquiry as to whether it would be permissible under the act for smaller communities to list only 1 year's activities where they propose a noncontinuous activity. In other words, can they apply for single-shot grants and just say they have no plans for the second and third year?

Mr. Speaker, I would clarify this point, by saying that one of the purposes of this act is to reduce the redtape and application process. In a case, such as the inquiry suggests, where a community of say 35,000 population is seeking a one-time open space grant, it would be permissible to file a summary plan which merely indicates that only a 1-year program is contemplated.

Fifth, a question no doubt will arise as to what is expected of HUD in developing poverty data by SMSA's. We know the Bureau of Census has been trying to figure out a way to do this since 1965. Under the provisions of the bill are we requesting that HUD "try" to develop or obtain this data, or are we actually directing it to do so with or without sanctions for failure? The conference report may leave doubt as to the intent of the drafters and conferees concerning this matter.

In response I would state that the act makes it clear that regional or area variations are to be considered by the Secretary "if feasible and appropriate and in the sole discretion of the Secretary." If the difficulties are great in developing data on the basis of SMSA's the Secretary can meet the directive in the conference report by informing Congress of those difficulties at the time specified.

Sixth, and finally, section 5(c) of the amended U.S. Housing Act of 1937 as set out in section 201(a) of S. 3066 requires the Secretary to enter into contracts with LHA's aggregating at least $150 million to assist in financing projects to be owned by the housing authorities. Someone can be expected to inquire as to when this $150 million set-aside must be achieved.

The answer to this question is that no time period is specified for satisfying the set-aside. The section does require that of all contracts entered into after July 1, 1974, $150 million must be for this purpose, and this means that by the time all unobligated contract authority is utilized, at least $150 million must be used for housing owned by LHA's. It is not required to be accomplished in fiscal year 1975.

In fact, it may not be possible to use this authority equitably in fiscal year 1975 since the act provides that up to 50 percent of the units in the set-aside may be produced under section 8, and there may be some period of time before changes can be made in local law which will enable some LHAs to use this authority under section 8.

In conclusion, Mr. Speaker, I wish to thank the House for the tremendous support it gave the bill when it was before us initially; I am sure we can expect a similar degree of support on this conference report.

Mr. WHALEN. Mr. Speaker, I urge adoption of the conference report. In previous statements to the House, I expressed my distress regarding several proposals contained in this body's original version of the Housing and Community Development Act of 1974. Indeed, I voted against the bill when it was considered on the floor in June.

Today, however, I will vote for the conference report. I do so because the final provisions in the areas of my concerns now more closely reflect the approaches which I favor.

First, I am particularly pleased that the conferees have reached a reasonable compromise in the inclusion of a "hold-harmless" provision for the Model Cities program. The computation agreed upon provides a hold-harmless percentage of 80, 60, and 40 percent of the average annual Model Cities grant for a 3-year period following a community's fifth action year. Had the House language prevailed, Model Cities funds would be precipitously ended. Thus, energic cities, such as Dayton in my congressional district, would have been confronted with drastic fiscal problems. Now, with the hold-harmless and the transitional funding provided in the conference report, readjustments can be made without chaos.

When the act was before the Housing Subcommittee of the Banking and Currency Committee, I rallied the support of my colleagues from urban areas who shared my concern in this respect. It is gratifying that in the end our efforts have proven successful. I take this opportunity to thank all of the Members who worked with me to attain this goal.

I also expressed reservations relative to the housing provisions contained in H.R. 15361. As I stated in an address to the House last month, I believe there are two primary needs confronting low- and middle-income Americans. First, adequate shelter must be made available. Second, means must be provided whereby low- and middle-income persons can afford suitable housing. As passed by the House, the Housing and Community Development Act of 1974 concentrated on the second of those needs, almost to the exclusion of the first.

On the other hand, the Senate bill recognized what I believe is a very obvious fact. That is, a housing allowance cannot stand alone as the solution to the shelter problems of our low- to moderate income citizens.

I am encouraged that the conferees, to a degree, have acknowledged this truism. In their statement, they concede that it is "desirable to continue the conventional low-rent public housing program in tandem with the new section 23 program at least until this new 23 program has proven itself viable in all housing market areas." Therefore, while the effectiveness of the new section 23 effort is being measured, it is appropriate that the 235 and 236 programs also are extended.

Nevertheless, I hope that prior to the expiration of their extensions, these two concepts again will be reviewed. Too often the problems of the 235 and 236 projects are most vividly recalled while their contributions, such as opening up the suburbs, are ignored. Yet these undertakings have contributed to the success of suburban planned unit development, PUD, and the "fair share" housing policies instituted by regional planning authorities.

It is clear, therefore, that sections 235 and 236 are still necessary. If revised, as proposed by the Senate, they should serve as an integral part of the Nation's total housing effort.

I also concur in the conferees' decision to continue rehabilitation assistance. The Senate's proposal to expand the present section 312 loan program was narrowed and authorized only through 1 year after the enactment of the bill. Fortunately, however, the conferees saw fit to retain the provision which broadens geographic eligibility by incorporating areas served by community development and urban homesteading programs. I strongly support the urban homesteading program authorized in the report, and I believe that the rehabilitation loans will be a significant factor in assuring the success of that initiative. If my expectations materialize, I trust that at a later date this plan also will be extended beyond the time frame recommended in the report.

Certainly, Mr. Speaker, all of my past reservations concerning the Housing and Community Development Act of 1974 are not dissolved by the measure on which we vote this afternoon. Adoption of this act will mitigate but not resolve our housing and our urban crises. Consequently, I am convinced that further action by Congress is required if we are to deal meaningfully with the social, economic, environmental, and political forces that shape our metropolitan regions.

Mr. WIDNALL. Mr. Speaker, at this time I yield 3 minutes to the gentleman from California (Mr. Rousselot).

(Mr. ROUSSELOT asked and was given permission to revise and extend his remarks, and to include extraneous matter.)

Mr. ROUSSELOT. Mr. Speaker, S. 3066, the Housing and Community Development Act of 1974, concerns the public segment of an industry which is one of the hardest hit by inflation, the housing industry. It is therefore ironic that this bill, as it has emerged from the conference, is itself substantially inflationary.

While the conference report gives recognition to the new Budget Committee and the anticipated schedule for incorporating controls, the continued authorization of backdoor spending and amounts in excess of measurable need are unacceptable. On the one hand, the conference acknowledges the need for budget control. On the other hand, it spends merrily, as if to say, "Tighten the belt on other programs; leave this one alone."

I will attach a summary table of the costs involved in this bill which will clearly illustrate the willingness to increase spending while this country is in the midst of one of the most serious bouts with inflation it has ever experienced. The table indicates that the cost of this bill exceeds the amounts budgeted by the Department of Housing and Urban Development by at least $1.045 billion for fiscal year 1975 alone.

If this bill becomes law, I hope that the President will make judicious use of his impoundment authority under the new Budget Control Act to keep its cost within reasonable bounds.

The table follows:

1974 HOUSING BILLS—COST COMPARISON

[In billions of dollars]

Programs, housing assistance	House bill	Senate bill	Conference report	Fiscal year 1975, excess over HUD request
235		(1)0.120	(1)	(2)
236		(2).400	(1)0.075	0.075
Public housing (includes sec. 23)	(1)1.225	(3)1.687	(1)1.225	
Sec. 202 (elderly)	[3]1.500	[3][4].103	[3].800	.800
State housing guarantee	[5].500	[4](2).110 [5].500	[4](2).110 [5].500	.050
Counseling and technical assistance	(1)	(6)	(1)	
Housing allowance		(1).043	(1).040	.040
Housing location		(1).020		
Elderly housing facilities		(2).020		
Urban homesteading		(2).010	(2).010	.005
Solar energy demonstration		(1).002		
National Institute Building Sciences		(2).010	(2).010	.005
Housing defect		(7)	(7)	(2)
Rural housing	.103	(3).145	(3).090	
Community development	(3)8.350	(2)6.100	(3)8.600	.050
Comprehensive planning	(1).130	(2).167	(2).287	.020
Total	11.808	9.437	11.747	1.045

[1] As needed.
[2] Any funds appropriated or spent will be in excess of the HUD request.
[3] Borrowing authority, direct Federal loan.
[4] Appropriations required as subsidy.
[5] Federally guaranteed loans.
[6] Out of special risk fund.
[7] Special risk fund.

Note: Figures in parenthesis indicate number of years.

Mr. ASHLEY. Mr. Speaker, will the gentleman yield?

Mr. ROUSSELOT. I yield to the gentleman from Ohio.

Mr. ASHLEY. Mr. Speaker, I can, of course, understand the gentleman's statement as it relates to community development.

Under that program, it is a fact, is it not, the first year's funding for the community development is taken care of by the $2.55 billion figure which has been approved by the administration?

Mr. ROUSSELOT. Absolutely.

Mr. Speaker, I appreciate the gentleman's comments.

Mr. WIDNALL. Mr. Speaker, I now yield 1 minute to the gentleman from California (Mr. Ketchum).

Mr. KETCHUM. Mr. Speaker, when the House originally considered the Housing and Urban Development Act, H.R. 15361, Mr. Rinaldo and I offered an amendment designed to assist our senior citizens. It simply stated that future costs of living increases in social security benefits would be excluded from determining income for rent in federally subsidized housing. The amendment thus prohibited HUD from hiking up rent every time we granted social security increases that were meant to offset the rise in the cost of living.

The amendment, while opposed by certain members of the Committee on Banking and Currency, was adopted by an overwhelming vote of 285 to 114. Yet, we find that it was deleted in the conference report we have before us today.

Mr. Speaker, I greatly regret that the members of the conference committee saw fit to drop this section, in complete disregard of the clearly expressed wishes of this House.

Mr. WIDNALL. Mr. Speaker, I have no further requests for time, and I reserve the balance of my time.

Mr. PATMAN. Mr. Speaker, I yield the remainder of our time to the distinguished gentleman from Ohio (Mr. ASHLEY) to conclude the debate.

Mr. ASHLEY. Mr. Speaker, I would say this: That without any question, at least in my mind, this is a truly monumental piece of legislation, one in which everybody in this body can take real pride and satisfaction.

I want to particularly commend the Members of the House subcommittee and its chairman, the gentleman from Pennsylvania (Mr. BARRETT) not only on the majority side, but on the minority side. I have never worked on a piece of legislation where there was such a community of common interest; where there was such a spirit of cooperation, and a sense of direction and of common pursuit. I do commend the gentleman from Michigan (Mr. BROWN) particularly, who worked as hard as anybody I have ever seen work on a bill.

But I really want to say, Mr. Speaker, that this is a proud moment for the House. It sets some entirely new directions for the financing of community development and assisted housing undertakings that are very, very important in this country today and in the years to come.

Mr. Speaker, Members of the House are well aware of my feelings on the critical need and importance of this legislation. There is really no need to stress again the urgent need to resume our housing and community development programs throughout the country.

This conference report enables us to do that, but in ways that avoid past mistakes. The new directions in both community development and housing assistance contained in this bill mean that—

Federal assistance will be provided on the basis of equity and need, and not on the ability of communities to frame acceptable applications;

Communities seeking Federal aid for community development will be required to assume responsibility for meeting their lower income housing needs; and

In return for assuming that responsibility, communities will be afforded maximum flexibility in deciding precisely how to meet those needs.

These new directions were implicit in the Senate bill and precisely set out in the House bill. I am happy to say that the Senate conferees accepted all of the House provisions on these points.

As Mr. BARRETT has stated, the House positions generally prevailed on the key community developments and housing issues.

For example, in community development, the Senate conferees agreed to the House bill's formula distribution of funds, to the phaseout of "hold harmless" in the sixth year of the program, and with a minor increase, to the program authorization levels, and, after considerable discussion, agreement was reached on the treatment of the "model cities" component of the hold-harmless amount.

The 147 model cities will receive a declining percentage of their average model cities grant as part of their hold-harmless amounts for a 3-year period. After completion of their fifth action year, each model city will receive 80 percent of its average model cities grant in the first year of the 3-year period, 60 percent in the second year, and 40 percent in the third year. I believe this is a reasonable compromise of this controversial issue.

I want to point out also that while the House conferees believe the funding provisions are reasonable, no one supposes that they are perfect. There is general agreement that during the next 3 years we should: First, try to develop better data on need criteria, and second, monitor very closely the actual distributions made under the program. Hopefully, in authorizing funds for the second 3 years of the program, the Congress will be prepared to make constructive changes in these distribution provisions.

In housing, the Senate conferees generally accepted the House version of the new section 23 housing assistance program. However, a major compromise concerning the role of local housing authorities was necessary in order to reach agreement.

Under this compromise at least $150 million in housing assistance funds is earmarked for use by local housing authorities in developing housing to be owned by them. Furthermore, not more than half of the units constructed with these funds shall be constructed under the new section 23 program.

Let me point out an important aspect of this compromise, proposed by our colleague, Mr. MOORHEAD of Pennsylvania. Some communities fear that private developers will not sponsor section 23 projects in inner-city areas despite the need for such projects spelled out in the community's housing assistance plans. In these instances, local housing authorities will be able to fulfill provisions of the city's plan by sponsoring either conventional or section 23 projects under this funding set-aside.

I wish to call attention also to certain important provisions of the new section 23 program which must be implemented fully if long-term financing, and particularly public bond financing, is to be readily made available for such projects.

Section 8(c)(2)(A) of the revised 1937 Housing Act provides that:

> The assistance contract *shall* (emphasis provided) provide for adjustment annually or more frequently in the maximum monthly rents for units covered by the contract to reflect changes in the fair market rentals established in the housing area for similar types and sizes of dwelling units or, if the secretary determines, on the basis of a reasonable formula.

Section 8(c)(6) provides that:

> The Secretary *shall* (emphasis provided) take such steps as may be necessary, including the making of contracts for assistance payments in amounts in excess of the amounts required at the time of the initial renting of dwelling units, the reservation of annual contributions authority for the purpose of amending housing assistance contracts, or the allocation of a portion of new authorizations for the purpose of amending housing assistance contracts, to assure that assistance payments are increased on a timely basis to cover increases in maximum monthly rents or decreases in family incomes.

In my opinion there is very little that is discretionary in these provisions. Assistance contracts must provide for adjustments in the monthly rental which are being assisted, and the Secretary must take such steps as necessary to provide the additional housing assistance funds needed to cover increases in rents or decreases in family incomes. While the Secretary does have the discretion with respect to the specific amount of rent adjustments and the specific amount of subsidy needed, there is no discretion whatsoever in his duty to make such adjustments and increases available in a good faith manner and on a timely basis.

The conferees also reached important agreements on the sections 235 and 236 programs. With respect to section 235, the conferees agreed to a 2-year extension of the program, although existing impounded funds may be utilized only during a 1-year period after enactment of this bill. After that year, any new activity under the program must be pursuant to funds specifically appropriated by the Congress.

With respect to section 236, the conferees extended the program for 2 years, through fiscal year 1976. However, HUD is to approve new projects only when a community identifies its special housing needs and demonstrates to the HUD Secretary that the new section 23 program cannot work effectively in the community.

I believe these are the most important agreements reached by the conferees. By and large, they are very reasonable ones and should be enacted into law.

Mr. BADILLO. Mr. Speaker, although I intend to vote for the adoption of this conference report today I do so most reluctantly as this measure is really nothing more than a cruel hoax foisted upon millions of Americans who are in desperate need of suitable housing. I am particularly disappointed as earlier in the year the Senate had enacted a much more comprehensive housing measure which really addressed itself to the housing needs of all citizens and especially those most requiring housing assistance, the low- and moderate-income families. Unfortunately, instead of adopting more of the progressive provisions of the Senate measure the conferees instead chose to incorporate a large number of features of the bill passed by the House in June, a measure which reflected the negative and regressive aspects of the former administration's housing philosophy.

Particularly troublesome, Mr. Speaker, is the fact that this measure creates a new housing assistance program to replace conventional subsidy programs now serving low-income persons. I am afraid that this just don't properly respond to the great housing needs of this segment of our population. This situation is seriously exacerbated by the requirement that at least half of the money allocated to local housing authorities be spent for conventional public housing. Such an arrangement is wholly unacceptable to large numbers of urban areas throughout the Nation and, in particular, in my own congressional district.

In the South Bronx in New York there are vast areas which remind one of pictures we have seen of German cities following allied bombing raids during the Second World War. These areas have not been bombed by any foreign nation, however, but by Federal housing programs.

During my tenure as the Bronx Borough president, I approved a fairly large number of blocks for redevelopment under the model cities program. From 1967 to 1969 the tenants were relocated. From 1970 to 1972 the buildings were demolished and new redevelopment plans were prepared and formally proposed. Then, just at the point when construction was to have commenced, Mr. Nixon declared a moratorium on all housing construction in January 1973. Frankly, Mr. Speaker, if no affirmative steps are to be taken to furnish the housing which is so desperately needed in the south Bronx, I intend to suggest that my constituents turn these vacant areas into farming sites and apply for various agricultural subsidies. They might as well derive some benefit from these ugly scars throughout the community and, in the process, highlight the utter folly of the previous administration's housing program.

No one can question the fact that housing is desperately required in this land. This situation is one of the major sources of our current economic dislocation in that at the present time there have only been 1.5 million housing starts as compared with 2.1 million last year—a drop of some 600,000. As the distinguished and able Senator from Wisconsin (Mr. PROXMIRE) noted in the other body earlier this week, testimony has been presented that housing starts will fall to the 1 to 1.2 million level if the present trend continues—1 million units below last year and 1.5 million below the goals established by the 1968 Housing Act. Unemployment in housing is now over 10 percent but if the dire predictions come to fruition direct unemployment would be raised by 600,000 jobs and result in a 15-percent jobless rate in the construction industry. As Senator PROXMIRE observed, this in itself would raise the national rate of unemployment to 6 percent and when combined with the related secondary employment, the national unemployment figure would climb to 7 percent.

Although the measure before us today provides for a 2-year extension of the section 235 and 236 federally-assisted housing programs, they have been severely limited; that is, there are no new funds authorized for 235 and only $75 million in additional funds for 236. Impounded funds must be released without delay and more substantial financial support must be authorized. This is critical to the entire economy as it has been reported that one dollar spent on housing in the public sector has an important multiplier effect, estimated to be as high as 20 to 1.

But I am most troubled by the revised section 23 program as I do not believe it will properly meet the congressional mandate of providing a decent home and suitable living environment for every American family. There is just no evidence and very little prospect that this newly created effort will be able to provide the quantity of housing required each year to meet the demands and requirements of low- and moderate-income families. Certainly the scheme contained in the Senate bill makes a great deal more sense by extending new activity under the traditional public housing programs.

Mr. Speaker, I am aware of the many hours and days which were spent in trying to arrive at some consensus on this very complex and controversial measure. Unfortunately it reflects misdirected priorities and authorizes programs which will not fully meet the most basic housing requirements for millions of low- and middle-income families. However, limited as they are, the programs to be carried forward under this legislation are needed and for this reason I will support the conference report, albeit with regrets and grave reservations. I can only hope that the new administration will thoroughly reassess this Nation's policy on housing for the poor and disadvantaged and that it will take positive initiatives to properly respond to the housing crisis which confronts us.

Mr. REUSS. Mr. Speaker, I rise in strong suport of the conference report on S. 3066, the Housing and Community Development Act of 1974. This is a landmark bill and the product of long and hard work by members of both bodies of Congress. I want to commend the chairman of the House conferees, Mr. PATMAN, and the chairman of the Housing Subcommittee, Mr. BARRETT, and the other conferees on both sides of the aisle for their diligent and skillful handling of the numerous and complicated issues which required resolution in the conference. The resulting meshing of both bills seems to me to be an improvement over either the House or the Senate-passed bill.

I particularly call attention to the provisions in the House-passed bill which encourage the formation of State development agencies and assist these agencies in carrying out a variety of large-scale development projects essential to the economic and physical revitalization of both urban and rural areas. The Senate-passed bill contained a more limited program involving State Housing Finance Agencies. I am pleased that conferees accepted the best of the Senate provisions and incorporated them into the House program.

This is a new tool of impressive potential, combining Federal and State resources to accomplish important long-range objectives to provide housing and related facilities for low-, moderate-, and middle-income families; to revitalize slum and blighted areas; to expand employment opportunities through the development of industrial and commercial facilities; and to assist in carrying out State land use and preservation policies.

More than two decades of urban renewal and housing activity have shown that all but a few large cities lack private developers with the resources needed to organize and finance large-scale development. Publicly sponsored development corporations, as has been amply demonstrated in the past several years by the New York State Urban Development Corp., can be the answer to this urgent need.

Furthermore, the role of such agencies should be broad enough to encompass rapidly emerging new areas of public concern and responsibility—particularly the orderly development of land and its preservation for large-scale planned development. This new program provides Federal assistance to those State agencies which will be intimately involved in this critical area.

Finally, this new program makes a significant contribution to the growing effort to reform our tax structure. In recent years, the number of State tax-exempt issues has increased greatly as a result of State entry into the housing and urban development fields. Tax-exempt financing is, of course, extraordinarily costly to the Federal Government, and increasingly to the State issuers as well. The taxable bond-interest subsidy approach provided for in this new program benefits States, the Federal Treasury, and the American taxpayer as well.

I am heartened that this program to encourage States in this area, first recommended in the 1971 panel reports of the Housing Subcommittee, has been included in the final version of the Housing and Community Development Act of 1974.

Mr. MINISH. Mr. Speaker, I wish to alert the Members to a provision in the pending conference report which is of vital importance to the development of quality mass transportation in the United States.

Under the 1973 Highway Act, severe and unrealistic restrictions were placed upon the receipt of Federal funds by mass transit systems engaging in charter operations, which are often the most, and sometimes the only, solvent part of their operations. Mass transit is in enough trouble in this country already without this needlessly harmful law.

Under the law, applicants for any type of mass transit aid from the Federal Government for capital equipment from either general revenues or the highway trust fund are flatly prohibited from operating charter service outside the area in which they normally function.

This restriction applies even in the case where private companies are unable or unwilling to handle the charter business, and it applies regardless of the reasonableness of the prices charged by the competing companies. Moreover, a transit system which accepted Federal funds would be prohibited from using any of its equipment whatsoever for charter operations even if the equipment in question had been purchased prior to the receipt of Federal money.

Mr. Speaker, we have been waiting for a year now to have this unwise law repealed. Other legislation to repeal it is still months and maybe years from enactment. I urge the House to approve the housing conference report without change.

Ms. HOLTZMAN. Mr. Speaker, the Housing and Community Development Act of 1974—S. 3066—provides badly needed funding for federally assisted housing, and I support it. I regret, however, that this conference report does not go far enough.

Housing is not merely a physical need. The psychological importance of decent living conditions for all persons should be obvious to all of us. Yet this conference report will phase out funds to those cities which have been most deeply involved in community development. Particularly disturbing to me is the reduction in the House authorization of $1.5 billion to $800 million for loans to developers constructing housing units for the elderly and handicapped. I can attest to conditions in my own district where the elderly have a desperate need for cheap, livable housing. This is a callous cut.

I hope that in the next Congress, this legislation will be substantially revised and extended so that it adequately meets the housing needs of all our people—particularly, the low- and moderate-income working population, the elderly, the handicapped, and the poor.

The SPEAKER. Without objection, the previous question is ordered on the conference report.

There was no objection.

The SPEAKER. The question is on the conference report.

The question was taken; and the Speaker announced that the ayes appeared to have it.

RECORDED VOTE

Mr. PATMAN. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 377, noes 21, not voting 36, as follows:

[Roll No. 492]

AYES—377

Abdnor
Abzug
Adams
Addabbo
Alexander
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Armstrong
Ashley
Aspin
Badillo
Bafalis
Baker
Barrett
Bauman
Beard
Bennett
Bergland
Bevill
Biester
Bingham
Blackburn
Blatnik
Boggs
Boland
Bolling
Bowen
Brademas
Bray
Breaux
Breckinridge
Brinkley
Brooks
Broomfield
Brotzman
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill, N.C.
Broyhill, Va.
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Byron
Camp

Carney, Ohio
Carter
Cederberg
Chamberlain
Chappell
Chisholm
Clancy
Clark
Clausen, Don H.
Clawson, Del
Clay
Cleveland
Cochran
Cohen
Collier
Collins, Ill.
Collins, Tex.
Conable
Conte
Conyers
Corman
Cotter
Coughlin
Cronin
Culver
Daniel, Dan
Daniel, Robert W., Jr.
Daniels, Dominick V.
Danielson
Davis, S.C.
Davis, Wis.
de la Garza
Delaney
Dellenback
Dellums
Denholm
Dent
Derwinski
Devine
Dickinson
Diggs
Dingell
Donohue
Dorn
Downing
Drinan
Duncan
du Pont
Eckhardt
Edwards, Ala.
Edwards, Calif.
Erlenborn
Esch

Eshleman
Evans, Colo.
Evins, Tenn.
Fascell
Findley
Fish
Fisher
Flood
Flowers
Foley
Forsythe
Fountain
Fraser
Frelinghuysen
Frenzel
Frey
Froehlich
Fulton
Fuqua
Gaydos
Gettys
Gibbons
Gilman
Ginn
Goldwater
Grasso
Green, Oreg.
Green, Pa.
Griffiths
Grover
Gude
Gunter
Guyer
Haley
Hamilton
Hammerschmidt
Hanley
Hanna
Hansen, Wash.
Harrington
Harsha
Hastings
Hawkins
Hays
Hechler, W. Va.
Heckler, Mass.
Heinz
Helstoski
Henderson
Hicks
Hillis
Hinshaw
Holifield
Holt
Holtzman

Horton
Hosmer
Howard
Hudnut
Hungate
Hunt
Hutchinson
Ichord
Jarman
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jordan
Karth
Kastenmeier
Kazen
Ketchum
King
Kluczynski
Koch
Kuykendall
Kyros
Lagomarsino
Latta
Leggett
Lehman
Lent
Litton
Long, La.
Long, Md.
Lott
Lujan
Luken
McClory
McCloskey
McCollister
McCormack
McDade
McEwen
McFall
McKay
McKinney
Macdonald
Madden
Madigan
Mahon
Mallary
Mann
Maraziti
Martin, N.C.
Mathias, Calif.
Mathis, Ga.
Matsunaga
Mayne
Mazzoli
Meeds
Melcher
Metcalfe
Mezvinsky
Michel
Milford
Mills
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Mizell
Moakley
Mollohan
Montgomery

Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Moss
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers
Natcher
Nelsen
Nichols
Nix
Obey
O'Brien
O'Hara
O'Neill
Owens
Parris
Patman
Patten
Perkins
Pettis
Peyser
Pickle
Podell
Powell, Ohio
Preyer
Price, Ill.
Pritchard
Quie
Quillen
Randall
Rangel
Rees
Regula
Reuss
Rhodes
Riegle
Rinaldo
Roberts
Robinson, Va.
Robison, N.Y.
Rodino
Roe
Rogers
Roncalio, Wyo.
Roncallo, N.Y.
Rooney, Pa.
Rose
Rosenthal
Rostenkowski
Roush
Roy
Roybal
Runnels
Ruppe
Ruth
Ryan
St Germain
Sandman
Sarasin
Sarbanes
Satterfield
Scherle
Schneebeli
Schroeder
Sebelius
Seiberling
Shoup
Shriver
Sikes

Sisk
Skubitz
Slack
Smith, Iowa
Smith, N.Y.
Snyder
Spence
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Steele
Steelman
Steiger, Wis.
Stephens
Stokes
Stratton
Stubblefield
Studds
Sullivan
Symington
Talcott
Taylor, Mo.
Taylor, N.C.
Thompson, N.J.
Thomson, Wis.
Thone
Thornton
Tiernan
Towell, Nev.
Traxler
Treen
Udall
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Veysey
Vigorito
Waggonner
Waldie
Walsh
Wampler
Ware
Whalen
White
Whitehurst
Whitten
Widnall
Wiggins
Wilson, Bob
Wilson, Charles, Tex.
Winn
Wolff
Wright
Wyatt
Wydler
Wylie
Wyman
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Ill.
Young, S.C.
Zablocki
Zion
Zwach

NOES—21

Archer
Ashbrook
Burleson, Tex.
Casey, Tex.
Conlan
Crane
Dennis

Flynt
Gonzalez
Goodling
Gross
Hanrahan
Landgrebe
Martin, Nebr.

Miller
Poage
Price, Tex.
Rousselot
Shuster
Steiger, Ariz.
Symms

NOT VOTING—36

Arends
Bell
Biaggi
Brasco
Carey, N.Y.
Davis, Ga.
Dulski
Eilberg
Ford
Giaimo
Gray
Gubser
Hansen, Idaho

Hébert
Hogan
Huber
Jones, Tenn.
Kemp
Landrum
McSpadden
Minshall, Ohio
Nedzi
Passman
Pepper
Pike
Railsback

Rarick
Reid
Rooney, N.Y.
Shipley
Stuckey
Teague
Williams
Wilson, Charles H., Calif.
Young, Ga.
Young, Tex.

So the conference report was agreed to.

The Clerk announced the following pairs:

Mr. Hébert with Mr. Arends.
Mr. Rooney of New York with Mr. Hogan.
Mr. Landrum with Mr. Minshall of Ohio.
Mr. Carey of New York with Mr. Shipley.
Mr. Teague with Mr. Stuckey.
Mr. Passman with Mr. Rarick.
Mr. Charles Wilson of Texas with Mr. Bell.
Mr. Reid with Mr. Davis of Georgia.
Mr. Biaggi with Mr. Gray.
Mr. Eilberg with Mr. Huber.
Mr. Ford with Mr. Dulski.
Mr. Giaimo with Mr. Gubser.
Mr. Jones of Tennessee with Mr. Hansen of Idaho.
Mr. Nedzi with Mr. Kemp.
Mr. Pepper with Mr. McSpadden.
Mr. Pike with Mr. Young of Texas.
Mr. Young of Georgia with Mr. Railsback.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

AUTHORIZING THE SECRETARY OF THE SENATE TO MAKE CORRECTION IN THE ENROLLMENT OF S. 3066, HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1974

Mr. PATMAN. Mr. Speaker, I ask unanimous consent for the immediate consideration of the concurrent resolution (H. Con. Res. 603) authorizing the Secretary of the Senate to make a correction in the enrollment of the Senate bill (S. 3066).

The Clerk read the title of the concurrent resolution.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

Mr. BROWN of Michigan. Mr. Speaker, reserving the right to object, and I shall not object, it is clear this is a typographical error. It is important and essential to the bill and I trust no one will object, so that we can take up the consideration of the resolution.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read the concurrent resolution, as follows:

H. CON. RES. 603

Resolved by the House of Representatives (the Senate concurring), That in the enrollment of the bill (S. 3066) to consolidate, simplify, and improve laws relative to housing and housing assistance, to provide Federal assistance in support of community development activities, and for other purposes, the Secretary of the Senate is authorized and directed to make the following correction:

In subsection 106(f)(2) of the conference report on the bill S. 3066, strike out the word "metropolitan" wherever it appears and insert the word "nonmetropolitan".

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. PATMAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and include extraneous matter, on House Concurrent Resolution 603.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

MESSAGE FROM THE PRESIDENT

A message from the President of the United States was communicated to the House by Mr. Marks, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills of the House of the following titles:

On August 13, 1974:

H.R. 14012. An act making appropriations for the legislative branch for the fiscal year ending June 30, 1975, and for other purposes.

On August 14, 1974:

H.J. Res. 1104. Joint resolution to extend by 62 days the expiration date of the Export Administration Act of 1969.

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER. The Chair desires to make a statement concerning the Extensions of Remarks by Members in the CONGRESSIONAL RECORD.

It has come to the attention of the Chair that several Extensions of Remarks have recently been inserted in the RECORD under the names of Members who had no knowledge of or responsibility for such insertions.

The Chair views this matter with extreme concern, and intends to get to the bottom of this matter. The Chair therefore states that henceforth all Extensions of Remarks must be signed by the individual Member causing them to be inserted.

The Chair has instructed the RECORD Clerk to accept for insertion only such remarks as bear the written, original signature of the Member.

FORGED INSERTIONS OF REMARKS

(Mr. HAYS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HAYS. Mr. Speaker, in conjunction with the remarks which the Speaker just made, I wish to announce that as chairman of the Joint Committee on Printing, I have this day issued an order to the Government Printing Office to print nothing that is picked up from anywhere except from this desk, because there is no way, if the Government Printing Office picks it up out of these boxes around—and that has been the custom—and a signature is on it, there is no way that they can tell whether or not it is the Member's signature.

In addition to that, one of the forgeries which has been printed purported to bear a Member's signature. I will ask Mr. Saxbe today to have the Justice Department make a total investigation of that with the idea of finding the person who did it. That should not be too hard, from the typewriter and the specimen of the handwriting, and to prosecute him for forgery.

I view this matter as the Speaker does, as an extremely serious matter.

ISSUANCE OF LOANS FOR FIRE SAFETY EQUIPMENT APPROACHES REALITY

(Mr. HICKS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HICKS. Mr. Speaker, on December 28, 1973, section 232 of the National Housing Act was amended by Public Law 93–204. It authorized insurance of loans for installation of fire safety equipment in nursing homes. The regulations to implement this have now been published in the Federal Register of Monday, August 12, 1974, effective September 11.

This represents another step in the implementation of a recommendation contained in the report, based on a study of the Special Studies Subcommittee, of which I am now the chairman, "Saving Lives in Nursing Home Fires" issued August 9, 1972, a little more than 2 years ago. While the issuance of the regulations took only 8 months, there is nothing in the complexity of the matter to require that much time.

There is one disquieting note in the regulations: They permit issuance of insurance on a loan for a facility even if it does not meet other fire safety requirements provided that it has filed a plan of correction approved by HEW. This will require careful monitoring by HEW to assure that a plan of correction is completed in accordance with its terms.

The June hearing of the subcommittee showed that compliance with the Life Safety Code or HEW waiver requirements is not on a satisfactory level. In fact, a survey of nursing homes in my State with respect to plans of correction is being conducted by the General Accounting Office at my request in preparation for a hearing to be held on August 27, 1974, in Tacoma on that subject. I shall have the subcommittee staff monitor how plans of correction are fulfilled under loans insured under Public Law 93–204. Decertification of a nursing home for failure to fulfill a plan of correction would mean that the fire equipment loan, federally insured, would be in default.

PERMISSION TO FILE CONFERENCE REPORTS ON H.R. 15842 AND S. 3703

Mr. DIGGS. Mr. Speaker, I ask unanimous consent that the managers may have until midnight tonight to file conference reports on the bill H.R. 15842, to increase compensation for District of Columbia policemen, firemen, and teachers; to increase annuities payable to retired teachers in the District of Columbia; to establish an equitable tax on real property in the District of Columbia; to provide for additional revenue for the District of Columbia, and for other purposes; and on the Senate bill, S. 3703, to authorize in the District of Columbia a plan providing for the representation of defendants who are financially unable to obtain an adequate defense in criminal cases in the courts of the District of Columbia, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

TITLE I—POLICE AND FIREMEN'S COMPENSATION

PART 1—SALARY ACT AMENDMENTS

SEC. 101. (a) The District of Columbia Police and Firemen's Salary Act of 1958 (D.C. Code, secs. 4–823—4–837) is amended as follows:

(1) The Salary schedule in section 101(a) of that Act (D.C. Code, sec. 4–823(a)) is amended to read as follows:

"SALARY SCHEDULE

"Salary class and title	Service step—								
	1	2	3	4	5	6	7	8	9
Class 1: Fire private, police private	$11,600	$11,950	$12,530	$13,110	$14,035	$14,965	$15,545	$16,125	$16,785
Class 2: Fire inspector	13,225	14,035	14,850	15,660	16,470	17,285	18,095		
Class 3: Detective, assistant pilot, assistant marine engineer	14,500	15,225	15,950	16,675	17,400	18,125	18,850		
Class 4: Fire sergeant, police sergeant, detective sergeant	15,755	16,540	17,330	18,120	18,910	19,695			
Class 5: Fire lieutenant, police lieutenant	18,210	19,125	20,035	20,945	21,855				
Class 6: Marine engineer, pilot	19,895	20,885	21,880	22,870					
Class 7: Fire captain, police captain	21,575	22,655	23,735	24,810					
Class 8: Battalion fire chief, police inspector	25,010	26,260	27,515	28,770					
Class 9: Deputy fire chief, deputy chief of police	29,350	31,335	33,325	35,315					
Class 10: Assistant chief of police, assistant fire chief, commanding officer of the Executive Protective Service, commanding officer of the U.S. Park Police	34,800	37,120	39,440						
Class 11: Fire chief, chief of police	40,250	42,690"							

(2) The second sentence of section 202 of that Act (D.C. Code, sec. 4–825) is amended to read as follows: "The additional compensation authorized by this section shall be paid to an officer or member in the same manner as he is paid basic compensation to which he is entitled, except that when such an officer or member ceases to be in such an assignment, the loss of such additional compensation shall not constitute an adverse action for the purposes of section 7511 of title 5 of the United States Code.".

(3) Section 202 of that Act (D.C. Code, sec. 4–825) is further amended by striking out "$2100" and inserting in lieu thereof "$2270".

(4) Section 301 of that Act (D.C. Code, sec. 4–827) is amended by (A) striking out "All" and inserting in lieu thereof "(a) Ex-

cept as provided in subsection (b), all", and (B) by adding at the end thereof the following:

"(b) Any officer or member of the Metropolitan Police force, the Fire Department of the District of Columbia, the Executive Protective Service, or the United States Park Police force who separates from that force, department, or service, and who is subsequently reappointed to such force, department, or service within three years after the date of such separation shall receive a scheduled rate of basic compensation provided in salary class 1 of the salary schedule in section 101(a) which does not exceed the scheduled rate of basic compensation being paid at the time of such reappointment for the class and service step he had attained at the time of his separation. For purposes of this subsection, no additional compensation authorized by this Act shall be used in determining service step placement.".

(5) Section 302 of that Act (D.C. Code, sec. 4–828) is amended to read as follows: "An officer or member described in paragraph (1)(B) shall receive such compensation until the position of dog handler is determined under section (a) not to be included in salary class 4 as a technician's position or until he no longer performs the duty of dog handler, whichever first occurs.".

(6) Section 302 of that Act (D.C. Code, sec. 4–828) is further amended by adding at the end thereof the following:

"(e) Whenever any officer or member receiving additional compensation authorized by subsection (b) or (c) is no longer entitled to receive such additional compensation, without a change in salary class, he shall receive, irrespective of any subsequent salary schedule or service step adjustment authorized by this Act, basic compensation equal to the sum of his existing scheduled rate of basic compensation and the amount of such additional compensation until his scheduled rate of basic compensation equals or exceeds such sum.

"(f) The loss of the additional compensation authorized by subsection (b) or (c) shall not constitute an adverse action for the purposes of section 7511 of title 5 of the United States Code.".

(7) Section 302 of that Act (D.C. Code, sec. 4–828) is further amended (1) by striking out "$680" in subsection (a) thereof and inserting in lieu thereof "$735"; and (2) by striking out "$500" each time it appears in subsection (c) thereof and inserting in lieu thereof "$540".

(8) Section 401(a)(2) of that Act (D.C. Code, sec. 4–832(a)(2)) is amended to read as follows:

"(2) For purpose of paragraph (1), continuous service as an officer or member includes only those periods of his service determined to have been satisfactory service and any period of his service in the Armed Forces of the United States other than any period of such service (A) determined not to have been satisfactory service, (B) rendered before appointment as an officer or member, or (C) rendered after resignation as an officer or member.".

(9) The second sentence of section 401(c) of that Act (D.C. Code, sec. 4–832(c)) is amended to read as follows: "For purposes of this subsection, in computing a deputy chief's continuous service on the police force or fire department, there shall be included only those periods of his service determined to have been satisfactory service and any period of his service in the Armed Forces of the United States other than any period of such service—

"(1) determined not to have been satisfactory service,

"(2) rendered before appointment as an officer or member, or

"(3) rendered after resignation as an officer or member.".

(b) Each officer or member who immediately prior to the effective date of the amendment made by paragraph (1) of subsection (a) was assigned to service step 1, service step 2, or service step 3 of salary class 2 shall be placed in and receive basic compensation in service step 4 of salary class 2.

SEC. 102. The second section of the Act approved October 24, 1951 (D.C. Code, sec. 4–808), is amended by striking out "the 22d day of February", "the 30th day of May", and "the 11th day of November", and inserting in lieu thereof "the third Monday in February", "the last Monday in May", "the second Monday in October", and "the fourth Monday in October".

SEC. 103. (a) Except as provided in subsections (b) and (c), the amendments made by this title and subsection (b) of the first section shall take effect on the first day of the first pay period beginning on or after July 1, 1974.

(b) The amendment made by paragraph (6) of section 101 shall take effect on the first day of the first pay period beginning on or after January 1, 1974.

(c) The amendments made by paragraphs (8) and (9) of section 101 shall take effect on and after the first day of the first pay period beginning on or after May 1, 1972.

SEC. 104. (a) Retroactive compensation or salary shall be paid by reason of the amendments made by this title only in the case of an individual in the service of the District of Columbia government or of the United States (including service in the Armed Forces of the United States) on the date of enactment of this Act, except that such retroactive compensation or salary shall be paid (1) to an officer or member of the Metropolitan Police force, the Fire Department of the District of Columbia, the United States Park Police force, or the Executive Protective Service who retired during the period beginning on the first day of the first pay period which begins on or after July 1, 1974, and ending on the date of enactment of this Act for services rendered during such period, and (2) in accordance with the provisions of subchapter 8 of chapter 55 of title 5, United States Code (relating to settlement of accounts of deceased employees), for services rendered during the period beginning on the first day of the first pay period which begins on or after July 1, 1974, and ending on the date of enactment of this Act, by an officer or member who dies during such period.

(b) For the purposes of this section, service in the Armed Forces of the United States, in the case of an individual relieved from training and service in the Armed Forces of the United States or discharged from hospitalization following such training and service, shall include the period provided by law for the mandatory restoration of such individual to a position in or under the Federal Government or the municipal government of the District of Columbia.

(c) For the purpose of determining the amount of insurance for which an officer or member is eligible under the provisions of chapter 87 of title 5, United States Code (relating to government employees group life insurance), all changes in rates of compensation or salary which result from the enactment of this title shall be held and considered to be effective as of July 1, 1974.

PART 2—STUDY OF POLICE AND FIREMEN'S SALARIES AND RECOMMENDATIONS

SEC. 111. (a) The Commissioner of the District of Columbia, and after January 2, 1975, the Mayor of the District of Columbia, shall annually conduct a thorough study of the compensation being paid officers and members of the police and fire departments of other jurisdictions in the Washington metropolitan area and other cities of comparable size. The annual study may include other conditions of employment of police and firemen, such as hours of work, health benefits, retirement benefits, sick pay, and vacation time. The annual study shall also include the current percentage change in the Consumer Price Index for the Washington metropolitan area published by the Bureau of Labor Statistics, Department of Labor, and rates of compensation for Federal and District of Columbia employees having comparable duties and responsibilities.

(b)(1) In order to conduct the annual study specified in subsection (a), the Commissioner, or the Mayor, as the case may be, shall establish a city personnel salary and benefits study committee whose sole function shall be to conduct such annual study. The size of the committee shall be determined by the Commissioner, or the Mayor, as the case may be, who shall appoint the management members of the committee. Each labor organization or other association or group which has been selected to represent the officers and members of the Metropolitan Police force and the Fire Department of the District of Columbia shall select representatives of their respective labor organizations or other association or group to be members of the labor-management committee.

(2) The number of management members and the number of members representing the labor organizations or other associations or groups on the labor-management committee shall be equal. The chairman of the labor management committee shall be chosen by members of the committee, and shall not be an officer or employee of the District of Columbia government or a member or employee of a labor organization or other association or group represented on the committee. If the committee has not chosen a chairman within 10 days after the date of the first meeting of the committee, then the chairman shall be chosen by the Director of the Federal Mediation and Conciliation Service.

(c) On or before June 30 of each year, the results of the annual study shall be made public and shall be available to the parties involved in negotiations between the District of Columbia and representatives of the officers and members of the Metropolitan Police force and the Fire Department of the District of Columbia under the District of Columbia labor relations program. The results of such annual study shall also form the basis for consideration of adjustments in pay levels for officers of the Metropolitan Police force and the Fire Department of the District of Columbia whose compensation is adjusted in a manner which is outside the scope of the negotiations referred to in the first sentence of this subsection.

SEC. 112. (a) If after January 2, 1975, as a result of collective bargaining the parties have reached a negotiated solution with respect to changes in compensation for officers and members of the Police and Fire Departments, the Mayor shall recommend to the Council of the District of Columbia that said changes should be authorized and that the Congress shall be requested to appropriate sufficient funds for that purpose. The first recommendation made by the Mayor under this subsection shall be made by no later than October 1, 1974.

(b) The recommendations submitted by the Mayor under subsection (a) shall be considered a labor-management issue for the purposes of subsection (c).

(c) If the parties have reached an impasse in negotiations on or before the expiration date of their existing collective bargaining agreements, either party shall promptly notify the Director of the Federal Mediation and Conciliation Service in writing. He shall assist in the resolution of that impasse by selecting an impartial person experienced in public sector disputes to serve as a mediator. If mediation does not resolve the impasse within thirty days, or any shorter period designated by the mediator, the Director shall, only upon the request of either party, then appoint an impartial Board of Arbitration to investigate the labor-management issues involved in the dispute, conduct whatever hearing it deems necessary, and to issue a written award to the parties with the object of achieving a prompt, peaceful, and fair settlement of the dispute. The award shall be issued within twenty days after the Board has been established. The award shall contain findings of fact and a statement of reasons. The award shall be final and binding upon the parties to the dispute.

(d) If the procedures set forth in subsection (c) above are implemented, no change in the status quo in effect prior to contract expiration date in the case of negotiations for a contract renewal, or in effect prior to the time of impasse in the case of an initial bargaining negotiation, shall be made pending the completion of mediation and/or arbitration.

(e) The factfinder, mediator, and any members of the Board of Arbitration appointed by the Director of the Federal Mediation and Conciliation Service shall be entitled to compensation at the maximum daily rate allowable by law for each day they are actually engaged in performing services under this section.

PART 3—POLICEMEN AND FIREMEN'S RETIREMENT AND DISABILITY ACT

SEC. 121. (a) Subsection (a) of the Policemen and Firemen's Retirement and Disability Act (D.C. Cod, sec. 4–521) is amended by adding after paragraph (16) the following new paragraph:

"(17) The term 'average pay' means the highest annual rate resulting from averaging the member's rates of basic salary in effect over any twelve consecutive months of police or fire service, with each rate weighted by the time it was in effect, except that if the member retires under subsection (g) and if on the date of his retirement under the subsection he has not completed twelve consecutive months of police or fire service, such term means his basic salary at the time of his retirement."

(b) (1) Subsections (f), (g), and (h) of that Act (D.C. Code, secs. 4–526—4–528) are each amended by striking out "his basic salary at the time of retirement" each place it occurs and inserting in lieu thereof "his average pay".

(2) Subsections (g) (2) and (h) (1) of that Act are each amended by striking out "his basic salary at the time of his retirement" and inserting in lieu thereof "his average pay".

(3) Subsection (h) (3) of that Act is amended by striking out "the basic salary of such member at the time of retirement" and inserting in lieu thereof "the average pay of such member".

(4) Subsection (k) (2) of that Act (D.C. Code, sec. 4–531) is amended by (1) striking out "basic salary" and inserting in lieu thereof "average pay", and (2) striking out ", subclass (a)," and inserting in lieu thereof "of salary".

(5) Subsection (k) (3) of that Act (D.C. Code, sec. 4–531) is amended by striking out "basic salary" each place it occurs and inserting in lieu thereof "average pay".

(c) Subsection (g) of that Act (D.C. Code, sec. 4–527) is amended by adding at the end thereof the following new paragraph:

"(3) A member shall be retired under this subsection only upon the recommendation of the Board of Police and Fire Surgeons and the concurrence therein by the Commissioner, except that in any case in which a member seeks his own retirement under this subsection, he shall, in the absence of such recommendation, provide the necessary evidence to form the basis for the approval of such retirement by the Commissioner.".

(d) (1) Subsection (a) (3) of that Act (D.C. Code, sec. 4–521(3)) is amended to read as follows:

"(3) The term 'widow' means the surviving wife of a member or former member if—

"(A) she was married to such member or former member (i) while he was a member, or (ii) for at least one year immediately preceding his death, or

"(B) she is the mother of issue by such marriage."

(2) The amendment made by paragraph (1) shall apply with respect to any surviving wife of a member (as that term is defined in subsection (a) (1) of the Policemen and Firemen's Retirement and Disability Act) or former member irrespective of whether such wife became a widow (as that term is defined in such amendment) prior to, on, or after the date of the enactment of this Act, except that no annuity shall be paid by reason of the amendment made by paragraph (1) for any period prior to the first day of the first pay period beginning on or after July 1, 1974.

SEC. 122. (a) In order to carry out his responsibilities under the Policemen and Firemen's Retirement and Disability Act (D.C. Code, secs. 4–521 et seq.) with respect to retirement and disability determinations, and related functions, the Commissioner of the District of Columbia shall establish a Police and Firemen's Retirement and Relief Board (hereinafter in this section referred to as the "Board"). The Board shall be composed of—

(1) members and alternates appointed from among persons who are employees of the District of Columbia, one member and alternate each from the District of Columbia Personnel Office, Corporation Counsel, Department of Human Resources, Metropolitan Police Force, and the Fire Department of the District of Columbia; and

(2) two members, one of whom shall be a physician, appointed from among persons who are not officers or employees of the District of Columbia.

The member, and alternate, appointed to the Board from among employees of the Department of Human Resources shall both be medical officers. All appointments shall be made by the Commissioner.

(b) The members appointed under subsection (a) (2) shall be appointed for two years, and shall be entitled to receive compensation for each day they are actually engaged in carrying out duties vested in the Board in the same manner as persons employed intermittently under section 3109 of title 5 of the United States Code. Such members shall be appointed within ninety days after the date of enactment of this title.

(c) The Commissioner shall establish rules for the Board to assure that the Board functions fairly and equitably. The Commissioner shall provide the staff necessary for the Board.

SEC. 123. Subsection (m) (2) of the Policemen and Firemen's Retirement and Disability Act (D.C. Code, sec. 4–533(2)) is amended by inserting at the end thereof "The Commissioner shall not require employment questionnaires or medical examination of such member after he reaches the age of 50.".

SEC. 124. (a) The amendments made by subsections (a), (b), and (d) of section 121 shall apply with respect to any annuity which begins on or after July 1, 1975.

(b) The amendment made by subsection (c) of section 121 shall take effect on the first day of the first month beginning more than thirty days after the date of enactment of this title.

(c) Section 122 shall take effect on the date of enactment of this title.

TITLE II—TEACHERS' COMPENSATION

SEC. 201. This title may be cited as the "Teachers' Salary Act Amendments of 1974".

SEC. 202. The District of Columbia Teachers' Salary Act of 1955 (D.C. Code, sec. 31–1501 et seq.) is amended as follows:

(1) Effective on the first day of the first pay period beginning on or after September 1, 1974, the salary schedule contained in section 1 of that Act (D.C. Code, sec. 31–1501) is amended to read as follows: *Provided, however,* That salary paid to class 1A shall not exceed the amount payable to level III of the Executive Schedule and that the salary paid to any other class shall not exceed the amount payable to level V of the Executive Schedule:

TEACHERS AND SCHOOL OFFICERS SALARY SCHEDULE

"Salary class and group	Service step— 1	2	3	4	5	6	7	8	9	10	11	12	13	Longevity step Y
Class 1A	45,500													
Class 1B	40,000													
Class 2A	38,000													
Class 2B	36,000													
Class 3	27,390	28,040	28,690	29,340	29,900	30,640	31,290	31,940	31,250					
Class 4	24,050	24,620	25,190	25,760	26,330	26,900	27,470	28,040	28,020					
Class 5:														
Group B, master's degree	22,750	23,290	23,830	24,370	24,910	25,450	25,990	26,530	27,070					
Group C, master's degree+30	23,235	23,775	24,315	24,855	25,395	25,935	26,475	27,015	27,555					
Group D, doctor's	23,715	24,255	24,795	25,335	25,875	26,415	26,955	27,495	28,035					
Class 6:														
Group B, master's degree	21,740	22,255	22,770	23,285	23,800	24,315	24,830	25,345	25,860					
Level IV principal	21,740	22,255	22,770	23,285	23,800	24,315	24,830	25,345	25,860					
Level III principal	21,100	21,615	22,130	22,645	23,160	23,675	24,190	24,705	25,220					
Level II principal	20,465	20,980	21,495	22,010	22,525	23,040	23,555	24,070	24,585					

TEACHERS AND SCHOOL OFFICERS SALARY SCHEDULE—Continued

"Salary class and group	Service step—													
	1	2	3	4	5	6	7	8	9	10	11	12	13	Longevity step Y
Level I principal	19,830	20,345	20,860	21,375	21,890	22,405	22,920	23,435	23,950					
Group C master's degree +30	22,160	22,675	23,190	23,705	24,220	24,735	25,250	25,765	26,280					
Level IV principal	22,160	22,675	23,190	23,705	24,220	24,735	25,250	25,765	26,280					
Level III principal	21,520	22,035	22,550	23,065	23,580	24,095	24,610	25,125	25,640					
Level II principal	20,885	21,400	21,915	22,430	22,945	23,460	23,975	24,490	25,005					
Level I principal	20,250	20,765	21,280	21,795	22,310	22,825	23,340	23,855	24,370					
Group D, doctor's degree	22,575	23,090	23,605	24,120	24,635	25,150	25,665	26,180	26,695					
Level IV principal	22,575	23,090	23,605	24,120	24,635	25,150	25,665	26,180	26,695					
Level III principal	21,935	22,450	22,965	23,480	23,995	24,510	25,025	25,540	26,055					
Level II principal	21,300	21,815	22,330	22,845	23,360	23,875	24,390	24,905	25,420					
Level I principal	20,665	21,180	21,695	22,210	22,725	23,240	23,755	24,270	24,785					
Class 7:														
Group B, master's degree	20,000	20,475	20,950	21,425	21,900	22,375	22,850	23,325	23,800					
Group C, master's degree +30	20,485	20,960	21,435	21,910	22,385	22,860	23,335	23,810	24,285					
Group D, doctor's	20,965	21,440	21,915	22,390	22,865	23,340	23,815	24,290	24,765					
Class 8:														
Group B—MA	18,395	18,885	19,315	19,775	20,235	20,695	21,155	21,615	22,075					
Group C—MA+30	18,880	19,340	19,800	20,260	20,720	21,180	21,640	22,100	22,560					
Group D—Doctor's	19,360	19,820	20,280	20,740	21,200	21,660	22,120	22,580	23,040					
Class 9:														
Group B, master's degree	17,960	18,410	18,860	19,310	19,760	20,210	20,660	21,110	21,560					
Group C, master's degree +30	18,445	18,895	19,345	19,795	20,245	20,695	21,145	21,595	22,045					
Group D, doctor's	18,925	19,375	19,825	20,275	20,725	21,175	21,625	22,075	22,525					
Class 10:														
Group B, master's degree	17,385	17,820	18,255	18,690	19,125	19,560	19,995	20,430	20,865					
Group C, master's degree +30	17,870	18,305	18,740	19,175	19,610	20,045	20,480	20,915	21,350					
Group D, doctor's	18,350	18,785	19,220	19,655	20,090	20,525	20,960	21,395	21,830					
Class 11:														
Group B, master's degree	16,815	17,235	17,655	18,075	18,495	18,915	19,335	19,755	20,175					
Group C, master's degree+30	17,300	17,720	18,140	18,560	18,980	19,400	19,820	20,240	20,660					
Group D, doctor's	17,780	18,200	18,620	19,040	19,460	19,880	20,300	20,720	21,140					
Class 12:														
Group B, master's degree	16,240	16,645	17,050	17,455	17,860	18,265	18,670	19,075	19,480					
Group C, master's degree+30	16,720	17,125	17,530	17,935	18,340	18,745	19,150	19,555	19,960					
Group D, doctor's	17,205	17,610	18,015	18,420	18,825	19,230	19,635	20,040	20,445					
Class 13:														
Group B, master's degree	14,920	15,405	15,890	16,375	16,860	17,345	17,830	18,315	18,800					
Group C, master's degree+30	15,405	15,890	16,375	16,860	17,345	17,830	18,315	18,800	19,285					
Group D, doctor's	15,885	16,370	16,855	17,340	17,825	18,310	18,795	19,280	19,765					
Class 14:														
Group A, bachelor's degree	11,415	11,920	12,425	12,930	13,435	13,940	14,445	14,950	15,455	15,960	16,465	16,970	17,475	
Group B, master's degree	12,375	12,880	13,385	13,890	14,395	14,900	15,405	15,910	16,415	16,920	17,425	17,930	18,435	
Group C, master's degree+30	12,865	13,370	13,875	14,380	14,885	15,390	15,895	16,400	16,905	17,410	17,915	18,420	18,925	
Group D, doctor's	13,345	13,850	14,355	14,860	15,365	15,870	16,375	16,880	17,385	17,890	18,395	18,900	19,405	
Class 15:														
Group A, bachelor's degree	9,650	10,035	10,420	10,810	11,195	11,580	12,065	12,550	13,035	13,520	14,005	14,490	14,975	16,130
Group A-1, bachelor's degree+15	10,130	10,515	10,900	11,290	11,675	12,060	12,550	13,035	13,520	14,005	14,490	14,975	15,460	17,095
Group B, master's degree	10,615	11,100	11,585	12,070	12,555	13,040	13,640	14,240	14,845	15,445	16,045	16,645	17,245	18,825
Group C, master's degree+30	11,100	11,585	12,070	12,555	13,040	13,525	14,125	14,730	15,330	15,930	16,530	17,130	17,730	19,320
Group D, master's degree+60 or doctor's	11,585	12,070	12,555	13,040	13,525	14,010	14,615	15,215	15,815	16,415	17,015	17,615	18,215	19,950

(2) Effective on the first day of the first pay period beginning on or after January 1, 1975, that salary schedule is amended to read as follows, except that salary paid to class 1A shall not exceed the amount payable to level III of the Executive Schedule and that the salary paid to any other class shall not exceed the amount payable to level V of the Executive Schedule:

TEACHERS AND SCHOOL OFFICERS SALARY SCHEDULE

Salary class and group	Service step								
	1	2	3	4	5	6	7	8	9
Class 1A	$46,865								
Class 1B	41,200								
Class 2A	39,140								
Class 2B	37,080								
Class 3	28,210	$28,880	$29,550	$30,220	$30,890	$31,560	$32,230	$32,900	$33,570
Class 4	24,770	25,355	25,940	26,525	27,110	27,695	28,280	28,865	29,450
Class 5:									
Group B—MA	23,435	23,990	24,545	25,100	25,655	26,210	26,765	27,320	27,875
Group C—MA+30	23,935	24,490	25,045	25,600	26,155	26,710	27,265	27,820	28,375
Group D—Doctors	24,420	24,975	25,530	26,085	26,640	27,195	27,750	28,305	28,860
Class 6:									
Group B-MA	22,390	22,920	23,450	23,980	24,510	25,040	25,570	26,100	26,630
Level IV—Principal	22,390	22,920	23,450	23,980	24,510	25,040	25,570	26,100	26,630
Level III—Principal	21,730	22,260	22,790	23,320	23,850	24,380	24,910	25,440	25,970
Level II—Principal	21,075	21,605	22,135	22,665	23,195	23,725	24,255	24,785	25,315
Level I—Principal	20,420	20,950	21,480	22,010	22,540	22,070	23,600	24,130	24,660
Group C—MA+30	22,890	23,420	23,950	24,480	25,010	25,540	26,070	26,600	27,130
Level IV—Principal	22,890	23,420	23,950	24,480	25,010	25,540	26,070	26,600	27,130
Level III—Principal	22,230	22,760	23,290	23,820	24,350	24,880	25,410	25,940	26,470
Level II—Principal	21,575	22,105	22,635	23,165	23,695	24,225	24,755	25,285	25,815
Level I—Principal	20,720	21,250	21,780	22,310	22,840	23,370	23,900	24,430	24,960
Group D—Doctors	23,375	23,905	24,435	24,965	25,495	26,025	26,555	27,085	27,615
Level IV—Principal	23,375	23,905	24,435	24,965	25,495	26,025	26,555	27,085	27,516
Level III—Principal	22,715	23,245	23,775	24,305	24,835	25,365	25,895	26,425	26,955
Level II—Principal	22,060	22,590	23,120	23,650	24,180	24,710	25,240	25,770	26,300
Level I—Principal	21,405	21,935	22,465	22,995	23,525	24,055	24,585	25,115	25,645
Class 7:									
Group B—MA	20,600	21,090	21,580	22,070	22,560	23,050	23,540	24,030	24,520
Group C—MA+30	21,100	21,590	22,080	22,570	23,060	23,550	24,040	24,530	25,020
Group D—Doctors	21,585	22,075	22,565	23,055	23,545	24,035	24,525	25,015	25,505
Class 8:									
Group B—MA	19,130	19,605	20,080	20,555	21,030	21,505	21,980	22,455	22,930
Group C—MA+30	19,630	20,105	20,580	21,055	21,530	22,005	22,480	22,955	23,430
Group D—Doctors	20,115	20,590	21,065	21,540	22,015	22,490	22,965	23,440	23,915
Class 9:									
Group B—MA	18,500	18,985	19,470	19,955	20,440	20,925	21,410	21,895	22,380
Group C—MA+30	19,000	19,465	19,930	20,395	20,860	21,325	21,790	22,255	22,720
Group D—Doctors	19,485	19,950	20,415	20,880	21,345	21,810	22,275	22,740	23,205
Class 10:									
Group B—MA	17,905	18,355	18,805	19,255	19,705	20,155	20,605	21,055	21,505
Group C—MA+30	18,405	18,855	19,305	19,755	20,205	20,655	21,105	21,555	22,005
Group D—Doctors	18,890	19,340	19,790	20,240	20,690	21,140	21,590	22,040	22,490

Class 11:									
Group B—MA	17,320	17,755	18,190	18,625	19,060	19,495	19,930	20,365	20,800
Group C—MA+30	17,820	18,255	18,690	19,125	19,560	19,995	20,430	20,865	21,300
Group D—Doctors	18,305	18,740	19,175	19,610	20,045	20,480	20,915	21,350	21,785
Class 12:									
Group B-MA	16,725	17,140	17,555	17,970	18,385	18,800	19,215	19,630	20,045
Group C-MA+30	17,225	17,640	18,055	18,470	18,885	19,300	19,715	20,130	20,545
Group D—Doctors	17,710	18,125	18,540	18,955	19,370	19,785	20,200	20,615	21,030
Class 13:									
Group B— MA	15,370	15,870	16,370	16,870	17,370	17,870	18,370	18,870	19,370
Group C—MA+30	15,870	16,370	16,870	17,370	17,870	18,370	18,870	19,370	19,870
Group D—Doctors	16,355	16,855	17,355	17,855	18,355	18,855	19,355	19,855	20,355

	Service step—													
Salary class and group	1	2	3	4	5	6	7	8	9	10	11	12	13	Longevity step Y
Class 14:														
Group A—B.A	$11,750	$12,270	$12,790	$13,310	$13,830	$14,350	$14,870	$15,390	$15,910	$16,430	$16,950	$17,470	$17,990	
Group B—M.A	12,745	13,265	13,785	14,305	14,825	15,345	15,865	16,385	16,905	17,425	17,945	18,465	18,985	
Group C—MA plus 30	13,245	13,765	14,285	14,805	15,325	15,845	16,365	16,885	17,405	17,925	18,445	18,965	19,485	
Group D—Doctors	13,730	14,250	14,770	15,290	15,810	16,330	16,850	17,370	17,890	18,410	18,930	19,450	19,970	
Class 15:														
Group A—B.A	9,940	10,335	10,730	11,125	11,520	11,915	12,415	12,915	13,415	13,915	14,415	14,915	15,415	$16,615
Group A-1—B.A. plus 15	10,435	10,830	11,225	11,620	12,015	10,410	12,910	13,410	13,910	14,410	14,910	15,410	15,910	17,610
Group B—M.A	10,935	11,435	11,935	12,435	12,935	13,435	14,005	14,675	15,295	15,915	16,535	17,155	17,775	19,390
Group C—M.A. plus 30	11,435	11,935	12,435	12,935	13,435	13,935	14,555	15,175	15,795	16,415	17,035	17,655	18,275	19,900
Group D—Doctors	11,935	12,435	12,935	13,435	13,935	14,435	15,055	15,675	16,295	16,915	17,535	18,155	18,775	20,559

(3) Effective on the first day of the first pay period beginning on or after September 1, 1974, the schedule of pay rates in section 13(a) of that Act (D.C. Code, sec. 31-1542 (a)) is amended to read as follows:

	Per period		
"Classification	Step 1	Step 2	Step 3
Summer school (regular):			
Teachers, elementary and secondary schools; counselor, elementary and secondary schools; librarian, elementary and secondary schools; school social worker; speech correctionist, school psychologist	$8.53	$9.67	$10.90
Psychiatric social worker	9.81	11.12	12.54
Veterans' summer school centers:			
Teacher	8.53	9.67	10.90
Adult education schools:			
Teacher	9.38	10.64	11.99
Assistant principal	13.13	14.90	16.79
Principal	14.54	16.49	18.59"

(4) Effective on the first day of the first pay period beginning on or after January 1, 1975, that schedule of pay rates is amended to read as follows:

SUMMER SCHOOL TEACHERS AND ADULT EDUCATION SCHOOLS SALARY SCHEDULE

	Per period		
Classification	Step 1	Step 2	Step 3
Summer school (regular):			
Teachers, elementary and secondary schools; counselor, elementary and secondary schools; librarian, elementary and secondary schools; school social worker; speech correctionist; school psychologist	$8.79	$9.97	$11.23
Psychiatric social worker	10.11	11.47	13.11
Veterans' summer school centers:			
Teachers	8.79	9.97	11.23
Adult education schools:			
Teacher	9.67	10.97	12.35
Assistant principal	13.54	15.36	17.29
Principal	14.99	17.00	19.14

SEC. 203. Beginning with the calendar year 1975, the District of Columbia Board of Education shall, by March 1 of each year, submit to the Mayor of the District of Columbia the—

(a) percentage rate of the cost-of-living change since the effective date of the last increase of the compensation schedule for educational personnel in the District of Columbia; and

(b) results of a study comparing compensation of teachers in the District of Columbia with (1) teachers in cities of comparable size, and (2) teachers within other jurisdictions of the Washington metropolitan area. The Mayor shall submit the information submitted to him by the Board under this section to the Council of the District of Columbia along with his recommendations with respect to compensation (and other related matters) of educational personnel of the Board.

SEC. 204. (a) Each person receiving basic compensation under class 15 of the salary schedule in section 1(a) of the District of Columbia Teachers' Salary Act of 1955 (D.C. Code, sec. 31-1501) shall be issued a five-year teaching certificate. Renewals shall be dependent upon application and six or more hours of appropriate credit earned during the preceding five-year period. The District of Columbia Board of Education shall establish appropriate rules, regulations, and requirements to carry out the purposes of this section.

(b) For the purposes of this section, class 15, group B, shall include persons possessing a master's degree or thirty appropriate semester hours beyond the bachelor's degree.

(c) For purposes of implementing this section the Board shall determine the appropriateness of the course work obtained in lieu of the degree.

SEC. 205. (a) Section 2(a) of the District of Columbia Teachers' Salary Act of 1955 (D.C. Code, sec. 31-1511(a)) is amended by striking out "(D) attendance officer, or (E) child labor inspector," and inserting "or" after "tactics," in paragraph (B).

(b) The employees in the category repealed by the amendment made by subsection (a) shall meet the general requirements of such section 2(a).

(c) The amendment made by subsection (a) shall be effective on and after the date of enactment of this Act.

TITLE III—TEACHER'S RETIREMENT ANNUITIES

SEC. 301. Section 5 of the Act entitled "An Act for the retirement of public school teachers in the District of Columbia", approved August 7, 1946 (D.C. Code, sec. 31-725) is amended by adding at the end thereof the following:

"(e) (1) Notwithstanding any other provision of this Act, other than this subsection, the monthly rate of annuity payable under this section shall not be less than the smallest primary insurance amount, including any cost-of-living increase added to that amount, authorized to be paid from time to time under title II of the Social Security Act.

"(2) Notwithstanding any other provision of this Act, other than this subsection, the monthly rate of annuity payable under this section to a surviving child shall not be less than the smallest primary insurance amount, including any cost-of-living increase added to that amount, authorized to be paid from time to time under title II of the Social Security Act, or three times such primary insurance amount divided by the number of surviving children entitled to an annuity, whichever is the lesser.

"(3) The provisions of this subsection shall not apply to an annuitant or to a survivor who is or becomes entitled to receive from the United States, or the District of Columbia, an annuity or retired pay under any other civilian or military retirement system, benefits under title II of the Social Security Act, a pension, veterans' compensation, or any other periodic payment of a similar nature, when the monthly rate thereof is equal to or greater than the smallest primary insurance amount, including any cost-of-living increase added to that amount, authorized to be paid from time to time under title II of the Social Security Act.

"(4) An annuity payable from the teacher's retirement and annuity fund to a former teacher, which is based on a separation occurring prior to October 20, 1969, is increased by $240.

"(5) In lieu of any increase based on an increase under paragraph (4) of this subsection, an annuity payable from the teacher's retirement and annuity fund to the surviving spouse of a teacher or annuitant, which is based on a separation occuring prior to October 20, 1969, shall be increased by $132.

"(6) The monthly rate of an annuity resulting from an increase under paragraph (4) or (5) shall be considered as the monthly rate of annuity payable under subsection (a) for purposes of computing the minimum annuity under subsection (e).".

SEC. 302. This title shall become effective on the date of enactment. Annuity increases under this title shall apply to annuities which commence before, on, or after the date of enactment of this title, but no increase in annuity shall be paid for any period prior to the first day of the first month which begins on or after the ninetieth day after the date of enactment of this title, or the date on which the annuity commence, whichever is later.

TITLE IV—REAL PROPERTY TAX

PART 1—SHORT TITLE, STATEMENT OF PURPOSE, AND DEFINITIONS

SEC. 401. This title may be cited as the "District of Columbia Real Property Tax Revision Act of 1974".

SEC. 402. It is the intent of Congress to revise the real property tax in the District of Columbia to achieve the following objectives:

(1) Equitable sharing of the financial burden of the government of the District of Columbia.

(2) Full public information regarding assessments and appeal procedures.

(3) Promotion of economic activity, diversity of land use, and preservation of the character of the District of Columbia.

(4) Assurance that shifts in the tax burden on individual taxpayers will not be excessive.

(5) Comparability of tax effort between the District of Columbia and surrounding jurisdictions in the metropolitan area and cities of comparable size.

SEC. 403. For the purposes of this title—

(1) The term "real property" means real estate identified by plat on the records of the District of Columbia Surveyor according to lot and square together with improvements thereon.

(2) The term "Commissioner" means the Commissioner of the District of Columbia established under Reorganization Plan Numbered 3 of 1967.

(3) The term "Council" means the District of Columbia Council established under Reorganization Plan Numbered 3 of 1967.

(4) The term "estimated market value" means 100 per centum of the most probable price at which a particular piece of real property, if exposed for sale in the open market with a reasonable time for the seller to find a purchaser, would be expected to transfer under prevailing market conditions between parties who have knowledge of the uses to which the property may be put, both seeking to maximize their gains and neither being in a position to take advantage of the exigencies of the other.

(5) The term "regulation", unless specifically identified as a regulation of the Commissioner, means a regulation of the Council enacted under section 406 of the Reorganization Plan Numbered 3 of 1967, and after January 2, 1975, such term means an act of the Council of the District of Columbia enacted under section 412 (and related sections) of the District of Columbia Self-Government and Governmental Reorganization Act.

(6) The term "tax year" means—

(A) with respect to a real property tax rate proposed by the Mayor or established by the Council after January 1 but before June 30 of any calendar year, the next following fiscal year; and

(B) with respect to a real property tax rate proposed by the Mayor or established by the Council after June 30 in any calendar year, the fiscal year during which the rate was proposed or established.

PART 2—AUTHORITY AND PROCEDURE TO ESTABLISH REAL PROPERTY TAX RATES

SUBPART A—REAL PROPERTY TAX RATE

SEC. 411. Notwithstanding the provisions of the Act of June 2, 1922 (D.C. Code, sec. 47-501), there is hereby levied for each fiscal year a tax on the real property in the District of Columbia at a rate determined according to the provisions of this title. Unless otherwise provided by law, all revenues received from such tax shall be deposited, from time to time, in the Treasury of the United States, to the credit of the District of Columbia.

SEC. 412. The Council, after public hearing, shall establish each year, within thirty days after receipt of the Commissioner's recommendation under section 413, a rate of taxation which, except as provided in section 431, shall be applied, during the tax year, to the assessed value of all real property subject to taxation. The Council may by resolution extend the time for any year for setting such rate of taxation, except that if the Council does make such an extension, it must establish such a rate for that tax year. If the Council fails to establish such a rate within such thirty days, and fails to extend the time for establishing such a rate, the rate calculated by the Commissioner, pursuant to section 413, shall be the rate for that tax year.

SEC. 413. (a)(1) Except as provided in paragraph (2), by July 15 of each year, the Commissioner shall calculate and submit to the Council a proposed real property tax rate for the tax year, and inform the Council of his certification of the assessment roll pursuant to section 426(g). The Commissioner may extend the period for submitting such recommendation.

(2) With respect to the real property tax rate for the fiscal year ending June 30, 1975, the Commissioner shall submit his recommendation to the Council within 30 days after the date of enactment of this title.

(b) At the time the Commissioner submits to the Council the proposed real property tax rate under subsection (a), he shall also submit the following:

(1) The total aggregate assessed value of taxable real property for the year preceding the tax year by major class or type of property.

(2) The estimated total aggregate assessed value of taxable real property for the tax year for which the property tax rate recommendation is being made, by major class or type of property, indicating separately for each class or type the estimated value attributable to new construction.

(3) The real property tax rate (rounded to the nearest penny) calculated to yield in the tax year the same amount of revenue (exclusive of the revenue attributable to new construction) as was raised by that tax at the rate applicable during the year preceding the tax year.

(c) The real property tax rate submitted by the Commissioner pursuant to subsection (a) shall become the real property tax rate applicable during the tax year for which it is submitted unless the Council acts to set a different such rate pursuant to section 412.

(d) On or before February 1 of each year the Commissioner shall estimate as closely as possible the rate to be calculated in subsection (a) and shall so inform the Council.

(e) The real property tax rate applicable in the District for the fiscal year ending June 30, 1975, calculated according to the provisions of sections 411, 412, 413, and 461, shall be applied to the assessment roll for 1975 determined according to provisions of law in effect prior to the effective date of this Act.

SEC. 414. At the time the Commissioner submits to the Council the proposed real property tax rate under section 413, he shall also submit the following:

(1) The total aggregate assessed value of real property exempt from the real property tax levied in the District for the current fiscal year by major class or type of exempt status and the tax that would have been paid during such fiscal year had such property not been exempt.

(2) The estimated total aggregate assessed value of real property exempt from the real property tax levied in the District by major class or type of exempt status and the tax that would be paid during the fiscal year under the real property tax rate proposed by the Commissioner pursuant to section 413.

SEC. 415. In establishing a real property tax rate the Council shall make a comparison of tax rates and burdens applicable to residential and nonresidential property in the District with those such rates applicable to such property in jurisdictions in the vicinity of the District. The comparison shall include other major taxes in addition to the tax on real property. Without in any way limiting the authority of the Council, it is the intention of Congress that tax burdens in the District be reasonably comparable to those in the surrounding jurisdictions of the Washington metropolitan area.

SEC. 416. The Commissioner shall, by June 30 of each year, compile and publish information regarding the relative amount of tax for all major taxes in the District compared with those in surrounding jurisdictions in the Washington metropolitan area and with those in other cities. The information shall include the rate of the property tax levied on residential and nonresidential property, and the effect of major taxes levied on families of different income levels and on businesses.

SUBPART B—ASSESSMENT AND ADMINISTRATION

SEC. 421. (a) The assessed value of all real property shall be listed on the assessment roll for real property taxation purposes annually as provided in this part. The assessed value for all real property shall be the estimated market value of such property as of January 1 of the year preceding the tax year, as determined by the Commissioner. In determining estimated market value for various kinds of real property the Commissioner shall take into account any factor which might have a bearing on the market value of the real property including, but not limited to, sales information on similar types of real property, mortgage, or other financial considerations, reproduction costs less accrued depreciation because of age, condition, and other factors, income earning potential (if any), zoning, and government-imposed restrictions. Assessments shall be based upon the sources of information available to the Commissioner which may include actual view.

(b) All real property shall be assesed no less frequently than once every two years, and as soon as practicable such assessment shall be made annually. The Council may authorize and direct assessments to be made annually for some or all classes of real property, except that for fiscal year 1978, and for each fiscal year thereafter, all real property shall be assessed on an annual basis.

(c) The Council may adopt regulations concerning the assessment and reassessment of real property and matters relating thereto which shall be consistent with the provisions of this title and other applicable provisions of law.

(d) The Council may adopt regulations regarding information to be furnished the Comissioner by owners of real property. Such regulations shall provide, under penalty of law, that all such information with respect to income derived from investment on income-producing real property shall be handled in the same confidential manner as income tax returns and supporting data required to be submitted to the government of the District of Columbia under laws applicable in the District.

(e) The Commissioner shall submit to the Council, within forty-five days after the date of enactment of this title, proposed regulations to be adopted by the Council pursuant to subsection (c).

(f) Consistent with the provisions of this Act and regulations of the Council, the Commissioner shall promulgate necessary regulations and administrative orders. If the Council shall not have adopted regulations concerning assessment pursuant to subsection (c) within ninety days after the date of enactment of this title, the Commissioner shall promulgate such regulations.

SEC. 422. (a) The Commissioner shall assess all real property, identifying separately the value of land and improvements thereon, and administer and collect the real property tax within the District. The Commissioner shall also notify owners of real property of assessments and of appeal procedures. In addition, he shall maintain adequate records relating to the administration of the real property tax in the District, and provide appropriate public information concerning such tax.

(b) The Commissioner shall appoint assessors competent to determine values of real property to carry out the provisions of this title and other relevant portions of this title. Each person so appointed shall take and subscribe an oath to diligently, faithfully, and impartially assess all real property according to applicable law and regulations and otherwise perform the duties of office.

(c) The Commissioner shall assure that information regarding the characteristics of real property, sales and exchanges of all such property, building permits, land use plans, and any other information pertinent to the assessment process shall be made available to the assessors on a timely basis.

Sec. 423. (a) All real property, except as hereinafter provided, shall be assessed in the name of the owner, or trustee or trustees of the owner thereof. All undivided real property of a deceased person may be assessed in the name of such deceased person until such undivided real property is divided according to law, or has otherwise passed into the possession of some other person; and all real property, the ownership of which is unknown, shall be assessed as owner unknown.

(b) All real property, whether taxable or not, shall be assessed according to the address and the number of the squares and lots thereof, or part of lots, and upon the number of the square or superficial feet in each square or lot or part of a lot.

Sec. 424. (a) The Commissioner shall, on or before March 1 of each year, compile in tabular form and place in a book, known as the preliminary assessment roll, the name of the owner, address, lot and square, amount, description, and value, as of January 1 of that year, of the land and improvements of all real property whether such property is taxable or exempt.

(b) The preliminary assessment roll, together with all maps, field books, assessment-sales ratio studies, surveys, and plats, shall be open to public inspection during normal business hours. In addition, any notes and memorandums relating to the assessment of his real property, or a statement clearly indicating the basis upon which his real property has been assessed, shall be open to inspection by the taxpayer or his designated representative during normal business hours. Provision shall be made to furnish copies of all material to any person, upon request, at the lowest charge which covers cost of making such copies.

(c) The Commissioner shall undertake, publish, and otherwise publicize the results of assessment-sales ratio studies for different types of real property for the entire District and for different types of real property within each of the districts utilized in making assessments. If, for a given year, adequate sales data are lacking for particular studies, the Commissioner shall so indicate.

(d) The Commissioner shall, either himself or in a newspaper of general circulation, publish a listing of the assessed value of each property by address, lot, and square, and he shall also make such listing available at the main public library in the District and at such other points as he may determine. Such publication can be by neighborhood areas so long as maps showing the assessment areas are generally available.

Sec. 425. Beginning as soon as possible after January 1, but no later than March 1 of each year, each taxpayer shall be notified of the assessment of his real property for the next fiscal year. The notice, or statement accompany the notice, shall include—

(1) the address, lot, square, and type of land use by major category of the property;

(2) the assessed value of the land and improvements (shown separately and in total) of the property for the next fiscal year and such amounts for the previous fiscal year;

(3) the amount and percentage of change in assessed value over the previous fiscal year;

(4) an indication of the reason for such change in assessment, such as, but not limited to, improvements to the property, zoning change, changing market values;

(5) statement of appeal procedures pursuant to section 426(i);

(6) the citation to the regulations or orders under which the property was assessed;

(7) the location of the assessment roll, studies, and notes referred to in sections 424 and 426(g) and the hours during which the information is available;

(8) the availability of a listing of the assessed value of property referred to in section 424(c); and

(9) an explanation of all special benefits, incentives, limitations, or credits which relate to real property taxes as a result of this or any other Act.

Sec. 426. (a) There is established a Board of Equalization and Review for the District (hereinafter in this title referred to as the "Board") which shall be composed of fifteen members, a majority of whom shall be residents of the District, appointed by the Commissioner, with the advice and consent of the Council. The Council may authorize a larger size if the caseload so requires. Members of the Board shall be persons having knowledge of the valuation of property, real estate transactions, building costs, accounting, finance, or statistics. The Commissioner shall name one member as Chairman. None of the members may be officers of the District of Columbia government. Each member shall serve for a term of five years, except of the members first appointed under this section, the Commissioner shall designate equal numbers for terms of one, two, three, four, and five years. The terms of the members first appointed under this section shall begin on January 1, 1975. Any person appointed to fill a vacancy shall be appointed to serve for the remainder of the term during which the vacancy arose. Each member shall receive compensation at a rate to be determined by the Council unless otherwise prohibited by law, but not to exceed one two-thousandth of the annual salary of the highest step of grade 15 of the General Schedule in section 5332 of title 5 of the United States Code for each hour such member is engaged in the actual performance of duties vested in the Board.

(b) The Commissioner shall provide such other support as is needed for the efficient operation of the Board.

(c) The Board shall convene as business necessitates from the first Monday in January until the Commissioner shall be presented with the assessment roll for the fiscal year as provided in subsection (g). The Board shall also convene as business necessitates for a period of thirty days following any special assessment which shall be generally applicable to a class of real property, and as business in the Board otherwise makes necessary.

(d) A majority of the Board shall constitute a quorum for transacting business, except the Board may provide for the establishment of three member panels for hearing and deciding individual appeals. The Board shall adopt and publish necessary rules, and all applicable provisions of the District of Columbia Administrative Procedures Act. (D.C. Code, sec. 1–1501—1–1510) shall apply to the rules and procedure of the Board.

(e) On or before April 15 of each year any taxpayer may appeal the amount of his assessment for the forthcoming fiscal year.

(f) Pursuant to applicable provisions of law, regulations adopted by the Council, or orders of the Commissioner, the Board shall attempt to assure that all real property is assessed at the estimated market value. Based on the record of complaints or of other information available to or solicited by the Board, the Board shall raise or lower the estimated market value of any real property which it finds to be more than 5 per centum above or below the estimated market value contained in the preliminary assessment roll prepared by the Commissioner according to section 423 and shall revise the assessment roll accordingly.

(g) On or before June 1 the Board shall present the revised assessment roll for the forthcoming fiscal year to the Commissioner. The Commissioner shall make such further revisions to the assessment roll as are required under other applicable provisions of law, and shall approve such accessment roll not later than June 30. Except as otherwise provided by law, the approved assessment roll shall constitute the basis of assessment for the forthcoming fiscal year and until another assessment roll is made according to law.

(h) Neither the Board nor any court shall order the increase of the assessed value of any parcel of real property above its estimated market value, nor the decrease of the assessed value, of any parcel of real property below its estimated market value solely on the basis of average ratio studies comparing sales and assessments, unless such studies are the primary basis for the assessment, or reassessment of the concerned property

(i) Any person aggrieved by any assessment, equalization, or valuation made, may, by October 15 of the calendar year in which such assessment, equalization, or valuation is made, appeal from such assesment, equalization, or valuation in the same manner and to the same extent as provided in sections 3 and 14 of title IX of the Act of August 17, 1937 (D.C. Code, secs. 47–2404, 47–24143), if such person shall have first made his complaint to the Board respecting such assessment as herein provided, except that in any case where no notice in writing of such increase of valuation was given the taxpayer prior to March 15 of the particular year, no such complaint shall be required for appeal.

Sec. 427. Each assessor of the District, and each assistant assessor, in the discharge of any of his duties, or the Board, may administer all necessary oaths or affirmations. The Commissioner or, in his absence, his designated agent, and the Chairman of the Board, shall have power to summon the attendance of any person to be examined under oath touching such matters and things as the Commissioner or the Board may deem advisable in the discharge of their duties; and any member of the Metropolitan Police force of the District of Columbia may serve subpenas in his behalf. Such fees shall be allowed witnesses so examined, to be paid out of funds available to the Commissioner, as are allowed in civil actions before the United States District Court for the District of Columbia. Any person summoned and examined as aforesaid who shall knowingly make false oath or affirmation shall be guilty of perjury, and upon conviction thereof be punished according to the laws in force for the punishment of perjury.

Sec. 428. Within one year after the date of enactment of this title the Superior Court of the District of Columbia shall establish a method which it deems appropriate by which class action cases regarding any matter relating to real and personal property taxes may be brought before the Superior Court.

Sec. 429. Any person who shall refuse or knowingly neglect to perform any duty enjoined on him by law, or who shall consent to or connive at any evasion of the provision of the first section of the Act of March 3, 1881 (D.C. Code, sec. 47–209), or section 13 of the Act of August 14, 1894 (D.C. Code, sec. 47–606), or any other provision of this title shall, for each offense, be removed from office and fined not more than $10,000, or imprisoned for no longer than one year, or both, in the discretion of the court.

SUBPART C—MODIFIED HOMEOWNER EXEMPTION TO PREVENT SHIFT OF THE TAX BURDEN TO LOW AND MODERATE INCOME FAMILIES WHO RENT OR OWN SINGLE FAMILY HOMES

SEC. 403. (a) In order that the shift to equalized assessment at the same percentage of estimated market value for all properties not result in increases in proportionate tax burden for households of low or moderate income who own or rent property identified on the assessment roll as row dwellings, detached dwellings, or semi-detached dwellings, the Council by regulation is authorized to provide that the amount of up to $3,000 of market value may be deducted from the estimated market value of some or all of such property.

(b) Subsection (a) shall take effect on and after July 1, 1974.

SUBPART D—TAX INCENTIVES FOR REHABILITATION OF PROPERTY AND NEW CONSTRUCTION IN AREAS OF THE CITY AND FOR THE PRESERVATION OF HISTORIC PROPERTY

SEC. 431. (a) The Council shall, within one year after the date of enactment of this title, after public hearing, adopt regulations providing tax incentives for the rehabilitation of existing structures and for new construction, including rehabilitation or construction of commercial property, located in areas of the District as designated by the Council. The Council shall also adopt regulations providing tax incentives for the rehabilitation and maintenance of historic property. Such tax incentives may include, but are not limited to—

(1) establishing different tax rates for land and for improvements thereon; and

(2) providing that any increase in assessed value of improvements resulting from rehabilitation or new construction be ignored for tax purposes for up to five years from the year of such reassessment.

(b) To be eligible for incentive under this section, historic property must be property designated as an historic landmark and conform to the provisions of subpart E.

SUBPART E—TAX RELIEF FOR CERTAIN HISTORIC PROPERTIES

SEC. 432. For certain officially designated historic property in the District, the Commissioner shall, in addition to assessing at full market value, assess land and improvement on the basis of current use and structures of the property, which latter assessment, if it is less than full market value, shall be the basis of tax liability to the District.

SEC. 433. To be eligible for historic property tax relief, real property must be historic property designated by the Joint Committee on Landmarks of the National Capital Planning Commission and the Commission on Fine Arts, and, in addition, must be approved by the Commissioner under section 434.

SEC. 434. The Council may provide that the owners of properties which have been designated historic landmarks by the Joint Committee on Landmarks of the National Capital Planning Commission and the Commission of Fine Arts may enter into agreements with the government of the District of Columbia for periods of at least twenty years which will assure the continued maintenance of historic properties in return for property tax relief. Such a provision shall, as a condition for tax relief, require reasonable assurance that such property will be used and properly maintained and such other conditions as the Council finds to be necessary to encourage the preservation of historic property. The Council shall also provide for the recovery of back taxes, with interest, which would have been due and payable in the absence of the exemption, if the conditions for such exemption are not fulfilled.

SUBPART F—TAX DEFERRAL

SEC. 435. (a) An eligible taxpayer may defer each year any real property tax owed in excess of 110 per centum of his immediately preceding year's real property tax liability. To be eligible for such deferral the taxpayer must—

(1) have owned for at least five years the residential real property for which deferral is claimed;

(2) certify that the combined household adjusted gross income (for purposes of District income taxes) does not exceed $20,000 in one year;

(3) file a written request for deferral on a form prescribed by the Commissioner;

(4) certify that such residential real property is the principal place of residence of the taxpayer;

(5) certify that the zoning classification of such residential property has not changed in the immediately past fiscal year;

(6) certify that increases in the assessed valuation of such residential real property attributable to improvements which increase the intrinsic value of such residential real property are not included in the calculation of the increase in real property tax payable; and

(7) certify that the assessment of such residential real property for the immediately previous fiscal year was not the result of an obvious arithmetical error.

(b) Taxes deferred under this section shall bear interest compounded annually. The rate of interest which shall be applied in each year shall be the average Treasury bill rate for the preceding twelve months as certified by the Secretary of the Treasury to the Commissioner.

(c) No further deferrals of real property tax shall be granted a taxpayer when his deferred tax plus interest equals more than 10 per centum of the current assessed value of his property.

(d) Taxes deferred under this section, together with all accumulated interest, shall constitute a preferential lien upon the real property which shall be immediately payable by the seller, transferor, or conveyor whenever the real property is sold, refinanced, transferred, or conveyed in any manner, or whenever additional co-owners (other than spouse) are added to the real property.

SEC. 436. (a) Any owner of residential real property whose combined household adjusted gross income is in excess of $20,000, and who meets the qualifications specified in clauses (1), (3), (4), (5), and (6) of subsection (a) of section 435, may defer the amount of real property tax attributable to an increase by more than 25 per centum in any one year over the assessment of the immediately previous fiscal year. For the purposes of this section and section 435, for the fiscal year 1975 the assessed value of all properties assessed at 55 per centum of estimated market value shall be the assessed value of the property divided by 0.55.

(b) Taxes deferred under this section shall bear interest compounded annually. Notwithstanding any other provision of law, the rate of interest which shall be applied in each year is the average Treasury bill rate for the preceding twelve months as certified by the Secretary of the Treasury to the Commissioner.

(c) No further deferrals of real property tax shall be granted a taxpayer when his deferred tax plus interest equals more than 10 per centum of the current assessed value of his property.

(d) Taxes deferred under this section, together with all accumulated interest, shall constitute a preferential lien upon the property which shall be immediately payable by the seller, transferor, or conveyor whenever the property is sold, refinanced, transferred, or conveyed in any manner, or whenever additional co-owners (other than spouse) are added to the property.

(e) The deferral provided in this section shall terminate June 30, 1979 unless specifically extended by the Council.

SUBPART G—DISPOSAL OF TAX DELINQUENT PROPERTY TO ENCOURAGE HOMEOWNERSHIP

SEC. 437. Notwithstanding any other provision of law, whenever any real property in the District of Columbia has been, or shall hereafter be, offered for sale for nonpayment of taxes or assessments of any kind whatsoevery, and shall have been bid off in the name of the District of Columbia, and two years or more have elapsed since such property was bid off as aforesaid, and the same has not been redeemed as provided by law, the Commissioner of the District may enforce the lien of the District for taxes or other assessments on such real property by ordering that a deed in fee simple to such property be issued by the Commissioner of the District of Columbia to the District of Columbia, and up to the time of the issuance of the deed such property may be redeemed by the owner or other person having an interest therein by the payment of all taxes or assessments due the District of Columbia upon said property, and all legal penalties, interest and costs thereon, together with such other expenses and costs, including costs of publication, as may have been incurred by the District.

SEC. 438. The Council is hereby authorized to establish a program whereby title to properties acquired by tax sale pursuant to section 437 may, for whatever sum it deems appropriate, be transferred to persons meeting criteria which shall be established by the Council, who guarantee to pay taxes on and to live in the property for at least five years, and who give assurance of bringing such property into reasonable compliance with the building code in the District.

PART 3—REAL AND PERSONAL PROPERTY TAX EXEMPTIONS

SEC. 441. The first section of the Act of December 24, 1942 (D.C. Code, sec. 47–801 (a)) is amended, on and after July 1, 1974, by adding at the end thereof the following:

"(s) Buildings owned by and actually occupied and used for legitimate theater, music, or dance purposes by a corporation which is not organized or operated for commercial purposes or for private gain, which buildings are open to the public, generally, and for admission to which charges may be made to cover the cost of expenses."

SEC. 442. The Commissioner shall publish, by class and by individual property, a listing of all real property exempt from the real property tax in the District. Such listing shall include the address, lot, and square, the name of the owner, the assessed value of the land and improvements of such property, and the amount of the tax exemption in the previous fiscal year.

PART 4—PROPERTY TAX CREDIT FOR DISTRICT OF COLUMBIA RESIDENTS

SEC. 451. Effective January 1, 1975, title VI of the District of Columbia Income and Franchise Act of 1947 is amended by adding at the end thereof the following new section:

"SEC. 7. CREDIT FOR PROPERTY TAXES ACCRUED AND PAYABLE BY DISTRICT OF COLUMBIA RESIDENTS.—(a) (1) For purposes of providing relief to certain District of Columbia residents who own or rent their principal place of abode and who reside in same, a credit shall be allowed to the eligible claimant equal to the amount by which all or a portion of real property taxes the taxpayer pays, or rent paid constituting property taxes, on his principal place of residence for the taxable year, exceeds a percentage (determined under subsection (a)(2)) of his household gross income for that year.

"(2) The percentage required under paragraph (1) of this subsection to be determined under this subsection for taxpayers shall be the percentage specified in the following table:

"If household gross income is:	The percentage of property tax paid on the first $400 of property tax, or rent constituting property tax, which shall constitute credit is:
Under $3,000	80 per centum of tax in excess of 2 per centum of income.
$3,000 to $4,999	70 per centum of tax in excess of 3 per centum of income.
$5,000 to $6,999	60 per centum of tax in excess of 4 per centum of income.

"(k) No credit shall be allowed under this title for any year during which the person claiming the credit was a dependent, under any State, Federal, or District law levying a tax on income, unless during that year such person is or becomes sixty-five years of age or older.

"(l) In the case of persons whose incomes vary substantially from year to year, the District of Columbia Council shall adopt regulations concerning income averaging for purposes of calculating benefits.

"(m) Each owner of a rental unit or his authorized agent shall, when requested in writing, furnish to the tenant making such written request a statement indicating the amount of rent paid by the tenant during the calendar year solely for the right of occupancy of the leased premises. Requests shall be made under this paragraph only by those persons entitled to file a claim under this section or who at the time of the making of the request deem themselves entitled to file a claim for credit under this section.

"(n) (1) If, on an audit of any claim filed under this section, the Commissioner finds the amount to have been incorrectly computed, he shall determine the correct amount and notify the claimant in accordance with the procedures set forth in section 5 of title XII of this article.

"(2) If it is determined that a claim was filed with fraudulent intent, it shall be disallowed in full. If the claim has been paid or a credit has been allowed against income taxes otherwise payable, the credit shall be canceled and the amount paid shall be assessed against the claimant and recovered in the same manner as provided for the collection of taxes under section 1601 of title XVI of the Act of May 18, 1954 (D.C. Code, sec. 47-312).

SEC. 475. Except as specifically provided in this title, nothing in this title, or any amendments made by this Act, shall be construed so as to affect the authority vested in the Commissioner of the District of Columbia or the authority vested in the District of Columbia Council by Reorganization Plan Numbered 3 of 1967. The performance of any function vested by this title in the Commissioner of the District of Columbia or in any office or agency under his jurisdiction and control, or in the District of Columbia Council, may be delegated by the Commissioner or by the Council, as the case may be, in accordance with the provisions of such plan.

SEC. 476. (a) The repeal or amendment by this title of any provision of law shall not affect any act done or any right accrued or accruing under such provision of law before the effective date of this title, or any suit or proceeding had or commenced before the effective date of this title, but all such rights and liabilities under such law shall continue, and may be enforced in the same manner and to the same extent, as if such repeal or amendment had not been made.

(b) The fourth and fifth paragraphs under the heading "General Expenses" of the Act of March 3, 1881 (D.C. Code, sec. 47-601).

(c) The fifth paragraph under the paragraph headed "Militia" of the Act of July 7, 1898 (D.C. Code, sec. 47-602).

(d) Section 11 of the Act of June 25, 1938 (D.C. Code, sec. 47-603).

(e) The first paragraph of section 5 (D.C. Code, sec. 47-713), and the second unnumbered paragraph of section 6 (D.C. Code, sec. 47-605), of the Act of July 1, 1902.

(f) The first section, and sections 2, 3, 4, 6, 7, and 8 of the Act of August 14, 1894 (D.C. Code, secs. 47-604, 701, 702, 704, 707).

(g) The first five sentences, and the last two sentences, of section 5(a) of the Act of August 17, 1937 (D.C. Code, secs. 47-708—47-709).

(h) Section 5 of the Act of March 3, 1883 (D.C. Code, sec. 47-703).

(6) the Act of April 23, 1924 (relating to motor vehicle fuel tax),

(7) title V of the District of Columbia Revenue Act of 1937, and

(8) any other Act of Congress imposing a tax solely in the District of Columbia.

SEC. 472. Section 471 shall take effect on the date of enactment of this Act.

SEC. 473. Section 114(a) (8) of the District of Columbia Sales Tax Act (D.C. Code, sec. 47-2601(a) (8)) is amended to read as follows:

"(8) The sale of or charges for admission to public events, except live performances of ballet, dance, or choral performances, concerts (instrumental and vocal), plays (with and without music), operas and readings and exhibitions of paintings, sculpture, photography, graphic and craft arts, but including movies, circuses, burlesque shows, sporting events, and performances or exhibitions of any other type or nature: *Provided*, That any casual or isolated sale of or charge for admission made by a semipublic institution not regularly engaged in asking such sales or charges shall not be considered a retail sale or sale at retail."

SEC. 474. The following Acts or parts of Acts are repealed effective June 30, 1975:

(a) Title XV of the District of Columbia Public Works Act of 1954 (D.C. Code, sec. 47-501a.).

PART 5—DISTRICT OF COLUMBIA PROPERTY TAX RATE

SEC. 461. Notwithstanding any other provision of law, the property tax rate for the District of Columbia for fiscal year 1975 shall be set by the Council at such an amount to yield at least $146 million in fiscal year 1975; except that such amount may be reduced by any amount raised by the Council pursuant to delegation of authority contained in section 471 of this Act, or by any revenue obtained pursuant to any other provision of law, or by any amount raised by reprogramming or reallocation of the fiscal year 1975 budget.

PART 6—DELEGATION OF GENERAL TAXING AUTHORITY; AMENDMENTS TO DISTRICT SALES TAX ACT AND MISCELLANEOUS

SEC. 471. In order to provide for additional revenue to meet additional expenditures resulting from a compensation increase adopted for persons paid under the District of Columbia Teachers' Salary Act of 1955, policemen, and firemen, the Council, in accordance with section 406 of Reorganization Plan Numbered 3 of 1967, is authorized to change the rate of the taxes imposed under—

(1) the District of Columbia Income and Franchise Tax Act of 1947,

(2) the District of Columbia Sales Tax Act,

(3) the District of Columbia Use Tax Act,

(4) the District of Columbia Cigarette Tax Act,

(5) the District of Columbia Alcoholic Beverage Control Act,

"(o) No claim for relief under this section shall be allowed to any person who was not living in a home which was subject to District of Columbia real property taxation during the calendar year for which the claim is filed.

"(p) Notwithstanding any other provision of law to the contrary, any person aggrieved by the denial in whole or in part of a claim for the credit authorized by this section, or an assessment of tax made pursuant to paragraph (1) of this section, may appeal the denial within six months after notice of the denial of the claim or within six months after notice of assessment, to the Board which shall consider such appeal as a contested case under section 10 of the District of Columbia Administrative Procedure Act (D.C. Code, sec. 1-1509). In the case of an assessment of tax, the mailing to the claimant of a statement of taxes due shall be considered notice of assessment with respect to such taxes.

"(q) The Commissioner is authorized to provide a table which will approximate, as closely as feasible, the amount of relief allowable under this section.

"(r) If it is determined by the District that a claimant received title to his home in the District or became legally obligated to pay rent for his home in the District primarily for the purpose of receiving benefits under the provisions of this section, his claim shall be disallowed.

"(s) The District of Columbia Council is empowered to make such changes in the amount of annual relief provided under section 7(a) of this title as it may deem proper.".

"(h) No claim with respect to property taxes accrued or with respect to rent constituting property taxes accrued shall be allowed unless a District of Columbia individual income tax return or (if the claimant is not required to file such return) a claim for credit under this section is filed with the District on the forms and in such manner and with such information as the Commissioner may prescribe. Any claim for credit shall be filed on or before the time prescribed for the filing of a return of individual income under this article. The Commissioner may grant a reasonable extension of time, not to exceed six months, for the filing of a return or claim for credit under this section whenever in his judgment good cause exists therefor.

"(i) The amount of any claim otherwise payable under this section may be applied by the District against any outstanding tax liability of the claimant to the District.

"(j) (1) In determining eligibility for the credit allowable under this section, and for the purpose of determining outstanding tax liability (if any) of the claimant to the District household income for which the claim is filed and the claimant's outstanding tax liability (if any) shall be determined on the basis of the combined household income of all members present in the household, except there shall be excluded from the computation of gross household income the first $1,000 earned by a dependent.

"(2) In the case of husband and wife, who during the entire calendar year for which a claim is filed under this section, maintain separate homes, for the purpose of determining household income and the claimant's outstanding tax liability (if any), such husband and wife shall be deemed to have been unmarried during the calendar year for which the claim is made.

"(f) The right to file under this section shall be personal to the claimant, but such right may be exercised by his legal guardian or attorney-in-fact. The right to file a claim shall not survive the death of a claimant. If a claimant dies after having filed a claim, any amount refunded as a result thereof shall be disbursed to his estate: *Provided*, That if no executor or administrator qualifies therein within two years of the filing of the claim, or no petition for distribution of a small estate is filed pursuant to the first section of the Act of September 14, 1965 (D.C. Code, secs. 20–2101 and 20–2102), the claim shall not be allowed.

"(g) Subject to the limitations provided in this section, commencing with the taxable year beginning after December 31, 1974, and for succeeding taxable years, the claimant may claim as a credit against the District income taxes otherwise due on his income, property taxes accrued or rent constituting property taxes accrued for that year. If the allowable amount of such claim exceeds the income taxes otherwise due from the claimant, or other tax liabilities of the claimant to the District, or if there are no District income taxes due from the claimant, the amount of the claim not used as an offset against income taxes or other tax liabilities of the claimant to the District shall be paid or credited to the claimant. No interest shall be allowed on any payment made to a claimant pursuant to this section.

"(d) If the Commissioner determines that the rent paid was not the result of an agreement entered into at arm's length between the tenant and his landlord, the Commissioner may adjust the rent to a reasonable amount for the purposes of this section.

"(e)(1) Beginning with the calendar year 1975 and for each succeeding calendar year, if a claimant owns and occupies his home in the District on July 1 of any such year, 'property taxes accrued' means property taxes (exclusive of special assessments, interest on a delinquency in payment of tax, and any penalties and service charges) assessed and paid to date against such home commencing January 1, 1975, and for succeeding years. If a home is an integral part of a larger unit such as a multipurpose building or a multidwelling building, property taxes accrued shall be that percentage of the total property taxes accrued as the value of the home bears to the total value of the property.

"(2) When a claimant rents two or more different homes in the District in the same calendar year, rent paid by the claimant during that year shall be determined by dividing the rent paid pursuant to the last rental agreement in force during that calendar year by the number of months during that calendar year for which this rent was paid and multiplying the result by twelve.

"(5)(A) The term 'rent constituting property taxes accrued' means 15 per centum of the rent actually paid by a claimant in cash or its equivalent in the calendar year 1975 or any subsequent calendar year solely for the right to occupy his District home in such calendar year, and which rent constitutes the basis in the succeeding calendar year for the claim for relief made by the claimant under this section, exclusive of amounts which are paid as rent or other consideration for the providing by the landlord of furniture or furnishings of any kind, and exclusive of amounts included in the rent for utilities. Whenever the amount of rent includes charges for the providing by the landlord of furniture or furnishings or charges for utilities, and the charges therefor are not separately stated, then there shall be deducted from the rent as the charge for such furniture or furnishings 20 per centum of the rent, and for utilities 10 per centum of the rent, and the balance shall be deemed to be the amount paid by the claimant solely for the right to occupy his District home for the purposes of the credit allowed under this section.

"(c) In the event that any installment of rent for a calendar year for which a claim is filed is paid prior to the beginning of or subsequent to the end of such calendar year, it shall be included as rent for the year for which the claim was made and for no other year, and shall not be included as rent for purposes of this section for the year in which the installment was paid.

"(2) The term 'household income' shall have the same meaning as the words 'adjusted gross income' are defined in subsection (c) of section 2 of title III of this article. For purposes of determining adjusted gross income within the meaning of this section, gross income shall mean household income as defined in this section.

"(3) The term 'home' means the claimant's dwelling house, whether owned or rented by the claimant, and so much of the land surrounding it as is reasonably necessary for use of the dwelling as a home, and may include a multi-unit building or a multipurpose building and a part of the land upon which it is located.

"(4) The term 'claimant' means a person who has filed a claim under this section, was an owner of record of a home in the District, or a lessee, tenant at will or tenant at sufference paying rent on a home in the District during the entire calendar year preceding the year in which he files a claim for relief under this section. Only one claimant per home and per household per year shall be entitled to relief under this section.

"(b) Definitions.—For purposes of this section:

"(1)(A) The term 'household gross income' means gains, profits, and income derived from salaries, wages, or compensation for personal services of whatever kind and in whatever form paid, including salaries, wages, and compensation paid by the United States to its officers and employees, or income derived from any trade or business or sales or dealings in property, whether real or personal, including capital assets as defined in this article growing out of the ownership or sale of or interest in such property; income from rent, royalties, interest, dividends, securities, or transactions of any trade or business carried on for gain or profit, or gains or profits and income derived from any source whatever, including but not limited to alimony, and separate maintenance payments (including amounts received under separate maintenance agreements), strike benefits, cash public assistance and relief (not including relief or credit granted under this section), sick pay, workmen's compensation, proceeds of life insurance policies, the gross amount of any pension or annuity (including railroad retirement benefits, veterans' disability pensions, or payment received under the Federal Social Security Act), State or District of Columbia unemployment compensation laws, and nontaxable interest received from the United States, a State or any agency or instrumentality thereof. The word 'income' does not include gifts from nongovernmental sources, food stamps, or food or other relief in kind supplied by a governmental agency.

"(B) In determining household gross income the exclusions from gross income as provided by subsection (b) of section 2 of title III of this article shall not apply.

(b) All offenses committed, and all penalties incurred, prior to the effective date this title under any provision of law hereby repealed or amended, may be prosecuted and punished in the same manner and with the same effect as if this title had not been enacted.

SEC. 477. Except as specifically provided in this Act, or in other provisions of law applicable to the District of Columbia, the Council may by regulation establish penalties for violations of any provision of this title, including any regulation issued pursuant to this title. Such penalties may not exceed imprisonment for longer than one year, or a fine not to exceed $10,000, or both, for each offense.

SEC. 478. Except as specifically provided in this title, the provisions of this title shall take effect on the date of enactment of this title, except that Part 1 and subparts A through G of Part 2 shall apply beginning with the fiscal year beginning July 1, 1975.

TITLE V—POWERS OF THE COUNCIL

SEC. 501. Notwithstanding any other provision of law, or any rule of law, nothing in this Act shall be construed as limiting the authority of the Council of the District of Columbia to enact any act, resolution, or regulation, after January 2, 1975, pursuant to the District of Columbia Self-Government and Governmental Reorganization Act with respect to any matter covered by this Act.

And the Senate agrees to the same.

CHARLES C. DIGGS, Jr.,
DONALD M. FRASER,
W. S. STUCKEY,
RONALD V. DELLUMS,
THOMAS M. REES,
R. L. MAZZOLI,
ANCHER NELSEN,
WM. HARSHA,
JOEL T. BROYHILL,
GILBERT GUDE,
Managers on the Part of the House.

THOMAS F. EAGLETON,
JOHN TUNNEY,
CHARLES McC. MATHIAS, Jr.,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 15842) to increase compensation for District of Columbia policemen, firemen, and teachers; to increase annuities payable to retired teachers in the District of Columbia; to establish an equitable tax on real property in the District of Columbia; to provide for additional revenue for the District of Columbia; and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

RETROACTIVE COMPENSATION, REAPPOINTMENT AND INSURANCE LEVELS

The Senate amendment contained provisions, not included in the House bill, which (1) clarified that retroactive pay provided under the Act applied only to active members, members retiring between July 1 and the enactment date, or active members who die during this period; (2) provided that training, service, or hospitalization while in the armed forces shall count towards reemployment of members in the Federal or District governments; and (3) provided that increases in insurance for members were to be based on salary increases as if they were not retroactive.

The first two of these provisions have been a part of the technical amendments accompanying previous D.C. police and firemen's salary increase legislation enacted by Congress. The third provision differed from standard Civil Service Commission practices.

The conference substitute (Section 104) adopts the first two provisions found in the Senate amendment dealing with retroactive compensation and reappointment credit. It contains further language which clarifies that for the purpose of determining amounts of insurance for which an officer or member is eligible, retroactive salary increases provided in this bill will be considered.

STUDY OF POLICE AND FIREMEN'S SALARIES

The House bill authorized the Mayor-Commissioner to establish a joint labor-management Salary and Benefits Study Committee to conduct annual studies of compensation and related employment benefits, reviewing compensation in other jurisdictions as well as changes in the Consumer Price Index. The results of the annual study were to be made public by June 30 each year and were to form the basis for consideration of adjustments in pay levels.

The Senate amendment authorized the Mayor-Commissioner to conduct the annual study. On or before July 15 each year, the results were to be made available to representatives of the police and firemen's departments. In the event such representatives disputed any results within twenty days the Mayor and the Director of the Federal Mediation and Conciliation Service were notified. The Director then selected an impartial fact finder whose results were incorporated in the study which would then be made public.

The conference substitute (Section 111) adopts the House bill with language which provides that there shall be an equal number of representatives from labor and management on the Study Committee. The selection of a neutral chairman for the Committee shall be agreed upon by a majority of the Committee members. In the event the Committee cannot agree within a 10-day period, the Director of the Federal Mediation and Conciliation Service is directed to appoint this neutral chairman.

LABOR MANAGEMENT RELATIONS

The House bill directed the Mayor-Commissioner to establish a joint labor-management relations board with equal representation from labor and management and a neutral chairman. The House provision identified this Board's jurisdiction, including resolution of labor disputes involving appropriate bargaining units, the conduct of elections, unfair labor practices, compensation. After 60 days of negotiations, either party to the dispute was authorized to request the Board to order last best offer, total package binding arbitration.

The Senate amendment provided that the Director of the Federal Mediation and Conciliation Service shall select an impartial mediator when a contract has expired and negotiation impasses still exist. If mediation did not resolve the impasse with ten days, the Director would appoint an impartial Board of Arbitration to investigate, conduct hearings, and issue a final and binding award.

The conference substitute (Section 112) conforms to the Senate provision, except it extends from 10 to 30 days the period for dispute mediation before a Board of Arbitration is appointed, and it permits both parties, if they agree, to extend this period beyond 30 days. The procedures provided in this section conform to the standard Federally prescribed labor negotiation procedures as handled through the Federal Mediation and Conciliation Service.

ANNUITIES OF RECENT RETIREES

The House bill contained a provision, not in the Senate amendment, which provided that members of the various departments and agencies covered by this Act, retiring less than twelve months before a scheduled pay increase, would have their benefits increased by an amount calculated on the basis of the percent of time they have been retired.

The conference substitute does not contain this provision.

EFFECTIVE DATES FOR TEACHERS' SALARY INCREASES

The House bill provided a 10 percent salary increase for District of Columbia school teachers effective on October 1, 1974. The Senate amendment made the increase effective on the first pay period after September 1, 1974, and limited top salaries to that paid to Federal Executive Levels III ($40,000) and V ($36,000).

The conference substitute (Section 201) conforms to the Senate amendment and clarifies that the limit on top salaries shall continue in effect when the second step (an additional 3%) of the salary increase takes effect on January 1, 1975.

Inequities may exist in the salary schedules for principals and teachers as they appear in this legislation. The Council of the District of Columbia should review these schedules to determine whether changes are necessary.

AUTHORIZATION FOR COUNCIL TO INCREASE TAX RATES

The House bill included provisions, not in the Senate amendment, which authorized the current District of Columbia Council, in order to provide additional revenue to meet increased salaries for police, firemen, and teachers to increase the rates of existing taxes including sales, use, cigarette, alcohol and motor fuel taxes. This provision accelerated the date when the Council, under self-government, is delegated this authority.

The conference substitute (Section 471) conforms to the House provision.

FEDERAL PAYMENT AUTHORIZATION

The Senate amendment contained a provision, not in the House bill, which authorized to be appropriated to the District of Columbia a special $14 million increase in the authorized Federal payment for fiscal year 1975, to be used only to pay salary increases for District of Columbia policemen, firemen, and teachers.

The Conference substitute contains no such provision.

REAL PROPERTY TAX

The House bill contained provisions not in the Senate amendment, which reformed the procedures by which the local real property tax rates were established and taxes were collected; provided for assessments based on 100% of market value; granted tax relief for low-income homeowners and renters and for historic properties; provided tax incentives for property rehabilitation; continued existing tax exemptions but placed a tax on private commercial enterprises on Federal property in the District (lease-hold arrangements); and authorized in fiscal year 1975 the tax rate be established in an amount to yield at least $146 million, which would, among other things, provide sufficient revenues to fund salary increases contained in the bill.

The conference substitute (Title IV) conforms to the House provisions, except those provisions taxing governmental lease-hold arrangements are deleted.

The Mayor, in recommending to the Council a tax rate for fiscal year 1975, shall take into consideration the requirements of Section 461 of this Act.

In the event the authorized procedures for publishing the assessment rolls prove to be excessively costly, the Council of the District of Columbia may need to explore alternatives for general publication of such rolls.

PARKING TAX

The House bill contained a provision not included in the Senate amendment, which extended the five percent District of Columbia Sales Tax to parking or storage spaces for motor vehicles in parking lots or garages.

The Conference substitute contains no such provision.

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DONALD M. FRASER,
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ANCHER NELSEN,
WM. HARSHA,
JOEL T. BROYHILL,
GILBERT GUDE,
Managers on the Part of the House.
THOMAS F. EAGLETON,
JOHN TUNNEY,
CHARLES MCC. MATHIAS, Jr.,
Managers on the Part of the Senate.

CONFERENCE REPORT (H. REPT. No. 93-1295)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3703) to authorize in the District of Columbia a plan providing for the representation of defendants who are financially unable to obtain an adequate defense in criminal cases in the courts of the District of Columbia, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

That this Act may be cited as the "District of Columbia Criminal Justice Act".

SEC. 2. Title 11 of the District of Columbia Code is amended by adding at the end thereof the following new chapter:

"Chapter 26.—REPRESENTATION OF INDIGENTS IN CRIMINAL CASES

"Sec.
"11–2601. Plan for furnishing representation to indigents in criminal cases.
"11–2602. Appointment of counsel.
"11–2603. Duration and substitution of appointments.
"11–2604. Payment for representation.
"11–2605. Services other than counsel.
"11–2606. Receipt of other payments.
"11–2607. Preparation of budget.
"11–2608. Authorization of appropriations.
"11–2609. Authority of council.

"§ 11–2601. Plans for furnishing representation of indigents in criminal cases

"The Joint Committee on Judicial Administration shall place in operation within ninety days after the effective date of this chapter, in the District of Columbia a plan for furnishing representation to any person in the District of Columbia who is financially unable to obtain adequate representation—

"(1) who is charged with a felony, or misdemeanor, or other offense for which the sixth amendment to the Constitution requires the appointment of counsel or for whom, in a case which he faces loss of liberty, any law of the District of Columbia requires the appointment of counsel;

"(2) who is under arrest, when such representation is required by law;

"(3) who is charged with violating a condition of probation or parole, in custody as a material witness, or seeking collateral relief, as provided in—

"(A) Section 23–110 of the District of Columbia Code (remedies on motion attacking sentence),

"(B) Chapter 7 of title 23 of the District of Columbia Code (extradition and fugitives from justice),

"(C) Chapter 19 of title 16 of the District of Columbia Code (habeas corpus),

"(D) Section 928 of the Act of March 8, 1901 (D.C. Code, sec. 24–302) (commitment of mentally ill person while serving sentence);

"(4) who is subject to proceedings pursuant to chapter 5 of title 21 of the District of Columbia Code (hospitalization of the mentally ill);

"(5) who is a juvenile and alleged to be delinquent or in need of supervision.

Representation under the plan shall include counsel and investigative, expert, and other services necessary for an adequate defense. The plan shall include a provision for private attorneys, attorneys furnished by the Public Defender Service, and attorneys and qualified students participating in clinical programs.

"§ 11–2602. Appointment of counsel

"Counsel furnishing representation under the plan shall in every case be selected from panels of attorneys designated and approved by the courts. In all cases where a person faces a loss of liberty and the Constitution or any other law requires the appointment of counsel, the court shall advise the defendant or respondent that he has the right to be represented by counsel and that counsel will be appointed to represent him if he is financially unable to obtain counsel. Unless the defendant or respondent waives representation by counsel, the court, if satisfied after appropriate inquiry that the defendant or respondent is financially unable to obtain counsel, shall appoint counsel to represent him. Such appointment may be made retroactive to include any representation furnished pursuant to the plan prior to appointment. The court shall appoint separate counsel for defendants or respondents having interests that cannot properly be represented by the same counsel, or when other good cause is shown. In all cases covered by this Act where the appointment of counsel is discretionary, the defendant or respondent shall be advised that counsel may be appointed to represent him if he is financially unable to obtain counsel, and the court shall in all such cases advise the defendant or respondent of the manner and procedures by which he may request the appointment of counsel.

"§ 11-2603. Duration and substitution of appointments

"A person for whom counsel is appointed shall be represented at every stage of the proceedings from his initial appearance before the court through appeals, including ancillary matters appropriate to the proceedings. If at any time after the appointment of counsel the court finds that the person is financially able to obtain counsel or to make partial payment for the representation, it may terminate the appointment of counsel or authorize payment as provided in section 2606 of this chapter, as the interests of justice may dictate. If at any stage of the proceedings, including an appeal, the court finds that the person is financially unable to pay counsel whom he had retained, it may appoint counsel as provided in section 2602, and authorize payment as provided in section 2604, as the interests of justice may dictate. The court may, in the interest of justice, substitute one appointed counsel for another at any stage of the proceedings.

"§ 11-2604. Payment for representation

"(a) Any attorney appointed pursuant to this chapter shall, at the conclusion of the representation or any segment thereof, be compensated at a rate fixed by the Joint Committee on Judicial Administration, not to exceed the hourly scale established by the provisions of section 3006A(d) (1) of title 18, United States Code. Such attorney shall be reimbursed for expenses reasonably incurred.

"(b) For representation of a defendant before the Superior Court or before the District of Columbia Court of Appeals, as the case may be, the compensation to be paid to an attorney shall not exceed the maximum amounts established by section 3006A(d) (2) of title 18, United States Code, in the corresponding kind of case or proceeding.

"(c) Claims for compensation and reimbursement in excess of any maximum amount provided in subsection (b) of this section may be approved for extended or complex representation whenever such payment is necessary to provide fair compensation. Any such request for payment shall be submitted by the attorney for approval by the chief judge of the Superior Court upon recommendation of the presiding judge in the case or, in cases before the District of Columbia Court of Appeals, approval by the chief judge of the Court of Appeals upon recommendation of the presiding judge in the case. A decision shall be made by the appropriate chief judge in the case of every claim filed under this subsection.

"(d) A separate claim for compensation and reimbursement shall be made to the Superior Court for representation before that court, and to the District of Columbia Court of Appeals for representation before that court. Each claim shall be supported by a sworn written statement specifying the time expended, services rendered, and expenses incurred while the case was pending before the court, and the compensation and reimbursement applied for or received in the same case from any other source. The court shall fix the compensation and reimbursement to be paid to the attorney. In cases where representation is furnished other than before the Superior Court or the District of Columbia Court of Appeals, claims shall be submitted to the Superior Court which shall fix the compensation and reimbursement to be paid.

"(e) For purposes of compensation and other payments authorized by this section, an order by a court granting a new trial shall be deemed to initiate a new case.

"(f) If a person for whom counsel is appointed under this section appeals to the District of Columbia Court of Appeals, he may do so without prepayment of fees and costs or security therefor and without filing the affidavit required by section 1915(a) of title 28, United States Code.

"§ 11-2605. Services other than counsel

"(a) Counsel for a person who is financially unable to obtain investigative, expert, or other services necessary for an adequate defense may request them in an ex parte application. Upon finding, after appropriate inquiry in an ex parte proceeding, that the services are necessary and that the person is financially unable to obtain them, the court shall authorize counsel to obtain the services.

"(b) Counsel appointed under this section may obtain, subject to later review, investigative, expert, or other services, excluding the preparation of reporter's transcript, without prior authorization if necessary for an adequate defense. The total cost of services obtained without prior authorization may not exceed $150 or the rate provided by section 3006A(e) (2) of title 18, United States Code, whichever is higher, and expenses reasonably incurred.

"(c) Compensation to be paid to a person for services rendered by him to a person under this subsection shall not exceed $300, or the rate provided by section 3006A(e) (3) of title 18, United States Code, whichever is higher, exclusive of reimbursement for expenses reasonably incurred, unless payment in excess of that limit is certified by the court, as necessary to provide fair compensation for services of an unusual character or duration, and the amount of the excess payment is approved by the presiding judge in the case.

"§ 11-2606. Receipt of other payments

"(a) Whenever the court finds that funds are available for payment from or on behalf of a person furnished representation, it may authorize or direct that such funds be paid to the appointed attorney, or to any person or organization authorized pursuant to section 2605 of this title to render investigative, expert, or other services, or to the court for deposit in the Treasury as a reimbursement to the appropriation, current at the time of payment, to carry out the provisions of this section. Except as so authorized or directed, no such person or organization may request or accept any payment or promise of payment for representing a defendant.

"(b) Any person compensated, or entitled to be compensated, for any services rendered under this chapter who shall seek, ask, demand, receive, or offer to receive, any money, goods, or services in return therefor from or on behalf of a defendant or respondent shall be fined not more than $1,000 or imprisoned not more than one year, or both.

"§ 11-2607. Preparation of Budget.

"The joint committee shall prepare and annually submit to the Commissioner of the District of Columbia, in conformity with section 1743 of this title, or to his successor in accordance with section 445 of the District of Columbia Self-Government and Governmental Reorganization Act, for inclusion in the annual budget, annual estimates of the expenditures and appropriations necessary for furnishing representation by private attorneys to persons entitled to representation in accordance with section 2601 of this title.

"§ 11-2608. Authorization of appropriations

"There are hereby authorized to be appropriated, out of any moneys in the Treasury credited to the District of Columbia, such funds as may be necessary for the administration of this chapter for fiscal years 1975 and 1976. When so specified in appropriation Acts, such appropriations shall remain available until expended.

"§ 11-2609. Authority of Council

"Section 602(a) (4) of the District of Columbia Self-Government and Governmental Reorganization Act shall not apply to this chapter.".

SEC. 3. (a) Paragraph (1) of section 3006A, title 18, United States Code, as amended, is amended to read:

"(1) APPLICABILITY IN THE DISTRICT OF COLUMBIA.—The provisions of this Act, other than subsection (h) of section 1, shall apply in the United States District Court for the District of Columbia and the United States Court of Appeals for the District of Columbia Circuit. The provisions of this Act shall not apply to the Superior Court of the District of Columbia and the District of Columbia Court of Appeals.".

SEC. 4. This Act shall take effect upon the date of its enactment. Any person appointed on or after July 1, 1974, but prior to the commencing date of the plan referred to in section 11-2601 of the District of Columbia Code (as added by section 2 of this Act), by a judge of the Superior Court or the District of Columbia Court of Appeals to furnish to any person in the District of Columbia, who is financially unable to obtain adequate representation, that representation and those services referred to in such section 11-2601, may be compensated and reimbursed for such representation and services rendered, including expenses incurred therewith, upon filing a claim for payment. Payment shall not be allowed in excess of the amounts authorized in accordance with those sections added to the District of Columbia Code by such section 2.

And the House agree to the same.

CHARLES C. DIGGS, Jr.,
DONALD FRASER,
W. S. (BILL) STUCKEY, Jr.,
BROCK ADAMS,
THOMAS M. REES,
ANCHER NELSEN,
GILBERT GUDE,
Managers on the Part of the House.

THOMAS F. EAGLETON,
DANIEL K. INOUYE,
CHARLES McC. MATHIAS, Jr.,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and Senate at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3703) to authorize in the District of Columbia a plan providing for the representation of defendants who are financially unable to obtain an adequate defense in criminal cases in the courts of the District of Columbia, and for other purposes, submit the following joint statement to the House and Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report.

The House amendment struck out all the Senate bill after the enacting clause and inserted a substitute text.

The Committee of Conference has agreed to a substitute for both the Senate bill and the House amendment to the text of the bill. Except for clarifying, clerical, and conforming changes, the major differences are noted below.

PLAN FOR REPRESENTATION OF INDIGENTS

The Senate bill and the House amendment differed in the description of the plan for the furnishing of representation to indigents in criminal cases only in two respects. The Senate bill also included within the scope of coverage of the plan the representation of indigents who are subject to proceedings pursuant to Chapter 5, Title 21 of the District of Columbia Code (hospitalization of the mentally ill) and representation of juveniles alleged to be delinquent or in need of supervision.

The conference substitute conforms to the Senate bill and also includes a time limitation for the adoption of a plan.

APPOINTMENT OF COUNSEL

Both the Senate bill and the House amendment contained the same provisions regarding the appointment of counsel except that the Senate bill additionally provided that where the appointment of counsel is discretionary, the court shall advise the defendant that counsel may be appointed and the manner and procedures by which he may request the appointment of counsel.

The conference substitute conforms to the Senate bill.

PAYMENT FOR REPRESENTATION

The Senate bill and the House amendment had identical provisions regarding payment for representation by counsel, except regarding the waiving of maximum amounts payable. The Senate bill provided for requests for such maximum payments to be submitted by the attorney for approval by the chief judge of the Superior Court upon recommendation of the judge presiding in the case, or in cases before the District of Columbia Court of Appeals, approval by the chief judge of the Court of Appeals upon recommendation of the presiding judge in the case. The House amendment required approval by the chief judge of the District of Columbia Court of Appeals in every case.

The conference substitute conforms to the Senate bill language in regard to the waiving of maximum amounts.

SERVICES OTHER THAN COUNSEL

The Senate bill and the House amendment had identical provisions regarding the rendering of services other than counsel, and also had identical provisions barring receipt of other payments if payment is to be made under this law, except that the Senate bill contained an additional provision providing for a fine of not more than $1,000 or imprisonment for not more than one year or both for individuals who seek or receive in any manner any additional payments.

The conference substitute conforms to the Senate bill.

ANNUAL BUDGET

Both the Senate bill and the House amendment required the Joint Committee on Judicial Administration to prepare and annually submit to the Commissioner or his successor for inclusion in the annual budget of the District of Columbia annual estimates of the expenditures and appropriations necessary for furnishing representation by private attorneys to persons entitled to representation in accordance with this bill. However, the House amendment contained provisions not included in the Senate bill, that required the Joint Committee on Judicial Administration to establish definitional standards for indigency to qualify for the program that provides for representation of indigents in criminal cases in the District of Columbia courts; to take into account the number of indigent cases which could be handled by the Public Defender Service, private attorneys, and by law students; and to take into account the number of cases in the U.S. courts for which payment was made under the last appropriation for the administration of the Criminal Justice Act in those courts.

The conference substitute conforms to the Senate bill, which contained no such provisions, for the reason, among others, that the Public Defender Service indicated an inability to provide the Joint Committee with a projection of the percentage of indigent defendant cases which it could effectively handle, which in turn raised questions about the percentage of indigent defendant cases which could be handled by private attorneys and qualified law students participating in clinical programs under attorney supervision. Moreover, the Conferees agreed that the Joint Statement of Managers should direct the Joint Committee to comply, to the extent possible, in its annual estimates of the expenditures and appropriations necessary for furnishing representation by private attorneys to persons entitled to such representation as provided for in this bill, with the general thrust of the provisions contained in Section 11–2607(b) of the House amendment, as noted above.

The Senate bill required that the budget be prepared in accordance with the provisions of the D.C. Code (Sec. 11–1743) which does not allow the Mayor to make modifications in it. The House bill contained no such provision.

The conference substitute conforms to the Senate bill.

AUTHORIZATION OF APPROPRIATIONS

The Senate bill and the House amendment contained differently worded authorization of appropriations. The Senate bill limited such authorization to fiscal years 1975 and 1976, while the House amendment contained no such limitation and specified that the money appropriated must come out of moneys in the Treasury credited to the District of Columbia and also specified the officer of the District of Columbia government empowered to make payment and the officer who was to supervise such payments.

The conference substitute authorizes payments for fiscal years 1975 and 1976 out of moneys in the Treasury credited to the District of Columbia.

AUTHORITY OF COUNCIL

The House amendment specified that Section 602(a)(4) of the District of Columbia Self-Government and Governmental Reorganization Act (which prohibits the District of Columbia Council from modifying any part of Title II of the D.C. Code) would not apply to the instant legislation. The Senate bill contained no such provision.

The conference substitute conforms to the House amendment.

FEDERAL CRIMINAL JUSTICE ACT

The Senate bill continued an appropriately modified continuation of the limitation of applicability of the Federal Criminal Justice Act, 18 U.S.C. Sec. 3006A to the District of Columbia. The House amendment repealed this special provision.

The conference substitute retains the Senate provision.

EFFECTIVE DATE

The Senate bill made the effective date the date of enactment except that persons appointed on or after July 1, 1974, but prior to the effective date of the plan to be adopted under this bill, may be compensated under the provisions of this bill. The House amendment made the bill effective thirty days following its enactment.

The conference substitute conforms to the Senate provision.

CHARLES C. DIGGS, Jr.,
DONALD FRASER,
W. S. (BILL) STUCKEY, Jr.,
BROCK ADAMS,
THOMAS M. REES,
ANCHER NELSEN,
GILBERT GUDE,
Managers on the Part of the House.

THOMAS F. EAGLETON,
DANIEL K. INOUYE,
CHARLES McC. MATHIAS, Jr.,
Managers on the Part of the Senate.

AMENDING DISTRICT OF COLUMBIA SELF-GOVERNMENT AND GOVERNMENTAL REORGANIZATION ACT

Mr. DIGGS. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 15791) to amend section 204(g) of the District of Columbia Self-Government and Governmental Reorganization Act, and for other purposes, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 5, strike out lines 1 to 12, inclusive.

Page 5, after line 12, insert:

SEC. 2. In addition to other authority delegated to it, and in accordance with section 406 of Reorganization Plan Numbered 2 of 1967, the District of Columbia Council is authorized, by regulation, to prohibit the establishment, after the effective date of such regulation, of any horizontal property regime, real estate condominiums project, or other conversion of units in a multiunit structure into a condominium pursuant to the Horizontal Property Act of the District of Columbia (D.C. Code, sec. 5–901 et seq.).

Page 5, line 13, strike out "2." and insert: "3."

Page 5, line 19, after "(a)" insert: ", including establishing the filing date for nomination petitions for any elections to be held during November 1974."

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

Mr. GROSS. Mr. Speaker, reserving the right to object. First of all I would like to ask if these amendments are germane to the bill?

Mr. DIGGS. Mr. Speaker, yes, they are, I would say to the gentleman from Iowa. One amendment merely changes the filing date in connection with local elections. The other has to do with the matter we passed the other day relating to condominiums. This restricts the action taken by the House to merely permit the City Council to declare a moratorium rather than to advance their authority to make changes in the basic law.

BOARD OF EDUCATION ELECTION AND OTHER SECTIONS

Mr. Speaker, the action taken in the other sections of the bill will correct situations which have been brought to the attention of the committee by the Board of Education and by several District officials and the Mayor.

The amendment made by paragraph (8) of the first section, for example, avoids the possibility of a 6-month hiatus of uncertain legal status for employees, existing regulations and pending lawsuits. Paragraph (8) makes July 1, 1974, rather than January 2, 1975, the effective date for sections 712, 713, 714, and 715, which deal with these matters. Those sections will now apply to the transfers made on July 1, 1974, of three Federal agencies which now come under District control.

HORIZONTAL PROPERTY

The Home Rule Act grants authority to the District of Columbia City Council to regulate condominiums and condominium conversions. This authority does not become effective until next January.

The Mayor, the Chairman, and the Vice Chairman of the City Council believe that the problems associated with condominiums are so pressing that they have requested authority sooner.

The committee also believes that the condominium conversion problems need immediate attention. The committee believes that the city's long-term condominium conversion policy should be determined by a city council elected by the residents of the District of Columbia.

This belief is consistent with the second section of this bill which provides that major public policy should be made by elected rather than appointed members of the Board of Education.

The committee has amended H.R. 15791 to grant authority to the present District of Columbia City Council to impose a moritorium on condominium conversion until the elected City Council has taken office.

The committee also found it necessary to amend the act so that the present appointed City Council would be authorized to deal with the eminent condominium conversion problems. Unamended, the new condominium authority for the present City Council would become effective January 2, 1974.

Mr. Speaker, I would yield to the gentleman from Maryland (Mr. Gude) on the amendment.

Mr. GUDE. Mr. Speaker, if the gentleman will yield, that is correct. The Senate amendment merely states that the City Council would have only the opportunity to declare a moratorium on conversions rather than to regulate or promulgate rules in the area of condominium control. The Mayor and City Council have indicated their desire to institute a moratorium only at this time rather than establish rules.

Mr. GROSS. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

FEDERAL MASS TRANSPORTATION ACT OF 1974

Mr. BLATNIK. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 12859) to amend title 23, United States Code, the Federal-Aid Highway Act of 1973, and other related provisions of law, to establish a unified transportation assistance program, and for other purposes.

The SPEAKER. The question is on the motion offered by the gentleman from Minnesota (Mr. Blatnik).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 12859, with Mr. Symington in the Chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose yesterday, the gentleman from Minnesota (Mr. Blatnik) had 36 minutes remaining, and the gentleman from Ohio (Mr. Harsha) had 40 minutes remaining.

The Chair now recognizes the gentleman from Minnesota (Mr. Blatnik).

Mr. BLATNIK. Mr. Chairman, I yield 5 minutes to the distinguished gentleman from New Jersey (Mr. Howard), a member of the committee.

Mr. HOWARD. Mr. Chairman, I rise in support of the Federal Mass Transportation Act of 1974. I believe that this legislation provides for a carefully considered program which could very well lead this Nation into a new transportation era. Just as the Federal-Aid Highway Act of 1956 provided us with the best system of individual ground transportation since the Romans constructed their famous roadways in Europe thousands of years ago, so will this mass transportation program rival that most famous of all mass transportation efforts—the construction and voyage of Noah's Ark.

Now Noah, of course, did not have the benefit of $20 billion available to him over a period of 6 years for his system construction, expansion, and operation. He did not, however, have to design a program that would have to accommodate commuters, suburbanites, the poor, the elderly, and the handicapped. He did not have to design a system that would provide for the transportation needs of millions of people in scores of cities across a vast nation.

These are undoubtedly the reasons for one glaring omission in the Bible's account of Noah's first mass transportation feat. I am referring of course to operating subsidies.

I am afraid that operating subsidies have caused some distress to many of my distinguished colleagues. They allege, with the very best of intentions, that Federal expenditures for operating subsidies do not constitute a wise disposition of the hard pressed tax dollar. Nothing could be further from reality. Under the operating subsidies provision of this legislation, Federal funds must be matched by non-Federal funds on a dollar-for-dollar basis. This bill, Mr. Chairman, is by no means a Federal giveaway program. It is a major effort which seeks to meet the legitimate transportation needs of millions of American commuters, surburbanites, and others who depend on mass transportation each day.

Allow me to list just a few of the benefits which will be realized as a result of the disbursal of these Federal funds for operating subsidies: First, a more stable fare rate could be established for an individual mass transportation system rather than having it go through a period of fluctuating rates. Fluctuating fare rates, as we all know, is a major reason for the underutilization of some mass transportation systems. With oil and gasoline becoming a more precious commodity each year, it is incumbent upon this Congress to act now to make it worthwhile for the American automobile passenger to change his or her driving habits in favor of mass transportation. Operating subsidies will help to accomplish this. Another reason that favors operating subsidies is the fact that local communities will be encouraged to expand their mass transportation facilities without fear of being caught short. I might point out also that one reservation with regard to operating subsidies, which concerned their use for "debt service," has been eliminated by the provision of the bill which specifically excludes operating subsidies for this purpose.

I know from experience, Mr. Chairman, that my home State of New Jersey is badly in need of these operating subsidies for its commuter rail service which must accommodate thousands of citizens in their daily travels from the suburbs into the metropolitan area of New York. This is obviously, however, not a need which is unique to New Jersey. Each State and each section of the country, rural, urban, and suburban, would benefit greatly through the mass transportation incentives which these operating subsidies provide.

I would like to emphasize that this legislation, by providing Federal assistance to commuter lines, also greatly benefits suburban areas, not only in New Jersey but also across the country. In my own area, there are commuter lines such as Penn Central, the Jersey Central, and others which constitute an integral part of the everyday lives of the citizens which I have the honor to represent. This monumental mass transportation legislation is vitally important to these citizens and, indeed, to every citizen in the Nation who uses, or might be induced to use, some system of mass transportation.

Mr. Chairman, I would like to conclude by saying that I am proud of the fact that we have spent long hours in perfecting this legislation and that, through our efforts, we have had the opportunity to play a part in producing this badly needed mass transportation bill. I strongly urge that it be adopted.

Mr. HARSHA. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, it has been suggested that the reduction in this legislation from an authorization of $20 billion over the 6-year period to a figure of $15.8 billion is a compromise within the meaning and the intent of the expression of the President in his Monday address to this body.

Let me point out that the administration's initial proposal provided for $9.3 billion over a 6-year period, now they are willing to accept a $11 billion authorization, and with the commentary to cut anywhere from $5 billion to $10 billion off of the 1975 budget, an additional increase of $1.7 billion is a decided effort on the part of the administration to offer a compromise to the House in this instance.

Mr. Chairman, I yield 3 minutes to the gentleman from Texas (Mr. MILFORD).

Mr. MILFORD. Mr. Chairman, I thank the gentleman from Ohio (Mr. HARSHA) for yielding.

I join with just about all of my colleagues on the Public Works Committee in the belief that urban mass transportation is a national problem. That being the case, I feel that we should seek a national solution equally and fairly applied across the land—not just in a few big cities.

I have some serious reservations about this particular bill, as it is presently written. At the proper time, I will introduce two amendments and I shall support several other amendments that will be introduced by some of my colleagues.

Members of the House should be alerted to the fact that this is a very complex bill. Within the Public Works Committee, there were wide differences of opinion concerning several of the bill's provisions.

Therefore, I would encourage every Member to give close attention to floor amendments that will be offered. Some of these amendments will change the bill drastically.

At the proper time, I shall join with my colleague (Mr. SHUSTER) to offer an amendment that will strike operating subsidies from this bill. These subsidies would benefit only a few of the very large urban areas, where transportation costs are already very low, while denying desperately needed capital funds to hundreds of smaller urban areas.

I shall also offer an amendment that would prohibit any single city from receiving more than 10 percent of the total funds available in any single grant category.

This amendment will make the bill more equitable for all of the 278 urban areas involved, rather than just a few big cities.

Without these amendments, and several others that will be introduced by my colleagues, this bill would be a big city "ripoff." Without these amendments, a vast portion of Federal funds would go to only nine named cities containing only 18 percent of our Nation's population.

Mr. Chairman, all of our citizens have transportation problems. Whether one lives in Bug Tussle, Tex., or New York, N.Y., he must be able to move from his home to his job and to other necessary places.

I would urge all of my colleagues to listen closely to the amendments that will be offered. Many will have a very direct bearing on your district.

Mr. BLATNIK. Mr. Chairman, I yield 5 minutes to the gentlewoman from Illinois (Mrs. COLLINS), a member of the committee.

Mr. MOORHEAD of Pennsylvania. Mr. Chairman, will the gentlewoman yield?

Mrs. COLLINS of Illinois. I yield to the gentleman from Pennsylvania.

Mr. MOORHEAD of Pennsylvania. Mr. Chairman, I would like to commend the efforts of the Public Works Committee in reporting this comprehensive public mass transportation bill. The bill provides funds which have long been necessary to insure the survival and improvement of this country's transportation services.

The need for increased assistance to public mass transportation systems and services is undeniable. Energy and environmental considerations leave many cities no choice but to improve the level of public transportation services. Yet since the Urban Mass Transportation Act was enacted in 1964, ridership has been cut by one-third, deficits have soared from nonexistent levels to $600 million a year and the level of service has declined. Clearly there is a need for major programs of Federal assistance and the need is now.

I am concerned, however, that the bill reported by the committee does not include sufficient incentives to improve the effectiveness of our public mass transportation expenditures. We are all in agreement that it is an important national priority that drivers be encouraged to abandon their private automobiles in favor of public transportation. Yet I find neither the carrot nor the stick encouraging public transportation services to attract a greater number of automobile drivers. I find this particularly disconcerting since a recent Department of Transportation report titled "A Study of Urban Mass Transportation Needs and Financing" points out that:

> Although transit ridership as a whole is projected to double by 1990 on the basis of planned investments, transit's share of the total urbanized area passenger market would remain unchanged from 1972.

Similarly, there is unanimous agreement that public mass transportation services should be provided in the most efficient and cost-effective manner. Yet nowhere in the bill do I find incentives to improve the efficiency and cost-effectiveness of public mass transportation systems and services. This, too, is discouraging, as the same DOT report indicated declining efficiency by saying:

> The reported plans indicate a trend toward lower utilization of all transit equipment, or lower load factors.

Finally, there is unanimous agreement that the data and information necessary for effective program planning and decisionmaking are incomplete or nonexistent. Yet this bill suggests that we wait until 1978 to develop this information. A delay of that length of time would cause, in my opinion, unfortunate delays in the development of effective transportation services.

In addition, I would like to take this opportunity to concur with Representatives HOWARD, ROE, VANDER VEEN, TRAXLER, and ABZUG, who dissented from the committee position which exempts projects funded under this act from the provisions of the National Environmental Policy Act. They state quite correctly that—

> Exempting the program from the major external review of environmental impacts available to the public . . . would be a dangerous precedent.

The environmental impact statement has evolved into an effective and well tested process which should not be replaced by the subjective and vague requirements in this bill. To replace the impact statement would prolong transportation planning by inviting litigation, rather than streamline planning as was the initial intent. Finally, there is no reason to believe that once the precedent of ignoring NEPA has been set for urban transportation, that this precedent will not be applied to highways, water and sewer programs, or any other major construction program.

Finally, I would like to strongly oppose the provisions in the bill which would increase the limit on truck weights to 90,000 pounds. I have consistently opposed attempts to raise the weight limit on the basis that it would make our roads less safe for travel. In addition, raising the weight limit will cause greater wear and tear on our Nation's roads, decreasing the useful life of these facilities before inflationary repairs must be made.

Mr. Speaker, I fully intend to support any legislation which will begin to swing the balance of Federal transportation expenditures away from the private automobile and toward mass public transportation. With the exception of the minor reservations I have already discussed, I believe the Federal Mass Transportation Act of 1974 is a good starting point and I will support it enthusiastically.

Mrs. COLLINS of Illinois. Mr. Chairman, I strongly support and recommend enactment of H.R. 12859 which is designed to meet the Nation's public mass transportation problem.

As a representative of a large metropolitan area, I am fully aware of the problems confronting public mass transportation. However, this problem is not limited to large metropolitan areas. Every form of public transportation, whether it be in an urbanized area or a rural area, is confronted with the same problem—the need for funds to finance capital requirements and funds to assist in meeting operating expenses. Our mutual problems differ only in degree.

The last 10 years have witnessed a rapid increase in the number of municipalities that have had to initiate operating assistance programs in order to avoid unreasonably high fares which would burden the elderly and the poor.

The bill before us today is a soundly conceived bill, it is an equitable bill, and, when enacted, will go a long way to assisting this Nation in meeting public mass transportation needs in every area of the country regardless of size or location.

This bill authorizes $20 billion over the next 6 years to meet the financial needs for essential public transportation facilities, equipment, and operations across the country. The Federal matching share for capital assistance is 75 percent and the Federal share for costs of operating transit systems is 50 percent. The requirement for substantial State or local matching effort will protect the Federal investment and promote the efficiency of local transit operations. Furthermore, not more than 50 percent of the funds authorized for urbanized areas with major fixed guideways may be expended for the operations of transit systems. Likewise, not more than 50 percent of the funds apportioned to a State for use in other urbanized areas or in nonurbanized areas may be used for this purpose.

I firmly believe that these limitations, together with the other provisions of H.R. 12859 requiring comprehensive planning and uniform financial reporting, provide the Secretary of Transportation with the tools to assure effective and efficient use of the funds authorized in this bill.

I urge the prompt passage of H.R. 12859, that we may press forward in meeting one of our most critical domestic problems.

Mr. COLLIER. Mr. Chairman, will the gentlelady yield?

Mrs. COLLINS of Illinois. I yield to the gentleman from Illinois.

Mr. COLLIER. Mr. Chairman, I thank the gentlelady for yielding to me, and I take this time to compliment my colleague from Illinois (Mrs. Collins) on a very excellent statement, and I wish to be associated with her remarks.

Mr. HARSHA. Mr. Chairman, I yield such time as he may consume to the gentleman from Illinois (Mr. Young).

Mr. YOUNG of Illinois. Mr. Chairman, I rise in support of this legislation.

I would particularly like to commend the Committee on Public Works, and particularly the leadership of the gentleman from Illinois (Mr. Kluczynski) and the gentleman from Illinois (Mr. Hanrahan) with respect to the remarkably detailed research they have made with regard to the rapid transit needs, one of the critical needs in the United States, and particularly on the hearings that were held throughout the United States on this subject.

Mr. Chairman, I am hopeful that we will be able to reconcile the problems that we face in meeting the inflationary challenge along with meeting the challenge to improve our mass transit systems.

This legislation proposes to provide for an authorization of approximately $20 billion to be spent over a 6-year period to meet the mass transit needs of the Nation. The bill authorizes Federal funding assistance to all areas of the country, including urban, suburban, and rural areas.

The bill authorizes funds for capital construction on a 75/25 basis. It authorizes Federal funding of operating assistance on a 50/50 basis, requiring matching funding by State or local dollars. The estimated cost of this provision is approximately $6 billion.

In representing a suburban congressional district, I am acutely aware of the need for a sound, reasonable transportation system in the metropolitan area of Chicago.

If we had ample Federal moneys, and if we were not faced with a terrible inflation exceeding 10 percent per year, I would support this bill as written. Congress is again faced with the need to determine priorities, and President Ford has advised us that he would be required to veto an authorization bill of over $11 billion.

In view of this situation, I think it is necessary that responsible Members of Congress seek to accommodate reasonable progress on mass transit consistent with what we can afford.

I therefore urge my colleagues to support an amendment to delete approximately $6 billion of spending provided for with respect to the authorization of operating assistance.

Accordingly, I urge all of my colleagues on both sides of the aisle to accommodate the need to reduce Federal spending and the need to spend as much money as we can afford in improving mass transit.

Mrs. COLLINS of Illinois. Mr. Chairman, I yield such time as he may consume to the gentleman from Louisiana (Mr. Breaux).

Mr. BREAUX. Mr. Chairman, I want to add my words of support for the enactment of H.R. 12859.

Testimony before our committee demonstrated beyond reasonable doubt that public mass transportation is now, and will continue to be, one of the Nation's major domestic problems. We have delayed too long in mounting an all out attack on the problem. I am confident that the bill before us today, which was developed after comprehensive hearings, surveys, and field investigations, provides the funds and the authorization to the Secretary of Transportation to mount such an attack.

The bill not only authorizes a 6-year program covering capital grants, which since 1964 have been available under the Urban Mass Transportation Act, but also for the first time includes "operating grants." Operating grants are critical to the preservation of existing public mass transportation systems, both in urban and nonurban areas.

As a representative of a district which, although largely rural, also includes some urbanized areas with a population of more than 50,000, I am particularly pleased that the bill before us today approaches the public mass transportation needs of the Nation on a categorical basis. This approach requires that the Secretary of Transportation recognize the public mass transportation needs of both urban and rural areas in the distribution of funds for capital and operating grants. I am also pleased that the planning of public mass transit systems will be undertaken on a joint basis with the State governments working with representatives from the local communities and any affected area. This joint effort is an essential element to sound planning.

I would like to comment briefly on the need for greater attention to be given to public mass transportation in rural areas. Testimony presented to the Committee indicated that the rural poor and the elderly are at a social disadvantage in our society since the only transportation systems now available to them are strictly limited and have been conducted on an experimental basis. This problem should be carefully studied under the joint State and local planning provision included in H.R. 12859.

There are certain sections which I would like to discuss, the so-called procedural sections.

Section 504 authorizes the Secretary of Transportation to deduct a sum in the amount not to exceed 3¾ percent of all sums authorized in this bill, other than section 7, as he deems necessary to carry out the research programs authorized in section 514, for technical study grants in section 522 and for administering the public mass transportation program.

Section 505 provides the methods by which a State submits, and the Secretary approves, a program of proposed projects for Federal assistance under the act. The Secretary is authorized to approve a program in whole or in part. The program must provide that the Governor shall be responsible for the administration of the program through a State agency capable of carrying it on. The Secretary is required to determine that reasonable mass transportation alternatives have been considered, that the proposed program encourages to the maximum extent feasible the participation of private enterprises and that any facilities and equipment acquired from private carriers be improved to better serve the transportation needs of the area.

Section 506 authorized the Secretary to enter into contractual agreements for the payment of the Federal share of approved projects. This is, of course, one of the major provisions of the legislation. It is similar to what we now have in the Federal-aid highway and in the water pollution control programs. This section also provides for very rigid environmental protection requirements appropriate to mass transportation projects. The Secretary is also required to insure, prior to approving any projects, that the applicant has the capacity to carry out the proposed project and will have satisfactory continuing control over project equipment. The Secretary is further required to insure that there is adequate protection for private carriers and their employees affected by a grant of assistance under this program.

Section 507 requires that a submission for approval of a proposed project shall include a certification that there either has been a public hearing or that an opportunity has been afforded to have a public hearing. These hearings must include consideration of the economic and social effects of the project, its impact on the "environment," and its consistency with the goals and objectives of the urban planning as has been promulgated by the community.

Section 508 required the Secretary to enter into a formal project agreement with the State after approval of plans, specifications, and estimates. This agreement would include provisions for funds required for the non-Federal share of the cost of the project.

Section 509 authorized the Secretary to make advance and progress payments to a State for cost of construction incurred by it on a project. The Secretary may also make said payments for any grant made for public mass transportation operations.

Section 517 requires that each project for which a construction grant is made shall be performed by a contract awarded by competitive bidding, unless the Secretary finds that some other method is in the public interest.

Section 518 requires the Secretary to withhold approval of projects for an area where he finds that an existing project is not being maintained in accordance with the representations made at the time of grant approval. This withholding of approval shall continue until the project shall have been put in proper condition of maintenance.

Section 522 authorizes the Secretary to engage in planning, evaluation and technical studies of all phases of public mass transportation. The Secretary is further authorized to make grants to States and their political subdivisions for planning, evaluation and other technical studies.

Mr. Chairman, the provisions which I have referred to are based on the experience which the Committee on Public Works has had in the various programs under its jurisdiction. Although, in some cases they may be considered to be complex, we know from experience that they work. Furthermore, they give reasonable and adequate protection to the Federal Government for its investments in public mass transportation, while at the same time providing a State reasonable assurances of what it may expect from the Federal Government.

Mr. Chairman, the enactment of the bill before us today will be the cornerstone on which we can build public mass transportation that will serve the needs of both present and future generations of Americans.

Mrs. COLLINS of Illinois. Mr. Chairman, I yield such time as he may consume to the gentleman from New Jersey (Mr. ROE).

Mr. ROE. Mr. Chairman, I rise in strong support of H.R. 12859, the Federal Mass Transportation Act of 1974. The bill before us recognizes the long-range needs for mass transportation in this country. It establishes a permanent program extending over 6 years which communities can look to as they move ahead with their future plans.

Mrs. Chairman, the committee bill represents a promising approach to solving some of the Nation's most critical transportation problems. It offers the promise of increased mobility and avoidance of stifling congestion and great wastes of time, energy and money for our citizens. It offers the promise of economic and social opportunities for people whose livelihood or participation in community life depends upon adequate transportation. It offers the promise of new vitality and related development potentials for our great urban centers. It offers the promise of enhanced environment and improvement in the quality of life in this country. It offers the promise of safe and convenient transportation for millions of Americans in the conduct of their daily lives.

To my friends who complain about the cost of the bill, I say to them—What is the value of a human life saved from a needless traffic accident? Of a job to a person who is unemployed? Of increased participation of senior citizens, the handicapped, the young, and other nondrivers in community activities? What is the value of less pollution and better living conditions in our center cities? What is the value of accessibility to health care centers for isolated rural poor?

Mr. Chairman, we are well aware of the cost of passing this bill—but we are also aware of the cost of not passing it. The course for us is clear.

Mr. Chairman, I come from a highly urbanized area in the most urbanized State in the Nation. We rely on all modes of transportation in northern New Jersey, but, in particular, we need public mass transportation for the mass movement of our people. We simply are running out of land on which to build more highways and accommodate more automobiles. We need a transportation system which is energy conserving, compatible with the use of our land, and protective of our environment and our quality of life. We need this bill, Mr. Chairman, for the people.

Mr. Chairman, this bill will meet the needs of the large cities as well as the needs of smaller communities and rural areas. Its enactment will have lasting impact on the lives of the people of our great Nation. I strongly urge my colleagues to join me in its support.

I would like to comment briefly about three extremely important sections of the bill—those sections encompassed by section 523, antidiscrimination; section 524, labor standards; and section 525, accessibility to the elderly and handicapped.

Section 523 simply repeats what has consistently appeared in public works legislation over the years; namely, that no person shall, on the basis of sex, be excluded from participation in, be denied the benefits of, or be subject to discrimination, under any program, activity receiving Federal assistance under the new chapter 5 which now appears in title 23 of the United States Code, chapter 5, being headed Federal mass transportation. This applies to any Federal assistance under this chapter or carried on under this chapter.

In this day and age it is obvious that we cannot afford in any Federal program to deny to any person, and here we are speaking specifically of women, their full-scale participation in Federal programs such as this if they so desire and wish to participate. This amendment simply makes it clear that their participation cannot or should not be denied and that proper relief can be granted to them if such a discrimination does arise.

Section 524 incorporates within the new chapter 5, Federal mass transportation, those labor standards that have appeared under the provisions of the Urban Mass Transportation Act now on the books. This assures full protection to all laborers and mechanics employed in any work on projects under this chapter that they be paid the prevailing wages as set forth in the Davis-Bacon Act and that all the rights and privileges of employees who work under the aegis of chapter 5 including pension rights and benefits among others under existing collective bargaining agreements shall continue; that there shall be a continuation of collective bargaining rights; the protection of individual employees against the worsening of their position with respect to their employment; assurances of employment to employees of acquired public mass transportation systems and priority of reemployment to employees terminated or laid off; and paid training or retraining programs. These are just some of the examples of the labor rights that the committee intends be continued under this new chapter 5. The specific language in the bill sets out in detail the intent of the committee that the same labor standards now existing under the Urban Mass Transportation Act are to be continued in full force and effect under the bill we consider today.

Section 525 is near and dear to my heart. I was the sponsor of an amendment in the commitee which added this particular section to the bill. I would repeat and I quote from the committee report exactly what this section does, why it does it, and I reemphasize the long and proud role the Committee on Public Works has played in providing accessibility to Federal facilities over the years for the physically handicapped. I quote specifically from the committee report the following language:

> Section 525 required the Secretary of Transportation to see to it that any and all projects which receive Federal financial assistance under chapter 5 of title 23 shall be planned, designed, constructed and operated so that the facilities, equipment and services can be effectively utilized by elderly and handicapped persons who, for whatever reason, are unable without special facilities and special planning and design, to utilize such facilities and services as effectively as persons not so affected.

The committee has gone into every possible detail that it thinks should be covered, under a meaningful mass transportation program. These three sections I have addressed in some detail show the depth and study the committee has given to this bill. Here is a real mass transportation bill. Let's pass it.

Mrs. COLLINS of Illinois. Mr. Chairman, I yield such time as she may consume to the gentlewoman from New York (Ms. ABZUG).

Ms. ABZUG. Mr. Chairman, I want to compliment the chairman, the gentleman from Minnesota (Mr. BLATNIK) and the gentleman from Alabama (Mr. JONES) as well as the gentleman from Texas (Mr. ROBERTS), and the other gentleman from Texas (Mr. WRIGHT), and other members of the committee, as well as the staff, who have played enormous roles in producing this landmark legislation. I think it is one of the finest pieces of legislation ever presented in this House, and I hope that we will pass it.

As a member of the Public Works Committee I take special pride in this measure.

Mr. Chairman, I would like to point out to my colleageus here in the House why this bill is one for all America, and why it should receive the support of Members of this body.

My position on mass transportation is well known. So also is it clear to everyone that I represent New York City.

One of the first things that is usually said about any mass transportation bill is that it is a big city bill, or it is a New York City bill. The other label it usually receives is a rail transportation bill.

I want you to know that this bill is one which provides mass transportation assistance for all areas, be they big cities, medium-size cities, small cities, or rural areas. It provides assistance for all types of transportation, whether it be capital expenditures for buses, subways, or commuter rail, or whether it be operating expenses for any of these transportation forms.

The needs of the big cities will be discussed here today by some of my colleagues. That, too, is what I should be talking about because that is where I come from. But I am going to let them make that case while I discuss what this bill does for the rural areas of the country.

Most people can visualize that a city under 50,000 population may have a small transportation system with a few buses, but many cannot visualize transportation operations in a rural area. The transportation need is different in rural areas than in city areas because it is not primarily geared around the work trip. Rather it is geared to getting from one small community to another, or to get from the rural area to essential shopping or medical attention which may be located in a nearby town or large city.

It is just as essential in my mind to provide this type of service in rural America as it is to provide for work trips in large cities. As a matter of fact, much of this type of service which is needed in rural areas is to benefit the poor and the elderly. It is these people to whom the Federal Government should feel a responsibility. This is obvious when one looks at where most of the Federal rural transportation aid has been coming from. It has been from the Office of Economic Opportunity and the Appalachian Regional Commission.

There have been starts on rural transportation projects in Pennsylvania, Ohio, Kentucky, and South Carolina under the Appalachian Regional Commission.

The Pennsylvania project is a good pilot project. It shows what can be done when there is an intent to get the job done.

The north central Pennsylvania economic development district's rural transportation project was the first ARC effort to research and develop a rural transportation planning capability. From the beginning, in late 1970, the intent was to develop a workable operational design that would incorporate management requirements, contract requirements, organizational design, and legal requirements both State and interstate. The traditional basic research of the need characteristics was required, including age categories, economic conditions, unemployment, and other "data," but primary emphasis was placed on developing data as management tools for operating a transportation system. The Pennsylvania study, now 3 years old, is presently well into implementation with many of the designed specific tasks completed.

North Central Transit, which began service on November 19, 1973, has achieved the kind of early performance that can be expected from planning. Care is being taken to control growth and provide the management and technical backup that every rural system to date requires.

The performance on this project from December 1973 to April 26, 1974, has resulted in 28,477 passengers and 44,250 miles of travel.

This bill, H.R. 12859, will enable the rural areas of the country to expand on what has been learned in the Pennsylvania project so that all of our rural areas can benefit.

There are areas in this country where there have been abandonment of intercity bus routes because of the rapidly increasing costs of this type of operation to the commercial bus operators. This had been the only type of transportation available for these rural areas. Information supplied to the committee has shown that areas in rural America do not now have this service because it is marginal from a private operator standpoint or is a losing proposition. This bill will allow the local communities to cooperate with the States to provide these services.

Alabama, New Hampshire, Ohio, West Virginia, and Vermont are areas where the committee has found that rural service could be initiated to connect existing bus routes and to thus provide service to provide access throughout rural areas which is now missing.

This bill provides $920 million for this program, and I believe that is one of the most important parts of the legislation.

I would like to discuss my overview of this bill as well.

H.R. 12859 is a 6-year commitment by the Congress to address, at last, a fundamental national problem, the need for coordinated and adequate public mass transportation service in every area of our Nation and for every segment of our economy. In making this long overdue commitment, the bill is carefully constructed to provide assistance to each area of the country in a fair and equitable manner commensurate with and proportionate to its needs.

The needs are massive and urgent.

In many of our urban areas, where the great majority of Americans live, mass transit has suffered from neglect, both from the government and from the public. In many of our rural areas there is no public mass transit at all. And in most areas of the country the transit that does exist is not adequate. Yet in all these areas live large numbers of people who are increasingly dependent on mass transit facilities.

Last winter's energy crisis gave the Nation an almost overnight education that we cannot afford to focus our economy almost exclusively on the private car. As a result, we are now moving in the direction of greater reliance on mass transit. This trend is not in the realm of choice or chance. It is a necessity. If the Congress fails to recognize this necessity, we will pay the price in energy loss, increased air pollution, loss of mobility, loss of jobs, and disruptive land use.

Our transit dependence has come about because we have seriously wasted energy sources to the point that energy's cost is becoming prohibitive and because the congestion in our streets and pollution in our air is unacceptable.

Moreover, we are forced to become a public transit-dependent nation because our reliance on private transportation has caused us to paralyze movement in our cities, to divide our communities with artificial boundaries of expressways and highways, and to encourage economic development to follow the car thus promoting decay of inner cities and urban sprawl.

Our dependence on the car and its characteristics has meant that our economy and economic development is structured to accommodate it. One way to get the economy in control is to make transportation its servant instead of its master. That can be done by responding to the demands of our economic centers—the cities—which require adequate mass transit service to get people to their jobs, to support industry and manufacturing, shops and restaurants, cultural institutions, and other economic contributors.

Transit can become the servant of the people and our economy if we adopt a long-range, comprehensive public transit program that assists in the operation and maintenance of our existing public transit while new transit facilities are built. That is what this act does.

H.R. 12859, as reported, provides four categories of areas for distribution of funds. Category A provides funds for those urbanized areas which currently have fixed guideway systems for public mass transportation and for those which have received Federal grants to begin construction of such systems. New York City is one of nine urbanized areas that fall into this category.

Category B contains the remaining urbanized areas of the country and authorizations for this category are distributed on the basis of urbanized population exclusive of the nine areas in category A.

Category C provides capital funds for those areas in category B to supplement the funds provided for those areas.

Category D contains authorizations for those places with populations below 50,000 and for rural areas.

Assistance is provided for capital construction and operating costs. The Federal share for capital construction is 75 percent and 50 percent for operating costs. The bill provides authorization for $20 billion over a 6-year period, an amount that I believe is fully justified in view of the accumulated needs for mass transit assistance.

I am also particularly pleased with a section of the bill that requires easy access to mass transit facilities by the elderly and the handicapped. This is an issue that I have been greatly concerned with. The section provides that any facility, be it a bus station, railroad station, a bus, or commuter train, is to be built and utilized in a manner so that people who do not have the ability to move around in a normal fashion can find easy access and egress to such facilities.

Another important section deals with the loss of existing rail rights-of-way, which had been originally intended to move passengers or freight. Section 510 provides that the Secretary of Transportation shall not, in any way, directly or indirectly, require approval or acquiesce in any form in the abandonment of any rail line within an urbanized area which is used, or could be useful for, providing public mass transportation service.

This section would preserve railroad rights-of-way so that as the need for them may develop in urbanized areas, existing routes can be updated and implemented to tie in for the future public mass transportation needs of a particular area.

There is one section of the bill to which I take serious exception and which I shall seek to amend. Section 506 includes a provision exempting projects funded under the act from the requirements of the National Environmental Policy Act, including the preparation and circulation of environmental impact statements on major actions significantly affecting the environment. Instead, it merely directs the Secretary of Transportation to assure that certain environmental, economic, and social effects of the project have been considered.

As I said in supplemental views to the committee report, filed together with Representatives HOWARD, ROE, VANDER VEEN, and TRAXLER, "this approach is unnecessary, unwise, unworkable, and a dangerous precedent for the committee to set."

There has not yet been a broad exemption from NEPA like this applied to any public works program by this or any other committee of the Congress. Even at the height of the energy crisis, cooler heads prevailed and NEPA reviews, while modified to take account of emergency measures required, were kept intact.

To write this exemption for a program that sorely needs the kind of public overview of alternatives that NEPA requires seems particularly inappropriate. It is the foot in the door for the exemption of environmental reviews of other public works projects. Before long we could well see this precedent applied to highways, water resource projects, sewer programs, and every other major construction program funded by the Federal Government. This is a serious flaw in a landmark piece of legislation.

I moved to strike this section in committee and it was defeated. However I shall move to strike this section on the floor today.

Mr. Chairman, one of the most important features of the Federal Mass Transportation Act is its recognition that problems of mass transit can best be solved through a Federal assistance program structured to enable States and local communities to meet their transit needs on the basis of expressed local choice. Some urbanized areas clearly need the flexibility to use Federal funds for capital expenditures or a supplement to operating costs. Still, the reported bill provides adequate safeguards and limitations to insure that funds are used most effectively.

What are these protective provisions? Not more than 50 percent of the total sums authorized under section 501(a) of the bill for any fiscal year may be used for operating assistance. Similarly, not more than 50 percent of sums apportioned to a State under 501 (b) and (d) in any fiscal year may be used for operating assistance. Debt service is not an eligible item for operating assistance. And finally, the non-Federal share for operating assistance is set at 50 percent in order to protect the Federal investment and preserve and promote the efficiency of local transit operations. The totality of these limitations along with the requirement for substantial State or local matching effort will insure that Federal funds are expended wisely and effectively.

We have heard the argument that providing Federal dollars for operating assistance is like pouring money down a rathole. That argument has little basis in fact. A grant to subsidize capital but not operating expenses encourages wasteful, premature replacement of capital, overcapitalization of technology, and inadequate maintenance, all of which are likely to be extremely costly. A recent study published by the Joint Economic Committee recommends that the mass transit program include operating assistance to avoid the waste resulting from premature replacement of capital.

During the last few years, the Federal Government has made substantial capital investments in transit systems across the country at a time when the farebox cannot meet the cost of operating these systems. It is a matter of national responsibility that these transit systems continue to operate and that facilities and equipment purchased with the Federal dollar continue to be utilized. The Federal Government cannot deal effectively with the total issue unless it also provides operating assistance.

It is, of course, no secret that New York City's hope for maintaining its present 35-cent, one-way subway and bus fare rests largely on passage of this bill, including provision for operating assistance. The city and State of New York are already contributing a total of $500 million to make up transit operating deficits. I submit that it is in the interest of the entire Nation to provide operating assistance for the New York metropolitan area, which has one-twelfth of the total American population. Our city's transit system carries 35 percent of all revenue passengers throughout the country on an average working day. Some 4 million people who live in the city and suburban areas ride our subways every day. Two million use buses each day. This comprises 40 percent of all transit riders nationwide. The vehicle miles traveled by these passengers comprise 26 percent of all mass transit vehicle miles traveled throughout the country; and the 246 route miles in New York City's transit system are actually a full 49 percent—almost half—of all subway route miles in the Nation.

New York City's reliance on mass transit means that it consumes 30 percent less fuel per capita than the national average. Environmental Protection Administrator Russell Train has praised New York as a "national asset" because of its below-average consumption of fuel. This is an achievement that should be preserved, as well as emulated by other parts of the country.

For too long, the needs of New York City have been neglected by an administration that has not hesitated to provide billions of dollars in assistance for agricultural interests and for building highways that have benefited rural and suburban areas. Why should New York City be treated like a stepchild? It is the leading financial and corporate center of the Nation. It is the leading cultural and educational center and the trend-setter for the entire country. It ranks with the great cities of the world. And it is a major source of Federal wealth. For example, in fiscal year 1972–73 New York City residents and firms paid more than $12 billion in taxes to the Federal Government, but the city gets back this year only $2.7 billion in Federal aid. By no stretch of the imagination can this be called favoritism.

Those who complain that subsidizing mass transit is expensive underestimate the true cost of subsidizing travel by private car. If we wanted to make an accurate comparison, we would have to include in the cost of private vehicle travel the amount of Federal subsidy for the original construction of the roads, the cost of State and local maintenance of these roads, the local subsidy for parking, the toll in air pollution and congestion, and the effect on the health and the economy of areas crippled by noise, congestion, and poor air quality.

What about savings to the public? It has been estimated that for every dollar invested in mass transit, the public saves $7.80. It has also been shown that one auto produces 13.2 times as much pollution for each passenger mile as does one diesel bus, 73.3 times as much as one diesel train, and 330 times as much as one electric train.

When all these factors are taken into account, it is clear that mass transit is a good buy and, contrary to claim of opponents of this bill, the kind of Federal aid contemplated in the act would not be inflationary.

President Ford's stated policy that the way to control inflation is to have a balanced budget and to cut down on Federal expenditures is open to question. In today's world, where international considerations play at least as great a role as domestic considerations in determining inflation rates, we certainly need to examine more carefully the alleged correlation between an unbalanced Federal budget and inflation. Recent experience demonstrates that there are substantial nonbudgetary reasons for the rising price level.

In the years between 1961 and 1965, for example, there were budget deficits ranging from $1.6 billion in 1964–65 to $7.1 billion in 1961–62. The price index advanced somewhat, but only 1 point in the year of greatest deficit and by nearly 2 points in the year of near balance; in 1969, there was a budget surplus of $3.2 billion and prices, instead of declining, rose by 5.6 points.

More recent years offer an even greater

challenge to this alleged budgetary-inflation correlation. In 1973, with budgetary deficits reduced from $23.2 billion—the 1972 budget—to 14.3 billion, and with the deficit further reduced in 1974 to $3 billion, the inflation rate has not slowed down. Instead it has speeded up, rising from 4 percent in 1972 to 7.4 percent in 1973. By May 1974, the price index had risen by 13 points, more than in any previous postwar year. This has occurred in spite of the nearly balanced budget or possibly because of it.

Obviously, there are other factors at work which have contributed to the spiraling rate of inflation both here and throughout the world—the shortage of oil and petroleum products, the shortage of grain and other agricultural commodities, the dollar devaluation, and worldwide rising prices.

If we are going to make an effective, significant impact on our inflationary problem, we must find another approach that will not impose unnecessary sacrifices upon millions of low- and middle-income Americans.

How can we in good conscience cut funds from our mass transportation program or from any other socially productive program and, at the same time, sanction the spending of more than $90 billion on a defense budget that is riddled with fat? If we sincerely want to stimulate the economy, is it not far better to create jobs for millions of unemployed and provide much needed public services instead of creating new jobs in elite categories and products that serve only destructive purposes?

This mass transportation program will conserve energy and reduce consumption of fuel, whose rising prices are a major inflationary element. It will create jobs. It will stimulate the economy and, at least equally vital, it will provide essential services for those groups in our population who always end up getting the short end of the stick—people with low and moderate incomes who depend on mass transit to get to their jobs, the elderly and handicapped who rely on mass transportation to obtain health care and to get around.

If we are sincerely concerned about the effect of this legislation on our rate of inflation, let us look honestly at its realistic impact. In New York City, for example, operating assistance provided by this bill will permit that city to hold down its 35-cent fare and prevent the threatened doubling of the fare. Local transit fares have a weight of approximately 1 percent in the Consumer Price Index. New York City has a weight of 10 percent in the national CPI. If local transit fares were doubled, that would result in a 1-percent increase in the national Consumer Price Index. We should realize what that means.

Every time the price index goes up 1 percent, it triggers an escalation of $1 billion in payments to about 50 million persons, including 5 million workers covered by wage contract escalator clauses, millions on social security, military personnel, veterans, and others whose incomes are tied in some way to the cost of living index.

Each time New York City subway and bus fares have gone up, it has had an effect on the national index. Even an increase of one-tenth of 1 percent in the national Consumer Price Index—which would be the effect of a 1-percent increase in the New York City index—could trigger an increase of as much as $10 million in wage increases for autoworkers in the Detroit area alone. Clearly what happens in New York affects the entire Nation.

As I said in a statement earlier this week, I earnestly hope that President Ford's pledge to work closely with Congress and to represent all the people will be made more meaningful by a new policy of conciliation and help for the great urban centers where a majority of Americans live. For too long, the needs of our cities have been neglected and their essential services allowed to deteriorate. Mass transit facilities, in particular, have been allowed to slide into a state of technological and financial crisis.

The Federal Mass Transportation Act will begin to overcome the tragic social, economic, and environmental consequences of that long neglect. The national interest, the interest of rural as well as urban areas, the interest of all Americans will be served by the passage of an adequately funded bill, and I urge its support.

Mrs. COLLINS of Illinois. Mr. Chairman, I yield such time as he may consume to the gentleman from Massachusetts (Mr. STUDDS).

Mr. STUDDS. Mr. Chairman, I thank the gentlewoman for yielding.

Mr. Chairman, I rise in strong support of what I believe to be critically needed legislation.

Mr. Chairman, an important aspect of the quality of life is mobility—the ability to move from place to place at convenient times, by comfortable means of transportation, and at reasonable cost. The commuter who gets stuck in a 10-mile stretch of bumper-to-bumper traffic on his way to or from work is not being well served by our transportation system. His efficiency on the job suffers when he arrives in a frenzy from the automobile jungle. And the quality of his home life suffers when he arrives home late and irritable.

Massive increases in the availability, convenience and frequency of public transportation service are necessary in order to improve our quality of life, conserve scarce energy supplies, and reduce air pollution. If the United States is to become less dependent on dwindling and more expensive supplies of petroleum fuels, then we must encourage the development of means of transportation other than the private automobile in all places where public transportation makes sense. The most obvious place to start—and the greatest likelihood of significant fuel savings—is in the large urban and suburban areas, where commuters travel between the same points each day, and where there is a large demand for short and medium distance travel within a relatively small geographic area. In many of these areas, people would prefer to travel by public transportation, but are constrained from doing so because of inaccessibility, or by inadequacy or infrequency of service. The fuel savings achieved by providing the public transportation facilities and service so strongly demanded in these areas will in turn benefit people in places not directly served by increased public transportation—through increased availability of gasoline for their cars, and, the oil companies willing, perhaps through decreased prices for that gasoline.

The Congress has in recent years taken strong action to eliminate severely polluted air. Now the time has come to pay part of the bill. As a result of the law, 28 areas of the country have been required to institute transportation controls on the use of private automobiles. Since the Federal Government has decided that private automobile transportation must be restricted in these regions, I believe simple equity demands that the Federal Government take prompt action to expand public transportation service in these regions. If we fail to do so, we will have broken faith with the many millions of people who live in these 28 areas, by restricting or denying one form of transportation while refusing to provide any alternative.

The bill as reported provides not only for public transportation in central cities, but also for commuters who travel to and from those central cities. The categorical programs authorized for the largest amounts of funding by this bill are not restricted to narrowly defined urbanized areas—the provisions of the bill explicitly include commuter transportation between urbanized areas and the suburbs surrounding them. Members should not be deceived into believing that this bill is just a city bill. It does help the cities, but it also provides for a major effort to solve the transportation problems of the very extensive suburban areas in which a large part of the American people now live.

Mr. Chairman, I would like to address my remarks briefly before I close to the new section 510 which the committee bill would add to title 23 of the United States Code. Section 510 would provide that the Secretary of Transportation "shall not, under authority of this title or of any provision of law, require, approve, acquiesce in, or otherwise provide for, directly or indirectly, the abandonment of any rail line within an urbanized area which is used or useful for providing public mass transportation service."

As we all know, over recent years many railroad lines have been abandoned upon the instigation of the railroads themselves, after regulatory proceedings conducted by the Interstate Commerce Commission. The passage by the Congress of the Regional Rail Reorganization Act of 1973 is likely to increase the pace of abandonments of rail lines in the Midwest and Northeast regions of the country. When the U.S. Railway Association adopts its final system plan designating the core routes to be included in its operations—and the Congress approves the plan—then many railroad lines not included in the final system plan will be subject to abandonment by the new Consolidated Rail Corporation known as ConRail.

In one of the first official actions under the Regional Rail Reorganization Act of 1973, the Secretary of Transportation issued a report identifying specific rail lines which he said needed to be given special study and considered for abandonment. The Secretary included in this list a number of rail lines which are clearly needed for commuter rail or other public transportation service. Many of us believe the Secretary should not have ignored the need to transport people on these rights of way when he issued his report. His failure to do so has, in my opinion, caused confusion and delays in planning for public transportation in many parts of the country.

Because these rights of way already exist, considerable expenditures of public funds can be avoided if they are used wherever possible for the expanded public mass transportation service which the Congress will encourage by passage of this bill. This section of your committee's bill would instruct the Secretary of Transportation to stop encouraging the abandonment of railroad lines which can be used for the transportation of people.

Mr. Chairman, I believe this matter is vitally important—so important, in fact, that I plan to support an amendment designed to strengthen this provision still further.

Mr. BURLISON of Missouri. Mr. Chairman, will the gentlewoman yield for a question?

Mrs. COLLINS of Illinois. I yield to the gentleman from Missouri.

Mr. BURLISON of Missouri. I thank the gentlewoman for yielding.

I should like to ask a question of the manager of the bill. Is it true that the legislation calls for a spending of $20 billion in contract authority for 1975 through 1980?

Mr. JONES of Alabama. If the gentlewoman will yield, the answer is in the affirmative. It does provide for contract obligations in the sum of $20 billion; done on a practical basis, we would lose the whole impetus of the program.

Mr. BURLISON of Missouri. Another question, if the gentlewoman will yield further. Does not this violate the provisions of the new budget reform legislation just passed?

Mr. JONES of Alabama. If the gentlewoman will yield; no, it does not.

Mr. BURLISON of Missouri. If the gentlewoman will yield further, as I understand the gentleman from Alabama, this spending authority is through the trust fund?

Mr. JONES of Alabama. If the gentlewoman will yield; no, it is not. There is only one section in the bill that comes out of the trust fund, and that is a rail-crossing demonstration project. Under section 7 of the bill there is a rail-crossing demonstration project in Hammond, Ind. It is a demonstration project for $14 million that comes out of the trust fund.

Mr. BURLISON of Missouri. I apologize for belaboring the point, but I have an understanding that the new budget reform legislation prohibits backdoor spending, one type of which is contract authority, making certain exceptions in some of the trust fund jurisdictions.

Mr. JONES of Alabama. We are most careful to see that it is not backdoor. It is contract authority which must be funded by the Appropriations Committee.

Mr. BURLISON of Missouri. I thank the gentleman and the gentlewoman.

Mrs. COLLINS of Illinois. Mr. Chairman, I yield such time as he may consume to the gentleman from Georgia (Mr. GINN).

Mr. GINN. Mr. Chairman, I rise in support of H.R. 12859. The bill, H.R. 12859, reported by the committee is the product of several months of effort to develop and bring to the floor a comprehensive bill which takes into account the mass transportation needs of the large cities as well as the requirements of smaller communities and rural areas. It represents a long-range commitment to mass transportation development for all areas of the country.

Over the past few years, the Federal Government has encouraged communities to tax themselves to move ahead with their mass transit plans with promises that Federal funding would be available on a timely basis. The Congress must now decide. Are we going to honor those commitments, or are we going to decide that earlier pledges are no longer valid? I say to my colleagues, we should live up to our commitments, especially at a time when the need is so great to restore faith and credibility in Government.

Mr. Chairman, before an urbanized area may begin to construct a mass transit system with the assistance of Federal funding, certain planning requirements must be met. Section 502 of the bill requires that projects must be developed in accordance with a continuing, cooperative, and comprehensive planning process covering all modes of surface transportation. The bill prohibits the approval of any project after July 1, 1976, which is not consistent with such process. Further, the Secretary may not approve any project which has not been approved by local elected public officials representing a majority of the population to be served by the project.

Fifty million dollars annually is set aside for planning in urbanized areas, to be apportioned to the States on the basis of population in urbanized areas. Such funds shall be matched on a 75–25 basis, unless the Secretary waives the requirement for local matching. The State must develop a formula for distributing these funds among the urbanized areas.

In addition, 1½ percent of sums apportioned to the States under subsection 501(d) may be used for planning in rural areas. Planning for rural areas must be carried out in cooperation with elected public officials responsible for transportation within the area.

Mr. Chairman, 2 years ago the city of Atlanta fulfilled all requirements for comprehensive planning and went ahead with plans to construct its rapid transit system with assurances from the Department of Transportation that funds would be available when needed. Unfortunately, Federal funds have not been forthcoming in adequate amounts, nor have they been delivered on a timely basis.

Other cities across the country, such as Baltimore, Pittsburgh, Los Angeles, and Detroit, are also in the process of moving ahead with plans for their systems. Will the Congress keep the faith with these communities and pass this bill, or will it shirk its responsibility? The proper course of action is clear. The Congress should act.

Mr. Chairman, this bill takes into account the needs of smaller communities as well as the needs of larger cities. The city of Savannah in my own district has plans to improve its bus system over the next several years, and this bill will help them carry out those plans. Enactment of this bill is vital to the fulfillment of Savannah's plans and the plans of hundreds of other communities across the country.

This bill does not favor the large cities to the detriment of the small cities, nor does it favor one mode of mass transportation to the detriment of another. We believe it strikes a delicate and proper balance between the mass transportation needs for various communities and geographic areas across the country. Therefore, I urge my colleagues from throughout this great country to join me in supporting this vital piece of legislation.

Mrs. COLLINS of Illinois. Mr. Chairman, I yield such time as she may consume to the gentlewoman from California (Mrs. BURKE).

Mrs. BURKE of California. Mr. Chairman, I wish to voice my strong support of the Federal Mass Transportation Act of 1974, an historic piece of legislation which will provide long-term Federal assistance for the urgent mass transit needs of the Nation's cities.

I am proud to have played a part as a member of the Committee on Public Works in writing this important legislation. The committee was faced with a tremendous challenge in putting together a bill which met the genuine needs of all parts of the country in a systematic and comprehensive way. I think Congressman BOB JONES deserves particular credit for his leadership on the committee and his hard work on this bill.

Part of the problem in the past has been that the direction and control of this Nation's mass transit programs were almost entirely in the hands of the Secretary of Transportation. Thus, it is not surprising to note that past programs mainly assisted and reinforced those cities with existing mass transit systems; there was little encouragement for the development of new systems in other cities, regardless of need. In point of fact, almost three-fourths of all Federal mass transit aid to date has gone to six cities that have major fixed rail transit systems currently in operation.

The bill we have before us today is an important advance over these present programs. This bill is designed to meet the critical needs of all areas in the country, from the most urban to the most rural. It does this by establishing four separate categories of mass transit aid, to meet the different needs of different cities. The bill also provides flexibility for cities with growing or changing transportation needs by enabling these cities to move from one program category to another. This flexibility will be particularly important to Los Angeles, which already has approved plans for a new comprehensive and balanced mass transportation system.

Category A provides capital and operating assistance for those cities with major fixed rail systems and for those cities in the process of constructing such systems. Recognizing the special needs and requirements of these cities, the largest portion of money is authorized for this category. These funds would be disbursed by the Secretary of Transportation according to certain criteria, such as population, relative mass transit usage, and commitment of local funds.

Category B provides capital and operating assistance for all other urbanized areas of over 50,000 population. These funds would be apportioned among the States on the basis of their ratio of urbanized population to the Nation's total urbanized population.

Category C provides additional assistance to category B cities which undertake major capital projects. These funds, which would be apportioned at the discretion of the Secretary, could be used to initiate construction of new fixed rail transit systems.

Category D would provide for rural mass transportation needs.

Since Los Angeles does not yet have a fixed rail transit system, it would be placed in category B and would be eligible for category C grants. Should the voters in Los Angeles approve the November referendum on the twin one-half-cent sales tax, the city would have the option under the bill's triggering mechanism of moving into category A.

This flexibility to move into the "big money" category is extremely important if Los Angeles is to move ahead with its enlightened and farsighted plans for mass transportation.

This plan, developed by the Southern California Rapid Transit District and approved by the Southern California Association of Governments, has firmly placed Los Angeles in the forefront of those cities planning a comprehensive and balanced transportation network. The Los Angeles plan provides for both an immediate-term bus improvement program and a long-term master program of transit corridors including 145 miles of fixed guideways.

Secretary of Transportation Brinegar has already praised the short-term bus improvement program as one of the finest in the Nation. Plans call for the addition of 1,000 buses over the next 3 years and the ultimate doubling of the fleet. The new buses would be used to increase the number of freeway express services from outlying points and to improve community-level public transportation. Plans also call for additional park-and-ride lots, preferential and contraflow bus lanes, and the improvement of bus frequencies. Import to all of this, too, is the maintenance of low-cost service to the bus-traveling public.

The long term solution to the transportation needs of Los Angeles is the construction of rapid transit corridors utilizing the latest technology in fixed guideway systems. The Los Angeles plan insures that all areas of the city and its surrounding environs will have access to these vital facilities. Plans are also under way to coordinate the development of this system with the one that currently is being developed for neighboring Orange County.

Mr. Chairman, I would like at this time to publicly commend SCRTD and SCAG for their cooperative efforts in planning for the future needs of our great city. When this plan finally gets underway, our future will be bright indeed. Once in effect, the plan will revitalize our central city, more closely link the suburbs with downtown, and produce a balanced transportation structure necessary for our economic and social survival.

Too, we must not lose sight of the corollary benefits that such a transit system will provide. Upwards of 13,000 jobs will be directly created by such a program, not to mention the many thousands more that will be created indirectly by the fresh circulation in our local economy. Mass transportation will also have a direct impact on our choking air pollution problem and on the psychological stress caused by unbridled traffic congestion.

The legislation before us will enable Los Angeles to proceed with its plans. In addition to the flexibility provided in this bill, it is also important to realize that this is not a 1-year emergency bill, but a comprehensive bill with a 6-year authorization. For the first time, this will give the Nation's cities the necessary assurance of continuing Federal support in order to intelligently plan their transportation programs on a long-term basis.

Mr. Chairman, this is one of the most important bills to come before the Congress this year. It is essential to the future of our cities, and I strongly support its passage.

Mr. BURLISON of Missouri. Mr. Chairman, if the gentlewoman will yield, I have not raised that issue. I have raised the question with respect to contract authority and its effect on the budget.

Mrs. COLLINS of Illinois. Mr. Chairman, I yield such time as he may consume to the gentleman from Michigan (Mr. VANDER VEEN).

Mr. VANDER VEEN. Mr. Chairman, I rise in support of H.R. 12859, the Federal Mass Transportation Act of 1974.

I would like to say that the Governor of the State of Michigan, Governor Milliken, appeared before the Public Works Committee about 10 days ago to tell us that something historical had happened in the State of Michigan. He met with the presidents of the three major automobile manufacturing companies and for the first time in the history of this country those gentlemen had agreed to support a mass transit bill. Governor Milliken traveled to Washington to tell us that this event had occurred and that he was in support of this historic piece of legislation.

I wish to state, Mr. Chairman, my strong support for this bill and state that a balanced approach to transportation development is necessary even for the automobile capital of the country, Detroit, Mich. A metropolitan area of some 4 million people, Detroit has plans for a $2.4 billion integrated bus and rail transit system involving some 75 miles of rapid rail and 179 miles of exclusive busways. A referendum will appear on the ballot this fall to provide for the financing of the local share of the cost of the system. The State will also participate in the financing through a recently enacted one-half-cent gasoline tax.

Further, Mr. Chairman, in my own hometown of Grand Rapids, there are plans to improve and expand the existing bus system at a total cost of some $6 million. By reducing headways on the routes, expanding the service area for the system, and improving the coordination of route schedules to facilitate passenger transfer, it is anticipated that the recent trend of declining ridership on the system can be reversed.

Mr. Chairman, obviously the fulfillment of the plans for Detroit and Grand Rapids will depend greatly on what we do here today. So will the plans for Los Angeles, Baltimore, Pittsburgh, Atlanta, and New York, to name a few, and plans for hundreds of other communities across the country.

The entire country will benefit from this bill, Mr. Chairman. We should pass this bill and give these communities the transportation they need and deserve.

Mrs. COLLINS of Illinois. Mr. Chairman, I yield such time as he may consume to the gentleman from Ohio (Mr. JAMES V. STANTON).

Mr. JAMES V. STANTON. Mr. Chairman, I rise in support of H.R. 12859.

Mass transit is based on the predicate that the large cities of America have faced an extremely difficult task in the past few years and they will continue to face it in the next 10 years. We need to take aggressive action in the Congress of the United States, so we can have a formidable role in aiding and assisting the transportation needs of the large metropolitan areas.

I do not think it is necessary that any of us view this bill as one other than a bill which directs itself to the problem. I believe the staff and the leadership of this committee are to be commended. They have not directed their attention to appeasing every interest in the United States.

They have tried to solve a problem, a problem that has grown worse over the last decade and which will not be remedied until we have the enactment of legislation in the nature of H.R. 12859.

I believe it is critical legislation needed by millions of Americans at a time when they are calling on the U.S. Government to aid and assist in the local community. I hope we are up to the challenge.

Mr. Chairman, I rise in support of H.R. 12859. I rise in its support and I would hope that every Member of this body could also see in his mind the extreme necessity of this bill and also rise in its support.

I know that this will not happen, because I know of the strong feelings of some Members of this body on some of the features of this bill.

Some feel it costs too much money.

Some oppose the feature of operating subsidies.

Some would have a different method of distribution.

Some feel it is a big city bill.

I would like to address myself to some of these items in the hope that I might share with you the results of the immense amount of work that the Committee on Public Works has undergone in the last 6 months to bring this bill to the floor, and why the bill is here in its present form. In that way, possibly the misgivings which might be in the minds of some of my colleagues might be alleviated.

First of all, with its hearings around the country in six major cities and here in Washington, the committee received firsthand knowledge of the current problems at the grassroots level and at the national scale. There is a problem here that is not going to go away and it is going to take money—considerable amounts of it—to bring relief to the urban transit ills in our cities.

For those of you who think that the $20 billion authorized in this bill for a period of 6 years is excessive, let me assure you, as will every member of the committee who has taken part in these hearings, that this is not near enough money to do the job. This bill does not call upon the Federal Government to solve all the local transportation problems in the urban areas. It represents an attempt to assist these cities with a problem which has become so acute in recent years that it threatens the very economy of the Nation.

If we cannot have mobility in our cities at reasonable costs then those very cities wherein so much of our industry lies, and upon which the Nation depends, will begin to reflect even greater tendencies toward the inflation with which everyone is so currently concerned. For those who would look at dollar signs in this bill and call them inflationary, I would say to them to look behind the dollars and examine the alternatives of how urban congestion and transportation costs will be reflected in the total economy.

For those of you who would say that this is a local problem, I urge you to take note of the efforts being made in Los Angeles, Detroit, Atlanta, and my own city of Cleveland to raise local revenues with referendums on the ballot this fall on legislation already passed. This bill is not a "bail out" situation as some would lead you to believe. For years the local governments have carried on their own transit operations without Federal assistance of any kind; but now the crunch has hit them and Federal assistance is a necessity.

Operating costs are a major part of this problem. You cannot expect prices to be rising for every other commodity or service you buy, and expect them to stand still in the transit industry.

In this bill, controls are placed on how much of the money can be spent for operating subsidies and the matching ratio is kept at a level of 50 percent Federal, and 50 percent local. Also, only 50 percent of the money in categories A, B, and D can be spent on operating subsidies while none of the funds in category C which constitutes 27 percent of the authorizations can be spent on operating subsidies at all. There is absolutely no way this can become the so-called "bottomless pit" which some opponents ascribe to operating subsidies under this bill.

In addition, I would like to address myself to the concept that this is a "big city" bill. Anyone who takes the position that the major, and I emphasize "major," problems of this country are some place beside the big cities just does not understand the problem. It just so happens that these major problems are the most costly to solve. The bill, however, addresses itself to all urban areas of the country—big cities, medium-size cities, small cities, and for the first time—a major effort at rural mass transportation.

The bill, itself, is a total mass transportation bill, and provides aid to areas which could never receive it under previous legislation.

This House has the opportunity now to show that it can raise to the occasion, bite the bullet, and give the cities a mass transportation program they need, and can plan with, rather than the dribs and drabs of the past.

There are several sections of H.R. 12859 I would like to address myself to, the first of which deals with section 519, charter buses. In the Federal-Aid Highway Act of 1973, the provision therein provides that no Federal assistance shall be provided under, first, section 142 (a) or (c) of title 23 of the United States Code; second, section 103(e)(4) of title 23, United States Code; or third, the Urban Mass Transportation Act of 1964 for the purchase of buses to any applicant unless the applicant and the Secretary of Transportation have entered into an agreement that the applicant will not engage in charter bus operations in competition with private bus operators outside the areas in which the applicant provides regularly scheduled mass transportation services. A violation of these requirements bars the applicant from receiving any other Federal financial assistance under the above-mentioned provisions of law.

It became apparent to the members of the Public Works Committee after the Federal-Aid Highway Act of 1973 became law, that this provision went too far in its application. In an effort to preserve the rights of the private bus operators who would be in competition with federally funded municipal bus operations, the committee in essence wrote out any meaningful charter bus operation by the municipalities, and in many areas of the country the money received from charter bus operations are an essential part of maintaining the solvency of municipal operations.

The language in section 519 of the bill before us today modifies the language that appears in the Federal-Aid Highway Act of 1973 insofar as it relates to the mass transportation provision of the particular section cited before.

It allows a grantee or beneficiary of Federal financial assistance for the purchase or operation of buses under this chapter to operate charter bus services outside the urbanized areas within which it provides regularly scheduled mass transportation services—and here we are speaking of municipalities mainly—in accordance with an agreement with the Secretary incorporating fair and equitable arrangements designed to insure a place for private enterprise in the charter bus industry.

We are thus saying that we are now requiring the Secretary of Transportation to work out the groundwork in terms of a program that will allow both the private bus operators and those who receive Federal assistance under this program to live together in harmony and maintain continuing programs of charter bus operations that will not impinge on each other's rights, and keep both in business.

I would call the Members' attention to the language of a letter from the Administrator of the Urban Mass Transportation Administration, the Honorable Frank C. Herringer, and an excerpt in the so-called Sacramento Agreement that further clarifies and carries out the intent of what I have just stated. The letter, and the Sacramento Agreement following the letter, appear on pages 32, 33, 34, and 35 of the committee report.

Section 519 further provides that the Secretary of Transportation shall conduct a study of the charter bus industry including the financial and operating characteristics of public and private properties providing charter service, and all relevant features thereof.

This subsection further requires the Secretary of Transportation to report his findings to the Congress not later than the close of the third fiscal year occurring after enactment of the bill. The report should specifically contain, among other things, what the effect of this agreement, provided for in subsection (a) of section 519, has on the private charter bus industry, and any recommendations the Secretary may have for modifications through the legislative or regulatory provisions affecting the provisions of charter bus service to the public.

Section 520 dealing with school buses extends the application of the provisions of the Federal-Aid Highway Act of 1973 to "operation of facilities and equipment for use in providing public mass transportation service," as the language appears in the reported bill.

In the 1973 act, it was provided that under the terms of the Urban Mass Transportation Act of 1964, no Federal financial assistance is to be provided under those provisions of law for the purchase of buses to any applicant who has not first entered into an agreement with the Secretary of Transportation that the applicant will not engage in school bus operations in competition with private school bus operators. This subsection is made inapplicable to any applicant with respect to the operation of a school bus program if the applicant operates a school system in the area to be served and operates a separate and exclusive school bus program for this school system. The same requirements are made that private operators of school buses be able to provide adequate transportation at reasonable rates and safely, and that it is inapplicable to a State, local body, or agency which was so engaged in school bus operations during the 12-month period immediately prior to the date of enactment of this subsection. This subsection is not applicable to the transportation of schoolchildren along with other passengers by regularly scheduled bus service at either full or reduced fares.

Section 521 deals with bus widths. One of the major reasons for the increase in bus widths from 96 to 102 inches as provided in section 521 is to make the seating of passengers in these vehicles more comfortable and attractive. In addition, there is a preponderance of 102-inch buses in the mass transit fleet which operates on narrower lanes than those on the Interstate System. This provision will allow these buses to use all highway systems.

As the trend continues throughout the country toward mass transportation usage in greater volume by the public, and as more and more buses go on the line for use, every effort must be made to give these passengers, be they commuters, shoppers, or whatever, a clean, fast, effective, and comfortable ride.

There is conclusive evidence that increased bus width will certainly add to the comfortability and attractiveness for passengers.

There is no question that increasing width of buses from 96 to 102 inches will in any way have an adverse effect on highway safety. The proof of this is contained in an indepth study made by the Secretary of Transportation.

These three features of H.R. 12859 give you some idea of the depth and detail into which the committee has gone in drafting the bill before you. Months of detailed work and study have gone into this bill. I repeat—this is needed legislation. I urge its passage.

Mrs. COLLINS of Illinois. Mr. Chairman, I yield such time as he may consume to the gentleman from New York (Mr. BADILLO).

Mr. BADILLO. Mr. Chairman, I rise in support of the Federal Mass Transportation Act of 1974 and urge its adoption as one of the most important measures to come before the 93d Congress.

The legislation before us contains all of the components which are essential for the establishment of a comprehensive approach to public mass transportation for now and for the future. By establishing the basic unit for receiving assistance to be an urbanized area as designated by the Bureau of the Census, the bill insures that the new program will benefit every section of the country and not just a few cities. The list on pages 18 to 22 of the committee report covers 278 urbanized areas that will be eligible from every geographical region and every State. No one can justly say that this is a big-city bill when more than 50 percent of the 278 eligible areas have a population under 150,000 people.

The national scope of this legislation is underscored by the authorization of $900 million for assistance to rural areas and urban areas with less than 50,000 people. While capital costs for public transportation for low-density areas will be substantially less than for large cities, I am pleased that the committee has given such recognition to the very real transportation problems of Americans living outside urbanized areas.

Most importantly, Mr. Chairman, H.R. 12859 is drafted in such a way that it provides a formula for future growth for the 1970's, the 1980's, and beyond. By avoiding rigid formulas which lock any city into a permanent category of assistance, the committee has taken into account the continuing pattern of population shifts from region to region, from State to State, and from city to suburb. Consequently, category A funds are not forever preserved for the nine cities with operating mass transit systems or a system under construction today, but rather any of the 269 urbanized areas now eligible for assistance under categories B and C will be able to apply for category A aid whenever they desire to begin construction of fixed-rail transit systems in the future. This, of course, would mean a diminishing percentage of category A funds for the nine cities presently in that bracket, and I believe that Members should keep this in mind when this bill is alluded to as favoring a handful of major urban centers.

Another positive aspect of H.R. 12859 is that it builds upon an existing program. The Urban Mass Transportation Act of 1964, enlarged upon by the Federal-Aid Highway Act of 1973, provides an important source of funding for public transportation capital projects, although the $3 billion in Federal funds expended for this purpose in the past decade has been inadequate to meet the need. Federal support for public mass transportation is now clearly recognized as a necessary part of a balanced national transportation policy. The provision of funds on a matching basis for operating costs for transit systems operating in the red despite State and local government support merits our approval, on the same basis that we find it in the public interest to authorize new funds for acquisition and construction of public transportation systems where none exist today.

Mr. Chairman, we must keep in mind that the flexibility in this bill will make it easy for us to adapt its provisions to future technological developments in mass transportation modes. Certainly fixed-rail systems appear to be the most practical for metropolitan areas of the country today, especially in light of the national trend of rapid outward spread of the suburbs that has led to accelerated movement of people back and forth between work and home. The absence of rigid formulae in H.R. 12859 envisions the possibilities of new population shifts in the future as well as the potential for transit systems not now available, so that the program it authorizes will be easily amendable to meet the changing realities of the times.

Mr. Chairman, the Federal Mass Transportation Act of 1974 is aptly described in the report of the Public Works Committee as landmark legislation. It is that in every sense. It is forward-looking in that it anticipates the transportation needs of growing urban areas in the future and provides a means for financially squeezed cities to continue transit service so vital to their survival as economic centers.

This legislation offers at least a partial solution to the deteriorating quality of the air in urban centers and can help alleviate the national energy shortage by encouraging people to get out of their private automobiles and into fuel-efficient public transit. The committee has given us the opportunity to offer every area of the country the promise of a Federal commitment to better transportation in communities large and small, and I urge the approval of the bill as a sign of that commitment.

Mrs. COLLINS of Illinois. Mr. Chairman, I yield such time as he may consume to the gentleman from Massachusetts (Mr. DRINAN).

Mr. DRINAN. Mr. Chairman, I wish to commend the committee upon this really significant and landmark legislation. I commend them particularly for doing something very, very significant for the major cities of this country, while not forgetting the smaller cities of less than 30,000 or 20,000.

I know there has been controversy over the question of total authorization; but I, for one, have read this matter very carefully and feel that the authorization which has been suggested is justified over the period of years indicated in the bill. I am strongly in support of this bill.

Mr. HARSHA. Mr. Chairman, will the gentleman from Massachusetts yield?

Mr. DRINAN. I yield to the gentleman from Ohio.

Mr. HARSHA. Did I understand the gentleman correctly to say that he felt the $20 billion authorization was justified?

Mr. DRINAN. Over a period of years, yes, for the many items that are here for the major cities, urban transportation and also the beginning of operating subsidies for cities like Fitchburg and Framingham, Mass., cities that I represent, in operating subsidies to maintain systems with adequate service for the needs of those areas.

Mrs. COLLINS of Illinois. Mr. Chairman, I have no further requests for time.

Mr. HARSHA. Mr. Chairman, I yield such time as he may consume to the gentleman from California (Mr. LAGOMARSINO).

Mr. LAGOMARSINO. Mr. Chairman, I rise in support of the intent of this bill, but not of the $20 billion price tag nor of the operating subsidy provisions.

Mr. Chairman, most of us have at one time or another sent questionnaires to our constituents. I did so recently and like many others, I asked the voters to list their priorities for Federal action. It will come as no surprise to the Members if I report that inflation was viewed as the most serious problem facing our Nation. President Ford has called it Public Enemy No. 1 and I certainly cannot dispute that assessment.

Mr. Chairman, today we have before us a bill which has a price tag of $20 billion. Twenty billion dollars is about 7 percent of our national budget. A dozen years ago it would have been one-fifth of our national budget. This is a good illustration of how inflation is affecting our ability to solve national problems. Excessive Federal spending, especially for open-ended programs, is the primary culprit in the rising cost of living. The reason this bill costs $20 billion is because the dollar just does not buy that much anymore. But if this bill is passed in its present form, that $20 billion is itself going to be eaten into by inflation. This is a vicious cycle which feeds upon itself, destroying the very programs which are offered up as solutions.

Mr. Chairman, I am not opposed to public funding of mass transit. I feel mass transit is the only feasible solution in the long run to our energy, congestion, and urban planning problems. Properly used, mass transit will reduce pollution, improve economic mobility and revitalize our cities. But I question, Mr. Chairman, whether this bill in its present bloated form is the answer. A dozen years ago there was no Federal mass transit assistance program. Today we have a program which stands at the $5 billion level. If this program passes without alteration, our commitment over the next 6 years will rise to $25 billion.

We cannot reasonably expect to pump this much new money into our economy without reaping disasterous inflation as a harvest. To do so without causing inflation we would have to cut other Federal programs. I ask what programs those who support this measure, those in the nine major cities which are the principal beneficiaries of the bill, would have us cut. Should we cut other programs designed to help urban centers? I think not. I think we should cut the fat from this bill, and believe me, there is fat in this measure. To be specific, there is the $6 to $8 billion set aside in the bill for operating subsidies.

Mr. Chairman, the Federal Government has no business funding the wage demands of city transit employees. If we get into this business now, we will never get out. We may as well just put them on the Federal payroll and be honest about it, but no one wants to do that. If we expect urban mass transit to work, there has got to be some commitment from the cities. To say that we will match the operating expenses of these systems on a dollar-for-dollar basis is the same as giving the operating unions a blank check drawn on the Treasury of the United States. It simply will not work. The $7 or $8 billion set aside on this bill for operating expenses would have to be doubled in the 6-year lifetime of the authorization.

I feel we need to help our cities—even though the bulk of funds in this program goes to only nine cities, none of which are within 300 miles of my district. I realize that only the Federal Government can provide the necessary capital funds to make mass transit work. But this bill does more than that. This bill would commit Congress, for the first time, to picking up the tab for operating expenses of city transit systems. In other words, the nonurban taxpayer is being asked not only to provide three-fourths of the money needed to build these systems, but half the money needed to operate them. This is asking too much.

Mr. Chairman, if we pass this bill in its present form, we will be weakening the cities, not strengthening them. When money flows from Washington, power follows it back. And when too much money flows, inflation consumes all the good. We can make this bill work for the cities, if we use reasonable judgment instead of pork barrel politics. Let us give the cities a hand with their problem, but let us not take the entire burden and place it on the nonurban taxpayer. I urge an amendment to eliminate the operating subsidies portion of this bill, and to restore the requirements for environmental impact statements.

Mr. HARSHA. Mr. Chairman, I yield such time as he may consume to the gentleman from North Carolina, a member of the committee (Mr. MIZELL).

Mr. MIZELL. Mr. Chairman, as I look at the $20 billion funding level that is authorized in this mass transit legislation, I am reminded of the relief pitcher who threw 450 pitches warming up in the bullpen, yet he never got in the ball game. I think that is what we are doing here this afternoon. We are throwing an awful lot of pitches at mass transit, but we are not going to get legislation that will get in the ballgame and do something for mass transit.

On the question of funding level for this legislation, several considerations are important. An $11 billion program does not differ drastically from that which has been indicated acceptable by the administration. I believe such a level would be acceptable to the administration.

The funding levels contained in the committee bill are far higher than can be reasonably supported given the knowledge of the needs for mass transit. Even more important however, the irresponsibly high authorizations can only have a serious impact on the already troubled economy. Even supposing for the sake of argument, that the true needs of the Nation's transit systems were in the neighborhood of $20 billion and that the money could be utilized effectively, the injection of an additional $20 billion into our volatile economy over the next several years would only result in further economic distress in the urban areas and the Nation as a whole. Fiscal responsibility demands that the level be substantially reduced.

Rapidly rising levels of $2.1 billion in fiscal year 1975, $3 billion in fiscal year 1976, and $3.7 billion in fiscal year 1977—called for in the committee bill—may force rash investment decisions and overcapitalization within the transit industry. These high levels are predicated on Federal financing of almost any project that a city could develop without regard for the effective utilization of taxpayer funds. The requirement for efficient use of Federal resources is not strongly taken into account. As previously stated, it is important to note that the concept of careful review of major capital transit projects to assure that Federal funds are used wisely is a posture which has received increasing support in the Congress and which the Department of Transportation is pursuing even now.

Indications are that the trend toward overcapitalization has been and is based upon grantsmanship, rather than transportation considerations in many cities. These vastly increased levels may in effect encourage continuation of that trend. The proposition that any city should be entitled to unlimited Federal financing for transit systems which do not represent cost-effective solutions to transit problems and that transit fares should remain forever constant when other facets of our society must adjust for inflation, represent a cavalier disregard for the Federal taxpayer.

To argue that opposition to these high funding levels is parsimonious when there has been an almost ten-fold increase in transit over the last few years, is unsupportable. My proposal still represents a substantial increase in transit funding while recognizing the need to carefully control the expenditure of scarce Federal resources in this time of economic instability.

Mr. HARSHA. Mr. Chairman, I yield 1 minute to the gentleman from Wisconsin (Mr. STEIGER).

Mr. STEIGER of Wisconsin. Mr. Chairman, I appreciate the distinguished gentleman from Ohio yielding to me. I ask a question of either the ranking minority Member or chairman on section 6 regarding size and weight. There is some controversy in the State of Wisconsin about the question of what section 6 is intended to do.

Am I clear in my understanding that by revising the vehicle weight limits now contained in section 127, title 23, we do not mandate that new size and/or weight limit upon a State? We simply increase what that State may allow under the law. Am I clear on that?

Mr. HARSHA. Mr. Chairman, if the gentleman will yield, I will state that this provision in this bill provides just what the gentleman says.

It grants discretionary authority to the several States to increase the size and weight limits of trucks traveling on the interstate system only to the limits set forth in this bill. It increases the single axle weight from 18,000 pounds to 20,000 pounds; and the tandem axle weight from 32,000 to 34,000 pounds. It makes these increases permissible only if a State desires so.

Mr. STEIGER of Wisconsin. And is it clear that if a State does not wish to increase that weight limit or provide for double bottom trailers, it does not have to?

Mr. HARSHA. Absolutely. That is correct.

Mr. STEIGER of Wisconsin. Mr. Chairman, I thank the gentleman for his explanation.

Mr. HARSHA. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from New York (Mr. KEMP).

Mr. KEMP. Mr. Chairman, I rise in support of the concept embodied in this bill and applaud the efforts of the committee to deal with the problems of balanced transportation needs of America. Congress must act expeditiously to approve fiscally responsible funding for mass transit to help provide the kind of environmentally sound and balanced transportation systems that will assure the physical, economic and social growth of our urban communities, such as my own in western New York.

Our constituents deserve a greater return of their tax dollars from Washington to help meet critical transportation needs, for access to jobs, educational opportunities, health care, and recreation. In terms of conserving energy, our Nation requires more efficient modes of transportation at a cost we can afford and without aggravating the already intolerable rate of inflation.

While I am convinced we in Congress must support mass transportation—which I have assigned as a top priority in my 38th Congressional District and environs—we cannot support a bill which provides excessive funding when inflation is the No. 1 problem confronting the American people.

It would be an unpardonable hoax to approve more billions for this or any program than is necessary and if it requires the spending of additional borrowed money.

Mr. Chairman, I have received unqualified assurances from the Urban Mass Transportation Administration that the Buffalo-to-Amherst rapid rail transit project will not be endangered and instead can be fully and adequately funded if we substantially reduce the $20 billion in new funding over the next 6 years as proposed by H.R. 12859.

This $20 billion in new money would be in addition to some $8 billion already available in existing law, making a total of $28 billion and including sums provided when we broke the highway trust fund for mass transit, a measure I fully supported.

I have been assured by UMTA that our approval of funding at the $12 billion level will be adequate to complete the Buffalo-Amherst, 11-mile system by our current target date in 1981.

I support funding at this $12 billion level because a higher level would be fiscally irresponsible and it is a figure which UMTA itself says will be adequate to meet our needs in Erie County and other urban areas of our country.

I consider the $12 billion level as evidence of reasonable compromise between the administration and the Congress, a process President Ford advocated in his message in this Chamber last Monday night.

By conscience and because I share the concern the President and many of my colleagues have to take positive steps to stop inflation, I would have to support a veto of the much higher funding proposal before us. I would have to join my colleagues and come back to this body with a more fiscally responsible mass transit funding measure.

No one doubts that the principal cause of inflation has been a long addiction to uncontrolled Government spending which has outdistanced Government revenues. I concur with my distinguished colleague from western New York, Mr. CONABLE, that in considering any program in these troubled times, we must be realistic and we must be reasonable.

As he so realistically put it:

> We must be sure that our resources are equal to our objectives.

Mr. Chairman, within a few, short years, the cost of constructing and equipping the fixed rail, rapid transit system along the 11-mile corridor from downtown Buffalo to Amherst, N.Y., has nearly doubled, from $240 million to a current $474 million.

While the Niagara Frontier Transportation Authority has, with its skilled engineering talent, worked tirelessly to come up with innovative construction techniques to pare this increased cost, it cannot control the inflated costs of construction materials, equipment, labor, and other factors vital to the completed project.

At present, NFTA is preparing an updated cost analysis which is mandated by UMTA prior to Federal approval of the first of a series of staged capital grants for a completion of design and beginning of construction of the Buffalo-to-Amherst rapid rail system.

As a result of past and continuing talks with UMTA Administrator Frank C. Herringer, NFTA Chairman Chester Hardt, and others, I remain confident this analysis will show the cost effectiveness, environmental soundness and efficiency of a fixed rail system in comparison to other modes of transportation.

As Administrator Herringer testified before the Joint Economic Committee and reiterated to local, State, and Federal officials and myself on Capiol Hill recently, our system has a unique, highly populated type of corridor suitable for a fixed rail system.

This system is inextricably linked to the revitalization of Buffalo's downtown business core. It will provide fast, reasonably inexpensive, and convenient access to hospitals, universities, and cultural facilities as well as jobs and retail and commercial activities. In short, it has the assurance of built-in and a growing ridership.

Our system has the unqualified, wholehearted support of our community, as evidenced by public hearings last month.

But I am confident that I speak not only for myself but for those supporters when I say that we are deeply aware that our project will continue to remain economically viable only if we, in the Federal Government, in the executive and legislative branches, take positive steps to stop America's worst enemy, inflation.

Unabated inflation can make all mass transit projects in the United States more difficult or almost impossible to support. Runaway inflation can require unacceptable, budget-wrecking sums for not only planning and construction but for subsidizing mass transit operations.

I would also urge the Members of this body to support the amendment of our distinguished colleague (Mr. BAUMAN) which would direct the Secretary of Transportation to only consider those State mass transit programs which take into consideration existing track and other rail facilities.

Pending in UMTA at this time is an NFTA application for the approval of a feasibility study to provide electric train, passenger commuter service from downtown Buffalo to Erie County suburban communities, including Hamburg where I reside and other south towns.

As I pointed out in testimony submitted July 25 at an NFTA hearing, this commuter system would tie in and complement the Buffalo-to-Amherst rapid rail transit link.

Mr. Chairman, I would hope more efficient management and operating techniques would, in the not-too-distant future, eliminate the need for Federal operating subsidies.

Philosophically, I am against subsidies because I believe they benefit some people and some groups at the expense of others.

But there are existing laws, such as that in New York State, which require fare subsidizing by local governments. In the case of Erie County, N.Y., the current rate of fare subsidization requires the county to contribute some $1.6 million to our local transportation authority.

Without Federal assistance at this time, this contribution can only be obtained from local tax revenues which already are strained beyond imagination.

Thus, Mr. Chairman, I will support a short term, fairly apportioned subsidy provision in the legislation before us, if it is commensurate with the Federal tax contributions of the people of western New York and other cities and not unduly weighted in behalf of those few cities which already have existing mass transit rail systems.

It is difficult when a bill like this is before us—one that provides funds which will be expended in many of our respective congressional districts. Difficult, because while we have an obligation to care for the interests of those districts, the Congress—as the branch of Government which makes laws governing the whole land—to care as well for the interests of the Nation as a whole. That is our constitutional obligation—to care for the interests of the Nation. Our desires for helping our own districts must be held into perspective by our commitment to help the Nation. And, the Nation does need help during these times—it needs it particularly through the control of excessive Government spending and the inflation which arises naturally from it.

In addition to the other reasons I have cited for the course of action I have outlined today, I think this too must be borne in mind. Federal deficits, the chief cause of our present inflation, have totaled more than $125 billion in just 5 years and lest we bankrupt this Nation we must exercise fiscal and monetary restraint for the good of the people.

Mr. PRICE of Illinois. Mr. Chairman, in a time of higher fuel costs and decreasing fuel supplies the need for alternative transportation methods is increasingly evident. The Federal Mass Transportation Act of 1974 will provide essential transportation services to rural, urban, and suburban population areas. This bill would form a solid transportation commitment to the diverse transit needs of urban and rural communities.

Through this bill the Federal Government will assist States and local communities with their multifaceted problems of transportation. Using a comprehensive planning approach the Federal Government will aid in research and development, finances, applications of new technology, and in the construction of mass public transportation systems. Fund uses would include development of bus, subway, ferryboat, or rail transit systems. The appropriations would be distributed on the basis of four population categories with transportation project approval required of the local elected public officials and the State transportation agency. The bill provides $20.4 billion for a 6-year mass transportation program of capital expenditures, planning, training, and operating expenses. I am especially pleased that operating subsidies are authorized on a mandatory 50–50 basis.

Specific areas of Illinois are covered in category "B" of the bill's population distribution formula. The category contains $2.88 billion for capital and operating assistance in urban areas over 50,000 population that do not have rail transit systems. In addition another $5.4 billion is provided in discretionary funding. Illinois areas covered in the categories include East St. Louis, Alton, Rockford, Peoria, and Springfield. Together the categories provide $8.28 billion for transit assistance in urban areas over 50,000 population.

The wide scope of the Federal Mass Transportation Act of 1974 takes a positive step toward a comprehensive program of transportation assistance. Transportation needs go beyond the borders of our major metropolitan areas. Rural and suburban needs must be schematically placed into the framework of our Nation's entire transportation need. The Federal Mass Transportation Act can provide the means for local communities and metropolitan areas to meet the problems of public mobility. I urge my colleagues to vote for H.R. 12589, the Federal Mass Transportation Act of 1974.

Mr. PODELL. Mr. Chairman, an important aspect of the quality of American life is mobility. It is the ability to move from place to place at convenient times, by a comfortable means of transportation provided at a reasonable cost, which is crucial to our Nation's well-being. This mobility is not directed toward a leisure class, but rather toward those of us who work and need a useful method of transportation in our daily routine. A person's efficiency is severely curtailed when there is difficulty in obtaining access to public transportation.

Better mass transportation should not be considered a luxury but a right that all citizens are entitled to.

New York, as other urban centers, has a large and growing need for improvement in its transportation system. It can hardly keep up with repairs, the soaring cost of fuel, and the inflation which has been fueled by increased wages and prices. We, in New York, have been successful in keeping the consumer cost down. However, this is no longer possible or even feasible.

A good mass transportation system is essential in maintaining our fight against the rising costs of gasoline and pollution. It is imperative that we give aid to these systems in order to conserve energy, money, and the environment.

There is no question that in our urban areas, where people travel relatively short distances, they prefer to do so by public transportation. In many cases, however, these people are constrained from doing so because of the system's inaccesibility, or by the inadequacy or infrequency of service.

Mass transportation is not only a viable alternative but is essential to the quality of life in our cities.

New York at this moment has over 4 million daily riders on public transportation. If the problems in their mass transit system could be effectively met, their numbers could as much as double. The people of New York and all across the country have a right to expect efficient service, with working equipment, at a reasonable cost.

Our cities cannot handle this dilemma. It is time for the Congress to act. I urge the passage of the Mass Transportation Act without further hesitation.

Mr. ADDABBO. Mr. Chairman, I rise in support of H.R. 12859. Mass transit is of vital importance to the millions of people who call New York City home, and who depend so greatly on subways, trains, and buses to travel throughout the city. I thank the gentleman from Alabama (Mr. JONES) for his work in bringing this bill before us and his hearings and interest in New York. This bill establishes a long-term, multibillion dollar Federal commitment to mass transportation needs of urban and rural areas, and I hope that the bill passes with its major provisions unchanged.

The urban mass transportation picture at this moment is perplexing and depressing. In New York City, people who must use the subways in rush hours to go to and from work do so in cattle-car conditions that people from other sections of the Nation neither understand nor could they tolerate. We must relieve that suffering.

The operators of mass transit systems around the Nation all have learned what the cities long ago found out—you cannot operate a viable transportation service at a price that people can afford to use at profitmaking levels. Indeed, it is almost impossible to break even. In our city and in all urban areas, we have learned that mass transportation is no longer a luxury, it is a basic need which must be provided.

We provide mass transit not only for the convenience of those who use it, but for the entire community. As more people use mass transit systems, the streets become less clogged, more people are able to shop in downtown stores, deliveries to business and industry can proceed on schedule, the air becomes cleaner, there are fewer accidents, and a whole host of fringe benefits follow.

But I need not elaborate that point; the Congress and the whole of the Federal Government has made a conscious decision that mass transit needs and deserves Federal support. As the House minority leader, Mr. RHODES, said in a press conference yesterday:

> The question is not whether the Federal Government supports mass transit, it is how fast.

And so we are left with the question of not whether we will pass this bill but how much money we will include in the bill, and whether we will allow for the first time the money to be used for operating subsidies.

I would urge my colleagues to think twice about cutting money back from this bill. I am aware of the statement made in this Chamber Monday night by our President that inflation is the Nation's top problem. And I agree that we must cut back Federal spending wherever and whenever possible. I agree with his general concept of how to fight inflation, and I am ready to work with him to cut Federal spending levels.

But I would hope that the House would think twice before cutting this bill. We are talking about a $20 billion program over a 6-year period. Now that sounds terribly inflationary, and I am sure we are going to hear loud cries for cutting the budget by cutting the money in this bill.

Let us look at that. We are talking about expending a total of $3.3 billion a year for mass transit if the bill passes as written. If the bill is cut to $11 billion, we would cut back Federal support on a yearly basis to $1.8 billion. That amount of annual funding is simply not enough to help mass transit needs on a national basis.

I say to you now that as a member of the Appropriations Committee, there are plenty of other areas of the Federal budget where we can cut back $1.5 billion a year, the difference between $3.3 billion and $1.8 billion. I would be willing to pledge my firm support for specifically looking for those areas and voting for those cuts if the House today will provide this basic tool to the Nation's urban areas.

We need this bill in the cities. It is as important and necessary to making urban areas workable and livable as are assistance programs to other sections of the country. Do not forget, 70 percent of the Nation's citizens live in urban areas. I would hope the House would not seek to implement the reasonable request of the President by taking as its first action the decision to penalize the millions of working men and women who live in urban areas.

We must provide the cities and all urban areas with the tools with which to improve the quality of life. We know how difficult daily life is for those who must struggle with congestion, dirty air, unbelievable noise levels, dangerous streets, high prices, and deteriorating services. Our goal as a national legislature must be to improve to the limits of which we are capable the standards of life for all American citizens. We have fought previously against denying equal treatment to the people of the cities equal to that which we have given rural areas.

We owe at least one demonstrable and affirmative action toward the cities. I would hope the House would see fit to make that action this bill.

Mr. ROSE. Mr. Chairman, I was delighted to see that the port city of Wilmington, and the city of Fayetteville, N.C., are among the 278 "urbanized areas" to be covered under the proposed Federal Mass Transit Act of 1974.

The original list covered only 248 areas which qualified under the act by reason of having a population of 50,000 or more. The other 30 were added when the Bureau of the Census determined that under the 1970 census Wilmington, population 57,645, and 29 others, met that requirement.

Wilmington, like other urbanized areas, faced the problem of dwindling use of mass transit, in this case buses, and the clogging problem of a heavy auto traffic with all its attendant problems, the recent energy crisis and Wilmington's city fathers being faced with the threatened end to the private bus line. An end forced upon the owners of the line by the aforementioned dwindling usage.

The bus line was privately owned but was losing money even prior to the energy crunch. With an increase in the cost of fuel and other spiraling overhead, the owners went before the Wilmington City Council and told their tale of woe. In the interest of those who were dependent upon public transit, the members of the council subsidized the company. But this stop-gap method did not solve the problem. So the Wilmington city fathers took the next step and bought the company and put the operation of the bus system under their direct control.

With our city choking literally and figuratively under the increasing auto traffic, it is incumbent upon urban areas to push mass transit. Two solutions to automobile traffic congestion have been suggested to me by the tongue-in-cheek constituents. The first was to bar the streets to only cars that were paid for. The second was to have the street crews put asphalt on all traffic jams and start over.

But the problems are not really all that funny. Mass transit is the only solution. But, like in the case of the city of Wilmington, the solution is a mass transit system so attractive and accessible to the public that they will use it rather than sticking to their implied privilege of "one man, one car" so prevalent in this country today.

This act, by expanding its base of those eligible for funding, touches upon a drastic need. Large cities already have some form of mass transit available, usually in either above ground or under ground, or—in some cases—both. Cities the size of Wilmington and Fayetteville are more inclined to be needing the funding proposed in the act. The city of Wilmington has invested, or will have invested by the end of the fiscal year, over $600,000 in attempting to keep its bus line operating. This plan would have a better chance of success if Wilmington, and other urban areas, could share in the Federal funding proposed under this act.

This is partly true because the expenditure I am speaking of is going to just keep the present routing operable. The success of such a program, and a possible return of moneys expended by means of fares collected, requires that the maximum number of riders can be accommodated and served. The foe of mass transit, the automobile, is an adversary of no slight proportion because of its convenience. If this same convenience were available to the proposed user of the bus line then we would be accomplishing two goals. First, we would give the mass transit system a good chance at becoming self-sustaining or at least breaking even. Second, we would aid the continuing drive toward the conservation of fuel consumption in this country. This in turn would insure that the Nation does not have another bleak February in its future.

Some of my colleagues from the Northeast corridor, one of the most densely populated areas of the country, are aware of the need for subsidizing mass transit in their area. But they are in the position of being from a part of the country where mass, and I mean mass, transit already exists. In my district, which is largely rural, mass transit has meant a company operating a minuscule fleet of buses. But the salvation of the inner city and comparatively small communities might very well be mass transit. This is one place where New York City and Wilmington, and Fayetteville, N.C., are the same, they have literally run out of places to park all the automobiles that clog their arteries. As a result they are forcing businesses and people into the suburbs and the inner city is dying.

Mr. CLARK. Mr. Chairman, I rise in support of H.R. 12859, the Federal Mass Transportation Act of 1974.

H.R. 12859 is responsive to the needs of the day. If ever the time has come to face up to the critical problems of public mass transportation, that time is now. There are several reasons for this.

The energy crisis that gripped the Nation during the winter months dramatized with powerful impact that, henceforth, we must think not only about transportation cost and convenience, but transportation energy efficiency as well. And it is abundantly clear that the mass transit modes have the capability to carry more people more miles with fewer energy units expended.

Public mass transportation has become a subject of critical importance also because of environmental questions that have been raised in recent years. The Environmental Protection Agency tells us the air pollution problem in large urban areas is closely related to the public's preference for, and dependence on, the private automobile, and EPA has moved to curtail its usage in some of our communities.

H.R. 12859 provides for a new and comprehensive approach to providing Federal assistance for public mass transportation across the country. This assistance which includes capital construction and operating costs will enable public mass transportation to become to a significant degree a viable, less polluting alternative to the private automobile in the urbanized areas of our Nation. H.R. 12859 provides for four categories of areas for distribution of $20 billion over 6 years. Category A provides funds for those urbanized areas which currently have fixed guideway systems for public mass transportation and for those which have received Federal grants to begin construction of such systems. Nine urbanized areas, including Philadelphia and Pittsburgh, are in this category.

Category B contains the remaining urbanized areas of the country and authorizations for this category are distributed on the ratio of urbanized population exclusive of the nine areas in category A. Category C provides supplemental capital funds for those areas in category B where their needs exceed what they would otherwise receive. Finally, category D contains authorizations for those places with populations below 50,000 and for rural areas.

This bill will do much to assist the public mass transportation needs in the two largest cities in Pennsylvania—Philadelphia and Pittsburgh. Philadelphia, of course, has an existing rail system with plans for expansion. Pittsburgh presently has a demonstration program for a sky-bus which has proven so successful that the Department of Transportation has given a grant to extend the system throughout the metropolitan area. H.R. 12859 gives both Philadelphia and Pittsburgh the needed assurances over a long-term period to get on with their plans.

Mr. Chairman, I urge approval of this very fine legislation.

Mr. MATHIAS of California. Mr. Chairman, I rise to address myself to H.R. 12859. I am anxious to see a good mass transportation bill enacted; but because of the authorized price tag that is in this bill, I am not sure how good this bill will be for the country as a whole.

As the bill stands now, less than 20 percent of the Nation's population will benefit from over 50 percent of the proposed authorization. The inequity in the distribution of Federal money is obvious. Many areas throughout the country will never have need for a major, fixed-rail transit system, but do, instead, require assistance with more mundane forms of transportation. It seems that this bill slights the 80 percent of the population that does not have access to underground or elevated rail systems.

The California Department of Transportation supports H.R. 12859. However, they would support the bill if the authorization were to be cut in half. Certainly a decrease in the authorization is called for. From the standpoint of economic impact on the Nation's economy, a $20 billion ceiling could help to prolong the agonies of inflation.

A specific area of concern to many of us deals with the operating expense subsidy. It is easy to sympathize with the systems that are having difficulty meeting their expenses, but we have no assurance that Federal money will cure the problems that have caused a decline in patronage for these depressed systems. Before we tie the American people to the back of another "white elephant," we must eliminate as many sources causing the decline in use as is possible. I do not think that this legislation, as it stands now, adequately accomplishes this goal.

Mr. FRENZEL. Mr. Chairman, I am terribly concerned about the lack of transit performance incentives in this bill. I am a strong supporter of increased funding for competitive transit options but I see nothing in this bill which will reward efficiency or encourage ridership. On the contrary, there is even some hard evidence that this bill will actually contribute to the decline in ridership and encourage the growth of operating deficits.

Today, transit accounts for about 4 percent of the urban transportation market. Operating deficits climbed to $680 million last year and they are expected to top $1 billion in 1975. If these deficits continue to appreciate as they have at the annual rate of 33 percent, the bill for operating deficits will exceed $5 billion by 1980. Despite 10 years of growing Federal support, transit has proven to be an ever growing disaster in the marketplace. But what of our hopes for tomorrow?

A recently released study commissioned by Congress shows that transit will continue to stagnate if we vote to fund the kinds of obsolete transit systems contemplated in this bill. This study shows that if we carry forward current plans for expansion of expensive fixed guideway systems, transit's share of the passenger market will show zero growth between now and 1990. During this same period, automobile trips are expected to double.

Furthermore, operating deficits for fixed guideway type systems are expected to grow at a rate 1.5 times higher than for the Nation as a whole. These findings are shocking to say the least. I am puzzled and disturbed that the committee would seek to encourage the deployment of obsolete fixed guideway systems in the face of this devastating information.

We desperately need better mass transit. What we do not need and cannot afford is simply more of the same old obsolete systems and service concepts that have contributed so mightily to our present predicament. All the incentives in this bill are aimed at encouraging cities without fixed guideway systems to acquire them. Those nine fixed guideway cities with 33 percent of the urban population stand to receive 54 percent of the funds in this bill. The remaining 269 urbanized areas in this country understand that kind of arithmetic and will be clamoring to join the club.

A better approach in my judgment is contained in a bill recently introduced by the gentleman from Pennsylvania (Mr. MOORHEAD). His $17 billion 5-year program puts transit performance incentives at the heart of his allocation formula. Rather than discouraging innovation, this approach would encourage local communities to come up with the most cost-effective transit options and promote the diversion of urban trips to transit. I hope that the Congress will take a serious look at this refreshing approach to the problem.

It may be too late in the day to reverse our present course in the House, but I am hopeful that the Senate will take the time to more carefully consider strong transit performance incentives. Without them operating deficits will become an unbearable burden and a much-needed renaissance in urban transit will remain out of reach.

The Minnesota Highway Department, in a telegram signed by W. C. Merritt, deputy commissioner, has indicated its objection to the bill, citing as its first three objections the following:

First. Excessive authorizations.

Second. Operating subsidies should be a local responsibility.

Third. Bill is weighted in favor of expensive fixed-guideway systems.

I have the same reservations. I commend the committee for its work on this bill. I want to vote for it. I can, and will, if some of these objections are removed.

Mr. VEYSEY. Mr. Chairman, there is no question in my mind that our major cities are experiencing serious problems with their mass transit needs. Los Angeles, our Nation's third largest city, has an inadequate mass transit system and is in desperate need of ways to alleviate our congested highways and smog-filled air. At least 19 serious studies have been made for the development of a mass transit system. We have the unique problem of suburban sprawl which makes fixed rail costly to build and to operate. At the same time, the use of buses also presents special problems.

According to a recent story in the Wall Street Journal, the interurban trains and the streetcars of yesterday provided better public transportation than is available today.

However, by 1930 most of them fell into bankruptcy with the advent of the automobile and its ability to "go where you wanted it to." Now, when we are snarled in traffic, many of us wish for the "good ole days" when the fare was cheap and the ride was short. For example, in 1910 the Pacific Electric's "Big Red" cars could travel from Los Angeles to Long Beach in 36 minutes. Fifty years later, the same trip took 61 minutes because trains had to slow down at street crossings to avoid hitting cars. The operation has since ended. Today, the Chicago, South Shore and South Bend railroad, built in 1901, is the only interurban still operating.

I believe that the lesson of the old interurban railroads should be remembered here today. The inflexibility of fixed rail systems rendered them incapable of changing to meet new demands.

As we are all well aware, the District of Columbia and the northern suburbs are building the largest public works project in the Nation, if not the world. Yet only 6 percent of the individual traffic will be accommodated and 94 percent will still use our highways for utility, public, and business services which depend entirely on the highway network.

I would like to see good legislation to assist in the solution of our problems of transportation. But I do have some serious objections to the Federal Mass Transportation Act that we are debating today.

I believe we have an alternative to operating subsidies; a trust fund for mass transportation. My good friend and colleague from California (Mr. DON H. CLAUSEN) has been in the forefront in advancing this proposal. As he stated in his minority views:

> I believe this is a very fair, equitable and proven method of financing . . . and avoiding the 'inevitable and continuing political fight' for operating subsidies.

It has been charged that this bill establishes an open-ended commitment to underwrite operating deficits. Furthermore, local officials are reluctant to raise fares or use local tax revenues to support mass transit. Therefore, taxpayers in smaller cities and rural areas will be supporting massive operating deficits for communities which are unwilling to pay their own way.

I believe that this charge has validity and that a special trust fund would be more equitable for all concerned.

Last Monday, President Ford made his first address to a joint session of Congress. In his remarks he said that voters should "support candidates who consistently vote for tough decisions to cut the cost of government, restrain Federal spending and bring inflation under control."

Four days later we are asked to approve a $20 billion operating subsidy for mass transit. Does anyone believe that this would be the last request?

In the past 10 years the national debt has increased 50 percent and the cost of living is up 53 percent. In the past 10 years, annual Government expenditures have far exceeded annual tax revenue. I believe that $20 billion for a project which will have, at best, dubious results, will only fuel the flames of inflation.

I intend to make that tough decision and to support efforts to reduce that $20 billion figure.

I am not unmindful of our transportation problems. And I believe the American public is willing to solve the problem but not at the expense of their paycheck which has shrunk seriously from inflation. We in the Congress have made a dual commitment, to provide mass transit and stop inflation. I believe we can do both in a responsible and effective manner.

Mr. Chairman, I hope my colleagues will join me in this endeavor.

Mr. BIAGGI. Mr. Chairman, I rise in support of this bill, the Federal Mass Transportation Act of 1974. It has been a long time in coming. But the final product will bring welcome relief to the people of America's urban areas in their attempts to solve their transportation problems.

Just as we embarked on a major highway construction program in the 1950's, in this decade we must do the same to upgrade mass transit services for the urban areas. A majority of Americans live in cities where the need for moving large numbers of people by subway, bus, rapid rail, or other transit systems is great.

The Congress has made significant efforts in the past to assist in the construction of mass transit systems. The Urban Mass Transportation Act of 1954 was the first step. This Congress also opened up the highway trust fund for the purchase of buses and other mass transit equipment in the recognition that a balanced transportation system must be our objective.

Now with this bill, the Congress will establish within the Federal Government a comprehensive program to help resolve the needs of urban areas for balanced transportation systems. The $20 billion over the next 6 years will help breathe new life into existing systems and help construct new ones. Sure, more money could be used. New York City Metropolitan area alone could probably consume $20 billion over the next 6 years. However, these are difficult times and we must be cautious in our obligation of Federal funds. This is a realistic figure and one which the Federal Treasury can withstand.

Some will argue here today that this $20 billion is too much, that it is a special interest bill benefiting only urban areas. Yet these same voices of protest are silent when the Federal highways bill is discussed. Urban areas can do little to expand their road network, thus they benefit little from the Federal highway trust fund. Expenditures by the Federal Highway Administration have amounted to over $28 billion during this and the preceding 5 fiscal years—considerably more than is even being authorized in this bill. I would hope that sometime in the future the various transportation-related authorization bills would be combined so that the Congress and the people would consider them as a single priority—a balanced transportation network.

Significantly, the bill recognizes that a mass transit system is only good when it is a cheap, efficient mode of transportation. If the cost for each ride rises more and more, people will abandon mass transportation in favor of the private automobile. The ultimate result will be urban areas clogged with cars, polluted with air and laced with vast stretches of macadam. To prevent this, operating subsidies are permitted to keep the cost of mass transportation down and to encourage increased ridership.

Many have argued that we do not subsidize other methods of transportation. They are totally wrong. The costs of maintaining airports, airways, and traffic control stations are not covered by airport users fees. The cost of maintaining our vast road network, auto traffic control systems, and inspection services are not covered fully by highway user taxes. So we cannot expect the mass transit user to have to pay for the full costs of operation of the system. The fact is, everyone benefits by a balanced transportation system. If more people ride subways and buses, less people are driving on the streets assuring a smooth, easy flow of traffic for those who must use their cars.

In particular, I want to congratulate the committee for including a strong mandate to make all mass transit systems accessible to the elderly and the handicapped. Prior to 1970, these Americans were relegated to finding their own way about town. The transit systems were—and still are—virtually inaccessible to the vast majority of elderly and handicapped citizens.

In 1970, I introduced an amendment to the Urban Mass Transportation Act, that established for the first time national policy that the elderly and the handicapped are entitled to equal access to public mass transit facilities. Unfortunately, the Department of Transportation has taken a leaf from past history and interpreted that to mean "separate but equal" systems. As we have learned from the education system, "separate but equal" does not mean that at all. The handicapped still must rely on private transportation or cabs to get around. The dial-a-ride programs and other specialized transportation systems for the handicapped are too expensive to maintain and are very limited in availability.

To make mass transit systems for the general public accessible to the handicapped is no more complicated than making public buildings accessible. We must eliminate steps and turnstyles, provide spaces for wheelchairs, improve information systems, and so on. These improvements cost very little when added at the planning stage and provide immense benefits for the general public as well. I know of no one who does not prefer an elevator or a ramp instead of a flight of steps.

The committee language is clear and explicit. The handicapped—including the wheelchair bound—are to have full and complete access to mass transit systems.

Mr. BOLAND. Mr. Chairman, I will be brief. H.R. 12859 authorizes an unprecedented $20.4 billion over the next 6 years for a unified mass transit assistance program. This legislation comes at a time when two of our Nation's most critical problems have achieved all time highs in economic and social impact. The congestion of our urban areas calls out for increased mobility. The rapidly escalating price of fuel demands great savings in modes of transportation.

Mr. Chairman, we have a fine highway system in this country, perhaps the world's best. Our Interstate Highway System is in large part completed. We can be proud of the fine transportation these roads can provide, but we cannot hide the fact that they have, in large part, only exacerbated the transportation problems in our major urban areas. It seems difficult to escape the conclusion that the private automobile cannot solve these problems. It is by now axiomatic among urban planners and private citizens alike that vastly improved, well coordinated mass transportation systems have to be developed or where they already exist, be expanded and improved.

When this Congress opened up the highway trust fund for both urban bus and rail systems, it took a giant step forward in recognizing the plight that our cities face in moving people and goods and in providing services to their citizens. Nonetheless, an increased effort must be made on the national stranglehold that urban congestion now has upon industry and individuals. The highway money has only produced the drop that wet the bottom of the bucket. This country desperately needs mass transit assistance in bucketfuls.

There are few Members present today who would deny the pressing need for mass transit. Their quarrel is with the amount authorized to be spent in this bill, or with the provision of funds for operating funds. The latter, they claim, is the bottomless pit into which the former will rapidly, even wastefully disappear. I sympathize with the concerns that these gentlemen express. I too am unwilling to throw the money away. I feel, however, that money spent subsidizing operating expenses is not money wastefully spent. It is, or shortly will be, perhaps the only salvation for a good many systems that will otherwise find themselves unable to meet their fuel costs alone from present revenues.

The terrible irony of our present transit crisis is that, despite the crying need for improved mass transportation facilities and services, ridership in a great many systems has until recently steadily declined. The riders, it seems, despite the economics offered by public transport, have been unwilling to put up with antiquated equipment, infrequent arrivals and departures, curtailed routes and bad connections. All these ills will have to be rectified before commuters and others can be lured back to mass transit, the price of gasoline notwithstanding.

Mr. Chairman, if we are going to get those customers back on the kind of lines which they deserve, we are going to have to dig deep. Our investment will have to be heavy. That investment must go, firstly, to capital improvements and planning. But we can no more neglect the actual operating expenses of mass transit systems than we can their other needs. We literally must keep these systems on their feet when necessary, until they can develop the coordination and the improved services to contribute significantly and ever increasingly to the urban congestion of this Nation.

I would also like to point out that operating subsidies cannot eat up the entire pie, so to speak, of mass transit funds. The bill before us limits the percentage of funds available for this purpose and, as in the case of my hometown, Springfield, Mass., which will receive assistance from fund B, it provides for discretion in the hands of the officials who will disburse them. In short, the issue of operating funds should not overshadow the supervision and decisionmaking authority that exists under this bill to prevent abuses and waste.

Mr. Chairman, this bill offers assistance to all sections of the country, from heavily urbanized areas to rural areas. It can do a great deal toward turning our national transportation focus away from the "one man-one automobile" approach to the less costly, more environmentally safe, energy conservative direction of coordinated mass transit. I cannot emphasize enough how important this measure is for all this country, where, as we discovered long ago, national problems of this scope, although localized in only some areas of the land, can deeply affect all other sections. H.R. 12859 is an example of a legislative remedy well taken. If we temporize, take only half measures, or reject this solution, we only add to the problems which, one way or another, are everyone's problems. I urge its adoption now, when a figure of $20.4 billion, though high, will do much greater good than it can ever do at a later date.

Mr. BARRETT. Mr. Chairman, H.R. 12859, the Federal Mass Transportation Act of 1974, is one of two bills which are critical to the needs of our large cities and urban areas. The other bill, S. 3066, the Housing and Community Development Act of 1974 was passed earlier today and will soon be presented to the President for his approval and signature.

The housing bill is directed to the physical, community development and housing needs of our cities. The transportation bill is directed to relieve the traffic and movement problems within our cities which are slowly choking them to death.

The Federal Mass Transportation Act is the first legislative proposal to take cognizance of the fact that our larger cities have rail facilities which can be used for mass transit purposes. The use of such rail facilities, in addition to existing bus systems, which can be improved, can prove the quickest and most economical method to provide for the mass transportation of people.

In addition, the bill contains a provision to provide operating subsidies which are greatly needed to solve our urban transit problems. We have long used Federal funds to develop the finest highway system in the world. This same concept of providing the financial assistance for the movement of people and goods about the country should be applied for urban areas.

There are those who criticize this bill as being too costly. They would cut it in half. However, the funds' $20 billion authorization contained in the bill is for a period of 6 fiscal years. This averages out to $3⅓ billion per year. I most seriously question the allegations that this is an excess-cost figure in light of the problems to be solved.

Mr. Chairman, I urge the Members to support the committee bill.

Mr. McCORMACK. Mr. Chairman, I rise in support of H.R. 12859, the Federal Mass Transportation Act of 1974.

This bill is extremely important, because it attempts to establish for the first time a long-range comprehensive mass transportation policy for the Nation. The bill directs the course of the transit program through a combination of categories, formulas, and secretarial discretion. It strikes a balance between the need to preserve and extend existing transit services in the large cities with the need for new transit services in newly emerging communities, smaller communities and rural areas.

There is virtually no guidance for the administration of the present UMTA program. This bill attempts to remedy that deficiency.

Mr. Chairman, the city of Vancouver, Wash., in my district is part of the Portland-Vancouver urban area. It is obvious that major investments will be needed to provide mass transit as an attractive alternative to the automobile in this area. Present plans call for a 5-year bus improvement program estimated to cost some $22 million and a long-range program for expansion of the bus system estimated at some $200 million. Obviously, the execution of these programs is contingent upon the enactment of long-range Federal legislation similar to the legislation now under consideration.

Mr. Chairman, my home is in Richland, Wash. One of many medium-sized communities spread over many miles of open farmland in eastern Washington. The special need for public mass transportation in these areas is not neglected in the bill; $920 million is authorized over 6 years for mass transportation service in rural areas and small communities across the country.

Mr. Chairman, H.R. 12859 as reported, should be enacted so that communities may proceed with their planned transit improvements. To do otherwise would be to condone further deterioration of the environment and quality of life in this country. I would hope that the House would give overwhelming approval to the committee bill.

Mr. BINGHAM. Mr. Chairman, I rise in support of the Federal Mass Transportation Act of 1974, which would authorize the expenditure of $20.3 billion to improve, expand, and provide operating subsidies for mass transportation over the next 6 years.

I commend the committee and its able chairman for their perseverance throughout the arduous hearing and mark-up process that produced this piece of legislation. If we are resolute here today, and defeat amendments that are designed to cripple the intent of this bill, I am convinced that it would produce results as staggering as those produced by the interstate road system that crisscrosses the American landscape.

The cities of our Nation, both large and small, but especially the great metropolitan areas, today have an accentuated need for improved public transportation systems that offer environmental and financial alternatives to the automobile. In a June 14 speech to the Philadelphia Chamber of Commerce, Federal Energy Administrator John Sawhill remarked that the energy crisis provided public officials with the imperative to undertake enlightened new programs previously moribund that would conserve energy and make our cities better places to live. Chief among the areas where the potential for change exists in Sawhill's opinion was transportation.

Since 1965, when I first came to Congress, I have attempted to widen the range of uses of highway trust fund dollars so that areas of the country, such as New York City, which is already saturated with streets and highways, could apply this Federal assistance to solving its other transportation problems. Finally, this past year the Congress took the first step in that direction, phasing in the use of trust fund money for mass transit over a 3-year period. Unfortunately, it is not enough, and that is why H.R. 12859 is so important.

H.R. 12859 would earmark $20 billion for capital grant projects and for operating subsidies, 54 percent of which would go to nine cities which now have mass transit systems on a regularly scheduled basis. For New York City, this could well mean the difference between retention of the 35-cent fare, and a much higher fare structure. Contrary to the arguments of my rural colleagues operating subsidies do not encourage bad management and fill the pockets of overpaid workers. Operating subsidies for New York City mean continuation of a viable transportation alternative to the auto at fares the poor, the elderly, the pensioner, and the middle income wage earner can afford. If the Federal Government, once again, turns its back on this country's cities, State and local governments face unwelcome but inevitable alternatives: an increase in fares, a decrease in service and safety, and in the end a decrease in ridership and a generally worsened transportation picture as fleeing mass transit riders choke city streets with gas guzzling automobiles. Cities facing a deadline for compliance with air quality standards, gas shortages, and traffic tieups simply cannot afford to be ignored.

I am told that State and local government operating subsidies for mass transit in 150 communities last year totaled more than $500 million. Cities providing moneys to reduce fares as a means of encouraging people to abandon their cars and opt for the bus or train have been rewarded with enthusiastic increases in ridership and an increased stability in their financial base. There should be more—not less—of this kind of support.

The provision of planning and capital assistance without coupling it to operating assistance is much the same as giving a pauper a palace, but then leaving him without funds to properly maintain the property. In short it is a total transportation subsidy package that is necessary—a package which I believe the committee bill represents.

I must voice concern over the provisions in section 506(b) which would exempt projects funded under this act from the National Environmental Policy Act. I consider that unwise for several reasons. First, mass transit projects are environmental projects of high magnitude. One only need look at Washington's streets to realize that. Second, the bill requires a project review similar to NEPA in all respects, except for the filing of the impact statement. Why? If the environmental review is to be made anyway, why should it not be submitted in impact statement form? Finally, to exempt these projects from NEPA would establish a terrible precedent. At a time when the quality of our air is in serious jeopardy, it is the responsibility of Government to take the necessary steps to remedy the problem. It should not seek to coverup potential problems caused by mass transit operations or construction by closing their eyes to the environmental aspects of the undertaking. These provisions ought to be stricken.

In all other respects I urge my colleagues to support the committee bill as is.

Mr. CONYERS. Mr. Chairman, the Honorable Coleman A. Young, mayor of the city of Detroit, has communicated to me the urgent need by Detroit and all urban areas for the passage of this Federal Mass Transportation Act. I insert his telegram in the RECORD of the debate at this time:

AUGUST 14, 1974.

Hon. JOHN CONYERS, JR.,
Washington, D.C.:

Your support for H.R. 12859, the Mass Transit Assistance Act of 1974, as reported by the House Public Works Committee, is strongly urged.

It is my understanding that as this legislation moves to the floor, there will be an attempt to delete operating subsidies as an eligible activity. Any such attempt to dilute this legislation and prevent it from assisting local governments to meet the needs of providing adequate transit facilities must be defeated. The deficit for the Detroit transit system during FY '75 will be $12 to $14 million. During the next several years, this deficit is forecasted to increase by an average of $6 million annually.

Furthermore, I have had to borrow $2.5 million from our general fund to meet the transit system's payrolls through September 30, 1974.

My information is that there will be an amendment offered to include all urbanized areas of over 2 million population in category A. This would rightly enhance Detroit's chances of moving swiftly toward its goal of rapid transit. I have strongly urged such recognition for Detroit and request your support today.

In closing, Detroit surely needs to maintain its present, though inadequate, transportation system. This can only be achieved if assistance by the Federal Government is forthcoming to complement and supplement the existing assistance provided by the State of Michigan and the city. Furthermore, Detroit and the region surely need a balanced, integrated and improved transit system. This legislation's comprehensive approach to allow for both operating costs as well as major construction meets both these objectives.

Your support and endorsement is requested on the House floor today. The city of Detroit and the Nation's cities are waiting for a national commitment to meet urban transportation needs.

Sincerely,

COLEMAN A. YOUNG,
Mayor.

Many of the people of the country are unable to afford even the basic necessities of life, and the soaring costs of owning an automobile force them to rely on public transportation. Their daily travel to work and school is often a frustrating time-wasting ordeal on overcrowded and antiquated buses or trains. Urban dwellers are usually confined to the substandard commercial, medical, housing, and recreational services of the city while the better homes, stores, health care centers and open spaces are beyond their reach. The mass transit opportunities this bill provides will go a long way toward correcting this situation and allow people to overcome geographic barriers to their well-being.

Mayor Young's support of this legislation, particularly in light of the Detroit situation he describes, coincides with my own firm belief that our country desparately needs this type of well-funded comprehensive program. I am sure we all recognize the fact that inexpensive, efficient, and wide ranging mass transit is a crucial component in solving the serious transportation, energy, and urban problems of our Nation.

Mr. RANGEL. Mr. Chairman, there are many important and necessary aspects of H.R. 12859, the Federal Mass Transportation Act of 1974, which I would like to comment upon, but there is one particular section and subsection of paramount importance to me and the people in my congressional district in New York City.

Section 501(a) allocates $10.8 billion to cities which now have public mass transportation systems already operating on a regularly scheduled basis and those under construction. This section allows the funds to be used to subsidize operating expenses which are absolutely essential if our big city subways are to survive. If the operating subsidy is not provided in New York City, for example, subway fares will be increased. The result will be to literally force people from the subways to their cars, if they have cars and thereby exacerbate the dangerous air pollution and traffic density levels in New York City. The poor and marginally poor people in New York City simply will have no alternative, yet they will not be able to afford to ride the subways to work.

If subway fares increase to 75 cents as has been suggested, coupled with the fact that the New York City system does not give transfers, the result will be that poor people will be paying $3 per day and $15 per week for transportation to their jobs. For those on low or fixed incomes increased subway fares would be devastating. We must not let this happen. What may in fact result is that these people will be priced out of the market and therefore lose their jobs because they simply cannot afford to pay the increased fares if section 501(a) is not passed intact.

My distinguished colleagues, I urge you to support H.R. 12859 and particularly section 501(a) to allocate operating subsidies to mass transportation systems.

Mr. HOGAN. Mr. Chairman, I rise in support of H.R. 12859, the Federal Mass Transportation Act of 1974. This massive and comprehensive legislation is a landmark in our efforts to provide effective and efficient transportation facilities for millions of Americans living in the major cities of our Nation.

At an imposing cost of $20 billion over the next 6 years, this bill clearly demonstrates the Congress serious commitment to the success of mass transit programs in this country.

And while the price tag may be a little high, I believe it is important to remember that the major capital investments necessary to the initiation and completion of these projects pale in comparison to the $76 billion we have spent over the past several years for construction of the Interstate Highway System.

It is important to remember, too, that every dollar spent under this program means new jobs and the new tax revenues they involve. Every dollar spent for this program means that other dollars will not have to be spent to clean up air pollution emanating from the countless one-passenger automobiles that now clog our streets and city freeways.

Every dollar spent for this mass transit program, and the fuel economy it will generate, means fewer dollars we must pay to foreign oil producers who proved to us beyond doubt last winter their capacity and their willingness to demand a high ransom indeed for the oil resources they control.

And every dollar spent for this mass transit program is being invested in transportation systems that will get people by the millions to and from work every day much more quickly and economically than our present situation will allow.

Of the $20 billion to be authorized, 54 percent—$10.8 billion—will go to nine major cities with particularly acute mass transit problems: Baltimore, Chicago, Atlanta, San Francisco, New York, Philadelphia, Pittsburgh, Boston, and Cleveland.

Twenty-two other urban areas with populations of 600,000 or more may also qualify for these funds if they can meet certain planning and financing requirements.

Nearly $3 billion additional dollars will be automatically allocated to urban areas of 50,000 population or more, with funds to be distributed proportionately according to population size.

And the remaining $6.3 billion will be reserved to the Secretary of Transportation for grants to cities with special needs.

This is an equitable, workable plan that merits our support. To some, the cost figure may still seem too high, and I appreciate their concern, and in fact, I share it.

But I believe we must go on record in unmistakable terms that we are serious about moving forward in a comprehensive and realistic way toward the goal of a fully integrated transportation system in this country that meets all of our transportation needs.

That is a goal I am sure all of my colleagues share with me, and I recommend passage of this bill as a giant step toward reaching this common goal and meeting this urgent need.

Mr. DRINAN. Mr. Chairman, I rise in support of H.R. 12859, the Federal Mass Transportation Act of 1974. Ten years ago, Congress first recognized the need for Federal mass transit assistance by passing the Urban Mass Transportation Act of 1964, which authorized $325 million over a 3-year period. Since that time, Congress has periodically approved legislation increasing the level of assistance and enlarging the scope of projects eligible for funding.

Yet over the past 10 years, Federal aid to public urban mass transit has totaled only $3 billion. The transportation needs of our inner cities and suburban areas are more urgent today than ever before. As our Committee on Public Works reported:

> Federal mass transportation assistance to date may have helped stem the trend of decline, deterioration and dissolution of urban mass transit services . . . but they can hardly be said to have solved satisfactorily ancillary problems of environmental degradation and pollution and energy conservation.

The bill before us today will not solve all of those immense problems either, but its enactment will bring the United States much closer to achieving the vital objective of adequate transportation. The nine large cities included in category A, those with the most serious transportation problems, will receive a total of $10.8 billion in Federal assistance over the next 6 years. It is important to note that these areas encompass, not only the inner cities, but the surrounding suburbs where public transportation is generally nonexistent or woefully inadequate. As my distinguished colleague, GERRY STUDDS, observed in additional views appended to the committee report, H.R. 12859 is, by no means, "just a city bill."

The bill provides a total of $8.3 billion over the next 6 years for mass transportation in 269 smaller urban areas. Here, too, suburbs are included along with the cities themselves in the defined area. While this legislation focuses on transportation for urban America, it provides $900 million to assist rural areas and communities with fewer than 50,000 inhabitants as well.

My own district contains no large

cities, but it will qualify for substantial aid under the provisions of this bill. Ten communities are included—in whole or in part—within the designated Boston urban area eligible for assistance under category A. The 10—Brookline, Framingham, Lincoln, Maynard, Newton, Stow, Sudbury, Waltham, Wayland, and Weston—are mostly suburban communities which lie on the fringes of or outside the existing mass transportation system in Greater Boston.

Four other communities in my district—Fitchburg, Leominster, Lunenburg, and Westminster—comprise the Fitchburg-Leominster Urban Area listed under category B. My constituents in this area can rely little on the limited mass transit currently available. Passage of the legislation before us today could lead to a significant improvement in transportation services for the people of these four communities as well as the nine communities contained in the Boston urban area. Even those parts of my district which would not qualify under either of these provisions, including the large town of Gardner, will be eligible for part of the $900 million in aid earmarked for smaller communities in category D.

I am certain that many of my colleagues could offer similar descriptions of the potential impact of this legislation upon their districts. The bill has been carefully drawn up to serve the transportation needs of the Nation as a whole. In addition to the substantial increase in funding provided by the bill, many of its provisions improve upon prior legislation by Congress in this field.

First, operating costs of mass transit programs are eligible for Federal funding for the first time. Prior grants were limited to capital construction.

Second, all projects receiving aid under the provisions of the bill must provide for the special needs of our elderly and handicapped citizens who rely so heavily upon mass transit.

Third, discrimination on the basis of sex is forbidden in the planning or implementation of all projects receiving assistance.

Fourth, the bill provides for the systematic reporting of data related to mass transportation, enabling the Department of Transportation to evaluate programs and suggest necessary changes.

Fifth, the bill establishes meaningful standards for the working conditions and wages of workers participating in federally-subsidized mass transit projects. All of these provisions compliment the $20 billion in authorized funding as constructive tools to meet our national transportation needs.

Although I strongly support this legislation, I disagree with several of its provisions. As reported by the committee, H.R. 12859 exempts mass transportation proposals from filing an environmental impact statement in accordance with the National Environmental Policy Act of 1969. Instead, the bill authorizes the Secretary of Transportation to establish his own mechanism for evaluating the environmental effects of proposed projects. The public process of review mandated by NEPA has served the Nation well in preventing undue harm to our environment. I do not believe that exempting mass transportation programs from the reasonable requirements of that legislation is necessary or justifiable. I will support an amendment to eliminate the NEPA exemption presently provided by the bill.

Second, while the bill includes a provision which discourages the abandonment of existing rail lines in urban areas, no meaningful enforcement mechanism is established to carry out that expressed intent. Many existing rights of way can be utilized as part of new, expanded mass transportation systems. We should turn to these existing facilities before we spend funds to build new track. Consequently, I will support amendments aimed at strengthening the section dealing with rail line abandonment by suspending all track removal until a determination is made that such track could not be constructively incorporated into a mass transit system.

On the whole, Mr. Chairman, the bill before us is an excellent piece of legislation. Mass transportation is one of our Nation's primary domestic needs. The States and localities are willing to help, but they cannot undertake this enormous task alone. It is significant that this legislation has been endorsed by both the National Governor's Conference and the U.S. Conference of Mayors. Far from resisting Federal involvement in this field, both State and local officials are actively seeking the assistance of the Federal Government. These officials know that this legislation will help all of America.

Finally, Mr. Chairman, we should oppose attempts to reduce the funding level of this bill from the $20 billion spread over 6 years approved by the committee. We will hear a great deal during this debate, I fear, from those who justify their opposition to this legislation on the grounds of fiscal restraint. I, too, believe in fiscal restraint; but I also believe in spending money to meet the essential needs of the American people. Adequate transportation is surely one of those essential needs.

Mr. Chairman, the sum authorized by this legislation is fiscally responsible. As our committee reported, it "represents a compromise between the fiscal constraints of the national budget and the need for essential public transportation facilities, equipment, and service across the country." Let us not forget the second of these objectives as we strive to meet the first. I urge my colleagues to support this legislation.

Mr. WOLFF. Mr. Chairman, I rise in support of H.R. 12859, the Federal Mass Transportation Act. As one who has actively fought for a broader Federal commitment to improving this Nation's mass transportation system, I regard this legislation as probably the most important transportation measure to come before the House. H.R. 12859 represents a major and necessary departure from any previous efforts to aid the Nation's transportation systems. It finally recognizes what has been known to many for years—that our transportation policy must not only encompass the need to move people and goods between cities and rural areas, but within urban, suburban and rural areas as well.

As my colleagues know, one of the most important features of this legislation is that it authorizes Federal operating subsidies for mass transit facilities, in addition to grants for capital expenditures. This provision marks a breakthrough which will unquestionably help to lower transit fares, improve services and thus encourage expanded use of transit facilities. Since 1950, there has been a steady decline in transit ridership in virtually every American city. If this decline continues—and I am convinced it will without operating assistance—our urban and suburban areas are headed for real disaster. Pollution, energy shortages, congestion, and accidents on our highways are problems which plague all of our people, but they have reached near crisis proportions in our urban and suburban areas where the majority of our populace now resides. If we fail to encourage expanded use of mass transportation as a viable alternative to the polluting, fuel-consuming automobile, our urban and suburban areas will soon deteriorate into unhealthy, uninhabitable areas.

Two weeks ago, this body rejected a measure which offered operating subsidy assistance to the Nation's major metropolitan mass transportation systems. In the debate on the conference report accompanying S. 386, many of my colleagues voiced their opposition because the bill seemed to reflect a narrow, short-run approach by assisting only the Nation's major mass transit systems. The bill before us today, however, recognizes that expansion, maintenance and modernization are inherent in the successful operations of the country's mass transit operations and that development of rural, as well as urban and suburban, transit systems is an integral part of a successful national transportation policy.

In addition, as I have said many times in the past in response to charges that mass transportation is a local problem, the problems that result from an ineffective transit system are problems that beset all of the people. For example, it is estimated that if we could shift one-fourth of urban travel in major metropolitan areas from private automobiles to public transportation, we could expect to save nearly a million barrels of petroleum a day by 1980. The fuel shortage affected each and every American, and the fuel savings that could be made possible by improved and expanded mass transportation would benefit each and every American.

I would like to stress as well that the operating subsidies in this bill are not a mere handout. They represent an incentive for systems to increase their patronage; grants would be made available only if a system produces a comprehensive plan for improved service.

Mr. Chairman, I would also like to mention another section of the bill which I consider extremely important, section 525. This section would require that any system receiving financial assistance under the bill must insure access to our elderly and handicapped citizens. This is a necessity in a truly responsive transportation policy. For many years, I have been deeply concerned over the architectural and transportation barriers which have rendered public transportation virtually inaccessible to the elderly and handicapped. These citizens have the same right as every other American to use public transportation facilities, yet day after day they are denied that right by the barriers that exist in our transit systems. I am hopeful that section 525 will help to remove those barriers and restore equal rights to our handicapped and elderly.

Finally, Mr. Chairman, I would like to alert my colleagues to one section of the bill which is not in the best interests of the country and which we should move to strike. This is section 506, which would exempt projects funded by the bill from the requirements of the National Environmental Policy Act (NEPA). This provision represents not only a continuing assault on NEPA, one of the most constructive measures ever enacted by Congress, but also poses a serious threat to the health and well-being of millions of Americans. It makes no sense for us to use protection of the environment as one of the reasons for encouraging mass transportation if we then exempt mass transit projects from the requirements of NEPA. The environmental impact statements required by NEPA will serve to protect lives, and at the same time, promote comprehensive planning of the most acceptable, efficient, and healthy transportation systems.

Mr. Chairman, I urge my colleagues to join with me in supporting the Federal Mass Transportation Act so that we might truly balance this Nation's transportation policy and meet all of our people's transportation needs.

Mr. BELL. Mr. Chairman, I rise in support of the Federal Mass Transportation Act of 1974.

No group of citizens appreciates the automobile more than the residents of my city of Los Angeles. The very shape of our city and much of our lifestyle there resulted directly from the availability of the private car.

But just as the car gave us flexibility and low-density living, it gave us the frustration of the Hollywood Freeway at rush hour.

The car eliminated the pollution resulting from horse-drawn carriages—and substituted smog.

We are surrounded by parking lots instead of park lands.

It is time for a new technological breakthrough.

It is time now to find the alternative to the automobile.

The problems of pollution and energy shortages cannot wait much longer. Effective mass transportation systems would help deal with both of these problems, as well as alleviating the severe financial burdens of depending on an automobile in a congested city.

The severe problem of lack of adequate transportation in American cities further compounds the serious problem of poverty in our country—a person without transportation cannot get to work.

The Environmental Protection Agency has tried to implement massive cuts in automobile traffic to meet clean air standards. But their proposals are simply not realistic unless effective alternate modes of transportation can be offered to the public.

I believe that the technology that has created our pollution can curtail it. But our already hard-pressed cities need financial help if they are to be able to implement this technology—and, indeed, even to maintain the transportation systems they now have.

The issues involved in mass transit questions are complex. And there exist valid points of disagreement. But the need for major Federal mass transportation assistance is indisputable.

I, therefore, urge my colleagues to support this bill.

Mr. HARSHA. Mr. Chairman, the Public Works Committee comes before this House on unusual circumstances today. Generally the committee brings before the House a bill the majority of us can support. But in this bill we have wide differences both as to philosophy and to methods of procedure.

But we come before you not with any rancor, nor animosity, but in a forthright effort to resolve our differences in proper debate and discussion before this distinguished body.

Mr. Chairman, I commend our distinguished chairman for his leadership, his understanding and cooperation, and certainly that includes the distinguished gentleman from Alabama (Mr. JONES) who has worked long and tirelessly to bring this bill before you.

I will address my remarks to the all important question of money. Assuming that the Federal Government has a role to play in helping to provide funds for public mass transportation on a national basis, a fundamental question arises: How much can reasonably be allocated to such a program to assure adequacy, on the one hand, and acceptability by the administration, on the other?

The committee's response to this all-important question was less than satisfactory. The level of funding provided far exceeds any realistic estimate of needs and clearly goes far beyond what the administration has indicated is acceptable and is unquestionably highly inflationary.

As reported by the committee, H.R. 12859 contains $20 billion for all categories of mass transportation over a 6-year period. This staggering sum is in addition to the several billion dollars already provided for mass transit. I refer here to three key provisions of the 1973 Highway Act. The first authorizes the elimination of segments of the Interstate System in urbanized areas and the substitution of mass transit projects for them. Estimates indicate such transfers will amount to as much as $2 billion.

In addition, the act also contained variations on the Baker-Muskie amendment which will provide up to $800 million annually out of the highway trust fund for public mass transportation purposes.

Finally, in that legislation, an additional $3 billion in authorizations for mass transit was provided to be expended at approximately $1 billion a year rate.

On top of these impressive sums, this body recently approved almost $1 billion in grants and loans to Amtrak some of which will surely be used for mass transit purposes. Further, the multibillion-dollar Metro system in Washington must also be included in this overall total.

In combination with the sums contemplated in H.R. 12859, the Federal commitment to public mass transportation over the term of this legislation approaches $30 billion. For its part, the administration has made it clear that, in combination with the aforementioned authorizations I have enumerated, an allocation of not more than $11 billion over the term of the bill will be what it considers a mass transit program suited to the Nation's needs. And it has further indicated that if such authorizations are scaled upward so as to stay within the established annual authorizations for the current year, and projected budget levels for next year, and then gradually escalated as the program matures, the most efficacious pattern of expenditures can be established while our new President's commitment to budgetary restraint during this period of economic stress can be maintained.

I believe that such a funding approach makes budgetary and common sense. It is responsive to the aims and objectives of public mass transportation and, I am confident, will be viewed favorably by the administration.

I do not have to tell anyone here today of the Nation's economic distress. The signs and symptoms are there for everyone to see. Front-page headlines in newspapers across the land are daily alerting and alarming people about the problems of inflation, the high cost of living, stock market woes, business failures, and, about possible rises in unemployment to the 6-percent level.

In a recent speech reported in the Washington Post, pollster George Gallup, Jr., declared that the concern of the American people about problems at home—the economy in particular—overshadows worries about international developments to a degree unprecedented in regular surveys, dating back to the 1930's.

According to Gallup, the most significant issue by far today is inflation. He said:

> Except for a period at the beginning of the current year, when the energy crisis pushed other problems aside, the high cost of living has dominated the public worries for the last year and a half.

No one who is in touch and in tune with his constituents back home can seriously argue with Gallup's analysis.

On July 31, 1974, then Acting Secretary John Barnum sent a letter to Chairman BLATNIK, specifically addressed to the mass transportation legislation before us. In it, he left no doubt of the Department's view on the funding question when he stated:

> More than any other portion of the proposed House Act, the funding authorization levels are objectionable. This proposal would increase the present level by an average of more than 200 percent yearly. At a time when we in the Administration are strongly committed to restraining Federal spending and to controlling double-digit inflation, the funding levels in the Committee's proposed legislation are excessive and not justifiable.

President Ford said in a recent speech:

> We must veto budget busting legislation . . . Reduced expenditures mean reduced government borrowing, reduced interest rates

and help for the Federal Reserve in its efforts to slow the inflationary expansion of money and credit.

If the Congress of the United States truly wishes to see public mass transportation legislation, responsive to the needs of both rural and urban America, approved and signed into law this year, it must resist the temptation to authorize excessive amounts of money. To do so may create an issue which will please mass transit enthusiasts, but it will not produce a meaningful and signable bill.

Congress can only rise to the challenge and opportunity before it if it acts in a fiscally sound and constructive way. It must not be stampeded into approving a program suited neither to the Nation's needs nor to its pocketbook.

It can only do so if it scales down the authorizations contained in H.R. 12859 to a sensible, acceptable, and noninflationable $11 billion level.

Mr. GROVER. Mr. Chairman, will the gentleman yield?

Mr. HARSHA. I yield to the gentleman from New York.

Mr. GROVER. Mr. Chairman, I would like to set the record straight, very briefly. The gentleman from New Hampshire (Mr. CLEVELAND) has suggested that the House Public Works Committee has little or no expertise in mass transit problems. He stated that, but then he went on to state that no other committee in the Congress has expertise in mass transit.

I would like to point out that an in-depth study of the congressional committee procedures by the Bolling committee determined that, indeed, this committee is the committee which is most able to take up this challenge, the problem of America's future, the problem of mass transportation.

Mr. Chairman, I am going to support the legislation. I may have some varying ideas on the funding and the amount of money, but I think it is a sound piece of legislation put together by a very good staff and hard-working committee.

Mr. CLEVELAND. Mr. Chairman, will the gentleman yield?

Mr. HARSHA. I yield 30 seconds to the gentleman from New Hampshire.

Mr. CLEVELAND. Mr. Chairman, I just wanted to point out to the gentleman from New York (Mr. GROVER) that I was quoting Richard Royce, former chief counsel of the Senate Committee on Public Works and now working for the gentleman's committee and my committee as a consultant. He testified in accordance to what I have said, and the gentleman will read it in the RECORD tomorrow or at least the RECORD for Wednesday, August 14.

In this correction, I spared the committee the agony of listening to my own minority views and supplemental views which cover several pages in the report. I hope the gentleman will read them carefully as they address the problem that we do lack expertise and information.

Mr. GROVER. Mr. Chairman, I thank the gentleman for that reference. May I also thank him for referring that expert to our committee. I am sure he has been very helpful.

Mr. HARSHA. Mr. Chairman, I have no further requests for time.

Mr. BLATNIK. Mr. Chairman, I have no further requests for time.

The CHAIRMAN. Under the rule, the Clerk will now read the substitute committee amendment printed in the reported bill as an original bill for the purpose of amendment.

The Clerk proceeded to read.

Mr. BLATNIK (during the reading). Mr. Chairman, I ask unanimous consent that section 2 be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

Mr. HARSHA. Mr. Chairman, reserving the right to object, I am sorry, but I did not get all of the request. Will the gentleman kindly repeat?

Mr. BLATNIK. Yes, I will be glad to. I ask unanimous consent that section 2 on page 41 be considered as read, printed in the RECORD, and open to amendment at any point.

Mr. HARSHA. Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

Mr. GROSS. Mr. Chairman, reserving the right to object, is that merely that section that goes over to 500? Is that correct?

Mr. BLATNIK. No, it would be from the top of page 42 to include all of the paragraphs listed in the section, from 500 down to 526.

Mr. GROSS. Mr. Chairman, further reserving the right to object, if the Chairman will have this bill read, or at least start reading this bill under the new rules, whatever they denote, "500. Definitions," "501. Grant programs," and so on, I will not object to that. But otherwise, I will object to this being considered read or to any substantial part of it being considered read at this time.

The CHAIRMAN. Under the rule, the bill can be read by section.

Mr. GROSS. But, Mr. Chairman, that section 2 would run for some four or five pages.

I suggest to the gentleman that it be read by the paragraphs as denoted, "500. Definitions," "501. Grant programs," and those subsequently.

Mr. BLATNIK. The gentleman will note the sections or paragraphs, such as "500. Definitions," "501. Grant programs," "502. Transportation planning in urbanized areas," all the way down to "504. Administrative expenses," and then one comes to "512. Federal share."

My point is that each one of those sections is a capsule, clearly labeled as to content and self-explanatory.

Mr. GROSS. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

Under the rule, the Clerk will read.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Federal Mass Transportation Act of 1974".

SEC. 2. (a) Title 23, United States Code, is amended by adding at the end thereof the following new chapter:

"CHAPTER 5.—FEDERAL MASS TRANSPORTATION

"Sec.
"500. Definitions.
"501. Grant programs.
"502. Transportation planning in urbanized areas.

PARLIAMENTARY INQUIRY

Mr. HARSHA. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. HARSHA. Mr. Chairman, the rule provided that the bill be read section by section. There is nothing in the rule, as I understand it, that would provide that it be read paragraph by paragraph.

But if the Chair is proceeding that way, when the Clerk reads paragraph 501, for example, and then goes to paragraph 502, does that preclude any amendments to paragraph 501, or do we wait until the Clerk reads five or six paragraphs?

The CHAIRMAN. The Chair has been proceeding under the premise that section 2 in its entirety will be read.

Mr. HARSHA. Mr. Chairman, it will then be open for amendment at any place?

The CHAIRMAN. The gentleman is correct.

PARLIAMENTARY INQUIRY

Mr. MILFORD. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. MILFORD. Mr. Chairman, is it in order at this time to introduce an amendment to paragraph 500?

The CHAIRMAN. The Chair will state that no amendments will be entertained until section 2 has been read.

PARLIAMENTARY INQUIRY

Mr. CLEVELAND. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. CLEVELAND. Mr. Chairman, in other words, we are going to go through it and read this section, but the fact that the Clerk has just read section 502, "Transportation planning in urbanized areas," and he is going to read on does not mean that I have lost my opportunity to offer an amendment to section 502? I just wish to make it clear.

The CHAIRMAN. The gentleman is correct. The Clerk will read through line 7 on page 72.

The Clerk will read.

The Clerk read as follows:

"503. Transportation planning funds.
"504. Administrative expenses.
"505. Programs.
"506. Plans, specifications, and estimates.
"507. Public hearings.
"508. Project agreements.
"509. Payment to States for construction.
"510. Abandonment.
"511. Availability of sums.
"512. Federal share.
"513. Reports.
"514. Research, development, and demonstrations.
"515. Data and financial reporting systems.
"516. Grants for training programs.
"517. Award of contracts.
"518. Maintenance.
"519. Charter buses.
"520. Schoolbuses.
"521. Bus widths.
"522. Grants for technical studies.
"523. Antidiscrimination.

"524. Labor standards.
"525. Accessibility to elderly and handicapped.
"526. Rules and regulations.

"§ 500. DEFINITIONS

"For the purposes of this chapter—

"(1) The term 'State' means a State, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa.

Ms. ABZUG (during the reading). Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Chair will state to the gentlewoman from New York that the Clerk has not finished reading section 2.

Mr. BLATNIK (during the reading). Mr. Chairman, I ask unanimous consent that section 2, including the summary that has just been read, be considered as read, printed in the RECORD, and open to amendment at any point.

Mr. GROSS. Mr. Chairman, reserving the right to object, may I ask the gentleman, is that a renewal of the request which was previously made by the gentleman?

Mr. BLATNIK. The gentleman is correct. If the gentleman will yield, it is the same request that I previously made.

Mr. GROSS. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard. The Clerk will read.

The Clerk read as follows:

"(2) The term 'public mass transportation' means transportation primarily of persons by bus, subway, commuter railway vehicle, fixed guideway vehicle, ferryboat, or other similar conveyance, either publicly or privately owned, which provides to the public general or special service (but not including schoolbus, charter, or sightseeing service) on a regular and continuing basis.

"(3) The term 'construction' means the supervising, inspecting, actual building, and all expenses incidental to the construction, reconstruction, or acquisition of facilities and equipment for use in public mass transportation, including designing, engineering, locating, surveying, mapping, acquisition of rights-of-way, relocation assistance, acquisition of replacement housing sites, acquisition and rehabilitation, relocation, and construction of replacement housing.

"(4) The term 'facilities and equipment' means buses, rail and other fixed guideway rolling stock, ferryboats, and other vehicles and real and personal property needed for an efficient public mass transportation system.

"(5) the term 'project' means an undertaking of any phase of construction or operation of facilities or equipment for use in providing public mass transportation service.

"(6) The term 'Governor' means, in the case of the District of Columbia, the Mayor.

"§ 501. GRANT PROGRAMS

"(a)(1) The Secretary is authorized to make grants to assist States and their political subdivisions in financing the construction and operation of facilities and equipment for use in providing public mass transportation service in, to and from those urbanized areas which include any city which on or after the date of enactment of this section has a major fixed guideway system for public mass transportation operating on a regularly scheduled basis and, upon the request of the Governor of each State in which such an area is located, urbanized areas which include any city which before, on, or after such date has received a grant under the Urban Mass Transportation Act of 1964 or this chapter to begin construction of a major fixed guideway system, or whenever the voters of an urbanized area, with a population of 600,000 or above by referendum, or the local public officials responsible for transportation in such an urbanized area (1) adopt an areawide transportation plan approved by the Secretary involving construction of a fixed guideway system, and (2) adopt a method of assuring funding, using both State and local funds, of at least 25 per centum of the projected construction costs of such adopted plan, such urbanized areas. As used in this subsection, a major fixed guideway system shall not include a fixed guideway system constructed as a demonstration project or which is used exclusively for recreational and amusement facilities or which is funded under authority of a Federal statute applicable only to that system. In each case where an urbanized area subject to subsection (b) becomes eligible for assistance under this subsection such area shall not become subject to this subsection until the beginning of the first full fiscal year which begins after the date of such eligibility. For such first fiscal year, so much of the funds which have or would have been apportioned to a State under subsection (b) and are attributable to such urbanized area shall be available for expenditure for such fiscal year under this subsection and not under subsection (b) of this section, and in addition the Secretary shall determine that part of the funds available for expenditure under subsection (c) which equitably should be attributable to such urbanized area, and such amount shall be available for expenditure under this subsection and not subsection (c).

"(2) The Secretary shall make such grants in a fair and equitable manner based upon, but not limited to, such factors as previously approved projects that require additional funding, relative public mass transit usage, commitment of local funds, and relative population of the urbanized area eligible for assistance under this subsection.

"(3) The Secretary is authorized to make grants under this subsection to designate recipients in accordance with the procedures of this section. The Governor and responsible local officials, in accordance with the process required under section 502 and with the concurrence of the Secretary, shall designate a recipient to receive and dispense the funds under this subsection. Each such designated recipient shall be a State agency or local public body and shall be composed of representatives of the State and duly elected officials of general units of local governments, except that in any case in which a State is responsible under State law for financing construction, and operation, directly by lease, contract, or otherwise of public transportation services, the State shall be the designated recipient to receive and dispense funds under this subsection.

"(b) The Secretary is authorized to make grants to assist States and their political subdivisions in financing the construction and operation of facilities and equipment for use in providing public mass transportation service in, to and from urbanized areas not within subsection (a) of this section. On July 1 of each fiscal year, the Secretary shall apportion the sums authorized for such fiscal year among the States in the ratio in which the population of all those urbanized areas within this subsection in each State bears to the total population of all such urbanized areas in all the States, as shown by the latest available Federal census. Funds apportioned to any State under this subsection that are attributable to urbanized areas of one million population or more shall be made available for expenditure in such urbanized area for projects and programs approved under section 505 of this chapter in accordance with a fair and equitable formula developed by the State which formula has been approved by the Secretary. Such formula shall provide for a fair and equitable treatment of incorporated municipalities of one million or more population. Whenever such formula has not been developed and approved for a State, the funds apportioned to any State under this subsection which are attributable to urbanized areas of one million population or more shall be allocated among such urbanized areas within such State for projects and programs approved under section 505 of this chapter in the ratio that the population within each such urbanized area bears to the population of all such urbanized areas, or parts thereof, within such State. In the expenditure of funds allocated under the preceding sentence, fair and equitable treatment shall be accorded incorporated municipalities of one million or more population.

"(c) The Secretary is authorized to make grants to assist States and their political subdivisions in financing the construction of facilities and equipment for use in providing public mass transportation service into and from urbanized areas which are within subsection (b) of this section. Grants under this subsection shall be in addition to construction grants made under such subsection (b).

(d) The Secretary is authorized to make grants to assist States and their political subdivisions in financing the construction and operation of facilities and equipment for use in providing public mass transportation service in areas not within urbanized areas. On July 1 of each fiscal year, the Secretary shall apportion the sums authorized to be appropriated for this subsection for such fiscal year among the States in the ratio in which the population of all those areas within this subsection in each State bears to the total population of all such areas in all States, as shown by the latest available Federal census.

"§ 502. TRANSPORTATION PLANNING IN URBANIZED AREAS

"The development of projects in urbanized areas under this chapter shall be based upon and consistent with a continuing, cooperative, and comprehensive planning process covering all modes of surface transportation and carried on by the States and the governing bodies of local communities in accordance with section 134(a) of this title. The Secretary shall not approve any project in an urbanized area after July 1, 1976, under this chapter unless he finds that such project is based on and consistent with a continuing comprehensive transportation planning process carried on in conformance with the objectives stated in such section 134(a). A project under this chapter may not be undertaken unless the elected public officials of general purpose local governments affected by such project which contain a majority of the population of the area to be served by such project have approved such project.

"§ 503. TRANSPORTATION PLANNING FUNDS

"(a) On July 1 of each fiscal year the Secretary shall apportion sums authorized to carry out this section for such fiscal year to the States in the ratio in which the population in urbanized areas and parts thereof, as designated by the Bureau of the Census, in each State bears to the total population in such urbanized area or parts thereof in all States as shown by the latest available Federal census.

"(b) Funds apportioned under this section shall be used for planning activities authorized in section 502 of this chapter, and for the administrative expenses of the State in carrying out such section. Funds shall be made available by the Governor to the metropolitan planning organizations designated by the Governor as being responsible for carrying out the provisions of section 502 of this chapter in urbanized areas. Funds under this section shall be matched in accordance with section 512(a) of this chapter unless the Secretary determines that the interests of the program would be best served without such matching.

"(c) The distribution within any State of the planning funds made available to organizations under subsection (b) of this section shall be in accordance with a formula developed by the Governor and approved by the Secretary, which shall consider but not necessarily be limited to, population, status of planning, and metropolitan area transportation needs.

"(d) Not to exceed 1½ per centum of sums apportioned for each fiscal year to any State under subsection (d) of section 501 of this chapter which shall be available, upon application by such State for grants for planning for public mass transportation service in areas subject to such subsection (d). Such planning shall be carried on in cooperation with elected public officials having responsibility for transportation within the area.

"(e) An application for a grant under this section shall be made by the State and approval of such application by the Secretary shall be deemed a contractual obligation of the Federal Government for the payment of its proportional contribution thereto.

"§ 504. ADMINISTRATIVE EXPENSES

"The Secretary shall deduct a sum, in an amount not to exceed 3¾ per centum of all sums authorized to carry out this chapter as he may deem necessary for administering this chapter, for carrying on the research authorized by section 514 of this chapter, and for grants authorized by section 522 of this chapter. In determining the amount to be deducted, the Secretary shall take into account the unexpended balance of any sums deducted for such purposes in prior years. The sums so deducted shall be available for expenditure without fiscal year limitation.

"§ 505. PROGRAMS

"(a) Any State desiring to avail itself of the benefits of this chapter shall submit to the Secretary for his approval a program or programs of proposed projects for grants under section 501 of this chapter. The Secretary shall act upon programs submitted to him as soon as practicable after they have been submitted. The Secretary may approve a program in whole or in part.

"(b) The Secretary shall not approve any program under this section which does not provide that the Governor of the State shall be responsible for the administration of the program through a State agency having adequate powers and suitably equipped and organized to carry out, to the satisfaction of the Secretary, such program.

"(c) The Secretary shall not approve any program under this section unless he has determined that reasonable mass transportation alternatives were considered in the formulation of such program.

"(d) The Secretary shall not approve any program under this section unless he has determined that such program encourages to the maximum extent feasible the participation of private enterprise.

"(e) The Secretary shall not approve any program under this section which provides for the acquisition of facilities and equipment then being used in public mass transportation service in an area unless such program provides that the facilities and equipment to be acquired shall be so improved (through modernization, extension, addition, or otherwise) that they will better serve the transportation needs of the area.

"§ 506. PLANS, SPECIFICATIONS, AND ESTIMATES

"(a) As soon as practicable after program approval, the State shall submit to the Secretary for his approval such surveys, plans, specifications, and estimates for each proposed project included in an approved program as the Secretary may require. The Secretary shall act upon such surveys, plans, specifications, and estimates as soon as practicable after they have been submitted, and his approval of any such project shall be deemed a contractual obligation of the Federal Government for the payment of its proportional contribution thereto.

"(b) In approving the plans, specifications, and estimates for any proposed project under this section, the Secretary shall assure that possible adverse economic, social, and environmental effects relating to any proposed project have been fully considered in developing such project, and that the final decisions on the project are made in the overall public interest, taking into consideration the need for fast, safe, and efficient transportation, public services, and the costs of eliminating or minimizing such adverse effects and the following:

"(1) air, noise, and water pollution;

"(2) destruction or disruption of manmade and natural resources, esthetic values, community cohesion, and the availability of public facilities and services;

"(3) adverse employment effects, and tax and property value losses;

"(4) injurious displacement of people, businesses, and farms; and

"(5) disruption of desirable community and regional growth.

The National Enviromental Policy Act shall not apply to any project subject to this section.

"(c) No proposed project shall be approved under this chapter unless the Secretary determines that the applicant has or will have—

"(1) the legal, financial, and technical capacity to carry out the proposed project; and

"(2) satisfactory continuing control, through ownership, operation, lease, or otherwise, over the use of the facilities and equipment.

"(d) No proposed project shall be approved under this chapter for the purpose, directly or indirectly, of acquiring any interest in, or purchasing any facilities or other property of a private mass transportation company, or for the purpose of constructing, improving, or reconstructing any facilities or other property acquired (after the date of the enactment of this section) from any such company, or for the purpose of providing by contract or otherwise for the operation of mass transportation facilities or equipment in competition with, or supplementary to, the service provided by an existing mass transportation company, unless (1) the Secretary finds that Federal financial assistance is essential to a program, proposed or under active preparation, for a unified or officially coordinated public mass transportation system as part of the comprehensively planned development of the area, (2) the Secretary finds that such program, to the maximum extent feasible, provides for the participation of private mass transportation companies, (3) just and adequate compensation will be paid to such companies for acquisition of their franchises or property to the extent required by applicable State or local laws, and (4) the Secretary of Labor certifies that such assistance complies with the requirements of section 524 of this chapter.

"§ 507. PUBLIC HEARINGS

"Upon submission for approval of a proposed project under this chapter, the State shall certify to the Secretary that it or its designee has conducted public hearings, or has afforded the opportunity for such hearings, and that these hearings included consideration of the economic and social effects of such a project, its impact on the environment, and its consistency with the goals and objectives of such urban planning as has been promulgated by the community. Such certification shall be accompanied by (1) a report which indicates the consideration given to the economic, social, environmental, and other effects of the proposed project, including, for construction projects, the effects of its location or design, and the consideration given to the various alternatives which were raised during the hearing or which were otherwise considered; and (2) upon the Secretary's request, a copy of the transcript of the hearings.

"§ 508. PROJECT AGREEMENTS

"(a) As soon as practicable after the plans, specifications, and estimates for a specific project have been approved, the Secretary shall enter into a formal project agreement with the State. Such project agreement shall make provisions for funds required for the non-Federal share of the cost of such project.

"(b) The Secretary may rely upon representations made by the State with respect to the arrangements or agreements made by the State and appropriate local officials where a part of the project is to be constructed at the expense of, or in cooperation with, political subdivisions of the State.

"§ 509. PAYMENT TO STATES FOR CONSTRUCTION

"(a) The Secretary may, in his discretion, from time to time as the work progresses, make payments to a State for costs of construction incurred by it on a project. These payments shall at no time exceed the Federal share of the costs of construction incurred to the date of the voucher covering such payment plus the Federal share of the value of the materials which have been stockpiled in the vicinity of such construction in conformity to plans and specifications for the project. Such payments may also be made in the case of any such materials not in the vicinity of such construction if the Secretary determines that because of required fabrication at an offsite location the materials cannot be stockpiled in such vicinity.

"(b) After completion of a project in accordance with the plans and specifications, and approval of the final voucher by the Secretary, a State shall be entitled to payment out of the appropriate sums apportioned, or otherwise made available to it of the unpaid balance of the Federal share payable on account of such project.

"(c) No payment shall be made under this chapter, except for a project covered by a project agreement. Payments made under this chapter shall be made to such official or officials or depository as may be designated by the State and authorized under the laws of the State to receive public funds of the State.

"(d) The Secretary is authorized, notwithstanding section 3648 of the Revised Statutes, as amended, to make progress payments on account of any grant made for public mass transportation operations under this chapter.

"(e) The Secretary is authorized, notwithstanding section 3648 of the Revised Statutes, as amended, to make advance payments on account of any grant made for public mass transportation construction or operation under this chapter.

"§ 510. ABANDONMENT

"The Secretary shall not, under authority of this title or of any provision of law, require, approve, acquiesce in, or otherwise provide for, directly or indirectly, the abandonment of any rail line within an urbanized area which is used or useful for providing public mass transportation service.

"§ 511. AVAILABILITY OF SUMS

"Sums apportioned to any State under this chapter, and amounts authorized to carry out this chapter, shall be available for obligation for a period of two years after the close of the fiscal year for which such sums are apportioned or authorized, as the case may be, and any amounts remaining unobligated at the end of such period shall revert to the Secretary for obligation under this chapter.

"§ 512. FEDERAL SHARE

"(a) The Federal share payable on account of any project for construction of facilities and equipment for use in providing public mass transportation service shall be 75 per centum of the cost of such project.

"(b) The Federal share payable on account of any project for the operation of facilities and equipment for use in providing public mass transportation service shall be 50 per centum of the cost of operation of such project. For purposes of this chapter, debt service shall not be considered a cost of operation.

"(c) Not to exceed 50 per centum of the sums authorized for any fiscal year to carry out subsection (a) of section 501 of this chapter shall be expended for purposes of paying the cost of operation of public mass transportation systems. Not to exceed 50 per centum of the sums apportioned to a State for any fiscal year to carry out subsection (b) of section 501 of this chapter shall be expended for purposes of paying the cost of operation of public mass transportation systems. Not to exceed 50 per centum of the sums apportioned to a State for any fiscal year to carry out subsection (d) of section 501 of this chapter shall be expended for purposes of paying the cost of operation of public mass transportation systems.

§ 513. Reports.

"(a) The Secretary shall report annually to Congress on outstanding grants and other agreements entered into under this chapter.

"(b) On or before January 10, 1977, the Secretary shall report to Congress—

"(1) a detailed estimate of the cost of construction needs for providing public mass transportation service in each urbanized area for each fiscal year within the period beginning with fiscal year 1978 and ending with fiscal year 1984 both dates inclusive, and

"(2) a detailed estimate of the cost of operation needs for providing such services in each such urbanized area for the same period including the income available to such area for such needs from all sources (except Federal assistance) and all expenses chargeable to such needs,

"(3) a detailed estimate of the cost of construction and operation needs for providing a public mass transportation service in areas subject to subsection (d) of section 501 of this chapter for the same period including, in the case of operation needs, the income available to such area for such needs from all sources (except Federal assistance) and all expenses chargeable to such needs.

On or before January 10 of each odd-numbered year after 1977, the Secretary shall submit to Congress a report containing the same type of information for the seven-fiscal-year period which begins on July 1 of such odd-numbered year as is required in the initial report under this subsection. Reports required by this subsection shall be made in cooperation with the States, urbanized areas, and other areas and shall include the cost estimates and other reports made to the Secretary by the States, urbanized areas, and other areas in connection with these reports.

"(c) The Secretary shall develop criteria to be applied in approving programs and projects under this chapter in addition to those criteria set forth in section 506(b) and shall report such criteria together with his recommendations to Congress on or before July 1, 1975. Such criteria shall include, but not be limited to, managerial and operational efficiency, cost effectiveness, and adequacy of service.

"§ 514. Research, Development, and Demonstrations

"(a) The Secretary is authorized to engage in research, development, and demonstration projects in all phases of public mass transportation (including the development, testing, and demonstration of new equipment, facilities, techniques, and methods). He may undertake such projects independently or by grant or contract (including working agreements with other Federal departments and agencies).

"(b) The Secretary is authorized to make grants to public and private nonprofit institutions of higher learning to assist in establishing or carrying on comprehensive research in the problems of public mass transportation. Such grants shall be used to conduct competent and qualified research and investigations into the theoretical or practical problems of such transportation, or both, and to provide for the training of persons to carry on further research or to obtain employment in private or public organizations which plan, construct, operate, or manage public mass transportation systems. Such research and investigations may include, without being limited to, the design and functioning of public mass transportation systems; the interrelationship between various modes of transportation; the role of transportation planning in overall planning; public preferences in transportation; the economic allocation of transportation resources; and the legal, financial, engineering, and esthetic aspects of public mass transportation. In making such grants, the Secretary shall give preference to institutions of higher learning that undertake such research and training by bringing together knowledge and expertise in the various social science and technical disciplines that relate to public mass transportation problems.

"§ 515. Data and Financial Reporting Systems

"(a) The Secretary shall, by January 10, 1977, develop, test, and prescribe a reporting system to accumulate public mass transportation financial and operating information by uniform categories and a uniform system of accounts and records. Such systems shall be designed to assist in meeting the needs of individual public mass transportation systems, Federal, State, and local governments, and the public for information on which to base planning for public transportation services, and shall contain information appropriate to assist in the making of public sector investment decisions at all levels of government. The Secretary is authorized to develop and test these systems in consultation with interested persons and organizations. The Secretary is authorized to carry out this subsection independently, or by grant or contract (including working arrangements with other Federal, State, or local agencies of government). The Secretary is authorized to request and receive such information or data as he deems appropriate from public or private sources.

"(b) After July 1, 1978, the Secretary shall not make any grant under this chapter unless the applicant for such grant and any person or organization to receive benefits directly from that grant are each subject to both the reporting system and the uniform system of accounts and records prescribed under subsection (a) of this section.

"(c) The activities of the Secretary under this section shall not be subject to the provisions of chapter 35 of title 44, United States Code.

"§ 516. Grants for Training Programs

"The Secretary is authorized to make grants to States and their political subdivisions and private mass transportation operators to provide fellowships for training of personnel employed in managerial, technical, and professional positions in the field of public mass transportation. Fellowships shall be for not more than one year of training in public or private nonprofit training institutions offering programs having application to the public mass transportation industry. The recipient of a grant under this section shall select persons for fellowships on the basis of demonstrated ability and for the contribution which they can reasonably be expected to make to an efficient mass transportation operation. Grant assistance under this section shall not exceed 75 per centum of the sum of (1) tuition and other charges to the fellowship recipient, (2) any additional costs incurred by the educational institution in connection with the fellowship and billed to the grant recipient, and (3) the regular salary of the followship recipient for the period of the fellowship (to the extent such salary is actually paid or reimbursed by the grant recipient), but in no event shall grant assistance for a fellowship exceed $12,000.

"§ 517. Award of Contracts

"Each project for which a construction grant is made under this chapter shall be performed by contract awarded by competitive bidding, unless the Secretary shall affirmatively find that, under the circumstances relating to such project, some other method is in the public interest. Contracts for each such project shall be awarded only on the basis of the lowest responsive bid submitted by a bidded meeting established criteria of responsibility.

"§ 518. Maintenance

"It shall be the duty of the recipient of any grant for construction under this chapter to maintain, or cause to be maintained, any project constructed in accordance with such grant. Whenever the Secretary shall find that any such project is not being properly maintained, he shall withhold approval of all further projects for grants under this chapter within the urbanized or other area in which such unmaintained project is located until such project shall have been put in proper condition of maintenance.

"§ 519. Charter buses

"(a) No Federal financial assistance may be provided under this chapter for the purchase of buses or operating assistance for bus operations to any applicant for such assistance unless, as a condition of such assistance, the applicant enters into a publicly accessible agreement with the Secretary that neither the applicant nor any public or private entity that will have use of the buses or that will receive such assistance from the applicant will engage in charter bus operations outside of any urbanized area within which it provides regularly scheduled public mass transportation service, except as provided in the agreement authorized by this subsection. Such agreement shall provide for fair and equitable arrangements appropriate in the judgment of the Secretary upon review of the charter services available in the affected urbanized area to assure that the financial assistance will not enable the applicant nor any public or private entity that will have the use of the buses or that will receive such assistance from the applicant to engage in charter bus operations outside of any area within which it provides regularly scheduled mass transportation service in a manner that forecloses private operators from performing charter bus operations outside of such area where such operators are willing and able to provide such service. Agreements required by this section shall be binding on any public or private entity that will have the use of buses financed under this chapter. In addition to all other remedies specified in such an agreement, the Secretary shall have authority to bar a grantee or any recipient of assistance or any user of buses financed under this chapter from the receipt of further financial assistance for facilities, equipment, and operations for public mass transportation service where he determines that there has been a continuing pattern of violations of the terms of an agreement. Upon receiving a complaint regarding an alleged violation, the Secretary shall investigate and shall determine whether a violation has occurred. If he finds a violation, he shall take appropriate action to correct the violation under the terms and conditions of the agreement.

"(b) The Secretary of Transportation shall conduct a study of the charter bus industry, including the financial and operating characteristics of public and private properties providing charter service, and including the methods by which costs are allocated and tariffs set for such service. The Secretary may request and receive such information or data as he deems appropriate from public or private sources. Activities under this subsection may be carried out independently or by grant or contract (including working arrangements with Federal, State, or local agencies of government) and in consultation with any interested persons and organizations. The Secretary shall report his findings to the Congress not later than the close of the third fiscal year commencing after enactment of this subsection. Such report shall indicate the effect on the private charter bus industry of the agreements entered into under this section, and shall contain the Secretary's recommendations for modifications to the legislative or regulatory provisions affecting the provision of charter bus services to the public.

"§ 520. SCHOOLBUSES

"No Federal financial assistance shall be provided under this title for the construction or operation of facilities and equipment for use in providing public mass transportation service to any applicant for such assistance unless such applicant and the Secretary shall have first entered into an agreement that such applicant will not engage in schoolbus operations, exclusively for the transportation of students and school personnel, in competition with private schoolbus operators. This section shall not apply to an applicant with respect to operation of a schoolbus program if the applicant operates a school system in the area to be served and operates a separate and exclusive schoolbus program for this school system. This section shall not apply unless private schoolbus operators are able to provide adequate transportation, at reasonable rates, and in conformance with applicable safety standards; and this section shall not apply with respect to any State or local public body or agency thereof if it (or a direct predecessor in interest from which it acquired the function of so transporting schoolchildren and personnel along with facilities to be used therefor) was so engaged in schoolbus operations any time during the twelve-month period immediately prior to the date of the enactment of this section. A violation of an agreement under this section shall bar such applicant from receiving any other Federal financial assistance under this title.

"§ 521. BUS WIDTHS

"Notwithstanding any other provision of this title relating to vehicle widths, any bus having a width of one hundred and two inches or less may operate on any lane of twelve feet or more in width on the Interstate System.

"§ 522. GRANTS FOR TECHNICAL STUDIES

"(a) The Secretary is authorized to engage (by grant, contract, or otherwise) in planning, evaluation, and technical studies of all phases of public mass transportation.

"(b) The Secretary is authorized to make grants to States and their political subdivisions for planning, and evaluation of public mass transportation projects, and for other technical studies, to be included or proposed to be included, in a program (completed or under active preparation) for a public mass transportation system as part of a comprehensively planned development of the area. Activities assisted under this subsection may include (1) studies relating to management operations, capital requirements, and economic feasibility; (2) evaluation of previously funded projects; and (3) other similarly related activities preliminary and in preparation for the construction of public mass transportation systems.

"(c) The Secretary is authorized to establish criteria to carry out this section.

"§ 523. ANTIDISCRIMINATION

"No person shall on the ground of sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity receiving Federal assistance under this chapter or carried on under this chapter. This provision will be enforced through agency provisions and rules similar to those already established, with respect to racial and other discrimination, under title VI of the Civil Rights Act of 1964. However, this remedy is not exclusive and will not prejudice or cut off any other legal remedies available to a discriminatee.

"§ 524. LABOR STANDARDS

"(a) The Secretary shall take such action as may be necessary to insure that all laborers and mechanics employed by contractors or subcontractors in the performance of construction work financed with the assistance of grants under this chapter shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended. The Secretary shall not approve any such grant under this chapter without first obtaining adequate assurance that required labor standards will be maintained upon the construction work.

"(b) The Secretary of Labor shall have, with respect to the labor standards specified in subsection (a), the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 133z–15), and section 2 of the Act of June 13, 1934, as amended (48 Stat. 948; 40 U.S.C. 276c).

"(c) It shall be a condition of any assistance under section 501 of this chapter that fair and equitable arrangements are made, as determined by the Secretary of Labor, to protect the interests of employees affected by such assistance. Such protective arrangements shall include, without being limited to, such provisions as may be necessary for (1) the preservation of rights, privileges, and benefits (including continuation of pension rights and benefits) under existing collective-bargaining agreements or otherwise; (2) the continuation of collective-bargaining rights; (3) the protection of individual employees against a worsening of their positions with respect to their employment; (4) assurances of employment to employees of acquired public mass transportation systems and priority of reemployment of employees terminated or laid off; and (5) paid training or retraining programs. Such arrangements shall include provisions protecting individual employees aginst a worsening of their positions with respect to their employment which shall in no event provide benefits less than those established pursuant to section 52(2)(f) of the Act of February 4, 1887 (24 Stat. 379), as amended. The contract for the granting of any such assistance shall specify the terms and conditions of the protective arrangements.

"(d) The provision of Federal financial assistance under this chapter shall not be construed as bringing within the application of chapter 15 of title 5, United States Code, any nonsupervisory employee of a public mass transportation system (or of any other agency or entity performing related functions) to whom such chapter is otherwise inapplicable.

"§ 525. ACCESSIBILITY TO ELDERLY AND HANDICAPPED

"The Secretary shall require and provide that all projects receiving Federal financial assistance under this chapter shall be planned, designed, constructed and operated so that all public mass transportation facilities, equipment and services can effectively be utilized by elderly and handicapped persons who, by reason of illness, injury, age, congenital malfunction, or other permanent or temporary incapacity or disability, including nonambulatory wheelchair bound and those with semiambulatory capabilities, are unable without special facilities or special planning or design to utilize such facilities and services as effectively as persons not so affected.

"§ 526. RULES AND REGULATIONS

"The Secretary is authorized to establish such rules and regulations as may be necessary to carry out this chapter.".

(b) There is hereby added at the end of the table of chapters at the beginning of title 23, United States Code, the following:

"5. Federal Mass Transportation...... 500".

Mr. MILFORD (during the reading). Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Chair will state that the Clerk is going to read section 2, which does not end until page 72, before any amendments are entertained, under the rule and under the objection which was made.

Mr. BLATNIK (during the reading). Mr. Chairman, I ask unanimous consent that all of section 2 be considered as read, printed in the RECORD, and open to amendment at any point.

I have consulted with the gentleman from Iowa (Mr. GROSS) and I appreciate the gentleman from Iowa withdrawing his objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

AMENDMENT OFFERED BY MR. HARSHA

Mr. HARSHA. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HARSHA: Page 52, strike out line 18 and all that follows down through and including line 14 on page 53.

Reletter succeeding subsections and references thereto accordingly.

Mr. HARSHA. Mr. Chairman, this amendment strikes out the language in the bill that precludes the normal procedure of complying with NEPA.

As I say, all it does is strike out the language that purports to set forth requirements under the National Environmental Policy Act. Then the bill goes ahead and says that NEPA act shall not apply to any projects subject to this section. The language contained in the bill requires the Secretary to go through steps similar to NEPA on every project application. All they are exempt from is filing the formal impact statement.

Mr. BLATNIK. Mr. Chairman, if the gentleman will yield, the amendment offered by the gentleman from Minnesota raises a good point, and we are prepared to accept the amendment on this side.

There was concern by the committee relative to the role of NEPA in this process. For instance, if a small town purchased an additional bus would this mean that it would have to file an impact statement? And while we thought it made sense not to do this, it still was not the intention of the committee to restrict the legislation from the very commendable objectives of NEPA when they are done with fairness and dispatch. We were also concerned because we did not believe that an environmental impact statement should be required for changes of bus schedules or simple extensions of bus hires. Also environmental impact statements might be used by an overeager administration to reject operating subsidies. We did not want this to occur. So it was with an abundance of caution we decided to make the provisions of NEPA inapplicable.

However, we are prepared on this side to accept the amendment. I would state that the gentlewoman from New York

(Ms. Abzug) offered this amendment in committee and has been actively engaged in efforts to secure its adoption. I commend her for her efforts.

Mr. HARSHA. Mr. Chairman, I thank the distinguished chairman for accepting the amendment.

I would like to close by saying here that most Federal projects are required to file such statements, and I see no reason why these public mass transportation projects should not be controlled by the National Environmental Policy Act.

Ms. ABZUG. Mr. Chairman, I move to strike out the last word.

Ms. ABZUG. Mr. Chairman, I want to commend Mr. Harsha for bringing this amendment to strike out section 506, the provision exempting projects funded under this act from the requirements of the National Environmental Policy Act and which directs the Secretary of Transportation to assume those functions. I also want to compliment the chairman of my committee, Mr. Blatnik, for accepting this amendment. This is the amendment that was originally made by me in committee and was defeated. It is also the subject of supplemental views in the report accompanying this legislation signed by myself together with my colleagues Messrs Howard, Roe, Vander Veen, and Traxler. I include those supplemental views to indicate the reasons I originally brought this amendment and why myself and my colleagues support this amendment:

Supplemental Views of Representatives Abzug, Howard, Roe, Vander Veen, Traxler

Section 506 of the proposed legislation includes a provision exempting projects funded under the Act from the requirements of the National Environmental Policy Act, including the preparation and circulation of environmental impact statements on major actions significantly affecting the environment. Instead, Section 506(b) directs the Secretary of Transportation to assure that certain environmental, economic, and social effects of the project have been considered. This approach is unnecessary, unwise, unworkable, and a dangerous precedent for the Committee to set.

It is *unnecessary* because no case can be made that environmental impact statements have caused delays in the implementation of the program. According to the records of the Council on Environmental Quality, which is given the responsibility to oversee implementation of the Act, the total number of actions to which UMTA has filed impact statements in the last 4½ years is nine. That comes out to 2 impact statements a year. That is hardly an administrative burden, and in fact raises a question about whether or not UMTA is really meeting its responsibilities under the Act to any significant degree. Some have argued that NEPA has delayed UMTA projects. To the degree this is true, it seems to us the problem lies not with impact statements, but with internal administrative delays blamed on alleged environmental reviews that the public never sees. The answer to this is improved internal procedures, and perhaps an investigation by this Committee into what is really the cause of these delays. Exempting the program from the major external review of environmental impacts available to the public does not seem a well-directed response by this Committee.

The approach is unwise because it ignores the value of open review with agencies and the public of alternative transit plans and programs available to localities throughout the country. The debate over how to provide for future transit needs is really just beginning in many cities. Among the options most have to consider are use of existing rail systems, new rail systems, bus routes, expanded bus service, and other special services. The decision among these alternatives is one in which the public should have a say. Thus, it is the spirit of our proposed legislation to take the decision away from Washington and the vagaries of the Office of Management and Budget and to put it where it belongs with the people. The NEPA process, including the use of environmental impact statements, can be a useful tool in doing this. If we exempt these projects from NEPA, we have in effect chosen to replace what by law is required to be a straightforward consideration of alternatives with a set of slick promotional displays put together for presentation to the community by the proponents of one system over another.

The approach is unworkable because it seeks to substitute a vague procedure of administrative findings of environmental effects by the Secretary of Transportation for the well—established and widely understood requirements of NEPA. Several hundred court cases have in the past four years made reasonably clear what is required in an impact statement, and the process is evolving and maturing into an important new tool for the public to use to hold accountable their public officials. To substitute the subjective and vague language of Section 506 (a) and (b) for this set of well-established standards simply means we will need to spend the next five years litigating what the Congress meant for the Secretary to do.

Finally, the approach is a dangerous precedent. There has not yet been a broad exemption from NEPA like this applied to any public works program by this or any other Committee of the Congress. Even at the height of the energy crisis, cooler heads prevailed and NEPA reviews, while modified to take account of emergency measures required, were kept intact. To write this exemption for a program that sorely needs the kind of public overview of alternatives that NEPA requires seems particularly inappropriate. It is the foot in the door for the exemption of environmental reviews of other public works projects. Before long we could well see this precedent applied to highways, water resource projects, sewer programs, and every other major construction program funded by the Federal government.

Transportation plans must be made with an eye to the future and must be rigorously scrutinized as to the impact of a system on all elements of a community's socio-economic and environmental needs. To exempt the projects under this bill from NEPA will seriously weaken the entire transportation planning process. This is a serious flaw in an otherwise landmark piece of legislation—a significant first step in the history of public mass transportation.

Agreed to supplemental views:

Bella S. Abzug,
James J. Howard.
Robert A. Roe.
Richard F. Vander Veen.
Bob Traxler.

Mr. STUDDS. Mr. Chairman, will the gentlewoman yield?

Ms. ABZUG. I yield to the gentleman from Massachusetts.

Mr. STUDDS. I appreciate the gentlewoman's yielding.

Mr. Chairman, I fully support this amendment. At the same time, I think that the record ought to reflect that this Member is not—and I suspect a great many other Members are not—at all happy with the lack of expeditious consideration of the environmental impact requirements by the Department of Transportation, particularly by UMTA. Mass transit projects are in and of themselves environmental pluses. It is ironic and, I think, unfortunate that in many cases—and in Massachusetts we have a glaring example of this—efforts positively to improve the environment have been delayed in the very process of attempting to assess their environmental impact.

I fully support the amendment offered by the gentleman from Ohio, and I am delighted that he offered it. I think it would be a serious mistake in this or any other major piece of legislation to override the National Environmental Policy Act. At the same time, this Member wants to go on record as strongly desiring that the Urban Mass Transit Administration proceed with a good deal more speed than it has in the past in expediting projects which are designed positively, explicitly, in and of themselves, to improve the environment of this Nation.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio (Mr. Harsha).

The amendment was agreed to.

AMENDMENTS OFFERED BY MR. MILFORD

Mr. MILFORD. Mr. Chairman, I offer a series of amendments, and I ask unanimous consent that they may be considered en bloc.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read as follows:

Amendments offered by Mr. Milford: Page 43, line 16, strike out "or operation".

Page 43, line 23, strike out "and operation".

Page 46, line 4, strike out "and operation,".

Page 46, line 10, strike out "and operation".

Page 47, line 24, strike out "and operation".

Page 57, strike out lines 3 through 6, inclusive, and reletter the succeeding subsection accordingly.

Page 57, line 10, strike out "or operation".

Page 58, line 4, strike out "(a)".

Page 58, strike out line 8 and all that follows down through page 59, line 2.

Page 64, lines 22 and 23, strike out "or operating assistance for bus operations".

Page 65, lines 24 and 25, strike out "facilities, equipment, and operations" and insert in lieu thereof "facilities and equipment".

Page 67, line 5, strike out "or operation".

Mr. MILFORD (during the reading). Mr. Chairman, I ask unanimous consent that the amendments be considered as read and printed in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. GROSS. Mr. Chairman, I make a point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. Evidently a quorum is not present.

The Chair announces that he will vacate proceedings under the call when a quorum of the committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

QUORUM CALL VACATED

The CHAIRMAN. One hundred and two Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to rule XXIII, clause 2, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

Mr. MILFORD. Mr. Chairman, I join my colleague on the Public Works Committee, the gentleman from Pennsylvania (Mr. SHUSTER), in offering this amendment. Our amendment would strike operating subsidies from this bill.

As drafted, this is a "big city" bill. One could even call it a big-city ripoff. Every citizen of this Nation is being taxed—but 18 percent of these citizens will reap most of the benefits. The category formula alone produces that distorted and unfair situation in giving 54 percent of the total funds to nine named cities.

Operating subsidies is an even greater insult to the American taxpayer.

The proponents argue that there is a need for help in these big cities. They say that their poor people need low-cost transportation to and from work.

Well, let me point out something that seems to have been totally overlooked; 82 percent of the people of this Nation are dependent upon either the automobile or fledgling and inadequate mass transportation systems, in order to get to and from work. All of these people are located outside of the nine named cities in this bill. Only 18 percent of our people are living in these nine cities.

Let us look a little closer and see who really needs help in transportation.

The average fare in the nine named cities is 34 cents ranging from a high of 50 cents in Cleveland to a low of 15 cents in Atlanta. In other words, the 18 percent of our citizens residing in these nine named cities can go to and from work for 30 cents to $1 per day.

Now, let us consider the needs for transportation that are faced by the other 82 percent of our population.

Over 60 percent of the people in this Nation share the same problem with the poorest citizen in my district. They are dependent entirely upon the automobile for transportation and must pay an average of $3 per day to get to and from work.

The remainder, residing outside the nine big cities, pay dearly to ride inadequate transit systems, carpools, or other means of transportation—all at a cost that is at least twice that paid by transit riders in the nine big cities.

Mr. Chairman and my colleagues, look what you are doing in this bill. You are asking 82 percent of the people in this Nation to pay their taxes to subsidize the remaining 18 percent who are already paying less for transportation.

The transit systems in the big nine cities could double or even triple their fares and their citizens would still be paying less than the remaining 82 percent of the people in this country to get from place to place.

If these transit systems raised their fares, there would be no need for operating subsidies.

Operating subsidies are inherently unfair in other ways and they are blatantly discriminatory. For example, this type of subsidy supports salaries and other operating expenses.

An efficiently operated system paying reasonable salaries will draw less subsidy than an inefficient system paying high salaries. The Federal Government will have no control over this situation. Our taxpayers will simply fork over the money. Operating subsidies actually encourage inefficiency, encourage transit strikes, encourage the levying of unreasonably low fares—all of these at taxpayers expense.

My friends, all of us are going to have to face our voters in November. We are going to have to explain why we took their tax dollars and where they were spent.

If the bill passes in its present form those of us who represent the 82 percent of the people living outside the nine named cities are really going to have some fancy explaining to do.

I do not think that I can make the poor man in my district who is spending $3 per day to get to work understand why we should take his tax money to support the folks in New York who have to only pay 70 cents per day to get to and from their jobs.

I do not think that either you or I will be able to explain the use of taxpayer money to support inefficient transit systems, 15 cent fares in Atlanta, and unchecked wage raises in the big union-bound cities.

At a time when inflation, high gasoline costs, and rising automobile prices are increasing transportation costs in 269 urban areas of this Nation—I do not think you really explain and justify the need to give operating subsidies to the other nine urban areas that are already paying less.

My colleagues, I ask for your aye vote on this amendment to strike operating subsidies from this bill.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. MILFORD. Mr. Chairman, I ask unanimous consent to proceed for an additional 30 seconds.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

Mr. YATES. Mr. Chairman, reserving the right to object, and I shall not object, I would like to ask the gentleman a question.

The gentleman asks why his taxpayers should be called upon to pay for subsidies to city mass transit modes? I ask him why my taxpayers in the city of Chicago pay their taxes to build installations for the Southwest Power Administration? I voted funds for that purpose. Chicago does not benefit directly from that power organization. The gentleman's constituents do.

The point I am making is that we must not break this Nation into sections. We are a united people and a united country.

There are certain national purposes. Transportation is one of these, just as I consider the furnishing of power to the gentleman's people a national purpose. That is why I say that the gentleman's argument is much too narrow and ill-considered.

Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

Mr. SHUSTER. Mr. Chairman, reserving the right to object, I would point out to the gentleman from Illinois that we have situations here which are not at all analogous. It is one thing to subsidize a commuter's ride on a transit system and quite another to subsidize a critical national industry to keep it alive. The first saves money at taxpayers' expense for the commuter; the second saves an important national resourse at taxpayers' expense.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

Mr. HOWARD. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

The time of the gentleman from Texas has expired.

Mr. JONES of Alabama. Mr. Chairman, I rise to strike the necessary number of words.

Mr. Chairman, the speech which has been delivered by the distinguished gentleman from Texas reminds me of echoes of when we were in session here to pass the Interstate Highway Act of 1956. We heard repeatedly that if we were to have 40,000 miles of Interstate System, that it must accommodate every geographical community in the United States. Naturally, it came to follow that the Members thought that if they did not get the interstate highway, in or near their communities, how could they afford to support this Interstate System.

We resolved that question because it was to the best interest of the Nation to build it as we have. The same thing applies to the mass transit program. The benefits that will be gained are of such significance and actual importance that we cannot neglect any longer the great requirements that exist in the metropolitan areas of the United States.

We would do ourselves a grave injustice if we subscribe to the philosophy that "I am having to pay for something and I want to receive it, or I will not pay for it."

That is not the way to solve the mass transit question.

The problems are beginning to be insurmountable in the areas of the metropolitan sections of our country to provide the adequate transportation that is needed, not only because of economic questions or just for the comfort or the convenience of the people that inhabit those areas, but it goes to every segment of the life of the people who live in these congested areas.

The question is why does anyone want to take out the money for maintenance and operation, the most immediate requirements under this bill, which was consummated and delivered to us as a result of extended hearings held this year. This is the culmination of a program that started in the early 1960's.

If we take out this money, the most immediate harm that will be done to these areas will be to deprive them of maintenance and operation money.

On the other hand, if we look, we will see that the capital improvements that are provided for in this bill will be comparable to the highway program, to which I have just referred, and that this is a long-time program.

The maintenance and operation

money can be utilized within the next 2 years. The gain for these run-down transit systems will be a sign of the beginning of hope for them because of the adequate amounts that will be provided for the capital improvements.

Those are the problems that we face. If we take out the maintenance and operation funds from this bill, we will give it the worst blow that it could possibly be dealt.

Therefore, I have petitioned the members of the committee and the House to support us in our endeavor to see that maintenance and operation funds are continued in this bill.

Mr. Chairman, I oppose the notions that have prompted this amendment, and I urge that it be defeated.

Mr. SHUSTER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I have enormous regard for the distinguished chairman of our subcommittee. He has made enormous contributions to our highway system as well as other modes of transportation in this Nation. But I would have to most respectfully disagree with the particular analogy which he attempts to draw, an analogy between the funding of the Interstate Highway System and the funding mechanism for mass transit.

They are not analogous at all. In the first place, the highway money comes from the Highway Trust Fund. It is paid for by the users of the highway. Mass transit money comes from the general fund. It is not paid for by the users of mass transit, so the analogy falls apart completely on that point.

However, that is not the only point on which it falls apart. It also falls apart at the suggestion that we should support mass transit even though our districts do not benefit from it, because we supported the interstate highway even though some districts were not included. That misses the point because we do—we do support mass transit.

We support Federal dollars for capital investment in mass transit, and it was only capital investment in the interstate highway money from the trust fund that we were talking about. There was no such thing as subsidizing the operations of the Interstate Highway System. Therefore, the analogy falls apart on that point also.

I would go further, Mr. Chairman, I would point out that we have limited dollars in this bill, whether it is the $15 billion or $20 billion that the other side is talking about. We heard the President say that we have to fight inflation. If we are going to do more than simply put our mouths behind the President, if we are going to stand up and really support the President in an attempt to get inflation under control, here is the place to do it.

I am told that the President will veto this bill if it is not cut to about $11 billion.

Dollars are linked. If we have limited dollars, let us spend those limited dollars down a rat hole for operating tems; let us not pour those limited dollars down a rat hole for operating subsidies.

In fact, we learned in committee that about $6 billion of this money would be spent for operating subsidies. Could that money not be better spent to build new and better systems?

Mr. Chairman, operating subsidies are fundamentally unfair. I would point out, most importantly, that there is an alternative. There is an alternative to operating subsidies.

As of June 10, the Supreme Court held that cities can charge parking taxes as financial disincentives to the automobile in congested cities. In Pittsburgh, Pa., where they have a 20-percent parking tax, as a result of that parking tax, as well as the rise in gasoline prices and innovative promotion, ridership has increased dramatically in the past 6 months.

So I say we should let the local officials stand up and be counted. Let the local officials put forth economic disincentives special bus lanes, limitations on cars in congested areas, and sound marketing programs which will encourage people to ride mass transit. If they do that, then they will be doing their job.

I will point out further that in Pittsburgh the average commuter—and there is a study which I have here on that—the average commuter in Pittsburgh can save $589.16 a year by using mass transit instead of using his private automobile. I will ask the Members this: If a commuter can save about $600 a year by going on mass transit, why should the rest of the American people, particularly the American people in rural and small-town America, be taxed so that big-city commuters can save that $600 a year and probably take a trip to Europe with the money?—which is what Pittsburgh Transit Authority proposed be done with the great savings.

So it is unfair and there are limited dollars. There are not enough dollars to go around. Further, it violates a management principle, and that management principle is that the people responsible for managing a transit system should also be responsible for raising the money to run the system.

If local management can turn to "Big Brother" and get from "Big Brother" 50 percent of its operating subsidies, what incentive does local management have to keep the costs down and to improve efficiency?

Mr. Chairman, I strongly urge the responsible Members of this body to vote against operating subsidies so we can have a good mass transit bill which can be signed into law.

Ms. ABZUG. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would like to set the record straight. I am sure that the Republican Policy Council and others will admit and agree that there is no message from the President which says that he will veto this bill. That is No. 1.

Quite to the contrary, there were visits paid yesterday by mayors of leading cities of this country and Governors to the President, and they made it clear, as it is reported both in the Washington Post and The New York Times today, that he does not oppose operating subsidies and that his view as President is different than it was when he was a Member of Congress.

Now, let us proceed with the facts of operating deficits. The following should be stated to those Members who complain that subsidizing mass transit is expensive and places an unfair burden upon other people in the country:

I think it would be very unfair, particularly to my colleagues on the committee, for us not to point out that the true cost of subsidizing travel by private car has not at all been presented by my colleague offering the amendment. If we want to make an accurate comparison of the cost of mass transit and the cost by private car, we would have to include in the cost of private vehicle travel the amount of Federal subsidy related to the original construction of roads, the cost of local and State maintenance of the roads, and the toll exacted by air pollution, noise pollution, and traffic congestion, as well as its effect on the health of the economies of the area which are crippled by noise, congestion, and poor air quality.

Mr. Chairman, I do not want to get into that argument. I think we recognize that there are relative costs and that we have to pay all of these costs.

We are paying for those who travel by automobile, we are paying for those who travel by subway, we are paying for those who travel by rail, and who travel by bus.

The interesting thing is—and I do not deny the fact that operating assistance will be extremely helpful in places like the city of New York and other large cities of this country—but the interesting thing is that I think that those who oppose operating subsidies fail to take into consideration what happens to the rural people under this bill.

What about the poor people or the rich widow in the rural areas who cannot drive? What happens to those people? Do you realize that in the rural areas this bill provides for very adequate provisions for purchasing buses, as well as maintaining them by operating assistance; do you realize that one of the major problems of maintaining these buses or developing enough buses for each of the 3,000 counties in our country is the fact that there is no operating assistance available to them on the Federal level? Until now the programs existing in these rural areas have been essentially those that have been funded through other programs on a very limited basis, and they do not have the tax money to raise, as we have raised the taxes and soaked the people in New York City over $500 million beyond what we get out of the fare box just to maintain the subways.

We are not asking for a great deal.

Mr. SHUSTER. Mr. Chairman, will the gentlewoman yield?

Ms. ABZUG. I will not yield. I want you to listen to this, because you are going to learn, you should hear the facts.

I want the Members to understand that in these rural areas the problems, for example, of maintaining a health center are affected, and there is a gentleman here from South Carolina who will testify to the fact, that he has a very serious crippling problem because of the fact in that they cannot bring the poor people to these centers, and they do not have the money for busing the elderly people. And they also do not have the buses to bring poor people who could be made more mobile to be trained and they have no transportation for housewives to go to shopping areas or elderly people to go to a movie, a doctor, or a dentist. They have no way of transporting them. You are making a mistake not to consider this, because the needs are very, very different in each area. It may be that we will get more money in New York, in California, in Chicago, Pittsburgh, Boston, Los Angeles, and other cities, and that is because we have more people, and we need more money in order to make the systems work. But each area can be given assistance under this bill relative to their needs.

This is not all that I want to say to you today. It is time we recognized the fact that subsidies are not anything new to us. We in New York State have supported the expenditures of billions of Federal dollars in fiscal year 1975, $1 billion, Federal dollars, for example, for navigation, flood control, and other Corps of Engineer projects, and yet only one-half of 1 percent of this billion dollars of Federal money will be spent in New York. New Yorkers receive less than one-half of 1 percent of the payments under the Federal agricultural support programs such as for cotton, feed grains, and wheat production stabilization programs. You know how much those cost the taxpayers in New York, and we have not been complaining about that, we have been paying for it, and for various other things. Do you know that in the last few years from 1970 to 1974 the American taxpayers have subsidized agricultural price supports to the tune of $17.68 billion? And I use this only as an example.

The CHAIRMAN. The time of the gentlewoman from New York has expired.

(By unanimous consent, Ms. ABZUG was allowed to proceed for 3 additional minutes.)

Ms. ABZUG. Mr. Chairman, I have one other issue that I would like to make very clear. There is no question that New York City and other places like ours rely very heavily on mass transportation. We move 70 percent of the people in New York through mass transportation.

The fact is that Russell Train testified before the Joint Economic Committee that as a result of our mass transit we consume 30 percent less fuel per capita than the national average, and because of this we have been called a national asset. As a result of that, we are actually saving not only money, but national resources as well, the resources that we so desparately need in this country. If we could translate into savings this sort of an approach in other places in the country we could be saving additional amounts of fuel, and this would be a very significant factor so far as the national resources are concerned.

Now about this mumbo jumbo about inflation I am not going to have the time to discuss that now, I expect to discuss it further in connection with the amount to be authorized in this bill. But cutting this authorization down or achieving a balanced budget would not save us from inflation as I explained earlier in detail in my opening remarks.

We have the most balanced budget we have ever had, and we have had the greatest inflation in the history of this country.

The President, Mr. Ash, and Mr. Rush just yesterday, testified that even if we were to cut $10 billion from our budget, or more, the amount of saving is so little that in itself it will have very little to do with our inflationary picture. I just want the Members to know that if the fares should have to double in New York, since we represent 10 percent of the Consumer Price Index, we could trigger off an inflationary spiral in costs which could come to billions of dollars I shall discuss this in more detail also in connection with the authorization.

So rather than get into rather deeply into very involved economic issues at this time, which some of the Members do not understand, I would suggest that we try to deal with this issue in terms of our needs to move people, and our needs to move goods in this country. What are the needs not only for the people in the cities; what are the needs for the people in the suburban areas and the rural areas of this country? The modalities of the transportation are many. Fuel prices, our economy, the need to provide a way in which we can fight the pollution in our atmosphere, the need to develop a way in which we utilize our land more profitably—all of these factors militate in favor of, not against, our having Federal support to operate transportation facilities.

The bill provides safeguards. We are required to put up a 50 percent non-Federal share in order to be able to get operating subsidies from the Federal Government. No area can possibly deal with its transportation problems unless it has this assistance.

The CHAIRMAN. The time of the gentlewoman has expired.

Mr. ROE. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I agree most wholeheartedly with the most dynamic presentation made by the gentlewoman from New York. I do think we ought to straighten the record out here because there are a lot of misstatements being made.

I have the greatest personal regard for the members of the minority. I know they would not want to go down on the record with an untruth. First of all, the words are used in this august body "big city ripoff." I wish to state that that kind of makes me feel like a second-class citizen. "Big city ripoff."

Twenty percent of our people live in the cities.

Mr. HARSHA. Mr. Chairman, will the gentleman yield?

Mr. ROE. I yield to the gentleman from Ohio.

Mr. HARSHA. I thank the gentleman for yielding.

That phrase did not come from the minority; it came from the majority.

Mr. ROE. The words "big city ripoff" were used. Whoever said it, the nuance can be attributed to. It was used in this House even if it was not used by one of my colleagues.

Let me point something out to the Members who talk about "big city ripoffs." Who divided America? Did we divide it between the majority and the minority?

Our new President stood the other day in this very same location, and he said the one thing we want to do is bring America together. Here we can do something that is long overdue and that should have been done over 20 years ago. With the problems that exist in this country in transportation we are now sitting here nitpicking about, and we are not following through on getting anything done.

Who said there are only nine urban centers, or nine cities in America that will benefit from this measure. That is not correct. If one will look up the definition of an urbanized center, he will find that New York City has a statistical jurisdiction in part of transportation over the northern part of the State of New Jersey of something like 40 different cities and communities, 7 different congressional districts are involved. This is true with Chicago; this is true with San Francisco; this is true with every other city, including Pittsburgh, and every other city that is mentioned in the nine so-called cities. So to come before this body on this floor and say to anybody that this is a major ripoff for big cities is unjustified, nonsense, and nonfactual.

Let us take the second point along the line.

Mr. VANDER VEEN. Mr. Chairman, will the gentleman yield?

Mr. ROE. I yield to the gentleman from Michigan.

Mr. VANDER VEEN. I thank the gentleman for yielding.

I should like to state in support of the proposition that the gentleman is now making so well that this bill is not directed solely to large metropolitan areas. With particular reference to the operating subsidies, I should like to read a very brief telegram that was received just this morning from Governor Milliken of the State of Michigan addressed to me. He says:

> In consideration today of the Federal Mass Transportation Act I urge strongest support for full and adequate funding to meet Michigan's transit needs. As you seek compromise, I urge maximum possible funding for Michigan. In addition, bill should include possibility of operating subsidies with reasonable maintenance of effort requirement.
>
> Sincerely,
>
> WILLIAM G. MILLIKEN,
> *Governor.*

I would like now with what time I have left to make the second point which I think is highly germane. A comment has been made that half of the funding under the $20 billion is to be used for subsidies.

Mr. SHUSTER. Mr. Chairman, if the gentleman will yield, that comment was not made.

Mr. ROE. Mr. Chairman, I do not yield.

That comment was made unless I do not hear any more. This bill says we can use part of the funding up to 50 percent to be allocated to an area possibly for subsidizing, it is not mandated by the legislation. Therefore the prerogative of what share of the funding is for subsidies is determined by the transportation master plan, by the Governor and whoever happens to be the Secretary of Transportation. There is nothing in the bill that mandates that half the money has to be used for subsidies. That is not a fact.

Third, the idea of subsidization is simply to provide another viable fiscal tool. We have had people testify on this from all over this country. We went and visited in the cities and we talked to the mayors and we talked to the people running the transportation systems.

I invite to the attention of those Members from California a point which was made with respect to the Bart system. To my knowledge there was not one single person who testified before the Public Works Committee who said when they were operating their transportation system that they did not need financial subsidization help to run their program. The Bart system in San Francisco representatives made the testimony as I recall that unless they had subsidies they would have to raise the fares way beyond that which would be feasible for people to utilize the system. Also they said that for the first 2 years while they were using and working out the kinks in the system they were using capital bonds for money to subsidize their rates. I call that also to the attention of those from Pittsburgh and Detroit.

The CHAIRMAN. The time of the gentleman from New Jersey has expired.

(By unanimous consent, Mr. ROE was allowed to proceed for 2 additional minutes.)

Mr. ROE. Mr. Chairman, I would like to suggest when we talk about the viability and the vitality of the use of the fiscal tool of subsidy, that it is a very valid tool for every State in the Nation to use as they determine to use it in their mass transit program and in the programing of these particular elements provided in the bill if they wish to be able to adopt its use for their particular area.

For some to talk about a rip-off, for us to water down this bill and to take out the subsidy issue, the prerogative for citizens to govern themselves, the right for the State to speak for the people, to deprive them of that, we think to take that out of this bill would be a catastrophe and literally water this bill down to really a farce. Then as far as putting up the money for capital improvements I think we would be losing our battle.

We fought in this House for 2 or 3 years on a couple of these issues. We talked about environment and we talked about the quality of life in America and we talked about an investment in the future. This is what this bill is all about. When we look at the country we see that we are bumper to bumper in traffic and we see that people cannot get to work and we cannot get the job done and billions of dollars are taken up because we have an archaic transportation system.

Transportation in this country would not be in this condition today if we had acted responsibly on this matter 10 or 15 years ago to get this country going. All we are talking about today is no more than transportation adequate for our people today. That is what we are talking about in support of this legislation.

Mr. CLEVELAND. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of the amendment offered by the gentleman from Texas (Mr. MILFORD) and the gentleman from Pennsylvania (Mr. SHUSTER).

There are several issues here. Some of these have been addressed in the minority views and the supplemental views which will be found in the report. I will not burden the Committee by repeating all the points made against operating subsidies.

I hope that Members will read the views carefully before they vote on this very important issue. I do think and I would like to address myself to the concluding remarks of the gentleman from New Jersey. He spoke impassionately about the need of the people in this great country of ours that live in the cities to have some help and voice in the matter of transportation; but bear with me now and give this serious thought. I want to remind you all that we have a program known as revenue sharing. Revenue-sharing money went to the nine major city beneficiaries of this bill. I will not refer to this fact as a rip-off, because that seems to bother the gentleman from New Jersey; but the bill is certainly tilted toward the nine major cities. These nine major cities in fiscal year 1974 got in revenue sharing—listen to this—just about one-half billion dollars, a cool one-half billion dollars. That is a lot of money no matter how it is sliced.

OK. Now about this great need, this desperate need that everybody is talking about to help our city transportation system? Oh, it is desperate, it is really desperate; so all of a sudden Uncle Sam through revenue sharing pops half a billion dollars in the laps of these nine cities. Let us see how much of this they used for this desperate, desperate need, for mass transit.

First of all, six of them did not use any of it. So they did not consider this much of a need. They do not consider it very important; at least, not with the revenue sharing money which they could have used.

Three cities did use a little of their revenue sharing money. Those cities were Boston, $4.2 million; but on checking into Boston we found that most of this went to surface roads.

Baltimore used half a million dollars, $650,000 to be exact and San Francisco did use $5.7 million.

Now, those are the facts, and they are indisputable facts. This is in the report. I think it makes a point. It is not a conclusive point. I can imagine men of good will can disagree on this issue; but I find it strange that people are coming to the U.S. Government with their hands out for mass transit subsidies, mayors of cities and Congressmen from urban areas, and they are holding out their hands and saying there is this desperate need, when we have a record of the revenue sharing money that was given for fiscal year 1974.

I want to make one other point. I cannot yield at this time yet, because I want to make that point. I also think that the Committee on Public Works is being slightly hypocritical in pushing for these operating subsidies. I say this not too critically, but there is an element of hypocrisy here that we should consider. Here is the element of hypocrisy. We found as a fact, and the distinguished gentleman from Alabama (Mr. JONES) alluded to it, that there comes a great need for the Interstate Highway System. We launched the Interstate Highway System. We helped build those roads with 90 percent Federal money and 10 percent local money; but no where and at no time have we given the States the operating funds to maintain that vast system. This is becoming an increasingly crushing burden on the States; but we have insisted on not going into the operating subsidies for the State highway system. Again and again the committee has turned its back on any suggestion that we would do that.

We are now mid-stream in one of the vastest construction programs in the entire world that is going to dwarf the Interstate Highway System. This is the water pollution abatement system we are going to build with hundreds of billions of dollars. This is going to be far more vast than the Interstate Highway System.

But we have made it clear again and again and again we are not going to pay the operating subsidies of running those sewerage treatment plants.

The CHAIRMAN. The time of the gentleman has expired.

Mr. HOWARD. Mr. Chairman, I move to strike the requisite number of words.

One thing we have heard both yesterday and today from several Members is that they are for mass transit. They are in favor of helping to solve the mass transit problems of this Nation—but, they have a few objections. They are for mass transit, but they are not for this amount of money. They are for mass transit, but they are not for operating subsidies. If we are ever going to solve the mass transit problem of not only the nine urban areas, but any place else in this country, we have two necessary ingredients: Adequate funding is the first.

Remember, this $20 billion is over a 6-year period. It is not $20 billion this year. If we wanted to compare it to the agriculture bill which was just vetoed by the former President, that was $13.5 billion for 1 year. In 6 years, that is $81 billion. That is quite a bit of spending, but $20 billion over 6 years is certainly not nearly as much.

Second, we certainly must have operating subsidies if we are going to help move the people in this country. We can talk about fighting inflation, but the best way we can fight it is to bring more money into the Treasury. The best way we can do that is to provide jobs for people.

The President of the United States is going to have to decide, on fighting inflation, as to whether to sign this bill or to sign defense bills which will amount to some $80 billion this year. One billion of defense spending, Mr. Chairman, provides 59,000 jobs in this country. One billion in domestic spending produces 110,000 jobs, so that if we put our dollars in necessary domestic spending, such as mass transit, we are going to do twice the job and put twice the number of people to work and have twice as many people off welfare and unemployment rolls, and have twice as many taxpayers as we would have in spending that money on defense.

Mr. Chairman, my friends from Texas and Pennsylvania state their concern about how they can tell their rural or farm people how they came to Washington and voted for a bill which is strictly for the city and suburban Members of Congress. I have been in Texas—not as often as I would like to—and I have been in Pennsylvania. I think they are fine American people, and if those Members will go back to them and say, "I voted for this bill because I realize it is a national need. The President talked about bringing the country together," and tell them to remember that the city and suburban people are the ones who, year after year, have been voting for farm bills which benefited the farm people. Farmers do not have an operating subsidy, they have an inoperating subsidy. The only way they can get any money from the Federal Government is to do nothing, to produce nothing. But, it is necessary to keep a stable price and not tear the price down so that those people in rural areas would suffer.

So, I am sure they will realize it was our contribution to the togetherness President Ford is talking to us about. If we can pass this bill, as it must be passed, with operating subsidies, with $20 billion, we can send a united bill to the President, and the President in his desire for unity in the country, I feel certain, will sign that bill.

Mr. O'NEILL. Mr. Chairman, will the gentleman yield?

Mr. HOWARD. I yield to the distinguished majority leader.

Mr. O'NEILL. Mr. Chairman, I rise in strong opposition to this amendment. It is in the national interest and national need that we support H.R. 12859 as reported by the Public Works Committee. Extensive investigation, study, and hearings for more than 6 months have gone into formulating this legislation. And I think this committee has done an extraordinary job in giving us a bill that goes a long way toward meeting the goal of providing long-range public mass transportation programs responsive to the needs of not only our large urban areas, but to rural America as well.

This bill is a practical compromise. It provides a reasonable, adequate, and fair resolution of the substantive issues of mass transit through the creation of separate categories for rail and other fixed guideway systems, smaller urbanized areas and rural America. This bill rises to the challenge of mass transportation needs, for it provides not only for public transportation in central cities, but also for commuters who travel to and from these large cities. All of us are concerned about inflation and congressional efforts to bring spending under control. But if you vote to delete funds for operating subsidies you might as well not have any Federal Mass Transit bill. Operating subsidies are the heart and soul of this bill. It is outright futility to make investment in capital to construct these transportation systems and then not provide adequate funds to operate the systems.

Mass transit will not work without operating subsidies. Regardless of capital improvements, riders cannot be attracted without special inducements or incentives in the form of subsidies to stabilize fares in the face of continuously soaring operating costs. To vote for operating subsidies is a vote for a fiscally sound and constructive approach in meeting our long-range public mass transportation needs. Many of these systems cannot operate solely on local tax revenues. So what you are saying to the 278 cities and towns directly affected in the bill is to go ahead and build a Federally approved and assisted system. But realize that there will not be adequate funds to operate it. This is an unconscionable waste of our limited Federal financial resources.

There are sufficient safeguards in this bill that provide necessary limits on the amount of money that can be spent for operating subsidies:

Not more than 50 percent of sums authorized for category A for any fiscal year may be used for operating subsidies;

Similarly, not more than 50 percent of the sums apportioned to a State under categories B and D in any fiscal year may be used for operating subsidies.

The non-Federal share for operating subsidies is set at 50 percent to protect Federal investment and preserve and promote the efficiency of local and State operations.

I firmly believe that Federal help should be related to a city's willingness to help itself. Critical to the issue of operating subsidies is the matter of local benefits, local priorities, and local responsibility.

The bill explicitly requires that the Secretary consider as a major criteria, the commitment of local funds among the factors in determining grant awards.

All of these limitations along with the requirements for substantial State or local efforts will insure that Federal dollars are spent wisely and efficiently. This bill provides for maximum local community control, local option, local determination, and local development of their own mass transportation plans.

I urge all my colleagues to support the operating subsidy provision and give to your constituents the desperately needed mass transportation system they all so rightly deserve.

Mr. HOWARD. Mr. Chairman, I thank the gentleman from Massachusetts.

In closing, I would like to say that there are also areas in the State of Texas, such as Fort Worth, Dallas, Houston, and San Antonio and many others, which have systems, but they are not operating on a basis that they can continue without some operating subsidies, so there certainly is a great deal of help for the State of Texas in this legislation also.

Mr. ZION. Mr. Chairman, I move to strike the last word.

Mr. Chairman, the gentlewoman from New York said that she did not want to talk about the bugaboo of inflation. I do. I was most moved here on Monday when the President said that inflation was domestic public enemy No. 1.

I was most impressed when he said that the first specific request of the Ford administration is to support those candidates, congressional and Senate, Democrat and Republican, conservative and liberal, who vote for tough decisions to cut the cost of Government, restrain Federal spending, and bring inflation under control.

I was moved by that. I was also moved to discover that the very people who are talking loudest for operating subsidies here are the same people who take the well of the House and demand increased spending in many other areas.

This $20 billion authorization that is contained in this bill is excessive. There is no question about that. If we do not cut it down, there is not going to be any act, and we will stop the capital assistance program for facilities and equipment.

The gentleman from New Jersey said that we are going to spend half of this money for subsidies. That is not true. There is a cut of $7 billion requested out of $20 billion, which is the maximum in this bill, for operating subsidies.

However, that is not going to do the job all by itself. It is going to get us at least within a striking distance of an acceptable limit.

I also oppose operating subsidies on other, equally compelling grounds. They represent an open-ended Federal funding commitment, unfair treatment of the taxpayers and the traveling public in most cities, towns, and rural areas. What is more, they provide big-city transit unions with enormous leverage to increase their wage demands.

A just issued Department of Transportation study projects that the greatest future increases in operating costs will occur in rapid rail. Nationwide, rail costs will increase at four times the rate for buses. The largest cities face the steepest rise because of their high dependence on rail. Rail costs will rise most sharply in these largest cities.

Translated, this means that operating subsidies will open up huge portions of the funds provided in this bill for the highest-cost and least productive transportation systems.

Roy Ash, Director of the Office of

Management and Budget, was quoted recently as describing the push for big-city operating subsidies as "an attempt by a few local and State officials to unburden themselves by shipping their local problems and artifically low fares to Washington and thence onto smaller cities and rural America." If they succeed, they will have less incentive to cut operating costs, resist transit union demands, set fares at reasonable relation to cost, or use tax revenues to make up the difference.

Mr. SHUSTER. Mr. Chairman, will the gentleman yield?

Mr. ZION. I yield to the gentleman from Pennsylvania.

Mr. SHUSTER. Mr. Chairman, I want to compliment the gentlewoman from New York (Ms. ABZUG) for saying a few moments ago what she said arguing the case for rural America.

I would point out that there are 39 million people in 9 cities who will receive over $10 billion in this bill. There are over 60 million in rural America who will get $900 million, or less than 10 percent of the amount which 9 big cities will get.

I would say that the money that is spent, should be spent, by and large, in the big cities. I think it is a little farfetched when we are told that this bill is good for rural America, when the gentlewoman from New York City tells us that, then we have to back off in wonderment and thank her for the information and bow to her strange expertise on rural matters.

Mr. ZION. I thank the gentleman for his comments.

This bill provides a mandatory 50–50 Federal-local cost sharing for operating assistance. But there is no requirement in this bill that the non-Federal share be from State or local tax revenues. There is nothing to prevent Federal funds from being used to match local fare-box revenues, with absolutely no support from the city or State. Operating expense grants are not limited to operating deficits. This is wrong in principle and should be changed.

Users of public transportation enjoy benefits not shared by others. A Pittsburgh study in 1973 showed that the average transit rider saved nearly $600 a year by not commuting by car.

Mr. Chairman, I urge the adoption of this amendment.

Mr. ANDERSON of California. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to this amendment, which would bar the use of Federal funds for operating purposes.

A few moments ago we were led to believe that 82 percent of the people in this country, those who are not in an "A" category city, are not going to benefit by the provision permitting the use of funds for operating expenses, leading us to believe that none of this money is going outside to any area, other than those in category A.

Just for the record, I would like to correct that, because I am from one of the areas outside of category A.

We want to see this amendment defeated, because we feel that operating expenses and maintenance expenses are very important. If we look at the exact figures, up to 50 percent of the money in categories A, B, and D can be used for operation and maintenance. The only money that cannot be used is that which is authorized in category C.

Categories A, B, and D money includes everybody in the country—big city and small, rural and urban. So there is not a community, even of the smallest size, that cannot benefit by this program for operation and maintenance.

Considering the two categories affecting the larger cities, the A money and the B money, that is 58 percent of the people in this country. If the Members think all of these are in the big city groups, as in category A, I would suggest the Members look at the report, on page 18, and read the list of urban areas from page 18 to page 22, and they will see that it includes many, many cities in the range of 50,000, 60,000, and 70,000 population. That is the reason that most of the country benefits by this provision of the act.

Under this bill, as reported by the committee, a city can use a portion of the funds to help operate its transit system. And, operating assistance is essential if we are going to maintain the fares necessary to attract commuters out of their cars and onto the rapid transit systems.

Mr. Chairman, in the hearings we held throughout the country—and we held them in every section—we found that operating a system, on a regular basis offering the service needed at a reasonable fare, is uniformly a losing cause.

Cars are convenient: A person can go and come as he or she pleases. And in order to compete with automobiles, the mass transit system must be as convenient; it must be ready when the customer is ready. It must be available at all times, and to maintain that level of service means losing money.

In my area, Los Angeles, the local officials found that by lowering the fare to 25 cents, and by making it uniform, they could attract large numbers of patrons who normally would not ride the bus. But this fare was too low to cover the costs, and it had to be subsidized.

If 10 percent of all the trips in our region could be channeled onto mass transit, if 10 percent could be taken out of cars, 18 percent less energy would be consumed, and that is an important figure for those who are talking about inflation, because since much of our money is going overseas these days, and thanks to the outrageous price of oil, we are suffering inflation. The dollars are going out of the country and are going overseas, millions and millions of dollars. If we can consume 18 percent less energy by this type of approach, we would be taking an important step toward curbing inflation at the same time; 15 percent fewer traffic accidents would take place; and 20 percent less air pollution would be emitted.

Thus rapid transit benefits everyone, and it should be thought of, I believe, as a public service, just as police and fire protection are to benefit everyone. We accept the fact that because we do not have a fire does not mean we should not pay for the fire department. Obviously, if only those who had a fire paid the firemen, then the services would be very costly to the few who directly benefited.

Mr. Chairman, helping public transportation in the urban areas of this country is becoming a public service, and the Federal Government should properly pay for a portion of the operating expenses. I point out again there are 278 urban areas in this country, not just the figure of 9 that was given us a while ago.

Mr. Chairman, I urge the Members to reject this amendment, and instead vote to permit the use of Federal funds to operate a rapid transit system.

Mr. BAKER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of the amendment and wish to compliment my colleague, Mr. MILFORD, for offering it. Most of the time our committee can reach an agreement among ourselves but this time we differ. My colleagues have given a good summary of the reasons for opposing operating subsidies, and a strong argument based on the unfairness to rural areas of such assistance.

But they were also correct in pointing out that this is not just another rural-versus-urban issue. Smaller urban areas are also short changed by this bill.

So rather than repeat the points he has made, I want to speak as a member representing an urban constituency in Chattanooga, Tenn., one of the 269 urbanized areas of the country which is given less than fair treatment under this bill.

We, in Chattanooga, have a bus system and an UMTA grant, and I welcome the gentleman's support for continuation and expansion of the capital grant program. But I also have a great deal of difficulty with operating subsidies.

Where would the money go? To the big cities like New York which has one third of the transit ridership in the country.

They just negotiated a transit settlement that will bring the basic rate for their subway motormen to $7.24 an hour, plus a night differential and a lot of overtime and two cost-of-living increases besides.

Our bus drivers in Chattanooga get an average $4.54 an hour, so I see no reason to bail New York out when they pay wages like that. It is not fair to the taxpayer or the bus drivers of Chattanooga.

Last week, the Wall Street Journal pointed out some of the problems with operating subsidies. A research engineer in the Institute of Transportation and Traffic Engineering at the University of California at Berkeley was described as "appalled" by the idea.

He put it this way:

> A lot of money could go down the drain. It could become feeding time at the pig farm with the biggest pigs shouldering away those not big enough to get to the trough.

A California professor, George W. Hilton of UCLA, a witness before our committee last year, has recently published a study which was in progress during our 1973 hearings. He concludes that UMTA has strengthened the hand of transit unions giving them, in effect, veto power over Federal transit contracts.

This was highlighted in a recent letter from Transportation Secretary Brinegar to a member of the other body claiming that some urban mass transportation projects have been "held hostage" by organized labor.

The Department of Labor reviews labor protection arrangements for proposed transit systems to assure that labor's legitimate rights are protected. I have no quarrel with that. But Mr. Brinegar said that this review gets turned around into what amounts to a collective bargaining process.

To quote him directly:

> The fact that the project is as a practical matter held hostage in the process creates a pressure on the applicant to make concessions of a kind that it might resist more vigorously in the regular collective bargaining process.

This has happened to applications for capital grants. I think we are entitled to ask what will happen when operating subsidy requests are at stake. The Secretary has a lot of discretion here. The transit unions will have it both ways, pressure from the top down at the national level and pressure at the local level up through the ability to tie up a system with a strike.

Mr. Chairman, I want to repeat that I support public transportation and fair labor practices. But the provisions in this bill for operating subsidies and the formula giving preference to rail systems mean one thing to me. It has become a big-city, big-union bill, and the transit workers and transit riders elsewhere in the country will wind up with what is left—and paying for the package, to boot.

If we leave operating subsidies in, most of the money which could go for construction and new facilities and equipment will wind up in higher wage settlements. If that happens, we will be pumping an endless amount of Federal dollars into systems and have little to show for it. I urge adoption of this amendment to eliminate operating subsidies from the bill.

Mr. SYMMS. Mr. Chairman, will the gentleman yield?

Mr. BAKER. I yield to the gentleman from Idaho.

Mr. SYMMS. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I am amused by the debate we are hearing here in this Chamber—defending the sacred "cow" of operating subsidies—a "sacred cow" to defend a 35-cent subway fare in New York City.

The most amusing of all arguments is, that higher subway fares in New York City might cause inflation—this is like saying that wet sidewalks cause rain—inflation does not come from rising prices it causes rising prices. I urge my colleagues to support this amendment, and do something worthwhile to fight inflation—shut off the first-money printing press.

Mr. STUDDS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I should like to make a plea to the Members of this House. I think we are finding ourselves, as we have over the years, being perniciously and unrealistically divided. We are victims of little verbal boxes that we have made for ourselves over the years. We are being asked by speaker after speaker to choose for ourselves one of two hats. We can choose to be rural or we can choose to be urban.

I submit to my colleagues that the history of legislation over the last several decades has compounded this problem. Everything we do is labeled either urban or rural. Symbolically, I think, we change in this bill the Urban Mass Transit Administration to the Federal Mass Transit Administration.

In point of fact, most Americans in 1974 are neither rural nor urban, and it does us no good whatsoever to allow ourselves to be unrealistically divided in this fashion.

To argue, as some Members have done, that this bill is solely for the nine largest cities and, consequently, for only 15 percent of Americans is absolutely specious, and it forces us to divide ourselves in ways that do not reflect the reality of our own constituencies.

The city of Boston is one of the nine cities. I do not represent one single person in the city of Boston. My district, like the districts I would suspect of most of us, is neither rural nor urban. It is in between, where most Americans numerically and percentagewise live. Whether one chooses to call it metropolitan or suburban really does not make much difference. Perhaps we ought to try to avoid all kinds of labels.

There is enormous and overwhelming support for this legislation in the essentially suburban district that I represent, although no bureaucratic cartographer has managed to include my constituency in the definitions of this or any other piece of what I consider to be legislation replete with artificial labels.

I would plead with my colleagues to pay attention to two words in the bill. We say public transit service in, "to and from" urbanized areas. Those two little words "to" and "from" open the whole world of commuter rail transportation and bus transportation for many of us, I suspect a majority of this Congress, who represent people who live neither in the major cities of this country nor, in the genuinely old-fashioned sense, in the rural areas of this country. So I would plead as strongly as I can for us not to be deceived by the attempts artificially to divide us. This is genuinely a national piece of legislation designed to deal seriously with what is genuinely a national problem, and it is with no sense of shame but with pride that I go to my suburban constituency to defend this legislation.

Mr. MIZELL. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment offered by the gentleman from Texas, which would remove the authorization of an operating subsidy for urban mass transportation systems.

Let me state at the outset that I support the general idea of Federal assistance for capital improvement of transit systems throughout the country. I, however, strongly oppose opening the Federal Treasury to transit systems at the operating level. We have never subsidized city bus and rail operations and I feel that we should not start such a practice now.

We are talking here in terms of billions of dollars. Of the $20 billion authorized in the bill, $5.4 is earmarked for capital investment. Half of the remaining amount would be permitted for operating subsidy, which comes to more than $7 billion.

I consider this proposal to subsidize local transit operations to be entirely inequitable. It will have the effect of forcing the taxpayers who will not be able to use a transit system to pay for the transit operations in the large population centers. But to compound the inequity of this situation, these areas usually are lower wage areas when contrasted to the large urban centers where wages are normally much higher. The result is that the low wage earners are subsidizing their better paid counterparts in the more affluent areas.

The Wall Street Journal for August 9, 1974, contained a very telling editorial flatly opposing the entrance of the Federal Government into the transit operating subsidy picture. The editorial, which addressed itself to an earlier bill calling for a total of only $800 million, pointed out that such a sum would only be the beginning:

> The fundamental problem is that once Congress allows itself to be wheedled into providing operating subsidies for urban transit, it is in for a long trip with almost limitless possibilities for spending the taxpayer's money. Urban transit as it is organized in the largest cities has been growing increasingly uneconomic for years. Federal operating subsidies can only postpone an inevitable day of reckoning. The $800 million bill that the House rejected last week is only a small beginning for the amounts New York and other large cities will be demanding once the subsidy principle is established.

How true. Only a few days later the $800 million becomes $6 or $7 billion.

One further point. With such staggering sums being spent at the operating level, it tends to squeeze out an appropriate amount of funds for improving the physical plant and keeping it improved. The end result could be that the Federal Government—and I mean the taxpayer—could be pouring more and more money into transit systems while they continue to slide downhill in physical plant.

Mr. Chairman, for these reasons this inequitable and unacceptable operating subsidy provision must be removed.

Mr. DON H. CLAUSEN. Mr. Chairman, will the gentleman yield?

Mr. MIZELL. I yield to the gentleman from California.

Mr. DON H. CLAUSEN. Mr. Chairman, I thank the gentleman for yielding.

I believe the gentleman has brought to the attention of our colleagues on the floor something which needs to be said. That being his reference to the fact that we have now two ongoing trust funds dealing with a specific model of transportation, namely airport-airways, and highways. This is not entirely whether we are for or against operating subsidies per se.

If my colleagues on the floor will read by alternative views which suggest there are alternative methods for providing operating and maintenance. We can and should address ourselves to this question and it can be done through the cooperative leadership of the Ways and Means and Public Works Committees by creating an Urban Mass Transportation Trust Fund. In this way we can provide additional funding for operation and maintenance and not be in competition for the limited general funds we commit to build our mass transit systems.

We need both—general funds to build the systems and an Urban Mass Transportation Trust Fund for operation and maintenance if we are going to develop the positive methods of finance needed to obtain our balanced transportation system objectives.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

(On request of Mr. MILFORD, and by unanimous consent, Mr. MIZELL was allowed to proceed for 1 additional minute.)

Mr. MILFORD. Mr. Chairman, will the gentleman yield?

Mr. MIZELL. I yield to the gentleman from California.

Mr. MILFORD. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, several speakers have offered the argument that this is an urban-rural argument. I would like to point out that I represent the twin cities of Dallas and Fort Worth which is one area already operating with a common transportation system. This urban area has a combined population of over 2 billion. It actually has a higher population than one of the so-called Big Nine named in this bill. The question has nothing to do with the rural competing with urban areas but has to do with the inherent inequities that are produced by operating subsidies.

Mr. JAMES V. STANTON. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in strong opposition to the amendment. First of all I rise in salute to our President Gerald R. Ford. I do that deliberately because I think Gerald R. Ford is a man of great capacity and great understanding. When he rose to the Presidency he understood that he had to be bigger and larger than the interest he represented when he represented Grand Rapids, Mich. In consideration of that in speaking to the mayors of this Nation he said that he had changed his view and would continue to clarify his view with respect to operating subsidies.

He indicated that there was a need by the mayors for operating subsidies, because as President of the United States he understood that now he had to take into consideration the problems of America that were far beyond the scope and premise he had to deal with as a Congressman from Grand Rapids, Mich. So I salute the President for the broad outlook he takes in this bill.

I would also like to salute another great Republican, my mayor of the city of Cleveland because he urged that we support this bill for operating subsidies at an 80 percent federally funded level.

I could not quite reach to that length. I could not quite agree we should take 80 percent of the burden; but in support of my Republican mayor, I did approve and did concur in a 50 percent matching subsidy for the operating subsidies, because the city of Cleveland, contrary to what the gentleman from New Hampshire stated, did spend $10 million last year of its funds to help the operation of the Cleveland Transit System. It did so because the people of Cleveland realized that they have to make a local commitment.

What greater protection could we get on this subsidy than to have the citizens of Cleveland make a vote on the expenditure of their local tax dollar. For every dollar of subsidy that is going to be used in the Cleveland Transit when this system is adopted, a voter in Cleveland will have put in 50 percent of it. I can tell us all the voter of Cleveland is extremely frugal in how he spends his money. He is going to watch the Federal dollars, as well as his local dollars; so I say to the gentlemen on the other side of the aisle, for whom I have the deepest respect, I believe we have to follow the leadership of our President. I believe we ought to follow the leadership of a great Republican mayor of an urban area.

If the Republicans want to revitalize their party and have a stronger outlook for the Nation, they should look beyond the narrow confines of their own congressional district.

Mr. PEYSER. Mr. Chairman, I move to strike the requisite number of words. I rise in opposition to the amendment.

Mr. Chairman, I have found since I have been in Congress that basically the Congress makes an honest effort on all major legislation trying to be fair in treating all the people of the country. I think that is really all we are talking about today is how to be fair in our treatment of many millions of people in the United States.

I have heard some figures today, whether it is 18 percent of the total population that is going to get something here, as against 82 percent. I just looked at some figures from the Library of Congress. I find out that in reality we have 139 million people in our country that live in these urban areas. They are not all being affected at this time by this legislation; but it seems to me when people speak of operating subsidies as though they are talking about a dirty word, that this is something we never ought to consider in this Congress, then we are not really listening to the many people in this country who have a genuine, desperate need. These are not politicians. These are not the words of mayors or Governors who are trying to reach out to get something so they can run their people and say, "Look what we've got." That may be what some of them are looking at and watching; but in reality we are talking about the millions of working people who are in desperate need of help. When I hear the rural areas say, our rural driver has to pay $3 and that rich city fellow only pays 70 cents, we all know there are many areas in between those two figures, if we start examining everything, such as where do the tax dollars in this country come from? Who is really providing the billions and billions of dollars in the overwhelming majority that supports this Government and all the country? This money comes from the urban areas.

I think we make a big mistake and I hope we are not going down the line of rural against urban, agricultural against manufacturing, North against South and East against West. How do we hold the country together and accomplish something if we take this attitude? What I am really asking for is for us to act in fairness to the people of this country and pass this legislation.

There may be a question on the cost of this bill. I think that will be discussed at a later time, but to say that operating subsidies which affect so many people have got to be knocked out, or that one segment of our country is not going to support the bill, I think would be a terrible action of this Congress. I am really convinced, when it comes down to the point, we are not going to let the local interests which are right now saying, "My area did not get anything," prevail. Let's act for the good of the entire country and defect this amendment.

Mr. GROVER. Mr. Chairman, will the gentleman yield?

Mr. PEYSER. I yield to the gentleman from New York.

Mr. GROVER. Mr. Chairman, I wish to associate myself with the remarks of my colleague from New York. I would like to make one other point, which is that operating subsidies is not only not a dirty word, but it is a very useful and traditional procedure for accomplishing Government programs.

We have been assisting the airlines, and poor people and unemployed people do not use the airlines very much. For many years we have been assisting the merchant marine in the construction of ocean-going vessels and in many cases have provided operating subsidies to run their ships.

It seems somewhat futile to offer capital improvement transit assistance to cities which cannot afford to operate the improved facility.

I think the gentleman is very sound in his remarks concerning the operating subsidies.

Mr. BAKER. Mr. Chairman, will the gentleman yield?

Mr. PEYSER. I yield to the gentleman from Tennessee.

Mr. BAKER. Mr. Chairman, how does the gentleman reconcile the logic of his argument at this time when he has joined me in the past in opposing subsidies for peanuts and artificial sugar prices and so forth?

Mr. PEYSER. Mr. Chairman, I felt that I would never get by a moment on the floor without having to defend my action on the peanut subsidy, but I really do not think we are talking about that today, and it is not at all inconsistent.

When the Federal Government is throwing away $500 million into a peanut subsidy in 3 years, when we have got millions of people who need this money just to get to their jobs. My point is that we are talking about people who are all American citizens, who need the help. Let us give it to them now in this form without getting the real factional kind of fighting underway.

Mr. CAREY of New York. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I did not intend to get into the matter of peanuts and subsidies today, but let me bring a piece of news to the Members who are interested in the hot roasted peanut and salted peanut and unsalted peanut.

Actions taken by the Metropolitan Transit Authority are going to increase the consumption of peanuts if we can get some people to ride the subway, because we had some peanut vending facilities in the subways which were not working. One can put the money in, but he never got the peanuts, so by administrative corrective machinery and farsighted planning, the transit authority took away the broken vending machines. Now, a person is going to be able to buy hot roasted peanuts and increase the market, because they are delicious and will be eaten, if they can only get to the city with a little money in their pockets to buy a sack of peanuts.

If the Members want to sell peanuts, they had better be able to get people to work, because they will not buy peanuts if they are setting at home. They will not get to work if we put a tax on wages, and that is what we are talking about.

It is whether or not we are going to add a transportation tax to the wages of those who work at the lowest possible level of income. Operating subsidies to middle-income commuters are what they are going to be asking for in a very short time. This is not therefore an inner-city issue but a people moving program for tomorrow. We have a choice to make here today, and we had better look at the economy. I warn the Members, the unemloyment rate has exceeded 6 percent in many areas. If unemployment is going to increase, Arthur Burns, of all people, the other day suggested that perhaps we need 900,000 people in a job service employment program to pick up the slack in unemployment.

That is one way to combat unemployment in a recession. Another way is to keep the people on the job who are working now, who are not going to work if the fare rate goes up so high that it dose not pay them to go to work. That is what happens. Every time the fare rate has gone up, the ridership has gone down.

We can forget the 35-cent fare; there is no such thing. A 70-cent-a-day fare is in effect, and in most zones where the poor live, in the extremities and perimeters of the urban areas where we build their housing, the two-fare zone is in effect, so it is $1.40 a day we are talking about for low-wage workers. That is a cost factor of $300 per year if the fare goes up and is not peanuts, that is inflation. The anti-inflation vote is a "no" on this amendment.

When we add that up at the end of a year, it is $300 or $400 per person and an additional tax on wages.

If we do not do something to keep that person working, it becomes a question of economics. Do we want people to continue working? Do we want to make it a fact that people get jobs, or do we want that added on in the next round of wage negotiations?

Do we want the latest price spiral to start all over again?

Any increase in transportation fares to get to work will be reflected at the bargaining table.

However, we have a choice of public transportation in order that we do not use much gasoline and have as much of a problem as to emission controls in central cities.

We should embrace the practical idea of keeping people moving in the most economical way to get them to work, or do we want to put them back on welfare, where they cannot even afford a sack of peanuts?

Mr. HARSHA. Mr. Chairman, I move to strike the requisite number of words.

I am somewhat surprised to hear that the people with the lowest level of income reside on parts of Long Island and in the suburbs outside of Boston. I find that difficult to accept. I have always believed that these have the highest level of income.

To retain the 35 cent fare, or whatever a fare may be, at the existing level is another thing. I cannot understand what is so sacrosanct about maintaining the level of the fare at the present rate, irrespective of additional costs of operation and irrespective of inflation.

Those of us who use the automobile have had to absorb a tremendous increase, often as high as 100 percent, when we purchase gasoline to provide our transportation to and from work. I cannot see why fares should be so sacrosanct that they should remain at the same level year after year.

Let me make this further point, however: The President of the United States understands that under certain circumstances there is a need for operating subsidies.

Frankly, I think that there is a need to create an incentive for people to use mass transit systems if they are going to work efficiently or have any success at all. But the operating subsidy provisions of this bill are so wide open and so void of any incentive to hold down operating costs and maintenance costs that they are utterly ridiculous.

There are absolutely no safeguards, contrary to what others have said here, in this language. I doubt whether the President of the United States supports operating subsidies under those circumstances.

Let me point out to the House what this bill provides by way of operating subsidies. One can even replace existing revenue sources for operating subsidies with absolutely no requirements for improving service or a contribution of local or State tax revenues.

The operating subsidy grants are fixed at 50 percent, irrespective of whether or not the community even wants a 50-percent grant.

The language is so restricted in that regard that it requires a full 50-percent grant. However, one can also match the non-Federal share with funds from the fare box. In other words recipients do not have to provide any improved service for the traveling public. Nor is it necessary for them to contribute any additional tax receipts to help cure the deficits that they incur.

There is an even more glaring omission, however: The operating grants in this bill are not limited to operating deficits.

For example, if we had a transit system that was breaking even on its operating costs, it could still come in, under the language of this bill, and get a grant for operating subsidies. We should not permit that kind of language in national legislation especially when we are talking about a figure close to $7 billion for such operating subsidies.

Surely there must be some restrictions or guidelines imposed so that there will be an incentive to the operators of the transit systems to operate efficiently. We should not throw the financial doors open to let anybody come in and negotiate any kind of contract for increased wages simply on the basis that they can go to Uncle Sam for the money and do not have to increase taxes to provide the additional money and do not have to make an effort at the local level to provide improved service for the traveling public.

Mr. Chairman, this provision is so weakly drawn and wide open that it should be extensively amended and seriously changed or else deleted entirely.

Ms. ABZUG. Mr. Chairman, will the gentleman yield?

Mr. HARSHA. I yield to the gentlewoman from New York.

Ms. ABZUG. Mr. Chairman, I found the gentleman's remarks quite interesting.

Mr. HARSHA. Mr. Chairman, I am glad the gentlewoman did.

Ms. ABZUG. Mr. Chairman, I feel there should be some important local commitment and some incentives. As a matter of fact, I think, if the Members will look at page 45 and section 501 of the bill—that is a section of the bill which I prepared—you will find it provides for certain factors which the Secretary must consider in making grants. We must not forget this even though the Secretary has a great deal of discretion. The administration's secretary, Mr.

Brinegar, has a lot of discretion under this act, but he must make grants in a fair and equitable manner, "based upon, but not limited to, such factors as previously approved projects that require additional funding" and "commitment of local funds * * *."

So that there are factors of incentive and initiative which the Secretary can consider in determining how much money should actually be given to an area.

The CHAIRMAN. The time of the gentleman from Ohio (Mr. HARSHA) has expired.

(By unanimous consent, Mr. HARSHA was allowed to proceed for 1 additional minute.)

Mr. HARSHA. Mr. Chairman, of course, the commitment of those local matching funds may come out of the fare box.

Ms. ABZUG. Mr. Chairman, if the gentleman will yield further, let me explain that further.

I use as an example that one which has been much referred to here in New York City. We get $500 million out of the fare box, but we put up another $500 million out of our town tax revenues to run our mass transit systems.

Mr. HARSHA. Mr. Chairman, I am not talking about what New York is going to do or has done. I am talking about what can be done under this bill by any city.

Ms. ABZUG. Mr. Chairman, if the gentleman will yield further, I can assure the gentleman that from what I have learned from our hearings, I am sure that no locality is going to find it an easy stretch to put up 50 percent of its own money in order to get a 50-percent matching Federal grant. We do not do that on highways. We only ask 20 percent. We are placing a 50-percent request in here on our general program, and a 50-percent matching grant is larger than has ever been requested before. That should provide plenty incentive for a locality to do something for itself.

Mr. WRIGHT. Mr. Chairman, I rise in opposition to the amendment.

I do so with some reluctance because of the great personal regard I have for the distinguished colleague of mine who has offered it.

Mr. BLATNIK. Mr. Chairman, will the gentleman yield?

Mr. WRIGHT. Of course, I yield to the chairman of the committee.

Mr. BLATNIK. Mr. Chairman, I wonder if we can get some agreement on both sides now concerning this amendment. I believe it is extremely important, but we have been on it for an hour and it has been debated. I wonder if we can get an agreement on a time limitation.

Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close 5 minutes following the termination of the remarks by the gentleman in the well, the gentleman from Texas (Mr. WRIGHT).

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

The CHAIRMAN. The gentleman from Texas (Mr. WRIGHT) will proceed.

Mr. WRIGHT. Mr. Chairman, it seems to me that the basic question before us is to decide whether the development and encouragement of the use of mass public transportation throughout the United States is in the national interest. If we conclude that it is an important goal in the national interest, then I think we must recognize the reality of the need for some form of operating subsidization.

Do the Members know how many local systems in this country are operating at a profit? None of them. Not one. They are all losing money.

This is not a question of how much money are we going to spend in the bill. If the gentleman's amendment were adopted it would not reduce the total cost of the bill. It would simply mean that the cities would be required to use whatever money comes to them to build additional plant and equipment, but that they could not use any of it to popularize or maintain and improve their service.

So the question of total authorization is not involved. There will be other amendments relating to that. The same amount of money would be authorized whether we approve or disapprove of this amendment.

Second, it is not a question of big city versus small city. The very same allocations in the bill would apply to the various categories of communities regardless of whether this amendment is adopted or not.

The real question, therefore, is whether or not there is a need for some form of operating subsidization.

I agree with the gentleman from Ohio that some of the features of the present bill are not exactly to my liking. The gentleman will recall that I had an amendment in the committee which would have reduced the Federal share in operating subsidization to one-third, so that the States and cities would have contributed $2 for every Federal dollar. But if this present amendment is adopted, there will be a foreclosure of the use of any money for subsidizing operations.

It seems to me that if we are ever going to make these systems self-sufficient, if ever indeed we can, then we shall have to make them attractive to the public.

In the year 1946 the total number of systems of this kind operating in the United States was at least twice what it is today. At least half those that were in operation in 1946 have gone out of business. In 1946 the average such system was making money. The aggregate national figure was a net gain, a profit of approximately 11 cents on every revenue fare dollar paid. Last year, however, there was a net loss throughout the country of approximately 23 cents on every dollar paid in fares. The basic reason is that approximately four times as many people were using public transportation in 1946.

The fact of operating loss does not just apply to New York City, and it does not just apply to Chicago and to Cleveland; it applies to every city in this country.

The middle-sized towns, and even many smaller towns today are struggling in an effort to provide transportation for their citizens at a cost that those citizens can afford to pay.

One of the things that was said which really deserves to be answered was the contention that this was a means by which the poor people would be subsidizing the more affluent citizens. I do not think that is true generally at all. Characteristically it is the less affluent who use public transportation today. In fact, the most affluent people are those who ride airlines, and their operations, of course, have been federally subsidized for years.

The CHAIRMAN. The time of the gentleman has expired.

The Chair will now recognize those Members who were standing at the time of the limitation of debate for 1¼ minutes each.

(By unanimous consent, Mr. HARSHA yielded his time to Mr. FRENZEL.)

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota (Mr. FRENZEL).

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. FRENZEL. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Chairman, I rise in support of the Milford amendment.

I believe it is unfair to ask all taxpayers in the Nation to subsidize mass transit fares which will only benefit the people in the big cities.

In addition, I am concerned that the operating subsidies as proposed by H.R. 12859 will discourage State and local initiatives to seek sources of financing mass transit systems. Recently the voters in the State of California and in the County of Los Angeles agreed to propositions which allow State gas tax funds to be used for the construction of fixed guideway transit systems. These funds will only be used for construction costs and do not include operating subsidies. However, in November, the voters in the Southern California Rapid Transit District will have the opportunity to vote on a proposal to increase the sales tax in the RTD District by 1 cent to help in the financing of rapid transit costs. This proposal is divided into two one-half cent measures: One-half cent would be used for maintenance and operating subsidies of which one-quarter cent must be used to retain the 25-cent flat fare in Los Angeles County; and one-half cent will be used exclusively for construction and capital acquisition. In my opinion, the local and State levels are the proper levels to finance rapid transit systems. This gives the voter-taxpayers the opportunity to vote up or down on this issue which directly concerns them, and to establish their own priorities on the use of their tax dollars in this area. The voter-taxpayer should make the decision if a flat fare should be maintained by tax subsidies, or if the system should be financed by charging fares that cover costs including labor. I have serious reservations about asking the Federal taxpayer to subsidize the salaries of local transit labor.

I realize that the taxpayer is overburdened at the local level and overburdened at the State level, but he is also overburdened at the Federal level. I believe that we must reconsider this whole issue and seek out ways to relieve the burden at the Federal level in order that the State and local governments can tax directly, and the taxpayer can participate directly in the determination of how his tax dollars will be spent.

For these reasons I support amending H.R. 12859 to strike the provisions in the legislation which allow for the use of the authorized funds for operating subsidies, and I support reducing the overall authorization in the bill from the reported figure of $20 billion to a more reasonable level of $10 or $11 billion. I do this with the hope that Congress will move in the direction of easing the Federal tax burden in order that we may decentralize the power in Washington to give the voter-taxpayer direct control over the use of his tax dollar.

Mr. FRENZEL. Mr. Chairman, we fought the battle of operating subsidies before in this House and we determined that it was not a good way to improve the mass transit in this country.

The trouble with the operating subsidies is that they give the incentives to those who have failed the test of transit ridership. Those systems which do not attract sufficient riders, which have not been run efficiently, are the systems which profit under the scheme of operating subsidies.

As a matter of fact, the losses in the United States last year were $680 million. They will be about $1 billion in 1975 and $5 billion in 1980, so by the time we get to the end of the period covered by the bill, the operating subsidies will consume all of the funds authorized by this bill. That will leave no money at all to be spent for capital improvements.

If there is anything we really do need in our transit systems of this country it is capital improvements to make them more attractive so that people will choose to ride them. In their present state, people decline to ride them even when subsidized.

Mr. Chairman, it is a shame we talk so much about New York, because it is a fine town and we all like it. But actually in the New York urbanized area, only 28 percent of all trips are made on mass transit. Of the trips made in the central business district 83 percent are made on mass transit.

So if we believe that all of the poor people operate between Wall Street and Park Avenue, I suppose New York's operating subsidies will in fact go to the poor. My guess is they will go the commercial advancement of that particular town.

Mr. Chairman, I urge the support of this amendment and I hope we can move on to pass this very good bill, for which the committee should be congratulated.

Mr. CRANE. Mr. Chairman, will the gentleman yield?

Mr. FRENZEL. I yield to the gentleman from Illinois.

Mr. CRANE. I thank the gentleman for yielding.

I want to rise in support of the amendment. We discussed it thoroughly, as he well knows, before the Committee on Banking and Currency's Subcommittee on Mass Transit. Testimony that came before that committee revealed that we cannot come up with any equitable formula nationwide for distribution of public moneys for operating subsidies. Further, it is going to become one of those areas where we will have astronomical future costs. Finally, major beneficiaries such as New York and New Jersey have already voted down statewide referendums to meet the operating deficits of New York City and Newark. If those two affluent States are not willing to support their own systems, it seems particularly unjust to pass their costs on to less affluent States which do not benefit equally.

The CHAIRMAN. The Chair recognizes the gentlewoman from New York (Ms. HOLTZMAN).

Ms. HOLTZMAN. Mr. Chairman, I would like to make a plea in opposition to this amendment, which seeks to strike operating subsidies for mass transit from the bill. I come from that often-maligned city, New York. I would tell the Members if I had the time about the plight of the people in my district who are working people, most of whom must take a train or a bus or both to get to work.

It is important that we make a national commitment to mass transit. We are faced with a continuing energy crisis, even though the headlines do not talk about that any more. We are faced with an inflation that is eating up every penny out of the working person's pocket.

How can we avoid the responsibilities of making mass transit attractive enough to be a real alternative to the car and cheap enough to permit people to afford to go to work? If we do not permit operating subsidies for mass transit systems, there is no way we can achieve the objective.

We must also recognize that most big city transit systems are operating under sharply increasing deficits. Operating subsidies will help keep the fares down. If we permit fares to rise, we will see these deficits increase since ridership always falls off with fare increases.

Under this bill, the cities are going to have to make their own commitment of local funds to obtain Federal operating subsidies. We are not talking about a handout; we are talking about a partnership.

Finally, this is not a big city bill. We as a nation, whether we come from rural areas or suburban areas, must have a commitment to the continued viability of cities. The cities have a commitment to rural areas—we pay taxes for rural electrification projects, agricultural projects, and rural highway projects, to name a few.

In fact, the cities have always had to deal with and support those people who fled from rural poverty. This has allowed some of the agricultural States to flourish economically.

Just as we in the cities have paid for the poverty of rural areas, rural areas will have to pay for the cities if we allow them to become impoverished.

We ought to defeat this amendment and defeat it soundly.

Mr. RONCALLO of New York. Mr. Chairman, I rise in opposition to the amendment. I think we have all lost sight of the reason we are here today working on a mass transit bill. Federal aid to mass transit is not just something for the convenience of the urban traveler so that he can get to work more quickly and comfortably. The purpose is to help protect our environment and reduce our demand for energy by moving people more efficiently and more cleanly than by private automobile. All our work will be to no avail if we have beautiful trains and buses with nobody to ride them due to high fares.

The commerce and industry of our urban areas are the lifeblood of this Nation. For these activities to be carried on successfully, businesses must be relatively close together and people must be available to staff them. That is why we have cities and suburbs. If these people use their cars to get to and from work, they create a lot of pollution and waste a lot of energy. This affects the quality of life in our Nation as a whole, and its solution requires the support of all Americans.

It now costs about $5 round trip to take the Long Island Railroad from Huntington in my district into midtown Manhattan. This is too much. Why do you think so many commuters sweat it out twice a day on the Long Island Expressway, which has become known as "the world's longest parking lot"? Because they like to? No, it is because the train is unpleasant and too expensive. We must do both: improve the facilities with the help of capital grants and bring the fares into line through operating subsidies.

The same situation holds for our new Nassau County bus system. There are no north-south rail lines across this county. One has to travel by road. The system must have more modern equipment and more frequent service over more routes, but this is never going to happen if it cannot attract riders. We are trying to change people's habits, and in this difficult economic period nobody is going to take the bus if there is not a significant savings of the cost of the same trip by car.

I strongly urge my colleagues to defeat this amendment and pass the bill with the operating subsidies intact.

The CHAIRMAN. All time has expired.

The question is on the amendments offered by the gentleman from Texas (Mr. MILFORD).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. MILFORD. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 197, noes 202, not voting 35, as follows:

[Roll No. 493]

AYES—197

Abdnor
Andrews, N.C.
Andrews, N. Dak.
Archer
Armstrong
Ashbrook
Bafalis
Baker
Bauman
Beard
Bennett
Blackburn
Bowen
Bray
Breckinridge
Brinkley
Brooks
Broomfield
Brotzman
Brown, Ohio
Broyhill, N.C.
Burke, Fla.
Burleson, Tex.
Burlison, Mo.
Butler
Byron
Camp
Carter
Casey, Tex.
Cederberg
Chappell
Clancy
Clausen, Don H.
Clawson, Del
Cleveland
Cochran
Cohen
Collier
Collins, Tex.
Conlan
Conte
Crane
Daniel, Dan
Daniel, Robert W., Jr.
Davis, Wis.
Denholm
Dennis
Derwinski
Devine
Dickinson
Downing
Duncan
Edwards, Ala.
Erlenborn
Esch
Eshleman
Evans, Colo.
Evins, Tenn.
Findley
Fisher
Flowers
Flynt
Foley
Fountain
Frenzel

Frey
Froehlich
Fuqua
Gettys
Gibbons
Goldwater
Goodling
Gross
Gunter
Guyer
Haley
Hamilton
Hammerschmidt
Hanrahan
Harsha
Hastings
Heinz
Henderson
Hillis
Hinshaw
Holt
Hosmer
Hudnut
Hungate
Hutchinson
Ichord
Jarman
Johnson, Colo.
Johnson, Pa.
Jones, N.C.
Jones, Okla.
Kazen
Ketchum
King
Kuykendall
Lagomarsino
Landgrebe
Latta
Litton
Long, Md.
Lott
Lujan
McClory
McCollister
McKay
Mahon
Mallary
Mann
Martin, Nebr.
Martin, N.C.
Mathias, Calif.
Mayne
Michel
Milford
Miller
Mills
Mizell
Mollohan
Montgomery
Moorhead, Calif.
Mosher
Myers
Nelsen
Nichols
O'Brien
O'Hara

Pettis
Poage
Powell, Ohio
Preyer
Price, Tex.
Pritchard
Quie
Quillen
Railsback
Randall
Regula
Rhodes
Roberts
Robinson, Va.
Rogers
Rousselot
Roy
Runnels
Ruppe
Ruth
Ryan
Satterfield
Scherle
Schneebeli
Sebelius
Shoup
Shriver
Shuster
Sikes
Skubitz
Snyder
Spence
Stanton, J. William
Steed
Steelman
Steiger, Ariz.
Steiger, Wis.
Stubblefield
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Thomson, Wis.
Thone
Towell, Nev.
Traxler
Treen
Vander Jagt
Veysey
Waggonner
Wampler
Ware
White
Whitehurst
Wiggins
Wilson, Bob
Winn
Wyatt
Wylie
Wyman
Young, Alaska
Young, Fla.
Young, Ill.
Young, S.C.
Zion
Zwach

NOES—202

Abzug
Adams
Addabbo
Alexander
Anderson, Calif.
Annunzio
Ashley
Aspin
Badillo
Barrett
Bergland
Bevill
Biaggi
Biester
Bingham
Blatnik
Boggs
Boland
Bolling
Brademas
Breaux
Brown, Calif.
Brown, Mich.
Broyhill, Va.
Buchanan
Burgener
Burke, Calif.
Burke, Mass.
Burton, John
Burton, Phillip
Carey, N.Y.
Carney, Ohio
Chamberlain

Chisholm
Clark
Collins, Ill.
Conable
Conyers
Corman
Cotter
Coughlin
Cronin
Culver
Daniels, Dominick V.
Danielson
Davis, S.C.
Delaney
Dellums
Dent
Diggs
Dingell
Donohue
Dorn
Drinan
du Pont
Eckhardt
Edwards, Calif.
Eilberg
Fascell
Fish
Flood
Forsythe
Fraser
Frelinghuysen
Fulton
Gaydos

Gilman
Ginn
Gonzalez
Grasso
Green, Oreg.
Green, Pa.
Griffiths
Grover
Gude
Hanley
Hanna
Hansen, Wash.
Harrington
Hawkins
Hays
Hechler, W. Va.
Heckler, Mass.
Helstoski
Hicks
Holifield
Holtzman
Horton
Howard
Hunt
Johnson, Calif.
Jones, Ala.
Jordan
Karth
Kastenmeier
Kemp
Kluczynski
Koch
Kyros
Leggett

Lehman
Lent
Long, La.
Luken
McCloskey
McCormack
McDade
McFall
McKinney
Macdonald
Madden
Madigan
Maraziti
Mathis, Ga.
Matsunaga
Mazzoli
Meeds
Melcher
Metcalfe
Mezvinsky
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moorhead, Pa.
Morgan
Moss
Murphy, Ill.
Murphy, N.Y.
Murtha
Natcher
Nedzi
Nix
Obey

O'Neill
Owens
Parris
Patman
Patten
Pepper
Perkins
Peyser
Pickle
Pike
Podell
Price, Ill.
Rangel
Reuss
Riegle
Rinaldo
Robison, N.Y.
Rodino
Roe
Roncalio, Wyo.
Roncallo, N.Y.
Rooney, Pa.
Rose
Rosenthal
Rostenkowski
Roush
Roybal
St Germain
Sandman
Sarasin
Sarbanes
Schroeder
Seiberling
Sisk
Slack

Smith, Iowa
Smith, N.Y.
Staggers
Stanton, James V.
Stark
Steele
Stephens
Stokes
Stratton
Studds
Sullivan
Thompson, N.J.
Thornton
Tiernan
Udall
Van Deerlin
Vander Veen
Vanik
Vigorito
Waldie
Walsh
Whalen
Whitten
Widnall
Wilson, Charles, Tex.
Wolff
Wright
Wydler
Yates
Yatron
Young, Tex.
Zablocki

NOT VOTING—35

Anderson, Ill.
Arends
Bell
Brasco
Clay
Davis, Ga.
de la Garza
Dellenback
Dulski
Ford
Giaimo
Gray
Gubser

Hansen, Idaho
Hébert
Hogan
Huber
Jones, Tenn.
Landrum
McEwen
McSpadden
Minshall, Ohio
Passman
Rarick
Rees
Reid

Rooney, N.Y.
Shipley
Stuckey
Symington
Teague
Ullman
Williams
Wilson, Charles H., Calif.
Young, Ga.

So the amendment was rejected.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. DON H. CLAUSEN

Mr. DON H. CLAUSEN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. DON H. CLAUSEN: Page 58, lines 10 and 11, strike out "50 per centum" and insert in lieu thereof "one third".

Mr. DON H. CLAUSEN. Mr. Chairman, with the closeness of the vote on the previous amendment, I do not think it will be necessary to plow over the same ground, other than to express the intent of this amendment is to reduce the percentage from 50 percent to 33⅓ percent for the operating subsidies.

I offer this amendment with the objective of injecting greater balance into this bill which, as written, would have the Federal Government assume an excessively large share of the public mass transportation costs.

Rail systems are expensive, both to construct and to operate. This bill recognizes that preference is provided to cities which have rail or are fully committed to developing rail systems.

It would be excessive, in my judgment, to undertake a 50–50 matching of operating costs as well as the expense of capital construction costs. It would say to the taxpayer, "The big city transit systems are in trouble, so we ought to bail them out even as we create more rail systems which will increase demand for more operating subsidies."

This, in my judgment, would produce an endless cycle.

Now, at a time when massive investments are needed for capital facilities, it would be far preferable to inject an element of local responsibility by requiring the localities, individually or in conjunction with the States, to bear a larger share of the operating costs. Persuasive arguments against Federal subsidies for operation have already been offered, as the Members heard them articulated on the previous amendment. For those Members who are convinced that some Federal subsidy is essential to achieve fare structures conducive to increased ridership, this amendment, I submit, offers a reasonable compromise.

Mr. Chairman, we all recognize that operating subsidies are a costly proposition. Localities which set fares, determine levels of services, and negotiate labor contracts should bear a greater share of the burden.

I would like to digress momentarily to read from one of the witnesses who appeared before our committee, the Secretary of Transportation from the State of Massachusetts. I read as follows. He said this:

> The provisions as proposed seem bound to encourage great extravagance, particularly in those areas which find, under the new subsidy program, that their Federal aid eligibility far exceeds their current needs....
>
> The "maintenance of effort" provision would extend this counter-productive inducement even to those systems that already have large operating subsidy needs. Since existing subsidy levels would not be eligible for assistance, the ability of local transit officials to resist pressures for cost increases would be severely impaired.
>
> To counter these pressures, we would ideally recommend that the Federal participation rate in operating deficit expenses be reduced to one-third. . . .

Mr. Chairman, that was one-third. This is the Secretary of Transportation from the State of Massachusetts.

I could go on with more of this, but I believe the Federal Government has no responsibility for a mere bailout of an inefficient system. When the administration abandoned its long-standing opposition to any operating subsidies, with its scheme for UTAP proposals, and referring to some of the comments of our present chairman, it at least called for limitation of the assistance to improvement and expansion of service. Also included in the original administration proposal was a maintenance-of-effort provision. This bill, I am sad to say, moves in the opposite direction. It needs clarification, and for that reason, this amendment is being offered.

By scaling down the proportion of Federal support for operating expenses, this amendment would provide some inducement for local restraint.

Mr. Chairman, the entire question of operating subsidies having been debated at length, I would like to reemphasize the points I have made by asking the Members to adopt this amendment. I urge adoption of the amendment.

Mr. JAMES V. STANTON. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Ms. ABZUG. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, the facts presented

in the hearings before the Public Works Committee are that this amendment would penalize, I believe, the areas that the gentleman would most wish to help. It would hurt areas that are just embarking upon the development of either bus or rail programs or any other kind of transportation. The rural areas show very large deficits and have very little capacity to match as much money as would be required if this amendment is adopted. In fact deficits in those areas run as high as 75 percent. It would be difficult for an area like New York City but perhaps less than other areas because we have indeed been putting up, as I have indicated in previous debate, large sums of money already to subsidize our transportation system.

Some systems throughout the country, such as Atlanta's, where they have just adopted a sales tax, and other places where they have just gone through bond issues, are making an effort for local commitment. Requiring them to put up 50 percent of the money for operating expenses match, is significant enough. Two-thirds is just too much. It would discourage any incentive because these areas are embarking upon new programs which have not yet had time to develop successfully large ridership. It will make it more difficult to get into operation to raise tax money, sales tax, and other local financing efforts. They may just abandon essential transportation plans. So that if indeed, as has been stated by the gentleman and others on the other side of the aisle, in particular, one wishes to provide an incentive for a local area to produce a match for a local area to develop the A system, or improve its ridership, this will not do it. All this amendment will do is discourage the development of mass transportation.

Those particularly who are contemplating new plans, if required to put up a 66-percent match for operating money at this point in order to get 33 percent, just cannot do it. I do not know what the objective of this amendment is, but it would not accomplish the purposes I think that the gentleman would be addressing himself to.

Mr. DON H. CLAUSEN. Mr. Chairman, will the gentlewoman yield?

Ms. ABZUG. I yield to the gentleman from California.

Mr. DON H. CLAUSEN. Mr. Chairman, the objective of the amendment is very simple; it was to offer a reasonable compromise for those who wanted to back into the question of operating subsidies.

Let me make this other point that I made earlier. As far as I am concerned, this is not the end of what is going to be required to meet not only the construction of our systems and the funding requirements, but we will have to move in the direction of new funding methods to handle these systems throughout all sections of the country in the future, but at this point this would be a significant compromise and a significant start in that direction.

Mr. WRIGHT. Mr. Chairman, I do not speak for all of the majority side of the committee, but, as I indicated earlier, I did offer a similar amendment in the committee which was rejected in the committee. I support this amendment that is being offered by the gentleman from California, because I think it provides a reasonable matching figure. I think if the cities or States are required to put up $2 of their own for every Federal dollar, then we need not burden them with a plethora of restrictive requirements about what they may or may not do.

There is a wide diversity of need and desire throughout the country. Some of the areas want to maintain a 35-cent fare; that to them is sacred. Some of them want to develop dial-a-bus systems where in certain instances a citizen can call a city bus in advance, in the same sense that he would call a taxi, and be picked up and delivered to the airport, or wherever he may need to go. Other areas are interested in offering reduced fares for the elderly.

Each of these experiments, financially, is a loser. They are going to lose money. But I think the cities and the localities ought to be given the widest possible latitude to develop their own individualized systems. For that reason, I believe that this kind of limitation, $1 of Federal money for every $2 of State or local money to subsidize operating losses, would provide the most effective restrictions to protect the Federal investment from wasteful practices. For that reason I support the gentleman's amendment.

Mr. DON H. CLAUSEN. Mr. Chairman, will the gentleman yield?

Mr. WRIGHT. I yield to the gentleman from California.

Mr. DON H. CLAUSEN. I thank the gentleman for yielding.

I do want to acknowledge the fact that the gentleman from Texas offered his amendment in committee, and it was supported by many members of the committee. But would he also agree, as I have stated on so many occasions, that there are opportunities for other funding mechanisms to address ourselves to this whole question? The gentleman from Texas and the gentleman from Ohio have both introduced legislation to deal with this entire subject and the possibility of a third trust fund in mass transit.

Mr. MILFORD. Mr. Chairman, will the gentleman yield?

Mr. WRIGHT. I yield to the gentleman from Texas.

Mr. MILFORD. I thank the gentleman for yielding.

I, too, would rise in support of the amendment offered by the gentleman from California.

Mr. HARSHA. Mr. Chairman, I move to strike the requisite number of words.

As I said earlier, the great objection I have to the provisions presently retained in the bill dealing with operating subsidies is that they are too loose, too susceptible to abuse, and do not create any incentive at the local level to encourage more efficient, better management. Here, the Members can surely support this amendment because if they have to put up $2 for every dollar of Federal money, the incentive then would be to treat one's own $2 more efficiently and more effectively. I think the amendment would go a long way toward resolving some of the problems I had with the language in the initial bill.

Mr. Chairman, I urge its adoption.

Mr. SHUSTER. Mr. Chairman, will the gentleman yield?

Mr. HARSHA. I yield to the gentleman from Pennsylvania.

Mr. SHUSTER. I thank the gentleman for yielding.

Is it not true that if this amendment is adopted, approximately $2 billion will be saved by reducing the $7 billion forecast for Federal operating subsidies down to about $5 billion?

Mr. HARSHA. That would be saved from operating subsidies. It may still be available for construction.

Mr. SHUSTER. That is right. If that is true, is it not also true that if this amendment is adopted, those who previously voted for operating subsidies by voting for this amendment would also be voting for economy?

Mr. HARSHA. I would say that is a proper assumption.

Mr. SHUSTER. I thank the gentleman.

Mr. WRIGHT. Mr. Chairman, will the gentleman yield?

Mr. HARSHA. I yield to the gentleman from Texas.

Mr. WRIGHT. I thank the gentleman for yielding.

I think we ought to be clear about this. This does not cut the money, the amount of money out of the whole bill; it just says that a certain amount of money ought to be available for operating subsidies?

Mr. HARSHA. That is correct. I did not mean to infer it cuts money from the bill. It cuts the money available for operating subsidies, but the same amount of money is still available in the bill for construction.

Mr. JAMES V. STANTON. Mr. Chairman, will the gentleman yield?

Mr. HARSHA. I yield to the gentleman from Ohio.

Mr. JAMES V. STANTON. Would the gentleman from Ohio support a funding level of $15 billion in order to make sure that we could complete the projects, rather than if this side were to agree to cutting it? I mean it seems to me that the proposals coming from that side of the aisle are constantly to narrow and pare down the ability of this Congress to meet a national commitment on transportation.

Mr. HARSHA. I will have an amendment to deal with the total authorization in the bill later on.

Mr. JAMES V. STANTON. But that is consistent with the policy of not meeting the commitment on national transportation; is that not correct?

Mr. HARSHA. My amendment will be consistent with meeting the Federal obligation to the transportation problem of the country.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California (Mr. DON H. CLAUSEN).

The question was taken; and the Chairman announced that the ayes appeared to have it.

Mr. ANNUNZIO. Mr. Chairman, I demand a recorded vote.

A recorded vote was refused.

So the amendment was agreed to.

AMENDMENT OFFERED BY MR. WRIGHT

Mr. WRIGHT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WRIGHT: On page 46, lines 20 and 21;

On page 47, line 2;

On page 47, line 6; and

On page 47, lines 13 and 14; strike out "one million" wherever it appears and insert in lieu thereof "two hundred thousand".

Mr. WRIGHT. Mr. Chairman, the purpose of this amendment simply is to broaden the scope and application of the funds available under category B. We would make sure they apply in their prorated share to a greater number of communities throughout the United States.

This is, whether we like it or not, a bill weighed very heavily in favor of the very large cities of the country. To a degree that is necessary and desirable because those are the cities where exist the truly massive capital-intensive requirements for immediate investment. But the need is not confined to those cities.

We give 54 percent of the money in the bill to nine enumerated very large cities, and 14 percent to some 269 other cities that go all the way down to 50,000 population under category B. The bill as presently drafted provides earmarking, in other words a guarantee of their individual prorata share of the category B money, to only those cities of 1 million population and more.

It seems to me that this unduly tilts the balance even further in behalf of the extremely large areas and is inconsistent with the intent of the bill and of the Congress. Admittedly there are great needs in the cities of 1 million and more. There are only 16 of them in category B and they are in 10 different States. But the needs for public transportation are not confined to those few cities. The needs are just as real and just as severely felt in many cities of considerably smaller size.

In almost every city of over 200,000 in the country there is some local system of public transportation, and in every one of those there is an operating loss.

My amendment would simply earmark category B funds, as we did in the highway bill on the floor of this House, for all those cities of 200,000 and more. It would not do any harm to the larger cities. It simply would make certain that the medium-sized cities down to 200,000 would enjoy their fair share as well. I think it is the kind of fair amendment with which most of us could agree.

Mr. JAMES V. STANTON. Mr. Chairman, will the gentleman yield?

Mr. WRIGHT. I yield to the gentleman from Ohio.

Mr. JAMES V. STANTON. Mr. Chairman, we have no objection on this side of the aisle to the amendment the gentleman has offered.

Mr. WRIGHT. I thank the gentleman for that comment.

This would make the earmarking available to 106 different cities in 42 States rather than simply to 16 extremely large communities located in 10 States.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas (Mr. WRIGHT).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. SNYDER

Mr. SNYDER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SNYDER: Page 68, line 4. After the period insert the following: "No funds appropriated for the purpose of carrying out any applicable program may be used for the transportation of students or teachers (or for the purchase of equipment for such transportation) in order to overcome racial imbalance in any school or school system, or for the transportation of students or teachers (or for the purchase of equipment for such transportation) in order to carry out a plan of racial desegregation of any school or school system,"

Mr. JAMES V. STANTON. Mr. Chairman, I reserve a point of order against the amendment.

The CHAIRMAN. The gentleman from Ohio reserves a point of order.

Mr. SNYDER. Mr. Chairman, we have plowed this ground many times before in the House. Needless to say, it is not necessary to go over again all the arguments against busing in order to seek a racial balance in the schools.

We can recall that in March we adopted identical wording to this amendment in the Elementary and Secondary Education Act by a vote of 239 to 168.

In November of 1971 we adopted the same language by a vote of 233 to 124 to the education bill.

The situation in this, that I do not believe that the Public Works Committee intended to do what they have done in the bill. Section 520 refers to schoolbuses. The section was designed to protect private contract haulers from a subsidy to a public carrier that would be in competition to the private contract hauler and put him out of business.

As a consequence, the section says that no Federal financial assistance shall be provided under this title to a public mass transit system in competition with a private contract hauler; but then there is an exception to this negative, which gives us a double negative. It says that this section shall not apply to an applicant with respect to operation of a schoolbus program if the applicant operates a school system in the area to be served and operates a separate and exclusive schoolbus program for this school system.

So if we have, as we have throughout our State, the school board operating the schoolbus system, then they could become an applicant under this section and they could then use funds under this bill for the purpose of enforced busing to seek racial balance.

I would ask that those who supported the amendment in times past, giving it a substantial margin, would do so again.

POINT OF ORDER

The CHAIRMAN. Does the gentleman from Ohio insist on his point of order?

Mr. JAMES V. STANTON. I do insist on my point of order, Mr. Chairman. I believe that the amendment as offered by the gentleman from Kentucky is totally unrelated to a national bus transportation policy that is being considered under this act. His amendment goes to a policy of social concern that he apparently has a deep commitment to, that I do not think should be considered in this bill, because this bill is dealing with physical property in transportation. It is not dealing with social causes involved in the gentleman's amendment.

The CHAIRMAN. Does the gentleman from Kentucky desire to be heard on the point of order?

Mr. SNYDER. I do, Mr. Chairman.

Certainly there is no question that what the gentleman says is absolutely correct. This is unrelated to the mass transit policy of this country, but it is absolutely related to the language of this bill and the exception to the prohibition that appears on line 13, page 67, relates not to the mass transit policy of this Nation, but to an individual school system that might operate a schoolbus system in connection with their school operation. There is where the prohibition is necessary if, in fact, the funds are not going to be used for this purpose.

The CHAIRMAN. The Chair is prepared to rule on the point of order.

The Chair would remind the committee that the germaneness of an amendment should be determined from provisions of its text, rather than from the purposes which circumstances may suggest (Hinds' Precedents, volume V, sections 5783, 5803).

Since the text of the amendment is related to a subject covered by the bill, which is to say there is money authorized in the bill for the construction and operation of buses which might be used for the transportation of students, it is germane to place a limitation on the uses for which that money may be directed.

Therefore, the Chair overrules the point of order.

Ms. ABZUG. Mr. Chairman, I rise to strike the last word.

Mr. Chairman, this is a mass transportation bill. This bill is primarily devoted to that issue. Nevertheless, this particular amendment violates not only this legislation, but the Supreme Court and the law of the land.

We have argued this question before. I regret once again that this issue should be utilized to stir up, I think, the wrong kind of emotional attitudes when we are trying to discuss a very important national issue which is unrelated to the question raised by this amendment.

I regret it. All the Members know it. We have been through these votes over and over. We all know how this House has voted. I disagree with the way the House has voted, but I disagree mostly with this mindless approach to legislation.

If we want to fight out that issue, as I said before, why do we not fight it out where it belongs? This bill has nothing to do with the issue of busing for achieving goals of integrated education. We all know that. It is irrelevant. It is really not germane.

I think the point of order, having been overruled, is stretching it, but I have had my disagreements with the Parliamentarian before and I will again. Someday I hope this House will rule for itself and not by Parliamentarians. They look at one precedent and not another, and do not always know what is really germane to this legislation, or its purposes.

This amendment only makes it difficult for the young people growing up in this country to understand what kind of democracy we have. We stand in the way of black and white children going to school together. We hurt them and their present and their future by this. This kind of amendment makes me angry, and I do not mind if the Members see my anger. I regret it was done the way it was done on this floor. I regret hearing Members yell "Vote," but you will have the chance to vote and you will vote wrong.

The CHAIRMAN. The Chair reminds the gentlewoman from New York that the Chair studied the point of order and made its decision.

The question is on the amendment offered by the gentleman from Kentucky (Mr. SNYDER).

The question was taken; and the Chairman announced that he was in doubt.

RECORDED VOTE

Mr. BAUMAN. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 243, noes 149, not voting 42, as follows:

[Roll No. 494]

AYES—243

Abdnor
Alexander
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Armstrong
Ashbrook
Bafalis
Baker
Bauman
Beard
Bennett
Bevill
Biaggi
Blackburn
Bowen
Bray
Brinkley
Brooks
Broomfield
Brotzman
Broyhill, N.C.
Broyhill, Va.
Buchanan
Burgener
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Butler
Byron
Camp
Carney, Ohio
Carter
Casey, Tex.
Cederberg
Chamberlain
Chappell
Clancy
Clausen, Don H.
Clawson, Del
Cochran
Collier
Collins, Tex.
Conable
Conlan
Cotter
Crane
Cronin
Daniel, Dan
Daniel, Robert W., Jr.
Daniels, Dominick V.
Davis, S.C.
Davis, Wis.
Delaney
Denholm
Dennis
Derwinski
Devine
Dickinson
Dingell
Downing
Duncan
du Pont
Edwards, Ala.
Eilberg
Esch
Eshleman
Evins, Tenn.
Fish
Fisher
Flood
Flowers
Flynt
Forsythe
Fountain
Frey
Froehlich
Fuqua
Gaydos
Gettys
Gibbons
Gilman
Ginn
Goodling
Grasso
Griffiths
Gross
Grover
Gubser
Gunter
Guyer
Haley
Hamilton
Hammerschmidt
Hanley
Hanrahan
Harsha
Hays
Heckler, Mass.
Heinz
Henderson
Hillis
Hinshaw
Hogan
Holt
Hosmer
Hudnut
Hungate
Hunt
Hutchinson
Ichord
Jarman
Johnson, Pa.
Jones, N.C.
Kazen
Kemp
Ketchum
King
Kuykendall
Lagomarsino
Landgrebe
Latta
Lent
Litton
Long, Md.
Lott
Lujan
Luken
McCollister
McDade
Mahon
Mann
Maraziti
Martin, Nebr.
Mathias, Calif.
Mathis, Ga.
Mazzoli
Michel
Milford
Miller
Mills
Minish
Mitchell, N.Y.
Mizell
Moakley
Mollohan
Montgomery
Moorhead, Calif.
Murtha
Myers
Natcher
Nedzi
Nichols
O'Hara
Parris
Patman
Patten
Pepper
Pettis
Peyser
Pickle
Poage
Podell
Powell, Ohio
Preyer
Price, Tex.
Quillen
Randall
Regula
Rhodes
Rinaldo
Roberts
Robinson, Va.
Rogers
Roncallo, N.Y.
Rooney, Pa.
Rose
Roush
Roy
Runnels
Ruth
Ryan
St Germain
Sandman
Sarasin
Sarbanes
Satterfield
Scherle
Schneebeli
Sebelius
Shuster
Sikes
Skubitz
Slack
Snyder
Spence
Stanton, James V.
Steed
Steele
Steelman
Steiger, Ariz.
Stephens
Stubblefield
Sullivan
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Thomson, Wis.
Tiernan
Towell, Nev.
Traxler
Treen
Ullman
Vander Jagt
Vanik
Veysey
Vigorito
Waggonner
Walsh
Wampler
White
Whitehurst
Whitten
Widnall
Wilson, Bob
Wilson, Charles, Tex.
Winn
Wolff
Wright
Wydler
Wylie
Wyman
Yatron
Young, Alaska
Young, Fla.
Young, Ill.
Young, S.C.
Young, Tex.
Zablocki
Zion

NOES—149

Abzug
Adams
Addabbo
Anderson, Calif.
Ashley
Aspin
Badillo
Barrett
Bergland
Biester
Bingham
Blatnik
Boland
Bolling
Brademas
Breckinridge
Brown, Calif.
Brown, Mich.
Brown, Ohio
Burke, Calif.
Burton, John
Burton, Phillip
Carey, N.Y.
Chisholm
Cleveland
Cohen
Collins, Ill.
Conte
Conyers
Coughlin
Culver
Dellums
Dent
Diggs
Donohue
Dorn
Drinan
Eckhardt
Edwards, Calif.
Erlenborn
Evans, Colo.
Fascell
Findley
Foley
Fraser
Frenzel
Fulton
Goldwater
Gonzalez
Green, Oreg.
Green, Pa.
Gude
Hansen, Wash.
Harrington
Hastings
Hawkins
Hechler, W. Va.
Helstoski
Hicks
Holifield
Holtzman
Horton
Howard
Johnson, Calif.
Johnson, Colo.
Jones, Ala.
Jordan
Karth
Kastenmeier
Kluczynski
Koch
Kyros
Leggett
Lehman
McClory
McCloskey
McCormack
McEwen
McFall
McKay
McKinney
Macdonald
Madden
Madigan
Mallary
Martin, N.C.
Matsunaga
Mayne
Meeds
Melcher
Metcalfe
Mezvinsky
Mink
Mitchell, Md.
Moorhead, Pa.
Morgan
Mosher
Moss
Murphy, Ill.
Murphy, N.Y.
Nelsen
Nix
Obey
O'Brien
O'Neill
Owens
Perkins
Pike
Price, Ill.
Pritchard
Quie
Railsback
Rangel
Rees
Reuss
Riegle
Robison, N.Y.
Rodino
Roe
Roncalio, Wyo.
Rosenthal
Rostenkowski
Roybal
Ruppe
Schroeder
Seiberling
Shoup
Shriver
Sisk
Smith, Iowa
Smith, N.Y.
Staggers
Stanton, J. William
Stark
Steiger, Wis.
Stokes
Stratton
Studds
Thompson, N.J.
Thone
Udall
Van Deerlin
Vander Veen
Waldie
Ware
Whalen
Wiggins
Yates
Zwach

NOT VOTING—42

Anderson, Ill.
Arends
Bell
Boggs
Brasco
Breaux
Clark
Clay
Corman
Danielson
Davis, Ga.
de la Garza
Dellenback
Dulski
Ford
Frelinghuysen
Giaimo
Gray
Hanna
Hansen, Idaho
Hébert
Huber
Jones, Okla.
Jones, Tenn.
Landrum
Long, La.
McSpadden
Minshall, Ohio
Passman
Rarick
Reid
Rooney, N.Y.
Rousselot
Shipley
Stuckey
Symington
Teague
Thornton
Williams
Wilson, Charles H., Calif.
Wyatt
Young, Ga.

So the amendment was agreed to.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. MILFORD

Mr. MILFORD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MILFORD: Page 46, after line 7, insert the following:

"(4) No urbanized area shall receive a grant or grants under this subsection in any fiscal year which exceed in the aggregate an amount equal to 10 per centum of the total of all grants to be made in such year under this subsection.

Page 46, line 8, after "(b)" insert "(1)".

Page 47, after line 14, insert the following:

"(2) No urbanized area shall receive a grant or grants under this subsection in any fiscal year which exceed in the aggregate an amount equal to 10 per centum of the total of all grants to be made in such year under this subsection.

Mr. MILFORD. Mr. Chairman, I have offered an amendment that would make this bill more equitable for all urban areas in this Nation. As written, the bill favors only a few.

Simply stated, my amendment would prohibit any single urban area from receiving more than 10 percent of the total annual grants in any single category.

By adopting this amendment, less money will flow into nine big urban areas, and a more fair share will go into the other 269 urban areas.

From the very beginning, this bill was drafted on the premise that "the greatest need for assistance in mass transit existed in the huge urban areas. I contend that this premise is false.

Whether a citizen lives in New York, N.Y., or Bug Tussle, Tex., he is faced with the problem of getting to and from his work and traveling to other places of necessity. In all instances, cost of transportation is the factor that must be considered.

In the larger urban areas, mass transit systems are already established. They need assistance for capital improvement and expansion. These systems already have trained staffs, operational experience, and established ridership.

In literally hundreds of the smaller urban areas, many have no transit system at all. Others are fledgling or very inadequate. Few have significant operating experience or viable expansion plans. These urban areas will have to build from scratch.

Starting up a new transit system is far more costly than expanding an old one. Therefore, the real need for help lies in the smaller urban areas, rather than the "Big 9."

My amendment will also make distribution of funds more equitable for the larger urban areas. As now written, 54 percent of the total funds will go to only nine large urban areas listed in category A. Other large urban areas of comparable size, such as Los Angeles and Detroit, are not included in that category.

The bill provides that other large urban areas can move into category A. However, such a move would be effectively blunted if the original nine cities were able to gain more than 10 percent of the fund allocation for that category.

By limiting a city's allocation to no more than 10 percent of the total funds available in each category, we will be guaranteeing that no one city can monopolize grants.

My amendment would also guarantee a more equitable distribution for those cities covered under category B and category C.

Officials in the 269 urban areas, covered under categories B and C, fear that their cities may be passed over or shortchanged. They are afraid that massive lobbying or public relations efforts, by a few of the cities, could monopolize more than their fair share of the funds. They want a guarantee written into the bill that will positively limit the amount of money that any one urban area can receive.

Mr. Chairman, I feel that we must make this bill as equitable as possible for all of the 278 urban areas of this Nation, not just a few.

My amendment, prohibiting any single urban area from receiving more than 10 percent of the total annual grants in any single category, will assure some degree of fairness.

I ask your support in voting "aye" on this amendment.

Mrs. BURKE of California. Mr. Chairman, will the gentleman yield?

Mr. MILFORD. I yield to the gentlewoman from California.

Mrs. BURKE of California. I thank the gentleman for yielding.

There are only nine urbanized areas in category A. What does the gentleman propose his amendment would do with the balance of 10 percent? He said no urbanized area could get over 10 percent, but there are only nine urbanized areas, so it stands to reason that if each one received 10 percent there would be 10 percent left over.

Mr. MILFORD. Some of them could obtain more than that, as the bill is now written, and as a result it could hold back from other cities. That would be unfair.

Mrs. BURKE of California. But suppose each one of the nine receive the maximum of 10 percent. We only have nine cities in category A.

Mr. MILFORD. The purpose of the amendment is to allow other cities to go into category A.

Mrs. BURKE of California. I know, but there are only urbanized areas now. If no urbanized area gets over 10 percent and each one of them gets 10 percent, we have 10 percent left. What do we do with that?

Mr. MILFORD. This will allow other cities to go into category A.

Mr. JAMES V. STANTON. Mr. Chairman, if the gentleman will yield, they are not eligible.

Mr. MILFORD. There is provision in the bill for other cities to move into category A. There are also other amendments that will be offered.

Mrs. BURKE of California. Mr. Chairman, but in the present lineup of the urbanized areas during the first years of the bill, does the gentleman have within his amendment a proposal of what to do with the additional 10 percent allocated under category A? Does the gentleman understand my question?

Mr. MILFORD. I am afraid I do not.

Mrs. BURKE of California. Mr. Chairman, if each urbanized area gets 10 percent and no urbanized area can get more than 10 percent, we have only 90 percent in category A to be used.

Mr. MILFORD. Yes, but it would also allow other cities to move into category A, which is one of the purposes of this amendment.

Mrs. BURKE of California. All right. Let me move to the second category of B.

The CHAIRMAN. The time of the gentleman from Texas has expired.

(On request of Mrs. BURKE of California and by unanimous consent, Mr. MILFORD was allowed to proceed for 1 additional minute.)

Mrs. BURKE of California. Mr. Chairman, if the gentleman will yield further, is the gentleman aware of how many urbanized areas under category B are allocated over 10 percent under the formula?

Mr. MILFORD. There have been no allocations at all.

Mrs. BURKE of California. The formula in category B is by population and provides that an urbanized area shall receive according to its population.

Mr. MILFORD. Yes.

Mrs. BURKE of California. How many urbanized areas are over 10 percent?

Mr. MILFORD. I do not know.

Mrs. BURKE of California. I will answer it. Only one, the urbanized area of Los Angeles, which includes my city. So I ask why should we be cut back when by population we would receive more than 10 percent. Is that equity? And the gentleman says we should not have that equity and we should receive less per person than other areas because we happen to have a larger population.

Mr. MILFORD. The purpose of the amendment is to prohibit the larger areas or any single area from monopolizing the funds and it is to spread the money out so all cities would be able to participate in the program.

Mrs. BURKE of California. But the idea as far as my understanding is for equity and to allow each area to have a fair share.

Mr. HARSHA. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, the committee wrestled with this problem of trying to establish a formula for a desirable distribution of funds and we struggled with it for many months. We were unable to devise one because of the complexity of the problems of different cities. So that is why we left the Secretary with discretionary control over those funds, because what is needed in New York is not what is needed in Los Angeles or Cleveland or other large cities. We could not arrive at any formula which would solve all the problems. That is why we left it discretionary. What we did say in the legislation is:

> (2) The Secretary shall make such grants in a fair and equitable manner based upon, but not limited to, such factors as previously approved projects that require additional funding, relative public mass transit usage, commitment of local funds, and relative population of the urbanized areas eligible for assistance under this subsection.

But we take into consideration a number of factors so that equitable distribution can be made to the large urbanized areas where the problem is and where the need exists. This amendment would defeat the very purpose of the legislation in trying to resolve the transportation problems in the major population centers where the problems are greater and extremely complex.

Mr. Chairman, I urge defeat of the amendment.

Mr. ROE. Mr. Chairman, I move to strike the requisite number of words.

I want to get across to the Members of the House that I do subscribe wholeheartedly to the response of the chairman; regrettably people have the understanding that there are only nine cities receiving these funds.

People have the point of view that there are nine cities that are receiving these funds. This is incorrect. I think for the Members that are here that were not here in the early part of the discussion, they should understand that. We are talking about nine urbanized areas of the Nation, which covers hundreds of cities; so it is a misnomer to say that nine cities per se are going to receive the bulk of these funds. That is not correct.

We have at least 250 additional cities that are part of the 9 urbanized areas that are participating. I want to clarify that for the record.

Mr. GROSS. Mr. Chairman, I move to strike the necessary number of words.

Mr. Chairman, under the revenue sharing program, substantial grants of money were made to the States and municipalities without programs or projects then being in place for which to use the funds.

The States and municipalities, beneficiaries of the revenue sharing handout turned around and invested the money in various Government securities and drew interest on them.

This amendment leads me to ask the question if there is any prohibition in this legislation whereby the beneficiaries would be estopped from loaning the money back to the Federal Government and collecting interest on it?

It is a strange incredible situation when the Federal Government borrows money at 8 and 9 per cent, hands it out under so-called revenue sharing, and the beneficiaries of those funds, be they State, county or municipality, turn around and loan it back to the Federal Government and collect millions of dollars in interest.

Can that be done under the terms of this bill?

Mr. WRIGHT. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I am glad to yield to the gentleman from Texas.

Mr. WRIGHT. I would say to the gentleman that I am quite certain that nothing of that type would be allowed under the categorical grants that would have to be made by the Secretary of Transportation.

Mr. GROSS. The money would not be shoveled out before the beneficiaries designated in this bill were ready to use it.

Mr. WRIGHT. No; I would say to the gentleman that the answer to that question is "No."

The projects, plans, programs, all must be formally applied for and approved prior to the granting of any money. Then if the past experience of the UMTA program is a criterion, that money goes out only so much at a time and as much as they can use at that time.

In addition to that, there is a provision in this bill which specifically prohibits any community from using any of the moneys that it would receive under the provisions authorizing matching funds for operating costs, for any purpose of debt service or bond payments or interest payments of any kind. They are stopped from using money for that purpose.

Mr. GROSS. I thank the gentleman for his answer. While he is on his feet, I would like to ask one other question. Does this bill provide for any kind of raid on the highway trust fund?

Mr. WRIGHT. The answer to that question is "No."

Mr. GROSS. The answer is "No?"

Mr. WRIGHT. The answer is "No"; none of the moneys provided in this bill come from the highway trust fund, except for one project specifically provided in Indiana, which is a highway project.

Mr. GROSS. What is that?

Mr. WRIGHT. One project in Indiana is a highway project and those moneys would come from the highway trust fund.

Mr. GROSS. Is it Hammond, Ind.?

Mr. WRIGHT. The gentleman read my mind. I did not identify the community.

Mr. GROSS. I thought that is what the gentleman said.

Mr. WRIGHT. The gentleman is correct.

Mr. GROSS. What is that project?

Mr. WRIGHT. It is a project to remove a very dangerous rail crossing which has taken lives and to replace it and also has slowed down the movement of traffic.

Mr. GROSS. How much will that cost?

Mr. WRIGHT. $14 million.

Mr. GROSS. You don't tell me? Well, how did that get in this bill?

Mr. WRIGHT. The gentleman is free to make the same speculations that the gentleman from Texas would make, that the members of the committee having recognized an omission in the highway bill of last year in which we made provisions to correct certain enormously dangerous locations, now sought to compensate for that omission by taking care of this need.

Mr. GROSS. Are we doing this anywhere else in the country in this bill?

Mr. WRIGHT. It will be done.

Mr. GROSS. In this bill?

Mr. WRIGHT. I would say to the gentleman that under other legislation which the House committee has under consideration at this moment, rural highway legislation, a substantial part is directed to it, to the removal of safety hazards and reengineering of high hazard locations.

Mr. GROSS. Could that be one of the provisions in this bill that is protected by a waiver of points of order because it is not germane to the bill?

Mr. WRIGHT. The gentleman is exactly correct. It could be.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

(By unanimous consent Mr. GROSS was allowed to proceed for 1 additional minute.)

Mr. GROSS. So, there is only one such project in this bill; is that correct?

Mr. WRIGHT. I believe the answer is "Yes," the gentleman is correct.

Mr. GROSS. And it is a $14 million grade crossing removal?

Mr. WRIGHT. A railroad relocation project.

Mr. GROSS. And it is in Hammond, Ind.?

Mr. WRIGHT. I believe the gentleman is correct.

Mr. GROSS. How come it singles out Hammond, Ind.? We have a lot of grade crossings that ought to be eliminated in Iowa. I do not know about other Members, but is there anyone else in the Chamber who would like grade crossings eliminated? The upraised hands indicate no lack of interest.

Mr. CLEVELAND. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from New Hampshire.

Mr. CLEVELAND. Mr. Chairman, I just wonder if the gentleman happened to be chairman of the Rules Committee.

Mr. GROSS. Now the gentleman has opened up a whole new train of thought.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas (Mr. MILFORD).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. SHUSTER

Mr. SHUSTER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SHUSTER: Page 52, after line 6, insert the following:

"(f) The Secretary shall not approve any program or project under this chapter which provides for Federal financial assistance for the operation of facilities or equipment for use in providing public mass transportation service unless such program or project will provide service improved over that being provided on the date of enactment of this chapter, or on the date of application for such assistance, whichever is the better.

Mr. SHUSTER. Mr. Chairman, if we are going to have operating subsidies, then let us have operating subsidies that we can use to help improve service. Many people have expressed fears of operating subsidies; some have called them bail-outs. I know that there are many who object to the term "bail-out," but if we object to the term "bail-out," I think that we must then address ourselves to the question of, Should operating subsidies be limited and be used to help improve service if, indeed, that is our objective?

Many people have expressed fears that through operating subsidies, management at the local level will not have the incentive to work for efficiency because they will have Federal dollars rather than their own dollars to spend. These fears can be alleviated, Mr. Chairman, because if we want to improve mass transit, if we want to use operating subsidies to improve service, then by doing this we can get the most bang for the buck, through using operating subsidies in this fashion.

There are many examples of how this might be used, and of course the Secretary would promulgate the regulations in this regard. More employees could be put on, if indeed better service was going to flow from that. Better scheduling could occur.

Routes could be revised. Routes could be extended. Routes could be added.

There are many, many different ways in which operating subsidies could be used to improve service. If there are those who feel that improved service is indeed the objective here, then I should see no reason why they would object to channeling operating subsidies into the improvement of service for the benefit of the riders of the subways in the big cities across America.

Mr. Chairman, I urge the adoption of this amendment.

Mr. WRIGHT. Mr. Chairman, I rise in opposition to this amendment.

Obviously, the purpose of the bill is to improve service throughout the country. If we were not seeking to do that, there would be no point or reason for the bill.

At the same time, I can see certain situations where help from the Federal Government is necessary simply to maintain an existing level of service, where the system has been suffering financial loss and without some help may have to curtail service or even abandon service altogether.

As pointed out earlier, throughout the United States since 1946, we have lost at least half of those systems that then were in operation in the country. They have gone out of business. Presently, there are some communities in which the systems are struggling to keep their heads above water and simply to maintain their level of service. Therefore, I think it would be counterproductive to make an absolute requirement of this type.

Beyond that, I think it would impose upon the Secretary a burden of determination as to what constitutes, in each case, improved service. To give that responsibility to him would be to invite the creation of a proliferating set of guidelines by which the agency could require every community that applied for assistance to comply with lengthy, detailed stipulations, such as are written so frequently in administrative guidelines, that have no direct bearing upon the law as it is passed by Congress.

Earlier, I supported the amendment of the gentleman from California to reduce the level of Federal matching to one-third for operating subsidy purposes. As I said then, this is the best protection we can have against wasteful usage of this money by a local community, and it is the only protection we truly need. A community being required to put up $2 of its own money for each dollar of Federal assistance it receives is not going to be attracted to wasteful practices. It is going to be attempting, as best it can, to improve its service. In those extreme cases where all it can do is to maintain service for those people who need it, though it is losing money, I think we surely ought not to foreclose them.

Mr. Chairman, for those reasons, I urge the defeat of the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania (Mr. Shuster).

The question was taken; and on a division (demanded by Mr. Shuster) there were—ayes 24, noes 45.

Mr. CLEVELAND. Mr. Chairman, I demand a recorded vote.

A recorded vote was refused.

So the amendment was defeated.

AMENDMENT OFFERED BY MR. BAUMAN

Mr. BAUMAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Bauman: Page 48 after (a), on line 20, insert the following: "The comprehensive transportation planning process shall take into consideration the utilization of existing rail facilities for the purpose of providing public mass transportation services."

Mr. BAUMAN. Mr. Chairman, I have the honor of representing an area of Maryland which includes more than 70 miles of the Northeast Corridor of the Penn-Central Railroad stretching from Wilmington, Del., south to Baltimore. For many years this area, including Hartford and Cecil Counties, was served by Penn Central commuter trains stopping at Elkton, Perryville, Havre de Grace, Aberdeen, Edgewood, and Joppatown. Immediately upon Amtrak's acquisition of passenger service on this run they canceled all remaining stops thus ending commuter service for thousands of residents who daily must travel from northeastern Maryland to Baltimore or Wilmington and Philadelphia.

For more than a year I have been struggling to force Amtrak to reinstitute such service. This having met with no success, I have also requested the Department of Transportation of Maryland to devote its efforts to providing such service. In this effort the entire Maryland congressional delegation has joined.

In reading the provisions of H.R. 12859, I fail to see any direct requirement that the funds appropriated under this bill for mass transit in urban areas be directed toward the use of existing rail facilities such as those in my district. I am quite sure that other Members have similar circumstances in their own areas.

It seems logical to me that we should require that in the planning process any State or local agencies must take into consideration the use of these already existing rail facilities. Certainly this would save money and time in providing needed commuter service.

I am therefore offering this amendment to the bill which would specifically require that the comprehensive transportation planning process must take into account the possible use of these existing rail facilities.

I am hopeful that the committee will accept this amendment which surely will in the long run benefit not only my own constituents but the citizens of many other areas of this country.

Mr. WRIGHT. Mr. Chairman, will the gentleman yield?

Mr. BAUMAN. I yield to the gentleman from Texas.

Mr. WRIGHT. Mr. Chairman, I would like to inform the gentleman that those of us on this side of the aisle have examined the amendment he has offered. We regard the amendment as an improvement to the bill. It is a useful amendment.

We have no objection to the amendment, and we join the gentleman in urging its adoption.

Mr. HARSHA. Mr. Chairman, will the gentleman yield?

Mr. BAUMAN. I yield to the gentleman from Ohio.

Mr. HARSHA. Mr. Chairman, just to be certain, I will ask the gentleman this:

Is this amendment which the gentleman has offered the one which has the notation, "#1", at the top?

Mr. BAUMAN. The gentleman is correct.

Mr. HARSHA. Mr. Chairman, I see nothing wrong with the amendment. That provision is inherent in the legislation anyway. As far as I am concerned, I will accept the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Maryland (Mr. Bauman).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. HARSHA

Mr. HARSHA. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Harsha: Page 43, strike out line 21 and all that follows down through and including the period in line 17 on page 44, and insert in lieu thereof the following:

"(a)(1) The Secretary is authorized to make grants to assist States and their political subdivisions in financing the construction and operation of facilities and equipment for use in providing public mass transportation service in, to, and from those urbanized areas of two million population or more as shown by the latest available Federal census, those urbanized areas which include any city which on the date of enactment of this section has a major fixed guideway system for public mass transportation operating on a regularly scheduled basis, and those urbanized areas which include any city which before such date has received a grant under the Urban Mass Transportation Act of 1964 to begin construction of a major fixed guideway system.

Page 44, line 22, strike all after "In" down through and including page 45, line 11.

Mr. HARSHA. Mr. Chairman, what this amendment does is to try to get away from the emphasis placed on the construction of fixed guideway systems by virtue of the amendment offered by the gentleman from California (Mr. Anderson) and the gentlewoman from Los Angeles (Mrs. Burke). That amendment provides a procedure whereby other areas can come into the category A provided they have a fixed guideway system.

Many studies by the Department of Transportation and other analyses indicate that transportation by fixed guideway rail is the most inefficient of any kind available at the present time.

What this amendment would do would put communities into category A over 2 million in population. The cities of New York, Chicago, Philadelphia, San Francisco, and Boston would remain in category A. Also Cleveland, Pittsburgh, Baltimore, and Atlanta would be grandfathered and would not be taken out. Its effect is to add Los Angeles, Detroit, and Washington, D.C., to category A.

Thereafter, following every census, any other urbanized area which has grown to 2 million or more could come in.

But the important feature of it is that it gets away from mandating and placing tremendous emphasis on the construction of fixed guideway systems which study after study have indicated are not the most efficient, and not the most pollution free, and not the most cost-effective methods of transporting people in large numbers.

That is all I am trying to do. I am not trying to get any cities into category A, or any that will be added by a triggering device. The criteria is that they have a population over 2 million.

What I am basically trying to get away from is the emphasis on building fixed guideway systems that the bill contains which may not be the best ways to transport people.

Mr. ROBERTS. Mr. Chairman, will the gentleman yield?

Mr. HARSHA. I yield to the gentleman from Texas.

Mr ROBERTS. I am not sure that I have any great objection to the gentleman's amendment, except for Washington, D.C., which is covered 100 percent under another statute. It was very carefully considered by the committee, and it was ruled upon and voted upon by the committee that Washington, D.C., would not be covered. It is under another statute, and it would be separate.

Mr. HARSHA. The gentleman is correct. D.C. is covered under a separate statute. But they can come in for additional money from category B, to purchase buses and commuter systems. So it really does not add an awful lot. They are now in category B, but not in category A.

In addition to that, the amendment would preserve the present control over the program by segregating in the statute the category in which most of the expenditures are made, and that category would be determined on the basis of population, not on the kind of system it has.

Mr. ROBERTS. If the gentleman will yield further, will not the gentleman agree that the committee addressed itself thoroughly in the legislation to Washington, D.C.? I would have to oppose the gentleman's amendment on that. I have no objection to the rest of it.

Mr. HARSHA. It is my understanding that Washington, D.C., is now out of category A by virtue of the language in the bill itself. But it is included in category B.

Mr. ANDERSON of California. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise in opposition to this amendment which would exclude many large urban areas from the opportunity to transfer to category A.

The rationale for the creation of A is that they presently have fixed guideway systems. Or they have a Federal grant for the construction of a fixed guideway system—a total of nine cities.

Under the bill there is a mechanism for the other large cities—31 areas—to elect to go to A if they meet a certain criterion: First, they must adopt a plan involving a fixed guideway system which is approved by the Secretary. Second, they must arrange a system of financing at least 25 percent of the cost of that project.

Those cities which will be eligible for A, if they meet the two criteria are—and actually if the Members want to read the list of them, they are on page 18 of their report—Detroit, Los Angeles, St. Louis, Minneapolis-St. Paul, Houston, Dallas, Milwaukee, and Seattle. Miami, San Diego, Cincinnati, Kansas City, Buffalo, Denver, San Jose, New Orleans, Phoenix, Portland, San Juan, Indianapolis, Providence, Columbus, Ohio, San Antonio, Louisville, Dayton, Fort Worth; Norfolk, Va.; Memphis, Sacramento, Fort Lauderdale, and Rochester, N.Y.

Under this proposed amendment all of these cities except Detroit and Los Angeles would be ineligible to transfer to A.

Now, why should they be ineligible? Why should a city like St. Louis, with almost 2 million people—1,883,000—be relegated permanently to B, while Atlanta, with 600,000 people less, is in A?

Why should Minneapolis or Houston or Milwaukee or Miami or Memphis or Cincinnati—all large cities—some of which might choose to go to A, be excluded?

There is no rational answer. There is no justification for excluding these cities.

If these cities can raise 25 percent of the cost in a fixed guideway system, and if they have a plan approved by the Secretary, why should they be excluded from a certain category?

There is no good reason. But there is a reason—the Secretary does not want these areas to choose a fixed guideway system. He is afraid that some of them might decide that the fixed guideway system would be better for their local needs than a network of buses.

This amendment is clearly discriminatory toward those cities and is designed to merely "grandfather" in the 11 cities and prevent any more fixed guideway transit systems from being constructed.

I oppose this amendment—not because it adversely affects Los Angeles—it does not—but because it is blatantly unfair to some 29 large urban areas, who should have the opportunity to go into category A if they so desire.

Mr. FRENZEL. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I wonder if the gentleman from Ohio would answer a question on the amendment. As I understand it, under the bill as it is written, my area, which is the Minneapolis-St. Paul mettropolitan area, would have to take a fixed guideway system before we could qualify for category A; is that true?

Mr. HARSHA. That is correct.

Mr. FRENZEL. The gentleman from California told me that my area could not get in under the amendment offered by the gentleman from Ohio (Mr. HARSHA). I suppose that is true, but I wonder if it is not worse to force my area to make an expensive and uneconomical system to get it under the committee bill?

I received a telegram from my State highway department today. It expressed some objection to this bill, and objection No. 3 says that the appropriations are heavily weighted for fixed guideway systems which are expensive and have limited application.

So it seems to me that the committee bill forces my area before it can get the right kind of a deal from Congress, to build an expensive and uneconomical system. Therefore, I think that if we do not vote for the Harsha amendment, we are compounding the lack of incentives that are built into this particular bill.

Mr. Chairman, I therefore strongly support the amendment offered by the gentleman from Ohio.

Mr. HARSHA. Mr. Chairman, will the gentleman yield?

Mr. FRENZEL. I yield to the gentleman from Ohio.

Mr. HARSHA. I thank the gentleman. He makes the point much more eloquently than I did when I tried to make it to the effect that the Anderson amendment mandates that before a city can get into category A, it has to have a fixed guideway system. That is wrong. The Department of Transportation conducted a rather expensive and exhaustive evaluation of rapid transit and express bus service in the urban commuter market. This survey and analysis was done by the Institute for Defense Analysis. This firm concluded that rail transit costs more, pollutes more, and uses more energy than other modes. It is just ridiculous for the Federal Government to encourage any community to build a fixed guideway system when they will not do the job, when they are not pollution-free, and are not cost-effective. They are not a flexible means of transporting people.

Mr. FRENZEL. I thank the gentleman for his elucidation.

Mr. DON H. CLAUSEN. Mr. Chairman, will the gentleman yield?

Mr. FRENZEL. I yield to the gentleman from California.

POINT OF ORDER

Mr. ROBERTS. Mr. Chairman, I make the point of order the gentleman from Minnesota is violating the rules of the House. The gentleman is seated and he is refusing to yield the floor. I make the point of order.

Mr. FRENZEL. I have not refused to yield to anybody. I have just yielded to the gentleman from California.

Mr. ROBERTS. I make the point of order the gentleman is seated on the table and he has not yielded the floor.

Mr. FRENZEL. Mr. Chairman, I yield to the gentleman from California (Mr. DON H. CLAUSEN), if we can have order.

Mr. DON H. CLAUSEN. Mr. Chairman, I rise in concurrence with the comments made by the gentleman from Minnesota as well as the gentleman from Ohio and I support the amendment now under consideration.

As presently structured the bill would encourage cities to undertake the most extensive transit systems possible without regard to efficiency or economy in order to get entrance into category A. The amendment offered would obviate that.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio (Mr. HARSHA).

(The question was taken; and the Chairman announced that the Chair was in doubt.)

RECORDED VOTE

Mr. HARSHA. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 143, noes 215, not voting 76, as follows:

[Roll No. 495]

AYES—143

Abdnor
Andrews, N. Dak.
Archer
Bafalis
Baker
Beard
Blackburn
Bray
Brinkley
Broomfield
Brotzman
Brown, Mich.
Brown, Ohio
Broyhill, N.C.
Broyhill, Va.
Buchanan
Burgener
Burke, Fla.
Burleson, Tex.
Butler
Carter
Cederberg
Clausen, Don H.
Clawson, Del
Cleveland
Cochran
Cohen
Collier
Conlan
Crane
Daniel, Dan
Daniel, Robert W., Jr.
Davis, Wis.
Dennis
Derwinski
Devine
Dickinson
Duncan
du Pont
Edwards, Ala.
Erlenborn
Esch
Eshleman
Findley
Fisher
Flynt
Forsythe
Frelinghuysen
Frenzel
Frey
Froehlich
Gibbons
Gilman
Goodling
Gross
Gubser
Guyer
Haley
Hammerschmidt
Hanrahan
Harsha
Hastings
Heinz
Hillis
Hinshaw
Hogan
Hosmer
Hudnut
Hunt
Hutchinson
Johnson, Colo.
Johnson, Pa.
King
Kuykendall
Lagomarsino
Landgrebe
Latta
Long, Md.
McClory
McCloskey
McCollister
McEwen
Madigan
Mallary
Maraziti
Martin, Nebr.
Martin, N.C.
Mathias, Calif.
Mathis, Ga.
Mayne
Michel
Miller
Mitchell, N.Y.
Mizell
Mosher
Myers
Nelsen
O'Brien
Parris
Pettis
Pickle
Poage
Powell, Ohio
Price, Tex.
Pritchard
Quie
Quillen
Railsback
Regula
Rhodes
Robinson, Va.
Runnels
Ruth
Sandman
Scherle
Schneebeli
Sebelius
Shuster
Skubitz
Snyder
Spence
Steiger, Ariz.
Steiger, Wis.
Stubblefield
Talcott
Taylor, Mo.
Thomson, Wis.
Thone
Towell, Nev.
Traxler
Treen
Vander Jagt
Walsh
Wampler
Whitehurst
Wiggins
Winn
Wylie
Wyman
Young, Ill.
Young, S.C.
Zion
Zwach

NOES—215

Abzug
Adams
Addabbo
Alexander
Anderson, Calif.
Andrews, N.C.
Annunzio
Armstrong
Ashley
Aspin
Badillo
Barrett
Bauman
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Blatnik
Bolling
Bowen
Brademas
Breckinridge
Brooks
Brown, Calif.
Burke, Calif.
Burke, Mass.
Burlison, Mo.
Burton, John
Burton, Phillip
Byron
Camp
Carey, N.Y.
Carney, Ohio
Casey, Tex.
Chisholm
Clark
Collins, Ill.
Collins, Tex.
Conte
Conyers
Coughlin
Cronin
Culver
Daniels, Dominick V.
Davis, S.C.
Delaney
Dellums
Denholm
Diggs
Dingell
Downing
Drinan
Eckhardt
Edwards, Calif.
Eilberg
Evans, Colo.
Fascell
Flood
Flowers
Foley
Fountain
Fraser
Fulton
Gaydos
Gettys
Ginn
Gonzalez
Grasso
Green, Oreg.
Green, Pa.
Grover
Gude
Gunter
Hamilton
Hanley
Hansen, Wash.
Harrington
Hawkins
Hays
Hechler, W. Va.

Heckler, Mass.
Helstoski
Henderson
Hicks
Holifield
Holt
Holtzman
Horton
Howard
Hungate
Ichord
Jarman
Johnson, Calif.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jordan
Karth
Kastenmeier
Kazen
Kemp
Kluczynski
Koch
Kyros
Leggett
Lent
Luken
McCormack
McDade
McFall
McKay
McKinney
Macdonald
Madden
Mahon
Mann
Matsunaga
Mazzoli
Meeds
Melcher
Mezvinsky
Milford
Mills
Minish
Mink
Moakley

Mollohan
Montgomery
Moorhead, Pa.
Morgan
Moss
Murphy, Ill.
Murphy, N.Y.
Murtha
Natcher
Nedzi
Nichols
Nix
Obey
O'Hara
O'Neill
Owens
Patman
Patten
Pepper
Perkins
Peyser
Pike
Preyer
Price, Ill.
Randall
Rangel
Rees
Reuss
Riegle
Rinaldo
Roberts
Robison, N.Y.
Rodino
Roe
Rogers
Roncalio, Wyo.
Roncallo, N.Y.
Rooney, Pa.
Rosenthal
Rostenkowski
Roush
Roybal
Sarasin
Sarbanes
Satterfield
Schroeder

Seiberling
Sisk
Slack
Smith, Iowa
Smith, N.Y.
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Steele
Steelman
Stephens
Stokes
Stratton
Studds
Sullivan
Taylor, N.C.
Thompson, N.J.
Thornton
Udall
Ullman
Van Deerlin
Vander Veen
Vanik
Vigorito
Waggonner
Waldie
Ware
Whalen
White
Whitten
Widnall
Wilson, Bob
Wilson, Charles, Tex.
Wolff
Wright
Wydler
Yatron
Young, Tex.
Zablocki

NOT VOTING—76

Anderson, Ill.
Arends
Ashbrook
Bell
Boggs
Boland
Brasco
Breaux
Chamberlain
Chappell
Clancy
Clay
Conable
Corman
Cotter
Danielson
Davis, Ga.
de la Garza
Dellenback
Dent
Donohue
Dorn
Dulski
Evins, Tenn.
Fish
Ford
Fuqua

Giaimo
Goldwater
Gray
Griffiths
Hanna
Hansen, Idaho
Hébert
Huber
Jones, Tenn.
Ketchum
Landrum
Lehman
Litton
Long, La.
Lott
Lujan
McSpadden
Metcalfe
Minshall, Ohio
Mitchell, Md.
Moorhead, Calif.
Passman
Podell
Rarick
Reid
Rooney, N.Y.

Rose
Rousselot
Roy
Ruppe
Ryan
St Germain
Shipley
Shoup
Shriver
Sikes
Stuckey
Symington
Symms
Teague
Tiernan
Veysey
Williams
Wilson, Charles H., Calif.
Wyatt
Yates
Young, Alaska
Young, Fla.
Young, Ga.

So the amendment was rejected.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. SHUSTER

Mr. SHUSTER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SHUSTER: On Page 53, after line 22, insert the following new subsection:

"(d) In approving projects under this chapter, the Secretary shall determine the extent to which efforts have been made by the applicant to encourage the use of public mass transportation systems rather than private automobiles. The willingness to earmark local tax revenues for public mass transportation purposes and to take various actions to control automobile utilization (especially in peak commuting periods) shall be major factors in approving such Federal grants."

Renumber succeeding subsection accordingly.

Mr. SHUSTER. Mr. Chairman, this is an amendment which encourages local initiatives to promote mass transit. It is an encouraging amendment.

The principle here is simple. The principle is that we should be willing to help those localities in relation to their willingness to help themselves. Those localities which are willing to make the tough decisions to encourage mass transit use, those localities which are willing to establish the bus lanes, and those localities which are willing to employ limitations on driving during peak hours in congested areas would receive favorable consideration under this amendment. Those localities which are willing to pass disincentive taxes to discourage the use of cars in metropolitan areas would receive favorable consideration.

For example, in Pittsburgh, Pa., they have a 20-percent parking tax. If we look at the so-called "Big Nine Cities" across America, we see a very unfair and uneven pattern.

Pittsburgh has a 20-percent tax; New York City has a normal 8-percent tax; Chicago has what amounts to a 7-percent tax; Philadelphia has a 9-percent tax; Boston has no tax at all; Cleveland has a normal 4½-percent sales tax; San Francisco has a 10-percent tax; Baltimore has about a 7-percent tax; and Atlanta has none whatsoever.

Mr. Chairman, I suggest it is very unfair for one city to not step up to bat and not provide any local taxes and for other cities to adopt a more responsible posture and provide for such taxes. What this amendment does is this:

This amendment recognizes these differences and directs the Secretary to consider these factors when determining who is to receive awards from the Federal Government.

If cities want incentives from "Big Brother," then I think we should expect them to be willing to make their own tough decisions to encourage mass transit.

Mr. Chairman, I was informed as of yesterday morning that the administration supports this position, and I urge the adoption of this encouraging amendment.

Mr. JAMES V. STANTON. Mr. Chairman, will the gentleman yield?

Mr. SHUSTER. I will be delighted to yield to the gentleman from Ohio.

Mr. JAMES V. STANTON. Mr. Chairman, is it not true that the amendment offered here would substantially aid Pittsburgh because they have gone this route, as opposed to other cities?

Mr. SHUSTER. Mr. Chairman, it would substantially aid any city which sees fit to make the funds available.

Mr. JAMES V. STANTON. Mr. Chairman, I commend the gentleman for trying to assist his area and his city, but is it not true——

Mr. SHUSTER. Mr. Chairman, I do not represent the city of Pittsburgh. This amendment in fact would aid any cities which exercise local responsibility and face up to the tough decisions. Any such city would be so benefited, and any such city should be benefited. Pittsburgh does fall in that category.

Mr. JAMES V. STANTON. Mr. Chairman, if the gentleman will yield further, really I think that is probably the reason for the gentleman's offering the amendment.

Mr. SHUSTER. Mr. Chairman, that certainly is not the reason. The reason for my offering this amendment is to encourage other cities to do the same thing, to encourage Cleveland, Boston, Atlanta, and the other cities to do the same thing.

Mr. JAMES V. STANTON. Mr. Chairman, I want to commend the gentleman for helping to promote his area. I think it is significant that he——

Mr. SHUSTER. Mr. Chairman, I will ask the gentleman: Is it not true that if other cities would step forward and adopt similar bills, then Pittsburgh will be benefited no more than any other city, if they adopt similar legislation? Is that not true?

Mr. JAMES V. STANTON. The fact is that——

Mr. SHUSTER. Is that true?

Mr. JAMES V. STANTON. No.

Mr. SHUSTER. Mr. Chairman, I beg to differ. It is true. I beg to differ with the gentleman.

Mr. Chairman, I will yield no further.

Mr. Chairman, I urge the adoption of this amendment.

Mr. JAMES V. STANTON. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I appreciate the gentleman's efforts in offering his amendment. It helps a special, narrow area within the United States. But the fact of the matter is that we adopted earlier in the committee a $1 Federal matching figure, with $2 from the local community.

The reason we did that was to avoid all types of redtape and requirements written into the bill and to try to create flexibility.

The determination should be made at the local level. We in the Congress have been trying to make a commitment to supply aid and assistance for transportation with all of the decisions to be made at the local level. We are again interjecting ourselves through the Secretary in making a unilateral imposition of a requirement that is quite unncessary.

Mr. STUDDS. Mr. Chairman, will the gentleman yield?

Mr. JAMES V. STANTON. I am happy to yield to the gentleman from Massachusetts.

Mr. STUDDS. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I would say to the gentleman from Pennsylvania (Mr. SHUSTER), the author of the amendment, that the amendment is consistent with the gentleman's statement earlier this afternoon, about a disincentive for the use of private automobiles. There are many areas in this country, such as the suburbs of Boston, which are one example, where it is premature to buy the idea of a disincentive before there are proper alternatives. We are trying to encourage in all areas of the country, and many areas of the country are crying desparately for this piece of legislation, to encourage public transportation. But do not expect them to go on and buy a positive disincentive for the use of the only method of getting to work that there is at the moment, and I would suggest to the gentleman from Pennsylvania that his idea is premature.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania (Mr. SHUSTER).

The question was taken; and the Chair announced that the ayes appeared to have it.

RECORDED VOTE

Mr. SHUSTER. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 155, noes 174, not voting 105, as follows:

[Roll No. 496]

AYES—155

Abdnor
Archer
Armstrong
Aspin
Bafalis
Baker
Beard
Bennett
Bergland
Biester
Blackburn
Bray
Brotzman
Brown, Mich.
Brown, Ohio
Broyhill, N.C.
Buchanan
Burgener
Burke, Fla.
Carter
Clausen, Don H.
Clawson, Del
Cleveland
Cochran
Cohen
Collier
Collins, Tex.
Conlan
Conte
Coughlin
Crane
Daniel, Robert W., Jr.
Davis, Wis.
Dennis
Derwinski
Devine
Dickinson
Duncan
du Pont
Erlenborn
Eshleman
Findley
Fisher
Forsythe
Fountain
Frenzel
Frey
Froehlich
Gaydos
Gilman
Goodling
Gross
Gude
Gunter
Guyer
Haley
Hamilton
Hammerschmidt
Hanrahan
Harsha
Hastings
Hillis
Hinshaw
Hosmer
Hudnut
Hungate
Hunt
Hutchinson
Jarman
Johnson, Colo.
Johnson, Pa.
Jones, Okla.
Kemp
Lagomarsino
Landgrebe
Lent
Long, Md.
McClory
McCloskey
McCollister
McDade
McEwen
McKinney
Macdonald
Madigan
Mallary
Maraziti
Martin, Nebr.
Martin, N.C.
Mayne
Meeds
Michel
Miller
Mitchell, N.Y.
Mizell
Mollohan
Montgomery
Moorhead, Pa.
Mosher
Murtha
Myers
Nelsen
Nichols
Obey
O'Brien
Pettis
Pike
Poage
Powell, Ohio
Pritchard
Quie
Quillen
Railsback
Randall
Regula
Reuss
Rhodes
Robinson, Va.
Robison, N.Y.
Rogers
Roncallo, N.Y.
Roy
Runnels
Ruth
Sandman
Sarasin
Scherle
Schneebeli
Sebelius
Shuster
Smith, N.Y.
Snyder
Spence
Steelman
Steiger, Ariz.
Steiger, Wis.
Taylor, Mo.
Taylor, N.C.
Thomson, Wis.
Thone
Towell, Nev.
Treen
Vander Jagt
Wampler
Ware
Whitehurst
Wiggins
Wilson, Bob
Winn
Wydler
Wylie
Wyman
Young, Ill.
Young, S.C.
Zion

NOES—174

Abzug
Adams
Alexander
Anderson, Calif.
Andrews, N.C.
Annunzio
Ashley
Badillo
Bauman
Bevill
Biaggi
Bingham
Blatnik
Bolling
Bowen
Breckinridge
Brooks
Brown, Calif.
Broyhill, Va.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Byron
Camp
Carey, N.Y.
Carney, Ohio
Casey, Tex.
Cederberg
Chisholm
Collins, Ill.
Conyers
Cronin
Culver
Daniel, Dan
Davis, S.C.
Delaney
Dellums
Denholm
Diggs
Dingell
Dorn
Downing
Drinan
Eckhardt
Edwards, Calif.
Eilberg
Esch
Evans, Colo.
Evins, Tenn.
Fascell
Flood
Flynt
Foley
Fraser
Frelinghuysen
Gettys
Ginn
Gonzalez
Grasso
Green, Oreg.
Green, Pa.
Grover
Gubser
Hanna
Hansen, Wash.
Harrington
Hays
Hechler, W. Va.
Heckler, Mass.
Henderson
Hicks
Hogan
Holifield
Holt
Holtzman
Horton
Howard
Ichord
Johnson, Calif.
Jones, Ala.
Jones, N.C.
Jordan
Karth
Kastenmeier
Kazen
Koch
Leggett
Luken
McCormack
McFall
McKay
Madden
Mahon
Mann
Mathias, Calif.
Mathis, Ga.
Matsunaga
Mazzoli
Melcher
Mezvinsky
Milford
Mills
Mink
Moakley
Morgan
Moss
Murphy, Ill.
Murphy, N.Y.
Natcher
Nedzi
Nix
O'Hara
O'Neill
Owens
Parris
Patman
Patten
Pepper
Perkins
Peyser
Preyer
Price, Ill.
Price, Tex.
Rees
Riegle
Rinaldo
Roberts
Rodino
Roe
Roncalio, Wyo.
Rooney, Pa.
Rosenthal
Rostenkowski
Roush
Roybal
Satterfield
Schroeder
Sisk
Smith, Iowa
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Steele
Stephens
Stokes
Stratton
Stubblefield
Studds
Sullivan
Talcott
Thompson, N.J.
Thornton
Udall
Ullman
Van Deerlin
Vander Veen
Vanik
Vigorito
Waggonner
Waldie
Walsh
Whalen
White
Whitten
Widnall
Wilson, Charles, Tex.
Wolff
Wright
Young, Tex.
Zablocki

NOT VOTING—105

Addabbo
Anderson, Ill.
Andrews, N. Dak.
Arends
Ashbrook
Barrett
Bell
Boggs
Boland
Brademas
Brasco
Breaux
Brinkley
Broomfield
Burke, Calif.
Butler
Chamberlain
Chappell
Clancy
Clark
Clay
Conable
Corman
Cotter
Daniels, Dominick V.
Danielson
Davis, Ga.
de la Garza
Dellenback
Dent
Donohue
Dulski
Edwards, Ala.
Fish
Flowers
Ford
Fulton
Fuqua
Giaimo
Gibbons
Goldwater
Gray
Griffiths
Hanley
Hansen, Idaho
Hawkins
Hébert
Heinz
Helstoski
Huber
Jones, Tenn.
Ketchum
King
Kluczynski
Kuykendall
Kyros
Landrum
Latta
Lehman
Litton
Long, La.
Lott
Lujan
McSpadden
Metcalfe
Minish
Minshall, Ohio
Mitchell, Md.
Moorhead, Calif.
Passman
Pickle
Podell
Rangel
Rarick
Reid
Rooney, N.Y.
Rose
Rousselot
Ruppe
Ryan
St Germain
Sarbanes
Seiberling
Shipley
Shoup
Shriver
Sikes
Skubitz
Slack
Stuckey
Symington
Symms
Teague
Tiernan
Traxler
Veysey
Williams
Wilson, Charles H., Calif.
Wyatt
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Ga.
Zwach

So the amendment was rejected.

The result of the vote was announced as above recorded.

Mr. PATTEN. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise in support of H.R. 12859, the Federal Mass Transportation Act of 1974. The legislation is a product of many months of hard work by my colleagues of the Public Works Committee, and I commend them for the quality bill before us.

On October 3, of last year, I addressed this distinguished body in support of H.R. 6452, the Urban Mass Transportation Act of 1973: the Minish bill. I spoke of the great needs of New Jersey and its citizens for adequate mass transit facilities. My State is known for its turnpike, the parkway, and numerous other interstate routes which provide avenues of express for out-of-State drivers as well as for New Jerseyans. It is not known for Transport of New Jersey, a private carrier serving in excess of one-half of a million passengers per day. No longer is it known for the many rails which crisscrossed the State and my district and provided passenger service for the metropolitan area. My congressional district is one of the highest density areas in the country, and yet, mass transit has become practically nonexistent.

I supported the Minish bill enthusiastically, for it provided not only the operating assistance in its language, but hope for areas such as northern New Jersey. Unfortunately, the bill came to an end recently, and I now turn to the public works bill for New Jersey's mass transit needs, particularly operating assistance.

H.R. 12859 is a good bill; it has something for everyone, including operating subsidies, capital assistance, and construction support. The bill is good for New Jersey for it addresses itself to the problems of private carriers and the State's authority to subcontract with them.

Should Congress find it in its heart to approve the committee's recommended $20 billion authorization level, the State could meet the $25 to $30 billion deficit in operating costs for existing rail and bus services.

For that and other reasons, I strongly urge my colleagues to maintain that authorization level. The money would be well spent and a great investment in the future of not only the State of New Jersey, but all other States.

Specifically, there are two sections of the legislation of particular importance to my State. Section 501, grant programs for operating assistance would prove a great boon to the State to the tune of approximately $228 million in the year of 1975. Likewise, transportation planning funds—section 503—would be made available to assist in the planning of efficient mass transit facilities in the urbanized areas.

The important thing to remember, and it must be stressed, is that the full $20 billion authorization level is necessary to accomplish a national goal of providing efficient mass transit facilities as alternatives to congested highways, smog-laden air and the complete demise of what mass transit is currently in operation.

Mr. BLATNIK. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair (Mr. SYMINGTON), Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 12859) to amend title 23, United States Code, the Federal-Aid Highway Act of 1973, and other related provisions of law, to establish a unified transportation assistance program, and for other purposes, had come to no resolution thereon.

GENERAL LEAVE

Mr. JONES of Alabama. Mr. Speaker, I ask unanimous consent that all Members may have permission to revise and extend their remarks on the bill we have just had under consideration in the Committee of the Whole.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Arrington, one of the clerks, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 15155) entitled "An act making appropriations for public works for water and power development, including the Corps of Engineers—Civil, the Bureau of Reclamation, the Bonneville Power Administration and other power agencies of the Department of the Interior, the Appalachian regional development programs, the Federal Power Commission, the Tennessee Valley Authority, the Atomic Energy Commission, and related independent agencies and commissions for fiscal year ending June 30, 1975, and for other purposes."

The message further announced that the Senate agreed to the amendments of the House to the amendments of the Senate numbered 1 and 5 to the foregoing bill.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 15405) entitled "An act making appropriations for the Department of Transportation and related agencies for the fiscal year ending June 30, 1975, and for other purposes."

The message further announced that the Senate agreed to the amendments of the House to the amendments of the Senate numbered 8, 16, 26, 28, 29, and 30 to the foregoing bill.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 15544) entitled "An act making appropriations for the Treasury Department, the U.S. Postal Service, the Executive Office of the President, and certain Independent Agencies, for the fiscal year ending June 30, 1975, and for other purposes."

The message further announced that the Senate agreed to the amendments of the House to the amendments of the Senate numbered 1, 25, 33, 35, 43, 44, and 52 to the foregoing bill.

The message also announced that the Senate insists upon its amendment to the bill (H.R. 15842) entitled "An act to increase compensation for District of Columbia policemen, firemen, and teachers; to increase annuities payable to retired teachers in the District of Columbia; to establish an equitable tax on real property in the District of Columbia; to provide for additional revenue for the District of Columbia; and for other purposes." disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. EAGLETON, Mr. TUNNEY, and Mr. MATHIAS to be the conferees on the part of the Senate.

PERMISSION FOR COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE TO HAVE UNTIL MIDNIGHT FRIDAY, AUGUST 16, 1974, TO FILE A REPORT ON H.R. 15205, THE PIPELINE SAFETY ACT EXTENSION

Mr. SYMINGTON. Mr. Speaker, I ask unanimous consent that the Committee on Interstate and Foreign Commerce have until midnight Friday, August 16, 1974, to file a report on the bill H.R. 15205, the Pipeline Safety Act Extension.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

PERSONAL ANNOUNCEMENT

Mr. PEPPER. Mr. Speaker, I was not present on the floor of the House today when the vote was taken on the conference report on the Housing and Community Development Act of 1974, because of being on a TV program participating in a panel discussion on crime.

If I had been present, I would have voted "aye."

PERSONAL EXPLANATION

Mr. HEINZ. Mr. Speaker, on rollcall No. 496 I was absent and was not recorded.

Had I been present, I would have voted "aye."

AMENDMENT TO THE AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND FOR COOPERATION ON THE USES OF ATOMIC ENERGY FOR MUTUAL DEFENSE PURPOSES OF JULY 3, 1958—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER laid before the House the following message from the President of the United States, which was read and, together with the accompanying papers, referred to the Joint Committee on Atomic Energy:

To the Congress of the United States:

Pursuant to the Atomic Energy Act of 1954 as amended, I am submitting to the Congress an authoritative copy of an amendment to the Agreement between the Government of the United States of America and the Government of the United Kingdom of Great Britain and Northern Ireland for Cooperation on the Uses of Atomic Energy for Mutual Defense Purposes of July 3, 1958, as amended. The Amendment was signed at Washington on July 22, 1974.

The Agreement as previously amended includes a provision (Paragraph A of Article III *bis*) under which the Government of the United States agrees to transfer to the Government of the United Kingdom for its atomic weapons program prior to December 31, 1974 in such quantities and on such terms and conditions as may be agreed non-nuclear parts of atomic weapons and atomic weapons systems as well as source, by-product and special nuclear material. A second provision of the existing Agreement (Paragraph C of Article III *bis*) stipulated that the Government of the United Kingdom agrees to transfer to the Government of the United States for military purposes such source, by-product and special nuclear material, and equipment of such types in such quantities, at such times prior to December 31, 1974 and on such terms and conditions as may be agreed.

Under the Amendment submitted herewith the period during which the provisions of Paragraph A and C of Article III *bis* of the Agreement for Cooperation remain in force would be extended for five years so that transfers could be made any time prior to December 31, 1979. The continued authorization of the two Governments to cooperate with each other in these respects would contribute to our mutual defense, particularly in the North Atlantic Treaty area.

The Amendment also would delete references in the preamble and Article XI (H) of the Agreement to the UK Atomic Energy Authority, since that Authority no longer has any direct responsibility in the field of nuclear defense.

I am also transmitting a copy of the Secretary of State's letter to me accompanying authoritative copies of the signed Amendment, a copy of a joint letter from the Chairman of the Atomic Energy Commission and the Secretary of Defense recommending approval of this Amendment, and a copy of my memorandum in reply thereto, setting forth my approval.

GERALD R. FORD.

THE WHITE HOUSE, *August 15, 1974.*

LEGISLATIVE PROGRAM

(Mr. RHODES asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RHODES. Mr. Speaker, I take this time to ask the distinguished acting majority leader if he is in a position to inform the House as to the program for the rest of this week and for next week.

Mr. McFALL. Mr. Speaker, if the distinguished minority leader will yield to me, I will be happy to respond to his question.

Mr. RHODES. I yield to the gentleman from California.

Mr. McFALL. Mr. Speaker, there is no further legislative business for today. Upon announcement of the program for next week, I will ask unanimous consent to go over to Monday.

Mr. Speaker, the program for the House of Representatives for next week is as follows:

Monday, Consent Calendar. Following that, we will have H.R. 11796, free entry of telescope for the Canada-France-Hawaii telescope project, Mauna Kea, Hawaii, reported unanimously from the Ways and Means Committee.

We will have 12 suspensions following that bill. They are as follows:

H.R. 16425, Cost of Living Task Force;

H.R. 16102, Emergency Daylight Savings Time Act amendments;

H.R. 15205, Pipeline Safety Act authorization;

H.R. 15008, Weather Modification Reporting Act authorization;

H.R. 14897, Youth Conservation Corps;

H.R. 15540, Marine Protection, Research and Sanctuaries Act extension;

H.R. 14600, Panama Canal Company borrowing authority increase;

H.R. 13157, national historic sites;

H.R. 14217, national park system changes;

House Joint Resolution 1070, Johnny Horizon '76 Clean Up America Month;

House Joint Resolution 1105, Women's Equality Day; and

H.R. 12113, revising and restating certain functions and duties of the Comptroller General of the United States.

Votes on suspensions will be postponed until the end of the suspensions.

Then, we will take up H.R. 16027, Interior appropriations, fiscal year 1975, conference report. Following that, we will consider H.R. 12859, the Federal mass transportation bill, which we have had on today, and we will conclude consideration, hopefully, on Monday.

PRIVATE CALENDAR SUSPENSIONS

On Tuesday we will consider H.R. 2, Pension Reform, conference report;

H.R. 15581, District of Columbia appropriations, fiscal year 1975, conference report;

H.R. 16032, changing the composition of the penny and authorizing grants to Eisenhower College and Rayburn Library, with an open rule, and 1 hour of debate; and

S. 1868, United Nations Participation Act amendment, with an open rule, and 2 hours of debate.

On Wednesday we will consider H. Res. 737, subpena power for House Administration Committee;

H.R. 16168, State Department authorization, with an open rule and 1 hour of debate;

H.R. 15977, Export-Import Bank Act amendment, with an open rule, and 1 hour of debate; and

H.R. 15487, Foreign Investment Study, with an open rule and 1 hour of debate.

On Thursday and the balance of the week we will consider:

H.R. 13565, Non-Nuclear Energy Sources Research and Development with an open rule and 1 hour of debate.

Conference reports may be brought up at any time and any further program will be announced later.

Of course, as the minority leader knows, the House will recess from the close of business, August 22, until noon, Wednesday, September 11.

ADJOURNMENT TO MONDAY, AUGUST 19, 1974

Mr. McFALL. Mr. Speaker, I ask unanimous consent that when the House adjourns today, it adjourn to meet on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from California?

Mr. GROSS. Mr. Speaker, reserving the right to object, the gentleman seemed to have some reservation about suspensions on Tuesday. Will he be good enough to tell us what he may have in the back of his mind about suspensions on Tuesday?

Mr. McFALL. Yes, I would be happy to if the gentleman will yield.

Mr. GROSS. I yield to the gentleman.

Mr. McFALL. As far as I know and believe, there are no suspensions on the program of any kind. There is nothing in the back of my mind and nothing in the back of anyone else's mind, but with an abundance of caution, we had mentioned suspensions, of which there possibly would be some, in the discretion of the Speaker, and that would be announced later.

Mr. GROSS. On H.R. 16032, changing the composition of the penny, does the gentleman have any knowledge as to that bill and as to what we have to do with respect to the penny? I thought that had almost gone completely out of style.

Mr. McFALL. I do not have any real information about the penny. The report has been filed on it. I assume it would not be a wooden penny, but it might be a metal penny. Wooden nickels are the only ones that I know anything about. It would not be a wooden penny, I do not think.

Mr. RHODES. Mr. Speaker, will the gentleman yield?

Mr. GROSS. Of course.

Mr. RHODES. I understand that the purpose of the bill is to change the content of the penny from 90 percent copper to 70 percent copper, and there is a further proviso in the bill that there will be some grants to the Eisenhower College and Rayburn Libraries.

Mr. GROSS. I did not know there was anything further we could do to debase or corrupt our currency, but I guess there is one left and that must be the last.

Mr. RHODES. If the gentleman will yield, I think the acting majority leader might answer him.

Mr. McFALL. I hope the gentleman is not taking bets on that last one that he mentions.

Mr. MATSUNAGA. Mr. Speaker, if the gentleman from Iowa will yield, the pennies will be selling for 10 cents apiece. Therefore, you evaluate the penny by reducing the copper content, and it is this 9 cents which will go toward benefiting the Eisenhower College and Rayburn Libraries.

Mr. GROSS. I knew that the distinguished gentleman from Hawaii was a student of high finance, but I do not quite understand the legerdemain needed to accomplish this.

Mr. MATSUNAGA. Collectors will be grabbing them up for the present penny.

Mr. GROSS. I wonder about that.

Mr. McFALL. I would say to the gentleman that it is not a wooden nickel.

Mr. GROSS. Mr. Speaker, I thank the gentleman.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

DISPENSING WITH CALENDAR WEDNESDAY BUSINESS ON WEDNESDAY NEXT

Mr. McFALL. Mr. Speaker, I ask unanimous consent that the business in order under the Calendar Wednesday rule be dispensed with on Wednesday of next week.

The SPEAKER. Is there objection to the request of the gentleman from California?

Mr. GROSS. Mr. Speaker, reserving the right to object, will the distinguished acting majority leader answer this question for me:

What is programed with respect to the veto of the Agriculture appropriation bill?

Mr. McFALL. Mr. Speaker, this was sent back to the committee.

Mr. GROSS. It was sent back to the committee?

Mr. McFALL. Yes, it was sent back to committee.

Mr. GROSS. I thank the gentleman.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

PERSONAL EXPLANATION

Mr. KEMP. Mr. Speaker, on rollcall No. 492 today, I was necessarily absent due to business in my office.

Had I been here, I would have voted "aye" on the conference report on S. 3066, the Housing and Community Development Act of 1974.

CONGRESSMAN NIX INTRODUCES GUN CONTROL LEGISLATION

(Mr. NIX asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. NIX. Mr. Speaker, I have today introduced a bill to limit and regulate the importation and the transfer in interstate commerce of handguns and handgun parts.

I believe we have an obligation to come to grips with the critical problem of violence and crime involving firearms. The statistics speak for themselves. In 1972, the last year for which we have reliable figures, there were more than 18,000 murders in the United States. Nearly two-thirds of these murders were committed with firearms and more than half of them with handguns.

Handguns are the heart of the problem, because they are the most widely used weapons, not only for murder, but also for robberies, assaults, and other crimes of violence. The sales and ownership of handguns continue to grow at a rapid rate. In 1968 a task force of the National Commission on the Causes and Prevention of Violence estimated that there were at that time about 24 million handguns in civilian hands. In fiscal year 1973 better than 1.7 million handguns were manufactured in the United States and many more were imported.

Efforts by Congress to enact gun control legislation have been fraught with difficulty. The Gun Control Act of 1969 was useful and important legislation. But it is not enough. Legislative attempts to enact stronger gun controls have met with bitter and emotional opposition and have been mired in constitutional and legal difficulties.

Mr. Speaker, in the past, we have acted on the issue of gun control only in the aftermath of assassinations of public figures. Let us not forget about the ordinary citizens who are killed by handguns every day in the streets of our cities and towns. Let us act now to place reasonable and prudent Federal controls on the menace of handguns.

The bill I have introduced would provide for Federal regulation of interstate and foreign commerce in handguns. It follows generally the 1969 recommendation of the National Commission on the Cause and Prevention of Violence:

> We recommend Federal legislation to encourage the establishment of State licensing systems for handguns. The Federal legislation would introduce a Federal system of handgun licensing, applicable only to those States which within a four-year period fail to enact a State law that (1) establishes a need for handgun and for the licensing of an individual who shows a need and (2) prohibits all others from possessing handguns or buying handgun ammunition.

My bill differs from this recommendation in two important respects: First, the States would be required to set up licensing systems if they wished their citizens to be able to purchase handguns in interstate commerce; and second, the Federal Government would not impose a licensing system of its own or place requirements on State licensing systems.

Under this bill, a Federal permit would be required for any interstate transfer or importation of a handgun. A permit would be issued by the Secretary of the Treasury only if the ultimate recipient of the handgun possessed a valid State license. A $10 fee would be charged for the permit.

In other words, an individual wishing to buy a handgun through interstate commerce would first have to obtain a State license. Second, he would have to order the handgun through a dealer, who would place the order with the manufacturer. Third, he would undoubtedly be charged for the $10 permit fee.

This bill has several advantages. First, the States would retain full authority to decide what kind of licensing system they want and full control over intrastate commerce. Gun control would remain primarily a local issue.

Second, the Federal Government's role would be limited to what it does best—regulating interstate and foreign commerce.

The duties of the Secretary of the Treasury would be basically ministerial and would require little administrative expense. What expenses would occur would be defrayed by the permit fees.

Third, the permit and licensing system would provide an important law enforcement tool for both Federal and local authorities. States wanting tough gun them. Criminals would find it more diffi- controls would be better able to enforce cult to carry on a black market in handguns.

Fourth, the requirements for a permit and license, the permit fee, and the built-in waiting period would discourage the purchase of handguns under panic conditions and the sales of cheap "Saturday night specials." At the same time, a person judged by his State to have a lawful reason to buy a handgun would find the burden minimal.

Mr. Speaker, the bill I have introduced is no panacea for the problem of firearms violence. It does not prevent the sale of handguns or attempt to confiscate or register handguns now in circulation. But it would, I believe, provide for the sensible regulation of the flood of handguns that now flow unchecked through interstate commerce. It is a bill that can be passed by Congress and administered as a law. And it would at least partially fulfill the obligation of the Federal Government to promote the domestic peace and tranquility by attempting to stem the epidemic of handgun violence that threatens our citizens.

COMMUNICATION, COMPROMISE, CONCILIATION, AND COOPERATION

(Mr. MELCHER asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. MELCHER. Mr. Speaker, President Gerald Ford's announced desire to "communicate, compromise, conciliate, and cooperate" with Congress is getting off to a poor start. He announced his 4–C's policy at a joint meeting of the House and Senate—and to the Nation's TV audience—Monday night, August 12.

On Wednesday, August 14, I was informed by a White House staffer that the Office of Management and Budget and the Domestic Council had recommended a veto of the Animal Health Research Act as inflationary. The bill passed the House February 7 by a 324 to 23 vote and cleared the Senate on March 28 by a voice vote. It had so few foes and so many friends across the country that it was surprising to all that a veto was even contemplated.

Regardless, to be certain that our former colleague in the House, now our new President, had all the facts about the bill, I put in a request to his staff that the views of those of us who sponsored and worked for the bill be called to his attention before he approved or vetoed the measure.

The measure authorizes appropriations up to $47.5 million and is split in three categories. The first category is an authorization of up to $20 million for research at veterinary colleges and research institutions across the Nation and, except for $100,000 of Federal funds per State, of those that have veterinary research institutions, it is 50–50 cost sharing between Federal and non-Federal funds. The second authorization is up to $15 million for research on disease problems of a national or regional character and again, since the work would be done in State rather than Federal facilities, it would be cost-shared. The third category of authorization is $12.5 million to assist in constructing facilities and equipping veterinary colleges across the whole country and it, too, is cost shared but in this instance the States must put up the overwhelming bulk of the funds.

The non-Federal funds for cost-sharing could be provided not only by States but by private sources such as livestock, poultry, dairy, horse, or animal welfare associations. It has been clearly shown that such associations, aware of specific areas of needed research, are interested in channeling funds into such research.

One of the great benefits that they see, beyond the humane element of preventing and curing animal disease, is reducing costs of livestock and poultry production in the United States. The Department of Agriculture estimates that livestock and poultry diseases cause more than $4 billion in losses annually. If research can reduce this loss just 10 percent, it would save 10 times the Federal cost of the animal health research.

That is not inflationary. It is anti-inflationary.

In my efforts to get such facts to the attention of our new President—I called the White House and urged that the President be given the views of the sponsors of the bill—not just an Office of Management and Budget view. So did livestock groups, spokesmen for the dairy industry, horse associations, and the poultry industry. One White House attaché has admitted that "nobody in our group understands the details of the bill." The Office of Management and Budget simply opposed the measure because it authorized appropriations without knowing what its benefits might be, and apparently without realizing the cost-sharing features which would spread costs to States and beneficiary groups. So far as I can determine, the President did not talk to anyone who supported the bill here in Congress.

Former Congressman, now President Ford, is entitled to a little time to adjust the machinery in his new office. But it sure did not work on the animal health bill. There was no communication, conciliation, compromise, or cooperation of which sponsors of the bill are aware.

The Office of Management and Budget still reigns supreme, overruling cabinet members, or giving them the opportunity of saving face by following the OMB's dictates. That is what happened in this case.

THE PRESIDENT IS MOVING IN THE RIGHT DIRECTION

The SPEAKER pro tempore (Mr. McFALL). Under a previous order of the House, the gentleman from Alabama (Mr. EDWARDS) is recognized for 5 minutes.

Mr. EDWARDS of Alabama. Mr. Speaker, President Gerald R. Ford is a man of great ability and experience and he has wasted little time since taking office in immediately tackling the many problems that are plaguing us today.

In his swearing-in speech and in his address to the joint session of Congress, President Ford left little doubt that his main target of concentration will be to find the cause of this country's high inflationary rate and to bring it to a halt.

The President said he will hold an early domestic summit meeting on the economy which he will personally chair. This is a step in the right direction and one in which we are all hopeful will result in solid suggestions for positive action. Inflation is undoubtedly our country's No. 1 ill.

President Ford, among other items, also promised a balanced budget for fiscal year 1976 and promised to cut Federal spending, two items which I have been pushing for many years.

With President Ford's knowledge and experience, and with his close relationship with the Congress, I have every hope that we can cut Federal spending. Only if the Federal Government curbs its excessive spending can the country bring death to the inflationary monster that has sent our economic temperature to an uncomfortable high.

President Ford also pledged a strong national defense and continuity in foreign policy. He said his bywords will be, "communication, conciliation, compromise, and cooperation."

As I sat in the House chamber listening to our new Chief Executive, and as I listened attentively to him earlier after he received the oath of office in the East Room of the White House, I had a very good feeling that our country has a warm, uncomplicated leader with whom most Americans can easily identify and understand, but, at the same time, a leader who can be tough and get results.

While talking with the President following his swearing in, it was difficult for me to remember to address him as "Mr. President," rather than "Jerry." I am sure most of my colleagues also had this same feeling. President Ford and I have been close friends during his service in the House of Representatives and later as Vice President. Twice in the past he has spoken on my behalf in Mobile, Ala.

I believe the President is moving in the right direction in meeting with various groups and individuals to explain his programs for the country. But, perhaps more important, the President is demonstrating that he intends to listen to the advice of others.

A sincere, open, down-to-earth Presidency is what we can look forward to, and I find it refreshing to have such a prospect for our future.

The transition from the Nixon Presidency to the Ford Presidency has been relatively smooth. I was saddened at the resignation of President Nixon, but I will remember him best for his many good accomplishments.

But that is in our past. As President Ford said in his opening remarks to Congress:

> We have a lot of work to do. Let's get on with it.

AMENDING THE FEDERAL COAL MINE HEALTH AND SAFETY ACT OF 1969

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Kansas (Mr. Skubitz) is recognized for 10 minutes.

Mr. SKUBITZ. Mr. Speaker, I am today introducing a bill for the benefit of those widows of coal miners whose husbands died before there was ever a Federal Coal Mine Health and Safety Act. What this bill would do is simply establish the irrebuttable presumption that the husbands of these widows had black lung disease if they were employed for 20 years or more in underground mines prior to their death. This bill does not apply to those whose husbands died after the enactment of the black lung benefits bill.

Mr. Speaker, as we know, considerable medical evidence is required to show the presence of black lung disease in order to qualify for the benefits program. Miners now living can take tests in order to prove their claim. Unfortunately, a review of the cases of these miners will show that the Social Security Board has ignored the law and the intent of Congress. I agree with Dr. Donald Rasmussen, director of the Appalachian Pulmonary Laboratory, Inc. when he said, "I could line up 1,000 coal miners whose applications have been granted and 1,000 who have been denied. And medically there would be no difference among them.

I will have more to say about these cases later. But for those widows whose husbands passed away long before we ever thought about providing black lung benefits, there is almost no medical evidence available to prove their case. If their husbands' heart stopped, that was that. There was no autopsy or examination to determine if at the time of death he also had black lung or some other ailment.

Although the law passed by this body specifically provides that a rebuttable presumption is established that a miner who works 10 years in the mines has black lung and the burden then passes to the Government to prove otherwise, the Social Security Board, in case after case, has denied the claims of widows with no rebuttable proof whatsoever. Thus forcing the widows into court to serve justice. Now that was not the intent of Congress. My bill recognizes the problems caused in this situation and provides an equitable remedy. It requires that the deceased miner must have worked 20 years instead of 10 years before the conclusive presumption is established. Any person who is at all familiar with deep mine operations of 30 years ago could not possibly have retired without lungs clogged with coal dust.

Mr. Speaker, recently my attention was called to an excellent article in the June 16, 1974, Sunday Empire, the magazine section of the Denver Post, entitled, "Unrest in Colorado's Coal Towns," which explains in some detail the problems miners experience when filing for black lung. Dr. Rasmussen, a well-known medical examiner, vividly points out the inequities now existing in the black lung benefits program. Mr. Speaker, I urge every Member to read it and I include the bill at this point in the Record.

H.R. 16448

A bill to amend the Federal Coal Mine Health and Safety Act of 1969 to provide that, for purposes of payments under section 411 in respect of the death of any miner whose death occurred after the date of enactment of such Act, there shall be an irrebuttable presumption that his death was due to pneumoconiosis or that at the time of his death he was totally disabled by pneumoconiosis, if such miner was employed for 20 years in one or more underground coal mines

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 411(c) of the Federal Coal Mine Health and Safety Act of 1969 is amended by striking out "and" after paragraph (3), by striking out the period at the end of paragraph (4) and inserting in lieu thereof "; and", and by adding at the end thereof the following new paragraph:

"(5) if a miner was employed for 20 years or more in one or more underground coal mines, and if such miner died prior to the effective date of this Act, there shall be an irrebuttable presumption that his death was due to pneumoconiosis or that at the time of his death he was totally disabled by pneumoconiosis. The Secretary shall not apply all or a portion of the requirement of this paragraph that the miner work in an underground mine where he determines that conditions of a miner's employment in a coal mine other than an underground mine were substantially similar to conditions in an underground mine."

Sec. 2. The amendment made by the first section of this Act shall be effective as of the date of enactment of the Federal Coal Mine Health and Safety Act of 1969.

NEW RICE PROGRAM WILL COUNTERACT THREATENING WORLD FOOD CRISIS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Arkansas (Mr. Alexander) is recognized for 15 minutes.

Mr. ALEXANDER. Mr. Speaker, Assistant Secretary of Agriculture, Clayton Yeutter, delivered before the Committee on Agriculture an excellent analysis of the necessity for a rice program for the growth and well being of the American rice farmer, industry, and consumer. The statement concisely and accurately cites the problems rice farmers and consumers will be faced with if this much needed legislation is not enacted.

Two amendments to H.R. 15263 were adopted in the committee. One, a payment limitation of $20,000 was included which conforms the bill to the Agricultural and Consumer Protection Act of 1973. I support this provision. Two, the target price was increased from 7 to 11 cents per pound. I, however, cannot support this second amendment and hope the House will reduce the target price to the original 7 cent level. I urge my colleagues to study this statement:

Statement of Clayton K. Yeutter Before the Committee on Agriculture

Mister Chairman and members of the Committee, I am pleased to appear today on behalf of H.R. 15263, which is designed to update our present rice legislation, and to bring it into conformity with the Agriculture and Consumer Protection Act of 1973.

The Administration strongly supports this legislation, as indicated by my earlier testimony before your Oilseeds and Rice Subcommittee. Since that testimony is a matter of record, I will not repeat it here today. But I would like to reemphasize several salient points.

FOR THE PRODUCER

Among the benefits of H.R. 15263 to our rice producers are the following:

1. It affords price protection on a minimum of 2 million acres. Under present law that protection is guaranteed for only 1.65 million acres.

2. A target price of $7.00/cwt. is provided, with this price to escalate in future years in accordance with the provisions of legislation passed last year. Present rice legislation has no escalator, except for changes that occur in the parity ratio, an outmoded concept that has become impossible to defend as a basis for farm policy.

3. Loans will be available at 60 percent of the target price. Though this level will be less than that provided under present law, this is because the concept is different. Under the target price system, loans are not expected to provide basic price protection; that is the function of the target level. But they do provide a measure of price protection ($4.20/cwt. initially) for rice produced beyond the national allotment (not less than 2 million acres), and they provide producers with an opportunity to obtain funds while they are holding their crop for sale. H.R. 15263 makes loans available to all rice producers, not just to those who are "cooperators" under the present, restrictive program.

4. Allotments may be freely sold or leased within the boundaries of a given state. Present legislation is much more restrictive in this regard.

5. A rice research program is authorized.

6. Set aside protection is available as a complement to target prices, if needed. Some producers argue that the present system of marketing quotas affords greater assurance against overproduction than will the provisions of H.R. 15263. We simply do not agree; a set aside, if and when needed, can respond to the problem of production surpluses just as readily and effectively as can marketing quotas.

7. It brings rice legislation into conformity with the Agriculture and Consumer Protection Act of 1973. This Committee will well remember the intense discussion that took place just a year ago on basic legislation for wheat, feed grains, and cotton. As usual there were deep divisions of opinion on the subject. Most of those divisions are evident once again in the discussions of H.R. 1563. The Congress responded in a bipartisan manner by adopting a middle-of-the-road position—the target price system. The concept was not entirely satisfactory to anyone. Some felt it moved too far toward a market oriented agriculture; others felt it did not move far enough. But we believe it was a reasonable compromise, and one which has already yielded major benefits to all farmers.

Last year's farm law represents the right legislation at the right time in the evolution of U.S. agricultural policy. We believe that H.R. 15263 is likewise the right legislation at the right time, insofar as U.S. rice producers are concerned. If a target price system for wheat, feed grains and cotton producers is sound—and we believe it is—then it is also sound for rice producers.

Our estimate is that incomes to American rice producers will be virtually the same under H.R. 15263 as under present legislation. In other words, during the next three years, it will make little difference to producers which system is in effect. But in the long run, those producers will be much better off under the umbrella of a target price, than they will if they do not have that umbrella.

FOR THE GENERAL PUBLIC

H.R. 15263 will be beneficial to many, and perhaps most, rice producers in the short run. It will be beneficial to most, and perhaps nearly all, rice producers in the long run. And it will likewise benefit the general public both as consumers and as taxpayers. Among those benefits are the following:

1. H.R. 15263 provides an incentive for rice production to shift to those acres, and to those geographic areas, where it can be grown best. Our rice farmers are already efficient, but as these shifts occur, they will become even more efficient. Ultimately, the fruits of that added efficiency will be shared by the producer, processor and consumer.

This, of course, accounts for some of the controversy surrounding this bill. Those who represent areas or producers from which some shifts can be expected to take place are opposed to H.R. 15263; those who represent areas or producers to whom some shifts can be expected to take place are in favor of the bill. This is not unusual; it is all part of the legislative process. But the relevant issue, from your standpoint, Mr. Chairman and members of the Committee, and from our standpoint representing the Executive branch, is whether those shifts are in the public interest. The answer is: of course they are. Present rice legislation serves as an impediment to such change. H.R. 15263 will remove at least most of that impediment. We ought to grow rice in this country where it grows best. That is what our free enterprise, market-oriented economic system is all about.

It might be added that some of those who so vehemently oppose H.R. 15263 because of its anticipated production shifts, only a few years ago argued just as vehemently for production shifts in cotton, in their direction. Those shifts took place, and all of us are better off for their having done so. But to argue for a proper shift in one direction, but oppose a proper shift in another direction, is not only inconsistent but indefensible.

2. By placing rice within the target price system, H.R. 15263 will also foster shifts between and among rice, cotton, feed grains and wheat production. When one adds to this group the crops that have no governmental production restraints of any kind, it becomes obvious that we are making progress in more effectively allocating our scarce land resources. Rice should compete with cotton; it should compete with soybeans, and it should compete with any other crop that can be grown under the soil, climatic and other conditions of a given area. Rice should not be an island unto itself, economically isolated from the rest of our agricultural production plant. As we foster the kind of economic competition for resources that is contemplated in H.R. 15263, consumers and producers will both benefit.

3. H.R. 15263 will make it possible for anyone to grow rice if he wishes. Since new growers would not have target price protection, they would be making their rice-growing decision on the market incentive.

Not all farmers will wish to grow rice. Of those who try, not all will succeed. But it is vitally important that they have the opportunity to try. H.R. 15263 by no means guarantees against failure. It does assure opportunity, and this cannot be said of the present program.

The per acre cost of buying rice allotment in the State of Texas last year was about $240; in California, it was about $400. These are "franchise costs" that a farmer has had to pay if he wanted to grow rice. They are costs not only to the producer, but to the consumer, and they make U.S. rice less competitive in world markets than would otherwise be the case. They also restrict entry into rice production, and tend to prevent some of the desirable economic changes I have already outlined.

4. The additional production flexibility of H.R. 15263 will encourage U.S. farmers and processors to expand their marketing horizons. We already export about 60 percent of our rice production, an impressive accomplishment. But we can export still more and, in doing so, help to provide a staple commoditiy for many needy areas of the world. If this is done, we will reap the additional benefit of easing our balance of payments woes, which are now being amplified by the high cost of imported petroleum products.

The present rice program, on the other hand, has a restrictive orientation. Under the existing law, we may be required to impose marketing quotas and production restrictions on our 1975 rice crop. If so, this will constitute a vivid and cruel paradox at a time when so many people are concerned about the adequacy of food supplies around the world.

The only way to have adequate food supplies is to make sure that somebody grows the food. We ought to grow the rice, and we ought to agressively export it, with due recognition of the interests of both producers and consumers here at home. We can do our part in meeting this worldwide food need under the provisions of H.R. 15263; we can only be somewhat less responsive under present law.

5. The cost to the taxpayer of the rice program will be fully exposed under H.R. 15263. That is not the case under present law, which clearly has a public cost whenever marketing quotas are applied. But that cost is indirect, and I am sure that it goes unrecognized by the typical taxpayer. It probably also goes unrecognized by many in both the executive and legislative branches of our government.

If a comparable cost is incurred under H.R. 15263, it will be either for deficiency payments under the target price concept, for set aside payments, or a combination of the two. All such payments will be a matter of public record, and will be scrutinized in the apppropriations process. We believe this is the way that government should function, and that the rice program should not be an exception thereto. If the market price for rice were to fall significantly below the target specified in H.R. 15263, it is true that some rice producers—particularly in California and Texas—could receive relatively large deficiency payments. Some may be dismayed about the possibility of having such payments disclosed to the public. Our response is (1) that all program payments should be subject to public scrutiny, and (2) that payments during the life of H.R. 15263 are expected to be nominal, if there be any at all. Hence, this is not a practical issue at the moment but, if it be of concern to this Committee, we would be prepared to support a payment limitation for rice consistent with that of the 1973 Agriculture and Consumer Protection Act.

CONCLUSION

Mr. Chairman, on June 26 of this year you received a letter from a number of your colleagues outlining their objections to H.R. 15263. I have attempted in this statement to respond to each of those objections, and at the same time to enunciate the positive features of this legislation.

One final comment is in order. That letter from your colleagues, Mr. Chairman, suggested that this would not be the proper time to bring new farm legislation to the floor of the House. It is suggested that doing so in the face of a division among rice producers themselves, woud be unwise. The same argument has been made with respect to a division of opinion within this Committee. I would simply respectfully suggest that the crucial question is not whether the bill is free, or nearly free, from opposition, but whether it is (1) a sound piece of legislation, and (2) a significant improvement over present law.

Mr. Chairman, you and the members of this Committee provided excellent leadership during the development and passage of the Agriculture and Consumer Protection Act of 1973. It too was not without controversy; it is unlikely that any major piece of agricultural policy legislation ever will be. But if the 1973 Act is sound, then H.R. 15263 is sound too. We firmly believe that to be the case. And for a host of reasons, many of which I have outlined in this statement, it is a vast improvement over our present rice program.

Today more than ever before, the House and Senate are evaluating legislative proposals on the basis of whether or not they are truly in the public interest. Vested and particular interests, important as they may be, are receiving secondary consideration. The first question is whether the public interest will be served. H.R. 15263 will meet that test; hence we strongly advocate that it be reported to the floor of the House.

THE CYPRIOT WAR

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Massachusetts (Mr. O'NEILL) is recognized for 5 minutes.

Mr. O'NEILL. Mr. Speaker, I am introducing today a sense of the House of Representatives resolution suspending all military and economic assistance, all military sales, all sales of agricultural commodities and all licenses with respect to the transportation of arms and ammunition to the Government of Turkey until Turkey has withdrawn all of its armed forces from Cyprus.

I firmly believe that the United States must assume leadership in exerting pressure on Turkey to cease its aggression in Cyprus. Turkish attacks on the capital and the United Nations peacekeeping forces on that island clearly demonstrate the gravity of the military situation. Only by calling for a halt to all U.S. economic and military assistance and military sales to Turkey until all Turkish forces have withdrawn from the island will the aggressors comprehend that our Nation will not tolerate Turkish attacks upon that friendly island of Cyprus in violation of NATO commitments.

OIL COMPANY EARNINGS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey (Mr. MINISH) is recognized for 5 minutes.

Mr. MINISH. Mr. Speaker, the major oil companies have released their second quarter 1974 earnings reports, disclosing gains in revenue ranging from 19 to an astonishing 29.2 percent. For the first half of 1974, the oil companies have reaped unconscionable profits at the expense of the American consumer.

I am attaching to my remarks a list of corporate earnings reports comparing the second quarter earnings of 1973 with 1974.

Recent reports indicate that imports of all oils and refined products are increasing and are 2.6 percent greater than they were at this time last year. The imports to America of refined products alone is up by 11.8 percent, while crude oil imports increased by 19.3 percent over the same period in 1973.

For the second consecutive month, the oil industry has had a production surplus, so that refined product inventories now stand at 798 million barrels, 12.9 percent higher than at the same time last year.

In recognition of these surpluses, John Sawhill, Director of the Federal Energy Administration, had this to say on July 29, 1974, at the recent Western Governor's Conference in Albuquerque:

> Current forecast of petroleum supply and demand indicate that there won't be any overall shortages for the rest for the year. Ironically, we've even had to develop new strategies to allocate the growing surplus of petroleum products.

America, therefore, faces the unusual situation where profits and revenues of the major oil companies are increasing at the same time that their inventories are increasing. It is obvious, that something is amiss in our supply and demand economy.

No one would deny to the oil companies a fair return for their investment and risks. But at the same time the consumer should also have a fair price for the product. The oil industry is holding our economy hostage by their contrived, burdensome prices, which have a ripple effect on our economy, increasing the prices for all goods and services. Especially hard hit are the utilities, whose costs have skyrocketed so dramatically that some of our senior citizens are being forced to give up their homes because they cannot meet the rising utility rates.

It is time to end this excessive profiteering at the expense of the American consumer. The oil oligopoly is continuing to demonstrate that it cannot, or will not, responsibly regulate itself for America's benefit. Obviously, therefore, there is a need for stringent governmental regulation. In a recent poll of my district, over 75 percent of my constituents favored taxing excess oil profits. I believe that this is indicative of the public's concern about these burdensome fuel prices.

Accordingly, I urge my colleagues to join with me in seeking decisive action enabling our Nation to impose reasonable restraints on this vital segment of our economy.

Corporate earnings report follows:

INCREASES IN CORPORATE EARNINGS (2D QUARTER ONLY)

Corporation	Earnings 1973 2d Quarter	Earnings 1974 2d Quarter	Percentage change
Standard Oil of California	181, 200, 000	285, 300, 000	+57. 0
Texaco	267, 500, 000	460, 400, 000	+72. 1
Mobil	184, 200, 000	364, 400, 000	+99, 0
Standard Oil of Indiana	121, 300, 000	280, 000, 000	+131. 0
Shell	89, 500, 000	124, 500, 000	+39. 0
Occidental	26, 900, 000	92, 600, 000	+292. 0
Phillips	46, 400, 000	123, 800, 000	+167. 0
Sun	48, 400, 000	127, 300, 000	+163. 0
Cities Service	30, 500, 000	53, 800, 000	+76. 0
Exxon	510, 000, 000	850, 000, 000	+66. 0
Getty	23, 600, 000	62, 200, 000	+167. 0
Standard Oil of Ohio	27, 000, 000	50, 300, 000	+40. 0

PANAMA CANAL: JUGULAR VEIN OF INTEROCEANIC COMMERCE AND HEMISPHERIC SECURITY—SEQUEL

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. FLOOD) is recognized for 10 minutes.

Mr. FLOOD. Mr. Speaker, on August 1, 1974, at the annual convention of the International Platform Association in Washington, D.C., I participated in a debate with the Panamanian Ambassador to the United Nations, Hon. Aquilino Boyd, on this subject: "Should the Panama Canal Be Transferred to Panama by the United States?"

The full text of my remarks prepared for that occasion were published in the CONGRESSIONAL RECORD of August 7, 1974, pages H7861 to H7865. They include the texts of pending measures now before the Congress in both the Senate and House on the two vital canal questions: First, U.S. sovereignty over the Canal Zone; and second, the major modernization of the existing canal.

Since that time I have received a copy of the address by Ambassador Boyd. In certain respects it is an interesting paper, but it does not come to grips with the crucial problems involved and ignores basic realities in the situation.

Among the major points in Ambassador Boyd's address are these:

First. It reveals the Panamanian ultimate objective as being a "Panama Canal under the control of the Republic of Panama, managed by Panamanians and protected by Panamanians";

Second. Charges the United States with having "forged and supported a colonial situation in the Canal Zone," offending the "pride" of an independent country and hurting its "human dignity";

Third. Asserts that the "world community" expects a "prompt solution" of the problem;

Fourth. Ignores the treaty obligations of the United States with Great Britain and Colombia as regards the operation of the canal;

Fifth. Threatens "other diplomatic actions" against the United States in event of failure of the present treaty negotiations;

Sixth. Warns that in the event Panama decides that "armed rebellion" is the only means to secure sovereignty over the Canal Zone, Panama will give North Americans in the zone the choice of "the suitcase or the coffin";

Seventh. Quotes from U.S. Ambassador to Panama, Robert Sayre, as stating that the issue is "whether the United States still requests the use, occupation, and control" of the Canal Zone and not whether it is "Panamanian territory," which statement is erroneous as well as misleading;

Eighth. States that should the United States not agree to turn over the canal to Panama before the year 2000, "Panama cannot guarantee the undisturbed presence of the United States," on the Isthmus;

Ninth. Claims that the operation of the Canal is "very simple" and that Panamanians could operate it "more economically and at least as well as the United States technically"; and

Tenth. States that Panama needs to make "better use" of its "geographical position," which in the end could only mean higher tolls on interoceanic commerce or greater burdens on the U.S. taxpayers.

Mr. Speaker, the full text of my August 1 address answers virtually all the points in Ambassador Boyd's remarks. As to the capacity of Panama to do all that he says it can, I invite attention to the fact that after the 1955 treaty, when the United States surrendered its power over sanitation in the terminal cities, Panama has not been able to collect garbage from the streets of Panama City and Colon. The turning over of control of the Canal Zone to Panama would be an act of great power irresponsibility as recognized by the people of the United States who do not wish a Suez Canal-type of situation at the Panama Canal.

In making such comments, I am no enemy of Panama but one solicitous for its well being. There are some ways to help that country. One would be to build a bridge across the Atlantic end of the canal to correspond with that at the Pacific end of the canal, for which legislation has been introduced. Another would be to help Panama relocate or extend its free zone from Colon to Panamanian territory east of the U.S. Canal Zone.

Of far greater importance, would be prompt action on pending measures for the major modernization of the canal. This act of sovereignty, which is authorized under present treaty provisions, would revitalize the isthmus, increase the capacity of the canal and improve its operations, as well as clarify present confusions.

In order that the Congress, the Executive, and the Nation at large may know what Ambassador Boyd stated, I quote the entire text of his August 1 address and suggest that it be read in connection with the previously mentioned address of mine on the same occasion:

[International Platform Association]

SHOULD THE PANAMA CANAL BE TRANSFERRED TO PANAMA BY THE UNITED STATES?

(Debate between Congressman DANIEL FLOOD and Ambassador Aquilino Boyd, Washington, D.C., August 1, 1974, opening address by Aquilino Boyd)

INTRODUCTION

Gentlemen, I gave a warm welcome to the invitation of the International Platform Association because through you I have the unique opportunity to influence the most distinguished audiences of the United States of America on the convenience of having, by the turn of the Century, a Panama Canal under the control of the Republic of Panama, managed by Panamanians and protected by Panamanians.

To debate this subject in the language of Shakespeare with one of the best orators of the United States Congress is perhaps one of the biggest acts of audacity of my public life.

HISTORY

The transfer of the Canal to Panamanian control would be a historical reparation by the United States.

The conservative and the reactionary that have over the years spread the black legend that the U.S. bought Panama, have forgotten the advice of President Theodore Roosevelt when he wrote "We have not the slightest intention of establishing an independent colony in the middle of the State of Panama . . . it is our full intention that the rights which we exercise shall be exercised with all proper care for the honor and interest of the people of Panama".

Inadvertently sometimes, premeditatedly in others, the U.S. Government has forged and supported a colonial situation in the Canal Zone of Panama, that offends our pride as an independent country and hurts our human dignity.

POLITICAL ASPECT

Now that nobody is putting pressure on the United States, is the most convenient time to end the Colonial Situation that exists in the Canal Zone of Panama in order to save human lives, and material losses. The world community is expecting from the United States a prompt solution to this problem. Even Portugal announced last Saturday that it is willing to facilitate the independence of its colonies in Africa.

Sometimes with emotion, in other occasions in a reasonable manner, as in the present, three generations of Panamanians have tried to express to public opinion in the United States that according to existing treaties we only granted specific rights for the construction, maintenance, operation and protection of a Canal . . . but we have not been heard properly.

The time for a change has come.

Panama made a very successful presentation of its case at the International Forum of the Security Council of the United Nations when on March 1973, forced the third veto by the United States against a reasonable solution that invited the parties concerned to negotiate a new treaty to "guarantee full respect for Panama's effective sovereignty over all its territory". As the Foreign Minister of Panama, Professor Juan Antonio Tack said on that occasion, "the United States vetoed Panama but the whole world vetoed the United States".

Shortly after, the Organiztaion of American States at Foreign Ministers level called upon the United States to report progress in resolving the sovereign issue with Panama.

In February 1974, Foreign Minister Tack and Secretary of State Kissinger, set the eight principles that are to serve as guidelines to the current negotiations.

We are withholding other diplomatic actions pending the results of the negotiations.

For example: at the United Nations we would need very little effort to have approved by an overwhelming majority at the G.A. a resolution in exactly or perhaps stronger terms than the one vetoed by the U.S. last year.

Panama could accelerate its policy of establishing diplomatic relations with Cuba, the USSR and the People's Democratic Republic of China and countries of the non-aligned group, in order to achieve a better balanced attitude toward world affairs.

Perhaps, within the ideals of Simon Bolivar, it would serve our national interest to think of the possibility of inviting Venezuela and Colombia to integrate with Panama the United Republic of South America. Later this trio could call Peru, Ecuador and Central American countries to join us. We could start the U.R.S.A. like the United Arab Republic did, with the integration of our armed forces and with one foreign policy, leaving for a second phase the economic integration and other aspects.

The day that Panama decides that armed rebellion is the only means to recover effective sovereignty over all its territory, Latin America and the world will support us, and the Americans in the Canal Zone of Panama like the Frenchmen in Algeria, will have only one choice, "the suitcase or the coffin".

Peaceful patriotic demonstrations, turned into bloody clashes by U.S. Armed Forces in 1959 and 1964, advanced the Panamanian cause considerably.

JURIDICAL ASPECTS

The United States should turn to Panama the effective control of the Canal Zone Territory because to do otherwise will be contrary to the U.N. Charter (Art. 2 No. 4, 103, — 1, No. 2), to the OAS Charter and to all principles of international law.

In addition the 1903 Canal Convention states in its Preamble that "the sovereignty of such territory is vested in the Republic of Panama". There is a misunderstanding in the United States in this respect.

In the new treaty the United States should clear this misconception that some people have, because the Canal Zone is not and has never been United States territory.

The Canal Zone of Panama is "territory of the Republic of Panama under the jurisdiction of the United States of America".

As then United States Ambassador to Panama Robert Sayre said, February 27, 1973, before the Rotary Club, "The issue we are discussing then is whether the United States still requests the use, occupation, and control of all the ten mile wide strip of Panamanian territory, not whether this strip is Panamanian territory".

DEFENSE POLICY

The United States should transfer to Panama the control of the Canal, because it has been assured by many military experts that the security of the United States or of the Canal would not be endangered by doing so.

The Cameron report of the Center for Inter-American Relations of New York recently pointed out that "The Panama Canal is no longer defensible" against strategic attack or destruction by a "determined and resourceful enemy", and we understand that this is the appreciation of the National Defense Study Group.

Until under the Second World War the Canal had great utility for military purposes. For the Korean War and later for the Viet-Nam War the Canal was important but not to a high degree. Experts consider the Canal today "a military asset of declining value". In the era of strategic nuclear arms this is evident.

Why then the military establishment insists so much on holding the hard line? Perhaps the U.S. diplomat who better understood these problems, Ambassador Jack Vaughn, explains the situation better than anybody when a few months ago he wrote . . . "The overriding common objection of the United States Military Command in Panama is to maintain the status-quo, and over the years they have been largely immune to the precepts and changes of U.S. foreign policy".

The best assurances for the protection of the Canal rest on two basic premises. 1. That the U.S. is one of the two super powers, precisely the one nearer the Panama Canal and; 2. That the cooperation and good will of the Government and people of Panama has been and will always be there because the United States is the principal user or client of the Canal.

One important aspect of the defense of the Canal is that Panama as sovereign of the Canal has always reaffirmed that the neutrality of said Canal is the best guarantee to have a continuous and secure passage.

Panama has a contingent in the United Nations Emergency Forces in the Middle East. The Secretary General of the United Nations has expressed his satisfaction with the excellent performance of the Panamanian forces. The United States have cooperated effectively with this peace mission. If the forces of Panama are good enough to patrol the Suez Canal area, by the same token they should be good enough to guarantee the security of the Panama Canal.

ECONOMIC ISSUES

The Panama Canal should be transferred to Panama because in terms of U.S. trade the Panama Canal is not "vital" for this great country and to all of you it is well known that Panama's geographical position is its most important natural resource.

In these times of inflation and energy crisis Panama has no better alternative than to remind the world that the U.S. is exploiting our principal resource, when we are in desperate need to use on our own behalf this important asset.

Panama is one of the developing countries most seriously affected by the present economic crisis, and to have some kind of stabilization, we urgently need a better use of our geographical position, in order to participate equitably in the Establishment of a New International Economic Order.

ADMINISTRATIVE AND TECHNICAL PROBLEMS OF THE CANAL

The United States should turn the control of the Canal to Panama because in a brief period of time the Panamanians will be in a position to operate the waterway more economically and at least as well as the United States technically.

After years of reflection and careful examination of the Canal Enterprise, we have come to the following conclusions:

1. That the management of the Canal is very simple.
2. That the Canal in August 1974, is operating better than ever.
3. That it is very easy to separate the management of the waterway from all other related activities.
4. That through cooperation and understanding we can have a smooth transition from the Administration of the Canal by the United States to its total control by Panama.
5. That since there are no great risks in the transitional period, which can easily be achieved in 5 to 10 years, Panama hopes that the target date to be set in the New Treaty under no circumstances should extend beyond the year 2000.

If we have not taken a more prominent participation in the Canal operation it is due to the radically discriminatory policy that with U.S. government approval persists against our national in our own land.

Here are some facts: in 1973, 74% of the labor force in the Canal was almost totally from Panama, 26% from the U.S.

10,387 Panamanians received 65.5 millions.

3,585 U.S. citizens received 61.5 millions.

Ambassador Vaughn is right when he says: "Intransigence can only inflame the Panamanians for they now feel grossly abused", by the existing of the American Colony.

From 1968 to 1974, thanks to the policies of President Lakas and General Torrijos the United States have enjoyed in the Canal Zone the longest period of peace in modern times.

To finalize, permit me to say that I am not a negotiator of the new canal treaty, but if I were I would keep on asking my friends and colleagues of Washington "when is the United States willing to relinquish control of the Panama Canal? Let us establish a meeting of the minds in this respect, for it is written on the wall, Panama cannot guarantee the undisturbed presence of the United States in its territory unless the U.S. agrees now to turn over said Canal to Panama before the year 2000.

I am a great admirer of your country, its natural beauty, its institutions and its hard-working people always willing to fight to defend their ideals and attain justice.

I wish the problem between Panama and the United States were solved through negotiations and not by confrontation.

Time marches on. Every day we have new events in this ever-changing world of ours, and I feel that we need some action in my part of the planet, because as I keep getting older, all I hear is talk, talk, talk, while the locks of the Canal remain closed to Panama.

Thank you.

A NO-CONFIDENCE VOTE ON THE PRESIDENT, FOLLOWED BY A SPECIAL ELECTION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Wisconsin (Mr. Reuss) is recognized for 20 minutes.

Mr. REUSS. Mr. Speaker, on Februrary 14, 1974, I introduced House Joint Resolution 903, a constitutional amendment to allow Congress, by an extraordinary three-fifths majority, to vote "no confidence" in the President, and thus compel a prompt election to test the mandate of the people. Somewhat similar amendments have been proposed by Representatives Bingham, Green of Oregen, Obey, and Udall.

I concluded my explanation of the proposed amendment by saying:

> Our system needs measures to prevent a continuing downward spiral of governmental vitality. A strong President and a strong Congress are both necessary. I therefore submit this proposed amendment in the hope that it will stimulate serious study and thoughtful decision.

Study and discussion has indeed been forthcoming, much of it extremely helpful. As a result, I have concluded that my constitutional amendment of last February needs improvement in two major particulars.

First, it would have removed the President immediately upon a vote of no confidence, and vested the succession in the Vice President. This now seems premature and harsh, and I believe that the incumbency of the President should continue until a special election is held.

Second, many observers felt that the ability of the Congress to compel the President to face an election, without themselves going before the voters at the same time, gave Congress too much of an opportunity to be capricious.

Accordingly, I today introduce an improved proposed constitutional amendment, House Joint Resolution 1111. Under this amendment, Congress by a three-fifths vote could adopt a resolution of no confidence in the President, but would have to call a prompt election for both the President, Vice President, and for Representatives and Senators. It retains the provision of the earlier proposed constitutional amendment exempting an incumbent President from the two-term limtation, and permitting him to submit himself for vindication by the voters, assuming his party will renominate him.

The full text of House Joint Resolution 1111 follows:

H.J. Res. 1111

Joint resolution proposing an amendment to the Constitution of the United States relative to a congressional vote of no confidence in the President

Resolved by the House of Representatives and the Senate of the United States of America in Congress assembled (two-thirds of each House concurring therein), That, the following article is proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as part of the Constitution when ratified by the legislatures of three-fourths of the several States within seven years from the date of its submission by the Congress:

"Section 1. Notwithstanding any other provision of this Constitution, Congress may adopt a Resolution of No Confidence in the President. A three-fifths vote of the members of each House present and voting shall be necessary to adopt such a Resolution as a concurrent resolution. A Resolution of No Confidence shall be privileged in the House of Representatives and shall have precedence over all other bills, resolutions and motions in the Senate.

"Sec. 2. In the Resolution of No Confidence, Congress shall fix a date falling not less than ninety days and not more than one hundred and ten days from the date of adoption of the Resolution for the calling of a special election for the choosing of electors for President and Vice President, and of Representatives and Senators: *Provided*, That if the date of adoption occurs on or after June 1 of the second year of the President's term, and at least ninety days prior to the date of the choosing of Representatives in Congress that year, the special election shall coincide with the regular election for the choosing of Representatives. The Clerk of the House of Representatives shall notify the chief executive of each State and of the District of Columbia of the date of the special election, and each State and the District of Columbia shall provide for the choosing of electors, and of Representatives and Senators, on that day. The convening and balloting of electors at a date specified by Congress, and the transmittal of the ballots to Congress which shall count them, shall be in the manner specified in the twelfth and twentieth articles of amendment.

"Sec. 3. If the special election occurs at the regular election for the choosing of Representatives in Congress, the President and Vice President, and the Representatives and Senators, chosen pursuant to the special election shall enter upon their terms of office on January 20 of the year immediately following. In such case, the term of office for the President and Vice President shall be two years; for Representatives, two years; for Senators, six years, or whatever remains of the term of their respective predecessor. If the special election occurs at any other time, Congress in the Resolution of No Confidence shall specify a commencement date not less than sixty and not more than seventy-five days following the date of the election. In such case, the term of office for officeholders shall be whatever remains of the term of their respective predecessor.

"Sec. 4. Notwithstanding the twenty-second article of amendment, the incumbent of the Office of President at the time of adoption of the Resolution of No Confidence shall be eligible to stand for election at the election herein provided for and to serve the term commencing thereafter.

"Sec. 5. The times, places, and manner of holding elections for Presidential electors, and for Representatives and Senators, shall be prescribed in each State by the legislature thereof; but the Congress may at any time make or alter such regulations.

"Sec. 6. Congress shall have power to enforce this article by appropriate legislation."

The purposes of the proposed amendment are essentially two. First, it aims to let the people make the ultimate decision regarding a President the Congress believes has lost the capacity to govern effectively. Second, and perhaps more important than the actual removal of the President, is the effect of the amendment in checking the erosion of congressional power by the President, by vesting in Congress the power to initiate removal proceedings.

James L. Sundquist of Brookings Institution made the case for constitutional change very well in a lecture he delivered on May 6, 1974 at the Maxwell School of Citizenship and Public Affairs, Syracuse University. Mr. Sundquist said:

> One school of thought says, nothing much has to be done (about the Presidency). The Nation will have learned great lessons from Vietnam and Watergate. No President for a long time will dare to embark on any such headstrong foreign adventures as Lyndon Johnson did. No President will be so careless in choosing subordinates as Richard Nixon was, or so lax in supervising them. The elements of the bureaucracy that stood up well against the presidency will stand up even better next time. Besides, any remedy might make things a good deal worse, because—to put the shoe on the other foot—if we restrain the President's power to do bad things we also restrain his power to do good things.
>
> In other words, we were right all the time when we aggrandized the power of the President. The nation does need a strong President, for all of the reasons given by public administrators and political scientists for forty years. If we believe in liberal causes, let us not get so excited by the clamor of the moment that we impair the instrument that we rightly and wisely saw was necessary for our purposes. This was basically the conclusion of the National Academy of Public Administration's distinguished panel on the implications of Watergate. Clean the system up a bit around the edges, they suggested, but don't attempt any fundamental constitutional change.
>
> Maybe all we do at this point is separate the optimists from the pessimists. Some look back at the checkered history of our century and see the sunlit epochs—the two Roosevelts, Kennedy, Johnson in his early years—and look ahead to more. Others look back and see the shadowed periods—Hoover, Johnson after 1965, Nixon—and fear what may come next. I confess that the last nine years have made me reluctant to trust entirely to luck. There is so much risk—given our selection system—of putting the wrong man in the White House that I would like to find some means of forcing upon our chief executive some of the restraints of collective decision-making that in this country we routinely insist upon in lesser organizations.
>
> There is something about the White House, as George Reedy has suggested more clearly than anyone else, that can bring out latent traits of megalomania in any human being who finds himself there. Let's face it: it is not inconceivable that a President could become mentally or emotionally unstable while in office—as has happened to the heads of other governments—yet not be removable for disability nor guilty of impeachable crime.
>
> Another school of thought looks at all that concentrated power, is scared like me, but looks in the direction of taking some of it away. All kinds of proposals are heard: Give power back to the Congress, elect the key members of the Cabinet, take certain sensitive agencies such as the Department of Justice out of the executive branch, limit by law the size of the White House staff, and so on. A few of these proposals—a permanent independent prosecutor, for instance—may have merit, but, generally speaking, most of these proposals seem to me to move in the wrong direction. You may not believe it, from all I have said, but I agree that all along we of the public administration fraternity have been right in our arguments for a powerful presidency.
>
> Governmental functions do not need to be directed and coordinated from a single point of leadership. There does need to be "command and control," in Bill Carey's words, so that within limits set by law there can be worked out a coordinated economic policy, a comprehensive energy policy, a coherent national growth policy, a military policy and a foreign policy and a food policy consistent with one another, a coordinated system of intergovernmental relations, and all the rest. If the functions of the executive branch were to be scattered among persons of independent authority, we would give up any chance of the government's making sense with what it tried to do, and the cry would immediately rise: Give the President the authority to make order out of this shambles.
>
> I would go so far as to endorse some additional powers for the President—like giving him clear control over the personnel management functions of the Civil Service Commission (as distinct from its inspection and policing functions) and over the activities of the Federal Reserve Board, which now has the authority to pursue a monetary policy that can cancel the President's fiscal policy and thus prevent the government from having any effective economic policy at all, and the power to raise and lower tax rates, within limits, for fiscal policy purposes. In short, there is no substitute for the powerful presidency in this complex modern world for all the reasons public administrators have given from Gulick and Brownlow to the present time.
>
> But—and this is all-important—a powerful presidency under equally powerful control. That leads me in a third direction. Instead of trying to reduce the presidential power, I would try to find a way to embody the folk wisdom of the ages into the executive branch of the government by pluralizing that power in its exercise. In other words, by establishing institutions that would have the effect of forcing the President into some kind of collective process in making major national decisions.
>
> Where are the people of independent stature with whom the President can be forced to consult? Not the Cabinet, obviously; a President cannot be required to appoint strong men to his Cabinet, or to let his Cabinet restrain him.
>
> The only possible answer, I believe, is to bring the President into a closer relationship with the Congress—which, of course, means the elected leaders of the Congress. They are the only people around, apart from the President and Vice President, who are elected, and hence who have any independent power base at all. But to force the President into a closer relationship with Congress would closely require some additional sanctions in the hands of Congress—so that he could no longer just ignore its leaders or defy them, as he does now.
>
> I think that sanction has to take the form of a simpler way of removing presidents. That object would serve a double purpose. First, it is a necessary end in itself, for the reasons I indicated earlier when I talked about the limitations of the courts and of the impeachment process.
>
> It does not take high crimes or misdemeanors to destroy the capacity of a President to lead and inspire and unify the country, as he must. Misfeasance that is not malfeasance in the impeachable sense can fatally impair the presidency. The people need to be safeguarded not just against the President who commits or tolerates crime but against the one who is incompetent, or negligent, or rash, against the one who loses his stability, his capacity to make sound judgments—in the vernacular, loses his marbles—but who is not so obviously disabled that he can be removed for disability under the Twenty-fifth Amendment.
>
> If you start from the proposition that the United States needs at all times an effective government, that it cannot afford to wait for as long as three or three and a half years if its president is wholly discredited and hence loses his ability to lead and govern, that it needs under such circumstances to be able, as James Reston put it the other day, in another context, to "sweep away the poisonous atmosphere of the country" and start afresh, then you have to conclude that the present removal process is too limited. That is the first reason for making the process somewhat easier.
>
> The second reason is the one I have been discussing, to bring the President into closer consultation with the Congress. If the Congress had a greater discretion in removing Presidents, he would have to keep its confidence. And to keep its confidence, he would have to take its leaders into his. He could not hide from them essential information. He could not abuse his powers and then defy them to do anything about it. He would have to make sure, through consultation in advance, that major decisions met with their concurrence.
>
> And an incidental benefit would be that the Congress would find it necessary to invoke a higher degree of discipline internally. The members would have to repose more power in their leaders whose job it would be to contain and restrain the runaway presidency and in turn to hold those leaders effectively accountable. All this, I admit, is conjectural, because one never knows how any reform will actually work out in practice, but its effect would surely be in these directions.
>
> The problem is to strike exactly the right balance in making presidential removal easier. We certainly do not want to destabilize the Presidency too much. Nobody wants a system like the Third Republic of France, or even the Italian republic today, where prime ministers are turned out of office every year or two, or even every few months—revolving door governments, they're called. The British system comes closest to the model; their prime ministers normally serve their full five-year term, but when a prime minister botches his job, when he "goofs up" and loses the confidence of the country—and hence of the House of Commons and its governing majority—the majority does have means to force him out and get the country off to a fresh start under a leader who can lead and a government that can govern. This happened after Narvik, when Neville Chamberlain was forced to give way to Winston Churchill, and again after Suez, when Anthony Eden was persuaded by his colleagues to step down. Under our system, a Neville Chamberlain would stay in his office for his full term even if that meant losing a war and the very freedom of the nation.
>
> Several types of constitutional amendments to ease the removal process have been suggested. One idea is just to broaden the impeachment clause—by adding after the phrase "high crimes and misdemeanors" five little words, "or for any other reason." In other words, removal would become a political rather than a juridical type of action, taken through a "no confidence" vote, as in the parliamentary countries. But under this amendment two-thirds of the Senate would still be required to remove the chief executive, and that seems to me to embody the wrong principle. To govern effectively, a president needs to sustain the confidence of the majority of the country and of the legislature, not just a one-third plus one minority.
>
> A proposal by Congressman Bingham runs into the same objection. He would empower the Congress by law to call a new presidential election at any time. This is somewhat like the recall provisions of some state constitutions, except there the recall is initiated by petition of a specified number of voters. But the Bingham proposal to act by statute would require a two-thirds vote of both houses, in order to override the inevitable presidential veto.
>
> Congressman Reuss has tried to meet the objection to the two-thirds requirement by providing for a "no confidence" removal by sixty percent of both houses. But that still violates the majority principle while at the same time probably making removal too easy. Sometimes the opposition party in the Congress by itself has a sixty percent majority.

> My favorite approach, therefore, is this: Empower Congress to act by a simple majority to remove the President and call a new election. But to deter the Congress from acting for trivial or fractious reasons requires that the Congress upon removing the President itself be dissolved and all its members forced to face a new election. They would have to take their decision, in effect, to a referendum. That would surely be a very great restraint upon the exercise of the congressional prerogative. Perhaps it would be too great. A former senator has written me that the reform I propose would be quite useless; he could not conceive of any circumstance in which the members of the Senate would voluntarily subject themselves to an election when they did not have to. Maybe he's right, but I suspect he's too pessimistic.
>
> If the public were aroused—and that is the only circumstance in which the procedure would even be considered, or should be—a senator would have to think twice about basing his vote simply upon his own personal convenience. But in any case, I would prefer to err on the side of making the procedure an unattractive one. The important thing is that the procedure be available to a national majority as expressed through its representatives—available as a last resort, to be sure, but nevertheless available to be used when it is absolutely, and incontrovertibly, necessary.
>
> Perhaps better ideas will be heard as this whole problem is considered. The most important thing, I think, is that the country begin talking seriously about the question of what should be done about the presidency. It possesses an awesome concentration of power, and the events of the last nine years have shown that it is a power that, if the President is so minded, can be exercised virtually without restraint. I am afraid simply to leave the presidency as it is, and trust to luck. But neither do I want to see it dismantled. The profession and discipline of public administration, whose doctrines have contributed so much to putting all that power in the presidency, has been basically right all along in its reasons for creating such an office. But now, having done so, it needs to put its attention to how all that power can be hedged in with the kind of restraints that we try to make sure exist in every other human organization."

BINGHAM URGES FURTHER HOUSE INVESTIGATION OF NIXON ADMINISTRATION MISCONDUCT

(Mr. BINGHAM asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. BINGHAM. Mr. Speaker, as I have previously mentioned in the House, I share with my colleagues a great sense of admiration and appreciation for the work of the Judiciary Committee, under the leadership of Chairman RODINO, in conducting the impeachment investigation and in the deliberations which resulted in the votes recommending impeachment.

But I am disturbed that that great committee is now apparently disposed to consider that its work in this matter will be concluded with the filing of its report.

I am not suggesting that the House should be asked now to vote on the proposed articles of impeachment. With the resignation of Mr. Nixon, such an exercise would be futile.

But it seems to me that many of the matters which the committee was investigating with a view to possible impeachment need further investigation so that the Congress and the American people will have the full story of what happened and why. The Nation had been relying on a full Senate trial to produce and assess all the evidence of impeachable offenses, and now that there will be no trial the House must complete the record itself.

This is especially true of those matters, such as President Nixon's interference with the antitrust prosecution of ITT and the raising of milk price supports, which the committee decided were not grounds for impeachment. This negative conclusion of the committee is certainly not a finding that the operations of the Government were properly conducted in these cases.

The distinguished chairman of the Judiciary Committee reportedly does not wish to continue the investigation because he says the Judiciary Committee is not an investigating committee.

It would seem to me that the Judiciary Committee is the logical and preferable committee to carry on and complete the investigation, since it has done so much work already and since it has subpenaed a number of Presidential tapes which have so far not been produced. Mr. Nixon's resignation has not changed the relevance and importance of this evidence to the Watergate case. Moreover, some of the matters which have not been fully explored, and as to which the American people do not have the facts, such as the ITT anti-trust prosecution and the improper approach to Judge Byrne while the Ellsberg trial was pending, fall squarely within the oversight jurisdiction of the Judiciary Committee.

However, if the Judiciary Committee does not wish to pursue the matter, then it would seem to me appropriate for the Government Operations Committee to do so, and I am writing to Chairman CHET HOLIFIELD to that effect.

I am also disturbed by the cavalier announcement by the White House that the tapes all belong to Mr. Nixon and will in due course be turned over to him. I cannot believe that this is a proper result, in spite of the custom with regard to Presidential papers. These tapes were made at the taxpayers' expense and they should belong to the taxpayers. Moreover, many of these tapes, which record telephone conversations, were made in violation of law.

If the White House announcement is carried through, Government records worth millions of dollars will simply be turned over to the person who was forced to resign because all but a handful of the Members of both Houses had concluded that he had committed impeachable offenses. He will be enriched thereby, in sums going far beyond the already generous pension and expense benefits which he will presumably enjoy. Even more important, the American people may never be able to know the full story of the wrongdoings of Mr. Nixon and his associates.

I believe Congress should act to prevent this result, and accordingly, I am introducing legislation similar to that introduced in the Senate by Senator BAYH. This legislation would require all Federal elected officials to surrender to the General Services Administration within 180 days of leaving office all documents which those officials prepared or originated in connection with the transaction of public business while in office.

SUMMARY OF EPA "INDIRECT SOURCE" EMISSION REGULATIONS

(Mr. CASEY of Texas asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. CASEY of Texas. Mr. Speaker, in the month that has elapsed since I introduced H.R. 15858, a bill to stop the Environmental Protection Agency from instituting far-reaching land control regulations under the guise of "indirect source" emission controls, a large number of our colleagues have indicated their desire to join me in cosponsoring this legislation.

For that purpose, I am reintroducing the legislation, which would prevent the EPA from halting construction projects merely because an EPA official thinks that the new construction would bring increased automobile traffic that would contribute to pollution.

Mr. Speaker, I urge all my colleagues to read these EPA indirect source emission requirements carefully and consider what they mean to the future of the cities and communities in their districts and the effect on the Nation as a whole.

If the Members of this House have not already begun hearing from their constituents about this matter, I can guarantee that they will when the new regulations go into effect and the construction industry starts being shut down.

And I can also guarantee that the howls of protest from the people will be nonpartisan. They will come from businessmen who cannot build new plants or office buildings in our urban areas, they will come from organized labor when the massive layoffs in the construction industry start, and they will come from civic leaders when they see the growth of their cities come to an abrupt halt.

Because several colleagues have raised questions about specifics of what the EPA proposes, I am today placing in the RECORD a summary of the EPA's indirect source emission regulations. I will now plan to reintroduce the bill again Thursday of next week after other colleagues have the chance to personally review the regulations.

They were published in full in the Federal Register on February 25, 1974, and further explanation is added in the Federal Register of July 9, 1974.

I hope all of my colleagues not already familiar with them will read those regulations, but in essence, they are summarized in an EPA news release issued on last February 14.

I now quote directly from that news release:

> The new regulations are applicable to indirect sources commencing construction after January 1, 1975. The review is designed to insure that construction of such sources will not result in violation of the national ambient air quality standards.
>
> According to EPA, indirect source review is just one element in an overall strategy of air quality measurement that includes such on-

going programs as pre-construction review of new stationary sources (e.g., power plants, industrial facilities), standards of performance for new industrial sources, the Federal auto emission control program, and air quality maintenance plans to be developed by each state for areas in which the next decade's development could jeopardize maintenance of air quality standards. These plans are to insure that proper consideration is given to air quality in overall community development and transportation planning.

The regulations specify different sizes of facilities to be reviewed in "urban" versus "non-urban" areas. The nation's Standard Metropolitan Statistical Areas (SMSAs) are the "urbanized" areas.

The following indirect sources must be reviewed:

New road and highway sections in an urbanized area which are expected to carry average daily traffic volumes of 20,000 or more vehicles at any time within 10 years of construction; and modified road or highway sections expected to increase existing average daily traffic voluume by 10,000 vehicles or more.

Any new airport in urban or non-urban areas, which is expected to have 50,000 or more aircraft operations per day by regularly scheduled air carriers or 1.6 million passengers per year within 10 years of construction; and any modified airport expected to increase scheduled air carrier operations by 50,000 per year or passengers by 1.6 million per year.

Any indirect source in an urban area which has a new parking area for 1,000 cars or more, or has a modified parking area which increases capacity by 500 cars or more.

Any indirect source in a non-urban area which has a new parking capacity of 2,000 or more cars or is modified to increase capacity by 1,000 cars or more.

All owners or operators of indirect sources would have to receive approval for construction from the EPA Administrator or his designated agency.

The EPA proposals constitute land use controls in the worst sense and they will come at the worst time. They go into effect at a time when we are seeking in every way possible to bolster our economy and to prevent massive unemployment so that a massive recession can be avoided.

I think each of us can easily see how the EPA could make decisions once these regulations are enforced that will cost the Nation billions of dollars a year just in lost wages to the construction industry alone—not to mention the effect of the jobs lost because new buildings and industries are not built.

Again, I want to emphasize that in no way do I want to interfere with the EPA's function of halting pollution, of preventing the construction of industries unless proper antipollution equipment is installed, and of requiring automobiles to have devices that prevent pollution. Pollution should be stopped and stopped at its source. And the EPA should be prosecuting those who violate the law.

But the EPA should not be telling our communities and our citizens how they can use their land just because automobile traffic might increase in a given area. An office building, a sports arena, a highway, or a shopping center does not pollute.

We must not allow the EPA to dictate whether such facilities can be built. I do not believe the Congress ever intended the EPA to have such powers and I do not believe we can afford to let bureaucrats in the EPA to delegate themselves those sweeping powers.

But unless we act immediately, in this 93d Congress, the EPA is going to do just that, beginning next January 1.

That is why today, I welcome any colleague who wishes to join me in sponsoring this legislation that would prohibit these indirect emission requirements from being forced upon our citizens.

We must keep the EPA in the business of controlling pollution, but we must prevent them from controlling the use of our land.

BRIEFING ON REACTOR SAFETY STUDY BY DR. NORMAN RASMUSSEN

(Mr. PRICE of Illinois asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. PRICE of Illinois. Mr. Speaker, on next Tuesday, August 20, 1974, the AEC will release the draft of the report entitled "An Assessment of Accident Risks in U.S. Commercial Nuclear Powerplants," prepared under the direction of Dr. Norman Rasmussen. In light of the interest in this report, a briefing has been arranged for Members, or their designated staff, for 9 a.m. next Tuesday. A copy of my letter to Members on this meeting which gives further details follows:

JOINT COMMITTEE ON
ATOMIC ENERGY,
Washington, D.C., August 15, 1974.

DEAR COLLEAGUE: At 9:00 a.m. on Tuesday, August 20, in Room 2154, Rayburn House Office Building, Dr. Dixy Lee Ray, Chairman, Atomic Energy Commission, and Dr. Norman Rasmussen will discuss the results of Dr. Rasmussen's recently completed study "An Assessment of Accident Risks in U.S. Commerical Nuclear Power Plants".

The study, under Dr. Rasmussen's direction, was commissioned by the AEC. It estimates the public risks that could be involved in potential accidents in present day commercial nuclear power plants. The Commission plans to circulate the report of the study to selected members of the public and the scientific community in order to have the benefit of such comments as may be received prior to publishing a final version of the report.

In view of current public interest in the safety of nuclear power plants, I urge that you plan to attend personally. If this is not possible, a designated staff member would be welcome.

A total of one hour is planned, approximately 40 minutes for presentation and the remainder of the time for questions and answers.

Later in the day the AEC plans to release the draft report during a scheduled press conference.

Sincerely yours,
MELVIN PRICE,
Chairman.

WHEN THE WASHINGTON POST SUPPORTS SAM STRATTON AND EDDIE HÉBERT AND GEORGE MAHON ON VIETNAM, BROTHER, THAT IS NEWS

(Mr. STRATTON asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. STRATTON. Mr. Speaker, the other day the House and now more recently the Senate Appropriations Committee, have made deep cuts in military assistance funds for South Vietnam, even though a fresh, major North Vietnamese offensive appears to be underway, and in spite of arguments offered against this action by myself and other Members.

Imagine my surprise, Mr. Speaker, to see the Washington Post, which has almost uniformly taken a position contrary to mine on Vietnam, admit they have been wrong and come out editorially against these serious reductions in military aid. But I will not quibble. I welcome them to the fold. It is never too late to see the light.

Under leave to extend my remarks I enclose the editorial, dated August 11, 1974, together with a news article in the New York Times for August 8, which shows the direct results of this cutback:

[From the Washington Post, Aug. 11, 1974]

AID FOR VIETNAM

Congress, in its deliberations on aid for South Vietnam, is shying away from the central issue: What is the American interest? For if it matters to the United States whether Saigon fares well or ill, one aid strategy is dictated; and if not, another. To proceed as though the level and kind of aid has no real connection to the goal of American policy is to fly blind.

Like many Americans, we had hoped that the Paris Agreement of 1973 would launch the contending Vietnamese on the path to eventual reconciliation. This would have resolved the American dilemma. But it has not happened. Hanoi and Saigon are still fighting; it looks as though they will for a long time. If one side or the other were clearly at fault, that would be one thing. We accept, however, the judgment of a new Senate Foreign Relations Committee staff study: "Lack of respect for the Agreement is so widespread that it is impossible to apportion responsibility for the continued fighting."

This bears directly on congressional efforts to cut aid. It would be grievously unfair in our view for the United States—by withholding aid—to penalize Saigon alone for a breakdown which is properly the responsibility of both Vietnamese sides. Nor does withholding aid become any fairer in these circumstances when it is described as a way to induce President Thieu to honor the Paris Agreement and to make concessions to his Vietnamese rivals. We have leaned toward this view ourselves in the past. But looking at the record of the last 20 months, we have had second thoughts. We now conclude that it is wrong to try to make Saigon alone observe the agreement, to its political detriment, when Hanoi is under no similar pressure to observe its side of the agreement. Unilateral pressure, furthermore, precludes a new American approach to Moscow and Peking—an approach we believe should be made—to reduce further all outsiders' roles, especially as arms suppliers.

The only correct basis for phasing out aid, we now believe, is a determination that it no longer is important to the United States what happens in South Vietnam. A powerful case for this can be made: the United States has invested an immense amount of blood, treasure and prestige in Vietnam, won that country the opportunity to fend for itself, and now has its own good reason to turn aside. But if this determination is to be made, we Americans owe to ourselves—and to the Vietnamese and to others elsewhere who rely upon us—to make it openly. To pledge fidelity but to reduce our support progressively or even precipitately is to undermine both interest and honor. If the Congress in its fatigue or wisdom—whatever the mix—is to pare aid this year and to threaten to cut even more next year, it should have the courage to announce that it no longer considers the outcome in Vietnam as a matter of American consequence. To cut aid while claiming that the cut will actually improve Saigon's chances of securing its own salvation is double-talk. To cut aid while declaring that the people of South Vietnam will benefit from the new policies thereby forced upon President Thieu is at best, speculation; in our view, it is too flimsy a foundation for policy.

The alternative approach is, of course, to acknowledge a continuing interest in the fate of Saigon and to act accordingly on aid. This is the course we have come to favor, after having inclined the other way during the past 20 months. What has persuaded us to change our view is largely the prime new fact that a mutually acceptable political solution has seemed progressively to recede from reach. We think that Americans would not like to live in a world where a small nation that had strong reason to rely on American steadfastness had been let down. In that sense, the American "commitment" to Saigon is open-ended. To hold otherwise is to advertise one's own unreliability. It can be argued, with all too much merit, that the assurance of American support lets Saigon ignore American efforts to induce changes in its domestic policies and its attitude towards Hanoi. The answer—surely worth testing—is that Saigon may become more responsive to American advice as it becomes less fearful of American abandonment.

Aid to Vietnam should be offered on the basis of what dollar levels and what forms of aid (economic or military) and what particular programs will enable Saigon to tend effectively to its citizens' security and welfare. This formulation admittedly leaves many loose ends, many unresolved arguments, many uncertainties. There is in the United States an evident shortage of economic and political resources to assure success. And whether the Thieu government can adequately respond is a question bound to trouble any realistic observer. We are convinced, nonetheless, that the principle of American steadfastness deserves to be honored as best we can, even though the particular government benefiting from its application in this instance is far from a model regime. There is where the overriding American interest lies.

[From the New York Times, Aug. 9, 1974]

U.S. General in Saigon Assails Aid Cut

(By David K. Shipler)

Saigon, South Vietnam, August 8.—Maj. Gen. John E. Murray, the highest-ranking United States military officer in South Vietnam, today angrily denounced recent Congressional cuts in military aid to Saigon, contending that shortages of ammunition had already caused increased casualties among South Vietnamese Government forces.

"They're sacrificing blood for the lack of ammunition," the general said in an unusual on-the-record interview. This was the first public comment on the Congressional cuts by anyone close to the military situation in South Vietnam.

General Murray, the United States defense attaché here, oversees the American military aid program, which last year provided $1.2 billion worth of weapons, ammunition, fuel and technical help to South Vietnam. This week, the House voted to cut this year's program to $700 million.

AID CONTROVERSIAL

In the popular drive for American disengagement from Indochina, the military aid program has been controversial, especially because it has appeared to provide President Nguyen Van Thieu with the power to resist political compromise with the Communists as prescribed by the Paris truce agreement.

In voting for the cuts, some Congressmen said they hoped a reduction in aid would force Mr. Thieu to look for a political settlement. The contrary view holds that the Communists will simply be emboldened now and tempted to exploit a weakened military situation on the Government's side.

General Murray stopped short of predicting all-out defeat for the South Vietnamese Army.

"I'm not telling you that the ARVIN are going to hack it. A year and half ago there was a lot of betting that they weren't going to make it. But they made it. They made it because of their generalship, their leadership and their valor."

"I've told them they've got to tighten their belts," he said, "and they are belting those that don't."

ECONOMICS FELT IN FIELD

According to military men who follow the situation closely, the economy measures have already been felt adversely on the battlefield. For one thing, the South Vietnamese have been trained by the Americans, who are used to having plenty of ammunition and air power.

One American military man observed that the American style of attack—"stay back and shell, shell, shell"—would have to be changed. "Retraining the troops is going to be a big problem," he said.

Another officer noted that if an American commander went into an area and started taking heavy casualties, "he'd withdraw and call in artillery and B-52's and plaster the place. But now the ARVIN has to stay in there—and they die."

One military observer said he was convinced that a recent successful Communist attack in an area west of Ben Cat, 25 miles north of Saigon, could have been repulsed if it had not been for the ammunition shortage.

One commander has begun sending his men out with fewer hand grenades. The Air Force cannot use the lethal, and expensive, cluster-bomb units very often. According to American mechanics for Northrop Aviation, which is servicing the new F-5E jet fighters, now being delivered. The Air Force has not yet sent any into combat, partly for fear of losing them.

The aid cutbacks are likely to affect also the American civilian contractors who provide vital technical expertise for the South Vietnamese armed forces.

General Murray feels that the South Vietnamese need the help because no matter what Congressmen or the public might like to think, the Vietnam war is still on, and the casualties are heavy.

"Arvin has 31,000 people in hospitals now—the highest since the cease-fire," he said. "You see the funerals up and down the streets."

Hanoi Alert Reported

Washington, August 8.—North Vietnam has alerted some of its six home-based Army divisions amid signs of a possible country-wide Communist offensive in South Vietnam, United States officials reported.

Some analysts suggested the Hanoi leadership may regard the American Administration's turmoil over impeachment as an opportunity to strike hard. Officials denied their expressions of worry were intended to influence the Senate to restore a $300-million House cut in military aid for Saigon. They said North Vietnamese military pressure in South Vietnam has been building for weeks.

SANCTIONS ON CHROME IMPORTS FROM RHODESIA

(Mr. ICHORD asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. ICHORD. Mr. Speaker, next week, this House will be asked to reimpose sanctions on the import of chrome from Rhodesia, a move which will make us dependent on the Soviet Union for supplies of this strategically important metal.

I am convinced this is both a dangerous and hypocritical move because it not only puts the United States at the mercy of the Soviets but it suggests rather clearly that the cruel persecution of Jews and other religious and ethnic minorities in the U.S.S.R. is not as objectionable to the American people as the denial of certain civil rights to blacks in Rhodesia. My conscience will not allow for such a double-standard outlook and I find there are many others who feel the same way as I do.

An example is provided by a letter to the editor of the New York Times which appeared in that newspaper July 26, 1974, from one Carl Brenner of San Antonio, Tex., and I now include his letter to be inserted at this point in the Record:

On Boycotting Rhodesia

To the Editor:

The House will vote soon on the question of whether or not the U.S. should import chrome ore from Rhodesia. The Nixon Administration would have Congress renew the chrome embargo against Rhodesia on moral grounds.

The Soviet Union is the only other source of chrome ore of comparable quality. American steel companies had to buy chrome from the Soviet Union during the last embargo because chrome is needed to produce high-grade steel. Consider the risk in U.S. total dependence on the Soviets for chrome. Of course, New England Power and W. R. Grace buy coal from Poland. Occidental Petroleum has signed contracts to buy Soviet natural gas. So one can see that we buy certain natural resources from the Soviet Union.

Zambia, a black Communist-oriented country, buys coal from Rhodesia, which happens to have vast deposits of coal and copper besides chrome. The writer saw the railroad cars at Victoria Falls.

The Administration's hypocrisy lies (1) in our disgust for boycotts aimed against America, e.g. Arab oil, and (2) in our desire to promote détente through trade, e.g. with China and Russia, as opposed to the Administration's willingness to boycott Rhodesia on moral grounds. If the U.S. has no moral problem in trading with the various Communist countries, and Zambia has no moral problem in trading with Rhodesia, then the U.S. should have no moral problem with Rhodesia.

Is the Administration going to inquire into the internal politics of all of America's trading partners? Assuming *arguendo* that we ought to make the inquiry, then Solzhenitsyn's disclosures in the "Gulag Archipelago" provide a clear, convincing basis to boycott the Soviet Union on moral grounds.

The moral basis for boycotting Rhodesia is that a white minority controls the country. Rhodesia does not practice apartheid, and its Government is based on Anglo-American notions. For example, I attended a murder trial in Salisbury, Rhodesia, in 1973 in which three lawyers (two black, one white)—paid by the state—defended three indigent blacks in open court.

If it is appropriate to inquire about Rhodesia's internal politics, close examination shows Rhodesia is pro-West and pro-U.S. Though the white minority does control the black majority, it is done with black participation at present, and increasing numbers of blacks are being educated and enfranchised.

The Soviet Union and China want the U.S. to weaken Rhodesia through isolation. A weakened Rhodesia would fall to the possession of Zambia and Tanzania, where Soviet and Chinese weapons have been captured from terrorists based there. The State Department has confirmed that the terrorists are getting Soviet and Chinese help.

Rhodesia needs our trade, and we need its chrome. It would be a foolish hypocrisy to isolate Rhodesia, as proposed by the Administration.

Carl Brenner.

San Antonio, Texas, *July 14, 1974.*

DOUBLE DIGIT INFLATION THE NATION'S NO. 1 DOMESTIC CHALLENGE

(Mr. HEINZ asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. HEINZ. Mr. Speaker, double-digit inflation has emerged as this Nation's No. 1 domestic challenge, robbing American families of the value of wages and salaries and squeezing their budgets.

But another sector of our society also particularly hard hit by inflation is America's churches, educational institutions, cultural groups, and other nonprofit groups. These groups, their existence, and vitality, absolutely depend upon the voluntary contributions of generous Americans whose family budgets are being mercilessly squeezed by galloping inflation. Therefore, as prices for all goods and services rise at the astounding annual rate of 12 percent, most Americans find themselves forced to retrench in their contributions to churches and charities. As a result, though very little is heard about the extent of the current financial plight of America's churches and nonprofit organizations. As prices rise and contributions wane, these vital institutions are caught in a deadly crunch.

A recent issue of Lutheran Witness, the official publication of the Lutheran Church—Missouri Synod—told how contributions by members are being outstripped by both the rate of inflation and by the very modest recent increases in disposable income.

Further, my own research of the most recent Internal Revenue Service data uncovered that while the average charitable contributions increased by 9.2 percent from 1966 to 1968, the 1968 to 1970 increase was only 3.7 percent. This sharp decline came during a period in which the rate of inflation was less than half of the current rate.

The clear conclusion from these dates is that the vitality of America's churches and other institutions whose continued good works depend upon charitable donations is seriously jeopardized by runaway inflation. I do not believe that we in Congress can stand by while religious, educational and charittable organizations wither and die because the average American must reduce his or her donations in order to pay for life's necessities for his or her family.

Action is demanded now to help these organizations in their struggle. We in Congress must move to encourage increased voluntary contributions to churches, schools, cultural organizations and other charitable groups as a means of strengthening a key part of this Nation's moral, cultural, and social backbone.

I believe the answer is the enactment of my bill, H.R. 15722, "The Religious and Charitable Donors' Tax Credit Act of 1974." My proposal, introduced in the House of Representatives on June 28, 1974, would amend the Internal Revenue Code of 1954 to allow each taxpayer to choose either the present deduction for charitable contributions or a tax credit for 50 percent of his or her charitable contributions, whichever is most beneficial. There would be a limit of $500 tax credit per individual return per year, with a $1,000 credit limitation for those filing a joint return.

Since taxpayers with large charitable contributions each year would still be free to utilize the present tax deduction mechanism, my proposal would provide inflation relief both for hard-pressed lower- and middle-income Americans and for contribution-starved churches and other religious and charitable organizations. The tax credit for charitable contributions provided in H.R. 15722 would allow each taxpayer during these inflationary times to continue his or her generosity toward the church or other institutions without depriving his or her family of life's basics.

For example, the citizen filing a joint return on $10,000 taxable income and $500 in charitable contributions could save $155 in taxes by electing the 50-percent credit provided in H.R. 15722 instead of the current deduction for charitable contributions. Moreover, the same taxpayer could choose to increase charitable contributions to $810 and, after claiming a $405 tax credit, still pay out approximately the same annual total in Federal taxes and charitable contributions than if he or she utilized the present deduction for charitable contributions. Thus, while his or her church or favorite charity would receive $810 in contributions rather than $500, the taxpayer's total out-of-pocket expenses for contributions and Federal taxes would be no more than now (under the present law).

I believe this approach would provide strong incentives for Americans to increase their religious and charitable donations. By doing so, it would help strengthen this Nation's churches and religious groups, private educational institutions, cultural groups and other entities such as the heart and cancer research organizations which rely entirely on charitable donations.

I urge all Members to join me in sponsoring "The Religious and Charitable Donors' Tax Credit Act of 1974" and in calling upon the Ways and Means Committee to include its provisions in the tax reform bill scheduled to be reported to the House in September. Your swift action will help provide a desperately needed boost both to American taxpayers and to American churches and charitable organizations in the continuing struggle against inflation.

Mr. Speaker, I include the text of H.R. 15722, "The Religious and Charitable Donors' Tax Credit Act of 1974," to be printed immediately following:

H.R. 15722

A bill to amend the Internal Revenue Code of 1954 to allow an individual to elect a tax credit for 50 percent of his charitable contributions in lieu of the deduction allowed for such contributions.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Religious and Charitable Donors' Tax Credit Act of 1974".

Sec. 2. (a) Subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1954 (relating to credits allowable) is amended by redesignating section 42 as section 43 and by inserting after section 41 the following new section:

"Sec. 42. Credit For Charitable, Etc., Contributions and Gifts.

"(a) General Rule.—In the case of an individual, there shall be allowed, subject to the limitations of subsection (b), as a credit against the tax imposed by this chapter for the taxable year an amount equal to 50 percent of the amount of the deduction which, but for subsection (d), would be allowable to the taxpayer for the taxable year under section 170 (relating to charitable, etc., contributions and gifts).

"(b) Limitations.—

"(1) Maximum credit.—The credit allowed by subsection (a) for the taxable year shall not exceed $500 ($1,000 in the case of a joint return under section 6013).

"(2) Application with other credits.—The credit allowed by subsection (a) for the taxable year shall not exceed the amount of the tax imposed by this chapter for the taxable year reduced by the sum of the credits allowable under section 33 (relating to foreign tax credit), section 37 (relating to retirement income), section 40 (relating to expenses of work incentive programs), and section 41 (relating to contributions to candidates for public office).

"(c) Election.—This section shall apply in the case of an individual who, for the taxable year, elects to take the credit against tax provided by this section. Such election shall be made in such manner and at such time as the Secretary or his delegate shall prescribe by regulation.

"(d) Denial of Deduction.—An individual who, for the past taxable year, elects to take the credit against tax provided by this section shall not be allowed the deduction under section 170 (relating to charitable, etc., contributions and gifts) for the taxable year".

(b) Section 170(d)(1) of such Code (relating to carryovers of excess contributions for individuals) is amended by adding at the end thereof the following new subparagraph:

"(C) Effect of electing credit under section 42.—In the case of any taxable year for which the taxpayer elects the credit provided by section 42 (relating to charitable, etc., contributions and gifts)—

"(i) no portion of the excess (if any) of the amount of the charitable contributions described in subsection (b)(1(A) payment of which is made by the taxpayer during such taxable year over 50 percent of the taxpayer's contribution base for such taxable year shall be treated under subparagraph (A) as a charitable contribution described in subsection (b)(1)(A) paid in any succeeding taxable year, and

"(ii) such taxable year shall not be taken into account under subparagraph (A) except for purposes of determining the number of taxable years succeeding any contribution year.".

(c) The table of sections for subpart A of part IV of subchapter A of chapter 1 of such Code is amended by striking out the last item and inserting in lieu thereof the following:

"Sec. 42. Credit for charitable, etc., contributions and gifts.

"Sec. 43. Overpayments of tax.".

Sec. 2. (a) Section 46(a)(3) of such Code is amended by striking out "and" at the end of subparagraph (B), by striking out the period at the end of subparagraph (C) and inserting in lieu thereof ", and", and by inserting after subparagraph (C) the following new subparagraph:

"(D) section 42 (relating to credit for charitable, etc., contributions and gifts).".

(b) Section 170(j) of such Code is amended by adding at the end thereof the following new paragraph:

"(9) For disallowance of deduction to individuals electing credits for charitable contributions, see section 42(d).".

Sec. 3. The amendments made by the first two sections of this Act shall apply to taxable years beginning after December 31, 1973.

LEAVE OF ABSENCE

By unanimous consent leave of absence was granted to:

Mr. Corman, from 3:45 p.m. for the balance of the day, on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. Kemp) to revise and extend their remarks and include extraneous material:)

Mr. Edwards of Alabama, for 5 minutes, today.

Mr. Kemp, for 15 minutes, today.

Mr. Skubitz, for 10 minutes, today.

(The following Members (at the request of Mr. Vander Veen) to revise and extend their remarks and include extraneous material:)

Mr. Gonzalez, for 5 minutes, today.

Mr. Alexander, for 15 minutes, today.

Mr. O'Neill, for 5 minutes, today.

Mr. Minish, for 5 minutes, today.

Mr. Flood, for 10 minutes, today.

Mr. Reuss, for 20 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. Biaggi, his remarks during general debate in the Committee of the Whole today.

(The following Members (at the request of Mr. Kemp) and to include extraneous matter:)

Mr. Dennis in two instances.

Mr. Veysey in two instances.

Mr. Wyman in two instances.

Mr. Shriver.

Mr. Thomson of Wisconsin.

Mr. Esch.

Mr. McKinney in two instances.

Mr. du Pont.

Mr. Michel.

Mr. Clancy in two instances.

Mr. Lott.

Mr. Walsh.

Mr. Crane in five instances.

Mr. Young of Illinois in two instances.

Mr. Moorhead of California.

Mr. Derwinski in three instances.

Mr. Roncallo of New York.

Mr. McDade.

Mr. Gilman.

(The following Members (at the request of Mr. Vander Veen) and to include extraneous material:)

Mr. Gonzalez in three instances.

Mr. Rarick in three instances.

Mr. Anderson of California in two instances.

Mr. Patten.

Mr. Minish in two instances.

Mr. Yatron.

Mr. Vander Veen.

Mr. Green of Pennsylvania.

Mr. McFall.

Mr. Rose.

Mrs. Mink.

Mr. Murphy of New York.

Mr. Traxler.

Mr. Holifield.

Mr. Harrington in two instances.

Mr. Gunter.

Mr. Tiernan.

Mr. Rooney of Pennsylvania.

Mr. Dent.

Mr. Reuss in five instances.

Mr. Barrett.

Mr. Stokes in two instances.

Mr. Fraser.

ENROLLED BILLS SIGNED

Mr. HAYS, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 15155. An act making appropriations for public works for water and power development, including the Corps of Engineers—Civil, the Bureau of Reclamation, the Bonneville Power Administration and other power agencies of the Department of the Interior, the Appalachian regional development programs, the Federal Power Commission, the Tennessee Valley Authority, the Atomic Energy Commission, and related independent agencies and commissions for the fiscal year ending June 30, 1975, and for other purposes.

H.R. 15405. An act making appropriations for the Department of Transportation and related agencies for the fiscal year ending June 30, 1975, and for other purposes; and

H.R. 15544. An act making appropriations for the Treasury Department, the United States Postal Service, the Executive Office of the President, and certain Independent Agencies, for the fiscal year ending June 30, 1975, and for other purposes.

ADJOURNMENT

Mr. VANDER VEEN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly, (at 5 o'clock and 54 minutes p.m.), under its previous order, the House adjourned until Monday, August 19, 1974, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2657. A letter from the President and Chairman, Export-Import Bank of the United States, transmitting a statement of considerations to be taken into account in extending the charter and authorization of the Export-Import Bank; to the Committee on Banking and Currency.

2658. A letter from the Associate Director, Natural Resources, Energy, and Science, Office of Management and Budget, Executive Office of the President, transmitting the reports of the Pacific Northwest River Basins Commission on the Willamette River Basin, Oreg., the Puget Sound and adjacent waters area, Washington, and the Columbia-North Pacific Region, together with the reports of the Water Resources Council thereon; to the Committee on Interior and Insular Affairs.

2659. A letter from the Chairman, Board of Foreign Scholarships, transmitting the 11th annual report of the Board, pursuant to Public Law 87-256; to the Committee on Foreign Affairs.

2660. A letter from the Secretary of Transportation, transmitting a draft of proposed legislation to amend the Emergency Daylight Saving Time Energy Conservation Act of 1973 to provide for standard time during the winter of 1974-75, and for other purposes; to the Committee on Interstate and Foreign Commerce.

2661. A letter from the Adjutant General. United Spanish War Veterans, transmitting the proceedings of the stated convention of the 75th National Encampment of the United Spanish War Veterans (H. Doc. No. 93-338); to the Committee on Veterans' Affairs and ordered to be printed with illustrations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. STAGGERS: Committee on Interstate and Foreign Commerce. H.R. 13002. A bill to amend the Public Health Service Act to assure that the public is provided with safe drinking water, and for other purposes (Rept. No. 93-1185, Pt. II). Referred to the Committee of the Whole House on the State of the Union.

Mr. STAGGERS: Committee on Interstate and Foreign Commerce. H.R. 15008. A bill to extend the appropriation authorization for reporting of weather modification activities, with amendment (Rept. No. 93-1288). Referred to the Committee of the Whole House on the State of the Union.

Mr. POAGE: Committee on Agriculture. S. 2189. An act to amend section 602 of the Agricultural Act of 1954 (Rept. No. 93-1289). Referred to the Committee of the Whole House on the State of the Union.

Mr. POAGE: Committee on Agriculture. H.R. 7954. A bill to direct the Secretary of Agriculture to release on behalf of the United States conditions in a deed conveying certain lands to the State of New York and to provide for the conveyance of certain interests in such lands so as to permit such State, subject to certain conditions, to sell such land with amendment (Rept. No. 93-1290). Referred to the Committee of the Whole House on the State of the Union.

Mr. STAGGERS: Committee on Interstate and Foreign Commerce. H.R. 15205. A bill to amend the Natural Gas Pipeline Safety Act of 1968, as amended, to authorize additional appropriations, and for other purposes; with amendment (Rept. No. 93-1296). Referred to the Committee of the Whole House on the State of the Union.

Mr. NATCHER: Committee of conference. Conference report on H.R. 15581 (Rept. No. 93-1291). Ordered to be printed.

Mr. MADDEN: Committee on Rules. House Resolution 1325. Resolution providing for the consideration of H.R. 13565. A bill to establish a national program for research and development in nonnuclear energy sources (Rept. No. 93-1292). Referred to the House Calendar.

Mrs. HANSEN of Washington: Committee of conference. Conference report on H.R. 16027 (Rept. No. 93-1293). Ordered to be printed.

Mr. DIGGS: Committee of conference. Conference report on H.R. 15842 (Rept. No. 93-1294). Ordered to be printed.

Mr. DIGGS: Committee of conference.

Conference report on S. 3703 (Rept. No. 93-1295). Ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ADDABBO:

H.R. 16435. A bill to further the conduct of research, development, and demonstrations in solar energy technologies, to establish a solar energy coordination and management project, to amend the National Science Foundation Act of 1950 and the National Aeronautics and Space Act of 1958, to provide for scientific and technical training in solar energy, to establish a Solar Energy Research Institute, to provide for the development of suitable incentives to assure the rapid commercial utilization of solar energy, and for other purposes; to the Committee on Science and Astronautics.

By Mr. CASEY of Texas (for himself, Mr. Hosmer, Mr. Burleson of Texas, Mr. Collins of Texas, Mr. Derwinski, Mr. Waggonner, Mr. Roberts, Mr. Rarick, Mr. Cochran, Mr. Grover, Mr. Price of Texas, Mr. Dickinson, Mr. Treen, Mr. Landgrebe, Mr. Kazen, Mr. Fisher, Mr. Ketchum, Mr. Scherle, Mr. Sebelius, Mr. Robinson of Virginia, Mr. Flynt, Mr. Hudnut, Mr. Mann, Mr. Hinshaw, and Mrs. Holt):

H.R. 16436. A bill to amend the Clean Air Act to prohibit the Administrator of the Environmental Protection Agency from requiring an indirect source emission review as a part of any applicable implementation plan; to the Committee on Interstate and Foreign Commerce.

By Mr. CASEY of Texas (for himself, Mr. Veysey, Mr. Symms, Mr. Hungate, Mr. Holifield, Mr. Ashbrook, Mr. Steiger of Arizona, Mr. Rousselot, Mr. Milford, Mr. Mathis of Georgia, Mr. Brooks, Mr. Mollohan, Mr. Goldwater, Mr. Conlan, Mr. Bauman, Mr. Broyhill of Virginia, Mr. Robert W. Daniel, Jr., Mr. Blackburn, Mr. Myers, Mr. Burgener, and Mr. Rhodes):

H.R. 16437. A bill to amend the Clean Air Act to prohibit the Administrator of the Environmental Protection Agency from requiring an indirect source emission review as a part of any applicable implementation plan; to the Committee on Interstate and Foreign Commerce.

By Mr. CHAPPELL:

H.R. 16438. A bill to amend title XIX of the Social Security Act to impose certain requirements relating to the discharge or transfer of medicaid patients from skilled nursing or intermediate care facilities, and for other purposes; to the Committee on Ways and Means.

By Mr. CONTE (for himself and Ms. Holtzman):

H.R. 16439. A bill to obtain adequate information essential to the decisions of the Congress; to the Committee on the Joint Committee on Atomic Energy.

By Mr. GUNTER (for himself, Mr. Haley, Mr. Chappell, Mr. Gibbons, Mr. Harrington, Mr. Kyros, Mr. Studds, Mr. Moakley, Mr. Wolff, Mr. Roe, Mr. Benitez, Mr. Conyers, Mr. Tiernan, Mr. Rodino, Mr. Hosmer, Mr. Fascell, Mr. Bafalis, Mr. Murphy of New York, and Ms. Grasso):

H.R. 16440. A bill making a supplemental appropriation for the Department of Health, Education, and Welfare for the fiscal year ending June 30, 1975, to provide funds to conduct a study of the effects of the red tide on human health; to the Committee on Appropriations.

By Mr. LUKEN:

H.R. 16441. A bill to amend title XVI of the Social Security Act to require that the value of maintenance and support furnished an individual by a nonprofit retirement home be excluded from income for the purpose of determining eligibility for supplemental security income benefits under such act; to the Committee on Ways and Means.

By Mr. MINISH:

H.R. 16442. A bill to amend title II of the Social Security Act to increase to $4,800 the amount of outside earnings which (subject to further increases under the automatic adjustment provisions) is permitted each year without any deductions from benefits thereunder; to the Committee on Ways and Means.

By Mr. NIX:

H.R. 16443. A bill to limit and regulate the importation, and the transfer in interstate commerce, of handguns and handgun parts; to the Committee on the Judiciary.

By Mr. RIEGLE (for himself, Mr. Brown of Michigan, Mrs. Collins of Illinois, and Mr. Stuckey):

H.R. 16444. A bill to amend the Employment Act of 1946 with respect to price stability; to the Committee on Government Operations.

By Mr. ROE (for himself, Mr. Blatnik, Mr. Boland, Mr. Carney of Ohio, Mr. Clark, Mr. Cleveland, Mr. Dickinson, Mr. Edwards of Alabama, Mr. Fascell, Mr. Giaimo, Mr. Guyer, Mr. Hanrahan, Mr. Harrington, Mr. Matsunaga, Mr. Nix, Mr. Podell, Mr. Rhodes, Mr. Spence, Mr. Symington, Mr. Traxler, Mr. Walsh, Mr. Whalen, Mr. Charles Wilson of Texas, Mr. Yates, and Mr. Young of Georgia):

H.R. 16445. A bill to amend the Public Health Service Act to provide assistance for programs for the diagnosis, prevention, and treatment of, and research in, Huntington's disease; to the Committee on Interstate and Foreign Commerce.

By Mr. RONCALIO of Wyoming:

H.R. 16446. A bill to amend chapter 1 of title 23 of the United States Code to provide for construction of access highways to rural areas substantially impacted by accelerated mining and power generation activities to meet national energy demands; to the Committee on Public Works.

By Mr. SANDMAN:

H.R. 16447. A bill to incorporate the United States Submarine Veterans of World War II; to the Committee on the Judiciary.

By Mr. SKUBITZ:

H.R. 16448. A bill to amend the Federal Coal Mine Health and Safety Act of 1969 to provide that, for purposes of payments under section 411 in respect of the death of any miner whose death occurred after the date of enactment of such act, there shall be an irrebuttable presumption that his death was due to pneumoconiosis or that at the time of his death he was totally disabled by pneumoconiosis, if such miner was employed for 20 years in one or more underground coal mines; to the Committee on Education and Labor.

By Mr. TIERNAN (for himself, Mr. Badillo, Mrs. Collins of Illinois, Mr. Conyers, Mr. Davis of South Carolina, Mr. Fauntroy, Mrs. Grasso, Mr. Harrington, Mr. Helstoski, Mr. Kyros, Mr. Mitchell of Maryland, Mr. Moakley, Mr. Nix, Mr. Podell, Mr. Price of Illinois, Mr. Stark, and Mr. Won Pat):

H.R. 16449. A bill to establish a fuel stamp program which will provide fuel stamps to certain low-income elderly households to help meet fuel costs incurred by such households; to the Committee on Interstate and Foreign Commerce.

By Mr. ANDERSON of Illinois:

H.R. 16450. A bill to amend the Emergency Daylight Saving Time Energy Conservation Act of 1973 to exempt from its provisions the period from the last Sunday in October 1974, through the last Sunday in February 1975; to the Committee on Interstate and Foreign Commerce.

By Mr. DON H. CLAUSEN:

H.R. 16451. A bill to further the conduct of research, development, and demonstrations in solar energy technologies, to establish a solar energy coordination and management project, to amend the National Science Foundation Act of 1950 and the National Aeronautics and Space Act of 1958, to provide for scientific and technical training in solar energy, to establish a Solar Energy Research Institute, to provide for the development of suitable incentives to assure the rapid commercial utilization of solar energy, and for other purposes; to the Committee on Science and Astronautics.

By Mr. LITTON (for himself, Mr. Ford, Mr. Cleveland, Mr. Traxler, and Ms. Chisholm):

H.R. 16452. A bill to amend the Internal Revenue Code of 1954 to restrict the authority for inspection of tax returns and the disclosure of information contained therein, and for other purposes; to the Committee on Ways and Means.

By Mr. MOAKLEY:

H.R. 16453. A bill to amend title 5, United States Code, to establish procedures in the case of an adverse action against or suspension of a Federal employee; to the Committee on Post Office and Civil Service.

By Mr. BINGHAM:

H.R. 16454. A bill to provide for public ownership of certain documents of elected public officials; to the Committee on House Administration.

By Mr. REUSS:

H.J. Res. 1111. Joint resolution proposing an amendment to the Constitution of the United States relative to a congressional vote of no confidence in the President; to the Committee on the Judiciary.

By Mr. BRADEMAS (for himself, Mr. Kyros, Mr. Yatron, Mr. Sarbanes, Mr. Bafalis, Mr. Podell, Mr. Clay, Mr. Broyhill of Virginia, and Mr. McKinney):

H. Con. Res. 604. Concurrent resolution expressing the sense of Congress regarding the withdrawal of foreign troops from the Republic of Cyprus; to the Committee on Foreign Affairs.

By Mr. du PONT (for himself, Mr. Symington, Mr. Badillo, Mr. Hosmer, Mr. Van Deerlin, Mr. Smith of New York, Mr. Conyers, Mr. Brown of California, Mr. Drinan, Mr. Moakley, Mr. Winn, Mr. Stark, Mr. Hamilton, Mr. Lehman, Mr. Conte, Mr. Rangel, Mr. Schneebeli, Mr. Rees, Mr. Long of Maryland, Mr. Harrington, Mr. Edwards of California, Mr. Seiberling, Mr. Forsythe, Ms. Schroeder and Mr. Robison of New York):

H. Con. Res. 605. Concurrent resolution to express congressional support of the United Nations sponsored World Food Conference and World Population Conference taking place this year; to the Committee on Foreign Affairs.

By Mr. du PONT (for himself, Mr. Symington, Mr. Kemp, Mrs. Jordan, Mr. Preyer, Mr. Bergland, Mr. Vigorito, Mr. Rodino, Mr. Mosher, Mr. Frelinghuysen, Mr. Cleveland, Mr. Buchanan, Mr. Eckhardt, Mr. McKinney, Mr. Bingham, Mr. Fascell, Mr. Dent, Mr. Dellenback, Mr. Koch, and Mr. Alexander):

H. Con. Res. 606. Concurrent resolution to express congressional support of the United Nations sponsored World Food Conference and World Population Conference taking place this year; to the Committee on Foreign Affairs.

By Mr. LOTT (for himself, Mr. Murphy of Illinois, Mr. Bowen, Mr. Breaux, Mr. Bevill, Mr. Mathis of Georgia, Mr. Litton, Mr. Mitchell of New York, Mr. Lagomarsino, Mr. Beard, Mr. Flood, Mr. Quie, and Mr. King):

H. Con. Res. 607. Concurrent resolution providing for continued close relations with the Republic of China; to the Committee on Foreign Affairs.

By Mr. MARTIN of Nebraska:

H. Res. 1321. Resolution to reform the structure, jurisdiction, and procedures of the committees of the House of Representatives by amending rules X and XI of the Rules of the House of Representatives; to the Committee on Rules.

By Mr. HEINZ (for himself, Mr. Chappell, Mr. Cleveland, Ms. Collins of Illinois, Mr. Conyers, Mr. Coughlin, Mr. Flood, Mr. Hastings, Mr. Hechler of West Virginia, Mr. Hicks, Ms. Holt, Mr. McSpadden, and Mr. Matsunaga):

H. Res. 1322. Resolution to create a Select Committee on Aging; to the Committee on Rules.

By Mr. HEINZ (for himself, Mr. Mitchell of New York, Mr. Moakley, Mr. Mollohan, Mr. Murphy of New York, Mr. Myers, Mr. Nix, Mr. Rodino, Mr. Ruppe, Mr. Shriver, Mr. Shuster, Mr. Slack, Mr. Spence, Mr. Vander Veen, Mr. Charles Wilson of Texas, Mr. Wyman, and Mrs. Burke of California):

H. Res. 1323. Resolution to create a Select Committee on Aging; to the Committee on Rules.

By Mr. O'NEILL:

H. Res. 1324. Resolution expressing the sense of the House regarding the halt of U.S. economic and military assistance to Turkey until all Turkish Armed Forces have been withdrawn from Cyprus; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CHAPPELL:

H.R. 16455. A bill for the relief of Romeo M. De Garcia, his wife Amelia, and their son, Jeffrey Noel; to the Committee on the Judiciary.

By Mr. RANGEL:

H.R. 16456. A bill for the relief of Mohammed Yousef Kakar; to the Committee on the Judiciary.

SENATE—*Thursday, August 15, 1974*

The Senate met at 10 a.m. and was called to order by the President pro tempore (Mr. Eastland).

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

Our Father God, we thank Thee for the dividends from difficulties, for lessons learned in hardship and sorrow, for the view in the valley as well as the vision on the mountain. We thank Thee that in times of trouble, in days of uncertainty, Thou dost not forsake us; but when we least expect it, Thou dost show us the way to truth and wisdom. Therefore, keep us faithful to Thee and trustful of Thy providence. May we never ask Thee to do for us that which we ought to do for ourselves. Grant to us the spirit of the Lord Jesus, of compassion, kindness, and love which never sought its own but rather the glory of God and the welfare of all mankind.

We pray in His name. Amen.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Tuesday, August 13, 1974, be dispensed with.

The PRESIDENT pro tempore. Without objection, it is so ordered.

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that all committees may be authorized to meet during the session of the Senate today.

The PRESIDENT pro tempore. Without objection, it is so ordered.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Hackney, one of its reading clerks, announced that the House has passed the bill (S. 3792) to amend and extend the Export Administration Act of 1969, with an amendment in which it requests the concurrence of the Senate.

The message also announced that the House disagrees to the amendments of the Senate to the bill (H.R. 6191) to amend the Tariff Schedules of the United States to provide that certain forms of zinc be admitted free of duty; agrees to the conference requested by the Senate on the disagreeing votes of the two Houses thereon; and that Mr. Mills, Mr. Ullman, Mr. Burke of Massachusetts, Mr. Schneebeli, and Mr. Collier were appointed managers of the conference on the part of the House.

The message further announced that the House has passed the bill (S. 355) to amend the National Traffic and Motor Vehicle Safety Act of 1966 to promote traffic safety by providing that defects and failures to comply with motor vehicle safety standards shall be remedied without charge to the owner, and for other purposes, with amendments in which it requests the concurrence of the Senate.

The message also announced that the House disagrees to the amendments of the Senate to the bill (H.R. 7780) to extend for an additional temporary period the existing suspension of duties on certain classifications of yarns of silk; agrees to the conference requested by the Senate on the disagreeing votes of the two Houses thereon; and that Mr. Mills, Mr. Ullman, Mr. Burke of Massachusetts, Mr. Schneebeli, and Mr. Collier were appointed managers of the conference on the part of the House.

The message further announced that the House disagrees to the amendment of the Senate to the bill (H.R. 15842) to increase compensation for District of Columbia policemen, firemen, and teachers; to increase annuities payable to retired teachers in the District of Columbia; to establish an equitable tax on real property in the District of Columbia; to provide for additional revenue for the District of Columbia, and for other purposes; requests a conference with the Senate on the disagreeing votes of the two Houses thereon; and that Mr. Diggs, Mr. Fraser, Mr. Stuckey, Mr. Dellums, Mr. Rees, Mr. Mazzoli, Mr. Nelsen, Mr. Harsha, Mr. Broyhill of Virginia, and Mr. Gude were appointed managers of the conference on the part of the House.

The message also announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2510) to create an Office of Federal Procurement Policy within the Executive Office of the President, and for other purposes.

ENROLLED BILLS SIGNED

The message further announced that the Speaker has affixed his signature to the following enrolled bills:

H.R. 7218. An act to improve the laws relating to the regulation of insurance companies in the District of Columbia; and

S. 2957. An act to amend the title of the Foreign Assistance Act of 1961 concerning the Overseas Private Investment Corporation to extend the authority for the Corporation, to authorize the Corporation to issue reinsurance, to terminate certain activities of the Corporation, and for other purposes.

The enrolled bills were subsequently signed by the President pro tempore.

CONSIDERATION OF CERTAIN ITEMS ON THE CALENDAR

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar Nos. 1040, 1041, and 1042.

The PRESIDENT pro tempore. Without objection, it is so ordered.

AUTHORIZATION FOR ICEBREAKING OPERATIONS IN FOREIGN WATERS

The bill (S. 3308) to amend section 2 of title 14, United States Code, to authorize icebreaking operations in foreign waters pursuant to international agreements, and for other purposes, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2 of title 14, United States Code, is hereby amended by inserting the words "shall, pursuant to international agreements, develop, establish, maintain, and operate icebreaking facilities on, under, and over waters other than the high seas and waters subject to the jurisdiction of the United States;" immediately before the words "shall engage in oceanographic research".

BENEFITS TO MEMBERS OF THE COAST GUARD RESERVE

The Senate proceeded to consider the bill (S. 2149) to amend title 10, United States Code, to provide certain benefits to members of the Coast Guard Reserve, and for other purposes, which had been reported from the Committee on Commerce with an amendment on page 2, in line 6, after the semicolon, insert "and".

On page 2, beginning at line 7, strike out the following language:

(3) by adding "or section 291 of title 14," after "or 8911 of this title," in subsection (e);

(4) by adding "or section 787 of title 14," after "or 3852 of this title," in subsection (a); and

(5) by adding "or section 789 of title 14," after "or 3845 of this title," in subsection (e);

and insert in lieu thereof the following language:

(3) by adding "or title 14" at the end of the first sentence in subsection (e).

so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 680 of title 10, United States Code, is amended by striking out "or Marine Corps" and inserting in place thereof "Marine Corps, or Coast Guard" in subsections (a) and (b).

SEC. 2. Section 1005 of title 10, United States Code, is amended by striking out the period at the end of the first sentence and adding "or chapter 21 of title 14.".

SEC. 3. Section 1006 of title 10, United States Code, is amended—

(1) by adding "or chapter 21 of title 14," after "or 863 of this title" in subsections (a) and (b);

(2) by striking out "of the Army or the Air Force" in subsection (c); and

(3) by adding "or title 14" at the end of the first sentence in subsection (e).

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

COAST GUARD APPROPRIATION AUTHORIZATION

The Senate proceeded to consider the bill (H.R. 13595) to authorize appropriations for the Coast Guard for the procurement of vessels and aircraft and construction of shore and offshore establishments, to authorize appropriations for bridge alterations, to authorize for the Coast Guard an end-year strength for active duty personnel, to authorize for the Coast Guard average military student loads, and for other purposes, which had been reported from the Committee on Commerce with an amendment on page 6, beginning with line 16, insert:

SEC. 6. (1) Section 1(b) of the Act of August 27, 1935 (46 U.S.C. 88), as amended, is further amended by inserting the words "and all vessels of not more than five thousand gross tons used in the processing or assembling of fishery products in the fisheries of the States of Oregon, Washington, and Alaska, except those constructed after August 15, 1974, or those converted to any of such services after July 11, 1978," after the words "from July 11, 1968," but before the words "are exempt".

(2) The first proviso of section 1 of the Act of June 20, 1936 (46 U.S.C. 367), as amended, is further amended by deleting the last two sentences and inserting in lieu thereof: "As used herein, the phrase 'any vessel' engaged in fishing, oystering, clamming, crabbing, or any other branch of the fishery or kelp or sponge industries includes cannery tender or fishing tender vessels of not more than five hundred gross tons used in the salmon or crab fisheries of the States of Oregon, Washington, and Alaska which are engaged exclusively in (1) the carriage of cargo to or from vessels in the fishery or a facility used or to be used in the processing or assembling of fishery products, or (2) the transportation of cannery or fishing personnel to or from operating locations, and vessels of not more than five thousand gross tons used in the processing or assembling of fishery products in the fisheries of the States of Oregon, Washington, and Alaska. The exemptions in the preceding sentence for cannery tender, and fishing tender vessels and vessels used in processing or assembling fishery products shall continue in force until July 11, 1978.".

(3) The proviso clauses of paragraph (2) of section 4417a of the Revised Statutes (46 U.S.C. 391a(2)), as amended, are further amended to read as follows:

"*Provided,* That (i) this section shall not apply to vessels having on board the substances set forth in (A), (B), or (C) above only for use as fuel or stores or to vessels carrying such cargo only in drums, barrels, or other packages;

"(ii) nothing contained herein shall be deemed to amend or modify the provisions of section 4 of Public Law 93-397 with respect to certain vessels of not more than five hundred gross tons;

"(iii) this section shall not apply to vessels of not more than five thousand gross tons used in the processing and assembling of fishery products in the fisheries of the States of Oregon, Washington, and Alaska and such vessels shall be allowed to have on board inflammable or combustible cargo in bulk to the extent and upon conditions as may be required by the Secretary of the department in which the Coast Guard is operating; and

"(iv) this section shall not apply to vessels of not more than five hundred gross tons documented in the service of oil exploitation which are not tank vessels and which would be subject to this section only because of the transfer of fuel from the vessels' own fuel supply tanks to offshore drilling or production facilities.".

(4) Section 4426 of the Revised Statutes of the United States (46 U.S.C. 404), as amended, is further amended by deleting the last two sentences and inserting in lieu thereof: "As herein, the phrase 'engaged in fishing as a regular business' includes cannery tender or fishing tender vessels of not more than five hundred gross tons used in the salmon or crab fisheries of the States of Oregon, Washington, and Alaska which are engaged exclusively in (1) the carriage of cargo to or from vessels in the fishery or a facility used or to be used in the processing or assembling of fishery products, or (2) the transportation of cannery or fishing personnel to or from operating locations, and vessels of not more than five thousand gross tons used in the processing or assembling of fishery products in the fisheries of the States of Oregon, Washington, and Alaska. The exemptions in the preceding sentence for cannery tender, fishing tender vessels and vessels used in processing or assembling of fishery products shall continue in force until July 11, 1978.".

SEC. 7. The Secretary of the department in which the Coast Guard is operating (hereinafter referred to as the "Secretary"), in cooperation with the Secretaries of Commerce, State, Defense, and the Treasury, and the Attorney General, shall conduct a comprehensive study of all feasible methods of enforcing fishery management jurisdiction, including any possible extension of such jurisdiction. In carrying out such study, the Secretary shall evaluate all available techniques of enforcement including, but not limited to, the use of satellites, remote sensing, vessels, aircraft, radar, or devices implanted on the seafloor.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

Mr. PELL. Mr. President, I wish to express my strong support for and endorsement of action taken by the Senate today with respect to its approval of these three bills concerned with the U.S. Coast Guard.

The purpose of S. 2149 is to insure that the Coast Guard Reservists have the same obligations and benefits regarding retention and retirement as do reservists of our other armed forces. This is both fair and just. In this regard, the legislation is needed to clarify existing law and to remove any possible doubt as to its interpretation.

H.R. 13595 contains appropriate levels for authorized funding for the Coast Guard for the present fiscal year.

S. 3308 provides authority for Coast Guard icebreaking operations—one of the important and beneficial services which the Coast Guard valiantly performs.

Mr. President, as a captain on standby status in the U.S. Coast Guard Reserve, let me take this opportunity of expressing also my abiding admiration and respect for the U.S. Coast Guard, a service devoted to life saving and law enforcement.

SENATOR MANSFIELD SETS A RECORD OF SERVICE AS MAJORITY LEADER

Mr. HUGH SCOTT. Mr. President, today marks a record pleasant to note, and a record of special meaning. In his capacity as majority leader, the distinguished Senator from Montana has served the Nation, this body, and his colleagues—and the best causes and the good purposes for which he is so well known—for 13 years and 225 days. This is a longer period than any other majority leader or minority leader has ever served in the Senate, and we congratulate him for it.

As usual, when I started to speak, his mind was on service to his Montana constituency, some of whom are about to meet with him and we will not keep him long.

I note this important anniversary in his life and our careers because when I came to these front desks, first as the whip and then as the minority leader, I did not come with what one might call unanimous approval. I was nervous and uncertain of my duties and how to conduct my responsibilities.

I am most indebted, and will always

remain indebted, to my friend, the distinguished majority leader, for his wise counsel, his gentle words of caution and of advice, and his assurance to me in moments of pressure and times when the determination of what the right thing to do weighed very heavily on me.

I have confided in him. He has given me the benefit of his trust. We have never had a disagreement. We have never had to put anything in writing. By orally given understandings, we have managed most cordially, and I am most happy and most proud of the relationship.

I congratulate the distinguished majority leader on behalf of Congress and country.

Mr. ROBERT C. BYRD. Mr. President, a man who is clean inside and outside, who neither looks up to the rich nor down on the poor, who can lose without complaining and win without bragging, who is considerate of women and children and old people, who is too honest to cheat, too generous to lie, too sensible to loaf, who works for his share of the world's goods and lets others have theirs, is indeed an American gentleman.

Such an American gentleman is MIKE MANSFIELD.

As the distinguished Republican leader (Mr. HUGH SCOTT), has pointed out, this day marks an event of singular significance in the Senate.

As of today, the Senator from Montana (Mr. MANSFIELD) has served a total of 13 years, 255 days as majority and Democratic leader. That is 1 day longer than any other majority or party leader in the history of the Senate. Actually, Mr. President, the Senator from Montana had already set a new record of tenure of the majority leadership on June 25, 1970. However, Democratic Senator Joseph T. Robinson recorded a combined tenure as Democratic majority and minority leader of 13 years, 224 days, during the period 1923–37, making him, heretofore, the Senate party leader with the longest service. Senator MANSFIELD's service as both a majority and a party leader now surpasses that of all others.

Statistics of this kind only hint at the caliber of dedicated leadership which has resulted in the extraordinary achievement of the Senator from Montana. As the Senate knows, its leaders do not enjoy an automatic and continuing incumbency. They are nominated and elected every 2 years by their party colleagues. Thus, on seven separate occasions, in seven Congresses, the Senator from Montana has received an affirmative vote—may I add, a unanimous vote—of confidence from his peers for the leadership which he has given to his party and to the Senate.

That is the measure of the thrust which has been reposed in him by his Democratic colleagues in the Senate. His decency, his patience, and his absolute fairness have also won for him a deep affection and a high esteem from Republicans no less than from Democrats.

MIKE MANSFIELD is a dedicated Montanan, a superb Senator, and a great American whose contributions to his State and to the United States have been of surpassing significance. As a Senator, he has worked for Montana and spoken for himself. As majority leader, he has worked for this institution and spoken for all of us.

In short, he has zealously safeguarded his independence and the constitutional position of the Senate. Notwithstanding, he has cooperated closely with Presidents of both parties in the higher interests of all of the people of the United States. He has made notable contributions to the Nation's foreign policy and international position and to the general effort to build a sane and peaceful world. He was a leader in bringing about an end to the war in Vietnam and played a significant part in the reopening of contact with the People's Republic of China. At least five Presidents have asked him to undertake missions overseas on behalf of the Nation. MIKE MANSFIELD is best described, as his friend from Vermont (Mr. AIKEN) once categorized him, as "a valuable national asset."

So it seems to me that this day ought not go unnoticed as merely one more in the many hundreds of days which the able majority leader has spent in this Chamber. It is MANSFIELD Day and I deem it an honor to congratulate the distinguished majority and Democratic leader for the great and dedicated service which he has given to his State of Montana, to the Senate, and to the Nation.

Mr. President, I would otherwise yield to the distinguished Senator from Utah (Mr. MOSS), but inasmuch as the distinguished chairman of the Committee on Appropriations has a committee markup to chair immediately, I now yield to him my remaining time under the order.

Mr. McCLELLAN. I thank the Senator very much.

Mr. President, I do have some pressing committee work to do, but I am proud to follow the distinguished Senator from West Virginia, Senator BYRD, in paying tribute to our distinguished majority leader, Senator MANSFIELD.

The record which Senator MANSFIELD is exceeding today, is that of former Senator Joe T. Robinson, whose seat I now occupy in the U.S. Senate. It is the record which he held that Senator MANSFIELD has broken today by having served as majority leader for 13 years and 225 days.

Mr. President, I associate myself with and share the sentiments already expressed by the distinguished Senator from West Virginia. We all know that most records are made to be broken. I remember well Senator Robinson's service. He was a great leader. I was a Member of the House of Representatives at the time of his death—I was then a young Member of the Congress. I was indeed proud of the recognition and distinction that Senator Robinson had achieved as the senior Senator from Arkansas and as majority leader of the Senate. I did not know then that I would be serving as a Member of the U.S. Senate at a time when his record length of service record as leader of the Democrats on this side of the aisle would be broken. But I am grateful, indeed, that I have had the opportunity and great privilege of serving under the leadership of MIKE MANSFIELD, whom we all revere and respect, and in whose leadership we all take much pride.

I said that records are made to be broken, but having broken that record today is not the end of the distinguished service and fine leadership of Senator MANSFIELD. He has many more years, I am sure, to serve and in which to continue to guide, lead, and inspire us in the performance of our duties. I have more than 4 years left to serve in my present term. I look forward to a continuation of fine association, fellowship, and cooperation with Senator MANSFIELD in meeting our legislative and official responsibilities and in expediting the business of the State. I contemplate with pleasure serving under and working with Senator MANSFIELD's leadership during the remainder of my tenure of office.

I offer him today my sincere congratulations and join with all of my colleagues in paying tribute to him as a worthy leader, one whom we all respect, and whose ability, courage, and dedication in the service of his country sets a high example that we may all wish to emulate.

The PRESIDENT pro tempore (Mr. EASTLAND). The Chair is pleased to associate himself with the remarks of the distinguished Senator from West Virginia (Mr. ROBERT C. BYRD), the distinguished Senator from Pennsylvania (Mr. HUGH SCOTT), and the distinguished Senator from Arkansas (Mr. McCLELLAN).

I have had the privilege of serving under five majority leaders of the Democratic Party. When I first came to the Senate on June 30, 1941, Alben Barkley was the floor leader for the Democrats and majority leader in the Senate.

Upon becoming Vice President of the United States in January 1949, Senator Barkley was succeeded by Scott Lucas as majority leader, who served during the 81st Congress.

Ernest McFarland was elected majority leader for the 82d Congress and held that office until he was succeeded by then Senator—and later President—Lyndon B. Johnson. It is interesting to recall that Lyndon Johnson attained the leadership of the Democrats at a time when our party was in a minority position in the Senate. It is further noteworthy that in November 1953, the division of the Senate was 48 Democrats, 47 Republicans, and 1 Independent. However, William F. Knowland, Republican, remained majority leader until commencement of the 84th Congress in 1955. Since that time, the Democrats have maintained a majority position in this body.

MIKE MANSFIELD was first elected Democratic whip in 1957. He was elected to his present position of majority leader beginning January 3, 1961, after 10 years in the U.S. House of Representatives and 8 years as a U.S. Senator. As of today, MIKE MANSFIELD, as has been stated, has served as majority leader for 13 years, 225 days. This sets an alltime record in the history of the Senate, and he has held his post longer than any other majority or minority leader.

This is a fitting tribute to the trust and confidence placed in him by his colleagues for these many years. In fact, Senator MANSFIELD rates among the greatest of the majority leaders in the history of this body. If there is one word that I would always apply to MIKE MANSFIELD, that word is fairness. While I may have in the past disagreed with MIKE MANSFIELD on philosophical grounds, I have never questioned or doubted his absolute sincerity, honesty, and innate decency.

Under his leadership, the Democratic Party organizations—the policy committee, steering committee, and the legislative review committee—have all been developed along strict geographic and philosophic lines. Every viewpoint, age group, and region is fairly represented and democracy is demonstrated in its finest terms. Each section of America knows that while MIKE MANSFIELD may not always vote with it, he will fight to protect the legitimate interests of all areas in an impartial manner.

I have observed him in serious debate on local issues as when he successfully fought with every ounce of his vigor to prevent the closing of the veterans' hospital at Miles City in his home State. I remember dedication to his national goal of providing a vote for the 18-year-old members of our society. I also recall those many years he brought his tremendous influence to bear toward ending hostilities in the Far East—toward establishing and maintaining peace in our troubled world.

A definition of a leader is "a man who knows where he is going and has the ability to take others with him." MIKE MANSFIELD is such a leader. He does not twist arms—badger his colleagues—or insist on support for his position. When he defends a principle, he is as immovable as the Rocky Mountains which traverse his State of Montana. Yet, he can appear as tranquil as the ocean on a calm day.

As one Senator, I hope he will remain the majority leader of the U.S. Senate for as long as I am here and as long as he wishes to carry that heavy burden.

While above all I try to represent the people of Mississippi, nonetheless, I am proud to say I am a Mansfield man. I am for Senator MANSFIELD because he is a great man—a great leader, a great Senator, and a great American.

Mr. HUGH SCOTT. Mr. President, may I be recognized under the reservation of 15 minutes at this time, for the purpose of yielding?

The ACTING PRESIDENT pro tempore. The Senator from Pennsylvania is recognized.

Mr. HUGH SCOTT. Mr. President, I yield first to the distinguished Senator from Vermont, the dean of the Senate on our side of the aisle.

Mr. AIKEN. Mr. President, having observed the work and habits of the majority leader since the first day he came to the Senate, I join in congratulating him on having the longest tenure in the toughest job in the Senate. I believe that it is the firm determination of his character which has enabled him to survive this long. Had he been like some others, he might have succumbed to the position several years ago. As it is, I think we can commend him on having won a survival contest.

He has had certain traits which have enabled him to do this, and have earned him the support of both sides of the aisle: His fairness to the opposition, his ability to judge matters objectively and fairly, whether he agreed with the proposal that was being made or not, his aversion to four-syllable words—a trait about him which has excited my admiration—and the plain-spoken manner in which he has presented situations to the Senate.

I know that he does not give wholehearted approval to very long speeches, and so I shall conclude what I am saying now by simply saying that his actions speak much louder than any words I could use.

Mr. HUGH SCOTT. Mr. President, I yield now to the distinguished Senator from Utah (Mr. Moss).

Mr. MOSS. I thank the Senator from Pennsylvania.

Mr. President, I recognize that the majority leader is being detained, and I shall try to be very brief, but I cannot let the opportunity go by without saying a word about this really momentous day for the Senate, because MIKE MANSFIELD now, with his tenure as majority leader, has served as our leader longer than any other man in history.

There are many milestones in the life of any man, but surely this milestone which MIKE MANSFIELD passes today is one of the most distinguished which can be reached by anyone in political life.

The record he surpasses is that of Senator Joe Robinson of Arkansas, who began serving as minority leader in December 1923, became majority leader in 1933, and died July 14, 1937, while Franklin D. Roosevelt was President. It has taken 40 years for anyone to match the Robinson record, and I would point out that Senator MANSFIELD has put in his full time as majority leader—as the man who carries the load and responsibility for the party which controls the Senate. He has carried that load for 13 years, and 225 days, and at this hour begins his 226th day.

But it is not only the length of the Mike Mansfield majority leader record that we salute here today—it is the breadth and effectiveness and decency of it—the open, fair, and wise way he conducts his leadership.

MIKE is probably the most demonstrably fair human being I have ever known. His firm and continuous desire to render to each and every Senator his due, his efforts to be evenhanded and impartial and unbiased are already legend among his colleagues. I have never seen him display animosity or a negative emotion toward anyone. He does not just talk about what it is right to do; he does it. He might be called truth in action. And how he remains calm and even-tempered through it all I will never know.

MIKE is also the master of the taut answer; the quick reply. He says what he has to say with a single "yes" or "no" or "absolutely." Most of us feel it necessary to explain what we say; to qualify it. Not the majority leader. He knows what he thinks and believes in and is not afraid to say so—unequivocally.

Along with his great talent for dealing with his colleagues, he gets the work of the Senate done with the least amount of stress and strain, and piles up a brilliant record of accomplishment each session. He keeps the calendar so clear of business that we can even sometimes have a day off from floor work—as we did yesterday.

I, for one, feel most fortunate in serving in the Senate and as a minor officer in the leadership with this fine, magnanimous man, and it is a great pleasure to have an opportunity to say so here today—as MIKE MANSFIELD becomes the majority leader who has served longest in this demanding post, I only hope that his days as majority leader will be stretched out for a long, long time, and I hope that during all of my service in the Senate I can report to MIKE MANSFIELD as the majority leader.

Mr. HUGH SCOTT. Mr. President, I now yield to the distinguished Senator from Rhode Island (Mr. PASTORE).

Mr. PASTORE. Mr. President and my colleagues, there are times when the proper way to approach any subject or any thesis is to write it down and to read it, because of the complexities and complications that may be involved. But when we speak of a human being and we appraise the goodness of a human being, it is my feeling, and my strong feeling, that the spontaneity of the heart is the true character of the words spoken.

What we say here today will be recorded in the CONGRESSIONAL RECORD. Unfortunately, what we feel here today, which is the instinct that really counts, will never be reflected.

Only those who have known this good man can realize how we feel. I do not use the word "great" man, because there are people who are great but are not necessarily good. But MIKE MANSFIELD is a good man, a man who exemplifies and symbolizes in every way the American story.

Many years ago, it was my great opportunity to travel with him to Wexford, in Ireland. We went there to dedicate the John Barry Memorial. John Barry was the father of the American Navy.

We stopped at his homestead in one of the small, humble towns of Ireland, and there I saw the humility of the Mansfield family which has characterized this good man.

Another time, with my son, I went to Yellowstone National Park, and before I went there, I talked with MIKE MANSFIELD and visited with his father; and there I saw the stock from which MIKE MANSFIELD came.

His father was a sturdy man, a humble man, as strong as the Rock of Gibraltar, a man who believed in his convictions, and he gave this great heritage to his son MIKE.

No one in the Senate has called him Mr. MANSFIELD, except the clerks. His colleagues call him MIKE, because he is humble and he is simple. I have never known MIKE MANSFIELD to twist anybody's arm. He is a man who believes that a person should have the independence of his own convictions, and they should not be trespassed upon.

He has taken his triumphs in the Senate. He has taken them with humility. He has taken his defeats, and he has taken them with dignity. If I have to make one criticism here today, the only thing that MIKE MANSFIELD can be criticized for is his benevolence. He is too good. He is too tolerant. He is too understanding. He is too warm. He is too affectionate. That is the man whom we honor today.

I do not know the statistics. I do not know the number of years or the number of days. That does not make much difference to me. The mere fact is this man, this great American, who joined the Navy when he was only 14 years old, was a member of the U.S. Army, was a member of the Marine Corps, a man who knew war and yet has fought so avidly on the floor of the Senate for peace, this is the man whom we honor here today.

My only wish and prayer here this morning is that MIKE MANSFIELD will continue in this body for a long time to come. That is his decision to make. But whether he is majority leader or just a Member of the Senate of the United States he gives a glow, he gives a meaning, he gives a purpose to this body.

This is MIKE MANSFIELD Day, and I am honored to participate in it. It is a great privilege, and I say to you, MIKE, may you and your lovely wife, your daughter and her family, enjoy many years of God's blessings in good health and happiness because, in the final analysis, the greatest possession you have is your family.

Mr. HUGH SCOTT. Mr. President, so say we all of us.

Mr. HARRY F. BYRD, JR. Mr. President, I cannot say it so eloquently as have my colleagues this morning, but I, too, am proud to salute this wonderful individual and this outstanding U.S. Senator. I am proud of my friendship with MIKE MANSFIELD. Never have I met a finer person. There is no one under whose leadership I would rather serve than that of MIKE MANSFIELD.

Today MIKE MANSFIELD sets a record for having served as the majority leader of the U.S. Senate longer than any other individual in the history of this great institution.

I think he also sets a record for the affection in which he is held by his colleagues in the Senate. I salute MIKE MANSFIELD and I congratulate him.

I hope that he will continue to serve for many years as majority leader in the U.S. Senate.

Mr. METCALF. Mr. President, it is a distinct pleasure to join in honoring my senior colleague from Montana as he passes yet another milestone in his memorable career in public service.

Just over 4 years ago, many of us from both sides of the aisle took the floor to note his having history's longest consecutive term as Senate majority leader. Today he surpasses the previous record for longevity as Senate Democratic Party leader—13 years and 224 days—which was held by former Senator Joseph T. Robinson from Arkansas.

All that was said then applies even more so today. His patient, courteous manner, and fine record of accomplishment continue to be both a marvel and a model to those of us who serve with him in this body. A man of complete integrity and unfailing good judgment, his wise counsel is sought by those in both parties outside as well as within the Halls of Congress. He is a man of great modesty, and I would hazard a guess that no one is enjoying this well-deserved moment in the spotlight less than my fellow Montanan.

In 1961, I was privileged as a freshman Senator to nominate MIKE MANSFIELD for the office of Democratic leader. Since that time, he has compiled an unparalleled inventory of achievements for the benefit of our Nation. No man has held this position longer, it is true, but more importantly none has served with greater distinction than MIKE MANSFIELD. I welcome the continued guidance of his firm, yet gentle hand on our national legislative program.

Mr. GRIFFIN. Mr. President, it is a pleasure to join with my colleagues on both sides of the aisle in noting the record that the distinguished majority leader established as of today.

We all welcome the opportunity the occasion affords us to tell MIKE right to his face what we think of him—how much we like him, how much we respect him, and how much we admire him.

I suspect that all this fuss will make him a little uncomfortable for he is a modest and unassuming person. But I am sure that he will just grin and bear it with that same degree of fortitude with which he faces up to the many problems he encounters daily as majority leader.

It is not the length of his service alone for which we commend him today. Even more important is the quality of the leadership he has provided to the Senate and the Nation. That is what these tributes are all about.

Reflecting on the quality and style of MIKE MANSFIELD's leadership, I am reminded of the expression:

> Gentle in manner, strong in performance.

I have had the privilege of serving in the Senate during 8 of the 13 years and 225 days that MIKE MANSFIELD has served as majority leader. I know, as we all know, how gentle and considerate he has been on all occasions.

As part of the leadership on the minority side of the aisle, I know how fair he has been—how considerate he has been—how interested he has been in making sure that the interests of the minority are protected.

Mr. President, I congratulate the majority leader on the record he has established. We hope he will just keep on building on it—at least until Republicans manage to win control of the Senate.

Mr. COTTON. Mr. President, I first met MIKE MANSFIELD when I entered the House of Representatives as a freshman in the 80th Congress and he, at the time, was beginning his third term as a Congressman. Today, I am pleased to be able to say, we still serve together, not only as colleagues and friends but also as members of the Senate leadership. I mention these facts, Mr. President, to point out that I have had the privilege of observing MIKE MANSFIELD in a special way for more than a quarter of a century, and I have yet to find a man or woman with as strong a record and as few detractors.

Today we honor MIKE MANSFIELD for the record length of time he has served as majority leader, but this date, Mr. President, as important as it is, must of necessity remind us once again that even more important than the quantity of MIKE MANSFIELD's service is its quality.

MIKE MANSFIELD is a gentleman in the truest sense of the word. He is a statesman. He is the type of a man who brings honor rather than disrepute to the word "politician." He knows the all-important value of principles and the virtue of compromise without violating these principles. In sum, Mr. President, he has long been a leader through his daily thinking and actions, and it is this type of leadership that he has exercised so effectively in the prestigious and powerful role he has now held for so long.

With admiration for his patience, gratitude for his cooperation, and deep respect for his outstanding integrity and ability, I join most sincerely with my colleagues on both sides of the aisle and with a grateful Nation in extending to him a deep, nonpartisan "thank you and well done."

Mr. MUSKIE. Mr. President, today marks a special occasion for the Senate, and for me personally. As of today, our distinguished colleague from Montana, Senator MANSFIELD, will have served as majority leader of the Senate for 13 years and over 7 months—longer than any other leader in the history of the Senate.

MIKE MANSFIELD's career has been a distinguished one. He began serving his country more years ago than he may care to remember, when he was 14 years old and joined the Navy during World War I. He came to Congress first in 1943, and after five terms in the House came to the Senate 21 years ago.

But in my own tenure here, Mr. President, my friend from Montana has always been a member of the leadership—first as assistant majority leader, a post to which he was elected in 1957, and since 1961 as majority leader.

Senator MANSFIELD can take a major part of the credit for the achievements of Congress over those years. His leadership is important because it is based on the personal respect and affection in which we all hold him.

Mr. President, I am proud to be his colleague, and will always cherish his friendship.

Mr. WILLIAMS. Mr. President, I join my colleagues today in congratulating our esteemed majority leader, Senator MIKE MANSFIELD, on attaining the distinction of having served as the elected leader of his party in the Senate longer than any other person in history. This new distinction is now added to the long list of achievements by MIKE MANSFIELD during more than three decades of outstanding public service.

MIKE MANSFIELD's career has been a varied one, in which he can take deep satisfaction for accomplishments in a number of areas. He has, for example, the distinction of having served his country in three branches of our military services, beginning during World War I when he was just 14 years old. In addition, he has held positions as varied as a miner, mining engineer, and professor of history.

MIKE is now in the midst of his fourth term in the Senate, and before that he served five terms in the House of Representatives. All of us here are well acquainted with his leadership in the area of foreign affairs, which began when President Truman appointed him a delegate to the sixth session of the United Nations in 1951.

That interest in foreign affairs led to many other assignments in behalf of four Presidents. After his visit to Southeast Asia at the request of President Kennedy in 1962, MIKE became one of the first Members of Congress to oppose escalation of U.S. involvement in the war in Vietnam. He was in the forefront of the drive to enact legislation ending our military involvement there once and for all. And he was one of the driving forces behind enactment of the historic war powers bill.

As majority leader, MIKE MANSFIELD has often played a pivotal role in securing passage of some of the most far-reaching legislation enacted since World War II. This was certainly the case with the Civil Rights Acts of 1964, 1965, and 1968, and with the measure giving 18-year-olds the vote.

MIKE was first elected majority leader in January 1961, an event which I am proud to have been here to participate in. He has now been the leader of his party in the Senate longer than any person in history. Today he eclipsed by 1 day the record previously held by Senator Joseph T. Robinson, of Arkansas, who had led his party as both majority and minority leader.

It is, I know, superfluous for me to recount the many excellent qualities which have made MIKE MANSFIELD a truly outstanding majory leader. He is invariably courteous, unfailingly conscientious, and scrupulously fair in dealing with Members of both the majority and minority parties. From a personal viewpoint, I know that I shall always be deeply grateful for the many times when MIKE has gone to great pains to be helpful to me on legislation reaching the floor.

But I should point out that MIKE MANSFIELD, despite his long service in a position of leadership and despite his intimate involvement with foreign affairs, has never forgotten the people who sent him to Congress. His highest priority has always been to represent, to the very best of his ability, the people of his beloved Montana. And Mr. President, I think the record speaks for itself to the fact that he has represented them very well indeed.

I would add one personal note about an experience I had which brought home to me just how warmly the people of Montana feel about MIKE MANSFIELD. I had occasion to be in that great State 2 years ago in connection with a hearing. MIKE had just succeeded in an effort to prevent abandonment of certain railroad service and when it was reported in the local newspaper the headline did not refer to "Senator MANSFIELD," but rather to "MIKE." To me, that was just additional evidence that everybody in Montana knows him, and loves him.

I want to join in congratulating MIKE MANSFIELD on this milestone day for him, and in offering my most heartfelt thanks for the long and dedicated service he has rendered to all of us as Members of the Senate, and to our Nation as a whole.

Mr. KENNEDY. Mr. President, I am delighted to join my distinguished colleagues in paying tribute to our outstanding majority leader, MIKE MANSFIELD, as he establishes this important milestone in his service as our leader.

For many of us in the Senate, myself included, we have known no other majority leader. For the past 13 years, he has been not only our leader but our valued friend and mentor, a rock of leadership and wisdom, performing with almost incredible skill the difficult job of guiding this Chamber in its mission to serve the people of the Nation.

To me, the Senator from Montana is a fine example of the Senate at its best. I am proud to have worked with him in the decade I have served in the Senate; I am grateful for the wise advice and counsel he so generously gives; and I wish him many future years of productive leadership for Montana, America, and the world.

Mr. THURMOND. Mr. President, I would like to take this opportunity to extend my congratulations to the distinguished majority leader, Senator MANSFIELD of Montana. He has, as of today, held that position for 13 years and 225 days. He has served longer as majority leader than any other Senator in history, including those who served as both minority and majority leader.

Senator MANSFIELD has provided distinguished and competent leadership for this body. He has managed, with admirable skill, the time-consuming process of assuring that all of our legislative proposals receive their proper consideration and suitable disposition. He has fostered a spirit of friendliness and conciliation as we go about our business. It is a spirit which has made the Senate much more effective in carrying out its duties.

The distinguished Senator has consistently allowed all views to be heard on any legislation. An example of his true fairness can be seen in the accommodating manner with which he handles matters requiring extended debate. Senator MANSFIELD has made excellent use of the double-track system, thus avoiding the creation of a backlog of Senate business whenever a number of Senators wish to debate a piece of legislation on an extended basis.

Hopefully, the present majority leader will continue in his role until such time as the Republicans organize the Senate.

Mr. STENNIS. Mr. President, as one of his colleagues here in the Senate, I applaud the splendid record of the Senator from Montana (Mr. MANSFIELD) as Senate floor leader with many outstanding achievements and records including the fact that the tenure of his service as floor leader exceeds in duration any other Senator that has ever served in this capacity.

There are many reasons for this record. The main reason is the unfounded confidence that his fellow Senators have in this remarkable man. After all, confidence is a true quality of leadership.

Further, I have never heard the Senator from Montana utter a single self-serving statement, nor have I known him to cast a single purely selfish vote. He looks after his State most effectively but always within the formula of what is best and sound for the Nation.

Further, he has a great sense of fairness which is of a distinct value to each of us and for the Nation.

I rejoice with him and with my colleagues for his years of constructive leadership to the Senate and to the Nation and trust that we will have the benefit of many more years of his presence and service here.

Mr. HELMS. Mr. President, I want to join in congratulating and paying my respects to the distinguished majority leader (Mr. MANSFIELD) not merely for setting a new record, but for the splendid manner in which he has served this Senate and the American people.

As has been mentioned, as of today, he has served as majority leader for 13 years and 225 days, thus surpassing the record previously set by the late Joseph T. Robinson of Arkansas.

The majority leader of the Senate bears many burdens not apparent to the people of this Nation—nor, for that matter, to Senators. I have been a Member of the Senate for just under 20 months, and every day I have been impressed with the constant good cheer and the unfailing spirit of helpfulness and cooperation so manifest in the personality of Senator MANSFIELD.

He has never been too busy to counsel with me when I have needed him, and he has never failed to be helpful. He is a remarkable man, a splendid gentleman, and a true friend. I congratulate him on this latest achievement, and I thank him for being the fine, conscientious American that he is.

Mr. ROBERT C. BYRD subsequently said: Mr. President, I ask unanimous consent that the RECORD may remain open until the close of business tomorrow for those Senators who have not yet expressed themselves or made statements in connection with the record that has been set by the distinguished majority leader as of today, which has broken all records of service as majority and party leader heretofore in the Senate. Several Senators today made statements. Others may wish to but may not yet know about the breaking of the record by Mr. MANSFIELD, for an outstanding performance, and I am sure other Senators may wish to have their remarks included in the event that collection is later made into a bound volume.

Mr. TOWER. Mr. President, will the Senator yield?

Mr. ROBERT C. BYRD. I yield to the Senator.

Mr. TOWER. I thank the Senator for making that request because I am sure some Senators were not aware of it until today and would very much like to have appropriate remarks inserted in the RECORD.

I might simply remark at this point in time that the reason MIKE MANSFIELD has broken the record as majority leader is because he is a man of honor, he is a man of his word and, regardless of his own partisan views, he treats everybody fairly. I can certainly say that there is no one on this side of the aisle who does not have great affection and respect for MIKE MANSFIELD.

Mr. ROBERT C. BYRD. Mr. President, I thank the Senator and, for the information of Senators, the record of which I speak is a record, that has been compiled through service as majority leader, by Mr. MANSFIELD, of 13 years and 225 days.

Mr. MANSFIELD. I do not want to miss out on that project of the Montana School of Mines, but I do want the record to show that I have been retained in this Chamber under duress; that I am overwhelmed, that I am grateful and thankful for the statements made this morning; and to say that I find it hard to recognize the man who was described by my colleagues before I took the floor.

But I am appreciative, and all I can say is thank you and, if I may paraphrase the words of President Ford, let us continue.

Mr. HUGH SCOTT. We thank the distinguished majority leader for all the many things he has done and all the many things he stands for.

ENERGY REORGANIZATION ACT OF 1974—PRIVILEGE OF THE FLOOR

Mr. PASTORE. Mr. President, I ask unanimous consent that during the debate on S. 2744, Edward J. Bauser, John Reich, and Martin Donovan be given the privileges of the floor.

The PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER OF BUSINESS

The PRESIDENT pro tempore. Under the previous order, the Senator from Michigan (Mr. GRIFFIN) is recognized for not to exceed 15 minutes.

Mr. ROBERT C. BYRD. Mr. President, I had gotten that time, feeling it might be utilized by Senators. I ask that my time that has run over thus far be taken from that time and the remainder be yielded back.

The PRESIDENT pro tempore. Under the previous order the Senator from Virginia (Mr. HARRY F. BYRD, JR.) is recognized for not to exceed 15 minutes.

NOMINATION OF DR. ALAN GREENSPAN AS CHAIRMAN OF THE COUNCIL OF ECONOMIC ADVISERS

Mr. HARRY F. BYRD, JR. Mr. President, the able Senator from Wisconsin (Mr. PROXMIRE) has written a letter to Members of the Senate in regard to a nomination which is on the Executive Calendar. It concerns the nomination of Dr. Alan Greenspan of New York to serve as a member of the President's Council of Economic Advisers.

Mr. President, I attempted to communicate with the distinguished Senator from Wisconsin a little while ago to let him know that I planned to comment this morning on the letter that I received from him in regard to this nomination.

Senator PROXMIRE was not in his office. He is at a committee meeting, and I was not able to reach him.

Senator PROXMIRE questions the nomination of Dr. Greenspan for the position of member and Chairman of the President's Council of Economic Advisers. He lists several reasons, and I want to take these reasons one by one and comment on them.

He questions Dr. Greenspan's nomination because, as the Senator from Wisconsin (Mr. PROXMIRE) says, Dr. Greenspan made it emphatically clear in committee hearings that he opposes vigorous enforcement of our antitrust laws.

I talked with Dr. Greenspan on the telephone today, and I gather from Dr. Greenspan that he has been quoted accurately by the Senator from Wisconsin.

Dr. Greenspan apparently does hold this view as a matter of personal philosophy.

But Mr. President, what in the world does the Council of Economic Advisers have to do with the antitrust laws?

Suppose Dr. Greenspan does hold the view attributed to him by the Senator from Wisconsin, and I assume that he does. In the position to which he has been nominated he will have no responsibility for, no jurisdiction over, the enforcement of the antitrust laws.

I happen to disagree with Dr. Greenspan in this regard. I have long favored the vigorous enforcement of the Nation's antitrust laws. But the antitrust laws are enforced, if they are enforced at all, by the Department of Justice.

I submit that the record shows that neither the Kennedy administration, nor the Johnson administration, nor the Nixon administration, have shown much regard for enforcement of the antitrust laws. Indeed, the reverse seems to be true, with Government approval during the Johnson administration of the merger of the Pennsylvania Railroad and the New York Central, to cite only one example.

I suppose that one Member of the Senate who has taken the keenest interest in the antitrust subject is the distinguished senior Senator from Michigan (Mr. HART). I have discussed this with Senator HART a number of times and we are in substantial agreement in our views as to the antitrust laws.

But the way to tackle that question is not to oppose the nomination of the man selected by the President to be Chairman of the Council of Economic Advisers. The way to tackle the question dealing with antitrust laws is to question the nominations of those to the Department of Justice.

I say again, regardless of what Dr. Greenspan's views may be in regard to the antitrust laws, he will have no jurisdiction over, no responsibility for, the enforcement of such laws. It is an entirely different field to which he has been nominated.

I might say that in my conversation with him today, he asserted that even if he is confirmed for this position to which he has been nominated, he would regard it as inappropriate for him to attempt to suggest whether the antitrust laws should or should not be vigorously enforced.

So I cannot understand the reasoning of the distinguished Senator from Wisconsin in opposing the nomination of an economist to be a member of the Council of Economic Advisers because he happens to hold what one might call "soft views" on the enforcement of the antitrust laws.

Now, the second reason given by the Senator from Wisconsin for opposing Dr. Greenspan is, and I quote from Senator PROXMIRE's letter:

> Mr. Greenspan made it clear in public statements that he does not support consumer protection legislation.

I say, Mr. President, the Chairman of the Council of the President's Economic Advisers has nothing to do with consumer legislation. That is not his field of responsibility. He was expressing his personal views when he testified before the committee, his personal views along the line that we have too much regulation now by Government, and he does not support additional legislation in that field.

But whether he favors it or opposes it, in the position to which he has been nominated he will have no control over it, one way or the other. The job does not deal with consumer protection, it deals with advising the President on the economic matters facing our Nation.

Now, the third reason given by the Senator from Wisconsin for opposing the Greenspan nomination is that Dr. Greenspan opposes the progressive income tax.

Well, Mr. President, he is not being nominated to write our tax laws, he is not being nominated to enforce our tax laws, he is not being nominated to be Commissioner of Internal Revenue.

The position to which he has been nominated has nothing whatsoever to do with the income tax laws.

I happen to oppose the view of Dr. Greenspan in regard to the progressive income tax. I think it is the fairest tax and the most appropriate tax that government can put on. I disagree with the unreasonably high rates to which it has been carried, but I favor, in principle, a graduated or progressive income tax, so I do not agree with Dr. Greenspan on that.

But regardless of his views on that subject, he has no control over it in the position to which he has been appointed. It is merely his own personal philosophical view in regard to the personal income tax.

The position to which he has been nominated is not a position in which he could make his influence felt, even if he were so inclined, insofar as the enforcement of the tax laws are concerned. Nor could he unite the tax laws; that is done by the Congress.

Now the fourth reason that Senator Proxmire gives for opposing Dr. Greenspan is that Dr. Greenspan has been on a retainer by 100 of the largest corporations in the country, including almost all of the 10 largest banks in the country and a number of manufacturing concerns which dominate their particular industry.

That is a tribute to his ability—and is completely correct. I checked this morning with Dr. Greenspan and he said, "That is correct." But he said:

> If I am confirmed for the position to which I have been nominated, I will take an oath of office to that position.

And he added that he does not "take lightly any such oath."

Also, he is making arrangements—or maybe has made arrangements—to turn over his financial affairs to others.

There is an article in the New York Times today in that regard. I have not had a chance to read it in detail. He is severing his connection, as I understand it, with his New York firm.

I might say that he is coming to Washington at considerable personal financial sacrifice. I do not know Dr. Greenspan well, so I really cannot attempt to suggest to my colleagues what is in Dr. Greenspan's mind. But the little I have seen of him suggests to me that he would prefer not to assume the position to which he has been nominated. Indeed, he turned it down a number of times.

He accepted it recently only because he is convinced, just as President Ford emphasized Monday night, that this country is in a very serious condition. It is in a serious condition because of the financial situation of the Government, deficit spending and inflation. We are running smashing deficits, which are the major cause of the inflation suffered by the American people.

Dr. Greenspan agreed to come to Washington to try to do his part toward solving the very serious inflationary problems facing the United States.

Dr. Greenspan, as an economist, does not necessarily hold the majority viewpoint among his fellow economists, or, for that matter, among the majority of Members of Congress, on economic matters. But he is a man of conviction, and I think it is important that we bring to Washington men of conviction, men who will adhere to those convictions when they come to Washington. I am convinced he will, even though those views may not be popular with the administration which he serves, or the Senate.

Dr. Greenspan is labeled a conservative economist. A lot of Members of Congress do not want conservative economists around. They are entitled to that view. But the reasons given in the letter sent to the Members of the Senate by the Senator from Wisconsin do not, in my judgment, represent valid reasons for opposing Alan Greenspan to be Chairman of the President's Council on Economic Advisers.

FEDERAL EMPLOYMENT

Mr. HARRY F. BYRD, JR. Mr. President, I have compiled some information on the total number of Federal employees.

I obtained this information from the Joint Congressional Committee on the Reduction of Nonessential Federal Expenditures. This is a committee charged with the responsibility of each month keeping track and tabulating the total number of employees of the Federal Government.

For the month of January 1974, the total Federal Government employment was 2,802,769. We find an increase each month. I will not quote all of the figures, but I will put the figures into the Record later.

For the month of June, that figure stood at 2,893,813. So, Mr. President, during the 6-month period, January to June 1974, the number of Federal employees had increased by 91,000—yes, and an increase of 91,000 in that short period of time.

Former President Nixon just last month made a nationwide television speech saying that he was going to reduce the number of Federal employees by 40,000. That would not even take it back to the month of January.

Mr. President, I ask unanimous consent to have this table, which I have prepared, printed in the Record.

There being no objection, the table was ordered to be printed in the Record, as follows:

TOTAL FEDERAL GOVERNMENT EMPLOYMENT

	1974	1973	Change
January	2,802,769	2,807,389	−4,620
February	2,827,156	2,798,071	+29,085
March	2,835,648	2,800,117	+35,531
April	2,849,009	2,808,224	+40,785
May	2,863,459	2,815,937	+47,522
June	2,893,813	2,824,557	+69,256

TRANSACTION OF ROUTINE MORNING BUSINESS

The PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of routine morning business for not to exceed 15 minutes, with statements therein limited to 5 minutes.

COMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

The PRESIDENT pro tempore laid before the Senate the following letters, which were referred as indicated:

Report of Value of Property, Supplies, and Commodities Provided by the Berlin Magistrate

A letter from the Assistant Secretary of Defense, reporting, pursuant to law, the value of property, supplies, and commodities provided by the Berlin Magistrate, and under German Offset Agreement for the quarter April 1, 1974 through June 30, 1974. Referred to the Committee on Appropriations.

Report of the National Advisory Committee on Oceans and Atmosphere (NACOA)

A letter from the Secretary of Commerce, transmitting, pursuant to law, the Third Annual Report of the National Advisory Committee on Oceans and Atmosphere (NACOA) (with an accompanying report). Referred to the Committee on Commerce.

Supply Task Force Reports

A letter from the Chairman, Federal Power Commission, transmitting, for the information of the Senate, volume II of the Natural Gas Survey, "Supply Task Force Reports" (with an accompanying report). Referred to the Committee on Commerce.

Report of the Washington Metropolitan Area Transit Authority

A letter from the General Manager, Washington Metropolitan Area Transit Authority, transmitting, pursuant to law, the second quarterly report of the Authority's Office of Program Control (with an accompanying report). Referred to the Committee on the Distict of Columbia.

U.S. Water Resources Council Report on the Comprehensive Study, Puget Sound and Adjacent Waters, State of Washington

A letter from the Office of Management and Budget, Executive Office of the President, transmitting, pursuant to law, the reports of the Pacific Northwest River Basins Commission on the Willamette River Basin in Oregon, the Puget Sound and Adjacent Waters Area in Washington, and the Columbia-North Pacific Region (with accompanying reports). Referred to the Committee on Interior and Insular Affairs.

National Water Quality Inventory Report

A letter from the Administrator, U.S. Environmental Protection Agency, transmitting, pursuant to law, the National Water Quality Inventory Report for 1974 (with an accompanying report). Referred to the Committee on Public Works.

PRESENTATION OF A PETITION

Mr. THURMOND. Mr. President, on August 8, 1974, the General Assembly of the State of South Carolina adopted a concurrent resolution memorializing the Congress of the United States to enact House Joint Resolution 1064. House Joint Resolution 1064 proposes a constitutional amendment to mandate that the Federal budget be balanced.

Mr. President, the inflationary problems that face our country today are very severe. President Ford has most accurately classified inflation as "public enemy No. 1." Although the roots of our current inflationary problems are complex and varied, there is no question but that excessive Federal spending is a primary cause. If we are ever to control inflation, we must first control the Federal budget.

House Joint Resolution 1064 is similar to Senate Joint Resolution 142, which was introduced several weeks ago by the distinguished Senator from Nebraska (Mr. Curtis). I was pleased to join as a cosponsor of Senator Curtis' resolution, and I am pleased to endorse House Joint Resolution 1064.

Mr. President, on behalf of myself and the junior Senator from South Carolina (Mr. Hollings) I ask unanimous consent that the concurrent resolution adopted by the South Carolina General Assembly be printed in the Record at the conclusion of my remarks and that it be referred to the appropriate committee for prompt consideration.

The PRESIDING OFFICER. Without objection, it is so ordered.

The concurrent resolution, which was referred to the Committee on the Judiciary, is as follows:

A CONCURRENT RESOLUTION

(Memorializing Congress to pass House Joint Resolution 1064 (introduced June 18, 1974), a proposed constitutional amendment to the Constitution of the United States, sponsored by Representative Floyd Spence, Republican, South Carolina, Representative Mendel Davis, Democrat, South Carolina, and others, providing for mandatory balancing of the Federal budget)

Whereas, the Federal Government has been with increasing intensity spending money without due regard to incoming revenues; and

Whereas, deficit Federal budgets are now the rule rather than the exception; and

Whereas, the multi-billion dollar deficits piled up by the Federal Government every year goes beyond the outer limits of fiscal responsibility and threatens the viability of this nation and destroys the confidence of its people.

Now, therefore, be it resolved by the House of Representatives, the Senate concurring:

That Congress be memorialized to pass, without delay, H.J. Res. 1064 (introduced June 18, 1974), a proposed constitutional amendment to the Constitution of the United States, sponsored by Representative Floyd Spence, R-S.C., Representative Mendel Davis, D-S.C., and others, providing for mandatory balancing of the Federal budget.

Be it further resolved that copies of this resolution be forwarded to each United States Senator from South Carolina, each member of the House of Representatives of Congress from South Carolina, the Senate of the United States and the House of Representatives of the United States.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. PROXMIRE, from the Committee on Appropriations, with amendments:

H.R. 15572. An act making appropriations for the Department of Housing and Urban Development; for space, science, veterans and certain other independent executive agencies, boards, commissions, corporations, and offices for the fiscal year ending June 30, 1975, and for other purposes (Rept. No. 93-1091).

By Mr. FULBRIGHT, from the Committee on Foreign Relations:

S. Res. 381. An original resolution expressing the sense of the Senate relative to the situation in Cyprus (Rept. No. 93-1092).

By Mr. THURMOND, from the Committee on Armed Services, without amendment:

H.R. 15936. An Act to amend chapter 5, title 37, United States Code, to provide for continuation pay for physicians of the uniformed services in initial residency (Rept. No. 93-1093).

Mr. THURMOND. Mr. President, I call attention to calendar item, H.R. 15936, which provides continuation pay for medical officers during initial residency training. An amendment introduced by Senator HUGHES, identical to this bill, passed the Senate on June 5, 1974 as part of the military procurement authorization bill. In conference on the authorization bill, the House conferees supported this amendment in principle, but could not accept it because it was considered nongermane under the House rules. H.R. 15936 passed the House on August 5, 1974.

This bill revises the language of the recent law by permitting payment of continuation pay to officers undergoing initial residency training, provided that they otherwise qualify for such pay.

H.R. 15936 corrects an unfortunate and unforeseen consequence on recent legislation, Public Law 93-274, enacted May 6, 1974, which revises the special pay structure for medical officers in the uniformed services. This law sought to increase pay in the early years of service for military medical officers, so that the differential between civilian and military earning power could be narrowed.

Unfortunately, because the law denies continuation pay to men in their initial residency in military hospitals, some younger doctors with 5 to 10 years' service face immediate pay cuts of $5,000 to $6,000 per year. There are approximately 300 medical officers who would be affected.

The problem is that some doctors with several years' service are only now completing their initial residency, which is something usually done immediately after finishing medical school. Instead, many of these doctors went directly to the fleet or to the field out of medical school where they were of direct and vital service to our men in Southeast Asia.

Mr. President, that is the gist of this bill. I would, however, like to explain briefly the background of this proposal.

BACKGROUND ON THE BILL

The Senate acted speedily last December to provide the Department of Defense with a management tool which would reduce the disparity between the salaries military medical officers receive and the income opportunities for physicians in the civilian sector. The Senate passed a bill, confident that the Department of Defense would implement its provisions in a conscientious, fair, and equitable manner.

When the House considered the bill in March of this year, it added two restrictive features to the proposed legislation. These features would have precluded medical officers serving an initial active duty obligation and those undergoing intern or residency training from receiving the new bonus.

CONFERENCE ACTION ON MEDICAL BONUS BILL

In the Senate/House conference, the Senate conferees pointed out the possible inequities or adverse retention effect which could occur as a result of extended initial obligated service which some physicians have. On this point, therefore, the conferees agreed that only the first 4 years of lengthy initial obligated service would disqualify a young medical officer from receiving this new bonus. I was fully in accord with this compromise.

It was also pointed out in the conference that the exclusion of all residents from the new pay bonus system could seriously impact on the Defense Department's ability to obtain physicians qualified in various subspecialties since many military physicians do not enter subspecialty training until several years following the completion of their initial residency training. The conferees, therefore, agreed on language which provided that exclusion from bonus eligibility would be limited to those physicians undergoing initial residency training. I also fully agreed with the intent of this compromise.

PRESENT BILL CORRECTS PROBLEM

The problem with this compromise, however, arises among the medical officers who are eligible to receive continuation pay and who are in their initial residency training. These are officers who for a variety of reasons delayed entering residency training until they had completed several years of active military service. The most common reason which has been brought to my attention was the need for medical officers to support our military men in Vietnam. The military departments were forced to delay many physicians from their desired residency training to provide quality medical care to combat troops. Now many of these officers have had sufficient active service to qualify for continuation pay, but because they are only now in or entering their initial residency training they are ineligible for the new bonus pay and are excluded from continuing to receive continuation pay. These medical officers, most of whom served their country faithfully in combat, now in fact will suffer an actual pay loss of from $5,000 to over $6,000 per year while they are in their initial residency training.

I am confident that it was not the intent of the Congress to penalize this group of young medical officers who have already served their country so faithfully, who satisfied their initial active duty obligation, and who are voluntarily remaining on active duty. It is, in fact, physicians such as these who are the primary target of the new bonus pay law.

Enactment of this legislation will not increase the budgetary requirements of the Department of Defense.

Mr. President, as a save-pay measure and to correct an injustice unwittingly forced on a small group of dedicated young career medical officers, I urge favorable action on H.R. 15936.

By Mr. THURMOND, from the Committee on Armed Services:

S. 3906. An original bill to amend title 10, United States Code, by repealing the requirement that only certain officers with aeronautical ratings may command flying units of the Air Force (Rept. No. 93-1094).

Mr. THURMOND. Mr. President, this proposed legislation, supported by the Department of Defense, would remove from the law the provision that commanders of Air Force flying units shall be commissioned officers who have received aeronautical ratings as pilots—10 United States Code 8577. The legal barrier to command of flying units by commissioned officers who have not received aeronautical ratings as pilots is unnecessary in the contemporary environment. It no longer serves the purposes for which it was originally intended.

The restriction on command of Air Force units dates back to 1920, when the Army Air Service sought to protect the integrity of its organization as a separate arm of the service. The restriction shielded the fledgling Army Air Service from the parochial interests of competitive branches of the Army, and prohibited the assignment of nonflying commanders who could have inadvertently, or otherwise, inhibited the development of a viable Air Service.

This bill would not result in increased budgetary requirements for the Department of Defense.

Mr. President, I urge prompt action on this legislation.

By Mr. FULBRIGHT, from the Committee on Foreign Relations, with an amendment:

H.R. 13261. A bill to amend the International Claims Settlement Act of 1949, as amended, to provide for the timely determination of certain claims of American nationals settled by the United States-Hungarian Claims Agreement of March 6, 1973, and for other purposes (Rept. No. 93-1095).

By Mr. JACKSON, from the Committee on Interior and Insular Affairs, without amendment:

S. 3289. A bill to amend the act of August 10, 1939 (53 Stat. 1347), and for other purposes (Rept. No. 93-1096).

By Mr. STEVENSON, from the Committee on Banking, Housing and Urban Affairs:

S. 3917. A bill to amend and extend the Export-Import Bank Act of 1945, as amended, and for other purposes (together with additional views) (Rept. No. 93-1097).

By Mr. SPARKMAN, from the Committee on Banking, Housing and Urban Affairs:

S. 3919. A bill to authorize the establishment of a Council on Wage and Price Stability (Rept. No. 93-1098).

By Mr. CLARK, from the Committee on Public Works, without amendment:

H.R. 10044. A bill to increase the amount authorized to be expended to provide facilities along the border for the enforcement of the customs and immigration laws (Rept. No. 93-1099).

By Mr. NUNN, from the Committee on Armed Services, with amendments:

H.R. 14402. A bill to amend the act of September 26, 1966 (Public Law 89-606), as amended, to extend for 2 years the period during which the authorized number for the grades of lieutenant colonel and colonel in the Air Force are increased (Rept. No. 93-1100).

EXECUTIVE REPORTS OF COMMITTEES

As in executive session, the following favorable reports of nominations were submitted:

Mr. THURMOND. Mr. President, from the Committee on Armed Services, I report favorably the nomination of Maj. Gen. LaVern Erick Weber, Army National Guard of the United States, for the appointment as chief, National Guard Bureau. I ask that this name be placed on the Executive Calendar.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. THURMOND. Mr. President, from the Committee on Armed Services, I report favorably the nomination of Gen. Bruce Palmer, Jr., United States Army, to be placed on the retired list in that grade; for the Navy, Vice Admirals Minter, Peet, Rapp, and de Poix to be placed on the retired list in that grade; in the Marine Corps, Lieutenant Generals LaHue, Axtell, and Keller to be placed on the retired list and Major Generals McLaughlin, Fris, and Nichols promoted to the grade of lieutenant general; and, in the Air Force, Major Generals Scowcroft, Hails, Hill, Nunn, and Shaefer to be promoted to the grade of lieutenant general, and Lieutenant General Johnson to be placed on the retired list in that grade and Maj. Gen. Marion L. Boswell appointed as senior U.S. Air Force member of the Military Staff Committee of the United Nations. Also, Col. Frederick Adair Smith, Jr., appointed as dean of the Academic Board of the U.S. Military Academy. I ask that these names be placed on the Executive Calendar.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. THURMOND. Mr. President, in addition, there are 115 in the Marine Corps for temporary appointment to the grade of colonel; in the Navy there are 86 for permanent promotion to the grade of lieutenant; and in the Air Force and Air Force Reserve there are 2,153 for promotion to the grade of colonel and below. Since these names have already appeared in the CONGRESSIONAL RECORD and to save the expense of printing on the Executive Calendar, I ask unanimous consent that these names be placed on the Secretary's desk for the information of any Senator.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The nominations ordered to lie on the Secretary's desk were printed at the end of the Senate proceedings of July 30, 1974.)

By Mr. JACKSON, from the Committee on Armed Services:

David Samuel Potter, of Virginia, to be Under Secretary of the Navy; and

William Holmes Cook, of Illinois, to be a judge of the U.S. Court of Military Appeals.

(The above nominations were reported with the recommendation that the nominations be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By Mr. THURMOND, from the Committee on Armed Services:

S. 3906. An original bill to amend title 10, United States Code, by repealing the requirement that only certain officers with aeronautical ratings may command flying units of the Air Force. Placed on Calendar.

By Mr. BELLMON:

S. 3907. A bill to amend title 38 of the United States Code to provide that veterans' pension and compensation will not be reduced as a result of cost of living increases in social security benefits. Referred to the Committee on Veterans' Affairs.

By Mr. TAFT:

S. 3908. A bill to revise and improve the program of supplemental security income established by title XVI of the Social Security Act, and for other purposes. Referred to the Committee on Finance.

By Mr. BELLMON:

S. 3909. A bill to further develop rural America by improving the delivery of emergency medical services through the guarantee of loans for the purchase of ambulance vehicles and related equipment. Referred to the Committee on Agriculture and Forestry.

By Mr. METCALF (for himself and Mr. MANSFIELD):

S. 3910. A bill to amend the Interstate Commerce Act, as amended, and Acts amendatory and supplemental thereto to provide for an explicit standard of reasonableness governing the establishment of railroad rates, charges and practices for agricultural and rural commodities, to encourage increased transportation of agricultural and rural commodities by railroad, and for other purposes. Referred to the Committee on Commerce.

By Mr. BENTSEN (for himself, Mr. MCINTYRE, and Mr. PERCY):

S. 3911. A bill to establish a Commission on Federal Paperwork. Referred to the Committee on Government Operations.

By Mr. HATFIELD:

S. 3912. A bill to provide for representation in certain collateral and appellate proceedings before courts of the United States. Referred to the Committee on the Judiciary.

By Mr. CURTIS (for himself, Mr. GOLDWATER, Mr. HANSEN, Mr. HELMS, and Mr. ROTH):

S. 3913. A bill to provide for a 10 percent reduction in congressional salaries whenever the budget is not balanced. Referred to the Committee on Post Office and Civil Service.

By Mr. JAVITS:

S. 3914. A bill to provide for monitoring of the economy and to establish an Economic Review Board. Referred to the Committee on Banking, Housing and Urban Affairs.

By Mr. HARTKE (for himself, Mr. BAYH, Mr. GRIFFIN, Mr. HART, Mr. SCHWEIKER, Mr. HUGH SCOTT, Mr. TAFT, Mr. NELSON, Mr. PROXMIRE, Mr. METZENBAUM, Mr. STEVENSON, Mr. PERCY, Mr. HUMPHREY, and Mr. BUCKLEY):

S. 3915. A bill to amend the Merchant Marine Act, 1936, in order to establish a Great Lakes Region Office in the Maritime Administration, Department of Commerce. Referred to the Committee on Commerce.

By Mr. HRUSKA:

S. 3916. A bill to terminate the Emergency Daylight Saving Time Energy Conservation Act of 1973 on the last Sunday of October 1974. Referred to the Committee on Commerce.

By Mr. STEVENSON, from the Committee on Banking, Housing and Urban Affairs:

S. 3917. An original bill to amend and extend the Export-Import Bank Act of 1945, as amended, and for other purposes. Placed on the Calendar.

By Mr. MUSKIE (for himself, Mr. STEVENSON, Mr. JOHNSTON, and Mr. MANSFIELD):

S. 3918. A bill entitled The Cost of Living Act of 1974. Referred to the Committee on Banking, Housing and Urban Affairs.

By Mr. SPARKMAN, from the Committee on Banking, Housing and Urban Affairs:

S. 3919. An original bill to authorize the establishment of a Council on Wage and Price Stability. Placed on the Calendar.

By Mr. NELSON:

S. 3920. A bill to establish administrative practices and procedures to protect constitutional rights and liberties involved in the disclosure of records of private communications. Referred to the Committee on the Judiciary.

By Mr. MANSFIELD:

S.J. Res. 235. A joint resolution to authorize and request the President to issue a proclamation designating the fourth Sunday in September of each year as "Good Neighbor Day." Referred to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. BELLMON:

S. 3907. A bill to amend title 38 of the United States Code to provide that veterans' pension and compensation will not be reduced as a result of cost-of-living increases in social security benefits. Referred to the Committee on Veterans' Affairs.

Mr. BELLMON. Mr. President, during the past few years, the citizens of this country have witnessed unprecedented inflation. Regrettably, increases in the cost of living have become a normal expectation. In the past 5 years, the cost of living has increased nearly 30 percent. The average family in America has seen the price of food go up 22 percent during the past year. In 1973 alone, consumer prices jumped 8.8 percent, and prices during the first half of 1974 continue to rise.

Through various means Congress and the executive branch have attempted to compensate Federal employees, retired persons, and veterans for the effect of rapidly rising prices. Generally their efforts have been successful but there is one area where we have failed miserably.

Veterans who also receive social security or SSI payments have been left out. Many veterans and their families rely heavily on these benefits as their major source of income. Under present law as one benefit is raised, the other is lowered so that the veteran income remains constant. As prices rise, the dollar buys less, and hence the veterans' buying power is reduced by inflation.

Mr. President, Congress in recent years has recognized the difficulty older people have in making ends meet in a time of rapidly rising prices. In 1972, Congress passed a greatly needed 20-percent increase in social security benefits. Shortly thereafter, a cost-of-living escalator clause was attached to social security benefits. Therefore, as the cost of living goes up, those dependent on social security benefits have a hedge against inflation. Our veterans are left out in this arrangement, as their social security or SSI payments go up then veterans' pensions are lowered by a like amount so that the veteran has no protection against inflation.

Figures from the Congressional Research Service indicate that 1.2 million pensioners have had their veterans' benefits reduced as a result of social security increases. Approximately 20,000 pensioners have been dropped from the rolls because of social security increases, and 15,000 have experienced income losses ranging from $38 to $168 annually, with the average loss around $108 annually. Certainly Congress did not intend an overall reduction of veterans' benefits, but in many cases this is exactly what happened. In effect, Congress failed to protect the purchasing power of the veterans' dollar and those reliant on veterans' benefits, while at the same time granting nonveterans the full measure of cost-of-living increases. What we have given with one hand we have taken away with the other. This is simply not fair. Corrective action by Congress is badly needed.

Mr. President, I rise today to offer a solution to this problem. The measure I submit today is aimed at protecting the purchasing power of the veterans' dollar. To assist the veteran in his fight against inflation, this measure prohibits veterans' pension and compensation benefits from being reduced as a result of social security increases. This bill mandates the Administrator of the Veterans' Administration to disregard all cost-of-living increases in social security benefits for the purpose of determining veterans' compensation and pension benefits. By taking this action Congress would restore to the veterans the full measure of social security increases while at the same time protecting the needed benefits by the veterans' pension and compensation payments.

Mr. President, this Government is committed to the goal of insuring the veteran certain benefits in recognition of service to our country. This commitment is irreversible. Hence, if we are to keep our promise to the veteran, let us remove the present inequities that have resulted from our own inability to stabilize our economy and give the veterans protection against the rising cost of living. This country owes a great debt of gratitude to its veterans. This legislation is vital to the lasting economic well-being of America's veterans. It is my hope that the Senate will act promptly in consideration of this matter.

Mr. President, I ask unanimous consent that the full text of my bill be printed in the RECORD at this point.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 3907

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) subsection (g) of section 415 of title 38, United States Code, is amended by adding at the end thereof the following new paragraph:

"(4) In determining the annual income of any individual who is entitled to monthly benefits under the insurance program established under title II of the Social Security Act, the Administrator, before applying paragraph (1)(G) of this subsection, shall disregard any part of any such benefit which results from (and would not be payable but for) the general increase in benefits under such insurance program provided by section 201 of Public Law 93–66 or any subsequent cost-of-living increase in such benefits occurring pursuant to section 215(i) of the Social Security Act."

(b) Section 503 of title 38, United States Code, is amended by adding at the end thereof the following new subsection:

"(d) In determining the annual income of any individual who is entitled to monthly benefits under the insurance program established under title II of the Social Security Act, the Administrator, before applying subsection (a)(6) of this section, shall disregard any part of any such benefit which results from (and would not be payable but for) the general increase in benefits under such insurance program provided by section 201 of Public Law 93–66 or any subsequest cost-of-living increase in such benefits occurring pursuant to section 215(1) of the Social Security Act."

(c) In determining the annual income of any person for purposes of determining the continued eligibility of that person for, and the amount of, pension payable under the first sentence of section 9(b) of the Veterans' Pension Act of 1959, the Administrator of Veterans' Affairs shall disregard, if that person is entitled to monthly benefits under the insurance program established under title II of the Social Security Act, and part of any such benefit which results from (and would not be payable but for) the general increase in benefits under such insurance program provided by section 201 of Public Law 93–66 or any subsequent cost-of-living increase in such benefits occurring pursuant to section 215(i) of the Social Security Act.

SEC. 2. This Act shall apply with respect to annual income determinations made under the veterans' pension laws and section 415(g) of title 38,, United States Code for calendar years after 1973.

By Mr. TAFT:

S. 3908. A bill to revise and improve the program of supplemental security income established by title XVI of the Social Security Act, and for other purposes. Referred to the Committee on Finance.

SUPPLEMENTAL SECURITY INCOME AMENDMENTS OF 1974

Mr. TAFT. Mr. President, today I am introducing the Supplemental Security Income Amendments of 1974.

As Senators we hear more about the Federal programs which develop problems than the programs which are running smoothly. In that context, I have become all too familiar with the SSI program during its first 7 months of operation.

Prior to its inception this year, the SSI program was described as a great step forward in the provision of assistance for a large segment of our Nation's poor. For the first time, our aged, blind, and disabled citizens were to have a uniform income floor which would fulfill their minimum basic needs, despite their limited abilities in many cases to earn a living. The caprices, inadequacies, and inequities of 50 different State public assistance programs for these people were to disappear.

These concepts remain valid and the SSI program remains, potentially, a major step toward a more rational and responsible public assistance program. It has already been of considerable benefit to many Americans. But in its first 6 months, the program was limited by too many operating hitches and serious shortcomings. In my July 16 testimony before the Special Committee on Aging, I listed these shortcomings as follows:

Recipients must wait too long while their eligibility for SSI is determined, and they are assured of no assistance during this period. Recipients designated as presumptively disabled may receive help for the first 3 months of this period, but this designation has been made only in very limited circumstances—cases of paraplegics, double amputees, or those deaf or obviously blind;

Recipients are not guaranteed protection from the ravages of inflation, which is eroding even the modest benefits now provided;

There has been no provision for immediate help in hardship cases involving SSI recipients whose checks have been lost, stolen or otherwise not received;

Because of the bizarre operation of program rules, a recipient cannot live in an institution which regularly charges a fixed rate or furnishes care at a fixed rate exceeding the SSI benefit level, even though he may receive the limited help from charity which is necessary to do so, unless he forfeits the total SSI benefit;

Attempts by charities, relatives, friends or other sources to help support SSI recipients are rendered fruitless by the program's dollar for dollar penalty for maintenance and support;

Delivery of benefits is not coordinated with delivery of other Government assistance to promote recipient convenience and to reduce hardship and ignorance of available help;

Recipients remain eligible for food stamps only through interim legislation. A law which would cut off some of them in a discriminatory fashion is scheduled to become effective next June 30;

Hearing rights and other legal rights are inadequate in some respects;

Some of the rules for determining a recipient's income for the purpose of calculating the benefit level are unnecessarily harsh; and

The provision of law which forbids payment of benefits to inmates of public institutions is having a disproportionately large effect upon my own constituents in Ohio.

I am extremely pleased that significant efforts to address the three problems in that list have now reached fruition. The last bill signed by President Nixon included my provisions to save hundreds of thousands of SSI recipients from financial catastrophe during the weeks or months necessary to determine their eligibility for SSI. This legislation will allow States and counties to be reimbursed, out of the retroactive SSI payment due to a recipient upon the determination that he is eligible for SSI, for any payments made to him during the waiting period. By assuring the States and counties that they will be reimbursed, it should enable them to extend advances at the SSI benefit level on a widespread basis. From the SSI recipient's standpoint, the result will be the same as if he were determined eligible for SSI immediately.

Protections are included in the new law to ensure that the SSI recipient participates on a voluntary basis and is promptly paid any balance of SSI owed retroactively to him. Although a 1-year expiration date was included in my original legislation so that while adopting it to provide immediate relief, Congress would continue to evaluate other means of providing this emergency assistance to SSI recipients, the conferees saw fit to give the program a 2-year life.

I believe that the new law is of crucial importance because food bills, medical bills, and other necessary living expenses will not wait 2 to 5 months for a Government determination. It could help the disabled in particular, whose determinations, tragically, are subject to the longest delays.

The same law takes another major step forward by mandating that SSI benefits will increase automatically to keep pace with cost-of-living increases, thus addressing the second concern mentioned in my July 16 testimony. I am hopeful that the third concern I listed will be addressed adequately by the new check replacement procedures originally scheduled to be instituted for August by the Social Security Administration and I will refrain from introducing legislation to deal with that concern until it is evident that problems remain.

The other problems I mentioned, however, still wait for solutions. My legislation would deal with them in many respects.

Treatment for SSI purposes of support and maintenance furnished in cash or in kind is the most serious case in point, because it has thrown or eventually could throw many institutions' treatment of welfare recipients totally out of kilter. The benefit reductions resulting under present SSI rules produce some incredible results when applied to potential SSI recipients living in institutions with fixed charges higher than the SSI benefit level.

For example, leaving aside the $20 per month disregard of income for simplicity's sake, if the institution's charge is $156, the SSI recipient pays $146 and perhaps the institution absorbs or a charity pays the difference. However, that $10 is counted as "unearned income," so that the next month the SSI benefit is reduced to $136 and the institution has to absorb or the third party pay $20 instead of $10. The next month there would be $20 in unearned income and the SSI benefit would drop to $126. Thus, the expense of the institution or third party would increase to $30, which that institution or third party may or may not be willing or able to pay. The ultimate result of this process would be that the SSI benefit is reduced to zero and either the institution or third party must support the SSI receipient entirely or the recipient leave the institution.

The effects of such benefit reductions, I understand, have been limited so far because they have not been applied to those recipients which were converted from the old welfare program to SSI. However, a potential universe of 180,000–200,000 of these people possibly could be affected when annual redeterminations are made, in addition to those who were not converted or did not previously live in institutions and thus have problems now.

I am hard pressed to think of any other program rule in the Government which operates in such a bizarre and counterproductive manner. I am pleased that the Social Security Administration is attempting to attack this problem administratively and I urge that this effort be continued. However, my bill includes a legislative solution both as an indication of my belief that immediate action is needed and because I believe that legislative changes are likely to be necessary and desirable even once everything possible is done administratively.

Unlike "earned" wage or salary income, "unearned" income is deducted dollar for dollar from the potential SSI benefit once the income disregard level has been exceeded. This arrangement eliminates any possible role of significance for tax-exempt charities or other third parties, including relatives, in assisting SSI recipients. If the charity or other third party wishes to increase the level of support of an SSI recipient by $1 per month and the $20 income disregard has already been utilized, it must pay him an extra $147 per month to do so. Thus, it is fruitless for a charity to help SSI recipients unless it alone can support them at a much higher level than SSI benefits. Any government-private partnership in support of SSI recipients is eliminated, including arrangements permissible under old welfare law in which the government would contribute welfare payments to a person's institutional support, while a third party would absorb remaining costs.

While this cut-off of additional help for SSI recipients might be more justifiable if SSI benefits alone provided a generous or even a clearly adequate level of support, the provision of $146 plus the $20 income disregard per month is simply not enough to justify a Federal policy that further contributions from private sources are virtually to be barred.

In addition to these specific concerns, various complaints have come to my office involving wide variations among social security district offices in the interpretation of levels of both income in kind and resources. While individual judgments are involved and some variations will always exist, the Social Security Administration should provide the training and take other necessary steps to further more equitable administration of these provisions.

Section 2 of the bill deals comprehensively with the problems concerning the treatment for benefit determination purposes of maintenance furnished in cash or in kind. To create an incentive for support of SSI recipients by private parties such as relatives, it would provide that SSI benefits would be reduced by 50 cents rather than the present dollar for each dollar of maintenance and support furnished in cash or in kind. This source of income would still be treated less favorably than wage and salary income, to which a $780 annual disregard applies before SSI benefits are reduced in the same manner as I have just explained.

Congress should consider whether this proposed change necessarily should be accompanied by a reduction from 33⅓ percent of the amount automatically subtracted from benefits, applicable to SSI recipients living in others' households. I feel that there are arguments on both sides and my bill does not change this provision, but the matter should be studied further.

Section 2 also prevents the work of federally tax-exempt charities based on need from being undermined ironically by Federal reductions in SSI benefits. To accomplish this and to help solve the problems involving residents of institutions in particular, it would allow contributions from this type of source not to result in reductions in SSI benefits.

This provision reflects practice under prior welfare law. It is also similar to an amendment by Senator CHURCH to H.R. 13631, which the Senate adopted on its last working day and which would go a long way toward eliminating the problem concerning individuals in institutions. My provision is somewhat broader than the Church amendment because it does not apply solely to residents of institutions.

That same section of the bill would also deal directly with the benefit "spin-down" problem, by stating that where the part of an SSI recipient's institutional charge in excess of the standard SSI benefit level is waived or paid by a third party, any additional payment made necessary by the workings of the "unearned income" provision would not in turn count as unearned income and result in a further SSI benefit reduction.

Thus, in the example I mentioned earlier, if a relative contributed the extra $10, the SSI benefit would be reduced by $5—rather than $10 because of my other amendment in section 2 which I have already described—and the SSI benefit would drop to $141. However, even though the relative's contribution would rise to $15, the SSI benefit would not drop further and therefore, defeat the effort to support the SSI recipient.

Taken together, these changes in section 2 would provide for sensible treatment both of SSI recipients living in institutions and of private contributions in support of SSI recipients.

Section 3 of the bill follows up upon my efforts to assure that those persons waiting to be determined eligible for SSI are assigned sufficiently. Section 3(a) deals specifically with the problem area of disability cases. Under present law, persons judged to be "presumptively disabled" may receive up to 3 months SSI benefits. Because these benefits are not repayable even if the applicant is later found to be ineligible for SSI, determinations of presumptive eligibility certainly should be made cautiously. However, I have pointed out that this Social Security Administration, at least until recently, went overboard and was so restrictive that it eliminated almost everyone.

The Social Security Administration has been aware of this problem, but originally took the position that the legislative history of the SSI provision gave them no leeway to adopt a less restrictive policy. My legislation makes clear that they should do so, by requiring criteria designed to assure that individuals who are reasonably established to be suffering from conditions which normally constitute disability will be be presumed disabled.

If State and county welfare systems take full advantage of the new law which allows them to be reimbursed for providing interim assistance, there will be considerably less need for this amendment. However, the need for the Federal Government to facilitate assistance to the disabled directly in this manner, despite the existence of much-improved State and local interim assistance efforts, is likely to be significant and should be examined fully.

Since writing this provision I have heard reports that the standards for presumptive disability determinations have become more reasonable in recent weeks. Because of the restrictive past committee report language and lack of definite confirmation of this trend as yet in Ohio, I am nevertheless introducing the legislative changes. Of course, I will not press for action on it if the administrative changes prove to be adequate.

The second provision of section 3 would allow the Federal Government to offer its own interim assistance program for presumptively eligible aged persons waiting for SSI eligibility determinations. It changes the limit on repayable cash advances to presumptively eligible recipients from $100 to $100 times the number of months a person has been waiting.

As I have mentioned, my legislation to provide this assistance through State and county welfare systems originally had an expiration date of June 30, 1975, rather than the June 30, 1976 date which was enacted. While it is flattering that the conferees thought so much of my approach that they more than doubled its life, I had included the 1975 date to ensure that Congress would keep close watch on the new system and continue to evaluate whether this type of assistance could be provided more effectively through other means—in other words, through the Federal Government directly.

Today I am including a limited proposal to do just that, for the purpose of ensuring congressional review of the situation. I use the term "limited" because of the qualification that persons must be presumptively eligible for benefits to receive help, which would prevent its application to new applicants to a degree which depends upon the administrative definition of presumptive eligibility. Thus, this provision could not totally replace the new law. Alternatively, however, it may be found useful in tandem with the new law to deal with situations such as long delays due solely to problems in a presumptively eligible individual's records, where there definitely should be no need to involve State and county welfare departments.

This provision should not be acted upon until the new provision I sponsored is given a chance to work and its workings are reviewed thoroughly. I am hopeful that the review this provision is designed to stimulate will indicate that it is unnecessary, but I will be ready to move on it if it appears to be needed.

I believe that section 4 of the bill could prove to be extremely important. It requires the Social Security Administration to take steps to coordinate provision of SSI with the provision of other types of assistance for which SSI recipients are likely to be eligible, such as food stamps and State and local public assistance. This is directed to be done with a view to facilitating the filing of claims for and the actual delivery of assistance. When feasible, the Social Security Administration is directed to enter into arrangements with other agencies involved so that claims for all types of assistance can be filed at the same office or at offices near each other. This provision recognizes that the office-to-office runaround syndrome is likely to be particularly hard on elderly and disabled citizens with limited mobility. The Social Security Administration would be authorized to pay any related administrative expenses of other agencies where necessary, so that bickering over the assumption of administrative costs does not lessen the effectiveness of this provision.

One of the possibilities which should be investigated as section 4 is administered is the old practice of "public assistance withholding," under which welfare recipients could have their welfare checks reduced to pay for food stamps and the food stamps included in the same envelope as the welfare check. Because this practice was discontinued when SSI began, some Ohioans who physically could not arrange transportation to food stamp issuing offices were forced off food stamps. While the Federal concern about mailing negotiable instruments such as food stamps is legitimate, this arrangement apparently worked well in Ohio and the Social Security Administration should evaluate fully its possibilities.

Section 5 of my bill would deal with the problem of food stamp eligibility for SSI recipients. In late June, Congress passed legislation which extended for 12 months the present law for determining their eligibility. On the Senate side on June 3 and 4, Senators CRANSTON, EAGLETON, RIBICOFF, and I all introduced similar extension of present law. But while the 12-month extension was extremely important, permanent legislation is still needed because the onerous provisions of Public Law 93–86 are scheduled to become effective next June 30. By mandating that only those whose December 1973 combined welfare and bonus value of food stamp levels exceed their present SSI benefit level would remain eligible for food stamps, these provisions would cut off SSI recipients' food stamps in a manner not necessarily based on income, create an administrative monstrosity because of the recipient-by-recipient calculations required, and eliminate food stamps for groups of SSI recipients when SSI benefits increase, even if these benefit increases are designed solely to keep pace with the cost of living.

The difficult problem of legislating permanent food stamp eligibility provisions has evoked several different proposals from different sources. For several reasons, the concept of "cashing out" the food stamp program initially was attractive to me. Many SSI recipients consider food stamps demeaning because of their high degree of visibility, while for others, transportation problems or inability or unwillingness to go through the red tape limit use of the program. These factors contribute to a participation rate probably less than 30 percent, despite the blanket eligibility of SSI recipients for food stamps.

However, these problems are inherent in the food stamp program and do not pertain only to SSI recipients, although that group is probably affected disproportionately. Furthermore, a cashout only of SSI recipients would create situations in which they are ineligible for food stamps even though others with higher incomes remain eligible. Such a cashout would also create serious administrative difficulties in cases where the SSI recipient lives in a household with others who may be eligible for food stamps. Such cases might even include many husband and wife situations.

These problems led me to conclude, reluctantly, that as long as there is a food stamp program there will be serious problems inherent in mandatory cashout only of SSI recipients. Thus, I am proposing instead that SSI be considered in the same fashion as any other income for purposes of determining food stamp eligibility. An exception would be made under my language in the bill, however, to allow those SSI recipients who are depending on food stamps at the time of enactment and who receive them based solely on their SSI eligibility rather than their income to retain the automatic food stamp eligibility of their household. This arrangement would prevent about one-fourth of the SSI recipients from losing their eligibility for food stamps, while still establishing the principle that food stamp eligibility should be determined based solely on income, regardless of source.

My bill also incorporates other necessary changes to the Food Stamp Act, proposed by the administration, which will affect some SSI recipients. These changes classify groups of unrelated individuals living together as economic units under the food stamp definition of "households" in accordance with a recent Supreme Court ruling, restore certain provisions which were in the Food Stamp Act at one time, but have been deleted and make clear that SSI recipients in the five cashout States, who are now categorically ineligible for food stamps, would become eligible for food stamps if their incomes warrant, under the terms of the bill.

Section 6 of the bill would reduce from 6 months to 2 months the time an elderly couple must live apart before they are each considered eligible individuals for the purpose of receiving supplemental security income benefits. In the interest of saving bureaucrats the work of determining whether a couple has actually separated, present law simply requires that they be paid as if they were living together for the first 6 months that they maintain separate residences. Each person thus receives 25 percent less than the amount which would be available to "eligible individuals," even though each may have to bear the expenses of an individual household.

It is certainly true that administrative difficulties would arise from a requirement that the Social Security Administration constantly determine whether couples who have just moved apart have actually changed their living patterns. It is also true that such a requirement might in itself cause temporary aberrations in these living patterns, which could abuse the program and complicate the administrative task further. However, the present 6-month "penalty period" is definitely excessive. Two months is long enough to make the administrative task easier and to discourage abuses of the program.

The present inadequacy of the legal safeguards surrounding use in the SSI program of "representative payees," to which benefits are paid on behalf of some SSI recipients is addressed by the next two sections of the bill.

Section 7 modifies the inflexible statutory requirement that any disabled recipient who, in addition to any other infirmities, may also suffer from alcoholism or drug addiction, must have his SSI payments made through a representative payee. It amends that provision to allow for a waiver of this requirement when the SSI recipient is receiving rehabilitation treatment and when the chief medical or supervisory officer of the treatment facility certifies in writing that direct payment to the recipient would have therapeutic value to him or her and that there is substantial reason to believe that the recipient would not misuse the SSI payments. This change is necessary to assist rehabilitation facilities in achieving full rehabilitation of their patients.

Present law also gives the Secretary the authority to require a representative payee for any SSI recipient, whenever he deems it appropriate. A glaring legal deficiency of the present program is the lack of any provision for the recipient to appeal the designation of a representative payee, or the choice of any specific payee. My legislation, in section 8, would remedy that deficiency.

Section 9 of the bill would put into SSI law the same deadlines for action on approval of applications which were required under the welfare programs replaced by SSI. It does not seem unreasonable to require the Social Security Administration to meet the same deadlines that the States and counties learned to live with. My provision also adds a requirement that decisions on presumptive eligibility for benefits, on the basis of disability, be made within 20 days of application. These deadlines apply, of course, from the time the application is completed and filed.

Another section of the bill which deals with the legal rights of SSI recipients is section 10. Any actual determination made by the Secretary of Health, Education, and Welfare, after a hearing under the SSI program, would be made subject to judicial review in the same manner and to the same extent as the corresponding determinations made by the Secretary under the social security program.

Section 11 of the bill clears up a minor problem in the definition of income for the purpose of calculating SSI benefits. It makes clear that grants, scholarships, and fellowships received to pay for books, supplies, services, and other expenses related solely to attendance in an educational institution may not be counted as income and thus deducted from the SSI benefit.

Section 12 of the bill amends the social services provisions of the Social Security Act, to insure that individuals whose social services benefits are reduced or cut off will have the opportunity for a fair hearing. It simply recognizes that the changeover to SSI has caused distortions and changes in the assistance offered through other programs, and insures that affected individuals will have the opportunity to state their cases. The proposed authority is similar to that which is already included in the supplemental security income program itself.

The last section of my bill deals with a problem of particular importance to my Ohio constituents, although there certainly must be many aged, blind, and disabled persons in other States who are affected by the same problem. As I mentioned in my testimony last month, the prohibition in present law of SSI payments to inmates of public institutions, unless the institutions meet medicaid standards, is certainly having a disproportionate effect upon Ohio.

In the first few months, there were many State-licensed but privately controlled institutions that had been under the impression that they were being classified as public, and they were receiving different signals from the district and national social security offices. Although this mixup apparently has been cleared up, there are still charges at the State level that the public institutions prohibition is being applied unnecessarily broadly and discriminatorily.

Probably the most widespread effect of the provision in Ohio, however, is its elimination from SSI of about 1,500 residents of the 54 of Ohio's 66 county homes which presently do not meet medicaid standards. Many of these facilities are primarily residential, and I believe that serious questions can be raised about applying the public institutions prohibition to them. While the prohibition is logical when applied to inmates of institutions which it is the clear responsibility of State or local governments to provide, such as prisons, the rationale is less clear with respect to residential facilities, which do not have to be provided. The effect of the prohibition in such cases is to force governments, which assume the extra burden of providing them, either to turn away welfare level individuals most in need of their services or to meet medicaid requirements which they would not be forced to meet for the SSI purposes of their residents if they were privately operated.

While the best answer for public medical facilities is certainly to upgrade these facilities to medicaid standards, medicaid standards are not necessarily fitting or feasible for all primarily residential facilities. In many cases these facilities have been considered to provide an adequate residence and place of general care for elderly people. In some areas, especially rural areas, the situation is further complicated by the lack of sufficient alternative facilities of this type.

The bill would deal with these public institutions problems in two ways. First, it would state that any institution that was considered to be nonpublic for purposes of prohibition on welfare payments to inmates of public institutions under prior law, as of the last day it was in effect—last December 31—which has not changed its purposes, nature, or operation since that time, must still be considered a nonpublic institution for purposes of the SSI program. This provision would not apply to Ohio's county homes, but it would clear up remaining confusion about the possible classification of other institutions as public. It would also prevent the Social Security Administration from expanding this classification unreasonably.

For the reasons I have outlined, my legislation also allows SSI benefits to be paid to residents of public institutions which are principally residential and are not principally hospitals, sanitoriums, extended care facilities, nursing homes, intermediate care facilities, rehabilitation centers, correctional institutions, including prisons, schools, or training facilities.

I recognize, however, that there are many in Congress who will feel strongly that public institutions have a greater responsibility than private institutions to provide decent facilities, even if they are primarily residential. To be responsive to this concern and to protect the residents in these facilities, my bill also conditions payment of these benefits on the institution's conformance to generally applicable State and local requirements relating to safety and sanitation. If the Secretary of Health, Education, and Welfare finds that these requirements are inadequate, he may establish his own standards with regard to safety and sanitation which the facilities would be required to meet.

I have sought estimates of the cost of the legislation. Although reliable specific figures were not obtainable, the cost of all the provisions for which I was able to obtain rough estimates is extremely low. Furthermore, these costs are of the type which I believe the Government must bear as part of a rational and humane support program for our poorest aged, blind, and disabled citizens.

So many different concerns about SSI have been brought to my attention that this legislation is far from all-inclusive. However, I believe it deals with the most serious problems which can reasonably be attacked quickly by legislative action. Furthermore, I hope that introduction of this legislation in the nature of a comprehensive proposal will serve as a starting point for and catalyst to others who may have different opinions and concerns about the future of SSI.

As I have drafted this legislation, I have received helpful input from many in Congress on both sides of the aisle, several national organizations, and many residents of my own State. The congressional input has come from sources as philosophically and politically diverse as Congressman LATTA, of Ohio, and Congresswoman ABZUG, of New York, which is an indication of the widespread congressional concern about these problems.

The work of the Ohio Commission on Aging should be noted in particular because of the long hours and days these people have been working on the problems and their efforts to bring these problems to the attention of the Congress. Martha Sweterlitsch of the commission staff has contributed almost daily to the refining of this bill.

I ask unanimous consent that the text of the supplemental security income amendments be printed in the RECORD at this point.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 3908

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Supplemental Security Income Amendments of 1974."

MODIFICATIONS IN DEFINITION OF INCOME AND EXCLUSIONS FROM INCOME

SEC. 2. (a) Section 1612(a)(2)(A) of the Social Security Act is amended—

(1) by inserting "(i)" immediately after the word "that", and

(2) by inserting immediately before the semicolon at the end thereof the following: ", and (ii) in the case of an individual who resides in a residential institution which imposes, for the services provided by such institution to such individual, a charge which (for any month) is in excess of the dollar amounts applicable to such individual as specified in subsections (a) and (b) of section 1611, there shall not, if there is a waiver by such institution of the amount of such excess or if payment of such excess is made by another person, be counted (by reason of such waiver or such payment) as unearned income of such individual any amount which is greater than the amount of such excess".

(b) Section 1612(b)(3) of such Act is amended—

(1) by striking out "and" at the end of clause (A) thereof, and

(2) by inserting, immediately before the semicolon at the end of clause (B) thereof, the following: ", and (C) an amount equal to one-half of the unearned income of such individual (and such spouse, if any) received in the form of support and maintenance furnished in cash or kind (but not including any such income to which clause (i) of subsection (a)(2)(A) applies)".

(c) Section 1612(b)(6) of such Act is amended by inserting, immediately before the semicolon at the end thereof, the following: ", or any assistance which is based on need and is furnished by any private agency or organization exempt from taxation under section 501(a) of the Internal Revenue Code of 1954 as an organization described in section 501(c) (3) or (4) of such Code".

CRITERIA FOR PRESUMPTION OF DISABILITY; CASH ADVANCES TO PRESUMED ELIGIBLES

SEC. 3. (a) Section 1631(a)(4) of the Social Security Act is amended by adding at the end thereof the following new sentence: "The Secretary shall establish (for purposes of carrying out the provisions of clause (B) of the preceding sentence) criteria for the determination of presumptive disability, which criteria shall be designed to assure that individuals who are reasonably established to be suffering from conditions which normally constitute disability will be presumed to be disabled."

(b) Section 1631(a)(4)(A) of such Act is amended by striking out "a cash advance against such benefits in an amount not exceeding $100" and inserting in lieu thereof "one or more cash advances against such benefits (except that the aggregate amount of such advances shall not be greater than the product of $100 times the number of months for which the individual is presumptively eligible for such benefits)".

(c) Section 1631(a)(4)(B) of such Act is amended by striking out "a period not exceeding three months" and inserting in lieu thereof "the period".

ADMINISTRATION TO BE COORDINATED WITH THAT OF OTHER ASSISTANCE PROGRAMS

SEC. 4. Section 1633 of the Social Security Act is amended—

(a) by inserting "(a)" immediately after "Sec. 1633.", and

(b) by adding at the end of such section the following new subsection:

"(b)(1) The Secretary, in administering the benefits provided under this title, shall, to the maximum extent feasible, take measures designed to coordinate the administration of this title and the administration of other public programs providing assistance of a type for which recipients of benefits under this title are likely to be eligible, with a view to facilitating the filing of claims for and receipt of such assistance by such recipients.

"(2) In carrying out the provisions of paragraph (1), the Secretary shall, whenever feasible, enter into arrangements with agencies administering such programs whereby claims for assistance provided under such programs may be filed at the office receiving claims for benefits under this title or at another location in the immediate vicinity of such office.

"(3) The Secretary is authorized to reimburse any public agency for any additional administrative expenses incurred by such agency by reason of an agreement or arrangement made between such agency and the Secretary for the purpose of implementing the provisions of this subsection."

ELIGIBILITY OF SSI RECIPIENTS FOR FOOD STAMPS

SEC. 5. (a)(1) Section 3(e) of the Food Stamp Act of 1964, as amended, is amended to read as follows:

"(e) The term 'household' shall mean a group of individuals who are not residents of an institution or boarding house but are living as one economic unit sharing common cooking facilities and for whom food is customarily purchased in common. The term 'household' shall also mean (1) a single individual living alone who has cooking facilities and who purchases and prepares food for home consumption, (2) an elderly person who meets the requirements of section 10(h) of this Act, or (3) any narcotics addict or alcoholic who lives under the supervision of a private nonprofit organization or institution for the purpose of regular participation in a drug or alcoholic treatment and rehabilitation program. Residents of federally subsidized housing for the elderly built under either section 202 of the Housing Act of 1959 (12 U.S.C. 1701q) or section 236 of the National Housing Act (12 U.S.C. 1715z–1) shall not be considered residents of an institution or boarding house for purposes of eligibility for food stamps under this Act.".

(b) Section 5 of said Act is further amended by adding the following new subsection:

"(e) On and after the effective date of this subsection, the eligibility for participation in the food stamp program of any household which contains a member with respect to whom supplemental security income benefits are being paid under title XVI of the Social Security Act shall be determined on the basis of the uniform national eligibility standards for nonpublic assistance households established by the Secretary pursuant to this section."

(c) The amendments made by subsections (a) and (b) shall take effect on the first day of the first month which begins after the date of enactment of this Act.

(d) Notwithstanding any other provision of law, if, for the month prior to for which the amendments made by subsections (a) and (b) become effective, any household is eligible (solely because a member of such household is an individual with respect to whom supplemental security income benefits are being paid under title XVI of the Social Security Act) to receive food stamps under the Food Stamp Act of 1964, such household shall continue to be eligible for food stamps under the Food Stamp Act of 1964 for each month (A) which is a month for which the amendments made by subsections (a) and (b) are in effect, and (B) which is in a continuous period of months (beginning with the first month for which the amendments made by subsections (a) and (b) become effective) for each of which there is being paid to such member such supplemental security income benefits.

SPOUSES LIVING APART

Sec. 6. Section 1614(b) of the Social Security Act is amended, in the first sentence thereof, by striking out "six months" and inserting in lieu thereof "two months".

REPEAL OF REQUIREMENTS OF THIRD-PARTY PAYEE IN CERTAIN CASES

Sec. 7. The second sentence of section 1631(a)(2) of the Social Security Act is amended by inserting before the period at the end thereof the following: "; except that this requirement shall not apply with respect to any individual or eligible spouse referred to in section 1611(e)(3)(A) if (and for as long as) the Secretary determines, upon the certification of the chief medical or supervisory officer of the institution or facility where such individual or spouse is undergoing treatment as required by such section, that the payment of benefits directly to such individual or spouse would be of significant therapeutic value to him or her and that there is substantial reason to believe that he or she would not misuse or improperly spend the funds involved."

HEARINGS AND REVIEW IN CASES OF REPRESENTATIVE PAYEE DESIGNATIONS

Sec. 8. (a) Section 1631(c)(1) of the Social Security Act is amended by inserting after "such individual's benefits," the following: "or who is or claims to be an eligible individual or eligible spouse and is in disagreement with the designation of another person (or of a particular other person) to receive his or her benefits under subsection (a)(2),".

(b) Section 1631(c)(1) of such Act is further amended by inserting "or designation" after "such determination".

(c) The requirement in section 1631(c)(1) of the Social Security Act (as amended by subsection (a) of this section) that an individual must request a hearing on the designation of a representative payee within thirty days after such designation is made in order to obtain such hearing shall be deemed to be satisfied, in any case where the payee was designated prior to the effective date of this section, if such individual requests the hearing within 30 days after such date.

REQUIREMENT OF EXPEDITIOUS ACTION ON APPLICATIONS FOR BENEFITS

Sec. 9. Section 1631(a)(1) of the Social Security Act is amended by adding at the end thereof the following new subparagraph:

"(C) Notwithstanding any other provision of this title, any application for benefits under this title shall be acted upon within 30 days after it is filed (or within 60 days after it is filed in the case of an individual applying for such benefits on the basis of disability and in such case a decision on presumptive eligibility shall be made within 20 days)."

JUDICIAL REVIEW

Sec. 10. Section 1631(c)(3) of the Social Security Act is amended by striking out "; except that the determination of the Secretary after such hearing as to any fact shall be final and conclusive and not subject to review by any court".

EXCLUSION FROM INCOME OF CERTAIN EDUCATION EXPENSES PAID FOR BY GRANTS, FELLOWSHIPS, OR SCHOLARSHIPS

Sec. 11. Section 1612(b)(7) of the Social Security Act is amended by inserting immediately before the semicolon at the end thereof the following: ", for use in paying for books, supplies, and services needed in connection with attendance at such institution, or for use to defray other expenses reasonably attributable to attendance at such institution (but including, in the case of living expenses, only so much thereof as is in excess of the living expenses which would have been incurred by or with respect to such individual if he had not been attending such institution)".

HEARINGS FOR AGED, BLIND, AND DISABLED RECIPIENTS OF SOCIAL SERVICES

Sec. 12. Section 602(a) of the Social Security Act is amended (1) by striking out the period at the end of clause (12) thereof and inserting in lieu of such period "; and", and (2) by inserting after such clause (12) the following new clause:

"(13) effective January 1, 1975, provide that the State agency will provide an opportunity for a fair hearing, before such agency, to any individual requesting a hearing because his claim for services is denied, or it is not acted upon with reasonable promptness, or because he is aggrieved by any other agency action by which he is affected and which relates to the receipt, suspension, reduction, or termination of such services.".

RESIDENTS OF CERTAIN PUBLIC RESIDENTIAL FACILITIES

Sec. 13. (a) Section 1611(e)(1) of the Social Security Act is amended—

(1) in subparagraph (A) thereof, by striking out "subparagraph (B)" and inserting in lieu thereof "subparagraphs (B), (C), and (D)", and

(2) by adding at the end thereof the following new subparagraphs:

"(C) The provisions of subparagraph (A) shall not be applicable to any individual who is a resident of an institution—

"(i) which, on December 31, 1973, was used principally as a residential facility and not principally as a hospital, sanatorium, extended care facility, nursing home, intermediate care facility, rehabilitation center, correction institution, or school or training facility, and

"(ii) which is and has continuously been used (during the period commencing January 1, 1974) for the same purposes for which it was used on December 31, 1973, and during which period such institution has not been substantially changed (in terms of its nature, operation, and use) since December 31, 1973;

except that the provisions of this subparagraph (C) shall not be applicable to any individual who resides in such an institution during any period for which such institution fails to meet generally applicable State and local requirements relating to safety and sanitation, or if the Secretary finds that such requirements are inadequate, such standards relating to safety and sanitation as the Secretary shall by regulations establish.

"(D) The provisions of subparagraph (A) shall not be applicable to any individual who is a resident of an institution if—

"(i) there was in effect, for the month of December 1973, a determination made under a State plan approved under title I, X, XIV, or XVI of this Act (as in effect in December 1973) that such institution was not a 'public institution', for purposes of requirements of such plan which restricted aid or assistance thereunder to individuals who were not in a public institution,

"(ii) under such plan, Federal financial participation was legally authorized with respect to aid or assistance furnished to residents of such institution during the month of December 1973, and

"(iii) such institution is and has continuously been used (during the period commencing January 1, 1974) for the same purposes for which it was used in the month of December 1973, and if during such period such institution has not been substantially changed (in terms of its nature, operation, and use) since December 1973.

EFFECTIVE DATES

Sec. 14. (a) The amendments made by sections 2 and 13 of this Act shall become effective on the first day of the month following the month in which this Act is enacted.

(b) The amendments and repeals made by sections 3, 6, 7, and 8 of this Act shall become effective on the first day of the first month which begins at least thirty days after the date of enactment of this Act.

(c) The amendment made by section 9 of this Act shall apply with respect to applications filed on or after the date of enactment of this Act, and shall also apply (as though the applications involved were filed on such date) with respect to applications filed before the date of enactment of this Act but not acted upon as of such date.

(d) The amendment made by section 10 of this Act shall apply with respect to determinations made by the Secretary of Health, Education, and Welfare on and after the date of enactment of this Act.

(e) The amendments made by sections 4 and 11 of this Act shall take effect on the date of enactment of this Act.

By Mr. BELLMON:

S. 3909. A bill to further develop rural America by improving the delivery of emergency medical services through the guarantee of loans for the purchase of ambulance vehicles and related equipment. Referred to the Committee on Agriculture and Forestry.

Mr. BELLMON. Mr. President, in the past few years Congress has devoted a great deal of time and energy to a wide range of health issues and problems. Yet, in all the uncountable hours we have spent addressing this country's health needs, and in spite of huge Federal expenditures, complete health care in rural America is still nonexistent.

On February 25, 1974, I addressed this body on some of the many and varied problems that exist today in the delivery of health care services to rural America. These problems are complex and difficult to solve. There is no one perfect solution, yet the critical nature of these problems demands our attention. The plain facts are that rural America faces a devastating decline in the number of physicians and many small communities are in dire need of medical facilities and equipment.

One of the most visible and best understood of the many problems faced in the area of rural health care is the appalling and unnecessary loss of life and disability resulting from lack of proper care for victims of accidents or catastrophic illness. Although the problems of rural health are many and varied, none is more critical than the availability of emergency ambulance services. It is my purpose here today to offer what I believe to be a viable solution to this problem.

It is an often quoted statistic that accidents are the fourth most common cause of death in the United States. Accidents kill more persons in the productive age group, age 1–37, than any other cause. Testimony elicited during House consideration of the Emergency Medical Services Systems Act of 1973 shows that the ratio of deaths and disabilities caused by accidents is much higher in isolated rural areas in proportion to the number of emergency incidents across the Nation. This situation is equally distressing in regard to sudden illnesses. It is estimated that approximately 10 percent of all coronary deaths could have been saved had there been available emergency ambulance services. Much of the loss of life and disability resulting from accidents in rural areas can be attributed to the sad state of emergency medical treatment.

Mr. President, the key to effective emergency medical care is transportation. Through ambulance to hospital radio communication, trained ambulance personnel operating properly equipped vehicles can alert the hospital and doctor to the condition and needs of the patient, administer quick first aid treatment and have hospital personnel recommend treatment of the patient while enroute to the hospital, thus saving many lives. It is estimated that over 60,000 lives could have been saved last year alone if proper emergency ambulance services had been available.

The small town of Skiatook, Okla. is an example of the pathetic state of emergency ambulance services. However, because of failure to comply with Federal regulations, the only ambulance service available in Skiatook had to be discontinued. Realizing the critical needs for emergency ambulance services, the citizens of this small north Tulsa community put their heads together, raised sufficient funds and set out to solve their own problems. Eventually they established a system of emergency medical treatment. Not only is this effort to solve their own problems a tribute to the pride and character of Skiatook, it vividly demonstrates the practicality of the concept embodied by the measure I introduce here today.

Mr. President, the solution I offer to the problems of emergency ambulance service is simple. I am convinced that the best way to tackle this problem is to utilize local talent and resources to the maximum extent possible. It is therefore necessary that local citizens be actively engaged in solving this crucial problem. Recognizing that local community involvement is necessary to an effective emergency ambulance system, I propose that rural communities within relatively close proximity to each other band together to form associated health councils for the purpose of providing emergency ambulance service. Once formed, section 2 of my bill authorizes the Federal Government to guarantee loans necessary for these small communities to finance the purchase of necessary vehicles and related emergency equipment.

There are two distinct advantages to this approach. First, this act allows the local community to play the major role in solving their own ambulance service problems. The burden is on local communities to come together, identify their own problems and act accordingly. Second, one community by itself often does not have the financial capability or security to purchase or negotiate the loan necessary to obtain the vehicle and related equipment necessary for ambulance service. We should also recognize that the operation of an emergency ambulance service is often a profitable enterprise. Information provided by the Congressional Research Service indicates that most rural ambulance services can get along adequately on an annual collection of $1 to $2 per capita if volunteers are available. Thus the chance of the guaranteed loan ultimately becoming a subsidy is minimal. By guaranteeing the necessary loan we make more attractive the credit risk of the small community and thus enhance the financial capability of rural America to solve this crucial problem.

Mr. President, there presently exists in the law today certain Federal requirements for the operation of ambulance services. Certainly I do not question the need for such policy. We all recognize that certain minimum regulations must exist for the comfort and safety of sick or injured persons. However, to many small communities these regulations are an impossible barrier and therefore prevent any emergency ambulance service whatsoever. While I do not advocate repeal of any one specific regulation, I submit that in the case of getting a man who is severely injured to a hospital quickly, something is better than nothing. Accordingly, I am recommending within the provisions of this bill that the Secretary of Health, Education, and Welfare have the authority to waive regulations he feels necessary to meet the needs of rural communities. Hopefully, this will allow Federal policy to be more flexible in order to meet local needs while at the same time insuring that minimum standards are maintained.

The problems of rural health are potentially catastrophic, and I therefore urge quick consideration of the measure.

Mr. President, I ask unanimous consent that the text of my bill be printed in the RECORD at this point.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 3909

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Rural Development Act of 1972 be amended by adding at the end thereof the following new section:

(1) The Secretary of Agriculture is authorized to identify those communities in rural areas of the United States where emergency ambulance services are needed and to encourage the development of emergency ambulance services by guaranteeing loans to associated community health councils for the purpose of purchasing and financing needed ambulances and other related equipment necessary to the operation of emergency ambulance services.

(2) For the purposes of this subsection, the term associated community health councils means two or more political subdivisions which have voluntarily joined together for the purpose of providing emergency ambulance services to citizens within its jurisdiction.

(3) There is authorized to be appropriated the sum of $5,000,000 for the purpose of establishing and initiating pilot programs for implementation of subsection (1) and (2) of this act.

(4) Recognizing the need for emergency ambulance services in rural areas of the United States, the Secretary of HEW is authorized to suspend or otherwise modify regulations and policies with respect to ambulance vehicles and related equipment requirements to insure availability of emergency services to citizens in rural areas.

(5) For the purposes of the subsection, the term "rural area" means an area no part of which is within an area designated as a standard metropolitan statistical area by the Office of Management and Budget and does not contain a city whose population exceeds 50,000 persons.

By Mr. METCALF (for himself and Mr. MANSFIELD):

S. 3910. A bill to amend the Interstate Commerce Act, as amended, and acts amendatory and supplemental thereto to provide for an explicit standard of reasonableness governing the establishment of railroad rates, charges, and practices for agricultural and rural commodities; to encourage increased transportation of agricultural and rural commodities by railroad; and for other purposes. Referred to the Committee on Commerce.

AGRICULTURAL AND RURAL COMMODITIES TRANSPORTATION ACT OF 1974

Mr. METCALF. Mr. President, I am today introducing for myself and my distinguished colleague, the senior Senator from Montana, MIKE MANSFIELD, a bill to require the Interstate Commerce Commission to establish realistic and reasonable rates for the transport of agricultural and rural industrial products and of farm and rural industrial and business supplies and machinery.

Mr. President, this reform is long overdue. It has been most recently brought to our attention by the continuing chronic shortage of boxcars and the ever-increasing rate structure of the railroads moving farm and rural industrial goods to and from rural Montana.

Mr. George Lackman, commissioner of agriculture for the State of Montana, and Mr. Gene J. Carroll, transportation specialist of the Montana Department of Agriculture, have made an extended and careful study of this matter. They found that grain rates for shipping by rail from Montana have increased 20 percent since August 1973. The increased transportation costs to Montana shippers in 1974, for wheat alone. will be approximately $5 million

This bill provides for increased competition of trucks with the railroads. First the list of agricultural exempt commodities is expanded by adding farm and rural industrial supply items. This will enable trucks owned by farmers and other rural industries not only to make a one-way haul out with a payload, but also make it possible for such trucks to return to Montana with a payload instead of making the run empty. If such effective alternative means of transport as indicated above is not fully available, the maximum rate that the Interstate Commerce Commission would be permitted to establish on movement of wheat or any other specific commodity over a specific route would be limited to 100 per centum of the total fully allocated costs. Moreover, the Commission is required to ascertain that there is no collusion among competing modes of transportation in making this determination.

The bill states that the minimum rate floor is established as the variable costs. If effective alternative modes are not available, the maximum or ceiling rate shall not exceed 100 per centum of fully allocated total costs. If such alternative modes are available, the maximum or ceiling rate shall not exceed 125 per centum of fully allocated costs. Effective alternative modes are defined as farm and rural industry trucks which are permitted a broad list of commodities which they can backhaul into Montana. If such effective alternative is not available the railroads will be permitted rates not to exceed the actual total fully allocated costs for moving the specific commodity over the specific route.

The bill also requires that the formula and forms used by the Interstate Commerce Commission for determining costs shall be revised. A study by the U.S. Department of Agriculture in 1972 indicated that the Rail Form A, now 1F1-73, overstates the true costs by up to 20 percent. This overstatement of operating costs for rate setting would be corrected in part by specifying that variable costs shall be determined by incremental or marginal cost of moving the specific commodity over the specific route.

Mr. President, in order to increase the opportunity for effective rural and farm transportation alternatives thereby increasing competition, this bill amends the agricultural exemption for trucks (Sec. 203(b)(6)) to allow those truckers to haul more commodities on their backhaul. Such truckers are now restricted to hauling raw agricultural commodities (unless they are regulated, certificated truckers or unless they trip-lease to a regulated carrier). In many cases, therefore, truckers have to return empty and thus must obtain all of their revenue from the one-way grain haul. This bill seeks to reduce truck costs for these grain movements by expanding the exempt agricultural list to include fertilizer, feed and feed ingredients, and farm and rural industry supply items. This would help to reduce truck rates on grain, provide more competition for rails, reduce to some extent cost of farm supplies, fertilizer, et cetera, and help rural area revitalization.

I send the bill to the desk for appropriate reference and ask unanimous consent that its text be printed at this point in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 3910

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I—SHORT TITLE

SEC. 101. This Act may be cited as the "Agricultural and Rural Commodities Transportation Act of 1974."

TITLE II—AMENDMENTS TO PART I OF THE INTERSTATE COMMERCE ACT

SEC. 201. Section 1(3) of the Interstate Commerce Act [49 U.S.C. 1(3)] is amended by adding the following new paragraph:

"SEC. 1(3)(c) The term 'variable cost' as used in this part shall be held to mean the relevant marginal or incremental variable cost of a specific railroad to provide a service or group of services for a particular commodity during a specific time period as developed by application of a revised Commission's Rail Form A, Interstate Commerce Commission Statement No. 1P1-73, as amended, which shall be revised to reflect the lowest possible cost to provide such service or cost of service. The term 'fully allocated cost' as used in this part shall mean the fully allocated total cost (including a reasonable return on investment to be determined by the Commission but not to exceed five (5) per centum) incurred to provide a specific service or group of services as developed by application of the revised Commission's Rail Form A, Interstate Commerce Commission Statement No. 1P1-73, as amended."

SEC. 202. Section 1(5) of the Interstate Commerce Act [49 U.S.C. 1(5)] is amended to read as follows:

"SEC. 1(5). (a) As used in this section, section 15(1)(b) and Section 15a of this part, the term 'rates' shall mean tariffs, rates, fares, charges, and all classifications, regulations, and practices relating thereto.

"(b) All rates for any service rendered or to be rendered in the transportation of passengers or property, or in connection therewith, shall be just and reasonable, and every unjust and unreasonable rate for such service or any part thereof is prohibited and declared to be unlawful.

"(c) As used in this part the term 'just and reasonable rates' shall be construed to mean rates which are in excess of the variable cost incurred to provide a specific service, and which also meet the requirements of section 15(1)(b) and section 15a of this part.

"(d) No rate shall be deemed to be unjust or unreasonable unless the Commission finds that the rate in question contravenes any or all of the standards as set forth in this section, section 15(1)(b) or section 15a."

SEC. 203. (a) Section 15(1) of the Interstate Commerce Act [49 U.S.C. 15(1)] is amended and renumbered as section 15(1)(a).

(b) Section 15(1) of the Interstate Commerce Act [49 U.S.C. 15(1)] is further amended by adding the following new paragraph:

"SEC. 15(1)(b) That whenever, after full hearing, upon a complaint made as provided in section 13 of this part, or after full hearing under an order for investigation and hearing by the Commission on its own initiative, either in extension of any pending complaint or without any complaint whatever, the Commission shall find that any individual or joint rate, fare, or charge whatsoever demanded, charged or collected by a common carrier or carriers subject to this part for the transportation of agricultural (including horticultural) commodities (not including manufactured products thereof), where shippers have no effective alternative means of transport, is or will be less than the variable cost attendant to providing that specific service, or is or will be in excess of 100 per centum of the fully allocated total cost incurred to provide that specific service, the Commission is hereby authorized, empowered and required to determine and prescribe what will be a just, reasonable and compensatory individual or joint rate, fare, or charge, or rates, fares or charges not less than the variable cost or in excess of 100 per centum of the fully allocated total cost, to be charged, and to make an order that the carrier or carriers shall cease and desist from such violation to the extent to which the Commission finds that the same does or will exist, and shall not thereafter publish, demand, or collect any rate, fare, or charge for such transportation other than the rate, fare, or charge so prescribed: *Provided*, that the term 'agricultural (including horticultural) commodities (not including manufactured products thereof)' as used herein shall include property shown as "Exempt' in the 'Commodity List' incorporated in ruling numbered 107, March 19, 1958, Bureau of Motor Carriers, Interstate Commerce Commission, but shall not include property shown therein as 'Not Exempt.'" Such commodity list shall be amended and Section 203(b)(6) (relating to the agricultural exemption for trucks) shall be amended to add to the exempt agricultural list the following: fertilizer, feed, feed ingredients, other farm production supply items, and raw materials and machinery for business and industry in rural areas, as defined in Section 306(a)(7) of the Consolidated Farm and Rural Development Act.

If the Commission determines that effective alternative means of transport are in fact fully available under provisions of legislation as amended by this section, the maximum rate, fare, or charge may not exceed 125 per centum of the fully allocated total cost of providing the specific service for the specific commodity, provided that in determining whether effective alternative means of transport are available, such alternative means shall be determined not to be available unless throughout the full length of normal shipment of such specific commodity, truck transportation is permitted a two-way haul to as well as from the farm or rural area.

SEC. 204. Section 15a of the Interstate Commerce Act (49 U.S.C. 15a) is amended to read as follows:

"SEC. 15a(1) When used in this section the term 'rates' means rates, fares, and charges, and all classifications, regulations and practices relating thereto.

"(2) All rates established by carriers subject to the provisions of this part shall be compensatory; and the Commission shall require any carrier or carriers establishing any rates to furnish to the Commission, at the time of the filing of the tariff or at any other time, any information required by the Commission to establish that the rates contained in the tariff are compensatory.

"(3) A rate shall be deemed to be compensatory when it exceeds the variable cost of providing the specific transportation service for which the rate is applicable.

"(4) A rate or rates established by a carrier or carriers subject to the provisions of this part for the transportation of agricultural (including horticultural) and rural commodities (not including manufactured products thereof that are not manufactured in rural areas) shall not be in excess of 100 per centum of the maximum specified in Section 15(1)(b).

"(5) In the exercise of its power to prescribe just, reasonable, and compensatory rates the Commission shall give due consideration, among other factors, to the effect of rates on the movement of traffic by the carrier or carriers for which the rates are prescribed; to the need, in the public interest, of adequate and efficient railway transportation service at the lowest cost consistent with the furnishing of such service; to the need of revenues sufficient to enable the carriers, under honest, economical, and efficient management to provide such services; and to the rural economic conditions which at any given time prevail in our several rural industries (including agriculture), and the ability of any such industry or industries (including agriculture and business and industry in rural areas) to sustain levels of rates as authorized to be prescribed: Provided, That the Commission shall not consider any of the foregoing conditions exclusively as a basis for fixing just and reasonable rates but will consider each in its considerations.

"(6) In a proceeding involving competition between carriers of different modes of transportation subject to this Act, the Commission, in determining whether a rate is lower than a compensatory reasonable minimum rate, shall consider the facts and circumstances attending the movement of the traffic by the carriers to which the rate is applicable. Rates of a carrier shall not be held up to a particular level to protect the traffic of any other mode of transportation, giving due consideration to the objectives of the national transportation policy declared in this Act and the rural development priority policy declared in Section 901(a) of the Agricultural Act of 1970.

"(7) The Commission, in the exercise of its power to prescribe just, reasonable and compensatory rates, shall neither entertain nor shall it act upon petitions of carriers subject to the provisions of this part for ex parte blanket authority to increase rates, fares, and charges by a percentage amount or by a specific amount. The Commission is hereby denied the authority to fix the level of rates or rate structures based solely on the revenue requirements of the carrier or carriers subject to the provisions of this part."

Sec. 205. Section 26 of the Interstate Commerce Act (49 U.S.C. 26) is hereby renumbered as section 27.

Sec. 206. Section 26 of the Interstate Commerce Act (49 US.C. 26) is amended by the addition of the following new paragraphs:

"Sec. 26(a). The Commission shall promulgate and publish rules and regulations prescribing uniform cost accounting methods for carriers by railroad subject to this part. Such rules and regulations shall prescribe the elements of cost to be included in the calculation of carriers' variable and fully allocated total costs as required in this part.

"(b) The Commission shall promulgate, publish, maintain and up-date a formula necessary to determine the variable and fully allocated total costs of railroad carriers, on an individual and regional grouped basis, necessary to carry out the provisions of this part."

TITLE III—EFFECTIVE DATES

Sec. 301. The amendments herein, under Section 101, Section 201 and Section 205, made to part I of the Interstate Commerce Act shall become effective on enactment.

Sec. 302. The amendments herein, under Section 202, 203, 204 and 206, made to part I of the Interstate Commerce Act shall become effective one-hundred-eighty (180) days subsequent to enactment of this Act.

By Mr. BENTSEN (for himself, Mr. McINTYRE, and Mr. PERCY):

S. 3911. A bill to establish a Commission on Federal Paperwork. Referred to the Committee on Government Operations.

COMMISSSION ON FEDERAL PAPERWORK

Mr. BENTSEN. Mr. President, all Americans are deeply concerned about the ever-increasing paperwork burden placed upon them by the Federal Government. At the very minimum the countless official forms, recordkeeping, and questionnaires required of citizens by public agencies are a continuing source of aggravation and frustration. In many cases the adverse impact can be measured in added cost and lost manhours.

In a report issued last year by Senator McINTYRE's Select Committee on Small Business it was estimated that:

> It's costing about 18 billion a year at all levels of Government to print, shuffle, and sort all of these forms. It is also costing small businessmen about 18 billion to fill out the different forms, Internal Revenue forms, wage and price forms, social security forms, quarterly this and monthly that. And the cost of the small businessman must necessarily be passed on to you and me, to the consumer.

The massive bureaucracy cranks out redtape requirements that are often so numerous, lengthy, and complicated as to make compliance violations almost unavoidable in addition to being a costburden and a headache.

It is time for the Congress to take affirmative action to reexamine the policies and procedures of the Federal Government which contribute to the paperwork burden for the purpose of simplifying and streamlining its information policies and practices.

Congressmen HOLIFIELD, HORTON, and YATRON yesterday introduced in the House legislation to reduce and reverse this proliferation of paperwork by establishing a Commission on Federal Paperwork.

Today, I am introducing this legislation in the Senate cosponsored by Senators McINTYRE and PERCY, for our consideration.

The Commission composed of 14 members representing the private and public sectors would undertake to study and investigate, "statutes, policies, rules, regulations, procedures and practices of the Federal Government relating to information gathering, processing, and dissemination, and the management and control of these information activities."

The Commission would be empowered to conduct public hearings and issue subpenas in connection with its duties. It is required to make a final report to the Congress and the President within 2 years as well as to issue periodically such recommendations it deems advisable.

In my view, there is a strong need in this time of mushrooming prices to provide for a comprehensive assessment of the full impact of Government paperwork on our economy. The Commission can serve this cause by making specific proposals to assure better controls to eliminate excessive and duplicative Federal forms which are most certainly a cost burden to the private sector respondent. I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 3911

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

DECLARATION OF PURPOSE

SECTION 1. (a) The Congress hereby finds that Federal information reporting requirements have placed an unprecedented paperwork burden upon private citizens, recipients of Federal assistance, businesses, governmental contractors, and State and local governments.

(b) The Congress hereby affirms that it is the policy of the Federal Government to minimize the information reporting burden, consistent with its needs for information to set policy and operate its lawful programs.

(c) The Congress hereby determines that a renewed effort is required to assure that this policy is fully implemented and that it is necessary to reexamine the policies and procedures of the Federal Government which have an impact on the paperwork burden for the purpose of ascertaining what changes are necessary and desirable in its information policies and practices.

ESTABLISHMENT OF THE COMMISSION

SEC. 2. To accomplish the purpose set forth in the first section of this Act, there is hereby established a Commission on Federal Paperwork (hereinafter referred to as the "Commission").

FUNCTIONS OF THE COMMISSION

SEC. 3. (a) The Commission shall study and investigate statutes, policies, rules, regulations, procedures, and practices of the Federal Government relating to information gathering, processing, and dissemination, and the management and control of these information activities. The Commission shall consider—

(1) the nature and extent of current Federal requirements for information from other public and private entities;

(2) the effect of existing statutes on the information requirements of the Federal Government and authorities of existing Federal agencies to collect information;

(3) the nature and extent of management and control over the determination of Federal information needs and the choice of information gathering, processing, and dissemination methods;

(4) the nature and extent to which Federal agencies cooperate with State and local governments and private agencies in collecting, processing, and disseminating information;

(5) the procedures used and the extent to which considerations of economy and efficiency impact upon Federal information activities, particularly as these matters relate to costs burdening the Federal Government and the providers of information;

(6) the ways in which policies and practices relating to the maintenance of confidentiality of information impact upon Federal information activities; and

(7) such other matters as the Commission may decide affect Federal reporting requirements.

(b) The Commission shall ascertain what changes are possible and desirable in existing statutes, polices, rules, regulations, procedures, and practices relating to Federal information activities in order to—

(1) assure that necessary information is made available to Federal officials and those acting on behalf of Federal officials;

(2) minimize the burden imposed by Federal reporting requirements on private citizens, recipients of Federal assistance, business, government contractors, and State and local governments;

(3) guarantee appropriate standards of confidentiality for information held by private citizens or the Federal Government, and the release thereof;

(4) provide that information held by the Federal Government is processed and disseminated to maximize its usefulness to all Federal agencies and the public;

(5) reduce the duplication of information collected by the Federal Government and by State and local governments and other collectors of information; and

(6) reduce the costs of Federal paperwork.

(c) The Commission hall make a final report to the Congress and the President within two years of the date of the first meeting of the Commission. The final report shall contain a review of its findings and its recommendations for changes in statutes, policies, rules, regulations, procedures and practices. In the event Congress is not in session at the end of such two-year period, the final report shall be submitted to the Clerk of the House and the Secretary of the Senate. The Commission may make such interim reports and recommendations as it deems advisable.

MEMBERSHIP OF THE COMMISSION

SEC. 4. (a) The Commission shall be composed of fourteen members, as follows:

(1) Two Members of the Senate (who shall not be members of the same political party) appointed by the President of the Senate;

(2) Two Members of the House of Representatives (who shall not be members of the same political party) appointed by the Speaker of the House of Representatives;

(3) The Director of the Office of Management and Budget and one other official or employee of the executive branch of the Federal Government appointed by the President of the United States;

(4) The Comptroller General of the United States;

(5) Two from among officials of State and local governments (who shall not be mem-

bers of the same political party) appointed by the President of the United States; and

(6) Five from among persons in the private sector, including small business, labor, and other interested groups (no more than three of whom shall be of the same political party), appointed by the President of the United States.

(b) The Commission shall select a Chairman and a Vice Chairman from among its members.

(c) Seven members of the Commission shall constitute a quorum.

(d) Any vacancies in the Commission shall not affect its powers, but shall be filled in the same manner as the original appointment.

COMPENSATION OF MEMBERS OF THE COMMISSION

SEC. 5. (a) Except as provided in subsection (b), members of the Commission shall each receive as compensation the daily equivalent of the annual rate of basic pay in effect for grade GS-18 for each day (including travel time) during which they are engaged in the actual performance of duties vested in the Commission.

(b) Members of the Commission who are Members of Congress or who are full-time officers of employees of the United States shall receive no additional compensation for their service on the Commission.

(c) While away from their homes or regular places of business in the performance of services for the Commission, members of the Commission shall be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittently in the Government service are allowed expenses under section 5703(b) of title 5 of the United States Code.

POWERS OF THE COMMISSION

SEC. 6. (a) The Commission, or at its direction, any subcommittee or member thereof, may, for the purpose of carrying out the provisions of this Act, hold such hearings, sit and act at such times and places, take such testimony, receive such evidence and administer such oaths, as the Commission or such subcommittee or member may deem advisable. Such attendance of witnesses and the production of such evidence may be required from any place within the United States at any designated place of hearing within the United States. Any member of the Commission may administer oaths or affirmations to witnesses appearing before the Commission or before such subcommittee or member.

(b)(1) The Commission may require by subpenas the attendance and testimony of such witnesses and the production of such books, records, correspondence, memoranda, papers and documents as the Commission may deem advisable. Subpenas may be issued under the signature of the Chairman or Vice Chairman and may be served by any person designated by the Chairman or Vice Chairman. The subpenas of the Commission shall be served in a manner provided for subpenas issued by a United States district court under the Federal Rules of Civil Procedure for the United States district courts.

(2) If a person issued a subpena under paragraph (1) is guilty of contumacy or refuses to obey such subpena, any district court of the United States within the judicial district within which the hearing is conducted or within the judicial district within which such person is found or resides or transacts business may, upon application made by the Attorney General of the United State, order such person to appear before the Commission or a subcommittee or member thereof, to produce evidence or to give testimony touching the matter under inquiry. Any failure of any such person to obey any such order of the court may be punished by such court as a contempt thereof.

(3) Notwithstanding paragraphs (1) and (2), a person shall be excused from testifying or from producing such books, records, correspondence, memoranda, papers or documents or other evidence in obedience to a subpena if such person states in writing to the court ordering his attendance and testimony that the required testimony or evidence may tend to incriminate him or subject him to a criminal penalty.

(c) The Commission may appoint and fix the compensation of such personnel as it deems advisable without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and such personnel may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates, but at a rate not to exceed the maximum rate authorized by the General Schedule. In addition, the Commission may procure the services of experts and consultants in accordance with section 3109 of title 5, United States Code, but at rates for individuals not to exceed the daily equivalent of the annual rate of basic pay in effect for the maximum rate authorized by the General Schedule.

(d) The Commission is authorized to negotiate and enter into contracts with private organizations and educational institutions to carry out such studies and prepare such reports as the Commission determines are necessary in order to carry out its duties.

COOPERATION WITH FEDERAL AGENCIES

SEC. 7. (a) Each department, agency, and instrumentality of the Federal Government is authorized and directed to furnish to the Commission, upon request made by the Chairman, such data, reports, and other information not otherwise prohibited by law as the Commission deems necessary to carry out its functions under this Act.

(b) The head of each department or agency of the Federal Government is authorized to provide to the Commission such services as the Commission requests on such basis, reimbursable or otherwise, as may be agreed between the department or agency and the Chairman or Vice Chairman of the Commission. All such requests shall be made by the Chairman or Vice chairman of the Commission.

TERMINATION OF THE COMMISSION

SEC. 8. One hundred and twenty days after the submission of the final report provided for in section 3 of this Act, the Commission shall cease to exist.

AUTHORIZATION OF APPROPRIATIONS

SEC. 9. There are hereby authorized to be appropriated to the Commission such sums as may be necessary to carry out the provisions of this Act.

By Mr. HATFIELD:

S. 3912. A bill to provide for representation in certain collateral and appellate proceedings before courts of the United States. Referred to the Committee on the Judiciary.

Mr. HATFIELD. Mr. President, I send to the desk legislation which I believe will have a significant impact upon our system of criminal justice.

The bill I propose will guarantee by statute the right to a court-appointed counsel for indigent persons seeking discretionary review of their cases in the U.S. Supreme Court.

While the Supreme Court has recently declared that the right to counsel under these circumstances is not constitutionally required—Ross against Moffitt, 1974—it seems eminently desirable to mandate it as matter of Federal law.

I am impressed by the logic of an earlier Supreme Court decision, *Douglas* v. *California*, 372 U.S. 353 (1963), which states that:

> There can be no equal justice where the kind of appeal a man enjoys depends on the amount of money he has. 372 U.S. at 355.

It can be difficult to properly prepare applications for discretionary writs, and effective preparation may exceed the ability of the self-taught layman. The defendant wealthy enough to afford a lawyer will have obvious advantages over the indigent defendant who cannot. I believe that discretionary appeals are a critical phase of our criminal justice process. To afford an individual the opportunity to seek a discretionary writ without concurrently affording him a modicum of trained legal assistance may be to inherently cripple the presentation of his case. Such a built-in disadvantage innately offends our sense of due process fairness and equal justice under law.

Long ago, Mr. Justice McReynolds recognized the heavy reliance which the Court places on petitions, replies, and supporting briefs:

> Unless these are carefully prepared, contain appropriate references to the record, and present with studied accuracy, brevity, and clearness whatever is essential to ready and adequate understanding of the points requiring our attention, the rights of interested parties may be prejudiced and the Court will be impeded in its efforts properly to dispose of the causes which constantly crowd its docket. *Farness Withy & Co.* v. *Yang-Tsze Insurance Assn.* 242 U.S. 430, 434 (1916).

Passage of this bill will not only mean that indigent persons will present better structured and better argued petitions. It will also mean that the Court will suffer fewer of the layman-drawn, frivolous petitions which tend to waste precious judicial time. As Mr. Justice Douglas noted in his Ross dissent:

> It would be a relatively easy matter for the attorney to apply his expertise in filing a petition for discretionary review to a higher court, or to advise his client that such a petition would have no chance of succeeding.

Mr. President, to leave indigent defendants without a right to a court-appointed counsel in these circumstances may be to deny them effective access to the courts at a critical phase of the criminal justice process. Fundamental fairness dictates the need to pass legislation which would remedy this problem. That is why I have proposed this bill and why I urge its serious consideration and ultimate enactment.

I ask unanimous consent that the text of my bill be printed in the RECORD at this point.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 3912

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled. That section 3006A (g) of title 18, United States Code, is amended to read as follows:

"(g) Representation in Collateral Proceedings.—Any person subject to revocation of parole, in custody as a material witness, or seeking relief under section 1254, 2241, 2254, or 2255 of title 28 or section 4245 of this title shall be furnished representation pursuant to the plan whenever the United States magistrate or the court determines that such person is financially unable to obtain adequate representation. Payment for such representation shall be as provided in subsections (d) and (e)."

Sec. 2. The amendment made by the first section of this Act shall become effective one hundred and twenty days after the date of enactment.

By Mr. JAVITS:

S. 3914. A bill to provide for monitoring of the economy and to establish an Economic Review Board. Referred to the Committee on Banking, Housing and Urban Affairs.

ECONOMIC REVIEW BOARD

Mr. JAVITS. Mr. President, I introduce a bill to establish an Economic Review Board. The justification for this bill is contained in my testimony before the Senate Committee on Banking, Housing and Urban Affairs today, which I ask unanimous consent, together with the text of the bill, to be printed in the Record at this point.

There being no objection, the statement and bill were ordered to be printed in the Record, as follows:

STATEMENT OF MR. JAVITS

Mr. Chairman and members of the Committee, President Ford in his eloquent address on Monday said that before Labor Day the Congress should reactivate an agency to monitor significant wages and prices "through passage of a clean bill, without reimposing controls, that will let us monitor wages and prices to expose abuses."

I concur in the urgent need for such an agency and, in fact, anticipated the President's position and myself introduced such a bill (S. 3771) on July 17. The legislation which I proposed calls for the establishment of an Economic Review Board with five members, to be appointed by the President with the advice and consent of the Senate, whose duties would be almost identical to those outlined in the comparable Administration bill introduced earlier this week by Senators Sparkman and Tower.

The question now is: How does the Javits bill differ from that offered by the President? The answer is, not substantially. It is still a "clean" bill. There are no provisions for mandatory controls, nor for stand-by authority. There are, however, three points in my legislation which differentiate it.

First, my bill incorporates the proposal of the distinguished Chairman of the Federal Reserve Board, Dr. Burns. He believes, as do I, that it is essential that the monitoring agency have the authority to delay—not to veto or to roll back—but to delay the implementation of any unreasonable price or wage increase for a period not in excess of 60 days.

This "cooling off" period would be used to subject any such increase to intensive public scrutiny, and to provide a time frame in which to conduct public interest hearings. The recent price increase of almost 10% announced by General Motors, and denounced already by the President himself, demonstrates the necessity that the new agency have this authority. In fact, a monitoring agency without such a provision will be extremely weak and could be entirely ineffective.

Second, I do not believe that the proposed authorization, $1 million for fiscal year 1975, is sufficient to deal with the monitoring responsibilities set forth in either bill, the Administration's or my own. The responsibilities of staff are practically synonomous. A former official of the Cost of Living Council has said that it would take a staff of 300 people to monitor the economy properly. A million dollar budget is certainly inadequate to support a staff of this size.

In view of the fact that the President has called inflation this country's greatest enemy, I would think that a somewhat more substantial sum could and should be spent fighting Public Enemy Number One. I believe that a figure of $10 million more closely approximates the amount needed to sustain an adequate staff and to provide for public hearings.

In conclusion, I believe that this committee should seriously consider the importance of including the authority to delay excessive increases—be they wage increases or price increases—in any legislation which it reports out. And I feel very strongly that a new monitoring agency should operate out of a position of strength; that it should have enough financial support to hire good people and enough people to do a thorough investigatory job of evaluating the economy and its problems; and that it should be financially capable of holding enough public hearings so that the American people know that its government has heard its cry of outrage against inflation and is taking real steps to combat it.

S. 3914

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Economic Review Act of 1974".

STATEMENT OF POLICY

Sec. 2. The Congress finds that in view of the present international and domestic economic situation, and of the continued rapid increase of inflation since the expiration of the Economic Stabilization Act of 1970, it is necessary to—

(1) review the programs and activities of Federal departments and agencies and the private sector which may have adverse effects on supply and cause increases in prices and make recommendations for changes to increase supply and restrain prices;

(2) review industrial capacity, demand, and supply in various sectors of the economy, working with the industrial groups and appropriate governmental agencies to encourage price restraint;

(3) work with labor and management in the various sectors of the economy having special economic problems, as well as with appropriate Government agencies, to improve the structure of collective bargaining and the performance of those sectors in restraining prices;

(4) improve wage and price data bases for the various sectors of the economy to improve collective bargaining and encourage price restraint;

(5) conduct public hearings when appropriate to provide for public scrutiny of inflationary problems in various sectors of the economy;

(6) focus attention on the need and the means to increase productivity in both the public and private sectors of the economy;

(7) require, as appropriate, reports on wages, productivity, prices, sales, profits, imports, and exports; and

(8) delay, when necessary, the implementation of any wage or price increase when such increase is likely to injure the economy.

ESTABLISHMENT OF BOARD

Sec. 3. To carry out the policy of this Act, the President shall establish an Economic Review Board, to be composed of not more than five members appointed by the President by and with the advice and consent of the Senate. The Chairman shall be designated by the President.

AUTHORITY

Sec. 4. (a) The Economic Review Board may, by regulation or order, obtain such information from, require such reports, and the keeping of such records by, make such inspections of the books, records, and other writings, premises, or property of, and take the sworn testimony of, and administer oaths and affirmations to, any person as may be necessary or appropriate. The authority to obtain information under the subsection does not extend to copies of disclosures to departments or agencies of the United States excepted from disclosure under subsection (c) of this section.

(b) Upon a finding (on the basis of information obtained under subsection (a) or otherwise) that a wage or price increase is likely to have widespread injurious effocts on the economy, the Economic Review Board is authorized to issue an order delaying the implementation of such increase for not to exceed 60 days. Upon the request of any person affected by an order of the Board under this subsection, or if the Board determines that it would contribute to carrying out the objectives of this Act, the Board may hold hearings on the wage or price increase, conducted with such notice, under such regulations, and subject to such review as the Board determines appropriate.

(c) For purposes of carrying out this Act, the Board may request from any department or agency of the United States, and that department or agency shall provide it, economic information except—

(1) information, the disclosure of which to another Federal agency is expressly prohibited by law; or

(2) trade secrets, commercial, financial, or demographic information which is privileged or confidential and obtained by an agency from a person for statistical or law enforcement purposes, the disclosure of which to another Federal agency would frustrate development of accurate statistics or proper law enforcement.

(d) For purposes of carrying out this Act, the Board may request economic information from State and local governments, including agencies and instrumentalities thereof.

ECONOMIC IMPACT REVIEW OF FEDERAL PROGRAMS AND ACTIVITIES

Sec. 5. The Board may review and appraise the various programs and activities of the departments and agencies of the United States for the purpose of determining the extent to which those programs and activities are contributing to the rate of inflation.

AUTHORIZATION

Sec. 6. There are authorized to be appropriated not to exceed $10,000,000 for each fiscal year to carry out the provisions of this Act.

By Mr. HARTKE (for himself, Mr. Bayh, Mr. Griffin, Mr. Hart, Mr. Javits, Mr. Mondale, Mr. Schweiker, Mr. Hugh Scott, Mr. Taft, Mr. Nelson, Mr. Proxmire, Mr. Metzenbaum, Mr. Stevenson, Mr. Percy, Mr. Humphrey, and Mr. Buckley):

S. 3915. A bill to amend the Merchant Marine Act, 1936, in order to establish a Great Lakes Region Office in the Maritime Administration, Department of Commerce. Referred to the Committee on Commerce.

GREAT LAKES REGION OFFICE

Mr. HARTKE. Mr. President, today I introduce legislation on behalf of myself, and Senators Bayh, Hart, Percy, Taft, Humphrey, Mondale, Stevenson, Hugh Scott, Buckley, Metzenbaum, Javits, Proxmire, Schweiker, Nelson, and Griffin; to create a separate Great

Lakes Region Office within the Maritime Administration—Marad.

Section 101 of the Merchant Marine Act of 1936, as amended, provides "* * * that the United States shall have a merchant marine (a) sufficient to carry its domestic water-borne commerce and a substantial portion of its water-borne export and import commerce * * * ." There is no distinction drawn in that legislation between fresh water and salt water shipping. Despite this clear lack of distinction, it was not until 1970 that Congress established the Great Lakes/St. Lawrence Seaway System as the fourth seacoast.

Over the years, Marad has remained essentially salt water oriented, with regional offices in New York, New Orleans, and San Francisco. Until the Merchant Marine Act of 1970 was passed, including provisions for the Great Lakes, there was only on domestic shipping specialist employed by Marad. With the passage of the 1970 act, an Office of Domestic Shipping was created which included one division, staffed by six persons, covering the Great Lakes. The average number of personnel in each of the three seacoast regional offices is 75.

Mr. President, I ask unanimous consent that a table depicting comparative data for Great Lakes and salt water domestic shipping be printed in the RECORD at this point.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE.—EXTENT OF GREAT LAKES SHIPPING

Item	Salt water	Great Lakes	Great Lakes, percent of total
Number of ships	597	197	25
Deadweight tons of ships	13, 625, 000	2, 648, 000	16
Employment on ships	25, 383	6, 174	20
Longshoremen	67, 850	6, 500	10
Cargo tons	1, 616, 792, 605	213, 974, 813	13

Mr. HARTKE. Mr. President, the eastern region office of Marad, with headquarters in New York City, has organizational control over the entire Great Lakes area, but there are at least 10 different Marad organizational units or offices involved with the Great Lakes. When these facts are put together, it is obvious that Marad treats the Great Lakes as a stepchild.

I do not wish to ignore the accomplishments of the Division of Great Lakes Shipping. This division has helped in the design, development, and operational testing of a precise shipboard navigation system, the development and initiation of a prototype shipboard communications system for Great Lakes vessels, a program to modify two existing shipboard sewage treatment installations, a study of marine insurance problems, and it has also represented Great Lakes interest in matters before other Federal agencies.

Nevertheless, Marad has a long way to go in recognizing the full potential of Great Lakes shipping. The agency continues to maintain what is essentially a salt water atmosphere. The creation of a Great Lakes region office would give the Great Lakes better access to top Marad management and policy decisions. It would facilitate program changes relating to winter navigation, environmental impact, pollution abatement, communications, docking, and icebreaking technology. It would make it possible to increase trade development activity, including the revitalization of the Lake Michigan ferry system and U.S.-flag participation in foreign trade from the Great Lakes. It could do all this and much more to help develop and promote shipping on the Great Lakes, and all of this would be to the benefit of the people who live in the area surrounding the lakes and to the people of the United States as a whole.

Support for creation of a Great Lakes region office has been expressed by the Lake Carriers' Association, the Great Lakes Task Force, the Great Lakes Commission, the Marine Engineers Beneficiation Association, district 2, BMO, AFL–CIO, the International Longshoremen Association, the Seafarers, International Union, and the United Steelworkers of America. Although each of these groups have requested Marad to create a separate Great Lakes office, Marad has not been responsive.

Mr. President, the proposal I introduce today would create a separate Great Lakes region office with a staff of size and grade comparable to the three existing regions. I estimate this to mean a staff of 25 qualified individuals whose geographic responsibilities would include the States of Minnesota, Michigan, Wisconsin, Illinois, Indiana, Ohio, and the northwestern portions of Pennsylvania and New York. The office would be responsible for planning, organizing, promoting, coordinating, directing, and implementing Marad activities related to the Great Lakes/St. Lawrence Seaway System except for programs involving subsidy and financial assistance and the foreign transfer of vessels.

Mr. President, I ask unanimous consent that the text of my proposal be printed in the RECORD at this point, followed by a resolution approved by the Great Lakes Commission supporting the creation of a Great Lakes region office within Marad.

There being no objection, the bill and resolution were ordered to be printed in the RECORD, as follows:

S. 3915

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That title IX of the Merchant Marine Act, 1936, is amended by inserting at the end thereof a new section as follows:

"GREAT LAKES REGION OFFICE, MARITIME ADMINISTRATION

"SEC. 908. In order to implement the seacoast status of the Great Lakes, as recognized in this Act, there is established within the Maritime Administration a Great Lakes Region Office through which the Secretary of Commerce shall carry out the activities of such Administration with respect to planning, organizing, promoting, coordinating, directing, and implementing activities and programs relating to the Great Lakes and Saint Lawrence Seaway System. The Secretary shall appoint a director of such office and shall provide a staff for such office of size and grade comparable to other region offices of the Maritime Administration."

SEC. 2. There are authorized to be appropriated such amounts as are necessary to carry out the provisions of the amendment made by this Act.

RESOLUTION: MARAD GREAT LAKES REGION OFFICE

Whereas, the declaration of policy of the Merchant Marine Act of 1936, as amended by the Merchant Marine Act of 1970 includes the domestic commerce of the United States; and

Whereas, the Merchant Marine Act of 1970 removed the discrimination against the Great Lakes and in effect, made them our Fourth Seacoast; and

Whereas, the Maritime Administration has three region offices covering the eastern, central, and western ports of the United States, with the Great Lakes states ostensibly served by the eastern region office in New York City; and

Whereas, a Division of Great Lakes Shipping, Office of Domestic Shipping, in MARAD was created in October 1971 as part of the new emphasis on domestic shipping within the Maritime Administration; and

Whereas, it appears the Maritime Administration effort towards the Great Lakes is not centralized and fails to adequately represent the Fourth Seacoast; and

Whereas, the Great Lakes Commission has contacted Assistant Secretary Blackwell, the MARAD Administrator, and has requested that a Great Lakes region office be established, with negative results thus far.

Now, therefore, be it resolved that the Great Lakes Commission again recommends that the Assistant to the Secretary of Commerce for Maritime Affairs should: (1) create within the Maritime Administration a Great Lakes region office that would be responsible for planning, organizing, promoting, coordinating, directing, and implementing all agency activities (except administration of financial assistance programs) related to the Great Lakes, St. Lawrence Seaway and St. Lawrence River, and (2) appoint a new region director with a staff of size and grade comparable to the three existing regions.

By Mr. HRUSKA:

S. 3916. A bill to terminate the Emergency Daylight Saving Time Energy Conservation Act of 1973 on the last Sunday of October 1974. Referred to the Committee on Commerce.

LET US END YEAR-ROUND DAYLIGHT SAVING TIME

Mr. HRUSKA. Mr. President, I am today introducing a bill to terminate the Emergency Daylight Saving Time Energy Conservation Act on the last Sunday of October 1974. This action would have the effect of returning us to a 6-month daylight saving time, as before, from the last Sunday of April to the last Sunday of October. It would return the country to standard time on the last Sunday of October of this year.

I believe we were satisfied with only 6 months of daylight saving time a year. We should get back to it as soon as it is appropriate.

Late last year the Congress passed and the President signed into law legislation which placed the country on year-round daylight saving time on an experimental basis. Such legislation was enacted because of a desire on the part of both the administration and the Congress to determine whether year-round daylight saving time would produce a savings in energy.

I think the time has come to realize that year-round daylight saving time was a noble experiment that failed to accomplish its objectives. It has been a great burden on the people of Nebraska and it did not save any appreciable amount of energy, in fact, in some areas of the country energy consumption was increased.

As my colleagues will recall, we were then in the midst of a severe energy crisis. Legislation that might result in energy savings had to be seriously considered. We had only unproven theories that year-round daylight saving time could produce a savings in energy. Given the nature of the crisis, therefore, the Congress passed the Emergency Daylight Saving Time Energy Conservation Act of 1973.

I have received hundreds of letters from Nebraskans expressing opposition to the continuation of year-round daylight saving time since that law was put into effect January 6.

The comments from these concerned Nebraskans range from examples of annoyance and inconvenience to worries about safety of schoolchildren, interference with radio broadcasting and a negative effect on the incentive to work.

An Omaha woman wrote to me last February about her concerns regarding daylight saving time. She said:

> Thanks for your concern about the darkness and the school children because of Daylight Saving Time. I urge you to do everything possible to get it repealed.
>
> In my neighborhood we have Creighton Prep, Louis & Clark Junior High, and Western Hills Elementary School. I go to work at the Crossroads Shopping Center at 7:45 a.m. on occasions and am shocked at how dark it really is at that hour and at how "crawling" the area is with school children of all ages. I can understand how there would be accidents. They wear jeans and coats and are hard to pick out of the darkness. Also, they are immature and do not always use good judgment.
>
> But what is even more of a concern is the risk we take because of the crime wave. Our 14-year-old granddaughter waits on the highway alone, waiting for the school bus. Any kook, dope addict, rapist, or kidnapper could overpower her and we would have a terrible tragedy. She has to go earlier than the rest of the children because she goes to junior high on a different bus.
>
> Many, many more parents are driving their children to school now, because of the darkness. This wastes gasoline. Since turning the lights on an hour early to turn them off an hour early doesn't save electricity, and gasoline is wasted because of the terrible fright associated with this whole business, I believe you will do all you can to get DST ended.

Another Omaha woman wrote:

> Surely no one can argue that winter daylight savings time saves energy anywhere in the western part of a time zone. Businesses whose hours are from 8:00 to 5:00 have to use light every morning, whereas they wouldn't have to use them under standard time. It takes more fuel to heat buildings during the coldest part of the day than it would later in the day.
>
> Each morning as I watch our daughter walk to school in the pitch darkness with a flashlight in her hand, I think of the public officials who could have spared us this unnecessary hardship but refused to do so. It is too bad that all of the citizens who hate the present situation don't take the time to write their representatives about it. May you have success in your efforts to get this law changed.

A Norfolk, Nebr., schoolgirl expressed grave concern about the effect of year-round daylight saving time on news reports. She said:

> Our local radio station can only broadcast during daylight hours on AM. Our FM station is always getting knocked off the air during bad weather. If we have to have daylight time in the winter, the station could not broadcast school cancellation reports or important weather news until after people were already there or on their way. This would be inconvenient in town and a real hardship in the rural areas where they have always depended on the early morning radio reports. Of course, they can get the news from more powerful stations in the cities but in this case it doesn't do them much good to know what is being cancelled in Omaha or Sioux City. They need the local reports.

A Nebraska employer found another harmful effect of daylight time. He wrote:

> If there is an energy saving, it would have to be gigantic to offset the myriad of problems that have been created. Incidentally, I feel one of the greatest problems is the deleterious effect on the mental attitude of our people. The psychological effect of working two to three hours in early morning darkness has created substantial worker inefficiency. It is diffcult enough for employees to be in a good frame of mind when the sun is shining. Going to work in darkness, makes it next to impossible.

These Nebraskans have experienced year-round daylight saving time and are dissatisfiied. They are but a few who have written and talked to me personally about this law. The overwhelming majority are opposed to it. I think their wishes should be fulfilled.

It is my hope that the Senate would take swift action to terminate year-round daylight saving time so that individuals, schools and businesses could adjust their schedules for a return to standard time on the last Sunday of October.

Mr. President, last January I asked the distinguished Senator from Washington (Mr. MAGNUSON), who is chairman of the Committee on Commerce to hold hearings to help determine the effectiveness of the year-round daylight saving time law.

Last month, following the release of an interim report on year-round daylight saving time by the Department of Transportation, I again asked Senator MAGNUSON to schedule hearings on the topic.

At this time I ask unanimous consent that a copy of my letter to Senator MAGNUSON be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

JULY 9, 1974.

Hon. WARREN MAGNUSON,
Chairman, Senate Commerce Committee, Washington, D.C.

DEAR MR. CHAIRMAN: As you will recall, I asked in January that the Committee on Commerce schedule hearings to study the effects of year round daylight saving time.

At that time I suggested the inquiry be made this summer after the plan had been in effect long enough to evaluate properly. Your reply to my letter indicated that your staff would be accumulating data on energy savings and other effects of the daylight saving time legislation.

Recently, the Department of Transportation issued an interim report on the effects of the Emergency Daylight Saving Time Energy Conservation Act, passed by Congress last year. The conclusions reached in the study, I believe, warrant discussion by the Commerce Committee in the form of new hearings.

For instance, the Department of Transportation report shows that energy savings during the study period were almost negligible. Indeed, consumption of gasoline actually increased in some areas of the country, according to the report. It appears the "Energy Conservation" portion of the bill's title is certainly a misnomer.

In addition, there was one significant adverse effect of the legislation. The report said:

"The Federal Communications Commission has reported that YRDST is causing adverse economic impacts for some daytime only and fulltime radio stations because of interference problems between these two classes of stations during their prime time morning rush-hour broadcasts."

I think one of the most disturbing statements in the report illustrates the futility of the whole effort to implement year round daylight saving time. In summary, the Department of Transportation said: "Since the measurable effects of YRDST were small, there is no unambiguous direct evidence that they were either beneficial or harmful."

It is extremely disconcerting to find that after all of the time spent by the Congress to enact the bill creating year round daylight saving time and after all of the inconvenience it has caused the citizens of my state and the whole country, nothing was actually accomplished. At the time, however, this country was immersed in a severe energy crisis and it appeared that the daylight saving time scheme might bring some relief. However, it seems the experiment has failed and should be ended.

Therefore, I feel it is imperative that the Committee on Commerce investigate the possibility of returning the country to six month daylight saving time or, as the Department of Transportation study suggests, to an eight month plan.

Thank you for your consideration.

With kind regards,

Sincerely,

ROMAN L. HRUSKA,
U.S. Senator.

Mr. HRUSKA. Mr. President, the Department of Transportation study, mandated by the new law, was indeed distressing. The conclusions reached in the study lead me to believe that this law should be nullified as soon as practicable. For instance, the report shows that energy savings during the study period were almost negligible. Indeed, consumption of gasoline actually increased in some areas of the country.

In summary, the report said:

> Since the measurable effects of YRDST were small, there is no unambiguous direct evidence that they were either beneficial or harmful.

Those comments certainly seem to signal a return to 6-month daylight saving time. However, the Department of Transportation recommended that an 8-month DST plan be tried. I disagree. The proposed starting date for daylight saving time under this plan—the last Sunday in February—would still result in children going to school in the dark, posing a serious safety hazard.

Let us not experiment any more. Let us return to 6-month daylight saving time.

Mr. President, I ask unanimous consent

that the text of the bill be printed in the RECORD at this point.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 3916

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 7 of the Emergency Daylight Saving Time Conservation Act of 1973 is amended by striking out "April 1975" and inserting in lieu thereof "October 1974".

By Mr. MUSKIE (for himself, Mr. STEVENSON, Mr. JOHNSTON, and Mr. MANSFIELD):

S. 3918. A bill entitled "The Cost of Living Act of 1974." Referred to the Committee on Banking, Housing and Urban Affairs.

Mr. MUSKIE. Mr. President, today I introduce, with the cosponsorship of Senators STEVENSON, JOHNSTON, and MANSFIELD, the Cost of Living Act of 1974. We believe this bill will provide a firm foundation for the economic monitoring function we all agree is so essential to combat current inflation. It will not solve inflation—but it will create an institutional focus to monitor and analyze the severe problems of domestic inflation and shortages, and help fashion policies to begin solving them.

I was gratified when President Ford earlier this week called for Congress to reactivate the Cost of Living Council, which was allowed to expire last April. But reestablishing such an economic monitoring agency could be mere window dressing unless that agency has adequate authority, and resources, to do its job thoroughly.

Earlier this year Senators STEVENSON, JOHNSTON, and I felt strongly enough about this need for continuation of an economic monitoring agency to propose to the Senate S. 3352, introduced on April 11, 1974, an earlier version of this Cost of Living Act, with the cosponsorship of the Democratic leadership and 11 other Senators. The Banking Committees of both Houses had already acted at that time to disapprove the continuation of any authority, including monitoring authority, under the Economic Stabilization Act; and although at that time I favored the retention of standby control authority, I drafted S. 3352 to continue only monitoring authority, to avoid the objections of those who opposed control authority of any sort.

When I presented the economic monitoring agency proposal contained in S. 3352 to the Democratic conference, many of my colleagues agreed with me that its provisions, as well as standby wage and price controls, were justified. Senators STEVENSON, JOHNSTON, and I jointly drafted such a measure, and introduced it, on April 29, as amendment No. 1229 to S. 2986, the appropriations bill for the Council on International Economic Policy. In debate in the Senate in the succeeding days, the standby control provision of this legislation was disapproved, and the authority for economic monitoring was so diluted on the Senate floor to be meaningless. The result was that the entire proposal was laid aside.

In the months since we last took this issue to the Senate floor, double-digit inflation has continued unchecked. In one of his last acts before leaving office, President Nixon on August 2 proposed to the Congress that a skeleton economic monitoring agency be reestablished. And in one of his first acts after taking office, President Ford again called on Congress to reactivate an economic monitoring agency. Congress is now complying with his request with prompt action.

But we must be certain, in our prompt response to the President's request, that the legislation we pass is strong enough to deal with the problems it addresses. I believe, Mr. President, that the proposal we introduce today meets that test.

Our bill grants that authority directly to the President, and allows him to delegate it to a Cost of Living Task Force, a staff agency in the Executive Office of the President. That authority in the bill includes power to delay wage or price increases for 45 days, and extend the delay for an additional 45 days, upon a specific finding by the President.

The job set out for a new cost of living agency is immense. The inflationary problems facing America can easily be expressed in the dramatic numbers—like the 12.6-percent annual rate of increase in the Consumer Price Index over the last 6 months, or the 44-percent annual rate of increase in the Wholesale Price Index last month. But the components and causes of inflation are in fact more complicated: inflation in food prices has quite different causes than gasoline price increases, for instance, and the impact of wage or price increases in some sectors of the economy may be less severe than in others. Our economic activities interrelate: foreign policy decisions, labor relations, research and development, government activity, employment trends—all affect our economy. To analyze the impact of each of these factors, and their interrelationships, requires a Federal effort of the most comprehensive nature.

For instance, an effective economic monitoring agency must be able to collect and analyze economic data adequate to forecast special inflationary and shortage problems in special industries. Conventional economic data, such as that collected by the Bureau of Labor Statistics, and the Commerce Department, are most often historical by nature, telling us what kinds of inflation and shortages we have experienced in the recent past, but not what we can expect in the future. Only under the now-defunct Cost of Living Council was there a Federal agency preparing adequate "forecasting-type" data, such as: wage rates by locality in the construction industry; fertilizer prices, production capacity, import and export data; projected demand data on health; and data on the ability to substitute one raw material for another. Adequate collection and preparation of this data requires clear and comprehensive authority, including subpena power, which our bill contains, to acquire economic information.

In addition, effective economic monitoring authority must include evaluation of the effect of a variety of Federal decisions on prices and availability of domestic products. For instance, the Agriculture Department, the Treasury Department, the Commerce Department, the Council on International Economic Policy, the President's special trade representatives, the Federal Energy Office—all make decisions that have an impact on our import and export policy. The Interior Department, the Federal Energy Office, the Agriculture Department, the Department of Housing and Urban Development—all make decisions affecting the production of important resources. The Labor Department has responsibility for labor relations. Dozens of kinds of regulatory decisions—made by the Department of Transportation, the ICC, the FTC, the Environmental Protection Agency, and other agencies—have important effects on domestic prices and supply. And the many Federal budgetary decisions, made by the Office of Management and Budget and specific agencies, can also have important effects on prices and supplies of specific commodities and products.

Third, Mr. President, an effective monitoring agency must have authority to take positive action, short of wage and price controls, to avoid inflation and shortages in specific economic sectors. The most important such authority contained in our bill is the power to delay wage and price increases for 45 days, and to extend the delay for an additional 45 days. The initial delay authority may only be used, however, when the President makes a specific finding that a price or wage increase "is likely to have a serious inflationary impact." The delay may be extended for an additional 45 days only if the President makes a subsequent specific finding that "significant injury to the economy as a whole would otherwise result." This flexible delay authority, based on the proposal of Arthur Burns, Chairman of the Federal Reserve Board, would provide the economic monitoring agency, and the President, with effective reserve authority to dampen rampant inflationary price increases.

This delay authority, held in reserve, would supplement the important positive action in controlling inflation which the monitoring agency could take, such as: Working with Government, management, and labor in particular sectors; calling attention, publicly and privately to the need for voluntary restraints in selected instances; reviewing economic concentration as it affects inflation; and conducting hearings on inflationary problems.

None of these functions are now the mission of any other agency. The only executive branch body with the potential economic overview to perform these functions is the Council of Economic Advisers—and its permanent staff of 46—including both professional and clerical positions—which is far too small to allow it to assume this mission.

Only by approving strong monitoring authority, as contained in this bill, can we have some hope of warning of special short-term inflation and shortage problems we might face in the months ahead, assurance that there will be a continuing attention to the long-term inflation problems our Nation faces, and the confidence that the executive branch will have authority necessary to take the firm anti-inflationary action we need.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 3918

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, this Act may be cited as the Cost of Living Act of 1974.

FINDINGS AND PURPOSES

SEC. 2. It is hereby determined that inflation is a threat to the economic well-being of the nation and its people. The purpose of this Act is to provide the President with a means of focusing attention on the causes of inflation, and encouraging steps necessary to restrain inflation.

PRESIDENTIAL AUTHORITY

SEC. 3. To carry out the purposes of this Act,

The President shall—

(a) focus public attention on causes of inflation;

(b) monitor the economy as a whole, including such matters as wages, cost, productivity, prices, sales, profits, imports, exports, and industrial capacity;

(c) work with labor management, and governmental agencies to encourage price and wage restraint and increase productivity;

(d) improve wage and price data bases for the various sectors of the economy to improve collective bargaining and encourage price restraint;

(e) conduct public hearings as appropriate to provide public scrutiny of inflationary problems;

(f) review the activities of the federal government and the private sector which may have adverse effects on supply or cause inflationary price increases, and make recommendations for such changes as will increase supply and restrain prices;

(g) conduct a continuing review of the effect of economic concentration and anticompetitive practices on inflation and recommend legislation and take other appropriate action to reduce the inflationary impact of such concentration or practices;

(h) evaluate the reasonableness of wage and price increases which may have a material effect on inflation, taking into consideration cost of living, costs of production, productivity, and the resource needs of any sector of the economy; and

(i) delay the implementation, for up to 45 days, of any price or wage increase which the President finds is likely to have a serious inflationary impact, and extend such delay for up to an additional 45 days if the President finds that significant injury to the economy as a whole would otherwise result.

COST OF LIVING TASK FORCE

SEC. 4. (a) The President is authorized to establish, within the Executive Office of the President, a Cost of Living Task Force (hereinafter referred to as the Task Force) to which he may delegate his authority under this Act.

(b) There shall be a Director of the Task Force who shall be appointed by the President by and with the advice and consent of the Senate. The Director shall be compensated at the rate prescribed for level III of the Executive Schedule by Section 5314 of Title 5 of the United States Code. There shall be a Deputy Director of the Task Force who shall be appointed by the President and be compensated at the rate prescribed for level IV of the Executive Schedule by Section 5315 of Title 5 of the United States Code. There shall be two Assistant Directors of the Task Force who shall be appointed by the President and be compensated at the rate prescribed for level V of of the Executive Schedule by Section 5316 of Title 5 of the United States Code. The Director of the Task Force shall be the Chief Executive officer of the Task Force and shall perform such functions as the President may prescribe. The Deputy Director and Assistant Directors shall perform such functions as the Director may prescribe.

(c) The Director appoint, employ, and fix the compensation of such officers and employees, including attorneys, as are necessary to perform the functions of the Task Force and to prescribe their duties. In addition to the number of positions which may be placed in GS–16, 17, and 18 under existing law, the Director may, without regard to the provisions of Title 5 of the United States Code relating to appointments in the competitive service, place, not to exceed 10 positions in GS–16, 17, and 18 to carry out the functions of the Task Force.

(d) The Director of the Task Force may employ experts, expert witnesses, and consultants in accordance with the provisions of Section 3109 of Title 5 of the United States Code, and compensate them at rates not in excess of the maximum daily rate prescribed for GS–18 by Section 5332 of Title 5 of the United States Code.

(e) The Director of the Task Force may, with their consent, utilize the services, personnel, equipment, and facilities of Federal, State, regional, and local public agencies and instrumentalities, with or without reimbursement therefor, and may transfer funds made available pursuant to this Act to Federal, State, regional, and local public agencies and instrumentalities as reimbursement for utilization of such services, personnel, equipment, and facilities.

(f) Under such regulations as the President may prescribe, officers and employees of the Government who are appointed, without a break of service of one or more workdays, to any position for carrying out functions under this Act are entitled, upon separation from such position, to reemployment in the position occupied at the time of appointment or in a position of comparable grade and salary.

ACQUISITION, CONFIDENTIALITY, AND DISCLOSURE OF INFORMATION

SEC. 5. (a) For purposes of carrying out this Act, the President may by regulation, order, or otherwise obtain such information from, require such reports and the keeping of such records by, make such inspections of the books, records and other writings, premises, or property of, and take the sworn testimony of, and administer oaths and affirmations to, any person as may be necessary or appropriate. The authority to obtain information under this subsection or section of this Act does not extend to copies of disclosures to departments or agencies of the United States excepted from disclosure under subsection (b) of this section.

(b) The authority under this section shall be subject to the provisions of the Freedom of Information Act.

SUBPENA POWER

SEC. 6. The Director of the Task Force, or his duly authorized agent, shall have authority, for any purpose related to this Act, to sign and issue subpenas for the attendance and testimony of witnesses and the production of relevant books, papers, and other documents, and to administer oaths. Witnesses summoned under the provisions of this section shall be paid the same fees and mileage as are paid to witnesses in the courts of the United States. In case of refusal to obey a subpena served upon any person under the provisions of this section, the Director, or his delegate, may request the Attorney General to seek the aid of the United States district court for any district in which such person is found to compel that person, after notice, to appear and give testimony, or to appear and produce documents before the agency.

REPORTS

SEC. 7. In transmitting the Economic Report required under Section 3(a) of the Employment of 1946 (15 U.S.C. 1022), the President shall include a section describing the actions taken under this Act during the preceding year and giving his assessment of the progress attained in achieving the purposes of this Act. The President shall also transmit quarterly reports to the Congress not later than thirty days after the close of each calendar quarter describing the actions taken under this Act during the preceding quarter and giving his assessment of the progress attained in achieving the purpose of this Act.

FUNDING

SEC. 8. There is hereby authorized to be appropriated $5 million for fiscal year 1975 to carry out the purposes of this Act.

EXPIRATION

SEC. 9. The authority under this Act expires at midnight, October 1, 1975.

Mr. STEVENSON. Mr. President, last March I introduced with Senator MUSKIE a bill to bring an orderly end to wage and price controls. At the time, I predicted that abandonment of economic stabilization authority with no provision for an orderly transition to a decontrolled economy would produce a rush to increase prices, a new surge of inflation, and a clamor to reestablish a Federal inflation control agency.

It is sad, but true, that these predictions have come true. In April, the last month of the economic stabilization program, wholesale prices were rising at an annual rate of 8.4 percent. As soon as economic stabilization authority ended, they shot upward to an annual rate of over 15 percent. Now they are rising at the astonishing rate of over 44 percent a year.

Just before the end of the economic stabilization program, consumer prices were rising at an annual rate of 7.2 percent. Today they are rising at an annual rate of 12 percent.

Now, as expected, the public is clamoring for action. But the bill which has been offered, S. 3894, is seriously deficient.

It adds nothing to the President's powers to fight inflation. It makes no mention of the need to review the effects of economic concentration and anticompetitive practices on inflation. It makes no mention of the need to evaluate the reasonableness of wage and price increases which may have a material effect on inflation.

It conveys no power to delay price or wage increases which are likely to have a serious inflationary impact. Nor does it convey the power to acquire the information necessary to determine whether business and labor are behaving reasonably.

It establishes a cost of living task force, but does not give it the resources necessary to do the job. It calls for a task force director, but his rank would be downgraded from that which Dr. Dunlop enjoyed when he directed the

Cost of Living Council. And it permits him to be appointed by the President without the advice and consent of the Senate.

S. 3894, in short, is not a serious effort to deal with the problem of inflation. It is little more than window dressing. If that is all we get for the $1 million which the bill would authorize, we would be better off with nothing and saving the taxpayers' money.

The bill which Senator MUSKIE and I are introducing today would give the taxpayer something for his money. It would give the President essential tools for an effective inflation fighting effort. It would permit him to acquire the information he needs—with appropriate protections for unwarranted public disclosure of confidential information—to pinpoint activities which are responsible for inflation. It would give the task force which he would establish the stature and staff necessary to do the job. It would insure that a qualified person heads the effort by requiring Senate confirmation. And it would convey the power to delay inflationary wage and price increases for up to 90 days if necessary.

Delay authority is essential, a point recognized by Dr. Arthur Burns, the Chairman of the Federal Reserve Board in his recent testimony before the Joint Economic Committee. Without some means of halting inflationary price and wage increases at least temporarily, the President will be powerless to secure restraint. Without a stick in the closet, sectors of the economy bent on pursuing their own advantage at the expense of others, will have a license to continue. The inflationary spiral will continue and the call for a freeze and more controls will be heard throughout the country again.

I do not want controls. One way to prevent the imposition of controls is to give the President the authority to delay wage and price increases. Otherwise, high prices will beget high prices—which will beget high wages—and more high prices.

Inflation today is far more serious than it was during the entire period when the old Cost of Living Council was in existence. It would be ironic to attack the problem now with only a fraction of the resources and power the Government had then. Our bill stops far short of wage and price controls. Indeed, it is not intended to be used for, and contains no authority for, such controls. And if its authority is fully and effectively utilized, it may forestall any need to consider wage and price controls again.

By Mr. NELSON:

S. 3920. A bill to establish administrative practices and procedures to protect constitutional rights and liberties involved in the disclosure of records of private communications. Referred to the Committee on the Judiciary.

INDIVIDUAL PRIVACY AND TELEPHONE RECORDS

Mr. NELSON. Mr. President, approximately 185 years ago Thomas Jefferson warned that "the natural progress of things is for liberty to yield and government to gain ground." The need to heed this warning today has been underscored by revelations that telephone companies throughout the country have secretly provided various governmental agencies and officials with the telephone records of thousands of individuals. With rare exceptions, the individuals involved never learn that a governmental agency or official has obtained records of their telephone calls.

These secret disclosures constitute a fundamental threat to individual privacy and free speech. Individual freedom—the cornerstone of democratic self-government—is seriously endangered when the Government can secretly determine whom a citizen speaks to in the privacy of his home or office.

The danger here can be appreciated by reference to a few examples:

In January 1974 the Internal Revenue Service used three grand jury subpenas and one administrative subpena to obtain records of telephone calls made by reporters in the New York Times Washington Bureaus. The purported basis of the subpenas was not to investigate unlawful activity by those reporters but to determine whether an official in the IRS had been passing certain information to the press. Neither the Government nor the telephone company informed the newspapermen involved that records of their private telephone conversations had been disclosed.

The Wisconsin Telephone Co. revealed that in 1973 it responded to 624 requests by governmental agencies for records of private telephone calls. One-third of these requests were made pursuant to a court or administrative subpena. The remainder were simply requests made on the stationery of a Federal, State or local governmental agency. In none of these cases did the telephone company or the government inform the individuals involved that records of their private telephone calls had been disclosed. The telephone company said that the number of requests for 1973 was only a slight increase over the number of requests made in 1972.

An official with the U.S. attorney's office in southern California reported that in the month of December 1973 alone the telephone company there responded to 241 requests for telephone records by Federal, State and local governmental agencies. The official said that the number of requests was not unusual—thus indicating that almost 3,000 requests for telephone records are being made annually in southern California.

The Justice Department recently acknowledged that in 1971 it subpenaed the records of telephone calls of certain reporters for the St. Louis Post Dispatch and the Knight newspapers. None of the individuals involved was notified of the disclosure until 2 years later.

These experiences strongly suggest that every year the telephone records of thousands of individuals throughout the country are secretly disclosed to a governmental agency or official. This widespread practice is a grave threat to individual freedom and should be curtailed.

The danger here derives from three basic deficiencies in the operative law.

First, the law provides that the telephone company must give the Government private telephone records whenever the phone company is served with a court subpena or with a "demand of other lawful authority." There is no specification as to who or what constitutes "other lawful authority." Recent newspaper reports indicated that the Wisconsin Telephone Co. interprets this provision to require it to honor requests by the FBI, district attorneys, and police officers with the rank of captain or above. A.T. & T. advised my office that the policy is actually more restrictive than that. Telephone companies may interpret the provision narrowly or broadly. But the problem is clear: there is no precise definition of the officials who may request telephone records or what standards they must satisfy in order to have the request honored.

Second, the law does not require either the Government or the telephone company to inform the individual involved that his records have been subpenaed or requested. The telephone company has, as a matter of policy, now decided in future cases to inform its customers; but any right of disclosure will not exist as a matter of legal right but at the sufferance of the telephone company. The telephone company can easily make a decision to inform the individuals involved; the telephone company can just as easily reverse that decision.

Third, the law does not require the telephone company to delay its response to any subpena or request to enable the individual to assert any legal defense against disclosure. As a result, records can be and have been disclosed before the individual involved can show that the disclosure would be unlawful or unjustified.

These three deficiencies pose a clear danger to free speech, individual privacy and other constitutional liberties. For the law now enables a single governmental official—acting without justifiable cause—to rummage through records of a law-abiding citizen's telephone calls and use them for any purpose.

This danger to constitutional liberties should not be tolerated. Free speech, individual privacy and other individual freedoms guaranteed in the Bill of Rights are central to our concept of democratic self-government. They are a bulwark against a government eager to exercise untrammeled power over the individual. We should therefore jealously guard these constitutional rights and liberties against arbitrary intrusion by the Government.

Accordingly, I am introducing legislation today to protect constitutional liberties from unwarranted disclosures of private telephone records. This legislation would make three basic changes:

First, the proposed bill would prohibit all disclosures of telephone records except through service of a court subpena meeting specified criteria. If a Government agency wants access to those private records, then it should satisfy a court that the request for records meets defined standards.

Second, in all cases except where the telephone subscriber is a foreign power, the proposed bill would require the party subpenaing the records to notify the subscriber simultaneously that records of his telephone conversations are being subpenaed. This change would insure that each subscriber would be informed of any and all attempts by others to inspect records of his private telephone conversations. The notification could be postponed, however, if the Government satisfies the court that notification would impede an ongoing criminal investigation or would hamper the Government's ability to protect carefully defined national security interests.

Third, the proposed bill would prohibit the telephone company from responding to the subpena for at least 10 days. This provision would enable the individual involved to raise any legal objections to the disclosure of records of his private telephone conversations.

Collectively, these provisions would help protect an individual's speech and privacy from any unwarranted interference. The importance of this legislative proposal should not be underestimated. For without the constitutional liberties of free speech and individual privacy, the whole foundation of our political system is endangered.

I. THE SCOPE OF THE FIRST AMENDMENT'S PROTECTION OF FREE SPEECH

To recognize the danger of unwarranted disclosure of private telephone records, it is first necessary to understand the importance of the first amendment's protection of free speech. That amendment provides, in pertinent part, that—

> Congress shall make no law . . . abridging the freedom of speech, or of the press; . . . .

This amendment, like the other amendments in the Bill of Rights, was borne from the American colonies' bitter experiences under British rule. The English King's officers wielded a free—and often unscrupulous—hand in suppressing speech in the colonies. Usually, the intent of this suppression was to deprive the public of information and opinions critical of the colonial governments.

In drafting a Constitution to govern their newly independent nation, the American citizens realized the necessity to prevent government suppression of speech. The Founding Fathers understood that a people denied the right to speech could not insure a government responsive to their needs and liberties. As James Madison observed,

> A popular government without popular information or the means of acquiring it is but a prologue to a farce or tragedy or perhaps both.

Madison's view has been endorsed repeatedly by the Supreme Court. In *Garrison* v. *Louisiana*, 379 U.S. 64, 74–75 (1964), for example, the Court declared that—

> Speech concerning public affairs is more than self-expression; it is the essence of self-government.

The press has always played a critical role in reaping the benefits from self-expression. The press' privilege and responsibility here, however, have not been confined to the dissemination of the opinions of the people. Of equal, and perhaps greater, importance is the press' ability and duty to investigate and report the conduct of the Government. Through such investigations and reports, the people can better assess the Government's performance in honoring the public's trust. James Madison was one who appreciated this invaluable contribution of a free press:

> The responsibility of officers of government cannot be secured without a free [press] investigation of their conduct and motives.

Madison, *The Virginia Report of 1799–1800*, 187 (1850 ed.).

Again, Madison's conclusion has been repeatedly supported by Supreme Court decisions. Thus, in *Grosjean* v. *American Press Co.*, 297 U.S. 233, 250 (1936), the Court stated that a free press—

> stands as one of the great interpreters between the government and the people. Since informed public opinion is the most potent of all restraints upon misgovernment, the suppression or abridgement of the publicity afforded by a free press cannot be regarded otherwise than with grave concern.

The strength of this declaration has been confirmed by recent events. The tireless investigative efforts of the Washington Post and other periodicals provided the initial wedge in exposing the Watergate scandals and other misdeeds by the Government. Without those efforts, the public might never have learned of the corruption which had infested the highest levels of our Federal Government.

In this context, the IRS secret subpenas of newsmen's private telephone records can be seen as a dangerous threat to free speech generally and to investigative reporting in particular. The IRS was not investigating any violation of the tax laws by the newsmen. Rather, the agency was trying to determine who among its employees had been passing information to the press.

Aside from the questionable validity of these subpenas, they expose the abuses permitted by existing laws. In seeking disclosure of private telephone records, the IRS—like other administrative agencies and government units—can exercise an unreviewed discretion. The law does not require a court or other neutral party to determine whether the requests for information are lawful or reasonable.

Nor does the law require the IRS to notify the individuals involved that records of their private calls have been subpenaed or requested. As a result, the individuals involved may never have an opportunity to protest that the subpenas or requests were unlawful or should not be complied with for some other legal reason.

In this most recent situation, for example, neither the New York Times nor its reporters were informed that records of their private calls had been subpenaed and disclosed by the telephone company. Consequently, neither had a timely opportunity to assert a protest concerning the legality of the action. Likewise, neither the St. Louis Post-Dispatch nor the Knight newspapers were informed in 1971 that the Justice Department had secretly subpenaed—and received—records of their private calls. They, too, were deprived of all opportunity to protest the legality or justification of the actions taken.

In Wisconsin, reporters and editors have rightly been disturbed by the prospect of secret disclosures of private telephone records. As early as last December, Wisconsin newspapermen raised the matter with the Wisconsin telephone company. According to an article in the Madison Capital Times on December 31, the company informed the journalists that,

> It is honoring the controversial requests by government agencies to disclose records of news reporters' telephone calls.

The company stated further that it will respond to all requests by police officers with the rank of captain, prosecutors, sheriffs, and administrative agencies. The Wisconsin reporters' concerns were no doubt aggravated when the Wisconsin Telephone Co. revealed that in 1973 it had responded to 624 requests from governmental agencies and officials to disclose records of private telephone calls.

Available information does not reveal the complete extent to which private telephone records have been secretly disclosed in other parts of the country. But the available facts demonstrate clearly that the risk of abuse is real and a dangerous threat to constitutionally protected speech everywhere.

Reporters must now fear whether the Government—in the spirit of the Orwellian "Big Brother"—will be screening their telephone calls, examining their private activities, and harassing lawful sources of information about government misdeeds. The net effect of this fear will be to "chill" the scope of investigative reporting. No doubt this may have grave consequences for all periodicals. But, in the end, the real victims will be the American people. Their constitutional right to know will be seriously impaired.

II. THE SCOPE OF THE FOURTH AMENDMENT'S PROTECTIONS

Secret disclosures of telephone records not only undermine rights of free speech; they also present a serious threat to the right of individual privacy as guaranteed by the fourth amendent. This amendment provides that:

> The right of the people to be secure in their persons, houses, papers, and effects, against unreasonable searches and seizures, shall not be violated, and no warrants shall issue, but upon probable cause, supported by oath or affirmation, and particularly describing the place to be searched, and the persons or things to be seized.

This amendment, too, found its genesis in the British rule of the American Colonies. The King's officers—armed with nothing more than a general warrant and a desire to suppress dissent—frequently conducted indiscriminate searches of the colonials' homes. The right to individual privacy was no more than mere rhetoric.

The Founding Fathers were anxious to avoid a resurrection of these indiscriminate searches by the Government. The fourth amendment was therefore adopted to protect individual privacy from unreasonable intrusion by the Government.

The importance of the fourth amendment in our political system was articulated eloquently by Supreme Court Justice Louis Brandeis in his dissenting opinion in the 1928 case of Olmstead versus the United States:

> The makers of our Constitution undertook to secure conditions favorable to the pursuit of happiness. They recognized the significance of man's spiritual nature, of his feelings and of his intellect. They knew that only a part of the pain, pleasure and satisfactions of life are to be found in material things. They sought to protect Americans in their beliefs, their thoughts, their emotions and their sensations. They conferred, as against the Government, the right to be let alone—the most comprehensive of rights and the right most valued by civilized men. To protect that right, every unjustifiable intrusion by the Government upon the privacy of the individual, whatever the means employed must be deemed a violation of the Fourth Amendment.

The fourth amendment's protection is thus essential to our concept of democratic self-government. That protection enables each individual to think, speak, and write freely without fear of Government suppression.

Without the guarantees of the fourth amendment, the ability of the people to participate in and guide their Government is undermined. Supreme Court Justice Robert Jackson aptly summarized this point in his dissent in the 1949 case of Brinegar versus the United States:

> Among deprivations of rights, none is so effective in cowing a population, crushing the spirit of the individual and putting terror in every heart. Uncontrolled search and seizure is one of the first and most effective weapons in the arsenal of every arbitrary government. And one need only briefly to have dwelt and worked among a people possessed of many admirable qualities but deprived of these rights to know that the human personality deteriorates and dignity and self-reliance disappear where homes, persons, and possessions are subject at any hour to unheralded search and seizure by the police.

The Founding Fathers, of course, did not contemplate the advent of telephones. Consequently, the fourth amendment does not expressly include wiretaps or telephone records within the ambit of its protection. But there can be no question that that protection extends to the use of the telephone. As the Supreme Court stated in the 1967 case of *Katz* v. *United States* (389 U.S. 347),

> The fourth amendment protects people, not places.

In the Katz case and in the 1967 case of *Berger* v. *New York* (388 U.S. 41), the Court therefore held that telephone wiretaps must adhere to the limits and guidelines delineated by the fourth amendment. The Court has affirmed this position repeatedly since 1967. (See, for example, *Alderman* v. *United States*, 394 U.S. 165 (1969).)

Court decisions on government wiretaps also make clear that telephone records enjoy some protection under the fourth amendment. It would surely be ironic—and illogical—if the fourth amendment protected against wiretaps of telephone conversations but did not provide any protection for records of those conversations. In other words, the fourth amendment's protection is tied to private speech—not the physical process of dialing the telephone. This conclusion is supported by the Court's declaration in *United States* v. *United States District Court* (407 U.S. 297 (19 2):

> Though physical entry of the home is the chief evil against which the wording of the Fourth Amendment is directed, its broader spirit now shields private speech from unreasonable surveillance.

The history and language of the fourth amendment, as well as interpretive decisions by the Supreme Court, underscore the danger—and unconstitutionality—of current law governing the disclosure of telephone records. For those laws sanction unreasonable surveillances of private speech by the Government.

The law allows the telephone company to disclose private telephone records in response to a court subpena or "on demand of other lawful authority." Thus, any governmental unit seeking access to private telephone records can simply make a demand for them—no questions asked.

The Government's demand can be reasonable or unreasonable. There is no court or other neutral party to assess the legal validity and justification of the demand. Nor is there any limitation on how the Government may use the information received. The Government may use it to further a criminal investigation or for illicit purposes.

The law, moreover, does not require the party making the demand to notify the individual involved. Nor does the law require the telephone company to delay its response to enable the individual involved to protest the legality or justification of disclosing his records.

In short, the deficiencies of the law not only threaten the constitutional rights of newsmen; those deficiencies pose a serious danger to the constitutional freedoms of every citizen, regardless of his or her station in life.

The telephone company may secretly disclose the private records of anyone's telephone calls to a governmental agency or law enforcement unit acting without a court subpena. As in the cases concerning the New York Times, the St. Louis Post-Dispatch and the Knight newspapers, the individual may not learn of the disclosure until after his opportunity to complain is lost. Indeed, the chances are that the individual will never learn of the secret disclosure. This, at least, has been the experience in Wisconsin where, in 1973, the telephone company responded to 624 requests for records of private telephone records.

This situation is and should be of concern to all American citizens. The right to privacy, like the right to speech, is a privilege crucial to the sustenance of our democratic system. Without those rights, the individual's private affairs become a matter of public record for intrusive eyes to scrutinize. Law-abiding citizens may then cower in the dark, never knowing the private information possessed by the Government—or how it will be used.

III. LEGISLATION TO PROTECT AGAINST ABUSIVE DISCLOSURES OF PRIVATE TELEPHONE RECORDS

The foregoing analysis points to the urgent need for corrective legislation. No American citizen should fear that his right to speech and individual privacy will be violated by secret disclosures of records of his private telephone conversations. Nor should any journalist fear that his professional and constitutional responsibility to inform the people about public affairs will be "chilled" by a governmental agency surreptitiously examining records of his private telephone calls. Every citizen should be assured that his constitutional rights and liberties remain inviolate—both as a matter of theory and as a matter of practice.

I am therefore introducing legislation to provide that assurance. In essence, the bill would effect three basic changes in the operative law.

First, the bill would prohibit the disclosure of private telephone records except through service of a court subpena meeting specific standards. On the one hand, this change would eliminate the ambiguity inherent in the present law's provision that disclosure be made on demand "of lawful authority." On the other hand, this change would guarantee that all requests for disclosure be screened by a neutral court in accordance with defined standards. This, in turn, will minimize the risk of abuse.

Second, in all cases except when the telephone subscriber is a foreign power, the bill would require the party seeking dislosures to notify the subscriber that records of his private telephone calls are being sought. The notification would have to be made simultaneously with the request for disclosure. This second change will guarantee that each subscriber will know if and when records of his private telephone calls are being sought. The notification could be postponed, however, if the Government satisfies the court with independent evidence that such notification would impede an ongoing criminal investigation or limit the ability of the Government to protect against foreign attack or subversion. The postponement could only be as long as the court considered it necessary.

Third, the bill would require the telephone company to delay its response to the subpena for 10 days. This delay, coupled with the notice, will afford each individual timely opportunity to protest the validity of the subpena, assert a lawful privilege against disclosure, or advance any other legal argument concerning the justification of the disclosure sought.

The thrust of these proposed changes is clear. Each individual would be assured that any request for disclosure of private telephone records will be made through the judicial process and that there will be a timely opportunity to block the disclosure. The legislation thus reaffirms a basic right of all American citizens: the opportunity to seek the courts' protection of constitutional rights and liberties.

From the date of its proposal, the Bill of Rights has been understood to limit the power of the Government. (See 1 Annals of Cong. 438 (June 1789) (remarks of James Madison).) But it has also been understood since that time that the Bill of Rights is not self-enforcing.

Its implementation demands not only

a government sensitive to the limitations of its powers; it also demands an opportunity for the courts to protect those rights when the government's sensitivity proves insufficient. In proposing adoption of the Bill of Rights, James Madison discussed this critical role to be played by the courts in defending constitutional rights:

> Independent tribunals of justice will consider themselves in a peculiar manner the guardians of those rights; they will be an impenetrable bulwark against every assumption of power in the Legislative or Executive; they will be naturally led to resist every encroachment upon rights expressly stipulated for in the Constitution by the declaration of rights. 1 Annals of Cong. 440 (June, 1789).

This opportunity to invoke the court's protection derives from the fundamental notion of fairness which underlies our Constitution. It is an opportunity whose importance was recognized not only by our Founding Fathers but also by the courts who interpret the work of the Founding Fathers. This recognition was evident, for example, in *Democratic National Committee* v. *McCord,* 356 F. Supp. 1384 (D.D.C. 1973), a recent case concerning enforcement of court subpenas for the work files of newsmen investigating the Watergate scandals. In rejecting the subpenas because of first amendment rights, the Federal District Court in Washington, D.C., made clear that a prerequisite to protection of constitutional rights was a judicial inquiry and decision:

> The Court notes that the First Amendment entitles the public to more than a right to know. It also requires that any incursions into the areas protected by the Bill of Rights will be given a prompt judicial inquiry and hopefully one that will not only be sound but which the public will also understand and accept. 356 F. Supp. at 1398.

The need for this "prompt judicial inquiry" was evident in that case concerning free speech. A prompt judicial inquiry is no less important where rights of individual privacy are at stake. The legislation offered today would guarantee to every citizen the same prompt judicial inquiry when disclosure of private telephone records is involved.

IV. CONCLUSION

The bill offered today is not necessarily a perfect one. Additional information should be collected and reviewed to determine, among other things, the precise number of requests for disclosure of records of private telephone calls, the identities of the governmental units and other parties who generally make these requests, the purposes for which these requests are made, and whether revisions might be necessary to minimize the administrative and financial costs imposed on our courts. Hopefully, this bill—and perhaps others—will result in extensive committees to explore and answer these hearings by appropriate congressional questions.

But there should be no question that this bill addresses issues of paramount importance. For it focuses Congress attention on practices which run afoul of precious rights and liberties guaranteed to every citizen by our Constitution. To appreciate the historical and fundamental importance of these rights and liberties, one need only recall Justice Brandeis' statement in Whitney against California, a case concerning freedom of speech:

> Those who won our independence believed that the final end of the State was to make men free to develop their faculties; and that in its government the deliberative forces should prevail over the arbitrary. They valued liberty both as an end and as a means. They believed liberty to be the secret of happiness and courage to be the secret of liberty. They believed that freedom to think as you will and to speak as you think are means indispensable to the discovery and spread of political truth; that without free speech and assembly discussion would be futile; that with them, discussion affords ordinarily adequate protection against the dissemination of noxious doctrine; that the greatest menace to freedom is an inert people; that public discussion is a political duty; and that this should be a fundamental principal of the American government. 274 U.S. 357, 375 (1927) (concurring opinion).

As the representatives of the people, Congress should not stand idle when the practical effect of a law threatens the individual's rights to free speech and privacy. Congress should therefore undertake an immediate and full consideration of the bill offered today.

Mr. President, I ask unanimous consent to insert in the RECORD the text of the bill offered today.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 3920

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled. That this Act may be cited as the "Administrative Records Act of 1974."

SEC. 2, Section 605 of title 47, United States Code, is amended by striking out "(5) in response to a subpena issued by a court of competent jurisdiction, or (6) on demand of other lawful authority." and inserting in lieu thereof "or (5) in response to a subpena issued by a court of competent jurisdiction in accordance with section 605A."

SEC. 3. Title 47, United States Code is amended by adding after section 605 the following new section:

Section 605A. Disclosure of Communications and Records

"(a) A subpena pursuant to clause (5) of section 605 shall be issued only at the request of the chief legal officer, or a specially designated assistant legal officer, of the United States or any department or agency thereof or of State or local governments which has lawful authority to seek issuance of a court subpena and only if the court determines that the information sought is necessary for enforcement of laws under the jurisdiction of the applicant department or agency. In issuing, or in determining whether to issue, any such subpena the court shall—

"(1) require that on the same day on which such subpena is issued the party whose communication or records thereof are sought (hereinafter "subscriber") is served in person with, or there is mailed to such subscriber by certified mail with return receipt requested, a true and accurate copy of such subpena and that the subpena so certifies;

"(2) require that such subpena identifies with as much particularity as is possible and practicable the communication, or record thereof, sought in terms of the parties thereto, the date thereof, and the location at which or from which the communication transpired;

"(3) require that the subpena specify the agency or department seeking the communications or records thereof, the purposes for which such information is sought, whether the individual is the chief legal officer or specially designated assistant legal officer of the applicant department or agency, and whether such department or agency has lawful authority to seek issuance of a court subpena;

"(4) provide that no more information shall be disclosed than is necessary to furnish the communication or record identified pursuant to clause (2) and that such communication or record will be used only for the purpose obtained;

"(5) give to such subscriber, as well as to any other individual who is a party to a communication described in clause (2) or who commonly uses the facilities from which or at which such communication transpired, the standing to assert any and all legal rights and defenses which would be available if the subscriber or other individual were in possession of such communication or record and the subpena had been directed to such subscriber or other individual; and

"(6) provide for compliance in not less than 10 days after service, except in any case where the court determines in an ex parte proceeding that immediate disclosure is required to protect an individual against an immediate danger of bodily harm, to protect the Nation against actual or potential attack or other hostile acts of a foreign power, or to obtain foreign intelligence information deemed essential to the security of the United States, provided that immediate notice of such disclosure shall be made to the subscriber either in person or by certified mail with return receipt requested. In making that determination, the court shall require sworn testimony or an affidavit setting forth sufficient facts to support a reasonable belief that disclosure of the information sought will help enable the applicant department or agency to provide the necessary protection or obtain the information.

"If a subscriber or any other party files a motion to quash the subpoena, the court shall prohibit disclosure of any information sought by the subpoena unless and until such motion is denied."

"(b) The Court may delay service of the subpoena issued pursuant to clause (5) of section 605 on the subscriber for 30 days if the court is satisfied that (1) probable cause exists to believe that a particular crime has been, is being, or will be committed, and service of the subpoena on the subscriber will enable the suspected individual to escape prosecution for that particular crime, would result in the destruction or unavailability of evidence relating to the commission of that particular crime, or would result in bodily harm to an individual, or (2) there is sufficient evidence to demonstrate that the information sought is necessary to help protect the Nation against actual or potential attack or other hostile acts of a foreign power, or to obtain foreign intelligence information deemed essential to the security of the United States and service of the subpoena will substantially impair the ability of the applicant department or agency to provide such protection or obtain such information. The court may grant 30-day extensions of the delay of service of the subpoena if, after the initial 30 days, the court remains satisfied that one of the aforementioned conditions justifying delay still exists.

"(c) None of the rights of notification to the subscriber under subsection (a)(1) and (a)(6) shall apply if the subscriber is a foreign principal as defined by section 611(b)(1) of title 22, United States Code."

Sec. 4. Section 2511 of title 18, United States Code is amended by striking out "or" at the end of subsection (c) and by adding at the end of subsection (d) the following: "or (e) willfully uses or endeavors to use, or willfully discloses or endeavors to disclose information obtained in violation of Section 605A of title 47, United States Code, knowing or having reason to know that the information was obtained in violation of that section;".

Sec. 5. The analysis of chapter 5 of title 47, United States Code is amended by adding after section 605 the following new item: "605A. Disclosure of Communications and Records.".

ADDITIONAL COSPONSORS OF BILLS AND JOINT RESOLUTIONS

S. 796

At the request of Mr. Pell, the Senator from Michigan (Mr. Hart) was added as a cosponsor of S. 796, a bill to improve museum services.

S. 819

At the request of Mr. Bayh, the Senator from New York (Mr. Javits), the Senator from Indiana (Mr. Hartke), the Senator from Illinois (Mr. Stevenson), the Senator from Rhode Island (Mr. Pell), the Senator from Ohio (Mr. Metzenbaum), the Senator from Alabama (Mr. Sparkman), and the Senator from Connecticut (Mr. Ribicoff) were added as cosponsors of S. 819, a bill to authorize a national policy and program with respect to wild predatory mammals; to prohibit the poisoning of animals and birds on the public lands of the United States; to regulate the manufacture, sale and possession of certain chemical toxicants, and for other purposes.

S. 2200

At the request of Mr. Cranston, the Senator from Connecticut (Mr. Weicker) was added as a cosponsor of S. 2200, a bill to govern the disclosure of certain financial institutions to governmental agencies, to protect the constitutional rights of citizens of the United States and to prevent unwarranted invasions of privacy by prescribing procedures and standards governing disclosure of such information, and for other purposes.

S. 3305

At the request of Mr. Clark, the Senator from Colorado (Mr. Dominick), the Senator from Alabama (Mr. Allen), and the Senator from Massachusetts (Mr. Kennedy) were added as cosponsors of S. 3305, the National Huntington's Disease Control Act.

S. 3753

At the request of Mr. McClure, the Senator from Masachusetts (Mr. Kennedy), and the Senator from New York (Mr. Javits) were added as cosponsors of S. 3753, a bill to provide memorial transportation and living expense benefits to the families of deceased servicemen classified as POW's or MIA's.

S. 3771

At the request of Mr. Javits, the Senator from Maine (Mr. Hathaway), the Senator from Montana (Mr. Metcalf), and the Senator from New Jersey (Mr. Williams) were added as cosponsors of S. 3771, a bill to establish an Economic Review Board.

S. 3862

At the request of Mr. Thurmond, the Senator from Texas (Mr. Tower), the Senator from North Dakota (Mr. Young), the Senator from Hawaii (Mr. Inouye), the Senator from Nebraska (Mr. Hruska), and the Senator from Arizona (Mr. Fannin) were added as cosponsors of S. 3862, a bill to prohibit any change in the status of any member of the uniformed services who is in a missing status under chapter 10 of title 37, United States Code, until the provisions of the Paris Peace Accord of January 27, 1973, have been fully complied with, and for other purposes.

S. 3864

At the request of Mr. McGovern, the Senator from Wisconsin (Mr. Nelson) was added as a cosponsor of S. 3864, the National Nutrition Education Act.

S. 3903

At the request of Mr. Brock, the Senator from Kentucky (Mr. Cook) was added as a cosponsor of S. 3903, a bill to extend the State and Local Fiscal Assistance Act of 1972 for 7 years.

SENATE CONCURRENT RESOLUTION 111—SUBMISSION OF A CONCURRENT RESOLUTION PROVIDING FOR THE TERMINATION OF ASSISTANCE TO TURKEY AND GREECE

(Referred to the Committee on Foreign Relations.)

Mr. PELL. Mr. President, events in Cyprus are rapidly deteriorating. External political interference has given way to external military interference. As a result, the suffering of the Cypriot people continues, while the grim specter of full-scale war between Turkey and Greece becomes a growing possibility with every passing hour. This momentum must be checked if we are to avoid a major catastrophe.

The dangers inherent in the situation are all too apparent. Greece has formally withdrawn its military commitment from NATO; the southern flank is in shambles. The United States must face the reality that American arms intended for the defense of the NATO alliance are now being readied for confrontation between erstwhile allies. Consequently, much of the responsibility to prevent further escalation in Cyprus must be borne by the United States.

These developments could not have come at a more difficult time. The new civilian government in Greece of Mr. Karamanlis requires every opportunity to establish a firm foundation for the restored democracy. Similarly, Cyprus, which has experienced three different leaders in less than 1 month, can ill-afford continued unrest and fighting.

This is not the time to affix blame for the original causes of the crisis. Most of the principals, and especially the military junta of Greece, have been removed from the present scene. Nor is it time to evaluate the political merits of the Turkish position. Consideration of the political future of Cyprus belongs on the negotiating table in Geneva, not on the battlefield of Nicosia.

The United Nations has taken the important step of passing U.N. Resolution 353 calling for an immediate cease-fire on Cyprus and the withdrawal of all foreign forces. It is imperative that all parties involved adhere to this resolution.

Thus far, it is evident that the diplomatic efforts of the United States to restrain its allies have been unsuccessful. Verbal warnings have not been enough—something stronger is demanded so events do not escalate beyond control.

It is for this reason that I now submit a concurrent resolution requiring the termination of all aid, both economic and military, to Turkey and Greece until such time as each fully embraces United Nations Resolution 353 and returns to Geneva. Only through this direct action can the United States make clear its opposition to a military solution; only through this direct action can we end the supply of arms that make a war possible.

I recognize that this resolution constitutes dramatic action. But the stakes are high, the potential losses great, for anything less. The stability of three nations, and even that of NATO, is in the balance. The crisis in Cyprus must be solved through negotiations and not through might. By adopting this resolution terminating the flow of aid to Turkey and Greece, the Congress can, I believe, make a major contribution to the achievement of peaceful settlement of this problem.

I now ask unanimous consent that the entire text of the concurrent resolution be inserted in the Record.

There being no objection, the concurrent resolution was ordered to be printed in the Record, as follows:

S. Con. Res. 111

Resolved by the Senate (the House of Representatives concurring), That, in accordance with section 617 of the Foreign Assistance Act of 1961, all assistance provided under that Act to Turkey and Greece is terminated for each such country until such time as the President certifies to Congress that such country is in compliance with each applicable resolution of the United Nations Security Council relating to Cyprus.

Sec. 2. In regard to the provisions of section 617 of the Foreign Assistance Act of 1961 which allows as long as eight months for the orderly close-out of such assistance, it is the sense of Congress that the current situation in Cyprus warrants an immediate total cessation of United States assistance until the conditions specified in section 1 of this resolution are achieved.

SENATE CONCURRENT RESOLUTION 112—SUBMISSION OF A CONCURRENT RESOLUTION RELATING TO THE SITUATION IN CYPRUS

(Referred to the Committee on Foreign Relations.)

Mr. STEVENSON. Mr. President, it is tragic for the cause of world peace, the NATO alliance and, most of all, for the people of Cyprus that the Geneva peace talks have collapsed. It is a greater tragedy that Turkey has resumed military operations on Cyprus in violation of the July 30, 1974, cease-fire agreement.

This unjustified resumption of military action by Turkey can only result in further suffering by the people of

Cyprus—Greek and Turk alike. For the people of Cyprus this war is a nightmare of death and suffering. Thousands of Cypriot citizens have been forced from their homes—especially in Turkish occupied areas. And thousands more have fled to escape the fighting and became refugees.

The Cyprus question cannot be resolved by foreign intervention. The political problems of Cyprus can only be solved by the Cypriot people themselves with the assistance of the United Nations. But the resort to force by Turkey must be stopped.

The first priority in the latest Cyprus crisis is to establish a new cease-fire to stop the fighting between Turkey and the Cypriot national guard before it spreads from Cyprus to the Greek-Turkish border. Once a cease-fire has been established, we must devote our energies to the withdrawal of all foreign troops on Cyprus other than those under the authority of international agreements. In addition, we must meet the emergency relief needs of all Cypriot refugees, particularly civilians who have been detained—including those who may have been deported to Turkey.

Both Greece and Turkey are U.S. allies. And, most important, they form the crucial eastern flank of the NATO alliance. For these reasons, the U.S. Government has purported to deal with the Cyprus crisis in an "even-handed" manner. It is, however, becoming apparent that the failure of the Geneva peace talks and the resumption of Turkish military operations on Cyprus may be the result of continued "even-handed" appeals for restraint by the United States.

Turkey has now violated two cease-fire agreements. It continues to violate Resolution 353 adopted by the United Nations Security Council on July 20, 1974, which "demands an immediate end to foreign intervention in the Republic of Cyprus" and "requests the withdrawal without delay from the Republic of Cyprus of foreign military personnel present otherwise than under the authority of international agreements." It continues to use force to set up a separate Turkish administration on Cyprus, and has now split that small island in half.

Under these circumstances, it is evident that "even-handed" appeals for restraint by the United States have failed. They might even have encouraged the unjustified unilateral Turkish action on Cyprus.

Designed to preserve the NATO alliance, the continued "even-handed" approach by the United States in the face of repeated Turkish aggression on Cyprus has instead resulted in the withdrawal of Greek military forces from NATO. Moreover, the Turkish acts and the failure of the United States to restrain Turkey are undermining the new democratic Greek government of Constantine Karamanlis. It is in the interest of the NATO alliance and the people of Greece for the United States to restrain Turkey so that Greece does not relapse into repressive military rule.

Finally, let us not forget that Cyprus, too, is a friend of the United States. As a friend, we have a moral responsibility to help preserve the sovereignty of Cyprus.

Freedom and independence for the people of Greece and Cyprus demands that the United States be strong and resolute in their support. Only the United States, the principal ally and arms supplier of both Turkey and Greece, has the necessary leverage to influence Turkey to negotiate a Cyprus settlement in good faith and to withdraw its troops from Cyprus in order to permit the United Nations to secure and protect the rights of all Cypriot citizens until a peaceful settlement can be agreed upon. It is now time for the United States to use its leverage on Turkey in order to bring peace and relief to the people of Cyprus.

The most effective way to do so is to cut off any further U.S. military assistance or military sales to any country which has troops currently involved in Cyprus in violation of international agreements. Accordingly, I am introducing a resolution calling for an embargo on all military assistance to Turkey until all Turkish armed forces have been withdrawn from Cyprus. Because of the grave situation on Cyprus, I urge the quickest action possible on this resolution.

Mr. President, I ask unanimous consent that the text of the resolution be printed in the Record at this point.

There being no objection, the concurrent resolution was ordered to be printed in the Record, as follows:

S. Con. Res. 112

Resolved by the Senate (the House of Representatives concurring),

Whereas a settlement of the present conflict in the Republic of Cyprus is vital to the peace and security of the eastern Mediterranean and is in the best interests of world peace and stability; and

Whereas a settlement depends upon the right of the Cypriot people to determine their own destiny and the efforts of the United Nations to act as a negotiating body; and

Whereas Resolution 2077(xx) adopted by the General Assembly on December 8, 1965, "calls on all states . . . to respect the sovereignty, unity, independence and territorial integrity of the Republic of Cyprus and to refrain from any intervention directed against it"; and

Whereas, the continued presence of foreign troops in Cyprus undermines the ability of the Cypriot people to resolve their own differences and the efforts of the United Nations to restore peace; and

Whereas Resolution 353 adopted by the Security Council on July 20, 1974, "demands an immediate end to foreign military intervention in the Republic of Cyprus" and "requests the withdrawal without delay from the Republic of Cyprus of foreign military personnel present otherwise than under the authority of international agreements . . ." and

Whereas the declaration on Cyprus signed by the foreign ministers of Britain, Turkey, and Greece, in Geneva on July 30, 1974, calls for a "timely and phased reduction of the number of armed forces" from Cypriot soil; and

Whereas the continued presence of foreign troops in Cyprus violates international agreements and United Nations resolutions, threatens the independence and territorial integrity of the island, jeopardizes peace and stability in the eastern Mediterranean, and imperils the very existence of NATO; and

Whereas the Cyprus peace talks in Geneva have collapsed; and

Whereas the Government of Turkey has resumed military operations on Cyprus in violation of the aforesaid: Now, therefore be it resolved by the Senate (the House of Representatives concurring),

(1) That all foreign troops currently involved in Cyprus be withdrawn immediately so that the United Nations and the International Committee of the Red Cross may be permitted to restore peace to the island, and to guarantee the protection and civil rights of all persons and communities and the right of the Cypriot people working together to determine their own destiny; and

(2) That all military assistance, all sales of defense articles and services (whether for cash, credit, guarantee or any other means) and all licenses for the transportation of arms, munitions and implements of war to any country that has troops currently involved in Cyprus other than under the authority of international agreements, should be suspended until the President reports to the Congress that the country has withdrawn all of its armed forces from Cyprus.

SENATE CONCURRENT RESOLUTION 113—SUBMISSION OF A CONCURRENT RESOLUTION RELATING TO WORLD FOOD SHORTAGES AND POPULATION GROWTH

(Referred to the Committee on Foreign Relations.)

Mr. PERCY (for himself, Mr. Humphrey, Mr. McGovern, Mr. Hatfield, Mr. McGee, Mr. Inouye, Mr. Hart, Mr. Metzenbaum, Mr. Mondale, Mr. Tunney, and Mr. Hughes) submitted the following concurrent resolution:

S. Con. Res. 113

It is the sense of the Congress that current and projected food shortages around the globe are aggravated by rapid world population growth, that national and international policies on food production, storage and distribution and on population growth should be developed in order to accelerate economic and social progress in the developing nations and to improve the quality of life for all people, and that the United States should cooperate fully in the development of such policies at the United Nations sponsored World Food Conference and World Population Conference taking place this year.

Whereas in the past year, world grain reserves have reached record low levels, food prices have reached near record high levels, and adequate nutrition has become increasingly difficult for poor people in all nations to obtain; and

Whereas famine is now a grim reality for millions of people in several areas of the world and critical food shortages are now threatening the quality of life for additional millions around the world as the incidence of hunger and malnutrition reaches epidemic proportions; and

Whereas the world population of nearly four billion people currently increases by 75 million people annually and is expected to double in the next 30 years; and

Whereas rapid population increase has a critical impact on the already limited supplies of food and other resources and hampers individuals, families, and governments in their efforts to attain adequate diets and higher levels of economic and social development; and

Whereas projected increases in food supplies, when measured against current global rates of population increase, offer little possibility that the substandard dietary intake of millions of people in all parts of the world can be improved; and

Whereas the United Nations has designated 1974 as World Population Year and is sponsoring both the World Population Conference and the World Food Conference this year out of concern over the increasingly critical international problems of food shortages and rapid population growth;

Now, therefore, be it Resolved by the Senate (the House of Representatives concurring), That it is the sense of the Congress that—

(1) the United States should assist in meeting the growing economic and human crises in many developing countries both by taking steps to meet the immediate threat of famine where it exists and by making available the means and technology for these countries to increase their own food production; and

(2) the United States should take steps to achieve international agreements on a system of food reserves sufficient to meet emergencies wherever they may arise and to provide insurance against unexpected short-falls in food production; and

(3) since an increase in the standard of living of people, through expanded economic and social opportunities, in the developing nations is a necessary component of any program to promote a decline in population growth rates, the United States should continue and increase both bilateral and multilateral aid to promote social and economic development and to assist in implementing population programs in other countries in accordance with their requests; and

(4) in the United States, as well as in other nations, governmental and private sector programs providing information and guidance to assist persons to make voluntary, free, and responsible decisions on the number and spacing of their children should continue to be encouraged; and

(5) the United States should encourage the efficient use and equitable distribution of food and other resources worldwide; and

(6) the designation by the United Nations of 1974 as World Population Year is welcome, as is the establishment of a National Commission for the Observance of World Population Year to promote within the United States a better understanding of the causes, nature, scope and consequences of the problem of population growth, both national and international, and the relationship of this problem to the quality of human life; and

(7) the participation of the United States in the World Population Conference and the World Food Conference is welcome, and the United States delegations to both meetings should participate fully with other delegations in the elaboration of an effective World Population Plan of Action and of comprehensive and constructive world food policies for recommendation to the respective governments.

Mr. PERCY. Mr. President, I am pleased today to join with Senator HUMPHREY and 10 other cosponsors in submitting a concurrent resolution expressing the concern of Congress about the interrelated issues of world food shortages and unrestrained population growth. Congressmen PIERRE DU PONT and JAMES SYMINGTON are offering the same resolution in the House of Representatives today.

I have long been deeply concerned with the implications of burgeoning world population, and I have been disappointed at the lack of governmental and public attention, both here and abroad, to this most serious problem. It seems that the threats of worldwide overcrowding, famine, disease, poverty, and environmental degradation in the coming decades are too abstract for many people to come to grips with. The Earth has, after all, managed to support most of the world population so far, and it is not easy for many people to realize the true scope of the problem. But the energy crisis and the food crisis have now given such threats a grim reality. Famine and malnutrition-related diseases have already claimed three-quarters of a million lives in the African Sahel, and additional millions in Africa and the Indian subcontinent still face the threat of starvation.

Many people dismiss the seriousness of the population explosion on the grounds that the Earth is capable of supporting many more people than it does now and that technology will allow us to increase food production and resource availability to meet the needs of additional billions of people. To a certain extent, these contentions are true. But even if the Earth can support a substantially larger population, countries already impoverished will not be able to increase food production and resource availability at a rate equal to unrestrained population growth.

The world population currently increases about 2 percent per year. If this growth rate continues, world population will double in the next 35 years and will quadruple in the next 70 years. In some developing countries, however—countries already suffering from widespread hunger, poverty, and disease—the growth rate is 3.5 percent per year. In these countries, the population will double in just 20 years.

In order to maintain the same standard of living for its people, a country must double its output of goods and services—GNP—in the same time that population doubles. To improve its standard of living, a country must more than double its GNP in the same time. These facts, combined with the harsh reality of continuing worldwide inflation, yield a tragic effect: if population growth rates are not slowed, those developing countries that cannot currently meet the basic needs of their people will have little hope of improving the quality of life for their people and will face increasing difficulty maintaining current standards.

The only way out of this vicious downward cycle is through restrained population growth, and realization of this fact is taking hold around the world. We in the United States are more fortunate economically than most other nations. Our birth rate has declined to less than 1 percent per year and our GNP has increased steadily to provide us with an unprecedented volume of goods and services. If world population continues to grow at current rates, however, not only will the less developed nations lose the possibility of increasing their standard of living; the United States may well be faced with an eventual reduction in its standard as well.

I know that some Americans view the population explosion as the problem of other nations and not of the United States. Our country is, however, inseparably linked to the rest of the world, the Earth's resources are finite and unequally distributed among nations. Although America has been blessed with an abundance of many resources, we must still depend on other countries for many of the foods, fuels, and metals we use, and we must recognize our continuing responsibility to share with others the resources we are so fortunate to have. The United States cannot isolate or disassociate itself from the adversities of poorer nations, and it is, therefore, imperative that we seek to encourage and assist the international community in cooperative efforts to bring the world population under control.

The concept of population control has gained some distasteful connotations that we must all attempt to rid it of. Population control does not mean compulsory sterilization, abortion, euthanasia, or even compulsory family planning. What population control does mean is censustaking—which many countries do not currently attempt; determination by each country of the population size it can realistically hope to maintain and provide for; family planning education and counselling; voluntary and affordable family planning services; improved opportunities and status for women; economic and agricultural development; quality health care; and universal education. All of these things, taken together, will yield voluntary limitation of family size; all of these things, taken together, are what population control really means. Population control must be seen as an extremely positive and humanitarian approach to the achievement of a higher quality of life for all people.

The United Nations is to be commended for designating 1974 as World Population Year and for sponsoring both the World Population Conference and World Food Conference. I am entirely hopeful that this unprecedented meeting of governmental representatives to discuss population matters will enhance the spirit of international cooperation and will result in a world plan of action to outline specific approaches to population problems that can be adopted and implemented in all countries. As cochairman of a bipartisan national advisory commission to the World Hunger Action Coalition, I am hopeful that the World Food Conference will yield positive policies to provide both long- and short-term solutions to the worsening world food crisis. Population and food are closely interrelated issues, and I am pleased that the U.N. has facilitated the formulation of international policies on both topics in the same year.

I am grateful to the 10 Senators who have already joined Senator HUMPHREY and me in sponsoring this concurrent resolution. I would hope that ultimately even more of our colleagues will join us, for it is of paramount importance that the U.S. delegations to both conferences be assured of strong congressional support for the difficult work they undertake. The World Population Conference begins next week, and I urge my colleagues to join in this bipartisan statement that the U.S. Congress is aware of the critical nature of the problem and is committed to sharing fully in international efforts to alleviate this growing crisis.

Mr. HUMPHREY. I join the distinguished Senator from Illinois (Mr. PERCY) in offering the food and population resolution. Mr. President in supporting this food and population resolution today we are urging all nations to face up to the food and population crises which are already upon us.

The Population Conference in Bucharest and the Food Conference in Rome offer unique opportunities for discussion and the development of action programs.

Many of the developing nations have lost hope in terms of bringing population growth rates and agricultural production into balance.

During the past 2 years, the developing countries have taken an economic beating in terms of facing increased costs for food and fuel, as well as decreased fertilizer supplies.

These trends have made it more difficult to sustain the momentum of the Green Revolution under which food production gains had made it possible for developing nations to make substantial increases in their agricultural production.

Now those gains are under serious strain. Development budgets have been trimmed, and the priority of family planning activities has, in some countries, been lowered.

In spite of the difficulties, this is an inescapable and inexorable problem. A look at the population figures brings home the story in vivid detail.

The world population level for 1800 was under 1 billion, and by 1900 the total had increased to 1.6 billion. Today the total is approaching 4.0 billion, and that figure will about double by the year 2000.

We can see the reason for the sudden interest in the ideas of Malthus who predicted that war, famine and pestilence would reduce population increases unless mankind exercised "moral restraint."

Although I do not accept the notions of Malthus, it is clear that an increased population will place an even greater strain on the world's resources.

It is clear that already, globally, certain areas are food deficient with an estimated 10,000 starving each week. UNICEF earlier this year estimated that 400 to 500 million children faced malnutrition throughout the world.

The rapid increases are clearly most marked in the developing world. However, the developed countries, with only a third of the population, nonetheless use about 60 percent of the world's energy and the other basic commodities.

The developed countries may have found the key to limiting population increases, but the growing demands of people from these countries for commodities and energy place a great strain on the world supplies.

Thus the problem may not be the same for the developed and developing countries, but both have an interest in addressing the problem.

The problem for the developing countries is one of finding ways to speed the development process. We should not look on the problem narrowly as one of limited knowledge or insufficient medical supplies. When families have a degree of security including a modest level of health care, jobs, education and food, the population levels will decline as they have elsewhere throughout the world. In my mind, there is no likely shortcut. This will be a long and difficult process, and we must bring new strength to the challenge.

We must provide as much support as possible to the developing countries in this effort. Many of these nations are relatively new and inexperienced.

As a powerful nation, our country can be useful in many ways such as sharing its technical knowledge in agriculture, research and production, weather forecasting, demography, and nutrition.

We must begin to pay far more attention to our own consumption patterns and look for ways to conserve and reuse resources.

These conferences offer the United States a splendid opportunity to lead the way in pointing out the importance of these problems.

I urge our Government to play an active role and be a contributing member of the discussions. This resolution expresses the sense of the Senate that these conferences deserve the full support of our Government.

Mr. President, the New York Times on August 14 featured an article, "Population Boom and Food Shortage: World Losing Fight for Vital Balance," by Gladwin Hill, which describes the food and population struggle in considerable detail. I also would like to point out an outstanding August 10 New York Times article, "Computer 'Model' of World Sought To Cope With Food Shortage," which outlines attempts to apply computer models to the food and population problems. I ask unanimous consent that these very informative articles be printed in the Record.

There being no objection, the articles were ordered to be printed in the Record, as follows:

[From the New York Times, Aug. 10, 1974]

Computer "Model" of World Sought To Cope With Food Shortage

(By Walter Sullivan)

Few, if any, problems confronting modern man are more complex than that of assuring an adequate food supply to the peoples of the world in the decades to come.

With near-famine conditions in some parts of the world pushing the problem to the forefront, specialists in the analysis of interacting global issues have begun to apply their expertise and their computers in search of possible solutions.

Success, they emphasize, will depend on identifying those key factors that will control the outcome and, not unexpectedly, they have found that curbing population growth is by far the most vital element.

One projection, in fact, suggests that, if this is not done soon and with special vigor where food supplies are already short, mass starvation by the end of this century is inevitable.

This has emerged from an international effort at computer analysis of all factors believed to bear on food production and population growth over the next half century. The analysis indicates that, unless births in South Asia are brought down to the death rate level within a few decades, half a billion children will die between 1980 and 2025.

TRENDS ARE PROJECTED

The analytical method consists of developing a computer "model" that can project trend by simulating the interactions of all factors believed to determine the direction of such trends.

Those persons responsible for the model that projects mass starvation, unless population is drastically curbed, emphasize that their motive is to identify measures most likely to avoid such a catastrophe, rather than to make "doomsday" predictions.

They are mindful that in the past such projections have been criticized on a variety of grounds—notably that the models did not take into account the "common sense" reactions of humanity to situations that obviously call for changes.

Other long-term projections indicate that total world food production will remain adequate, at least for a decade or two, assuming that the problem of getting food from surplus-producing countries, like the United States, to hungry lands can be solved. On this score, however, there is not much optimism.

It is expected that the countries most in need of food to avert famine will be the least able to pay for it. Some projections set the needs so high that they could be met only if the industrialized countries slaughter much of their livestock to release feed grain for human consumption, assume a considerably greater tax burden and voluntarily lower their living standards.

One proposal for averting famine is setting aside bumper crops to cover the needs of lean years. Such a proposal for "ever-normal" granaries is to be discussed at the United Nations World Food Conference in Rome this November.

It is likely, however, that such granaries would be in surplus-producing countries, leaving unresolved the question of who would pay for the relief shipments.

"NATIONAL TRIAGE"

Some projections envision such widespread famine that a form of "national triage" will be necessary. Triage is a term of French origin (rhyming with camouflage) that refers to a procedure for sorting battle casualties.

Normally, the purpose of triage is to minimize deaths by focusing medical attention on those who can only be saved by immediate attention. It denies such attention to those fated to die, regardless of efforts to save them.

"National triage" would direct limited available relief resources to those countries best able to use them effectively.

The possible need for such measures was predicted as early as 1967 by William and Paul Paddock in their book (widely discounted at the time) entitled, "Famine-1975!" One of the Paddock brothers is an Iowa agronomist and the other a retired Foreign Service officer.

National triage is treated at length in a study nearing completion at the Massachusetts Institute of Technology. It deals with "The Ethics of Humanitarian Food Relief" and is being drafted by Dale Runge of the System Dynamics Group led by Prof. Jay W. Forrester.

Its conclusion, in essence, is that food relief—if it promotes further population growth in the relieved area and denies food to those elsewhere committed to population control—can be "unethical."

As the world food situation has approached a crisis state, there has been a proliferation of efforts to look at it from a "systems" point of view—that is, to look at it in terms of all the interacting factors. It is argued by some experts that so many factors interact to determine the food supply in any one region that only a computer "model" of those factors can make even remotely reliable projections.

Thus, in a telephone interview last week, Dr. Howard Raiffa, head of the International Institute of Applied Systems Analysis near Vienna, said that, if abundant energy were available, there would be no major food problems.

Energy can be used to produce fertilizer.

It drives tractors, harvesters and other farm equipment. It turns the pumps used for irrigation in many hungry lands—notably South Asia. It moves food from surplus to needy regions. And it can be used to desalinate water and make the deserts bloom.

But the world's energy supply is limited by a complex of factors including fossil fuel reserves, economic and environmental considerations, and constraints on the development of nuclear power or more exotic energy sources.

As growing world population has placed an ever heavier burden on food-producing lands, adequate food production has become increasingly energy dependent. The outlook for future food supplies has therefore become inextricably entwined with the energy picture, which itself is a classic "systems" problem.

SYSTEMS ANALYSIS

The International Institute of Applied Systems Analysis, which set itself up last year in a palace outside Vienna, was founded on joint American-Soviet initiative. Its assignment is to apply the techniques of operations research—originally developed for strategic and big business decision-making—to such problems as the world's energy supply.

Before taking over as its director, Dr. Raiffa was professor of managerial economics at Harvard University.

The institute decided, initially, to avoid taking on problems that involved the whole "world system," concentrating instead on what seemed more manageable issues, such as water resources and energy. The problem of food supply, linked as it is to delicate problems of population control and economics, seemed too touchy for an institute with equal representation from the Soviet bloc and the West.

But in recent months the increasing severity of the food crisis has dissolved such inhibitions. This fall a meeting will be held at the institute to assess what can be done in its 1975 program bearing on the food situation. Furthermore the institute recently devoted one week to assessing the world modeling effort that has led to some of the most alarming predictions.

The world effort, known as the Mesarovic-Pestel Model, was devised by Mihajlo Mesarovic, director of the Systems Research Center at Case Western Reserve University in Cleveland, and Eduard Pestel, director of the Institute of Mechanics at the Technical University of Hanover in West Germany. Maurice Guernier, French specialist in problems of tropical agronomy, collaborated.

THE CLUB OF ROME

They present a summary of their findings, with particular relevance to South Asia, in the July–August issue of the UNESCO Courier, journal of the United Nations Educational, Scientific and Cultural Organization. Their efforts have been carried out under the auspices of the Club of Rome, an international organization of scientists, industrialists and economists formed in Rome in 1968.

The "club" seeks to apply modern techniques of business management and systems analysis to the more threatening global problems. It promoted the study, carried out at M.I.T. by Dennis L. Meadows of Dr. Forrester's group, that resulted in the 1972 report entitled "The Limits to Growth."

The latter was criticized in some quarters as a simplistic analysis of world trends, based on generalizations with little meaning for the real world.

According to Dr. Meadows, now at Dartmouth College, a detailed explanation of the computer model that led to the report will be published under the title "Dynamics of Growth in a Finite World."

BID TO MEET CRITICISM

The Mesarovic-Pestel Model is an attempt to meet some of the criticisms leveled at the Limits to Growth study. The data relating to food, fertilizer, energy, population and other factors on which it is based are stored in computers in Cleveland, Hannover and Grenoble in France. These can be interrogated by telephone from anywhere in the world.

Two years of work by a large team of specialists went into the study, according to the Courier account. Financial support was provided by the Volkswagen Foundation, which has long aided Club of Rome efforts.

Because issues affecting the "world problem complex" tend to be regional, the analysis has been done in terms of 10 large regions. In each of them, 87 age groups are considered. The local diet is defined in terms of 26 varieties of food, and the model also takes into account effects on the population of protein deficiencies arising from various shortages.

The model makes it possible to test the effects of various attempts to avert mass starvation. One such "scenario" envisions a population policy in South Asia that 50 years after its initiation in 1975, would reduce the birth rate to match the death rate.

Because older people would survive while the younger ones were reproducing, population would continue to grow for several more decades. The only way to feed the resulting population of South Asia, according to the analysis, would be to import more grain than the most optimistic predictions for the entire production of all the northern countries.

Since this is unlikely, according to the report, "the catastrophe would start some time in the early nineteen-eighties and would reach its peak around the year 2000, when deaths related to food deficit would more than double."

After that, the report says, the population would be so cut back that deaths from starvation would begin to decline. However, the cumulative total, by 2025, would come to some 500 million.

The report continues:

"Starvation would not be limited to isolated small areas from which people could escape, but would extend its stranglehold over vast regions inhabited by hundreds of millions. The population would be trapped and there would be no fertile areas to go to as the recent events in semi-arid Africa have so tragically shown.

"There is no historical precedent for this kind of slow, inexorable destruction of the population of entire regions which at their peak were inhabited by several billion people."

In a more optimistic scenario, by the same group, a reduction of births to a one-for-one level is envisioned in 25 to 30 years, rather than in 50. The excess population would then be considerably less, and wide starvation might be averted through reasonable imports.

IMPORTS AND INVESTMENTS

However, for South Asia to be capable of such imports, the region must develop export industries. To that end, Dr. Mesarovic said in a recent interview, the industrialized nations, between now and 2020, will have to make capital investments in the area totaling about $300-billion.

It is significant that South Asia was chosen for this prognosis, rather than Africa, where population density is not so severe and where some residents suspect demands from the north for population control are racially inspired. The same issue of the UNESCO Courier carries an article entitled "False Prophets of Doom," attacking the "numbers game' carried out by men and machines in more advanced countries.

Its author is Maaza Bekele, an Ethiopian educator, who points out that whereas Africa, in 1650, was home for 20 per cent of the world population, today it accounts for 9 or 10 per cent occupying a little more than 20 per cent of the world's land.

Africans, he writes, must achieve their "true potential" before putting severe brakes on population growth. Indeed it is widely believed that no form of voluntary control can be achieved until a society has become sufficiently stable and affluent to other security to its citizens in old age. Until that comes, producing capable offspring is the only hope of such people for security.

THE LAND PROBLEM

One problem, however, as noted by the Paddocks, is that the United States and Canada account for 22.7 percent of all cultivated land in the world. Yet, for example, South America, with a comparable population, has only 6.5 per cent. Other analysts point out that, while more South America land could be brought under the plow, earlier hopes for cultivation of the Amazon Basin no longer seem very promising in that much of the land is unsuitable for cultivation.

There are a variety of dissenters from the school that believes in elaborate computer modeling and analysis of world problems. There is the "garbage in—garbage out" school that believes most of the data put into the analysis are so unreliable that the results have little meaning.

Some would prefer a much simpler computer analysis, using only what seem determining factors. Others avoid computers entirely, relying on intuition (based on long experience) or blackboard calculations.

Thus, five years ago the United States Department of Agriculture developed a relatively simple computer program to predict American harvests as well as demands by the less-developed countries for American grain.

Its long-term predictions were thrown off by such unforeseen developments as the huge Soviet and Chinese grain purchases of recent years, fertilizer shortages resulting from fuel limitations, and droughts like that which has struck Africa.

AMERICAN CROP LAND

According to Dr. Quentin M. West, director of the Agriculture Department's Economic Research Service, 25 million acres of unused American crop land were put back into production in 1973 and by 1985 27 million more acres should have been added to this figure. As a result, in the next 15 years corn crops could grow 25 per cent and soybean yields, 20 per cent.

"Our projections," he told a meeting last April, "suggest that the United States could meet nearly all the world's increased import demand for coarse grains," through 1985. However, he said, poorer nations may continue to depend on food donations that will not always be forthcoming.

"In this connection, we see no easy solution to the agonizing problem of localized famine in this otherwise increasingly prosperous world."

Lester R. Brown of the Overseas Development Council, who has long specialized in such prognoses, makes far less optimistic predictions. In a book entitled, "By Bread Alone," to be published by Praeger this fall, he and his colleague Erik P. Eckholm predict that starvation may strike "millions, perhaps tens of millions."

REORDERING PRIORITIES

A fundamental change in the world situation, they say, calls for a reordering of American priorities. With countries like the Soviet Union periodically dependent on the efficiency of American farmers, as well as on imports of American technology, they write, such nations are unlikely to attack the United States.

"It is becoming more and more difficult," they say, "to justify the current scale of U.S. global military expenditures.". Profligate consumption of energy by the industrialized countries, they add, "may be a greater threat to future global security than many commonly recognized dangers."

Their study was done, essentially, without recourse to computers. Next door to the Washington headquarters of their Overseas Development Council the Brookings Institution has also began studies of world food prospects for the remainder of this century. A computer model with limited inputs is being used.

Early results of these studies have led to no predictions of severe global food shortages before the year 2000, although local crises may occur like that associated with the drought and southward march of the Sahara.

It is in the year 2000, on the other hand, that according to the Mesarovic-Pestel Model, population loss by famine would hit its peak in South Asia if population growth is not checked relatively soon.

Among other efforts to project future food needs is a computer program of the Food and Agricultural Organization of the United Nations in Rome. It was initiated in the nineteen-sixties as an "Indicative World Plan," directed primarily at crop yields and movements of foodstuffs between nations.

According to specialists here its published findings have run into difficulties when they clashed with national findings that sought to paper over unfavorable statistics. A more sophisticated model is said to be in preparation for the Rome meeting.

[From the New York Times, Aug. 14, 1974]

POPULATION BOOM AND FOOD SHORTAGE: WORLD LOSING FIGHT FOR VITAL BALANCE

(By Gladwin Hill)

A world fragmented by differences in race, religion and social and economic conditions is at last taking cognizance of one of its most fundamental common problems: population.

The worsening world food situation, long regarded mainly as a problem of production, has become one also of consumption: How many mouths have to be fed ?

Recent shortages of oil and other commodities likewise have elevated to uncomfortable urgency the long-avoided issue of how long the inhabitants of a finite planet—only 8,000 miles in diameter—can keep on multiplying.

The earth's surface, experts say, has the potential of producing adequate nutrition for far more people than there are now. But realization of that potential seems further away than are additional billions of hungry people.

In recent months other shortages, imminent or incipient, have been highlighted—energy, fertilizers, chemicals and minerals.

In the last generation, social and economic pressures have impelled many nations, from China and India to Mexico, to institute fertility-reduction programs, usually under the title of "family planning."

But any worldwide effort to slow humanity's proliferation was so controversial that government leaders sedulously ignored the problem until recent years.

By 1972, concern had crystallized sufficiently for the U.N.'s General Assembly to designate 1974 as World Population Year, a period for concerted international attention to the problem, and to convoke the first global population conference at the governmental level. It will be held at Bucharest, Aug. 19–30.

There is no expectation that the conference will produce any miraculous global plan for quickly defusing the "population bomb." What is hoped for is a consensus on the problems of unbridled population growth, recognition of the manifold options for mitigating those threats, and agreement, at least in principle, on remedial efforts.

Anthropologists have deduced that once there were only a few hundred thousand humans on earth. Their rate of multiplication was insignificant in relation to the space and resources available.

Indeed, proliferation was the prime objective—to offset the attrition of disease and other calamities, to furnish more hands for a civilization depending upon manual labor for its physical accomplishments.

THE TREND OF GROWTH

By A.D. 1000—after a million years of unwritten human history—there were not many more people on earth than there are in the United States today, about 275 million.

By 1800 there were still less than one billion. By 1900 there were only 1.6 billion.

Then modern medicine began making inroads against the maladies that had kept population down. People began living longer and producing more children, who survived to become adults and produce more children.

Between 1900 and 1970, the world's population more than doubled, according to United Nations demographers, from 1.6 billion to 3.6 billion.

Today the total is approaching four billion. It is compounding at a rate of 2 per cent a year—a deceptively small number that actually means two more persons each second, 200,000 more a day, over six million more a month and about 74 million a year. Each additional person pushes all of those numbers a little higher.

Unless that rate is reduced, in less than 35 years—within the lifetime of many of today's adults—there will be twice as many people on earth as there are now.

And unless the supportive elements of the meager standards of living now endured by much of humanity are augmented as population increases, living standards inevitably will decline, aggravating deprivation, discontent and disorder.

The Government of India, for instance, has observed that adequately serving its annual population increase of 12 million calls for 2.5-million more homes, 400,000 teachers and four-million jobs—four new homes a minute, 1,000 new teachers a day, 11,000 new jobs a day. India makes no contention that the quotas are achieved.

Brazil would have to double its food production in the next 18 years to keep up with its population.

A classic case of the losing race is that of the Aswan Dam in Egypt. In the decade that it was under construction, population growth more than offset the additional agriculture and energy it provided.

The same situation exists, in various degrees, in many countries.

Globally, the prospects are dim that supportive elements can keep pace with population growth. Limitations on world resources, or on man's ingenuity in distributing them, have become all too obvious.

World population long since outstripped food supplies. The estimates are that as many as half the world's people are chronically undernourished, and that weekly, more than 10,000 people die of starvation.

The global population growth rate of 2 per cent annually derives from national growth rates ranging from slightly less than zero in the case of East Germany to 3.4 per cent in Colombia, Equador, Venezuela and Paraguay. The figures are from the authoritative Population Reference Bureau, a research organization in Washington.

A 3.5 per cent growth rate would double the population in 20 years.

PRINCIPAL GROWTH AREAS

The world's population growth comes principally from the "developed" or underdeveloped countries of Asia, the middle East, Africa and Latin America.

The underdeveloped countries have about two-thirds of the world's population and the highest birth rates. For every birth in the developed countries, there are five in the underdeveloped countries.

Of the earth's 71 million new inhabitants in 1972, according to the United States Agency for International Development, more than 13.3 million were produced by the 800 million people of Communist China (although its growth rate is a relatively modest 1.7 per cent); and 12.8 million by the 600 million people of India, which has a growth rate of 2.5 per cent.

The third largest source was Indonesia, with an annual increase of about 3.5 million people.

The fourth largest contributor was Brazil, whose 2.8 million additional people exceeded the Soviet Union's 2.2 million.

Mexico added more people to the world (1.8 million) than Japan (1.4 million), a contribution met by Nigeria and slightly exceeded by the United States (1.3 million).

RESPONSIBILITY FOR GROWTH

Although numerically, the responsibility for population growth rests chiefly with the developing countries, demographers and economists point out that population in itself is virtually an abstraction. Its meaning lies chiefly in its relation to resources and the consumption of them.

From this standpoint, the responsibility is that of the advanced nations.

A person in a developing country may be lucky to get a pound of grain, or its equivalent, a day. In the advanced nations, per capita consumption is five times that. While the developed countries have only about a third of the world's population, they consume about 60 per cent of world energy production. The distribution of other basic commodities is similarly disproportioned.

Accordingly, in terms of world resources—the crux of the population question—rich and poor nations face the same thicket of issues together.

AN OVERSIMPLIFICATION

A notion has long been widespread that population control was largely a matter of teaching "backward" peoples about birth control, particularly in countries where the Roman Catholic Church was dominant.

Recent studies and experience have convinced leading demographers that that is an oversimplification.

Birth rates are as high in many non-Catholic countries as in Catholic ones. While papal dogma forbids "artificial" contraception and abortion, the church has been a strong advocate of "family planning"—through such means as the rhythm method of contraception—and has participated prominently in worldwide efforts to curb excessive reproduction.

There is mounting evidence that birth rates around the world are linked to other factors than religion. The annual birth rates in two Catholic countries, Italy and France, are respectively 16.8 and 16.9 per 1,000 population—close to the United States' 15.6 and less than the Soviet Union's 17.8.

The first nation to institute family planning services was the Soviet Union, in 1920—although not with any avowed aim of lessening population growth.

The first "developing" nation to implement a growth-reduction policy, with an extensive family planning campaign, was India, in 1952.

Today, according to the Population Council, a research organization in New York, of 120 developing nations, about 30 have official policies aimed at reducing their population growth rates.

About 30 others, including most of the Latin American countries, have "family planning" programs aimed at public welfare rather than population limitation.

These two categories cover 87 per cent of the population of the "under-developed" world.

Some 60 developing nations are classified as indifferent or opposed to the idea of reducing population growth.

DISAPPOINTING RESULTS

While national birth-control efforts—including the large-scale distributions of contraceptives and voluntary sterilizations—have had observable results, they have largely been disappointing.

India hoped to reduce its 1968 birth rate of 41 per 1,000 population to 25 by 1976. It has come down only to 37; the target date has been deferred to 1980; and India cut back on its birth control program last fall to save money, as "non-essential."

"The only populous less-developed country which appears largely to have overcome the logistical and economic obstacles through providing family planning services is the People's Republic of China," according to Lester Robert Brown, a demographer associated with the Overseas Development Council.

Studying the paradox of why high birth rates are associated with underdeveloped countries, where people can least afford to have children, demographers have concluded that a prime reason is people's instinct for security: Children are the main protection against the buffets of life.

"Even where a policy discouraging large families is followed, and birth control means are offered," said a recent United Nations study, "the effects are minimal if couples are motivated to limit the number of children. Motivation for limiting family size often seems to be related to economic and social improvements in the society at large."

"Where security is provided, in terms of governmental stability, health care, education and economic improvement, birth rates tend to drop spontaneously, as they have in the advanced nations of the West.

"Birth rates do not usually decline voluntarily," said Mr. Brown, [without] an assured food supply, literacy and at least rudimentary health services."

SHARP DROPS NOTED

Conversely, he added, "There is now striking evidence that in an increasing number of poor countries, birth rates have dropped sharply despite relatively low per-capita income and despite the absence or relative newness of family planning programs.

"Examination of societies as different as China, Barbados, Sri Lanka, Uruguay, Taiwan, the Indian Punjab, Cuba and South Korea suggests a common factor.

"In all of these countries," he continued, "a large portion of the population has gained access to modern social and economic services—such as education, health, employment and credit systems—to a far greater degree than in most poor countries."

The professional conclusion from all this is that slowed population growth and socioeconomic betterment are interacting—that one depends on the other, and that, accordingly, both objectives must be pursued simultaneously.

"Population policies cannot be considered separately from broader questions of development," a recent U.N. report said, "A high level of social and economic development is generally accompanied by a reduction in fertility.

"Without reduction in the rate of population growth, however, economic development may be severely jeopardized. At the same time, without economic development and without radical transformation in the structures of society, reduction in the rate of population growth will be hard to achieve. Moreover, reducing the growth rate will not be enough to solve the problems of poverty," the report said.

The science—or art—of effectively coupling international population-reduction efforts with economic development assistance is still in its infancy, and is one of the main subjects to be explored at the Bucharest conference.

GOVERNMENTAL EFFORTS

The principal governmental effort aimed at stemming the world's population increase in the United Nations Fund for Population Activities, established in 1967. With the dash of providing financial and informational assistance for population management programs, its current budget is only about $50-million.

A major nongovernmental effort is the International Planned Parenthood Federation, which is helping family planning organization in 80 countries, on a far smaller budget.

Mr. Brown, of the Overseas Development Council, estimates that throughout the world, about $3-billion a year is being spent on population control—contrasted with $200-billion in military appropriations.

"There is probably no expenditure of funds which can approach the effectiveness of family planning services in breaking the self reinforcing cycle of poverty and high fertility," he said.

But, he added that reaching the approximately two billion people who need such services, exclusive of Communist China, at a nominal cost of $1 per person, calls for the additional expenditure of $2-billion a year. At least half of that would have to come from the international community.

Given present growth trends and the scope of current population reproduction efforts, many experts do not foresee that human proliferation will even start to taper off significantly before the year 2,000, when the world's population has approached eight billion and there has already been an inestimable amount of human misery.

ADDITIONAL COSPONSORS OF A CONCURRENT RESOLUTION

SENATE CONCURRENT RESOLUTION 110

At the request of Mr. Mansfield, the Senator from Delaware (Mr. Roth) and the Senator from Minnesota (Mr. Mondale) were added as cosponsors of Senate Concurrent Resolution 110, relating to withdrawal of foreign troops from Cyprus.

SENATE RESOLUTION 381—ORIGINAL RESOLUTION REPORTED RELATIVE TO THE SITUATION IN CYPRUS

(Placed on the calendar.)

Mr. FULBRIGHT, from the Committee on Foreign Relations, reported the following resolution:

S. Res. 381

Whereas the removal of the duly elected President of Cyprus set in train a series of tragic and dangerous events on that island;

Whereas those irresponsible elements which precipitated these events have now been removed from the scene;

Whereas a new government has been formed in Athens which has restored responsibility to the conduct of Greece's foreign affairs and liberty to the Greek people;

Whereas the government headed by Prime Minister Karamanlis has expressed its willingness to reach an equitable settlement by peaceful means regarding the future form of government on Cyprus;

Whereas the Greek government has exercised extraordinary restraint in the face of continued military pressure on Cyprus; and

Whereas the continuation of the conflict on the island imposes extraordinary suffering on the people of Cyprus, including the loss of life and property, threatens the stability of the southern flank of the North Atlantic Treaty Organization and poses a great danger to the peace of the eastern Mediterranean; Now, therefore, be it

Resolved, that it is the sense of the Senate that the United States should lend its full support to the actions being taken by the new Greek Government to restore parliamentary government and the civil liberties of the Greek people, to demonstrate its willingness to live in harmony with its neighbors, and to find a peaceful solution to the Cyprus problem.

Sec. 2. It is the further sense of the Senate that the United States should make every effort to restrain further military actions which inflict needless suffering on the people of Cyprus, create international tensions, and undermine the prospects for political stability in Cyprus.

Sec. 3. The United States should lend its full support to the implementation of the United Nations Resolution 353 and the Geneva Agreement on Cyprus of July 30, 1974.

Sec. 4. The United States should seek to bring about a settlement on Cyprus which reflects the wishes of the people of Cyprus.

Sec. 5. The Secretary of the Senate is instructed to transmit a verified copy of this Resolution to the President of the United States.

SENATE RESOLUTION 382—ORIGINAL RESOLUTION REPORTED AUTHORIZING ADDITIONAL EXPENDITURES BY THE COMMITTEE ON ARMED SERVICES

(Referred to the Committee on Rules and Administration).

Mr. STENNIS, from the Committee on Armed Services, reported the following resolution:

S. Res. 382

Resolved, That the Committee on Armed Services is authorized to expend from the contingent fund of the Senate, during the Ninety-third Congress, $15,000 in addition to the amount, and for the same purposes specified in section 134(a) of the Legislative Reorganization Act of 1946, and Senate Resolution 54, Ninety-third Congress, agreed to February 22, 1973.

SENATE RESOLUTION 383—SUBMISSION OF A RESOLUTION AUTHORIZING ADDITIONAL PRINTING OF REPORT ENTITLED "EXECUTIVE ORDERS IN TIMES OF WAR AND NATIONAL EMERGENCY"

(Referred to the Committee on Rules and Administration.)

Mr. CHURCH submitted the following resolution:

S. Res. 383

Resolved, That there be printed for the use of the Special Committee on National Emergencies and Delegated Emergency Powers one thousand seven hundred additional copies of its report to the Senate entitled "Executive Orders in Times of War and National Emergency."

SENATE RESOLUTION 384—SUBMISSION OF A RESOLUTION RELATING TO THE ECONOMIC PLIGHT OF DAIRY FARMERS IN THE UNITED STATES

(Referred to the Committee on Agriculture and Forestry.)

THE DAIRY FARMER NEEDS HELP

Mr. CHURCH. Mr. President, the dairy farmer is in need of a spokesman. He is in trouble, deep trouble.

Part of his problem is that politicians have an awful case of the "jitters" when it comes to the milk and dairy industry. The milk lobby has had a bad press. Charges of bribery and illegal payoffs yet to be resolved have ill-served the dairy farmers. They may have chosen men who used the wrong methods to promote their case in the past. But the farmers, themselves, should not be made the victims of the questionable conduct of others, even of those who presumed to act in their behalf.

I know nothing about "milk money." Not a penny, to my knowledge, has ever been contributed to any of my campaigns. But I do know something about dairy farmers, because we have so many of them in Idaho.

They are good people.

They are hard workers.

And they are in trouble. They are entitled to more than indifference from their Government.

For more than a year, Idaho dairymen have been plagued with rising production costs, while their prices for fluid and manufacturing milk have dropped precipitously. Many Idahoans, young and old alike, who have long been part of the dairy industry, have finally called it quits. Forcing these farmers out of the dairy business portends serious economic trouble for Idaho, a State where 45 percent of the farm cash receipts come from beef cattle and milk. The same disaster, written large, confronts dairy farmers throughout the country. Not only have they suffered market disruptions and high production costs, but the administration pursues a policy which makes American dairymen expendable.

The administration lifted import quotas on foreign cheese, nonfat dry milk and butter and butter oils, arguing that consumer resistance to higher retail prices necessitated these increased imports. As the chart, which follows, indicates, the price pocketed by the middleman continued to increase during the period of importation; product prices to the consumer also increased; but, the dairyman's only increase was his production costs. The conclusion is clear: while the lifting of import quotas did not have the effect of driving down prices at the grocery counter, it did succeed in driving down market prices for our own producers, as a result of an inventory build-up resulting from this influx of dairy products from abroad.

In early April 1974, on behalf of Secretary Earl Butz, the Agricultural Stabilization and Conservation Service responded to a letter in which I voiced strong objection to the administration's policy of encouraging larger imports of foreign dairy products. The response I received speaks for itself. The USDA stated:

> There is no question that feed and other costs have gone up and that receipts from dairying must be adequate to meet those rising costs. However, we believe the record-high market prices farmers are receiving for milk—rather than high support prices—should be the incentive to keep them in business . . . We believe market prices will continue at high levels during the remainder of the year and that price supports, at whatever level, will be relatively ineffectual.

As far as I can see, the Secretary of Agriculture, Mr. Butz, is dead wrong. While it is true that the manufacturing milk price reached $8.11 per hundredweight for March 1974, in early April the cheese market began to recede. This was followed by reductions in the price of butter and nonfat dry milk. As a consequence, the prices for manufacturing milk dropped to $7.79 for April, $6.50 for June, and there is no indication of a substantial recovery during July.

This decline in price, which is also reflected in the class I milk prices, can be laid to the administration for opening our gates to a flood of foreign dairy products.

In defending its present pricing policies, the Department of Agriculture has held out the hope of abundant supplies of feed at lower prices. This is simply contrary to fact, as witnessed by the Department's own admission of a 12-percent drop in corn production from last year. Prices for all aspects of milk production are on the rise, and present milk prices are just not sufficient to recover costs.

Mr. President, the picture is all too clear. Unless dairymen get some relief, they cannot go on producing milk, and urban—as well as rural—America will suffer. The consumers would do well to consider what will happen to their grocery bills if our domestic dairy industry collapses. For then, foreign imports will cover our grocery shelves at prices beyond our power to control. The inflated price of foreign oil today should be warning enough of our predicament if we should come to depend on foreign milk.

The resolution I submit strikes at the heart of the problems facing the dairy industry.

It urges the new Ford administration to assist the dairy farmers in this country, to curb import levels, increase the price support for dairy products to 90 percent of parity, and to schedule a public hearing on all milk marketing orders for the purpose of incorporating a floor price in the basic formula for use in computing class I milk prices which will more clearly reflect a fair return for increased production costs.

The resolution also declares the support of the U.S. Senate for family-sized dairy farming operations in the United States and pledges continued efforts to assist and support the domestic dairy industry.

I ask unanimous consent that the text of the resolution appear at this point in the RECORD, together with the table to which I previously referred.

There being no objection, the resolution and table were ordered to be printed in the RECORD, as follows:

S. RES 384

Whereas, precipitous increases in the cost of production combined with rapidly falling prices for fluid and manufacturing milk have resulted in severe economic hardship for dairly farmers; and,

Whereas, the severe drop in dairy prices has been caused in part by abnormally large imports of foreign dairy products, as well as by market conditions beyond the control of the dairy farmer; and,

Whereas, domestic production of milk is declining in direct consequence of heavy foreign imports, excessive production costs, and falling dairy prices; and,

Whereas, the refusal of the President to impose import quotas on dairy products, or to establish adequate prices for domestic fluid milk has added to the economic plight of American dairy farmers; and,

Whereas, if present market conditions continue, our domestic dairy industry will suffer serious attrition, which will increase our dependence on foreign supply and ultimately result in higher consumer prices for dairy products;

Now, therefore, be it resolved, That it is the sense of the Senate that the President should initiate prompt action to assist the Nation's dairy farmers, including:

(1) appropriate action under Section 22 of the Agricultural Adjustment Act of 1933 (7 U.S.C. 624) to limit the annual import levels of cheddar cheese, butter, butter oil, and nonfat dry milk to the levels applicable to such articles as of June 1, 1971;

(2) direct the Secretary of Agriculture to conduct public hearings on all Federal milk marketing orders pursuant to the Agricultural Marketing Agreement Act of 1937, as amended, for the purpose of considering whether the floor price in the basic formula for use in computing Class I milk prices under such orders should be increased; and

(3) an increase in price support for dairy products to 90 per centum of parity.

SEC. 2. The Senate further declares that it strongly supports family-sized dairy farming operations in the United States and pledges its continued vigilance in efforts to normalize the marketing of milk and dairy products and to prevent unfair competition from dairy product imports.

MILK AND RELATED PRICE DATA, UNITED STATES

Date	Farm price (dollars per hundredweight) Fluid	Manufacturing [2]	Milk feed price ratio [3]	Retail (per gallon) Average price	Farm price spreadth [4] (cents)
1968	5.69	4.22	1.70	$1.07	54.0
1969	5.87	4.45	1.74	1.10	54.8
1970	6.05	4.70	1.74	1.15	57.2
1971	6.19	4.86	1.71	1.18	59.0
1972	6.38	5.08	1.73	1.20	61.2
1973	7.42	6.16	1.47	1.31	62.6
1973					
January	6.85	5.50	1.59	1.21	58.8
February	6.90	5.49	1.57	1.24	60.2
March	6.84	5.53	1.52	1.24	59.6
April	6.68	5.57	1.51	1.24	59.6
May	6.66	5.58	1.40	1.25	60.2
June	6.67	5.60	1.26	1.26	60.8
July	6.84	5.67	1.34	1.26	60.8
August	7.44	6.24	1.26	1.29	62.8
September	8.11	6.86	1.50	1.33	61.8
October	8.53	7.42	1.56	1.41	68.6
November	8.88	7.70	1.61	1.46	69.8
December	9.02	7.97	1.57	1.51	68.6
1974					
January	9.11	8.06	1.48	1.52	68.6
February	9.19	8.11	1.46	1.55	69.6
March	9.14	7.95	1.49	1.58	71.1
April	9.17	7.79	1.56	1.60	72.8
May	8.68	6.93	1.48	1.61	72.6
June	8.33	6.50	1.41		

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[1] Milk sold for fluid consumption.

[2] Milk sold for processing.

[3] Amount of feed concentrate that revenue from 1 pound of milk will produce.

[4] Difference between farm value of milk and retail price of milk.

IMPORTS OF OIL BY U.S.-FLAG VESSELS—AMENDMENTS

AMENDMENTS NOS. 1796 THROUGH 1802

(Ordered to be printed and to lie on the table.)

Mr. COTTON submitted seven amendments intended to be proposed by him to the bill (H.R. 8193) to regulate commerce and strengthen national security by requiring that a percentage of the oil imported into the United States be transported on U.S.-flag vessels.

AMENDMENT NO. 1804

(Ordered to be printed and to lie on the table.)

Mr. PELL submitted an amendment intended to be proposed by him to the bill (H.R. 8193), supra.

GENERAL REVISION OF THE COPYRIGHT LAW—AMENDMENT

AMENDMENT NO. 1803

(Ordered to be printed and to lie on the table.)

VANDERBILT TELEVISION NEWS ARCHIVE

Mr. BAKER. Mr. President, today I am submitting, for myself and Senator GRIFFIN, an amendment to S. 1361, the general revision of the copyright law, that will insure that if this legislation becomes law the Vanderbilt University Television News Archive located in Nashville, Tenn. can continue operation.

Since August 1968, Vanderbilt University has operated the only television news archive in the country—a depository that contains tapes of the evening news programs and special news events of the three television networks for that period. The Television News Archive makes off-the-air videotape recordings of the evening television news, prepares indexes of the contents and leases copies of complete broadcasts or excerpts of coverage of specified subjects for specified periods upon request from scholars and researchers. A fee is charged those using the archive which is based upon the cost of production.

The service performed by the Vanderbilt Television News Archive is unique and valuable. Students of the media, historians, and the American people who depend upon television news for much of their information about national and international matters, have access to a record of televised news from only one source, and that is the Vanderbilt Television News Archive.

Mr. President, I first introduced legislation in the 91st Congress, authorizing the Library of Congress to establish a repository for recordings and films of television programs of historical importance. In September 1973, I introduced a similar bill, S. 2497, because in my judgment, preserving television news is a matter of national significance requiring a commitment from the Federal Government. To me, the fact we have no institution performing this function on a permanent systematic basis so that it is available to scholars and researchers is a major oversight and one that we will regret. Who, for example, could imagine studying the events of the Watergate period without being able to study the network news reports produced during that period.

Unfortunately, no action has been taken on S. 2497 and therefore our only means of perservation of the nightly news on an organized basis which is accessible to all Americans is at the Vanderbilt Television News Archive.

I have been advised by the Register of Copyrights that under S. 1361 as reported by the Judiciary Committee, none of the special exemptions from exclusive rights would absolve Vanderbilt of copyright liability. Thus, if S. 1361 passes in its present form, Vanderbilt would have to negotiate with each of the networks for the right to continue their operation, with all of the uncertainties such negotiations involve.

The work that Vanderbilt is doing is too important to the Nation to risk it not being continued until we have provided for preservation of television news by the Federal Government. For this reason, I urge my colleagues to study this amendment and consider the implications of failing to preserve and make available the nightly news and special news events produced by the three television networks.

Inasmuch as this activity is strongly impressed with the public interest, it seems to me that my amendment asks little of the three major networks who have been given use of a valuable public resource through their television licenses which are conditioned solely on their obligation to serve the public interest, convenience, and necessity.

I ask unanimous consent that the text of this amendment be printed at the conclusion of my remarks.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

AMENDMENT NO. 1803

On page 10, line 40, strike out the period.

On page 10, between lines 40 and 41, insert the following:

"(4) shall be construed to limit the reproduction and distribution of a limited number of copies and excerpts by a library or archives of an audio-visual news program subject to clauses (1), (2), and (3) of subsection (a)".

On page 11, line 16, immediately before the comma, insert "other than an audio-visual work dealing with news".

ADDITIONAL COSPONSORS OF AN AMENDMENT

AMENDMENT NO. 1785

At the request of Mr. JACKSON, the Senator from West Virginia (Mr. ROBERT C. BYRD), the Senator from Wyoming (Mr. HANSEN), the Senator from Washington (Mr. MAGNUSON), the Senator from Mississippi (Mr. EASTLAND), the Senator from Wyoming (Mr. MCGEE), the Senator from New Jersey (Mr. WILLIAMS), the Senator from Georgia (Mr. NUNN), the Senator from Louisiana (Mr. JOHNSTON), the Senator from South Dakota (Mr. MCGOVERN), the Senator from New Jersey (Mr. CASE), the Senator from Ohio (Mr. TAFT), the Senator from Oregon (Mr. HATFIELD), the Senator from Connecticut (Mr. RIBICOFF), the Senator from Illinois (Mr. PERCY), the Senator from Rhode Island (Mr. PELL), the Senator from Montana (Mr. METCALF), the Senator from Wisconsin (Mr. NELSON), the Senator from Kentucky (Mr. HUDDLESTON), and the Senator from Indiana (Mr. BAYH) were added as cosponsors of amendment No. 1785, intended to be proposed to the bill (S. 2744), to reorganize and consolidate certain functions of the Federal Government in a new Energy Research and Development Administration and in a Nuclear Energy Commission in order to promote more efficient management of such functions.

NOTICE OF HEARINGS ON SENATE JOINT RESOLUTION 119 AND SENATE JOINT RESOLUTION 130

Mr. BAYH. Mr. President, the Senate Subcommittee on Constitutional Amendments is scheduling further hearings on two proposed amendments to the Constitution: Senate Joint Resolution 119, for the protection of unborn children and other persons, and Senate Joint Resolution 130, to guarantee the right of life to the unborn, the ill, the aged, or the incapacitated.

The next day of hearings will be on Wednesday, August 21 in room 1202 Dirksen Office Building, beginning at 10 a.m.

Any persons wishing to submit statements for the hearing record should contact the Subcommittee on Constitutional Amendments, room 300 Russell Senate Office Building, Washington, D.C. 20510.

JOINT ECONOMIC COMMITTEE TO HOLD HEARING ON RESIGNATION BY FEA CONSUMER CHIEF

Mr. HUMPHREY. Mr. President, the Consumer Economics Subcommittee of the Joint Economic Committee, which I am privileged to chair, will hold a hearing on Friday, August 16, on the resignation of the Director of the Federal Energy Administration's Office of Consumer Affairs.

This resignation disturbs me because it may confirm my suspicion that the Federal Energy Administration lacks any real commitment to protecting consumers.

Oil prices and profits go through the roof and we are never given any solid analysis and justification for this trend by the FEA.

The resignation of Dr. Lee Richardson, former Director of FEA's Consumer Affairs Office, may provide some insight into why and how consumer interests are so often disregarded. He charges: That the plight of consumers has been ignored by FEA; that there has been no careful analysis of whether oil prices or profit increases are justified; that the issues and recommendations raised by the Office of Consumer Affairs did not get a hearing in FEA.

In the hearing I am announcing today, these and other issues will be examined. I have therefore invited both the head of the FEA, Mr. John Sawhill, and the former Director of the Consumer Affairs Office, Dr. Lee Richardson, to appear on Friday, August 16, before our subcommittee.

The hearing will begin at 10:30 a.m. in room 1202 of the Dirksen Senate Office Building.

NOTICE OF HEARING

Mr. ROBERT C. BYRD. Mr. President, on behalf of the Committee on the Judiciary, I desire to give notice that a public hearing has been scheduled for Wednesday, August 21, 1974, at 9 a.m., in room 2228, Dirksen Senate Office Building, on the following nomination:

Robert W. Warren, of Wisconsin, to be U.S. district judge for the eastern district of Wisconsin, vice Robert E. Tehan, retired.

Any persons desiring to offer testimony in regard to this nomination shall, not later than 24 hours prior to such hearing, file in writing with the committee a request to be heard and a statement of their proposed testimony.

The subcommittee consists of the Senator from Mississippi (Mr. EASTLAND), chairman; the Senator from Arkansas (Mr. McCLELLAN), and the Senator from Nebraska (Mr. HRUSKA).

ADDITIONAL STATEMENTS

THE WISDOM OF THE LATE SENATOR HARRY F. BYRD, SR.

Mr. HELMS. Mr. President, many have been the times during the past 20 months that I have looked across this Chamber and thought of those days, nearly a quarter of a century ago, when I was here as an employee of the Senate.

I suppose it is a measurement of the passage of time that I sometimes reflect upon that era as "the good old days." Of course, Mr. Dooley has rebuked such contemplation, saying that we regard the years gone by as "the good old days" because they are no longer here, and that we call them "good" when they really were not.

But Mr. Dooley notwithstanding, Mr. President, those were indeed good days for the U.S. Senate, because the Senate was constituted in large measure then by men acknowledged then, and now, to have been legislative giants.

I was administrative assistant to a fine Senator in those days, Mr. President, and it never occurred to me that I would one day return to Washington as a Senator. But the fact that I was here in those days, and the fact that I knew and had a warm relationship with many of the great Senators of that day—these are experiences that I shall never forget, and blessings that I shall never fail to count.

Alben Barkley was Vice President when I came to Washington, and of course I remember with affection the hours he permitted me to spend with him, listening to his stories and hearing his assessment of the events of that time. I remember Walter George and Dick Russell, and their patience with me. Pat McCarran, Clyde R. Hoey, Willis Smith, Willis Robertson, and Robert Taft, and so many others, come to mind. Those were the days when observers used to say, "Keep an eye on JIM EASTLAND, JOHN STENNIS and JOHN McCLELLAN—they're comers." A young fellow named Jack Kennedy came to the Senate while I was here. And they used to talk, even then, about an ambitious Senator from Texas named Lyndon Johnson.

What a Senate this was in those days, Mr. President. And I suppose, 25 years hence, the same will be said about the Senate of 1974. It may even be that these turbulent days of 1974 will then be regarded as "the good old days."

There is one name that I deliberately omitted from the list of Senators mentioned earlier—Senator Harry Flood Byrd, Sr. Now there, Mr. President, was a statement! More than once I have told the present senior Senator from Virginia that the highest compliment I could possibly pay him is to say that he is walking faithfully in the footsteps of his distinguished father. And I do say it, Mr. President, with sincerity. HARRY F. BYRD, JR., is serving in the Senate with great distinction, and his father would be immensely proud of him. He possesses his father's philosophy and principles, and he is always faithful to both.

Mr. President, the late Senator Harry Flood Byrd, Sr., made historic contributions to this Nation, and to his beloved State of Virginia. Indeed, he became the Cato of fiscal responsibility in the Senate, faithfully and constantly espousing and practicing the principles of frugality and integrity, and of balanced budgets and sound progress.

It is, as I have indicated, comforting and inspiring that his distinguished son (Senator HARRY F. BYRD, JR.) is today applying the same principles to the realities of our time.

It is useful, however, to reflect upon the entire distinguished career of Harry F. Byrd, the elder. The July issue of the Virginia Magazine of History and Biography, published quarterly by the Virginia Historical Society, is devoted to a series of scholarly articles on the public career of the late Mr. Byrd, Sr. The lead article, by Robert T. Hawkes, Jr., is especially important because it chronicles the reforms of Harry Byrd as Governor of Virginia from 1926 to 1930. The article is entitled "The Emergence of a Leader."

There are many wise lessons in this account that can be learned by public officials of today. The Byrd principles of fiscal responsibility were the cornerstone of his philosophy. He overhauled the government of Virginia, skillfully leading the Virginia assembly to adopt his reforms. But the heart of those reforms was the institution of fiscal integrity, the decentralization of the system of taxation, and the adoption of "pay-as-you-go" as the dominant rule. Few Americans in 1926 would have foreseen the condition of the U.S. economy in 1931. But the sound principles which Governor Byrd instituted in a time of prosperity and plenty carried the State of Virginia through as one of the few solvent States in 1931.

We can use some of this wisdom in 1974. The principles which Governor Byrd put into practice in 1926 can be applied to our own serious problems today. We know that we have a serious financial crisis looming before us. We have to get inflation under control. We have to get Government spending under control. I recommend these fine historical notes to all of my colleagues.

Mr. President, I ask unanimous consent that the article "Emergence of a Leader" from the Virginia Magazine of History and Biography be printed in the RECORD at the conclusion of my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE EMERGENCE OF A LEADER—HARRY FLOOD BYRD, GOVERNOR OF VIRGINIA, 1926–1930

(By Robert T. Hawkes, Jr.*)

The young man who mounted the inaugural platform in front of Virginia's historic capitol on February 1, 1926, represented a new progressive spirit in the Old Dominion. It was a spirit of economic growth, political reform, and optimism for the future, all blended with Virginia's respect for the past and belief in limited government. In the first inaugural address to be broadcast by loudspeakers to the assembled throng and by radio to citizens throughout the state, Harry Flood Byrd, Sr., outlined a bold and ambitious program for his term of office. He intended to reform the state tax system, to build roads without incurring indebtedness, to promote the best use of the state's natural resources, to encourage and publicize the state's economic opportunities through governmental action including an advertising campaign, to develop the public schools, and to enforce the laws. The new governor then outlined the major theme of his administration:

"I construe my election as a mandate to me as a businessman to institute the best methods of efficiency and economy in State affairs, so that the people may obtain in the public service a dollar's value for every dollar spent. Useless offices must be abolished, duplicated services must be consolidated, and the manifold activities of the State systematized and directed with the efficiency of a great business corporation."[1]

In calling for a major reorganization, consolidation, and simplification of state government, Byrd established a goal for his administration that other incoming governors had sought but failed to achieve. But Harry Byrd was not to be like other governors. His administration would be the most significant and progressive administration in twentieth-century Virginia.

At the age of thirty-eight, Byrd was Virginia's youngest governor since the Revolutionary era. A vigorous, robust man, almost six feet tall, and weighing 180 pounds, Byrd did not look like a governor. His blue eyes, curly brown hair, and cherub-like round face gave him a boyish appearance.[2] Despite his youthful appearance and age, Byrd had already demonstrated his leadership potential as a successful businessman, legislator, and state political leader. His background would have been the envy of any political aspirant in Virginia. Born June 10, 1887, in Martinsburg, West Virginia,[3] Harry Flood Byrd was a direct descendant of the William Byrds of colonial Virginia fame. His father, Richard E. Byrd, had served as the commonwealth's attorney for Frederick County, speaker of the House of Delegates, and United States district attorney for the western district of Virginia. His uncle, Henry D. Flood from Appomattox, was a congressman and an acknowledged leader in Senator Thomas S. Martin's Virginia Democratic organization until his death in 1921. Byrd grew up at the family home in Winchester, which at the turn of the century was a small town offering its services to the surrounding agricultural population from its location at the northern entrance to the Shenandoah Valley. The boy was nurtured in the spirit of the Scotch-Irish and German people who settled

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Footnotes at end of article.

in the Valley. It was a spirit of practicality, of no nonsense, and of acquaintance with hard facts and hard work.

The oldest of three sons, the youth dreamed of restoring the family's economic and political prominence to what it had been in the state's colonial era. The near bankruptcy in 1902 of his father's small daily newspaper, the Winchester Evening Star, gave Byrd the opportunity to begin his fulfillment of that dream. At age fifteen Byrd dropped out of school and entered the business world as manager of the newspaper. Through the strictest economies, hard work, and attention to each detail of publishing, Byrd was able to turn the newspaper into a profitable enterprise.[4] He never returned to school although he continued to read and to learn by experience. His lack of formal education gave him a narrow outlook, a respect for practicality and hard work, and the belief that any man could succeed if he tried hard enough. Byrd took on other jobs such as manager of the Winchester Bell Telephone Company and president of the Valley Turnpike, a private toll road between Winchester and Staunton. Just four years after he became a newspaper publisher, Byrd had saved enough money from his various jobs to lease his first apple orchard. His decision to become a fruit grower came only after careful study of the markets, storage and shipping facilities, and the potential for profits. Byrd continued to expand his business operations by buying orchards, purchasing additional local newspapers, building cold storage facilities for apples, and investing in the stock market. By the time he was inaugurated as governor of Virginia, Byrd had acquired a large fortune and was a model example of the American self-made man. Byrd's personal financial success, resulting from practical business experience, hard work, and strict economy, holds the real key to his gubernatorial program. Harry Byrd once told a reporter:

"I don't think highly of a professional political career for anybody. Politics is not a separate branch of knowledge. It needs a very deep background of general experience. No man, in my opinion, is qualified to assume political power until he has served a long apprenticeship to private business and has learned its connections with public affairs. It is on the broad basis of sound business economics that the business of the state be conducted."[5]

The ambitious, bold program proposed by the young governor was not the plan of a political novice. His first public office came with his election to the Winchester city council in 1908. Seven years later he easily won the election to become state senator from Virginia's tenth district, which was composed of the city of Winchester, and Frederick and Shenandoah counties. In his campaign for the state Senate, Byrd considered the development of the state's highways the most important issue before the voters.[6] In that era, better roads stirred the interest of more Virginians than any other issue with the possible exception of prohibition. Virginia and other Southern states were awakening to the automobile age but often found themselves confronted with miles of muddy, impassable roads. A paved road meant progress and profits for town and country alike. As a state senator, Byrd favored more local control of state highway funds. He believed that the state highway commission's control and use of highway funds on primary roads penalized the Valley, which had already developed a good primary road system. Despite strong opposition from the powerful Good Roads Association and the Virginia highway commissioner, Byrd was able to enlist enough support to pass his bill giving localities more authority in the expenditure of state highway funds.[7] Throughout his ten years as a state senator, highways remained Harry F. Byrd's major interest.

With the help and advice of his father and his uncle, Congressman Henry D. Flood, Byrd developed as a Democratic Party leader. He soon learned that he worked most effectively behind the scenes: in caucuses, in personal meetings, and through careful organization. Always shy in public and never a first-rate speaker, because of his weak, raspy voice, Byrd sat in several legislative sessions before he attempted to address the general body. Before making any political plans, Byrd was always careful to consult with his friends and allies. He knew how to win people's support and exercised remarkable finesse in his relationships with others.[8] Between 1919 and 1921, the Virginia Democracy lost the leadership of the old guard with the deaths of United States Senator Thomas S. Martin, Congressman Henry D. Flood, and Rorer A. James, the state party chairman. Byrd's subsequent election to the state chairmanship in 1922 gave him the opportunity to exercise greater political leadership. In this position, he perfected the techniques of careful organization and close reliance upon elected local officials. He formed long lasting friendships in the courthouse "rings" throughout the state and kept careful records on voters' loyalties as he had done in his district previously.[9] He enthusiastically did the hard work that his position required and believed that in a campaign, "nothing be taken for granted and that sufficient effort be made to assure . . . election"[10] The election of Virginia's first solid Democratic congressional delegation since 1902 gave Byrd his first major victory as state party chairman in 1922.[11] Most of his effort had been expended in the traditionally Republican Ninth District in Southwest Virginia. Working closely with E. R. Combs, a local party leader destined to become one of Byrd's most faithful lieutenants, Byrd helped Democrat George C. Peery defeat the Republican candidate for Congress.

Byrd's second major challenge as a political leader came with the state highway bond referendum in November 1923. In this referendum Virginians decided whether they wanted the highway system financed through a $50,000,000 bond issue and repaid through gasoline taxes, or financed by Byrd's own pay-as-you-go system. By the latter plan, highways would be built as revenues were collected from gasoline taxes. Byrd had favored highway bonds earlier in his career and had generally supported bonds for other local matters. By 1920, however, he had come to oppose bonds as a means for building Virginia's highways.[12] Despite Byrd's opposition, the bond issue seemed likely to pass. The state legislature and the public in a 1920 referendum had already amended the state constitution to permit the issuance of highway bonds. North Carolina was constructing an excellent state highway system through a $50,000,000 bond issue approved in 1921. Only through compromise was Byrd able to divert a 1923 special session of the General Assembly from outright approval of bonds to a bill calling a public referendum on the $50,000,000 bond issue. In the hot campaign that followed, the support for bonds was strong and included the Good Roads Association, the Virginia Bankers Association, and many state newspapers. The *Richmond News Leader* had conducted its own careful study of the issue and decided to give its endorsement to bond financing.[13]

Mustering all possible support, Byrd mounted his own campaign against bonds. He paid careful attention to organization at all levels and tried to insure that all county and district party chairmen selected were personally opposed to highway bond financing.[14] He urged the governor, E. Lee Trinkle, to have the highway department spend all available maintenance funds to get the state's roads in good condition prior to the referendum date.[15] Both sides marshaled every speaker, news media, and campaign technique at their disposal in one of the liveliest campaigns the state has ever witnessed. Heavy rains just before the referendum date threatened Byrd's support. Muddy country roads may have kept the generally anti-bond farmers from reaching the polls, but the Byrd forces emerged victorious. Virginians voted 127,187 against bonds to 81,220 for bonds.[16] The election results revealed a phenomenon that would be typical of future Byrd victories: the issue was defeated by large margins in the rural areas of the state, especially in the Valley. Towns and urban areas either narrowly approved or defeated the issue. More than anything else Byrd's leadership in defeating the bond issue demonstrated his political clout prior to his gubernatorial term. In the very next year he was powerful enough to force Governor Trinkle to back down on a state budget that would have created a deficit.

When Byrd formally announced his candidacy for governor on November 23, 1924, few were surprised.[17] He said that he would devote his efforts to giving Virginia a progressive, efficient, and business-like administration, and he pledged a balanced budget and rapid completion of the state highway system. Byrd added that his ten-year record as a state senator was available.[18] His opponent in the Democratic primary election was G. Walter Mapp, a former state senator from Accomack County who was best known to the voters as an acknowledged leader of the prohibition forces in the state. However, Byrd's "perfect" record in supporting prohibition diminished Mapp's major appeal. Even the still powerful state Anti-Saloon League professed neutrality in the campaign although most of its leaders preferred Mapp. Mapp's detailed twelve-point platform and its issuance early in the campaign represented a strategy blunder, since he then had to spend most of his time defending his position on the various issues in his platform. Because Byrd was the leader and choice of most Democratic Organization regulars, Mapp was forced into an anti-Organization stance. On primary election day, Byrd's victory was about the size that his campaign manager had predicted: 107,317 votes for Byrd and 67,579 votes for Mapp.[19] The Republican opposition in the general election was nominal.

Almost immediately Byrd began to exercise the economic frugality that he had pledged in his campaign. He issued public invitations to his inaugural ceremony rather than mail out the traditional engraved invitations. At his inauguration the governor-elect wore the businessman's derby rather than the usual top hat. His first official act as governor was to sign an executive order requiring all state employees to work an eight-hour day instead of the customary seven-hour day. He also requested all department supervisors to advise him on possible employee reductions resulting from the expanded work day.[20] These actions heralded the pattern of his upcoming administration as governor.

The new governor outlined his specific program in two precedent-setting messages to the 1926 General Assembly in the two days following his inauguration. The first message contained his far-reaching tax reform recommendations. They were designed to equalize the tax burden, to give relief to farmers, landowners, and wage earners, to remove the tax barriers which discouraged new residents, and to give tax relief to industries. In accord with his campaign pledge, Byrd rejected the creation of a state tax board. Such a board had been suggested as a means to equalize property assessments throughout the state and thus correct historic inequities in assessment. Instead, he proposed to abolish this tax as a state tax and to leave it as a source of revenue for

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Footnotes at end of article.

counties and cities. This "tax segregation" proposal, the first in the nation, would allow each locality to assess property for taxation for its own revenue. Not only would tax segregation end the inequities in assessment as a state tax, it would also allow the state to eliminate its hundreds of property assessors (who would turn their duties over to local commissioners of the revenue at great savings to the state).[21]

In order to encourage industrial development and to attract new residents to the state, Byrd recommended that the tax on capital used in industry be reduced, and that industrial and farm machinery be made subject to local taxation only. He also wanted the tax on bonds, notes, and other evidences of debt to be reduced. The tax revenues lost to the state would be restored in the following manner: by increasing the tax on the gross income of public service corporations, increasing the assessment on the rolling stock of railroads, ending the $700,000 annual state aid for county roads, taxing incomes over $5,000 at three percent instead of two percent, and charging for automobile licenses on the basis of weight (seventy cents per 100 pounds) instead of horsepower. The governor estimated that $3,544,180 would be lost to the state by the reductions, but the savings and revenue from the tax increases would amount to $3,910,000, leaving a $365,800 "margin of safety," which could be applied to the budget deficit left from former Governor Trinkle's administration.[22] Byrd's tax reform proposals were similar to those of other Southern progressives in their attempts to attract business and industry through lower taxes. Many of his proposals had been recommended by previous governors but had failed for lack of legislative support. Whether or not these proposals succeeded would depend upon Byrd's political skills and support.

Tax segregation was the first evidence of a "hands-off" approach toward local government reforms that Byrd would continue throughout his administration. Although a 1924 legislative commission had studied and rejected tax segregation and had recommended a state tax board to equalize assessments,[23] Byrd maintained that the real source of inequities in property tax assessments were within localities and should be corrected there. He recommended that tax segregation be written into the state constitution, thus reserving land and tangible personal property taxes exclusively to the localities. The localities' loss of $700,000 in state aid for local roads could be met through the new tax source. In effect, the governor avoided the thorny problem of assessment equalization by turning it over to the counties and cities where few corrections would be made. State directed tax assessment equalization would have brought a direct confrontation with the "courthouse rings" of local elective officials who were a major source of Byrd's political support. Throughtout his administration he would continue to avoid reforms that were potentially disturbing to these important political allies.

On his second full day in office, Byrd delivered another major message to the General Assembly in which he outlined his previously unknown recommendations for simplification and economy in state government. These were the reforms that he considered the most important for his administration. The governor reviewed the piecemeal development of the state government, the historical importance of the state's chief executive, and the rapid increase of the state budget from $8,000,000 to $33,000,000 during the past decade. The cumbersome machinery of state government could no longer meet the state's needs effectively and efficiently. If the state government were to operate as a large corporation, the governor needed authority to match his responsibility. Byrd recommended that the number of state officials elected by the voters be reduced from eight to three: the governor, lieutenant governor, and attorney general. The other officers should be appointed by the governor, confirmed by the Senate, and be responsible to the governor as chief executive. Byrd also requested that many of the department heads currently elected by the General Assembly such as the commissioner of motor vehicles, the public printer, and the commissioner of insurance, be appointed by the governor. To justify the sweeping executive authority, Byrd cited the organization of the federal government and reminded the legislature that the governor could not succeed himself, that he could be removed, and that executive appointment would require Senate confirmation. Byrd added that he wished none of these changes to be made effective during his own term.[24]

The governor recommended that various bureaus, boards, departments, and commissions be consolidated under eight or ten cabinet-style departments. Byrd cited examples of agencies such as the Dairy and Food Department, the commissioner of hospitals, and the War History Commission that could be abolished, with their duties transferred to other departments. He proposed that a uniform accounting system be adopted for all state agencies and that all money collected by the state (except that designated for highways) be deposited in a central state treasury for greater accountability. Byrd then asked for a $15,000 appropriation to finance a survey of Virginia government by an out-of-state firm, free of political influences and personal considerations, to suggest further reorganization and economies in operation.[25]

Although a number of Southern states had either begun or completed extensive reorganization of state government, previous attempts in Virginia had failed. Governor Westmoreland Davis (1918–1922) had seen similar plans frustrated by legislative inaction. An attempt to abolish some useless offices during the 1922 session of the General Assembly had resulted in the appointment of a Commission on Simplification and Economy of State and Local Government. But its recommendations had been virtually ignored by the legislature in 1924 despite their support by Governor E. Lee Trinkle. Now, in 1926, Byrd had taken many of these recommendations almost word for word into his own proposals. The new governor had carefully prepared the way for success in his accustomed manner. Weeks before the General Assembly session, he had begun contacting key legislative leaders to discuss his plans and to win their support. Byrd had invited state leaders to his home to learn their views on his projected program, and had revealed many of his plans in speeches and articles in his Winchester *Star* while still the governor-elect. As usual, he was careful to keep his newspaper friends informed.[26] Byrd arrived in Richmond early and spent over a week working on his tax bill with old legislative colleagues. The introduction of his bill by a friend in the Senate, even before his inauguration, was another unprecedented move. Although few political observers predicted any major defeats for the administration program, the governor exerted all of the influence and power at his disposal to assure acceptance of his program.

Byrd's proposal to reduce the number of elected state officials to three required a constitutional amendment. This short ballot amendment was sponsored as a joint resolution by 35 of the 40 Senators and easily passed in the 1926 General Assembly. Virginia's slow amending process necessitated that any proposed amendment be approved as a resolution in two legislative sessions and then in a public referendum before formal ratification. The short ballot amendment specified that the General Assembly could return the state to the longer state ballot after 1932 if it so desired. The House of Delegates altered the proposal amendment to require confirmation by both houses of the legislature of the previously elected officers rather than by just the Senate.[27] Despite these changes, the short ballot amendment would soon become the least favored feature of Byrd's program because of the appointing power it gave the governor. Another amendment was accepted by the legislature which Byrd had advocated during his candidacy. By its provisions, future governors would be inaugurated on the third Wednesday in January, one week after the start of the legislative session. This was designed to eliminate the "lame duck" period of the outgoing governor and still allow the General Assembly time to organize itself and canvass the election returns.

The reorganization proposals also found willing acceptance. In an unusual action, the General Assembly appropriated $25,000 for the governor to hire an out-of-state firm to conduct an efficiency and economy survey of the government. This was $10,000 more than he had requested! They also authorized the creation of a commission to recommend revisions in the state constitution. Following another Byrd recommendation, the legislature created a Department of Conservation and Development, and appropriated $50,000 for it to advertise the state's development potential.[28] These and other minor changes were to become effective July 1, 1926. Major reorganization was to await the results of the survey.

The administration's tax recommendations were passed with nearly unanimous approval. In the House of Delegates, the budget bill received all but nine of that body's hundred votes. Tax segregation became state law, and the resolution to have it written into the constitution was approved. The positions of over 800 state land assessors were abolished.[29] The General Assembly adopted a uniform accounting system for the entire state. Byrd redeemed his campaign pledge to improve the much abused fee system for compensating local elective officials. The legislature accepted his measure which reduced each fee officer's annual maximum compensation by $500 except in Norfolk and Richmond. All fees were to be paid into the state treasury, and then salaries and expenses returned to the fee officers. Byrd did not abolish the fee system for payment of local officials and replace it by regular salaries, which his gubernatorial opponent had advocated.

In order to insure the success of his highway program, Byrd had recommended a one cent per gallon increase in the gasoline tax, but the legislature instead increased it one and a half cents. This made a total of four and a half cents per gallon with the additional half cent going to the localities. The governor accepted the increase. Unlike the highway system, the state educational system fared poorly in the appropriations. The original budget appropriation of $125,000 per year to the University of Virginia was cut in half at the suggestion of the governor.[30] Another effort to create a commission to study Virginia's educational facilities at all levels and to recommend improvements died in the Senate for lack of support from the administration. Byrd had accepted out-going Governor Trinkle's biennium budget, but had added the warning that he would not accept appropriations above estimated revenues. The final budget bill listed appropriations of $15,000 in excess of estimated revenues, but the expected economies resulting from the consolidation measures had not been taken into account, so Byrd acquiesced in the measure.

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Largely as a result of the newspaper publicity given to racially integrated meetings at Hampton Institute, Delegate G. Alvin Massenberg of Elizabeth City County introduced a bill requiring separate seating of the races at public gatherings. Unfortunately, Byrd did not oppose the measure, and the "Massenberg Bill" passed the General As**sembly. Although Byrd had never campaigned on the race issue, he allowed the bill to become law without his signature.**[31]

The spell of the new governor remained throughout the session. The 1926 General Assembly could be called a rubber-stamp legislature except that Byrd had worked closely with legislative leaders to gain their insight and support before introducing his measures. Every legislative recommendation of the governor was enacted into law.[32] The House of Delegates adjourned without leaving a single bill on its calendar, and neither house of the legislature found it necessary to stop the clock to complete its business. Byrd had pushed through a reform program which had been defeated year after year under other governors. His success during his first legislative session as governor was amazing.

Byrd utilized every opportunity to promote public enthusiasm for his programs throughout the state. In May 1926 he participated in the "Goodwill" tour of the state arranged by the State Chamber of Commerce. Large, friendly crowds received the governor at every point on his itinerary. Yet at least two state newspapers and a number of influential citizens had begun to oppose the short ballot. They believed that the short ballot would give the governor too much power and would simply add to his political appointments. Byrd answered these criticisms by saying that the short ballot was necessary to run the state in a businesslike manner and would enable the governor to be more responsive to the demands of the people. He continued to enjoy the support of the leading newspapers of the state and of a large majority of the people.

The governor acted quickly to carry out his extensive reorganization of the state government. He wrote every governor in the union soliciting names of private agencies to conduct an efficiency survey as authorized by the legislature. By May 1926 Byrd was able to announce that he had hired the New York Bureau of Municipal Research, a private firm which had conducted a survey for the state of Tennessee resulting in annual savings of $600,000 from a budget of approximately $15,000,000.[33] During the next month, the governor selected thirty-eight prominent Virginians to serve on nis Citizen's Committee on Consolidation and Simplification in State and Local Governments. This committee was to review the findings and recommendations of the New York Bureau and to make such recommendations to the General Assembly as it found appropriate for Virginia. The committee was headed by William T. Reed, president of the Larus and Brother Tobacco Company of Richmond and close friend and advisor to the governor.[34] This committee came to be known as the "Reed Committee" or the "Businessman's Committee on Simplification and Consolidation."

The New York Bureau of Municipal Research gave its final report to the governor early in the next year. Byrd did not make the report public but instead turned it over to the Reed Committee for its consideration. That committee rendered its report in less than one month after its receipt of the New York Bureau's report. Both groups recommended a comprehensive reorganization of state government along the lines that Byrd had suggested in his inaugural address. They proposed the abolition of many departments and commissions, and the consolidation of other state agencies into ten or eleven major departments. The Reed Committee dealt only with the broader reorganizational recommendations of the New York Bureau and rejected those "not appealing to our sound judgment as being practical under conditions existing in Virginia."[35] For example, the committee did not recommend the abolition of the position of lieutenant governor or state treasurer as the bureau had proposed. Within its reforms, the bureau estimated annual savings of $1,366,180,[36] while the committee estimated annual savings of $500,000.[37] Part of the difference in estimated savings can be attributed to the bureau's consideration of small items such as reduction of the capitol police force which the committee did not consider. Other differences resulted from the committee's rejection of bureau recommendations and the more conservative, politically-conscious nature of the committee.

Both the New York Bureau and the Reed Committee pointed out that most of their recommendations could be effected without revisions of the state constitution, but some proposed changes would require constitutional amendments. During his gubernatorial campaign. Byrd had committed himself to constitutional changes through a commission and amendments rather than the more expensive convention method. In October 1926 Byrd announced seven appointments to a Commission to Suggest Amendments to the Constitution, for which he had received legislative authorization. The commission was headed by Judge Robert R. Prentis, president of the Virginia Supreme Court of Appeals.[38] This commission came to be known as the "Prentis Commission."

After holding public sessions in various parts of the state, the Prentis Commission submitted its report on February 16, 1927. It proposed 50 material changes to the Virginia Constitution and 31 minor changes. Although some of the suggested changes were substantial, none could be termed radical. Among the more important changes were reduction of the state residence requirements for voting from two years to one, reduction of the period for paying poll taxes from three years to two, provision for bills to be read by title only rather than in their entirety before the General Assembly, and provision for the Supreme Court of Appeals to sit in two divisions to reduce its work load. Other significant changes were authorization for counties to adopt optional forms of government, provision for school superintendents to be selected by local school boards and not by the state Department of Education, and the limitation of state bond issues to one percent of the assessed value of all land in the state. Another proposed amendment made provision for localities to exempt new manufacturing establishments from local taxation for a period not to exceed five years. This would be an inducement for manufacturers to locate in that jurisdiction.[39] The commission also endorsed all of Byrd's pending amendments, including the short ballot amendment.

Both the Reed Committee and the Prentis Commission had worked quickly because Byrd wanted to continue the momentum that he enjoyed at his inauguration. Being aware of the lengthy state constitutional amending process, Byrd decided in January 1927 to call a special session of the General Assembly which would then allow his reforms to be finalized before he left office. Byrd believed that the savings effected by his program would far exceed the cost of a special session of the legislature.[40] As usual, Byrd made careful preparations for the special session. He mailed copies of the Reed and Prentis reports to each member of the legislature, to the newspapers of the state, and to various prominent citizens. He welcomed public support for his program and received many such expressions of support including that of United States Senator Carter Glass, with whom he would in time develop an increasingly close working relationship.[41]

In his opening address to the special session of the General Assembly which convened on March 18, 1927, the governor reiterated his reasons for calling the special session and endorsed the work of the Reed Committee and the Prentis Committee with minor exceptions. Additionally, he suggested a constitutional amendment of his own which would prohibit any locality from issuing bonds without approval by a public referendum. He urged the enactment of the recommendations contained in the reports and assessed the fiscal and administrative improvements already effected in his administration. Better procedures and careful expenditures had turned a March 1, 1962, state deficit of $1,309,855.58 into a March 1, 1927, unappropriated surplus of $337,524.57.[42]

In this special session the General Assembly proved to be as cooperative with the governor as it had been a year earlier. The governmental reorganization bill passed without an opposing vote in either house, and the constitutional amendments were accepted with little opposition.[43] One change in the recommendations was not surprising. Although the state residence requirements for voter registration were shortened, the three-year prepayment of poll taxes as a prerequisite for voting was not. Just before the legislature met, the United States Supreme Court had ruled in Nixon versus Herndon and Porras that white party primary elections were unconstitutional. J. Murray Hooker, Byrd's successor as state Democratic Party chairman, quickly pointed out that the decision affected the 1924 state Democratic primary plan which prohibited black participation in primary elections.[44] What role Byrd played in the legislature's alteration of the poll-tax prerequisite is unknown. He probably supported the change back to three years because he did oppose black voting. Byrd did not believe that the poll-tax restrictions kept whites from voting.[45]

The General Assembly considered a number of other matters in its special session, but the legislators continued to be characterized by their speed and harmony. They adjourned one full week before the thirty-day constitutional limit for sessions. The August 1927 primary elections for the state legislature revealed that Byrd would continue to have a friendly General Assembly. Administration supporters were returned in force.[46]

During his first two years as governor, Byrd was occupied almost entirely with the initiation of his vast state government reform program. He seldom spoke publicly about anything else. His last two years in office were spent consolidating his gains to insure the program's success beyond his term in office. In his opening address to the 1928 General Assembly, Byrd reviewed the progress to date on "Virginia's business government" and estimated the annual savings from improved fiscal procedures to be $800,000. The revenue lost to the state by tax segregation had been almost fully restored by the increased income taxes and improved tax collection.[47] The governor also reviewed the reorganization then in progress.

With a state budget surplus of over $2,500,000, Byrd believed that he could recommend a number of tax reductions favorable to business in what he called a "program of progress." The proposed reductions included a repeal of the tax on stocks, a repeal of the non-resident inheritance tax on stock in Virginia corporations, and a lowering of the tax on capital in business. Again, he insisted on a balanced state budget. Although more than the $50,000,000 anticipated in the 1923 bond issue for highways had been spent under Byrd's pay-as-you-go highway plan, rapidly increasing construction and maintenance costs had left many primary routes incomplete. To facilitate completion of the

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system, the governor requested that the gasoline tax be increased one-half cent to a total of five cents per gallon.[48] Byrd continued to lack an interest in education comparable to that he had in the state highway program. A legislative commission report recommending numerous improvements in the state educational system and increased aid to rural areas received little attention from the governor. Byrd did increase school appropriations, but at the end of his term, Virginia remained next to the bottom among former Confederate states in educational expenditures in proportion to per capita wealth.[49]

Byrd's inaction on county government reforms was the one major omission in his reform program. Although the New York Bureau of Municipal Research completed its report on local governments in January 1927, the report was not considered in the special session of the General Assembly. Furthermore, it was the only reorganization report never printed as a document in the journal of either house of the legislature. Apparently, very few copies of the report were ever printed.[50] The New York Bureau had found that local government was most in need of reorganization and reform. It concluded that counties had a "scattered, disjointed, and irresponsible type of organization," and were "grossly political, careless, wasteful, and thoroughly inefficient." [51] The bureau's numerous recommendations included the adoption of a county-manager type of government and the abolition of the fee system of payment for elected officers, which Byrd had chosen to continue in 1926. The governor submitted the report to the 1928 General Assembly with a brief message and only one recommendation: that banks be required to pay interest on county deposits. Although he stated that his pending constitutional amendment would allow more flexibility in the organization of county governments, he made it clear that localities should take the initiative in county reforms, "thus preserving the principle of local self-government." [52] Again, Byrd was not willing to endanger his support from the county "courthouse rings." Later, when Professor Wilson Gee of the University of Virginia wrote Byrd about debates on county government reforms that Gee was organizing for the high schools and requested Byrd's views, the governor replied that he did not want his name mentioned in the matter.[53]

The constitutional amendments that had been proposed by either the 1926 or 1927 sessions of the legislature as part of Byrd's reorganization of the state government were approved by the 1928 legislature as the second stage of the ratification process. Before adjournment, the 1928 General Assembly had literally enacted every major recommendation of the governor with a minimum of opposition. Included was one of the strongest anti-lynch laws in the nation which Byrd had forcefully recommended following a lynching in the state. No lynching has occurred in Virginia since then.[54]

At Byrd's insistence, the General Assembly set June 19, 1928, for a special public referendum on the governor's reorganization amendments to the state constitution. Byrd carefully avoided having his program tied in with either the August primary elections or the fall presidential campaign. It was a very wise political decision. Additionally, the amendments were divided into five proposals on the ballot with the most controversial proposals, tax segregation and the short ballot amendments, listed separately as two of the five. When Byrd opened his public campaign to have his reorganization program finally approved by the citizens and thus incorporated into the constitution, the United States presidential aspirants, Alfred E. Smith, Herbert Hoover, and others, were already stealing the state newspaper headlines from the amendment campaign. Byrd realized that the greatest problem for the pro-amendment forces would be getting the voters to the polls. As expected, most of the opposition centered on the short ballot amendments. The only organized opposition to the amendments came from two quite dissimilar groups, the Virginia Education Association and the Ku Klux Klan. Teachers opposed an amendment which allowed the selection of school superintendents by local boards rather than by the state Board of Education. Also, they wished to continue to elect the state Superintendent of Public Instruction.[55] The Klan, which was not strong in Virginia, feared the power that the reorganization gave the governor.

The Byrd forces waged a strong campaign, and Byrd at last saw his extensive reorganization program endorsed by the public and ratified as part of the state constitution. Although all the proposals passed, the referendum vote was close and the voter turnout was small. The largest total vote was on proposal two, yet this total (144,760) fell over 30,000 short of the total vote in the 1925 gubernatorial primary campaign. Many voters sat at home expecting another Byrd victory. Proposal two, the tax segregation amendment, won by the largest margin (15,560), because of support in rural areas where tax assessments were low. Proposal five, appointment of the state treasurer by the governor, won by the smallest margin, 2,849 out of a total vote of 134,481, probably due to apathy in completing the ballot. The city vote actually went against the last two proposals. As had occurred in the past and would again in the future, Byrd could thank the rural areas of the state, especially his own Shenandoah Valley, for solid majorities. These solid majorities provided the margin of victory.[56]

For the remainder of his gubernatorial term, Byrd would be occupied by political events that almost wrecked the Democratic organization he had so carefully built and led. In June 1928 Byrd watched while the national Democratic party nominated Alfred E. Smith as its presidential candidate. Virginia political leaders, including Byrd, Senator Claude A. Swanson, and Senator Glass, had opposed Smith's nomination because they knew that Smith, a Roman Catholic from New York City who favored repeal of the national prohibition amendment, would not be popular in Virginia or in the South. Their worst fears materialized when Bishop James Cannon, Jr., the politically powerful Virginia prohibitionist, called for a revolt against Smith. Numbers of other Virginia Democrats soon followed his lead in supporting the Republican nominee, Herbert Hoover. Byrd did not officially announce his support for Smith until two months after Smith's nomination. In his reluctant endorsement of Smith, Byrd stated that he had not favored Smith's nomination but that he would not desert the party. The governor did not believe that Smith's prohibition stand, his Roman Catholic faith, or his background were valid reasons to withhold support from the Democratic nominee.[57] During the campaign, Byrd toured the state but most often used the speaker's rostrum to defend his own programs in Virginia.

The results of one of the most unusual campaigns in the history of the state were disastrous for the Democrats. In the largest voter turnout in Virginia since the turn of the century, the state delivered its electoral votes to Herbert Hoover by a margin of over 20,000 out of a total vote of 304,755.[58] Three Virginia congressional seats fell to Republicans including that in Byrd's home district.

While most state Democratic leaders sat stunned by the massive defeat, Byrd quickly urged unity for the future. In an attempt to break up the successful Virginia coalition of anti-Smith Democrats and Republicans, the governor made it clear that all Hoover Democrats would be welcomed back into the party.[59] Despite Byrd's gestures of friendship, an anti-Smith Democratic faction met in Lynchburg in February 1929 and formed an executive committee headed by former state Senator George N. Conrad of Harrisonburg. They decided to form a new political party and to run candidates in the fall elections. At a party convention in Roanoke, they nominated a slate including a Washington and Lee University psychology professor, William Moseley Brown, for governor. Brown, a lifelong Democrat who had opposed Smith, announced that he would accept the nomination if the Virginia Republican party would nominate him as well. The Republicans did, but defections of prominent coalition leaders soon hurt the movement.

The Democrats continued to stress harmony and party unity. Byrd and other leaders cast about for a suitable candidate, who could heal party wounds and attract the anti-Smith Democrats. They realized that it should be someone who had a consistent record of support for prohibition and who had supported Smith.[60] John Garland Pollard, dean of the Marshall-Wythe School of Government and Citizenship at the College of William and Mary, fitted the qualifications perfectly, and at Byrd's suggestion agreed to run. Although an active Baptist and well-known friend of prohibition, the dean had supported Alfred E. Smith and was not on friendly terms with Bishop Cannon. A former attorney general, Pollard had served on the Reed Committee and was known to favor Byrd's program of progress. Pollard met with the governor in Richmond and agreed to continue his programs if elected.[61]

Soon after Pollard announced his candidacy, G. Walter Mapp, Byrd's 1925 opponent, also entered the field with a platform, critical of Byrd's program, that called for the end of the short ballot and the abolition of the fee system. Mapp stood little chance of winning the Democratic gubernatorial nomination in the face of Byrd's organization and control of party machinery. The campaign created little excitement since most of Mapp's issues were old. In the primary election, Pollard's vote exceeded 104,000 while Mapp got less than 30,000 votes.[62]

Brown, the gubernatorial candidate of the anti-Smith Democrats and the Republicans, opened a vigorous campaign in August 1929 with an attack on the short ballot, the fee system, state banking laws, and "wet" control of the national Democratic party.[63] Brown's platform, much like that of Mapp in the primary, advocated issues which had already been defeated by the voters. In truth, without the threat of Alfred E. Smith, the anti-Smith Democrats had no appealing issues. Byrd and most of the state Democratic party leaders worked diligently throughout the fall to rebuild party strength and to insure a solid victory after the Smith disaster. Their hopes were fully realized. Each Democratic candidate on the state ticket won, and the standard bearer had a lead of almost 70,000 votes out of the 269,728 cast.[64]

In his last appearance before the General Assembly of Virginia as governor, Byrd pointed with pride at his remarkable record of reform and progress. He had initiated and carried out an extensive reorganization of the state government. Hundreds of bureaus, departments, and agencies had been abolished or consolidated into cabinet-like departments responsible to the governor. He had accomplished an extensive revision of the state constitution incorporating many badly needed reforms. Virginia's state government, he believed, could now operate as a huge corporation with the governor as president and the citizens as stockholders. Byrd had introduced improved fiscal procedures and had established a uniform accounting system. The savings resulting from these actions enabled him to leave office with an unappropriated budget surplus of over $4,000,000,[65] instead of the deficit he found at his inauguration.

The tax reductions permitted by the

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economy in state government provided a stimulant to business. In his address, Byrd pointed to Virginia's industrial growth as reflected in the state's bank resources, which had grown by $26,000,000 to a total of $666,000,000 during his administration. His new Department of Conservation and Development had waged an extensive campaign to promote Virginia's potential and had played a significant role in the acquisition of the Shenandoah National Park. As an additional aid to economic growth over 2,000 miles of state highways were constructed during his term by his pay-as-you-go financing method.

The youthful governors' progressive program had attracted national attention. At least five governors of other states personally visited Virginia to learn of its reorganization of state government, and the entire legislature of Arkansas visited the state and subsequently adopted a reorganization plan modeled after Virginia's.[66]

Byrd had maintained unprecedented legislative support throughout his term. He never retreated on the short ballot, his most unpopular reform, although many of his friends had urged him to drop it. He overcame the party defeat of 1928 and emerged firmly in control of party machinery. Byrd cemented his relationships with elected local officials throughout the state in a way that would enable him to dominate state politics for many years.

There was a negative side, too. Byrd ignored the desperate need for reform in county government rather than alienate his base of political power. Little was actually accomplished for agriculture and the rural areas, which still suffered from governmental neglect. Although Byrd's lower taxes, especially his abolition of the state tax on land, made him extremely popular in rural areas, the grossly inefficient county governments soon grabbed the savings. Increased gasoline taxes cut into the farmer's profits since he had to haul his crops to town. The three cent per gallon gasoline tax was increased to five cents per gallon during Byrd's term to keep road construction going at a reasonable pace by the pay-as-you-go financing method. In spite of the governor's significant increases to education in his 1930 budget, Virginia's rural areas continued to lag behind sister states in educational standards.

Many state agencies continued to function independently and separately despite the reorganization and consolidation. The new departments of finance and of conservation and development never got a single administrative head, and the department of public welfare continued to consist of several largely independent boards. The lack of complete reorganization was the result both of Byrd's fears of concentrated power and his wish to accommodate particular persons.[67] Probably Byrd's most successful reform was his overhaul of fiscal procedures.[68]

Byrd was a businessman, and as the Southern bourbons before him, he believed that the citizens were best served by limited and efficient government and self-regulating free enterprise. Throughout his life his political philosophy would remain the same. He would advocate simplified government operated with businesslike efficiency on a balanced budget. As a politician, Byrd had perfected the organization and techniques that enabled him to dominate the state's political life almost until his death. When Byrd retired from the governorship in 1930 at the age of forty-two, few people believed that he would relinquish his influence or remain out of political office, although he had consistently disclaimed any desire for future office. He professed only the wish to return to his apple orchards. After the pleasure of seeing his hand-picked successor inaugurated governor on January 15, 1930, Byrd left for Winchester, in a hurry to get there "in time for supper.[69]

FOOTNOTES

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[1] Harry F. Byrd, "Inaugural Address of Harry Flood Byrd, Governor, Delivered before the General Assembly and the People of Virginia, February 1, 1926" (Richmond, 1926), p. 3.

[2] French Strother, "Youth Takes the Helm in Virginia," *World's Work,* LIII (December 1926), 144.

[3] A. Willis Robertson was born on the same street within a week of Byrd's birth.

[4] William S. White, "Meet the Honorable Harry (the rare) Byrd," *Reader's Digest,* LXXXII (April 1963), 209.

[5] Frank Blackford, "The Making of Senator Byrd," Norfolk *Virginian-Pilot,* January 9, 1966.

[6] Printed letter to the voters, October 21, 1915. Harry Flood Byrd Papers, Alderman Library, University of Virginia.

[7] *Journal of the Senate of the Commonwealth of Virginia, 1916* (Richmond, 1916), p. 963.

[8] Leslie Lipson, *The American Governor from Figurehead to Leader* (Chicago, 1939), p. 102.

[9] T. W. Harrison to Harry F. Byrd, March 29, 1917, Byrd Papers.

[10] H. F. Byrd to Richard S. Wright, September 24, 1917, Byrd Papers.

[11] Herman L. Horn, "The Growth and Development of the Democratic Party in Virginia Since 1890,'" unpublished Ph. D. dissertation, Duke University, 1949, p. 407.

[12] Winchester *Evening Star,* February 25, 1920.

[13] *Richmond News Leader,* August 25, 29, 1923.

[14] H. F. Byrd to E. Lee Trinkle, May 8, 1923, E. Lee Trinkle Executive Papers, Virginia State Library.

[15] H. F. Byrd to E. L. Trinkle, April 23, 1923, Trinkle Executive Papers.

[16] *Report of the Secretary of the Commonwealth, 1923* (Richmond, 1925), p. 489.

[17] The story persists that in 1924 Bishop James Cannon advised Byrd not to run for governor the following year because the position was to go to G. Walter Mapp. In anger, Byrd then decided to run. If this is true, it was atypical of Byrd's decision making process. See Virginius Dabney, *Virginia: The New Dominion* (Garden City, N.Y., 1971), p. 481.

[18] *Richmond Times-Dispatch,* November 23, 1924.

[19] *Report of the Secretary of the Commonwealth, 1924–1925,* p. 535.

[20] *Richmond Times-Dispatch,* February 2, 1926.

[21] Harry F. Byrd, "Communication from the Governor of Virginia Transmitting a Message to the General Assembly of Virginia on the Subject of Taxation, February 2, 1926" (Richmond, 1926), pp. 6–7.

[22] *Ibid.,* pp. 7–12.

[23] Julien Gunn *et al.,* "Report of the Commission on Simplification and Economy of State and Local Government to the General Assembly of Virginia, January, 1924" (Richmond, 1924), p. 127.

[24] Harry F. Byrd, "Address of Harry F. Byrd, Governor, on the Subject of Simplification of Government in Virginia, Delivered Before the General Assembly of Virginia, February 3, 1926" (Richmond, 1926), pp. 1–4.

[25] *Ibid.,* pp. 5–10.

[26] Lipson, *The American Governor from Figurehead to Leader,* p. 102.

[27] *Richmond Times-Dispatch,* February 26, 1926.

[28] *Richmond Times-Dispatch,* April 11, 1926.

[29] Strother, "Youth Takes the Helm in Virginia," *World's Work,* LIII, 145.

[30] *Richmond Times-Dispatch,* March 13, 1926.

[31] Charles E. Wynes, "The Evolution of Jim Crow Laws in Twentieth Century Virginia," *Phylon,* Fourth Quarter, 1967, 419–420.

[32] *Richmond Times-Dispatch,* March 14, 1926.

[33] *Richmond Times-Dispatch,* May 19, 1926.

[34] William T. Reed, *et al.,* "Report of the Citizens' Committee on Consolidation and Simplification in State and Local Governments Submitted to the Governor of Virginia in accordance with an Act of the General Assembly of 1926" (Richmond, 1927), p. 19.

[35] *Ibid.,* p. 3.

[36] New York Bureau of Municipal Research, "Organization and Management of the State Government of Virginia, Report on a Survey made for the Governor and his Committee on Consolidation and Simplification" (Richmond, 1927), p. 9.

[37] Reed *et al.,* "Report of Citizens' Committee," p. 18.

[38] Robert R. Prentis *et al.,* "The Constitution of Virginia: Report of the Commission to Suggest Amendments to the Constitution to the General Assembly of Virginia" (Richmond, 1927), p. xii.

[39] *Ibid.,* p. viii-xii.

[40] *Richmond Times-Dispatch* February 5, 1926.

[41] Carter Glass to William T. Reed, February 2, 1927, Reed Family Papers, Virginia Historical Society.

[42] Harry F. Byrd, "Reorganization of the Government of Virginia: Address of Harry F. Byrd, Governor, Delivered Before the General Assembly of Virginia, Extra Session, March 16, 1927" (Richmond, 1927), pp. 8–9.

[43] *Journal of the House of Delegates of Virginia, Extra Session . . . 1927* (Richmond, 1927), pp. 160, 173; *Journal of the Senate of the Commonwealth of Virginia, Extra Session . . . 1927* (Richmond, 1927), pp. 69, 246.

[44] *Richmond-Times-Dispatch,* March 8, 1927.

[45] H. F. Byrd to Robert B. Tunstall, November 29, 1926, H. F. Byrd Executive Papers, Virginia State Library.

[46] *Richmond Times-Dispatch,* August 3, 1927.

[47] Harry F. Byrd, "Virginia's Business Government, An Address by Harry Flood Byrd, Governor, Delivered Before the General Assembly of Virginia, January 11, 1928" (Richmond, 1928), p. 9.

[48] *Ibid.,* p. 20.

[49] Allen W. Moger, *Virginia: Bourbonism to Byrd, 1870–1925* (Charlottesville, 1968), pp. 343–344.

[50] To citizens who requested a copy of the report, Byrd replied that none were available. See "County Government," Byrd Executive Papers.

[51] New York Bureau of Municipal Research, "County Government in Virginia" (Richmond, 1928), pp. 5–6.

[52] Harry F. Byrd, "The Oyster Industry and County Government, Communication from the Governor to the General Assembly, January 31, 1928" (Richmond, 1928), p. 6.

[53] H. F. Byrd to Wilson Gee, June 25, 1929, Byrd Executive Papers.

[54] Moger, *Virginia: Bourbonism to Byrd,* p. 342.

[55] *Richmond Times-Dispatch,* March 17, 1928.

[56] *Report of the Secretary of the Commonwealth, Year Ending June 30, 1928,* p. 483.

[57] *Richmond Times-Dispatch,* August 24, 1928.

[58] *Report of the Secretary of the Commonwealth, Year Ending June 30, 1929,* p. 453.

[59] *Richmond Times-Dispatch,* November 29, 1928, January 1, 1929.

[60] Horn, "The Growth of the Democratic Party," pp. 419–420.

[61] John S. Hopewell, "Politics in Virginia, 1928–1929," unpublished M.A. thesis, University of Virginia, 1968, pp. 36–37; Alvin L. Hall, "Virginia Back in the Fold: The Gubernatorial Campaign and Election of 1929," *Virginia Magazine of History and Biography,* LXXIII (July 1965), 280, 302.

[62] *Report of the Secretary of the Commonwealth, Year Ending June 30, 1929,* p. 458.

[63] *Richmond Times-Dispatch*, August 3, 1929.

[64] *Report of the Secretary of the Commonwealth For the Year Ending June 30, 1930*, p. 399.

[65] Harry F. Byrd, "Address of Harry F. Byrd, Governor, Delivered Before the General Assembly, January 8, 1930" (Richmond, 1930), p. 30.

[66] *Richmond Times-Dispatch*, January 16, 1930.

[67] Lipson, *American Governor from Figurehead to Leader*, p. 107; George W. Spicer, "Gubernatorial Leadership in Virginia," *Public Administration Review*, I, (Autumn 1941), 453.

[68] Anne P. Brydon, "Technical Services to Virginia Government," unpublished M.A., thesis, University of Virginia, 1949, p. 17; Arthur E. Buck, *The Reorganization of State Governments in the United States* (New York 1938), p. 246.

[69] *Richmond Times-Dispatch*, January 16, 1930.

FEDERAL INTERFERENCE IN PRIVATE ENTERPRISE

Mr. STENNIS. Mr. President, in connection with the continued consideration by the Senate of the Consumer Protection Agency, which under the amendment proposed by the distinguished Senator from West Virginia (Mr. ROBERT C. BYRD) has been renamed the Agency for Consumer Advocacy, I wish to make some comments about Federal interference in private enterprise. This is a subject I hear about frequently when I am home in Mississippi, and I am sure it is an issue of importance anywhere in the Nation.

I always look forward with pleasure to the opportunity to get home and visit around the State to chat with friends. The enjoyment that I get from a chance to talk at length with a businessman that I have known for years is frequently tempered by the fact that he will ultimately make known the strong feelings that he has about the interference of the Federal Government in his business. He is frustrated by the requirements, the constraints, and the paperwork that the Government places upon him. He is puzzled at the necessity for much of this, and angered by the number of things that the Government requires him to do, or forbids him to do, under penalty of law. He feels that a lot of these rules are quite arbitrary, that many of them do not fit this situation, and he is resentful of them.

It is very hard for me, as a Senator, to try to explain how all this redtape came into being, and why it should exist at all. In fact, it is impossible to explain. There is no sensible way to rationalize the degree to which the Federal bureaucrats have entered into the management of free enterprise.

Take the matter of paperwork alone. The hearings last year of the Senate Select Committee on Small Business showed that there were about 5,300 different types of approved public use forms that came under the supervision of the Office of Management and Budget, which has responsibility under the Federal Reports Act of 1942. And this number does not include all the tax forms of the Internal Revenue Service or banking forms, neither of which come under OMB.

Counting all kinds of forms, the paper that flows into Federal agencies each year fills 4½ million cubic feet of space, and costs $8 billion a year to process and administer. There are 10 pieces of paper each, per year, for every man, woman, and child in the United States—more than 2 billion forms a year.

According to OMB, for the business community alone, in 1973, there were 2,547 different reports. There were 122, responses to these required reports, and it took the business community 72 million man-hours to prepare them. If it cost only $5 an hour to fill them out, that is a cost to businessmen of $362 million—and that is a nonproductive cost—a loss to businessmen. The National Small Business Association estimates that adding just one Federal form that all businesses have to fill out costs small businesses $19 million.

The paperwork, Mr. President, though demanding and expensive, is just a symptom, only a manifestation of the degree that Federal regulation of business procedures has infiltrated the entire structure of American enterprise. One is given good cause to wonder whether we are justified in calling it a free enterprise system.

Think of the scope of businesses that are subject to formal Government regulation. We have become so used to it that we hardly notice it anymore, but almost every business that directly affects our daily lives is Government regulated. You are dealing with a federally regulated industry when you turn on your light switch or radio, or buy an airline ticket or a prescription drug; if you cash a check, or call your broker. You name the business and the chances are it is regulated—railroads, truckers, and barge lines; farmers or meat packers—the list is endless. In the U.S. Government manual, under the executive branch, are listed the independent agencies. It takes 195 pages to list them and brief their functions, and a large part of them are in the business of telling citizens what they can and cannot do in the pursuit of their occupations.

All of this excessive Government control of business is, of course, based on laws passed by Congress. And I must say that the experience of recent years indicates an increased tendency on the part of Congress to resort to Government intervention by legislation to try to solve any kind of social or environmental problem that is thought to grow out of business practices.

To note a few examples of such bills, from the recent past, we have seen the Occupational Health and Safety Act; the Consumer Product Safety Commission; controls on automobiles to cover safety, damageability, and exhaust emissions; controls on agricultural pesticides; clean water and clean air standards; Federal Trade Commission injunctive relief of certain trade practices; the Consumer Food Safety Act and the Consumer Warranty Act; the credit card bill; new minimum wages; and others. We have seen prices and wages controlled and then decontrolled, and oil allocated between companies. Various controls on imports or exports are advocated monthly. We have gone through the various phases of Naderism, and environmentalism, and now we are debating consumerism, with the proposed Consumer Protection Agency bill, or Agency for Consumer Advocacy bill before us.

Now I am for the consumers, for they are the American public, of which I am a member, and if it were not for the consumers there would not be much reason for American business to exist. But I am opposed to this bill, which I believe in. Its ultimate effects will not be good either for the public as a whole or for the business community. If the laws establishing all the other existing regulatory agencies were repealed, then I would consider voting for this one. But this proposal constitutes a proliferation of regulatory actions. We should know from past experience what occurs when a new regulatory agency is created.

Government regulations of business is obviously a very complex matter, and it does not lend itself well to legislative solutions that set forth the law in detail, and present it to the executive branch to enforce and the courts to arbitrate. Consequently the tendency is for Congress to establish a new independent agency, define its mission, give it a broad charter with enforcement powers, and tell it to write its own regulations.

These regulatory agencies proceed forthwith to do just that. They write their regulations and enforce them, and within a few years it is absolutely amazing to examine what has grown in the way of bureaucratic controls, reports, constraints and expensive harassments of businessmen. Sometimes the law as written even permits an agency to issue citations and then impose their own penalties.

I think it is a reasonable assertion to say that the average businessman can no longer hire and fire and set wages according to merit and performance. Discrimination suits are common, and now there are "reverse discrimination" suits. It is not worth the trouble and expense to try to hire part time help. A plant is closed by a strike and the strikers draw food stamps and welfare.

To add to his other woes, the businessman is a tax collector, on a large scale, and the recordkeeping and reporting procedures that he must follow are prescribed for him. He withholds income tax and social security tax. In many States he withholds State income tax, and sales or use taxes, usually without being compensated for the expense. A firm that does business in interstate commerce has a multiple problem, to allocate income and employee taxes among several jurisdictions. Also, to complicate the problem, there is insufficient correlation of forms between Federal and State jurisdictions, so the accounting has to be done twice. If a small firm's bookkeeper gets sick and the firm is late in completing the paperwork to turn in the withheld taxes, the penalty is automatic and substantial. The businessman is kept busy being a tax collector, and he has to do it at his own expense.

To conclude, Mr. President, Federal interference in private enterprise exists throughout the structure of the business community. Its effects are onerous, and if allowed to increase will threaten the effectiveness of the free enterprise system. It will not take very much more Government harassment of small business to make it so difficult that some businesses will not be able to survive. Perhaps instead of a Consumer Protection Agency we need a Small Business Protection Agency.

I am totally opposed to the bill to establish an agency for consumer advocacy. I urge that it be rejected by the Senate.

SMALL BUSINESS SQUEEZED BY HIGH COSTS AND HIGH TAXES—NEEDS TAX REFORM IN 1974

Mr. BIBLE. Mr. President, as chairman of the Select Committee on Small Business, it is my pleasure to report to the Senate that some progress has been made in our committee efforts to assist the 97½ percent of the firms which are "small business" with their tax problems.

On the eve of the Labor Day recess when Members of the Senate must face small business and professional men and farmers battered by inflation and recession, it may be cheering news that for the first time since 1958 the House Ways and Means Committee has approved a major package of nine tax improvements for new and small businesses. These provisions will be part of the larger Tax Reform Act which is likely to be brought before the House after Congress returns to Washington.

INFLATION HITS SMALL BUSINESS HARDER THAN CONSUMERS

The small entrepreneur is the man-in-the-middle, and the economic difficulties of 1973–74 are squeezing him from all sides. The plight of the consumer who has suffered price increases of more than 10 percent last year is painfully well known. But the deterioration of the small businessman's position has not had comparable exposure. For instance, the Wholesale Price Index, reflecting the prices of commodities which smaller businessmen need to purchase to process as raw materials, has increased 27.8 percent for 9 represenative foodstuffs and 26.2 percent for 13 typical raw industrial materials. It is, therefore, self-evident that business prices have increased far more rapidly than consumer prices and that small businesses have not been able to pass along all the inflated increased costs of doing business.

For example, let us examine the farm business, which is typically run by a farm family. From July of 1973 to July of 1974, prices received by farmers on all farm products increased only 1.13 percent. In contrast, prices paid by farmers for all commodities and services increased 15.7 percent according to the Department of Commerce business statistics report of August 9, 1974. The family living items of farmers increased 17.3 percent during that time, and the parity ratio for farmers' income dropped from 88 to 77 percent.

MANY INDEPENDENTS CANNOT PASS ON INFLATIONARY COST INCREASES

Many smaller business firms cannot pass on price increases, because they are closest to the consumer and see, first hand, the distress of working families whose real income has declined by approximately 5 percent during the past year. Other small firms simply do not have the bargaining power to raise prices, as other larger corporations have displayed.

INEQUITABLE TAX SYSTEM MAKES THINGS WORSE

For these closely held, local and individual small companies, the tax system is exerting additional pressure which makes it more difficult to stay in business, and the burden of this system is heightened by its unfairness.

There is something wrong with a Federal tax structure under which manufacturers with assets of up to $50 million pay an effective tax rate of more than 50 percent, while the 100 largest corporations in the United States pay an effective rate of less than 25 percent. As we have said before on many occasions, this is hardly the way to encourage the virtues of hard work, risk-taking and thrift.

If we do not act to change this equation, I feel that the vice of the inflationary costs and regressive taxes will force substantial numbers of businesses to close in the next few years. This will mean that the consumers will have available fewer choices in goods and services for which they will see higher price tags.

The capacity of new and small firms to bring prices down by competition and innovation can be greatly weakened. The ability of small firms to provide jobs and purchasing power can be beaten down by this adversity. I hope the consumer movement does not learn too late the extent of its stake in small business, and specifically the tax and other legislative reforms that are necessary now to preserve a flexible and competitive free enterprise system in the future.

COMMITTEE EFFORTS TO HELP

As many Members of this body know, our Select Committee has pursued its mandate to study the problems of American small business with an inquiry on the small business impact of taxes which first began in 1967. As a result, I introduced a comprehensive small business tax simplification and reform proposal in 1970. This was the first major small business tax bill since 1958 and the most comprehensive to come before the Congress.

It was the hope of the many sponsors of this measure over the years to provide a foundation or framework on which Congress could build meaningful tax reform and relief for the small business community. With the cooperation of House Small Business Committee chairman, JOE L. EVINS, and House Ways and Means Committee member, RICHARD H. FULTON, the proposal was modified and improved over the years. In April of last year, Representative EVINS and myself appeared before the House Ways and Means Committee to deliver joint testimony on the vital need for small business tax reform.

ACCEPTANCE OF PROPOSALS BY HOUSE WAYS AND MEANS COMMITTEE

It is thus gratifying to report that the Ways and Means Committee in an executive session on August 1 approved a small business tax package of nine items, eight of which were derived from our bill. Recognition should also be accorded to Representative CHARLES E. CHAMBERLAIN, of Michigan, who put forward his own small business bill in committee, and whose arguments gained adoption of two provisions which were common to both of our bills, as well as the reduction of the useful life for property eligible for first year depreciation, which was one of his original suggestions. The other Chamberlain proposal for relief on inflated inventory costs was listed as one of the subjects for further committee study. The roles of other members of the committee who were helpful in gaining adoption of these items are set forth in an information release, which describes in detail the content of the Ways and Means Committee decisions. I ask unanimous consent that it be printed in the RECORD at the conclusion of my remarks for the information of all concerned.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

HISTORY OF SMALL BUSINESS TAX PROPOSAL

Mr. BIBLE. Mr. President, because the efforts by small business tax advocates have spanned many years and have included contributions by many Members of Congress, business organizations, and individuals, the committee has undertaken to catalog its history. For this purpose, we recently published a committee print containing 4 years of testimony, statements, and background materials which we believe add up to a persuasive case for small business tax reform. We also feel that such a publication might be helpful to Members of the Senate in considering pending small business tax matters. Copies are available at our committee offices.

ACTION NEEDED IN THIS CONGRESS

While the small business package approved by the Ways and Means Committee and shortly to be considered by the House of Representatives is not all we have sought; it is a large step in the right direction. For the first time in over 15 years, tax relief for the small businessman is in sight, if not in hand. I am hopeful that these provisions can move through the House and the Senate, perhaps with some additional input from small-business-minded Members of this body.

I urge that Congress enact tax reform, simplification and relief for small business before it is too late for many thousands of worthy enterprises which are the victims of the Nation's serious economic difficulties.

EXHIBIT 1

SMALL BUSINESS TAX PACKAGE APPROVED BY HOUSE WAYS AND MEANS COMMITTEE

WASHINGTON.—Tax relief for the nation's 8½ million small businesses "may be in sight," Senator Alan Bible (D.-Nev.) said today after the House Ways and Means Committee tax writers yesterday voted preliminary approval of major provisions of legislation sponsored by Bible to bring tax relief to the nation's small businesses.

Bible, Chairman of the Senate Small Business Committee, said he was "pleased and gratified" that after many years of effort by many persons, the Bible-Evins small business tax reform and simplification bill, which he has sponsored since 1970, was used as the basis for the Ways and Means Committee's action.

"The small business sections agreed to by the Ways and Means Committee break new ground in acknowledging the varied problems of all elements of the nation's community," said Alan Bible, Chairman of the Senate Small Business Committee. "I feel this action signals the mounting concern in Congress over the neglect of the tax position of new and small business firms over the years . . . It also recognizes the potential of these enterprises for helping to resolve basic economic problems of inflation and unemployment."

Bible pointed out that more than 50 percent of the jobs and 40 percent of the gross national product are accounted for by individual businessmen, partnerships and small corporations.

Among the decisions taken by the Ways and Means Committee to help small business firms were:

1. A 10-year carryforward of losses for new small corporations.
2. An increase in the depreciation permitted on new capital assets acquired by all forms of business, raising the base for the extra first-year 20 percent deduction from $10,000 to $15,000.
3. Property with a useful life of four years, rather than six years under present law, would become eligible for such first-year depreciation.
4. An increase in the earnings which small firms are permitted to accumulate without penalty from $100,000 to $150,000.
5. Protection for members of partnerships who die before the end of the year, allowing the deceased partner's deductions to be matched against his income.
6. An increase in the number of shareholders in so-called "Subchapter S corporations" from 10 to 15.
7. Broadening the classes of Subchapter S shareholders to include additional estate situations.
8. Certain types of trusts could also be Subchapter S shareholders on a permanent or temporary basis.
9. Protection for the Subchapter S corporation status when new shareholders acquire stock.

In addition, the House Ways and Means Committee went on record as favoring a study of relief for businesses with inflated inventory costs, as well as further study as a basis for more comprehensive revision of Subchapter S of the Internal Revenue Code.

Senator Bible had words of praise for members of both political parties in the achievement of what he called "a breakthrough toward improving the climate for small business and free enterprise in this country." He cited Rep. Joe L. Evins (D.-Tenn.) who introduced the Small Business Tax Reform Bill in the House of Representatives, and Rep. Richard H. Fulton (D.-Tenn.) for sponsoring the measure in the Ways and Means Committee. Bible also commended Rep. Charles E. Chamberlain (R.-Mich.) for his determined advocacy within the Committee which won approval of several of the small business proposals, as well as Rep. Dan Rostenkowski (D.-Ill.), Rep. James C. Corman (D.-Calif.), and Rep. Bill Archer (R.-Texas) who helped substantially in obtaining favorable consideration of the measure.

H.R. 8193—THE ENERGY TRANSPORTATION SECURITY ACT OF 1974—EDITORIALS IN OPPOSITION

Mr. COTTON. Mr. President, I ask unanimous consent to print in the RECORD recent editorials which appeared in seven of our Nation's newspapers concerning the bill, H.R. 8193—the so-called Energy Transportation Security Act of 1974, which is currently pending on the Senate Calendar.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. COTTON. Mr. President, I am sure that my colleagues in the Senate are already aware of my opposition to such oil import cargo preference legislation. However, I know they will be interested in reading the reactions and opinions of those in different parts of the country concerning the dangerous consequences which would result from enactment of H.R. 8193.

EXHIBIT 1

[From the (Louisville) Courier-Journal, Aug. 1, 1974]

SENATE SHOULD REJECT THIS RIPOFF

American taxpayers during the past four years have spent more than $1 billion in construction and operating subsidies to prop up the country's merchant fleet. Now the shipping industry and maritime unions are ready to dip again into every American's pocketbook, and it's up to the U.S. Senate to call a stop to this pilfering.

The gimmick this time is a dangerous piece of protectionist legislation, euphemistically called the Energy Transport Security Act, under which at least 20 per cent of all oil imports would have to be brought into the country in American tankers. The minimum share carried in American flag ships would rise to 30 per cent by 1977.

This kind of preference for the already heavily subsidized American tanker fleet has a superficial appeal because it would provide new jobs and relatively secure profits for some shipping firms. But it also would add to the cost of gasoline and other petroleum products and would invite retaliation from other countries which compete with American shipping. And the bill presumes a continued long-range American dependence on imported oil—a dependence that this country should be trying to end rather than perpetuate.

The Nixon administration, to its credit, is opposed to the preferential cargo bill. Both the Federal Energy Office and the President's adviser on consumer affairs, Mrs. Virginia Knauer, have presented detailed objections. But the free-spending, politically potent maritime unions have been able to push the bill through the House, by almost a 2-to-1 margin, and through the Senate Commerce Committee.

The vote on the Senate floor, tentatively on the calendar for today, is expected to be close. Kentuckians should hope that Senators Marlow Cook, who spoke forcefully against a similar bill two years ago, and Walter Huddleston will help prevent enactment of this ripoff of the American consumer. If the present tax subsidies haven't enabled the American fleet to compete with foreign carriers, there is no reason to throw good money after bad—especially when that money is coming from the pockets of consumers already being crushed by inflation.

[From the Chicago Tribune, July 31, 1974]

AND THEY CALL THIS "SECURITY"

The Senate is considering and is likely to approve a bill which purports to further the noble goal of strengthening America's merchant marine but which in reality would only dip further into the pocket of the American consumer.

The Energy Transportation Security Act was quietly approved by the House earlier this year and last week was voted out of the Senate Commerce Committee. It would require that starting now, American-flag tankers carry 20 per cent of all petroleum imports into the United States, with that share increasing to 30 per cent by mid-1977.

In effect, the bill—which to no one's surprise has the strong backing of the shipbuilding industry and the powerful maritime unions—would by legislation provide business for the maritime industry which it can't capture on its own marketplace.

Because of the higher operating costs of an already subsidized American merchant marine, the Maritime Administration estimates the effect of the law would be to increase costs $79.3 million next year and $183.1 million by 1985. The American Petroleum Institute puts the cumulative cost thru 1985 at a staggering $60 billion.

Costs aside, the immediate effect would be to reduce the availability of foreign petroleum in the U.S. because of the unavailability of American-flag tankers. At present, only about 7.5 per cent of petroleum imports move on American flag ships.

On philosophical grounds alone, such a "cargo preference" law would run counter to the principle of free trade and in all likelihood would prompt producing countries to retaliate by demanding that "X" per cent of their oil move in their own ships at almost any rate they want to charge.

It looks as if the Arab countries may make the whole issue academic anyway, if they proceed with plans to build their own tanker fleets in order to make money on the transport of oil as well as on the oil itself. If they do, Congress could pass restrictive laws until floodwaters cover the Arabian deserts and it wouldn't cause one additional drop of oil to move on U.S. ships.

Here is a bill which is out of tune with the times by almost every criterion. At a time when the government is fighting inflation, it would raise the price of petroleum products. At a time when we are trying to get more oil, it would interfere with the delivery system. At a time when consumerism is in fashion and the special interests are not, it would help the shipbuilding interests and maritime unions at the expense of the public. At a time when world trade is endangered already by costs and shortages, it would clamp new restrictions on freedom of trade.

And yet the Senate seems likely to pass it, and the consumer groups, courting labor support for their Consumer Protection bill, are apparently afraid to offend the unions by speaking up for the consumer on this matter which means more to the consumer in dollars, cents, and well-being than the Consumer Protection bill.

No wonder the public image of Congress has sunk so low.

[From the Providence Evening Bulletin, Aug. 1, 1974]

MARITIME SUBSIDIES

With gasoline and other petroleum-product prices already at alltime highs, one would think that the United States Congress would be striking out in all directions to at least put the lid on, if not bring oil-product prices down. Incredibly, just the opposite is the case. The worthy gentlemen on Capitol Hill are falling all over themselves to rush through a bill that could cost consumers two billion dollars a year more by 1985.

The long suffering consumer and taxpayer has every right to ask what in God's name the Congress is thinking about when it votes to require that 30 percent of all imported oil be carried in U.S.-flag vessels. The bill—under the title of the Energy Transportation Security Act of 1974—purports to be in the interest of national security. This is a totally spurious argument based on the fact that presently 96 per cent of oil imports are carried in foreign bottoms. The shipping industry and maritime unions argue that this exposes the United States to the same kind of supply flow cutoff by foreign shippers as has been exercised by the Arab oil producing countries.

This argument is a sham. The real purpose of the bill's backers is to wring still more tax dollars out of the Treasury by way of the Maritime Administration, which has already poured one billion dollars into building American ships, and has applications pending for another six billion dollars. The maritime unions want to see 40 new American tankers built by 1977 at a cost to the taxpayer of four billion dollars, as a means of guaranteeing work for their 75,000 seamen who are chasing 25,000 jobs.

More jobs for American workers is, to be sure, an appealing goal, particularly as the country, caught up in stagflation, faces an unemployment rate of 6 per cent by yearend, by the administration's calculation. But what price is the average working American willing to pay to help his brother find a job? Under present maritime subsidies, a typical tanker crewman's wage is $13,800 a year—of which an incredible $10,350 comes out of the United States Treasury. And to extend this grossly artificial employment plan, the taxpayer should shell out still another one or two billion dollars a year in higher gasoline prices?

Moreover, even if the United States were to build 40 new oil carriers, where is the "security" in that? If the Arab oil countries should once again decide to turn off the faucet, we would be left with 40 tankers good only for the mothball fleet. Even more ironic, the Arab countries which are casting about for ways to put their swelling coffers of petrodollars to work, have formed a consortium to build an Arab tanker fleet, which will certainly not stand in line behind ships of any other flag, be they U.S., Liberian, Panamanian or whatever.

Kneejerk reaction against any position taken by the major petroleum companies, who oppose the bill, or crass selling out to the heavy-spending maritime unions which have a political campaign warchest in excess of a million dollars, explain Congress's sudden rush to embrace this inflationary boondoggle. At no time is either motive defensible, but at a moment when the national economy is rocked by a disastrous two-digit inflation, a vote for this bill ought to be considered sufficient grounds by every taxpayer to turn any representative or senator out of office come next November.

[From the St. Paul Pioneer Press, Aug. 2, 1974]

Oil Imports Boondoggle

Numerous members of Congress have criticized President Nixon's use of "national security" as a catch-all phrase to excuse excesses of executive power. But many of these same critics also have used "national security" to cover up legislative capitulation to blatant pressure group demands.

Consider the Energy Transportation Security Act of 1974, approved by the House of Representatives by a vote of 266 to 136. Strong backing also is indicated in the Senate, where a vote is pending.

Advocates of this bill have sailed under the banner of national security, which is only an exercise in hypocrisy and duplicity. What they are really doing is supporting a boondoggle project for the shipbuilding industry and the maritime unions which would increase American costs for imported oil by $1 billion a year as a starter, rising to $2 billion a year eventually. This in addition to the wholly unnecessary spending of $4 billion for a new fleet of 40 oil tankers—a venture which will increase inflationary pressures on the American economy.

All this is to satisfy union and marine industry demands that 30 per cent of all oil imports be carried in U.S. flag vessels, which are so expensive to operate that nearly all oil imports are brought in by foreign-owned ships which charge low rates (and still make a profit). This program, if carried out, will eventually add another 2 cents a gallon to retail gasoline prices.

What national security interests will be served? None whatever. If the Arab states ever decide to reimpose their oil embargo against the United States, the existence of 40 new American tankers to carry oil at high cargo rates will serve no purpose whatever. If the oil supply is cut off, the ships will be utterly useless.

The Wall Street Journal makes this comment: "There is nothing in this legislation which is good for consumers, taxpayers or the nation as a whole. But those who should be complaining loudest about it, the Ralph Naderites and Common Cause, do not wish to irritate the AFL–CIO and thereby lose labor support for their Consumer Protection Agency, which is also before the Congress. The homebuilders and mortgage brokers haven't complained, either. They're too busy pleading for direct relief themselves. Yet here is a measure that will take $4 billion from the capital market in three years and at least $20 billion from consumer spending in ten. Doesn't anyone realize the pork barrel is empty?"

This measure, if passed, should be promply vetoed by President Nixon. Members of Congress who support it are surrendering to the brashest sort of selfish pressure group politics.

[From the Miami Herald, Aug. 6, 1974]

Zeal for Shipping Bailout Needs Flagging in Congress

If the average American family is concerned about the high price of oil today, let it consider what would happen if the Senate were to pass H.R. 8193, already adopted by the House and known by the flag-waving title, "Energy Transportation Security Act."

There's a flag there, all right, and it appears in the bill's secondary and unofficial title, the flag quota act. It would require that U.S. flag tankers carry from 20 per cent to 30 per cent of all commercial cargoes of crude oil and petroleum products imported into the United States.

It sounds good, and the maritime unions and U.S. shipbuilders will tell you that it is good. But if it becomes law, say energy economists, oil will go up 79 cents a barrel by next year on every imported barrel and to $1.44 a barrel by the 1980s. Total cost over 11 years: $60 billion.

Only a little more than 7 per cent of petroleum imports move today in U.S. flag tankers. A building program under the Merchant Marine Act of 1970 is progressing, but it would be years before this country had enough tonnage to import the amounts of oil required. So imported oil would be in short supply—and the price would be kited.

The U.S. shipping industry already is one of the most heavily taxpayer-subsidized enterprises in the world, and marine unions are coddled to a ridiculous degree.

Under union rules, for instance, U.S. flag ships must offer the most elaborate menus—a choice of entrees, for instance—at all shipboard meals.

As for shipyards, the Maritime Administration has already spent nearly one billion dollars on direct construction grants and applications are pending for $6 billion more. Operating costs, too, are extracted from the taxpayer, at $250 million a year. It is estimated that of a typical crewman's annual pay of $13,800 about $10,350 comes from the U.S. Treasury.

The U.S. tanker fleet should be expanded at a normal rate and then be operated as competitively as possible with no quarter to the flag quota system which, incidentally, would violate some 30 treaties with foreign nations.

Oil prices already are so high that they have disrupted the economy. To countenance further raises by strict protectionist legislation benefiting special interests and penalizing the taxpayer is the kind of folly which is destroying public faith in representative government.

[From the Washington Star-News, Aug. 12, 1974]

Oil on the Waters

It's high time for consumers to get excited about a bill in Congress that would boost gasoline and oil prices, to benefit a powerful coalition of special interests. The Energy Transportation Security Act is laden with security for the shipbuilding industry and the maritime unions, but for the rest of us who are struggling with inflation—most notably at the gasoline pumps—it is nothing but bad news.

This legislation, quite simply, would force the hauling of a large percentage of our imported oil in American flag ships, which presently handle only about 4 percent of those imports. That would increase to 20 percent right away, under terms of the bill, and to 30 percent by mid-1977. Proponents of the measure see it strengthening the U.S. merchant marine (much more shipbuilding also is part of the plan) and thereby improving national security. But the inflationary impact would be sizable, not to speak of the impact on relations with other maritime countries.

In fact, some 30 treaties would be violated by claiming such a preference, according to House members who argued against the bill to no avail. And retaliation by other nations is a distinct possibility. Representative Pierre du Pont of Delaware contended that this legislation actually could harm the U.S. merchant marine "by suggesting to foreign governments that they may do likewise." Might not, for example, the incredibly rich oil-producing nations decide to play the same game? If they wanted to dictate shipping policy, they certainly would hold some very high cards.

The immediate worry, though, is increased transportation costs. According to various estimates, these would add $20 to $60 billion to the total U.S. energy bill over the next decade, and our inflated economy cannot afford it. Consumers should not be asked to subsidize, through higher gasoline and fuel oil prices, a merchant marine that is not very competitive. The Nixon administration, quite rightly, opposed this drastic move as "contrary to the traditional U.S. position favoring international free trade for private shipping," and that doubtless is President Ford's position.

But the House approved the measure anyway, by a wide margin. We can only hope that the Senate, which may act within a few days, will summon the good sense and fortitude to reject this fueling of inflation.

[From the Sioux Falls Argus-Leader, Aug. 3, 1974]

Senators and the Public Interest

One way that members of the United States Senate could help American consumers and also the farmers on the Great Plains is to vote against a House bill requiring that up to 30 per cent of all petroleum imports be carried in domestic flag tankers.

This particular piece of legislation is a dream for the shipbuilding industry and the powerful maritime unions. If enacted, it would increase the cost of fuel oil to heat homes and the cost of gasoline to everyone, because of the higher operating costs of American shipping in comparison to foreign lines. The legislation would also be a nightmare for American oil companies, in complying with the percentage factor.

Virginia Knauer, the White House assistant for consumer affairs, quotes Maritime Administration figures which estimate the added annual costs attributable to the proposed legislation would be $79 million in 1975, $122 million in 1980 and $183 million in 1985. The American Petroleum Institute says the added cost could be as high as $60 billion between 1975 and 1986. The Maritime Administration figures the cost increase per barrel of gasoline in the United States would be 42 cents in 1974, 1.26 cents in 1975 and 2.10 cents in 1985.

The effect of such price increases on the consumer and farmers would be bad, to say the least. Writing them into law would saddle the public with unnecessary additional expense for years to come.

This country, through construction grants and annual operating subsidies, already has provided considerable help to the nation's shipping industry. Tax breaks and a requirement that 50 per cent of government-financed cargos such as Food for Peace be shipped in American bottoms also benefit U.S. shipping.

The stipulation requiring that up to 30 per cent of petroleum be carried in domestic tankers is a step away from free trade and would surely invite retaliation by other nations.

Senators should show their independence and put the public's interest ahead of the union and shipping industry.

A CUT IN THE DEFENSE APPROPRIATION BILL

Mr. McCLELLAN. Mr. President, I yield to no Member of the Senate in my desire and efforts to keep Federal spending within the limits of our means. All of us are keenly aware of the precarious state of the economy and the turbulent pressures of inflation.

Clearly the mood of the Senate is to cut spending wherever and whenever possible. We have made cuts and we will make more. Tomorrow we will mark up the defense appropriations bill and the subcommittee has accepted the recommendations of myself and Senator YOUNG to reduce that bill by over $5 billion, a cut of almost 6 percent. That is a substantial cut, Mr. President, but it was done selectively and after the most thorough and careful consideration. One does not deal lightly with the defense of this Nation. We are hopeful that the cuts we propose in that bill will not adversely affect our ability to maintain a strong national defense.

We did not make across-the-board reductions—we did not use the meat ax approach—we made the hard decisions item by item—and we will try to defend the hard choices we had to make. The reductions made in the Department of Transportation bill were made by percentage reductions across the board. It was then left to the House-Senate conference to eliminate some of the cuts that just had to be restored. These include such items as the operations of the FAA, retired pay in the Coast Guard and Coast Guard operations, and certain portions of the CAB, the National Transportation Safety Board, and the Interstate Commerce Commission.

Mr. President, it was with some reluctance that I signed the conference report, and it will be with some reluctance that I vote for the report today, only because of across-the-board cuts that are included in the report. But a worthy goal has been achieved and I will vote for approval of the report.

Each subcommittee has been working diligently to make hard choice, selective reductions. I will continue to support these efforts to the fullest possible extent and I will continue to oppose across-the-board cuts, at least until we have completed action on all appropriations bills. At that time we will review the entire picture and I will support whatever action appears necessary and feasible.

ENERGY PRICE EQUALIZATION—A MUST FOR NEW ENGLAND

Mr. PELL. Mr. President, as you may be aware, New England Governors are meeting today with members of the six State congressional delegation and Dr. John Sawhill, Administrator of the Federal Energy Administration to discuss a matter of grave concern for the region—energy prices and the need for energy price equalization.

For many years, as my colleagues know, New England has been paying energy costs far in excess of those paid by the United States as a whole. This fact was confirmed again in a recent report from the Federal Energy Administration entitled "The Price Differential for Energy between New England and the United States." According to the report, the region's energy bill during the early seventies averaged, on a BTU basis, 28 percent higher than the total United States bill. (See exhibit, table 1.) Since the Arab oil embargo, the impact of the tripled world oil prices on New England as a result of the region's heavy dependence on petroleum imports, has been substantial. The Federal Energy Administration estimates that during this period the differential between the region's energy bill and that of the United States may have increased from 31 percent to 33 percent.

Although energy prices in New England are higher than those in the United States (see exhibit-table 2), the Emergency Petroleum Allocation Act has worked well for New England by narrowing the price disadvantage for certain products, especially, home heating oil and gasoline. Much of the credit for this can indeed go to the Federal Energy Administration. Now, however, our prinicpal concern is the alarming increase in the price of residual oil. Average residual prices approximately tripled—up 181 percent—between May 1973, and February 1974. Residual fuel that Narragansett Electric Co., Providence, was purchasing in May of 1973, for example, cost $3.80 per barrel. That figure in February of 1974 was as high as $14 and is currently averaging between $12 and $13 per barrel.

The greatest impact of these alarming increases is on industry and electric utilities in the region who are heavily dependent upon the imported residual product. Information provided by the New England Economic Research Office shows the region dependent on oil for at least 75 percent of industrial and utility fuel consumption while other regions of the country use coal and natural gas for 70 percent or more of their corresponding requirements. (See exhibit, table 3.)

With regard to the impact of residual fuel price increases on New England industry, the most revealing data were reported in a letter to me by Dr. Sawhill in April, who commented that—

> Regional estimates of industry energy cost increases (weighted average of coal, oil, and natural gas increases) show that New England industrial consumers have experienced an increase of 139 percent from May, 1973, to February, 1974. During the same period, comparable cost increases for the rest of the Nation averaged 40 percent. (See exhibit, table 4.)

The effect upon electric utilities in New England has been equally staggering, especially since 94 percent of their fuel consumption for generation is oil. (See exhibit, table 5.) Accordingly, with the region relying heavily upon residual oil, fuel costs are significantly higher in New England than in the rest of the United States—that figure as reported by the FEA currently—1973—54.9 percent higher. (See exhibit, table 6.)

While it is extremely difficult to estimate the impact of the oil price increases on New England during the recent period in terms of costs, data from the Federal Power Commission reveal that utilities alone will increase expenditures by $694 million, showing a per capita fuel increase of $59 per utility consumer—the highest in the Nation—while consumers in other regions have suffered only one-third to one-sixth as much an increase. (See exhibit, table 7.) With regard to industrial fuel costs, the New England Economic Research Office estimates that these were up approximately $220 million in the region. (See exhibit, table 8.) Consequently, combining both utility and industrial energy costs, the regional increases amount to approximately $910 million.

In my own State of Rhode Island it has been equally difficult to measure the full effects of the energy price increases. The impact, however, has indeed been harsh. Some of the most recent data show that electrical rates are now 36 to 54 percent more than they were 9 months ago, largely a result of the fuel adjustment costs. The impact on industry in the State, not to mention the effects on school districts, housing projects, and municipalities, has been substantial as well. One of the most significant losses to the State's economy, due in large part to the high cost of energy, was the Grinnell Corp. of Cranston employing more than 500 workers. In a State already severely affected by economic disruptions with an unemployment rate of 7.2 percent, losses of this magnitude cannot continue.

Mr. President, I have been concerned about this tragic problem for many months and have worked with the Federal Energy Administration to help ease this terrible burden, encouraging a number of actions, including the conversion to coal by utilities where such a change would not create a serious health hazard. More recently, I discussed the matter with Dr. Sawhill, suggesting a plan for easing the prices for residual fuel by passing some of the price onto other petroleum products, especially gasoline, on a national basis.

In my view the Federal Energy Administration has the necessary authority under the Emergency Petroleum Allocation Act to take action that would alleviate the inequitable and disproportionate energy costs of the region. The intent of Congress in passing the act was quite clear—that the economic burdens of the energy crisis be shared by all regions of the country, that price discrimination be prevented, that there be a minimization of economic distortion, and the cost of operation of utilities be minimized and that spiraling consumer costs be held down. To accomplish these objectives, Congress provided FEA with the authority to control allocation of fuels, both general and in selective cases, to particular end-users, to make allocations in order to affect the product mix of refineries and to control prices. In sum, the directives provided to the Federal Energy Administration under the act are explicit. They have the responsibility to reduce the current disproportionate energy cost burden.

Therefore, in view of the clear congressional intent of this legislation, I strongly urged the Federal Energy Administration to examine carefully specific proposals that would bring substantial relief to New England and all regions affected by this burden. I am fully aware that FEA has undertaken considerable study in this regard. Among the proposals that should be considered include an increase in domestic production of residual fuel oil pursuant to FEA's allocation authority; a lowering of residual fuel prices pursuant to FEA's price control authority; and the adoption of a ticket system similar to the one imposed on import quotas which would allocate a significant amount of low-cost domestic oil to New England users. Prior to any final evaluation or decision, I also strongly recommend that public hearings be held promptly on the problem in New England, as well as other regions, offering the public and industry the opportunity to express their concerns and recommendations. FEA must have a clear understanding of this tragic problem from those most affected—individual energy consumers.

It is now time for the FEA to take action to bring about a solution to this critical situation in New England. The meeting of New England Governors today only underscores the urgency of this problem and high priority that must be given to appropriate relief. There are indeed other compelling reasons why action must be forthcoming. Plans to remove allocation controls from residual fuel oil are being examined by FEA at present which if implemented could raise the price of oil per barrel by as much as $1, costing New England States approximately $500,000 a day.

Secondly, there is also a very real possibility of a prolonged coal strike later in the year. Since 20 percent of the Nation's energy requirements, and 54 percent of our electric power generating capacity are dependent on coal, a long strike would not only renew the energy crisis, but place great demands on the available residual fuel, driving prices even higher. Furthermore, according to recent reports, we cannot expect in the foreseeable future, to see a reduction in Arab oil prices. Finally, it is most disturbing that New Englanders should continue to pay higher prices for energy when they did much more than their share this past winter by achieving energy conservation goals during the critical period that far exceeded savings of many other regions.

Mr. President, positive action must be forthcoming to lift the extraordinary energy cost burden on New England users of residual oil and spread that burden equitably over the entire country. I know the New England Governors and the entire congressional delegation will cooperate with FEA in every way possible to help resolve this difficult and complex problem.

Mr. President, I ask unanimous consent that the exhibits, tables 1 through 8, to which I have referred be printed at this point in the RECORD.

There being no objection, the exhibits were ordered to be printed in the RECORD, as follows:

TABLE 1.—PRICE OF ENERGY TO NEW ENGLAND AND THE UNITED STATES

	Dollars per million Btu		New England higher than United States (percent)
	New England	United States	
1970	1.7880	1.4003	27.7
1971	1.9638	1.5224	29.0
1972	2.0076	1.5726	27.7
1970–72 average			28.2

Source: FEA.

TABLE 2.—ENERGY PRICE INCREASES BY FUEL AND BY REGIONS

[Per million Btu's, May 1973–April 1974]

Region	Oil	Coal	Natural gas
New England	$1.32	0.89	0.66
Middle Atlantic	1.24	.37	.11
East-Northcentral	1.06	.18	.03
West-Northcentral	1.06	.06	.05
South Atlantic	1.16	.42	.19
East-Southcentral	.91	.16	.14
West-Southcentral	.90	.01	.12
Mountain	.89	.04	.10
Pacific	.94	(−.03)	.09

Source: F.P.C.

COMPARATIVE PRICES OF ENERGY BY REGION AND BY FUEL—APRIL 1974

[Cents per million Btu's]

Region	Oil	Coal	Natural gas
New England	199.4	136.8	116.4
Middle Atlantic	196.4	80.8	59.5
East-Northcentral	184.1	59.2	60.1
West-Northcentral	189.3	41.0	41.2
South Atlantic	175.4	85.3	63.2
East-Southcentral	170.7	52.7	50.7
West-Southcentral	174.1	13.6	39.1
Mountain	179.3	26.7	48.3
Pacific	181.2	35.3	49.8
United States	187.2	64.0	43.6

Source: F.P.C.

TABLE 3.—USE OF PETROLEUM, COAL, AND NATURAL GAS BY INDUSTRY IN DIFFERENT REGIONS OF THE UNITED STATES (1971)

[Percentage of total fuel consumption]

Region	Oil	Coal	Natural gas
New England	75.2	2.4	22.3
Middle Atlantic	21.6	48.4	30.0
East-north-central	9.2	46.8	44.0
West-north-central	12.4	14.4	73.0
South Atlantic	21.7	36.3	41.9
West-south-central	15.4	.4	84.2
East-south-central	10.6	37.9	51.4
Mountain	14.1	14.8	71.2
Pacific	20.2	5.7	74.1

Source: NEERO compilation.

USE OF PETROLEUM, COAL, AND NATURAL GAS BY UTILITIES IN DIFFERENT REGIONS OF THE UNITED STATES (MARCH 1974)

[Percentage of fuel consumption of steam turbines]

Region	Oil	Coal	Natural gas
New England	79.8	19.3	0.9
Middle Atlantic	36.5	61.7	1.7
East-north-central	4.4	92.9	2.7
West-north-central	1.6	72.6	25.8
South Atlantic	23.9	68.8	7.3
West-south-central	7.6	2.7	89.7
East-south-central	2.6	93.1	4.3
Mountain	7.6	67.7	24.7
Pacific	59.7	11.2	29.1

Source: FPC March 1974 Report on Fuel Cost, June 28, 1974.

TABLE 4.—REGIONAL ESTIMATE OF INDUSTRY ENERGY COST INCREASES—WEIGHTED AVERAGE OF COAL, OIL, AND NATURAL GAS INCREASES, MAY 1973 TO FEBRUARY 1974[1]

Region	Percentage increase
New England	[2] 139.0
Middle Atlantic	51.6
East-Northcentral	30.4
West-Northcentral	33.7
South Atlantic	50.6
West-Southcentral	38.1
East-Southcentral	32.1
Mountain	36.8
Pacific	46.4

[1] Based on BLS Wholesale Price Index data from May 1973 and February 1974, and 1971 data on regional percentage dependence of various industrial fuels.

[2] Understates price impact on New England because New England prices were already higher than prices in the other regions in May 1973.

Source: New England Economic Research Office.

TABLE 5.—1973 ELECTRIC UTILITY FUEL CONSUMPTI ON AND PRICE

	New England		United States	
	Consumption in Btu's (percent)	Price per million Btu's	Consumption in Btu's (percent)	Price per million Btu's
Coal	5.4	$0.52	56.9	$0.41
Oil	93.7	.74	19.9	.78
Natural Gas	0.9	.50	23.2	.34
Total	100.0	.72	100.0	.47

Source: FEA.

TABLE 6.—FUEL COSTS TO ELECTRIC UTILITIES

	New England per million Btu's	United States per million Btu's	New England higher than United States (percent)
1970	$0.3425	$0.3068	11.6
1971	.4771	.3638	31.1
1972	.5502	.3990	37.9
1973	.7234	.4669	54.9

Source: FEA.

TABLE 7.—DOLLAR COST OF ENERGY PRICE INCREASES BY REGION

[Utility cost increases only]

Region	Total (million)	Per cap
New England	$693.7	$58.79
Middle Atlantic	1,526.9	41.05
East North Central	679.2	16.85
West North Central	85.8	5.26
South Atlantic	1,760.9	57.36
East South Central	259.5	20.27
West South Central	384.1	19.90
Mountain	98.1	11.82
Pacific	498.6	18.82
Total	5,986.8	

Source: New England Economic Research Office.

TABLE 8.—IMPACT OF OIL PRICE INCREASES ON INDUSTRY IN ALL REGIONS

Region	1972 consumption of residual oil by industry (million barrels)	Dollar impact of price increase from $4 to $12.50 (millions)
New England	25.9	$220.1
Middle Atlantic	29.0	246.5
East North Central	13.9	118.2
West North Central	5.7	48.5
South Atlantic	44.3	376.6
West South Central	4.1	34.9
East South Central	1.6	13.6
Mountain	3.4	28.9
Pacific	17.6	149.6
Total	145.5	$1,236.8

Source: New England Economic Research Office.

AGRICULTURAL PRODUCTION AND NATURAL DISASTERS

Mr. **CLARK**. Mr. President, farmers have always been at the mercy of the elements, and this has been dramatically demonstrated again this year. The planting and growing season has been a nightmare all over the United States. Heavy rains this spring washed out, prevented or delayed the planting of millions of acres—some fields were washed out and replanted two or three times. In addition to the lost production from those fields which will not produce at all, many others will yield a substantialy reduced harvest due to the late date when successful planting was finally accomplished.

These losses in production and in farm income have been compounded by the severe drought which followed the spring rains. After the frustrating attempts to get a crop planted and growing, the weather did a complete change and drought plagued the area which had been flooded less than 2 months earlier.

As a result of these natural disasters, anticipated corn production has plummeted from the 6.7 billion bushels first forecast in March by the USDA to 5 million bushels forecast yesterday.

A production loss of this magnitude will have serious consequences, not only on the financial situation of the farmers suffering the loss but also on the food supply of the people in this world who depend on those farmers.

For years, Congress has shown its awareness that these problems may develop and it has provided for financial assistance to farmers who have suffered serious losses due to adverse weather conditions.

Currently there are two major programs to provide this assistance. One is loans from the Farmers Home Administration to farmers in counties which have been designated disaster areas. Unfortunately, this program is not as good as it once was. In 1973, by executive action, the President canceled a low-interest loan program with a forgiveness feature. The best Congress could muster in the way of a replacement is the current loan program with a 5-percent interest rate and no forgiveness. These loans help farmers remain in business but do not compensate for any of the financial loss that bad weather may have caused them.

The disaster provision of the Agriculture and Consumer Protection Act of 1973 does provide some compensation; but, as the year's events have demonstrated, it is inadequate—partially because of the bill itself and partially because of its interpretation by the Department of Agriculture.

The act provides for disaster payments if, due to a natural disaster, "the producers on a farm are prevented from planting any portion of the farm acreage allotment." Under these conditions the farmer is eligible for a payment of one-third of the target price times the established yield for the unplanted acres.

It also provides for payments—

> If the total quantity . . . which the producers are able to harvest on any farm is less than 66⅔ percent of the farm acreage allotment times the yield—established for the farm.

A farmer would then be entitled to a payment of one-third the target prices times the yield times the allotted acreage.

These provisions apply to feed grains, wheat, and cotton. As originally passed and signed by the President, it also included other nonconserving crops such as soybeans.

However, the act was soon amended to delete other crops. I opposed this change and believe that this year's experience demonstrates the desirability of reinstating it, but there are other even more serious shortcomings of the disaster provision.

The trouble began when the Department of Agriculture set the acreage allotment for this year. Although advocating greatly increased planting over last year's 102 million acres of feed grains, it established a national allotment for feed grains of 89 million acres. In March 1974, the USDA projected that 126 million acres of feed grains would be planted or 40 percent more than the allotment. The Senate Agriculture Committee held hearings on the inadequacy of the allotment, but the USDA refused to change it.

Consider what this means for a farmer with a feed grain allotment of 100 acres and an established yield of 100 bushels, who has planted 140 acres of corn or 40 percent more than his allotment as the typical feed grain producer has done this year. If a natural disaster prevented him from planting 40 of the 140 acres, he would not be eligible for disaster payments. This would occur only if the bad weather kept his planted acres below 100. Then he would receive one-third of the target price—one-third of $1.38 equals 46 cents—times the yield of 100 bushels or $46 per acre for each acre below 100. Thus, if he could plant only 90 acres he would receive $460—not much compensation for 50 acres of lost production.

Consider now what would happen if he were able to plant all 140 acres, but the drought cut his yield by 50 percent and he harvests only 7,000 bushels. He would not be eligible for disaster payments because this is still more than two-thirds the established yield on his allotment. Only if total production fell below 6,667 bushels would he be eligible for assistance.

The USDA used a national yield of 97 bushels of corn per acre to determine the national acreage allotment. It has admitted that using a lower yield would have resulted in a higher allotment. Now, however, the yield figure it is using to determine eligibility for disaster payments is much lower than 97 bushels per acre. The intent of the USDA is obvious—to do as little as possible to help farmers who have been hurt by natural disasters.

The result of all this is that most farmers are not eligible for disaster payments, despite their heavy losses due to natural disasters. It is clear that this provision in the Agriculture and Consumer Protection Act is inadequate.

There are four primary reasons for this situation—some crops are not covered, the USDA set too low an allotment, the USDA is using a lower yield in determining disaster payments than it did in determining the allotment, and target prices are too low.

I intend to ask for hearings by the Senate Agriculture Committee to examine this situation and to come up with recommendations for the necessary legislative and administrative changes.

BEL AIR, MD., CELEBRATES 100TH BIRTHDAY

Mr. MATHIAS. Mr. President, the city of Bel Air, in Harford County, Md., is proudly observing its 100th birthday. Such occasions are worth taking note of, as we measure our past, mark the present, and plan for the future. The Aegis, a distinguished local newspaper in Bel Air, has taken note of the centennial with a special section in its August 1 edition. I am sure that my colleagues in the Senate join with me in congratulating the government officials and citizens of Bel Air on their community's 100th anniversary, and I ask unanimous consent that the principal article on the city's history in the Aegis be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

IT'S BEL AIR'S 100TH BIRTHDAY!!

The story of Bel Air does not begin at a specific time as our commemoration of the town's Centennial Year 1974 might suggest. Rather, as true of man's history, it is evolutionary and as ever changing as the lives of its people, the foundations of its places, and the significance of its events. The everyday lifestyles and deeds of the people of Harford have recorded the past story of our town, and we now privileged to live here are daily determining the paragraphs and chapters of her future. Thus, celebrating this story in word and picture is entertaining and educational. It becomes profound when one reflects that in the year of Bel Air's Bicentennial, our comings and goings shall be the object of much research, humor, and concern. This is the great joy of history—that each one of us is playing a unique role in the tale and the trot of time. ("Trot" seeming a more appropriate pace that "march" in these days).

THUS BEGINS OUR JOURNEY THROUGH TIME TO THE PRESENT SITE OF OUR COUNTY GOVERNMENT

After the county seat was removed from Old Joppa to Baltimore Town on the Patapsco in 1768, people in Harford were discontent having to travel so far to transact legal business. Traveling by stagecoach via the turnpike from Bel Air to Baltimore would take five hours in the 1770's at a fare of $1.00. Thus, the people of the county petitioned the Legislature to form a local center for their affairs.

The response was the Act of Legislature in 1773, designating the governmental unit of Harford County. The boundaries of this unit remain intact today, with the exception of the government's acquisition for the sites of the Aberdeen Proving Ground and Army Chemical Center. So it is that Harford, named for Henry Harford, son of the Sixth Lord Baltimore, came officially into its own.

In recent times, with the sprawl of our population and housing, it may seem that we are physically reuniting with our sister county. Functions of government were to be administered from a county seat. Thus begins our journey through time to the present site of our county's government.

The first seat of government was at Harford Town, or Bush, on Route 7, at its junction with Route 136. A courthouse was erected here, surrounded by forty or fifty houses. This site flourished through the Revolution.

Then, in 1782, an Act of the General Assembly called for a popular election to determine a new county seat. Population of the county had increased to about 13,000 people, many of whom lived to the north of Harford Town, inconvenient to this location. In the election, "Aquilla Scott's Old Field," Bel Air, was in competition for the site with four others—Bush, Gravelly Hill, Lower Cross Roads (Churchville), and Otter Point. The winner was Bel Air.

The purchase of 2 and ⅝ acres for about $120.00, from the Scott estate provided the ground for the present Courthouse, Jail (now the County Office Building site), Masonic Temple, and the adjoining brick building (formerly the Dispensary). Daniel Scott, surveyor, was authorized by the Justices to lay out this plot of ground. Alas, the election did not go undisputed, for in 1787, another election was held—between Bel Air and Havre de Grace. It was not until after the second victory that the county buildings were erected at the present locations in Bel Air.

THE CHOICE OF BEL AIR AS COUNTY SEAT SEEMS CONVENIENTLY CENTRAL TO OUR ENTIRE BOOMING POPULATION

Records and newspapers indicate that the name of our town has been spelled in a variety of ways, as is true of many places, family names, and words through the passing of time. In 1807, "Belle Aire" is spelled "Bel Air."

George Van Bibber, in his "A Character Study of our County Seat" relates an interesting debate among the Baltimore papers as to the correct spelling of the town's name which raged during the 1930's.

He also recalls that court first convened in a building which stood on the present site of the Equitable Building. Coincident is that the People's Court now convenes on an upper floor of the present building. A bronze plaque now gives the story, although original buildings gave way to the modern age. Considering the present areas of growth in Harford county, the choice of Bel Air as County Seat seems conveniently central to our entire booming population.

By 1791, the new courthouse was occupied. This building, which burned in 1858, consisted of a two-story brick edifice. The main courtroom occupied the first floor. Jury rooms were on the second floor, accessible by an outside stair with a platform above the lower entrance. This provided a convenient speakers' stand for orators and politicians of the day.

The famous actor Edwin Booth, of nearby Tudor Hall, appeared here in 1850, at the age of 17, to render selections from Shakespeare. He and another performer sang to the accompaniment of banjo and bones.

Today, in the office of Judge Albert Close is a double drawing of the original Courthouse and Courtroom. It is the work of Fred Williams (1861–1937), a lawyer and artist. The work was drawn from recollections of early townsmen. It is the memories of residents of our County that are invaluable aids in preserving the history and character of Bel Air.

In 1859, the middle section of the present Courthouse was completed. Wings were added in 1904 and the structure was crowned by a cupola in that year. Although many valuable records and papers were rescued from the fire of '58, the records of the County Commissioners were destroyed.

Harford can be proud of the present Courthouse building which has been refurbished. Many of the furnishings are old and beautiful. The best public gallery of portraits in our county is to be found in the Courtroom.

A collection of portraits of past prominent citizens of our county adorn the walls. Among the families represented are those of the names of Archer, Bartol, Bateman, Booth, Bradford, Cobourn, Davis, Farnandis, Finney, Gough, Harland, Hays, Hopkins, Jewett, Kirkwood, Lee, McNabb, Paca, Preston, Price, Richardson, Robinson, Rodgers, Scott, Streett, Stump, Tydings, Van Bibber, Watters, Webster, White and Young.

The portrait of Thomas Hall Robinson, himself artistically inclined, is the work of Mr. Dietrich, a former teacher at Bel Air High School. Other art to be seen in the Courthouse includes a 1934 mural by Marian Ewald, Harford county artist, depicting the signing of the Bush Declaration. Background on the specific importance of each man in history may be found in Mr. C. Milton Wright's Our Harford Heritage, as well as Frederick Cobourn's book on the subject.

Change and growth have made it necessary to expand the functions of our county's government to other locations. The present site of the County Extension Offices as well as the County Office Building, built in 1963, are two such expansions. Future plans call for additional space on the Masonic Temple site.

BEL AIR APTLY RESPONDED TO MEET THE DEMANDS OF A GROWING POPULATION

The Centennial this year recalls the year 1874, when the Act of Legislature incorporated the town of Bel Air, whose foundations were laid and character distinguished much earlier. As early as 1773, the people had lived in certain concentrated areas. As towns grew, the demand for more local government fostered the incorporation of such towns as Havre de Grace, Aberdeen and Bel Air.

Each town was responsible for the maintenance of streets, a police force, water systems and disposal plants. Larger responsibilities of schools, courts, and elections fell under county and state legislation. Bel Air aptly responded to meet the demands of a growing population to provide needed services to its people.

It is impossible to name the valuable citizens who innovated many of these services, or to give detailed reporting on each. A brief account of some of the services will be told. Additional interesting information is found in the booklet prepared by the Centennial Committee, Mr. Wright's Our Harford Heritage, and Mr. Van Bibber's "A Character Study of Our County Seat," from which much of this data is recorded.

TAXES WERE LEVIED, PAYABLE IN TOBACCO OR LABOR

As early as 1666, an Act of the Maryland Legislature provided for roads or trails between settlements for pedestrians and horses. The county governments were to administer the Act. Overseers were appointed to build and maintain these throughfares.

Taxes were levied, payable in tobacco or labor and there were fines imposed for nonperformance of such. Many of the early roads were privately owned and continued as such for many years.

By 1750, there were main roads leading from Bel Air to the surrounding areas. The Bel Air Turnpike travelled from Main street toward the Baltimore Turnpike. In 1780, it is shown to extend to Pennsylvania Avenue through to Hickory Avenue and north toward Forest Hill.

Another road ran south of Emmorton and one east toward Churchville. Main Street in early days was unpaved and often impassable in rainy or snowy times.

An 1846 lottery was used as a means of raising the necessary funds to pave Main. Bond Street was opened in 1818, and both Main and Bond were first cobblestone. It was not until 1910 that these streets were macadam.

Broadway and Gordon streets were opened around 1850. Town Board minutes from June, 1890, record $1.50 per day paid to a Mr. Campbell for grading Broadway.

Traveling along the roads and trails to Bel Air could be seen a variety of carts, wagons and buggies. Sleighs were invaluable during winter months and even in the spring blizzards which history records.

Stagecoaches were employed for longer journeys which often proved full of surprises. A familiar sight in the 1800's was the twenty-horse pack train going through Bel Air on its journey to Baltimore. One rider handled the train and each pack horse carried two 100 pound sacks of grain on his back.

THE STAGECOACH SUCCUMBED TO THE MA AND PA

The last quarter of the past century brought glamour, excitement, and convenience to our town of Bel Air in the advent of the passenger and freight trains. In 1876, the Baltimore Towsontown Dulaney's Valley and Delta Narrow Gauge Railway reached Bel Air. By June 21, 1883, the Maryland Central Railroad was likewise passing through, and by 1884, had reached Delta, Pa.

Ten years later, its name was changed to The Baltimore and Lehigh Railroad. On February 12, 1901, this railway became The Maryland and Pennsylvania (Ma and Pa). The Bel Air station for the railway was located near the present Southern States Cooperative Store on North Main.

The "Milk Train," going south from Delta, picked up milk from the farmers' wagons to carry it to Baltimore dairies. Passengers also rode along. Passenger trains brought many students from outlying areas and little country stations into Bel Air to attend the local schools.

The stagecoach succumbed to the Ma and Pa as a "fast" way to Baltimore. Bel Air and the trains had their day.

With the advent of the automobile, bus and truck, the mode of travel changed. On Aug. 31, 1954, the passenger train made its last run from Baltimore to York. Freight service discontinued in 1959. Today, Whiteford is the southern terminal for the freight service to York.

During the early years of the Twentieth Century, the automobile made its debut on Bel Air streets. The Model T Ford brought physical change to the scenes around the town.

Buggy shops, wheelrights and blacksmiths were early auto agencies and mechanics.

One example of the transition from blacksmith shop to auto dealer was T. Frank MacLean, who had operated a smith and wheelwright shop on Pennsylvania Avenue until 1909. He then began repairing the gas buggy. In 1911, Mr. MacLean opened the first Ford Agency in the county. From 1914–1916, he operated a Chevrolet Agency as well.

His son Hall joined his father in 1922 and they took over the Overland and Willys Knight Agency. The 1923 partnership of father and son lasted until the death of the elder MacLean in 1933. The dealership became a Pontiac Agency. By 1941, the shop on Courtland had doubled in size.

MANY THRILLING ESCAPADES RESULTED ON DOWNHILL RUNS

Bus transportation to and from Bel Air was begun by the McMahon Transportation Company in 1915. The caned seats have given way to time, but the company still retains the original green and yellow color scheme.

Harry Hopkins, of Bel Air, operated buses to Aberdeen and Havre de Grace during the early years of our century. Government workers were transported to the lower end of Harford and these same buses transported children to Bel Air and Havre de Grace schools on the second leg of the round trip journey.

Sophisticated brake systems were not a part of these early buses and many thrilling escapades resulted on down hill runs. Interstate service to Philadelphia and Washington began during this era. Dominic Rossi ran a line from the Darlington area.

Back in the "old days," as related by Mr. Van Bibber, a Mr. McComins drove a black conveyance behind a horse, and thus began the taxi service in our town. Four adults or two adults and three children could ride, and the route ran from Hanway's Inn (Kenmore) to the Ma and Pa station on the north end of town. Hanway later hired Cadillac buses.

When buses came in vogue, West Thomas taxied to and from the buses. Later, a Mr. Lloyd operated from behind the Vaughn Hotel.

The Jones system, which later became the Bel Air Cab service, operated from the narrow space near the Getz law offices. Two other competitive services are the Debway Service and Andy's Cabs. So, nowadays there are numerous methods of transport—but, the oldest still survives—shank's mare.

CHIEF M'MAHAN BECAME HEAD OF THE FORCE IN 1946 AND SERVED THE TOWN WELL FOR MANY YEARS

The early law enforcement officer for the town of Bel Air was the Bailiff, who was appointed by the Town Board. Gradually, additional men were assigned to help as the population grew—not necessarily rowdier. From 1935 on, the Bailiff never served alone. By 1937, the year that former Chief McMahan joined the force, the men sported their own uniforms. Patrolmen worked out of the Sheriff's office. The first Town Police car was bought in 1939. Chief McMahan became head of the force in 1946 and served the town well for many years. Currently, Chief Kunmann heads the force, with his offices now in the Town Hall. The "Uptown Office" is a booth near the Courthouse. An incident is recorded in Mr. Van Bibber's history, referring to two citizens having been apprehended for driving bicycles without lighted lanterns after sunset. How about that, kids? That was way back in '97!

ONLY A FEW OF THE SPIFFIEST OF HOUSES HAD RUNNING WATER

As formerly noted the town of Bel Air was empowered to provide for its water system. The town has never owned its own supply of water, but has been dependent on a private utility company.

Before 1890, only a few of the spiffiest houses had running water. Most depended on wells or springs. Heating water on the range and making it go a long way was commonplace.

In 1910, wells were dug on the property of the Maryland Water Works Company, near Forest Hill and a reservoir constructed to tap the natural flow. Additional wells and a storage tank were located in lower Bel Air.

In 1948, a filtering plant was constructed and flouride added to the water in 1952. A pumping station is now located on Winters Run.

By 1930, a modern sewage disposal plant on Bynum's Run was operating.

As early as 1893, franchises had been granted to two companies for furnishing power for the lighting of streets, and other public and private uses. However, these outfits failed to provide the goods.

In 1894, the Henry Reckord Manufacturing Company operated a water-powered generating plant on Winter's Run and this gave Bel Air street lighting for $1,200 yearly.

Light was gleaned from forty incandescent, fifty candlepower lights and an arc light. In 1902, the company sold to the Bel Air Electric Company, which was later bought by the Consolidated Gas and Electric in 1928. In 1928, the Havre de Grace laid mains in the streets. Later, the company was taken over by the Baltimore Gas and Electric.

The first Town Ordinance dealing with utilities was enacted in 1879, and prohibited the obstruction of sidewalks, streets, and gutters by poles and wires of a company or individual.

One year later, the "voice at the end of the line" came to Bel Air when telephones were introduced by a switchboard at the Hanway and Barnes Hardware Store at Main and Churchville Roads. The system was owned by the Harford County Telephone Company.

In 1900, Charles L. Dallam deeded a lot on the corner of Dallam Place and Courtland Street to the Bel Air Telephone Company for offices and exchange. This site is still owned and used by our present telephone company, the Chesapeake and Potomac, which gained all rights in 1908. The right to set poles was granted in 1916. The wall-hung crank phone gave way to battery-operated devices. In 1960, C and P erected a central office at the corner of Hays and Alice Ann Streets.

THERE WERE PROBABLY TWO HOSE REELS AND ONE LADDER WAGON

The August 29, 1890 issue of The Aegis records the calling of a public meeting in the "Great Room" concerning the formation of volunteer fire departments for small towns. September of that year brought the incorporation of the Bel Air Fire and Salvage Company, many prominent names of then and now among the incorporators.

In October of 1890, this company organized two divisions to serve the town—one north and one south of Howard Street (Lee). The south division had its firehouse on the County Jail and Sheriff's House property. In these early days of the very important service, there were probably two hose reels and one ladder wagon, pulled by hand.

In 1924, the company became the Bel Air Volunteer Fire Company, with its home on Courtland. The first engine was a 1923 Model T Ford. Later, the fire company moved to the present site of "Joe the Motorists Friend" on Main Street.

1924 brought another move to the alley next to the old Methodist Church uptown. Earlier, in 1938 a converted hearse was used as an ambulance—a fact not without irony. In 1956, all fire companies were coordinated by the Central Fire Alarm System. The move to the present home of the Bel Air Volunteer Fire Company was made in 1964—Dallam Place, and from here, with extensive equipment, the company gives invaluable service to our community and surrounding places.

So ends this spotty recounting of travel, services and utilities as they have come to us through the years. Today, we find ourselves hard-set to do without them.

IT BEHOOVES EACH OF US TO REEVALUATE THE SACRIFICES TO CHANGE

Bel Air is more than the name of a town or a spot on a map. These scenes, the sounds, the smells, the socials, the sermons, the smiles—these are the aspects of a town that one recalls from delicate impressions that alone survive time. Our town, like many others throughout our land, has had to bow to changing circumstances, altered demands, and what is commonly called "progress." Yet, in this Centennial Year, we lament the absence of many places from where red, white and blue buntings might have justly and proudly hung. It behooves each of us to reevaluate the sacrifices we make to change, and space, and "progress."

As early as 1718, the Eagle Hotel stood and one hundred years later, Bond Street was laid beside its door. The hotel was of log, covered by weatherboard.

In the early teens of the present century, the late State Senator Howard S. O'Neill and others sought to organize the old hostelry for a country club. Modern-day tennis buffs would have delighted in the courts that were prepared here. Somehow, the Country Club Inn never fully materialized, but the name stuck firm. The long porch which extended along the front of the inn and the old trees lending their shade can be seen in pictures. The building had a large main section and two wings, between which was a courtyard. The inviting lounge was open through the second story and surrounded by a railed gallery. Fireplaces gave heat and pleasure.

Various owners included the Bond, McGaw, Magness, Richardson and Hanna families. The Herbert Hannas demolished the building in 1949 to make way for the Motor Sales Company, which is now Childs near Benson.

ITS STEEP ROOFLINE AND TOWER WILL BE MISSED ON OUR SKYLINE

The Masonic Temple, standing in 1830, was a two story building in back of the Courthouse. The Lodge meetings were held upstairs. Downstairs, was the Union Chapel, where services of the early Methodist, Episcopal, and Presbyterian congregations of Bel Air held worship service until specific churches were erected to house them.

In 1886, the Mount Ararat Lodge No. 44 erected the present Masonic Temple on the original site between Wall and Bond Streets. This site was part of the original acreage purchased from Scott by the town. One of the cornerstones for the county lot still stands at the north end of the building and is used in surveying nearby buildings.

The new Masonic Temple was built by Jacob E. Bull. Soon it will give way to additional county office space. The Masons have purchased property on Gordon Street for their new home which is under construction. The old structure has been the sight for many functions for many years and its steep roofline and tower will be missed on our skyline.

The complex between Main and Bond Streets, squared by Wall, Office and Courtland Streets, has been an important center for Bel Air buildings housing professions in law, news media, insurance and banking for many years.

There were no banking institutions in Bel Air through the Civil War. All transactions were conducted in Baltimore. Our county, occasionally, borrowed money through Baltimore banks to erect buildings and pay teachers.

The Harford National Bank erected the brick building adjoining the Masonic Temple and operated from 1881 to 1933, J.T.C. Hopkins, president, the Second National Bank was located on Office Street.

The Commercial and Savings opened in 1904 in rented rooms on the first floor of the Masonic Temple. In 1909, the Farmers and Merchants Bank opened and its location was on Office Street. In 1933, these last three institutions merged to become the First National Bank of Bel Air, with W. Wylie Hopkins as President until his death in 1938.

Today, the local banks have built drive-ins and branches and Baltimore banks have gravitated to our town and built large facilities to meet many money needs.

One old building on the corner of Bond and Courtland Streets, is an example of change and alteration through the years. It is a two story frame and stone building with a full basement and entrance on Bond and also on Courtland. The front entrance is recessed and large oval windows on either side give an interesting appearance. The interior rooms are large, with two fireplaces on each floor. Its beginnings are disputed, but it was probably an early residence. As years passed, the structure became an office building.

In 1905, it was sold at auction to Stevenson A. Williams, trustee for a group of mortgagees to the Harford Mutual Fire Company, whose offices were here until 1921. Then, 33 West Courtland was sold to Thomas H. Robinson, who sold it to John A. Robinson in 1923.

Here, the latter Robinson printed a weekly newspaper, The Bel Air Times, in the basement. This paper voiced the news through a Republican view and had first begun in 1881 and existed for seventy years. In later years, the paper was known as the Harford Gazette. It was here that Judge Stewart O. Day began his law practice on the second floor. In 1937, the county purchased the bulding and the Board of Education was moved here from the Courthouse. The County Extension Service occupied the second floor. Now, the Board of Education is found on Gordon Street, which has been its home since 1950.

THE FOURTH GENERATION OF THE WORTHINGTON FAMILY HAS JOINED THE STAFF

Our most widely-circulated paper, The Aegis, celebrated its one-hundredth birthday with the August 23, 1956 issue. In 1862, Frederick W. Baker printed a paper called the Aegis and Intelligencer. In 1894, it was sold to Frank E. Gorrell. Five years later, Walter Finnes and Louis Dashiell acquired the Aegis and Intelligencer, with Mr. Gorrell remaining as Editor.

The year 1904 marks the beginning of the longest period of ownership by a single family. It was then that the late John D. Worthington, Sr. bought the newspaper and established headquarters on South Main Street (now the Finneran residence).

Mechanical apparatus was on the first floor and the editorial staff worked on the second floor. There were fewer than 2,000 paid subscribers. The paper was printed by cylinder press, operated by prisoners from the jail turning the crank.

Later, horsepower, steam and gas power was used—and then, the electric motor. In 1905, with the move of headquarters to Courtland Street, Mr. Worthington shortened the name to The Aegis. The mythological name came to represent a "shield or protection."

The first linotype in Harford county was used by the paper in 1915. In 1951, the Worthingtons purchased the Harford Gazette, and in 1963, the Democratic Ledger, and consolidated them with The Aegis. Today, the fourth generation of the Worthington family has joined the staff of the weekly paper that now has a paid circulation of 22,715.

Other newspapers published in Bel Air from the 1830 period include: National American; Harford Republican and People's Advocate; Harford Republican; Independent Citizen; Mirror of Mirth; and others.

ONLY ONE LOT WAS OWNED BY A FEMALE

When the town of Bel Air was first laid out in 1780, there was forty-two half acre lots, each approximately seventy-five feet wide. Twenty-one lots lay on either side of Main Street. One man, Thomas Hays, owned fifteen lots and was the largest holder. Other purchasers included county officials, lawyers, merchants, and investors—and the usual tradesmen. Only one lot was owned by a female.

Town limits ran from Bond to Dallam Place and both sides of Main, 75 feet north of the Methodist Church to about 300 feet beyond the Baltimore Pike. By 1798, about 150 people inhabited 25 houses. Four licensed inns, three stores, two blacksmith shops, two joiners, one tailor, one chairmaker, one shoemaker, and one wheelwright rounded out the town. There were only two brick houses and one part-stone.

In 1830, four lawyers were listed and there were only two dwellings on Bond Street. The year 1858 found about seventy buildings in the Bel Air limits. Then, in 1886, the "Hays Additions" developed to the west of Bond, adding Thomas, Hays, and George Streets.

The first U.S. Census to include our town was that of the year 1890 and reported 1,416 as our population.

Now, over 9,000 reside within limits of Bel Air, but thousands surrounding the boundaries call their hometown Bel Air. Town limits now go from Moores Mill Road on the north, to MacPhail Road on the south; Leeway establishes the east line and to the west. My, how you've grown!

THE MOST INTERESTING STORIES BEGIN WITH "I REMEMBER"

How many "Main Streets, U.S.A." are there? The title depicts a lot of what we call "the American way of life." Main Street in Bel Air has been around longer than the birthday we celebrate and must share importance with two sister streets, Bond and Hickory Avenue.

Weaving a picture of people, places, things, and doings into a landscape of our town are the connecting threads of other streets intersecting these thoroughfares, he finds buildings and lots formerly accommodating trades, churches, schools and professions—not to mention families, for many fine residences have made way for facilities serving today's people.

Any retelling of a town's growth and change runs the high risk of error and exclusion and it is impossible for one living in the 1970's to understand the exact significance each tradesman represented in his day.

Through history, many have served Bel Air well and the most interesting stories begin with, "I remember . . ." Each remembers a different spot, or goods bought, or shopkeeper in his own way. For this particular account of history and our walk down Main, locations from the west side of South Main will be our point of departure.

The Safeway supermarket now stands on property which formerly held the Dr. Munnikhuysen residence, earlier the home of Dr. Wakeman Brierly. In 1909, Col. H. D. Hanway established the Kenmore Inn in an addition to this building. For many years, this familiar and welcomed sight held a fond spot in the hearts of people here and passing through.

The Kenmore Inn can be remembered as a charming Victorian frame structure with a mansard roof and surrounded by beautiful old trees. Dining room and overnight accommodations made a jaunt from New York to Washington seem shorter. By 1962, the inn gave way to the chain foodstore.

Near the Kenmore Inn on Main was an early eighteenth century one and one-half story home of seven generations of the Hays, Jones, and Jacobs families. A stone addition had to be sacrificed in 1960, but the wooden part now stands on Kenmore Avenue and is the home of the Harford County Historical Society.

Farther up Main, at its corner on Courtland stands an old brick building that was listed as Stagmer's Hotel in the last century. Later, other shops came here, among them; Bull's Tailoring Shop, a barbershop, Evelyn's. Now it is the Nationwide Insurance Agency of Barnes Blevins.

BAUERS BAKERS TEMPTED THE PASSERBY

On the corner of Office and Main stood Ruskin Warren's Corner Restaurant. Another occupant has been Forwood's Drug Store, from which a ten line switchboard operated in the infant days of the telephone in Bel Air. Thus, this corner has seen much conviviality and heard many conversations.

Just up the street, Mr. and Mrs. Solomon Getz came in 1895 and opened a clothing store at 26 South Main. In 1900, the store moved around the corner to Office Street and another move in 1908 found the Getz store on Main Street again. Its last site is now the offices of the law firm Getz, Getz, and Getz, grandsons of the original couple.

Two other grandsons are Marvin and Payson, whose optometry and jewelry business began when their father, Simon, was located on Office Street in the teens. Their uncle, David Getz, operated a drugstore here also. In 1936, the jewelry store and optometry office moved to 20 South Main. Now, the Getz Jewlery and Gifts shop is on the east side of the street, as well as the Mall store, and Dr. Marvin Getz is up on North Main. The Getz family became active in political affairs. Earlier folk remember the sons of Solomon Getz in musical and comedy performances at happenings around town.

Citizens of the county remember the Carver and Price Dry Goods Store, in business from the 1890's–1930's. The Hub Annex is now in their place. Mrs. Panos came to operate a restaurant in the Candy Kitchen site near this store.

Nearby, Bauer's Bakery tempted the passer by until 1918, when the present National Stores opened. In 1921, Guercio's Meat Market began operations, and is now known as Sal's Place.

The Bel Air Centennial Headquarters is appropriately located on original Lot No. 5 on the west side of North Main. Even more fitting is the Greek Revival building occupying this lot, which dates from the 1830–40 period and is known as the Fulton-Young House.

For years, the house was used as a dress shop. Present owners are the Misses Smithers.

Next to his house, Mr. James Fulton had his harness shop. A stone in the yard marks where he stood to shape horse collars. In 1932, Curtis Kroh began his nursery business here, before moving to Bond Street. For awhile, the harness shop was the location of Richardson's Florist, the uptown store. Now, the Christian Science Reading Room uses this shop.

Across Pennsylvania Avenue is the Lutz Building which houses several stores and agencies. Charles Lutz started his multi-businesses in 1927. In 1937, Lutz was operating on the opposite side of Main Street. Before the present stretch of buildings was erected, residences occupied the space to the Methodist Church (now the Center for the Retarded) as late as the '40's. The Western Auto Store, owned by William T. Jackson, was built in 1948 but had formerly operated in the present Hub Shoe Store and down Main where the AAA office now is found.

Fire destroyed the building on West Main and the new store is a part of the Lutz complex and its new owner is Kenneth Esenwine.

Crossing an alley, one comes to the former Bel Air Methodist Church. This plot of land, known as original Lot No. 2, was deeded to the Methodist Episcopal Church in 1789, and was held continuously by this group until the county brought the lot and building for the Retarded Center in 1970. Prior to 1789, there were Methodists here in Bel Air.

Like others, the congregation had used the Masonic Temple for services. By 1856, the congregation had built "quite a nice church" on their lot. In 1888, the present brick building was built at a cost of $8,000. It was vacated in 1968, when the Methodist congregation moved to their new stone church on Linwood and Main.

"TINNER BROWN" WAS AN EXPERT ON METAL ROOFS AND SUCH

North of the Methodist Church, Charles Johnson began his furniture business in 1934.

Located at 30 North Main, on a portion of original Lot No. 1, it is one of the oldest dwellings in Bel Air. This is called the Graham-Crocker House because two sisters by these names have owned the house since 1935. The two story frame dwelling has fireplaces in every room. The sisters once operated a tea room here. No one is sure of the exact date the house was built.

North of here is the present Keithley's Jewelers. Mr. Keithley, a noted repairer of chain-driven watches, began business in 1929 on Office street and moved here in 1947. Along this stretch of street was a barber shop and Toni Battistone's Fruit Store. A steam laundry, music store and the sight of the second fire house were along this west side of North Main in the 1900-1930 period.

"Tinner" Brown was an expert on metal roofs and such. His shop was on the corner of Lee and Main streets and was in operation as late as 1925, having begun in the last century.

Traveling toward the "flatiron corner" at Bond, Main and Gordon, one would pass a grocery store operated by Herman Pyle in the early years of the Twentieth Century. Once J. Gerrell, then John Alexander, operated a blacksmith shop on this corner in the 1800's.

The frame houses across from the Post Office are now boarding houses. Many fine meals have been taken at the Moore home.

Going on north on the same side of Main, the impressive home of The Harford Mutual Insurance Company is seen, with architecture resembling Independence Hall. The present home of the company was erected in 1952, more than one hundred years after the charter meeting for the company was held in November of 1842 in the old Court House.

The original intent of the company was stated as thus: "to make insurance on any kind of property against loss and damage by fire." On the original board were ten Harford county men and five from Baltimore County. These two counties were the only two in Maryland where insurance was written at this early time. All of the first directors were willing to serve without reimbursement. The secretary was paid $200 yearly and each director received a dollar per meeting attended.

The first President was James Pannell and John S. Norris was Secretary. Employees are seen to have lengthy terms of service in several instances; Major William H. Dallam, Secretary-Treasurer, 1868–1883; son Richard Dallam, President, 1894–1939; Charles B. Silver, 1939–1947; George Richard Cairnes-Secretary, 1883–1924; and J. Lawrence McCormick served the company for nearly fifty years. Another long-time employee was Miss Annie H. Cairness who joined the firm in 1904 and retired in 1951.

Before its present site, Harford Mutual was located in the County Extension Office Building and, in 1930, occupied the brick building on Office Street that now holds county offices.

Our own President of the Bel Air Centennial Committee, William A. Humbert, serves The Harford Mutual Insurance Company with customers in many states of our nation. The home built by Dr. E. Hall Richardson in the early 1800's was called Indian Hill and occupied this spot. Later it became the "Yew Tree Inn." It was demolished in 1950, but the large "Yew Tree" remained.

The First Presbyterian Church was erected in 1881 at a cost of $8,000 on a lot donated by Dr. E. Hall Richardson. However, as early as 1830, Presbyterians were worshiping in the Masonic Temple. Here, in 1852, nine charter members officially established the church. Mrs. Sophia McHenry was instrumental in this period of history. The Reverends Smith and Peck were commissioned by Presbytery to assist in the work. Mr. James Fulton and Dr. Hall Richardson were the first elders.

The first home for the congregation was built in 1852, on Pennsylvania Avenue. Dr. Ebenezer D. Finney preached the first sermon on July 4, 1852. The first regular minister came in 1853, for $500 salary. The Rev. Finney returned as regular paster in 1872.

By 1881, the building was too small for the growing membership and the church moved to the present site. Unhappily, a disastrous fire in March of 1936 gutted the building and it was repaired and reconstructed at a cost four times that of the original $8,000. Additions were completed in 1953 and 1967, with interior alterations in 1960. One asset of the present body is the unique bell choir.

Meanwhile, the old building on Pennsylvania Avenue is the home of the IOOF-Triumph Lodge No. 16, chartered in 1886. First Noble Grand was S. A. Tipton. Present Noble Grand is William Anders and there are about 35 members. The Odd Fellows Hall resembles a Greek Temple, with Doric portico and may be easily identified as it stands back of Pennsylvania Avenue.

In the location of the Educational Building to the First Presbyterian Church was the lumberyard and business of Bull and Culp, operating in the first years of the current century. Later, the business was owned by Edward Wheeler, and finally, Kefauver Lumber Company.

ONE COMES TO THE HUSTLE AND BUSTLE OF BYGONE DAYS

The area identified by tall yellow wooden buildings was adjacent to the Ma and Pa track and a natural center for thriving business on the west side of Main Street. The Reckord Manufacturing Company, with mill, became Bel Air Farm Supply, presently run by Smith Walters. The Rogers and Livezy Feed Store operated nearby in the 1940's. Roy Coale's store and butchership stood near in the late 20's.

Farther north, frame houses, several of Victorian design, were erected in the later years of the 19th Century. The residence of the late Nat Howard Dean, an undertaker in the early 1900's occupies the corner at Main. He kept his horsedrawn hearse in the stable here.

Nearby homes of the 1890 period include the Le Jeune and Forder-Wright houses. The master plasterer, Jacob Forder, built his house here and showed his skill in design on the living room ceiling of his home. Next door, Major General John Archer LeJeune built a home for his sisters, Laura and Augustina. It is a double house.

Homes on Hall and Robinson Streets, and down Roland Avenue are on property belonging to the Webster estate, a large farm whose house stands on the corner of Hall and Roland. The barn to the property stands on the opposite side of Hall, on the Hopkins lot.

Across the street from the Webster house is "Inwood," built in 1907 by John Evans, of Port Deposit Granite. This structure exemplifies the large estate home, of which there were numbers around town in earlier times.

The West Gordon Street home of Dr. Howard Kelly, renown physician of the "Big Four" in Baltimore medicine, was built in 1898.

The town limits of Bel Air currently begin at Moore's Mill Road on the Main-Rockspring thoroughfare. Traveling south on the east side of Main, one comes to the scene of hustle and bustle in by-gone days. The long drawl of the whistle meant the train was either coming or going. The old Bel Air station sat where the Southern States Cooperative Store now is.

McComas Brothers opened for business in 1905 nearby and dealt in lumber, millwork, coal and hardware. Lumberyards were conveniently near the train. These brothers, Emory and Stanley, and two others, Walter and Charles comprised the McComas Brothers Quartet, a talented and popular entertainment during the past half century. Charles organized and directed the Harford Choral Club in the '20's—performing at the Argonne Theatre and the Armory.

To the rear of the train station was the business of Nathan Corbin, begun in 1915, dealing in coal and ice. Later, freezers for food storage were rented—before the advent of the handy home freezer. Today, the Corbin Fuel Company operates from here. On Ellendale, John Young had a watchmaker and jeweler's shop.

Our next stop in traveling back into town is the Emmanuel Episcopal Church at the corner of Main and Broadway, which opened its doors on February 15, 1870. The first minister, the Rev. Snowden, also ministered to the Rock Spring congregation at Forest Hill. From 1860, Episcopalians had worshipped in the Masonic Temple and the Courthouse.

The Bel Air Academy was the place for the incorporation meeting in 1868. Land for the Emmanuel Episcopal Church and educational building was supplied by Mrs. Mary Farnandis, Mr. James Farnandis, and Dr. William Munnikhuysen. The 1967 addition to the church is beautifully blended to the main structure.

Around the corner and down Broadway are picturesque frame homes that were like suburbs in the years before 1900. The Whitakers, Bakers, Bulls, Alexanders, Whalands, Carrolls, and Carvers resided along this tree-shaded street. Later came the Smiths, Wilsons, Reeds, Coales, Halls, Webbs, Shanahans, Kehoes, Cains, Cairnes, Hannas, and many others.

AT ONE TIME A RESIDENTIAL STREET LINED WITH OLD FRAME HOUSES AND TREES

In 1919, Miss Sarah Forwood and her mother purchased a house on the corner of Gordon and Main streets that was the 19th Century home of Dr. E. Hall Richardson. Here the Forwoods operated the Circle Inn as a boarding house. For a short time, it became a home for the sisters who taught at St. Margaret School. Now, the site is a vacant lot.

Across Gordon, the impressive structure of the U.S. Post Office can be seen, for which $70,000 was allocated in 1931. The building was completed in 1936. A mural of Booth at the Courthouse, previously mentioned, was painted by William Calfee and is in the building. Before 1931, numerous places had been used for the post office. At one time, the building just south of Centennial Headquarters was used, and later the building on South Main where the Red Cross Office is now. Then, the site of the S. A. Williams home was chosen for the present post office.

Along the side of the building runs Gordon Street, at one time a residential street lined with old frame houses and trees. Today, it is best known as the location for the Harford County Board of Education which found a home in the first Bel Air High School.

Before the schools discussed here were opened, children attended public school in a frame schoolhouse across from the Post Office, on the "flat iron" corner. Property here had been deeded by Herman Stump, Jr. The building had been erected in 1867 and consisted of one room.

In 1872, with one teacher, children were divided into three classes, according to proficiency in speller, reader and copy book. One teacher was master of all and was paid four times a year.

In addition to buying their textbooks, students paid a tuition of $.40 to $1.00 according to class. This held true until 1916.

The four classroom building on Gordon street was built in 1883; an addition of four more rooms was later added.

A new brick school was built in 1924 for a high school building and the original structure was used as an elementary school. Now the Bel Air Elementary School is located in the 1924 building and the Board of Education is in the original 1883 school.

Students in high school attend the Gordon street school until the new Bel Air Senior High School was opened in 1950. The enrollment then was 950. At the beginning of this year, enrollment was 3,103 at the Bel Air Senior High School alone. Meanwhile, the Board of Education was expanded to additional space in old houses along Gordon street.

By 1873, Bel Air was planning to expand education facilities and to organize a graded school with more teachers. This graded school probably met in rooms around town and, by 1875, had four teachers.

In 1883, the one-room school on Main street was moved to Hays street where it became the first Bel Air public school for Negro children. Before this time, schools for these children may have been held in one of the Negro churches. In 1924, a new three-room school was built beside the old building and there were ten grades and as many as three teachers.

In 1935, the Bel Air Colored High School was established on Hays street at the elementary school. In June of 1950, this school closed its doors and moved to the new location of the Central Consolidated School at Hickory, now Hickory Elementary.

Back on Main street, next to the post office, is the J. T. C. Hopkins home. Mr. Hopkins studied law under Stevenson Archer and passed the bar in 1865. Next door, the Charles W. Norris home stands. The third house has been recently used as an antique shop and was the home of George Maynadier, a Judge of the Circuit Court and an editor of The Aegis and Intelligencer. These three homes were built before 1878.

IN 1908, FIRE DESTROYED THE CHURCH, AND A NEW CONCRETE BLOCK STRUCTURE WAS BUILT

Standing on the site of Harrison's new Wood and Wicker Shop, was the Grace Methodist Protestant Church. The controversy over clergy and lay matters in 1828 led to the split of the Methodist church and the beginning of a second Methodist congregation in Bel Air. This group used the Masonic Temple for services until 1884, when a frame church was built on Main street. In 1908, fire destroyed the church, and a new concrete block structure was built in that same year. Services were held in this building until 1943, when the congregation was joined with the First Methodist Church under a single pastor.

After this move, the Grace Methodist Protestant building was used as the library, which has been started years earlier under the enthusiastic guidance of Mrs. Helene A. B. Lee and housed in various places. One early spot is said to have been the second floor of Richardson's Pharmacy. In 1927, a house on North Main, where Johnson's Furniture Store now is, was purchased and used as the library. In 1959, the Harford County Public Library found a home on Hickory avenue in a fine brick structure and ably serves the community and county.

One event of the 1911–1927 era was the yearly meeting of the Chautauqua, held for one week in August. This consisted of a series of educational offerings, including plays, lectures, and musical performances. As many as 1200 people attended these events, held in a large tent on the present grounds of the Bel Air Elementary on Gordon street. At least one night a week would feature "chalk talks". Henry Crocker often entertained in town with his witty cartoons and chalk talks. Mr. Crocker also did fine work in charcoal and pen and ink. Chautauqua meetings corresponded with the teachers' meetings in Bel Air so that these teachers could be properly entertained while in town.

Baseball was another form of entertainment in yesteryear as it is now. At one time, businesses would close in town on Saturday afternoons so that customers and help might watch a good game of ball. Early playing fields were out on North Main, but later moved to the school grounds on Gordon. Mike Cain, Archer Calder, Les Staley, Roy Coale, John Evans, Ned Harlan, Frank Worthington, and Bill McComas as bat boy thrilled many onlookers. Early Firemen's Carnivals were held on the school grounds here.

Traveling back into town, we find the properties now occupied by Harrison's Wood and Wicker Shop, The Strawberry Basket (formerly the watchmaker jewelry business of John A. Young), Don Flowers Florist and Harrison's Paint Store—which takes us to the corner of Main and Lee streets. George Harrison began his business in the frame building that was his home.

THE ANNUAL TOWN MINSTREL SHOW WAS HELD HERE

Across Lee, where the Getz Building now stands, was the Iglehart meat and grocery store. Next door, the massive gray castle-like home of the Troop D, First Squadron, 223rd Air Cavalry, Army National Guard, has stood since its construction in 1915.

The Armory, built of Port Deposit Granite, has served as a large gathering place for all sorts of events and affairs. Plays and operettas produced by local talent and the school drew large crowds here.

One 1920 production, "Miss Cherry Blossom," featured leads by Jane Shaw Coale and John Webster. In 1921, Dorothy Robinson Greer and William McNutt starred in "The Gypsy Rover." Seasonal dances were held at the Armory and Masonic Temple.

The annual town minstrel show was held here for several years, featuring the McComas Brothers, the Getz Brothers, Bob High on the banjo, Hattie Getz at the piano, and Fred C. Jones as the interlocuter. The professional Ramsey Street Players performed annually at the Armory. High school graduations were held here until accommodating space in the school was available. Many fine and memorable occasions have found shelter in the building and continue to do so now. A bronze plaque commemorates the sacrifice of forty-five Harford men in the First World War. The Nov. 22, 1918 edition of The Aegis lists all county men who served.

At one time, the Red Cross was upstairs in the Armory and the library downstairs. Bowling Alleys were provided recreation at a bygone time.

The business enterprises on the east side of Main street are as varied through the years as those told of on the opposite side of the thoroughfare.

Adjacent to the Armory is a vacant building used most recently as Beshore's Furniture store. Linwood Beshore and his wife Sadie began business across the street on the corner of Pennsylvania and Main, later moved to the east side, and the next to the Armory. This building had originally been the second home of the Acme Market, after that market had moved from its first location in the next block. The new Acme became SuperSaver, at the corner of Main and Broadway.

"THE BUSY MOON" COMPLETE WITH INTERMISSION BETWEEN REELS AND PIANO PLAYING

The Kiddie Shop and Evelyn's presently occupy the area formerly accommodating a house used as a boarding and rooming house before being demolished and new stores added in 1954. In the 1920's the Variety Stores came to Bel Air, and opened where the recruiting center now is housed.

Reiser's was the business recently located here. The next space was used as a furniture and funeral establishment by N. Howard Dean. Mr. Dean began his business in the last years of the nineteenth century. Later, his two sons operated the joint business.

When one died, Joseph T. Foster came to Bel Air as a partner. After Mr. Dean's death in 1945, the furniture store was closed. A new funeral home was built at Broadway and Williams streets. Now, Joseph T. Foster, Jr. owns the establishment.

The old location on Main street became a part of the Argonne Theatre, which had built a new building in 1928. A new pipe organ was installed to provide background for the movies and drown out noise from projector and audience. Alas, shortly thereafter, sound came from Hollywood. This early movie theatre is now the Bel Air Theater.

Another movie house was "The Busy Moon," next to Stagmer's Hotel on the far end of South Main, complete with intermission between reels and piano playing. All this for $.10. The "Busy Moon" moved across and down Main later.

Richardson's Pharmacy was originally a wooden building. The business was begun in 1894 and John S. Richardson practiced here at the corner of Main and Pennsylvania. Later owners were Lloyd and James Richardson and currently, John Deems owns the business. At one time, the Bel Air library and the dental offices of Dr. Warner shared the second floor of the drug store.

At the rear of the present drugstore was the J. A. Hanna Coach Factory in the last century. Mr. Hanna sold and repaired carriages and wagons. Nearby, J. Frank MacLean had his blacksmith shop. Farther down the avenue in 1911, was the carriage shop of James A Wheeler. C. Robie Grafton had operated this popular enterprise prior to Mr. Wheeler. When cars hit the streets, Mr. Wheeler converted the shop to accommodate a line of buses.

In the center of the busy activity of Pennsylvania Avenue sits a building that was very important as a learning center in former days. The academy at Bel Air. first called the Harford Academy, was incorporated in 1811, by an Act of Legislature. The building on Pennsylvania avenue was erected in 1814 of stone walls, two feet thick. Much material was donated and slave labor was used. Property was deeded for the Academy by Thomas Hays, whose sister was married to the first principal of the school, the Reverend Reuben H. Davis—Presbyterian minister.

In 1841, a student paid $50 per term for boarding and washing. A Baltimore man who studied at the Academy wrote that "Belle Air is a village of 25 or more houses and six taverns." The school had about one hundred students then. The early curriculum was highly classical and prepared students for the law and ministry and like professions.

In 1888, the Academy Trustees and the School Commissioners entered into contract uniting the public school and the Academy. By 1907, the Bel Air High on Gordon had eleven grades. The building on Pennsylvania avenue, where leading citizens had been educated, has been used as a residence since, principally by the Plock and Robert Turner families.

IN FEBRUARY 1972, A DISASTROUS FIRE ALTERED FOREVER THE LOOKS OF MAIN STREET

Across Pennsylvania avenue is the Odd Fellows Hall. Coming up the avenue toward Main street, we find the feed store of McCormick and Holland in the early years of the 1900's. Marshall Kroh began the dry cleaning business. Later, the Stinchcomb brothers acquired the business. Nearby, the Robinson Feed Store operated.

On the south corner of Pennsylvania and Main have been a variety of stores. The Bristol Cut-Rate store was here, as well as the Harford Hardware. Now, Bata Shoes occupies the space. Long before F. W. Woolworth's came to Bel Air, Cook and Jeffery were selling fine millinery here—according to an 1891 ad. A. Keuchel, a watch and clock maker, plied his trade in this stretch along Main. Also in this area was the eighteenth century home of Col. Bowldin.

The present-day Hirsches Men's Store was begun here in 1926 by Benjamin Hirsh of Philadelphia. He had located at Lee and Main two years earlier. Today, the store is run by Mr. Hirsch's son-in-law, Dave Cohen. Before 1926, Kisling's Drugstore, also dealing in ice cream, used the space—their former store having burned at the corner of Main and Churchville roads.

Next door, the Hub located in 1942, having first been down the street near Courtland. For many years, the ramp in the back of the store bespoke of earlier days when Appleton's Livery Stable was here. Before the Armory was built, Company D drilled upstairs. Frank Hiser's Harford Garage also shared the space at one time. David Lee's Chandler-Dodge Agency started along here in 1921.

The present-day Hub Men's Store was formerly Walker's, a variety store which moved to Bel Air Plaza. The Boyd and Fulford Drug Store began in early years. Other owners have been Dr. Maisenhalder and Dr. Eugene Streett—"in the middle of the block."

In February of 1972, a disastrous fire altered forever the looks of Main street from this drug store to the Commercial and Savings Bank. One victim was the Main Street Market, which had been the first home of the A & P. Another business to be destroyed was Talles Jewelers, formerly the American Restaurant. Joseph Coale's meat store was here in early 1900's. Both the A & P and Talles are now at home in the Bel Air Plaza.

The town of Bel Air lost another building in that '72 fire—a place that could probably tell more tales of people and doings long before the town was incorporated. Here, we speak of the Dallam's Hotel, or as we know it, the Vaughn Hotel. Besides a hotel, several other businesses were in operation here. The terminal for stage lines to Baltimore and Magnolia was at the hotel.

Harvey Ewing had a newsstand and store, replaced by Stanley Preston in 1927. From here, Preston's moved to their home on South Main, a most attractive building.

Mike Smithson ran his popular barbershop under a portion of the hotel. Messrs. Mears and Hudler now have this trade on Bond street. Also in the basement were a pool hall, bowling alley and restaurant, fondly called "the hole." Officially, these facilities were the Bel Air Recreation Center.

In recent times, the recreation part gave way to the popular Red Fox Restaurant which also succumbed to the fire. Now, an appealing structure houses the new Red Fox and citizens are happy to see this facility available once more. Here, one might remember the Harford Theatre, accessible through an alley beside the old hotel.

The Commercial and Savings Bank moved from the Masonic Temple building to this location.

The Harford County Office Building was completed in 1964. On this property, the old Sheriff's residence was built around 1791. This stone building housed sheriffs until it was razed. The early jail was a room in the rear of the residence. A stretch of lawn separated the house from the street.

Another old residence, the family home of Augustus Bradford, Civil War Governor of Maryland, occupied the space of the County parking lot. The longtime Clerk of the Court, A. Lingan Jarrett also lived here. The brick and frame home is gone and only a few rosebushes from the lawn lend their beauty to the present scene.

GOVER'S HOTEL WAS WELCOMING THE TRAVELER THROUGH ITS DOORS

A casual glance at the Courtland Hardware store would tell the observer that this is a place from yesteryear. As early as 1858, Gover's Hotel was welcoming the traveller through its doors. Perhaps twenty years later, the name, and probably owner, was changed to Granger's Hotel.

Mrs. Rose Sappington owned the hotel in 1898, and Lawrence and Hanna Jane Forwood ran it. A garden and stable were in the back of the property. The Appleton's and Hopkinses were later owners. In 1918, F. Bond Boarman opened his hardware store here. Horace Boarman and Eugene Graybeal operated the business until recently. Now, Mr. Graybeal and James S. Kunkel, the sheriff's son, own the business.

Where the Christian Bookstore now is situated were two florist businesses of Mr. and Mrs. Harry Lee and later Greenfields.

The old, long building adjoining the hardware store has been occupied by numerous tradesmen. The J. G. Rouse Dry Goods, Groceries and General Merchandise Emporium sold a variety of goods to the eager customer of the last century.

By the early 1900's J. Woodley Richardson had his similar enterprise here. "Oz" Moore moved from here to the west side of Main near the Old Cut-Rate Store and operated a flourishing dry cleaning stores for years.

Other shoe and clothing stores found homes here, as well as shops for ice cream, auto parts, tobacco and pipes.

John's Barbershop, next door, retains the name of its original owner, John Fineran. His residence was next door in the red brick dwelling. Hooks on the building show where The Aegis earlier had hung its sign.

The Bradford house, near the intersection of Churchville and Main, Hanway, Barnes, and McComas had a hardware store. By 1930, it had become the Boarman and Bradford Hardware. A. S. Magness and son operated a Chrysler-Plymouth dealership on the present site of the Cash and Carry Tire store.

The ground where Loyola Federal Savings and Loan now graciously resides was a part of the Fulford estate. Although the house is gone to this property, a smaller stone building, the coach house still stands. Presently, the Helen White Realty Company is here. In former times, soft drink was bottled here. The little building has been used as a residence and as a shop as well.

OUR JOURNEY ON MAIN ENDS FITTINGLY AT THE OLDEST BUILDING

Our journey on Main ends fittingly at the oldest building on its original lot in Bel Air. Built on lot No. 37, in 1789, by John Bull, the dwelling is the home of George L. Van Bibber. The original Flemish bond section can readily be identified as 18th Century. A stone and frame addition was added to the house. In 1858, "Miss Davenport's Seminary" was here. The Presbyterians used the old home as their manse in 1878.

To complete our tour of Bel Air—yesterday and today—we will first turn from Main street to Baltimore Pike and on to Bond. Near where the present Sunoco station sits was the eighteenth century home of William Pinkney, Attorney General of the United States and Senator from Maryland. The hip-roofed house was demolished in 1912.

On the opposite side of the Baltimore Pike and farther south was the Kennedy and Billingslea lumber business in the last century. This is now Bel Air Lumber.

Back toward town on this same street is the Ames Methodist Church. This was the first Negro church in Bel Air, and was founded in 1876. For ten years, the congregation worshipped in a small warehouse on land leased from the Hays family. The ground was later purchased for $600 and in 1886, the current church was erected. The parsonage stands on the south side of the structure.

Any discussion of the story of Bel Air past, and particularly the past one hundred years, would be incomplete without mentioning the Fair—officially, the Harford County Fair. Begun in the 1870's on a 100-acre tract around the modern-day Harford Mall, the Fair continued for many years. Exhibitions of horses, cattle, art, canned goods, baked goods, fruits, vegetables, crops, flowers, sewing, quilting—you name it, the Fair had it! Many local residents can remember participating at the Fair in 4-H demonstrations and displays of their projects—awaiting the judges decisions and prizes. Farmers around entered their best teams in horse-pulling contests. Nightly entertainment shows were given, featuring locals on their way to "making good." Another thrilling part of the season were the racing meets which drew large crowds of viewers and betters. The Fair was held for the last time in 1962, and forever vanished from the scene.

At the corner of Baltimore Pike and Bond on the south side, William Pugh operated a thriving plumbing business for over forty years. Before him, the Messers. Kennedy and Billingslea had a blacksmith shop on the corner. Another smithy was up the street on the Pennsylvania avenue corner, his name being E. J. B. Moore.

SUCH IS THE INTERESTING LIFE OF A BUILDING THAT HOUSED A VARIETY OF TRADES AND PEOPLE

On ground now occupied by the Equitable Trust Building, the Old Stone Livery Stable once sat. Herbert S. Flowers was the last to operate it as such. Kunkel's Service Company came here in 1921 to this building. They are now located south on the Pike. Miller's Appliance and Furniture business was the last here. An early automobile agency was found in the old stone building and a store once operated in what became Kunkel's parts department. Such is the interesting life of a building that housed a variety of trades and people.

At the street level on Bond of the Masonic Temple, James A. Konstant had a very popular restaurant for many years. This spot, later known as the Regal Restaurant, has housed several more recent restaurant enterprises.

Two canned goods brokerage houses were the Smith, Rouse and Webster Company and the William E. Robinson Company. Robinson's was at the corner of Office and Bond streets. On the present First National Drive-In site was the O'Neill and Hanna—Chevy, Olds and Cadillac dealers.

Across Bond was another stable that had been connected to the old Eagel Hotel. This was run by George Staniford in the '20's. Up the street, the Capley and Minderlein Furniture Store began in the 1930's. John J. Wilson is the current owner. Castell's Grocery on Bond delivered groceries by truck through the 1930's.

The Athletic Training Center was established by Warrenell Lester. "Boom-Boom," he is called, was a championship boxer in our state.

Around the corner from Bond on Alice Ann Street is the New Hope Baptist Church. Founded over sixty years ago, it was first called the First Baptist Church. Originally, the congregation met in a home on Mausby street. The frame building was built under the leadership of the Reverend Tyler. An addition was built in 1929.

Our final section of town to be covered on this tour is Hickory avenue. Here, the contemporary structure of the St. Margaret Catholic Church was dedicated on March 29, 1969. The congregation had its beginnings much earlier, for in 1905 permission was granted by Cardinal Gibbons to build a Catholic church in Bel Air. Earlier, townsmen had to travel to St. Ignatius, near Hickory to worship. The Reverend Alphonse Frederick personally purchased three acres of land, a house (the present rectory), a barn and other outbuildings for $3500.

In October, 1905, the first mass in the newly completed "Catholic chapel" was celebrated. This chapel was also built at Father Frederick's own expense and named St. Margaret, after the patron saint of Father Frederick's mother. After serving at the church for sixty-four years, the building is now offices of the church.

The Wright and Lee properties adjoining the original land were purchased and the parochial school was built in 1947. A second building, including a large auditorium, was completed in 1962. Today, there are about 300 students in St. Margaret School and many more registered in the CCD program. A new convent built in 1960 is home to the dedicated School Sisters of Notre Dame.

There are two other houses of worship on the east side of Bel Air. One is the Calvary Baptist, which was completed in 1972 on land originally the Archer estate. This large, attractive church has an organ which was constructed by Donald Jones from a kit.

Calvary Baptist began as a mission on Oct. 3, 1948, meeting in the Odd Fellows Hall with a congregation of thirty-three members. Later services were held in the Harford Theater until 1953. Then, the basement of the church building on the Baltimore Pike was used as the meeting room until the building was completed. Here, the church resided until moving to the present site on Courtland Place.

The second house of worship on this side of town is the Unitarian-Universalist Fellowship of Harford County, situated on a two and one-half acre tract of land on Lee Way. Previous to the present church, which was made from two remodeled army surplus buildings, the Unitarians had worshipped in members' homes and in a church at Wilna. The congregation began formation in the early 1950's.

THE LEGACY OF THE PAST IS PRECIOUS BECAUSE MEN AND WOMEN HAVE MADE IT SO

On Hickory avenue, very near the town line for Bel Air, were two establishments. One was Del Haven, begun by F. M. Irwin in 1921. Here were cabins, rooms, dining facilities, a roof garden and a swimming pool. Some years later, Reuben's, an early drive-in, became an active part of the social scene for the young people. Now, a carpet store occupies the building.

When you, dear reader, have reached the end of this rambling stroll through our historic town, your eyes and mind are probably bogged down in some alley along the way. Take one of our leisurely walking tours during this Centennial Week and get your bearings.

Many, many other places are important to life in Bel Air today. The town has grown in business, recreational, musical, health and educational facilities—not to mention the thousands of homes surrounding the edges of Bel Air. The article does not cover much of modern day because these are the times with which we are most familiar. Leave that discussion for a future time to recall.

How can Bel Air retain the flavor and charm of yesteryear's best qualities and blend them harmoniously with these times? That is the challenge of the Centennial Year 1974. Although the "who lived here and who bought where" may seem dull to a modern reader, it is "we who live here" who must enhance the life of our town by service to the community of Bel Air. The legacy of the past is precious because men and women have made it so. Today, we cannot do or be less than they.

REPEAL THE EMERGENCY DAYLIGHT SAVING TIME ENERGY CONSERVATION ACT

Mr. HUDDLESTON. Mr. President, I thank the Senator from Ohio for adding me as a cosponsor of his amendment to repeal the Emergency Daylight Saving Time Energy Conservation Act on the last Sunday in October 1974. I have introduced legislation along these lines myself in the past, and I agree that we need to act expeditiously to get this law off the books before the new school year begins, and to give transit lines and businesses adequate time to make the necessary changes in their schedules.

This bill had an experimental nature when it was enacted last December and our experience during the last 6 months convinces me that the experiment has failed. The Department of Transportation's interim report found no conclusive evidence of energy saved by winter daylight saving time; it found no significant effects on traffic safety; no measurable effects on crime; and no measurable effects on recreation.

But, without question, year-round daylight saving time has made parents fearful for the safety of their small children who have to go to school in the dark. It has inconvenienced working parents in areas where school hours have been shifted. It has caused safety problems for the construction industry. It has caused frequency interference problems for radio stations during prime time morning rush-hour broadcasts. And, it has seriously inconvenienced farmers where daylight does not correspond with the working hours of the businesses with which they must deal.

Mr. President, I strongly urge that we adopt this amendment and spare ourselves and our constituents another winter under daylight saving time with all its attendant problems.

INFLATION AND THE FEDERAL BUREAUCRACY

Mr. STENNIS. Mr. President, recently I received a letter from a valued friend, Mr. James E. Davis, who is chairman of the board of Winn-Dixie Stores, Inc. It is a thoughtful letter from a man who makes his judgments with wisdom, and I want to share its contents with the Members of Congress, with the people who work in the executive branch of the Government, and with the public.

Mr. Davis makes the point that those in Government here in Washington who are searching for the causes of inflation do not have to look far, because it is the Government itself that is primarily responsible for what has happened to the economy. He briefly and forcefully points out the consequences to the business community when well-meaning but unwise legislation is combined with bureaucratic and unrealistic administration of the laws by the agencies of Government.

The consequences to the business community are inefficiencies and injustices within the business organizations, harassment and mountains of paperwork, and above all costs—heavy costs. These costs are passed on, by necessity, to the consumers, the American public. The costs keep piling up and pyramiding on themselves, as Government interference in business grows and proliferates. The value of an item that is in common household use may remain constant, in terms of its usefulness or essentiality in the household. But if it continues to cost more and more to make it, or grow it, and to market it, then that is inflation.

In a convincing way, Mr. Davis lays the blame at the door of Congress and the governmental bureaucracy. He advocates reduced governmental spending, a slowdown in expensive social programs, tight budget controls, and a realistic evaluation of unemployment data.

Every thinking person in Government can benefit from reading this analysis and reflecting carefully on it.

With the letter, Mr. Davis sent me an editorial from a farm magazine, Animal Nutrition & Health, of May 1974, written by Maureen Robb, associate editor of Agrichemical Age. In the copy he sent me, he underlined many of the points made in the first third of the editorial, as being a valid explanation, in simple language, of the causes and consequences of inflation. In brief, this part of the editorial states the premise that governments cause inflation by spending more than they take in as taxes, and that the boom always ends in a bust. The editorial is well thought out and well written, and it deserves to be read and reflected upon.

I ask unanimous consent that the letter, dated July 26, from Mr. James E. Davis and the editorial be printed in the RECORD.

There being no objection, the letter and editorial were ordered to be printed in the RECORD, as follows:

JULY 26, 1974.

Senator JOHN C. STENNIS,
Senate Office Building,
Washington, D.C.

DEAR JOHN: I recently sent you an editorial from a farm magazine which put in simple language what has happened economically and eliminates a lot of the "fluff" that you get when you try to follow the nationally-known economists.

Most government people comment readily on the need for restraint on the part of business and labor, however, they completely miss the main culprit, which is not only the Administration, but the growing bureaucracy and Congress itself.

What I am saying, of course, is that government is, to a great degree, responsible for what has happened. The minimum wage has increased our direct costs about $5 million a year for the past ten years. Our Social Security costs are up several million. The passage of a federal meat inspection law, in order to get proper standards in two or three wayward states, has probably added 2% to the cost of meat in our markets. We have overdone the good things and they feed on themselves to create inflation. We are in an essential business where prices are very sensitive—yet, cost is piled on cost.

Unrealistic enforcement of wage and hour laws by the Department of Labor rewards workers who conjure up, or exaggerate, claims for off-clock work in violation of company policy and militates against conscientious workers who try to get ahead. The government has actually pre-empted the function of the unions. Proliferation of class actions, encouraged by government in EEOC and similar cases, is increasingly oppressive and potentially ruinous to some small businesses.

In the Southern Bell $30 million settlement of an EEOC case, windfall payments will be made to troublemakers and other employees who have no legitimate complaint against management of the company. Is it any wonder that our employees go crooked? We have almost ruined the "American way" of tying a man's pay to what he can produce. Under the rules, it's almost impossible to do. The government teaches them they can get something for nothing and the biggiest liars get the most. We are killing the bulwark of American success—"Productivity"—because we show people they can get something for nothing. The SFN drug is habit forming!

We spend a tremendous amount of time getting up information for the Federal Trade Commission and other government organizations. This is expensive for a low margin industry and is a continuing harassment. We find ourselves answering to the FTC, IRS, FDA, OSHA, the Department of Agriculture, the Department of the Interior and government agencies, ad infinitum.

Instead of passing new laws and investigating how a democracy works in an election (when we already know), why doesn't government delve into how the bureaucracy has botched up what you have already passed?

Seems to me we are headed for deep trouble unless:

1. We tighten down violently on spending.

2. Forget more "goodies" like National Health Plans until we can see our way out of the present dilemma.

3. Work diligently to make the new Budget Controls effective to see that we don't repeat past mistakes and to keep the bureaucracy reasonable via the purse strings.

4. Admit that as labor statistics are presently compiled a truly productive economy cannot be maintained with less than 5% unemployment—the no-shows, the dishonest and the misfits just make it so!

Sincerely,

JAMES E. DAVIS.

A WORD FOR GOLD

Schoolchildren 25 years from now may learn that inflation caused the great depression of the 1970's and '80's. To them it will be little more than something to memorize for a test, as the 1930's depression is to eighth graders today. If history shows us anything, it is that (1) it repeats itself, and (2) people never learn from it.

Most people think inflation can go on forever. The government has assured them it can. But throughout history, paper currencies, including ours, have become so inflated that one day they just weren't worth anything. Remember the Revolutionary War Continentals used for wallpaper?

Many economists now warn that the U.S. is reaching this point, and since it has exported its inflation all over the world, there will be no one left to pick up the pieces. Naturally, this hasn't happened overnight. It's been going on for 40 years.

To begin with, inflation can only be caused by government, since no one else prints money. The definition of inflation is simple: the supply of money increases faster than the supply of goods. The price of goods then goes up and money is worth less. So the government prints more money and the cycle repeats itself with redoubled energy. Inflation normally appears in the guise of credit expansion—the government sells newly printed treasury bills to the Federal Reserve Bank, ups the national debt, and the banks lend 12 times as much money to businesses and consumers.

Governments inflate because they want to spend more money than they can get from taxes. They resort to legal counterfeiting. Yet nobody wants to put on the brake until inflation is well under way. Even moderating the inflation rate causes a recession, as happened in 1969–70. So each administration blames the previous one for its problems and passes them on to the next. But its like musical chairs somebody has to get caught.

Inflation steals from everyone. It lessens the value of hard-earned dollars and redistributes wealth from creditors to debtors. Millions of people on long-term employment contracts or other fixed incomes lose, and inflation pushes all of us toward the top of the tax bracket. Business profits seem much larger than they really are, and equipment and plant replacement costs soar above original costs. Then comes the real crunch: banks start calling in business loans, businesses start closing their unprofitable operations, people lose their jobs, and prices rise even faster. The boom always ends in a bust; the magnitude of the disaster is proportional to the extent of the inflation. To try to postpone this, government then clamps on controls.

The only way to prevent or stop governments from printing too much paper money is to demand that it be exchangeable for a commodity which is scarce, universally acceptable, durable, portable and divisible. In a word: gold. Gold has been the most important medium of exchange between countries for 4000 years and is the free choice of people everywhere, not the edict of governments, as the measure of all money.

Gold is the traditional sanctuary in Europe, where generations have seen their life savings ruined overnight by runaway inflation. Most Frenchmen put their savings into gold coins and bullion. Gold ownership is legal there and almost everywhere else in Europe. But in the U.S., where the government doesn't recognize the value of gold and has managed to convince people that paper dollars are money, gold in other than numismatic forms is as illegel as heroin. Except for Australia, we have the lightest laws of all the major International Monetary Fund countries.

All over the world, peasants, shopkeepers, businessmen, domestic workers, clerks, doctors and every other class of people are daily choosing gold over paper currency on the free market. Consequently the price of gold and gold stocks is sky high. There is such a demand for gold that in this country, where you can only buy U.S. gold coins minted before 1961, and newly minted imports, an American $20 gold piece containing less than $180 of gold sells for $350. And in Japan, where supermarkets sell bullion in 16 ounce bars, demand has increased from 25 tons in April 1973, before was made legal, to 125 tons today.

All the while, political pressure in the U.S. has been so heavy that a bill has passed both the House and the Senate to legalize gold in all forms, whenever the President chooses. But he may never, because too many citizens would rush to cash in their dollars for gold.

Our government insists that gold is a relic of the past, even as it tightly clutches all it can. Since the founding of the International Monetary Fund at Bretton Woods in the late '40's, other countries have agreed to accept dollars at a fixed rate to their currencies, regardless of what the dollar was worth. At the same time, however, they were guaranteed the right to cash in dollars for gold. That's why the dollar was trusted. But in August, 1971, the U.S. reneged on its international agreements by refusing to exchange for dollars, and since then the dollar has had no effective backing for foreigners.

To protect themselves, other countries have also "floated" their currencies, inflating them in terms of gold. The demise of the dollar has also severely damaged U.S. political as well as economic credibility.

While the U.S. insists on maintaining a fictitious gold price of $42.22 an ounce, finance ministers of the European Economic Community have thumbed their nose at Washington by proclaiming themselves free to buy and sell gold at its free market price, currently $179. But, nobody's actually selling. Everyone's afraid to let go of any gold until the price stabilizes, so it is temporarily useless as a means of settling international trade accounts, and most countries are anxious to reach a new agreement on gold.

The consequences of the current inflationary spiral in the U.S. will be far more devastating than others have been. In the past, Americans had some of their savings in gold when the currency failed, and they traded in sound foreign currencies until order was restored. No more.

Here are some highlights of recent developments: (1) Foreigners hold over $70 billion in U.S. paper technically exchangeable for gold, but the U.S. has only $10 billion, which it won't pay. (2) There is three times as much U.S. money now in circulation as there was in 1945, but half as much in gold reserves. (3) Gold has almost tripled in price this last year, and some conservative experts see it jumping to $400 an ounce in another two years. (4) In the last 12 months, inflation rose at 9.4 percent.

Where will it all end? Who knows? The next development will probably be that the European Economic Community will revalue gold to its free market price, and the U.S. will be forced to follow suit, but for foreign exchange only. Our government might still inflate here until a cup of coffee costs $10. (In the '20's, Germans needed a wheelbarrow of money for a loaf of bread.)

The only way to *end* inflation is to (1) revalue gold to its free market price, (2) legalize it, and (3) make it exchangeable for dollars to everyone at a *fixed rate*.

Will this country ever have the wisdom and the strength to return to the only monetary system that history proves will work?

THE EROS PROGRAM: A PROGRESS REPORT

Mr. McGOVERN. Mr. President, 1 year has passed since the data center for the Earth Resources Observation Systems opened near Sioux Falls, S. Dak.

Utilizing information obtained by the Earth resources technology satellite—ERTS—and other sources, this data center is the hub of one of the most promising information collection and dissemination programs made possible by our society's advanced technology.

A report on the first year of operation was recently published in the Sioux Valley Electric magazine, the monthly publication of the Sioux Valley Empire Electric Association, which provides the electric power for the data center. I ask unanimous consent that the article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

ONE YEAR SINCE DEDICATION—EROS: ON THE MOVE TO SERVE THE WORLD

As eastern Minnehaha county farmers go about harvesting their grain, their "new neighbors" at the EROS Data Center are busy with another kind of harvest—producing thousands of pictures of earth.

The EROS Data Center, located amid the grain fields and farm land near Garretson, is embarking on its second year of operation with expectations of doubling its production of data. The center was dedicated a year ago on August 7.

"We've come a long way in the past year," says Allen Watkins, chief of the Data Center. "In fiscal 1975, we expect our total production will increase from 400,000 frames to 800,000. Dollar volume will probably be close to two million."

More employees are being added to meet the growing demands for data. The data center had 70 employees when it opened a year ago. Now, there are more than 300 and another 125 will be added over the next 12 months, according to Watkins.

The young energetic Watkins says EROS is reminiscent to him of the early days of NASA, for whom he worked 13 years. "We have a dynamic team of enthusiastic and dedicated people," says Watkins. "They like the challenge that's involved in a new and developing program."

The EROS facility is in full operation, processing data for industry, government and private citizens. It is the handling of data on a timely basis that is a prime concern to Watkins today. "Like any new organization, we have had our growing pains," explains Watkins. "At first, we just couldn't keep up with the orders for information. At one time, we had a six-month backlog."

Now, even though volume is steadily increasing, the center is meeting orders within two to three weeks. "We want to improve on this further by doing more processing with computers," says Watkins. "Computer tapes, rather than photographs, are faster to process and easier to use by many of our customers."

EROS, a part of the U.S. Interior Department's Geological Survey, is still classified as an experimental program and, therefore, is basically research-oriented at the present time. Efforts are underway, including legislation sponsored by Sen. James Abourezk, to give the program an ongoing operational status. "If we achieve this goal, we must gear the system so that industry and other users will have timely information on a continuing basis and in a format that can be used to make decisions," says Watkins.

Direct reception of the ERTS data from the satellite, rather than the delayed shipment of the data from a receiving station in Maryland, is a major requirement for providing more timely data. As Watkins points out, the Sioux Falls area was selected primarily because of its advantageous mid-continent location for receiving data direct from the satellite around-the-clock. This would involve installing a large antenna to receive the images transmitted by the ERTS satellite. The present Maryland-to-Sioux Falls shuttle delays the data approximately 30 days.

A second ERTS satellite is scheduled to be launched in February, 1975, says Watkins. "It's very important, of course, that the satellite program be continued or we will not have current data. ERTS-1 is already past its life expectancy, and it has performed impressively. ERTS–2 and future satellites are obviously vital to the EROS program."

Watkins says that the five million or more frames of data housed in the EROS facility contains information of vital interest to industry, agriculture, governments and managers of our natural resources. But, he stresses, the data alone is only a tool.

For example, EROS information from the ERTS satellite, orbiting earth 14 times a day, can be used to determine the amount of wheat crops in the world, thus enabling government and agriculture to translate this data into better marketing decisions. International marketing is very important to farm income today, and agricultural leaders can use this EROS data as a tool in their decision-making.

Watkins expresses hope that more money will be spent in distributing and applying EROS information. "A very small percentage of the total national earth resources budget is spent in application of the data. We should come up with a more balanced program," says Watkins. He feels that managers of our national resources, industry and others need more assistance in applying the data that EROS can provide.

On two different fronts: first, to help underdeveloped nations properly develop and utilize their natural resources; secondly, to enable the United States to make more sound decisions for management of its resources and technological development.

EROS is a huge storehouse of knowledge, a library of the world's natural resources, in addition to having one of the world's largest photo labs. Visitors from around the world come here to study. A workshop was recently conducted for scientists from 22 different countries. Watkins estimates that over 1,000 international visitors have been to the facility since it was dedicated a year ago.

Thousands of other visitors—from South Dakota and most every state—have toured the center. Tours are now conducted daily—at 10:30 a.m. and 2:30 p.m.—for casual visitors. Special tours are also available for larger groups, schools and organizations.

EROS is making a big economic impact on the Sioux Valley area. When you consider the dollars spent by visitors to the center and add the $3 million annual payroll and the property taxes estimated at over $100,000, you have a staggering figure. The current annual budget to run the complex is pegged at $7.5 million. The total impact on the area is well over $10 million.

Another significant sidelight is that many of the EROS scientists and other professional people are native South Dakotans who have left the state and now have returned. "I'd guess that 40 to 50 of our professional staff are people originally from this area who have returned because they prefer to live here," notes Watkins. "EROS provided them the opportunity to do the type of work they are trained to do and so they have come back to their home area."

Of the total EROS employee list, about 80 per cent were recruited from the local area and 20 per cent were brought in, says Watkins. Of the 125 new people to be added this year, about 75 will be scientists and others brought in from other areas.

Watkins, a Virginia native, thinks South Dakota is a "super place for family living." "I love the area, it's highly family oriented and just a great place to raise kids. I'm also amazed at the way the people and community leaders work together to help get things done." While many of the EROS employees live in Sioux Falls, others reside in a host of surrounding communities and rural areas, some commuting 40 to 50 miles one away.

Watkins is optimistic about the future of EROS and feels strongly that the future benefits it can give to the world are virtually unlimited. One year after dedication of the center, he sums it up this way: "We're off to a good start, and looking forward to exciting, challenging years ahead."

EROS BIGGEST USER

The EROS Data Center is by far the biggest user served by Sioux Valley Electric, averaging almost three times the kilowatt hour use of the next largest. Monthly consumption by all-electric EROS facility is the equivalent load of some 300 farms on the SVEEA system. EROS may become an even bigger user as plans are under study now for future expansion of the data center.

CYPRUS

Mr. ROTH. Mr. President, I am deeply concerned about the serious situation that has developed on Cyprus. Rather than negotiate, Turkey resumed its drive to secure the northern part of the island and bombed Nicosia and other cities. Even during the cease-fire, Turkish forces had expanded the territory under their control, causing additional wanton bloodshed. The conciliatory gestures made by Greek Cypriot authorities in withdrawing the Cypriot national guard from Turkish enclaves apparently were totally disregarded.

The withdrawal of Greece from the NATO military command is a very serious loss for NATO. It is a loss which may have serious repercussions for the security of the United States. But it represented the only way in which the Greek Government could demonstrate to its allies how seriously it regarded the situation on Cyprus and put pressure on the other NATO countries to do something to check Turkish advances.

Our Government has played a backstage role in this crisis, preferring to leave the initiative to the British Government which is one of the guarantors of Cypriot independence. It is imperative that we change our policy and show firm resolve and leadership to bring about a halt in the fighting and the withdrawal of Turkish troops from the island.

I was pleased with the Department of State's forthright condemnation of Turkey's resort to force yesterday. It must now be followed by a clear statement of our objectives and by affirmative, diplomatic action to achieve those objectives. There must be no doubt that

America stands for equal justice for all nations—large and small—and that America opposes the rule of might makes right in international relations.

Our first objective should be to secure the immediate withdrawal of all foreign forces from the island. To secure this objective, we should not hesitate to halt all military assistance and sales to Turkey. No lasting peace can be made in Cyprus under the barrel of a gun.

Our second objective should be to seek the return of Greece to full participation in NATO and to take other actions which will help to strengthen the new, democratic Government of Greece. These actions are essential to maintain the effectiveness of NATO and to strengthen the bonds of friendship between the United States and Greece.

Our third objective should be to work out an arrangement to provide for justice, self-determination, and freedom from foreign intervention for the people of Cyprus.

The achievement of these goals presents a formidable challenge to our diplomacy. In many ways, the situation on Cyprus is even more complex and intractible than the situation in the Middle East. But I do not regard it as hopeless. The success of our Middle East diplomacy gives me encouragement that we can also bring an end to the bloodshed on the little island of Cyprus if we give the highest priority to the seeking of a permanent peace and throw the full weight and prestige of our diplomacy behind an effort to secure the immediate withdrawal of all foreign forces.

TORNADO WARNING SYSTEM

Mr. HUMPHREY. Mr. President, an article in the June 13 issue of the Los Angeles Times reveals the inadequacy of this country's tornado warning system. The article, entitled "Tornado Alert System—Slow and Outdated," and written by Bryce Nelson, points out that many lives could be saved if adequate warning of a coming tornado were received in time.

A June 10 Los Angeles Times article by Mr. Nelson, "Tornadoes Striking More Often, With the South a Major Target," describes how the pattern of tornadoes has changed in this country. As the number of tornadoes increases, we are faced with a real problem: Mobile homes are 20 times as dangerous in a tornado as a conventional home.

Weather service officials say that if people are given a few minutes warning they can find shelter, for instance in a basement, and that most people who are able to get to suitable shelter escape death.

But too often the tornado alert system simply does not get out the warning fast enough. There are delays in each step of the process. Our current alert system is not nearly as good as what we are capable of providing.

According to Mr. Nelson:

> For several million dollars tornado warnings could be greatly improved.

The amount of money involved is not going to bankrupt this country, and the benefits it would bring are enormous.

Mr. President, I ask unanimous consent that the text of these excellent articles be printed in the Record.

There being no objection, the articles were ordered to be printed in the Record, as follows:

[From the Los Angeles Times, June 13, 1974]

Tornado Alert System—Slow and Outdated

(By Bryce Nelson)

Kansas City, Mo.—At 5:10 p.m. last Thursday the National Weather Service office in Memphis received word on a tornado at Forrest City, Ark., and moved as fast as it could to put out a tornado warning.

At 5:15 the message went out over the bureau's teletype equipment. To reach the Arkansas weather wire, which would transmit it to the radio and television stations that could have given the alarm, the warning had to be retransmitted at the Little Rock station. That takes two or three minutes.

At 5:17—before the message could be delivered—the tornado lifted at Forrest City. It had killed four persons.

This year, the worst for tornado deaths since 1953, weather service meteorologists are saying that tornadoes are increasing in severity as well as frequency, but that little is being done to improve the old-fashioned communications system that attempts to give the public warning.

And, they say, the system is considerably inferior to what existing technology could provide.

Money, of course, is a main problem in building a better alert system. But a better system need not cost vast sums, according to a number of weather experts. For several million dollars tornado warnings could be greatly improved.

Nonetheless, Congress, the executive branch, local governments and many private broadcasting stations have shown little sustained interest in developing such a system—one that might well have saved some of the lives taken by tornadoes on April 3.

What happened in Brandenburg, Ky., on April 3 is perhaps more disturbing, and more illustrative of the problem, than the incident at Forrest City last week.

Only a few persons in Brandenburg got the warning that a tornado was heading their way, and 31 of the town's 1,630 inhabitants died when it struck at 4:07 p.m.

That tornado had been seen at Hardinsburg, Ky., at least 5 minutes earlier. The Hardinsburg radio station broadcast the news, then called the weather service office in Louisville at 3:45 p.m.

The weather service, which alerts radio and television stations to approaching tornadoes over a subscription weather wire, moved its alert about 4 p.m.—15 minutes after getting the report from Hardinsburg.

Weather service officials agree that even five minutes is too long to take getting the word out after a tornado is sighted, but they say it is impossible to get it out in less than five minutes.

And in the case of Brandenburg, even better equipment at Louisville would not have helped. WMMG, Brandenburg's only radio station, did not subscribe to the weather wire. The station had been approached by the Louisville weather service office about a subscription several times, but said it could not afford the cost.

The Associated Press finished moving the tornado alert issued by the Louisville weather service office about 4:09 p.m., that helped alert Louisville, which was hit a half hour later, but the AP warning was not out in time to help Brandenburg.

And in any case, the Brandenburg station has only a United Press International wire. Understaffed on that day, with only one person on duty, the Louisville UPI office did not transmit the warning. The UPI tickers were moving national news during that period, and the Louisville office cannot "split off" to broadcast local emergency information without getting permission from UPI's Columbus, Ohio, office. The sole UPI staffer, besieged by many telephone calls about the storm, did not call Columbus.

At about 4:05 p.m., a man in Irvington called the Brandenburg radio station to say that a tornado was on the way. An employe went out of the windowless station and saw the huge funnel whooshing toward him across an open field. He rushed back into the station and broadcast the news for a minute or so before the power went off. Shortly after 4:07, by the station's smashed clocks, the tornado destroyed much of the building.

Since then, WMMG has laid aside budgetary considerations and has agreed to invest $100 for a weather wire machine and $5 a month for the telephone line necessary to receive the wire directly. (The weather service pays for all trunk line charges; all the station must pay for is a local telephone line and paper.

"I'm a believer in the weather wire now," said station manager Mark Strauss, who admits the station should have subscribed earlier. But about two-thirds of Kentucky's radio and television stations still do not subscribe, even though more than 70 Kentuckians died in the April 3 tornados. The Kentucky situation—a majority of stations nonsubscribers—is duplicated in most states in the "tornado belt."

John Burke, chief meteorologist at the Louisville weather service station, had the hectic responsibility on April 3 of issuing tornado warnings for his state. His uncle and aunt died in the tornado that hit Brandenburg. "It shakes me up that we weren't able to get to more people," Burke said. "Our job is to blow the whistle, not to carry the buckets, but it still shook me up."

Weather service officials say a few minutes warning can enable people to find shelter in basements and elsewhere, and that the great majority of those who find suitable shelter escape death.

On April 2 and 3, the weather service was able to provide tornado "watches" to most affected areas. (Tornado "watches" are an indication that conditions are present in which tornados can form.) The weather service also provided the more urgent tornado "warnings," which are given only after visual or radar sightings of tornados.

Weather service officials believe that such warnings probably saved hundreds of lives on April 3, but the death toll of 330 still was the greatest for one day since March 18, 1925, when tornadoes killed 740 persons.

In addition to the often unavoidable delays in tornado warnings sent out over the weather wire, and the failure of many stations to subscribe, several other deficiencies were illustrated by the events of April 3:

Obsolete communications within the weather service. "The thing that bugged me was how taxed our communications were on April 3," said Richard E. Hallgren, deputy director of the National Weather Service, "I thought they were going to break."

Lack of auxiliary power sources for weather service equipment. The Covington (Ky.) weather service radar, which serves the Cincinnati area, was out of operation for three hours. Power surges made the Louisville radar inoperative for periods up to five minutes. The Lexington (Ky.) weather service office was without power for seven hours.

Lack of weather service radar installations in many key cites, such as Columbus, and Springfield and Peoria, Ill.

Lack of special VHF-FM radio weather service in most parts of the Midwest and South.

Failure of some radio and television stations to give urgent tornado warnings sufficient emphasis. In some cases the warnings were sandwiched between records and commercials.

Lack of public knowledge that mobile

homes should be tied down, and the lack of legislation to require it. "You're 20 times as likely to be killed in a mobile home as in a conventional structure," one weather service official said.

Lack of warning sirens. James E. Holland, a Midwestern director of the Civil Defense Preparedness Agency, estimated that only 10% of the towns and cities in his multistate area have an adequate siren system.

Failure of citizens in many areas to understand the difference between tornado "watches" and the more urgent tornado "warnings." The rural town of Guin, Ala., was one of the communities hardest hit on April 3. Not one Guin resident interviewed by the weather service was able to distinguish between the two.

Lack of a disaster plan in most communities, especially those in the northern states that are less frequently hit by tornadoes. The school system in Xenia, Ohio one of the cities hardest hit April 3, had never conducted a tornado drill.

"Not 1% of the schools in the tornado belt conducts a tornado drill, even though we believe that tornadoes are more of a hazard to schools than fires," said Allen D. Pearson, head of the weather service's National Severe Storms Forecast Center in Kansas City.

Pearson, 48, a 1946 UCLA graduate sometimes called "Mr. Tornado," has visited scenes of devastation, but he has never witnessed a tornado, despite nine years as head of the Severe Storms Forecast Center.

Pearson wants the weather wire put on a cathode ray tube system so that tornado warnings can be transmitted instantaneously to the police, to civil defense offices and to radio and television stations. "The teletype is horse and buggy," he said.

The National Weather Wire was designed to transmit routine weather information, he said, rather than warnings which should be disseminated immediately.

Hallgren, the deputy director who only recently came to the weather service, said he had wondered before joining it "why the weather service was so cheap, why it had to nickel-and-dime it across the country . . .

"Our communications system isn't the best," he said. "It's really a hodgepodge . . . a guy in a weather station spends 25% to 30% of his time tearing off teletype copy."

But, Hallgren said, the weather service hopes to change all this. He said he plans to help prepare bigger budget requests and try to get them approved.

Weather service officials hope to reduce the time it takes to report a sighting through the installation of Automation of Field Operations and Services (AFOS), an all-electronic system for communications, data storage, data display and forecast dissemination. Under present budgetary plans, however, AFOS cannot be completely deployed for several years.

Outside observers do not blame the weather service for its deficiencies in communicating information quickly. "The weather service is doing a good and conscientous job with rather severe budgetary restrictions," said Sen. Thomas F. Eagleton (D-Mo.). "With more money and more sophisticated techniques they could do more."

Asked why there was so little interest in Congress in improving the national tornado warning system, even in the wake of the April 3 tragedies, an aide to the House Committee on Science and Astronautics replied: "Congress has matters that are more pressing."

Said Jack Lewis, a legislative assistant to Eagleton: "Congress views the tornado as an act of God where even the Congress can't intervene."

[From the Los Angeles Times, June 10, 1974]

TORNADOES STRIKING MORE OFTEN, WITH THE SOUTH A MAJOR TARGET

(By Bryce Nelson)

KANSAS CITY.—Tornadoes have been increasing in frequency in the United States in recent years, Allen D. Pearson, head of the National Weather Service's severe storms forecast center here, says.

About 370 persons have been killed by tornadoes this year, which makes 1974 the worst year in tornado fatalities since 1953, when about 575 persons were killed.

On the average, tornadoes kill 120 persons a year in the United States. Last year was a record year for tornado activity, with 1,107 counted across the country.

At least 18 persons were killed, hundreds injured and property worth millions of dollars was destroyed Saturday when tornadoes struck several towns in Oklahoma and Kansas.

Saturday's tornadoes illustrated the particular vulnerability to damage of many residents of the Midwest and South living in mobile homes. Most, of those killed Saturday in Emporia, Kan., were mobile home residents.

"You're 20 times as likely to be killed in a mobile home as in a conventional structure," Pearson said.

Pearson and other National Weather Service tornado experts have urged legislation to require the tying down of all mobile homes to better protect them from tornadoes and other high winds.

Although Great Plains states, such as Kansas and Oklahoma, which were hit hard by Saturday's twister, often are associated with tornadoes, Pearson points out that the Southern states have had a dramatic increase in tornado activity in the last decade.

"The South has a real problem," he said.

Pearson's study of the center's data indicates that the number of tornadoes in the Texas Panhandle has doubled since 1965. It has increased by about 75% along the Gulf Coast from Biloxi, Miss., through Pensacola, Fla., and in the area of central Florida around Tampa and Orlando.

In the area of Arkansas, Tennessee, northern Mississippi, and Alabama, Pearson said, tornadoes have increased by about 20% since 1965.

Four persons were killed Thursday night when a tornado hit Forrest City, Ark. The twister was followed by a storm system that dumped 13 inches of rain in 24 hours, and four persons drowned in the state. President Nixon declared it a major disaster area.

Pearson said he did not know why the major tornado zone seemed to have shifted southward. Some meteorologists link it to a change in sea surface temperatures in the eastern Pacific and a change in the world's wind patterns, he said. One has linked the shift to increasing air pollution, which he says has decreased sunlight and, consequently, temperatures.

Although tornadoes strike in some other nations, such as Japan and Australia, they occur with greatest frequency and violence in the United States.

The area characterized by the most intense tornadoes is the region within a 400-mile radius of Memphis, including the lower Ohio River Valley, Pearson said. Forrest City is about 30 miles west of Memphis.

Pearson speaks with fear and respect of the force of "the Memphis tornado."

He has nothing good to say about tornadoes. "Most weather has a useful purpose. A severe thunderstorm or hurricane produces rain. I can't see any benefit from a tornado," he said.

However, he does note that years in which the United States has had extensive tornado activity are usually years in which the country is not damaged by hurricanes.

The weather conditions for tornadoes are most prevalent in the spring, from April to mid-June. Especially in the Northern states, they are most common late on a sultry afternoon, often from 3 p.m. to 7 p.m., such as occurred Saturday in Oklahoma and Kansas.

In the Southern states, however, tornadoes often occur in the middle of the night or in the early morning, Pearson said.

The tornado that hits in the middle of the night is especially deadly, because persons are much less likely to be alerted to its coming by radio, television or the noise of the tornado itself. Pearson noted that the increased use of air conditioning also blocked out the sounds of an oncoming tornado.

"The storm that hits at night gives us the worst time," he said. He recalled the tornado that hit Hazelhurst, Miss., in 1969 at 4 a.m. without warning, killing 32 persons.

Pearson is especially concerned about tornado danger in the South because of the housing conditions there. He pointed to the lack of basements in many Southern homes, the often less sturdy construction and the flatness of the land.

"And mobile homes, that's our great problem. You find them all over the South," he said.

He noted that many of the rural Southern areas most subject to tornadoes were economically disadvantaged areas. "Frankly, the quality of the warning system a community has in this country often depends on money, and the per capita income is higher in the North."

The National Weather Service often has to fight many myths in trying to persuade a community to plan to meet tornado situations. One myth is that a tornado cannot strike twice in the same place.

The fact is, Pearson noted, that Huntsville, Ala. has been hit by tornadoes six times in the last year. Oklahoma City, which was hit again Saturday, has been struck by twisters approximately 30 times since 1892. Austin, Tex, was hit twice in one day in 1922. Codell, Kan. was hit by tornadoes on May 20 in three consecutive years.

Pearson said that tornadoes sometimes were reported in places not usually regarded as tornado areas—such as southern Arizona and Southern California. He says the tornadoes that strike regions like Orange and Los Angeles counties are "minitornadoes," about one-fiftieth the strength of the "maxitornado" that can wreak havoc in the Midwest or South.

PRESIDENT FORD'S CANDOR AND HUMILITY PROVIDE A REFRESHING PROSPECT FOR COOPERATION BY CONGRESS AND THE PEOPLE CITES CHARLESTON GAZETTE EDITORIAL

Mr. RANDOLPH. Mr. President, 3 weeks ago, this Nation seemingly tottered on the brink of paralysis as the Congress prepared, for the second time in our history, to judge the fitness of a sitting President. Gloomy predictions of a painful and protracted Senate trial divided a Nation mired deeply in an economic and political morass. Our very system of government was on trial, and there were openly expressed doubts that the American dream of universal opportunity could survive.

Today, there is an almost miraculous transformation in the American spirit and in the national outlook for the months ahead. The inauguration of President Gerald Ford has given the American people and the national economy a psychological lift. We have once again begun to trust ourselves as a Nation. The gulf that existed between people and their Government has been narrowed. We have renewed our trust in ourselves as a free people and in our Creator as a protector of our liberty.

The swiftness of this bloodless revolution and the abrupt restoration of balanced responsibility and shared power has won approval throughout the world. I believe the whole matter of Watergate and the subsequent resignation of former President Richard Nixon was summed up in the incredulous comment of a cab driver in South America, quoted by Time magazine: "How can it be so?" he asked. "How can you get rid of a President without a tank?" The cataclysmic events of the past few days has demonstrated to the world that democracy can work, if the press and the people and their elected representatives are responsible and eternally vigilant.

President Ford, in addressing the American people after taking the oath as the Nation's 38th President, commented:

> I believe that truth is the glue that holds government together, not only our government, but civilization itself. That bond, though strained, is unbroken at home and abroad. In all my public and private acts as your President, I expect to follow my instincts of openness and candor with full confidence that honesty is always the best policy in the end.

And he expressed the humility and the faith of a man who knows human frailty, when he concluded:

> I want to be a good President. I need your help. We all need God's sure guidance. With it, nothing can stop the United States of America.

How refreshing are these words, and how believable from a man like Jerry Ford. Our new President and I have been personal friends since 1947, 1 year before his election to the Congress. It was my privilege to address a junior chamber of commerce meeting at Grand Rapids, Mich., that year, honoring the organization's "Young Man of the Year." I had studied the background and record of the honoree, Gerald R. Ford, and during my remarks, I commented, in offhanded praise, that "he might go to the White House." Last October, when Mr. Ford was nominated as Vice President, I had greeted him and he recalled what I had said and named the year—1947. I claim no powers of prediction, but I am extremely gratified it turned out the way it did.

Plain-speaking and straight-talking Gerald Ford is a fine American, a seasoned legislator, and a capable and courageous public servant. He brings to the Presidency a commitment of high purpose, an awareness of the need for calmness and cooperation in this country, not only between the branches of Government, but within the understanding of the American people as a whole.

His two major addresses to the Nation since August 9 have given us a gratifying glimpse of the President's insight into the basic problems that disturb most Americans. On the following day, the Charleston (W. Va.) Gazette correctly termed President Ford's straight talk the "right tonic for the Nation."

In a warmly worded editorial—the Gazette commented:

> This republic, which produced a Washington, a Jefferson, a Lincoln, a Roosevelt, a Truman in other times of peril, has now produced a man of honesty at a time when the greatest need is a restoration of the nation's moral values.

Mr. President, we can be a country of unity without uniformity either as to party affiliation or individual effort. There are valid differences between the House and Senate and the Chief Executive. We have the opportunity to take these differences and mold them into meaningful programs for the common good. President Ford faces not only new challenges but an accumulation of lingering problems. He deserves cooperation in carrying forward national policies, but he will not expect unthinking adherence. The country and this Congress has heard an earnest appeal for unity and cooperation in solving our domestic and international problems. His appeal for solidarity, as against partisanship, is a challenge to all of us who have survived this recent period of national trauma with values intact to work with understanding toward reasoned programs to strengthen our economy, and ourselves as a united people.

Mr. President, I ask unanimous consent that the editorial be printed in the RECORD, as an example of the understanding that can be achieved through that centuries-old standard, "Honesty is the best policy."

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

FORD'S STRAIGHT TALK RIGHT TONIC FOR NATION

> Gerald R. Ford, addressing the American people after taking the oath as the nation's 38th President, said precisely what needed to be said:
>
> "I feel it is my first duty to make an unprecedented compact with my countrymen. Not an inaugural speech, not a fireside chat, not a campaign speech. Just a little straight talk among friends. And I intend it to be the first of many.
>
> "I am acutely aware that you have not elected me as your President by your ballots. So I ask you to confirm me as your President with your prayers. And I hope that such prayers will also be the first of many.
>
> "If you have not chosen me by secret ballot, neither have I gained office by any secret promises. I have not campaigned either for the presidency or the vice presidency. I have not subscribed to any partisan platform. I am indebted to no man and only to one woman—my dear wife—as I begin this very difficult job.
>
> "I have not sought this enormous responsibility, but I will not shirk it. Those who nominated and confirmed me as vice president were my friends and are my friends. They were of both parties, elected by all the people, and acting under the Constitution in their name. It is only fitting then that I should pledge to them and to you that I will be the President of all the people.
>
> "Thomas Jefferson said the people are the only sure reliance for the preservation of our liberty. And down the years Abraham Lincoln renewed this American article of faith, asking: 'Is there any better way for equal hope in the world?'
>
> "I intend, on next Monday, to request of the speaker of the House of Representatives and the president pro tempore of the Senate the privilege of appearing before the Congress to share with my former colleagues and with you, the American people, my views on the priority business of the nation, and to solicit your views and their views. . . .
>
> "Even though this is late in an election year, there is no way we can go forward except together, and no way anybody can win except by serving the people's urgent needs. We cannot stand still or slip backwards. We must go forward, now, together.
>
> "To the peoples and the governments of all friendly nations, and I hope that could encompass the whole world, I pledge an uninterrupted and sincere search for peace. America will remain strong and united, but its strength will remain dedicated to the safety and sanity of the entire family of man as well as to our own precious freedom.
>
> "I believe that truth is the glue that holds government together, not only our government, but civilization itself. That bond, though strained, is unbroken at home and abroad. In all my public and private acts as your President, I expect to follow my instincts of openness and candor with full confidence that honesty is always the best policy in the end. . . ."
>
> These words—coming in the aftermath of a period in which a promise of an "open administration disintegrated into a conspiracy of lying, spying, secret plotting, dirty tricks, and a cynical disregard for truth and honesty—are like a breath of fresh air.
>
> Gerald Ford spoke with humility and sincerity. He gave the nation what it needed after surviving a most severe threat to its democratic institutions—straight talk.
>
> We're confident Gerald Ford is a man of his word. He may not be a great President, but he is a man for the times. This republic, which produced a Washington, a Jefferson, a Lincoln, a Roosevelt, a Truman in other times of peril, has now produced a man of honesty at a time when the greatest need is a restoration of the nation's moral values.
>
> He has our full support.

BUDGET COMMITTEE RULES

Mr. MUSKIE. Mr. President, on August 13, the Committee on the Budget conducted an organizational meeting. At that meeting the committee adopted rules of procedure. In accordance with the rules of the Senate, I ask unanimous consent that the rules of procedure of the Committee on the Budget be printed in the RECORD.

There being no objection, the rules of procedure were ordered to be printed in the RECORD, as follows:

RULES OF PROCEDURE FOR THE COMMITTEE ON THE BUDGET

I. MEETINGS OF THE COMMITTEE

1. The Committee shall hold its regular meeting on the first Thursday of each month.

Additional meetings may be called by the Chairman as he deems necessary to expedite Committee business.

2. Each meeting of the Committee on the Budget of the Senate, or any subcommittee thereof, including meetings to conduct hearings, shall be open to the public, except that a portion or portions of any such meeting may be closed to the public if the Committee or subcommittee, as the case may be, determined by record vote of a majority of the members of the Committee or subcommittee present that the matters to be discussed or the testimony to be taken at such portion or portions—

(a) will disclose matters necessary to be kept secret in the interests of national defense or the confidential conduct of the foreign relations of the United States;

(b) will relate solely to matters of the Committee staff personnel or internal staff management or procedure;

(c) will tend to charge an individual with crime or misconduct, to disgrace or injure the professional standing of an individual, or otherwise to expose an individual to public contempt or obloquy, or will represent a clearly unwarranted invasion of the privacy of an individual;

(d) will disclose the identity of any informer or law enforcement agent or will disclose any information relating to the investigation or prosecution of a criminal offense that is required to be kept secret in the interests of effective law enforcement; or

(e) will disclose information relating to the trade secrets or financial or commercial information pertaining specifically to a given person if—

(1) an Act of Congress requires the information to be kept confidential by Government officers and employees; or

(2) the information has been obtained by the Government on a confidential basis, other than through an application by such person for a specific Government financial or other benefit, and is required to be kept secret in order to prevent undue injury to the competitive position of such person.

II. QUORUMS

1. Eight members shall constitute a quorum for reporting legislative measures or recommendations; provided, that proxies shall not be counted in making a quorum.

2. For the purpose of taking sworn or unsworn testimony a quorum of the Committee and each subcommittee thereof, now or hereafter appointed, shall consist of one Senator.

III. PROXIES

When a record vote is taken in Committee on any bill, resolution, amendment, or any other question, a majority of the members being present, a member who is unable to attend the meeting may submit his vote by proxy.

IV. HEARINGS AND HEARING PROCEDURES

1. The Committee, or any subcommittee thereof, shall make public announcement of the date, place, time and subject matter of any hearing to be conducted on any measure or matter at least one week in advance of such hearing, unless the Committee, or subcommittee, determines that there is good cause to begin such hearing at an earlier date.

2. A witness appearing before the Committee, or any subcommittee thereof, shall file a written statement of his proposed testimony at least one day prior to his appearance, unless this requirement is waived by the Chairman and the ranking minority member, following their determination that there is good cause for failure of compliance.

V. COMMITTEE REPORTS

1. When the Committee has ordered a measure or recommendation reported, following final action the report thereon shall be filed in the Senate at the earliest practicable time.

2. A member of the Committee who gives notice of his intention to file supplemental, minority or additional views at the time of final Committee approval of a measure or matter, shall be entitled to not less than three calendar days in which to file such views, in writing, with the chief clerk of the Committee. Such views shall then be included in the Committee report and printed in the same volume, as a part thereof, and their inclusion shall be noted on the cover of the report. In the absence of timely notice, the Committee report may be filed and printed immediately without such views.

DEVOTED MEN AND WOMEN IN THE NIXON ADMINISTRATION

Mr. HUGH SCOTT. Mr. President, David Broder's Sunday column in the Washington Post is a reminder that there were many men and women of great integrity and capability who worked in the Nixon administration—people who really devoted themselves heart and soul to serving the country.

As we make this transition from one administration to another, we would do well not to lose sight of this fact. Broder suggests that what these outstanding public servants need now is compassion, not stigma. I concur heartily with this evaluation, but I would add that they also deserve our thanks.

I ask unanimous consent that David Broder's column be printed in the RECORD.

There being no objection, the column was ordered to be printed in the RECORD, as follows:

THE "NIXON PEOPLE"

(By David S. Broder)

This has been a grim week for many people in Washington, but particularly for those men and women who worked in Richard Nixon's White House during the past five years.

Some were still there on Monday, when the President belatedly admitted that he had kept from them, and from his lawyers and from his congressional defenders and from the American people, the full truth about his involvement in the Watergate cover-up. These men and women looked ruin in the face right along with him, and felt the added pain of betrayal.

Others were working elsewhere—some of them having left the President's service by their own choice and some of them having been driven out by others who, in their arrogance, had convinced Mr. Nixon that the exiles were not "team players" by the peculiar standards of fitness those formerly mighty presidential aides chose to define.

Wherever they were and however they had come there, last week these men and women shared a common burden—the knowledge that for the rest of their lives, they would always be identified as "Nixon people."

For them, there is a special irony in the title of Carl Bernstein's and Bob Woodward's fine best-seller about the Watergate case. "All the President's Men." They know—if no one else does—that it was only a handful of the President's men and none of the President's women who were responsible for the scheme that brought their administration to ruin.

And they know, with a special poignance that no outsider can fully share, that it need not have been.

"What I still can't understand," said a presidential aide seated in a West Wing office at mid-week, "was how such stupidity and such superb accomplishment could exist side by side for so long."

Those who were still working for Mr. Nixon this week, when the roof caved in on their last hopes that the evidence might somehow exonerate him, face problems in the future as difficult as the task of rationalizing the past. "Face it," one of them said, "this address is not exactly the best reference to give your prospective employer."

But those who covered the White House during the years of Richard Nixon know that there was as much devotion and dedication to public service in that building as there has been in past administrations. And the historical record would be more than incomplete—it would be grossly distorted—if those guilty of the grossest arrogance and abuse of power in the Nixon White House were allowed to stain the reputations of those who set a far different standard for themselves.

Any reporter who worked there could do what I have done just these past few minutes: jot down on a piece of paper the names of those he admires for their work for Mr. Nixon and the country.

The problem is that any list is partial and prejudiced—and there is a danger that those omitted may be damaged unwittingly by the implication that somehow they are less deserving of praise. But let me take that risk and enter the blanket disclaimer that those mentioned here are exemplars of many more who served their country well in the Nixon White House.

One thinks of those like Bob Ellsworth and John Sears, who joined the Nixon cause in the mid-1960s, when there were more risks than rewards in doing so, and were rewarded for their loyalty by being exiled early from the White House by men who were not their moral or intellectual peers.

One thinks of Bryce Harlow and Mel Laird and Herb Klein and Bob Finch and John Davies and Jim Keogh and John Whitaker, friends and associates of Mr. Nixon long before his White House days, who somehow were elbowed away from influence in the Oval Office.

One thinks of the congressional liaison staff, of Bill Timmons and Ken BeLieu, and Dick Cook and Gene Cowen, of Bill Gifford and Max Friedersdorf and Tom Korologos, men who earned the respect of the lawmakers with whom they worked, despite their constant uphill battle for recognition within their organization.

One thinks of the domestic policy staffs from Pat Moynihan and Steve Hess and John Price through Ken Cole and Ed Harper and Lew Engman.

One thinks of the writers, like Lee Huebner and Ray Price, and the lawyers, like Len Garment and Fred Buzhardt, and of politicians, like Harry Dent and Bill Baroody and Jerry Jones and Anne Armstrong—who put in every bit of their effort and ability, but did not park their consciences at the door.

One thinks of Jerry Warren, suffering with few complaints in the no-man's-land of the war between the press corps and the President, but unfailingly courteous and patient in his own dealings.

He and many others not mentioned here deserve far better than they got. They worked their hearts out for the President, and it is sympathy—not a stigma—they are entitled to now.

KIDNEY DISEASE QUESTIONNAIRE—IV

Mr. HARTKE. Mr. President, there will be much discussion in the coming weeks about national health insurance. I believe in the need for a national health insurance program, and I also believe that we should not delay in adopting one.

At the same time, we must not ignore

the experience of the one limited catastrophic health insurance program which exists in this country. I refer to the end-stage renal disease program under medicare, which was established as a result of an amendment sponsored by the distinguished Senator from Louisiana (Mr. LONG) and myself.

Kidney disease is the third largest killer of Americans. It was in recognition of that fact, and the fact that the technology existed to save many of those lives, that Congress enacted the kidney disease program. That program provides assistance to people of all ages. We must look to its operation to learn from its mistakes before we embark on any national health insurance program.

On three previous occasions, I have entered into the RECORD the responses of hospital associations and hospital administrators to a questionnaire I sent out in March of this year asking for information about problems they were experiencing with the kidney program. My concern was based upon reports that many patients were worse off under the program than they had been without it.

I am happy to say that the situation looks much brighter today than it did a few months ago, but that does not negate the fact that there are lessons to be learned from the first year of operation of the program.

Mr. President, I ask unanimous consent that the fourth portion of responses to my questionnaire on kidney disease be printed in the RECORD at this point.

There being no objection, the responses were ordered to be printed in the RECORD, as follows:

NORTHWEST KIDNEY CENTER,
March 22, 1974.

Mr. JOHN BIGELOW,
Executive Vice President, Washington State Hospital Association, Seattle, Wash.

DEAR MR. BIGELOW: Thank you very much for your letter and the questions from Senator Vance Hartke.

I am enclosing for you a listing of some of the problems as I saw them some three weeks ago. I would stress that this memorandum was written in February and that the specific problems for the Kidney Center—A, B and C—have now been dealt with as our exception request has been agreed to.

In answer to some of the specific questions raised by Senator Hartke:

We are currently responsible for 343 patients. 103 of these have been transplanted and 203 are on home dialysis. 6 patients are being trained for home dialysis and at the present time, 31 patients are being dialyzed in the Center. Many of these latter will be trained for home dialysis or transplanted in the near future. This program serves Western Washington State with the exception of those patients who are V.A. eligible.

Washington State has a good history with regard to a state program supplementing federal benefits. The state has always been generous in providing us funds through the Division of Vocational Rehabilitation, and there has also been a specific state appropriation to the Northwest Kidney Center and the Spokane and Inland Empire Artificial Kidney Center for patients who are not funded from other sources. We are hopeful that state support will continue, even after all problems with the Medicare program are resolved, as at the present time, we anticipate that Medicare will only pay some 65% or so of our total budget.

There has been an appreciable backlog in intermediary reimbursement, but I would emphasize that in the last three to four weeks, things have really started to move. We still do have a backlog but hopefully, it will diminish fairly quickly. As of the 16th of March, we had billed our intermediary $429,385. We had received in payment $159,000, and we would have expected to have received approximately $291,000. (This is based on our estimate that Medicare will pay 68% of charges billed at the present time.) I would stress that we have had much cooperation from the Region X Social Security officials in working with us in getting the program to go.

With regard to changes that should be made in the regulations, I am enclosing some recommendations we have made for possible Social Security amendments, and a letter to Dr. James Mongan, aide to the Senate Finance Committee, which relates to these. You might draw to Senator Hartke's attention the fact that we have been visited by Dr. Mongan some weeks ago, who is well aware of the situation in Washington State. Also, recently four physicians including myself had the opportunity to meet with Jay Constantine and Dr. Mongan in Washington, D.C. and discuss the problems of the program.

If there is any further information that I can give at any time to help with this, I will be happy to do so.

Sincerely yours,
CHRISTOPHER R. BLAGG, M.D.,
Director.

GENERAL PROGRAMS PROBLEMS

The following are some of the general problems which affect the Northwest Kidney Center and most other programs working in dialysis and transplantation. Prior to July 1, 1973, successful dialysis and transplant programs existed in most regions of the country, although for financial reasons these may have been unable to provide treatment to all patients at risk. The provision of Medicare funding has had a major impact on these programs. This is because each program had its own mode of operation which may not fit readily into the pattern described in the regulations, and there has been little or no flexibility by SSA in adjusting these. The problems are listed in no specific order.

A. The program started on July 1, 1973, but Interim Regulations were not published until June 26, 1973. Instructions for processing of claims regarding dialysis became available in late July, 1973. Instructions regarding claims for transplantation have been available since the same time, but are still being modified.

B. Procedures for establishing eligibility of patients for coverage were slow in being developed. It was not until October, 1973, that an appreciable number of patients were registered and the registration problems for new patients continues to be slow.

C. At the time of institution of the program, there was a lack of definitive forms for billing and other purposes.

D. The Interim Regulations provide firm guidelines with regard to charges for maintenance dialysis and certification of new facilities. Whilst the economic reasons for these relatively rigid regulations are valid, the resulting delays have had a deleterious effect on many programs. Facilities requesting exceptions for dialysis charges exceeding the fee schedule in the regulations did not obtain the requisite forms until the end of 1973, and the mechanism for granting exceptions for unusual dialysis charges is only just beginning to function. Participating facilities were frozen as of June, 1973, and it is only now that mechanisms for certification of new facilities are becoming available. The lack of action on exceptions to dialysis charges and new facilities has created chaos in dialysis center billing departments and uncertainty in new facilities. Retrospective action to July 1, 1973, cannot make up for the problems caused by this delay.

E. The new program involves many individuals in district Social Security offices who have no previous experience of dialysis and transplantation. The instructions provided to facilities, intermediaries, and carriers, have not always been clear and accurate and as a result there is widespread confusion. In most regions, facilities were working effectively with intermediaries, carriers and Medicare prior to July, 1973, but the Interim Regulations have produced many new problems which are as yet unresolved.

F. Probably the single most important cause of the paralysis presently afflicting the program is the controversy about inclusion of a physician charge as a component of the dialysis charge. Many private physicians are not prepared to enter into negotiations with institutions for part of their reimbursement. HEW and SSA have promised to provide alternative means of physician reimbursement for many months now, and yet these are still not available. Consequently, physician unrest has reached the point where law suits are being instituted in some areas.

SPECIFIC ON-GOING PROBLEMS FOR THE NORTHWEST KIDNEY CENTER

The Northwest Kidney Center is a free-standing dialysis unit which has been performing both in-center and home dialysis for many years. At the present time it is responsible for some 200 patients dialyzing at home and 100 transplant patients. The Center is a free-standing unit, unassociated with a specific hospital, and its main emphasis has been on economy of operations since its inception in 1962. It serves as coordinating agency for dialysis and transplantation, fiscal agency for coordination of funds for these patients, and as coordinator of organ retrieval and tissue typing for the Northwest. Prior to Medicare, the Northwest Kidney Center's program already was treating more than 40 new patients per million population per year, with results comparable to those anywhere else in the United States. A complex and effective organization had been developed for handling the medical, social and financial problems of patients with chronic renal failure, whether requiring dialysis or transplantation.

Because of its unique status as an out-of-hospital unit providing many of the functions which are provided elsewhere in hospitals, the Northwest Kidney Center does not fit into the guidelines prescribed by the Interim Regulations, and despite its functions, is regarded as a non-provider limited care dialysis center. This rigid interpretation of the Regulations can result only in an increase in cost of the program in this region to both patients and tax payers. In addition, the slowness in resolution of many of the problems in implementing the Interim Regulations is proving destructive to the program. This is a prime example of the difficulties in applying a rigid national program to regional programs which are already in existence. Similar problems have occurred elsewhere.

The following is a list of specific on-going problems faced by the Northwest Kidney Center.

A. It has been our practice that as soon as patients are discharged from hospital following admission with chronic renal disease requiring dialysis, dialyses are carried out in the Kidney Center. The reasons for this are the economy and convenience to the patient. These patients are still medically unstable, and consequently we have a dialysis category called stabilization dialysis. This is a period of 2 to 3 weeks to as long as 3 months of in-center dialysis during which the patient is stabilized and the patient is designated to go into home dialysis training or as a limited care maintenance dialysis type of patient. Patients in these initial weeks of treatment require a higher staff-patient ratio for adequate dialysis as compared with patients on limited care maintenance in-center dialysis, and the cost of providing such dialysis is greater.

B. The home dialysis training program at the Northwest Kidney Center is based on the use of audiovisual aids and a highly structured training program. The center trains approximately 100 patients a year for home dialysis. Efficiency of training is obtained by training the patient both during dialysis and on off-dialysis days. The Interim Regulations do not permit a charge for training on non-dialysis days, with the result that the charge for training per dialysis is considerably greater than the screen level of the Interim Regulations. Nevertheless, the overall cost of training a patient is about $600 less than if patients were trained only on dialysis days, and the saving of some 3 weeks in time also helps early rehabilitation.

C. The Northwest Kidney Center is one of the few centers in the country using peritoneal dialysis on an appreciable scale, and we have about 15 patients on home peritoneal dialysis at any one time. Home peritoneal dialysis and long-term in-center peritoneal dialysis are only possible using close circuit automated equipment, and use of this equipment and its supplies entails greater costs than those for hemodialysis. Consequently the charge for peritoneal dialysis, both in the Center and in the home is higher than for hemodialysis.

NOW DEALT WITH—MARCH 1974

Regarding A, B, and C, an exception request has been submitted to the Bureau of Health Insurance by the Kidney Center to permit charges greater than the screen levels. Attempts were made to institute this exception request from the earliest days of the new program, but it is only now that a decision is being made. In a center performing several hundred non-routine dialyses every month, this has resulted in chaos for the billing department.

D. The routine laboratory tests permitted by the Interim Regulations are extremely rigid, and take no account of local custom. This has created confusion for the intermediary. The paperwork and attention to detail required both in billing and in handling of these charges, and the inconvenience and increased staff required by both the center and intermediary far outweigh any cost saving which might be achieved. A more simplified approach to payment for laboratory testing is needed, and hopefully will be developed. This must be regarded as of pressing importance.

E. Many of the supplies required for successful home hemodialysis are "non-covered supplies" because of the application of the original Medicare regulations to such articles as syringes, heparin, alcowipes, gauzes, etc. Such items are allowed for in-center dialysis, but are not covered for home dialysis patients, thus discriminating against home dialysis, and acting as a disincentive to home dialysis. The alternative of providing a package of supply items has been suggested. This is uneconomical, and in our case impossible, because we have long standing prices for all items which would be included in the package. Recently we heard of a commercial package comparable to our initial package, and costing $1200. For comparison, our initial package for the patient costs $6–700, but under present Medicare regulations we will receive only 80% or approximately $400 for this.

F. Because in the eyes of Medicare the Northwest Kidney Center is a non-provider out-patient unit, many drugs are non-covered. This includes oral drugs, and any normally self-administered injection such as insulin, which may be given to the patient during in-center dialysis. In the past, all insurance companies have regarded the Northwest Kidney Center as a hospital as far as such drugs were concerned, and there seems no reason why Medicare could not do the same.

In addition, drugs for post-transplant patients at home are not covered by Medicare, despite the fact that these are one of the main expenses for such patients.

G. The Medicare program has specifically denied payment for blood transfusions self-administered by the patient during dialysis, claiming that this is unsafe. The Northwest Kidney Center and many other centers have trained patients to give themselves blood transfusions during dialysis for many years now without untoward incidents.

H. Prior to Medicare, durable medical equipment such as dialysate supply equipment was purchased outright by the state or the patient's insurance. If the patient died or was transplanted equipment was recycled to another patient, obviously the most economical way to provide expensive equipment to patients. This is no longer possible under Medicare regulations, and a rental or lease system has had to be set up for equipment. The cost to the country of such a program will be millions of dollars per year extra, and so it is hoped that outright purchase will be permitted again in the future. Mr. Terry Pollard, former Administrator of the Center, has written a detailed letter on this subject to the Social Security Administration.

I. Home dialysis equipment repair is an essential service required by patients on home dialysis. Until now, the Kidney Center has provided this service for patients by its own technicians. However, all patients are taught during training to do routine maintenance and as much service as possible themselves. There is doubt whether Social Security will continue to pay for repairs as required by the patient, and they may insist that a monthly repair charge be added to the equipment rental charge. Such a charge will be bitterly resented by our patients, many of whom have been responsible for their own equipment in the past. This can only result in increased cost to both patient and the program.

J. Home dialysis aides have been used, particularly in rural areas of Washington state, where patients do not have a family member or are otherwise unable to perform home dialysis themselves. This costs $4–$5,000 per year, considerably less than the cost of in-center dialysis for these patients in a nearby small hospital, and also avoids the necessity for long trips to Seattle. The Social Security Administration is looking at the possibility of paying for home dialysis aides. We would hope that the Northwest might perhaps be a test area to study the effectiveness of this program, as we already have some two years of experience with this.

K. Because of the delay in dealing with our exception request for dialysis charges (A, B and C above), the Kidney Center has been unable to bill the state for funds available for patient care from the Division of Vocational Rehabilitation and the Department of Social and Health Services. The dialysis charges requested have been accepted by the state for more than 2 years prior to the Medicare program. Our state billing has to be finished before July 1, 1974, and already this will require immense efforts on our part, even assuming our exception request is granted in the very near future. Much longer delay will be disastrous for our fiscal stability.

In addition, it is also necessary to bill other resources such as private insurance carriers and patient's own funds for co-insurance. This, too, has been delayed by lack of response to the exception request.

These are the main specific problems facing the Northwest Kidney Center with regard to the dialysis program. Many of these result from the organization of this previously successful program. In the event that a rigid posture is maintained by the Social Security Administration, our program can only suffer and cost more. This will have unfortunate effects not only in terms of cost to the tax payer in federal and state taxes, but, more importantly, will increase the cost to our home dialysis patients. HEW and the Social Security Administration have reiterated repeatedly their belief that home dialysis is the preferred form of dialysis treatment for most patients. The 200 patients in the Washington state program are mostly as yet unaware of the increased costs that will result to them from the Medicare coverage extended to them. This is because as a result of slowness of solving many of the above problems, many patients have not yet received statements which explain in full what they may owe to the Center. It is likely that there will be a strong feeling generated among our patients when they realize that not only is the Medicare program causing them inconvenience, but that it is also likely to cost them more.

Obstacles Which Impede the Implementation of Home Dialysis Under H.R. 1

(By: John Bower, M.D., Jackson, Mississippi; Christopher R. Blagg, M.D., Seattle, Washington; Joseph Eschbach, M.D., Seattle, Washington; David Hathaway, M.D., Neenah, Wisconsin; David Ogden, M.D., Tucson, Arizona; Ed Rutsky, M.D., Birmingham, Alabama; Tom K. Sawyer, M.D., Seattle, Washington; Belding H. Scribner, M.D., Seattle, Washington; Arnold M. Siemsen, M.D., Honolulu, Hawaii)

Hemodialysis for chronic end-stage kidney disease performed in the home has been shown conclusively to be technically feasible, psychologically rewarding, and financially far less expensive than in-center or limited care hemodialysis therapy. A patient, spouse or helper can be trained in the safe operation of currently available artificial kidney equipmen. The mortality rate for home dialysis is less than that for in-center dialysis. Psychologically, home dialysis restores to dialysis patients a feeling of independence in that they may schedule their own time for treatment around family activities, and indeed it contributes significantly to maintaining the family unit. Once home training has been completed and experience has been acquired by the patient, this method of therapy is preferred by the overwhelming majority of patients.

With the implementation of Public Law 92–603, Title II, Section 2991, concerned with chronic renal disease, it has become evident that important obstacles exist in the present Interim Regulations that make it very difficult to institute home dialysis. It is the purpose of this document to delineate these obstacles and to suggest methods for removing them. Some of these suggestions may increase somewhat the cost of home dialysis to the government. However, since the cost of home dialysis is ⅓ to ½ the cost of in-center or limited care dialysis, the net saving which will result from sending a patient home will be very substantial.

These obstacles are present in various regulations dealing with the following five categories:

1. Equipment.
2. Operational costs.
3. Physician fees.
4. Dialysis helper costs.
5. Time of implementation.

Each of these categories will be discussed separately.

EQUIPMENT

By the time a patient gets to chronic hemodialysis the tremendous expense of hospitalization and physician fees often has already nearly depleted the family's resources. In order to go into home dialysis at this time, an additional initial large expense for equipment outlay is demanded. The patient must at least provide 20% of the cost of all fixed equipment, plus get involved in an 80% lease monthly fee plan for coverage of the remainder of his equipment costs. This is extremely cumbersome, and may also be costly to the patient, due to the fact that the patient must pay 8% on any money borrowed to purchase his equipment.

In addition, there is no allowance for replacement of obsolete equipment or for the implementation of new innovations being developed for home hemodialysis equipment. This means that a patient must, at his own expense, update his equipment in the home, whereas a center will have funds to update its own equipment.

A further problem for the patient on home dialysis, is that there is no provision in the Regulations to have a maintenance agreement or contract available for his equipment to the patient in the home. Such a contract may cost as much as $1,000 per year, again providing a negative incentive from the equipment standpoint for the patient going into the home.

OPERATIONAL COSTS

Personnel costs are virtually eliminated in home hemodialysis by comparison to limited care or in-center dialysis. With elimination of labor responsibility in the center as far as the patient is concerned, there is ample reason for the patient to say "Let the center dialysis program do it, and the government pay for it". In the home, the patient and his spouse must assume the responsibility not only for rendering dialysis treatment, but also the actual labor required before and after treatment.

Superficially, it appears that the cost of supplies will be borne by the patient equally in the center or in the home environment. This is not true. Supply costs in the center will, in fact, be greater because of the low level of reuse. In addition, the 20% that the patient is required to pay will seldom, if ever, be collected by the center. This might be defined as soft billing. There is no strong motivating force for the patient to come up with this cost, and it can be absorbed in the overall operational cost of the center dialysis program. On the other hand, if the patient is at home he must pay 20% of his costs before his next delivery of supplies will be made. This might be referred to as hard billing. The actual cost of supplies will be greater in limited care or center dialysis, but this will never be felt directly by the patient. On the other hand, the patient in the home will be required to pay his full 20%, thereby decreasing his incentive to go into the home.

It should also be pointed out that not all supplies used by home dialysis patients are covered by Medicare. Some items which are available for center dialysis may have to be purchased by the patient himself for home dialysis.

At the present time there is inadequate provision in the Regulations for the social worker, dietician, and other ancillary support which is so essential for successful home dialysis. Means must be found to pay for these essential personnel in a home dialysis program.

PHYSICIAN FEES

Little doubt exists in the minds of those involved in hemodialysis that, from a physician's standpoint, limited care or center dialysis is more lucrative than home hemodialysis. If nothing else, the physician caring for the home dialysis patient will lose the so-called supervisory fee for dialysis provided in a limited care or in-center dialysis program. This is unjust, since the physician must continue to serve in a supervisory capacity for his staff, including dietician, social worker, registered nurses, and technicians. In addition, the physician is just as much on call for the patient in the home as he would be for a limited care or in-center dialysis program. Further, his participation in case discussion and presentation to the Medical Review Board is also equal in both environments.

With regard to home dialysis training, it is obvious that there is no adequate provision for a physician fee for training of the patient. The role of the physician in home training is certainly far more involved than the mere supervisory capacity which could be covered from the $190 dialysis charge. The physician usually is involved in active teaching of the patient, and a fee for this service must be provided if the physician is to be motivated to train patients for the home. In addition, development of a good training program will involve much more physician time in supervision and training of staff than is the case for limited care or in-center dialysis.

Once the patient has gone home on dialysis, there is no allowance whatsoever for the physician to collect a fee until the patient is either sick, hospitalized, or has a routine checkup. In the center or limited care facility, the physician will receive a fee for service for each visit during each dialysis treatment, even if this is merely the supervisory segment of the dialysis charge. If something of this nature is not extended to the physician caring for the home dialysis patient, this is a further negative incentive to the physician to implement home dialysis.

HELPER

In order for a paient to go into the home, the spouse or a helper must incur actual out-of-pocket expenses that are not reimbursable. These include their rooming expenses, meals, and local travel, while in the process of learning. This is a negative incentive to the helper.

There is also no reimbursement for the patient, spouse or helper who is taking over services which, in the center dialysis setting, would be the responsibility of highly trained nursing and technical personnel. Not only is the individual expected to assume this responsibility, but he must also suffer a loss of income during the training period if he is the bread winner. Family costs continue at home, and such a loss of income can further magnify the indebtedness of the patient who elects to go into home dialysis. Finally, there is no travel cost allowance for the spouse or helper during training. It is quite apparent that with an actual out-of-pocket cost for room, board, local and long distance travel, plus loss of income, and continuing family living expenses, few if any helpers will be willing to undertake participation in home dialysis training in the future.

A very powerful incentive for home hemodialysis would be if each patient on home dialysis received an annual allowance of say $3,000. This allowance would be to reimburse the many hours of service required from patient and spouse, or alternatively could be used by them for payment of a non-family helper who would be certified as having been trained to provide dialysis support by a home dialysis training unit. This approach would be a major incentive for home dialysis, and would still leave the overall cost of home dialysis considerably less than that of in-center or limited care dialysis.

IMPLEMENTATION OF PROGRAM

The law states that the beginning of the third month following the initiation of a course of dialysis therapy is the time for coverage by the Social Security Administration to begin. This means anywhere from 60 to 90 days will pass before the Social Security Administration will participate in the cost of dialysis or home dialysis training. This delay in starting home dialysis training must be spent in a costly center or limited care dialysis facility. Three months of in-center dialysis treatment while waiting to become eligible, would more than cover the cost of dialysis training, or possibly even the cost of one year's treatment in the home after training has been completed. Some means should be found to remove this delay in the start of home dialysis training.

In conclusion, with the Interim Regulations actual impediments to the implementation of home dialysis exist virtually in each area. There is no doubt that the cost of dialysis in the home is far less than that of in-center or limited care dialysis. If the obstructions to implementing home dialysis can be overcome or modified, it is felt that a greater participation in this less expensive modality of treatment will be forthcoming.

RECOMMENDATIONS

There are solutions to the above mentioned negative incentives or obstacles to implementation of home dialysis.

First of all, it is recommended that the equipment allowance cover 100% of the cost of equipment at the outset of, or completion of home dialysis training. There could be built into this program an incentive for return of equipment in case of untimely death or transplantation of a home dialysis patient.

Secondly, it would be worthwhile to pay for 100% of the cost of supplies in the home. This could be in the form of an annual allocation whereby it would be financially rewarding to the patient to reuse certain consumable supplies. It is very difficult to understand how a patient could misuse supplies in the home, since there is little other use to which these could be applied. It is suggested, therefore, that 100% of dialysis supplies be covered in the home on a fee consumption basis or a flat fee basis. The latter would provide motivation to the patient for reutilization of supplies.

To take this approach even further, this 100% coverage could be extended to all Part B covered services and items. Even better, if feasible, would be all the above, together with elimination of the Part B premium for patients on home dialysis.

The major obstacle to placing patients in the home apparently is coming from the physician level. As currently structured, with home dialysis the physician will lose even the debated supervisory fee. Some method has to be found to provide the physician with an appropriate return for looking after the home dialysis patient, and this must be comparable to that permitted for care of the stable patient maintained on in-center dialysis. In addition, the physician should be offered a further incentive to put a patient into the home by providing an appreciable flat fee for home dialysis training. The physician's participation in home dialysis training is more than that of supervision, and a suitable fee for initiating home dialysis would go a long way toward increasing its utilization.

A fee or other reimbursement for the helper is also recommended. The precedent has been set for many years in the Veteran's Administration by the aide in attendance allowed to family members. Such an approach would definitely help to stimulate the spouse or helper into getting involved in home dialysis, and reduce this obstruction to home dialysis. Such reimbursement should be applicable whether the helper is a family member or not. Further, the helper should be reimbursed on a cost basis for room, board, and travel during the training period.

It is also suggested that a realistic look be taken at shortening the time before coverage by Social Security becomes effective. The mere cost of keeping a patient in the center for 60–90 days would itself cover the cost of home dialysis training, if not the cost of at least one year of dialysis treatment in the home.

Finally, the home training fee to the center also is inadequate. High quality home dialysis training simply cannot be carried out in any center at this level, regardless of the efficiency or utilization of the home training facility.

It is admitted that these proposals will increase the cost of dialysis to the Social Security Administration. Certainly the cost for implementation of home dialysis will be increased, but in the long term the overall costs will be reduced, particularly when compared to those of in-center or limited care dialysis. Regardless of the magnitude of the increase proposed herein, home dialysis costs will still be only 50% or less of limited care or center dialysis costs.

We would be delighted to elaborate on any of the above recommendations at any time. It is our feeling that home dialysis is the most efficient and desirable method of dialysis treatment. We would like very much to see the above mentioned obstructions or negative incentives removed from the Social Security Administration guidelines, and replaced by positive incentives. Only this will permit the preferable method of treatment to be implemented on a competitive basis.

March 7, 1974.

Mr. Jay Constantine and James Mongan, M.D.,
Professional Staff Members, Senate Finance Committee, New Senate Office Building, Washington, D.C.

Dear Jay and Jim: Thank you for taking the trouble to meet with us last week. I think it was by far the most encouraging meeting of our day. I personally will be happy to help in anyway that may be needed to get some of the proposed amendments through during the coming year. I will just wait for your suggestions.

Specific comments on the proposed amendments that we sent to you before would be as follows:

I would suggest that if good strong facilities regulations are set up, we could suggest elimination of the waiting period for dialysis, and have the patient eligible from the time of acceptance by an accredited regional Dialysis Transplant program.

Secondly, I would like to see coverage continue for transplant patients after the first year. However, most importantly coverage should be extended to the out-patient drugs which these patients are going to continue to need. Similarly, I would like to see coverage for out-patient drugs for dialysis patients.

With regard to the question of equipment purchase rather than rental, I am enclosing for you a copy of a letter which we sent to the local Social Security office in April of last year. I had thought this letter had been sent to Mr. Wolkstein, but I am not sure that it was. Terry Pollard, who was our Administrator at that time, has also made some rough estimates suggesting that outright purchase as opposed to lease would save the country at least 50 million dollars over the next few years.

I am going to start working on a proposal for us to go back to purchase. In addition, I will keep plugging away at SSA about the problems our home dialysis program has. I continue to get calls from physicians every few days with home dialysis programs who are finding it difficult to maintain these.

Come and see us again in Seattle sometime.

With best wishes.

Sincerely yours,
Christopher R. Blagg, M.D.,
Director.

Possible Social Security Amendments, 1974

Public Law 92–603, Section 2991 provides funding for treatment of chronic renal disease by dialysis and transplantation. The legislation responsible for this program, and limitations placed by previous Medicare legislation, result in some restrictions in coverage which have far reaching effects for dialysis and transplant programs. We suggest that specific Social Security Amendment Legislation be introduced during the current year to deal with at least 4 of these situations. Three concern dialysis, 2 being of particular importance in encouraging home dialysis, the preferable form of dialysis treatment for most patients, and the fourth deals with transplantation.

Specific suggested recommendations for legislation are:

1. Section 2991, (f) be amended to read "Medicare eligibility on the basis of chronic kidney failure shall begin with the third month afer the month in which a course of renal dialysis is initiated, or from the date of commencement of self-dialysis training in a dialysis center approved for home dialysis training, whichever is earlier, and would end when such a course of dialysis is terminated. Persons receiving a renal transplant shall be eligible from time of admission to hospital for transplantation, until such time as the transplant should fail."

2. The secretary shall be empowered to include under reimbursement from Medicare the cost of all supply items deemed necessary for successful home dialysis, notwithstanding that some of these items are "medical supplies".

3. The secretary shall be empowered to authorize payment for trained home dialysis aides when it is judged that this is a more appropriate treatment than in-center or limited care dialysis for a patient unable to perform self-dialysis.

DISCUSSION OF THESE PROPOSED AMENDMETS

1. Extension of Coverage

Presently, Medicare coverage for patients requiring dialysis does not commence until the first day of the third month after regular dialysis is instituted. Many patients who do not have a potential related donor for transplantation can be treated and trained for home dialysis during this time, which in consequence becomes the most expensive period of dialysis care. In order to rehabilitate and return dialysis patients to work as soon as possible, it would be preferable for Medicare coverage for home dialysis training to start earlier. Presently, state and other third-party moneys are required to support such early training, and are difficult to obtain in some regions.

With regard to transplantation, the present provision is that transplant patients are covered only for treatment during the first year following transplantation. This is based on the belief that with successful transplantation, the cost of care after the first year is minimal. This is not so, particularly in the case of patients who have cadaveric transplants. The cost of immunosuppressive and other drugs, physician visits, and hospitalization, after the first year, averages $3-4,000 a year. It would seem appropriate, therefore, if Medicare coverage was extended beyond the first year after successful transplantation.

2. Non-Covered Items

HEW, the Bureau of Health Insurance, and most nephrologists, agree that home dialysis is the preferable form of dialysis treatment whenever feasible. The Medicare regulations also state that it is preferable for patient supplies for home dialysis to be provided by the institution supervising the patient, rather than direct from a commercial source. This is because of increased contact with the patient, and because this permits encouragement of patients to make the most economical use of supplies. Despite this, at the present time, some of the supplies *essential* for home dialysis are not covered items. These items are excluded because the original Medicare regulations do not provide coverage for such supplies, except where these are provided as part of a physician's services. Items affected and required for home dialysis include such disposable supplies as syringes, gauzes, needles, tape, and etc.

This is a form of discrimination against the home dialysis patient, because these items are covered when dialysis is provided for the patient in a limited care center. One estimate is that only 65% of the cost of home dialysis supplies is covered by Medicare, and not the usual 80% covered under Part B for other services.

The Social Security Administration has suggested that this problem can be resolved by putting supplies up into "packages", with sufficient mark-up on covered items so that the cost of uncovered items can be absorbed. For home dialysis programs with previously established charges for individual items such a change is not possible without violating cost-of-living regulations. Thus, the home dialysis patient has to find resources other than Medicare to pay for supplies which Medicare will pay for when the patient is dialyzed in a limited care center. Further, there is no incentive for institutions to provide home dialysis supplies, with consequent encouragement of further development of commercial supply sources. The chronic renal disease situation, and in particular home dialysis, is a unique situation in which the individual is trained to carry out a medical process involving medical equipment which, until recently, was handled only in an institutional setting and under professional supervision. Thus, the supplies required for this process are different in their purposes than supplies provided for other illnesses under Medicare. It should be possible, therefore, to legislate specifically to permit provision of these supplies.

3. Home Dialysis Aides

At present, Social Security regulations specifically exclude payment of home dialysis aides except in exceptional circumstances. For the patient unable to do self-dialysis the only present alternative is dialysis in a limited care center. In geographic areas where patients must travel for up to 2 hours each way, 3 times weekly for treatment in such a center, provision of a trained aide to assist the patient to do dialysis in the home is justified both on economic grounds and grounds of convenience. In 1973, Senator Cranston introduced a Social Security Amendment to permit Social Security to pay for home dialysis aides where necessary. This amendment was supported by the Dialysis and Transplant Council of the National Kidney Foundation, but, nevertheless, was eliminated from legislation. In its place, an amendment is under consideration asking the Secretary to study the problem of dialysis aides, and to report back during 1974. We recommend that this study be carried out as expeditiously as possible, in the hope of introducing legislation to permit this alternative form of treatment in the Social Security Amendments of 1974.

March 8, 1974.

Mr. Irwin Wolkstein,
Social Security Administration,
East Building, Baltimore, Md.

Dear Mr. Wolkstein: It has come to my attention that Section 245 of PL 92–603 deals with payment for durable medical equipment under Medicare. My interpretation of reading this is that the Secretary is authorized to conduct experiments to eliminate unreasonable expenses resulting from prolonged rentals of durable medical equipment. The Northwest Kidney Center wishes to be considered for such an experiment. We provide all home dialysis training and treatment for patients in western Washington state, a geographic area with a population of some 2.6 million. We would propose making arrangements for reimbursement for dialysis equipment on a lump sum basis, and would be happy to provide data to show that such a payment would be more economical than equipment rental or leasing. We would propose also to provide incentive to beneficiaries (including waiver of the 20% co-insurance amount applicable under Section 1833 of the Social Security Act) to purchase used equipment whenever the purchase price is at least 25% less than the reasonable charge for new equipment.

I would very much appreciate a response from you as to whether we could develop this experiment, and whatever steps we should take to set this in motion.

Until 1973, the Northwest Kidney Center (NKC) sold dialysis equipment outright to all patients, since this had been shown to be the least expensive and most efficient way of purchasing equipment for patients, and because Washington state and most other funding sources were prepared to reimburse on his basis. Because Medicare would only pay for equipment over a period of time, excluding financing costs, we have now developed a leasing program. This obviously has to cover costs of financing, etc., and is undoubtedly more expensive for both patient and tax payer.

Because of past experience in handling durable medical equipment for dialysis patients, we feel ourselves particularly equipped to handle an experiment to demonstrate again the feasibility of this approach. It has been our practice in the past to assure each patient that if his equipment is purchased outright through private resources, the Center will give him a credit for its return in good condition upon death or transplantation. The amount of credit given is determined by a standard consistently applied table of depreciation, for example, hemodialysis machines are depreciated by the Center on a straightline basis over 3 years.

Also in the past, much of the dialysis equipment used by our patients were purchased by the state of Washington. These machines, too, were returned to NKC in the case of death or transplantation. In consequence, we maintained an inventory of used, state-owned equipment, and this was reissued to beneficiaries eligible for state support on a first come first serve basis. Thus the state did not have to purchase a new machine, except when no used one was available. When such a pool of available dialysis equipment is maintained, long-term program costs go down substantially, because subsequent patients do not have to purchase new equipment. In our program, the average annual cost per state patient declined from approximately $9,000 in 1968, to approximately $5,000 in 1972, largely because of equipment reuse and consequent saving. Such an arrangement could again result if Medicare permitted us to perform this experiment.

As an example of the savings that could accrue to the Medicare program under such an arrangement, during the calendar year 1972 the following items were returned to NKC from dead or transplanted patients, and made available for reissue to new patients.

Hemodialysis machines, 38 P
Peritoneal dialysis machines, 7
Kill parallel flow dialyzers, 52

As a result of this recycling of equipment, NKC purchased only the following new equipment for the 61 new patients trained for home dialysis in 1972:

Hemodialysis machines, 21
Peritoneal dialysis machines, 5
Kill parallel flow dialyzers, 15

The NKC always has tried to minimize cost to the patient, and has been committed to the principle of reissuing used equipment whenever possible. A return to our previous mode of equipment purchase would demonstrate clearly the effectiveness and cost saving of such an approach, and the waiver of co-insurance as an incentive to purchase of used equipment by the patient would be a further advantage.

I would ask you to consider this request seriously, because of my concern that many areas of the overall program are still somewhat detrimental to home dialysis. This would be one step which might help encourage it.

I will await your reply with interest.

Sincerely yours,
CHRISTOPHER R. BLAGG, M.D.,
Director.

THE SPOKANE AND INLAND EMPIRE
ARTIFICIAL KIDNEY CENTER,
Spokane, Wash., April 1, 1974.

Mr. JOHN BIGELOW,
Executive Vice President, Washington State Hospital Association, Seattle, Wash.

DEAR MR. BIGELOW: Sister Peter Claver has asked me to answer your letter of March 18 concerning Senator Hartke's inquiry of March 15.

Before I start on his seven questions I would like to point out that fifty percent of our patients come from outside the State of Washington, that is, Montana and Idaho. I assume Dr. Hartke's intent is to learn the total impact in the nation and thus I will answer the questions from our standpoint and not restrict it to the patients we serve from Washington only.

1. The problems that arose at the inception of the program were mainly discussing with Social Security and Medicare carriers our program, since it is highly complex and one that takes some indepth understanding in order to appreciate the problems and deal with them effectively. Personally, my main problem at the inception of the program was the fact that as it was being presented it appeared that the new federal program would have very little effect in helping the plight of the patient in chronic renal failure and thus it was a great source of disappointment and I feel some of this frustration was taken out on Medicare and Social Security Administration. However, I am sure that much of the guideline material has been interpreted by persons not understanding the total situation and I do not think the intent of the legislators was to be as inequitable as the program has turned out to be.

2. These problems have been eliminated to a degree by the fact that the Social Security and Medicare carriers have made a great effort to delve indepth and indeed when discussing problems with them I find that they are now well educated and motivated to attempt to assist in establishing guidelines that are more helpful to a patient in chronic renal failure. We have been assured that when the new guidelines are rewritten the problems that I will detail in number seven will be lessened.

3. Many new problems have arisen because of the new federal legislation. First of all, we had programs through the three states of Montana, Idaho and Washington in which the various states would buy the kidney machines for their clients in need. The states retained ownership and when the patient was transplanted or died, the machine was assigned to another resident of that state. For about six years now we have had a good smooth program in this area. Now, of course, the states are insisting that we make maximum use of the new Medicare program. Unfortunately, Medicare does not purchase the kidney machines outright and thus our hospital has had to pay the company of the maker of our kidney machine in cash for many machines and we will collect the repayment over a number of months. This number of months is still arbitrary depending on who one talks to. Medicare will "purchase a kidney machine" for the patient with the patient retaining ownership, but will not pay for it except in monthly payments that would not be more than a rental payment. For this reason our hospital has gone to a rental program most reluctantly and has a large cash outlay that will take a number of months to recover.

Another new problem has been the fact that the states have now backed off with the assistance that had been given the patients and which had much federal participation, since it was through Vocational Rehabilitation in the three states with usually four to one or three to one federal matching. With Medicare picking up only 80% of the costs the states are really not seeing any more federal money than they were before. Because the Medicare payments have been so slow in coming we have not used in the State of Washington the allocation given us from our state to pick up the difference between Medicare in actual costs and for this reason feel we are not in need. Actually, we have large outstanding accounts that will not be paid in full by Medicare and we do indeed need the states assistance to supplement it. We have convinced our Washington legislators of this problem and we think they are going along with it. The State of Idaho has been most understanding as well. However, the State of Montana, although giving assistance to kidney patients, was finally ready to enact some legislation when the new Medicare program was passed. This gave them the false impression that with the federal government taking over they would no longer have to pass this legislation and as a result we have taken a giant step backwards in legislation in assisting kidney patients.

Thus, the main problem that has arisen is the fact that the federal program will not take care of the total program and the states who were finally understanding and relating to the problems have now backed off and need re-educating.

4. Our center now serves 39 patients on home dialysis. Medicare is paying for 80% of SOME of the supplies that they need to run their kidney machine at home, MOST of the necessary lab work and VERY LITTLE of the medications they are taking. Our other patient load are our post transplant patients. Our center now has 31 patients who have had a successful transplant. However, because the Medicare program will help only those who have been transplanted within a year only 7 of these patients are eligible, leaving 24 unassisted by Medicare. Many of these patients must have lab work and all of them take very expensive medications for which they are no longer eligible because of the Medicare guidelines.

Thus, the states must continue to assist these patients if they have no private resources and are in need.

5. The three states we serve have various programs to supplement the various benefits. The State of Washington had, in our opinion, an excellent program for Washington residents with chronic renal failure in need. The Washington legislators had a commitment to serve the middle class man and made it quite clear that it should be a liberal interpretation of who would be eligible. They were quite impressed with the fact that we served all residents who could benefit medically and also that our costs were lowest in the nation. We have a total commitment to home dialysis, which is of course the most economically feasible program and this is the main reason legislators related so well to the problems in our state.

Due to the efforts of our center the Idaho legislature passed a program to assist patients in chronic renal failure in 1970. Since then we have had an excellent program in the State of Idaho to assist kidney patients in chronic renal failure.

The State of Montana has had a most haphazard way of dealing with the problem of kidney patients. They are quite arbitrary in who they will help and to what degree. The various state agencies have been most sympathetic to the cause, but because of unlimited funds they have not always been able to assist to the degree that both the patient was in need and the agency felt they would like to participate. As a result, our hospital has suffered many bad debts from

Montana residents but yet have never denied care to a Montana resident for financial reasons. It has been one of the most difficult areas in our program. To make matters worse, when the new federal Medicare program was enacted the State of Montana abandoned their plan to finally pass legislation and thus we are beginning another uphill struggle to convince the state of the need.

6. I realize there is much heated discussion concerning the backlog of reimbursement. It certainly has taken a long time. It is now nine months and we are receiving payment for some of the earlier care. I really was quite surprised with the rapidity that the Social Security Administration processed the applications of our patients. I realize they had many other new programs at the same time and feel that they processed the applications as quickly as could have been possible under the circumstances. One problem is that once an error is made it is almost impossible to have it corrected and there are a few patients that we know should be eligible and we have not yet gotten the clearances for them.

The carriers themselves have been of great assistance to us and I feel the areas that they feel they can cover are now being reimbursed on a fairly timely basis. Our center is a small department in a large 500 bed complex and thus the hardship is not as great as it has been for some centers that have been totally independent of a larger institution.

However, there is no question that the hospital will have a difficult time purchasing kidney machines for the patient and receiving the payments in such a slow fashion from Medicare. I understand some centers have had the patients buy directly from the company and collect what they can from Medicare and elsewhere. This has caused much stress on patients that have enough problems on top of this and I am proud that our administration has agreed to go along with this great assistance to the patient in renting the kidney machine to them in collecting over a number of months from Medicare and a number of resources for them.

7. Yes, we certainly believe that many changes should be made in the regulations. They are as follows.

There is no question whatsoever that the current guidelines greatly penalize the home dialysis program, which is by far the most economical way to provide treatment for patients in chronic renal failure. We have done much physician education and received many patients early enough that we are actually able to give them their first dialysis treatment in our home dialysis training program which is the most expensive of our home dialysis program. It usually comes to about $8,000. Yet, it is the first three months that the Medicare program does not participate in dialysis treatment. Thus the Medicare program as it is now structured, will pay 80% of the cost of in-center dialysis or 80% of $25,000 or $30,000 a year indefinitely. However, they will not pay for the training costs of patients who are running at home using their own facilities and their own labors instead of nurses and technicians with their costs running just about $3,000 a year for many years. The most inequitable regulation is certainly the one that has a three month waiting period. If there are other reasons for this restriction waived if the first three months of treatment are for home dialysis training.

The second biggest change should be in the items that are allowed to the home patient to run the kidney machine. Medicare will pay 80% of an incenter dialysis treatment, which includes the cost of all the supplies used for the treatment. However, it will only pay 80% of "allowable items" for the patient doing the work himself at home. Some patients show me bills for home supplies in the amount of $500 where Medicare has only paid $100. Of the items not allowed by Medicare none of them could be omitted and still allow the patient to dialyze himself at home. All of the items are essential to dialysis.

The next change that should be made is in the area of the one year coverage after a successful transplant. Some patients, although "successfully transplanted after a year" are receiving continued expensive medications and laboratory work.

There is another regulation that has not yet been clarified but if it is interpreted in the wrong way it can certainly cause a hardship on the patient. That is the wording that after a transplant failure and the necessity of going back on dialysis there is another three month waiting period. This again is at a time when the patient needs the assistance the most. For example, because of early referral from physicians we have actually had over 20 of our patients transplanted without receiving dialysis treatment. Such a patient would become eligible for Medicare upon his transplant date. However, if he rejects the transplant at a later date and has to be trained for home dialysis and thus has a three month waiting period this would be the three months when he would be receiving his training and the most expensive time of his ongoing care. There are different interpretations of this particular guideline and I'm really at this point still not sure whether or not it is a problem.

I certainly feel that the Medicare program is going to have a most difficult time encouraging home dialysis unless they give some motivation to the home dialysis patient. Some suggestions have been made that in addition to paying for the home training (even if it occurs during the first three months of dialysis) that the home supplies should be reimbursed 100% instead of 80% and that would, of course, be all of the home supplies used and not the currently "allowable" items. Others have suggested a monthly payment to the family if they perform home dialysis.

Certainly, allowing the centers to determine who is or is not a candidate for home dialysis would not be a valid way to handle this problem at all. Because we have nothing but home dialysis, it is quite interesting how many patients have been able to achieve home dialysis status when originally they could not conceive of such an essential in reference to backup, vacations, illness of spouses, etc. Since the inception of Medicare, a number of our patients have expressed a desire to come into the center for treatment and let Medicare pay 80% of a much more expensive way to go and just sit back and relax and let someone else take care of them. Over our years of experience we have learned that the home patients have a much better chance of rehabilitation and a normal life than a patient reporting to a center for dialysis treatment and greatly hope that the new guidelines will strengthen the concept of home dialysis.

We would also wish that some of the guidelines would encourage other areas of economies. For example, the disposable dialyzer can be successfully reused and we feel strongly that patients should reuse them. We understand now that there is a "limit" of 12 disposable dialyzers per month per patient. This is actually all that a patient would need per month and thus there is no savings but an encouragement to be wasteful. The particular disposable dialyzer we use would cost thousands of dollars a year more if it was not reused. It appears the 12 limit is the work of suppliers who are anxious to make money and certainly a limit of four per month would be very feasible and save the Medicare program a large sum of money per patient per year. We are hopeful that the kidney disease program will be administered as economically as possible so that the federal legislators would be encouraged to get in to other unmet areas of catastrophic illness. The legislators should receive some feedback from the center who over the years have served renal patients as economically as possible and set their guidelines to benefit from this and thus have monies available to assist other diseases as much in need as the kidney program. In Canada the federal government participated only if the patient agrees to home dialysis and we are hopeful that the program in this country will develop along similar lines.

Very truly yours,
Mrs. Florence Hansen, ACSW,
Administrative Supervisor.

West Virginia Hospital Association,
June 1, 1974.

Hon. Vance Hartke,
U.S. Senate,
Washington, D.C.

Dear Senator Hartke: This letter is in response to your request for feedback on how the chronic renal disease program of PL 92–603 is functioning. Like many new programs there are more questions than answers.

Q: What problems arose at the inception of the program?

A: (a) Patients had no number by which to bill even though they had been sent to the Social Security Administration to register. (Most went before April 1, 1973).

(b) Specification of lab work is inappropriate. This should be left to the physician's discretion. Reasonable guidelines have never come forth.

(c) No reimbursement to physician since July 1973.

(d) As of mid-April hospitals have received no payment.

(e) No provision for buying machines and no mechanism for leasing, thus patients who could have been dialyzing at home are still in center. New patients cannot begin training because trained patients can't be switched to machines at home.

(f) Many patients have insufficient insurance to cover the first three months of dialysis, thus the hospital must provide care without reimbursement. This cost must then be recovered from other paying patients.

(g) Many costs involved in planning for the transplant are not covered in the first three months. Bills for tissue typing must be held until after the transplant. If the patient later becomes ineligible for a transplant the costs of those services must be absorbed by the hospital. This cost must be recovered from other paying patients.

(h) All items necessary for patients to dialyze at home are not covered. There is no incentive to go home. Home care would cost less, be better for the patient and allow for greater turnover of patients in the center.

Q: Have those problems been eliminated as of this date?

A: Only problem (a) above. Others persist.

Q: Have new problems arisen?

A: Cannot identify any significant new problems.

Q: Approximately how many patients are being served by the program?

A: Not known for the whole state. Statistics for Charleston, West Virginia are: home dialyzing, 8 ; In-Center homodialysis, 24; transplants, 9.

Q: Does your State have a program to supplement Federal benefits under the kidney disease program?

A: Yes, Department of Welfare—Division of Crippled Children. Proposed benefits under Title XIX if State legislature approves 1974–75 budget. (Not approved to date).

Q: Is there any appreciable backlog in reimbursement to health care providers under the kidney disease program?

A: Yes, total amount not known.

Q: Do you believe that changes should be made in the regulations which govern the kidney disease program?

A: Yes.

(a) Elimination of the waiting period

when good documentation of end stage renal disease is present.

(b) Incentives for home dialysis and transplantation.

1. Elimination of waiting period once home trained.
2. Limitation on in-center dialysis.
3. Total coverage of home dialysis.
4. Payment of dialysis aides to encourage home dialysis rather than limited care facilities.
5. Cover the items needed for home dialysis.
6. Set up systems whereby equipment is purchased outright and then used in a "pool" of equipment for many patients. Leasing and financing purchase raise the costs of the program.

We hope these comments are of benefit to you in your efforts to monitor the effectiveness of the Kidney Disease Program.

Sincerely,

Bruce J. Carter,
Executive Vice President.

Wisconsin Hospital Association,
Madison, Wis., May 15, 1974.
Hon. Vance Hartke,
Russell Senate Office Building,
Washington, D.C.

Dear Senator Hartke: I am pleased to respond to your recent letter regarding the renal dialysis program. I am setting forth below my comments about the program.

Basically, the CRD program is working in all the approved dialysis centers. There have been some problems in respect to procedures and I will try to outline these at this time.

Upon inception of the program, guidelines and procedures did not arrive until late July and early August. This, of course, caused many delays in claim payments. The procedures and accompanying forms are extremely complicated and have caused many problems. The $150 and $190 screening figure per dialysis session caused some problems only in relation to what this figure includes. For instance, guidelines indicate that it does include a physician component; this met with strong objections from both hospital and physician groups. At any rate, reimbursement to physicians is still an unanswered question. We do know, however, that whatever system is devised it *will not* be retroactive. This means hospitals will have to negotiate with individual doctors for a year or more worth of maintenance dialysis care. The program also indicates the need for the hospital to explain line by line the need for all "non-routine" lab work. This usually amounts to quite a number of lab tests per monthly billing. The program does not pay for all supplies in a home dialysis setting. This makes administration of the program difficult for the Blue Cross Plan of Wisconsin and the hospital. There are 17 approved dialysis centers in the State. I would have to take an educated guess on how many people are being serviced by the program. I feel 300 to 350 people would be a close approximation.

Title XIX does supplement benefits if the beneficiary qualifies. Blue Cross does provide coverage to fill most of the gaps not payable by Medicare. Also, the Wisconsin Legislature passed a kidney disease aids bill to provide for state payments of the costs of all medical treatment for kidney disease or kidney transplants, including all hospital expense of a kidney donor. Aid is available if federal aid or private insurance is not available or is insufficient. The bill requires all nonprofit service plan contracts and group accident and sickness insurance policies to provide coverage of kidney disease in an unlimited amount.

Most if not all of the present backlog is due to the need for further information from the hospital, such as explanation of "non-routine" lab charges and other miscellaneous services. **These cases are small in** number like 25 to 30 claims. In some isolated cases replies from SSA have been slow, adding to the backlog to some extent. By and large, claims are flowing through in good shape.

I could recommend some changes to the program which would benefit the overall objectives it was intended to meet. They are:

1. Eliminate what Medicare calls the "non-routine" lab explanations.
2. Finalize at once a reimbursement method for physicians.
3. Eliminate the dollar limit screens since it's subject to cost report information anyway.
4. Elimination of the $60 deductible and 20% co-insurance for these beneficiaries as it poses a financial hardship on this class of people.
5. Pay all home supplies for home dialysis.

This briefly outlines our present situation in Wisconsin on the CRD program. I could go on in further detail and if you do require more information, please let me know, and I will endeavor to do so.

Kindest personal regards.

Sincerely yours,

Warren R. Von Ehren,
President.

North Dakota Hospital Association,
Grand Forks, N. Dak., March 25, 1974.
Senator Vance Hartke,
Russell Building,
Washington, D.C.

Dear Senator Hartke: Thank you for your inquiry regarding Public Law 92–603 which was enacted by Congress in 1972 to establish a program to provide coverage for persons with chronic renal disease, and whether or not there are any problems in connection with this program in North Dakota. Please be advised as follows:

We did have some problems at the beginning of the program, mainly in the area where the patients were eligible but there were no guidelines at the particular time and this caused an approximate 90 day delay in effective implementation. However these problems have been pretty much eliminated as of this time.

Actually as I understand it we have only one hospital in the state which has been approved for this kidney disease program, that being Dakota Hospital in Fargo. My information from them is that they are serving approximately 25 outpatients at this time and that it is costing them approximately $138.00 per run, each run lasting between four to six hours.

As far as I know the state does not supplement the federal benefits in any way, however, I do understand that there is some assistance from vocational rehabilitation.

I have also learned that there is no appreciable backlog in intermediary reimbursement on this program but something that probably should be brought to your attention is this: since the start of the program the one hospital handling the program has had to double its kidney dialysis unit and that they have had difficulty in both securing and training individuals to work in the unit. They report that most of the employees find the particular employment undesirable. Therefore our recommendation to you would be that some consideration be given to future recruitment and retainment of individuals working in these units.

The information we have provided can be released to the Senate Finance Committee if you believe it would be helpful in improving the program.

Again, thank you for your interest and for the opportunity to relate our experience in North Dakota.

Best regards.

Sincerely,

Harvey C. Hanson,
Executive Director.

University of Cincinnati
Medical Center,
Cincinnati, Ohio, April 11, 1974.
Re: Assistance for persons with chronic renal disease, Public Law 92–603
Hon. Vance Hartke,
U.S. Senator,
Washington, D.C.

Dear Senator Hartke: I write at the suggestion of the Ohio Hospital Association, to answer your request for help in identifying problems that hospitals and physicians are having because P.L. 92–603 has not been implemented satisfactorily.

After eighteen years in Chicago, where I had considerable experience in developing and implementing the Kidney Disease Program in the State of Illinois, I came to the University of Cincinnati Medical Center in January 1973, to serve as Director of the Division of Nephrology and set up the Division here. I therefore feel qualified to present a point of view from the position of a physician and administrator faced with the day-to-day problems concerning patients with chronic renal failure.

The Illinois Kidney Disease Program achieved its objectives in making treatment for chronic renal failure available to a very large segment of the eligible population of that State. The Illinois program has been used subsequently as a model for legislation in several other states. Although when I came to Cincinnati there was no comparable State of Ohio program, it seemed that the federal program to be implemented under P.L. 92–603 would provide the needed financial assistance for persons with chronic renal disease.

In January, 1973, I became a member of the Kidney Disease Advisory Committee in Ohio, and Chairman of the Kidney Disease Coordinating Committee of CORVA-Miami Valley Health Planning Authorities, encompassing Southwest Ohio. The State Committee felt strongly that every effort should be made to implement P.L. 92–603 through a State Plan in Ohio, and moved to that end with four coordinating committees in the four major regions of the State to formulate what came to be known as the Renal Disease Plan of the State of Ohio. The Plan was achieved within three months, with the help of nephrologists, transplant surgeons and hospitals then involved in programs for treating chronic renal failure from all areas in Ohio. This plan is based on the following principles:

1. Mechanisms for the certification of dialysis and transplantation centers.
2. Establishment of medically agreed-upon criteria for patients eligible for treatment and reimbursement.
3. Provision for a renal disease data base and data system.
4. Requirements for cost accounting.
5. Mechanisms for review of both medical efficacy of treatment being rendered and of the cost benefit of the program.

The State of Ohio Renal Disease Plan was submitted in late March, 1973, by Dr. Cashman, Director of Health, to the Social Security Administration. To my knowledge, we have received no response to this communication.

Mr. Oberliesen, Vice President for Planning of the Ohio Hospital Association, has raised specific questions. The first three deal with problems which have arisen since P.L. 92–603 was passed but never implemented satisfactorily. From a nephrologist's point of view, some of the problems relating to the Social Security Administration are:

1. It has failed to produce a reasonable plan for implementation of the Act.
2. It has chosen to ignore State plans which exist for the treatment of patients with chronic renal failure, both those which are well-established and successful, such as that in Illinois, and newly created ones, such as that in Ohio.
3. It has failed to provide reasonable meth-

ods to reimburse institutions and professional personnel. In addition, its actions have interfered with previously existing methods for reasonable reimbursement.

4. The expectations of patients and their physicians were raised by the enactment of P.L. 92–603. As a consequence, increasing numbers of patients have presented themselves for treatment. The inaction of the Social Security Administration has prevented institutions and physicians from planning for facilities and personnel required to care for these patients in the manner to which they are entitled under P.L. 92–603.

I would like to draw your attention to some of the details as they affect certain hemodialysis and transplantation programs, and particularly those at the Cincinnati General Hospital.

Hemodialysis may be performed over a long period in-hospital, in a limited-care facility, or in the home. Its cost varies according to the degree of illness and complications for each patient, and whether a stable state has been achieved. The Social Security Administration Intermediary Letter #73–25 of 26 June 1973, refers only to "stabilized" dialysis. Physician charges, institutional reimbursement, and frequency of laboratory tests were defined therein for what appears to be only "stabilized" dialysis. In the Cincinnati-Dayton area there are three dialysis units, with a fourth about to become activated; all are concerned with long-term chronic dialysis, both institutional and at home. They deal mainly with "stabilized" dialysis patients, and those eligible for transplantation are usually funneled into the Cincinnati General Hospital for this difficult treatment.

At the Cincinnati General Hospital, we have virtually no patients who are "stabilized" on dialysis, but rather our aim is to support the needs of our transplantation program. Thus, patients are dialyzed for relatively short periods to improve their condition; they are dialyzed during a period when surgical procedures are done; they are dialyzed following transplantation, when the kidney does not begin to function immediately, and of course if the kidney has rejected. Virtually all of our patients have multiple serious and often critical medical problems, and require more intense nursing and technical assistance, more intense day-to-day bedside supervision by nephrologists, and a wider range and greater number of laboratory tests. Our type of unit is essential for the success of our transplantation program, but the costs incurred are consequently high and it is necessary to reimburse both the hospital and physician components of this service.

The Interim Regulations appear to provide reimbursement for transplant surgeons, but do not provide for reimbursing the nephrologists involved in long-term patient care, pre- and post-transplantation. In some institutions, the transplantation program lies exclusively in the hands of the surgeons. In others, the program is conducted jointly by the transplant surgeons and the nephrologists. At the Cincinnati General Hospital, where this latter method is in operation, some forty to fifty transplants are done per year. The number of transplanted patients in-hospital at any one time may vary from five to fifteen. All of these patients, many of whom have some of the most complicated conditions in all of medicine, are seen in detail each day by the nephrologists and again a second time each day by the nephrologists with the transplant surgeon. After discharge from hospital, the patient is seen three times weekly for a minimum of two months, and thereafter at decreasing intervals. Presently, our nephrologists see about fifty post-transplant patients per week as outpatients.

The delay in implementing P.L. 92–603 has affected our program as follows. Before 1973, there was a single nephrologist here who carried the entire load of dialysis, transplantation, and other facets of renal disease. When I arrived, it was obvious that because of our large transplantation program, no one physician could conceivably carry such a load. If we had cut our program until such time as there were funds to obtain sufficient professional staff, many patients in the Southwest Ohio region would have gone untreated. We chose instead to do the best we could, naturally assuming, in view of P.L. 92–603, that professional services would be reimbursed, providing sufficient income to attract new faculty to handle the ongoing program and inevitable expansion. For eleven months, obtaining new professional personnel has been discussed repeatedly with appropriate administrative authorities, but of course professional income must be forthcoming to compensate any new appointees. We now have two physicians carrying a daily clinical load which, in order to provide adequate patient care, would require four physicians. As a consequence, morale is low, since no relief is in sight; patient care is seriously compromised; and continually overworked personnel will soon lead to additional major problems.

The hospital is moving slowly to improve facilities, but of course want assurance that we will be reimbursed appropriately and when that will be forthcoming. Administrators are naturally loath to commit themselves at the risk of bankrupting their institution.

Thus in many ways the situation now in Southwest Ohio is desperate. The passage of P.L. 92–603 raised the hopes of patients, physicians, and institutions involved in the care of individuals with chronic renal disease. As a consequence, the load of patients presenting for care in this area has increased substantially, but the repeated delays in implementing the program has made it virtually impossible to provide even adequate facilities and personnel. Although we are aware of the standards needed to provide good care, we cannot achieve it until we are assured of the implementation of P.L. 92–603.

A final word about reimbursement of physicians. We are well aware of concern over high physician charges which may have been made for dialysis by certain individuals in various parts of the country, and share in that concern. There are differing patterns for physician reimbursement, depending upon local conditions at various institutions. Regardless of what method is used, there of course must be a mechanism for reasonable physician reimbursement if he is to continue to fulfill his role in the care of patients with chronic renal disease.

I would respectfully suggest that the Ohio State Plan for Renal Disease presents an appropriate model for implementing P.L. 92–603 by the Social Security Administration, and am therefore taking the liberty of enclosing for you a copy of the preliminary draft.

Since reasonable plans for treatment of chronic renal failure already exist in many states, and some have been functioning successfully for five or more years, it also seems reasonable that implementation of P.L. 92–603 might well be done through the currently existing mechanisms in those states.

I trust that these remarks are helpful for progressing in this critical area.

Respectfully yours,
VICTOR E. POLLAK, M.D.,
Professor of Medicine, Director, Division of Nephrology.

CINCINNATI GENERAL HOSPITAL,
Cincinnati, Ohio, April 17, 1974.

Re: Public Law 92–603, Assistance for Persons with Chronic Renal Disease.

Hon. VANCE HARTKE,
U.S. Senator,
Washington, D.C.

DEAR SENATOR HARTKE: As an administrator of a major medical center heavily involved in Renal Dialysis and Transplant programs, I am very concerned about the commitment of the federal government in supporting these programs. The following is a brief summary of my concerns.

Since the federal government began funding patients with chronic renal disease under PL 92–603, Section 2991, Cincinnati General Hospital has performed thirty-eight kidney transplants and performed many dialysis treatments. This hospital applied in good faith and has been provisionally accepted (subject to a site visit) to become a regional kidney transplant and maintenance dialysis center, and we were assured by law that reasonable costs would be reimbursed promptly. Now, some ten months later, we have yet to be reimbursed for any service under the program.

We have had meetings with our Medicare intermediary who, in our opinion, is trying to cooperate to resolve the many problems involved to determining eligibility, covered services, billing procedures, and a number of other details. Our intermediary has not been able to reimburse us under the program because the federal government has not yet implemented the mechanism for processing such claims.

We are most concerned about our ability to continue supporting these programs without proper reimbursement and clarification of commitment on the part of the federal government.

If I can provide you with any additional information, please contact me.

Sincerely yours,
RODGER MENDENHALL,
Administrator.

OKLAHOMA HOSPITAL ASSOCIATION, INC.,
Tulsa, Okla., April 16, 1974.

Hon. VANCE HARTKE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HARTKE: Thank you for your letter inquiring as to the operation of the chronic renal disease program in Oklahoma. I will attempt to answer each of the seven questions outlined in your letter.

1. What problems arose at the inception of the program?

The problems which arose at the inception of the program were due to slow publication of guidelines, the length of time before eligibility cards were sent, and the lack of forms to be prepared.

2. Have those problems been eliminated as of this date?

These problems have been eliminated at this time except for occasional loss of applications at the Social Security Office in Baltimore. This causes delays but does not preclude us from collecting eventually.

3. Have new problems arisen?

The major new problems that have arisen in the program are:

a. Publication of the final guidelines and delay of awarding permanent approval to providers of chronic renal disease care have created confusion, doubt, and uncertainty. Centers are unable to make firm long range commitments until publication of the final guidelines.

b. At this point in time the method of expanding services is cumbersome, and exceedingly time consuming. Hopefully, this problem will be solved as the involved parties gain experience. It should be considered prior to issuance of final guidelines.

4. Approximately how many patients are being served by the program?

I do not have complete information, statewide, but at the present time Hillcrest Medical Center is treating 48 patients for chronic renal disease. This total includes chronic dialysis, home dialysis and kidney transplant patients.

5. Does your state have any program to supplement Federal benefits under the kidney disease program?

The State of Oklahoma provides no additional assistance for renal patients except those eligible for welfare based on a lack of resources. The limit for this payment for outpatient services is $10,000.

6. Is there, at present, any appreciable backlog in intermediary reimbursement to health care providers under the kidney disease program? If so, how much of a backlog?

The backlog in intermediary reimbursement for chronic renal disease is the same as the backlog for all Medicare services.

7. Do you believe that any changes should be made in the regulations which govern the kidney disease program? If so, what changes would you recommend?

The following changes in the law will improve our ability to provide services:

a. Eliminate the $150 screen for maintenance dialysis and pay on a cost basis. Providers could budget cost, charge on that basis, and settle on total cost at the end of the year.

b. Eliminate the reporting of each "non-routine" laboratory test associated with dialysis. This was not mentioned as a problem because we can cope with it, however, it does delay billing. All laboratory work should be paid.

We believe that the program is basically sound and has no problems which cannot be solved through aggressive action. We hope that Congress will see fit to continue and improve this program.

Sincerely,

CLEVELAND RODGERS,
Executive Director.

COMMONWEALTH OF PENNSYLVANIA, DEPARTMENT OF HEALTH,
Harrisburg.

HOSPITAL ASSOCIATION OF PENNSYLVANIA,
Camp Hill, Pa.
Attention: Mr. James R. Neely.

DEAR SIR: In reply to your letter of March 25, 1974, this is to document the major problems we have had with the Medicare Renal Dialysis Program at Hamot Medical Center.

1. The first problem we are experiencing deals with the application of patients for medicare at the local Social Security Office. Many patients are confused and frustrated by the application and appeal procedures. An example can be seen in the case of a railroad retiree, who was supposed to be handled by the Railroad Retirement Bureau in Chicago. He was not eligible for Medicare coverage until August of 1975 because of the railroad retirement plan. This man had worked for 25 years for the Erie-Lackawanna Railroad. After 6 months of concerted efforts, we finally received notice that the Social Security Administration approved his appeal and eligibility for Medicare.

2. Many patients have complained about the 90-day waiting period for eligibility. They are quite apprehensive during this period in regards to their coverage of bills and other financial matters. At the onset of H.R. 1, dialysis payments were held up from the state and other areas until clarification of H.R. 1.

This caused accumulation of bills and great concern on the part of the patients. We recommend that this 90-day waiting period be eliminated and coverage start from the day of the first chronic dialysis.

3. The 3rd problem involves non-profit hospital billing procedures. Hamot Medical Center has found that we are forced to act as the financial intermediary for many patients on the home, center, or training program for chronic dialysis. We are tying up substantial amounts of funds because of delayed billing programs of the Medicare Intermediary. At an earlier date, it was not even possible to submit bills because of the lack of "appropriate forms." This Medicare Intermediary in Pittsburgh has been changing billing formats almost on a weekly basis since December 1973. Bills were tied up from July 1973 thru November 1973. In early December 1973, we had our bills returned and were asked to re-accomplish the same bills on different forms.

We are not sure how to submit our bills because of the "confused atmosphere" prevailing at the intermediary office. Finally, after an urgent request we did receive one emergency advance of $72,100 in early January 1974, and we were told that nobody would receive another because these "emergency advances" were being discontinued. Three months later in March of 1974, we have finally received the financial breakdown necessary to credit the appropriate individual patient accounts with this January 1974 "emergency advance." As of March 1, 1974 we have been put on a monthly payment schedule from Medicare, Part A Intermediary.

4. Initially, we were told that we could bill for the "physician's fees" included in the maintenance dialysis cost beginning in July 1973. Approximately the 1st of September 1973, we received a call from our Medicare Intermediary on this matter. We were told by our Medicare Intermediary to discontinue billing the physicians fees in the monthly dialysis charges. We subsequently did comply with our Medicare Intermediary on this matter. In January 1974, we received another call from our Medicare Intermediary asking why we were not including physician's fees in the monthly dialysis charges submitted to our Medicare Intermediary. We told them this was done per their instruction in September 1973. We were then told that this was erroneous, and that we could correct and re-submit our billing retroactive to July 1973. This caused an extended delay in our re-imbursement schedule. From July 73, to February 74, no payment has been received for physicians' services for "Supervisory and routine nature," even though they had been re-submitted.

5. Another problem we are having trouble with is our Home Patient Program. We have substantial difficulties in this area. (a) One reason is because of the mass confusion about what is covered, what is not covered, and how much will be paid. Syringes are a good example; under Medicare Laws, syringes are not covered for payment by Medicare, Part A. (b) The other reason is that the non-payment of funds to our Hospital along with problems getting the vendors to rent or sell equipment because of HR–1 lack of information and no coverage of the remaining 20%. Not all States have the 20% coverage. Therefore many patients have difficulty getting credit ratings by the vendors. Under the Renal Dialysis Program, it is paramount that these items be covered. as they are absolutely required, if dialysis is to be successfully completed. We have found that the Medicare Part B Carrier will cover only some items billed directly by the patient. In fact the patients are totally confused by what is covered by both Part A and Part B carriers for Medicare: As of this date, we have not seen a list of what is covered and is not covered by Medicare. All of our information about the Home Patient Program is strictly hearsay.

Because of misinformation, no information, or incomplete information, we urge the Medicare, Social Security Administration in Baltimore to communicate as quickly as possible the required information. Frequently, the centers knew more than the Medicare A and B Agencies. As a result the Home Training Program has ground to a halt for one year.

6. There is a substantial backlog of funds owed to our facility for Renal Dialysis as of April 1, 1974. We have billed a total of $277,700.20 to our Medicare Intermediary. We have received as of April 17, 1974 only $82,504.25. This leaves a balance of $195,195.85 still outstanding.

Presently, we are handling a total patient load of approximately 52 patients. Because of a program of this size, the institutions and centers cannot continue to operate without payments and underwrite this amount of money while the Social Security Administration in Baltimore tries to figure out what to do next.

On April 19, 1974 the Renal Disease Advisory Committee for the State of Pennsylvania had a meeting in Harrisburg, Penn. The problems of H.R. 1 were discussed. The following are the recommendations of this committee:

1. Immediate and extensive dissemination of written information and regulations between Baltimore-SSA Headquarters, the Intermediaries, the Dialysis Center and Local Social Security Officers.

2. Elimination of the 90-day administrative waiting period, with eligibility and coverage to start with the first chronic dialysis.

3. Clear-cut separation of physicians' fees, whether supervisory or whatever, from hospital re-imbursements.

4. Expeditious payments of bills received by Medicare Intermediaries.

5. Written guidelines for coverage and procedures for Home Patient programs.

6. Coverage under Medicare for 100% of all costs. A year-end cost audit basis for 100% instead of 80% or 80% of 80%.

7. Because the treatments are continuous 3 times per week on the average for the rest of the patient's life unless a transplant is performed. The *financial status* of many patients is very poor or almost totally non-existent. Since there is no coverage for certain items such as needles, syringes, and some medications, because of the inadequate coverage by the State Program for the remaining 20%, it is also recommended the entire program be funded by Medicare, and therefore eliminate this 20%. Our hospital has been forced to underwrite these uncovered costs in some patients, thereby causing difficulties in the operation of the program.

8. The Dialysis Program must be a *Separate Program in itself*. It must not be forced to fit into an already existing program, which has inadequate coverages and non-appropriate restrictions.

9. Mechanisms must be sent out to facilitate rapid changes in the program where these changes are important.

10. Immediate payment of the backlog of physicians' fees by Medicare Part A and B and the option of physicians direct re-imbursement by the Medicare Part B Intermediary for those Physicians who are not employed by the hospitals.

11. A payment to physicians must be the usual and customary prevailing fee.

12. Laboratory Services should be included in the monthly dialysis charges instead of being covered through another program.

13. The Part A and B Medicare Intermediaries should consult regularly with the Pennsylvania State Department of Health, and the Local State Dialysis and Transplant Program where existing. This should be both supervisory and statistical level.

14. Coverage should be extended to all medications, including Vitamins, both on and off dialysis, relating to the care of Dialysis Patients.

15. Peer person to be handled via State Dialysis programs (where they exist).

16. Re-imbursement costs to all Hospitals on a reasonable audited cost basis.

17. Mechanisms and guidelines must be set up for the rapid approval and funding of new facilities and expansion of existing facilities.

J. D. Lasher, M.D.,
Chairman, Governor's
Renal Disease Advisory Committee.

Members of the Governor's Renal Disease Advisory Committee

Edward S. Cooper, M.D., Chief, Medical Service, Univ. of Pa., Division Phila. General Hospital Medical Bldg., 3rd Floor, 700 Civic Center Blvd., Phila., Pa. 19104 (215) 823-7118.

Mrs. Josephine Farnkopf, 4520 Arendell Ave., Phila., Pa. 19114 (215) DE 8-5385 (215) MA4-4680.

J. D. Lasher, M.D. (Chairman), 255 Professional Bldg., 1611 Peach Str., Erie, Pa. 16501 (814) 455-9038, (814) 455-6711 (Hamot Medical Center).

Mrs. Irene McLenahan, R.N., Director of Public Health Nursing, Allegheny County Health Dept., Rm. 417 Jones Law Bldg. Annex, 311 Ross St., Pittsburgh, Pa. 15219 (412) 355-5773.

Joseph Mowad, M.D., Geisinger Medical Center, Danville, Pa. 17821 (717) 275-6376.

James Nicotero, M.D., St. Francis General Hospital, 45th St. (off Pa. Ave.), Pittsburgh, Pa. 15201; (412) 622-4343.

Mario Sebastinelli, M.D., Moses Taylor Hospital, 700 Quincy Ave., Scranton, Pa. 17055; (717) 346-3801, (717) 347-5212 (office).

Bradford K. Strock, M.D., 400 W. Main St., Mechanicsburg, Pa. 17055; (717) 766-0271.

Francis J. Sweeney, M.D., Thomas Jefferson Univ. Hosp., 11th and Walnut Sts., Phila., Pa. 19107; (215) 829-6164.

Mr. Phillip Winther, 26 South Sycamore Ave., Aldan, Pa. 19018; (215) MA3-5170 (Home).

Texas Hospital Association,
Austin, Tex., April 17, 1974.

Hon. Vance Hartke,
U.S. Senator
Washington, D.C.

Dear Senator Hartke: Your interest in the reimbursement problems hospitals are experiencing in providing treatment for chronic renal disease is appreciated. This delay in responding to your letter of March 15 is the result of numerous meetings held with knowledgeable hospital personnel for the purpose of developing the answers to your questions.

1. "What problems arose at the inception of the program?"

Lead time for intermediaries to disseminate information on coverage, limitations, and claims filing procedures was not considered sufficient. The significant general instructions were received after July 1 even though the benefits of the program were to be effective on July 1, 1973.

Many of those patients affiliated with chronic renal disease were not established as eligible beneficiaries by the July 1, 1973, effective date. Hospitals inherently recognize that claims cannot be paid until the patient's eligibility for Medicare benefits is established and this has, no doubt, caused hospitals to hold claims for services rendered to patients who have not been issued Medicare Health Insurance Identification cards.

Many hospitals have contended that the limitations on the costs per dialysis treatment is not sufficient to permit recovery of the actual costs involved in providing the service. The limitation on cost per treatment is to be applied to the aggregate of hospital and physician activity. This causes undue complications between hospitals and physicians and these complications are magnified in those hospitals where the costs for just hospital activity is in excess of the specified limits. The limitations have, no doubt, caused some hospitals to be reluctant to file claims, since they are in a quandary as to what constitutes acceptable justification for an exception. Hospitals do not know whether claims will or will not be paid on an interim basis at rates in excess of the specified limits or whether the payment based on an approved exception can only be made at the time of the hospitals' annual cost settlement.

2. "Have those problems been eliminated as of this date?"

There has been improvement in establishing eligibility for chronic renal disease patients.

3. "Have new problems arisen?"

There are some hospitals which have dialysis equipment for the purpose of providing a needed ancillary service to their inpatients and trauma patients who need immediate care. The trauma patients would normally not be covered by the Medicare renal benefit since they do not have END stage kidney disease and the other inpatients receiving dialysis services would only be covered by the Medicare Program if they had served the eligibility period. The cost per treatment in these providers is materially influenced by the unpredictable number of occasions the hospital will be required to provide treatments. The efficiency of services rendered in this mode is in drastic contrast to a provider whose purpose is to render maintenance dialysis services on a scheduled basis to known patients who have chronic renal disease. It is believed those hospitals providing dialysis services in a non-maintenance mode should be permitted to provide these services to Medicare beneficiaries under the terms of the standard agreement with the secretary of H.E.W. This agreement pertains to their entire hospital and provides for recovery of "reasonable costs" of all services. Hospitals in this State are under the impression they had to obtain special approval as a chronic renal disease provider before they could collect Medicare reimbursement and these hospitals have been given a letter indicating they are approved chronic renal disease providers.

4. "Approximately how many patients are being served by the program?"

In the State of Texas, there are approximately 700 persons with END stage kidney disease.

5. "Does your state have any program to supplement Federal benefits under the kidney disease program?"

Our State Legislature passed the State Kidney Health Care Act which provides the equivalent of Medicare benefits, without coinsurance and deductibles, for those State residents who do not qualify for the chronic renal disease benefits under Social Security. In those cases where the State resident does have coverage by Medicare, the State Kidney Health Care Act will provide benefits for the Medicare coinsurance and deductibles. In addition, the State Kidney Health Care Act will provide benefits for outpatient drugs.

6. "Is there, at present, any appreciable backlog in intermediary reimbursement to health care providers under the kidney disease program? If so, how much of a backlog?"

There is not any specific indication of a backlog in claims filed by hospitals, but not yet settled by the intermediary. It is believed the most significant factor causing hospitals to have inordinately high accounts receivables is due to the lack of beneficiary health insurance claim numbers and effective dates for coverage. It is also believed that hospitals with established charges which are greater than the limits have a real dilemma in regard to the exception to the limitations.

There have been delays in the intermediary claims settlements and these have been primarily due to obtaining medical justification for laboratory services considered by the chronic renal disease rules to be above routine. There have also been delays caused by the intermediary having to request the 8½ x 14 special forms required by the chronic renal disease program.

7. "Do you believe that any changes should be made in the regulations which govern the kidney disease program? If so, what changes would you recommend?"

(1) Any limitation on cost should be related to the economic conditions in the hospital's area.

(2) Any limitations on cost should be separate amounts applicable to hospitals and separate amounts applicable to physicians.

(3) Clarify the implied limitation of $5 on laboratory costs and give recognition to lab work rendered by the facility for those patients who administer their own dialysis treatments in their homes. First, the hospital has no absolute way of knowing how many home dialysis treatments occurred and it seems impractical to relate a limit on lab costs to each treatment. Second, it is believed good medical practice indicates that patients performing their own dialysis treatments should have more lab tests since these patients are not observed by qualified hospital personnel or physicians during the course of their home treatments.

(4) Any designation of "routine" laboratory procedures should take into consideration the differences between home dialysis patients and dialysis patients receiving treatments at a facility.

(5) Hospitals providing dialysis services as an ancillary service should not be required to be in the category of approved chronic renal disease providers.

(6) Consider alternate ways to obtain or reduce the amount of information hospitals have to provide on the two special chronic renal disease forms.

(7) Hospitals and physicians specializing in Nephrology should have the option to receive separate Medicare reimbursement in the same manner as radiologists and pathologists.

Again, thank you for your interest. Please let us know if we can be of further assistance.

Sincerely yours,
O. Ray Hurst, CAE,
President.

Vermont Hospital Association,
Shelburne, Vt., May 8, 1974.

Hon. Vance Hartke,
U.S. Senator,
Washington, D.C.

Dear Senator Hartke: This is a delayed response to your letter of March 15, 1974 requesting information regarding Medicare assistance to persons with chronic renal disease.

Enclosed is a copy of a letter prepared by Frederick A. Hale, Associate Administrator and Controller, Medical Center Hospital of Vermont. Mr. Hale also serves as financial specialist for the Vermont Hospital Association. The Medical Center Hospital of Vermont is the only Vermont Hospital providing renal dialysis. Mr. Hale's letter provides specific answers to the questions raised in your letter. In addition he has provided suggested changes for the administration of the program.

We hope that this information is helpful to you. The Vermont Hospital Association appreciates your concern in this area. We feel that your comments and questions are pertinent to this particular problem as well as the overriding problem of the shape and administration of National Health Insurance.

If we can be of further assistance please do not hesitate to let us know.

Sincerely,
Richard J. Young.

MEDICAL CENTER HOSPITAL OF VERMONT,
Burlington, Vt., May 3, 1974.

Mr. RICHARD J. YOUNG,
Executive Vice President, Vermont Hospital Association, Shelburne, Vt.

DEAR MR. YOUNG: In regard to the letter you received from United States Senator Vance Hartke dated March 15, 1974, I would like to state the following information regarding the kidney disease program:

In answer to question—

No. 1. What problems arose at the inception of the program?

The program became effective July 1, 1973. Interim regulations to implement the kidney dialysis benefits were not presented until July 30, 1973 at a meeting in Boston, Massachusetts by Regional HEW personnel. They knew little more at that time than the intermediary, hospital or provider personnel attending the orientation.

No. 2. Have those problems been eliminated as of this date?

Ten months of the program and we are mired in red tape and interim regulations. We are not getting reimbursed in an equitable manner. We filed for an exception to the ceiling rate. However, it could not be acted on by the intermediary because we could not complete the questionnaire (Form SSA 9734) requested as it had not been published.

No. 3. Have new problems arisen?

Unworkable SSA regulations may kill the Home Dialysis form of dialysis therapy. Limitation on charges for covered supplies require provider to supply non-covered supplies at a loss or become patient responsibility. The hospital is being forced to rent durable medical equipment because equipment suppliers refuse. This requires hospital personnel to provide installation plus repairs and maintenance of equipment. The professional helper required to substitute in the absence or sickness of the unpaid regular helper is not recognized by Medicare as a covered service.

No. 4. Approximately how many patients are being served by the program?

We have 55 patients on the program.

No. 5. Does your state have any program to supplement Federal benefits under the kidney disease program?

Vermont Medicaid is supplemental to federal benefits.

No. 6. Is there, at present, any appreciable backlog in intermediary reimbursement to health care providers under the kidney disease program? If so, how much of a backlog?

Backlog at present time amounts to $263,045.40.

No. 7. Do you believe that any changes should be made in the regulations which govern the kidney disease program? If so, what changes would you recommend?

Suggested changes:

The patient should become eligible 30 days after regular course of dialysis instituted instead of the present provision of three months.

Eligibility of Medicare coverage should not cease one year after transplant. There are still major problems and major costs to a transplant patient. Patient would find it impossible to obtain health insurance to help with cost after Medicare ceases.

Patients with an "unpaid helper" should be allowed a certain number of professionally assisted dialyses each year to cover periods of sickness and vacation of unpaid helper.

Dialysis charge ceilings should be abolished and reimbursed based on reasonable cost.

The need for laboratory tests varies from patient to patient. Each time a test listed by Medicare as routine is performed more than the allotted number of times in a month, it requires physician justification in writing. This results in misuse of physician's time.

The incenter form of treatment that is most expensive to provide and least satisfactory care for the patient is best reimbursed under Medicare regulations. This encourages the most expensive care. We recommend regulations which would provide more coverage in home dialysis. This would result in the lowest cost to society in the long run.

I hope that these explanations are helpful to you and should any clarification be needed we would be more than happy to explain further.

Sincerely yours,
by: LINDA L. LABERGE,
for: FREDERICK A. HALE,
Associate Administrator and Controller.

FEDERAL ENERGY ADMINISTRATION

Mr. MOSS. Mr. President, on Tuesday, we read the news that the Director of the Office of Consumer Affairs at the Federal Energy Administration has resigned because:

> The Office does not now report to the Administrator. It literally reports to no one except that on paper it is one of several miscellaneous units that reports to the Director for Intergovernmental Relations.
>
> The Office does not influence FEA decision-making. Never once has the Office been asked to assist the Administrator on a matter of substance. Never once has the Administrator responded to dozens of important reports and recommendations submitted directly to him by the Office.

Mr. President, this is shameful. The Federal Energy Administration has almost life and death power over the consumer. Its decisions are critical to the speedy resolution of inflation. Yet, the Office of Consumer Affairs apparently has not had any substantive role.

On September 17, 1974, the committee will hold a hearing to investigate this unfortunate situation. At that time we will call as witnesses, both Dr. Sawhill, and Dr. Richardson. Hopefully, we will determine FEA's priorities for future cognizance of the consumer's interest.

Mr. President, I ask unanimous consent that an article on this matter and the text of Dr. Richardson's letter of resignation be printed in the RECORD at the conclusion of my remarks.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

FEA CONSUMER OFFICE CHIEF QUITS, CITES LACK OF INFLUENCE

(By Tim O'Brien)

The head of the Federal Energy Administration's consumer office has resigned, charging that energy chief John C. Sawhill never responded to his recommendations, that the office has no influence over policy decisions, and that the plight of consumers is largely ignored by the FEA.

Dr. Lee Richardson, director of the FEA's Office of Consumer Affairs since it was formed five months ago, blasted the energy consumer program in an eight-page letter of resignation dated Aug. 8.

When the FEA consumer office was established last March, it was hailed as a means for representing consumer interests in the agency's decisionmaking structure.

But in his Aug. 8 letter, Richardson said, "The facts of our failure are simple and incredible."

"The office does not now report to the administrator. It literally reports to no one, except that on paper it is one of several miscellaneous units that report to the director for intergovernmental relations."

"The office does not influence FEA decision-making," Richardson wrote. "Never once has the office been asked to assist the administrator on a matter of substance. Never once has the administrator responded to dozens of important reports and recommendations submitted directly to him by the office."

The FEA consumer office was set up after the agency heard growing complaints from consumer groups that energy pricing and distribution regulations were being put into effect without significant input from those most affected—individual energy consumers.

As a result, former FEA chief William E. Simon announced March 13 the formation of the new office, promising that it would play an active role in future policy decisions.

Richardson said the commitments of March 13 "are not being fulfilled."

In an interview yesterday, Richardson said the FEA failed to respond to a number of "extended memos and hard questions we were asking"—the need to justify oil industry profits and price increases, how to better preserve oil industry competition and the need for improved data analysis.

Richardson said "FEA's movements to date on important decisions are on a direct collision course with the best interests of consumers."

"One major misdirection is the FEA subsidization of industry through the theory of the magic profit," he said. He cited a lack of any FEA economic analyses to justify the continuation of a Dec. 19, 1973, decision to raise the price of most domestic crude oil by a dollar a barrel.

"The primary instance of the false magic profit theory is seen in the blind belief that huge multibillion-dollar increases in oil company profits in the first half of 1974 will ultimately produce newer and cheaper supplies of energy," he said. "If such profits are adequate or excessive, FEA doesn't yet know—FEA has not been able to even assemble, much less analyze, the information necessary to begin answering that question."

He also said the agency has not seriously considered reducing retail gasoline price increases granted last March 1. That price rise, he said, is costing drivers about $2 billion a year.

Coincidental with the release of Richardson's letter, the FEA announced plans "to reorganize and strengthen the FEA's consumer affairs program." The consumer office will be combined with the Special Impact Office, Sawhill announced, and the new office will have a staff of 24, including a consumer representative in each of the FEA's 10 regional offices. Until yesterday's announcement, there had been no consumer representatives in the regional offices.

In his resignation letter, Richardson charged that the FEA has been unresponsive to its congressional mandate to protect competition in the energy industry, particularly by failing "to make even perfunctory estimates of what its massive proposals . . . will do to independent (energy companies)."

While the FEA has often promised to deal with energy-related consumer issues, he said, "there has never yet been an instance where any part of FEA's organization has done so. The plights of many groups—volunteers, the elderly, the rural poor, the big city tenants . . . among others—have been ignored by FEA."

Richardson's resignation is effective Sept. 1. He came to the energy administration from the staff of the President's consumer adviser, Virginia Knauer. Energy chief Sawhill thanked Richardson for "serving with distinction in a difficult job."

Lee White, speaking for the Consumer Federation of America, said Richardson's resignation symbolizes "how little concern and attention have been given to the plight of consumers by the administration in its handling of the problems associated with the energy crisis."

Sawhill said Richardson's criticisms were "a little overstated." Responding to the charge that the FEA has no economic analysis to justify its price regulations, Sawhill conceded that the agency has not tried to define what "excessive" oil industry profits would be.

Basically, he said, the industry needs to have a return on investment about equal to the average of American industry, "and they have not attained that in the past." However in the last several months the industry has gone over the average, he said.

Sawhill said Richardson had access to the administrator's office, but that "I've never seen any report that he (Richardson) sent in that had any analytic depth to it."

FEDERAL ENERGY ADMINISTRATION,
Washington, D.C., August 8, 1974.

MEMORANDUM

To John C. Sawhill, Administrator.
From Lee Richardson, Director, Office of Consumer Affairs.
Subject: Resignation.

I am leaving the Federal service following completion of a two year leave of absence from the Louisiana State University. I, therefore, submit my resignation as Director, Office of Consumer Affairs, to be effective September 1, 1974. It is with regret that I have to make this decision at a time when the full potential of the FEA Office of Consumer Affairs has not been realized. The reasons behind this action, I believe, are quite substantive, and I urge you now to structure the consumer interest into the management of the entire Federal Energy Administration.

The creation of the FEO in early December, 1973 was accompanied almost immediately with announcement of appointments to the Administrator's high level Consumer Advisory Committee. The membership of this Committee has come to consist of a most representative high calibre group of 28 consumer and public interest advocates. While this Committee under its able chairperson, Lee White, head of the Consumer Federation of America's Energy Task Force, was as fine a consumer advisory group as has been assembled at high levels of the government since 1969, its early promise floundered in FEO bureaucracy. The Committee members rightfully protested their inability to even communicate with FEO at a time when FEO made decisions that cost consumers billions of dollars. On March 13, 1974, Administrator Simon and you, as his Deputy, both appeared before the Committee to create the Office of Consumer Affairs.

As I had served in several offices of FEO since late November, 1973 as part of the major commitment to FEO of Virginia Knauer's Consumer Office at DHEW, I agreed to serve on loan from her Office as Director.

Three major commitments were made by FEO to consumers in the creation of the new office. First, the Office would report directly to the Administrator. Second, the Office would reach into the entire decision-making process of FEO. Thirdly, the Office would have an adequate size staff consisting of experts in economics, law, energy pricing, etc., to serve the Consumer Advisory Committee's technical assistance needs and those of the FEA. No consumer office in the Federal government has had such a significant and substantive mission.

In a spirit of national energy crisis, these commitments were well received. Today, as the price, inflationary, environmental, and social impacts of energy have become so much clearer, the substantive commitments of March 13, 1974, are not being fulfilled.

The facts of our failure are simple and incredible:

1. The Office does not now report to the Administrator. It literally reports to no one except that on paper it is one of several miscellaneous units that report to the Director for Intergovernmental Relations.

2. The Office does not influence FEA decisionmaking. Never once has the Office been asked to assist the Administrator on a matter of substance. Never once has the Administrator responded to dozens of important reports and recommendations submitted directly to him by the Office.

As the Nation enters into many important decisions regarding energy—decisions forced on it by years of governmental and industry neglect, the consumers' stake in energy policy becomes much more important. The potential energy-related problems and costs to consumers in the next decade make the winter 1973–4 shortages pale by comparison. Public opinion, unfortunately, on the other hand, feels the crisis has passed since gasoline lines have disappeared. Government and industry know that the real consumer crisis of high cost energy, environmental health risks, safety, and shortages are upon us, yet, have hardly reached the collective public consciousness.

FEA's movements to date on important decisions are on a direct collision course with the best interests of consumers. The pattern is set, and I do not feel future agency decisions will vary in substance. There are several subject areas of the primary deficiencies.

One major misdirection is the FEA subsidization of industry through the theory of the magic profit. While FEA inherited the $1 barrel increase granted by the Cost of Living Council to producers of old domestic oil that costs U.S. consumers about $2.5 billion per year, FEA has continued to support that decision by default. There has been no FEA analysis of the price levels since the December 19, 1973, announcement. The decision by the Cost of Living Council started a literal 8-month steady rain of protests from Congress and public interest groups, but FEA merely has said conditions now are somehow different. A similar decision was the March 1 decision to raise consumer gasoline prices by $2 billion annually through granting a 2-cent retail margin increase. The FEA defense of that decision was to keep profits of dealers up and thus keep service stations open during that period of lower sales volume. FEA has not seriously considered reducing that margin even as volumes increased almost back to normal by spring of this year. The primary instance of the false magic profit theory is seen in the blind belief that huge multi-billion-dollar increases in oil company profits in the first half of 1974 will ultimately produce newer and cheaper supplies of energy. If such profits are adequate or excessive, FEA doesn't yet know—FEA has not been able even to assemble, much less analyze, the information necessary to begin answering that question.

These three decisions are not unique manifestations of the unproven theory of the magic profits. The cost for every U.S. family for these three decisions above is going to be several hundred dollars apiece over the next few years. FEA has not subjected any of these manifestations of faith in the theory recently to as much as thoughtful consideration, much less analysis.

A second misdirection is in the area of competition. FEA has a mandate to protect independent sectors of the petroleum industry under the Emergency Petroleum Allocation Act of 1973. In spite of this, FEA cannot yet even offer adequate measurements of the fate of independents to date under the law. FEA will not be able under such conditions of ignorance to make even perfunctory estimates of what its massive proposals for future spending, regulations, and industry subsidies by government will do to independents. FEA may not be able to intelligently address the basic questions about the current horizontal integration of oil, gas, coal, and uranium producers. FEA does not have the inclination to even seek to measure the effects of multi-national oil companies' integrated operations, the effects of interstate pipeline company monopolies on consumer natural gas heating bills, or the effects of the inefficiencies of utility "natural monopolies" on electric rates.

The third misdirection is to treat consumer energy policy as a welfare problem. FEA's attitude has been that some groups of consumers will complain when energy costs to them are higher than the average for other consumers. Therefore, a handful of New England homes with total electric dependence, a group of migrant families short of gasoline, or some few households cheated by a fuel oil dealer are but subjects for a little relief. Surely these and similar groups with special impact problems deserve attention, but the root cause of many such problems is the very structure and priorities which FEA builds into the system. A great deal of suffering could be prevented if consumer considerations were built directly into the formulation of basic price levels, allocation systems, resource development programs and other substantive policy matters.

While the oft-promised intention of FEA has been to deal with the energy-related consumer impact issues that might arise, there has never yet been an instance where any part of FEA's organization has done so. The plights of many groups—volunteers, the elderly, the rural poor, the big city tenants, the owners of modest homes victimized by Reddy Kilowatt, among others—have been ignored by FEA.

Whether the subject has been impacts due to the still secret contingency gas rationing plan or residual oil, heating oil or gasoline allocations, concern has been dutifully expressed to consumers and Congress. Only, there has been no top level commitments by FEA to alleviate the problems, actual or potential. Those tragic oversights can still be corrected.

Another misdirection has been in consumer education. Consumer voluntary conservation efforts are still the mindless "300 Hints from Heloise" variety and are self-serving bureaucratic publicity gimmicks. No new FEA initiative or position has been taken to date in support of mandatory appliance energy efficiency labeling, auto mileage measurement standardization or any of the other related kinds of consumer information programs. Any of these could assist national conservation goals as well as consumer pocketbooks rapidly—and painlessly to industry. Our failure in even continuing the Cost of Living Council's octane posting regulations is a remarkable oversight to say the least.

Consumer and environmental interests are strongly united in their views on virtually all major energy issues. FEA, however, is still failing in its misdirected efforts to drive a wedge between them. The agency relentlessly blames rising consumer energy costs on even the limited measures taken to date to protect the Nation's health through cleaning up our air and water and those laws that protect our limited land and other resources.

FEA's misdirected approach to nuclear energy is absolutely frightening. Our official view is that nuclear power must be developed. Never, however, have we stated firmly any ground rules of safety that should be conditions of that commitment to this high risk fuel. The engineering requirements for certain nuclear facilities must be fail safe—yet, engineers are humans. Waste disposal and transportation of nuclear materials involve unsolved technical issues. The risks today are high according to many scientific authorities, yet, FEA only offers an unbalanced plan to push development of uranium resources, to accelerate licensing procedures, and also to spend money on research. America's nuclear development in terms of electric generating facility applications has been allowed by haphazard government planning to reach such a point at this time that the public will not be able to reassess the safety, environmental, cost, and energy trade offs without severe economic dislocations. Billions of dollars in economic losses could come with the political reaction to the advent of only one politically unacceptable accident. The nuclear power industry conceivably could be shut down by public demand if any of the risks become realities. Let us hope Murphy's Law does not work in nuclear energy within this next decade of unreliable technology. Let consumers hope that FEA's nuclear safety concerns will be more integral to its thinking than just the philosophical meandering of its articulate speechmakers.

FEA's jaundiced view of energy regulation is appropriate, even if misdirected. Inadequate utility regulation which guarantees cost-plus profits has created a backward industry with instances of inbred and inept managements. Utter contempt for employee's civil rights, consumer impacts and environmental concerns by some firms produces muckrakers classics almost every week in the press. FEA inexplicably pushes today for financial and rate relief to the weak sisters in the industry. It blames the growing sensitivity of some state regulators to the public's rights and interests for the industry's woes. To add insult to consumers, FEA must literally be bludgeoned publicly before it will talk to consumers, environmentalists, and other citizen interests on the utility industry's consumer problems. These groups want to raise the more fundamental problems of an overly protective regulatory system. They want to discuss current problems of certain ineptly managed companies. They want to pose rate recommendations. They are interested in severe problems caused by automatic cost pass-through mechanisms that raise rates up to 40% without even as much as a public hearing.

Some of the strong sisters of the industry may yet be weakened if FEA creates some new kinds of welfare for the industry through Federal laws, subsidy and protective regulation.

Your Office of Consumer Affairs has failed to date because it has been unsought and unheard within the agency. On the other hand, it has been able to serve FEA and the public through its major efforts to inform consumer groups, other public interest organizations, and the Consumer Advisory Committee of issues and options that face them. Some of these organizations have been given significant technical assistance by OCA to help them focus on relevant issues. FEA has benefited and will continue to benefit from much higher quality input directly from these groups on several notable occasions. Among the most recent ones are the Denver Project Independence Hearings, unleaded gasoline pricing, and octane posting.

The Office has a highly capable staff that can continue to produce these needed views from the public interests we are pledged by law to serve. These benefits are partly the byproduct of the disorganization of FEA. OCA has been left alone to try to bring the technical orientation of FEA together with the human realities of the consumer world. The Office has begun to succeed with consumers, but has been shunned and downgraded in its efforts to assist within FEA.

The FEA commitment to consumers that had developed steadily from the early creation of a Consumer Advisory Committee and was followed by the FEA Office of Consumer Affairs has deteriorated rapidly. The ultimate litmus test for FEA is its major policy decisions, and it has failed the consumer.

The need for organizational changes within the FEA to deal with the above consumer issues is clear. I don't presume to know the personnel and structural changes you will require. Consumers concerns are with the results FEA produces, not its bureaucratic problems. Repetition of old mistakes will be intolerable, however, and the OCA Staff can be invaluable in evaluating your planning options. In addition, I recommend to you consideration of the management issues faced by many other Federal consumer offices that are raised in my recent article in the *California Management Review*.

Before the issues raised in this memorandum are publicly discussed, I request that we meet to review this memorandum. In the near future, I will make this resignation memorandum public in order to contribute something of some value in increasing consumer discussion of what I feel to be important substantive matters affecting every family in the United States. I do, however, want the personal benefit from your reflections on those consumer issues which you too feel require increased attention from FEA.

It has been my professional privilege to serve with you in an agency with awesome responsibilities to consumers. The impact of FEA's decisions can be enormous as you lead the Federal effort in Project Independence. You are a person with a somewhat similar academic background to mine and your own grasp of the vast range of technological, economic, and political issues that are woven together in energy policy is nothing less than masterful.

Thank you for your attention to this lengthy discourse.

LEE WHITE,
Members, Consumer Advisory Committee.

BICENTENNIAL OF THE UNITED STATES OF AMERICA

Mr. MONTOYA. Mr. President, as we are approaching the celebration of the 200th anniversary of our Declaration of Independence, many civic-minded groups are conceptualizing what they feel to be the essence of life in America today. One such group is the National Association of Tobacco Distributors—NATD. The NATD's vanguard committee is comprised of volunteers from the tobacco, confectionery, and allied products industries. To formally launch their bicentennial plans and programs, the NATD has published an appeal to the public to join in their efforts. I ask unanimous consent for their statement to be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

We proudly proclaim launching of the NATD's Vanguard Committee to celebrate the Bicentennial of the United States of America.

This committee will cooperate, collaborate, formulate and implement plans and programs for the historic 200th birthday celebration of our Glorious Nation—the peer democratic system of the world.

The Committee will comprise volunteers from every horizon of the Tobacco, Confectionery and Allied Products Industries.

We are, indeed, blessed that in our lifetime we can trenchantly mark the worldwide significance of this unique event.

An opportunity will be provided for careful study of all Industry-evolved ideas, recommendations and suggestions for a fitting and thunderous celebration of the 200th Aniversary of the greatest land on the earth.

We cordially invite everyone to become a member of this nationwide vanguard group.

The Committee's avowed aim is that of making a lasting and incisive contribution to, and vigorous recognition of, the Preeminence of Our Nation.

We aspire to formation of the largest committee in the history of this or any other Industry.

OPEN ACRES PROGRAM

Mr. BARTLETT. Mr. President, the Tulsa Sunday World recently profiled the open acres program of the U.S. Department of Agriculture. The success of this program is a tribute to the accomplishments of my distinguished colleague, the senior Senator from Oklahoma (Mr. BELLMON).

I ask unanimous consent that this article, by Sam Powell of the World staff, be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Tulsa Daily World, Aug. 4, 1974]

OPEN ACRES IN YEAR OF DECISION

(By Sam Powell)

This coming hunting season will be a crucial one for an important government program which holds the best promise for hunting access for the average-income outdoorsman in the future.

"Open Acres" was recently approved for a third year, and officials point out that this is the "make it or break it" point for the experimental program. Authorization for this program was placed in law by the Agriculture Act of 1970, and its implementation each year since has been an administrative decision by the U.S. Department of Agriculture.

The project has been the brain-child primarily of Sen. Henry Bellmon, himself an avid quail hunter. When Bellmon first announced the trial program several years ago at a national quail symposium in Stillwater, he credited the late Wendell Bever, former director of the Oklahoma Wildlife Department, as the man who came up with the original idea of the open acres for hunting, fishing, and other outdoor activity.

The program was begun 1972, Oklahoma being one of 10 original states in the experiment. Farmers and ranchers in five counties here—Grady, Lincoln, Pawnee, Washita and Woodward—have participated each year.

To participate in the program, a landowner must hold a cotton, wheat, or feed grain allotment. The Agriculture Department has reported that, overall, the ambitious venture has been a tremendous success.

"We have been most pleased with what's happened here in Oklahoma in this experiment," Harold Hunter, executive director of the state Agricultural Stabilization and Conservation Service which administers the plan, told me this past week. "The landowner acceptance of this unique concept has been far more favorable than we really anticipated, and the hunters and fishermen who have used their land have, on the whole, been courteous and considerate."

Indicative of the experiment's success, from the landowner's point of view, is the fact that Hunter says nearly all farmers and ranchers enrolled that very first year, have asked to be signed up again these past two years. The land is enrolled by an evaluation system, determined by a survey of a team consisting of Agriculture Department, state Wildlife Department, and other such personnel. The landowner is given a bid for opening his land, which he can either accept or reject.

The landowner is compensated in varying amounts, ranging from a low of 76 cents per acre, up to a high of $1.50 per acre. Overall, the ASCS headquarters in Stillwater is working with a $154,000 budget this year in handling the program. It runs on a calendar year basis, ending on Dec. 31, 1974.

The only drawback here is that there is still a month of quail hunting left after that. But the quail hunter still has plenty of opportunity to get in some quality outings via the program, during his season.

I hunted some Open Acres land myself last year in Pawnee County, late in December, and we got into four good coveys of birds in one afternoon—so there is definitely some top-notch hunting available here if outdoorsmen will only make use of it.

Cooperation, via filling out user cards, may be vital in determining the fate of the program this year. Hunter pointed out that every person who visits a farm or ranch, whether it be to hunt, fish, hike, or whatever, is asked to complete a card questionnaire.

The cards are located in a special weatherproof box located near the landowner's residence.

"While the people using Open Acres have been pretty good about other things, we haven't got the response from the cards that we would like to see for a real concise evaluation," Hunter said. "This will be looked at very closely next year in deciding whether to continue Open Acres nationwide, I'm sure."

The hunting acreage available to sportsmen this fall will be on about the same level of the previous seasons. As in the past two years, complete lists of landowners who have acreage enrolled in the program, along with directions on how to reach those sites, will be available to the public.

In addition, all farms and ranches enrolled are marked with distinctive signs which identify them as being Open Acres. To secure a list of farms enrolled in each particular county, hunters should write that county seat where they intend to hunt.

For example, write: Agricultural Stabilization and Conservation Service, Woodward County, Woodward, Ok. ASCS officials say they hope to have complete lists available by around Sept. 1, when our first hunting season opens with dove shooting. They are still in the process of enrolling acreage for this fall and winter.

Last year, over 120,000 acres was made available in the five state counties for use by outdoorsmen, and they expect at least that much land to be on the rolls again. Fishing is not ignored either, with some 60 farms included in 1974 which have large ponds on them.

In total, 50 counties in the nation are included in the last year of the experiment, with a budget of $1.5 million. Nationwide, the Agriculture Department did admit that the program already shows the great demand for such access among sportsmen. Use of such land increased by 84 per cent in 1973, over the initial season of 1972.

"It may very well come to the point where programs such as this, plus of course the particular state wildlife department's public hunting areas, national forests, and few other such areas, are providing the only access to hunting for the average guy," Harold Hunter noted. "We are hopeful that hunters and fishermen using the land in 1974 will be especially careful and considerate, and not jeopardize the good rapport we have going so far between user and landowner in Open Acres."

AFRICA'S FOOD PROBLEMS

Mr. HUMPHREY. Mr. President, as part of the growing recognition in this country of world food problems, a significant presentation was made in Pasadena, Calif., by his Excellency Ahmedou Ould Abdallah, Ambassador of the Islamic Republic of Mauritania, at a seminar sponsored by the American Freedom from Hunger Foundation. The seminar was arranged by Mrs. Elsie Watson, chairperson of the Pasadena Freedom from Hunger Committee, which was the first such group established in this country in support of the FAO's worldwide Freedom from Hunger campaign.

More than 100 concerned leaders of organizations and individual citizens of southern California devoted a full day to studying and discussing the world food problems and designing an action program to combat hunger both at home and abroad.

It was particularly appropriate that Ambassador Abdallah was invited to participate in this occasion as a spokesman for developing countries. He not only is an able and effective spokesman for all developing countries concerned with hunger problems, but represents a country especially victimized by the severe blow of drought in the heart of the Sahel region that is of so much concern to many of us.

Mr. President, I ask unanimous consent to have printed in the Record Ambassador Abdallah's address, as well as the address of the President of the American Freedom from Hunger Foundation, Herbert J. Waters. Mr. Waters long shared with me concern over world food problems dating back to his days of association on my staff in the Senate.

There being no objection, the addresses were ordered to be printed in the Record, as follows:

Remarks by His Excellency Ahmedou Ould Abdallah, Ambassador of the Islamic Republic of Mauritania

I am very glad to be here today and it is an honour to speak to such a distinguished audience who will forgive me, I hope, my halting English and my foreign accent.

Allow me first of all to thank the President of the American Freedom from Hunger Foundation, Mr. Herbert J. Waters, for this opportunity to express my thoughts on the world food problems, its influence on the developing countries and especially on the countries of the Sahel Zone.

I would also like to thank all of you who are gathered here today for your real interest in the problems of the world and of the developing nations which are the ones most affected by the world food crisis. California, a great financial, industrial and touristic state, is particularly well-known for the quantity and quality of its agricultural production. It is then as a tribute to your State and to its leading citizens that the American Freedom from Hunger Foundation has chosen California to hold its meeting.

I strongly feel that each of us should be concerned by the serious food crisis. The world is becoming smaller and we must all share the world problems. Very few countries, perhaps no country can exist on its own, ignoring all others and in turn ignored by all. What you have called this winter the energy crisis has demonstrated that large and small countries, producers and consumers alike have boarded Noah's Ark. Together, and especially with the help of the greater powers, we might still be able to save our weak craft from sinking in waves of fire.

I don't want to threaten you with apocalyptic forebodings but, to put it plainly, I believe that no one can function at full physical or intellectual strength on an empty stomach. Productivity is bound to decrease, bringing about a scarcity of food which, in turn, sets off a new decrease of productivity. The hungry worker will become more vulnerable to diseases. He will also be more inclined to rebel against the established social order, his religious beliefs, the family unit, the government in power at the time, hoping that rebellion or revolt will lead to an improvement of his worthless lot.

This explains why the instability and lack of security which, in the past, affected only a group of countries, now pervades the whole world. For instance, violence in a given country can destroy the industrial investment of another country even though the investing company is completely innocent of any wrongdoing. A crisis in one country may bring about the kidnaping of a citizen of a second country held, with or without reason, responsible for the ills of the first country.

In other words, I think that peace at home hangs on peace in the neighboring lands, and it is advisable to help put out the fire that is burning next door. And this concerns us all, for the world is so small that we are all neighbors. Experience has taught me that hunger generates strife as well as social and political instability.

However, I must confess that my great-aunt, a very opinionated lady who, like most aunts, has an answer to everything, has been telling me that nowadays, the revolts are fomented by the well-fed and the well-educated. I don't agree with her. The gilded youth rebels of course, but superficially or by accident, and fortunately, as a passing fancy, while the revolts started by the hungry are often a joint and desperate action which can have deep and lasting effects.

Mr. President, I would like now to talk if I may of the food crisis. It has been forecast by all the experts and is being editorialized at length in all the papers. It is however unfortunate that it has only been brought to everyone's attention when it has already reached dramatic proportions and is affecting everyone's daily life in many countries.

These are the most serious aspects of this crisis:

1. The price of wheat on the Rotterdam market has increased by 100% from $101 to $200 per ton. Other grains are experiencing a similar price rise.

2. In spite of this price increase food demand is escalating. Americans spend 16% of their income on foodstuff; West Europeans spend 38%, while in Africa, where the average yearly per capita income ranges from $80 to $250, 70% of that income is devoted to food.

3. Agricultural production has decreased in several areas of the world: there is just so much land that can be set aside for farming; fertilizers are expensive and relatively scarce; recurring natural disasters such as floods and droughts have devastated several countries. Let me however note in passing that the United States will again enjoy a good harvest this year.

4. Shipping freight and marine insurance have also increased in the last few years, inflating grain prices and weighing heavily on the balance of payment of importing countries.

5. Another sure sign of the food crisis can also be detected through the massive acquisition and stockage of grain reserves by some of the great producing powers. This type of speculation can only accelerate the advent of a serious world food shortage.

6. Among the other factors, let us point out as well the high rate of growth of the world population: 2%. The world population estimated now at 4 billion is expected to reach 7 billion by the year 2000. The significance of the population explosion will be discussed later, but I would like to remark here that there are many under-populated countries facing a food problem while many over-populated nations know no hunger or food crisis.

7. Two lines of action are therefore opened to the poor nations:

To go into debt to feed their populations by yearly imports of foodstuff; or

To go into debt to develop an adequate agricultural production through long-range programs.

The second solution is usually favored, for, in spite of multiple costs: research of the soils, installation of hydraulic systems, shipping and distribution, preservation of the environment, etc. . . . the investment yields great economic and social dividends.

In either case, equipment and financing costs are high. As an example, Mauritania, an iron producer, uses equipment which in 1963 could be bought with the equivalent of 352 and 650 Tons of iron ore. In 1974, while the price of iron has remained stable, the same equipment costs 1386 and 1760 Tons of iron ore. Therefore, while our earnings have decreased in the last 10 years, the seller's have trebled.

This is the plight of all poor nations, a plight which for many countries is further aggravated by natural disasters such as floods and drought.

In the Sahel Zone, the African region which stretches from the Atlantic Ocean to the Red Sea, rainfalls have been well below average for the last six years. Crops have failed year after year. Without food and water the livestock has perished, ruining cattle raisers and bankrupting meat processing industries. Mauritania last year was raising close to 11 million head of cattle. This year, 20% is left. "In one village", and I quote Martin Walker of the *Manchester Guardian* who spent several weeks traveling across the Sahel Zone, "they saved five camels to haul up the water from the wells. The water level has fallen so far—it is now more than 200 feet deep—that the men are too weak to haul up the buckets." Dry river beds have reduced the fishing industry and fluvial navigation to a standstill. Last year, the desert gained 60 miles, invading areas which six years ago were fertile. It is such a catastrophe that accurate statistics are practically impossible to obtain. In the African drought belt, observers think that about 20 million people have been severely affected, while the United Nations has announced that up to 10 million people are fated to starve across Africa.

The international community, in a great show of solidarity has generously contributed to emergency relief plans. Many more fortunate African countries, several nations of Europe, Canada, China, the United States, the Soviet Union, the Arab States and others have sent food, medicine, etc. . . .

My country and I are grateful to all those who have helped: governments, foundations or individuals. In spite of our own limited means, we have tried to help ourselves. All salaried Mauritanians are contributing 1% of their income to a relief fund; all privately owned companies are sacrificing 3% of their profits for the common cause. I can only speak for my country when I say that the government is not wasteful. Let me elaborate: our President does not keep a fleet of automobiles at his disposal; he has not built a palace for himself, his family or the government. I can also assure you that all contributions granted by the international community have been directly distributed to the needy, and I can assure you that in my country at least, civil strife and an incompetent government cannot be held responsible for the disaster.

To emphasize his resolve to avoid any fraud or speculation, the government has prohibited the sale of foodstuff through private dealers. Shipments of food are controlled by the local civil authorities assisted by the Army. I am proud of the fact that European and American observers as well as members of the Food and Agriculture Organization, impressed by our distribution system, praised it as one of the most efficient ones. It is only unfortunate that there never seems to be enough food to meet the minimum nutritional requirements of the hungry.

And the end is not yet in sight. According to the climatologists, the drought which has been affecting the Sahel Zone for the last six years is not a passing meteorological anomaly; but is a direct consequence of weather changes experienced all over and characterized by a reduction of rainfall in the Sahel Zone. The survival of the population depends on the development of massive and sophisticated agricultural programs of intensive farming and cattle raising.

Let me point out here that the population explosion cannot be held responsible for the food shortage experienced in the Sahel Zone. In Mauritania, the population growth rate is barely 1.7% (statistics of 1968), that is 0.3% below the 2% world average and 2.3% less than the maximum 4% encountered in other developing countries.

There should not be any confusion between developing nations with a very high rate of population growth and developing nations with a low population growth. An under-developed country is not necessarily over-populated. Mauritania and several countries of the Sahel Zone have a density of approximately 2 inhabitants per sq. mile.

On the international level, the struggle against the food crisis can be solved by global solidarity and only by global solidarity. As Mr. Herbert J. Waters, the President of the American Freedom from Hunger Foundation declared: "a coalition of the concerned, a coalition of individuals and organizations sharing goals and efforts is a must. The strongest basis for such a coalition is a strong will and moral commitment of the people in this country so that your own government could have the necessary political will" without which there can be no firm and concrete program of fight against the food crisis.

As far as I am concerned, my experience in the United States has taught me to have great confidence in the generosity of the American people. Your Congress has always been favorably inclined towards humanitarian programs submitted by an Administration determined to solve a problem: aid to the Middle East, assistance to India, etc. I agree again with Mr. Waters who said: "We believe that the food crisis is international in nature and that any isolationist or narrow nationalistic policies will be counterproductive in the long run, requiring instead that procedures for international collaboration and strategies be developed as part of our national commitment".

A country such as Mauritania can increase its self-sufficiency and net supplies if it has the international support for:

A short-term program to feed those who are hungry through a world food reserve which, in my view, is imperative.

A medium and long range program of agricultural and water policies: underground water research, desalinization, etc.

A program of research to greatly expand food production capacity.

Development and massive production of fertilizers and generalization of their use.

More effective means of distribution of food and agricultural products.

Decrease of birth rate in the over-populated and under-developed countries.

The above program is common to numerous nations. I hope and wish that the next United Nations World Food Conference to be held in Rome next November will give us some answers. Organizations devoted to the advent of a better world such as the American Freedom from Hunger Foundation will be able, because of their freedom of action, to play a major role in assisting the governments to shape new world food policies.

But, as you well know, we are living in troubled times of price escalation, inflation and political instability. Satisfactory measures must be found to avoid confrontations between developed and developing nations over export and import prices.

Many international problems which happen in far away lands and seem too difficult to tackle can easily be solved thanks to the invaluable help of citizens such as you. I have attended many international conferences and visited numerous countries and I can assure you that I have the utmost confidence in agencies such as the American Freedom from Huunger Foundation and in gatherings such as the one I have had the privilege to address today.

Thank you very much.

How Many Must Die?

The world's most pressing problem, over the next decade, will be determining whether it can, on a continuing basis, feed itself adequately.

Make no mistake about it, we are face to face with a crisis that will undoubtedly get worse, but just how much worse is really up to us—all of us.

If mankind and womankind are rational enough—and compassionate enough—to face the facts and accept the moral obligations they impose, the world still can avert much of the mass starvation tragedy threatened in the years ahead. But time is running out.

The fact that you have gathered for this conference and seminar is ample evidence that you are concerned, that you do care, and that you want to see human suffering alleviated wherever possible.

Let me ask you a frank question, however. What about your neighbors? What about others you meet every day at work, at school, at social gatherings? What about the total mix of American public opinion, that, sooner or later, influences decisionmaking and public policy in this country?

Is it really aware of the seriousness of the problem threatening the world? Is it aware of the likely consequences—and costs, in human terms—of not doing what urgently needs to be done? Is America aware, at long last, that we cannot live alone and unconcerned on a comparative island of wealth and affluence in the midst of a world of crumbling economic and social orders now facing the twin hazards of soaring inflation and food and energy scarcities, a world threatened with the greatest mass starvation in its history? Does America accept the fact that we can no longer find protection—or security—in arms, or nuclear power, or sheer wealth alone, in a world groping with the fundamental problem of human survival through enough to eat?

This, in effect, is the challenge I want to leave with you today: How many must die? How many must die, before we really get concerned?

We become outraged at the waste and horrors of war; we protest mass bombings that wipe out civilian populations. We deplore the loss of our young manhood on battlefields.

Yet, somehow, we still shrug our shoulders over reports that more men, women, and children may die from lack of adequate food to sustain life and ward off disease this year alone than died in both World War I and II. And there is now ample evidence that we are risking a greater death toll from famine or malnutrition in any one year than in all the wars of this century if a drought should occur in any of our major grain producing areas of the world like the United States.

Can we gamble with humanity's survival on the sheer vagaries of weather? I just don't think it makes any sense. And it certainly doesn't make any sense to spend $100 billion a year by our country alone for military purposes, supposedly assuring our future security and failing to invest more of our resources in building world food security and world food reserves to protect us against the hazards of weather no one can control.

Out of this conference, your role is to help trigger a chain-reaction of public concern, to help involve other organizations and groups in studying these issues and making known your concern to your officials in our government.

In the midst of our own affluence and normal abundance, we have perhaps too long taken food for granted and too long ignored the history of mankind's struggle to feed itself.

Suddenly, now the centuries-old supplication to the heavens . . . "Give us this day our daily bread . . ." has new meaning to all of us.

For food, and its adequacy to feed the world's millions—always a matter of primary concern to most of mankind—is perhaps today a matter of even more vital national and international importance than ever before.

We are now face to face with a world food crisis.

However one may differ in interpreting world requirements and the world's potential for increasing food production, the simple truth remains that we have a world food crisis demanding our attention.

We can no longer ignore the fact that even before the present period of tight world food supplies—even back when food abundance was taken for granted in this country, and we even complained about surpluses as "burdensome"—the world was still inadequately fed, . . . if we look at the situation in terms of human need and human requirements, instead of just in terms of meeting effective economic demand.

For vast populations of many "have not" nations, and for vast numbers of "have not" people within all nations, the food crisis already existed.

Grim statistics abound, if we will just face up to them.

Two-thirds of the world's population already suffers from malnutrition. Millions live on the verge of starvation—right now.

An estimated 10,000 deaths each day are attributable directly either to lack of enough food to sustain life, or of the right kind of food to ward off disease.

Malthusian prophesies are increasing in number. Starvation on a massive scale, within the next decade, is still being predicted unless something is done to prevent it.

But even such terrifying rhetoric and statistics are cold and meaningless compared to the emotional experience of personal observations some of us have made in the midst of masses of suffering humanity . . . in Africa, in Asia, in the back country and in the slums around the great cities of Latin America.

Over the past two decades, in some 65 countries, I have walked and talked with the hungry and the hopeless . . . among youngsters with bloated and extended bellies, dying of protein calorie malnutrition, among empty-breasted mothers desperately trying to keep their babies alive, among the wizened and elderly waiting to find escape in death, giving up meager food so that younger and more useful members of their families could live . . .

Believe me, such scenes become etched into your heart, and sear into your being; for me, statistics are people, fellow human beings, like you and me and our loved ones . . . Let no one tell me that hunger does not exist, now!

But it is only now, when scarcity and threatened scarcity force food prices up even for the more affluent nations and people, that we suddenly have a great new awakening, of public concern . . . over the world food crisis.

It is a healthy awakening, even though a long-overdue awakening.

Perhaps, now, everybody will realize that the world's food problem is everyone's problem. Everyone must eat, to survive. Everyone must eat to be able to work, to be able to become productive.

Perhaps now, better than ever before, we have an opportunity to mobilize public concern into public action, to assure everyone's chance to survive, to assure everyone's chance to become productive, to assure everyone's opportunity to eat . . .

That's why we are here . . . and I congratulate all of you and your sponsoring group, for your awareness, of the challenge ahead.

Let's hope that out of this conference, and the growing number of others like it, we can arouse a needed new moral commitment in our country.

Perhaps we can condense and summarize the basic facts making such a new commitment imperative.

The stark truth is that man's ability to produce food is not keeping pace with his need. Despite efforts by governments and the international community to solve the world food problems, more people are hungry today than ever before.

Because of inadequate diets, the trends of recent decades to increased life expectancy and reduced infant mortality are being reversed in many parts of the world.

Population growth is adding 75 to 80 million more people each year, 200,000 each day. Within the next 25 years or so our present numbers of nearly four billion will be nearly seven billion.

They must all be fed and fed better than we are doing today, to avoid increasing mass deaths from the ravages of disease attacking malnourished people.

World food production has increased, but demand has increased even more—spurred by rapid population growth in the poor countries, by the increased use of grain to produce more meat in the richer countries.

Escalating demand has all but wiped out the world's two big cushions against shortage, the grain reserves formerly held in the principal exporting countries, and the tens of millions of acres of previously idled crop land in the United States.

With demand so great, a three percent drop in world grain production was enough to nearly double grain prices in 1973 despite a record harvest.

The world has grown so dangerously dependent on North American grain that a North American drought—similar to those in the 1930s and 1950s—could set off a world disaster.

A poor monsoon in South Asia, which could occur in any year, would mean that hundreds of millions more would suffer severe malnutrition and many millions would die of outright starvation.

With farm land lost each year to bulldozer and erosion and with farmers resorting to more expensive and marginal measures, increased production will come more slowly and mean even higher food costs.

Continuing energy and fertilizer shortages will materially aggravate food prices—and rising prices for fertilizer threaten to put it out of reach of millions of small farmers and thereby reduce their output.

Meanwhile those poor of the world, who do not raise their own food and who spend most of their income on food to survive, are more and more finding food priced beyond their means.

It is these fundamental shifts in the world food situation that have stirred the international community into action, and brought about the coming UN World Foods Conference.

The world's governments know they have some serious problems to face. But what about us? What about you and me—the people who pride ourselves on things like the American heritage. about our commitment to the Judeo-Christian ethic of concern for our brothers as well as for ourselves? Don't we have some personal responsibilities to face? Don't we have some personal decisions to make?

I'd like to think—and still do think—that an aroused American public opinion can still make itself felt in America's national and international policies. That must be our first objective—if we care about humanity in the world, we must show that we care. We must do something about it. We must support organizations working to wipe out hunger, at home and abroad. We must support greater commitment devoted to achieving global approaches and global answers to global problems—not narrow, nationalistic, selfish approaches and selfish answers.

Perhaps there are some scarcities we cannot, ourselves, control.

But the scarcity of moral concern, the scarcity of public will and determination to tackle this problem, the scarcity of personal commitment—these are up to us to resolve. They are not up to science, or government. They are up to you and me as individuals.

We can eat less, we can waste less, we can live lower down on the food chain—and probably live healthier and better for doing so.

Our doctors already tell us we overeat. There are 210 million Americans. If each of them ate 100 less calories per day, we would save 21 billion calories every day—enough to keep ten million people alive and well. And there are plenty among us who could cut down our intake more than 100 calories a day to make up for those people who are not getting enough to eat in this country.

We could waste much less. Our garbage pails alone would certainly feed another 100 million people at a minimum.

But perhaps, better than anything else, we can learn to make better use of the food we have available—to make sure it goes further. We have heard considerably about that here, and have seen it demonstrated.

When we can serve our own health's sake as well as conserve food-energy for the world by eating more vegetable protein so that less of it is required to be converted into animal protein it seems to make common sense.

If, however, we insist on continuing to eat as high on the hog as our budgets will allow, the rest of the world will go hungrier.

In the coming world struggle over food, the challenge for America is not of survival—we have enough food to survive, if we have enough money to pay for it. The question is survival with honor. Can we accept and live with food policies predicated on the theory that the nations with the most gold can gobble up all available food supplies, and within those nations the people with the most affluence can command the food for themselves, without regard for the vast masses of the poor unable to compete in the market place?

These are the moral questions we must face. None of the choices will be easy. My question to you today, again, is how many must die before we really confront those moral questions?

PROHIBITION OF FUNDS FOR WIRETAPS

Mr. NELSON. Mr. President, on July 25 Senator Ervin and I introduced an amendment to H.R. 15404, the appropriations bill for the State, Justice, Commerce and Judiciary Departments. Our amendment would prohibit the use of appropriated Justice Department funds for the installation, maintenance, or operation of wiretaps which do not have the prior approval of a judicial warrant based on probable cause.

The need for this amendment should be clear to everyone. In the past few years numerous reports have documented how the term "national security" was invoked to authorize abusive wiretaps. In every case these taps did not have the approval of a judicial warrant. As a result, the privacy of law-abiding citizens was often violated for illegal reasons.

In his address to the Nation on Monday night, President Ford declared that "there will be no illegal tappings, eavesdropping, buggings or break-ins" by his administration and that he would work for "tough laws to prevent illegal invasion of privacy" by the Government.

This Presidential declaration will strike a responsive chord among the public. The people are deeply concerned about warrantless wiretaps and other uncontrolled invasions of their privacy by the Government. One recent Louis Harris poll found that 75 percent of the public believes that "wiretapping and spying under the excuse of 'national security' is a serious threat to people's privacy." Another recent poll found that 77 percent of the public demands legislation to curb the Government's power to wiretap.

In a word, the public wants action, and they want it now.

In December 1973 I introduced legislation (S. 2820) to prohibit the use of warrantless wiretaps in so-called national security cases. This bill is premised on the fourth amendment requirement that all Government searches—which include wiretaps—have the prior approval of a judicial warrant based on probable cause. It does not seem likely, however, that Congress will act on S. 2820 or comparable legislation in this session.

Since there is a need for immediate action, Senator Ervin and I have proposed the amendment to H.R. 15404. This amendment would prohibit the use of appropriated funds for wiretaps which are not authorized under the court warrant procedures of title III of the Omnibus Crime Control and Safe Streets Act. The net effect of this amendment will be two-fold. On the one hand, there will be a clear statement to the American people that wiretap abuses in the name of "national security" will not be tolerated. On the other hand, the title III procedures will guarantee that the Government can obtain a wiretap any time there is a real need for one in national security affairs or any other circumstance.

Yesterday the New York Times endorsed our amendment in an editorial entitled "In Pursuit of Privacy." This editorial is an excellent summary of the issues involved.

Mr. President, I ask unanimous consent to have printed in the Record the Times editorial, "In Pursuit of Privacy."

There being no objection, the editorial was ordered to be printed in the Record, as follows:

In Pursuit of Privacy

President Ford's ringing affirmation of the individual's right to privacy and his flat declaration that "there will be no illegal tappings, eavesdropping, buggings or break-ins by my Administration" were as welcome as they were direct and unequivocal. They signaled a sharp and necessary departure from the practices of the recent past which did so much to demean American democracy and injure its citizens.

While reasserting values which never should have needed reasserting, Mr. Ford declared his intention to develop "tough laws to prevent illegal invasion of privacy in both Government and private activities." To start in pursuit of this laudable goal, the President does not have far to look. Senators Gaylord Nelson and Sam Ervin have introduced a proposal which would require the Government to obtain warrants from Federal courts before installing national security wiretaps.

Under current practice, based on an Attorney General's opinion dating back to the early days of World War II, national security wiretaps are installed only upon approval of the Attorney General. Not until the late nineteen-sixties did any Attorney General—Ramsey Clark—reject a national security wiretap request from the late J. Edgar Hoover.

Federal wiretapping activities for other law-enforcement purposes are circumscribed by the Omnibus Crime Control Act of 1968. It lays out the crimes for which taps may be obtained, provided that law-enforcement officers obtain a warrant first. It also enumerates national security crimes for which taps can be obtained, subject to the same restriction. But, because of the longstanding practice of warrantless tapping in national security matters, the limitation has been ignored. The Nelson-Ervin amendment to the appropriation bill for the Justice Department and the F.B.I. would prohibit spending funds to install or maintain *any* taps not obtained pursuant to the 1968 law.

The contention has always been that the Attorney General's judgment in national security matters would provide a sufficient safeguard for the privacy of citizens. Recent history demolishes that assumption. The infamous taps on the telephones of Dr. Martin Luther King Jr., initiated during the Kennedy Administration, were "national security" wiretaps as were those on newsmen and public officials instituted in 1971 by President Nixon.

The Nelson-Ervin proposal would not bar the use of wiretaps for necessary purposes of national security. It would merely require the Government to demonstrate that interest to the satisfaction of a Federal judge. The idea already has Attorney General Saxbe's endorsement. In accord with the President's strong policy pronouncement, it deserves support from Mr. Ford.

CHOICE PETITION

Mr. MOSS. Mr. President, a petition for rulemaking has recently been submitted to the Federal Trade Commission by Consumer's Help on Individual's Conservation of Energy—CHOICE. The CHOICE petition asks the Federal Trade Commission to require manufacturers of air-conditioners to clearly label and advertise the efficiency with which their air-conditioners use electricity.

With our current fuel and energy difficulties, the concept underlying the CHOICE petition is most worthwhile and valid for consideration. Mr. President, I ask unanimous consent that the text of the proposed rule and the petition be printed in the Record.

There being on objection, the rule and petition were ordered to be printed in the Record, as follows:

[Before the Federal Trade Commission,
Washington, D.C.]

In the Matter of Informative Labeling of Air Conditioners—Petition for Rulemaking by Consumer's Help On Individual's Conservation of Energy [CHOICE]

ABSTRACT

This is a petition for the promulgation of a Trade Regulation Rule which would require the labeling of all air conditioners, and statements in related advertisements, so that consumers will be informed of the efficiency of such products. In light of the grave energy crisis we are now facing and the great differences in efficiency among the various models of air conditioners available, the petitioners submit that failure to inform the consumer about the efficiency of an air conditioner is an unfair or deceptive act or practice, prohibited by federal statute.

By: John M. Benassi,
David B. McMahon,
Gary L. Ryan.

INTRODUCTION

This is a petition to the Federal Trade Commission for the promulgation of a Trade Regulation Rule. This proposed rule would require labels to be placed on all air conditioners and related advertisements. These labels would inform consumers of the efficiency of those air conditioners. The petitioners strongly feel that the failure to inform consumers about the efficiency of air conditioners is an unfair and deceptive act or practice in violation of the Federal Trade Commission Act.

The efficiency of air conditioners varies greatly from model to model, and air conditioners as a class of electrical appliances make heavy demands on our power sources during their months of operation. For this reason, New York City has already adopted an ordinance which would require labels similar to those called for by the petitioners here.

Consumers can save substantial amounts of money in operating costs by using more efficient air conditioners. Over a relatively short period of time, these savings will more than meet the higher price tag of the more efficient models, and then the savings accumulate like interest in a bank account. Without adequate information, however, the efficiency of a particular model remains unknown to the consumer, and he may end up spending more in the long run than he need. Currently the information is not available to the consumer in any easily understood form.

It is obvious that an increase in efficiency for any product results in reduced energy consumption for the same amount of performance. Air conditioners consume large amounts of power during the summer months. An increase in efficiency could result in a dramatic reduction in power consumption which would in turn help to ease the critical energy shortage in which we now find ourselves. People all over the country have turned down their heat and lights and have slowed down their automobiles to conserve precious fuels and energy. If consumers had adequate information about air conditioner efficiency, this trend of conservation could easily be continued, but, alas, such information is lacking.

Members of Congress and state governments have begun to recognize the problem and have proposed solutions to deal with it. Senator Tunney has proposed The Electrical Appliance Standards Act of 1973 which would allow the Federal Trade Commission to ban inefficient appliances from the stream of commerce. New York State has established an Ad Hoc Committee to investigate similar legislation on a state level. The petitioners feel, however, that uniformity of regulation is extremely important in this area, and that the responsibility of requiring efficiency labels for air conditioners should rest with the Federal Trade Commission.

In short, the petitioners have proposed a rule which would help consumers save money by being better informed, have a significant impact on the energy crisis, give consumers themselves an opportunity to do their part to conserve energy, and make the entire process easier on manufacturers by providing a uniform federal standard throughout the nation.

INTERESTS OF THE PETITIONERS

Petitioner Consumer Help On Individual Conservation of Energy (CHOICE) is an organization of three George Washington University Law School students (John M. Benassi, David B. McMahon, and Gary L. Ryan) who are deeply and genuinely concerned with the failure of the air conditioner industry to provide information about air conditioner efficiency to consumers, and the substantial waste of precious energy resulting from the operation of inefficient air conditioners purchased by uninformed consumers. The members of CHOICE are typical of hundreds of thousands of potential air conditioner purchasers who, because of great concern about nationwide energy shortages and the needless expense of inefficient operation, would purchase the most efficient models available for their purposes, if only adequate information was easily available. Living in and around the large metropolitan area of Washington, D.C., CHOICE members are particularly effected by the energy crisis and the steps taken by the federal government to lessen its effects.

Petitioner John M. Benassi is an adult male citizen of the United States and a resident of Washington, D.C. who is vitally interested both individually and professionally in the problem of air conditioner efficiency. As a former graduate student in mechanical and thermal engineering at the University of Illinois, a member of Epsilon Tau and Pi Tau Epsilon (engineering honorary fraternities), and a member of the Illinois Society of Professional Engineers, he continually gives credence to the philosphy of concerned engineering which holds each individual engineer responsible not only to his immediate supervisors, but to the interests of society as well. The Code of Ethics of the National Society of Professional Engineers demands conduct consistent with such responsibility from every member of the profession. He strongly believes that the philosophy of concerned engineering is directly in harmony with the concern for consumer protection and energy conservation as expressed by CHOICE.

Petitioner Gary L. Ryan is an adult male citizen of the United States and a resident of Annandale, Virginia who also has a very strong individual and professional interest in the air conditioner efficiency problem. As a victim of pollinosis of the fall type (ragweed allergic rhinitis), he has a medical dependence upon air conditioners for a period of time each year which necessitates almost constant operation to provide relief. As a former graduate student in musicology at The Juilliard School of Music and a member of the American Federation of Musicians (Local 60-471), he is highly sensitive to the destructive nature of extremes of heat and humidity upon both musical performances and expensive, but delicate, musical instruments. As a professional musician he is dependent upon air conditioners as a means of climate control to protect the instruments he now owns and those he plans to acquire in the future. Such a dependency upon air conditioners, coupled with an avid interest in consumer protection and the energy crisis, has resulted in his concern with making available to the public efficiency information for air conditioners.

Petitioner David B. McMahon is an adult male citizen of the United States living in Washington, D.C. His home and legal residence is in West Virginia where he constantly sees his land destroyed by coal mining to feed the appetites of other areas' air conditioners. He is also deeply concerned with the problems of consumers in their quest for accurate, relevant information about the products they purchase especially the poor consumers who would be more likely to be affected by this proposed rule as they would probably not have the luxury of a central air conditioning system. He is fully committed to the concerns and ideals of CHOICE in its quest for easily available efficiency information for air conditioners.

THE PROBLEM AND THE PUBLIC INTEREST

It is manifestly clear that our country, and perhaps even the entire world, is in the throes of a grave energy crisis. Hardly a day goes by without a story about it in one of the news media, and advertisements abound that caution us all to conserve fuel and energy whenever we can.[1] President Nixon has been issuing frequent statements to the nation concerning the seriousness of the situation:

"We must therefore face up to the stark fact that we are heading toward the most acute shortages of energy since World War II. Our supply of petroleum this winter will be at least 10 per cent short of our anticipated demands—and could fall short by as much as 17 per cent.[2]

Other reports have not been so optimistic. The Library of Congress, for example, has predicted that oil shortages could go as high as 35 per cent.[3]

The reason we are facing such critical shortages is simple:

We are running out of energy today because our economy has grown enormously and because, in prosperity, what were once considered luxuries are now considered necessities. As a result, the average American will consume as much energy in the next seven days as most other people in the world will consume in an entire year. We have only 6 per cent of the world's population, but we consume over 30 per cent of the world's energy.[4]

One need only inventory the many electrical appliances and devices found in the home and office to grasp just how dependent upon the once-considered luxuries we have become. We have electric staplers, typewriters, pencil sharpeners, toothbrushes, carving knives, and can openers which perform operations we used to do with our own muscle power alone. As a result, electricity, which was once thought of as the great servant of Twentieth-century man, has become one of our masters, and it is just now beginning to exert its very exacting demands upon us.

The results of those demands are now being felt in the President's call for a national program of production priority for home heating oil, closing gasoline filling stations on Sunday, a national speed limit to conserve fuel, a reduction of airline passenger traffic, and a cutback on outdoor lighting.[5] One news source has characterized the seriousness of the problem by marking the program as ". . . Mr. Nixon's retreat from volunteerism to direct action in dealing with the crisis."[6] Our demands for electricity, however, place a great burden upon our stores of petroleum, especially since the burning of primary fossil fuel such as oil to generate electricity yields only about 28 per cent of the potential energy of that fuel in the home or office of the ultimate consumer.[7] By way of contrast, the natural gas delivered to the ultimate consumer retains about 93 per cent of its potential wellhead energy.[8]

The problems of efficiency in the generation and transmission of electrical power are perhaps better left to the expertise of the Federal Power Commission and the research facilities of the industry and universities. The problems of efficiency in the consumption of electricity, however, may be effectively dealt with by making adequate information available to consumers. It is in this area of labeling and consumer protection that the Federal Trade Commission has the experience. As the petitioners will show in the section of this petition entitled "The Federal Trade Commission and the Law," beginning on page 16 of ths petition, the Commission has successfully dealt with this type of problem in many different fact situations in the past.[9]

Air conditioners account for a substantial amount of the electricity consumed throughout the nation during the summer months. The City Council of New York, representative of urban centers throughout the country, has determined that ". . . fifty per cent of the annual summer growth in demand for electricity in the city is due to air conditioning, [and] that forty per cent of the peak summer demand for electricity in the city is attributable to air conditioning. . . ."[10] Obviously the problem is even more acute in the hotter areas of the country where air conditioning is even more in demand. It is no wonder that the power "brown-outs" which have become all too familiar in this country primarily occur during the summer when air conditioner usage is at its peak.

According to the White House, oil accounts for about 50 per cent of our total energy sources for the Winter of 1973-1974, and of that 50 per cent, a little over one-third is imported.[11] Assuming similar proportions exist for the summer months, an increase in air conditioner efficiency by a factor of two, *i.e.* doubling the efficiency (well within the limits of present technology), would cut the peak demand for air conditioner electricity in half. In a city like New York, such an increase in efficiency would mean a savings of 20 per cent of the total peak summer demand. Such savings would greatly help solve both the problem of the energy crisis now, and the problem of balance of payments in the future by decreasing our need to import.

Consumers, however, have virtually no ready access to information about air conditioner efficiency. There are well-written, easy-to-use guides for determining the correct cooling capacity air conditioner for a given area,[12] but once such a determination has been made, the consumer is left helpless, faced with a choice between competing brands and models with no other information to rely upon. The situation is comparable to that of purchasing gasoline before the octane ratings were posted on the pumps—even worse, the air conditioner purchaser does not even have the vague terms "premium" or "regular" to guide his selection.

The Association of Home Appliance Manufacturers (AHAM) has already developed the necessary technical standards for measuring air conditioner efficiency which have been accepted throughout the industry.[13] Air conditioner efficiency measurements depend upon two variables: the power requirements of the air conditioner (measured in Watts) and the amount of cooling air generated by the machine (measured in British Thermal Units (BTU) of heat removed from the air per hour).[14] Efficiency may be expressed as the ratio of these two variables:

Efficiency equals Cooling Capacity in BTU/hour divided by Power Required in Watts.

AHAM calls this measure of efficiency the Energy Efficiency Ratio (EER) of the air conditioner.[15] This EER is comparable to the octane rating of gasoline, but, alas, it is available only to the consumer if he is able to do his arithmetic has access to the neces-

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Footnotes at end of article.

sary figures, or if he has an AHAM Directory, where the calculations have already been made.

AHAM's 1973 Directory of Certified Room Air Conditioners reproduced in Appendix VII, lists all the relevant technical data, including EER, for over 1400 window models alone. The EER's of those models range from a low of 4.7 [16] to a high of 12.0 [17]—a difference factor of greater than 2.5 (determined by dividing 12.0 by 4.7 to find how many times greater the larger is over the smaller). Since the power consumption of these models is almost identical, the difference factor of greater than 2.5 indicates that the air conditioner with the higher EER is producing more than 2½ times the amount of cooling as the one with the lower EER. With the cost of electricity being almost the same for operating both, the difference factor indicates that the air conditioner with the higher EER gives the consumer literally more than twice the cool for his cash than the other.

However, consumers do not determine the number of watts they wish their air conditioners to consume and purchase accordingly; they determine the cooling capacity they need and select on that basis. The difference in EER among various models with the same cooling capacity is equally dramatic. Relying again on AHAM's 1973 Directory of Certified Room Air Conditioners, the data shows that the EER for 8000 BTU air conditioners ranges from a low of 5.8 [18] to a high of 9.9 [19]—a difference factor of greater than 1.7. Even among the same brand the differences in EER's are significant. For example, Sears, Roebuck & Co. sells four different 8000 BTU air conditioners [20] which were rated by AHAM, and the EER's range from a low of 5.8 [21] to a high of 9.3 [22]—a difference factor of greater than 1.6. These respective difference factors indicate that the models with the lower EER's use more than 1½ times the amount of electricity as the models with the higher EER's. Without access to this highly relevant information, consumers have no way of taking advantage of the potentially greater savings in operating costs or doing their part to conserve energy in this time of crisis.

Air conditioners with high EER's may be more expensive than the less efficient models, however.

Higher efficiency comes through the use of larger evaporator and condenser coils, larger fans to move air through the coils, and, to some extent, the use of 4-pole rather than 2-pole compressor motors to reduce friction losses. Each of those items cause [*sic*] an increase in the cost of manufacture and in the ultimate retail cost of the machines.[23]

In some cases, therefore, efficiency alone would not be the operant factor in air conditioner selection—expense would have to be balanced with long-term savings, all related to use. The point the petitioners stress, however, is the fact that the consumer now has no way of making any determination of potential savings since he has no ready access to the necessary efficiency information.

Doug Garr, writing in Popular Science, calculated the cost of operating an air conditioner with an EER of 5.8 as compared with one having an EER of 9.3, both well within the extremes of efficiency found in AHAM's 1973 Directory of Certified Room Air Conditioners. Using an operational time and cost per kilowatt hour of electricity at close to the national average, Garr estimated that in 3.4 years, the higher cost of the more efficient model would be recouped in savings in the electric bill. He also noted that with the average life of an air conditioner being 10 to 15 years and the price of electricity bound to go up in the near future, the more efficient model is even more attractive and well worth the extra initial cost in the long-term savings.[24]

In summary, the petitioners perceive the problem as a general lack of information caused by the industry's refusal to make available to the consumer the accepted EER ratings determined by AHAM. Such a denial of relevant material information deprives the consumer of the opportunity to make an informed choice which may lead to substantial savings in operating costs and in energy conservation. Consumers have a right to such information—the petitioners submit that the denial of ready access to it is an unfair or deceptive act or practice in violation of federal law.[25]

THE FEDERAL TRADE COMMISSION AND THE LAW

Through the broad mandates of Section 5 of the FTC Act, the Federal Trade Commission has been empowered by Congress to prevent "unfair methods of competition in Commerce and unfair or deceptive acts or practices in commerce." [26]

The latter language gives the Commission the power to act in the area of consumer protection, and lately the FTC has been unusually active in that area recognizing that ". . . the consumer protection movement is an idea whose time has come." [27] This trend was recently manifested in the *S&H* [28] and the National Petroleum cases, where the courts stated that in addition to enforcing the letter and spirit of the antitrust laws, the Commission has the added responsibility . . . *"to protect the consumer from being misled by governing the conditions under which goods and services are sold to individual purchasers,"* regardless of their nature or quality as competitive practices or their effect on competition.[28a] (Emphasis added.)

The ultimate result of FTC efforts should theoretically be that the consumer will be so informed and cognizant of the market place and its workings that he will be able to optimize his selection of products after appraising the benefits of price, quality, diversity, and environmental effects of the goods which may be available.

One method of preventing "unfair or deceptive acts or practices" is through the promulgation of Trade Regulation Rules.[29] The Commission's authority to issue Trade Regulation Rules was recently challenged in *National Petroleum Refiners Association* v. *Federal Trade Commission.*[30] At trial, the District Court found no statutory authority for the issuance of such Rules [31] but the Court of Appeals reversed and held that ". . . under the terms of its governing statute, 15 U.S.C. s 41 *et seq.*, and under Section 6(g), 15 U.S.C. s 46(g), in particular, the Federal Trade Commission is authorized to promulgate rules [Trade Regulation Rules] defining the meaning of the statutory standards of illegality the Commission is empowered to prevent.[32]

Congress was not specific in defining terms when it declared that "unfair or deceptive acts or practices in commerce" were unlawful.[33] As a result it has been left to the Commission and to the courts to define and establish standards of unfairness and deception and to fashion the proper remedy where a violation of such standards have been found. In *FTC* v. *Sperry & Hutchinson Co.*[34] the Supreme Court stated that the Commission has broad authority to declare what commercial practices are unfair.

The Supreme Court, approved the use of the factors determinative of unfairness enunciated by the Commission in the Cigarette Labeling Rule, [35] those being:

"(1) whether the practice *offends public policy* . . .

(2) whether it is *immoral, unethical, oppressive or unscrupulous* . . .

(3) whether it causes *substantial injury to consumers.* (Emphasis added.)"

Considering the mandate given to the FTC by Congress to appraise and protect the consumer in the marketplace, together with the standards of unfairness espoused in the *S&H* case we can see that the consumer who is contemplating the purchase of a portable air-conditioner is indeed subjected to an unfair and deceptive trade practice. The average consumer knows little about air conditioners or how they operate. All he knows is that once it is plugged in and affixed in the appropriate location the room is cooled. For example, not knowing the comparative efficiencies of various models, there is no way for the consumer to truly know whether Brand X at a certain price is more beneficial or less expensive to him and society *on the long run* than the less costly and more inefficient Brand Y. He is cognizant of the energy crisis, yet he is helpless in a maze of watts, volts and BTU's, and is deprived from doing his part in its alleviation. Were he given the choice of choosing a more efficient air conditioner he might decide to incur added cost for a more efficient model *solely* because of his desire to conserve energy or electricity.

The FTC has the power to require affirmative disclosures even of "negative facts",[36] where the consumer is being deceived or is prevented from functioning efficiently in the marketplace because of industry practices which deprive him of material information.

Courts have stated that: "the commission may require affirmative disclosures where necessary to prevent deception and that failure to disclose by mark or label material facts concerning merchandise, which *if known to prospective purchasers, would influence their decisions of whether or not to purchase,* is an unfair trade practice violative of Section 5 of the Federal Trade Commission Act." [37] (Emphasis added)

It has been shown that air conditioner's efficiency disclosures would have significant enough bearing on consumer choice to bear the classification of material facts. Well established industry testing standards promulgated by AHAM [38] exist which allow air conditioner's efficiencies to be easily calculated and compared. The purpose of this petition is to require this information to be presented to the consumer in an understandable, useful format,[39] both in advertisements and at the point of sale. Petitioners would require air conditioners and related advertisements to contain prominent labels divulging cooling capacity (BTU/HR) and efficiency (E.E.R.) (in addition to the voltage, wattage, amperage, and other information required by Underwriter's Labs). They would also require an explanation of electrical terminology relating to air conditioners to inform the consumer.

Analogous trade regulation rules requiring the same type of affirmative disclosures have been promulgated in the past.

In the "Light Bulb" [40] rule the Commission realized that the consumer could not make an intelligent decision, without informative standardized labeling, in the purchase of the type of bulb to suit his need.

The FTC thus promulgated a rule which stated that it was an unfair and deceptive trade practice to:

"... fail to disclose clearly and conspicuously the following information for such lamps on the sleeves or paper containers in which they are packaged:

(1) The electrical *power consumed* ...

(2) The *light output expressed* ...

(3) The *average laboratory life expectancy....*" (Emphasis added)

The light bulb rule arose in an environment very similar to the one at hand. Lamp manufacturers would normally mark light bulbs or their containers with only voltage and wattage ratings. A substantial portion of the consuming public believed that all light bulbs of the same wattage last approximately the same length of time and/or emit approximately the same amount of light. The truth, however, was that light bulbs of the same wattage were marketed by different manufacturers with various rated

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Footnotes at end of article.

lives and varying amounts of light outputs [Lumens]. Unless lumens and life ratings were furnished to the consumer, he would not be in a position to exercise his preference to buy bulbs for specific purposes. Nor was the data available for the consumer to make valid cost comparisons. Thus the Commission concluded that:

"In this matter it is imperative to have disclosures which are sufficiently adequate to remove deception, to inform consumers and to insure fair and equitable treatment among industry members. *The consuming public is so accustomed to purchasing bulbs on the basis of wattage that the deception caused thereby can only be removed by large disclosures which are in immediate conjunction with the wattage rating.* The Commission concludes that the only effective method to accomplish this and to insure equitable treatment of industry members is by setting forth more detailed requirements for appropriate disclosures; and, accordingly, this had been done in the Final Rule with due consideration for the views of industry." [41] (Emphasis supplied)

Likewise, the consumer is accustomed to buying air conditioners solely on the basis of cooling capacity (BTU/HR). He does not possess the requisite knowledge [even if he should locate the wattage ratings somewhere within the confines of the machine] [42] to calculate the efficiency which he can use to compare air conditioners and realize the true long-range cost differential between various models. This is analoguous to unit pricing whereby the consumer can make valid cost comparisons between food items of different brands and sizes.

Prior to enactment of the "Light Bulb Rule" several industry members and power companies expressed doubts that lumen and life information would be useful and meaningful to the consuming public. The FTC rejected these contentions and stated that ". . . [Although] many consumers will not know the precise nature of lumens, however, they will understand that the larger figure means more light is given off, much as they understand the higher horsepower in an automobile engine means more power." [43] Petitioners submit that this type of argument is also valid when applied to air conditioners. Though some consumers will not know the exact nature of the Energy Efficiency Ratio [E.E.R.] they will at least understand that the higher the E.E.R., the more efficient the air conditioner and the more money will eventually be saved.

There are a number of other past rules which have solid precedental value to the problem at hand. On March 1972, to combat the dilemma which made it impossible for the consumer in need of gas to intelligently select the proper gasoline for his automobile both in terms of engine requirements and prices paid for the gasoline,[44] the FTC promulgated the "Minimum Octane Rating Rule." [45] This rule stated that it constitutes an unfair and deceptive trade practice:

". . . for refiners or others who sell to retailers, when such refiners or other distributors own or lease the pumps through which motor gasoline is dispensed to the consuming public, fail to disclose clearly and conspicuously in a permanent manner on the pumps the minimum octane number or numbers of the motor gasoline being dispensed."

This rule represents the recent Commission trend of moving with celerity against unfair practices which not only harm the consumer but the environment. One of the reasons given for the enactment of the "Octane Labeling Rule" was that the consumer could then match the octane rating of the gasoline he would purchase with the octane requirement of his automobile and thus (besides saving about $30 to $50 dollars per year) [46] minimum excessive emissions which contribute to air pollution.[47] Furthermore, this practice would conserve energy, since it takes more crude oil to produce fuels of higher octanes, and the consumer could decide to utilize lower octane fuel.

When it "encouraged" the promulgation of the "Phosphate Labeling Rule" [48] the Commission recognized that many consumers are concerned about possible adverse effects on the environment of phosphate in detergents which contributed to water pollution and that many of these consumers would prefer to purchase and use only those detergents with little or no phosphate content even if it would cost them a little more. Prior to that time, non-uniform or confusing disclosures by manufacturers did not allow the consumer to exercise his freedom of choice as he was actually or constructively deprived of the material information upon which he would base his decision. This was aptly stated by the Commission as follows:

"Because some manufacturers have not been disclosing phosphate content in package labeling, and others have been making disclosures in somewhat confusing or non-uniform ways, consumers have been unable to easily compare the phosphorus content of competing brands of detergent products."[49]

The reasoning above by the Commission goes to show that the format which the information is presented to the consumer is as important as the information itself. If all the information which petitioners ask for is included but not presented in an organized array, or is dispersed within the air conditioner, the consumer will not benefit and will be confused. This principle was recognized by legislators when they enacted the Truth-in-Lending Act,[50] the purpose of which was to assure meaningful disclosures of credit terms to enable the consumer to more readily compare the various credit terms available to them and avoid the uninformed use of credit.

The enactment of the proposed rule would be totally consistent with the present affirmative disclosure trends which finally allow the consumer to roll up his sleeves and effectively deal with the realities of the marketplace.[50]

(*A*) *Alternative basis for relief*

Non-disclosure of material information violates the principle—not yet adopted by the Commission, but suggested in the Preliminary Staff Study entitled "Self-Regulation, Product-Standardization, Certification and Seals of Approval"—that the consumer is entitled to product information which, if known would affect his or her decision to buy that product rather than some other seller's product.

The staff study suggests that, rather than suing the firms in the major deception-prone industries, the FTC should adopt the alternative approach of: (a) finding out what it is consumers would need to know about the products in order to make a sensible purchase decision and (b) requiring each seller in those industries to affirmatively disclose in his ads and on the product itself those specific material facts found to be necessary for such buying. Once the consumer has been told just how well the product actually performs in all of the important dimensions, false claims would be rendered meaningless.[51]

Newly appointed F.T.C. Chairman, Robert Engman, in addressing the Association of National Advertisers in Hot Springs, Virginia, on October 29 stated that one means of satisfying legitimate public informational needs, "which is being talked about more and more," is the affirmative disclosure of facts pertinent to a consumer's decision to purchase a particular product.

The FTC has the authority and the duty, in the Chairman's view, to require, either by order or rule, that information be disclosed to the public in cases where failure to disclose would result in unfairness or deception in violation of the FTC Act. This could entail making public the less flattering aspects of a product, Mr. Engman explained.[53]

Thus petitioners submit that the subject matter of this petition clearly falls within the jurisdiction of the Commission as dealing with "unfair or deceptive acts or practices," and that the proposed Trade Regulation Rule, with its labeling requirement, is the appropriate remedy for the problem, being well within the authority of the Commission to grant. The denial of efficiency information to consumers has been demonstrated to cause injury to those consumers who have to pay substantially higher operating costs because of inefficient operation, to offend the public policy of energy conservation during this time of critical shortages, and to be a material fact which would influence the decision of whether or not to purchase a particular brand or model.[53]

Both promulgation and enforcement of a disclosure requirement based upon this alternative method would be relatively simple. The Rule would simply require disclosure of information which falls into the categories determined by the FTC to be important to consumers on the basis of a further review of informative labels and other advertising. Violation of such rule could be established simply by comparing the printed label, package, package insert disclosures or advertisements, and proving that the omissions on which the FTC's challenge are based fall within the category definitions contained in the rule.

In effect, this procedure would permit the FTC to rely upon the state of the disclosure act at any given time. To the extent that the FTC should have reason to believe disclosure on labeling, packaging or package inserts are inadequate, it could review and revise the disclosure requirements.

The petitioners submit that the subject matter of this petition clearly falls within the jurisdiction of the Commission as dealing with "unfair or deceptive acts or practices," and that the proposed Trade Regulation Rule, with its labeling requirement, is the appropriate remedy for the problem, being well within the authority of the Commission to grant. The denial of efficiency information to consumers has been demonstrated to cause injury to those consumers who have to pay substantially higher operating costs because of inefficient operation, to offend the public policy of energy conservation during this time of critical shortages, and to be a material fact which would influence the decision of whether or not to purchase a particular brand or model.[53]

FOOTNOTES

[1] Examples may be found in Appendix II.

[2] Nationwide television message of President Richard M. Nixon on the evening of November 7, 1973, as reported in The Washington Post of November 8, 1973, p. A13, hereinafter cited as "Presidential Message—November 7, 1973."

[3] Library of Congress study on the energy crisis reported by The Washington Post of November 18, 1973, p. A3.

[4] Presidential Message—November 7, 1973.

[5] Nationwide television message of President Richard M. Nixon on the evening of November 25, 1973, as reported in The Washington Post of November 26, 1973, p. A12.

[6] "The Fuel Crisis—Nixon Acts," 83 Newsweek 24, 24. (No. 23, December 3, 1973).

[7] American Gas Association letter of comment to the Department of Commerce's proposed voluntary labeling program, hereinafter cited as "American Gas Association—Comment."

[8] American Gas Association—Comment.

[9] *Infra*, pp. 16 *et seq.*

[10] 64 Adm. Code of N.Y.C. § B64–10.0 (1973).

[11] White House graphs of energy sources appearing in The Washington Post of November 9, 1973, p. A3.

[12] 38 Consumer Reports 443, 448–449 (No. 7, July 1973), reproduced in Appendix III.

[13] American National Standard Z234.1 (1972), reproduced in Appendix IV.

[14] 38 Consumer Reports 443, 443 (No. 7, July 1973).

[15] 1973 Directory of Certified Room Air Conditioners 1973), p. 5; see Appendix VIII.

[16] Philco-Ford model AM4B1M (4000 BTU, 850 Watts).

[17] Friedrich model SM10310A and Westinghouse model AS107R7 (both 10,300 BTU, 860 Watts).

[18] Emerson-Quiet Kool models 8BF1D and 8BW1W, General Electric model AGKE208AA, Gibson models CS73801SA and L72801KSD, and Hotpoint model AHPQ708AB, among others.

[19] Philco-Ford models AP8B3A and AP8A3.

[20] Sold under the trade-name "Coldspot".

[21] Models 106.73111, 106.73121, and 106.73161.

[22] Model 253.73140.

[23] Moyers, The Room Air Conditioner as an Energy Consumer, p.2.

[24] 202 Popular Science 79, 80 (May 1973).

[25] *Infra,* The Federal Trade Commission and the Law, pp. 16 *et seq*.

[26] 15 U.S.C. § 45(a) (6), Federal Trade Commission Act § 5(a) (6).

[27] Weinberger, "The Federal Trade Commission of the 1970's" 39 Antitrust J. 368, 421 (1970).

[28] *FTC* v. *Sperry & Hutchinson Co.*, 405 U.S. 233, 239–244 (1972).

[28a] *National Petroleum Refiners Ass'n.* v. *FTC* [482 F.2d 762, 685 (D.C. Cir. 1973)].

[29] 16 C.F.R. § 1.12 (1973).

[30] See notes 31 and 32 *infra*.

[31] 340 F. Supp. 1343 (D.D.C. 1972).

[32] 482 F. 2d 672, 698 (D.C. Cir. 1973).

[33] 15 U.S.C. § 45(a) (1), Federal Trade Commission Act § 5(a) (1).

[34] See note 28, *Supra*.

[35] [Trade Regulation Rule on Unfair or Deceptive Advertising and Labeling of Cigarettes in Relation to the Health Hazards of Smoking, 29 Fed. Reg. 8324, 8355 (1964).

[36] *J. B. Williams Co., Inc., v. FTC*, 381 F.2d 884 (CA–6; 1967). *United States Association of Credit Bureau v. FTC* (CA–7); 1962), 299 F2d 220. *Royal Oil Corp. v. FTC* (CA–4; 1959) 262 F.2d 741.

[37] Heller & Son, Inc. v. FTC, 191 F.2d 954, 956 (7th Cir. 1951).

[38] See Appendix IV.

[39] See The Proposed Rule pg. 32–36.

[40] 16 CFR 409 (1971).

[41] *Trade Regulation Rule Relating To Incandescent Lamps (Light Bulbs)*, "Disclosure of Humans, Life, Cost and Other Data" Federal Trade Commission, Jan. 25, 1971, 16 CFR 409.

[42] In some air conditioners screws and panels need be moved in order to locate wattage ratings.

[43] See Note 41, pg. 22.

[44] The solution to this dilemma, which was eventually adopted by the FTC as a trade regulation rule was succintly described by W. C. Tancig on Pg. 795 of the Record (16 CFR 422):

"Posting octane numbers on the pumps would give drivers a yardstick to measure what they get for their money, other than credit cards, automobile clubs and rest rooms. In short, as your present proposal recognizes, and our data confirm, motorists cannot intelligently shop for gasoline, on the basis of price without knowing about anti-knock property in the form of octane ratings. We view the industry's withholding of this fundamental information as *deceptive and indefensible.*"

"Trade Regulation Rule Including a Statement of Its Basis and Purpose," "The Failure to Post Minimum Octane Numbers on Gasoline Dispensing Pumps Constitutes an Unfair Trade Practice and an Unfair Methods of Competition.", pg. 26.

[45] 16 CFR 422 (1972).

[46] See Note 44, *supra*, pg. 24, (statement by F.T.C.).

[47] See Note 44, *supra*, pg. 40, (statement by F.T.C.).

[48] *"Voluntary Detergent Labeling Rule"* 37 F.R. 23363, Nov. 2, 1972, CCH 50, 151, 1972.

[49] The Commission went on to say . . . "For that reason, the Commission directed the staff to seek from detergent manufacturers an indication of willingness voluntarily to make clear and conspicuous standardized disclosures of phosphorus content in a way that would facilitate comparison by consumers.

The new uniform detergent labeling procedure is intended to accomplish a clear and conspicuous disclosure of phosphorus content on detergent packaging in a more standard and effective manner than the present labeling." "Phosphate Labeling Rule", Note 48, *supra*.

[50] 15 U.S.C.A. § 1601 *et seq.*

[50a] There are a number of other trade regulation rules contemplated by the FTC that would require full disclosure to the consumer:

(1) the affecting of the franchisor-franchisee relationship by requiring "full disclosure" to the franchise of relevant information and allowing a 10-day cooling-off period after a contract is signed;

(2) the establishing of a uniform basis for disclosure of the power output of sound amplification equipment for home entertainment;

(3) nutritional labeling complementing the labeling regulations already adapted by the F.D.A. The FTC staff is working on a rule that would set forth both the nutritional disclosures that must be contained in advertisements for food products, and detail how these nutritional statistics should be explained to the public;

(4) Product Information—the FTC is conducting a comprehensive study to determine what pieces of "crucial information" need to be transmitted to consumers before they purchase products, and how this information should be conveyed.

[51] Commerce Clearing House—Trade Regulation Reports—Number 96 October 29, 1973.

[52] BNA's Anti Trust and Trade Regulation Reporter No. 662, pg. A–17, 7–17–73.

[53] See "The Problem and the Public Interest," *supra*. pp. 7–15.

PROPOSED RULE

The Commission hereby promulgates as a Trade Regulation Rule its determination that, in connection with the advertisement and sale of room air conditioners in commerce, as "commerce" is defined in the Federal Trade Commission Act, it constitutes an unfair method of competition and an unfair and deceptive act or practice to:

Section 1) Fail to clearly and conspicuously disclose on such air conditioners in a manner visible at the point of sale by tag, sticker, or other appropriate manner:

a) The cooling capacity expressed in British thermal units per hour labeled "Btu."

b) The energy efficiency ratio (EER) labeled "energy efficiency ratio," or "EER."

c) The amount of electrical pressure required expressed in volts labeled "volts," or "V."

d) The electrical current strength drawn expressed in amperes labeled "amperes," "amps," or "A."

e) The electrical power consumed expressed in watts labeled "watts," or "W."

f) The words, "In air conditioners with the same cooling capacity (Btu's), the *higher* the energy efficiency ratio (EER) the less electricity used and paid for the information in Section 1 items a, b, c, d, e, and f, the same amount of cooling.

Section 2) Fail to clearly and conspicuously disclose on the cartons in which such air conditioners come packaged, on all panels of such carton which contain reference to the capacity, efficiency, power of, or consumed by such air conditioner, EER, Btu's, watts, size, volts, or any representation which is measurable in any of these.

Section 3) Fail to clearly and conspicuously disclose on such air conditioners the information in Section 1 items a, b, c, d, e, and f in a permanent manner visible by easy inspection; *provided however* that if the information in Section 1 items a, b, c, d, e, and f is clearly and conspicuously disclosed in a permanent manner visible by easy inspection as required by any other statute, regulation, or practice (such as the Underwriter's Laboratories electrical nameplate) no other permanent disclosure shall be required under this Section.

Section 4) Fail to clearly and conspicuously disclose and make available at the point of sale, either in an owner's manual, in a booklet, or on a tag or sticker the explanation:

a) That Btu's are a measure of the cooling capacity of an air conditioner, and either a guide to determine the cooling capacity needed, or how to obtain such a guide.

b) That the EER is the energy efficiency ratio, and that the higher the EER the less electricity is used for the same amount of cooling.

c) That almost all homes in the United States are supplied with approximately 115 volt service and that a higher voltage air conditioner, like 220 volts, cannot be used without having special wiring.

d) That according to most electrical codes an air conditioner of over 7.5 amps should not be used unless it is the only appliance on circuit and that according to most electrical codes an air conditioner of over 12 amps should not be used without special wiring.

e) That watts are a measure of electrical energy used and a factor in determining the EER.

Section 5) Fail to clearly and conspicuously disclose in any advertisement for such air conditioners the information in Section 1 item b for every identifiable model for which the price and Btu's are disclosed in the advertisement.

Notes

Note 1) A. For the purposes of Section 1 and 2 of this Rule, the requirements of clear and conspicuous disclosure of the information in Section 1 items a, b, c, d, e, and f mean that the information is disclosed clearly and conspicuously in conjunction in contrasting color, and in medium or bold faced type. The print for the information in Section 1 items a and b must be 42 point type. The print for the information in Section 1 items c, d, and e must be 22 point type. The print for the information in Section 1 item f must be 10 point type.

B. For the purposes of Section 3 of this Rule, clear and conspicuous disclosure means clear and conspicuous disclosure using at least 8 point type *provided however* that if the information is disclosed in a permanent manner visible by easy inspection as required by any other statute, regulation, or practice (such as the Underwriter's Laboratories electrical nameplate) the size type required therein shall satisfy this Rule.

C. For the purposes of Section 4 of this Rule, clear and conspicuous disclosure means clear and conspicuous disclosure using at least 10 point type.

D. For the purposes of Section 5 of this Rule, clear and conspicuous disclosure means that the disclosure must appear clearly and conspicuously in conjunction with, in the same color and face of type, and against the same background as the disclosure of either the price or the cooling capacity, whichever is more conspicuous. This requirement extends to video display on television. Clear and conspicuous disclosure for radio, audio television advertisements, and other audio advertisements means clear and conspicuous disclosure of the same audio characteristics and in immediate conjunction with the price or the cooling capacity, whichever is more conspicuous.

Note 2) For the purposes of this Rule, "room air conditioner" means anything which by use, including but not limited to the use of a compressor, refrigerant, evaporating coil, and condensing coil cools air, and which it can reasonably be expected the consumer will install himself, or which when installed operates in a window, or which when installed is connected to an electrical source by an ordinary electrical plug.

Note 3) For the purposes of this Rule, a "tag" or "sticker" is a tag or sticker which will remain clear, conspicuous, and visible at the point of sale as otherwise required by this Rule and which is of a conspicuous and contrasting color.

Note 4) For the purposes of this Rule, "energy efficiency ratio," (EER) means the numerical quantity of efficiency which is arrived at by dividing the appliance output, measured in British thermal units per hour, by the power input, measured in watts of electricity; all values being arrived at by an independent testing laboratory based on generally accepted and approved test methods and procedures, such as, but not limited to, the American National Standards Institute Standard 2234.1.

Note 5) For the purposes of this Rule, "permanent manner" means any manner which clearly and conspicuously discloses such information for the life of such air conditioner.

Note 6) For the purposes of Section 3 of this Rule, "visible by easy inspection" means in plain view on the room air conditioner or so that the disclosure comes into plain view by opening, moving, or removing a part or parts intended to be opened, moved, or removed as part of the operation of the room air conditioner, such as a panel hiding controls or an air filter, and not by opening, moving, or removing a part as is required for installation or removal of such air conditioner and not by opening, moving or removing a part which requires any tool for such operation.

Note 7) For the purposes of this Rule, "advertisement" includes but is not limited to advertising in newspapers, magazines, and other periodicals published and distributed in the United States and other periodicals distributed primarily to members or units of the Armed Forces of the United States located abroad, advertisements appearing on bill boards placed or located within the United States including public transit end boards, other advertisements, point of sale promotional materials, and exhibits and non-point-of-sale promotional materials, exhibits and leaflets, direct mail circulars and inserts, and radio and television commercial messages which promote a sale or are intended to promote a sale.

Effective: ------------------------------
Promulgated: ---------------------------
Secretary

EXAMPLE OF DISCLOSURE FOR SECTIONS 1 AND 2

Conclusion

The world is at the probes of an energy crisis. The president has urged that each individual must contribute to its alleviation. Energy Chief Simon has even stated that we must change our lifestyle, if necessary to accomplish this goal. Consumers have been making valiant efforts in response to this challenge, but they are limited as to what they can do. They would be able to do much more were they furnished with material information which would allow them to structure their budget so as to conserve energy and save money at the same time, especially in the purchase of energy consuming appliances.

Air conditioners are appliances which are major power guzzlers during the summer. In some urban centers like New York 50% of the annual summer growth in demand for electricity is due to air conditioners and 40% of the peak summer demand for electricity is due to air conditioners. Yet consumers have no ready access to information relating to air conditioner efficiency which they could use to compare the power guzzling capacity and long run cost of various models available in the market.

Petitioners have shown:

1) That this information has significant enough bearing on consumer choice to bear the classification of "material fact";

2) The information can be presented to the consumer in an understandable useful format;

3) Well established industry testing standards exist which would enable consumers to make meaningful comparisons of alternative choices;

4) Extensive articles in Popular Science and Consumer Reports, the proposed bill by Senator Tunney, Commerce Department voluntary Requests and the New York Ad Hoc Committee Report all point to the consensus among government and non-government groups that efficiency comparisons of various air-conditioners should be disclosed to avoid unfairness.

5) The cost of non-disclosure to the consumer and to society is quite substantial in view of the energy crisis, and should not be cast off lightly;

6) The cost of disclosure to industry is minimal and would be borne by all without negative competitive impact;

7) Room air-conditioners are bought by all income groups but affirmative disclosure would mostly likely affect low income groups as they would be less likely to have centralized air-conditioning;

8) The unfair trade practice above can be effectively eradicated by providing the suggested information both at the point of sale and in advertising.

Because of all the aforementioned reasons, petitioners strongly urge the Federal Trade Commission to adopt and promulgate the proposed trade regulation rule.

THE BICENTENNIAL

Mr. BROOKE. Mr. President, the observance of our Bicentennial provides an unusual and timely means for reaffirmation of our basic values and for reconciliation among our people.

As a member of the American Revolution Bicentennial Administration Policy Board, I know that the ARBA has been redoubling its efforts to help all Americans plan and prepare for a commemoration of our 200th anniversary which will appropriately reflect the greatness and dignity or our Nation.

As ARBA Administrator John W. Warner has summed it up, the Bicentennial is in essence the laying of the cornerstone of America's third century. And in just a few weeks, beginning September 5, celebrations will be held commemorating the 200th anniversary of the First Continental Congress. Ths is a most fitting event to initiate the Nation's Bicentennial era.

To note this auspicous event and the new beginning for the Bicentennial, Mr. President. I ask unanimous consent to have printed in the Record an editorial appearing in the Washington Post on Tuesday, August 13, entitled, "New Light on the Bicentennial."

There being no objection, the editorial was ordered to be printed in the Record, as follows:

NEW LIGHT ON THE BICENTENNIAL

The lifting of the Watergate pall has, among other things, suddenly put the bicentennial of the nation's birthday into a new and happier light. Over the past few years there has been a great deal of national and local, official and unofficial planning for the festivities in 1976. Some of it has been thoughtful and even inspiring. Much of it has been superficial and blatantly commercial. All of it suffered from a widespread feeling that even "the spirit of '76"—the nation's faith in the lasting meaning of the American Revolution, and the Constitution and Bill of Rights that this revolution produced—was afflicted by the unresolved corruption of our government. How could we celebrate a "system" so undermined that it threatened to fail us?

Well, it has not failed us. As Special Prosecutor Leon Jaworski has pointed out in a speech excerpted elsewhere on this page, we can take renewed pride in the workings of our unique mechanism of constitutional government—"a form of government through law [that] is recognized to be a triumph over despotism and individual repression." And rather than rest on the somewhat battered and perhaps even bitter laurels of that achievement, we should seize the opportunity of the bicentennial celebration for positive, forward-locking reflection.

As the myriad bicentennial planners now seem to agree, the national birthday party calls not only for fun, games and history lessons, but also for national discussion. The national debate would not inquire into the past, present and future workings of the "system" in terms of government alone. It would encompass all aspects of the moral and physical quality of American life and how to improve them. We would hear the professions—such as lawyers, doctors, journalists, designers and artists—debate their achievements, shortcomings and aspirations. And we would, in this effort to examine needed changes in America, not only discuss but also practice new ways of citizen participation.

This national soul-searching could take a variety of forms on television, in the schools, in films, exhibits and public forums of all kinds. It would supplement some 20,000 events that are already planned, many of them, no doubt, somewhat trivial. But there is room for trivia, too. There is room for every taste.

Two weeks ago, we thought that the two years remaining were perhaps too short a time to plan anything really worth while for a national celebration. Now these two years pose an almost genuine challenge.

Nor, come to think of it, is it necessary to let the newfound spirit of '76 flare up in one big fireworks the summer after next. We have all of America's third century to let it unfold.

UNTIMELY DEATH OF PAUL W. CHERINGTON

Mr. HARTKE. Mr. President, on Sunday, August 11, Paul Whiton Cherington, a leading authority on transportation, died in Boston at the age of 56.

During Mr. Cherington's tenure as Assistant Secretary of Transportation for Policy and International Affairs in 1969–70, it was my pleasure to become acquainted with him in connection with my responsibilities as chairman of the Surface Transportation Subcommittee of the Senate Commerce Committee. Even after he left the Department of Transportation in 1970 to join the faculty of Harvard Business School, and then to serve as president and chief executive officer of the Boston and Maine Railroad, he frequently was able to contribute valuable suggestions.

Mr. Cherington was a recognized and respected expert in the transportation field and his expertise will be greatly missed. I wish to extend my personal sympathy to Mrs. Cherington and his family.

Mr. President, I ask unanimous consent that an article from the August 13, 1974, Washington Post regarding Mr. Cherington be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

PAUL W. CHERINGTON DIES; AUTHORITY ON TRANSPORTATION

(By J. Y. Smith)

Paul Whiton Cherington, a leading authority on transportation, died at Massachusetts General Hospital in Boston Sunday following a heart attack. He was 56.

Mr. Cherington was assistant secretary of Transportation for policy and international affairs in 1969–70, during which time he developed the first comprehensive transportation policy for the United States.

He joined the faculty of the Harvard Business School in 1950 and he was on leave from Harvard to serve as president and chief executive officer of the bankrupt Boston & Maine Railroad at the time of his death.

He directed an Air Force logistics research project at Harvard and also directed a research project on weapons acquisition.

Two of the courses he taught at Harvard were "Problems in Transportation Management" and "The Business Administrator and Government Policy." He wrote on both of these subjects and was a recognized expert on the relationship between government and business.

He served as a consultant on transportation for the Office of Secretary of Defense, the Air Force, the Army, for numerous transportation companies and equipment manufacturers, for the Aeronautical Research Foundation, and for the Brookings Institution, for which he wrote a report entitled "The Business Representative in Washington."

Mr. Cherington was appointed a trustee of the Boston & Maine in 1971, the year after the railroad went into bankruptcy. He developed a reorganization plan for the line and became its president and chief executive in 1973.

A U.S. District Court judge in Boston ruled recently that the reorganization plan had succeeded to the point that the B&M would be exempted from the proposed consolidation of bankrupt Eastern railroads. The court found that the B&M appeared to be returning to profitable operations.

Mr. Cherington was born in Cambridge, Mass. He graduated from Harvard College in 1940 and from the Harvard Business School in 1942. His first job was with Pan American Airways in British West Africa. He then entered the Army and served with the Air Transport Command. He returned to civilian life in 1945 with the rank of major.

He spent the next year as an economic analyst for the Senate Military Affairs Committee and then joined the staff of the Civil Aeronautics Board. Within two years, he was executive assistant to the chairman of the board.

He joined the faculty of the Harvard Business School in 1950. In 1963, he was named the James J. Hill professor of transportation.

For his work as assistant secretary of Transportation and other accomplishments, he was awarded the Sulzburg Medallion by Syracuse University in 1972.

Mr. Cherington's private business activities included the foundation of two consulting firms, United Research, Inc., and Temple, Barker & Sloane, of which he was chairman when he died.

Survivors include his wife, Dorothea, of the home in Boston; a daughter, Anne Cate; and three children by a previous marriage, Paul Van Dusen, Alexander Whiton, and Charlotte.

A TRIBUTE TO SENATOR ABOUREZK

Mr. McGOVERN. Mr. President, in a recent column which he writes for the Cooperative News Service, Jerry Voorhis paid high tribute to our colleague, the Senator from South Dakota (Mr. Abourezk).

It gives me a great deal of pride to read the words of a distinguished American such as Jerry Voorhis when he writes of the "vision and courage" of Senator Abourezk.

I ask unanimous consent that the Voorhis article, "The Human Side of the Marketplace," which appeared in the South Dakota High-Liner, be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

THE HUMAN SIDE OF THE MARKETPLACE

(By Jerry Voorhis)

Senator James Abourezk is a man of vision and courage. He is concerned about the virtual monopoly of the nation's energy resources toward which the major oil companies are driving—with alarming success.

These are the same oil companies that have fought through the years for restrictions on production of their own product and against every proposal for the development of alternate sources of clean energy.

At present they already control large segments of the coal and natural gas businesses. They are, with the eager help of the Interior Department, getting most of the leases on geothermal sites and shale oil deposits.

The majors have used their monopoly position plus the "energy crisis" to eliminate much of their competition.

So the Senator from South Dakota proposes that something be done to protect the people's interest.

He has introduced two bills into the Congress which go to the very heart of the monopoly problem.

One of these would make it a violation of law for any corporation to own enterprises in more than one of the following lines of business: production of crude oil, refining of oil products, wholesale distribution of oil products by pipeline or other means, or retail sales to consumers. A company could engage in any one of these lines but not in any of the others. The effect of such legislation would be to pull the teeth of the oil monopoly.

Admittedly this is a radical measure, since it goes to the heart of the problem.

Radical measures are probably the only kind that can cure the monopoly cancer.

The other Abourezk bill would forbid an oil company from owning other sources of energy. It would make possible healthy competition among various energy sources. Even more vital, it would prevent major oil companies from obstructing the development of alternative sources of energy.

Unless legislation along the line of this second bill is passed pretty soon we may wake up some fine morning to find that not only are the cooperatives the only effective competition for the majors in petroleum but that no effective competition exists at all in the rest of the energy field.

At that point the entire economy of the nation will be hostage to the dictates of a handful of major oil companies.

COURT OF APPEALS DECISION ON POCKET VETO

Mr. KENNEDY. Mr. President, yesterday, the U.S. Court of Appeals for the District of Columbia Circuit unanimously affirmed the decision of the district court that President Nixon had acted unconstitutionally in using a pocket veto to disapprove the Family Practice of Medicine Act, a major health bill passed by Congress in 1970.

I see yesterday's decision as an important step forward as Congress continues to reassert its constitutional prerogatives against the encroachments of the executive branch in recent years, and I ask unanimous consent that the court's decision may be printed in the Record.

There being no objection, the decision was ordered to be printed in the Record, as follows:

United States Court of Appeals for the District of Columbia Circuit

APPEALS FROM THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF COLUMBIA

(Decided August 14, 1974)

No. 73–2121—Edward M. Kennedy v. Arthur F. Sampson, Acting Administrator, General Services Administration, et al., Appellants.

No. 73–2122—Edward M. Kennedy v. Arthur F. Sampson, Acting Administrator, General Services Administration, et al., Appellants.

James C. Hair, Jr., Attorney, Department of Justice, with whom *Irving Jaffe*, Acting Assistant Attorney General, *Earl J. Silbert*, United States Attorney and *Robert E. Kopp*, Attorney, Department of Justice, were on the brief for appellants. *Morton Hollander*, Attorney, Department of Justice, also entered an appearance for appellants.

Edward M. Kennedy, appellee, *pro se*.

Before: BAZELON, *Chief Judge*, FAHY, *Senior Circuit Judge* and TAMM, *Circuit Judge*.

TAMM, *Circuit Judge*, delivered the opinion for the court in which BAZELON, *Chief Judge*, and FAHY, *Senior Circuit Judge* joined.

FAHY, *Senior Circuit Judge*, filed a concurring opinion in which BAZELON, *Chief Judge*, joined.

TAMM, *Circuit Judge*; Appellee, a United States Senator, filed suit against the Administrator of the General Services Administration and the Chief of White House Records seeking a declaration that the Family Practice of Medicine Act (hereinafter, S. 3418):[1] became law on December 25, 1970, and an order requiring the appellants to publish the Act as a validly enacted law.[2] S. 3418 was passed by overwhelming majorities in both the House and Senate in the Fall of 1970.[3] Appellee was among those Senators who voted in favor of the bill which was presented to the President on December 14, 1970.[4] On December 22 both Houses of Congress adjourned for the Christmas holidays, the Senate until December 28 and the House until December 29.[5] Before adjourning, the Senate authorized the Secretary of the Senate to receive messages from the President during the adjournment.[6] On December 24, the

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Footnotes at end of article.

President issued a memorandum of disapproval announcing that he would withhold his signature from S. 3418.[7] The President took no further action with respect to the bill. Appellants maintain that this series of events resulted in a "pocket veto" under article I, section 7 of the United States Constitution. Appellee, relying upon the same provision, contends that the bill became law without the President's signature at the expiration of the ten-day period following its presentation to him.

Upon cross motions for summary judgment, the district court granted judgment in favor of appellee. The order of the District court declares that S. 3418 became a law of the United States on December 25, 1970 and that "defendants are under a ministerial, nondiscretionary duty to publish said law . . ."[8] Although the district court has retained jurisdiction for the purpose of adjudicating appellee's request for injunctive relief in the nature of a mandamus, further action has been postponed pending this appeal.[9]

Two questions are presented for review: (1) does appellee have standing to maintain this suit; and (2) did S. 3418 become a law? We conclude that both questions must be answered in the affirmative.

I.

The requirement of standing derives from the limitation upon judicial power expressed in the "case" or "controversy" formula of article III of the Constitution. The concept was recently treated by the Supreme Court in *Sierra Club* v. *Morton*, 405 U.S. 727, 731–32 (1972):

> Whether a party has a sufficient stake in an otherwise justiciable controversy to obtain judicial resolution of that controversy is what has traditionally been referred to as the question of standing to sue. Where the party does not rely on any specific statute authorizing invocation of the judicial process, the question of standing depends upon whether the party has alleged such a "personal stake in the outcome of the controversy," *Baker* v. *Carr*, 369 U.S. 186, 204, as to ensure that "the dispute sought to be adjudicated will be presented in an adversary context and in a form historically viewed as capable of judicial resolution." *Flast* v. *Cohen*, 392 U.S. 83, 101.

Although he has not been authorized to prosecute this suit on behalf of the Senate or the Congress, appellee offers several alternative theories of standing.[10] We agree with the district court that appellee has standing to maintain this suit in his capacity as an individual United States Senator who voted in favor of S. 3418. This conclusion follows from any of the traditional methods of evaluating the standing of a party to sue.

One approach to the question is to inquire whether a "logical nexus" exists between the status asserted by a litigant and the claim sought to be adjudicated. *Flast v. Cohen*, 392 U.S. 83, 102 (1968). Examination of appellee's complaint reveals that such a nexus is present in this case. While the complaint is literally addressed to the ministerial duties of certain officials, the legal issue turns on the validity of executive action which purports to have disapproved an Act of Congress by means of a constitutional procedure which does not permit Congress to override the disapproval. If appellants' arguments are accepted, then appellee's vote in favor of the bill in question has been nullified and appellee has no right to demand or participate in a vote to override the President's veto. Conversely, if appellee's interpretation of the veto clause is correct, then the bill became law without the President's signature. In short, disposition of the substantive issue will determine the effectiveness *vel non* of appellee's actions as a legislator with respect to the legislation in question. This demonstrates a relationship between appellee and his claim which is not only "logical" but real, a relationship which assures that the issues have been litigated with the vigor and thoroughness necessary to assist the court in rendering an informed judgment.

A somewhat different analysis of standing has been employed with respect to parties who challenge administrative action. In *Association of Data Processing Service Organizations, Inc., v. Camp,* 397 U.S. 150 (1970) the Supreme Court framed the standing issue as follows: (1) does the plaintiff allege that the challenged action has caused him "injury in fact, economic or otherwise;" (2) is the interest sought to be protected "arguably within the zone of interests to be protected or regulated by the statute or constitutional guarantee in question." *Id.* at 152–53. Appellee's pleading satisfies both inquiries. The complaint alleges an injury to him in his capacity as a United States Senator:

> The acts of the defendants have injured the plaintiff as a United States Senator by denying him the effectiveness of his vote as a member of the United States Senate. The plaintiff . . . was among 64 Senators voting in favor of S. 3418 . . .[11]

Appellee's asserted interest plainly falls, among those contemplated by the constitutional provision upon which he relies. That provision, article I, section 7, is one of several in the Constitution which implement the "separation of powers" doctrine. Taken together, these provisions define the prerogatives of each governmental branch in a manner which prevents overreaching by any one of them. The provision under discussion allocates to the executive and legislative branches their respective roles in the law-making process. When either branch perceives an intrusion upon its legislative power by the other, this clause is appropriately invoked. The gist of appellee's complaint is that an intrusion has occurred as a result of the President's misinterpretation of this clause and that a consequence of this intrusion is the nullification of appellee's vote in favor of the bill in question; hence, the complaint alleges injury to an interest of appellee as a member of the legislative branch of the government, and interest among those protected by article I, section 7. Appellants insist that only in the interests of the Congress or one of its Houses as a body are protected by this provision.

Our conclusion with respect to appellee's standing finds support in *Coleman* v. *Miller*, 307 U.S. 433 (1939), which held, *inter alia,* that twenty state senators who had voted against ratification of a constitutional amendment had standing to challenge the legality of a tie-breaking vote in favor of ratification which was cast by the Lieutenant Governor, the presiding officer of the Senate of Kansas. The Court concluded that the interest of the legislators in protecting the effectiveness of their votes conferred standing to maintain the suit:

> Here, the plaintiffs include twenty senators, whose votes against ratification have been overridden and virtually held for naught although if they are right in their contentions their votes would have been sufficient to defeat ratification. We think that these senators have a plain, direct and adequate interest in maintaining the effectiveness of their votes.

Id. at 438. Appellants correctly point out that the votes of the twenty plaintiffs in *Coleman* had peculiar legal significance *as a bloc, i.e.,* these votes were sufficient to prevent ratification absent the challenged vote of the Lieutenant Governor. Appellants read *Coleman* as holding that the plaintiff legislators had standing only as a group for the purpose of protecting the collective effectiveness of their votes. In a like vein, appellants contend that appellee's vote in favor of S. 3418 has no legal significance independent of the other votes in favor of the bill. Any injury to him occasioned by the President's action, it is argued, is "derivative" in nature.[12] In appellants' view, only the Senate or the Congress has sustained the "direct" injury necessary to confer standing (assuming that the veto of S. 3418 was invalid).[13]

The *Coleman* opinion neither confirms nor rejects appellants' interpretation. It does not express reliance upon the fact that all nay-voters had joined as plaintiffs in the action, nor does it contain any hint as to whether one of the plaintiffs might have maintained the suit alone. Although references to the parties and their votes are, quite naturally, in the plural form, the opinion does not disclose whether the Court was considering them collectively or severally. In light of the purpose of the standing requirement, however, we think the better reasoned view of both *Coleman* and the present case is that an individual legislator has standing to protect the effectiveness of his vote with or without the concurrence of other members of the majority.

The policy underlying the doctrine of standing is identified in the following passage from *Baker v. Carr,* 369 U.S. 186, 204 (1962):

> Have the appellants alleged such a personal stake in the outcome of the controversy as to assure that concrete adverseness which sharpens the presentation of issues upon which the court so largely depends for the illumination of difficult constitutional questions? This is the gist of the question of standing.

Another discussion describes the purpose of the standing doctrine as follows:

> Under such circumstances, we feel confident that the questions will be framed with the necessary specificity, that the issues will be contested with the necessary adverseness and that the litigation will be pursued with the necessary vigor to assure that the constitutional challenge will be made in a form traditionally thought to be capable of judicial resolution.

Flast v. Cohen, supra at 106. Appellee's interest in the present controversy provides the same assurance that he is an appropriate advocate.

Appellants' argument to the contrary is based upon a distinction which is more formal than substantive. While conceding that Congress as a whole (or even one of its Houses) has standing to challenge the President's purported use of the pocket veto,[14] appellants insist that an individual member of Congress does not, even if he voted for the bill in controversy. The interest of the Congress in preserving its role in the law-making process is said to be "direct" while that of appellee is labelled "indirect or derivative."[15] Appellants base this distinction upon the self-evident proposition that appellee is not the Congress:

> As an individual senator appellee can at best be said to have sustained only indirect injury as the result of the pocket veto, *for his vote for S. 3418 is in no sense the legal or political equivalent of the passage of the bill by the Congress. . . .*[16]

The italicized observation is undoubtedly correct but it does not help appellants' argument. The prerequisite to standing is that a party be "among the injured," in the words of *Sierra Club*, not that he be the *most* grievously or *most* directly injured. We think that appellee is "among the injured" in this case.

The subject matter at stake in this litigation is legislative power. The court is presented with conflicting views of the pocket veto power, one which is expansive, and an-

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Footnotes at end of article.

other which is restrictive. Over the long term, appellants' broad view of the pocket veto power threatens a diminution of congressional influence in the legislative process.[17] It seems to this court axiomatic that, to the extent that Congress' role in the government is thus diminished, so too must be the individual roles of each of its members. Put another way, the influence of any one legislator upon the political process is in great measure dependent upon the stature of the governmental branch of which he is a member.

In a sense, therefore, the contention that appellee's interest in the pocket veto controversy is "derivative" is correct. It is derivative, but it is nonetheless substantial. When asserted in the context of a particular dispute about specific legislation, such an interest may be sufficient to confer standing. Appellee's stake in this litigation is a quantum of his official influence upon the legislative process. To be sure, that influence can never be "the legal or political equivalent of the passage" of a bill, for only Congress as a body has that authority. Nevertheless, the office of United States Senator does confer a participation in the power of the Congress which is exercised by a Senator when he votes for or against proposed legislation. In the present case, appellee has alleged that conduct by officials of the executive branch amounted to an illegal nullification not only of Congress' exercise of its powers, but also of appellee's exercise of his power. In the language of the *Coleman* opinion, appellee's object in this lawsuit is to vindicate the effectiveness of his vote. No more essential interest could be asserted by a legislator. We are satisfied, therefore, that the purposes of the standing doctrine are fully served in this litigation.

II.

Article 1, section 7, paragraph 2 of the United States Constitution prescribes the manner in which laws of the United States are enacted.

> Every Bill which shall have passed the House of Representatives and the Senate, shall, before it become a Law, be presented to the President of the United States; if he approves he shall sign it, but if not he shall return it, with his Objections to that House in which it shall have originated, who shall enter the Objections at large on their Journal, and proceed to reconsider it. If after such Reconsideration two thirds of that House shall agree to pass the Bill, it shall be sent, together with the Objections, to the other House, by which it shall likewise be reconsidered, and if approved by two thirds of that House, it shall become a Law. But in all such Cases the Votes of both Houses shall be determined by yeas and nays, and the Names of the Persons voting for and against the Bill shall be entered on the Journal of each House respectively. If any Bill shall not be returned by the President within ten Days (Sundays excepted) after it shall have been presented to him, the Same shall be a Law, in like Manner as if he had signed it, *unless the Congress by their Adjournment prevent its Return, in which Case it shall not be a Law.* (Emphasis added.)

At issue in this case is whether the Christmas adjournment of 1970 was one which "prevented" the return of S. 3418 by the President. If so, then the President's failure to approve the bill within ten days of its presentation to him constituted a pocket veto. If the adjournment did not prevent the return of S. 3418, then the bill became law without the President's signature. Our study of the constitutional text itself, its history and previous judicial interpretations of it convinces us that an intrasession adjournment of Congress does not prevent the President from returning a bill which he disapproves so long as appropriate arrangements are made for the receipt of presidential messages during the adjournment. Since the adjournment in question falls into this category, we affirm the district court's declaration that S. 3418 became law on December 25, 1970.

Our analysis begins with the premise that the pocket veto power is an exception to the general rule that Congress may override presidential disapproval of proposed legislation. Rejection of an absolute presidential veto is explicit both in the proceedings of the Constitutional Convention[18] and in contemporaneous commentary. Alexander Hamilton, himself an advocate of the absolute veto during the Convention,[19] later took pains to distinguish the presidential veto power from that of the King of England:

> The President of the United States is to have power to return a bill, which shall have passed the two branches of the Legislature, for re-consideration; but the bill so returned is to become a law, if upon that reconsideration it be approved by two thirds of both houses. The King of Great Britain, on his part, has an absolute negative upon the acts of the two houses of Parliament. The disuse of that power for a considerable time past, does not affect the reality of its existence; and is to be ascribed wholly to the crown's having found the means of substituting influence to authority, or the art of gaining a majority in one or the other of the two houses, to the necessity of exerting a prerogative which could seldom be exerted without hazarding some degree of national agitation. The qualified negative of the President differs widely from this absolute negative of the British sovereign . . . .

The Federalist No. 69, at 463–64 (J. Cooke ed. 1961) (A. Hamilton). Since it operates as an "absolute negative", the pocket veto power is a departure from the central scheme of the Constitution. As such, it must be limited by the specific purpose it is intended to serve, a purpose explained in the following passage from Story's *Commentaries:*

> But the President might effectually defeat the wholesome restraint [*i.e.* congressional override], thus intended, upon his qualified negative, if he might silently decline to act after a bill was presented to him for approval or rejection. The Constitution, therefore, has wisely provided, that, "if any bill shall not be returned by the President within ten days (Sundays excepted) after it shall have been presented to him, it shall be a law, in like manner as if he had signed it." But if this clause stood alone, Congress might, in like manner, defeat the due exercise of his qualified negative by a termination of the session, which would render it impossible for the President to return the bill. It is therefore added, "unless the Congress, by their adjournment, prevent its return, in which case it shall not be a law."[20]

The pocket veto power is one component of a constitutional mechanism designed to enforce respect on the part of each of the law-making branches of the government for the legislative authority of the other. This understanding of the purpose of the clause has led the Supreme Court to adopt a rule of construction which governs in this case:

> The constitutional provisions [*i.e.,* article I, section 7, paragraph 2] have two fundamental purposes; (1) that the President shall have suitable opportunity to consider the bills presented to him, and (2) that the Congress shall have suitable opportunity to consider his objections to bills and on such consideration to pass them over his veto provided there are the requisite votes. *Edwards v. United States,* 286 U.S. 482, 486. We should not adopt a construction which would frustrate either of these purposes.

Wright v. United States, 302 U.S. 583, 596 (1938). Where possible, then, the pocket veto clause should be construed in a manner which preserves both purposes. Since a pocket veto always has the effect of frustrating Congress' right to reconsider a vetoed bill,[21] the preferred construction of the clause is that return of a bill was not "prevented" by an adjournment. Only two decisions of the Supreme Court have addressed the question of whether an adjournment prevented the return of a bill. Appellant relies upon the first of these and seeks to distinguish the later decision from the present case.

The decision relied upon by appellant is *The Pocket Veto Case,* 279 U.S. 655 (1929), which held that the intersession adjournment of the 69th Congress prevented the return of a bill which had been presented to the President eight days (excluding Sunday) before the adjournment of the first session. The opinion states two reasons for the holding: (1) the word "House" in the return veto clause means "House in session" and does not permit return of a bill to an officer or agent of the originating House during an adjournment; (2) return of a bill during an intersession adjournment would result in a long delay in the final disposition of the bill attended by public uncertainty as to its status. *Id.* at 682–84.[22] A significant exception to this holding was established in the Supreme Court's only other pocket veto decision, *Wright v. United States, supra* at 589–90.[23] Addressing the first part of the *Pocket Veto Case* rationale, the Court held that the return of a bill may, in certain instances, be accomplished by delivery to an appropriate agent of the originating House:

> Nor was there any practical difficulty in making the return of the bill during the recess. The organization of the Senate continued and was intact. The Secretary of the Senate was functioning and was able to receive, and did receive, the bill. Under the constitutional provision [article I, section 5, paragraph 4] the Senate was required to reconvene in not more than three days and thus would be able to act with reasonable promptitude upon the President's objections. There is no greater difficulty in returning a bill to one of the two Houses when it is in recess during the session of Congress than in presenting a bill to the President by sending it to the White House in his temporary absence. Such a presentation is familiar practice. The bill is sent by a messenger and is received by the President. It is returned by a messenger, and why may it not be received by the accredited agent as the legislative body? To say that the President cannot return a bill when the House in which it originated is in recess during the session of Congress, and thus afford an opportunity for the passing of the bill over the President's objections, is to ignore the plainest practical considerations and by implying a requirement of an artificial formality to erect a barrier to the exercise of a constitutional right.

Id. at 589–90. The Court then discussed the dangers it had foreseen at the time of its earlier decision:

> However real these dangers may be when Congress has adjourned and the members of its Houses have dispersed at the end of a session—the situation with which the Court was dealing—they appear to be illusory when there is a mere temporary recess. Each House for its convenience, and during its session and the session of Congress, may take, and frequently does take, a brief recess limited, as we have seen, in the absence of the consent of the other House, to a period of three days. In such case there is no withholding of the bill from appropriate legislative record for weeks or perhaps months, no keeping of the bill in a state of suspended animation with no certain knowledge on the part of the public whether it was seasonably delivered, no causing of any undue delay in its reconsideration. When there is nothing but such a temporary recess the organization of the House and its appropriate of-

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Footnotes at end of article.

ficers continue to function without interruption, the bill is properly safeguarded for a very limited time and is promptly reported and may be reconsidered immediately after the short recess is over. The prospect that in such a case the public may not be promptly and properly informed of the return of the bill with the President's objections, or that the bill will not be properly safeguarded or duly recorded upon the journal of the House, or that it will not be subject to reasonably prompt action by the House, is we think wholly chimerical. If we regard the manifest realities of the situation, we cannot fail to see that a brief recess by one House, such as is permitted by the Constitution without the consent of the other House, during the session of Congress, does not constitute such an interruption of the session of the House as to give rise to the dangers which, as the Court apprehended might develop after the Congress has adjourned.

Id. at 595-96. Appellants emphasize two actual distinctions between *Wright* and the present case: (1) *Wright* involved an adjournment of only three days, a shorter period than the five-day adjournment at issue in this case; (2) only the Senate had adjourned in the former case whereas both Houses were in recess at the time S. 3418 was disapproved. These distinctions fail to overcome the logic and reasoning of the *Wright* decision.

The five-day recess in this case was only two days longer than that considered in *Wright*. Moreover, the most significant portion of the recess, that which extended beyond the ten-day period for return of a bill, was only one day longer than that which occurred in *Wright*,[24] and was actually within the maximum delay explicitly approved in *Wright*.[25] As in the former case, the Senate continued in existence during the Christmas recess of 1970 and the Secretary of the Senate was available to receive messages from the President during the adjournment.[26] There was no danger that the bill could not be reconsidered "with reasonable promptitude" should it be returned by the President during the adjournment.[27] For these reasons, the mere fact that the Senate was not in session to physically receive the President's objections does not require the conclusion that the Congress had, by its adjournment, prevented the return of S. 3418.

The fact that the House of Representatives had not adjourned in the *Wright* case is also a distinction without a difference.[28] Assuming that the conclusion of the foregoing paragraph is correct, it is difficult to see how the presence or absence of the non-originating House at the time of the return could affect our decision. To hold that a return veto is possible while the originating House alone is in brief recess but not when both Houses are in recess would embrace ritual at the expense of logic.[29]

As the foregoing discussion demonstrates, the present case falls within the exception—or, at least, within a logical extension of the exception—to the *Pocket Veto Case* established in *Wright*. Even if *Wright* were not applicable, however, appellants' reliance upon the *Pocket Veto Case* would be misplaced. The modern practice of Congress with respect to intrasession adjournments creates neither of the hazards—long delay and public uncertainty—perceived in the *Pocket Veto Case*.

First of all, intrasession adjournments are much shorter than the intersession adjournment considered in the *Pocket Veto Case*. At the time of that decision, intersession adjournments of five or six months were still common.[30] By contrast, only four intrasession adjournments in the history of the Congress have exceeded sixty days in duration. Of these, only two occurred in this century—a sixty-seven day recess in 1943 and a sixty-four day recess in 1950.[31] Aside from these four, there have been one hundred twenty-nine intrasession adjournments of more than three days as of June, 1974: two of them for periods of fifty to sixty days; seven for periods of thirty to forty days; and two for periods of twenty to thirty days. The remaining one hundred eighteen were for periods of less than twenty days.[32] Until 1932, practically every one of these adjournments was a Christmas holiday recess.[33] In 1933 the twentieth amendment took effect, setting January 3rd as the customary date for commencement of each session of Congress. As a consequence, the pattern of intrasession recesses was altered somewhat over the ensuing years. In the last decade, however, a consistent pattern of intrasession adjournments has again developed. Typically, there are several recesses of approximately five days for various holidays and a summer recess (or recesses) lasting about one month.[34]

Plainly, intrasession adjournments of Congress have virtually never occasioned interruptions of the magnitude considered in the *Pocket Veto Case*.[35] More importantly, return of a bill during an intrasession adjournment, whatever its length, can no longer cause the public uncertainty envisioned in the *Pocket Veto Case*. Modern methods of communication make it possible for the return of a disapproved bill to an appropriate officer of the originating House to be accomplished as a matter of public record accessible to every citizen. The status of such a bill would be clear; it has failed to receive presidential approval but may yet become law if Congress, upon resumption of its deliberations, passes the bill again by a two-thirds majority. This state of affairs generates no more public uncertainty than does the return of a disapproved bill while Congress is in actual session.[36] The only possible uncertainty about this situation arises from the absence of a definitive ruling as to whether an intrasession adjournment "prevents" the return of a vetoed bill.[37] Hopefully, our present opinion eliminates that ambiguity.

Appellants' brief directs our attention to the "consistent executive practice" regarding pocket vetoes during intrasession adjournments. The court has considered this argument and finds it unpersuasive. As appellants admit, consistent practice cannot create or destroy an executive power. Appellants' Br. at 37–38.

In addition, the precedents cited by appellants are not strong. Of only thirty-eight intrasession pocket vetoes in the nation's history, thirty (or 78%) have occurred since the inauguration of President Franklin Roosevelt.[38] None occurred prior to 1867.[39] The intrasession pocket veto is, therefore, a relatively modern phenomenon. Moreover, it is a phenomenon which has gained new significance in recent years as brief, intrasession recesses have become more frequent.[40] The present case arises from the shortest intrasession recess ever relied upon by any President as having prevented the return of a disapproved bill.[41] It is also significant that, in the single case which presented the issue of whether an intrasession adjournment precluded a return veto, the Supreme Court ruled that it had not. *Wright* v. *United States, supra*. In our view, therefore, the question raised in this case is still very much an open one, prior executive practice notwithstanding.

In summary, we hold that the Christmas recess of 1970 did not prevent the return of S. 3418—a conclusion which may be reached by either of two routes. First, the present case is governed by the logic, if not the precise holding, of the *Wright* decision. Second, the case is an appropriate one for disposition of the question of whether any intrasession adjournment, as that practice is presently understood, can prevent the return of a bill by the President where appropriate arrangements have been made for receipt of presidential messages during the adjournment—a question which must be answered in the negative.

Affirmed.

FOOTNOTES

[1] S. 3418, 91st Cong., 2d Sess. (1970).

[2] Appellee contends that appellant Jones is required to deliver and appellant Sampson to publish in slip form and in Statutes at Large all newly enacted laws of the United States. Kennedy v. Sampson, C.A. No. 1583–72, Complaint, ¶¶ 4, 5 (D.D.C., filed Aug. 9, 1972), *citing* 1 U.S.C. §§ 106a, 112, 113 (1970). This question was not decided by the district court.

[3] Passed in the Senate September 14, 1970, by a vote of 64–1, 116 CONG. REC. 31508 (1970); in the House of Representatives on December 1, 1970, by a vote of 346–2, *id.* at 39379. The Senate House Conference Report, H.R. REP. No. 91–1668, 91st Cong., 2d Sess., was agreed to by the House on December 8, 116 CONG. REC. 40289–92 (1970), and by the Senate on December 10, *id.* at 40867.

[4] 116 CONG. REC. 41289 (1970).

[5] S. Con. Res. 87, 91st Cong., 2d Sess., *id.* at 43250.

[6] 116 CONG. REC. 43221 (1970).

[7] 6 PRESIDENTIAL DOCUMENTS 1726–27 (December 28, 1970).

[8] Kennedy v. Sampson, 364 F. Supp. 1075, 1087 (D.D.C. 1973).

[9] Pursuant to Rule 54(b), FED. R. CIV. P. the district court found that there was no just reason for delay and directed entry of a final order granting appellee's request for declaratory relief. Kennedy v. Sampson, *supra* note 2, Order dated September 24, 1973.

[10] Appellee claims standing in his capacity as a citizen, as a taxpayer, and as a member of the United States Senate. The district court agreed with the latter contention and did not reach the alternative arguments, Kennedy v. Sampson, *supra* note 8 at 1077–79.

[11] Kennedy v. Sampson, *supra* note 2, Complaint, ¶ 15.

[12] Appellants' Br. at 24–27; Appellants' Reply Br. at 2–3.

[13] Appellants' Reply Br. at 2. Appellants suggest that the Senate might have standing because it was "improperly deprived of the initial opportunity to override the veto . . . ." *Id.* Appellee makes a similar argument in favor of his own individual standing. Appellee's Br. at 13. Both parties misconceive the issue. The only possible effects of the President's action with respect to S. 3418 are that the bill became law, in which case there is no need to override, or it did not become law because Congress prevented its return, in which case there is no right to override. *See Hearings on the Constitutionality of the President's "Pocket Veto" Power Before the Subcomm. on Separation of Powers of the Senate Comm. on the Judiciary*, 92nd Cong., 1st Sess. 4–5 (1971).

[14] Appellants' Reply Br. at 2.

[15] *Id.*, at 2–3.

[16] *Id.* (emphasis added).

[17] Appellants dispute the contention that a broad construction of the pocket veto clause can affect the legislative balance of power. Two defenses are suggested whereby Congress can maintain legislative supremacy: (1) if disapproval is anticipated, Congress may delay the presentation of a bill until after the recess in order to preserve its right to override; (2) Congress may reenact a pocket-vetoed bill and present it to the President a second time. Appellants' Br. at 44–45. While both of these procedures might be effective, they would not change the fact that the pocket veto power will have been used as an obstacle—however temporary—to the implementation of the will of Congress. Moreover, such delays may for practical pur-

poses become permanent. As appellee points out in his brief at 54:

> It is no answer to say that if Congress wishes, it can simply pass a pocket-vetoed bill again and present it to the President at a time when the pocket veto cannot be used. At best, the legislative route is arduous and time-consuming, involving numerous subcommittee, full committee, and other proceedings in both the Senate and the House. At worst, if delay has dimmed the constellation of public and private interests that facilitated the original passage of the bill, if the unique alchemy that enabled the legislative process to function successfully the previous time around has disappeared, the result may be that the bill cannot be passed at all.

It is significant, too, that the utilization of a broadly construed pocket veto power is likely to grow with the increasing frequency of brief, intrasession adjournments. *See infra* note 40 and accompanying text.

[18] 1 M. FARRAND, THE RECORDS OF THE FEDERAL CONVENTION OF 1787, at 104, 106 (Rev. ed. 1937) [hereinafter cited as M. FARRAND]; 2 M. FARRAND at 71, 200, 301, 582, 585 (the last page recording the opinion of one delegate that even a provision requiring a three-fourths vote to override "puts too much in the power of the President").

[19] 1 M. FARRAND at 192, 300. *See also* 3 M. FARRAND at 624, 627.

[20] 1 J. STORY, COMMENTARIES ON THE CONSTITUTION OF THE UNITED STATES § 891 (5th ed. 1905) (footnotes omitted).

[21] Where a pocket veto is appropriate there is, by definition, no congressional right to override. *See supra* note 13.

[22] The Court also cited "the practical construction that has been given to [the clause] by the Presidents through a long course of years, in which Congress has acquiesced." 279 U.S. at 688–89. A similar argument was made in this case and is treated below.

[23] In that case, a bill was return-vetoed by the President during a brief recess of the Senate, the originating House. The petitioner, who relied upon the bill as the jurisdictional basis for his unsuccessful claim in the Court of Claims, argued that no valid return had been effected. It was apparently his simultaneous contention that no pocket veto was possible because "Congress" as a whole had not adjourned within the meaning of the phrase "unless the Congress by their Adjournment prevent its return." *See* 302 U.S. at 597. *See also* Comment, *The Veto of S. 3418: More Congressional Power in the President's Pocket?*, 22 CATHOLIC L. REV., 385, 391 (1973).

[24] The Senate's 1970 Christmas recess extended from Tuesday, December 22 to Monday, December 28—a period of five days (excluding Sunday). *See supra* note 5. The *Wright* case involved an adjournment by the Senate of less than three days from Monday, May 4, 1936 until Thursday, May 7, 1936. 302 U.S. at 585. The last day for return of S. 3418 was December 25, 1970, two days (excluding Sunday) before the end of the Senate recess. In *Wright*, the tenth day fell on May 6, 1936, the day before the Senate's return. 302 U.S. at 592.

[25] Even a narrow construction of *Wright* permits return of a bill during a recess of the originating House which began at the end of the ninth day of the President's ten-day period for consideration. In such a case, Congress' reconsideration of the bill would be delayed at least two days. *See* Kennedy v. Sampson, *supra* note 8 at 1086.

[26] Unlike the *Wright* case, the Secretary of the Senate was expressly authorized to receive messages from the President during the 1970 Christmas adjournment. See *supra* note 6.

[27] The *Wright* opinion emphasizes that a brief recess does not occasion long delay of Congress' reconsideration of a bill returned during the recess—a problem envisioned in the case of the months-long intersession adjournment considered in the *Pocket Veto Case*. As demonstrated above, the Christmas recess of 1970 comes within the reasoning of *Wright* on this point. We do not thereby intimate, however, that prompt reconsideration of a returned bill is constitutionally required in order to override a return veto. The Constitution itself sets no time limit upon Congress' right to override a presidential veto. By the same token, as we indicate in our alternative discussion, *infra*, the mere duration of an intrasession adjournment will not "prevent" the return of a bill absent some constitutional evil such as the danger of public uncertainty perceived in the *Pocket Veto Case*.

[28] The House of Representatives was in recess from December 22, 1970 until December 29, 1970, the day after the Senate's return. *See supra* note 5.

[29] *See* Note, *The Presidential Veto Power: A Shallow Pocket*, 70 MICH. L. REV. 148, 161–62 (1971). The *Wright* opinion does state at the outset that the return of the disapproved bill was not prevented because "Congress" (*i.e.*, both Houses) had not adjourned. This clearly was not the basis for its decision, however, since the Court expressly reserved the question of whether a more extended one-House adjournment might "prevent" the return of a vetoed bill. 302 U.S. at 598. The Court relied, rather upon the reasoning which we have outlined above; the brevity of the recess and the availability of efficient methods for delivery of the President's veto message.

[30] The intersession adjournments of the 68th, 69th and 70th Congresses lasted six months respectively. 1974 CONGRESSIONAL DIRECTORY 396. These Congresses covered the period from December, 1923 to March, 1929. The *Pocket Veto Case* was decided in 1929.

[31] The other two adjournments occurred in 1867 (94 days and 123 days). *See* Appendix herein.

[32] *See* Appendix.

[33] *Id*. The exceptions are numbered 9, 12, 13, 61 and 70 in Appendix.

[34] *See* items 88–133 in Appendix.

[35] The only intrasession adjournments approaching this occurred in 1867. *See supra* note 31.

[36] The length of an intrasession adjournment *per se* does not prevent the return of a disapproved bill for reconsideration. The Constitution sets no time limit on the right of Congress to override a presidential veto.

[37] *Hearings, supra* note 13 at 14, 15.

[38] *See* Appendix.

[39] *Id.*

[40] *Id.*

[41] *Id.*

APPENDIX.—INTRASESSION ADJOURNMENTS OF MORE THAN 3 DAYS BY CONGRESS (1789 TO JUNE 1974), INDICATING THE NUMBER OF POCKET VETOES DURING EACH ADJOURNMENT

Congress, session	Dates of adjournment[1]	Length of adjournment (days)	Number of pocket vetoes
6th, 2d	1. Dec. 24, 1800 to Dec. 30, 1800	6	0
15th, 1st	2. Dec. 25, 1817 to Dec. 29, 1817	4	0
20th, 2d	3. Dec. 25, 1828 to Dec. 29, 1828	4	0
35th, 1st	4. Dec. 24, 1857 to Jan. 4, 1858	11	0
35th, 2d	5. Dec. 24, 1858 to Jan. 4, 1859	11	0
37th, 3d	6. Dec. 24, 1862 to Jan. 5, 1863	12	0
38th, 1st	7. Dec. 24, 1863 to Jan. 5, 1864	12	0
38th, 2d	8. Dec. 23, 1864 to Jan. 5, 1865	13	0
39th, 1st	9. Dec. 7, 1865 to Dec. 11, 1865	4	0
	10. Dec. 22, 1865 to Jan. 5, 1866	14	0
39th, 2d	11. Dec. 21, 1866 to Jan. 3, 1867	13	0
40th, 1st	12. Mar. 31, 1867 to July 1, 1867	92	1
	13. July 21, 1867 to Nov. 21, 1867	123	1
40th, 2d	14. Dec. 21, 1867 to Jan. 6, 1868[2]	16	2
40th, 3d	15. Dec. 22, 1868 to Jan. 5, 1869	14	0
41st, 2d	16. Dec. 23, 1869 to Jan. 10, 1870	18	0
41st, 3d	17. Dec. 23, 1870 to Jan. 4, 1871	12	0
42d, 2d	18. Dec. 22, 1871 to Jan. 8, 1872	17	0
42d, 3d	19. Dec. 21, 1872 to Jan. 6, 1873	16	0
43d, 1st	20. Dec. 20, 1873 to Jan. 5, 1874	16	0
43d, 2d	21. Dec. 24, 1874 to Jan. 5, 1875	12	0
44th, 1st	22. Dec. 21, 1875 to Jan. 5, 1876	15	0
45th, 2d	23. Dec. 16, 1877 to Jan. 10, 1878	25	0
45th, 3d	24. Dec. 21, 1878 to Jan. 7, 1879	17	0
46th, 2d	25. Dec. 20, 1879 to Jan. 6, 1880	17	0
46th, 3d	26. Dec. 23, 1880 to Jan. 5, 1881	13	0
47th, 1st	27. Dec. 22, 1881 to Jan. 5, 1882	14	0
48th, 1st	28. Dec. 25, 1883 to Jan. 7, 1884	13	0
48th, 2d	29. Dec. 25, 1884 to Jan. 5, 1885	11	0
49th, 1st	30. Dec. 22, 1885 to Jan. 5, 1886	14	0
49th, 2d	31. Dec. 23, 1886 to Jan. 4, 1887	12	0
50th, 1st	32. Dec. 23, 1887 to Jan. 4, 1888	12	0
50th, 2d	33. Dec. 22, 1888 to Jan. 2, 1889	11	0
51st, 1st	34. Dec. 22, 1889 to Jan. 6, 1890	15	0
52d, 1st	35. Dec. 24, 1891 to Jan. 5, 1892	12	0
52d, 2d	36. Dec. 23, 1892 to Jan. 4, 1893	12	1
53d, 2d	37. Dec. 22, 1893 to Jan. 3, 1894	12	0
53d, 3d	38. Dec. 23, 1894 to Jan. 3, 1895	11	0
54th, 2d	39. Dec. 23, 1896 to Jan. 5, 1897	13	2
55th, 2d	40. Dec. 19, 1897 to Jan. 5, 1898	17	0
55th, 3d	41. Dec. 22, 1898 to Jan. 4, 1899	13	0
56th, 1st	42. Dec. 21, 1899 to Jan. 3, 1900	13	0
56th, 2d	43. Dec. 22, 1900 to Jan. 3, 1901	12	0
57th, 1st	44. Dec. 20, 1901 to Jan. 6, 1902	17	0
57th, 2d	45. Dec. 21, 1902 to Jan. 5, 1903	15	0
58th, 2d	46. Dec. 20, 1903 to Jan. 4, 1904	15	0
58th, 3d	47. Dec. 22, 1904 to Jan. 5, 1905	11	0
59th, 1st	48. Dec. 22, 1905 to Jan. 4, 1906	13	0
59th, 2d	49. Dec. 21, 1906 to Jan. 3, 1907	13	0
60th, 1st	50. Dec. 22, 1907 to Jan. 6, 1908	15	0
60th, 2d	51. Dec. 20, 1908 to Jan. 4, 1909	15	0
61st, 2d	52. Dec. 22, 1909 to Jan. 4, 1910	13	0
61st, 3d	53. Dec. 22, 1910 to Jan. 5, 1911	14	0
62d, 2d	54. Dec. 22, 1911 to Jan. 3, 1912	12	0
62d, 3d	55. Dec. 20, 1912 to Jan. 2, 1913	13	0
63d, 2d	56. Dec. 24, 1913 to Jan. 12, 1914	19	0
63d, 3d	57. Dec. 24, 1914 to Dec. 29, 1914	5	0
64th, 1st	58. Dec. 18, 1915 to Jan. 4, 1916	17	0
64th, 2d	59. Dec. 23, 1916 to Jan. 2, 1917	10	0
65th, 2d	60. Dec. 19, 1917 to Jan. 3, 1918	15	0
66th, 1st	61. July 2, 1919 to July 8, 1919	6	0
66th, 2d	62. Dec. 21, 1919 to Jan. 5, 1920	15	0
67th, 2d	63. Dec. 23, 1921 to Jan. 3, 1922	11	0
68th, 1st	64. Dec. 21, 1923 to Jan. 3, 1924	13	0
68th, 2d	65. Dec. 21, 1924 to Dec. 29, 1924	8	0
69th, 1st	66. Dec. 23, 1925 to Jan. 4, 1926	12	0
69th, 2d	67. Dec. 23, 1926 to Jan. 3, 1927	11	0
70th, 1st	68. Dec. 22, 1927 to Jan· 4, 1928	13	0
70th, 2d	69. Dec. 23, 1928 to Jan. 3, 1929	11	1
71st, 1st	70. June 20, 1929 to Aug. 19, 1929	60	0
71st, 2d	71. Dec. 22, 1929 to Jan. 6, 1930	15	0
71st, 3d	72. Dec. 21, 1930 to Jan. 5, 1931	15	0
72d, 1st	73. Dec. 23, 1931 to Jan. 4, 1932	12	0
74th, 2d	74. June 9, 1936 to June 15, 1936	6	0

APPENDIX.—INTRASESSION ADJOURNMENTS OF MORE THAN 3 DAYS BY CONGRESS (1789 TO JUNE 1974), INDICATING THE NUMBER OF POCKET VETOES DURING EACH ADJOURNMENT—Continued

Congress, session	Dates of adjournment [1]	Length of adjournment (days)	Number of pocket vetoes
76th, 3d	75. July 12, 1940 to July 22, 1940	10	0
78th, 1st	76. July 9, 1943 to Sept. 14, 1943	67	3
78th, 2d	77. Apr. 2, 1944 to Apr. 12, 1944	10	1
	78. June 24, 1944 to Aug. 1, 1944	38	5
	79. Sept. 22, 1944 to Nov. 14, 1944	53	1
79th, 1st	80. Aug. 2, 1945 to Sept. 5, 1945	34	0
80th, 1st [3]			
80th, 2d [4]			
81st, 2d	81. Sept. 24, 1950 to Nov. 27, 1950	64	6
83d, 2d [5]			
84th, 1st	82. Apr. 5, 1955 to Apr. 13, 1955	8	0
84th, 2d	83. Mar. 30, 1956 to Apr. 9, 1956	10	1
85th, 1st	84. Apr. 19, 1957 to Apr. 29, 1957	10	0
85th, 2d	85. Apr. 4, 1958 to Apr. 14, 1958	10	0
86th, 1st	86. Mar. 27, 1959 to Apr. 7, 1959	11	0
86th, 2d	87. July 4, 1960 to Aug. 8, 1960	35	6
88th, 2d	88. July 11, 1964 to July 20, 1964	9	0
	89. Aug. 22, 1964 to Aug. 31, 1964	9	1
89th, 2d	90. Apr. 8, 1966 to Apr. 13, 1966	5	0
	91. July 1, 1966 to July 11, 1966	10	0
90th, 1st	92. Mar. 24, 1967 to Apr. 3, 1967	10	0
	93. June 30, 1967 to July 10, 1967	10	0
	94. Sept. 1, 1967 to Sept. 11, 1967	10	0
	95. Nov. 23, 1967 to Nov. 27, 1967	4	0
90th, 2d	96. Apr. 12, 1968 to Apr. 17, 1968	5	0
	97. May 30, 1968 to June 3, 1968	4	0
	98. July 4, 1968 to July 8, 1968	4	0
	99. Aug. 3, 1968 to Sept. 4, 1968	32	1
91st, 1st	100. Feb. 8, 1969 to Feb. 17, 1969	9	0
	101. Apr. 4, 1969 to Apr. 14, 1969	10	0
	102. July 3, 1969 to July 7, 1969	4	0
	103. Aug. 14, 1969 to Sept. 3, 1969	20	0
	104. Nov. 27, 1969 to Dec. 1, 1969	4	0
91st, 2d	105. Feb. 11, 1970 to Feb. 16, 1970	5	0
	106. Mar. 27, 1970 to Mar. 31, 1970	4	0
	107. Sept. 3, 1970 to Sept. 8, 1970	5	0
	108. Oct. 15, 1970 to Nov. 16, 1970	32	1
	109. Nov. 26, 1970 to Nov. 30, 1970	4	0
	110. Dec. 23, 1970 to Dec. 28, 1970	5	2
92d, 1st	111. Feb. 12, 1971 to Feb. 17, 1971	5	0
	112. Apr. 8, 1971 to Apr. 14, 1971	6	0
	113. May 28, 1971 to June 1, 1971	4	0
	114. July 2, 1971 to July 6, 1971	4	0
	115. Aug. 7, 1971 to Sept. 8, 1971	32	1
	116. Oct. 22, 1971 to Oct. 26, 1971	4	0
	117. Nov. 25, 1971 to Nov. 29, 1971	4	0
92d, 2d	118. Feb. 10, 1972 to Feb. 14, 1972	4	0
	119. Mar. 31, 1972 to Apr. 4, 1972	4	0
	120. May 26, 1972 to May 30, 1972	4	0
	121. July 1, 1972 to July 17, 1972	16	0
	122. Aug. 19, 1972 to Sept. 5, 1972	17	1
93d, 1st	123. Feb. 9, 1973 to Feb. 15, 1973	6	0
	124. Apr. 20, 1973 to Apr. 30, 1973	10	0
	125. May 25, 1973 to May 29, 1973	4	0
	126. July 1, 1973 to July 9, 1973	8	0
	127. Aug. 4, 1973 to Sept. 5, 1973	32	0
	128. Oct. 19, 1973 to Oct. 23, 1973	4	0
	129. Nov. 22, 1973 to Nov. 26, 1973	4	0
93d, 2d	130. Feb. 9, 1974 to Feb. 13, 1974	4	0
	131. Mar. 14, 1974 to Mar. 19, 1974	5	0
	132. Apr. 12, 1974 to Apr. 22, 1974	10	0
	133. May 24, 1974 to May 28, 1974	4	0
	Total		38

[1] The date of the beginning of each adjournment is the 1st day on which neither House was in session; the date of the end of each adjournment is the day on which one or both Houses resumed the session.

[2] There were additional adjournments in this session, from July 27, 1868, to Sept. 21, to Oct. 16, and to Nov. 10. No business was transacted subsequent to July 27, 1868, and the session adjourned sine die on November 10. In effect, the adjournment on July 27 was a sine die adjournment. President Andrew Johnson pocket vetoed 2 bills presented to him after the adjournment of July 27, 1868.

[3] The Senate and the House of Representatives adjourned on July 27, 1947 under a "conditional final adjournment" resolution, S. Con. Res. 33; 93 Cong. Rec. 10400. Pursuant to the resolution, the 2 Houses were to stand in adjournment until Jan. 2, 1948, unless recalled into session earlier by specified Senate and House leaders. In effect, the adjournment was a sine die adjournment, not an intrasession adjournment. On Nov. 17, 1947, Congress convened pursuant to proclamation of President Truman, and adjourned sine die on Dec. 19, 1947. The President pocket vetoed 19 bills presented to him after the adjournment of July 27, 1947.

[4] The Senate and the House of Representatives adjourned on June 20, 1948, under a "conditional final adjournment" resolution, H. Con. Res. 218; 94 Cong. Rec. 9158. Pursuant to the resolution, the 2 Houses were to stand in adjournment until Dec. 31, 1948, unless recalled into session earlier by specified Senate and House leaders. In effect, the adjournment was a sine die adjournment, not an intrasession adjournment. On July 26, 1948, Congress convened pursuant to a proclamation of President Truman. The President pocket vetoed 14 bills presented to him after the adjournment of June 20, 1948.

[5] The House adjourned sine die on Aug. 20, 1954. Thereafter President Eisenhower pocket vetoed 25 bills. Although the Senate remained in session until Dec. 2, 1954, these were not intrasession pocket vetoes since the House had already finally adjourned.

Source: 1974 Congressional Directory 392; "Presidential Vetoes, Record of Bills Vetoed and Action Taken Thereon by the Senate and House of Representatives, 1789–1968" (compiled by Senate Library, 1969); Calendar, 93d Cong. (June 24, 1974).

FAHY, *Senior Circuit Judge*, with whom BAZELON, *Chief Judge* joins: I concur in the opinion of Judge Tamm for the court, adding only a few notes.

Appellants contend in this court only that Senator Kennedy lacks standing to obtain the adjudication he seeks, and that the proposed legislation never became law because of a valid pocket veto. The opinion of Judge Tamm meets these contentions. The position asserted in the District Court that the President was an indispensable party has not been renewed in this court; nor is any issue of jurisdiction or justiciability now raised, aside from the problem of standing as it might bear upon jurisdiction or justiciability.

I do not think the standing of Senator Kennedy is quite the same as the 20 senators of the State of Kansas, the plaintiffs in *Coleman* v. *Miller*, 307 U.S. 433 (1939). Ratification by Kansas of the Child Labor Amendment depended upon the validity of the vote of the Lieutenant Governor which the senators challenged. If his vote should not have been counted the Senate was equally divided, 20–20, and ratification by Kansas would have failed. In the present case, Senator Kennedy's vote did not control passage of S. 418. Nevertheless, his interest is substantial. As a United States Senator he represents a sovereign State whose people have a deep interest in the Act and look to their Senators to protect that interest; and he, as Senator, it seems to me, has a legal right not only to seek judicial protection of those interests, believed by him to be threatened by an invalid veto, but also, in the circumstances, to protect his own interest as a national legislator in the bill for which he voted. These interests I think do not depend for their protection upon affirmative approval by the Senate itself of efforts to obtain judicial relief. Moreover, as Judge Tamm points out, the Senator's stake in the outcome of the controversy meets the adversary test of standing under *Baker* v. *Carr*, 369 U.S. 186, 204 (1962), and subsequent decisions of the Court.

The aliveness of the controversy also seems clear. Whether the Act is to continue in its present form of course is for Congress to decide, but it has not been abandoned. Although its uncertain status necessarily affected congressional appropriations, the Second Supplemental Appropriations Act, 1973, 87 Stat. 106, includes a $100,000 appropriation to carry out the purposes of the Family Practice of Medicine Act, S. 3418, to remain available until expended. S. Rep. No. 160, 93d Cong., 1st Sess. 48–49 (1973).

PRIVATE PHILANTHROPY IN HIGHER EDUCATIONAL INSTITUTIONS

Mr. THURMOND. Mr. President, the board of trustees of Clemson University, at its meeting on Friday, July 26, 1974, adopted a resolution expressing its concern over proposed tax reforms which might adversely affect the role of private philanthropy in higher educational institutions.

I feel it is important to carefully review all tax reform proposals presently before Congress, so that considerations such as these might be taken into account. It is essential that the views of our educational institutions, of which Clemson University is among the finest, be given their consideration.

Mr. President, I ask unanimous consent that the text of this resolution be printed in the RECORD at the conclusion of my remarks.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

RESOLUTION

Whereas, private philanthropy plays a special and vital role in our society, providing for areas into which government cannot or should not advance (such as religion) because these philanthropic organizations are uniquely qualified to initiate thought and action, experiment with new and untried ventures, dissent from prevailing attitudes and act quickly and flexibly, and

Whereas, churches, schools, hospitals, health, social welfare, and other publicly sustained organizations perform a vital role in our nation with the assistance of private philanthropy, and

Whereas, private philanthropy is recognized as an important part of the character of our people and such has been recognized as Congress has increased tax incentives over the years by raising the ceiling on charitable gifts from 15% to 50% of adjusted gross income—with a five-year carryover for any "excess," and

Whereas, numerous bills have been introduced in both the House and the Senate which will have an adverse effect on charitable gifts such as the proposals to tax for income tax purposes the appreciation of property at the time gifts of such property are made; to tax for income tax purposes the unrealized appreciation of securities, real estate, or other property transferred at death; to place a floor under the amount of charitable contributions deduction that can be taken by an individual; and to impose a ceiling on the allowable deduction for bequests, and

Whereas, the Board of Trustees of Clemson University, Clemson, South Carolina, recognizes that existing tax reform proposals relating to, but not necessarily limited to, those areas cited above, can result in the weakening of the financial support so necessary to our churches, colleges and universities, and other eleemosynary institutions.

Now therefore, be it resolved by the Board of Trustees of Clemson University, Clemson, South Carolina:

That its serious concern with proposed tax reform adversely affecting contributions to eleemosynary institutions be conveyed to all members of the House and Senate of the United States representing the State of South Carolina, and to the General Assembly of the State of South Carolina;

That all members of the South Carolina Delegation to the United States Congress be requested to contact members of the House Ways and Means Committee and the Senate Finance Committee on an individual basis to express the sense of this resolution.

That a copy of this resolution be sent to the Chairman of both the Ways and Means Committee of the United States House of Representatives and the Finance Committee of the United States Senate; and

That the General Assembly of the State of South Carolina memorialize the Congress of the United States to refrain from enacting any tax reform measures which would have an adverse effect on charitable contributions from private sources to publicly sustained organizations.

THE OPENNESS IN GOVERNMENT: LEARNING FROM THE STATES

Mr. HUMPHREY. Mr. President, in every branch and at every level of our Government, we are faced with a critical need for reform—the kind of reform that will make ours truly a government of the people. Governors, mayors, city councils, State legislators, Federal officials, and Members of the U.S. Congress are all confronted with very similar problems. As Gov. Jimmy Carter, of Georgia, pointed out in recent article, "Bridging the Gap," the sources of the gap between the majority of the people and their Government on the one hand, and the reasons for privileged access by a few on the other, are very similar at all levels of Government. Governor Carter not only gives us a most perceptive analysis of these critical problems confronting democratic Government, but also shows us that some State and local officials have found some very effective and imaginative solutions from which the rest of us could learn.

"The inclination toward separation of decent citizens from Government," according to Governor Carter, stems from several factors that compete with a government official's commitment to a free and open decisionmaking process. Among these are: a desire not to be forced to choose between competing, equally well-educated groups; ignorance of the views of "inarticulate and timid persons"; a desire not to have one's own ignorance and mistakes known; the complexity of Government itself and the difficulty most people have in understanding who is responsible for what; the secrecy of much of the Government decisionmaking that is supposedly public.

Among the reforms that Governor Carter says his and other States have adopted in order to make it easier for citizens to monitor and affect their Government are: organizational reforms that end overlapping and competing jurisdictions and make it easier for average citizens to understand and scrutinize the operations of their Government; regular weekly news conferences by most top government officials; daily televising of debates in both houses of the State legislature—"It is a popular show"—more thoroughness in voter registration; a monthly visitor's day at the Governor's office when any citizen can come without appointment; a more efficient system for answering citizens' telephone inquiries.

Not only do the people have too little access to Government at all levels; certain special interest groups have too much. As Governor Carter points out, elected officials often make private campaign commitments to special groups and financial contributors. Decisionmakers in all branches are personally biased in favor of their own peer groups. While the people often do not know what goes on in closed committee sessions or what decisions are made by governmental departments, the lobbyists know the results of these meetings and decisions right away. Various departments of Government apply pressure for the continuation of their programs without these programs being evaluated in the light of the overall priorities of the people.

Governor Carter cites several actions State and local governments have taken to deal with these problems: campaign finance reform and financial disclosure laws; adoption of zero-based budgeting techniques that strip budgets down to zero every year and rebuild them on objective priorities; independent audits of executive branch activities, to name a few.

Mr. President, there are a great many talented, dedicated, and imaginative public servants like Governor Carter in this country who have worked hard to find ways of making our government more open and more responsive to all the people. Many State and local officials work daily at a level closer to the people they serve than we do in Washington and perhaps are more familiar with the problems citizens have in gaining access to their government. Most of us in Congress know what kinds of innovations are taking place in the governments of our own States; but we know very little about what is being done in State and local government nationwide. We must make an effort in Congress to thoroughly explore what is being done in Georgia, in Minnesota, in Seattle, in Boston—in every city and State government—to make this a more effective government of the people. We must then determine whether similar reforms can be made at the national level as well.

Mr. President, I ask unanimous consent that Gov. Jimmy Carter's article from the New York Times on Monday, August 12 be printed in the Record.

There being no objection, the article was ordered to be printed in Record, as follows:

Bridging the Gap

(By Jimmy Carter)

Atlanta.—During a recent country-radio discussion of a new so-called sunshine law—one that requires open governmental meetings—a caller said to me: "There are two things a person should never watch being made. One is potted meat, and the other is laws."

This inclination toward separation of decent citizens from government is often shared by even the most enlightened and well-meaning elected officials, who deliberately try to exclude the public from involvement in the governmental process.

Private campaign commitments to special groups and financial contributors, a tendency to avoid having to resolve a conflict between two well-informed and opposing forces, ignorance of the views of inarticulate and timid persons, personal biases toward one's own peer group, unwillingness to disclose one's own mistakes and ignorance, and sometimes more scurrilous motives—all these tempt an office holder to be secretive and exclusionary.

A responsive government must insure that its assertions of truth are constantly and critically reviewed in public. Shrouds of secrecy remove the opportunity of effectively testing contradictory principles and claims.

Conflicts of interest abound in government. The influence of pressure groups is too great at all levels, even when the groups are generally benevolent.

The Watergate tragedy has confirmed the ultimate dangers of long-standing governmental policies that exclude the public and welcome secret influence of selfish interests. These policies have certainly not been confined to the White House nor the Republicans. When a closed meeting of a regular Congressional committee adjourns, the public, and even Governors, are often kept ignorant, but lobbyists immediately know how their clients fared.

Most private citizens and businsses do not expect preferential treatment from government but merely fear that they will not be treated fairly; their fears are often realized.

Public officials now suffer from a most serious lack of public trust. The reasons are complex but the solution may be simple. How can we be considered truthful? Simply by telling the whole truth!

Attempts by many local and state officials to restore the people's confidence in government have already shown what can be done in Washington and throughout the nation. Several state governments have been simplified by wiping out a disorganization of many overlapping and conflicting agencies, bureaus, boards, commissions and departments and substituting a cohesive organization that can be understood and scrutinized by average citizens.

Money-saving zero-base budgeting techniques strip budgets down to zero each year and build them on the basis of objective priorities. Close analysis of the effectiveness and cost of hundreds of individual functions can be made by the persons deep within the department who are directly responsible for each function.

Public funds are being placed in banks on strictly competitive bids, and interest income has sometimes been tripled. Performance audits of executive departments are being made by independent, eager and qualified groups of inquisitors. Their reports are made simultaneously to a department head, a mayor or governor, and to the press.

New financial-disclosure laws now mandate public revelation of campaign contributors and expenditures and reveal any conflicts of interest in the business or professional life of the candidate or public official.

Regular weekly news conferences that encourage questions on any subject provide public access to top officials. In Georgia, every daily session of both houses of our General Assembly is recorded on television tape, edited by nonpolitical analysts, and broadcast on our statewide educational television network each night. It is a popular program.

Georgia has allowed 18 year old people to vote since 1945, but with other states has lagged in voter registration. All of our high school principals have recently been designated as deputy registrars. Other states have had postcard registration and even universal registration for years. All obstacles to maximum voter participation should be removed.

In addition to the large number of citizens and groups who visit my office every day by appointment, each month we schedule a visitors' day during which anyone can come to see me personally without an appointment. On these regular and well-publicized occasions the Governor's office is filled with those who have questions, requests, suggestions and criticisms. It is always a very instructive and helpful ordeal.

Georgia has instituted an effective telephone bank manned by well-trained counselors. Anyone in the state can call without charge and be instantly connected by a computerized system to the key people in the appropriate state office for information or assistance. Statistical analysis of the incoming calls helps to understand the defects of government.

The restoration of integrity and trustworthiness in government is of paramount concern to us all. It can be conceived by vision, but must be achieved by sometimes small and incremental but tangible and workable steps.

THE ACCOMPLISHMENTS OF CONGRESSMAN PETER RODINO

Mr. WILLIAMS. Mr. President, the fast-moving chain of events during the past 2 weeks has changed the history of our Nation so quickly that only now, in a period of relative calm, can most of us begin to comprehend their enormous import. We have witnessed the precipitous fall from power of a President doomed by his own actions, a fall culminating in the unprecedented resignation of an incumbent American President.

Mr. Nixon's resignation was undoubtedly the wisest course he could have followed—both for the Nation and himself as an individual. It brought to a halt the long and painful constitutional process of impeachment, which otherwise would have engaged the attention and energies of this Congress for many months to come.

Although the impeachment process will not now be carried to its conclusion, we should certainly not forget that it was this undertaking which set the stage for the resignation. And we can take pride in the fact that the Members of Congress who were involved in the initial and critical stages of this procedure conducted themselves in a way that reflected great credit upon the Congress, and assured the orderly functioning of our constitutional processes.

Mr. President, I think Senators would agree that particular praise must be reserved for the job done by the Member of Congress on whom the greatest amount of responsibility fell during that part of the impeachment process which actually was carried out. I am speaking, of course, of Chairman PETER W. RODINO, of the House Judiciary Committee. Chairman RODINO has universally been given the highest accolades for his accomplishments amidst the most trying circumstances.

Those of us who, like PETE RODINO, are privileged to represent the State of New Jersey in the Congress have long been familiar with the qualities that have made him such a distinguished legislator. We have long known that he is wise without being pompous; firm but not overbearing; and fair to an extraordinary degree. He is, in a word, a true gentleman who I would say has earned the deep respect of all those who have worked with him.

During the course of the impeachment investigation by the Judiciary Committee, millions of Americans were able to see for themselves these qualities in the committee chairman. From the time of the painstaking and often tedious examination of evidence, through the often painful task of voting on articles of impeachment, Chairman RODINO set an example for the other members of his committee to follow. He maintained his dignity and perspective, and proceeded always at the deliberate pace he knew was required in an undertaking of such great moment.

Often, PETE RODINO displayed a quiet eloquence which I am sure impressed Americans throughout the country as much as I know it impressed me. One such occasion was at the start of public consideration of the articles of impeachment when he set forth most eloquently and most precisely the task that was before members of the committee, and the standard of performance which the American people expected from them.

Mr. President, I think we can all be thankful that during this time of national crisis we have had leaders like PETE RODINO to guide us safely through the storm. I want to take this opportunity to congratulate him, and thank him for the service he has rendered in behalf of all of us.

WHY NOT A PARLIAMENTARY SYSTEM?

Mr. HATHAWAY. Mr. President, I have had occasion, recently, to reflect on the state of our governmental system. My concern is that the growth of the Executive and the relative diminution of Congress has produced a situation where Government is neither responsive to the needs of the people, nor accountable to the people for its actions.

The pressures and requirements of governing a nation of over 200 million clearly call for authority which can formulate rational policy and act decisively. But at the same time, our commitment to democratic values and individual rights requires that the exercise of this authority be always within the control of the people. It is my fear that our present structure—with fixed legislative and executive terms as well as concentrated power in the Executive—may not meet these standards.

The columnist TRB recently commented on this question in an article appearing in the Boston Globe which suggests advantages to be found in a system more parliamentary in form. I commend it to my colleagues' attention.

I ask unanimous consent that this article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

WHY NOT A PARLIAMENTARY SYSTEM?

WASHINGTON.—With a parliamentary system like Canada's, the United States could have dealt with Watergate two months after it was discovered. With our rigid government we have instead reached a point of public helplessness that is demeaning to a great nation.

It is not merely demeaning but dangerous. We face extraordinary shocks on the economic front and the President evidently does not know what to do, nor is there any quick way of replacing him. There is impeachment, of course, but that is reserved for high crimes and misdemeanors and simple economic muddle-headedness does not meet the formula.

There is no lack-of-confidence vote in our system that can get an election and oust an inept leader; there is no arrangement whereby a political party itself can readily change its spokesman as the Progressive Conservative party in Canada is now preparing to do with the unfortunate Robert Stanfield after his defeat in last week's election.

No, we are helpless; as James Sundquist of Brookings put it, recalling the discredited British Prime Minister who sought to appease Hitler: "Under our system, a Neville Chamberlain would stay in office for his full term even if that meant losing a war, and the very freedom of the nation."

We need a more flexible system. For example, Sen. William Fulbright, who has headed the Foreign Relations Committee longer than anybody else, is a national asset. But he was defeated in a local primary and must go. Why should a man like Fulbright—or some equivalent senator in the same fix on the conservative side be lost under a rigid system, and not run from some other constituency, from some safe seat, to give Congress the benefit of his continuing experience?

It is stunning to cross the line that separates the United States and Canada and find the idea of transferable legislative constituencies unthinkable in the former, and taken for granted in the latter.

There are two dangers of Watergate, one that Mr. Nixon will ride out impeachment, in which case the great sword that the Founding Fathers forged for the Constitution will rust and be forgotten; the other that he will be impeached, and the nation will say, "See, now we have solved the Nixon problem and we can forget Watergate as soon as possible!"

Of the two, the latter possibility could be the more dangerous if it throws away the experience we have gained and what might be the last chance of some permanent reform.

The dominance of the Presidency over Congress and courts seems likely to be checked now for a while whatever happens, because Mr. Nixon has overreached himself and been too arrogant. But the same process is apt to begin again after a while because the nation needs a strong leader, and will achieve it in one way or another.

Suppose the future man in the White House had the charisma that Mr. Nixon lacks, the demagoguery of Huey Long, the effrontery of Joe McCarthy, the racism of George Wallace, and pushed his power in the paths Mr. Nixon has pointed out—impoundment, executive privilege, national security, warrantless wiretaps, sale of ambassadorships, falsification of cables, favors for campaign funds, burglary, spying and all the rest. Could we depend on the device of impeachment alone to handle the matter? Really, wouldn't it be simpler to adopt a collectivized parliamentary government or some partial adaptation of it? Half a dozen proposals are now in Congress.

The United States would never accept parliamentary "instability," it is argued like that in Canada; it breeds coalition governments. It is odd to hear the latter argument advanced. Prime Minister Trudeau has just been reelected with a fresh mandate, and presumably he can govern for the next four years with collective party responsibility.

Things are different in Washington. I do not mean Watergate. One party controls the White House, a rival party controls the legislature and the emphasis is on negativism.

Tighten your seat belts, turbulence ahead. Who's at the controls?

HUMAN RIGHTS IN CHILE

Mr. KENNEDY. Mr. President, in recent weeks, I have called to the attention of my colleagues the continuing violation of human rights in Chile.

The latest evidence of this situation is the statement issued by the Inter-American Commission on Human Rights, which, in a most unusual action, issued an 11-point list of recommendations at the conclusion of its visit to Chile.

The list clearly indicates the nature of the conditions which the Commission discovered in Chile.

I would urge my colleagues to consider this statement by the Inter-American Commission which reinforces my concerns and the concerns of a host of international organizations.

I placed in the RECORD of July 23, at page 24731, July 31, at page 25961, and August 5, at page 26634 other statements on this subject. These statements represent the justification for an end to all U.S. military aid to the government of Chile. On August 5, I introduced an amendment for that purpose.

Mr. President, I ask unanimous consent that the press release of the Inter-American Commission on Human Rights be printed in the RECORD.

There being no objection, the press release was ordered to be printed in the RECORD, as follows:

ORGANIZATION OF AMERICAN STATES,
INTER-AMERICAN COMMISSION ON
HUMAN RIGHTS,
Santiago, Chile, August 2, 1974.

Today, August 2, the Inter-American Commission on Human Rights concluded its thirty-third session (special), the sole purpose of which was to examine the situations of human rights in Chile. This meeting took place in Chile with the prior authorization of the government of that country.

In the course of its labors, the Commission met with the Ministers of Foreign Affairs, Interior, Defense and Justice; the President of the Supreme Court; the Commission studying constitutional reform; the Secretary General of the Presidency and the Archbishop of Santiago, as well as many local authorities, in Santiago and elsewhere in the country.

The Commission visited many detention centers where the members spoke with the prisoners and it received a large number of communications or complaints which have been given the appropriate handling. In addition, the Commission examined judicial files, observed the functioning of Councils of War, etc.

In carrying out this work, the Commission was provided with ample facilities by the Government of Chile. However, it wishes to state expressly that the Commission was not permitted to visit three establishments, generally pointed out by prisoners as the principal centers at which physical and psychological pressures were applied, because they were declared military zones.

The Commission was informed that the Government of Chile had granted requests for authorization to leave the country to foreigners who so requested and, to this end, had issued 4,400 safe-conduct passes. It was also informed that 20 foreigners are still being detained. In addition, it has received information to the effect that the Government of Chile has granted approximately 4,000 safe-conduct passes and other travel documents to Chileans who were asylees, some of whose case are still pending.

The Commission intends to present, at the opportune time, a final report that will contain its conclusions and recommendations on this case.

However, the verifications already made have led the Commission to suggest, on July 29, that the Government of Chile study without delay the adoption of the following measures:

1. To make available the necessary means in order that the families of the persons deprived of their liberty for any reason will immediately be notified with respect to the causes and place of detention, as well as any later transfers of the prisoners.
2. To modify the conditions of detention of minors of both sexes who are now held in establishments created for adults and who are subjected to the same conditions as adults.
3. To take every possible measure to avoid the application of physical or psychological pressure to those detained and to sanction severely those persons responsible for such acts.
4. To establish, in the exercise of the constitutional powers that the Junta of Government has assumed in accordance with the Decree-Laws Nos. 1 and 128, a reasonable time limit on deprivations of liberty ordered in conformity with the provisions of Article 72, section 17 of the Constitution.
5. To take the necessary measures so that the detentions or transfers ordered in application of Article 72, section 17 of the Constitution do not result, in and of themselves, in actual punishment, such as unjustified or prolonged forced labor or solitary confinement.
6. To recognize fully the right of the normal professional activities of lawyers, permitting them free communication with those persons detained who need their assistance, regardless of the conditions of detention.
7. To authorize the exit from the country of those persons detained for reasons of security to whom no commission of crime has been imputed, in the event that they wish to leave the territory of Chile.
8. To establish, by means of constitutional interpretation or other equally effective means, that, under all circumstances, the remedy of *amparo* obligates the administrative authority to carry out the judicial order to present before the competent court the person in whose benefit the remedy has been presented, with a precise indication of the reasons and place of detention.
9. To exclude from the special courts (Tribunales de excepción) all causes in which there is alleged the commission of infractions of a criminal-administrative type, such as, for example, those concerning taxes.
10. To grant to the pertinent offices the necessary means so that they may give rapid information to the families of those persons whose whereabouts are unknown, whether or not it concerns persons detained by the authorities.
11. To adopt a standard, mandatory for all state officials, that would bar application of the provisions dictated under the "state of war" to any act that occurred prior to September 11, 1973.

The Commission repeats its appreciation to the Government of Chile for the facilities granted it.

JUSTINO JIMÉNEZ DE ARÉCHAGA,
Chairman.
LUIS REQUE,
Executive Secretary.

C. C. MOSELEY, PATRIOT, AVIATION PIONEER, PHILANTHROPIST

Mr. HANSEN. Mr. President, C. C. Moseley, a long-time personal friend of mine, died recently. He will be greatly missed. His was an illustrious career that spanned our country's air development and industrial expansion on the west coast.

My distinguished colleague, the Honorable JESSE A. HELMS of North Carolina, summed up Mr. Moseley's contributions well when he observed that his death diminished our Republic.

Senator HELMS commented:

> He perhaps was not a famous man in the accepted definition of fame. But many Members of Congress knew him well and admired him greatly.
>
> He did not even seek fame. He never ran for office, but he did contribute his time and his resources to political campaigns for more than 30 years. He was not an organization man either, but an individualist in the true sense of the word.
>
> The extent and variety of his exploits almost stagger the imagination. As a youth, he was a champion athlete at the University of Southern California. During the First World War, he became a combat pilot and later went on to win the Pulitzer International Air Races in 1920. Turning in a new direction, he then founded Western Airlines and served as the director of many major corporations, including Curtiss-Wright, American Airlines, and Douglas Aircraft. His aircraft schools served as the training bases for thousands of pilots and mechanics who were so vital to our efforts in World War II. In his later years, he bred thoroughbred horses and purebred cattle in Wyoming, and he even entered a horse in the Kentucky Derby.
>
> Devoted to the cause of ordered liberty, he frequently wrote to individuals and newspapers throughout the country, and to every Senator and Congressman. As an informed student of world communism and American defense strategy, he predicted with unerring accuracy Soviet nuclear development, Communist penetration of the Middle East, and warned against suicidal plans for East-West trade.
>
> Perhaps he should best be remembered, however, as a man who came to symbolize what the historians call the American Dream, the dream that any man, no matter what his station in life, can improve his condition through individual initiative and hard work Knowing that this dream would cease to be a reality under the utopian schemes of paternalism and egalitarianism, C. C. Moseley exerted his greatest efforts in opposing inflationary measures and deficit spending. Let us hope that his life will serve as an inspiration to other businessmen in the future, and encourage more of them to come forward in defense of the free enterprise system that has given us our freedom and independence.

As Senator HELMS' remarks note, C. C. Moseley was not only an aviation pioneer but a rancher—in my State of Wyoming.

His career was summarized by an article in the Jackson Hole News, my hometown newspaper and the paper which serves Teton County, the area where C. C. Moseley's ranches were located.

Mr. President, I ask unanimous consent that the article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Jackson Hole News, June 27, 1974]

C. C. MOSELEY—RANCHER AND AVIATION PIONEER

Major C. C. Moseley, 79, who died June 17 at home in Beverly Hills, Calif., was buried last Thursday in the Court of Freedom at Forest Lawn Cemetery, Glendale. His immediate family attended the service.

OBITUARY

Corliss Champion Moseley was born at Boise, Idaho, July 21, 1894, the son of David Henry and Clara Leigh Moseley. He grew up on a farm in the Boise valley where his father served for a time as sheriff.

Moseley attended high school in Long Beach, Calif., and entered the University of Southern California to study dentistry. While a student at USC he was an outstanding athlete, participating in track and football. His studies were interrupted when the United States entered World War I in 1917. Moseley volunteered for service and was enlisted in the budding Aviation Section of the Signal Corps.

He learned to fly at the French school at Tours, France. Attached to the 1st Pursuit Group, 27 Squadron, he flew in combat over the front lines. He wrote later of his experiences, "we were flying Spads and Nieuports (single-seater fighter planes) not equipped with brakes or parachutes. The planes were fabric-covered wooden construction, mounting two machine guns firing through a wooden propellor by being geared to the cam shaft." Moseley was credited with the destruction of enemy aircraft in combat.

Aviation was to influence the remainder of Moseley's full life. After the Armistice he stayed in Germany with the army of occupation, and was a member of the U.S. Air Corps Gordon Bennett International Air Race team at Paris, France.

A keen competitor, Moseley won the first International Pulitzer Air Race on Thanksgiving Day, 1920, at Long Island, N.Y. Following this achievement he was the first man in the U.S. to fly three-miles a minute, 186 miles per hour.

Returning to the U.S. he was stationed at Washington, D.C. Under the direction of Gen. Billy Mitchell, Moseley was in charge of all Air Corps schools. He met Viola Holmes, who was working for General Mitchel, and they were married in 1922 at Dayton, Ohio. They had four children.

While in the Air Force Moseley pioneered U.S. Mail routes, flying a Dehaviland DZ4. He took leave to aid in the establishment of Clover Field at Santa Monica, Calif., seeing that it was named after his friend, Greayer Clover who had been killed in France.

Moseley raised the funds to start Western Air. He was vice president of the company in charge of flying operations, and also flew as a reserve pilot. In following years he was associated with Curtiss-Wright, Douglas Aircraft and American Airlines.

Moseley purchased the Grand Central airport at Glendale, where he operated an aircraft modification center and aeronautical engineering school. During World War II he trained, under contract, 25,000 pilots and 3,500 aircraft mechanics for the U.S. Air Force, and 2,500 pilots for the Royal Air Force.

Moseley's father had traveled to Jackson Hole on horseback near the turn of the century. He returned to his family with glowing tales. "If you ever want to see the most beautiful place, go to Jackson Hole," said the senior Moseley.

It was almost 40 years after his birth that Major Moseley with his wife came to the country in May, 1941. He was so enthusiastic about the place that he proceeded to acquire property and establish the Moseley Hereford Ranch, where he went into the serious production of purebred hereford cattle. At one time he owned the Charter ranch in Spring Gulch, the Aspen M across from Teton Village, the ranch in South Park which is now the polo grounds, Red Rock ranch in the Gros Ventre, Hatchet ranch, and the headquarters near Wilson, now the Hardeman Hereford Ranch.

Although Moseley sold most of his holdings here by the late 50's, he retained an interest in the activities of the valley. He was an enthusiastic contributor to the local 4–H Club and the Boy Scouts.

With a keen interest in military history and America's heritage, he became an avid collector of western art and antiques. Politically active, he was a supporter of the conservative movement and particularly presidential candidate Barry Goldwater.

In recent years he devoted much of his time to raising thoroughbred race horses. "My ambition is to raise a Kentucky Derby winner," he wrote.

With the inroads of development, Moseley converted his Grand Central airport into an industrial center where many light industries operate, "conforming to every concept of a clean environment," he stated. The present manager of the Grand Central Industrial Center said of Moseley, "he built a strong organization. The greatest tribute to him for us is to match his buoyant and indomitable spirit."

Moseley is survived by his wife, three daughters, Marquita Maytag, LaJolla, Calif., Polly Roice, Corona del Mar, Calif., Sandra (Mrs. Blake Chapman, Wilson, 16 grandchildren and two great-grandchildren. A son, Bruce Moseley, preceded him in death.

A brother, David Leigh Moseley, Long Beach, Calif., and a sister, Ella Moseley, Florida, also survive him.

SENATOR MONTOYA'S EFFORTS TO IMPROVE ASSISTANCE TO TAXPAYERS

Mr. EAGLETON. Mr. President, as a member of the Treasury, Postal Service, and General Government Appropriations Subcommittee, I have witnessed first-hand the outstanding efforts of our chairman, the senior Senator from New Mexico (Mr. MONTOYA) on behalf of the taxpayers of the Nation. Last year, he held an excellent set of comprehensive hearings on behalf of the individual taxpayer. These hearings were widely acclaimed by the taxpayers—who have no lobby in Washington to look out for their interest. At last the little man had an advocate and the Internal Revenue Service was prompted to take many important corrective actions that made paying taxes a lot less painful even if it was not less expensive.

This year the subcommittee held another set of hearings on this vital matter. Pages 4 through 10 of our recent Appropriations Committee report, Senate Report No. 93–1028, summarize the hours of testimony we received regarding legitimate taxpayer concerns of IRS handling of dissemination of information; infringement on taxpayer rights; the use of the U.S. Tax Court; the sufficiency of the amount exempt from levy; and the "quota'" system used to measure performance by IRS agents. Our hearings will be published shortly. Last week Senator MONTOYA made the first of a series of reports to the Senate on the findings from our hearings, and I look forward to the succeeding reports he will be making in this important area.

I want to bring to the attention of the Senate an article on this subject that appeared in the New York Sunday News of August 4, 1974. This article is by E. Edward Stephens, who writes under the heading Taxpayer's Counsel. Mr. Stephens is well known to those of us on the subcommittee as an informed journalist in tax matters, and he has written an excellent account of the need for reform of audit and collection procedures in the Internal Revenue Service. I ask unanimous consent that this article be printed in the RECORD at the conclusion of these remarks and commend it to the Senate for thoughtful consideration of an area that is very much in the forefront of the concerns of our citizens.

There being no objection, the article was ordered to be printed in the RECORD. as follows:

TAXPAYER'S COUNSEL

(By E. Edward Stephens)

DEAR COUNSEL: Your column has highlighted the urgent need for reform of audit and collection procedures in the Internal Revenue Service. Is any progress being made?

ANSWER: Yes. But Washington wheels turn slowly. Meanwhile, IRS continues to ride roughshod over taxpayers, particularly low and middle-income people who don't understand the law and can't afford the services of tax lawyers and accountants.

The House-Senate Joint Committee on Internal Revenue Taxation is supposed to oversee IRS operations, but it doesn't have the staff to do the job, nor does it have the will.

THE REASONS

Why not? Because the joint committee is headed by Russell Long (D-La.), chairman of the powerful Senate Finance Committee, and Wilbur Mills (D-Ark.), who heads the tax-writing House Ways and Means Committee. These panels have worked intimately with Treasury lobbyists, over the years, to draft laws giving IRS the power that causes all the trouble.

The Mills and Long committees want IRS to have this tremendous power to assess and collect taxes, by force if necessary. The government can't run without money. So, as long as IRS brings in the cash, the committees don't want to interfere. Members look the other way when IRS officials trample on defenseless taxpayers.

Fortunately, there are other people on Capitol Hill who could help. The House and Senate appropriations committees have oversight powers. For example, if IRS wants a bigger appropriation so it can hire more revenue agents and tax auditors, these committees can withhold approval until IRS stops abusing its audit and collection powers.

But this oversight hasn't been exercised by the House Appropriations subcommittee on the Treasury, headed by Tom Steed (D-Okla.). Don't expect help from this direction.

This brings us to the one bright spot in a dismal picture. Joseph M. Montoya (D-N.M.), chairman of the Senate Appropriations subcommittee on the Treasury, firmly believes that his group is obligated to see that federal funds are being spent for good purposes—and harassment of American taxpayers isn't one of them.

EARFUL FOR COMMITTEE

At his instigation, the Montoya committee held special hearings in 1973 and again this year—real hearings where taxpayers, for the first time, were allowed to air their complaints. Committee members got an earful.

As a result of these hearings, Montoya is convinced that, from Maine to New Mexico, small and middle-income taxpayers have been harassed by IRS agents, tax auditors and collectors called "revenue officers." The senator is determined to exercise his committee's oversight power to rein in IRS runaway horses.

In addition, Montoya's staff is drafting legislation to correct some of the more glaring excesses. Although his office declined to specify the proposals, the first bill is expected to be introduced within a month.

What will happen to this bill? It will be referred to the Senate Finance Committee, very likely to be pigeonholed and forgotten. So, Montoya's only chance probably will be to propose his bill as an amendment to other legislation under consideration on the Senate floor. The cards are stacked against him.

GOVERNMENT IN SUNSHINE

Mr. MOSS. Mr. President, a recent advertising column reveals a glaring inconsistency in the way in which Government agencies operate. The Consumer Product Safety Commission—CPSC—has established regulations which result in its operating in a "goldfish" bowl. As the agency explains its sunshine policy, as employees of the American people, they are committed to doing the people's business in the open.

On the other hand, the column indicates that the business of the Federal Trade Commission is conducted in private. Yes, there are a number of meetings and other FTC activities which are conducted in public, but the juxtaposition of FTC activities being conducted primarily in private and CPSC activities being conducted almost exclusively in public indicates a glaring flaw in agency procedures.

Of particular interest to many is a Federal Trade Commission proceeding about which much has been written. Apparently, the Federal Trade Commission has under study a proposed trade regulation rule concerning disclosure of the nutritional aspects of food products. We read in trade publications of an industry group negotiating with the Federal Trade Commission staff about the substance of this proposed rule. Yet, at the same time, we are told that the proposed rule is not available for public disclosure. How can an industry committee negotiate with the staff of the Federal Trade Commission about a proposal which is not public. This proposal is the public's business. Either everyone should be permitted to view it and negotiate at this time, or no one should be permitted to get a sneak preview or negotiate until it is public.

Mr. President, the Committee on Commerce has underway a study of agency openness policies, rules of practice, and conflict of interest regulations. From our earliest information it appears that the regulatory agencies, all of which are part of the same U.S. Government operate under rules and procedures which range from the secrecy of the KGB to the openness of the Senate in ancient Rome. We must open up Government proceedings and agency activities into the scrutiny of all Americans.

Hopefully the policy of openness and candor which our new President enunciated last Monday will wear off on the regulatory agencies. Additionally, we intend to pursue this question of openness with future nominees to the regulatory agencies.

Mr. President, I ask unanimous consent that the Advertising Age column on agency openness be printed in the RECORD at the conclusion of my remarks.

There being no objection, the column was ordered to be printed in the RECORD, as follows:

[From Advertising Age, Aug. 12, 1974]

CPSC OPEN-DOOR POLICY SHARP CONTRAST TO FTC

(By Stanley E. Cohen)

WASHINGTON, August 7.—Two weeks ago, John Revett of this office was physically barred from entering a room where consumer representatives were lobbying with the members of the Federal Trade Commission.

Last week, by contrast, he was invited and welcomed when the staff of another federal regulatory agency—the Consumer Product Safety Commission—confronted important business organizations seeking to hammer out a way to warn the public about a dangerous product which had been sold in large numbers.

What follows is a tale of two regulatory agencies, and we report it not out of frustration, but because it relates to a basic question: Your right to know. In the highest sense, you are involved because government secrecy leads to Watergate. But you have a more pragmatic interest. If you are in business, and if you are regulated by a federal agency, you need to know what the regulators are up to. Whom they are seeing. What they are being urged to do. What commitments they are making.

When Mr. Revett went to the FTC he carried the text of a recent decision by Judge Charles Richey of the federal district court here. Judge Richey had considered a case where federal alcohol officials met with consumers and industry representatives to discuss new labeling proposals. The public has a right to know what influences are being brought to bear on regulators, Judge Richey wrote, and the press has a constitutional right to be present at such meetings.

After Mr Revett was locked out, we advised FTC chairman Lewis Engman that we considered the situation unacceptable, and we requested a ruling that all future meetings between FTC and special interests be open to the press. "It would be a supreme irony," we wrote, "for the public and Congress to discover that the fdeeral regulatory agency, supposedly competent to define unfair and deceptive practices, needs to be prodded by journalists to adopt fair and open policies of public information."

Openness comes hard at FTC. Back in January, at the request of the commission's information director, we had listed four areas where we felt FTC was unduly secretive. A few weeks later, chairman Engman announced new "openness" policies dealing with some of our complaints. In practice, little changed.

Covering FTC is still a cloak and dagger assignment. The commission's public calendar is unrevealing. Meetings like that with the consumer lobbyists or the directors of Grocery Manufacturers of America are not listed. The agenda for commission meetings is secret, and the meetings are closed. Minutes are kept; but in 32 years as a reporter here, I have never had access to any of them. Almost nothing comes out of commission meetings except formal complaints, decisions and—more recently—announcements that an industrywide investigation is under way.

You cover FTC by tapping the black market. Sometimes you get a tip from a member of Congress. More often it is from one of the big downtown law firms, which seem to know what goes on almost before the meetings adjourn. Our exclusive report early this year, when we published a draft of an impending proposal to regulate nutritional claims in ads, came from an industry lobbyist. We are constantly asking FTC senior staff members to confirm tips we get from outsiders, and sometimes they are able to oblige.

Our reporter's experience at the Consumer Product Safety Commission is a timely reminder that it doesn't have to be that way. Because FTC dates from 1914, it is strangled in traditions which often exist mostly because nobody has the strength to hack them all away. CPSC is only two years old. It was set up after Watergate was already a public issue by people who recognized that the best way to maintain confidence in government is to operate in a way which leaves no doubt about what is going on.

CPSC is so different even reporters find it hard to believe such openness is possible. The weekly public calendar lists every meeting scheduled by each commissioner and every staff member, and they are all open to the public, except in instances where trade secrets will be discussed. Commission agendas are published in advance, and meetings are open to the press.

Ron Eisenberg, CPSC information director, says there is a simple explanation: "We are working for the public. The public has a right to see how we perform and what we are doing. When you keep the public out, it is easy to forget who you are working for."

CPSC has discovered what America discovered generally a few days ago when the House judiciary committee conducted its impeachment debates on nationwide TV. Contrary to the alarmists, open meetings need not lead to grandstanding. They can put the key characters on their best behavior.

Our reporter was present when Mr. Eisenberg and his colleagues served an ultimatum demanding that the manufacturers of a "trouble light," and the retailers who sold the product, put together a $300,000 advertising fund to warn the public of "imminent hazards." He was able to record the industry response, and the reaction of an observer from Sen. Buckley's office. Was either side irresponsible or unreasonable? You don't have to rely on self-serving accounts leaked by Mr. Eisenberg or the industry group. Mr. Revett was there to observe as your eyes and ears.

In many respects, it is easier for us when meetings are closed. We don't have to sit there for hours. And in many instances we can ignore them, just as if they hadn't taken place.

And that's the danger. When regulators and special interests know they can meet unobserved, there is danger that the line between the ethical and unethical will blur. If anything occurs which influences the judgment or behavior of the regulator, someone has achieved an advantage alien to fairness in government. Yet if the special interest is not trying to influence the judgment or behavior of the regulator, why are they meeting?

THE RIOT IN PANAMA CITY

Mr. THURMOND. Mr. President, yesterday the U.S. Embassy in Panama City was surrounded by a mob of screaming youths who broke many of its windows, burned an American flag, and created a general riot situation. The group reportedly was organized by the so-called FEP, the Federation of Students of

Panama, in protest against the United Fruit Co.'s decision to withhold the export of bananas from their planations in Panama. I understand that the Embassy called the Panamanian National Guard for assistance, but that the National Guard did not respond to the call until the mob had disbursed.

There are a few more facts which have not appeared in the press. The first is that the decision of United Fruit not to export was caused by the arbitrary imposition of a $1 per box export tax by the Panamanian Government. United Fruit was unable to meet this tax, which is substantial in terms of the value involved and is above the margin of profit. The company it attempting either to negotiate the tax or to sell the plantations to Panama. Meanwhile, the banana employees are out of work—and banana exports are a substantial portion of the Panamanian economy.

The second is that the FEP is the student arm of the PDP, a political party which is a front for the Communist Party of Panama. The FEP is the same group which created the 1964 flag incident which led to the violent organized riots of that period.

Mr. President, this incident highlights the instability and volatility of the political situation in Panama. It is highly unusual that the National Guard did not respond to the aid of the Embassy, arriving only after the demonstration was over.

I am informed that the rioting lasted nearly 1½ hours; the National Guard encampment is less than 10 minutes away. I find it strange that Gen. Omar Torrijos could not influence the Guardia to come more quickly.

Nor can we overlook the fact that representatives of the Republic of Panama, including the Panamanian Ambassador to the United States, have incited anti-U.S. actions by publicly declaring that the situation is inflammatory, that it will be difficult to restrain Panamanian citizens much longer, and by making other threats of virtual blackmail against the United States.

Mr. President, there are only two courses of action open to the United States. The first course is to gloss over the incident, accept a perfunctory official apology, and then continue full blast to make dangerous concession after dangerous concession in the negotiations over the Panama Canal. This is the course of action which will reward violence, tempt Panama to seek further extortion, and promote greater instability in our relationships not only in Panama but throughout Latin America.

The other course of action is the wise and prudent course. That course of action calls for us to recall our Ambassador to Panama, and to suspend the canal negotiations until such time as the Republic of Panama can demonstrate good faith and responsibility. The imposition of the banana export was an imprudent act which seriously disturbed the economy of Panama. At least 75,000 banana workers were thrown out of work, and the lack of pay checks has had a significant impact upon the whole economy. The imposition of a tax on exports is a highly rash act for any country that wishes to increase exports. The United States is faced with an eratic action by the Republic of Panama, an action that goes against the best interests of Panama and her people. The only thing that we can do in the face of such action is to do what is correct and proper.

Furthermore, the Republic of Panama should be informed that if the rhetorical threats against the United States by representatives of the government of Panama should continue, and that if another incident of this kind should occur, then diplomatic relations will be suspended immediately.

Mr. President, if Panama is erratic in her internal affairs, in things which directly affect the well-being of her own citizens, then how could we depend upon Panama to hold a steady and true course in the operation of the canal? The responsibility of maintaining and operating the canal is too great a responsibility for a small country. It is a responsibility that will eclipse that country's independence, and lead to dangerous instability. It would further increase the probability of the kind of erratic behavior that was seen yesterday. I think that any reasonable person will agree that we cannot concede our sovereignty in the Canal Zone. Nor can we even negotiate other issues until we have a responsible government in the Republic of Panama.

TRANSPORTATION OF HAZARDOUS MATERIALS BY AIR

Mr. HARTKE. Mr. President, each of the millions of Americans who fly commercial airlines every year is aware that there is some danger associated with airplane travel. What most do not know, however, is that some of that danger comes not from mechanical failures or poor weather conditions, but from the cargo carried aboard the plane.

Passenger aircraft are permitted to carry hazardous material, including radioactive substances. Fortunately, there have not been many serious incidents caused by hazardous materials aboard aircraft, but the fact remains that there have been some incidents which have jeopardized human life and there are likely to be more such incidents unless we impose much stricter controls on hazardous substances.

Mr. President, I ask unanimous consent that the text of an article on this subject which appeared in the July 28, 1974, Parade magazine, be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

What's Under Your Airplane Seat?—Dangerous Cargo Stirs Controversy

(By Christine and John Lyons)

Each time you board an airliner, there's a pretty good chance that you may be, quite literally, sitting on top of a powder keg. Unknown to the passengers, and sometimes the pilots, too, scheduled commercial flights in the United States are routinely carrying in their cargo compartment beneath the seats such hazardous loads as explosives, flammable acids, poisons, nerve gas, live viruses including polio, and radioactive substances.

Says Capt. Jim McIntyre of the Air Line Pilots' Association (ALPA): "When we say hazardous, we're not talking about something that's kind of nice to play around with but don't get too close. We're talking about something that's going to kill you."

Various illustrations on these pages are of dangerous items that have been shipped as airline cargo.

In June, after the Senate Commerce Committee held hearings on the transportation of hazardous materials, Sen. Vance Hartke (D., Ind.) said: "It's quite obvious and very conclusive that the shipment of hazardous materials in the United States is a potential bombshell, waiting to go off any place, any time."

Some of the airlines themselves have become uneasy about the perils posed by certain cargoes. Delta Air Lines has twice requested a waiver from the Civil Aeronautics Board which would permit it not to carry radioactive material on passenger planes. Twice the request has been refused. Delta is now setting up a system of monitoring all radioactive packages with Geiger counters—the first airline to do so.

Delta's concern stems from two incidents, one in 1972, the other last April, when passengers were exposed to radiation leaks. In the latter instance, an improperly shielded package of radioactive material was shipped in two flights which carried a total of 157 passengers. The Atomic Energy Commission says tests have shown that none of those aboard suffered biological damage, but a $40 million suit has been filed in Federal Court in Washington on behalf of passengers who claim they may not be certain for years whether they underwent ill effects or not.

Most of the radioactive material shipped by air is for medical purposes, but some loads contain fissionable material like that used in nuclear reactors or atomic bombs. It is not explosive, but it is one of the most potent poisons.

Radiation isn't the only hazard. Last May, smoke was detected coming from the baggage compartment of an Aeromexico DC–10 about to take off in Mexico City for a flight to Los Angeles. Crew members who checked found a leaking jar of nitric acid, with the lethal fluid already eating through the floor. Investigators said that if the leak hadn't been discovered, the plane could have exploded in mid-air.

Leaking nitric acid has also been blamed in the Nov. 3, 1973, crash of a Pan American cargo jet at Logan Airport in Boston in which three crewmen died. The plane carried a 16,000-pound load of acids and chemicals. "If there hadn't been so much, it could very easily have gone on a passenger plane," says Capt. Jim Eckols, co-chairman of ALPA's Hazardous Materials Committee.

WILL LUCK RUN OUT?

There are hundreds of incidents on record of radiation spills, acid leaks, and other cargo problems. Robert Fowler, an official of the International Association of Machinists in San Francisco, says he's amazed that there have been no major accidents because of hazardous material on passenger planes. Says Rep. Jack Brooks (D., Tex.), chairman of the Government Activities Subcommittee of the House Government Operations Committee: "We're lucky; we're fortunate; but we're running this risk."

Although it's perfectly legal to carry dangerous cargo, specific regulations have been drawn up to give maximum protection to passengers. Representative Brooks, however, contends that these regulations are consistently ignored or evaded.

"We've learned that an overwhelming majority of hazardous materials shipped by air are in violation of federal regulations," Brooks says. "These shipments are often packaged, labeled and loaded onto aircraft without regard to existing federal regulatory requirements and with virtually no surveillance by the Federal Aviation Administration. Our system of shipping hazardous materials by air is totally out of control."

Added airline Capt. Don Dunn: "The name of the game is to get it shipped, not necessarily to insure safety."

Captains Dunn and Eckols have been investigating cargo hazards for four years. They went from loading dock to loading dock day after day, checking over 1000 shipments. They say 90 percent of the passenger flights they checked carried hazardous cargo, and 90 percent of these hazardous shipments were packed, labeled or carried in violation of federal rules.

On the other hand, one FAA study insists that only 3 per cent of the commercial flights each day carry hazardous materials. Eckols replies that this FAA report is based on the airlines' load manifest forms which normally aren't used to indicate hazardous shipments. "We think that their estimate is grossly in error," he says.

Who's responsible for the perilous cargo problem? The FAA and the airlines say the blame for improper labeling and packaging of hazardous material should fall on the shippers. But many others, including most airline pilots, believe the bulk of the blame should go to the FAA itself, for not enforcing the regulations and riding herd on the shippers.

Although the FAA in the past has insisted that only a small percentage of flights carry dangerous cargo, and that its enforcement efforts have been adequate, it now apparently is shifting gears.

Oscar Bakke, the FAA's retiring associate administrator for aviation safety, acknowledges that the agency has "noticed an increase in the amount of hazardous materials that have been carried." He blames "the inertia of the bureaucracy" for the agency's difficulties in keeping abreast of the problem.

Next October, Bakke says, the FAA plans to invite shippers to a meeting to warn them that if they don't start regulating themselves, the government may be forced to start licensing them. However, Capt. Tom Ashwood, the ALPA safety chairman at TWA, coments tartly: "That's like having a fire in your house and writing to the fire department to invite them over to discuss what methods will be used to put out the fire."

At least one air center isn't waiting for the FAA to act. The Airport Commission at Minneapolis-St. Paul recently passed an ordinance making it mandatory to check all radioactive packages shipped through the airport. Says Mayor Lawrence Cohen of St. Paul: "We're only trying to enforce the federal standards for exposure. Maybe we'll be responsible for the Feds getting off their seats and doing something about this rather significant problem."

So far Minneapolis-St. Paul is the only airport to have taken such action. But in Washington, D.C., the Aviation Consumer Action Project has handed out pamphlets at several airports warning passengers of hazardous cargo. Reuben Robertson, the director of ACAP, urges citizens to write to their Congressman about the problem and says: "It's essential to build a ground wave of support for reform in this area."

PILOTS IN CHARGE

The pilots themselves are spearheading the drive for improved safety. In recent weeks TWA pilots have gotten the airline to agree to a sweeping reform that could become the standard for the industry if other airlines go along. Under the agreement, industrial radioactive material will no longer be carried on passenger planes. Producers of medical isotopes will be required to shield their packages so that they give off almost no radiation. A committee of pilots and management will decide what other hazardous material is unfit for transport on passenger planes. A tentative schedule has been set up to ban explosives, acids and flammables from TWA passenger craft.

Some authorities believe that the best guarantee of the success of any such program, and of safety in the air, is an alert and aroused traveling public. Sums up consumer advocate Ralph Nader: "Passengers, before they embark on a plane, should ask the ticket agent whether there's any hazardous cargo on board. Most pilots will willingly tell the passengers whether there is or not, but I think it should be a matter of federal law. That is, I think a passenger has a right to find out whether radioactive or other hazardous materials are on board the plane they're going to take."

THE NEED FOR PENSION REFORM

Mr. WILLIAMS. Mr. President, as Senators know, we are on the verge of giving final approval to a historic piece of legislation which would reform our Nation's private pension system. I have worked closely on this bill as one of its principal sponsors, and as chairman of the Committee on Labor and Public Welfare, and of the Subcommittee on Labor, for some 4 years.

Of course, I am very pleased that this important goal of pension reform is close to being a reality. The need for this kind of legislation has been exhaustively documented by our Labor Subcommittee study, and other inquiries. However, I recently came across an editorial in The Record, of Hackensack, N.J., which expresses very well the importance of this bill, and I ask unanimous consent that this editorial be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

NEW PENSION RIGHTS

A conference committee of the United States Senate and the House of Representatives has reached agreement on legislation to protect the pension rights of some 40 million workers. It represents an idea whose time arrived some time ago. The accord, which means the bill could be enacted and signed into law within a matter of weeks, is to be applauded.

A conference was necessary because the House and Senate had each passed its own version of a pension-reform bill. The compromise measure would not require employers to set up pension plans, but would guarantee workers a share of accrued benefits from existing plans, beginning Dec. 15, 1975.

Sen. Harrison A. Williams has termed the reform bill one of the most historic labor protection measures ever enacted, and he has a special familiarity with the subject. The Raybestos-Manhattan plant closing of June 15, 1973, in Passiac is a classic example of the individual tragedy that strikes when a company decides to pull up stakes and move elsewhere.

In the Raybestos-Manhattan case, some 900 of the 1,200 left stranded by the company's move didn't qualify for a pension because they hadn't reached Age 60. One man, a month short of the required age, offered to move near the company's Pennsylvania plant, but that offer didn't pan out.

It is this kind of injustice that the reform measure is designed to prevent. A prominent feature of the compromise bill is that employes would be vested—meaning they'd have rights to some portion of the money in their account—under one of three formulas, optional for the employer.

This sort of vesting plan would have eliminated much of the hardship caused by moves such as the one at Raybestos-Manhattan, and it would have had a similar benign effect for the employes laid off when the Balantine brewery in Newark changed hands.

How much the new pension bill will cost American industry is not clear, but it is likely to be considerable. For companies whose vesting plans were close to those specified in the compromise measure, it will not be much. For others, companies with vesting plans significantly different from the three alternatives, it could be plenty.

Take Raybestos, where workers had no vesting rights until Age 60. Its cost would be significant. As an indication, the state of New Jersey already has slapped a $12-million tax claim on Raybestos-Manhattan under a state law passed shortly before the Passaic plant's closing.

That law is currently being contested in the courts. If its validity is sustained, it would have the effect of holding Raybestos-Manhattan's assets in New Jersey for ransom until every employe with more than 15 years of service had been assured some pension benefits.

The measure worked out by the House-Senate conference committee will also have its effect on labor contract negotiations. It will no longer suffice for union leadership to look good merely by winning higher dollar amounts for a pension fund, with both management and union leadership at least peripherally aware that much of the money would never have to be paid out. Such benefits, under the new law, would be permanent.

The compromise bill is a good one, and those who worked it out deserve a round of applause. It should be passed quickly by both houses of Congress and signed into law as soon as possible.

ARIZONA SUPPORTS ERTS

Mr. MOSS. Mr. President, I would like to read a short excerpt from a letter I have received from the Honorable Jack Williams, Governor of Arizona, regarding the Earth resources technology satellite program:

> The State of Arizona has derived much benefit from the Arizona Land Use Experiment and the outstanding working relationship with both the National Aeronautics and Space Administration and the Department of the Interior. Much has been accomplished in laying the foundation to utilize this technology for civilian purposes at the State level.
>
> Arizona would like to see Earth Resources Technology Satellite (ERTS) become operational so as to assure that the data would be timely, regular and ongoing.

I am happy to learn that Arizona supports the ERTS program.

Mr. President, I ask unanimous consent that the letter of the Governor of Arizona be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

PHOENIX, ARIZ., *July 10, 1974.*

Hon. FRANK E. MOSS,
Chairman, Senate Committee on Aeronautical and Space Sciences, U.S. Senate, Washington, D.C.

DEAR SENATOR MOSS: Thank you for your letter of June 24, 1974. The State of Arizona has derived much benefit from the Arizona Land Use Experiment and the outstanding working relationship with both the National Aeronautics and Space Administration and the Department of the Interior. Much has been accomplished in laying the foundation to utilize this technology for civilian purposes at the State level.

Arizona would like to see Earth Resources Technology Satellite (ERTS) become operational so as to assure that the data would be timely, regular and ongoing.

Arizona would benefit by the continuation of several applications already in progress. For example, Earth Resources Technology Satellite (ERTS) data is being used by the University of Arizona in many important research projects. Within Arizona State Government, the Arizona Resources Information System, in conjunction with the United States Geological Survey, is supporting significant projects such as the mapping of potential sources of geothermal energy by the State Land Department and the mapping of land developments and subdivisions in Arizona by the State Office of Economic Planning and Development. The base map for the latter study is a mosaic of Arizona produced by the U.S. Geological Survey using Earth Resources Technology Satellite (ERTS) imagery.

Earth Resources Technology Satellite (ERTS) imagery is very important to the Arizona Salt River Project in monitoring water resources on its watershed. A copy of a news release from the Salt River Project detailing this application is attached.

Considering the vast amount of funds that have been spent on satellite systems and the new capabilities we have as a result, we believe an Office should be established for the purposes outlined in the proposed legislation.

Yours sincerely,

JACK WILLIAMS.

SENATOR COOPER'S COMMENCEMENT ADDRESS AT GEORGETOWN UNIVERSITY LAW CENTER

Mr. HUGH SCOTT. Mr. President, last spring former Senator John Sherman Cooper of Kentucky delivered the commencement address at the Georgetown University Law Center. Because it is an excellent and thoughtful statement by a man of great conscience, I ask unanimous consent to print it in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

COMMENCEMENT ADDRESS BY JOHN SHERMAN COOPER, GEORGETOWN UNIVERSITY LAW CENTER, MAY 26, 1974

The Very Reverend Henle, President of Georgetown University, Dean Adrian Fisher of the Law Center, members of the graduating class, the faculty, the alumni, and your guests:

I feel deeply honored by the invitation of this great University, respected for its scholarship and contributions to the nation, to speak at the commencement exercises of the Law Center. I am glad also because of my respect and friendship for Dean Adrian Fisher. It has been my opportunity to know him for over twenty years, and to value his contributions to our government in many fields, and—I may say to the world—for his work through many years of negotiations to limit and abolish nuclear weapons, and now for Georgetown University.

I am surprised, yet grateful, to receive the honorary degree of Doctor of Laws from Georgetown University, ancient in our country in years, and outstanding for its constant insistence on scholarship and its search for truth. I only wish that I could start again, and fulfill your generous citation.

This is a day of great achievement for you who graduate. It marks a major stage in your life, as you now move on to new endeavors and responsibilities. It is a day of pride and joy for the Law Center, and for your families and friends.

While it is an honor to speak on this Commencement Day, I must say that I have always found commencement speeches difficult—for the speaker and the audience. It is particularly true today. I had thought that in this time, perhaps it would be better to have two speakers, to express different points of view, but I can only express my own convictions.

You who graduate are entering a profession which bears heavy responsibilities for leadership and high ethical standards at a controversial time in our country's history. Recalling my experience in the Congress, I can think of no period—with the exception of the optimistic days immediately following World War II—when it did not seem that we faced some overwhelming issue or crisis. Among these we may remember the post-World War II threats to our security; the supposed missile crisis; the struggle against discrimination; the divisive influence of the war in Vietnam; and now preoccupation with the Watergate series of events.

The problems of today, including Watergate, will not be solved easily, quickly, and to everyone's satisfaction. We must give our best thought and action to them, but it is likely that in all our work, we will find the words of Malebranche, the 17th century French philosopher, correct:

> "Lord, the truth is for thee alone,
> Give us the pursuit."

The legal profession does not bear the full burden of the search for truth, but it bears a substantial burden. Much is expected of you, for you have been taught to be disciplined, rational, objective, ethical, and to apply the principles of justice and fairness in your profession and to the country's problems.

Today, in a time of national and personal questioning, there are those who say that the events of Watergate portend disaster for our institutions. I do not believe this to be true at all. I believe our people will hold fast to the principles of fairness and justice upon which our institutions rest—fairness to Constitutional processes, to the Nation, and to the President.

I do not attempt to review today, if I could, the details of Watergate, or predict its outcome. It is before the people, and their opinion is of utmost importance. But it must be remembered that in a *legal and Constitutional* sense, its determination and decision rest now with the Congress and the courts.

The press of all human elements—emotion, bias, political considerations—may bear down upon those who must make these decisions. But I believe that their decisions must be, and will be made upon the principles of justice and fairness.

Justice and fairness are not generalities. They are imbedded in many provisions of the original Constitution, in its Bill of Rights, and its later amendments.

The prescriptions of "due process," "the equal protection of the law," are familiar phrases. They are more—they are substantial and fair—for their purpose is to protect the right of every individual against arbitrary or unequal action by the government, or by the people—majorities or minorities—in judicial, legislative or administrative proceedings.

It is fortunate and timely that the decision of Brown v. Board of Education, of twenty years ago, is now being restudied and evaluated as one which applies clearly the principle of "the equal protection of the law", so long denied, to black citizens of our country and thus to all the people.

One of its companion cases, Bolling v. Sharpe, decided the same day, stated the concept from which these Constitutional protections of the individual arise. Chief Justice Warren, speaking for the Court, said:

"The concepts of equal protection and due process, both stemming from our American ideal of fairness, are not mutually exclusive . . ."

The words—"the American ideal of fairness—while eloquent, were not new. In a long line of cases, the Courts have said that "the law of the land," "due process," and "the equal protection of the law," are generally interchangeable, and that they "stem from the American ideal of fairness." One case, Burns v. Lovell, states simply, "A human being has an inherent right to due process of law."

Philosophers and jurists have attempted to define justice and fairness, drawing from the writings, among others, of Kant, Locke, Burke, and The Federalist Papers. It has been said that while these terms are difficult of definition, they represent an inherent belief of individuals that in a free and democratic government, they can rely upon rules and standards—not dictatorial—which assure that they will be accorded equal treatment in their relationships with the government and each other.

At this point, I know that I could make the theme of my talk clear, by simply reading the May 14th article of Mr. James Reston of the New York Times, on Senator Mike Mansfield's view on justice in the Watergate proceedings. Senator Mansfield's words were, as usual, sparse and pure, and they reflect, not alone his faith, but I believe that of the people, in the necessity and fairness of Constitutional processes.

I agree with Senator Mansfield and his colleagues, Senators Robert Byrd, Curtis, Allen, among others, who spoke with similar views in the Senate on the same day. I would be untrue to my view of justice and *the American ideal of fairness,* if I did not say there have been aspects of the consideration of Watergate, that trouble me greatly.

One proposal, with which I disagree, has been the insistent call for the resignation of the President.

I do not impugn the motivations or deep convictions of anyone, but I consider the proposal to be extra-constitutional, and harmful. Ours is not a parliamentary system. It could establish a precedent which would plague our country in future times of crisis or division, encouraging majorities or minorities—whether right or wrong in their judgments—to press for the ousting of a President with whom they do not agree.

But most important and unfair, in my view, are the implications of the proposal upon the rights of the individual. It would deny the President, as it would have denied others in times past, the Constitutional rights of "due process," "the equal protection of the law," and "the presumption of innocence," which are the rights of every individual, even accorded to non-citizens in our country.

The proper ground of impeachment is an open question. Whatever my opinion may be worth as one citizen, and it is instinctive—it is that all of the phrases and wording of the Constitution, and its Bill of Rights, lead me to the belief that it must be connected with proof of criminality. The oath which members of the Senate would take in any impeachment proceeding—leaving out the names—is: "I solemnly swear (or affirm, as the case may be) that in all things appertaining to the trial of the impeachment, now pending, I will do impartial justice according to the Constitution and laws: So help me God."

It implies to me every protection of the Bill of Rights.

One can understand the human desire to settle the issue of Watergate quickly, and to get it behind us, and credit is due the responsible actions of the Courts and the Congress.

Events, decisions, pursue us, and last Friday's development—the appeal to the Supreme Court upon the issue of Executive Privilege—has caught up with my talk. I think I would be remiss if I did not refer to it, and I might say I consider such an appeal and its determination by the Supreme Court consistent with the theme of my talk.

The claim of this right of a President, based on the separation of powers, has been made many times in our history by many Presidents, and until recently, without substantial opposition or question. It has been discussed by members of the Supreme Court as recently as in the Pentagon Papers case. But if my studies are correct, there is no Supreme Court decision on this issue except in Reynolds v. United States, in which the claim of privilege was upheld on the ground of security.

In the much quoted case of United States v. Burr, a criminal case not before the Supreme Court, Chief Justice Marshall, who was presiding, did discuss the substance and merits of the claim, saying it might be necessary to reject the claim of privilege, to protect the life and liberty of Burr. But as far as I have been able to determine, the letter sent by President Jefferson, with excisions made by him, was never submitted to the jury.

While I think it preferable that the courts should not be required to bear the full burden of the dispute between the branches of our government, the Supreme Court may be required to do so on the issue of privilege. It is consistent with my theme that the appeal and its determination by the Court, are in the framework of our constitutional processes, and would do justice to all the parties, and the nation.

I am aware also of the argument that, in times of crisis and emergency, the interests of the nation may be superior to the rights of the individual, and thus today the interests of our country, domestic and foreign, require that the President resign or be impeached.

I do not agree, and this argument must be examined closely. Our system of government is not inflexible. The courts and the Congress have the means, Constitutional and legal, to establish the pre-eminent interests of the nation over individual rights, which they have exercised at times. It is recognized that there are many gray areas, such as war powers, where the powers of the President are great, unless specifically and constitutionally denied by the Congress. As we learned in the debate over the war in Vietnam, the power to withhold money is the ultimate and only sure power of the Congress in the gray area of war powers.

Constitutional principles and the ideal of fairness toward individual rights have been breached in our history upon the basis of superior national interest. Two well-known examples are the decisions of two great Presidents. During the Civil War, President Lincoln, torn by the danger to the preservation of the Union, suspended the writ of habeas corpus, but his order was overturned by the Supreme Court. President Franklin D. Roosevelt, on the basis of national security, ordered fellow citizens of Japanese ancestry removed from their homes and businesses on the West Coast. The order was upheld by the Supreme Court, but it remains a shameful blot in our history.

In all that I have said, I do not suggest any diminution of the First Amendment rights—freedom of speech, of the press, of petition, of worship. They are essential to the maintenance of free government, of democratic government, or incorruptible government, and faith in our institutions. There are no prohibitions against these rights, except the very limited boundaries which have been determined by the courts. I do suggest, nevertheless, that if the ideal of American fairness is to live and to have the respect and support of the people, which is essential, a moral responsibility of fairness rests with the legal profession, and certainly with the media, which has the task and opportunity to investigate, to inform and educate, and upon all of us. I have believed that this essential fairness has not been observed by all elements of the media.

As I said at the outset, I cannot think of any period during my experience in the Congress and public life when some crisis did not seem at the time to imperil the nation's institutions, and which brought often into issue the powers of the President and the Congress. The McCarthy period, the proposals to seize the steel mills, and to impress striking railroad employees into the military service, and the violence of the late Sixties are examples. Yet, and this is my essential theme today, our country has survived and it will continue to survive, because of the common sense and good judgment of the people, and their reliance on law and fairness, rather than on expedients.

Justice Hughes wrote in his work, "The Supreme Court of the United States"—

"In our system, the individual finds security in his rights because he is entitled to the protection of tribunals that represent the capacity of the community for impartial judgment as free as possible from the passions of the moment and the demands of interest and prejudice. The ends of social justice are achieved through a process by which every step is examined in the light of the principles which are our inheritance as a free people."

Ours is a tenuous system of government, depending in the greatest measure upon the trust and respect of the three branches in each other, and the trust of the people. I am optimistic about its future, for ours is a system of law and essential fairness—"the American ideal of fairness."

Our country requires the continuing, searching examination of its institutions, and an insistence by the people that its promise and highest values be realized.

Many, and particularly the young, are making this examination. Some, mindlessly or purposely, are destructive of society. It is understandable that others are cynical, believing it an illusion that they can order their lives, or have any real effect on our political or social order. Faith and belief may seem empty dogma when not supported by the decency and dignity of life.

I do not minimize our country's problems, but I know of no other country which has made such an effort to correct them—whether discrimination, poverty, the environment, education, or social justice—and fairness requires the truth that during the administration of President Nixon, great initiatives in foreign affairs—unthought of a few years ago—have been taken to establish common understandings with other countries upon which peace can be built, and to avoid the danger of nuclear catastrophe.

I do not want to quote former Chief Justice Warren out of context, but the timeliness and simplicity of his remarks at the commencement exercises at Morehouse College in Atlanta, Georgia on May 21 are compelling. Among other things, he said, and I quote:

"The great virtue of our Government is that people can do something about it. They elect our representatives on all levels of Government, our Mayors, our Legislators, our Governors, and our President. Where they have made a mistake, they can rectify it in a subsequent election.

"I know that because of the complexity of our governmental affairs many people believe that any effort they might make would be inconsequential, but such is not the case. Everyone, no matter how humble, can have some influence on American life, and one never knows when his acts as an individual might have profound effects."

You who graduate into the legal profession have this opportunity, perhaps in a larger sense than many others of your age. The profession of the law is unique in many ways. It is based upon discipline and reason, but it is also a very human profession. It provides actual experience and insights into the weakness, the strength, the meanness, and the nobility of human beings. It provides the opportunity to sustain and yet advance the progress of the law, to attack the causes of injustice, and to protect the individual. It opens large opportunities to participate in political processes—as candidates, members of the branches of government, and above all, in the fulfillment of your duty as citizens.

There is a great deal of bitterness and hatred in life, and it is difficult to see how these unhappy characteristics can be changed without reason, simple respect—and love for others.

Justice Holmes said, "No man has earned the right to intellectual ambition until he has learned to lay his course by a star which he has never seen—to dig by the divining rod for springs which he may never reach."

It is possible that one may never see the star or reach the springs of which Justice Holmes spoke. But in this great and ancient university, you have been taught to respect all that is best in citizenship, scholarship, and character, and to be faithful to that trust.

We salute you, and wish you success and good fortune in the years that lie ahead.

REVISED U.S. CROP ESTIMATES AND THE WORLD FOOD CRISIS

Mr. HUMPHREY. Mr. President, there have been a number of significant articles commenting on our reduced crop estimates for this year. I would like to point out "Weather Threatens World's Granary," Washington Post, July 28; "Drought Warnings Ignored," Washington Post, August 11; "Midwest Drought Called Disaster," Washington Star-News, August 4, and "Drought Seen Blow to Harvest," Washington Post, August 13, as very challenging articles.

Earlier I repeatedly pointed out the need for a national food policy which would include a food reserve for emergencies such as we are now facing.

I also warned that the Department of Agriculture was too optimistic in basing our total corn production estimates on an average of 97 bushels per acre when we had never averaged this high before, and fertilizer was in short supply. Also, much of the land brought back into production was not good crop land.

At this point we cannot look back. We need to gather the best possible data on where we stand and analyze that information to reach sound decisions.

If the situation is as serious as it appears to be, we have every reason to believe that, contrary to the USDA view, we will begin to face sharp food price rises before 1975. Commodity futures have increased sharply with the release of the revised crop estimates.

This picture is not likely to improve, and it could grow much worse if the harvests of China, the Soviet Union, and Canada are reduced by bad weather.

Our reduced crop expectations will have a serious impact on dairy, beef, pork, and poultry producers. These producers have been reeling under rising production costs and declining prices. If corn prices go to $5 or $6 per bushel many additional producers will have to get out of business.

We are faced with the choice of limiting our exports to other countries or reducing our own consumption. There is also the other choice of making cuts in our humanitarian food assistance, and the Department is giving some thought to this idea. This latter idea hardly makes sense at a time when the need for humanitarian food assistance is on the upsurge. But it might offer some hope to those who cannot face up to the prospect of limiting our exports.

The Senate just recently passed Senate Resolution 329 expressing its sense that our food assistance should be increased.

The Department of Agriculture gives every indication that it does not want to even consider the prospect of doing anything which would affect our crop exports. While I certainly support exports as being important for our balance of payments, we also must consider the needs of our farmers and consumers.

My concern is that we not avoid waiting to face up to the implications of these reduced levels until the situation is even more critical. Unfortunately, the USDA appears to be following just this course.

Secretary Butz, on August 13, urged Americans not to panic. I am not aware that anyone has recommended this, but more Americans would feel confident if there were signs of willingness on his part to deal with the problem.

Mr. President, I hope that these crop reports will not be glossed over. I ask unanimous consent that these informative articles be printed in the Record.

There being no objection, the articles were ordered to be printed in the Record, as follows:

Weather Threatens "World's Granary"

(By Dan Morgan)

Onida, S.D.—Under a prairie sky brushed with wisps of long, white clouds, Dennis Nelson reached into a row of knee-high wheat, broke off a head and examined it closely.

The heat, which would reach 100 degrees later in the day, had not yet set in. In the early morning, a light breeze rustled the wheat fields that stretched for miles around. Nelson finished examining the head and announced with a tone of finality: "Cooked."

"Look at the base of the head," he continued, snapping open some of the kernels. "The grain's shriveled, or half-grown. Some of the berries are empty. In this heat, the grain is being cooked through before it's ripe."

Nelson looked out at the field of spring-planted wheat, which was nearly ripe, but still green in places. "When you can still see the rows this late, you've got a light crop," he said.

In this part of the wheat belt, in the heart of what has been called the "world's granary," the U.S. Department of Agriculture's July 11 forecast of a record wheat crop of 52.5 million tons is taken with a large grain of salt.

There are 63.6 million acres of wheat in cultivation this year, 10 million more than last year. But an implacable enemy, the weather, has hurt the yields badly.

If the nation's wheat fields yielded an average of 30 bushels an acre, as the Agriculture Department predicted, this year's harvest would be 52.4 million tons. But if they all were like the one that Nelson was cutting in Onida, the nation would take in only 38 million tons.

Nelson has seen a good slice of the wheat belt this season. A month ago, Nelson, his wife, Kathy, and two farmhands from their home in North Dakota took their two combines down to Oklahoma and began working northward, cutting wheat in Kansas, on up through Nebraska, into South Dakota.

In Nelson's view the Agriculture Department is dreaming with its estimates of average yields nationwide of 30 bushels an acre.

Around this prairie town, many people suggest that the department is playing some politics with the wheat crop estimates, deliberately keeping the forecasts on the high side to hold down prices and calm the fears of consumers and buyers overseas.

The skepticism is expressed bluntly by Leon Crain, a local wheat grower, who said, "The DA jacked up its estimates as soon as the bakers started talking about one-dollar bread."

In years gone by, disappointingly low yield in Onida would not have mattered so much.

The U.S. government held an enormous stockpile of grain surpluses, which the whole world could draw on in an emergency. During a food crisis in India in the 1960s, President Johnson ordered 5 million tons dispatched there in one year.

Today, however, no such gesture of American largesse would be possible.

The squat, round storage bins around Onida, which used to hold the government surplus in this area, are empty now—drained dry by the huge world demand for wheat in 1972 and 1973. The government has sold most of the bins to local farmers.

The American reserves of wheat have dwindled to around 6 million tons. Although the administration is counting on this harvest to double these reserves, some analysts in Washington say that they doubt that this will be the year for building the reserves.

With the big American surplus gone, the world is forced to live from year to year for its food supply. Reserves of all kinds of food are at the lowest level in two decades. The world's population is growing at the rate of 70,000 a day.

Rising living standards in medium income countries have increased per capita demand for food, particularly for meat, which is fattened on feed grains like corn, soybeans, barley and oats.

What has given the summer harvest in Onida, and around the world, a drama that was missing in past years is this narrow margin between adequate food supplies and insufficient food to go around.

Agricultural experts liken the world food situation to a string of interconnected water buckets. When the level rises or falls in one bucket—such as the American wheat belt—the level changes in all the other buckets.

If this summer's crucial rice crop in India falls short of expectations because of the light monsoon rains which have prevailed so far, India might be forced to buy or borrow large amounts of foreign wheat or feed grains to stave off mass starvation and malnutrition.

But if the harvest in wheat-exporting countries such as the United States, Canada, Australia and Argentina should fall too far short of expectations, India might be squeezed out of the international grain markets by higher prices only rich countries can afford.

If the U.S. harvest is disappointing, politicians in Washington would also be reluctant to increase the amount of food aid which this country dispenses, because of the domestic price-increasing effect that heavy government buying could cause.

If the Soviet wheat harvest reaches the predicted 200 million tons this year, Moscow might be able to lend or give away some of its crop. But if the Soviet wheat crop is disappointing, Moscow might be forced to compete for grain against India and other poor, deficit countries in the commercial grain markets.

Each year the world produces 335 million to 365 million tons of wheat. It is used among other things, in bread, pastry, pancakes and spaghetti. Durum wheat, grown almost solely in North Dakota, is the base for the exquisite Italian pastas—although in years when the crop is light an inferior quality of pasta can be made from coarser spring or fall-planted wheat.

The Europeans often mix their own winter wheat with the higher protein-laden spring wheat they buy from the United States.

The wheat produced in the world each year becomes part of a vast pool, whether it is grown in India or South Dakota. The surpluses of countries such as the United States, Canada and Argentina are available to other countries which can afford to buy them. Most of the excess U.S. crop is sold to rich countries, such as Japan, European nations, and the Soviet Union. The catch has been that when poor countries' crops fall short, they don't always have the money to tap the commercial wheat pool to make up the difference.

The United States is the world's biggest wheat exporter, accounting for about 30 million of the 70 million tons circulating in world trade. It is far ahead of other grain exporters such as Canada, Australia and Argentina.

While U.S. exports boomed in 1972 and 1973, and the surplus drained away, U.S. food aid declined sharply.

Higher prices at home meant that congressional appropriations for this kind of foreign assistance purchased less food.

In 1973, the United States sold 2.5 million tons of wheat to poorer countries on easy terms, and gave away 1.6 million tons.

In the fiscal year which just ended, this wheat aid declined to 999,000 tons and 736,000 tons respectively, in those two categories.

One million tons of wheat is enough to feed about 4 million people for a year, so small fluctuations in the American crop can make a difference world-wide.

In the new era of tighter world food supplies, the weather has become a crucial factor which, literally, can spell death by famine for millions of people.

Here in South Dakota, this fact has always been clearly understood by the grain producers.

"Moisture is the boss," is the rule of thumb.

It was the hot, dry weather in June and July which lowered the yields.

In June, the 100-degree heat "cooked the wheat right in the new heads," one farmer said.

In his work in the fields of the wheat belt, Dennis Nelson time and time again saw "the sky overhead blacken—but nothing would happen."

Some of the farmers around here say that if they had been using seeds and methods of the 1930s instead of the 1970s, this would have gone down as a great drought year, instead of just a crop that didn't live up to expectations.

This week, Nelson was cutting the fall-planted wheat Van G. Stewart grows on some of his 2,600 acres around Onida.

It was yielding 22 bushels an acre, and weighed only about 54 pounds a bushel, compared with the 60 pounds growers consider good.

A year ago, Nelson recalled, he was harvesting winter wheat that was yielding 55 bushels an acre, and the trucks were lined up by the dozen waiting to dump their cargo of grain at the storage elevators.

In a few days, the harvesters will start to cut the first of the spring-planted wheat around Onida, but some growers say they are considering plowing it under rather than pay custom combiners like Nelson $8 an acre to bring it in.

The weather has played havoc with the Agriculture Department's optimistic estimates.

As the dry, hot spell continued, the Department drastically reduced its early estimate of 57 million tons to 52.5, and some believe that is still too high.

In the Dakotas and Minnesota wet weather forced farmers to plant their spring wheat late. Then when it sprouted, the weather turned hot and dry.

But in the best circumstances, predicting yields is risky.

If official estimates of the U.S. crop could be so far off, couldn't American assessments of a good Soviet harvest also be inflated? some analysts in Washington wondered last week.

American experts who have looked at the Soviet crop say it appears excellent. But some disease has been noted and at least one crop analyst in Washington said he would be "surprised as hell" if the total grain harvest is as good as the Agriculture Department predicts.

The farmers around Onida are conscious of the precarious food situation. Many are holding back most of their harvest for higher prices.

The farmers are glad that their wheat keeps people from starving. But some of them add that "higher-ups" took advantage of them during the bygone years of low prices, big surpluses and big American food handouts.

"What we need is an honest distribution system," said grower Leon Crain. "If I'm going to give away a carload of wheat, then dammit, let the railroad haul it free and let the grain companies sell it free . . ."

DROUGHT WARNINGS IGNORED

(By Dan Morgan)

HASTINGS, IOWA.—Sometime in April, the coast-to-coast jets which had usually ridden on strong westerly winds directly over farmer Dick Hyde's house here were abruptly gone.

The flight routes then moved north, following the wind's variations. The weathermen say that such shifts are normal. But it gave Hyde, who has farmed the soil around Hastings for 40 years, an uneasy feeling. He began to wonder if the great changing systems of wind, air, heat and moisture which shape the climate were aligning themselves in some ominous pattern.

It rained in western Iowa June 8. It sprinkled lightly July 3. And then the drought of 1974 began in earnest. For 18 days, the temperature rose to over 100 degrees. For days on end the skies were cloudless. The sun's fierce heat cracked the earth, scorched the pollenating corn in Hyde's fields and blew out air conditioners.

It rained again last week, but the damage had already been done.

Hyde's plight resembles that of many farmers in the drought-stricken areas of the Great Plains. Like Hyde, they accept the abnormal weather fatalistically, as a natural occurrence and one of the hazards of earning a living from the land. Good crops and a general farm prosperity have provided a modest cushion with which to survive one bad harvest.

But for those who remember the disastrous dry spells of the 1930s, the turn of the weather has come as a harsh reminder of their vulnerability.

Farmers who survived those times say the situation is less dire today. Modern techniques, fertilizers, irrigation systems, and new plant strains have made crops less susceptible to drought.

In early August, 1934, Hyde recalls, there was nothing left of his father's corn crop except brown stalks.

Last week, it was evident that some of his own plants growing in land called "gumbo"—poor cakey soil—had no ears and were infested with corn beetles.

On his good land, Hyde still hopes to produce a corn crop with about one-third normal yield. But that will depend upon an event beyond his control.

"It must rain," he says.

For all the gains in technology, this summer's weather has made clear that rain is still the ultimate factor in any American harvest. The drought has challenged the premise of some in government that technology has made the United States a drought-proof nation.

From 1950 to 1973, crop yields in the country's major corn-producing states climbed from an average of 50 bushels of corn an acre to close to 100. Agriculture Department officials tend to credit technological advances for those gains. Earlier this year they brushed aside detailed warnings from meteorologists that a new drought cycle could adversely affect American grain crops.

"Agriculture Secretary Butz had promised the President a great crop, and that was that," said one scientist who was involved in warning Washington.

Some scientists maintain that the department underrated the role of unusually good weather in the corn belt from 1956 on in producing the growth in output. The great question now is whether the United States, whose food reserves are at their lowest point in years, is entering one of its periodic drought cycles.

"This was foreseeable," says H. E. Landsburg, a University of Maryland scientist who has studied droughts in many parts of the world. According to him, droughts recur in the United States in cycles that fall between 18 and 23 years.

Don Gilman, chief of the long-range prediction group of the National Weather Service, also feels that a drought now would not be a surprise. "We have been lucky," he said. "The corn and wheat crops had better than average weather for a long time. It's not like clockwork, but it's a fact that these things recur about every 20 years."

Gilman feels that the hot dry weather may yet break as it did in 1964 and 1966. But even with more rain, the weather has had an irreversible impact this summer on many parts of the central United States.

Driving through several plains states, a traveler sees no dramatic signs of disaster—no dust bowls, no cow carcasses littering the ranges, and no angry farmers marching on city hall. In large parts of the country the visual impression is of a summer like any other. Corn crops look green from heavy applications of nitrogen fertilizer. But the healthy color is deceptive. In western Iowa, the corn starts to look brown at the base.

At the J&E Cafe in Red Oak, about five miles from Hastings, the farmers who gather on Saturday afternoons to drink coffee and roll cigarettes talk only of the weather. "I'd be tickled to get half a crop," said James H. Brown, who farms 320 acres. Like many corn growers, Brown has decided to let corn bugs attack his crop because he figures the expense of spraying pesticides would be too great in such a poor year.

Along the Missouri River, many fields look yellow and blighted. Further west in Nebraska, sprinkler systems have not reached all of the crops. Some corn fields there have been cut for silage without producing an ear.

The Platte River in Nebraska is drying up and showing its gravel bottom in many places. In some places fish are grounded on the shores.

North and south of the river, beyond the reach of irrigation systems, the ranges have dried up and ranchers are feeding cattle hay that was not meant to be used until September.

The 1974 drought has badly used the delicate balance of agriculture as it is practiced in the corn belt and the great grasslands of the central United States.

The most noticeable effect is the wholesale selling off of livestock by farmers hit by the double blow of rising corn prices and dried up pastures.

Many cattle feeders and hog raisers say they are selling off their animals as quickly as possible to cut their losses. In Iowa, Dick Hyde has emptied all but two of the 11 lots which are usually full of cattle being fattened on corn and protein-rich meal.

Glen Elfeldt, of Southerland, Neb., who runs a full irrigated farm between the North and South Platte rivers, is closing down cattle and hog feeding. He figures that every time a young pig dies, he saves money on expensive corn. "It's terrible that I don't try to save them any more," he says.

Elfeldt says that the drought has taken its toll of farmers. At a recent meeting with Agriculture Department officials, Nebraska farmers estimated that 10 per cent of them, mainly older ones, would retire rather than face the rising costs of producing meat.

The first animals to be sold off to slaughter houses straight from the ranges are old cows whose meat is used to flavor hamburger. "This will be a great year for hamburger," joked Elfeldt.

But he predicted that consumers will soon have to do without corn-fed meat. Like other farmers who have felt the immediate effects of drought and higher corn prices, Elfeldt predicts higher food prices for consumers.

"Some poor people are going to go hungry in this country," he adds. "When cornflakes go to $1.45 a box you will know that food, even cheap food is beyond their reach."

Farmers in the corn belt say there is no doubt that technology and the scientific discoveries of the "green revolution" have increased yields and even made crops more drought resistant.

After the 1930s, many farmers in arid parts of Nebraska began drilling wells of 200 and more feet deep and installing irrigation systems. Most of the corn harvested in Nebraska this year will be from areas which have been watered artificially.

New strains of corn can be planted in mid-April instead of early May, so as to soak up more winter ground moisture before it evaporates.

"In the days before commercial seeds, you thought you had big corn if it was knee high by July 4," said an Iowa farmer. "Now it's tassling by then."

The massive doses of fertilizers which are applied to crops strengthen plants so they can send their roots deeper in dry periods.

But against the ravenous drought, some experts say that technology's ability to save crops may be limited.

In several parts of Nebraska, reservoir-fed irrigation systems have been shut down as water levels drop.

According to Melvin Kuska, a prosperous corn grower and cattle feeder in Exeter, Neb., the hot dry weather hampered irrigation this year.

"In this kind of weather it takes a long time to irrigate a small area because you are losing water in evaporation and you don't get to some of the crop until it is too late," Kuska said.

Louis M. Thompson, associate dean at Iowa State University, and a persistent critic of the Agriculture Department's claims of American technological invulnerability, says the new strains of corn do produce higher yields. But these more densely planted crops also require more water, he adds.

Suggestions that good luck and good weather may have been a major factor in the growth of U.S. food production over the last decade irritate many at the Agriculture Department.

"I wouldn't dismiss that we're still dependent on the heavens," says James Naive of the Economic Research Service. "What we're saying is that technology has made a difference."

Earlier this year, a study made for the National Oceanic and Atmospheric Administration concluded that climate was an important factor in grain yields.

Agriculture Department analysts took issue with these findings.

"The analysis fails totally to measure the grains of technology—extensions of irrigation, increased use of fertilizer, improved varieties and strains, mechanization and cultural practices—which clearly decreases susceptibility of yields per acre to adverse weather," they said.

The critique was accepted by Secretary Carl Butz Feb. 1, soon after a number of private meteorologists had warned him that the United States might be moving back into a new drought cycle.

After the department's critique was released, Thompson, who had contributed to the NOAA study on crops and climate, warned Butz in a letter that "failure to recognize that our high corn yields since the mid-1950s are related to a run of favorable weather could lead to unfortunate decisions regarding our food supply."

In the background of this debate is the reality that the United States still lacks any highly reliable system of long-range weather forecasting. Gilman's long-range prediction service is the most refined anywhere. Yet Gilman himself concedes that it is only a little more certain than a flip of a coin. The accuracy rate of the 30-day forecast is about 60 percent.

The drought which gripped the Midwest through July resulted when moist westerly winds from the Pacific were deflected north over Canada and moist winds from the Gulf of Mexico failed to reach the central United States. The intensity of the dry weather was not predicted, but forecasters and farmers alike were not surprised. According to some studies based on rainfall patterns over the last 100 years, a 25 percent rainfall deficit in some major midwestern crop regions is very likely once every 20 years.

Given these probabilities, a number of people knowledgeable about the world food and hunger situation feel that the 1974 weather devastation is further evidence of the need for the government to create food reserves. The Agriculture Department, under Butz, has indicated that it is opposed to any massive government held food stockpile.

In any case, Washington crop analysts say, it is unlikely that the United States will be able to rebuild much of its depleted food reserves this year because of the diminished prospects of achieving goals in grain production.

As the drought struck, the Agriculture Department reduced its estimates of 1974 crops from 6.7 billion bushels to a possible harvest of under 6 billion bushels, and some private analysts think it will go even lower.

The adverse effect of the drought has largely offset the fact that farmers responded to the Nixon administration's call for all-out food production by putting 5.8 million more acres in corn cultivation in 1974.

If the drought continues in the American heartland, next year's wheat crop could be hurt.

Farmers themselves say that higher prices of all kinds of meat are a certainty. If domestic demand for corn grows too great, the administration might also be placed under pressure to reduce exports which account for about a fifth of the corn harvest.

At the same time, in that situation, policymakers might also be reluctant to make good on Secretary of State Henry A. Kissinger's promise to increase American food aid in the coming year.

"If this drought continues, the world is in the worst condition we've seen yet," said a private crop analyst in Washington. "We are close to the thin edge. We are nearing the point where it can no longer be ruled out that we could slip over the line."

MIDWEST DROUGHT CALLED "DISASTER"

KANSAS CITY.—Scattered showers and even some heavy rains fell on the parched crops of the Midwest in the last few days, but most weather and agricultural experts say they have not brought substantial relief from the drought.

Not many of the rains measured more than half and inch. Most of the showers left barely more than a trace of moisture.

From West Texas across southeast Colorado, Oklahoma, Kansas, Nebraska, Missouri, Iowa, Illinois and Indiana, many sections have had little more than an inch of rain since early June.

"This is truly a disaster," Iowa Gov. Robert Ray said on a drought tour Friday from Council Bluffs to Atlantic and Hastings in southwest Iowa.

Keith Bruce and his son David took Ray into a cornfield on their farm near Hastings and showed him stalks on which no ears had formed. The Bruces grow 1,700 acres of corn, feed it all to the cattle they fatten for market and even in normal years buy additional feed.

Normally they would have 4,000 to 5,000 head of cattle, but because of the drought they have cut back to 2,500 and are not replacing the ones they sell off.

Iowa's secretary of agriculture, Robert Lounsberry, estimated that the income of Iowa farmers has been cut $1.6 billion from reasonable expectations earlier in the year.

A special survey made at the request of Gov. J. James Exon, based on conditions at the end of July, showed that Nebraska farmers have lost $2.2 billion to the drought. The head of the governor's drought disaster committee estimated that 85 percent of the corn grown on nonirrigated land, 87 percent of the sorghum grains grown on nonirrigated land and 51 percent of all soybeans are lost.

Even in irrigated fields, crops will be off 15 to 16 percent because there hasn't been enough water.

Kansas has written off most of its corn not raised on irrigated land, particularly in the eastern third of the state.

DROUGHT SEEN BLOW TO HARVEST

(By Jack Egan)

The July drought in the heart of the grain belt has severely reduced harvest prospects for corn, soybeans and other feed grains, and further cut wheat production, the Agriculture Department said yesterday in its August crop report.

The disappointing harvest figures—coming in a year when the United States' carryover reserves of key grains are at their lowest level in more than a quarter of a century—have potentially explosive implications for food prices and inflation both here and abroad.

Grain trade sources yesterday said they expected an immediate rise in the price of corn and soybeans, the most important livestock feed components and therefore the major cost factors in the production of red meat, poultry and dairy products.

There were also indications of renewed efforts in Congress to enact export controls on commodities in short supply as a result of the USDA crop report. The Export Administration Act is scheduled to be debated in the House this afternoon and would be a vehicle for new controls that the Agriculture Department strongly opposes as disruptive of foreign markets.

Agriculture Department officials also said that the U.S. government may have to cut back on its intended foreign food aid in the coming year.

The USDA's deputy chief economist, Dawson Ahalt, minimized the impact of higher feed grain prices for the remainder of the year, but said the latest production figures would exert "an upward pressure on food prices" in 1975, "there's no question about that."

Washington agriculture consultant John Schnittker, however, predicted "sharply higher prices for all categories of grains and oil seeds and sharply higher food prices." He said the effect would be seen as early as the final quarter of this year in the form of higher baked goods prices, and early next year in the price of livestock.

"I suspect that food prices for the last half of 1974, barring export controls, will rise around 10 per cent," Schnittker said.

Ahalt stuck with Agriculture Secretary Earl Butz's recent prediction that food prices will rise only 2 to 3 per cent for the remainder of the year, having already climbed 12 per cent.

USDA officials reiterated their objections to export controls because of the negative effects last year's unilateral soybean embargo had on the United States as a reliable supplier to Western Europe and Japan.

But Richard Bell, deputy assistant secretary for international affairs and commodity programs, refused to rule them out, saying only the government would "try other things before we came to that." He said the United States would hold meetings with Japan and European community countries next week about the crop report.

According to the report, total harvest forecasts are down 7 per cent for the year despite a substantial increase in planted acreage. Feed grain production is down 15 per cent. But production of food grains, such as wheat, is projected up 8 per cent, although lower than previously expected.

The most disturbing production numbers in the August report—the first to reflect actual growing conditions in the field for the fall crops—concerned corn, the number one feed grain.

The corn harvest is now expected to come in at just under 5 billion bushels. This is down 1 billion bushels from the previous month's estimate, and well below the USDA's initial prediction of a 6.7 billion bushel harvest made last spring before plantings began.

With only a 400 million bushel corn carryover between harvests, the total available supply will be about 500 million bushels below total projected demand for next year. This includes both domestic livestock feeding uses and also exports.

Ahalt yesterday said he expected higher prices "will have a rationing effect in the export market as well as in the domestic market," to prevent a possible shortage and bring supply and demand into line.

The 1974 soybean harvest was forecast yesterday at 1.31 billion bushels, down 16 per cent from a year ago, and about 100 million bushels smaller than forecast last month. The total wheat harvest for the year was put at 1.84 billion bushels, still a record, but a drop of 85 million bushels from last month's crop estimate and far from the 2.2 billion bushels predicted early this year by the USDA.

AN INDEPENDENT, NONPOLITICAL SOCIAL SECURITY ADMINISTRATION

Mr. KENNEDY. Mr. President, social security represents one of the landmark legislative achievements in our history.

It is also important to remember that social security is much more than just a retirement program for older Americans. It is also family security for all Americans.

Workers and their families are protected against the loss of earnings because of retirement, death, and disability. Moreover, medicare—which is also managed by the Social Security Administration—provides valuable protection for a substantial part of health care costs for the aged and disabled.

Today social security affects virtually

every family in the United States in one form or another.

More than 90 percent of all persons 65 or older are eligible for retirement benefits. About four out of every five individuals aged 21 to 64 can count on disability benefits if the breadwinner suffers a severe and prolonged impairment. And 95 percent of all children under 18 and their mothers are eligible for social security benefits if the father in the family should die.

In 1974 alone, 100 million workers will make social security contributions. In return, they will build retirement, disability, survivor, and medicare protection for themselves and their families.

Social security also keeps approximately 12.5 million Americans out of poverty.

In fact, it is the economic linchpin for most older Americans. Social security now accounts for over half the income for 54 percent of all retired workers and 44 percent of aged couples.

Quite clearly, all Americans have a direct interest in assuring that the integrity of this vital program is always maintained and never compromised.

This is a major reason why I have joined the distinguished chairman of the Senate Committee on Aging (Mr. CHURCH) in sponsoring the Social Security Administration Act, S. 3143.

Briefly stated, this measure has three key provisions.

First, it would reconstitute the Social Security Administration as an independent, nonpolitical agency outside the Department of Health, Education, and Welfare. A three-member governing board, appointed by the President with the advise and consent of the Senate, would be responsible for administering the agency's programs.

The three members would be appointed for staggered terms of 5 years in order to assure the nonpolitical nature of this independent unit, as well as its continuity. Initial appointments, however, would be for 2, 4, and 5 years.

Second, S. 3143 would ban the mailing of political announcements with social security checks. This measure would not—and I want to underscore this point—prohibit the mailing of notices by the Social Security Administration for legitimate informational purposes.

Third, our proposal would remove the transactions of the social security trust funds from the unified budget.

This change would help to emphasize the essential difference between contributory social insurance programs, such as social security, and the general revenue operations of the Federal Government.

Social security is, of course, almost entirely a self-financed program through payroll contributions. Moreover, the trust funds can be used for only two purposes: payment of benefits and the administrative expenses of the programs.

Today the inclusion of the trust funds in the unified budget leads to confusion concerning the overall budgetary situation.

As a consequence, this has distorted decisions concerning social security and the general revenue operations of Government. One clearcut example is the misleading impression that the social security trust funds can somehow be used to reduce the Federal deficit. Even more alarming, needed improvements in social security are oftentimes opposed not on the merits but because they might reduce the trust funds, thereby affecting the deficit under the unified budget.

Mr. President, all Americans today—whether young, middle-aged, or older—have a direct interest in the integrity of the social security system. They also have a right to insist that it be built upon sound actuarial, economic, and policy considerations.

And, enactment of the Social Security Administration Act would be a constructive step to assure that social security programs are always administered impartially and fairly.

J. ROSCOE MILLER

Mr. PERCY. Mr. President, at the end of this month Dr. J. Roscoe Miller will retire as chancellor of Northwestern, one of the great universities in my home State of Illinois.

For almost half a century Rocky Miller has dedicated himself to building that greatness. He leaves behind a legacy of growth and unswerving pursuit of excellence rarely matched in our time. I was proud to receive on honorary degree from Northwestern some years ago from Dr. Miller. One of the most perceptive appraisals that I have seen of Dr. Miller's career is an article by his longtime comrade at Northwestern, Payson S. Wild, now provost emeritus. The article appeared in the university's publication Northwestern Report and I ask unanimous consent, Mr. President, that it be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

FOR A LEGACY OF ACADEMIC EXCELLENCE

(By Payson S. Wild)

Human nature, being what it is, J. Roscoe Miller may well be remembered in the future primarily for his accomplishments in physical expansion of the campus—the lakefill project, of course, as well as the array of new academic and administrative buildings which went up during his quarter-century in office.

While much credit is due in this area, it should not overshadow his considerable and important contributions in upgrading the quality of the faculty and expanding Northwestern's reputation for academic excellence.

His primary objective, in fact, upon assuming office in 1949, was to raise the quality of the faculty, a process already well begun by his predecessor. Improving the physical facilities on both campuses fell as a secondary objective and a necessary third was to find the funds needed to fulfill the first two.

A basic move in his drive to upgrade the faculty, was to give top priority, within the operating budget, to increasing faculty salaries. In 1949, salaries were non-competitive—a full professor's pay averaging only $7,828. By the 1973–74 academic year, this figure had risen to $27,935, representing a genuine and substantial rise beyond inflationary factors.

As early as 1955–56, the improvement in Northwestern salaries was recognized in outstanding fashion when the Ford Foundation distributed nearly half a billion dollars to universities and colleges throughout the nation for the purpose of raising the level of faculty income. For its record, Northwestern received a $1,898,000 "accomplishment" grant—the largest in the country.

By 1959, Northwestern's AAUP faculty salary rating placed the University 11th or 12th highest in the country and by 1961, Northwestern led the Big Ten in salary ratings and was among the top nine private institutions nationally—a position it has maintained in the years following.

In 1956, after several years' consideration, Northwestern also moved to raise the mandatory retirement age from 65 to 68. The former limit had placed the University at a disadvantage both in retaining faculty and in inducing others to join the ranks. In addition to placing the University in a more competitive position with other institutions, raising the age limit meant substantial pension benefits based on the final three years of service.

With the retirement age change, and the ever-rising salary scale, accompanied by an improving fringe benefit program, the University was in a position to raid other institutions for faculty talent with measurable success—as well as to hold its own high quality personnel against raiding attempts by others.

Other factors, too, worked to help Dr. Miller realize his goal to upgrade faculty.

A policy which proved appealing to both new and existing faculty was the absence of a rigid subbatical system. Instead, leaves of absence were granted to faculty persons, not according to any fixed schedule, but according to the nature of the project for which they sought leave.

Such leaves were given with relative frequency to some and seldom to others, who had no special aptitude for research, or for whom a leave would have little meaning. Leaves were granted most commonly for research or to take advantage of special awards such as Fulbright, Guggenheim or other foundation grants.

Early in Dr. Miller's term, positive steps were taken to increase the volume of research and to stimulate faculty interest in research. Northwestern, at that time, lacked distinction in the research realm, being thought primarily a teaching university.

It was the philosophy of the Miller administration that a university not only had the obligation to teach but also to investigate the frontiers of knowledge in the institution's areas of instruction. This meant the faculty would be paid to research as well as to teach.

To help bring about a better balance, Dr. Miller in 1950 apopinted a University Faculty Committee on Research to serve as a focal point for information on research activities throughout the University, to assist faculty by supplying information on possible sources of research funds and to initiate new research interests. The committee undertook to award a limited number of Summer Research Fellowships to faculty, beginning in 1952.

In 1964, the Research Committee was reorganized to establish a central research office and to provide for even finer coordination of activities.

Another aspect contributing greatly to Northwestern's ability to attract and retain outstanding faculty was the relative freedom accorded them. Much of Dr. Miller's success as an administrator was his ability to pick key people and, much more difficult, delegate responsibility. As a result, members of the faculty sparked many exciting innovations on campus, such as the computer center and the new library.

As early as 1950, an eager group of young faculty pressed strongly for acquisition of an analogue computer, arguing that "unless Northwestern obtains a computer soon, it will be no better academically than a second-rate high school."

A few years later, a Faculty Computer Committee was formed and in 1957 the Computing Center was established, later to be expanded and more adequately housed with the opening of the Vogelback Building in 1965.

As to the library, the administration had been aware for years that Deering was inadequate for a university which aspired to improve the quality of scholarship at both the graduate and undergraduate levels.

Dr. Miller had presented the building of a new library as an urgent need to the trustees' Committee on Educational Properties in 1952. It was not until 1960, however, that the Faculty Library Planning Committee, chaired by Prof. Clarence Ver Steeg, was appointed and set to work drafting plans for an addition to Deering. The result of their years of efforts culminated in the opening of the new library in 1970.

The University's physical expansion—Dr. Miller's second objective—served well to help implement his first objective. The opening of the Language Laboratory in Kresge Hall in 1959 provided a long-needed aid for the language departments. The completion of the Morton Research Building on the Chicago campus in 1955 vastly expanded the laboratory and research space available to the Medical School as did the addition of the Searle Building.

The opening of the Frances Searle Building in 1972 enabled the Communicative Disorders Department of the School of Speech to have adequate quarters for its distinguished teaching and research in the fields of audiology and language disorders. The expansion of The McGaw Medical Center during 1973–74, to include new structures for the Rehabilitation Institute, and Departments of Obstetrics and Gynecology and Psychiatry, opened greatly enlarged research opportunities.

On the Evanston campus, research in the biological sciences received a great lift with the opening of the O. T. Hogan Biological Sciences Building in 1970.

The creation of centers in various disciplines also afforded an additional avenue for encouraging faculty research. In 1952, the trustees approved the formation of a Geotechnical Center and other centers, such as the Metropolitan Studies Center and the Transportation Center, followed soon after.

The new facilities, flexible leave policy, establishment of centers and of administrative offices for handling research issues brought significant results and created a congenial climate for scholars.

One of Dr. Miller's most cherished hopes, that of having Northwestern represented in the prestigious National Academy of Sciences, was realized in 1959 with the election of Prof. Melville J. Herskovits to the Academy. By 1974, seven more Northwestern faculty members had been elected.

Other such honors and achievements came to Northwestern. Prior to 1948 there had been only one Guggenheim Fellowship recipient, but by 1958, three or four were being named yearly. In addition, the number of Fulbright Fellowship appointments to the Institute for Advanced Study at Princeton and to the Behavorial Sciences Institute at Stanford and Ford Faculty Fellowships gave increasing evidence that Northwestern professors were receiving attention nationally.

Another guage of quality is in the number of PhDs granted. The growth of the Graduate School could not have occurred so markedly unless the faculty involved attracted qualified graduate students. As these grew in number, so did the number of doctorates. In 1955, Northwestern had granted only 137 PhDs, while in 1970 the number had grown to 362, placing Northwestern ninth among private universities and in a virtual tie with the University of Chicago.

And probably one of the most significant evaluations involving the rating of Northwestern's academic departments came in 1970 in a report of the American Council of Education. In that report, the University ranked 11th among the top 20 private universities in having 18 departments rated among the top 20 in their field nationally.

It has been remarked that an excellent faculty can funtcion rather well with an inferior curriculum but that the best of curricula prove relatively ineffective if the faculty is not first-rate.

Dr. Miller and his administrative colleagues held this view quite strongly and, as a result, threw the weight of their efforts toward compiling an excellent faculty. While curriculum was regarded as secondary, many important changes and innovations took place under Dr. Miller's leadership.

One of the first major curriculum changes was the result of a program recommended by the Faculty General Education Committee, producing a program in General Education for all undergraduate schools on the Evanston campus.

Under the new plan, all undergraduates had a common set of areas of knowledge from which to select courses outside their own field, thus eliminating some duplication of resources.

Another was reorganization of the PhD program, initiated by the Graduate School faculty in 1958, which granted students the option of far greater flexibility in their studies. Grades were no longer essential and the candidate could do as much or as little work in a given course as he desired after the first year and by so electing this option at registration. This concept revolutionized, in many ways, the doctoral degree process and set a pattern which influenced graduate work at other universities, as well.

Northwestern also set the pace toward shortening the time involved for medical school training with an experimental six-year program launched in 1961. The program called for simultaneous admission of 25 superior high school students to the College of Arts and Sciences and the Medical School to which they transferred after their first two years.

In another area, steps were taken to bridge the traditional gulf between the education schools and the liberal arts and sciences. Education schools were often looked upon as academic wastelands where students learned methods and techniques with little attention to matters of academic substance.

In 1957, a course in educational psychology was established to be taught by a professor familiar both with psychology as a discipline and education as a profession, a joint appointee of the College and School of Education. In 1961, the Master of Arts in Teaching (MAT) Program was launched, again calling on the joint resources of the College and School of Education and in 1965 the Tutorial-Clinical Program in Teacher Education was adopted, calling for the virtual elimination of methods courses in the School of Education, drawing instead on requirements for majors in arts and sciences combined with tutorial groups in education and a new type of clinical teaching program.

Other notable curriculum changes included the phasing out of undergraduate business training in the mid-60s and a switch to an emphasis on management training; introduction of the Senior Tutorial Program in the Law School in 1966; Medill's extensive overhaul of the Master of Science in Journalism program and growth of the Urban Journalism Center; and adoption of an alternative four-year program to the Cooperative Engineering Program at Tech in 1957.

Clearly, Dr. Miller did not tally up these considerable accomplishments in the areas of faculty and curriculum innovations singlehandedly. They are the result of the efforts of many, many people associated with Northwestern over the past 25 years.

However, it seems equally clear that had J. Roscoe Miller not arranged his priorities as he did back in 1949 and set about to create a climate conducive to the changes he sought, Northwestern might not have the reputation for academic excellence it now enjoys.

WHY AMERICANS SAY "AIN'T"

Mr. HARRY F. BYRD, JR. Mr. President, not long ago, it was reported that the Federal budget included a grant of $121,000 to be spent for a study of why many Americans say "ain't."

A most unusual and enterprising application has been made for these funds. I hope it gets the attention of the highest officials of the administration.

I am referring to an editorial published in the July 18 edition of the Madison County, Va., Eagle, in which the writer sets forth and expounds upon three good reasons for saying "ain't."

It is a good job, certainly as worthy of Federal funds as many other programs that have received them. Moreover, the money would go for a good cause: the Eagle proposes to donate the sum to restoration of an 18th-century building in Madison known as the Arcade.

So without further ado, I ask that the editorial from the Madison County Eagle, "An Open Letter," be printed in the Record at this point. The editor of the Eagle is Miss Lucy Catherine Bowie.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

[From the Madison County (Va.) Eagle,
July 18, 1974]

An Open Letter

Dear Mr. Robinson, Mr. Byrd, and Mr. Scott:

The budget says a tidy sum of $121,000 from our taxes is to be spent "to find out why many Americans say 'ain't'."

We hereby apply for some of those dollars. We want to restore a late 18th century building in our village (known locally as the Arcade, and one of three in the state) and extra money is not as easy to come by in Madison County as it seems to be in Washington, D.C.

Forthwith is our contribution to the study. We sincerely hope it is worth many dollars because we are going to need them.

WHY AMERICANS SAY "AIN'T"

(1) Because there ain't no reason not to.

(2) Because there ain't no easy way to prove there're not reasons to.

(3) Because at times it serves the purpose in communicating.

(Explanation of No. 3) 'Ain't' is useful for clarity in vehemence. Example: When a lad stands up in the school room and scowls, "I ain't got no punsil!" the teacher immediately begins, in sweet tones, "Now, dear, you know you should say 'I haven't a pencil'." "Yes'm," the lad replies, "but that ain't what I mean. When I came to school this morning, I had one and now I ain't got no punsil!" and his eye roves accusingly around his neighbors.

'Ain't' is necessary here for clarity in communication. You know exactly what the boy means: "I have no pencil" means that probably he didn't even bother to bring one with him, but "I ain't got no punsil!" means he had one and now it has disappeared. In addition, the statement infers that action is foreseeable if his pencil doesn't show up soon.

Recognition for "ain't's" necessity is found in the immortal lines of the composer: "It Ain't Necessarily So!" (To improve on that title would require another, and expensive, government-funded study.)

Another most important reason why Americans use "ain't" is found when occasion arises to designate illiteracy and lack of education. Everyone has had a teacher who pounded primly the ultimate, irrefutable truth: "It isn't correct; there is no such word." The answer was a polite, "Yes, ma'am," but we all knew better. "Ain't" was a necessary word and the new dictionaries acknowledged it. We ain't got any idea of using it on a test paper to be handed in to that teacher, but we know full well when occasion arises (outside that teacher's classroom) we are going to use ain't at whatever time it is needed.

Mr. Congressman and Mr. Senator: please, sir, how much is this study worth? If it is not enough to help restore the old building, please let us know and we shall add to the collection of reasons.

THE FEDERAL ADVISORY COMMITTEE ACT: PROGRESS AND PROBLEMS

Mr. PERCY. Mr. President, in June of this year, the President sent to Congress his second annual report on Federal Advisory Committees, as required by the Federal Advisory Committee Act, effective January 5, 1973.

As a chief coauthor of that act, I am concerned with its proper implementation. The second annual report shows that limited progress has been made in the review and elimination of many unnecessary advisory committees.

As of December 31, 1973, 1,250 advisory committees were in existence; 241 of these, or 19 percent, were created by statute. During calendar year 1973, 216 new advisory committees were created, 19 of which were statutory. In the same year 390 committees were terminated. The net decrease in the number of committees for the year was therefore 174, saving the taxpayer an average of $18,970 per committee totaling a net saving of $3,300,000.

Despite these savings, the Government still spent $31,110,810 on advisory committees in 1973.

The net decrease in the number of advisory committees, only 174, should be noted. Yet, the Office of Management and Budget has established procedures which should have eliminated many of the committees still in existence.

The act placed certain statutory responsibilities on the President, the Director of OMB, and members of the executive branch for the management and review of these committees.

After ordering implementation of the act in October, 1972, the President delegated his authority to the Director of OMB under Executive Order 11686.

Consequently, the OMB established the Committee Management Secretariat under the Associate Director for Management Operations.

The OMB, with the Department of Justice, developed thorough guidelines for the review of advisory committees by Federal agencies. Recently these guidelines have been revised to meet the suggestions of the agencies, in an OMB circular of May 1, entitled "Federal Advisory Committee Management."

On paper, these guidelines have given the agencies a firm standard to apply to the management, creation, and termination of their advisory committees.

The guidelines have been supplemented by an OMB Bulletin dated July 19, 1974, spelling out the procedures for advisory committee review. My colleagues will note that the bulletin requires a full report by every Government agency on each of its advisory committees by November 15 of this year. Every agency is to determine which of its committees should be renewed, abolished, revised, or merged with other committees.

After the OMB Committee Management Secretariat has received the reports, OMB is to inform the agencies wheteir their recommendations have been approved, or not.

If an advisory committee is not renewed by January 5, 1975, it will go out of existence.

However, there may be a difference of judgement between OMB and an agency on the creation or renewal of a certain committee. The act provides for "consultation" between the two parties, but OMB ultimately cannot veto the creation or renewal of an advisory committee.

In this context, it is important to note that 216 new committees were created last year. This shows, perhaps, the unwelcome tendency of agencies to create committees too readily, without careful consideration. Such an attitude would clearly contradict the intent and purpose of the Advisory Committee Act.

The OMB Committees Management Secretariat is working hard to solve the problems of implementation of the Act. Though there has been delay, the Secretariat is confident that the necessary work can be done. However, OMB may require additional, strengthened statutory authority in order to gain full control over the creation and renewal of advisory committees by the agencies.

As a principal coauthor of the Advisory Committee Act, with the able chairman of the Subcommittee on Budgeting, Management and Expenditures, Senator LEE METCALF, I will judge whether or not OMB needs additional statutory authority and direction by the extent to which existing, superfluous committees are abolished by the end of this year.

I urge my colleagues, particularly those on the Government Operations Committee, to consider carefully the progress of the Committee Management Secretariat in the coming months. Congress passed this act for the purpose of improving, managing, and monitoring our system of Federal advisory committees. We must make the act an effective tool to eliminate what is unnecessary and wasteful, rather than let it become a rubberstamp.

Mr. President, I ask unanimous consent that the OMB Bulletin, No. 75-2, be printed in the RECORD.

There being no objection, the bulletin was ordered to be printed in the RECORD, as follows:

OFFICE OF MANAGEMENT AND BUDGET,
Washington, D.C., July 19, 1974.

BULLETIN No. 75-2

To the heads of executive departments and establishments.

Subject: Review of Advisory Committees which are scheduled to automatically expire on January 5, 1975 in accordance with Section 14(a)(1) of Public Law 92-463.

1. *Purpose.* This Bulletin sets forth a procedure for the review of those advisory committees which will automatically expire on January 5, 1975 as provided in Section 14 (a)(1) of Public Law 92-463. It also establishes a format and schedule for reporting certain data to the Committee Management Secretariat of the Office of Management and Budget (OMB).

2. *Background.* P.L. 92-463 requires, among other things, the Director of OMB, with the cooperation of Agency heads, to institute a comprehensive review of the activities and responsibilities of each advisory committee (see Section 7 of the Act and Circular No. A-63, Transmittal Memorandum No. 2). In addition, the Act requires that each advisory committee in existence on the effective date of the Act (January 5, 1973) will terminate not later than the expiration of a two-year period following the effective date unless otherwise provided by law, if it has not been renewed by the President, an appropriately authorized Federal official or the Congress (see Section 14 of the Act). The Act and Executive Order 11769 require the heads of all agencies to take appropriate action to assure compliance with the Act. The information required by this Bulletin and Circular No. A-63 as amended are essential steps in meeting the objectives of the Act.

3. *Comprehensive review.* Each agency head, or an appropriately designated policy level official, will institute a review of those advisory committees which are scheduled for termination on January 5, 1975. At a minimum, the review should provide a basis for determinations as to whether:

a. the committee is carrying out its purpose;

b. consistent with the provisions of applicable statutes, the responsibilities assigned to it should be revised;

c. it should be merged with other advisory committees; or

d. it should be abolished.

This review should examine all advisory committees that expire under Section 14(a)(1) and those no longer necessary should be terminated. Advisory committees established by an act of Congress or the President should be reviewed, and if appropriate, their termination recommended. Examples of questions that should be thoroughly explored with respect to each advisory committee are provided in the attachment.

4. *Reports.*

a. To carry out the purposes of Section 6(c) of the Act, OMB needs by August 23, separate lists in triplicate of statutory committees that the agencies recommend be terminated. This list should include a statement of the reasons for the proposed action.

b. As a result of the review described in this Bulletin, each agency shall submit, in the format of Exhibits 1 & 2 hereto, the following:

(1) the agency head's preliminary determination as to which committees should be continued, revised, merged, or abolished (due September 15, 1974); and

(2) the agency head's final determination as to which committees should be continued, revised, merged, or abolished (due November 5–15, 1974).

5. *Notification of completion of consultation.* The Secretariat will notify Committee Management Officers (CMOs) prior to January 5, 1975 of completion of consultation on specific committees. Upon receipt of such notification, additional actions required by the Act and Circular No. A–63 for such committees should be completed by the Agency concerned (see Section 7 of A–63 and Transmittal Memorandum No. 1 thereto).

6. *Rescission.* This Bulletin is effective until January 5, 1975.

7. *Inquiries.* Inquiries and requests for assistance with regard to this Bulletin should be addressed to the Committee Management Secretariat, Office of Management and Budget, telephone (202) 395–5193, (Code 103).

ROY L. ASH, *Director*.

ATTACHMENT: BULLETIN NO. 75–2

EXAMPLES OF FACTORS TO CONSIDER IN DETERMINING WHETHER TO CONTINUE, CONSOLIDATE, TERMINATE OR TAKE OTHER ACTION RESPECTING AN EXISTING ADVISORY COMMITTEE

To complete the comprehensive review effectively, questions such as the following should be thoroughly explored with respect to each existing advisory committee.

1. How often has the committee met in the past 12 months?

2. How many reports has the committee submitted during the past 12 months?

3. Has the committee provided information or recommendations that have been of substantial value to the agency?

4. How and to what extent has such information or recommendations been utilized by agency officials: in policy formulation? in program planning? in decision making? in accomplishing program objectives more effectively? and in achieving economies in programs?

5. Could the information or recommendations be obtained as effectively from (1) sources within the agency (2) from another existing advisory committee?

6. Does the committee duplicate to any significant degree the work or functions of other parts of the agency or any other existing advisory committee?

7. What is the annual cost of operating the committee?

Other criteria may be developed by the agency as appropriate.

EXHIBIT 1—BULLETIN NO. 75–2

Report format for Agency *Preliminary* determinations resulting from the Review of Advisory Committees scheduled to terminate on January 5, 1975

I. Committees to be continued.

For each advisory committee which the head of the agency determines necessary for continuance, insert or append a preliminary justification making reference to the factors in the Attachment to Bulletin No. 75–2 as appropriate.

II. Committees whose responsibilities should be revised.

III. Committees to be merged with other Committees.

Insert immediately following each committee the committee or committees with which the merger is contemplated.

IV. Committees to be abolished.

For each of the above categories list committees alphabetically, identify any committees created by the Congress or by the President citing the authorizing document in each instance and submit each list and its inserts in triplicate.

EXHIBIT 2—BULLETIN NO. 75–2

Report format and instructions for Agency *Final* determinations resulting from the Review of Advisory Committees scheduled to terminate on January 5, 1975

FINAL AGENCY DETERMINATIONS

Where there is no change in a category from the preliminary determination listed in Exhibit 1 of this Bulletin, new listings are not necessary. Where changes have occurred use the same format as used in Exhibit 1 to specify changes.

For each committee recommended for continuance submit the following:

(1) a determination by the agency head made between November 5 and November 15 that a review has been completed in accordance with this Bulletin, that continuation of the committee is necessary and in the public interest and the reasons for such determination.

(2) a statement of why neither the agency and nor any other committee can provide the needed advice.

(3) a statement of agency plans for achieving balanced membership of the committee.

(4) a statement of the justification for continuation of the committee referring to the Attachment to this Bulletin as appropriate.

THE LIFE AND DEATH OF DR. HOWARD GUILFORD ROYAL

Mr. THURMOND. Mr. President, on July 29, 1974, Dr. Howard Guilford Royal, an eminent physician and surgeon of Aiken County, S.C., died. He was a distinguished citizen of that community and had provided outstanding service to the many people who sought his healing skills and his professional attention.

At the end of World War II, Dr. Royal moved to Aiken where he established a practice which was centered in nearby Langley, S.C. He maintained his home there and on Kiawah Island on the South Carolina coast until his death.

He was a native of Girard, Ga., and was graduated from the University of Georgia and the Medical College of Georgia. Dr. Royal began his outstanding medical career in South Carolina, however, with an internship at the Greenville County Hospital in the city of Greenville. Subsequently, he entered the private practice of medicine in Greenwood, S.C., for a period of 4 years.

When World War II was approaching, Dr. Royal answered the call to service early. He distinguished himself during those fateful years and spent approximately 6 years in the Navy, serving as a commander and flight surgeon.

Mr. President, this man was a vital part of his community since returning from those wartime duties. In addition to his service to the First Baptist Church of Langley, Dr. Royal was also active in the county, State and national medical associations to which he belonged and to the Retired Officers Association. His loss is sorely felt in the many areas he served but thousands have benefited by the skill and compassion of his life's work.

Mrs. Thurmond joins me in extending deepest sympathy to his family. He is survived by his wife, Mrs. Dorothy Ford Royal; his mother, Mrs. Louis B. Royal, Sr.; two daughters, Mrs. Carlos L. Townsend, Jr., and Mrs. John D. Lowery; a son, Howard G. Royal, Jr.; and a brother, Louis B. Royal, Jr.

Mr. President, at the time of Dr. Royal's death, a number of articles appeared about him in newspapers of the area. I ask unanimous consent that several such accounts be printed in the RECORD at the conclusion of my remarks, as follows: "Dr. H. G. Royal Dies; Funeral Set Tomorrow," the Aiken Standard, Aiken, S.C., July 30, 1974; "Aiken County Physician, Dr. Howard Royal, Dies," the Augusta Chronicle, Augusta, Ga., July 31, 1974; "Dr. Howard G. Royal, Langley Doctor, Dies," The State, Columbia, S.C., July 30, 1974; "Dr. Royal Funeral Wednesday," the News and Courier, Charleston, S.C., July 30, 1974; and "Dr. Howard G. Royal," the Aiken Standard, Aiken, S.C., August 1, 1974.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Aiken Standard, July 30, 1974]

DR. H. G. ROYAL DIES; FUNERAL SET TOMORROW

Dr. Howard Guilford Royal, 62, of 3402 Augusta Rd., Aiken and Kiawah Island, died Monday at the Aiken County Hospital after a brief illness.

Funeral services will be held tomorrow at 5:30 p.m. at Aiken Memorial Park with Dr. R. L. Cate and Rev. L. H. Fowler officiating.

A native of Girard, Ga., Dr. Royal was a son of Mrs. Ethel Turner Royal and the late Louis B. Royal, Sr. He was a graduate of the University of Georgia Medical College and interned at Greenville General Hospital. Following his internship he practiced in Greenwood, for four years until he entered the service in 1940. For six years during WWII he served in the U.S. Navy as a Commander and Flight Surgeon. Since 1946 he had practiced in Langley. He was a member of the First Baptist Church, Langley, Aiken County Medical Society, S.C. Medical Association, American Medical Association and the Retired Officers Assn.

Surviving are: his widow, Mrs. Dorothy Ford Royal; his mother, Mrs. Louis B. Royal Sr., Langley; two daughters, Mrs. Carlos L. Townsend Jr., Columbia, Mrs. John D. Lowery, Aiken; one son, Howard G. Royal Jr., Charleston; one brother, Louis B. Royal Jr., Aiken; and three grandchildren.

Pallbearers will be Ronald L. Royal, U.S. District Judge Charles E. Simons Jr., William J. Dunbar, Charles M. Venning, William C. Lott, and Sen. Marshall Williams of Orangeburg.

Honorary pallbearers will be members of the Aiken County Medical Society.

Friends may call at the home or George Funeral Home.

[From the Augusta Chronicle, July 31, 1974]

AIKEN COUNTY PHYSICIAN, DR. HOWARD ROYAL, DIES

AIKEN.—Dr. Howard Guilford Royal, an Aiken County physician and surgeon for nearly 30 years, of 3402 Augusta Road and Kiawah Island died Monday in an Augusta hospital.

Graveside services will be held at 5:30 p.m. today in Aiken Memorial Park with the

Rev. Dr. Robert L. Cate and the Rev. L. H. Fowler officiating.

Dr. Royal, a native of Girard, Ga., was a graduate of the University of Georgia and the Medical College of Georgia. He served his internship at Greenville (S.C.) General Hospital.

Following his internship, he practiced in Greenwood, S.C., for four years until entering the service in 1941. He served six years as a commander and flight surgeon in the U.S. Navy during World War II.

Since 1946, he had practiced in Langley, S.C. He was a member of the First Baptist Church, Langley, former chief of staff of the Aiken County Hospital, a charter member of the Pinnacle Club, a member of the Aiken County Medical Association, the American Medical Association and the Retired Officers Association.

Survivors include his widow, Mrs. Dorothy Ford Royal; two daughters, Mrs. Carlos L. Townsend Jr., Columbia, S.C., and Mrs. John D. Lowery, Aiken; one son, Howard G. Royal Jr., Charleston, S.C.; his mother, Mrs. Louis B. Royal Sr., Langley; one brother, Louis B. Royal Jr., Aiken.

Pallbearers will include Ronald L. Royal, U.S. District Judge Charles E. Simons Jr., W. J. Dunbar, Charles M. Venning, William C. Lott and Sen. Marshall Williams.

Friends may call at the residence or at George Funeral Home, Aiken, until 3 p.m. today.

[From the State, July 30, 1974]

DR. HOWARD G. ROYAL, LANGLEY DOCTOR, DIES

AIKEN.—Dr. Howard Guilford Royal, general physician and surgeon, died Monday in an Augusta, Ga., hospital after a short illness.

A native of Girard, Ga., he was a son of Mrs. Ethel Turner Royal and the late Dr. Louis B. Royal Sr. Dr. Royal was a graduate of the University of Georgia and the Medical College of Georgia. He interned at Greenville General Hospital in Greenville.

Following his internship, he practiced in Greenwood for four years. In 1941, he served in the U.S. Navy as a commander and flight surgeon for six years during World War II.

Since 1946, he had his practice in Langley.

A former chief of staff at the Aiken County Hospital, he was a charter member of the Pinnacle Club and a member of the Aiken County Medical Society, S.C. Medical Association and the Retired Officers Association.

Surviving are his mother of Langley; his widow, Dorothy Bord Royal; two daughters, Mrs. Carlos L. Townsend Jr. of Columbia and Mrs. John D. Lowery of Aiken; a son, Howard G. Royal Jr. of Charleston; a brother, Louis B. Royal Jr. of Aiken; and three grandchildren.

Services will be 5:30 p.m. today in Aiken Memorial Park.

George Funeral Home is in charge.

[From the News and Courier, July 30, 1974]

DR. ROYAL FUNERAL WEDNESDAY

AIKEN.—Dr. Howard Guilford Royal of 3402 Augusta Road, Aiken, and Kiawah Island, died in an Augusta hospital Monday.

The funeral will be 5:30 p.m. Wednesday at the graveside in Aiken Memorial Park, directed by George Funeral Home of Aiken.

Dr. Royal was born in Jirard, Ga., a son of Mrs. Ethel Turner Royal and the late Dr. Louis B. Royal Sr. He was a graduate of the University of Georgia, the Medical College of Georgia. He was an intern at Greenville General Hospital. Following his internship he practiced in Greenwood for four years. He entered the Navy in 1941, serving six years as a commander and flight surgeon. He practiced in Langley from 1946 until his death. He was a member of First Baptist Church of Langley. He was former chief of staff at Aiken County Hospital. He was a charter member of the Pinnacle Club, a member of the Aiken County Medical Society, the South Carolina Medical Assn., the American Medical Assn., and the Retired Officers Assn.

Surviving, in addition to his mother and his widow, Mrs. Dorothy Ford Royal, both of Langley, are two daughters, Mrs. Carlos L. Townsend Jr. of Columbia, Mrs. John D. Lowery of Aiken; a son, Howard G. Royal Jr. of Charleston; a brother Louis B. Royal Jr. of Aiken; and three grandchildren.

[From the Aiken Standard, August 1, 1974]

DR. HOWARD G. ROYAL

The death Monday of Dr. Howard G. Royal after only a brief illness, removes from Aiken County one whom we call ill afford to lose.

Professionally, Dr. Royal was a family doctor in an era when these practitioners are few. He had a large practice in the Horse Creek Valley, and his patients were people of the small towns that often find it difficult to attract physicians.

He had an outstanding career as a physician, beginning with his graduation from the University of Georgia Medical College. After interning in Greenville, he practiced in Greenwood for four years before entering military service in World War II. He served as a Navy flight surgeon with the rank of commander.

The war over, he followed in the medical practice of his father at Langley, while making his home on Kalmia Hill, Aiken.

He served with great dedication, with boundless energy and with a reservoir of compassion. His practice required long hours of work, and he could spare only limited time for his favorite pursuits—hunting, fishing and relaxing at his Kiawah Island retreat.

He possessed a warm and sociable nature and had a wide circle of friends.

Dr. Royal will be greatly missed in his profession, but the loss to family and friends is far greater. We extend our deepest sympathy to them.

AGENCY FOR CONSUMER ADVOCACY

Mr. COTTON. Mr. President, recently I received a letter from Mr. Thomas S. Carroll, president of Lever Brothers Co., Inc., New York, concerning the proposed legislation to establish a new Agency for Consumer Advocacy. Since M. Carroll's communication was such an effective presentation by a responsible individual with firsthand knowledge of the matter, I requested and received permission to have his letter printed in the RECORD, and I ask unanimous consent that this be done at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

S. 707 AND H.R. 13163, CONSUMER PROTECTION AGENCY

JULY 17, 1974.

Hon. NORRIS COTTON,
U.S. Senate,
Washington, D.C.

DEAR SENATOR COTTON: As a floor vote on Consumer Protection Agency proposals approaches, I urge your consideration of the dilemma I face as the head of a substantial consumer goods business, and which I believe you too must resolve when you cast your vote.

Many businessmen have strongly and consistently opposed any Consumer Protection Agency. Others, including myself, have openly advocated such an agency but have questioned the appropriateness of some of the features of the current proposals. Unfortunately, these questions have been viewed by some, in and out of government, as proof that those responsible business leaders are really against any CPA and against consumers. Only those few companies who have publicly endorsed the present proposals are credited with being good corporate citizens on this issue.

Clearly you face the same risk of being simplistically dubbed as for or against consumers, depending on how you vote on S–707 and HR–13163. On the other hand, we strongly suspect that a majority of your constituents want you to insure that legislation enacted by the Senate provides sound and efficient mechanisms for serving the public interest rather than increasing the cost and burden of government beyond what the expected benefits will justify.

We feel that we rank high among responsible corporate citizens. Over the years we have undertaken socially responsible programs because we thought they were right, and—frankly—because we thought they were good business. We have not waited for laws and regulations. For example, while warranty legislation is still pending in the Congress, all of our products have carried an unconditional money-back guarantee of satisfaction on their labels for over a quarter of a century. Another example—while the debate still goes on as to whether advertisers should be required to substantiate their advertising claims, we have taken it as an article of faith throughout our corporate existence that our advertising must be scientifically and legally supportable, and our record of providing such support in a satisfactory manner in response to governmental inquiries goes back over many years.

Accordingly we have no concern that the establishment of a Consumer Protection Agency entails specific risks for us as a company. Besides, it is the very nature of our business to try to fill those needs which consumers express to us in our extensive market research efforts, and there is no doubt that consumers perceive a need for a Consumer Protection Agency.

When we consider a business proposal, as when you consider a legislative proposal, we examine the need, consider the alternatives for meeting it, and adopt the most efficient plan of action which can be expected to accomplish the desired result. When we seek to provide constructive input on proposed legislation, we proceed in the same manner.

The need perceived by consumers, as we understand it, is for an established agency of government which:

a) has no other interest but the consumer interest;

b) will keep informed about all activities of government affecting the consumer interest;

c) will insure that the consumer viewpoint and the facts supporting it are presented to, indeed advocated before, all other agencies in connection with such activities.

It is such a Consumer Protection Agency which we favor and indeed urge upon you.

The present proposals seem to be directed to an alleged *additional* need which we believe does not exist or which, if it does exist, must be dealt with by the Congress in a more direct and efficient fashion than this legislation provides. This alleged need is to insure that these other agencies of government, having had the consumer viewpoint adequately presented to them by the CPA, will act responsibly—and if they do not, to provide a means to challenge their decisions. This "need" is often expressed through accusations that the administrative agencies are "captives of the industries they regulate" and cannot be trusted to carry out their mandate to act in the public interest.

As troubled as we are about the level of public distrust of all established institutions, whether in business, government or elsewhere, we must believe that the overwhelming majority of officials and staffs of government agencies try to do their jobs in a responsible fashion to the best of their abilities in the public interest, just as most Senators and Congressmen do. If they sometimes fail to do so, it is as likely as not because they don't have all the facts. The Consumer Protection Agency we favor would provide those facts.

Such an agency in the form proposed in S–707 and HR–13163 on the other hand, much as it is heralded as "non-regulatory" and therefore impliedly unobjectionable, would become a superior among equals. Each agency before which it appears would know that however responsibly, and with what expertise, it sought to determine the public interest, the CPA would have a right of appeal unique in administrative law. As a watcher of the watchers, it would breed more distrust, hesitancy and fear.

In running our business. I would rather be told I am wrong and must change than be told that I may have to wait another six months or a year to find out while a new agency appeals a decision which otherwise would have provided clarity and certainty. Nor do I welcome the prospect of having to work out constructive solutions to regulatory problems with representatives of "competing" government agencies who disagree with each other as to the desired result or how to get there. Such a process is hardly the most efficient and effective way of meeting consumer needs.

If one assumes that administrative agencies will act irresponsibly, is there not the same risk that the Administrator of the Consumer Protection Agency will act irresponsibly even though the statute exhorts him not to do so? The remedy for irresponsibility is to bring change to the irresponsible agency, not to create another agency with overriding watchdog authority. Correction of irresponsibility at the source will invite trust, action-oriented programs, and certainty.

The specifics of the concerns with the legislation before you have been argued at length many times in many places and I have not repeated them here, although I do urge your thoughtful attention to Senator Cotton's Minority Views in the Commerce Committee report and to the Minority Views of Senators Ervin, Allen, Brock, and Nunn accompanying the report filed by the Committee on Government Operations.

My point is simply that as a responsible business we favor an appropriate Consumer Protection Agency which meets perceived consumer needs, but as thoughtful and concerned corporate citizens we believe it would be a mistake to burden that function with powers which not only do not help to meet those needs but also burden the processes of government with distrust and uncertainty.

I urge you to vote against S–707 and HR–13163 in their present form.

Respectfully,

T. S. CARROLL.

SENATOR ALLEN ANSWERS RALPH NADER'S LETTER

Mr. ALLEN. Mr. President, once again I have been asked by Ralph Nader to put some of his material in the RECORD, and, once again, I shall be only too happy to oblige Mr. Nader.

The material in question is another letter from Mr. Nader to me, wherein he accuses me of making "unfounded assertions" with respect to his views on proposals to create a Consumer Protection Agency or an Agency for Consumer Advocacy, as proposed in S. 707 now before the Senate.

Again, I shall state the foundations for my assertions, and let the Senate and the public judge whether they are unfounded.

THE "INEXCUSABLE" PROVISION

But first, and more importantly, it should be noted that this August 2 letter by Mr. Nader indicates that he finds one of the major provisions of S. 707 to be "inexcusable."

Whether this means that Mr. Nader is not in favor of S. 707 now, or whether he supports it despite the fact that it contains something "inexcusable," is not quite clear from his letter.

In fact, Mr. Nader somtimes has an odd way of expressing himself, and perhaps this accounts for the difficulties which he and I have in agreeing on what it is he wants. But we are finally clear on one point—I join with him in stating that the exemption granted to broadcasters in this ACA bill is "inexcusable," and I now hope that Mr. Nader will join in our effort to defeat this bill.

To guard against any possible future charge of misinterpretation of Mr. Nader's views on this important point, let me set forth his full statement in this regard, and my full statement to which it was directed.

In my July 25 response in the RECORD to a July 22 letter to me from Mr. Nader, I stated that Mr. Nader refused to testify at the hearings on S. 707, although specifically invited, and that—

> Instead, Mr. Nader saw fit to send us a short letter declining the subcommittee invitation and making several comments on the bill, one of which was to urge us not to put any special interest exemptions in the bill—such as the ones for big labor and for broadcasters—of which Mr. Nader, evidently, is unaware, judging from his unqualified support of the bill and, more important, his failure to criticize these exemptions when they emerged from the Senate Commerce Committee.

To this statement of mine, Mr. Nader responded in his August 2 letter to me, a copy of which will be appended, as follows:

> Secondly, your comment that I am "unaware" of and have failed to criticize the broadcasters' exemption to S. 707 overlooks the fact that, as early as July 15, 1973, I stated that, "the broadcasting industry has been promised an inexcusable exemption from this bill."

Notwithstanding that Mr. Nader and I now agree on this provision being inexcusable, I feel compelled to point out that my July 25 statement was completely correct and that I did not "overlook" his statement made in his syndicated column more than a year ago—before the broadcasters' and labor union exemptions were placed in the bill.

Just the opposite is true: I relied on his statement as an indication that he must be unaware of the later incorporation of these inexcusable exemptions in S. 707—otherwise, what could possibly explain Mr. Nader's complete silence and continued expression—until now—of unqualified support for S. 707 in his subsequent syndicated columns and in correspondence from his staff lobbyists?

What could possibly explain Mr. Nader's silence when the amendment of the distinguished Senator from Ohio (Mr. METZENBAUM) to delete this "inexcusable" exemption was voted upon last week and failed? I voted for this amendment, and, had we had Mr. Nader's support, we might have been able to remove this "inexcusable" provision. Where were you, Mr. Nader, when we needed you?

Further, and here you will note why I sometimes have difficulty in determining Mr. Nader's viewpoints, why does Mr. Nader respond only to half of my statement, and continue to remain mute on the even more inexcusable exemption of "big labor" interests mentioned in the same sentence?

Is it fair to infer that, if an amendment exempting just a few activities affecting broadcasters is inexcusable, an amendment exempting many other labor-oriented activities is even more inexcusable? At least just as inexcusable? Surely this is so.

But I hesitate to put words into Mr. Nader's mouth. Perhaps he is saving his attack on the big labor exemption for another installment. If he is, I would urge him to make these comments to the proponents of the bill, instead of to me; I will vote to support his position to delete the big labor exemption without any need of persuasion.

Surely, Mr. Nader is not afraid of the labor lobby—he attacked them for their actions on the 1971 CPA bill. What happened during this Congress? Was Mr. Nader successfully lobbyied? If so, what does that portend for a more vulnerable ACA or CPA Administrator?

Let me hasten to state that considered independently, I do not favor providing a CPA to cover big labor or the broadcast industry. I oppose the creation of this bureaucratic agency for big labor and for the broadcast industry, but if such an agency is to be created over my strenuous objections, then I favor covering everybody that has dealings with or whose activities affect the "consumer." This would, of necessity, include labor-management relations and the broadcast industry.

Let me assure big labor and the broadcast industry that if they are included by amendment or otherwise in S. 707 or any other "consumer protection" bill, I shall fight just as hard to keep the big brother concept of S. 707 from being applied to them. This, of course, would contemplate my continued strong opposition to S. 707.

CONFUSING THE CPA–ACA BILLS

Mr. Nader makes two other points in his letter to me. The first is that I am confusing the various CPA bills which have come before the Congress, and in this regard, he makes selective quotations from a floor debate on this bill which took place July 30. Let me set forth all the relevant comments for further public viewing.

The comments to which Mr. Nader takes umbrage are found in my response to the continued reference, during the debate on the first cloture petition, that we need no longer debate this bill because it has been before the Senate for so long.

To cite just one of many examples, immediately preceding my comments in question, there is, on page 25875, a speech by a leading proponent of this bill which begins as follows:

> Mr. President, for 5 years we have discussed, debated, and analyzed every section and line of the Consumer Protection Agency bill without producing a final product.

In response to such remarks—which are continually made by proponents and in many press reports—I stated, on the next page of that July 30 RECORD:

> Mr. President, it has been suggested that this legislation has been before the Senate since 1970, when a bill was passed by a vote of 70 to 4, as the distinguished chairman of the committee said.* * *
>
> I might say that that bill failed passage, and the people who were happiest about the failure, on final analysis, were these very people who were advocating the passage of the bill. They recognized that it was unsound. So it is not the same bill at all.
>
> Take the 1971 bill that was passed in the House and did not pass in the Senate. Mr. Nader called that a fraud on consumers. Apparently, those of us who did have a little something to do with defeating the bill in 1972—the House bill of 1971 which failed passage here in 1972—actually must have been on the same side as Mr. Nader on that because he thought that bill was a fraud on consumers.

So, you can clearly see that I was not confusing the bills, but I was attempting to clear up confusion over the bills—confusion which is generated in large part by proponents such as Ralph Nader who continued to state, as he did just a few days ago in his August 4 syndicated column, which appeared in the Washington Star-News that the 1970 Senate CPA bill, the 1974 House CPA bill and S. 707 are all the same bill.

They are not the same bill, and the fact that Ralph Nader, major sponsors and significant portions of the press think that they are only proves the need for more debate on S. 707. If we can get people to read beyond the compelling title of S. 707, the bill will fail of its own inflationary weight.

Further, Mr. Nader takes particular objection to the fact that I did not mention that he favored the Senate version of a CPA bill last Congress, although he thought that the House-passed version was a fraud on the consumer. I opposed both bills, and when an attempt was made to seek substitution of the House-passed bill for the Senate bill which was clearly not going to pass, I let it be known that I would oppose such a substitution of this bill—a bill considered by Mr. Nader to be a fraud. Thus, Mr. Nader had me for an ally. It is to this that I was referring in my extemporaneous remarks of July 30.

I should also note that immediately preceding my remarks above, I stated that "Mr. Ralph Nader has said that the purpose of legislation of this sort is to reform the Government apparatus, to revolutionize the Government." Mr. Nader found no fault with this quotation of his views.

MR. NADER'S FAILURE TO TESTIFY

Finally, Mr. Nader attempts to explain why he failed to testify in favor of S. 707 after being specially invited to do so. He explains that he testified several years prior on different Consumer Protection Agency legislation, and he feels that that was enough.

Even in this most recent letter by Ralph Nader, he equates this current, 1974 version of an ACA bill with extremely different versions of CPA bills in the past. For example, he states that he visited me in 1970 to discuss "this bill"—he visited me 4 years ago, to discuss a bill which was not in existence yet. I wish I had his powers of omniscience.

As the majority report on the Senate CPA bill of last Congress pointed out, that 1970 bill was a total disaster, so much so that we were instructed to disregard the entire report on that 1970 bill. Yet Mr. Nader's conversation with me on that bill of 4 years ago is cited as reason for his not testifying on this very, very different—but equally ill-advised—bill of 1974.

That 1970 CPA bill or any other CPA or ACA bill in the whole history of this legislation, to cite just one small example, did not specifically exempt the broadcast industry in any manner—the "inexcusable" provision. Nor did any of the bills in prior years specifically exempt labor interests as does S. 707 and the bill passed by the House this year.

To make up for his failure to testify on this bill, Mr. Nader wants me to debate him on an Alabama radio station. I find this specially ironic—if we are to believe the proponents of this bill, radio broadcasts have no effect on consumers. More to the point, and as Mr. Nader knows, the hearing room in Washington is the place for such discussions, and I would have gladly gone into the merits of this bill with Mr. Nader if he had time to testify before us when everyone else did. Until this dangerous bill is withdrawn permanently from the floor, my place is right here.

Mr. President, I ask unanimous consent to have printed in the RECORD the letter which Mr. Nader asks to be so printed.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

AUGUST 2, 1974.

DEAR SENATOR ALLEN: Your remarks on the floor of the Senate on July 25 with reference to my letter of July 22, 1974, call for a further response. In these remarks, and again in remarks to the Senate on July 30, you have repeatedly misrepresented my position and my actions with respect to legislation to create an Agency for Consumer Advocacy.

First, as you are well aware, my opposition to Consumer Protection Agency legislation in 1971 was limited to the weak House-passed version, H.R. 10835, which Congressman Ben Rosenthal and I considered a poor excuse for advocacy legislation. However, the bill debated by the Senate in 1972, which you opposed by filibuster, was *not* H.R. 10835 but S. 3960, a bill which I supported. You are therefore in clear error when you state, as you did on July 30, that ". . . those of us who did have a little something to do with defeating the bill in 1972—the House bill of 1971 which failed passage here in 1972—actually must have been on the same side as Mr. Nader on that because he thought that bill was a fraud on consumers." Also, the 1970 bill was stronger than the 1971 House bill—a point which invalidates your other charge.

Secondly, your comment that I am "unaware" of and have failed to criticize the broadcasters' exemption to S. 707 overlooks the fact that, as early as July 15, 1973, I stated that, "the broadcasting industry has been promised an inexcusable exemption from the bill."

Finally, you state that you were "very disappointed" by my refusal to testify personally before the Ribicoff subcommittee on S. 707 because you were "looking forward to asking (me) the same tough questions which were put to businessmen, agency spokesmen, consumer advocates and other public witnesses". The record will show, however, that I did testify on Consumer Protection Agency legislation on January 21, 1970, and November 4, 1971; on neither occasion were you present, although you were a member of the subcommittee before which the hearings were held. In June 1973 I submitted written views to the subcommittee in a letter to Chairman Ribicoff. That letter states, "Because my views in support of this legislation have been made available to the committee several times in testimony and other materials in the record, I believe that the following specific comments would be of more benefit to the Subcommittee than general supportive testimony".

You may also recall that I visited your office in 1970 to discuss this bill. Although you had an opportunity to ask questions at that time, you did not do so. However, if you really want to ask me "the same tough questions" that you have posed to others on this matter, I will be pleased to meet with you in live debate from your office on any radio station in Alabama prior to the next cloture vote on S. 707.

Since you are continuing your unfounded assertions in the Senate filibuster on my views, I would appreciate your inserting this letter in the Congressional Record. Inasmuch as only you can do this, you may wish to display such minimal fairness.

Sincerely,

RALPH NADER.

CONCLUSION OF MORNING BUSINESS

The PRESIDENT pro tempore. Is there further morning business? If not, morning business is closed.

ENERGY REORGANIZATION ACT OF 1974

The PRESIDENT pro tempore. Under the previous order, the Senate will now proceed to the consideration of S. 2744, which will be stated by title.

The second assistant legisltive clerk read as follows:

A bill (S. 2744) to reorganize and consolidate certain functions of the Federal Government in a new Energy Research and Development Administration and in a Nuclear Energy Commission in order to promote more efficient management of such functions.

DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS, 1975—CONFERENCE REPORT

Mr. ROBERT C. BYRD. Mr. President, I submit a report of the committee of conference on HR. 15405, and ask for its immediate consideration.

The PRESIDENT pro tempore. The report will be stated by title.

The second legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 15405) making appropriations for the Department of Transportation and related agencies for the fiscal year ending June 30, 1975, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by all the conferees.

The PRESIDENT pro tempore. Is there objection to the consideration of the conference report?

There being no objection, the Senate proceeded to consider the report.

(The conference report is printed in the House proceedings of the Congressional Record of August 8, 1974, at pp. 27535–27536.)

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. Hughes). Without objection, it is so ordered.

ORDER FOR ENERGY REORGANIZATION ACT OF 1974 TO BE TEMPORARILY LAID ASIDE

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the unfinished business remain in a temporarily laid aside status after the first 2 hours of the session today, and that it remain in such a status until the close of business today.

The PRESIDING OFFICER. Without objection, it is so ordered.

QUORUM CALL

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS, 1975—CONFERENCE REPORT

The Senate continued with the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 15405) making appropriations for the Department of Transportation and related agencies for the fiscal year ending June 30, 1975, and for other purposes.

Mr. ROBERT C. BYRD. Mr. President, when the Senate concluded consideration on August 2 of H.R. 15405, the Department of Transportation and Related agencies appropriations bill for 1975, the bill contained $3,288,946,775 in new budget authority. The bill was a net of $106,707,775 over the House and contained 36 amendments.

The conferees' recommendations total $3,288,504,000 in new budget authority. This represents an increase of $91.7 million over the 1974 appropriations, $256.5 million under the budget estimates, and $500,000 under the Senate version of the bill.

In addition to new budget authority, the bill contains $5.54 billion in appropriations to liquidate contract authorizations—funds required to meet commitments made under authorizations contained in substantive bills. This includes the payments made from the Highway Trust Fund for the Federal aid highway programs, funds from the Airport and Airway Trust Fund for airport grants-in-aid, funds for highway traffic safety programs, and amounts necessary to meet commitments made under the Urban Mass Transportation Fund.

The grand total of the bill, including liquidating cash, is $8.832 billion.

Highlights of the conferees' recommendations are:

1. Appropriation of $618 million for the operations of the Coast Guard;

2. Appropriation of $1.375 billion for the FAA operations;

3. Appropriation of $135 million for Amtrak;

4. Obligation limits as follows:

For grants-in-aid for airport development	$310,000,000
For highway beautification programs	45,000,000
For territorial highways	4,600,000
For State and community highway safety programs	100,000,000
For the Urban Mass Transportation Administration	1,445,250,000

The following accounts have been recommended for exemption from the across-the-board cut:

	Conference Amount
FAA, operations	$1,375,500,000
Coast Guard:	
Retired pay	95,850,000
Operations	618,144,448
Civil Aeronautics Board:	
Salaries and expenses	17,150,000
Payments to air carriers	67,728,000
National Transportation Safety Board	$9,450,000
Interstate Commerce Commission	43,000,000
Total exempt items	2,226,822,448
Items affected by amendment 28:	
Non-exempt items to which 3½ percent reduction applies	1,106,197,552

Also, Amendment No. 28 reduces the appropriation for the Darien Gap Highway by $6 million.

In addition to excluding the above accounts from the 3½ percent reduction, the conferees agreed to exclude all of Title III of the bill as follows:

Grants-in-aid for airport development	$310,000,000
Highway beautification obligation limitation	45,000,000
Territorial highways, obligation limitation	4,600,000
State and community highway safety, limit on obligations	100,000,000
Urban Mass Transportation Administration limit on commitments	1,445,250,000

Mr. President, I now yield to my distinguished friend, the very able senior Senator from New Jersey (Mr. Case), who is my counterpart on the Transportation Appropriation Subcommittee.

Mr. CASE. Mr. President, I am a very proud counterpart of the very fine leader.

Mr. ROBERT C. BYRD. Mr. President, I thank the acting Republican leader.

Mr. CASE. I have not anything to add, really. This bill has been very carefully worked out, as the Senator from West Virginia could have said if he did not. It represents a great deal of intense labor and cooperation between the Members of the House and the committee and its leader, Mr. McFall, and our committee under the leadership of the Senator from West Virginia. I support the conference report and I hope that it will be passed without any ado.

I do want to raise with my chairman one question about Amtrak. I have been a bit concerned, as the chairman knows, by the cut of $12.7 million from Amtrak, which includes the 3.5 percent reduction. This was done so that, in making reductions generally, we could do this without affecting vital safety items. But Amtrak's financial problems are substantial and they are growing. We get reports that this deficit might climb to $200 million.

In view of this, just for the record, I wonder if my chairman would not agree that we may have to consider a supplemental for Amtrak, possibly later this year.

Mr. ROBERT C. BYRD. Mr. President, may I say to the distinguished Senator from New Jersey, first of all, that I appreciate his splendid cooperation in the conference, which is not out of the norm.

He was present and worked with me as we met with the House conferees and, as always, he was most considerate. I cannot overly emphasize my appreciation for his courtesies and his cooperation and assistance.

With respect to Amtrak, the budget request was for $143 million. The amount included in the conference report is $130,275,000, a reduction of $12,725,000. The officials of Amtrak have indicated that this reduction is not a matter of concern to them, that they can get along very well with the reduction in view of the fact that there will be a supplemental appropriation request coming along soon, and undoubtedly there will be something in that request for Amtrak.

As the chairman of the Transportation Subcommittee of the Committee on Appropriations, I shall certainly want to give every consideration to that request when it comes along, and I am sure that I share the viewpoint of the distinguished Senator from New Jersey in this regard. I know that we shall both not only be considerate, but we shall be realistic and, certainly, reasonable as we approach that supplemental request.

Mr. CASE. I thank the chairman and appreciate the assurance.

Mr. ROBERT C. BYRD. Mr. President, I shall suggest the absence of a quorum. I am awaiting the arrival of the distinguished chairman of the Committee on Appropriations (Mr. McCLELLAN) who will probably have a statement he will wish to make.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I move the adoption of the conference report.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

The PRESIDING OFFICER. The clerk will state the amendments in disagreement.

The assistant legislative clerk read as follows:

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 8 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum inserted by said amendment, insert: $235,521,000

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 16 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter inserted by said amendment, insert:

RAIL CROSSINGS—DEMONSTRATION PROJECTS

For payment of obligations incurred in carrying out the provisions of title 23, United States Code, section 322, to remain available until expended, $3,000,000, of which $2,000,000 shall be derived from the Highway Trust Fund.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 26 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter inserted by said amendment, insert:

GRANTS TO THE NATIONAL RAILROAD PASSENGER CORPORATION

To enable the Secretary of Transportation to make grants to the National Railroad Passenger Corporation, $135,000,000, to remain available until expended, of which $119,600,000 shall be available only upon the enactment into law of authorizing legislation by the Congress.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 28 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter inserted by said amendment, insert:

$6,000,000: *Provided, however,* That there be a 3.5 per centum reduction in new budget (obligational) authority across the board of the total appropriations contained in this Act except for the appropriations for Coast Guard, operating expenses; Coast Guard, retired pay; Federal Aviation Administration, operations; National Transportation Safety Board, salaries and expenses; Civil Aeronautics Board, salaries and expenses; Civil Aeronautics Board, payments to air carriers; Interstate Commerce Commission, salaries and expenses; and except for all limitations: *Provided further,* That the appropriation for Darien Gap Highway is reduced by an additional $6,000,000.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 29 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter inserted by said amendment, insert: $45,130,000

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 30 to the aforesaid bill, and concur therein with an amendment as follows:

Mr. ROBERT C. BYRD. Mr. President, I move that the Senate concur in the amendments of the House of Representatives to the Senate Amendments numbered 8, 16, 26, 29, and 30.

The motion was agreed to.

Mr. ROBERT C. BYRD. I ask unanimous consent to have printed in the RECORD a table showing the conference totals.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY, DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATION BILL, 1975

[Note.—All amounts are in the form of "appropriations" unless otherwise indicated]

Agency and item	New budget (obligational) authority, fiscal year 1974	Budget estimates of new (obligational) authority, fiscal year 1975	New budget (obligational) authority recommended in the House bill	New budget (obligational) authority recommended in Senate bill	Conference agreement excluding percentage reduction	Additional conference reduction of 3½ percent	Total conference action	Total conference action compared with— New obligational authority, 1974	Budget estimate, 1975	House bill	Senate bill
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
TITLE I											
DEPARTMENT OF TRANSPORTATION											
Office of the Secretary											
Salaries and expenses	$31,475,000	$32,100,000	$31,300,000	$31,000,000	$31,000,000	−$1,085,000	$29,915,000	−$1,560,000	−$2,185,000	−$1,385,000	−$1,805,000
By transfer	(3,000,000)							(−3,000,000)			
Interim operating assistance	39,800,000							−39,800,000			
By transfer	(35,000,000)							(−35,000,000)			
Transportation planning, research, and development	28,000,000	[1] 39,100,000	28,000,000	32,500,000	28,000,000	−980,000	27,020,000	−980,000	−12,080,000	−980,000	−5,480,000
By transfer	(1,000,000)							(−1,000,000)			
Grants-in-aid for natural gas pipeline safety	1,175,000	1,200,000	1,200,000	1,200,000	1,200,000	−42,000	1,158,000	−17,000	−42,000	−42,000	−42,000
Consolidation of departmental headquarters	800,000							−800,000			
Total, Office of the Secretary	101,250,000	72,400,000	60,500,000	64,700,000	60,200,000	−2,107,000	58,093,000	−43,157,000	−14,307,000	−2,407,000	6,607,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY, DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATION BILL, 1975—Con.

[Note.—All amounts are in the form of "appropriations" unless otherwise indicated]

								Total conference action compared with—			
Agency and item (1)	New budget (obligational) authority, fiscal year 1974 (2)	Budget estimates of new (obligational) authority, fiscal year 1975 (3)	New budget (obligational) authority recommended in the House bill (4)	New budget (obligational) authority recommended in Senate bill (5)	Conference agreement excluding percentage reduction (6)	Additional conference reduction of 3½ percent (7)	Total conference action (8)	New obligational authority, 1974 (9)	Budget estimate, 1975 (10)	House bill (11)	Senate bill (12)
TITLE I—Con.											
DEPT. OF TRANS.—Con.											
Coast Guard											
Operating expenses	$584,900,000	$622,970,000	$617,579,448	$620,444,448	$618,144,448		$618,144,448	+$33,244,448	−$4,825,552	+$565,000	−$2,300,000
Appropriation for debt reduction	−171,994	−179,448	−179,448	−179,448	−179,448		−179,448	−7,454			
Subtotal, operating expenses	584,728,006	622,790,552	617,400,000	620,265,000	617,965,000		617,965,000	+33,236,994	−4,825,552	+565,000	−2,300,000
Acquisition, construction, and improvements	75,500,000	114,100,000	111,307,000	112,307,000	112,307,000	−$3,931,000	108,376,000	+32,876,000	−5,724,000	−2,931,000	−3,931,000
Alteration of bridges	4,000,000	6,800,000	6,800,000	6,800,000	6,800,000	−238,000	6,562,000	+2,562,000	−238,000	−238,000	−238,000
Retired pay	86,750,000	95,850,000	95,850,000	95,850,000	95,850,000		95,850,000	+9,100,000			
Reserve training	26,770,000	30,200,000	29,000,000	29,000,000	29,000,000	−1,015,000	27,985,000	+1,215,000	−2,215,000	−1,015,000	−1,015,000
Research, development, test, and evaluation	14,000,000	21,000,000	17,500,000	17,500,000	17,500,000	−613,000	16,887,000	+2,887,000	−4,113,000	−613,000	−613,000
State boating safety assistance	3,500,000	7,500,000	6,000,000	6,000,000	6,000,000	−210,000	5,790,000	+2,290,000	−1,710,000	−210,000	−210,000
Pollution fund (special fund)		10,000,000		10,000,000					−10,000,000		−10,000,000
Total, Coast Guard	795,248,006	908,240,552	883,857,000	897,722,000	885,422,000	−6,007,000	879,415,000	+84,166,994	−28,825,552	−4,442,000	−18,307,000
Federal Aviation Administration											
Operations	1,282,500,000	1,385,500,000	1,363,000,000	1,379,500,000	1,375,500,000		1,375,500,000	+93,000,000	−10,000,000	+12,500,000	−4,000,000
Facilities, engineering, and development	11,500,000	13,000,000	12,000,000	12,500,000	12,250,000	−429,000	11,821,000	+321,000	−1,179,000	−179,000	−679,000
Facilities and equipment (Airport and Airway Trust Fund)	250,000,000	250,000,000	241,100,000	242,221,000	235,521,000	−8,243,000	227,278,000	−22,722,000	−22,722,000	−13,822,000	−14,943,000
Research, engineering and development (Airport and Airway Trust Fund)	62,095,000	70,000,000	55,000,000	70,000,000	60,000,000	−2,100,000	57,900,000	−4,195,000	−12,100,000	+2,900,000	−12,100,000
Grants-in-aid for airports (Airport and Airway Trust Fund):											
Planning grants		13,000,000		4,500,000					−13,000,000		−4,500,000
Development grants (appropriation to liquidate contract authorization)	(200,000,000)	(280,000,000)	(280,000,000)	(280,000,000)	(280,000,000)		(280,000,000)	(+80,000,000)			
Operation and maintenance, National Capital Airports	14,742,000	16,500,000	16,000,000	16,000,000	16,000,000	−560,000	15,440,000	+698,000	−1,060,000	−560,000	−560,000
Construction, National Capital Airports	3,000,000	7,200,000	4,200,000	7,200,000	5,700,000	200,000	5,500,000	+2,500,000	−1,700,000	+1,300,000	−1,700,000
Total, Federal Aviation Administration	1,623,837,000	1,755,200,000	1,691,300,000	1,731,921,000	1,704,971,000	−11,532,000	1,693,439,000	+69,602,000	−61,761,000	+2,139,000	−38,482,000
Federal Highway Administration											
Limitation on general operating expenses	(119,047,000)	(138,000,000)	(127,200,000)	(131,200,000)	(129,200,000)		(129,200,000)	(+10,153,000)	(−8,800,000)	(+2,000,000)	(−2,000,000)
Motor carrier safety	5,600,000	6,330,000	6,130,000	6,130,000	6,130,000	−215,000	5,915,000	+315,000	−415,000	−215,000	−215,000
Highway safety research and development	7,500,000	10,640,000	9,000,000	9,000,000	9,000,000	−315,000	8,685,000	+1,185,000	−1,955,000	−315,000	−315,000
Highway beautification:											
Appropriation	1,020,000	1,107,000	1,000,000	1,000,000	1,000,000	−35,000	965,000	−55,000	−142,000	−35,000	−35,000
Appropriation to liquidate contract authorization	(30,000,000)	(37,000,000)	(25,000,000)	(25,000,000)	(25,000,000)		(25,000,000)	(−5,000,000)	(−12,000,000)		
Highway-related safety grants (appropriation to liquidate contract authorization)	(7,000,000)	(14,000,000)	(12,000,000)	(12,000,000)	(12,000,000)		(12,000,000)	(+5,000,000)	(−2,000,000)		
Rail crossings—demonstration projects	14,000,000	12,600,000		6,000,000	3,000,000	−105,000	2,895,000	−11,105,000	−9,705,000	+2,895,000	−3,105,000

Footnotes at end of table.

								Total conference action compared with—			
Agency and item	New budget (obligational) authority, fiscal year 1974	Budget estimates of new (obligational) authority, fiscal year 1975	New budget (obligational) authority recommended in the House bill	New budget (obligational) authority recommended in Senate bill	Conference agreement excluding percentage reduction	Additional conference reduction of 3½ percent	Total conference action	New obligational authority, 1974	Budget estimate, 1975	House bill	Senate bill
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Railroad-highway crossings demonstration projects	6,000,000							−6,000,000			
By transfer	(2,218,000)		(8,000,000)	(15,500,000)	(11,000,000)		(11,000,000)	(+8,782,000)	(+11,000,000)	(+3,000,000)	(−4,500,000)
Rural highway public transportation demonstration program		$10,000,000	$10,000,000	$10,000,000	$10,000,000	−$350,000	$9,650,000	+$9,650,000	−$350,000	−$350,000	−$350,000
Territorial highways (appropriation to liquidate contract authorization)	(2,500,000)	(1,600,000)	(4,000,000)	(4,000,000)	(4,000,000)		(4,000,000)	(+1,500,000)	(+2,400,000)		
Darien Gap Highway	5,000,000	35,000,000	20,000,000	20,000,000	20,000,000	[2] −490,000	19,510,000	+14,510,000	−15,490,000	−490,000	−490,000
Reduction in appropriation					−6,000,000		−6,000,000	−6,000,000	−6,000,000	−6,000,000	−6,000,000
Alaska Highway		[3] 5,000,000		5,000,000	5,000,000	−175,000	4,825,000	+4,825,000	−175,000	+4,825,000	−175,000
Inter-American Highway	56,000							−56,000			
Federal-aid highways (trust fund—appropriation to liquidate contract authorization)	(4,315,900,000)	[4] (4,583,000,000)	(4,573,840,000)	(4,577,840,000)	(4,575,840,000)		(4,575,840,000)	(+259,940,000)	(−7,160,000)	(+2,000,000)	(−2,000,000)
Highway safety construction programs (trust fund—appropriation to liquidate contract authorization)		[5] (110,000,000)	(110,000,000)	(110,000,000)	(110,000,000)		(110,000,000)	(+110,000,000)			
Right-of-way revolving fund (trust fund—appropriation to liquidate contract authorization)		(40,000,000)	(20,000,000)	(20,000,000)	(20,000,000)		(20,000,000)	(+20,000,000)	(−20,000,000)		
Forest highways (appropriation to liquidate contract authorization)	(8,000,000)	(12,450,000)	(12,450,000)	(12,450,000)	(12,450,000)		(12,450,000)	(+4,450,000)			
Public lands highways (appropriation to liquidate contract authorization)	(3,000,000)	(8,270,000)	(8,270,000)	(8,270,000)	(8,270,000)		(8,270,000)	(+5,270,000)			
Baltimore-Washington Parkway		10,700,000	4,000,000	1,600,000	1,600,000	−56,000	1,544,000	+1,544,000	−9,156,000	−2,456,000	−56,000
Total, Federal Highway Administration	39,176,000	91,377,000	50,130,000	58,730,000	49,730,000	−1,741,000	47,989,000	+8,813,000	−43,388,000	−2,141,000	−10,741,000
National Highway Traffic Safety Administration											
Traffic and highway safety	75,892,000	84,500,000	71,350,000	80,040,000	73,445,000	−2,571,000	70,874,000	−5,018,000	−13,626,000	−476,000	−9, 166,000
By transfer	(10,000,000)							(−10,000,000)			
State and community highway safety (appropriation to liquidate contract authorization)	(100,000,000)	(99,763,000)	(96,000,000)	(96,000,000)	(96,000,000)		(96,000,000)	(−4,000,000)	(−3,763,000)		
Total, National Highway Traffic Safety Administration	75,892,000	84,500,000	71,350,000	80,040,000	73,445,000	−2,571,000	70,874,000	−5,018,000	−13,626,000	−476,000	−9,166,000
Federal Railroad Administration											
Office of the Administrator	2,900,000	4,340,000	3,800,000	3,800,000	3,800,000	−133,000	3,667,000	+767,000	−673,000	−133,000	−133,000
By transfer	(200,000)							(−200,000)			
Railroad safety	9,237,000	10,220,000	10,170,000	10,170,000	10,170,000	−356,000	9,814,000	+577,000	−406,000	−356,000	−356,000
By transfer	(111,000)							(−111,000)			
Grants-in-aid for railroad safety	1,500,000	1,000,000	1,000,000	1,000,000	1,000,000	−35,000	965,000	−535,000	−35,000	−35,000	−35,000
Railroad research, development	30,450,000	64,240,000	50,000,000	50,000,000	50,000,000	−1,750,000	48,250,000	+17,800,000	−15,990,000	−1,750,000	−1,750,000
By transfer	(6,000,000)							(−6,000,000)			
Grants to National Railroad Passenger Corporation	149,100,000	143,000,000	(6)	143,000,000	135,000,000	−4,725,000	130,275,000	−18,825,000	−12,725,000	+130,275,000	−12,725,000
Rescission of unobligated balance	−9,100,000							+9,100,000			

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY, DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATION BILL, 1975

[Note.—All amounts are in the form of "appropriations" unless otherwise indicated]

Agency and item	New budget (obligational) authority, fiscal year 1974	Budget estimates of new (obligational) authority, fiscal year 1975	New budget (obligational) authority recommended in the House bill	New budget (obligational) authority recommended in Senate bill	Conference agreement excluding percentage reduction	Additional conference reduction of 3½ percent	Total conference action	Total conference action compared with—			
								New obligational authority, 1974	Budget estimate, 1975	House bill	Senate bill
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
TITLE I—Con. DEPART OF TRANS.—Con.											
Payment to the Alaska railroad revolving fund		$6,500,000	$4,000,000	$6,500,000	$6,250,000	−$219,000	$6,031,000	+$6,031,000	−$469,000	+$2,031,000	−$469,000
Total, Federal Railroad Administration	$184,087,000	229,300,000	68,970,000	214,470,000	206,220,000	−7,218,000	199,002,000	+14,915,000	−30,298,000	+130,032,000	−15,468,000
Urban Mass Transportation Administration											
Urban Mass Transportation Fund:											
Administrative expenses	5,000,000	9,300,000	7,000,000	6,000,000	6,000,000	−210,000	5,790,000	+790,000	−3,510,000	−1,210,000	−210,000
Research, development, and demonstrations and university research and training	35,050,000	79,000,000	51,130,000	58,750,000	45,130,000	−1,580,000	43,550,000	+8,500,000	−35,450,000	−7,580,000	−15,200,000
Appropriation to liquidate contract authorization	(380,000,000)	(490,000,000)	(400,000,000)	(400,000,000)	(400,000,000)		(400,000,000)	(+20,000,000)	(−90,000,000)		
Total, Urban Mass Transportation Administration	40,050,000	88,300,000	58,130,000	64,750,000	51,130,000	−1,790,000	49,340,000	+9,290,000	−38,960,000	−8,790,000	−15,410,000
St. Lawrence Seaway Development Corporation											
Limitation on administrative expenses	(846,000)	(886,000)	(886,000)	(886,000)	(886,000)		(886,000)	(+40,000)			
Total, title I, Department of Transportation	2,859,540,006	3,229,317,552	2,884,237,000	3,112,333,000	3,031,118,000	−32,966,000	2,998,152,000	+138,611,994	−231,165,552	+113,915,000	−114,181,000
TITLE II											
RELATED AGENCIES											
National Transportation Safety Board											
Salaries and expenses	8,255,000	9,536,000	9,450,000	9,450,000	9,450,000		9,450,000	+1,195,000	−86,000		
Civil Aeronautics Board											
Salaries and expenses	15,537,000	17,283,000	17,150,000	17,150,000	17,150,000		17,150,000	+1,613,000	−133,000		
Payments to air carriers	73,265,000	69,828,000	69,828,000	67,728,000	67,728,000		67,728,000	−5,537,000	−2,100,000	−2,100,000	
Total, Civil Aeronautics Board	88,802,000	87,111,000	86,978,000	84,878,000	84,878,000		84,878,000	−3,924,000	−2,233,000	−2,100,000	
Interstate Commerce Commission											
Salaries and expenses	40,590,000	43,300,000	43,000,000	43,000,000	43,000,000		43,000,000	+2,410,000	−300,000		
The Panama Canal											
Canal zone Government:											
Operating expenses	60,000,000	64,065,000	62,700,000	62,700,000	62,700,000	−2,195,000	60,505,000	+505,000	−3,560,000	−2,195,000	−2,195,000
Capital outlay	3,500,000	6,500,000	6,000,000	6,000,000	6,000,000	−210,000	5,790,000	+2,290,000	−710,000	−210,000	−210,000
Panama Canal Company:											
Limitation on general and administrative expenses	(22,331,000)	[3](25,780,000)	(23,837,000)	(23,837,000)	(23,837,000)		(23,837,000)	(+1, 506, 000)	(−1,943,000)		

Footnotes at end of tables.

								Total conference action compared with—			
Agency and item	New budget (obligational) authority, fiscal year 1974	Budget estimates of new (obligational) authority, fiscal year 1975	New budget (obligational) authority recommended in the House bill	New budget (obligational) authority recommended in Senate bill	Conference agreement excluding percentage reduction	Additional conference reduction of 3½ percent	Total conference action	New obligational authority, 1974	Budget estimate, 1975	House bill	Senate bill
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Total, the Panama Canal	63,500,000	70,565,000	68,700,000	68,700,000	68,700,000	−2,405,000	66,295,000	+2,795,000	−4,270,000	−2,405,000	−2,405,000
United States Railway Association											
Administrative expenses	12,000,000							−12,000,000			
By transfer	(6,000,000)							(−6,000,000)			
Washington Metropolitan Area Transit Authority											
Federal contribution	[9] 111,345,000	[10] 87,424,000	[11] 72,124,000	72,124,000	72,124,000	−2,524,000	69,600,000	−41,745,000	−17,824,000	−2,524,000	−2,524,,000
Interest subsidy	12,728,000	17,750,000	17,750,000	17,750,000	17,750,000	−621,000	17,129,000	+4,401,000	−621,000	−621,000	−621,000
Total, Washington Metropolitan Area Transit Authority	124,073,000	105,174,000	89,874,000	89,874,000	89,874,000	−3,145,000	86,729,000	−37,344,000	−18,445,000	−3,145,000	−3,145,000
Total, title II, related agencies	337,220,000	315,686,000	298,002,000	295,902,000	295,902,000	−5,550,000	290,352,000	−46,868,000	−25,334,000	−7,650,000	−5,550,000
TITLE III											
GENERAL PROVISIONS											
Department of Transportation											
Federal Aviation Administration:											
Grants-in-aid for airport development (limitation on obligations)	(300,000,000)	(310,000,000)	(310,000,000)	(310,000,000)	(310,000,000)		(310,000,000)	(+10,000,000)			
Federal Highway Administration:											
Highway beautification (limitation on obligations)	(50,000,000)	(50,027,000)	(40,000,000)	(50,000,000)	(45,000,000)		(45,000,000)	(−5,000,000)	(5,027,000)	(+5,000,000)	(−5,000,000)
Territorial highways (limitation on obligations)	(4,000,000)	(4,600,000)	(4,600,000)	(4,600,000)	(4,600,000)		(4,600,000)	(+600,000)			
Forest highways (limitation on obligations)	(18,000,000)							(−18,000,000)			
Public lands highways (limitation on obligations)	(10,000,000)							(−10,000,000)			
National Highway Traffic Safety Administration:											
State and community highway safety (limitation on obligations)	[12] (80,000,000)	[12] (148,000,000)	[12] (100,000,000)	[12] (121,000,000)	[12] (100,000,000)		[12] (100,000,000)	(+20,000,000)	(−48,000,000)		(−21,000,000)
Urban Mass Transportation Administration:											
Urban mass transportation fund (limitation on commitments)	(985,550,000)	(1,351,000,000)	(1,321,750,000)	(1,708,870,000)	(1,445,250,000)		(1,445,250,000)	(+459,700,000)	(+94,250,000)	(+123,500,000)	(−263,620,000)
Subtotal, limitations on obligations	(1,447,550,000)	(1,863,627,000)	(1,776,350,000)	(2,194,470,000)	(1,904,850,000)		(1,904,850,000)	(+457,300,000)	(+41,223,000)	(+128,500,000)	(−289,620,000)
3½ percent reduction in obligations				(−76,806,450)	([13])						(+76,806,450)
Total, limitation on obligations	(1 447 550 000)	(1,863,627,000)	(1,776,350,000)	(2,117,663,550)	(1,904,850,000)		(1,904,800,000)	(+457,300,000)	(+41,223,000)	(+128,500,000)	(−212,813,550)

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY, DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATION BILL, 1975—Continued

[Note.—All amounts are in the form of "appropriations" unless otherwise indicated]

								Total conference action compared with—			
Agency and item	New budget (obligational) authority, fiscal year 1974	Budget estimates of new (obligational) authority, fiscal year 1975	New budget (obligational) authority recommended in the House bill	New budget (obligational) authority recommended in Senate bill	Conference agreement excluding percentage reduction	Additional conference reduction of 3½ percent	Total conference action	New obligational authority, 1974	Budget estimate, 1975	House bill	Senate bill
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
TITLE 1—Con. DEPART OF TRANS.—Con.											
Subtotal, titles I, II, and III, new budget (obligational) authority	3,196,760,006	3,545,003,552	3,182,239,000	3,408,235,000	3,327,020,000	−38,516,000	3,288,504,000	+91,743,994	−256,499,552	+106,265,000	−119,731,000
3½ percent reduction in new budget (obligational) authority)				−119,288,225	(13)						+119,288,252
Total, titles I, II, and III, new budget (obligational) authority	3,196,760,006	3,545,003,552	3,182,239,000	3,288,946,775	3,327,020,000	−38,516,000	3,288,504,000	+91,743,994	−256,499,552	+106,265,000	−442,775
Consisting of—											
Appropriations:											
Fiscal year 1974	(3,106,400,006)							(−3,106,400,006)			
Fiscal year 1975	(90,360,000)	(3,476,979,552)	(3,129,515,000)	(3,238,067,775)	(3,274,296,000)	(−36,671,000)	(3,237,625,000)	(+3,147,265,000	(−239,354,552)	(+108,110,000)	(−442,775)
Fiscal year 1976		(68,024,000)	(52,724,000)	(50,879,000)	(52,724,000)	(−1,845,000)	(50,879,000)	(+50,879,000)	(−17,145,000)	(−1,845,000)	
Memoranda:											
Appropriation to liquidate contract authorizations	(5,046,400,000)	(5,676,083,000)	(5,541,560,000)	(5,545,560,000)	(5,543,560,000)		(5,543,560,000)	(+497,160,000)	(−132,523,000)	(+2,000,000)	(−2,000,000)
Appropriations for debt reduction	(171,994)	(179,448)	(179,448)	(179,448)	(179,448)		(179,448)	(+7,454)			
Grand total	(8,243,332,000)	(9,221,266,000)	(8,723,978,448)	(8,834,686,223)	(8,870,759,448)	(−38,516,000)	(8,832,243,448)	(+588,911,448)	(−389,022,552	(+108,265,000)	(−2,442,775)

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[1] Excludes $6,400,000 which was considered in connection with the Energy Research and Development Appropriations bill.

[2] The additional percentage reduction on Darien Gap Highway was taken on the amount remaining following the reduction of appropriation.

[3] Submitted as a budget amendment on July 10, 1974, S. Doc. No. 93–94.

[4] Excludes requested amount for "highway safety construction programs," listed separately.

[5] Budget includes this amount under the appropriation for "Federal-aid-highways."

[6] Deleted in the House due to lack of authorization.

[7] Includes budget amendment of $1,065,000 submitted on June 21, 1974, S. Doc. No. 93–87.

[8] Includes budget amendment of ($1,943,000) submitted on June 21, 1974, S. Doc. No. 93–87.

[9] Includes $90,360,000 advance appropriation for fiscal year 1975.

[10] Includes $68,024,000 advance appropriation for fiscal year 1976.

[11] Includes $52,724,000 advance appropriation for fiscal year 1976.

[12] Also includes obligations for Federal Highway Administration, highway related safety grants.

[13] The corresponding conference reductions are shown in column (7) and reflected in column (8).

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

Mr. MONTOYA. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

DEPARTMENT OF THE TREASURY—POSTAL SERVICE APPROPRIATIONS, 1975—CONFERENCE REPORT

Mr. MONTOYA. Mr. President, I submit a report of the committee of conference on H.R. 15544, and ask for its immediate consideration.

The **PRESIDING OFFICER** (Mr. HUGHES). The report will be stated by title.

The assistant legislative clerk read as follows:

> The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 15544) making appropriations for the Treasury Department, the U.S. Postal Service, the Executive Office of the President, and certain independent agencies, for the fiscal year ending June 30, 1975, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by all the conferees.

The **PRESIDING OFFICER.** Is there objection to the consideration of the conference report?

There being no objection, the Senate proceeded to consider the report.

(The conference report is printed in the House proceedings of the CONGRESSIONAL RECORD of August 6, 1974, at pp. 26959–26963.)

Mr. MONTOYA. Mr. President, the conference report has been printed as House Report No. 93–1262.

New budget authority recommended in the conference report is $5,561,169,000 and is $57,027,000 less than the budget estimates. The final agreement is only $4,339,000 less than the Senate bill, which is a measure of the firmness of the Senate conferees, but it should also be recalled that the Senate approved some $37 million in budget amendments that were not considered by the House of Representatives.

TITLE I

For Title I of the bill, which covers the Treasury Department, the conference agreement amounts to $2,286,165,000 which is $54,950,000 more than the House version and $3,289,000 less than the Senate version of the bill.

Within the amounts recommended for the Treasury Department, the conferees have provided for expansion of the Office of the Secretary to meet the growing demands on the Department and to maintain surveillance over the revenue sharing funds; additional positions have been approved to meet the expanding workload of the Bureaus of Accounts, Mint, and Public Debt, and the U.S. Customs Service, and Secret Service. A major program increase was approved for the Bureau of Alcohol, Tobacco, and Firearms. This particular item was a high priority item for the Senate conferees, and I am pleased to note that the final amount of $92 million will fully restore the Bureau's base program and allow expansion of the firearms and explosives compliance inspection programs, increase the level of special inspections that will net additional revenues, and replace obsolete investigative equipment.

TITLE II

There was no basic disagreement with regard to title II, which is entirely the mandatory payment to the Postal Service Fund of the U.S. Postal Service. Both Houses had agreed to an appropriation of $1,550,000,000 and the House receded on their earmarking of $414,418,500 for transfer to the Civil Service Retirement and Disability Fund to cover the unfunded liability of that fund due to the increases in benefits to Postal Service employees. As I noted when the bill was previously before the Senate, Public Law 93-349, that was approved subsequent to the House action, authorizes an additional appropriation of $284,667,000 to cover the unfunded liability attributed to pay increases granted by the Postal Service prior to July 1, 1973; with the Postal Service required to pay for increases in the unfunded liability thereafter.

TITLE III

For title III, the conferees agreed to a total $76,837,000, which is $1,965,000 more than the House version and $1,550,000 below the Senate. A major item in the conference was the Office of Management and Budget for which the conferees agreed to $21 million, or slightly more than an even split between the House level of $19,400,000 and the Senate level of $22,500,000. The final amount is approximately $700,000 below the base level and will obviously require a real tightening of OMB's own belt.

We also split the $1 million increase that the Senate provided for the National Commission on Productivity by agreeing on a final appropriation of $2 million; and also split the Senate's decrease for the Office of Telecommunications Policy so that the final amount is $8,450,000 for that agency.

I want to also note that the new $500,000 appropriation for unanticipated personnel needs is available for any additional expenses of the transition of the Presidency from President Nixon to President Ford. There will be some additional costs in connection with the changing of the watch at the White House, but pending a supplemental appropriation, there are sufficient funds in this bill for the interim.

TITLE IV

In title IV of the bill, which consists of the independent agencies that we handle, the House receded to the Senate amendments regarding the Advisory Commission on Intergovernmental Relations; the President's Executive Interchange Program item under the Civil Service Commission; the Commission on the Review of the National Policy Toward Gambling; and the Committee for Purchase of Products and Services of the Blind and Other Severely Handicapped; and the redistribution that the Senate effected with regard to the civil defense funds of the Department of Defense. All told we compromised on $1,648,167,000 for title IV, which just happens to be $460,000 more than the House bill and $500,000 more than the Senate version.

For the General Services Administration we were able to retain $60 million of the $76 million that the Senate added to the House allowance for real property operations under the new Federal Buildings Fund. The Senate conferees pressed hard on this item in order to insure that none of GSA's custodial and protective force would lose their jobs, and I can assure the Senate that the conference agreement will be sufficient to fully cover GSA's present employment. The other major change regarding the Federal Buildings Fund made by the conferees was to drop, at this time, some $19 million of the $121 million in unobligated balances from last year that the Senate restored.

We were also able to obtain a ceiling of $300 million on the aggregate amount of purchase contracts that GSA can issue for the construction of new buildings. Inasmuch as I am privileged to serve on both the Appropriations and Public Works Committees, I have been particularly concerned that the new Federal Buildings Fund get off to a good start. I believe that the way the fund has been restructured by the Appropriations Committees, particularly the limitations we have inserted covering the various functions of the fund, will maintain proper congressional control while providing GSA with a new financial mechanism to construct the new buildings needed and to maintain the Nation's huge investment in office buildings. I ask unanimous consent to have printed in the RECORD at this point a chart that summarizes congressional action with respect to the Federal Buildings Fund. In passing, I note that the conferees have also made provision for approximately $73 million of the revenues of the fund to revert to the General Fund of the Treasury, which will be of considerable help in the effort to balance the budget.

There being no objection, the chart was ordered to be printed in the RECORD, as follows:

ANALYSIS OF FEDERAL BUILDINGS FUND

[In thousands of dollars]

	Budget estimate	House allowance	Senate allowance	Conference
REVENUES				
Carryover from 1974	28, 326	121, 450	121, 450	121, 450. 0
Standard level user charges	1, 156, 000	1, 040, 400	1, 040, 400	1, 040, 400. 0
Reimbursements	175, 000	175, 000	175, 000	175, 000. 0
Total revenues	1, 359, 326	1, 336, 850	1, 336, 850	1, 336, 850. 0
EXPENDITURES				
Direct:				
Construction	(25, 000)	25, 000	25, 000	25, 000. 0
Purchase contract payment	(26, 244)	26, 244	26, 244	26, 244. 0
Rental of leased buildings	(364, 000)	350, 000	350, 000	350, 000. 0
Alterations and major repairs	(98, 000)	98, 000	98, 000	98, 000. 0
Real property operations	(395, 194)	293, 594	370, 194	354, 000. 0
Program direction	(71, 562)	54, 037	54, 037	54, 037. 0
Available for 1976 obligation		25, 000		
Carryover from 1974			121, 450	101, 589. 7
Subtotal	980, 000	871, 875	1, 044, 925	1, 008, 870. 7
Reimbursements	175, 000	175, 000	175, 000	175, 000. 0
Total expenditures	1, 155, 000	1, 046, 875	1, 219, 925	1, 183, 878. 7
Balances	204, 326	289, 975	116, 929	152, 971. 3
Carryover to 1976	(80, 000)		(116, 929)	(80, 000. 0)
Transfer to general fund	(124, 326)	(289, 975)		(72, 971. 3)

Mr. MONTOYA. Finally, the Senate receded on the $500,000 that we reduced the appropriation of the National Archives and Records Service. This additional amount is for grants for historical publications and we were persuaded by the strong House argument that the budget should be fully met because of the connection with the Bicentennial activities.

I should also explain that under title III of the bill I propose, with the unanimous concurrence of the Senate conferees, that the Senator concur in the amendment of the House to three amendments of the Senate that are slightly different from the motions printed in the statement of the managers of the bill. These amendments affect the following appropriations: "Unanticipated personnel needs"; "Special assistance to the President"; and "The White House Office". The reason that these amendments are different from those printed in the statement accompanying the conference report is that last week the Senate tabled the conference report on the White House authorizing legislation. The original appropriations conference report anticipated and conformed to the conference report on the authorizing legislation.

As the manager of this bill in the Senate, I am happy that at long last an authorizing bill may be enacted for these activities that for several years have been appropriated without authorization, but in view of the action of the Senate last week, the conferees decided to go ahead with these items on the same basis as in previous years. Our action is completely in line with the authorizing bill, and is only a technical expedient to move the appropriation bill along. The fiscal year is already 44 days underway and the many agencies that we fund still do not have their final appropriations for 1975.

Mr. President, before closing I also want to take this opportunity to make sure that it is fully understood by all concerned that the conferees are fully supportive of sections 611 and 612 of the bill regarding the U.S. Customs Service. The words in these sections are plain enough and hardly need any further defining at this point, but I was amazed to learn earlier today that the Office of Management and Budget is proceeding with what is, in my mind, an unwarranted tampering with the vital border activities of the U.S. Customs Service. I urge our new President to personally look into this matter and to reverse this disastrous maneuver of the OMB.

Mr. BELLMON. Mr. President, as ranking minority member on the Subcommittee on Treasury, Post Office and General Government appropriation bill, I wish to commend our chairman, the distinguished senior Senator from New Mexico, for his faithful diligence in maintaining the priorities established by the Senate during the conference with the Members of the House. This conference report which is on the desk of every Member should be adopted. It was approved by the conferees as the best possible solution to those items and matters in serious disagreement.

Although I am generally satisfied with most of the provisions contained in the report there are certain matters with which I am disappointed.

Amendment No. 30 appropriates $21,000,000 for salaries and expenses of the Office of Management and Budget, instead of $19,400,000 as proposed by the House, and $22,500,000 as proposed by the Senate.

Last week President Ford outlined his views to Congress with respect to frugality in Government, and the necessity that we all cut government spending. I share those views, when we cut OMB we are in effect cutting the overseer of the budget, and the one agency responsible for bringing irresponsible Federal spending back into line. The Office of Management and Budget is and should be, at least until such time as we establish our Congressional Budget Committees, the focal point for reducing inflated Federal budgets. I hope that if Director Ash feels he requires additional funding to carry out the responsibilities of his office he will not fail to come back to the Congress during consideration of the next supplemental.

Mr. President, by and large this is a good bill, and worthy of quick approval by the Senate. It is $57,027,000 below the budget, and I commend it to my colleagues.

Mr. MONTOYA. Mr. President, on August 6, I reported to the Senate and the American people some of the findings and recommendations resulting from hearings before my Subcommittee on Treasury, Postal Service and General Government. These hearings concerned the Internal Revenue Service administration and taxpayer problems.

In my first statement I reported that I would introduce legislation to more adequately protect the privacy of the taxpayer and to shield IRS personnel from undue pressure from any other agency or branch of government. That legislation will be forthcoming in a few days. I also plan to introduce measures to help IRS improve its taxpayer service and to provide a more controlled and equitable system of audits, collections, and jeopardy assessments.

First, I would like to explain in some detail the general findings which I reported to the full committee and which will be presented in the report accompanying the Treasury, Postal Service and General Government appropriations bill, H.R. 15544. These findings concern taxpayer service, audits, assessments, and administrative problems within IRS itself.

Witness testimony in this year's hearings was very disturbing. The obvious distrust of IRS statements, the reports of serious administrative problems existing within the Service, and the lack of clearcut evidence of a successful effort to correct these problems all have been of deep concern to me.

Although there have been some improvements in taxpayer service and contact, it is clear that there is persistent resistance, especially at the local level, to change within the Service. There is the suggestion that change which is seen as being "only" for the purpose of improving services to taxpayers is unimportant. There is evidence that many of those within IRS believe that taxpayers who are kept in the dark are the taxpayers most apt to "voluntarily" comply and least apt to balk at IRS decisions in any tax dispute.

Certainly there is nothing new, Mr. President, in taxpayers being unhappy with tax collectors. No one really likes to pay taxes, and even before Matthew deserted the profession to become an Apostle, tax collection was not the most enviable or easiest career.

In the United States, however, we have been very lucky. We have been able to maintain healthy respect and honor for our professional tax-collection personnel, largely because of the voluntary system of tax collection and because of the high caliber of men and women working in IRS itself.

In recent years, however, distrust and discontent have grown. Testimony in our hearings this year drew the picture of a system which does not work with evenhanded equity for every taxpayer, and which sometimes includes agents who are overzealous and arrogant.

The testimony received in this year's hearings evidenced concern by taxpayers and tax experts about the following topics:

Dissemination of information;

Infringement on taxpayer rights;

Use of the U.S. Tax Court—Small Case Division;

Unnecessary jeopardy assessment and sufficiency of amount exempt from levy; and

Allegations of a quota system for IRS agents.

DISSEMINATION OF INFORMATION

The matter of release of information by the IRS can be divided into two areas: tax-help information needed by individual taxpayers and freedom of information, information desired by tax experts and other citizen groups.

Concerning information needed by individual taxpayers, witnesses before our committee all testified to the need for change. Both tax experts and taxpayers discussed the need for better and more readily available information about tax obligations, filing obligations, audit and appeal procedures, and the collection process.

Mr. Bob Brandon, director of Ralph Nader's Tax Reform Research Group, suggested various improvements in the area of IRS taxpayer information. One was to establish eight pilot tax aid offices in major cities. Another involved revamping the system to provide for year-round tax filing, the so-called birthday filing system. Mr. Brandon stressed that tax help is inadequate and that many taxpayers feel, as a result, that they have no recourse to IRS decisions. The rejection of a taxpayer's requirements by the service results in the increasing need for him to turn to professionals for help, at added cost to the taxpayer.

Some variation of this theme was echoed by most witnesses before the committee.

On the subject of audit and appeal-right information, witnesses again made it clear this year that basic information was not properly available, was not sent to them in time to be helpful, and was not known to the average citizen.

The second shortcoming in the area of information release which was discussed at the hearings was the refusal of IRS to be open with statistical data. During our oversight hearing last year, then Commissioner Johnnie Walters stated that IRS itself was attempting to administratively provide for greater availability and accessibility of information desired under provisions of the Freedom of Information Act. Commissioner Walters stressed at that time that his understanding of IRS responsibilities led IRS to withhold information about IRS "trade secrets" which could fall into the hands of potential tax evaders. The Commissioner admitted such a policy was not in keeping with congressional intent in passing the Freedom of Information Act, however.

Philip and Sue Long testified at the hearings this year that portions of releasable IRS manual materials have been withheld from the public. Commissioner Alexander, however, denied this allegation. Two court decisions in the last few years have required that IRS release all of the manual. Part six was established and released last week, and I believe good progress is being made in this area. With regard to deletions, I am confident that my colleagues on the Joint Committee on Internal Revenue Taxation are carefully monitoring the nature both of portions of the IRS manual declared obsolete, and all other deletions from the text which Commissioner Alexander discussed in his statement to our committee.

However, since the April hearings, Mr. and Mrs. Long have notified my staff that in the last few months they have received no acknowledgement of their requests to IRS for statistical information. Commissioner Alexander has assured me that freedom of information related requests are handled as expeditiously as possible and that costs for reproduction to citizens are reasonable. He stressed at the hearings that a new form, M–6111, will solve the problem of delay in responding to freedom of information requests. I have urged IRS to improve their handling of these requests in order to more fully comply with the congressional mandate that IRS shall make available "administrative staff manuals and instructions to staff that affect a member of the public." I will, of course, work closely with other Members of the Senate who are inquiring into this area of freedom of information policies of IRS.

The committee has also expressed a desire to see the republication of an earlier IRS statistical pamphlet called "The Audit Story." I have asked that source documents of this booklet be delivered to the committee, although it has been discontinued as an IRS document. There was testimony that many tax experts feel this pamphlet was discontinued in order to keep material in it from the eyes of the public. I have made clear to IRS that I believe the "Audit Story" ought to be available, and I shall take whatever further action on this matter is necessary following a committee staff analysis of the materials provided to us.

INFRINGEMENTS ON TAXPAYER RIGHTS

Mr. President, the questions raised in our hearings concerning taxpayer rights rested primarily on IRS use of two collection tools: The jeopardy assessment and the termination of the taxable year.

IRC section 6861 allows the IRS to make a jeopardy assessment and then to seize any or all property from a taxpayer, if the Secretary or his delegate believes collection of the tax would be jeopardized by delay. Several witnesses, including lawyers Reuben Lenske from Oregon, former IRS assistant regional counsel Clyde Maxwell, Alex Soled of the ABA, and Philip and Sue Long, expressed the fear that IRS authority to make jeopardy assessments could lead to the loss of individual constitutional rights of due process. As I explained in my statement to the full Appropriations Committee, there presently exists no quick post-assessment judicial review of a jeopardy assessment. One witness suggested that Congress should enact legislation calling for immediate judicial confirmation of these assessments.

Termination of the taxable year, as explained by one witness, is a mechanism which is often used as a threat when a taxpayer is asked to extend the statute of limitations for an audit. This device can be employed if, in the eyes of the IRS, a taxpayer plans to do anything tending to prejudice or to render wholely or partly ineffectual proceedings to collect the income tax for the current or the preceding taxable year. By calling an immediate end to a tax year, issuing a notice of deficiency, and ignoring the time otherwise allowed by law for filing returns and paying the tax, the IRS can demand immediate payment. Collection procedures may then be initiated. All of this can be accomplished in a very short time, and the taxpayer may be helpless.

In my office I have received many complaints of such threats to access a taxpayer if he or she will not allow the statute to be extended. Tax counsel usually go along with IRS in these disputes. As a result of witness testimony and taxpayer complaint to my office I am now investigating further to discover whether there does indeed exist significant abuse of taxpayer rights by these termination procedures.

U.S. TAX COURT—SMALL CASE DIVISION

Another important area of testimony concerned use of the U.S. Tax Court, Small Case Division. This special court is set up to assist a taxpayer whose tax dispute involves $1,500 or less. By paying a fee of $10 the taxpayer can petition the court. The court's circuit-riding commissioners will come to the taxpayer, but in "S" cases the petitioner waives the right to appeal.

Normally, a copy of a taxpayer's petition to the tax court is sent to the appropriate IRS counsel's office. An IRS lawyer may then attempt to work out a settlement with the taxpayer. This procedure eases the burden on litigants and on the court, and has worked tolerably well.

On April 9, however, U.S. Tax Court Commissioner Joseph Ingolia testified that when a savvy taxpayer is notified of an audit, does not respond, receives a deficiency notice, and petitions directly to the court, his petition will be referred to the Audit Division instead of to the Chief or Regional Counsel's Office. The chief judge of the court has informed my staff that he believes this procedure allows both taxpayer and IRS flexibility in avoiding lengthy and costly court junctures.

But I am concerned that it is the Audit Division which is entrusted to contact the taxpayer. After he has petitioned the tax court to avoid audit, can the taxpayer expect to profit from audit division contact? Court Commissioner Ingolia testified that he hears complaints about this procedure from the bench, where he is able to entertain grievances which are generally unavailable to the judges who preside over large cases. I submit that this may be a problem which could be resolved, in light of too-crowded court dockets, by allowing a regional settlement officer to contact the relatively small number of taxpayers who fall in the direct petition category. Taxpayers who option to go immediately, and these petitioners hardly need to be informed of their options. It might be, however, that many would find a precourt settlement acceptable.

Another topic considered at the hearings was Internal Revenue Code, section 6334, "Property Exempt from Levy." In a concise and expert representation of the views of the American Bar Association, Mr. Alex Soled, chairman of the committee on collections and limitations of the Bar's Tax Section, declared the law guild's opposition to the small amount of real property presently exempt from levy by IRS.

In his statement Mr. Soled asserted.

> In an era where a succession of laws has been enacted providing for support and subsidy payments by governments to low income individuals and families who are living at a poverty or bare subsistence level, it is anachronistic for the Treasury to levy total earnings where to do so would take all funds even if committed to other creditors and could leave such a taxpayer living at a subsubsistence level.

The bar's recommendations include making an additional $100 per week for up to 4 weeks exempt from levy. This would require revision of the tax code. The full text of the Bar's recommendation is printed in the hearing record.

Finally, Mr. President, like a red banner before the eyes of a bull, the substance of an audit and collection quota system excited many witnesses and the IRS.

The president of the National Treasury Employees Union, invited by the committee to inform us what progress has been made since 1973 and whether quotas continue to exist, slammed the IRS. Mr. Vince Connery told the members that the quota system is thriving, that nothing has been done to alleviate it, that other witnesses, and constituents, are 100-percent correct in their estimation that "production goals and quotas are the name of the game." Brandishing notable IRS memos to collection personnel which urge greater seizures and penalties, Mr. Connery emphasized that IRS forms are "cosmetic."

Naturally, Commissioner Alexander disputed that testimony. He declared promotion of agents to be based on job skill, personal aplomb, and other factors distinct from a quantifiable number of cases closed, or seizures made. The Commissioner echoed the sentiments of several witnesses to the effect that stress ought to be placed on fairness in every case rather than on numbers of dollars collected by IRS personnel.

Informally, many tax authorities acknowledge the existence of quota pressure on agents. One high ranking IRS administrator recently informed the staff that quota pressure was an enduring by-product of emphasis on "firm compliance" and higher revenue levels.

I am certain the "quota" question has not been laid to rest. It cannot be dismissed, for altogether too many letters which come to my office allege ill treatment of taxpayers by overzealous IRS collectors.

It is clear to taxpayers that a quota system is liable to breed an unfair tax system. This feeling is strongly expressed in the testimony of Mrs. Barbara Hutchinson, a witness who claims to represent the frustrated taxpayers who find little to cheer for in either IRS administration and services or in congressional "tax decency."

If left to smolder, taxpayer anger can be ignited in unhealthy and uncontrollable reaction. The taxpayer revolt predicted by Mrs. Hutchinson in her testimony before our committee is unpleasant to contemplate. Lack of access to information about tax questions, agent arbitrariness, and intolerant, rigid "compliance" attitudes on the part of representatives of the Government will surely increase the chances of such a revolt.

From the testimony summarized in the above remarks, from information received at last year's hearings, and from independent investigation by the staff of the subcommittee, the following recommendations are offered for consideration by the Congress and IRS:

First. Immediate effort and tangible progress in reaching older taxpayers with better information and service. It is urged that IRS computers be used to assist in providing direct contact with elderly taxpayers, and that the social security network be used to assist this effort to reach older taxpayers. Some Taxpayer Service Representatives should be specifically equipped to handle the special problems of the aged who can come to IRS offices. For those who are unable to come to the offices, IRS telephone assistance operators must be specifically prepared to anticipate and ferret out the possibly inarticulate queries of the elderly.

Second. Inclusion of Publication 556, "Audit of Returns, Appeal Rights, and Claims for Refund," in the letter to the taxpayer which notifies him of an impending audit. This publication is currently sent to the taxpayer only upon request. The subcommittee has repeatedly urged that it be sent automatically to the taxpayer who needs the information it contains. In addition, the subcommittee suggests some modest improvements in the publication itself. Taxpayer options must be set out in clearer language, and taxpayers must be fully informed of their rights before an audit.

Third. Post Jeopardy Assessment Judicial Review. The subcommittee has requested that IRS make clear to the subcommittee within a few weeks their reasons for believing that post-Jeopardy Assessment Judicial Review would be deleterious to fair collection of tax revenue. Jeopardy Assessment implies a de facto seizure of property, and the subcommittee feels that a court hearing soon after the assessment would rightfully require the Government to persuade the court of the necessity for and the size of the assessment.

Fourth. Review of the current IRS practice involving petitions referred from the tax court to IRS. The subcommittee will insist on assurance that the taxpayer is not subject to hardship or embarrassment in an audit contact procedure which he has attempted to avoid through his petition to the court. The present method of disposing of certain small tax cases which have been appealed to the tax court does not appear to be completely fair and even handed. It may be that the congressional intent in parts of Internal Revenue Code Sections 7456 and 7463 is not being correctly interpreted in these cases.

Fifth. Continued production, compilation, and dissemination of information compiled previously in document 5667, "The Audit Story." The studies used by IRS in compiling this document, and the document in final form, should be available to both the Congress and the public. The Library of Congress ought to be supplied with this information, and with any other IRS documents and working statistics which this committee and Congress deem necessary for proper oversight of IRS.

Sixth. Increased training for taxpayer service representatives. The subcommittee urged that an effort be made by IRS to revise training procedures and methods, and to lengthen the time allowed for training taxpayer service representatives. This time period now is 2 to 3 weeks long. This does not seem to be sufficient time to equip these personnel with needed skills to assist the taxpayer at the local level. It should be stressed that these representatives are usually the only individuals who represent the IRS to the taxpaying public, and as such are the most important and potent force for creating either a good or a bad image in the eyes of the public.

Seventh. Inquiry into charges of IRS secrecy concerning freedom of information related and statistical information. The subcommittee has heard many charges that IRS is renumbering statistical tables, overcharging for printed and Xeroxed material, or allowing too much time to elapse before information requests are acknowledged and complied with. There may be honest disputes concerning what information can or should be released or concerning the cost of reproducing information. However, it is suggested that where cost alone is the fact the Government should bear a greater share of the cost in the interest of improving taxpayer information and access. Public confidence in the audit and collection activities of IRS will result from more open access to information and statistics. IRS is urged to reexamine its policy concerning administrative secrecy and confidentiality.

Eighth. Inquiry into the continued charges of quota systems. The subcommittee has requested ongoing and periodic reports from IRS concerning the efforts being made to insure that undue production pressure is not being exerted on agents and officers, and through them on taxpayers. The subcommittee is fully aware of the difficulty attending the complete elimination of these pressures. In addition we are aware of the personal judgments which are made concerning the existence of such pressure. However, the weight of testimony clearly indicates that a pervasive belief in the existence of a "quota system" continues. Initiative and aggressive action by IRS administrators will be required to bring this situation under better control.

IMPROVEMENTS MADE BY IRS

While this report has stressed charges and allegations made by witnesses before the subcommittee concerning faults in the IRS taxpayer services, it is pleasing to also report on the major improvements which have been made by IRS in these service areas in the last year.

There has been an increase of IRS authority at the IRS District conference level of appeal. This change has allowed IRS District conferees to consider the hazards of litigation in conference, and is a real victory for taxpayers. Briefly, it allows the taxpayer the opportunity to compromise at the early appeals level, and that is a great improvement. The following letter from Commissioner Alexander explains this new procedure in greater detail.

DEPARTMENT OF THE TREASURY,
INTERNAL REVENUE SERVICE,
Washington, D.C., April 1, 1974.

Hon. JOSEPH M. MONTOYA,
Chairman, Senate Appropriations Subcommittee, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: I am glad to inform you of an important conceptual change in our appeals procedures which we have now adopted. We are also advising representatives of the American Institute of Certified Public Accountants, American Bar Association and National Society of Public Accountants of this change. This procedure became effective today.

As you know, the possibility of merging the District Conference function into the Appellate Division has been under study for several months. We have decided that this approach is not feasible at this time. On the other hand, we recognize a need to provide increased services to small taxpayers and to streamline our conference appeals system. In my opinion, the best and most readily attainable way of reaching these goals is to extend the authority of the District Conference activity.

IRS has actually been in the process over the last several years of extending the authority of District Conference. For example, we have used the "pattern issue" approach in small cases susceptible to settlement by Appellate whereby identical cases may be disposed of by District Conference following an Appellate disposition. We have also stressed the fact District conferees have the duty and responsibility of making thorough evaluations of all oral and written evidence or testimony submitted by taxpayers. Finally, we have devised a Small Tax Court case procedure whereby such cases are being returned to the District Conference Staff for disposition without Appellate involvement.

In essence we are giving District conferees the same settlement authority on small tax cases that Appellate conferees have exercised. The procedures we are adopting provide that:

(1) District conferees will be authorized to consider and recommend, subject to the approval of Chief Conference Staff, a settlement proposal by a taxpayer in a case involving a proposed deficiency or overassessment of $2,500 or less per tax year;

(2) When a case involving a proposed deficiency or overassessment of $2,500 or less per tax year is unagreed after a District Conference, taxpayer will be entitled to an Appellate Division conference and he will be so advised. (3) Taxpayers will still have the option of bypassing District Conference.

In order to ensure uniformity of treatment of taxpayers in the settlement of their cases, we are instituting a post review program on a sampling basis.

I am enclosing, for your information, copies of the pertinent documents implementing these changes. These documents are: (1) Policy Statement P-4-40; (2) Revenue Procedure 75-; and (3) Manual Supplement 42G-.

We believe that the changes adopted will help small taxpayers resolve their tax problems with a minimum of inconvenience and cost to them.

With kind regards,
Sincerely,
DONALD C. ALEXANDER.

Mr. President. In a second development, IRS has initiated a new Taxpayer Service Division. This Division will be more autonomous than the old Audit, Collection and Taxpayer Service Branch. We cannot yet assess the effect this new Division will have for the taxpayers, but it is a step in the right direction, and IRS is to be commended. The subcommittee's only reservation concerns supervision of the new Division, which still seems to be under the influence of the Collections Division. Without total separation of the management and supervision of these two activities, the change could be merely one of name. The subcommittee will be looking forward to receiving testimony from taxpayers next year demonstrating an improved taxpayer service as a result of this new Division.

Third, IRS is to be commended for the

ongoing effort to improve form letters used in contacting taxpayers. IRS machine-generated correspondence has been significantly changed for the better. The Notice of Audit—L-14—now contains language to reassure frightened taxpayers that an audit does not mean suspicion of fraud or wrongdoing on the taxpayer's part. Although it is inadequate—see recommendation No. 2 above, mention is made in this notice of the availability of appeals information, which is an improvement on past letters. Overall, IRS letters are now friendlier in tone and exhibit proper respect for the taxpayer.

In summation, the subcommittee feels this year's hearings have produced much good information and many worthwhile suggestions from both taxpayers and professionals. It is clear that we have not yet achieved the taxpayer reforms which are needed, but that progress is being made. I believe the legislation I shall soon introduce will correct some of the problems I have discussed today.

Mr. MONTOYA. Mr. President, I now move the adoption of the conference report.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

The PRESIDING OFFICER. The clerk will state the amendments in disagreement.

The assistant legislative clerk read as follows:

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 1 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter inserted by the said amendment, insert: "and not to exceed $10,000 for official reception and representation expenses;"

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 25 to the aforesaid bill and concur therein with an amendment as follows:

In lieu of the matter inserted by the said amendment, insert:

"Unanticipated Personnel Needs

"For expenses necessary to enable the President to meet unanticipated personnel needs, for emergencies affecting the national interest, security, or defense which may arise at home or abroad during the current fiscal year, and to pay administrative expenses incurred with respect thereto, $500,000."

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 33 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter inserted by the said amendment, insert:

"Services as authorized by 5 U.S.C. 3109, but at rates for individuals not to exceed the per diem equivalent of the rate for grade GS-18, compensation for one position at a rate not to exceed the rate of level II of the Executive schedule, and other personal services without regard to the provisions of law regulating the employment and compensation of persons in the Government service."

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 35 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter inserted by the said amendment, insert:

"Including not to exceed $3,850,000 for services as authorized by 5 U.S.C. 3109, at such per diem rates for individuals as the President may specify, and other personal services without regard to the provisions of law regulating the employment and compensation of persons in the Government service; hire of passenger motor vehicles, newspapers, periodicals, teletype news service, and travel (not to exceed $100,000); and not to exceed $10,000 for official entertainment expenses to be available for allocation within the Executive Office of the President; $16,367,000."

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 43 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter inserted by the said amendment, insert:

"$101,589,700" of the amounts merged with the fund pursuant to section 210(f)(3) of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 490(f)(3)) of which (a) not to exceed "$69,995,700" for the construction of buildings as authorized by law including construction projects at locations and at maximum construction improvement costs (including funds for sites and expenses) as follows:

Alabama:	
Mobile Federal Office Building	$224,000
Alaska:	
Fairbanks Federal Office Building and Parking Facility	638,500
Anchorage Court House, Federal Office Building, and Park Facility	2,000,000
Alaska Highway Border Station	839,000
Juneau Post Office and Court House	12,000
Petersburg Federal Office Building and Post Office	25,000
Arizona:	
Nogales Border Station #2	2,670,000
Office Building	1,061,300
Arkansas:	
Batesville Post Office, Court House, and Federal Office Building	86,000
Fayetteville Court House and Federal Office Building	89,000
California:	
Los Angeles Federal Office Building and Multi-Parking Facility	1,981,000
San Diego Border Station	1,724,000
Hawthorne Federal Office Building	92,000
Santa Rosa Federal Office Building	235,000
Santa Ana Federal Office Building	18,000
San Diego Federal Building	225,000
Calexico Border Station	88,000
Connecticut:	
New Haven Federal Office Building	877,000
Delaware:	
Wilmington Court House, Customs Court, and Federal Office Building	151,000
District of Columbia:	
South Portal Site Federal Office Building	10,631,300
James Forrestal Federal Office Building	170,700
Department of Labor Building	11,083,600
J. E. Hoover Federal Bureau of Investigation Building	$514,000
Florida:	
Orlando Courthouse and Federal Office Building	99,000
Tampa Motor Pool	15,000
West Palm Beach Post Office and Courthouse	31,000
Georgia:	
Atlanta, Richard B. Russell Federal Office Building	700,000
Augusta Post Office and Federal Office Building	99,000
Griffin Post Office and Federal Office Building	176,000
Rome Post Office and Courthouse	106,000
Waycross Courthouse and Federal Office Building	19,000
Hawaii:	
Honolulu Federal Office Building	115,000
Idaho:	
Sandpoint Federal Office Building	16,000
Illinois:	
Chicago Federal Supply Center and Parking Facility	312,000
Chicago Federal Archives and Records Center	15,000
Chicago Federal Office Building	1,194,000
Alton Courthouse and Federal Office Building	50,000
Carbondale Federal Office Building	261,000
Indiana:	
Indianapolis Federal Office Building	15,000
Indianapolis Post Office and Courthouse	10,000
Iowa:	
Iowa City Post Office and Federal Office Building	12,000
Kansas:	
Topeka Courthouse and Federal Office Building	662,500
Kentucky:	
Covington, Internal Revenue Service Center	79,000
Frankfort Courthouse and Federal Office Building	67,000
Louisville Federal Office Building	56,000
Louisiana:	
Houma, A. J. Ellender Post Office and Federal Office Building	100,000
New Orleans Courthouse and Federal Office Building	30,000
Maryland:	
Baltimore, E. A. Garmatz Federal Office Building	22,000
Massachusetts:	
New Bedford, Hastings Keith Federal Building	204,000
Michigan:	
Ann Arbor, Federal Office Building	322,000
Detroit, Patrick V. McNamara Federal Office Building	49,000
Grand Rapids, Courthouse and Federal Building	57,000
Saginaw, Federal Office Building	448,000
Mississippi:	
Aberdeen, Federal Office Building	54,000
Hattiesburg, Federal Office Building	69,000
Oxford, Courthouse, Post Office, and Federal Office Building	82,000
Nebraska:	
Lincoln, Courthouse, Federal Office Building, and Park Facilities	67,000

New Hampshire:	
Manchester Federal Office Building	$456,000
New Mexico:	
Gallup Federal Office Building	137,000
New York:	
Buffalo Federal Office Building	950,000
Champlain Border Station	262,000
Hyde Park, F. D. Roosevelt Library Extension	65,000
New York, Customs Courthouse and Federal Office Building	113,500
Rochester, Customs Courthouse and Federal Office Building	70,000
New York, Foley Square Courthouse Annex	737,000
North Carolina:	
Winston-Salem, Courthouse and Federal Office Building	839,000
Ohio:	
Akron, Courthouse, Federal Office Building and Parking Facility	43,000
Akron, Post Office	13,000
Columbia, Federal Office Building	861,000
Dayton, Courthouse and Federal Office Building	42,000
Mansfield, Post Office and Federal Office Building	348,000
Oklahoma:	
Oklahoma City, Federal Office Building	603,000
Oregon:	
Eugene, Courthouse and Federal Office Building	30,000
Portland, Federal Office Building	12,000
Pennsylvania:	
Philadelphia, J. A. Byrne Courthouse and W. J. Greene, Jr., Federal Office Building	10,624,000
Williamsport, Courthouse and Federal Office Building	335,000
Puerto Rico:	
San Juan, Courthouse and Federal Office Building	25,000
Rhode Island:	
Providence, Post Office and Federal Office Building	38,000
South Carolina:	
Columbia, Courthouse, Federal Office Building, Parking Facility and Vehicle Maintenance Facility	955,000
Florence, John L. McMillan Federal Building and Courthouse	327,000
South Dakota:	
Huron, Post Office and Federal Office Building	$470,000
Rapid City, Courthouse and Federal Office Building	31,000
Tennessee:	
Nashville, Courthouse and Federal Office Building	130,000
Texas:	
Dallas, Courthouse and Federal Office Building	31,000
McAllen, Border Patrol Sector Headquarters	22,000
Marfa, Border Patrol Headquarters	136,000
Midland, Post Office, Courthouse, and Federal Office Building	135,000
San Antonio, Courthouse and Federal Office Building	594,000
San Antonio, Post Office	73,000
Vermont:	
Norton, Border Station	10,000
Brattleboro, Post Office, Court House, and Federal Office Building	10,000
Virginia:	
Quantico, Federal Bureau of Investigation Academy	555,000
Roanoke, R. H. Poff Federal Office Bulding	37,000
Virgin Islands:	
Charlotte Amalie, Courthouse and Federal Office Building	45,000
Washington:	
Blaine, Peace Arch Border Station	3,081,000
Seattle, Federal Office Building	2,503,600
Seattle, Federal Center South	2,878,000
West Virginia:	
Morgantown, Post Office and Federal Office Building	200,000
Elkins, Post Office, Courthouse, and Federal Office Building	454,000
Wisconsin:	
Madison, Courthouse and Federal Office Building	680,000
Total	69,995,700

Provided, That the immediately foregoing limits of cost may be exceeded to the extent that they apply to construction projects previously included in the appropriation, Construction. Public Buildings Projects, to the extent that savings are effected in other such projects, but by not to exceed 10 per centum of the amounts previously appropriated for such projects under such appropriations; (b) not to exceed $700,000 for repair and improvements of public buildings; (c) not to exceed $5,245,000 for additional court facilities; (d) not to exceed $16,149,000 for construction services of on-going construction projects; and (e) $9,500,000 for the completion of buildings management projects, including charges for work for other agencies begun in prior years but not yet completed and $2,571,000 to be deposited in the Treasury as miscellaneous receipts.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 44 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter stricken by the said amendment, insert:

"*Provided further*, That any revenues and collections and any other sums accruing to this Fund, excluding reimbursements under section 210(f) (6) of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 490(f) (6)), in excess of $1,088,870,700 shall be deposited in miscellaneous receipts of the Treasury of the United States."

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 52 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter inserted by the said amendment, insert:

"SEC. 4. Not to exceed 2 per centum of any appropriations made available to the General Services Administration, excluding the Federal Buildings Fund, for the current fiscal year by this Act may be transferred to any other such appropriation, but no such appropriation shall be increased thereby more than 2 per centum: *Provided*, That such transfers shall apply only to operating expenses, and shall not exceed in the aggregate the amount of $2,000,000."

The **PRESIDING OFFICER**. The question is on agreeing to the amendment on disagreement.

Mr. **MONTOYA**. Mr. President, I move that the Senate concur, en bloc, in the amendments of the House of Representatives to the amendments of the Senate.

The motion was agreed to.

Mr. **MONTOYA**. Mr. President, I ask unanimous consent to have printed at this point in the RECORD a table comparing the conference agreements with the amounts for fiscal year 1974, the budget estimate for fiscal year 1975, and the amounts recommended in the House and Senate versions of the bill.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TREASURY, U.S. POSTAL SERVICE, AND GENERAL GOVERNMENT APPROPRIATION BILL FOR FISCAL YEAR 1975 (H.R. 15544)

COMPARATIVE STATEMENT OF CONFERENCE TOTAL WITH NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1974, BUDGET ESTIMATES FOR FISCAL YEAR 1975, AND HOUSE AND SENATE ALLOWANCE

Agency and item (1)	Net budget (obligational) authority appropriated fiscal year 1974 (2)	Budget estimates of new (obligational) authority fiscal year 1975 (as amended) (3)	New budget (obligational) authority House version (4)	New budget (obligational) authority Senate version (5)	Conference allowance (6)	Conference allowance compared with— 1974 appropriations (7)	1975 estimates (8)	House version (9)	Senate version (10)
TITLE I—TREASURY DEPARTMENT									
Office of the Secretary: Salaries and expenses	$18,842,000	[1]$28,100,000	$21,600,000	$26,500,000	$25,850,000	+$7,008,000	−$2,250,000	+$4,250,000	−$650,000
Federal Law Enforcement Training Center:									
Salaries and expenses	2,250,000	3,200,000	3,100,000	3,100,000	3,100,000	+850,000	−100,000		
Construction		18,915,000	18,915,000	18,915,000	18,915,000	+18,915,000			
Total, Federal Law Enforcement Training Center	2,250,000	22,115,000	22,015,000	22,015,000	22,015,000	+19,765,000	−100,000		

Agency and item	Net budget (obligational) authority appropriated fiscal year 1974	Budget estimates of new (obligational) authority fiscal year 1975 (as amended)	New budget (obligational) authority House version	New budget (obligational) authority Senate version	Conference allowance	Conference allowance compared with—			
						1974 appropriations	1975 estimates	House version	Senate version
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Expenses for Economic Stabilization (liquidating functions)		[2] 2,560,000		2,000,000	2,000,000	+2,000,000	−560,000	+2,000,000	
Bureau of Accounts	82,078,000	[3] 102,576,000	85,000,000	100,000,000	100,000,000	+17,922,000	−2,576,000	+15,000,000	
Government losses in shipment	800,000	600,000	600,000	600,000	600,000	−200,000			
Bureau of Alcohol, Tobacco, and Firearms	79,948,000	[4] 95,299,000	87,500,000	94,639,000	92,000,000	+12,052,000	−3,299,000	+4,500,000	−2,639,000
U.S. Customs Service	241,700,00	[5] 287,422,000	283,000,000	284,800,000	284,800,000	+43,100,000	−2,622,000	+1,800,000	
Bureau of the Mint:									
Salaries and expenses	25,290,000	33,000,000	30,000,000	32,000,000	32,000,000	+6,710,000	−1,000,000	+2,000,000	
Contruction of Mint facilities		11,800,000					−11,800,000		
Total, Bureau of the Mint	25,290,000	44,800,000	30,000,000	32,000,000	32,000,000	+6,710,000	−12,800,000	+2,000,000	
Bureau of the Public Debt	80,880,000	[6] 89,653,000	85,000,000	88,500,000	88,500,000	+7,620,000	−1,153,000	+3,500,000	
Internal Revenue Service:									
Salaries and expenses	37,087,000	41,500,000	40,000,000	41,000,000	41,000,000	+3,913,000	−500,000	+1,000,000	
Accounts, collection, and taxpayer service	610,683,000	[7] 721,025,000	705,000,000	712,600,000	712,600,000	+101,917,000	−8,425,000	+7,600,000	
Compliance	664,430,000	[8] 807,940,000	780,000,000	791,000,000	791,000,000	+126,570,000	−16,940,000	+11,000,000	
Total, Internal Revenue Service	1,312,200,000	1,570,465,000	1,525,000,000	1,544,600,000	1,544,600,000	+232,400,000	−25,865,000	+19,600,000	
Federal Tax Lien Revolving Fund		500,000	500,000	500,000	500,000	+500,000			
Office of the Treasurer	13,200,000	15,500,000	14,000,000	14,000,000	14,000,000	+800,000	−1,500,000		
U.S. Secret Service	69,550,000	[9] 83,075,000	77,000,000	79,300,000	79,300,000	+9,750,000	−3,775,000	+2,300,000	
Total, title I, Treasury Department, new budget (obligational) authority	1,926,738,000	2,342,665,000	2,231,215,000	2,289,454,000	2,286,165,000	+359,427,000	−56,500,000	+54,950,000	−3,289,000
TITLE II—UNITED STATES POSTAL SERVICE									
Payment to the Postal Service Fund	1,698,000,000	1,552,607,000	1,550,000,000	1,550,000,000	1,550,000,000	−148,000,000	−2,607,000		
TITLE III—EXECUTIVE OFFICE OF THE PRESIDENT									
Compensation of the President	250,000	250,000	250,000	250,000	250,000				
Council of Economic Advisers	1,414,000	1,607,000	1,600,000	1,600,000	1,600,000	+186,000	−7,000		
Council on International Economic Policy	1,376,000	1,800,000	1,600,000	1,600,000	1,600,000	+224,000	−200,000		
Disaster Relief	400,000,000	[10] (100,000,000)				−400,000,000	(−100,000,000)		
Domestic Council	1,100,000	1,331,000	1,250,000	1,250,000	1,250,000	+150,000	−81,000		
Economic Stabilization Activities	75,395,000					−75,395,000			
Unanticipated personnel needs (Emergency fund for the President)	1,000,000	1,000,000		1,000,000	500,000	−500,000	−500,000	+500,000	−500,000
Executive Residence	1,433,000	1,695,000	1,695,000	1,695,000	1,695,000	+262,000			
Vice President's Residence, operating expenses				315,000	315,000	+315,000	+315,000	+315,000	
Expenses of Management Improvement	350,000	500,000				−350,000	−500,000		
National Commission on Productivity	[11] 885,000	2,500,000	1,500,000	2,500,000	2,000,000	+1,115,000	−500,000	+500,000	−500,000
National Security Council	2,802,000	2,932,000	2,900,000	2,900,000	2,900,000	+98,000	−32,000		
Office of Management and Budget	19,400,000	23,400,000	19,400,000	22,500,000	21,000,000	+1,600,000	−2,400,000	+1,600,000	−1,500,000
Office of Telecommunications Policy	2,126,000	9,512,000	9,400,000	7,500,000	8,450,000	+6,324,000	−1,062,000	−950,000	+950,000
Special Action Office for Drug Abuse Prevention:									
Salaries and expenses	5,000,000	7,000,000	3,000,000	3,000,000	3,000,000	−2,000,000	−4,000,000		
Pharmacological research	20,000,000	(12)	4,000,000	4,000,000	4,000,000	−16,000,000	+4,000,000		
Special fund	26,000,000	11,000,000	11,000,000	11,000,000	11,000,000	−15,000,000			
Total, Special Action Office for Drug Abuse Prevention	51,000,000	18,000,000	18,000,000	18,000,000	18,000,000	−33,000,000			
Special Assistance to the President	692,000	920,000	910,000	910,000	910,000	+218,000	−10,000		
Special Projects	[13] 414,000					−414,000			
White House Office	11,260,000	16,510,000	16,367,000	16,367,000	16,367,000	+5,107,000	−143,000		
Total, title III, Executive Office of the President, new budget (obligational) authority	570,897,000	81,957,000	74,872,000	78,387,000	76,837,000	−494,060,000	−5,120,000	+1,965,000	−1,550,000
TITLE IV—INDEPENDENT AGENCIES									
Administrative Conference of the United States	600,000	755,000	750,000	750,000	750,000	+150,000	−5,000		
Advisory Commission on Intergovernmental Relations	1,106,000	1,101,000	1,050,000	1,075,000	1,075,000	−31,000	−26,000	+25,000	
Advisory Committee on Federal Pay	130,000	130,000	130,000	130,000	130,000				
Civil Service Commission:									
Salaries and expenses:									
Appropriation	71,234,000	91,526,000	89,647,000	90,000,000	90,000,000	+18,766,000	−1,526,000	+353,000	
By transfer	(15,016,800)	(18,698,000)	(18,698,000)	(18,698,000)	(18,698,000)	(+3,681,200)			
Government payment for annuitants, employees health benefits	163,114,000	[14] 264,817,000	264,817,000	264,817,000	264,817,000	+101,703,000			

Footnotes at end of table.

TREASURY, U.S. POSTAL SERVICE, AND GENERAL GOVERNMENT APPROPRIATION BILL FOR FISCAL YEAR 1975 (H.R. 15544)—Continued

COMPARATIVE STATEMENT OF CONFERENCE TOTAL WITH NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1974, BUDGET ESTIMATES FOR FISCAL YEAR 1975, AND HOUSE AND SENATE ALLOWANCES—Continued

Agency and item	Net budget (obligational) authority appropriated fiscal year 1974	Budget estimates of new (obligational) authority fiscal year 1975 (as amended)	New budget (obligational) authority House version	New budget (obligational) authority Senate version	Conference allowance	Conference allowance compared with—			
						1974 appropriations	1975 estimates	House version	Senate version
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
TITLE IV—INDEPENDENT AGENCIES—Continued									
Payment to civil service retirement and disability fund	881, 905, 000	882, 287, 000	882, 287, 000	882, 287, 000	882, 287, 000	+382, 000			
Federal Labor Relations Council	777, 000	980, 000	975, 000	975, 000	975, 000	+198, 000	−5, 000		
Intergovernmental personnel assistance	10, 000, 000	15, 000, 000	15, 000, 000	15, 000, 000	15, 000, 000	+5, 000, 000			
Total, Civil Service Commission	1, 127, 030, 000	1, 254, 610, 000	1, 252, 726, 000	1, 253, 079, 000	1, 253, 079, 000	+126, 049, 000	−1, 531, 000	+353, 000	
Commission on the Review of the National Policy Toward Gambling	250, 000	1, 281, 000	250, 000	1, 000, 000	1, 000, 000	+750, 000	−281, 000	+750, 000	
Committee for Purchase of Products and Services of the Blind and Other Severely Handicapped	240, 000	252, 000		252, 000	252, 000	+12, 000		+252, 000	
General Services Administration:									
Public Buildings Service:									
Operating expenses	[15] 500, 232, 000					−500, 232, 000			
Repair and improvement of public buildings	[16] 103, 683, 000					−103, 683, 000			
Construction, public buildings projects	2, 572, 000					−2, 572, 000			
Sites and expenses, public buildings projects	500, 000					−500, 000			
Payments, public buildings purchase contracts	7, 300, 000					−7, 300, 000			
Expenses, U.S. court facilities	7, 000, 000					−7, 000, 000			
Disposal of Surplus Real and Related Personal Property		7, 727, 000	7, 200, 000	7, 200, 000	7, 200, 000	+7, 200, 000	−527, 000		
Federal Buildings Fund (limitation on availability of revenue)		(980, 000, 000)	(871, 875, 000)	(1, 044, 925, 000)	(1, 008, 870, 700)	(+1, 008, 870, 700)	(+28, 870, 700)	(+136, 995, 700)	(−36, 054, 300)
Total, Public Buildings Service	621, 287, 000	7, 727, 000	7, 200, 000	7, 200, 000	7, 200, 000	−614, 087, 000	−527, 000		
Federal Supply Service	101, 950, 000	188, 158, 000	165, 500, 000	165, 500, 000	165, 500, 000	+63, 550, 000	−22, 658, 000		
National Archives and Records Sevice:									
Operating expenses	41, 080, 000	56, 064, 000	50, 500, 000	50, 000, 000	50, 500, 000	+9, 420, 000	−5, 564, 000		+500, 000
Records declassification	1, 085, 000		1, 305, 000	1, 305, 000	1, 305, 000	+220, 000	+1, 305, 000		
Total, National Archives and Records Service	42, 165, 000	56, 064, 000	51, 805, 000	51, 305, 000	51, 805, 000	+9, 640, 000	−4, 259, 000		+500, 000
Automated Data and Telecommunications Service	7, 100, 000	8, 278, 000	7, 000, 000	7, 000, 000	7, 000, 000	−100, 000	−1, 278, 000		
Property Management and Disposal Service	38, 200, 000					−38, 200, 000			
Preparedness Activities:									
Office of Preparedness, Salaries and Expenses	5, 096, 000	7, 999, 000	7, 650, 000	7, 650, 000	7, 650, 000	+2, 554, 000	−349, 000		
Defense Mobilization Functions of Federal Agencies	3, 260, 000	3, 841, 000	3, 000, 000	1, 500, 000	1, 500, 000	−1, 760, 000	−2, 341, 000	−1, 500, 000	
Total, Preparedness Activities	8, 356, 000	11, 840, 000	10, 650, 000	9, 150, 000	9, 150, 000	+794, 000	−2, 690, 000	−1, 500, 000	
General Activities:									
Salaries and expenses, Office of the Administrator	2, 950, 000	(17)				−2, 950, 000			
General Management and Agency Operations, Salaries and Expenses		16, 095, 000	10, 200, 000	10, 650, 000	10, 650, 000	+10, 650, 000	−5, 445, 000	+450, 000	
Federal Management Policy, Salaries and expenses		1, 820, 000	1, 600, 000	1, 730, 000	1, 730, 000	+1, 730, 000	−90, 000	+130, 000	
Indian tribal claims	2, 290, 000	(17)	2, 523, 000	2, 523, 000	2, 523, 000	+233, 000	+2, 523, 000		
Allowances and office staff for former Presidents	60, 000	99, 000	60, 000	60, 000	60, 000		−39, 000		
Administrative and staff Support Services (Administrative operations fund)	(46, 407, 000)	(48, 218, 000)	47, 978, 000	47, 978, 000	47, 978, 000	+47, 978, 000	+47, 978, 000		
Total, General Activities	5, 300, 000	18, 014, 000	62, 361, 000	62, 941, 000	62, 941, 000	+57, 641, 000	+44, 927, 000	+580, 000	
Total, General Services Administration	824, 358, 000	290, 081, 000	304, 516, 000	303, 096, 000	303, 596, 000	−520, 762, 000	+13, 515, 000	−920, 000	+500, 000

Footnotes at end of article.

Agency and item (1)	Net budget (obligational) authority appropriated fiscal year 1974 (2)	Budget estimates of new (obligational) authority fiscal year 1975 (as amended) (3)	New budget (obligational) authority House version (4)	New budget (obligational) authority Senate version (5)	Conference allowance (6)	Conference allowance compared with—			
						1974 appropriations (7)	1975 estimates (8)	House version (9)	Senate version (10)
United States Tax Court: Salaries and expenses	5, 818, 000	6, 457, 000	6, 285, 000	6, 285, 000	6, 285, 000	+467, 000	−172, 000		
Department of Defense:									
Civil Defense:									
Operation and maintenance	60, 000, 000	64, 300, 000	60, 000, 000	63, 400, 000	63, 400 000	+3, 400, 000	−900, 000	+3, 400, 000	
Research, shelter survey and marking	22, 000, 000	22, 000, 000	22, 000, 000	18, 600, 000	18, 600, 000	−3, 400, 000	−3, 400, 000	−3, 400, 000	
Total, Civil Defense, Department of Defense	82, 000, 000	86, 300, 000	82, 000, 000	82, 000, 000	82, 000, 000		−4, 300, 000		
Department of Health, Education, and Welfare:									
Health Services and Mental Health Administration:									
Emergency health	6, 000, 000					−6, 000, 000			
Total, title IV, independent agencies, new budget (obligational) authority	2, 047, 532, 000	1, 640, 967, 000	1, 647, 707, 000	1, 647, 667, 000	1, 648, 167, 000	−399, 365, 000	+7, 200, 000	+460, 000	+$500, 000
Grand total, titles I, II, III, and IV, new budget (obligational) authority	6, 243, 167, 000	5, 618, 196, 000	5, 503, 794, 000	5, 565, 508, 000	5, 561, 169, 000	−681, 998, 000	−57, 027, 000	+57, 375, 000	−4, 339, 000

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[1] Includes $3,600,000 budget amendment (Senate Document 93–83, May 30, 1974).

[2] $2,560,000 budget amendment (Senate Document 93–86, June 19, 1974).

[3] Includes $15,376,000 budget amendment (Senate Document 93–83, May 30, 1974).

[4] Includes $899,000 budget amendment (Senate Document 93–83, May 30, 1974).

[5] Includes $1,822,000 budget amendment (Senate Document 93–83, May 30, 1974).

[6] Includes $1,253,000 budget amendment (Senate Document 93–83, May 30, 1974).

[7] Includes $7,625,000 budget amendment (Senate Document 93–83, May 30, 1974).

[8] Includes $4,640,000 budget amendment (Senate Document 93–83, May 30, 1974).

[9] Includes $3,575,000 budget amendment (Senate Document 93–83, May 30, 1974).

[10] Fiscal year 1975 budget estimate of $100,000,000 will be funded in HUD appropriation bill.

[11] $885,000 expended under continuing resolution.

[12] $4,000,000 for pharmacological research included in salaries and expenses.

[13] $414,000 expended under continuing resolution.

[14] Includes $83,237,000 budget amendment (House Document 93–285, April 11, 1974).

[15] Excludes $82 million authorized to be transferred to Repair and Improvement account.

[16] Includes $82 million authorized to be transferred from Operating Expenses.

[17] The 1975 budget proposed that activities under this appropriation account be funded under General Management and Agency Operations in fiscal year 1975.

Mr. MONTOYA. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

RECESS

Mr. MANSFIELD. Mr. President, I move that the Senate stand in recess until the hour of 1 p.m. today.

The motion was agreed to; and at 11:29 a.m. the Senate took a recess until 1 p.m.

The Senate reassembled at 1 p.m., when called to order by the Presiding Officer (Mr. ROBERT C. BYRD).

The PRESIDING OFFICER. In my capacity as a Senator from the State of West Virginia, I suggest the absence of a quorum.

The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

(At this point, Mr. NUNN assumed the chair.)

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Heiting, one of his secretaries.

PRESIDENTIAL APPROVALS

A message from the President of the United States stated that on August 14, 1974, he approved and signed the following bills and joint resolution:

S. 2665. An act to provide for increased participation by the United States in the International Development Association and to permit U.S. citizens to purchase, hold, sell, or otherwise deal with gold in the United States or abroad;

S. 3477. An act to amend the act of August 9, 1955, relating to school fare subsidy for transportation of schoolchildren within the District of Columbia; and

S.J. Res. 229. A joint resolution to amend the Export-Import Bank Act of 1945.

AMENDMENT TO THE AGREEMENT BETWEEN THE UNITED STATES AND GREAT BRITAIN AND NORTHERN IRELAND FOR COOPERATION ON USES OF ATOMIC ENERGY—MESSAGE FROM THE PRESIDENT

The PRESIDENT pro tempore laid before the Senate a message from the President of the United States submitting an amendment to the Agreement Between the Government of the United States of America and the Government of the United Kingdom of Great Britain and Northern Ireland for Cooperation on the Uses of Atomic Energy for Mutual Defense Purposes of July 3, 1958, as amended, which, with the amendment, was referred to the Joint Committee on Atomic Energy. The message is as follows:

To the Congress of the United States:

Pursuant to the Atomic Energy Act of 1954 as amended, I am submitting to the Congress an authoritative copy of an amendment to the Agreement between the Government of the United States of America and the Government of the United Kingdom of Great Britain and Northern Ireland for Cooperation on the Uses of Atomic Energy for Mutual Defense Purposes of July 3, 1958, as amended. The Amendment was signed at Washington on July 22, 1974.

The Agreement as previously amended includes a provision (Paragraph A of Article III *bis*) under which the Government of the United States agrees to transfer to the Government of the United Kingdom for its atomic weapons program prior to December 31, 1974 in such quantities and on such terms and conditions as may be agreed non-nuclear parts of atomic weapons and atomic weapons systems as well as source, by-product and special nuclear material. A second provision of the existing Agreement (Paragraph C of Article III *bis*) stipulated that the Government of the United Kingdom agrees to transfer to the Government of the United States for military purposes such source, by-product and special nuclear material, and equipment of such types, in such quantities, at such times prior to December 31, 1974 and on such terms and conditions as may be agreed.

Under the Amendment submitted herewith the period during which the provisions of Paragraph A and C of Article III *bis* of the Agreement for Cooperation remain in force would be extended for five years so that transfers could be made any time prior to December 31, 1979. The continued authorization of the two Governments to cooperate with each other in these respects would contribute to our mutual defense, particularly in the North Atlantic Treaty area.

The Amendment also would delete references in the preamble and Article XI (H) of the Agreement to the UK Atomic Energy Authority, since that Authority no longer has any direct responsibility in the field of nuclear defense.

I am also transmitting a copy of the Secretary of State's letter to me accompanying authoritative copies of the signed Amendment, a copy of a joint letter from the Chairman of the Atomic Energy Commission and the Secretary of Defense recommending approval of this Amendment, and a copy of my memorandum in reply thereto, setting forth my approval.

GERALD R. FORD.

THE WHITE HOUSE, *August 15, 1974.*

ENERGY REORGANIZATION ACT OF 1974

The Senate continued with the consideration of the bill (S. 2744) to reorganize and consolidate certain functions of the Federal Government in a new Energy Research and Development Administration and in a Nuclear Energy Commission in order to promote more efficient management of such functions.

Mr. RIBICOFF. Mr. President, I ask unanimous consent that amendments by the Committee on Government Operations be adopted en bloc and that the bill as thus amended be considered as original text for the purposes of further amendment.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Hackney, one of its reading clerks, announced that the House has passed the bill (S. 3164) to provide for greater disclosure of the nature and costs of real estate settlement services, to eliminate the payment of kickbacks and unearned fees in connection with settlement services provided in federally related mortgage transactions, and for other purposes, with amendments in which it requests the concurrence of the Senate.

The message also announced that the House agrees to the amendments of the Senate to the bill (H.R. 15791) to amend section 204(g) of the District of Columbia Self-Government and Governmental Reorganization Act, and for other purposes.

The message further announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 3066) to consolidate, simplify, and improve laws relative to housing and housing assistance, to provide Federal assistance in support of community development activities, and for other purposes.

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that today, August 15, 1974, he presented to the President of the United States the enrolled bill (S. 2957) to amend the title of the Foreign Assistance Act of 1961 concerning the Overseas Private Investment Corporation to extend the authority for the Corporation, to authorize the Corporation to issue reinsurance, to terminate certain activities of the Corporation, and for other purposes.

PUBLIC WORKS APPROPRIATIONS—CONFERENCE REPORT—ORDER FOR RECOGNITION OF SENATOR STENNIS AT 2:30 P.M.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that at the hour of 2:30 p.m. today, the distinguished Senator from Mississippi (Mr. STENNIS) be recognized to call up his conference report on the bill making appropriations for public works.

The PRESIDING OFFICER. Without objection, it is so ordered.

ENERGY REORGANIZATION ACT OF 1974

The Senate continued with the consideration of the bill (S. 2744) to reorganize and consolidate certain functions of the Federal Government in a new Energy Research and Development Administration and in a Nuclear Energy Commission in order to promote more efficient management of such functions.

Mr. RIBICOFF. Mr. President, I ask unanimous consent that: Mr. Wegman of my staff and Mr. Paul Leventhal, Robert Vastine, John Pearson, Mark Schneider, Richard Grundy, Brian Coulboy, Vic Reinemer, and Win Turner have the privilege of the floor during the consideration of the bill and the votes thereon.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PERCY. Mr. President, I have looked forward indeed to working with my esteemed colleagues on a bill that I consider to be extraordinarily important. I had the occasion recently to send out a questionnaire to citizens of Illinois, and I have received about 50,000 replies. It is interesting that as I polled my own constituents on what they consider to be the most important spending priorities for this Congress to deal with, the citizens of Illinois overwhelmingly indicated that energy development ranked first among nine priorities for Federal spending.

As we now consider a bill to create the Energy Research and Development Administration—ERDA—to develop new and advanced energy sources, I think this high level of support from our American citizens is an important aspect of our consideration. Certainly, when President Gerald Ford indicated that we must have a balanced budget at the earliest possible moment, the Senator from Illinois concurred and agreed. But balancing a budget is dependent upon reducing some expenditures and emphasizing others. Illinois citizens—and I have no reason to feel that their opinions would be any different from those of other citizens in the United States—placed energy development as our No. 1 priority. We considered other priorities, such as education, assistance to famine-stricken nations, housing, law enforcement, medical care, military, social services for the elderly, and transportation, as well as energy development. When we see that among these categories, 35.9 percent of those responding named energy development as the top spending priority, certainly we are dealing with an extraordinary indication of the importance that the Nation places on energy development.

This survey indicates that citizens want their tax dollars spent now to develop alternative sources of energy. The energy crisis has made us all aware that we must find new sources to make America self-sufficient in the energy field and ease our dependence on foreign sources of fuel. ERDA would develop technology for efficiently using fossil, nuclear, and advanced energy sources, such as solar, geothermal, oil shale, and hydrogen. The new agency would combine the energy research and development functions of the Atomic Energy Commission, the Interior Department, and the National Science Foundation. The creation of ERDA is a long-awaited event in the scientific community.

All over the country, in the universities, in the laboratories, and in industry, the scientific and technical community is anxiously awaiting our actions in the Senate on this bill. For the past year, particularly since the Arab oil embargo last winter, numerous energy research and devlopment programs have been hanging fire in anticipation of the passage of this bill.

The bill also would create the Nuclear Safety and Licensing Commission to regulate the nuclear power industry. The commission would emphasize reactor safety, safeguards against nuclear theft and blackmail, and the rights of citizens living near prospective nuclear installations.

Mr. President, the distinguished Senator from Connecticut and manager of the bill (Mr. RIBICOFF) made a statement on Tuesday evening about this bill in some considerable detail and because of my absence from the Senate at that time, he very thoughfully inserted in the RECORD a statement on my own behalf relating in some detail my feelings about the bill. I should like to add only this thought at this time: While I strongly favor the new ERDA bill, I am concerned about one major shortcoming of the present bill.

It is my belief that the energy research and development program now carried out by the Environmental Protection Agency on the development and demonstration of alternative automobile power systems should also be transferred to ERDA. This EPA program was to be transferred to ERDA by the terms of the administration's bill, the House bill, and the bill approved by the Subcommittee on Reorganization, Research and International Organizations. However, this transfer was deleted by an amendment adopted by the full Committee on Government Operations. I have fully researched the relationship of the so-called AAPS program to the mission of EPA and the mission of the proposed ERDA, and the evidence weighs heavily in favor of transferring AAPS to ERDA.

The development of alternative automotive power systems can be carried forward with far more vitality in the Energy Research and Development Agency without in any way impairing EPA's capability to do confirmatory assessment research in order to perform its regulatory mission. At the proper time, I intend to offer an amendment to restore the transfer of the developmental aspects of AAPS to ERDA, leaving in the EPA the necessary capabilities and personnel for confirmatory research.

Mr. President, I have advised the office of Senator MUSKIE of my intention in this regard. I have asked for his very careful consideration of the body of evidence that we have available to us, and I hope, at the proper time, to bring up this amendment. I would ask that Senator MUSKIE be notified so that he will be able to be on the floor at that time and give us the benefit of his advice.

AMENDMENT NO. 1776

Mr. President, at this time I call up my amendment No. 1776, which has been cosponsored by Senators DOMENICI and MONTOYA.

The PRESIDING OFFICER. The clerk will state the amendment.

The assistant legislative clerk proceeded to read the amendment.

Mr. PERCY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered, and the amendment will be printed in the RECORD.

The amendment is as follows:

> On page 32, line 15, after the period, add the following: "One of these officers shall be assigned the responsibility for recommending appropriate educational support programs to assure an adequate supply of technical manpower."
>
> On page 35, strike out line 16.
>
> On page 35, line 19, strike out the period and insert in lieu thereof a semicolon.
>
> On page 35, between lines 19 and 20, insert the following:
>
> "(9) assuring the collection, analysis, and dissemination of manpower supply and demand data relating to energy research and development; and
>
> "(10) helping to assure that at no time shall a shortage of manpower be a deterrent in the accomplishment of energy research and development programs by recommending, and carrying out when authorized by the President and the Congress, educational programs in universities, colleges, and vocational schools.".

Mr. PERCY. Mr. President, the purpose of my amendment is to assure that the Administrator of the new Energy Research & Development Administration (ERDA) will devote particular attention to preventing a shortage of manpower to accomplish ERDA's energy R. & D. mission.

With the rapid expansion in energy R. & D. programs projected over the next 10 years, the United States faces the possibility of a severe manpower shortage in the technical and scientific fields. Such a shortage would be a serious blow to our Nation's efforts to develop economically viable alternatives to fossil fuel energy sources in the years ahead.

Surveys on the need for engineering manpower and nuclear manpower were reported in the June 1974 issue of Nuclear News. One independent study concluded that—

> The nuclear industry is facing a nuclear manpower shortage that will severely limit the country's nuclear power program unless steps are taken immediately to correct the situation.

The same could be said of other energy industries and energy research and development endeavors.

In order to insure that the manpower situation is monitored closely and that training efforts are supported adequately, my amendment would add two important responsibilities to those of the ERDA Administrator.

First. He would be charged with assuring the collection, analysis and dissemination of manpower supply and demand data relating to energy R. & D.

Second. He would be responsible for recommending educational programs in universities, colleges, and vocational schools, and for carrying out such programs when authorized by the President and the Congress. Through these educational programs, the Administrator would help assure that a shortage of manpower would not become a deterrent in the accomplishment of the energy R. & D. programs.

The function of recommending appropriate education support programs to assure an adequate supply of technical manpower would be specifically assigned to an officer of ERDA compensated at Level V of the Executive Schedule.

In the development of this amendment, I am indebted to the Education Division of the American Nuclear Society and particularly to its chairman, Dr. Robert L. Long, Professor of Nuclear Engineering at the University of New Mexico. The tireless efforts of Dr. Long and his colleague, Dr. Jack Ohanian of the University of New Mexico, have brought the issue of a potential shortage of scientific and technical manpower to the attention of educators throughout the country, as well as the Federal agencies concerned with technical manpower training.

The amendment has the full support of the Office of Management and Budget.

Mr. President, I know that when we went into a space program as a Nation many years ago, it was absolutely essential that in order to have such a program and have it voted by Congress, we have technical personnel, trained people in that program. Obviously, manpower programs were established and set up. This is a very similar situation in the area of energy R. & D., where new ideas, new approaches, new techniques, and new people are needed.

Mr. RIBICOFF. Mr. President, I commend the distinguished Senator from Illinois and the two distinguished Senators from New Mexico for offering this amendment to insure that the ERDA Administrator will act to prevent a manpower shortage in the energy R. & D. fields.

By requiring the Administrator to collect manpower supply and demand data, and to recommend appropriate educational programs to avert a manpower shortage, this amendment will go far toward averting such a shortage. I agree that these responsibilities should be assigned to a level V officer to insure that ERDA's mission of achieving energy self-sufficiency is never undermined by a shortage of qualified personnel.

I support the amendment and urge its adoption.

Mr. MONTOYA. Mr. President, it is widely recognized that one of the major problems in our Nation's quest for energy self-sufficiency is the shortage of personnel trained to develop, operate, and regulate the energy-generating facilities that the Government and private industry are planning to build.

I

In the nuclear area, for example, the Federal Government will need between 800 and 900 nuclear engineers next year in addition to those it already employs: The Nuclear Safety and Licensing Commission established by S. 2744 will need between 400 and 600 nuclear engineers or other engineers trained to work in the nuclear field; the fusion division will need approximately 250 nuclear engineers—in addition to 250 engineers trained in physics; and the other divisions of the Atomic Energy Commission will need approximately 200 nuclear engineers or other engineers trained to work in the nuclear field. Yet only 1,100 nuclear engineers entered the job market this year; and if recent trends continue, about 40 percent of these will be hired by private industry. Thus, the Federal Government alone will face a shortage of at least 140 nuclear engineers in the coming year.

The best projections available show that the Government will continue to need this many nuclear engineers at a minimum, each year, for at least the next 5 years. In all likelihood, the Government's demand for nuclear engineers will increase significantly as the many research and development projects now being planned get underway.

Experts in nuclear education predict that the number of nuclear engineers entering the job market will actually decrease, at least through 1976, because of the very small number of undergraduate students presently enrolled in nuclear engineering programs. Although accurate predictions beyond 1976 are not now available, these educators expect the number of nuclear engineers entering the job market to stabilize around the 1,100 per year figure or lower, unless the Government increases its support of training programs.

In addition to the Government demand for nuclear-trained engineers, a recent study reported in the June 1974, edition of Nuclear News concluded that within 10 years nuclear utilities alone will need to recruit at least 19,000 technical personnel—7,000 of them engineers—for the engineering and production staffs of nuclear powerplants currently scheduled to be built. Organizations that provide direct support to nuclear utilities for the design, licensing, construction, and operation of nuclear powerplants must recruit approximately 18,000 technical personnel in the next decade. Ten thousand of these 18,000 must be engineers. Thus, within 10 years private nuclear industry will need a total of 17,000 engineers and 20,000 other trained technical personnel.

Although not all of the engineers needed will be nuclear engineers, the shortage that currently plagues nuclear engineering extends to all engineering specialties: The total number of engineers receiving bachelor's degrees in the United States has fallen from a high of 43,000 in 1972 to 36,000 in 1974. Experts are predicting that this number will drop to 30,000 in 1976.

This shortage of trained personnel is not limited to the nuclear field but exists everywhere major energy research and development is planned. Science magazine in a recent article reported that:

> The United States is about to start four low-Btu coal gasification plants shortly, may build as many as 36 synthetic gas plants recommended by the Federal Power Commission for 1985, is speculating about producing one million barrels of oil per day from 10 to 20 oil shale plants . . . and must start building refineries again after a four year hiatus.

In addition, major research and development projects will no doubt be undertaken in the solar energy and geothermal fields. Rapid development in all of these areas will create a demand for more trained technical personnel than are currently available.

II

Despite all the indications that this shortage of trained manpower will be a major stumbling block in our race for energy self-sufficiency, the Energy Reorganization Act as now written does not give the Energy Research and Development Administration any explicit responsibilities in this area. The amendments that I am pleased to cosponsor would give the ERDA Administrator the responsibility for collecting, analyzing, and disseminating data on manpower supply and demand in all of the energy fields. They would also give him the explicit responsibility for recommending—and, when authorized by the President and the Congress, for carrying out—educational programs in universities and colleges to help assure that at no time shall a shortage of manpower deter us from reaching our goal of energy independence.

The Energy Reorganization Act as now written transfers to the ERDA all of the powers of the Atomic Energy Commission not transferred to the new Nuclear Safety and Licensing Commission. Thus the ERDA will have the same powers and responsibilities for manpower training that the AEC now possesses. The amendments that I cosponsor today do not change these powers and responsibilities to be transferred from the AEC but emphasize and complement them.

Mr. President, it is clear that we are faced with a shortage of manpower trained in the energy fields. The amendments that I cosponsor today would assure that someone at the new ERDA would be responsible for monitoring manpower supply and demand data and would be helping to keep this shortage from becoming a serious threat to our energy programs. I hope that this body will strengthen our efforts to attain energy self-sufficiency by supporting these amendments.

Thank you.

The PRESIDING OFFICER. The question is on agreeing to the amendment (No. 1776) of the Senator from Illinois (Mr. PERCY).

The amendment was agreed to.

Mr. PERCY. Mr. President, I ask unanimous consent that Mr. Erik Lazar, a staff assistant in my office, may have the privilege of the floor during the debate on the pending bill, as well as rollcalls.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PERCY. Mr. President, I send an unprinted amendment to the desk and ask for its immediate consideration. This amendment has been cosponsored by Senator CRANSTON.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. PERCY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PERCY's amendment is as follows:

On page 29, line 8, after "including", insert: "but not limited to".

On page 29, line 9, after "activities", insert: "and its general basic research activities".

Mr. PERCY. Mr. President, this amendment relates to general basic research.

The amendment responds to the concern of the scientific community that the ERDA have an undisputable, direct role in the promotion of basic research related to energy. For years the national laboratories have constituted an invaluable national resource because of their tremendous capabilities in the advancement of basic knowledge, including their ability to relate their fundamental discoveries directly to energy resource development and conservation.

ERDA's responsibilities for basic energy research should be broadly interpreted, without constraint as to specific applications. While it is exceptionally difficult to predict exactly where advances in man's basic knowledge of his universe will eventually contribute directly in terms of practical solutions to the Nation's effort to become energy self-sufficient, it is clear that without this relatively small investment, this effort could be badly compromised and new opportunities ultimately could be severely limited.

I have in correspondence with the Director of the Argonne National Laboratory, Dr. Robert Sachs, become informed about the great capacity of the national laboratories to assume quickly a diversified energy R. & D. mission because, over the years, these laboratories have maintained an excellence in their basic science and technology research programs.

My amendment will simply insure that the ERDA's role in basic research though it is implicit in the bill because it transfers authority directly from the AEC to ERDA, be made explicit.

Mr. President, the distinguished manager for the majority favors the amendment, and I am able to assure that it is completely acceptable to the Office of Management and Budget.

Mr. RIBICOFF. Mr. President, I support the amendment of the distinguished Senator from Illinois because it makes it clear that one of ERDA's important functions is to engage in and support basic research.

It can be truly said that basic research is the fountainhead of knowledge. Some of man's greatest discoveries in the physical and biomedical sciences have been made through research that has not been applied to any particular goal, but rather has simply explored the limits of knowledge to find what lies beyond.

As the committee report points out, ERDA—presumably through the Assistant Administrator for Solar, Geothermal, and Advanced Energy Systems—will continue and further develop the AEC's basic physical research program. Only in this way can we further man's understanding of the natural laws and phenomena governing matter and energy in the hope that it will contribute to ERDA's primary mission of bringing about energy self-sufficiency.

The Senator's amendment is a good one, and I urge its adoption.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Illinois (Mr. PERCY).

The amendment was agreed to.

RADIO FREE EUROPE AND RADIO LIBERTY

Mr. PERCY. Mr. President, I should like to advise the Senate that at the end of my comments on the pending measure and the submission of several amendments, I intend to move that the Senate concur in the amendments of the House of Representatives, as to which the message from the House of Representatives is now at the desk, on the bill (S. 3190), with an amendment of the House of Representatives thereto, relating to Radio Free Europe and Radio Liberty.

The House has simply added a modest amount, $150,000. I intend to ask that the Senate concur in the amendment of the House of Representatives, and wish to advise any Senators who would be interested that it will be brought up shortly.

ENERGY REORGANIZATION ACT OF 1974

The Senate continued with the consideration of the bill (S. 2744) to reorganize and consolidate certain functions of the Federal Government in a new Energy Research and Development Administration and in a Nuclear Energy Commission in order to promote more efficient management of such functions.

Mr. PERCY. Mr. President, I send to the desk an unprinted amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. PERCY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PERCY's amendment is as follows:

On page 86, line 2, after the period insert the following: "Such report shall also include a description of the activities undertaken by the Administration relating to the development of energy-efficient source and utilization technologies in the areas of, but not limited to:

"(A) transportation;
"(B) manufacturing;
"(C) power generation;
"(D) residences; and
"(E) commercial buildings and facilities."

Mr. PERCY. Mr. President, this amendment deals with energy efficiency.

As drafted, the ERDA bill does not charge the new administration to concentrate on research and development programs that will maximize efficient use of energy. Though this is the implicit mission of ERDA, nowhere is the mission explicitly stated. In order to help compensate for this shortcoming, the amendment I am proposing would require that, in its annual report, the ARDA Administrator describe ERDA's activities relating to the development of energy-efficient source and utilization technologies in the following areas: transportation, manufacturing, power generation, residences, and commercial buildings and facilities. These five areas comprise virtually the total of all energy use. ERDA should explain how its research and development efforts have contributed, yearly, to the narrowing of the gap between the amount of energy input to any of the above end uses, and the amount of energy input to any of the above end uses, and the amount of energy actually utilized. It should thus, in part, concern itself with reducing the incredible amounts of energy that we waste. Energy that goes "up the stack" or "out the exhaust pipe."

This is a modest amendment but an important one. The ERDA Administrator is already charged by section 304, page 85, to make a report at the close of each fiscal year. My amendment would simply require that the Administrator address himself each year to the crucial subject of the success of ERDA's programs in developing more advanced, effective energy-efficient technologies.

Mr. President, this amendment has been cleared with the Office of Management and Budget, and they support it. I understand that it is also acceptable to the distinguished manager for the majority.

Mr. RIBICOFF. Mr. President, it is obvious that conservation of energy is as crucial to the attaining of self-sufficiency as is the development of new energy sources. I support the amendment and urge its adoption.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

AMENDMENT NO. 1788

Mr. METCALF. Mr. President, I call up my amendment No. 1788.

The assistant legislative clerk proceeded to read the amendment.

Mr. METCALF. Mr. President, I ask unanimous consent that we refrain from further reading of the amendment. I will explain it in a brief statement.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

AMENDMENT No. 1788

DISCLOSURE OF INFORMATION RELATING TO SAFETY SYSTEMS

SEC. . (a) The provisions of paragraphs (4) and (5) of section 552 of title 5, United States Code, may not be construed to apply to any records of the Commission which relate to the development, operation, or efficacy of safety systems or their component parts, except that the provisions of paragraph (4) of such section may be construed to apply to such records in any case where the Commission, after notice and opportunity for an agency hearing on the record, determines that such disclosure would result in irreparable injury to the competitive position of the person from whom the information was obtained. Such determination shall be subject to judicial review pursuant to section 552 of title 5, United States Code.

(b) As used in subsection (a)—

(1) the term "records of the Commission" includes any application, document, study, report, correspondence, or other material or information or any part thereof received by or originated by the Commission pursuant to the provisions of this Act or the Atomic Energy Act of 1954 or in connection with any proceeding, other than a criminal proceeding, under either such Act; and

(2) the term "Commission" means the Commission, or any board or office thereof, or any advisory committee to the Commission.

Mr. METCALF. Mr. President, it is the purpose of my amendment to provide the public, as well as intervenors in licensing proceedings, with the opportunity to obtain essential information received by or created by the Nuclear Safety Licensing Commission with respect to the development, operation, or efficacy of safety systems for nuclear facilities under NSLC's jurisdiction.

Mr. President, safety is the name of the game in nuclear power regulation. We are beginning to see this message almost weekly in news articles and in reports about potential leaks and hazards associated with nuclear powerplants, and other facilities. Without absolute assurance of a safe system along the line from production to use to processing to storage, any reliance on nuclear material as an energy resource in any meaningful degree is doomed. We cannot afford any mistakes, we must know all the facts about the system in each of its component parts.

This necessarily requires a relaxation of certain exemptions from disclosure under the Freedom of Information Act. These relate to trade secrets and commercial information, and inter- and intra-agency memorandums and correspondence. The national defense and foreign policy exemption is not touched by this amendment; neither are the other six exemptions.

Further, and this is important, such Freedom of Information Act exemptions would be relaxed only with respect to safety systems and component parts—not to other phases of the regulatory information in the Commission's possession.

And, under my amendment the exemption with respect to trade secrets may be retained where the Commission, after notice and hearing, determines that disclosure would result in irreparable injury to the competitive position of the person from whom the trade secret information was obtained.

The purpose of this amendment is to open the activities of the Nuclear Safety and Licensing Commission, to the maximum extent possible, with regard to issues involving the safety and health of the public, while preserving the legitimate commercial interests of private business firms.

Mr. President, the absolute necessity for having full disclosure of the facts relating to safety systems and component parts is highlighted by the following selected articles which I now ask unanimous consent to have placed in the RECORD. They are:

"AEC Board Told of Generator Leaks at Nuclear Powerplant at Surry," Washington Post, August 15, 1974;

"Plutonium for Peace, Maybe," by Paul L. Leventhal, New York Times, July 14, 1974;

"Shutdown of a Nuclear Plant, 17th in 19 Months, Spurs U.S. Debate";

"AEC Is Criticized on 'Breeder' Plan," New York Times, May 7, 1974;

"Ominous Problems: What To Do With Radioactive Waste," Smithsonian Magazine, April 1974; and

"The Hot River Valley," by McKinley C. Olson, in the Nation, August 3, 1974.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Washington Post, August 15, 1974]

AEC BOARD TOLD OF GENERATOR LEAKS AT NUCLEAR POWER PLANT AT SURRY

FREDERICKSBURG, VA.—The Atomic Energy Commission's Atomic Safety and Licensing Board was told today that a leak in a generator at the Virginia Electric and Power Company's Surry nuclear power plant is creating problems in keeping radioactive levels within environmental standards.

The disclosure came during a three-day AEC hearing here to determine whether construction permits for Vepco's North Anna nuclear power plan should be "modified, terminated or conditioned to protect environmental values."

The unexpected revelation came after W. W. Cameron, Vepco's chemistry and health physics supervisor at Surry, was asked to testify about the Aug. 7 spill of radioactive water at Surry, when 3,000 gallons of radioactive water spilled into the plant and 150 gallons went into the James River.

Cameron, asked about leaks in general, testified of two recent leaks in the two nuclear generators at Surry.

He said one has been plugged. As for the other leak, he said, "I'm doing everything I can to keep the leak as low as practicable, but I have not been successful."

The leak, amounting to about 140 gallons of water a day, is coming from a steam generator in unit one, he said. The other leak, in unit two, was plugged, he told the board.

But the unit one leak, Cameron added, "is presenting a problem" and "requires restrictions on our operations."

The Aug. 7 spill brought criticism last week from Surry County Administrator Charles Agle, who said Vepco should have notified county officials.

Vepco responded that the spill was insignificant, but Vepco did notify the AEC about it.

[From the New York Times, July 14, 1974]

Plutonium for Peace, Maybe

(By Paul L. Leventhal)

Washington.—Peaceful plutonium can be the death of us all—not will be necessarily—but can be. The present course of the United States and France to step up the exporting of nuclear-power technology to nations willing to pay the cost is a form of insanity that may overtake the world before its awesome dimensions are realized.

Consider this: The nuclear power plants that the President wants to sell to Egypt are each capable of producing 150 kilograms (352 pounds) of plutonium as a by-product every year. After reprocessing, this plutonium will amount to more than 700 pounds of weapons-grade material suitable for the fashioning of dozens of bombs of the size of the one dropped on Nagasaki.

Consider this also: The Atomic Energy Commission plans to license over the next quarter-century 1,000 nuclear-power plants in the United States, which will produce 60 per cent of our electricity and also 660,000 pounds of plutonium a year by the year 2000.

Worldwide projections for that date are for 2,000 reactors, including our own, generating 40 per cent of electrical needs and also more than two million pounds of plutonium a year. These projections are based on the development of the so-called "breeder" reactor, which will generate more plutonium than it consumes.

All this, of course, is to be done under adequate—the industry does not like the term "strict"—safeguards.

A recent study by a team of outside consultants for the Atomic Energy Commission, which was released in May by Senator Abraham A. Ribicoff after he obtained it from the A.E.C., reported that current regulations are "entirely inadequate" to protect weapons-grade nuclear materials in the private sector from theft and subsequent fashioning into terrorist bombs. Most commercial reactors today do not use weapons-grade uranium or plutonium. If safeguards are so poor—and dangerous—now, what will the situation be like after 1980, when the A.E.C. predicts that commercial reactors will be producing and using more plutonium than will the Government weapons program?

And also consider this: The A.E.C. conducted a secret study to determine whether two physicists with doctorates, fresh out of graduate school, could design an atomic bomb from current, public literature, assuming they could obtain the necessary plutonium or highly enriched uranium.

It has since been disclosed that the young physicists succeeded in designing a fission device that A.E.C. experts determined would explode with a force within 10 per cent of the yield predicted by the would-be bombmakers.

And, finally, consider this: Plutonium is the most toxic substance known to man. One thirty-millionth of an ounce—less than a pollen grain—if inhaled or swallowed will cause cancer. Thus, even if a crudely fashioned bomb fails to explode, partial detonation will convert it into a terribly poisonous dispersion device. Also, the radioactive half-life of plutonium is 23,640 years, which means it retains its toxicity for at least 100,000 years.

These facts lead to three basic conclusions.

First, the nuclear-power industry generates the world's most explosive and poisonous element.

Second, this element can be fashioned by skilled, determined individuals into atomic bombs or deadly dispersion devices.

Third, present efforts to safeguard this element from outside theft or internal diversion have been found to be entirely inadequate in the world's most sophisticated nuclear nation, the United States.

What, then, are we in for if we and our peaceful nuclear competitors like France continue to view the exporting of this technology as a solution to our balance-of-payments problems?

At best, we are in for a period of uncertainty. It is an uncertainty built on the sure knowledge that even energy-rich nations like Iran and Saudi Arabia are only too ready to pay the price for the stuff that international dreams are made of: ultimate power. In that sense, plutonium-producing power plants are international dream machines. Plutonium has become the world's most valuable and coveted substance. India has recently demonstrated what one country can do with plutonium from foreign-built reactors on its own soil—for "peaceful purposes," of course.

Even if the industry proves to operate as safely as the A.E.C. and other advocates say it will, there is still the problem of safeguarding nuclear materials from theft and nuclear facilities from sabotage.

At present, international safeguards as administered by the International Atomic Energy Agency cover only internal accounting systems (comparable to a bank audit), not physical security (comparable to a bank guard). However, while a bank audit involves accountability down to the penny, a nuclear audit is considered tight if it can account for 99 per cent of weapons-grade materials.

Materials unaccounted for already amount to thousands of pounds of plutonium and highly enriched uranium that the A.E.C. assumes—and can only assume—have been lost in the industrial process, not stolen.

Nevertheless, the A.E.C. does not require tests of the commercial-safeguards system—so-called adversary testing—to determine whether sneak-thefts of small amounts of weapons-grade nuclear materials are possible.

The nuclear power debate has been subjected to much sound and fury, mostly over the safety issue. This has benefited the industry because it has diverted attention from the most basic issue of all: safeguards.

The bottom line of the nuclear-power industry is the exporting and the common use of plutonium. Can the world whose commerce will soon have to accommodate more than two million pounds of plutonium a year survive? Even if legitimate governments agree to safeguard the industry from threats, thefts and sabotage, what of nationalizations, revolutions and terrorist attacks?

The trend toward nuclear power may be inevitable. But we, and the rest of the world, ought to know now what we are letting ourselves in for.

[From the New York Times, Mar. 31, 1974]

Shutdown of a Nuclear Plant, 17th in 19 Months, Spurs U.S. Debate

(By John Kifner)

Vernon, Vt., March 30.—The Vermont Yankee nuclear power plant has been closed down again for what officials describe as some routine tests to determine whether parts of the key element in controlling the nuclear reaction were put in upside down.

It is the 17th major shutdown in the 19 months the plant has been operating, according to company records.

One shutdown was for the beginning tests of the plant and a second was for giving examinations to the operators. The rest were because of accidents, failures of equipment, **faulty parts, corrections of dangerous or illegal conditions or, in one case, being struck by lightning.**

"We are not as bad as some," a Vermont Yankee spokesman, Lawrence Keyes, said of the power plant's reliability, "but we're not as good as others."

When both Government and industry are promoting nuclear power as the answer to energy problems, Vermont Yankee's difficulties focus attention on a rapidly growing controversy over the use of atomic energy.

Some members of the scientific community, along with conservationists and consumer groups are questioning the safety and reliability of nuclear plants. Ralph Nader, the consumer advocate, made an organizing tour of Massachusetts college campuses earlier this month and addressed a joint session of that state's legislature to press for a moratorium on nuclear plant construction until adequate safety could be guaranteed.

But the problems here are not dissimilar from those of other plants. Of the six plants now operating in New England (nine more are projected), Connecticut Yankee is shut down because its turbine broke and the Pilgrim plant in Massachusetts has been closed by a critic's legal challenge to its safety.

Another Connecticut plant was closed for seven months, first by sea water leakage, then by faulty equipment. In the Massachusetts Yankee plant, bolts failed in the reactor core, costing six months and $6-million of repairs.

According to figures assembled by Prof. Henry W. Kendall of the Union of Concerned Scientists from Nucleonics Week, a trade publication, nuclear plants had a "deliverability factor" of 54 per cent of their theoretical capacity last December and 46 per cent in January.

A major problem for the nuclear plants has been in the quality of equipment they buy from suppliers.

The shutdown for six days, which began here last night, involved the control rods, the main instruments for starting, controlling and stopping the nuclear reaction. Inside the rods, a boron carbide substance that absorbs neutrons—thus halting the nuclear reaction—is held in place by "spacers," which in turn, are held in place by crimps below their position.

The problem is that some may be upside down, so that the material is not held evenly in place, lessening its efficiency.

David Crowley, a spokesman for the General Electric Nuclear Division in San Jose, Calif., estimated that the problem might affect 10 plants. He said it had appeared that some control rods might have been assembled backward because both ends looked pretty much the same.

"It's pretty difficult to tell unless you label them top and bottom," Mr. Crowley said.

Previously, Mr. Keyes, the Vermont Yankee spokesman, said the plant had had considerable trouble with nuclear fuel supplied by General Electric.

Hydration was the first problem, he said. The fuel pellets contained excess moisture, which at high temperatures disassociated itself, ate through the linings of the fuel rod and escaped in the plant's vapors, causing a radiation violation.

A chemical filter system of trapping the radiation proved insufficient, and so a $10-million filter had to be designed and built. Vermont Yankee and General Electric are still negotiating a settlement, Mr. Keyes said.

Another fuel problem, which closed the plant for all of last October and most of November was "densification." It was discovered that some of the fuel capsules were slipping and compacting, thus creating "hot spots."

One of the plant's most difficult moments came at 9:01 on the evening of last Nov. 7. Workmen installing a television surveillance unit had cut out power for a key safety device unbeknownst to the night shift.

Unwittingly, a control rod was pulled out, while the one next to it was already fully withdrawn. An "inadvertent critically"—an unwanted nuclear reaction—began. After about two seconds, computerized controls cut in with a "scram," the nuclear word for an emergency shutdown.

The incident also caused somewhat of a chain reaction at the Atomic Energy Commission, resulting in an instant memorandum on the situation with a 71-destination routing slip an investigation and, eventually a $15,000 fine, only the second the agency has ever levied against a nuclear power plant.

On Thursday, the New England Coalition on Nuclear Pollution and the Natural Resources Defense Council, which have battled Vermont Yankee through the Atomic Energy Commission licensing procedures, filed suit in the Federal Appeals Court in Washington for another review of the plant's operating license.

The Union of Concerned Scientists, a group centering on professors at the Massachusetts Institute of Technology, and other critics of the nuclear plants raise these main objections:

The possibility that human error or the failure of mechanical parts could result in a disastrous nuclear accident.

The difficulty of disposing of the waste products, some of which will remain radioactive for thousands of years. Kansas salt mines that had originally been planned as burial grounds have been found unsuitable.

The danger that terrorists could steal fissionable material—such as the plutonium that is a byproduct of the nuclear reaction—and make a nuclear bomb.

A nuclear energy plant, in basic terms, consists of a vessel in which a nuclear reaction develops intense heat, turning surrounding water into steam. The steam rushes through a turbine, powering a generator, which develops electricity.

A nuclear accident could release radioactive particles into the atmosphere. This might occur if cooling systems failed, causing the radioactive core of the reactor to overheat and melt.

The Atomic Energy Commission contends that chances of a nuclear accident are miniscule. And the industry points to elaborate emergency and back-up systems designed to stop and cool down a reactor if there is trouble.

Critics contend that however sophisticated the nuclear concept, its operation depends on imperfect standard technology. They say the impact of an accident might be measured in multiples of the Hiroshima bomb.

A recent "abnormal occurrence" report filed by Vermont Yankee, for instance, noted that Valve 10–25A, part of the low-pressure cooling system, failed to function on March 4. It was the third time the valve had failed, the report said.

Nuclear plants are required to file "abnormal occurrence" reports when there are violations of Federal technical or safety specifications. In 1973, Vermont Yankee filed 35 such reports.

In an editorial entitled "More Problems at Yankee," the Brattleboro Reformer noted yesterday that "the word 'lemon' has been batted about more than once," in regard to the plant.

[From the New York Times, May 7, 1974]

AEC Is Criticized on "Breeder" Plan—Reactor Project Analysis Is Held Inadequate by EPA on Ecological Impact

(By Edward Cowan)

Washington, May 6.—The Environmental Protection Agency held today that the Atomic Energy Commission had failed in a draft statement to make an adequate appraisal of the environmental impact of its long-term program to develop a breeder reactor for wide-spread commercial use by electric utilities.

The environmental agency said, and A.E.C. officials agreed, that some of the information missing in the draft statement could not be given until more research work was done. Environmentalists, many of whom have been waging a dogged fight against the breeder program, are expected to cite the E.P.A.? comments as grounds for slowing the entire program.

The E.P.A. appraisal in effect supported those environmentalists who have complained that the A.E.C. failed to make an explicit comparison of the breeder reactor power program with alternatives, notably solar energy.

An Atomic Energy Commission official said it was unreasonable to demand such a comparison because not enough was known about either, especially solar energy. The A.E.C. position is that the sun as a source of electric power, as distinct from heating and cooling, is so far in the future as to be no alternative to the breeder.

In a letter transmitting the environmental agency's comments on the four-volume draft statement, Sheldon Meyers, director of the agency's Office of Federal Activities, gave the statement the lowest possible rating, a three, or "inadequate." Because the statement is inadequate, Mr. Meyers said, E.P.A. is unable to make an evaluation of "the environmental acceptability" of the program.

A breeder reactor is one that turns uranium into plutonium, also a nuclear fuel, while at the same time operating to produce electric power. Heat from the splitting of atoms vaporizes water. The steam drives electric generating turbines, as in plants that produce the heat by burning coal, oil or natural gas.

PLANNING FAR AHEAD

The Atomic Energy Commission has for several years sponsored development of breeder reactors cooled by liquid sodium as the best way to meet the country's future electric power needs. A demonstration plant, to be built mostly with Federal financing, is supposed to be completed by 1981.

The E.P.A. expressed reservations about the draft statement's discussion of issues on which environmentalist critics have been hammering—health effects, reactor safety, disposal of radioactive wastes, the ratio of costs to benefits and possible cost overruns.

Mr. Meyers suggested that the commission ask the Federal District Court here to postpone a June 14 deadline for submission of a final environmental impact statement so that the A.E.C. staff could take more time in preparing it.

That suggestion and the general thrust of the E.P.A. comments caused irritation at the A.E.C. A key official there said the staff was "gearing up and driving" to meet the June 14 target, but he conceded that it might be necessary to request an extension.

The sweeping nature of the environmental agency's reservations indicated that its staff and management had considerable doubts about the breeder program, greater doubts, for instance, than it has about offshore drilling for oil. That interpretation was supported by a well-placed E.P.A. official.

The agency's comments were regarded as likely to serve as a basis for a challenge in the courts when the final statement is issued. The A.E.C. was ordered to write an impact statement for the program as a whole as a result of a suit brought by the Scientists' Institute for Public Information, which has offices in New York and St. Louis.

FRESH START URGED

That organization has called on the A.E.C. to withdraw and rewrite from scratch the impact statement. A similar recommendation came today from the Natural Resources Defense Council, Inc.

It charged in a letter signed by a staff attorney, J. G. Speth, that the draft statement used "self-serving and unsupportable assumptions which predetermine the conclusions." Mr. Speth said the council's 350-page critique described "scores of instances where unpleasant facts and responsible scientific opinions with which the A.E.C. disagrees are simply passed over."

Through a spokesman, the A.E.C. expressed surprise at the tone of the Environmental Protection Agency's comments. The commission snowed E.P.A. officials early versions of the statement, an Atomic Agency spokesman said, and "we sought to address ourselve to their earlier informal comment."

[From the Smithsonian magazine, April 1974]

Ominous Problem: What To Do With Radioactive Waste

(By Dennis Farney)

(More nuclear power plants mean more of the most lethal and long-lasting of poisons, and scientists disagree about their disposal.)

They call it "the thousand-year problem."

It begins with a rusty-brown fluid that roils and churns inside its great underground tank, boiling in the heat from some inner fire. This dark liquid doesn't look especially sinister, but drop for drop it is one of the most hazardous, long-lived substances on Earth.

It is "high-level" radioactive waste, produced when the spent fuel of nuclear reactors is recycled. The fuel is dissolved in acid and the reusable uranium and plutonium are laboriously separated out. What remains in the end is a liquid so laden with radioactive substances that it will self-boil for years from the heat generated in decaying. Depending upon the tank design, the waste is either cooled artificially or simply allowed to boil (after much of the heat-producing strontium 90 and cesium 137 have first been removed for separate storage). At the Atomic Energy Commission's Hanford works in Washington, a million-gallon waste tank produced and stored under current procedures, would contain roughly 250 or more times the strontium 90 released by the Hiroshima bomb—and this after about 95 percent of the strontium had already been removed.

There are 65 million gallons of waste at Hanford, stored in about 150 underground tanks. Most tanks contain a good deal less than the above amount of strontium. There are some 22 million gallons elsewhere stored in giant underground tanks—most of it the byproduct of U.S. nuclear weapons-making over three decades. And, by the year 2000, the growing use of nuclear power for electricity is expected to generate the equivalent of 60 million gallons more. (There will be more signs like those above). This waste will be at least 10 to 30 times as radioactive as that at Hanford.

To contemplate this growing accumulation in terms of its outermost potential for harm—to man and to the intricate life chains of the Earth—is to conjure by problems so large as to be almost incomprehensible.

Consider:

Many of the radioisotopes within the waste do decay in short order to relatively harmless levels. An example is zirconium 95, which has a half-life of only 65 days. This means that half of a given amount will decay within the first 65 days, half of the remaining half within the next 65 and so on.

But three are very long-lived. Strontium 90 and cesium 137 both have approximately 30-year half-lives; there is so much of them within the waste that they will have to be isolated from the environment for 600 to 1,000 years. A third substance, plutonium 239 (which escapes recycling in small quantities) has a fantastically long half-life of 24,000 years. It will have to be contained for at least 250,000 years.

Each of these substances presents its own hazards, and some are less serious than others. Plutonium's radiation is weak, incapable of penetrating even a sheet or two of newspaper. But if you inhaled even one dust particle of plutonium you would be in grave danger of lung cancer. What plutonium dictates, then, is containment; it must simply be bottled up.

Cesium emits a type of radiation which

can penetrate anything short of a thick shield of lead or concrete. Cesium, however, is chemically similar to potassium, so that, if ingested, it will be excreted by the body within a few weeks.

Strontium also is responsible for a penetrating type of radiation. Like cesium, it gives off great amounts of heat as it slowly decays. In addition, it is chemically similar to calcium and, if ingested, lodges in bone cells to bombard surrounding tissue with radiation for years. It is this deadly combination that makes it the most hazardous of the three.

The standard unit of measurement for quantities of radioactivity is the curie, and one way to express the pollution potential of a radioactive substance is in the amount of water required to dilute one curie to drinking water purity. The amount necessary for one curie of strontium 90: about ten billion gallons. By the year 2000, the generation of electric power in U.S. nuclear reactors will have accumulated ten billion curies of strontium 90. An AEC computer has calculated what it would take, theoretically, to dilute these ten billion curies to drinking water purity: roughly one-fortieth of all the water in all the oceans, rivers, lakes and streams on the face of the Earth.

A *potential* problem, however, can often loom all out of proportion to a *realistic* problem. Radioactive waste becomes a threat only if it escapes into the biosystem; with no other environmental hazard has there been such "determination to minimize [this] risk at almost any cost," says a National Academy of Sciences report. The waste becomes a threat of the gravest sort if some cataclysm catapults it into the upper atmosphere to rain down as global fallout. That kind of cataclysm is extremely unlikely and the AEC's ultimate goal is to transform its waste into non-liquid forms deposited in invulnerable locations.

Simplifying the AEC's task is the fact that the volume involved is relatively small. All the waste produced by all the domestic U.S. reactors for the rest of this century theoretically could be stored, after solidification, in a single warehouse 200 feet on a side and 12½ feet high.

So much for the good news. The bad news is that the military waste, having been produced by less sophisticated chemical methods than the coming domestic waste will be, is more of a volume problem. And both the military waste and the domestic waste are going to require a "warehouse" that remains leakproof, tamperproof and foolproof for lengths of time that, in human terms, approach forever.

Whole empires have risen and fallen in a fraction of the time the strontium and cesium will have to remain sealed away. The entire recorded history of mankind is but a fraction of the 250,000-year storage time of plutonium. Neanderthal man appeared only about 75,000 years ago. The implications have reminded one thoughtful nuclear scientist of one of man's most gripping legends—Faust, who bargained his soul to the devil in exchange for power. The scientist wondered: Are short-lived man and the ephemeral institutions he creates equal to the demands of the fissioned atom?

"We nuclear people have made a Faustian bargain with society," wrote Alvin M. Weinberg, then director of the Oak Ridge National Laboratory, in *Science* in 1972. "On the one hand we offer—in the catalytic nuclear burner—an inexhaustible source of energy. . . . But the price we demand of society for this magical energy source is both a vigilance and a longevity of our social institutions that we are quite unaccustomed to. . . . Is mankind prepared to exert the eternal vigilance needed . . . ?"

To Weinberg personally, the bargain seemed well worth making. Nevertheless, he argued that this decision is really "trans-scientific"—so fundamental, so bound up in questions of ethics and ultimate values that only society as a whole should make it.

Today, with an added incentive in the form of the energy shortage, this society and others are nearing definitive commitments to the Faustian bargain. In some ways this commitment has been preceded by the kind of national debate that Weinberg thought necessary. There has been a great deal of discussion of reactor safety; there has even been some debate over such relatively esoteric problems as that of "nuclear blackmail" by terrorists who might threaten society with stolen plutonium. But, curiously, there has been relatively little public debate about the long-run implications of nuclear waste. It remains the province of experts and their views are nowhere near unanimous.

To AEC Chairman Dixy Lee Ray, the waste is "the biggest non-problem we have"—one "readily solvable" through any of a number of techniques. This spring the AEC hopes to announce plans for a man-made facility which could accommodate all the commercial waste generated for the rest of the century. Meanwhile, it is investigating "ultimate" solutions that range from entombing the wastes deep within the earth to rocketing them into outer space.

To Hannes Alfven, Nobel Prize-winning physicist at the University of California, San Diego, "a very large production of nuclear energy necessarily means the mass production of radioactive poisons in quantities which are terrifying." Until a few years ago, Alfven endorsed nuclear fission as a solution to global energy needs; now, largely because of the waste problem, he argues for a moratorium on fission reactors. He explains that nuclear fission dictates safety requirements so stringent that "no acts of God can be permitted."

Somewhere in the middle is Ralph E. Lapp, of the original Manhattan Project and today an energy consultant to the nuclear industry. Waste disposal "is just not in the same class as some other problems," he says. "It's not as dynamic as the problems associated with reactor safety," and there remains adequate time to solve the problem. Still, "I worry about it."

What worries him is that more and more nations are producing more and more waste at an increasing rate. As late as 1970, nuclear reactors produced only one percent of U.S. electrical power. Today the figure is five percent; the AEC projection for 1980 is 20 percent, and for the year 2000, 60 percent. Abroad, reactors will be operating in about 30 nations by 1976.

Logically, the growing accumulation of waste should be treated as a planetary problem by some international organization. But in the real world, practices considered questionable by some nations are being used routinely, or at least being considered for use, by others. The Soviet Union, for example, is reportedly considering injecting high-level wastes deep into a water-bearing sandstone formation. Japan is looking around for a small island or two to use for storage, although just about any Japanese island will be vulnerable to earthquakes, tidal waves and typhoons. The U.S. program is among the most scrupulous and most advanced in the world, yet even here waste disposal remains at a rather low priority.

Senator Frank Church of Idaho has calculated that in the AEC's first 25 years it spent billions to develop the production side of the nuclear industry, but a mere $50 million on the waste problem. In fiscal 1975, the agency plans to spend about $29.5 million for waste management—less than eight percent of the $385.5 million budgeted for civilian reactor research and development and less than the additional $52.9 million for reactor safety activities.

A CASE OF HUMAN ERROR

This country began generating waste in 1944, when reactors at Hanford secretly began making plutonium for the atomic bomb. Of those hectic days, Chairman Ray said, "It was believed that the best way to handle radioactive wastes would be, put them into a tank in the ground, the tank would gradually corrode, and the material would gradually leak into the soil, and the soil would be the burying place." As a result of that decision—and the fact that the practice of putting waste in tanks continued long after the original naivete about the hazards of waste had faded—the AEC today is stuck with some 85 million gallons of military-related waste. Although it will remain hazardous for centuries, it is occupying tanks with useful lives of about 30 years.

The oldest of those tanks are now wearing out—and leaking. To date the AEC has experienced 17 leaks at Hanford and six at Savannah River. The most serious occurred at Hanford last spring, when a leaking tank went undetected from approximately April 20 to June 8. About 115,000 gallons of high-level waste soaked into the ground. This included an estimated 14,000 curies of strontium 90 and 40,000 curies of cesium 137.

Of course, the leak of tank 106 T can be seen as an apparent demonstration of how the escape of a potentially grave amount of waste need not necessarily lead to grave consequences. So far as it can be determined, no waste came within 100 feet of the local aquifer.

Still, even Pollyanna herself would be hard-pressed to whip up enthusiasm for such accidents. Partly as a result of them, the AEC began about nine years ago to solidify its military waste within tanks, using a process that evaporates it down to an intensely radioactive "salt cake." By the time the AEC catches up to current production (in 1977 or so), it will have some 380,000 tons of radioactive salt on its hands, and no one is quite sure just what will be done with it. At the least it will be less vulnerable to accidents.

The AEC simply got behind on its military waste. It does not intend to make the same mistake with the commercial waste, now totaling a mere 600,000 gallons but beginning to accumulate. AEC regulations do require contractors to solidify the commercial waste soon after it emerges from the reprocessing plant. One process would convert it from an acid solution to a granular substance that looks like a washday detergent. Others also feasible would yield glass on a ceramiclike material. Within ten years after reprocessing, the contractor is to pack the solidified waste into metal canisters and transport them to the AEC inside enormous lead "casks" that contain their radiation. What the AEC will do with the canisters for the next 249,990 years is certainly a question that intrigues scientists.

Some have seriously proposed that society create a new kind of "priesthood" to watch over the waste, much as medieval monks watched over mankind's written history in the Dark Ages. Presumably, this priesthood would have to be supranational in character and somehow insulated from the rise and fall of nations through the centuries. Other scientists think the solution lies not so much in recruiting priests but in making a storage vault that not only endures for millennia but also remains so conspicuous that future generations will never lose track of it: something along the lines of the great pyramids.

The AEC's position is that neither a perpetual priesthood nor a moratorium is warranted. ". . . Some consider [the waste] the Achilles heel of nuclear energy," Commissioner William O. Doub has testified before Congress. ". . . However, a course of action is available to us which will provide safe storage . . . for an extended period . . . while still making it possible to develop truly permanent storage and to transfer the waste to it." This refers, of course, to the AEC plan to store solidified commercial waste in a highly retrievable form inside a sturdy man-made structure while the agency continues to investigate permanent solutions. This approach does buy time. Yet in a sense it also represents an embarrassing retreat from two "permanent" solutions the AEC had been advancing when the 1970s began.

Then the solution to at least part of the problem of its military waste seemed to be "Project Bedrock." The 20 million gallons or so of the waste at Savannah River would be pumped into a man-made cavern deep below the site. If all went well, the concept might then be applied to the Hanford waste as well.

But a problem developed before the idea had gone much beyond the theoretical stage. The proposed cavern would lie about 500 feet below the Tuscaloosa aquifer, a great underground reservoir that supplies fresh water to much of South Carolina and Georgia. Could the AEC be absolutely certain the waste wouldn't someday pollute the aquifer? After initially defending the concept in the face of mounting alarm and criticism, the AEC has now pigeonholed it, probably for good.

The seeming solution to the commercial waste appeared to lie in an abandoned salt mine a half-mile outside the county seat town of Lyons, Kansas. There, a thousand feet below, the AEC proposed, if tests proved favorable, to bury all commercial waste produced for the rest of this century.

Scientific advisory committees had recommended burial of solidified waste in bedded salt as the safest current alternative. Bedded salt deposits are among the most stable geologic structures known. Since salt is highly soluble in water, the mere presence of it automatically denotes the absence of water—in the case of the deposits under Lyons, for some 250 million years. In addition, rock salt roughly equals concrete as a radiation shield and is so plastic under heat and stress that fissures from an earthquake would be self-healing.

Even so, political opposition began to build in Kansas. The AEC strongly defended its Lyons site, until a disturbing discovery was made. Less than a half-mile away from the agency's proposed repository was a still-active salt mine where owners had previously experimented with a hydraulic fracturing mining technique. In one such experiment, the operators had "lost" 175,000 gallons of water. No one could be sure just where it had gone and thus no one could be absolutely sure that this and other mining techniques hadn't compromised the geological integrity of the AEC's mine. After weighing these findings, the AEC pulled out of Lyons.

Of the three types of man-made facility it is now considering, the simplest would seal individual canisters of waste inside 35-ton steel casks and arrange the casks on individual saddles on the surface of the ground. The result would be an eerie tableau a little reminiscent of the monoliths of Easter Island. Each cask would heat up from the thermal energy generated by the decaying radioisotopes inside, but natural convection would keep temperature within bounds. Each cask probably would be surrounded by a concrete housing to improve radiological protection and encourage air circulation.

The second concept would place the canisters inside a kind of superwarehouse, again designed in such a way that natural air currents would cool the casks.

The third approach would place the canisters in basins of circulating water. The water would be chilled and there would be backup cooling systems available if this primary system failed. One disadvantage of this approach is that it would require more extensive monitoring and mechanical maintenance.

As for permanent disposal solutions, an AEC contractor, Battelle Pacific Northwest Laboratories, has reported these preliminary evaluations:

OUTER SPACE

Despite the obvious appeal of this idea, it seems likely to remain impractical for a good long while. For one thing it now costs about $1,000 to put a pound of payload in an Earth-escape trajectory. A single 1,000-megawatt reactor will produce something like 70 pounds of solidified waste a year and safety considerations would dictate another 700 pounds of shielding. Thus the total annual cost per reactor would be about $1.4 million.

There is also a question of safety. As the Battelle report puts it, "there seems to be a degree of uncertainty as to whether . . . a trajectory can be achieved with sufficient accuracy to insure that a capsule will not come back to earth in an unplanned manner."

POLAR DISPOSAL

There still remain great uninhabited land masses, like Greenland and Antarctica, of seemingly little economic significance. Why not haul the wastes there? If simply deposited on the surface of the ice they would melt their way down to bedrock within a few years—and there would be absolutely no need for a backup cooling system! But, Battelle argues, too little is known about such things as the movement of glaciers in these areas. Then, too, burial of wastes in Antarctica would require amending an international treaty that now bars the disposal of atomic wastes there.

SEABED DISPOSAL

European nations already have deposited some relatively low-level wastes at sea. So did the United States in years past, although AEC policy now forbids this. It has been suggested that high-level waste might be deposited in underwater valleys, on deep abyssal plains or on the sea floor in areas where high sedimentation rates would soon bury them. But a seabed repository would be very difficult to monitor, and it would be so hard to guarantee that something wouldn't go wrong that the idea seems likely to remain little more than a scientific curiosity.

TRANSMUTATION

The ancient alchemists who sought to change base metals into gold anticipated this concept. The modern idea is to bombard the wastes with neutrons inside a reactor and thus transmute them into shorter-lived or even harmless substances. "Transmutation may prove to be one of the best methods for treating long-lived radioactive wastes," Battelle reports. But the problem is that existing fission reactors don't do a very good job of altering cesium 137 or strontium 90. Fusion reactors (SMITHSONIAN, December 1972) do look promising, but it may be decades before they are operating.

GEOLOGIC DISPOSAL

Despite the fiasco at Lyons, burial in bedded salt still looks promising. Although it is far from recommitting itself to this approach, the AEC is checking out virgin salt beds in Kansas and New Mexico. One variation on the geologic disposal theme would be to create a bedrock cavern—by mining, drilling or even exploding an underground nuclear device—and then introduce wastes that are so hot thermally that they would melt the surrounding rock and form a rock-waste matrix.

Conceivably, any of these concepts could prove out and thus rewrite the terms of mankind's Faustian bargain. Pessimists should recall that even the legend of Faust itself has been rewritten in a fundamental way.

In the 16th-century accounts Faust comes to horrible ends. In one version, the devil carries him off; in another, the Evil One wrings his neck. But the early 19th-century Faust of Goethe, the Faust we know today, ends much more happily. Through sheer wile, strength of character and the love of a beautiful maiden, Faust is able to enjoy the devil's power and yet escape his clutches. Social historians say that as Man's philosophic outlook gradually evolved, the legend evolved with it.

Optimists must ask: Cannot Man, through ingenuity and the help of technology, win his own bargain with the atom? Can he not enjoy its almost unlimited power and yet avoid its almost immortal pollution? It is a question all bound up with the needs of an energy-hungry planet and the silent presence of generations still centuries away from being born. And a question that, as yet, awaits a final answer.

Several proposed disposal schemes appear in the artist's composite: Huge concrete canisters lined with steel could become the nuclear age version of Easter Island monuments; deep ocean burial and deposition in polar ice caps have been suggested, along with idea of shooting wastes into space by means of a rocket.

[From the Nation, Aug. 3, 1974]

THE HOT RIVER VALLEY

(By McKinley C. Olson)

(NOTE.—This article examines the controversy arising from the increasing reliance on nuclear power to supply the country's energy. Although a number of potential sources of power are mentioned, it is not our purpose to offer a full-blown discussion of the nation's energy problems or its options for the future. Also, readers would do well to remember that all confrontations over nuclear power, from Vermont to California, are replays, with local variations, on the same essential theme: How safe is controlled nuclear fission?)

Lightning flashed. The emergency warning system went off and a siren began to wail. One of the foremen yelled to his men, "get the hell out of here." Workers on the night shift ran for their cars and trucks and pulled away from the construction site, racing at crazy speeds over the one-lane bridges and down the back-country roads.

This was in July 1971, about 7:00 in the evening in rural Pennsylvania. No one thought to alert the people who lived in the area. Farmers, their wives and children, watched bug-eyed from their porches as the vehicles flashed by.

It turned out to be a false alarm, touched off when lightning struck a power line, but the people around here will never forget that night. They live next door to the Peach Bottom nuclear power complex. In 1971 there was one atomic plant here; today there are three. Tomorrow there might be two more. And two more after that.

There have been other nervous moments. A year after that thunderstorm, toward the end of July, people in the neighboring county cross the river from Peach Bottom were startled by the sound of a loud "woosh" in the night. One woman told the press it sounded like "the world's largest teakettle was leaving off steam." The power failed; frightened, people left their homes and made their way to phones to call that plant across the river. The atomic workers told the callers they had heard no noise, but the "wooshing" persisted for well over an hour. A few days later, the plant reported that lightning had struck again, hitting a transformer line and shutting down a large generator, which in turn gave off steam that made the sound.

Again, nothing of fatal consequence. But the people wonder if the plant was being evasive that night, even though they were told that residents on the plant side of the river, for some reason, didn't hear the "frightening noise."

These are samplings of the stories that are told along a secluded 26-mile stretch of the Susquehanna River in the southeast corner of Pennsylvania, 35 miles north of Baltimore, which could become the largest concentrated source of nuclear power in the world.

Philadelphia Electric Company has applied for a permit to build two more nuclear reactors across the river from the three existing reactors at its Peach Bottom complex, the newest two of which are among the largest in the world. The two proposed reactor stations would compare in size and output to these giants. And the utility already talks of building two additional atomic power plants a relatively short distance downstream from these.

The electricity generated by these nuclear plants is to serve the Philadelphia area, 65 miles to the north. That is a bone of contention for the residents of York and Lancaster Counties, which face each other across the Susquehanna and share this nuclear development. They sense that they are being required to assume all the risks of nuclear power while being denied any of the benefits. Quite a few people here who derisively refer to York and Lancaster as The Nuclear Capital of the World, feel that they are already living with more than their fair share of nuclear power plants; they strongly oppose any more such neighbors. There is also a core of angry, outspoken activists who are against nuclear power plants in any contemporary form, shape, size or number.

Together, the merely uneasy and the bitterly opposed have joined forces in a local coalition to pit their meager resources against the nuclear establishment. These contestants, the sponsors of nuclear power and those who oppose it, are participating in what could well be a historic contest. Ralph Nader predicts that it will become the biggest citizens' battle of our time.

UNCORKING THE BOTTLE

I became actively interested in nuclear power in 1959 when, as a reporter and photographer for the York (Pa.) *Gazette and Daily*, I was assigned to cover the development of the first Peach Bottom plant. That was two years after the nation's first atomic plant had gone on line. Nuclear fission was already being hailed by its boosters as our coming energy source. By 1972, after years of funding and research, only thirty nuclear plants were operating in the country, producing only about 1 per cent of the power. This year, forty plants will deliver 4 per cent of the power. But this picture could change rapidly. Today, according to AEC figures (see map next page) forty-four plants are licensed to operate, fifty-four are being built and orders have been placed for another 109. By the year 2000, if current plans hold, more than 1,000 nuclear fission plants may be producing 30 to 60 per cent of the nation's energy.

Here at the start of my discussion it is important to differentiate between uranium or plutonium fission and nuclear *fusion*—still in embryo—which would combine hydrogen atoms from ordinary sea water at extremely high temperatures to produce unlimited energy in a controlled reaction. Nuclear fusion is considered safe by opponents of nuclear fission, who contend that a fusion reactor could not "run away" because it would not accumulate the dangerous radioactive wastes that characterize the fission process. The critics of nuclear power are speaking of power from fission. They contend that available sources of conventional power give us enough time to turn our backs on the atomic plants of today and the immediate tomorrow, and concentrate on developing other potential sources of power. Proponents of fission cite the alleged energy crisis as the prime reason why we must redouble our reliance on that approach to nuclear power.

Despite such fundamental disagreements, all reputable parties in the debate accept several basic premises. First, that a major fission power plant accident would be catastrophic in terms of death, disease and damage to property. Next, that the radioactive materials employed in the fission process are deadly. Plutonium-239, the most dangerous substance ever handled by man, is one of the byproducts of today's reactors and will probably be the principal fuel of tomorrow's. A spoonful of plutonium dioxide particles, if dispersed in the air, is enough to kill millions of people. It also remains active for a long time, and must be contained with no leakage for thousands of years. Thus, even a short-term commitment to fission power means that we would saddle generations to come with its dangers.

The advocates of nuclear power along the Susquehanna are much the same as those elsewhere. They include the utilities that have invested in nuclear power or will do so; giant outfits such as Bechtel, Westinghouse, Gulf Atomic and General Electric which build the plants and supply the nuclear hardware; the Congressional Joint Committee on Atomic Energy and the ubiquitous Atomic Energy Commission (AEC), which has the conflicting roles of promoting the development of nuclear power and protecting the public from its hazards.

These groups form the nation's multibillion-dollar nuclear establishment. They employ a substantial number of people—the AEC alone has some 7,000 workers, a great many of whom have invested most if not the whole of long professional careers in the service of nuclear power. Thousands of well-salaried jobs and the comfort and welfare of many families depend today on the nuclear industry. In York and Lancaster Counties, the most prominent targets of anti-nuclear attack are the Philadelphia Electric Company and the AEC.

The local foes of nuclear power include two small environmental groups (the one in York has some twenty-five members; its neighbor in Lancaster has around 100) and the Peach Bottom and Fulton Township government units which lie on either side of the river just above the Maryland line. Two other Pennsylvania environmental groups, larger and with more muscle, but with diversified interests, support the local protesters. All these in turn draw help and moral support from small but tenacious national environmental and scientific groups such as the Union of Concerned Scientists and the Committee for Nuclear Responsibility, both of which have membership lists bearing distinguished names.

The anti-nuclear people also have friends in the nation's capital, and the number there has been growing of late. Sen. Mike Gravel (D., Alas.) and Ralph Nader have been among the most outspoken critics of nuclear power in the capital. Back in Pennsylvania, former State Insurance Commissioner Herbert S. Denenberg, the consumer-orientated gadfly, entered the fray last summer with the pronouncement that "this is the most important issue ever to face the American public," and the cry that "it may be that nobody but God could write the insurance policy we need on nuclear plants." In addition, the city of Baltimore—which draws drinking water for some 2 million people from the Susquehanna River 9 miles below the Philadelphia Electric nuclear complex—the state of Maryland and the Chesapeake Bay Foundation (an environmental group) are all taking an active interest in the developments upstream.

The five nuclear plants in York County are on the west side of the river. Two are in the northern end, across the river and 5 miles south of Harrisburg, the state capital. The other three are bunched together in a nuclear power complex 26 miles downstream at Peach Bottom. Philadelphia Electric, which owns controlling interest in the three-plant complex, and operates it, has asked the AEC for a construction permit to build two more giant reactor plants—at a cost of $1.5 billion—in Lancaster County's Fulton Township, on a site directly across the river from the Peach Bottom complex. And Philadelphia Electric has notified authorities in Maryland that it thinks of building yet another pair of nuclear stations on the river in Cecil County, just below the state line.

STAMP OF APPROVAL

The AEC controls the major checkpoints in the development of an atomic plant—issuing the original construction permit and later an operating permit (the AEC's final stamp of approval). The agency holds public hearings before awarding these permits. One recent study called these hearings "charades" because the AEC's "common set of interests" with the utilities and reactor manufacturers almost assures that citizen opposition to a nuclear plant will be defeated. Moreover, according to Steven Ebbin, director of the Environmental Policy Study Group at George Washington University, and Raphael Kasper, a nuclear engineer with the National Science Foundation, the issues are argued in technical and legalistic language that excludes the layman.

But the basic shortcoming of the AEC plant hearings is that they do not provide a forum for debating the issue of nuclear power as such. At most, they permit the AEC examiners to make sure the utility has lived up to the specifications established by the commission. Citizens concerned about the cumulative effects of low-level radiation discharges, the unsolved problems of storing radioactive waste for thousands of years, the danger of nuclear sabotage, theft or blackmail, are likely to derive little satisfaction from local AEC hearings, where the questions they want to raise are often dismissed as irrelevant to the purpose of that meeting.

In York, the anti-nuclear environmental group and its attorney have been trying, unsuccessfully, to keep Peach Bottom Units Two and Three—the two big new reactors—from operating. Petitions have also been filed by the York group and the Peach Bottom Township supervisors, opposing Philadelphia's application for a permit to build the two additional Fulton stations, which the environmental group and government bodies in Lancaster also oppose.

The Philadelphia Electric wants to build these plants in Fulton Township because it already has rights-of-way and power lines there. Also, these large nuclear plants use a lot of water—Peach Bottom Units Two and Three will each take and discharge a billion gallons a day—and the Susquehanna, a mile and a half wide here, is one of the largest rivers east of the Mississippi. Furthermore, the site is only 65 miles from the utility's 1.2 million customers. And only 7,000 people live within a 5-mile radius of the nuclear complex at Peach Bottom, which accords with the AEC's policy of keeping atomic plants away from urban centers. Peach Bottom, however, is small rather than remote. It is less than 60 air miles from Washington, D.C., and about 30 per cent of the nation's 200 million people live within a 250-mile radius of this nuclear complex; 5 million of them within a 50-mile radius.

Upstream, near Harrisburg, Metropolitan Edison Company heads the consortium that is building two nuclear plants at Three Mile Island at a cost of a $1 billion. Met Ed's first reactor, an 871-megawatt unit, was supposed to go on line this year, but there have been many delays. The second Met Ed unit, a 905-megawatt reactor, was scheduled to begin generating commercial power in 1976. The AEC says both plants are about 60 per cent completed.

Most of the local controversy is focused downstream, at Peach Bottom and Fulton. When I was last there, the only unit in operation was a small experimental, 40-megawatt high-temperature gas-cooled reactor, the one I began reporting on in 1959. It began to generate commercially in 1967 and has been running off and on ever since. Philadelphia Electric reports that it has been a successful prototype, but plans to retire the unit within a few years, since its output is too small to be commercially worthwhile. Its immediate neighbors dwarf their dome-shaped senior. These new twin, 1,065-megawatt General Electric boiling water reactors are as big as they come today. An AEC Peach Bottom report notes that "this total industrial complex . . . has . . . considerable visual impact . . . on the surrounding rural scene." The new reactors, turbines and generators are housed in smooth rectangular buildings. Freight cars standing next to the buildings seem borrowed from a child's toy railroad.

THE RISK-BENEFIT ARGUMENT

Thus far, Philadelphia Electric and the other utilities associated in the Peach Bottom project have spent about $750 million on the new plants. The final cost could be more than a billion dollars. Unit Two was supposed to go on line last year but has been plagued by generator and turbine trouble. It finally began generating this July. It is also possible that the utility may have to recool completely all the water it draws from the Susquehanna before returning it to the river. An initial AEC licensing board decision is asking for closed-circuit cooling for Peach Bottom Units Two and Three by January 1977. A final AEC ruling in favor of total cooling, to protect the ecology of the Susquehanna, would force Philadelphia Electric to close down its new reactors and, at the very least, build two additional cooling towers alongside the four already provided for partial cooling. Shutting down the plants and building the two towers would cost a minimum of $112 million, according to Philadelphia Electric.

Because of the AEC's current demand for closed-circuit cooling, Philadelphia Electric has incorporated this system into the design of the proposed Fulton reactor plants, which would feature two 1,160-megawatt high-temperature gas-cooled reactors—enormously larger versions of the prototype at Peach Bottom. Closed-circuit cooling, while it protects fish and other forms of marine life from the harmful effects of hot water, evaporates tremendous quantities of water, and that in turn could upset delicate ecological balances even in a body of water as large as Chesapeake Bay. Forty per cent of the bay's fresh-water input comes from the Susquehanna. The proposed Fulton reactors would evaporate some 28 million gallons of water a day. This loss and the evaporation from the five other nuclear plants on the river would approximate one-third of the Susquehanna's low water flow. A sharp reduction in the amount of fresh water emptying into the bay could ruin commercial fishing. Oysters, for one, thrive on the blend of fresh water and salt. Philadelphia Electric rather blithely brushes off this concern about the future of Chesapeake Bay, contending that if unexpected problems do arise, they can be handled without much trouble. The environmentalists and the anti-nuclear people are afraid that if the utility is found to be wrong it might be too late to repair the damage. This difference of opinion is typical of the nuclear controversy. The AEC and the nuclear industry display almost boundless confidence in their ability to solve all problems and contain all hazards should they arise. The anti-nuclear critics contend that the dangers inherent in the nuclear fission process are beyond the present ability of the engineers to contain. In the words of Dr. Henry W. Kendall, a high-energy physicist at M.I.T. and a leading spokesman for the Union of Concerned Scientists, the critics believe that the nuclear proponents should be required to "prove safety beyond all reasonable doubt, rather than for their opponents to prove the contrary." Legislation and suits calling for moratoriums on the operation, construction and export of nuclear-fission power plants until the safety issues have been resolved in the public interest have been introduced and filed by—among others—Ralph Nader, Sen. Mike Gravel and Friends of the Earth, an environmental group.

The pro-nuclear establishment, while conceding that there are grave dangers in the fission power cycle, argues that the ability of atomic power to provide our economy and way of life with the energy it needs to survive and prosper far outweigh the potential hazards. They also contend that it is efficient, clean and relatively cheap, once the heavy construction costs are absorbed. They cite the fact that reactors have been operated for the past seventeen years without a major mishap. Director-General Sigvard Elklund of the International Atomic Energy Agency, who says he "can't see how mankind can survive without more energy," which "nuclear power . . . only . . . [can provide] for the next ten years," contends that these seventeen years without a serious accident are the equivalent of more than 1,000 years of cumulative nuclear reactor experience. The atomic power advocates are fond of noting that fossil fuels are exhaustible, and contend that mining and burning coal, which they consider the only feasible alternative to nuclear power, are processes too damaging to the environment to be continued. Spokesmen for fission are quick to dismiss alternative sources of power such as solar and geothermal energy, which are free of the risks associated with atomic energy, on the grounds that they are impractical, prohibitively expensive, or beyond immediate reach. All these premises lead the pro-nuclear people to conclude that fission power is the only realistic means to bridge the immediate short-term energy gap and meet the increasing demands for power in the future.

Dr. Ralph E. Lapp, a physicist, nuclear consultant and author, is one of the best known publicists for this point of view. Writing a few months back in *The New York Times Magazine,* Dr. Lapp argued that society must weigh the risks of fission against the demands for more power: "We must consider the question of nuclear safety in this risk-benefit context." He concluded that *if* the highest standards are enforced in the design, construction and operation of atomic plants, nuclear power is "not only an acceptable risk" but the "only practicable energy source in sight adequate to sustain our way of life and to promote our economy."

In its pristine form, the anti-nuclear objection is that fission power demands human and technical infallibility, not just for today and tomorrow but for thousands of years. Dr. Alvin Weinberg, former director of the AEC's Oak Ridge National Laboratory, admits that "once man has opted for nuclear power, he has committed himself to essentially perpetual surveillance of the apparatus of nuclear power."

Although most nuclear critics believe that it is impossible to build a "safe" nuclear power plant, they contend that even if it were, the whole nuclear cycle—power plants, fuel reprocessing centers, transportation, waste-storage facilities—is extremely vulnerable to the threat of accident, war, nuclear blackmail, sabotage and theft. Newspaper headlines and the everyday stuff of the six o'clock news testify to turbulent times. Russell W. Peterson, the former governor of Delaware and chairman of the President's Council on Environmental Quality, said recently that we should move our atomic plants out to sea, that being the only way he could imagine to guard them and population centers from "the potential of sabotage" in an age of growing terrorism.

The critics also believe that radioactive releases from normally functioning nuclear plants are much greater than the AEC and the nuclear industry admit; and that even the most minute emissions of radioactive materials, which all nuclear plants release. will in time increase the number of cancer, leukemia and heart disease victims by the thousands if not millions. The anti-nuclear crowd also contends that, some time, some place, a major reactor accident is bound to occur, and that when it does, enough radioactive poison will be released to kill and cripple many thousands of people, devastate cities and lay waste thousands of square miles of countryside. And, finally, that if we were to abandon atomic fission power and put all the time and research and development funds that it now commands into the development of other sources of energy, we could rather quickly provide society with safe alternatives.

ATOMIC RECEPTACLE

Raymond L. Hovis, boyish-looking at 40, with mod glasses and long, neat pale red hair, is an attorney in York who has been representing the York opponents of the Peach Bottom reactors, members of the York Committee for a Safe Environment, which is supported by the Central Pennsylvania Committee on Nuclear Power, and the Committee for Responsible Energy Sources of Philadelphia. A former member of the Pennsylvania House, a liberal Democrat and the nephew of former state Gov. George Leader, Hovis is determined to proceed cautiously and keep an open mind.

"I'm not totally opposed to atomic power," he said to me, "but I'm afraid we're going to become a receptacle of nuclear power plants, now that they're talking about nine potential reactors within a 50-mile radius of the city of New York (the county seat), if you include the two below the Maryland line in Cecil County." Within nine years, Hovis notes, Pennsylvania is supposed to have fourteen nuclear power plants in operation, most of them along the lower Susquehanna River. Only Illinois, slated for fifteen, would have more. "And no one has ever been asked to license five reactors 2 miles apart," Hovis said, referring to Philadelphia Electric's request to build the two Fulton plants in Lancaster County across the river from Peach Bottom. "As far as Peach Bottom goes, the only thing we can fight for now when it comes to the AEC and Philadelphia Electric is to try to force them to make the plants as safe as they can be under the circumstances."

Hovis said he was unsuccessful last summer when he appeared before a hearing of the AEC safety and Licensing Board in York to protest the issuance of an operating permit for the new Peach Bottom plants. He tried to argue that atomic plants were proliferating in the York area at an alarming rate; that the AEC had refused to consider the cumulative effects of low-level radiation from the three Peach Bottom plants; that the agency had ignored the risks involved in transporting radioactive fuel and waste materials to and from the nuclear complex, and that the AEC had failed to compel Philadelphia Electric to produce a workable emergency evacuation plan in the event of a nuclear accident.

"The licensing board dismissed all these objections as irrelevant," Hovis said, and granted a conditional operating permit. He has appealed the decision to an AEC appeals board, and is prepared to take his case to court if the board rules against him.

Hovis shook his read ruefully as he thought of the time and work it takes to ready a case for the AEC. Pointing to a row of thick volumes pertaining to Peach Bottom alone, he said, "I had to go through 6 to 8 feet of reading material which the AEC handed me just to get started. I have at least $12,000 down in my time book, and I'm not finished yet." He knows that the chance of getting paid for his work, especially in full, is slight, but he has no intention of dropping the case. "I find it fascinating and very educational, in every way," Hovis said. Another anti-nuclear critic in York put it this way: "The problem is so immense that you go from antitrust laws to windmills and hit everything in between."

All the winding paths of inquiry lead back to a beginning: How dangerous is nuclear power? And how much trust can we place in the hands of its champions?

From the very first, in the immediate postwar era, such people as Albert Einstein and David E. Lilienthal, the former head of the AEC, questioned the safety of atomic power. And, in 1946, an AEC safeguards panel told Lewis Strauss, then chairman of the AEC, that "the committee believes there is insufficient information available at this time to give assurance that the . . . reactor can be operated at this site without public hazard."

The reactor in question was the Fermi fast-breeder plant (a breeder reactor produces more fissionable fuel than it consumes) on Lake Erie not far from Detroit and Toledo. The critics charge that Strauss suppressed the go-slow recommendation, and a few months later the AEC allowed Fermi to build. Protests were lodged and the case went to the Supreme Court which decided for the AEC. The Fermi plant was built but its performance was marked by accidents and long breakdowns and it has since been shut down for good. The Fermi controversy aroused suspicions about atomic safety and the credibility of the AEC which persist to this day.

The next milestone in the nuclear power controversy came in 1953 when President Eisenhower unveiled his Atoms for Peace Program, implemented a year later by an amendment to the original Atomic Energy Act of 1946, an amendment which in essence invited private industry to share in the economic rewards of atomic power, which has been developed with public funds and workers. [See *The Nation* special issue, "The Great Giveaway," October 2, 1954.] The 1954 amendment also made the AEC responsible both for promoting the development of nuclear power and protecting the public from it.

The private sector hesitated; it thought nuclear power would be too expensive to produce and sell. And nuclear power plant safety was an unknown factor: insurance companies were refusing to write policies.

INSURING AGAINST CHAOS

The AEC's reply was a veiled warning that if industry refused to go nuclear, the government might set up its own atomic utility. Then the threat was sweetened: government subsidies would be available; the taxpayers would build demonstration reactors, and fuel would be supplied at attractive prices. The AEC also thought of a way to get around the insurance hurdle. The Brookhaven Laboratories were commissioned to delve into the hypothetical consequences of a nuclear plant accident. Its findings were presented to Congress in 1957 and they were staggering. A small runaway or exploding reactor could kill 3,400 people within 15 miles of the site; 43,000 people within a 45-mile radius could be injured. Property damage could reach the $7 billion mark, and radioactivity could contaminate an area the size of Maryland. Private insurance companies were unwilling to assume risks of this magnitude. But Congress, more daring, passed the Price-Anderson Act, a law which limited total liability in the event of a nuclear accident to $560 million, of which a utility would be liable for only $60 million. Taxpayers' money would cover the rest.

The critics were quick to point out that the gap between $7 billion in potential damages and $560 million in coverage meant that victims of such an accident might collect 8 cents on the dollar. But the American Nuclear Society hailed the measure as a "real vote of confidence" in atomic power, since even the limited risk that the insurance industry was willing to assume was the "greatest commitment they have ever made for a single hazard."

The AEC felt the Brookhaven report had served its purpose—to demonstrate that the government would have to underwrite the major portion of the nuclear insurance policy—and proposed that it be shelved and forgotten. But it continues to pop up at every debate on the basic premises of nuclear power. To compound the controversy surrounding the Price-Anderson Act, the AEC had its 1957 Brookhaven report updated in 1965. Using the larger reactors that had been developed since the first report, the second Brookhaven findings were indeed awesome: 45,000 deaths, 100,000 injuries, $18 billion to $280 billion in property damage, with fallout from this theoretical accident—equivalent to the release from several thousand Hiroshima-sized bombs—blanketing an area the size of Pennsylvania.

The AEC managed to keep this report secret until 1973, when Friends of the Earth got wind of it and filed a freedom-of-information suit. Reluctantly, the AEC made the report public.

That created another tempest. The findings were terrifying; even worse, the AEC had tried to conceal them. The commission replied that the Brookhaven reports of 1957 and 1965 were based on the "worst" that could happen, and the agency now awaits a new report from a study group headed by Dr. Norman Rasmussen, a nuclear physicist at M.I.T., which is avoiding the "worst case" approach and concentrating instead on the probability of a nuclear accident occurring and the likely consequences if one does. One finding which the Rasmussen report is supposed to make public is the prediction that the chance of an accident occurring for every 100 reactors is one in 10,000 per year or, one in a million a year for a community near any given atomic plant.

Ann Roosevelt, the legislative director and an energy specialist for Friends of the Earth, considers the forced disclosures of the 1965 report a major achievement. "The Price-Anderson Act was up in 1967," she told me in her Washington, D.C. office. "Hearings to renew the law were starting in 1965, the year the second Brookhaven report was completed. The utilities took one look at it and were horrified. They persuaded the AEC that its disclosure would cripple, perhaps even kill, the nuclear power business. So the AEC buried it, and kept it hidden, until we dug it up." Noting that Price-Anderson will be up for renewal again in 1977, Ms. Roosevelt said her group is preparing a determined challenge to the Act. The House has already voted for a ten-year extension. The matter is expected to come up soon in the Senate.

Some nuclear critics feel that even the catastrophic predictions of the Brookhaven reports understate the possible results of a major reactor accident. Dr. John W. Gofman claims that a runaway reactor could kill 5 million people and injure as many more. Gofman, a physician with a Ph.D. in nuclear-physical chemistry, does research work and teaches on the West Coast. He is the co-author with biophysicist Dr. Arthur R. Tamplin of the anti-nuclear book, *Poisoned Power*.

Dr. Gofman is a spokesman for the Committee for Nuclear Responsibility, whose board includes the Nobel Laureates Linus Pauling, chemistry; Harold Urey, chemistry; James D. Watson, biology; George Wald, chemistry; as well as David R. Inglis, a nuclear physicist who was a member of the team that developed the first atom bomb, and the former senior physicist at the AEC's Argonne National Laboratory in Illinois, and Paul R. Ehrlich, the biologist from Stanford. Nevertheless, the champions of atomic power dismiss Dr. Gofman as a crank. The critics charge that the AEC's suppression of the updated Brookhaven report is a good example of why the agency cannot be trusted.

THE TRUE BELIEVERS

Another fear is that the AEC, in the manner of government regulatory agencies, may be identifying more with the industry it is supposed to supervise than with the public it is supposed to serve. Some people also feel that AEC has fallen prey to conceit. Ray Hovis, the York lawyer put it this way: "People who work for the AEC and the utilities are the victims of their backgrounds. They've been working with nuclear power for so long, and have so much of their lives invested in it, that they have been sold on their own promotion. Nuclear power has been in existence for only thirty years, and these people . . . feel they know a hell of a lot more about it than anyone else."

Raymond Powell, a nuclear core physicist and the AEC licensing project manager for the Peach Bottom reactors, has spent his entire career in the atomic power field—a background "that is common for 75 per cent of the senior AEC people." Before joining the AEC, Powell worked in the private sector for AMF's Atomic Division in York.

Most of the people I've met in the nuclear establishment seem dedicated, capable and professional. Powell, whom I met with at AEC headquarters in Bethesda, Md., is that kind of man. He cultivates a deliberate, self-contained manner, but underneath has a deep faith in atomic power—seeming closer to certainty than mere confidence—that is charactertistic of the nuclear industry. "This is the most regulated industry in the nation," Powell said. "If everyone met the kind of standards we impose, you'd hear no more about consumer complaints.

"We're very strict and rigid when it comes to basic specifications. And the whole nuclear process is one of continuous review—to upgrade all phases in the field as we go along. We have an environmental monitoring program. We're very conservative. You have to be," Powell insisted, "when you're talking about public safety." He pointed out that AEC staff recommendations at Peach Bottom "could cost Philadelphia Electric $2 million to $3 million if they have to shut down" to reduce the radioactive emissions from the new plants and build more cooling towers.

Powell readily conceded that "a lack of coolant is the most crucial point" of concern at a nuclear power plant, but insisted that every imaginable safeguard is employed to guard against it. He also said that radioactive emissions at Peach Bottom would be "as low *as practical*, using the current state of the art." (*Emphasis added.*) This would be only a fraction of the amount of natural background radiation in the area, Powell said, explaining that the AEC monitors radioactive discharges "at a point where the [smoke] stack ends, where it leaves the plant, where the plant loses control." This means that each plant is monitored individually. (Soil and milk tests are made to measure cumulative effects.) The anti-nuclear forces in York call this a meaningless standard, saying that the total amount of radioactivity released by all three nuclear plants at Peach Bottom is the relevant index. I tried to pin Powell down on this. He smiled politely, shrugged his shoulders, but declined to tell me what he thought would be the most valid yardstick. I later read an AEC instruction sheet which cautions its employees "never to disagree with established policy" at AEC safety policy hearings.

This attitude prompts people like Hovis to complain that "the whole trouble with the AEC—and the utilities—is that they say 'we'll meet whatever regulations exist.' But the AEC establishes the regulations. And you can't pin them down. It's like wrestling with an octopus waving arms of rules and regulations all around and in and out. When we talk about low-level radiation discharges, they tell us the emissions fall below the federal threshold for each plant. But this ignores the accumulated or total amount of radiation at Peach Bottom. It also ducks the validity of these federal standards. Whenever we raise the issue of future problems, we're assured that when the time comes they'll be taken care of. But what do you do, for instance, with a 'hot' nuclear plant? They're licensed for forty years. We've been told they'll get 'leaky' by then. They've never decommissioned a hot nuclear plant—and there's going to be hundreds of them around if this keeps up." Hovis showed me a thick AEC booklet on Peach Bottom which proposed an estimated $100 million figure to decontaminate completely a 1,100-megawatt nuclear plant.

Chauncey R. Kepford of York, who has a Ph.D. in chemistry, is one of the most active members of the local anti-nuclear group. He has channeled all his time and energy into his fight against nuclear fission, creating a whole new life for himself in the process. He is very critical of the AEC public hearings: "We're strapped to the AEC's quasi-legal format, which means we can't stop these plants because the AEC in general is in the crazy position of being advocates of nuclear power, who assumes it will be the normal means of power generation in the future. At most, all these guys are interested in is getting what they call 'proper technical regulation.'"

Kepford, 35, is tall, lanky and bearded. He moved to York several years ago to teach chemistry at the local Penn State extension campus. Before that he had worked as a radiation research chemist for a New England laboratory. While he was still teaching, Kepford came across a story in one of the local newspapers reporting that Met Ed Company had applied for a U.S. Corps of Army Engineers' permit to dump 50,000 picocuries of tritium (radioactive hydrogen) per liter of water into the Susquehanna River from the Three Mile Island atomic plants. Kepford thought this excessive, and he publicly questioned the Corps of Engineers and the utility about the proposed discharge. The amount was lowered from 50,000 to 500 picocuries. Curious, Kepford decided to look into the nuclear power issue.

"I started off by reading popular paperbacks on nuclear power," Kepford said. "But I was still kinda casual about it. Being a reference freak, I started checking up on the AEC and all the other government stuff. And what I found just blew my mind."

Kepford evolved into a full-time opponent of nuclear power. He lost his college teaching job, his wife and three children. Kepford claims pressure from the nuclear establishment was applied to have him fired from Penn State. Protesting his dismissal, Kepford hired a lawyer, and a settlement was reached out of court. He said he has "enough money to keep going" while he pursues his fight against nuclear fission power. His wife left, taking their three young children with her. "My wife was against nuclear power too, but not that committed"—waving a hand at the voluminous library he has put together on atomic power. "I have to keep fighting," Kepford said. "It has to do with self-respect.

"The only real hope of Peach Bottom," Kepford contends, "is the courts. If the AEC appeals board turns us down, the next step is the Circuit Court of Appeals." He thinks the anti-nuclear position will receive a fair hearing in court. Justice William O. Douglas and the late Hugo Black, in their dissenting opinion in the Fermi atomic plant case, called the AEC's attitude "a light-hearted approach to the most awesome, the most deadly, the most dangerous process that man has ever conceived."

Dr. Gofman, discussing the AEC public hearing process, charges that "concerned citizens have been led, like lambs to the slaughter, into the promoters' arena .... But [this] is no technical controversy that can be resolved by a debate on the merits of specific gadgets in the nuclear power industry. What is really at issue is a moral question—the right of one generation of humans to take upon itself the arrogance of possibly compromising the earth as a habitable place for this and essentially all future generations."

I've attended AEC hearings. The utilities' representatives and the government people sit apart, but even so, I think it is difficult for a layman to distinguish between them—they all seem to be on the same pro-nuclear team. But those who work in the industry do not feel that way. I went to Philadelphia to talk to the key personnel in Philadelphia Electric Company's nuclear division. Jack L. Allen, a likable witty man, is the chief assistant mechanical engineer. He told me about Philadelphia Electric's four-year attempt to obtain an AEC construction permit for its proposed Limerick nuclear plant on the Schuylkill River near Pottstown. "We filed for a construction permit in February 1970 and haven't gotten it yet. It's the longest delay in AEC history." In its most recent annual report, the utility attributed the delay to "substantial changes in AEC regulations and prolonged public hearings." One after another, industry spokesmen, appearing at recent hearings on reactor safety conducted by the Joint Committee on Atomic Energy, complained that the new AEC standards for emergency core cooling systems are unnecessary, time-consuming and expensive.

"It's costing us $5 million a month to do nothing at Limerick," Allen said. "In the long run, the ratepayers will probably wind up paying for the delay. It's been two years since the AEC Advisory Committee on Reactor Safeguards hearing. We've satisfied every requirement, written and unwritten. We've asked the AEC five times for a variance to get moving at Limerick, because we can't turn a spadeful of dirt without a construction permit. But we've been having a real problem getting the AEC to schedule hearings for us." The solution, Allen says, "is to speed up the whole licensing procedure."

The Joint Committee would like to do that, too, but there are people even within the AEC, such as Oak Ridge safety director William B. Cottrell, who opposes shortening the procedure. It now takes seven-to-ten years from the time initial plans have been drawn to get an atomic plant operating. Allen showed me seven thick volumes on Peach Bottom, a project they have been working on for years. "We've answered 1,500 questions from the AEC on Peach Bottom alone," he said. Philadelphia Electric, the sixth largest private utility in the nation, is nevertheless determined to go nuclear. It has large interests in seven reactor plants. "We are planning for 70 per cent of our electric generation to come from nuclear plants by the mid-1980s," the utility said. This means "expenditures of $3.2 billion over the next five years, compared with $1.5 billion during the past five years." This is "more than a lot of money," Philadelphia Electric said. "It's an *enormous* (utility's emphasis) amount of money . . . that has to be raised in the financial market—at high rates of interest." Recently, in order to keep moving toward the nuclear future, Philadelphia Electric issued another mortgage bond issue, this one for $125 million.

A utility's profit is based on invested capital, and private utilities enjoy one of the highest industrial rates of return in the country. But even a mighty utility like Philadelphia Electric—with more than $95 million in profits for 1973, the last year for which complete figures were available—could take a back seat to those largely invisible sources of "*enormous* amount[s] of money . . . at high rates of interest." Some of the anti-nuclear critics believe that the real attraction of atomic power lies not in its ability to produce energy but in its ability to generate financial rewards for those who invest in it.

Trying to give me an idea of some of the costs involved, Philadelphia Electric engineer Robert Logue told me that Peach Bottom's $750 million figure included $40 million each for the two reactor cores, $180 million to fuel each of the two units for a year, and $15 million per reactor just to put in the fresh uranium fuel rods each year and take out the spent fuel and waste. "We're spending $1.5 million to $2 million a year just to monitor the temperature in the Susquehanna River."

Money. The nuclear industry has money on its side. Private money and government money. Money for attorneys, for consultants, for expert testimony. Money for laboratories, for salaries. There are no financial rewards worth mentioning, at least yet, in bucking the nuclear establishment. Experts who present anti-nuclear testimony at hearings consider themselves lucky if their expenses are paid. Sometimes they pick up a $50 fee. They labor out of conviction and are often stimulated by harassment, which at times has given the anti-nuclear crowd an air of martyrdom. Leo Goodman, who was the AFL–CIO's top energy expert and science adviser to the late Walter Reuther of the Auto Workers union before he was forced to retire, showed me a list he's compiled of "forty-three top scientists who," Goodman alleged, "have been fired or harassed because they either spoke out against nuclear power or questioned it."

I mention Goodman, and Chauncey Kepford in York because, right or wrong, they have the kind of intense passion that money can't buy, the kind of save-the-world religion that is said to move mountains. But money is also essential. "You'd have to have at least $50,000 to make a proper case against a utility in a nuclear power hearing," says Ray Hovis. "For studies and expert testimony—to really know what you're doing." He thinks the government should provide "seed money" for the opponents of nuclear power, to stimulate a debate which he feels would be in the public interest. Legal fees are no problem for Philadelphia Electric—its customers will pay them.

"CHINA SYNDROME"

Hovis interrupted his discourse on legal expenses to exclaim, "God, it would be just unbelievable if these nuclear reactors ever blew up." There is no danger that an atomic power plant could ever explode like an atom bomb. Hovis was referring to the possibility of a loss-of-coolant accident.

Conventional steam-driven electric plants burn fossil fuels—sometimes as much as 100 tons an hour—to heat water in a boiler. In an atomic plant, the reactor takes the place of a boiler. The reactor core is a thick cylindrical steel containment vessel into which long, slender rods containing uranium fuel pellets are inserted and withdrawn to create and control the nuclear reaction. Reactors are also equipped with control rods, usually made of a special silver alloy, which can be inserted into the fuel core to modify or stop the reaction. Vast quantities of water are poured into a water-moderated reactor such as the giants at Peach Bottom, to promote the fission process as well as to cool it.

The reactor core is encased within walls of concrete and steel designed to withstand earthquake, flood or plane crashes.

The radioactive materials within the reactor must be covered at all times by water or cooled by gas to prevent the core from overheating and melting into a large radioactive mass that could not be cooled or contained.

The important word in the much discussed loss-of-coolant issue is "if"—*if* there's a sudden failure in the complex plumbing or steam supply piping systems; *if* all the many backup safety devices and systems prove inadequate or fail to function. What then?

Within an hour or so, a cloud of radioactivity would burst from the rent containment vessel, to be caught up and dispersed by the wind. Then, since nothing could contain this overheated radioactive fuel, it would melt together into a molten mass weighing several hundred thousand pounds and eat its way down through the reactor core and into the primary containment core and from there down into the earth. This is called the "China Syndrome," and no one is willing to guess exactly how far the molten mass would sink. In any case, a huge radioactive mass a couple of hundred feet down in the earth would take years to cool.

The barrier standing between us and such an accident is the emergency core cooling system, designed to pour emergency coolant into the core should the primary systems fail. This emergency system has never really been tested. According to the American Nuclear Society, a full-scale test would cost around $250 million—"prohibitively expensive and "impractical," the society says—because a large part of the system would have to be destroyed for each test. Six out of six miniscale tests of emergency core cooling systems sponsored by the AEC have failed. So all we have to go on is an earnest assurance from the AEC and the nuclear industry that the emergency system *will* work if and when the time comes.

Radioactive releases from a nuclear power plant are also of major concern. In the case of Peach Bottom, the AEC staff contends that there will be "significant" releases of radioactive iodine from the new plants and wants Philadelphia Electric to reduce them. The AEC licensing board, overruling the AEC staff, gave the utility a conditional operating permit for a specified time, during which the utility must monitor its radioactive discharges into the atmosphere, along with the effects of pouring heated water into the Susquehanna. If the AEC continues to find the iodine discharges excessive, it will probably recommend the installation of charcoal filters on the vent stacks. The agency will also require the utility to shut down the new plants and build more cooling towers if the ecology of the river appears to suffer under the present cooling system.

The AEC has reduced by 97 per cent its estimate of the number of millirems of iodine-131 that might injure a 2-year-old child. The thyroid gland has a special affinity for iodine, and a child's thyroid is considered especially vulnerable. Children are milk drinkers; thus a cow grazing on radioactive grass could pass the contamination on to a child. The nuclear critics contend that plants and animals consumed by man can concentrate massive quantities of radioactive substances.

ENERGY AND CANCER

Opinions in the scientific community vary on the question of how much radiation is harmful. In 1955, in a paper banned by the AEC, Dr. Hermann J. Muller, a Nobel Prize-winning scientist, said "there is no amount of radiation so small that it cannot produce harmful effects." One thing is certain: the amount of radiation considered safe by regulatory bodies keeps dropping.

It is especially hard to assess the hazards of radiation because the signs of damage are often so long delayed. Of course, victims of high-level radiation suffer injuries that are immediately recognizable, but those exposed to harmful low radiation do not. The period between radiation and the appearance of cancer is quite long. Leukemia, often called blood cancer, does not become evident for at least four or five years; other forms of cancer may take fifteen to twenty years. It is even more difficult to relate radiation to genetic defects because the cause-effect connection may not be apparent for generations.

Dr. Linus Pauling recently told me he believes that "the radiation hazards from nuclear plants involving nuclear fission are such that no more fission power plants should be built. The problem of preventing damage from leakage of radioactive substances produced in power plants is such a serious one as to justify banning them entirely."

Pauling, who is associated with the Institute of Orthomolecular Medicine in California, said "high-energy radiation and the nature of the gene are such that genetic mutation could occur even at the smallest dose rates . . . that is, there is no threshold below which no genetic or somatic damage is done by high-energy radiation." Pauling notes, first, that the American people are exposed to 110 millirads of whole body ionizing radiation each year from background or natural sources; next, that the Federal Radiation Council in 1970 declared that the public could safely be exposed to an additional 170 millirads per year. Pauling alleges that this additional exposure would result in the following annual increases: 12,000 children born with gross physical or mental defects; 60,000 embryonic and neonatal deaths; 2,200 leukemia cases and 96,000 bone cancer deaths.

According to the AEC's 1973 final environmental report on Peach Bottom, radioactive releases from the new reactor plants—in the form of gas, particles and water—will be minuscule as compared to the natural background level around the plant. Harking back to the small prototype gas-cooled high-temperature Peach Bottom reactor, Philadelphia Electric engineer Jack Allen said, "We've had extremely good experience in terms of leakage—a thousandth of what the AEC considers tolerable. The radiation dial on my watch," Allen told me in Philadelphia, "gives off more radiation than you'd get around the plant. And you'd get thirty to forty times the amount of irradiation in an airplane ride as you'd get around Peach Bottom."

The American Nuclear Society says we get 55 millirems of radiation a year from X-rays, five from other sources including television sets, and less than a tenth of one per cent from nuclear plants.

Dr. Ernest J. Sternglass, who has a reputation for being a scourge to Philadelphia Electric and Pennsylvania's other nuclear utilities, is a professor of radiation physics at the University of Pittsburgh. He charges that 100,000 times more radiation than was anticipated has emanated from the Peach Bottom site and that as a result infant mortality is on the rise in York and Lancaster Counties. Displaying large statistical charts, Sternglass alleges that the number of infants with leukemia and cancer is also increasing in the vicinity because pregnant women have been exposed to radiation. (The fetus is believed to be fifty times more vulnerable to radiation than are adults.)

Philadelphia Electric has supplied a mass of expert testimony to refute Sternglass, and the American Nuclear Society claims that he cannot prove his charges, that his statistical methods have been found "erroneous" and that his conclusions have been repudiated by any number of state health departments, the Health Physics Society and the American Academy of Pediatrics. But the number of scientists who believe that his work merits further consideration seems to be growing.

They are especially worried by Sternglass' case against the Duquesne Light Company's nuclear plant at Shippingport, in western Pennsylvania. Built in 1957, Shippingport was the first atomic plant in the nation. In 1972 Duquesne Light claimed it was the "cleanest, safest nuclear plant in the world," alleging it was the first to record zero gaseous releases for a year. Yet Sternglass claims that Shippingport has contributed to marked increases in cancer, leukemia, heart disease and infant mortality along the Ohio River all the way from Pittsburgh to Cincinnati. One of his most telling allegations is that infant mortality in the town of Aliquippa, 9 miles from the Shippingport reactor and 30 miles below Pittsburgh on the Ohio, rose in 1970 to its highest peak since 1945: forty-four deaths per 1,000 births, the most reported for any town in Pennsylvania that year. The infant mortality index is considered significant because in the 1930s and 1940s improvements in health and medical care steadily reduced the number of infants who died in their first year. Then in 1951, when the atom bomb tests began, the mortality rate for infants in this country suddenly reversed itself. When the nuclear bomb tests stopped, the rate dropped. Then once again it began to pick up. The AEC and the nuclear industry said the infant mortalities cited by Sternglass were the result of natural causes such as flu epidemics or pneumonia. But some scientists began to agree with Dr. David Inglis, the physicist, who in 1972 said, "despite . . . reservations, the collection of cases that Sternglass presents would seem to suggest that there is a relationship between fallout and infant mortality of the general nature he claims."

Duquesne Light Company sent Sternglass one of the environmental reports it had prepared for the government on Shippingport. Instead of reassuring him, which he assumes was the utility's intention, Sternglass said he was shocked by what he found in the fine print of the study. He said the utility's report indicated that the presence of radioactive strontium-90, cesium-137 and iodine-131 in air, soil and milk samplings around the plant was fifty to 100 times normal.

When Duquesne Light announced it was applying for a construction permit to build two large nuclear reactor plants at Shippingport, the Mayor of Pittsburgh and many civic and environmental groups—disturbed by the Sternglass allegations—spoke out. Pennsylvania Gov. Milton Shapp appointed a special commission to investigate Sternglass' charges.

The commission's final report, released this summer, said there was insufficient information to either prove or disprove the Sternglass allegations because systems designs to monitor radioactive releases from nuclear plants have been "inadequately devised and carried out" by the AEC and the nuclear industry. The committee then asked the federal government to initiate "accurate and reliable" radiation monitoring programs and to establish health physics programs at all nuclear power plants.

In one year, a large nuclear plant produces as much long-lived radioactivity as the explosion of some 1,000 Hiroshima-size bombs—including cancer-producing products such as strontium-90, cesium-137 and plutonium-239. Dr. John Gofman presents his statistics as follows: Initially by-passing the plutonium issue, he cites the total amount of radioactivity released by all atom bomb tests through 1963. Then he cites estimates from the AEC on how much nuclear fission energy will be produced within the next thirty-to-fifty years, and with it, the yearly amount of radioactive products which will be created by these 1,000-plus nuclear plants. Next, Gofman cites the amount of radioactivity which would be released if only one one-thousandth of this material escaped. In that case, he concludes, the American public will be receiving 200 times the annual rate of radioactivity it got during the atom bomb-testing days—3,800 millirads of radioactivity yearly compared to 19 millirads from bomb fallout.

Proponets of nuclear power are disposed to scoff at Gofman's charges. Some of his credentials read as follows: professor of medical physics at Berkeley; former associate director of the AEC's Lawrence Radiation Laboratory; co-discoverer of a number of elements, including uranium-232, and the fast neutron fissionability of uranium-233; co-inventor of the uranyl acetate and columbium oxide processes for plutonium separation. Gofman has also been a pioneer in the field of medical research for the past twenty years, especially in the area of coronary heart disease.

Dr. Gofman and Dr. Arthur A. Tamplin, the biophysicist, have already led a successful fight to lower the radiation threshold. They were working at the Lawrence laboratories in 1963 when the AEC assigned them to evaluate the hazards of atomic radiation. The two men released their findings in 1969, concluding that if everyone were to receive more than the 170 millirads of radiation which federal standards claimed the public could be exposed to without harm (in addition, that is, to natural or background radiation), "there would, in time, be an excess of 32,000 cases of fatal cancer plus leukemia per year, and this would occur year after year."

Gofman and Tamplin expected the AEC to "welcome our report on cancer plus leukemia risk—especially since the findings were being made available before a massive burgeoning of the nuclear electricity industry." Instead, their report touched off a furious, bitter controversy that is still raging within the AEC and the nuclear industry. The American Nuclear Society derided their claims, contending their conclusions were "false" because based on "improper use of existing data" and aggravated by "impossibility." Besides, the society added not long ago, "their charges have lost all relevance" since the AEC revised its standards downward on the amount of radioactivity a nuclear plant is allowed to release. This—in line with the suggestions of Gofman and Tamplin themselves, and as finally recommended by the National Academy of Sciences—is now 100 times lower than the old AEC threshold.

Dr. Tamplin is back in the headlines again, this time spearheading a National Resources Defense Council drive for a dramatic reduction of the level for radioactive plutonium. Measured in curies, it is already very low, but Tamplin and the public-interest law group, in petitions to the AEC and the Federal Environmental Protection Agency, are now asking the AEC to make its standards on plutonium 115,000 times more stringent to protect the public from this man-made element.

THE BURDEN OF PLUTONIUM

A large, 1,100-megawatt nuclear plant—like those at Peach Bottom and the proposed Fulton reactors—produces some 200 pounds of plutonium per year. Plutonium has a half-life of 24,000 years and is one of the most poisonous elements handled by man. Dr. Donald Geesaman, an authority on plutonium hazards at the Lawrence Radiation Laboratories in California, estimates that a pound of finely dispersed plutonium-239 dioxide is sufficient to cause some 9 billion cases of lung cancer. And the 8,820 pounds of plutonium the AEC says we'll produce in fission reactors this year is expected to increase to an annual 60,000 pounds by the year 2000.

Today's water-moderated reactors use uranium-235 fuel elements, but uranium-235 is only 1 per cent of natural uranium, and is expected to last only another thirty years or so. That is why the nuclear industry is pushing the development of the "breeder" reactor, which would operate at very high temperatures, be cooled by liquid sodium, and produce more fissionable material in the form of plutonium than it consumes. Plutonium, then, would replace uranium as the basic nuclear fuel.

This would mean, according to critics such as Dr. Gofman, that we would be producing around 15,000 tons of plutonium-239 a year forty or more years from now. If we contain 99.9999 per cent of this future annual total, says Gofman, the "amount escaping confinement would be one part per 1 million. . . . If we assume only one particle out of every million is inhaled annually thereafter, we would still be creating 27 million cases of cancer each year thereafter.

"Plutonium particles, once dispersed into the environment, can settle to the ground and be borne aloft by winds for centuries and still be essentially fully capable of producing lung cancer. In human time-scales, plutonium dispersed into the environment will be a hazard for at least 100,000 years." But other scientists, such as Dr. Glenn A. Seaborg, former AEC chairman and a co-discoverer of plutonium, while conceding its toxic nature, believe it can be contained and safely employed in nuclear plants as one of our major energy sources.

The AEC is spending an estimated $366 million out of its fiscal 1974 budget of $517 million to develop the breeder—a joint TVA-private utility-AEC project—which the agency is expected to finance with an additional $4 billion or more by the time the project is completed in the 1980s. However, if the standards on plutonium are drastically revised downward, as Dr. Tamplin and others are now asking, the cost of building and operating these proposed plutonium-breeding reactor plants would become much more expensive. The cost of transporting radioactive materials around the country and storing radioactive waste would also increase. And many critics of nuclear fission believe that the dangers of a reactor accident or "routine" radioactive emissions from nuclear power plants might be less in the long run than the hazards they cite in other links of the nuclear chain. These dangers, they say, include transportation accidents or mishaps at fuel reprocessing plants, the threat of nuclear blackmail, the danger that weapons-grade nuclear material will be stolen and made into clandestine atomic bombs, and the necessity to contain long-lived radioactive waste materials for thousands of years.

The last of these problems is not just an alarming possibility; it is a certainty. When enriched uranium completes its year or more of duty inside a reactor the spent fuel is highly radioactive. This waste is held at the site of the plant which produced it until some of the radioactivity decays. Then it is all shipped to a reprocessing plant where the hot material is removed from the steel or graphite fuel rods and chopped up and dissolved. Some of the spent nuclear fuel can be processed for reuse; the rest is sent to storage sites.

Former AEC chairman David Lilienthal warned that this process involved "a risk of error at every step." Dr. Hannes Alfven, the Nobel Laureate in physics from Sweden, alleged that "in a full-scale fission program, the radioactive waste will soon become so enormous that a total poisoning of our planet is possible." The AEC position was recently expressed by Dr. Frank K. Pittman, director of the agency's division of waste management and transportation: "The problem of waste storage is the least of any nuclear problem, but the problem is that you have to do it forever."

The AEC has not been able to come up with a foolproof solution. One proposal is to store the waste in salt mines. Here is Alfven's reaction to that notion.

"It is claimed by some that these [salt mines] are geologically so stable that there is no risk of leakage from the repository into the biosphere. This is questioned by a number of geologists. There is no doubt that the salt mines could be considered safe for any normal waste products. But because of the very large quantities of extremely poisonous substances, it is required that the repository should be absolutely free of leakage for a period of hundreds of thousands of years. No responsible geologist can guarantee this, simply because the problem is one of which we have no experience."

There have been spills at the AEC's 560-square-mile waste-storage facility at Hanford, Wash., where eleven of 151 containers developed leaks between 1944 and 1970. One of the most recent, and largest, according to an AEC announcement in June 1973, was the escape of 115,000 gallons of radioactive waste, which seeped from a corroded steel tank into the soil under Hanford. The leak had gone undetected for six weeks because a supervisor at Hanford failed to read a report showing that levels in the tank had been dropping. This spillage occurred a year after the American Nuclear Society said that "nuclear wastes have been successfully stored since the very beginning" of the atomic energy program, and that "massive tank failures resulting in large flows . . . have never occurred and are not expected."

The AEC tried to minimize the seriousness of the Hanford spillage, contending that radioactivity had not escaped to the atmosphere and that there was no way it could reach ground water. Critics in the state of Washington charge that the ground water beneath Hanford has already been heavily contaminated by radioactive leaks, and that this spillage might work its way underground to the Columbia River, 10 miles away.

The AEC's position was that radioactive wastes could not and would not pass through the ground into underground water tables and from there into a community's drinking supply. But that did happen last summer to the Colorado town of Broomfield, midway between Boulder and Denver. The presence of tritium—heavy hydrogen—in the Broomfield reservoir was found to be ten times higher than normal. The normal background level in Colorado is about 1,200 picocuries per liter of water; the highest reading in the Broomfield reservoir was 23,000 picocuries of tritium per liter. Colorado's governor called the discovery "alarming but not dangerous" for the town's 13,000 residents. The tritium contamination was traced to waste dumps at the AEC's nuclear weapons factory at Rocky Flats, 5 miles from the reservoir. Colorado health officials found tritium concentrated at 3 million picocuries per liter in a creek a mile from the weapons site. Colorado standards hold that 1 million picocuries of tritium per liter of water is the upper safety limit.

BLACK MARKET BOMB

Transportation is another vital link in the nuclear power cycle. Philadelphia Electric engineer Robert Logue estimates that there will be around 600 pounds of spent fuel per year from each of the two big nuclear reactors at Peach Bottom. This means that about 200 truckloads or sixteen railroad cars of radioactive material (in very bulky containers) will leave Peach Bottom each year. "This material would range from zero to very hot in terms of radioactivity," Logue said. "Five to 15 pounds in every 200 would fall within the 'hot' radioactive category."

Philadelphia Electric plans to truck the spent fuel south on Route 1 to Baltimore, around the city beltway, down to Washington, D.C., and around the D.C. beltway south to a nuclear reprocessing plant in Barnwell, N.C. If the spent fuel goes by train it will move from Peach Bottom to the city of York, which has a population of 50,000 centered in a metropolitan area of 180,000.

"This means it'll have to be transferred here from one railroad company car to another," Ray Hovis said in York. "The utility says it will ship it as fast as possible—but you know the railroads. And the utility's 'bad weather' truck route is through the small (York County) towns of Dallastown and Red Lion. What happens if there's an accident in these communities? What happens if someone grabs one of these trucks, runs it up to the White House from the beltway and tries to blow it up?"

Raymond Powell of the AEC feels the probability of a serious accident or theft in the transportation of nuclear fuel and waste materials is minimal. "You can't transport nuclear fuel any old way," Powell said. "And we're in the process of rewriting our regulations as to what standards must be met. Every truck will be required to have at least one armed guard with it, and they'll have to phone in to a checkpoint every two hours. And the design of the casks used in this shipping is such that there would be no radiation leakage in the event of an accident."

These nuclear shipping casks are designed to withstand a 30-foot free fall, exposure to a blazing fire for a half hour and submersion under water for at least eight hours. There have been relatively few accidents in the transportation of nuclear materials, and when they have occurred, the thick lead and steel casks have apparently contained all radioactive material. How well the record will hold up is problematical. Highway safety figures average out to one accident every million miles. More nuclear plants in the future will mean more nuclear shipments, and the probability of nuclear road accidents will rise. When asked about the likelihood of sabotage and theft, Powell of the AEC and Allen and Logue of Philadelphia Electric contend that such fears are the ingredients of James Bond movies. "While it theoretically might be possible to steal enough plutonium for a bomb, it is believed to be impractical," according to the American Nuclear Society. "Throughout its processing the plutonium is very carefully controlled, and strict accountability is maintained for economic, safety and munitions reasons."

But a report prepared for the AEC, and recently released by the Senate Subcommittee on Executive Reorganization, used the words "entirely inadequate to meet the threat" in describing the steps taken to prevent sabotage and the theft. And Theodore B. Taylor, once a nuclear bomb maker, claims it would be "comparatively easy" to steal nuclear material and make atom bombs from it. While he was working for the AEC at Los Alamos, Taylor designed one of our smallest and lightest fission bombs (less than 50 pounds) and the largest-yield hydrogen bomb ever exploded. Taylor, a theoretical physicist, is no longer designing nuclear weapons. He is now active in the nuclear safeguards field, urgently warning the public about the dangers connected with nuclear fission—dangers which Taylor alleges are increasing because each new atomic plant means more weapons-grade nuclear material. According to Taylor, all the information necessary to make a bomb in a basement is readily available. Little Boy, the bomb that killed 100,000 people at Hiroshima, was a 15-kiloton weapon containing 60 kilograms of weapons-grade nuclear material. The AEC has said we will produce 4,000 kilograms of plutonium in the United States this year. It is now buried as waste or stored for the time when it may be valuable as nuclear fuel. A thousand or more nuclear plants by the turn of the century means the United States would be producing more than 250,000 kilograms of plutonium a year.

Taylor was the subject, a few months back, of a disturbing series of *New Yorker* articles (now expanded into a book, *The Curve of Binding Energy*, Farrar, Straus & Giroux), in which the physicist told the author John McPhee that a sliver of uranium-232 about three-quarters of an inch square, if fissioned, "would be enough to knock down the World Trade Center" in New York. A "crude" bomb, with a yield of only a kiloton and its related "weapons effects," Taylor told McPhee, could wipe out New York's financial district and kill 100,000 people. A tenth of a kiloton exploded outside a nuclear plant would be sufficient to destroy the reactor and release from its shattered remains enough radioactivity to match the fallout from a 100-megaton bomb.

The AEC said that a person would need the special skills and experience of a Theodore Taylor to make a clandestine atom bomb. Taylor disagrees, insisting that anyone with a rudimentary knowledge of reactor theory and engineering could do the job. All the necessary information is available, he says, in public print.

Taylor took McPhee on a tour of key nuclear installations. They visited atomic power plants, fuel reprocessing centers, waste-storage facilities, nuclear weapons sites, shipping points. Taylor kept pointing out how inadequate were the safeguards. Gates were open, doors unlocked, fences were low, accounting procedures were casual, some guards were absent, others hadn't officially qualified with the pistols they carried. But safeguards cost money. We spend billions yearly on nuclear weapons, and only $4 million to $6 million a year to protect nuclear materials. Nor is money the only consideration; the nuclear industry is also concerned for its image. It is said that every nuclear shipment in the Soviet Union is accompanied by a Red Army guard, but the idea of employing U.S. Army troops to accompany nuclear shipments is repugnant to an industry that is spending millions to assure the public that nuclear power is safe.

The AEC claims to have updated its security standards and that measures are now taken to guard against nuclear theft, sabotage, blackmail or any other illegality "short of significant armed attack." Theodore Taylor says this is not enough to stop a *significant* attack. Money is better protected than uranium or plutonium, Taylor said, at a time when uranium-233 sells for around $25,000 a kilogram and an ounce of plutonium-239 is worth ten times more than an ounce of gold. Critics believe that a nuclear black market will spring up to supply non-nuclear nations, guerrillas, terrorists and criminals with weapons-grade material. They point out that 2 per cent of everything shipped in this country is pilfered. They also repeat allegations that organized crime has made deep inroads into the transportation industry. Taylor seems to say that the only effective protection against nuclear theft and clandestine bomb-making is to abandon nuclear fission power. Besides, Taylor is among those who believe that there are a number of other solutions to the energy problem.

A VARIETY OF ENERGY SOURCES

Nuclear fission receives the largest percentage of the tax money spent on energy research and development. But a growing body of literature promotes the solar and geothermal energy, nuclear fusion, the production of clean oil and methane gas from animal waste and urban garbage, power from the wind and tides, the large-scale cultivation of algae plants which can be converted by fermentation to methane gas, and the conversion of coal into clean energy. Combinations of these potential energy sources can be brought into play, the opponents of nuclear power claim, to supply the nation with the energy it requires. This would avoid the eggs-in-one-basket approach that has dominated the nuclear establishment.

According to federal figures, energy research and development money will be spent in fiscal 1974, as follows, $517 million will go for nuclear fission—$366 million of it for the breeder reactor; $98 million for nuclear fusion; $13 million for solar energy; $11 million for geothermal power; and $167 million to convert coal into oil and gas—triple the amount of research money coal received last year.

The United States derives two-thirds of its energy from fast-depleting sources of natural gas and petroleum. Coal accounts for 88 per cent of its fossil energy reserves, and most of the nuclear proponents contend that coal is the only alternative to nuclear fission in the immediate future. However, they deplore the large-scale exploitation of coal on the grounds that strip mining will brutally assault the landscape and that burning large quantities of coal will poison the atmosphere. Some of their opponents believe that methods are available or can be developed to mine coal without despoiling the environment, but most of them contend that a debate over the merits and disadvantages of fission and coal is misleading because there are other alternatives to both fuels.

Nuclear fusion, for example, might be available and practical within the next twenty years, and perhaps much sooner, if the process receives more support and money. A nuclear fusion power plant would create energy by combining deuterium—heavy hydrogen—atoms at sensationally high temperatures. Scientists have not yet been able to sustain a continuous fusion reaction, but studies employing high-powered lasers are under way in an effort to heat frozen pellets of hydrogen to temperatures of hundreds of millions of degrees in a billionth of a second. And no material nor technology now available will contain a continuous fusion reaction in a reactor because of the tremendous temperatures and pressures involved. But fusion offers the promise of unlimited commercial power, if and when, because fuel comes from ordinary sea water. And nuclear fusion has thus far been considered "clean" because it does not produce radioactive waste products; that also cancels out the possibility of a nuclear explosion at a fusion power plant.

There is also solar power, which Linus Pauling told me is "especially attractive and promising." It is available today, but converting, storing and routing this sunshine power, given present technology and facilities, would be prohibitively expensive. In 1970, the late Dr. Farrington Daniels, one of the world's leading chemists, was saying that "solar energy is amply adequate for all the conceivable energy needs of the world. It is harmless and sure to work. . . . Surely solar energy will be important within twenty years, and if enough financial support should become available, the time could be considerably less."

More than thirty homes in the United States are heated and cooled by converting sunshine into electricity. And there have been a number of proposals to collect, store and transmit commercial solar energy on a large scale. But the nuclear critics contend that the AEC has consistently played down solar energy in order to boost public reliance on the breeder reactor. The Scientists' Institute for Public Information, an organization of more than 900 scientists and laymen, recently criticized an AEC draft assessment of the hazards involved in the development of the breeder reactor as "frivolous and shallow." Dr. Barry Commoner, chairman of the group, and David Inglis, the eminent physicist, charged that the AEC's statement failed to acknowledge in full the dangers of plutonium explosion and radiation, while trying to "cover up" the commercial feasibility of solar energy.

William E. Heronemus, a professor of civil engineering from Massachusetts, contends that we are "out of touch with the reality of the world in which we live" as long as we "cavalierly ignore" solar power—"the first energy used by man" which, Heronemus says, "will be the last." He also advocates wind power, believing "that the entire electricity demand of the six-state New England region could be satisfied by wind power alone by the year 2000 at a cost which "even now would be competitive." He adds that wind power could supply two-thirds of our current energy demands and about a fourth of our future needs. Heronemus also urges that "tidal power possibilities, discarded by the United States in the past but carefully set aside by the more canny Canadians, should be re-examined at once."

Another alternative to nuclear fission is geothermal energy, which is taped by drilling 5 to 10 miles down into the earth for hot water and steam. Some people feel the electric power potential from steam and hot water under California's Imperial Valley alone could have generated between 30 to 90 per cent of the energy we consumed three years ago. Geothermal power, now being explored in this country, particularly in California, is operating today in Russia, Japan, New Zealand, Mexico, Italy and Iceland.

Methane gas could be another immediate source of commercial energy. County farm agents in Pennsylvania working with Penn State extension campuses, have been demonstrating the workability of homemade manure gas generating kits. A farmer with fifteen head of cattle would have enough animal waste on hand to produce a clean methane gas for all his farm equipment, his trucks and car, and to heat and cool his home. The remaining sludge retains its high nitrogen content and can be returned to the soil as fertilizer. Some urban home owners, instead of throwing their garbage away, have been turning it into methane to heat their city homes. Manure and garbage can also be turned into low-sulfur oil—enough perhaps for more than 2½ billion gallons a year. (See "Garbage: A Neglected Resource," by Sen. John V. Tunney, *The Nation*, May 18.) Plans have been proposed to "farm" instantaneous methane from large crops of algae.

In the context of alternative sources of energy, the nuclear critics point out that the private utilities in this country spend more on promotion and advertising than they do on research and development. Figures compiled by Sen. Lee Metcalf's office (D., Mont.) for 1972, the latest year for which complete figures are available, show that private utilities spent some $314 million on advertising and promotion, compared to $94 million on energy research and development.

SOMETHING LESS THAN INFALLIBLE

The petitions opposing the operation of the Peach Bottom nuclear reactors in York County and Philadelphia Electric Company's application for an AEC construction permit to build two more large nuclear reactors in Fulton Township contain all the general objections to nuclear fission. The petitions allege that Philadelphia Electric has failed to explore potential alternatives and that the utility has either underestimated or ignored the possibility of reactor accidents, radiation dangers, an enemy attack on a nuclear power complex, thermal pollution of the Susquehanna River and the surrounding atmosphere, earthquakes (a utility continued construction work on an atomic plant in Virginia after being notified of a geological fault under the site), transportation mishaps, waste-storage leaks (in March, the AEC reported another large leak at its huge Hanford depository) and the occurrence of accidents up and down the nuclear chain.

There have been a number of such accidents. The Fermi fast-breeder reactor plant closed down for four years after its fuel rods melted; now it has been shut for good. The Vermont Yankee plant was recently closed down because of a fear that key devices for controlling the nuclear reaction might have been installed upside down. That was the seventeenth major shutdown in the nineteen months the plant has been operating. A spokesman for the utility told *The New York Times*, "we are not as bad as some, but we're not as good as others." Consolidated Edison, the nation's largest private utility, was supposed to begin generating commercial nuclear fission power for the New York City area more than two years ago from its reactors on the Hudson River, about 21 miles north of the city. A Con Ed spokesman recently told the press that the plants are still in the "testing stage." They have been plagued by accidents, breakdowns and delays.

Commonwealth Edison's 600-megawatt Dresden nuclear plant in Illinois had to shut down for repairs when a reactor went out of control for a couple of hours. Workers at the nuclear plant (which Commonwealth Edison operates) at Cordova, Ill., found the auxiliary power system and backup coolant pumps under 15 feet of water because of a leaking pipe joint. The Oyster Creek nuclear plant in New Jersey had to shut down when an operator's mistake dumped 50,000 gallons of radioactive water into the basement of the reactor building. The Shippingport plant recently suffered a cooling system explosion. Philadelphia Electric has experienced months of delay in trying to put its Peach Bottom Unit Two on line. There was a $6 million accident last October at the AEC's experimental uranium enrichment laboratory at Oak Ridge, Tenn. And three armed men once hijacked a jet airliner and threatened to crash it into Oak Ridge unless their demand for $10 million ransom was met. Walter H. Jordon, a member of the AEC's Atomic Safety and Licensing Board, said "there are no measures we can take that will eliminate the possibility of a major nuclear accident."

The petitions opposing Philadelphia Electric's petition to build the two Fulton plants all cite the fact that the utility does not own the amount of land it is required by law to possess around a nuclear plant site, and that the owners of the land it needs do not want to sell. For that reason, the intervenors at Fulton Township have asked the AEC to cancel its building permit hearings. The utility would then have to seek a court order forcing the owners to sell the land, and the anti-nuclear people in York and Lancaster Counties would be happy to confront Philadelphia Electric in court. That would give them a long-awaited opportunity to air their many objections to fission power before a judge or jury.

George L. Boomsma, who lives with his family on the fringe of the proposed Fulton reactor plant site, thinks "our chances are very good in court. Which they wouldn't be if we had to present our case in front of the AEC." Boomsma is president of the Save Southern Lancaster County Environmental Conservation Fund. A salesman, Boomsma moved his family from the New York City area several years ago to a restored stone farmhouse in the wooded hills along the east bank of the Susquehanna. He and his wife are convinced that the presence of a nuclear plant in their back yard would endanger their growing children and the lives and health of all the people who live in the area.

I walked along the river with Boomsma not long ago. The Peach Bottom nuclear power complex, imposing if not overwhelming at close range, looked demure a mile and a half away on the opposite bank. Boomsma showed me a couple of radiation monitoring stations and told me about the fight against nuclear power in Fulton Township.

The Lancaster opponents are much better organized than those in York County. They have more members—farmers, housewives, professional men and women, including members of the faculty at nearby Franklin and Marshall College in the city of Lancaster—and more money. "We collected petitions at the local country fairs last summer," Boomsma said, "and we found sentiment running 10 to 1 against more reactors here."

Across the river, in York County's Peach Bottom Township, a farmer's wife sighs as she says, "It was too big for us to fight here. When we made a ripple, the Philadelphia Electric public relations people just came in and snowed us. So 95 per cent of people around here thought atomic power was O.K. Their public relations people did a wonderful job. We all got invited to the plant. They fed us homemade pie and ice cream—and spent all their time telling us there was nothing to worry about."

Now the people who live near the Peach Bottom nuclear power plants aren't so sure. They mention five or six women within a 5-mile radius of the nuclear complex who have cancer and argue back and forth as to whether or not the atomic plants might to some degree be responsible.

Boomsma, across the river, is concerned about the danger of earthquake. "Last year we had an earth tremor here from the Delaware River Valley. We have walls an inch and a half thick, but our house was shaking." The proposed Fulton reactor site lies near the Peach Bottom geologic fault, which Boomsma said is "supposedly" inert.

Mrs. Boomsma, working in the kitchen where we were talking, said, "We were brought up in an era in which science was God. We were taught to have total faith in technology. But the more we go along, the more we learn that science in this nuclear business doesn't have all the answers."

"You know," her husband mused, "these nuclear plants might turn out to be the dinosaurs of the energy age. In addition to being dangerous, they're also very impractical." Boomsma showed me figures to indicate that nuclear plants "are very inefficient—they have an operating dependability factor of less than 60 per cent. Peach Bottom One and the reactor at Shippingport have operated only 40 per cent of the time. "Look at Peach Bottom Two across the river. The plant's been shut down for months and months because of turbine and generator troubles. Turbines and generators! They've been making them for over a hundred years. And they still have problems with them. And now they're talking about operating these huge nuclear reactors which are much, much larger than anything they've had any real experience with. And it's very expensive," Boomsma said, "to shut down a nuclear plant. Repairs cost a lot of money and a utility has to keep paying interest of 12 per cent or more on them whether they're working or not.

"In the long run," Boomsma contends, "economics and what is practical will determine the future of nuclear power. Nuclear power is not only dangerous, but it's going to prove way too expensive in the long run for the public to put up with."

INGENUITY AND SKILLS

"Nobody who has visited a reactor station can avoid being deeply impressed by the ingenuity and skill which are manifest in the safety precautions," writes Nobel Prize-winning physicist Hannes Alfven. "But the fission reactor represents only one part in a complicated series of operations for fission energy. . . . The reactor constructors claim that they have devoted more effort to safety problems than any other technologists have. This is true . . . but it is not relevant. If a problem is too difficult to solve, one cannot claim that it is solved by pointing to all the efforts made to solve it. . . The real question is whether their blueprints will work in the real world and not only in a 'technological paradise' . . . [because] . . . the consequences of nuclear catastrophes are so terrible that risks which usually are considered to be normal are unacceptable in this field."

I spent hours touring the nuclear power complex at Peach Bottom, and I too was impressed by the care and ingenuity that has gone into it. Richard Fleischman, the assistant plant superintendent who escorted me around and answered my questions, has an academic background in chemistry and almost a decade of experience with atomic power. He is young and sturdy, a good leader with a great deal of team spirit. He seems extremely conscientious and hard-working. And he loves his work. "Look," he says, "I'm selfish like everyone else when it comes to safety. I've got a wife and kids, too, you know. And we live only 3 miles away from the plants. Do you think I'd be working here and we would be living here if there's anything to worry about?"

But Charles Bacas, who lives with his wife and two sons in the city of York 35 miles from Peach Bottom, is worried. Bacas, a former reporter for the *Gazette and Daily*, serves now as the executive assistant to the secretary of Pennsylvania's Department of Community Affairs in Harrisburg. Thoughtful and intense, he feels that the sponsors of nuclear fission power have tried to deprive citizens of their inalienable right to life, liberty and the pursuit of happiness.

"The process of assessing technologies has got to become a part of the democratic process, or, in the coming decades, our liberties are going to decline as drastically as technological complexity is expected to rise," Bacas said. "At the present time, our votes at the polls and our dollar votes in the marketplace have a minimal effect on what are essentially elitist 'planning' decisions, whether by government or business.

"A number of risk-taking technological programs have been implemented, with the result that the democratic process has been particularly ill-served by the governmental and corporate proponents of these technologies, because potential dangers have been cloaked behind the man-in-the-white-coat certainties of deterministic science. This science no longer exists, and its certainties are no more available to us than the once seemingly limitless American frontier. Yet scientists and corporate and governmental executives continue to make particular decisions affecting the well-being of us all without even having the vaguest general consent from the public to do so."

The nuclear industry is engaged in a determined public relations effort to convince the American public that nuclear fission is safe. Standard Rate and Data shows that it costs about $40,000 to put a full-page, four-color ad in *Time*—and the media have been laced with such nuclear promotion. The utilities have also been enclosing pro-nuclear material with their bills, a practice which it would cost the nuclear critics many thousands of dollars to duplicate. "We just about broke our treasury," says Ann Roosevelt of Friends of the Earth, "to run one full-page, black-and-white ad in the *San Francisco Chronicle*" at a cost of around $7,300. This ad has been quite effective. Reprinted as posters, it has found its way to doors and bulletin boards around the country.

Yet Ms. Roosevelt is confident that the foes of nuclear fission will win their fight. "We're doing something that has never been done before," she said, "in taking on a fully developed industry that's been protected by a mission-oriented Congress. Until a year ago, we could hardly get an anti-nuclear story in the newspapers because they were convinced that nuclear power was safe. We think it's a tremendous victory because the press is beginning to notice us." She showed me a much-quoted *New York Times* editorial of last year which said, in part, "Once so promising in the first enthusiasm of the atomic era, nuclear power generation is becoming something of a monster, with dangers to people and the environment so awesome as to raise serious doubts that this is indeed the best energy source of the future."

"Just look around," Ms. Roosevelt said. "Even the AEC banned the proposed reactors at Newbold Island, near Philadelphia and Trenton, because there were "too many people" in the area. A RAND report in California called for a slowdown on nuclear fission. The Federation of American Scientists did too. Ralph Nader is against it. The Sierra Club reconsidered its policy on nuclear power and recently came out against it. Even Congress," Ms. Roosevelt said, "is beginning to wake up. It wasn't their fault. The Joint Committee on Atomic Power monopolized the field and Congress depended upon the committee for its information about nuclear power. This committee acts more like an executive committee than a legislative one. It has tremendous power, but no matter how much the Joint Committee says nuclear power is safe, the grass roots are growing. Congress is becoming aware of the problem. And I'm confident we're going to win."

Ms. Roosevelt is a level-headed woman; I think she may well be right.

Mr. METCALF. I have discussed this amendment with the manager of the bill, and I feel he believes that this is a significant and important amendment.

Mr. RIBICOFF. Mr. President, first, I want to commend the distinguished Senator from Montana for the great work he has done on the entire ERDA bill. His suggestions, knowledge, and contributions have been invaluable to all of us.

His amendment provides that exemptions under the Freedom of Information Act relating to trade secrets and inter- and intra-agency memoranda will not apply with respect to nuclear safety systems under NSLC jurisdiction. The trade-secret exemption would not be relaxed, however, when the Commission determines that disclosure would cause irreparable competitive injury.

I commend the distinguished Senator from Montana for offering this amendment because it will go far toward eliminating the excessive secrecy that now permeates many of the AEC's activities. The amendment is fair because it protects the competitive position of firms from whom trade information has been obtained; but it is also tough-minded in placing public health and safety considerations above commercial and bureaucratic interests whenever possible.

The Senator has cited several instances of important AEC safety reports that had been kept secret until their existence had been discovered by outsiders. My own subcommittee has been involved in obtaining two such AEC "internal studies"—one pertaining to risks to populations near nuclear powerplant sites, the other describing the inadequacy of the present system of safeguarding explosive nuclear materials from theft and subsequent manufacture into terrorists' bombs.

In the face of present plans for the nuclear power industry to expand many times over in the next quarter-century, the time has come for complete openness and frankness on vital questions of safety and security. The Metcalf amendment will help the new NSLC achieve that goal.

I have discussed this with the distinguished Senator from Illinois (Mr. Percy), the ranking minority member, and we both feel that this is a good amendment, and I urge its adoption.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. METCALF. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk proceeded to read the amendment.

Mr. METCALF. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 75, in line 10, strike all beginning with the word "for" through the period in line 11, and insert "by any party to a licensing proceeding or rulemaking hearing for technical assistance from, and for relevant studies or reports prepared by or for, the Commission, the Administration or any Federal agency."

On page 75, in line 15, after the word "such" insert "technical assistance or such"; and in line 18, substitute the word "whether" for "if", and after the word "such" insert "technical assistance,".

On page 75, in line 23 after the word "that" insert the words "technical assistance,", and in line 24, after the word "especially" insert the words "provided or".

On page 76, in line 1, after the word "such" insert the words "technical assistance,"; in line 7, after the word "such" insert the words "technical assistance,"; and in line 24, strike the word "Studies" and insert in lieu thereof the words "Technical assistance, studies".

On page 77, between lines 2 and 3, add the following new subsection:

"(e) For purposes of this section, the term 'technical assistance' means:

(1) the furnishing of a witness for an appearance in any proceeding, or giving testimony by deposition, affidavit, or other appropriate means:

(2) the furnishing of advice, consultation, or information to assist a party in understanding technical literature or issues, to analyze and evaluate documentary materials, and to otherwise aid a party in technical preparation of its presentation in the proceedings."

Mr. METCALF. Mr. President, a few days ago I introduced amendment No. 1787 to the ERDA bill (S. 2744) which would provide for information, special studies, analyses—and particularly—technical assistance for witnesses, for parties to a licensing or rulemaking proceeding under the Atomic Energy Act. My concern was that intervenors should have the best possible opportunity to have the facts presented, and to examine the evidence in these critical proceedings. I felt that the present language in section 206 of S. 2744 did not cover this area of special studies, information and the opportunity for expert testimony to the extent that it should. Such information and technical assistance should be provided not only by the Commission, but by the ERDA Administrator and by other relevant Federal agencies—as deemed necessary for an adequate presentation of the case.

Since the introduction of my amendment, I have discussed my concern with the distinguished floor manager (Mr. RIBICOFF) and together with our respective staffs, we have worked out language which I feel is an acceptable merger of my proposals into the original language of section 206 of the bill. The opportunity for technical assistance and witnesses has been preserved, as has the right to appeal any decisions by the Commission denying special studies, discovery of existing information, or technical assistance.

I hope the manager of the bill will accept this unprinted amendment.

Mr. RIBICOFF. Mr. President, I believe my distinguished colleague from Illinois (Mr. PERCY) has some questions to put to the Senator from Montana.

Mr. President, I ask unanimous consent that Paul Hoff, Marilyn Harris, Carl Braithwaite, and William Van Ness have the privilege of the floor during the consideration of this bill and the votes thereon.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PERCY. Mr. President, the agreement of the minority floor manager to this amendment would depend upon the answers to three different questions that I would like to put to the distinguished Senator, and I will be guided in my decision by the responses that I get.

I have no doubt that we can work out whatever differences we may have. Possibly it is just a matter of interpretation.

First, it is my understanding from this amendment that the Atomic Safety and Licensing Board will determine whether new studies or reports need to be prepared in each case and that, under no circumstances, could a party to a proceeding demand or require that a new study or report be prepared. Is that the Senator's understanding?

Mr. METCALF. That is correct.

Mr. PERCY. Second, it is also my understanding that the determination with respect to allowing an appeal as to whether a new report or study should be prepared would normally be made by the Atomic Safety and Licensing Appeal Board. The court of appeals may thereupon in its discretion permit an appeal; is that correct?

Mr. METCALF. That is correct; and subject to the language of the bill, as I read it, on page 76, subsection (c) beginning with line 9.

Mr. PERCY. Third and finally, I understand that an application for appeal will not be permitted to delay the proceedings unless the court so orders; is that also correct?

Mr. METCALF. That is absolutely correct; and, of course, whether this amendment goes in or not if a court ordered delay of proceedings the court would be paramount. But unless a court ordered it we would not have any delay of proceedings.

Mr. PERCY. With this understanding and this legislative history, Mr. President, the minority is prepared to accept the pending amendment.

Mr. RIBICOFF. As I understand this amendment, it would insure that ERDA, as well as NSLC, would be covered by the provisions in section 206 requiring that relevant studies and reports be made available in response to good-faith requests made by any party to a licensing or rulemaking proceeding. It also makes clear that technical assistance, including the furnishing of witnesses and technical information, would be provided, as well as studies and reports.

These changes serve to sharpen the information and studies section of the bill as reported by the Government Operations Committee, and I commend the distinguished Senator from Montana for offering them. He participated in the original drafting of this section and was among those most concerned that it should provide a workable system of providing public interest groups with the kind of help that even money cannot buy; namely, the nuclear safety expertise that presently resides in the AEC and has been available only to the Commission.

This is a good amendment, and I urge its adoption.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. METCALF. I thank both the Senator from Illinois and the Senator from Connecticut for their cooperation.

The PRESIDING OFFICER. Are there further amendments?

Mr. PERCY. Mr. President, I send to the desk an unprinted amendment.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk proceeded to read the amendment.

Mr. PERCY. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 65, line 4, after "(a)" insert: "(1)".

On page 66, between lines 8 and 9, insert the following:

"(2) The Chairman of the Commission shall be the principal executive officer of the Commission and he shall exercise all of the executive and administrative functions of the Commission, including functions of the Commission with respect to (A) the appointment and supervision of personnel employed under the Commission (other than personnel employed regularly and full time in the immediate offices of commissioners other than the Chairman, and except as otherwise provided in this Act), (B) the distribution of business among personnel appointed and supervised by the Chairman and among administrative units of the Commission, and (C) the use and expenditure of funds.

"(3) In carrying out any of his functions under the provisions of this subsection the Chairman shall be governed by general policies of the Commission and by such regulatory decisions, findings, and determinations as the Commission may by law be authorized to make."

Mr. PERCY. The purpose of this amendment is to insure that the NSLC chairman has adequate power to perform his functions.

Mr. President, in the Government Operations Committee we amended the structure of the Nuclear Safety and Licensing Commission so as to eliminate the general manager who would have been in charge of all NSLC activity. We instead created three co-equal managers, all with the grade of executive level IV: a Director of Nuclear Materials Security, a Director of Nuclear Safety Research, and a Director of Nuclear Reactor Safety.

These were important changes, and they are directly attributable to the foresight and concern of the distinguished manager for the majority, Senator RIBICOFF, that the critical areas of nuclear security and safety be upgraded within the NSLC to a prominent position coequal with its safety research functions.

While I strongly supported the Senator from Connecticut's amendment in committee, and applaud his effort, this provision has created concern. That is because the administrative set-up of the NSLC now consists of three co-equal units reporting directly to a five-member Commission whose Chairman lacks the administrative authorities that are normally provided to the Chairman of Federal regulatory commissions.

My amendment specifies that the Chairman of the NSLC will be the chief executive officer of the Commission, that he or she will exercise all of the executive and administrative functions of the Commission, including supervision of the distribution of business among the three directors and other executive-level personnel who are appointed by the Commission.

Nine existing major Federal commissions with important regulatory functions, such as those of the NSLC, now provide that their chairmen be the principal executive officer of the Commission. This power is now granted to the Chairmen of the Civil Service Commission, the Federal Trade Commission, the Federal Power Commission, the Securities and Exchange Commission, the Civil Aeronautics Board, the Federal Maritime Commission, the Federal Home Loan Bank Board, the Interstate Commerce Commission, and the Consumer Product Safety Commission.

I recognize that the committee report addresses the problem. It states that it is the committee's understanding that the Chairman of the Commission will be responsible for implementing the Commission's policies. And the report states that an Office of Administration is to be attached to the Chairman of the Commission. But the language of the bill should be amended to provide explicitly for the clear assignment of primary administrative responsibility to the NSLC Chairman. Not to do so would be to risk the development of a chaotic organization subject to crippling conflict among three strong, coequal Bureau of Office Directors.

If the Chairman of the Commission were weakened by the absence of strong administrative authority, if the other members of the Commission strongly contested the implied—but not explicit—power of the Chairman, the functioning of the Commission could be tragically impaired. I submit that the assignments of this Commission are of such gravity and such overwhelming significance to the safety of our population that we cannot afford even to risk the possibility that the Commission will be administratively impaired in carrying out its mission.

Mr. President, this amendment has the strong support of the Office of Management and Budget and the Atomic Energy Commission. Because it assigns to the NSLC powers now held by nine other Federal Commissions, there should be no controversy about its acceptability.

Mr. President, my last point is probably the most important because if this activity is to really succeed, it will succeed only because it has outstanding men and women involved in it.

I really cannot imagine the Chairman assuming those responsibilities if he or she did not really have the authority to carry out the responsibilities that have been thrust upon him or her by the intent, purpose, letter, and spirit of the legislation before us.

I urge adoption of this amendment.

The PRESIDING OFFICER. The Senator from Connecticut is recognized.

Mr. RIBICOFF. Mr. President, I commend the distinguished Senator from Illinois for offering this amendment to make clear that the Chairman of the NSLC will be responsible for supervising, in behalf of the Commission, the balanced, three-part regulatory organization established by this bill.

The committee, in its report, states that the Chairman is provided this supervisory authority in section 201, which cites him as the one who "in behalf of the Commission, shall see to the faithful execution of the policies and decisions of the Commission." This same language is used in the Atomic Energy Act to describe the authority of the Chairman of the AEC, and it was incorporated into this bill to apply to the authority of the Chairman of the NSLC.

At the same time, the committee has designed a new regulatory organization for the NSLC, which will require a more active role by the Commission than is presently the case in the AEC. The bill establishes three basic, coequal divisions—safety, safeguards and research—each under a Director having direct access to the Commission. The position of Director of Regulation, which now oversees regulatory operations while the Atomic Energy Commission directs most of its energies to developmental matters, is abolished under the bill. With nuclear developmental and promotional responsibilities transferred to ERDA, the new NSLC will devote full time to regulatory activities which are presently supervised by the AEC's Director of Regulation.

The new regulatory organization is designed to permit a freer interplay of regulatory proposals and priorities at the Commission level than is now possible in the present system. Hopefully, crucial safety and safeguards issues, which are now sometimes buried or modified at lower bureaucratic levels, will be aired and resolved by the Commission itself.

Obviously, the Commission will be playing a more active supervisory role in regulatory affairs than is now the case, and the committee intends that the Chairman will be instrumental in coordinating the activities of the three regulatory divisions accordingly.

The committee report states, for example, that an Office of Administration which now assists the Director of Regulation, would be attached to the Chairman of the Commission.

The Percy amendment goes beyond the general language of the Atomic Energy Act to specify that the Chairman of NSLC "shall be the principal executive officer of the Commission, and he shall exercise all of the executive and administrative functions of the Commission." This would include the supervision of, and the distribution of business among, the three Directors and other executive-level personnel appointed by the Commission.

This language, which is identical to that contained in nine other regulatory commission statutes, will insure effective supervision of the NSLC organization by the Chairman on behalf of the Commission. The Percy amendment is consistent with the purpose and the more general language of the bill. I urge its adoption.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Illinois.

The amendment was agreed to.

INTERNATIONAL BROADCASTING AUTHORIZATION

Mr. PERCY. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on S. 3190.

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 3190) An Act to authorize appropriations for fiscal year 1975 for carrying out the Board for International Broadcasting Act of 1973, with the following amendment:

Strike out all after the enacting clause, and insert:

That section 8(a) of the Board for International Broadcasting Act of 1973 (22 U.S.C. 2877(a)) is amended—

(1) by striking out "$50,209,000 for fiscal year 1974" in the first sentence and inserting in lieu thereof "$49,990,000 for fiscal year 1975, of which not less than $75,000 shall be available solely to initiate broadcasts in the Estonian language and not less than $75,000 shall be available solely to initiate broadcasts in the Latvian language"; and

(2) by striking out "fiscal year 1974" in the second sentence and inserting in lieu thereof "fiscal year 1975".

Mr. PERCY. Mr. President, earlier this year the Senate passed S. 3190, authorizing the full administration request of $49,840,000 in fiscal year 1975 appropriations for grants to Radio Free Europe and Radio Liberty. Subsequently, the House amended the bill, authorizing an additional $150,000 for the initiation of Radio Liberty programing in Latvian and Estonian—languages in which Radio Liberty does not now broadcast. With this amendment, which brings the total authorization to $49,990,000, the bill has now been returned for the consideration of the Senate.

I must say that the House amendment gives me great personal satisfaction. It will also bring much satisfaction to Americans of Baltic origin who have long sought to have Radio Liberty broadcast in Lithuanian, Latvian, and Estonian. The administration bill included broadcasts in Lithuanian. The House amendment now extends programing to the other Baltic languages.

On this occasion, I wish to recognize the leadership of those effective organizations which stimulated public opinion in support of the amendment. They include, among others, the Joint Baltic American Committee, the Lithuanian American Council, the American Latvian Association in the United States, and the Estonian American National Council.

Mr. President, I move that the Senate concur in the amendment of the House.

The PRESIDING OFFICER. The question is on agreeing to the motion.

The motion was agreed to.

ENERGY REORGANIZATION ACT OF 1974

The Senate resumed the consideration of the bill (S. 2744) to reorganize and consolidate certain functions of the Federal Government in a new Energy Research and Development Administration and in a Nuclear Energy Commission in order to promote more efficient management of such functions.

Mr. RIBICOFF. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. PASTORE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PASTORE. I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will state the amendment.

The assistant legislative clerk proceeded to read the amendment.

Mr. PASTORE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendment will be printed in the RECORD.

The amendment is as follows:

On pages 38 and 39, in subsection 104(h), make the following changes: in lines 19 and 20 on page 38 delete the word "practicable" and insert in lieu thereof "he determines advisable"; in line 1 on page 39 delete the words "responsibility for"; and in lines 5 and 6 on page 39 delete the words "the policy guidance of the Administrator" and insert in lieu thereof "such guidance as the Administrator deems appropriate".

Mr. PASTORE. Mr. President, in essence what this amendment does, and I think I might characterize it as a good amendment at this time, is to carry out the purpose of ERDA which is to bring everything under the same roof insofar as research and development is concerned. But the bill as presently drawn makes it mandatory that contracts be assigned to certain agencies.

What I do is make this discretionary, within the judgment of the Administrator.

Mr. RIBICOFF. I support the amendment by the distinguished Senator from Rhode Island which clarifies section 104(h) of the bill to stress that the Administrator has full discretion over whether to utilize and fund existing energy R. & D. capabilities in other agencies. He is correct in stating that ERDA is designed to put a stop to the perpetuation of the presently scattered Federal R. & D. efforts.

The purpose of this section, which was offered by the distinguished Senator fom Florida (Mr. CHILES), when the full committee marked up the bill, was not in any way to undercut the central authority of ERDA over Federal energy R. & D. efforts, but rather to enhance ERDA's capability by utilizing the expertise available in other agencies such as NASA, NSF, and the Department of Transportation.

The distinguished Senator from Rhode Island is right to want to make clear that ERDA would not be transferring ultimate responsibility for the R. & D. work assigned to other agencies. ERDA is clearly the lead agency in Federal energy R. & D. and the ERDA Administrator's authority should be made clear in light of this basic purpose of the act.

As cochairman of the Joint Committee on Atomic Energy, no one knows more about this field and has made more of a contribution than my friend from Rhode Island.

He has made substantial contributions to the quality of nuclear development and regulation as well as the overall Federal energy research and development efforts.

I have always appreciated his valuable counsel and I am pleased to support his amendment and urge its adoption. I believe it has the support of the minority manager of the bill.

Mr. PERCY. The minority has no objection and supports the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Rhode Island (Mr. PASTORE).

The amendment was agreed to.

Mr. PASTORE. Mr. President, on another matter, I am not proposing an amendment, but I merely wish to inquire in a colloquy with our distinguished managers of this bill with reference to the matter of restricted data and the common defense and security as provided for in the Atomic Energy Act.

I would hope that basic policy must be established by one agency and because AEC will be separated into two agencies that it would be rather dangerous if we began to split up this responsibility for restricted data and the common defense and security, which could injure our security and sensitive features in the Atomic Energy Act. Basic policy for all such responsibility provided for in that act must repose in ERDA.

I hope that the Senator from Connecticut will more or less clarify what the intent is of the legislation.

Mr. RIBICOFF. Mr. President, the distinguished Senator from Rhode Island is correct in his interpretation that ERDA has undivided responsibility for settling basic policy relating to restricted data and the common defense and security.

No one knows better than the Senate co-Chairman of the Joint Committee on Atomic Energy that this responsibility cannot possibly be shared by two agencies without seriously undermining these concepts as provided in the Atomic Energy Act.

I would like to make clear that it is not the intent of this bill to divide responsibilities between ERDA and NSLC in the crucial areas of restricted data and the common defense and security. The bill itself, as well as the report, repeats again and again that NSLC's authority extends only to the licensed sector and not to programs now being carried out by the development side of the AEC, which will be transferred to ERDA.

The only area that I can see ERDA and NSLC having a shared responsibility with respect to security pertains to safeguards and the obvious need for cooperation and coordination between the two agencies in developing contingency plans for dealing with threats and actual terrorist activities relating to nuclear facilities and materials. Obviously, as the licensed nuclear industry expands in the coming years, NSLC will want to draw upon the expertise developed over the past 20 years by the development side of AEC in relation to safeguards, as provided in section 204(b)(4) of the bill. But this in no way gives NSLC any kind of jurisdiction over the weapons program or any other developmental activities transferred to ERDA as provided in section 204(c).

I am as concerned as is the distinguished Senator from Rhode Island that the proposed reorganization not in any way bifurcate the basic responsibilities relating to restricted data and the common defense and security which are clearly transferred to ERDA.

I commend the Senator for raising this important issue and deeply appreciate his continuing concern for the safety and the security of the Nation as we proceed to develop nuclear power for peaceful purposes.

Mr. PASTORE, I want to thank the Senator. I believe that straightens it out.

Mr. RIBICOFF. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. RIBICOFF. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1791

Mr. KENNEDY. Mr. President, I call up my amendment No. 1791.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. KENNEDY. Mr. President, I ask unanimous consent that we dispense with further reading of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendment will be printed in the RECORD.

The amendment, ordered to be printed in the RECORD, is as follows:

At the end of the bill, add the following:

TITLE V—COSTS AND FEES

SEC. 501. (a) With respect to any hearing held pursuant to section 189(a) of the Atomic Energy Act of 1954 or any other agency proceeding for the granting, suspending, revoking, or amending of any license or construction permit or application to transfer control, or any agency proceeding for the issuance or modification of rules and regulations dealing with the activities of licensees, the Nuclear Safety and Licensing Commission shall, upon request, reimburse eligible parties for the cost of participation, including reasonable attorneys' fees, of any party in any related hearing or agency proceeding. The amount paid, if any, shall be determined after due consideration of the following factors:

(1) The extent to which the participation of the party contributed to the development of facts, issues, and arguments relevant to the hearing or proceeding.

(2) The ability of the party to pay its own expenses.

(b) The Commission shall establish a maximum amount to be allocated to each hearing or agency proceeding and shall apportion that amount among the parties seeking reimbursement of costs based upon the factors enumerated in subsection (a). The maximum amount established pursuant to this subsection shall be established and adjusted from time to time by the Commission with due regard to the following factors:

(1) The actual costs of public participation in the hearing or proceeding based upon a nonduplicative presentation of opposing viewpoints on all relevant issues.

(2) The cost of participation in the hearing or proceeding of the Commission's staff and applicants to the Commission.

(c) Payment of costs under this section shall be made within three months of the date on which a final decision or order disposing of essentially all of the matters involved in the hearing or proceeding is issued by the Commission, except that if a party establishes that—

(1) its ability to participate in the hearing or proceeding will be severely impaired by the failure to receive funds prior to conclusion of the hearing or proceeding; and

(2) there is reasonable likelihood that its participation will help develop facts, issues, and arguments relevant to the hearing or proceeding,

then the Commission shall make from time to time (but at least quarterly) advance payments to permit the party to participate or to continue to participate meaningfully in the hearing or proceeding with due regard to the maximum amount payable for costs of this hearing or proceeding and the possible requests for reimbursement of costs of other parties.

(d) In the case of any judicial review arising out of an appeal of a decision reached in a hearing or agency proceeding before the Commission, the court may order the Commission to reimburse a party for all costs incurred in the course of such judicial review, including reasonable attorneys' fees, if such party meets the requirements of subsection (a).

(e) The provisions of this section shall become effective upon the adoption by the Commission of regulations implementing them or upon the expiration of ninety days after the enactment of this section, whichever first occurs. This section shall apply to all hearings, agency proceedings, and judicial proceedings in which final decisions or orders disposing of essentially all of the issues involved in the hearing or proceeding or final orders of courts have not been issued by the Commission or court prior to the date of enactment of this section and to all hearings, agency proceedings, and judicial proceedings commenced after such date of enactment. In the case of any judicial proceedings pending when this section is enacted, the reimbursement of costs provided for in this paragraph shall apply only to costs referred to in subsection (d) and not to costs of the hearing or proceeding being reviewed.

(f) Nothing in this section shall diminish any right which any party may have to collect any costs, including attorneys' fees, under any other provision of law.

(g) The authority to make payments under this section shall not apply to any hearings, agency proceedings, or judicial proceedings arising out of such hearings or proceedings, if the hearings or proceedings commence later than three years after the date of enactment of this Act.

(h) (1) Any decision made by the Commission pursuant to this section shall be reviewable to the same extent as any other Commission decision, except that no stay may be issued based upon any alleged violation of this section and no court order determining that the provisions of this section have been violated shall, solely as a result of that determination, require a reversal of the Commission's decision with respect to any other issue.

(2) Any determination pursuant to subsection (c) of this section shall be a final and appealable order within the meaning of section 2342 of title 28, United States Code, if the Commission determines that the party, although not financially able to participate meaningfully in the hearing or proceeding, is nonetheless not entitled to the relief requested.

(i) There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this section.

Mr. KENNEDY. Mr. President, I believe it is in order for me to modify the amendment. I would like to add on page 2, line 7, the word "eligibility" before the word "factors."

The PRESIDING OFFICER. The Senator has the right to modify his amendment. The amendment is so modified.

Mr. KENNEDY. Mr. President, I am calling up my Amendment No. 1791 to S. 2744 for myself, Senator STAFFORD, and other Senators who have joined us in cosponsoring this amendment.

At the outset, I commend the manager of the bill (Mr. RIBICOFF) and the minority manager (Mr. PERCY) for their work on this measure. Their able leadership in charting a course through the jurisdictional and substantive difficulties surrounding this matter deserves our respect.

I believe the bill facilitates national goals described in the purposes clause of developing and increasing the efficiency and reliability of use of all energy sources, of increasing the level of our self-sufficiency in energy and of advancing the goals of restoring, protecting, and enhancing environmental quality.

The Commission will set the maximum amount for each proceeding, and it will be based on the actual expenses of participants, based on a comparison with costs of applicants in regulatory agencies. The Commission will determine who is eligible.

The two criteria would be, first of all, the issue of need, and secondaly, the contribution to raising facts, issues, and arguments relative to the proceedings.

This is the second element of eligibility.

First, the group has to qualify as a party and meet the Commission's fairly stringent criteria. That has been set forth in the regulations in section 2.714. So the Commission will ultimately decide how to apportion a total sum among the parties, and also will decide whether inability of the party to sustain itself, the likelihood of contributing to the final result, justifies the award to meet costs during the course of these proceedings.

Our amendment simply extends the principle of public participation established by the committee in preparing this legislation to include the payment of legal fees and technical expert costs for eligible parties to nuclear powerplant licensing proceedings.

The amendment we are offering, we believe, is in keeping with those objectives.

Also, it is in keeping with the increasing recognition by courts, by Congress, and by the public, that there is a legitimate desire for public participation in regulatory matters, a desire which can best be realized by insuring that citizens have a more equal opportunity to represent their viewpoint and their concerns than has been the case in the past.

We believe that full public participation requires that the parties presenting their views before the regulatory agency have a full and adequate opportunity to present information and evidence at each stage of the licensing proceeding. In fact, by providing that opportunity in the regulatory process, it is more likely to avoid the delays of court action.

We concur with the belief expressed by the Chairman of the Atomic Safety and Licensing Appeal Panel of the U.S. Atomic Energy Commission, Alan S. Rosenthal, that—

> The end of providing the Nation with power generated in a safe and environmentally sound manner is enhanced and not retarded when there are effective and responsible interventions in licensing proceedings.

Mr. Rosenthal is in perhaps the most advantageous position to make such an assertion. As Chairman of the Panel which hears appeals from the decisions of the AEC hearing boards, he has the opportunity to judge the value of public interventions.

Some private utilities, who also must pay for their legal fees and technical expert fees but do so through taking them as tax deductions, claim that the public should not be allowed into these proceedings at all. Yet, the reality, which many of them acknowledge, is that the final result of public participation frequently has been improvements in plant design or safety procedures or environmental protections.

In fact, Mr. Rosenthal testified to the Joint Atomic Energy Committee this year that—

> In several instances, the result of such scrutiny (by regulatory agencies of issues raised by public interest intervenors) has been the imposition of conditions on the permit or license, or some other affirmative board action, designed to insure a safer and more environmentally sound reactor . . .

Therefore, I want to emphasize to my colleagues that the key issue is how to best assure the representation of the public interest intervenors.

In that regard, I want to quote from a letter from Lee White, former member of the Federal Power Commission, who has written in support of this amendment.

Mr. White stated:

> As a former regulator, I believed then, and I believe equally strongly today, that the adversary process is essential to the regulatory process, but to be effective, the advocacy must be equally good from all view points. To me, this means the ability to bring into any contested issue the scientific, technical, economic and legal skills essential to presenting the strongest possible case. I assume every regulator would feel that his or her job would be more effective if there were assurance of a strong presentation by citizen groups as well as by industry groups.

He also answered the question of those who argue that the Commission and the regulatory agency staff are themselves obligated to represent the public interest and therefore the public intervenors are not essential.

He said:

> To those who chided me, contending that I was supposed to represent the consumer position as a member of the regulatory body or that the agency staff played the role of seeking out the public interest, my response was that the members of the regulatory agency and the staff counsel assigned the responsibility of arguing were required to make the necessary balances in reaching our position; what I thought was required was an all-out advocate for the consumers' position to enable me as a regulator to assess their arguments when pitted against those advanced by representatives of the industry.

Mr. White also stated, and we believe this as well:

> The public financing proposal is not antinuclear. In fact, it is a proposal which should be equally attractive to all parties. Frequently, good representation can mean shorter representation . . .

This view apparently is shared by an Atomic Safety and Licensing Board, which urged in New York 3 weeks ago, "All petitioners to retain legal counsel, if possible, although acknowledging that this is not mandatory under the Commission's rules of practice." The reason given was that it would aid in consolidating their efforts, remove duplication and overlapping, and therefore shorten the length of the proceedings.

Since our amendment provides for a set maximum for each proceeding and allows the Commission to establish rules and procedures to permit the nonduplicative presentation of opposing viewpoints on all relevant issues, we believe the effect of the amendment will be to constrain dilatory tactics by intervenors.

The amendment is endorsed by the section of individual rights and responsibilities of the American Bar Association which stated:

> Considering the valuable contributions made by public participants and the high cost of public participation, according adjudicatory rights without providing for a method to implement such rights results in a practical subversion of the right to a hearing. Thus costs and attorneys' fees must be awarded to the public interest litigant who can make a productive contribution to the hearing process.

Once again, our amendment is designed to provide this opportunity within reasonable restraints. Thus, the Commission, in determining eligibility is to judge whether the citizen group or other public interest intervenor, in addition to showing financial need, has helped or demonstrates reasonable likelihood that it will help to develop facts, issues, and arguments relevant to the regulatory review proceeding.

Essentially, the role of the public participant, the role which justifies providing the necessary payment of his costs, is that he assists the decisionmaker by presenting information and viewpoints that he might otherwise not receive.

Thus in a March 13, 1974 decision of the Atomic Safety and Licensing Appeal Board, the Board disputed the utility argument which challenged the value of public participation, in these words:

> Our own experience—garnered in the course of the review of initial decisions and underlying recommendations in an appreciable number of contested cases—teaches that . . . public participation in licensing proceedings not only "can provide valuable assistance to the adjudicatory process," but on frequent occasions demonstrably has done so. It does no disservice to the diligence of either applicants generally or the regulatory staff to note that many of the substantial safety and environmental issues which have received the scrutiny of licensing boards and appeal boards were raised in the first instance by an (public interest) intervenor.

Yet, our concern is that citizen groups are more and more frequently failing to participate—not because the Commission feels they have nothing relevant to contribute—but because they do not have funds to pay their attorneys or to prepare their cases.

I have nearly 10 instances where this has occurred in the past, and which I placed in the RECORD on August 13, 1974 at page 28013 on introducing this measure.

Perhaps one of the classic examples of the potential public loss resulting from the failure to provide funding to assure adequate public participation involves proposed construction of two nuclear plants in San Diego County. On June 21, 1974, the Atomic Safety and Licensing Appeal Board ruled in favor of the public citizen groups that they had not had an opportunity to adequately present their case before the hearing board on certain specific issues—whether the applicant is technically qualified to operate the reactors based upon a poor operating history at its first reactor, whether in the event of an accident, evacuation is possible, whether the population in the site vicinity is too dense for the deploying of nuclear reactors, whether underground siting of the plant is a preferable alternative. Yet, because they have insufficient funds it is likely they will be unable to present their case.

Here is an instance where the Appeals Board felt the issues they were raising were substantial and deserved a full hearing.

Yet that hearing may not take place because the group does not have sufficient funds to pursue the matter.

Many of these groups have appealed in the past for payment of their legal and technical expert costs to the AEC. It is my understanding that all have been turned down. The most recent refusal occurred on July 10, 1974, involving a Saginaw, Mich. group.

The regulatory staff response to the citizens group request in the Saginaw case included these words:

> The Commission has dealt with this question in the recent past and resolved it on the grounds that the Commission ". . . has neither statutory nor regulatory authority which would authorize the grant of (financial and technical assistance to an intervenor)."

The amendment will provide that authorization.

It will provide that authorization in the following manner and with reasonable restrictions on the use of that authorization.

First, regarding eligibility, public financing is to be available to responsible parties who demonstrate financial need and who can establish that their participation has or is reasonably likely to help develop facts, issues, and arguments relevant to the regulatory proceeding.

Second, the Commission will also establish a maximum amount to be allocated to each hearing. This will do more than place a check on the upper limit on expenditures. It will also encourage consolidation of groups and the nonduplicative presentation of opposing viewpoints on all relevant issues.

Third, judgments as to funding will be made by the Commission and if that judgment is appealed, the amendment specifically provides that the decision could not be a basis for reversing the substantive licensing decision.

Finally, the amendment will provide only a 3-year authority to permit the Congress the opportunity to review the practices and results of the payment of intervenor costs.

Fourth, the amendment provides that in the case of court proceedings, the court may award legal and technical expert fees if it finds that an intervenor is in financial need and is presenting relevant material.

Mr. President, this amendment is endorsed by the section on individual rights and responsibilities of the American Bar Association, the National Wildlife Federation, the Environmental Defense Fund, the Sierra Club, Friends of the Earth, Environmental Action, the Environmental Policy Center, the National Resources Defense Council, and Public Citizen, Inc.

I urge its adoption.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. KENNEDY. I yield.

Mr. PASTORE. First, Mr. President, I compliment the Senator, because I think he has pitched his amendment in the right direction. But, under the circumstances, I think that possibly, for the time being, it goes a bit too far.

I realize that certain bona fide objectors to the establishment of a nuclear plant or the granting of a construction license might feel that they are without funds, and I can understand that the matter of expert witnesses should be within the discretion of the court. But what the Senator is suggesting here is that the Treasury of the United States begin to pay lawyers. The minute you begin to do that, you generate ambulance chasers, people who just go out for the sake of being paid by the Government.

This is a complicated amendment and has many ramifications. I think the matter should be studied, either by the Joint Committee or by the Government Operations Committee, to see whether somehow we can come up with some guidelines that will make some sense, that will take care of people who cannot interpose an objection because they are without funds. That has to be taken into account, because, after all, they might have a legitimate reason to object.

On the other hand, when we begin to pay lawyers, it means that we have to start from the bottom, right up to the Supreme Court; and by the time we are through, we are going to empty the U.S. Treasury. It will kill off the program.

I hope the Senator would give serious consideration to not pursuing the amendment, although I shall not resist him on it. I think it is done in full sincerity and is done for good purpose; but I think that the amendment at this time needs to be explored more. We need to go into this matter a great deal further.

Next year, God willing, I will be the chairman of the Joint Committee on Atomic Energy. I am perfectly willing to hold hearings on this matter, to see if we can reach some reasonable adjustment.

I hope the Senator will not pursue this matter; but if he does, I will not interpose an objection, because I do not think it will see the light of day in conference.

Mr. BAKER. Mr. President, will the Senator yield?

Mr. KENNEDY. I yield.

Mr. BAKER. Mr. President, I associate myself with the remarks of the distinguished Senator from Rhode Island. I am a member of the Joint Committee on Atomic Energy, and he, of course, is the senior member on the Senate side.

We have already discussed the substance of this concern in our previous hearings. At that time, it occurred to me that, notwithstanding that we have had a more thorough ventilation and understanding of the concerns and the legitimate interests of the public, so-called, in the siting and licensing procedure for fission powerplants, there might be a middle ground.

I hope we might explore the middle ground, as we did in the Joint Committee on Atomic Energy. That is, to recognize that we ought to encourage public participation in these hearings and the public examination of the safety aspects and the operational aspects of fission power reactors. But we ought not create a positive incentive for people to engage in possibly protracted litigation over these matters. I suggested in the Joint Committee on Atomic Energy, not as an amendment but as a suggestion, that we consider the public financing from the Public Treasury of the cost of participation—except for attorney's fees. It would include the cost of expert witnesses, of travel expenses, and the like. It would stop just short of creating an opportunity for attorneys to be paid from the Public Treasury for what might, to some, be a temptation to prolong and extend litigation that otherwise was not so obviously desired.

Mr. President, I have prepared an amendment to the Kennedy amendment, and I send it to the desk. I do not ask the clerk to state it at this time. I do ask unanimous consent that the amendment to the Kennedy amendment be printed at this point in the Record.

There being no objection, the amendment was ordered to be printed in the Record, as follows:

On page 2, lines 3 and 4, strike out ", including reasonable attorneys' fees,".

On page 4, lines 2 and 3, strike out ", including reasonable attorneys' fees,".

On page 4, between lines 19 and 20, insert the following:

(f) (1) For the purpose of this section the term "cost of participation of any party at any related hearing or agency proceeding" and the term "costs incurred in the course of judicial review" shall not include attorneys' fees.

On page 4, line 20, strike out "(f)" and insert in lieu thereof "(2)".

Mr. BAKER. Mr. President, in view of the statement made by the Senator from Rhode Island, that he hopes the Senator from Massachusetts will desist from offering this amendment and that if it is offered, the Senator from Rhode Island will not oppose it at this time, I will forbear from offering my amendment to the Kennedy amendment now.

I do hope that the Senator from Massachusetts will not press the amendment at this time. However, if he does, I hope very much that before the conferees accept such an amendment, they will consider the middle ground to which I have just alluded and which we considered in the course of our hearings in the Joint Committee on Atomic Energy.

Mr. RIBICOFF. Mr. President, this amendment seeks to insure public participation in the nuclear licensing and rulemaking process by providing for public financing of citizen intervenor groups which are unable to pay their own legal and technical costs and which make a valuable contribution to developing a full record in the proceedings.

During the course of our hearings on this bill, there was persuasive testimony that the current situation is one analagous to David against Goliath when public interest groups face the nuclear power industry before the AEC. Our report points out that the disparity in financial capability between the two sides—the utilities budgeting from $500,000 to $1 million to present their case in a major licensing proceeding, while intervenors consider themselves fortunate if they can raise $150,000 to present their side of the case.

The committee focused on the difficulty intervenors experience in presenting experts and technical data in support of their case. The problem was partially remedied by a committee amendment—section 206—which requires the NSLC to furnish relevant studies and technical assistance to any party to a Commission proceeding.

But this still leaves the problem of insuring that a public interest group, even after it obtains such studies and assistance, will have the financial resources to mount an effective legal fight both before the Commission and in the courts. The Kennedy amendment deals with that problem by providing a carefully controlled mechanism for public reimbursement of responsible groups. There are clear eligibility tests based on financial need and the quality of contribution to a particular proceeding. The Commission will set a ceiling on amounts to be allocated in each proceeding, thereby limiting expenditures and probably also the number of participants and viewpoints among citizen-intervenor groups.

The distinguished Senator from Massachusetts has made a persuasive case, based on the statements of AEC officials themselves, of the valuable contributions that have been made by public interest groups in licensing cases. I agree that such contributions should be encouraged, and that public financing, with tight controls, is a good way to go about it.

This amendment is consistent with the purposes and the provisions of the Committee-reported bill, and I urge its adoption.

This is a very controversial amendment. The distinguished Senator from Rhode Island and the distinguished Senator from Tennessee are knowledgeable and concerned. Senators and citizens in this entire field, and they know there is a vacuum that has to be filled. We certainly must find a way to open these complex, expensive issues in which one side has all the marbles and the other side has nothing, to have a sense of fairness and understanding.

My distinguished colleague, Senator Percy, who is the ranking minority member, is quite concerned about this amendment. He has some questions, and he has asked that I suggest the absence of a quorum, at which time he will come to the Chamber to have a colloquy with the Senator from Massachusetts.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. PERCY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PERCY. Mr. President, I should like to address my comments to the distinguished Senator from Massachusetts (Mr. Kennedy).

The administration has indicated its opposition to the amendment as originally introduced, others have felt that it could be an amendment that would create opportunities for mischief, and that it would not really serve any worthy purpose.

I have worked with the Senator from Massachusetts and have noted the redrafting of the amendment which has been accomplished in an attempt to overcome certain objections that have been raised. For example, careful redrafting has been carried out along these lines:

First. Any party to a proceeding, including the potential licensee, could be eligible for reimbursement.

Second. Only the Commission, not the utilities, would pay legal fees of other parties.

Third. The payments would come out of the Commission's budget, so they would have to be justified to Congress at appropriation time.

Fourth. Payments by the Commission are permissive, not mandatory, and this has been clarified, by the insertion of the phrase "reimburse to eligible parties for," on page 2, lines 2 and 3, and the insertion of the word "eligibility" before "factors" on page 2, line 7.

The effect of these amendments is to clarify that the Commission has full discretion in determining whom to fund. Only eligible parties—eligible as determined by the Commission—need be funded, and then only in the amounts determined by the Commission.

Mr. KENNEDY. The Senator has correctly interpreted the changes from the initial amendment to the one that we are now considering.

Mr. PERCY. Last, receipients would have to meet the two tests of: first, contributing to the development of relevant facts and issues and, second, ability to pay. These two tests are applied by the Commission. There is no absolute requirement for funding of parties to a proceeding.

It is the understanding of the Senator from Illinois that those changes have now been made.

I think, Mr. President, the minority will remove its objection at this time to the amendment being accepted, with the understanding that the Senator from Illinois should like to consult again with the administration and with his colleagues to see whether or not the objections previously raised have now been met.

The Senator from Illinois, after checking with representatives of the administration and listening to their arguments, would want to reserve the right to object in conference to the inclusion of the amendment if, at that time, the changes that have been made in the amendment—which in the opinion of the Senator from Illinois, go a long way toward meeting those objections—still are determined not to have answered them fully and completely.

Mr. President, I remove any objection now and would accept the amendment.

Mr. METCALF. Mr. President, I want to offer my support for the amendment of the senior Senator from Massachusetts (Mr. Kennedy), and commend him for focusing his concern on the role of the public intervenor in nuclear licensing and rulemaking proceedings. These are the parties who are the Davids fighting the Goliaths. They are continuously underfunded, understaffed and underestimated in their attempts to challenge and to change the "fait accompli" decisions of the Atomic Energy Commission staff and licensing officials.

Chairman RIBICOFF sent to each member of the Committee on Government Operations and has placed in the RECORD from time to time a packet of press clippings showing very serious potentials of sabotage, theft, unsafe construction and operation of nuclear plants and unsafe transportation and storage of nuclear materials, nuclear leaks, human errors, and so forth. These are not stories on page 1, today, but they could be tomorrow. They are alarming enough for us to take preventive steps now.

The public intervenors provide the only adversary voice in what Congress intended to be adversary proceedings in which the public would be assured that nuclear facilities would be sited, constructed and operated in a safe and efficient manner.

The magnitude of this watchdog task is overwhelming.

As of May 1, 1974, there were 43 nuclear generating plants licensed to operate; 54 construction permits had been granted; 58 construction permits were under appeal; 53 more plants were on order; 21 additional plants were publicly announced, for a total of 229 plants demanding NSLC's attention. A year ago the total was 170 plants. Estimates run from 13 plants on line—operating—in 1970 to 1,000 by the year 2000, an awesome projection—given the fact that human safety will be the primary concern of the NSLC. Potential capacity for nuclear plants is expected to rise from some 100,000 this year to 600,000 by 1990.

At the moment, we must rely on the hit or miss intervention of well-meaning parties using whatever funds they can scrape up, in order to get a balanced record in Commission decisionmaking. It is almost axiomatic that the Commission is presently biased in pushing nuclear power facilities. And I don't think that we can be assured that this bias will disappear even if the nuclear promotional arm is separated from the regulatory arm by the ERDA Act.

The only way we can get a fair and balanced record is to be certain that those who have a legitimate interest and can help develop the record with facts and issues will be fully compensated for their litigation, as well as their witnesses and lawyers, where, of course, they cannot afford such an intervention.

I want to say that because of my concern for a truly balanced record in these proceedings, I introduced amendment No. 1789 which would establish an Office of Public Counsel in the Nuclear Licensing and Safety Commission to represent the interests of the public by involving himself in Commission proceedings, in civil court cases, as well as to conduct his own discovery and studies of potential problems. Such Public Counsel would be independent of the Commission's regulatory staff, and authorized to appoint his own personnel and experts and to contract out his own expertise.

It was my intention to call up this amendment. However, if the distinguished Senator's public intervenor amendment is adopted, I shall not offer my amendment because I feel that the opportunities afforded under the Kennedy proposal are sufficient to develop a public dialog on actions by the Commission. In particular, the Senator's proposal will be greatly augmented by the two amendments which I previously offered, and which were approved, relating to information and technical assistance and the removal of trade secret and interagency memo exemptions from the Freedom of Information Act.

Nevertheless, I shall be carefully watching the results of these amendments—in the legislative process—and if enacted into law, in their implementation. Equally important to watch will be the activities of the Consumer Protection Administrator in nuclear proceedings after the CPA act is enacted and implemented. Thus, if these efforts to protect the public are not enough, it still may be necessary to establish a "People's Counsel" within the new NSLC.

Mr. President, I fully support amendment No. 1791 and urge that it be adopted.

Mr. KENNEDY. I yield back the remainder of my time.

Mr. RIBICOFF. Mr. President, I move that the amendment be accepted.

The PRESIDING OFFICER (Mr. WILLIAM L. SCOTT). The Chair, in his capacity as the Senator from Virginia, suggests the absence of a quorum, and the clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. RIBICOFF. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. RIBICOFF. Mr. President, I move the adoption of the Kennedy amendment.

The PRESIDING OFFICER. The question is on agreeing to the Kennedy amendment, as modified.

The amendment, as modified, was agreed to.

Mr. METZENBAUM. Mr. President, I ask now that an unprinted amendment which I submitted earlier be called up at this time.

The PRESIDING OFFICER. The clerk will state the amendment.

The assistant legislative clerk proceeded to read the amendment.

Mr. METZENBAUM. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 35, line 16, strike out "and".

On page 35, line 19, strike out the period and insert in lieu thereof a semicolon and the word "and".

On page 35, between lines 19 and 20, insert the following:

"(9) creating and encouraging the development of general information to the public on new energy conservation technologies, solar energy, and other advanced alternative energy sources as they become available for general use. The Administrator, in conjunction with the Administrator of the Federal Energy Administration shall, to the extent practicable, disseminate such information through the use of mass communications."

Mr. METZENBAUM. Mr. President, I rise today to introduce an amendment to S. 2744, the Energy Reorganization Act of 1974.

This body hopefully will soon approve legislation asserting that it is the responsibility of the Federal Government to take bold and rapid strides in developing and perfecting new sources of energy. I have concluded that, to become less dependent on fossil fuels produced in foreign nations, we must turn wherever possible toward using nondepletable sources such as the Sun, wind, and geothermal energy. However, while the Congress appropriates public funds for the development of alternative energy sources, it should also provide a means to educate the public about their vast potential.

Wisely, the sponsors of this bill have recognized the need for dissemination of "scientific and technical information" developed under the aegis of ERDA. My amendment would require that information be made available to the public in the areas of solar energy, other advanced alternatives such as geothermal and wind-generated power, and energy conservation techniques. Information would be disseminated by the administrator as these alternative energy sources became applicable to general use.

Solar heating and cooling, an area prime for rapid commercial developments, illustrates how this amendment would serve the national interest. It is clear to me that the vast majority of Americans have only a very hazy notion of how the use of solar cells will help them save money on their fuel bills. New knowledge and practical demonstrations could lead to long-term savings for the Nation, both in diminished fuel bills and in the conservation of our shrinking reserve fossil fuels.

Public awareness of the advantages to solar heating and cooling may lead the energy priorities of the American people more rapidly into these fields. This awareness is an essential prerequisite of widespread usage. Indeed, there is every reason to believe that ERDA's information activities might well spark the creativity of both the private and public sectors leading us even further into further development of these alternative energy sources.

Yet specific legislative authority is necessary for the Administrator of ERDA in cooperation with the Administrator of the Federal Energy Administration to establish programs aimed at creating broad acceptance of new energy sources. While we need not specify in every detail how to achieve this goal, I suggest that ERDA's technical expertise would be of high value to assist the FEA Administrator in developing documentaries and public service announcements for television and radio, public forums, museum educational programs, and practical home demonstrations, all could play key roles in stimulating the imagination of the American people.

Mr. President, I ask unanimous consent to have printed in the Record at this point an article entitled "Keeping Your Cool," published by the National Oceanographic and Atmospheric Administration in volume 4, No. 2, of its journal, dated April 1974, and an article entitled "Proposed Public Education Program in Energy Conservation," published by the National Science Foundation.

There being no objection, the articles were ordered to be printed in the Record, as follows:

[From the National Oceanic and Atmospheric Administration Journal]

KEEPING YOUR COOL

Summer sister of the familiar heating degree day, the cooling degree day statistic issued by NOAA's Environmental Data Service serves as a measure of air-conditioning requirements during the year's warmer months.

According to experts, the need for air conditioning begins to be felt when the daily maximum temperature climbs 10 or 15 degrees Fahrenheit above a daily mean temperature of 65 degrees. The cooling degree day is therefore a kind of mirror image of the heating degree day. After obtaining the daily mean by adding together the day's high and low temperatures and dividing the total by two, the base 65 is subtracted from the resulting figure to calculate the cooling degree accumulation. For example, on a day with a maximum temperature of 82 degrees and a minimum of 60, six cooling degree days would accumulate during the 24-hour period (82 plus 60=142; 142 divided by 2=71; 71—65=6).

The greater the cooling degree day accumulation, the more energy is required to maintain indoor temperatures at a comfortable level. However, the correlation between cooling degree days and energy use is less direct than that between heating degree days and fuel consumption. In fact, there is considerable controversy among meteorologists, as well as air-conditioning engineers, as to what meteorological variables are most closely related to energy consumption by air-conditioning systems. Many experts argue that because high humidity levels make people feel more uncomfortable as temperatures rise, some measure of moisture should be included in calculating energy needs for air conditioning. Effective Temperature and the Temperature-Humidity Index have been suggested as alternative bases for calculating cooling degree days.

Effective Temperature—a concept developed in 1923 by the American Society of Heating, Refrigeration and Air Conditioning Engineers—is an index of the degree of warmth experienced by the body on exposure to different combinations of temperature, humidity, and air movement.

The Temperature-Humidity Index is a modification of Effective Temperature that takes into account temperature and dewpoint (or relative humidity). In summer, relatively few people will be uncomfortable because of heat and humidity while the Temperature-Humidity Index is 70 or below, about half of the population will be uncomfortable when the Index reaches 75, and almost everyone will be uncomfortable when it reaches 80.

In addition to moisture, solar radiation and wind speed are other factors that some experts feel should be included in computations of energy needs for air conditioning.

But all agree that there is a need for a unit of measurement of the effect of weather variables on air-conditioning loads, a unit proportional to the input normally needed to operate air-conditioning systems.

Until a definitive study of the problem is conducted, NOAA's Environmental Data Service is continuing to use and publish statistics based on the simple cooling degree day calculation, employing air temperatures measured at National Weather Service and cooperating stations throughout the country. Records for the years 1941–1970 show that mean annual total cooling degree days in the United States (excluding Alaska and Hawaii) range from 4000 in extreme southeastern California, southwestern Arizona, southwest Texas, and southern Florida, to zero along the northwestern coastline.

One application of the EDS statistics is that the Federal government's General Services Administration, which permits air conditioning in government vehicles in regions where cooling degree day accumulations average 700 or more during the year's four warmest months.

Wherever air conditioning is used, there are a number of steps—recommended by the National Bureau of Standards' Center for Building Technology—that can reduce consumption of scarce energy during the coming summer season.

Set air-conditioner thermostats higher. Raising thermostat settings from 75 degrees to 80 degrees, for example, will reduce the air-conditioning load by 15 percent or more.

Prevent excessive entry of outdoor air:

Weatherstrip windows and doors at movable joints, and caulk cracks and openings at their frames; seal all cracks and openings in exterior walls.

Keep windows and doors shut, and keep storm windows and doors in place during the air-conditioning season. However, a few windows should be easy to open for ventilation.

If there is a fireplace, tightly close its damper.

Close and seal all passages or openings between the air-conditioned space and the attic, including cracks around attic doors.

If there is a large generation of water vapor or heat due to cooking, bathing, or washing, operate kitchen or bathroom exhaust fans, but only as long as needed. In cooking, use covered pots and low fires when possible.

Shade windows, especially from direct sun:

Blinds and draperies reduce heat gain through windows by as much as 50 percent. Their effectiveness depends on how well they reflect solar radiation back through the window. They should be light in color and opaque. And they should be drawn when sunlight enters the rooms, especially rooms not in use at the time.

Heat-absorbing and reflecting window glass can reduce solar heat gain through windows by 40 to 70 percent.

External awnings, overhangs, sun screens, and trees are by far the most effective ways to reduce solar heat gain, cutting it by as much as 80 percent if properly designed. Awnings and overhangs should be designed not to trap hot air in window areas.

Insulate ceilings, walls, and ducts:

Six inches of insulation in the top-floor ceiling will reduce heat flow downward from the sun-heated attic, just as it reduces cold air flow in winter. Increasing insulation thickness from three or four inches to six inches pays for itself in three or four years by the combined winter-summer savings.

Outside walls should have three or four inches of good thermal insulation, but in existing houses expert technical advice is needed to avoid problems of moisture condensation within the walls.

Air-conditioning ducts that pass through non-cooled spaces should have at least 1½ inches of good insulation.

Limit the use of electricity, gas, and other fuels (every kilowatt of electrical energy used for illumination and appliances is converted to heat, and adds to the load on the air-conditioning system):

Turn off lights when not in use.

Turn off television sets, radios, and phonographs, when they are not being used. Use electric irons, hair dryers, and other appliances as briefly as possible.

Make sure refrigerator or freezer door seals are airtight and that their condenser coils are clear for good airflow. Avoid unnecessary or prolonged door openings.

Avoid using the cleaning feature of self-cleaning ovens at times when air-conditioning loads are heavy.

Try to schedule electrical energy-using activities, such as washing, drying, or ironing, for early morning or late evening when heavy demands are not being made upon electrical distribution systems.

Try to confine heavy use of cooking ranges and shower facilities to the cooler morning or evening hours. These activities set up a chain reaction of energy consumption for hot water heating and space cooling.

Cooling units:

Select the proper size, and keep the system clean and in good operating condition.

Check filters every 30 to 60 days, and clean or change them when dirt accumulates.

Keep condensers clean.

Lubricate bearings and maintain the proper tension on the fan belt.

Shade the house from the sun. Trees can shield large areas of a house, keeping some solar radiation from the roof and walls. Other methods of shading include wide overhangs, porches, balconies, and other horizontal projections, and sun screens positioned according to solar angles.

Use light-colored paints and roofing materials. The whiter and smoother a surface is, the less solar radiation energy it absorbs. A dark-colored surface can become as much as 60 degrees hotter than the air temperature. That same surface, if painted white, would heat up to only about 20 degress above the air temperature.

Those who live in houses without air conditioning can work hand in hand with nature's daily temperature cycle to keep indoor temperatures comfortable. The daily range of outdoor temperature is between 15 and 35 degrees, with lowest air temperatures usually occurring from midnight to just before dawn.

Button up the house during the day, closing doors and windows, drawing blinds and draperies, and reducing heat generated indoors.

At night, invite the cooler air inside. Use a ventilator fan to draw in air from the coolest side of the house. Expel warm air from the upper parts of the house, either into the attic or through windows, preferably near their tops. A ventilator fan can be installed in the upper ceiling to pull air through the house and push it into the attic. Or it can be situated in the attic to ventilate that space while pulling air through an opening into the attic.

More detailed information on these summer energy-conservation measures is included in the National Bureau of Standards publication "11 Ways to Reduce Energy Consumption and Increase Comfort in Household Cooling," available from the Superintendent of Documents for 40 cents postpaid or in GPO Bookstores for 30 cents a copy.

PROPOSED PUBLIC EDUCATION PROGRAM IN ENERGY CONSERVATION

(Article by National Science Foundation)

An education program in energy conservation has three specific target audiences to reach: school-age children at all levels, but particularly in universities; industry, which, at present, consumes over 40% of total energy available in the United States; and the general public. Each audience must be reached in different ways, with different levels of communication although the media used in many cases can be the same. Since total energy savings of approximately 30% might be realized by applying already developed energy conservation techniques to industrial processing, this is the sector with the greatest immediate potential for energy conservation on a national scale and education programs are in the process of being developed by many industrial trade associations to help their member industries take advantage of available energy conservation technology. It is the general public, however, that has yet to be made more aware of the need for and approaches to energy conservation and it is to this end that the following media education program is proposed.

As with any public education program on a complex and important subject, the key is to provide as much specific, practical, and helpful information as possible in a way which will encourage the individual receiving the information to change his behavior in the way hoped for. Such is the situation with energy conservation. While the non-industrial use (residential) of energy in the U. S. is only 20% of the total, nevertheless, significant conservation gains are possible through a variety of simple and readily available techniques. For example, it has been estimated that heat losses from homes can be reduced by approximately 45% by application of heavy ceiling insulation, side wall insulation, and installation of storm windows. Thus, it would not be unreasonable to assume that if installation of insulation and storm windows on housing units now in service were feasible, the present national demand for fuel consumed in residential heating could be reduced by approximately 40%, not an insignificant figure. This is the type of specific information that the general public should be receiving through a variety of media channels.

I. PUBLIC SERVICE ANNOUNCEMENTS ON COMMERCIAL TELEVISION

These would be 60 second spot "mini-documentaries" describing a potential energy conservation technique for the listener. The subjects could range from the general philosophy of conservation to specific suggestions such as the best type of insulation now available for given residences, appliance maintenance, automobile engine tuning and maintenance, etc. Commercial television stations would be asked to show the spots as part of their public service commitment and there is no reason to expect that they would not do so.

A total of 200 such spots could be produced in the first year. Costs are as follows:

Research and development (selection of subjects, scripting, etc.)	$50,000
Production costs (200 at $2,000 per minute)	400,000
Total	450,000

II. FULL LENGTH TELEVISION DOCUMENTARIES ON ENERGY CONSERVATION

Two full length (60 minute) documentaries could be produced in the first year of the program illustrating the basic principles of energy conservation for the general public and providing additional information and suggestions on conservation techniques.

Total development costs: $150,000 per show, $300,000.

III. MUSEUM EXHIBITS AND RELATED EDUCATIONAL PROGRAMS ON ENERGY CONSERVATION

Since well over 30 million people annually visit large and medium-sized museums in the U.S., museums represent another important communication channel for energy conservation with the added advantage of also relating closely to schools. A comprehensive exhibit on energy conservation principles and techniques along with specially prepared educational materials (brochures, hand out sheets, etc.) could be developed in sufficient copies to reach all of the largest cities in the U.S. over a three year period.

Costs would be as follows:

Design and production of large exhibit (5 copies)	$500,000
Production of smaller traveling version (10 copies)	200,000
Supplementary educational materials	100,000
Community enrichment programs (school-related activities, local television, etc.)	200,000
Total	1,000,000

IV. PUBLIC WORKSHOPS, CONFERENCES, AND FORUMS ON ENERGY CONSERVATION

The most effective form of communication is still face-to-face or interpersonal. The cornerstone of an effective energy conservation program should therefore be a large number of continuing workshops and meetings for the general public held around the country. These workshops could be patterned after a similar series of energy conferences conducted by the American Association for the Advancement of Science in six cities in FY 1974 involving scientists, technologists, and community residents. The focus would be on providing detailed information on energy conservation techniques appropriate for the specific community. The Lawrence Hall of Science on the Berkeley campus, for example, has developed a simple computer instruction program that anybody can use which provides specific advice to the individual on energy conservation possibilities for his own home. Similar programs could be developed and used as part of energy conservation workshops and conferences around the country.

These workshops would be developed and coordinated by a national group such as a major scientific or technical society, but would be organized and conducted by local organizations such as museums, civic associations, school systems, etc., with the advice and financial support of the national coordinating body. These workshops could probably be developed at an average cost of $10,000 each.

Total costs for this program would therefore be as follows:

Program development and coordination	$100,000
Workshop costs (100 workshops at $10,000 each)	1,000,000
Total	1,100,000

The total first year costs for this proposed energy conservation education program would be as follows:

Television spots	$450,000
Television documentaries	300,000
Museum exhibits	1,000,000
Workshops	1,100,000
Total	2,850,000

Mr. METZENBAUM. I urge my colleagues to consider this amendment favorably.

Mr. RIBICOFF. Mr. President, I commend the distinguished Senator from Ohio for his amendment requiring the ERDA Administrator, in conjunction with the Administrator of FEA, to keep the public informed on the latest developments in conservation technologies and in such advanced systems as solar energy as they become available for general use.

It is essential that the general public understands what ERDA is doing, and for that to happen, ERDA and eventually FEA, will have to communicate new technologies in language that the average citizen understands.

Conservation is the keystone to energy self-sufficiency, and only a well-informed public can take the necessary measures and utilize the available technologies to make this goal possible.

I support the amendment and urge its adoption.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Ohio (Mr. METZENBAUM).

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. RIBICOFF. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF BUSINESS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the pending business be temporarily laid aside until later in the afternoon, and that the Senate now turn to the consideration of the matter in which the distinguished Senator from Mississippi (Mr. STENNIS) is interested.

Mr. STENNIS. Mr. President, if the Senator will yield, I have just been able to return to the Chamber from a dental appointment. I do not have my assistant with me, and am not quite prepared to go forward.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Hackney, one of its reading clerks, announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 15155) making appropriations for public works for water and power development, including the Corps of Engineers—civil, the Bureau of Reclamation, the Bonneville Power Administration and other power agencies of the Department of the Interior, the Appalachian regional development programs, the Federal Power Commission, the Tennessee Valley Authority, the Atomic Energy Commission, and related independent agencies and commissions for the fiscal year ending June 30, 1975, and for other purposes; that the House recedes from its disagreement to the amendment of the Senate No. 19 and concurs therein; and that the House recedes from its disagreement to the amendments of the Senate Nos. 1 and 5 and concurs therein, each with an amendment in which it requests the concurrence of the Senate.

APPOINTMENT OF A DELEGATION TO ATTEND THE 18TH SESSION OF THE GENERAL CONFERENCE OF THE INTERNATIONAL ATOMIC ENERGY AGENCY

The **PRESIDING OFFICER.** The Chair, on behalf of the President pro tempore, appoints the following Senators to attend the 18th session of the General Conference of the International Atomic Energy Agency, to be held in Vienna, Austria, September 16–20, 1974: the Senator from Rhode Island (Mr. Pastore) and the Senator from Tennessee (Mr. Baker).

ENERGY REORGANIZATION ACT OF 1974

The Senate continued with the consideration of the bill (S. 2744) to reorganize and consolidate certain functions of the Federal Government in a new Energy Research and Development Administration and in a Nuclear Energy Commission in order to promote more efficient management of such functions.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate return to the consideration of the Energy Reorganization Act.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

The Senator from West Virginia is recognized.

Mr. RANDOLPH. Mr. President, I send an amendment to the desk and ask that it be stated.

The **PRESIDING OFFICER.** The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. RANDOLPH. Mr. President, I ask unanimous consent that further reading be dispensed with.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

The amendment is as follows:

On page 64, after line 12, insert the following new section and renumber Section 111 as Section 112:

"Sec. 111. No later than March 31, 1975, the President shall transmit to the Congress his recommendations as to the appropriate organizational arrangements for the regulation of energy activities by the Federal Govment, including those of independent agencies, as he deems advisable. Such recommendations shall include (1) appropriate organizational arrangements for long-term coordination or consolidation of Federal regulatory activities concerned with the pricing, acquisition, production, distribution, and consumption of energy; and (2) appropriate legislation, including modification in the existing authority of such Federal regulatory agencies."

Mr. RANDOLPH. Mr. President, the establishment of a realistic and, what I call, a workable national energy policy is a complex procedure, involving many diverse elements that must be considered.

Alinements of administrative agencies I think, are essential, and are provided for in the legislation that is now in the Senate and is being handled by the able Senator from Connecticut (Mr. Ribicoff). There is an appreciation on his part of that which is well reasoned as we move into new structures.

I think we will fail, Mr. President, to do a complete job if we do not also give consideration to the regulatory functions of the Federal Government that relate to the production and the consumption of energy. In this area, certainly as in others, there is a very, very great potential for duplication of effort and for agencies to work as cross purposes to the other. We have had too much of that in our governmental structures. I think it is generally recognized and certainly where possible we here in Congress should do away with it.

The challenge of bringing domestic energy production in line with consumption is such that the highest degree of organizational efficiency in our governmental structures should be considered and instituted as reflected as part of this bill.

Therefore, I have offered an amendment of S. 2744, and I am joined in it by Senator Jackson, requiring the President to make recommendations to Congress for the appropriate organization of Federal regulatory agencies dealing with energy matters. This report will also include recommendations for modifying the authority of these agencies.

I believe such agencies as the Federal Power Commission and the Atomic Energy Commission should be examined carefully as to their responsibilities and functions. It would be a situation without precedent if we did not find opportunities to overhaul, simplify, merge and generally improve the activities of these bodies. The development of new energy sources and the technology to utilize them will be of reduced benefit if we must continue to operate within the framework of an outmoded and bureaucratically cumbersome regulatory structure.

Mr. President, in my opening statement on this legislation I discussed the need for a thorough and searching look at our administrative ability to cope with this country's growing energy problems. This bill is a substantial move in the direction of consolidating and rationally organizing the energy activities of the Federal Government. The amendment I offer to this measure would give us a look at the entire range of Federal functions by including the critical regulatory activities which must be brought into line with the total attack on the energy questions which confront us.

As I noted in my statement on S. 2744, in achieving that goal, Federal energy organization must provide for five basic functions: Energy policy formulation; the collection, collation, and analysis of information on energy resources and supplies; the administration and management of energy resources on the public lands; administration of energy supplies during periods of shortages or unanticipated contingencies; and the regulation of energy activities.

The Federal regulatory system is replete with inconsistencies, indecisiveness, and uncertainty. Under anticipated organizational arrangements, there will be problems of conflict between the Federal Energy Administration, the National Energy Council, the Energy Research and Development Administration, the Department of the Interior, the Federal Power Commission, and the Nuclear Safety and Licensing Commission.

The interrelationships between these agencies are in a state of flux and it is clear that any resolution of conflicts over jurisdiction should not be left exclusively to the executive branch. Rather, the Congress must exercise its constitutional role in the reorganization of the executive branch under a framework that will facilitate an effective implementation of a national energy policy for the long term.

The 92d Congress has made significant progress in addressing reorganization of the administrative programs of the executive branch. The principal remaining area of major concern is the eventual consolidation of Federal programs for the regulation of energy activities, such as those of the Federal Power Commission and the proposed Nuclear Safety and Licensing Commission, in a new Federal Energy Licensing Commission.

Thus the amendment I offer requests the President to transmit recommendations to the 94th Congress by March 31, 1974, for reorganization of Federal energy regulation.

I believe, Mr. President, that there is no need to further discuss the amendment. The bill itself is a substantial movement in the right direction toward consolidation and rationalization of the energy activities within our Federal Government.

This amendment will give us an opportunity to look at the entire range of Federal energy programs including regulatory activities, which must be brought into line with our total strategy for coping with the energy crisis which confronts the American people.

I appreciate the interest and concern of the able manager of this bill, the Senator from Connecticut (Mr. Ribicoff).

Mr. RIBICOFF. Mr. President, I commend the distinguished Senator from West Virginia for offering this amendment that would require a Presidential review of the present organization of the 40 agencies now involved in one way or another in Federal regulatory decision making on energy matters.

The recent Doub report found that over the past 50 years, the Federal regulatory structure has become increasingly complex. The study team headed by William O. Doub, former AEC Commissioner, found that the regulatory structure "has evolved in response to narrowly defined problems and the specific demands of the moment rather than in relation to an overall plan."

The report, which was issued in April of this year, concluded that "the establishment of an institutional mechanism to provide policy guidance would be the single most significant contribution to correcting the deficiencies in the existing system of regulatory," and that the best mechanism for this would be creation of an independent national energy council to formulate national energy objectives and provide general policy guidelines.

Our bill, of course, establishes such a council, as proposed by the distinguished Senator from South Carolina when the bill was marked up in the full committee. At the same time, I agree that the Doub study itself should be followed up by Presidential recommendations on regulatory organization, as proposed by the distinguished Senator from West Virginia.

Therefore I am pleased to support this amendment. It is consistent with the provisions of the bill, and I urge its adoption.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from West Virginia [putting the question].

The amendment was agreed to.

Mr. RANDOLPH. I thank my colleague.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. RIBICOFF. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. STENNIS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

PUBLIC WORKS, ATOMIC ENERGY COMMISSION, AND RELATED AGENCIES AND COMMISSIONS APPROPRIATIONS, 1975—CONFERENCE REPORT

Mr. STENNIS. Mr. President, I submit a report of the committee of conference on H.R. 15155, and ask for its immediate consideration.

The PRESIDING OFFICER. The report will be stated by title.

The legislative clerk read as follows:

> The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 15155) making appropriations for public works for water and power development, including the Corps of Engineers—Civil, the Bureau of Reclamation, the Bonneville Power Administration and other power agencies of the Department of the Interior, the Appalachian regional development programs, the Federal Power Commission, the Tennessee Valley Authority, the Atomic Energy Commission, and related agencies, and commissions for the fiscal year ending June 30, 1975, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by all the conferees.

The PRESIDING OFFICER. Is there objection to the consideration of the conference report?

There being no objection, the Senate proceeded to consider the report.

(The conference report is printed in the House proceedings of the CONGRESSIONAL RECORD of August 8, 1974, at pages 27446–27456.)

Mr. STENNIS. Mr. President, I shall eventually move to adopt the conference report. But, for the time being, and with unanimous consent that I not lose the floor, I want to yield to my colleague from Washington (Mr. JACKSON) for 1 minute.

Mr. JACKSON. Thirty seconds.

Mr. STENNIS. One minute.

The PRESIDING OFFICER (WILLIAM L. SCOTT). The Senator from Washington is recognized.

ENERGY REORGANIZATION ACT—PRIVILEGE OF THE FLOOR

Mr. JACKSON. Mr. President, I ask unanimous consent that Mr. Russell Brown of the professional staff of the Committee on Interior and Insular Affairs be granted the privilege of the floor in connection with the pending ERDA legislation.

The PRESIDING OFFICER. Without objection, it is so ordered.

PUBLIC WORKS, ATOMIC ENERGY COMMISSION, AND RELATED AGENCIES AND COMMISSIONS APPROPRIATIONS, 1975—CONFERENCE REPORT

The Senate continued with the consideration of the report of the committee on conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 15155) making appropriations for public works for water and power development, including the Corps of Engineers—Civil, the Bureau of Reclamation, the Bonneville Power Administration, and other power agencies of the Department of the Interior, the Appalachian regional development programs, the Federal Power Commission, the Tennessee Valley Authority, the Atomic Energy Commission, and related agencies, and commissions for the fiscal year ending June 30, 1975, and for other purposes.

Mr. STENNIS. Mr. President, I have a statement and then I shall yield to the Senator from Nevada when I conclude my statement on the conference report. There will be a statement from the Senator from Kentucky (Mr. COOK) also.

Mr. President, at the outset, I regret that Senate conferees were not able to sustain all the programs, items, and projects proposed here.

We made a very determined and, I hope in the proper spirit, effort to hold the line on budget authority and expenditures and tried to make reductions.

I advised Members of the Senate that we would make this effort in conference and I believe we were successful in this regard and that the conference agreement conforms to this stated goal.

I emphasize that the conference agreement is almost $21½ million below the amended budget estimates for these highly important programs.

Before summarizing the amounts, I would like to take a moment to especially commend Representative JOE L. EVINS of Tennessee, chairman of the Subcommittee on Public Works-AEC Appropriations of the House of Representatives, for his diligence and cooperation in working out the differences in the bill as passed by the House and the Senate.

Also, I commend the members of the conference committee for the very careful and fair consideration given to all matters in disagreement. I have only the highest praise for all concerned.

Now, Mr. President, the conference bill provides $4,505,472,000 in new obligational authority. As I said, this amount is $21,354,000 below the budget; and the agreement is $62,731,000 below the amount approved by the Senate and $30,062,000 over the House.

Inasmuch as the report of the conference committee has been printed, and has also appeared in the CONGRESSIONAL RECORD of August 8, and, therefore, available now for several days, I shall not undertake to itemize the various changes in the many items and projects that were in disagreement. Briefly, however, I shall state the recommendations for the major agencies contained in the conference bill.

TITLE I—ATOMIC ENERGY COMMISSION

For the Atomic Energy Commission, the conferees agreed on a total of $1,742,665,000, of which $1,411,960,000 is for operating expenses and $330,705,000 is for construction and capital equipment. This conference agreement provides a total reduction of $61,723,000 below the budget; $29 million below the Senate amount; and $3,750,000 below the House allowance. The conference committee made reductions in the nuclear materials program, the weapons program, the overall physical research program, biomedical and environmental research, the nuclear space program, and reduced the total appropriation requirement as a result of unobligated balances.

TITLE II—CORPS OF ENGINEERS

Mr. President, for title II, the Army Corps of Engineers civil works program, the conference agreement provides $1,701,990,000 which is almost $29 million below the amount approved by the Senate; about $7 million over the House allowance; $85.7 million more than the estimates; and $61.7 million less than last year's—fiscal year 1974—appropriation. The construction, general appropriation is $973,681,000, an amount which is $14.8 million below the House allowance and $12.1 below the Senate amount. In other words, the conference agreement provides for an amount that is less than either the House or Senate proposed amount. Within the total amount for the corps' civil works program, specific conference bill amounts are included for general investigations; flood control, Mississippi River and tributaries; operation and maintenance; general expenses; flood control and coastal emergencies; and special recreation use fees as shown in the conference report.

TITLE III—DEPARTMENT OF THE INTERIOR

Mr. President, for title III, the conference agreement would provides $645,707,000 for the Department of the Interior water and power programs, including the Bureau of Reclamation and the several power agencies. The agreement is $50.8 million under the total budget estimates; $26.8 million more than the House allowance; and $4.3 million less than the amount approved by the Senate. $470 million of the total title III sum is for the Bureau of Reclamation, of which $244.1 million is the agreed-on construction and rehabilitation appropriation. Other appropriations include general investigations, the Upper Colorado River storage project, the Colorado River Basin project, Colorado River salinity control program, operation and maintenance, loan program, emergency fund, and general administrative expenses.

For the Interior Department power agencies, including the Bonneville Power Administration for which $166,500,000 is contained in the conference bill, reductions totaling over $700,000 from the budget estimates have been made. Let me say at this point that it would be very difficult to make any sizable reductions in the power agencies appropriations without seriously affecting and jeopardizing the delivery of electrical energy to the people from our Federal projects.

TITLE IV—INDEPENDENT AGENCIES

For title IV, the independent agencies, the conference agreement provides a total of $415,110,000. Of this amount, $77.4 million is the appropriation for TVA; $293.5 million, the same as the budget, is for Appalachian regional development programs; $32.1 million is for the Federal Power Commission; and $9,775,000 is for the Water Resources Council. Provision is also made for the independent water and river basin commissions.

IN CONCLUSION

Mr. President, in conclusion let me reemphasize that the conference agreement provides for a total reduction of more than $21 million below the budget, as compared to the more than $41 million over the estimates when the bill passed the Senate. Therefore, Mr. President, this conference bill is more than $62.7 million under the Senate passed bill, and, thereby, reflects the hard work of the conferees to arrive at a balanced, fiscally responsible amount. That is exactly what we did in this bill.

One other point, in making comparison with the total amount appropriated last year—fiscal year 1974—the conference agreement shows an increase of $562.5 million. Of this increase, $433.7 million is attributable to the AEC requirements. But to examine further into the cause of this increase, we find that in fiscal year 1974, the AEC had substantially more revenues, which resulted mainly from enriching uranium services to operate the civilian nuclear powerplants, and also unobligated—carryover—balances from fiscal year 1973, thereby reducing the appropriation requirement last year. The revenues and balances are not sufficient this year to offset the increased appropriation requirements.

Looking at this overall change from last year in another way, we find that the fiscal year 1974 appropriation bill was almost $900 million less than the amount provided in fiscal year 1973. The substantially lower fiscal year 1974 appropriations directly impact on the requirements for this year.

Generally speaking, the programs funded under this bill have no unusually large, substantial increases or changes over the level of effort and work in the last fiscal year.

Mr. President, the committee believes that the funds agreed to in conference are necessary and well justified.

Mr. President, the Senator from Nevada (Mr. BIBLE) made a fine contribution to the hearings, the mark-up, and in the conference and I am glad to yield to him at this time.

The PRESIDING OFFICER. The Senator from Nevada is recognized.

Mr. BIBLE. I thank the distinguished Senator from Mississippi, the chairman of our Public Works—AEC Subcommittee. I have been privileged to work closely with him over the years I have been here on appropriations and other legislation.

I asked the Senator from Mississippi to yield to me because of some questions that have been very properly raised by my distinguished colleague and friend from South Dakota on one section of the bill that is now before us as a conference report. I am happy to yield to him and have him ask whatever questions he might want to.

Before I do that, I wish to make it very clear that in a spirit of fairness and cooperation Senator ABOUREZK has alerted me in advance to his concern over the bill. The section that bothers him is found on pages 12 and 13 of the report now before us.

That language reads:

> Provided further, That no part of the funds appropriated herein shall be used directly or indirectly for the operation of the Newlands Reclamation Project in the State of Nevada.

Now, that language speaks for itself. There are other sections that can be read in connection with it.

I indicated to the Senator from South Dakota that in offering this language I did so only to attempt to prevent a Federal takeover of the Newlands Reclamation Project until such time as the Federal district court, which has jurisdiction of this problem considering the takeover question, had made its final decision.

I should note that in March of this year a suit was filed by the Truckee-Carson Irrigation District which now operates the Newland Reclamation Project. The district employs about 50 or 60 people. It operates under contract with the Department of Interior, and has been the operational agent of the Department of Interior for almost 50 years.

It seems to me that until the Nevada court rules on the takeover problem; namely, whether the Newlands project should be operated by the Federal Government or whether it should be operated by the State or the district, the State acting through the district, that the Secretary's action to take over the operation should be held in abeyance.

That was the intent of the language which I proposed, and offered to the committee and on which hearings were held. The hearing is printed beginning at page 2154 in the volume of committee hearings now on each Senator's desk.

That was the original intent, and that is still my intent.

I am very happy with that brief explanation to yield to the Senator from South Dakota, or he can certainly seek the floor in his own right.

The language in question is intended merely to hold the status quo until the court has ruled.

Now, I am talking only about the proposed takeover of the project. There is a suit pending in the Nevada court. It was filed about March 15 of this year, to determine who should operate the project, whether it should be taken over by the Federal Government or whether it should remain with the Truckee-Carson Irrigation District. That suit is pending, and is limited to the takeover issue.

It has nothing whatever to do with who owns the water rights, which is the basic problem that exists between our friends, the Indians, and the people living in the other areas dependent on the river. This basic issue is not part of the takeover case. It will be determined in separate litigation. The takeover suit should be determined. I cannot guarantee when the suit will be finally decided. However, I understand the issues will be completely joined in about 1 month and that a hearing should be held shortly thereafter on the takeover question.

I want my friend from South Dakota to know that that was the sole purpose of adding this language to the bill.

I yield the floor.

Mr. ABOUREZK. I thank the Senator.

First of all, I would like to ask unanimous consent that a member of my staff, Sherwin Broadhead, have the privilege of the floor; and that a member of Senator KENNEDY'S staff, Tom Sussman, have the same privilege.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ABOUREZK. I yield briefly to Senator FANNIN.

Mr. FANNIN. Mr. President, I ask unanimous consent that David Stang, Nolan McKean, and Margaret Lane, staff members, be allowed the privilege of the floor during the debate on this bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ABOUREZK. Mr. President, the water and power appropriations bill, contains in title III the following language:

> Funds advanced by water users for operations and maintenance of reclamation projects or parts thereof shall be deposited to the credit of this appropriation, and may be expended for the same objects and in the same manner as sums appropriated herein may be expended: *Provided further*, That no part of the funds appropriated herein shall be used directly or indirectly for the operation of the Newlands Reclamation Project in Nevada.

This language was added by the Senate. It was included in the conference committee report, which has passed the House.

The purpose of this language is to prevent the Interior Department from terminating its 1926 contract with Truckee-

Carson Irrigation District—TCID. That contract permits TCID to operate the project facilities of the Newlands project. Those facilities have been operated over the years to divert water out of the Truckee River in Nevada, upstream from Pyramid Lake. The result has been disastrous for the lake.

TCID's diversions have been in violation of the Department's operating criteria, first promulgated in 1967.

For this reason, Secretary Morton terminated the 1926 contract with TCID in September 1973. Since the contract requires 1 year's notice for termination, it does not become effective until October 31, 1974. On that date, the Department plans to take over and operate the project.

The proposed operation of the Newlands project by the Department is absolutely essential if its operating criteria are to be enforced and the excessive and wasteful diversions by TCID are to be controlled. The language of the water and power appropriations bill will entirely prevent this from being accomplished. If it takes over the project, the Department must have funds with which to operate it. These can be obtained only by congressional appropriations.

The quoted language would completely undermine the position of the United States in two cases now in litigation in Federal district court in Nevada. Both the city of Fallon and TCID have sued to enjoin termination of the 1926 contract on various grounds. The United States contends that the termination of the contract was lawful, and that it cannot be enjoined from operation of the project after it has taken control of the project facilities. By making it impossible for the Interior Department to take over the project facilities, the bill would, in effect, decide this litigation against the United States. Those issues should better be decided in the court and the Congress ought not to interfere with prompt judicial resolution of the question.

There is a third suit that deserves mention. In December 1973, the United States filed a suit in Federal court in Nevada against 14,000 water users to determine its rights, as trustee for the Pyramid Lake Tribe, to sufficient water to preserve the lake and maintain its fishery. An argument is made in the Senate committee report that this suit should be concluded prior to termination of the 1926 contract. This argument is unsound, for it would allow TCID to continue its wasteful diversions for up to several decades. Experience shows that large water rights adjudications require 20 years or more for resolution; two such suits on the Truckee and Carson River in Nevada have required 29 and 50 years respectively. There is no question that in that period of time Pyamid Lake and its unique species of Lahontan brook trout will be destroyed. This would be a tragedy both for the Pyramid Lake Tribe, which would lose the chief asset of its reservation, and for the Nation as a whole.

Mr. President, in discussing this matter with the distinguished Senator from Nevada (Mr. Bible), I am advised that it is his opinion—and I would like this statement from Senator Bible and the manager of the bill, if that is possible—that water user payments can be used by the Department of the Interior to take over the operation in spite of the limitation contained in this bill.

I would like to have a response to that.

Mr. BIBLE. I am very happy to respond to that because we did discuss it. The language is not as clear as it should be on that particular point. If making a legislative history would help clear it up, let me say unequivocally that if the Nevada court in the takeover suit—not the larger suit settling the water rights, but the takeover suit—should rule that the Federal Government should be entitled to come in and take over the Truckee-Carson Irrigation District, then I should think that the funds advanced by the water users for operation and maintenance should be made available for that purpose.

I queried the Bureau of Reclamation at the time this was discussed at the subcommittee hearing, and questioned the Commissioner of Reclamation himself.

He indicated very clearly that funds could be used for the purpose of taking it over if the court ruled that the Federal Government should take it over. He also made it clear that he did not want to take it over. The record is also clear on that point.

If I can assure the Senator from South Dakota, that when and if the court decides that the Federal Government should come in and take over the project, then it would be my opinion that the Government could use the funds which were advanced by the water users for that purpose.

I do not know if that is the assurance the Senator wants.

Mr. ABOUREZK. It does not, I do not believe, quite satisfy the requirements of overruling what has been said in the legislation. If I might state, in the Pyramid Lake case, Pyramid Lake Paiute Tribe of Indians against Morton, the ruling has already been handed down that the Department of the Interior should operate the Truckee-Carson District, or, rather, operate that particular irrigation district. The ruling is out of the way. The decision has been made. There was nothing left to do in that case.

To obey the order of the court what is needed now is for the Secretary to take over its operation and to have funding by Congress, or, not a limitation, at least.

I understand if they have funding they are able to do it, unless there is a limitation, which there is in this bill.

Mr. BIBLE. I understand, but I think the proposed takeover was initiated by an action of the Secretary of the Interior, and was not directly ordered by the court. But aside from that, if the Senator is asking me whether or not they can use the water users fees for the purpose of operating the Truckee-Carson Irrigation District in case the Federal court rules that the Federal Government should operate it, then I say unequivocally yes, that is the intent of the language.

If he says, "Well, how about appropriated funds?" I will also assure him on that point. I have checked this point out and have been advised there will be a first supplemental appropriations bill which will be in the works in early September. We can then get a budget estimate.

The Senator has to recognize that the Department of the Interior did not ask for any funds for this in any way, shape, or form. They made no request. In fact, they said they did not want to operate it, repeating what I said earlier. That is all in the record.

I would assure the Senator that if they do not give us a request, we can make it a contingency that they can use either water users funds, or appropriated funds.

We are talking about the place where I grew up. I love this land. I grew up there, hunted ducks there, and fished at Pyramid Lake. The fish we are talking about are not Eastern brook or cutthroats, but they are a fighting fish. I have shown the Senator from South Dakota one of the beautiful denizens of the deep I caught at Pyramid Lake. I have no desire to dry up Pyramid Lake. I love the fish too much.

I assure the Senator that, by whatever means are required, the funds to continue the operation of the Newlands Project in the event of a Federal takeover will be provided.

Mr. ABOUREZK. The Senator from Nevada continues to talk about in the event of a Federal takeover. That has already been adjudicated.

What he is saying is this: If another lawsuit decides that the Federal Government can take over, then he will provide the money. What is to say that after that lawsuit is decided there will not be another injunctive action filed by people who want to stop the takeover of the Department of the Interior?

Mr. BIBLE. I cannot assure the Senator that there will never be further lawsuits filed. When this takover suit is resolved, certainly it is subject to appeal, as the Senator knows. I cannot tell whether it will be appealed, whichever way it goes. There will be a winner and there will be a loser. I think the people who will be the losers are the people of the area. They are just as anxious to get this resolved as I am and as the Senator from South Dakota is.

Mr. ABOUREZK. Can the Senator give me absolute assurance, along with the manager of the bill, which I think is binding so far as legislative history is concerned, that the limitation contained in this Public Works bill does not prevent users fees from being used on October 31 by the Department of Interior to take over the operation of the District?

Mr. BIBLE. You can get that assurance from me. I do not know whether that is the correct date. My thought of putting this in was to hold the takeover matter in abeyance until the court acts on that issue. It would seem to me to be just good, plain, common, hard sense not to attempt to take over until you get the decision from the Nevada court.

Our intent right here is that those funds be used. Future events will have to prove whether that is on November 1 or some later date. I should think it would be in error to say, for example, that they can use those funds for Federal takeover on November 1 and then have a Federal court come back on December 1 and say, "Well, now, I decide that the Truckee Carson Irrigation District shall be the operating agent." Then you would encounter all kinds of personnel and other problems. I would hope that we could avoid that. It does not seem to me to be a good solution.

Mr. ABOUREZK. I certainly do not want to put any hardship upon any employees. Nevertheless, the Paiute Indians, according to the history of this matter, have waited 70 years to achieve what is legally and rightfully theirs, so far as rights to the water in Pyramid Lake are concerned. If there ever is going to be any advancement of their rights or any resolution of their rights, it has to be done according to the court order.

Mr. BIBLE. I will buy that.

May I say that in the next few days I will have the Interior appropriations conference report in which we appropriated more than a million dollars for Pyramid Lake activities. It is rather collateral to the question we are discussing but does demonstrate my own interview in Pyramid Lake. Our conference report provides for restoring and building the fishery resource. Where? At Pyramid Lake, right at the place that the Senator from South Dakota is so concerned about. The amount is approximately $1.5 million.

They raise wonderful trout there, and we are fostering the fishery project in the Interior bill.

If I were not interested in having Pyramid Lake and its fishery resource, we would not provide that much money, which we signed, sealed, and delivered in a conference this morning.

Mr. ABOUREZK. I have no question that the Senator from Nevada is interested in preserving Pyramid Lake. The only problem is that the language in this appropriation bill, by way of limitation, does not preserve that water; because from now until almost forever, it will be wasted by members of the district who have been ordered by the court to turn it over to the Interior Department.

Mr. BIBLE. May I clarify one point. I have discussed this with the Senator from South Dakota and the Senator from Massachusetts, who also has evidenced his interest. The control of the water that goes into Pyramid Lake is not under the control of the Truckee-Carson Irrigation District. The water is controlled by a Federal watermaster operating under a Federal court and operating under Federal jurisdiction. So the water that goes to Pyramid Lake is not under the control of the Truckee-Carson Irrigation District.

The terms of the distribution are under decrees of the Nevada Federal court entered many years ago. If anyone were to turn off the water that goes to Pyramid Lake, it would be the Federal watermaster at Derby Dam, which is where they divert it to go to Fallon and Pyramid Lake.

Mr. STENNIS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. STENNIS. Who has the floor?

The PRESIDING OFFICER. The Senator from South Dakota has the floor.

Mr. KENNEDY. Will the Senator yield?

Mr. ABOUREZK. I yield.

Mr. KENNEDY. I should like to have the attention of the Senator from Nevada, as well.

I wonder how long it has taken for Pyramid Lake litigation to proceed through the various Federal district courts and through the appeals process before final rulings? How many years have questions relating to these water rights been in adjudication? Does the Senator know? I believe it has been approximately 50 years.

Mr. ABOUREZK. I think it has been more than that.

Mr. KENNEDY. There have been a number of different cases, but I understand that it has been at variance approximately 50 years, depending upon which case is involved. There have been a series of lawsuits and appeals. The Orr Water Ditch case, which began in 1913, was not resolved until 1944; the Alpine water rights case which began in 1924 is still pending. After all the strenuous efforts required by both Congress and the executive to begin to honor our trust responsibility, how can we sit by and watch the continued destruction of the greatest asset of the Pyramid Lake Tribe?

Mr. BIBLE. I do not think there have been very many decisions over that length of time involving the use of the water of the Truckee River.

If the Senator is referring to the uses of the water of the Carson River, I think that suit was filed in 1926. That is not involved in this particular problem, because, as the Senator from Massachusetts knows, this is a completely different river.

Mr. KENNEDY. That is right. However, I think the point should not be lost that these suits can take a good many years, in terms of being decided in the district court, going to the court of appeals, going to the Supreme Court, and then being challenged again collaterally.

I am wondering how long the Senator from Nevada intends to press the prohibition that has been written in here, that "no part of the funds shall be used directly or indirectly for the operation of the Newlands Reclamation Project." We know the history of the situation, that water rights issues have gone on in litigation for 25 or 50 years. Is it the intention that there be a prohibition, in effect, deferring the order of Judge Gesell in the most recent case until there is some resolution in the new case in Nevada? And then is it going to be the resolution of the district court or the resolution of the circuit court of appeals or of the Supreme Court?

Mr. BIBLE. I will be happy to give the Senator the best timetable I can. It is a legitimate question.

The Senator must separate two different types of suits. One suit is filed in the Nevada court, to determine the water rights of all users, and there are many users. I do not recall the number. There are many thousands. That is the big suit. That is the water rights suit. It is entirely separate and apart from the lawsuit we are talking about today.

The other suit to which I am directing my attention is the so-called takeover suit. In that suit the issue has already been joined. It is ready to be argued before the court, and I hope we will have a final decision from the court by the end of this year.

When the Senator asks about the larger water rights suit, I would be less than honest if I did not tell him that that is going to continue for a long time. But the limitation in this bill has nothing to do with that suit.

Mr. KENNEDY. Is it not possible that the judge in this suit might say, "We are going to defer action on this until we get the results of the water rights suit?" That may or may not happen. It is not something we can anticipate. I understand the plaintiff may already be seeking delay. I would like to know how long this prohibition is going to continue. There has been a court decision right here in Washington, D.C. There have been statements by the Secretary of the Interior. On September 14, 1973, the Secretary of Interior wrote to the Truckee-Carson Irrigation District indicating notification that TCID's contract to run the Newlands project is being canceled. In that letter Secretary Morton wrote:

> This course of action constitutes continued and willful violation of the Department's Operating Criteria and Procedures and requires termination of the 1926 contract.

Interior has made this finding about TCID's management of the project. The Senator from Nevada says that his intention is that we are not going to be expending Federal funds until we get the resolution of yet another court decision. We are without any kind of assurance as to how long that will take. I think it is fair to ask how long the Senator intends this language to be operative.

I have serious questions, as I have said to the Senator from Nevada—he is aware of my views on this—about having this kind of language in here, regardless of duration. It seems to me to be written in as virtually open-ended for the fiscal year. By writing it in as open-ended language, we are, in effect, taking a position so far as the adjudication of the resources affected are concerned.

I am concerned that the language of this provision could prevent the Interior Department from terminating its 1926 contract with the Truckee-Carson Irrigation District, as the Secretary is doing. This contract allows TCID to operate the Newlands project facilities which have been used to divert water from the Truckee River. Over the past 6 years TCID has diverted over 140,000 acre-feet of water over the criteria established in Interior Department regulations—a blatant violation having a very destructive effect on the lake and on the tribe that depends on the lake's waters. Because of this violation by TCID, the Secretary of the Interior terminated its contract in 1973 after extensive litigation and a court order against the tribe, the Department of the Interior is scheduled to take over the operation of the project on October 31, 1974. TCID's record of violation makes it essential that the Department control the waters of Pyramid Lake.

Mr. BIBLE. Mr. President, will the Senator yield?

Mr. ABOUREZK. I yield.

Mr. BIBLE. I will respond briefly to my distinguished and beloved friend from the Commonwealth of Massachusetts, which I visit frequently and of which I become more and more fond all the time.

Mr. KENNEDY. And who, I might say, has enjoyed being at Pyramid Lake and has enjoyed the hospitality of the people.

Mr. BIBLE. The place his father visited many times, as almost a second home. We are always glad to have a Kennedy there.

I respond to the Senator from Massachusetts by saying that I would hope the court in Nevada would decide the takeover case by the end of this year. I do not want to see this matter protracted any more than either of the two Senators who are addressing themselves to the question.

One of the points that should very thoroughly be made—maybe I have not made it clearly enough, and let me repeat it again—is that the first supplemental appropriations bill will be coming along in September, and at that time, we can clarify this language even further.

I have only one objective in mind. That is to avoid as much disruption as I can, to avoid a Federal takeover if one is not going to be required by the court. But I think that will be completely resolved within the next several months.

I do not know whether they will appeal the takeover case. I cannot guarantee that to the Senator. He knows that. But I hope it will not be appealed. I hope that they will rest the takeover part of this case on the decision of the Federal district court for Nevada, whichever way it goes.

ORDER OF BUSINESS

Mr. EAGLETON. Will the Senator yield for 30 seconds?

Mr. STENNIS. Parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. The Senator will state it.

Mr. STENNIS. We have several Senators here who want to speak on the conference bill, and I did not want to cut off anyone. I had the floor, and without yielding it, I lost it. I want to get back on the conference report as soon as we can.

The Senator from Missouri has a matter. I want to give him a little time, and then let the other Senators finish up.

Mr. ABOUREZK. I yield to the Senator.

Mr. EAGLETON. I thank the distinguished Senators from Mississippi, South Dakota, and any other Senators who had the floor.

INCREASE IN COMPENSATION FOR DISTRICT OF COLUMBIA POLICEMEN, FIREMEN, AND TEACHERS

Mr. EAGLETON. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on H.R. 15842.

The PRESIDING OFFICER (Mr. WILLIAM L. SCOTT) laid before the Senate a message from the House of Representatives announcing its disagreement to the amendment of the Senate to the bill (H.R. 15842) to increase compensation for District of Columbia policemen, firemen, and teachers; to increase annuities payable to retired teachers in the District of Columbia; to establish an equitable tax on real property in the District of Columbia; to provide for additional revenue for the District of Columbia, and for other purposes and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. EAGLETON. I move that the Senate insist upon its amendment and agree to the request of the House for a conference on the disagreeing votes of the two Houses thereon, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. EAGLETON, Mr. TUNNEY, and Mr. MATHIAS conferees on the part of the Senate.

ENERGY REORGANIZATION ACT OF 1974—ORDER OF BUSINESS

Mr. JACKSON. Mr. President, I ask unanimous consent that when the Senate resumes consideration of S. 2744, my amendment which is at the desk be the first order of amendment business.

The PRESIDING OFFICER. Is there objection?

Mr. JAVITS. Mr. President, I shall not object, but do we have any other amendment pending at the desk?

Mr. JACKSON. I cleared this with Senator RIBICOFF.

The PRESIDING OFFICER. For the information of the Senator, there are no other amendments.

Is there objection? The Chair hears none, and it is so ordered.

PUBLIC WORKS, ATOMIC ENERGY COMMISSION, AND RELATED AGENCIES AND COMMISSIONS APPROPRIATIONS, 1975—CONFERENCE REPORT

The Senate continued with the consideration of the report of the committee on conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 15155) making appropriations for public works for water and power development, including the Corps of Engineers—Civil, the Bureau of Reclamation, the Bonneville Power Administration and other power agencies of the Department of the Interior, the Appalachian regional development programs, the Federal Power Commission, the Tennessee Valley Authority, the Atomic Energy Commission, and related agencies, and commissions for the fiscal year ending June 30, 1975, and for other purposes.

Mr. ABOURZEK. Mr. President, if I may just reiterate one sentence out of the public works appropriations bill that really is the one that gives me the major problem at this time. That is:

> Funds advanced by water users for operation and maintenance of reclamation projects or parts thereof shall be deposited to the credit of this appropriation and may be expended for the same objects and in the same manner as sums appropriated herein may be expended.

Then, immediately following is the sentence that limits any funds appropriated and prohibits them from being used, either directly or indirectly for the operation of the Newlands Reclamation project in Nevada.

The more I read this and the more I look at it, what bothers me is that it is such specific language that I seriously question that a statement on the floor by the distinguished Senator from Nevada can override that specific language. I wonder if I may have an expression of opinion from the Senator from Nevada, as well as from the Senator from Mississippi, the distinguished manager of the bill.

Mr. BIBLE. I should like to assure the Senator once again, as I tried to at the start of this colloquy, that if this does not accomplish it, when the supplemental appropriations bill comes along, we shall work out language that will accomplish what he says .

Mr. ABOUREZK. What will the Senator put into the supplemental?

Mr. BIBLE. We shall put in language on which we can agree that when and if the Nevada court requires a Federal takeover, then x number of dollars will be available for it, or that they can use the advanced water user's payments.

Mr. ABOUREZK. The problem is that the likelihood of that lawsuit being settled by September is almost nil.

Mr. BIBLE. Even so, it can be prospective. It can be contingent.

Mr. ABOUREZK. In other words, the Senator from Nevada would, even in a supplemental, prevent the Department of the Interior from taking over until such time, in any event, that that lawsuit is decided, the enjoinder suit.

Mr. BIBLE. Just the takeover suit. I should think that is commonsense.

Mr. ABOUREZK. I do not know whether it is commonsense or not. I guess I am not the best judge of that. But if we are looking to commonsense, what if another judgment suit is brought, and that would take 2 years to decide? What would happen then?

Mr. BIBLE. I cannot see into a crystal ball. I should hope that there would not be repetitive litigation on the question. We are all anxious to get this problem resolved.

All I can assure my good friend from South Dakota is that if he has doubts that a floor statement will clear this up, then he has my pledge that we shall try to clear it up in the supplemental.

Mr. ABOUREZK. All the distinguished Senator from Nevada has cleared up is that he will, at the time of the supplemental, continue to delay Interior Department takeover until such time as the suit is decided. That is the only assurance I have received.

Mr. BIBLE. If I said it that way, I did not make myself clear. My point is that the Nevada court must be allowed time to rule on the takeover question. Whatever that decision is, the funding needs for project operations will be addressed in the supplemental.

All I am trying to do is to see that the operations issue is settled once and for all—not the larger water rights problem.

Mr. ABOUREZK. I yield to the Senator from Massachusetts.

Mr. KENNEDY. Do I understand correctly that if the operational funding is not made available, we may run into a situation where the water would actually not be diverted and would wind up in Pyramid Lake, would it not?

Mr. BIBLE. Well, I cannot say——

Mr. KENNEDY. If the irrigation district is taken over but cannot be operated because appropriated funds are not available, then would not the water accumulate in Pyramid Lake? I am sure that the Indian tribe would want that.

Mr. BIBLE. I am sure they would.

Mr. KENNEDY. That might not be the intention, certainly, of the amendment, either, although I think that would be a reasonable interpretation, as well, of the effect of this language. And I think it raises some of the problems that we have on it.

May I ask the Senator from Nevada some questions as to the legislative history on this?

Mr. BIBLE. Oh, certainly.

Mr. KENNEDY. Is it the Senator's intention to prevent termination of the 1926 contract with the Truckee-Carson Irrigation District in accordance with the Secretary's notice of intention?

Mr. BIBLE. That is the very matter in the Nevada court right now, the issues joined by the Government and the Truckee-Carson Irrigation District. I do not have any view on that, one way or another. I am not going to try to tell the courts what to do.

From the very start of this very complex and complicated problem, I said that it would never be settled until we had a court decision on it. That is still my opinion. I shall rely on the courts, as I say.

Mr. KENNEDY. And it is the Senator's intention not to interfere with any court orders that might permit or require the Secretary of the Interior to take over the operation of the project?

Mr. BIBLE. If the Navada court rules that, I shall be the first to comply, the first to give him the funds, or whatever he needs to do it.

Mr. ABOUREZK. If the Senator will yield, has not the court already ruled that in the Paiute Tribe against Morton decision?

Mr. BIBLE. I think the correct answer to that, I say to my friend from South Dakota, is that the Truckee-Carson Irrigation District was not before the Washington court. The only one that was before the court was the Secretary of the Interior, Rogers Morton.

Mr. ABOUREZK. But I mean the court has already determined that the Secretary should take over the operation of the district.

Mr. BIBLE. The court said that the Secretary of the Interior should administratively make some regulations as to the future operation of the Truckee-Carson Irrigation District.

Mr. KENNEDY. The Senator intends only to preclude the paying of operational expenses out of appropriated funds, but the bill is not intended to preclude the payment of such expenses out of the funds advanced by the water users for operation and maintenance?

Mr. BIBLE. Would the Senator repeat that question? I do not know that it is clear.

Mr. KENNEDY. The Senator intends only to preclude paying of operational expenses out of appropriated funds, but the bill is not intended to preclude payment of such expenses out of funds advanced by water users for operation and maintenance?

Mr. BIBLE. That is intended, and that is my thought, although I have to be very honest and frank with the Senator in saying that Senator Abourezk does not agree with me on that point. That is what I have been trying to clear up by these colloquies.

Mr. KENNEDY. I think it is useful, certainly, to have the sponsor's interpretation of the language as well. I thank the chairman very much.

I want to indicate that my good friend from Nevada is known for his fairness on the matters which he is associated with, and I am very hopeful that he will work with Senator Abourezk, who is the chairman of the Subcommittee on Indian Affairs of the Committee on Interior and Insular Affairs, and a number of other Senators interested in this issue.

I have the letter here from Secretary Morton to TCID and a statement of the Senator from California (Senator Tunney), indicating his concern with this language. I know there are a number of other Senators who are very much concerned with this. I ask unanimous consent that the statement of my colleague from California and the Interior letter be included in the Record at this point.

There being no objection, the statement and letter are ordered to be printed in the Record, as follows:

Statement of Senator John V. Tunney

Mr. President: I am deeply disturbed by language in the Fiscal Year 1975 Public Works Appropriations Bill which states that "No part of the funds appropriated herein shall be used directly or indirectly for the operation of the Newlands Reclamation Project in the State of Nevada."

Pyramid Lake stands as one of the most flagrant examples of the disregard of Indian property rights due largely to the conflict of interest within the Departments of Interior and Justice. The language in the Appropriations Bill might obviate the first positive act taken by the Interior Department to protect the water rights of the Indians.

This Committee amendment would appear to have the effect of preventing the Interior Department from terminating its 1926 contract with the Truckee-Carson Irrigation District. This contract should be terminated since the TCID has been diverting water in violation of the Interior Department's 1967 operating criteria to the detriment of Pyramid Lake.

We should not continue to allow the TCID to waste precious water supplies which are desperately needed to protect Pyramid Lake.

Department of the Interior,
Washington, D.C., September 14, 1973.
Board of Directors,
Truckee-Carson Irrigation District,
Fallon, Nev.

Gentlemen: This letter constitutes notice that the contract of December 18, 1926, will be terminated as of October 31, 1974.

That contract transferred to your District the management of the irrigation works of the Carson and Truckee divisions of the Newlands Reclamation Project. The notice of termination is issued pursuant to Article 32 of that contract, which requires that you be given one year's prior written notice of termination.

The immediate reason for this action is the repeated violations by the District of this Department's Operating Criteria and Procedures for the Newlands Reclamation Project. These criteria, as you know, have been promulgated since 1967 (43 C.F.R. Part 418); the latest criteria were issued pursuant to court order in *Pyramid Lake Paiute Tribe* v. *Morton,*, 354 F. Supp. 252 (D.D.C. 1972), and published in 38 Fed. Reg. No. 47, p. 6697 (March 12, 1973). You were, of course, given specific notice and copies of the latest criteria. The criteria specifically provide that:

"D(1) Article 32 of the December 18, 1926, contract between the United States and the District will be invoked by the Secretary for substantial violations of these Operating Criteria and Procedures. . . ."

In addition, Article 7 of the 1926 contract requires that the District fully comply with "the rules and regulations of the Secretary now in force or hereafter promulgated."

Despite repeated expressions of concern by officials of this Department, the District has persisted in violating these criteria in a number of respects.

Between June 8 and June 16, 1973, the District diverted substantial quantities of Truckee River water for storage in Lahontan Reservoir in violation of the criteria. The District was formally advised by letter from the Regional Director of the Bureau of Reclamation on June 8 that any such diversions were prohibited by the criteria and would be in violation thereof. Thereafter, you were advised by the Commissioner of Reclamation and the Solicitor that if the District persisted in these unauthorized diversions, the Department had no choice but to give notice of cancellation of the 1926 Contract. Following further discussions with the Commissioner and the Solicitor, an agreement was reached whereby you discontinued the unauthorized June diversions. Because of this agreement, this Department did not then terminate the contract or institute litigation to arrest those diversions.

However, on September 10, 1973, the District again commenced diversions of the Truckee River for storage in Lahontan Reservoir in excess of the needs of the Truckee Division of the project. As with the June diversions, these diversions are plainly prohibited by the operating criteria unless (which is not the case) Lahontan Reservoir is below 80,000 acre feet. These diversions have continued to the present time, although the Bureau of Reclamation's Regional Director has again furnished the District with official notice that its action is in violation of the operating criteria.

Officials of this Department have been in frequent communication with the District concerning the regulations and violations that have occurred. On April 5 and 13, 1973, the Regional Director of the Bureau of Reclamation for the Mid-Pacific Region directed letters to the District describing the actions which the Bureau intended to take to assist it in complying with the new operating criteria. On May 22, 1973, the Bureau's Regional Director submitted a six-page report on the status of compliance with the new criteria. This report, in substance, indicated that no response had been received from the District as to any of the previous correspondence on this matter and, additionally, pursuant to subsection D(4) of the Operating Criteria and Procedures, we were forced to suspend further approval of water rights transfers because of the District's failure to comply with the Operating Criteria and Procedures. The report, a copy of which was furnished to the District, went on to list in detail your activities and the lack thereof relative to the required criteria.

Following our agreement subsequent to the June diversions, the Solicitor of this Department sent you a letter on July 31, 1973, concerning information that violations of the criteria were continuing, which he enumerated. Our information indicates that most if not all of these violations have continued. The Solicitor's July 31 letter closed with this paragraph:

"It is hoped that the District will promptly take such measures as are necessary to bring itself in compliance with the Operating Criteria, so as to make it unnecessary for the Secretary to resort to Article 32 or such other remedies as might be available to him."

On August 8, 1973, the Regional Director forwarded to the Commissioner of Reclamation his second report on the status of the District's compliance with the operating criteria. A copy of this report was also furnished to you. The report once again recited continued violations on the criteria. On August 9, 1973, the Commissioner of Reclamation, the Bureau's Acting Regional Director for the Mid-Pacific Region, and the Department's Sacramento Regional Solicitor personally traveled to Fallon, Nevada, for a meeting with District officials to discuss this critical matter. Following that meeting, the District sent to the Commissioner a letter dated August 21, 1973, describing certain activities which it believed might be considered partial compliance with the criteria and offered various explanations as to why certain other actions required by the operating criteria would not or could not be taken. But subsequent to the August 9 meeting and August 21 letter, the District again commenced the diversions for storage in Lahontan Reservoir.

This course of action constitutes continued and willful violation of this Department's Operating Criteria and Procedures and requires termination of the 1926 contract. During the next thirteen months, as required by the one-year notice provision of the contract, the District will presumably remain in control of project facilities, including Derby Diversion Dam. I would take this opportunity to emphasize, however, that this Department will expect scrupulous compliance with its Operating Criteria and Procedures for the next water year, including of course the water use ceiling of 288,000 acre feet. This letter will notify you that any water diverted, used or stored in violation of the criteria will be deducted from water allowed to the District in subsequent years after the United States assumes control of Derby Dam and other project facilities. To illustrate: If the District were to divert and use a total of 388,000 acre feet of water during the next water year, including over 100,000 acre feet of Truckee River water, the United States will deduct 100,000 acre feet from future deliveries of Truckee River water to which the District would otherwise be allowed under the Operating Criteria and Procedures.

In addition, the amount by which the District exceeds the 350,000 acre foot ceiling during the present water year will also be deducted from future deliveries which it would otherwise be allowed. From our present information it appears that the District's water use is now about twelve percent above schedule and will very likely exceed the ceiling.

You will be subsequently notified of detailed procedures to be followed respecting termination of this contract.

Sincerely yours,

ROGERS C. B. MORTON,
Secretary of the Interior.

Mr. KENNEDY. We want to indicate, I would think, that over the period of these next weeks until we get to the supplemental, we will be willing and able to work with the Senator from Nevada in clarifying and working this out.

For myself, I want the RECORD to be extremely clear: from this language in the bill I cannot help but believe that the Secretary of the Interior will certainly be able to comply with Federal court decisions and court orders, without prejudicing the rights of any of those who have legitimate rights or who are before a court of law, in taking over the reclamation project. The overwhelming weight of the decisions have, I believe, certainly shown to my satisfaction as to where the merits of this case lie. I think it is unfortunate that we are writing in this kind of language, the effect of which could be to defer action on the Secretary's orders.

I realize the concern for those who have been working on this particular project, but we have just lost 5,000 jobs up in the Boston Navy Shipyard. The average length of time that people had worked up there was 22 years. We have lost a score of various military bases up there. Much as I am interested and concerned about the welfare and well-being of the people who have been associated with this project—and I am, and I would be glad to join with my friend from Nevada or any other Senator to take action when the impact of court orders or Government action throws people out of work.

We ought to treat those who are to be impacted fairly, and equitably, and much as we are interested in assuring these people of their rights, I think we should recognize that there are rights on the other side, Indian water rights, which should not and cannot be compromised.

I appreciate the clarifications that have been given. They have not changed my objection to this particular language, but I want to say that I will look forward to trying to work with the Senator from Nevada and others to make sure that at the earliest possible opportunity, we will work out what hopefully can be a satisfactory and equitable solution to this problem.

I thank the Senator from Mississippi.

Mr. STENNIS. Mr. President, I think we have had a fine colloquy and discussion. I hope that the Senator from South Dakota will not leave the Chamber now, and will listen to me.

I learned many years ago that when westerners get to discussing water you had better get out of their way. So I wanted the Senator from South Dakota to be sure to have an opportunity to finish, because it is so important to him. That is what I meant to say.

Certainly the committee, as I understand it, does not intend to go any farther than the very words we have here about these appropriated funds being used for the operation of the Newlands Reclamation Project. As the Senator from Nevada has stated, the intent was to the appropriated funds and not to the funds advanced by water users for operation and maintenance.

Of course, we were speaking on the basis of facts as they exist now, and should the court decision come in and change those facts, or any other substantial change of facts occur, it would present a new issue, as I understand it, and then Congress, including this committee, would be glad to consider the question in the light of those new facts.

I stand with the Senator from Nevada, who offered the language to the bill, on his stated position. I am just giving that summary statement, and that, I hope, will cover the matter, because we do not want to do injustice to anyone, prejudice any contract, or fail to provide funds where it tends in a certain way.

Mr. ABOUREZK. Mr. President, will the Senator yield?

Mr. STENNIS. I am glad to yield to the Senator from South Dakota.

Mr. ABOUREZK. I just wanted to make a point. I know the Senator was busy working on some other matters a minute ago, but the court has already decided that the Secretary shall take over the matter. There can be more decisions, but we are bound to do what the court has ordered us to do in the first place.

I think it makes a great deal of commonsense for the court decision to control what happens, rather than try to overrule the court by taking the money away from the Interior Department.

Mr. STENNIS. As I understand, the court decision to which the Senator refers did not make the determination that it would be taken over. We still have a pending pertinent case now, going to that question, as I understand it.

Mr. ABOUREZK. It does provide for a takeover. The pending case was filed by the users, to try to enjoin the enforcement of that first decision. The decision is already out of the way. The Department of the Interior is simply trying to follow the court's orders. Essentially what we are doing is attempting to prevent them from following the order of the court.

Mr. STENNIS. If the Federal Government has yet made a determination to operate this project, I do not know about it.

Mr. ABOUREZK. If they have what?

Mr. STENNIS. I say, if the Federal Government has made a determination to operate the project. If the Secretary of the Interior does make a decision to operate it, we would consider then providing the funds. We cannot guarantee what will be done. But the intent of the language was to go to the appropriated funds and not to the water user's payments.

Mr. ABOUREZK. It is not within his

discretion, really, as I understand the decision by the court, whether to do so. The only thing that would prevent him would be if he does not have the funds to do so.

Mr. STENNIS. All right. We will proceed. Will the Senator repeat his statement?

Mr. ABOUREZK. As I stated to the Senator from Mississippi, the Interior Departmnt has no discretion in the matter. They are subject to the order of the court. They will have to operate the district, and the only thing that will prevent them is if we take the money away.

Mr. President, the pending bill contains a provision that attempts to take away a hard earned court victory from one of our Nation's neediest Indian tribes, the Pyramid Lake Paiute Tribe of Nevada. It does so in a shameful, underhanded, disgraceful manner that I am ashamed to say exemplifies the reasons why Congress is held in such low regard by the public.

The Truckee River is the lifeline, the only source of recharge, to Pyramid Lake. Pyramid Lake is owned by the Pyramid Lake Tribe. It is the Nation's most beautiful desert lake, about the size of Lake Tahoe. From time immemorial it supported an abuntant, fantastic fishery that supported and sustained the members of the Pyramid Lake Tribe. The cutthroat trout that were native to the lake grew to more than 40 pounds. In today's world, with the enormous demand for outdoor recreational opportunities, Pyramid Lake represents an asset of immense value, not only to the tribe but to the entire Nation. It is located only 30 miles from Reno.

All of this was too good to be true. The Government could not leave Pyramid Lake and the Paiutes alone. Beginning in 1906, the Interior Department began diverting about half of the flow of the Truckee River to the Newlands reclamation project. No one even considered at the time what this would mean to Pyramid Lake, but the results were devastating. By 1940 the world renowned cutthroat trout fishery at Pyramid Lake was destroyed because the fish could no longer get upstream to spawn. By 1970 the lake had declined more than 70 feet, reducing its size by one-third. Without the fresh water recharge from the Truckee River, the lake's salinity drastically increased to dangerous levels.

For many years, the Interior and Justice Departments did nothing to stop or even mitigate this disaster. Indeed in many ways that are too complex to detail here, they aided and abetted the destruction of Pyramid Lake and the Pyramid Lake Paiute Tribe. It has only been in the last couple of years, after President Nixon's historic message on Indian affairs of July 8, 1970, after some prodding by at least two Senate subcommittees and after the Pyramid Lake Tribe took the Secretary to court and won that things began to change for the better. Now history is about to repeat itself if H.R. 15155 is enacted into law in its present form and this body will be an unwitting contributor to the continuing tragedy of Pyramid Lake.

It has been common knowledge for many years that the Newlands reclamation project has been wasting huge amounts of water in violation of two court decrees that have never been enforced. The project is run by the Truckee-Carson Irrigation District, TCID, an organization composed of the Newlands project farmers, under a 1926 contract with the Secretary of the Interior. In 1967, Secretary Udall published regulations, 43 CFR 418, which were designed to eliminate the unconscionable waste of water on the Newlands project by limiting the project to its decreed rights and no more. The goal was to produce more water for Pyramid Lake.

The regulations proved to be a farce because the Interior Department continued to allocate to the Newlands project about the same amount of water that it had previously received, 406,000 acre-feet per year. In several years, the district actually exceeded that amount while the Interior Department stood by and did nothing. Finally, in 1970 the Pyramid Lake Tribe sued its nominal trustee, the Secretary of the Interior, challenging the validity of his regulations.

In 1972 the case came to trial and the tribe won a resounding victory. The court found that the Secretary of the Interior had violated his fiduciary obligations to the Pyramid Lake Tribe and the two court decrees by permitting the diversion of far too much water to the Newlands project and away from Pyramid Lake. The Secretary was ordered to submit amended regulations which would fulfill his obligations to and the legal rights of the Newlands Project and also his fiduciary obligations to the Pyramid Lake Tribe. That case is reported at 354 F. Supp. 252 (D. D.C. 1973).

The end result of litigation was that the Secretary was ordered to adopt, implement and enforce new regulations designed to tighten the management of the Newlands project and to bring the project into compliance with the two court decrees. The regulations provided that TCID would be limited to 350,000 acre-feet for the water year commencing November 1, 1972, and to 288,000 acre-feet for the water year commencing November 1, 1973. Because the Secretary had previously failed to enforce his regulations, the court also directed the Secretary to terminate the 1926 contract with TCID and to take back possession of the physical works of the Newlands project in the event TCID failed to comply with the regulations. Article 32 of the 1926 contract specifically provides for its termination upon 1 year's notice if any of the terms of the contract or of the Secretary's regulations are violated.

TCID has failed to comply with many of the provisions of the new regulations ordered into effect by the court and adopted by the Secretary. After repeated warnings, finally in September 1973 the Secretary notified TCID that he was invoking article 32 of the 1926 contract and would take control of the Newlands project on October 31, 1974. The Secretary's regulations are meaningless and unenforceable as long as TCID physically controls the facilities that deliver water to the Newlands project. The Secretary has accepted the decision and the case was not appealed.

TCID has now challenged the legality of the Secretary's action in terminating the 1926 contract in a suit that is now pending before the U.S. District Court for the District of Nevada. *Truckee-Carson Irrigation District* v. *Secretary of the Interior*, No. R–74–34 BRT. No one is challenging TCID's right to present its side of the case in court.

But now—and here is where this body gets into the picture—a rider has been added to the appropriations bill for the Bureau of Reclamation of the Interior Department which appears to prohibit the Secretary from taking over the Newlands project and from complying with the court's order. Neither the Appropriations Committee itself nor the Public Works-AEC Subcommittee advised the Pyramid Lake Tribe or the Interior or Justice Departments that it was considering such a rider—and no hearings were held. It has—up to this point—slipped through the Senate and then the House-Senate conference committee and then the House because no one—except a privileged few—even knew what was happening. It is shocking, blatant, and indecent—the most underhanded power grab that I have witnessed in my years in Congress. It makes me wonder how far this country has really come since we fought the Indian wars.

The provision to which I object so strenuously states:

> *Provided further*, That no part of the funds appropriated herein shall be used directly or indirectly for the operation of the Newlands Reclamation Project in the State of Nevada.

This language is new to this appropriations bill. It has never been considered or proposed before. It was inserted in the Senate version of the bill with this one sentence explanation on page 58 of Senate Report No. 93–1032:

> Pending final determination of the case of United States v. Truckee-Carson Irrigation District in the United States District Court for the District of Nevada, the Committee recommends a provision in the bill which provides that:

And then it merely quotes the provision.

This purported explanation makes absolutely no sense. The case to which it refers, *United States* v. *Truckee-Carson Irrigation District*, No. R–2987 JBA, has nothing to do with the legality of the Secretary's takeover of the Newlands project. In it, the United States has sued some 13,000 defendants seeking to establish a water right to maintain and preserve Pyramid Lake. But the Secretary's regulations would be valid even if this suit fails and there is no water right for Pyramid Lake because the regulation simply limits TCID to the amount of water it can beneficially use under two existing court decrees. A case with 13,000 defendants might take 20 years to litigate and many water rights adjudications do take that long or even longer. There is absolutely no reason why the Pyramid Lake Tribe or the Interior Department should have to wait that long and stand idly by while TCID continues to waste enormous amounts of water and Pyramid Lake continues to decline.

TCID's contention that the Secretary's termination of its 1926 contract is illegal might be upheld in court, but that is a matter for the courts to determine. There is absolutely no justification for this body or for the Congress to intervene and deprive the Pyramid Lake Tribe of its hard earned victory in court after 70 years of watching the destruction of its heart and soul and stomach—Pyramid Lake. It is simply none of our business. We should be ashamed of ourselves for even trying to prevent the Secretary of the Interior from complying with a court order.

This matter is in the courts where it belongs. Congress should stay out of it. We should reject this bill and send it back to the conference committee.

Mr. STENNIS. I do not understand that they have gone quite as far as the Senator from South Dakota thinks they have gone. At any rate, it will be an open question here. We are not closing the door on anyone, and when money is requested, if it is within our jurisdiction we will certainly consider it, when money is requested for the operation and maintenance. But it has not been requested, and we did not have such a request or the matter before us.

Mr. HATFIELD. Mr. President, will the Senator yield?

Mr. STENNIS. I yield to the Senator from Oregon, who is the ranking minority member of our subcommittee and a very valuable one, who has done a great deal of work on this bill. I ask unanimous consent to yield without losing my right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HATFIELD. Mr. President, I thank the Senator from Mississippi for yielding.

The conference report that is now before the Senate recommends an appropriation of $4,505,472,000 for the Atomic Energy Commission and for water and power development. The committee of conference met for 2 days working hard to present a bill that was as close to the budget estimate as possible.

I am pleased to report that the conference report is $21.3 million below the budget estimate. The Senate conferees were aware throughout our deliberations with the House of the Senate's desire that we agree on an appropriation that was close to the budget estimate. As I said above, we have succeeded in doing that as this bill is below the estimate.

Mr. President, the distinguished chairman of our subcommittee (Mr. STENNIS) provided his usual fine leadership through the conference, and, of course, we had invaluable help from the chairman (Mr. MCCLELLAN) and the ranking member (Mr. YOUNG) of the full committee.

I hope the Senate will adopt the conference report as reported by the committee of conference.

Mr. President, I would like to comment briefly upon a point which arose in the committee discussion during our conference.

Two years ago the House Appropriations Committee, with the concurrence of the Senate Committee, placed a moratorium on replacement or modification of all Corps of Engineers dredges, including hopper dredges, pending completion of a study on national pipeline dredging requirements. Having just become a member of the Senate Appropriations Committee at that time, I was unaware of the developments that resulted in this action by the House. Later I discovered what a grave mistake it was to include the hopper dredges with the pipeline dredges under this moratorium.

Hopper dredges, as large seagoing vessels capable of working in unprotected waters, are the lifeline of the coastal ports of my State and many other coastal States. Several hopper dredges in the corps' fleet are in serious need of rehabilitation—one, the *Pacific*, critically so. Therefore, I am pleased today that my colleagues on the Appropriations Committees have acted to correct the problem with the moratorium that threatened to wreak havoc with the small Oregon coastal ports and cause serious difficulties for other ports around the country, large and small. I am grateful to the distinguished chairman of the committee (Mr. MCCLELLAN) and the subcommittee (Mr. STENNIS) for standing with me on this issue. This year the Conference Committee adopted the Senate position on hopper dredges in its entirety, thereby lifting the moratorium from hoppers—the moratorium remains in effect on pipeline dredges—and removing the operational restrictions that had earlier been placed on the hopper dredge *Pacific*.

At this time I would like to reiterate one of the points on which the conference agreed. In the report, on page 26, following specific approval of modifications proposed for the hopper dredges *Pacific* and *Comber*, we stated:

> In addition, following the completion of the dredge study the Committee of Conference authorizes the Corps of Engineers to proceed with such modification and modernization of existing Corps' hopper dredges in a scheduled and orderly manner as the Corps deems appropriate in the public interest.

Obviously, it is expected that the corps will take under advisement any recommendations of the pipeline dredging study that would affect hopper dredges, as the corps determines what replacements or modifications in hopper dredges are in the public interest. Nowhere in the conference report, however, is it stated that the study recommendations are binding on the corps or on the Congress. Indeed, as the dredging issue has been a keen economic struggle for several years, it can be expected that the study recommendations will reflect the special interests of the members of the study committee, and not necessarily the general public interest. I hope the Corps of Engineers and the Congress will keep the public interest foremost in mind as they consider the recommendations of this study and the future of our hopper dredges.

Mr. President, I would also like to point out the interest of the Public Works Committee, and particularly of the very distinguished chairman (Mr. RANDOLPH), in this matter. I have conferred frequently with Senator RANDOLPH as this issue of the hopper dredges has progressed, and I have emphasized to him that my concerns center upon the safety and reliability of the vessels of the corps' hopper dredge fleet, their ability to perform service in emergency situations, and the economic difficulties the small coastal ports would have experienced had we allowed the moratorium to continue on hoppers, or operational restrictions to remain on the hopper dredges. Future policy questions that we will have to answer after the pipeline dredging study, will of course involve the Public Works Committee.

This has been a controversial issue confronting this subcommittee over the last 2 years. There are 15 hopper dredges which operate under the direction of the corps. These 15 hopper dredges are to be distinguished from the pipeline dredges which are predominantly operated by private enterprise, and which may be distinguished also as to their primary area of operation and as to the type of operation.

The pipeline dredges operate primarily in river channels; the hopper dredges operate primarily on the bars, in or near the entrance channels to the harbors.

Now, Mr. President, there are no private hopper dredges operating. The last one operating privately in this country was decades ago, and it failed its assignment, and from that time onward the Federal Government has had total responsibility for the activity required to keep these harbors open.

As a result of the moratorium, the hopper dredge *Pacific*, which operates along the Pacific coast, has been totally inadequate at times because of its dilapidated mechanical condition. This condition endangers the lives of the men operating the vessel itself, and it also endangers the lives of others who must navigate across a bar left in a hazardous condition because of the *Pacific's* inability to adequately dredge the channel. So I asked last year that an exemption from the moratorium be allowed for refitting and updating that dredge. As a result, the committee saw fit to accept this request that I made, and we went ahead on that basis.

This year again we confronted this problem, for all hopper dredges, and there was a lot of debate. In the House, as the committee made its report to the House floor, Congressman DAVIS of Wisconsin, who is a member of the House Appropriations Subcommittee on Public Works, engaged in a colloquy to explain his impression of the intent of some of the language of the conference committee report, that actually followed the Senate language, and I would merely like to clarify that matter today.

I do so for two reasons: Not only because of Congressman DAVIS' colloquy on the floor of the House of Representatives, but also because of the long interest that the distinguished Senator from West Virginia (Mr. RANDOLPH) has had in this matter. Senator RANDOLPH is a man with a very well-defined political philosophy which believes that we should permit private industry to do the job where it can best do it, and Government to do the job where it is best qualified to do it. He also is the chairman of the Senate Public Works Committee which has a very legitimate concern about dredge policy.

Frankly, Mr. President, it is my opinion that the moratorium was probably not properly placed in an appropriation bill in the first place, but, because it was, it is necessary to deal with this in this manner until the dredge study is completed. I would like to say here and now that in discussing this with my chairman, Senator STENNIS of Mississippi, he and I both recognize that there is an area of confusion as to the proper roles in determining policy, on the one hand, of the use of such dredges, and the necessity of keeping the mechanical operation safe and efficient and practical for the hopper dredges.

I am hopeful that when this Corps of Engineers' report is finished the policy question can be fully aired and discussed on the subject of where these dredges are best utilized by the Senate Public Works Committee. I think the Senate Public Works Committee is the proper forum for this kind of discussion.

In talking with Senator RANDOLPH, he and I have no difference of opinion as to the basic commitment that we have to keep these dredges in safe operational condition. We do not want to endanger the lives of men. We also believe together, as we have discussed this privately and also in committee, that these hopper dredges represent an economic investment of the people of this country and, therefore, they should be utilized on a basis of economic practicality that will bring the taxpayer a good return on their investment. But here again I think basically we should delineate between the mechanical operation and the policy question of under what conditions and at what times and in what places they might best operate.

In the meantime, I personally feel the question is best resolved by the language we have in this report and, hopefully, by the clarification I have offered for the RECORD today.

I thank the Senator from Mississippi for yielding the floor, and I yield the floor back to him.

The PRESIDING OFFICER. The Senator from Mississippi is recognized.

Mr. STENNIS. Mr. President, I thank the Senator very much for his remarks, and I especially thank him for his contribution to this question about the hopper dredges and their availability where they are needed. I know last year when we were having the floods in the Lower Mississippi Valley, these hopper dredges saved our lives, so to speak, by keeping the channels open.

We intended in no way to discredit or downgrade the study that is being made with reference to what would be the best course in the future. Our position is that we must have something now, and we want these hopper dredges to be available.

I thank the Senator from West Virginia for his helpful attitude.

Mr. HATFIELD. Mr. President, will the Senator yield for just a moment?

Mr. STENNIS. Yes, I yield.

Mr. HATFIELD. I would just like to underscore what the Senator from Mississippi has stated, because he cites one of the most important examples of how the hopper dredge can respond to an emergency as compared to a pipeline dredge under private contracts which would have to go out on a bid basis. In some instances, it could take 90 days for bid process, whereas the hopper dredge can respond immediately where we have shoaling following storms. When we had the floods in the Mississippi River area, if it had not been for the possibility of transferring immediately hopper dredges into the Mississippi area, those ports could not have been maintained.

Therefore, I think it is fundamental to understand that not only does the hopper dredge operate on the bar and outside the bar, but it can, under emergency circumstances, operate inside the bar, and it must be free to do that. This has been part of the difficulty we have had in trying to define the language of the moratorium.

Mr. STENNIS. I thank the Senator again.

Mr. President, I have certain remarks here that were formally made by the Senator from Kentucky (Mr. COOK) who had a very valid interest in this bill. He contributed to it on the floor. One of the actions of the conference was a matter that he did not approve of, and we regret that, of course, but we cannot avoid it.

He has remarks that he wanted to make, if he could have been here on the floor this afternoon, but he sent them to me to voice his objections, particularly to one item in this report, and I ask unanimous consent, Mr. President, that the remarks of the Senator from Kentucky (Mr. COOK) be included in the RECORD at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

STATEMENT BY SENATOR COOK

Unfortunately, I am necessarily absent during the Senate's consideration of House Report No. 93-1274, the conference report accompanying H.R. 15155, making appropriations for public works and power development and for other purposes.

Had I been present today, I would have been able to explain in detail why I would be compelled to vote nay on this report. I do request my remarks be included in the RECORD at this time.

I would like to thank the distinguished chairman of the Public Works Subcommittee of the Senate Appropriations Committee for his gracious consideration of the many water resource development projects in the Commonwealth of Kentucky. I know he and his staff have worked very hard to resolve the many problems as they relate to projects in the commonwealth.

I am especially grateful for the chairman's assistance in deleting funds for the Red River Lake project in Powell County, Kentucky, from the Senate's version of H.R. 15155. However, I regret the determination of the conference committee to include $500,000 for continued construction of the project.

I remain convinced the construction of the lake is neither in the best interest of my State or the Nation. I realize my colleagues do not normally involve themselves in disputes that are of strictly local interest and take the lead from the Senator whose area is most directly affected. However, I believe the Red River Lake project warrants further scrutiny so the record will be clear. Upon my return next week I will address in detail the inherent problems associated with damming Red River.

Mr. STENNIS. Mr. President, I do not know of any further requests.

Mr. NELSON. Mr. President, I would like to ask the distinguished chairman of the Public Works Appropriations Subcommittee (Mr. STENNIS) a question concerning funding for a project that is contained in this bill.

As the chairman knows, there is pending litigation involving Locks and Dams No. 26 on the Upper Mississippi River. This bill contains a $22 million appropriation for the project. Is it not correct that the language of the conference report is not intended to affect that litigation or have any bearing whatsoever on the merits of that case?

Mr. STENNIS. The Senator is correct.

Mr. NELSON. I thank the Senator.

Mr. STENNIS. Mr. President, as far as I know, this covers the matters that are up for discussion.

The rollcall votes on this matter have been overwhelming, Mr. President. In other words, the bill passed the Senate in its original form by a vote of 78 to 17. The House had passed the bill by a vote of 374 to 21, and the House established and approved the conference report by a vote of 376 to 12.

So in view of this, and this being a unanimous report by the conferees, I do not think it is necessary for us, as managers of the bill, to ask for a rollcall vote, unless someone else wishes to.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The conference report was agreed to.

Mr. STENNIS. Mr. President, I make a motion to reconsider.

Mr. PASTORE. Mr. President, I move to lay that motion on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion to table.

The motion was agreed to.

Mr. STENNIS. Mr. President, I ask the Chair to lay before the Senate certain amendments which are in disagreement.

The PRESIDING OFFICER. The clerk will state the amendments in disagreement.

The assistant legislative clerk read as follows:

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 1 to the aforesaid bill and concur therein with an amendment as follows:

In lieu of the sum named in said amendment, insert: "$1,411,960,000".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 5 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum named in said amendment, insert: "$973,681,000".

Mr. STENNIS. Mr. President, I move that the Senate concur in the amendments of the House to the amendments of the Senate numbered 1 and 5.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STENNIS. Mr. President, I want

to again especially thank our staff members Mr. Proctor Jones, Mr. David Gwaltney, and Mrs. Gloria Butland who were of such valuable assistance to us in the preparation of the bill, the hearings, and everything else.

I again thank the Senator from Nevada who has always been such a valuable member of our subcommittee, and was this time, of course.

I want to also mention the Senator from Oregon, who is the ranking minority member of the subcommittee; and the ranking minority member of the full committee, the Senator from North Dakota, as usual, was a great help to us.

Mr. President, I yield the floor.

ENERGY REORGANIZATION ACT OF 1974

The Senate resumed the consideration of the bill (S. 2744) to reorganize and consolidate certain functions of the Federal Government in a new Energy Research and Development Administration and in a Nuclear Energy Commission in order to promote more efficient management of such functions.

Mr. MANSFIELD. Mr. President, what is the pending business?

The PRESIDING OFFICER. The pending business is S. 2744 and there was a unanimous-consent order that the Senator from Washington (Mr. JACKSON) be recognized to bring up this amendment.

Mr. MANSFIELD. Mr. President, with that understanding, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. JACKSON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator is recognized for the purposes of the amendment.

Mr. JACKSON. Mr. President, I call up my amendment.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

On page 91, after line 15, insert the following new title:

"TITLE V—NON-NUCLEAR RESEARCH AND DEVELOPMENT

"SHORT TITLE

"SEC. 501. This title may be cited as "The Non-nuclear Energy Research and Development Policy Act'.

"STATEMENT OF FINDINGS

"SEC. 502. The Congress hereby finds that—

"(a) The United States is currently suffering a critical shortage of environmentally acceptable forms of energy.

"(b) Compounding this energy shortage is our past and present failure to formulate a comprehensive and aggressive research and development strategy designed to make available to American consumers our large domestic energy reserves including fossil fuels, geothermal resources, solar energy, and other unconventional forms of energy. This failure is partially a result of economic factors which have inhibited the timely development of new energy technologies.

"(c) The responsibilities of the Federal Government for conducting and assisting energy research, development, and demonstration projects are fragmented among many agencies and departments and have not been planned and managed in a rational and coordinated manner.

"(d) Present inadequate organizational arrangements and levels of funding for energy research, development, and demonstration have limited the Nation's current and future options for dealing with domestic energy shortages.

"(e) The urgency of the Nation's critical energy problems will require a commitment similar to those undertaken in the Manhattan and Apollo projects; it will require that the Nation undertake, at a minimum, a ten-year $20,000,000,000 research, development, and demonstration program,

"STATEMENT OF POLICY

"SEC. 503. The Congress declares as the purpose of this Act the development within ten years of the option and the capability for the United States to become energy self-sufficient through the use of domestic energy resources by socially and environmentally acceptable means. In the achievement of this national goal, it is hereby declared to be the policy of the Congress to establish and maintain a national program of basic and applied research and development in the discovery, production, transportation, distribution, and conversion of energy resources and fuels adequate to meet the following objectives—

"(a) encourage the conservation of limited energy resources and maximize the efficient development, production, conversion, and use of nonrenewable and limited primary energy resources;

"(b) insure adequate, reliable, economical, and environmentally acceptable energy supply systems necessary to support the goals and essential needs of modern society including the established social objectives of Federal, State, and local government;

"(c) to foster the expeditious transfer of the results of research on new energy technologies into the commercial application by the private sector through Federal assistance and participation in the demonstration and improvement of energy technologies to determine the engineering and economic feasibility, including the societal, economic, and environmental costs and benefits of said energy technologies;

"(d) to develop an aggressive research strategy and priorities for solutions to the short-term (to the early 1980's) energy supply system and associated environmental problems;

"(e) to develop an aggressive Federal research strategy and priorities including the information base, to support the development of the widest possible range of energy supply system options for the utilization of domestic energy resources to satisfy middle-term (the early 1980's to 2000) and long-term (twenty-first century) United States energy needs consistent with environmental policies;

"(f) establish within the Federal Government a central responsibility and institutional capability for maintaining continuing assessment and overview of the energy research, development, and conservation activities of the Federal Government, private industry, and nonprofit organizations pending the reorganization of the Federal energy agencies and activities to attain and support the objectives of this Act and a national energy policy; and

"(g) to provide for a program of exchange to include, but not be limited to, a coordinated effort for the exchange of energy and energy-related foreign technologies in the areas of magnetohydrodynamics, geothermal, and solar technologies.

"DUTIES

"SEC. 504. The Administrator, consistent with the other duties assigned to him by this Act, shall—

"(a) review the full range of Federal activities in and financial support for fuels and energy research and development, giving consideration to research and development being conducted by industry and other non-Federal entities, to determine the capability of ongoing research efforts to carry out the policies established by this Act and other relevant Federal policies, particularly the National Environmental Policy Act of 1969 (83 Stat. 852);

"(b) formulate a comprehensive energy research and development strategy for the Federal Government which will expeditiously advance the policies established by this Act, provide Congress in this proposed strategy with a range of funding options for its consideration within each of the potential energy sources and technologies included as priorities in section 506 (a), (b), and (c), and insure that full consideration and adequate support is given to:

"(1) ongoing efforts in energy research and development, including but not limited to, the research and development strategy for nuclear options;

"(2) improving the efficiency, conservation, economics, and environmental effects of the conventional sources of energy including discovery, production, conversion, transportation, use, and disposal of waste products;

"(3) advancing energy research, development, and demonstration of unconventional energy sources and technologies including but not limited to—solar energy, geothermal energy, magnetohydrodynamics, fuel cells, low head hydroelectric power, use of agricultural products and wastes as energy sources, tidal power, ocean current and thermal gradient power, wind power, in situ conversion of energy resources, cryogenic transmission of electric power, electrical energy storage methods, alternatives to internal combustion engines, solvent refined coal, utilization of waste products for fuels, direct conversion methods, utilization of hydrogen for fuel; and

"(4) improving management techniques and the effectiveness of management of existing energy systems through quality control; application of systems analysis, communications, and computer techniques; and public information to improve the reliability and efficiency of energy supplies and encourage the conservation of energy resources.

"(c) utilize the funds authorized by section 516 of this Act to advance the energy research and development strategies pursuant to this title by—

"(1) supplementing the ongoing energy research and development programs of the Federal Government; and

"(2) initiating and maintaining new energy research and development programs or activities utilizing the facilities, capabilities, expertise, and experience of Federal agencies, national laboratories, universities, nonprofit organizations, and industrial entities which are appropriate to each type of research and development.

"(d) in the exercise of its duties and responsibilities under this Act, establish procedures for periodic consultation with representatives of science, industry, environmental organizations, and such other groups who have special expertise in the areas of energy research, development, and technology.

"DEMONSTRATIONS

"SEC. 505. The Administrator is authorized and directed to—

"(a) identify opportunities to accelerate the commercial applications of new energy technologies by providing Federal assistance for or participation in pilot plants demonstrating technological advances and field demonstrations of new methods and procedures, and demonstrations of prototype commercial applications for the exploration, development, production, transportation, conversion, and utilization of energy resources; and "(b) conduct preliminary investigations and to explore potential cooperative agreements which may be entered into with non-Federal entities in order to develop recommendations for Federal participation or assistance in demonstrations of the technical feasibility and economic potential of energy technologies on a prototype or full-scale basis.

"RESEARCH PRIORITIES

"SEC. 506. Pursuant to the authority and directions of this Act, the Administrator shall transmit to the Congress—

"(a) Within six months from the date of enactment of this Act, his recommendations for an aggressive Federal research strategy and priorities designed to achieve solutions to immediate and short-term (to the early 1980's) energy supply system and associated environmental problems. Such recommendations shall include, but not be limited to, specific anticipated actions and proposals pursuant to sections 505 and 507 for the most effective approach, through Federal assistance—

"(1) to accelerate the commercial demonstration of technologies for producing a low-sulfur fuel suitable for boiler use;

"(2) to accelerate the commercial demonstration of technologies for producing substitutes for natural gas, including coal gasification: *Provided*, That the Administrator shall invite proposals from potential participants based upon Federal assistance and participation in the form of a joint Federal-industry corporation, and recommendations pursuant to this clause shall be accompanied by a report on the viability of using this form of Federal assistance or participation;

"(3) to accelerate the commercial demonstration of technologies for producing syncrude and liquid petroleum products from coal: *Provided*, That the Administrator shall invite proposals from potential participants based upon Federal assistance and participation through guaranteed prices or purchase of the products, and recommendations pursuant to this clause shall be accompanied by a report on the viability of using this form of Federal assistance or participation;

"(4) to accelerate the commercial demonstration of advanced power cycles for the generation of electricity from coal, including technologies which employ the production of low British thermal unit gas from coal;

"(5) to accelerate the commercial demonstration of geothermal energy technologies;

"(6) (A) to accelerate the commercial demonstration of the production of syncrude from oil shale, and (B) to assist the research and development of in situ methodologies for the production of syncrude from oil shale;

"(7) to demonstrate new and improved methods for the extraction of petroleum resources, including secondary and tertiary recovery of crude oil;

"(8) to demonstrate the economics and commercial viability of solar energy for residential and commercial energy supply applications;

"(9) to accelerate the commercial demonstration of environmental control systems including particulate and sulfur oxides emission control systems, necessary for the timely implementation of air pollution standards and water pollution standards established pursuant to Federal or State law;

"(10) to investigate the use of tidal power for supplying electrical energy; and

"(11) to demonstrate new and innovative energy conservation technologies.

"(b) Within one year from the date of enactment of this Act, the Administrator's recommendations for an aggressive Federal research strategy and priorities designed to achieve solutions to middle-term (the early 1980's to 2000) energy supply system and associated environmental problems. Such recommendations shall include, but not be limited to, specific anticipated actions and proposals for the most effective approach—

"(1) to improve the economics and cost-effectiveness of the technologies set forth in the research strategy recommended pursuant to subsection (a);

"(2) to advance improvements in the methods and technologies for the transportation and storage of electric energy;

"(3) to commercially demonstrate advanced power cycles for the generation of electricity which represent significant improvements in the efficiency of conversion of energy resources to electricity;

"(4) to commercially demonstrate hot dry rock geothermal energy technologies;

"(5) to commercially demonstrate advanced solar energy technologies;

"(6) to determine the economics and commercial viability of the use of hydrogen as a primary energy source;

"(7) to commercially demonstrate the use of fuel cells for central action electric power generation;

"(8) to determine the economics and commercial viability for producing synthetic energy supplies from agricultural products and wastes; and

"(9) to determine the economics and commercial viability of the production and use of methane gas as an energy source.

"(c) Within eighteen months from the date of enactment of this Act, the Administrator's recommendations for a Federal research strategy and priorities designed to achieve solutions to long-term (beyond 2000) energy supply systems and associated environmental problems. Such recommendations shall include, but not be limited to, specific anticipated actions and proposals—

"(1) to further improve the economics and cost-effectiveness of the technologies set forth in the research strategy recommended pursuant to subsections (a) and (b);

"(2) to commercially demonstrate nuclear fusion; and

"(3) to commercially advance the use of hydrogen as a primary energy source.

"FORMS OF FEDERAL ASSISTANCE

"SEC. 507. (a) In developing proposals pursuant to section 505, the Administrator shall consider various forms of Federal assistance and participation which may include but are not limited to—

"(1) joint Federal-industry corporations consistent with the provisions of section 508;

"(2) contractual arrangements with non-Federal participants including corporations, consortia, universities, governmental entities, and nonprofit institutions;

"(3) contracts for the construction and operation of federally owned facilities;

"(4) Federal purchases or guaranteed price of the products of demonstration plants or activities consistent with the provisions of section 509; and

"(5) Federal loans to non-Federal entities conducting demonstrations of new technologies.

"(b) (1) A financial award under this title may be made only in the amount of the Federal share of the estimated total design and construction costs, plus operation and maintenance costs; and

"(2) For the purposes of this title the non-Federal share may be in any form, including, but not limited to, lands or interests therein needed for the project or personal property or services, the value of which shall be determined by the Administrator.

"(c) The Administrator shall, within ninety days of enactment of this Act, promulgate regulations establishing procedures for submission of proposals for the purposes of this title. Such regulations shall establish a procedure for selection of proposals which—

"(A) provides that projects will be carried out under such conditions and varying circumstances as will assist in solving energy extraction, transportation, conversion, and end-use problems of various areas and regions, under representative geological, geographic, and environmental conditions; and

"(B) provides time schedules for submission of, and action on proposal requests for the purposes of implementing the goals and objectives of this Act.

Such regulations also shall specify the types and form of the information, data, and support documentation that are to be contained in proposals for each form of Federal assistance or participation set forth in subsection (a): *Provided*, That such proposals to the extent possible shall include, but not be limited to—

"(A) specification of technology;

"(B) description of prior pilot plant operating experience with the technology;

"(C) preliminary design of the demonstration plant;

"(D) time tables containing proposed construction and operation plans;

"(E) budget-type estimates of construction and operating costs;

"(F) description and proof of title to land for proposed site, natural resources, electricity and water supply and logistical information related to access to raw materials to construct and operate plant and to dispose of salable products produced from plant;

"(G) analysis of environmental impact of the proposed plant and plans for disposal of wastes resulting from the operation of the plant;

"(H) plans for commercial use of technology if demonstration is successful;

"(I) plans for continued use of plant if demonstration is successful; and

"(J) plans for dismantling of plant if demonstration is unsuccessful or otherwise abandoned.

"(d) The Administrator shall from time to time review and, as appropriate, modify and repromulgate regulations issued pursuant to this section.

"MODEL CORPORATION

"SEC. 508. Joint Federal-industry corporations proposed pursuant to section 507 shall conform to the following guidelines:

"(a) Each such corporation shall have the function to design, construct, operate, and maintain one or more full-scale, commercial-size facilities or other operations which will demonstrate the technical, environmental, and economic feasibility of a particular unconventional energy technology. In carrying out this function, the corporation shall be empowered, either directly or by contract, to utilize commercially available technologies, perform tests, or design, construct, and operate pilot plants as may be necessary for the design of the full-scale facility.

"(b) Each corporation shall have—

"(1) a Board of nine Directors consisting of individuals who are citizens of the United States, of whom one shall be elected annually by the Board to serve as Chairman. The Board shall be empowered to adopt and amend bylaws. Five members of the Board shall be appointed by the President of the United States, by and with the advice and consent of the Senate, and four members of the Board shall be appointed by the President on the basis of recommendation received by him from any non-Federal entity or entities entering into contractual arrangements to participate in the corporation;

"(2) a President and such other officers and employees as may be named and appointed by the Board (the rates of compensation of all officers and employees shall be fixed by the Board); and

"(3) the usual power conferred upon corporations by the District of Columbia Business Corporation Act.

"(c) An appropriate time interval, not to exceed twelve years, shall be established for the term of Federal participation in the corporation at the expiration of which the Board of Directors shall take such action as may be necessary to dissolve the corporation or otherwise terminate Federal participation and financial interests. In carrying out such dissolution, the Board of Directors shall dispose of all physical facilities of the corporation in such manner and subject to such terms and conditions as the Board determines are in the public interest, and a share of the appraised value of the corporate assets proportional to the Federal participation in the corporation, including the proceeds from the disposition of such facilities, on the date of its dissolution, after satisfaction of all its legal obligations, shall be made available to the United States and deposited in the Treasury of the United States as miscellaneous receipts. All patent rights of the corporation shall, on such date of dissolution, be vested in the Administrator of General Services: *Provided,* That Federal participation may be terminated prior to the time established in the authorizing Act upon recommendation of the Board of Directors.

"(d) Any commercially valuable product produced by demonstration facilities shall be disposed of in such manner and under such terms and conditions as the corporation shall prescribe. All revenues received by the corporation from the sale of such products shall be available to the corporation for use by it in defraying expenses incurred in connection with carrying out its functions under this title.

"(e) The estimated Federal share of the construction, operation, and maintenance cost over the life of each corporation shall be determined to facilitate the congressional authorization of the full amount at the time of establishment of the corporation.

"(f) The Federal share of the cost of each such corporation shall reflect (1) the technical and economic risk of the venture, (2) the probability of any financial return to the non-Federal participants arising from the venture, (3) the financial capability of the potential non-Federal participants, and (4) such other factors as the Chairman may set forth in proposing the corporation: *Provided,* That in no instance shall the Federal share exceed 90 per centum of the cost.

"SUPPORT THROUGH PRICE GUARANTEES

"SEC. 509. Competitive systems of price supports proposed pursuant to section 507 shall conform to the following guidelines:

"(a) The Administrator shall determine the types and capacities of the desired full scale, commercial size facility or other operation which would demonstrate the technical, environmental, and economic feasibilty of a particular energy.

"(b) The Administrator may award planning grants for the purpose of financing a study of the full cycle economic and environmental costs associated with the demonstration facility selected pursuant to subsection (a) of this section. Such planning grants may be awarded to industrial entities, Federal agencies, national laboratories, universities, or nonprofit organizations. Such planning grants shall also be used by the grantee to prepare a detailed and comprehensive bid to construct the demonstration facility.

"(c) following the completion of the studies pursuant to the planning grants awarded under subsection (b) of this section, the Administrator shall invite bids from all interested parties to determine the minimum amount of Federal price support needed to construct the demonstration facility. The Administrator may designate one or more competing entities each to construct one commercial demonstration facility. Such designation shall be made on the basis of those entities (1) commitment to construct the demonstration facility at the minimum level of Federal price supports, (2) detailed plan of environmental protection, and (3) proposed design and operation of the demonstration facility.

"(d) The construction plans and actual construction of the demonstration facility, together with all related facilities, shall be monitored by the Administrator of the Environmental Protection Agency. The Administrator of the Environmental Protection Agency is authorized and directed to require the application of the best available pollution control technologies as determined pursuant to the Clean Air Act, as amended (42 U.S.C. 1857 et seq.), and the Federal Water Pollution Control Act, as amended (33 U.S.C. 1151 et seq.) on all demonstration facilities constructed pursuant to this section. If such additional environmental requirements are imposed after the designation of the successful bidders and if such additional environmental requirements result in additional costs, the Administrator is authorized to renegotiate the support price to cover such added costs.

"(e) The estimated amount of the Federal price supports of the demonstration facilities' product over the life of such facilities shall be determined by the Administrator to facilitate the congressional authorization of the full amount of such support amounts at the time of the designation of the successful bidders.

"(f) There shall be established in the Treasury of the United States a Competitive Research and Development Price Support Fund which shall be available to the Administrator for carrying out the price-support program authorized by this Act, including the payment of administrative expenses incurred in connection therewith.

"CONGRESSIONAL APPROVAL

"SEC. 510. (a) For each proposal which is considered pursuant to section 505, and in which the potential Federal investment is estimated to exceed $25,000,000 the Administrator shall prepare and transmit to the Congress a report setting forth the following:

"(1) the anticipated, research, development, and application objectives to be achieved by the activities or facilities proposed;

"(2) the economic, environmental, and societal significance which a successful demonstration may have for the national fuels and energy systems;

"(3) the relationship of the proposal to the criteria of priority set forth in section 511;

"(4) the availability of non-Federal participants to construct and operate the facilities or perform the activities associated with the proposal and to contribute to the financing of the proposal;

"(5) the total estimated cost and the probable time schedule;

"(6) the proposed participants and the proposed financial contributions of the Federal Government and of the non-Federal participants; and

"(7) the proposed cooperative arrangements, among the participants, and form of management of the activities.

"(b) If the total estimated amount of the Federal contribution to the proposal does not exceed $50,000,000 the Administrator is authorized to proceed with the negotiation of agreements and implementation of the proposal as set forth in the report subject to the availability of funds under the authorization of appropriations granted in section 516 of this Act: *Provided,* That if said Federal contribution exceeds $10,000,000 no funds may be expended for any proposal under the authority granted by this subsection prior to sixty calendar days (which sixty days, however, shall not include days on which either House of Congress is not in session because of an adjournment of more than three calendar days to a day certain) from the date on which the Administrator's report is received by the Congress.

"(c) Proposals for which the total estimated amount of the Federal contribution exceeds $50,000,000 shall be implemented by the Administrator only if the implementation and the necessary appropriations are specifically authorized by the Congress in subsequent legislation: *Provided, however,* That such proposal shall recommend whether an authorization is being sought for the total estimated amount of the Federal contribution in block or on an annual basis.

"DETERMINATION OF NEED FOR FEDERAL PARTICIPATION IN RESEARCH AND DEVELOPMENT

"SEC. 511. In evaluating proposed opportunities for particular research and development undertakings pursuant to this Act, the Administrator shall assign priority to those undertakings in which—

"(1) the urgency of public need for the potential results of the research, development, or demonstration effort is high, and it is unlikely that similar results would be achieved in a timely manner in the absence of Federal assistance;

"(2) the potential opportunities for non-Federal interests to recapture the investment in the undertaking through the normal commercial exploitation of proprietary knowledge appear inadequate to encourage timely results;

"(3) the extent of the problems treated and the objectives sought by the undertaking are national or widespread in their significance;

"(4) there are limited opportunities for regulatory actions and incentives other than direct Federal financial assistance, including, but not limited to, end-use controls, tax and price incentives, and public education, to induce non-Federal support of the undertaking;

"(5) the degree of risk of loss of investment inherent in the research is high, and the availability of risk capital to the non-Federal entities which might otherwise engage in the field of the research is inadequate for the timely development of the technology; or

"(6) the magnitude of the investment appears to exceed the financial capabilities of potential non-Federal participants in the research to support effective efforts.

"PATENT POLICY

"SEC. 512. Not later than six months after the effective date of this Act, the Administrator shall report to the President and the Congress concerning the applicability of existing patent policies affecting his programs and shall make recommendations concerning amendments or additions to statutory patent policy which he deems advisable for carrying out the purposes of this title.

"RELATIONSHIP TO ANTITRUST LAWS

"SEC. 513. (a) Nothing in this Act shall be deemed to convey to any individual, corporation, or other business organization immunity from civil or criminal liability, or to create defenses to actions, under the antitrust laws.

"(b) As used in this section, the term 'antitrust laws' means—

"(1) the Act entitled 'An Act to protect trade and commerce against unlawful restraints and monopolies', approved July 2, 1890 (15 U.S.C. 1 et seq.), as amended;

"(2) the Act entitled 'An Act to supplement existing laws against unlawful restraints and monopolies, and for other purposes', approved October 15, 1914 (15 U.S.C. 12 et seq.), as amended;

"(3) the Federal Trade Commission Act (15 U.S.C. 41 et seq.), as amended;

"(4) sections 73 and 74 of the Act entitled 'An Act to reduce taxation, to provide revenue for the Government, and for other purposes', approved August 27, 1894 (15 U.S.C. 8 and 9), as amended; and

"(5) the Act of June 19, 1936, chapter 592 (15 U.S.C. 41 et seq.), as amended;

"ENVIRONMENTAL EVALUATION

"SEC. 514. (a) The Council on Environmental Quality established under the provisions of the National Environmental Policy Act (83 Stat. 852) is authorized and directed to carry out a continuing analysis of the conduct of research and development of energy technologies to evaluate—

"(1) the adequacy of attention to energy conservation methods,

"(2) the adequacy of attention to the probable environmental effects of the application of technology, and

"(3) the adequacy of attention to environmental protection in connection with energy processes.

"(b) The Council on Environmental Quality, in carrying out the provisions of this section, may employ consultants or contractors and may by fund transfer employ the services of other Federal agencies for the conduct of studies and investigations.

"(c) The Council on Environmental Quality shall hold annual public hearings on the conduct of energy research and development and the probable environmental consequences of trends in the application of energy technology, and the transcript of the hearings shall be published and made available to the public.

"(d) The Council on Environmental Quality shall make such reports to the President, the Administrator, and the Congress as it deems appropriate concerning the conduct of energy research and development, and the President as a part of the annual Environmental Policy Report required by section 201 of the National Environmental Policy Act (83 Stat. 854) shall set forth the findings of the Council on Environmental Quality concerning the conduct of energy research and development and the probable environmental consequences of trends in the application of energy technology.

"ACQUISITION OF ESSENTIAL MATERIALS

"Sec. 515. To achieve the purposes of this Act, the President is authorized to take such action as may be necessary to obtain or allocate materials which are or may be in critical supply and which are essential to the expeditious progress of energy research and development efforts.

"APPROPRIATIONS

"Sec. 516. (a) There are authorized to be appropriated to the Administrator to remain available until expended not to exceed $1,300,000,000 for the fiscal year ending June 30, 1976, and such amounts as may be authorized by annual authorization Acts in subsequent fiscal years to carry out the provisions of this title: *Provided*, That 1 per centum of such amounts as may be appropriated in each fiscal year under the authority of this subsection shall be made available by fund transfer to the Council on Environmental Quality for the purposes authorized and directed by section 514.

"(b) Notwithstanding subsection (a) of this section, a separate authorization and appropriation shall be made to the Administrator for any demonstration project entailing an estimated cost in excess of $50 million.

"(c) The Administrator, in conjunction with his recommendations for annual appropriations pursuant to subsection (a) of this section, shall report to the Congress on the activities of the previous calendar year, the expenditure of funds, the new projects initiated, the projects which have been terminated, and any new contractual arrangements entered into, and the progress which has been made during that year toward attaining the capability of domestic energy self-sufficiency for the United States within ten years of the date of enactment of this Act. In each instance where delays in scheduled accompishments are reported, the reasons for the delays shall be set forth along with recommendations for actions, including specific estimates of additional funding, or requirements for new legislative authority which would assist in regaining the schedule."

The PRESIDING OFFICER. The Senator from Washington.

Mr. JACKSON. Mr. President, I ask unanimous consent that the following Senators be added as additional cosponsors:

COSPONSORS OF AMENDMENT No. 1785

Senator Eastland, Senator McGee, Senator Williams, Senator Johnston, Senator McGovern, Senator Case, Senator Taft, Senator Hatfield, Senator Ribicoff, Senator Percy, Senator Robert C. Byrd, Senator Hansen, Senator Fannin, Senator Magnuson, Senator Pell, Senator Metcalf, Senator Nelson, Senator Bayh.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JACKSON. Mr. President, the amendment to the pending bill in the form of a new title V would provide a policy for nonnuclear research and development which would be administered by the Energy Research and Development Administration established in S. 2744.

In December of 1973, the Senate unanimously—by a rollcall vote of 82 to 0—approved S. 1283, the National Energy Research and Development Policy Act. It was the intent of that measure to set forth a Congressional policy for a comprehensive Federal nonnuclear energy research and development effort. This would encompass a 10-year effort with a minimum aggregate Federal investment of $20 billion over the decade, for research, development, and demonstration of new energy technologies. The target as a minimum is roughly $2 billion a year.

The amendment describes the work to be done, establishes budgetary targets, grants appropriate authorities for new forms of Federal participation in demonstration projects, and provides for adequate reporting to the Congress on the strategies to be pursued and the progress of the programs.

During the consideration of the pending ERDA bill by the Committee on Government Operations, many of my colleagues, on the committee and off, and many other people have expressed concern about the lack of such specific directions in the measure. The new ERDA will, of course, inherit an extensive body of policy concerning its nuclear R. & D. responsibilities.

Mr. RIBICOFF. Will the Senator yield at this point?

Mr. JACKSON. I yield.

Mr. RIBICOFF. The distinguished Senator from South Dakota is deeply concerned with what he sees as the direction of nuclear energy. He is presently on the floor. As I understand the amendment of the distinguished Senator from Washington, it provides essential balance for ERDA by setting forth a nonnuclear research and development policy which complements the nuclear R. & D. policy already set forth in the Atomic Energy Act.

I was wondering, because of the deep concern of the Senator from South Dakota, (Mr. Abourezk) whether he might not want to ask some questions of the senior Senator from Washington at this point.

Mr. JACKSON. My statement is not too long. I will be glad to yield to the Senator from South Dakota on the point I think he is making after I complete my statement.

Mr. RIBICOFF. I think it is most pertinent because the distinguished Senator from South Dakota is deeply concerned with what he believes is an overbalance toward nuclear, and the committee was very careful to put it in balance. But if the Jackson amendment is adopted, and I am a cosponsor, the Jackson amendment really provides essential balance because it puts a $20 billion program, am I correct, in nonnuclear?

Mr. JACKSON. The Senator is correct.

Mr. RIBICOFF. That is why I would hope that somewhere in this discussion the concerns of the Senator from South Dakota might be allayed if he had a colloquy with the Senator from Washington.

Mr. JACKSON. I will be happy to and I will yield for that purpose when I complete my statement.

The Atomic Energy Act and all of its amendments and interpretations will be applicable; however, nonnuclear energy R. & D. has only recently begun to be a major Federal concern. It is not clear what programs ERDA will initiate in nonnuclear research or how its priorities will be set.

I have assured many of those expressing such concerns—and this is the point that I want to make to the Senator from South Dakota—that enactment of my amendment, which reflects S. 1283, along with the enactment of an ERDA bill would resolve these doubts. This legislation would provide congressional guidance for nonnuclear research to complement and balance the Atomic Energy Act. It would provide benchmarks against which nonnuclear programs and priorities could be measured in annual appropriations review and in legislative oversight actions.

Unfortunately, neither S. 1283 as passed by the Senate nor an appropriate companion bill has yet been passed in the House. Jurisdictional disagreements have made it uncertain if action will be taken this year.

I might add, that I understand a rule has been granted in the House and hopefully the House will act on it next week. However, we still do not know what will finally happen and that is why this amendment is being offered.

Without adoption of a policy such as that contained in my amendment I would share the concern of many of my colleagues that the ERDA legislation will be deficient. We will have established a one-sided agency—heavily oriented toward its nuclear responsibilities. The principal foundation of ERDA would be the Atomic Energy Commission's research establishment, and the instructions guiding its activities would be very detailed in regard to nuclear programs and only cursory regarding all of the other energy technologies—fossil fuels, solar, geothermal, conservation, et cetera.

This would be a clear invitation to overemphasize the nuclear option, while other technologies fell victim to budgetary constraints and the whims of administrators. The amendment I am offering would correct this imbalance.

The amendment reflects the text of S. 1283, which has passed the Senate. To simplify consideration, only the most important provisions are included.

The amendment is cast in the form of an additional title, title V, to the bill. It includes a statement of congressional findings identical to that of S. 1283. In place of the interagency "management project" which would have been established by S. 1283 as an interim organizational arrangement, the amendment assigns the responsibility for nonnuclear energy to the Administrator of ERDA. It requires the Administrator to review the full range of Federal activities concerning fuels and energy research and to formulate a comprehensive energy research and development strategy. The objectives of the strategy are set forth and particularly stress improvements in efficiency, conservation, and environmental impacts of conventional energy sources, advancements in the widest range of unconventional technologies, and improvement in management techniques and energy systems.

Section 506 of the amendment specifically requires the Administrator to transmit to the Congress, by dates certain, his recommendations for comprehensive research strategies which are responsive to: First, immediate and short-term energy problems—to the early 1980's; second, middle-term—1980 to 2000—energy problems; and third, long-term—beyond 2000—problems. Within each of these strategies the amendment sets forth specific directions concerning technologies and activities which must be considered.

Section 507 of the amendment describes several approaches to Federal assistance and participation in large-scale demonstrations of new energy technologies. This section, and subsequent sections, carefully set forth congressional policy regarding the authorities granted to the Administrator to enter into cooperative arrangements with non-Federal participants. The amendment would not predetermine the approach selected by the Administrator concerning any particular technology or proposal. Rather, it would greatly extend the range of options which are available under existing authorities for Federal assistance to research and development and it would leave the selection in each case to the Administrator. It would, however, require that each approach be carried out in accordance with congressional policies established in the act. The amendment would further require that for each proposed demonstration in which the Federal investment exceeds $25 million, a descriptive report would be transmitted to Congress. No further congressional approval would be required unless the amount of Federal contribution exceeds $50 million. The amendment would require specific congressional authorization for the Administrator to enter into arrangements with non-Federal authorities in which the Federal involvement exceeded $50 million.

Section 511 of the amendment sets forth general guidelines which should be considered in assigning priorities among competing undertakings.

No new patent policy is included in the amendment. The patent provisions of S. 1283 have proven to be a matter of some controversy in both Houses. Because the proposed ERDA would acquire a body of patent policy from agencies and programs transferred into it, it is not necessary for Congress to establish a new patent policy at the outset.

Section 512 of the amendment would require the Administrator to make his recommendations to Congress within 6 months concerning the appropriate revisions in patent policy which would be necessary to carry out the provisions of the bill. These recommendations can then be considered by the appropriate committees of Congress based upon specific experience and analysis of the problems at hand.

Section 513 of the amendment specifically maintains the applicability of existing antitrust law to arrangements carried out under the provisions of this act.

Section 514 provides that 1 percent of all funds appropriated in each fiscal year to carry out nonnuclear research and development would be made available, by transfer, to the Council on Environmental Quality to assist those agencies charged with environmental evaluation of energy technologies. This provision will insure that massive increases in energy research activity will not permit technical programs to outrun the capabilities of environmental guardians which must maintain surveillance over developments.

Section 515 provides authority for the President to take action to insure the availability of materials in critical supply which may be required to carry out energy research and development.

Section 516 establishes a level of appropriations for the work required by the amendment for fiscal year 1976 and provides for annual authorization acts to continue the work in subsequent fiscal years. It also provides for specific reporting on R. & D. progress. Actual achievements are to be measured against projected goals. Annual status reports will be made in conjunction with each annual appropriation request.

Mr. President, I urge the Senate to adopt this amendment, which, as I stated, was approved last December by a roll call vote of 82 to 0 in the form of Senate bill 1283. I did not offer it in committee because I then hoped that the separate measure, S. 1283, which already had been carefully prepared in the Interior Committee and unanimously approved by the Senate, would become law.

I now believe that this action is essential to the success of the ERDA concept and the Federal energy R. & D. effort.

Mr. President, I ask for the yeas and nays on the pending amendment.

The yeas and nays were ordered.

Mr. JACKSON. Mr. President, I yield to the Senator from Illinois.

Mr. PERCY. Mr. President, originally I had objection to the organizational portions of S. 1283 and opposed on the floor of the Senate that organizational approach because of its conflict with ERDA.

In the revision and in the pending amendment—which, instead of opposing, I am very pleased to cosponsor—the objections that the Senator from Illinois had earlier have been removed; and I feel that the ERDA organizational approach is now consistent with the pending Jackson amendment.

The amendment, which would add a new title V to the bill, entitled the Nonnuclear Energy Research and Development Policy Act, comprised the bulk of the earlier bill of the distinguished Senator from Washington, S. 1283. I feel that it is appropriate to add it as a new section to the pending bill, and I am pleased to support it and to cosponsor it.

I thank the distinguished Senator for yielding.

Mr. JACKSON. I thank the distinguished Senator from Illinois.

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield?

Mr. JACKSON. I yield.

CONSUMER PROTECTION AGENCY—AGENCY FOR CONSUMER ADVOCACY — UNANIMOUS-CONSENT AGREEMENT

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that it may be in order at this time to make a request concerning a vote on cloture which will occur on Tuesday next.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the 1 hour on the motion to invoke cloture on the consumer protection bill, a motion to be filed tomorow, begin running at 1:15 p.m. on Tuesday next.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

ENERGY REORGANIZATION ACT OF 1974

The Senate continued with the consideration of the bill (S. 2744) to reorganize and consolidate certain functions of the Federal Government in a new Energy Research and Development Administration and in a Nuclear Energy Commission in order to promote more efficient management of such functions.

Mr. DOLE. Mr. President, will the Senator yield?

Mr. JACKSON. I yield.

Mr. DOLE. I thank the distinguished Senator from Washington for yielding.

I want to point out something that is in this amendment because of the Senator from Washington and because of the Senator from Kansas and a number of others who are concerned about it. That is the use of agricultural products and organic wastes as energy sources. This provision is covered on page 6, lines 12 and 13.

Mr. JACKSON. The Senator is correct.

Mr. DOLE. The provision mandates research on using wheat and grain alcohol and on converting farm and urban organic wastes for energy purposes. Both of these research programs are very important to Kansas as well as to other States.

The production of wheat and other grains is one of the most bountiful aspects of our national wealth. Industry representatives are already forecasting that the current tight supply of grain is passing and that vast surpluses may again be produced in the near future. In the past, these surpluses have given rise to government programs that create disincentives for production, but which insure that our agriculture industry remains stable, healthy, and ready to meet future demand for agriculture products. These Government programs have proven expensive, however, and when added to the storage costs for grain surpluses, they become a substantial burden on the taxpayer.

It just does not make sense to put this financial load on the taxpayer when future surpluses could be used for the production of fuel that is in such great demand. It simply is not fair to the farmer to limit his production and profits when American agriculture has proven itself to be one of the most efficient industries in this country.

If we can use the grain our farmers produce to meet the fuel crisis that threatens the American economy, we should do so and not depend on Government programs or disincentives. We must continue to keep our farmers planting from fence to fence. We must utilize the products we as a nation produce most efficiently to meet as many of our needs as possible. For this reason, I have strongly urged and will continue to support research to discover improved methods for production of grain alcohol, which can serve as a substantial fuel increase from our great production of wheat and our many feed grains. The result of such a program would be not only expanded domestic fuel supplies, but also an additional outlet for grain surpluses and an expanded and reliable market for farm products.

As research by the Department of Agriculture has shown, technology currently exists to produce grain alcohol. A program is needed to develop production techniques, further evaluate the use of alcohol-gasoline fuel blends, and study the marketing potential for grain alcohol fuels. The Department of Agriculture already has facilities to carry out part of the development program. The grain marketing research lab at Manhattan, Kans., has been virtually unused up to this point, yet should provide a vital service in this program. By using Department of Agriculture facilities already established, the cost of this program may be substantially reduced.

Other important aspects of gasoline blended with alcohol are increased fuel savings and the reduction of pollution. Research has shown that alcohol can be used to replace tetraethyl lead in automobile fuel. This replacement would facilitate the production of engines with higher compression ratios than is possible with nonleaded gasoline. Higher compression ratios in internal combustion engines result in greater efficiency and greater fuel savings. By replacing tetraethyl lead in gasoline, a major source of pollution is removed from cars built before pollution controls were instituted.

Thus, a program to research and develop grain alcohol could lead to a better utilization of our natural resources, an expansion of our domestic fuel supplies, prevention of potentially expensive grain surpluses, and a more predictable and steady market for farm products.

A development program for feedlot and other agricultural wastes also has great potential. Professors at Kansas State University have provided me with a wealth of information on research they have done on converting feedlot wastes into methane and other usable fuels. Their efforts have advanced to the point where outside financial assistance is necessary to continue development and to construct and expand pilot projects.

It is ironic that right now livestock feeders are trying to cope with EPA rules which require expensive measures to contain feedlot discharge. Instead of saddling feedlot operators with this expense, my proposal could lead to a commercial outlet to feedlot discharge and expand our domestic fuel supply at the same time.

This program would include the coordination of private efforts such as those by Kansas State University, and previous Government research by the National Science Foundation, the Atomic Energy Commission, the Departments of Agriculture and Interior and the Environmental Protection Agency.

In view of the large number and rapid expansion of feedlots in the State of Kansas alone, this source of fuel should be equivalent to many thousands of barrels of oil per day. The program at Kansas State University has shown that 1,000 tons of manure per day, normal for 200,000 head of cattle, can be used to produce about 11 million standard cubic feet of gas at competitive prices on today's market. The population of cattle in feedlots in Kansas alone is over 1.2 million and growing.

In view of the general references to my proposals in the bill and in the committee report, I want to stress in the strongest terms possible what I view to be the potential importance of the production of grain alcohol for blending with gasoline and the conversion of organic feedlot wastes into fuel.

I hope this amendment will not be dropped in the conference committee. The energy potential from grain alcohol and from organic farm wastes is of great importance to Kansas and to the Nation.

Mr. JACKSON. Mr. President, the Senator voted for a similar bill, and it passed on a rollcall vote of 82 to 0, in December 1973.

Mr. RANDOLPH. Mr. President, at this time, it is generally recognized that the U.S. energy policy should be geared to self-sufficiency. Thus it is most timely that the Senate should consider legislation to create an Energy Research and Development Administration.

However, this new agency also must be provided with specific energy research and development goals and objectives. This is the purpose of Amendment No. 1785 to S. 2744, the Energy Reorganization Act of 1974, which has been offered by the distinguished chairman of the Senate's National Fuels and Energy Policy Study, Senator JACKSON, which I am pleased to cosponsor.

In the past, Mr. President, our national nonnuclear energy research and development posture has left much to be desired. There have been unacceptable delays and even failures in the development of energy technologies and this situation must be corrected.

Whatever the cause for these unexpectedly slow developments, the fact is that we now need increased and more fruitful efforts. In stepping up the pace and the effectiveness of our national research and development on energy-related technologies, we cannot escape the collective guilt for failing to give full national attention over many years to the formulation of a national energy research and development policy.

Present disagreement between Congress and the administration on energy research however, now centers on whether the United States should spend $10 billion in 5 years or $20 billion in 10 years on the commercial demonstration of new energy technologies.

With establishment of the Energy Research and Development Administration, by enactment of the Energy Reorganization Act of 1974, the Federal Government is moving toward creation of a results oriented institution capable of efficiently directing these funds where they will be most beneficial for the long-term national interest.

The utility industry has created the Electric Power Research Institute. There now remains the task of resolving the respective roles of such private sector activities in a more centralized national program.

In the process, system analysis—the discipline that made space flight and nuclear power development possible—must share a vital role in shaping future energy research programs. This capability must be strengthened in our national energy research institutions if we are to assure the smooth and orderly development of those new energy technologies that will be needed to achieve our national quest for energy self-sufficiency as well as to achieve a resolution of the present apparent conflict between energy technologies and long-term environmental goals.

DOMESTIC ENERGY RESOURCES

In a period of rising energy consumption, it is not enough, however, to simply look to new sources of energy. Attention also must be devoted to their viability and cost-effectiveness over the long term.

Faced with dwindling oil and gas reserves and greatly increased costs for their exploration and development, synthetic and substitute fuels must begin to assume a greater proportion of our national energy burden in the very near future.

In the year 2000, three-fourths or more of our national energy consumption still will come from fossil fuels, despite the significant contribution rendered by nuclear electric power. Using present practices we cannot expect to supply such needs by conventional uses of fuels without severe economic and environmental costs, massive energy shortages, strategically harmful policy alternatives, or combinations of all of these difficulties. For our most abundant domestic energy resource is coal.

We are all familiar with the statistic that the United States has only about 5 percent of the world's crude oil reserves, while the Middle East controls a large 67 percent. However, America has 4 times more energy available in coal than the Middle East has in oil.

In fact, the United States has underground one-half of the world's known coal reserves. This is enough coal to satisfy our energy needs for about 500 years.

The United States estimated recoverable reserves of oil and gas are finite by comparison. The U.S. Geological Survey estimates that remaining domestic oil reserves are adequate to meet our needs for only 26 to 45 years.

Even lower estimates by Dr. M. King Hubbert in a report of the Senate's National Fuels and Energy Policy Study suggest that at current rates of consumption, remaining domestic oil reserves are adequate for only 10 to 18 years more. In Dr. Hubbert's opinion, the year 1970 may well prove to be the most fateful year in the complete cycle of petroleum production in the United States—the dreaded year which marks the beginning of the period in which domestic crude oil production cannot be depended on to increase at a rate of 5 to 10 percent per year. This will be followed by an era during which the rate of production may be expected to decline at some comparable rate.

Even if we assume the middle range of these estimates for domestic oil reserves—18 to 26 years—the implications are particularly significant for such activities as: the formulation of a national energy policy; the achievement of energy self-sufficiency; the development of new or alternative energy supplies; and the need for changes in energy-related tax and import policies.

The implications are even greater for the scheduling of research and development policies on new energy technologies. Should these estimates of oil reserves prove true, we will need considerable flexibility among the available alternatives if energy self-sufficiency is to be even partially achieved.

The greater the number of energy methodologies or technologies available, the greater the options we will have for inclusion in the formulation of our national energy policies.

ENERGY RESEARCH PRIORITIES

Last December, the Senate passed S. 1283, the National Energy Research and Development Policy Act of 1973. This measure set out as a national energy goal "the development within 10 years of the option and capability for the United States to become energy self-sufficient through the use of domestic energy resources by environmentally acceptable means."

Achievement of this capability will require reliance on a strong nuclear electric power industry. This facet of the Federal program has been recognized by the Congress for over 10 years. In fact, it serves as the basis of the research and development programs of the Atomic Energy Commission that are now being assumed by the Energy Research and Development Administration.

For over 20 years the Federal Government has subsidized nuclear power developed on the premise of abundant electric energy. This same concept now must be applied generally to energy development, to environmentally acceptable domestic energy resources.

The U.S. long-term energy needs are not restricted to electric power. In the future, electricity will, at best, represent 50 percent of our total energy consumption. Even under optimum conditions, nuclear energy will only satisfy one-half of our electric power needs—or one-quarter of our total energy consumption. The other three-quarters of our energy consumption thus must be satisfied by fossil fuels and, in the long term, unconventional energy supplies.

For this reason our national energy research and development strategy must emphasize not just the commercial demonstration of new energy technologies; this will not be enough. The Federal strategy also must be keyed to satisfying energy deficits.

The extent of our present energy shortages can be attributed, in part, to a failure to implement such a strategy designed to fill shortfalls in energy supplies from domestic sources.

Such a national energy research policy—responsive to this challenge—is contained in S. 1283, the Energy Research and Development Policy Act of 1973, as passed by the Senate last December. A modified version of that energy research strategy for the development and commercial demonstration of new energy technologies is contained in Amendment No. 1785 to S. 274 as offered by Senator Jackson. I ask unanimous consent that section 506, which sets forth these research priorities, appear in the Record at this point.

There being no objection, the material was ordered to be printed in the Record, as follow:

"RESEARCH PRIORITIES

"Sec. 506. Pursuant to the authority and directions of this Act, the Administrator shall transmit to the Congress—

"(a) Within six months from the date of enactment of this Act, his recommendations for an aggressive Federal research strategy and priorities designed to achieve solutions to immediate and short-term (to the early 1980's) energy supply system and associated environmental problems. Such recommendations shall include, but not be limited to, specific anticipated actions and proposals pursuant to sections 505 and 507 for the most effective approach, through Federal assistance—

"(1) to accelerate the commercial demonstration of technologies for producing a low-sulfur fuel suitable for boiler use;

"(2) to accelerate the commercial demonstration of technologies for producing substitutes for natural gas, including coal gasification: *Provided*, That the Administrator shall invite proposals from potential participants based upon Federal assistance and participation in the form of a joint Federal-industry corporation, and recommendations pursuant to this clause shall be accompanied by a report on the viability of using this form of Federal assistance or participation;

"(3) to accelerate the commercial demonstration of technologies for producing syncrude and liquid petroleum products from coal: *Provided*, That the Administrator shall invite proposals from potential participants based upon Federal assistance and participation through guaranteed prices or purchase of the products, and recommendations pursuant to this clause shall be accompanied by a report on the viability of using this form of Federal assistance or participation;

"(4) to accelerate the commercial demonstration of advanced power cycles for the generation of electricity from coal, including technologies which employ the production of low British thermal unit gas from coal;

"(5) to accelerate the commercial demonstration of geothermal energy technologies;

"(6) (A) to accelerate the commercial demonstration of the production of syncrude from oil shale, and (B) to assist the research and development of in situ methodologies for the production of syncrude from oil shale;

"(7) to demonstrate new and improved methods for the extraction of petroleum resources, including secondary and tertiary recovery of crude oil;

"(8) to demonstrate the economics and commercial viability of solar energy for residential and commercial energy supply applications;

"(9) to accelerate the commercial demonstration of environmental control systems including particulate and sulfur oxides emission control systems, necessary for the timely implementation of air pollution standards and water pollution standards established pursuant to Federal or State law;

"(10) to investigate the use of tidal power for supplying electrical energy; and

"(11) to demonstrate new and innovative energy technologies.

"(b) Within one year from the date of enactment of this Act, the Administrator's recommendations for an aggressive Federal research strategy and priorities designed to achieve solutions to middle-term (the early 1980's to 2000) energy supply system and associated environmental problems. Such recommendations shall include, but not be limited to, specific anticipated actions and proposals for the most effective approach—

"(1) to improve the economics and cost-effectiveness of the technologies set forth in the research strategy recommended pursuant to subsection (a);

"(2) to advance improvements in the methods and technologies for the transportation and storage of electric energy;

"(3) to commercially demonstrate advanced power cycles for the generation of electricity which represent significant improvements in the efficiency of conversion of energy resources to electricity;

"(4) to commercially demonstrate hot dry rock geothermal energy technologies;

"(5) to commercially demonstrate advanced solar energy technologies;

"(6) to determine the economics and commercial viability of the use of hydrogen as a primary energy source;

"(7) to commercially demonstrate the use of fuel cells for central action electric power generation;

"(8) to determine the economics and commercial viability for producing synthetic energy supplies from agricultural products and wastes; and

"(9) to determine the economics and commercial viability of the production and use of methane gas as an energy source.

"(c) Within eighteen months from the date of enactment of this Act, the Administrator's recommendations for a Federal research strategy and priorities designed to achieve solutions to long-term (beyond 2000) energy supply systems and associated environmental problems. Such recommendations shall include, but not be limited to, specific anticipated actions and proposals—

"(1) to further improve the economics and cost-effectiveness of the technologies set forth in the research strategy recommended pursuant to subsections (a) and (b);

"(2) to commercially demonstrate nuclear fusion; and

"(3) to commercially advance the use of hydrogen as a primary energy source."

Mr. RANDOLPH. Mr. President, the research strategy and priorities set forth in this amendment are intended to launch the United States on a program dedicated to the environmentally acceptable achievement of energy self-sufficiency. The policies in the amendment are compatible with the Energy Research and Development Administration being created by S. 2744, the Energy Reorganization Act of 1974.

Senator JACKSON's amendment appropriately provides specific goals and objectives for ERDA at this time.

Mr. President, I fully support the policies and purposes set forth in this amendment. It incorporates the features of the Energy Research and Development Policy Act of 1973 and I recommend its passage.

ENERGY AND ENVIRONMENTAL RECONCILIATION

As I have stated on many occasions, environmental and energy policies are inseparable. Successful demonstration of new energy technologies will be of little value to our energy supply system unless they are compatible with environmental policies.

Therefore, environmental concerns must be an integral part of the development of new energy technologies on a systems basis. Moreover, the necessary information and data must be developed by the Energy Research and Development Administration in consultation with the Environmental Protection Agency to assure that statutory requirements for application of the best available pollution control technologies can be determined and can be required pursuant to the Clean Air Act and the Federal Water Pollution Control Act.

THE FUTURE OF COAL

Achievement of energy self-sufficiency will require an increased use of our chemically abundant domestic coal as well as nuclear electric power.

In the future, coal will be viewed as a chemical substance which can serve as the feedstock for the synthetic fuels of the 1990's and the next century. However, achievement of the dual objective of secure environmentally acceptable energy supplies well may be the most difficult challenge facing our country in the years ahead.

Even partial success in this endeavor will require an aggressive Federal posture.

Nevertheless, coal is on the threshold of a reformation which must carry it into the 21st century. Achievement of the requisite role for coal in our national energy posture will require major improvements in its energy supply system. Traditional methods of supply and use are no longer totally satisfactory or adequate to handle the required volumes consistent with occupational health or environmental policies.

Moreover, any high degree of energy self-sufficiency will require unprecedented growth in coal production from today's 590 million tons to almost 2 billion annual tons by 1985. However, coal now satisfies only 17 percent of the U.S. energy requirements.

One of the reasons why a nation so rich in coal now finds itself short of energy is technological deficiency. Complex social, economic, and political factors also are slowing down coal's expanded use.

Unless we can quickly find the means to advance the technologies for mining, transporting, and burning coal and then master the techniques for converting it to synthetic natural gas and oil, we are faced with a difficult energy future. For there will be insufficient supplies of all kinds of energy fuels to meet this Nation's needs.

The solutions to these problems rest on research and development.

COAL RESEARCH PRIORITIES

Past coal research programs in the United States have been seriously flawed by the failure to assess the coal industry as a coal delivery system that extends from the mine face to the point of end-use—a systems concept that is inherent to nuclear power development. As a consequence most research efforts have centered on only a fraction of the industry's technology needs—utilization—even though key subsystems, such as extraction also call for major improvement.

Thus past research priorities have failed to match the industry's overall needs. Production now acts as a major bottleneck in the American coal delivery system. This subsystem is strained to its limits and unless better extractive tools are developed—and developed soon—customer demand for doubled production in 1980 and trebled production in 1985—the consensus estimate of future demand—will surely be unachievable if not ignored.

A complex, machine-oriented mining technology, with its attendant safety, engineering and geological restrictions, coal mining no longer lends itself to rapid expansion.

Implementation of the Coal Mine Health and Safety Act—as necessary as its passage was and continues to be—also has dealt a blow to underground mine productivity. Output per man hour dropped precipitously with the passage of the act in 1969 to about 30 percent below its historical level.

If we are to meet the future demand attendant to self-sufficiency, new technologies must be developed to counteract this trend. A doubling or trebling of production cannot be achieved with a 20-year old technology that is—by today's standards—well into its sunset years. Thus the means must be found to funnel on a cooperative basis more Federal, industry, and vendor dollars into needed technologies in this vital sector of the coal system.

These developments include: continuous transportation; automated continuous mining that resolves the problems of roof control, protection from explosion, and a control system that eliminates the need for miners at the face; rapid extraction technology, degasification of both the coal seam and the strata ahead of mining; explosion suppression and fire control devices; and alternate energy sources for mobile equipment—everything, in essence, needed to make mining as safe and efficient as possible.

In the long run, we also must develop the means for removing the impurities from the coal prior to combustion—if coal products are to replace the oil and natural gas now used by the majority of our industries.

I am encouraged by the potential for low-Btu coal gasification which removes the impurities from the coal by converting it into a form suitable for large industrial customers. Development of this capability would free up significant quantities of natural gas and oil distillates for higher priority uses.

I am also encouraged by the immediate potential of solvent refined coal for steam boiler use. This semi-solid product—manufactured by dissolving coal in a coal-derived solvent, filtering out the ash and chemically removing the sulfur—is low in sulfur, low in ash, and provides about 16,000 Btu's per pound. What is more, its technology is sufficiently advanced to permit rapid commercial application.

Without question coal has been neglected in the past and must now be the cornerstone of this research effort. Several specific research priorities are set forth in Senator JACKSON's amendment. I would like to note several of those at this time.

First, there is a need to develop new mining methods to increase coal production. A number of innovative techniques to increase productivity can and must be perfected. Coal mining must be recognized as a sophisticated technology and the role of the coal miner as a true technician and specialist also must be recognized. For this purpose, the bill requires a Federal program to demonstrate new mining technologies such as long-wall methods of mining in experimental mines to be operated under a system of Federal support. These experiments also are to be used for the purpose of training modern miners.

Second, a major crash research program is needed to develop low sulfur fuels suitable for use in the generation of electricity. An emphasis is needed on the removal of sulfur from coal prior to combustion rather than after the fact by stack gas treatment. Nevertheless, an accelerated program is needed on sulfur oxide control systems which utilize the expertise that exists within the Environmental Protection Agency.

Third, gasification processes for the conversion of coal into high, medium, and low Btu gas for industrial uses must be pursued, immediately. Many of the processes which now should be commercial are only in early stages of evolution. These processes must now be accelerated. This program also must be viewed as a pollution control effort for only through such coal gasification technologies can many industrial users achieve timely compliance with air pollution control requirements.

Fourth, coal liquefaction is needed to

convert various grades of coal to premium fuels, particularly for use in transportation. As our energy crisis worsens, it is obvious that synthetic premium fuels such as gasoline and jet fuel, as well as heating oils, are needed.

Given the national will to develop coal, our reserves are not a deterrent to expansion. The reserves are so vast, that they are equal to any foreseeable demand level.

However, attracting, training, motivating, and retaining the skilled workforce capable of manning the coal supply system of the future is a crucial problem the coal industry must face. This is especially true in the underground segment, particularly in skilled and professional classifications. Steps must be taken to bridge critical shortage of mining engineers as well as shortages of supervisors and skilled underground workers.

Through a permanent national commitment to coal as our country's primary fossil fuel, this abundant, relatively untapped domestic energy resource can provide the critical constant which, to now, has been missing in our energy supply/demand equation. When this commitment to this resource is consummated we will have signalled to the world our resolves to solve the U.S. energy problems at home—not only to assure more energy supplies and security but to facilitate cooperation with other nations.

Mr. ROBERT C. BYRD. Mr. President, it is my understanding that the adoption of the amendment of the junior Senator from Washington will not affect in any way the existing authority and jurisdiction of the committee of the Senate—both authorization and appropriation committees and subcommittee's thereof. Is that correct?

Mr. JACKSON. The Senator is correct. The amendment does not affect in any way the existing jurisdiction of any committee of the Senate.

At this time, Mr. President, I wish to note the leadership role served by the Senator from West Virginia in supporting over the years increased funding for coal research. Through his efforts significant progress has been fostered in the development of new energy technologies.

Mr. RIBICOFF. Mr. President, the amendment by the distinguished Senator from Washington provides essential balance for ERDA by setting forth a nonnuclear research and development policy which complements the nuclear R. & D. policy already set forth in the Atomic Energy Act.

S. 2744 is a reorganization bill which establishes a balanced organization for exploring and developing all potential energy technologies—nuclear and nonnuclear. Ordinarily, questions of policy to guide such an organization are left to other statutes.

However, as the distinguished Senator from Washington correctly points out, we are faced with a unique situation here because of the existence of the Atomic Energy Act, but of no comparable statute spelling out nonnuclear policy for ERDA—an agency drawn mostly from the Atomic Energy Commission.

I, too, had hoped that the bill on which this amendment is based—S. 1283, the National Energy Research and Development Policy Act—would have cleared the jurisdictional hurdles which have delayed passage in the House until now. Perhaps the bill will still reach a House vote. I agree, however, that its most important provisions—laying out basic nonnuclear goals and strategies and providing the budgetary targets and the R. & D. authorities for achieving them—should be attached to S. 2744 to ensure the success of ERDA.

The Jackson amendment is designed to establish a balance between nuclear and nonnuclear R. & D., and thereby end the nuclear domination of Federal energy R. & D. efforts. As such, it is consistent with the organizational objectives of S. 2744. I urge adoption of this amendment.

Mr. JACKSON. I thank the Senator.

Mr. President, I ask unanimous consent that my amendment be modified by the addition of an unprinted amendment proposed by my senior colleague, Senator MAGNUSON and by Senators HART and TUNNEY.

The PRESIDING OFFICER. Without objection, it is so ordered.

The modification is as follows:

On page 13, after line 2, of Amendment No. 1785, between lines 2 and 3 insert the following:

"(d) Within six months from the date of enactment of this Act, his specific anticipated actions and proposals which shall result in the development within four years of the date of enactment of this Act of one or more automobiles which is in its final stage of development and is capable of being placed into production for sale at retail, without further research or demonstration, in quantities exceeding 10,000 automobiles per year and which—

"(i) presents, consistent with environmental requirements, the least total amount of energy consumption practicable with respect to the amount of fuel consumed, the type of fuel consumed, and the production, use, and disposal of such automobile, and represents a substantial improvement over existing automobiles with respect to such factors;

"(ii) can be mass produced at the lowest possible cost consistent with the requirements of this subsection;

"(iii) operates safely and with sufficient performance with respect to acceleration, cold weather starting, cruising speed, and other performance factors; and

"(iv) at a minimum, can be produced, distributed, operated, and disposed of in compliance with any requirement of Federal law, including, but not limited to, requirements with respect to exhaust emissions, noise control, safety, and damage resistance,"

Mr. JACKSON Mr. President, the purpose of the amendment of the distinguished senior Senator from Washington and his distinguished colleagues on the Commerce Committee, Senators HART and TUNNEY, is to mandate the development of a new automobile in 4 years which is more energy efficient and which produces less pollution than existing automobiles.

The sponsor of the amendment is chairing a markup of the HEW appropriation bill and cannot be in the Chamber at this time.

I ask unanimous consent that my name be added as a cosponsor of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JACKSON. Mr. President, I ask unanimous consent that Senator MAGNUSON's remarks appear at this point in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

STATEMENT BY SENATOR MAGNUSON

It is a pleasure for me today to offer an amendment on my behalf and that of Mr. HART and Mr. TUNNEY which I feel will result in one of the most profitable R&D efforts that the Energy Research and Development Administration could undertake. The amendment is designed to stimulate and give direction to the search for an automobile which is fuel efficient to the degree necessary to meet the needs of both consumer and the Nation for energy conservation. At the same time, the automobile to be developed would meet the need of smog-choked cities.

To refresh our memories, a similar provision was included in the Senate passed version of S. 2176, the National Fuels and Energy Conservation Act. This bill, which passed the Senate last fall, apparently is stalled in the House of Representatives. Due to the urgency of the task, I feel very strongly that the Senate should make an additional effort to get the program off the ground.

The automobile is the single largest user of petroleum in this country, accounting for some 40% of the oil consumed annually. In 1970, this amounted to 100 billion gallons of gasoline.

At the same time, efficiency of automobiles has dropped dramatically in recent years. The average for 1974 models is around 13 mpg as compared to 15 mpg 20 years ago.

As we all know, the automakers have chosen to stick with the internal combustion engine to serve as the power source to meet both our energy conservation needs and our air pollution control needs as well. Unfortunately, the internal combustion engine does either very well. The result has been the addition of add-on devices to standard internal combustion engines with all the resulting problems they cause with respect to durability, effectiveness, and increased cost.

The internal combustion engine is an inherently dirty and inefficient power source. While it is a relatively simple and inexpensive engine, it no longer meets the needs of an energy-scarce and pollution-choked society.

It is little wonder that the major automakers have committed themselves to the internal combustion engines and given short shrift to alternatives which would give better results in the long run.

The automakers have had more than 60 years of experience with the internal combustion engine. They are intimately familiar with it and committed large amounts of money and expertise to its development. In short, there is tremendous inertia within the auto industry to overcome in developing new technology. The automakers fear innovation and departures from known saleable products receives little support.

And it is not likely that any of the automakers will depart from this norm. As with price increases, design changes, and almost every other aspect of the automobile, the major automakers follow each other in development of automobile engines. There is little disagreement among the antitrust and monopoly scholars in this country that none of the automakers are about to depart radically and innovatively in the development of new technology to lessen fuel consumption and reduce emissions.

Research budgets within the auto industry reflect a lack of commitment to fully researching alternatives to the internal combustion engine. Our hearings last year demonstrated that since 1970, the percentage of research dollars devoted to alternative engine systems has dropped dramatically. Whereas the Ford Motor Company, for example, spent approximately 25% of their R&D fund prior to 1970 on alternative engine systems, the expenditure dropped to 17% during the years 1970 through 1973. Similar statistics from the Chrysler Corporation reflect a drop from 17.7% to 2.3% in recent years. General Motors did not respond to our request for information.

And while this lack of attention exists in Detroit, a number of alternative power systems show far greater promise of being the engine of the future than does the internal combustion engine. For example, Stirling cycle engines, which use an external combustion principle, apparently will be able to fully meet the original emission standards set in the 1970 Clean Air Act while improving fuel economy over present internal combustion engines by up to 50%. Rankine cycle engines, using the steam engine principle, can easily achieve the original emission standards in the 1970 Clean Air Act, and in fact have done so, and, with further research, could offer fuel economy far in excess of present internal combustion engines. Diesel engines offer great promise for fuel economy if problems of oxides of nitrogen emissions can be licked as well as other problems.

Electric cars, gas turbines, combinations of different power systems, and perhaps other alternatives yet to be developed offer the promise of great advances in automobile technology.

There is little question that major automakers have failed us by not having the foresight to fully research and develop these alternatives. And the present small program within the Environmental Protection Agency has similarly received little support by the Administration. The EPA program barely exists at an annual funding, contractors must obviously be limited. At the present time, only one contractor is anticipated to be funded to develop Rankine cycle technology and an additional small program on gas turbines.

Unless these programs are guided by explicit direction from the Congress and are headed by an aggressive agency with a commitment to develop energy efficient automobiles, we might never know the full potential of these alternatives.

The amendment would require the Administrator of ERDA to insure the development within four years of one or more automobiles capable of being mass produced and which present the least total amount of energy consumption practicable. The automobile must be inexpensive and operate safely with adequate performance. Importantly, it must comply with all requirements of Federal law.

Mr. President, I urge adoption of the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Washington (Mr. Jackson), as modified. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Texas (Mr. Bentsen), the Senator from Delaware (Mr. Biden), the Senator from Nevada (Mr. Cannon), the Senator from Florida (Mr. Chiles), the Senator from North Carolina (Mr. Ervin), the Senator from Arkansas (Mr. Fulbright), the Senator from Alaska (Mr. Gravel), the Senator from Hawaii (Mr. Inouye), the Senator from Louisiana (Mr. Long), the Senator from Wyoming (Mr. McGee), the Senator from West Virginia (Mr. Randolph), and the Senator from California (Mr. Tunney) are necessarily absent.

I also announce that the Senator from Colorado (Mr. Haskell) is absent because of illness in family.

I further announce that, if present and voting, the Senator from West Virginia (Mr. Randolph), would vote "yea."

Mr. GRIFFIN. I announce that the Senator from Oklahoma (Mr. Bellmon), the Senator from Utah (Mr. Bennett), the Senator from Kentucky (Mr. Cook), the Senator from Colorado (Mr. Dominick), the Senator from Arizona (Mr. Goldwater), the Senator from Idaho (Mr. McClure), and the Senator from Kansas (Mr. Pearson) are necessarily absent.

I also announce that the Senator from New York (Mr. Buckley) and the Senator from New Mexico (Mr. Domenici) are absent on official business.

The result was announced—yeas 78, nays 0, as follows:

[No. 364 Leg.]

YEAS—78

Abourezk
Aiken
Allen
Baker
Bartlett
Bayh
Beall
Bible
Brock
Brooke
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Case
Church
Clark
Cotton
Cranston
Curtis
Dole
Eagleton
Eastland
Fannin
Fong
Griffin
Gurney
Hansen
Hart
Hartke
Hatfield
Hathaway
Helms
Hollings
Hruska
Huddleston
Hughes
Humphrey
Jackson
Javits
Johnston
Kennedy
Magnuson
Mansfield
Mathias
McClellan
McGovern
McIntyre
Metcalf
Metzenbaum
Mondale
Montoya
Moss
Muskie
Nelson
Nunn
Packwood
Pastore
Pell
Percy
Proxmire
Ribicoff
Roth
Schweiker
Scott, Hugh
Scott, William L.
Sparkman
Stafford
Stennis
Stevens
Stevenson
Symington
Taft
Talmadge
Thurmond
Tower
Weicker
Williams
Young

NAYS—0

NOT VOTING—22

Bellmon
Bennett
Bentsen
Biden
Buckley
Cannon
Chiles
Cook
Domenici
Dominick
Ervin
Fulbright
Goldwater
Gravel
Haskell
Inouye
Long
McClure
McGee
Pearson
Randolph
Tunney

So the amendment, as modified, was agreed to.

Mr. JACKSON. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. RIBICOFF. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senator from Ohio is recognized.

Mr. MANSFIELD. Mr. President, will the Senator from Ohio yield briefly to me?

Mr. TAFT. I yield.

FEDERAL ELECTION CAMPAIGN ACT AMENDMENTS OF 1974

Mr. MANSFIELD. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on S. 3044.

The PRESIDING OFFICER (Mr. William L. Scott) laid before the Senate the amendment of the House of Representatives to the bill (S. 3044) to amend the Federal Election Campaign Act of 1971 to provide for public financing of primary and general election campaigns for Federal elective office, and to amend certain other provisions of law relating to the financing and conduct of such campaigns, with the following amendments:

Strike out all after the enacting clause, and insert: That this Act may be cited as the "Federal Election Campaign Act Amendments of 1974".

TITLE I—CRIMINAL CODE AMENDMENTS

LIMITATIONS ON CONTRIBUTIONS AND EXPENDITURES

Sec. 101. (a) Section 608 of title 18, United States Code, relating to limitations on contributions and expenditures, is amended by redesignating subsections (b) and (c) as subsections (f) and (g), respectively, and by inserting immediately after subsection (a) the following new subsections:

"(b)(1) Except as otherwise provided by paragraphs (2) and (3), no person shall make contributions to any candidate with respect to any election for Federal office which, in the aggregate, exceed $1,000.

"(2) No political committee (other than a principal campaign committee) shall make contributions to any candidate with respect to any election for Federal office which, in the aggregate, exceed $5,000. Contributions by the national committee of a political party serving as the principal campaign committee of a candidate for the office of President of the United States shall not exceed the limitation imposed by the preceding sentence with respect to any other candidate for Federal office. For purposes of this paragraph, the term 'political committee' means an organization registered as a political committee under section 303 of the Federal Election Campaign Act of 1971 for a period of not less than 6 months which has received contributions from more than 50 persons and, except for any State political party organization, has made contributions to 5 or more candidates for Federal office.

"(3) No individual shall make contributions aggregating more than $25,000 in any calendar year.

"(4) For purposes of this subsection—

"(A) contributions to a named candidate made to any political committee authorized by such candidate, in writing, to accept contributions on his behalf shall be considered to be contributions made to such candidate; and

"(B) contributions made to or for the benefit of any candidate nominated by a political party for election to the office of Vice President of the United States shall be considered to be contributions made to or for the benefit of the candidate of such party for election to the office of President of the United States.

"(5) The limitations imposed by paragraphs (1) and (2) of this subsection shall apply separately with respect to each election, except that all elections held in any calendar year for the office of President of the United States (except a general election for such office) shall be considered to be one election.

"(6) For purposes of the limitations imposed by this section, all contributions made by a person, either directly or indirectly, on behalf of a particular candidate, including contributions which are in any way earmarked or otherwise directed through an intermediary or conduit to such candidate, shall be treated as contributions from such person to such candidate. The intermediary or conduit shall report the original source and the intended recipient of such contribution to the appropriate supervisory officer and to the intended recipient.

"(c) (1) No candidate shall make expenditures in excess of—

"(A) $10,000,000, in the case of a candidate for nomination for election to the office of President of the United States;

"(B) $20,000,000, in the case of a candidate for election to the office of President of the United States;

"(C) in the case of any campaign for nomination for election, or for election, by a candidate for the office of Senator, the greater of—

"(i) 5 cents multiplied by the population of the geographical area with respect to which the election is held; or

"(ii) $75,000;

"(D) $60,000, in the case of any campaign for nomination for election, or for election, by a candidate for the office of Representative, Delegate from the District of Columbia, or Resident Commissioner; or

"(E) $15,000, in the case of any campaign for nomination for election, or for election, by a candidate for the office of Delegate from Guam or the Virgin Islands.

"(2) For purposes of this subsection—

"(A) expenditures made by or on behalf of any candidate nominated by a political party for election to the office of Vice President of the United States shall be considered to be expenditures made by or on behalf of the candidate of such party for election to the office of President of the United States;

"(B) expenditures made on behalf of any candidate by a principal campaign committee designated by such candidate under section 302(f) (1) of the Federal Election Campaign Act of 1971 shall be deemed to have been made by such candidate; and

"(C) the population of any geographical area shall be the population according to the most recent decennial census of the United States taken under section 141 of title 13, United States Code.

"(3) The limitations imposed by subparagraphs (C), (D), and (E) of paragraph (1) of this subsection shall apply separately with respect to each election.

"(d) (1) At the beginning of each calendar year (commencing in 1975), as there becomes available necessary data from the Bureau of Labor Statistics of the Department of Labor, the Secretary of Labor shall certify to the Comptroller General and publish in the Federal Register the per centum difference between the price index for the 12 months preceding the beginning of such calendar year and the price index for the base period. Each limitation established by subsection (c) shall be increased by such per centum difference. Each amount so increased shall be the amount in effect for such calendar year.

"(2) For purposes of paragraph (1)—

"(A) the term 'price index' means the average over a calendar year of the Consumer Price Index (all items—United States city average) published monthly by the Bureau of Labor Statistics; and

"(B) the term 'base period' means the calendar year 1973.

"(e) (1) No person may make any expenditure (other than an expenditure made by or on behalf of a candidate under the provisions of subsection (c)) relative to a clearly identified candidate during a calendar year which, when added to all other expenditures made by such person during the year advocating the election or defeat of such candidate, exceeds $1,000.

"(2) for purposes of paragraph (1), the term 'clearly identified' means—

"(A) the candidate's name appears;

"(B) a photograph or drawing of the candidate appears; or

"(C) the identity of the candidate is apparent by unambiguous reference.".

(b) Section 608(a) (1) of title 18, United States Code, relating to limitations on contributions and expenditures, is amended to read as follows:

"(a) (1) No candidate may make expenditures from his personal funds, or the personal funds of his immediate family, in connection with his campaign for nomination for election, or election, to Federal office in excess of $25,000.".

(c) (1) Notwithstanding section 608(a) (1) of title 18, United States Code, relating to limitations on expenditures from personal funds, any individual may satisfy or discharge, out of his personal funds or the personal funds of his immediate family, any debt or obligation which is outstanding on the date of the enactment of this Act and which was incurred by him or on his behalf by any political committee in connection with any campaign ending before the close of December 31, 1972, for election to Federal office.

(2) For purposes of this subsection—

(A) the terms "election", "Federal office", and "political committee" have the meanings given them by section 591 of title 18, United States Code; and

(B) the term "immediate family" has the meaning given it by section 608(a) (2) of title 18, United States Code.

(d) (1) The first paragraph of section 613 of title 18, United States Code, relating to contributions by certain foreign agents, is amended—

(A) by striking out "an agent of a foreign principal" and inserting in lieu thereof "a foreign national"; and

(B) by striking out ", either for or on behalf of such foreign principal or otherwise in his capacity as agent of such foreign principal,".

(2) The second paragraph of such section 613 is amended by striking out "agent of a foreign principal or from such foreign principal" and inserting in lieu thereof "foreign national".

(3) The fourth paragraph of such section 613 is amended to read as follows:

"As used in this section, the term 'foreign national' means—

"(1) a foreign principal, as such term is defined by section 1(b) of the Foreign Agents Registration Act of 1938 (22 U.S.C. 611(b)), except that the term 'foreign national' shall not include any individual who is a citizen of the United States; or

"(2) an individual who is not a citizen of the United States and who is not lawfully admitted for permanent residence, as defined by section 101(a) (20) of the Immigration and Nationality Act (8 U.S.C. 1101 (a) (20)).".

(4) (A) The heading of such section 613 is amended by striking out "agents of foreign principals" and inserting in lieu thereof "foreign nationals".

(B) The table of sections for chapter 29 of title 18, United States Code, is amended by striking out the item relating to section 613 and inserting in lieu thereof the following:

"613. Contributions by foreign nationals.".

(e) (1) Section 608(g) of title 18, United States Code (as so redesignated by subsection (a) of this section), relating to penalty for violating limitations on contributions and expenditures, is amended by striking out "$1,000" and inserting in lieu thereof "$25,000".

(2) The second paragraph of section 610 of title 18, United States Code, relating to penalties for violating prohibitions against contributions or expenditures by national banks, corporations, or labor organizations, is amended—

(A) by striking out "$5,000" and inserting in lieu thereof "$25,000;" and

(B) by striking out "$10,000" and inserting in lieu thereof "$50,000".

(3) Section 611 of title 18, United States Code (as amended by section 103 of this Act), relating to contributions by firms or individuals contracting with the United States, is amended in the first paragraph thereof by striking out "$5,000" and inserting in lieu thereof "$25,000".

(4) The third paragraph of section 613 of title 18, United States Code (as amended by subsection (d) of this section), relating to contributions by foreign nationals, is amended by striking out "$5,000" and inserting in lieu thereof "$25,000".

(f) (1) Chapter 29 of title 18, United States Code, relating to elections and political activities, is amended by adding at the end thereof the following new sections:

"§ 614. Prohibition of contributions in name of another

"(a) No person shall make a contribution in the name of another person, and no person shall knowingly accept a contribution made by one person in the name of another person.

"(b) Any person who violates this section shall be fined not more than $25,000 or imprisoned not more than one year, or both.

"§ 615. Limitation on contributions of currency

"(a) No person shall make contributions of currency of the United States or currency of any foreign country to or for the benefit of any candidate which, in the aggregate, exceed $100, with respect to any campaign of such candidate for nomination for election, or election, to Federal office.

"(b) Any person who violates this section shall be fined not more than $25,000 or imprisoned not more than one year, or both.

"§ 616. Acceptance of excessive honorariums

"Whoever, while an elected or appointed officer or employee of any branch of the Federal Government—

"(1) accepts any honorarium of more than $1,000 (excluding amounts accepted for actual travel and subsistence expenses) for any appearance, speech, or article; or

"(2) accepts honorariums (not prohibited by paragraph (1) of this subsection) aggregating more than $10,000 in any calendar year;

shall be fined not less than $1,000 nor more than $5,000.".

(2) Section 591 of title 18, United States Code, relating to definitions, is amended by striking out the matter preceding paragraph (a) and inserting in lieu thereof the following:

"Except as otherwise specifically provided, when used in this section and in sections 597, 599, 600, 602, 608, 610, 611, 614, and 615 of this title—".

(3) The table of sections for chapter 29 of title 18, United States Code, is amended by adding at the end thereof the following new items:

"614. Prohibition of contributions in name of another.
"615. Limitation on contributions of currency.
"616. Acceptance of excessive honorariums.".

(4) Title III of the Federal Election Campaign Act of 1971 is amended by striking out section 310, relating to prohibition of contributions in the name of another.

DEFINITIONS OF POLITICAL COMMITTEE, CONTRIBUTION, EXPENDITURE, AND PRINCIPAL CAMPAIGN COMMITTEE

SEC. 102. (a) Section 591(d) of title 18, United States Code, relating to the definition of political committee, is amended by inserting immediately after "$1,0000" the following: ", or which commits any act for the purpose of influencing, directly or indirectly, the nomination for election, or election, of any person to Federal office, except that any communication referred to in paragraph (f) (4) of this section which is not included within the definition of the term 'expenditure' shall not be considered such an act".

(b) Section 591(e)(1) of title 18, United States Code, relating to the definition of a contribution, is amended by inserting after the word "business" the following: ", which shall be considered a loan by each endorser, in that proportion of the unpaid balance thereof that each endorser bears to the total number of endorsers)".

(c) Section 591(e)(5) of title 18, United State Code, relating to an exception to the definition of contribution, is amended by inserting "(A)" immediately after "include" and by inserting immediately before the semicolon at the end thereof the following: ", (B) the use of real or personal property and the cost of invitations, food and beverages, voluntarily provided by an individual to a candidate in rendering voluntary personal services on the individual's residential premises for candidate-related activities, (C) the sale of any food or beverage by a vendor for use in a candidate's campaign at a charge less than the normal comparable charge, if such charge for use in a candidate's campaign is at least equal to the cost of such food or beverage to the vendor, (D) any unreimbursed payment for travel expenses made by an individual who on his own behalf volunteers his personal services to a candidate, or (E) the payment by a State or local committee of a political party of the costs of preparation, display, or mailing or other distribution incurred by such committee with respect to a printed slate card or sample ballot, or other printed listing, of 3 or more candidates for any public office for which an election is held in the State in which such committee is organized, except that this clause shall not apply in the case of costs incurred by such committee with respect to a display of any such listing made on broadcasting stations, or in magazines or other similar types of general public political advertising (other than newspapers): *Provided*, That the cumulative value of activities by any person on behalf of any candidate under each of clauses (B), (C), or (D) shall not exceed $500 with respect to any election".

(d) Section 591(f) of title 18, United States Code, relating to the definition of expenditure, is amended—

(1) in subparagraph (2) thereof, by striking out "and";

(2) in subparagraph (3) thereof, by inserting "and" immediately after the semicolon; and

(3) by adding at the end thereof the following new subparagraph:

"(4) notwithstanding the foregoing meanings of 'expenditure', such term does not include (A) any news story, commentary, or editorial distributed through the facilities of any broadcasting station, newspaper, magazine, or other periodical publication, unless such facilities are owned or controlled by any political party, political committee, or candidate, (B) nonpartisan activity designed to encourage individuals to register to vote or to vote, (C) any communication by any membership organization or corporation to its members or stockholders, if such membership organization or corporation to its members or stockholders, if such membership organization or corporation is not organized primarily for the purpose of influencing the nomination for election, or election, of any person to Federal office, (D) the use of real or personal property and the cost of invitations, food and beverages, voluntarily provided by an individual to a candidate in rendering voluntary personal services on the individual's residential premises for candidate-related activities, (E) any unreimbursed payment for travel expenses made by an individual who on his own behalf volunteers his personal services to a candidate, (F) any communication by any person which is not made for the purpose of influencing the nomination for election, or election, of any person to Federal office, (G) the payment by a State or local committee of a political party of the costs of preparation, display, or mailing or other distribution incurred by such committee with respect to a printed slate card or sample ballot, or other printed listing, of 3 or more candidates for any public office for which an election is held in the State in which such committee is organized, except that this clause shall not apply in the case of costs incurred by such committee with respect to a display of any such listing made on broadcasting stations, or in magazines or other similar types of general public political advertising (other than newspapers), (H) any costs incurred by a candidate (including his principal campaign committee) in connection with the solicitation of contrbutions by such candidate, except that this clause shall not apply with respect to costs incurred by a candidate (including his principal campaign committee) in excess of an amount equal to 25 per centum of the expenditure limitation applicable to such candidate under section 608 (c) of this title, or (I) any costs incurred by a political committee (as such term is defined by section 608(b)(2) of this title) with respect to the solicitation of contributions to such political committee or to any general political fund controlled by such political committee, except that this cause shall not apply to exempt costs incurred with respect to the solicitation of contributions to any such political committee made through broadcasting stations, newspapers, magazines, outdoor advertising facilities, and other similar types of general public political advertising: *Provided*, That the cumulative value of activities by any person on behalf of any candidate under each of clauses (D) or (E) shall not exceed $500 with respect to any election;".

(c) Section 591 of title 18, United States Code, relating to definitions, is amended—

(1) by striking out "and" at the end of paragraph (g);

(2) by striking out the period at the end of paragraph (h) and inserting in lieu thereof "; and "; and

(3) by adding at the end thereof the following new paragraph:

"(i) 'principal campaign committee' means the principal campaign committee designated by a candidate under section 302(f)(1) of the Federal Election Campaign Act of 1971.".

POLITICAL FUNDS OF CORPORATIONS OR LABOR ORGANIZATIONS

SEC. 103. Section 611 of title 18, United States Code, relating to contributions by firms or individuals contracting with the United States, is amended by adding at the end thereof the following new paragraphs:

"This section shall not prohibit or make unlawful the establishment or administration of, or the solicitation of contributions to, any separate segregated fund by any corporation or labor organization for the purpose of influencing the nomination for election, or election, of any person to Federal office, unless the provisions of section 610 of this title prohibit or make unlawful the establishment or administration of, or the solicitation of contributions to, such fund.

"For purposes of this section, the term 'labor organization' has the meaning given it by section 610 of this title.".

EFFECT ON STATE LAW

SEC. 104. (a) The provisions of chapter 29 of title 18, United States Code, relating to elections and political activities, supersede and preempt any provision of State law with respect to election to Federal office.

(b) For purposes of this section, the terms "election", Federal office", and "State" have the meanings given them by section 591 of title 18, United States Code.

TITLE II—DISCLOSURE OF FEDERAL CAMPAIGN FUNDS

PRINCIPAL CAMPAIGN COMMITTEE

SEC. 201. Section 302 of the Federal Election Campaign Act of 1971, relating to organization of political committees, is amended by striking out subsection (f) and inserting in lieu thereof the following:

"(f)(1) Each individual who is a candidate for Federal office (other than the office of Vice President of the United States) shall designate a political committee to serve as his principal campaign committee. No political committee may be designated as the principal campaign committee of more than one candidate, except that the candidate for the office of President of the United States nominated by a political party may designate the national committee of such political party as his principal campaign committee.

"(2) Except as otherwise provided in section 608(e) of title 18, United States Code, no political committee other than a principal campaign committee designated by a candidate under paragraph (1) may make expenditures on behalf of such candidate.

"(3) Notwithstanding any other provision of this title, each report or statement of contributions received by a political committee (other than a principal campaign committee) which is required to be filed with a supervisory officer under this title shall be filed instead with the principal campaign committee for the candidate on whose behalf such contributions are accepted.

"(4) It shall be the duty of each principal campaign committee to receive all reports and statements required to be filed with it under paragraph (3) of this subsection and to compile and file such reports and statements, together with its own reports and statements, with the appropriate supervisory officer in accordance with the provisions of this title.

"(5) For purposes of paragraphs (1) and (3) of this subsection, the term 'political committee' does not include any political committee which supports more than one candidate, except for the national committee of a political party designated by a candidate for the office of President of the United States under paragraph (1) of this subsection.".

REGISTRATION OF POLITICAL COMMITTEES; STATEMENTS

SEC. 202. Section 303 of the Federal Election Campaign Act of 1971, relating to registration of political committees and statements, is amended by adding at the end thereof the following new subsection:

"(e) In the case of a political committee which is not a principal campaign committee and which does not support more than one candidate, reports and notifications required under this section to be filed with the supervisory officer shall be filed instead with the appropriate principal campaign committee.".

REPORTS BY POLITICAL COMMITTEES AND CANDIDATES

SEC. 203. (a) Section 304(a) of the Federal Election Campaign Act of 1971, relating to reports by political committees and candidates, is amended—

(1) by striking out the second and third sentence and inserting in lieu thereof the following:

"The reports referred to in the preceding sentence shall be filed as follows:

"(A)(i) In any calendar year in which an individual is a candidate for Federal office and an election for such Federal office is held in such year, such reports shall be filed not later than the tenth day before the date on which such election is held and shall be complete as of the fifteenth day before the date of such election; except that any such report filed by registered or certified mail must be postmarked not later than the close of the twelfth day before the date of such election.

"(ii) Such reports shall be filed not later than the thirtieth day after the date of such election and shall be complete as of the twentieth day after the date of such election.

"(B) In any other calendar year in which an individual is a candidate for Federal office, such reports shall be filed after December 31 of such calendar year, but not later than January 31 of the following calendar year and shall be complete as of the close of the calendar year with respect to which the report is filed.

"(C) Such reports shall be filed not later than the tenth day following the close of any calendar quarter in which the candidate or political committee concerned received contributions in excess of $1,000, or made expenditures in excess of $1,000, and shall be complete as of the close of such calendar quarter; except that any such report required to be filed after December 31 of any calendar year with respect to which a report is required to be filed under subparagraph (B) shall be filed as provided in such subparagraph.

"(D) When the last day for filing any quarterly report required by subparagraph (C) occurs within 10 days of an election, the filing of such quarterly report shall be waived and superseded by the report required by subparagraph (A)(i).

Any contribution of $1,000 or more received after the fifteenth day, but more than 48 hours, before any election shall be reported within 48 hours after its receipt."; and

(2) by striking out "Each" at the beginning of the first sentence of such section 304(a) and inserting in lieu thereof "(1) Except as provided by paragraph (2), each", and by adding at the end thereof the following new paragraph:

"(2) Each treasurer of a political committee which is not a principal campaign committee and which does not support more than one candidate shall file the reports required under this section with the appropriate principal campaign committee."

(b)(1) Section 304(b)(8) of the Federal Election Campaign Act of 1971, relating to reports by political committees and candidates, is amended by inserting immediately before the semicolon at the end thereof the following: ", together with total receipts less transfers between political committees which support the same candidate and which do not support more than one candidate".

(2) Section 304(b)(11) of the Federal Election Campaign Act of 1971, relating to reports by political committees and candidates, is amended by inserting immediately before the semicolon at the end thereof the following: ", together with total expenditures less transfers between political committees which support the same candidate and which do not support more than one candidate".

FORMAL REQUIREMENTS FOR REPORTS AND STATEMENTS

SEC. 204. Section 306 of the Federal Election Campaign Act of 1971, relating to formal requirements respecting reports and statements, is amended by adding at the end thereof the following new subsection:

"(e) If a report or statement required by section 303, 304(a)(1)(A)(ii), 304(a)(1)(B), or 304(a)(1)(C) of this title to be filed by a treasurer of a political committee or by a candidate, or if a report required by section 305 of this title to be filed by any other person, is delivered by registered or certified mail, to the appropriate supervisory officer or principal campaign committee with whom it is required to be filed, the United States postmark stamped on the cover of the envelope or other container in which such report or statement is so mailed shall be deemed to be the date of filing.".

DUTIES OF THE SUPERVISORY OFFICER

SEC. 205. (a)(1) Section 308(a) of the Federal Election Campaign Act of 1971, relating to duties of the supervisory officer, is amended by striking out paragraphs (6), (7), (8), (9), and (10), and by redesignating paragraphs (11), (12), and (13) as paragraphs (8), (9), and (10), respectively, and by inserting immediately after paragraph (5) the following new paragraphs:

"(6) to compile and maintain a cumulative index of reports and statements filed with him, which shall be published in the Federal Register at regular intervals and which shall be available for purchase directly or by mail for a reasonable price;

"(7) to prepare and publish from time to time special reports listing those candidates for whom reports were filed as required by this title and those candidates for whom such reports were not filed as so required;".

(2) Notwithstanding section 308(a)(7) of the Federal Election Campaign Act of 1971 (relating to an annual report by the supervisory officer), as in effect on the day before the effective date of the amendments made by paragraph (1) of this subsection, no such annual report shall be required with respect to any calendar year beginning after December 31, 1972.

(b)(1) Section 308(a)(10) of the Federal Election Campaign Act of 1971 (as so redesignated by subsection (a) of this section), relating to the prescription of rules and regulations, is amended by inserting before the period at the end thereof the following: ", in accordance with the provisions of subsection (b) and (c)".

(2) Section 308 of such Act, relating to duties and of the supervisory officer, is amended—

(A) by striking out subsection (b) and (c); and

(B) by inserting immediately after subsection (a) the following new subsection (b) and (c):

"(b)(1) The supervisory officer, before prescribing any rule or regulation under this section, shall transmit a statement with respect to such rule or regulation to the Senate or the House of Representatives, as the case may be, in accordance with the provisions of this subsection. Such statement shall set forth the proposed rule or regulation and shall contain a detailed explanation and justification of such rule or regulation.

"(2) If the appropriate body of the Congress which receives a statement from the supervisory officer under this subsection does not, through appropriate action, disapprove the proposed rule or regulation set forth in such statement no later than 30 legislative days after receipt of such statement, then the supervisory officer may prescribe such rule or regulation. In the case of any rule or regulation proposed to deal with reports or statements required to be filed under this title by a candidate for the office of President, and by political committees supporting such a candidate both the Senate and the House of Representatives shall have the power to disapprove such proposed rule or regulation. The supervisory officer may not prescribe any rule or regulation which is disapproved under this paragraph.

"(3) If the supervisory officer proposes to prescribe any rule or regulation dealing with reports or statements required to be filed under this title by a candidate for the office of Senator and by political committees supporting such candidate he shall transmit such statement to the Senate. If the supervisory officer proposes to prescribe any rule or regulation dealing with reports or statements required to be filed under this title by a candidate for the office of Representative or by political committees supporting such candidate, he shall transmit such statement to the House of Representatives. If the supervisory officer proposes to prescribe any rule or regulation dealing with reports or statements required to be filed under this title by a candidate for the office of President and by political committees supporting such candidate he shall transmit such statement to the House of Representatives and the Senate.

"(4) For the purposes of this subsection, the term 'legislative days' does not include, with respect to statements transmitted to the Senate, any calendar day on which the Senate is not in session, and with respect to statements transmitted to the House of Representatives, any calendar day on which the House of Representatives is not in session and with respect to statements transmitted to both such bodies and calendar day on which both Houses of the Congress are not in session.".

(c)(1) The supervisory officer shall prescribe suitable rules and regulations to carry out the provisions of this title, including such rules and regulations as may be necessary to require that—

"(A) reports and statements required to be filed under this title by a candidate for the office of Representative in, or Delegate or Resident Commissioner to, the Congress of the United States, and by political committees supporting such candidate, shall be received by the Clerk of the House of Representatives as custodian for the Board;

"(B) reports and statements required to be filed under this title by a candidate for the Office of Senator, and by political committees supporting such candidate, shall be received by the Secretary of the Senate as custodian for the Board; and

"(C) the Clerk of the House of Representatives and the Secretary of the Senate, as custodians for the Board, each shall make the reports and statements received by him available for public inspection and copying in accordance with paragraph (4) of subsection (a), and preserve such reports and statements in accordance with paragraph (5) of subsection (a).".

(2) It shall be the duty of the Clerk of the House of Representatives and the Secretary of the Senate to cooperate with the Board of Supervisory Officers in carrying out its duties under the Federal Election Campaign Act of 1971 and to furnish such services and facilities as may be required in accordance with this section.

DEFINITIONS OF POLITICAL COMMITTEE, CONTRIBUTION, EXPENDITURE, AND SUPERVISORY OFFICER

SEC. 206. (a)(1) Section 301 of the Federal Election Campaign Act of 1971, relating to definitions, is amended by striking out the matter preceding paragraph (a) and inserting in lieu thereof the following:

"SEC. 301. When used in this title and in title IV of this Act—".

(2) Section 401 of the Federal Election Campaign Act of 1971, relating to extension of credit by regulated industries, is amended by striking out "(as such term is defined in section 301(c) of the Federal Election Campaign Act of 1971)".

(3) Section 402 of the Federal Election Campaign Act of 1971, relating to prohibition against use of certain Federal funds for election activities, is amended by striking out the last sentence.

(b) Section 301(d) of the Federal Election Campaign Act of 1971, relating to the definition of political committee, is amended by inserting immediately after "$1,000" the following: ", or which commits any act for the purpose of influencing, directly or indirectly, the nomination for election, or election, of any person to Federal office, except that any communication referred to in section 301(f)(4) of this Act which is not included within the definition of the term 'expenditure' shall not be considered such an act".

(c) Section 310(e)(5) of the Federal Election Campaign Act of 1971, relating to an exception to the definition of contribution, is amended by inserting "(A)" immediately after "include" and by inserting immediately before the semicolon at the end thereof the following: ", (B) the use of real or personal property and the cost of invitations, food, and beverages, voluntarily provided by an individual to a candidate in rendering voluntary personal services on the individual's residential premises for candidate-related activities, (C) the sale of any food or beverage by a vendor for use in a candidate's campaign at a charge less than the normal comparable charge, if such charge for use in a candidate's campaign is at least equal to the cost of such food or beverage to the vendor, (D) any unreimbursed purchase or other payment by any individual for travel expenses with respect to the rendering of voluntary personal services by such individual to any candidate or political committee, or (E) the payment by a State or local committee of a political party of the costs of preparation, display, or mailing or other distribution incurred by such committee with respect to a printed slate card or sample ballot, or other printed listing, of 3 or more candidates for any public office for which an election is held in the State in which such committee is organized, except that this clause shall not apply in the case of costs incurred by such committee with respect to a display of any such listing made on broadcasting stations, or in magazines or other similar types of general public political advertising (other than newspapers): *Provided,* That the cumulative value of activities by any person on behalf of any candidate under each of clauses (B), (C), or (D) shall not exceed $500 with respect to any election".

(d) Section 301(f) of the Federal Election Campaign Act of 1971, relating to the definition of expenditure, is amended—

(1) in subparagraph (2) thereof, by striking out "and";

(2) in subparagraph (3) thereof, by inserting "and" immediately after the semicolon; and

(3) by adding at the end thereof the following new subparagraph:

"(4) notwithstanding the foregoing meanings of 'expenditure', such term does not include (A) any news story, commentary, or editorial distributed through the facilities of any broadcasting station, newspaper, magazine, or other periodical publication, unless such facilities are owned or controlled by any political party, political committee, or candidate, (B) nonpartisan activity designed to encourage individuals to register to vote or to vote, (C) any communication by any membership organization or corporation to its members or stockholders, if such membership organization or corporation is not organized primarily for the purpose of influencing the nomination for election, or election, of any person to Federal office, (D) the use of real or personal property and the cost of invitations, food and beverages, voluntarily provided by an individual to a candidate in rendering voluntary personal services on the individual's residential premises for candidate-related activities, (E) any unreimbursed purchase or other payment by any individual for travel expenses with respect to the rendering of voluntary services by such individual to any candidate or political committee, (F) any communication by any person which is not made for the purpose of influencing the nomination for election, or election, of any person to Federal office, or (G) the payment by a State or local committee of a political party of the costs of preparation, display, or mailing or other distribution incurred by such committee with respect to a printed slate card or sample ballot, or other printed listing, of 3 or more candidates for any public office for which an election is held in the State in which such committee is organized, except that this clause shall not apply in the case of costs incurred by such committee with respect to a display of any such listing made on broadcasting stations, or in magazines or other similar types of general public political advertising (other than newspapers): *Provided,* That the cumulative value of activities by any person on behalf of any candidate under each of clauses (D) or (E) shall not exceed $500 with respect to any election;".

(e) Section 301(g) of the Federal Election Campaign Act of 1971, relating to the definition of supervisory officer, is amended to read as follows:

"(g) 'supervisory officer' means the Board of Supervisory Officers established by section 308(a)(1).".

(f) Section 301 of the Federal Election Campaign Act of 1971, relating to definitions, is amended—

(1) by striking out "and" at the end of paragraph (h):

(2) by striking out the period at the end of paragraph (i) and inserting in lieu thereof a semicolon; and

(3) by adding at the end thereof the following new paragraphs:

"(j) 'principal campaign committee' means the principal campaign committee designated by a candidate under section 302 (f)(1); and

"(k) 'Board' means the Board of Supervisory Officers established by section 308 (a)(1).".

BOARD OF SUPERVISORY OFFICERS

SEC. 207. (a) Title III of the Federal Election Campaign Act of 1971, relating to disclosure of Federal campaign funds, is amended by redesignating section 311 as section 314; by redesignating sections 308 and 309 as section 311 and 312, respectively; and by inserting immediately after section 307 the following new sections:

"BOARD OF SUPERVISORY OFFICERS

"SEC. 308. (a)(1) There is hereby established the Board of Supervisory Officers, which shall be composed of the Clerk of the House and the Secretary of the Senate who shall serve without the right to vote and 4 members as follows:

"(A) two individuals appointed by the President of the Senate, upon the recommendations of the majority leader of the Senate and the minority leader of the Senate; and

"(B) two individuals appointed by the Speaker of the House of Representatives, upon the recommendations of the majority leader of the House and the minority leader of the House.

Of each class of two members appointed under subparagraphs (A) and (B), not more than one shall be appointed from the same political party. An individual appointed to fill a vacancy occurring other than by the expiration of a term of office shall be appointed only for the unexpired term for the member he succeeds. Any vacancy occurring in the membership of the Board shall be filled in the same manner as in the case of the original appointment. Members of the Board appointed under subparagraphs (A) and (B)—

"(i) shall be chosen from among individuals who are not officers or employees in the executive, legislative, or judicial branch of the Government of the United States (including elected and appointed officials);

"(ii) shall be chosen on the basis of their maturity, experience, integrity, impartiality, and good judgment;

"(iii) shall serve for terms of 4 years, except that, of the members first appointed under subparagraph (A), one shall be appointed for a term of 1 year and one shall be appointed for a term of 3 years and, of the members first appointed under subparagraph (B), one shall be appointed for a term of 2 years; and

"(iv) shall receive compensation equivalent to the compensation paid at level IV of the Federal Executive Salary Schedule (5 U.S.C. 5315).

"(2) Notwithstanding any other provision of law, it shall be the duty of the Board to supervise the administration of, seek to obtain compliance with, and formulate overall policy with respect to, this title, title I of this Act, and sections 608, 610, 611, 613, 614, 615, and 616 of title 18, United States Code.

"(b) Members of the Board shall alternate in serving as Chairman of the Board. The term of each Chairman shall be one year.

"(c) All decisions of the Board with respect to the exercise of its duties and powers under the provisions of this title shall be made by majority vote of the members of the Board. A member of the Board may not delegate to any person his vote or any decision-making authority or duty vested in the Board by the provisions of this title.

"(d) The Board shall meet at the call of any member of the Board, except that it shall meet at least once each month.

"(e) The Board shall prepare written rules for the conduct of its activities.

"(f)(1) The Board shall have a Staff Director and a General Counsel who shall be appointed by the Board. The Staff Director shall be paid at a rate not to exceed the rate of basic pay in effect for level IV of the Executive Schedule (5 U.S.C. 5315). The General Counsel shall be paid at a rate not to exceed the rate of basic pay in effect for level V of the Executive Schedule (5 U.S.C. 5316). With the approval of the Board, the Staff Director may appoint and fix the pay of such additional personnel as he considers desirable. Not less than 30 per centum of the additional personnel appointed by the Staff Director shall be selected as follows:

"(A) one-half from among individuals recommended by the minority leader of the Senate; and

"(B) one-half from among individuals recommended by the minority leader of the House of Representatives.

"(2) With the approval of the Board, the Staff Director may procure temporary and intermittent services to the same extent as is authorized by section 3109(b) of title 5, United States Code, but at rates for individuals not to exceed the daily equivalent of the annual rate of basic pay in effect for grade GS–15 of the General Schedule (5 U.S.C. 5332).

"POWERS OF THE BOARD

"SEC. 309. (a) The Board shall have the power—

"(1) to formulate general policy with respect to the administration of this title, title I of this Act, and sections 608, 610, 611, 613, 614, 615, and 616 of title 18, United States Code;

"(2) to oversee the development of prescribed forms under section 311(a)(1);

"(3) to review rules and regulations prescribed under section 104 of this Act or under this title to assure their consistency with the law and to assure that such rules and regulations are uniform, to the extent practicable;

"(4) to render advisory opinions under section 313;

"(5) to expeditiously conduct investigations and hearings, to encourage voluntary compliance, and to report apparent violations to the appropriate law enforcement authorities;

"(6) to administer oaths or affirmations;

"(7) to require by subpena, signed by the Chairman, the attendance and testimony of witnesses and the production of documentary evidence relevant to any investigation or hearing conducted by the Board under section 311(c); and

"(8) to pay witnesses the same fees and mileage as are paid in like circumstances in the courts of the United States.

"(b) Any district court of the United States, within the jurisdiction of which any inquiry is carried on, may, upon petition by the Board, in case of refusal to obey a subpena of the Board issued under subsection (a)(7), issue an order requiring compliance with such subpena. Any failure to obey the order of such district court may be punished by such district court as a contempt thereof.

"REPORTS

"SEC. 310. The Board shall transmit reports to the President of the United States and to each House of the Congress no later than March 31 of each year. Each such report shall contain a detailed statement with respect to the activities of the Board in carrying out its duties under this title, together with recommendations for such legislative or other action as the Board considers appropriate.".

(b)(1) Section 311(c)(1) of such Act (as so redesignated by subsection (a)(1) of this section and by section 205(b)(2) of this Act), relating to duties of the supervisory officer, is amended to read as follows:

"(c)(1)(A) Any person who believes a violation of this title, title I of this Act, or sections 608, 610, 611, 613, 614, 615, or 616 of title 18, United States Code, has occurred may file a complaint with the Board.

"(B) The Clerk of the House of Representatives, the Secretary of the Senate, or any other person receiving reports and statements as custodian for the Board who has reason to believe a violation of this title, title I of this Act, or section 608, 610, 611, 613, 614, 615, or 616 of title 18, United States Code has occurred shall refer such apparent violation to the Board.

"(C) The Board, upon receiving any complaint under subparagraph (A) or referral under subparagraph (B), or if it has reason to believe that any person has committed a violation of any such provision, shall notify the person involved of such apparent violation and shall—

"(i) report such apparent violation to the Attorney General; or

"(ii) make an investigation of such apparent violation.

"(D) Any investigation under subparagraph (C)(ii) shall be conducted expeditiously and shall include an investigation of reports and statements filed by any complainant with respect to the apparent violation involved, if such complainant is a candidate. Any notification or investigation made under subparagraph (C) shall not be made public by the Board or by any other person without the written consent of the person receiving such notification or the person with respect to whom such investigation is made.

"(E) The Board shall, at the request of any person who receives notice of an apparent violation under subparagraph (C), conduct a hearing with respect to such apparent violation.

"(F) If the Board shall determine, after any investigation under subparagraph (C)(ii), that there is reason to believe that there has been an apparent violation of this title, title I of this Act, or section 608, 610, 611, 613, 614, 615, or 616 of title 18, United States Code, the Board shall endeavor to correct any such apparent violation by informal methods of conference, conciliation, and persuasion.

"(G) The Board shall refer apparent violations to the appropriate law enforcement authorities if the Board is unable to correct such apparent violations, or if the Board determines that any such referral is appropriate.

"(H) Whenever in the judgment of the Board, after affording due notice and an opportunity for a hearing, any person has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of any provision of this title, title I of this Act, or section 608, 610, 611, 613, 614, 615, or 616 of title 18, United States Code, the Attorney General on behalf of the United States shall institute a civil action for relief, including a permanent or temporary injunction, restraining order, or any other appropriate order in the district court of the United States for the district in which the person is found, resides, or transacts business. Upon a proper showing that such person has engaged or is about to engage in such acts or practices, a permanent or temporary injunction, restraining order, or other order shall be granted without bond by such court."

(2) Section 311 of such Act (as so redesignated by subsection (a)(1) of this section), relating to the duties of the supervisory officer, is amended by adding at the end thereof the following new subsection:

"(d) In any case in which the Board refers an apparent violation to the Attorney General, the Attorney General shall respond by report to the Board with respect to any action taken by the Attorney General regarding such apparent violation. Each such report shall be transmitted no later than 60 days after the date the Board refers any apparent violation, and at the close of every 30-day period thereafter until there is final disposition of such apparent violation. The Board may from time to time prepare and publish reports on the status of such referrals.".

(3) The heading for section 311 of such Act (as so redesignated by subsection (a)(1) of this section) is amended to read as follows:

"DUTIES OF THE SUPERVISORY OFFICER; INVESTIGATIONS BY THE BOARD".

(c) Title III of the Federal Election Campaign Act of 1971, relating to disclosure of Federal campaign funds, is amended by adding at the end thereof the following new sections:

"JUDICIAL REVIEW

"SEC. 315. (a) The Board, the supervisory officers, the national committee of any political party, and any individual eligible to vote in any election for the office of President of the United States are authorized to institute such actions in the appropriate district court of the United States, including actions for declaratory judgment or injunctive relief, as may be appropriate to implement or construe any provision of this title, title I of this Act, or section 608, 610, 611, 613, 614, 615, or 616 of title 18, United States Code. The district court immediately shall certify all questions of constitutionality of this title, title I of this Act, or section 608, 610, 611, 613, 614, 615, or 616 of title 18, United States Code, to the United States court of appeals for the circuit involved, which shall hear the matter sitting en banc.

"(b) Notwithstanding any other provision of law, any decision on a matter certified under subsection (a) shall be reviewable by appeal directly to the Supreme Court of the United States. Such appeal shall be brought no later than 20 days after the decision of the court of appeals.

"(c) It shall be the duty of the court of appeals and of the Supreme Court of the United States to advance on the docket and to expedite to the greatest possible extent the disposition of any matter certified under subsection (a).

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 316. Notwithstanding any other provision of law, there are authorized to be appropriated to the Board such sums as may be necessary to enable it to carry out its duties under this Act.".

ADVISORY OPINIONS

SEC. 208. Title III of the Federal Election Campaign Act of 1971, relating to disclosure of Federal campaign funds, is amended by inserting immediately after section **312** (**as** so redesignated by section 207(a)(1) of this Act), the following new section:

"ADVISORY OPINIONS

"SEC. 313. (a) Upon written request to the Board by any individual holding Federal office, any candidate for Federal office, or any political committee, the Board shall render an advisory opinion, in writing, within a reasonable time with respect to whether any specific transaction or activity by such individual, candidate, or political committee would constitute a violation of this title, title I of this Act, or section 608, 610, 611, 613, 614, 615, or 616 of title 18, United States Code.

"(b) Notwithstanding any other provision of law, any person with respect to whom an advisory opinion is rendered under subsection (a) who acts in good faith in accordance with the provisions and findings of such advisory opinion shall be presumed to be in compliance with the provision of this title, title I of this Act, or section 608, 610, 611, 613, 614, 615, or 616 of title 18, United States Code, with respect to which such advisory opinion is rendered.

"(c) Any request made under subsection (a) shall be made public by the Board. The Board shall, before rendering an advisory opinion with respect to such request, provide any interested party with an opportunity to transmit written comments to the Board with respect to such request.".

TITLE III—GENERAL PROVISIONS

EFFECT ON STATE LAW

SEC. 301. Section 403 of the Federal Election Campaign Act of 1971, relating to effect on State law, is amended to read as follows:

"EFFECT ON STATE LAW

"SEC. 403. The provisions of this Act, and of rules prescribed under this Act, supersede and preempt any provision of State law with respect to election to Federal office.".

PERIOD OF LIMITATIONS; ENFORCEMENT

SEC. 302. Title IV of the Federal Election Campaign Act of 1971, relating to general provisions, is amended by redesignating section 406 as section 408 and by inserting immediately after section 405 the following new sections:

"PERIOD OF LIMITATIONS

"SEC. 406. (a) No person shall be prosecuted, tried, or punished for any violation of title I of this Act, title III of this Act, or section 608, 610, 611, 613, 614, 615, or 616 of title 18, United States Code, unless the indictment is found or the information is instituted within three years after the date of the violation.

"(b) Notwithstanding any other provision of law—

"(1) the period of limitation referred to in subsection (a) shall apply with respect to violations referred to in such subsection committed before, on, or after the effective date of this section; and

"(2) no person shall be prosecuted, tried, or punished for any act or omission which was a violation of any provision of title I of this Act, title III of this Act, or section 608, 610, 611, or 613 of title 18, United States Code, as in effect on the day before the effective date of the Federal Election Campaign Act Amendments of 1974, if such act or omission does not constitute a violation of any such provision, as amended by the Federal Election Campaign Act Amendments of 1974.

Nothing in this subsection shall affect any proceeding pending in any court of the United States on the effective date of this section.

"ENFORCEMENT

"SEC. 407. (a) In any case in which the Board of Supervisory Officers, after notice and opportunity for a hearing on the record in accordance with section 554 of title 5, United States Code, makes a finding that a person who, while a candidate for Federal office, failed to file a report required by title III of this Act, and such finding is made before the expiration of the time within which the failure to file such report may be prosecuted as a violation of such title III, such person shall be disqualified from becoming a candidate in any future election for Federal office for a period of time beginning on the date of such finding and ending one year after the expiration of the term of the Federal office for which such person was a candidate.

"(b) Any finding by the Board under subsection (a) shall be subject to judicial review in accordance with the provisions of chapter 7 of title 5, United States Code.".

TITLE IV—AMENDMENTS TO OTHER LAWS; EFFECTIVE DATES

POLITICAL ACTIVITIES BY STATE AND LOCAL OFFICERS AND EMPLOYEES

SEC. 401. (a) Section 1502(a)(3) of title 5, United States Code (relating to influencing elections, taking part in political campaigns, prohibitions, exceptions), is amended to read as follows:

"(3) be a candidate for elective office.".

(b)(1) Section 1503 of title 5, United States Code, relating to nonpartisan political activity, is amended to read as follows:

"§ 1503. Nonpartisan candidacies permitted

"Section 1502(a)(3) of this title does not prohibit any State or local officer or employee from being a candidate in any election if none of he candidates is to be nominated or elected at such election as representing a party any of whose candidates for Presidential elector received votes in the last preceding election at which Presidential electors were selected.".

(2) The table of sections for chapter 15 of title 5, United States Code, is amended by striking out the item relating to section 1503 and inserting in lieu thereof the following new item:

"1503. Nonpartisan candidacies permitted.".

(c) Section 1501 of title 5, United States Code, relating to definitions, is amended—

(1) by striking out paragraph (5);

(2) in paragraph (3) thereof, by inserting "and" immediately after "Federal Reserve System;" and

(3) in paragraph (4) thereof, by striking out "; and" and inserting in lieu thereof a period.

REPEAL OF COMMUNICATIONS MEDIA EXPENDITURE LIMITATIONS

SEC. 402. (a)(1) Title I of the Federal Election Campaign Act of 1971, relating to campaign communications, is amended by striking out section 104 and by redesignating sections 105 and 106 as sections 104 and 105, respectively.

(2) Section 104 of such Act (as so redesignated by paragraph (1) of this subsection), relating to regulations, is amended by striking out ", 103(b), 104(a), and 104(b)" and inserting in lieu thereof "and 103(b)".

(b) Section 102 of the Federal Election Campaign Act of 1971, relating to definitions, is amended by striking out paragraphs (1), (2), (5), and (6), and by redesignating paragraphs (3) and (4) as paragraphs (1) and (2), respectively.

(c)(1) Section 315 of the Communications Act of 1934 (relating to candidates for public office, facilities, rules) is amended by striking out subsections (c), (d), and (e), and by redesignating subsections (f) and (g) as subsections (c) and (d), respectively.

(2) Section 315(c) of such Act (as so redesignated by paragraph (1) of this subsection), relating to definitions, is amended to read as follows:

"(c) For purposes of this section—

"(1) the term 'broadcasting station' includes a community antenna television system; and

"(2) the terms 'licensee' and 'station licensee' when used with respect to a community antenna television system, mean the operator of such system.".

APPROPRIATIONS TO CAMPAIGN FUND

SEC. 403. Section 9006(a) of the Internal Revenue Code of 1954 (relating to establishment of campaign fund) is amended—

(1) by striking out "as provided by appropriation Acts" and inserting in lieu thereof "from time to time"; and

(2) by adding at the end thereof the following new sentence: "There is appropriated to the fund for each fiscal year, out of amounts in the general fund of the Treasury not otherwise appropriated, an amount equal to the amounts so designated during each fiscal year, which shall remain available to the fund without fiscal year limitation.".

ENTITLEMENTS OF ELIGIBLE CANDIDATES TO PAYMENTS FROM PRESIDENTIAL ELECTION CAMPAIGN FUND

SEC. 404. (a) Subsection (a)(1) of section 9004 of the Internal Revenue Code of 1954 (relating to entitlement of eligible candidates to payments) is amended to read as follows:

"(1) The eligible candidates of each major party in a Presidential election shall be entitled to equal payments under section 9006 in an amount which, in the aggregate, shall not exceed $20,000,000.".

(b)(1) Subsection (a)(2)(A) of section 9004 of such Code (relating to entitlement of eligible candidates to payments) is amended by striking out "computed" and inserting in lieu thereof "allowed".

(2) The first sentence of subsection (a)(3) of section 9004 of such Code (relating to entitlement of eligible candidates to payments) is amended by striking out "computed" and inserting in lieu thereof "allowed".

(c)(1) Section 9002(1) of the Internal Revenue Code of 1954 (relating to the definition of "authorized committee") is amended to read as follows:

"(1) The term 'authorized committee' means, with respect to the candidates of a political party for President and Vice President of the United States, the political committee designated under section 302(f)(1) of the Federal Election Campaign Act of 1971 by the candidate of a political party for President of the United States as his principal campaign committee.".

(2) Section 9002(11) of such Code (relating to the definition of "qualified campaign expense") is amended—

(A) in subparagraph (A)(iii) thereof, by striking out "an" and inserting in lieu thereof "the";

(B) in the second sentence thereof, by striking out "an" and inserting in lieu thereof "his"; and

(C) in the third sentence thereof, by striking out "an" and inserting in lieu thereof "the".

(3) Section 9003(b) of such Code (relating to major parties) is amended—

(A) by striking out "committees" each place it appears therein and inserting in lieu thereof at each such place "committee"; and

(B) by striking out "any of" each place it appears therein.

(4) Section 9003(c) of such Code (relating to minor and new parties) is amended by striking out "committees" each place it appears therein and inserting in lieu thereof at each such place "committee".

(5) Section 9004(b) of such Code (relating to limitations) is amended by striking out "committees" each place it appears therein and inserting in lieu thereof at each such place "committee".

(6) Section 9004(c) of such Code (relating to restrictions) is amended by striking out "committees" each place it appears therein and inserting in lieu thereof at each such place "committee".

(7) Section 9007(b)(2) of such Code (relating to repayments) is amended by striking out "committees" and inserting in lieu thereof "committee".

(8) Section 9007(b)(3) of such Code (relating to repayments) is amended by striking out "any" and inserting in lieu thereof "the".

(9) Subsections (a) and (b) of section 9012 of such Code (relating to excess expenses and contributions, respectively), as amended by sections 406(b) (2) and (3) of this Act, are each amended by striking out "any of his authorized committees" each place it appears and inserting in lieu thereof at each such place "his authorized committee".

CERTIFICATION FOR PAYMENT BY COMPTROLLER GENERAL

SEC. 405. (a) Section 9005(a) of the Internal Revenue Code of 1954 (relating to initial certifications for eligibility for payments) is amended to read as follows:

"(a) INITIAL CERTIFICATIONS.—Not later than 10 days after the candidates of a political party for President and Vice President of the United States have met all applicable conditions for eligibility to receive payments under this chapter set forth in section 9003, the Comptroller General shall certify to the Secretary for payment to such eligible candidates under section 9006 payment in full of amounts to which such candidates are entitled under section 9004.".

(b) Section 9003(a) of such Code (relating to general conditions for eligibility for payments) is amended—

(1) by striking out "with respect to which payment is sought" in paragraph (1) and inserting in lieu thereof "of such candidates";

(2) by inserting "and" at the end of paragraph (2);

(3) by striking out ", and" at the end of paragraph (3) and inserting in lieu thereof a period; and

(4) by striking out paragraph (4).

FINANCING OF PRESIDENTIAL NOMINATING CONVENTIONS

SEC. 406. (a) Chapter 95 of subtitle H of the Internal Revenue Code of 1954 (relating to the presidential election campaign fund) is amended by striking out section 9008 (relating to information on proposed expenses) and inserting in lieu thereof the following new section:

"SEC. 9008. PAYMENTS FOR PRESIDENTIAL NOMINATING CONVENTIONS.

"(a) ESTABLISHMENT OF ACCOUNTS.—The Secretary shall maintain in the fund, in addition to any account which he maintains under section 9006(a), a separate account for the national committee of each major party and minor party. The Secretary shall deposit in each such account an amount equal to the amount which each such committee may receive under subsection (b). Such deposits shall be drawn from amounts designated by individuals under section 6096 and shall be made before any transfer is made to any account for any eligible candidate under section 9006(a).

"(b) ENTITLEMENT TO PAYMENTS FROM THE FUND.—

"(1) MAJOR PARTIES.—Subject to the provisions of this section, the national committee of a major party shall be entitled to payments under paragraph (3), with respect to any presidential nominating convention, in amounts which, in the aggregate, shall not exceed $2,000,000.

"(2) MINOR PARTIES.—Subject to the provisions of this section, the national committee of a minor party shall be entitled to payments under paragraph (3), with respect to any presidential nominating convention, in amounts which, in the aggregate, shall not exceed an amount which bears the same ratio to the amount the national committee of a major party is entitled to receive under paragraph (1) as the number of popular votes received by the candidate for President of the minor party, as such candidate, in the preceding presidential election bears to the average number of popular votes received by the candidates for President of the major parties in the preceding presidential election.

"(3) PAYMENTS.—Upon receipt of certification from the Comptroller General under subsection (g), the Secretary shall make payments from the appropriate account maintained under subsection (a) to the national committee of a major party or minor party which elects to receive its entitlement under this subsection. Such payments shall be available for use by such committee in accordance with the provisions of subsection (c).

"(4) LIMITATION.—Payments to the national committee of a major party or minor party under this subsection from the account designated for such committee shall be limited to the amounts in such account at the time of payment.

"(c) USE OF FUNDS.—No part of any payment made under subsection (b) shall be used to defray the expenses of any candidate or delegate who is participating in any presidential nominating convention. Such payments shall be used only—

"(1) to defray expenses incurred with respect to a presidential nominating convention (including the payment of deposits) by or on behalf of the national committee receiving such payments; or

"(2) to repay loans the proceeds of which were used to defray such expenses, or otherwise to restore funds (other than contributions to defray such expenses received by such committee) used to defray such expenses.

"(d) LIMITATION OF EXPENDITURES.—

"(1) MAJOR PARTIES.—Except as provided by paragraph (3), the national committee of a major part may not make expenditures with respect to a presidential nominating convention which, in the aggregate, exceed the amount of payments to which such committee is entitled under subsection (b)(1).

"(2) MINOR PARTIES.—Except as provided by paragraph (3), the national committee of a minor party may not make expenditures with respect to a presidential nominating convention which, in the aggregate, exceed the amount of the entitlement of the national committee of a major party under subsection (b)(1).

"(3) EXCEPTION.—The Presidential Election Campaign Fund Advisory Board may authorize the national committee of a major party or minor party to make expenditures which, in the aggregate, exceed the limitation established by paragraph (1) or paragraph (2) of this subsection. Such authorization shall be based upon a determination by such Board that, due to extraordinary and unforeseen circumstances, such expenditures are necessary to assure the effective operation of the presidential nominating convention by such committee.

"(e) AVAILABILITY OF PAYMENTS.—The national committee of a major party or minor party may receive payments under subsection (b)(3) beginning on July 1 of the calendar year immediately preceding the calendar year in which a presidential nominating convention of the political party involved is held.

"(f) TRANSFER TO THE FUND.—If, after the close of a presidential nominating convention and after the national committee of the political party involved has been paid the amount which it is entitled to receive under this section, there are moneys remaining in the account of such national committee, the Secretary shall transfer the moneys so remaining to the fund.

"(g) CERTIFICATION BY COMPTROLLER GENERAL.—Any major party or minor party may file a statement with the Comptroller General in such form and manner and at such times as he may require, designating the national committee of such party. Such statement shall include the information required by section 303(b) of the Federal Election Campaign Act of 1971, together with such additional information as the Comptroller General may require. Upon receipt of a statement filed under the preceding sentences, the Comptroller General promptly shall verify such statement according to such procedures and criteria as he may establish and shall certify to the Secretary for payment in full to any such committee of amounts to which such committee may be entitled under subsection (b). Such certifications shall be subject to an examination and audit which the Comptroller General shall conduct no later than December 31 of the calendar year in which the presidential nominating convention involved is held.

"(h) REPAYMENTS.—The Comptroller General shall have the same authority to require repayments from the national committee of a major party or minor party as he has with respect to repayments from any eligible candidate under section 9007(b). The provisions of section 9007(c) and section 9007(d) shall apply with respect to any repayment required by the Comptroller General under this subsection.".

(b)(1) Section 9009(a) of such Code (relating to reports) is amended by striking out "and" in paragraph (2) thereof; by striking out the period at the end of paragraph (3) thereof and inserting in lieu thereof "; and "; and by adding at the end thereof the following new paragraphs:

"(4) the expenses incurred by the national committee of a major party or minor party with respect to a presidential nominating convention;

"(5) the amounts certified by him under section 9008(g) for payment to each such committee; and

"(6) the amount of payments, if any, required from such committees under section 9008(h), and the reasons for each such payment.".

(2) The heading for section 9012(a) of such Code (relating to excess campaign expenses) is amended by striking out "CAMPAIGN".

(3) Section 9012(a)(1) by such Code (relating to excess expenses) is amended by adding at the end thereof the following new sentence: "It shall be unlawful for the national committee of a major party or minor party knowingly and willfully to incur expenses with respect to a presidential nominating convention in excess of the expenditure limitation applicable with respect to such committee under section 9008(d), unless the incurring of such expenses is authorized by the Presidential Election Campaign Fund Board under section 9008(d)(3).".

(4) Section 9012(c) of such Code (relating to unlawful use of payments) is amended by redesignating paragraph (2) as paragraph (3) and by inserting immediately after paragraph (1) the following new paragraph:

"(2) It shall be unlawful for the national committee of a major party or minor party which receives any payment under section 9008(b)(3) to use, or authorize the use of, such payment for any purpose other than a purpose authorized by section 9008(c).".

(5) Section 9012(e)(1) of such Code (relating to kickback and illegal payments) is amended by adding at the end thereof the following new sentence: "It shall be unlawful for the national committee of a major party or minor party knowingly and willfully to give or accept any kickback or any illegal payment in connection with any expense incurred by such committee with respect to a presidential nominating convention.".

(6) Section 9012(e)(3) of such Code (relating to kickbacks and illegal payments) is amended by inserting immediately after "their authorized committees" the following: ", or in connection with any expense incurred by the national committee of a major party or minor party with respect to a presidential nominating convention,".

(c) The table of sections for chapter 95 of subtitle H of such Code (relating to the presidential election campaign fund) is amended by striking out the item relating to section 9008 and inserting in lieu thereof the following new item:

"Sec. 9008. Payments for presidential nominating conventions.".

(d) Section 276 of such Code (relating to certain indirect contributions to political parties) is amended by striking out subsection (c) and by redesignating subsection (d) as subsection (c).

TAX RETURNS BY POLITICAL COMMITTEES

SEC. 407. Section 6012(a) of the Internal Revenue Code of 1954 (relating to persons required to make returns of income) is amended by adding at the end thereof the following new sentence: "The Secretary or his delegate shall, by regulation, exempt from the requirement of making returns under this section any political committee (as defined in section 301(d) of the Federal Election Campaign Act of 1971) having no gross income for the taxable year.".

PRESIDENTIAL PRIMARY MATCHING PAYMENT ACCOUNT

SEC. 408. (a) The analysis of subtitles at the beginning of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following:

"SUBTITLE H. Financing of presidential election campaigns.".

(b) The analysis of chapters at the beginning of subtitle H of such Code is amended by adding at the end thereof the following:

"CHAPTER 97. Presidential Primary Matching Payment Account.".

(c) Subtitle H of such Code is amended by adding at the end thereof the following new chapter:

"CHAPTER 97—PRESIDENTIAL PRIMARY MATCHING PAYMENT ACCOUNT

"Sec. 9031. Short title.
"Sec. 9032. Definitions.
"Sec. 9033. Eligibility for payment.
"Sec. 9034. Entitlement of eligible candidates to payments.
"Sec. 9035. Qualified campaign expense limitation.
"Sec. 9036. Certification by Comptroller General.
"Sec. 9037. Payments to eligible candidates.
"Sec. 9038. Examinations and audits; repayments.
"Sec. 9039. Reports to Congress; regulations.
"Sec. 9040. Participation of Comptroller General in judicial proceedings.
"Sec. 9041. Judicial review.
"Sec. 9042. Criminal penalties.

"SEC. 9031. SHORT TITLE.

"This chapter may be cited as the 'Presidential Primary Matching Payment Account Act'

"SEC. 9032. DEFINITIONS.

"For purposes of this chapter—

"(1) The term 'authorized committee' means, with respect to the candidates of a political party for President and Vice President of the United States, the political committee designated under section 302(f)(1) of the Federal Election Campaign Act of 1971 by the candidate of a political party for President of the United States as his principal campaign committee.

"(2) The term 'candidate' means an individual who seeks nomination for election to be President of the United States. For purposes of this paragraph, an individual shall be considered to seek nomination for election if he (A) takes the action necessary under the law of a State to qualify himself for nomination for election, (B) receives contributions or incurs qualified campaign expenses, or (C) gives his consent for any other person to receive contributions or to incur qualified campaign expenses on his behalf.

"(3) The term 'Comptroller General' means the Comptroller General of the United States.

"(4) Except as provided by section 9034(a), the term 'contribution'—

"(A) means a gift, subscription, loan, advance, or deposit of money, or anything of value, the payment of which was made on or after the beginning of the calendar year immediately preceding the calendar year of the presidential election with respect to which such gift, subscription, loan, advance, or deposit of money, or anything of value, is made, for the purpose of influencing the result of a primary election,

"(B) means a contract, promise, or agreement, whether or not legally enforceable, to make a contribution for any such purpose.

"(C) means a transfer of funds between political committees, and

"(D) means the payment by any person other than a candidate, or his authorized committee, of compensation for the personal services of another person which are rendered to the candidate or committee without charge, but

"(E) does not include—

"(i) except as provided in subparagraph (D), the value of personal services rendered to or for the benefit of a candidate by an individual who receives no compensation for rendering such service to or for the benefit of the candidate, or

"(ii) payments under section 9037.

"(5) The term 'matching payment account' means the Presidential Primary Matching Payment Account established under section 9037(a).

"(6) The term 'matching payment period' means the period beginning with the beginning of the calendar year in which a general election for the office of President of the United States will be held and ending on the date on which the national convention of the party whose nomination a candidate seeks nominates its candidate for the office of President of the United States.

"(7) The term 'primary election' means an election, including a runoff election or a nominating convention or caucus held by a political party, for the selection of delegates to a national nominating convention of a political party, or for the expression of a preference for the nomination of persons for election to the office of President of the United States.

"(8) The term 'political committee' means any individual, committee, association, or organization (whether or not incorporated) which accepts contributions or incurs qualified compaign expenses for the purpose of influencing, or attempting to influence, the nomination of any person for election to the office of President of the United States.

"(9) The term 'qualified campaign expense' means a purchase, payment, distribution, loan, advance, deposit, or gift of money or of anything of value—

"(A) incurred by a candidate, or by his authorized committee, in connecion with his campaign for nomination for election, and

"(B) neither the incurring nor payment of which constitutes a violation of any law of the United States or of the State in which the expense is incurred or paid.

For purposes of this paragraph, an expense is incurred by a candidate or by an authorized committee if it is incurred by a person specifically authorized in writing by the candidate or committee, as the case may be, to incur such expense on behalf of the candidate or the committee.

"(10) The term 'State' means each State of the United States and the District of Columbia.

"SEC. 9033. ELIGIBILITY FOR PAYMENTS.

"(a) CONDITIONS.—To be eligible to receive payments under section 9037, a candidate shall, in writing—

"(1) agree to obtain and furnish to the Comptroller General any evidence he may request of qualified campaign expenses,

"(2) agree to keep and furnish to the Comptroller General any records, books, and other information he may request, and

"(3) agree to an audit and examination by the Comptroller General under section 9038 and to pay any amounts required to be paid under such section.

"(b) EXPENSE LIMITATION; DECLARATION OF INTENT; MINIMUM CONTRIBUTIONS.—To be eligible to receive payments under section 9037, a candidate shall certify to the Comptroller General that—

"(1) the candidate and his authorized committee will not incur qualified campaign expenses in excess of the limitation on such expenses under section 9035,

"(2) the candidate is seeking nomination by a political party for election to the office of President of the United States,

"(3) the candidate has received contributions which in the aggregate, exceed $5,000 in contributions from residents of each of at least 20 States, and

"(4) the aggregate of contributions received from any person under paragraph (3) does not exceed $250.

"SEC. 9034. ENTITLEMENT OF ELIGIBLE CANDIDATES TO PAYMENTS.

"(a) IN GENERAL.—Every candidate who is eligible to receive payments under section 9033 is entitled to payments under section 9037 in an amount equal to the amount of each contribution received by such candidate on or after the beginning of the calendar year immediately preceding the calendar year of the presidential election with respect to which such candidate is seeking nomination, or by his authorized committee, disregarding any amount of contributions from any person to the extent that the total of the amounts contributed by such person on or after the beginning of such preceding calendar year exceeds $250. For purposes of this subsection and section 9033(b), the term 'contribution' means a gift of money made by a written instrument which identifies the person making the contribution by full name and mailing address, but does not include a subscription, loan, advance, or deposit of money, or anything described in subparagraph (B), (C), or (D) of section 9032(4).

"(b) LIMITATIONS.—The total amount of payments to which a candidate is entitled under subsection (a) shall not exceed 50 percent of the expenditure limitation established by section 608(c)(1)(A) of title 18, United States Code.

"SEC. 9035. QUALIFIED CAMPAIGN EXPENSE LIMITATION.

"No candidate shall knowingly incur qualified campaign expenses in excess of the expenditure limitation established by section 608(c)(1)(A) of title 18, United States Code.

"SEC. 9036. CERTIFICATION BY COMPTROLLER GENERAL.

"(a) INITIAL CERTIFICATIONS.—Not later than 10 days after a candidate establishes his eligibility under section 9033 to receive payments under section 9037, the Comptroller General shall certify to the Secretary for payment to such candidate under section 9037 payment in full of amounts to which such candidate is entitled under section 9034.

"(b) FINALITY OF DETERMINATIONS.—Initial certifications by the Comptroller General under subsection (a), and all determinations made by him under this chapter, are final and conclusive, except to the extent that they are subject to examination and audit by the Comptroller General under section 9038 and judicial review under section 9041.

"SEC. 9037. PAYMENTS TO ELIGIBLE CANDIDATES.

"(a) ESTABLISHMENT OF ACCOUNT.—The Secretary shall maintain in the Presidential Election Campaign Fund established by section 9006(a), in addition to any account which he maintains under such section, a separate account to be known as the Presidential Primary Matching Payment Account. The Secretary shall deposit into the matching payment account, for use by the candidate of any political party who is eligible to receive payments under section 9033, the amount available after the Secretary determines that amounts for payments under section 9006(c) and for payments under section 9007(b)(3) are available for such payments.

"(b) PAYMENTS FROM THE MATCHING PAYMENT ACCOUNT.—Upon receipt of a certification from the Comptroller General under section 9036, but not before the beginning of the matching payment period, the Secretary or his delegate shall promptly transfer the amount certified by the Comptroller General from the matching payment account to the candidate. In making such transfers to candidates of the same political party, the Secretary or his delegate shall seek to achieve an equitable distribution of funds available under subsection (a), and the Secretary or his delegate shall take into account, in seeking to achieve an equitable distribution, the sequence in which such certifications are received. Transfers to candidates of the same political party may not exceed an amount which is equal to 45 percent of the total amount available in the matching payment account, and transfers to any candidate may not exceed an amount which is equal to 25 percent of the total amount available in the matching payment account.

"SEC. 9038. EXAMINATIONS AND AUDITS; REPAYMENTS.

"(a) EXAMINATIONS AND AUDITS.—After each matching payment period, the Comptroller General shall conduct a thorough examination and audit of the qualified campaign expenses of every candidate and his authorized committee who received payments under section 9037.

"(b) REPAYMENTS.—

"(1) If the Comptroller General determines that any portion of the payments made to a candidate from the matching payment account was in excess of the aggregate amount of payments to which such candidate was entitled under section 9034, he shall notify the candidate, and the candidate shall pay to the Secretary or his delegate an amount equal to the amount of excess payments.

"(2) If the Comptroller General determines that any amount of any payment made to a candidate from the matching payment account was used for any purpose other than—

"(A) to defray the qualified campaign expenses with respect to which such payment was made, or

"(B) to repay loans the proceeds of which were used, or otherwise to restore funds (other than contributions to defray qualified campagn expenses which were received and expended) which were used, to defray qualified expenses,

he shall notify such candidate of the amount so used, and the candidate shall pay to the Secretary or his delegate an amount equal to such amount.

"(3) Amounts received by a candidate from the matching payment account may be retained for the liquidation of all obligations to pay qualified campaign expenses incurred for a period not exceeding 6 months after the end of the matching payment period. After all obligations have been liquidated, that portion of any unexpended balance remaining in the candidate's accounts which bears the same ratio to the total unexpended balance as the total amount received from the matching payment account bears to the total of all deposits made into the candidate's accounts shall be promptly repaid to the matching payment account.

"(c) NOTIFICATION.—No notification shall be made by the Comptroller General under subsection (b) with respect to a matching payment period more than 3 years after the end of such period.

"(d) DEPOSIT OF REPAYMENTS.—All payments received by the Secretary or his delegate under subsection (b) shall be deposited by him in the matching payment account.

"SEC. 9039. REPORTS TO CONGRESS; REGULATIONS.

"(a) REPORTS.—The Comptroller General shall, as soon as practicable after each matching payment period, submit a full report to the Senate and House of Representatives setting forth—

"(1) the qualified campaign expenses (shown in such detail as the Comptroller General determines necessary) incurred by the candidates of each political party and their authorized committees,

"(2) the amounts certified by him under section 9036 for payment to each eligible candidate, and

"(3) the amount of payments, if any, required from candidates under section 9038, and the reasons for each payment required.

Each report submitted pursuant to this section shall be printed as a Senate document.

"(b) REGULATIONS, ETC.—The Comptroller General is authorized to prescribe rules and regulations in accordance with the provisions of subsection (c), to conduct examinations and audits (in addition to the examinations and audits required by section 9038(a)), to conduct investigations, and to require the keeping and submission of any books, records, and information, which he determines to be necessary to carry out his responsibilities under this chapter.

"(c) REVIEW OF REGULATIONS.—

"(1) The Comptroller General, before prescribing any rule or regulation under subsection (b), shall transmit a statement with respect to such rule or regulation to the Committee on Rules and Administration of the Senate and to the Committee on House Administration of the House of Representatives, in accordance with the provisions of this subsection. Such statement shall set forth the proposed rule or regulation and shall contain a detailed explanation and justification of such rule or regulation.

"(2) If either such committee does not, through appropriate action, disapprove the proposed rule or regulation set forth in such statement no later than 30 legislative days after receipt of such statement, then the Comptroller General may prescribe such rule or regulation. The Comptroller General may not prescribe any rule or regulation which is disapproved by either such committee under this paragraph.

"(3) For purposes of this subsection, the terms 'legislative days' does not include any calendar day on which both Houses of the Congress are not in session.

"SEC. 9040. PARTICIPATION BY COMPTROLLER GENERAL IN JUDICIAL PROCEEDINGS.

"(a) APPEARANCE BY COUNSEL.—The Comptroller General is authorized to appear in and defend against any action instituted under this section, either by attorneys employed in his office or by counsel whom he may appoint without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and whose compensation he may fix without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title.

"(b) RECOVERY OF CERTAIN PAYMENTS.—The Comptroller General is authorized, through attorneys and counsel described in subsection (a), to institute actions in the district courts of the United States to seek recovery of any amounts determined to be payable to the Secretary or his delegate as a result of an examination and audit made pursuant to section 9038.

"(c) INJUNCTIVE RELIEF.—The Comptroller General is authorized, through attorneys and counsel described in subsection (a), to petition the courts of the United States for injunctive relief as is appropriate to implement any provision of this chapter.

"(d) APPEAL.—The Comptroller General is authorized on behalf of the United States to appeal from, and to petition the Supreme Court for certiorari to review, judgments, or decrees entered with respect to actions in which he appears pursuant to the authority provided in this section.

"SEC. 9041. JUDICIAL REVIEW.

"(a) REVIEW OF AGENCY ACTION BY THE COMPTROLLER GENERAL.—Any agency action by the Comptroller General made under the provisions of this chapter shall be subject to review by the United States Court of Appeals for the District of Columbia Circuit upon petition filed in such court within 30 days after the agency action by the Comptroller General for which review is sought.

"(b) REVIEW PROCEDURES.—The provisions of chapter 7 of title 5, United States Code, apply to judicial review of any agency action, as defined in section 551(13) of title 5, United States Code, by the Comptroller General.

"SEC. 9042. CRIMINAL PENALTIES.

"(a) EXCESS CAMPAIGN EXPENSES.—Any person who violates the provisions of section 9035 shall be fined not more than $25,000, or imprisoned not more than 5 years, or both. Any officer or member of any political committee who knowingly consents to any expenditure in violation of the provisions of section 9035 shall be fined not more than $25,000, or imprisoned not more than 5 years, or both.

"(b) UNLAWFUL USE OF PAYMENTS.—

"(1) It is unlawful for any person who receives any payment under section 9037, or to whom any portion of any such payment is transferred, knowingly and willfully to use, or authorize the use of, such payment or such portion for any purpose other than—

"(A) to defray qualified campaign expenses, or

"(B) to repay loans the proceeds of which were used, or otherwise, to restore funds (other than contributions to defray qualified campaign expenses which were received and expended) which were used, to defray qualified campaign expenses.

"(2) Any person who violates the provisions of paragraph (1) shall be fined not more than $10,000, or imprisoned not more than 5 years, or both.

"(c) FALSE STATEMENTS, ETC.—

"(1) It is unlawful for any person knowingly and willfully—

"(A) to furnish any false, fictitious, or fraudulent evidence, books, or information to the Comptroller General under this chapter, or to include in any evidence, books, or information so furnished any misrepresentation of a material fact, or to falsify or conceal any evidence, books, or information relevant to a certification by the Comptroller General or an examination and audit by the Comptroller General under this chapter, or

"(B) to fail to furnish to the Comptroller General any records, books, or information requested by him for purposes of this chapter.

"(2) Any person who violates the provisions of paragraph (1) shall be fined not more than $10,000, or imprisoned not more than 5 years, or both.

"(d) KICKBACKS AND ILLEGAL PAYMENTS.—

"(1) It is unlawful for any person knowingly and willfully to give or accept any kickback or any illegal payment in connection with any qualified campaign expense of a candidate, or his authorized committee, who receives payments under section 9037.

"(2) Any person who violates the provisions of paragraph (1) shall be fined not more than $10,000, or imprisoned not more than 5 years, or both.

"(3) In addition to the penalty provided by paragraph (2), any person who accepts any kickback or illegal payment in connection with any qualified campaign expense of a candidate or his authorized committee shall pay to the Secretary for deposit in the matching payment account, an amount equal to 125 percent of the kickback or payment received.".

REVIEW OF REGULATIONS

SEC. 409. (a) Section 9009 of the Internal Revenue Code of 1954 (relating to reports to Congress; regulations) is amended by adding at the end thereof the following new subsection:

"(c) REVIEW OF REGULATIONS.—

"(1) The Comptroller General, before prescribing any rule or regulation under subsection (b), shall transmit a statement with respect to such rule or regulation to the Committee on Rules and Administration of the Senate and to the Committee on House Administration of the House of Representatives, in accordance with the provisions of this subsection. Such statement shall set forth the proposed rule or regulation and shall contain a detailed explanation and justification of such rule or regulation.

"(2) If either such committee does not, through appropriate action, disapprove the proposed rule or regulation set forth in such statement no later than 30 legislative days after receipt of such statement, then the Comptroller General may prescribe such rule or regulation. The Comptroller General may not prescribe any rule or regulation which is disapproved by either such committee under this paragraph.

"(3) For purposes of this subsection, the term 'legislative days' does not include any calendar day on which both Houses of the Congress are not in session.".

(b) Section 9009(b) of such Code (relating to regulations, etc.) is amended by inserting "in accordance with the provisions of subsection (c)" immediately after "regulations".

EFFECTIVE DATES

SEC. 410. (a) Except as provided by subsection (b), the foregoing provisions of this Act shall become effective 30 days after the date of the enactment of this Act.

(b) (1) The amendments made by sections 403, 404, 405, 406, 408, and 409 shall apply with respect to taxable years beginning after December 31, 1973.

(2) The amendment made by section 407 shall apply with respect to taxable years beginning after December 31, 1971.

Amend the title so as to read: "An Act to impose overall limitations on campaign expenditures and political contributions; to provide that each candidate for Federal office shall designate a principal campaign committee; to provide for a single reporting responsibility with respect to receipts and expenditures by certain political committees; to change the times for the filing of reports regarding campaign expenditures and political contributions; to provide for public financing of Presidential nominating conventions and Presidential primary elections; and for other purposes."

Mr. MANSFIELD. Mr. President, I move that the Senate disagree to the amendments of the House of Representatives and request a conference on the disagreeing votes of the two Houses thereon, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. CANNON, Mr. PELL, Mr. PASTORE, Mr. LONG, Mr. KENNEDY, Mr. ALLEN, Mr. CLARK, Mr. HUGH SCOTT, Mr. BENNETT, Mr. GRIFFIN, Mr. BAKER, and Mr. MATHIAS conferees on the part of the Senate.

ORDER OF BUSINESS

Mr. MANSFIELD. Mr. President, will the Senator from Ohio yield me 1 more minute?

Mr. TAFT. I am glad to yield, without relinquishing my right to the floor.

LEGISLATIVE PROGRAM

Mr. MANSFIELD. Mr. President, there will be a session of the Senate tomorrow. Immediately after the leadership has been recognized, the Senate will turn to the consideration of the HUD appropriation bill, on which there may well be a rollcall vote. I do not know what will happen.

Following that, the Senate will return to the consideration of ERDA, if it is not disposed of tonight.

On Monday, we will have the U.S. ship tonnage bill and the Cost of Living Council legislation, which I understand will be reported by the Committee on Banking, Housing and Urban Affairs this afternoon, if it has not already been reported.

May I say that I hope there will be no objection to the HUD appropriation bill being brought up tomorrow, because it has been considered by the Senate before. There were 4 or 5 hours of debate, as I recall. It was recommitted to the Committee on Appropriations, and it was reported again yesterday. So I would hope that, in view of the situation which has developed, the Senate as a whole—and I include both sides—would cooperate in an attempt to comply with its responsibilities.

I will point out that as a result of a meeting with the House Democratic leadership this morning, I was instructed by them to get in touch with the distinguished Republican leader (Mr. HUGH SCOTT) and indicate to him that it was or hope that we could finish our business and adjourn sine die, if at all possible, sometime between October 1 and October 15.

If we are going to do it, though, we are going to have to have a lot of cooperation.

ORDER OF BUSINESS

Mr. SPARKMAN. Mr. President, will the Senator yield to me briefly?

Mr. TAFT. I yield briefly without losing my privilege of the floor.

AMENDMENT AND EXTENSION OF EXPORT ADMINISTRATION ACT OF 1969

Mr. SPARKMAN. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on S. 3792.

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 3792), an act to amend and extend the Export Administration Act of 1969, with the following amendment:

Strike out all after the enacting clause, and insert:

Section 16 of the Export Control Administration Act of 196 is amended by striking out "1974" and inserting in lieu thereof "1976".

SEC. 2. Section 4(b)(1) of the Export Administration Act of 1969 is amended by adding at the end thereof the following: "In curtailing the exportation of any articles, materials, or supplies to effectuate the policy set forth in section 3(2)(A) of this Act, the President is authorized and directed to allocate a portion of export licenses on the basis of factors other than a prior history of exportation."

Mr. SPARKMAN. Mr. President, I move that the Senate disagree to the amendment of the House of Representatives and request a conference on the disagreeing votes of the two Houses thereon, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. STEVENSON, Mr. CRANSTON, Mr. HATHAWAY, Mr. BIDEN, Mr. PACKWOOD, Mr. BROCK, and Mr. BROOKE conferees on the part of the Senate.

ORDER OF BUSINESS

The PRESIDING OFFICER. The Chair requests the Senate be in order. The Senate cannot proceed unless it is in order. The Chair cannot hear Senators. The Senators will please take their seats. If the business of the Senate is to proceed, the Senate must be in order. Would the Senators please take their seats?

Mr. TAFT. Mr. President, I ask unanimous consent to yield to the distinguished Senator from Georgia (Mr. TALMADGE) without losing the privilege of the floor.

The PRESIDING OFFICER. The Senator from Georgia is recognized.

Mr. TALMADGE. I am grateful to the distinguished Senator from Ohio.

SUSPENSION OF DUTIES ON CERTAIN FORMS OF COPPER

Mr. TALMADGE. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on H.R. 12281.

The PRESIDING OFFICER laid before the Senate a message from the House of Representatives announcing its disagreement to the amendments of the Senate to the bill (H.R. 12281) to continue until the close of June 30, 1975, the suspension of duties on certain forms of copper and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. TALMADGE. I move that the Senate insist upon its amendments and agree to the request of the House for a conference on the disagreeing votes of the two Houses thereon, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. LONG, Mr. TALMADGE, Mr. HARTKE, Mr. BENNETT, and Mr. CURTIS conferees on the part of the Senate.

Mr. TALMADGE. I thank my distinguished friend from Ohio.

ENERGY REORGANIZATION ACT OF 1974

The Senate continued with the consideration of the bill (S. 2744) to reorganize and consolidate certain functions of the Federal Government in a new Energy Research and Development Administration and in a Nuclear Energy Commission in order to promote more efficient management of such functions.

AMENDMENT NO. 1768

The PRESIDING OFFICER. The distinguished Senator from Ohio is recognized.

Mr. TAFT. I send an amendment No. 1768 to the desk and ask that it be stated.

The legislative clerk proceeded to read the amendment.

The amendment is as follows:

On page 91, after line 15, insert the following:

TITLE V—TERMINATION OF EMERGENCY DAYLIGHT SAVING TIME

OCTOBER 1974 TERMINATION

SEC. 501. Section 7 of the Emergency Daylight Saving Time Energy Conservation Act of 1973 is amended by striking out "April 1975" and inserting in lieu thereof "October 1974".

Mr. TAFT. This amendment would repeal winter daylight saving time as of the last Sunday in October 1974. This issue has been considered before in the Senate. Last March it was offered as an amendment by several of us to the minimum wage bill. At that time, because some felt it was nongermane, and because others were waiting for the Department of Transportation report to indicate the effects of winter daylight saving time on energy consumption and traffic safety, my amendment was tabled by a vote of 48 to 43.

The Department of Transportation report does not find materially that winter daylight saving time had beneficial effects. It can attribute little energy savings to winter DST.

It shows, at most, only 1 percent of our electricity is saved. Even this small amount of conservation results predominantly in savings of coal, not petroleum. We are not short of coal. The study found that winter DST probably even increased gasoline use in March and April.

My constituents in Ohio have been particularly concerned about winter daylight saving time, because many of them live on the western edge of the eastern standard time zone. When the sun rises in Western Ohio, it has already been light for 35 minutes in New York City.

The DOT report has recommended that the daylight saving time experiment not be continued for the full year. The report states that the public prefers partial DST, and it recommends a 4-month respite, from the last Sunday in October though the last Sunday in February. However, on the western edge of the eastern standard time zone, it still is not sunrise in mid-March until 8 a.m. My staff in Cincinnati reported to me that they drove to work with lights on during debate on this proposal last March. My Cincinnati office opens at 9 a.m. Many children must get on buses at 8 a.m. or earlier, in order to reach school by 8:30 or 9 a.m. Many of these students are in elementary school, and their parents do not want them waiting in the darkness, so they drive them to school. How much energy does this save?

This also disrupts family schedules, when parents must drop children off at school early, in order to be at work promptly.

At the time I offered this proposal as an amendment to the minimum wage bill, I was told that the Commerce Committee would hold hearings on the daylight saving time question just as soon as it—the Department of Transportation report—is available. The report was submitted to Congress June 28, but no such action has been taken as yet.

I question the necessity of more hearings. This matter was discussed thoroughly last December, and at length on the Senate floor last March.

Schools will be starting soon. School boards have written me that they are waiting for Congress to act before deciding whether to change school starting times.

The report is available with no positive conclusions as to why winter DST should be continued.

I feel certain that most Senators have formed their opinions on the problem. Now we must act.

Mr. President, in addition to the Senators already listed as sponsors on the bill, I ask unanimous consent that Senators NUNN, HANSEN, EASTLAND, TALMADGE, YOUNG, CHURCH, CLARK, AND HUDDLESTON be added as cosponsors.

The PRESIDING OFFICER. Is the request of the Senator that they be added as cosponsors to the amendment?

Mr. TAFT. Yes, of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TAFT. I thank the Chair.

Mr. President, that concludes my formal remarks I have on the bill.

I would advise the Senate that the House of Representatives committee in question has passed, as I understand it, an 8 and 4 bill which would leave just the 4 winter months, November, December, January, and February, as covered by standard time, and the remainder of the year going to daylight saving time.

Mr. President, while I still am of the opinion that we should go back to the 6 and 6 formula to be fair to those on the edges of our time zones, and while I am sure that my constituents would back that position, I have had discussions with other Members of this body and they, I think, have indicated particularly in view of the House action at this point that, perhaps, we had better get half a loaf rather than putting it to the test of trying to get all of it at this time.

With that in mind, I understand there are substitutes that may be offered and, as I understand it, may even be agreed to by the Senate, reducing the present situation of total daylight saving time down to the 8 and 4 proposition.

I yield to the Senator from Kansas for such a substitute.

Mr. DOLE. Mr. President, I send an amendment to the amendment to the desk and ask that it be stated.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk proceeded to read the amendment.

Mr. DOLE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE's amendment to the amendment is as follows:

In lieu of the matter intended to be inserted by such amendment insert the following:

TITLE V—EMERGENCY DAYLIGHT SAVING TIME AMENDMENT OF EMERGENCY ACT

SEC. 501. (a) Section 4(a) of the Emergency Daylight Saving Time Energy Conservation Act of 1973 is amended by striking out "June 30, 1975" and inserting in lieu thereof "September 30, 1975".

(b) Section 7 of the Emergency Daylight Saving Time Energy Conservation Act of 1973 is amended by deleting the period at the end thereof and adding ", except that section 3(a) shall not be in effect from 2 o'clock antemeridian on the last Sunday of October 1974 until 2 o'clock antemeridian on the last Sunday of February 1975.".

Mr. DOLE. Mr. President, the amendment is offered by the Senator from Kansas, the Senator from Washington (Mr. MAGNUSON), Mr. WILLIAM L. SCOTT, Mr. BELLMON and Mr. BARTLETT.

This amendment is a substitute to the amendment by the distinguished Senator from Ohio (Mr. TAFT) and it is to exempt the months of November, December, January, and February from daylight saving time.

The amendment by the distinguished Senator from Ohio has great merit, in my opinion, and would be supported by many people in the State of Kansas. The fact remains that we are facing a very real energy shortage. Although the amount of energy saved by daylight saving time has been questioned, it has been established that energy can be saved by this step. However, in view of the social problems resulting from year-round daylight saving time and the relative improvement in our national energy supply, it appears that a compromise of some nature is in order. I believe that my amendment represents a more acceptable compromise.

It has been noted that the House of Representatives recently was presented with a similar measure for consideration. The House committee conducted hearings on this measure and found it to be acceptable. In addition, the Department of Transportation has done a great deal of work on this measure and made the same recommendation. At the same time, Congress will soon recess for the Labor Day break. In addition, we can see that the schedule before Congress is full and busy. In my opinion, the need for this measure has been clearly established and we should act quickly on it. Schoolchildren should not be forced to go through another winter of standing in the hours of darkness because of year-round daylight saving time. We should act on this measure now while the opportunity exists.

In the State of Kansas, we have a large number of farmers and rural residents who have special problems with daylight saving time during any months except the summer months. However, in view of the need to conserve energy and the preferences of urban populations, this amendment represents a compromise which will be an improvement over the existing situation.

ENERGY GOALS NOT MET

The initial goal of year-round daylight saving time, YRDST, was to conserve energy. It has become apparent from the interim report recently published by the Department of Transportation that any energy saved under this measure is questionable. The details of this study have been well-publicized and I will not go into them further here. However, it should be noted that the Department of Transportation has recommended that standard time should be used for the period from the last Sunday in October through the last Sunday in February, as provided in my amendment.

Contrary to the objective of saving energy, year-round daylight saving time has actually resulted in additional expenditure of energy in some cases. For example, in schools the heat and lights must be turned on at an earlier time under daylight saving time. In addition, many parents find it preferable to drive their children to school rather than have them walk in darkness. Both of these consequences of YRDST result in additional expenditures of fuel and point to the need for modifying the Emergency Daylight Saving Time Act, as I have proposed.

DANGER TO SCHOOL CHILDREN

The most terrible impact of the year-round daylight saving time bill has been in the numerous deaths of schoolchildren in the early morning hours when it is still dark under daylight saving time. The tragic instances which occurred last winter have been well publicized in the press. In addition, numerous parents have contacted me protesting the increased danger daylight saving time has meant for their children, and I am sure every other Member of Congress is well aware of this problem. For this reason alone, daylight saving time should be stopped for the four months that I have proposed.

In spite of the fact that the casualties among schoolchildren declined last winter under daylight saving time, it appears that moving the clock backward has a detrimental effect on safety of students going to school in the morning. The decline in student fatalities undoubtedly was at least partially a result of the lower speed limits and the lighter volume of traffic during the energy shortage last winter. The increased danger from daylight saving time is indicated by the increase of fatalities among schoolchildren during the early hours of the day. Numerous people from the State of Kansas have contacted me here to emphasize this fact and I have personally spoken to many more people of the same opinion in my trips to the State in recent months.

IMPACT ON BUSINESSES AND AGRICULTURE

Mr. President, in addition, daylight saving time has been detrimental to many businesses and to farmers. The amendment I have introduced would permit a more rational time system to be enacted.

The impact of daylight saving time is especially severe for farmers. Farmers, by the nature of their activities, must do most of their work during daylight hours. Those working with dairy herds and other livestock find it especially unnatural to use the daylight saving time schedule. My amendment would help reduce this hardship, although the total repeal of daylight saving time during winter months would be much more desirable for the farm population.

In addition, many other businesses have found daylight saving time to be objectionable. Many workers are not as productive during the early hours when it is still dark. Many businesses have found that their sales have declined because of daylight saving time.

The interim study submitted by the Department of Transportation provides inconclusive data on these issues. In order to give the Department adequate time to produce sound conclusions, my amendment extends the date for which the final DOT report is due from June 30 to September 30, 1975. Hopefully, that report will give us more precise indications of what actions should be taken on year-round daylight saving time. However, it is clear to me that the modification I have proposed is greatly needed at this time.

Mr. President, a large number of Kansans have clearly stated their position on year-round daylight saving time to me, and it is obvious that a reduction in the period for daylight saving time is necessary. My amendment provides that daylight saving time shall exist for a shorter period, and I urge every Senator to support this measure.

I think the Senator from Washington wanted to make a comment, and I yield to the Senator from Washington.

Mr. MAGNUSON. I am cosponsoring this substitute amendment because it is apparent the House is going to pass a similar 8 month–4 month proposal. I personally would have liked 9 months of daylight time. The Commerce Committee has been waiting for, first, the House bill and, second, a Library of Congress critique of the DOT study which will be along shortly after we come back from the Labor Day recess. We are very anxious to review the impact of daylight saving time in the committee. We want to know whether the emergency bill did do the kind of a job that we thought it would at the time we passed it.

DOT has concluded DST has had the impact predicted for it. But it has been a major inconvenience for many people during December, January, February. That is why I join in the Senator's proposal. But I want to suggest that the Senate Commerce Committee will still have to take up the House bill.

Now, I was hoping nongermane DST amendments would not come on this Government Operations Committee bill. But obviously we are all in agreement on an 8 month to 4 month proposal. So we might as well move on.

The Commerce Committee will give this matter further consideration when the House acts and the Library of Congress critique is finished.

I hope my friend from Connecticut will accept this substituted amendment.

Mr. RIBICOFF. Mr. President, in view of the colloquy that has taken place, I would accept, on behalf of the committee, the amendment and urge its adoption.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. JAVITS. Mr. President, as a ranking member of this subcommittee, I would be less than frank with the Senate if I did not say I have very grave doubts about curtailing daylight saving in view of the fact that we are very deep in the energy crisis and are going to be deeper.

One of the most shameful things in this country is that we have so quickly forgotten the gas lines and are abandoning all thoughts of conservation.

I appreciate the practical problems of my colleagues on this bill and so I am going to go along with it and take it to conference, but I could not in conscience just say that without indicating my own views as an individual Senator.

When the voice is called for, I will vote "No."

Mr. RIBICOFF. I think it should be pointed out in answer to my colleague, I do not know if the Senator was here when the Senator from Washington had his colloquy with the Senator from Ohio and the Senator from Kansas, but they expected a report from the Department of Transportation which would indicate whether there was or was not an actual saving. I am sure by the time we go to conference that report will be in and we will have the benefit of the Commerce Committee report.

Frankly, I would lean very heavily on the advice of the distinguished chairman of the Commerce Committee as to what action we should take in the event the Commerce Committee decided to waive its jurisdiction.

So the Senator from New York, who would be a conferee, will have the detailed information.

Under the circumstances, I felt it was proper to go along with the Senator from Ohio, the Senator from Kansas, and the distinguished chairman of the committee.

Mr. JAVITS. If the Senator will yield, I agree with him, and I am going along, but I will vote no, because I would rather have that report before I crank this into a bill. As a Senate conferee, I feel the duty to sustain whatever the Senate writes in the bill, and I appreciate my chairman's statement which relieves me greatly.

Mr. WILLIAM L. SCOTT. Will the Senator yield?

Mr. DOLE. I yield to the Senator.

Mr. WILLIAM L. SCOTT. Mr. President, I appreciate the Senator's yielding to me.

I was happy to sponsor this amendment. It parallels a bill I introduced sometime ago, S. 3102.

There were a number of reasons for the adoption of this amendment.

Mr. President, I have introduced S. 3102 which parallels the amendment by the Senator from Kansas and am happy to cosponsor his amendment. A few months ago Congress passed an emergency measure to provide for daylight saving time on a year-round basis. It was thought that year-round daylight saving time would be a reasonable method of conserving energy. It was estimated that daylight saving time would reduce electrical consumption by 1 or 2 percent. If this figure is translated into barrels of oil it would amount to approximately 100,000 barrels of oil per day. While preliminary reports indicate that some degree of success has been achieved in energy conservation, many people report inconveniences and in certain cases tragic consequences. The problems caused by schoolchildren waiting for schoolbuses in the predawn hours and the unfortunate death of a number of children in Florida has caused great concern to many parents in Virginia and across the country. It has been reported that some children have been abducted and molested while waiting for their buses or walking to school. I have heard that workmen are also going to their jobs before daylight and it has been reported that many tradesmen are unable to perform their work because of the darkness. For example, carpenters are unable to drive nails, farmers are hindered in their chores and many construction workers are unable to begin work.

I believe that it is possible to lessen the danger to children and at the same time effect a savings in energy. This amendment in my opinion does that. Adoption would allow the country to observe 8 months of daylight saving time during which sunrise would not occur until 8 a.m. in the morning or later in many parts of the country. The Library of Congress has furnished my office with separate reports indicating the starting time of school systems in select communities in each of the 4 time zones in the United States and the Washington, D.C. metropolitan area. The reports include the sunrise/sunset times in these areas. This information indicates that a 2-month extension of daylight saving time would not cause any school system to start its elementary schools before sunrise.

Mr. President, the adoption of this amendment would alleviate the problems caused by the predawn transportation of schoolchildren and the disruptions caused in industries, which begin work at an early hour. This appears to be a reasonable compromise to the problem of yearround daylight savings and what we have had. I hope the Senate will adopt the amendment and retain it in its conference with the House.

Mr. DOLE. I yield to the Senator from Illinois.

Mr. STEVENSON. Mr. President, I commend the Senator from Kansas for introducing this amendment and ask if he would add my name as a cosponsor?

Mr. DOLE. Yes, sir.

Mr. BARTLETT. Will the Senator yield?

Mr. DOLE. I yield to the Senator from Oklahoma.

Mr. BARTLETT. I would like to ask the Senator from Kansas, does this not provide going back to standard time, does it not even out the ending of daylight saving time with the commencement of it, so that it is approximately the same time?

If you had a 3-month standard time period, it would be out of phase and unequal, is that not correct?

Mr. DOLE. That is my understanding. It exempts, of course, as I indicated previously, the months of November, December, January, and February.

Mr. BARTLETT. I would like to just observe first that I want to commend the Senator for this action and, second, in response to the comments made by the Senator from New York, that I think there is very real question about any savings involved, but I do not think there is any doubt about the desire of the majority of the people of the country, particularly those on the west part of the time zones. This is a program they desire.

There are some real strong objections to it.

I commend you for this proposal.

Although the furor over winter daylight saving time has temporarily abated due to the longer days of springtime, a recent Harris survey should not go unnoticed.

According to Harris:

> Only 19 per cent (of the American people) rate the daylight saving move as a "good decision" while 43 per cent say it was a "bad decision" with 32 per cent saying it was "neither good nor bad."

I believe it significant that, of those expressing an opinion, more than 2 to 1 oppose winter daylight saving time.

A breakdown of those opposing daylight saving shows that almost half do so because of the danger to schoolchildren leaving for school in the dark.

In the breakdown of those who favor winter daylight saving time, it is interesting to note that only 6 percent of the public thinks it saves energy—and this was the only reason the Congress passed the bill to begin with.

Mr. President, while the preliminary studies indicate mixed results in energy saving, public opinion obviously is overwhelmingly opposed to this experiment.

Mr. DOLE. Mr. President, I ask unanimous consent that the statement of the distinguished Senator from Oklahoma (Mr. BELLMON) be made part of the RECORD at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

STATEMENT BY MR. BELLMON

Congress passed the Emergency Daylight Saving Time Energy Act of 1973 to provide for daylight saving time on a year round basis for a two year experiment. The purpose of the Act was to reduce energy consumption through time management. The time change was instituted on January 6, 1974. Prior to this Act, daylight saving time was in effect from the last Sunday in April to the last Sunday in October.

Last fall when the Congress realized the energy crisis was becoming critical, daylight saving time was adopted with the hope that energy might be conserved. Many Americans were skeptical that energy could be saved through time management. Since there had never been daylight saving time during November through April, Congress had no actual proof that energy could be saved.

Now that the Act has been law for almost eight months, the Department of Transportation has compiled its data and the Secretary of Transportation has issued an interim report on the operational effects of year-round DST. Using the best information available indicators were developed that showed that year-round daylight saving time decreased electricity consumption during January and February on the order of 0.75 percent (with coal being the predominant fuel saved.) Savings of approximately 1 percent for March and April in fuel consumption for the production of electricity production were inferred from the experience of transition to daylight saving time in previous years. However, it now appears the year-round daylight saving time increased gasoline use as much as 1.0 percent over similar conditions with standard time. According to the Secretary's interim report, in March and April, when gasoline supplies were more available and much larger areas of the country were warm, year-round daylight saving time may have increased gasoline use from 00.5 to approximately 1.0 percent over standard time. There was no additional energy savings besides the possibility of a slight electricity savings while at the same time gasoline consumption was increasing, not to mention the side effects the American people were experiencing.

Mr. President, it is the Secretary of Transportation's findings that energy consumption was not reduced by year-round daylight saving time. Seeing the inconvenience it caused the American people compels me to urge Congress to adopt this amendment to end year-round daylight saving time.

Reports from 37 states and the District of Columbia indicated school districts in 18 states advanced their school hours because of the problems of dark mornings. About 44 percent of the school districts and 47 percent of the students enrolled in the 37 reporting states were affected by this time change. This shows that a large number of families had their morning schedules disrupted with later school hours being adopted. In many cases parents could not take their children to school on their way to work as they had done with standard time. In the schools where the starting time was not changed children were forced to walk to school in darkness due to year-round daylight saving time.

The Federal Communications Commission has reported that year-round daylight saving time caused an adverse economic impact for some daytime only and full time radio stations because of interference problems between these two classes of stations during their prime time morning rush-hour broadcasts.

The Department of Commerce reports that the construction industry opposed year-round daylight saving time because of the safety hazards of working during the early morning darkness.

While there was no overall increase in fatalities involving school age children, there was an increase in school children fatalities during the morning hours of 6 to 9 a.m. for February 1974 vs. February 1973. Accordingly, it is very hard to explain to the parents of a dead child killed in the dark morning hours on the way to school why Congress retains year-round daylight saving time when no energy is actually saved. Another school year is quickly approaching and if the Congress does not take prompt action, our children will again be going to school in the dark by November.

Mr. President, the Secretary of Transportation after extensive study has recommended that we go back to standard time during November through February. By adopting this amendment, Congress will be following the Transportation Department's interim report recommendation and saving the American people many of the inconveniences they have suffered from year-round daylight saving time. The Congress must take action to return the nation to standard time from the last of October to the first of March.

Mr. DOLE. I yield to the distinguished Senator from New Hampshire.

Mr. COTTON. Mr. President, I merely want to say that I find myself somewhat in sympathy, very much in sympathy with the position of the Senator from New York (Mr. JAVITS) at this point, because we spent two Congresses, 4 long years, working out the many complicated problems in this matter of time and on the period of daylight time and standard time involving much that concerns the use of energy, much that concerns the expense of scheduling, and everything else.

Having spent all that time in the Commerce Committee, it happened to fall to my lot to spend most of the time dealing with this in two Congresses, and I do not want to see something settled in 15 minutes that may tip over the work of years.

So that while I am not going to oppose the Senator from Kansas, I think he is being constructive in his approach, as far as I am concerned, I do not want the Committee on Commerce to waive its jurisdiction. I want a chance to know what we are doing and study this thing rather carefully.

For that reason, on the voice vote, I, too, must be compeled to vote "no," reluctantly.

Mr. CLARK. Mr. President, I want to voice my strong support for the daylight saving time repeal amendment to the Energy Reorganization Act. I support this proposal to return to the system of 6 months of daylight saving time and 6 months of standard time because year-round daylight saving time simply has not been a success—and I think most of the American people are ready to return to the old system and stick with it.

Certainly, it is time now—before the dark days set in—for Congress to reconsider last year's decision.

Let us take just a minute to look at the original legislation and why it was passed. Last December, the Arabs had cut off oil supplies to the United States. There was widespread fear that homes and businesses would not have heat during the winter months. Congress passed this legislation because, as the act itself states, it was thought that winter daylight saving time would cut electrical, and possibly other, energy consumption—and that it would join people together in the effort to conserve energy.

That is why the act was passed and those goals were admirable. However, the Department of Transportation report on the operation and effects of daylight saving time shows that the savings were minimal and that dark winter mornings certainly did not unite the American people behind the energy conservation effort.

Specifically, the DOT report indicates that DST reduces electricity demand during the winter months by approximately 1 percent. According to Federal Energy Administrator John Sawhill, that is only about one-half of a percent of our total energy use.

In addition to looking at energy consumption, the Department attempted to discern the public's attitude about year-round daylight saving time. They found that a majority of the American people want to return to standard time at least during winter's darkest months. They also found that while most businesses were minimally affected by winter DST, both the construction industry, because of the safety hazards of working in the dark early mornings, and the daytime-only and fulltime radio stations, because they interfere with each other during the prime time morning hours, suffer considerably because of it. As a result, they recommend a 1-year experiment of 8 months of daylight saving time.

Mr. President, no one—including the Department of Transportation—would say that this report and its recommendations are totally conclusive. I do think that they make it clear that this decision must really be based on the references and concerns of the people of this country. Frankly, I do not think the amount of energy savings is enough to justify year-round daylight saving time or even 8 months of daylight saving if it disrupts people's lives to any serious extent.

The word I have received from Iowa—and from other parts of the country as well—is that it does disrupt people's lives and that it is time to return to the old system of half-a-year of standard time and half-a-year of daylight saving time. Earlier this month, the Midwest Governors Conference voted unanimously in favor of this position.

It is difficult to get conclusive figures on the relationship between DST and safety, but I find it difficult to believe that putting millions of schoolchildren out in the dark, morning after morning, is anything but hazardous, and I know that many people share that concern.

We have experimented with daylight saving time through one dark winter—and one winter is enough. One year of experimenting is enough, too. Changing time systems every year causes unnecessary problems and accomplishes very little. I hope, Mr. President, that the Senate will take this opportunity to settle the question, not only for this winter, but for those to come.

Mr. DOLE. Mr. President, I am prepared to yield back the remainder of my time.

Mr. RIBICOFF. Mr. President, I move the adoption of the amendment.

The PRESIDING OFFICER (Mr. Fannin). The question is on agreeing the amendment of the Senator from Kansas to the amendment of the Senator from Ohio.

The amendment was agreed to.

The PRESIDING OFFICER. The question is now on the amendment of the Senator from Ohio, as amended.

The amendment was agreed to.

Mr. HUMPHREY. Mr. President.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. HUMPHREY. I have two amendments. I send my first to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

Determination of priorities which are warranted should not be limited to assessments based strictly on power-related values of an energy source but should also include such other considerations as, but not limited to, preservation of material resources, reduction of pollutants, export market potential (including reduction of imports), among others. On such a basis, energy sources warranting priority might include, but not be limited to, the various methods of utilizing solar energy.

Mr. HUMPHREY. Mr. President, this amendment has been fully discussed with both the majority and minority leadership.

Mr. President, I have discussed this amendment with the managers—both minority and majority—of the bill.

A major concern of many Senators is the dominance of one of the six programs in the new Energy Research and Development Administration. For example, many have expressed fear that the nuclear development function in ERDA might well be dominant in the development of an overall energy R. & D. policy and program. Presently, nuclear energy is by far the most dominant energy program in the Federal Government and nonnuclear energy is the poor underfunded stepchild of our energy R. & D. program.

The committee and most Members of the Senate would like to assure a full range of energy research and development programs including emphasis upon nonpower related programs such as conservation.

In order to insure cooperation among the programs under ERDA and in order to insure evaluation and development of nonpower related programs such as reduction of pollutants, preservation of material resources, and export market potential, I am introducing the following amendment:

On page 30, after line 3, add the new subsection (e):

"Determination of priorities which are warranted should not be limited to assessments based strictly on power-related values of an energy source but should also include such other considerations as, but not limited to, preservation of material resources, reduction of pollutants, export market potential (including reduction of imports), among others. On such a basis, energy sources warranting priority might include, but not be limited to, the various methods of utilizing solar energy."

The intent of my simple amendment is to help ERDA meet one of its primary missions, that is, to develop energy technologies which are necessary to give the Nation the capability to attain energy self-sufficiency by as early as 1984. This goal is going to be extremely difficult to meet if we do not take into account an assessment of various sources of power as well as alternatives to save energy and our environment. I just want to make sure that unwarranted priority is not given to any single energy or conservation technology.

It is the committee's intent and I am sure it is the intent of my colleagues that we develop a balanced energy R. & D. program that includes conservation, pollution abatement, geothermal energy, solar energy, and new advanced energy systems which are unknown at this time as well as more conventional fossil fuels and nuclear energy sources.

In ERDA's assessment of a priority that a specific energy resource warrants, it is important that not only the cost of the energy output is taken into account but also the effect of that energy resource on the environment, the impact of that energy technology on scarce resources, and its potential for earning export dollars. It is the intent of my amendment that ERDA calculate the costs of each energy source in terms of all of these factors.

Mr. President, I urge my colleagues to support this amendment.

Mr. RIBICOFF. Mr. President, I have discussed this amendment with the Senator from Minnesota. It is a worthwhile amendment. I agree to the amendment on behalf of the committee, and I urge its adoption.

Mr. JAVITS. Mr. President, this amendment is acceptable to the minority side.

The PRESIDING OFFICER (Mr. William L. Scott). The question is on agreeing to the amendment of the Senator from Minnesota. (Putting the question.)

The amendment was agreed to.

Mr. HUMPHREY. Mr. President, I send to the desk my second amendment and ask the clerk that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

On page 84, after line 6, add new subsection (d):

The Administrator shall provide Congress with a range of program options and corresponding funding levels for its consideration within each of the six program areas of the Administration.

Mr. MAGNUSON. Mr. President, will the Senator from Minnesota yield?

Mr. HUMPHREY. I yield.

MOTOR VEHICLE AND SCHOOLBUS SAFETY AMENDMENTS OF 1974

Mr. MAGNUSON. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on S. 355.

The PRESIDING OFFICER (Mr. William L. Scott) laid before the Senate the amendments of the House of Representatives to the bill (S. 355), an act to amend the National Traffic and Motor Vehicle Safety Act of 1966 to promote traffic safety by providing that defects and failures to comply with motor vehicle safety standards shall be remedied without charge to the owner, and for other purposes, with the following amendments:

Strike out all after the enacting clause, and insert: That this Act may be cited as the "Motor Vehicle and Schoolbus Safety Amendments of 1974".

TITLE I—MOTOR VEHICLE SAFETY

Sec. 101. AUTHORIZATION OF APPROPRIATIONS. Section 121 of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1409) is amended to read as follows:

"SEC. 121. There are authorized to be appropriated for the purpose of carrying out this Act, not to exceed $55,000,000 for the fiscal year ending June 30, 1975; $60,000,000 for the fiscal year ending June 30, 1976; and $65,000,000 for the fiscal year ending June 30, 1977."

Sec. 102. NOTIFICATION AND REMEDY.

(a) REQUIREMENT OF NOTIFICATION AND REMEDY.— Title I of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1391, et seq.) is amended by striking out section 113 and by adding at the end of such title the following new part:

"PART B—DISCOVERY, NOTIFICATION, AND REMEDY OF MOTOR VEHICLE DEFECTS

"NOTIFICATION RESPECTING MANUFACTURER'S FINDING OF DEFECT OR FAILURE TO COMPLY

"SEC. 151. If a manufacturer of motor vehicles or tires—

"(1) obtains knowledge that any motor vehicle or item of motor vehicle equipment manufactured by him contains a defect and determines in good faith that such defect relates to motor vehicle safety; or

"(2) determines in good faith that such vehicle or item of equipment does not comply with an applicable Federal motor vehicle safety standard prescribed pursuant to section 103 of this Act;

he shall furnish notification to the Secretary and to owners, purchasers, and dealers, in accordance with section 153, and he shall remedy the defect or failure to comply in accordance with section 154.

"NOTIFICATION RESPECTING SECRETARY'S FINDING OF DEFECT OR FAILURE TO COMPLY

"SEC. 152. (a) If through testing, inspection, investigation, or research carried out pursuant to this Act, or examination of communications under section 158(a), or otherwise, the Secretary determines that any motor vehicle or item of motor vehicle equipment—

"(1) does not comply with an applicable Federal motor vehicle safety standard prescribed pursuant to section 103 of this Act; or

"(2) contains a defect which relates to motor vehicle safety;

he shall immediately notify the manufacturer of such motor vehicle or item of motor vehicle equipment of such defect or failure to comply. The notice shall contain the findings of the Secretary and shall include all information upon which the findings are based. The Secretary shall afford such manufacturer an opportunity to present his views and evidence in support thereof, to establish that there is no failure of compliance or that the alleged defect does not affect motor vehicle safety.

"(b) If after such presentation by the manufacturer the Secretary determines that such vehicle or item of equipment does not comply with an applicable Federal motor vehicle safety standard, or contains a defect which relates to motor vehicle safety, the Secretary shall order the manufacturer (1) to furnish notification respecting such vehicle or item of equipment to owners, purchasers, and dealers in accordance with section 153, and (2) to remedy such defect or failure to comply in accordance with section 154.

"CONTENTS, TIME, AND FORM OF NOTICE

"SEC. 153. (a) The notification required by section 151 or 152 respecting a defect in or failure to comply of a motor vehicle or item of motor vehicle equipment shall contain, in addition to such other matters as the Secretary may prescribe by regulation—

"(1) a clear description of such defect or failure to comply;

"(2) an evaluation of the risk to motor vehicle safety reasonably related to such defect or failure to comply;

"(3) a statement of the measures to be taken to obtain remedy of such defect or failure to comply;

"(4) a statement that the manufacturer furnishing the notification will cause such defect or failure to comply to be remedied without charge pursuant to section 154;

"(5) the earliest date (specified in accordance with section 154(b)(2)) on which such defect or failure to comply will be remedied without charge and, in the case of tires, the length of the period during which such defect or failure to comply will be remedied without charge pursuant to section 154; and

"(6) a description of the procedure to be followed in informing the Secretary whenever a manufacturer, distributor, or dealer fails or is unable to remedy without charge such defect or failure to comply.

"(b) The notification required by section 151 or 152 shall be furnished—

"(1) within a reasonable time after the manufacturer first makes a determination with respect to a defect or failure to comply under section 151; or

"(2) within a reasonable time (prescribed by the Secretary) after the manufacturer's receipt of notice of the Secretary's determination pursuant to section 152 that there is a defect or failure to comply.

"(c) The notification required by section 151 or 152 with respect to a motor vehicle or item of motor vehicle equipment shall be accomplished—

"(1) in the case of a motor vehicle, by first class mail to each person who is registered under State law as the owner of such vehicle and whose name and address is reasonably ascertainable by the manufacturer through State records or other sources available to him;

"(2) by first class mail to the first purchaser (or if a more recent purchaser is known to the manufacturer, to the most recent purchaser known to the manufacturer) of each motor vehicle or item of motor vehicle equipment containing such defect or failure to comply, unless the registered owner (if any) of such vehicle or item of equipment was notified under paragraph (1);

"(3) by certified mail or other more expeditious means to the dealer or dealers of such manufacturer to whom such motor vehicle or motor vehicle equipment was delivered; and

"(4) by certified mail to the Secretary, if section 151 applies.

In the case of a tire, the manufacturer may elect to provide notification under paragraphs (1) and (2) by certified mail.

"REMEDY OF DEFECT OR FAILURE TO COMPLY

"SEC. 154. (a) (1) If notification is required under section 151 or by an order under section 152(b) with respect to any motor vehicle or item of motor vehicle equipment which fails to comply with an applicable Federal motor vehicle safety standard or contains a defect which relates to motor vehicle safety, then the manufacturer of each such motor vehicle or item of motor vehicle equipment presented for remedy pursuant to such notification shall cause such defect or failure to comply in such motor vehicle or such item of motor vehicle equipment to be remedied without charge. In the case of notification pursuant to an order under section 152(b), the preceding sentence shall not apply during any period during which enforcement of the order has been restrained in an action to which section 155(a) applies or if such order has been set aside in such an action.

"(2) (A) In the case of a tire presented for remedy pursuant to such notification, the manufacturer of each such tire shall repair or replace such tire without charge during the 60-day period beginning on the later of (i) the date on which the owner or purchaser receives such notification or (ii) the date on which he receives notice that replacement tires are available.

"(B) In the case of a motor vehicle presented for remedy pursuant to such notification, the manufacturer (subject to subsection (b) of this section) shall take whichever of the following actions he elects:

"(i) To repair such vehicle.

"(ii) To replace such motor vehicle without charge with a new or equivalent vehicle.

"(iii) To refund the purchase price of such motor vehicle in full, less a reasonable allowance for depreciation.

Replacement or refund may be subject to such conditions imposed by the manufacturer as the Secretary may permit by regulation.

"(C) In the case of an item of motor vehicle equipment, the manufacturer shall (at his election) either repair such item of equipment, or replace such item of equipment without charge with a new or equivalent item of equipment.

"(3) The dealer or retailer who provides remedy (other than replacement of a motor vehicle) pursuant to this section without charge shall receive fair and equitable reimbursement for such remedy from the manufacturer.

"(4) The requirement of this section that remedy be provided without charge shall not apply if the motor vehicle or item of motor vehicle equipment was purchased by the first purchaser more than 8 calendar years (3 calendar years in the case of a tire) before (A) notification respecting the defect or failure to comply is issued pursuant to section 151 or 152, or (B) the Secretary orders such notification, whichever is earlier.

"(b) (1) Whenever a manufacturer has elected under subsection (a) to repair a defect in a motor vehicle or item of motor vehicle equipment or a failure of such vehicle or item of equipment to comply with a motor vehicle safety standard, and he has failed to adequately repair such defect or failure to comply within a reasonable time, (A) the motor vehicle or item of equipment shall be replaced by the manufacturer with a new or equivalent vehicle or item of equipment without charge, or (B) (in the case of a motor vehicle and if the manufacturer so elects) the purchase price shall be refunded in full by the manufacturer, less a reasonable allowance for depreciation. Failure to adequately repair a motor vehicle or item of motor vehicle equipment within sixty days after tender of the motor vehicle or item of equipment for repair shall be prima facie evidence of failure to repair within a reasonable time; unless prior to the expiration of such sixty-day period the Secretary, by order, extends such sixty-day period for good cause shown and published in the Federal Register.

"(2) For purposes of this subsection, the term 'tender' does not include any tender of a motor vehicle or item of equipment for repair prior to the earliest date specified in the notification pursuant to section 153(a) on which such defect or failure to comply will be remedied without charge, or (if notification was not afforded pursuant to section 153(a)) prior to the date specified in any notice required to be given under section 155(d). In either case, such date shall be specified by the manufacturer and shall be the earliest date on which parts and facilities can reasonably be expected to be available. Such date shall be subject to disapproval by the Secretary.

"(c) The manufacturer shall file with the Secretary a copy of his program pursuant to this section for remedying any defect or failure to comply, and the program shall be available to the public.

"ENFORCEMENT OF NOTIFICATION AND REMEDY ORDERS

"SEC. 155. (a)(1) An action under section 110(a) to restrain a violation of an order issued under section 152(b), or under section 109 to collect a civil penalty with respect to a violation of such an order, or any other civil action with respect to such an order, may be brought only in the United States district court for the District of Columbia or the United States district court for a judicial district in the State of incorporation of the manufacturer to which the order applies. All actions (including enforcement actions) brought with respect to the same order under section 152(b) shall be consolidated in an action in a single judicial district, in accordance with an order of the court in which the first such action is brought.

"(2) The court shall expedite the disposition of any civil action to which this subsection applies.

"(b) If a civil action which relates to an order under section 152(b), and to which subsection (a) of this section applies, has been commenced, the Secretary may order the manufacturer to issue a notification in addition to the notification required by section 151 or 152. Such additional notification shall contain—

"(A) a statement that the Secretary has determined that a defect which relates to motor vehicle safety or failure to comply with a Federal motor vehicle safety standard exists, and that the manufacturer is contesting such determination in a proceeding in a United States district court.

"(B) a clear description of the Secretary's stated basis for his determination that there is such a defect or failure,

"(C) the Secretary's evaluation of the risk to motor vehicle safety reasonably related to such defects or failure to comply,

"(D) any measures which in the judgment of the Secretary are necessary to avoid an unreasonable hazard resulting from the defect or failure to comply,

"(E) a statement that the manufacturer will cause such defect or failure to comply to be remedied without charge pursuant to section 154, but that this obligation of the manufacturer is conditioned on the outcome of the court proceedings, and

"(F) such other matters as the Secretary may prescribe by regulation.

"(c) A manufacturer who fails to notify owners or purchasers in accordance with section 153(c) within the period specified under section 153(b) may be assessed a civil penalty with respect to such failure to notify, unless the manufacturer prevails in an action described in subsection (a) of this section or unless the court in such an action restrains the enforcement of such order throughout the pendency of such action. A manufacturer who fails to notify owners or purchasers as required by an order under subsection (b) of this section may be assessed a civil penalty without regard to whether or not he prevails in an action described in subsection (a) of this section with respect to the validity of the order issued under section 152(b).

"(d) If (i) a manufacturer fails within the period specified in section 153(b) to comply with an order under section 152(b) to afford notification to owners and purchasers, (ii) a proceeding to which subsection (a) applies is commenced with respect to such order, and (iii) the Secretary prevails in such proceeding, then the Secretary shall order the manufacturer—

"(1) to afford notice (which notice may be combined with any notice required by an order under section 152(b)) to each owner and purchaser described in section 153(c) of the outcome of the proceeding and containing such other information as the Secretary may require;

"(2) to specify (in accordance with section 154(b)) the earliest date on which such defect or failure will be remedied without charge; and

"(3) if notification was required under subsection (b) of this section, to reimburse such owner or purchaser for any reasonable and necessary expenses (not in excess of any amount specified in the order of the Secretary) which are incurred (A) by such owner or purchaser; (B) for the purpose of repairing the defect or failure to comply to which the order relates; and (C) during the period beginning on the date such notification under subsection (b) was required to be issued and ending on the date such owner or purchaser receives notification pursuant to this subsection.

"REASONABLENESS OF REMEDY

"SEC. 156. Upon petition of any interested person or on his own motion, the Secretary may hold a hearing in which any interested person (including a manufacturer) may make oral (as well as written) presentations of data, views, and arguments on the question of whether a manufacturer has reasonably met his obligation to remedy a defect or failure to comply under section 154. If the Secretary determines the manufacturer has not reasonably met such obligation, he shall order the manufacturer to take specified action to comply with such obligation.

"EXEMPTION FOR INCONSEQUENTIAL DEFECT OR FAILURE TO COMPLY

"SEC. 157. Upon application of a manufacturer, the Secretary shall exempt such manufacturer from giving notice with respect to, or remedying, a defect or failure to comply, if he determines, after public notice and opportunity for presentation of data, views, and arguments, that such defect or failure to comply is inconsequential as it relates to motor vehicle safety.

"INFORMATION, DISCLOSURE, AND RECORDKEEPING

"SEC. 158. (a) Every manufacturer of motor vehicles or tires shall furnish to the Secretary a true or representative copy of all notices, bulletins, and other communications to the dealers of such manufacturer or to owners or purchasers of motor vehicle or motor vehicle equipment produced by such manufacturer regarding any defect or failure to comply in such vehicle or equipment which is sold or serviced. The Secretary shall disclose to the public so much of any information which is obtained under this Act and which relates to a defect which relates to motor vehicle safety or to a failure to comply with an applicable Federal motor vehicle safety standard, as he determines will assist in carrying out the purposes of this part; but any information which contains or relates to a trade secret or other matter referred to in section 1905 of title 18, United States Code, shall be considered confidential for purposes of that section and shall not be disclosed; unless he determines that disclosure of such information is necessary to carry out the purposes of this part.

"(b) Every manufacturer of motor vehicles or tires shall cause the establishment and maintenance of records of the name and address of the first purchaser of each motor vehicle and tire (and to the extent required by regulations of the Secretary, each item of motor vehicle equipment other than a tire) produced by such manufacturer. The Secretary may, by rule, specify the records to be established and maintained, and reasonable procedures to be followed by manufacturers in establishing and maintaining such records, including procedures to be followed by distributors and dealers to assist manufacturers to secure the information required by this subsection; except that the availability or not of such assistance shall not affect the obligation of manufacturers under this subsection. Such procedures shall be reasonable for the particular type of motor vehicle or tires for which they are prescribed, and shall provide reasonable assurance that customer lists of any dealer and distributor, and similar information, will not be made available to any person other than the dealer or distributor, except where necessary to carry out the purpose of this part.

"DEFINITIONS

"SEC. 159. For purposes of this part:

"(1) The retreader of tires shall be deemed the manufacturer of tires which have been retreaded, and the brand name owner of tires marketed under a brand name not owned by the manufacturer of the tire shall be deemed the manufacturer of tires marketed under such brand name.

"(2) Except as otherwise provided in regulations of the Secretary, (A) the manufacturer of a motor vehicle shall be deemed to be the manufacturer of any motor vehicle equipment with which such vehicle is equipped at the time of its delivery to the first purchaser, and (B) any defect or failure to comply in such equipment shall be deemed to be a defect or failure to comply in such vehicle.

"(3) The term 'first purchaser' means first purchaser for purposes other than resale.

"(4) The term 'adequate repair' does not include any repair which results in substantially impaired operation of a motor vehicle or item of motor vehicle equipment."

(b) CONFORMING AMENDMENTS.—

(1) Title I of such Act is amended by inserting after section 101 the following:

"PART A—GENERAL PROVISIONS".

(2) Section 110(c) of such Act is amended by striking out "Actions" and inserting in lieu thereof "Except as provided in section 155(a), actions".

(c) EFFECTIVE DATE.—The amendments made by this section shall not apply to any defect or failure to comply with respect to which before the effective date of this title notification was issued under section 113(a) of such Act or was required to be issued under section 113(e).

SEC. 103. ENFORCEMENT.

(a) PROHIBITED ACTS.—

(1)(A) Section 108(a) of the National Traffic and Motor Vehicle Safety Act of 1966 is amended by inserting "(1)" after "SEC. 108. (a)", by redesignating paragraphs (1), (2), (3), and (4) as subparagraphs (A), (B), (C), and (D), respectively, and by adding at the end of such subsection the following new paragraph:

"(2) No manufacturer, distributor, dealer, or motor vehicle repair business shall knowingly render inoperative in whole or part, any device or element of design installed on or in a motor vehicle or item of motor vehicle equipment in compliance with an applicable Federal motor vehicle safety standard, unless such manufacturer, distributor, dealer, or repair business reasonably believes that such vehicle or item of equipment will not be used (other than for testing or similar purposes in the course of maintenance or repair) during the time such device or element of design is rendered inoperative. For purposes of this paragraph, the term 'motor vehicle repair business' means any person who holds himself out to the public as in the business of repairing motor vehicles or motor vehicle equipment for compensation. The Secretary may by rule exempt any person from this paragraph if he determines that such exemption is consistent with motor vehicle safety and the purposes of this Act. The Secretary may prescribe regulations defining the term 'render inoperative'."

(B) Subsection (b) of section 108 of such Act is amended by inserting "(A)" after "Paragraph (1)" in paragraphs (1), (2), and (5) of such subsection and by inserting

"(A)" after "paragraph (1)" in paragraph (3) of such subsection.

(2) Section 108(a) of such Act (15 U.S.C. 1397) (as amended by paragraph (1) of this subsection) is amended—

(A) by inserting after the semicolon in paragraph (1)(B) the following: "fail to keep specified records in accordance with such section; or fail or refuse to permit impounding, as required under section 112(b);" and

(B) by adding at the end of subsection (a) the following new subparagraph:

"(E) fail to comply with any rule, regulation, or order issued under section 112 or 114; and"

(3) Section 108(a)(1)(D) of such Act is amended to read as follows:

"(D) fail to furnish notification, fail to remedy any defect or failure to comply, fail to maintain records, or fail to comply with any order or other requirement applicable to any manufacturer, distributor, or dealer pursuant to part B of this title;"

(b) Penalties.—Section 109 of such Act (15 U.S.C. 1398) is amended by striking out "$400,000" in the second sentence of such subsection (a) and inserting in lieu thereof "$800,000".

(c) Injunctions.—

(1) The first sentence of section 110(a) of such Act (15 U.S.C. 1399) is amended (1) by inserting "(or rules, regulations or orders thereunder)" after "violations of this title", and (2) by inserting immediately after "pursuant to this title," the following: "or to contain a defect (A) which relates to motor vehicle safety and (B) with respect to which notification has been given under section 151 or has been required to be given under section 152(b),".

(2) The next to the last sentence of section 110(a) of such Act is amended by inserting before the period at the end thereof the following: "or to remedy the defect".

Sec. 104. Inspection and Recordkeeping.

(a) Subsections (a), (b), and (c) of section 112 of the National Traffic and Motor Vehicle Safety Act of 1966 are amended to read as follows:

"(a)(1) The Secretary is authorized to conduct any inspection or investigation—

"(A) which may be necessary to enforce this title and any rules, regulations, or orders issued thereunder, or

"(B) which relates to the facts, circumstances, conditions, and causes of any motor vehicle accident and which is for the purposes of carrying out his functions under this Act.

The Secretary shall furnish the Attorney General and, when appropriate, the Secretary of the Treasury any information obtained indicating noncompliance with this title or any rules, regulations, or orders issued thereunder, for appropriate action. In making investigations under subparagraph (B), the Secretary shall cooperate with appropriate State and local officials to the greatest extent possible consistent with the purposes of this subsection.

"(2) For purposes of carrying out paragraph (1), officers or employees duly designated by the Secretary, upon presenting appropriate credentials and written notice to the owner, operator, or agent in charge, are authorized at reasonable times and in a reasonable manner—

"(A) to enter (i) any factory, warehouse, or establishment in which motor vehicles or items of motor vehicle equipment are manufactured, or held for introduction into interstate commerce or are held for sale after such introduction, or (ii) any premises where a motor vehicle or item of motor vehicle equipment involved in a motor vehicle accident is located;

"(B) to impound for a period not to exceed seventy-two hours, any motor vehicle or item of motor vehicle equipment involved in a motor vehicle accident; and

"(C) to inspect any factory, warehouse, establishment, vehicle, or equipment referred to in subparagraph (A) or (B).

Each inspection under this paragraph shall be commenced and completed with reasonable promptness.

"(3)(A) Whenever, under the authority of paragraph (2)(B), the Secretary inspects or temporarily impounds for the purpose of inspection any motor vehicle (other than a vehicle subject to part II of the Interstate Commerce Act), he shall pay reasonable compensation to the owner of such vehicle to the extent that such inspection or impounding results in the denial of the use of the vehicle to its owner or in the reduction in value of the vehicle.

"(B) As used in this subsection, 'motor vehicle accident' means an occurrence associated with the maintenance, use, or operation of a motor vehicle or item of motor vehicle equipment in or as a result of which any person suffers death or personal injury, or in which there is property damage.

"(b) Every manufacturer of motor vehicles and motor vehicle equipment shall establish and maintain such records and every manufacturer, dealer, or distributor shall make such reports, as the Secretary may reasonably require to enable him to determine whether such manufacturer, dealer, or distributor has acted or is acting in compliance with this title or any rules, regulations, or orders issued thereunder and shall, upon request of an officer or employee duly designated by the Secretary, permit such officer or employee to inspect appropriate books, papers, records, and documents relevant to determining whether such manufacturer, dealer, or distributor has acted or is acting in compliance with this title or any rules, regulations, or orders issued thereunder. Nothing in this subsection shall be construed as imposing recordkeeping requirements on distributors or dealers, except those requirements imposed under section 158 and orders promulgated thereunder.

"(c)(1) For the purpose of carrying out the provisions of this title, the Secretary, or on the authorization of the Secretary, any officer or employee of the Department of Transportation may hold such hearings, take such testimony, sit and act at such times and places, administer such oaths, and require, by subpena or otherwise, the attendance and testimony of such witnesses and the production of such books, papers, correspondence, memorandums, contracts, agreements, or other records as the Secretary, or such officer or employee, deems advisable.

"(2) In order to carry out the provisions of this title, the Secretary or his duly authorized agent shall at all reasonable times have access to, and for the purposes of examination the right to copy, any documentary evidence of any person having materials or information relevant to any function of the Secretary under this title.

"(3) The Secretary is authorized to require, by general or special orders, any person to file, in such form as the Secretary may prescribe, reports or answers in writing to specific questions relating to any function of the Secretary under this title. Such reports and answers shall be made under oath or otherwise, and shall be filed with the Secretary within such reasonable period as the Secretary may prescribe.

"(4) Any of the district courts of the United States within the jurisdiction of which an inquiry is carried on may in the case of contumacy or refusal to obey a subpena or order of the Secretary or such officer or employee issued under paragraph (1) or paragraph (3) of this subsection, issue an order requiring compliance therewith; and any failure to obey such order of the court may be punished by such court as a contempt thereof.

"(5) Witnesses summoned pursuant to this subsection shall be paid the same fees and mileage that are paid witnesses in the courts of the United States.

"(6) (A) The Secretary is authorized to request from any department, agency or instrumentality of the Government such statistics, data, program reports, and other materials as he deems necessary to carry out his functions under this title; and each such department, agency, or instrumentality is authorized and directed to cooperate with the Secretary and to furnish such statistics, data, program reports, and other materials to the Department of Transportation upon request made by the Secretary. Nothing in this subparagraph shall be deemed to affect any provision of law limiting the authority of an agency, department, or instrumentality of the Government to provide information to another agency, department, or instrumentality of the Government.

"(B) The head of any Federal department, agency, or instrumentality is authorized to detail, on a reimbursable basis, any personnel of such department, agency, or instrumentality to assist in carrying out the duties of the Secretary under this title."

(b) Section 112(e) of such Act is amended by striking out "All" and inserting in lieu thereof "Except as otherwise provided in section 158(a) and section 113(b), all"; and striking out "subsection (b) or (c)" and inserting in lieu thereof "this title".

Sec. 105. Cost Information.

The National Traffic and Motor Vehicle Safety Act of 1966 (as amended by section 102) is further amended by inserting after section 112 the following:

"Sec. 113. (a) Whenever any manufacturer opposes an action of the Secretary under section 103, or under any other provision of this Act, on the ground of increased cost, the manufacturer shall submit such cost information (in such detail as the Secretary may by rule or order prescribe) as may be necessary in order to properly evaluate the manufacturer's statement. The Secretary shall thereafter promptly prepare an evaluation of such cost information.

"(b) Such cost information together with the Secretary's evaluation thereof, shall be available to the public unless the manufacturer establishes that it contains a trade secret. Notice of the availability of such information shall be published in the Federal Register. If the Secretary determines that any portion of such information contains a trade secret, such portion may be disclosed to the public only in such manner as to preserve the confidentiality of such trade secret, except that any such information may be disclosed to other officers or employees concerned with carrying out this title or when relevant in any proceeding under this title. Nothing in this subsection shall authorize the withholding of information by the Secretary or any officer or employee under his control, from the duly authorized committees of the Congress.

"(c) For purposes of this section 'cost information' means information with respect to alleged cost increases resulting from action by the Secretary, in such form as to permit the public and the Secretary to make an informed judgment on the validity of the manufacturer's statements. Such term includes both the manufacturer's cost and the cost to retail purchasers.

"(d) The Secretary is authorized to establish rules and regulations prescribing forms and procedures for the submission of cost information under this section.

"(e) Nothing in this section shall be construed to restrict the authority of the Secretary to obtain or require submission of information under any other provision of this Act."

Sec. 106. Agency Responsibility.

The National Traffic and Motor Vehicle Safety Act of 1966 (as amended by section 103 of this Act) is amended by adding at the end thereof the following new section:

"Sec. 124. (a) Any interested person may file with the Secretary a petition requesting him (1) to commence a proceeding respecting the issuance of an order pursuant to section 103 or to commence a proceeding to determine whether to issue an order pursuant to section 152(b) of this Act.

"(b) Such petition shall set forth (1) facts which it is claimed establish that an order is necessary, and (2) a brief description of the substance of the order which it is claimed should be issued by the Secretary.

"(c) The Secretary may hold a public hearing or may conduct such investigation or proceeding as he deems appropriate in order to determine whether or not such petition should be granted.

"(d) Within one hundred and twenty days after filing of a petition described in subsection (b), the Secretary shall either grant or deny the petition. If the Secretary grants such petition, he shall promptly commence the proceeding requested in the petition. If the Secretary denies such petition he shall publish in the Federal Register his reasons for such denial.

"(e) The remedies under this section shall be in addition to, and not in lieu of, other remedies provided by law."

Sec. 107. National Motor Vehicle Safety Advisory Council.

Section 104 of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1393) is amended by inserting "(1)" after "Sec. 104. (a)", and by adding the following new paragraph at the end of subsection (a):

"(2) For the purposes of this section, the term 'representative of the general public' means an individual who (A) is not in the employ of, or holding any official relation to any person who is (i) a manufacturer, dealer, or distributor, or (ii) a supplier of any manufacturer, dealer, or distributor, (B) does not own stock or bonds of substantial value in any person described in subparagraph (A)(i) or (ii), and (C) is not in any other manner directly or indirectly pecuniairly interested in such a person. The Secretary shall publish the names of the members of the Council annually and shall designate which members represent the general public. The Chairman of the Council shall be chosen by the Council from among the members representing the general public."

Sec. 108. Fuel System Integrity Standard.

(a) Requirement for Standard.—Within ninety days after the effective date of this title, the Secretary of Transportation shall promulgate a motor vehicle safety standard for fuel system integrity applicable to four-wheeled motor vehicles designed to carry ten or fewer passengers in addition to the driver (including all vehicles designated on the date of enactment of this Act as passenger cars or multipurpose passenger vehicles in regulations of the Secretary of Transportation under the National Traffic and Motor Vehicle Safety Act of 1966), in order to protect occupants of such vehicles, and other persons, from fuel-fed fires. Such standard shall be effective with respect to all passenger motor vehicles produced on or after September 1, 1976. With respect to all other four-wheeled motor vehicles designed to carry ten or fewer passengers in addition to the driver, such standard shall be effective on or after September 1, 1977. In prescribing the standard required by this subsection, the Secretary shall give consideration to the need to reduce the spread of fire and to limit the escape of fuel. Such standard shall provide as a minimum that fuel spillage shall not exceed one ounce per minute as a result of (1) front fixed barrier impacts at speeds up to 30 mph; (2) rear moving barrier impacts at speeds up to 30 mph; (3) front corner fixed barrier impacts at speeds up to 30 mph; (4) lateral moving barrier impacts at speeds up to 20 mph; and (5) static rollovers.

(b) Amendment or Repeal of Standard.—The Secretary may amend or repeal a standard required to be prescribed under subsection (a) if he determines such amendment or repeal will not diminish the level of motor vehicle safety.

Sec. 109. Technical and Conforming Amendments.

(a) Definition of Secretary.—Section 102(10) of the National Traffic and Motor Vehicle Safety Act of 1966 is amended to read as follows:

"(10) 'Secretary' means the Secretary of Transportation.".

(b) Date of Annual Report.—The first sentence of section 120(a) of the National Traffic and Motor Vehicle Safety Act of 1966 is amended by striking out "March 1" and inserting in lieu thereof "July 1".

Sec. 110. Occupant Restraint Systems.

Section 103(a) of the National Traffic and Motor Vehicle Safety Act of 1966 is amended by inserting "(1)" after "Sec. 103. (a)" and by adding at the end thereof the following new paragraph:

"(2)(A) Effective with respect to motor vehicles manufactured after the date of enactment of this paragraph, Federal motor vehicle safety standards may not (except as otherwise provided in subparagraph (B)) require that any such vehicle be equipped (i) with a safety belt interlock system, (ii) with any warning device other than a warning light designed to indicate that safety belts are not fastened, or (iii) with any occupant restraint system other than integrated lap and shoulder safety belts for front outboard occupants and lap belts for other occupants.

"(B) Effective with respect to passenger cars manufactured on or after April 15, 1976, Federal motor vehicle safety standards shall require that each motor vehicle manufacturer offer purchasers the option of purchasing either (i) passenger motor vehicles which are equipped with passive restraint systems which meet standards prescribed under this section or (ii) passenger motor vehicles equipped with integrated lap and shoulder belts for front outboard occupants and lap belts for other occupants."

(b) Section 108(a)(1)(A) of such Act (as so redesignated by section 103 of this Act) is amended by inserting "(i)" after "(A)", and by adding at the end thereof the following:

"(i) fail to offer purchasers the option required by section 103(a)(2)(B);".

Sec. 111. Reduction of Motor Vehicle Weight and Cost.

In carrying out responsibilities under the National Traffic and Motor Vehicle Safety Act of 1966 and the Motor Vehicle Information and Cost Savings Act, the Secretary of Transportation shall take all steps, consistent with his responsibilities under those Acts, to encourage reduction of weight and cost of motor vehicles.

Sec. 112.

Section 204(a) of Public Law 89–563 is amended to read as follows:

"(a) No person shall sell, offer for sale, or introduction for sale, or deliver for introduction in interstate commerce, any tire or motor vehicle equipped with any tire which has been regrooved, except that the Secretary may by order permit the sale, offer for sale, introduction for sale, or delivery for introduction in interstate commerce, of regrooved tires and motor vehicles equipped with regrooved tires which he finds are designed and constructed in a manner consistent with the purposes of this Act."

Sec. 113. Effective Date.

The amendments made by this title (other than section 110) shall take effect on the sixtieth day after the date of enactment of this Act.

TITLE II—SCHOOLBUS SAFETY

Sec. 201. Definitions.

Section 102 of the National Traffic and Motor Vehicle Safety Act of 1966 is amended by adding at the end thereof the following:

"(14) 'schoolbus' means a passenger motor vehicle which is designed to carry more than ten passengers in addition to the driver, and which the Secretary determines is likely to be significantly used for the purpose of transporting primary, preprimary, or secondary school students to or from such schools or events related to such schools; and

"(15) 'schoolbus equipment' means equipment designed primarily as a system, part, or component of a schoolbus, or any similar part or component manufactured or sold for replacement or improvement of such system, part, or component or as an accessory or addition to a schoolbus."

Sec. 202. Mandatory Schoolbus Standards.

Section 103 of the National Traffic and Motor Vehicle Safety Act of 1966 is amended by adding at the end thereof the following:

"(i)(1)(A) Not later than six months after the date of enactment of this subsection, the Secretary shall publish proposed Federal motor vehicle safety standards to be applicable to schoolbuses and schoolbus equipment. Such proposed standards shall include minimum standards for the following aspects of performance:

"(i) Emergency exits.

"(ii) Interior protection for occupants.

"(iii) Floor strength.

"(iv) Seating systems.

"(v) Crash worthiness of body and frame (including protection against rollover hazards).

"(vi) Vehicle operating systems.

"(vii) Windows and windshields.

"(viii) Fuel systems.

"(B) Not later than fifteen months after the date of enactment of this subsection, the Secretary shall promulgate Federal motor vehicle safety standards which shall provide minimum standards for those aspects of performance set out in clauses (i) through (viii) of subparagraph (A) of this paragraph and which shall apply to each schoolbus and item of schoolbus equipment which is manufactured in or imported into the United States on or after the expiration of the nine-month period which begins on the date of promulgation of such safety standards.

"(2) The Secretary may prescribe regulations requiring that any schoolbus be test-driven by the manufacturer before introduction into commerce."

Sec. 203. Enforcement.

Section 108(a)(1) of the National Traffic and Motor Vehicle Safety Act of 1966 is amended by adding at the end thereof the following:

"(F) to fail to comply with regulations of the Secretary under section 103(i)(2)."

TITLE III—MOTOR VEHICLE DEMONSTRATION PROJECTS

Section 301. (a) Title III of the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 1961 et seq.) is amended—

(1) by redesignating sections 302 through 304 (and references thereto) as sections 303 through 305, respectively; and

(2) by inserting after section 301 the following new section:

"SPECIAL DEMONSTRATION PROJECTS

"Sec. 302. The Secretary shall establish a special motor vehicle diagnostic inspection demonstration project to assist in the rapid development and evaluation of advanced inspection, analysis, and diagnostic equipment suitable for use by the States in standardized high volume inspection facilities and to evaluation of repair characteristics by small automotive repair garages."

Amend the title so as to read: "An Act to amend the National Traffic and Motor Vehicle Safety Act of 1966 to authorize appropriations for the fiscal years 1975, 1976, and 1977; to provide for the remedy of certain defective motor vehicles without charge to the owners thereof; to require that schoolbus safety standards be prescribed; to amend the Motor Vehicle Information and Cost Savings Act to provide for a special demonstration project; and for other purposes."

Mr. MAGNUSON. Mr. President, I ask unanimous consent that the Senate disagree to the amendments of the House to S. 355, an act to amend the National Traffic and Motor Vehicle Safety Act of 1966, and request a conference with the House on the disagreeing votes of the two Houses; and that the Chair may be authorized to appoint conferees.

The motion was agreed to; and the Presiding Officer (Mr. William L. Scott) appointed Mr. Magnuson, Mr. Hartke, Mr. Moss, Mr. Griffin, and Mr. Cook, conferees on the part of the Senate.

ENERGY REORGANIZATION ACT OF 1974

The Senate continued with the consideration of the bill (S. 2744) to reorganize and consolidate certain functions of the Federal Government in a new Energy Research and Development Administration and in a Nuclear Energy Commission in order to promote more efficient management of such functions.

Mr. HUMPHREY. Mr. President, the amendment that has been read and is now before the Senate has been again fully discussed with the distinguished Senator from Connecticut and with counsel and minority. It merely provides that the Administrator shall make available to the Congress a range of program options and corresponding funding levels for its consideration within each of the six program areas of the Energy Research and Development Administration.

Mr. President, I am concerned that authorization for appropriations for the six program areas called for in ERDA does not provide for a range of options to the Congress in terms of levels of effort to support research on the various sources of energy and conservation.

I am concerned that ERDA will provide Congress with fixed funding level proposals for each energy source and a rationale for these levels rather than a range of options within each element of the program from which Congress may choose.

The recent set of energy research and development funding recommendations to the President by the AEC heightens this concern.

The solar energy proposals, for example, are in my opinion totally inadequate, given the potential of this energy source and the recommended minimum viable program levels proposed by the Government's own top solar energy experts.

If Congress is to act responsibly in this area, it must make the final determination of level of support for the various energy programs in ERDA. Of course, the technical advice of the Administrator of ERDA and that of experts from outside Government would weigh heavily in any decision by Congress.

The amendment which I am offering would simply require that ERDA provide funding options among the six programs included in the act.

This amendment simply adds a new section on page 84, after line 6 which says the following:

> The Administrator shall provide Congress with a range of funding options for its consideration within each of the six program areas of the Administration.

Mr. RIBICOFF. Mr. President, on behalf of the committee, we are agreeable to the amendment. I move its adoption.

The PRESIDING OFFICER. The question is on agreeing to the second amendment of the Senator from Minnesota (putting the question).

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. ABOUREZK. Mr. President, I send to the desk an amendment and ask the clerk that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

> Page 35, after line 19 insert the following: "(g) encouraging and conducting research and development in clean and renewable energy sources"

Mr. ABOUREZK. Mr. President, this amendment gives the Administrator the responsibility and the duty of exploring renewable and clean energy sources, such as solar energy.

S. 2744, the Energy Reorganization Act of 1974, establishes an Energy Research and Development Administration—ERDA—and a Nuclear Safety and Licensing Commission—NSLC. NSLC will consist of the present regulatory side of the Atomic Energy Commission—AEC. ERDA will consist of the AEC's research and development side, including the Division of Military Application, plus the Department of Interior's Office of Coal Research, fossil fuel energy R. & D. conducted by the Bureau of Mines, and the solar and geothermal research conducted by the National Science Foundation.

As David Freeman, director of the Ford Foundation Energy Policy Project, warned in hearings on ERDA:

> The most serious concern I have about ERDA is insuring that it is not quite just the Atomic Energy Commission by another name. If you combine a mountain such as the AEC and a few molehills, such as the research programs in other areas, you may still end up with the same mountain. We must be sure that nuclear energy does not dominate the new agency.

Despite the efforts of the Senate Government Operations Committee—and they were excellent—to write in safeguards against nuclear domination, the sheer mass of the nuclear components of ERDA guarantees such a result.

The PRESIDING OFFICER. The Senate will be in order. The Senator is entitled to be heard. There are conversations all over the floor.

The Senate will be in order. The Senators will take their conversations to the cloakroom. The Senator will suspend until the Senate is in order.

The Senator may resume.

Mr. ABOUREZK. Mr. President, consider the following figures—taken from the committee report—on personnel and budget which will be transferred into ERDA:

[Dollar amount in millions]

	People		Money	
	Number	Percent	Amount	Percent
AEC	5,988	84.3	$3,779	90.2
Interior	1,106	15.5	372	8.9
NSF	13	.2	37	.9

In addition to the 5,988 permanent AEC positions, approximately 85,000 additional individuals who now work for the AEC as employees of outside contractors in AEC owned-and-operated facilities will also be transferred into ERDA.

The inclusion in ERDA of the AEC's Division of Military Application not only contributes to a nuclear bias, but also detracts from the agency's central purpose of developing energy sources. Nearly half of the AEC's funds, $1,542 million, 36.8 percent of ERDA's budget, will be devoted to weapons development and production. Because of the importance and complexity of these programs, the ERDA Administrator will be seriously distracted from providing the proper leadership for the Nation's nonmilitary energy R. & D. effort.

While the mere structure of ERDA seems enough to produce a nuclear bias, the AEC's historic attitude toward nonnuclear energy sources guarantees the bias. The AEC has never shown any substantial interest in clean, renewable alternatives to nuclear energy. Recent evidence includes the Commission's December 1973 report to the President on a national energy program. This report—which presumably will be the basic game plan for ERDA—reveals disdain for nonnuclear energy sources and a blind faith in the safety and economic viability of the nuclear option.

Proponents of S. 2744 point to four provisions in the bill which they claim will prevent ERDA from inheriting AEC's nuclear tilt. First, section 2(b) provides that "Congress intends that no energy technology be given an unwarranted priority." Second, section 102(c) requires that the ERDA Administrator and Deputy Administrator be selected "from among individuals who by reason of their training and experience are especially qualified to manage a full range of energy and development programs." Third, a separate Assistant Administrator is established for solar, geothermal, and advanced energy systems. Fourth, each nondefense Assistant Administrator is guaranteed a minimum funding level of 7 percent of the total funding for all civilian energy R. & D.

These are weak reeds indeed. ERDA will set its priorities, and who will reverse them if they are "unwarranted." As to the qualifications of the Administrator and the Deputy Administrator, the report construes this section to not preclude the selection of any present AEC Commissioner. Dixy Lee Ray is frequently mentioned as a leading candidate.

The White House has also floated John Simpson who is president of a Westinghouse division involved in the design and production of nuclear reactors and one of the most outspoken advocates of nuclear power.

The creation of a separate Assistant Administrator for solar, geothermal, and advanced energy systems only insures that funds allocated to his office will be spent on these technologies. It does nothing to insure that he receives adequate funding. The 7 percent funding floor represents no more than was allocated to the smallest program in the fiscal year 1975 appropriation. While this section protects against a decrease from current levels, it does nothing to guarantee adequate funding.

If nonnuclear R. & D. is to get the impetus it needs and deserves, commonsense dictates that it not be placed in an institutional setting that has been historically hostile. It would be far more prudent to establish a separate nonnuclear R. & D. agency. Supporters of S. 2744 claim that the AEC with its national laboratories and contractor network is the only place to turn for the necessary facilities and expertise. They ignore the fact that the National Aeronautics and Space Administration, an agency with an outstanding and proven R. & D. record, could provide the base for a nonnuclear R. & D. agency. Incredibly, no representative from NASA testified at the Senate Government Operations Committee's hearings on ERDA, and S. 2744 omits any mention of NASA.

The basic framework of the Energy reorganization bill is weighted toward nuclear domination. The safeguards are ineffectual. Moreover, their survival in conference is doubtful. Chairman HOLIFIELD has already opposed similar provisions, both in committee and on the floor of the House. Either through amendment of S. 2744 or, better yet, by deferring action until next year, the Senate should construct an energy R. & D. agency which represents more than the grafting of a few scattered programs onto the AEC's civilian and military nuclear monolith.

It is similar to the amendment of the Senator from Minnesota, but not exactly like his amendment.

I want to point out, if I might, the concerns that I have about the establishment of ERDA as it is presently proposed.

Mr. President, I have discussed this amendment with the managers of the bill on both sides of the aisle. They have indicated they will accept the amendment.

Also, I just want to express my concern, and would like to discuss it just briefly with the manager of the bill, about the atomic energy bureaucracy dominating research, funding, and administration of the Energy Research and Development Agency.

Mr. RIBICOFF. Mr. President, I thank the Senator from South Dakota for his contributions, and also recognize his concern. It is a concern that many of us share.

In adopting the Jackson amendment I believe we go a long way to see that there is a balance between alternate sources of energy as well as nuclear.

As far as the majority is concerned, I believe his amendment is a good amendment. It is constructive, and I accept it.

We approve of the amendment on both sides, and urge its adoption.

Mr. ABOUREZK. I yield to the Senator from Utah.

Mr. MOSS. Mr. President, I commend the Senator from South Dakota for bringing this matter to the attention of the Senate. It is a concern that many of us have, and a concern which I raised raised earlier in conversations about the bill. I agree that the amendment of the Senator from Washington, which was earlier adopted, gives some reassurance. But I am pleased that the Senator from South Dakota has raised the point so that we can be sure that this agency coming into existence will indeed be balanced in its approach to energy; that it will concentrate on other sources of energy, and especially, nonpolluting sources, so that we may be concerned with finding other forms of energy that are useful but nonpolluting, and they will not be an insult to our environment. So I would like to be associated with the Senator from South Dakota.

Mr. ABOUREZK. I thank the Senator from Utah.

I know that the Senator from Connecticut, the manager of the bill, has given assurance that in the conference committee, they will do everything they can to hold tight.

Mr. RIBICOFF. I will fight for this amendment in conference, and I am confident that most of the Senate conferees, on both sides of the aisle, are very sympathetic with the position of the Senator from South Dakota.

Mr. ABOUREZK. I thank the Senator.

The PRESIDING OFFICER (Mr. METZENBAUM). The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. ABOUREZK. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ORDER FOR CONSIDERATION TOMORROW OF HUD APPROPRIATION BILL

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on tomorrow, at the conclusion of routine morning business, the Senate proceed to the consideration of the HUD appropriation bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

ENERGY REORGANIZATION ACT OF 1974

The Senate continued with the consideration of the bill (S. 2744) to reorganize and consolidate certain functions of the Federal Government in a new Energy Research and Development Administration and in a Nuclear Energy Commission in order to promote more efficient management of such functions.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. RIBICOFF. Mr. President, the Senator from Tennessee (Mr. BAKER) has an amendment.

Mr. BAKER. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. BAKER. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendment will be printed in the RECORD.

The amendment is as follows:

At the end of title I insert a new section:

"SEC. 112. NUCLEAR POWER PARK SITE SURVEY:

"(a) The Congress finds that it is in the national interest to minimize the environmental impact of nuclear powerplants by locating and designating sites for nuclear power parks in each region of the Nation. Such parks may be the site for locating several nuclear powerplants serving the region in which they are located, and may include nuclear fuel fabricating and reprocessing facilities, and all other facilities required for a complete fuel cycle; as well as provisions and facilities for storage of nuclear wastes.

"(b) (1) Congress hereby directs the Energy Research and Development Administration to make or cause to be made a national survey to locate and designate at least one nuclear power park site in each of the existing nine electric reliability regions. For purposes of completing this survey the Energy Research and Development Administration may collaborate with the Federal Power Commission, regional electric reliability council staff, electric utilities (whatever the nature of ownership), or others as necessary.

"(2) For purposes of this section, the term 'nuclear park site' means a site large enough to support utility operations, and other elements of the total fuel cycle.

"(c) For purposes of this Act the survey should—

"(1) include a preliminary evaluation of the regional natural resources, such as land availability, air and water resources, environmental and economic impact, and other factors such as area population, proximity to load centers, transmission line rights-of-way, and the availability of other fuel resources; and

"(2) specifically include federally held property, excluding national parks, wilderness areas, forests, and historical monuments.

"(d) A report of the results of the survey under this section shall be transmitted to the Congress and made available to the public within one year from date of enactment of this Act.

"(e) There is authorized to be appropriated $1,000,000 to conduct the survey under this section."

On page 76, in line 1, after the word "such" insert the words "technical assistance,"; in line 7, after the word "such" insert the words "technical assistance,"; and in line 24, strike the word "Studies" and insert in lieu thereof the words "Technical assistance studies".

On page 77, between lines 2 and 3, add the following new subsection:

"(e) For purposes of this section, the term "technical assistance" means:

(1) the furnishing of a witness for an appearance in any proceeding, or giving testimony by deposition, affidavit, or other appropriate means;

(2) the furnishing of advice, consultation, or information to assist a party in understanding technical literature or issues, to analyze and evaluate documentary materials, and to otherwise aid a party in technical preparation of its presentation in the proceedings."

Mr. BAKER. Mr. President, I call up this amendment on behalf of Senator BELLMON. I ask unanimous consent that a statement by Senator BELLMON, who is necessarily absent from the session today, be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

STATEMENT BY SENATOR BELLMON

I am today proposing an amendment to S. 2744, the so-called ERDA bill, in anticipation of calling it up for consideration next week during debate on the ERDA bill. This amendment is not new to this chamber, having been introduced as a seperate bill, S. 3385, by me on April 25, 1974.

Basically, then as well as now, I hope Congress will take steps to encourage the siting of nuclear power plants, along with other atomic energy facilities, in clusters at appropriate locations in different regions of the United States.

I feel, and many others agree, that this is preferable to scattering such facilities at thousands of different locations.

But, rather than work on a hunch, this bill commissions a national survey to determine appropriate locations for such "power parks" and to designate at least one site in each of the nine electric reliability regions.

Dr. Dixy Lee Ray, the distinguished chairman of the Atomic Energy Commission has commented on the subject in the following manner:

"I believe . . . that we should cluster nuclear power plants instead of spreading them all over the countryside. In addition, at the same location, we should put fuel fabrication plants, processing plants, and waste-handling equipment. Everything should be at one location."

Among the advantages of this concept is one of direct and great importance to a principal concern of Mr. Ribicoff and his colleagues in their excellent work on this bill. This is that clustering such facilities would make the safeguarding of the facilities and material from theft and sabotage much easier.

This amendment is also needed to insure that ERDA, which will contain the promotional functions of the AEC, is made responsible for this survey. We should not expect the Nuclear Safety and Licensing Commission, which is to function as an even-handed judge to make a survey, the purpose of which is to encourage and facilitate the construction of such nuclear plants. At the same time, with the needed emphasis and balance in ERDA going to non-nuclear energy to redress the past emphasis on nuclear energy, I think Congress should express interest and direction to the new ERDA lest this concept get pushed into the background or down into the nuclear parts of the agency so that proper emphasis is not given to these promising means of facilitating the licensing of nuclear plants.

When severe energy shortages loom indefinitely into the future and when there is a continuing threat of Arab oil embargoes, we can ill afford 10 year delays in licensing such plants. A better means of licensing, consistent with continuing the safety and environmental safeguards that are built into the present AEC licensing process, must be developed.

Mr. BAKER. Mr. President, the essence of the Bellmon amendment is to provide for a study, funded at a $1 million level, of so-called power parks. I think it is an enormously good idea, and I fully support it and am most pleased to call it up in Senator BELLMON's absence.

Mr. RIBICOFF. Mr. President, I commend the Senator from Tennessee and the Senator from Oklahoma.

The proliferation of nuclear power will require us to eventually make some difficult policy decisions related to safety, safeguards utilization, and economy.

The idea expressed in the amendment of clustering nuclear powerplants is an excellent one. So far as the majority is concerned, I am more than pleased to accept the amendment. I have not had an opportunity to talk to the Senator from Illinois about it.

Mr. PERCY. Mr. President, I have discussed this amendment with the distinguished Senator from Tennessee. It is being offered on behalf of Senator BELLMON. To me, it represents a brilliant, creative, and innovative approach to this problem. It is well worthy of consideration, and on studying it, I would be happy to accept it.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. BAKER. I yield.

Mr. JAVITS. Mr. President, personally, and as the ranking member of this subcommittee, I am favorable to nuclear power. I believe that it is one of the prime ways in which we are going to crack the jam we are in respecting energy. It cannot be done with mirrors. It has to be done with some installations, and nuclear power is a big one. If we handle it right, as much as 25 percent of the power of the United States can be developed from nuclear sources within the next 6 years, by 1980.

Mr. President, this may be a very interesting idea, and I am going to go along with the ranking member of the full committee—I am the ranking member of the subcommittee—in accepting it in conference. I would want to look into whether or not it will tend to inhibit rather than promote the fair and effective utilization of nuclear power.

Mr. ROBERT C. BYRD. Mr. President, may we have order in the Senate

The PRESIDING OFFICER. The Senate will be in order.

Mr. ROBERT C. BYRD. I beg the Senator's pardon for the interruption.

Mr. JAVITS. I wish to make my foregoing statement a matter of record, as I shall be a conferee, and when I am a conferee, I defend like a tiger everything the Senate has done. I have not had an opportunity to examine this amendment, nor have I had advance notice of it. I am going to take it on faith from Senators RIBICOFF and PERCY and go with it. But I did want to make the reservation that I shall check it out in terms of whether or not it actually tends to facilitate or inhibit the development of nuclear power in this country.

Mr. BAKER. I thank the distinguished Senator from New York. I also extend my thanks to the majority and minority managers of the bill.

I serve on the Joint Committe on Atomic Energy, and the matter of powerplant siting is one of utmost importance. The efficient power cycle is one we are going to have to go through. If we could perfect a fusion power cycle, it would be preferable, but we cannot. We will have to depend on fission power.

I think that Senator BELLMON's proposal for the concentration of such facilities in particular areas where they can be clearly safeguarded and protected against geophysical accidents is one very great attraction. I have studied this matter carefully, and I think it has great merit. I am pleased to join Senator BELLMON in offering it now.

Mr. President, I ask unanimous consent that the name of the distinguished junior Senator from Oklahoma (Mr. BARTLETT) be added as a cosponsor of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. JACKSON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. DOLE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendment will be printed in the RECORD.

The amendment is as follows:

On page 91, between lines 4 and 5, insert the following new section:

AMENDMENT TO THE EMERGENCY PETROLEUM ALLOCATION ACT OF 1973

SEC. 312. Section 4 of the Emergency Petroleum Allocation Act of 1973 is amended by adding at the end of such section the following new subsection:

"(j) (1) Upon a finding that there are significant shortages and dislocations in the distribution of petrochemical feedstocks and petrochemicals, the Administrator is authorized to compel, by rule or order on a national, regional, or case-by-case basis, consistent with paragraph (2) of this subsection, the allocation of such feedstocks and such petrochemicals in amounts specified in (or determined in a manner prescribed by) such rule or order.

"(2) Any rule or order for allocation of petrochemical feedstocks and petrochemical promulgated or issued under this act or under any other Federal law shall be consistent with the objectives of subsection (b) and to the maximum extent practicable, shall contribute to the—

"(A) preservation of an economically sound and competitive petrochemical industry and for the preservation of the competitive viability of all processors, distributors, and users of petrochemical feedstocks and petrochemicals; and further the

"(B) equitable distribution of petrochemical feedstocks and petrochemicals among all regions and areas of the United States and among all sectors of the petrochemical industry, including processors, distributors, and users thereof.

"(3) For purposes of this subsection—

"(A) the term 'petrochemical feedstocks' means petroleum oils and natural gas liquids which are processed or otherwise converted into petrochemicals; and

"(B) the term 'petrochemicals' means derivatives of petroleum oils and natural gas liquids used for nonfuel purposes.".

Mr. DOLE. Mr. President, cosponsors of this amendment are the Senator from Pennsylvania (Mr. HUGH SCOTT), the Senator from Pennsylvania (Mr. SCHWEIKER), the Senator from Indiana (Mr. BAYH), the Senator from New Mexico (Mr. DOMENICI), the Senator from North Dakota (Mr. YOUNG), the Senator from Arizona (Mr. FANNIN), the Senator from Rhode Island (Mr. PELL), and the Senator from Michigan (Mr. HART).

I want to discuss this amendment very briefly and establish legislative history with the Senator from Washington. I will withdraw the amendment and will take only a moment or two.

Mr. President, the shortages of numerous and vital petroleum products used for nonfuel purposes have continued to exist. One of the most recent and critical shortages, for example, has been in asphalt, which, as everyone knows, is vital to our vast transportation system. The amendment I offer today gives the Federal Energy Administration the authority to deal more effectively with these shortages.

This authority is not mandatory. I emphasize that the authority provided under this amendment is discretionary. It gives the Federal Energy Administrator authority to deal with the shortage, but does not require an allocation program. The authority to be vested in the Administrator would be used under the guidance of Congress and the President. Probably every Senator has been beset with complaints of shortages of plastic materials, petrochemicals, and other petroleum products. This amendment gives us a tool to deal with these shortages.

It should be pointed out that this amendment was previously offered by the junior Senator from Kansas several months ago and was, at that time, accepted as a provision in the Standby Energy Emergency Authority Act. In view of the previous acceptance of this amendment and the present status of the Standby Energy Emergency Authority Act, I believe we should accept this measure again.

The shortage of nonfuel petroleum products is expected to continue for several years to come. Experts have indicated that we will be forced to cope with this problem for a long time. Apparently, an oversight in the drafting of the Emergency Petroleum Allocation Act resulted in the failure to provide authority to deal with this shortage. This loophole in the Emergency Petroleum Allocation Act should be resolved at this time.

The industry is presently making several efforts to resolve the shortage of petrochemicals. This is entirely proper and as it should be. In my opinion, it is much better that the industry resolve its problems rather than requiring Federal intervention. Our actions here should not jeopardize the efforts of private industry and this amendment does not. However, there are several actions which the Federal Energy Administration can take without intervening in the industry. This amendment would mandate those actions.

TOTAL ALLOCATION DIFFICULT

As vast and complex as the petrochemical industry is, it is difficult to imagine any program where the distribution and allocation of all petrochemicals and their feedstocks could be accomplished. However, when we stop to consider that some of our most vital industries are severely affected by the shortage of petrochemicals, it is clear that some priorities should be established and that action needs to be taken to eliminate shortages. The dairy industry, the fertilizer industry, the pharmaceutical manufacturers, and the producers of medical devices are examples of those that should undoubtedly be considered for a priority under any allocation program which might affect them.

Other industries using petrochemicals may need an allocation program because of the extreme economic dislocations, financial hardships, and unemployment taking place. Plastic processors have been especially hard hit by the shortage and should receive consideration in this regard. The Federal Energy Administration has released an estimate that the shortage of petrochemicals may exist for several years to come. The Administrator clearly should have the authority to act on severe problems resulting from the inequitable distribution of the petrochemicals as well as take steps to increase the level of their production.

FLEXIBILITY PROVIDED

Although this amendment is limited in scope to those materials in short supply, it also provides the flexibility for the Administrator to redirect his allocation efforts. The particular petrochemicals in short supply undoubtedly will change. Some currently in short supply may become more abundant and those presently in more adequate supply may become scarcer. Since it appears unfeasible to allocate all petrochemicals, the Administrator has the discretionary authority to determine where allocation is most needed.

The intent of this amendment is that the Federal Energy Administrator will use this authority in keeping with the basic intent to expand the production of petrochemicals. Obviously, the shortage will not end until output is expanded. It has been called to my attention that uncertainty about Government action has had an inhibiting effect on industry. Industrial managers cannot be expected to risk multimillion dollar investments if possible Government action threatens to deprive them of a fair return. So the authority provided under this amendment is to be used to reduce disruptions, not aggravate them.

In view of the continued shortages of nonfuel petroleum products and the previous acceptance by the Senate of this amendment, I urge every Senator to support this measure.

It seems to the junior Senator from Kansas that if we have shortages of plastic materials, petrochemicals, and other petroleum products, the Federal Energy Administration should act on the problem. This amendment would give the FEA authority to deal with these shortages.

I might also add that the amendment was offered several months ago, and at that time it was accepted as a provision of the Standby Energy Emergency Authority Act. However, I understand that there may be some questions that are not answered in the amendment and that the distinguished Senator from Washington might be willing, if I introduce it as a bill, to have hearings on it at a later time.

Mr. JACKSON. Mr. President, I am sympathetic with the problem that the able Senator from Kansas has posed with his amendment, to try to provide for allocation of petrochemical feedstocks and petrochemicals.

I say to the Senator that the administration has opposed any amendments to the Mandatory Allocations Act. This made it impossible to consider the Senator's proposal when we acted on the extension of the Mandatory Allocations Act.

If the Senator introduces the amendment as a bill, and if we should hold hearings next month on the matter of amending the Mandatory Allocations Act, I will certainly see that there will be a hearing on his bill.

I am very sympathetic to the problem. The problem is complex. We have a number of other amendments that we would have to consider. I hope the Senator will withdraw the amendment and introduce it as a fresh bill. As I say, I will be delighted to see that a hearing is held on his proposal, should we be able next month to get into the question of amendments to the Mandatory Allocations Act.

Mr. DOLE. I appreciate the comments of the distinguished Senator from Washington. There is a great deal of interest in this amendment. As I have indicated, there are many cosponsors. Certainly, the Senator from Kansas understands the complexities.

Based on the assurance that hearings will be held and this issue will be considered, I withdraw the amendment.

The PRESIDING OFFICER. The amendment is withdrawn.

Mr. PERCY. Mr. President, I do have an amendment, which may, or may not, be necessary to offer at this time. It would be necessary for the distinguished Senator from Maine and myself to have some understanding with respect to one aspect of the program that he and I have discussed at some considerable length. It is a matter that goes right to the heart of one of the most important aspects of this program affecting our petroleum use and conservation. It is an organizational problem.

The problem is simply this: The new ERDA is actually intended as a central agency for managing and conducting Federal energy research and development efforts. Most energy-related R. & D. programs for Interior, EPA, and National Science Foundation were initially proposed for transfer to ERDA, along with other Federal R. & D. activities. However, an amendment offered by Senator Muskie to S. 2744 in committee, deleted the original proposed EPA R. & D. transfers to ERDA. Because ERDA was primarily a developmental agency, as such, in contrast to EPA, which is mainly a regulatory agency, certain programs currently in EPA that are largely developmental, in my judgment, should be transferred to ERDA. One of these is the alternative automotive power sources program.

I ask unanimous consent to incorporate in the RECORD a research report and supporting materials, including letters from experts in automotive power research. This material overwhelmingly supports the transfer of AAPS to the new ERDA.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

THE ALTERNATIVE AUTOMOBILE POWER SYSTEMS PROGRAM (AAPS) AND THE EPA: THE NEED FOR CHANGE

EVIDENCE TO SUPPORT TRANSFER OF AAPS TO ERDA

The outcry against the Muskie amendment has been consistent—from members of the academic community, from engineers working in the EPA's R&D programs, and from members of the Federal Advisory Committee on AAPS. The ironic element of this situation is that those people with the strongest vested interest in the AAPS Program—usually those who resist any organizational change—are most fervently in favor of getting AAPS out of ERDA.

What follows is a summary of the best information available which supports the AAPS transfer.

A. Recommendations for Transfer by the Council on Environmental Quality Advisory Committee on AAPS (ACAAPS).

This Advisory Committee was formed in 1971 to oversee the technological and organizational aspects of the AAPS Program. On June 13 and 14, the Committee met to discuss the transfer of AAPS to ERDA.

As a result of the meeting, Dr. David Ragone, Dean of Engineering at the University of Michigan, and Chairman of ACAAPS, wrote to Russell Peterson, Chairman of the Council on Environmental Quality. The letter summarized the ACAAPS view of the deletion of the transfer by the Muskie amendment:

"The ACAAPS recognizes the need for research and development in the EPA as required to support its regulatory activities. However, there is a qualitative difference between the research efforts intended to support regulation and research efforts intended to investigate and develop new technological alternatives. The AAPS Program is clearly in the latter category . . . While the alternative power sources developed under the program must be environmentally acceptable, the program must also be constantly aware of the changing national fuel and national resources picture.

"We, therefore, conclude that the AAPS program should be incorporated into ERDA, an agency whose long-term aims are more consistent with the AAPS goals and we urge you take whatever actions possible to promote this move."

Additional support for transfer has been expressed individually by members of the ACAAPS: Dr. John H. Sununu, Dean of the Tufts College of Engineering, Mr. Robert Sawyer, professor at the Berkeley College of Engineering, Dr. Beno Sternlicht, Chairman of Mechanical Technology Incorporated and Chairman of the Committee of NASA, Mr. Jack Hope, formerly of the White House Office of Science and Technology, and Dr. S. William Gouse, Director of the Office of Coal Research, Department of the Interior.

The following are excerpts from the letters of the above experts, addressed to Senator Percy:

"The EPA should conduct research and development which is in support of its *control* functions in the environmental protection field. The AAPS Program, which deals with research and development of alternatives to the present internal combustion engine, is clearly not directly supportive of the EPA control function . . . I strongly endorse the original proposal to have [AAPS] transferred to ERDA, which is clearly to be a research and developmental agency." (letter of Mr. Sawyer, July 3.)

"The transfer of the AAPS Program from EPA to ERDA, which is part of the House bill, has been omitted from the Senate version. This is most unfortunate. In fact, the only reference to propulsion R&D is found in the correspondence between Senators Jackson and Muskie. This correspondence leaves considerable concern in my mind, for it splinters the inadequate R&D effort, and encourages duplication and parochial attitude. In his May 25 letter, [Senator Muskie] proposed two separate development programs, one managed by the EPA to develop a low emission vehicle, and the second program to be managed by ERDA to develop a high fuel economy vehicle. Implementation of this suggestion would result in a wasteful use of monies and no useful products." (letter of Dr. Beno Sternlicht, July 5.)

"It is quite apparent that the [AAPS] Program activities are compatible with time scales longer than those associated with the regulatory or enforcement capabilities of EPA. The systems must be optimized as measured against a variety of criteria, such as utility, energy, and cost, as well as their impact on the environment. If all these measures are to be reflected fairly in the developmental effort, they should not be pursued within an agency whose primary responsibilities include assuring compliance to emissions standards within relatively short time limits." (letter of Dr. Sununu, July 5).

"Their [AAPS Program] current location in a regulatory agency has not permitted them to integrate many important aspects of propulsion, such as low fuel consumption, safety and noise, along with their charter requirements for low emissions. Integration of the above requirements is necessary to foster development of engines to meet the overall needs of the nation. The new ERDA organization, being R&D oriented, provides the proper framework for this balanced approach." (letter of Mr. Hope, July 9.)

Although the above correspondence points to the positive advantages of having AAPS in ERDA, it does not specifically detail the substantial *negative* record of the EPA in managing AAPS. AAPS' lack of progress over the last few years is attributed, for the most part, to EPA mismanagement. What follows is the evidence leading to that conclusion.

B. The GAO's Analysis of the EPA's Office of Air Programs.

The report, issued on May 15, 1972, titled, "Cleaner Engines for Cleaner Air", outlines the failure of the EPA's Office of Air Programs (OAP) to coordinate effectively a program of alternative engine development.

The AAPS Program was initiated by the OAP in 1970 to carry out certain high-risk, high pay-off research programs for alternative engine development which the auto industry was not pursuing.

After two years of work, in 1972, AAPS had made little progress. The EPA decided to discontinue work on the hybrid engines, and concentrate on the gas turbine, the Rankine cycle engine, and the stratified charge.

The GAO found that:

"The commitment of resources, both money and manpower, was not commensurate with the need, nor did it reflect the urgency of the need to resolve the air pollution problem."

"OAP did not obtain detailed information from automobile manufacturers to (1) insure that its limited resources would not be spent duplicating work and (2) enable better direction of its efforts." In this regard, OAP admitted to not being aggressive in obtaining information from the auto industries.

In 1972, as a result of this mismanagement, GAO concluded that AAPS had made little progress in developing an alternative engine, and that much of its work was duplicating that done by the auto industries.

Although no update has been done on the GAO report, there are many indications that the situation has not changed:

C. Reorganization as Proposed in S. 2176.

In May and June of 1973, the Senate Commerce Committee held hearings on S. 1055 and 1093, which were consolidated into S. 2176. The basic purpose of the R&D sections of the bill run in the same vein as the ERDA concept—to consolidate the automotive R&D functions of the Federal Government under one agency (in this bill the Department of Transportation.)

The bill was supported by both Senator Jackson and Senator Muskie when it passed the Senate last December. Thus, the information divulged in the hearings is directly relevant to the proposal to move AAPS to ERDA.

The hearings which related to the AAPS Program focused on three problem areas:

(1) The massive increase in effort needed to make programs such as AAPS viable.

"Efforts to achieve this goal [of developing an alternative engine] have been inadequate and no extensive Federal research and development program directed towards a pollution free automobile have been implemented. The present AAPS program is definitively limited by budget constraints and has recently been substantially reduced in scope." (Statement of Mr. Richard Morse, Chairman of the Scientific Energy Systems Corp.)

"A fund [supplemented by Congressional appropriations for Automotive Technical Development] would absorb the current AAPS Program and would be administered by the National Science Foundation. Alternatively the AAPS Program could be strengthened, or the task could be given to some other existing or potential new agency." (Statement of John Steinbruner of the Harvard Institute of Politics.)

These experts were commenting on the poor level of funding for AAPS. In the past three years, the funding level for AAPS has actually been reduced from $13 million in FY '73 to $7 million for FY '74 and $7 million for FY '75.

At the same time, the Big Three auto companies have shifted funding in the R&D programs away from alternative engines to improvements on the present internal combustion system in order to meet the new emission standards.

In testimony, Mr. Robert Sansom, Assistant Administrator of the EPA, stated the EPA's views about the proper level of funding for AAPS:

The Federal Government should not spend its funds on alternative systems research while the massive auto companies, which have the resources, were carrying out research running into the hundreds of millions each year.

The emissions standards established by the EPA would force the auto companies to develop alternatives systems (statistics show these companies are concentrating their funds on alterations to the present engine, i.e., catalytic converters).

The EPA merely serves to provide "back-up protection" and to "fully explore the potential of those systems not receiving adequate attention."

The present level of Federal funding "is just about right."

Thus, the EPA operates on the assumption of good faith on the part of the auto industry's alternative research efforts: the AAPS

Program, because it stands so low on the EPA's list of research priorities, does not, as a result, receive enough funds to properly carry out the job it is supposed to do.

(2) The failure of the EPA to properly consult with domestic industry and foreign research in order to avoid duplicative effort.

The Phillips Research Laboratories in the Netherlands has made great progress with the Stirling engine. Due to low emissions and high fuel economy the Stirling engine is a prime candidate for future use. In 1970 Phillips contacted the EPA, but the EPA could give no support to a developmental program.

The EPA has not had close contact with the National Academy of Science or their panel on alternative power systems, which has advised an increase role of the Federal Government in this area of R&D.

"We naturally are anxious to pick up any new idea which might be developed, but we have found little new as yet." Many of the conclusions now being arrived at in the government program (AAPS) look very much like our own reached several years ago." (statement of General Motors, 1974.)

(3) The need to transfer AAPS out of EPA.

Although the letter of S. 2176 states that DOT and EPA would "effectively coordinate" their programs, thus not specifically providing for any transfer, the Commerce Committee Report states:

"It is anticipated that the personnel and facilities of AAPS will be transferred to the Department of Transportation."

CONCLUSIONS

On the basis of this very substantial evidence, AAPS should be transferred to ERDA.

(1) EPA automotive R&D has *not* led to the development of new engines by the auto companies. EPA R&D has not produced a viable alternative engine.

EPA's proper regulatory functions should be backed by adequate confirmatory research, but its mission, the experts assert, is not aided by a developmental role.

(2) AAPS has *not* been the basis for "good research and adequate demonstrated techniques." The slight progress of AAPS, the poverty of its funding, and the lack of results show that the program, in its present location in an organization devoted to regulation, can offer little in terms of "good research."

(3) The AAPS Program has not stimulated development of a clean engine. In 1973, the Assistant Administrator of the EPA stated that he viewed AAPS as only a "backup program." Thus, AAPS has a very low profile in EPA R&D activities.

(4) The main goal of AAPS is *not* regulatory, but developmental. In its present position AAPS cannot assist EPA with its primary regulatory responsibility.

The EPA's efforts in the development of an alternative engine to the present internal combustion system have been sadly lacking in terms of money, organization, and focus. In the new ERDA, which will have the atmosphere most conducive to AAPS research, the program will receive a higher priority, greater funding, and could well result in very substantial new development. Thus, if located in ERDA, AAPS could progress at a faster rate and actually assist EPA with its regulatory functions by providing the adequately demonstrated technology EPA needs. AAPS will also provide ERDA with a solid core around which to build a strong program of propulsion research.

JUNE 14, 1974.

Hon. RUSSELL PETERSON,
Chairman, Council on Environmental Quality, Washington, D.C.

DEAR DR. PETERSON: The Advisory Committee on Alternative Automotive Power Systems (ACAAPS) at its meeting of June 13 and 14, 1974, discussed the relationship between the Alternate Automotive Power Systems (AAPS) program, presently in EPA, and the proposed Energy Research and Development Administration (ERDA). As the legislation was initially framed AAPS was to be moved to ERDA. We understand that there is now some uncertainty concerning that move.

While ACAAPS has in the past confined its attention primarily to the technological aspects of the AAPS program, we now feel compelled to comment on this legislation because we recognize that the organizational placement of the AAPS program is so vital to its success. We urge that the AAPS program be merged into the new ERDA organization.

The ACAAPS recognizes the need for research and development efforts in EPA as required to support its regulatory activities. However, there is a qualitative difference between the research efforts intended to support regulation and research activities intended to investigate and develop new technological alternatives. The AAPS program is clearly in the latter category. In addition, the goals of the AAPS program must, in view of new national priorities, extend beyond the primary concerns of environmental protection. While the alternative power sources developed under the program must clearly be environmentally acceptable, the program must also be constantly aware of the changing national fuel and national resources picture.

We, therefore, conclude that the AAPS program should be incorporated into ERDA, an agency whose long term aims are more consistent with the AAPS goals and we urge that you take whatever actions possible to promote this move.

Sincerely,

DAVID V. RAGONE,
Chairman, ACAAPS.

HILLSBORO, OHIO, *July 9, 1974.*

Hon. CHARLES H. PERCY,
U.S. Senate,
Committee on Government Operations,
Washington, D.C.

DEAR SENATOR PERCY: Your letter of June 25, 1974 requested my views on the transfer of two EPA programs to the new ERDA organization as proposed in your Senate bill 2744.

I discussed my views wtih Messrs. John Pearson and Eric Lazar of your office by way of phone on July 8th and will document them in this letter. My background for making these comments is based primarily on two years of work in the Executive Office of the President, Office of Science and Technology, where I worked very closely with many government agencies concerned with civilian technology and in particular, the area of transportation.

I strongly recommend that the Advanced Automotive Power Systems Program and organization currently located within the EPA be transferred to the new ERDA administration for the following reasons:

Prior to 1972, over 90% of all propulsion R&D, (both Government and Industry), was performed in the aerospace field with only 10% being devoted to surface transportation systems. This appeared completely out of balance with national needs due to the fact that surface transportation carries over 95% of the nation's goods, contributes nearly all of the transportation related pollution and consumes over 85% of transportation energy (over 50% of the nation's petroleum). As a result many of us in the Executive Office felt that the U.S. Government should become more involved in the more fundamental aspects of surface transportation propulsion R&D, leaving to the industry, production related R&D where they already excel. In looking for a mechanism to start this propulsion activity, the EPA-AAPS Program provided an ideal core around which to build this effort.

EPA should continue to perform R&D related to their regulatory responsibilities but the AAPS Program as currently performed in EPA is much more closely related to the new and advanced propulsion systems where the ERDA will have prime responsibility. It is more important to note that when new and advanced propulsion systems are being developed, it is impossible to separate the many requirements such as low emissions, low fuel consumption, low noise, safety, economics and many other factors, therefore making it unreasonable to split the responsibility for advanced powerplant R&D among several agencies based on these requirements alone. The current AAPS organization has grown from a small low emission related group to a well managed and internationally respected group of automotive propulsion engineers. Their current location in a regulatory agency has not permitted them to integrate the many important aspects of propulsion such as low fuel consumption, safety and noise along with their charter requirement for low emissions. Integration of the above requirements is necessary to foster the development of engines to meet the overall needs of the nation. The new ERDA organization, being R&D oriented, will provide the proper framework for this balanced approach.

I am not personally knowledgeable about the stationary powerplant emission activity being conducted in North Carolina and will therefore defer to others in commenting on its administrative location.

Thank you for giving me the opportunity to comment on this important subject.

Sincerely,

J. I. HOPE.

JULY 5, 1974.

ROBERT VASTINE,
Government Operations Committee Minority Staff, Washington, D.C.

DEAR BOB: I would like to express my great concern and disappointment with the Senate Committee version of the ERDA Bill. It seems to me that the field of Propulsion, which represents the highest energy utilizer, should have been clearly identified as an area which will receive major governmental R&D emphasis (refer to my correspondence with OMB, attachments 1 a–d.

My concern is based on:

1. Pages 12 and 13 of the ERDA Bill identifies the expenditure of funds and the allocation of staff to the various program areas. The field of propulsion is not even mentioned.

2. Six Assistant Administrators for ERDA are designated and their fields of R&D are identified. The area of propulsion is omitted. Yet, propulsion is the greatest user of energy, and of petroleum in particular; this energy is used in a highly inefficient manner (attachment 2). Other areas of considerably less significance and potential R&D "payoff" are identified. It seems to me that an Assistant Administrator for Propulsion should be appointed. As a minimum, the Assistant Administrator for Conservation or Advanced Energy Systems should be charged with this responsibility. Adequate funds and staff should be given to him in order for him to perform this urgently needed research.

3. The transfer of the AAPS program from EPA to ERDA, which is part of the House Bill, has been omitted from the Senate Committee version. This is most unfortunate. In fact, the only reference to propulsion R&D is found in the correspondence between Senators Jackson and Muskie. This correspondence leaves considerable concern in my mind, for it splinters the inadequate R&D effort, and encourages duplication and parochial attitude. It also has the danger of

establishing regulation which is not well-founded, or in the best overall national interest. (Refer to the history of AAPS—attachment 3.)

My overall concern is that the area of propulsion has not received the R&D emphasis that it deserves, e.g.

It does not have the stature (no Assistant Administrator has been appointed).

It does not have the funds and staff assigned to it.

It does not transfer the AAPS program to ERDA which is a logical home for this activity.

It does not recognize that propulsion R&D (automotive propulsion being part of it) can have greater short and intermediate term impact (attachment 4) on Project Independence, the Balance of Trade, and a High Standard of Living than will most of the other programs that have been identified.

It does not recognize that propulsion R&D must be conducted in a "balanced" way. It must consider all of the factors, which in general are interactive, which influence propulsion—not one at the expense of the other (refer to correspondence between Senators Jackson and Muskie). It should be recognized that up to very recently, the AAPS program of EPA addressed itself (based on EPA's charter) solely to emissions at the expense of energy. It is very likely that ERDA will address itself to energy, at the expense of emissions (attachment 5). In order to avoid this situation, the Propulsion R&D must be managed by one governmental agency and the various programs must be integrated. It is important to transfer the AAPS program into ERDA and to increase its stature, funding and manpower level.

The Senate Committee version of the ERDA Bill does not address itself to this key area of nationally required R&D. I strongly urge that the Senate and House address itself to this issue. Our national economy, which is greatly influenced by the automobile and other forms of transportation, will suffer if the government does not conduct the required R&D in a well-coordinated and timely fashion.

Sincerely yours,

Dr. BENO STERNLICHT,
Technical Director.

TUFTS UNIVERSITY,
Medford, Mass., July 5, 1974.

Hon. CHARLES H. PERCY,
U.S. Senate,
Committee on Government Operations,
Washington, D.C.

DEAR SENATOR PERCY: I am writing in response to your request for my views on the proposed transfer of some EPA programs to ERDA.

There is little question that the reorganizations which would result from the various provisions of Senate Bill 2744 will significantly influence the character and effectiveness of government programs relating to energy, national resources and the environment. Therefore, it is critical that the administrative structures and potential conflicting agency responsibilities be given careful and thorough consideration prior to final action.

I am particularly concerned about the future of federally supported research and development of automotive power plants. The Advisory Committee on Alternative Automotive Power Systems (ACAAPS), in a letter to the sponsors of Senate Bill 2744, has already expressed its view that the AAPS program, now under EPA, should be merged into ERDA. I strongly support this proposal. If AAPS is to continue its contribution towards minimizing the negative impacts of the use of the automobile, the program must operate under an administrative structure inherently reflective of the broad scope of its activities.

The AAPS program is clearly intended to investigate new alternatives with the fundamental objective of providing the technology required by government and industry "to impact national issues such as energy, natural resources, pollution and balance of payments." It is quite apparent that in this context the program activities are compatible with time scales longer than those associated with the regulatory or enforcement responsibilities of EPA. The propulsion systems being developed must be optimized and measured against a variety of criteria such as manufacturability, reliability, utility, energy efficiency, cost, and resource depletion, as well as their impact on the environment. If all these measures are to be reflected fairly in the development effort, they should not be pursued within an agency whose primary responsibilities include assuring compliance to emission regulations within relatively short time limits.

It should also be noted that mixing a state-of-the-art development program within the framework of a regulatory agency is in many ways counterproductive. Although the development of regulations should not take place in isolation, neither should the assessment of what is achievable be based on the idealized results of state-of-the-art technology. It would be difficult for EPA to resist the pressure for incorporating the latest and best data from program prototypes as "improved" standards if AAPS remained within the agency. Utilization of immature results as the basis for new performance criteria would definitely not be in the best overall national interest.

Paradoxically, there is also the potential for negative national impact from a reaction directly opposite to that noted above. The paternal relationship of the regulatory agency to the development program would tend to taint any important improvements which may be achieved. This could make it difficult to implement potentially easily achievable, yet more stringent standards based on the exploitation of any truly significant developments of the program.

There are also a number of compelling reasons why AAPS would be appropriate as an ERDA program. Most significantly, the two principal thrusts of the AAPS activities for the near and intermediate term are the improvement of energy efficiency and the reduction of the impact of powerplant manufacture on the depletion of natural resources. Both of these aims clearly correspond to basic objectives and directions of the new agency. Furthermore, the structure of ERDA as proposed will permit more effective cooperative efforts with existing related activities in other agencies. ERDA can provide the administrative and technical environment most conducive to the achievement of the basic AAPS goals. Since it is inevitable that there will be significant interagency competition for funds and responsibilities in these areas, the clear cut coincidence of purpose and agency charter for AAPS within ERDA will eliminate some of the difficulties the program would otherwise face and contribute substantially to its success.

I wish to emphasize that the AAPS program transfer I am espousing is limited to the alternative power system development efforts. Other related activities such as the automotive emissions control technology assessment can remain within EPA. Furthermore, it would also be appropriate to keep the Federal Clean Car Incentive Program and the Low-Emission Vehicles Purchase Program in EPA. These programs, provide a mechanism for financial stimulation of independent developments of reduced emission systems. Their character is such that they do not require any critical technology program management or direct project supervision. They properly complement the regulatory aspect of the EPA activities and probably could not be as effective if transferred out of the agency.

Although the remarks above have dwelt on the development programs for automotive power system, similar considerations generally apply to the stationary power systems programs. The state-of-the-art technology development aspect of the pre-combustion, combustion and post-combustion clean up activities would also best be served by transfer to ERDA.

I hope these comments will assist you in the review of Senate Bill 2744. I urge you and your associates to recognize that the inherent distinctions in agency roles will make a significant difference in the national impact that can be made by these high technology programs.

Sincerely,

JOHN H. SUNUNU,
Member,
Advisory Committee on Alternative Automotive Power Systems.

Mr. PERCY. I can only point to the fact that when we look at the budget authority that has been provided for stationary source control technology, we see it was increased, from fiscal year 1970, from $20 million to $118 million; total air R. & D. was increased, from fiscal 1969, $46 million to $214 million.

EPA AIR R. & D.—BUDGET AUTHORITY

[In millions of dollars]

Program	Fiscal year						
	1969	1970	1971	1972	1973	1974	1975
Advanced automotive power sources	0.3	2.5	4.3	9.8	9.7	7.2	7.2
Air stationary source control technology	(1)	20.0	16.0	19.0	27.0	17.0	118.0
Total air R. & D	46.0	62.0	55.0	55.0	66.0	54.0	214.0
Total R. & D	(1)	116.0	131.0	162.0	177.0	169.0	357.0

[1] Not available.

We look at the Advanced Automotive Power Source R. & D., which is the great hope for the future to find ways to conserve energy by finding a new automotive power source, and we find that it is miniscule—yet it is one of the programs that can most vitally affect our future energy uses. We started out in fiscal 1970 with an expenditure of $2.5 million. In fiscal 1975, we will spend $7.2 million. This program is being starved, it is being neglected. The documentary evidence on this is very strong indeed. The experts all agree.

I know that I share with my colleague from the great State of Maine a desire to see this program advance. From the standpoint of the Senator from Illinois, the way to get that is to put it into ERDA, which has the essential task, the primary duty, the responsibility, and now the money really to develop these programs and move them forward—not keep them back, where they have been neglected, abandoned, and left to molder. I cannot see anything in the future that would cause the Senator from Illinois to believe that AAPS is going to get any more attention and focus in EPA than it has in the past.

When we are creating a new agency for this very developmental purpose, why not put one of the most important projects right into it? Why leave it with essentially a regulatory agency?

I turn to my colleague from Maine because I have advised him ahead of time that I shall be very influenced indeed by his own judgment in this matter, because I know we share a common goal.

CONSUMER PROTECTION—AGENCY FOR CONSUMER ADVOCACY—CLOTURE MOTION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that, notwithstanding the fact that the consumer protection bill, S. 707, is not presently before the Senate, the distinguished Senator from Connecticut may, at this time, offer his motion to invoke cloture, which he intended otherwise to offer on tomorrow, and for which a vote has already been set for next Tuesday.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. RIBICOFF. Mr. President, I send to the desk a cloture motion and ask that it be read.

The PRESIDING OFFICER. Under Rule XXII the clerk will state the motion.

The assistant legislative clerk read the cloture motion as follows:

Cloture Motion

We, the undersigned Senators, in accordance with the provisions of Rule XXII of the Standing Rules of the Senate, hereby move to bring to a close the debate upon the bill, S. 707, to establish a Council of Consumer Advisers in the Executive Office of the President, to establish an independent Consumer Protection Agency, and to authorize a program of grants, in order to protect and serve the interests of consumers, and for other purposes:

Abraham Ribicoff, Alan Cranston, Mike Mansfield, Mark Hatfield, Frank E. Moss, James B. Pearson, Warren G. Magnuson, John O. Pastore, Henry M. Jackson, Clifford P. Case, Harrison A. Williams, Jr., Jacob K. Javits, Charles H. Percy, Charles McC. Mathias, William Proxmire, George McGovern, Thomas J. McIntyre, Hubert H. Humphrey, Edward M. Kennedy, Daniel K. Inouye, Vance Hartke.

ENERGY REORGANIZATION ACT OF 1974

The Senate continued with the consideration of the bill (S. 2744) to reorganize and consolidate certain functions of the Federal Government in a new Energy Research and Development Administration and in a Nuclear Energy Commission in order to promote more efficient management of such functions.

Mr. MUSKIE. I am happy to respond to the distinguished Senator from Illinois. I share his concern that the work in this field will fall. One of the frustrations I have experienced over the years since the 1970 Clean Air Act was adopted was the failure to act with funds for the developmental programs which are essential if we are to achieve breakthroughs in technology necessary to deal with the air pollution problem.

My concern with this part of the bill, as it was presented, was not that the developmental work or the developmental research was placed in ERDA, but rather that, in the process of putting the developmental work in ERDA, all of the regulatory research with which EPA has been vested was also taken with it, so that EPA is left without even bare bones to deal with the important problem of evaluating automobile technology, stationary source technology, and other technology.

I wanted to be sure that EPA's interests were protected in two ways: One, that it retain sufficient research capability to do its regulatory work; and two, that even in the developmental work, appropriate emphasis is given to developing low-emission characteristics as well as energy-efficient characteristics. They could be identical, but they could also be separate.

I say to the distinguished Senator from Illinois that, following much discussion on the floor of the Senate and in committee, I have had discussion at the staff level and personally with the Office of Management and Budget. I think we are close to an agreement and I think that an agreement can be worked out that can be implemented in the Congress, or prior to that time. The House language contains the original language that was deleted from the Senate bill. So if there is nothing in the Senate bill, we have the full range of options open to us.

I have been persuaded by the Office of Management and Budget that we can preserve both objectives, the one that the distinguished Senator from Illinois is principally concerned with, and also, the concerns which I have expressed. I assure the distinguished Senator from Illinois of my desire to work it out. I am not interested in obstruction or delay or trying to sneak an end run on anybody. I am committed to working with him and to the Office of Management and Budget on working on this problem. I am confident that we can.

If we are now, in conference, in a position to engage the attention of the House conferees, I am confident that we can do it.

Mr. PERCY. I appreciate the comments of my colleague very much, indeed.

Mr. President, just to give a concrete measure, we are talking about saving close to a billion barrels of oil, potentially, a year. If we had to find and develop that, if we had to find other ways to conserve it, that would be a noble goal, working us toward Project Independence.

The figures are right here for us to see, because, in addition to being a major air pollutant, the automobile is a prodigious user of energy. It consumes 13 percent of all the energy and 30 percent of the scarce petroleum used in the United States. Over the past several years, automobile fuel economy has been declining—not increasing, but declining—until reaching its present level of only 13 miles per gallon for the average car. What kind of progress is that?

For the short term, this trend may be reversed by the use of smaller cars and the application of existing fuel technology, but for the longer term, fuel conservation will depend heavily on applying advanced technology, particularly new engine technology. Eventually, advanced technology such as the Sterling engine and the lightweight diesel could be saving the United States as much as 2.5 million barrels of oil per day by 1990, and those figures would add up to approximately 900 million or 1 billion barrels of oil per year. I would say we ought to exert every conceivable effort toward that goal.

So the Senator from Illinois, as a conferee, is determined to take this proposal to conference. I trust we will work out an organizational arrangement here that will put that very important project in a place where it will be assured the kind of priority that it should have, and not be relegated to the minimal position of priority that it has had ever since the project has been underway. We are now in the seventh fiscal year with few, if any, concrete results.

I thank my distinguished colleague.

Mr. JAVITS. Mr. President, I concur with the Senator from Maine (Mr. Muskie) and the Senator from Illinois (Mr. Percy). I think this is an admirable way to deal with the matter on the Senate floor, and, as a conferee, I shall pledge myself to follow with fidelity the policies they have both outlined.

Mr. RIBICOFF. Mr. President, I ask unanimous consent that two technical amendments in S. 2744, as reported, which do not change the substance of the bill, be accepted:

First. Section 105. "Transfer of Personnel and Other Matters", should be transposed from title I to title III of the act because it applies to both ERDA and NSLC—not to ERDA alone, as does the rest of title I. The transposition will change section 105 to section 302; subsequent sections should be renumbered accordingly.

Second. The phrase, "Except as provided in section 304(b) of this Act", should be deleted from the beginning of section 307 (information to committees) and be inserted instead at the beginning of section 308 (transfer of funds). Section 304(b) relates to funds, not information.

I have discussed this matter with the

minority members. These are purely technical corrections, and I ask unanimous consent that the amendments be agreed to en bloc.

The PRESIDING OFFICER. Will the Senator from Connecticut please send his amendments to the desk?

The amendments will be stated.

The assistant legislative clerk read as follows:

1. Section 105. "Transfer of Personnel and Other Matters", to be transposed from Title I to Title III of the Act. The transposition will change Sec. 105 to Sec. 302; subsequent sections to be renumbered accordingly.

2. The phrase, "Except as provided in section 304(b) of this Act", to be deleted from the beginning of Section 307 (Information to Committees) and be inserted instead at the beginning of Section 308 (Transfer of Funds).

The PRESIDING OFFICER. The question is on agreeing, en bloc, to the amendments of the Senator from Connecticut.

The amendments were agreed to.

The PRESIDING OFFICER. Does the Senator from New Hampshire wish to be recognized?

Mr. COTTON. Not until after third reading.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. PERCY. Mr. President, I do not want to delay the Senate, because I think we are nearly ready for third reading, but, just for the record, I should like to indicate once again my opposition to section 109 of this bill, which authorizes the establishment of not one, but two energy councils in the Executive Office of the President, both to serve as advisers to the President on energy. It is not at all clear from reading the provision why two councils are needed, and more importantly it is not at all clear how such an approach could possibly work at the Presidential level.

In fact, section 109 was the result of hasty, insufficient consideration in committee markup, when the committee voted 7 to 2 to accept an amendment offered by Senator HOLLINGS without, I fear, fully understanding its implications. The committee was under the misapprehension that the amendment would have substituted a "Council on Energy Policy" for the "Interagency Energy Resources Advisory Committee" that was already created by section 109. In fact it did not. In a discussion and vote, which, incidentally took place in one of the Senate cloak rooms—because the committee was forced to leave the room designated for open markup due to a vote—the committee hastily accepted the Hollings amendment without adequately understanding its implications and effect, and thus created two White House energy advisory bodies.

In fact, the "Hollings cloak room amendment" creates a tremendous amount of confusion and duplication. The most obvious duplication of effort is with the other "Interagency Committee" established in section 109.

Which of the two councils, for example, would advise the President on what matters? Would one council work for the other? Would section 109 mean that the Level II Chairman of the Council on Energy Policy would direct the chairman of the Energy Resources Advisory Committee, or vice versa? Which council would coordinate interagency matters and how would the councils agree on policy issues and make one conclusive recommendaton to the President? Establishment of these two bodies would be a serious mistake because of the obvious duplication and conflict that is built into such an arrangement at the Presidential level. One result would be to further aggravate confusion and conflict at the agency level, thereby making coordination impossible.

Still another element of confusion is the existence already of a White House Committee on Energy that was created by directive of the President on June 14, for the purpose of coordinating the development of energy policy within the executive branch and advising the President on energy policy. This committee is now headed by the Secretary of the Treasury, William Simon. Its mandate duplicates directly the functions of both the Council on Energy Policy and the Interagency Committee established in section 109. In short, Mr. President, no statutory White House advisory body is needed, because one already exists, according to a letter to me from Secretary Simon on July 9. Mr. Simon quite understandably expressed his concern about the committee's action:

> Establishing two councils to coordinate energy policy and advise the President on energy matters is unnecessarily duplicative and will hinder the development of well thought-out energy policy proposals. Agencies would be faced with trying to coordinate policies and programs with two separate policy coordinating councils at the Presidential level.

A third quite serious duplication the "Hollings cloak room amendment" created is with the already-established Federal Energy Administration, particularly in the areas of energy informaton, collection and analysis, and in its duplication of FEA's responsibilities for the development of energy plans.

For the purposes of developing the background for discussion in conference, I think it would be of interest to my colleagues to describe in some detail the ways in which section 109 of the bill conflicts with the existing statutory authority of the Federal Energy Administration.

The FEA statute provides:

"SEC. 5(b) Functions

(9) Collect, evaluate, assemble and analyze energy information on reserves, production, demand and related economic data.

"SEC. 13. Information-Gathering Power.

(a) *The Administrator shall collect, assemble, evaluate, and analyze energy information by categorical groupings, established by the Administrator,* of sufficient comprehensiveness and particularity to permit fully informed monitoring and policy guidance with respect to the exercise of his functions under this Act.

(b) *All persons owning or operating facilities or business premises who are engaged in any phase of energy supply or major energy consumption shall make available to the Administrator such information and periodic reports, records, documents, and other data, relating to the purposes of this Act,* including full identification of all data and projections as to source, time, and methodology of development, as the Administrator may prescribe by regulation or order as necessary or appropriate for the proper exercise of functions under this Act."

By contrast, S. 2744 also provides that the Council on Energy Policy undertake the same basic functions:

"SEC. 109(b) (1) the collection, analysis and interpretation of energy statistics and data necessary to formulate policies for wise energy management and conservation . . ."

Thus it is clear that the energy information gathering and analysis functions of FEA and the Council on Energy Policy are identical and would cause confusion and duplication in this important area. This could mean, for example, that both FEA and the Council on Energy Policy would collect data from thousands of the same businesses and organizations thereby burdening these private organizations and creating a great deal of confusion. FEA clearly has a broad, strong and comprehensive information gathering power and is well along in the process of implementing the necessary systems to provide the needed energy data. Establishing a Council on Energy Policy with such powers would only confuse and add chaos in the energy information area.

Section 109 also creates a duplication between FEA and the Council on Energy Policy for developing comprehensive energy plans. Section 22(a) of the FEA statute provides:

SEC. 22(a) Comprehensive Energy Plan. Pursuant and subject to the provisions and procedures set forth in this Act, the Administrator shall, within six months from the date of the enactment of this Act, develop and report to the Congress and the President a *comprehensive plan designed to alleviate the energy shortage, for the time period covered by this Act.* Such plan shall be accompanied by full analytical justification for the actions proposed therein. Such analysis shall include, but not be limited to—

(1) estimates of the energy savings of each action and of the program as a whole;

(2) estimates of any windfall losses and gains to be experienced by corporations, industries, and citizens grouped by socioeconomic class;

(3) estimates of the impact on supplies and consumption of energy forms consequent to such price changes as are or may be proposed; and

(4) a description of alternative actions which the Administrator has considered together with a rationale in explanation of the rejection of any such alternatives in preference to the measures actually proposed.

SEC. 15(c). Reports the Administrator shall prepare and submit directly to the Congress and the President every year after the date of enactment of this Act, a report which shall include—

(1) a review and analysis of the major actions taken by the Administrator;

(2) an analysis of the impact these actions have had on the Nation's civilian requirements for energy supplies for materials and commodities;

(3) a projection of the energy supply for the mid-term and long-term for each of the major types of fuel and the potential size and impact of any anticipated shortages, including recommendations for measures to—

(A) minimize deficiencies of energy supplies in relation to needs;

(B) maintains the health and safety of citizens;

(C) maintains production and employment at the highest feasible level;

(D) equitably share the burden of shortages among individuals and business firms; and

(E) minimize any distortion of voluntary choices of individuals and firms.

By contrast, S. 2744 creates for the Council on Energy Policy a directly duplicating function:

"Sec. 109(b). Therefore, it is declared to be the purpose of the Congress to protect and promote the interest of the people of the United States as energy users by establishing a Council on Energy Policy to serve as a focal point for—

(3) the preparation, after consultation with other interested organization and agencies, *of a long-range comprehensive plan* (hereinafter referred to as the "energy plan") *for energy development, utilization, and conservation to foster improvement in the efficiency of energy production and utilization,* reduction of the adverse environmental impacts of energy production and utilization, conservation of energy resources for the use of future generations, reduction of excessive energy demands, and development of new technologies to produce clean energy.

"Sec 109(e)(3). The Council shall develop within eighteen months after the date of enactment of this Act and thereafter shall annually update an energy plan for energy development, utilization, and conservation in the United States to carry out the purposes as stated in subsection (b) of this section."

Therefore, it is clear that as a result of this confusing, improperly drafted section, both FEA and the proposed CEP would have responsibility for the development of comprehensive National plans for energy development and utilization. Development of such plans is a complex and difficult process requiring a great deal of study, analysis, and consultation with the public and private sectors. Many policy issues necessarily must be decided in the process of developing comprehensive plans. It is inconceivable how two different organizations, both having responsibility to develop a comprehensive plan could carry out their responsibilities in a consistent and coordinated manner.

Mr. President, I hope to have established that section 109 is harmful and counterproductive. It does not fulfill the intent of its sponsors, which surely was to improve coordination of national energy policies and programs, not to confuse them.

Therefore, I would hope that this section will be given careful consideration in conference. I would certainly support either deletion of section 109 altogether, or substitution of a statutory Committee on Energy along the lines of that already created by the President.

Mr. President, I ask unanimous consent that the letter from Secretary of the Treasury Simon to me to which I have referred be printed in the Record at this point.

There being no objection, the letter was ordered to be printed in the Record, as follows:

The Secretary of the Treasury,
Washington, D.C., July 9, 1974.

Hon. Charles H. Percy,
U.S. Senate,
Washington, D.C.

Dear Senator Percy: As you may know, the President recently announced establishment of a Committee on Energy in the Executive Office of the President to coordinate energy related policy development and implementation. I am serving as Chairman of this Committee. By directly involving the heads of major agencies (State, Interior, FEA, AEC, EPA and others) with responsibility for energy related activities, this Committee provides the Executive Branch with viable and formal means for coordinating overall energy policy and advising the President on energy matters.

I am concerned by the Government Operations Committee's recent action on the ERDA bill (S. 2744) which would establish two energy councils in the Executive Office of the President. Establishing two councils to coordinate energy policy and advise the President on energy matters is unnecessarily duplicative and will hinder the development of well thought out energy policy proposals. Agencies would be faced with trying to coordinate policies and programs with two separate policy coordinating councils at the Presidential level.

The government must develop and implement sound energy policies. The Executive Branch and the Congress have put considerable time and effort into developing necessary Federal organizations, such as FEA, ERDA, and the Committee on Energy that are needed to develop and carry out energy programs. If two councils are created, it would seriously impair the abilities of these organizations and the President to perform their very important roles in the energy area.

I feel there is a need for a coordinating mechanism within the Executive Office and the President's recent action establishing the Committee on Energy will meet this need.

I therefore urge that action be taken to eliminate the council provision from the ERDA bill. I will appreciate any consideration that you can provide on this matter and would be glad to discuss it with you at your convenience.

Best regards.

Sincerely yours,

William E. Simon.

Mr. PERCY. I have every high regard for my distinguished colleague the Senator from South Carolina (Mr. Hollings), who has been successful in having this section put into the bill. I have benefited often from his skillful ability at persuasion. I always like to be alined with him, and he knows it is always with reluctance that I oppose him. But I still would not be true to my own conscience and sense of organizational rightness if I did not indicate at this time my objection to section 109, and my intention to discuss it further in the conference.

Mr. HANSEN. Mr. President, I am sorry that, because of a commitment this morning involving hearings before the Committee on Interior and Insular Affairs, I was unable to be present when the amendment by the distinguished Senator from Massachusetts (Mr. Kennedy) and others was considered.

I am told that the Senator from Tennessee (Mr. Baker) and other Senators participated in a discussion of the provisions of the Kennedy amendment, including considerable attention being given to the deletion of the words on page 2 of the Kennedy amendment beginning at line 3, and striking, among other things, the language "including reasonable attorneys' fees".

I think none of us want to contemplate doing anything that would address the problem of the critical energy shortage which this country faces without giving due consideration to risks that may be involved. It is perfectly clear that the Council on Environmental Quality held hearings in concerned communities up and down the New England coast more than a year ago, in order that its citizens and other persons could express their opinions with respect to the advisability of drilling on the Outer Continental Shelf.

I applaud that sort of undertaking. I think that there was almost unanimous approval of the attention that was given by the Secretary of the Interior to consideration of all of the questions involved in the construction of the Alaska pipeline. But there were efforts undertaken by some—patricularly some of the environmentalist groups—that I must say I am fearful were intended not to try to establish facts or to probe more deeply into those unexplored areas in order that we might learn what the ramifications and the results of a particular action might be, but rather, simply, to be employed as delaying tactics, because there are some who just do not want to meet a particular crisis in the manner that some of the legislation proposes and some of the actions by the Government propose to meet, a crisis like the energy crisis.

Having said that, I must say that I am disturbed about the provision in the Kennedy amendment which, among other things, provides that with certain restrictions, on having met certain criteria or rules of eligibility, the Government of the United States proposes to pay eligible parties for the cost of participating and appearing before the Nuclear Safety and Licensing Commission—for their expenses including reasonable attorneys' fees.

If there is one lesson we should have learned from the experience of trying to make do with less fuel than we have been used to in this country this past winter, it is that we do not have all the time in the world. We are fortunate indeed that we were able to play as important a role as representatives of this Nation played in bringing about a cooling off of the feelings of some of the participants in the trouble that we oftentimes refer to as the Middle East crisis. When we thought we might not be getting that flow of oil from the Middle East, we were at least able to get enough of it from that area of the world and from other sources that could divert oil to this country to get by.

We do not want to face that situation again. We come down, it seems to me, Mr. President, to this issue: If we are going to arrive at project Independence not by 1980 but as nearly thereafter as is practicable in a manner that will diminish the dependence of the United States upon any foreign country or upon any particular group of countries insofar as having our energy requirements complied with, we have got to do something better than we have been doing here at home.

One of the proposals that seems to me to make great sense is to take advantage of the scientific technology in which America has pioneered, namely, to make better and more nearly complete use of nuclear energy.

I think within the present framework of law we have adequate safeguards. There is not anything that anyone can do that does not contemplate or involve some risk-taking. We cannot get out of bed in the morning without taking some risks. There are more people injured in the homes of America than any place else, and we would think, most of us, I am sure, that the home is the safest place we can be in. But there are more accidents which occur in homes than in any one specific area in America.

I think the same thing can be said about nuclear energy or drilling an oil well or drilling on the Outer Continental Shelf. All of these plans, all of these ideas, all of these concepts certainly involve some risk-taking. But I think that the present safeguards we have in the law are adequate, and I am very fearful that this particular provision here, when we go beyond what would seem prudent to me and say to the whole body politic of the United States, all 211 million of us, that if we want to bring an action, if we want to be heard, if we want to delay the licensing of a nuclear powerplant, we shall be afforded that opportunity and the Government of the United States will pick up the tab on it. It really staggers my comprehension when I try to think of what things there are that we might reasonably do to meet the energy crisis without being ridiculous.

I am fearful that this language in the Kennedy amendment will afford groups that really do not want to contribute any new knowledge, that really do not have any new ideas or real concerns to voice excepting that they are playing against nuclear energy, to take the Government of the United States, to take the Nuclear Safety and Licensing Commission of the United States into court and, as a consequence, to bring about a delay in the licensing and completion of nuclear powerplants.

In my judgment, Mr. President, this would be too bad. I have talked with several Members who are on the floor at the present time, acting in various capacities, to see if I could get a specific response as to my concerns in this area. For their own several good reasons I did not receive any answer that I felt satisfied my requirements, so I am obliged to take this opportunity to say that, it seems to me, unless this language is stricken in conference we may very well find ourselves as the giant of the world with both hands hogtied.

We just could not utilize the capability that we have to solve the problem we face because we have written into law provisions that enable individuals, by spending the taxpayers' money, to delay almost interminably actions that clearly are in the public interest.

It is not a question, or whether we are going to strip mine coal in Wyoming. This has been raised a number of times. Sure, we are concerned in Wyoming about the environment. I point out that the State of Wyoming has passed some pretty good legislation that addresses that problem. But there are people who simply do not want to strip mine coal, period; and, if they were given the same opportunity that is afforded those persons who oppose the production of electrical energy by nuclear power, I would venture to say that we might not have any coal mined by strip or surface mining methods in Wyoming or in Montana or in any other part of the West where we have really tremendous amounts of coal on hand, low sulfur coal, that can be mined cheaply and which, according to a number of Government witnesses, offers us the best opportunity we have to meet the energy crisis.

I know that there is little I can do except to express my dismay that this language was not refined, that the particular provision in here which, I think, goes beyond reason in extending to an individual who objects to this licensing procedure the opportunity to take a Government agency into court and to have the bill paid by taxpayers' money.

So I can only conclude, Mr. President, by saying that I shall vote for the bill with great reservations because I do not think it makes sense for us to permit, as this bill does, the authorization of $20 billion for a research and development effort to try to address the problem of energy insufficiency in this country, on the one hand, and then turn around, on the other, and say we will give any person, for whatever reasons he may have that motivate him to take the action afforded under this bill, the chance to delay action that I think is clearly in the public interest.

Mr. HARRY F. BYRD, JR. Will the Senator from Wyoming yield?

Mr. HANSEN. I would be happy to yield.

Mr. HARRY F. BYRD, JR. Mr. President, I support the statement so ably enunciated by the distinguished Senator from Wyoming. I think he has rendered the Senate a service by focusing attention on what appears to me to be a very unwise amendment, and certainly an amendment which can be very costly to the American taxpayer.

Like the Senator from Wyoming, I regret that this was inserted in the bill. I shall support the bill, but I do not support this particular part of it.

Mr. HANSEN. I thank my colleague from Virginia.

Mr. PERCY. Mr. President, very briefly because I know Senator COTTON is anxious to have the floor, and we promised him the floor.

I can assure my distinguished colleague from Wyoming that, based on what he has said, and the knowledge that we have that attorney fees can be very large indeed, as we have seen in recent cases, that this will constitute a very important part of my own work as a conferee, and I will certainly give consideration to this, having reserved the right to object to this entire amendment, if, on balance, the Senator from Illinois feels that it is not really serving a worthy purpose.

But I do feel that some of the portions of the conversation, of the colloquy, that has just taken place would be taken care of by subparagraph (h)(1). I do not feel that questions over legal fees would delay the proceedings or the granting of licenses, and I would hope that that protection is provided.

But I would subsequently and separately, perhaps, consult with my colleague for any concerns that he has, and I will certainly take those concerns to conference. I thank my distinguished colleague.

Mr. HANSEN. Mr. President, if I may, just let me say that while I deplore the use of public funds for this purpose, I am even more concerned about the resultant delay that I think this sort of provision encourages people to take, and that was my chief concern.

I deplore the use of public funds for this purpose but, even more importantly, I deplore the fact that we may be postponing for a rather serious period of time the action that I think would otherwise be taken by perfectly responsible Federal agencies.

I point out that on the Alaska Pipeline it has been a long time from the time we thought it was going to be built before there was any movement actually to start to build it. If we had had a continuation of the Arab oil boycott, I think this country could have been in very serious difficulties.

So I say to my good friend from Illinois that not only am I concerned about the funds, but that is the sort of opportunity that encourages people for devious purposes to take actions that result in delay.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. COTTON. Mr. President, I find myself in a quandary and very unhappy about the situation that has arisen in connection with this extremely complicated and extremely important measure.

Throughout previous weeks I have attempted to follow some of the deliberations in the House.

I feel that we in New England have perhaps been undoubtedly the greatest sufferers of the energy shortage and face the gravest danger in the future from the shortage which is by no means ended, although the public seems to think it has been.

I find as cosponsors of this bill Members of the Senate from New England with whom I have served a long time and in whom I have the very greatest confidence. It has been a matter of reassurance to me in some of my worries about this measure that the Senator from Connecticut (Mr. RIBICOFF), the Senator from Vermont (Mr. AIKEN), the Senator from Rhode Island (Mr. PASTORE), with whom I served on the Joint Committee on Atomic Energy, are all cosponsors. I know that not one of these Senators would cosponsor or back a bill unless they were completely satisfied in their own mind that it would not result in a menace to the section that they represent.

Mr. RIBICOFF. May I respond to the distinguished Senator who has taken the lead for all of us in New England?

Why I am so enthusiastic for this bill is that for the first time it gets Operation Independence underway, to develop alternate sources of energy, so that we will not depend completely on oil as the answer, and by 1984 we hope that we will not be bound and enslaved by the oil oligarchy that is outside of the United States.

Once that happens, it is my opinion that we in New England who depend so completely on oil, imported oil, to the heavy expense of our constituents, will be doing a great favor to the entire Nation, but especially the entire New England area.

Mr. COTTON. Well, the Senator confirms my previous opinion, although I had not quite reached my point, he has responded to what I have said already.

Mr. AIKEN. Will the Senator yield?

Mr. COTTON. I yield to the Senator.

Mr. AIKEN. Excuse me, but I must point out to the Senator from New Hampshire that the bill which I cosponsored originally comprised 27½ pages, but it received some nourishment somewhere, when it came out of the committee it had expanded to 63 pages.

That is one of the perils of being a Senator. We cosponsor a bill and we do not know what that bill is going to look like by the time the committee reports it. We catch it for cosponsoring something we did not even know about.

In the meantime, if the people here want to worry about something, let me say that the price of cattle feed has gone up some 30 or 40 percent in the last 3 or 4 days, and that is something to worry about.

Mr. COTTON. I would like to finish as rapidly as possible to make my point. I am not going to get diverted by my dear friends on cattle feed problems.

It was not necessary for the Senator from Connecticut to respond as he did because I have already indicated my complete confidence in him and the fact that he was on this bill with other leading Senators was one of the reassuring features as the bill seemed to change its character from time to time.

It was also reassuring to me that the Senator from Maine (Mr. MUSKIE)—I regret he has left the floor, I tried to speak with him before he left—is also actively in support of this measure.

The Senator from Maine is entitled to great credit for the fight he put up a few years ago for an oil refinery in Machiasport and Freeport in Maine.

We in New Hampshire have had unhappy experiences recently. The utility which furnishes so much of the electricity in New Hampshire has been trying desperately to be able to construct a nuclear plant in our State and various people, colleges, environmentalists, have succeeded in throwing roadblocks in the way.

Now, whenever you create a new machine, in a sense you reopen, it has been my experience, the opportunities for opponents to start over again their endeavors.

Every attempt has been made before the Atomic Energy Commission to prevent the construction of our nuclear plant.

Now, this bill, of course, does not exactly abolish but, yes, it does abolish the Atomic Energy Commission. It transfers some of its duties to the new authority and leaves some regulatory functions in a newly-named commission which succeeds the Atomic Energy Commission.

That, in itself, is perfectly all right except I again repeat that after opponents, those seeking to throw roadblocks in the way of the construction of carefully planned nuclear energy plants over the years, and the Congress abolishes the Commission's regulatory authority, that has been acting upon it as well as the courts, and establishes and endows with new authority which has to be sooner or later defined by the courts, it reopens a chance for further delay.

We have been having the same difficulty trying to get an oil refinery.

Mr. President, I have been unhappy because I have looked forward to the opportunity of hearing all of the debate on this bill and of asking a good many questions of those proponents of the bill and the committee that has brought it in.

Now, all day yesterday the Senate was not in session, nothing was before us. Today, I have been confined from 9:30 this morning until a few minutes ago in the Subcommittee on Health, Education, and Welfare of the Appropriations Committee trying desperately, with other members of that subcommittee, to mark up the bill and get it to full committee so that that weakened legislation of the appropriation bills upon which we should get action could be tended to.

Unhappily, because there was no rollcall on the Kennedy amendment, I did not know until I came up a few minutes ago that this measure was even before the Senate. I did not know it because I was tied up in a subcommittee. I have not had the opportunity to propound some of the questions upon which I wanted some reassurance for my own constituents. I did not have the opportunity to hear the discussion. I did not have the opportunity, because there was no rollcall. I did not have the opportunity to vote on the Kennedy amendment.

I thoroughly agree with the distinguished Senator from Wyoming, and others, that the Kennedy amendment has inserted into this bill—and I know the Senator from Massachusetts did so with the best motives and desire to make a safe bill—a problem in the matter of paying attorney fees that I think every Member of this body should have had the opportunity to vote upon.

We agree that the fundamental purpose of this bill is good. We agree that it is necessary that this problem which is before us, this whole energy problem, shall be consolidated. We agree with what the distinguished Senator from Connecticut has so well said a few moments ago, that one thing this bill accomplishes is to try to bring together all forms of energy.

I cannot help but say that this Senator is disappointed—is not satisfied—with the way such an important measure has been handled, without sufficient notice.

If I had known that it was being handled in this manner, I certainly would have asked postponement of the Appropriations subcommittee session today because I wanted to be on the floor.

I am most dissatisfied that some of us were not given the opportunity to even listen to the Senator from Massachusetts present his amendment; not given the opportunity to discuss the matter of the payment of fees; and not given the opportunity for a rollcall vote on a feature which, to me, seems very important. Frankly, it would make it necessary for me to vote against this bill with that amendment in it at the present time.

When it comes back from conference, every Senator who has been here very long, who has practical knowledge of the workings of the Senate, knows it is too late to stop anything.

Mr. President, I also understand that an agreement has been made which prevents a rollcall on the final passage of the bill. I do not object to that because it is caused by the absence of Members who have worked long and hard, and who are entitled to have their constituents know that they are present when the decision is made.

Consequently, I understand by agreement there will be no rollcall on final passage. Therefore, I can only say that I trust that the imperfections of this bill will not be an added burden to the section of the country that I have represented here so long, will not further delay our development of energy, and that the bill will work out even with the Kennedy amendment.

I shall not tip over the agreement that has been made because it is the duty of every Senator to be here and to know what is going on. If a Member is in a committee all day and does not receive notice in advance, perhaps that is not a sufficient reason for his failure to be here. But I want it distinctly understood that this Senator, while he does not desire to hold up proceedings, is completely dissatisfied with this handling of this legislation. If he were given the opportunity he would vote against the passage of the bill under these circumstances, unless we had a further opportunity to consider it.

I thank the Chair.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading and was read the third time.

Mr. RIBICOFF. Mr. President, I ask unanimous consent that the Committee on Government Operations be discharged from the further consideration of H.R. 11510; that the Senate proceed to its immediate consideration, and that the text of S. 2744, as amended by the Senate, be substituted therefor.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will state the bill by title.

The legislative clerk read as follows:

A bill (H.R. 11510) to reorganize and consolidate certain functions of the Federal Government in a new Energy Research and Development Administration and in a Nuclear Energy Commission in order to promote more efficient management of such functions.

Mr. ROBERT C. BYRD. Mr. President, I have one question I would like to ask of the distinguished Senator from Connecticut (Mr. RIBICOFF).

This act would establish the Energy Research and Development Administration, ERDA, as an independent agency. I presently serve on the Appropriations Subcommittee on the Department of the Interior which funds the research programs and other programs of the Bureau of Mines, the Office of Coal Research, and so on.

Can the Senator tell me whether or not the passage of this bill, in his judgment, will directly or indirectly bring about a transfer of the funding jurisdiction of that subcommittee?

Inasmuch as I sit on the Interior Appropriations Subcommittee which has jurisdiction over coal research, and some of the research with respect to oil and gas, all three of which are of great interest to my State of West Virginia—particularly coal—I would not want to see the jurisdiction of that Interior Appropriations Subcommittee over those items transferred to any other subcommittee.

The Interior Appropriations Subcommittee does not have jurisdiction over independent agencies.

I would like to know from the Senator whether or not, in his judgment, the passage of this bill would directly or indirectly result in the transfer of jurisdiction from the Appropriations Subcommittee on the Department of the Interior with respect to research with regard to coal, oil, and gas, to any other subcommittee of that committee?

Mr. RIBICOFF. May I assure the distinguished Senator from West Virginia that there is nothing in this bill, directly or indirectly, that affects or changes the jurisdiction of the respective subcommittees of the Appropriations Committee, and the jurisdiction of the subcommittee on which he now serves will remain as it now is, with the same jurisdiction on research and development in all the categories that he has laid out in his colloquy.

Mr. PERCY. Mr. President, I would particularly like to make a matter of legislative history that if I had any feeling that there would have been any diminution of coal research, my attitude toward this bill would have been completely different.

I point out, with some degree of pride, that Illinois has the highest reserves of coal in the United States. And we in Illinois have been very reassured by the work of the distinguished Senator, who has been such a leader in ensuring that coal has its proper rightful place in the energy development picture. The great State of Illinois has benefited, as have all other coal States, and the entire Nation, by the foresight and the wisdom of our distinguished assistant majority leader.

We have written into this report, particularly on page 15, the statement of congressional intent, that no unwarranted priority shall be given to any energy technology. That was stated for the specific purpose that we did not want any deemphasis of coal just because in the past nuclear power has been given so much attention. All the more reason to say that coal has really come into its own. When we have 500 years' supply of coal in this country, we do not have to be concerned that it is going to be depleted very rapidly. Our job should be to find new ways to turn coal into gas and to replace other fossil fuels that are in less abundant supply.

So I am pleased to join in this clarification and to make it a matter of legislative history.

I commend the Senator from West Virginia (Mr. ROBERT C. BYRD) from the outstanding job he has done on his appropriation subcommittee.

Mr. RIBICOFF. Mr. President, I point out that not only does this not change one iota the jurisdiction of any appropriations subcommittee, but also, in no way does it affect the jurisdiction of any of the standing committees. They remain as they are.

Somewhere along the line, the Rules Committee will have to wrestle with the competing committees seeking jurisdiction. But this cannot be settled in this bill. We established the authorities of two new agencies. Somewhere along the line, I would imagine that the jurisdiction of other committees will be affected, not by this act, not by this amendment, but by the Rules Committee which will have to wrestle with the question and come out with its own decisions and bring them to the floor of the Senate for a final determination.

Mr. PERCY. I point out that on page 11 of the report, the amount indicated for a Federal energy research and development program for coal would be $2.9 billion, second only to nuclear fission, which is $4 billion. So these figures and estimates may be a guide to the future, that this program must be moved up and must be accentuated.

The distinguished Senator from West Virginia is not in any way just protecting his own State's interests by maintaining high priority for these programs. His interest protects the interests of many other States as well as the national interest in a diversified energy base, because coal has come into its own.

Mr. STENNIS. Mr. President, will the Senator yield for a question?

Mr. RIBICOFF. I yield.

Mr. STENNIS. I note that this bill abolishes the Atomic Energy Commission. My question is this: Who now is going to make up the budget for our nuclear weapons? This does not concern what committee is going to handle the appropriations. But what group is going to make up the budget for nuclear weapons, and what committee of Congress, if the Senator could suggest, is going to pass on the authorization for those nuclear weapons?

Mr. RIBICOFF. I say to the distinguished Senator from Mississippi that we make no changes whatever in jurisdiction. ERDA will maintain jurisdiction over nuclear weapons, such jurisdiction being transferred to it from the AEC by this act.

The question as to which agency eventually runs the nuclear weapons program has been left with a big question mark. A recommendation to Congress will be made within 1 year by the ERDA Administrator and the Secretary of Defense.

Personally, I feel that it should go to the Pentagon, to the Defense Department. The Defense Department and the administration were not ready to make that decision to take it. They felt that the program should stay as it is and be transferred to ERDA. They also felt that in research and development relating to nuclear weapons, we have a very great spinoff in civilian use of nuclear energy, and they wanted to take advantage of it.

Again, I assure the distinguished Senator from Mississippi that everything stays in the status quo. We have made no changes in the weapons program.

There is no question in my mind that once we acquire some experience under this act, there will be a shift from one agency to another. Personally, I think that nuclear weapons should be in the Defense Department, but the majority did not agree with me. The administration and the Atomic Energy Commission and the Defense Department and the President felt that, especially for the next year, it should remain as it is and that ERDA should handle it as it now exists.

Mr. STENNIS. If the Senator will yield on one further point, I am not trying to suggest any change on the floor of the Senate. I have been content to leave the matter of the budget for nuclear weapons with someone else, but gradually I have been changing my mind on that. This is no longer just a matter of research. This is a distinct part of the arsenal of weaponry, just one of many kinds, and I think they all ought to be brought together with an accountability at one place. I am not looking for more work. We almost have more than we can do now in the Armed Services Committee. But I think that in order to bring this matter into proper focus and to get a real look at it, the time has already come to transfer that responsibility to the Armed Services Committee, so that we can give the Senate a real report on the arsenal of democracy.

Mr. RIBICOFF. My understanding is that at the present time the AEC makes a request of the Department of Defense which is then cleared with OMB. Once this bill becomes law, ERDA will make the request of the Department of Defense, and it will be cleared with OMB.

Again, if I had had my way on this bill, I would have transferred the entire nuclear weapons system out of AEC, out of ERDA, out of the new agency, to the Department of Defense. But the feeling in the testimony was that they would like to live with this a year before they made a final decision. I cannot imagine them going to anybody else in the Senate for advice except the distinguished chairman.

Mr. STENNIS. I just did not want this matter to pass without raising the point.

I do not suggest that it be done hurriedly. It will have to be worked out. But to get control of the weaponry all in a package on the floor of the Senate, it will be necessary to make this move.

As I understand, the matter originated back in the days when we did not know the capacity of the Atomic Energy Commission to produce these weapons and did not know how far they could go. The military just took all they could get, so to speak. That situation has changed. They can size the thing up and know what they can make now.

It should be reviewed, as in the case of submarines, ships, planes, and everything else. It costs a great deal of money.

Mr. RIBICOFF. I thank the Senator for his clarification. I hope that in my remarks I have helped clarify some of the thoughts he has in his mind.

Mr. STENNIS. I thank the Senator.

SENATOR RANDOLPH URGES FURTHER FEDERAL ENERGY REORGANIZATION TO COPE WITH THE ENERGY SUPPLY CRISIS FACING THE AMERICAN PEOPLE

Mr. RANDOLPH. Mr. President, the Federal Government cannot effectively meet its obligations to the American people by relying on the present organizational structures for energy administration. Currently, agencies are geared to program priorities and administrative practices of the past.

The need to reorganize our energy programs is inescapable. There now is general agreement between the Congress and the administration on the importance of structures which reflect today's national priorities. Our goal must be long-term energy self-sufficiency.

In achieving that goal, Federal energy organization must provide for five basic functions: Energy policy formulation; the collection, collation, and analysis of information on energy resources and supplies; the administration and management of energy resources on the public lands; administration of energy supplies during periods of shortages or unanticipated contingencies; and the regulation of energy activities.

Such a reorganization is critical to our national economic, environmental, and societal well-being and it is being undertaken in this bill by the Congress in cooperation with the executive branch.

We took a first step on May 7 when we established the Federal Energy Administration. The second step is the Energy Reorganization Act of 1974, under consideration today. It proposes creation of a National Energy Council, an Energy Research and Development Administration, and a Nuclear Safety and Licensing Commission.

Mr. President, these activities must be only the initial actions toward eventual consolidation of our energy efforts. Consolidation is essential for the future achievement of energy self-sufficiency under a coordinated, rational, and comprehensive national energy policy. Otherwise our efforts will be further fractionated.

ENERGY REORGANIZATION ACT OF 1974

Mr. President, the legislation under consideration today, S. 2744, would create the Energy Research and Development Administration—ERDA. This agency would contain the extensive technical staff and national laboratories of the Atomic Energy Commission—AEC—as well as certain research and development programs from the Department of the Interior and the National Science Foundation. Its primary mission is the supervision of the development of those energy technologies necessary for the United States to possess the capability to attain energy self-sufficiency in the 1980's.

An independent regulatory agency, the Nuclear Safety and Licensing Commission—NSLC—also would incorporate the present functions of the Reugulatory Division of the Atomic Energy Commission. The mission of this new five-member commission, in the language of the committee report, would be to insure "the safety and the security of the nuclear industry and the weapons-grade and other radioactive materials used to fuel it." However, while this legislation does address some of the issues of Federal regulation of energy activities, there remain other problems.

OVERALL POLICY FORMULATION

I am concerned by recent reports that because of the lack of a national energy policy the Federal regulatory system is replete with inconsistencies, indecisiveness, and uncertainty.

Mr. President, under anticipated organizational arrangements, there will be problems of conflict between the Federal Energy Administration, the National Energy Council, the Energy Research and Development Administration, the Department of the Interior, the Federal Power Commission, and the Nuclear Safety and Licensing Commission.

The interrelationships between these agencies are a state of flux. Nevertheless, it is clear that resolution of any conflicts over jurisdiction should not be left exclusively to administrative fiat. Rather, the Congress must continue to exercise its constitutional role in the reorganization of the executive branch under a framework that will facilitate an effective implementation of a national energy policy for the long-term.

The Energy Reorganization Act of 1974 proposes that responsibility for the formulation and arbitration of national energy policies is more appropriately vested in a National Energy Council, modeled after the Council of Economic Advisers and the Council on Environmental Quality, rather than the Federal Energy Administration under a Presidential directive.

I endorsed this proposal by Senator HOLLINGS and others in Senate remarks on January 16, 1973. Moreover, such legislation passed the Senate on May 10, 1973, and is currently pending before the House Committee on Interstate and Foreign Commerce.

Section 109 of the act of 1974, however, also would establish a three-member National Energy Council in the Executive Office of the President to supervise the collection and analysis of energy information, to coordinate the energy activities of the Federal Government, and to prepare a long-range comprehensive plan for energy development, utilization, and conservation.

This function, in part, is now being performed by the President's newly established Committee on Energy Policy, chaired by Secretary of the Treasury William E. Simon. There is no question that the former Administrator of the Federal Energy Administration, Mr. Simon, is capable of performing this task; however, there is considerable complexity and ambiguity in the present institutional arrangements. This situation will be compounded further by enactment of the Energy Reorganization Act of 1974 and its establishment of a National Energy Council and an Interagency Resource Advisory Committee.

I do not believe that responsibility for this policy function should center in the Federal Energy Administration whose provisional statutory authority expires on June 30, 1976. Such functions more appropriately should eventually reside in a Federal agency such as the National Energy Council, proposed in 1972 by Senator HOLLINGS and contained in the legislation under consideration at this time.

More importantly, the Council also will provide a single Federal agency accountable to the Congress and the President for the overall examination of the U.S. energy future.

The Federal Energy Administration is now serving as the lead agency for the formulation of energy policy proposals. Under a Presidential mandate, FEA Administrator John C. Sawhill is supervising development of a "Blueprint for Independence" that is scheduled for transmission to the White House by November 1, 1974.

This comprehensive plan is to address near-term and mid-term—through 1985—national goals for energy conservation, for the development of domestic energy resources, and for energy research and development.

We need now a unified Federal guidance in such critical areas as the timetable for national energy self-sufficiency; energy conservation; the extent of our reliance on foreign energy sources; as well as time schedules for the development of energy resources on public lands.

RESEARCH AND DEVELOPMENT

Mr. President, the Energy Research and Development Administration was first proposed by President Nixon on June 29, 1973, as part of a general reorganization proposal for the energy affairs and natural resources functions of the executive branch. This same energy message outlined a $10 billion energy research and development program over 5 years.

The principal difference between this proposal and one in 1971 for a Department of Natural Resources was its almost exclusive emphasis on energy—particularly with respect to the role, function, and administrative mechanisms for the Federal promotion of new energy technologies.

Perhaps the most significant component of the 1973 reorganization proposal was the integration of Federal energy research and development functions within an Energy Research and Development Administration.

Such an administration is created by the Energy Reorganization Act of 1974. It would contain six assistant administrators, each responsible for a major program area: Fossil energy; nuclear energy; solar, geothermal, and advanced energy systems; environment and safety; conservation; and defense programs.

This structure should provide the means within the agency for assuring the necessary balance in the priorities among competing nuclear and nonnuclear energy technologies as well as the means for assuring that environmental concerns are adequately reflected in the development of new energy technologies.

Concerns for the environment and safety must be appropriately reflected in any broad and comprehensive energy research program. Only in this manner will we obtain the necessary information to assure the eventual implementation of those new energy technologies commercially developed by the Energy Research and Development Administration in a manner which is consistent with environmental policies.

Moreover, the most cost-effective energy technologies, for the most part, are those for which environmental concerns are incorporated on a systems basis rather than those which rely on add-on devices, after the fact.

Despite the strong capability that is provided in S. 2744 for the Energy Research and Development Administration to analyze the environmental aspects of individual energy projects, it is equally important that the Environmental Protection Agency maintain its statutory research programs and development programs regarding the development of environmental controls for energy sources, such as powerplants and new automotive engines.

Sound pollution control policies do not require the separation of the development of pollution control technology from the regulation or control of pollution. To the contrary, enforcement policies must be based on sound research and adequate demonstration of control techniques and methodologies.

Without such information an environmental control agency cannot make sound and equitable decisions as to actual pollution control requirements.

More importantly, were this vital element of the Environmental Protection Agency's programs to be transferred to ERDA, it would adversely affect the public interest and also could lead to less well-based and less cost-effective enforcement decisions.

In addition, many of the control technologies for energy sources are equally applicable to nonenergy sources such as steel mills, smelters, and chemical plants. Separation of these research and development activities would simply lead to an expensive duplication of Federal effort because of the Environmental Protection Agency's statutory requirements to conduct research in these areas under provisions of the Clean Air Act, the Federal Water Pollution Control Act, and other environmental laws.

Equally important, such a transfer could result in further delays in the development of essential pollution control technologies at a time when their expeditious development is needed to meet requirements of Federal and State environmental standards.

Therefore, I endorse the provision offered in committee by Senator Muskie, chairman of the Subcommittee on Environmental Pollution, and Senator Javits, which is contained in S. 2744, supporting improvement of the capabilities of the Energy Research and Development Administration in this area, while maintaining the technical capabilities of the Environmental Protection Agency.

I also cosponsor an amendment to be offered by Senator Jackson providing the Energy Research and Development Administration with specific research priorities and strategies. The amendment is modeled after S. 1283, the Energy Research and Development Policy Act of 1973, which passed the Senate last December.

COORDINATION OF FEDERAL REGULATORY ACTIONS

A significant step is taken in the Energy Reorganization Act of 1974 in establishing the Nuclear Safety and Licensing Commission—NSLC. As noted in the committee report, this legislation is responsive to the inherent conflict in the Atomic Energy Commission's role as both "the regulator of the nuclear power industry and as the developer and promoter of new technology for the industry."

However, while this action is commendable, there remains the need for elimination of the confusion and delays that uniformly surround the overall Federal regulatory structure for energy activities. The present system, which stems from some 50 years of piecemeal legislation, is characterized by an inflexibility and a lack of coordination among Federal regulatory agencies. As such, regulatory practices are a product of a collection of uncoordinated agencies who possess "narrow mandates and compartmentalized responsibilities."

On June 29, 1973, when President Nixon transmitted an energy message to the Congress, he directed that—

> A comprehensive study be undertaken, in full consultation with the Congress, to determine the best way to organize all energy-related regulatory activities of the Government.

This study was completed in July 1974 by Atomic Energy Commissioner William O. Doub.

After months of review and examination the Doub report entitled, "Federal Energy Regulation: An Organizational Study," revealed that there is:

> Persuasive evidence that the energy regulatory system is so disjointed and complex that any organization or group seeking to deal with it must be prepared to encounter more financial expense, confusion, and frustration than appears reasonable or warranted. If this is true for well-financed groups, sophisticated in the ways of Federal energy regulation, it is infinitely more so for individual citizens and *ad hoc* citizen groups . . . without substantial resources or familiarity with the system.

The leading deficiencies and the recommendations of the report fall into four categories: overall policy; inflexibility and a lack of coordination among Federal regulators; incomplete, unreliable, and inaccurate energy data; and a lack of a permanent means for settling Federal-State-local energy conflicts.

The need is suggested for a Federal office to coordinate projects and to assign a "lead agency" to projects seeking Federal regulatory decisions.

This proposal has merit as an interim measure. However, it is not enough. With enactment of the Energy Reorganization Act of 1974, the time has arrived for initiation of a congressional and executive branch review looking toward eventual consolidation of Federal energy regulatory activities, such as those of the Nuclear Safety and Licensing Commission and the Federal Power Commission.

FEDERAL-STATE RELATIONS

At the present time, there is no formal means for resolving conflicts between Federal, State, and local governmental bodies on energy issues. This is another serious energy regulatory issue facing our country as the Federal Government moves to accelerate the production of domestic energy supplies in an effort to achieve the national goal of self-sufficiency. It is an issue in the allocation of energy supplies as well as the location of major energy facilities.

As the situation now stands, State and local governments can effectively exercise veto power over virtually all energy projects on the basis of their perception of what is in the public interest. Further complicating the problem, "virtually all energy projects require more State and local authorization than Federal permits."

Achievement of independence from foreign energy supplies will require a joint national strategy which is reflected at all levels of Government. This is particularly true for regulatory policies as they affect energy facilities and energy supplies.

By comparison, after some 10 years of legislative work by the Congress, an effective regulatory framework is now incorporated in our environmental statutes, which build on the expertise of the Federal Government to provide technical and financial assistance to State and local governments. Under environmental policies, broad national goals have been set by the Congress for incorporation in State and local regulatory programs as common objectives.

This approach now must be reflected in the regulation of the U.S. energy supply systems under a common, broad national energy policy that has as its basic premise the achievement of not only national energy self-sufficiency. And, to the extent practicable, the maintenance of coherent energy supply systems on a regional basis also must be geared to the achievement of regional energy self-sufficiency.

Among the first steps which must be taken toward improved Federal-State relations the National Energy Council, established in the Energy Reorganization Act of 1974, should initiate a broad comprehensive program devoted exclusively to improving relations between State and local governments and Federal energy agencies.

As a second action, a permanent State advisory organization should be set up on both a regional and a national basis to work with the Council.

Likewise, a permanent advisory committee of State regulatory officials should be established to work with the Council and Federal regulatory agencies toward the formulation of comprehensive regulatory guidelines which reflect national concerns for the achievement of energy self-sufficiency; for the implementation of energy conservation goals; for the extent of regional and national reliance on foreign energy supplies; and for the development of Federal lands on time schedules and under conditions that reflect regional as well as national interests.

Fourth, there should be a program for exchange of information between Federal and State governments on energy supplies and consumption so that regulatory decisions on individual energy facilities and projects can better reflect broader concerns.

ENERGY DATA AND INFORMATION

Perhaps the most significant obstacle to the eventual formulation of a comprehensive strategy for the achievement of the goals of a national energy policy is the need for standardized and credible information on energy resources, reserves, and supplies.

The central lesson from last winter's oil embargo in reconfirmation of the fact that information is incomplete and inconsistent on privately held energy resources, reserves, supplies, and consumption.

Even more startling is the similar lack of information on energy reserves and activities on lands under Federal ownership or control.

To remedy this situation over the long-term, the Doub report and others have recommended creation of an Office of Energy Data within an existing agency or department. This office would fill some of the existing data gaps, standardize information and recordkeeping, and provide periodic reports to the public on trends in energy supply and consumption.

In January 1974, a similar, but more limited, energy information capability was established in the former Federal Energy Office. This Energy Information Center played a significant role in the administration of the mandatory petroleum allocation program by the Federal Energy Office.

Such authority also was contained in the Federal Energy Administration Act of 1974. In addition, authority was provided to the Federal Energy Administration in the Energy Supply and Environmental Coordination Act of 1974 for the acquisition of energy data and information on energy reserves, on their exploration, extraction, and distribution; and on the consumption of energy resources.

As noted by the conferees on this latter legislation, these authorities do not provide the comprehensive, long-term legislative solution that is required in this area. Rather, in the words of the conferees report:

> A permanent and comprehensive Energy Information Act is needed to address the long-term energy information needs of the Executive, the Congress, and the public vehicle reducing the burden of duplicative reporting on private industry by coordinating the collection of this information.

Mr. President, there remains the urgent need for early establishment of a National Energy Information Administration with primary Federal responsibility for the collection, analysis, and dissemination of energy information. Later, as the Department of Energy and Natural Resources is brought into being, this agency could be expanded to include responsibility for similar information and data on mineral resources.

Such an agency would insure a free flow of credible and standardized energy information on the U.S. energy resources and reserves, and would provide the broad base of data on energy supply and consumption that is essential to the effective formulation and administration of a National Energy Policy. In S. 2782, the National Energy Information Act, provision is made for such a centralized energy information agency within the Federal Government. This measure is currently in markup by the Senate Interior Committee following extensive hearings and consultation with Federal agencies, industry, and experts in the area over the last several months.

CONCLUSIONS

On January 16, 1973, I proposed 26 actions for consideration in the formulation of a national energy policy. Five of these actions I deemed necessary for a more effective administration of Federal energy programs. These were:

> Establishment of a policy formulating and coordinating body, such as a Council on Energy Policy, within the Executive Office of the President.
>
> Congressionally restructure the Department of the Interior, or approve a Department of Natural Resources (and Energy), or develop some other suitable department or agency, the principal functions of which would be administration of domestic energy and mineral resources developments in a manner consistent with overall economic, environmental, and societal policies.
>
> Separate the traditional roles of the Office of Emergency Preparedness for energy resources contingency planning and the ongoing administration of a mandatory oil and gas import program and place the latter solely in the newly constituted Department or agency resulting from the above action.
>
> Initiate a joint Congressional-Executive Branch review looking toward consolidation of Federal regulation of energy activities, such as the Federal Power Commission and the Atomic Energy Commission, within a single agency.
>
> Establish a joint Government-industry corporation to spear-head the demonstration of new and advanced energy technologies.

The 92d Congress has made progress in addressing four of the five issues I raised in January 1973. The principal remaining major area of concern is the eventual consolidation of Federal programs for the regulation of energy activities, such as those of the Federal Power Commission and the proposed Nuclear Safety and Licensing Commission, in a new Federal Energy Licensing Commission.

For this reason I proposed and the Senate accepted my amendment to S. 2744 requesting the President to transmit recommendations to the 94th Congress for reorganization of Federal energy regulation.

Mr. President, the legislation we consider today is only an early step in finding answers to the many energy-related questions faced by the United States. While a realistic organizational structure is essential, there is much other work to be done within the administrative framework to be established.

The overall challenge is easy to define: this country must make available on a sustained and reliable basis energy in quantities sufficient to sustain our economy. And we must do so at a reasonable cost in an environmentally acceptable manner.

These are obviously long-range goals. Their achievement is filled with obstacles, but they are obstacles that can and must be overcome. For more than 15 years I have warned of the impending energy shortage. The events of last winter showed us with alarming suddenness that we are not the sole masters of our energy fate. It is essentially now that we set in motion the machinery that will enable us to be freed from the growing dependence on foreign fuel sources.

There has been study and there has been talk. We know the dimensions of the problem and we have a good idea of the directions that must be taken to stabilize the energy supply situation. The choices open to us must be refined and energy-producing programs put into operation.

We are fortunate in that we are not limited to a single energy source in the long-range achievement of self-sufficiency. We possess a large proportion of the world's coal supply; oil shale is abundant; nuclear energy is now produced in relatively limited quantities; more exotic possibilities like solar and geothermal energy offer great potential. But in developing and utilizing each of these sources there are problems. Financial, regulatory, environmental, and organizational, as well as technical, factors all must be addressed and brought into proper balance.

I believe we have the ability to surmount these obstacles. None of them is insurmountable. But we must act. We are now enjoying a period in which oil supplies are adequate. In fact, there is for the moment a temporary surplus of oil in this country, an ironic situation considering the shortage of last winter. We must not be lured into a false sense of complacency and inaction, however, for today's surplus can easily be tomorrow's shortage. We must not and need not endure alternating periods of energy feast and famine.

Fortunately, we have a head start on the knowledge required to make an intelligent attack on our national energy problems. The national fuels and energy policy study, conducted under Senate Resolution 45, which I sponsored with Senator JACKSON, has amassed a great amount of information covering the full range of energy questions. This data is valuable for pointing us in the right directions and can enable us to move without undertaking duplicative investigation and factfinding activities.

The heavy traffic and the humming

air-conditioners all around us this summer are misleading if they make us believe the energy crisis is over. It is merely in a state of limbo. We can face the future with assurance of adequate energy only if we act to reduce reliance on foreign sources by developing our own diverse domestic supplies.

Mr. President, there are challenging days ahead in the energy field. The action we will take today in approving the Energy Reorganization Act of 1974 is an important step, but it must be followed by other legislative and administrative actions. The problems are many and they are complex. It is my intention to address the Senate again before the end of the 93d Congress to explore fully the status of the American energy situation and the prospects for the future. This is a subject that we must not allow to fade from our attention. The decisions we make will profoundly affect our country for many years.

Meanwhile, Mr. President, I believe we must move ahead with passage of this legislation.

Mr. DOLE. Mr. President, I ask unanimous consent to have a statement by my distinguished colleague, including an insertion, printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

STATEMENT BY SENATOR PEARSON

Mr. President, I rise in support of S. 2744, The Energy Reorganization Act of 1974. It is important legislation, and it deals in a positive and constructive way with the major problems confronting America in present and future modes of energy production. For the first time, the Federal Government will speak with one voice in the formulation of energy policy. For the first time, the Government will serve as a leader in the promulgation of a national energy policy. All this is as it should be.

I was particularly interested, Mr. President, in the section of the bill which transfers from the Department of Interior to the new Energy Research and Development Administration the authority regarding conservation of helium. While this provision may seem relatively insignificant when taken together with the overall impact of the bill, it is nonetheless an important one. It is my understanding that this provision was added at the suggestion of the Senator from Idaho (Mr. McClure), and I applaud his initiative in this regard.

The Federal Government began conserving helium in 1961, pursuant to authority granted by Congress through the National Helium Act Amendments of 1960. This law authorized the Secretary of Interior to enter into long-term contracts for the acquisition, processing, transportation, or conservation of helium, not exceeding twenty five years. At that time, the Government entered into contracts with four companies, all of which began extraction operations in the helium-rich Hugaton fields, located in the Tri-State area of Kansas, Oklahoma, and Colorado. These fields contain 90 percent of the world's known helium sources.

At the outset, it was envisioned that the costs incurred by the Government through the storage of helium could be offset by sales to potential users. However, it soon became apparent that the sales price necessary to reimburse initial and subsequent expenditures was artificially high. Private concerns undercut the government price, Additionally, the demand for helium, which had flourished during the early 1960's began to fall off. By 1972, the Government's program was approximately $350 million in debt.

Facing continuing economic difficulties, the Interior Department in 1971 decided to terminate the contracts it had originated in 1961. Although subsequent suits prevented the Department from finally terminating the contracts until 1973, there is now no ongoing effort to retrieve helium from natural gas and store it for future use.

Mr. President, I include at this point an article from *Science* magazine, which outlines in detail the nation's helium conservation program, both when it flourished and at the present time:

HELIUM CONSERVATION PROGRAM: CASTING IT TO THE WINDS

(By William D. Metz)

After 10 years of criticism by the Congress, 4 years of dispute within the Administration, and nearly 3 years of litigation in the courts, one of the country's oldest conservation programs has been canceled. It was a plan to put away for future generations vast quantities of helium—a unique natural resource that is being rapidly wasted. The helium conservation program, by which the government paid private companies to extract helium from natural gas and store it underground, ran into serious financial problems in 1969. A drive to eliminate the program, which apparently originated within the Office of Management and Budget (OMB) during the first Nixon Administration, now seems to have succeeded. Late last year, the government ceased stockpiling helium under conservation contracts, and two large extraction plants are now simply letting helium stream up into the sky at the rate of more than 1 billion cubic feet per year.

Critics of the government's action are concerned that the United States is wasting a unique substance for which there may be no real substitute in many applications. Helium may be irreplaceable in providing the low temperatures needed for practical applications of superconductivity, because liquid helium is colder than any other fluid. Helium is also chemically inert, nonflammable, and does not become radioactive. Helium is used as an undersea breathing gas, for industrial welding, and to provide the controlled atmosphere necessary for manufacturing solid-state electronic devices and for processing nuclear fuels. The largest use of helium at present is in the space program, as a pressurizing and purging agent for liquid-fueled rockets.

The demand for helium for conventional uses is growing slowly, but a much greater demand for helium could arise from new technologies to produce and distribute energy. Without helium, the production of virtually infinite amounts of energy from thermonuclear fusion and the transmission of large amounts of electricity by superconducting power lines, and conversion of coal to electricity in magnetohydrodynamic plants are thought to be unlikely or impossible. New materials could possibly be found for superconductors without helium, but all practical systems now require it. Gas-cooled breeder reactors, alternatives to the current U.S. design for a breeder, would also require huge volumes of helium.

But these technologies are still embryonic, and they are not expected to become practical until the next century. Right now, helium is abundant and the helium conservation program is expensive. So the Administration has apparently taken the position that fiscal economy in the short run is more important than conservation of helium for the future, when the country may need it most.

Helium is found in the atmosphere, but it occurs mainly in natural gas. The concentration in most gas reservoirs is so low that recovery has never been economically justified, but several fields of natural gas in Kansas, Oklahoma, and Texas are extremely rich in characteristics, these fields may contain helium. Because of their unusual geological characteristics, these fields may contain natural gas with as much as 2 percent helium, and together they comprise the world's largest known reserve. But like most other sources of natural gas in the United States, the fields near the Oklahoma Panhandle have been thoroughly developed by private companies and are being rapidly depleted. As far as the gas companies are concerned, helium is a harmless impurity, which escapes into the air with the products of combustion when natural gas is burned. As a result, the helium will run out when the natural gas does, probably between 1985 and 1995.

The Department of the Interior set up the helium conservation program in 1961 after Congress had passed the 1960 Helium Act Amendments. Under the program, Interior signed 22-year contracts with private companies to extract the gas from the Hugoton and Panhandle natural gas fields at a fixed price. The companies simply separated the helium from natural gas as it flowed out of wells, then pumped the helium via pipeline to the Cliffside Field, a partially depleted natural gas cavity near Amarillo, Texas. Because the Congress set an annual ceiling of $47.5 million for helium extraction and storage, only about half the helium from the Panhandle area was being recovered by the conservation program. Nevertheless, by 1972, 35 billion cubic feet of helium had been laid away—60 years' supply at the present rate of national consumption.

The government is also in the business of selling helium, and the income from helium sales was supposed to pay for the conservation program. At first, funds were borrowed from the Treasury to cover program costs, but within 35 years the program was supposed to pay for itself. Government sales declined sharply in the mid-1960's, however, as the space program was cut back and private companies entered the domestic helium market in competition with the government. Instead of paying its own way, it appeared in 1969 that the helium conservation program would eventually owe the Treasury $1.5 billion for loans and interest. Furthermore, many critics, including the General Accounting Office, pointed out that the contractors earned enormous profits. *Time* characterized the helium program in 1971 as "The Great Balloondoggle," and a writer for *The New Republic* observed that, in view of the overwhelming surplus, "Favoring helium conservation had the uncertain aura of stashing Confederate money." Practically all observers, except perhaps the contractors, agreed that the Interior's program for conserving helium was no longer workable.

The Department of the Interior's Bureau of Mines had contracted with four companies—National Helium, Northern Helex, Cities Service Helex, and Phillips Petroleum—to supply raw helium for storage at a fixed price of about $12 per 1000 cubic feet. Each of the companies built a large multipurpose plant to extract propane, butane, and other salable impurities, as well as helium, from natural gas. At the same time, the Bureau of Mines set an artificially high price of $35 per 1000 cubic feet for purified helium produced by the government. When the helium conservation program began, the Bureau of Mines produced almost all helium sold in the United States, but private producers—some of whom were the companies participating in the conservation program—

were soon able to undercut the government's price by $10 to $15 per 1000 cubic feet.

By 1970, the government's share of the helium market had shrunk to 40 percent, and the Department of the Interior was running far behind in payments to the helium contractors. The Interior Department attempted to increase its share of the market by requiring all federal contractors to buy only the government's helium, but the courts ruled that the President alone could issue such an order. Walter J. Hickel, then Secretary of the Interior, tried several times during 1970 to get such an order from the Nixon White House but did not succeed. As a last resort, the beleaguered Department of the Interior—many of whose officials apparently supported helium conservation to the bitter end—attempted to renegotiate the contracts at lower prices. At that point, one company, Northern Helex, filed a suit for breach of contract because the government had fallen so far behind in payments. After Hickel's departure from the Administration, Under Secretary of the Interior Fred J. Russell became acting secretary. Under the directions of OMB, sustained by the White House, Russell advised all companies on 26 January 1971 that the contracts would be terminated. But the helium conservation program survived three more years, as the contractors obtained injunctions against its cancellation.

The Department of the Interior had not drawn up an environmental impact statement before canceling the helium program, so the three companies still extracting helium—National Helium, Cities Service, and Phillips—were able to employ the environmentalists' favorite legal tool in order to protect their contracts. On 26 March 1971 the U.S. District Court in Kansas issued a preliminary injunction against termination of the contracts. The same court subsequently found that an environmental impact statement prepared by the Interior Department was incomplete, but the decision was overruled by the Denver Court of Appeals, and the injunction was dropped. On 12 November 1973, the Administration finally succeeded in canceling the helium conservation program.

The helium contractors have not decided whether to appeal this decision, but their actions suggest little hope that the program will be resurrected. National Helium, the largest plant, has closed its helium production facilities. Because of a different plant design, Northern Helex and Cities Service cannot stop producing helium without halting profitable propane and butane production, so they now release as much helium into the air as they used to store. Phillips is also producing as much helium as before, and is simply reinjecting it into natural gas after it is extracted.

Helium conservation has been supported by scientists and the small helium industry, but environmental groups have shown little interest in the issue. A report on physics by the National Academy of Sciences in 1972 strongly recommended continuation of the helium conservation program. An earlier academy report, *Resources and Man*, made similar recommendations. The companies that held helium conservation contracts organized a Helium Society, whose members were mostly scientists, to make the benefits of helium visible. The National Science Foundation is funding a study focusing specifically on the question of helium conservation, but the study, in which the Department of the Interior declined to participate, will not be completed until early 1974. Many of the scientists supporting helium conservation conduct research that cannot be done without helium.

The future effects of wasting helium may be enormous. Both the Bureau of Mines and the Stanford Research Institute estimate that sometime between 1985 and 1992 helium demand will exceed the yearly supply. At that time, the United States will either have to find new supplies or start drawing on its reserves. The Bureau of Mines suggests that natural gas fields with a low helium content are the most likely new supplies, but many competent observers think that the reserves of natural gas now known—whether rich in helium or not—will be exhausted at about the same time. The Bureau of Mines predicts that new sources of natural gas containing helium will be found. In any case, it is possible that by the end of the century the United States will have to rely heavily—if not exclusively—on extracting helium from the atmosphere.

Recovery of helium from the air could have a staggering impact on the environment. Having canceled the helium conservation program, the government has, in effect, abandoned 20 billion cubic feet of helium. To recover that much helium from the air by liquefaction would require 2 years of the country's present total production of electricity. Thermal pollution would be produced by both the generating plants and the helium recovery plants. The Union Carbide Corporation estimates that the thermal pollution from producing 3.8 billion cubic feet of helium per year in the year 2000 would raise the temperature of the entire Mississippi River about 10°F, if it were used for once-through cooling.

Not only may future helium shortages force the country to resort to production methods that are extremely wasteful of energy, but higher costs of producing helium could make fusion power production and superconducting transmission cables less appealing economically, and thus their application might be delayed. Whatever the specific consequences, the governmet's policy will require future generations to expend a lot more energy to obtain a vital resource—helium—than ought to be necessary.

The final irony of the demise of the government's efforts to conserve helium is that the contracts binding the Department of the Interior are more stringently written than most government contracts. Upon termination, the contracts require payment to the companies for the undepreciated capital costs of the private helium plants. So, whether 20 billion cubic feet of helium is wasted or not, the Department of the Interior will probably end up paying at least half the cost of saving it.

(Continuation of statement by Senator Pearson.)

As the article illustrates, it is entirely possible that without helium, future production of virtually infinite amounts of energy could not be possible. The principal area of concern about future helium demand seems to center around possible future uses. Many scientists and engineers see a rapidly increasing demand for helium in the latter 20th and early 21st centuries, just at the time when existing natural gas reserves from which helium is produced will become depleted. These scientists and engineers see a large future demand for helium for use in the production of nuclear fusion power, the cryogenic (low temperature) superconducting devices proposed for use in a future national electric power distribution system, rocket propulsion systems for the space program, life support systems for deep sea and military submarine programs, magnetohydrodynamic power production facilities, and so on.

While it is impossible to predict with certainty either future supply of (economically recoverable) and future demand for helium, it would appear to be short-sighted to terminate a conservation program of a potentially critical nonrenewable resource when there is apparently still controversy about future supply and demand.

It is clear that the recently terminated helium conservation program was a financial drain on the U.S. Government. This is a very important consideration in an era of budget deficits and inflation. However, this is also an era of materials shortages and crises, as we are all aware. It would be tragic in this age of the energy crisis to terminate a program for short-term financial reasons when the termination could conceivably lead to a future long-term shortage which would adversely affect the nation's energy production and distribution, space, oceans, and other programs.

Mr. President, I do believe that in formulating a national program to coordinate energy policy, close attention should be given to all its aspects. For this reason, I am pleased that we have this bill before us today. And for purposes of making the record clear as to our intent in including the helium activity under the authority of the Energy Research and Development Association, I would like to point out to my colleagues that ERDA will have authority to consider resuming the helium conservation program abandoned by the Department of Interior in 1973.

I would also like to recommend that the Council on Energy Policy, created in Section 109, include in its deliberations the role which helium can play in the development of future energy production technologies.

Finally, Mr. President, I believe the present helium reserves under the control of the Federal Government should not be relinquished or sold in the private market until such time as a broad national policy on energy as envisioned in the bill has been formulated.

Mr. President, it is my belief that all options available to us in gaining energy self-sufficiency should be adequately explored. We are fortunate to have in this country great quantities of helium, a resource which is of great energy potential, one which should not be allowed to dissipate into the atmosphere. I appreciate very much having an opportunity to bring the matter to the attention of my colleagues, and I am hopeful that retention of the helium activity by ERDA will be approved by Congress and adopted into law.

The PRESIDING OFFICER. The question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill (H.R. 11510) was read a third time, and passed.

Mr. JACKSON. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. RIBICOFF. I move to lay that on the table.

The motion to lay on the table was agreed to.

Mr. RIBICOFF. Mr. President, I ask unanimous consent that the title be appropriately amended and that S. 2744 be indefinitely postponed.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. RIBICOFF. I move that the Senate insist on its amendment and request a conference with the House.

The PRESIDING OFFICER. Without objection, the motion is agreed to.

Mr. RIBICOFF. Mr. President, I ask unanimous consent that the Secretary of the Senate be authorized to make technical and clerical corrections in the engrossment of the Senate amendment to H.R. 11510.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. RIBICOFF. Mr. President, I ask unanimous consent to delay the appointment of conferees, because the distinguished chairman of the full committee, Senator Ervin, is not in Washington and, out of courtesy to Senator Ervin, I would defer naming the conferees until his return, when I can consult with him.

Mr. PERCY. Mr. President, once again, I express my great pleasure at the opportunity I have had in subcommittee, in full committee, on the floor of the Senate, and in conference, to work with my able and distinguished colleague, Senator Ribicoff. He has been chiefly responsible for the excellent changes in this bill which have strengthened immensely the Nuclear Safety and Licensing Commission.

We have also been helped immeasurably by the expertise, advice and counsel, sometimes with opposition but always the good will, of the distinguished Senator from Washington (Mr. Jackson) as well, who has contributed so much through the years to this field.

I think it should be recorded that, although many people have of late been very much interested in energy, the distinguished Senator from Washington has always had it as one of his highest priorities for this Nation.

I think we should record the fact that we are now moving into the kind of high gear that we should have been long ago for these energy R. & D. programs, to give us a degree of independence and less dependence upon others. I think this bill will help immensely, and I wish to extend my congratulations to the majority managers of the bill. As always, we are deeply indebted to our chairman, Senator Ervin, for his leadership on this bill.

On the minority side, I wish to acknowledge especially the exceptional contribution of Senator Javits, the ranking minority member of the Subcommittee on Reorganization, as well as the constructive assistance of Senators Roth, Gurney, and Brock.

I also wish to thank our fine committee staff for its excellent work on this bill. Minority staff members of the Government Operations Committee who have contributed greatly to the development of this legislation are: Robert Vastine, minority counsel, Brian Conboy, special counsel, John Pearson, professional staff member, Pat Donat and Alison Kothe, minority clerks, and Erik Lazar, our Yale intern.

Due for special thanks on the majority staff of the Government Operations Committee are Robert Bland Smith, chief counsel and staff director, and Thomas Foxwell, staff editor.

Particularly outstanding was the work of the entire staff of the reorganization subcommittee headed by Richard Wegman, staff director and general counsel, Paul Leventhal, special counsel, and Marilyn Harris, chief clerk. The members of the majority staff of the Interior and Insular Affairs Committee, Daniel Dreyfus and Grenville Garside, were especially helpful as energy consultants, and the work of David Johnson, counsel for the Intergovernmental Relations Subcommittee was noteworthy as well.

Mr. JACKSON. Will the Senator yield?

Mr. RIBICOFF. I am pleased to yield to the Senator from Washington.

Mr. JACKSON. I wish to thank the distinguished Senator from Illinois for his kind remarks. I wish to again say to the Senate, and I know Senator Ribicoff joins me in pointing it out, that Senator Percy provided the bipartisan base which made possible the resolution of many conflicting situations as we had to mold them into the bill that we have been able to pass here today. I wish to express my deep appreciation to him.

I say of the chairman of the subcommittee and the manager of the bill (Mr. Ribicoff) that it was he who piloted, from the very beginning, this legislation through the committee. We had extensive hearings. He mastered the subject matter, which was extremely complex and difficult. He had the problem of bringing the various agencies together in what will be the Energy Research and Development Administration.

I think this is landmark legislation. It will provide the means by which we shall be able to do many things. Above all else, Mr. President, it will provide the vehicle for self-sufficiency in energy.

There has been a lot of talk about it. This national goal but government must have the chassis, the body, to bring this about. Senator Ribicoff, as chairman, is the author and the manager and the individual who, more than anyone else, has made this effort possible. I commend him.

Mr. RIBICOFF. I wish to thank my colleagues for their gracious comments. I extend high praise to the Senator from Washington (Mr. Jackson), and to Senator Percy, and to every member, as a matter of fact, of the entire committee. This was a very difficult bill to put together. There was great cooperation. There was give and take all the way down the line. We worked as a team.

I wish to pay great tribute, especially, to Dick Wegman and Paul Leventhal of my staff, and also to pay tribute to the staff members of all of the Senators—Senator Percy's staff, particularly Robert Vastine and John Pearson, Senator Jackson's staff, particularly Dan Dreyfus and Gren Garside, and Senator Javits' staff, Brian Conboy—who worked so hard to put this piece of complicated legislation together. Often we take credit on the floor for much that is achieved, and always there are those in the background whose names are not mentioned who make such valuable contributions. Without their support, this measure could not have been achieved. I really tip my hat to the respective staffs of all the Senators who worked on this measure.

MESSAGE FROM THE HOUSE—ENROLLED BILLS SIGNED

A message from the House of Representatives by Mr. Hackney, one of its secretaries, announced that the Speaker has affixed his signature to the following enrolled bills:

H.R. 15155. An Act making appropriations for public works for water and power development, including the Corps of Engineers—Civil, the Bureau of Reclamation, the Bonneville Power Administration and other power agencies of the Department of the Interior, the Appalachian regional development programs, the Federal Power Commission, the Tennessee Valley Authority, the Atomic Energy Commission, and related independent agencies and commissions for the fiscal year ending June 30, 1975, and for other purposes;

H.R. 15405. An Act making appropriations for the Department of Transportation and related agencies for the fiscal year ending June 30, 1975, and for other purposes; and

H.R. 15544. An Act making appropriations for the Treasury Department, the United States Postal Service, the Executive Office of the President, and certain Independent agencies, for the fiscal year ending June 30, 1975, and for other purposes.

ORDER FOR ADJOURNMENT UNTIL 10 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until the hour of 10 a.m. tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

STATEMENT ON PROGRAM

Mr. TOWER. Will the Senator from West Virginia yield?

Mr. ROBERT C. BYRD. Yes, I yield.

Mr. TOWER. What will the pending business be when the Senate convenes tomorrow?

Mr. ROBERT C. BYRD. Mr. President, on tomorrow, after the morning business, the Senate will proceed to the consideration of the HUD appropriations bill. Upon the disposition of that bill, the Senate will likely return to the consideration of S. 707, the consumer protection bill.

I imagine that there will be measures on the calendar which will have been cleared by tomorrow which can be adopted by unanimous consent. It is therefore my judgment that on tomorrow, any votes that will occur will probably occur on the HUD appropriations bill. That bill has already been discussed quite at length on the Senate floor and was recommitted. It is the opinion of at least some of the Senators on the Appropriations Committee that not much time will be required on tomorrow for that bill—perhaps 30 or 40 minutes or an hour.

Whether or not there will be any amendments offered on the floor, I cannot say. I should think that, in accordance with what has been the normal practice here with regard to appropriations bills, there would be at least one roll call vote—on the passage of that bill tomorrow.

Mr. TOWER. So it is expected that any roll call votes that will occur, will occur fairly early in the session?

Mr. ROBERT C. BYRD. Yes.

Mr. TOWER. And that we should probably be expected to finish our business fairly early in the afternoon?

Mr. ROBERT C. BYRD. I should think so.

Mr. COTTON. Will the Senator yeild?

Mr. ROBERT C. BYRD. Yes.

Mr. COTTON. Will the Senator yield? Senator expect we shall take up the shipments in American bottoms?

Mr. ROBERT C. BYRD. May I answer the Senator by saying that it would be the intent of the leadership on next Monday, at the conclusion of routine morning business, to call up the Council on Wage and Price Stabilization bill, and that, upon the disposition of that bill, the Senate will then proceed to the consideration of the cargo preference bill.

Mr. COTTON. If that is so, that is going to be an extended debate. Much more so—I have not seen any sign of much debate on the bill that has been the unfinished business.

I do not know who is filibustering that bill. But this cargo preference measure, which we fought out last year and lost by 12 votes, is the subject of rather bitter controversy and, as ranking member of the Committee on Commerce, which reported that bill out, I assume that I will have something to do with the assignment of time.

I have several amendments of my own which I intend to offer.

I have no intention of filibustering the bill, but I have been filling the Congressional Record for the past several days with protests of various organizations against it and statements of what it will do to the price of oil, to our New England consumers and to other consumers. It is an anti-consumer bill if there ever was one, and under no circumstances am I going to agree to any time limitation agreement.

In order to summarize all that has gone on in the committee and all the protests we have received, at my age I cannot—I never have taken part in a filibuster, and I doubt if my physical condition would permit me to filibuster very long, but I am positive that without the slightest filibuster it would take me 4 or 5 hours to complete my own remarks, and I trust that debate will probably not start until after noon.

Mr. ROBERT C. BYRD. I am sure it will not start before the afternoon. I do not know how much time will be required on the Council on Wage and Price Stabilization bill. The distinguished Senator from Texas (Mr. Tower) is the ranking Republican member of the committee which has reported out that bill, and he undoubtedly could give some advice in regard thereto.

But may I say to the distinguished Senator from New Hampshire that if it is not possible to finish the cargo preference bill on Monday, which undoubtedly it will not be possible to do, then on Tuesday, certainly up until the hour of 2:30, the Senate will be busy with the unfinished business (S. 707), the consumer protection bill, and what happens after that will depend upon the outcome of that cloture vote. The Senator can be assured that there will be no time limitation agreement entered into on the cargo preference bill, without, certainly, his consent; and I will certainly make no effort to get an agreement on that bill without touching base with him.

Mr. COTTON. The distinguished Senator from Louisiana (Mr. Long), of course, is deeply interested in the cargo preference bill, and in favor of it. He has been at home on account of a primary election in his State, and has had, quite properly the courtesy extended to him of having it deferred and taken up at his convenience immediately the day of his return, which is Monday. I would hope that equal consideration would be given so that at least action would not be taken Monday until I can get into town, because, due to illness in my family, I cannot come back until 12 to 1 o'clock.

Mr. TOWER. Mr. President, will the Senator yield?

Mr. COTTON. I yield.

Mr. TOWER. With the special orders going, we probably could not get to the wage-price stabilization bill before 11:30, and it is extremely doubtful that we would dispose of it in a short period of time, because this is the legislation providing the mechanism for wage and price monitoring that was requested by the President last Monday night. It is essentially a clean bill, such as the President asked for, and very similar to a clean bill that was reported out of the House Banking and Currency Committee this afternoon.

However, this business of wage and price controls and economic stabilization always evokes various unpredictible and sometimes predictible responses from various Senators, so it would be my guess that there will be a few people lying in wait with an amendment or two on it. I would not assume that the debate could be concluded in less than an hour, even without any amendments. So I think I can probably assure the Senator from New Hampshire that debate will continue well into the afternoon.

Mr. COTTON. I thank both the distinguished acting Republican leader and the distinguished acting majority leader.

ORDER FOR RECOGNITION OF SENATORS HARRY F. BYRD, JR., AND WEICKER TOMORROW, AND DESIGNATING A PERIOD FOR THE TRANSACTION OF ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on tomorrow, after the two leaders or their designees have been recognized under the standing order, the distinguished Senator from Virginia (Mr. Harry F. Byrd, Jr.) be recognized for not to exceed 15 minutes, and that he be followed by the distinguished Senator from Connecticut (Mr. Weicker) for not to exceed 15 minutes, after which there be a period for the transaction of routine morning business of not to exceed 15 minutes, with statements therein limited to 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR ADJOURNMENT FROM FRIDAY UNTIL 10 A.M. MONDAY

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business tomorrow, it stand in adjournment until the hour of 10 a.m. on Monday next.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECOGNITION OF SENATORS CHURCH, ROBERT C. BYRD, ALLEN, MOSS, MANSFIELD, AND TOWER ON MONDAY

Mr. ROBERT C. BYRD. I ask unanimous consent that on Monday, after the two leaders or their designees have been recognized under the standing order, the following Senators be recognized, each for not to exceed 15 minutes and in the order stated: Messrs. Church, Robert C. Byrd, Allen, Moss, Mansfield, and Tower.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECOGNITION OF SENATOR GRIFFIN, DESIGNATING A PERIOD FOR THE TRANSACTION OF ROUTINE MORNING BUSINESS AND FOR CONSIDERATION OF THE COUNCIL ON WAGE AND PRICE STABILIZATION BILL ON MONDAY NEXT

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that at the conclusion of the aforementioned orders on Monday next, the distinguished assistant Republican leader (Mr. Griffin) be recognized for not to exceed 15 minutes, after which there be a period for the transaction of routine morning business of not to exceed 15 minutes, with statements therein limited to 5 minutes each, at the conclusion of which the Senate proceed to the consideration of the Council on Wage and Price Stabilization bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR CONSIDERATION OF H.R. 8193 ON MONDAY

Mr. ROBERT C. BYRD. I ask unanimous consent that upon the disposition of the Council on Wage and Price Stabilization bill on Monday next, the Senate proceed to the consideration of H.R. 8193, and that the unfinished business, the Consumer Protection Agency bill—I have stated the title incorrectly—be laid aside temporarily, and remain in a temporarily laid aside status.

Mr. TOWER. The Agency for Consumer Advocacy, I believe, is the new title.

Mr. ROBERT C. BYRD. I thank the Senator. The bill, the number of which I do remember correctly (S. 707), be laid aside temporarily and remain in a temporarily laid aside status until the close of business on Monday.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR ADJOURNMENT FROM MONDAY UNTIL 9 A.M. TUESDAY

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business on Monday, it stand in adjournment until the hour of 9 o'clock a.m., on Tuesday.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER PROVIDING PERIOD FOR ROUTINE MORNING BUSINESS ON TUESDAY

Mr. ROBERT C. BYRD. I ask unanimous consent that after the two leaders or their designees have been recognized on Tuesday, there be a period for the transaction of routine morning business, with statements therein limited to 3 minutes each, the period to extend not beyond the hour of 9:15 a.m.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR CONSIDERATION OF THE UNFINISHED BUSINESS (S. 707) ON TUESDAY

Mr. ROBERT C. BYRD. I ask unanimous consent that the hours between 9:15 a.m., and 1:15 p.m., on Tuesday next be divided and controlled for the purpose of debate on the bill (S. 707), with the time equally divided between and controlled by the Senator from Alabama (Mr. ALLEN) and the Senator from Connecticut (Mr. RIBICOFF).

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

Mr. TOWER. Mr. President, will the Senator withhold that?

Mr. ROBERT C. BYRD. I withdraw my suggestion.

CHANGE OF CONFEREES ON S. 3044

Mr. TOWER. Mr. President, I ask unanimous consent that the Senator from Alaska (Mr. STEVENS) be substituted for the Senator from Tennessee (Mr. BAKER) as a Senate conferee on S. 3044, the campaign spending bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

QUORUM CALL

Mr. TOWER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

SENATOR EAGLETON GRANTED PERMISSION UNTIL 12 O'CLOCK TONIGHT TO FILE CONFERENCE REPORT ON H.R. 15842

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that Mr. EAGLETON be granted permission until 12 o'clock tonight to file a conference report on H.R. 15842, the District of Columbia police, firemen, and teachers pay increase.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, the Senate will convene tomorrow at the hour of 10 o'clock a.m. After the two leaders or their designees have been recognized under the standing order Mr. HARRY F. BYRD, Jr., will be recognized for not to exceed 15 minutes; after which Mr. WEICKER will be recognized for not to exceed 15 minutes. There will then be a period for the transaction of routine morning business of not to exceed 15 minutes, with statements limited therein to 5 minutes each.

At the conclusion of the period for the transaction of routine morning business, the Senate will proceed to the consideration of the HUD appropriation bill. Rollcall votes may occur on amendments thereto. I would expect a rollcall vote to occur on final passage thereof, and upon the disposition of that bill the Senate will return to the consideration of the unfinished business, S. 707. There may be some debate, there may be some amendments thereto, but while Senators would certainly have the right to offer amendments thereto tomorrow, I do not know of any at the moment that can be anticipated. That is not to say that they will not be offered, however.

On tomorrow, also, there may be some bills that will have been cleared on the Calendar for unanimous consent action; but, in any event, I would anticipate, as I have already indicated, at least one rollcall vote.

On Monday next the Senate will convene at 10 a.m. Orders have been entered for the recognition of seven Senators, such orders being each for a period of not to exceed 15 minutes.

There will then be a period for the transaction of routine morning business, after which the Senate will proceed to the consideration of the Council on Price and Wage Stabilization bill. Rollcall votes are expected in relation thereto, and then the Senate, upon the disposition of that bill, will take up the cargo preference bill.

On Tuesday, a cloture vote will occur at about 2:30 p.m. on the motion on the vote of cloture on S. 707. What ensues thereafter will depend upon the outcome of that vote.

ADJOURNMENT TO 10 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in adjournment until the hour of 10 a.m. tomorrow.

The motion was agreed; and at 6:36 p.m., the Senate adjourned until tomorrow, Friday, August 16, 1974, at 10 a.m.

NOMINATIONS

Executive nominations received by the Senate August 15, 1974:

IN THE AIR FORCE

The following officer under the provisions of title 10, United States Code, section 8066, to be assigned to a position of importance and responsibility designated by the President under subsection (a) of section 8066, in grade as follows:

To be lieutenant general

Maj. Gen. Eugene F. Tighe, Jr., [redacted]FR (brigadier general, Regular Air Force), U.S. Air Force.

IN THE ARMY

The following-named officer to be placed on the retired list in grade indicated under the provisions of title 10, United States Code, section 3962:

To be lieutenant general

Lt. Gen. William Edward Potts, [redacted], Army of the United States (major general, U.S. Army).

IN THE NAVY

Rear Adm. Shannon D. Cramer, Jr., U.S. Navy, having been designated for commands and other duties determined by the President to be within the contemplation of title 10, United States Code, section 5231, for appointment to the grade of vice admiral while so serving.

Rear Adm. Robert C. Gooding, U.S. Navy, having been designated for commands and other duties of great importance and responsibility commensurate with the grade of vice admiral within the contemplation of title 10, United States Code, section 5231, for appointment to the grade of vice admiral while so serving.

Rear Adm. Earl F. Rectanus, U.S. Navy, having been designated for commands and other duties of great importance and responsibility commensurate with the grade of vice admiral within the contemplation of title 10, United States Code, section 5231, for appointment to the grade of vice admiral while so serving.

Rear Adm. Joe Williams, Jr., U.S. Navy, having been designated for commands and other duties of great importance and responsibility commensurate with the grade of vice admiral within the contemplation of title 10, United States Code, section 5231, for appointment to the grade of vice admiral while so serving.

Rear Adm. James B. Wilson, U.S. Navy, having been designated for commands and other duties determined by the President to be within the contemplation of title 10, United States Code, section 5231, for appointment to the grade of vice admiral while so serving.